

Q1 Fiscal 2021 - Apr 1, 2021 to Jun 30, 2021-

# Presentation for IR Meeting

July 28, 2021

Tokuyama Corporation



# Key points of the first quarter of fiscal 2021

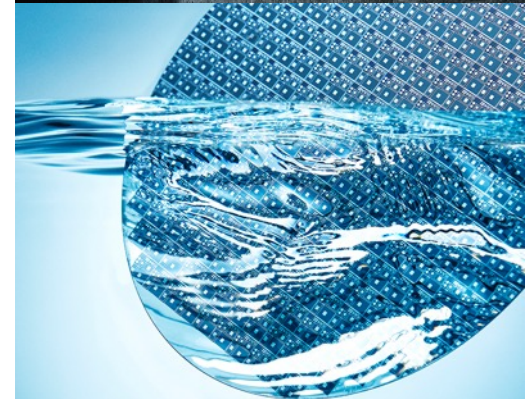
- Year-on-year increase in earnings in the April to June first quarter due to the solid sales of semiconductor-related products, recovery from the impact of COVID-19 and increased export price of VCM
- Continue to focus on efforts aimed at achieving the performance forecasts for fiscal 2021, announced on April 28, by taking the measures such as revision of sales prices to recover the increase of production costs caused by soaring prices of fuel and raw materials
- Steadily implement R&D and capital investment centered on growth businesses to achieve the “Medium-Term Management Plan 2025”

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# 1 Financial Results for Q1 FY2021

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)

Accounting Standard for Revenue Recognition :	Q1 FY2020 Not applied	Q1 FY2021 Top :Applied Bottom:Not applied	Difference		Main changing factors
			Amount	%	
Net sales	70.6	67.4	(3.1)	(4)	Higher overseas market prices for vinyl chloride-related products Solid sales of semiconductor-related products
		78.9	+8.3	+12	
Operating profit	6.6	7.4	+0.8	+13	Higher overseas market prices for vinyl chloride monomer (VCM) Solid sales of semiconductor-related products
Ordinary profit	6.6	7.9	+1.2	+18	Increase in operating profit
Profit attributable to owners of parent	5.2	4.9	(0.2)	(5)	Increase in Income taxes
Basic earnings per share (yen)	74.94	68.65	-	-	-
Exchange rate (yen/USD)	108	109	-	-	-
Domestic naphtha price (yen/kl)	25,500	47,900	-	-	-

## 1. Financial Highlights

(Billions of yen)

	As of Mar 31,2021	As of Jun 30,2021	Difference	Main changing factors
Total assets	386.7	393.8	+7.0	Increase in fixed assets due to capital investment
Shareholders' equity	198.5	200.9	+2.4	Posting profit attributable to owners of parent
Shareholders' equity ratio	51.3%	51.0%	(0.3pts)	-
Interest-bearing debt	98.4	95.9	(2.4)	Decrease in long-term loans payable
D/E ratio	0.50	0.48	(0.02)	-
Net D/E ratio*	0.07	0.05	(0.02)	-
Net assets per share (yen)	2,758.37	2,791.89	-	-

\*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)

Accounting Standard for Revenue Recognition :	Q1 FY2020 Not applied		Q1 FY2021 Top :Applied Bottom:Not applied		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	18.8	2.4	24.0	4.0	+5.1	+27	+1.6	+69
			24.3		+5.4	+29		
Cement	19.7	1.4	12.2	0.5	(7.5)	(38)	(0.8)	(60)
			22.8		+3.1	+16		
Electronic Materials	13.4	1.5	16.5	2.1	+3.0	+23	+0.6	+42
			16.6		+3.1	+23		
Life Science	6.7	0.8	7.4	1.1	+0.7	+11	+0.2	+34
			7.4		+0.7	+11		
Eco Business	2.0	(0.1)	2.2	(0.1)	+0.1	+9	(0.0)	-
			2.3		+0.3	+17		
Others	19.0	1.4	7.8	0.8	(11.1)	(59)	(0.5)	(37)
			13.1		(5.8)	(31)		
Total	79.9	7.3	70.4	8.5	(9.5)	(12)	+1.1	+16
			86.8		+6.9	+9		
Inter-segment eliminations and corporate-wide expenses	(9.3)	(0.7)	(2.9)	(1.0)	+6.4	-	(0.3)	-
			(7.9)		+1.4			
Consolidated Results	70.6	6.6	67.4	7.4	(3.1)	(4)	+0.8	+13
			78.9		+8.3	+12		

