

Fiscal 2020 - Apr 1, 2020 to Mar 31, 2021-

Presentation for IR Meeting

April 28, 2021

Tokuyama Corporation



Accounting Standard for Revenue Recognition

From the beginning of fiscal 2021, Accounting Standard for Revenue Recognition and other standards are applied. The impact from the application on the sales in fiscal 2021 is shown at each slide. The impact on the profits is expected to be none or insignificant.

FY	Accounting Standard for Revenue Recognition and other standards
Until fiscal 2020	Not Applied
Since fiscal 2021	Applied

Key points of fiscal 2020

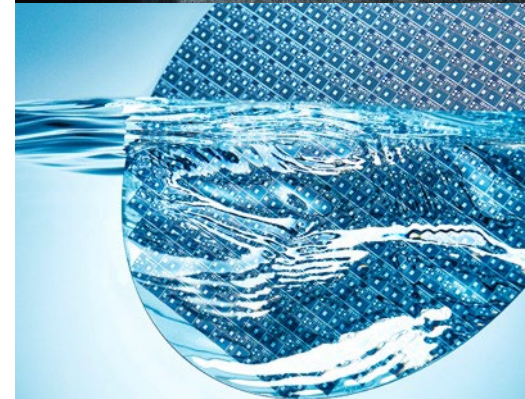
- On the back of increased export price of PVC and VCM, financial results for fiscal 2020 exceeded the full-year forecast which was revised on January 29, 2021
- In fiscal 2021, increase of sales price and sales amount is planned in response to the increase of fuel and raw material costs, however operating profit is expected to decrease, due to the increase of R&D expenses and depreciation for the future growth
- By the steady execution of growth strategy, the Company aims to achieve the targets set for Medium-Term Management Plan 2025 such as business portfolio transformation

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- 1** Financial Results for FY2020
- 2** Performance Forecasts for FY2021
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- 4** Supplementary Data

1 Financial Results for FY2020

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



1. Financial Highlights

(Billions of yen)

	FY2019	FY2020	Difference		Main changing factors
			Amount	%	
Net sales	316.0	302.4	(13.6)	(4)	Deconsolidation of Sun-Tox Decrease in sales volumes of caustic soda in Japan Price decline of petroleum products
Operating profit	34.2	30.9	(3.3)	(10)	Decrease in sales volumes of such products as caustic soda
Ordinary profit	32.8	30.7	(2.0)	(6)	Decrease in operating profit
Profit attributable to owners of parent	19.9	24.5	+4.5	+23	Improve in extraordinary income/losses
Basic earnings per share (yen)	287.05	351.11	-		-
Exchange rate (yen/USD)	109	106	-		-
Domestic naphtha price (yen/kl)	42,700	31,200	-		-

(Note) Accounting Standard for Revenue Recognition and other standards are not applied both in FY 2019 and FY 2020

1. Financial Highlights

(Billions of yen)

	As of Mar 31,2020	As of Mar 31,2021	Difference	Main changing factors
Total assets	383.4	386.7	+3.3	Increase in cash and deposits
Shareholders' equity	168.8	198.5	+29.7	Posting profit attributable to owners of parent
Shareholders' equity ratio	44.0%	51.3%	+7.3pts	-
Interest-bearing debt	116.3	98.4	(17.9)	Decrease in long-term loans payable
D/E ratio	0.69	0.50	(0.19)	-
Net D/E ratio*	0.21	0.07	(0.13)	-
Net assets per share (yen)	2,431.21	2,758.37	-	-

*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)

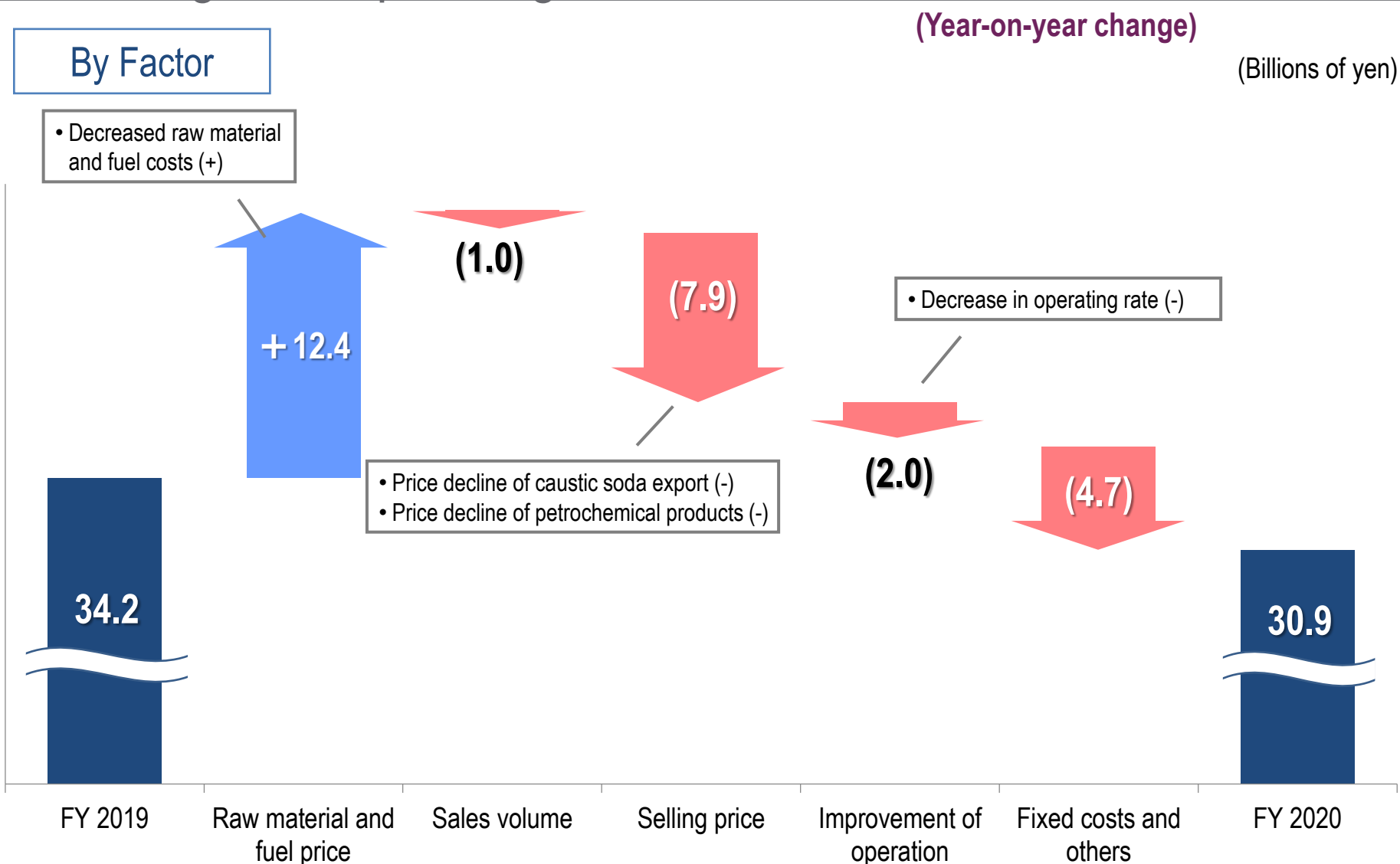
(Billions of yen)

	FY2019		FY2020		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	93.7	15.3	85.4	14.1	(8.2)	(9)	(1.2)	(8)
Specialty Products	54.4	7.0	57.7	6.5	+3.3	+6	(0.4)	(7)
Cement	87.2	3.8	90.8	4.5	+3.5	+4	+0.7	+19
Life & Amenity	56.3	2.8	45.9	3.1	(10.3)	(18)	+0.2	+8
Others	65.2	6.9	53.6	5.6	(11.5)	(18)	(1.3)	(19)
Total	357.0	36.0	333.6	34.0	(23.3)	(7)	(2.0)	(6)
Inter-segment eliminations and corporate-wide expenses	(40.9)	(1.8)	(31.2)	(3.0)	+9.6	-	(1.2)	-
Consolidated Results	316.0	34.2	302.4	30.9	(13.6)	(4)	(3.3)	(10)

(Note1) Sales and operating profit shown above include inter-segment transactions

(Note2) Accounting Standard for Revenue Recognition and other standards are not applied both in FY 2019 and FY 2020.

