

DCHA Acquires Majority Stake in POSCO in Malaysia, Making It a Subsidiary

DENKA herein announces that Denka Chemicals Holdings Asia Pacific Pte. Ltd. (headquarters: Singapore; hereafter “DCHA”), a wholly owned subsidiary serving as a regional headquarters in Southeast Asia, increased its equity holdings in POSCO Venture Sdn. Bhd. (hereafter “POSCO”), a Malaysia-based construction chemical manufacturer, from 29% to 90% in April 2015. POSCO has thus become a subsidiary of DCHA.

In Southeast Asia, demand for infrastructure development is expected to grow continuously. To penetrate this promising market region, we established Denka Infrastructure Technologies Pte. Ltd. in November 2013 under DCHA as a regional headquarters handling the administration of the special cement additive business. By taking an equity stake in POSCO in January 2014, we were able to enforce our partnership with this leading construction chemical manufacturer as we expand into the Southeast Asian market for special cement additives. Then, to step up the development of our R&D, production and sales structure supporting this business, we decided to increase our equity stake in POSCO and made it a Group subsidiary.

Under growth strategies set forth in the DENKA100 management plan, DENKA has been striving to create the most optimal production system and to focus its management resources on new growth drivers while moving ahead with next-generation product development. Specifically, targeting a growing market for infrastructure development, we are actively expanding our overseas operations related to special cement additives. Having welcomed POSCO as a Group subsidiary, we will strive to achieve overseas sales of ¥15 billion in this product category, in line with the fiscal 2017 target announced on October 21, 2013. At the same time, we will provide solutions better tailored to specific market needs and conditions in each country and region, thereby contributing to the development of social infrastructure.

1. The Purpose of the Acquisition of the Majority Stake in POSCO

In the face of burgeoning demand for infrastructure investment in Southeast Asia, DENKA sees the region will become a key market area for its special cement additive business. In line with this recognition, we have been expanding the lineup of construction chemical products and civil engineering solutions while augmenting local sales network. In doing so, we aim to build a business platform enabling us to compete with major construction chemical manufacturers worldwide.

The acquisition of the majority stake in POSCO will help us strengthen and optimize our local production structure for special cement additives. Furthermore, we will leverage POSCO’s sales network throughout Southeast Asia to create a more robust business structure better tailored to the needs of local markets.

2. Outline of POSCO

Company name:	Posco Venture Sdn. Bhd.
Location:	Shah Alam, Selangor, Malaysia
Establishment:	September 9, 2002
Representative:	Mr. Low Poh Luan (Managing Director)
Annual sales:	Approximately ¥1.2 billion (2014)
Main business:	Manufacture of construction chemicals, including waterproofing materials and dry mortars
Employees:	Approximately 100

(A plan calls for making POSCO a wholly owned subsidiary of DCHA, with an estimated acquisition cost of approximately ¥0.9 billion)

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