



TOSOH CORPORATION

NEWS RELEASE

February 2, 2016

Tosoh Reports Its Consolidated Results for the First Nine Months of Fiscal 2016 (the interim period from April 1, 2015, to December 31, 2015)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for the first nine months of its 2016 fiscal year, from April 1, 2015, to December 31, 2015. The company's consolidated net sales amounted to ¥571.7 billion (US\$4.7 billion), down ¥18.0 billion, or 3.1%, from the same period a year earlier.

Our consolidated net sales declined chiefly because of the falling prices of petrochemical products in Japan and overseas associated with falling crude oil and naphtha prices worldwide. Although our vinyl chloride resin sales volume grew as a result of our expanded vinyl chloride monomer (VCM) production capacity, the margin of growth was insufficient to offset the declines in petrochemical product prices.

Operating income nevertheless rose ¥14.4 billion, or 42.6%, to ¥48.3 billion (US\$396.6 million), compared with operating income for the same period in fiscal 2015. This was mainly due to improved trade conditions associated with lower prices of raw materials and fuel and a weak yen.

Ordinary income climbed ¥6.2 billion, or 14.7%, to ¥48.5 billion (US\$398.6 million), compared with ordinary income for the same period in fiscal 2015. Profit attributable to owners of the parent company, however, declined ¥22.2 billion, or 42.4%, to ¥30.2 billion (US\$248.4 million). This decline was largely the result of deferred tax assets posted mainly as a result of a carryforward loss from the merger with Nippon Polyurethane Industry Co., Ltd., during fiscal year 2015.

The Japanese economy experienced a moderate recovery during the first nine months of our fiscal year ending March 31, 2016. Although exports and production were slow—attributable mostly to slowdowns in the Chinese economy and other emerging economies—corporate earnings continued to improve on the back of improved trade conditions stemming from lower crude oil prices and the weak yen. Personal consumption was firm, supported by improvements in employment and income.

Results by business segment

Petrochemical Group

Petrochemical Group net sales for the first nine months of fiscal 2016 declined ¥33.0 billion, or 18.6%, compared with group net sales for the same period the year before, to ¥144.0 billion (US\$1.2 billion). The group's operating income, however, rose ¥3.0 billion, or 42.8%, to ¥9.9 billion (US\$81.6 million), thanks to improving trade conditions.



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Shipments of ethylene, propylene, and other olefins rose because of an increase in production volume in the absence of regular maintenance in the fiscal period under review. Product prices, though, declined, reflecting falling prices of naphtha and other raw materials.

Shipments of polyethylene resin increased amid improved trade conditions for exports because of the weak yen and lower raw material prices. The weak yen also led to improved export prices for chloroprene rubber (CR) and chlorosulfonated polyethylene (CSM).

Chlor-alkali Group

The Chlor-alkali Group's net sales in fiscal 2016's first nine months rose ¥1.7 billion, or 0.8%, to ¥213.3 billion (US\$1.7 billion), compared with net sales in the same period a year earlier. Group operating income increased ¥6.6 billion, or 176.1%, to ¥10.3 billion (US\$84.6 million).

Shipments of caustic soda increased, driven by an increase in production volume resulting from a rise in the operating rate of electrolysis equipment. Domestic product prices declined moderately, while export prices improved owing to the weak yen. Shipments of VCM and polyvinyl chloride (PVC) rose based on the boost in VCM production capacity in fall 2014. VCM and PVC product prices fell, however, reflecting, for the most part, a decline in the price of naphtha.

Cement shipments in Japan decreased owing to falling demand, but cement exports increased.

Shipments of urethane raw materials increased, but product prices fell amid a decline at overseas markets.

Specialty Group

Net sales by the Specialty Group for the first nine months of fiscal 2016 increased ¥7.9 billion, 6.4%, to ¥131.0 billion (US\$1.1 billion), compared with the group's net sales for the same period in the previous fiscal year. Operating income rose ¥4.7 billion, or 22.7%, to ¥25.4 billion (US\$208.4 million).

Shipments of ethyleneamines decreased, but product prices increased on the back of the weak yen and on favorable improvements in the high amine market.

The group's separation-related products saw increased shipments of liquid chromatography packing materials. Similarly, its diagnostic-related products experienced an increase in shipments of in vitro diagnostic reagents.

Its shipments of high-silica zeolites (HSZ) likewise increased, thanks to a boost in production capacity in fall 2014. Shipments of zirconia for use in dental materials also rose.

