

Evolving unique chemical company

Third Quarter, 2013 Financial Results

- Consolidated -

SHOWA DENKO K.K.

October 31, 2013

Yoshikazu Sakai, CFO

Performance forecast and other statements pertaining to the future as contained in this presentation are 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.

Consolidated Companies

- Consolidated subsidiaries: 42 (No changes from the end of June, 2013)
4 companies newly consolidated, compared with the end of 2012.
(Korea Showa Chemicals Co., Showa Denko Sichuan Carbon Inc., Nagoya Kenmazai Kogyo K.K., SHOKO (Shanghai) Co., Ltd.)
- Equity method applied: 16 (excluded 1 from the end of June: Summit Showa Aluminum Ltd.)
3 companies excluded, compared with the end of 2012.
(Techno Namiken Co., Ltd., SANYO SHOWA Panel System Corporation, Summit Showa Aluminum Ltd.)

Selected Data

(Average)

	2012		2013		Increase/decrease	
	Jan.-Sept.	Jul.-Sept.	Jan.-Sept.	Jul.-Sept.		Jul.-Sept.
■ Exchange rate: ¥/US\$	79.4	78.6	96.7	99.0	Yen depreciated by ¥17.3/\$	Yen depreciated by ¥20.3/\$
■ Domestic naphtha price: ¥/kl	54,800	49,800	64,500	64,200	9,700	14,400
■ Aluminum LME price: US\$/t	2,061	1,949	1,913	1,828	-148	-121

Exchange rate at the end of June, 2013 ¥98.6/US\$, at the end of September, 2013 ¥97.8/US\$

⇒Yen strengthened by ¥0.8/US\$

Summary

Jan. 1 – Sept. 30, 2012 vs. Jan. 1 – Sept. 30, 2013

(Unit: Billions of Yen)

	Jan.-Sept.2012	Jan.-Sept.2013	Increase/decrease
Net Sales	546.9	617.5	70.6
Operating Income	23.8	15.8	-8.0
Non-operating income and expense	-4.1	-3.5	0.6
Interest/Dividend income less expenses	-2.7	-2.1	0.6
Foreign exchange gain or loss	-0.5	0.8	1.3
Equity in earnings or losses of affiliates	-0.3	-0.6	-0.2
Other	-0.5	-1.6	-1.0
Ordinary Income	19.8	12.4	-7.4
Extraordinary Income	0.5	1.9	1.4
Extraordinary Loss	-7.7	-3.7	4.0
Income before income taxes and minority interests	12.6	10.6	-2.0
Income Taxes	-0.1	-2.8	-2.7
Income before minority interests	12.5	7.8	-4.7
Minority Interests in income	-1.3	-1.1	0.2
Net Income	11.2	6.7	-4.5

Extraordinary Profit/Loss

(Unit: Billions of Yen)

	Jan.-Sept. 2012	Jan.-Sept. 2013	Increase/decrease
■ Extraordinary Profit	0.5	1.9	1.4
● Gain on sale of investment securities	0.1	1.0	0.9
● Compensation for contract cancellation	—	0.8	0.8
● Other	0.4	0.1	-0.2
■ Extraordinary Loss	-7.7	-3.7	4.0
● Loss on sales and retirement of noncurrent assets	-1.3	-0.9	0.4
● Impairment loss	-2.6	-0.6	2.0
● Loss on restructuring of subsidiaries and affiliates	—	-1.4	-1.4
● Other	-3.8	-0.8	3.0
■ Extraordinary Profit/Loss, Net	-7.2	-1.7	5.4

Consolidated Sales by Segment

(Unit: Billions of Yen)

	Jan.-Sept. 2012	Jan.-Sept. 2013	Increase/ decrease	
Petrochemicals	131.4	207.6	76.1	Olefins: sales increased (shipment volumes up due to the settlement of the problem with ethylene equipment in CQ1, 2012, price up) Organic chemicals: sales increased (shipment volumes of vinyl acetate and allyl alcohol up)
Chemicals	94.4	95.5	1.1	Basic chemicals: sales increased (ammonia, AN, chloroprene rubber: sales increased) Industrial gases: sales decreased (shipment volumes down) Electronic chemicals: sales increased (shipment volumes up) Functional chemicals: sales maintained at the year-earlier level
Electronics	127.3	99.2	-28.1	HDs: sales decreased (shipment volumes down due to inventory adjustments in HDD industry) Compound semiconductors: sales decreased due to the transfer of the GaN-based blue LED business Rare earth: sales decreased (shipment volumes down, price down)
Inorganics	49.0	49.0	-0.1	Ceramics: sales slightly increased (shipment volumes for electronic applications up) Graphite electrodes: sales decreased (shipment volumes down, price down)
Aluminum	69.9	67.2	-2.7	High-purity foils for capacitors: sales increased (shipment volumes up) Aluminum specialty components: sales slightly decreased Aluminum cans: sales maintained at the year-earlier level
Others	101.3	127.3	26.0	LIB materials: sales slightly increased (shipment volumes for smartphone and tablet PC applications up) Shoko Co., Ltd.: sales increased Shoko (Shanghai) Co., Ltd. : newly consolidated
Adjustments	-26.5	-28.3	-1.7	
Total	546.9	617.5	70.6	

Consolidated Operating Income by Segment

(Unit: Billions of Yen)

	Jan.-Sept. 2012	Jan.-Sept. 2013	Increase/ decrease	
Petrochemicals	-2.2	2.0	4.1	Olefins: profit increased (shipment volumes up) Organics chemicals: profit increased (shipment volumes up)
Chemicals	-0.3	1.3	1.5	Basic chemicals: profit increased (profit of AN maintained at the year-earlier level, chloroprene rubber up, ammonia down) Industrial gases, Electronic chemicals: profit increased Functional chemicals: profit slightly decreased
Electronics	26.4	14.2	-12.3	HDs: profit decreased (shipment volumes down) Compound semiconductors: profit maintained at the year-earlier level Rare earth: profit substantially decreased due to the influence of reductions in book value of inventory, shipment volumes down
Inorganics	2.8	-0.3	-3.2	Ceramics: profit slightly increased Graphite electrodes: profit decreased (shipment volumes down, price down)
Aluminum	1.7	4.8	3.1	High-purity foils for capacitors: profit increased (shipment volumes up) Aluminum specialty components: profit slightly increased (profit for Shotic up) Aluminum cans: profit increased
Others	0.2	-0.8	-1.0	LIB materials: profit decreased (due to increase of the fixed cost) SHOKO Co., Ltd.: profit slightly increased
Adjustments	-4.9	-5.3	-0.4	
Total	23.8	15.8	-8.0	

