

First Half, 2016 Consolidated Financial Results (Summary)

I . First Half 2016 Results

1. Summary

(Unit: billions of yen, except for profit attributable to owners of parent per share and net income per share)

Items	1st half, 2015 (Jan.-Jun.)	1st half, 2016 (Jan.-Jun.)	Increase/ decrease
Net Sales	397.0	321.6	-75.4
Operating Income	16.1	11.5	-4.6
Profit attributable to owners of parent	1.3	1.6	0.3
Profit attributable to owners of parent per share	¥8.96	¥11.15	¥2.19
Stockholders' equity per share	¥2,191.77	¥1,908.21	¥-283.56

SDK consolidated every ten shares of its common stock into one share on July 1, 2016. The above-mentioned "per share" indicators are calculated on the assumption that the share consolidation had been carried out at the beginning of 2015.

2. Net Sales and Operating Income by Segment

(Unit: billions of yen)

Segment		1st half, 2015 (Jan.-Jun.)	1st half, 2016 (Jan.-Jun.)	Increase/ decrease	CQ1, 2016 (Jan. - Mar.)	CQ2, 2016 (Apr. - Jun.)
Net Sales	Petrochemicals	121.2	86.0	-35.2	42.9	43.1
	Chemicals	70.2	64.9	-5.3	32.1	32.8
	Electronics	65.0	46.9	-18.1	22.3	24.7
	Inorganics	33.1	24.9	-8.2	12.4	12.5
	Aluminum	50.0	47.8	-2.2	22.0	25.8
	Others	79.4	72.9	-6.6	36.2	36.7
	Adjustments	-22.0	-21.8	0.2	-10.5	-11.4
	Total	397.0	321.6	-75.4	157.4	164.1
Operating Income	Petrochemicals	6.0	7.4	1.4	1.5	5.9
	Chemicals	4.3	5.5	1.2	2.5	2.9
	Electronics	8.0	4.1	-4.0	1.7	2.4
	Inorganics	0.0	-4.4	-4.3	-2.0	-2.4
	Aluminum	1.4	1.5	0.1	0.2	1.2
	Others	0.2	1.0	0.8	0.5	0.5
	Adjustments	-3.7	-3.5	0.2	-1.7	-1.8
	Total	16.1	11.5	-4.6	2.9	8.7

3. Cash Flow (Consolidated)

(Unit: billions of yen)

Cash Flows from:	1st half, 2015 (Jan.-Jun.)	1st half, 2016 (Jan.-Jun.)	Increase/ decrease
Operating Activities	21.3	20.6	-0.7
Investing Activities	-18.3	-24.6	-6.4
Free Cash Flow	3.1	-4.0	-7.1
Financing Activities	-7.6	0.1	7.6
Other	2.1	-5.4	-7.5
Net increase in Cash	-2.5	-9.3	-6.9

4. Reference (Consolidated)

(Unit: billions of yen)

Items	1st half, 2015 (Jan.-Jun.)	1st half, 2016 (Jan.-Jun.)	Increase/ decrease
Capital expenditures	20.3	16.9	-3.4
Depreciation and amortization	21.0	19.6	-1.4
R&D expenditures	10.3	8.7	-1.6
Total assets	975.6	887.7	-87.9
Interest bearing debt	384.7	370.8	-13.9
Gap between interest/dividend income and interest expense	-0.8	-0.9	-0.2
Total number of employees	10,746	10,147	-599
Exchange rate (yen/US\$)	120.2	111.8	Yen strengthened by 8.4
Domestic naphtha price (yen/kl)	47,900	33,000	-14,900

II. Forecast for 2016

1. Summary

(Unit: billions of yen, except for profit attributable to owners of parent per share and net income per share)

Items	2015	2016 Revised forecast	Increase/ decrease
Net Sales	781.0	670.0	-111.0
Operating Income	33.7	30.0	-3.7
Profit attributable to owners of parent	1.0	9.0	8.0
Profit attributable to owners of parent per share	¥6.78	¥63.10	¥56.31
Cash dividends per share	¥3.00	(planned) ¥30.00	-

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" for 2015 and 2016 (Revised forecast) 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 (Revised forecast) is calculated on the basis of the number of outstanding shares after this consolidation.

(Note) 2016 forecast was revised on Aug. 9, 2016.

2. Net sales and Operating Income by Segment

(Unit: billions of yen)

Segment		2015	2016 Revised forecast	Increase/ decrease
Net Sales	Petrochemicals	231.3	180.0	-51.3
	Chemicals	142.3	135.0	-7.3
	Electronics	131.5	93.0	-38.5
	Inorganics	63.5	52.0	-11.5
	Aluminum	100.8	98.0	-2.8
	Others	152.5	157.0	4.5
	Adjustments	-40.8	-45.0	-4.2
	Total	781.0	670.0	-111.0
Operating Income	Petrochemicals	10.5	15.0	4.5
	Chemicals	10.7	13.0	2.3
	Electronics	17.5	9.5	-8.0
	Inorganics	-1.2	-5.5	-4.3
	Aluminum	2.6	4.0	1.4
	Others	1.5	2.0	0.5
	Adjustments	-7.9	-8.0	-0.1
	Total	33.7	30.0	-3.7

III. Reference

Items	2015	2016 Revised forecast	Increase/ decrease
Capital expenditures	44.1	50.7	6.7
Depreciation and amortization	42.1	39.1	-3.1
R & D expenditures	20.3	18.8	-1.5
Interest-bearing debt	368.8	370.0	1.2
Gap between interest / dividend income and interest expense	-2.2	-1.9	0.3
Total number of employees	10,561	10,033	-528
Exchange rate (yen/US\$)	(1st half) 120.2 (2nd half) 121.9	(1st half) 111.8 (2nd half) 100.0	(1st half) -8.4 (2nd half) -21.9
Domestic naphtha price (yen/kl)	(1st half) 47,900 (2nd half) 44,050	(1st half) 33,000 (2nd half) 32,200	(1st half) -14,900 (2nd half) -11,850

Note : 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.