

Q2 Fiscal 2023 - Apr 1, 2023 to Sep 30, 2023-

# Presentation for IR Meeting

October 27, 2023

Tokuyama Corporation



# Key points of the second quarter of fiscal 2023

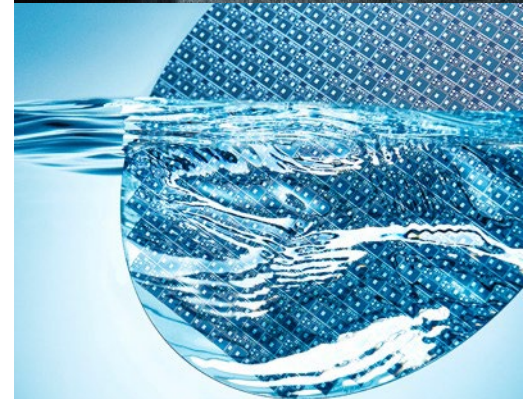
- Decrease in sales due to such factors as weak sales of semiconductor related products and chemicals as a result of a sluggish semiconductor market and the slump in chemical market conditions overseas
- Operating profit increased due mainly to progress in revising chemical sales prices in Japan
- Revised full fiscal year performance forecasts in light of such factors as semiconductor market trends; net sales forecast revised downward on the back of anticipated lower sales volume; operating profit forecast remains unchanged

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# ① Financial Results for Q2 FY2023

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)

	Q2 FY2022	Q2 FY2023	Difference		Main changing factors
			Amount	%	
Net sales	166.3	166.1	(0.2)	(0)	Decrease in sales volume of semiconductor related products and chemicals
Operating profit	8.2	8.5	+0.2	+3	Revised sales prices for cement, chemicals Robust sales of life healthcare related products
Ordinary profit	10.8	8.9	(1.9)	(18)	Deterioration in non-operating income/expenses
Profit attributable to owners of parent	6.5	6.2	(0.3)	(5)	-
Basic earnings per share (yen)	91.25	86.56	-	-	-
Exchange rate (yen/USD)	134	141	-	-	-
Domestic naphtha price (yen/kl)	83,200	64,500	-	-	-

# 1. Financial Highlights

(Billions of yen)

	As of Mar 31,2023	As of Sep 30,2023	Difference	Main changing factors
Total assets	478.3	459.3	(19.0)	Lower accounts receivable - trade
Shareholders' equity	229.4	237.3	+7.8	Posting profit attributable to owners of parent
Shareholders' equity ratio	48.0%	51.7%	+3.7pts	-
Interest-bearing debt	142.4	116.9	+25.5	Decrease in long-term loans payable
D/E ratio	0.62	0.49	(0.13)	-
Net D/E ratio*	0.32	0.23	(0.09)	-
Net assets per share (yen)	3,189.01	3,298.13	-	-

\*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)

	Q2 FY2022		Q2 FY2023		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	57.7	4.7	55.8	5.2	(1.9)	(3)	+0.5	+11
Cement	28.8	(1.8)	32.5	2.2	+3.7	+13	+4.0	-
Electronic & Advanced Materials	41.3	3.3	35.9	0.6	(5.4)	(13)	(2.7)	(81)
Life Science	18.0	3.3	20.3	4.0	+2.3	+13	+0.7	+23
Eco Business	6.3	0.2	4.3	(0.3)	(1.9)	(31)	(0.6)	-
Others	20.3	0.8	22.1	(0.9)	+1.8	+9	(1.8)	-
Total	172.7	10.7	171.1	10.9	(1.5)	(1)	+0.1	+2
Inter-segment eliminations and corporate-wide expenses	(6.3)	(2.4)	(5.0)	(2.3)	+1.2	-	+0.1	-
Consolidated Results	166.3	8.2	166.1	8.5	(0.2)	(0)	+0.2	+3

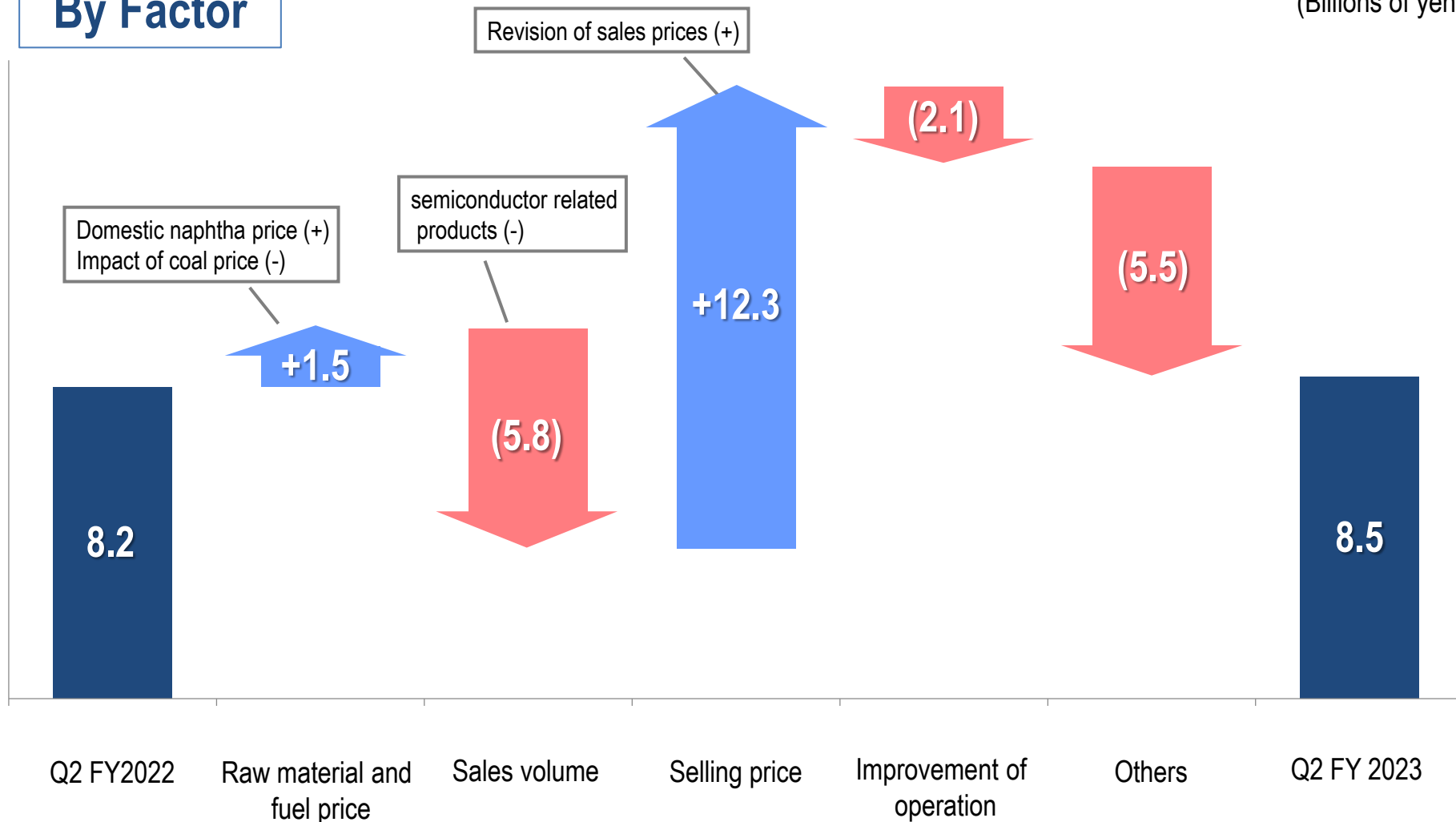
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

