

Q3 Fiscal 2022 - Apr 1, 2022 to Dec 31, 2022-

Presentation for IR Meeting

January 31, 2023

Tokuyama Corporation



Key points of the third quarter of fiscal 2022

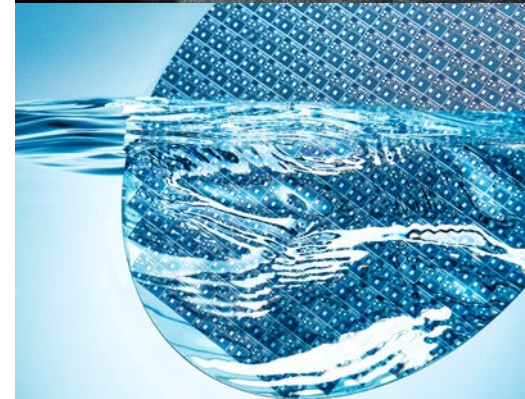
- Despite higher sales by revision of sales prices of products such as chemicals, cement, and semiconductor-related products, earnings decreased owing to such factors as the increase in costs including raw material and fuel prices as well as logistics expenses and the deterioration in market conditions
- Full fiscal year performance forecasts revised owing to deterioration in overseas vinyl chloride products market conditions, the breakdown by segment also is revised based on the actual results up to Q3 fiscal 2022, external environment and other factors
- Took steps to revise sales prices and promote cost reduction measures in a bid to achieve full fiscal year performance forecasts and improve profitability in the next fiscal year

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① Financial Results for Q3 FY2022

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



1. Financial Highlights

(Billions of yen)

	Q3 FY2021	Q3 FY2022	Difference		Main changing factors
			Amount	%	
Net sales	211.6	259.0	+47.4	+22	Upturn in price of petroleum products, cement, and semiconductor-related products
Operating profit	17.1	13.1	(3.9)	(23)	Increase in costs including raw material and fuel prices as well as logistics expenses, deterioration in overseas vinyl chloride monomer market conditions
Ordinary profit	17.6	13.3	(4.3)	(25)	Decrease in operating profit
Profit attributable to owners of parent	13.3	8.5	(4.8)	(36)	Decrease in ordinary profit
Basic earnings per share (yen)	185.87	118.51	-	-	-
Exchange rate (yen/USD)	111	137	-	-	-
Domestic naphtha price (yen/kl)	53,800	79,800	-	-	-

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2022	As of Dec 31,2022	Difference	Main changing factors
Total assets	433.2	480.4	+47.2	Increase in inventories such as finished goods owing to upturn in unit price for raw materials and fuel
Shareholders' equity	224.5	227.9	+3.4	Posting profit attributable to owners of parent
Shareholders' equity ratio	51.8%	47.4%	(4.4pts)	-
Interest-bearing debt	109.2	146.5	+37.3	Increase in long-term loans payable
D/E ratio	0.49	0.64	+0.16	-
Net D/E ratio*	0.12	0.33	+0.21	-
Net assets per share (yen)	3,120.25	3,167.63	-	-

*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 FY2021		Q3 FY2022		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	72.4	9.9	86.4	4.7	+13.9	+19	(5.1)	(52)
Cement	38.2	(1.0)	43.8	(2.8)	+5.6	+15	(1.8)	-
Electronic Materials	53.4	4.9	67.0	6.9	+13.5	+25	+1.9	+40
Life Science	23.4	4.0	27.9	5.6	+4.4	+19	+1.5	+39
Eco Business	7.0	(0.5)	10.3	0.3	+3.3	+47	+0.8	-
Others	26.3	2.8	33.5	2.1	+7.2	+28	(0.7)	(26)
Total	221.0	20.2	269.2	16.9	+48.2	+22	(3.3)	(16)
Inter-segment eliminations and corporate-wide expenses	(9.4)	(3.1)	(10.2)	(3.7)	(0.8)	-	(0.6)	-
Consolidated Results	211.6	17.1	259.0	13.1	+47.4	+22	(3.9)	(23)

