NEWS RELEASE

ENEOS

September 1, 2021

Expansion in Production Capacity of Polyethylene Used for Insulation of Extra High-voltage and High-voltage Power Cables

ENEOS NUC Corporation (President: Kitahara Eiichiro; “NUC”), the wholly-owned subsidiary of ENEOS Corporation (President: Ota Katsuyuki; “ENEOS”), announced its facility investment plan to expand production capacity of polyethylene, used for insulation applications on extra high-voltage and high-voltage power cables that are in growing demand as a result of development of renewable energy sources, by approximately 30,000 tons.

Backed by the worldwide movement toward decarbonization, development of renewable energy sources is underway on the global scale, with development accelerating for distributed power supply that are located far from the areas of demand, such as offshore wind power generation. In response to these developments, demand for polyethylene used in insulation of extra high-voltage and high-voltage power cables is growing rapidly mainly in Asia and Europe.

Since growth of this demand is anticipated to continue in the medium-to-long term, NUC plans to make a capital investment of approximately 12 billion yen and boost the production capability of the products at its Kawasaki Plant by approximately 30,000 tons. The facility is scheduled to be completed in July 2023 and commence commercial operation in December 2023.

Extra high-voltage and high-voltage power cables require extremely high quality due to their importance as key infrastructure in society. For this reason, the production of polyethylene for power cable insulation requires technology that achieves outstanding insulation properties to ensure prevention of power leakage and removal of very fine foreign matter in the product. (See attachment for details.)

NUC possesses the special technologies, owned only by a few companies around the world and has been developing and manufacturing polyethylene for insulation applications for more than 30 years, marketing its products mainly to power cable processing manufacturers in Asia. In addition to these technologies, the company has gained the world-class recognition for the outstanding quality performance of its products even over extended periods of use. It intends to capture new demand through enhancement of its production capability and further strengthen its competitiveness.

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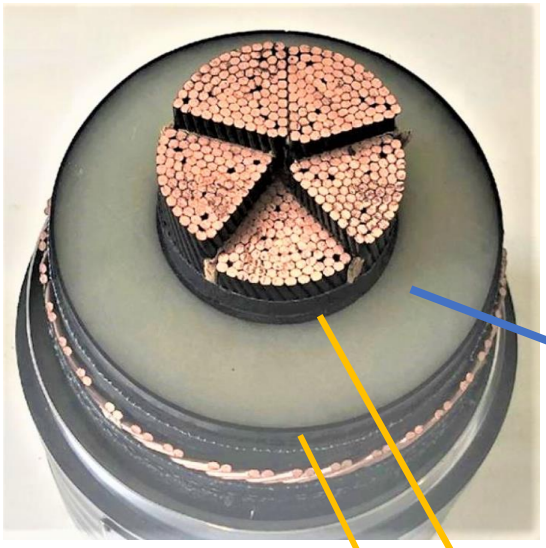
In the ENEOS Group Long-Term Vision to 2040, the Group is aiming to conduct growth businesses globally and expand its technology-oriented business operation and at the same time create and execute innovative businesses. These initiatives are consistent with the United Nations Sustainable Development Goals (SDGs) 9. Industry, innovation and infrastructure.

The production of polyethylene for insulation applications is one of the technology-oriented business operations in the Chemicals division of ENEOS. We, ENEOS and NUC, will continue to seek opportunity for production capacity expansion at NUC responding to further technological progress and market growth in the future.

<Overview of ENEOS NUC Corporation>

Representative	Kitahara Eiichiro, Representative Director, President
Established	January 1961
Capital	2 billion yen
Location	Head Office: 10F Tower RiverK Building, 12-1, Ekimae-honcho, Kawasaki-ku, Kawasaki, Kanagawa
	Kawasaki Plant: 8-1, Ukishima-cho, Kawasaki-ku, Kawasaki, Kanagawa
Business Profile	Production and sales of High-Pressure Low-density polyethylene (HP-LDPE) and Linear Low-density polyethylene (L-LDPE)
Ownership	ENEOS Corporation: 100%

<Polyethylene for extra high-voltage and high-voltage power cable insulation>



Cross-linked polyethylene insulation layer

Used as a wire coating material, it fulfills the function of insulating extra high-voltage and high-voltage electricity flowing through the copper wire in the center. It is created with cleaning technology that removes exhaustively the very fine foreign matter—which can cause damage by conducting electricity—found in resin in the production process and compounding technologies such as additives that enhance insulation performance.

Semiconductive cross-linked polyethylene insulation layer

Thin semiconductive film is wrapped around the milky white cross-linked polyethylene insulation layer to enhance its insulation performance.