NEWS RELEASE

SHOWA DENKO K.K.
13-9, Shiba Daimon 1-chome
Minato-ku, Tokyo 105-8518

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Showa Denko Transfers Its Shares in Indonesia Chemical Alumina

Showa Denko (SDK) (TOKYO: 4004) hereby announces that it has reached basic agreement with PT ANTAM Tbk (ANTAM) on the sale of SDK's whole shares in PT. INDONESIA CHEMICAL ALUMINA (ICA) to ANTAM. SDK resolved at its Board of Directors meeting today to sell the Company's whole shares in ICA to ANTAM. Currently, SDK applies equity method to ICA, while ANTAM is the parent company of ICA as the majority shareholder. SDK already announced on July 24, 2017 that the Company decided to start negotiations with ANTAM for the sale of SDK's whole shares in ICA.

1. Outline of ICA

(1)	Company name	PT. INDONESIA CHEMICAL ALUMINA
(2)	Locations	Head office: Jakarta, Indonesia Plant: Tayan District, West Kalimantan, Indonesia
(3)	Representative	President, Anas Safriatna
(4)	Capital	US$188,500 thousand
(5)	Shareholders	PT ANTAM Tbk (80%); Showa Denko K.K. (20%)
(6)	Establishment	February 2007
(7)	Products	Alumina and aluminum hydroxide

2. About transfer of SDK's whole share in ICA to ANTAM

(1) Transfer price: Memorandum price
(2) Date of resolution at the board of directors meeting: May 29, 2018
(3) Date of conclusion of share transfer agreement: May 29, 2018
(4) Date of execution of share transfer: August 31, 2018 (planned)

3. Influence on SDK's 2018 financial results

The plant of ICA now temporarily stops operation. Though it is predetermined that the two shareholders of ICA will bear the cost which will be incurred during the operation to restart the plant in accordance with the ratio of each company's interest, the influence of the restart cost on SDK's 2018 full-year consolidated financial results is expected to be insignificant.

With regard to ICA, SDK already recorded about ¥10.0 billion as loss on investment to companies under the application of equity method and about ¥6.7 billion as extraordinary losses concerning SDK's suretyship obligation and loans to ICA in SDK's financial results for the first half of 2017.

[Reference]
Forecast of 2018 consolidated financial results (announced on May 9, 2018)
and actual consolidated financial results for 2017

(Unit: Millions of yen)	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Forecast of 2018 consolidated financial results (Jan. – Dec. 2018)	935,000	137,000	131,500	85,000
Actual consolidated financial results for 2017 (Jan. – Dec. 2017)	780,387	77,818	63,962	33,470

For further information, contact:
Public Relations Office (Phone: 81-3-5470-3235)