

2Q FY2017 Tokuyama Corporation Investor Meeting
Q&A (Excerpts)

Date and time: October 27, 2017 (Friday) 14:00 – 14:45

Participants:

Akihiro Hamada, Director, Managing Executive Officer, General Manager of the Financial Div.

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

1. Question regarding full fiscal year forecasts

Q1: Forecasts for the full fiscal year remain unchanged. Is this because you are expecting a downturn in the 2H after deducting 1H results?

A1: No. While we have not revised forecasts for the full fiscal year, on the upside, potential exists for an increase in both operating profit and net profit. By segment, we are expecting an upswing of roughly ¥1.5 billion in the Chemicals business, ¥0.5 billion in the Specialty Products business, and ¥1.5 billion in the Others business, which will in turn be partially offset by a drop of ¥0.5 billion in the Cement business and ¥1.0 billion in the Life & Amenity business. On this basis, operating profit is likely to increase by around ¥2.0 billion. As far as raw material and fuel costs are concerned, coal and domestic naphtha expenses climbed ¥3.0 billion and ¥2.0 billion in the 1H compared with the corresponding period of the previous fiscal year. While we are anticipating further increases in raw material and fuel prices, the amount attributable to this increase has been factored into forecasts.

2. Questions regarding semiconductor-grade polycrystalline silicon

Q2: Is there a chance that the sales price of polycrystalline silicon will increase next year?

A2: It is currently under negotiation with our customers.

Q3: Will the increase in raw material metal silicon prices be a factor in pushing up costs in the 2H?

A3: We are considering that possibility.

3. Question regarding cement

Q4: Can you provide us with details of any increase in the price of cement in Japan and the status of sales prices overseas?

A4: At this stage, no company has taken the step to increase its sales price in Japan. We also believe

that export prices remain quite soft.

4. Questions regarding financial condition

Q5: The Company is working to reduce its interest-bearing debt through a variety of measures including the execution of a debt assumption agreement. Can you tell us about your plans?

A5: The execution of a debt assumption agreement was originally factored into our Medium-Term Management Plan. With the cash that we have on hand, we will prepay long-term loans payable. We will undertake the early repayment of loans payable in order to secure an improvement in the Company's financial indicators. Our goals are to quickly achieve a single "A" credit rating, an objective for the final fiscal year of our Medium-Term Management Plan in advance, and to support our business activities through improvements from a financial perspective.

Q6: Can we assume that you will not withhold any increase in dividends in order to achieve the Company's interest-bearing debt reduction target?

A6: Yes, that is correct.