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Mitsui Chemicals, Inc.

Mitsui Chemicals to Dissolve Polyurethane Raw Materials JV With SKC

Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: HASHIMOTO Osamu) and SKC Co., Ltd. (Seoul, South Korea; CEO: Lee Wan-jae) today announced plans to dissolve their joint venture agreement for Mitsui Chemicals & SKC Polyurethanes Inc. (Seoul, South Korea; Co-CEOs: Eui Joon Lim and MORITA Toru; MCNS), a subsidiary that combines the two parent companies' operations in polyurethane raw materials.

Mitsui Chemicals, based on its VISION 2030 Long-Term Business Plan, will operate the polyurethane raw material business in accordance with the structural reform policy of the Basic Materials Business Sector and strive to maximize its corporate value.

Even after the dissolution of this alliance, Mitsui Chemicals and SKC will continue to cooperate to the extent necessary based on the good relationship they have had so far.

1. Reason for Dissolution of the Partnership

Mitsui Chemicals and SKC established MCNS in July 2015 as a joint venture for their operations in polyurethane raw materials. The two companies have since endeavored to maximize synergy in their joint operations here in an effort to capture demand in growth markets, roll out new operations across the globe and improve profitability.

However, over this period, discrepancies have started to arise between Mitsui Chemicals' policy of steadily improving earnings through the likes of high-performance products and bio-products and SKC's policy of quickly expanding Global market in scale. This has then prompted both companies to take another thorough look at how they should be running their operations in this field.

Since its establishment, MCNS has leaned on both Mitsui Chemicals' and SKC's business strengths to steadily grow its earnings. But now it has been determined that if both companies are to further develop and grow their businesses here, it would be beneficial for each party to run its own operations in line with its specific strategy. The decision to dissolve the current partnership then followed from this.

2. Overview of the Business to be Dissolved

■ Overview of MCNS

Company name	South Korean entity	Full name: Mitsui Chemicals & SKC Polyurethanes Inc. Abbreviation: MCNS
	Japanese entity	Full name: Mitsui Chemicals & SKC Polyurethanes Inc. Abbreviation: MCNS-J
Business		Researching, manufacturing and selling polyurethane raw materials (TDI, MDI, PPG and system products)
Global headquarters		The-K Twin Towers B-dong 10F, Jong-ro 1-gil, Jongno-gu, Seoul, South Korea
Ownership	South Korean entity	Mitsui Chemicals: 50% SKC: 50%
	Japanese entity	South Korean entity: 100%
Capital	South Korean entity	70 billion won
	Japanese entity	18 billion yen

3. Schedule for Dissolving the Joint Venture

End of September	Conclusion of agreement for dissolving the joint venture
End of December	Dissolution of Japanese entity (MCNS-J)
January 1	Operations from MCNS-J relaunch as the Polyurethane Division, Basic Materials Business Sector, Mitsui Chemicals, Inc.
March	Mitsui Chemicals transfers share in South Korean entity (MCNS) to reduce paid-in capital Completion of MCNS-J liquidation

4. Future Strategy of Mitsui Chemicals' Polyurethane Business

Mitsui Chemicals is currently working to advance its VISION 2030 Long-Term Business Plan, under which it intends to maximize corporate value by bolstering its business portfolio transformation and its efforts for a circular economy.

And also, the future goals for the Basic Materials Business Sector, which will include the Polyurethane Division, are to pursue business portfolio transformation and switch over to products compatible with a circular economy. Initiatives to this end will include the adoption of a social issues perspective and the acceleration of structural reform.



Polyurethane raw materials are necessary products for our daily lives, such as automobile applications, housing applications such as heat insulating materials, and furniture applications such as mattresses, and are positioned as important items for achieving the goal of our VISION 2030 Long-Term Business Plan.

In addition to expanding green products such as bio-polyurethane and social implementation of recycling, we have been developing and supplying advanced high-performance products based on our technical knowledge in all areas of TDI, MDI, and polyols. While sustaining, we will continue to reform our business structure to maximize our business value.

5. Note Regarding Supply to Customers

Going forward, customers will continue to receive their stable supply of high-quality products from either Mitsui Chemicals or SKC.

6. Outlook

As this deal will have only a minor impact on the financial performance of the Mitsui Chemicals Group, there will be no change to the Group's earnings forecast.