3. Changes in Operating Profit



2 Performance Forecasts for FY2021

- 1. Performance Forecasts**
- 2. Performance Forecasts by Business Segment**
- 3. Changes in Operating Profit**
- 4. Investment Plan**



1. Performance Forecasts

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2020 Not applied	FY2021 Top :Applied Bottom:Not applied	Difference		Main changing factors
			Amount	%	
Net sales	302.4	271.0	(31.4)	(10)	Improve in impact of COVID-19 Increased sales volume in semiconductor-related products Price increase of petroleum products
		314.0	+11.6	+4	
Operating profit	30.9	26.0	(4.9)	(16)	Increase investment for future growth Increase in fuel and raw material prices
Ordinary profit	30.7	26.0	(4.7)	(16)	Decrease in operating profit
Profit attributable to owners of parent	24.5	22.0	(2.5)	(10)	Decrease in ordinary profit
Basic earnings per share (yen)	351.11	305.62	-		-
Exchange rate (yen/USD)	106	105	-		-
Domestic naphtha price (yen/kl)	31,200	45,000	-		-

2 Performance Forecasts for FY2021

(Note1) Sales and operating profit in each segment shown above include inter-segment transactions
 (Note2) The figures of FY2020 and FY2021 stated above have been modified to reflect the operating results based on the business segment after this change

Tokuyama Corporation

2. Performance Forecasts by Business Segment

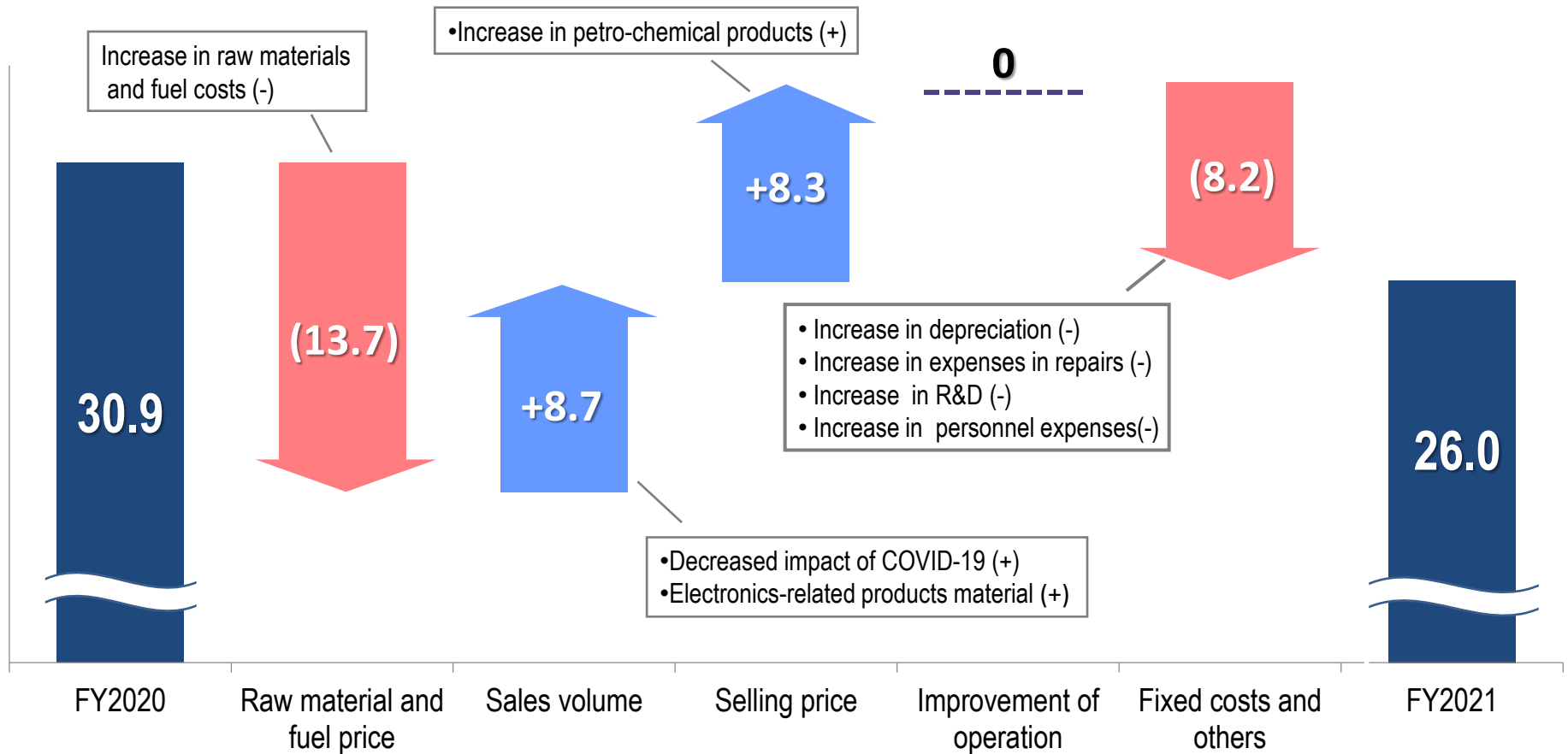
(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2020 Results		FY2021 Forecasts		Difference			
	Not applied		Top :Applied	Bottom:Not applied	Net sales	%	Operating profit	%
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	81.3	13.5	90.0	13.5	+8.6	+11	(0.0)	(1)
			91.3		+9.9	+12		
Cement	89.5	4.4	53.0	3.0	(36.5)	(41)	(1.4)	(33)
			91.1		+1.5	+2		
Electronic Materials	61.8	7.1	68.5	5.0	+6.6	+11	(2.1)	(30)
			68.8		+6.9	+11		
Life Science	28.6	3.4	31.0	4.0	+2.3	+8	+0.5	+14
			31.2		+2.6	+9		
Eco Business	9.5	(0.3)	11.0	0.0	+1.4	+15	+0.3	-
			11.4		+1.8	+19		
Others	62.3	5.6	33.0	5.0	(29.3)	(47)	(0.6)	(12)
			51.6		(10.7)	(17)		
Total	333.4	33.9	286.5	30.5	(46.9)	(14)	(3.4)	(10)
			345.6		+12.1	+4		
Inter-segment eliminations and corporate-wide expenses	(31.0)	(3.0)	(15.5)	(4.5)	+15.5	-	(1.4)	-
			(31.6)		(0.6)			
Consolidated Results	302.4	30.9	271.0	26.0	(31.4)	(10)	(4.9)	(16)
			314.0		+11.6	+4		

3. Changes in Operating Profit

(Year-on-year change based on FY2021 forecasts)

(Billions of yen)



4. Investment Plan

Consolidated

(Billions of yen)

	FY2020 Results	FY2021 Forecast	Changes
Capital expenditures	26.4	44.8	+18.3
Depreciation and amortization	17.0	21.3	+4.3
R&D expenses	10.8	14.2	+3.3

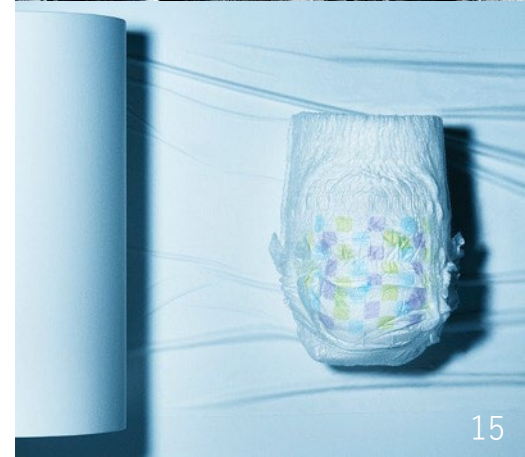
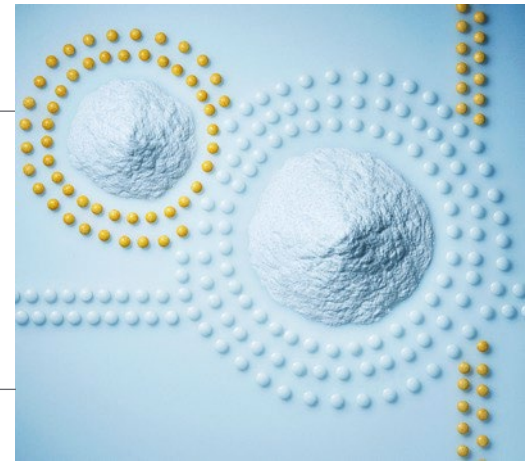
Major Growth Investments

Fiscal 2020	Fiscal 2021
Increase production of dental materials	Construct the factory of joint venture company for high-purity IPA
Investment to setup the Center for the Commercialization of Advanced Technology	Introduce the production facilities for new thermal management material
Introduce the production facilities for new thermal management material	Investments aimed at increasing the quality of polycrystalline silicon
Expand the production and shipment facilities for high-purity IPA for semiconductor industry	Improve logistic infrastructure