Summary

CQ3 (Jul.1 – Sept.30), 2012 vs. CQ3 (Jul.1 – Sept.30), 2013

(Unit: Billions of Yen)

	CQ3, 2012	CQ3, 2013	Increase/decrease
Net Sales	194.6	216.1	21.5
Operating Income	7.8	9.1	1.3
Non-operating income and expense	-2.5	-2.2	0.3
Interest/Dividend income less expenses	-0.9	-0.9	0.1
Equity in earnings or losses of affiliates	-0.9	0.0	0.8
Others	-0.7	-1.3	-0.6
Ordinary Income	5.3	7.0	1.6
Extraordinary Income	0.2	0.5	0.4
Gain on sales of investment securities	0.1	0.5	0.4
Extraordinary Loss	-2.2	-1.0	1.2
Loss on sales and retirement of noncurrent assets	-0.5	-0.3	0.2
Impairment loss	-0.3	-0.3	0.0
Loss on valuation of investment securities	-0.5	0.0	0.5
Others	-0.9	-0.4	0.5
Income before income taxes and minority interests	3.4	6.5	3.2
Income Taxes	0.5	-1.5	-2.0
Income before minority interests	3.8	5.0	1.1
Minority Interests in income	-0.5	-0.4	0.1
Net Income	3.4	4.6	1.2

Consolidated Sales by Segment

CQ3 (Jul.1 – Sept.30), 2012 v s. CQ3 (Jul.1 – Sept.30), 2013

(Unit: Billions of Yen)

	CQ3, 2012	CQ3, 2013	Increase/ decrease	
Petrochemicals	58.8	72.2	13.3	Olefins: sales increased (price up reflecting the rise in price of raw material naphtha) Organic chemicals: sales increased (price of vinyl acetate and ethyl acetate up)
Chemicals	31.7	33.6	1.9	Basic chemicals: sales increased (price of AN, chloroprene rubber up) Industrial gases: sales decreased (shipment volumes of dry ice down) Electronic chemicals: sales increased (export shipment volumes up) Functional chemicals: sales increased (shipment volumes up)
Electronics	41.9	33.1	-8.8	HDs: sales decreased (shipment volumes down due to inventory adjustments in HDD industry) Compound semiconductors: sales decreased due to the transfer of the GaN-based blue LED business Rare earth: sales decreased (price down)
Inorganics	16.1	17.9	1.8	Ceramics: sales increased (shipment volumes up for electronics applications) Graphite electrodes: sales increased (shipment volumes up in U.S., down in Japan)
Aluminum	22.3	23.5	1.2	High purity foils for capacitors: sales increased (shipment volumes up) Aluminum specialty components: sales increased (sales of Shotic up) Aluminum cans : sales increased (shipment volumes up)
Others	32.6	45.0	12.4	LIB materials: sales increased (shipment volumes for smartphone and tablet PC applications up) Shoko Co., Ltd.: sales increased Shoko (Shanghai) Co., Ltd.: newly consolidated
Adjustments	-8.9	-9.1	-0.3	
Total	194.6	216.1	21.5	



Consolidated Operating Income by Segment

CQ3 (Jul.1 – Sept.30), 2012 v s. CQ3 (Jul.1 – Sept.30), 2013

(Unit: Billions of Yen)

	CQ3, 2012	CQ3, 2013	Increase/ decrease	
Petrochemicals	0.0	2.0	2.0	Olefins: profit increased (improvement of the difference between procurement and consumption prices for raw materials) Organic chemicals: profit slightly increased
Chemicals	-0.1	0.7	0.8	Basic chemicals: profit increased (chloroprene rubber) Industrial gases: profit increased Electronic chemicals: profit increased (export shipment volumes up) Functional chemicals: profit slightly decreased (higher cost of raw materials)
Electronics	8.6	5.8	-2.7	HDs: profit decreased (shipment volumes down) Compound semiconductors: profit slightly decreased Rare earth: profit slightly decreased
Inorganics	0.5	0.3	-0.2	Ceramics: profit slightly increased Graphite electrodes: profit decreased (price down)
Aluminum	0.6	1.9	1.4	High-purity foils for capacitors: profit increased (shipment volumes up) Aluminum specialty components: profit increased (shipment volumes of Shotic up) Aluminum cans: profit increased
Others	0.0	0.1	0.1	LIB materials: profit slightly increased (shipment volumes up) Shoko Co., Ltd.: profit slightly increased Shoko (Shanghai) Co., Ltd.: newly consolidated
Adjustments	-1.7	-1.7	0.0	
Total	7.8	9.1	1.3	

Consolidated Balance Sheet

(Unit: Billions of Yen)

Assets	Dec.31, 2012	Sept.30, 2013	Increase /decrease	Liabilities and Shareholders' Equity	Dec.31, 2012	Sept.30, 2013	Increase /decrease
Cash and deposits	51.6	47.8	-3.8	Notes and accounts payable	107.2	103.0	-4.3
Notes and accounts receivable	138.2	144.1	6.0	Interest-bearing debt	342.3	365.1	22.8
Inventories	121.8	123.4	1.6	Provision for retirement benefits	23.4	21.1	-2.3
Other current assets	30.6	36.3	5.7	Other liabilities	145.3	127.7	-17.5
<u>Total Current Assets</u>	342.1	351.6	9.4	<u>Total Liabilities</u>	618.2	617.0	-1.2
Buildings and structures	81.6	84.1	2.5	Capital stock	140.6	140.6	0.0
Machinery and equipment	115.2	112.9	-2.3	Capital surplus	62.2	62.2	0.0
Land	254.3	254.6	0.4	Retained earnings	53.2	56.1	2.9
Other tangible fixed assets	22.2	36.4	14.2	Treasury stock	-0.1	-0.1	0.0
Tangible Assets	473.3	488.0	14.7	<u>Total Shareholders' equity</u>	255.8	258.7	2.9
Intangible Assets	10.3	11.2	0.9	Valuation difference on available-for-sale securities	0.9	5.7	4.8
Investments and other assets	107.5	103.1	-4.4	Foreign currency translation adjustment, Deferred hedge gains	-12.0	-0.2	11.8
				Revaluation reserve for land	28.0	28.0	-0.1
				<u>Total accumulated other comprehensive income</u>	16.9	33.5	16.6
				Minority Interests	42.2	44.7	2.4
<u>Total noncurrent assets</u>	591.1	602.3	11.2	<u>Total net assets</u>	315.0	336.9	21.9
Total Assets	933.2	953.8	20.7	Total Liabilities and Net Assets	933.2	953.8	20.7

