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Press Release

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Construction of Hydrogenated Hydrocarbon Resin Manufacturing Unit in Taiwan

Idemitsu Kosan Co.,Ltd. (Head Office: Chiyoda-ku, Tokyo: Representative Director and CEO: Takashi Tsukioka, "Idemitsu") have made a decision to construct a hydrogenated hydrocarbon resin manufacturing unit in Taiwan with Formosa Petrochemical Corp. ("FPCC," Head Office: Yunlin County, Taiwan, Chairman: Bao Lang Chen).

1. Feature of Hydrogenated Hydrocarbon Resin

Being made from dicyclopentadiene (*1) and aromatic compound, Idemitsu's hydrogenated hydrocarbon resin (product name: I-MARV) is a uniquely developed resin using polymerization and hydrogenation technologies developed by Idemitsu over many years. This colorless and transparent resin has superior thermal stability. When it is used as a tackifier of hot melt adhesives (*2), which is mainly used for disposable diapers and other hygiene products I-MARV exhibits a balanced performance of heat resistance, cold resistance, and adhesiveness.

*1: Co-product in the production of ethylene

*2: Adhesive heated and melted at 80 to 100 °C for bonding

2. Background and Objective of Constructing Manufacturing Unit

Accompanied by economic growth, the demand for disposable diapers and other hygiene products is recently and rapidly expanding in developing countries, mainly in China and Southeast Asia. Idemitsu produces this product at the Tokuyama Complex (production capacity: 10 thousand t/year). In addition to this, to meet the demand expansion overseas, Idemitsu and FPCC established a joint venture company in Taiwan, where it is near the place of demand, to consider the construction of a manufacturing unit.

This construction will increase Idemitsu's production capacity to more than three times that of the conventional one, meeting demand expansion and sales increase and ensuring a stable supply. This will allow the enhancement of production capacity for further demand expansion.

3. Overview of Joint Venture Company and Manufacturing Unit

(1) Overview of Joint Venture Company

Name: Idemitsu Formosa Specialty Chemicals Corporation

Head office: Mailiao, Yunlin County, Taiwan

Date established: January 2016

Business description: Manufacturing and selling hydrogenated hydrocarbon resin

Capital: 1.5 billion Taiwan dollars

Investment Ratio: 50% by-Idemitsu, 50% by-FPCC

(2) Overview of Hydrogenated Hydrocarbon Resin Manufacturing Unit

Address: Mailiao, Yunlin County, Taiwan

Production capacity: About 25 thousand t/year

4. Future Prospects

The construction of the unit will be completed in the second half of CY2018, and then the unit will start commercial operation in the first half of CY2019. The joint venture company will be an Idemitsu's affiliated company accounted for by the equity method.

In addition, this construction will not affect Idemitsu's consolidated financial results in FY2016.

Reference:

(Company overview)

Company name	FPCC (Formosa Petrochemical Corp.)
Head office	Mailiao, Yunlin County, Taiwan
Chairman	Bao Lang Chen
Date established	April 6, 1992
Capital	95, 260 million Taiwan dollars
Business description	Oil refining and manufacturing and sales of oil products Manufacturing and sales of petrochemical products

Company name	Idemitsu Kosan Co.,Ltd.
Head office	1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
Representative Director and CEO	Takashi Tsukioka
Date established	March 20, 1940 (established on June 20, 1911)
Capital	108, 606 million yen
Business description	Oil refining and manufacturing and sales of oil products Manufacturing and sales of petrochemical products