



April 10, 2020

News Release

Company Name: Tokai Carbon Co., Ltd.  
Representative: Hajime Nagasaka, President & CEO  
(Stock Code: 5301 Section I, Tokyo Stock Exchange)  
Contact: Tsunayuki Sato, General Manager,  
Strategic Investment Department  
Telephone: +81-3-3746-5228

### **Tokai Carbon and Tokai COBEX to acquire Carbone Savoie International SAS, a Carbon and Graphite Manufacturer**

Tokai Carbon Co., Ltd. (hereinafter "Tokai Carbon" or "we") is pleased to announce that an extraordinary board meeting was held today and approved of signing the Put Option Agreement relating to a Securities Purchase Agreement regarding Tokai Carbon and Tokai COBEX GmbH ("TCX") , our subsidiary company, jointly acquiring 100% shares in Carbone Savoie International SAS ("CSI"), the holding company of a French manufacturer of carbon and graphite products, Carbone Savoie SAS ("CS") to make the company our subsidiary (the "Transaction") . Shares in CSI will be acquired 70% by Tokai Carbon and 30% by TCX respectively and therefore Tokai Carbon group will own 100% shares to make CSI and CS our consolidated subsidiaries.

The transaction will be presented on a consultative basis to the applicable employee representative bodies and subject to relevant legal proceedings.

#### **1. Reasons for Share Acquisition**

Our T-2022 Mid-term Plan announced in February 2020 lays out the growth policy by utilizing strategic investment in existing and complementary businesses.

CS, based in France, has a history and tradition of more than 120 years. CS offers high-performance, high-quality graphitized cathodes and specialty graphite materials backed by its high technology and good customer relations based on trust and achievements.

CS's core cathodes business for aluminum smelting is expected to achieve stable growth as the aluminum market, the end market of cathode business, is likely to continue growing steadily due to factors such as the continuous demand for light-weight materials in the transportation equipment sectors including those for automobiles and airplanes, the growing demand for aluminum amid the ongoing urbanization, the increase in utilization of aluminum for beverage containers and the substitute demand instead of copper in the electronics sector.

In the business of specialty graphite materials, CS mainly deals in materials for heat exchangers and high temperature applications, and this market is also expected to continue to see solid growth of demand.

Through this acquisition, we will be able to grow our Smelting and Lining business and Fine Carbon business. In addition to improving profitability, we can also diversify our broader portfolio with CS's complementary offering. We believe that this will lead to further increase in our corporate value.

## 2. Transaction details

The source of funds concerning the acquisition of the shares will be cash on hand only within Tokai Carbon's group. We will consider financial options in order to secure adequate liquidity and maintain our financial health, in accordance with changes in the business environment including long-term loans from financial institutions, issuing of bonds, and hybrid financing.

## 3. Overview of CSI (as of April 10, 2020)

(1)	Name of Company	Carbone Savoie International SAS		
(2)	Location	29 rue Auguste Vacquerie 75116 Paris		
(3)	Representatives	Nicolas de Germay, President		
(4)	Business Description	Management and supervision of subsidiary		
(5)	Capital※ <sup>1</sup>	EUR 733,949 (JPY90 million)		
(6)	Year Established	2016		
(7)	Major Shareholder and Ownership Ratio	Alandia Industries (61.9%)		
(8)	Relationship with CSI	Capital Relationship	None	
		Personnel Relationship	None	
		Business Relationship	None	
(9)	Consolidated Business Results and Financial Position for the past three years (EUR million)※ <sup>1</sup>			
	Accounting Period	FY2017	FY2018	FY2019
	Consolidated Net Assets	75.8 (JPY9.3 billion)	114.4 (JPY14.0 billion)	136.2 (JPY16.7 billion)
	Consolidated Total Assets	-	-	187.0 (JPY22.9 billion)
	Consolidated Net Sales	93.3 (JPY11.4 billion)	118.8 (JPY14.6 billion)	127.8 (JPY15.7 billion)
	Consolidated EBITDA	2.9 (JPY0.4 billion)	14.6 (JPY1.8 billion)	25.6 (JPY3.1 billion)
	Consolidated EBIT	-4.3 (JPY-0.5 billion)	6.9 (JPY0.8 billion)	17.3 (JPY2.1 billion)
	Consolidated Net Income Attributable to Owners of the Parent Company	2.7 (JPY0.3 billion)	38.7 (JPY4.7 billion)	21.8 (JPY2.7 billion)

※<sup>1</sup> Applied exchange rate is JPY122.54 to the EURO in accordance with final official TTM quotation by MUFG Bank, Ltd. on December 31, 2019.

