

2Q FY2024 Tokuyama Corporation Investor Meeting Q&A

Date and time: October 29, 2024 (Tuesday) 12:00-13:00

Participant: Hiroshi Yokota, President, Representative Director
Tomohiro Inoue, Director, Managing Executive Officer

Regarding Full-Year Forecast

Q: The progress of the full-year forecast is said to be on track at this point, but how does it compare to internal expectations? According to the supplementary materials, depreciation and R&D expenses have decreased from the initial plan, and the exchange rate assumptions have changed, so there are expected to be strengths and weaknesses in each segment.

A: Our company tends to have a stronger performance in the second half of the year, particularly in the sales ratio of electronic and advanced materials. As we have agreed on the full-year quantities with our customers, the allocation to the second half has increased. Polysilicon and IC chemicals tend to have a stronger second half, especially polysilicon, which is concentrated in the second half.

In terms of profit, compared to the initial forecast, the progress of electronic and advanced materials is positive, while chemicals and cement are trending negatively.

Q: How is the progress in life sciences?

A: Active pharmaceutical ingredients and intermediates, as well as medical diagnostic systems, are trending negatively compared to the initial outlook. On the other hand, photochromic materials are performing well, and dental materials continue to increase, so we expect a positive outcome for the full year.

Regarding the expansion of the Kashima plant in dental materials, we have slightly delayed in automation. Initially, the smart factory was scheduled to start in October this year, but due to delays in equipment delivery, full-scale operation is planned for February 2025. The equipment already delivered has started operating gradually from October and will fully contribute from February onwards.

Regarding the Achievement of the Mid-Term Management Plan 2025

Q: The medium-term management plan will reach its final year next year, with sales of JPY400 billion and operating income of JPY45 billion. Please tell us about your current feeling or response to this area.

A: Basically, we are feeling a sense of being able to do it. In particular, we expect that chemical products, cement, and life sciences will be able to progress as planned.

The key point is how well electronic and advanced materials will perform. Although there is still not much strength in semiconductors as a whole, we have a share in the advanced segment, so we expect to recover faster than the overall trend.

Looking at wafer demand, SEMI statistics show that wafer shipment area was 14.5 billion square inches in 2022, 12.4 billion square inches in 2023, and is expected to stay roughly the same in 2024. However, based on discussions with our customers, we feel that 2023 is the bottom, and if 2022 is the peak, 2024 is expected to recover to the midpoint between the peak and the bottom. While 2026-2027 is said to be the peak for wafers, we expect to reach that level a year earlier, and we believe we can achieve the sales and profit targets for advanced electronic materials.