

May 31, 2011

## **AGC to Boost Chlor-Alkali Production Capacity by 30% in Indonesia**

**AGC** Asahi Glass Co., Ltd.

AGC (Asahi Glass Co., Ltd.; Head Office: Tokyo; President & CEO: Kazuhiko Ishimura) announced today it is investing about 5 billion yen to expand the electrolysis<sup>\*1</sup> capacity for production of chlor-alkali products by 30% at its Indonesian subsidiary, P.T. Asahimas Chemical. The purpose is to meet the rapidly growing demand for caustic soda<sup>\*2</sup> and chlorine derivatives<sup>\*3</sup> in Indonesia and other countries in Asia. The additional facilities are expected to start operation in the first quarter of 2013.

Caustic soda is an alkali chemical used in wide range of industries and essential for the production of products such as rayon, soap, detergent, seasoning, pulp and paper. Demand for caustic soda has been increasing in line with the economic growth of Asian countries. In Indonesia, demand continues to grow year by year, pushed by the country's strong economic growth. The market indicated a year-on-year market growth of over 10% in FY2010 and the annual demand is expected to have reached nearly 600,000 tons<sup>\*4</sup>. In view of the forecast that Indonesia will continue to mark GDP growth of over 6% for the next several years, AGC expects to see continuous upward demand for caustic soda.

AGC began chlor-alkali production at P.T. Asahimas Chemical (ASC) in 1989, following Japan and Thailand. ASC operates integrated production plants for chlor-alkali products from caustic soda and chlorine down to PVC resin. ASC currently accounts for more than 50% of Indonesia's caustic soda market. The expanded electrolysis facility will increase the production capacity by 30% to an annual caustic soda production of around 500,000 tons and enable ASC to continue meeting the strong needs in the market.

Additional chlorine produced along with caustic soda will be mainly used for the production of ethylene dichloride (EDC) to accommodate the rising demand for chlorine derivatives in Indonesia and also in other parts of Asia.

The AGC Group will pursue one of the key measures under its *Grow Beyond* management policy, "second round of globalization," aiming to further bolster business in Asia where continuing high growth can be anticipated and thereby contribute to the development of the region.

Notes:

\*1 Electrolysis of brine for producing caustic soda and chlorine

\*2 Sodium hydroxide (NaOH)

\*3 Polyvinyl chloride (PVC) resin and its intermediates, ethylene dichloride (EDC), vinyl chloride monomer (VCM), etc.

\*4 Estimated by AGC

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## Reference

### ■ Profile of P.T. Asahimas Chemical

1. Company: P.T. Asahimas Chemical
2. Representative: Jun Miyazaki
3. Location of head office: Jakarta, Indonesia
4. Location of plant: Cilegon, Banten, Indonesia
5. Capital: 42 million USD
6. Shareholders: AGC 52.5%; Mitsubishi Corporation 11.5%;  
Local partners (Rodamas 18%, Ableman Finance 18%)
7. Established: 1986
8. Business description: Production and sale of chemicals such as caustic soda, EDC, VCM and PVC

A view of P.T. Asahimas Chemical



\*ASC maintains a total area of about 93 ha on-site, with space available for further expansion.