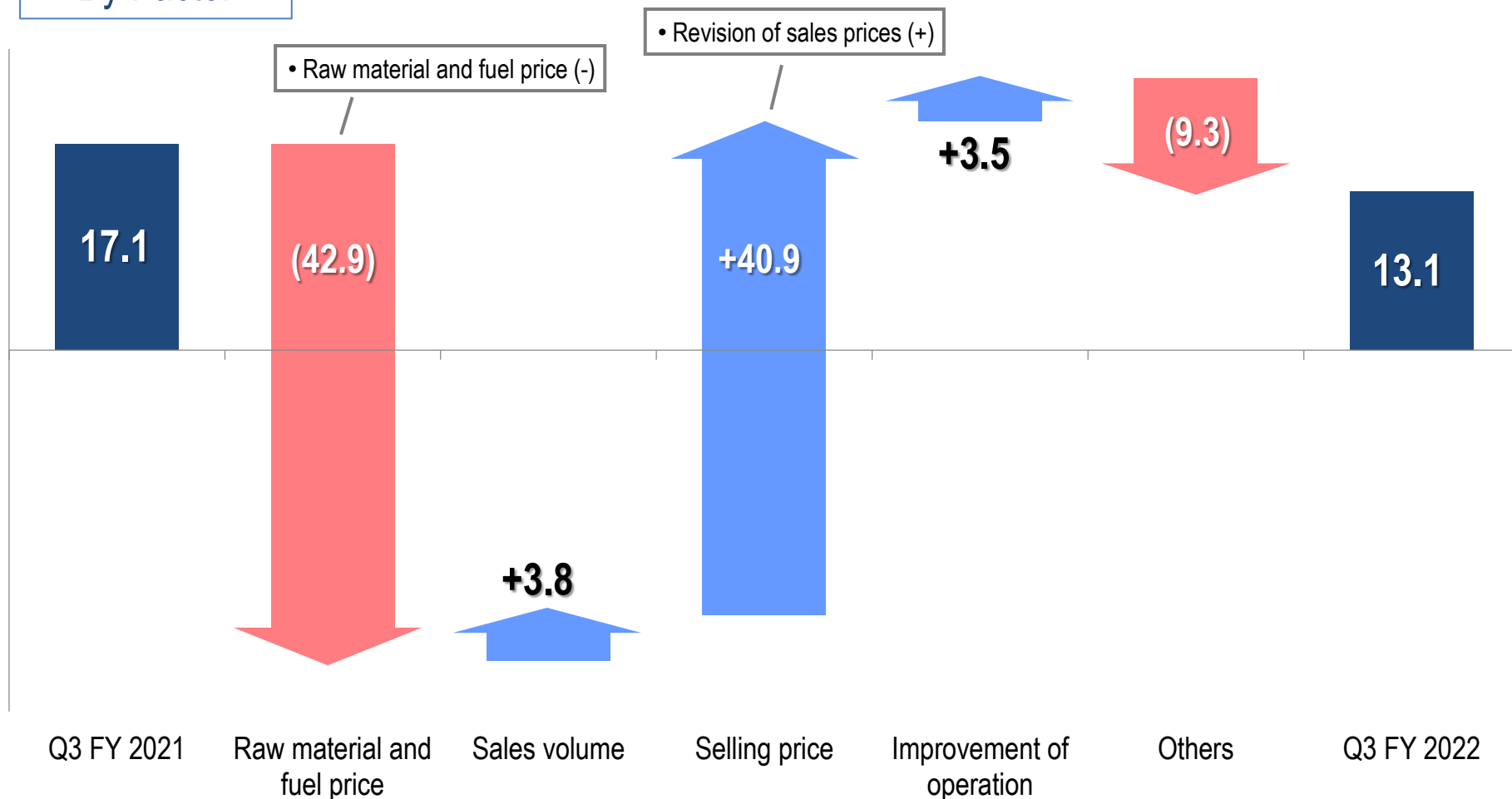
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor



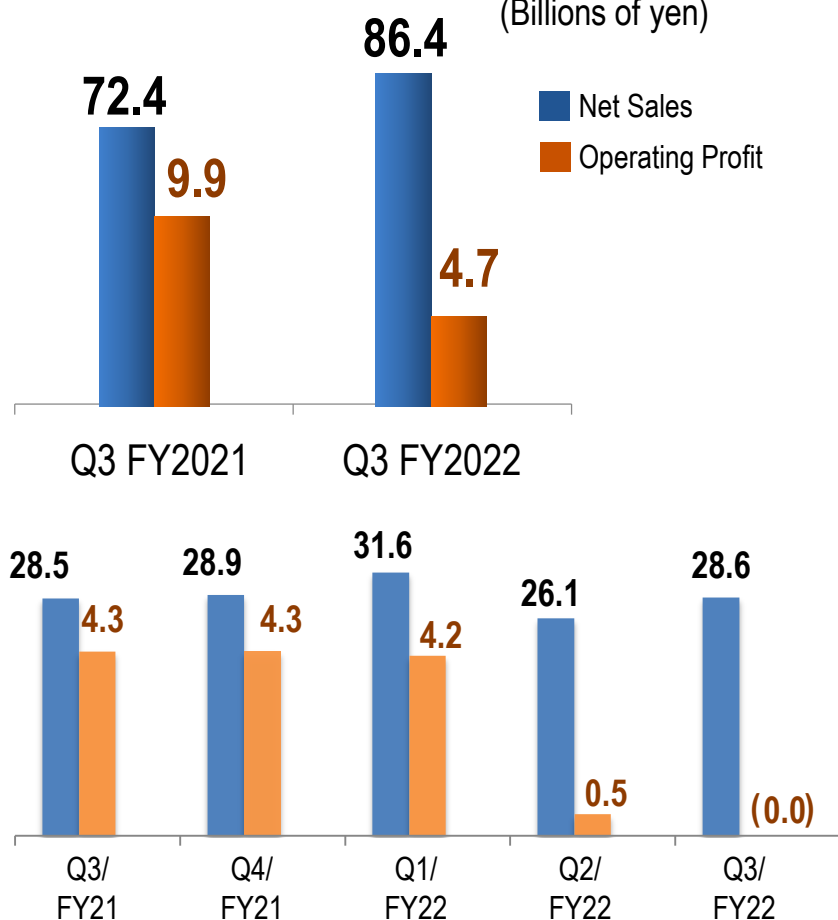
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Chemicals

Lower earnings on higher sales

(Billions of yen)



Qualitative information

(Caustic soda)

- Earnings rose despite higher fuel and raw materials costs. This gain reflected progress in passing these costs onto domestic sales prices and higher export prices

(Vinyl chloride monomer (VCM) / Vinyl chloride resin)

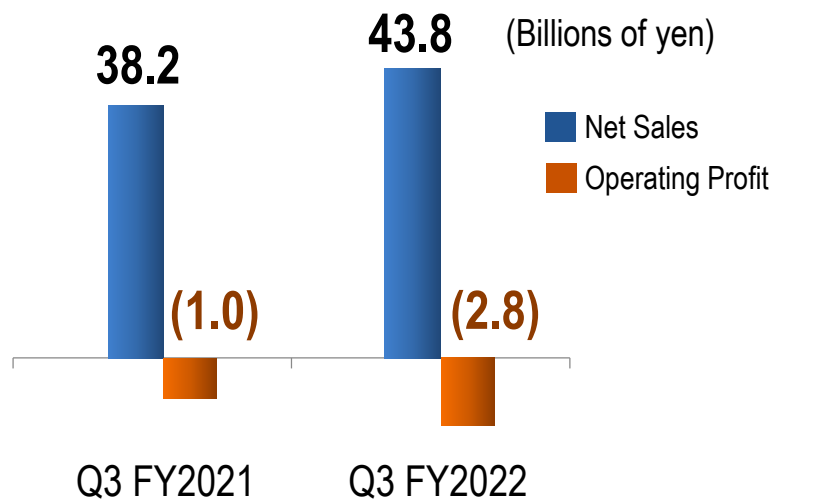
- Earnings decreased owing to such factors as the upswing in raw material and fuel prices, which resulted in an increase in manufacturing costs, and deterioration in overseas vinyl chloride monomer market conditions

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

(Year-on-year change)

Cement

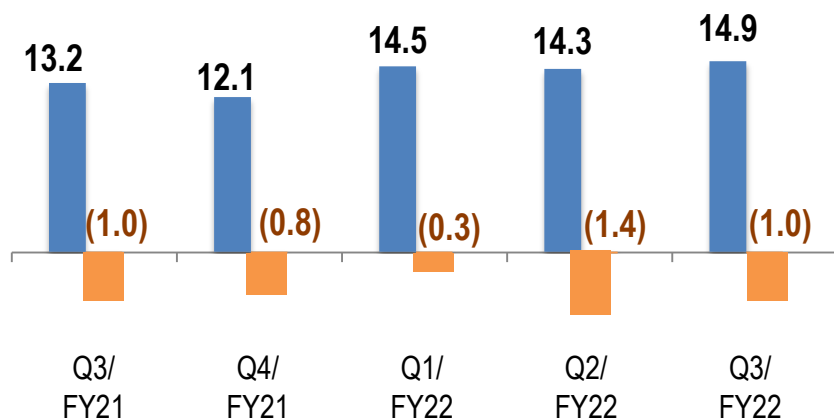
Loss on higher sales



Qualitative information

(Cement)

