

Q3 Fiscal 2021 - Apr 1, 2021 to Dec 31, 2021-

# Presentation for IR Meeting

January 31, 2022

Tokuyama Corporation



# Key points of the third quarter of fiscal 2021

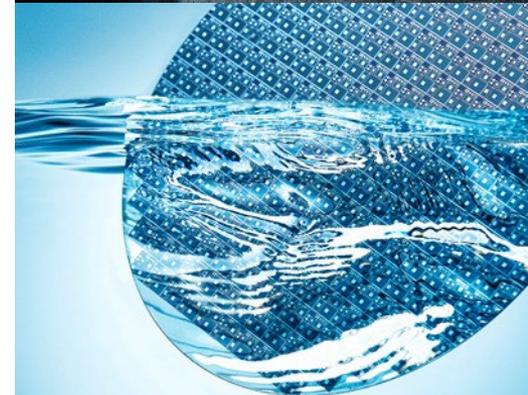
- Despite a year-on-year increase in sales of semiconductor- and healthcare-related products as well as such factors as an increase in the price of petroleum products, earnings decreased as a result of upswings in fuel and raw material prices as well as costs including logistics expenses
- Although the total performance forecast has not been revised, the breakdown by segment is revised mainly based on the actual results up to Q3 fiscal 2021
- Continue to focus on efforts aimed at achieving the performance forecasts for fiscal 2021, by taking such measures as the revision of sales prices to recover the increase in costs
- Steadily implemented growth strategies to achieve business portfolio transformation, including expansion the IC Chemicals business by establishment of a high-purity IPA joint venture company in South Korea

## CONTENTS

- 1 Financial Results for Q3 FY2021
- 2 Performance Forecasts for FY2021
- 3 Topics
- 4 Supplementary Material

# 1 Financial Results for Q3 FY2021

1. Financial Highlights
2. Net Sales / Operating Profit by Business Segment
3. Changes in Operating Profit
4. Changes in Net Sales / Operating Profit by Business Segment



# 1. Financial Highlights

(Billions of yen)

Accounting Standard for Revenue Recognition :	Q3 FY2020 Not applied	Q3 FY2021 Top :Applied Bottom:Not applied	Difference		Main changing factors
			Amount	%	
Net sales	220.9	211.6	(9.3)	(4)	Upturn in price of petroleum products Solid sales of semiconductor-related products
		247.1	+26.2	+12	
Operating profit	21.7	17.1	(4.5)	(21)	Increase in fuel and raw material prices
Ordinary profit	21.1	17.6	(3.5)	(17)	Decrease in operating profit
Profit attributable to owners of parent	19.3	13.3	(5.9)	(31)	Increase in Income taxes
Basic earnings per share (yen)	278.14	185.87	-	-	-
Exchange rate (yen/USD)	106	111	-	-	-
Domestic naphtha price (yen/kl)	28,800	53,800	-	-	-

## 1. Financial Highlights

(Billions of yen)

	As of Mar 31,2021	As of Dec 31,2021	Difference	Main changing factors
Total assets	386.7	402.2	+15.4	Increase in fixed assets due to capital investment
Shareholders' equity	198.5	208.2	+9.6	Posting profit attributable to owners of parent
Shareholders' equity ratio	51.3%	51.8%	+0.4pts	-
Interest-bearing debt	98.4	92.8	(5.6)	Decrease in long-term loans payable
D/E ratio	0.50	0.45	(0.05)	-
Net D/E ratio*	0.07	0.13	+0.06	-
Net assets per share (yen)	2,758.37	2,894.33	-	-

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

## 2. Net Sales/Operating Profit by Business Segment

(Year-on-year change)

(Billions of yen)

Accounting Standard for Revenue Recognition :	Q3 FY2020 Not applied		Q3 FY2021 Top :Applied Bottom:Not applied		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	58.0	8.9	72.4	9.9	+14.4	+25	+0.9	+11
			73.5		+15.4	+27		
Cement	67.3	3.8	38.2	(1.0)	(29.1)	(43)	(4.9)	-
			71.4		+4.1	+6		
Electronic Materials	44.0	4.9	53.4	4.9	+9.4	+21	(0.0)	(0)
			53.6		+9.5	+22		
Life Science	19.6	1.9	23.4	4.0	+3.8	+20	+2.1	+115
			23.4		+3.8	+20		
Eco Business	6.6	(0.4)	7.0	(0.5)	+0.4	+7	(0.1)	-
			7.6		+1.0	+15		
Others	49.1	4.6	26.3	2.8	(22.8)	(46)	(1.8)	(39)
			43.6		(5.4)	(11)		
Total	244.8	23.9	221.0	20.2	(23.7)	(10)	(3.6)	(15)
			273.3		+28.5	+12		
Inter-segment eliminations and corporate-wide expenses	(23.8)	(2.2)	(9.4)	(3.1)	+14.4	-	(0.8)	-
			(26.2)		(2.3)			
Consolidated Results	220.9	21.7	211.6	17.1	(9.3)	(4)	(4.5)	(21)
			247.1		+26.2	+12		