# 3. Changes in Operating Profit

(Year-on-year change)

## By Factor

(Billions of yen)





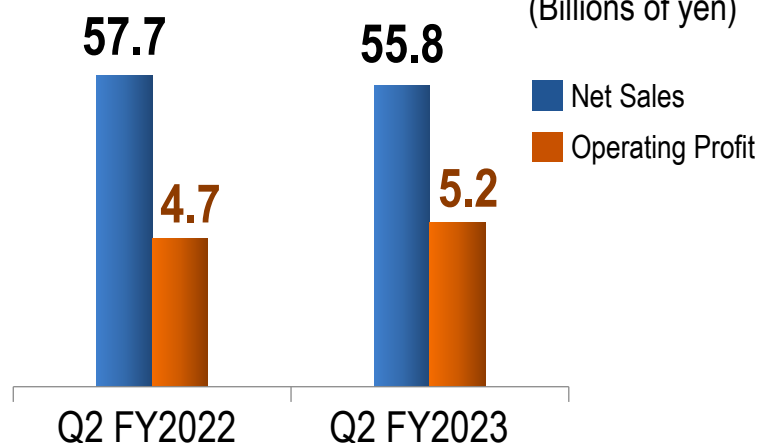
# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Chemicals

*Lower earnings on higher sales*

(Billions of yen)



Qualitative information

(Caustic soda)

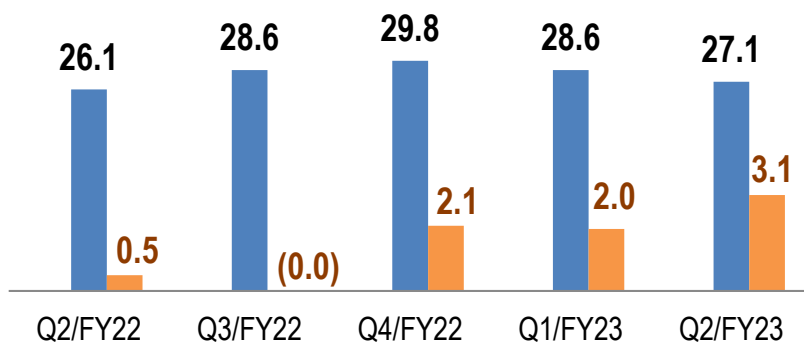
- Despite a decrease in sales volume, earnings grew owing to successful efforts to revise sales prices in Japan

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

- Earnings declined due to the impact of overseas market conditions

(Soda ash and calcium chloride)

- Despite lower sales volume, earnings increased owing to successful efforts to revise sales prices

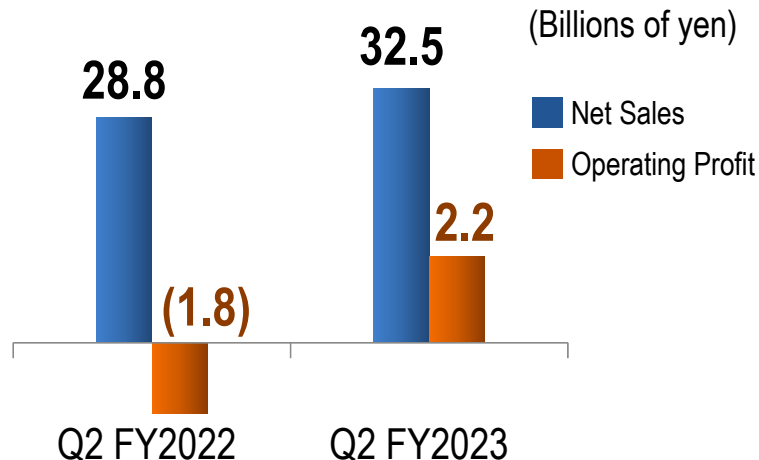


# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Cement

(Billions of yen)

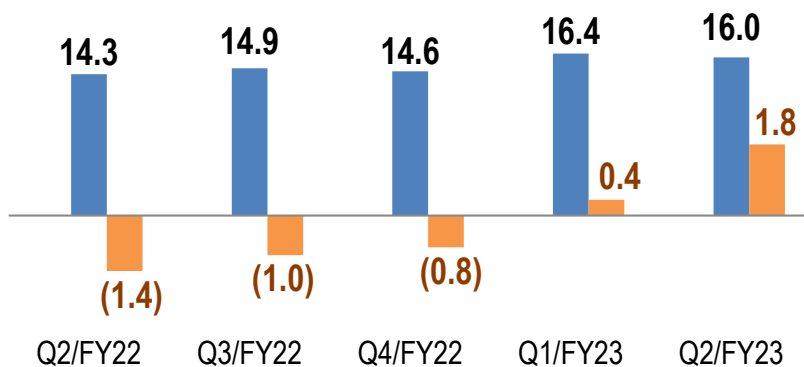


*Earnings improved on higher sales*

Qualitative information

(Cement)

