

Q3 FY2013 - Apr 1, 2013 to Dec 31, 2013 -

Financial Results

Tokuyama Corporation

Jan 31, 2014



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1 Financial Results for Q3 FY2013

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3. Progress in Companywide Expenditure Reduction
4. Changes in Operating Income



1 Financial Results for Q3 FY2013

1. Financial Highlights

Consolidated (year-on-year change)

(Billions of yen)

	Q3 FY2012 YTD	Q3 FY2013 YTD	Difference	
			Amount	%
Net sales	189.0	207.9	+18.8	+10
Operating income	2.7	12.5	+9.7	+354
Ordinary income (loss)	(0.1)	9.8	+9.9	-
Net income (loss)	(10.8)	7.4	+18.3	-
Net income per share (yen)	(31.16)	21.53		
Exchange rate (¥/\$)	80	99		
Domestic naphtha price (¥/kl)	55,400	65,700		

Qualitative information

(Net sales) ¥207.9 billion, up 10%

Pluses: increased sales volume of cement and related products, selling price revisions of petrochemicals and other products, increased sales volume of vinyl chloride monomer (VCM) as a result of resolution of plant difficulties that occurred in the corresponding period of the previous year

Minus: decreased sales volume of polycrystalline silicon

(Operating income) ¥12.5 billion, up 354%

Plus: companywide thoroughgoing cutbacks in expenditure

Minus: domestic naphtha price hikes

1 Financial Results for Q3 FY2013

1. Financial Highlights

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(Billions of yen)

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Net income per share (yen)	(31.16)	21.53		
Exchange rate (¥/\$)	80	99		
Domestic naphtha price (¥/kl)	55,400	65,700		

Qualitative information

(Ordinary income) ¥9.8billion, back into the black

Plus: change from foreign exchange losses recorded in the corresponding period of the previous year to foreign exchange gains

Minuses: increase in interest expenses and costs of idle operations

(Net income) ¥7.4 billion, back into the black

Pluses: extraordinary gains/losses improved, because the Company did not record the provision for business restructuring charges relating to Excel Shanon Corporation which was recorded in the corresponding period of the previous year; income tax expenses decreased, because the Company did not post a reversal of deferred tax assets in the period under review, which was posted in the corresponding period of the previous year

1 Financial Results for Q3 FY2013

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, 2013	As of Dec 31, 2013	Changes
Total assets	518.2	532.3	+14.0
Shareholders' equity	217.5	226.2	+8.7
Shareholders' equity ratio	42.0%	42.5%	+0.5pts
Interest-bearing debt	187.7	204.1	+16.4
D/E ratio	0.86	0.90	+0.04
Net assets per share (yen)	625.29	650.39	

Qualitative information

(Total assets)

Increase factor: increase in tangible fixed assets due to construction of polycrystalline silicon manufacturing facilities in Malaysia

Decrease factor: decrease in deposits at bank and securities allocated for the payment of construction expenses above

(Shareholders' equity)

Increase factor: increase in retained earnings and unrealized holding gains on available-for-sale securities

(Interest-bearing debt)

Increase factor: increased short-term loans payable raised by the commitment line contracts, which were concluded for the payment of construction expenses of the Malaysia project

1 Financial Results for Q3 FY2013

2. Net Sales/Operating Income by Business Segment

(Year-on-year change)

(Billions of yen)

	Q3 FY2012 YTD		Q3 FY2013 YTD		Difference			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	57.5	0.3	64.0	1.3	+6.4	+11	+1.0	+290
Specialty Products	36.5	(1.2)	35.2	2.3	(1.3)	(4)	+3.5	-
Cement	52.9	3.9	58.1	4.7	+5.2	+10	+0.7	+20
Life & Amenity	36.7	1.7	40.5	3.0	+3.8	+10	+1.3	+75
Others	29.7	1.8	35.7	3.4	+5.9	+20	+1.5	+84
Total	213.6	6.7	233.7	15.0	+20.1	+9	+8.2	+123
Inter-segment eliminations and corporate-wide expenses	(24.6)	(3.9)	(25.8)	(2.4)	(1.2)	-	+1.4	-
Consolidated results	189.0	2.7	207.9	12.5	+18.8	+10	+9.7	+354

(Note 1) Sales and operating income shown above include inter-segment transactions.

(Note 2) From Fiscal 2013, the Advanced Components segment has been renamed the Life & Amenity segment.

(Note 3) From Q1 FY 2013, the Company has changed its accounting method of allocating costs to each segment. Net sales and operating income for Q3 FY2012 YTD have been recalculated reflecting this change.

2. Net Sales/Operating Income by Business Segment

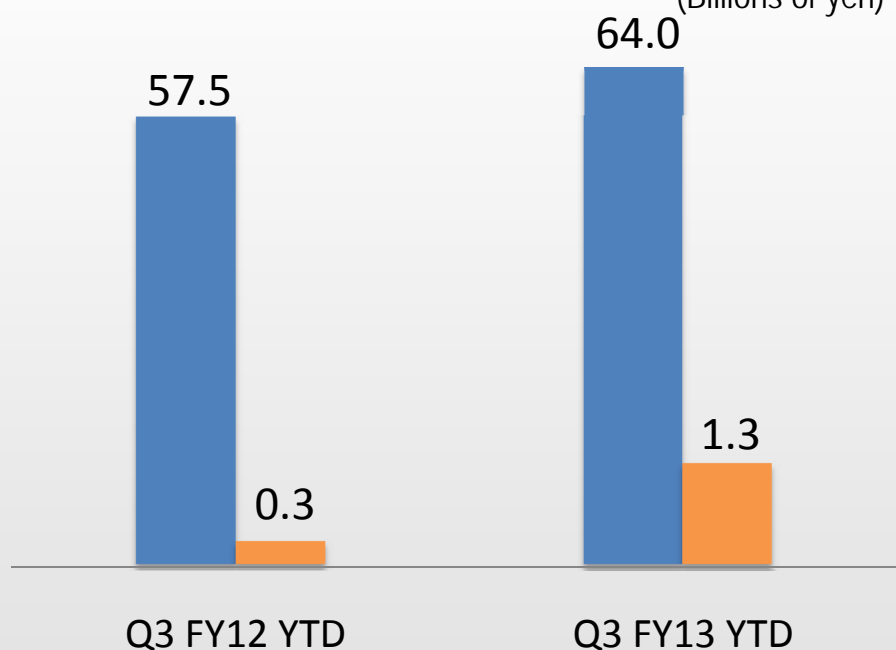
(Year-on-year change)

Chemicals

Higher earnings on higher sales

■ Net Sales ■ Operating Income

(Billions of yen)



Qualitative information

(Vinyl chloride monomer (VCM))

- Sales volume recovery resulting from resolution of plant's difficulties that occurred in the corresponding period of the previous year
- Rise in export price resulting from the weaker yen

(Caustic soda)

- Domestic sales volume recovery due to improved operating rate of electrolysis facilities resulting from resolution of difficulties at VCM plant mentioned above

(Vinyl chloride resin)

- Selling price revision
- Increased cost of raw materials due to price rise of domestic naphtha

