

March 15, 2018
Toray Industries, Inc.

Toray to Purchase TenCate Advanced Composites Holding B.V.

Toray Industries, Inc. (headquarters: Chuo-ku, Tokyo; President: Akihiro Nikkaku; hereinafter referred to as "Toray") announced that on March 14, 2018, it reached an agreement with Koninklijke Ten Cate B.V. (headquarters: Netherlands; hereinafter referred to as "KTC") to purchase the entire share of its subsidiary TenCate Advanced Composites Holding B.V. (headquarters: Netherlands; hereinafter referred to as "TCAC"), a Dutch carbon fiber composite material manufacturer (hereinafter referred to as "this acquisition").

Toray and KTC plan to sign without delay a share purchase agreement on this acquisition after completing discussions with the Works Council, as stipulated by Dutch laws.

The acquisition will be carried out based on the premise of receiving approval, etc. from the regulatory authorities.

1. The objective

(1) Background

The global carbon fiber business field has been expanding steadily led by the demand for applications such as aircraft as well as environment and energy including windmill blades for wind power generation. In the aircraft industry, demand for medium- and small-sized, single aisle aircraft is growing significantly and the development of the next generation aircraft targeting such demand is expected to intensify. It is assumed that the use of thermoplastic prepreg will further increase for medium- and small-sized mass-produced aircraft, as the material enables to bring down costs by improving efficiency of molding of members.

In the medium-term management program Project AP-G 2019, launched by Toray in fiscal year 2017, the company is promoting the Green Innovation Business Expansion (GR) Project aimed at contributing to solving global environmental issues and resource and energy problems in a group-wide effort, and Toray is pursuing business expansion and market development of the carbon fiber business as one of the core businesses under the project.

While Toray already has a large number of transactions in the carbon fiber business for aerospace applications, the company was facing the challenge of further technology development in diverse fields including thermoplastic prepreg in addition to the existing thermoset prepreg and the establishment of a business base to respond to the anticipated expansion in demand in aircraft applications.

(2) Objective

TCAC, which Toray has decided to purchase, is a prepreg manufacturer with its main manufacturing bases in Europe and the U.S. and has a track record of widely supplying thermoplastic prepreg and high heat resistance thermoset resin materials. Especially, TCAC is a global leading company of carbon fiber intermediate materials using thermoplastic resins.

The acquisition is expected to generate significant synergies by combining the product lineup in which TCAC specializes with the broad range of carbon fiber as well as polymer technologies, which are Toray's strengths. Combining the two companies' distribution channels, the company can offer a wider product lineup to the customers. Toray will respond swiftly to the expansion of the market for small-sized aircraft and expand the business further for industrial use applications including automobiles in the medium- to long-term.

2. Outline of the subsidiary subject to change

(1) Name	TenCate Advanced Composites Holding B.V.	
(2) Address	G. van der Muelenweg 2, 7443 RE Nijverdal, The Netherlands	
(3) Name of representative	Frank Johan Meurs, Frank Rutger Spaan	
(4) Business	Manufacture and distribution of carbon fiber composite materials	
(5) Date of establishment	September 14, 2016	
(6) Shareholder and shareholding ratio	Koninklijke Ten Cate B.V. 100%	
(7) Relationship with Toray	Capital relationship	Not applicable
	Business relationship	Not applicable
	Personnel relationship	Not applicable

3. Outline of the company from which Toray is purchasing the share

(1) Name	Koninklijke Ten Cate B.V.	
(2) Address	Stationstraat 11, 7607 GX Almelo, The Netherlands	
(3) Name and title of representative	J.H.L. Albers (CEO) F.R. Spaan (CFO)	
(4) Business	Manufacture and distribution of fiber and textile products and composite materials	
(5) Capital	67 million euro	
(6) Date of establishment	April 19, 1947	
(7) Total assets	486 million euro (As of 31st December, 2016)	
(8) Net assets	894 million euro (As of 31st December, 2016)	
(9) Shareholder and shareholding ratio	Tennessee Acquisition B.V. 100%	
(10) Relationship with Toray	Capital relationship	Not applicable
	Business relationship	Not applicable
	Personnel relationship	Not applicable

	Related parties	Not applicable
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4. The number shares to be purchased, purchase amount and the status of shares Toray holds in TCAC before and after the purchase

(1) The number of shares held before the transfer	0 (Number of voting rights: 0) (The ratio to the total voting rights: 0.0%)
(2) Shares to be purchased	100 shares (Number of voting rights: 100)
(3) Purchase price	930 million euro
(4) The number of shares held after the transfer	100 shares (Number of voting rights: 100) (The ratio to the total voting rights: 100.0%)

Note: The purchase price includes net debt amount in addition to the share purchase price. The purchase price will be adjusted in accordance with any adjustments stipulated in the share purchase agreement.

5. Schedule

(1) Signing of the agreement	March 2018 (expected)
(2) Purchase of the shares	2nd half of 2018 (expected)

Note: While the companies plan to sign the agreement in March 2018, it is subject to change as it is conditional upon completing the discussions with the Works Council. The date of the share purchase is planned in 2nd half of 2018, but this is also subject to change as it is conditional upon obtaining the approvals from regulatory authorities.

6. Outlook

The impact of this acquisition on Toray's consolidated business performance has not been determined. The company will swiftly report if any matters that require disclosure are identified.

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