Chemistry with a heart
TOKUYAMA

Fiscal 2014 - Apr 1, 2014 to Mar 31, 2015 -

Presentation for IR Meeting

Tokuyama Corporation

April 30, 2015

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1 Financial Results for FY2014

1. Financial Highlights
2. Net Sales / Operating Income by Business Segment
3. Changes in Operating Income

1. Financial Highlights Consolidated (year-on-year change)

(Billions of yen)

	FY2013	FY2014	Difference	
			Amount	%
Net sales	287.3	302.0	+14.7	+5
Operating income	20.2	19.5	(0.7)	(4)
Ordinary income	14.9	12.9	(2.0)	(14)
Net income/loss	10.2	(65.3)	(75.5)	-

	FY2013	FY2014
Net income per share (yen)	29.37	(187.85)
Exchange rate (¥/$)	100	110
Domestic naphtha price (¥/kl)	67,300	63,500

Qualitative information

(Net sales) *¥302.0 billion, up 5%*

Pluses: increased sales volume of polycrystalline silicon, high-purity chemicals for electronics manufacturing, active pharmaceutical ingredients and other products;
selling price revision of caustic soda and other products;
commencement of the operation of the newly added consolidated subsidiaries

(Operating income) *¥19.5 billion, down 4%*

Plus: profitability improvement of petrochemicals

Minus: increased depreciation at Tokuyama Malaysia

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1. Financial Highlights Consolidated (year-on-year change)

(Billions of yen)

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			Amount	%
Net sales	287.3	302.0	+14.7	+5
Operating income	20.2	19.5	(0.7)	(4)
Ordinary income	14.9	12.9	(2.0)	(14)
Net income/loss	10.2	(65.3)	(75.5)	-

	FY2013	FY2014
Net income per share (yen)	29.37	(187.85)
Exchange rate (¥/$)	100	110
Domestic naphtha price (¥/kl)	67,300	63,500

Qualitative information

(Ordinary income) *¥12.9 billion, down 14%*
Pluses: decrease in costs of idle operations
Minuses: : increase in interest expenses, posting of trial production expenses at Tokuyama Malaysia Sdn. Bhd

(Net loss) *(¥65.3 billion), fall into the red*
Plus: increased gain on sales of investment securities
Minus: posting of impairment loss of on the polycrystalline silicon manufacturing facilities of Tokuyama Malaysia.

1. Financial Highlights

Consolidated (compared with the previous fiscal year-end)

(Billions of yen, except Shareholders' equity ratio and D/E ratio)

	As of Mar 31, 2014	As of Mar 31, 2015	Changes
Total assets	576.3	554.5	(21.7)
Shareholders' equity	229.6	162.5	(67.0)
Shareholders' equity ratio	39.9%	29.3%	(10.5 Pts)
Interest-bearing debt	240.7	283.1	+42.4
D/E ratio	1.05	1.74	+0.69
Net D/E ratio*	0.74	1.03	+0.29
Net assets per share (yen)	660.18	467.36	

*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents)/Shareholders' equity

Qualitative information

(Total assets)

Decrease factor: decrease in property, plant and equipment resulting from the impairment of polycrystalline silicon manufacturing facilities of Tokuyama Malaysia

(Shareholders' equity)

Decrease factor: decrease in retained earnings resulting from the posting recording of impairment loss

(Interest-bearing debt)

Increase factor: increase in long-term loans payable

1. Financial Highlights Consolidated (compared with September 30, 2014)

(Billions of yen, except Shareholders' equity ratio and D/E ratio)

	As of Sep 30, 2014	As of Mar 31, 2015	Changes
Total assets	552.6	554.5	+1.8
Shareholders' equity	148.3	162.5	+14.2
Shareholders' equity ratio	26.8%	29.3%	+2.5 Pts
Interest-bearing debt	295.1	283.1	(11.9)
D/E ratio	1.99	1.74	(0.25)
Net D/E ratio*	1.25	1.03	(0.22)
Net assets per share (yen)	426.31	467.36	

*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents)/Shareholders' equity

Qualitative information

(Shareholders' equity)

Increase factor: increased retained earnings resulting from that divisional profit and gain on sales of investment securities (¥10.4 billion) were recorded

(Interest-bearing debt)

Decrease factor: decrease in borrowing

2. Net Sales/Operating Income by Business Segment

(Year-on-year change)

(Billions of yen)

	FY2013		FY2014		Difference			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	86.4	2.2	91.9	5.0	+5.4	+6	+2.8	+126
Specialty Products	52.4	6.0	55.4	4.1	+2.9	+6	(1.9)	(32)
Cement	78.9	6.6	81.2	4.4	+2.2	+3	(2.2)	(33)
Life & Amenity	57.0	4.8	58.4	5.1	+1.3	+2	+0.2	+6
Others	47.2	4.1	51.4	6.0	+4.1	+9	+1.8	+45
Total	322.2	24.0	338.5	24.8	+16.2	+5	+0.7	+3
Inter-segment eliminations and corporate-wide expenses	(34.9)	(3.7)	(36.4)	(5.2)	(1.5)	-	(1.5)	-
Consolidated results	287.3	20.2	(302.0)	19.5	+14.7	+5	(0.7)	(4)

(Note) Sales and operating income shown above include inter-segment transactions.

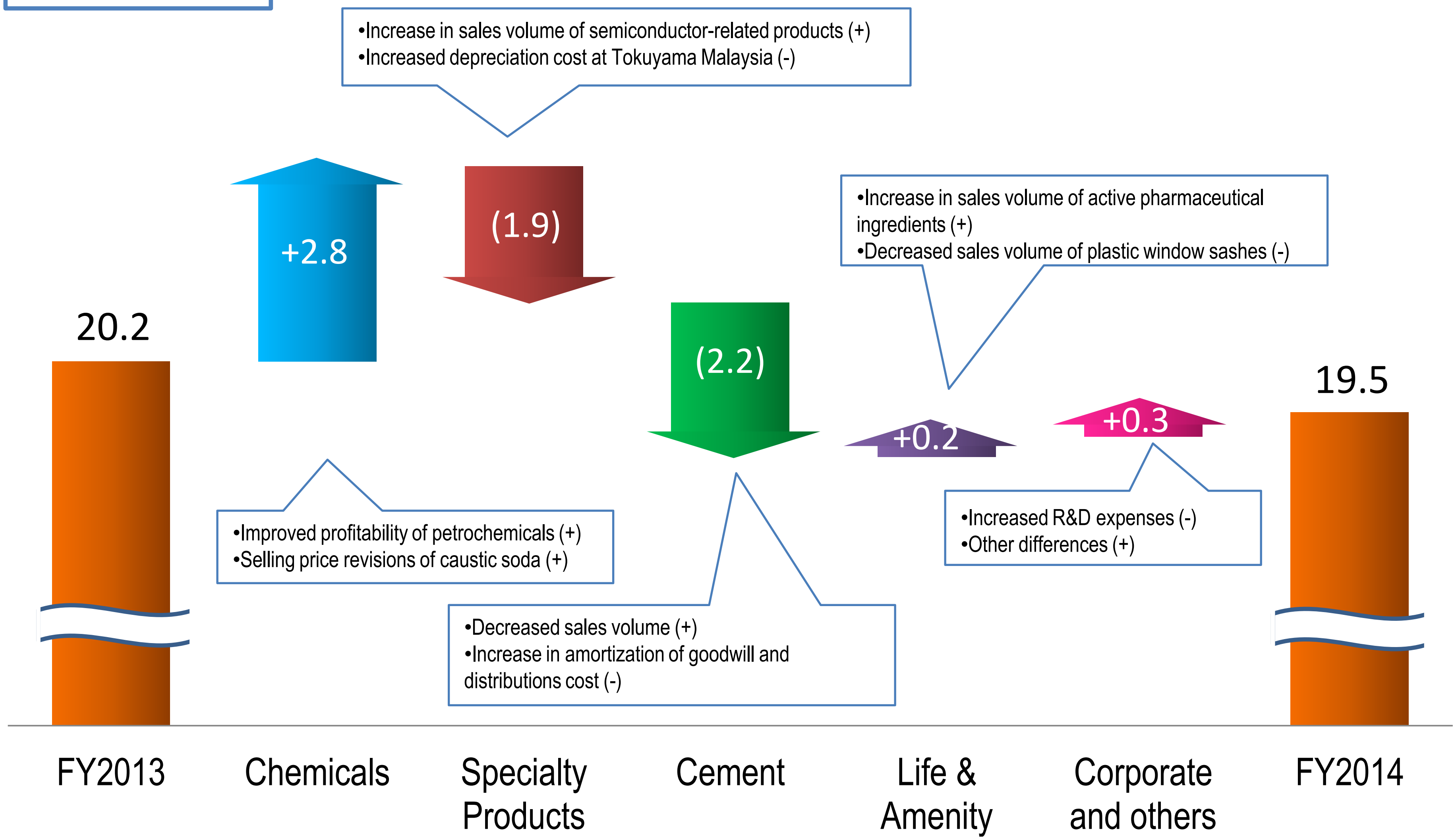
1 Financial Results for FY2014

3. Changes in Operating Income

(Year-on-year change)

By Segment

(Billions of yen)



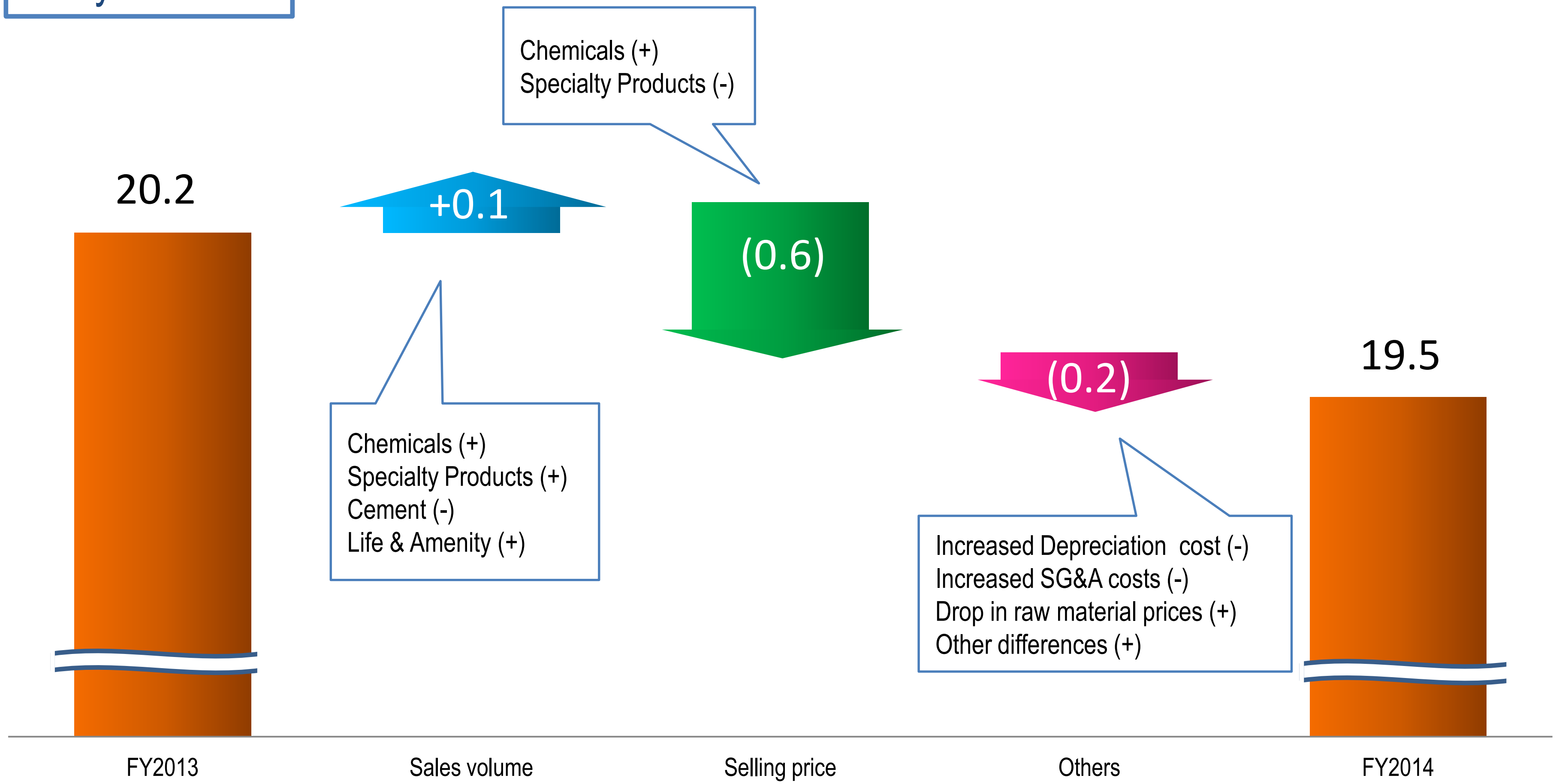
Financial Results for FY2014

3. Changes in Operating Income

(Year-on-year change)

By Factor

(Billions of yen)



(Notes) Sales volume = (sales volume in FY2014 – sales volume in FY2013) x (unit selling price in FY2013 – unit variable cost in FY2013)
Selling price = (unit selling price in FY2014 – unit selling price in FY2013) x sales volume in FY2014
Others includes change in unit variable cost , fixed cost and others

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2 Performance Forecasts for FY2015

1. Future Business Environment
2. Basis for Performance Forecasts
3. Performance Forecasts
4. Performance Forecasts
   by Business Segment
5. Operating Income Change

1. Future Business Environment

Chemicals

◆Conditions throughout the Chemicals segment are expected to remain uncertain. This is largely attributable to sudden and dramatic changes in raw material and fuel prices including crude oil and coal as well as the impact on sales prices.

- Tokuyama will work to secure earnings by rebuilding its business structure and adhering strictly to a policy of cost reduction.

Specialty Products

◆Although each of the semiconductor and solar cell markets are projected to experience firm global demand, the polycrystalline silicon business is forecast to confront a persistently harsh operating environment due to the unresolved glut in supply.

- Efforts will be made to establish a full-scale production structure of solar-grade polycrystalline silicon at Tokuyama Malaysia Sdn. Bhd. and accelerating the pace of measures aimed at establishing an optimal production structure for semiconductor-grade polycrystalline silicon at Tokuyama Factory as well as calls for higher quality.

Cement

◆Delays in construction work in Japan attributable to labor shortages are expected to linger. Trends in domestic demand are forecast to remain essentially unchanged.

- Although distribution costs are expected to increase due mainly to the reinforcement of transportation capability, we will work to secure earnings by securing sales volume and maintaining stable supply.

Life & Amenity

◆Recovery conditions are anticipated to spread to wider areas of the domestic economy. Consumption is also expected to grow. In contrast, there are concerns surrounding downside economic risks overseas and especially in newly emerging countries.

- We will work to secure earnings by focusing on developing new products that meet customer needs and expanding sales in growing markets.

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2. Basis for Performance Forecasts

	1H FY2014 Results	2H FY2014 Results	FY2014 Results	FY2015 Forecasts
Domestic naphtha price (¥/kl)	70,400	56,500	63,500	46,000
Exchange rate (¥/$)	103	117	110	115

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3. Performance Forecasts

Consolidated
(Year-on-year change based on FY2015 forecasts)

(Billions of yen)

	FY2014 Results	FY2015Forecasts	Difference Amount	Difference %
Net sales	302.0	312.0	+9.9	+3
Operating income	19.5	21.0	+1.4	+8
Ordinary income	12.9	14.0	+1.0	+8
Net income	(65.3)	8.0	+73.3	-

	FY2014 Results	FY2015Forecasts
Net income per share (yen)	(187.85)	23.0
Exchange rate (¥/$)	110	115
Domestic naphtha price (¥/kl)	63,500	46,000

Qualitative information

(Net sales)
Plus: increased sales volume of polysilicon and cement

(Operating income)
Plus: cost reduction
Minus: increased depreciation at Tokuyama Malaysia

(Ordinary income)
Plus: increased operating income

(Net income)
Plus: the Company do not post a impairment loss in the fiscal year under review, which was posted in the previous fiscal year.