- Earnings deteriorated despite domestic shipments of being in line with the corresponding period of the previous year and revision of sales prices and other factors. This downturn largely reflected manufacturing costs rising as a result of higher raw material costs

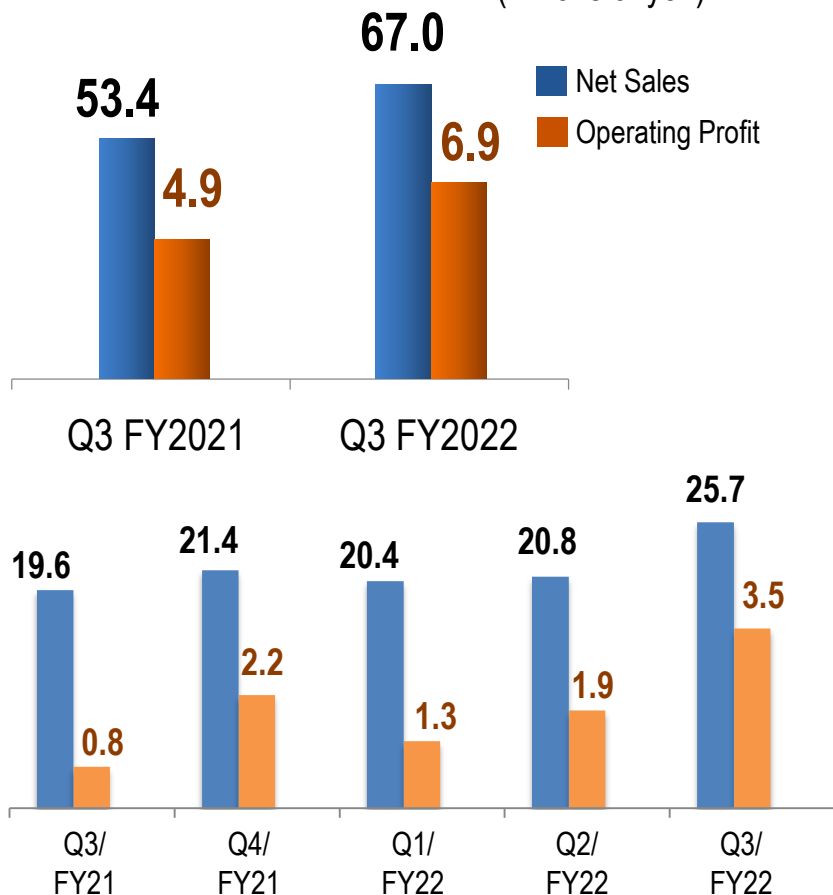


4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Electronic Materials *Higher earnings on higher sales*

(Billions of yen)



Qualitative information

(Semiconductor-grade Polycrystalline silicon)

- Despite the upswing in manufacturing costs associated with such factors as the increase in raw material and fuel prices, earnings grew owing to a variety of factors including successful efforts to promote the revision of sales prices

(IC Chemicals)

- While demand for semiconductor applications were on par with the previous year, earnings decreased due to such factors as the increase in raw material and fuel prices despite efforts to promote the revision of sales prices

(Fumed Silica)

- Earnings increased despite higher raw material and fuel prices, largely owing to revisions to domestic sales price revisions and higher export prices

(Thermal management materials)

- Earnings increased on the back of firm sales volumes mainly for semiconductor manufacturing equipment

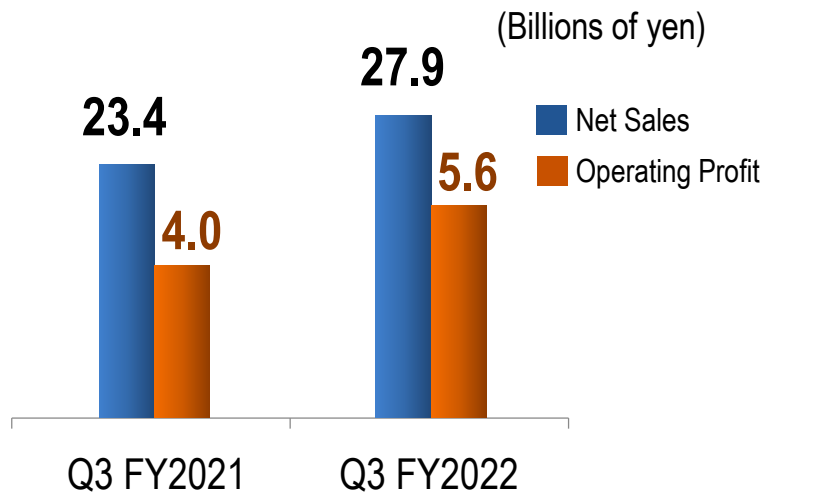
4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Life Science