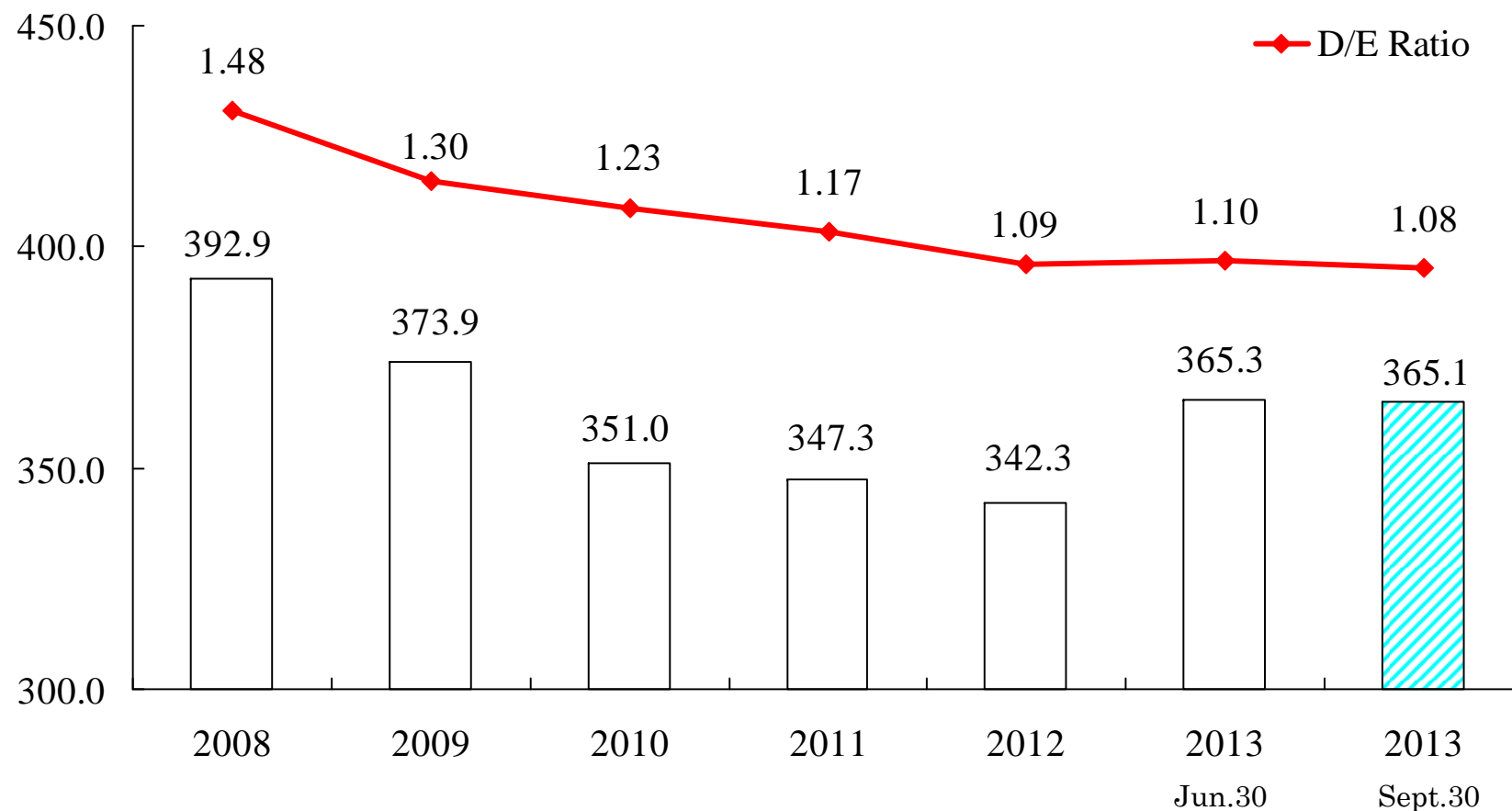
Total Assets, Interest-bearing Debt, D/E ratio and Stockholders' Equity ratio

(Unit: Billions of Yen, times, %)

	Dec.31, 2012	Sept.30, 2013	Increase/ Decrease
● Total assets	933.2	953.8	20.7
● Interest-bearing debt	342.3	365.1	22.8
● Debt/Equity ratio	1.09 times	1.08 times	0.01p
● Stockholders' Equity ratio	29.2%	30.6%	1.4p

Interest-bearing Debt

(Unit: Billions of Yen)



Equity ratio	25.0%	25.5%	26.1%	26.8%	29.2%	29.6%	30.6%
--------------	-------	-------	-------	-------	-------	-------	-------

(Reference) Summary

CQ2 (Apr.1 – Jun.30), 2013 v s. CQ3 (Jul.1 – Sept.30), 2013

(Unit: Billions of Yen)

	CQ2, 2013	CQ3, 2013	Increase/ decrease
Net Sales	208.9	216.1	7.2
Operating Income	3.3	9.1	5.8
Non-operating income and expense	-1.8	-2.2	-0.3
Interest/Dividend income less expenses	-0.5	-0.9	-0.3
Equity in earnings or losses of affiliates	-0.9	0.0	0.9
Other	-0.4	-1.3	-0.8
Ordinary Income	1.5	7.0	5.5
Extraordinary Income	0.6	0.5	-0.1
Extraordinary Loss	-0.5	-1.0	-0.5
Income before income taxes and minority interests	1.6	6.5	4.9
Income Taxes	-3.1	-1.5	1.6
Income before minority interests	-1.6	5.0	6.5
Minority Interests in income	-0.3	-0.4	0.0
Net Income	-1.9	4.6	6.5

