

2010 Consolidated Financial Results (Summary)

I. Results for 2010

1. Summary

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

Items	2009	2010	Increase	2009 CQ4	2010 CQ4	Increase
	Jan.1 - Dec.31	Jan.1 - Dec.31		Oct.1 - Dec.31	Oct.1 - Dec.31	
Net Sales	678.2	797.2	119.0	206.2	212.8	6.6
Operating Income	-5.0	38.7	43.7	11.2	11.2	0.0
Net Income	-38.0	12.7	50.7	9.0	3.3	-5.7
Net income per share	¥-29.44	¥8.49	¥37.93			
Stockholders' equity per share	¥163.11	¥161.47	¥-1.64			
Cash dividends per share	¥3.00	¥3.00	-			

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

(Unit: billions of yen)

Segment		2009	2010	Increase	2009 CQ4	2010 CQ4	Increase
		Jan.1 - Dec.31	Jan.1 - Dec.31		Oct.1 - Dec.31	Oct.1 - Dec.31	
Petrochemicals	Net Sales	236.0	273.7	37.7	72.6	75.7	3.1
	Operating Income	8.0	4.9	-3.1	2.2	2.2	0.0
Chemicals	Net Sales	91.9	89.9	-2.0	23.3	23.8	0.6
	Operating Income	0.4	3.6	3.2	0.9	1.1	0.2
Electronics	Net Sales	127.8	176.4	48.6	46.2	49.3	3.1
	Operating Income	-9.8	14.6	24.4	4.5	4.5	0.0
Inorganics	Net Sales	53.7	75.3	21.6	17.4	18.5	1.1
	Operating Income	3.6	9.3	5.7	2.8	2.5	-0.4
Aluminum	Net Sales	168.8	181.8	13.0	46.8	45.5	-1.3
	Operating Income	-4.2	9.3	13.5	1.7	2.0	0.3
HQ costs and other	Net Sales	-	-	-	-	-	-
	Operating Income	-3.0	-3.0	0.0	-1.0	-1.1	-0.1
Total	Net Sales	678.2	797.2	119.0	206.2	212.8	6.6
	Operating Income	-5.0	38.7	43.7	11.2	11.2	0.0

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

(Unit: billions of yen)

Segment		2010 CQ1	2010 CQ2	2010 CQ3	2010 CQ4	Increase (CQ3 vs. CQ4)
		Jan.1 - Mar.31	Apr.1 - Jun.30	Jul.1 - Sept.30	Oct.1 - Dec.31	
Petrochemicals	Net Sales	64.2	62.3	71.5	75.7	4.2
	Operating Income	1.0	0.6	1.1	2.2	1.1
Chemicals	Net Sales	21.8	22.8	21.5	23.8	2.3
	Operating Income	1.1	1.1	0.4	1.1	0.7
Electronics	Net Sales	42.6	44.2	40.3	49.3	9.0
	Operating Income	2.5	4.2	3.3	4.5	1.2
Inorganics	Net Sales	17.4	19.8	19.7	18.5	-1.2
	Operating Income	1.1	2.6	3.1	2.5	-0.7
Aluminum	Net Sales	41.8	47.3	47.2	45.5	-1.7
	Operating Income	1.8	2.7	2.7	2.0	-0.7
HQ costs and other	Net Sales	-	-	-	-	-
	Operating Income	-0.6	-0.5	-0.9	-1.1	-0.2
Total	Net Sales	187.7	196.4	200.3	212.8	12.6
	Operating Income	7.0	10.7	9.8	11.2	1.4

II. Forecast for 2011

1. Summary

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

Items	2010	2011 Forecast	Increase
Net Sales	797.2	870.0	72.8
Operating Income	38.7	45.0	6.3
Net Income	12.7	21.0	8.3
Net income per share	¥8.49	¥14.03	¥5.54
Cash dividends per share	¥3.00	¥3.00	-

2. Net sales and Operating Income by Segment

(Unit: billions of yen)

Segment		2010	2011 Forecast	Increase
Petrochemicals	Net Sales	199.6	240.0	40.4
	Operating Income	2.3	5.0	2.7
Chemicals	Net Sales	133.6	135.0	1.4
	Operating Income	5.6	7.0	1.4
Electronics	Net Sales	148.0	180.0	32.0
	Operating Income	14.9	23.0	8.1
Inorganics	Net Sales	78.0	90.0	12.0
	Operating Income	10.1	10.0	-0.1
Aluminum	Net Sales	130.1	120.0	-10.1
	Operating Income	8.5	7.0	-1.5
Others	Net Sales	154.1	150.0	-4.1
	Operating Income	2.0	1.0	-1.0
Adjustment	Net Sales	-46.1	-45.0	1.1
	Operating Income	-4.8	-8.0	-3.2
Total	Net Sales	797.2	870.0	72.8
	Operating Income	38.7	45.0	6.3

(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.

III. Cash Flow

(Unit: billions of yen)

Cash flows from:	2009	2010	Increase	2011 Forecast	Increase
Operating Activities	19.8	66.3	46.4	68.0	1.7
Investing Activities	-26.6	-49.1	-22.5	-56.0	-6.9
Free Cash Flow	-6.7	17.2	24.0	12.0	-5.2
Financing Activities	28.4	-34.5	-62.9	-5.7	28.8
Newly Consolidated	-0.1	-1.8	-1.7	0.0	1.8
Net increase in Cash	21.6	-19.0	-40.6	6.3	25.3

IV. Reference

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

Items	2009	2010	Increase	2011 Forecast	Increase
Capital expenditures	38.7	58.0	19.4	62.8	4.8
Depreciation and amortization	54.4	50.9	-3.5	53.3	2.4
R & D expenditures	20.7	20.7	-0.1	22.9	2.2
Gap between interest expense and	-5.6	-4.4	1.2	-4.8	-0.4
Total number of employees	11,564	11,597	33	10,150	-1,447
Exchange rate (yen/US\$)	94	88	-6	85	-3
Domestic naphtha price (yen/kl)	36,000	46,300	10,300	48,800	2,500
Interest-bearing debt	373.9	351.0	-22.9	360.0	9.0
Total assets	958.3	924.5	-33.8		

The performance forecast for 2011 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. changes 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