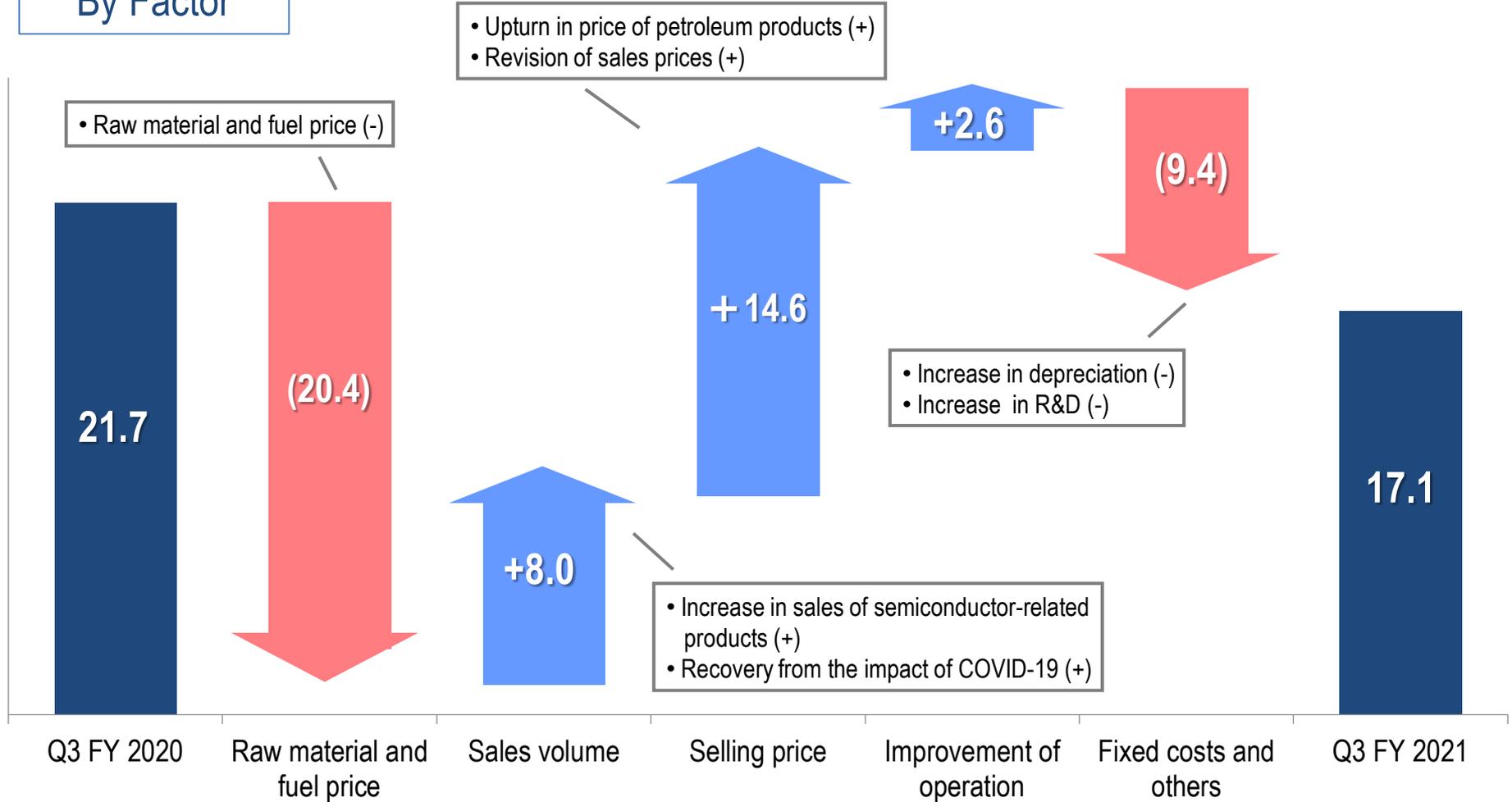
(Note) Sales and operating profit in each segment shown above include inter-segment transactions

# 3. Changes in Operating Profit

(Year-on-year change)

