

Press Releases: DOW - AKSA



REPUBLIC OF TURKEY PRIME MINISTRY
INVESTMENT SUPPORT AND
PROMOTION AGENCY



YOUR ONE-STOP-SHOP
IN TURKEY

invest.gov.tr

Dow and Aksa Sign Joint Venture Agreement for Carbon Fiber and derivatives

- Business to offer integrated carbon fiber composite solutions to growing energy, transportation and infrastructure markets globally
- JV expected to invest up to \$1 billion US dollars within 5 years; potential to create up to 1,000 jobs in Turkey

MIDLAND, Mich., USA and ISTANBUL, TURKEY - December 20, 2011 -- The Dow Chemical Company (NYSE: Dow), through its wholly-owned subsidiary Dow Europe GmbH, and Aksa Akrilik Kimya Sanayii A.Ş. (ISE: AKSA) today signed a definitive agreement to form a joint venture to manufacture and commercialize carbon fiber and derivatives.

The joint venture will develop and globally market a broad range of products and technical service support in the rapidly expanding carbon-fiber based composites industry. Very strong and lightweight, carbon-fiber based materials are used in a variety of applications in growth industries such as wind energy, construction, transportation, and infrastructure, where weight savings, emissions reduction, durability and energy efficiency are key performance factors. Currently, the carbon fiber composites industry is estimated at \$10 billion US dollars globally and is expected to reach \$40 billion US dollars by 2022.

Under terms of the agreement, Dow and Aksa will each hold a 50 percent stake in the joint venture. Following initial equity investments from the two companies, the JV will finance its growth through cash flow from operations and financial institutions. Total investment in the project, including third party investments, is expected to reach \$1 billion US Dollars in five years and create up to 1,000 employment opportunities.

The JV will expand on Aksa's existing carbon fiber production assets in Yalova, Turkey, and will capture growth by creating a large-scale, integrated production capability for the manufacture and supply of advanced carbon fiber technologies. The venture will have a particular focus on bringing solutions to market that reduce overall costs, thereby enhancing economics and driving adoption in a broader array of markets.

Dow Chairman and CEO Andrew Liveris said, "This partnership with Aksa is another strong example of how Dow is advancing its innovation and growth strategy, and demonstrates our unwavering commitment to invest in high-value, innovation-rich sectors through strategic partnerships. Together our companies will apply science, world-class manufacturing capabilities and technical expertise to deliver innovative solutions that address some of the world's most pressing challenges, such as increasing the energy capture of wind turbines, improving the fuel economy of automobiles, and extending the life of roads and buildings."

Akkök Group of Companies Chief Executive Officer and Aksa Board Chairman Mehmet Ali Berkman said, "Making Turkey the second biggest acrylic fiber market in the world with its leading position in technical fiber and production capacity in acrylic fiber, AKSA has achieved an important position in the international market with the carbon fiber. Carbon fiber composites, which will replace metal as the material of the future, have significant importance for fundamental industries in Turkey such as transportation (automobile, high-speed train, vessels, heavy vehicles etc.), wind energy technologies and construction, particularly for earthquake-resistant buildings. The recognition of carbon fiber and carbon fiber composites within the scope of strategically important industries will enable Aksa and Dow to expand their joint investment targets and create significant economic value and employment for Yalova. In addition, this cooperation will contribute to 2023 targets of the Government of Republic of Turkey by creating significant added value and employment in energy efficiency, renewable energy, infrastructure investments and increasing exports."

Executive Vice-President and Chief Commercial Officer Heinz Haller said, "This joint venture will leverage Dow's expertise in composites technology, formulation, and technical service as well as market knowledge and channels. Upon completion, the joint venture will be the carbon fiber composites industry's only large-scale, full-service, integrated solution provider, serving the emerging needs of the world's leading industries. With this agreement, we aim to create competitive advantage in the global markets in which carbon fiber composites are used."

Ilker Ayçi, President of Turkey's Investment Support and Promotion Agency, said, "This joint venture represents advancement for Turkey's industrial and economic diversification into strategically important critical industries aimed at providing value-added solutions to significant and expanding regional and global markets. We are pleased about the formation of an enterprise that will meet the increasing demand for fiber composite technology and bring an opportunity for significant impact on the expansion of value-added exports."

The joint venture agreement was signed today in a meeting attended by Minister of Industry and Trade Nihat Ergün, President of Turkey's Investment Support and Promotion Agency Ilker Ayçi, Dow Executive Vice President and Chief Commercial Officer Heinz Haller and Akkök Group of Companies Chief Executive Officer and Aksa Board Chairman Mehmet Ali Berkman.

