

NEWS RELEASE

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Showa Denko Revises Performance Forecast

Showa Denko (SDK) (TOKYO: 4004) has revised its earlier forecast of consolidated business results for the first half of 2013 and for the full year announced on February 14, in view of the recent business trends.

[Revised forecast of consolidated business results for Jan. 1 – June 30, 2013]

(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. 14, 2013)	380,000	13,000	10,500	5,000	3.34
Revised forecast (B) (Announced on July 29, 2013)	401,400	6,700	5,300	2,100	1.40
(B) - (A)	21,400	-6,300	-5,200	-2,900	
Percentage of changes	5.6%	-48.5%	-49.5%	-58.0%	
First half 2012 results	352,313	16,019	14,423	7,884	5.27

[Revised forecast of consolidated business results for Jan. 1 – Dec. 31, 2013]

(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. 14, 2013)	800,000	35,000	30,000	15,000	10.02
Revised forecast (B) (Announced on July 29, 2013)	850,000	26,000	22,000	10,000	6.68
(B) - (A)	50,000	-9,000	-8,000	-5,000	
Percentage of changes	6.3%	-25.7%	-26.7%	-33.3%	
2012 results	739,811	28,108	23,448	9,368	6.26

[Reasons for the revision of consolidated performance forecast]

Net sales for the first half of 2013 and for the full year will increase due mainly to higher

sales in the Petrochemicals segment, in which selling prices are rising, reflecting higher naphtha prices.

For the first half of the year, operating income in the Electronics segment will fall due to the influence of reductions in the book value of rare earth inventory, notwithstanding steady performance of the hard disk media business. Operating income will also fall in the Inorganics segment, due to the influence of the steel industry's adjustments on our graphite electrode business, and in the Petrochemicals segment, due to the influence of weak demand for olefins on the Asian market.

As for the full-year performance forecast, operating income will generally decrease due to the influence of the steel industry's prolonged inventory adjustments on our graphite electrode business, in addition to the factors pertaining to the first half of the year.

Ordinary income and net income for the first half of 2013 and for the full year will be lower than the initial forecast due mainly to the fall in operating income.

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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