



New Year's Message

Happy New Year! I hope that all of you have had a refreshing New Year's holiday. As we embark on the year 2015, I would like to extend my greetings to our stakeholders.

2014 saw a series of extraordinary natural disasters and major climate changes. These events reminded us how harsh nature can be. Meanwhile, three Japan-born scientists became Nobel physics laureates for their contributions to the creation of blue LEDs, bringing great joy to our country. As a player in the field of phosphors and other electronic materials, we were proud that Japan's technological prowess in this area was found deserving of recognition in the community of the world's top scientists.

We at DENKA are also making progress. To promote collaborative research with diverse partners in Japan and around the world, we have reorganized and augmented our R&D structure in step with the completion of the DENKA Innovation Center main building in April 2014. Under the slogan "Open Innovation," we will engage in even more robust collaboration with external research bodies to achieve groundbreaking results.

In May 2015, DENKA will mark the centennial of its founding. This will be a major milestone in the history of our company, a history that includes struggles with and victories over numerous adversities since we began calcium carbide and calcium cyanamide production in May 1915. The most recent major challenge we have confronted was the worldwide recession triggered by the bankruptcy of the Lehman Brothers, which has significantly changed our operating environment. In response, since April 2013, we have been implementing various initiatives under new growth strategies while adopting a more aggressive management approach. Following in the footsteps of our predecessors, who fearlessly overcame difficulties, we will act with a spirit that embraces innovation and challenges as we step forward toward further growth over the next 100 years.

In addition to promoting the initiatives under the new growth strategies, in 2014 we formulated a policy on shareholder returns. We also announced our four-year strategic investment budget, totaling approximately ¥50 billion to fund M&As and the introduction of cutting-edge technologies until the end of fiscal 2017. Moreover, we made the major business decision to acquire a chloroprene rubber business from U.S.-based E. I. du Pont de Nemours and Company. This acquisition is aimed at securing greater strength in our key operating domain.

We believe that earning greater profits from our business and fulfilling our social responsibilities must be realized in tandem—the two are inextricably linked and together constitute indispensable conditions for our operations. With each employee thinking seriously about their responsibilities as a member of society, we will remain an innovative manufacturer that contributes to the generation of clean energy and the promotion of energy-saving solutions. At the same time, we will give due consideration to the global environment in the course of all our business activities.

Celebrating the New Year, we would like to honor our predecessors, who earnestly took on challenges even in the midst of adversity and remained always sincere in their business decisions. Building on their accomplishments, DENKA will decisively step forward, toward the next 100 years.

January 1, 2015

Shinsuke Yoshitaka
President & CEO
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