Higher earnings on higher sales

(Billions of yen)



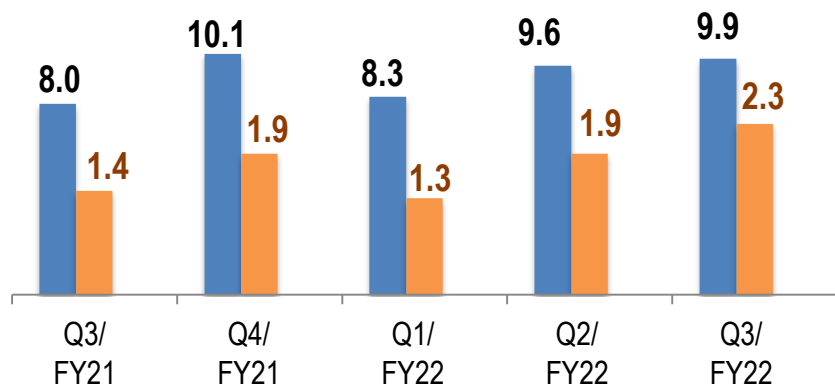
Qualitative information

(Dental materials)

- Earnings grew thanks to an increase in shipments to overseas

(APIs and intermediates)

- Its earnings increased owing mainly to a robust sales volume of generic pharmaceuticals



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

(Year-on-year change)

Eco Business

Earnings improved on higher sales

(Billions of yen)

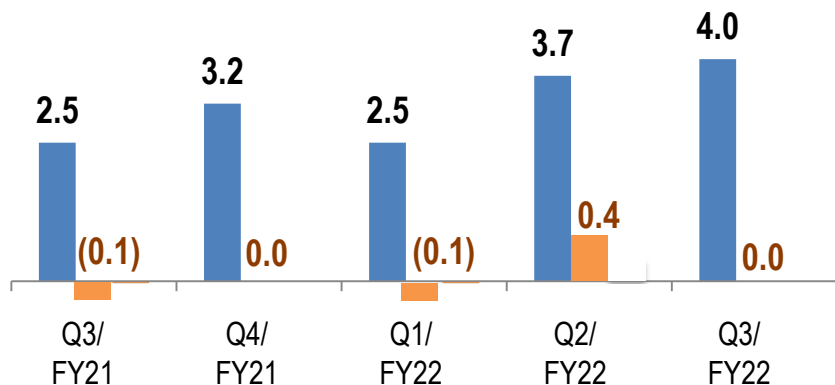
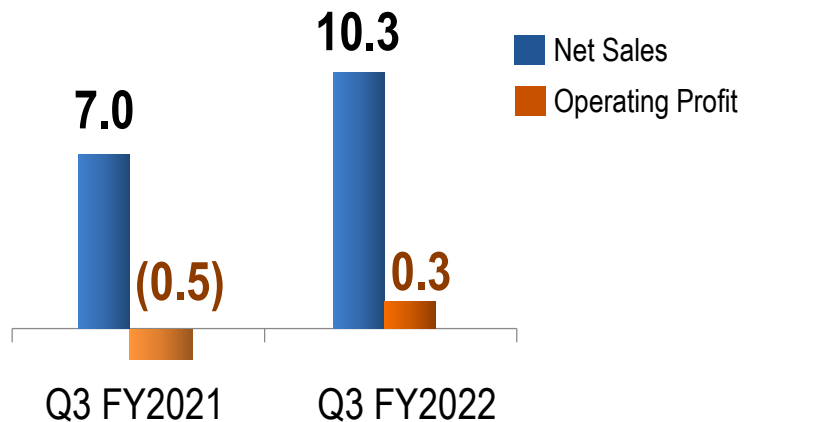
Qualitative information

(Ion exchange membranes)