(Billions of yen)

By Factor



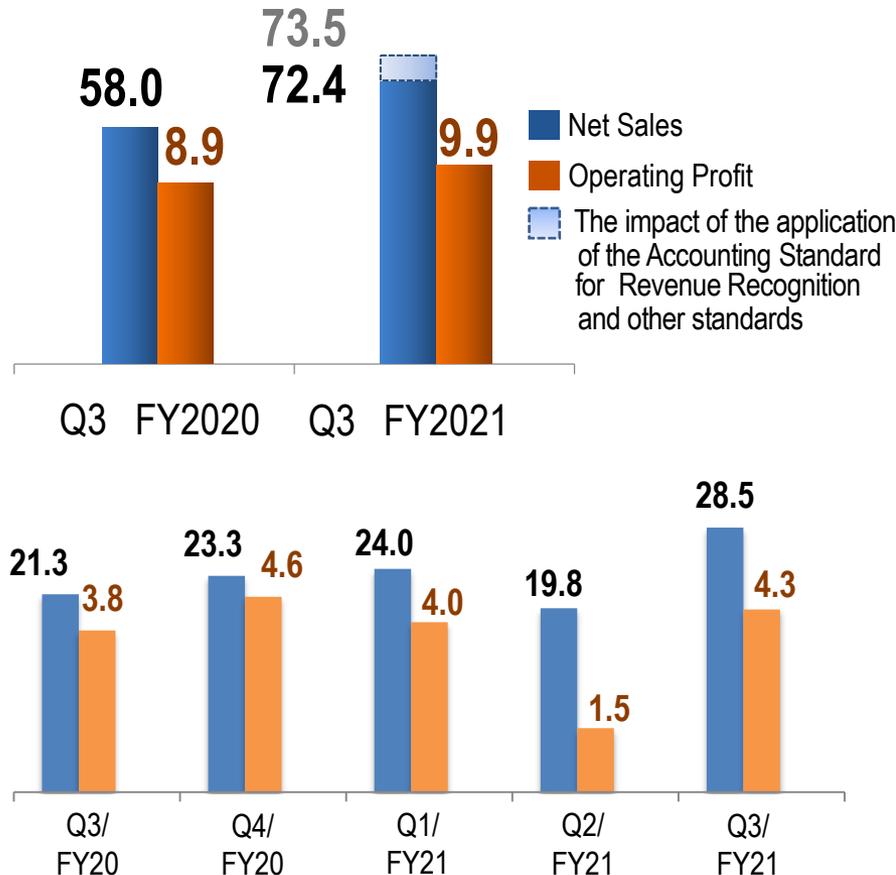
# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Chemicals

*Higher earnings on higher sales*

(Billions of yen)



Qualitative information

(Caustic soda)

- Earnings declined. This downturn in earnings was due to manufacturing costs rising as a result of higher raw material and fuel costs

(Vinyl chloride monomer (VCM))

- Its earnings increased due to the upturn in export prices

(Vinyl chloride resin)

- Downturn in earnings due to rising manufacturing costs as a result of higher raw material and fuel costs

(Soda ash / Calcium chloride)

- Decrease in earnings owing to the upswing in raw material and fuel costs triggering an increase in manufacturing costs

# 4. Changes in Net Sales / Operating Profit by Business Segment

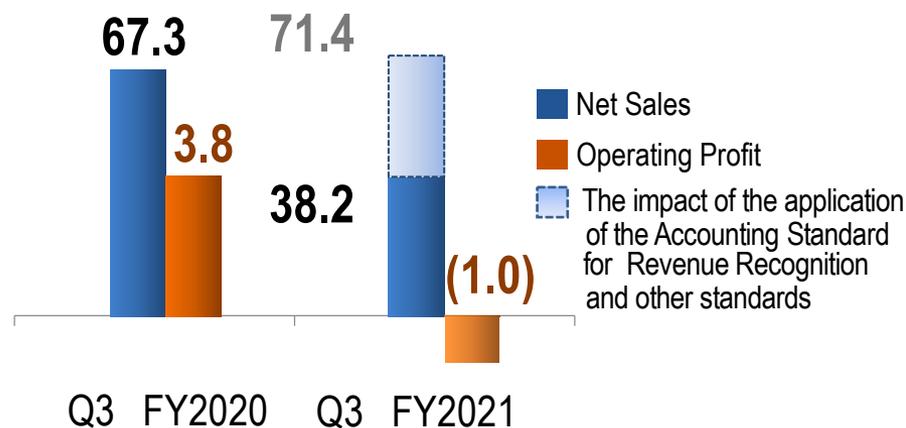
(Year-on-year change)