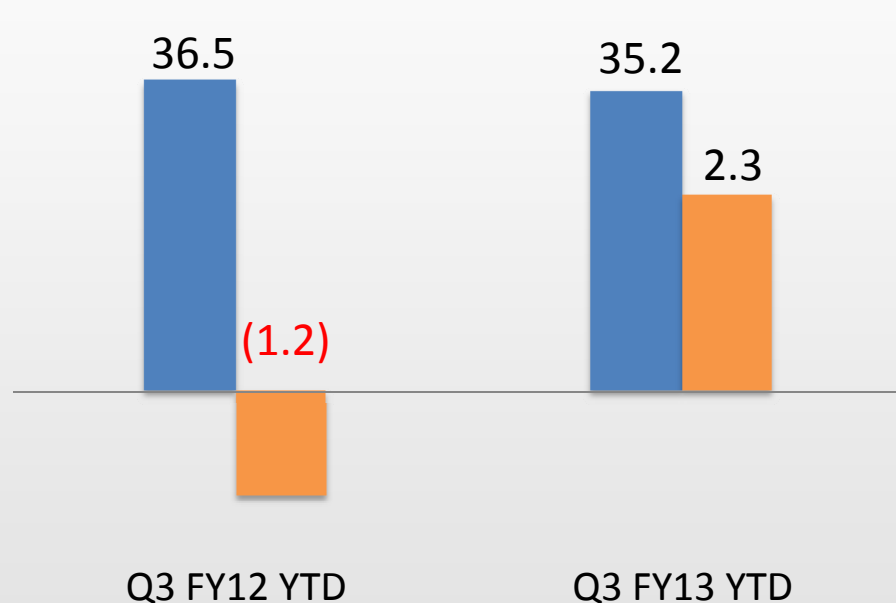
2. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Specialty Products

Higher earnings on lower sales

■ Net Sales ■ Operating Income
(Billions of yen)



Qualitative information

(Polycrystalline silicon)

- Decreased sales volume of semiconductor-grade polycrystalline silicon due mainly to inventory adjustments in supply chains
- Lower sales volume of solar-grade polycrystalline silicon resulting from the adoption of a sales strategy that focused on profits under sluggish market conditions due to excess supply
- Improvement of average selling price resulting from the change in product mix and weaker yen

(Fumed silica, High-purity chemicals for electronics manufacturing)

- Selling price revision
- Export price hikes arising from the weaker yen

(Aluminum nitride)

- Increased sales volume due to semiconductor market recovery

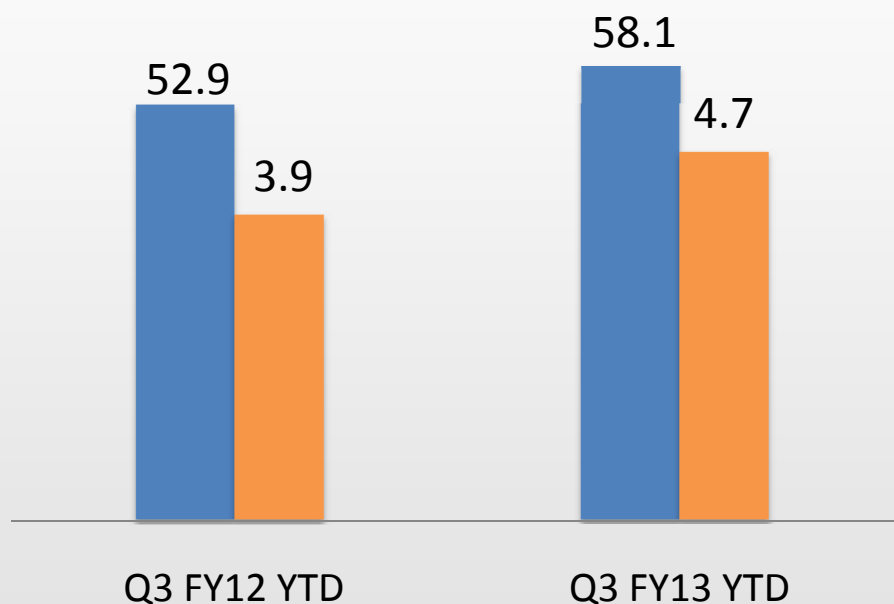
2. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Cement

Higher earnings on higher sales

■ Net Sales ■ Operating Income
(Billions of yen)



Qualitative information

(Cement)

- Increased sales volume due to the recovery in demand in Japan
- Increased sales due to the factor that the Company made Tokuyama Nouvelle Calédonie S.A. a subsidiary in June 2013

(Recycling and environment-related business)

- The Company accepted a larger volume of waste as a result of its higher cement production

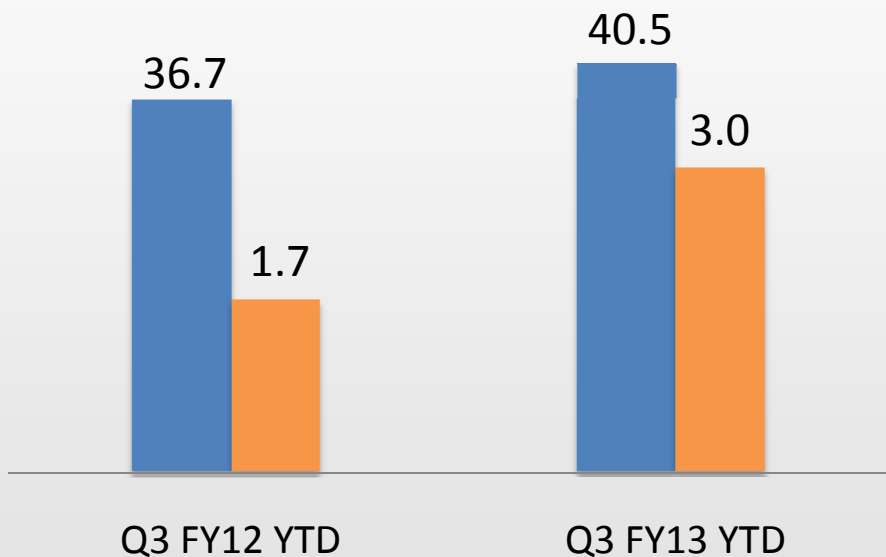
2. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Life & Amenity

Higher earnings on higher sales

■ Net Sales ■ Operating Income
(Billions of yen)



Qualitative information

(Plastic lens-related materials)

- Increased sales volume due to the recovery from damage to supply chains caused by the flooding in Thailand that occurred in 2011

(Polyolefin film)

- Increase sales volume resulting from sales expansion
- Selling price revision

(Dental materials and equipment)

- Increase sales volume resulting from overseas sales expansion
- Rise in export prices resulting from the weaker yen

(Plastic window sashes)

