



NEWS RELEASE

February 4, 2019

Tosoh Reports Its Consolidated Results for the First Nine Months of Fiscal 2019

Tokyo, Japan— Tosoh Corporation is pleased to announce its cumulative consolidated results for the first three quarters of its 2019 fiscal year, from April 1, 2018, to December 31, 2018.

The company's consolidated net sales for the nine-month period under review were ¥645.8 billion (US\$5.8 billion), up ¥43.9 billion, or 7.3%, from the same period of fiscal 2018. The increase was attributable to higher sales prices driven by an increase in the price of naphtha and to orders received by the Engineering Group for semiconductor-related plants.

Operating income, though, was ¥79.6 billion (US\$716 million), down ¥14.7 billion, or 15.6%, from the same period one year earlier. This was due to the worsening of trade conditions caused by increased raw material and fuel prices. Ordinary income also decreased, ¥16.5 billion, or 16.6%, compared with the same period in fiscal 2018, to ¥83.2 billion (US\$748 million), due to factors including lower foreign exchange gains. And profit attributable to owners of the parent company was down ¥12.6 billion, or 18.3%, to ¥56.4 billion (US\$507 million).

During the first nine months of fiscal 2019, the Japanese economy showed signs of a gradual recovery, with improvements in corporate earnings and in employment and income. Concerns, however, over a global economic slowdown due to trade friction between the US and China contributed to heightened uncertainty.

Results by business segment

Petrochemical Group

Petrochemical Group net sales rose ¥9.2 billion, or 6.8%, to ¥144.6 billion (US\$1.3 billion), compared with the same period the previous year. The group's operating income, however, decreased ¥5.3 billion, or 29.9%, to ¥12.3 billion (US\$111 million) due to the worsening of trade conditions.

Shipments of olefin products, such as ethylene and propylene, decreased in line with decreases in production volume amid scheduled annual plant maintenance. But product prices rose, reflecting the increase in naphtha and other costs.

Domestic shipments of polyethylene resin fell, but product prices increased to reflect higher



TOSOH CORPORATION

naphtha costs. And although chloroprene rubber shipments decreased in line with a decrease in production volume, export prices increased on strong demand overseas.

Chlor-alkali Group

The Chlor-alkali Group's net sales amounted to ¥254.0 billion (US\$2.3 billion), an increase of ¥11.0 billion, or 4.6%, compared with the same period in fiscal 2018. Operating income, however, decreased ¥13.6 billion, or 29.5%, to ¥32.6 billion (US\$293 million) due to the worsening of trade conditions

Domestic and overseas shipments of caustic soda were strong, and despite a worsening of market conditions overseas, prices increased because of price revisions in Japan. Shipments and product prices of vinyl chloride monomer increased on the strength of improved market conditions overseas. Shipments of polyvinyl chloride resin decreased amid a decrease in production volume, but product prices rose because of changes in domestic prices and improved market conditions overseas.

Domestic cement shipments were strong. But exports of cement decreased.

Shipments of methylene diphenyl diisocyanate (MDI) decreased, and MDI export prices fell on account of worsening market conditions overseas.

Specialty Group

Net sales by the Specialty Group increased ¥9.6 billion, or 6.9%, to ¥148.0 billion (US\$1.3 billion). Operating income increased to ¥28.3 billion (US\$256 million), an improvement of ¥1.3 billion, or 4.7%.

Shipments of ethyleneamine decreased in line with a decrease in production volume.

Among the group's separation-related products, shipments of liquid chromatography packing materials to Europe decreased. The group's diagnostic-related products, however, saw increased shipments of in-vitro diagnostic reagents to China.

Exports of high-silica zeolites increased, particularly for automobile exhaust catalysts. Shipments of zirconia for use in decorative applications likewise increased, as did shipments of silica glass for semiconductor manufacturing equipment.

Engineering Group

Engineering Group net sales rose to ¥66.0 billion (US\$594 million), an increase of ¥11.7 billion, or 21.5%, compared with the same period in fiscal 2018. Operating income also increased, ¥3.1 billion, or 239.6%, to ¥4.4 billion (US\$40 million).

