



## NEWS RELEASE

*August 1, 2017*

### **Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2018 (from April 1, 2017, to June 30, 2017)**

**Tokyo, Japan**—Tosoh Corporation is pleased to announce its consolidated results for the first quarter of fiscal 2018, from April 1, 2017, to June 30, 2017.

The company's consolidated net sales totaled ¥190.4 billion (US\$1.7 billion), up ¥24.3 billion, or 14.7%, from the first quarter of fiscal 2017.

The increase was attributable to increases in prices for fuel and raw materials, such as naphtha, and the resulting rise in petrochemical product prices and to strengthening markets overseas.

Operating income also increased ¥3.8 billion, or 21.8% over the same period the preceding year, to ¥21.4 billion (US\$192.6 million). This gain resulted from an increase in sales prices that exceeded the increases in fuel prices and, in turn, improved trade conditions.

Ordinary income climbed ¥10.1 billion, or 74.1%, compared with the first quarter of fiscal 2017, to ¥23.6 billion (US\$212.4 million). This rise was due to foreign exchange gains instead of the foreign exchange losses in the same quarter a year earlier. Net profit attributable to owners of the parent company totaled ¥16.5 billion (US\$148.5 million), an increase of ¥7.9 billion, or 92.9%.

During the first quarter of fiscal 2018, Japan's economy showed signs of a gradual recovery, evidenced by continued improvement in corporate earnings, employment, and wages. Concern, however, for the impact on the domestic economy of rising uncertainty globally over the policies of a new US administration, over tension in East Asia, and over other issues makes it difficult to forecast outcomes for Japan's economy going forward.

### **Results by Business Segment**

#### **Petrochemical Group**

Petrochemical Group net sales rose ¥11.6 billion, or 33.5%, to ¥46.2 billion (US\$415.9 million), compared with the first quarter of fiscal 2017. Because of improved terms of trade, operating income also increased ¥1.5 billion, or 54.9%, to ¥4.3 billion (US\$38.7 million).

Petrochemical Group shipments of olefin products, such as ethylene and propylene, increased in line with an increase in production volume attributable to fiscal 2018 not being a scheduled maintenance year. And the group raised prices for these products to reflect increased naphtha costs.

Shipments of polyethylene resin in Japan increased, and prices rose, again to reflect the increase in naphtha costs. Chloroprene rubber saw increased shipments and a rise in export prices driven by strong overseas demand.



## **Chlor-alkali Group**

The Chlor-alkali Group's net sales increased ¥12.7 billion, or 20.2%, to ¥75.4 billion (US\$678.7 million). The group's operating income likewise rose ¥3.2 billion, or 62.1%, to ¥8.3 billion (US\$74.7 million), compared with the corresponding period the preceding year, chiefly on account of improved trade conditions.

Caustic soda prices rose because of a revision in domestic prices and improved conditions overseas. Vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) resin shipments gained momentum, and their prices rose for the same reasons caustic soda prices rose.

Domestic shipments and exports of cement trended strongly. Conversely, methylene diphenyl diisocyanate (MDI) shipments decreased. MDI's export prices rose, however, reflecting improving conditions overseas.

## **Specialty Group**

Net sales by the Specialty Group edged upward ¥1.3 billion, or 3.0%, to ¥44.5 billion (US\$400.6 million). But the group's operating income edged downward 1.3%, or ¥116.0 million, to ¥9.2 billion (US\$82.8 million), compared with the first quarter of the previous fiscal year.

Ethyleneamine shipments to China and Asia declined. By contrast, shipments of separation-related packing materials for liquid chromatography increased, primarily to Europe. Diagnostic-related product shipments also rose, especially of in vitro diagnostic reagents.

Shipments of high-silica zeolites (HSZ) for application in petrochemical catalysts declined. But shipments of zirconia for dental and decorative applications increased, as did shipments of quartz glass for semiconductor devices.

## **Engineering Group**

Engineering Group net sales fell ¥1.5 billion, or 9.4%, compared with the first quarter of fiscal 2017, to ¥14.6 billion (US\$131.4 million). Operating income also dropped ¥830.0 million, for a loss of ¥863.0 million (US\$7.8 million).

The Engineering Group's water treatment business saw a decline in sales to the electronic manufacturing industry domestically and in Taiwan.

Sales by the Engineering Group's construction subsidiaries increased.

## **Other**

Other net sales rose ¥288.0 million, or 3.0%, to ¥9.8 billion (US\$88.2 million), compared with the same quarter a year earlier, and operating income was up ¥85.0 million, or 19.8%, to ¥518.0 million (US\$4.7 million). The increases owed themselves to increased sales for trading companies and other operations during the period under review.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥111.09 = US\$1, the average exchange rate during the period under review.

