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Notice concerning Difference between Performance Forecast and Actual Results for First Half Fiscal 2015, and Revision of Performance Forecast for Full Fiscal 2015

Tokuyama Corporation (hereinafter referred to as “Tokuyama” or “the Company”) announces the difference between the performance forecast, previously disclosed on July 31, 2015, and actual results for the first half fiscal 2015 (April 1, 2015 to September 30, 2015), as described below. The Company has also revised the performance forecast for full fiscal 2015 (April 1, 2015 to March 31, 2016), announced on July 31, 2015, as described below.

1. Difference between Performance Forecast and Actual Results for First Half Fiscal 2015

(1) Difference between Performance Forecast and Actual Results (consolidated)

(April 1, 2015 to September 30, 2015)

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share (yen)
Previous forecast : (A) (July 31, 2015)	148,000	5,500	2,500	500	1.44
Actual results : (B)	149,128	7,549	5,262	2,783	8.00
Difference : (B) - (A)	1,128	2,049	2,762	2,283	—
Rate of change (%)	0.8	37.3	110.5	456.6	—
[Reference] First Half Fiscal 2014	143,880	10,590	8,284	(80,504)	(231.40)

(2) Reasons for the difference

Net sales were almost level with the previous forecast. Operating income was better than the previous forecast on the back of profitability improvement of petroleum chemicals due to lower-than-expected domestic naphtha prices. Ordinary income and profit attributable to owners of parent exceeded the previous forecast, owing to the above-mentioned reasons.

2. Revision of Performance Forecast for Full Fiscal 2015 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated

(Unit: Millions of yen)

	Net sales	Ordinary income	Profit	Basic earnings per share (yen)
Previous forecast : (A) (July 31, 2015)	191,000	5,000	2,500	7.19
Newly revised forecast : (B)	185,000	8,000	8,500	24.44
Change : (B)–(A)	(6,000)	3,000	6,000	—
Rate of change (%)	(3.1)	60.0	240.0	—
[Reference] Fiscal 2014	184,043	18,665	(62,950)	(180.96)

(2) Consolidated

(Unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share (yen)
Previous forecast : (A) (July 31, 2015)	309,000	18,000	12,000	6,000	17.25
Newly revised forecast : (B)	306,000	20,000	14,000	14,000	40.25
Change : (B)–(A)	(3,000)	2,000	2,000	8,000	—
Rate of change (%)	(1.0)	11.1	16.7	133.3	—
[Reference] Fiscal 2014	302,085	19,530	12,920	(65,349)	(187.85)

(3) Reasons for the revision

With regard to the non-consolidated performance forecast for the full fiscal year ending March 31, 2016, net sales are expected to fall below the previous forecast, due mainly to weaker selling prices of petroleum chemicals on the back of a downturn in domestic naphtha prices.

Ordinary income is expected to exceed the previous forecast. In addition to profitability improvement of petroleum chemicals due to the drop in domestic naphtha prices, this is attributable to a decrease in the estimated amount of allowance for investment loss on Tokuyama Malaysia Sdn. Bhd. mainly impacted by the exchange rate.

Profit is expected to be better than the previous forecast, due to the posting of gains from the sale of non-current assets as extraordinary income in line with the transfer of the Company's non-current assets as well as the above-mentioned reasons.

With regard to the consolidated performance forecast for the full fiscal year ending March 31, 2016, net sales are expected to fall below the previous forecast, due to the reasons mentioned in the non-consolidated performance forecast.

Operating income is expected to be above the previous forecast, due to profitability improvement of petroleum chemicals on the back of the drop in domestic naphtha prices.

Ordinary income is expected to exceed the previous forecast, due to the above-mentioned reasons. Profit attributable to owners of parent is projected to be better than the previous forecast. In addition to the above-mentioned reasons, this upturn is attributable to the posting of gains from the sale of non-current assets as extraordinary income in line with the transfer of the Company's non-current assets.

For its interim dividend and year-end dividend forecast, Tokuyama plans to forgo the payment of dividends to shareholders, based on its recognition that the second plant (PS-2) of Tokuyama Malaysia Sdn. Bhd. is larger than the Tokuyama Group's other existing plants and that in case the business project for the PS-2 cannot be carried out as planned, it may heavily affect the Tokuyama Group's performance and financial condition.

(Note) The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance because of various factors that may arise from now on.