



TOSOH CORPORATION

NEWS RELEASE

August 1, 2019

Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2020

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for the first quarter of fiscal 2020, from April 1, 2019, to June 30, 2019. The company's consolidated net sales totaled ¥192.8 billion (US\$1.7 billion), down ¥11.6 billion, or 5.7%, compared with consolidated net sales in the first quarter of fiscal 2019. The decrease was attributable to a decline in petrochemical product prices resulting from lower costs for fuel and raw materials, such as naphtha, and from a weakening of markets overseas.

Operating income also decreased, ¥8.6 billion, or 34.8%, compared with operating income in the same period the preceding year, to ¥16.1 billion (US\$146.5 million). The decrease resulted from the worsening trade conditions, which included a decline in sales prices that exceeded the effect of falling fuel and raw material prices. Foreign exchange losses caused by the appreciation of the yen led to a ¥12.7 billion, or 45.2%, drop in ordinary income compared with ordinary income for the first quarter of fiscal 2019, to ¥15.4 billion (US\$140.1 million). Net profit attributable to owners of the parent company totaled ¥9.1 billion (US\$82.8 million), a decrease of ¥10.1 billion, or 52.5%, compared with net profit attributable to owners of the parent company for the same period a year earlier.

During the first quarter of fiscal 2020, the underlying strength of Japan's economy was evident. Exports, however, were sluggish because of intensifying trade friction between the United States and China and concerns about a Chinese economy slowdown. As a result, a strong sense of pessimism was and is pervasive, with the global economic situation remaining difficult to forecast.

Results by Business Segment

Petrochemical Group

Petrochemical Group net sales fell ¥973.0 million, or 2.3%, to ¥42.2 billion (US\$384.0 million), in the first quarter of 2020, compared with group net sales in the first quarter of fiscal 2019. Operating income likewise declined, ¥147.0 million, or 5.0%, to ¥2.8 billion (US\$25.4 million).

Shipments of olefin products, such as ethylene and propylene, increased in line with an increase in production volume attributable to fiscal 2020 not being a scheduled maintenance year. But the group lowered its olefin product prices to reflect decreased naphtha costs.

Exports of polyethylene resin increased, but product prices fell, likewise in reflection of the decrease in naphtha costs. Chloroprene rubber shipments, primarily exports, decreased, but product prices rose because of improving market conditions.



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Chlor-alkali Group

The Chlor-alkali Group's first-quarter 2020 net sales decreased ¥11.8 billion, or 14.1%, to ¥72.2 billion (US\$657.0 million). The group's operating income also fell, ¥8.0 billion, or 69.7%, to ¥3.5 billion (US\$31.8 million), compared with operating income for the corresponding period the preceding year.

Amid worsening market conditions abroad, caustic soda prices and shipments, primarily export shipments, decreased. Shipments of vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) resin likewise decreased as production volumes decreased.

Domestic and overseas shipments of cement remained steady.

Methylene diphenyl diisocyanate (MDI) export prices fell, meanwhile, reflecting worsening trade conditions abroad.

Specialty Group

First-quarter 2020 net sales by the Specialty Group decreased ¥1.7 billion, or 3.5%, to ¥46.6 billion (US\$424.0 million), compared with group net sales in the same period of the previous fiscal year. The group's operating income, too, decreased, 25.6%, or ¥2.4 billion, to ¥6.9 billion (US\$62.8 million).

Ethyleneamine shipments in Japan and overseas decreased because of declining demand.

Shipments especially to Europe of separation-related packing materials for liquid chromatography increased. Diagnostic-related product shipments, particularly of in vitro diagnostic reagents throughout Asia, also rose.

Shipments of high-silica zeolites (HSZ) for application in petrochemical catalysts decreased. Shipments of zirconia for decorative applications and of silica glass for semiconductor devices also decreased.

Engineering Group

Engineering Group net sales for the first quarter of 2020 increased ¥2.9 billion, or 16.1%, compared with group net sales in the first quarter of fiscal 2019, to ¥21.0 billion (US\$191.1 million). Operating income rose ¥1.9 billion, or 448.3%, to ¥2.3 billion (US\$20.9 million).

