

Fiscal 2013 - Apr 1, 2013 to Mar 31, 2014 -

Financial Results

Tokuyama Corporation

Apr 30, 2014



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1 Financial Results for FY2013

1. Financial Highlights
2. Net Sales/Operating Income by Business Segment
3. Changes in Operating Income
4. Results for Companywide Profitability Improvement



1. Financial Highlights

Consolidated (year-on-year change)

(Billions of yen)

	FY2012	FY2013	Difference	
			Amount	%
Net sales	258.6	287.3	+28.6	+11
Operating income	6.7	20.2	+13.4	+199
Ordinary income	3.2	14.9	+11.7	+363
Net income (loss)	(37.9)	10.2	+48.1	-
Net income per share (yen)	(108.98)	29.37		
Exchange rate (¥/\$)	83	100		
Domestic naphtha price (¥/kl)	57,500	67,300		

Qualitative information

(Net sales) ¥287.3 billion, up 11%

Pluses: increased sales volume of cement and related products, selling price revisions of petrochemicals and other products, increased sales volume of vinyl chloride monomer (VCM) as a result of resolution of plant difficulties that occurred in the previous year

Minus: decreased sales volume of polycrystalline silicon

(Operating income) ¥20.2 billion, up 199%

Plus: companywide thoroughgoing cutbacks in expenditure

Minus: domestic naphtha price hikes

1. Financial Highlights

Consolidated (year-on-year change)

(Billions of yen)

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Ordinary income	3.2	14.9	+11.7	+363
Net income (loss)	(37.9)	10.2	+48.1	-
Net income per share (yen)	(108.98)	29.37		
Exchange rate (¥/\$)	83	100		
Domestic naphtha price (¥/kl)	57,500	67,300		

Qualitative information

(Ordinary income) ¥14.9billion, up 363%

Plus: decrease in costs of idle operations

Minus: borrowing-related costs which arose from the procurement of funds through a subordinated loan

(Net income) ¥10.2 billion, back into the black

Pluses: extraordinary gains/losses improved, because the Company posted neither impairment loss on polycrystalline silicon manufacturing facilities nor loss from inventory revaluation, both of which were posted in the previous fiscal year; income tax expenses decreased, because the Company did not post a reversal of deferred tax assets in the period under review, which was posted in the previous fiscal year

1. Financial Highlights Consolidated (compared with the previous fiscal year-end)

(Billions of yen, except Shareholders' equity ratio and D/E ratio)

	As of Mar 31, 2013	As of Mar 31, 2014	Changes
Total assets	518.2	576.3	+58.0
Shareholders' equity	217.5	229.6	+12.1
Shareholders' equity ratio	42.0%	39.9%	(2.1 pts)
Interest-bearing debt	187.7	240.7	+53.0
D/E ratio	0.86	1.05	+0.19
Net D/E ratio*	0.59	0.74	+0.15
Net assets per share (yen)	625.29	660.18	

Qualitative information

*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents, Money held in trust)/Shareholders' equity

(Total assets)

Increase factors: increase in tangible fixed assets due to construction of polycrystalline silicon manufacturing facilities in Malaysia;
increased securities (negotiable certificates of deposit) due to the procurement of funds through a subordinated loan

(Shareholders' equity)

Increase factor: increase in retained earnings and improvement of foreign currency translation adjustments arising from the weaker yen

(Interest-bearing debt)

Increase factor: increased long-term loans payable as a result of the procurement of funds through the subordinated loan

2. Net Sales/Operating Income by Business Segment

(Year-on-year change)

(Billions of yen)

	FY2012		FY2013		Difference			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	77.3	0.4	86.4	2.2	+9.1	+12	+1.8	+424
Specialty Products	52.8	0.3	52.4	6.0	(0.3)	(1)	+5.6	+1457
Cement	69.9	5.3	78.9	6.6	+9.0	+13	+1.3	+25
Life & Amenity	51.0	2.9	57.0	4.8	+6.0	+12	+1.9	+66
Others	40.1	2.6	47.2	4.1	+7.1	+18	+1.5	+59
Total	291.3	11.6	322.2	24.0	+30.9	+11	+12.3	+105
Inter-segment eliminations and corporate-wide expenses	(32.6)	(4.9)	(34.9)	(3.7)	(2.2)	-	+1.1	-
Consolidated results	258.6	6.7	287.3	20.2	+28.6	+11	+13.4	+199

(Note 1) Sales and operating income shown above include inter-segment transactions.

(Note 2) From Fiscal 2013, the Advanced Components segment has been renamed the Life & Amenity segment.

(Note 3) From FY 2013, the Company has changed its accounting method of allocating costs to each segment. Net sales and operating income for FY2012 have been recalculated reflecting this change.

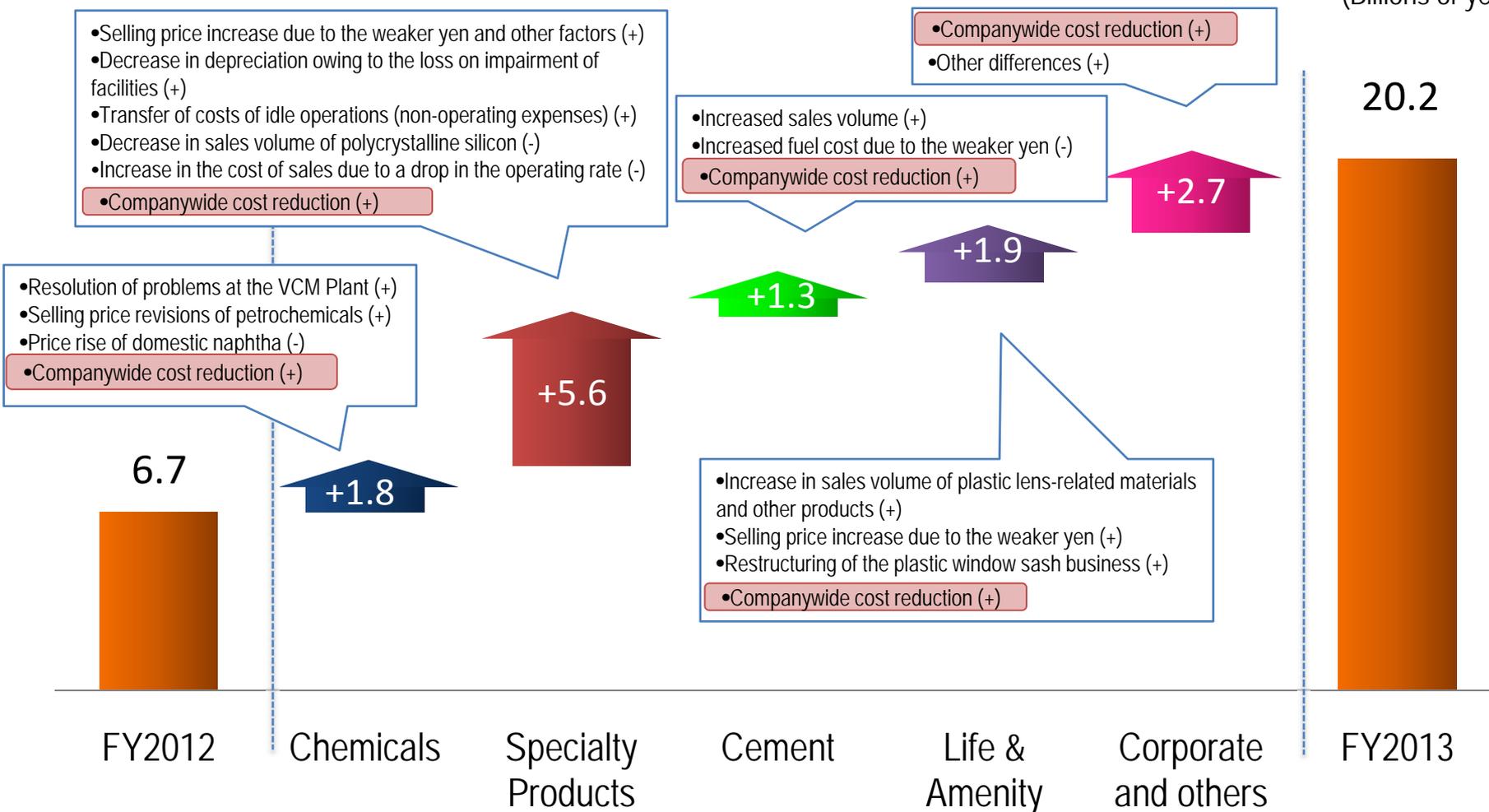
3. Changes in Operating Income

(Year-on-year change)

By Business Segment

(Billions of yen)

20.2

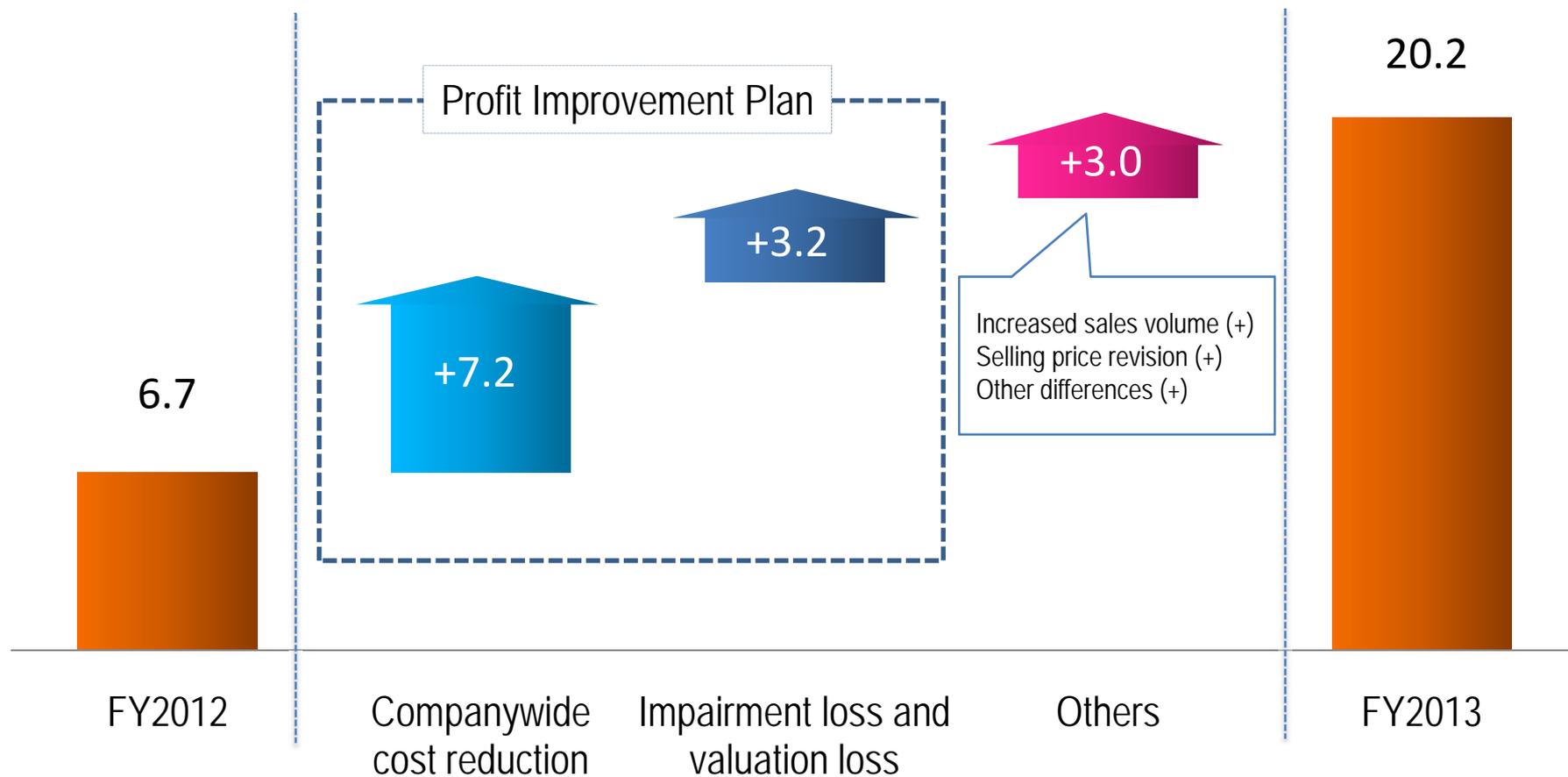


3. Changes in Operating Income

(Year-on-year change)

(Billions of yen)

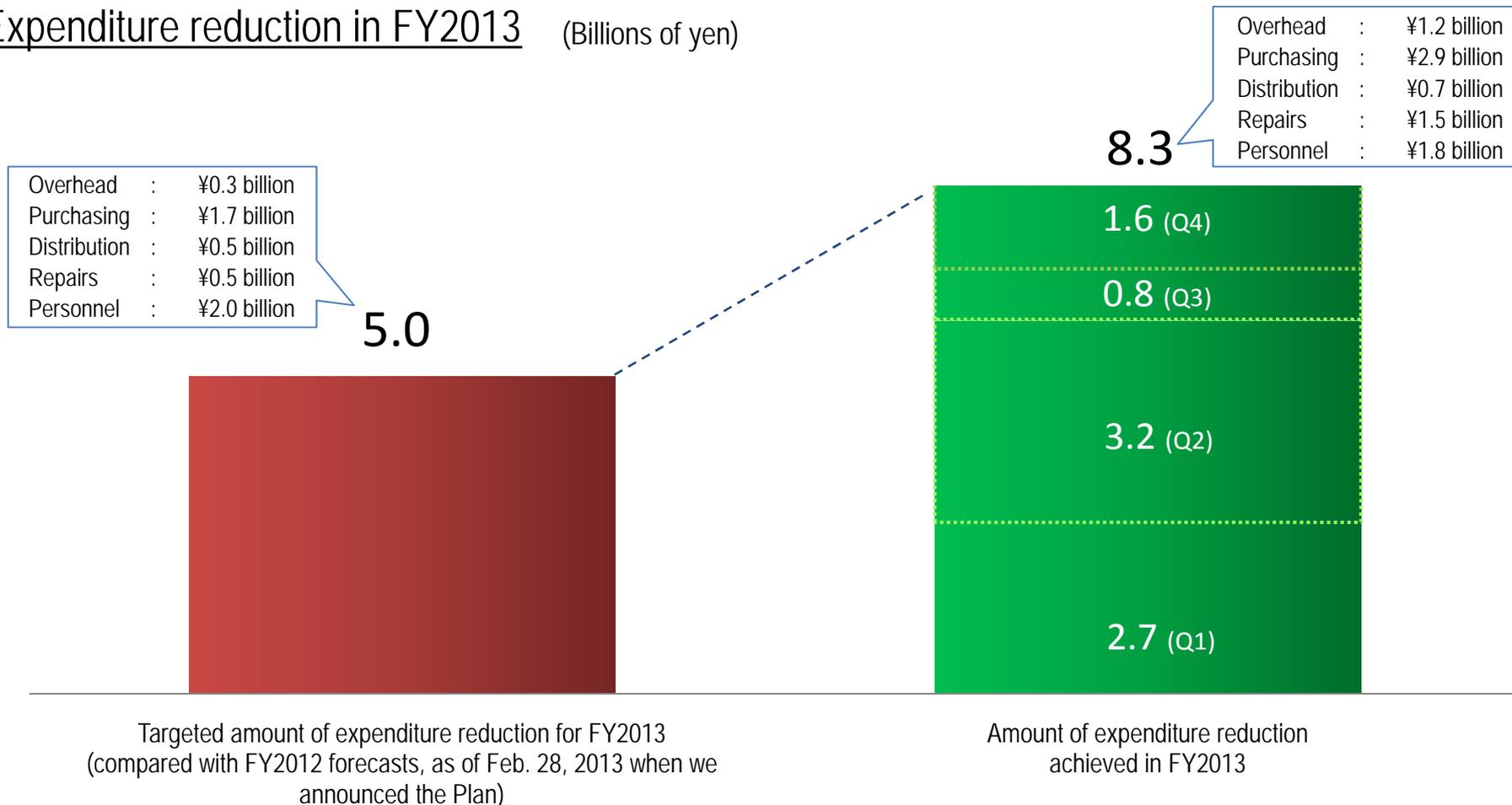
By Factor



Note: The amounts of Companywide cost reduction and impairment impact represent the amounts by which operating income excluding inventory differences are affected.