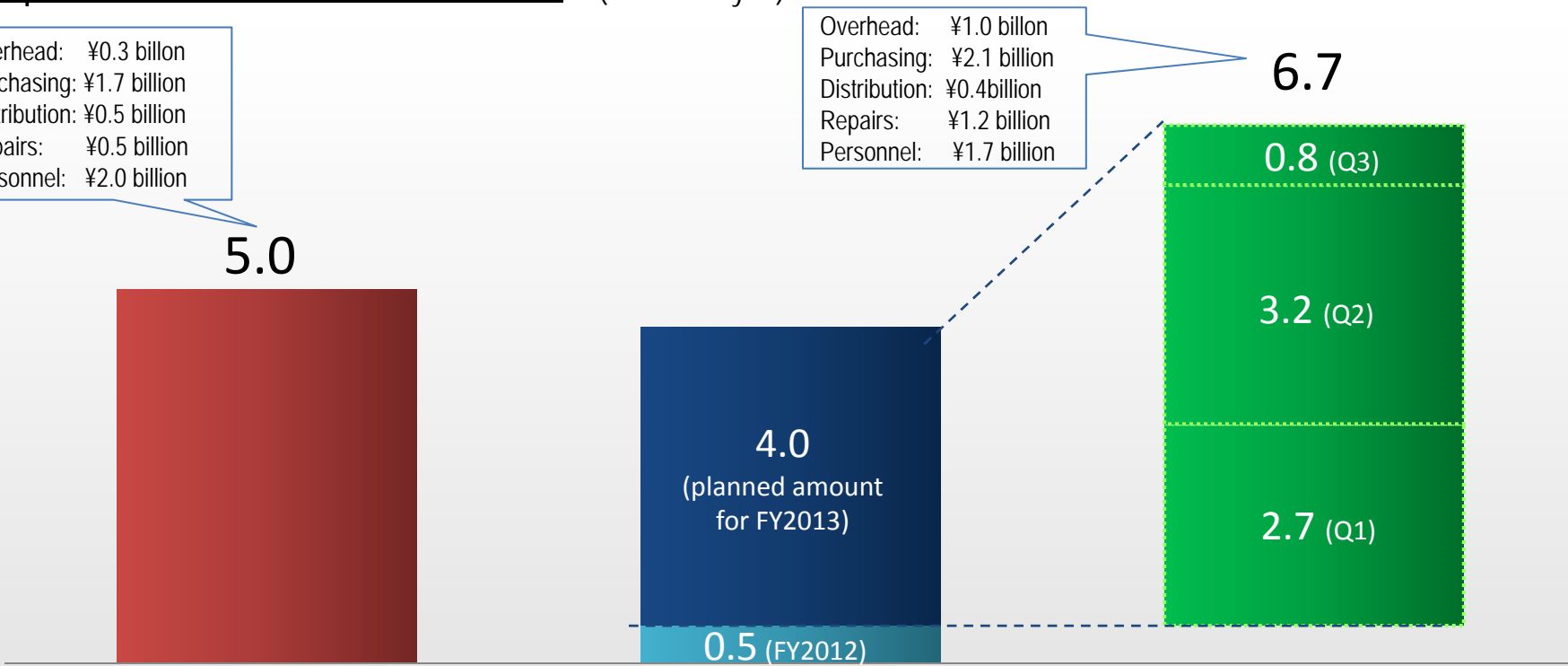
- Increase sales volume on the back of the recovery in housing starts
- Improved profitability owing to business reconstruction

3. Progress in Companywide Expenditure Reduction

Expenditure reduction for FY2013 (Billions of yen)

Overhead: ¥0.3 billion
 Purchasing: ¥1.7 billion
 Distribution: ¥0.5 billion
 Repairs: ¥0.5 billion
 Personnel: ¥2.0 billion

Overhead: ¥1.0 billion
 Purchasing: ¥2.1 billion
 Distribution: ¥0.4 billion
 Repairs: ¥1.2 billion
 Personnel: ¥1.7 billion



Targeted amount of expenditure reduction for FY2013 (compared with FY2012 forecasts, as of Feb. 28, 2013 when we announced the Plan)

Planned amount of reduction for FY2013 and amount of expenditure reduction in FY2012 by bringing forward the execution of the Plan

Amount of expenditure reduction achieved in Q3 FY2013 YTD

Note 1: As for purchasing and distribution expenses, increase or decrease arising from quantity or currency exchange rates are excluded.

Note 2: The amount of expenditure reduction achieved in FY2013 means a year-on-year decrease in expenses that are subject to our reduction policy.

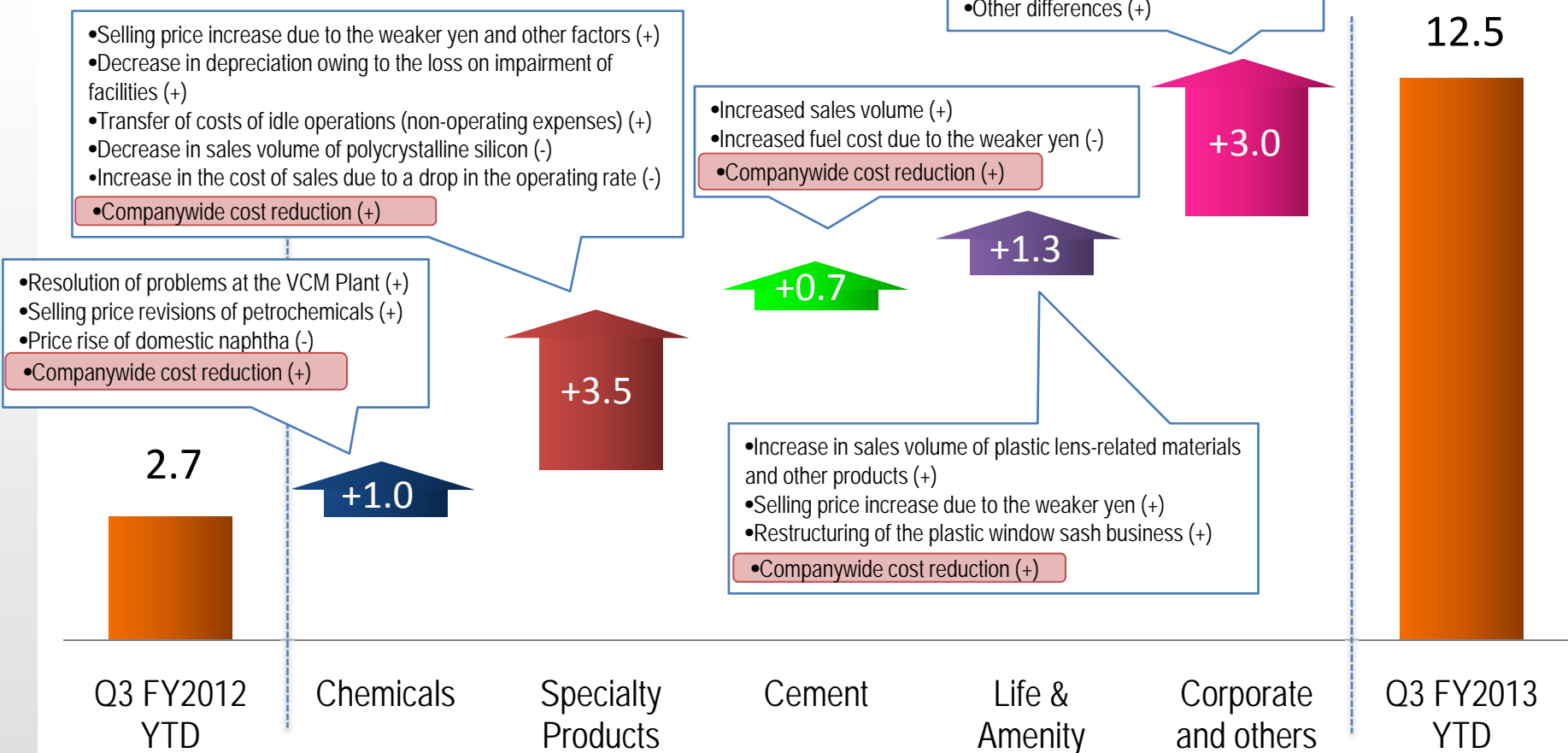
1 Financial Results for Q3 FY2013

4. Changes in Operating Income

By Business Segment

(Year-on-year change)

