

1 April 2015

To whom it may concern

Showa Holdings Co., Ltd.  
Mamoru Shigeta,  
Representative Executive Officer and Managing Director  
(Code 5103 Tokyo Stock Exchange)  
Contact: Tomohiko Shoji, Executive Officer  
(Tel: 04-7131-0181)

## **Rubber Lining Business Launch in Thailand - Facilities and Business Succession from Ajinomoto Group -**

We had established Showa Rubber (Thailand) Co. Ltd. (SRT) in 2013 for the purpose of exploring the possibility of rubber business development in Thailand. We would like to inform you that, on March 5, 2015, we concluded a contract to purchase facilities and other related assets from AET manufacturing co., ltd., which is the Thai subsidiary of the Ajinomoto Group, and to succeed their customer base. Herewith, we start rubber lining business in Thailand from April 1, 2015.

### 1. The transaction and its background

We had announced "Acceleration Plan 2012" in 2012 as well as the medium-term management plan for rubber business owned by our subsidiary.

<http://www.showa-rubber.co.jp/company/news/sr20120627.pdf> (in Japanese)

In this plan, one of our objectives is to aim to be "No. 1 rubber lining company in Asia." In accordance with this objective, we decided to carry out the business succession.

AET manufacturing co., ltd. (AET) is the subsidiary of Ajinomoto Co., (Thailand) Ltd. that is the Thai affiliated company of Ajinomoto Co., Inc. (Ajinomoto). They had operated rubber lining business for 22 years in Samutprakarn Province, Thailand as the last business location performing Ajinomoto's lining technique.

Ajinomoto Group requires advanced rubber lining work for their core products in manufacturing process, etc. Therefore, they had developed rubber lining technology and operated the business for themselves. However, with their business perspective of selection and concentration, Ajinomoto Group withdrew the rubber lining business in 1978 in Japan and we succeeded their technologies including materials. Currently, our subsidiary Showa Rubber Co., Ltd. provides rubber lining work for Ajinomoto Group.

Ajinomoto has announced that they shut down AET business in Thailand according to their

selection and concentration perspective. Rubber lining business is valued as the core business for our subsidiary rubber business and we agreed the business succession from AET accordingly.

Herewith, SRT launches rubber lining business in Thailand.

## 2. Business development of our rubber lining business

Metal (iron apparatus) is easily eroded with use of acid or alkaline liquid. Rubber lining has a role to protect important facilities in such conditions. In order to protect apparatus including tanks and pipes, which are used with acid or alkaline liquid in various plants and factories, corrosion-resistant rubber is lined their inside. Therefore, for new construction of various plants and their maintenance work, our rubber lining work is necessary. Typical customers for rubber lining business are chemical plant, water treatment system, power plant, mine, iron manufacture, and engineering company that constructs the plant.

By this business succession, future SRT business will include the following items, covering all the existing AET business as well as lining work with Showa Rubber original material. SRT will provide them throughout inland ASEAN region with focus on Thailand.

- \* Various lining works including rubber and FRP (work in our factory or on-site work)
- \* Maintenance and repair, inspection, and life assessment
- \* Procurement of cored bar (can manufacturing)

Rubber lining is the core business with a history of 60 years by our subsidiary Showa Rubber. SRT will be a significant foothold in Southeast Asian market after our Malaysian factory (Showa Rubber (Malaysia) Sdn Bhd).

Although rubber business of our subsidiary is their family work with a history of 130 years, they suffer from business slump in recent years. However, our group will grow steadily with business strategies such as the expansion of rubber business in Asia in the future. In the rubber business for recent three years, we have hired talented people from Asian countries. For example, a local Malaysian was appointed as the president of our Malaysian subsidiary. With these excellent talents, our organization is almost ready to expand our business in Asian countries and this business launch is the first step.

[http://www.showa-holdings.co.jp/news/doc/news20140507e\\_1.pdf](http://www.showa-holdings.co.jp/news/doc/news20140507e_1.pdf)

## 3. Structure of Thai new subsidiary

Fukuji Ikegami, Plant & Anti-corrosion Business Unit COO in our Japanese subsidiary Showa Rubber Co., Ltd., is appointed to the president of SRT and transferred to Thailand. For the factory manager, Mr. Unit Markmul who had worked as the core talent for AET was appointed.