4. Results for Companywide Expenditure Reduction

Expenditure reduction in FY2013 (Billions of yen)



Note 1: As for purchasing and distribution expenses, increase or decrease arising from quantity or currency exchange rates are excluded.

Note 2: The amount of expenditure reduction achieved in FY2013 means a year-on-year decrease in expenses that are subject to our reduction policy.

2 Performance Forecasts for FY2014

1. Future Business Environment
2. Basis for Performance Forecasts
3. Performance Forecasts
4. Performance Forecasts by Business Segment
5. Operating Income Change



1. Future Business Environment

Chemicals

- ◆ Anticipate to confront a persistently harsh operating environment due largely to domestic naphtha prices that are likely to remain at high levels.
 - We will look to secure earnings through selling price revisions as well as cost reductions, while we will review the chlorine derivatives portfolio.

Specialty Products

- ◆ Although the market is on the path of recovery in both semiconductor and solar cell fields, the polycrystalline silicon business is forecast to confront a persistently harsh operating environment due to the glut in supply.
 - At Tokuyama Malaysia, we will start selling solar cell-grade polycrystalline silicon, while we endeavor to optimize production conditions of semiconductor-grade polycrystalline silicon.

Cement

- ◆ Public- and private-sector demand for cement is anticipated to remain robust.
 - Although distribution costs are expected to increase due mainly to the reinforcement of transportation capability, we will work to secure earnings by securing sales volume and maintaining stable supply.

Life & Amenity

- ◆ In the domestic market, demand is expected to bottom out owing to economic recovery. On the other hand, in overseas markets, demand is anticipated to grow mainly in emerging nations.
 - We will work to secure earnings by focusing on developing new products that meet customer needs and expanding sales in growing markets.

2. Basis for Performance Forecasts

	1H FY2013 Results	2H FY2013 Results	FY2013 Results	FY2014 Forecasts
Domestic naphtha price (¥/kl)	64,700	69,900	67,300	67,000
Exchange rate (¥/\$)	99	102	100	100

3. Performance Forecasts

Consolidated
(Year-on-year change based on FY2014 forecasts)
(Billions of yen)

	FY2013 Results	FY2014 Forecasts	Difference	
			Amount	%
Net sales	287.3	303.0	+15.6	+5
Operating income	20.2	16.5	(3.7)	(19)
Ordinary income	14.9	10.0	(4.9)	(33)
Net income	10.2	6.5	(3.7)	(36)
Net income per share (yen)	29.37	18.68		
Exchange rate (¥/\$)	100	100		
Domestic naphtha price (¥/kl)	67,300	67,000		

Qualitative information

(Net sales)

Pluses: increased sales volume of polysilicon and other products;
selling price revisions of caustic soda, vinyl chloride resin
and other products

(Operating income)

Plus: increased net sales
Minus: increase in overhead and repair expenses

(Ordinary income)

Minus: increase in interest expenses

(Net income)

Plus: improved extraordinary gains/losses
Minus: increased income tax expenses

4. Performance Forecasts by Business Segment

(Year-on-year change based on FY2014 forecasts)

(Billions of yen)

	FY2013 Results		FY2014 Forecasts		Difference			
	Net sales	Operating income	Net sales	Operating income	Net sales	%	Operating income	%
Chemicals	86.4	2.2	91.5	4.0	+5.0	+6	+1.7	+79
Specialty Products	52.4	6.0	60.5	3.0	+8.0	+15	(3.0)	(51)
Cement	78.9	6.6	81.0	5.5	+2.0	+3	(1.1)	(18)
Life & Amenity	57.0	4.8	58.0	4.0	+0.9	+2	(0.8)	(18)
Others	47.2	4.1	49.5	5.0	+2.2	+5	+0.8	+20
Total	322.2	24.0	340.5	21.5	+18.2	+6	(2.5)	(11)
Inter-segment eliminations and corporate-wide expenses	(34.9)	(3.7)	(37.5)	(5.0)	(2.5)	-	(1.2)	-
Consolidated Results	287.3	20.2	303.0	16.5	+15.6	+5	(3.7)	(19)

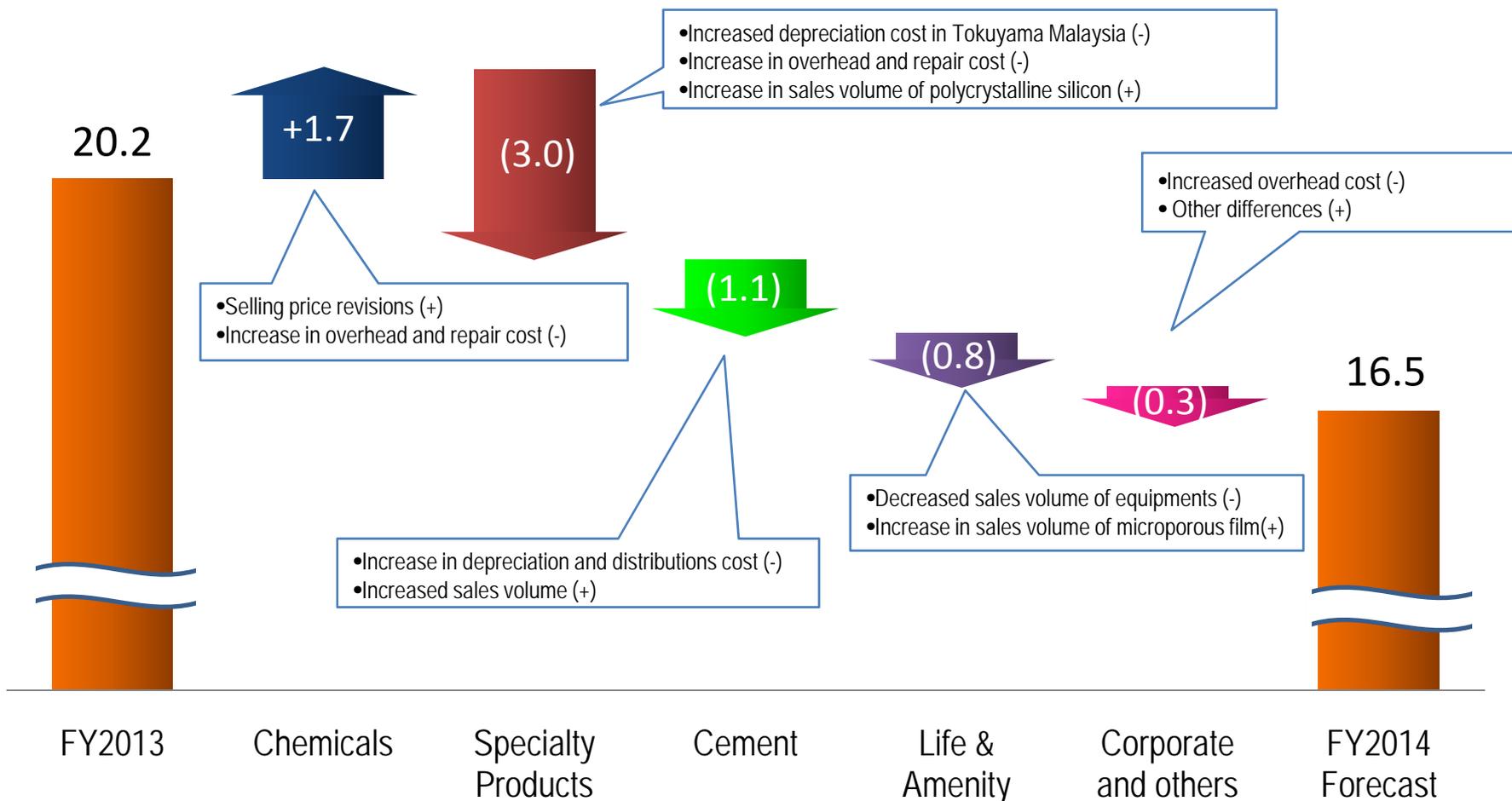
(Note) Sales and operating income shown above include inter-segment transactions.

5. Operating Income Change

(Year-on-year change based on FY2014 forecasts)

(Billions of yen)

By Business Segment



(Note) All numbers are discarded after the first decimal place.



3 Rolling Three-Year Plan

1. Outline of Our Centennial Vision and Profit Improvement Plan
2. Progress under the Profit Improvement Plan and Initiatives Going Forward
3. Business Strategies
4. Future Vision of Tokuyama Factory
5. Financial Policy

1. Outline of Our Centennial Vision and Profit Improvement Plan

(1) Centennial Vision (Tokuyama 100th Anniversary: February 2018)

Centennial Vision

As a prominent manufacturer, we will continue to be responsive to society and help create a better future through the vitality of our human resources and the creativity of chemistry.

Basic Strategies

● Strengthen Strategically Growing Businesses

Tokuyama Factory: As a “Mother Factory” in terms of its ability to provide human resources and technology

Malaysia: As a manufacturing base for products that excel on the world stage

China: As a manufacturing base for products that adapt to the needs of the market

● Bolster International Competitiveness

Polysilicon Business: Secure a leading position in the global market

Life & Amenity Business: Tap into new customer-oriented markets

Support Structure

Strengthen governance; accelerate the pace of management decision-making through the effective use of the new information line of business (LOB) system; strengthen organization functions (the venture spirit & innovation project), and; promote diversity & inclusion management (DIM)

Slogan: Venture Spirit & Innovation

Rather than an extension of our current capabilities and business course, we will work diligently to become an internationally competitive company based on a venture spirit & innovation.

1. Outline of Our Centennial Vision and Profit Improvement Plan

(2) Profit Improvement Plan

The Group as a whole put in place the Profit Improvement Plan in response to the sharp and rapid deterioration in polycrystalline silicon business earnings.

Profit Improvement Plan
(Announced in Feb 2013)

1. Rebuild the Polycrystalline Silicon Business

- Bring online the Malaysia Factory and reduce costs
- Streamline manufacturing costs at Tokuyama Factory while ensuring optimal balance in production

2. Improve Profits in Existing/New Businesses

- Restructure the Group's existing businesses and improve profits
- Establish new businesses

With a total of no less than 10, create new businesses and implement structural reforms that are capable of generating ¥0.5 to ¥1.0 billion in profits.

3. Improve Companywide Profitability (Cost Reduction)

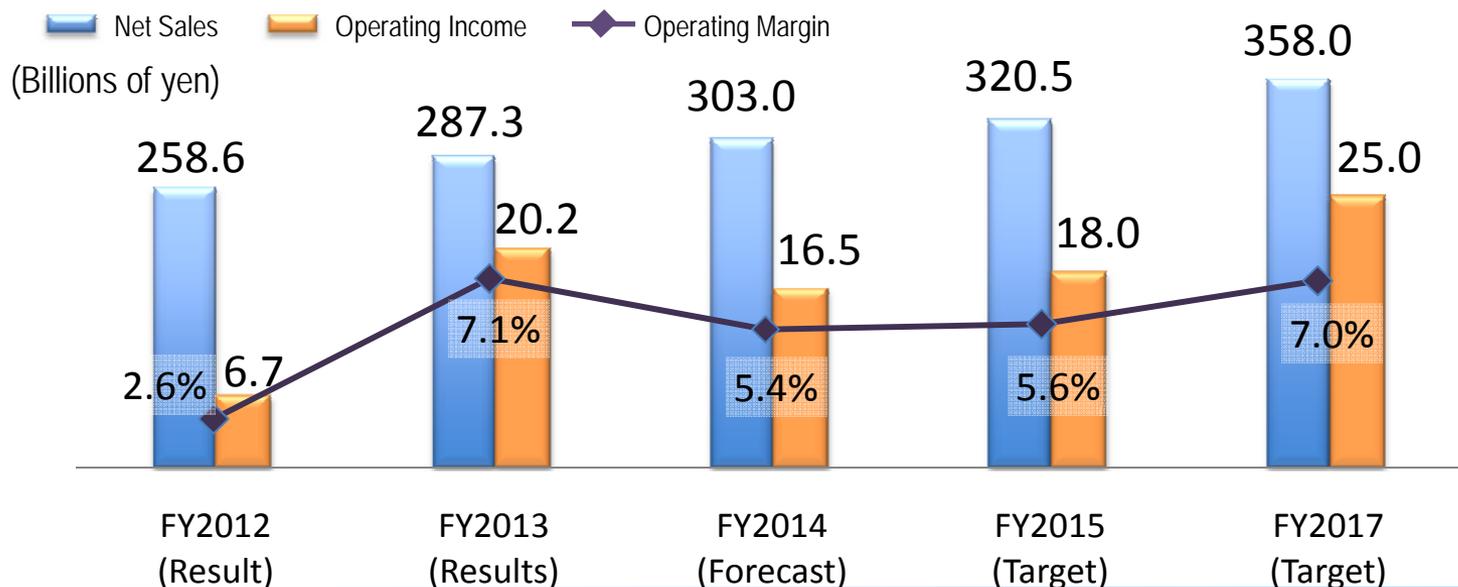
Undertake profit improvement measures based on rolling-three-year plans that reexamine targets and measures on a continuous three-year cycle



