



## NEWS RELEASE

*February 2, 2017*

### **Tosoh Reports Its Consolidated Results for the First Nine Months of Fiscal 2017 (the interim period from April 1, 2016, to December 31, 2016)**

**Tokyo, Japan**—Tosoh Corporation is pleased to announce its cumulative consolidated results for the first three quarters of its 2017 fiscal year, from April 1, 2016, to December 31, 2016. Consolidated net sales for the nine-month period under review were ¥513.4 billion (US\$4.8 billion), down ¥58.3 billion, or 10.2%, from the same period of fiscal 2016. This decline resulted from decreased petrochemical prices owing to lower naphtha and other raw material prices and to lower export prices owing to a strengthening yen.

Operating income was ¥71.5 billion (US\$670.4 million), up ¥23.2 billion, or 48.0%, from the same period one year earlier. This was due to an increase in sales volume and to improved trade conditions, including lower raw material and fuel prices. Ordinary income increased ¥27.0 billion, or 55.5%, compared with the same period in fiscal 2016, to ¥75.5 billion (US\$708.0 million). And net profit attributable to owners of the parent company was up ¥21.6 billion, or 71.5%, to ¥51.8 billion (US\$486.3 million).

During the nine months from April 1, 2016, to December 31, 2016, the Japanese economy continued to see a gradual recovery in employment and income against a backdrop of fiscal and monetary easing by the Japanese government and the Bank of Japan. Economic uncertainty, however, persisted amid wide fluctuations in exchange rates and stock prices that were attributable to Britain's Brexit vote to leave the European Union, to the US presidential election, and to other factors.

#### **Results by business segment**

##### **Petrochemical Group**

Petrochemical Group net sales fell ¥29.6 billion, or 20.6%, to ¥114.4 billion (US\$1.1 billion), compared with the same period the previous year. And the group's operating income increased ¥3.6 billion, or 35.3%, to ¥13.4 billion (US\$125.7 million), owing to improved trade conditions.

Shipments of ethylene, cumene, and other olefins decreased because of lessened production owing to scheduled plant maintenance. Prices of these products also declined, reflecting the drop in naphtha costs.

Prices of polyethylene resin products in Japan likewise declined because of lower naphtha costs. Exports of chloroprene rubber and chlorosulfonated polyethylene increased on strong demand overseas, but product prices dropped because of a strengthening yen.

##### **Chlor-alkali Group**



# TOSOH CORPORATION

The Chlor-alkali Group's net sales amounted to ¥192.6 billion (US\$1.8 billion), a fall of ¥20.7 billion, or 9.7%, compared with the same period in fiscal 2016. Nevertheless, improved trade conditions yielded an increase in operating income of ¥17.7 billion, or 172.3%, to ¥28.0 billion (US\$262.6 million).

Domestic and export prices for caustic soda declined as the yen strengthened. Shipments of vinyl chloride monomer and polyvinyl chloride resin remained strong, but prices for these products also decreased because of the strengthening yen and because of the fall in naphtha costs.

Cement shipments decreased domestically as demand fell. But cement exports increased.

Shipments abroad of methylene diphenyl diisocyanate increased. Export prices fell, however, because of the strengthening yen.

## Specialty Group

Net sales by the Specialty Group decreased ¥8.3 billion, or 6.4%, compared with the same period in fiscal 2016, to ¥122.7 billion (US\$1.2 billion). However, operating income increased to ¥26.5 billion (US\$248.6 million), an improvement of ¥1.1 billion, or 4.3%.

Ethyleneamine product prices declined because of the strengthening yen and softening markets overseas.

Among the group's separation-related products, liquid chromatography packing materials experienced increased shipments. The group's diagnostic-related products likewise saw increased shipments, of in vitro diagnostic reagents.

Shipments of high-silica zeolites for application in automobile catalytic converters increased. And shipments of zirconia for use in dental materials also increased.

## Engineering Group

Engineering Group net sales rose to ¥54.5 billion (US\$511.2 million), an increase of ¥919.0 million, or 1.7%, over the same nine-month period a year earlier. Operating income improved ¥896.0 million, or 112.2%, to ¥1.7 billion (US\$15.9 million).

Domestic sales by the group's water treatment business decreased because of flat demand at electric power utilities and in the electronics industry. However, overseas sales increased.

Sales by the group's construction subsidiaries decreased.

## Other

Other net sales decreased ¥620.0 million, or 2.1%, compared with the same period the previous year, to ¥29.2 billion (US\$273.9 million). Operating income declined to ¥1.8 billion (US\$16.9 million) on a decrease of ¥47.0 million, or 2.5%.

Sales by trading companies and other operations trended low for the period under review.

## Financial Condition

Total assets for the fiscal 2017 third quarter increased over total assets at the end of fiscal 2016, rising ¥22.3 billion to ¥757.1 billion (US\$7.1 billion) because of increases in notes and accounts receivable.

Fiscal 2017 third-quarter liabilities declined compared with liabilities at the end of fiscal 2016, decreasing ¥18.9 billion to ¥342.1 billion (US\$3.2 billion) as a result of decreases in interest-bearing liabilities.

