

July 20, 2020

Daicel Corporation

Notice Regarding Additional Acquisition of Shares of Polyplastics Co., Ltd. (to Make It Wholly Owned Subsidiary)

Daicel Corporation (Head office: Kita-ku, Osaka, President & CEO: Yoshimi Ogawa, hereinafter: “Daicel”) has decided today to conclude an agreement as described below for the acquisition of all the issued shares of Polyplastics Co., Ltd., a consolidated subsidiary of Daicel (hereinafter, Polyplastics), which are held by Celanese Corporation (hereinafter, Celanese) through Celanese’s subsidiary, (hereinafter, this agreement) to make Polyplastics a wholly owned subsidiary of Daicel.

Description

1. Background and purpose

Since its founding in 1964 as a joint venture with Celanese, Polyplastics has continued to grow as a pioneer in the Japanese engineering plastics industry, by providing functional products and technical solutions in response to the various needs of customers in the automobile, electrical, precision machinery and other industries. Engineering plastics emerged as a new material to supersede metals with its high workability and demand for engineering plastics has increased as the people’s life becomes sophisticated. Polyplastics, as a manufacturer specialized in such plastics, offers best-suited solutions to its customers while expanding its product variation and supply capacity. Now it has become number one engineering plastics manufacturer in Japan and Asia, with some of its major products accounted for the largest share in the global market. Meanwhile, Daicel was founded by a merger of 8 manufacturers of celluloid, the first thermoplastic in human history. Since then, we have developed into a general chemical manufacturer by making full use of cellulose chemistry, synthetic organic chemistry, pyrotechnics and other technologies. In marking the 100th anniversary of the Company today, we are aiming to build a new value chain with our new long-term vision and medium-term strategy formulated.

In the meantime, we have maintained a partnership with Celanese, a company that has a similar business structure producing acetic acid, cellulose acetate, acetate tow as well as the engineering plastics business, to support the development of Polyplastics through mutual cooperation under the ongoing good relationship since before Polyplastics was established. Amid the rapidly changing business environment, there were occasions when we had a dispute over intellectual property rights and a disagreement over the further growth of Polyplastics. However, since last year, we have sought to solve these issues through the top-management talks based on the trust and respect and now reached this agreement.

Through this agreement, we will aim for the further growth of the Group’s engineering plastics business and its peripheral business.

We are grateful for the partnership that we have had with Celanese thus far and will continue to maintain a good relationship so we can cooperate in the areas where we can cooperate to contribute to the development of the society, under healthy free competition.

2. Effect of making Polyplastics our wholly owned subsidiary

Under our new medium-term strategy, we are working on the structural reform of existing businesses, strengthening of cultivation of new businesses and improvement of management efficiency in line with asset-light strategy as the “Original Daicel (Operation-1).” Along with that, we are restructuring our business and making a sweeping review of existing joint ventures to realize a “New Daicel (Operation-2),” which will be the basis of the next step for growth, thereby further strengthening our value creation capability. The additional acquisition of the Polyplastics shares is one of the most critical efforts for us to achieve this end.

Making Polyplastics our wholly owned subsidiary will enable us to accelerate business restructuring in the plastics segment, which accounts for 40% of our consolidated sales (for the fiscal year ended March 31, 2020) centering on the engineering plastics business and pursue the maximization of the synergetic effects of various product families we have within the Daicel Group.

Additionally, we will integrally promote the reform of Polyplastics together with our corporate reform implemented in October last year, thereby maximizing operational efficiency and asset efficiency of indirect departments, for example, procurement of commonly used raw materials and personnel exchange.

Furthermore, since the growth areas of engineering plastics exemplified by 5G, electric vehicles, electronic materials and the like are common to the markets on which our value-providing business unit focuses, we will pursue synergetic effects in the development of new businesses as well.

3. Growth strategy for the Group

By making it a wholly-owned subsidiary of Daicel, we will formulate a new growth strategy exclusively for Polyplastics, further reinforce the foundation in the Asian market and strengthen the platform for operating business in the US and European markets, thereby increasing the sales volume of existing product families. Moreover, besides producing synergetic effects within the Group, forming new alliances based on the Group’s supply chain and value chain will become feasible. As a leading manufacturer of engineering plastics, we will further strengthen our foundation.

By moving ahead these strategies, we will work to build a “New Corporate Group (Operation-3),” that is, a vertical and horizontal value chain, and provide greater value to the society through co-creation with various partners. We will also strive for continuous improvement of the corporate value and growth of the Daicel Group.