Renewed
growth strategies

2. Progress under the Profit Improvement Plan and Initiatives Going Forward

	Progress to FY2013	Initiatives during and after FY2014
1. Rebuild the Polysilicon Business	(Tokuyama Factory) Loss on impairment of manufacturing facilities recorded as of the end of FY2012 (Tokuyama Malaysia) Construction completed and trial operations commenced	(Tokuyama Factory) Ensure optimal balance in production (Tokuyama Malaysia) Commence operations
2. Improve Profits in Existing/New Businesses	Construction of a liquid hydrogen factory completed A soda ash joint venture established Construction of a waste gypsum board recycling factory completed	Expand propylene oxide manufacturing facilities Bolster clinker export infrastructure Optimize the fumed silica business
3. Cost Reduction	Results exceeded plans on the back of emergency measures aimed at reducing costs including overhead expenses as well as personnel and purchasing costs	Work toward reducing expenses on a permanent basis through by increasing productivity, undertaking structural reforms, and implementing various measures



Targets for FY2015 and FY2017 in this rolling plan remain unchanged

3. Business Strategies (1) Chemicals Segment

Basic Policy

- In addition to recording stable profits and providing the underlying strength to support the Company's earnings as a whole, work toward further growth by reviewing the business portfolio

Measures

<Soda Ash and Calcium Chloride Business>

- Tokuyama reached an agreement with Central Glass Co., Ltd. to establish a soda ash and calcium chloride joint venture

<Chlor-Alkali and Vinyl Chloride Business>

- Commenced the production of liquid hydrogen at Yamaguchi Liquid Hydrogen Corporation, a joint venture formed with Iwatani Corporation
- Review the chlorine derivatives portfolio



The Company's soda ash plant

3. Business Strategies (1) Chemicals Segment

Establishment of a Soda Ash Calcium Chloride Joint-Venture Business

Tokuyama reached an agreement with Central Glass Co., Ltd. to establish a joint-venture business while transferring and consolidated marketing activities in connection with the sales of soda ash and calcium chloride.

The production of soda ash in Japan will be undertaken under a single company structure from June 2015.

(Soda ash production capacity: 340,000 tonnes)

Company name: TOKUYAMA & CENTRAL SODA Inc.

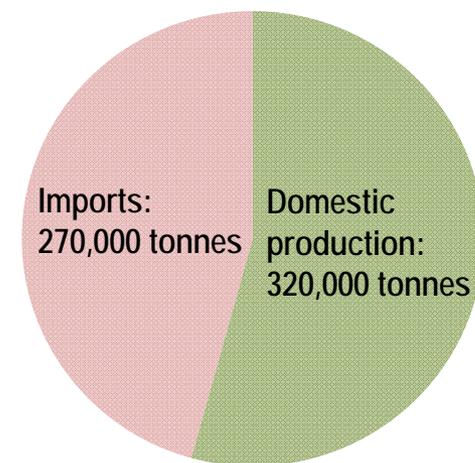
Date of establishment: March 24, 2014

Commencement of operations: October 1, 2014 (Plan)

Paid-in capital: ¥10 million

(65% Tokuyama Corporation 35% Central Glass Co., Ltd.)

FY2012 Soda Ash Domestic Demand:
590,000 tonnes
(including captive consumption)



Source: Japan Soda Industry Association

3. Business Strategies (1) Chemicals Segment

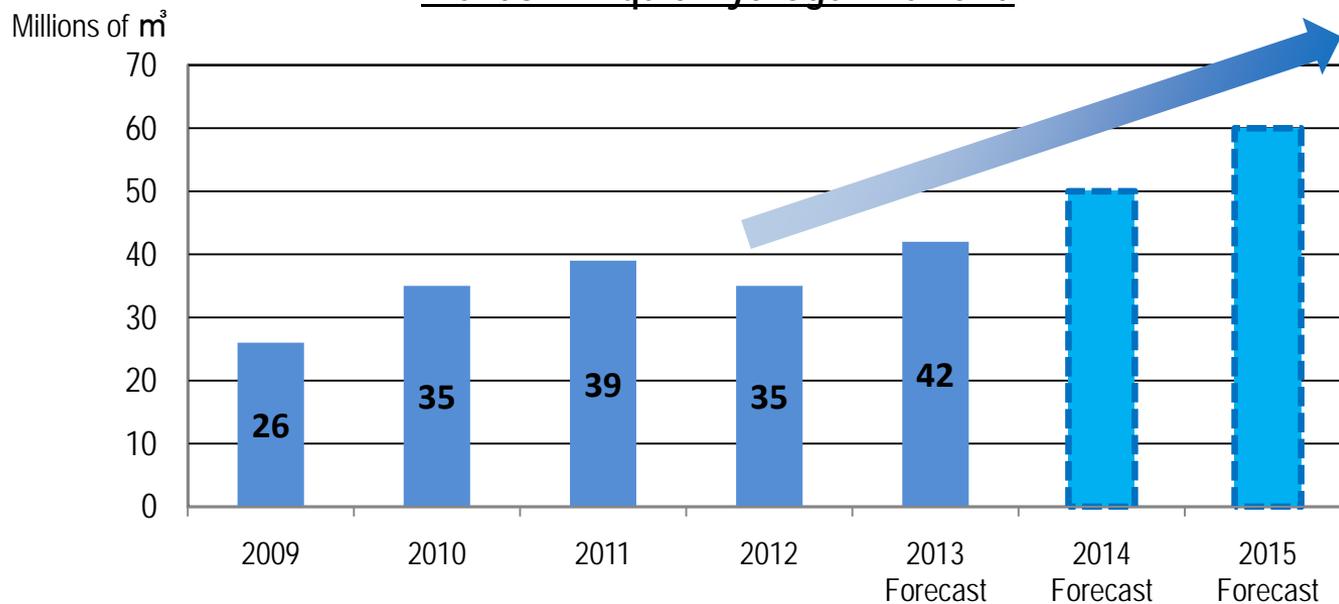
Start Production of Liquid Hydrogen

The production of liquid hydrogen began at Yamaguchi Liquid Hydrogen Corporation, a joint venture formed with Iwatani Corporation, from June 2013.

In addition to rocket fuel, liquid hydrogen is used in the manufacture of solar cells and LEDs. Looking ahead, demand is projected to expand substantially as use is extended to such areas as fuel-cell powered vehicles.

While liquefaction capacity currently stands at 3,000L/h, sights are being set on enhancing capacity.

Trends in Liquid Hydrogen Demand



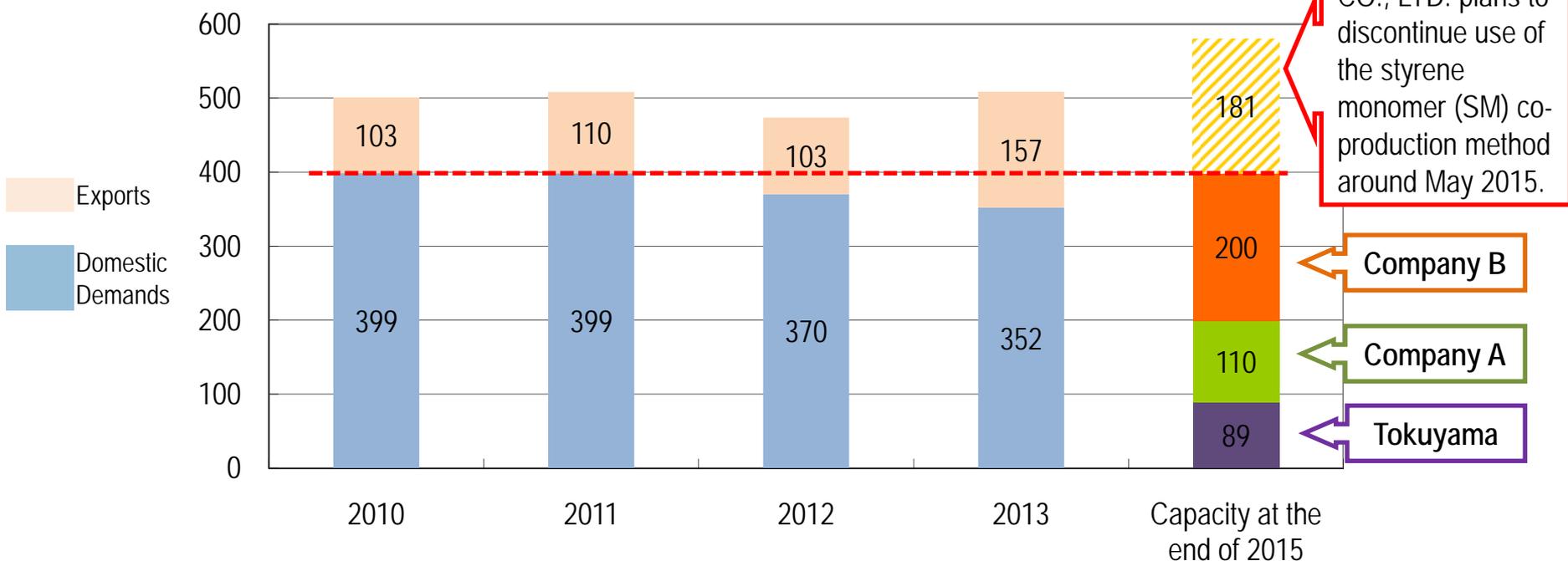
(Note) Iwatani and Tokuyama estimate

3. Business Strategies (1) Chemicals Segment

Review the Chlorine Derivatives Portfolio

Against the backdrop of such factors as the recovery in automobile production in Asia, steps will be taken to expand production facilities of propylene oxide, a major chlorine derivative with various applications including as a raw material in urethane, in July 2014. Plans are in place to increase production capacity by 10,000 tonnes to 89,000 tonnes per year.

Thousands of tonnes **Propylene Oxide Balance in Japan**



NIHON OXIRANE CO., LTD. plans to discontinue use of the styrene monomer (SM) co-production method around May 2015.

Company B
Company A
Tokuyama

(Note) Tokuyama estimate based METI and Treasury trade statistics

3. Business Strategies (2) Specialty Products Segment

Basic Policy

- Promote a sales strategy that serves to maximize profits in line with demand while building an optimal production structure

Measures

<Polycrystalline Silicon Business Reconstruction>

- Commence sales at Tokuyama Malaysia
- Rationalize operations at Tokuyama Factory
- Optimize fumed silica business activities at the two bases of Japan and China

<Shapal (Aluminum Nitride) Business>

- Drawing on its high heat dissipation properties, expand sales of aluminum nitride through application in power device and LED fields where demand is projected to increase



Polycrystalline Silicon



Fumed Silica



Aluminum Nitride

3. Business Strategies (2) Specialty Products Segment

Polycrystalline Silicon Business Reconstruction

【Tokuyama Malaysia】

<Semiconductor-Grade>

In the process of confirming optimal production conditions from both the facility and quality perspectives in the lead-up to certification

Shipments of samples for customer certification scheduled to commence from FY2015

<Solar cell-Grade>

Sales to major solar cell manufacturers in China, Korea, Taiwan, and Japan scheduled to commence from the middle of 2014

【Tokuyama Factory】

Impairment loss on manufacturing facilities recorded as of the end of FY2012



Tokuyama Malaysia

3. Business Strategies (2) Specialty Products Segment

Polycrystalline Silicon Business Reconstruction

Work toward optimizing business operations of fumed silica, a co-product with polycrystalline silicon, at the two bases of Tokuyama Factory and Tokuyama Chemicals (Zhejiang) Co., Ltd.

The decision made to transfer a portion of Tokuyama Factory's annual production capacity of 2,000 tonnes to Tokuyama Chemicals (Zhejiang) Co., Ltd. with the aim of further expanding the rapidly growing fumed silica (surface treatment grade) business in China and other Asian markets. Fumed silica (surface treatment grade) has a wide range of application including as a viscosity control agent, an anti-settling agent, and an agent to improve the flow of paint, adhesives, ink, and other products. Looking ahead, this product is expected to enjoy an increase in demand.

[Outline of the Plan]

Investment: 8.4 million US dollars (Approx. 900 million yen)

Commencement of Construction: May 2014 (Planned)

Start of Operations: June 2015 (Planned)

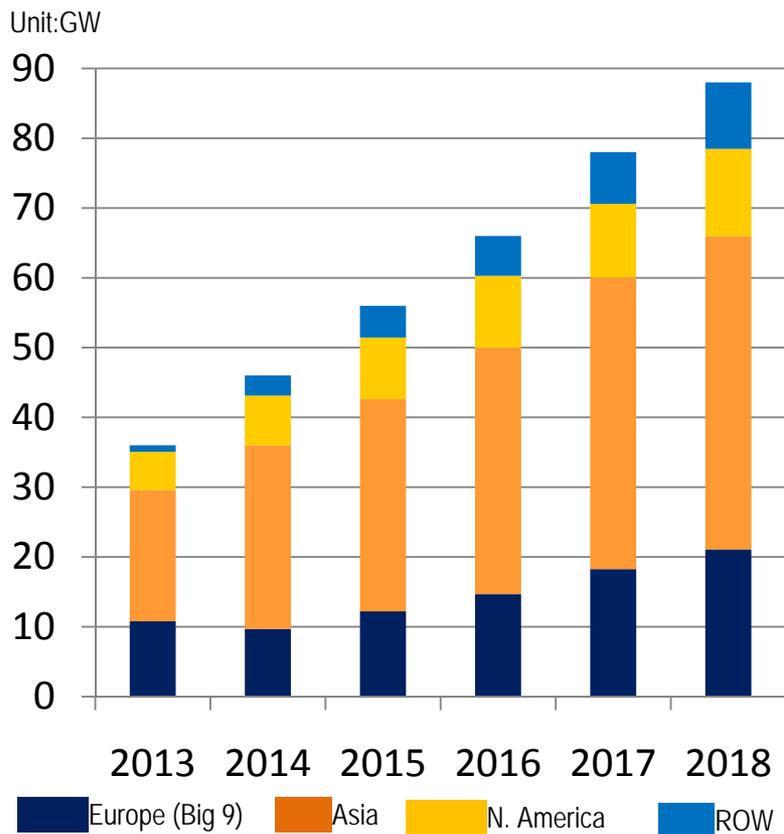


Tokuyama Chemicals (Zhejiang)

3. Business Strategies (2) Specialty Products Segment

Polycrystalline Silicon Market Conditions

Forecasts of installed PV capacity by region



(Note) Tokuyama estimate based on IHS iSuppli Market Tracker (PV Integrated) Q1 2014

Conditions by Country

<China>

- ◆ Upward revision in the cumulative installation target to 35GW by 2015
- ◆ Announcement of policy measures aimed at ensuring sound growth in the photovoltaics industry

<Japan>

- ◆ Growing trend toward the use of renewable energy as a result of the Fukushima nuclear power station disaster in the immediate wake of the Great East Japan Earthquake and other factors
- ◆ Sudden surge in volumes following the introduction of the current feed-in tariff system in July 2012

<The U.S.>

- ◆ The existence of wide-ranging photovoltaic power generation proliferation policy measures providing the underlying strength for market growth: policy measures at the state level in particular serving as a driving force for further expansion in the large-scale photovoltaics market

<Germany>

- ◆ Signs of more affordably priced sources of electric power through the use of grid-connected power as a result of the trend toward lower prices photovoltaic power generation systems; expectations of the shift to self-supporting growth and renewed increase in demand going forward

3. Business Strategies (3) Cement Segment

Basic Policy

- Put in place an optimal production, sales, and distribution structure that is capable of addressing changes in the business environment while cultivating and strengthening overseas as well as new businesses

Measures

<Cement Business>

- Expand transportation capacity in Japan (two new tanker ships)
- Establish a clinker export structure and ensure stable operations at Tokuyama Nouvelle Calédonie S.A.
- Upgrade and expand the infrastructure maintenance and reinforcement business through Tokuyama Mtech Corp.

