

Progress in study for unification of naphtha cracker facilities in Mizushima

Mitsubishi Chemical Corporation (“Mitsubishi”; Head office: Chiyoda-ku, Tokyo; President: Hiroaki Ishizuka), a subsidiary of Mitsubishi Chemical Holdings Corporation (Head office: Chiyoda-ku, Tokyo; President: Yoshimitsu Kobayashi) and Asahi Kasei Chemicals Corporation (“Asahi Kasei”: Head office: Chiyoda-ku, Tokyo; President: Yuji Kobayashi), a subsidiary of Asahi Kasei Corporation (Head office: Chiyoda-ku, Tokyo; President: Taketsugu Fujiwara), having performed unified management of their naphtha crackers located in Mizushima under Nishi Nippon Ethylene LLP since April 1, 2011, have reached agreement to specify concrete premises for studies toward unification on a single naphtha cracker in Mizushima as described below.

1. Background

Asahi Kasei and Mitsubishi jointly established the limited liability partnership (LLP) 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. The operating climate for petrochemical operations is expected to become increasingly severe with contracting domestic demand, expanding supply capacity in the Middle East and China, and expanding supply capacity in the US due to the shale gas revolution. Asahi Kasei and Mitsubishi thus shared a recognition that continuation of their respective operations in their current configuration would be problematic, and judged that there is an increasing necessity to establish the optimum production configuration for highly efficient operation by unification on a single naphtha cracker for the two parties in Mizushima in order to strengthen competitiveness and enhance earnings ability. It was therefore agreed to advance concrete studies based on the following premises.

2. Premises for study

- 1) Targeted timing of unification: Spring 2016
- 2) Products subject to study: 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
- 3) Method of unification: Unification on Mitsubishi facility
- 4) Form of operation: Shared operation of a naphtha cracker under an equally held joint venture. The configuration of the joint venture is to be determined through study.

3. Schedule

Asahi Kasei and Mitsubishi plan to finish the feasibility study by the end of March 2014, including discussion and determination regarding the timing of unification.

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

For more information, please contact:

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