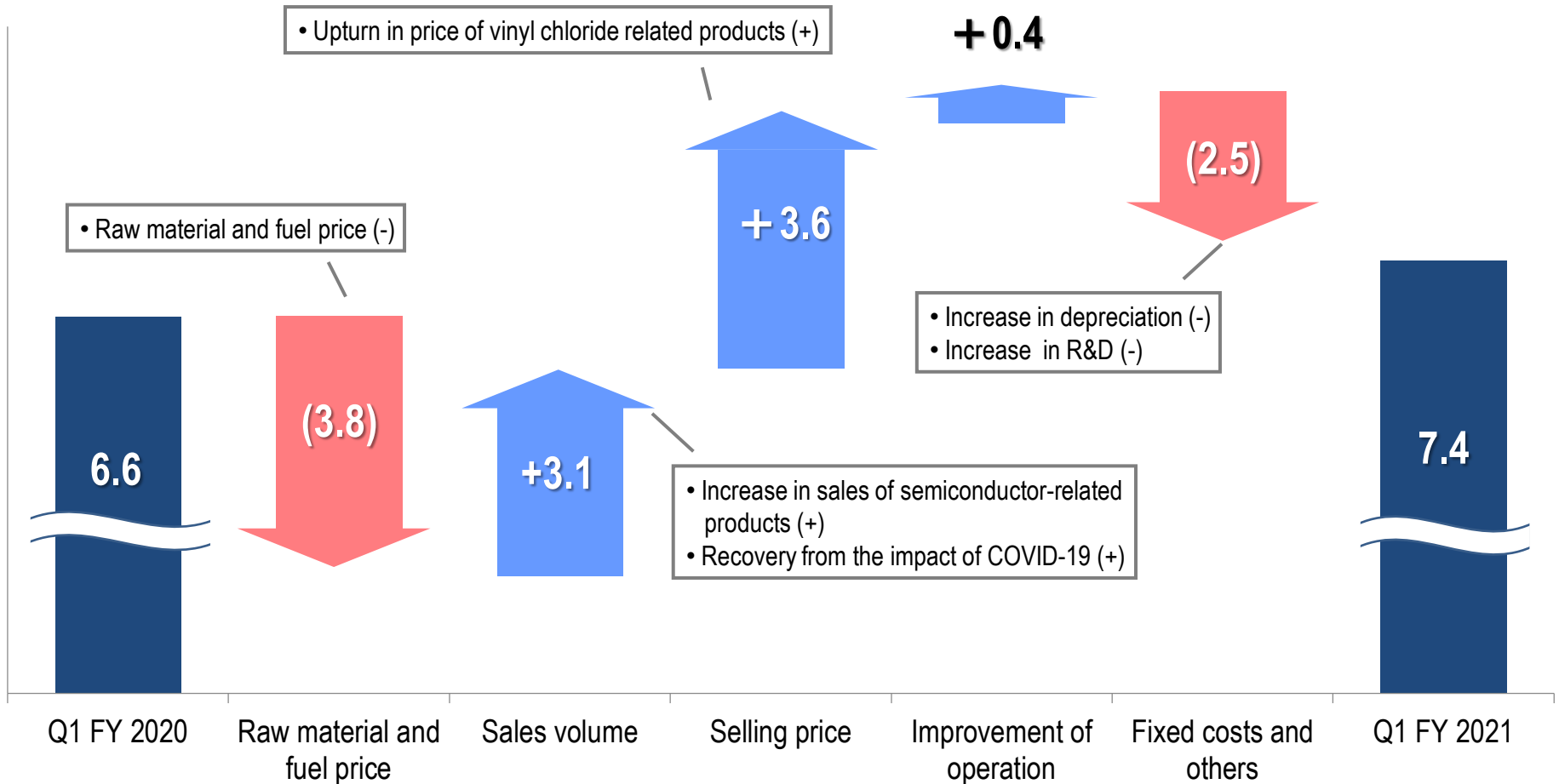
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

# 3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor





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

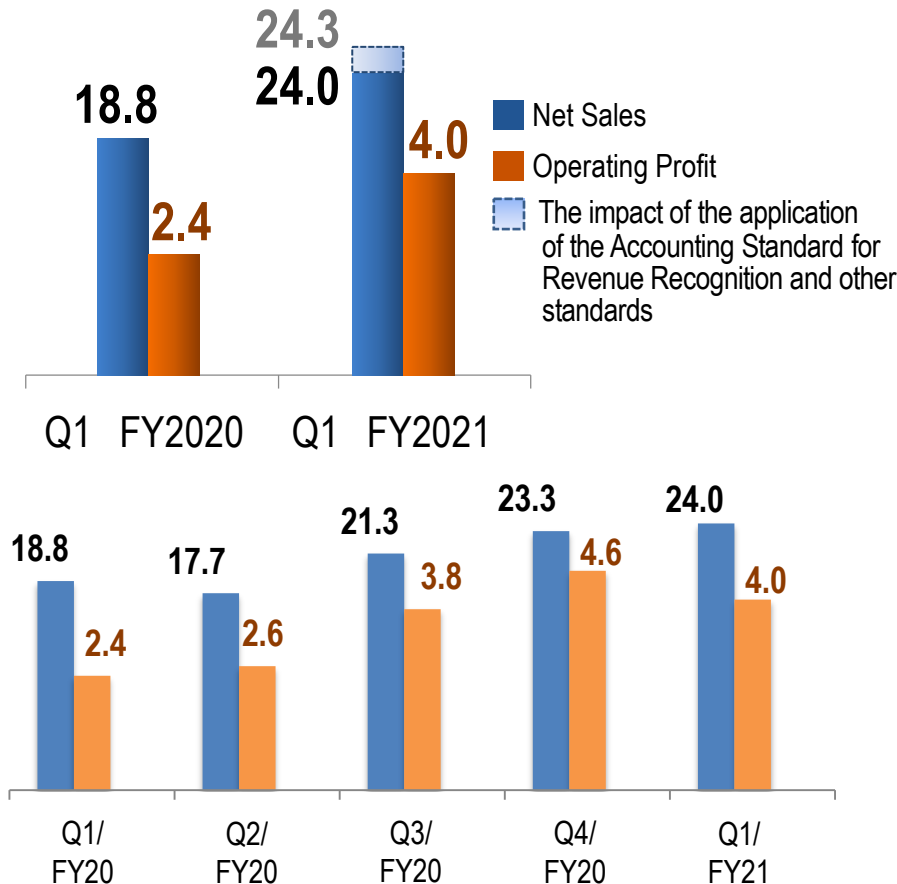
(Year-on-year change)

