

## Notice regarding Withdrawal from the Malonic Ester Business

Denka Company Limited (headquarters: Chuo-ku, Tokyo; president: Shinsuke Yoshitaka; hereinafter “Denka”) hereby announces its decision to withdraw from the malonic ester (ME) business in April 2017.

ME is used in the manufacture of synthetic perfumes, agrochemicals and pharmaceuticals. Since acquiring JUZEN Chemical Corporation’s ME operations in October 2012, Denka has been Japan’s sole ME manufacturer, with its Omi Plant (Itoigawa City, Niigata Prefecture) handling the entirety of the chemical’s production, from the processing of raw materials to the manufacture of finished products.

However, not only are ME markets around the world engulfed in severe competition, the domestic market is under growing pressure from increasingly competitive imports due to disadvantageous foreign exchange rates and such conditions are likely to remain.

Despite instating exhaustive cost reduction and other initiatives, we believe our efforts are being overwhelmed by the scope of the deteriorating business environment. We have thus determined that it would be extremely difficult to secure enough profit to sustain ME business operations. Accordingly, we have decided to withdraw from said operations.

We sincerely apologize to our customers and other relevant parties for any inconvenience caused by our decision and ask for their understanding.

In line with the Denka100 management plan growth strategy, we are striving to focus our management resources on new growth drivers and to develop next-generation products. Looking ahead, we will enhance our strengths in our areas of specialty, to this end allocating greater resources to growth fields related to the environment, energy, infrastructure and healthcare. In these ways, we will endeavor to achieve goals set forth in the Denka100 management plan.

For inquiries:

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