(Billions of yen)



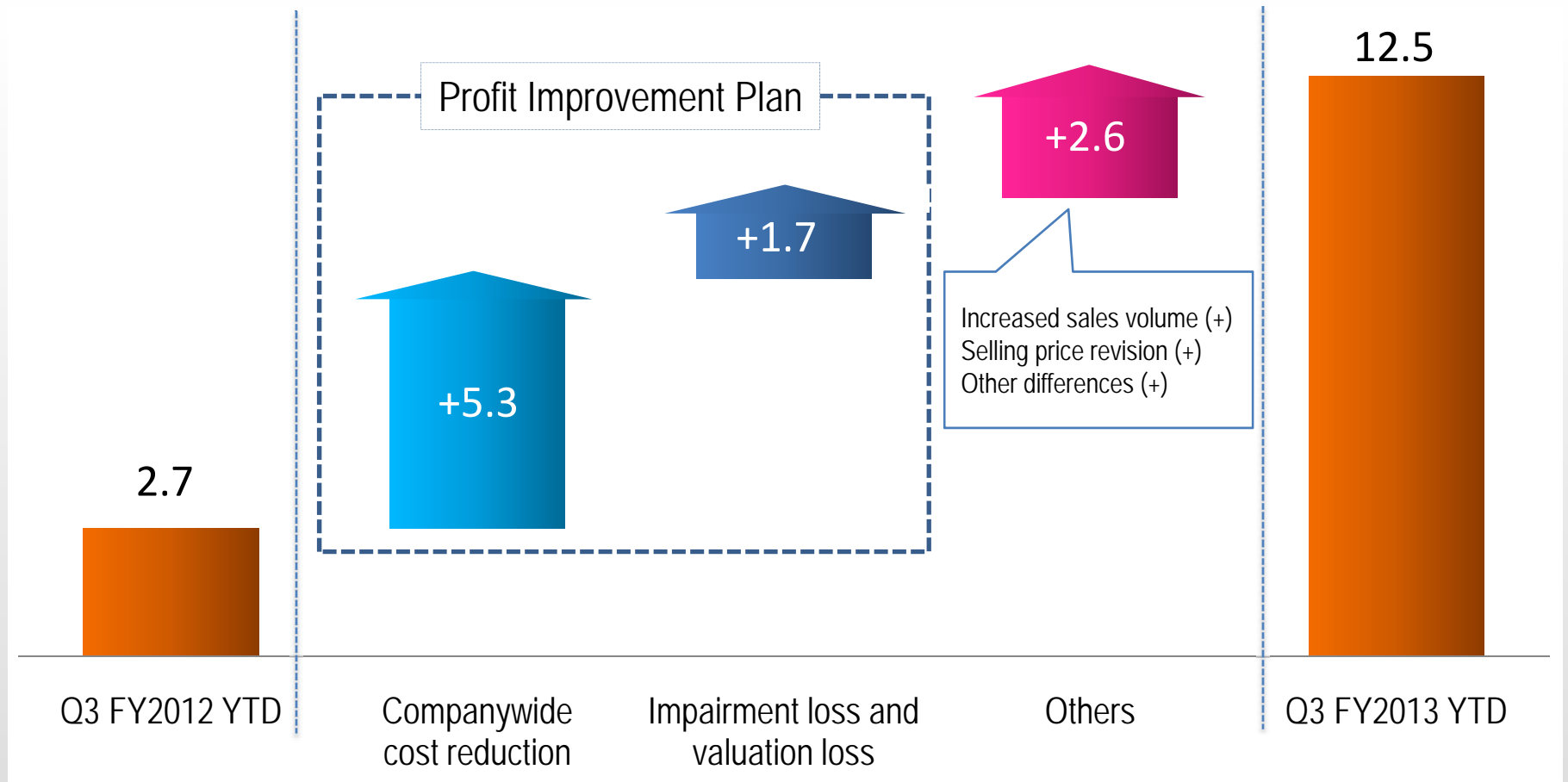
(Note) All numbers are discarded after the first decimal place.

4. Changes in Operating Income

(Year-on-year change)

(Billions of yen)

By Factor



Note: The amounts of Companywide cost reduction and impairment impact represent the amounts by which operating income excluding inventory differences are affected.



2 Revised Performance Forecast for FY2013

1. Revised Performance Forecast
2. Revised Performance Forecast by Business Segment

2 Revised Performance Forecast for FY2013

1. Revised Performance Forecast

Consolidated
(compared with the previous forecast)
(Billions of yen)

	FY2013 Forecast (Apr 30, 2013)	FY2013 Forecast (Jan 31, 2014)	Difference	
			Amount	%
Net sales	275.5	286.0	+10.5	+4
Operating income	14.0	18.0	+4.0	+29
Ordinary income	10.0	14.0	+4.0	+40
Net income	7.5	10.0	+2.5	+33
Net income per share (yen)	21.56	28.74		
Exchange rate (¥/\$)	95	100		
Domestic naphtha price (¥/kl)	60,500	66,800		

Reasons for the revision:

(Net sales)

Plus: rise in export prices from the weaker-than-expected yen

(Ordinary income/loss)

Plus: recording of foreign exchange gains

(Operating income)

Plus: companywide further cost reductions

Minus: increased cost of raw materials due to price rise of domestic naphtha

(Net loss)

Minus: increased income tax expenses

2 Revised Performance Forecast for FY2013

1. Revised Performance Forecast

Consolidated
(Year-on-year change based on revised forecast)
(Billions of yen)

	FY2012 Results	Q3 FY2013 YTD Results	FY2013 Forecast (Jan 31, 2014)
Net sales	258.6	207.9	286.0
Operating income	6.7	12.5	18.0
Ordinary income	3.2	9.8	14.0
Net income (loss)	(37.9)	7.4	10.0

Difference	
Amount	%
+27.3	+11
+11.2	+166
+10.7	+333
+47.9	-

Net income per share (yen)	△108.98	21.53	28.74
Exchange rate (¥/\$)	83	99	100
Domestic naphtha price (¥/kl)	57,500	65,700	66,800

2 Revised Performance Forecast for FY2013

2. Revised Performance Forecast by Business Segment

(Compared with the previous forecast)

(Billions of yen)

	FY2013 Forecast (Apr 30, 2013)		FY2013 Forecast (Jan 31, 2014)		Difference	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	83.0	3.5	87.0	2.0	+4.0	(1.5)
Specialty Products	49.5	2.5	52.5	4.5	+3.0	+2.0
Cement	72.5	4.5	76.5	6.0	+4.0	+1.5
Life & Amenity	58.5	4.5	57.0	5.0	(1.5)	+0.5
Others	47.5	3.5	47.0	4.0	(0.5)	+0.5
Total	311.0	18.5	320.0	21.5	+9.0	+3.0
Inter-segment eliminations and corporate-wide expenses	(35.5)	(4.5)	(34.0)	(3.5)	+1.5	+1.0
Consolidated Results	275.5	14.0	286.0	18.0	+10.5	+4.0

(Note 1) Sales and operating income shown above include inter-segment transactions.

