



NEWS RELEASE

October 30, 2015

Tosoh Reports on First-Half Consolidated Results for Fiscal 2016 (the period from April 1, 2015, to September 30, 2015)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for its 2016 fiscal year first half, from April 1, 2015, to September 30, 2015. The company's consolidated net sales amounted to ¥385.4 billion (US\$3.2 billion), up ¥1.5 billion, or 0.4%, from the same period a year earlier.

Our consolidated net sales rose chiefly because of increased vinyl chloride monomer (VCM) production and increased olefin production, with olefin production benefiting from fiscal 2016 not being a scheduled maintenance year. The rise in our consolidated net sales counteracted the fall in worldwide petrochemical product prices that is the result of decreasing crude oil and naphtha prices and positively affected our operating income. Operating income jumped ¥13.6 billion, or 73.1%, to ¥32.2 billion (US\$263.8 million) over the same period the previous year because of improved trade conditions, including a weak yen and low raw materials costs.

Ordinary income also increased, to ¥32.6 billion (US\$267.9 million), up ¥11.3 billion, or 53.1%, over the same period the previous year. First-half profit attributable to the parent company climbed to ¥19.4 billion (US\$159.1 million), a rise of ¥5.7 billion, or 41.1%, over the same period the previous year.

In the first half of fiscal 2016, Japan's economy experienced sluggish exports and production as a result of slowdowns in China and some developing nations. Corporate revenues in Japan nevertheless continued to recover. And overall, Japan's economy entered a gentle upswing amid a steady recovery in hiring and household incomes and a resulting brisk uptick in personal consumption.

Results by Business Segment

Petrochemical Group

Fiscal 2016 first-half net sales for the Petrochemical Group declined ¥16.5 billion, or 14.2%, compared with group net sales in the same period the year before, to ¥100.1 billion (US\$821.3 million). Improvements, however, in trade conditions pushed up the group's operating income to ¥6.7 billion (US\$54.8 million), an increase of ¥2.3 billion, or 53.7%.

Shipments of ethylene, propylene, and other olefins were generally up compared with the same period a year ago because of greater unit production resulting from fiscal 2016 not being a scheduled maintenance year. Tosoh, though, implemented price decreases to reflect a drop in the price of naphtha and other materials.



TOSOH CORPORATION

Polyethylene resin shipments increased in line with such improved export trade conditions as the weak yen and cheaper raw materials. Export prices, moreover, improved for chloroprene rubber (CR) and chlorosulfonated polyethylene (CSM).

Chlor-alkali Group

Chlor-alkali Group first-half net sales rose ¥3.6 billion, or 2.6%, to ¥141.0 billion (US\$1.2 billion), compared with net sales in the same period the year before. Group operating income increased ¥6.7 billion over the loss in the same period a year before, to ¥6.2 billion (US\$50.7 million).

Shipments of caustic soda increased in the first half of fiscal 2016. And while domestic caustic soda prices decreased slightly, the weak yen improved export prices.

VCM and vinyl chloride resin shipments increased following a boost in VCM production capacity in fall 2014. Tosoh, however, implemented product price decreases to reflect reduced naphtha costs.

Cement shipments dropped domestically because of falling demand in Japan. But exports of cement increased.

Shipments of urethane materials declined. The decline was due to softening market conditions as a result, among other factors, of slowing economic growth in China.

Specialty Group

Net sales for the Specialty Group rose ¥11.0 billion, to ¥89.2 billion (US\$732.1 million), an increase of 14.1% over the group's net sales for the same period the preceding fiscal year. Operating income for the group increased ¥4.9 billion, or 36.5%, to ¥18.2 billion (US\$149.2 million).

Shipments of ethyleneamines decreased. But ethyleneamine prices increased because of the weak yen and improved market conditions overseas.

The group's separation-related products saw exports of liquid chromatography packing materials increase. Its shipments of diagnostic-related products and in vitro diagnostic reagents also rose.

Shipments of high-silica zeolites (HSZ) for application in automobile catalytic converters increased. Zirconia shipments likewise increased, specifically for use in dental materials overseas. Shipments of manganese dioxide for use in secondary batteries decreased. The group's shipments of quartz glass shipments trended firmly.

Engineering Group

The Engineering Group's first-half net sales increased ¥4.4 billion, or 14.1%, over its net sales in the same period the previous fiscal year, to ¥35.6 billion (US\$292.2 million). Operating income improved ¥0.1 billion, to ¥0.004 billion (US\$0.03 million), reversing the loss recorded in the same period of the previous fiscal year.