## Chemicals

*Higher earnings on higher sales*

(Billions of yen)

Qualitative information



(Caustic soda)

- Earnings declined despite the recovery in sales volume, which had decreased due to the spread of COVID-19. This downturn in earnings was due to manufacturing costs rising as a result of higher raw material and fuel costs

(Vinyl chloride monomer (VCM))

- Its earnings increased due to the upturn in export prices

(Vinyl chloride resin)

- Results were essentially in line with the corresponding period of the previous fiscal year. While manufacturing costs rose as a result of higher raw material and fuel costs, unchanged earnings reflected progress made in revising selling prices

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

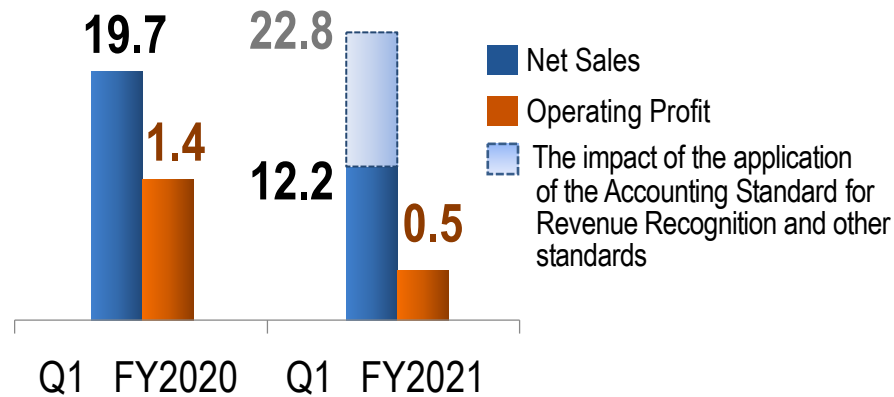
(Year-on-year change)

## Cement

*Lower earnings on lower sales*

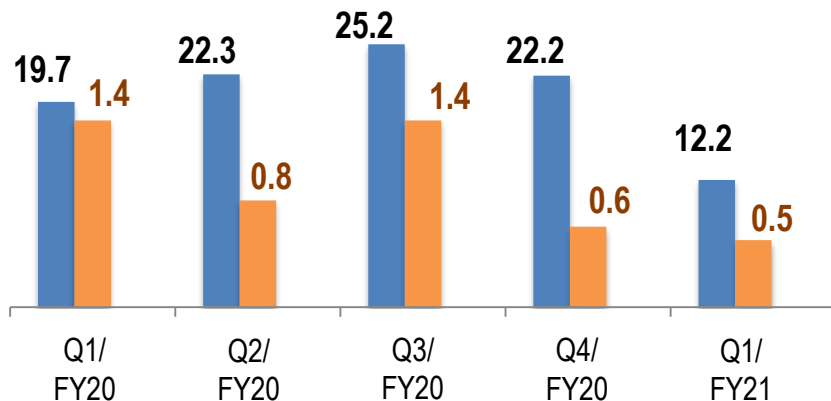
(Billions of yen)

Qualitative information



(Cement)

- Its earnings decreased, despite shipments being in line with the corresponding period of the previous year. Lower earnings reflected manufacturing costs rising as a result of higher raw material costs