<Recycling and Environment Business>

- Expand the business for recycling waste gypsum boards through Tokuyama Chiyoda Gypsum Co., Ltd.

- Tokuyama Factory
- Mizushima Riverment Co. (Manufacturing Portland blast furnace slag cement)
- Service station
- Sales office



Cement related offices and service stations of the company

3. Business Strategies (3) Cement Segment

Waste Gypsum Board Recycling Business

For the most part, the growing volume of waste gypsum board is subject to landfill disposal.
As a result, recycling is a major issue

- Utilizing its proprietary crystallization technology, Tokuyama was the first in the world to successfully achieve a 100% rate in the recycling of waste gypsum into its gypsum raw material form. Tokuyama Chiyoda Gypsum Co., Ltd., a joint-venture company, was newly established by Chiyoda Ute Co., Ltd., a manufacturer of gypsum boards, and the Company in August 2011 for the purpose of developing a waste gypsum board recycling business.
- In addition to solving a major social issue, this initiative is also expected to provide both companies with a valuable source of supply of raw material gypsum. Plans are in place to expand the business on a nationwide basis going forward.

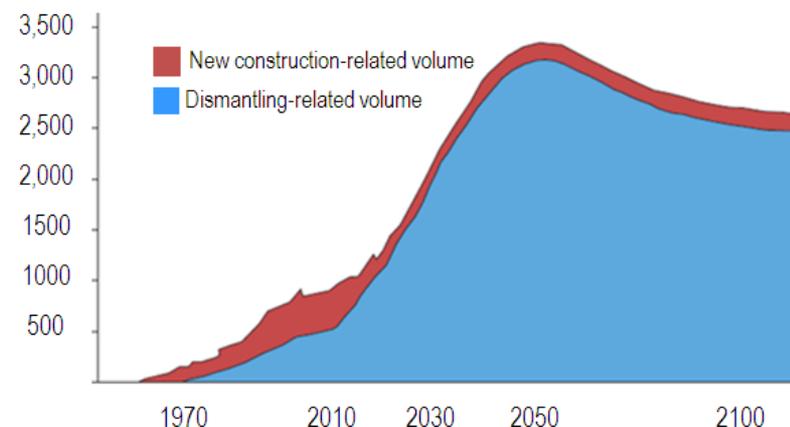


Waste gypsum board



Re-grown gypsum

(Thousands of tonnes) Long-Term Projection of Waste Gypsum Board Volume



Source: Gypsum Board Association of Japan

3. Business Strategies (4) Life & Amenity Segment

Basic Policy

- Secure a position of advantage in markets both in Japan and overseas, pursue business expansion, and contribute to improving people's quality of life by establishing and strengthening a customer-oriented development, manufacturing, and sales structure

Measures

<NF Business>

- Implemented various measures including the establishment of Shanghai Tokuyama Plastics Co., Ltd. and Tianjin Tokuyama Plastics Co., Ltd.; taking ongoing steps to strengthen both companies, and to expand business with an increased sense of speed in conjunction with trends in disposable diaper demand

<Fine Chemical Business>

- Expand orders for pharmaceutical ingredients for generic drugs; expand market share in photochromic dye materials for use in eyeglass lenses

<Polyolefin Film Business (Sun・Tox)>

- Increase profits by expanding sales of products for use in everyday items, which continue to enjoy robust growth at convenience stores, tapping into new markets, and reducing costs

<Plastic Window Sash Business (Excel Shanon)>

- Expand market share by strengthening alliances with building contractors and major home builders; promote increased use of plastic window sashes

<Dental Materials/Equipments Business (Tokuyama Dental)>

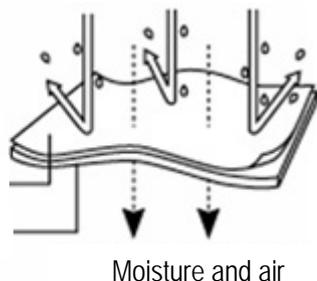
- Develop new products and accelerate the pace of overseas business development

3. Business Strategies (4) Life & Amenity Segment

NF Business (Microporous film)

Sudden and rapid growth in disposable diaper consumption in China and Asia, which continue to enjoy remarkable economic growth

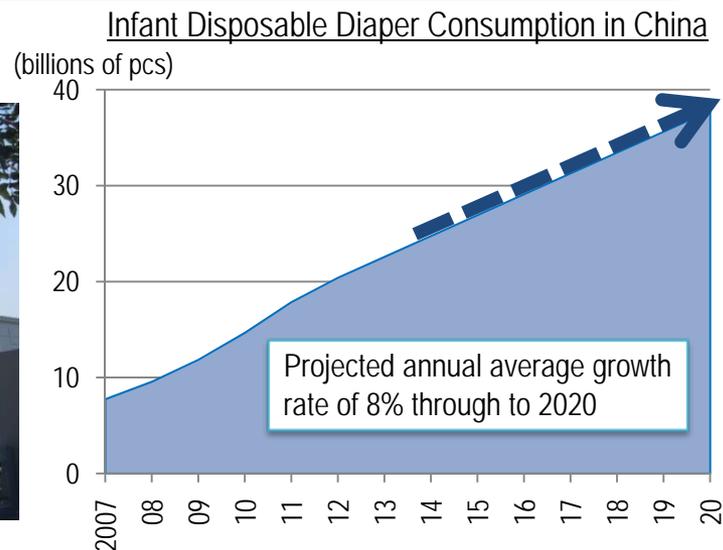
- Addressing the sudden and rapid growth in demand by promoting ties with disposable diaper manufacturers, who possess factories in China; working to meet requirements through the expansion of the Company's manufacturing base in Shanghai (2011) and the establishment (2011) and expansion (2013) of manufacturing facilities in Tianjin
- Annual production capacity of microporous film for disposable diapers in China stands at 480 million m² (Tokuyama's Group-wide annual production capacity stands at 720 million m²)



Function of microporous film



Tianjin Tokuyama Plastics



(Note) China Paper Association estimate

4. Future Vision of Tokuyama Factory

Tokuyama Factory's Vision

- A factory that remains competitive on the world stage
- A central feature of the internationally competitive Shunan industrial zone

Tokuyama Factory's Policies

A vibrant manufacturing base

- A fully integrated factory
- A factory that is capable of playing a central role in the Shunan industrial zone that has been strengthened through collaboration
- A factory that is friendly to people and the local community

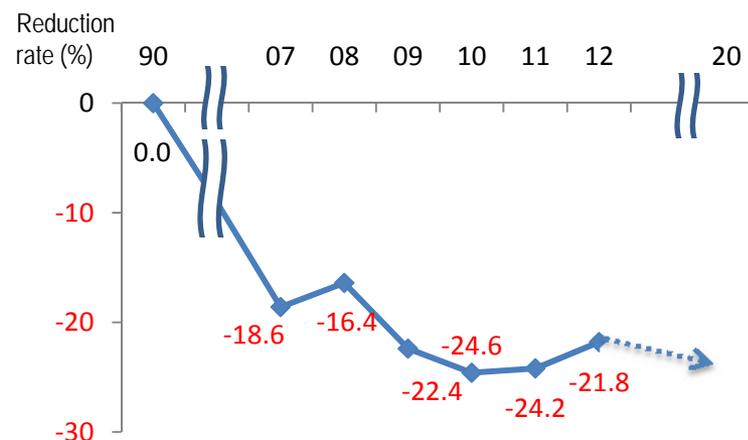


Tokuyama Factory

Initiatives

- Reduce the unit of energy consumption
- Build an integrated production system
- Promote businesses that contribute to the local community in such areas as energy and waste treatment as a company that plays a central role in industrial complex cooperation

Unit Energy Consumption Index*



5. Financial Policy

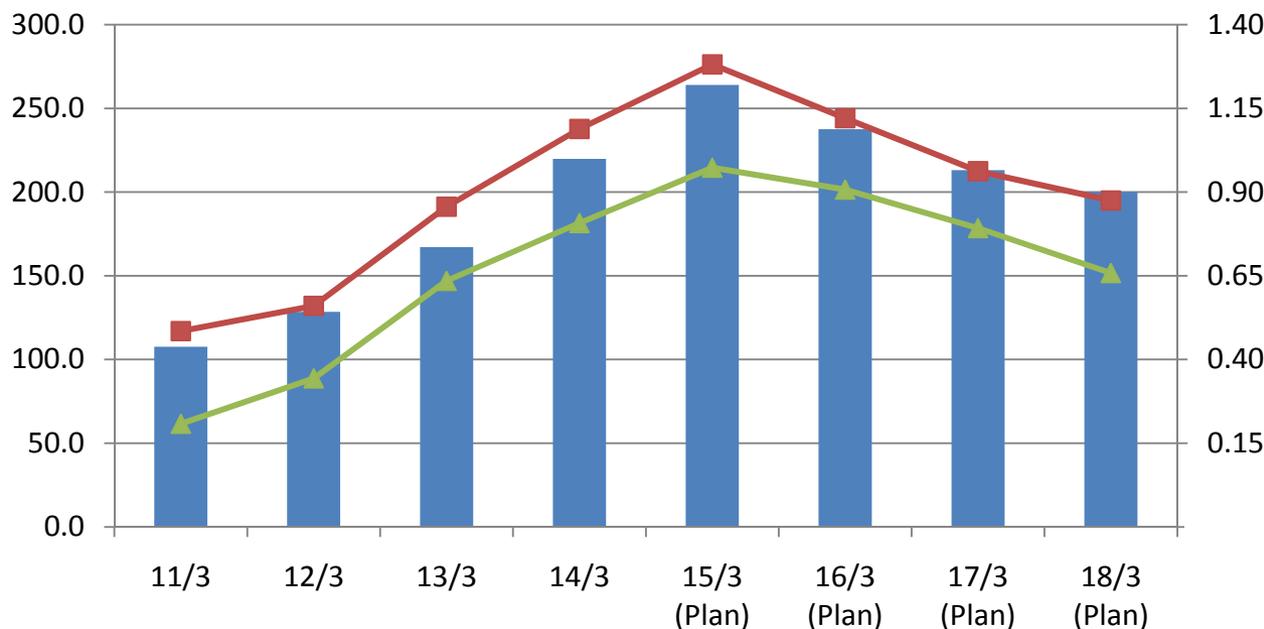
● Take steps to restore the Company's financial position, pursue stability, and make the necessary preparations to promote a new growth strategy for the foreseeable future through a variety of initiatives including the drawdown of hybrid (subordinated) loans, selective investment (less than 75% of depreciation), and the completion of the Profit Improvement Plan.