Consolidated Sales by Segment

CQ2 (Apr.1 – Jun.30), 2013 v s. CQ3 (Jul.1 – Sept.30), 2013

(Unit: Billions of Yen)

	CQ2, 2013	CQ3, 2013	Increase/ Decrease	
Petrochemicals	69.5	72.2	2.7	Olefins: sales increased (shipment volumes up) Organic chemicals: sales maintained at the CQ2, 2013 level
Chemicals	32.2	33.6	1.4	Basic chemicals: sales decreased (AN, chloroprene rubber: shipment volumes down due to the shutdown maintenance) Industrial gases: sales increased (shipment volumes up, seasonal) Electronic chemicals: sales increased (shipment volumes up) Functional chemicals: sales maintained at the CQ2, 2013 level
Electronics	34.2	33.1	-1.1	HDs: sales decreased (shipment volumes down) Compound semiconductors: sales slightly increased (shipment volumes up) Rare earth: sales slightly increased (shipment volumes up)
Inorganics	15.5	17.9	2.4	Ceramics: sales slightly increased (shipment volumes up) Graphite electrodes: sales increased (U.S. shipment volumes up, Japan maintained at the CQ2 level)
Aluminum	24.5	23.5	-1.0	High purity foils for capacitors: sales slightly decreased (shipment volumes down, seasonal) Aluminum specialty components: sales slightly increased (sales of Shotic up) Aluminum cans: sales maintained at the CQ2, 2013 level
Others	43.2	45.0	1.7	LIB materials: sales increased (shipment volumes for smartphone and tablet PC applications up) Shoko Co., Ltd., Shoko (Shanghai) Co., Ltd.: sales increase
Adjustments	-10.2	-9.1	1.1	
Total	208.9	216.1	7.2	



Consolidated Operating Income by Segment

CQ2 (Apr.1 – Jun.30), 2013 v s. CQ3 (Jul.1 – Sept.30), 2013

(Unit: Billions of Yen)

	CQ2, 2013	CQ3, 2013	Increase/ Decrease	
Petrochemicals	-1.0	2.0	3.0	Olefins: profit increased (shipment volumes up, price up) Organic chemicals: profit maintained at the CQ2, 2013 level
Chemicals	-0.2	0.7	1.0	Basic chemicals: profit decreased (shipment volumes of AN and chloroprene rubber down due to shutdown maintenance) Industrial gases: profit increased (shipment volumes up seasonally) Electronic chemicals: profit increased (export shipment volume up) Functional chemicals: profit slightly decreased IPP : profit substantially increased (shutdown maintenance in CQ2, 2013)
Electronics	5.8	5.8	0.0	HDs: profit decreased (shipment volumes down) Compound semiconductors: profit slightly increased Rare earth: profit increased (shipment volumes up)
Inorganics	-0.6	0.3	0.9	Ceramics: profit slightly increased Graphite electrodes: profit increased (U.S. shipment volumes up, Japan maintained at the CQ2, 2013 level)
Aluminum	1.9	1.9	0.0	High-purity foils for capacitors: profit slightly decreased (shipment volumes down, seasonal) Aluminum specialty components, Aluminum cans : profit maintained at the CQ2, 2013 level
Others	-0.6	0.1	0.7	LIB materials: profit increased (shipment volumes up) Shoko Co., Ltd., Shoko (Shanghai) Co., Ltd.: maintained at the CQ2, 2013 level
Adjustments	-2.0	-1.7	0.3	
Total	3.3	9.1	5.8	

(Reference) Quarterly Summary 2013

(Unit: Billions of Yen)

	CQ1, 2013	CQ2, 2013	CQ3, 2013	Jan. - Sept. 2013	2013 Forecast *
Net Sales	192.5	208.9	216.1	617.5	850.0
Operating Income	3.4	3.3	9.1	15.8	26.0
Net Income	4.1	-1.9	4.6	6.7	10.0

Forecast was revised
on Jul. 29, 2013

(Reference) Quarterly Sales and Operating Income by Segment

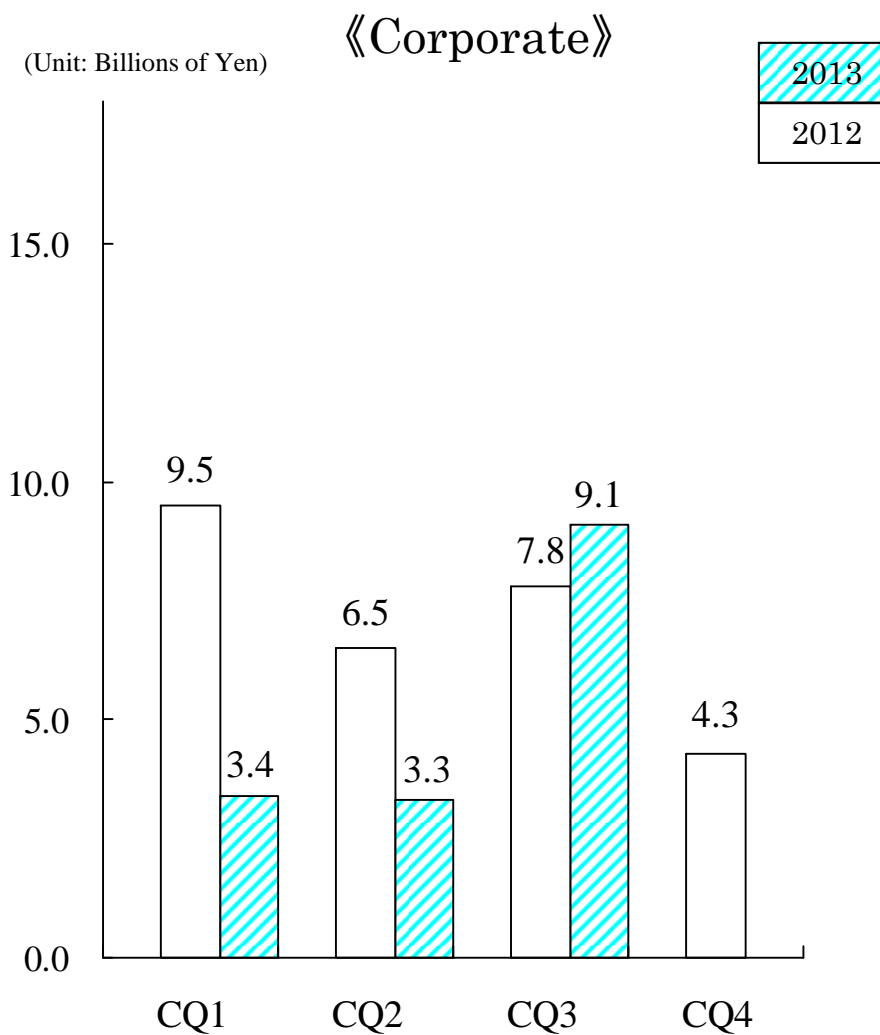
(Unit: Billions of Yen)