## Cement

*Loss on lower sales*

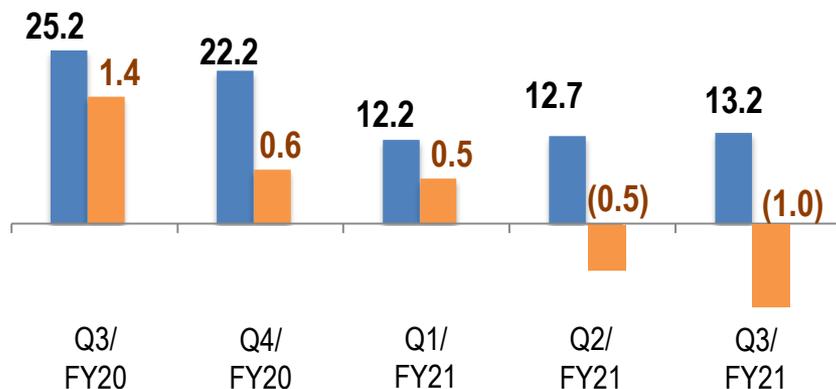
(Billions of yen)

Qualitative information



(Cement)

- Despite shipments of being in line with the corresponding period of the previous year, its earnings deteriorated due to manufacturing costs rising as a result of higher raw material costs

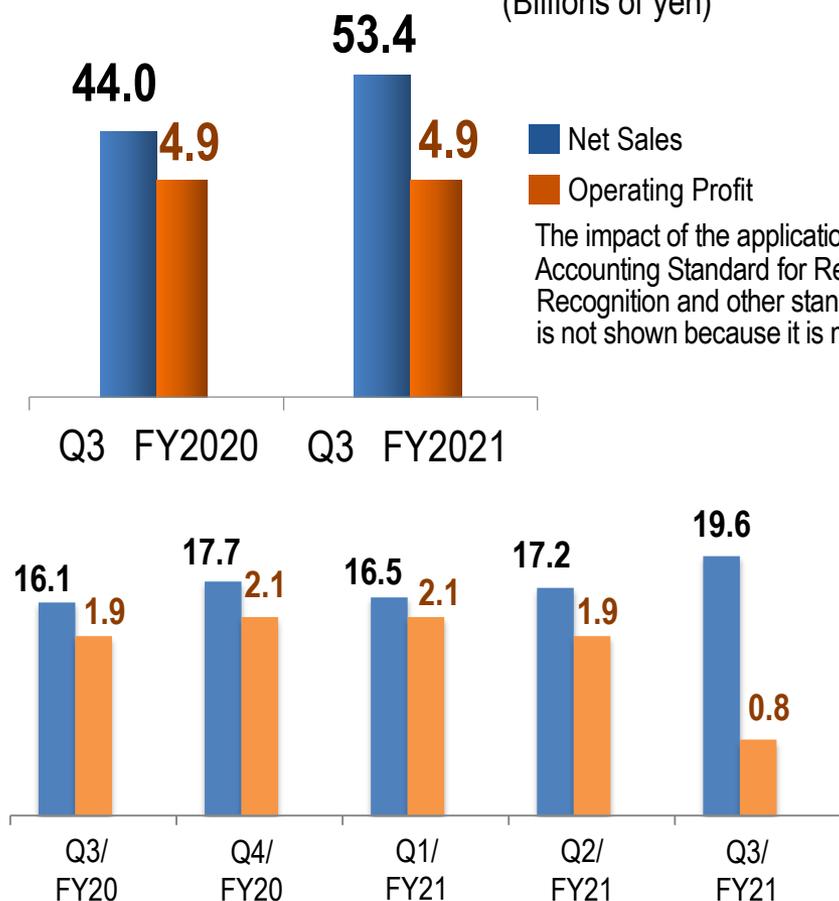


# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Electronic Materials *Lower earnings on higher sales*

(Billions of yen)



The impact of the application of the Accounting Standard for Revenue Recognition and other standards is not shown because it is minor

### Qualitative information

(Semiconductor-grade Polycrystalline silicon)

- Despite an increase in raw material costs, increase in earnings owing to firm sales on the back of the introduction of 5G and an increase in remote work

(IC Chemicals)

- Its earnings decreased despite sales volumes increasing mainly overseas. This downturn largely reflected higher raw material costs

(Fumed Silica)

- Despite an upswing in raw material costs, increase in earnings owing to higher sales volume centered on applications for semiconductor abrasives

(Thermal management materials)