Interest-bearing debt trend (non-consolidated)

■ Interest-bearing debt ■ D/E ratio ▲ Net D/E ratio

(Billions of yen)

(D/E ratio)



2015/3 (Plan)	
Interest-bearing debt	¥264.0 billion
D/E ratio	1.28
Net D/E ratio*	0.97



2018/3 (Plan)	
Interest-bearing debt	¥200.0 billion
D/E ratio	0.87
Net D/E ratio*	0.66

*Net D/E ratio: (Interest-bearing debt – Cash and deposits, Cash equivalents, Money held in trust)/Shareholders' equity



4 Supplementary Data

1. Consolidated Financial Statements
2. Cash Flows
3. Non-Operating Income/Expenses
4. Extraordinary Gains/Losses
5. Principal Indicators
6. Performance Trend
7. Price Trend of Main Raw Material and Fuel
8. Price Trend of Polysilicon in China
9. CAPEX and Depreciation Trend
10. Interest-bearing Debts Trend
11. Free Cash Flow Trend
12. Net Sales/Operating Income by Business Segment
13. Performance Forecasts by Business Segment (1H/2H)
14. Business Category and Positioning

1. Consolidated Financial Statements

Income Statements

(Billions of yen)

	FY2012	FY2013	Difference	
			Amount	%
Net sales	258.6	287.3	+28.6	+11
Cost of sales	191.4	206.9	+15.4	+8
Selling, general and administrative expenses	60.3	60.0	(0.2)	(0)
Operating income	6.7	20.2	+13.4	+199
Non-operating income/expenses	(3.5)	(5.3)	(1.7)	-
Ordinary income	3.2	14.9	+11.7	+363
Extraordinary income/expenses	(31.2)	(2.0)	+29.2	-
Income before income taxes and minority interests	(28.0)	12.9	+41.0	-
Income taxes and minority interests	9.8	2.7	(7.1)	(72)
Net income/loss	(37.9)	10.2	+48.1	-

1. Consolidated Financial Statements

Balance Sheets

(Billions of yen)

	3/31/2013	3/31/2014	Changes	
			Amount	%
Total assets	518.2	576.3	+58.0	+11
Current assets	186.1	191.6	+5.5	+3
Tangible fixed assets	274.3	323.1	+48.7	+18
Intangible fixed assets	7.9	10.1	+2.1	+27
Investments and other assets	49.8	51.4	+1.6	+3

	3/31/2013	3/31/2014	Changes	
			Amount	%
Total liabilities	294.3	339.8	+45.4	+15
Current liabilities	115.6	99.2	(16.3)	(14)
Long-term liabilities	178.7	240.5	+61.8	+35
Total net assets	223.8	236.4	+12.5	+6

2. Cash Flows

Consolidated (year-on-year change)

(Billions of yen)

	FY2012	FY2013
Cash flows from operating activities (1)	17.0	34.1
Cash flows from investing activities (2)	(60.6)	(64.4)
Free cash flows (3) ((1)+(2))	(43.6)	(30.2)
Cash flows from financing activities (4)	36.4	45.9
Effect of exchange rate changes on cash and cash equivalents (5)	0.6	1.4
Net increase (decrease) in cash and cash equivalents (6) ((3)+(4)+(5))	(6.4)	17.1
Cash and cash equivalents at beginning of the year (7)	58.4	52.4
Increase (decrease) in cash and cash equivalents due to changes of scope of consolidation(8)	0.4	0.4
Cash and cash equivalents at end of the year (9) ((6)+(7)+(8))	52.4	69.9

4 Supplementary Data

3. Non-Operating Income/Expenses Consolidated (year-on-year change)

(Billions of yen)

		FY2012	FY2013	Changes	Notes
Non-operating income	Interest and dividend income	0.5	0.5	+0.0	
	Other income	2.4	2.4	(0.0)	
	Total	3.0	3.0	+0.0	
Non-operating expenses	Interest expenses	2.3	2.7	(0.3)	
	Other expenses	4.2	5.6	(1.3)	Borrowing-related costs (1.9) Decrease in costs of idle operations +0.4
	Total	6.5	8.3	(1.7)	
Non-operating income/expenses		(3.5)	(5.3)	(1.7)	

4. Extraordinary Gains/Losses

Consolidated (year-on-year change)

(Billions of yen)

	FY2012	FY2013	Changes	Notes
Extraordinary gains	1.0	0.6	(0.3)	Decrease in gain on sales of fixed assets (0.4)
Extraordinary losses	32.3	2.7	+29.6	Decrease in impairment loss for fixed assets +26.8 Decrease in valuation loss on inventory +2.4
Extraordinary gains/losses	(31.2)	(2.0)	+29.2	

5. Principal Indicators ①

(year-on-year change)

(Billions of yen)

	FY2012		FY2013		Changes	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Capital expenditures	97.5	15.9	61.0	5.1	(36.4)	(10.8)
Depreciation and amortization	23.2	18.4	16.7	11.3	(6.4)	(7.1)
R&D expenses	10.0	7.7	8.7	6.4	(1.3)	(1.3)
Financial income and expenses	(1.7)	(0.2)	(2.1)	1.9	(0.3)	+2.1

5. Principal Indicators ②

(compared with the previous fiscal year-end)

		3/31/2013		3/31/2014		Changes	
		Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Interest-bearing debts	Billions of yen	187.7	167.2	240.7	220.0	+53.0	+52.8
Number of employees	Persons	5,651	2,122	5,756	2,041	+105	(81)

5. Principal Indicators ③

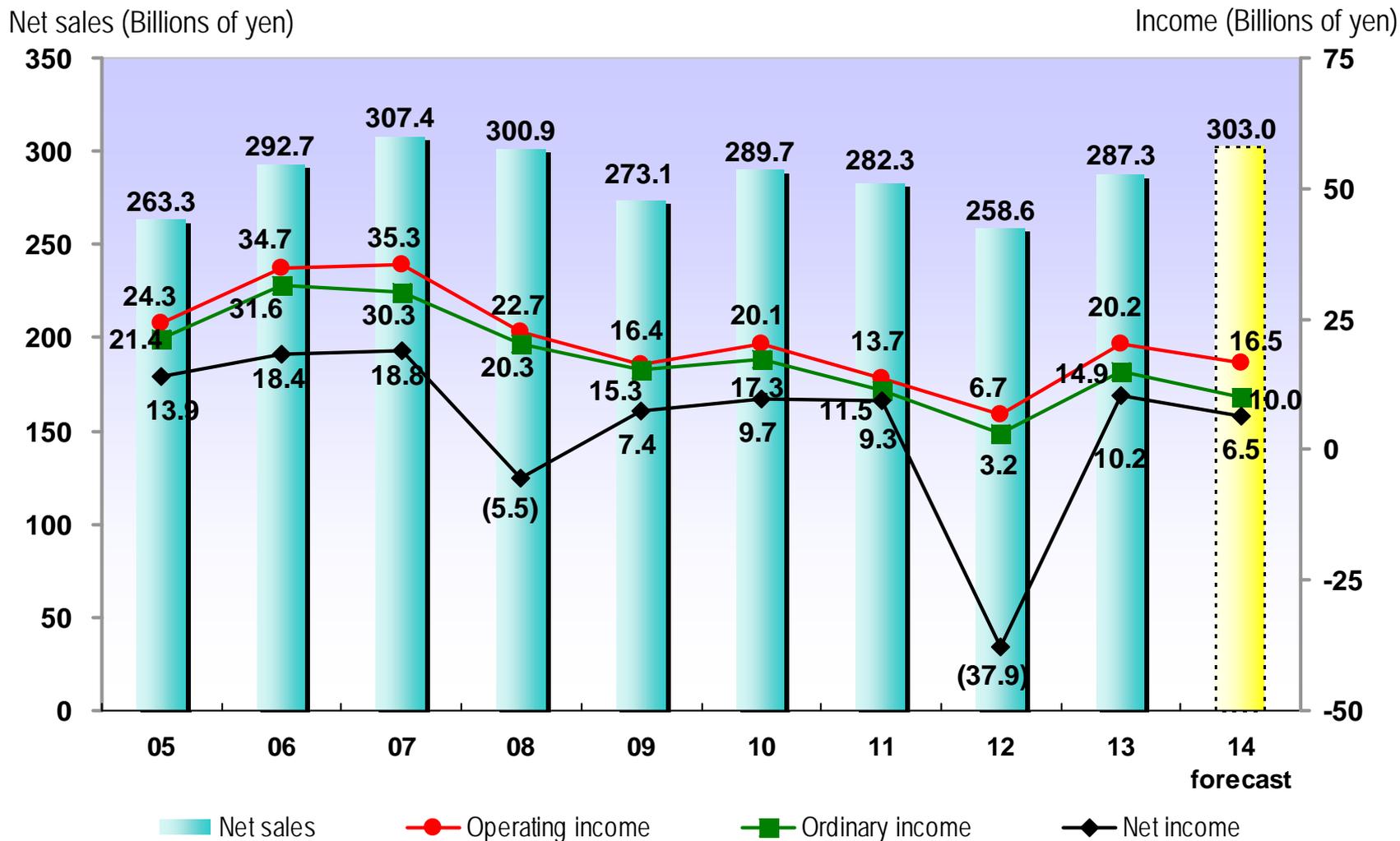
(year-on-year change based on FY14 forecasts)

(Billions of yen)

	FY2014 Forecasts		FY2013 Results		Changes	
	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated	Consolidated	Non-Consolidated
Capital expenditures	30.5	9.1	61.0	5.1	(30.5)	+4.0
Depreciation and amortization	22.4	11.5	16.7	11.3	+5.6	+0.1
R&D expenses	10.5	7.9	8.7	6.4	+1.8	+1.5

6. Performance Trend

Consolidated (Annual)

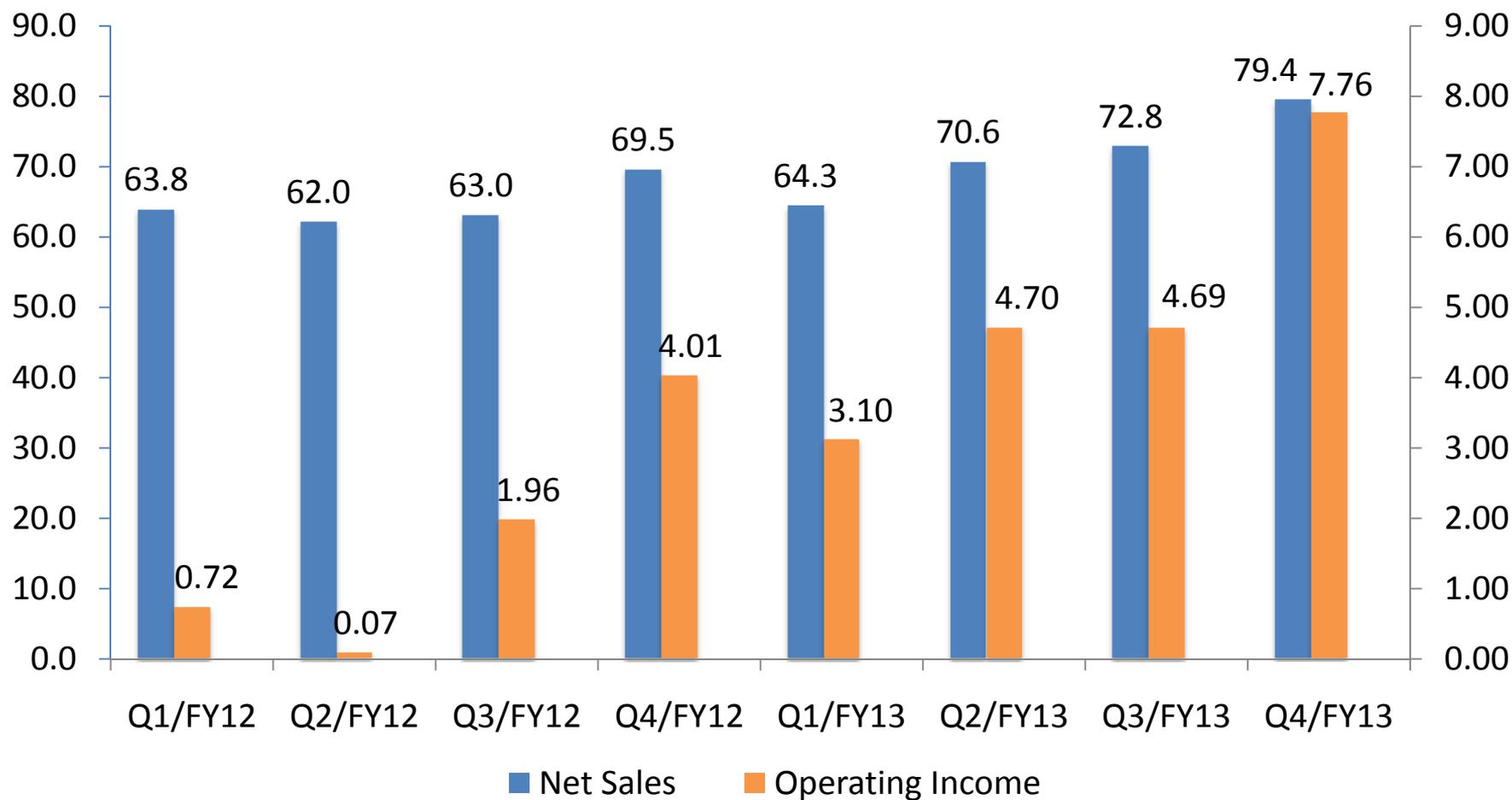


6. Performance Trend

(Quarter)

Consolidated

(Billions of yen)

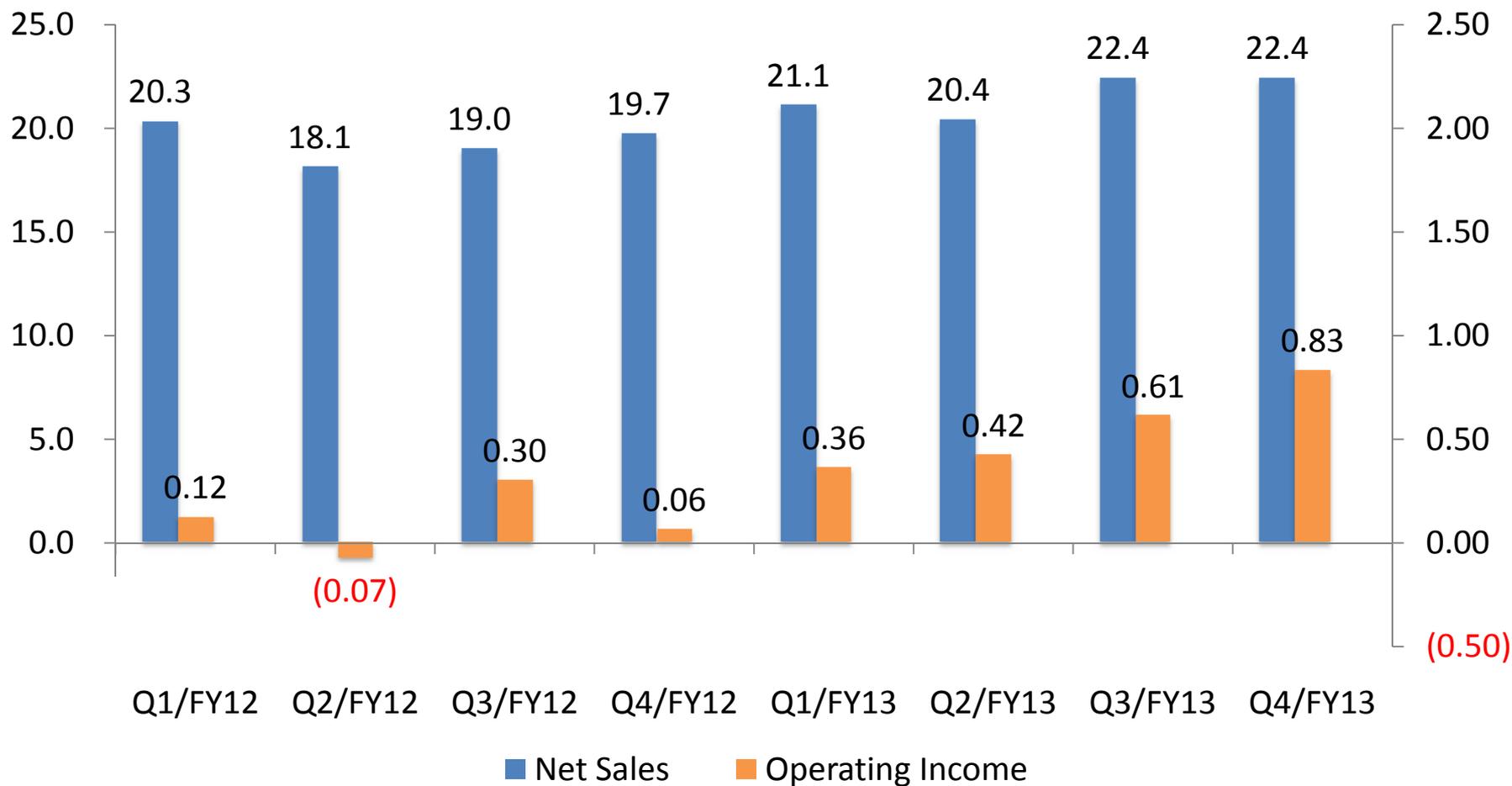


6. Performance Trend

(Quarter)