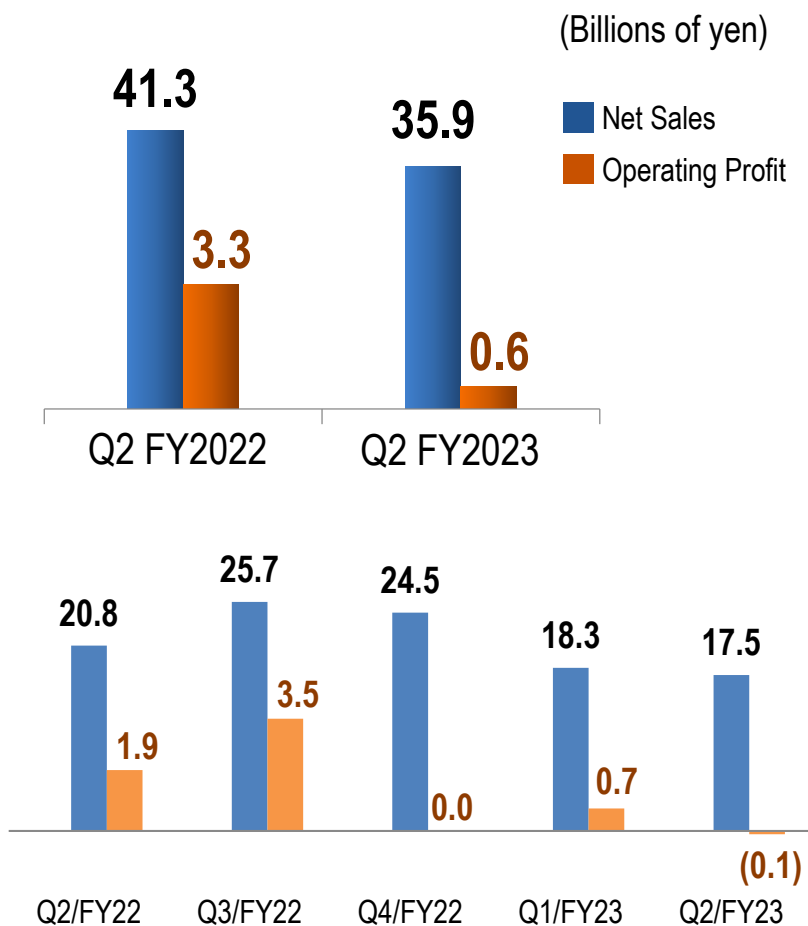
- Despite a slightly decrease in sales volume year-on-year in Japan, earnings grew owing to successful efforts to revise sales prices



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

(Year-on-year change)

## Electronic & Advanced Materials



*Lower earnings on lower sales*

Qualitative information

(Semiconductor-grade polycrystalline silicon)

- Earnings declined. Despite efforts to revise sales prices, this was mainly due to the decline in sales volume owing to a slowdown in the semiconductor market

(IC Chemicals)

- Earnings improved. While sales volume decreased owing to a slowdown in the semiconductor market, this largely reflected the decline in raw material and fuel costs

(Fumed silica)

- Earnings declined due to the decrease in sales volume attributable to a slowdown in the semiconductor market and economic conditions in China

(Thermal management materials)

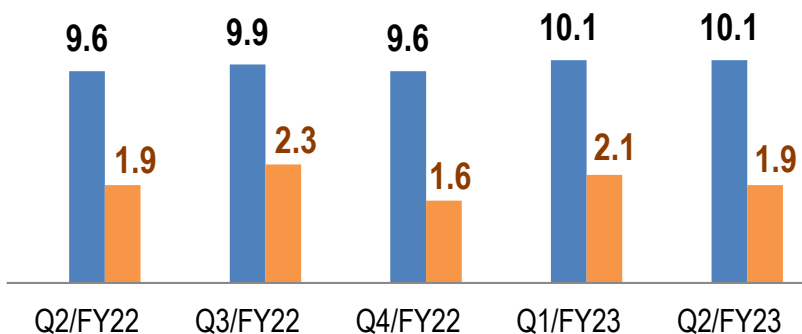
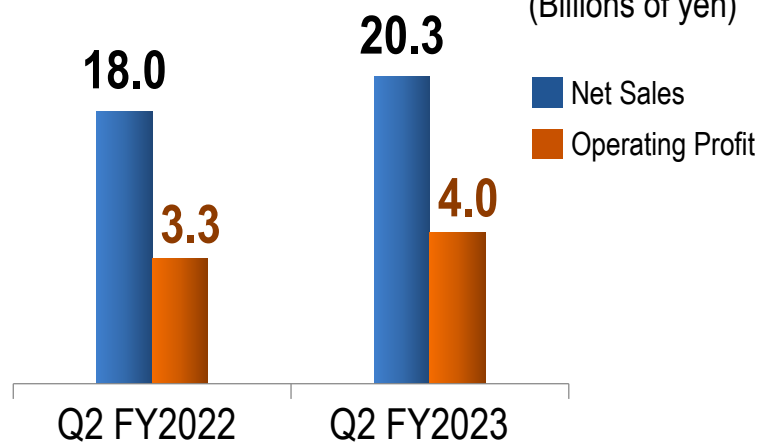
- Despite lower sales volume due to a slowdown in the semiconductor market, results remained in line with the corresponding period of the previous fiscal year thanks to successful efforts to revise sales prices

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

(Year-on-year change)

## Life Science

(Billions of yen)



*Higher earnings on higher sales*

Qualitative information

(Dental materials)

- Dental materials earnings grew thanks largely to robust shipments in Japan and overseas

(APIs and intermediates)

- Earnings increased owing mainly to growth in the sales volume of generic pharmaceuticals

(Plastic lens-related materials)

- Results remained in line with the corresponding period of the previous fiscal year. This reflected robust sales volumes of photochromic dye materials for eyeglass lenses

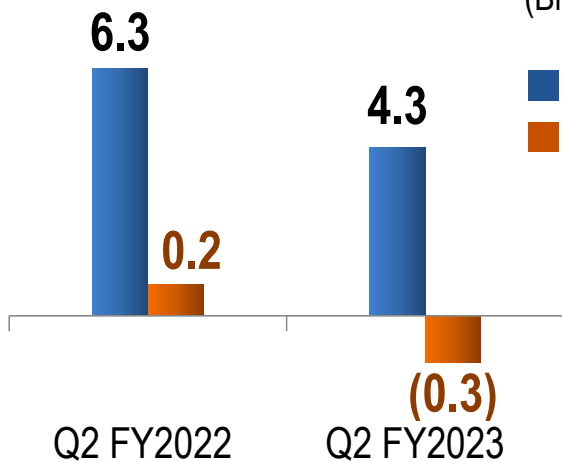
# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Eco Business