#### 4. Positioning of ASEAN economy and the Thai factory

The succeeded factory is located in the southwest of Thai capital city, Bangkok. Although the area is the industrial zone developed from relatively early stage in Thailand, the conditions there as industrial zone used to be inferior due to bad access from the Thai's largest international port Laem Chabang Port. However, the surrounding logistics has been dramatically improved by the large-scale Bangkok outer loop expressway completed about nine years ago and later road maintenance and improvements.

Thailand is located in node of inland ASEAN or CLMV countries (Cambodia, Laos, Myanmar, and Vietnam), and it is thus in a geographically strategic position. Intersection of Asian Highway Network is formed within Thailand, which connects China through Singapore by the north-south highway and the Pacific Ocean in Vietnam through the Indian Ocean in Myanmar by the east-west highway.

Under these conditions, land route to the west from Thai capital Bangkok has been constructing to Dawei port in Myanmar, which will be the exit to the economic area of Indian Ocean. The area of our new factory has easier access to various land routes to all areas in Southeast Asia, and its convenience for goods shipping throughout Thailand, Southeast Asian cities, and Indian Ocean economic area has been improving.

<http://business.nikkeibp.co.jp/article/money/20071130/142083/?ST=print> (in Japanese)

(For your reference, the link above is for the 2007 article of Nikkei Business Online on which our CEO Tatsuya Konoshita explained about the highway opening, etc.)



In the developing economic markets in Southeast Asia and CLMV countries, demands for rubber lining are considered to increase in the near future. By utilizing geographical advantage, we will supply their needs of various lining inside and outside of Thailand.

With strong support of recently leaping our group company GL Group, our subsidiary’s rubber business will develop throughout Asia in the future. In addition, SRT will not only conduct rubber lining business but also expand its business scope largely to other rubber businesses of our subsidiary and other group businesses in Thailand.

We will greatly appreciate your support and expectation for our group’s rubber business and future SRT business expansion.

#### 5. Outline of Showa Rubber (Thailand) Co. Ltd.

1. Trade name	Showa Rubber (Thailand) Co., Ltd.
2. Location of headquarter	Bangkok-city, Thailand
3. Title and name of representative	Fukuji Ikegami, CEO
4. Business description	Lining work and maintenance
5. Amount of capital	2 million Thai baht
6. Establishment date	2012
7. Major shareholder and shareholding ratio	Showa Rubber Co., Ltd. 100%

#### 6. Outline of purchased facilities and succeeded business

##### (1) AET Manufacturing co., ltd.

1. Trade name	AET Manufacturing co., ltd.
2. Location of headquarter	Bangkok-city, Thailand
Location of factory	Samut Prakan Province, Thailand

3. Title and name of representative	Kagefumi Nagao, CEO
4. Business description	Lining work and maintenance
5. Amount of capital	6 million Thai baht
6. Establishment date	1993
7. Major shareholder and shareholding ratio	Ajinomoto Co., (Thailand) Ltd. 49%

(2) Ajinomoto Co., (Thailand) Ltd.

1. Trade name	Ajinomoto Co., (Thailand) Ltd.
2. Location of headquarter	Bangkok-city, Thailand
3. Title and name of representative	Etsuhiro Takato, CEO
4. Business description	Manufacture and sales of seasoning, food, amino acid for feed, etc.
5. Amount of capital	796.36 million Thai Baht (as of June 2, 2014)
6. Establishment date	1960
7. Major shareholder and shareholding ratio	Ajinomoto Co., Ltd. 74.3% (as of June 2, 2014)





Fujiku Ikegami

- 1970 Born in Fukushima-prefecture
- 1992 Started working for Showa Rubber Co., Ltd.  
Assigned to Rubber mixing Division
- 2011 Appointed to Manager of Industrial Products  
Department and Manager of Food & Medical  
Products Department
- 2014 Appointed to Director and COO of Plant & Anti-  
corrosion Business Unit
- April 2015 Managing Director,  
Showa Rubber (Thailand) Co., Ltd.



Unit Markmul

- 1970 Born in Satun Province, Thailand
- 1992 Started working for AET Manufacturing Co.,  
Ltd.  
Assigned to Production Division
- Later,  
Laboratory staff, Quality control Division  
Production Leader, Production Division
- 2007 Sales supervisor, Sales Engineering Division
- April 2015 Factory manager,  
Showa Rubber (Thailand) Co., Ltd.

Thank you.