

Aug 29, 2019

DIC Corporation

DIC Corporation to Acquire BASF's Global Pigments Business

Tokyo, Japan – August 29, 2019 – DIC Corporation, has entered into a definitive agreement to acquire BASF's global pigments business, known as BASF Colors & Effects (BCE).

The acquisition will broaden DIC's portfolio as a global manufacturer of pigments, including those for electronic displays, cosmetics, coatings, plastics, inks and specialty applications, by creating a world-class pigments supplier that offers customers an even wider range of versatile solutions.

"Our acquisition of BCE brings together complementary resources and expertise of two recognized leaders in innovation, product stewardship, regulatory leadership, application support and manufacturing," said Kaoru Ino, President and Chief Executive Officer of DIC. "We have outlined a clear growth path for DIC with the target to increase our sales to 1 trillion yen (approximately €8 billion) by 2025. In this context, BASF's pigments portfolio is an important strategic addition in meeting our goals more expeditiously. It will allow us to expand our offering as one of the leading pigment suppliers globally and provide our customers even more versatile solutions."

"We have achieved our goal to find an owner who considers pigments a core strategic business," said Dr. Markus Kamieth, Member of the Board of Executive Directors of BASF SE responsible for the Industrial Solutions segment. "DIC pursues ambitious growth plans and has announced to further develop the business in the coming years. We are convinced that the pigments business will be able to unfold its full potential within DIC."

Customers will benefit as the acquisition offers a unique opportunity to combine complementary know-how and best practices to develop ground-breaking innovative solutions for the marketplace. As a company that strives for Color & Comfort, we believe that we can contribute to our customers by providing colors to society and life. With over 30 pigment production facilities worldwide between DIC and BCE, the company's pigment portfolio will be able to offer broader product categories related to effect pigments, inorganic pigments, organic pigments, specialty dyes, and pigment preparations.

Yoshinari Akiyama, DIC Executive Officer and General Manager of the Color Material Products Div. states, "The acquisition of BCE is extremely ideal within the DIC pigments business, due to

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the complementary regional footprint and product portfolio. It is a strategic partner for DIC who aims for high growth and high added value by expanding functional pigments into niche applications. By combining the technological capabilities of both companies, we will continue to create new value and provide it to the market as a leading company in the pigment business.”

For Dr. Alexander Haunschild, Senior Vice President and Managing Director at BASF’s pigment-focused subsidiary BASF Colors & Effects, the agreement is a chance to continue the growth path started in 2016: “We see DIC as an owner who is willing to invest, committed to innovations and interested in the longer term success of the business.”

“As a long-standing business partner of BASF, we value the expertise and engagement of BASF’s employees in the pigments business,” said Myron Petruch, DIC Executive Officer and President and CEO of Sun Chemical, a subsidiary of DIC Corporation. “The move improves our pigment footprint in Europe and underscores our commitment to delivering solutions tailored to meet the needs of our customers. It also allows us to compete in the global marketplace more effectively going forward”

In the immediate future, business for customers will remain the same as usual. A transition team will be put in place to ensure a smooth transition for customers and employees by the expected closing date in the fourth quarter of 2020.

The acquisition is subject to the receipt of regulatory approvals.

White & Case LLP served as legal counsel and Morgan Stanley served as financial advisor to DIC.

About DIC

DIC Corporation (DIC) is one of Japan's most diversified chemical companies and the core of the DIC Group, which comprises approximately 180 subsidiaries, including Sun Chemical Corporation, in more than 60 countries worldwide.

The DIC Group supplies wide range of products to industrial users around the world. A leader in printing inks, organic pigments and performance resins, the DIC Group continues to grow internationally while contributing to industry and society through its innovative products and technologies. Visit <http://www.dic-global.com/en/>.