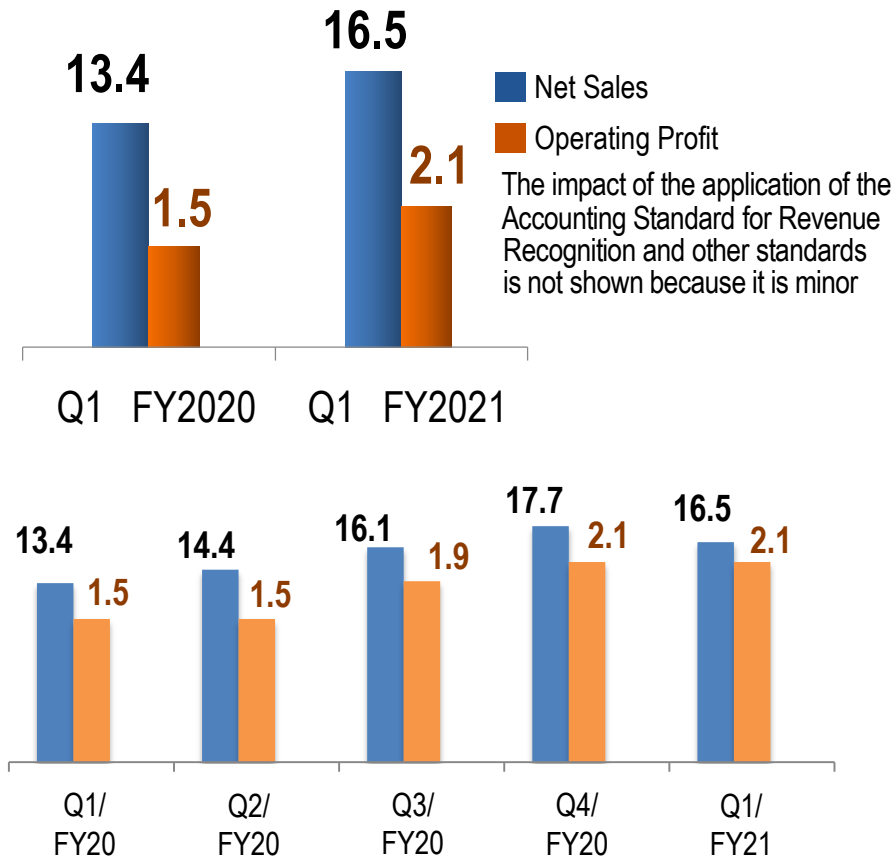


# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Electronic Materials *Higher earnings on higher sales*

(Billions of yen) Qualitative information



(Semiconductor-grade Polycrystalline silicon)

- Earnings increased owing to firm sales on the back of the introduction of 5G and an increase in remote work

(IC Chemicals)

- Its earnings decreased despite sales volumes increasing mainly overseas. This downturn largely reflected higher raw material costs

(Fumed Silica)

- Earnings increased owing to higher sales volume centered on applications for semiconductor abrasives

(Thermal management materials)

- Results were essentially in line with the corresponding period of the previous fiscal year. Although sales volume was solid, this largely reflected higher R&D expenses at the Center for Commercialization of Advanced Technology

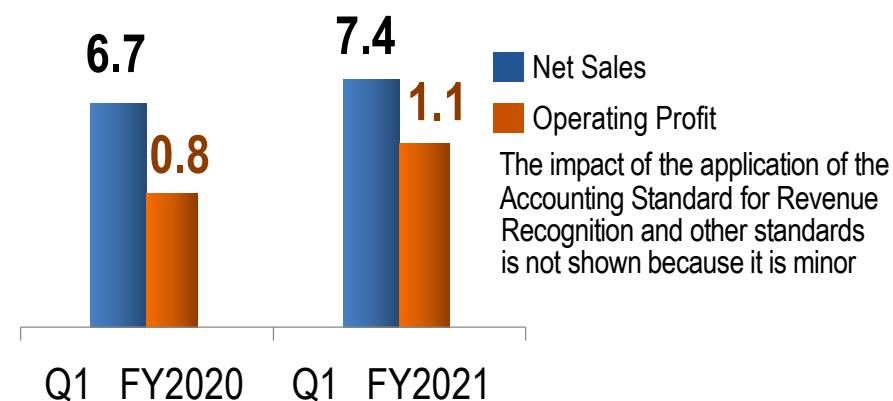
# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Life Science

*Higher earnings on higher sales*

(Billions of yen)      Qualitative information

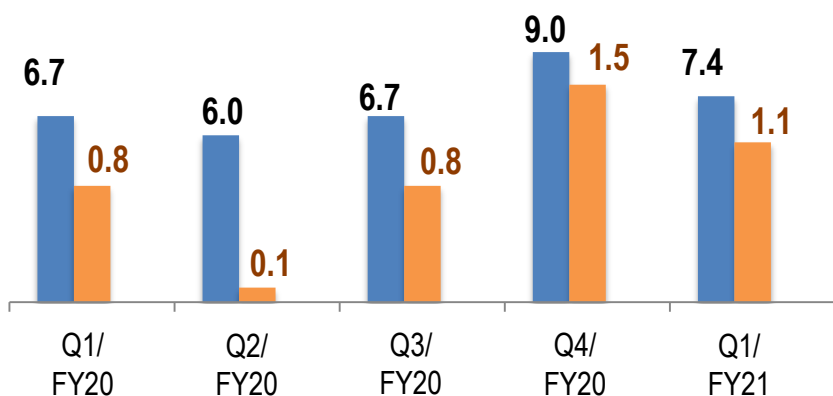


(Plastic lens-related materials)