Domestic sales of water treatment facilities, services, and related chemicals increased on the back of strong demand from the electronics industry for capital investment, maintenance, renovation, and other business. Similarly, increased capital investment abroad by the electronics industry helped to increase the group's overseas sales in this category.

Sales fell, meanwhile, for construction-related companies during the period under review.



TOSOH CORPORATION

Other

Other net sales for the first half of fiscal 2016 fell ¥1.0 billion, or 4.9%, from net sales for the same period the year before, to ¥19.5 billion (US\$160.1 million). Other operating profit decreased ¥0.3 billion, or 23.3%, to ¥1.1 billion (US\$9.1 million), compared with other operating profit in the previous fiscal year's first half.

Sales by logistics-related firms trended firmly. But trading company sales were sluggish during the period under review.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥121.87 = US\$1, the average exchange rate during the period under review.

Outlook for the fiscal year to March 31, 2016

Japan's economy is expected to continue its mild recovery as hiring and incomes continue to improve and as the effects of government policies take hold. However, there are concerns over such potentially problematic external factors as a sudden stall in overseas economies.

The Tosoh Group, therefore, will make every effort to boost its profitability by, among other things, growing its sales volume, maintaining its pricing, and decreasing its costs.

Tosoh, meanwhile, has revised the fiscal 2016 full-year performance forecast it announced May 11, 2015, as per the table to follow. The company's revised full-year forecast is based on a standard domestic naphtha price of ¥42,000 per kiloliter and on an exchange rate of ¥120.00 to the US dollar.

Revised Full-Year Forecast for Fiscal 2016 (April 1, 2015–March 31, 2016)

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
Previous forecast (A)	¥810 billion	¥67 billion	¥67 billion	¥43 billion	¥71.76
Revised forecast (B)	¥760 billion	¥71 billion	¥70 billion	¥44 billion	¥69.43
Difference (B - A)	(¥50 billion)	¥4 billion	¥3 billion	¥1 billion	
% difference	(6.2)	6.0	4.5	2.3	
Reference: FY 2015 performance	¥809.7 billion	¥51.4 billion	¥60.2 billion	¥62.3 billion	¥103.97

Note: For further details, please refer to Tosoh's press release on its revised fiscal 2016 full-year consolidated results forecasts, also dated October 30, 2015.

TOSOH CORPORATION

Who We Are

Tosoh Corporation is the parent of the Tosoh Group, which comprises over 100 companies worldwide and a multiethnic workforce of over 11,500 people and generated net sales of ¥809.7 billion (US\$6.7 billion at the year-end rate of ¥120.17 to the US dollar) in fiscal 2015, ended March 31, 2015.



TOSOH CORPORATION

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

Tel: +81-3-5427-5118

Fax: +81-3-5427-5198

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. The 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 First-Half Consolidated Business Results for Fiscal Year 2016
(April 1, 2015 - September 30, 2015)

October 30, 2015

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2015 1H (04.01.14-09.30.14) (Actual)	FY 2016 1H (04.01.15-09.30.15) (Actual)	Difference	FY 2015 (04.01.14-03.31.15) (Actual)	FY 2016 (04.01.15-03.31.16) (Forecast)	Difference
Net sales	384.0	385.4	1.5	809.7	760.0	(49.7)
Operating income	18.6	32.2	13.6	51.4	71.0	19.6
Ordinary income	21.3	32.6	11.3	60.2	70.0	9.8
Profit attributable to owners of the parent	13.7	19.4	5.7	62.3	44.0	(18.3)
Earnings per share (¥)	22.92	31.23	8.31	103.97	69.43	(34.54)

(b) Business and Financial Fundamentals

(¥ Billions)

	FY 2015 1H (04.01.14-09.30.14) (Actual)	FY 2016 1H (04.01.15-09.30.15) (Actual)	Difference	FY 2015 (04.01.14-03.31.15) (Actual)	FY 2016 (04.01.15-03.31.16) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	103.01	121.87	18.86	109.76	120.94	11.18
Exchange rate (¥/EUR) Average TTM	138.90	135.11	(3.79)	138.69	132.55	(6.14)
Domestic standard naphtha price (¥/kl)	70,400	48,000	(22,400)	63,450	45,000	(18,450)
Capital expenditures	16.6	10.6	(5.9)	33.1	28.0	(5.1)
Depreciation and amortization	15.3	15.8	0.4	32.8	33.0	0.2
R&D expenses	6.3	7.0	0.7	12.9	14.0	1.1
Interest-bearing liabilities	287.8	235.7	(52.1)	271.5	200.0	(71.5)
Net financing expenses	(0.9)	(0.3)	0.5	(1.7)	(0.1)	1.6
Equity ratio (%)	31.4	42.7	11.3	37.8	—	—
Number of employees	11,611	12,162	551	11,594	12,100	506

