

Announcement Concerning Purchase of AIM Aerospace Group

SEKISUI CHEMICAL CO., LTD. (head office location: Osaka-city, Osaka Prefecture; President and Representative Director: Teiji Koge; hereinafter “SEKISUI CHEMICAL”) announces that on June 14 it signed a stock purchase agreement with Liberty Hall Capital Partners, L.P. (headquarters: South Carolina State, US; Managing Partner: Rowan G.P. Taylor; hereinafter: “Liberty Hall”) and others to acquire all outstanding stock in AIM Aerospace Corporation (headquarters: Seattle, Washington State, US; President & CEO: Daniele Cagnatel), and indirectly acquire AIM Aerospace’s six subsidiaries (hereinafter: “AIM Aerospace Group”).

The AIM Aerospace Group engages in the manufacture and sale of carbon fiber reinforced plastic (CFRP) for aircraft and drones and other composite mold materials. Through this stock acquisition of the AIM Aerospace Group, SEKISUI CHEMICAL aims to expand its business in the Mobility Materials domain and enhance basic technology.

This acquisition will cost \$US510 million and it is expected that the transaction will be consummated in the second half of 2019. An outline is shown below.

1. Background

(1) SEKISUI CHEMICAL

In its High Performance Plastics Company, SEKISUI CHEMICAL has positioned Automobiles and Transportation as a strategic field and is engaging in the manufacture and sale of interlayer films for automotive laminated glass, foaming materials, and other automotive products. In its Urban Infrastructure and Environmental Products Company, it positions Advanced Materials as a strategic field and is engaging in the manufacture and sale of plastic sheets for molds to be used for aircraft cabin interiors. Our companywide aim is to expand our business in the domain of Mobility Materials by means of the fusion of management resources such as technology in both fields as part of our midterm management plan “SHIFT 2019—Fusion—”. In addition, we have established long-term goals of sales of 2 trillion yen for fiscal 2030 and operating income of 200 billion yen. In order to achieve this, we are aiming for the “New Phase of Growth”.

(2) Mobility Industries Including Aircraft and Automobiles

In the aircraft industry, needs for parts that can enable both advanced safety capability and environmental performance for aircraft continue to be strong. There remain a large number of orders for new aircraft construction and it is expected that the aircraft materials market will stably expand. The popularization of drones in fields such as logistics is also proceeding.

Meanwhile, in the automobile industry, trends are being observed such as CASE (Conected, Autonomous, Shared, Electric) as well as moves indicating the transformation of automobiles into airplanes (flying cars) through the development of material technology and IT. The number of automobiles produced is expected to grow worldwide for the time being. Moreover, as the aforementioned functions of automobiles become increasingly diversified and advanced, SEKISUI CHEMICAL expects the automobile material market to continue to stably expand going forward.

2. Objective of the AIM Aerospace Group Purchase

The SEKISUI CHEMICAL Group positions this purchase as an important stepping stone for its long-term goal of the “New Phase of Growth”. It hopes to leverage the technology of the AIM Aerospace Group in composite materials such as CFRP and its presence in the aircraft industry to expand its business mainly in the Mobility Materials domain.

Specifically, the following types of synergy are anticipated.

(1) Synergy in Marketing and Sales

In the aircraft industry, into which it is difficult for new players to enter, the strong relationships of the AIM Aerospace Group with companies including aircraft manufacturers will be leveraged to expand uses and sales of SEKISUI CHEMICAL Group products that have been developed for automobiles, infrastructure and building such as fire-resistant and incombustible materials into the aircraft market.

Conversely, global sales networks held by the SEKISUI CHEMICAL Group in the automobile, infrastructure and building markets will be utilized to produce synergy in marketing and sales by interaction between the products and sales routes of the two groups, including the expansion of sales for AIM Aerospace Group products.

(2) Synergy in Research and Development

It is anticipated that fusing technology related to composite materials such as thermosetting and thermoplastic CFRP held by the AIM Aerospace Group with resin compounding technology, fabrication technology and technology related to thermoplastic CFRP held by the SEKISUI CHEMICAL Group could promote the research and development of products that could contribute to improving safety and environmental performance to respond to increasing needs for CASE in the automobile industry, and toward the expansion of next-generation mobility such as flying cars and drones.

3. Summary of AIM Aerospace Group*¹

(1) Company targeted by stock acquisition	AIM Aerospace Corporation and six subsidiaries
(2) Headquarters	Seattle, Washington State, US
(3) Representative	President & CEO Daniele Cagnatel
(4) Business* ²	Development, manufacture and sale of composite mold materials for aircraft and drones *Major product groups: Ducts, secondary structural materials and engine parts for aircraft, external parts for drones
(5) Shareholder	Liberty Hall and others
(6) Group established:	1988
(7) Production base* ²	Seattle, Washington (two bases), Orange City, Iowa
(8) Number of employees* ²	Approximately 1100
(9) Recent business results* ²	Sales: \$US178.5million (period ended Dec. 2018)
(10) Website	https://www.aim-aerospace.com/

4. Purchase Cost

The total cost is planned to be \$US510 million, subject to customary adjustments.

5. Schedule

Jun. 14, 2019: Sign stock purchase agreement

Second half of 2019: Planned consummation of transaction.

6. Business Objective

We are aiming to achieve sales of at least 200 billion yen in FY 2025 for the Mobility Materials domain.

7. Effects on this Period's Results

The effects of this purchase on our consolidated results for the period ending March 2020 will be disclosed as necessary after execution of the stock transfer.

(Reference) Predicted consolidated results for this period (published on Apr. 25, 2019)

(Unit: Million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Predicted consolidated results for this period (period ending March 2020)	1,175,000	103,000	100,000	69,000





8. Supplementary Information


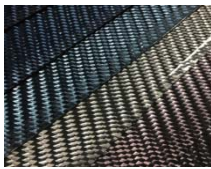

This stock transfer can only take place if approved by the relevant authorities.

*1 If not noted otherwise, information is current as of Jun. 17, 2019.

*2 Information for AIM Aerospace Corporation and six affiliated companies.

Reference: Major AIM Aerospace Group products and major SEKISUI CHEMICAL Group products for which synergy is expected)

Major AIM Aerospace Group products	For aircraft			For drones
	Air conditioning ducts 	Secondary structural materials		Engine parts 
		Interior joint parts 	External parts 	

Major SEKISUI CHEMICAL Group products for which synergy is expected	High Performance Plastics Company		Urban Infrastructure and Environmental Products Company	
	Foaming resin products (fire-resistant, incombustible) 	Color carbon (metal coated carbon fiber) 	Plastic sheets for molds 	Thermoplastic CFRP 