The Engineering Group's water treatment business saw increased sales. This was due to orders received domestically and overseas for large, semiconductor-related projects and to robust



TOSOH CORPORATION

capital investment and production activity. Both of these factors, moreover, resulted in favorable performance in maintenance and replacement of consumable parts by the group's solution business.

Sales by the group's construction subsidiaries increased.

Ancillary

Ancillary net sales increased ¥2.3 billion, or 7.3%, compared with the same period the previous year, to ¥33.2 billion (US\$299 million). Operating income, however, decreased to ¥1.9 billion (US\$17 million), down ¥197 million, or 9.3%.

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

Financial condition

Total assets for the cumulative first three quarters of fiscal 2019 increased over total assets at the end of fiscal 2018, rising ¥25.8 billion, to ¥871.5 billion (US\$7.8 billion), because of an increase in tangible fixed assets.

Fiscal 2019 cumulative third-quarter liabilities declined compared with liabilities at the end of fiscal 2018. Liabilities for the third quarter decreased ¥6.0 billion, to ¥311.6 billion (US\$2.8 billion), as a result of declines in income taxes payable and long-term debt.

An increase in third-quarter net profit attributable to owners of the parent company contributed to an increase in net assets to ¥559.8 billion (US\$5.0 billion). This represents a rise of ¥31.8 billion over the amount at the end of fiscal 2018.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥111.14 = US\$1, the average exchange rate during the period under review.

Outlook for the fiscal year ending March 31, 2019

The full-year fiscal 2019 consolidated financial results forecast announced on November 1, 2018, remains unchanged.

TOSOH CORPORATION

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.



TOSOH CORPORATION

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 Nine-Month Consolidated Business Results for Fiscal Year 2019
(April 1, 2018 - December 31, 2018)

February 4, 2019

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2018 (04.01.17-12.31.17) (Actual)	9 months of FY 2019 (04.01.18-12.31.18) (Actual)	Difference	FY 2018 (04.01.17-03.31.18) (Actual)	FY 2019 (04.01.18-03.31.19) (Forecast)	Difference
Net sales	601.9	645.8	43.9	822.9	880.0	57.1
Operating income	94.3	79.6	(14.7)	130.6	100.0	(30.6)
Ordinary income	99.7	83.2	(16.5)	132.3	105.0	(27.3)
Profit attributable to owners of the parent	69.0	56.4	(12.6)	88.8	71.0	(17.8)
Net income per share (¥)	212.45	173.57	(38.88)	273.49	218.65	(54.84)

*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

	9 months of FY 2018 (04.01.17-12.31.17) (Actual)	9 months of FY 2019 (04.01.18-12.31.18) (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	111.69	111.14	(0.55)	110.85	110.13	(0.72)
Exchange rate (¥/EUR) Average TTM	128.55	129.47	0.92	129.66	129.90	0.24
Domestic standard naphtha price (¥/kl)	39,933	52,067	12,134	41,925	55,075	13,150



TOSOH CORPORATION

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

(¥ Billions)

		9 months of FY 2018 (04.01.17–12.31.17) (Actual)	9 months of FY 2019 (04.01.18–12.31.18) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	135.4	144.6	9.2	(10.3)	19.5	-
	Operating income	17.6	12.3	(5.3)	(2.2)	(3.5)	0.4
Chlor-alkali Group	Net sales	243.0	254.0	11.0	(3.8)	14.8	-
	Operating income	46.2	32.6	(13.6)	5.9	(16.7)	(2.8)
Specialty Group	Net sales	138.4	148.0	9.6	8.8	0.8	-
	Operating income	27.1	28.4	1.3	3.7	(1.3)	(1.1)
Engineering Group	Net sales	54.3	66.0	11.7	11.5	0.2	-
	Operating income	1.3	4.4	3.1	3.1	0.0	0.0
Other	Net sales	30.9	33.2	2.3	0.3	2.0	-
	Operating income	2.1	1.9	(0.2)	(0.2)	0.0	0.0
Total	Net sales	601.9	645.8	43.9	6.6	37.3	-
	Operating income	94.3	79.6	(14.7)	10.3	(21.5)	(3.5)

