

Denka to Cease Calcium Carbide Production at the Omuta Plant, Reinforce Operations Related to the Environment and Energy

Denka Company Limited (hereinafter “Denka” or the “Company”) maintains an ongoing policy of focusing greater effort on expansion into the priority field of the environment and energy, which will be folded into the upcoming “Denka Value-Up” management plan. In line with this policy, Denka hereby announces its decision to stop producing calcium carbide at its Omuta Plant by the end of December 2020. This move is intended to facilitate the reinforcement of the plant’s function as a key manufacturing base for electronic materials and other specialty products. For around a century, the Omuta and Omi plants have handled our calcium carbide manufacturing operations; those operations will now be concentrated at the latter facility alone. Details follow.

1. Background: The Reinforcement of Operations Related to the Environment and Energy and the Reorganization of Calcium Carbide Production

In conjunction with the aforementioned move, the Company will concentrate the Denka Group’s acetylene black manufacturing lines at the Chiba Plant and Denka Singapore Pte. Ltd. (DSPL). This will better position Denka, by enhancing its ultra-pure acetylene black production capacity and allowing for the optimization of the production system, to accommodate future growth in demand for this product in the fields of lithium ion secondary batteries (LiBs) and high-voltage power transmission cables.

Our calcium cyanamide production will also be concentrated at the Omi Plant to enhance overall productivity. Meanwhile, the Omuta Plant will work to further strengthen its production capabilities regarding highly thermal conductive substrates, fillers and other offerings that target the field of the environment and energy.

2. Details of Business Reorganization (calcium carbide-based products now being manufactured at the Omuta Plant)

Products	Reorganization Measures
Calcium carbide	Cease production by the end of December 2020 Concentrate production at the Omi Plant
Acetylene black	Cease production by the end of December 2019 Concentrate the production of acetylene black for LiB use at the Chiba Plant Concentrate the production of acetylene black for high-voltage power transmission cables at DSPL (Singapore)
Calcium cyanamide	Cease production by the end of December 2018 Concentrate production at the Omi Plant

3. Impact on Operating Results

Denka is anticipating an approximately ¥1 billion loss attributable to business reorganization, consisting mainly of impairment loss in connection with the Omuta Plant’s calcium carbide-related manufacturing facilities, to be posted as an extraordinary loss for the fiscal year ending March 31, 2018. This extraordinary loss is also reflected in full-year consolidated operating results forecasts announced today for said fiscal year.

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