## 4. Overview of CS (as of April 10, 2020)

(1) Name of Company	Carbone Savoie SAS		
(2) Location	Notre Dame de Briançon 73260 AIGUEBLANCHE France		
(3) Representatives	Sébastien Gauthier, President		
(4) Business Description	Production, sales and R&D of cathodes, specialty graphite products and carbon		
(5) Year Established	1897		
(6) Major Shareholder and Ownership Ratio	CSI (100.0%)		
(7) Relationship with CS	Capital Relationship	None	
	Personnel Relationship	None	
	Business Relationship	None	

## 5. Overview of Alandia Industries

(1)	Name of Company	Alandia Industries	
(2)	Location	29 rue Auguste Vacquerie 75116 Paris	
(3)	Representatives	Nicolas de Gernay, CEO	
(4)	Business Description	Distressed investment	
(5)	Year Established	2010	
(6)	Relationship with Alandia Industries	Capital Relationship	None
		Personnel Relationship	None
		Business Relationship	None

## 6. Overview of TCX (a subsidiary of Tokai Carbon)

(1)	Name of Company	Tokai COBEX GmbH
(2)	Location	Gustav-Stresemann-Ring 12-16, 65189 Wiesbaden, Germany
(3)	Representatives	Frank Goede, Managing Director Andrzej Hotlos, Managing Director
(4)	Business Description	Manufacturing, selling and R&D of cathodes for smelting aluminum, furnace linings, carbon electrodes and other products
(5)	Capital※ <sup>1</sup>	EUR25,000 (JPY3 million)

※<sup>1</sup> Applied exchange rate is JPY122.54 to the EURO in accordance with final official TTM quotation by MUFG Bank, Ltd. on December 31, 2019

## 7. Number of Shares to be Acquired; Acquisition Price; and Shareholdings before and after the Transaction

(1)	Number of Shares Held before the Transaction	Tokai Carbon	0 shares (Number of voting rights: 0) (Ratio of voting rights held: 0.0%)
		TCX	0 shares (Number of voting rights: 0) (Ratio of voting rights held: 0.0%)
(2)	Number of Shares to be Acquired through the Transaction	Tokai Carbon	513,810 shares (Number of voting rights: 513,810)
		TCX	220,139 shares (Number of voting rights: 220,139)
(3)	The Acquisition Price※ <sup>1</sup>	c.JPY 19.7 billion (Tokai Carbon : c.JPY 13.8 billion , TCX : c.JPY 5.9 billion)	
(4)	Number of Shares Held after the Transaction	Tokai Carbon	513,810 shares (Number of voting rights: 513,810) (Ratio of voting rights held: 70.0%)
		TCX	220,139 shares (Number of voting rights: 220,139) (Ratio of voting rights held: 30.0%)

※<sup>1</sup> Applied exchange rate is JPY118.60 to the EURO in accordance with final official TTM quotation by MUFG Bank, Ltd. on April 9, 2020.

8. Contemplated Schedule of the Transaction

(1)	Date of Board of Directors resolution	April 10, 2020
(2)	Date of put option agreement for share purchase agreement	April 10, 2020
(3)	Execution of the Securities purchase agreement	By early July, 2020 (scheduled)
(4)	Completion of the share acquisition	By early July, 2020 (scheduled)

9. Outlook

The impact of the Transaction on our consolidated performance for the fiscal year ending in December 2020 is currently under examination. Any material impact this may give to our future performance will be disclosed as soon as identified.

End of Notice