- Earnings increased owing to a recovery in shipments to Europe and the United States of eyeglass lens photochromic materials, which had declined as a result of the spread of COVID-19

(Dental materials)

- Its earnings grew thanks to a recovery in shipments to Europe and the United States, which had declined as a result of the spread of COVID-19



(Medical diagnostic systems)

- Its sales decreased. This largely reflected a decline in sales volumes of laboratory information systems and laboratory automation systems

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

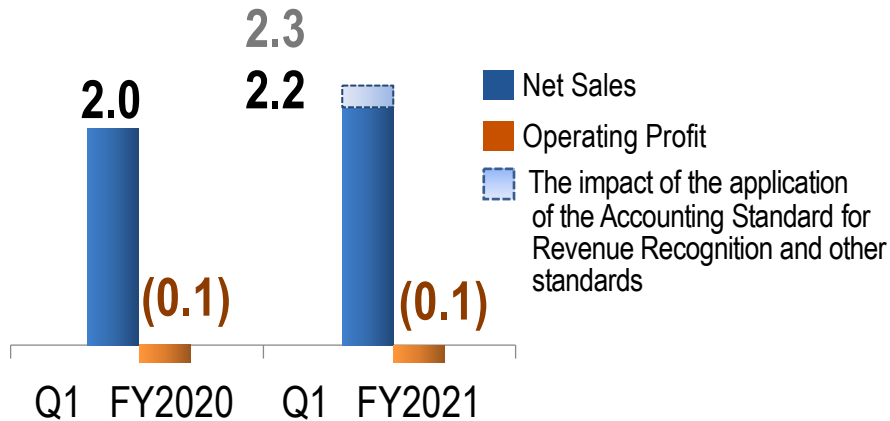
(Year-on-year change)

## Eco Business

*Loss on higher sales*

(Billions of yen)

Qualitative information

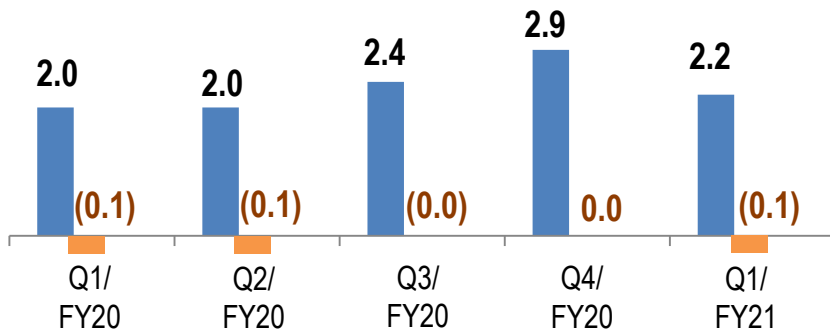


(Ion exchange membranes)

- Earnings were all in line with the corresponding period of the previous year thanks to solid shipments mainly for overseas projects

(Plastic window sashes)

- Earnings were all in line with the corresponding period of the previous year owing to steady housing starts



## 2 Performance Forecasts for FY2021

1. Performance Forecasts
2. Performance Forecasts by Business Segment



The forecast, announced on April 28, 2021, has not been revised

# 1. Performance Forecasts

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2020 Results Not applied	FY2021 Forecasts 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	1Q results:109	-	-	-
		2-4Q forecast:110	-	-	-
Domestic naphtha price (yen/kl)	31,200	1Q results:47,900	-	-	-
		2-4Q forecast:49,500	-	-	-

The forecast, announced on April 28, 2021, has not been revised

## 2. Performance Forecasts by Business Segment

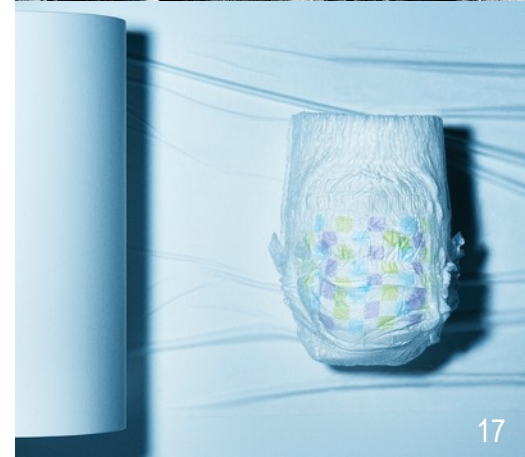
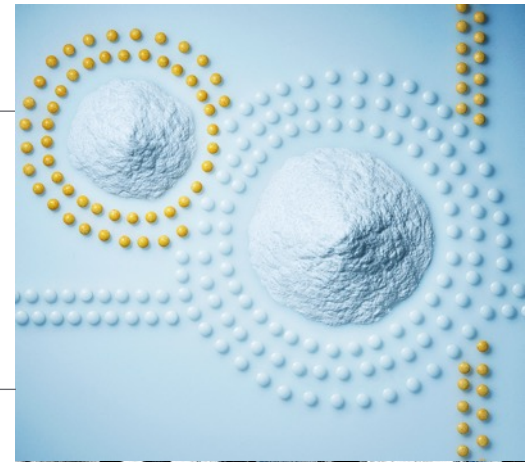
(Billions of yen)

