

Q2 FY2015 Tokuyama Corporation Earnings Conference Call (October 30, 2015)

Q&A (Excerpts)

Participants:

Akihiro Hamada, Managing Executive Officer and General Manager of the Corporate Administration Division

Taro Kobayashi, General Manager of Corporate Communications & Investor Relations Dept.

1. Questions regarding Tokuyama Malaysia (PS-2)

Q: Can you provide us with details of the progress made to date to improve the facilities of Tokuyama Malaysia (PS-2) together with the schedule going forward?

A: Operating rates, which stood at around 50% for April-June quarter improved to approximately 60-65% during August and September. This was largely attributable to work to improve certain equipment prior to periodic shutdown maintenance. We will take steps to improve all remaining equipment during the period of scheduled shutdown maintenance, which began in October. After completing this periodic shutdown maintenance, operations will recommence in the early part of December. Polycrystalline silicon deposition will begin from mid-December. We will progressively increase the amount of deposition with plans to lift the operating rate to around 80% in March 2016.

Q: What are your thoughts on solar-cell grade polycrystalline silicon supply and demand trends over the short term?

A: Currently, the Company is also receiving a reasonable number of trade inquiries. While we are anticipating an increase in global demand for solar-cell grade polycrystalline silicon for the foreseeable future, we recognize the need to carefully monitor market conditions for a short while longer taking into consideration that the issue of excess supply is yet to be resolved.

2. Question regarding semiconductor-grade polycrystalline silicon

Q: There are indications of a slowdown in the semiconductor market. What are the prospects that you will achieve your recently revised forecasts for the full fiscal year?

A: We do not envisage any major change in polycrystalline silicon forecasts set at the beginning of this fiscal year.

3. Question regarding the Cement Business

Q: You have adopted an aggressive approach toward forecasts for the second half. What are your prospects for achieving these targets?

A: Sales volumes of cement fell short of forecasts for the first half. Plans are in place to secure profits on the back of such factors as the acceptance of waste as well as a drop in coal price while maintaining the amount of full fiscal year sales volumes of cement to levels recorded for the previous year through efforts to expand sales in the second half.

4. Question regarding the impact of the decline in domestic naphtha prices

Q: What impact did the decline in domestic naphtha prices have on first half results?

A: Selling prices for certain petrochemicals were weak due to the downturn in domestic naphtha prices. We were, however, able to maintain a certain spread and an improvement in earnings mainly as a result of exports.