(Billions of yen)

■ Net Sales  
■ Operating Profit



*Loss on lower sales*

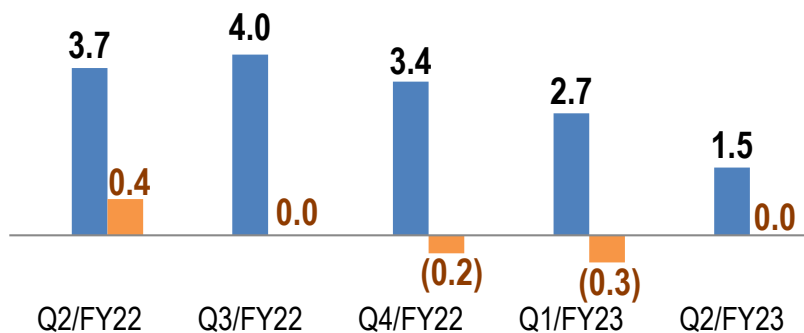
Qualitative information

(Ion exchange membranes )

- Earnings decreased owing to the decline in shipments

(Waste gypsum board recycling)

- Earnings decreased owing mainly to a decline in the volume of waste gypsum board collected



## ② Performance Forecasts for FY2022

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1. Revised Performance Forecasts
2. Revised Performance Forecasts by Business Segment
3. Shareholder Return



# 1. Revised Performance Forecasts

(Billions of yen)

	FY2023 Forecasts (Apr 28, 2023)	FY2023 Forecasts (Oct 27, 2023)	Difference		Main changing factors
			Amount	%	
Net sales	380.0	355.0	(25.0)	(7)	Slow recovery of the semiconductor market
Operating profit	30.0	30.0	-	-	-
Ordinary profit	30.0	30.0	-	-	-
Profit attributable to owners of parent	22.0	22.0	-	-	-
Basic earnings per share (yen)	305.77	305.76	-	-	-
Exchange rate (yen/USD)	130	First half :141 Second half :140	-	-	-
Domestic naphtha price (yen/kl)	67,000	First half :64,500 Second half :72,000	-	-	-

Performance forecast for the full fiscal year ending March 31, 2024 has been revised as above from the previous performance forecast released on April 28, 2023, based on trends in the semiconductor market and other factors

## 2. Revised Performance Forecasts by Business Segment

(Billions of yen)

	FY2023 Forecasts (Apr 28, 2023)		FY2023 Forecasts (Oct 27, 2023)		Difference			
	Net sales	Operating profit	Net sales	Operating Profit	Net sales	%	Operating Profit	%
Chemicals	128.0	12.5	122.0	14.0	(6.0)	(5)	+1.5	+12
Cement	69.0	6.0	68.0	6.0	(1.0)	(1)	-	-
Electronic & Advanced Materials	103.0	9.0	80.0	4.0	(23.0)	(22)	(5.0)	(56)
Life Science	40.0	7.5	42.0	9.0	+2.0	+5	+1.5	+20
Eco Business	8.0	0.0	8.0	0.0	-	-	-	-
Others	45.0	2.0	45.0	3.0	-	-	+1.0	+50
<b>Total</b>	<b>393.0</b>	<b>37.0</b>	<b>365.0</b>	<b>36.0</b>	<b>(28.0)</b>	<b>(7)</b>	<b>(1.0)</b>	<b>(3)</b>
Inter-segment eliminations and corporate-wide expenses	(13.0)	(7.0)	(10.0)	(6.0)	+3.0	-	+1.0	-
<b>Consolidated Results</b>	<b>380.0</b>	<b>30.0</b>	<b>355.0</b>	<b>30.0</b>	<b>(25.0)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>

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



## 3. Shareholder Return

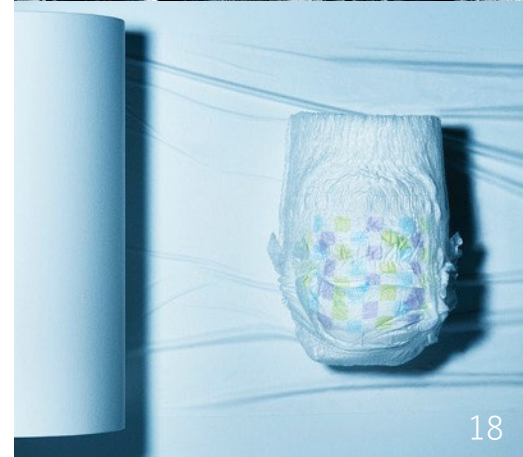
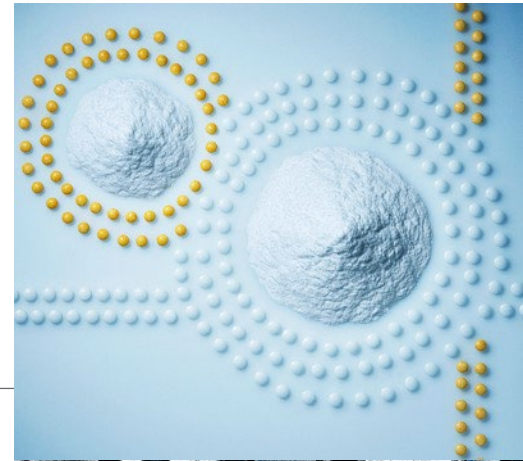
- Paid out an interim dividend of ¥35 yen per share as planned
- An year-end dividend is also expected to be ¥35 yen per share

Fiscal Year	2018	2019	2020	2021	2022	2023
Interim Dividend (Yen)	25	35	35	35	35	35
Year-end Dividend (Yen)	25	35	35	35	35	(35)
Payout ratio (%)	10.1	24.4	19.9	18.0	53.8	(22.9)

(Note) The numbers in parentheses are planned numbers

## 3 Topics

1. **Commercial operations commence at the Muroran Plant of Tokuyama Chiyoda Gypsum Co., Ltd.**



