



## NEWS RELEASE

*February 2, 2018*

### **Tosoh Reports Its Consolidated Results for the First Nine Months of Fiscal 2018**

**Tokyo, Japan**— Tosoh Corporation is pleased to announce its cumulative consolidated results for the first three quarters of its 2018 fiscal year, from April 1, 2017, to December 31, 2017.

The company's consolidated net sales for the nine-month period under review were ¥601.9 billion (US\$5.4 billion), up ¥88.5 billion, or 17.2%, from the same period of fiscal 2017. Favorable impacts contributing to the positive variance include rising markets overseas where Tosoh does business and the rise in petrochemical product selling prices in tandem with increased prices of raw materials and fuel like naphtha.

Operating income was ¥94.3 billion (US\$844 million), up ¥22.8 billion, or 32.0%, from the same period one year earlier. This was due to the rise in selling prices outpacing the impact of increased raw material and fuel prices. Ordinary income increased, ¥24.2 billion, or 32.1%, compared with the same period in fiscal 2017, to ¥99.7 billion (US\$893 million) due to the increase in foreign exchange gains. And profit attributable to owners of the parent company was up ¥17.2 billion, or 33.0%, to ¥69.0 billion (US\$618 million).

During the nine months from April 1, 2017, to December 31, 2017, the Japanese economy showed signs of a gradual recovery with improvements in corporate earnings and domestic capital spending. There remain, however, a range of issues making it difficult to forecast the global situation, including political disarray in the US and increasing uncertainty surrounding politics in the EU, as well as geopolitical risks associated with the Korean Peninsula and the Middle East.

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

##### **Petrochemical Group**

Petrochemical Group net sales rose, ¥21.0 billion, or 18.3%, to ¥135.4 billion (US\$1.2 billion), compared with the same period the previous year. And the group's operating income increased, ¥4.2 billion, or 30.8%, to ¥17.6 billion (US\$158 million).

Shipments of ethylene, propylene, and other olefins increased with the rise in production volume due to this not being a scheduled plant maintenance year. Product prices increased, reflecting the increase in naphtha and other costs. Domestic shipments of polyethylene resin products increased, and prices increased because of higher naphtha costs. Exports and prices of chloroprene rubber increased on strong demand overseas.

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

The Chlor-alkali Group's net sales amounted to ¥243.0 billion (US\$2.2 billion), an increase of ¥50.4 billion, or 26.1%, compared with the same period in fiscal 2017. Improved trade



# TOSOH CORPORATION

conditions yielded an increase in operating income of ¥18.2 billion, or 64.9%, to ¥46.2 billion (US\$414 million).

Caustic soda prices rose due to domestic price corrections and improvements in international market conditions. Shipments of vinyl chloride monomer and polyvinyl chloride resin were strong, while prices for polyvinyl chloride resin increased due to price corrections in Japan and improved overseas market conditions.

Cement shipments and exports both remained strong.

Shipments abroad of methylene diphenyl diisocyanate (MDI) increased, reflecting improved overseas market conditions.

## Specialty Group

Net sales by the Specialty Group increased, ¥15.7 billion, or 12.8%, to ¥138.4 billion (US\$1.2 billion). Operating income increased to ¥27.1 billion (US\$243 million), an improvement of ¥627 million, or 2.4%.

Ethyleneamine shipments to North America increased. 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 to North America decreased. Shipments of zirconia for use in dental materials and decorative applications, and shipments of quartz glass for semiconductor devices increased.

## Engineering Group

Engineering Group net sales fell to ¥54.3 billion (US\$486 million), a decrease of ¥201 million, or 0.4%, compared with the same period in fiscal 2017. Operating income decreased ¥397 million, or 23.5%, to ¥1.3 billion (US\$11.6 million).

The Engineering Group's water treatment business saw a decline in sales to general industry domestically and in Southeast Asia, and to the electronics industry in Taiwan, because of delays in investment plans for large projects from the preceding term.

Sales by the group's construction subsidiaries increased.

## Other

Other net sales increased, ¥1.7 billion, or 5.8%, compared with the same period the previous year, to ¥30.9 billion (US\$277 million). Operating income increased to ¥2.1 billion (US\$19 million), up ¥297 million, or 16.2%.

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

## Financial Condition

Total assets for the fiscal 2018 third quarter increased over total assets at the end of fiscal 2017, rising ¥38.7 billion to ¥821.3 billion (US\$7.4 billion) because of increases in notes and accounts receivable, and in investment securities.