Chemicals

(Billions of yen)

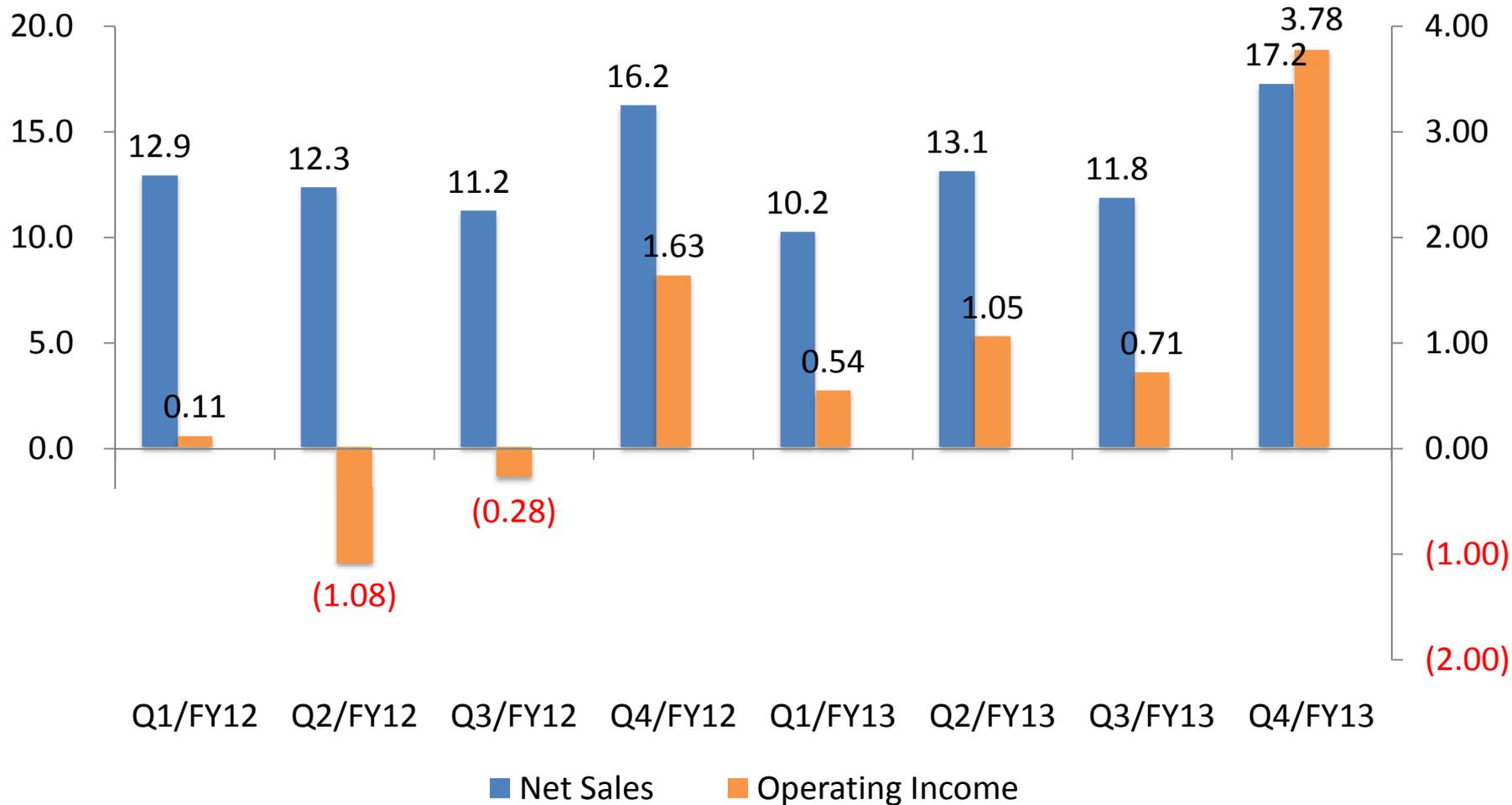


6. Performance Trend

(Quarter)

Specialty Products

(Billions of yen)

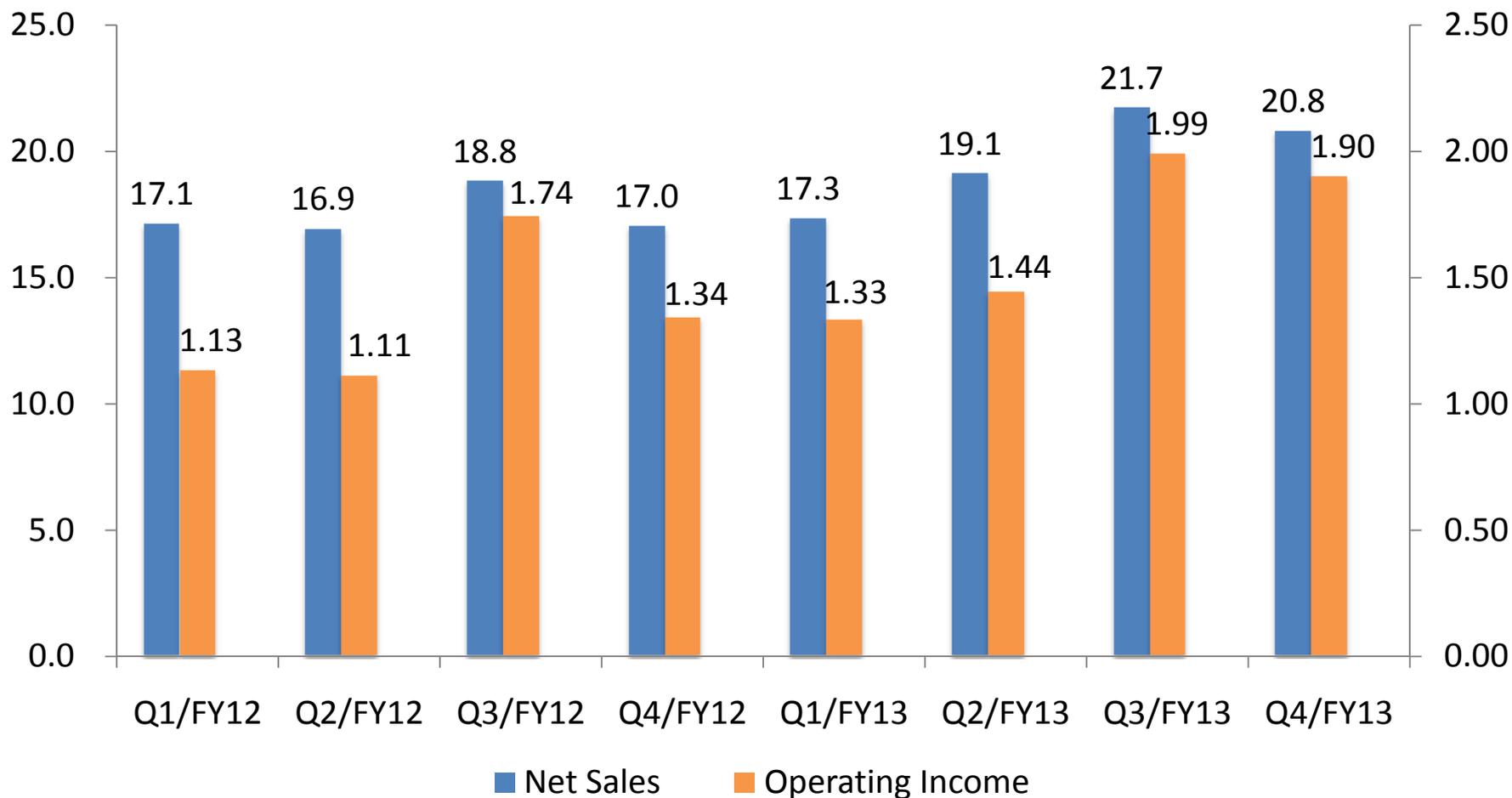


6. Performance Trend

(Quarter)

Cement

(Billions of yen)

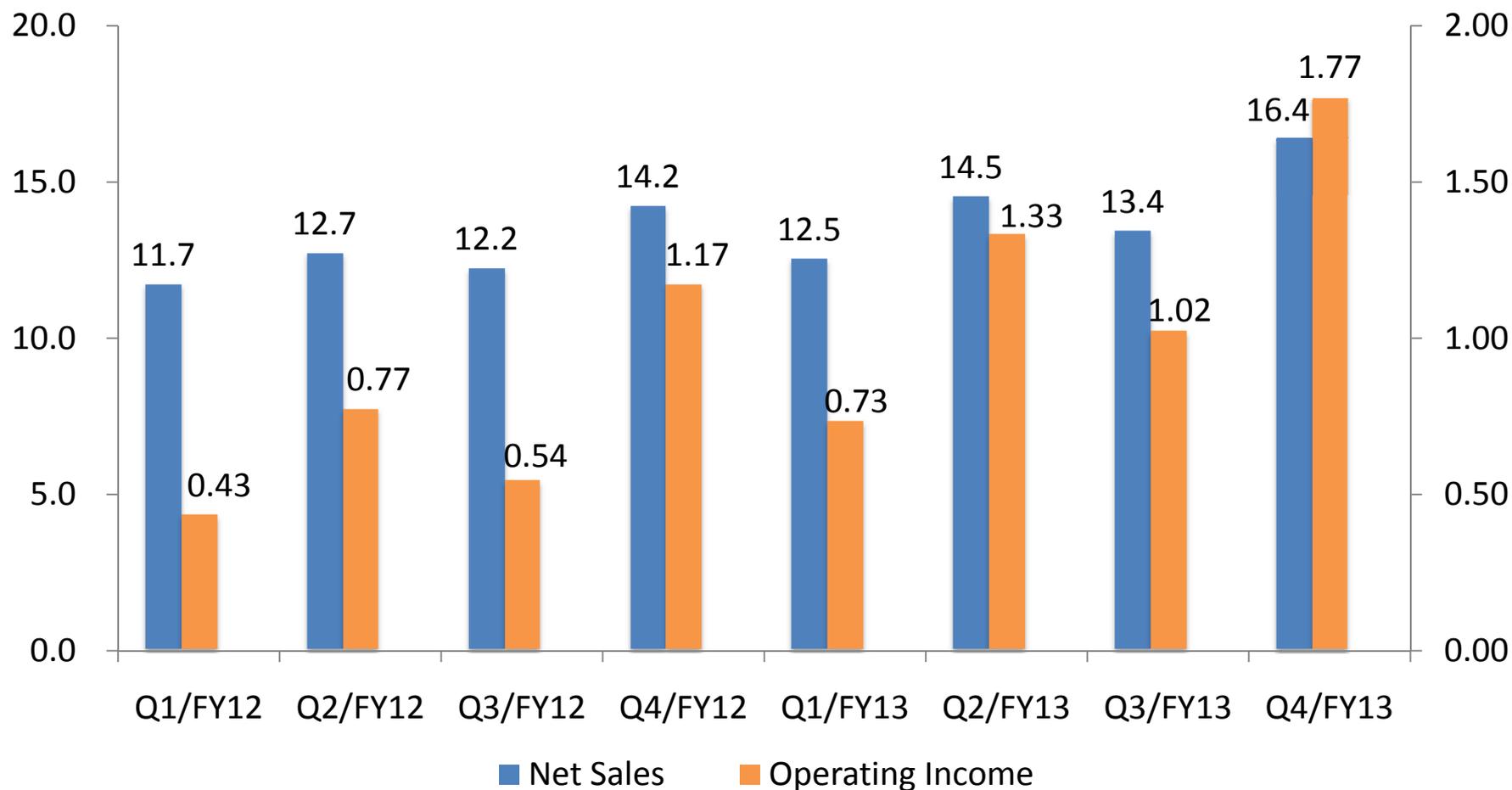


6. Performance Trend

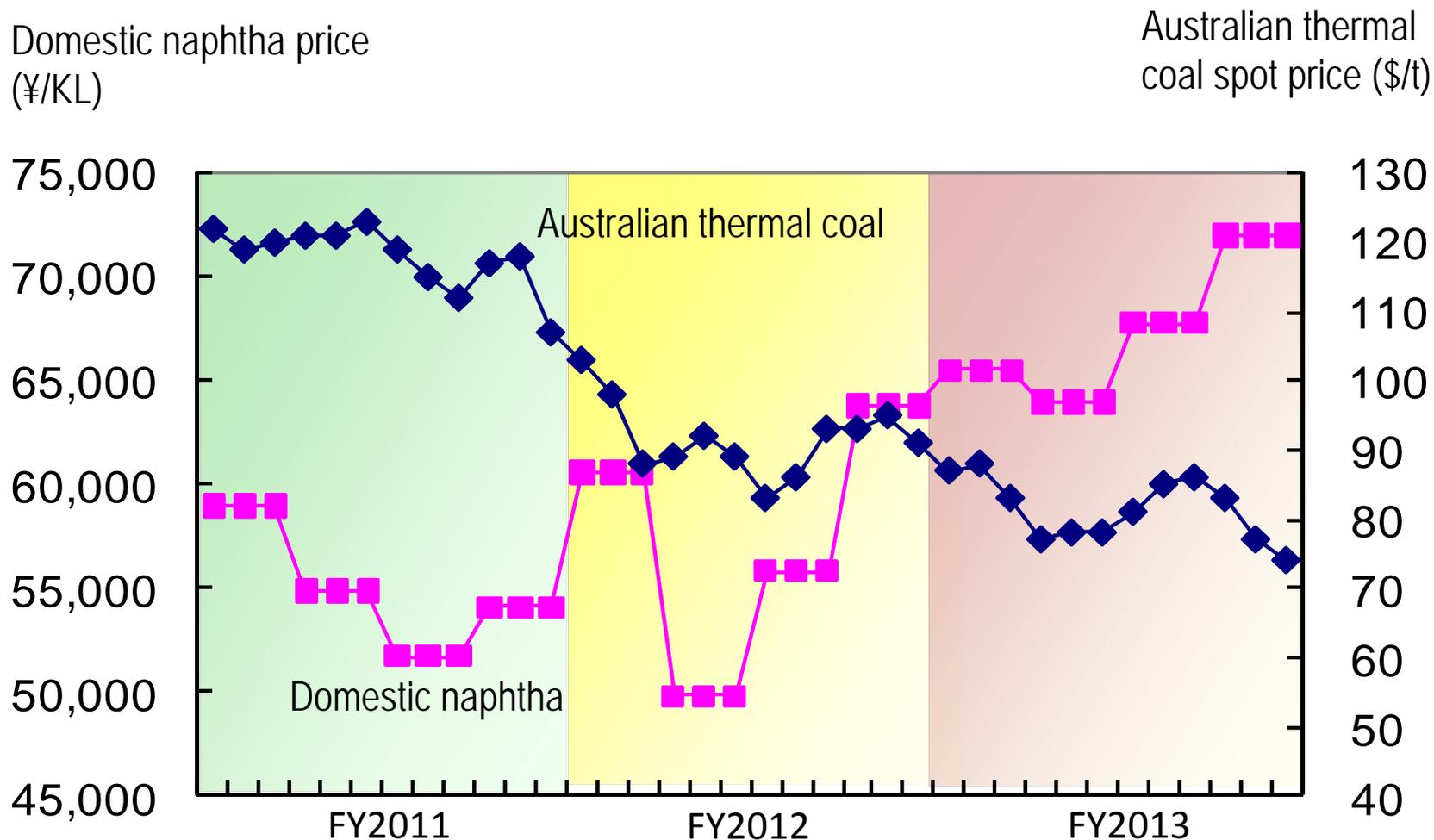
(Quarter)

