



NEWS RELEASE

May 11, 2015

Tosoh Reports on Consolidated Results for Fiscal 2015 (from April 1, 2014, to March 31, 2015)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for its 2015 fiscal year, from April 1, 2014, to March 31, 2015. Consolidated net sales amounted to ¥809.7 billion (US\$7.4 billion), up ¥37.4 billion, or 4.8%, from fiscal 2014. Factors contributing to the increase included an expansion in unit sales, particularly by the company's specialty operations, and a hike in export sales prices because of the shift in foreign exchange markets to a weakening yen.

Profits again rose sharply year on year. Operating performance benefited from, among other factors, the decline in fuel prices, an improvement in trade conditions because of the weakening yen, and an increase in unit sales. The company recorded operating income of ¥51.4 billion (US\$468.3 million), an increase of ¥9.8 billion, or 23.6%, over operating income for the previous year.

Boosted by foreign exchange gains, ordinary income climbed ¥10.7 billion, to ¥60.2 billion (US\$548.4 million), or 21.6%, over ordinary income in fiscal 2014. Tosoh's net income for fiscal year 2015 climbed ¥32.7 billion, or 110.7%, to ¥62.3 billion (US\$567.6 million). That sharp rise resulted from the booking of substantial deferred tax assets associated with the carryforward losses of Nippon Polyurethane Industry Co., Ltd. (NPU), which were assumed by Tosoh Corporation as a result of its October 1, 2014, merger with NPU.

In fiscal 2015, Japan's economy moved toward a mild recovery amid signs of improvement in corporate earnings and employment. That improvement owed itself largely to the tapering of the negative impact of the rush demand that occurred in anticipation of the hike in Japan's consumption tax, to the decline in crude oil prices, and to the benefits of the Japanese government's economic and monetary initiatives.

Results by business segment

Petrochemical Group

Petrochemical Group net sales for fiscal 2015 rose ¥0.3 billion, or 0.1%, compared with group net sales the year before, to ¥223.7 billion (US\$2.0 billion). However, the group's operating income decreased ¥7.9 billion, or 53.2%, to ¥6.9 billion (US\$63.0 million).

Shipments of ethylene, propylene, cumene, and other olefins were generally brisk. Cumene and ethylene shipments were robust because of a change in the balance between Tosoh's ethylene purchases and in-house consumption. Prices however declined in line with the decline in naphtha prices.

Polyethylene resins saw decreased shipments of general-use high-density polyethylene and increased export product pricing in response to rising naphtha prices. Domestic polyethylene prices, however, declined in line with a decline in naphtha and other raw materials costs that began in the third quarter. Shipments of chloroprene rubber (CR) and chlorosulphonated polyethylene (CSM) benefited from improved export prices because of the weaker yen.



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Chlor-alkali Group

Chlor-alkali Group net sales increased ¥8.1 billion, or 2.8%, year on year, to ¥294.3 billion (US\$2.7 billion). Bolstered by improved trade conditions and other factors, the group improved profits by ¥4.5 billion, or 114.8%, to record operating income of ¥8.3 billion (US\$75.8 million).

Sales of caustic soda increased for several reasons. Unit sales of caustic soda increased because of a rise in the operating rate of the Chlor-alkali Group's electrolysis operations following Tosoh's expansion of its vinyl chloride monomer (VCM) production capacity.

Several factors, however, were behind a decline in the group's domestic shipments of polyvinyl chloride (PVC). There was a fall in domestic demand following the rush demand at the end of fiscal 2014 in response to the hike in Japan's consumption tax. In addition, customers held off on purchases because of dropping naphtha prices. Exports of PVC, meanwhile, rose in line with Tosoh's expanded VCM production capacity.

The group's shipments of cement, however, fell because of declining demand.

Its shipments of urethane raw materials, conversely, expanded in Japan in response to firm demand from the automobile-related, construction, medical, and other markets. But exports of urethane raw materials declined because of a slowing Chinese economy and softening prices.

Specialty Group

Net sales for the Specialty Group in fiscal 2015 amounted to ¥174.9 billion (US\$1.6 billion), an increase of ¥21.4 billion, or 14.0%, from the group's net sales for the preceding fiscal year. Operating income surged ¥10.8 billion, or 55.9%, to ¥30 billion (US\$273.3 million).

