

April 11, 2016

## Acquisition of the Innovia Group's Cellulose Film Business

We would like to let you know that our company has agreed to acquire the cellulose business of the Innovia Group, which is based in the U.K.

Futamura Chemical is Japan's leading manufacturer of food packaging plastic films, including BOPP films (biaxially oriented polypropylene films), and is second in the world in terms of share in cellulose films produced from plant-derived materials such as wood. The Innovia Group currently holds the top share in the world in cellulose films, and manufactures speciality BOPP films for polymer banknote substrate, packaging materials and for industrial use.

This acquisition involves the entire cellulose business of the Innovia Group, which means that cellulose film plants in the U.S. and U.K., cellulose film processing plants in Mexico, cellulose film R&D departments, as well as cellulose film sales departments around the world will all be under the umbrella of our company.

Until now, Futamura Chemical has manufactured cellulose films in a single domestic plant (in Ogaki City, Gifu Prefecture), and would therefore face issues of product supply in times of emergency. Furthermore, existing production equipment required anti-aging measures to be taken, and we had reached a point where reconstruction of our production system was unavoidable if we were to sustain a stable supply.

Through this acquisition, we would like to firmly establish a structure that will enable us to sustain a stable supply into the future, by constructing, with a global perspective, a production system that includes multiple hubs.

While we are restructuring our production on a global scale, we would like our domestic plant to play a role in the development of new production methods for cellulose with a reduced environmental burden, developments in

the product field that use existing viscose technology, and more, in to strengthening our initiatives towards generating new cellulose business.

In addition, our global sales department will build a picture of market trends for cellulose on a global scale, and use the information to help plan the sale of cellulose products like fibrous casings for meat packaging, which are an area of growth overseas.

The acquisition - process is planned to complete at the end of June 2016.

Futamura Chemical Co., Ltd.

President

Yasuo Nagae

<Reference material>

Futamura Chemical Co., Ltd. Overview

1. Main office: Nagoya City, Aichi Prefecture
2. Principal Business
  - (1) Plastic films business
    - ① BOPP films (biaxially oriented polypropylene films)
    - ② CPP films (cast polypropylene films)
    - ③ LLDPE films (linear low density polyethylene films)
    - ④ PET films (polyester films)
  - (2) Cellulose business
    - ① Cellulose films
    - ② Fibrous casings
    - ③ Nonwoven fabrics
  - (3) Activated carbon
  - (4) Phenolic laminated sheets business
  - (5) Carbohydrates business, etc.
3. Company-wide sales                    67.1 billion yen (FY2014)
4. Cellulose business sales            9.5 billion yen (FY2014)
5. Cellulose business production base
  - (1) Ogaki City, Gifu Prefecture

Innovia Group Overview

1. Main office: Wigton, Cumbria, U.K.
2. Principal Business
  - (1) Polymer currency business
  - (2) BOPP films business
  - (3) Cellulose films business
3. Group sales                            0.5 billion euros (FY2015)
4. Cellulose business sales            118 million euros (FY2015)
5. Cellulose business production base
  - (1) Wigton, Cumbria, U.K.
  - (2) Tecumseh, Kansas, U.S.A.