Life & Amenity

(Billions of yen)

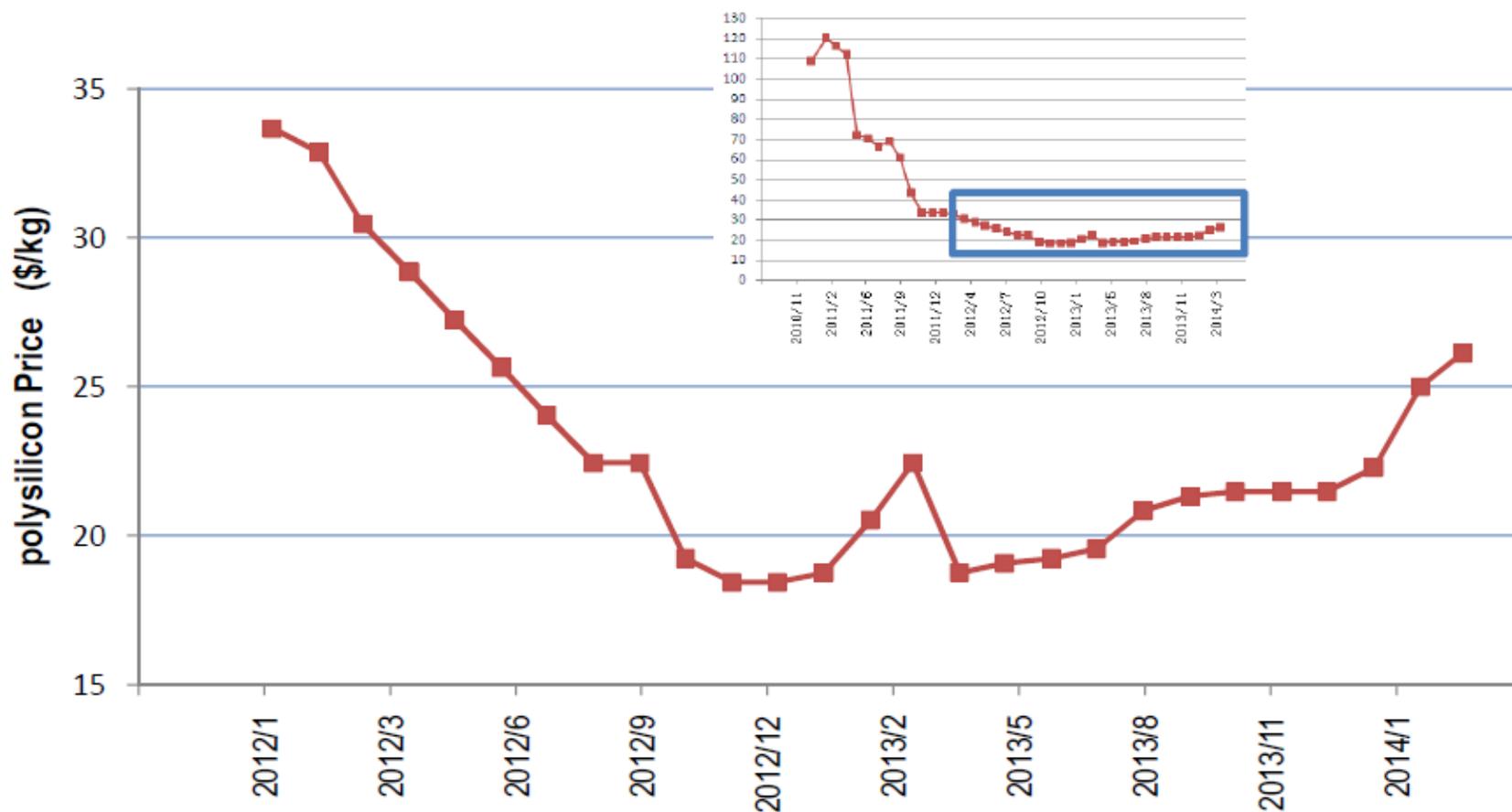


7. Price Trend of Main Raw Material and Fuel



8. Price Trend of Polysilicon in China

Price trend of polysilicon in China

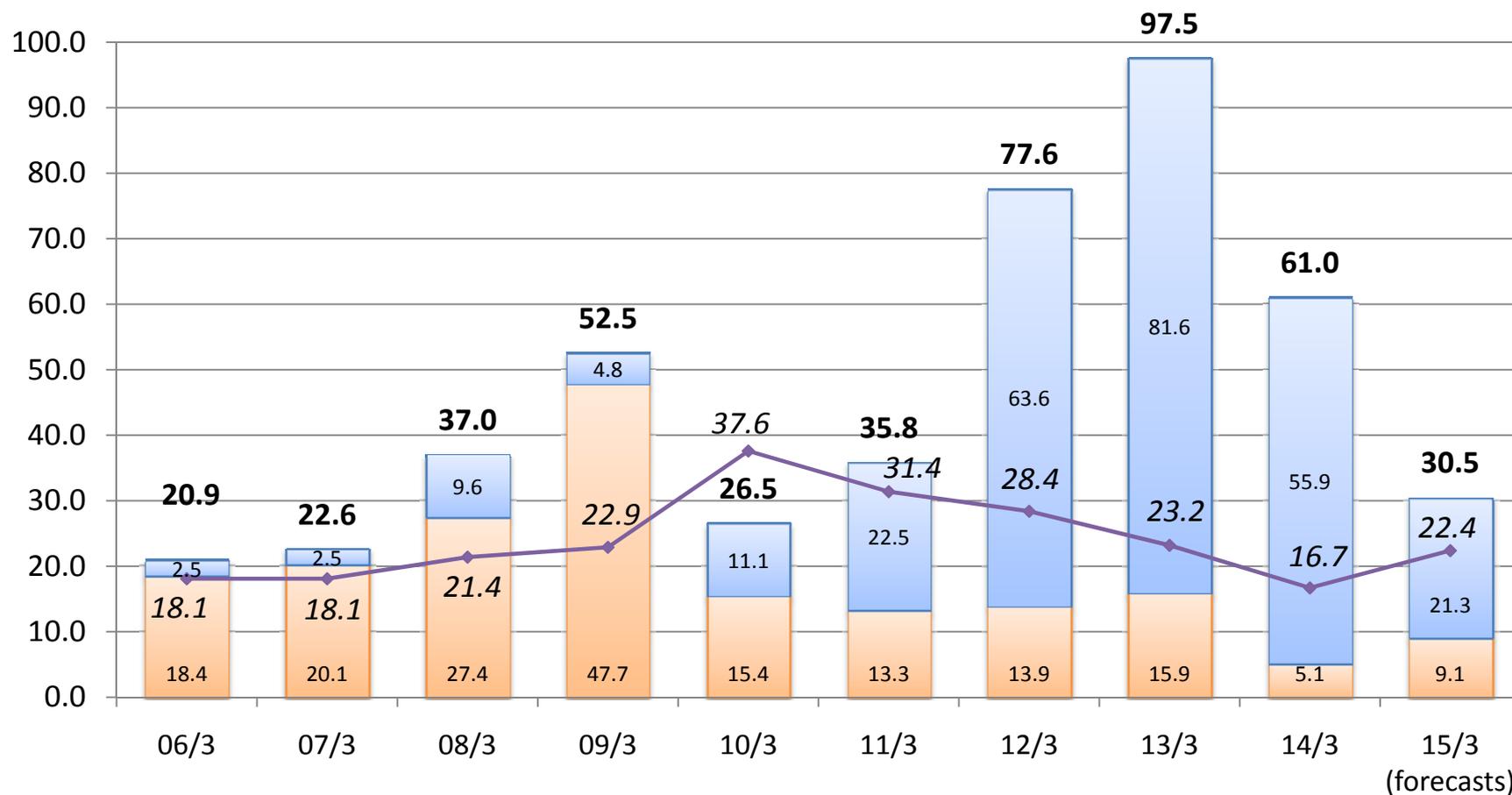


Note: Prepared by the Company based on research company data

9. CAPEX and Depreciation Trend

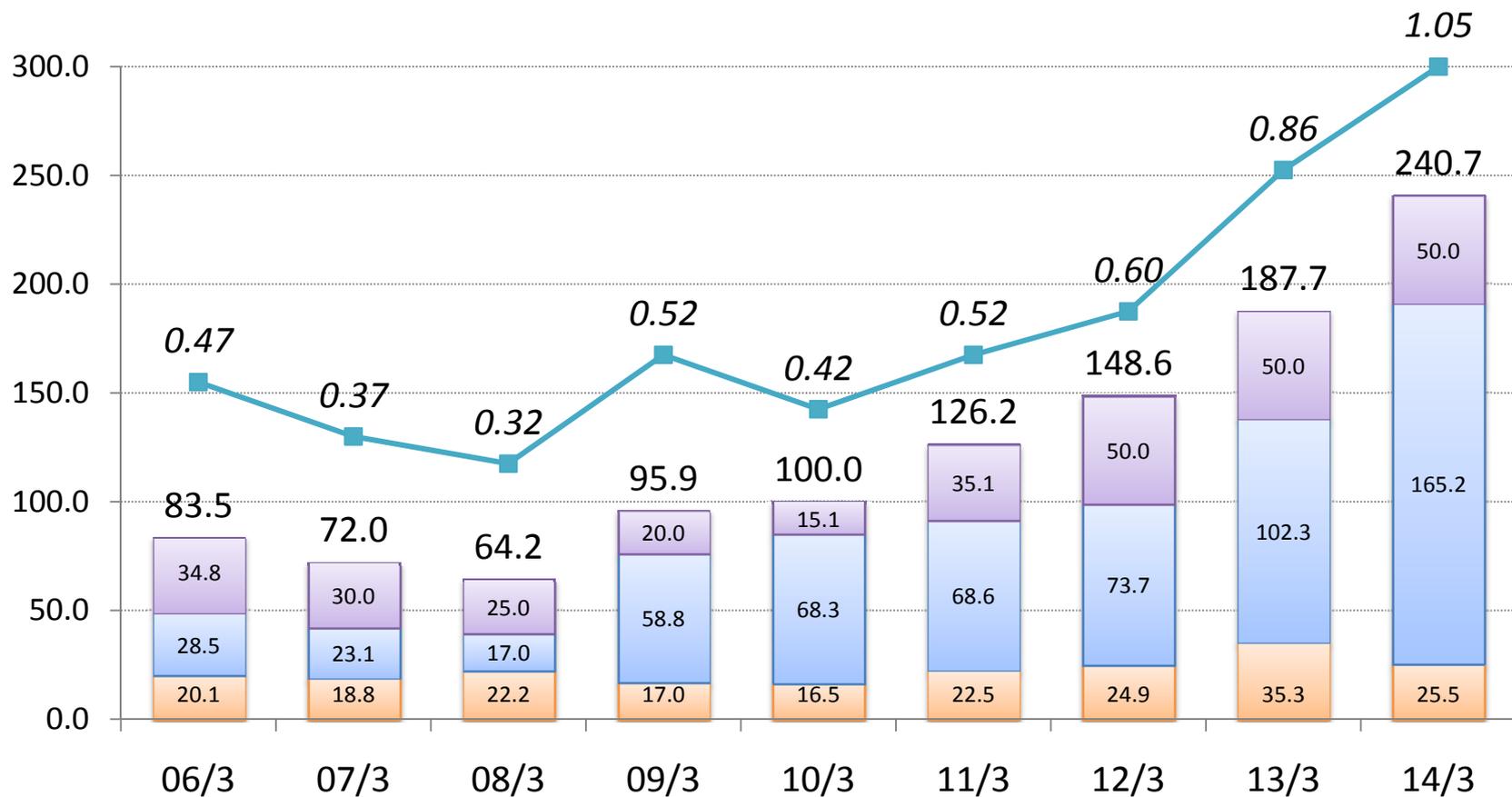
(Billions of yen)