4. Performance Forecasts by Business Segment

(Year-on-year change based on FY2015 forecasts)

(Billions of yen)

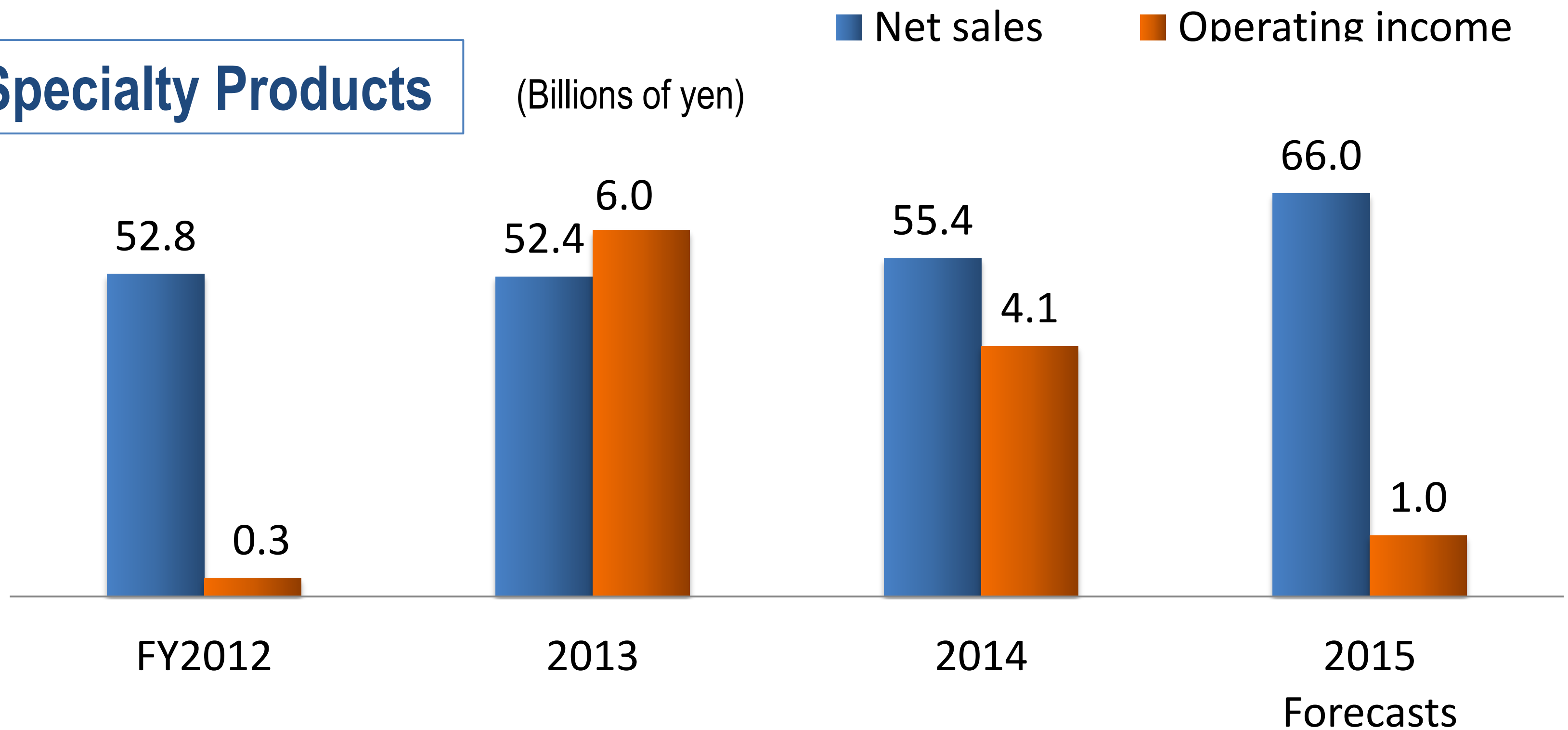
	FY2014 Results		FY2015 Forecasts		Difference			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	91.9	5.0	87.0	6.0	(4.9)	(5)	+0.9	+19
Specialty Products	55.4	4.1	66.0	1.0	+10.5	+19	(3.1)	(76)
Cement	81.2	4.4	86.0	7.0	+4.7	+6	+2.5	+57
Life & Amenity	58.4	5.1	58.0	5.5	(0.4)	(1)	+0.3	+7
Others	51.4	6.0	56.0	4.0	+4.5	+9	(2.0)	(34)
Total	338.5	24.8	353.0	23.5	+14.4	+4	(1.3)	(5)
Inter-segment eliminations and corporate-wide expenses	(36.4)	(5.2)	(41.0)	(2.5)	(4.5)	-	+2.7	-
Consolidated Results	302.0	19.5	312.0	21.0	+9.9	+3	+1.4	+8

(Note) Sales and operating income shown above include inter-segment transactions.

4. Performance Forecasts by Business Segment

Specialty Products

(Billions of yen)



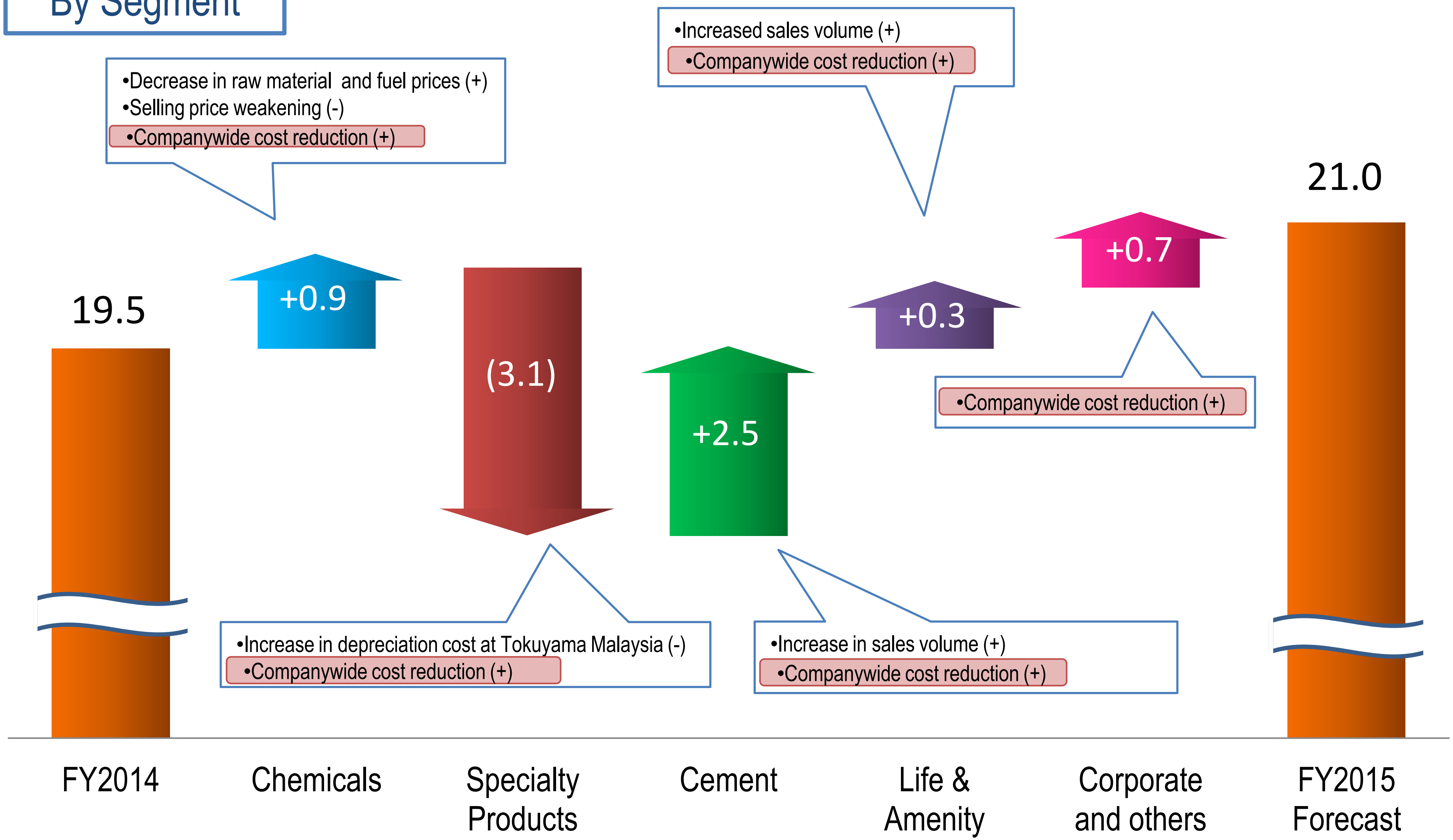
		FY2014	FY2015 Forecast
Non-consolidated	Net sales	47.6	55.2
	Operating income	8.7	8.5
Tokuyama Malaysia (non-consolidated)	Net sales	4.3	12.9
	Operating income	(4.3)	(8.1)

5. Operating Income Change

(Year-on-year change based on FY2015 forecasts)

(Billions of yen)

By Segment

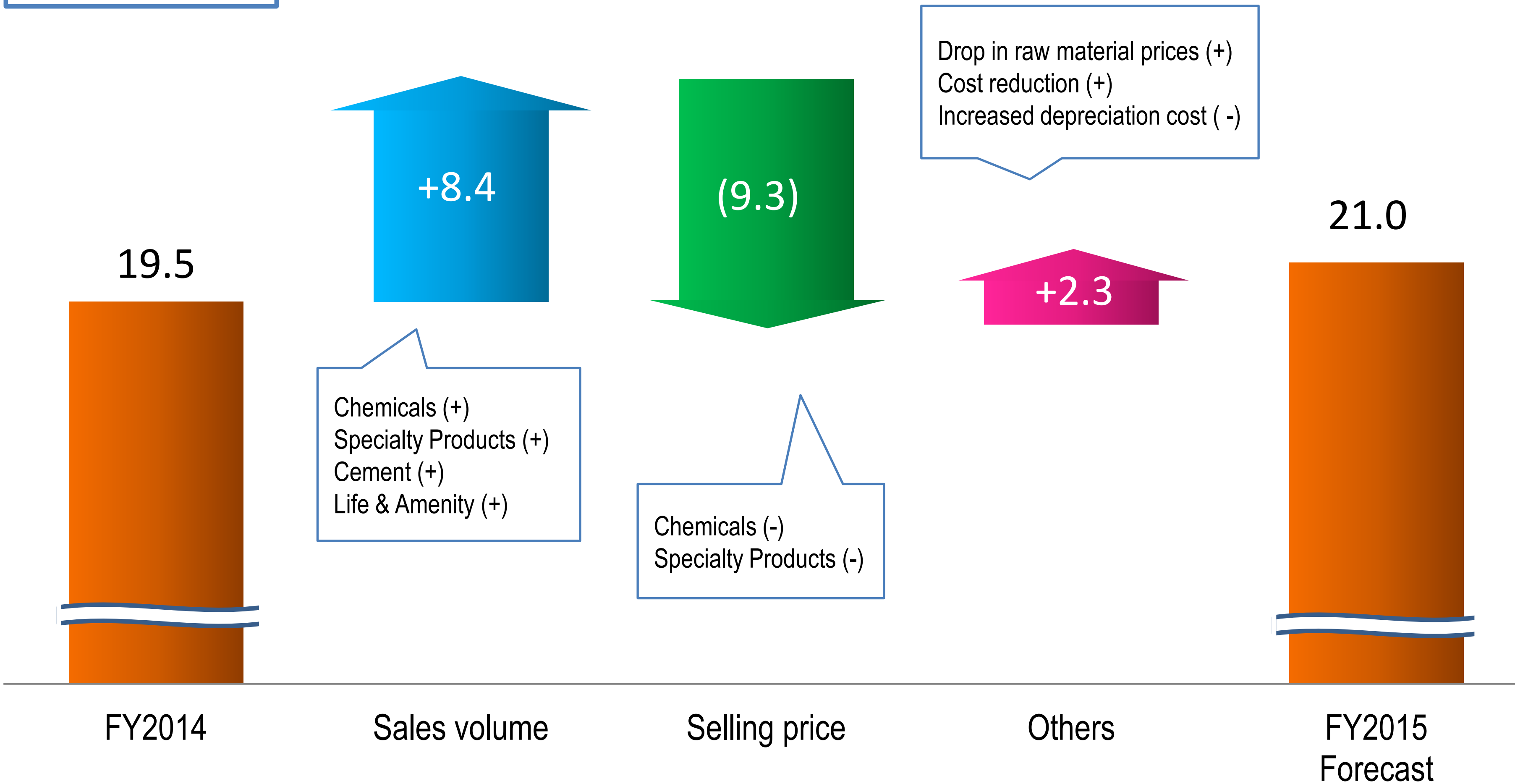


5. Operating Income Change

(Year-on-year change based on FY2015 forecasts)

(Billions of yen)

By Factor



(Notes) Sales volume = (sales volume forecast in FY2015 – sales volume in FY2014) x (unit selling price in FY2014 – unit variable cost in FY2014)

Selling price = (unit selling price forecast in FY2015– unit selling price in FY2014) x sales volume forecast in FY2015

Others includes change in unit variable cost , fixed cost and others

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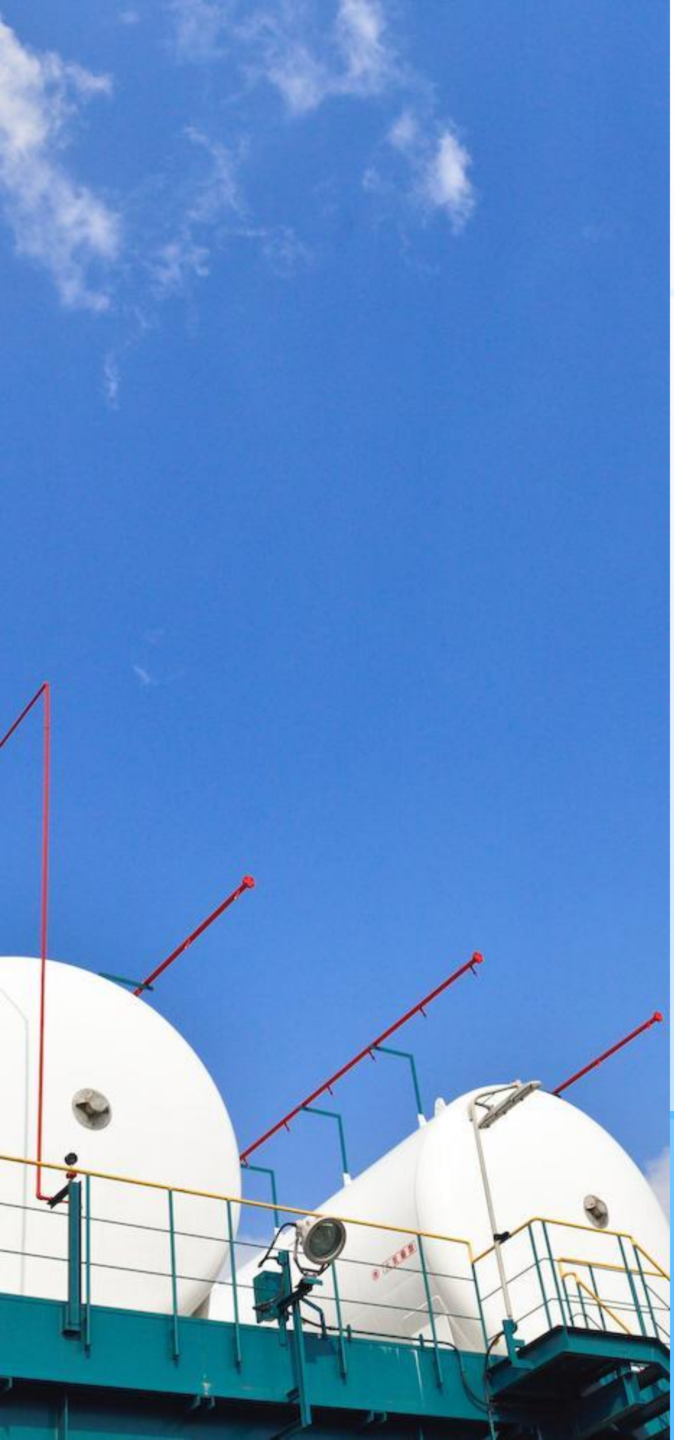

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3 Management Policy

1. Current Understanding of Conditions and Issues
2. Management Policy

1. Current Understanding of Conditions and Issues

Current Understanding of Conditions

- Tokuyama posted an extraordinary loss of ¥85.7 billion in connection with the PS-1 Plant of its subsidiary Tokuyama Malaysia. As a result, the Company's shareholders' equity and shareholders' equity ratio fell to around ¥162.5 billion and 29%, respectively. Recognizing that business conditions remain difficult in the solar cell market, and that the Company is yet to recoup investments in the PS-2 Plant of more than ¥130.0 billion, we cannot definitively state that our financial condition is sound.
- Coupled with steps to streamline operations and implement various other initiatives in the Chemicals, Cement, Life & Amenity, and other existing businesses, favorable conditions including the weak yen and recovery in demand are helping to bolster earnings.

Urgent Priority Issues

- Rebuild the Company's financial condition
- Polycrystalline silicon business reconstruction
  (Get Tokuyama Malaysia into the black)
- Further strengthen the earnings power of existing businesses

2. Management Policy (1) Rebuild the Company's Financial Condition

[1] Financial Strategy

Basic Policy

● Engage in the following initiatives on a priority basis for the foreseeable future: bring about a recovery in shareholders' equity; reduce interest-bearing debt (secure free cash flow as a source of repayment); maintain a credit rating of BBB

Measures

Rationalize and liquidate assets	・Dispose of investment securities ・Dispose of idle assets and real estate; liquidate assets ・Review of non-core businesses
Control the outflow of cash	・Reduce investments as well as maintenance and repair expenses (undertake stringent and selective investment to a value of around 75% of depreciation) ・Reduce the balance of interest-bearing debt as well as the level of interest payments ・Reduce the level of compensation paid to executives and cut personnel expenses ・Relocate the Tokyo Head Office and Osaka branch; rationalize the scale of operations ・Reduce expenses (overhead, purchasing, and distribution expenses)
Maximize the inflow of cash	・Strengthen the earnings power of existing businesses ・Develop and expand new products in areas peripheral to existing businesses

2. Management Policy (1) Rebuild the Company's financial condition

[2] Companywide Cost Reduction (Profit Improvement Plan)

Results up to fiscal 2014

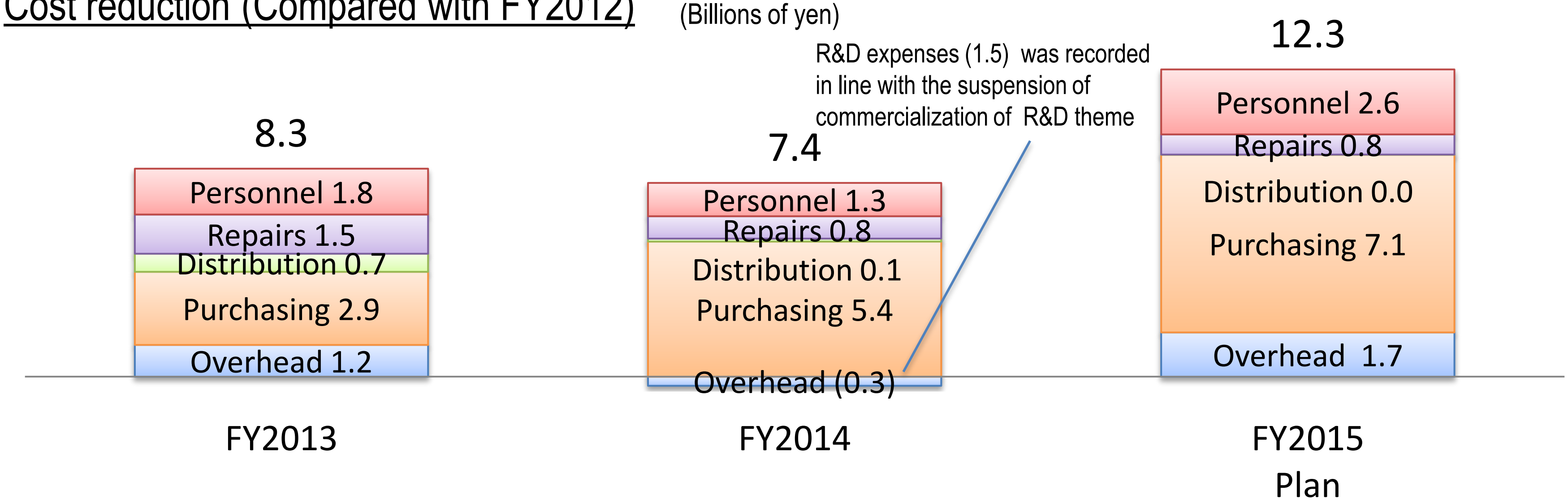
Results exceeded plans for both fiscal 2013 and fiscal 2014 due to the reduction of overhead, purchasing, personnel, and other expenses on an emergency basis as well as the drop in raw material and fuel prices such as coal.

