



NEWS RELEASE

August 1, 2016

Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2017 (from April 1, 2016, to June 30, 2016)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for the first quarter of fiscal 2017, from April 1, 2016, to June 30, 2016. The company's consolidated net sales amounted to ¥166.1 billion (US\$1.5 billion), down ¥17.7 billion, or 9.6%, from the first quarter of fiscal 2016.

The decrease in consolidated net sales resulted from falling petrochemical prices caused by drops in the costs of raw materials, including naphtha, and from declines in the export sales prices of our products because of a strong yen and softening overseas markets. Thanks, however, to improvements in trade conditions on account of low raw materials and fuel costs, our operating income for the first quarter of fiscal 2017 increased ¥2.2 billion, or 14.5%, compared with the same period a year earlier, to ¥17.6 billion (US\$162.7 million).

Ordinary income, though, declined ¥4.2 billion, or 23.7%, compared with the first quarter of fiscal 2016, to ¥13.6 billion (US\$125.7 million). This decline occurred because of a shift from exchange rate gains in the same period the year before to exchange rate losses for the first quarter of fiscal 2017. Net profit attributable to owners of the parent company fell ¥2.9 billion, or 25.3%, to ¥8.5 billion (US\$79.1 million), compared with the same period in fiscal 2016.

The Japanese economy showed strength in employment and other areas during the fiscal 2017 first quarter. Exports and production, however, were weak. And ongoing economic uncertainty in financial markets led to a rapid weakening of share prices and a rapid strengthening of the yen. The negative developments stemmed from concerns about downturns in emerging economies and about the cohesiveness of the European Union, compounded by fears of diminished corporate earnings and corporate and consumer confidence.

Results by business segment

Petrochemical Group

Petrochemical Group net sales fell ¥14.3 billion, or 29.2%, in the first quarter of 2017 compared with the same period the previous year, to ¥34.6 billion (US\$319.9 million). The group's operating income decreased ¥848.0 million, or 23.4%, compared with the first quarter of fiscal 2016, to ¥2.8 billion (US\$25.6 million).

Petrochemical Group shipments of propylene and other olefins declined amid production decreases because of scheduled maintenance. Prices of these products also declined, reflecting the fall in naphtha costs.



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Prices of polyethylene resin products in Japan likewise declined because of decrease in naphtha costs. Exports of chloroprene rubber increased on strong demand overseas, but product prices fell on account of the strong yen.

Chlor-alkali Group

The Chlor-alkali Group's net sales fell ¥4.6 billion, or 6.8%, compared with the first quarter of fiscal 2016, to ¥62.8 billion (US\$581.1 million). But improved trade conditions in the period under review yielded an increase in operating income of ¥2.4 billion, or 85.8%, over the same period a year earlier, to ¥5.1 billion (US\$47.2 million).

The first quarter of fiscal 2017 witnessed a gradual decline in caustic soda prices in Japan. Export prices, too, decreased, in line with the strengthening of the yen. Shipments of vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) resin remained strong, but prices for these products decreased because of the strong yen and the drop in naphtha costs.

Cement shipments decreased domestically amid falling demand in Japan. But exports of cement increased.

Shipments abroad of methylene diphenyl diisocyanate (MDI) increased. But export prices fell because of the strong yen and softening markets.

Specialty Group

Net sales by the Specialty Group for the quarter under review rose ¥497.0 million, or 1.2%, compared with the first quarter of fiscal 2016, to ¥43.2 billion (US\$399.7 million). Operating income similarly increased, ¥187.0 million, or 2.1%, over the same period the year before, to ¥9.3 billion (US\$86.2 million).

Although shipments of ethyleneamines increased, ethyleneamine product prices declined on account of the strong yen and softening markets overseas.

Shipments of high-silica zeolites (HSZ) for application in automobile catalytic converters increased. Zirconia shipments for use in dental materials decreased.

In separation-related products, shipments of liquid chromatography packing materials decreased. The first quarter of fiscal 2017, however, saw an increase in shipments of diagnostic-related products in vitro diagnostic reagents.

Engineering Group

Engineering Group net sales increased ¥867.0 million, or 5.7%, over the same quarter in fiscal 2016, to ¥16.1 billion (US\$149.1 million). Operating income improved ¥593.0 million compared with the same period a year earlier but ended in a loss of ¥33.0 million (US\$0.3 million).

Domestic sales of water treatment facilities, services, and related chemicals increased on heightened demand for maintenance and renovation from the industrial sector. Overseas sales decreased because of reduced capital spending by the electronics industry.