Engineering Group

Net sales for the Engineering Group in the first three quarters of fiscal 2016 increased ¥6.6 billion, or 14.0%, to ¥53.6 billion (US\$439.9 million), compared with the group's net sales for the same period in fiscal 2015. Operating income climbed ¥500.0 million, or 145.6%, to ¥800.0 million (US\$6.5 million).

Domestic sales of water treatment facilities, services, and related chemicals increased, driven by increases in plants and maintenance, and renovation in the water treatment industry in general. Overseas sales rose largely as a result of an increase in plants in the electronics industry.

Sales at construction subsidiaries declined in the first nine months of fiscal 2016 compared with the same period the year before.



Other

Other net sales for the first nine months of fiscal 2016 declined ¥1.2 billion, or 3.9%, to ¥29.8 billion (US\$245.2 million), compared with net sales for the same period a year earlier. Operating income fell ¥300.0 million, or 13.1%, to ¥1.9 billion (US\$15.4 million).

Sales at logistics subsidiaries were robust. But sales at trading companies declined.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥121.74 = US\$1, the average exchange rate during the period under review.

Outlook for the Fiscal Year Ending March 31, 2016

The results forecast announced on October 30, 2015, for the fiscal year ending March 31, 2016, remains unchanged.

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
FY 2016 Forecast	¥760 billion	¥71 billion	¥70 billion	¥44 billion	¥69.43
<i>Reference:</i> FY 2015 performance	¥809.7 billion	¥51.4 billion	¥60.2 billion	¥62.3 billion	¥103.97

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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 11,500 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: JP: 4042

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Disclaimer

This document contains forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. The 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 Nine-Month Consolidated Business Results for Fiscal Year 2016
(April 1, 2015–December 31, 2015)

February 2, 2016

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2015 (04.01.14–12.31.14) (Actual)	9 months of FY 2016 (04.01.15–12.31.15) (Actual)	Difference	FY 2015 (04.01.14–03.31.15) (Actual)	FY 2016 (04.01.15–03.31.16) (Forecast)	Difference
Net sales	589.8	571.7	(18.0)	809.7	760.0	(49.7)
Operating income	33.9	48.3	14.4	51.4	71.0	19.6
Ordinary income	42.3	48.5	6.2	60.2	70.0	9.8
Profit attributable to owners of the parent	52.5	30.2	(22.2)	62.3	44.0	(18.3)
Net income per share (¥)	87.56	48.06	(39.50)	103.97	69.43	(34.54)

(b) Business and Financial Fundamentals

	9 months of FY 2015 (04.01.14–12.31.14) (Actual)	9 months of FY 2016 (04.01.15–12.31.15) (Actual)	Difference	FY 2015 (04.01.14–03.31.15) (Actual)	FY 2016 (04.01.15–03.31.16) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	106.73	121.74	15.01	109.76	120.94	11.18
Exchange rate (¥/EUR) Average TTM	140.21	134.41	(5.80)	138.69	132.55	(6.14)
Domestic standard naphtha price (¥/kl)	68,933	45,667	(23,266)	63,450	45,000	(18,450)

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

(¥ Billions)

		9 months of FY 2015 (04.01.14–12.31.14) (Actual)	9 months of FY 2016 (04.01.15–12.31.15) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	177.0	144.0	(33.0)	14.3	(47.3)	—
	Operating income	7.0	9.9	3.0	1.6	1.5	(0.2)
Chlor-alkali Group	Net sales	211.6	213.3	1.7	21.6	(19.9)	—
	Operating income	3.7	10.3	6.6	4.1	4.9	(2.4)
Specialty Group	Net sales	123.1	131.0	7.9	2.5	5.4	—
	Operating income	20.7	25.4	4.7	1.1	5.3	(1.7)
Engineering Group	Net sales	47.0	53.6	6.6	6.7	(0.1)	—
	Operating income	0.3	0.8	0.5	0.4	0.0	0.1
Other	Net sales	31.0	29.8	(1.2)	0.5	(1.7)	—
	Operating income	2.2	1.9	(0.3)	(0.3)	0.0	0.0
Total	Net sales	589.8	571.7	(18.0)	45.5	(63.5)	—
	Operating income	33.9	48.3	14.4	6.9	11.8	(4.2)

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



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2. Consolidated Financial Position

(¥ Billions)

	FY 2015 03.31.2015	FY 2016 12.31.2015	Difference
Total assets	764.2	786.4	22.2
Net assets	320.8	370.3	49.5
Interest-bearing liabilities	271.5	232.9	(38.7)
Equity ratio (%)	37.8	42.9	5.1

3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2015	5.00	5.00	10.00
FY 2016 (Forecast)	7.00	7.00	14.00