Initiatives from fiscal 2015 and beyond

- Reduce personnel expenses on an emergency basis
- Continue to cutback maintenance and repairs, overhead, distribution, and purchasing expenses
- Streamline head office indirect departments
- Work toward the permanent reduction of expenses by improving productivity and implementing structural reforms

Cost reduction (Compared with FY2012)

(Billions of yen)

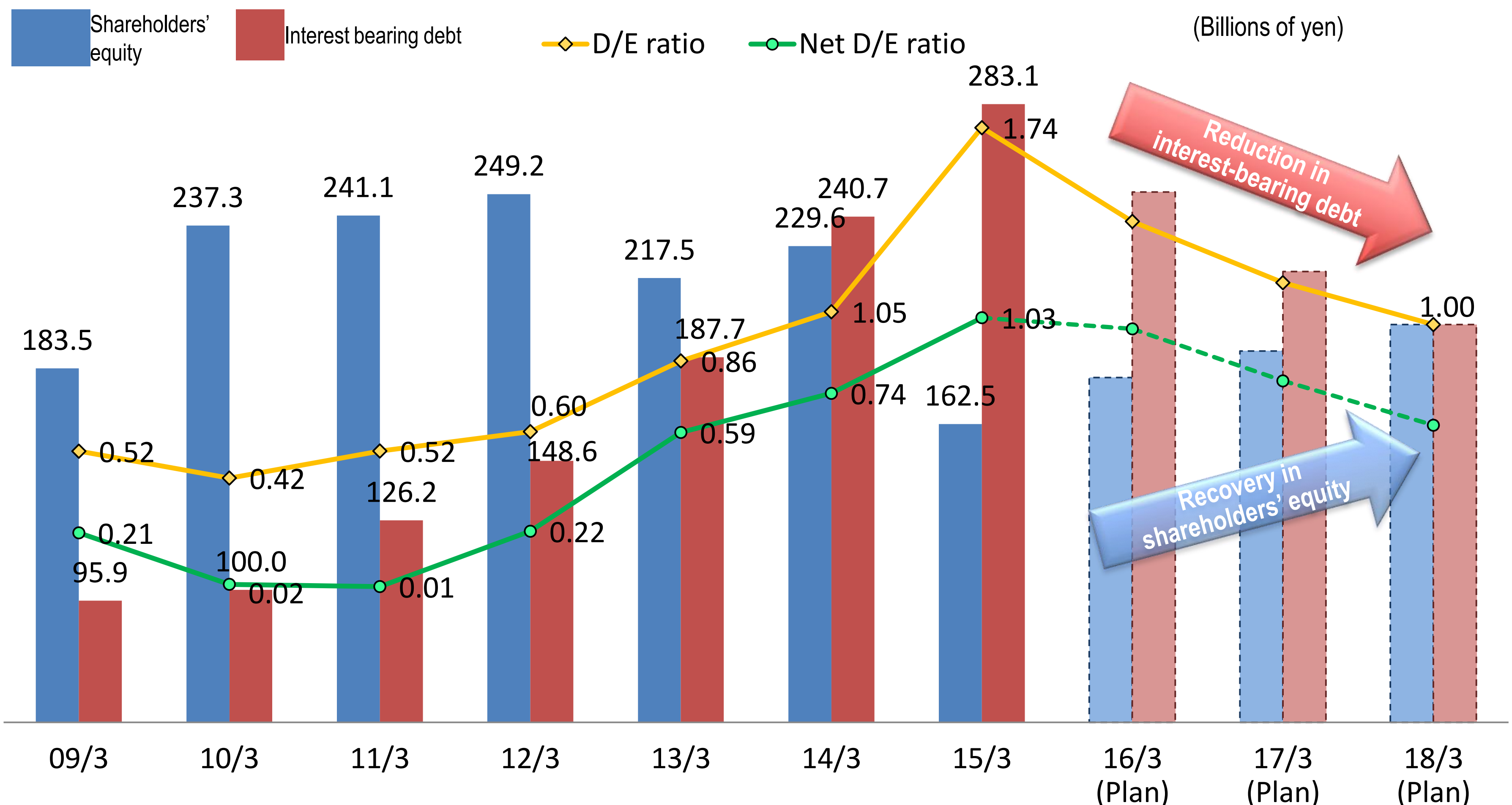


Note: As for purchasing and distribution expenses, increase or decrease arising from quantity or currency exchange rates are excluded.

2. Management Policy (1) Rebuild the Company's Financial Condition

[3] Financial Target (Shareholders' equity, Interest bearing debt, D/E ratio) (Consolidated)

Work toward a D/E ratio of 1.0 or less, a recovery in shareholders' equity, and a reduction in interest-bearing debt by the fiscal year ending March 31, 2018.



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2. Management Policy (1) Rebuild the Company's Financial Condition

[4] Basic Policy for Profit Distribution and Dividends for Fiscal 2014 and 2015

Tokuyama maintains the basic policy for profit distribution of providing continuous, stable dividends to its shareholders while taking into consideration its performance trends and the medium- and long-term business plans.
After taking into consideration the negative impact on net assets after posting a net loss and the decision to prioritize efforts aimed at restoring the Company's sound financial position, after accounting for business risks, Tokuyama deeply regrets that it has decided to forego the payment of a period-end dividend for the fiscal year under review. For the reasons stated above, we have also decided to forego the payment of an interim and period-end dividend for the next fiscal period. Tokuyama is committed to quickly restoring its financial condition and to secure stable earnings power. We will work diligently to ensure a resumption in the payment of dividends at the earliest possible opportunity.

We sincerely request continued support and understanding of all shareholders and investors.

	FY2009	2010	2011	2012	2013	2014	2015 Forecast
Interim (yen)	3.0	3.0	3.0	0.0	3.0	0.0	0.0
Year-end (yen)	3.0	3.0	3.0	3.0	3.0	0.0	0.0
Payout Ratio (%) (Consolidated)	25.5	21.4	22.3	—	20.4	—	—

(Note) The dividend payout ratio for FY2014 and FY2012 are not presented, because the Company reported a net loss

2. Management Policy (2) Polycrystalline Silicon Business Reconstruction

Hasten the pace of efforts aimed at returning Tokuyama Malaysia Sdn. Bhd. to the black and establishing an optimal production structure at Tokuyama Factory

		- Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
 Tokuyama Malaysia Production capacity : 13,800tonnes/year* (Solar-cell grade) * Except for PS-1	PS 1	Feb 2011 Commenced construction Feb 2013 Completed construction Sep 2014 Posted impairment loss	Consider the business feasibility of solar cell-grade polycrystalline silicon together with measures aimed at promoting effective use		
	PS 2	Feb 2012 Commenced construction Jan 2014 Completed construction Oct 2014 Commenced commercial operation	October 2015: Periodic maintenance January 2016: Establish a full-scale production structure	Achieve further reductions in production costs through process improvement activities Generate profits on a single month basis	Achieve profitable operations for the full period
 Tokuyama Plant Production capacity: 6,200tonnes/year* (Semiconductor grade) *Except for inactive line		Apr 2009 Completed capacity expansion (9,200T/y) Aug 2012 Started reducing production against a backdrop of market deterioration Mar 2013 Posted impairment loss	Promote optimal production and stable supply in response to demand for semiconductor-grade polycrystalline silicon (resume operations at inactive production lines); work toward higher quality production; reduce costs		

2. Management Policy (3) Further strengthen the earnings power of existing businesses

Profit Improvement of Existing / New Businesses (Profit Improvement Plan)

Results up to fiscal 2014	Initiatives from fiscal 2015 and beyond
Promoted existing business structural reform; established new businesses	Continue and complete existing business structural reform; expand new businesses
Chemicals ・Established a liquid hydrogen business ・Decided to pursue vinyl chloride business structural reform ・Commenced soda ash joint business company operations ・Increased propylene oxide production capacity	Chemicals ・Consider expanding the liquid hydrogen business ・Suspend operations at the vinyl chloride resin Chiba factory ・Set up a sole soda ash manufacturing company in Japan
Specialty Products ・Increased aluminum nitride production capacity	Specialty Products ・Upgrade and expand fumed silica high performance products ・Develop new heat sink materials ・Consider capacity expansion of photoresist developer

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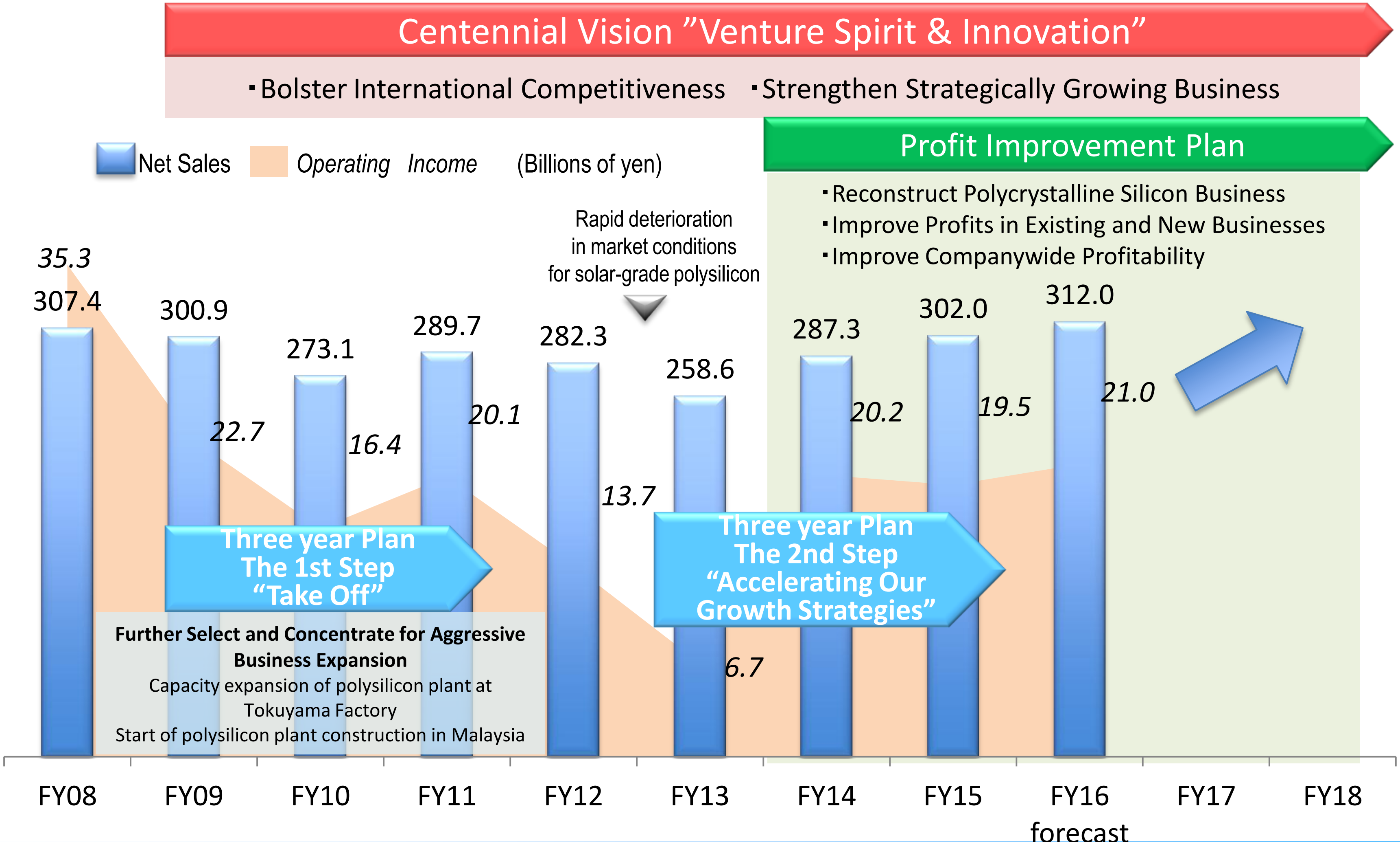
2. Management Policy (3) Further strengthen the earnings power of existing businesses

Profit Improvement of Existing / New Businesses (Profit Improvement Plan)

Results up to fiscal 2014	Initiatives from fiscal 2015 and beyond
Promoted existing business structural reform; established new businesses	Continue and complete existing business structural reform; expand new businesses
Cement ・Established a business for recycling waste gypsum boards ・Strengthened clinker export infrastructure	Cement ・Expand the business for recycling waste gypsum boards ・Expand the infrastructure maintenance and reinforcement business
Life & Amenity ・Expand sales volume of active pharmaceutical ingredients for generic drugs ・Accelerate the pace of overseas business development	Life & Amenity ・Expand sales volume of microporous film for disposable diaper ・Increase sales volume of photochromic materials ・Upgrade manufacturing facility of active pharmaceutical ingredients for generic drugs
	R&D ・Develop new products that make the most of existing businesses and technologies

2. Management Policy

We are in the process of formulating our new medium-term management plan.



2. Management Policy

Summary

We have positioned efforts aimed at rebuilding our financial platform as our utmost priority in order to reinforce the net assets damaged by polycrystalline silicon business. On this basis, we are committed to pursuing management reform. In order to become a robust corporate entity that boasts high profitability from the standpoint of its customers, we will review the way we go about our business as well as our organizational structure and work to expand businesses that are capable of enhancing productivity and efficiency.

Tokuyama Group is in the process of formulating a new medium-term management plan and plans to announce the plan including the numerical targets at the earnings release of the first quarter of fiscal 2015.

We sincerely request your continued support and understanding.

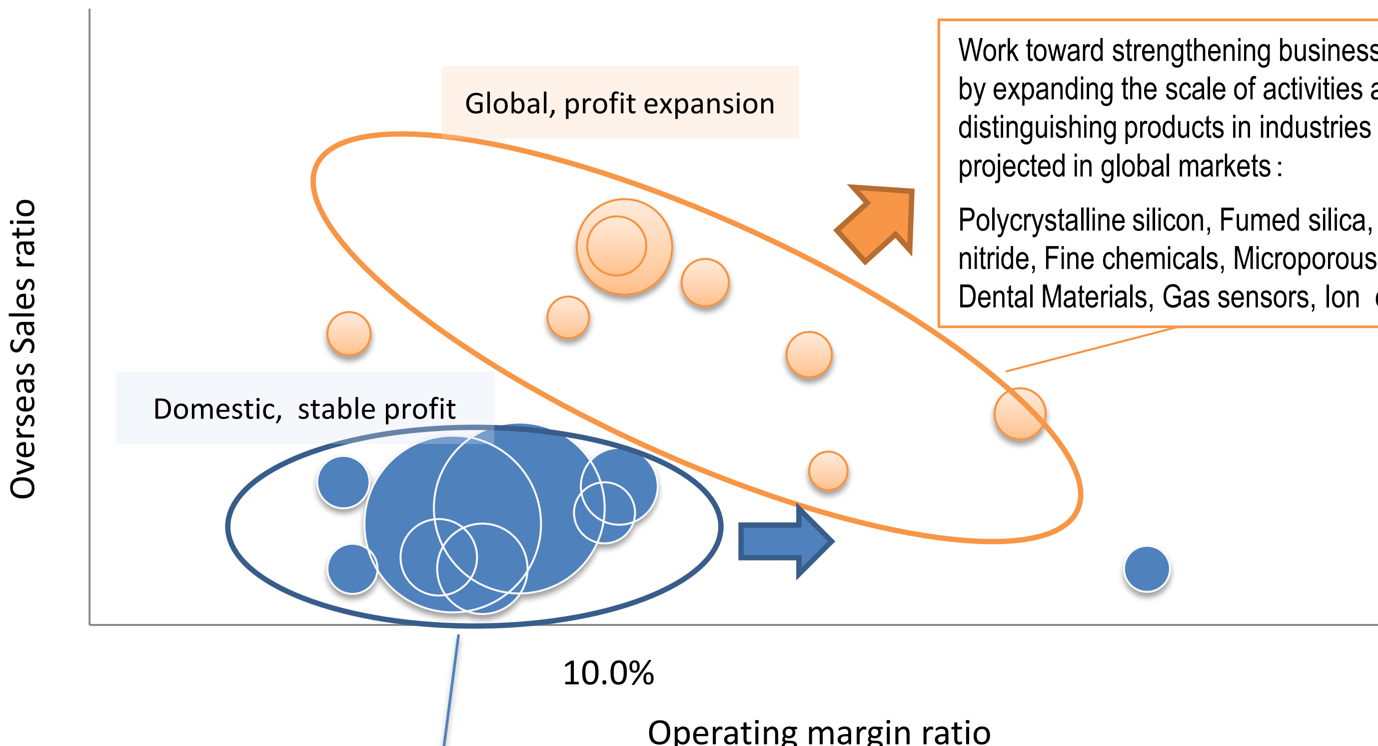
4 Business Strategies

1. Companywide Business Portfolio Management
2. Chemicals Segment
3. Specialty Products Segment
4. Cement Segment
5. Life & Amenity Segment

4 Business Strategies

1. Companywide Business Portfolio Management

Build a balanced business portfolio that is both resilient against and flexible toward changes in the business environment by strengthening, rebuilding, and reorganizing existing businesses and expanding new product development and businesses in peripheral fields



Work toward strengthening business and earnings power by expanding the scale of activities and further distinguishing products in industries where growth in projected in global markets :

Polycrystalline silicon, Fumed silica, Shapal (Aluminum nitride, Fine chemicals, Microporous film, Clinical Analyzers, Dental Materials, Gas sensors, Ion exchange membranes