(Note 2) From fiscal 2013, the Advanced Components segment has been renamed the Life & Amenity segment.

2 Revised Performance Forecast for FY2013

2. Revised Performance Forecast by Business Segment

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

(Billions of yen)

	FY2012 Results		FY2013				Difference	
			Q3 YTD Results		Forecast (Jan 31, 2014)			
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	77.3	0.4	64.0	1.3	87.0	2.0	+9.6	+1.5
Specialty Products	52.8	0.3	35.2	2.3	52.5	4.5	(0.3)	+4.1
Cement	69.9	5.3	58.1	4.7	76.5	6.0	+6.5	+0.6
Life & Amenity	51.0	2.9	40.5	3.0	57.0	5.0	+5.9	+2.0
Others	40.1	2.6	35.7	3.4	47.0	4.0	+6.8	+1.3
Total	291.3	11.6	233.7	15.0	320.0	21.5	+28.6	+9.8
Inter-segment eliminations and corporate-wide expenses	(32.6)	(4.9)	(25.8)	(2.4)	(34.0)	(3.5)	(1.3)	+1.4
Consolidated Results	258.6	6.7	207.9	12.5	286.0	18.0	+27.3	+11.2

(Note 1) Sales and operating income shown above include inter-segment transactions.

(Note 2) From fiscal 2013, the Advanced Components segment has been renamed the Life & Amenity segment.

(Note 3) From fiscal 2013, the Company has changed its accounting method of allocating costs to each segment. Net sales and operating income for fiscal 2012 have been recalculated reflecting this change.

3 Topics

1. Malaysia Project
2. Facility Expansion at Tokuyama Chemicals



1. Malaysia Project

Tokuyama Malaysia PS-1

- Production commenced in November 2013
- Production conditions are presently being confirmed toward the acquisition of semiconductor-grade certification



1. Malaysia Project

Tokuyama Malaysia PS-2

- Construction progressed as scheduled; the plant was completed at the end of 2013
- Production and sale of solar cell-grade polysilicon to commence in around the middle of 2014



3 Topics

2. Facility Expansion at Tokuyama Chemicals

- Tokuyama has decided to transfer a part of Tokuyama Factory's annual production capacity of 2,000 tonnes to Tokuyama Chemicals (Zhejiang) with the aim to further expand the rapidly growing fumed silica (surface treatment grade) business in China and other Asian markets.
- Fumed silica (surface treatment grade) is widely used in many applications, such as a viscosity control agent, an anti-settling agent and a flowability improving agent for paint, adhesive, ink and other products. Looking ahead, this product is expected to enjoy an increase in demand.

[Outline of the plan]

Product to be manufactured: Fumed silica (surface treatment grade)

Investment: 8.4 million US dollars (Approx. 900 million yen)

Commencement of Construction: May 2014 (Planned)

Start of Operations: June 2015 (Planned)



Tokuyama Chemicals (Zhejiang) Co., Ltd.

4 Supplementary Data

1. Consolidated Financial Statements
2. Performance Trend



4 Supplementary Data

1. Consolidated Financial Statements Income Statements

(Billions of yen)

	Q3 FY2012 YTD	Q3 FY2013 YTD	Difference	
			Amount	%
Net sales	189.0	207.9	+18.8	+10
Cost of sales	141.0	151.2	+10.1	+7
Selling, general and administrative expenses	45.2	44.1	(1.0)	(2)
Operating income	2.7	12.5	+9.7	(354)
Non-operating income/expenses	(2.8)	(2.6)	+0.1	-
Ordinary income (loss)	(0.1)	9.8	+9.9	-
Extraordinary income/expenses	(1.5)	(0.4)	+1.1	-
Income (loss) before income taxes and minority interests	(1.6)	9.3	+11.0	-
Income taxes and minority interests	9.1	1.8	(7.2)	(79)
Net income (loss)	(10.8)	7.4	+18.3	-

4 Supplementary Data

1. Consolidated Financial Statements

Balance Sheets

(Billions of yen)

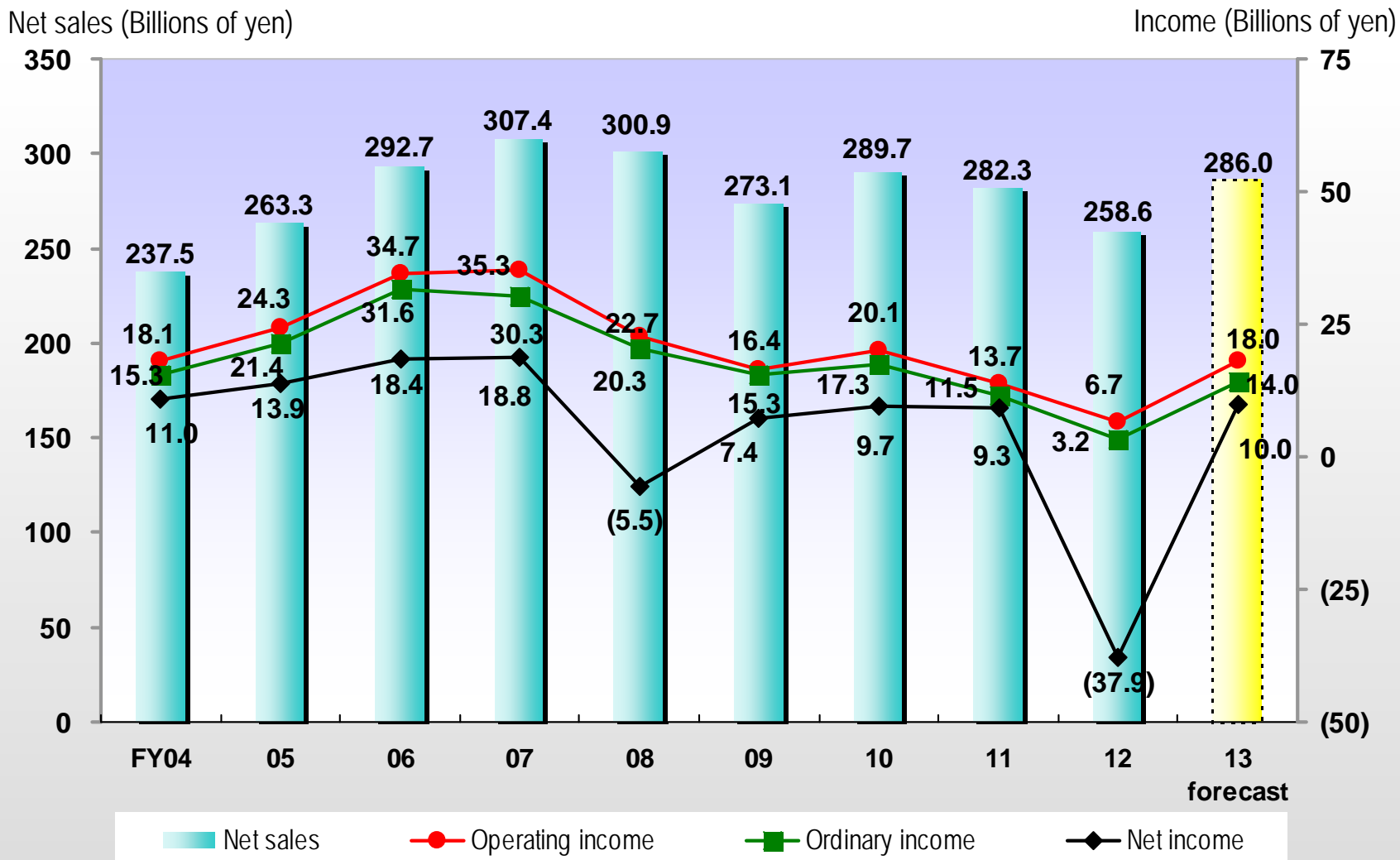
	3/31/2013	12/31/2013	Changes	
			Amount	%
Total assets	518.2	532.3	+14.0	+3
Current assets	186.1	157.7	(28.3)	(15)
Tangible fixed assets	274.3	311.1	+36.7	+13
Intangible fixed assets	7.9	10.2	+2.3	+29
Investments and other assets	49.8	53.1	+3.3	+7