- Earnings grew largely owing to higher shipments

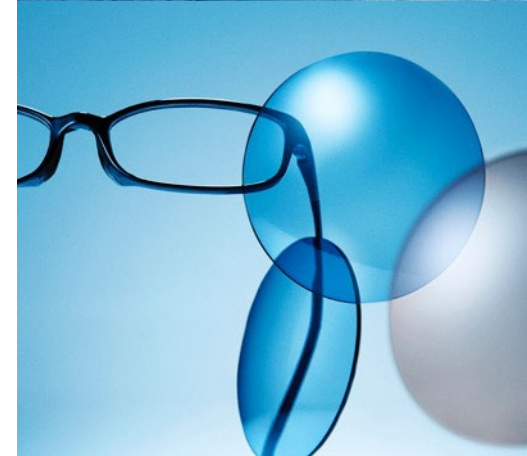
(Waste gypsum board recycling)

- Despite the steady acceptance of waste gypsum board, earnings decreased owing to a variety of factors including the increase in fuel costs



② Performance Forecasts for FY2022

1. Revised Performance Forecasts
2. Revised Performance Forecasts by Business Segment
3. Outlook for Business Overview



1. Revised Performance Forecasts

(Billions of yen)

	FY2022 Forecasts (Oct 28, 2022)	FY2022 Forecasts (Jan 31, 2023)	Difference		Main changing factors
			Amount	%	
Net sales	370.0	356.0	(14.0)	(4)	Deterioration in overseas vinyl chloride monomer market conditions
Operating profit	21.0	18.0	(3.0)	(14)	Deterioration in overseas vinyl chloride monomer market conditions
Ordinary profit	24.0	18.0	(6.0)	(25)	Decrease in operating profit
Profit attributable to owners of parent	15.0	12.0	(3.0)	(20)	Decrease in ordinary profit
Basic earnings per share (yen)	208.47	166.78	-	-	-
Exchange rate (yen/USD)	First half :134 Second half :145	1-3Q results :137 4Q forecast :130	-	-	-
Domestic naphtha price (yen/kl)	First half :83,200 Second half :72,000	1-3Q results :79,800 4Q forecast :64,000	-	-	-

Performance forecast for the full fiscal year ending March 31, 2023 has been revised as above from the previous performance forecast released on October 28, 2022, based on raw material and fuel prices and other factors

2. Revised Performance Forecasts by Business Segment

(Billions of yen)

	FY2022 Forecasts (Oct 28, 2022)		FY2022 Forecasts (Jan 31, 2023)		Difference			
	Net sales	Operating profit	Net sales	Operating Profit	Net sales	%	Operating Profit	%
Chemicals	127.0	12.0	118.0	7.5	(9.0)	(7)	(4.5)	(38)
Cement	61.0	(2.5)	59.0	(2.5)	(2.0)	(3)	-	-
Electronic Materials	96.0	7.0	93.0	8.0	(3.0)	(3)	+10	+14
Life Science	38.0	7.0	38.0	7.5	-	-	+5	+7
Eco Business	15.0	0	14.0	0	(1.0)	(7)	-	-
Others	46.0	2.5	47.0	2.5	+1.0	+2	-	-
Total	383.0	26.0	369.0	23.0	(14.0)	(4)	(3.0)	(12)
Inter-segment eliminations and corporate-wide expenses	(13.0)	(5.0)	(13.0)	(5.0)	-	-	-	-
Consolidated Results	370.0	21.0	356.0	18.0	(14.0)	(4)	(3.0)	(14)

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

3. Outlook for Business Overview

[Chemicals] ~ Closely monitoring overseas market conditions

Caustic soda

Domestic market ; Stable demand , Completion of the price increase
Overseas market ; Asian market bottoming out, Expected improvement in 4Q

VCM/PVC

Overseas market ; Market bottoming out, Strong demand in India, Closely monitoring China market conditions

[Cement] ~ Improving profitability through price revisions and the use of low-grade coal

Price increase - First price increase ; Agreement in the first half
- Second price increase ; Proceed with negotiations with the goal of obtaining the full amount

Coal - Continuous use of low-grade coal

[Electronic Materials] ~ Softened market condition, Stagnation of demand in the first half of '23, Recovery from the second half of '23

- Closely monitoring the impact of the semiconductor market downturn (to Semiconductor-grade Polycrystalline silicon, IC Chemicals, Fumed Silica, Thermal management materials)

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TOKUYAMA 

③ Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	Q3 FY2021	Q3 FY2022	Difference	
			Amount	%
Net sales	211.6	259.0	+47.4	+22
Cost of sales	141.8	188.6	(46.8)	(33)
Selling, general and administrative expenses	52.6	57.1	(4.5)	(9)
Operating profit	17.1	13.1	(3.9)	(23)
Non-operating income/expenses	0.5	0.1	(0.3)	(72)
Ordinary profit	17.6	13.3	(4.3)	(25)
Extraordinary income/expenses	2.1	(0.1)	(2.2)	-
Profit/loss before income taxes	19.8	13.1	(6.6)	(34)
Income taxes	6.4	4.6	+1.7	+27
Non-controlling interests	0.0	(0.0)	(0.0)	-
Profit attributable to owners of parent	13.3	8.5	(4.8)	(36)

