

June 30, 2021

DIC Corporation

DIC Group Finalizes Acquisition of BASF's Global Pigments Business

TOKYO - DIC Corporation has closed on the acquisition of BASF's global pigments business, known as BASF Colors & Effects (BCE). The Company will reexamine its consolidated operating results forecasts in the near future and will promptly disclose any revisions.

As announced in a press release published on August 29, 2019, DIC had reached an agreement with BASF regarding the acquisition of the BCE business, which involved related assets, including technologies, patents and goodwill not included in the share purchase, as well as the shares of 18 individual companies. Since then, DIC Group (DIC Corporation and its 100% owned subsidiary Sun Chemical) and BASF have been working closely together to close this transaction. Effective today, all related procedures have been finalized and the acquisition has been completed.

In fiscal year 2019, DIC kicked off a new medium-term management plan, DIC111, which guides the Company's aspirations to become a unique global company that is trusted by society by providing value via the promotion of initiatives in line with two key strategies. The first is "Value Transformation," which focuses on strengthening the Company's corporate structure through qualitative reforms of businesses, while the second is "New Pillar Creation," which emphasizes creating new businesses in response to environment, safety and health (ESH)-related issues, as well as to social changes.

Based in Europe and with sites around the world, BCE, now a member of the DIC Group, has established itself as a prominent global manufacturer of high-performance pigments, effect pigments (for cosmetics) and specialty inorganic pigments. The business portfolios—including the technologies, products, production facilities, supply chains and customer service capabilities—of BCE and DIC Group harmonize well with each other, with little overlap.

The acquisition brings together the complementary portfolio of technologies, products, manufacturing assets, supply chain and customer service of the two companies to serve customers globally.

"We're excited to close our acquisition of BCE and expand our product offering as one of the leading pigment suppliers globally" said Kaoru Ino, President and Chief Executive Officer of DIC. "BASF's pigments portfolio is an important strategic addition in expeditiously meeting the

goals we've outlined, which provide a clear growth path for DIC Group with the target to increase our sales to 1 trillion yen (approximately €8 billion) by 2025."

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

"BCE is a strategic partner who aims for high growth and high added value by expanding functional pigments into niche applications. Due to the complementary regional footprint and product portfolio, the acquisition of BCE is ideal within the DIC pigments business," said Yoshinari Akiyama, DIC Managing Executive Officer and General Manager of the Color Material Products Division. "Closing this deal enables us to combine the technological capabilities of both companies so we continue to create new value and provide it to the market as a leading company in the pigment business."

"We're pleased to welcome the valued and trusted 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. "This deal allows us to compete in the global marketplace more effectively going forward, while strengthening our pigment footprint in Europe. It underscores our commitment to delivering solutions tailored to meet the needs of our customers."

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, DIC believes that it can contribute to its 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.

"This deal combines the complementary resources and expertise of two recognized leaders in innovation, product stewardship, regulatory leadership, application support and manufacturing," said Mehran Yazdani, President, Performance Pigments and Advanced Materials, Sun Chemical. "We're looking forward to offering our customers the absolute best support and continued innovation in the pigments space."

For Dr. Alexander Haunschild, Senior Vice President and Managing Director at BASF's pigment-focused subsidiary BASF Colors & Effects, the agreement will help continue the growth path started

News Release



in 2016. “The investments of DIC proves its commitment to innovations and interest in the longer term success of the business. We’re excited to see BCE continue down a path of growth and success.”

A transition team continues to work to ensure a smooth transition for customers and employees.

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

– Ends –

Related Information:

Colors & Effects Pigments Portfolio Website (Japanese)

https://www.dic-global.com/ja/products/colors_effects/

Colors & Effects Pigments Portfolio Website (English)

https://www.dic-global.com/en/products/colors_effects/

Colors & Effects Pigments Portfolio Website (Chinese)

https://www.dic.com.cn/cn/products/colors_effects/

Related Press Release:

Notice Regarding the Acquisition of the Shares and Assets of a Pigments Business from BASF SE of Germany and Transformation of the Business into a Subsidiary (August 29, 2019)

<https://pdf.irpocket.com/C4631/PMgl/lodG/BsLt.pdf>

For more information, please contact the Corporate Communications Department of DIC Corporation at +81-3-6733-3033 or dic-press@ma.dic.co.jp.