	3/31/2013	12/31/2013	Changes	
			Amount	%
Total liabilities	294.3	299.6	+5.2	+2
Current liabilities	115.6	115.2	(0.3)	(0)
Long-term liabilities	178.7	184.3	+5.5	+3
Total net assets	223.8	232.6	+8.8	+4

4 Supplementary Data

2. Performance Trend

Consolidated (Fiscal Year)



4 Supplementary Data

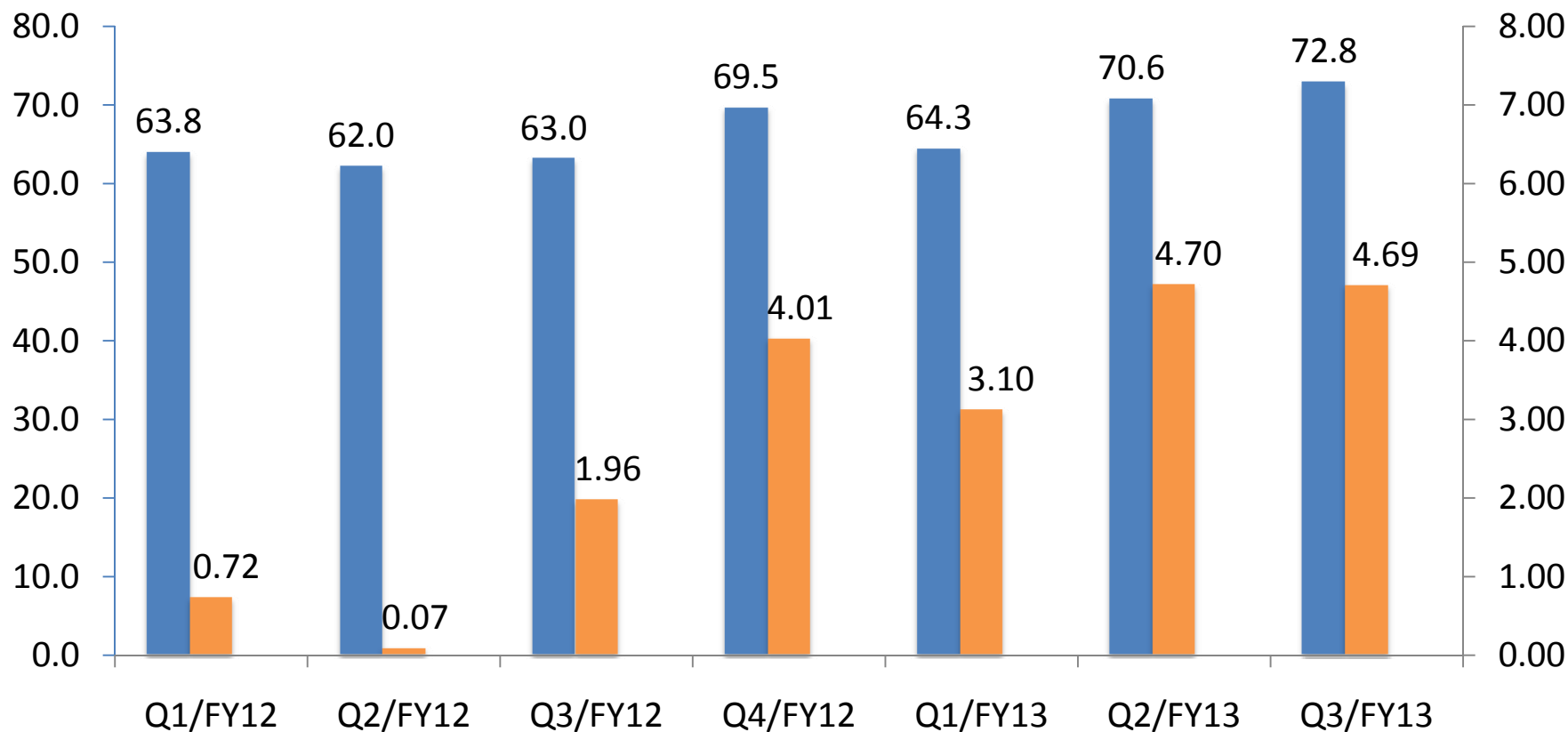
2. Performance Trend

(Quarter)