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				
Chemicals	81.3	13.5	90.0	13.5	+8.6	+11	(0.0)	(1)
			91.3		+9.9	+12		
Cement	89.5	4.3	53.0	3.0	(36.5)	(41)	(1.3)	(32)
			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 Topics

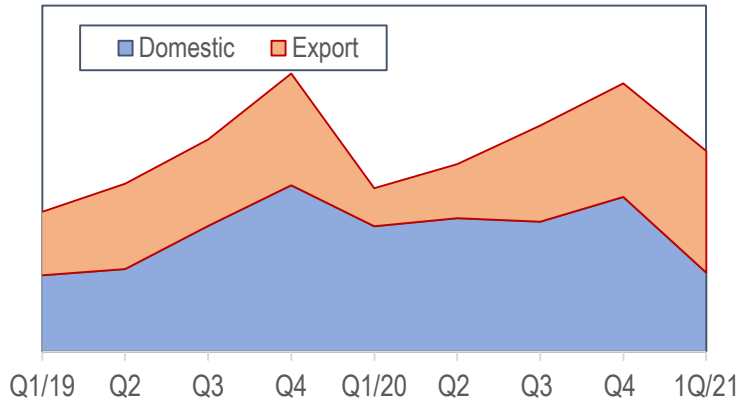
1. Current status of semiconductor-related products



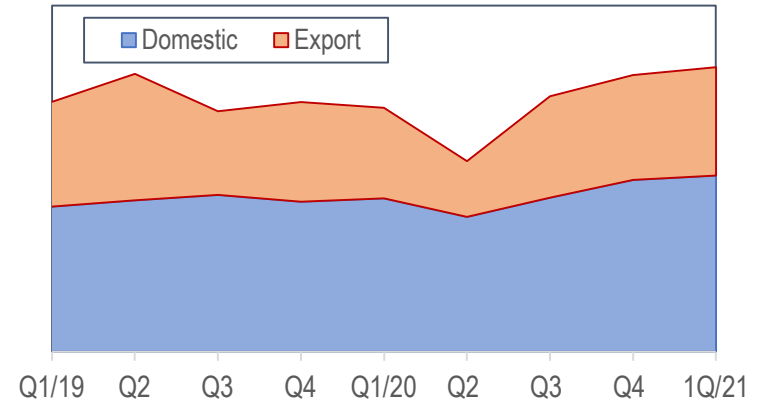
# 1. Current status of semiconductor-related products

- After recovery from downturn trend of semiconductor market in 2019, semiconductor-related business keeps growing with the recent spread of remote work and the introduction of 5G

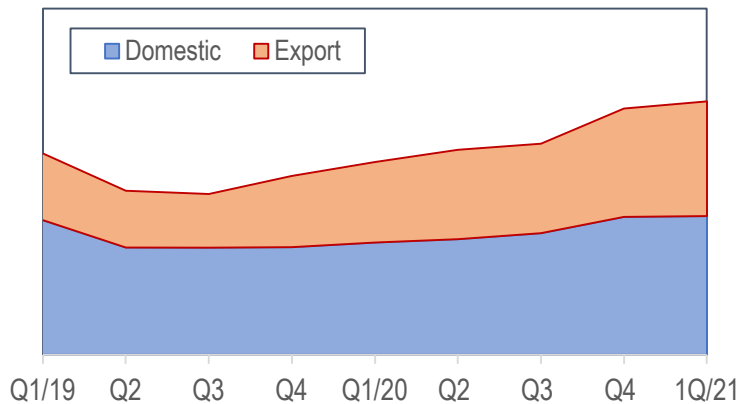
• Polycrystalline silicon



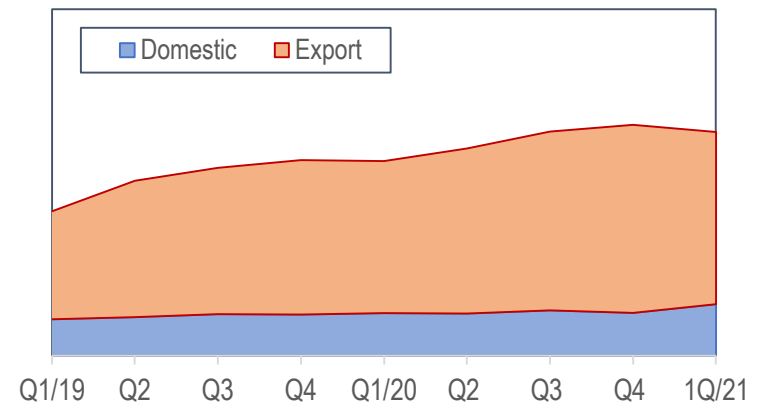
• Fumed Silica



• High-purity Aluminum Nitride Powder



• High purity chemicals for electronics manufacturing



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## 4 Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



