

Q3 Fiscal 2020 - Apr 1, 2020 to Dec 31, 2020-

Presentation for IR Meeting

January 29, 2021

Solutions through Chemistry
Tokuyama Corporation



Key points of the third quarter of fiscal 2020

- Lower earnings on lower sales YoY due to impact of deconsolidation of Sun-Tox, the novel coronavirus (COVID-19) pandemic and other factors
- Based on the current performance trend such as upturn in export prices of vinyl chloride monomer and vinyl chloride resin, the previous forecast for fiscal 2020 has been revised upwardly

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1 Financial Results for Q3 FY2020

1. Financial Highlights
2. Net Sales / Operating Profit by Business Segment
3. Changes in Operating Profit (By Factor)
4. Changes in Net Sales / Operating Profit by Business Segment



1. Financial Highlights

(Billions of yen)

	Q3 FY2019	Q3 FY2020	Difference		Main changing factors
			Amount	%	
Net sales	236.5	220.9	(15.6)	(7)	Deconsolidation of Sun-Tox Decrease in sales volumes of caustic soda in Japan Price decline of petroleum products
Operating profit	24.7	21.7	(3.0)	(12)	Decrease in sales volumes of such products as caustic soda
Ordinary profit	23.7	21.1	(2.5)	(11)	Decrease in operating profit
Profit attributable to owners of parent	18.0	19.3	+1.3	+7	Decrease in income taxes
Basic earnings per share (yen)	259.32	278.14	-	-	-
Exchange rate (yen/USD)	109	106	-	-	-
Domestic naphtha price (yen/kl)	42,300	28,800	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2020	As of Dec 31,2020	Difference	Main changing factors
Total assets	383.4	374.0	(9.4)	Deconsolidation of Sun-Tox
Shareholders' equity	168.8	185.6	+16.7	Posting profit attributable to owners of parent
Shareholders' equity ratio	44.0%	49.6%	+5.6pts	-
Interest-bearing debt	116.3	100.3	(15.9)	Decrease in long-term loans payable
D/E ratio	0.69	0.54	(0.15)	-
Net D/E ratio*	0.21	0.13	(0.08)	-
Net assets per share (yen)	2,431.21	2,672.62	-	-

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

2. Net Sales/Operating Profit by Business Segment

(Year-on-year change)

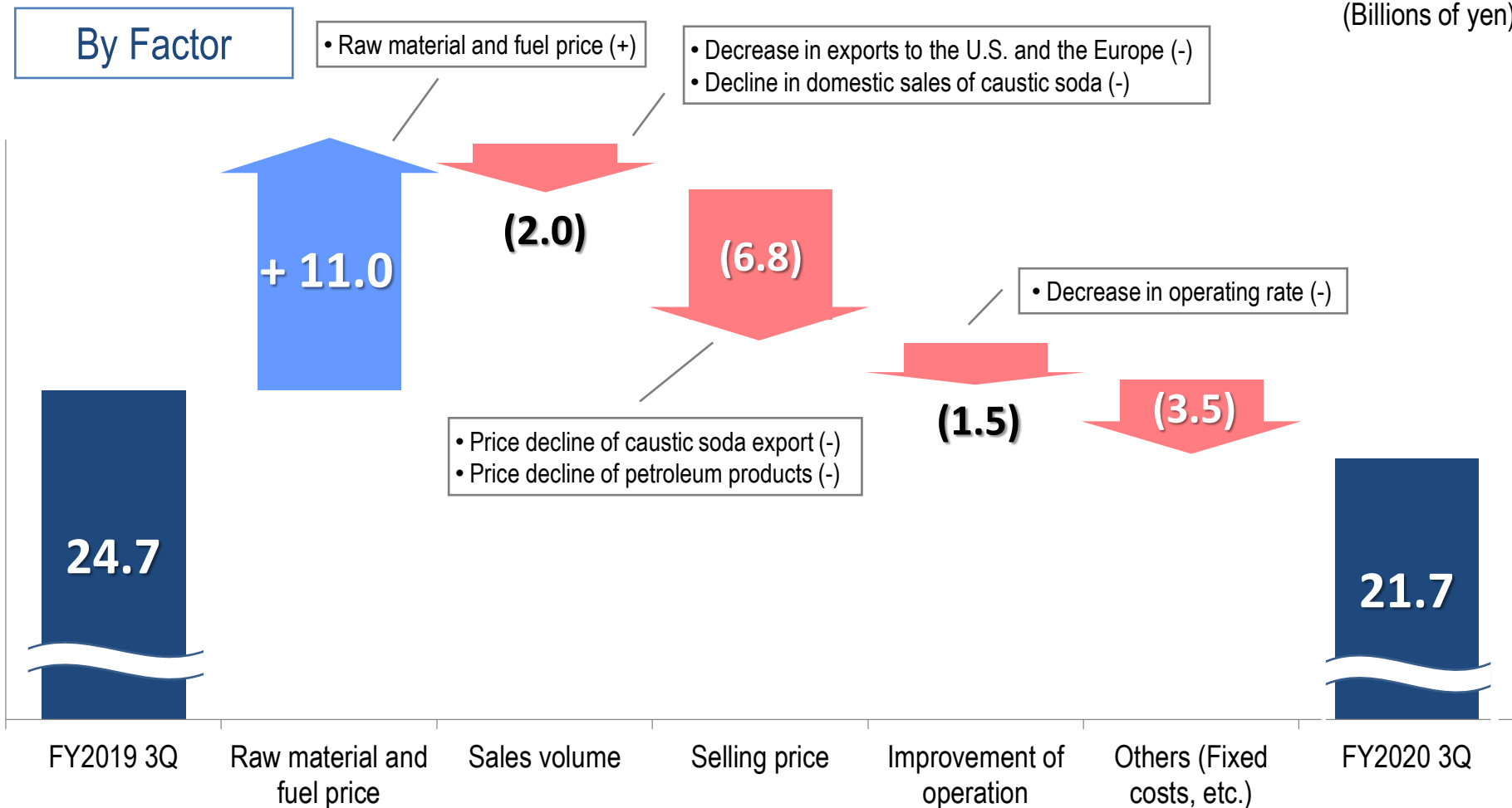
(Billions of yen)