Topics

- September 2015 Made Mabuhay Vinyl Corporation a consolidated subsidiary
- Fall 2016 Increased enzyme immunoassay reagent production capacity
- Fall 2016 Increased zirconia powder production capacity
- Fall 2016 Complete construction of high-silica zeolite plant in Malaysia

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

(¥ Billions)

		FY 2015 1H (04.01.14–09.30.14) (Actual)	FY 2016 1H (04.01.15–09.30.15) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	116.6	100.1	(16.5)	12.8	(29.3)	—
	Operating income	4.3	6.7	2.3	1.0	1.4	(0.1)
Chlor-alkali Group	Net sales	137.4	141.0	3.6	8.9	(5.3)	—
	Operating income (loss)	(0.5)	6.2	6.6	1.1	6.1	(0.5)
Specialty Group	Net sales	78.2	89.2	11.0	3.0	8.0	—
	Operating income	13.3	18.2	4.9	1.4	4.0	(0.5)
Engineering Group	Net sales	31.2	35.6	4.4	3.4	1.0	—
	Operating income (loss)	(0.1)	0.0	0.1	0.0	0.0	0.1
Other	Net sales	20.5	19.5	(1.0)	0.1	(1.1)	—
	Operating income	1.4	1.1	(0.3)	(0.3)	0.0	0.0
Total	Net sales	384.0	385.4	1.5	28.1	(26.7)	—
	Operating income	18.6	32.2	13.6	3.2	11.5	(1.1)

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

Note: Amounts are rounded to the nearest hundred million yen. As a result, smaller figures may display as "0.0," but this does not indicate absolute zero. Absolute zero is expressed by a dash (—). Please see the full earnings release for more information.

(¥ Billions)

		FY 2015 (Actual)	FY 2016 (Forecast)	Difference	FY 2016 (Forecast)	
					04.01.15-09.30.15	10.01.15-03.31.16
Petrochemical Group	Net sales	223.7	181.5	(42.3)	100.1	81.4
	Operating income	6.9	12.8	5.8	6.7	6.1
Chlor-alkali Group	Net sales	294.3	281.2	(13.1)	141.0	140.2
	Operating income	8.3	16.2	7.9	6.2	10.0
Specialty Group	Net sales	174.9	174.3	(0.6)	89.2	85.0
	Operating income	30.0	35.4	5.5	18.2	17.3
Engineering Group	Net sales	75.7	84.6	8.8	35.6	48.9
	Operating income	3.3	4.2	0.8	0.0	4.2
Other	Net sales	41.0	38.5	(2.5)	19.5	19.0
	Operating income	2.8	2.5	(0.4)	1.1	1.3
Total	Net sales	809.7	760.0	(49.7)	385.4	374.6
	Operating income	51.4	71.0	19.6	32.2	38.8



TOSOH CORPORATION

2. Consolidated Financial Position

(¥ Billions)

	FY 2015 03.31.2015	FY 2016 09.30.2015	Difference
Total assets	764.2	775.6	11.4
Net assets	320.8	364.1	43.3
Interest-bearing liabilities	271.5	235.7	(35.8)
Equity ratio (%)	37.8	42.7	4.9

3. Cash Flows

(¥ Billions)

	FY 2015 1H (04.01.14–09.30.14) (Actual)	FY 2016 1H (04.01.15–09.30.15) (Actual)	Difference
Cash flows from operating activities	6.4	52.6	46.2
Cash flows from investment activities	(14.7)	(13.5)	1.2
Cash flows from financing activities	(0.0)	(10.3)	(10.3)
Others	(0.1)	(0.3)	(0.3)
Net increase (decrease) in cash and cash equivalents	(8.4)	28.5	36.9
Cash and cash equivalents at end of period	46.8	84.2	37.5

4. Dividends

	Annual dividends per share (¥)		
	Interim (Q2)	Year-end (Q4)	Total
FY 2015	5.00	5.00	10.00
FY 2016 (Forecast)	7.00	7.00 (forecast)	14.00