A recovery in demand boosted shipments of ethyleneamines by the Specialty Group. Export prices improved because of a better demand-supply balance and a weakening yen.

Separation-related products saw shipments of liquid chromatography packing materials decline. Diagnostic-related products, however, saw an increase in shipments of in vitro diagnostic reagents.

Shipments of high-silica zeolites (HSZ) increased, especially for automobile exhaust system catalytic converters. Zirconia shipments for decorative and dental applications likewise increased, as did shipments of electrolytic manganese dioxide (EMD) for dry cell batteries.

Engineering Group

Fiscal 2015 net sales for the Engineering Group were ¥75.7 billion (US\$690.1 million), an increase of ¥7.2 billion, or 10.5%, from the group's net sales for fiscal 2014. Operating income rose ¥2.1 billion, or 164.7%, to ¥3.3 billion (US\$30.3 million).

Domestic sales of water treatment facilities, services, and related chemicals increased because of major orders from the domestic electronics industry and because of capital investment, maintenance, renovation, and other business by domestic clients in industry in general. Overseas sales, conversely, declined because of decreased capital investment in the electronics industry worldwide.

Construction-related companies posted an increase in sales compared with fiscal 2014.

Other

Other net sales in fiscal 2015 climbed ¥0.4 billion, or 1.1%, from net sales the year before, to ¥41.0 billion (US\$373.6 million). Other operating income was ¥2.8 billion (US\$25.9 million), an increase of ¥0.4 billion, or 17.3% year on year.

Sales by trading companies and logistics subsidiaries increased.



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Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥109.76 = US\$1, the average exchange rate during the period under review.

Outlook for the fiscal year to March 31, 2016

Japan's economic recovery is expected to steadily strengthen in fiscal 2016 amid robust corporate earnings and continued improvement in personal income and employment. The Tosoh Group is making every effort to raise its profitability. It is expanding its sales volume, maintaining an optimum pricing structure, reducing costs, and boosting earning power throughout its operations, among other things.

Tosoh's projections for fiscal year 2016, ending March 31, 2016, call for net sales of ¥810 billion, operating income of ¥67 billion, ordinary income of ¥67 billion, and net income attributable to shareholders of the parent company of ¥43 billion. These full-year forecasts are based on a domestic standard price for naphtha of ¥53,000 per kiloliter and on an exchange rate of ¥120.00 to the US dollar.

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WHO WE ARE

Tosoh Corporation is the parent of the Tosoh Group, which comprises 130 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥809.7 billion (US\$6.7 billion at the year-end rate of ¥120.17 to the US dollar) in fiscal 2015, ended March 31, 2015.

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.

Stock Exchange Ticker Symbol: 4042

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Summary of Consolidated Business Results for Fiscal Year 2015
(April 1, 2014–March 31, 2015)

May 11, 2015

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2014 (Actual)	FY 2015 (Actual)	Difference	FY 2015 (Actual)	FY 2016 (Forecast)	Difference
Net sales	772.3	809.7	37.4	809.7	810.0	0.3
Operating income	41.6	51.4	9.8	51.4	67.0	15.6
Ordinary income	49.5	60.2	10.7	60.2	67.0	6.8
Net income	29.6	62.3	32.7	62.3	43.0	(19.3)
Net income per share (¥)	49.35	103.97	54.62	103.97	71.76	(32.2)

(b) Business and Financial Fundamentals

(¥ Billions)

	FY 2014 (Actual)	FY 2015 (Actual)	Difference	FY 2015 (Actual)	FY 2016 (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	100.17	109.76	9.59	109.76	120.00	10.24
Exchange rate (¥/EUR) Average TTM	134.22	138.69	4.47	138.69	125.00	(13.69)
Domestic standard naphtha price (¥/kl)	67,325	63,550	(3,775)	63,550	53,000	(10,550)
Capital expenditures	23.7	33.1	9.4	33.1	27.0	(6.1)
Depreciation and amortization	31.8	32.8	1.0	32.8	33.0	0.2
R&D expenses	12.5	12.9	0.4	12.9	14.0	1.1
Interest-bearing liabilities	286.2	271.5	(14.7)	271.5	230.0	(41.5)
Net financing expenses	(2.6)	(1.7)	0.9	(1.7)	(1.0)	0.7
Equity ratio (%)	30.4	37.8	7.4	37.8	-	-
Number of employees	11,421	11,594	173	11,594	11,900	306

Topics

April 2015: Acquired Lilac Medicare Private Limited, an Indian in-vitro diagnostic company.