Work to secure stable earnings through a variety of measures including rationalization and the reduction of costs targeting industries that handle materials and components used mainly in Japan :

Cement, Recycling & Environment, Soda ash and calcium chloride, Chlor-Alkali and vinyl chloride, Polyolefin film, Plastic window sashes

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2. Chemicals Segment

Basic Policy

● In addition to recording stable profits and providing the underlying strength to support the Company's earnings as a whole, work toward further growth by reviewing the business portfolio

Measures

<Soda Ash and Calcium Chloride Business>

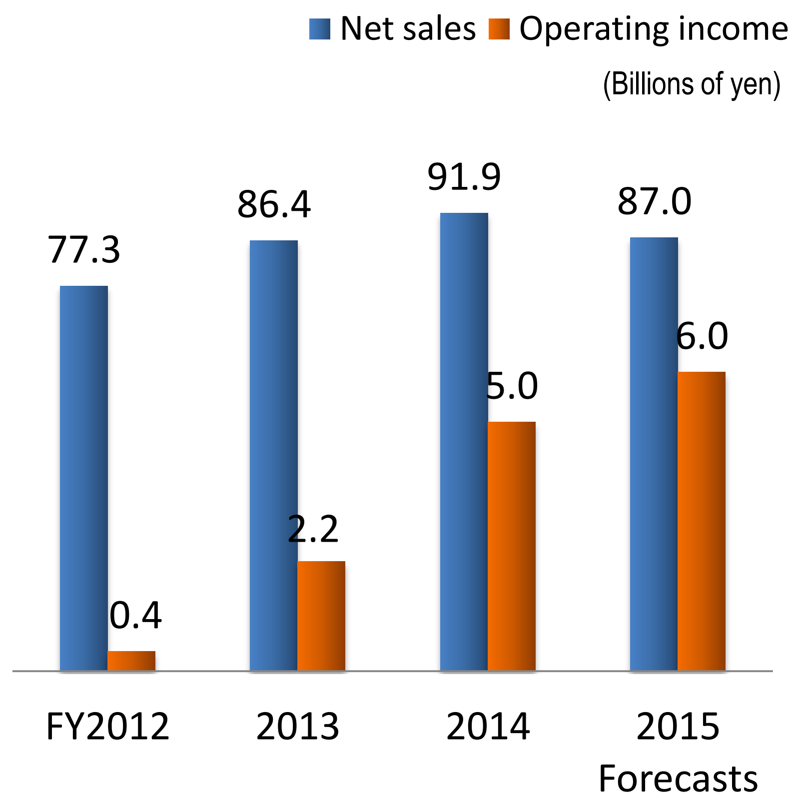
● Undertake the supply of soda ash in Japan under a single company structure and put in place a stable sales platform by establishing the joint-venture company TOKUYAMA & CENTRAL SODA Inc.

<Chlor-Alkali and Vinyl Chloride Business>

● Strengthen the competitiveness of private power generation and electrolytic chlor-alkali production with the aim of further reducing the cost of caustic soda

● Strengthen profitability in the chlorine derivatives business (take steps to expand production facilities of propylene oxide, streamline PVC operations, develop new products, etc.)

● Promote the effective use of hydrogen (liquid hydrogen, fuel alternative)



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2. Chemicals Segment

Activities aimed at reconstructing businesses and reinforcing competitiveness

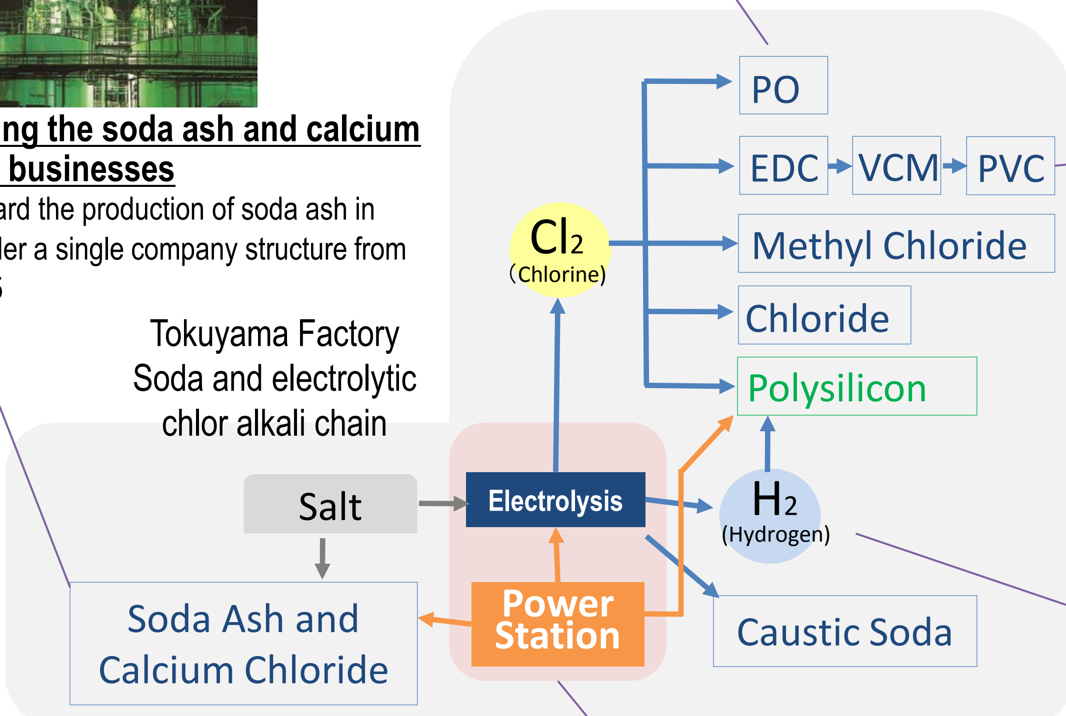
Integrating the soda ash and calcium chloride businesses

Move toward the production of soda ash in Japan under a single company structure from June 2015

Expanding production facilities of propylene oxide

(September 2014)

Build a supply structure to address the shift in demand



Strengthening the competitiveness of private power generation and electrolytic chlor-alkali production

Shutdown production at the Chiba Factory of Shin Dai-ichi Vinyl Corporation

(End of September 2015)

Consolidate PVC production at the highly competitive Tokuyama Factory

Promoting the effective use of hydrogen

Expand the liquid hydrogen business
(from June 2013)

Utilize as a fuel alternative at factories

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3. Specialty Products Segment

Basic Policy

●Promote a sales strategy and optimal production structure that fully addresses changes in the operating environment including customer needs and market conditions

Measures

<Semiconductor grade Polycrystalline Silicon Business >

●Strengthen relationships and expand transactions with existing users

●Work toward stable supply at Tokuyama Factory and higher quality production

<Solar-cell grade grade Polycrystalline Silicon Business>

●Work toward full operating capacity at Tokuyama Malaysia Sdn. Bhd. and the reduction of costs

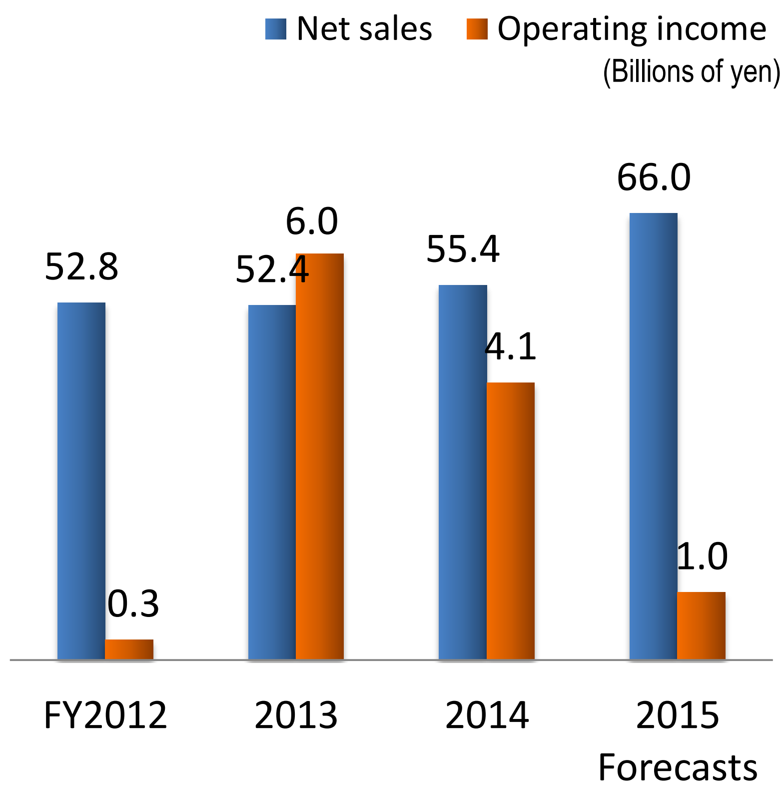
●Work toward increasing market share by leveraging competitive strengths in quality and costs; establish a robust "TOKUYAMA" market presence

<Fumed Silica Business>

●Upgrade and expand highly functional products; establish optimal production with Tokuyama Chemicals (Zhejiang) Co., Ltd.

<Shapal (Aluminum Nitride) Business>

●Increase production capacity and expand business in the "heat sink" market



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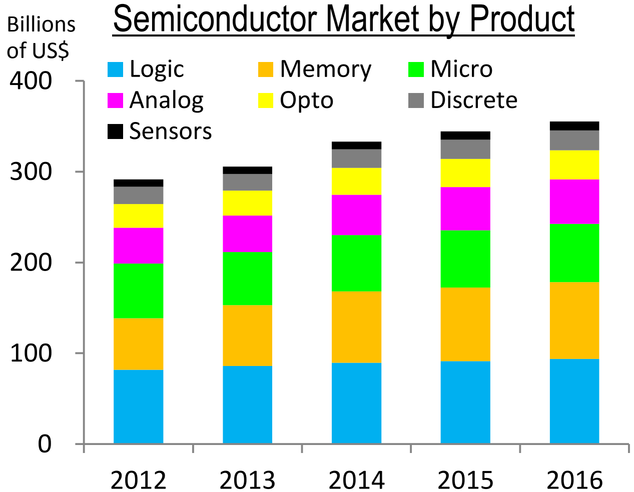
3. Specialty Products Segment

Polycrystalline Silicon Business (Semiconductor-grade)

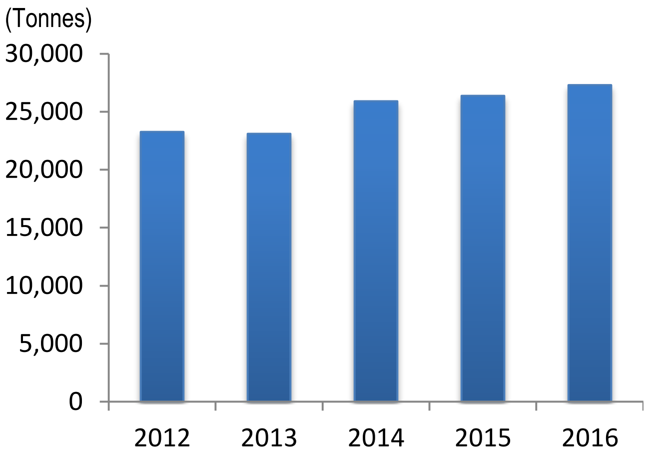
With the trend toward smartphones with increasingly sophisticated functions at the head of the list, the semiconductor market is projected to increase at an average annual rate of 3-4% in the future
With semiconductors offering increasingly higher levels of performance (miniaturization), the demand for higher levels of polycrystalline silicon quality is also increasing

・Establish an optimal production structure that addresses demand with a view to increasing production at the quality competitive Tokuyama Factory (resume operations at inactive production lines)
・Further strengthen relationships and expand transactions by accurately grasping user needs and responding in a timely fashion

Polycrystalline silicon



(Note) Prepared by Tokuyama based on WSTS



(Note) Tokuyama estimate

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4. Cement Segment

Basic Policy

●Put in place an optimal production, sales, and distribution structure that is capable of addressing changes in the business environment while cultivating and strengthening overseas as well as new businesses

Measures

<Cement Business>

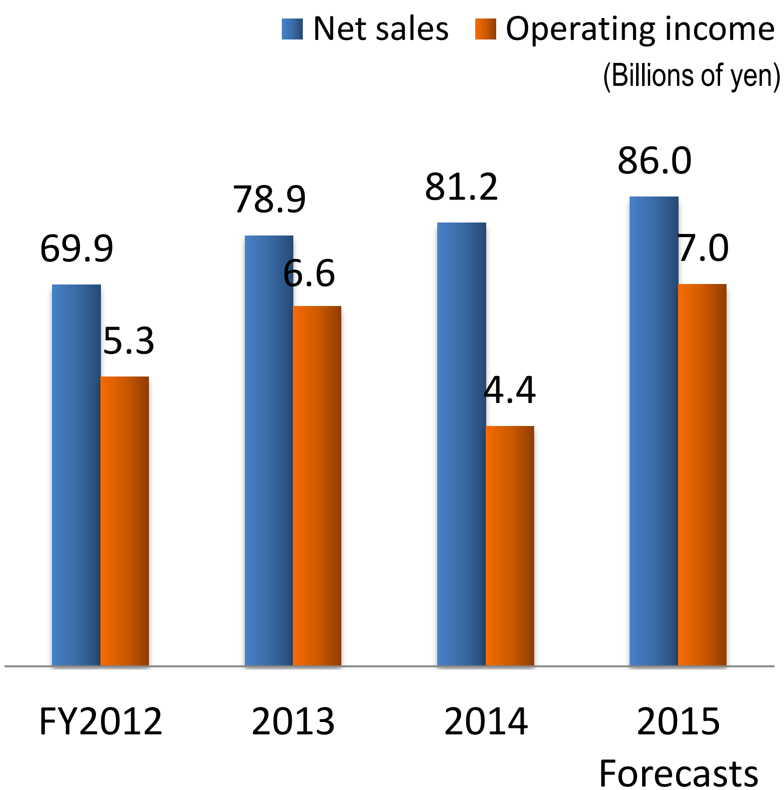
●Cutback costs by focusing on efforts aimed at reducing the use of burning coal and increasing the use/intake of combustible waste

●Establish a clinker export structure and ensure stable operations at Tokuyama Nouvelle Calédonie S.A.

●Upgrade and expand the infrastructure maintenance and reinforcement business through Tokuyama Mtech Corp.

<Recycling and Environment Business>

●Expand the business for recycling waste gypsum boards through Tokuyama Chiyoda Gypsum Co., Ltd.



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4. Cement Segment

Infrastructure maintenance and reinforcement business (Tokuyama M-tech)

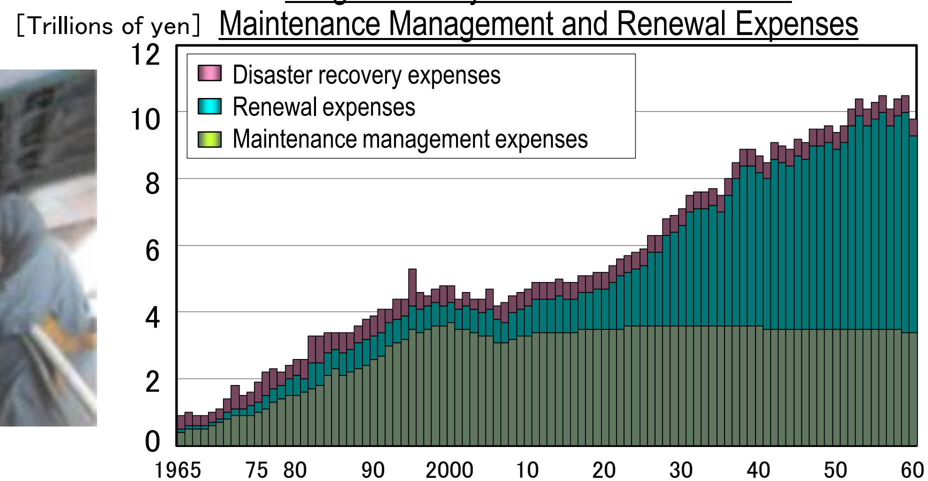
Projected increase in infrastructure development projects on the back of new technological needs relating to infrastructure revitalization, a growing social issue, and the lead-up to the Tokyo Olympic Games

Operations commenced at the newly established Metropolitan Cement Building Materials Development Center from January 2015; located next to the Company's factory in Sodegaura City, Chiba Prefecture, the Center has been designed as a development structure that will work in close collaboration with users

Priority placed on the development of products in six fields: aseismic reinforcement, bridge columns, roadways, ports, tunnels, and soil improvement; work to expand Tokuyama M-tech's infrastructure maintenance and reinforcement business

Examples of infrastructure maintenance
(viaduct maintenance attributable to aging)

Long-Term Projections for Infrastructure Maintenance Management and Renewal Expenses



(Note) Prepared by the Company from the "WHITE PAPER ON LAND, INFRASTRUCTURE, TRANSPORT AND TOURISM IN JAPAN, 2012 issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism

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5. Life & Amenity Segment

Basic Policy

●Secure a position of advantage in markets both in Japan and overseas, pursue business expansion, and contribute to improving people’s quality of life by establishing and strengthening a customer-oriented development, manufacturing, and sales structure