consolidated non consolidated depreciation



10. Interest-Bearing Debts Trend Consolidated

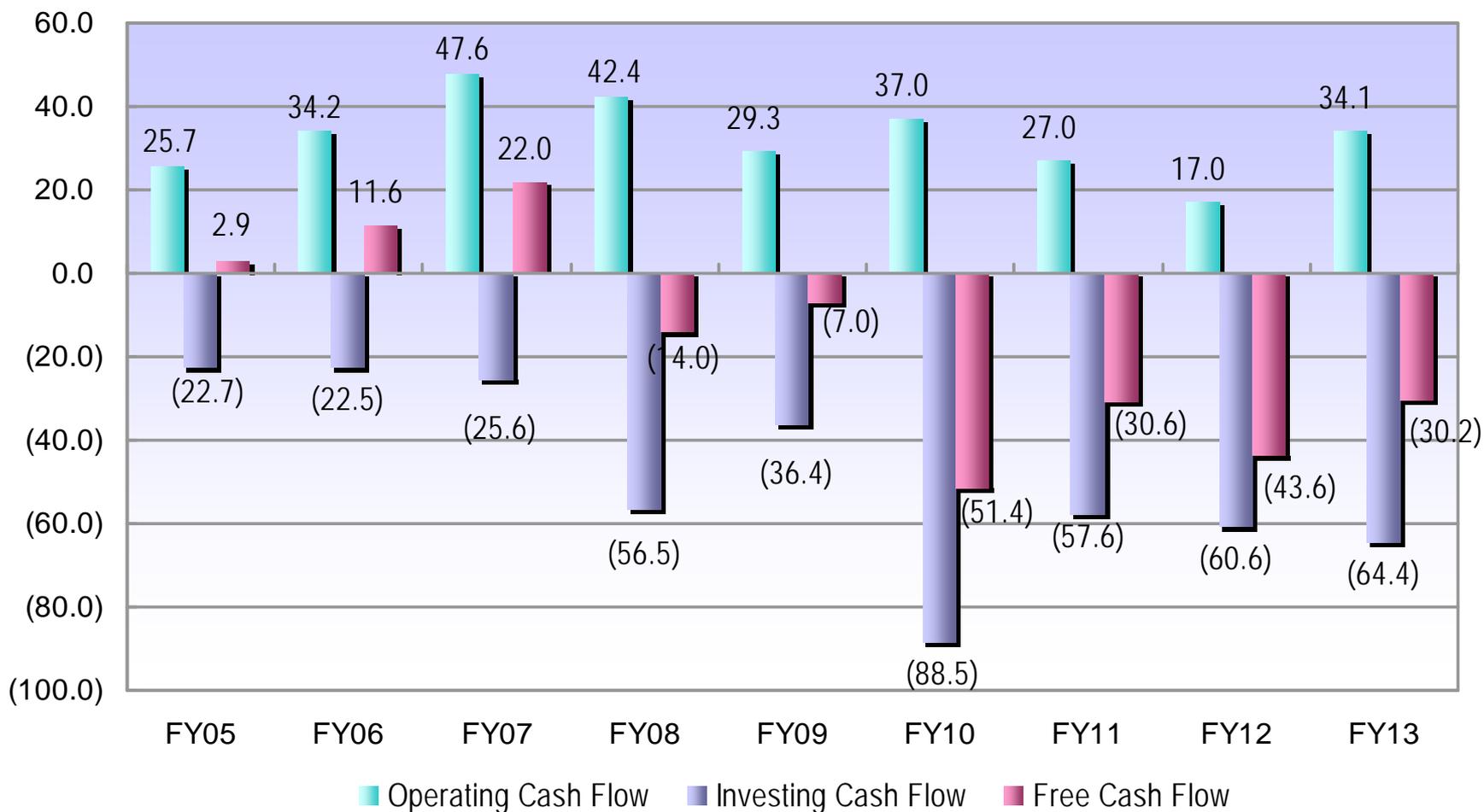
(Billions of yen) ■ Short-term debt ■ Long-term debt ■ Unsecured bonds ■ D/E ratio



11. Free Cash Flow Trend

Consolidated

(Billions of yen)



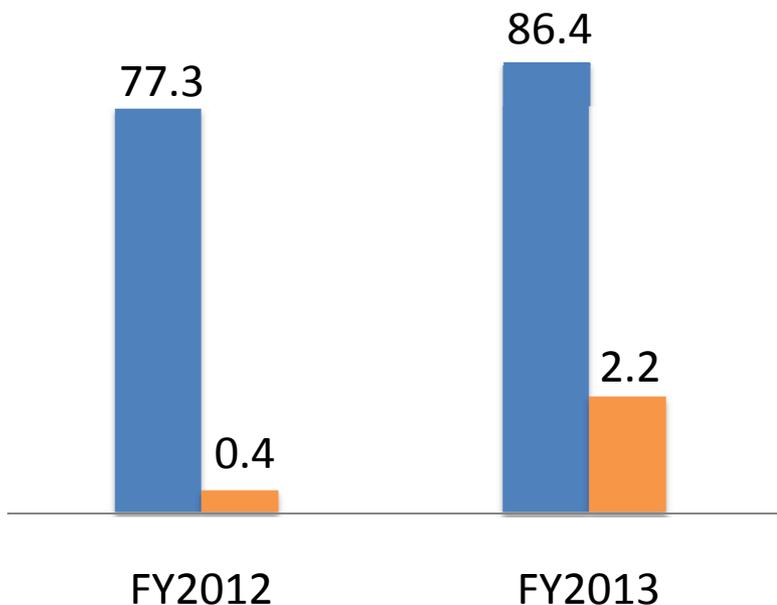
12. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Chemicals

Higher earnings on higher sales

■ Net Sales ■ Operating Income
(Billions of yen)



Qualitative information

(Vinyl chloride monomer (VCM))

- Sales volume recovery resulting from resolution of plant's difficulties that occurred in the corresponding period of the previous year
- Rise in export price resulting from the weaker yen

(Caustic soda)

- Domestic sales volume recovery due to improved operating rate of electrolysis facilities resulting from resolution of difficulties at VCM plant mentioned above

(Vinyl chloride resin)

- Selling price revision
- Increased cost of raw materials due to price rise of domestic naphtha

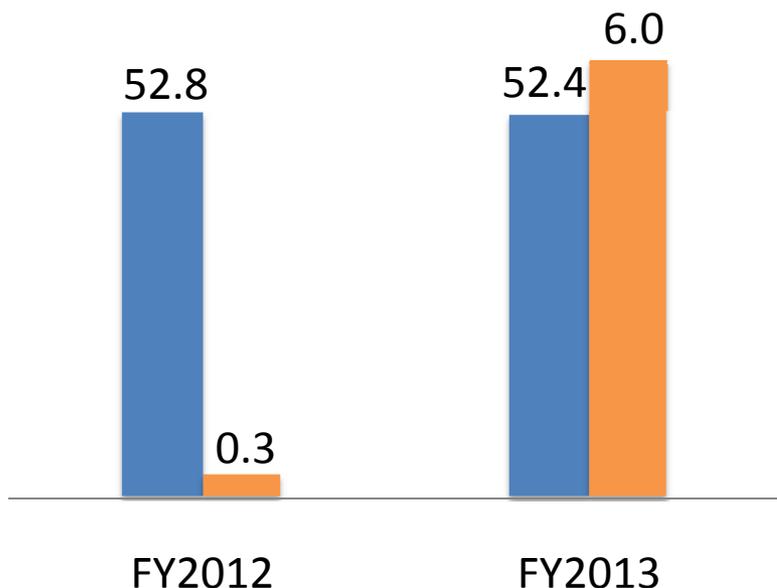
12. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Specialty Products

Higher earnings on lower sales

■ Net Sales ■ Operating Income
(Billions of yen)



Qualitative information

(Polycrystalline silicon)

- Decreased sales due to a price slump in the supply chains
- Lower sales volume of solar-grade polycrystalline silicon resulting from the adoption of a sales strategy that focused on profits under sluggish market conditions due to excess supply
- Improvement of average selling price resulting from the change in product mix and weaker yen

(Fumed silica, High-purity chemicals for electronics manufacturing)

- Selling price revision
- Export price hikes arising from the weaker yen

(Aluminum nitride)

- Increased sales volume due to semiconductor market recovery

12. Net Sales/Operating Income by Business Segment

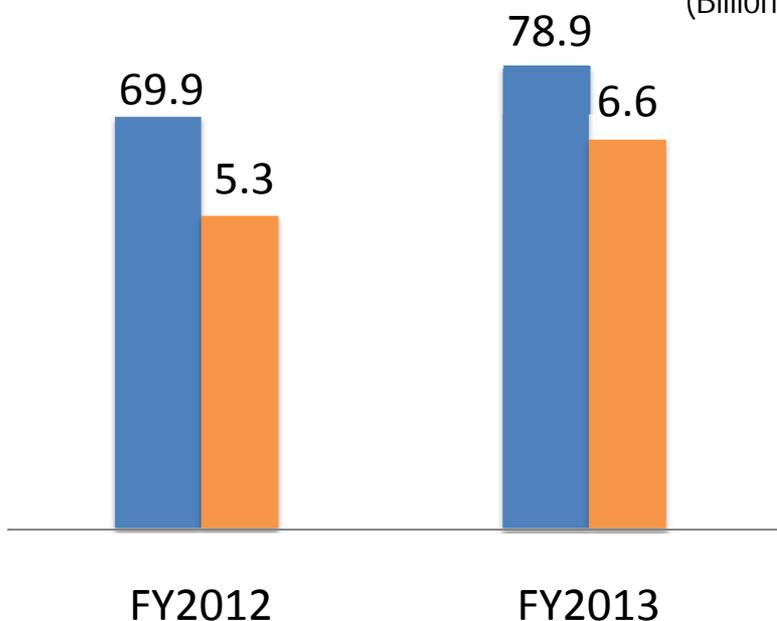
(Year-on-year change)

Cement

Higher earnings on higher sales

■ Net Sales ■ Operating Income

(Billions of yen)



Qualitative information

(Cement)

- Increased sales volume due to the recovery in demand in Japan
- Increased sales due to the factor that the Company made Tokuyama Nouvelle Calédonie S.A. a subsidiary in June 2013

(Recycling and environment-related business)

- The Company accepted a larger volume of waste as a result of its higher cement production

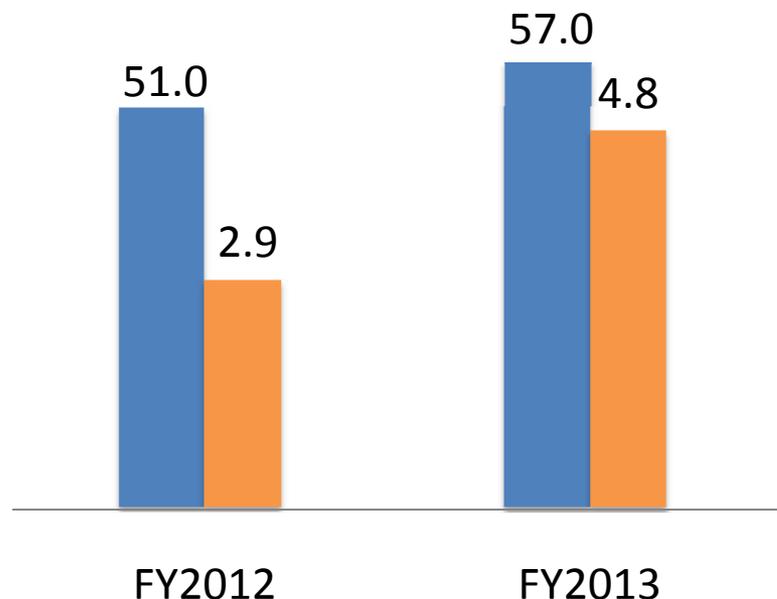
12. Net Sales/Operating Income by Business Segment

(Year-on-year change)

Life & Amenity

Higher earnings on higher sales

■ Net Sales ■ Operating Income
(Billions of yen)



Qualitative information

(Plastic lens-related materials)

- Increased sales volume due to the recovery from damage to supply chains caused by the flooding in Thailand that occurred in 2011

(Polyolefin film)

- Increase sales volume resulting from sales expansion
- Selling price revision

(Dental materials and equipment)

- Increase sales volume resulting from overseas sales expansion
- Rise in export prices resulting from the weaker yen

(Plastic window sashes)

- Increase sales volume on the back of the recovery in housing starts
- Improved profitability owing to business reconstruction

13. Performance Forecasts by Business Segment (1H/2H)

(year-on-year change based on FY14 forecasts)

(Billions of yen)

	FY2013 Results						FY2014 Forecasts					
	1H		2H		Total		1H		2H		Total	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Chemicals	41.5	0.7	44.8	1.4	86.4	2.2	44.0	2.0	47.5	2.0	91.5	4.0
Specialty Products	23.4	1.5	29.0	4.4	52.4	6.0	26.0	1.0	34.5	2.0	60.5	3.0
Cement	36.4	2.7	42.5	3.9	78.9	6.6	40.0	2.5	41.0	3.0	81.0	5.5
Life & Amenity	27.1	2.0	29.8	2.8	57.0	4.8	29.5	2.0	28.5	2.0	58.0	4.0
Others	23.2	2.1	24.0	2.0	47.2	4.1	24.5	2.5	25.0	2.5	49.5	5.0
Total	151.8	9.3	170.3	14.6	322.2	24.0	164.0	10.0	176.5	11.5	340.5	21.5
Inter-segment eliminations and corporate-wide expenses	(16.8)	(1.5)	(18.0)	(2.2)	(34.9)	(3.7)	(18.0)	(2.5)	(19.5)	(2.5)	(37.5)	(5.0)
Consolidated Results	135.0	7.8	152.2	12.4	287.3	20.2	146.0	7.5	157.0	9.0	303.0	16.5

(Note) Sales and operating income shown above include inter-segment transactions.

14. Business Category and Positioning

Business Category and Positioning

Segmentation



Chemicals



Cement



Specialty
Products



Life & Amenity

Strategically growing businesses (Global, Profit expansion-type)

Growing Materials Business

- Polycrystalline silicon
- Fumed silica
- Shapal (Aluminum nitride)
- IC Chemical

Growing Components Business

- NF (Microporous film)
- Fine Chemicals (Pharmaceutical bulks, Plastic lens materials for glasses)
- Clinical analyzers (A&T Corp.)
- Dental materials/equipments (Tokuyama Dental Corp.)
- Gas sensors (Figaro Engineering Inc.)

Businesses in which we aim to improve profitability (Domestic, Profit stability-type)

Foundation Business

- Cement
- Recycling and environment
- Soda ash and calcium chloride
- Chlor-alkali and vinyl chloride
- New organic chemicals (IPA:PA: Isopropyl Alcohol)
- Polyvinyl Chloride (Shin Dai-ichi Vinyl Corp.)

Independent Component Business

- Polyolefin film (Sun • Tox Co., Ltd.)
- Plastic window sashes (Excel Shanon Corp.)

New Businesses

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Chemistry with a heart

TOKUYAMA