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

1. Consolidated Financial Statements

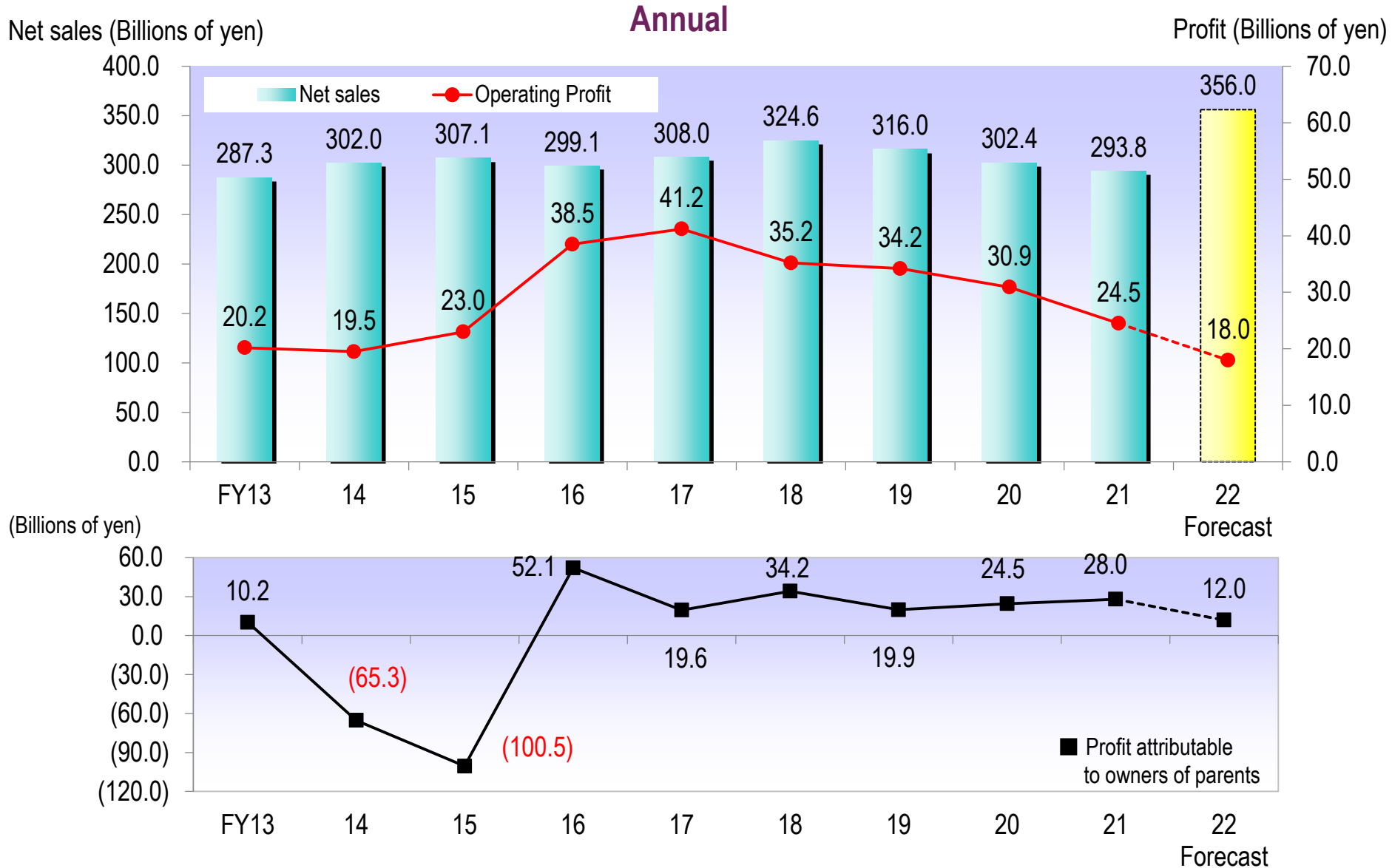
Balance Sheets

(Billions of yen)