3

Measure of Medium-Term Management Plan 2025

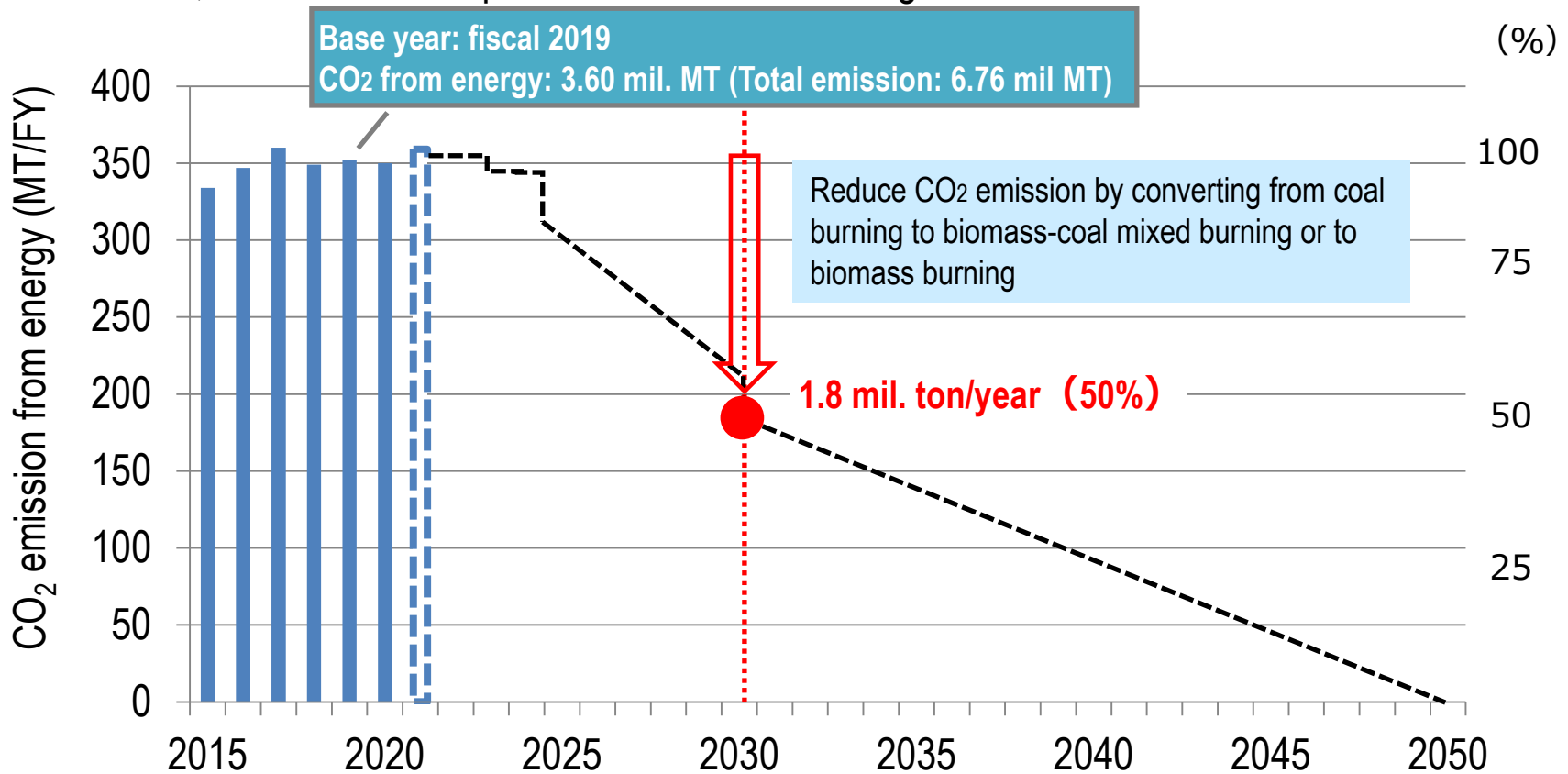
1. CO₂ Emission Reduction
2. Progress of Investment for Growth Businesses
3. Shareholder Returns



1. CO₂ Emission Reduction

Reduction plan of CO₂ from energy

- Emission of CO₂ in fiscal 2021 is expected to increase due to the high utilization rate of manufacturing plants
- By proceeding the biomass-related investments and increase the burning of biomass fuel, CO₂ emission is planned to start decreasing from fiscal 2023



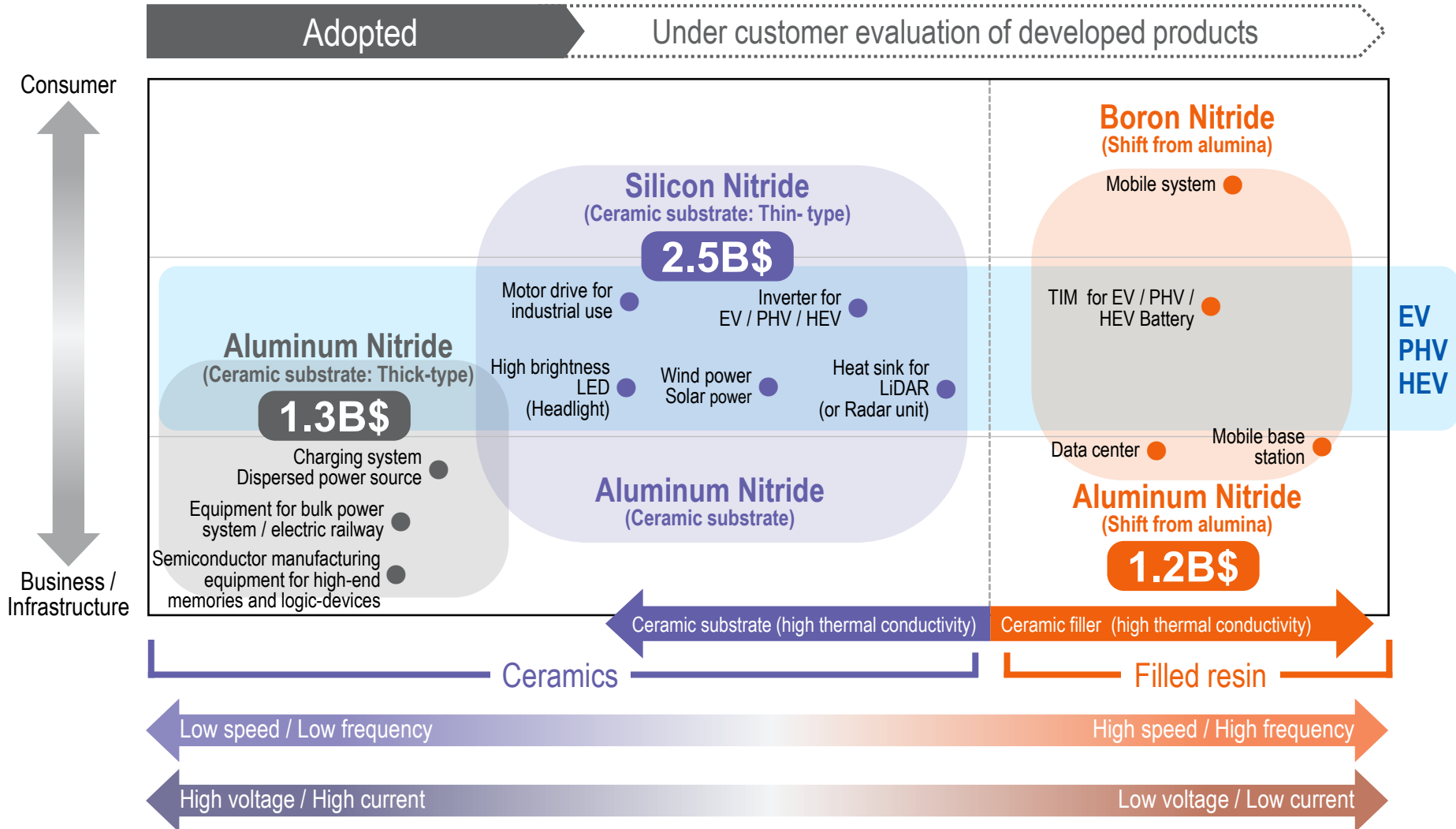
2. Progress of Investment for Growth Businesses

- Thermal Management Materials (SiN)
 - Preparing to start the production at the Center for the Commercialization of Advanced Technology
- High purity IPA for electronics industry
 - Factory of Joint Venture Company in Taiwan is under construction, is expected to be completed by September, 2021
 - It is scheduled to start the shipment of products from January, 2022
- Dental Materials and equipment
 - Expanding the production facility in Kashima factory
 - Scheduled to start the production from August 2021, and contribute to expand the sales OMNICHROMA series



2. Progress of Investment for Growth Businesses

Market of metallized substrates for power semiconductors



* Market estimated by Tokuyama in April 2021

3. Shareholder Return

- **Fiscal 2020** The Company expects to pay out a year-end dividend of ¥35 per share as planned
- **Fiscal 2021** The Company plans to pay an interim and year-end dividend of ¥35 per share each.

