

**Toyobo to Make Investment in SKC (Jiangsu) in China—
Objective Is to Further Develop Toyobo’s Position in the Market for
Thermal Shrinkage Label Film**

To gain a foothold for developing its position in the market for films for PET bottle thermal shrinkage labeling materials in China, Toyobo decided to make an investment in SKC (Jiangsu) High Tech Plastics Co., Ltd. (SKC (Jiangsu)) in China, a joint venture organized initially by SKC Co., Ltd. (SKC), of South Korea. The contract for this investment was signed with SKC on March 11.



Contract signing ceremony (from left, Jang Suk Park, president of SKC and Ryuzo Sakamoto, President of Toyobo)

1. Background

Along with the expansion of the market for PET bottles in Japan, Toyobo has manufactured and sold SPACECLEAN[®], a polyester thermal shrinkage film based on its original technology, which is applied as a labeling material onto PET bottles through a thermal shrinking process. In 2010, Toyobo launched a new shrinking film made of polyester material, which is the thinnest in the world (20 micro-meters). At present, Toyobo is applying its technology for producing “even thinner and more durable films” to develop its position in overseas markets.

Among various overseas markets for thermal shrinkage films for PET bottle labeling, the Chinese market has an exceptionally high level of annual consumption of 120,000 tons, and demand is forecast to continue rising. Also, in China, the principal material used for thermal shrinkage film is polyvinyl chloride (PVC). However, from the perspective of reducing the load on the natural environment going forward, as in the industrialized countries, there is a strong possibility that there may be reconsideration of materials, and this will present a major opportunity to enter the Chinese market.

To accelerate the development of the thermal shrinkage film business in China, Toyobo has decided to make an investment in SKC's film joint venture, which is scheduled to commence production in May 2013.

2. Outline of SKC (Jiangsu) and Toyobo's Investment

(1) Outline of SKC (Jiangsu)

- Company name: SKC (Jiangsu) High Tech Plastics Co., Ltd.
- Established: August 26, 2011
- Location: Nantong, China, Economic Technological Development Zone
- Paid-in capital: US\$58,823,530 (after Toyobo's investment)
- Share ownership percentages: SKC: 43.3%; SK China: 33.1%; Toyobo: 15.0%; with the remainder held by three other companies
- Production facilities: Two polyester film lines (scheduled to begin operations sequentially from May 2013)

(2) Toyobo's investment

- Investment amount: US\$8,823,530 (approximately ¥800 million)
- Percentage ownership: 15%

3. SPACECLEAN[®] Polyester Thermal Shrinkage Film

Toyobo's SPACECLEAN[®] has a high thermal shrinkage ratio and shrinks sufficiently in size to form a close fit even to PET bottles that have complex designs. It also has good printing properties and is printable in a rich range of colors.

This new type of film uses resins recycled from PET bottles, and, to save resources, Toyobo has also succeeded in making it extremely thin and giving SPACECLEAN[®] a number of other special features not available in previous products.



「SPACECLEAN[®]」

4. Outline of SKC

SKC is the film and chemical manufacturer of the SK Group, which is the third-largest conglomerate in South Korea. SKC's film business is well positioned to make a promising partner for collaborating with Toyobo, and SKC and Toyobo have common interests in product manufacturing and sales. SKC (Jiangsu) already has the leading market share China for shrinkage films made from polyester material, and it is working to win the top market share position.

5. Outlook

Going forward, in collaboration with SKC, Toyobo will monitor trends in the market for thermal shrinkage films and make preparations to develop the position of SPACECLEAN[®] broadly in the Chinese market.

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