		CQ1, 2013	CQ2, 2013	CQ3, 2013	Jan. - Sept. 2013	2013 Forecast **
Petrochemicals	Sales*	65.9	69.5	72.2	207.6	270.0
	O.I.	0.9	-1.0	2.0	2.0	1.5
Chemicals	Sales	29.7	32.2	33.6	95.5	136.0
	O.I.	0.8	-0.2	0.7	1.3	4.0
Electronics	Sales	32.0	34.2	33.1	99.2	148.0
	O.I.	2.5	5.8	5.8	14.2	22.5
Inorganics	Sales	15.5	15.5	17.9	49.0	71.0
	O.I.	-0.1	-0.6	0.3	-0.3	0.0
Aluminum	Sales	19.1	24.5	23.5	67.2	98.0
	O.I.	1.0	1.9	1.9	4.8	6.0
Others	Sales	39.1	43.2	45.0	127.3	170.0
	O.I.	-0.3	-0.6	0.1	-0.8	-0.5
Adjustment	Sales	-8.9	-10.2	-9.1	-28.3	-43.0
	O.I.	-1.5	-2.0	-1.7	-5.3	-7.5
Total	Sales	192.5	208.9	216.1	617.5	850.0
	O.I.	3.4	3.3	9.1	15.8	26.0

