

July 19, 2018  
Asahi Kasei Corp.

**Asahi Kasei to acquire Sage Automotive Interiors**  
*Strategic expansion of business in the automotive field*

Asahi Kasei has decided to acquire Sage Automotive Interiors, Inc. (Sage), a US-based manufacturer of automotive interior material, for a cash transaction price of approximately \$700 million (¥79.1 billion\*). An agreement regarding the acquisition was concluded between Asahi Kasei and Clearlake Sage Holdings, LLC, the 100% owner of Sage.

\* At July 18 exchange rate of ¥113 per US\$.

Under its Cs for Tomorrow 2018 medium-term strategic initiative, Asahi Kasei is focused on expanding automotive-related business as a priority in the Material sector. The company is currently working across the sector to strengthen relationships with vehicle manufacturers and their suppliers while expanding operations globally.

The automotive industry is in a period of transformation referred to as CASE, indicating trends toward connected, autonomous, shared, and electric vehicles. Such new trends create significant growth opportunities, including demand for vehicle interiors with greater comfort and innovative design. The market for automotive interior material is thus expected to continue expanding over the longer term.

Asahi Kasei supplies Lamous™ microfiber suede to Sage, and the two companies have a long-standing mutually beneficial business relationship. A leader in the development and manufacture of material for automotive interiors, Sage holds the No. 1 global share for vehicle seat fabric.† Sage has established a strong presence among vehicle manufacturers and their suppliers based on its comprehensive proposal capabilities, advanced design capabilities, and processing technology related to automotive interior material.

† Woven and knitted fabric for vehicle seats (not including natural and synthetic leather).

Asahi Kasei considered complementing its business portfolio with Sage's business to be an effective means of accelerating its expansion in the automotive field. Last October the two companies began talks that led to the agreement for Asahi Kasei's acquisition of Sage.

Asahi Kasei believes the acquisition will strengthen its position in the growing automotive interior material market, contributing to the overall expansion of its automotive-related business. Expected effects of the acquisition include:

- Enhanced access to vehicle manufacturers and their suppliers, in order to swiftly and accurately ascertain trends and needs in the automotive industry
- Proposal and provision of comprehensive vehicle interior designs and solutions leveraging Sage's design and marketing capabilities in combination with various Asahi Kasei products such as fibers, plastics, and sensors
- Utilizing Sage's sales, manufacturing, and marketing bases as management infrastructure and resources for the global expansion of Asahi Kasei's operations

The transaction price of approximately \$700 million will change depending on the fluctuation of cash and debt balance, working capital, etc., at the time of closing. The total acquisition price including Sage's interest-bearing debt is approximately \$1.06 billion. Closing of the transaction is conditional upon performing the required procedures in accordance with each relevant country's antitrust regulations and obtaining approval from the relevant authorities. The process will be advanced as quickly as possible, and an announcement will be made upon completion.

With closing of the transaction, Sage will become a consolidated subsidiary of Asahi Kasei. The impact on financial performance will be disclosed without delay as necessary.

Corporate profile of Sage Automotive Interiors, Inc.

Location: Greenville, South Carolina, USA  
CEO: Dirk R. Pieper  
Operations: Development, manufacture, and sale of fabrics as automotive interior material  
Paid-in capital: \$82.5 million (consolidated, as of December 31, 2017)  
Establishment: 2009 (spinoff from fiber and chemical manufacturer Milliken & Company)  
Production sites: United States, Italy, Poland, Romania, Brazil, China  
Employees: Approximately 2,200 (consolidated, as of March 31, 2018)  
Ownership: 100.0% by Clearlake Sage Holdings, LLC

Three-year trend of assets and sales:

	2015	2016	2017
Total assets (\$ million)	426.8	474.0	504.7
Net sales (\$ million)	359.3	415.6	474.9

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