

REPSOL AND GRUPO KUO STRENGTHEN THEIR ALLIANCE IN DYNASOL TO CREATE A LEADING GLOBAL PLAYER IN THE SYNTHETIC RUBBER MARKET

- **Repsol and Mexico's Grupo Kuo reached an agreement to expand their current joint venture, Dynasol, which will become one of the leaders in the global synthetic rubber market.**
- **Dynasol will focus on developing products for the high-performance tire sector, a market with high demand and added value that uses synthetic rubber as a raw material.**
- **The joint venture will have an estimated revenue of \$750 million and will produce more than 500,000 tons a year of high added value materials, and will become a major player in Latin America, North America, and China.**
- **According to Repsol's Chairman, Antonio Brufau, the agreement will be a qualitative leap in the alliance with Grupo Kuo "to make Dynasol an important player in the high-performance tire market, and significantly increase our production capacity and supply to our chemicals division."**
- **Grupo KUO Chairman of the Executive Committee and the Board of Directors, Fernando Senderos Mestre, stated that: "We are very satisfied with the consolidation of this alliance as, in addition to the fact that Repsol is an excellent partner, this new venture will strengthen our global position in the synthetic rubber market."**

Repsol and the Mexican company, Grupo Kuo, reached an agreement to extend their current joint venture, Dynasol, which will become a leading player in the synthetic rubber market. It will be among the world's top 10 companies in that sector.

Dynasol will focus on developing products for the high-performance tire sector, a market with high demand and added value, which uses synthetic rubber as a raw material. The tire sector is a strategic one which currently accounts for 70% of the synthetic rubber demand worldwide.

Grupo Kuo and Repsol have been equal partners in Dynasol since 1999. The joint venture, which produces synthetic rubber solutions, is currently the world's second largest producer in asphalt modification and a leader in other applications such as adhesives, sealants, and technical compounds. It has facilities in Altamira, Mexico, and in Santander, Spain. Also, at the end of the second quarter of 2015, a new plant in Liaoning, China will be opened. Its products are marketed in 70 different countries.

As part of the new agreement, Grupo KUO will provide Dynasol with its synthetic rubber solution and nitrile rubber units in Altamira, Mexico, and China as most of its production is allocated to the tire industry. Repsol will contribute its chemical accelerators for rubber vulcanization unit, General Química, located in Álava, Spain. It is the second largest European producer of these specialized products, the main application of which is the production of tires, footwear, and technical parts.

This modifies the shareholders agreement for the integrated joint management of Dynasol. Madrid will be home to its headquarters and it will have operations centers in three countries (Spain, Mexico, and China) as well as offices in all three countries as well as in the United States.

Dynasol will produce over 500,000 tons a year of material with high added value, and will expand its range of products, based on the application of its own different state-of-the-art technologies which can be licensed anywhere in the world. As one of the top companies in its sector worldwide, it will benefit from operational synergies, from its scale, and its qualified employees, in order to take advantage of growth opportunities and value creation.

Covering three continents, the joint venture will become a major player in high-growth markets such as Latin America, North America, and China. Its estimated revenue is \$750 million.

According to Repsol's Chairman, Antonio Brufau, "this qualitative leap in our alliance with Grupo Kuo will make Dynasol an important player in the high-performance tire market, and we will significantly increase our production capacity and supply to our chemicals division."

Grupo KUO Chairman of the Executive Committee and the Board of Directors, Fernando Senderos Mestre, stated that: "We are very satisfied with the consolidation of this alliance as, in addition to the fact that Repsol is an excellent partner, this new venture will strengthen our position as a global player in the synthetic rubber market."

This agreement is subject to approval by government and other competition authorities.

Grupo Kuo

Grupo KUO is an industrial conglomerate and a leader in Mexico, with an annual revenue over \$2 billion (December 31 2014), exporting to 70 countries on every continent, and with a workforce of 17,000 employees. Its current business portfolio includes seven Strategic Business Units: rubber solutions, brand processed foods, plastics, pork meat, aftermarket, and transmissions, divided among the consumer, chemical, and automotive sectors.

More information: www.kou.com.mx