The Engineering Group's water treatment business increased its sales to the electronic manufacturing industry during the period under review. This was largely because of construction progress on large-scale projects in Japan and abroad.

Sales, however, by the group's construction subsidiaries decreased.



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Ancillary

Ancillary net sales fell ¥25.0 million, or 0.2%, to ¥10.8 billion (US\$98.3 million), compared with net sales in the same quarter a year earlier. Ancillary operating income, though, rose ¥83.0 million, or 17.0%, to ¥577.0 million (US\$5.2 million). Sales by ancillary trading companies and other operations decreased 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 ¥109.9 = US\$1, the average exchange rate during the period under review.

Outlook for Fiscal Year Ending March 31, 2020

There are no changes to the second-quarter and full-year forecasts announced on May 9, 2019, for the fiscal year ending March 31, 2020.

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WHO WE ARE

Tosoh Corporation 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 ¥861.5 billion (US\$7.8 billion at the average rate of ¥110.9 to the US dollar) in fiscal 2019, ended March 31, 2019.

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 2020
(April 1, 2019 - June 30, 2019)

1-Aug-19

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	1Q of FY 2019 (04.01.18–06.30.18) (Actual)	1Q of FY 2020 (04.01.19–06.30.19) (Actual)	Difference	FY 2019 (04.01.18–03.31.19) (Actual)	FY 2020 (04.01.19–03.31.20) (Forecast)	Difference
Net sales	204.4	192.8	(11.6)	861.5	860.0	(1.5)
Operating income	24.7	16.1	(8.6)	105.7	95.0	(10.7)
Ordinary income	28.1	15.4	(12.7)	113.0	100.0	(13.0)
Profit attributable to owners of the parent	19.2	9.1	(10.1)	78.1	67.0	(11.1)
Net income per share (¥)	59.08	28.05	(31.03)	240.62	206.32	(34.30)

(b) Business and Financial Fundamentals

	1Q of FY 2019 (04.01.18–06.30.18) (Actual)	1Q of FY 2020 (04.01.19–06.30.19) (Actual)	Difference	FY 2019 (04.01.18–03.31.19) (Actual)	FY 2020 (04.01.19–03.31.20) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	109.1	109.9	0.8	110.9	110.0	(0.9)
Exchange rate (¥/EUR) Average TTM	130.0	123.5	(6.5)	128.4	125.0	(3.4)
Domestic standard naphtha price (¥/kl)	48,700	46,000	(2,700)	49,400	46,000	(3,400)



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

(¥ Billions)

		1Q of FY 2019 (04.01.18–06.30.18) (Actual)	1Q of FY 2020 (04.01.19–06.30.19) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	43.2	42.2	(1.0)	2.7	(3.7)	-
	Operating income	3.0	2.8	(0.1)	(0.1)	0.2	(0.2)
Chlor-alkali Group	Net sales	84.0	72.2	(11.8)	(2.9)	(8.9)	-
	Operating income (loss)	11.5	3.5	(8.0)	(1.0)	(3.9)	(3.1)
Specialty Group	Net sales	48.3	46.6	(1.7)	(1.5)	(0.2)	-
	Operating income	9.3	6.9	(2.4)	(1.3)	(0.1)	(1.0)
Engineering Group	Net sales	18.1	21.0	2.9	3.1	(0.2)	-
	Operating income (loss)	0.4	2.3	1.9	1.9	0.0	0.0
Ancillary	Net sales	10.8	10.8	(0.0)	(0.1)	0.1	-
	Operating income	0.5	0.6	0.1	0.2	0.0	(0.1)
Total	Net sales	204.4	192.8	(11.6)	1.4	(13.0)	-
	Operating income	24.7	16.1	(8.6)	(0.3)	(3.8)	(4.5)

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

**2. Consolidated Financial Position**

(¥ Billions)

	FY 2019 03.31.2019	FY 2020 06.30.2019	Difference
Total assets	878.2	874.1	(4.1)
Net assets	579.5	578.9	(0.6)
Interest-bearing liabilities	101.1	103.3	2.2
Equity ratio (%)	61.6	61.8	0.2

3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2019 (Actual)	28.00	28.00	56.00
FY 2020 (Forecast)	28.00	28.00	56.00