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Addressing the Expansion in Global Demand

Kuraray Decides to Boost EVAL Production Capacity in the United States

Following Boost in Europe, the U.S. to Also See Boost

May 11, 2016
Kuraray Co., Ltd.

Kuraray Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; President: Masaaki Ito; "Kuraray") today announces that it will boost the ethylene vinyl alcohol copolymer (EVOH resin; Kuraray trademark: EVAL) production capacity of Kuraray America, Inc., an indirectly wholly owned Kuraray subsidiary located in the U.S. state of Texas. Brief details are as follows.

Background of Capacity Enhancement

- EVAL boasts superior gas barrier properties. Thanks to this feature, EVAL demand continues to grow, particularly for food packaging applications that offer better food preservation and for automobile fuel tanks that effectively prevent hydrocarbon emissions.
- In recent years, EVAL applications have expanded to include agricultural and industrial products in addition to wallpaper, pipes for floor heating systems and vacuum insulation panels for refrigerators.
- Previously, the increase in EVAL demand had been centered primarily in industrialized nations, such as Japan and the United States as well as those in Europe. However, demand is now rising in emerging nations. To secure a stable supply structure, Kuraray has concluded that it is necessary to boost its EVAL production capacity.
- The Kuraray Group outlined the deepening of its core businesses as one of the main management strategies of its GS-STEP medium-term management plan, which commenced in fiscal 2015. In the core vinyl acetate business, Kuraray is continuing to strengthen its base of operations globally as the No. 1 supplier. As for EVAL, with this enhancement, which follows on last year's production enhancement in Europe, Kuraray aims to expand its business as a leading company in the area of EVOH resin and barrier materials.

Overview of Capacity Enhancement

Location	EVAL Plant of Kuraray America, Inc. (Pasadena, Texas, U.S.A.)
Capacity increase	11,000 tons/year
Schedule	Expanded facilities to start operations in mid-2018

Kuraray Group's EVAL Production Capacity (Unit: tons/year)

	Current Capacity	Enhancement Under Way*1	New Enhancement	Enhanced Capacity	Location
Kuraray America, Inc.	47,000		11,000	58,000	Texas, the United States
EVAL Europe N.V.	24,000	11,000		35,000	Antwerp, Belgium
Kuraray Co., Ltd.	10,000			10,000	Okayama, Japan
Total	81,000	11,000	11,000	103,000	

*1. Operations are slated to commence at the end of 2016. For further details, please see the press release dated February 6, 2015, and entitled, "Kuraray to Boost EVAL Production Capacity in Europe."

Reference

Kuraray America, Inc.

Company name	Kuraray America, Inc.
President	George Avdey
Capital	US\$10.1 million (wholly owned subsidiary of Kuraray Holdings U.S.A., Inc.)
Employees	Approx. 740
Business	Import and sale of fiber and textile products, resins, and chemicals; Production and sale of poval resins, polyvinyl butyral films, ethylene vinyl alcohol polymer resins (EVAL) and thermoplastic elastomers
Location	2625 Bay Area Blvd., Suite 600, Houston, Texas 77058-1551, U.S.A.

EVAL

- EVAL is Kuraray's trademark for EVOH resin.
- Kuraray was the first to commercialize this high-performance resin, which it launched in 1972. EVAL boasts the highest level of gas barrier properties among all plastics.
- EVAL has an approximately 65% share of the global EVOH resin market. (Kuraray estimates)