* Sales: Net Sales
O.I.: Operating Income

** Forecast was revised on Aug. 1, 2013

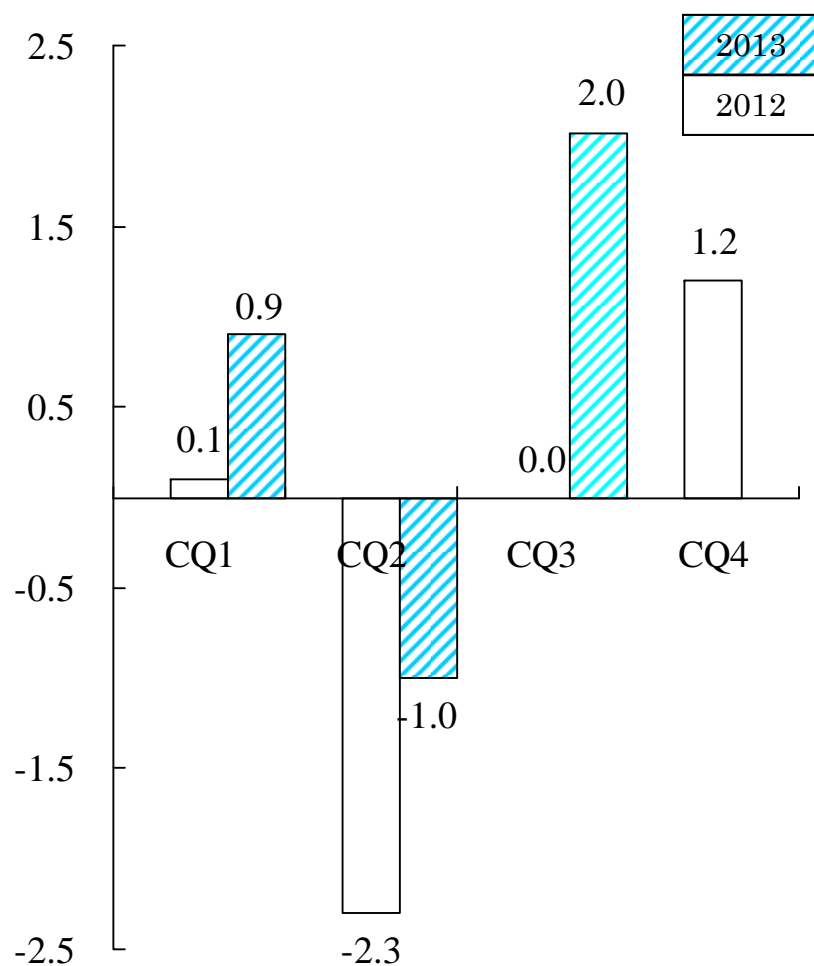
(Reference) Quarterly Operating Income



(Reference) Quarterly Operating Income by Segment

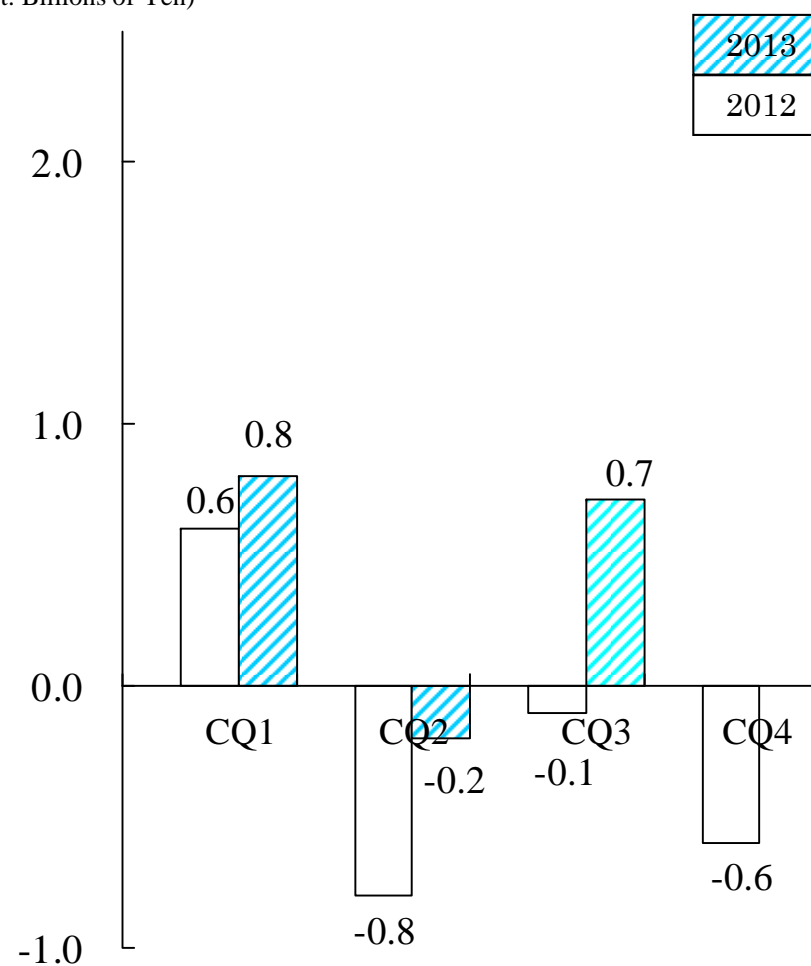
《Petrochemicals》

(Unit: Billions of Yen)



《Chemicals》

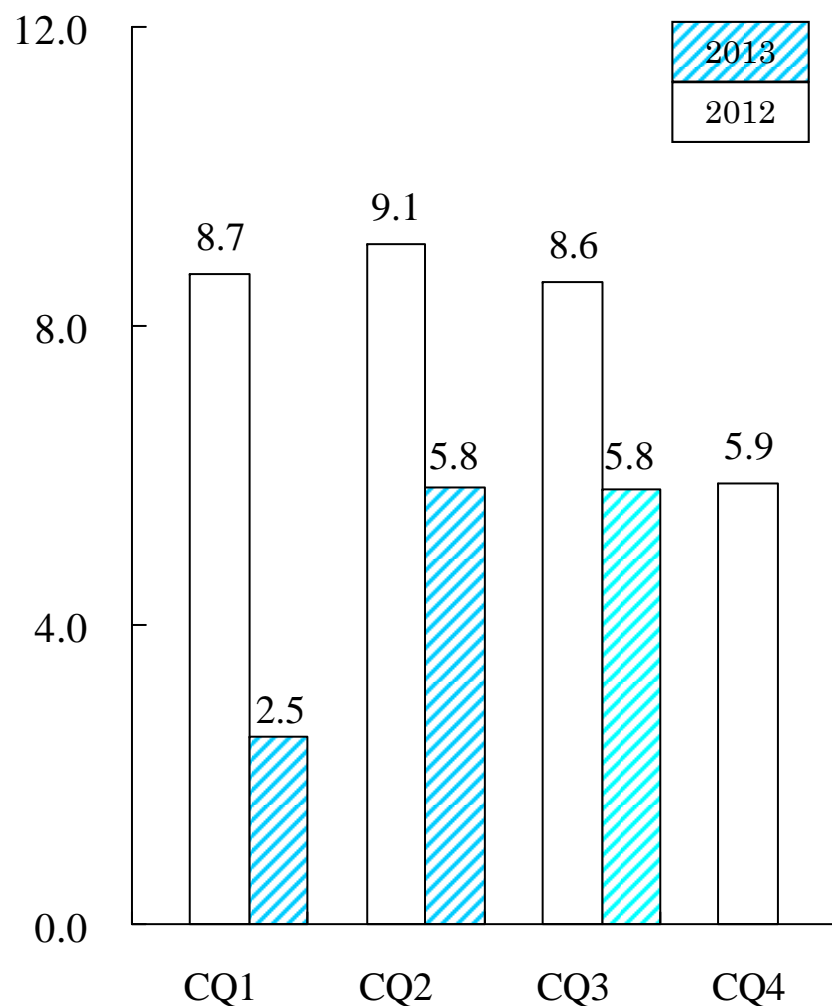
(Unit: Billions of Yen)



(Reference) Quarterly Operating Income by Segment

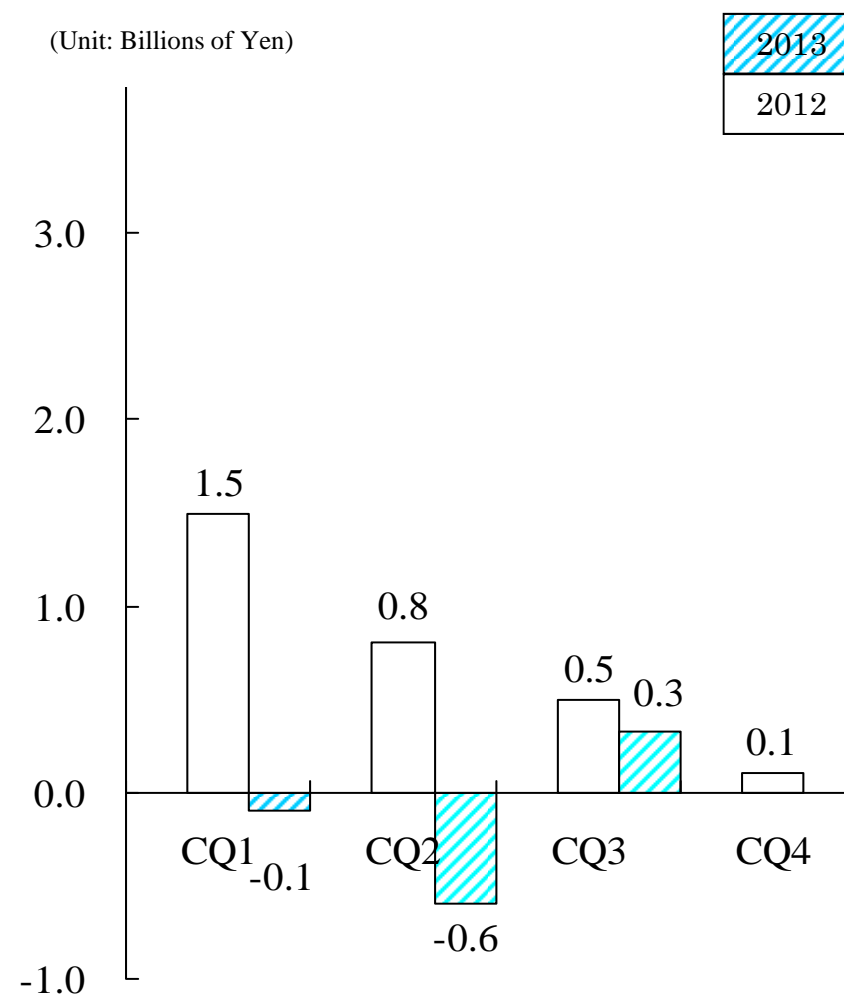
《Electronics》

(Unit: Billions of Yen)