	Q3 FY2019		Q3 FY2020		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	71.1	11.7	61.0	9.3	(10.1)	(14)	(2.3)	(20)
Specialty Products	38.4	4.4	41.0	4.5	+2.5	+7	+0.0	+2
Cement	66.4	2.6	68.3	3.8	+1.8	+3	+1.2	+48
Life & Amenity	42.3	2.3	34.0	1.5	(8.2)	(19)	(0.7)	(33)
Others	49.1	4.8	40.5	4.5	(8.6)	(18)	(0.2)	(6)
Total	267.5	26.0	245.0	23.9	(22.5)	(8)	(2.1)	(8)
Inter-segment eliminations and corporate-wide expenses	(31.0)	(1.3)	(24.1)	(2.2)	+6.8	-	(0.9)	-
Consolidated results	236.5	24.7	220.9	21.7	(15.6)	(7)	(3.0)	(12)

(Note) Sales and operating profit in each segment shown above include inter-segment transactions

3. Changes in Operating Profit

(Year-on-year change)



(+)/(-) denote the factors of increase/decrease in profit

4. Changes in Net Sales / Operating Profit by Business Segment

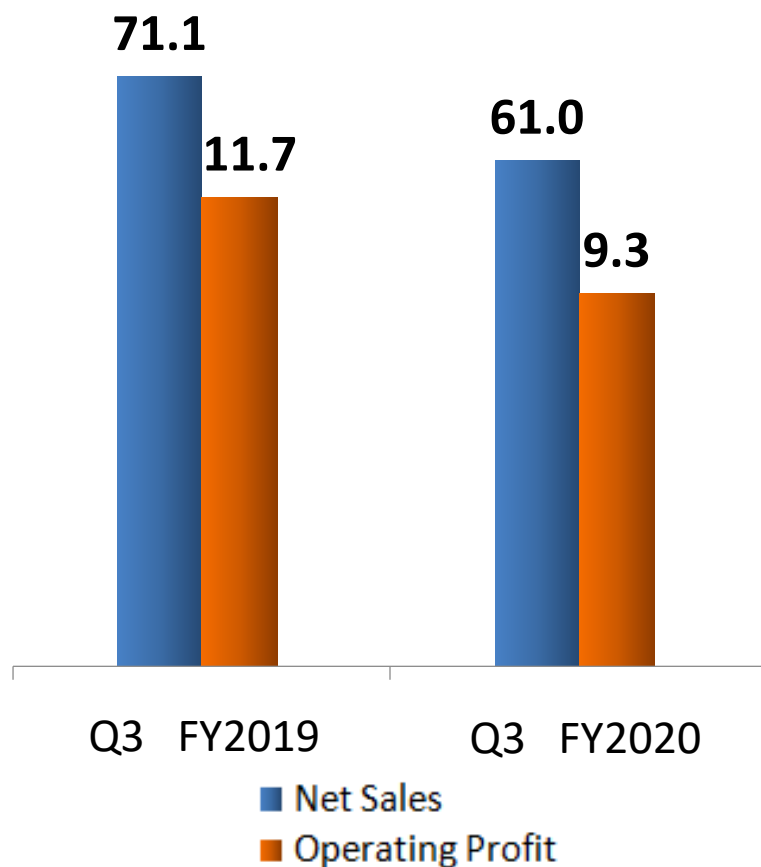
(Year-on-year change)

Chemicals

Lower earnings on lower sales

(Billions of yen)

Qualitative information



(Caustic soda)

- Its earnings declined. This was largely due to the drop in sales volumes in Japan owing to the spread of COVID-19 and a deterioration in overseas market conditions

(Vinyl chloride monomer and Vinyl chloride resin)

- Earnings increased due to the upturn in export prices

(Soda ash)

