

2011 Consolidated Financial Results (Summary)

I. Results for 2011

1. Summary

(Unit: billions of yen, except for stockholders' equity/share, net income/share and cash dividends/share)

Items	2010 Jan.1 - Dec.31	2011 Jan.1 - Dec.31	Increase	2010 CQ4 Oct.1 - Dec.31	2011 CQ4 Oct.1 - Dec.31	Increase
Net Sales	797.2	854.2	57.0	212.8	212.5	-0.3
Operating Income	38.7	47.4	8.6	11.2	8.5	-2.7
Net Income	12.7	17.0	4.3	3.3	-0.5	-3.8
Net income per share	¥8.49	¥11.35	¥2.86			
Stockholders' equity per share	¥161.47	¥168.33	¥6.86			
Cash dividends per share	¥3.00	¥3.00 (planned)	-			

2. Net sales and Operating Income by Segment (Year to year comparison)

(Unit: billions of yen)

Segment		2010 Jan.1 - Dec.31	2011 Jan.1 - Dec.31	Increase	2010 CQ4 Oct.1 - Dec.31	2011 CQ4 Oct.1 - Dec.31	Increase
Petrochemicals	Net Sales	199.6	250.4	50.8	55.5	59.3	3.8
	Operating Income	2.3	3.5	1.2	1.5	-1.6	-3.1
Chemicals	Net Sales	133.6	130.2	-3.4	35.5	32.3	-3.2
	Operating Income	5.6	2.0	-3.6	1.7	-0.3	-1.9
Electronics	Net Sales	148.0	165.0	17.0	42.2	44.4	2.1
	Operating Income	14.9	30.2	15.3	4.4	10.2	5.8
Inorganics	Net Sales	78.0	77.6	-0.4	19.0	18.7	-0.4
	Operating Income	10.1	9.6	-0.4	2.8	1.5	-1.3
Aluminum	Net Sales	130.1	124.3	-5.8	31.3	29.9	-1.4
	Operating Income	8.5	6.2	-2.3	1.6	0.2	-1.4
Others	Net Sales	154.1	150.6	-3.5	39.5	37.4	-2.2
	Operating Income	2.0	1.9	-0.2	0.7	0.1	-0.6
Adjustment	Net Sales	-46.1	-43.9	2.2	-10.3	-9.4	0.9
	Operating Income	-4.8	-6.1	-1.4	-1.5	-1.6	-0.1
Total	Net Sales	797.2	854.2	57.0	212.8	212.5	-0.3
	Operating Income	38.7	47.4	8.6	11.2	8.5	-2.7

(Note) 1. 2010 segment figures are reclassified by the new segmentation, for the reference purpose only.

2. Amount of "Adjustment" includes company-wide costs which are not allocated to each segment.

3. Net sales and Operating Income by Segment (Quarterly transition)

(Unit: billions of yen)

Segment		2011 CQ1 Jan.1 - Mar.31	2011 CQ2 Apr.1 - Jun.30	2011 CQ3 Jul.1 - Sept.30	2011 CQ4 Oct.1 - Dec.31	Increase (CQ3 vs. CQ4)
Petrochemicals	Net Sales	58.9	68.2	64.0	59.3	-4.7
	Operating Income	2.1	2.0	1.0	-1.6	-2.6
Chemicals	Net Sales	32.5	33.9	31.6	32.3	0.7
	Operating Income	1.7	1.1	-0.5	-0.3	0.2
Electronics	Net Sales	26.5	42.1	52.1	44.4	-7.7
	Operating Income	2.1	5.4	12.5	10.2	-2.3
Inorganics	Net Sales	19.7	20.3	18.8	18.7	-0.2
	Operating Income	2.5	3.2	2.5	1.5	-0.9
Aluminum	Net Sales	29.7	32.0	32.7	29.9	-2.8
	Operating Income	1.6	2.0	2.4	0.2	-2.2
Others	Net Sales	38.0	38.6	36.7	37.4	0.7
	Operating Income	0.7	0.8	0.3	0.1	-0.2
Adjustment	Net Sales	-12.2	-11.5	-10.7	-9.4	1.3
	Operating Income	-1.4	-1.7	-1.4	-1.6	-0.2
Total	Net Sales	193.0	223.5	225.1	212.5	-12.6
	Operating Income	9.4	12.7	16.8	8.5	-8.2

II. Forecast for 20121. Summary

(Unit: billions of yen, except for net income/share and cash dividends/share)

Items	2011	2012 Forecast	Increase
Net Sales	854.2	880.0	25.8
Operating Income	47.4	48.0	0.6
Net Income	17.0	23.0	6.0
Net income per share	¥11.35	¥15.37	¥4.02
Cash dividends per share	¥3.00 (planned)	¥3.00	-

2. Net sales and Operating Income by Segment

(Unit: billions of yen)