《Inorganics》

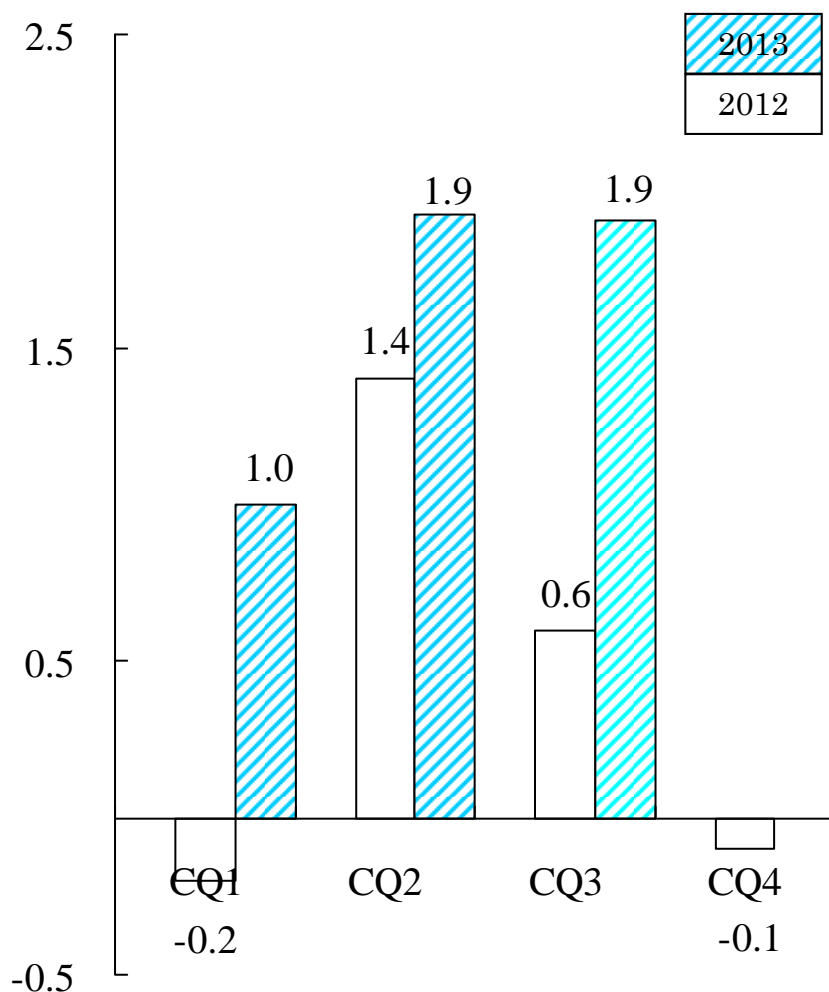
(Unit: Billions of Yen)



(Reference) Quarterly Operating Income by Segment

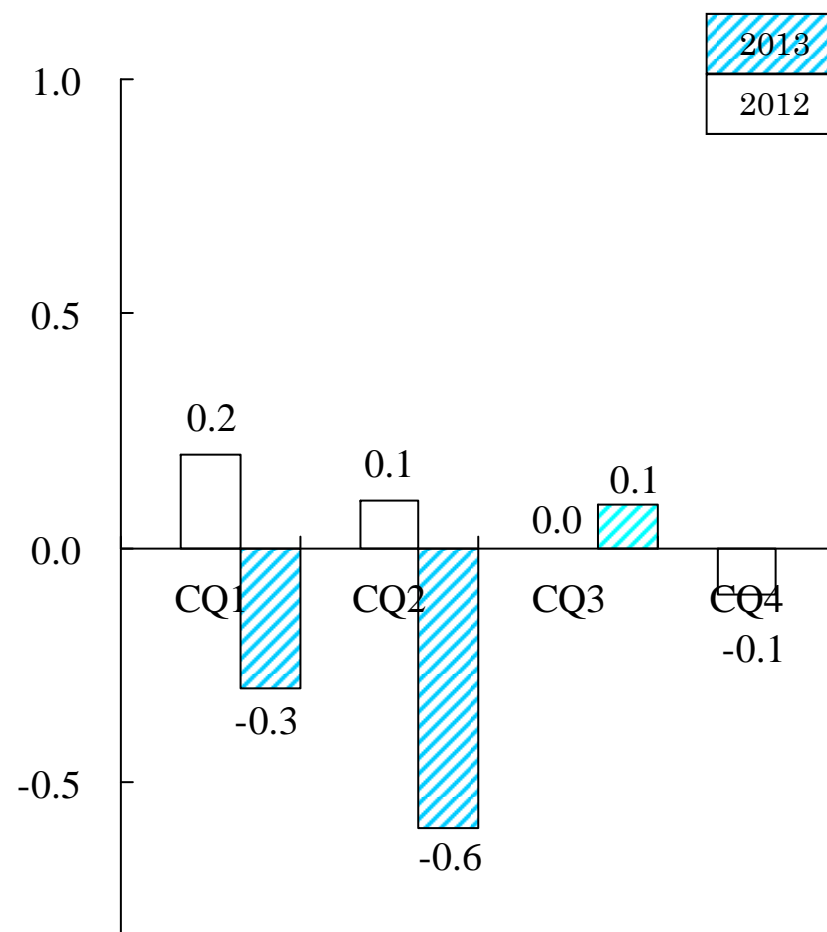
《Aluminum》

(Unit: Billions of Yen)



《Others》

(Unit: Billions of Yen)



■ Corporate

- Launch of six-inch SiC epitaxial wafers for power devices
 - ◆ In October, SDK began commercial shipments of silicon carbide (SiC) epitaxial wafers with a diameter of six inches - the largest size currently available on the world market - for use in power devices. As the commercial production of six-inch SiC epitaxial wafers will help reduce power-device production costs, SiC power devices are expected to be increasingly used in electric vehicles, in addition to existing applications such as power sources of servers for data centers and subway railcars. The company also started selling a new grade of four-inch SiC epitaxial wafers with fewer defects and higher uniformity. Following the expansion of product lines, SDK will continue its efforts to improve quality and increase production capacity. SDK is planning to increase its SiC epitaxial wafer production capacity from 1,500 units a month (in terms of four-inch wafers) at present, to 2,500 units a month by the middle of 2014.

