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Press Release

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## **Announcement on the Establishment of a Local Subsidiary Related to the OLED Materials Business in China**

Idemitsu Kosan Co.,Ltd. (Head Office: Chiyoda-ku, Tokyo; Representative Director and CEO: Shunichi Kito; hereinafter, “Idemitsu”) reached a basic agreement with the government of the Chengdu Hi-tech Industrial Development Zone in the city of Chengdu, Sichuan Province, China, on the establishment, in the first quarter of the 2018 fiscal year, of a Chinese subsidiary company to engage in businesses related to OLED materials. This is intended to strengthen Idemitsu’s supply structure and technological support in preparation for further growth in the demand for OLED materials in China.

### **1. Background and objectives of establishing the new company in China**

Recent years have seen advancement in the use of OLED displays in many devices, including smartphones and large-screen TVs. In China, there has been vigorous investment in OLED manufacturing facilities, mainly by major display manufacturers, due to the government’s policy of promoting the display industry in China. China is expected to experience a remarkable growth in the future as a producer of OLED displays.

Idemitsu has provided customer support and marketing activities in China since it established Idemitsu Electronic Materials (Shanghai) Co., Ltd. in Shanghai in 2017. Based on the growth of OLED display manufacturing in China, Idemitsu has decided to enhance its evaluation system for OLED materials and devices, strengthen its technological support capabilities and improve its supply structure in China to better fulfill its responsibilities as a reliable material supplier to customers in China. To achieve this, Idemitsu has concluded this basic agreement with the government of the Chengdu Hi-tech Industrial Development Zone on the establishment of an OLED materials subsidiary in China.

Following completion of incorporation procedures, future plans call for completion of construction of the new company’s facility and the beginning of commercial material production during fiscal 2019.

Idemitsu has OLED manufacturing plants in the cities of Omaezaki, Shizuoka Prefecture, Japan and Paju, Gyeonggi Province, South Korea. The new facility in China will be Idemitsu’s third manufacturing facility for OLED materials. At the same time, Idemitsu will continue working to ensure a stable OLED material supply structure in Japan and around the world to meet its customers’ needs.

### **2. Company overview**

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|-----------------------|---|
| (1) Name:             | Idemitsu Electronic Materials (China) Co., Ltd.                               |
| (2) Location:         | Chengdu Hi-tech Industrial Development Zone, Chengdu, Sichuan Province, China |
| (3) Date established: | First quarter of fiscal 2018  |
| (4) Capital:          | RMB80 million (approximately JPY1.3 billion)                                  |
| (5) Investment ratio: | A wholly owned subsidiary of Idemitsu Kosan                                   |

### **3. Future outlook**

While FY2018 consolidated forecasts planned to be disclosed on 15th May are under discussion, we estimate this decision has no impact on the forecasts.