- Results were essentially in line with the corresponding period of the previous fiscal year. Although sales volume was solid, this largely reflected higher R&D expenses at the Center for Commercialization of Advanced Technology

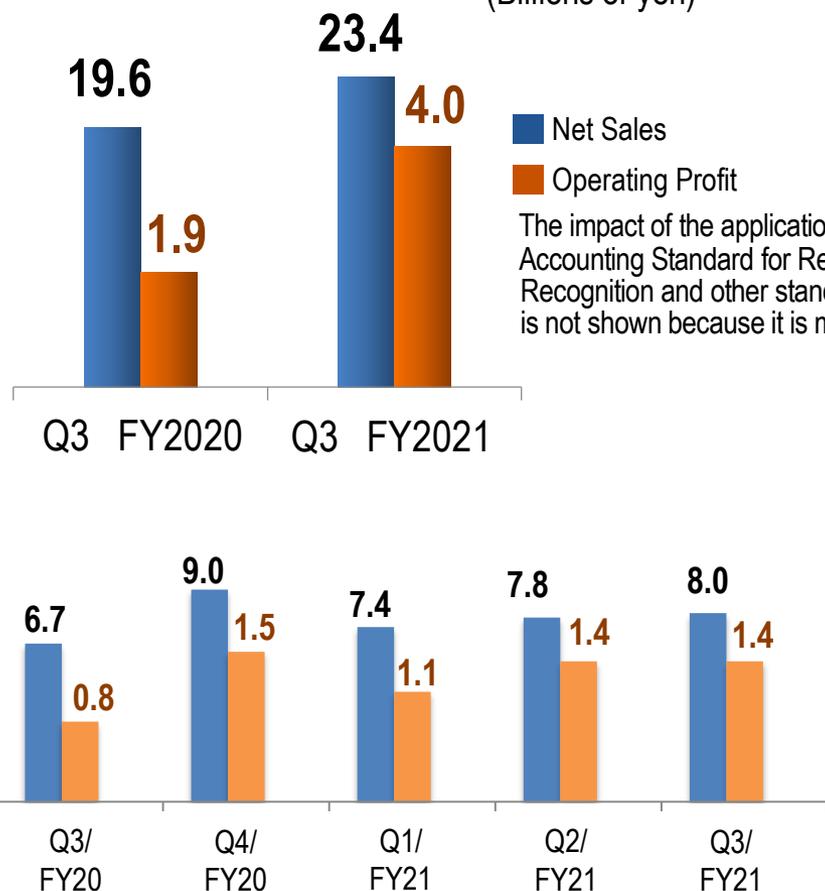
# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Life Science

*Higher earnings on higher sales*

(Billions of yen)



Qualitative information

(Dental materials)

- Its earnings grew thanks to a recovery in shipments to Europe and the United States, which had declined as a result of the spread of COVID-19

(Plastic lens-related materials)

- Earnings increased owing to a recovery in shipments to Europe and the United States of eyeglass lens photochromic materials, which had declined as a result of the spread of COVID-19

(Pharmaceutical ingredients and intermediates)

- Its earnings increased, owing mainly to a robust sales volume of generic pharmaceuticals.

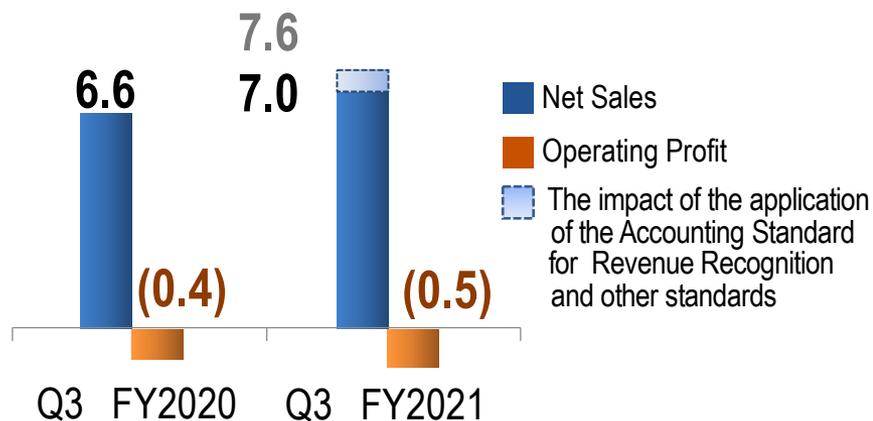
# 4. Changes in Net Sales / Operating Profit by Business Segment

(Year-on-year change)

## Eco Business

*Newly established for new business development*

(Billions of yen)



