Press release

August 23, 2016
Kansai Paint Co., Ltd.

Acquisition of Inner Pipeline Coating Technology

Kansai Paint Co., Ltd. (Head office: Osaka, CEO: Hiroshi Ishino) would like to announce the acquisition of FEC (Flow Efficiency Coatings) technologies which improves the efficiency of gas transport by inner pipeline coatings.

Mirodur products using FEC technologies have already been sold in Italy and Russia, and proved their ability to reduce gas transport costs, such as electricity and fuel consumption, by more than 10% through inner pipeline coatings (in comparison to those with no coatings). This also contributes to reduction of investment costs, downsizing and laborsaving of transport pressure devices in gas pipe equipment construction.

Currently, pipeline constructions are being actively carried out globally. The annual market size of inner coatings, where such technologies can be applied, is estimated at about 13 billion yen. We expect market size will expand further in the future as infrastructure development increases particularly in emerging markets. The acquisition will enable our group to develop full-scale businesses in inner pipeline coatings and can also expect acquisition of external pipeline coatings businesses with supply of products of the acquired technologies. Our group will work together to significantly expand businesses in anticorrosive coatings.

Outline of the acquisition of the inner pipeline coatings technologies is as follows.

<Outline of Inner Pipeline Coatings Technologies>

Target market: All Kansai Paint group companies can conduct sales of all products to customers except Mirodur’s existing customers (Europe, Ukraine and Russia)

Sales goals: Consolidated sales: aprox. 1.8 billion yen; company profit: aprox. 400 million yen by 2021

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