

# NEWS RELEASE

SHOWA DENKO K.K.

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## SDK Revises Performance Forecast for First Half 2012

Showa Denko K.K. (SDK) has revised its earlier forecast of consolidated business results for the first half of 2012 announced on February 9, in view of the recent business trends.

[Revised performance forecast for Jan. 1 – June 30, 2012]

Consolidated basis (Millions of yen, excepting net income per share)

	Net sales	Operating income	Ordinary income	Net income	Net income per share* (¥)
Earlier forecast (A) (Announced on Feb. 9, 2012)	410,000	16,000	13,500	8,500	5.68
Revised forecast (B) (Announced on July 27, 2012)	352,300	16,000	14,400	7,900	5.28
(B) - (A)	- 57,700	0	900	- 600	
Percentage of changes	- 14.1%	—	6.7%	- 7.1%	
First half 2011 results	416,527	22,100	18,055	7,810	5.22

[Reasons for the revision of consolidated performance forecast]

Net sales will decrease, reflecting the production cut in the Petrochemicals segment due to the slackening supply-demand situation in Asia, and lower shipment volumes in the Petrochemicals segment due to the suspension of operations for about 90 days, resulting from the ethylene plant trouble in March. Although operating income in the Petrochemicals segment will decrease, total operating income is expected to be similar to the level of the earlier forecast because the Electronics segment will record higher profit due to higher shipment volumes of hard disk media. Net income will decrease due to the recording of a loss for the impairment of fixed assets in the Inorganics segment for part of its businesses under development.

The performance forecast for full-year 2012 is being studied. Explanations will be made on August 1 when we announce our business results for the first half of 2012.

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.

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