Fiscal Year	2016	2017	2018	2019	2020	2021 Forecast
Interim Dividend (Yen)	0	10	25	35	35	35
Year-end Dividend (Yen)	0	20	25	35	35	35
Payout ratio (%)	—	11.5	10.1	24.4	19.9	22.9

- 1) The dividend payout ratios for fiscal 2016 are not stated as those are net losses.
- 2) The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. The interim dividend of the fiscal year 2017 are stated after taking into the account the impact of the share consolidation.
- 3) The year-end dividend of the fiscal year 2017 includes 10 yen of commemorative dividend for the Company's centenary anniversary.

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4 Supplementary Data

1. Net Sales/Operating Profit by Business Segment Consolidated Financial Statements
2. Results of previous Medium-Term Management Plan
3. Changes in Net Sales/Operating Profit by Business Segment
4. Non-Operating Income/Expenses, Extraordinary Gains/Losses and Financial Cost
5. Performance Trend
6. CAPEX and Depreciation Trend
7. Interest-bearing Debts Trend
8. Cash Flow Plan



1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	FY2019	FY2020	Difference	
			Amount	%
Net sales	316.0	302.4	(13.6)	(4)
Cost of sales	217.4	207.2	+10.1	+5
Selling, general and administrative expenses	64.3	64.2	+0.1	+0
Operating profit	34.2	30.9	(3.3)	(10)
Non-operating income/expenses	(1.4)	(0.1)	+1.3	-
Ordinary profit	32.8	30.7	(2.0)	(6)
Extraordinary income/expenses	(4.9)	0.1	+5.0	-
Profit/loss before income taxes	27.9	30.9	+3.0	+11
Income taxes	6.9	5.6	+1.2	+19
Non-controlling interests	1.0	0.7	+0.2	+26
Profit attributable to owners of parent	19.9	24.5	+4.5	+23

1. Consolidated Financial Statements

Balance Sheets

(Billions of yen)

	3/31/2020	3/31/2021	Changes	
			Amount	%
Total assets	383.4	386.7	+3.3	+1
Current assets	203.8	199.7	(4.0)	(2)
Tangible fixed assets	123.1	124.0	+0.8	+1
Intangible fixed assets	1.6	1.8	+0.2	+14
Investments and other assets	54.7	61.1	+6.3	+12

	3/31/2020	3/31/2021	Changes	
			Amount	%
Total liabilities	203.0	181.5	(21.4)	(11)
Current liabilities	95.2	83.3	(11.9)	(13)
Long-term liabilities	107.7	98.2	(9.5)	(9)
Total net assets	180.4	205.2	+24.8	+14

2. Results of Previous Medium-Term Management Plan

	<u>FY2020 Target</u>	<u>FY2015</u>	<u>FY2020</u>	<u>Assessment</u>	
Net sales	¥335.0 billion	¥307.1 billion	¥302.4 billion	Fell short of target, largely because of pandemic's impact and fixed cost growth due to spending to lay groundwork for next medium-term plan	
Operating profit	¥36.0 billion	¥23.0 billion	¥30.9 billion		
ROA	10%	5.7%	8.0%	Achieved operating margin target by exiting unprofitable businesses and growing sales in growth businesses, including semiconductor-related products and dental materials/equipment	
	Operating margin	10%	7.5%		10.2%
	Total asset turnover	1.0 times	0.77 times		0.79 times
Financial indicators	CCC	55 days	69 days	65 days	Failed to reduce inventories enough to achieve target
	D/E ratio	1.0	4.7	0.5	Achieved target by building retained earnings and paying down debt
Cost Reduction of Manufacturing Plants	¥4.0 billion	-	¥5.6 billion	Target achieved	
Exchange rate (¥/US\$)	110	120	106		
Domestic naphtha price (¥/kl)	58,000	42,800	31,200		



Note : Cash Conversion Cycle (CCC): Accounts receivable turnover period + Inventory turnover period – Accounts payable turnover period;

ROA: Operating profit / Total assets

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

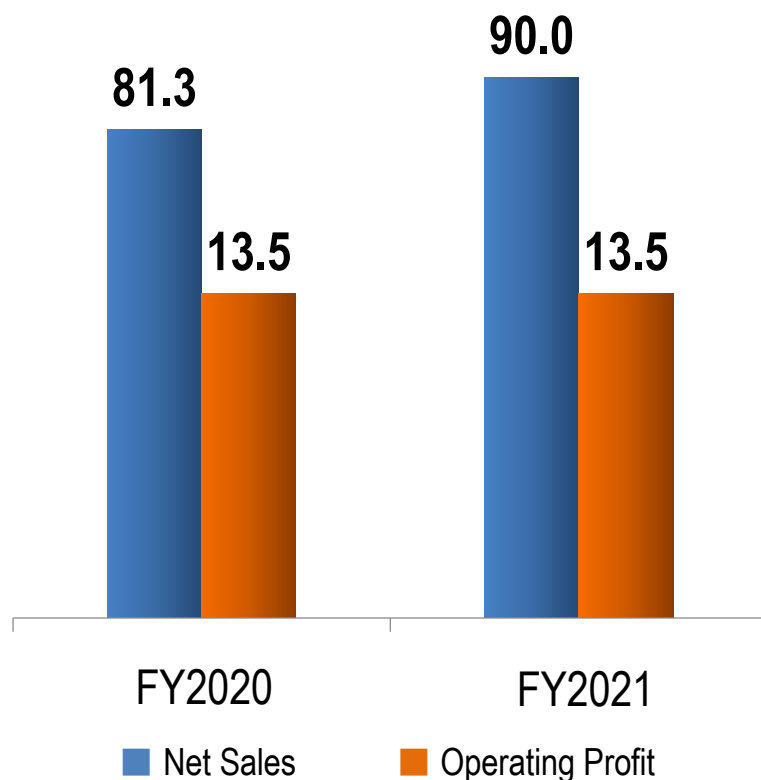
(Year-on-year change)

Chemicals

Lower earnings on higher sales

(Billions of yen)

Qualitative information



- Sales volumes, which had been declining due to the spread of COVID-19 infections, are expected to gradually recover.
- We anticipate that the risk of fluctuations will remain high with regard to raw material and fuel costs as well as overseas market conditions for major products.
- We will strive to secure profits by thoroughly reducing manufacturing costs and implementing measures at each sales base.

Accounting Standard for Revenue Recognition

FY2020:Not applied FY2021:Applied

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

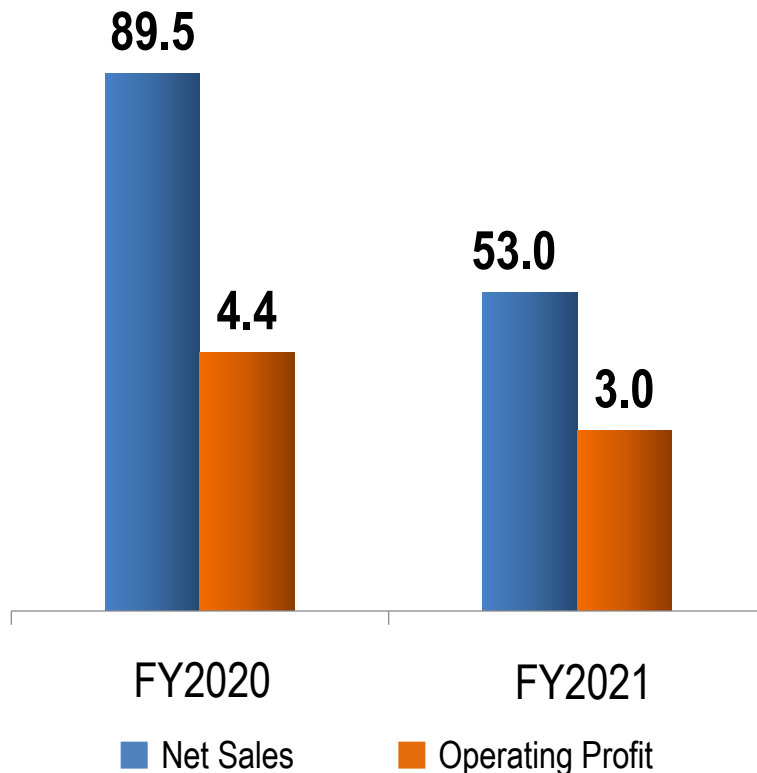
(Year-on-year change)

Cement

Lower earnings on lower sales

(Billions of yen)

Qualitative information



- Domestic and overseas sales volumes, which had been declining due to the spread of COVID-19 infections, are expected to recover to a certain extent.
- The environment surrounding the business, such as future demand and trends in raw material prices, will continue to be uncertain.
- We will strive to secure profits by keeping the sales amount of major products and strengthening cost competitiveness through reduction of manufacturing unit and fixed expenses.