4. Outline of Relevant Company

(1)	Name	Polyplastics, Co. Ltd.		
(2)	Place of location	JR East Shinagawa Building, Konan 2-18-11, Minato-ku, Tokyo Japan		
(3)	Title and name of the representative	Toshio Shiwaku Representative Director and President		
(4)	Scope of business	Manufacture and sale of various polymers and plastics		
(5)	Capital	3 billion yen (as of March 31, 2020)		
(6)	Date of establishment	May 4, 1964		
(7)	Ratio of investment	The Company : 55% Celanese Sales Netherlands B.V. : 45%		
(8)	Relations between the relevant company and the Company	Capital Relationship	The Company owns 55% of the share of the relevant company and is consolidating the relevant company.	
		Personnel Relationship	The Company is assigning 2 board of directors to the relevant company.	
		Business Transaction Relations	There are mutual relations of sales and purchase between the relevant company and the Company.	
(9)	Consolidated results of performance and financial status of the relevant company in recent 3 years			
	Fiscal year ended:	March 2018	March 2019	March 2020
	Consolidated net asset	50,896Myen	53,359M yen	54,690M yen
	Consolidated total asset	130,774M yen	136,391M yen	137,326M yen
	Consolidated sales	135,283M yen	141,649M yen	135,448M yen
	Consolidated operating profit	20,303M yen	18,552M yen	18,203M yen
	Consolidated ordinary profit	19,449M yen	17,529M yen	17,157M yen
	Profit attributable to owners of parent	14,274M yen	12,820M yen	12,445M yen

5. Outline of counterpart of this acquisition

(i) Celanese Corporation

(1)	Name	Celanese Corporation
(2)	Place of location	222 W. Las Colinas Blvd., Suite 900N, Irving, TX, USA
(3)	Title and name of the representative	Lori J. Ryerkerk Chairman, Chief Executive Officer and President
(4)	Scope of business	Manufacture and sale of petrochemical products and high performance plastics, etc.
(5)	Capital	242 Million U.S. Dollar (as of March 31, 2020)
(6)	Date of establishment	December 18, 1912
(7)	Total capital	2,836 Million U.S. Dollar (as of March 31, 2020)
(8)	Total asset	9,545 Million U.S. Dollar (as of March 31, 2020)
(9)	Major shareholders	The Vanguard Group, Inc.: 11.3%

and holding ratio	Dodge & Cox: 8.8% BlackRock, Inc.: 7.3% Wellington Management Company, LLP: 7.1% Capital International Investors: 5.9% (as of February 18, 2020)	
(10) Relations with the Company	Capital relations	The Company has no relevant relations with the company.
	Personnel relations	The Company has no relevant relations with the company.
	Business Transaction Relations	The Company has no relevant relations with the company.
	Relevance to Related Parties	The Company has no relevant relations with the company.

(ii) Celanese Sales Netherlands B.V.

(1) Name	Celanese Sales Netherlands B.V.	
(2) Place of location	The Atrium Strawinskylaan 3105 1077 ZX Amsterdam The Netherlands	
(3) Title and name of the representative	Scott Richardson, Director Marinus Hullekes, Director	
(4) Scope of business	Financial holdings	
(5) Capital	€146,762,386.00	
(6) Date of establishment	February 25, 2015	
(7) Total capital	€146,762,386.00	
(8) Total asset	N/A	
(9) Major shareholders and holding ratio	Celanese Corporation 100% (including indirect ownership)	
(10) Relations with the Company	Capital relations	The Company has no relevant relations with the company.
	Personnel relations	The Company has no relevant relations with the company.
	Business Transaction Relations	The Company has no relevant relations with the company.
	Relevance to Related Parties	The Company has no relevant relations with the company.

6. Number of acquired share, value and the status of owned shares before and after the acquisition

(1)	Number of owned shares before transfer	3,300,000 shares (Number of voting rights : 3,300,000) (Voting right ratio : 55%)
(2)	Number of shares acquired	2,700,000shares (Number of voting rights : 2,700,000)
(3)	Price of acquisition	1,575 Million U.S. Dollar (approximately 168.5 billion yen) (note 1)
(4)	Number of owned shares after transfer	6,000,000 shares (Number of voting rights : 6,000,000)

(note 1) Estimated at 107 yen/US\$

7. Schedule of this Acquisition

(1)	Date of resolution by Board of Directors	July 3, 2020 (note 2)
(2)	Date of contracts executed	July 20, 2020
(3)	Date of acquisition of shares	Not definite (note 3)

(note 2) The resolution made by the Company's Board of Directors held on July 3, 2020 empowered the representative director to make final decision on the execution of this deal and relevant contracts.

(note 3) Because of the fact that this Acquisition is subject to approval from the authority related to competition laws which may be required in relevant countries, the date of completion of the Acquisition is undetermined.

8. Forecast

Upon consummation of the Acquisition, the portion of profit of Polyplastics which has been attributable to Celanese will belong to the Company and increase its net profit. However, the expected effects on the Company's financial results are now under careful investigation. The Company will announce immediately if it finds any revision is required for the forecast of financial result for the fiscal year ending March 2021.

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<For Inquiries>

Investor Relations and Corporate Communications

Daicel Corporation

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