



NEWS RELEASE

August 1, 2018

Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2019

Tokyo, Japan— Tosoh Corporation is pleased to announce its consolidated results for the first quarter of fiscal 2019, from April 1, 2018, to June 30, 2018. The company's consolidated net sales totaled ¥204.4 billion (US\$1.9 billion), up ¥14.0 billion, or 7.3%, over the first quarter of fiscal 2018. The increase was attributable to increases in prices for fuel and raw materials, such as naphtha; the resulting rise in petrochemical product prices; and a strengthening of markets overseas.

Operating income also increased, ¥3.3 billion, or 15.5% over the same period the preceding year, to ¥24.7 billion (US\$226.5 million). The gain resulted from an increase in sales prices that exceeded the increases in fuel prices and, in turn, improved trade conditions. Ordinary income climbed ¥4.5 billion, or 18.9%, compared with the first quarter of fiscal 2018, to ¥28.1 billion (US\$257.7 million). This rise was due to foreign exchange gains resulting from the continued depreciation of the yen. Net profit attributable to owners of the parent company totaled ¥19.2 billion (US\$176.0 million), an increase of ¥2.7 billion, or 16.3%, compared with the same period a year earlier.

During the first quarter of fiscal 2019, Japan's economy showed signs of a gradual recovery. Individual consumption rose amid higher corporate earnings and an improved employment and income environment. The future, however, remains difficult to predict. The global economy, led by the United States, was firm overall, but with continued trade friction between the US and China, political uncertainty in Europe, and heightened geopolitical risk in the Middle East, there is still the possibility of an economic slowdown.

Results by Business Segment

Petrochemical Group

Petrochemical Group net sales fell ¥3.0 billion, or 6.4%, to ¥43.2 billion (US\$395.9 million), compared with the first quarter of fiscal 2018. Operating income also decreased, ¥1.3 billion, or 30.9%, to ¥3.0 billion (US\$27.2 million).

Shipments of olefin products, such as ethylene and propylene, decreased in line with a decrease in production volume attributable to fiscal 2019 being a scheduled maintenance year. The group raised prices for these products to reflect increased naphtha costs.

Shipments of polyethylene resin in Japan decreased, but prices rose to reflect the increase in naphtha costs. Chloroprene rubber saw decreased shipments due to a decrease in production volume, but export prices rose, driven by strong overseas demand.



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Chlor-alkali Group

The Chlor-alkali Group's net sales increased ¥8.6 billion, or 11.3%, to ¥84.0 billion (US\$770.0 million). The group's operating income likewise rose, ¥3.3 billion, or 39.8%, to ¥11.5 billion (US\$105.8 million), compared with the corresponding period the preceding year, primarily due to improved trade conditions.

Domestic shipments and exports of caustic soda and vinyl chloride monomer were strong, and product prices rose because of a revision in domestic prices and improved conditions overseas. Polyvinyl chloride resin product prices also rose because of changes in domestic prices.

Domestic shipments of cement trended strongly upward, while exports stagnated. Methylene diphenyl diisocyanate shipments decreased, but export prices rose, reflecting improved conditions overseas.

Specialty Group

Net sales by the Specialty Group increased ¥3.8 billion, or 8.6%, to ¥48.3 billion (US\$442.8 million). The group's operating income likewise increased, 1.0%, or ¥90.0 million, to ¥9.3 billion (US\$85.1 million), compared with the first quarter of the previous fiscal year.

Ethyleneamine shipments to the United States and Asia increased. By contrast, shipments of separation-related packing materials for liquid chromatography decreased, primarily to Europe. Diagnostic-related product shipments also fell, especially of in vitro diagnostic reagents to Europe and the United States.

Shipments of high-silica zeolites for application in automobile exhaust catalysts increased. Zirconia for decorative applications and silica glass for semiconductor devices also observed increased shipments.

Engineering Group

Engineering Group net sales increased ¥3.5 billion, or 23.9%, compared with the first quarter of fiscal 2018, to ¥18.1 billion (US\$165.7 million). Operating income rose ¥1.3 billion, for a gain of ¥421.0 million (US\$3.9 million).

The Engineering Group's water treatment business saw increased sales to the electronic manufacturing and general industries, largely because of construction progress on large-scale projects. The group's similarly strong performance in solution sales was driven by calls for maintenance and the replacement of consumable parts.

Sales by the Engineering Group's construction subsidiaries increased.

Ancillary

Ancillary net sales rose ¥1.0 billion, or 10.6%, to ¥10.8 billion (US\$99.0 million), compared with the same quarter a year earlier, while operating income fell ¥25.0 million, or 4.9%, to ¥493.0 million (US\$4.5 million). Sales by trading companies and other operations increased 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 ¥109.10 = US\$1, the average exchange rate during the period under review.



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Outlook for fiscal year ending March 31, 2019

There are no changes to the second-quarter and full-year forecasts announced on May 9, 2018, for the fiscal year ending March 31, 2019.

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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 ¥822.9 billion (US\$7.4 billion at the average rate of ¥110.85 to the US dollar) in fiscal 2018, ended March 31, 2018.