Segment		2011	2012 Forecast	Increase
Petrochemicals	Net Sales	250.4	240.0	-10.4
	Operating Income	3.5	4.5	1.0
Chemicals	Net Sales	130.2	140.0	9.8
	Operating Income	2.0	4.5	2.5
Electronics	Net Sales	165.0	190.0	25.0
	Operating Income	30.2	26.0	-4.2
Inorganics	Net Sales	77.6	85.0	7.4
	Operating Income	9.6	10.0	0.4
Aluminum	Net Sales	124.3	105.0	-19.3
	Operating Income	6.2	6.0	-0.2
Others	Net Sales	150.6	160.0	9.4
	Operating Income	1.9	3.0	1.1
Adjustment	Net Sales	-43.9	-40.0	3.9
	Operating Income	-6.1	-6.0	0.1
Total	Net Sales	854.2	880.0	25.8
	Operating Income	47.4	48.0	0.6

(Note) Amount of "Adjustment" includes company-wide costs which are not allocated to each segment.

III. Cash Flow

(Unit: billions of yen)

Cash flows from:	2010	2011	Increase	2012 Forecast	Increase
Operating Activities	66.3	69.4	3.1	72.0	2.6
Investing Activities	-49.1	-38.7	10.4	-67.0	-28.3
Free Cash Flow	17.2	30.8	13.5	5.0	-25.8
Financing Activities	-34.5	-17.3	17.2	-15.6	1.7
Newly Consolidated	-1.8	-1.9	-0.2	0.0	1.9
Net increase in Cash	-19.0	11.5	30.6	-10.6	-22.1

IV. Reference

(Unit: billions of yen, expect for total number of employees, exchange rate and domestic naphtha price)

Items	2010	2011	Increase	2012 Forecast	Increase
Capital expenditures	58.0	38.8	-19.2	51.3	12.5
Depreciation and amortization	50.9	49.4	-1.5	49.0	-0.4
R & D expenditures	20.7	21.6	0.9	21.6	0.0
Gap between interest expense and interest/dividend income	-4.4	-4.3	0.1	-4.4	-0.1
Total number of employees	11,597	11,542	-55	10,114	-1,428
Exchange rate (yen/US\$)	88	80	-8	77	-3
Domestic naphtha price (yen/kl)	46,300	54,500	8,200	50,000	-4,500
Interest-bearing debt	351.0	347.3	-3.7	350.0	2.7
Total assets	924.5	941.3	16.8		

The performance forecast for 2012 is based on the economic conditions and the Company's business policy at this point of time.

Please note that actual results may differ materially from the forecast due to a variety of factors, including changes in the market conditions.

(Reference)

Reclassification of segment (by applying "management approach")

From FY 2011, Showa Denko K.K. changed the segment classification and the number of segments will increase from five to six. The new segmentation reflects our internal business divisions ("management approach") following a change in Japanese accounting standard. For your reference, 2010 segment figures are reclassified according to the new segmentation.

Net sales and Operating Income by Segment

(Unit: billions of yen)

Segment		Previous segmentation (Before application of management approach)
Petrochemicals	Net sales	273.7
	Operating Income	4.9
Chemicals	Net sales	89.9
	Operating Income	3.6
Electronics	Net sales	176.4
	Operating Income	14.6
Inorganics	Net sales	75.3
	Operating Income	9.3
Aluminum	Net sales	181.8
	Operating Income	9.3
HQ costs and other	Net sales	—
	Operating Income	-3.0
Total	Net sales	797.2
	Operating Income	38.7



(Unit: billions of yen)

Segment		New segmentation (After application of management approach)
Petrochemicals	Net sales	199.6
	Operating Income	2.3
Chemicals	Net sales	133.6
	Operating Income	5.6
Electronics	Net sales	148.0
	Operating Income	14.9
Inorganics	Net sales	78.0
	Operating Income	10.1
Aluminum	Net sales	130.1
	Operating Income	8.5
Others	Net sales	154.1
	Operating Income	2.0
Adjustment	Net sales	-46.1
	Operating Income	-4.8
Total	Net sales	797.2
	Operating Income	38.7

(Major Changes)

【Previous segments】

Petrochemicals	Olefins, Organic chemicals
	Former Showa Highpolymer Co., Ltd.
Chemicals	Chemicals (AN, chloroprene rubber, ammonia, industrial gases etc.)
Electronics	Hard disk
	Compound semiconductors
	Rare earth magnetic alloys
	High-purity gases for semiconductor processing
	Others
Inorganics	Ceramics
	Graphite electrodes
Aluminum	Rolled products (High purity foils for capacitors)
	Extrusions/specialty products (aluminum cylinders for LBP)
	Shotic
	Heat exchangers
	Aluminum cans
	IPP (independent power provider)
	Showa Denko Packaging Co., Ltd.
Shoko Co., Ltd. (allocated business-wise)	

【New segments】

Petrochemicals
Chemicals
Electronics
Inorganics
Aluminum
Others