

NEWS RELEASE

SHOWA DENKO K.K.

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SDK Revises Full-Year 2012 Performance Forecast

Showa Denko K.K. (SDK) has revised its earlier forecast of consolidated business results for full-year 2012 announced on August 1, in view of the recent business trends.

[Revised forecast of consolidated business results for Jan. 1 – Dec. 31, 2012]

(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 Aug. 1, 2012)	790,000	42,000	36,000	18,000	12.03
Revised forecast (B) (Announced on Nov. 1, 2012)	750,000	32,000	27,000	10,000	6.68
(B) - (A)	-40,000	-10,000	-9,000	-8,000	
Percentage of changes	-5.1%	-23.8%	-25.0%	-44.4%	
2011 results	854,158	47,357	40,018	16,980	11.35

[Reasons for the revision of consolidated performance forecast]

The Inorganics segment's sales will decrease due to lower shipment volumes of products for electronic material applications and the influence of slow recovery of the steelmaking industry on our graphite electrode business. The Aluminum segment's sales will also decrease due partly to the influence of lower aluminum ingot price.

The Electronics segment's operating income will be almost the same as the earlier forecast. However, operating income from the Petrochemicals and Chemicals segments will be affected by the slackening supply-demand situation in the petrochemicals industry. In the Inorganics segment, operating income will be affected by lower shipment volumes of products for electronic material applications as well as the influence of the appreciation of the yen and slow recovery of the steelmaking industry on our graphite electrode business. In the Aluminum segment, operating income will be affected by further adjustments in the aluminum electrolytic capacitor industry. Ordinary income and net income will be lower than the initial forecast due mainly to the fall in operating income.

(Reference)

[Revised forecast of consolidated net sales and operating income for full-year 2012, by segment]

(Billions of yen)

		Jan. – Dec. 2012			2011 results
		Earlier forecast (Announced on Aug. 1)	Revised forecast (Announced on Nov. 1)	Increase/ decrease	
Petrochemicals	Sales	195.0	190.0	-5.0	250.4
	O.I.	0	-1.5	-1.5	3.5
Chemicals	Sales	135.0	130.0	-5.0	130.2
	O.I.	2.5	0.5	-2.0	2.0
Electronics	Sales	175.0	170.0	-5.0	165.0
	O.I.	33.5	33.0	-0.5	30.2
Inorganics	Sales	75.0	65.0	-10.0	77.6
	O.I.	7.5	4.0	-3.5	9.6
Aluminum	Sales	100.0	90.0	-10.0	124.3
	O.I.	4.0	2.0	-2.0	6.2
Others	Sales	145.0	140.0	-5.0	150.6
	O.I.	1.0	0.5	-0.5	1.9
HQ costs and other	Sales	-35.0	-35.0	0	-43.9
	O.I.	-6.5	-6.5	0	-6.1
Total	Sales	790.0	750.0	-40.0	854.2
	O.I.	42.0	32.0	-10.0	47.4

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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