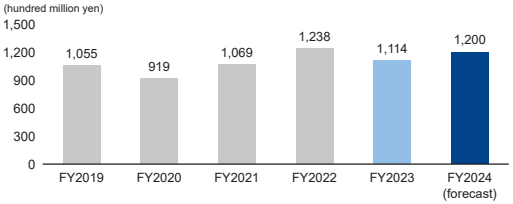
Elastomer & Infrastructure Solutions

Message from the Division Head

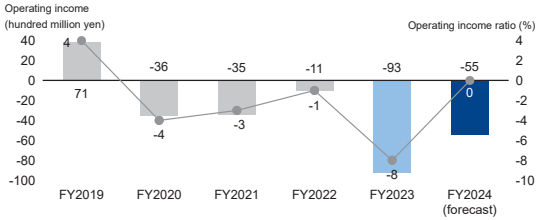
Masahiro Omata Executive Officer, Head of Elastomer & Infrastructure Solutions

We provide a wide range of materials that are essential for building the foundation of social infrastructure, such as chloroprene rubber, of which we have the world's top share, special cement additives that make concrete highly functional, and corrugated pipes for underdrainage for agriculture and civil engineering.
We are also proceeding with the full-scale development of biostimulants to contribute to solving global food problems, and conducting research and development of carbon-negative concrete that aims to reduce the burden on the environment.
We position this fiscal year as the year to establish a foundation for “portfolio transformation,” to turn businesses, including chloroprene rubber business, to “three-star businesses,” striving for significant results in the next fiscal year.
As said above, we aim to realize safe, secure, and comfortable daily life as the core division of “Sustainable Living”, a focus area of the management plan “Mission 2030”.

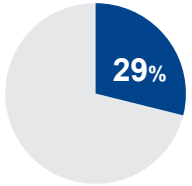
Net sales trends



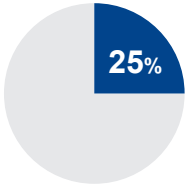
Trends in Operating income/Operating income ratio



Percentage in overall net sales (FY2023)



Percentage of employees to overall net sales (FY2023)



To achieve the “Mission 2030” management plan targets

Areas of focus and markets	[Key products]	[2023 results]	[2026 plan]	[Divisional vision (ideal form in 2030)]
Food	• Biostimulants*: PRULA, RECOLTE, and AZUMIN * An agricultural material to keep plants healthy and contribute to the reduction of chemically synthetic agrochemicals • Environmental conservation type agrochemicals: calcium cyanamide, YORIN (Fused Magnesium Phoshate), TORE-TARO (Fused Silicate Phoshate)	• With global attention to our biostimulants business due to climate change and abnormal weather, we are establishing sales channels in various countries. • Digital marketing utilization (1) Distribution of online content (2) Direct promotion to farmers via YouTube Denka Channel	• Global sales expansion through “communicating the effect and mechanism of our biostimulant products” and “promotion of inexpensive application methods”	• We will select what businesses can and can’t be executed well using the keywords “specialty”, “megatrends”, and “sustainability”, and proceed with a shift in our business portfolio • Aiming to realize a carbon-neutral society by 2050, we are looking to expand our product lineup, including the carbon cement additive “LEAF®”
Infrastructure	• Special cement additives • Toyo Drain • “LEAF®,” carbon cement additive for carbon negative concrete	• On-site application of carbon negative concrete	• Achievement of new carbon cement additives (Social implementation of results of the Green Innovation Fund Project)	

SWOT analysis

Strengths (S)

- Technology for absorbing and immobilizing CO_2 in concrete
- Chloroprene business with the world's largest production capacity
- A robust carbide chain created via use of the limestone from nearby limestone mines and powered by Denka's own hydroelectric power plant network

Opportunities (O)

- Growing demand associated with enhancing the resilience of buildings and civil infrastructure to mitigate natural disaster damage
- Growing demand associated with the maintenance and renewal of domestic infrastructure constructed mainly during the period of high economic growth in Japan that is currently deteriorating
- Growth in the biostimulant market due to growing food demand in step with the growing global population