Measures

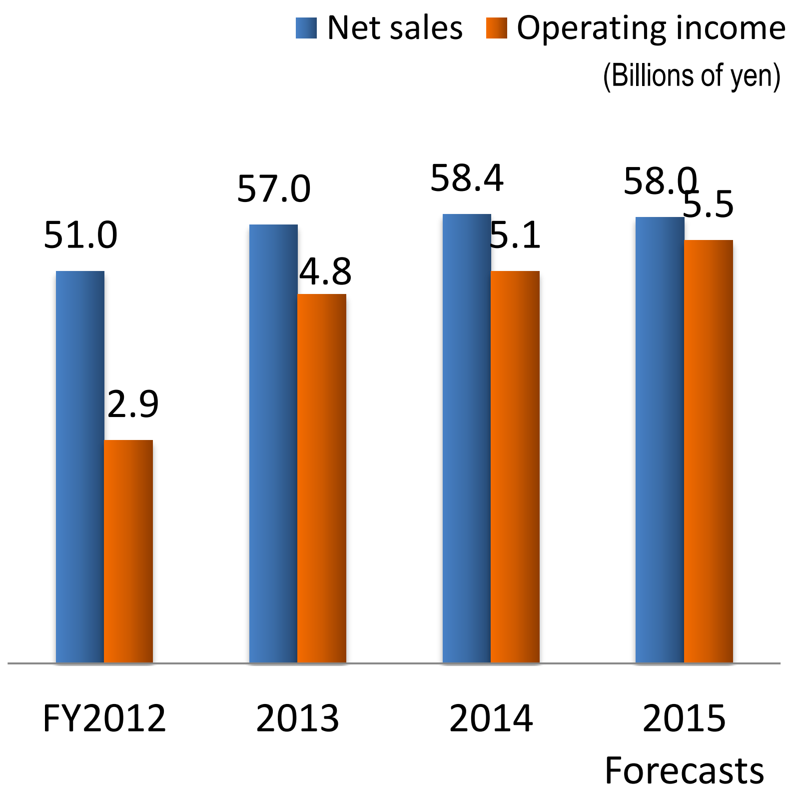
<NF Business>
●Expand China business earnings

<Fine Chemical Business>
●Expand market share in photochromic dye materials for use in eyeglass lenses
●Continue to expand sales of active pharmaceutical ingredients for generic drugs

<Polyolefin Film Business>
●Develop and expand sales of new grades while reducing costs

<Gas Sensors Business(Figaro Engineering Inc.)>
●Introduce new products to the market; expand earnings in line with the advance of automation

<Dental Materials Equipments Business (Tokuyama Dental)>
●Develop new products and accelerate the pace of overseas business development



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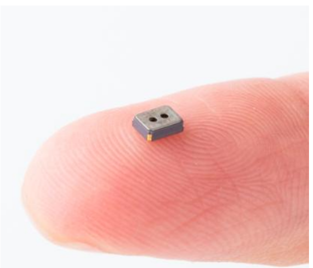
5. Life & Amenity Segment

Gas Sensors Business (Figaro Engineering Inc)

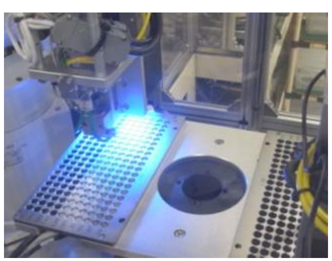
Introduce new products (MEMS* type gas sensor) to the market
Develop sensors that can be applied to such wide-ranging M2M devices as mobile devices, environmental monitors, and monitoring robots



- ✓ **World's smallest sensor**
  0.99mm × 2.5mm × 3.2mm
- ✓ **Low power consumption**
  Reduction from 201mW to 15mW compared with conventional products

*MEMS: Micro Electro Mechanical Systems

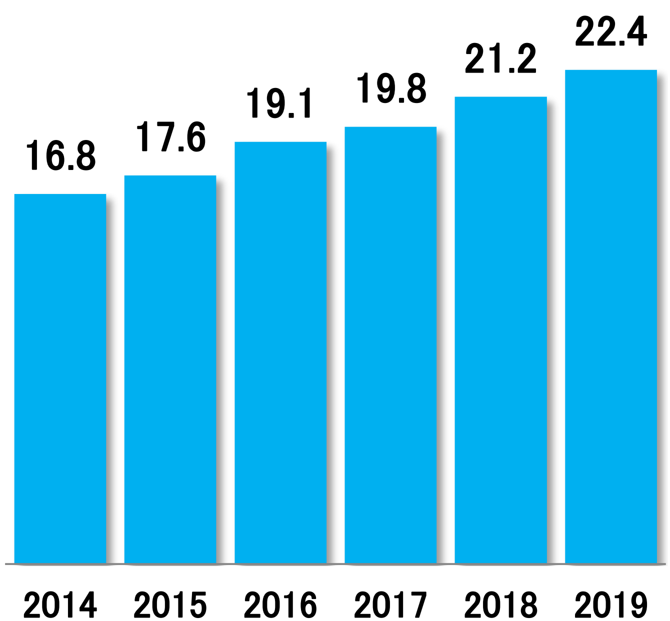
Advance of automation
Automated the production line of mainstay electrochemical-type CO sensors



- ✓**Improved quality**
- ✓**Lower cost**
- ✓**Volume production**

Sales Plan for Sensors (All Types)

(Millions of units)



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4 Supplementary Data

1. Consolidated Financial Statements
2. Cash Flows
3. Non-Operating Income/Expenses
4. Extraordinary Gains/Losses
5. Net Sales/Operating Income by Business Segment
6. Principal Indicators
7. Performance Trend
8. Price Trend of Main Raw Material and Fuel
9. CAPEX and Depreciation Trend
10. Interest-bearing Debts Trend
11. Free Cash Flow Trend
12. Revised Performance Forecasts (1H/2H)
13. Polysilicon Market
14. PV Market

1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	FY2013	FY2014	Difference	
			Amount	%
Net sales	287.3	302.0	+14.7	+5
Cost of sales	206.9	218.9	+11.9	+6
Selling, general and administrative expenses	60.0	63.6	+3.5	+6
Operating income	20.2	19.5	(0.7)	(4)
Non-operating income/expenses	(5.3)	(6.6)	(1.3)	-
Ordinary income	14.9	12.9	(2.0)	(14)
Extraordinary income/expenses	(2.0)	(77.9)	(75.8)	-
Income/loss before income taxes and minority interests	12.9	(64.9)	(77.9)	-
Income taxes and minority interests	2.7	0.3	(2.3)	(87)
Net income/loss	10.2	(65.3)	(75.5)	-

4 Supplementary Data

1. Consolidated Financial Statements Balance Sheets

(Billions of yen)

	3/31/2014	3/31/2015	Changes	
			Amount	%
Total assets	576.3	554.5	(21.7)	(4)
Current assets	191.6	243.9	+52.3	+21
Tangible fixed assets	323.1	253.3	(69.7)	(28)
Intangible fixed assets	10.1	9.7	(0.3)	(4)
Investments and other assets	51.4	47.4	(4.0)	(8)

	3/31/2014	3/31/2015	Changes	
			Amount	%
Total liabilities	339.8	385.0	+45.2	+12
Current liabilities	99.2	117.2	+18.0	+15
Long-term liabilities	240.5	267.7	+27.2	+10
Total net assets	236.4	169.4	(67.0)	(40)

2. Cash Flows

Consolidated (year-on-year change)

(Billions of yen)

	FY2013	FY2014
Cash flows from operating activities (1)	34.1	30.7
Cash flows from investing activities (2)	(64.4)	(25.5)
Free cash flows (3) ((1)+(2))	(30.2)	5.2
Cash flows from financing activities (4)	45.9	40.5
Effect of exchange rate changes on cash and cash equivalents (5)	1.4	0.3
Net increase (decrease) in cash and cash equivalents (6) ((3)+(4)+(5))	17.1	46.1
Cash and cash equivalents at beginning of the year (7)	52.4	69.9
Increase (decrease) in cash and cash equivalents due to changes of scope of consolidation and change in fiscal period of consolidated subsidiaries (8)	0.4	0.0
Cash and cash equivalents at end of the year (9) ((6)+(7)+(8))	69.9	116.1

3. Non-Operating Income/Expenses

Consolidated (year-on-year change)

(Billions of yen)

		FY2013	FY2014	Changes	Notes
Non-operating income	Interest and dividend income	0.5	0.7	+0.1	
	Other income	2.4	2.1	(0.3)	Decreased foreign exchange gains (0.4)
	Total	3.0	2.8	(0.1)	
Non-operating expenses	Interest expenses	2.7	4.7	(2.0)	
	Other expenses	5.6	4.7	+0.8	Borrowing cost +1.7 Decrease in costs of idle operations +1.4 Trial production expenses (1.5) Increased foreign exchange losses (0.4)
	Total	8.3	9.4	(1.1)	
Non-operating income/expenses		(5.3)	(6.6)	(1.3)	

4. Extraordinary Gains/Losses

Consolidated (year-on-year change)

(Billions of yen)

	FY2013	FY2014	Changes	Notes
Extraordinary gains	0.6	10.5	+9.8	Gain on sales of investment securities +10.0
Extraordinary losses	2.7	88.4	(85.7)	Impairment loss for fixed assets (75.6) Loss on purchase contract (including provision) (10.9)
Extraordinary gains/losses	(2.0)	(77.9)	(75.8)	

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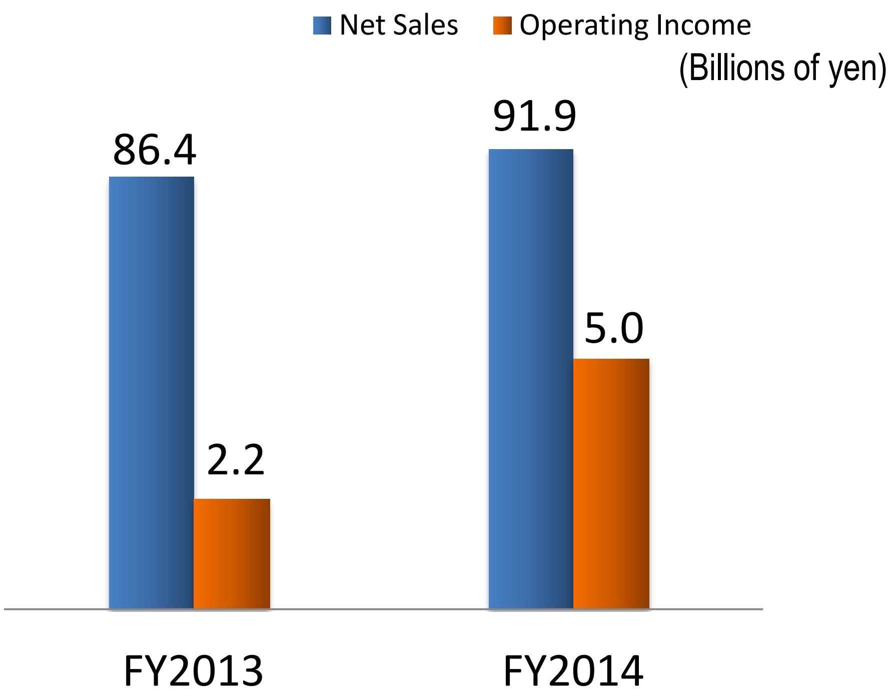
Supplementary Data

5. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Chemicals

Higher earnings on higher sales



Qualitative information

(Caustic soda)
•Sales volume increase in domestic market
•Selling price revision in order to absorb a rise in raw material prices

(Soda ash and calcium chloride)
•Increased net sales due to commencement of the operation of TOKUYAMA & CENTRAL SODA Inc.

(Vinyl chloride monomer (VCM))
•Decrease in raw material costs arising from domestic naphtha price down
•Improved profitability owing to high export prices against the backdrop stronger Asian market conditions

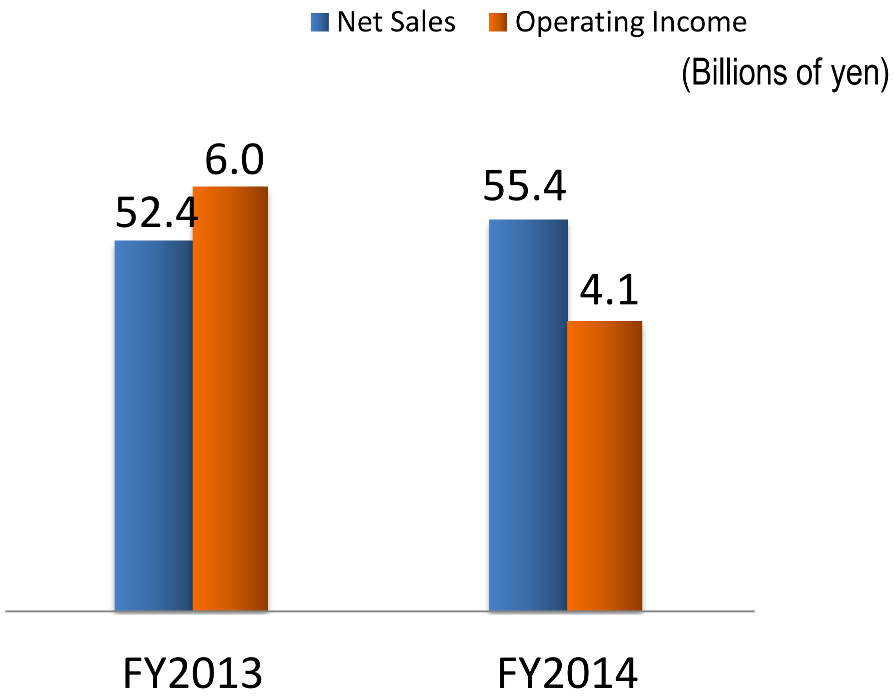
(Vinyl chloride resin)
•Decreased sales volume due to a drop in housing starts
•Selling price revision in order to absorb a rise in raw material prices

5. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Specialty Products

Lower earnings on higher sales



Qualitative information

(Polycrystalline silicon)
•Increased sales volume of semiconductor-grade polycrystalline silicon owing mainly to strong demand for mobile terminals including smartphones
•Increased sales volume of solar-grade polycrystalline silicon resulting from commencement of shipments from Tokuyama Malaysia

(Fumed silica)
•Increased sales volume, mainly of its application as a polishing material for semiconductors

(Aluminum nitride)
•Higher sales volume of such applications as heat dissipation materials used for power devises and LEDs

(High-purity chemicals for electronics manufacturing)
•Higher sales volume of such applications as semiconductor and liquid crystal production

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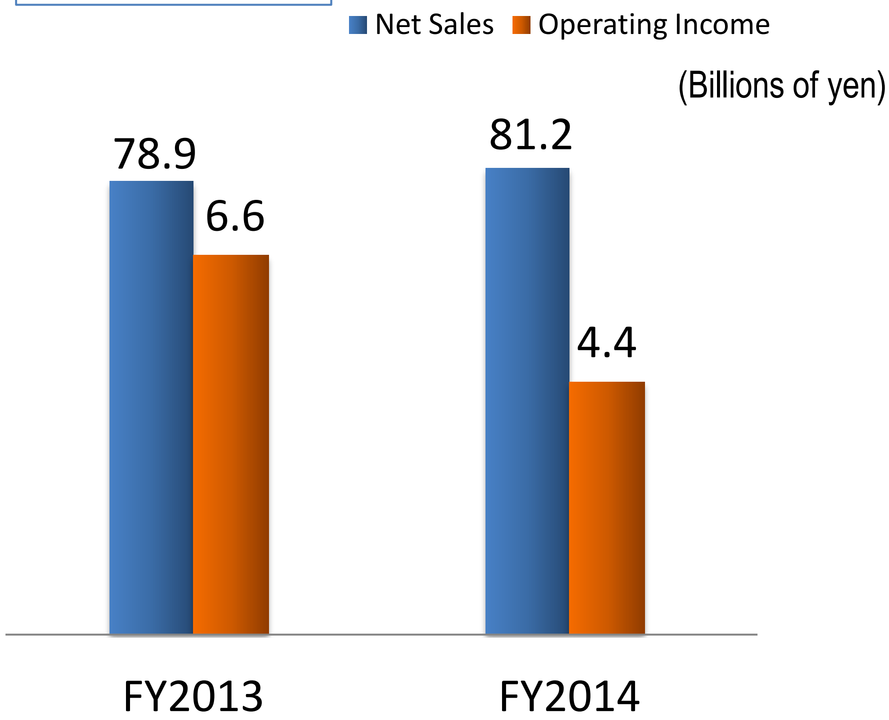
4 Supplementary Data

5. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Cement

Lower earnings on higher sales



Qualitative information

(Cement)

•Sluggish sales volume in domestic market due to delay in construction work caused by a labor shortage and unseasonably bad weather

•Increased exports to Asia against the backdrop of steady demand in the Asian market

•Increased distribution costs due to the construction of new cement tankers.

•Increased net sales owing to commencement of the operation of Hiroshima Tokuyama Ready Mixed Concrete Co., Ltd.