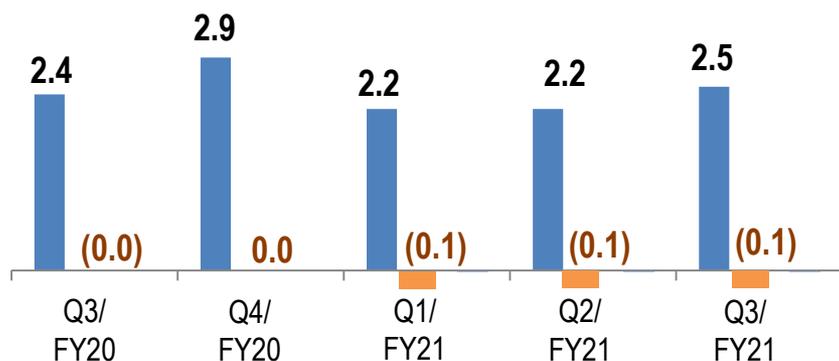
Qualitative information

(Waste gypsum board recycling)

- Increase in earnings due to the steady acceptance of waste gypsum board

(Ion exchange membranes / Plastic window sashes)

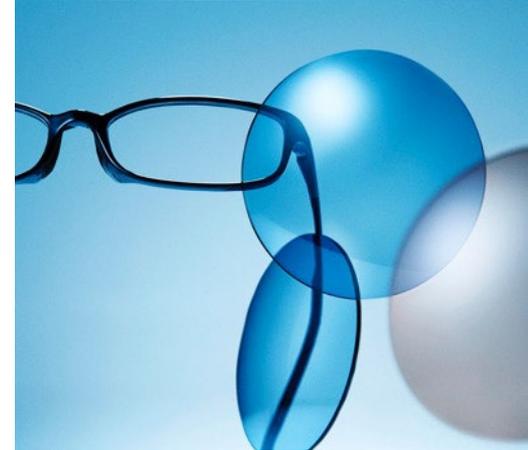
- Earnings were all in line with the corresponding period of the previous year



## **2** Performance Forecasts for FY2021

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- 1. Performance Forecasts**
- 2. Revised Performance Forecasts by Business Segment**



# 1. Performance Forecasts

(Billions of yen)

Accounting Standard for Revenue Recognition :	FY2020 Results Not applied	FY2021 Forecasts Top:Applied Bottom:Not applied	Difference		Main changing factors
			Amount	%	
Net sales	302.4	293.0	(9.4)	(3)	Improve in impact of COVID-19 Increased sales volume in semiconductor-related products Price increase of petroleum products
		337.0	+34.5	+11	
Operating profit	30.9	22.0	(8.9)	(29)	Increase investment for future growth Increase in fuel and raw material prices
Ordinary profit	30.7	22.0	(8.7)	(29)	Decrease in operating profit
Profit attributable to owners of parent	24.5	22.0	(2.5)	(10)	Decrease in ordinary profit
Basic earnings per share (yen)	351.11	305.66	-	-	-
Exchange rate (yen/USD)	106	3Q results:111	-	-	-
		4Q forecast:115	-	-	-
Domestic naphtha price (yen/kl)	31,200	3Q results:53,800	-	-	-
		4Q forecast:60,000	-	-	-

## 2. Revised Performance Forecasts by Business Segment

(Billions of yen)

