

Denka Acquires Majority Stake in PT ESTOP INDONESIA, Making It a Group Subsidiary

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Shinsuke Yoshitaka; hereinafter “Denka”) hereby announces that in April 2016, Denka Infrastructure Malaysia Sdn. Bhd. (headquarters: Shah Alam, Malaysia; formerly Posco Venture Sdn. Bhd., hereinafter “DISB”), the Group’s Southeast Asian operating company in the field of special cement additives, signed an agreement with PT ESTOP INDONESIA (headquarters: Jakarta, Indonesia; hereinafter “PTEI”), an Indonesia-based construction material manufacturer, with regard to DISB’s increasing its PTEI shareholdings. Under the agreement, DISB will increase its equity holdings from 33% to 79%, with the aim of making PTEI a subsidiary of DISB. Procedures for obtaining the approval of the relevant authorities for the share transfer are now under way.

In recent years, remarkable economic growth in the Southeast Asia region has given rise to burgeoning demand for infrastructure development even as quality requirements in this field become ever more stringent. In response, the Denka Group has been working to establish an R&D, production and sales structure for special cement additives that will enable it to penetrate the Asian market, and Denka Infrastructure Technologies Pte. Ltd. (hereinafter “DIPL”) has been serving as regional headquarters handling the administration of these operations. These efforts are making it possible to step up the development of new products tailored to local needs and to provide solutions that satisfy customer requirements.

In line with growth strategies under the Denka100 management plan, we are striving to create an optimal production system while focusing our management resources on growth drivers and the development of next-generation products. Having positioned the infrastructure field as a growth driver, we are proactively strengthening our overseas operations related to special cement additives. Once PTEI is made a Group subsidiary, we will have secured our first production and sales base in Indonesia, one of major market regions in Southeast Asia boasting robust potential of economic development. In these ways, we are endeavoring to satisfy regional customer needs by improving response times and providing finely tuned solutions that take into account client’s business conditions, thereby contributing to the development of social infrastructure.

1. Purpose of the Equity Increase

Given the burgeoning demand for infrastructure investment in Southeast Asia, the Denka Group believes that the region will become a key market area for its overseas operations related to special cement additives. In line with this recognition, we have been expanding our lineup of construction material products and civil engineering solutions while augmenting the local sales network. In doing so, we aim to build a business platform enabling us to compete with major construction material manufacturers worldwide.

Looking ahead, we will utilize sales network owned by PTEI to step up business maneuvers optimized to meet the needs of local markets.

2. Outline of PTEI

(1)	Company name	PT ESTOP INDONESIA (PTEI)
(2)	Location	South Jakarta, Jakarta, Indonesia
(3)	Establishment	November 16, 2009
(4)	Representative	Mr. Agus Winaryanto (President, Director)
(5)	Net sales	Approx. ¥200 million (2015)
(6)	Main business	Manufacture of construction materials, including waterproofing materials and dry mortars
(7)	Employees	18

Note: The cost of the additional acquisition of shares in PTEI is estimated at approximately ¥90 million.

For inquiries (about the acquisition of majority stake in PTEI) :

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