# Commercial operations commence at the Muroran Plant of Tokuyama Chiyoda Gypsum Co., Ltd.

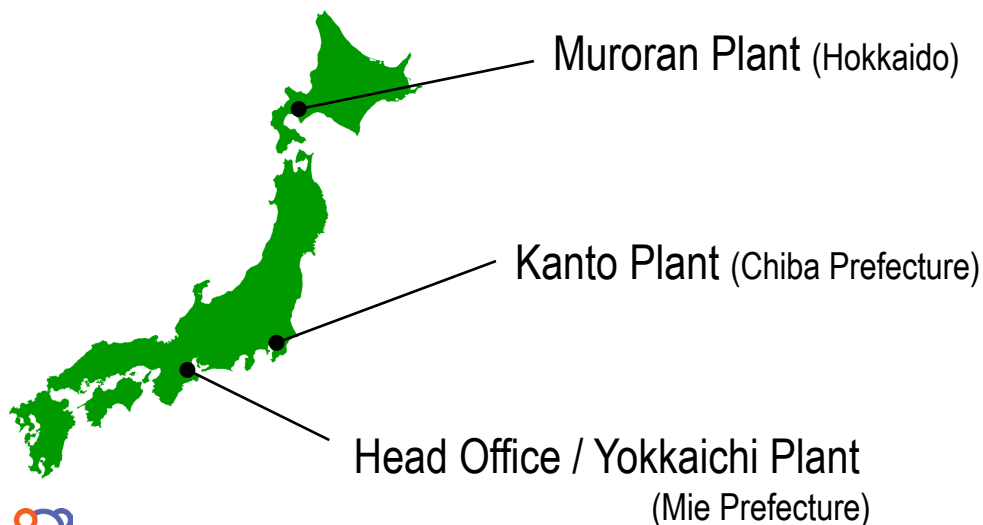
## Eco Business

Tokuyama Chiyoda Gypsum Co., Ltd.

- Construction of the Muroran Plant in Hokkaido as a third base
- Commercial operations commenced from September 1, 2023

Production capacity: 20,000 tons per year  
(amount of waste gypsum board processed)

### Production bases



Appearance of Manufacturing Equipment  
(Muroran Plant)

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## **4** Supplementary Material

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1. Consolidated Financial Statements
2. Non-Operating Income/Expenses, Extraordinary Gains/Losses and Financial Cost
3. Investment Results/Plan
4. Performance Trend
5. CAPEX and Depreciation Trend
6. Interest-Bearing Debts Trend
7. Cash Flow Trend



## 1. Consolidated Financial Statements

## Income Statements

(Billions of yen)

	Q2 FY2022	Q2 FY2023	Changes	
			Amount	%
Net sales	166.3	166.1	(0.2)	(0)
Cost of sales	120.5	120.7	(0.1)	(0)
Selling, general and administrative expenses	37.5	36.8	+0.7	+2
Operating profit	8.2	8.5	+0.2	+3
Non-operating income/expenses	2.5	0.3	(2.1)	(85)
Ordinary profit	10.8	8.9	(1.9)	(18)
Extraordinary income/expenses	(0.1)	0.4	+0.6	-
Profit/loss before income taxes	10.7	9.4	(1.2)	(12)
Income taxes	4.1	3.3	+0.8	+20
Non-controlling interests	0.0	(0.1)	+0.1	-
Profit attributable to owners of parent	6.5	6.2	(0.3)	(5)

\*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)

	3/31/2023	9/30/2023	Changes	
			Amount	%
Total assets	478.3	459.3	(19.0)	(4)
Current assets	253.6	223.7	(29.8)	(12)
Tangible fixed assets	155.3	163.5	+8.2	+5
Intangible fixed assets	3.4	3.4	(0.0)	(0)
Investments and other assets	65.8	68.5	+2.6	+4

	3/31/2023	9/30/2023	Changes	
			Amount	%
Total liabilities	236.7	211.1	(25.5)	(11)
Current liabilities	88.2	120.9	+32.6	+37
Long-term liabilities	148.4	90.2	(58.2)	(39)
Total net assets	241.6	248.1	+6.5	+3

## 2. Non-Operating Income/Expenses, Extraordinary Gains/Losses and Financial Cost

(Billions of yen)

		Q2 FY2022	Q2 FY2023	Changes
Non-operating income	Interest and dividend income	0.4	0.4	+0.0
	Other income	5.2	2.6	(2.5)
	Total	5.6	3.1	(2.5)
Non-operating expenses	Interest expenses	0.7	0.8	(0.0)
	Other expenses	2.2	1.8	+0.4
	Total	3.0	2.7	+0.3
Non-operating income/expenses		2.5	0.3	(2.1)
Extraordinary gains		0.1	0.7	+0.5
Extraordinary losses		0.2	0.2	+0.0
Extraordinary gains/losses		(0.1)	0.4	+0.6
Financial income and expenses		(0.3)	(0.4)	(0.0)

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



## 3. Investment Results/Plan

(Billions of yen)