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

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 identified through the use of the word *anticipates* and other words of similar meaning. Actual results may differ significantly from the results expressed in forward-looking statements.

Summary of First-Quarter Consolidated Business Results for Fiscal Year 2019
(April 1, 2018 - June 30, 2018)

August 1, 2018

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

| | 1Q of FY 2018 (04.01.17-06.30.17) (Actual) | 1Q of FY 2019 (04.01.18-06.30.18) (Actual) | Difference | FY 2018 (04.01.17-03.31.18) (Actual) | FY 2019 (04.01.18-03.31.19) (Forecast) | Difference |
|---|--|--|------------|--|--|------------|
| Net sales | 190.4 | 204.4 | 14.0 | 822.9 | 850.0 | 27.1 |
| Operating income | 21.4 | 24.7 | 3.3 | 130.6 | 110.0 | (20.6) |
| Ordinary income | 23.6 | 28.1 | 4.5 | 132.3 | 112.0 | (20.3) |
| Profit attributable to owners of the parent | 16.5 | 19.2 | 2.7 | 88.8 | 76.0 | (12.8) |
| Net income per share (¥) | 50.79 | 59.08 | 8.29 | 273.49 | 234.07 | (39.42) |

*As of October 1, 2017, the Company has implemented the share consolidation of its common shares on a one for two basis.

Net income per share is calculated under the assumption that the consolidation of shares was implemented at the beginning of the previous fiscal year.

(b) Business and Financial Fundamentals

| | 1Q of FY 2018 (04.01.17-06.30.17) (Actual) | 1Q of FY 2019 (04.01.18-06.30.18) (Actual) | Difference | FY 2018 (04.01.17-03.31.18) (Actual) | FY 2019 (04.01.18-03.31.19) (Forecast) | Difference |
|---|--|--|------------|--|--|------------|
| Exchange rate (¥/US\$) Average TTM | 111.09 | 109.10 | (1.99) | 110.85 | 105.00 | (5.85) |
| Exchange rate (¥/EUR) Average TTM | 122.26 | 130.03 | 7.77 | 129.66 | 130.00 | 0.34 |
| Domestic standard naphtha price (¥/kl) | 39,100 | 49,000 | 9,900 | 41,925 | 47,000 | 5,075 |



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

(¥ Billions)

| | | 1Q of FY 2018 (04.01.17-06.30.17) (Actual) | 1Q of FY 2019 (04.01.18-06.30.18) (Actual) | Difference | Breakdown of difference | | |
|---------------------|-------------------------|--|--|------------|-------------------------|---------------|-------------------|
| | | | | | Volume effect | Price effect* | Fixed costs, etc. |
| Petrochemical Group | Net sales | 46.2 | 43.2 | (3.0) | (6.6) | 3.6 | - |
| | Operating income | 4.3 | 3.0 | (1.3) | (1.3) | (0.3) | 0.3 |
| Chlor-alkali Group | Net sales | 75.4 | 84.0 | 8.6 | 0.5 | 8.1 | - |
| | Operating income (loss) | 8.3 | 11.5 | 3.2 | 2.6 | 2.2 | (1.6) |
| Specialty Group | Net sales | 44.5 | 48.3 | 3.8 | 3.5 | 0.3 | - |
| | Operating income | 9.2 | 9.3 | 0.1 | 1.7 | (0.4) | (1.2) |
| Engineering Group | Net sales | 14.6 | 18.1 | 3.5 | 3.4 | 0.1 | - |
| | Operating income (loss) | (0.9) | 0.4 | 1.3 | 1.3 | 0.0 | 0.0 |
| Ancillary | Net sales | 9.8 | 10.8 | 1.0 | 0.5 | 0.5 | - |
| | Operating income | 0.5 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | Net sales | 190.4 | 204.4 | 14.0 | 1.4 | 12.6 | - |
| | Operating income | 21.4 | 24.7 | 3.3 | 4.2 | 1.5 | (2.4) |

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

2. Consolidated Financial Position

(¥ Billions)

| | FY 2018 03.31.2018 | FY 2019 06.30.2018 | Difference |
|------------------------------|-----------------------|-----------------------|------------|
| Total assets | 845.7 | 831.9 | (13.8) |
| Net assets | 528.1 | 533.0 | 5.0 |
| Interest-bearing liabilities | 107.8 | 105.5 | (2.3) |
| Equity ratio (%) | 58.0 | 59.6 | 1.6 |

※We have applied the Partial Amendment to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28; February 16, 2018) since the beginning of the current consolidated accounting period. With regard to the consolidated financial position for the year ending March 31, 2018, the figures released will be those resulting from retroactive application of the standard.

3. Dividends

| | Annual dividends per share (¥) | | |
|--------------------|--------------------------------|----------|-------|
| | Interim | Year-end | Total |
| FY 2018 (Actual) | 12.00 | 32.00 | - |
| FY 2019 (Forecast) | 28.00 | 28.00 | 56.00 |

※As the Company has implemented the share consolidation of its common shares on a one for two basis as of October 1, 2017, a "-" appears under annual dividends in consideration of the share consolidation. Please note that the total annual dividends per share considering the share consolidation will be 56 yen.