- Its earnings declined. This downturn in earnings was largely due to the drop in sales volumes in Japan owing to the spread of COVID-19

4. Changes in Net Sales / Operating Profit by Business Segment

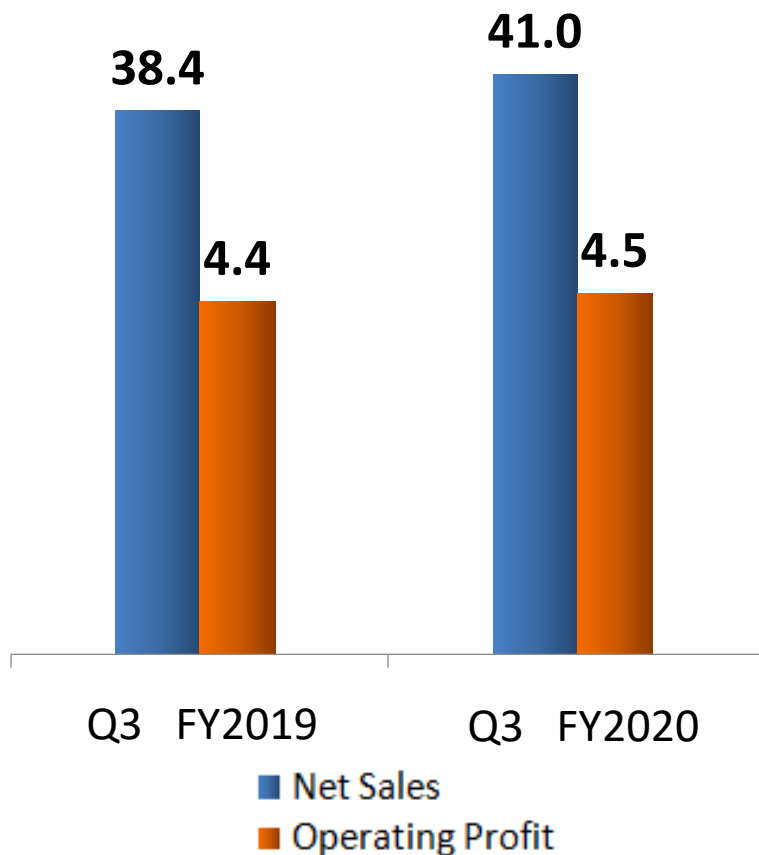
(Year-on-year change)

Specialty Products

Higher earnings on higher sales

(Billions of yen)

Qualitative information



(Semiconductor-grade Polycrystalline silicon)

- Its earnings increased owing to firm sales on the back of the introduction of 5G and an increase in remote work

(High-purity chemicals for electronics manufacturing)

- Earnings increased due to an increase in the volume mainly overseas

(Fumed Silica)

- Its earnings decreased largely due to the drop in sales volumes owing to the spread of COVID-19

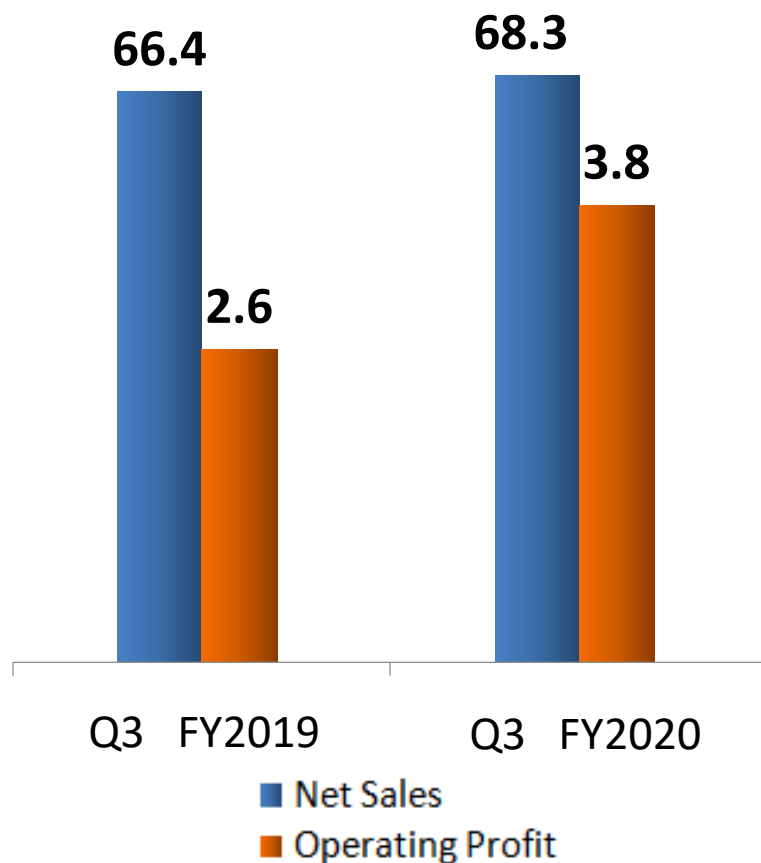
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Cement