Accounting Standard for Revenue Recognition

FY2020:Not applied FY2021:Applied

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

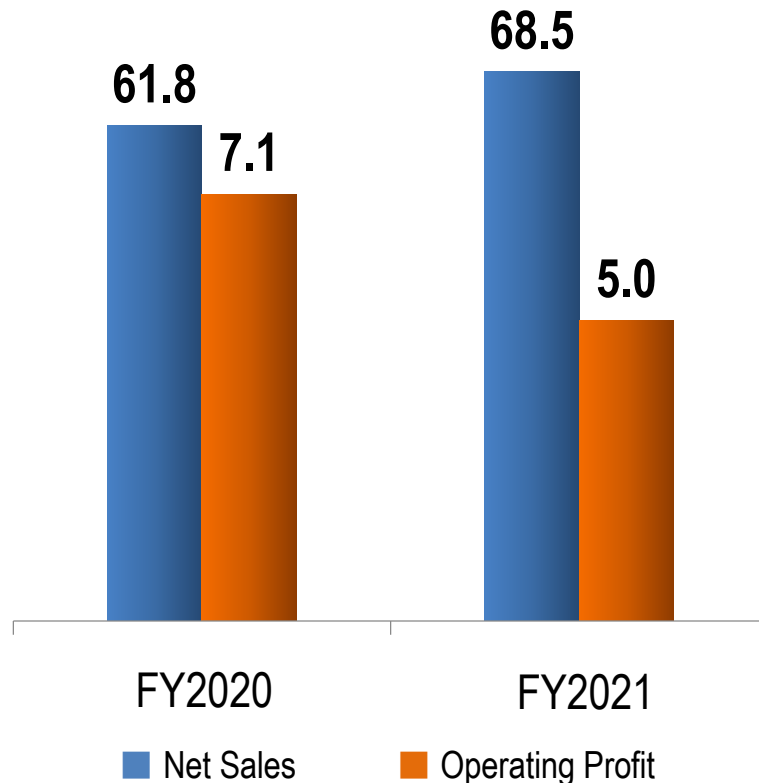
(Year-on-year change)

Electronic Materials

Lower earnings on higher sales

(Billions of yen)

Qualitative information



Accounting Standard for Revenue Recognition
 FY2020:Not applied FY2021:Applied

The semiconductor market is expected to remain firm against the backdrop of the introduction of 5G and the increase in remote work. In accordance with the progress being made in miniaturization, customer demands for higher quality and stable supply are increasing.

(Semiconductor-grade Polycrystalline silicon)

- While seeking even higher quality, we will aim to expand sales of high value-added products that set Tokuyama apart from other companies.

(High-purity chemicals for electronics manufacturing)

- we will strengthen our manufacturing and sales bases, which are centered in Japan and Taiwan, and focus on establishing a supply system that will respond to burgeoning demand.

(Thermal Management Material)

- We will also focus on R&D to expand sales of existing products and broaden our product lineup.

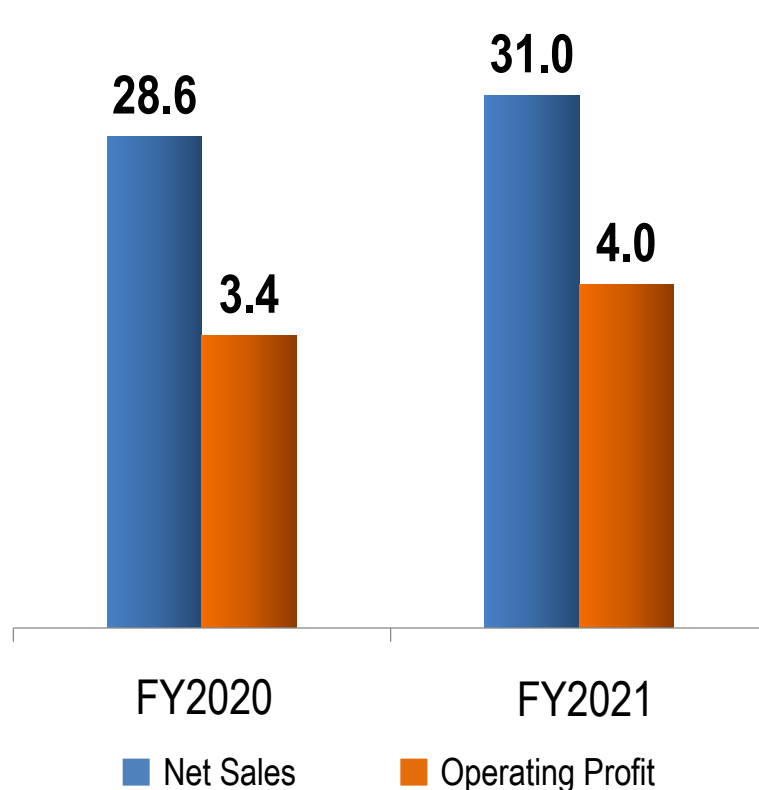
3. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Life Science

Higher earnings on higher sales

(Billions of yen) Qualitative information



(Plastic lens-related materials / Dental materials)

- The shipment volumes, which had been decreasing due to the spread of COVID-19 infections, are on a recovery trend. We will continue to focus on new product development and sales activities in response to changes in customer needs and the market, while aiming to increase profits.

(Medical diagnosis systems)

- we proceeded with the selection and concentration of the business and converted A&T Corporation into a wholly owned subsidiary in February 2021. We will promote the utilization and collaboration of resources throughout the Group, further strengthen the development of diagnostic reagents, and expand our business.

Accounting Standard for Revenue Recognition

FY2020:Not applied FY2021:Applied

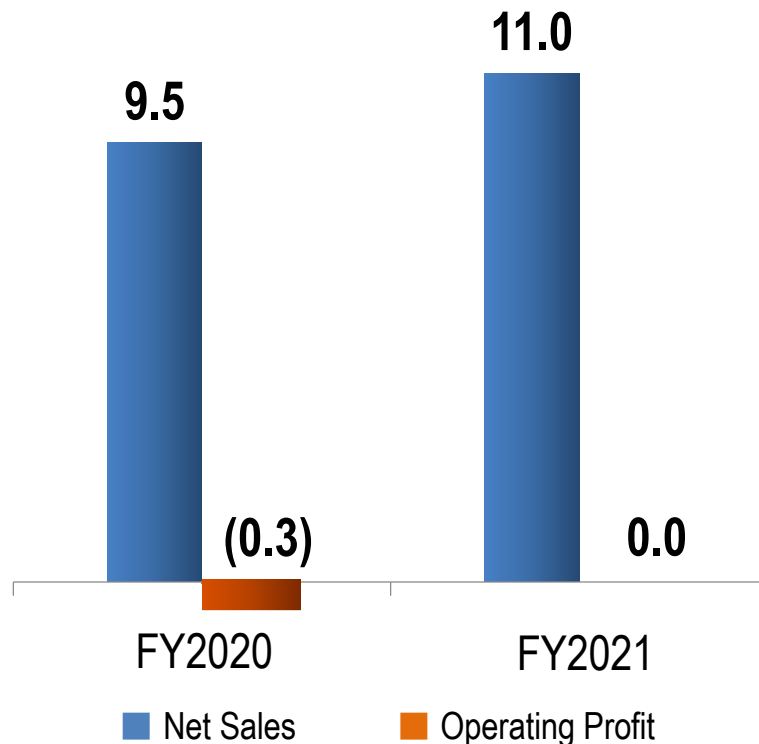
3. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

Eco Business

Higher sales and deficit reduction

(Billions of yen)



Qualitative information

- To make the environment segment one of our business pillars of the future, we consolidated the environment-related businesses scattered within the Group and newly established them as a segment that aims for new business development.
- In addition to existing businesses, such as ion exchange membranes, plastic window sashes, and the recycling of waste gypsum boards, in the years to come we will expand profits through the development and commercialization of technologies designed to reduce CO₂ emissions. As a symbol of our business portfolio transformation, we will contribute to a sustainable society and realize business growth.

