

NEWS RELEASE

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Showa Denko Group to Acquire Aluminum Can Maker in Vietnam

Showa Denko (SDK) (TOKYO:4004) and its wholly owned subsidiary Showa Aluminum Can Corporation (SAC) have reached agreement with major shareholders of Rexam-Hanacans Joint Stock Company (Hanacans), of Vietnam, to acquire 91.75% of shares in the company. Hanacans is manufacturing and selling aluminum beverage cans in Vietnam.

In 1971, SAC became the first company in Japan to manufacture and sell aluminum beer cans. Since then, the company has supplied high-quality products to various beverage makers in Japan, expanding its business in line with the market growth. In recent years, however, the domestic market for beverage cans, including aluminum cans, has matured due partly to the dwindling population. Thus, there is no prospect of major growth of the aluminum can market in Japan. On the other hand, the emerging markets in China and Southeast Asia are expected to grow at high rates, reflecting the increases in population and income level.

In particular, Vietnam has the highest beer consumption in Southeast Asia. Due to the increase in alcohol consumers, reflecting the rise of young working people, beer consumption in Vietnam is expected to surpass the current level in Japan by 2018. Furthermore, demand for canned beer is expected to grow due partly to the spread of refrigerators.

Hanacans is the leading aluminum can producer in the northern and central regions of Vietnam in terms of production capacity and market share. Furthermore, the company has recently completed the introduction of state-of-the-art production facilities. In addition to its solid customer base, Hanacans will introduce SAC's production technology and process control know-how to further strengthen its competitive power in the Vietnamese market.

In accordance with the medium-term business plan PEGASUS, the Showa Denko Group is expanding its operations in the growing markets, centering on Asia. Under "PEGASUS Phase II" for the 2014-2015 period, the Group will position the aluminum can business as a "Growth" business, aiming to increase its scale and profit. The acquisition of Hanacans is part of this strategy.

[Outline of Rexam-Hanacans Joint Stock Company]

Head office: Bac Ninh Province, Vietnam (20 km from Hanoi)

Representative: Mr. Man Ngoc Anh

Capital stock: 383,987 million Dong (Approx. ¥1,830 million)

Shareholders: Mr. Anh and his family: 83.57%;

Three HANAKA Group companies: 16.43%

(After the share transfer: HANAKA 8.25%; SAC 90%; SDK 1.75%)

Scope of business: Production and sale of aluminum cans for beer and other types of beverages

Establishment: 2006

Number of employees: Around 140

[Schedule]

The transfer of shares is scheduled to take effect in March 2014.

[Future prospect]

This transaction will have only slight influence over SDK's consolidated business results for the term ending in December 2014.

For further information, contact:

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