Higher earnings on higher sales

(Billions of yen) Qualitative information



(Cement)

- Its earnings increased. This upswing in earnings reflected the limited impact of COVID-19 on domestic shipments and successful steps to reduce manufacturing costs on the back of a decline in raw material prices

4. Changes in Net Sales / Operating Profit by Business Segment

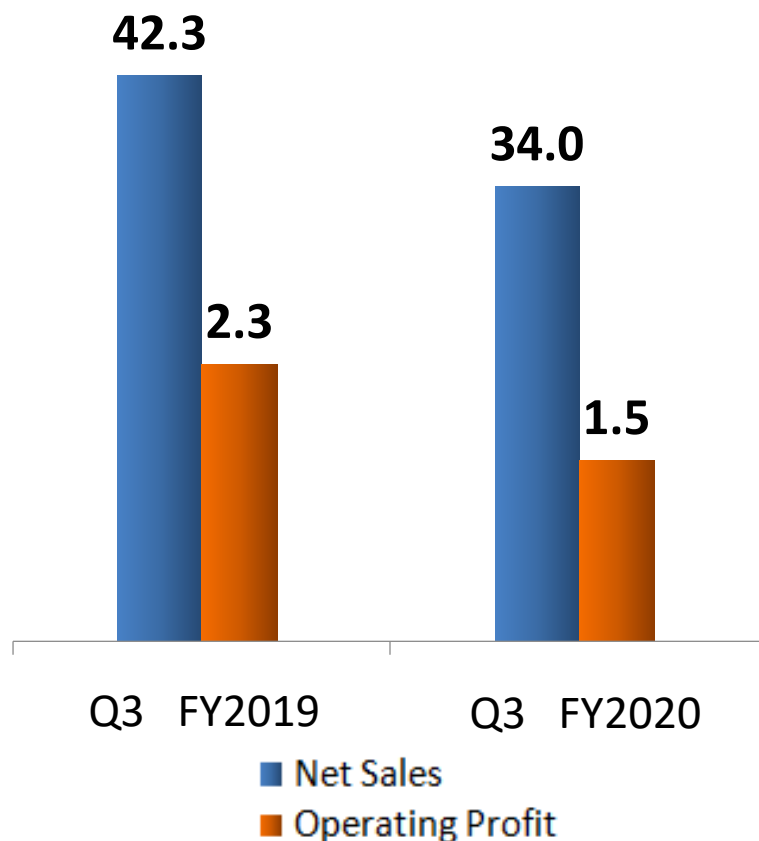
(Year-on-year change)

Life & Amenity

Lower earnings on lower sales

(Billions of yen)

Qualitative information



(Plastic lens-related materials)

- Earnings decreased as a result of COVID-19, which pushed down export volumes of photochromic materials for eyeglass lenses to Europe and the United States

(Dental materials)

- Earnings increased. Despite a downturn in export volumes to Europe and the United States impacted by the spread of COVID-19, this increase in earnings was mainly attributable to the drop in advertising expenses

(Medical diagnosis systems)

- Its sales decreased. This largely reflected a decline in sales volumes of laboratory information systems and laboratory automation systems

(Polyolefin film)

- Deconsolidation of Sun-Tox Co., Ltd. from Q3 FY2020 due to the sales of shares in the Company

2 Performance Forecasts for FY2020

- 1. Revised Performance Forecasts**
- 2. Revised Performance Forecasts by Business Segment**



1. Revised Performance Forecasts

The forecast, announced on Oct 28, 2020, has been revised

(Billions of yen)

	FY2020 Forecasts (Oct 28, 2020)	FY2020 Forecasts (Jan 29, 2021)	Difference		Main changing factors
			Amount	%	
Net sales	300.0	300.0	-	-	-
Operating profit	28.0	30.0	+2.0	+7	Upturn in export prices of vinyl chloride monomer and vinyl chloride resin
Ordinary profit	28.0	30.0	+2.0	+7	Increase in operating profit
Profit attributable to owners of parent	22.0	26.0	+4.0	+18	Increase in operating profit Decrease in income taxes
Basic earnings per share (yen)	316.75	374.34	-	-	-
Exchange rate (yen/USD)	2Q results:107	3Q results:106	-	-	-
	3-4Q forecast:105	4Q forecast:105			
Domestic naphtha price (yen/kl)	2Q results:27,600	3Q results:28,800	-	-	-
	3-4Q forecast:32,500	4Q forecast:32,000			

Performance forecast for the full fiscal year ending March 31, 2021 has been revised as above from the previous performance forecast released on October 28, 2020, based on the current performance trend such as upturn in export prices of vinyl chloride monomer and vinyl chloride resin

2. Revised Performance Forecasts by Business Segment

The forecast, announced on Oct 28, 2020, has been revised

(Billions of yen)

	FY2020 Forecasts (Oct 28, 2020)		FY2020 Forecasts (Jan 29, 2021)		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	87.0	12.0	87.0	14.0	-	-	+2.0	+17
Specialty Products	61.0	7.5	61.0	7.5	-	-	-	-
Cement	86.0	4.5	86.0	4.5	-	-	-	-
Life & Amenity	48.0	2.5	48.0	2.5	-	-	-	-
Others	48.0	4.5	48.0	4.5	-	-	-	-
Total	330.0	31.0	330.0	33.0	-	-	+2.0	+6
Inter-segment eliminations and corporate-wide expenses	(30.0)	(3.0)	(30.0)	(3.0)	-	-	-	-
Consolidated Results	300.0	28.0	300.0	30.0	-	-	+2.0	+7

(Note) Sales and operating profit in each segment shown above include inter-segment transactions.