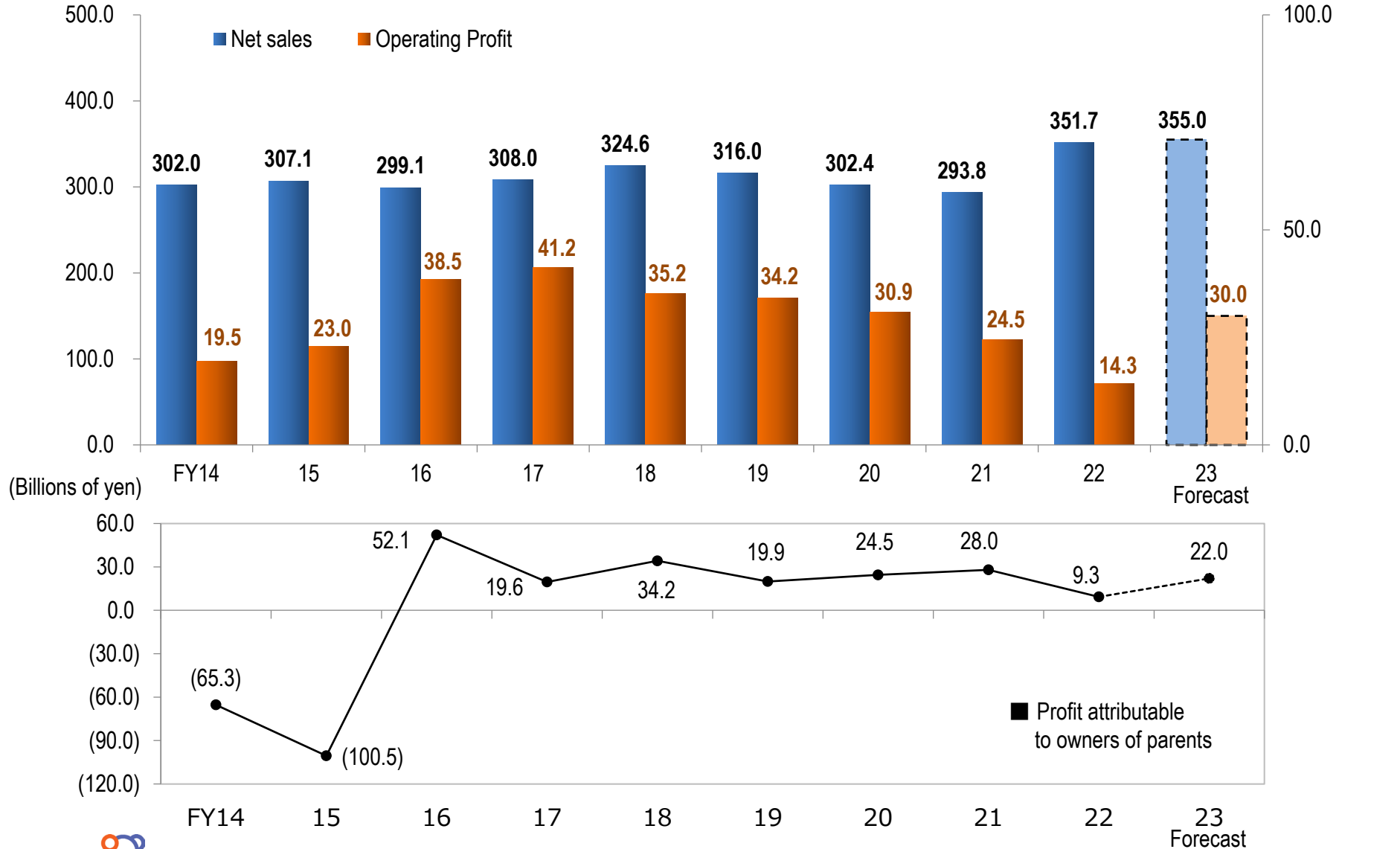
	FY2022		FY2023		Changes	
	First half Results	Fiscal year Results	First half Results	Fiscal year Forecast	First Half	Fiscal Year
Capital expenditures	15.3	35.6	16.1	33.7	+0.8	(1.9)
Depreciation and amortization	9.7	20.7	8.4	18.1	(1.2)	(2.6)
R&D expenses	6.6	13.6	7.1	15.2	+0.4	+1.6

# 2. Performance Trend

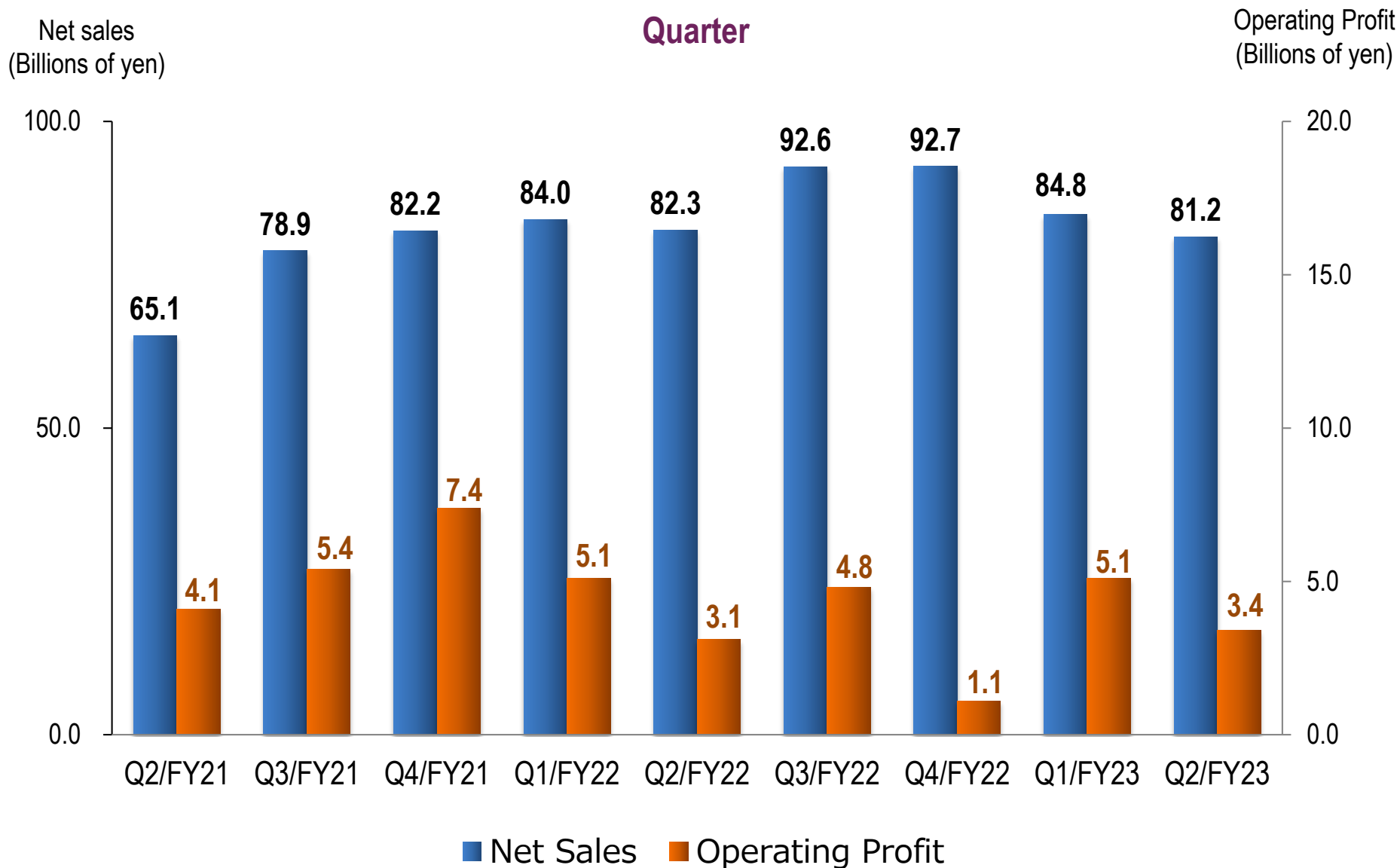
Net sales (Billions of yen)

