



December 22, 2004

## Mitsui Chemicals to Commercialize Breathable Film in Thailand

In order to strengthen its standing as the leader in the hygiene materials business in East and South-east Asia, Japan's chemical major Mitsui Chemicals, Inc. (MCI) has decided to commercialize its breathable film for disposable diapers in Thailand. MCI will establish a new manufacturing unit at Mitsui Hygiene Materials (Thailand) Co., Ltd. (MHM), a wholly-owned subsidiary engaged in the manufacture and sale of nonwoven fabrics for disposable diapers in Thailand.

The main points of the envisaged commercialization plan are as follows:

|                     |  |
|---------------------|--|
| Product             | : Breathable Film for disposable diapers (used for diaper exterior backing sheets) |
| Company Name        | : Mitsui Hygiene Materials (Thailand) Co., Ltd.                                    |
| Location            | : Rayong, Thailand   |
| Production Capacity | : 6,000 ton/yr   |
| Start Construction  | : December, 2004   |
| Completion          | : January, 2006  |
| On-stream           | : May, 2006  |

Behind MCI's move this time is the company's Medium-term Business Plan, under which MCI aims to expand and grow the Performance Materials Sector consisting of businesses including functional polymers, information and electronics materials as well as health-care materials. MCI's strategy for hygiene materials which constitute one of the company's health-care materials, is in boosting the hygiene materials business by providing a setup allowing the supply of high-quality hygiene materials in Japan as well as in East and Southeast Asia, in step with increased market penetration by disposable diaper maker in Asia.

While the child-use disposable diapers market is shrinking in Japan due to child population decline, it is expected to grow by more than 20% in East and Southeast Asia by 2007. Also, due to the increasing needs for physical comfort, the growth rate of the market for disposal diapers using breathable film is projected to expand by some 50% by 2007 in East and Southeast Asia where it is still hovering at around 20%. It is with such background that MCI has decided to commercialize breathable film in Thailand this time, in order to establish a cost-competitive production site for capturing increased market share by swiftly responding to the needs of the disposable diapers manufacturers boosting production in the region, and thereby achieve expanded sales and profits.

Combined with the existing breathable film production capacity of 7,500 t/yr at Nagoya Works, Japan, MCI's commercialization this time will allow the company to establish solid production bases in Japan and Thailand for supplying high-quality products to the East and Southeast Asian markets.