NEWS RELEASE

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SDK Revises 2020 Consolidated Performance Forecast and Dividend Payment Forecast

Showa Denko (SDK) (TOKYO: 4004) announces its decision to withdraw its forecast of consolidated financial results for the first half of 2020 and full-year 2020 published on February 13, 2020. This is because SDK considers that it is very difficult to calculate the degree of influence of the coronavirus disease 2019 (COVID-19), and the sharp decline in crude oil prices, on SDK's financial results. SDK also decided to withdraw its forecast of dividend payment for 2020. Thus, SDK's consolidated performance forecast and dividend payment forecast are left undecided for the time being. We sincerely apologize for the inconvenience caused to our shareholders, investors and other parties.

1. Revised forecast of consolidated business results

(1) For the first half of 2020 (Jan. 1 – June 30, 2020)

(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. 13, 2020)	370,000	9,000	7,000	-2,000	-13.71
Revised forecast (B) (Announced on May 15, 2020)	Undecided	Undecided	Undecided	Undecided	Undecided
(B) - (A)	-	-	-	-	
Percentage of changes	-	-	-	-	
Reference (Results for the first half of 2019)	475,494	85,471	84,830	65,813	451.16

(2) For full-year 2020 (Jan. 1 – Dec. 31, 2020)

(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. 13, 2020)	810,000	50,000	47,000	15,000	102.83
Revised forecast (B) (Announced on May 15, 2020)	Undecided	Undecided	Undecided	Undecided	Undecided
(B) - (A)	-	-	-	-	
Percentage of changes	-	-	-	-	
Reference (2019 results)	906,454	120,798	119,293	73,088	501.03

(3) Reasons for the revision

In the latter part of the first quarter, we started to feel the impact of the outbreak of COVID-19 on our business results through production cuts by our customers, mainly in China. In the second quarter, we are now seeing a serious economic slowdown due to the pandemic in major markets, including Europe and the United States. Customers in many countries are cutting production as a result of restrictions on outings. These factors are expected to have a significant impact on SDK's business results. Furthermore, the sharp decline in crude oil prices will affect SDK's petrochemical business, as a sharp decline in naphtha price will generate a negative influence of the difference between the receipts and disbursements of raw materials. However, the situation is extremely uncertain at present, and we cannot accurately predict the real impact of COVID-19 on the global economy, the time when the pandemic ends, and how crude oil prices fluctuate. In view of the extreme difficulty in making a reasonable estimate, we have decided to withdraw our performance forecast announced on February 13, 2020. As soon as it becomes possible to make a reasonable estimate, we will announce a new performance forecast.

2. Revised forecast of dividend payment

(1) Revised forecast

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Earlier forecast	-	60.00	-	70.00	130.00
Revised forecast	-	Undecided	-	Undecided	Undecided
Actual dividends for 2019	-	50.00	-	80.00	130.00

(2) Reasons for the revision

As it is now difficult to estimate the influence of the COVID-19 pandemic and the sharp decline in crude oil prices on SDK's financial results, we have decided to withdraw our dividend payment forecast announced on February 13, 2020. We will announce a new dividend payment forecast as soon as it becomes possible to make a reasonable estimate of our business results.

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