Fiscal 2018 third-quarter liabilities declined compared with liabilities at the end of fiscal 2017, decreasing ¥19.4 billion to ¥314.9 billion (US\$2.8 billion) as a result of decreases in interest-bearing liabilities.



# TOSOH CORPORATION

Fiscal 2018 third-quarter net profit attributable to owners of the parent company moved up and net assets increased to ¥506.4 billion (US\$4.5 billion) or ¥58.1 billion compared with the end of fiscal 2017.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥111.69 = US\$1, the average exchange rate during the period under review.

## **Outlook for the fiscal year ending March 31, 2018**

The full-year fiscal 2018 consolidated financial results forecast announced on October 31, 2017 remains unchanged.

## **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.

Stock Exchange Ticker Symbol: JP: 4042

For more information, please contact  
Jeff Markley  
International Corporate Development  
Tosoh Corporation

[jeff.markley@tosoh.com](mailto:jeff.markley@tosoh.com)

Tel: +81-3-5427-5118

Fax: +81-3-5427-5198

[www.tosoh.com](http://www.tosoh.com)

### **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 2018**  
**(April 1, 2017 - December 31, 2017)**

February 2, 2018

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2017 (04.01.16–12.31.16) (Actual)	9 months of FY 2018 (04.01.17–12.31.17) (Actual)	Difference	FY 2017 (04.01.16–03.31.17) (Actual)	FY 2018 (04.01.17–03.31.18) (Forecast)	Difference
Net sales	513.4	601.9	88.5	743.0	800.0	57.0
Operating income	71.5	94.3	22.8	111.2	118.0	6.8
Ordinary income	75.5	99.7	24.2	113.1	120.0	6.9
Profit attributable to owners of the parent	51.8	69.0	17.2	75.7	82.0	6.3
Net income per share (¥)	159.75	212.45	52.70	233.12	252.56	19.44

\*As of October 1, 2017, the Company has implemented the consolidation of its common shares on a one for two basis.

Net income per share is calculated under the assumption that the consolidation of shares was implemented at the beginning of the previous fiscal year.

(b) Business and Financial Fundamentals

	9 months of FY 2017 (04.01.16–12.31.16) (Actual)	9 months of FY 2018 (04.01.17–12.31.17) (Actual)	Difference	FY 2017 (04.01.16–03.31.17) (Actual)	FY 2018 (04.01.17–03.31.18) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	106.61	111.69	5.08	108.35	110.52	2.17
Exchange rate (¥/EUR) Average TTM	117.99	128.55	10.56	118.75	128.16	9.41
Domestic standard naphtha price (¥/kl)	32,333	39,733	7,400	34,725	40,325	5,600

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

(¥ Billions)

		9 months of FY 2017 (04.01.16–12.31.16) (Actual)	9 months of FY 2018 (04.01.17–12.31.17) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	114.4	135.4	21.0	2.2	18.8	-
	Operating income	13.4	17.6	4.2	1.4	0.8	2.0
Chlor-alkali Group	Net sales	192.6	243.0	50.4	5.9	44.5	-
	Operating income	28.0	46.2	18.2	(0.6)	22.3	(3.5)
Specialty Group	Net sales	122.7	138.4	15.7	8.8	6.9	-
	Operating income	26.5	27.1	0.6	3.7	(0.2)	(2.9)
Engineering Group	Net sales	54.5	54.3	(0.2)	(1.2)	1.0	-
	Operating income	1.7	1.3	(0.4)	(0.4)	0.0	0.0
Other	Net sales	29.2	30.9	1.7	1.5	0.2	-
	Operating income	1.8	2.1	0.3	0.3	0.0	0.0
Total	Net sales	513.4	601.9	88.5	17.1	71.4	-
	Operating income	71.5	94.3	22.8	4.3	23.0	(4.5)

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



# TOSOH CORPORATION

TOSOH

## 2. Consolidated Financial Position

(¥ Billions)

	FY 2017 03.31.2017	FY 2018 12.31.2017	Difference
Total assets	782.6	821.3	38.7
Net assets	448.3	506.4	58.1
Interest-bearing liabilities	139.8	127.4	(12.4)
Equity ratio (%)	52.8	57.3	4.5

## 3. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Total
FY 2017	7.50	16.50	24.00
FY 2018 (Forecast)	12.00	24.00(forecast)	-

\*As of October 1, 2017, the Company has implemented the consolidation of its common shares on a one for two basis.

Year-end dividend is calculated based on the number of shares remaining after consolidation.

Year-end dividend is 12.00 without factoring in the consolidation of shares.