

NEWS RELEASE

SHOWA DENKO K.K.

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SDK Establishes Graphite Electrode Subsidiary in China

Showa Denko K.K. (SDK) has completed its procedure for acquiring a controlling stake in Sinosteel Sichuan Carbon Co., Ltd. (Sichuan Carbon), an integrated manufacturer of graphite electrodes in China. Following the ratification by related government organizations on March 18, SDK made Sichuan Carbon its subsidiary, renaming the company as Showa Denko Sichuan Carbon Inc. (Showa Denko Sichuan Carbon).

SDK will introduce its graphite electrode manufacturing technology into Showa Denko Sichuan Carbon to improve product quality, and serve the growing markets in China and other Asian countries.

Graphite electrodes are used for electric steelmaking, which melts iron scrap for recycling. Electric steelmaking is expected to grow due to its environment-friendly features of iron resource recycling, and lower CO₂ emissions compared with blast-furnace steelmaking. The growth of electric steelmaking will also be supported by the increase in supply of iron scrap in emerging economies in Asia and other regions, following the proliferation of cars and the progress in urban development.

SDK has so far been supplying high-quality graphite electrodes mainly to the markets in advanced countries, from its Omachi Plant in Nagano Prefecture, Japan, and Showa Denko Carbon, Inc. (SDKC) located in South Carolina, U.S.A.

With the establishment of its Chinese subsidiary Showa Denko Sichuan Carbon, SDK is now ready to supply “volume-zone” products for emerging markets. Thus, SDK will steadily promote its strategy of “being active on two fronts,” serving both the high-end and volume-zone product markets.

Outline of Showa Denko's graphite electrode operations

Site	Annual production capacity (in 2013)	Annual production capacity (at the end of 2014)
Omachi Plant	60,000t/y	60,000t/y
Showa Denko Carbon	45,000t/y	75,000t/y
Showa Denko Sichuan Carbon	22,000t/y	22,000t/y
Total	127,000t/y	157,000t/y

Outline of Showa Denko Sichuan Carbon Inc.

Location: Guangyuan, Sichuan Province, China

Start of operation: March 18, 2013

Capital: RMB 350 million

Shareholders: Showa Denko K.K.: 67%

Sinosteel Corporation: 30%

Tokai Trade Co., Ltd.: 3%

Chairman: Yoshiharu Mizuno

Director & General Manager: Yoshiaki Yoshida

Scope of business: Production and sale of graphite electrodes

Number of employees: Approximately 400

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