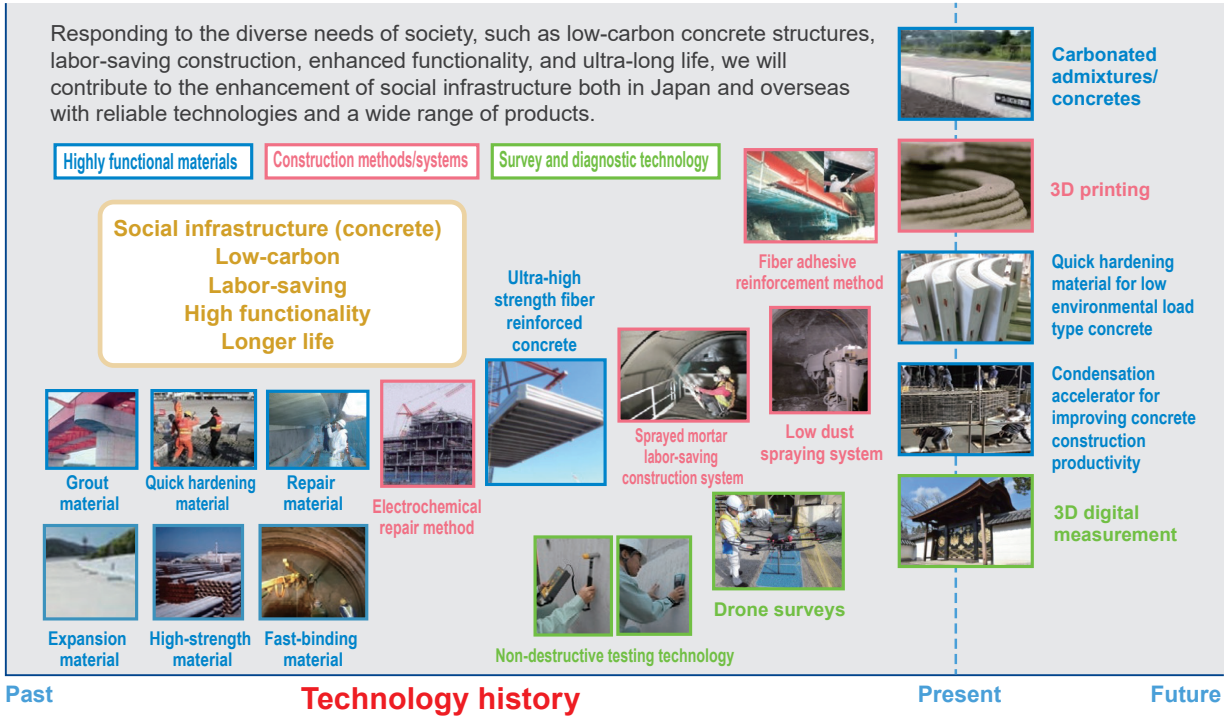
Weaknesses (W)

- Difficulty in securing robust brand recognition in markets overseas (special cement additive business)

Threats (T)

- Expansion in the scope of various environment-related regulations influenced by a growing trend toward carbon neutrality
- Shrinking in the construction and agricultural markets due to a decline in the domestic population
- Soaring global raw material and fuel prices

Special cement additive business



Contributing to society through business

• Development of innovative carbon negative concrete technology

As a managing underwriter of CUCO, a consortium selected for the Green Innovation Fund Project, Project for Development of Concrete and Other Manufacturing Technologies Using CO_2 at NEDO (New Energy and Industrial Technology Development Organization), we are developing innovating carbon negative concrete technologies based on our carbon cement additive, LEAF, technology. The R&D theme we are engaged in has two research items: Development of CO_2 fixing admixture using unused calcium source (wastes, etc.) and Establishment of quantifying technique of CO_2 fixation amount.

In March 2024, we won two awards: the Ichimura Prize in Science against Global Warming by Ichimura Foundation for New Technology awarded for LEAF as a CO_2 fixing admixture with improved durability contributing to decarbonized concrete, and the 32th Grand Prize for the Global Environment Award by Fujisankei Communications Group awarded for our contribution to reduction in CO_2 through expanded adoption of CO_2-SUICOM, a carbon negative concrete containing LEAF.

As an example of specific efforts for social implementation, our technology will be adopted to some pavilions and facilities in EXPO 2025 Oaska, Kansai, Japan.

We will advance our efforts in this business, and contribute to society through reduction of CO_2 emission social issue as well as strive to achieve a carbon neutral society by 2050.