NEWS RELEASE

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SDK Revises 2019 Consolidated Performance Forecast

Showa Denko (SDK) (TOKYO: 4004) hereby revises its forecast of consolidated financial results for full-year 2019, which was announced on February 14, 2019, in view of the current economic trends, as follows:

1. Revised forecast of consolidated business results for Jan. 1 – Dec. 31, 2019

(Millions of yen, excepting net income per share)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (¥)
Earlier forecast (A) (Announced on Feb. 14, 2019)	1,100,000	190,000	185,000	120,000	822.61
Revised forecast (B) (Announced on Aug. 7, 2019)	980,000	145,000	142,000	90,000	616.96
(B) - (A)	-120,000	-45,000	-43,000	-30,000	
Percentage of changes	-10.9%	-23.7%	-23.2%	-25.0%	
Reference (2018 results)	992,136	180,003	178,804	111,503	758.15

2. Reasons for the revision of consolidated performance forecast

Net sales in the Petrochemicals segment will fall due to lower market prices for ethylene and other major product lines, reflecting the decline in naphtha prices. Net sales in the Inorganics segment will also fall. In the graphite electrode business, SDK will cut production at its manufacturing sites in Europe relative to quality improvement efforts as well as advancement in inventory adjustment on the part of customers. Furthermore, the Chinese market is stagnant due partly to increased production of low- and medium-grade electrodes. Net sales in the Chemicals segment will fall due to lower shipment volumes of high-purity electronic gases, reflecting adjustment of the production for the IT industry. Net sales in the Aluminum segment will also fall due to lower volumes of shipments to industrial machinery and automobile industries.

Operating income will decrease following the fall in net sales. In particular, operating income in the Inorganics segment and the Petrochemicals segment will be affected by the production cut of graphite electrodes and the weakening olefins market, respectively.

As a result, ordinary income, and net income attributable to owners of the parent, will decrease. However, there is no change in the forecast of paying term-end dividends of ¥80 per share.

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