(Recycling and environment-related business)

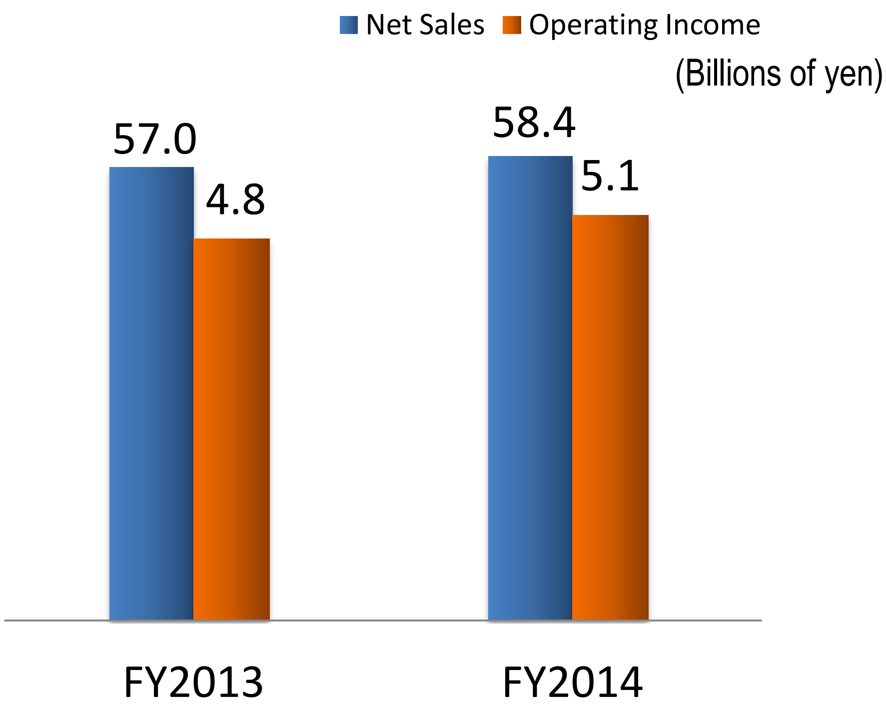
•The Company accepted a lower volume of waste as a result of its lower clinker production

5. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Life & Amenity

Higher earnings on higher sales



Qualitative information

(Active pharmaceutical ingredient)
•Increased sales volume, mainly of such applications as generic drugs

(Plastic lens-related materials)
•Increased sales volume of photochromic materials

(Microporous film)
•Increased sales volume due to commencement of operation in Tianjin

(Polyolefin film)
•Increased sales volume of products mainly for convenience stores
•Selling price revision in order to absorb a rise in raw material prices

(Gas sensor)
•Increase sales volume of such applications as gas alarm devises and air cleaners

(Medical diagnosis system)
•Increase sales volume of products for blood testing
•Improved profitability resulting from cost reduction efforts

(Plastic window sash)
•Decreased sales volume arising from reaction to the rush demand before the consumption tax increase

6. Principal Indicators ①

(year-on-year change)

(Billions of yen)

	FY2013		FY2014		Changes	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Capital expenditures	61.0	5.1	25.3	8.3	(35.7)	+3.2
Depreciation and amortization	16.7	11.3	18.8	10.4	+2.1	(0.8)
R&D expenses	8.7	6.4	10.1	7.8	+1.4	+1.4
Financial income and expenses	(2.1)	1.9	(4.0)	3.6	(1.8)	+1.7

6. Principal Indicators ②

(compared with the previous fiscal year-end)

		3/31/2014		3/31/2015		Changes	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Interest-bearing debts	Billions of yen	240.7	220.0	283.1	262.6	+42.4	+42.5
Number of employees	Persons	5,756	2,041	5,852	1,970	+96	(71)

6. Principal Indicators ③

(year-on-year change based on FY15 forecasts)

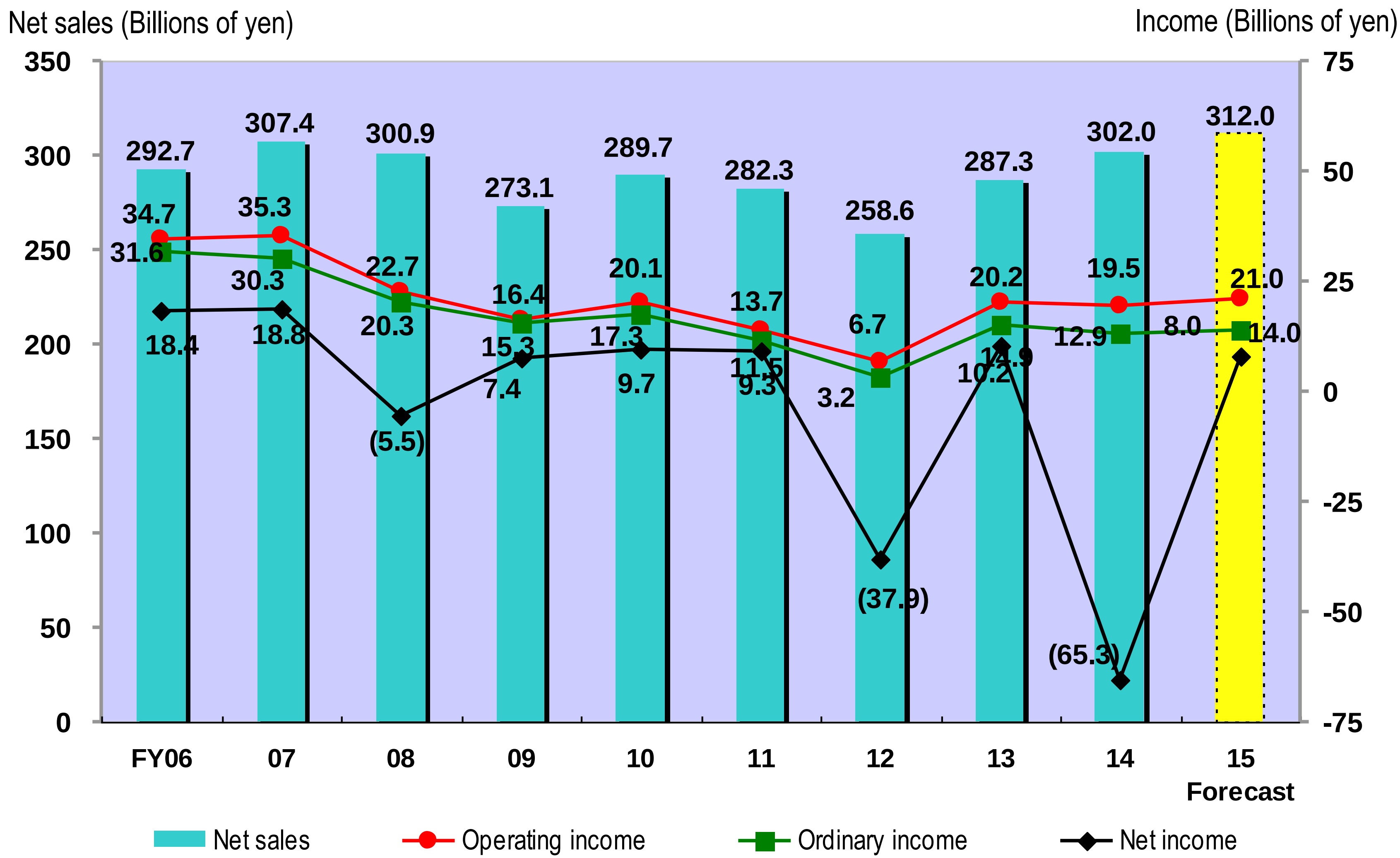
(Billions of yen)

	FY2015 Forecasts		FY2014 Results		Changes	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Capital expenditures	18.9	10.0	25.3	8.3	(6.4)	+1.6
Depreciation and amortization	22.2	11.0	18.8	10.4	+3.3	+0.6
R&D expenses	9.5	7.0	10.1	7.8	(0.6)	(0.8)

4 Supplementary Data

7. Performance Trend

Consolidated (Annual)



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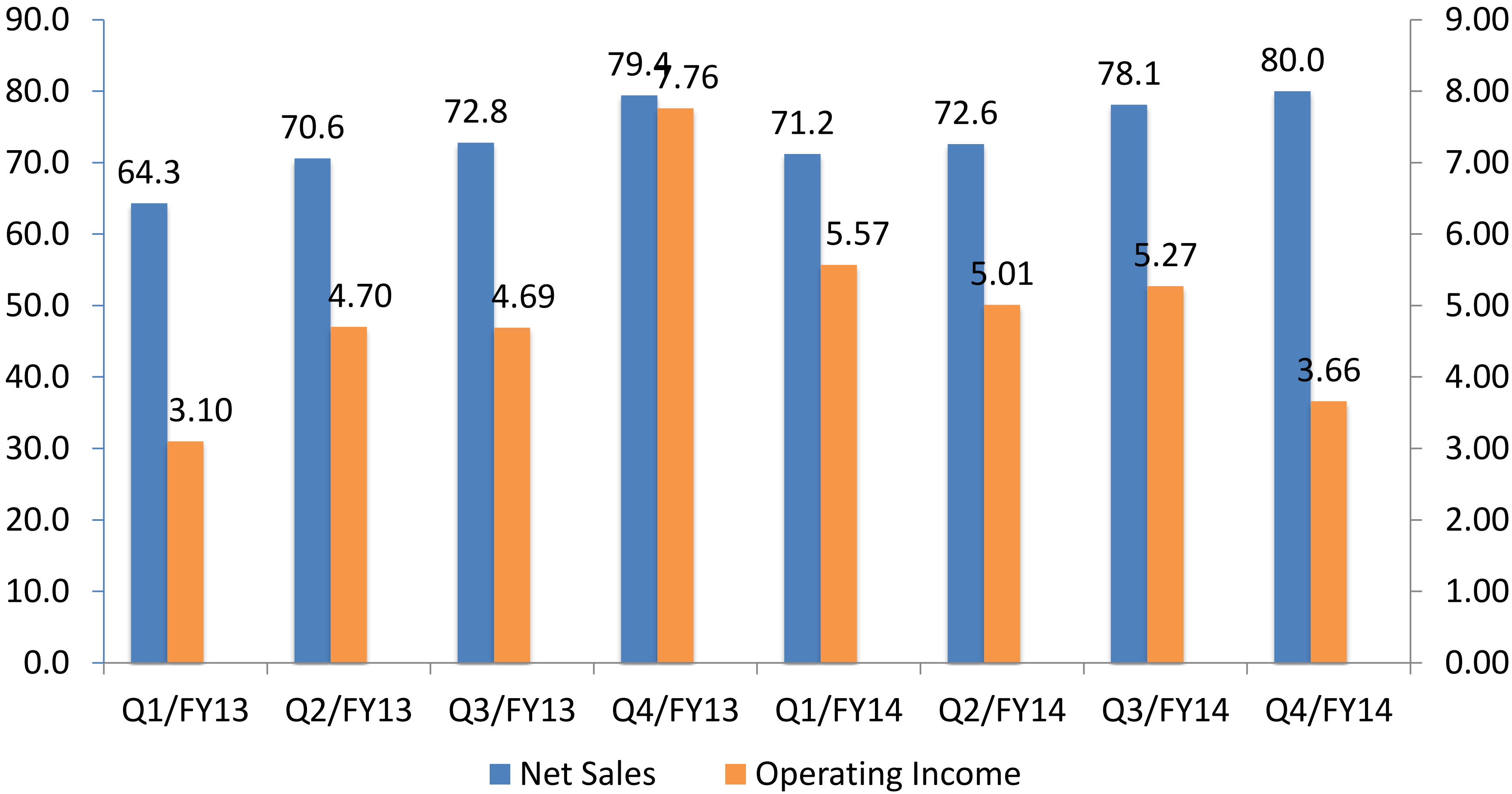
7. Performance Trend (Quarter)

Consolidated

(Billions of yen)



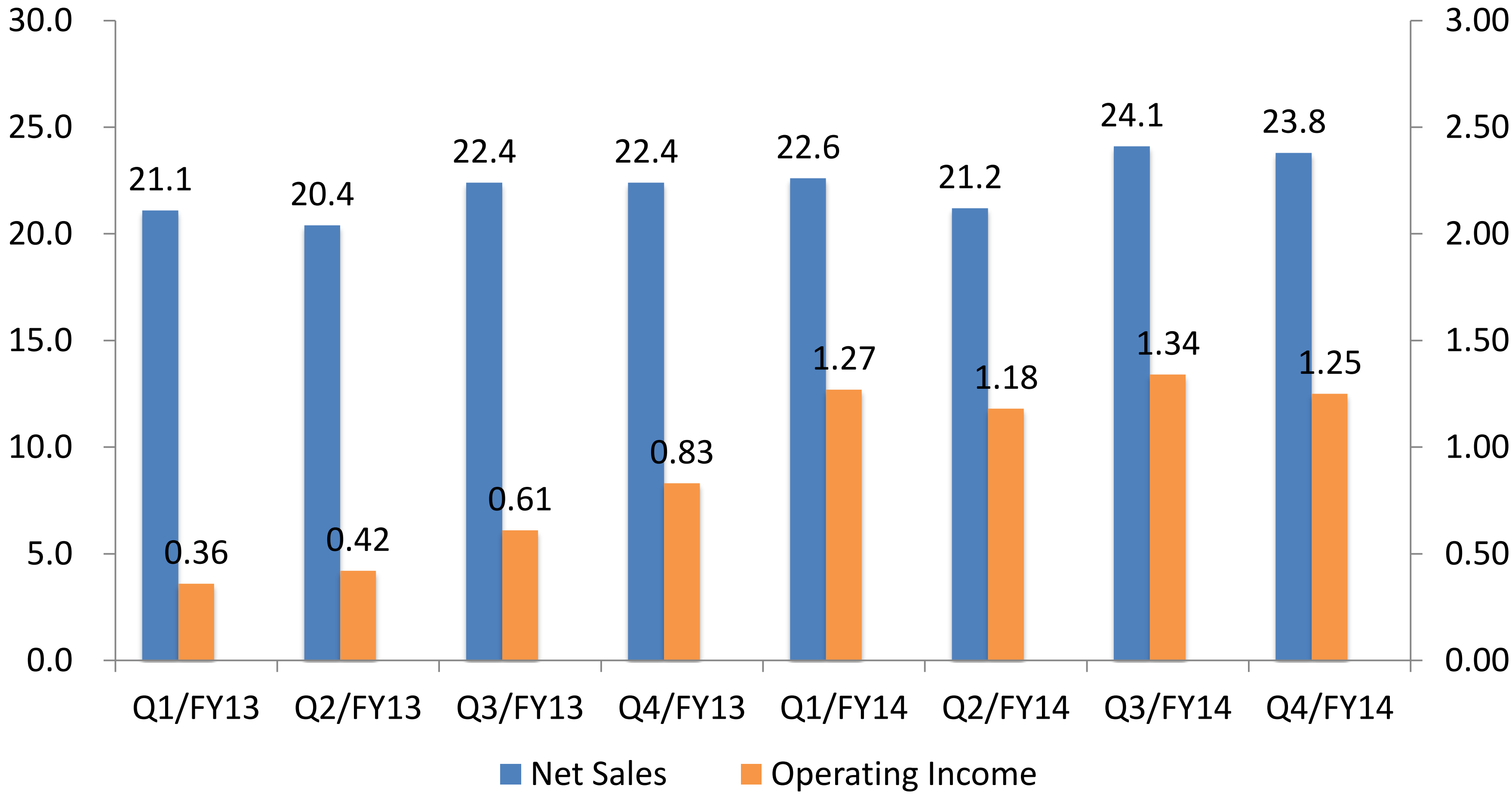
4 Supplementary Data

7. Performance Trend

(Quarter)

Chemicals

(Billions of yen)

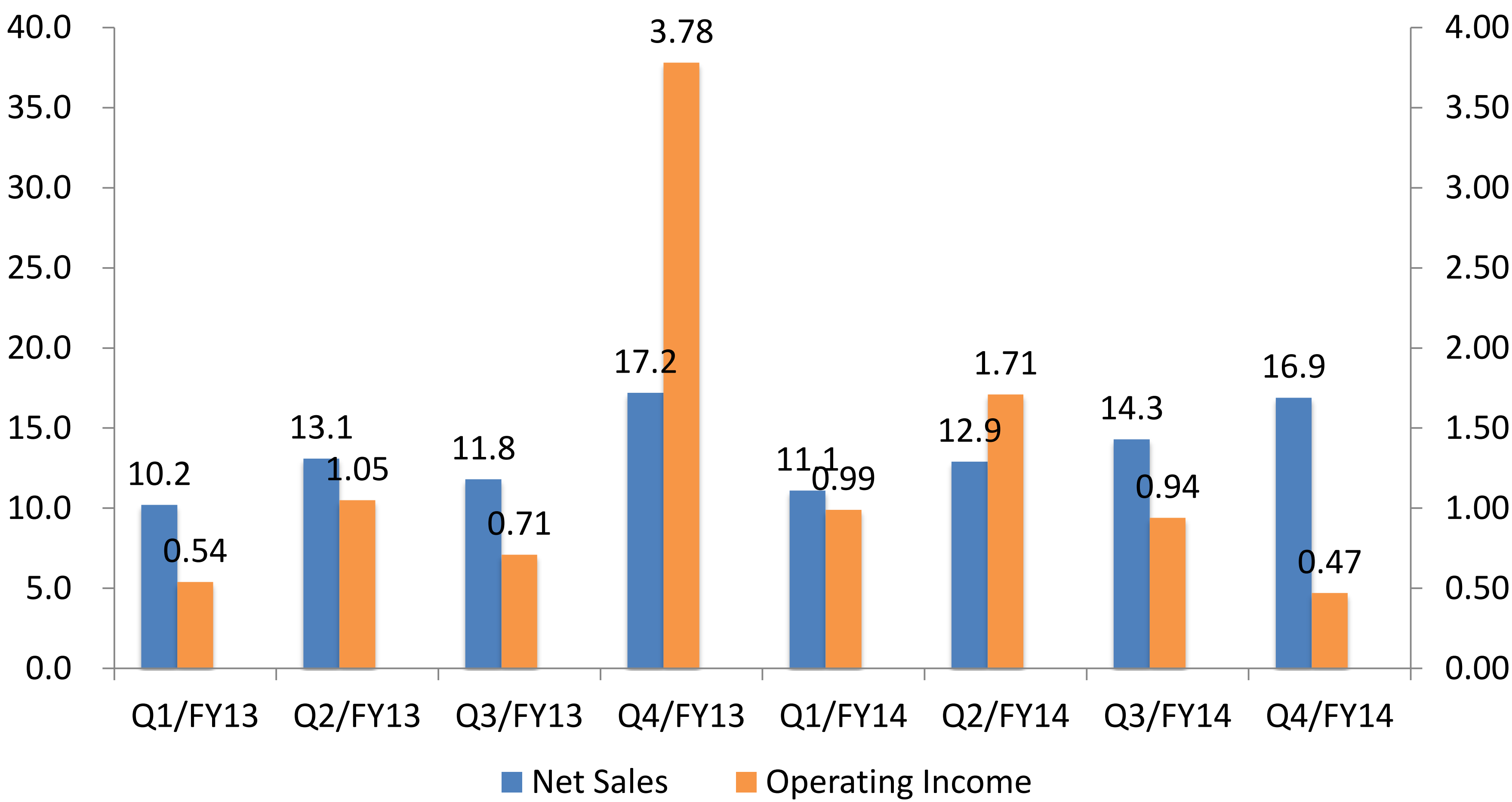


7. Performance Trend

(Quarter)

Specialty Products

(Billions of yen)

