



TOSOH CORPORATION

NEWS RELEASE

July 31, 2015

Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2016 (the period from April 1, 2015, to June 30, 2015)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for its 2016 fiscal year first quarter, from April 1, 2015, to June 30, 2015. The company's consolidated net sales amounted to ¥183.8 billion (US\$1.5 billion), up ¥5.7 billion, or 3.2%, from the same period a year earlier.

Our consolidated net sales rose chiefly because we increased our production of olefins in the absence of scheduled maintenance in the first quarter of fiscal year 2016 and of vinyl chloride monomer (VCM), leading to increased units sold amid higher export sales and prices as a result of a weak yen. The improvement in consolidated net sales occurred despite global decreases in overall petrochemical product prices because of falling raw material prices, including for the key petrochemical raw material naphtha.

Tosoh's first-quarter fiscal 2016 profits increased compared with the same period in fiscal 2015. Operating income amounted to ¥15.4 billion (US\$126.4 million), up ¥10.2 billion, or 198.4%. The primary factors behind the surge in operating income were increased unit sales and improved trade conditions owing to a weak yen and lower raw material costs. Ordinary income increased ¥13.0 billion, to ¥17.8 billion (US\$146.6 million), or 273.9%, from ordinary income for the same period the previous fiscal year, reflecting exchange rate gains. First-quarter profit attributable to owners of the parent—which is how Tosoh will present net income from now on to conform with changes to Japanese accounting standards—increased ¥9.2 billion, or 417.3%, to ¥11.4 billion (US\$94.3 million).

In the first quarter of fiscal 2016, Japan's economy continued its mild recovery, the result largely of Japanese government and Bank of Japan economic and financial policies, whose effects include a continuing weak yen and high stock prices. That recovery, combined with generally low to stable prices of crude oil, is sustaining an upward trend in corporate earnings and causing a rebound in a swath of economic indicators, such as consumer spending.

Results by business segment

Petrochemical Group

First-quarter net sales for the Petrochemical Group declined ¥2.9 billion, or 5.6%, compared with group net sales for the same period the year before, to ¥48.8 billion (US\$402.1 million). Improvements, however, in trade conditions pushed up the group's operating income to ¥3.6 billion (US\$29.8 million), an increase of ¥2.9 billion, or 421.3%.

Shipments of ethylene, propylene, and other olefins were generally up because of greater unit production resulting from the lack of scheduled maintenance compared with the same period a



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year ago. Tosoh, though, implemented price decreases to reflect a drop in the price of naphtha and other materials.

Polyethylene resin shipments increased in line with such improved export trade conditions as the weak yen and cheaper raw materials. Export prices, moreover, improved for chloroprene rubber (CR) and chlorosulfonated polyethylene (CSM).

Chlor-alkali Group

Chlor-alkali Group first-quarter net sales rose ¥1.1 billion, or 1.6%, to ¥67.4 billion (US\$554.6 million), compared with the same period the year before. Improved trade conditions led to a ¥3.6 billion increase in group operating income, to ¥2.7 billion (US\$22.6 million).

Shipments of caustic soda increased in the quarter under review. And while domestic caustic soda prices decreased slightly, the weak yen improved export prices.

VCM and vinyl chloride resin shipments increased following a boost in VCM production capacity in fall 2014. Tosoh, however, implemented product price decreases to reflect its reduced naphtha costs.

Cement shipments dropped domestically due to falling demand in Japan, but exports increased.

Shipments of urethane materials declined. This was due to softening market conditions as a result, among other factors, of slowing economic growth in China.

Specialty Group

Net sales for the Specialty Group rose ¥4.6 billion, to ¥42.7 billion (US\$351.5 million), a rise of 12.2% over the group's net sales for the same quarter the preceding fiscal year. Operating income increased ¥3.3 billion, or 55.5%, to ¥9.1 billion (US\$75.1 million).

Shipments of ethyleneamines decreased. But ethyleneamine prices increased because of the weak yen and improved market conditions overseas.

The group's separation-related products saw exports of liquid chromatography packing materials increase. Its shipments of diagnostic-related products and in vitro diagnostic reagents also rose.

Shipments of high-silica zeolites (HSZ) for application in automobile catalytic converters increased, and the weak yen improved HSZ prices. Zirconia shipments likewise increased, specifically for use in decorative products domestically and in dental materials overseas. The group's shipments of quartz glass shipments were also strong.