Annual

Profit (Billions of yen)



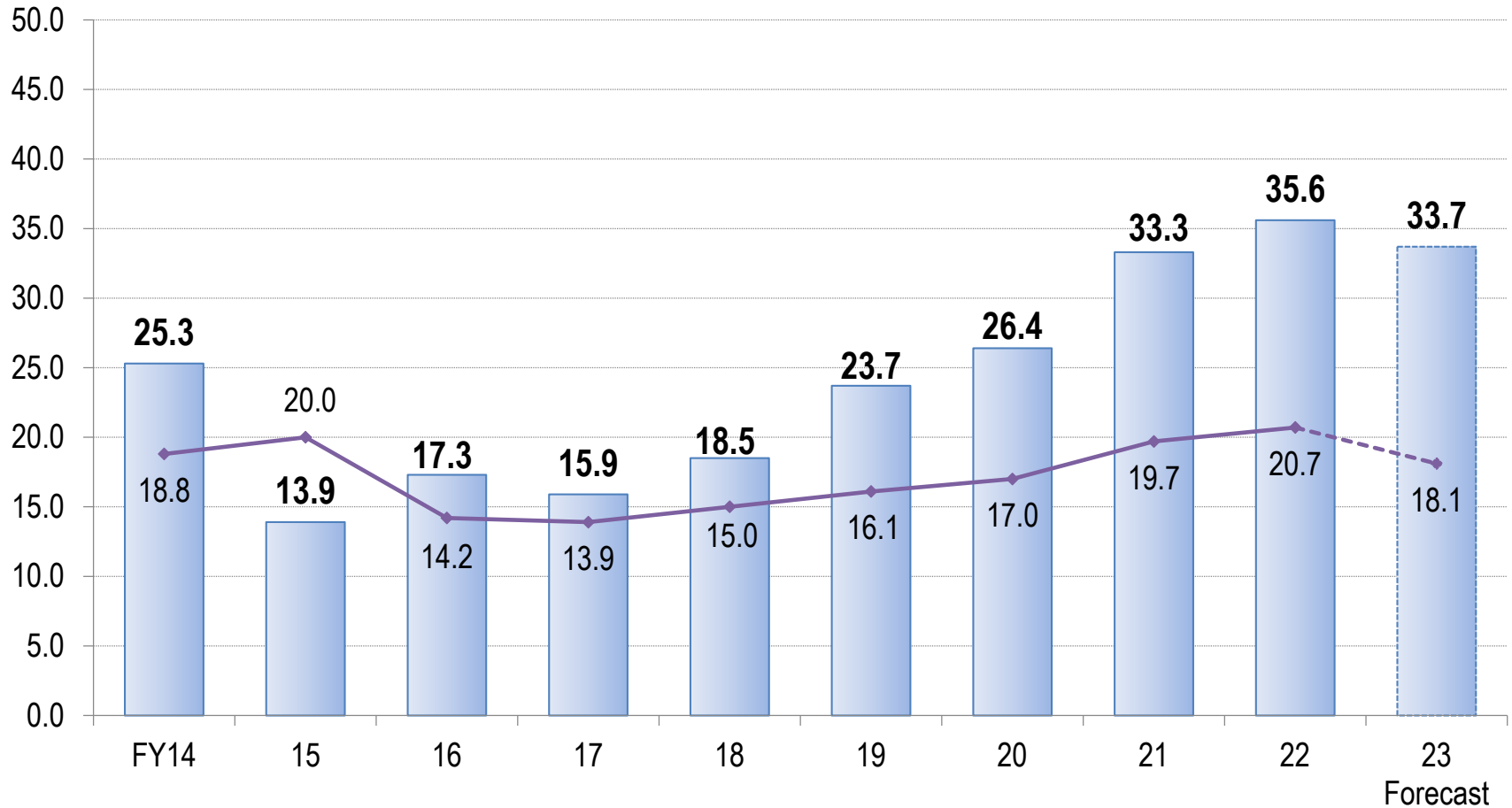
# 2. Performance Trend



# 5. CAPEX and Depreciation Trend

(Billions of yen)

