

March 27, 2015

To Our Valued Stakeholders:



Hiroyuki Shime, President and CEO  
UNITIKA LTD.

(Code number: 3103 1st Section of the Tokyo Stock Exchange)

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### **Announcement to Discontinue PVA Fibers Production at the Sakoshi Plant**

UNITIKA LTD. (Head office: Chuo-ku, Osaka City; President and CEO: Hiroyuki Shime; “the Company”) has decided on March 27, 2015 at its Board of Directors’ meeting to discontinue the production of PVA fibers at its Sakoshi Plant (Ako City, Hyogo).

#### Details

##### 1. Background

Since starting production in 1950, the Company has been developing applications of PVA fibers as one of its main products in the synthetic fibers business—initially for clothing applications, which have been shifted currently for building, civil engineering materials and industrial materials.

The performance of the Company’s PVA fibers business has been stagnant in recent years due to declined sales in Europe caused by the European sovereign debt crisis and soaring raw material and fuel prices. To overcome this situation, the Company tried to develop markets in emerging countries, expand the sales of differentiated products, and improve the quality of products and productivity. The business environment, however, has become more challenging, as raw material and fuel prices continue to remain high and less expensive Chinese products flood the market. The Company considers this situation will continue in the future.

Furthermore, the Company has been concentrating its business resources on growing business areas through “business portfolio restructuring” under its new medium-term management plan.

For these reasons, the Company has decided to discontinue the production of PVA fibers.

## 2. Outline of the manufacturing facility to discontinue production

(1) Product: PVA fibers

(2) Place: UNITIKA LTD. Sakoshi Plant (Ako City, Hyogo)

(3) Capacity: 13,000 tons per annum

(4) Schedule: Production will be discontinued by the end of March 2016.

## 3. Impact on consolidated business results

The impact of the production discontinuation on the Company's consolidated business results is unknown at the present time. If the Company determines that the impact on its business results is likely to be significant, the Company will immediately make an announcement to that effect.