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Toray to acquire TenCate Advanced Composites

Acquisition to accelerate growth in advanced composites for both companies

14 March 2018, Almelo – Koninklijke Ten Cate B.V. (“TenCate”) today announces it has reached an agreement with integrated chemicals and materials group Toray Industries Inc. (“Toray”) on the acquisition of TenCate Advanced Composites (“TCAC”). Toray is committed to further accelerate the growth of TCAC in the coming years, fully supporting TCAC management’s strategy and investment growth plans.

The combination of TCAC and Toray brings together complementary product offerings in high performance composites serving the aerospace, space and communications and high-performance industrial markets. There is strong strategic rationale for the transaction, with clear benefits for both companies. For Toray, the acquisition is an important step in its strategy to accelerate growth and expand its high-performance thermoplastic and thermoset composites offering while benefitting from considerable revenue synergies. For TCAC, the combination with Toray secures access to a source of highly-specified carbon fiber, a crucial component to supporting the needs of customers. The combination of TCAC and Toray will enhance new product development and R&D capabilities and reinforce and expand relationships with customers.

Frank Meurs, TCAC Chief Operations Officer, commented: “We are very pleased with today’s announcement and consider Toray a strong partner for us in terms of cultural fit, complementary product and market segment offerings, focus on R&D, and geographical reach. We have a long history of successful cooperation with Toray and are convinced that we can strengthen each other. We are looking forward to continuing to grow TCAC together with Toray.”

Jan Albers, TenCate CEO, commented: “We are delighted that we have found such a strong strategic partner for TCAC in Toray. The aerospace industry is entering a new growth phase, which requires large investments for continued sustainable growth in this dynamic market. With Toray we have found the right partner to expand TCAC’s leading role in advanced composites.”

Both companies have agreed to jointly develop an integration plan to support the envisaged growth plans. Toray expects to retain key management of TCAC following completion of the transaction and respects the existing rights and benefits of the employees of the TCAC group.

Toray will acquire TCAC for an enterprise value of € 930 million. The completion of the envisaged transaction is expected in the second half of 2018 and is subject to customary approvals by regulatory authorities. The agreement is also subject to completion of the consultation process with TenCate's works council.

J.P. Morgan Securities plc acted as exclusive financial advisor and Clifford Chance LLP acted as legal advisor to TenCate. Nomura Securities Co., Ltd. acted as financial advisor to Toray.

About TenCate Advanced Composites

TenCate Advanced Composites is a leading developer and producer of advanced thermoplastic- and thermoset-based composites for aerospace, space and communications and high-performance industrial applications. The company employs 750 employees worldwide with manufacturing locations in North America, Europe and Asia. In 2017, TenCate Advanced Composites generated revenues of € 197 million. For more information about TenCate Advanced Composites, please visit the company's website at: <https://www.tencatecomposites.com/>

About Toray

Toray Industries, Inc., founded in 1926 and headquartered in Tokyo, Japan, is an integrated chemical and material group developing its businesses in 26 countries and regions worldwide. Its consolidated revenues for fiscal 2016 (ended March 31, 2017) totaled 2,026 billion yen. Toray produces cutting-edge, high value-added products including fiber and textiles, films, fine chemicals, plastic resins, electronics & information-related products, carbon fiber composite materials, pharmaceutical and medical products, and products for the water treatment and environmental fields. For more information on Toray, please visit the company's website at <http://www.toray.com/>

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