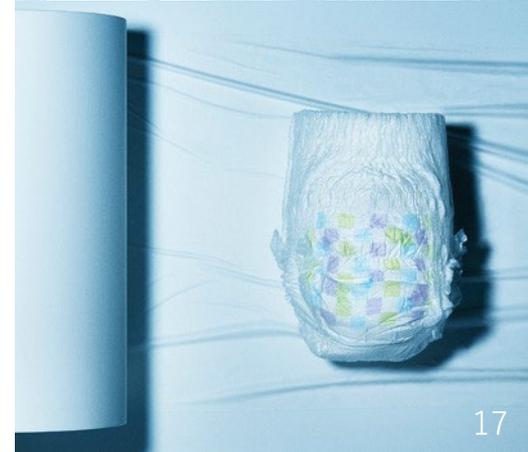
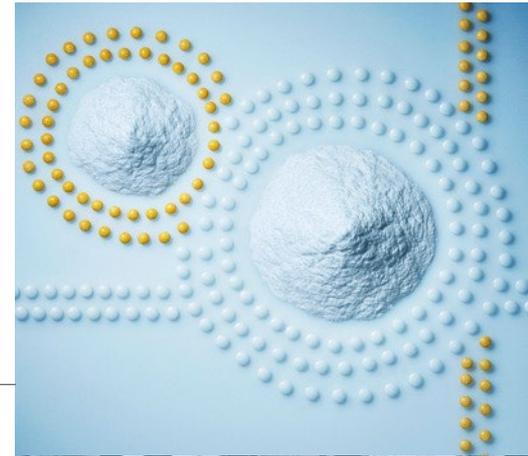
Accounting Standard for Revenue Recognition :	FY2021 Forecasts (Oct 28, 2021) Applied		FY2021 Forecasts (Jan 31, 2022) Applied		Difference			
	Net sales	Operating profit	Net sales	Operating profit	Net sales	%	Operating profit	%
Chemicals	100.0	14.5	100.0	14.5	-	-	-	-
Cement	53.0	(1.5)	53.0	(2.5)	-	-	(1.0)	-
Electronic Materials	73.5	4.0	73.5	6.0	-	-	+2.0	+50
Life Science	32.5	5.0	32.5	5.5	-	-	+0.5	+10
Eco Business	11.5	0.0	11.5	(0.5)	-	-	(0.5)	-
Others	33.0	4.0	33.0	3.0	-	-	(1.0)	(25)
<b>Total</b>	<b>303.5</b>	<b>26.0</b>	<b>303.5</b>	<b>26.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Inter-segment eliminations and corporate-wide expenses	(10.5)	(4.0)	(10.5)	(4.0)	-	-	-	-
<b>Consolidated Results</b>	<b>293.0</b>	<b>22.0</b>	<b>293.0</b>	<b>22.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Note) Sales and operating profit in each segment shown above include inter-segment transactions

Although the total performance forecast has not been revised, the breakdown by segment is revised mainly based on the actual results up to Q3 FY2021