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3 Supplementary Material

1. Changes in Operating Profit
2. Consolidated Financial Statements
3. Performance Trend



1. Changes in Operating Profit

(Year-on-year change)

By Segment

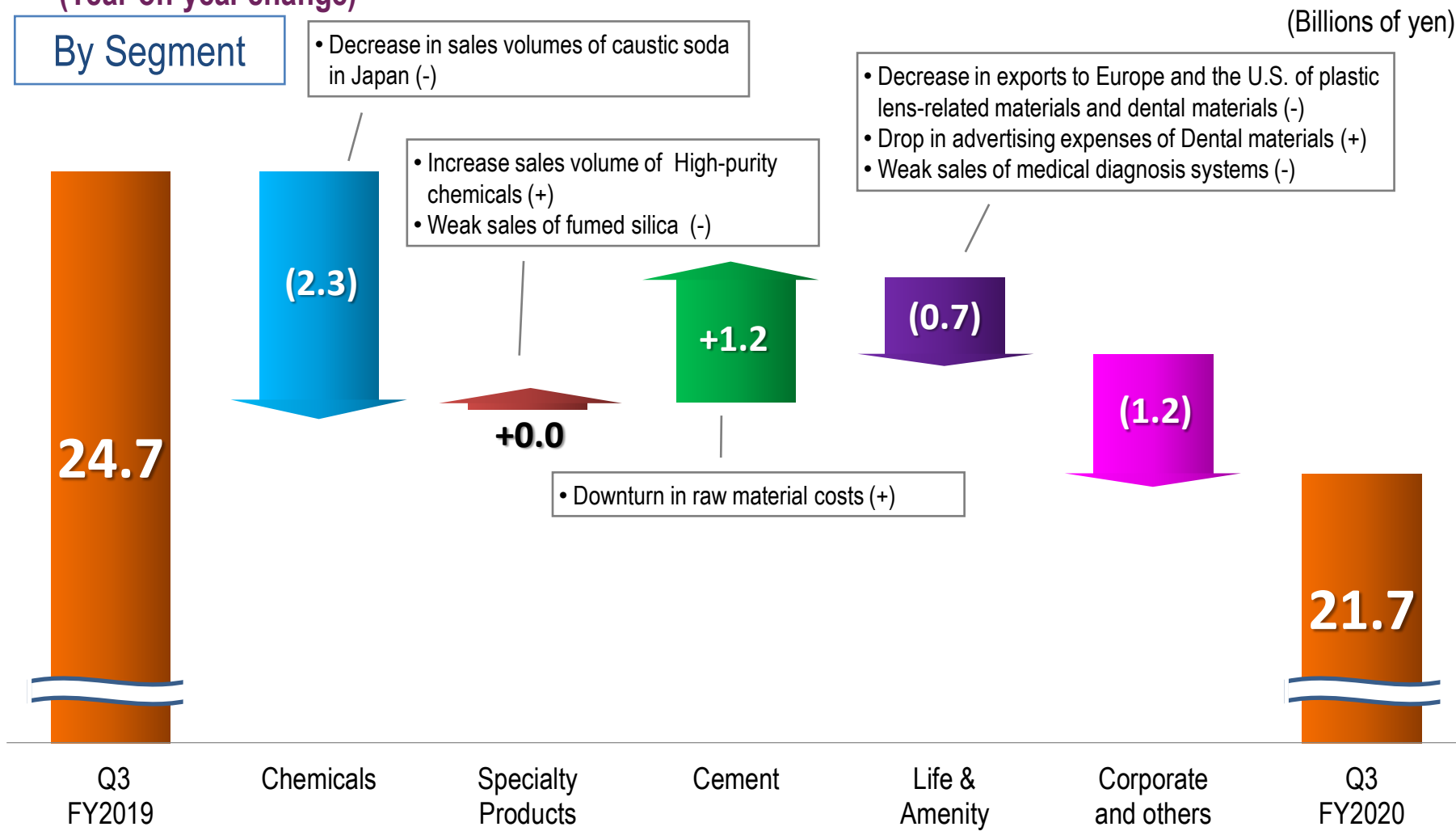
(Billions of yen)

- Decrease in sales volumes of caustic soda in Japan (-)

- Increase sales volume of High-purity chemicals (+)
- Weak sales of fumed silica (-)

