NEWS RELEASE

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Showa Denko Revises Consolidated Performance Forecast for 2015

Showa Denko (SDK) (TOKYO: 4004) has revised its consolidated performance forecast for full-year 2015 announced on July 30, 2015, taking into consideration the recent business trends.

1. Revised forecast of consolidated business results for Jan.1 – Dec. 31, 2015

(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 July 30, 2015)	825,000	40,000	37,000	10,000	7.00
Revised forecast (B) (Announced on Dec. 4, 2015)	785,000	34,000	31,000	7,000	4.90
(B) – (A)	-40,000	-6,000	-6,000	-3,000	
Percentage of changes	-4.8%	-15.0%	-16.2%	-30.0%	
2014 results (Reference)	876,580	20,915	22,102	3,500	2.38

2. Reasons for the revision of consolidated performance forecast

Net sales will be lower than the earlier forecast. Though shipment volumes of petrochemical products are expected to remain firm, sales in the Petrochemicals segment will decrease due to the lower-than-earlier-forecast tendencies in sales prices of petrochemical products, reflecting the fall in raw naphtha prices. Sales in Electronics segment will also be lower than the earlier forecast due to lower-than-expected shipment volumes of HD media.

Operating income will also be lower than the earlier forecast. Operating income from the Chemicals segment will increase because shipment volumes of high-purity semiconductor-processing gases remain strong. However, operating income from the Petrochemicals segment will be lower than the earlier forecast because of the decline in market prices of raw naphtha, which will result in loss on feedstock cost adjustment. Operating income from the Electronics segment will also be lower than the earlier forecast due to the decline in shipment volumes of HD media and the sluggish market for rare earth magnetic alloys. In addition, operating income from the Inorganics segment will also be lower than expected due to the decline in shipment volumes and sales prices of graphite electrodes on the Asian market.

Ordinary income and net income will be lower than the earlier forecast due mainly to the lower-than-expected operating income.

[Reference]

Forecast of consolidated sales and operating income for 2015 by segment

(¥100 million)

		Performance forecast for 2015 (consolidated)			2014 actual results (Jan. 1- Dec. 31)
		Earlier forecast (Jan. 1 – Dec. 31) Announced on July 30, 2015	Revised forecast (Jan. 1 – Dec.31) Announced on Dec. 4, 2015	Increase/ decrease	
Petrochemicals	Sales	2,480	2,310	-170	2,814
	O.I.	130	105	-25	-49
Chemicals	Sales	1,450	1,450	0	1,391
	O.I.	105	110	5	55
Electronics	Sales	1,380	1,300	-80	1,385
	O.I.	195	175	-20	258
Inorganics	Sales	720	650	-70	676
	O.I.	15	0	-15	-3
Aluminum	Sales	1,050	1,020	-30	980
	O.I.	30	25	-5	30
Others	Sales	1,620	1,540	-80	1,950
	O.I.	5	5	0	-7
Adjustments	Sales	-450	-420	30	-430
	O.I.	-80	-80	0	-74
Total	Sales	8,250	7,850	-400	8,766
	O.I.	400	340	-60	209

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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