

2016 Consolidated Financial Results (Summary)

I. Results for 2016

1. Summary

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

Items	2015 Jan.1 - Dec.31	2016 Jan.1 - Dec.31	Increase
Net Sales	775.7	671.2	-104.6
Operating Income	33.5	42.1	8.5
Profit attributable to owners of parent	0.9	12.3	11.4
Profit attributable to owners of parent per share	¥6.45	¥86.27	¥79.82
Stockholders' equity per share	¥2,076.05	¥2,080.85	¥4.80
Cash dividends per share *	¥3.00	-	-

SDK consolidated every ten shares of its common stock into one share on July 1, 2016. The above-mentioned "Profit(s) attributable to owners of parent per share" and "Stockholders' equity per share" for 2015 and 2016 are calculated on the basis of the number of outstanding shares after this consolidation. The above-mentioned "Cash dividends per share" for 2015 is calculated on the basis of the number of outstanding shares before this consolidation, while that for 2016 is calculated on the basis of the number of outstanding shares after this consolidation.

*SDK plans to resolve payment of a dividend of ¥30 per share based on the record date of May 11, 2017 at the extraordinary general meeting of shareholders to be held in June 2017.

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

(Unit: billions of yen)

Segment		2015 Jan.1 - Dec.31	2016 Jan.1 - Dec.31	Increase
Net Sales	Petrochemicals	231.3	185.8	-45.5
	Chemicals	142.3	134.5	-7.8
	Electronics	131.5	103.3	-28.2
	Inorganics	63.5	50.9	-12.6
	Aluminum	100.8	98.6	-2.2
	Others	147.2	142.4	-4.9
	Adjustments	-40.8	-44.3	-3.5
	Total	775.7	671.2	-104.6

Operating Income	Petrochemicals	10.5	20.7	10.1
	Chemicals	10.7	13.8	3.1
	Electronics	17.5	13.9	-3.6
	Inorganics	-1.2	-5.8	-4.5
	Aluminum	2.6	4.4	1.9
	Others	1.3	1.8	0.4
	Adjustments	-7.9	-6.8	1.1
	Total	33.5	42.1	8.5

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

(Unit: billions of yen)

Segment		2016 CQ1 Jan.1 - Mar.31	2016 CQ2 Apr.1 - Jun.30	2016 CQ3 Jul.1 - Sept.30	2016 CQ4 Oct.1 - Dec.31
Net Sales	Petrochemicals	42.9	43.1	44.1	55.6
	Chemicals	32.1	32.8	33.9	35.7
	Electronics	22.3	24.6	27.2	29.2
	Inorganics	12.4	12.5	12.6	13.4
	Aluminum	22.0	25.8	24.7	26.1
	Others	34.8	35.2	33.1	39.3
	Adjustments	-10.5	-11.4	-9.9	-12.6
	Total	156.0	162.7	165.7	186.8

Operating Income	Petrochemicals	1.5	5.9	6.0	7.3
	Chemicals	2.5	2.9	4.3	4.1
	Electronics	1.7	2.4	4.2	5.6
	Inorganics	-2.0	-2.4	-0.7	-0.7
	Aluminum	0.2	1.2	1.3	1.6
	Others	0.5	0.5	0.4	0.3
	Adjustments	-1.7	-1.8	-1.7	-1.6
	Total	2.9	8.7	13.9	16.6

II. Forecast for 2017

1. Summary

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

Items	2016	2017 Forecast	Increase
Net Sales	671.2	745.0	73.8
Operating Income	42.1	54.5	12.4
Profit attributable to owners of parent	12.3	25.0	12.7
Profit attributable to owners of parent per share	¥86.27	¥175.42	¥89.15
Cash dividends per share *	-	¥30.00	-

*SDK plans to pay a dividend of ¥30 per share based on the record date of May 11, 2017.

2. Net sales and Operating Income by Segment

(Unit: billions of yen)

Segment		2016	2017 Forecast	Increase
Net Sales	Petrochemicals	185.8	235.0	49.2
	Chemicals	134.5	145.0	10.5
	Electronics	103.3	123.0	19.7
	Inorganics	50.9	57.0	6.1
	Aluminum	98.6	106.0	7.4
	Others	142.4	134.0	-8.4
	Adjustments	-44.3	-55.0	-10.7
	Total	671.2	745.0	73.8

Operating Income	Petrochemicals	20.7	23.5	2.8
	Chemicals	13.8	15.0	1.2
	Electronics	13.9	18.5	4.6
	Inorganics	-5.8	-1.0	4.8
	Aluminum	4.4	6.0	1.6
	Others	1.8	0.5	-1.3
	Adjustments	-6.8	-8.0	-1.2
	Total	42.1	54.5	12.4

(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:	2015	2016	Increase	2017 Forecast	Increase
Operating Activities	61.2	68.9	7.8	84.0	15.1
Investing Activities	-42.5	-53.8	-11.3	-54.0	-0.2
Free Cash Flow	18.7	15.2	-3.5	30.0	14.8
Financing Activities	-21.3	-13.2	8.1	-12.5	0.7
Newly Consolidated	-1.1	-0.5	0.5	0.4	0.9
Net increase in Cash	-3.7	1.5	5.2	17.9	16.4

IV. Reference

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

Items	2015	2016	Increase	2017 Forecast	Increase
Capital expenditures	44.1	39.3	-4.8	51.9	12.6
Depreciation and amortization	42.1	38.8	-3.4	38.7	-0.1
R & D expenditures	20.3	17.3	-3.0	18.5	1.2
Gap between interest expense and interest/dividend income	-2.2	-1.6	0.6	-1.8	-0.2
Total number of employees	10,561	10,146	-415	10,327	181
Exchange rate (yen/US\$)	121.1	108.8	-12.2	1st half 111.8 2nd half 105.0	Yen appreciated by 0.4
Domestic naphtha price (yen/kl)	46,000	32,800	-13,200	1st half 40,300 2nd half 36,900	5,800
Interest-bearing debt	368.8	359.9	-8.9	352.0	-7.9
Total assets	940.5	932.7	-7.8		

Notes : The above forecast is based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to, the economic conditions, costs of naphtha and other raw materials, demand for our products, market conditions, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law. The above forecast does not include the effect of planned integration of graphite electrode businesses of SDK and SGL GE, which we announced in October 2016, because the date of business integration has not been specified yet as of today.