

DENKA to Establish a Local Subsidiary in Dubai

DENKA hereby announces its decision to establish a local subsidiary in Dubai in the United Arab Emirates.

DENKA has been implementing various initiatives aimed at achieving an overseas sales ratio of 50% or greater, a numerical target set forth in its DENKA100 management plan. To meet this target at the earliest possible date, DENKA has decided to set up its first business base in the Middle Eastern and African regions with an eye to the remarkable possibilities for economic growth. In setting up the new base, DENKA will strengthen its local marketing capabilities and cultivate potential local demand.

DENKA's Life Science & Environmental Products Division provides VINI-TAPE, a vinyl chloride-based adhesive tape and TOYOKALON, a synthetic fiber used for wigs, hairpieces (braid, weaving, etc.). In step with the burgeoning Middle Eastern and African economies, markets for these two products are expected to grow. In response, we have established production facilities for VINI-TAPE and TOYOKALON in Vietnam (production kickoff scheduled for June 2015) and Singapore (production kicked off in July 2013), respectively. Moreover, having positioned a new subsidiary in Dubai as a strategic sales base targeting the Middle East and Africa, DENKA aims to step up efforts to fine-tune products and services to local needs, thereby achieving sales growth through efficient marketing activities.

Also, as demand for infrastructure development and healthcare solutions is expected to surge in this part of the world, we will leverage our unique products and technologies to expand our operations in these fields.

Outline of New Subsidiary

1. Company name: DENKA Middle East and Africa FZE (tentative)
2. Location: Dubai Airport Freezone, Dubai, the United Arab Emirates
3. Capital: AED1,000,000
(approximately ¥30 million; owned 100% by DENKA)
4. Operational kickoff: January 2015 (scheduled)