Sales by the Engineering Group's construction subsidiaries rose.



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Other

Other net sales decreased ¥227.0 million, or 2.3%, compared with the same quarter the previous year, to ¥9.5 billion (US\$87.7 million). Operating income declined ¥57.0 million, or 11.7%, compared with the first quarter of fiscal 2016, to ¥433.0 million (US\$4.0 million).

Sales by trading companies and other operations trended low for the period under review.

Financial Condition

Total assets for the fiscal 2017 first quarter decreased ¥5.6 billion, to ¥729.1 billion (US\$6.7 billion), compared with the same quarter of fiscal 2016 because of decreases in notes and accounts receivable.

Quarter to quarter, liabilities declined ¥5.8 billion, to ¥355.2 billion (US\$3.3 billion), as a result of decreases in notes and accounts payable.

Accounting for net profit attributable to owners of the parent, net assets increased ¥250.0 million, to ¥373.9 billion (US\$3.5 billion), over the first quarter of fiscal 2016.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥108.04 = US\$1, the average exchange rate during the period under review.

Outlook for fiscal year to March 31, 2017

There are no changes to the first-half and full-year forecasts announced on May 10, 2016, for the fiscal year ending March 31, 2017.

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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 ¥753.7 billion (US\$6.3 billion at the average rate of ¥120.15 to the US dollar) in fiscal 2016, ended March 31, 2016.

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: JP: 4042



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Disclaimer

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Summary of First-Quarter Consolidated Business Results for Fiscal Year 2017
(April 1, 2016 - June 30, 2016)

August 1, 2016

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	1Q of FY 2016 (04.01.15-06.30.15) (Actual)	1Q of FY 2017 (04.01.16-06.30.16) (Actual)	Difference	FY 2016 (04.01.15-03.31.16) (Actual)	FY 2017 (04.01.16-03.31.17) (Forecast)	Difference
Net sales	183.8	166.1	(17.7)	753.7	720.0	(33.7)
Operating income	15.4	17.6	2.2	69.4	72.0	2.6
Ordinary income	17.8	13.6	(4.2)	65.8	72.0	6.2
Profit attributable to owners of the parent	11.4	8.5	(2.9)	39.7	47.0	7.3
Net income per share (¥)	19.09	13.18	(5.9)	62.61	72.43	9.82

(b) Business and Financial Fundamentals

	1Q of FY 2016 (04.01.15-06.30.15) (Actual)	1Q of FY 2017 (04.01.16-06.30.16) (Actual)	Difference	FY 2016 (04.01.15-03.31.16) (Actual)	FY 2017 (04.01.16-03.31.17) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	121.43	108.04	(13.39)	120.15	110.00	(10.15)
Exchange rate (¥/EUR) Average TTM	134.21	121.88	(12.33)	132.60	120.00	(12.60)
Domestic standard naphtha price (¥/kl)	48,800	32,000	(16,800)	42,800	40,000	(2,800)

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

(¥ Billions)

		1Q of FY 2016 (04.01.15–06.30.15) (Actual)	1Q of FY 2017 (04.01.16–06.30.16) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	48.8	34.6	(14.3)	(4.6)	(9.6)	-
	Operating income	3.6	2.8	(0.8)	(0.4)	0.7	(1.2)
Chlor-alkali Group	Net sales	67.3	62.8	(4.6)	7.1	(11.7)	-
	Operating income	2.7	5.1	2.4	0.8	1.6	0.0
Specialty Group	Net sales	42.7	43.2	0.5	3.0	(2.5)	-
	Operating income	9.1	9.3	0.2	1.6	(0.9)	(0.6)
Engineering Group	Net sales	15.2	16.1	0.9	1.3	(0.5)	-
	Operating income	(0.6)	0.0	0.6	0.5	0.0	0.1
Other	Net sales	9.7	9.5	(0.2)	0.2	(0.4)	-
	Operating income	0.5	0.4	(0.1)	(0.1)	0.0	0.0
Total	Net sales	183.8	166.1	(17.7)	7.0	(24.7)	-
	Operating income	15.4	17.6	2.2	2.5	1.4	(1.7)

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



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2. Consolidated Financial Position

(¥ Billions)

	FY 2016 03.31.2016	FY 2017 06.30.2016	Difference
Total assets	734.8	729.1	(5.6)
Net assets	373.7	373.9	0.2
Interest-bearing liabilities	199.6	198.9	(0.7)
Equity ratio (%)	46.3	46.7	0.4

3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2016 (Actual)	7.00	7.00	14.00
FY 2017 (Forecast)	7.50	7.50	15.00