

Announcement of DIC Group’s Medium-Term Management Plan “DIC108”

DIC Corporation announced a new medium-term management plan “DIC108”. Based on our Mission, Vision and *corporate values*, we have created a growth scenario to realize sustainable growth and formulated “DIC108” as what we need to do between now and 2018. The plan is outlined as below:

1. The DIC Group’s Growth Scenario

■ Mission

Through constant innovation, the DIC Group strives to create enhanced value and to contribute to sustainable development for its customers and society

■ Vision

- Color & Comfort by Chemistry -

■ Three *corporate values* that will underpin efforts to realize our Vision

➤ Making it Colorful

- DIC helps make life colorful -

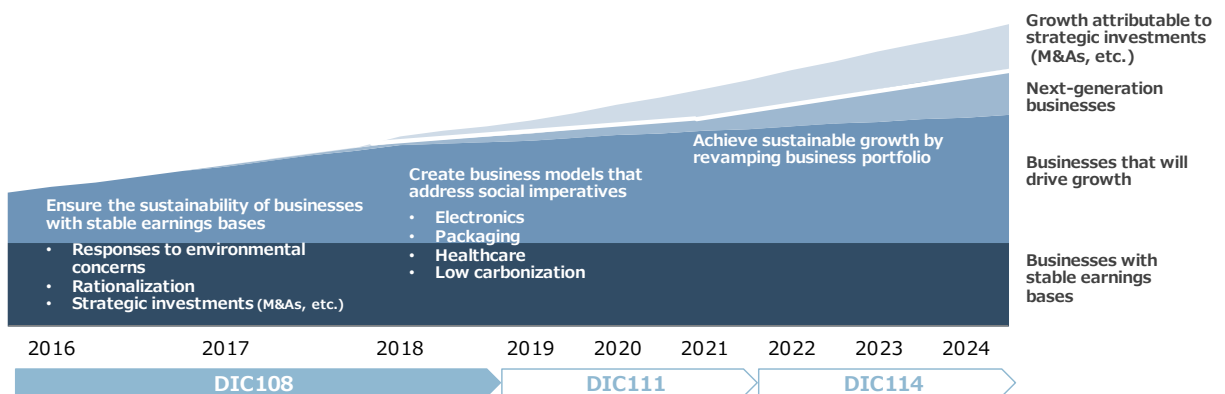
➤ Innovation through Compounding

- DIC brings innovation to society through its core compounding technologies -

➤ Specialty Solutions

- DIC draws on its expertise and comprehensive strengths to offer solutions –

■ Growth scenario and positioning of medium-term management plans



2. Basic Strategies

[Business] Translate the growth scenario into reality with four business initiatives	➤ Business Initiative (1): Expand Businesses that will Drive Growth
	➤ Business Initiative (2): Pursue Opportunities for Strategic Investments (M&As, etc.)
	➤ Business Initiative (3): Rationalize Operations in Mature Markets
	➤ Business Initiative (4): Create Next-Generation Businesses
[Finance] Pursue ideal financial balance with cash flow management	Strive to balance investment in growth, financial health and shareholder returns ➤ Investment in growth: Budget ¥150 billion for strategic investments ➤ Financial health: Keep D/C ratio at around 50% ➤ Shareholder returns: Increase dividend payout ratio to around 30%
[Management infrastructure] Support globalization and increase sophistication with establishment of a solid management infrastructure	➤ Operations: Strengthen Technical, R&D, Purchasing, SSCs* and IT divisions globally
	➤ Corporate governance: Address the challenges in accordance with the Corporate Governance Code

*SSCs: Shared services centers

3. Quantitative Targets (billions of yen)

	2015 Actual	2016 Target	2017 Target	2018 Target
Net Sales	820.0	870.0	920.0	960.0
Operating Income	51.1	54.0	58.0	65.0
Net Income	37.4	25.0	30.0	40.0
ROE	15%	9%	10%	12%
Ordinary investments	34.0	120.0		
Strategic investments (M&As, etc.)	—	150.0		
D/C ratio*	47%	Around 50%		
Dividend payout ratio	21%	Around 30%		

*D/C ratio: Interest-bearing debt / (Interest-bearing debt + Net assets)

Exchange rates assumption: ¥120.00/US\$1, US\$1.10/€1

4. Basic Strategies: [Business] - Translate the growth scenario into reality with four business initiatives -
- Business Initiative (1): Expand Businesses that will Drive Growth (Contribution to operating income: 15 billion yen)
 - High-performance materials (TFT LCs, Functional pigments, PPS compounds and Jet inks)
Concentrate management resources on “High-performance materials” which are expected rapid market growth over a medium term, and expand business by 1.7 times for three years of DIC108
 - Packaging materials (Gravure inks, Flexo inks, Packaging adhesives and Films)
Offer DIC’s unique and innovative solutions for customers and brand owners by one-stop service tapping into our variety of packaging related materials and technologies, and increase net sales by 50 billion yen in three years
 - Business Initiative (2): Pursue Opportunities for Strategic Investments (M&As, etc.)
With dramatic improvement of financial health, budget 150 billion yen for strategic investments, including M&As, over the three years. Take preparatory steps for future business portfolio revamp and translate the growth scenario into reality
 - Business Initiative (3): Rationalize Operations in Mature Markets (Contribution to operating income: 11 billion yen)
 - Publishing inks in North America and Europe
Further enhance cost competitiveness by optimizing supply systems by region in accordance with production configuration streamlined under DIC105, and make our business structure sustainable even under the environment of falling demand. Under DIC108, achieve operating margin 5% in Printing inks segment in North America and Europe
 - Mature businesses in Japan (Publishing inks, Polymers and Support department)
Implement drastic restructuring of the businesses ahead of demand decline and allocate management resources to growth businesses and growth markets
 - Business Initiative (4): Create Next-Generation Businesses
Create new value such as materials for printed electronics, gas barrier materials, health foods and algae-derived oils to address the social imperatives, with execution of open innovation by overcoming dependence on in-house resources and expansion of technical domains.

5. Outline of Segment Targets (the percentage inside the brackets are growth rate of net sales from 2015 actual to 2018 target)

■ Printing Inks

As the Group's principal core business, accelerate the business expansion in growing Asia region (34%) and growing packaging inks and adhesives markets (19%) in parallel with further rationalization of operation in mature markets

■ Fine Chemicals

As the growth driver with high added value, increase market shares of strategic products, functional pigments and TFT LCs, by taking advantage of seamless product development and the stable supply system (strategic products: 86%)

■ Polymers

As the second core business, concentrate management resources on strategic products (saturated polyester, polyurethane, acrylic and UV-curable resins) and accelerate global development with a focus on promising applications (coatings and adhesives in Asia) and growth markets (overseas business: 24%)

■ Compounds

As the growth driver with combining basic technologies, introduce new strategic products (jet inks and PPS compounds) which satisfy the needs of users to the market constantly, and realize growth which exceeds market growth rate (strategic products: 46%)

■ Application Materials

As the new growth models, accelerate the business expansion in electronics and life sciences markets (18%) in parallel with decisive rationalization in housing products

For more details on DIC108, an explanatory material is available at our website.

<http://www.dic-global.com/en/ir/>

Disclaimer Regarding Forward-Looking Statements

Statements herein, other than those of historical fact, are forward-looking statements that reflect management's projections based on information available as of the publication date. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to, economic conditions in Japan and outside Japan, market trends, raw materials prices, interest rate trends, currency exchange rates, conflicts, litigation, disasters and accidents, as well as the possibility the Company will incur special losses related to the restructuring of its operations.