Accounting Standard for Revenue Recognition

FY2020:Not applied FY2021:Applied

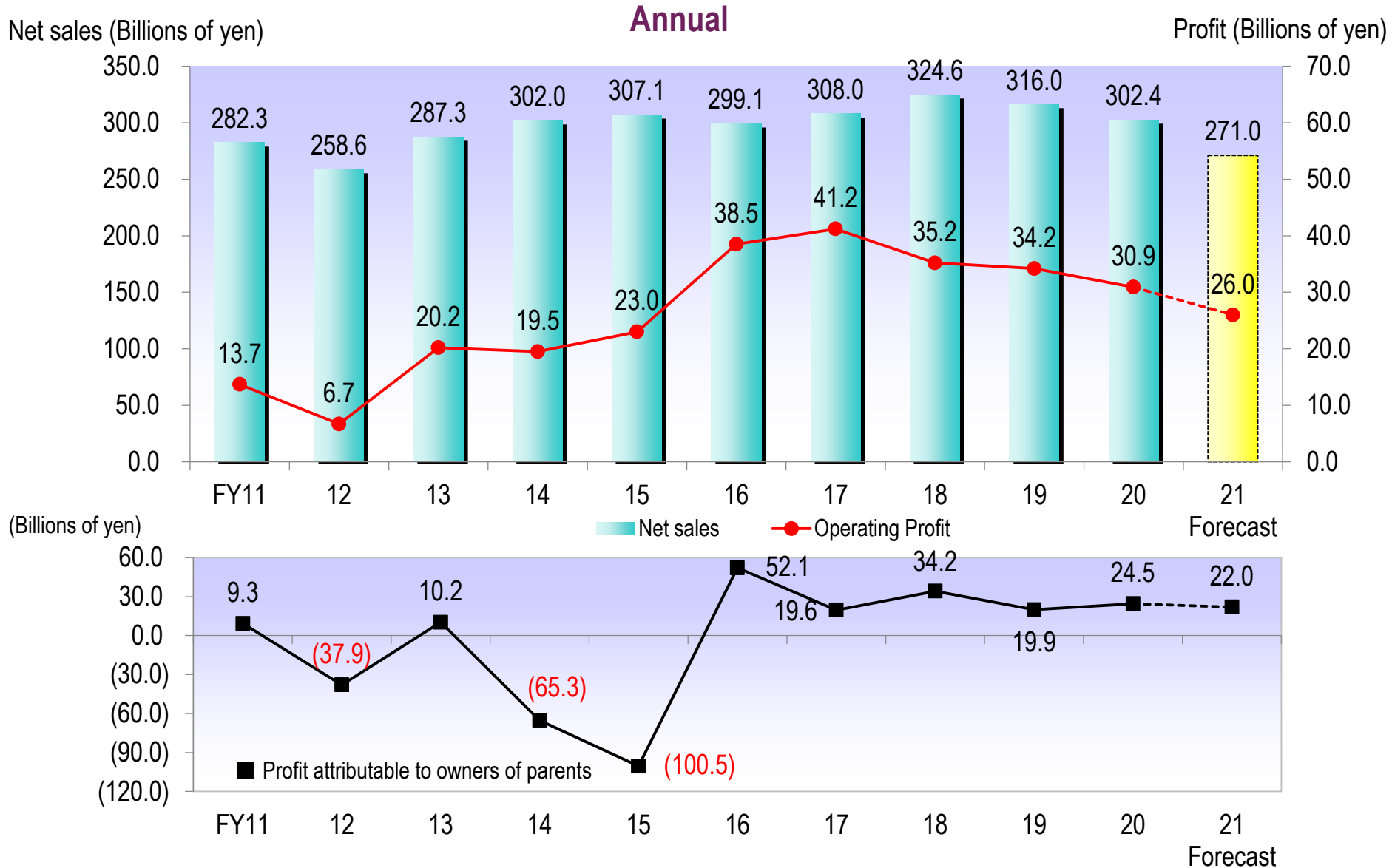
4. Non-Operating Income/Expenses, Extraordinary Gains/Losses and Financial Cost

Consolidated (year-on-year change)

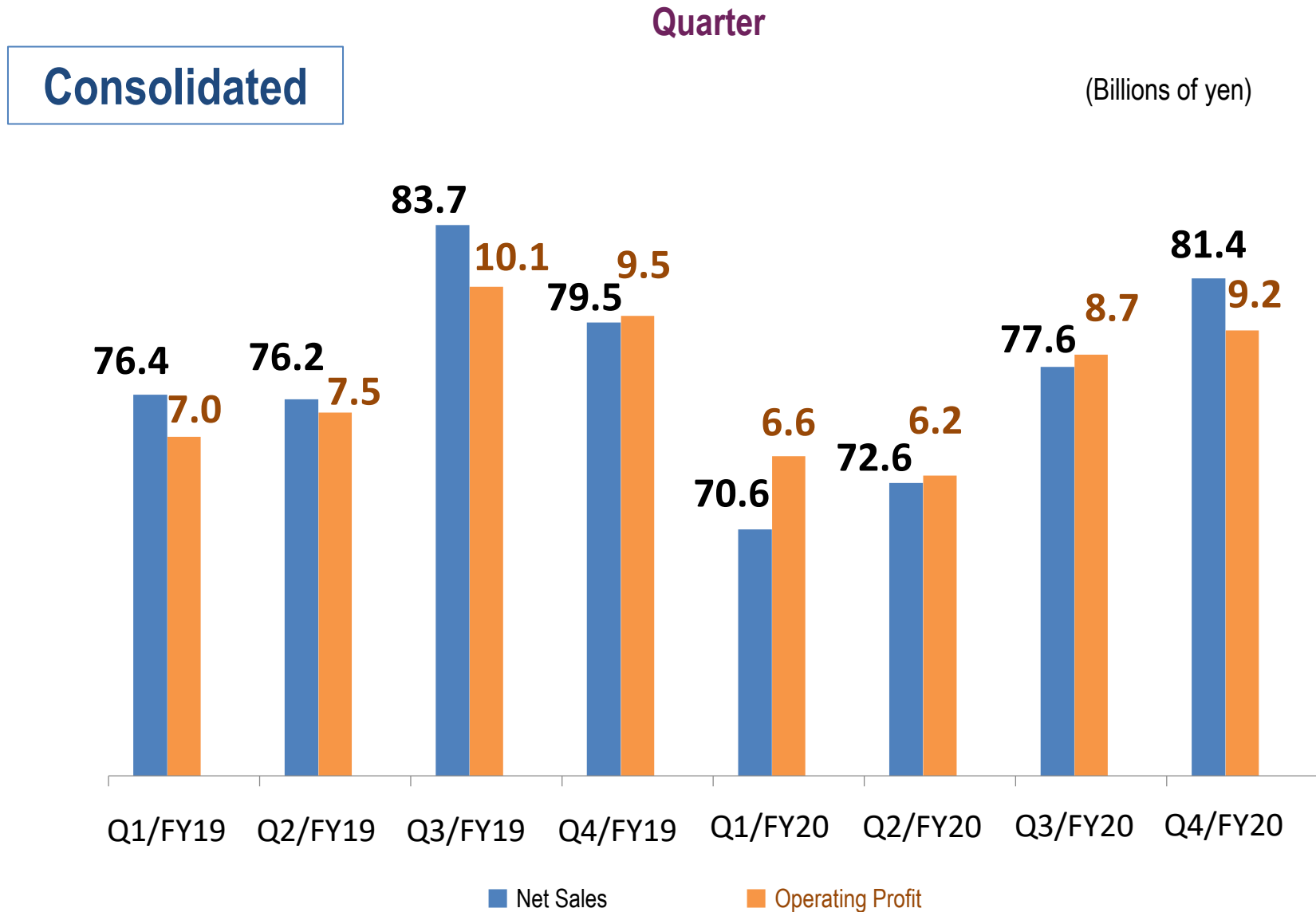
(Billions of yen)

		FY2019	FY2020	Changes
Non-operating income	Interest and dividend income	0.4	0.4	(0.0)
	Other income	3.6	4.6	+1.0
	Total	4.1	5.1	+1.0
Non-operating expenses	Interest expenses	1.6	1.5	+0.1
	Other expenses	3.8	3.7	+0.0
	Total	5.5	5.2	+0.2
Non-operating income/expenses		(1.4)	(0.1)	+1.3
Extraordinary gains		0.8	3.1	+2.3
Extraordinary losses		5.7	3.0	+2.7
Extraordinary gains/losses		(4.9)	0.1	+5.0
Financial income and expenses		(1.1)	(1.0)	+0.1

