

About DENKA100

- Toward the centennial (2015) of our founding -

In 2015, we at Denki Kagaku Kogyo K.K. will be celebrating the centennial of our founding. With the approach of this milestone, we have revised DENKA100, our management plan to serve as our action guideline over the coming five years.

Begun in 2007, DENKA100 remains unchanged with respect to its basic orientation; the revision consists of Challenging Spirit 2013 (CS13), a collective term for additional plans for specific action on the part of each business department. In accordance with CS13, all departments will join in a concerted companywide effort to attain big goal. The plan will also serve as a guideline for behavior toward the ends of contributing to society and fulfilling our responsibilities as prerequisites for permanent continuation of corporate activities.

As a firm that is approaching its centennial, we are working to solidify the foundation that will enable us to survive for another 100 years. At the same time, we perceive the present as an age of momentous change in both markets and technology. We are committed to opening up the future by timely and sure supply of products in growth fields as a chemical manufacturer.

Outline of DENKA100

(1) Numerical targets: **final targets for FY2015**

Consolidated operating profit: 60 billion yen or more

Operating profit ratio: 10% or more

<Reference data>

Interest-bearing debt: 60 billion yen or less

Payout ratio: stable dividends as the basis; 30% target

Overseas sales ratio: 50% or more

Amount of capital investment: 20 billion yen/year anticipated (equivalent to depreciation cost)

<2013 target: Three-year action plan CS13>

Consolidated operating profit: 45 billion yen

(2) Main specific policies

<Business development>

- Focus on electronic materials business and functional materials and processed products business (implementation of cluster strategy in growth fields such as LEDs, LiBs, solar cells, and FPDs)
- Steady expansion of products requiring large-scale investment (chloroprene rubber and pharmaceuticals)
- Ensuring of stable profit in materials divisions such as carbide based products, and solidification of the foundation for the next 100 years
- Further business development in growth markets such as China and other Asian countries
- Generating new products and businesses based on management resources in hand
- Annual review of the contents of CS13 action plans for prompt response to environmental changes

<R&D and production technology>

- Review of the setup for research and development beginning with functional reinforcement of the Central Research Institute
- Thorough reduction of environmental burden, heightening of quality, and ongoing improvement of production technology, plus strengthening of technology management units to these ends
- Development of human resources to lead the next generation

(3) Investment to commemorate the centennial

We are going to implement “commemorative investment” totaling about 10 billion yen over the coming five years. The subjects of this investment will improve the plant and institute infrastructures, environmental countermeasure, community contribution, employee health and welfare programs, and other preparations for the next 100 years.

- Maintenance and reinforcement of the Omi Plant hydropower station
- Construction of a new main building for the Central Research Institute
- Improvement of company housing and dorms for unmarried employees
- Conditioning of plant environments, etc.

Reference: Operating profit targets in each business

(Unit: ¥ billion)

Business field	DENKA100 (FY2015)	C S 1 3 (FY2013)	FY2010 forecast
Electronic materials	21	17	10
Functional materials and processed products	16	12	6
Organic / inorganic materials	18	15	8
New products / businesses and other business fields	5	1	1
Total	60	45	25