

NEWS RELEASE

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SDK Revises Performance Forecast for 2004

Showa Denko K.K. (SDK) has revised its performance forecast for 2004.

Consolidated net sales for 2004 are now expected to reach ¥735 billion as compared with the figure of ¥720 billion announced on August 10. The main contributing factor is the increase in sales of petrochemicals resulting from higher selling prices, which reflect soaring feedstock costs, and brisk demand, particularly from the Chinese market.

Consolidated operating income will increase to ¥50 billion, from the earlier forecast of ¥47 billion. The rise in the international market prices of petrochemicals, increases in shipment volumes of electronics, and higher prices and shipment volumes of inorganic materials more than offset the weakness in the agrochemicals business and the rise in aluminum ingot costs.

However, with the early implementation of the “accounting for the impairment of fixed assets,” the company will record approx. ¥11.5 billion of consolidated extraordinary loss (¥9.5 billion on a non-consolidated basis) due mainly to disposal of idle assets. As a result, net income for 2004 is now expected to amount to ¥7 billion, instead of the earlier forecast of ¥13 billion.

Meanwhile, the company is planning to increase its dividend from ¥2 per share in the previous year to ¥3 per share.

[Revised performance forecast for Jan. 1 – Dec. 31, 2004]

Consolidated basis

(Billions of yen, %)

	Net sales	Operating income	Recurring profit	Net income
Earlier forecast (A) (Announced on Aug. 10, 2004)	720	47	35	13
Revised forecast (B)	735	50	37.5	7
(B) - (A)	15	3	2.5	- 6
Percentage of increase (decrease)	2.1%	6.4%	7.1%	(46.2%)
2003 results	689.4	38.5	23.8	10.3

Non-consolidated basis

(Billions of yen, %)

	Net sales	Operating income	Recurring profit	Net income
Earlier forecast (A) (Announced on Aug. 10, 2004)	506	38	29.5	13.5
Revised forecast (B)	522	42	32.5	8.5
(B) - (A)	16	4	3	-5
Percentage of increase (decrease)	3.2%	10.5%	10.2%	(37.0%)
2003 results	462	22.9	13	5

[Payment of dividends (yen per share)]

	Mid-year	Year-end	Total
Earlier forecast (Announced on Aug. 10, 2004)	-	¥ 2 ~ 3	¥ 2 ~ 3
Revised forecast	-	¥ 3	¥ 3
(Reference) Actual dividend payments for 2003	-	¥ 2	¥ 2

[Reference]

Breakdown by Segment of Net Sales and Operating Income
(Forecast for the Jan.1 – Dec. 31, 2004 period)

(Billions of yen)

Segment		Revised forecast (As of Nov. 16)	Earlier forecast (Announced on Aug. 10)	Increase (Decrease)
Petrochemicals	Net sales	252	243	9
	O.I.	18	14	4
Chemicals	Net sales	82	83	(1)
	O.I.	5.5	6.5	(1)
Electronics	Net sales	114	113	1
	O.I.	15	14.5	0.5
Inorganic Materials	Net sales	55	53	2
	O.I.	5.5	5	0.5
Aluminum	Net sales	232	228	4
	O.I.	12	13	(1)
HQ costs and other items	Net sales	0	0	-
	O.I.	- 6	- 6	-
Total	Net sales	735	720	15
	O.I.	50	47	3