

January 6, 2020

DIC Corporation

DIC 2020 New Year's Message

The following is a summary of DIC President and CEO Kaoru Ino's New Year's Message:

In 2019, we kicked off the DIC111 Medium-Term Management Plan with two core strategies: Value Transformation and New Pillar Creation. DIC111 Value Transformation aims to make our business less susceptible to macroeconomic changes; DIC111 New Pillar Creation aims to make our business more responsive to social challenges. To achieve our goals, we have shifted the focus of our business from printing inks to packaging applications and accelerated pigment business expansion into global markets with high profitability and high growth potential.

As you know, last year we found ourselves at the mercy of a global automotive industry downturn due to US-China trade friction and electrical and electronic equipment industry stagnation. While the price-sales gap that hampered our performance in fiscal 2018 has largely disappeared, we still expect our earnings to fall in fiscal 2019 due to a worse-than-anticipated decline in printing ink demand and flagging liquid crystal (LC) materials and polyphenylene sulfide (PPS) compound sales. Closer to home, in August, we experienced a fire at our Saitama Plant. We acknowledge the considerable inconvenience to our customers and the local community.

In 2020, although we see signs of progress in the global economic outlook, notably US-China trade friction and Brexit, prospects for a full-fledged market recovery remain uncertain. Against this backdrop, we shall continue to work toward closing our acquisition of BASF's Global Pigments Business (finalized in August 2019).

As we accelerate commercialization of environment-friendly functional products that address urgent global issues, notably climate change and marine plastics, we'll also step up efforts toward creating an environmentally benign, recycling-oriented society. Moreover, we shall also continue to promote further rationalization and other measures to improve profitability.

In the year ahead, I ask you all to remain mindful that, as a manufacturer, safe operations are our ultimate priority. I look forward to seeing each and every one of you play an active role in expanding our businesses, creating social value as well as economic value as we work as one to advance the DIC111 core strategies: Value Transformation and New Pillar Creation.

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