- Chairman Takahashi's receipt of award from the Government of Singapore
 - ◆ In July, SDK Chairman Kyohei Takahashi received The Public Service Star (Distinguished Friends of Singapore) Award from the Government of Singapore. The prestigious Public Service Star awards are given to industrialists who are considered to have made great contributions to the economic growth of Singapore. The DFS Award was granted to Takahashi in recognition of SDK's active investments in Singapore in the area of the hard disk industry (one of the major industries in Singapore), and its contributions to innovation and job creation. SDK will continue to strengthen the business, expecting further growth in demand for HD media for nearline server and other applications.

■ Petrochemicals

- Construction of new ethyl acetate plant based on new technology
 - ◆ SDK decided to build a 100,000t/y ethyl acetate plant at its Oita Complex using its proprietary process technology (direct addition of ethylene to acetic acid). The plant will start commercial production in June 2014. Ethyl acetate is used in wide-ranging applications, including printing ink, paint, electronic materials, pharmaceuticals, and agrochemicals. Demand for the product is expected to continue growing inside and outside Japan. SDK has developed an innovative process technology that enables efficient production of high-quality ethyl acetate, using a solid heteropolyacid catalyst developed by SDK. The technology won Green & Sustainable Chemistry Network's 6th GSC Award (Minister of Economy, Trade and Industry Prize) and The Chemical Society of Japan's 56th CSJ Award for Technical Development. Furthermore, the Ministry of Economy, Trade and Industry has decided to subsidize this new ethyl acetate plant as "investment in leading-edge-technology-based plant and equipment."

■ Chemicals

● Discovery of anti-glycation effect of methyl hesperidin

- ◆ SDK discovered powerful anti-glycation effect of methyl hesperidin, which is a derivative of citrus-based hesperidin, and filed for patent. SDK started sample shipments of methyl hesperidin as raw material for anti-aging cosmetics. Methyl hesperidin, made by methyl induction of hesperidin (a kind of flavonoids present in fruit skin, fruit juice, and seed of citrus), is water soluble. Thus, methyl hesperidin can easily be used as ingredient in cosmetics. Glycation is a main cause of aging, together with oxidation. It is reported that, when skin protein is glycated under the influence of ultraviolet, derma collagen hardens, resulting in lack of vitality to the skin. It is also reported that skin-protein glycation causes yellowing of dermis and keratin layer, resulting in loss of skin transparency. Due to its anti-glycation effect, methyl hesperidin is expected to work to restrict skin pouch and yellowish dullness that accompany aging. With the launch of methyl hesperidin, SDK will further expand its portfolio of raw materials for skin-care cosmetics.

■ Chemicals

● Construction of new high silica zeolite plant

- ◆ Union Showa (USKK), a joint venture between SDK and UOP LLC, of the United States, decided to start producing high silica zeolite in Japan. Construction of a new production facility began within the premises of SDK's Higashinagahara Plant in Aizu-Wakamatsu City, Fukushima Prefecture. The new facility is scheduled for start-up in March 2014. High silica zeolite is a kind of synthetic zeolite used as adsorbent, and is effective in removing volatile organic compounds (VOCs) and odor. The material is in tight supply due to a globally growing demand for various applications, including environmental protection, energy conservation, and household commodities. USKK intends to ensure stable supply of the product to customers, especially in such growing markets as Japan and Asian countries, develop new applications, and improve technical services. USKK is currently producing synthetic zeolite at its Yokkaichi Plant in Mie Prefecture, for such applications as dehydration, drying, refining, and separation. After the completion of the new plant, USKK will fully utilize these two plants, aiming to develop and supply new nuclear-waste-remediation products for treatment of contaminated water at Fukushima Daiichi nuclear power plant, decontamination in wide areas, and for treatment of radioactive nuclides to promote decommissioning of nuclear reactors.

■ Aluminum

● Completion of high-purity aluminum foil plant in China

- ◆ In October, SDK completed a new plant in Nantong City, Jiangsu Province, China, for producing high-purity aluminum foil for electrolytic capacitors. Showa Denko Aluminum (Nantong) Co., Ltd., SDK's subsidiary established in November 2011, began commercial production at the new plant. Unlike aluminum foil for food packaging, the production of capacitor-grade aluminum foil is based on high-purity aluminum metal refined to 99.9% or more. SDK's Sakai Plant, in Osaka Prefecture, is an integrated high-purity aluminum foil production site, covering all stages from refinement of aluminum metal to rolling and finishing. The new plant in Nantong City processes rolled foil supplied from the Sakai Plant into finished product, providing high-purity aluminum foil to customers in all parts of China in a timely manner. Aluminum electrolytic capacitors are used in wide areas, including electric appliances, IT devices, electric vehicles, hybrid cars, and equipment for wind/solar power generation. In particular, a rapid growth is expected in China for such applications as environment-friendly cars and power conditioners for solar power generation. The Showa Denko Group will aim to expand the business in Japan and the Asian market, centering on China, by ensuring stable supply of high-quality, high-purity aluminum foil.

● Donation of hospital beds with new sensors

- ◆ As part of its efforts to contribute to the welfare of local communities, SDK donated two power-assisted beds to Oyama City Government, Tochigi Prefecture. The beds, which were produced by France Bed Co., Ltd., use aluminum-based sensors developed by SDK. The two power-assisted beds were delivered to Shin Oyama City Hospital. Since 1961, SDK's Oyama Plant has been producing and selling aluminum products. The donation was made in celebration of the new start of the hospital as a local incorporated administrative agency and in appreciation of the local residents' support of our business activities.