Engineering Group

The Engineering Group's first-quarter net sales increased ¥3.3 billion, or 27.9%, over the group's net sales in the same quarter of fiscal 2015, to ¥15.2 billion (US\$125.5 million). Operating income improved ¥0.4 billion; however, the group still recorded an operating loss of ¥0.6 billion (US\$5.2 million).

Domestic sales of water treatment facilities, services, and related chemicals increased because of major orders from the electronics industry and because of capital investment, maintenance, renovation, and other business by domestic clients in industry in general. Overseas, increased capital investment by the electronics industry also helped to increase the group's sales of water treatment facilities, services, and related chemicals.

Sales fell, meanwhile, for construction-related companies during the quarter under review.



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Other

Other net sales for the first quarter of fiscal 2016 fell ¥0.4 billion, or 4.0%, from net sales for the same period the year before, to ¥9.7 billion (US\$79.9 million). Other operating profit remained roughly level with that of the previous fiscal year's first quarter, at ¥0.5 billion (US\$4.0 million).

Sales by logistics and other businesses were sluggish during the quarter under review.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥121.43 = US\$1, the average exchange rate during the quarter under review.

Outlook for the fiscal year to March 31, 2016

There are no changes to the full-year and first-half forecasts announced on May 11, 2015, for the year ending March 31, 2016.

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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 First-Quarter Consolidated Business Results for Fiscal Year 2016
(April 1, 2015 - June 30, 2015)

July 31, 2015

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	1Q of FY 2015 (04.01.14-06.30.14) (Actual)	1Q of FY 2016 (04.01.15-06.30.15) (Actual)	Difference	FY 2015 (04.01.14-03.31.15) (Actual)	FY 2016 (04.01.15-03.31.16) (Forecast)	Difference
Net sales	178.1	183.8	5.7	809.7	810.0	0.3
Operating income	5.1	15.4	10.2	51.4	67.0	15.6
Ordinary income	4.8	17.8	13.0	60.2	67.0	6.8
Profit attributable to owners of the parent	2.2	11.4	9.2	62.3	43.0	(19.3)
Earnings per share (¥)	3.69	19.09	15.40	103.97	67.87	(36.10)

Note: From now on, Tosoh will present "net income" as "profit attributable to owners of the parent" to conform to changes to Japanese accounting standards. Also, Tosoh will present "net income per share" as "earnings per share" due to potential confusion from the aforementioned change in the presentation of net income. The way Tosoh calculates these figures has not changed.

(b) Business and Financial Fundamentals

	1Q of FY 2015 (04.01.14-06.30.14) (Actual)	1Q of FY 2016 (04.01.15-06.30.15) (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	102.17	121.43	19.27	109.76	120.00	10.24
Exchange rate (¥/EUR) Average TTM	140.07	134.21	(5.87)	138.69	125.00	(13.69)
Domestic standard naphtha price (¥/kl)	69,900	49,000	(20,900)	63,450	53,000	(10,450)



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

(¥ Billions)

		1Q of FY 2015	1Q of FY 2016	Difference	Breakdown of difference		
		(04.01.14-06.30.14) (Actual)	(04.01.15-06.30.15) (Actual)		Volume effect	Price effect*	Fixed costs,etc.
Petrochemical Group	Net sales	51.7	48.8	(2.9)	9.6	(12.5)	-
	Operating income	0.7	3.6	2.9	0.9	1.2	0.8
Chlor-alkali Group	Net sales	66.3	67.4	1.1	3.6	(2.6)	-
	Operating income (loss)	(0.9)	2.7	3.6	(0.2)	3.2	0.6
Specialty Group	Net sales	38.0	42.7	4.6	2.1	2.5	-
	Operating income	5.9	9.1	3.3	1.0	2.6	(0.3)
Engineering Group	Net sales	11.9	15.2	3.3	2.8	0.5	-
	Operating income (loss)	(1.1)	(0.6)	0.4	0.4	0.0	0.1
Other	Net sales	10.1	9.7	(0.4)	0.1	(0.5)	-
	Operating income	0.5	0.5	0.0	0.0	0.0	0.0
Total	Net sales	178.1	183.8	5.7	18.3	(12.6)	-
	Operating income	5.1	15.4	10.2	2.0	7.0	1.1

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



2. Consolidated Financial Position

(¥ Billions)

	FY 2015 03.31.2015	FY 2016 03.31.2016	Difference
Total Assets	764.2	769.8	5.6
Net Assets	320.8	329.4	8.6
Interest-bearing liabilities	271.5	271.9	0.3
Equity Ratio (%)	37.8	38.6	0.8

3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2015 (Actual)	5.0	5.0	10.0
FY 2016 (Forecast)	5.0	5.0	10.0