	3/31/2022	12/31/2022	Changes	
			Amount	%
Total assets	433.2	480.4	+47.2	+11
Current assets	223.9	259.2	+35.3	+16
Tangible fixed assets	139.6	149.6	+10.0	+7
Intangible fixed assets	2.6	3.6	+0.9	+35
Investments and other assets	66.9	67.8	+0.8	+1

	3/31/2022	12/31/2022	Changes	
			Amount	%
Total liabilities	200.2	240.3	+40.0	+20
Current liabilities	102.3	90.3	(11.9)	(12)
Long-term liabilities	97.9	149.9	+51.9	+53
Total net assets	232.9	240.1	+7.1	+3

2. Performance Trend

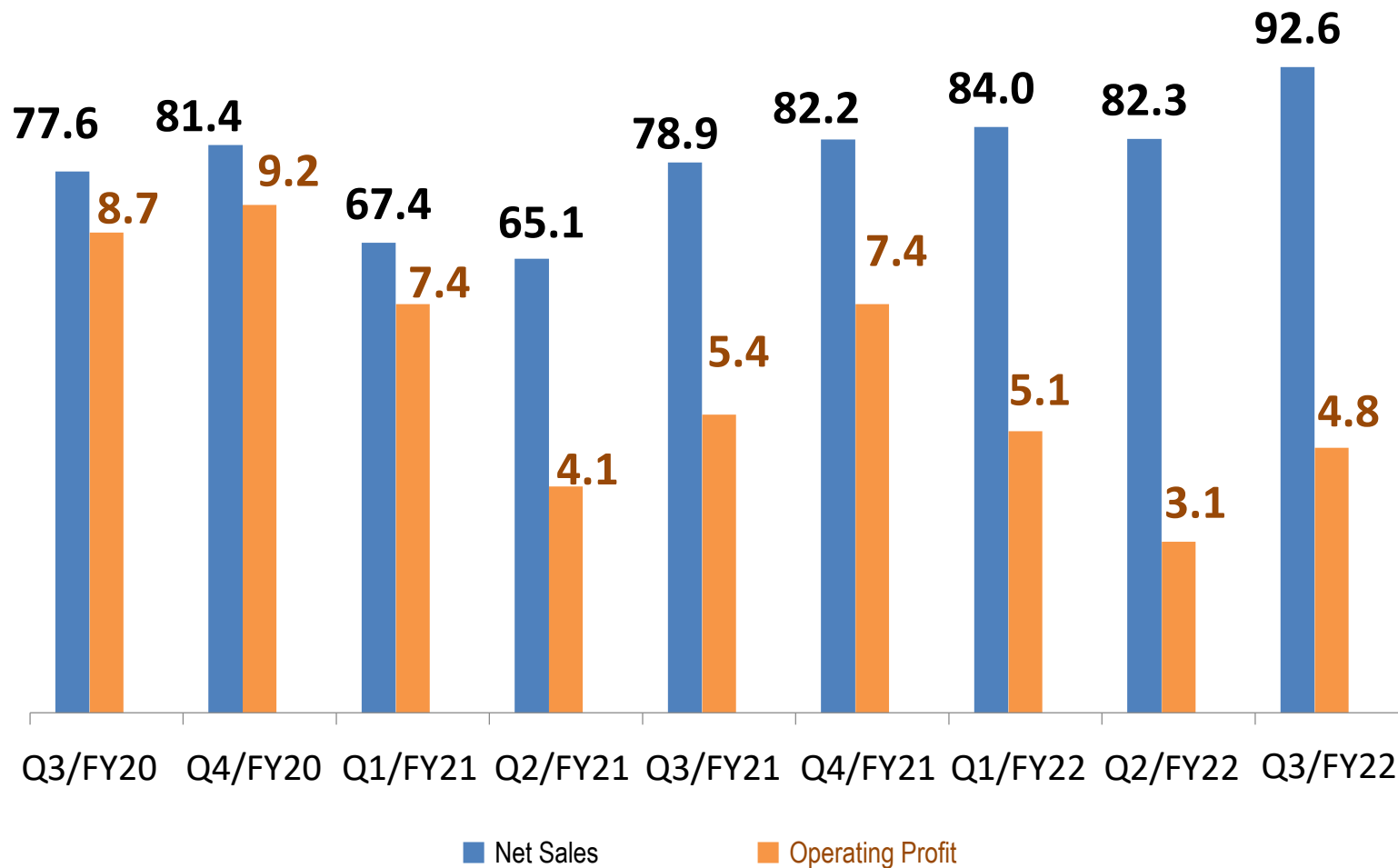


2. Performance Trend

Quarter

Consolidated

(Billions of yen)



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