## 1. Consolidated Financial Statements

## Income Statements

(Billions of yen)

Accounting Standard for Revenue Recognition :	Q1 FY2020	Q1 FY2021	Difference	
	Not applied	Applied	Amount	%
Net sales	70.6	67.4	(3.1)	(4)
Cost of sales	48.3	43.2	+5.1	+11
Selling, general and administrative expenses	15.6	16.7	(1.1)	(8)
Operating profit	6.6	7.4	+0.8	+13
Non-operating income/expenses	0.0	0.4	+0.3	-
Ordinary profit	6.6	7.9	+1.2	+18
Extraordinary income/expenses	(0.3)	(0.1)	+0.1	-
Profit/loss before income taxes	6.3	7.7	+1.4	+22
Income taxes	0.8	2.7	(1.9)	(231)
Non-controlling interests	0.3	0.0	+0.2	+85
Profit attributable to owners of parent	5.2	4.9	(0.2)	(5)

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

## 1. Consolidated Financial Statements

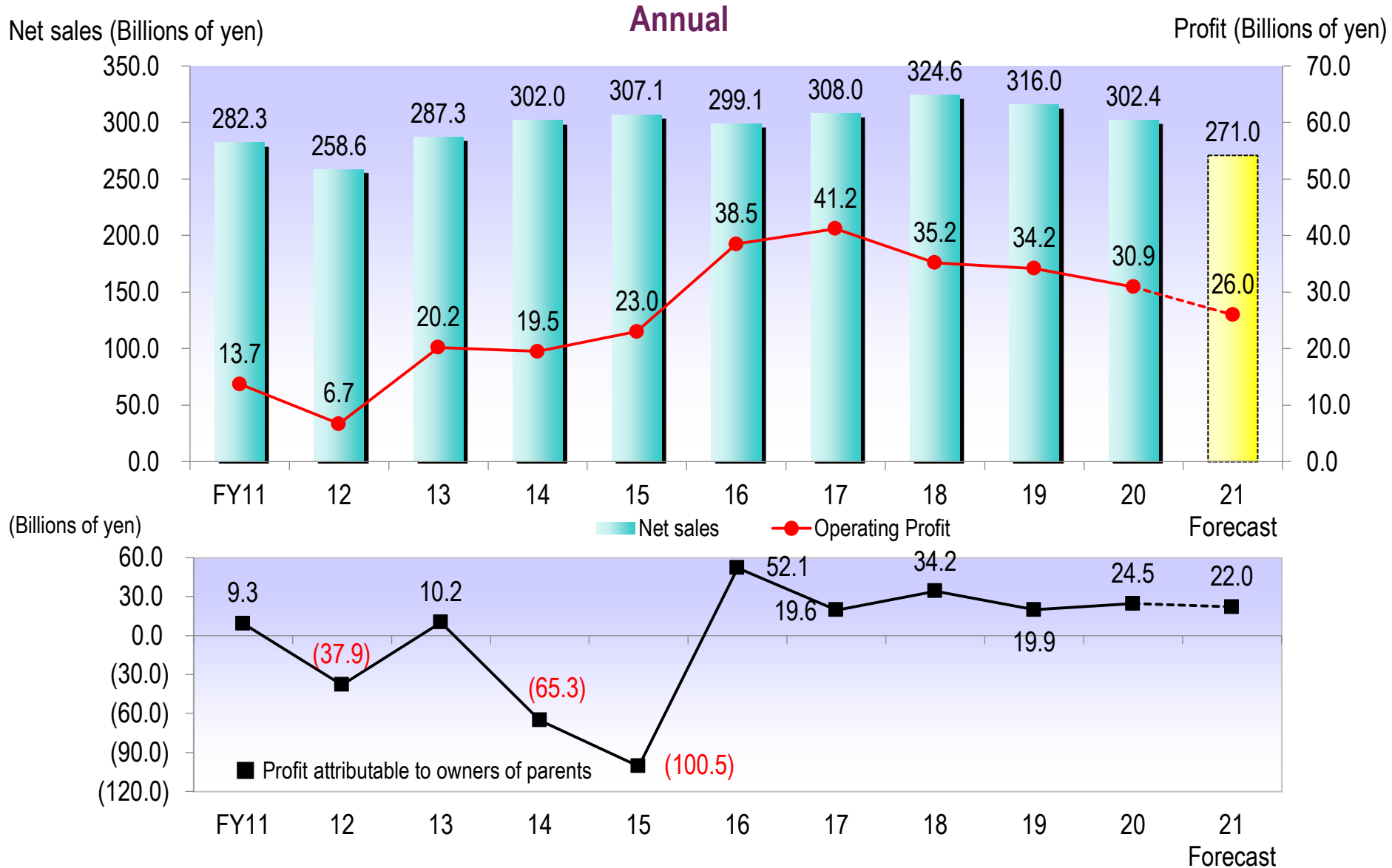
## Balance Sheets

(Billions of yen)