5. Performance Trend



5. Performance Trend

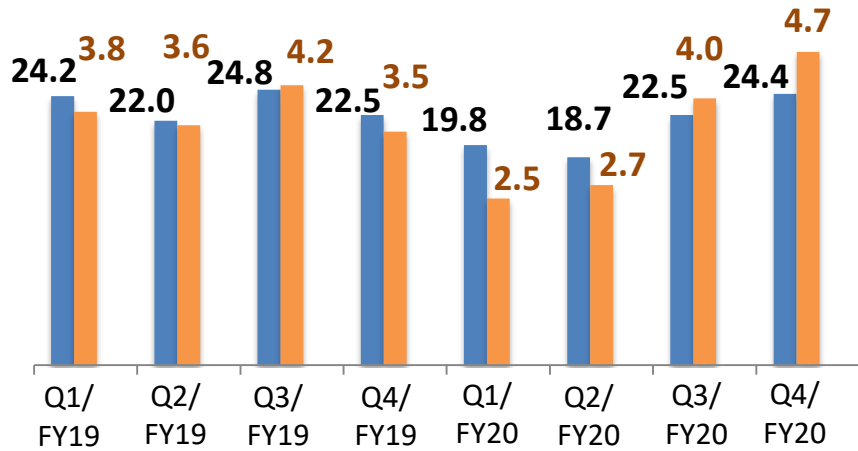


5. Performance Trend

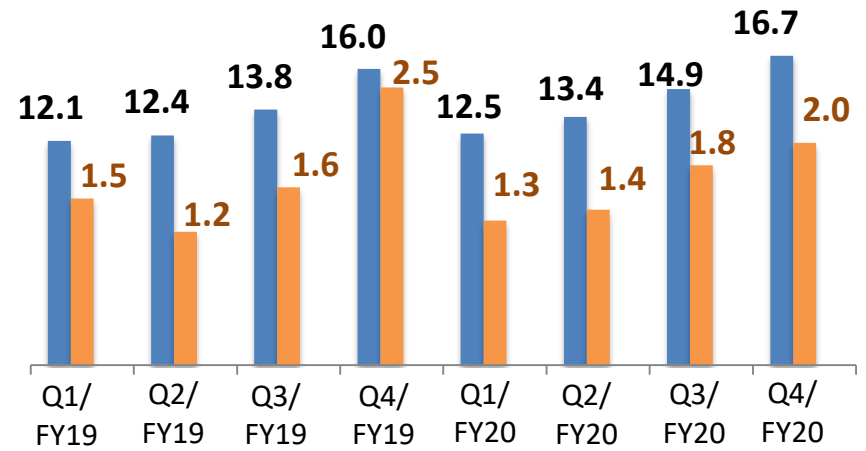
(Billions of yen)