Fall 2016 (Scheduled): 30% increase in enzyme immunoassay reagent production capacity.

Fall 2016 (Scheduled): Start of construction of production facilities for overseas high-silica zeolite (HSZ) production base in Malaysia.

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

		FY 2014 (Actual)	FY 2015 (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	223.5	223.7	0.3	9.6	(9.3)	-
	Operating income	14.8	6.9	(7.9)	0.6	1.7	(10.2)
Chlor-alkali Group	Net sales	286.3	294.3	8.1	(3.0)	11.1	-
	Operating income	3.9	8.3	4.4	(2.1)	9.0	(2.4)
Specialty Group	Net sales	153.4	174.9	21.4	11.7	9.7	-
	Operating income	19.2	30.0	10.8	5.3	5.4	0.1
Engineering Group	Net sales	68.6	75.7	7.2	6.3	0.9	-
	Operating income	1.3	3.3	2.0	2.3	0.0	(0.3)
Other	Net sales	40.6	41.0	0.4	(0.3)	0.7	-
	Operating income	2.4	2.8	0.4	0.4	0.0	0.0
Total	Net sales	772.3	809.7	37.4	24.3	13.1	-
	Operating income	41.6	51.4	9.8	6.6	16.1	(12.8)

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

		FY 2015 (Actual)	FY 2016 (Forecast)	Difference	FY 2016(Forecast)	
					04.01.15-09.30.15	10.01.15-03.31.16
Petrochemical Group	Net sales	223.7	196.0	(27.7)	100.8	95.3
	Operating income	6.9	15.1	8.2	6.8	8.3
Chlor-alkali Group	Net sales	294.3	306.5	12.1	150.6	155.8
	Operating income	8.3	12.4	4.1	4.1	8.3
Specialty Group	Net sales	174.9	179.8	4.9	87.8	92.0
	Operating income	30.0	33.9	4.0	16.1	17.9
Engineering Group	Net sales	75.7	85.1	9.4	34.3	50.9
	Operating income	3.3	3.3	0.0	0.0	3.3
Other	Net sales	41.0	42.6	1.6	21.5	21.1
	Operating income	2.8	2.2	(0.6)	1.1	1.1
Total	Net sales	809.7	810.0	0.3	395.0	415.0
	Operating income	51.4	67.0	15.6	28.0	39.0

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



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2. Consolidated Financial Position (¥ Billions)

	FY 2014 03.31.2014	FY 2015 03.31.2015	Difference
Total assets	721.7	764.2	42.5
Net assets	249.8	320.8	71.0
Interest-bearing liabilities	286.2	271.5	(14.7)
Equity ratio (%)	30.4	37.8	7.4
Net assets per share (¥)	365.85	482.25	116.40

3. Cash flows (¥ Billions)

	FY 2014 (Actual) 03.31.2014	FY 2015 (Actual) 03.31.2015	Difference
Cash flows from operating activities	67.2	54.1	(13.1)
Cash flows from investment activities	(26.1)	(34.1)	(8.0)
Cash flows from financing activities	(45.5)	(20.7)	24.8
Others	2.1	1.3	(0.8)
Net increase (decrease) in cash and cash equivalents	(2.2)	0.6	2.8
Cash and cash equivalents at end of period	55.1	55.7	0.6

4. Dividends

	Annual dividends per share (¥)			Total amount of annual dividends (¥ Millions)	Dividend payout ratio (%)
	Interim	Year-end	Total		
FY 2014	3.00	3.00	6.00	3,598	12.2
FY 2015	5.00	5.00	10.00	5,998	9.6
FY 2016 (Forecast)	5.00	5.00	10.00	—	13.9

*Fiscal 2015 interim dividend payment of ¥5.00 includes a commemorative dividend of ¥2.00 regarding the October 1, 2014, merger with Nippon Polyurethane Industry Co., Ltd.