- Decrease in exports to Europe and the U.S. of plastic lens-related materials and dental materials (-)
- Drop in advertising expenses of Dental materials (+)
- Weak sales of medical diagnosis systems (-)

- Downturn in raw material costs (+)



2. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q3 FY2019	Q3 FY2020	Difference	
			Amount	%
Net sales	236.5	220.9	(15.6)	(7)
Cost of sales	163.7	151.5	+12.1	+7
Selling, general and administrative expenses	48.0	47.6	+0.3	+1
Operating profit	24.7	21.7	(3.0)	(12)
Non-operating income/expenses	(0.9)	(0.5)	+0.4	-
Ordinary profit	23.7	21.1	(2.5)	(11)
Extraordinary income/expenses	(0.3)	0.4	+0.8	-
Profit/loss before income taxes	23.3	21.6	(1.7)	(7)
Income taxes	4.7	1.9	+2.7	+59
Non-controlling interests	0.6	0.4	+0.2	+40
Profit attributable to owners of parent	18.0	19.3	+1.3	+7

*Regarding changes, income or profit is shown as positive and expenses or losses are shown as negative amount.

2. Consolidated Financial Statements

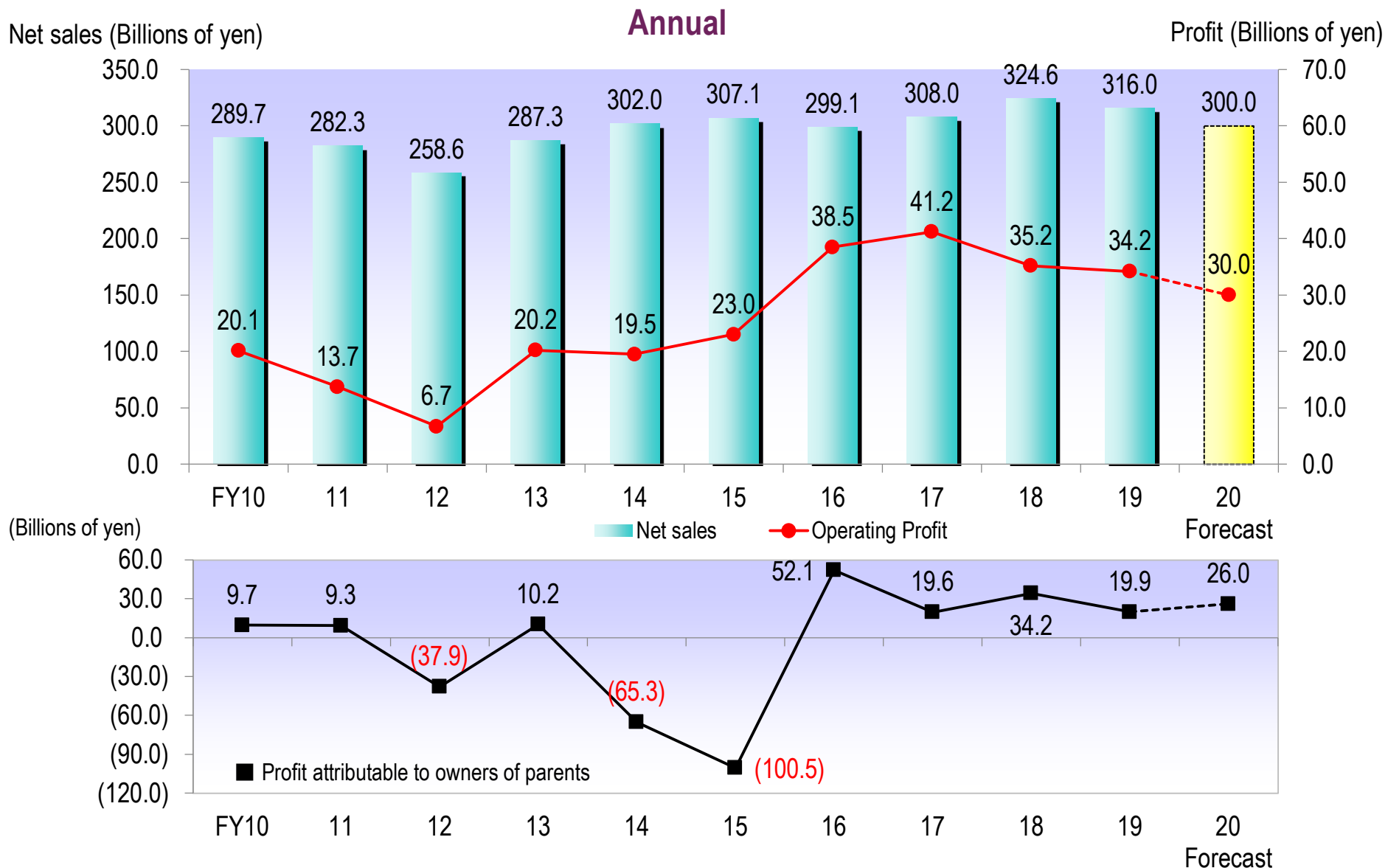
Balance Sheets

(Billions of yen)