Consolidated

■ Net Sales ■ Operating Income

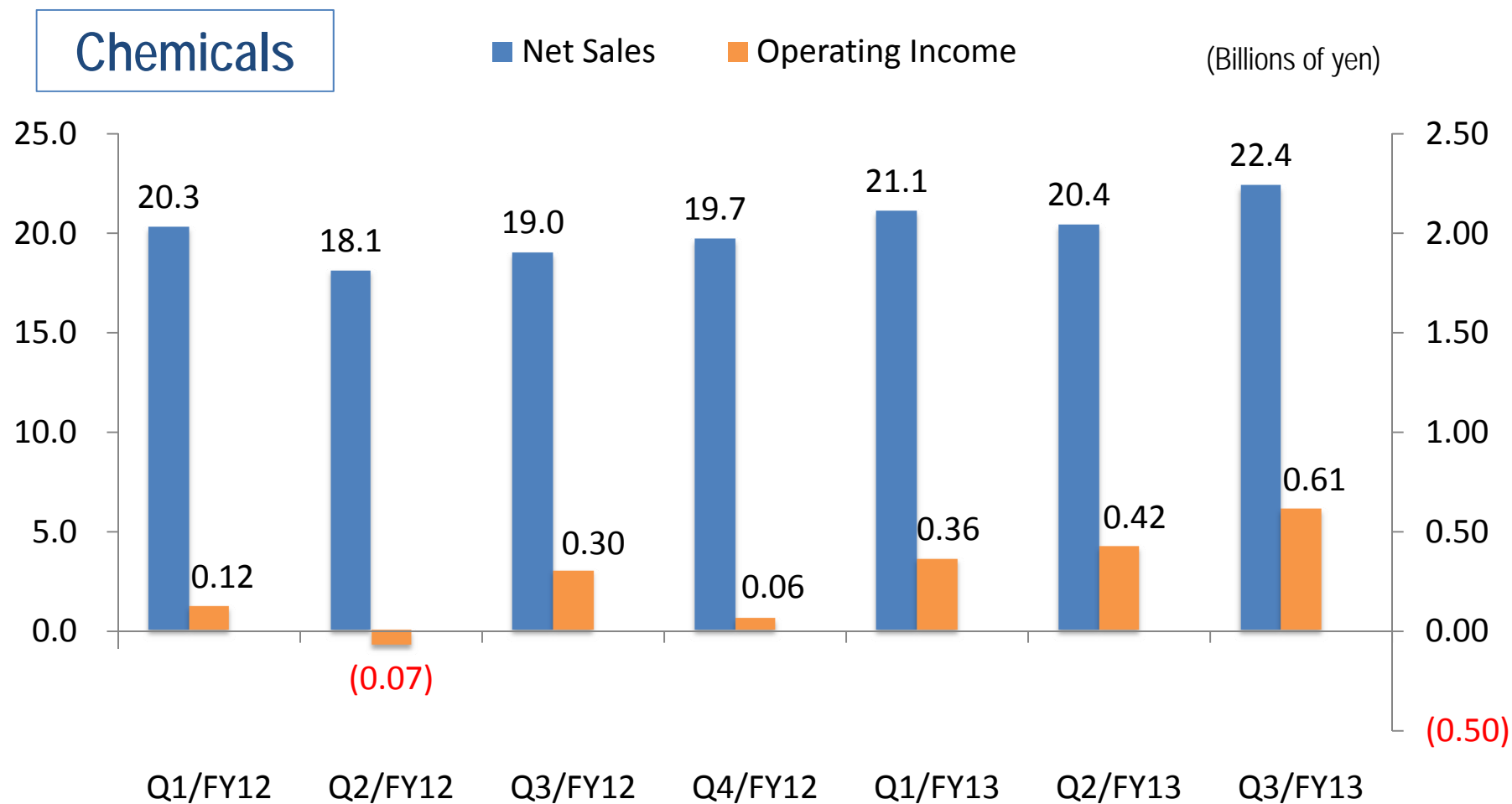
(Billions of yen)



4 Supplementary Data

2. Performance Trend

(Quarter)



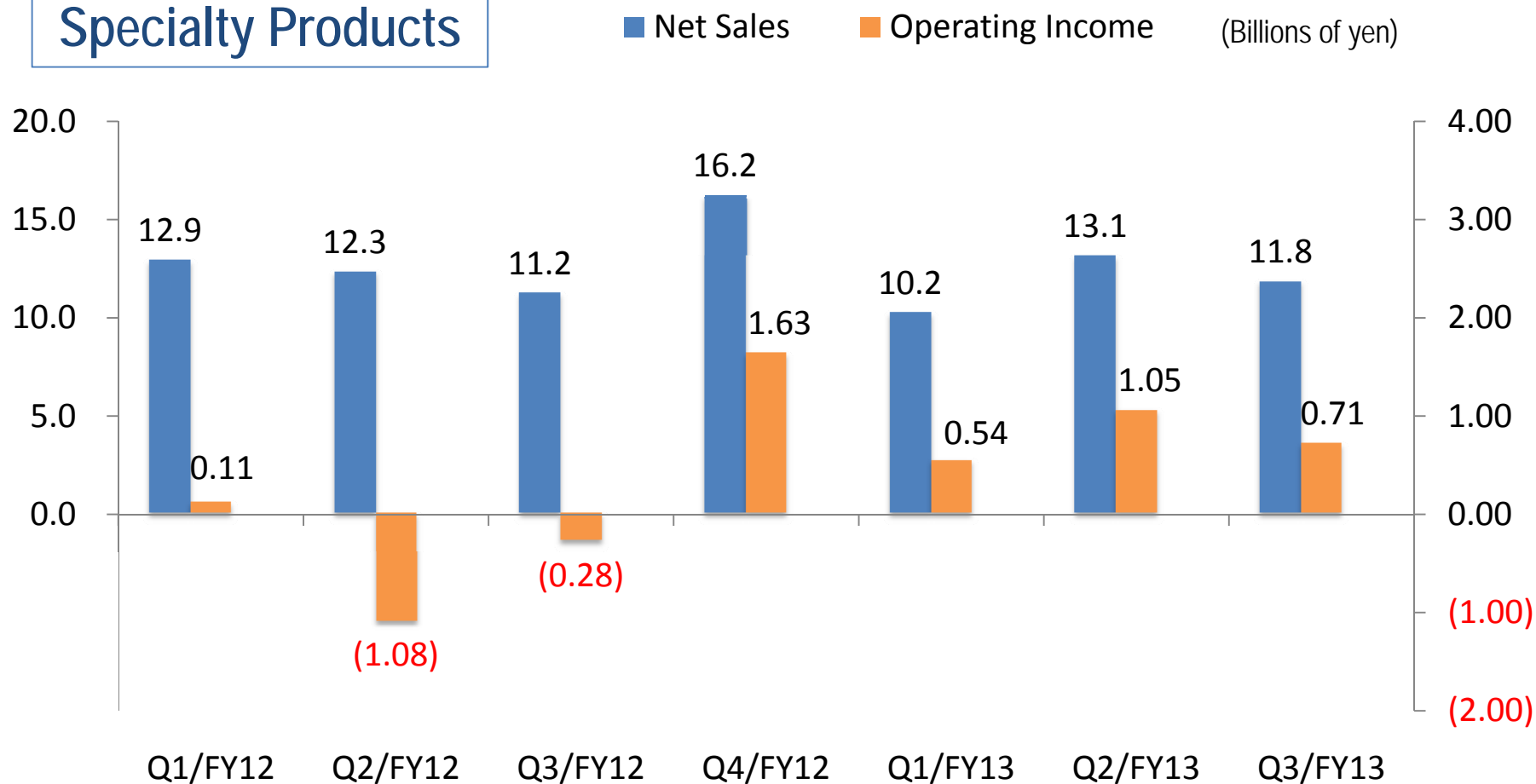
(Note) Sales and operating income shown above include inter-segment transactions.

