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PRESS RELEASE

SPHERE IS DELIGHTED TO SEE INCREASED INTEREST IN BIOPLASTICS THROUGHOUT EUROPE

Sphere SA, Europe's leading manufacturer of household wraps and packaging is delighted to see increased interest in bioplastics throughout Europe. The Sphere Group had turnover of 319 million euros in 2007 and has major market positions in both France and the United Kingdom (each country represents more than 10% of Group sales).

During the last few years, the Sphere Group has worked to achieve a unique position in bioplastics by providing a fully integrated, environmental-friendly approach, starting with ordinary potatoes grown in the countryside and ending up with consumer goods such as refuse bags, bin liners and carrier bags. Currently, biodegradable plastic bags are supplied by the Sphere Group to major supermarket chains throughout Europe, including Tesco and Carrefour.

To do this, the Sphere Group carries out a series of extraction, blending, compounding, extrusion and conversion processes : firstly starch is extracted from the potatoes and then blended and compounded into bioplastic resin; using this resin as a substitute for traditional polyethylene resin, the Sphere Group then blows it into plastic film by an extrusion process and finally converts the film into plastic bags, designed to meet customer specifications in terms of size, colour, tie handle, printing and presentation requirements.

Biodegradable plastic bags are manufactured and marketed by the Sphere Group through the following supply chain:

- Potato starch is made at the Group's majority owned subsidiary, Féculerie Haussimont, in Northern France;
- This and other key raw materials, such as copolyesters, making up the vast majority of components required, are then sold on by the Sphere Group to its 50% owned German affiliate Biotec GmbH;
- Biotec GmbH is a joint venture with UK based Stanelco plc, whose business activities include radio frequency welding and modified atmosphere packaging;
- Biotec GmbH blends and compounds starch, copolyesters and other materials into a variety of grades of bioplastic resin and sells these on to Sphere's distribution and sales company, Biotec Distribution, 100 pct owned by Sphere SA and based in Paris;
- Biotec Distribution sells bioplastic resin not only to other companies in the Sphere Group, but also to other plastic manufacturers around Europe;
- Using this resin, the Sphere Group manufactures biodegradable carrier bags, bin liners and refuse bags, packaged as attractive consumer goods, at its factories in France, the UK, Spain, Holland and the Czech Republic;
- Finally these finished consumer goods are sold to supermarket chains across Europe, by Sphere wholly owned subsidiaries, that have a long history of managing client relationships with this customer base and delivering one stop solutions for household wraps and packaging, covering not only their needs in terms of logistics and timely deliveries, but also product category management across the entire range.

The bioplastic resin made by Biotec GmbH and supplied to the Sphere Group is used to manufacture bags made with approximately 40 % of sustainable renewable materials. The Sphere Group is working hard to increase this content over time.

Currently and throughout 2007, the vast majority of bioplastic resin made by Biotec GmbH is sold to the Sphere Group.

Key bioplastic resin grades sold by Biotec GmbH include Bioplast 106GF and Bioplast 2189GS. Both of these comply with European norm EN 13432 for biodegradability which means that they are rapidly (usually in about 90 days, but varying according to thickness) decomposed by bacteria.

John Persenda, Sphere's CEO and Chairman said:

"We are delighted to see so much increased interest in biodegradable bags and film from our retail customers, who have a clear appetite for eco-friendly products. The Sphere Group is working hard to try to reduce the significant price differential between traditional plastics and bioplastics; which continues to act as a brake on volumes at the current time. We hope that discussions throughout Europe will lead in due course to regulatory measures that open the door to achieving economies of scale. As the only fully integrated player with a strong franchise in plastic bags and film, the Sphere Group looks forward to bringing benefits to the environment, its customers and staff, leveraging off its unique position in bioplastics. There is much to do, but Sphere is determined to build on its market leading position".

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