	3/31/2020	12/31/2020	Changes	
			Amount	%
Total assets	383.4	374.0	(9.4)	(2)
Current assets	203.8	193.3	(10.5)	(5)
Tangible fixed assets	123.1	117.9	(5.2)	(4)
Intangible fixed assets	1.6	1.7	+0.0	+5
Investments and other assets	54.7	60.9	+6.2	+11

	3/31/2020	12/31/2020	Changes	
			Amount	%
Total liabilities	203.0	177.1	(25.8)	(13)
Current liabilities	95.2	77.6	(17.5)	(18)
Long-term liabilities	107.7	99.4	(8.2)	(8)
Total net assets	180.4	196.8	+16.4	+9

3. Performance Trend

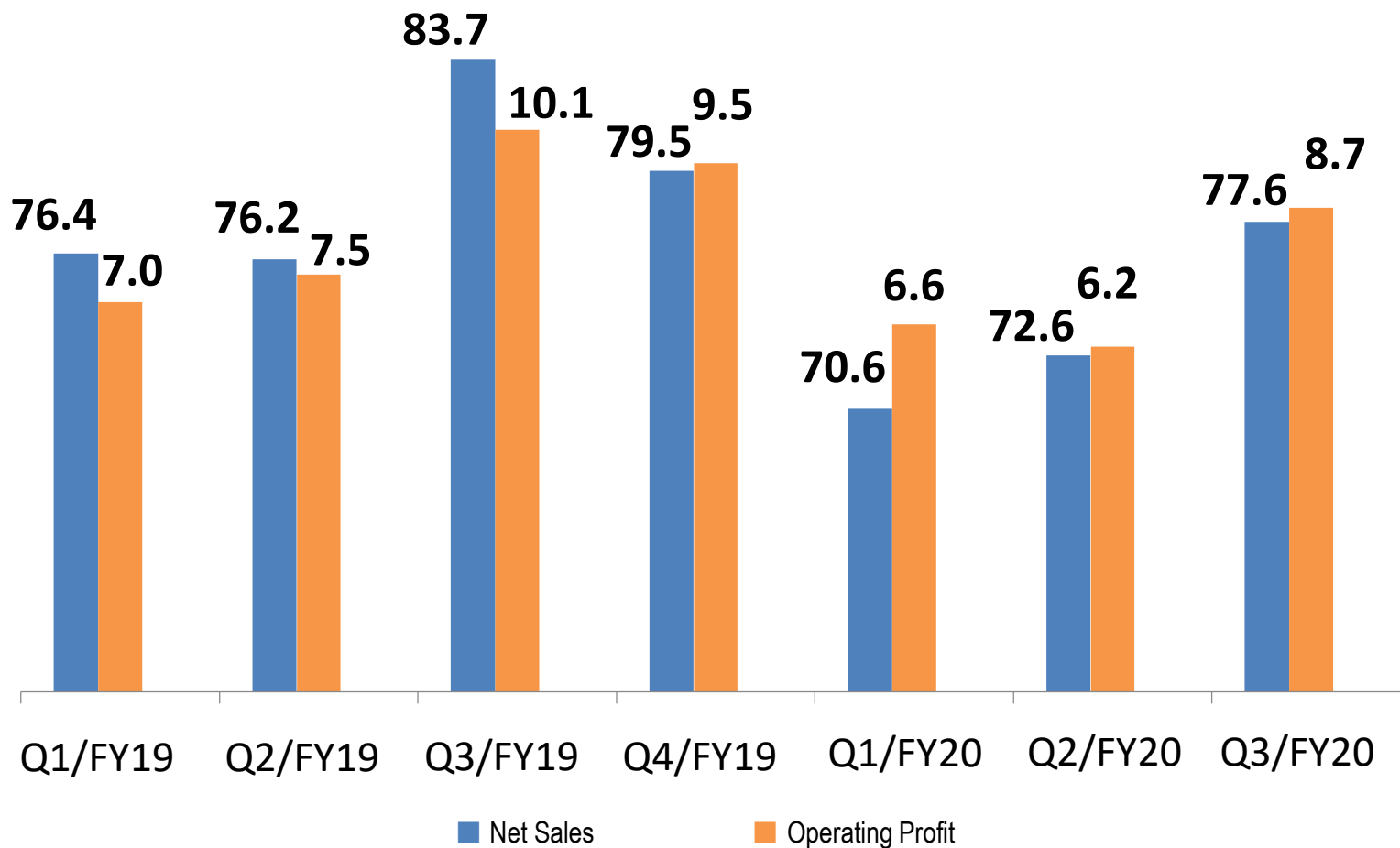


3. Performance Trend

Quarter

Consolidated

(Billions of yen)