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

**2. Consolidated Financial Position**

(¥ Billions)

	FY 2018 03.31.2018	FY 2019 12.31.2018	Difference
Total assets	845.7	871.5	25.8
Net assets	528.1	559.8	31.7
Interest-bearing liabilities	107.8	114.3	6.5
Equity ratio (%)	58.0	59.9	1.9

"Partial Amendments to" Accounting Standard for Tax Effect Accounting "(ASBJ Statement No. 28, February 16, 1990) was applied from the beginning of the first quarter consolidated accounting period. These partial amendments have been retroactively applied to the consolidated financial condition for the fiscal year ended on March 31, 2018.

3. Dividends

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

Summary of Nine-Month Consolidated Business Results for Fiscal Year 2019
(April 1, 2018 - December 31, 2018)

February 4, 2019

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2018 (04.01.17-12.31.17) (Actual)	9 months of FY 2019 (04.01.18-12.31.18) (Actual)	Difference	FY 2018 (04.01.17-03.31.18) (Actual)	FY 2019 (04.01.18-03.31.19) (Forecast)	Difference
Net sales	601.9	645.8	43.9	822.9	880.0	57.1
Operating income	94.3	79.6	(14.7)	130.6	100.0	(30.6)
Ordinary income	99.7	83.2	(16.5)	132.3	105.0	(27.3)
Profit attributable to owners of the parent	69.0	56.4	(12.6)	88.8	71.0	(17.8)
Net income per share (¥)	212.45	173.57	(38.88)	273.49	218.65	(54.84)

*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

	9 months of FY 2018 (04.01.17-12.31.17) (Actual)	9 months of FY 2019 (04.01.18-12.31.18) (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	111.69	111.14	(0.55)	110.85	110.13	(0.72)
Exchange rate (¥/EUR) Average TTM	128.55	129.47	0.92	129.66	129.90	0.24
Domestic standard naphtha price (¥/kl)	39,933	52,067	12,134	41,925	55,075	13,150



TOSOH CORPORATION

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

(¥ Billions)

		9 months of FY 2018 (04.01.17–12.31.17) (Actual)	9 months of FY 2019 (04.01.18–12.31.18) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	135.4	144.6	9.2	(10.3)	19.5	-
	Operating income	17.6	12.3	(5.3)	(2.2)	(3.5)	0.4
Chlor-alkali Group	Net sales	243.0	254.0	11.0	(3.8)	14.8	-
	Operating income	46.2	32.6	(13.6)	5.9	(16.7)	(2.8)
Specialty Group	Net sales	138.4	148.0	9.6	8.8	0.8	-
	Operating income	27.1	28.4	1.3	3.7	(1.3)	(1.1)
Engineering Group	Net sales	54.3	66.0	11.7	11.5	0.2	-
	Operating income	1.3	4.4	3.1	3.1	0.0	0.0
Other	Net sales	30.9	33.2	2.3	0.3	2.0	-
	Operating income	2.1	1.9	(0.2)	(0.2)	0.0	0.0
Total	Net sales	601.9	645.8	43.9	6.6	37.3	-
	Operating income	94.3	79.6	(14.7)	10.3	(21.5)	(3.5)

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

2. Consolidated Financial Position

(¥ Billions)

	FY 2018 03.31.2018	FY 2019 12.31.2018	Difference
Total assets	845.7	871.5	25.8
Net assets	528.1	559.8	31.7
Interest-bearing liabilities	107.8	114.3	6.5
Equity ratio (%)	58.0	59.9	1.9

"Partial Amendments to" Accounting Standard for Tax Effect Accounting "(ASBJ Statement No. 28, February 16, 1990) was applied from the beginning of the first quarter consolidated accounting period. These partial amendments have been retroactively applied to the consolidated financial condition for the fiscal year ended on March 31, 2018.

3. Dividends

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