

DENKA to Establish a Production Facility for Food Packaging Sheets in China

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(DENKA)

DENKA (president: Shinsuke Yoshitaka) produces various types of highly functional materials for food packaging and electronic packaging applications, including sheets that boast oxygen- and moisture-barrier properties as well as transparent sheets, at its Isesaki Plant in Gunma Prefecture. In 2006, we augmented these operations, establishing Denka Advanced Materials (Suzhou) Co., Ltd. (hereafter "DAS") in China to produce electronic packaging. DAS has maintained stable production ever since its founding and has expanded its operations, beginning with sheet slitting and cutting and later entering the sheet manufacturing business.

Given a growing trend toward food safety and health consciousness in China today, we anticipate an increase in demand for functional food and a rising need for improving the safety of general food products. To accommodate such needs through the provision of highly-functional food packaging sheets, DENKA has decided to establish a new production facility for food packaging sheets at DAS.

Through such expansion, DENKA will promptly establish a production system capable of accommodating rising demand for highly functional sheets in China. At the same time, we will strive to create and develop new markets for highly functional packaging materials by employing the multilayer sheet manufacturing technologies we have accumulated over the years. We are confident that we can deliver superior quality to markets around the world given our solid track record of satisfying highly demanding Japanese customers.

DENKA is promoting the DENKA100 management plan (for details, please visit our website* to see the news release as of April 10, 2013), which sets forth "Create most optimal production system" as one of its growth strategies to strengthen the competitiveness of existing products. In line with this, we are promoting a shift to local production for products aimed at overseas markets. Upon the establishment of the new food packaging sheet production facility in China, we will optimize our production system even further while delivering highly functional sheets for electronic and food packaging applications.

*<http://www.denka.co.jp/eng/news/>

Details of the facility are as follows.

Total investment:	More than ¥1 billion
Production capacity:	6,000 tons per year
Sales target:	¥3 billion per year
Production capacity (first-phase):	2,000 tons per year
Launch of operations (first phase):	December 2014 (scheduled)

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