■ Net Sales

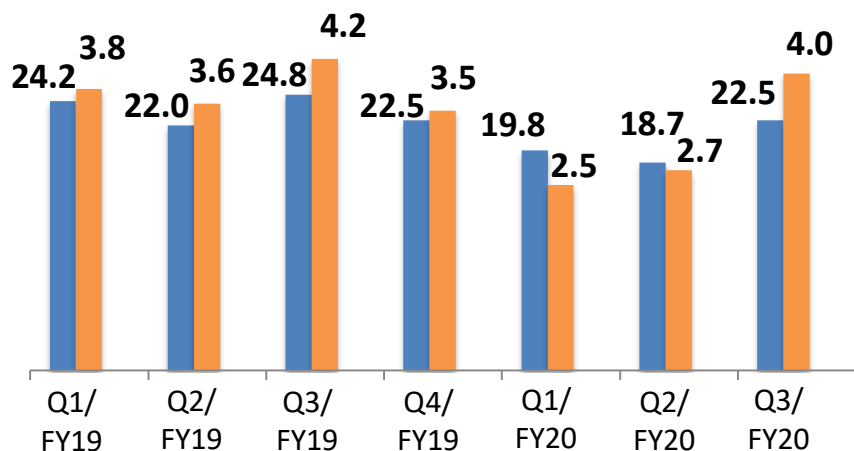
■ Operating Profit

3. Performance Trend

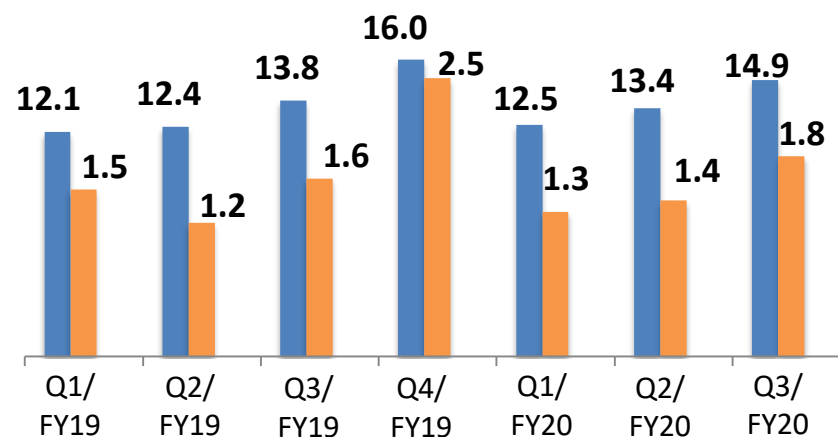
(Billions of yen)

Quarter

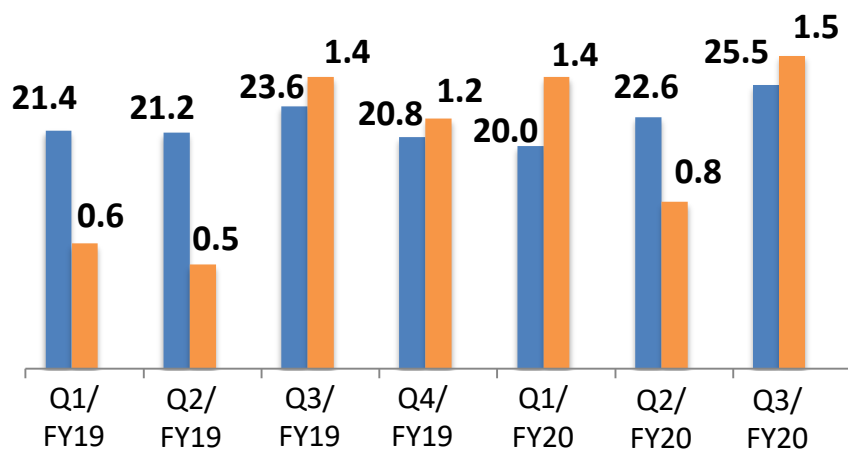
Chemicals



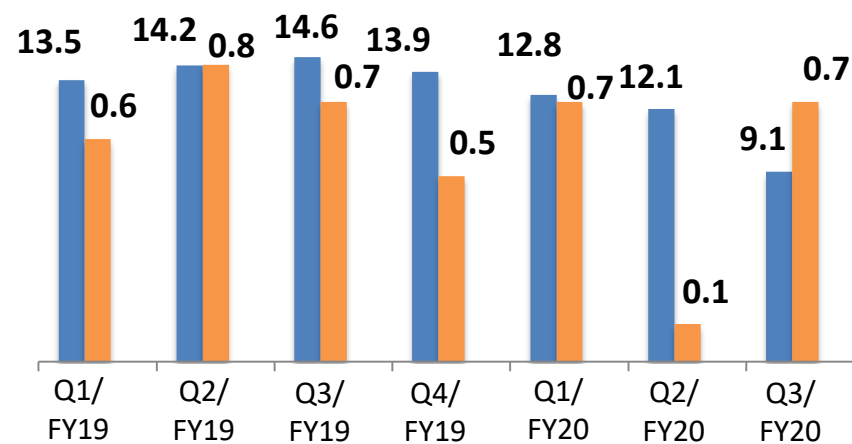
Specialty Products



Cement



Life & Amenity



■ Net Sales

■ Operating Profit

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