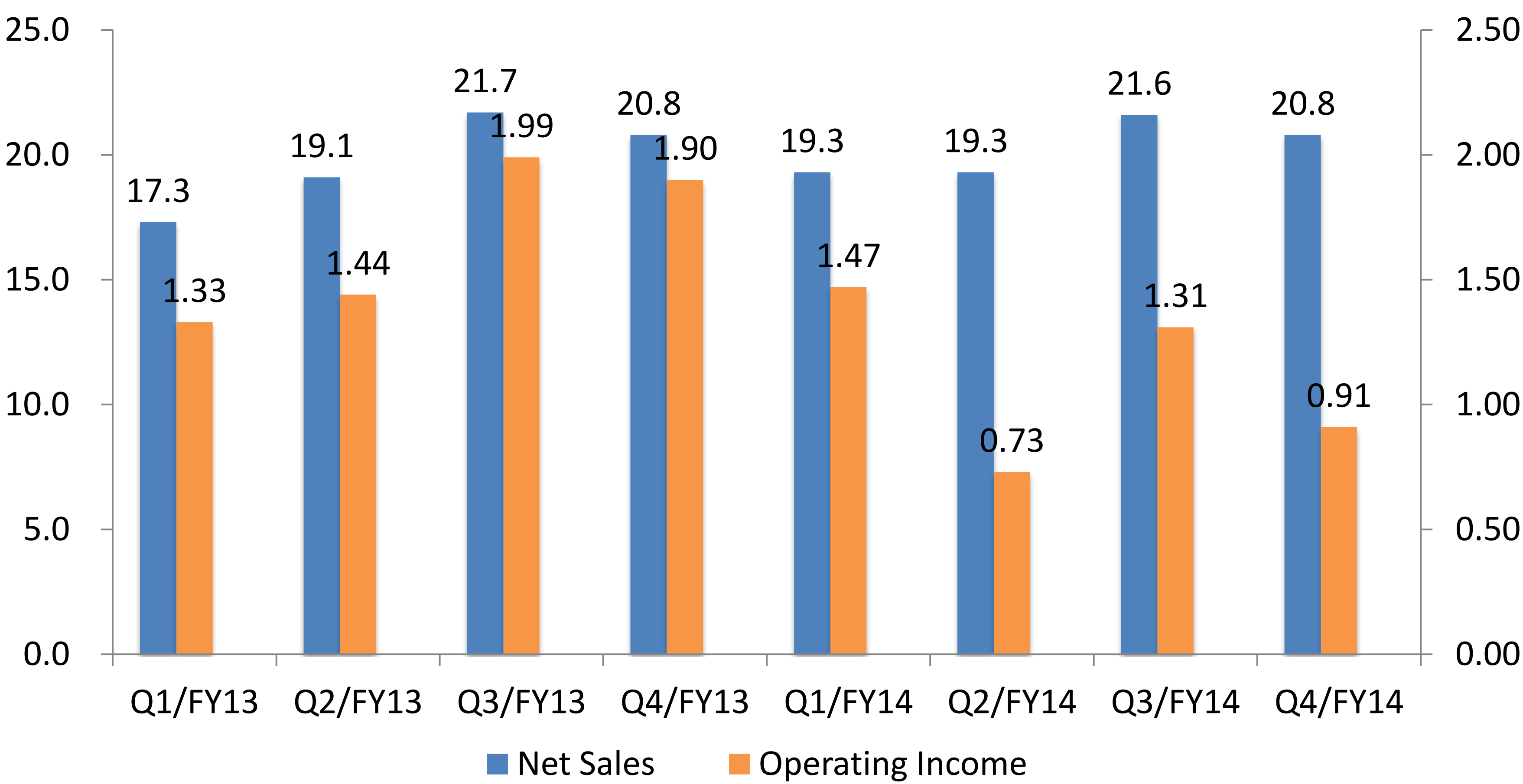


7. Performance Trend

(Quarter)

Cement

(Billions of yen)



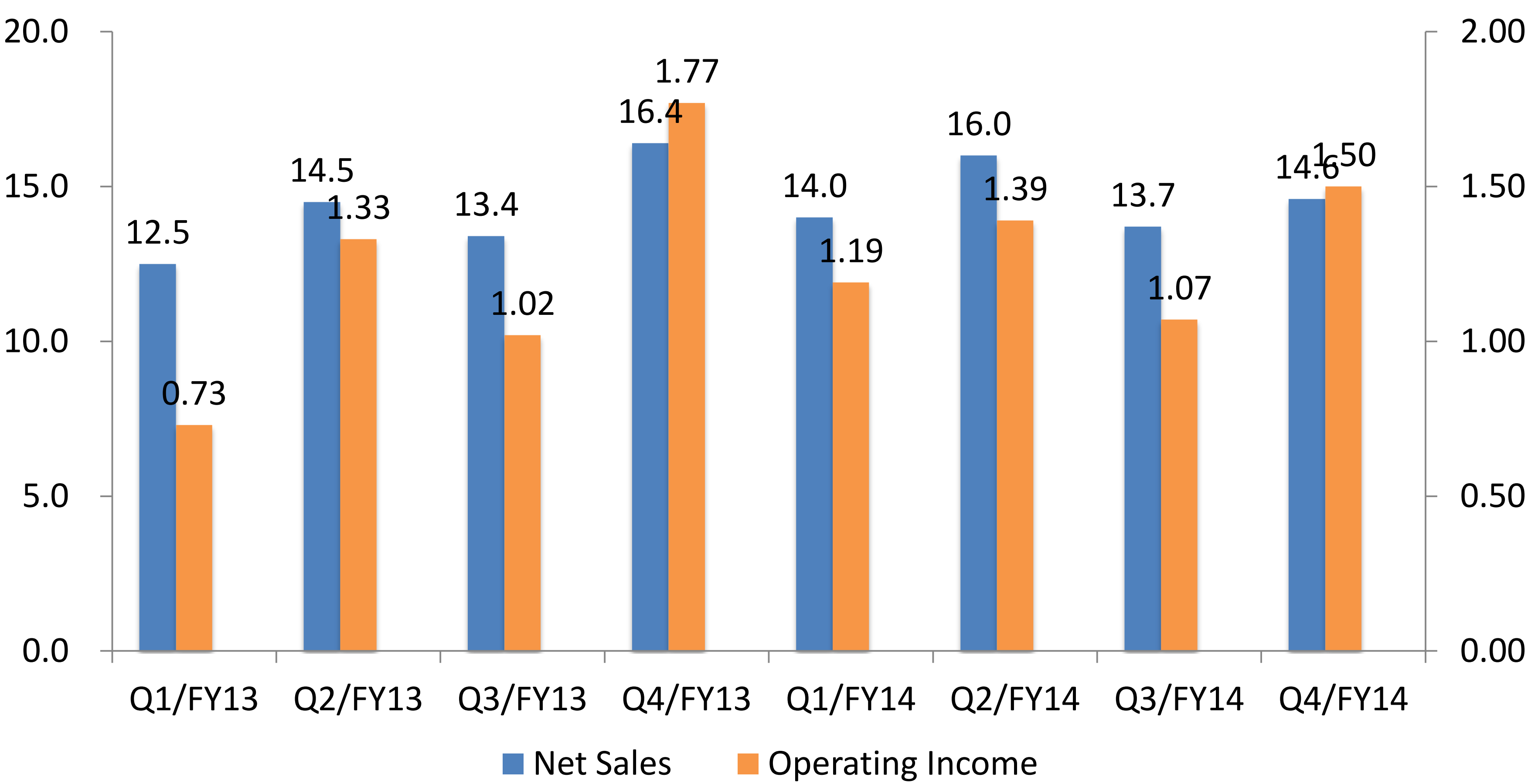
4 Supplementary Data

7. Performance Trend

(Quarter)

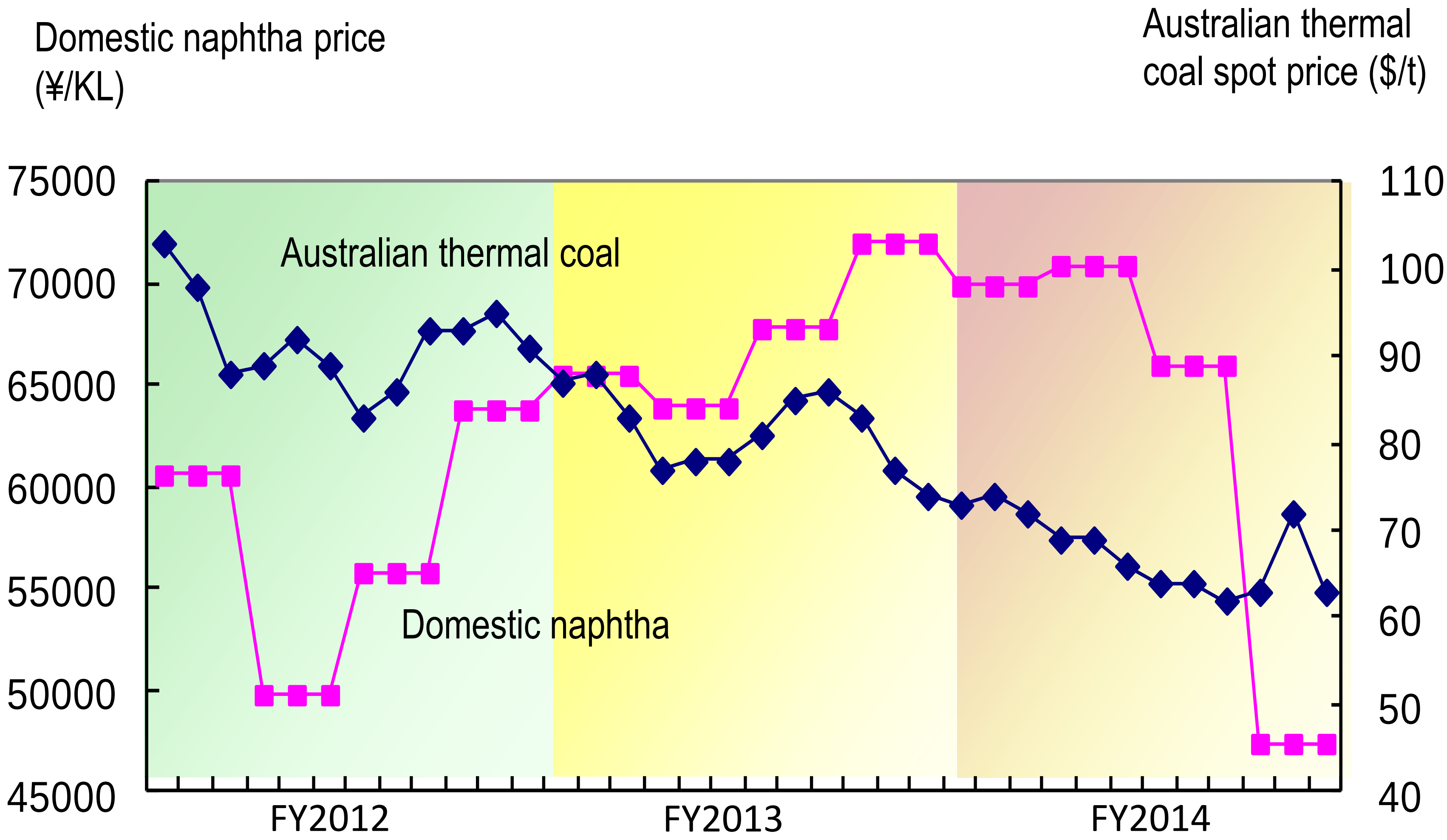
Life & Amenity

(Billions of yen)