## **Outlook for fiscal year ending March 31, 2018**

There are no changes to the full-year forecasts announced on May 10, 2017, for the fiscal year ending March 31, 2018.



# TOSOH CORPORATION

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### Who We Are

Tosoh is the parent of the Tosoh Group, which comprises over 100 companies worldwide and a multiethnic workforce of over 12,000 people and generated net sales of ¥743.0 billion (US\$6.9 billion at the average rate of ¥108.35 to the US dollar) in fiscal 2017, ended March 31, 2017.

### What We Do

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polyethylene, and functional polymers, while its advanced materials business serves the global semiconductor, display, and solar industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the monitoring of life-threatening diseases. In addition, Tosoh demonstrates its commitment to a sustainable future, in part by manufacturing a variety of eco-products.

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### Disclaimer

This document may contain forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. Forward-looking statements are also identified through the use of the word *anticipates* and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements.

**Summary of First-Quarter Consolidated Business Results for Fiscal Year 2018**  
**(April 1, 2017 - June 30, 2017)**

August 1, 2017

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	1Q of FY 2017 (04.01.16-06.30.16) (Actual)	1Q of FY 2018 (04.01.17-06.30.17) (Actual)	Difference	FY 2017 (04.01.16-03.31.17) (Actual)	FY 2018 (04.01.17-03.31.18) (Forecast)	Difference
Net sales	166.1	190.4	24.3	743.0	770.0	27.0
Operating income	17.6	21.4	3.8	111.2	100.0	(11.2)
Ordinary income	13.6	23.6	10.0	113.1	100.0	(13.1)
Profit attributable to owners of the parent	8.5	16.5	8.0	75.7	68.0	(7.7)
Net income per share (¥)	13.18	25.39	12.21	116.56	209.47	-

\*As of October 1, 2017, the Company will implement the consolidation of its common shares at the ratio of one share for two shares.

Net income per share for FY 2018 is calculated based on the number of shares remaining after consolidation.

Net income per share for FY 2018 is 104.74 without factoring in the consolidation of shares.

(b) Business and Financial Fundamentals

	1Q of FY 2017 (04.01.16-06.30.16) (Actual)	1Q of FY 2018 (04.01.17-06.30.17) (Actual)	Difference	FY 2017 (04.01.16-03.31.17) (Actual)	FY 2018 (04.01.17-03.31.18) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	108.04	111.09	3.05	108.35	110.00	1.65
Exchange rate (¥/EUR) Average TTM	121.88	122.26	0.38	118.75	115.00	(3.75)
Domestic standard naphtha price (¥/kl)	31,600	39,000	7,400	34,725	41,000	6,275

## (c) Net Sales and Operating Income (Loss) by Business Segment

(¥ Billions)

		1Q of FY 2017 (04.01.16–06.30.16) (Actual)	1Q of FY 2018 (04.01.17–06.30.17) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	34.6	46.2	11.6	4.3	7.3	-
	Operating income	2.8	4.3	1.5	1.2	(0.2)	0.5
Chlor-alkali Group	Net sales	62.8	75.4	12.6	1.1	11.5	-
	Operating income	5.1	8.3	3.2	(1.6)	4.4	0.4
Specialty Group	Net sales	43.2	44.5	1.3	2.4	(1.1)	-
	Operating income	9.3	9.2	(0.1)	1.4	(0.9)	(0.6)
Engineering Group	Net sales	16.1	14.6	(1.5)	(1.5)	0.0	-
	Operating income (loss)	0.0	(0.9)	(0.9)	(0.8)	0.0	(0.1)
Other	Net sales	9.5	9.8	0.3	0.3	0.0	-
	Operating income	0.4	0.5	0.1	0.1	0.0	0.0
Total	Net sales	166.1	190.4	24.3	6.6	17.7	-
	Operating income	17.6	21.4	3.8	0.3	3.3	0.2

\*Price effect of operating income includes sale and purchase variances.



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## 2. Consolidated Financial Position

(¥ Billions)

	FY 2017 03.31.2017	FY 2018 06.30.2017	Difference
Total assets	782.6	756.7	(25.9)
Net assets	448.3	453.7	5.4
Interest-bearing liabilities	139.8	136.4	(3.4)
Equity ratio (%)	52.8	55.4	2.6

## 3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2017 (Actual)	7.50	16.50	24.00
FY 2018 (Forecast)	12.00	24.00	-

\*As of October 1, 2017, the Company will implement the consolidation of its common shares at the ratio of one share for two shares.