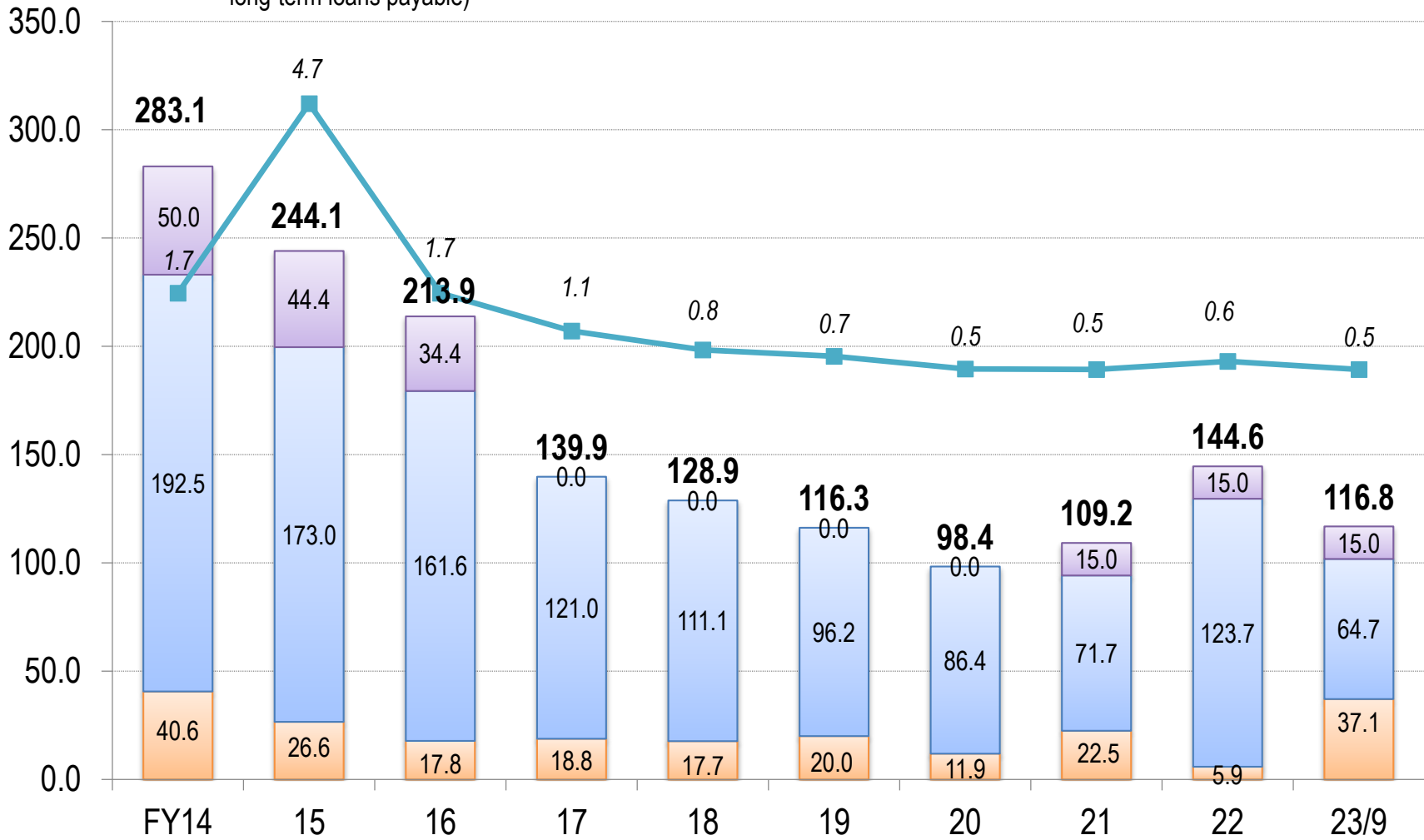
CAPEX Depreciation



# 6. Interest-Bearing Debts Trend

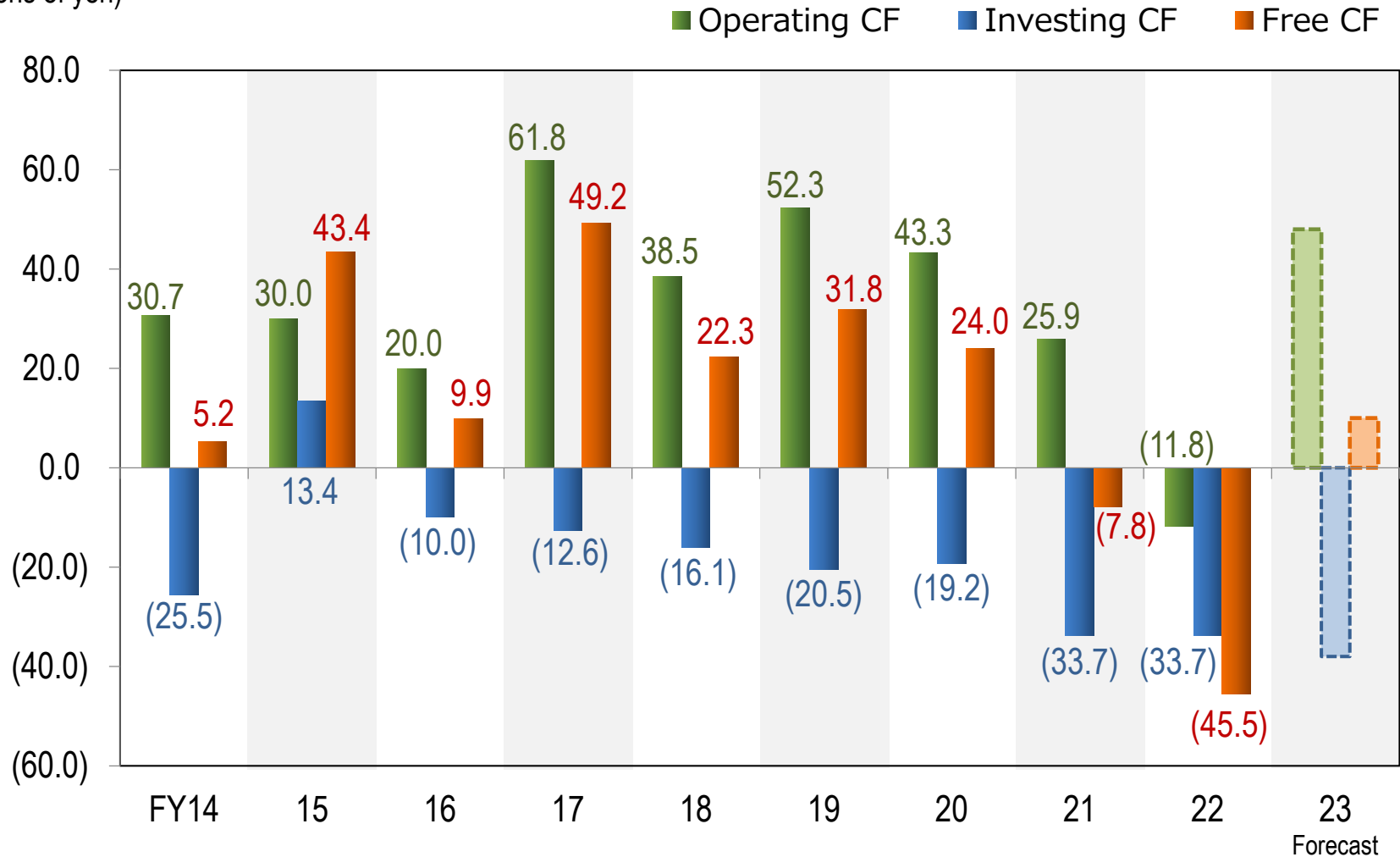
(Billions of yen)

■ Short-term debt (Including Current portion of long-term loans payable)
 ■ Long-term debt
 ■ Unsecured bonds
 —■ D/E ratio



# 7. Cash Flow Plan

(Billions of yen)



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