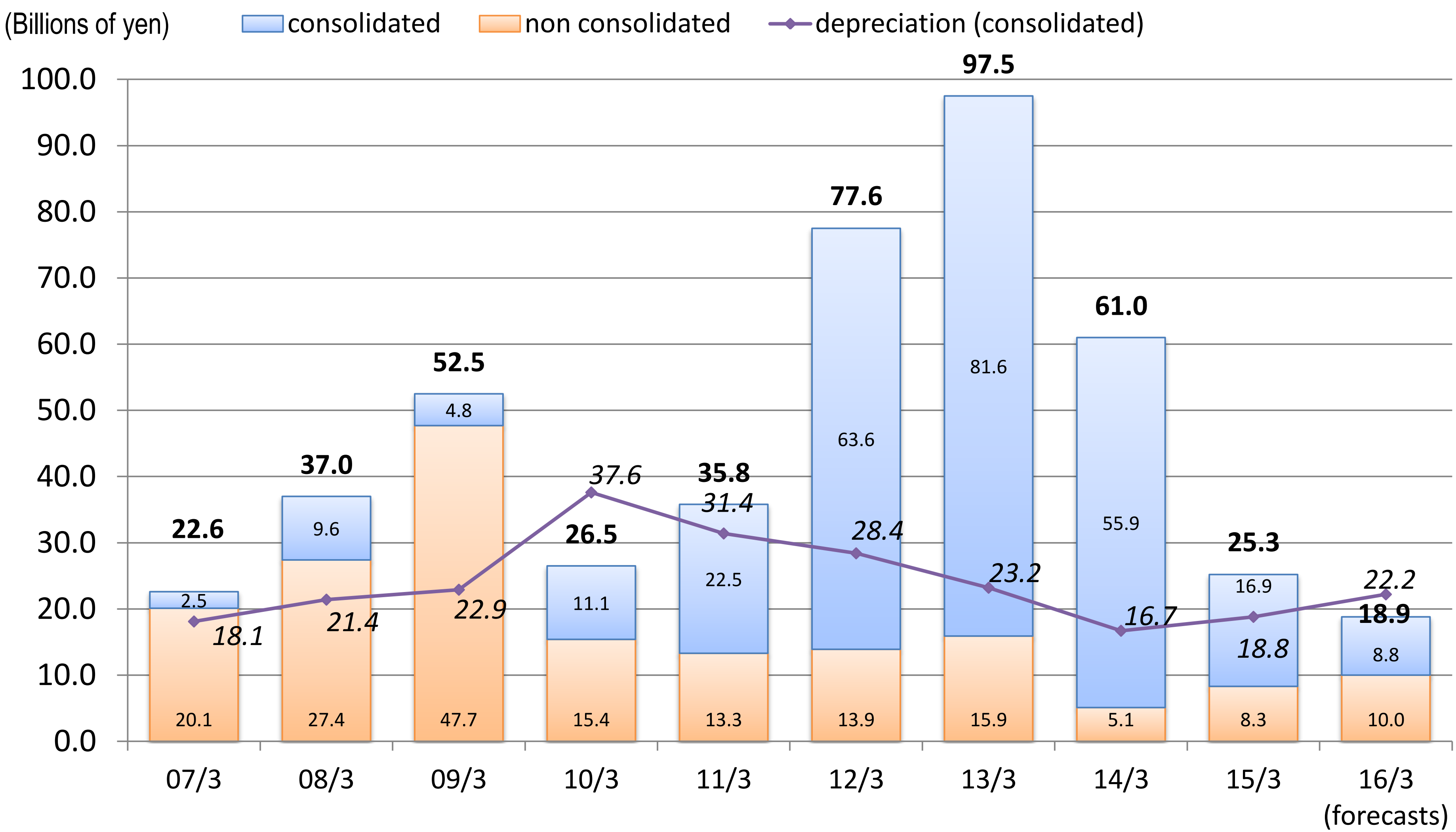
4 Supplementary Data

8. Price Trend of Main Raw Material and Fuel



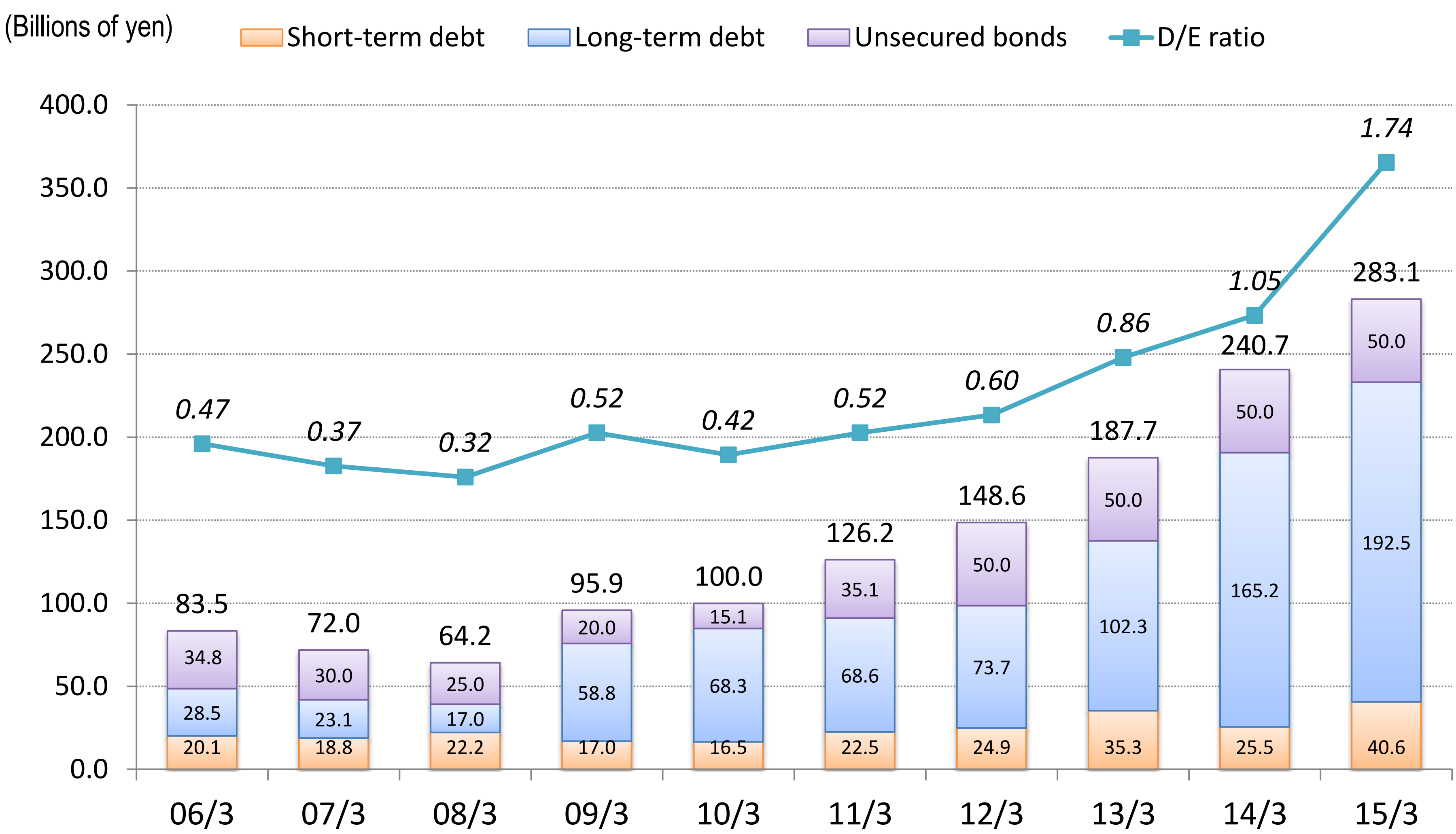
4 Supplementary Data

9. CAPEX and Depreciation Trend



10. Interest-Bearing Debts Trend

Consolidated



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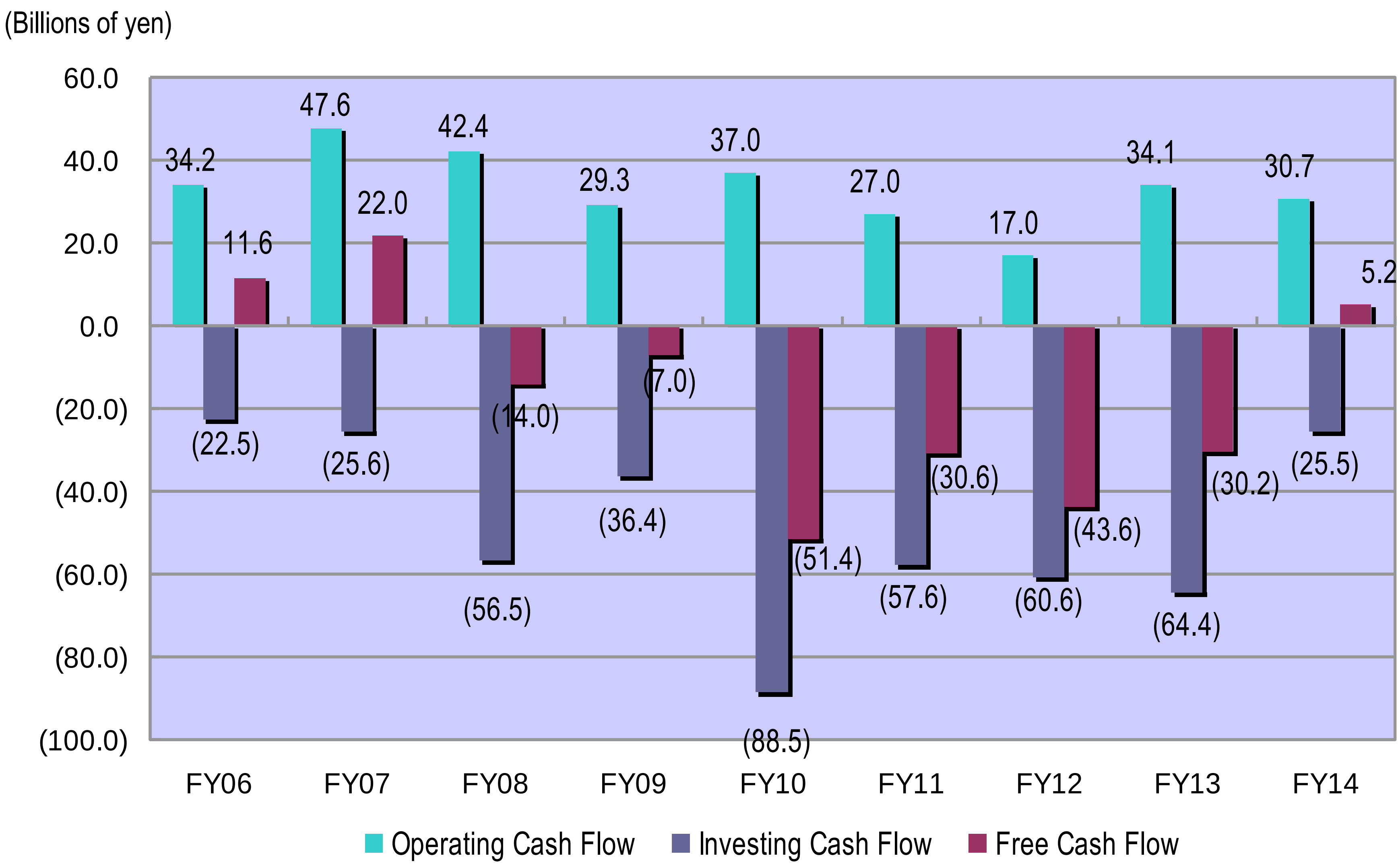
4 Supplementary Data

11. Free Cash Flow Trend



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12. Revised Performance Forecasts (1H/2H)

(Compared with previous forecasts)

(Billions of yen)

	FY2014 Results			FY2015 Forecasts		
	1H	2H	Total	1H	2H	Total
Net sales	143.8	158.2	302.0	151.0	161.0	312.0
Operating income	10.5	8.9	19.5	8.5	12.5	21.0
Ordinary income	8.2	4.6	12.9	6.0	8.0	14.0
Net income	(80.5)	15.1	(65.3)	3.0	5.0	8.0
Net income per share (yen)	(231.40)	43.55	(187.85)	8.62	14.38	23.00
Exchange rate (¥/$)	103	117	110	115	115	115
Domestic naphtha price (¥/kl)	70400	56,500	63,500	46,000	46,000	46,000

12. Revised Performance Forecasts (1H/2H)

(By business segment, compared with previous forecasts)

(Billions of yen)

	FY2014 Results						FY2015 Forecasts					
	1H		2H		Total		1H		2H		Total	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	43.9	2.4	47.9	2.5	91.9	5.0	42.0	2.0	45.0	4.0	87.0	6.0
Specialty Products	24.1	2.7	31.3	1.4	55.4	4.1	31.0	0.0	35.0	1.0	66.0	1.0
Cement	38.6	2.2	42.5	2.2	81.2	4.4	42.0	3.0	44.0	4.0	86.0	7.0
Life & Amenity	30.0	2.5	28.3	2.5	58.4	5.1	29.0	2.5	29.0	3.0	58.0	5.5
Others	24.9	2.6	26.5	3.3	51.4	6.0	27.0	2.0	29.0	2.0	56.0	4.0
Total	161.7	12.6	176.7	12.1	338.5	24.8	171.0	9.5	182.0	14.0	353.0	23.5
Inter-segment eliminations and corporate-wide expenses	(17.9)	(2.0)	(18.5)	(3.2)	(36.4)	(5.2)	(20.0)	(1.0)	(21.0)	(1.5)	(41.0)	(2.5)
Consolidated Results	143.8	10.5	158.2	8.9	302.0	19.5	151.0	8.5	161.0	12.5	312.0	21.0

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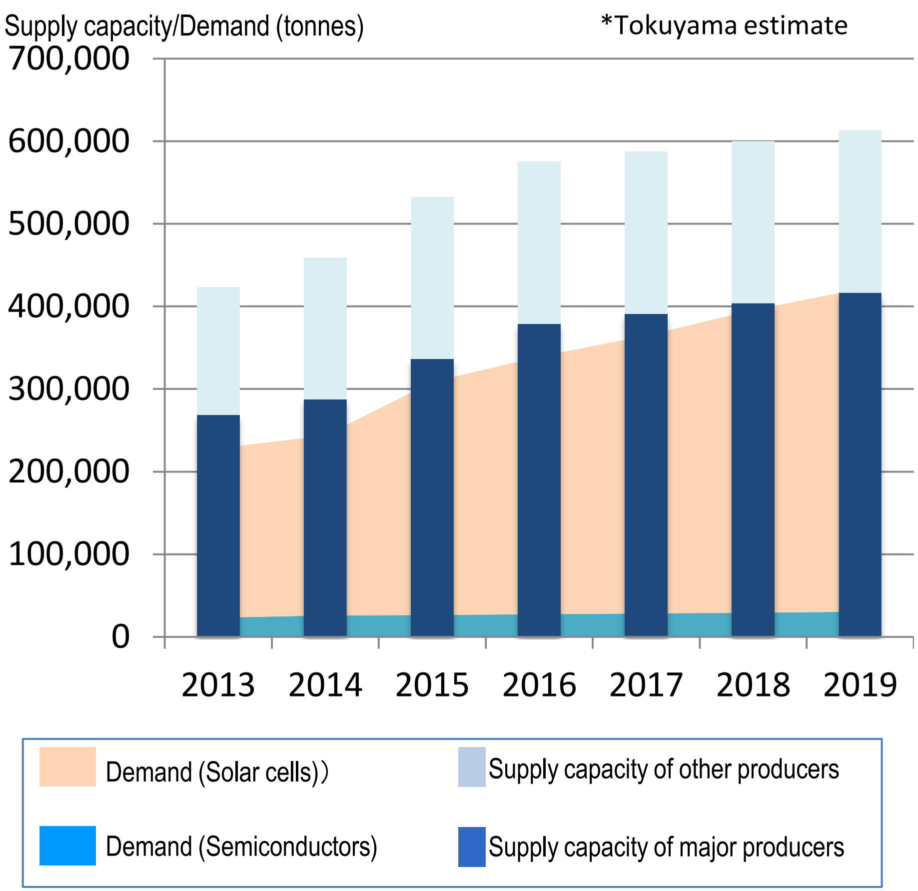
13. Polysilicon Market

Supply-demand forecast of polysilicon



(Note 1) Major producers mean Tier1 manufactures in the classification by IHS.
(Note 2) Demand is estimated by Tokuyama based IHS

Forecasts

<Semiconductor-grade polysilicon demand>

•Projected annual increase of 3-4% on the back of an upswing in demand for use in tablet terminals and smartphones

<Solar cell-grade polysilicon demand>

•Despite a substantial decline in installed PV capacity owing mainly to cutbacks in subsidies in Europe, projected annual increase in demand exceeding 10-15% largely reflecting forecast growth due attributable to aggressive installation initiatives in such countries as Japan, China, and the U.S.

<Supply side>

•Excess supply capacity expected to continue for the foreseeable future; cost competitiveness recognized as the key to survival

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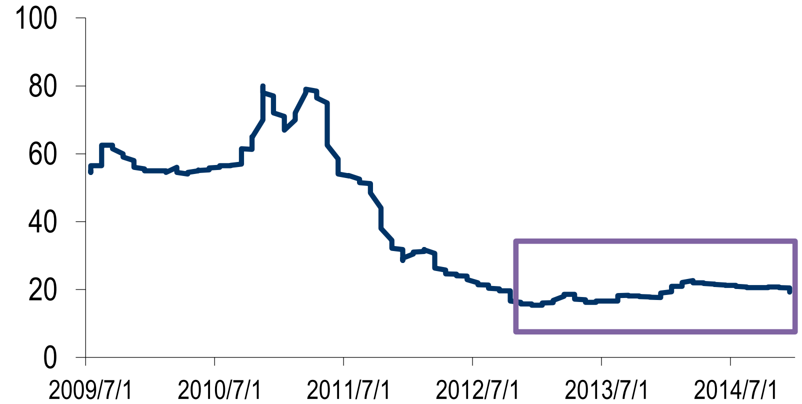
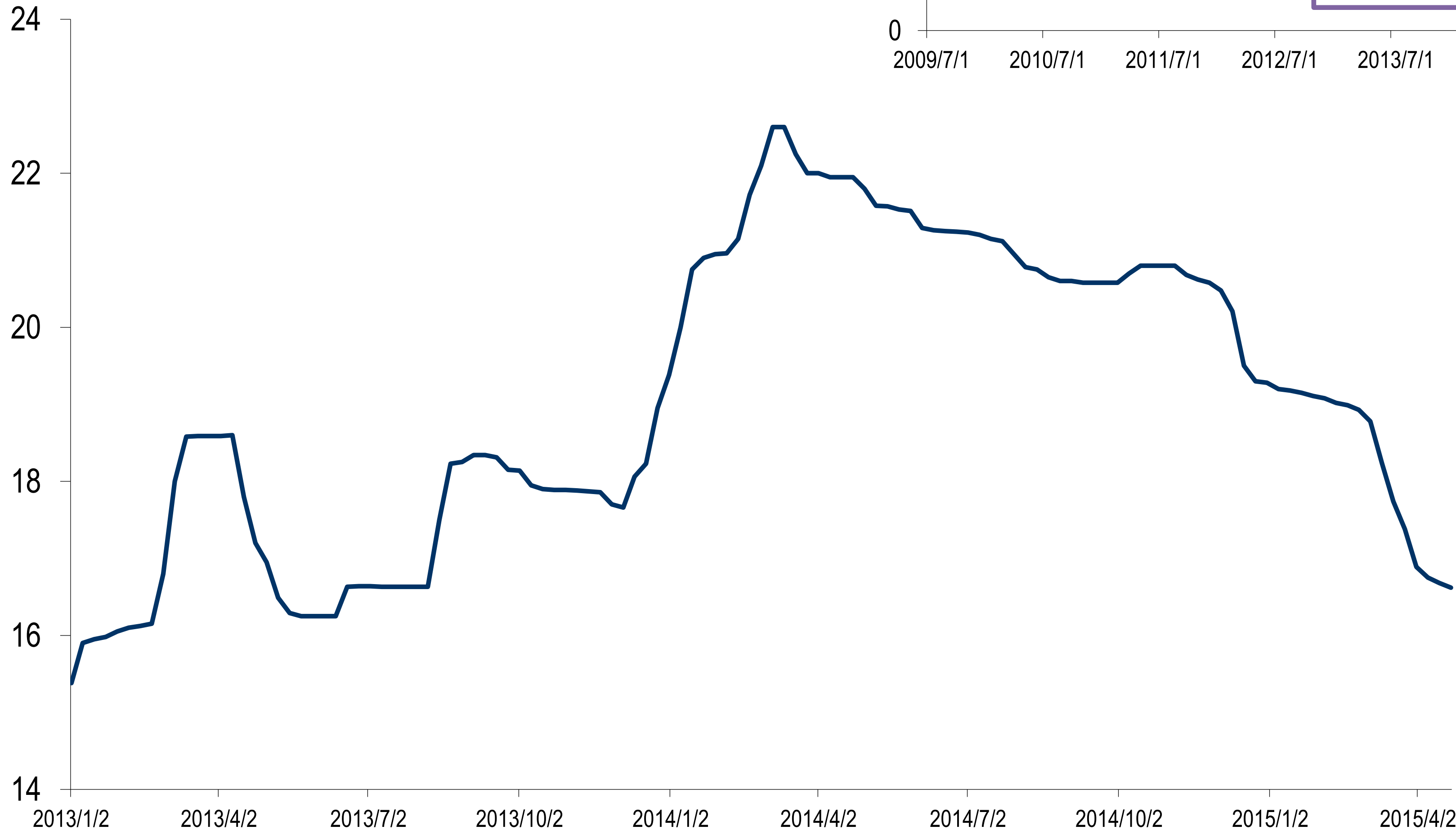
13. Polysilicon Market

Solar-cell grade Polysilicon Spot Price Trend



(US$/KG)

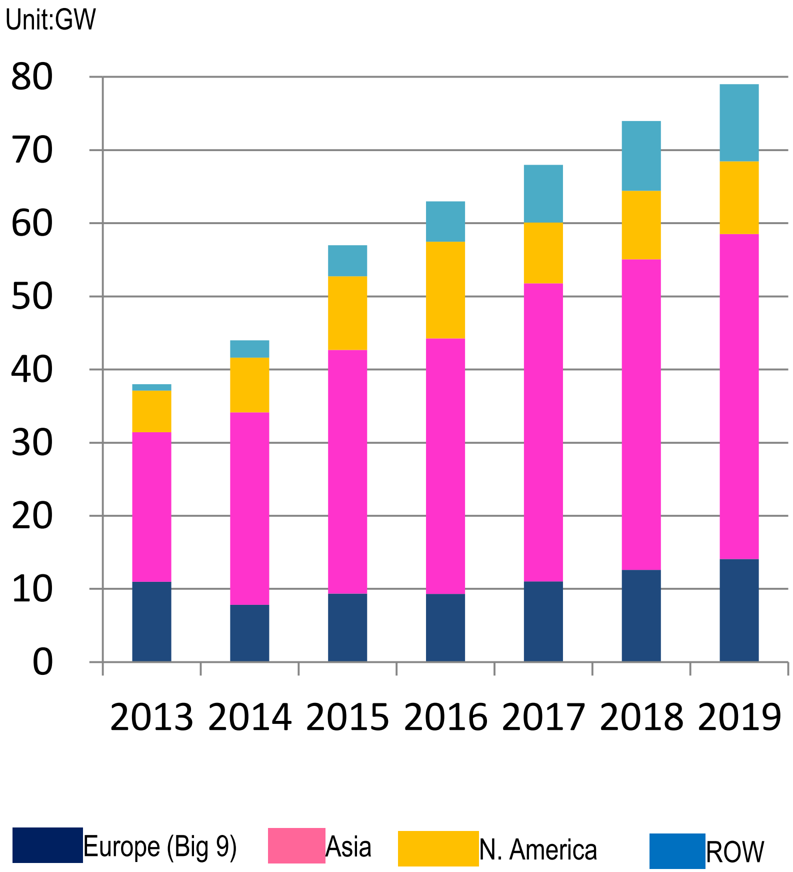


Source : PV insights

4 Supplementary Data

14. PV Market

Forecasts of installed PV capacity by region



(Note) Tokuyama estimate based on IHS Market Tracker (PV Integrated) Q1 2015

Conditions in each country

<China>

◆In a bid to ensure sound industry growth, the government announced specific targets for the introduction of solar power generation facilities: A cumulative total of 70GW by 2017

◆Installation volume in 2014: 10.6GW

◆ China's National Energy Administration has upwardly revised its 2015 solar power energy installation target from 15GW to 17.8GW

<Japan>

◆Since the launch of the existing feed-in tariff system in July 2012, Japan has witnessed a rapid surge in the amount of solar power generation introduction

◆Installation volume in 2014: 8.6GW (on an AC basis)

<U.S.>

◆Policy measures aimed at promoting the widespread use of a variety of solar power generation facilities is driving market growth; in particular, public policy measures at the state level are pushing forward the large-scale solar power generation market

◆Installation volume in the U.S. in 2014 was 6.2GW on a single year basis; achieved 18.3GW on a cumulative basis

<Europe>

◆The solar power generation market contracted slightly in 2014 due the successive shrinking and termination of policy support measures; From 2015, the market is expected to enter a growth trend on the back of a recovery in demand after four years

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