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Kao and Apical Group establish a joint venture company for manufacturing fatty acids in Indonesia

- Expanding business and strengthening foundation through cooperation with a local fats and oils manufacturing company

Kao Corporation (President and CEO: Michitaka Sawada) has agreed with Apical Group Limited (CEO: Dato' Yeo How) to establish PT Apical Kao Chemicals, a joint venture company for manufacturing fatty acids. The operation of the joint venture company is scheduled to commence in 2019.



Left: Mr. Masakazu Negoro (Executive Officer, President, Chemical Business Unit, Kao Corp.)

Right: Mr. Dato' Yeo How (CEO, Apical Group Limited)

Purpose of establishment

Kao will establish a production base for fat and oil products in Indonesia, a country with abundant raw materials for the production of such products. This is in addition to the production bases that Kao already has in the Philippines and Malaysia. By cooperating with Apical Group* which has its

own plantations and also manufactures fats and oils, Kao will be able to secure an even more stable supply of fat and oil materials than ever before. Through the optimization of production bases within the Kao Group to manufacture and stably supply competitive fat and oil products, Kao plans to build the foundation for the expansion and greater profitability of its chemical business unit.

Kao Group will offer fat and oil products that are sustainable and high-quality as well as unique fat and oil derivatives to an even wider range of customers.

Overview of the Company

Company name: PT Apical Kao Chemicals

Location: Dumai, Riau, Sumatra, Indonesia

Establishment: January 2017 (scheduled)

Capital: 25 million US dollars at the time of its establishment (with plans to increase capital sequentially)

Investment ratio: Apical Group 65%, Kao Corporation 35%

Site Area: Approximately 44,000 m² (expected)

Product to be manufactured: Fatty Acid

Production capacity: Approximately 100,000 metric tons/year

Scheduled start of production: 2019

* Apical Group is a group of companies centered around Apical Group Limited that manufactures and sells fats and oils as well as their derivatives in Asia and other regions.

About Kao

Kao creates high-value-added products that enrich the lives of consumers around the world. Through its portfolio of over 20 leading brands such as **Attack**, **Bioré**, **Goldwell**, **Jergens**, **John Frieda**, **Kanebo**, **Laurier**, **Merries** and **Molton Brown**, Kao is part of the everyday lives of people in Asia, Oceania, North America and Europe. Combined with its chemical division, which contributes to a wide range of industries, Kao generates about 1,500 billion yen in annual sales. Kao employs about 35,000 people worldwide and has more than 120 years of history in innovation. Please visit the Kao Group website for updated information.

<http://www.kao.com/group/en/group/>

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