4 Supplementary Data

2. Performance Trend

(Quarter)

Specialty Products



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

4 Supplementary Data

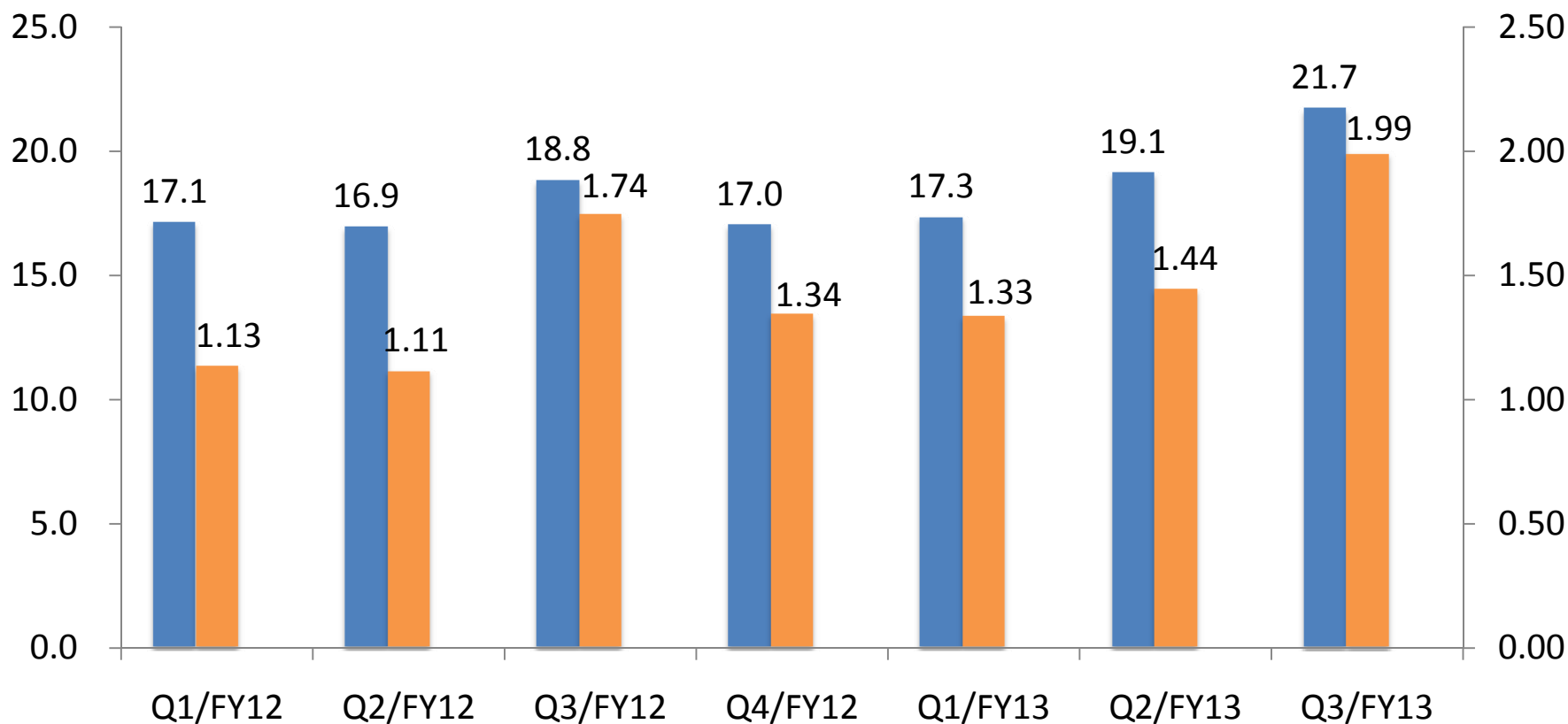
2. Performance Trend

(Quarter)

Cement

■ Net Sales ■ Operating Income

(Billions of yen)



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

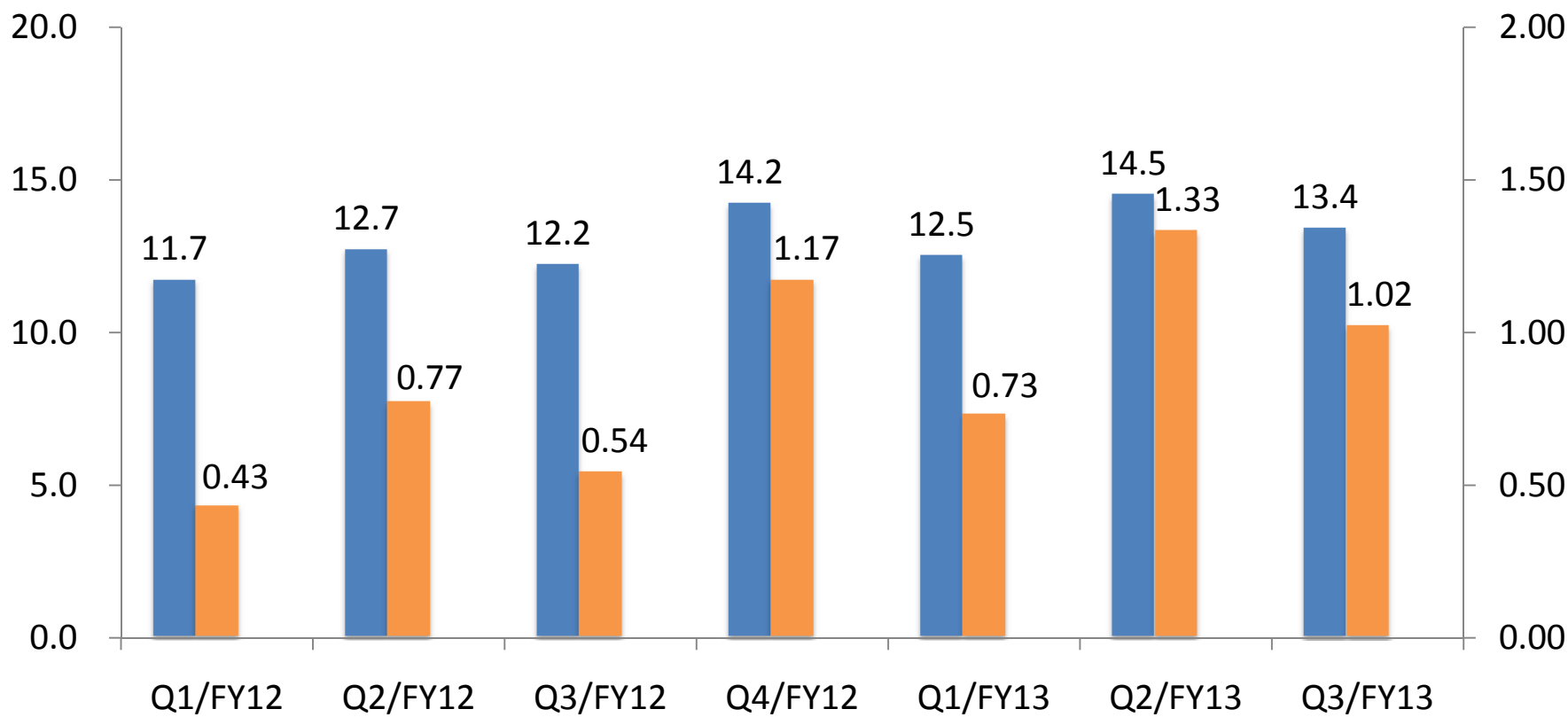
4 Supplementary Data

2. Performance Trend

(Quarter)

Life & Amenity

■ Net Sales ■ Operating Income (Billions of yen)



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

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Chemistry with a heart

TOKUYAMA

