

Basic agreement on unification of naphtha cracker facilities in Mizushima

Mitsubishi Chemical Holdings Corp. and its subsidiary Mitsubishi Chemical Corp. (hereinafter collectively "Mitsubishi") and Asahi Kasei Corp. and its subsidiary Asahi Kasei Chemicals Corp. (hereinafter collectively "Asahi Kasei") have concluded an agreement to unify their naphtha crackers in Mizushima into one, as the result of the study announced in the press release dated August 2, 2013.

1. Background

Asahi Kasei and Mitsubishi have jointly operated the limited liability partnership Nishi Nippon Ethylene LLP since April 1, 2011, for the purpose of strengthening the competitiveness of the Mizushima industrial zone, including through alliances with oil refineries, and have performed studies for the eventual unification on one of the naphtha crackers that each company has in Mizushima. Since the operating climate in the domestic market for petrochemical operations is expected to become increasingly severe, Asahi Kasei and Mitsubishi thus judged that there is an increasing necessity to establish the optimum production configuration for highly efficient operation in order to strengthen competitiveness and enhance earnings ability. As a result of the concrete studies advanced based on the premises specified in August 2013, the parties have agreed to unify their naphtha crackers in Mizushima as described below.

2. Unification of naphtha cracker facilities

- 1) Timing of unification: April 2016
- 2) Method of unification: Unification on Mitsubishi facility and disposal of Asahi Kasei facility
- 3) Products affected: Ethylene and propylene as main products; C4s, cracked gasoline (mixture of C5s, benzene, toluene, xylene, C9s, etc.), crude hydrogen and other secondary gases (methane, ethane, and propane), and heavy ends as byproducts
- 4) Form of operation: Shared operation of the naphtha cracker under an equally held joint venture. The management personnel and paid-in capital of the joint venture, etc., are to be determined through further study.
- 5) Ethylene capacity: 570,000 tons/year (without maintenance turnaround)
Replacement of the main component of one of the compressors (the rotor) is scheduled to increase capacity from the current 500,000 tons/year (without maintenance turnaround)

Outline of operations of the two companies in Mizushima

1. Asahi Kasei Chemicals Corporation Mizushima Works

Address: 3-13 Ushiodori, Kurashiki, Okayama, Japan
General Manager: Isao Satou
Site area: 400,000 m² in District B, 1,000,000 m² in District C
Start of operation: February 1965
Ethylene capacity: 500,000 tons/year (without maintenance turnaround)
Major products: Basic petrochemicals, petrochemical derivatives, polymers

2. Mitsubishi Chemical Corporation Mizushima Plant

Address: 3-10 Ushiodori, Kurashiki, Okayama, Japan
General Manager: Kazuyuki Okubo
Site area: 2,100,000 m²
Start of operation: July 1964
Ethylene capacity: 500,000 tons/year (without maintenance turnaround)
Major products: Basic petrochemicals, petrochemical derivatives, polymers, information and electronics-related materials, and lithium-ion battery materials

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