Net profit attributable to owners of the parent company moved up ¥41.3 billion, to ¥415.0 billion (US\$3.9 billion), in the third quarter of fiscal 2017 compared with the end of fiscal 2016.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥106.61 = US\$1, the average exchange rate during the period under review.

### Outlook for the fiscal year ending March 31, 2017

In view of recent trends, Tosoh has revised the full-year fiscal 2017 consolidated financial results forecast that it announced on November 1, 2016.

	Net Sales	Operating Income	Ordinary Income	Net Profit Attributable to Owners of the Parent Company	EPS
Previous forecast (A)	¥690 billion	¥85 billion	¥80 billion	¥54 billion	¥83.20
Revised forecast (B)	¥730 billion	¥100 billion	¥105 billion	¥70 billion	¥107.84
Difference (B - A)	¥40 billion	¥15 billion	¥25 billion	¥16 billion	
% difference	5.8	17.6	31.3	29.6	
Reference: FY 2016 performance (Year ended March 2016)	¥753.7 billion	¥69.4 billion	¥65.8 billion	¥39.7 billion	¥62.61

*Note:* For further details, please see Tosoh's news release announcing its revised fiscal 2017 full-year consolidated results forecasts, issued on the same date as this news release.

## TOSOH CORPORATION

### Who We Are

Tosoh is the parent of the Tosoh Group, which comprises over 100 companies worldwide and a multiethnic workforce of over 12,000 people and generated net sales of ¥753.7 billion (US\$6.3 billion at the average rate of ¥120.15 to the US dollar) in fiscal 2016, ended March 31, 2016.

### What We Do

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polyethylene, and functional polymers, while its advanced materials business serves the global semiconductor, display, and solar industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the monitoring of life-threatening diseases. In addition, Tosoh demonstrates its commitment to a sustainable future, in part by manufacturing a variety of eco-products.



# TOSOH CORPORATION

Stock Exchange Ticker Symbol: JP: 4042

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## Disclaimer

This document may contain forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. Forward-looking statements are also identified through the use of the word *anticipates* and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements.

**Summary of Nine-Month Consolidated Business Results for Fiscal Year 2017**  
**(April 1, 2016 - December 31, 2016)**

February 2, 2017

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2016 (04.01.15-12.31.15) (Actual)	9 months of FY 2017 (04.01.16-12.31.16) (Actual)	Difference	FY 2016 (04.01.15-03.31.16) (Actual)	FY 2017 (04.01.16-03.31.17) (Forecast)	Difference
Net sales	571.7	513.4	(58.3)	753.7	730.0	(23.7)
Operating income	48.3	71.5	23.2	69.4	100.0	30.6
Ordinary income	48.5	75.5	27.0	65.8	105.0	39.2
Profit attributable to owners of the parent	30.2	51.8	21.6	39.7	70.0	30.3
Net income per share (¥)	48.06	79.88	31.82	62.61	107.84	45.23

(b) Business and Financial Fundamentals

	9 months of FY 2016 (04.01.15-12.31.15) (Actual)	9 months of FY 2017 (04.01.16-12.31.16) (Actual)	Difference	FY 2016 (04.01.15-03.31.16) (Actual)	FY 2017 (04.01.16-03.31.17) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	121.74	106.61	(15.13)	120.15	108.71	(11.44)
Exchange rate (¥/EUR) Average TTM	134.41	117.99	(16.42)	132.60	118.49	(14.11)
Domestic standard naphtha price (¥/kl)	45,633	32,300	(13,333)	42,800	34,475	(8,325)

## (c) Net Sales and Operating Income (Loss) by Business Segment

(¥ Billions)

		9 months of FY 2016 (04.01.15–12.31.15) (Actual)	9 months of FY 2017 (04.01.16–12.31.16) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	144.0	114.4	(29.6)	(6.5)	(23.2)	-
	Operating income	9.9	13.4	3.5	(0.4)	3.4	0.5
Chlor-alkali Group	Net sales	213.3	192.6	(20.7)	9.0	(29.7)	-
	Operating income	10.3	28.0	17.7	1.5	11.1	5.2
Specialty Group	Net sales	131.0	122.7	(8.3)	7.6	(16.0)	-
	Operating income	25.4	26.5	1.1	4.7	(2.9)	(0.8)
Engineering Group	Net sales	53.6	54.5	0.9	2.5	(1.5)	-
	Operating income	0.8	1.7	0.9	0.8	0.0	0.1
Other	Net sales	29.8	29.2	(0.6)	0.7	(1.3)	-
	Operating income	1.9	1.8	(0.05)	0.0	0.0	0.0
Total	Net sales	571.7	513.4	(58.3)	13.3	(71.7)	-
	Operating income	48.3	71.5	23.2	6.6	11.5	5.1

\*Price effect of operating income includes sale and purchase variances.



## 2. Consolidated Financial Position

(¥ Billions)

	FY 2016 03.31.2016	FY 2017 12.31.2016	Difference
Total assets	734.8	757.1	22.3
Net assets	373.7	415.0	41.3
Interest-bearing liabilities	199.6	171.9	(27.7)
Equity ratio (%)	46.3	50.4	4.1

## 3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2016	7.00	7.00	14.00
FY 2017 (Forecast)	7.50	7.50	15.00