Quarter

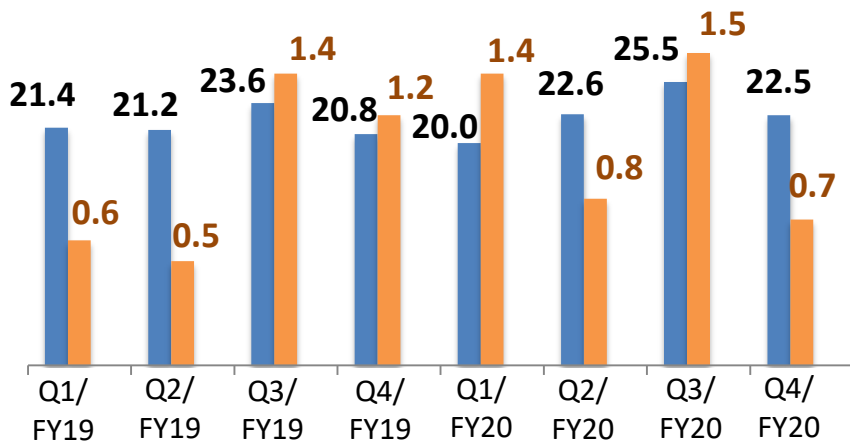
Chemicals



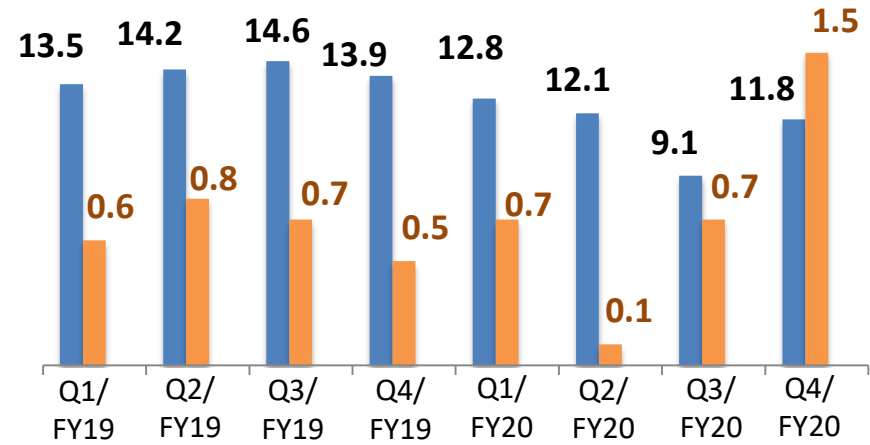
Specialty Products



Cement



Life & Amenity

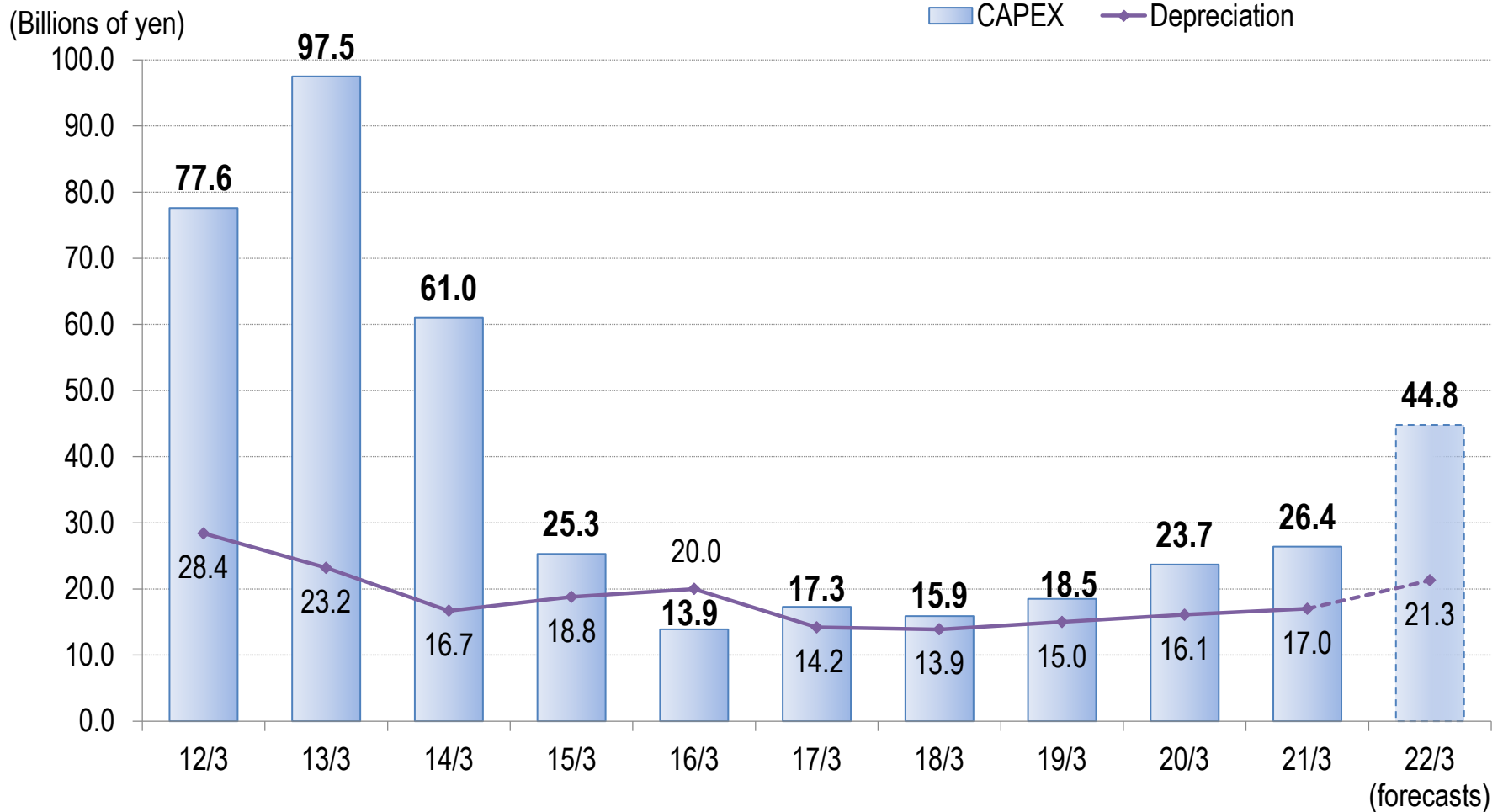


■ Net Sales

■ Operating Profit

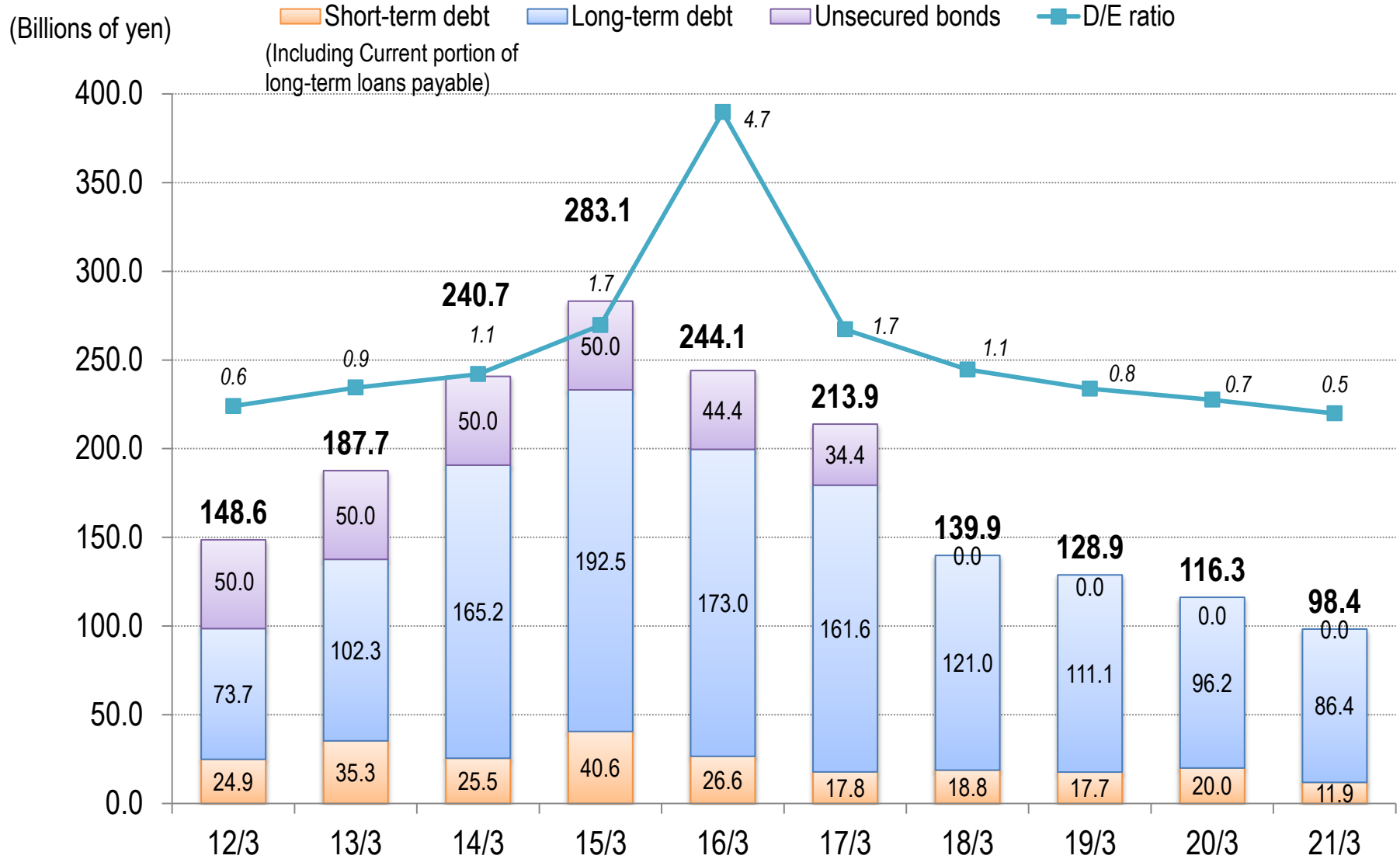
6. CAPEX and Depreciation Trend

Consolidated



7. Interest-Bearing Debts Trend

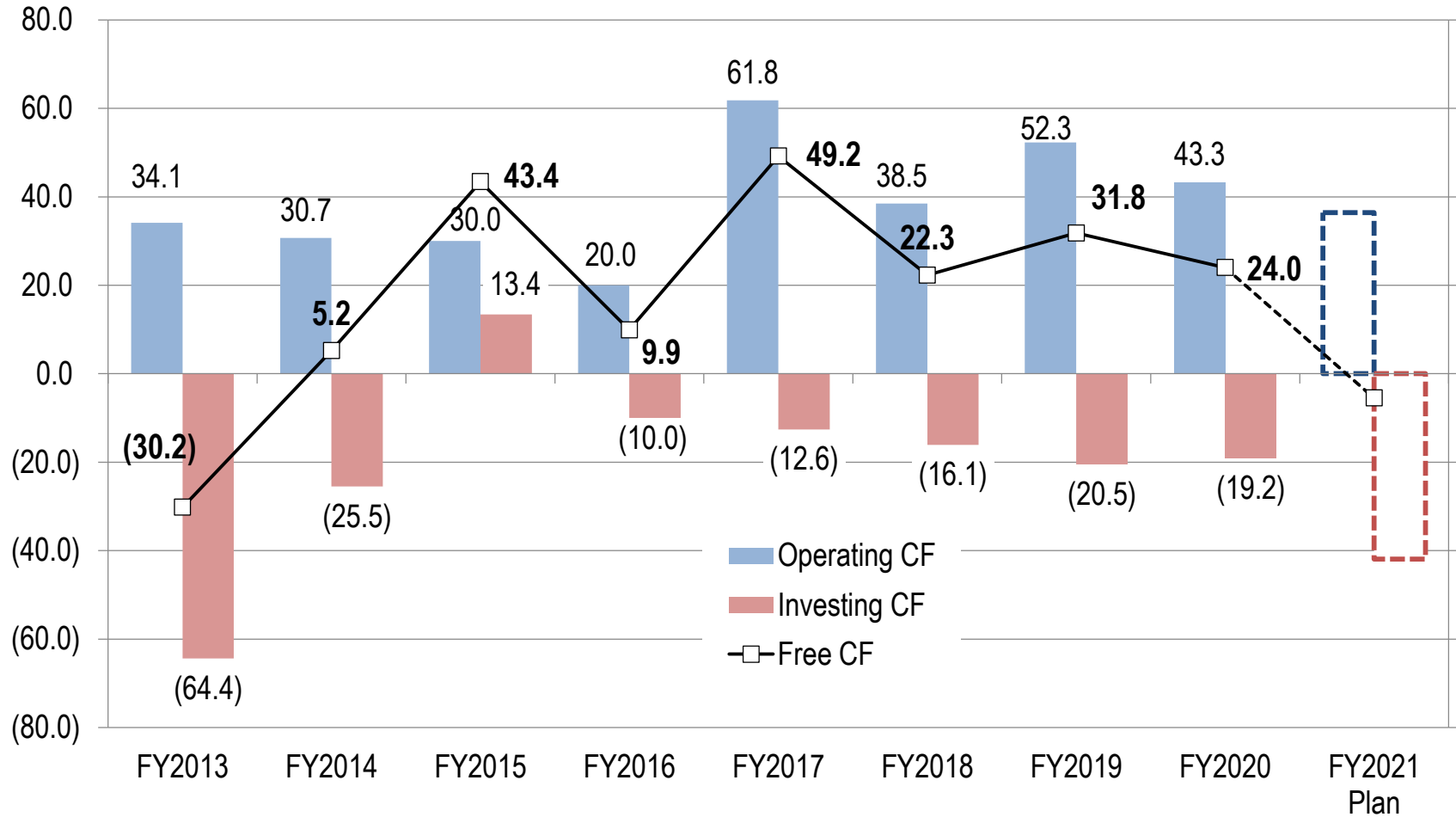
Consolidated



8. Cash Flow Plan

Consolidated

(Billions of yen)



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