	3/31/2021	6/30/2021	Changes	
			Amount	%
Total assets	386.7	393.8	+7.0	+2
Current assets	199.7	201.1	+1.3	+1
Tangible fixed assets	124.0	129.5	+5.5	+4
Intangible fixed assets	1.8	1.8	(0.0)	(1)
Investments and other assets	61.1	61.2	+0.1	+0

	3/31/2021	6/30/2021	Changes	
			Amount	%
Total liabilities	181.5	184.6	+3.0	+2
Current liabilities	83.3	94.9	+11.6	+14
Long-term liabilities	98.2	89.6	(8.5)	(9)
Total net assets	205.2	209.1	+3.9	+2

# 2. Performance Trend

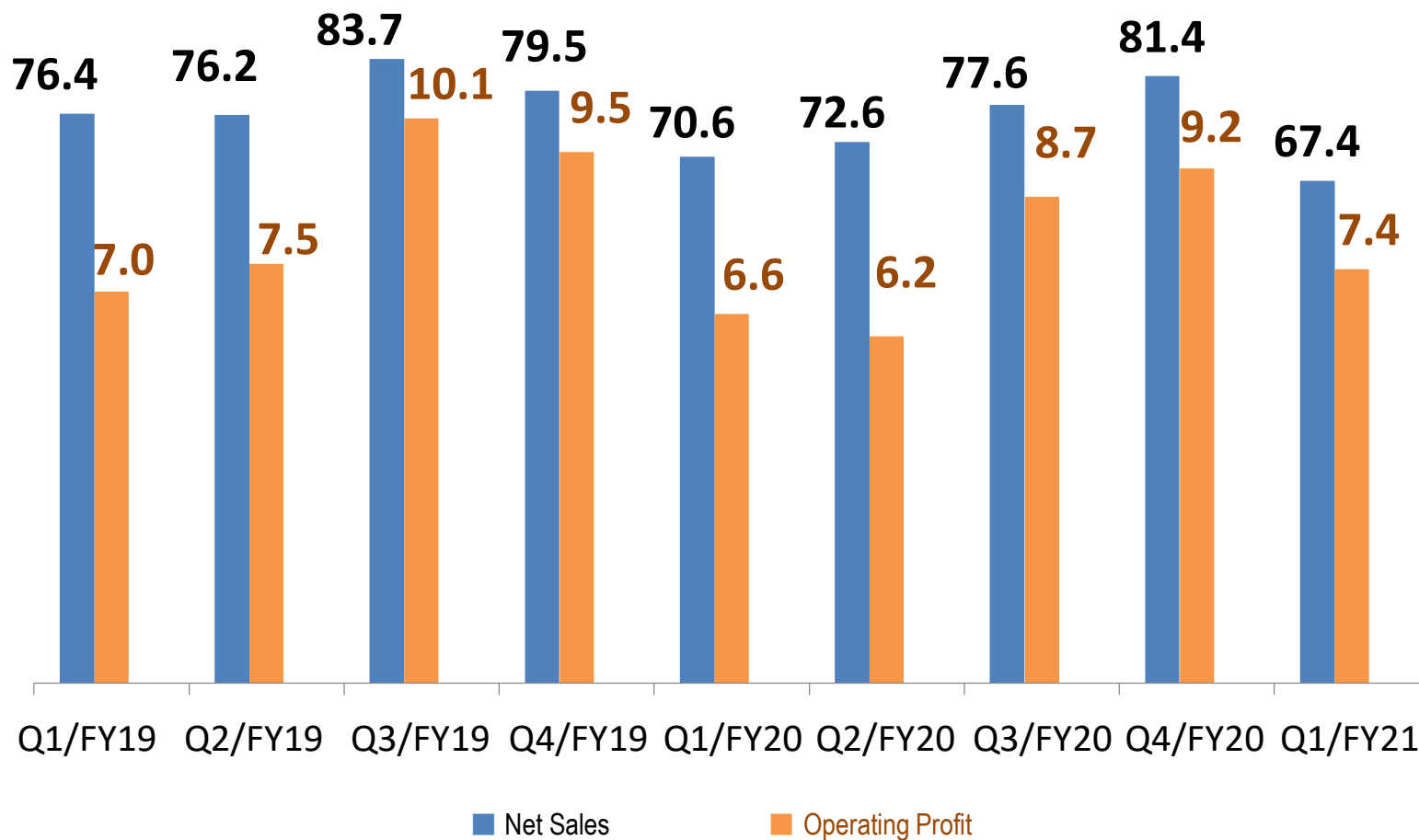


## 2. Performance Trend

Quarter

Consolidated

(Billions of yen)





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