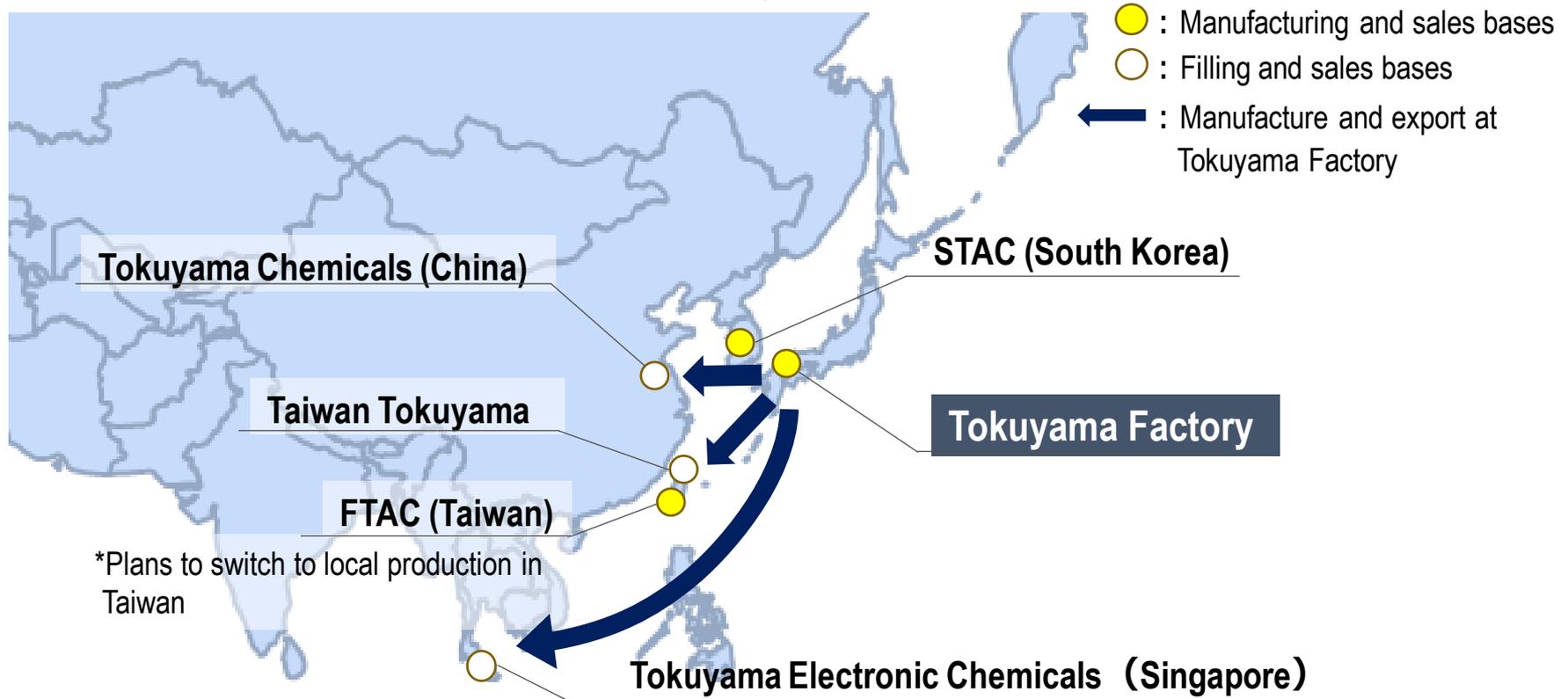
## 3 Topics

1. Invest in Growth Businesses and Accelerate International Expansion



# 1. Trends in growth business investment

- ✓ Following Taiwan, decision made to establish a joint venture company for the purpose of manufacturing and selling high-purity isopropyl alcohol (IPA) in South Korea
- ✓ Maintain production bases in markets where major customers are located; accelerate IC Chemicals Business growth



For the People of Tomorrow

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## 4 Supplementary Material

1. Consolidated Financial Statements
2. Performance Trend



## 1. Consolidated Financial Statements

## Income Statements

(Billions of yen)

Accounting Standard for Revenue Recognition :	Q3 FY2020	Q3 FY2021	Difference	
	Not applied	Applied	Amount	%
Net sales	220.9	211.6	(9.3)	(4)
Cost of sales	151.5	141.8	+9.7	+6
Selling, general and administrative expenses	47.6	52.6	(4.9)	(10)
Operating profit	21.7	17.1	(4.5)	(21)
Non-operating income/expenses	(0.5)	0.5	+1.0	-
Ordinary profit	21.1	17.6	(3.5)	(17)
Extraordinary income/expenses	0.4	2.1	+1.6	+334
Profit/loss before income taxes	21.6	19.8	(1.8)	(9)
Income taxes	1.9	6.4	(4.4)	(229)
Non-controlling interests	0.4	0.0	+0.3	+97
Profit attributable to owners of parent	19.3	13.3	(5.9)	(31)

\*Regarding changes, income or profit is shown as positive and expenses or losses are shown as negative amount

## 1. Consolidated Financial Statements

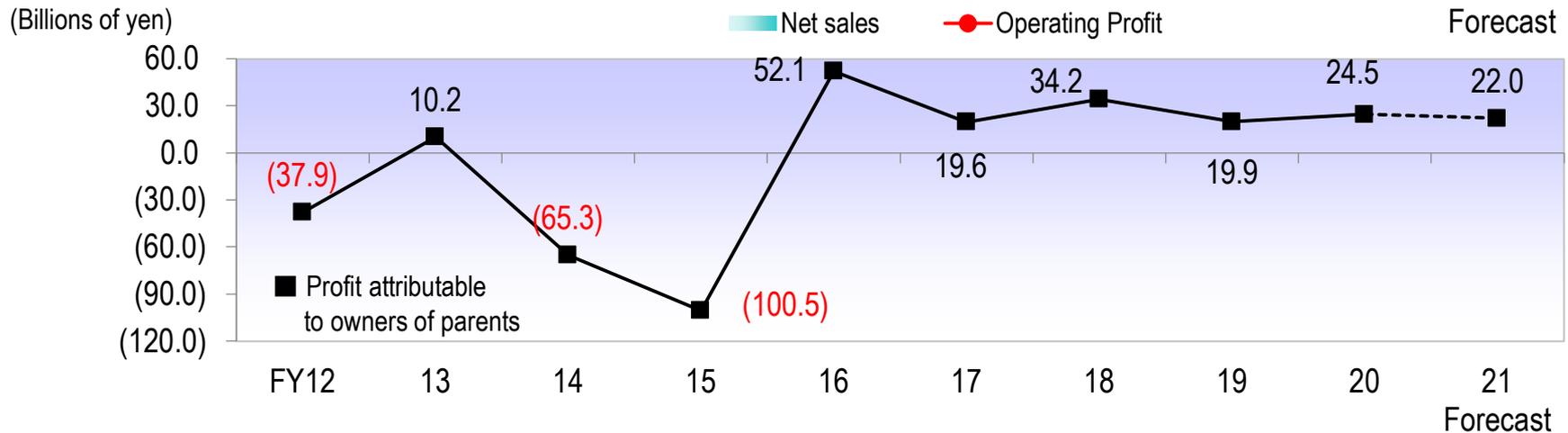
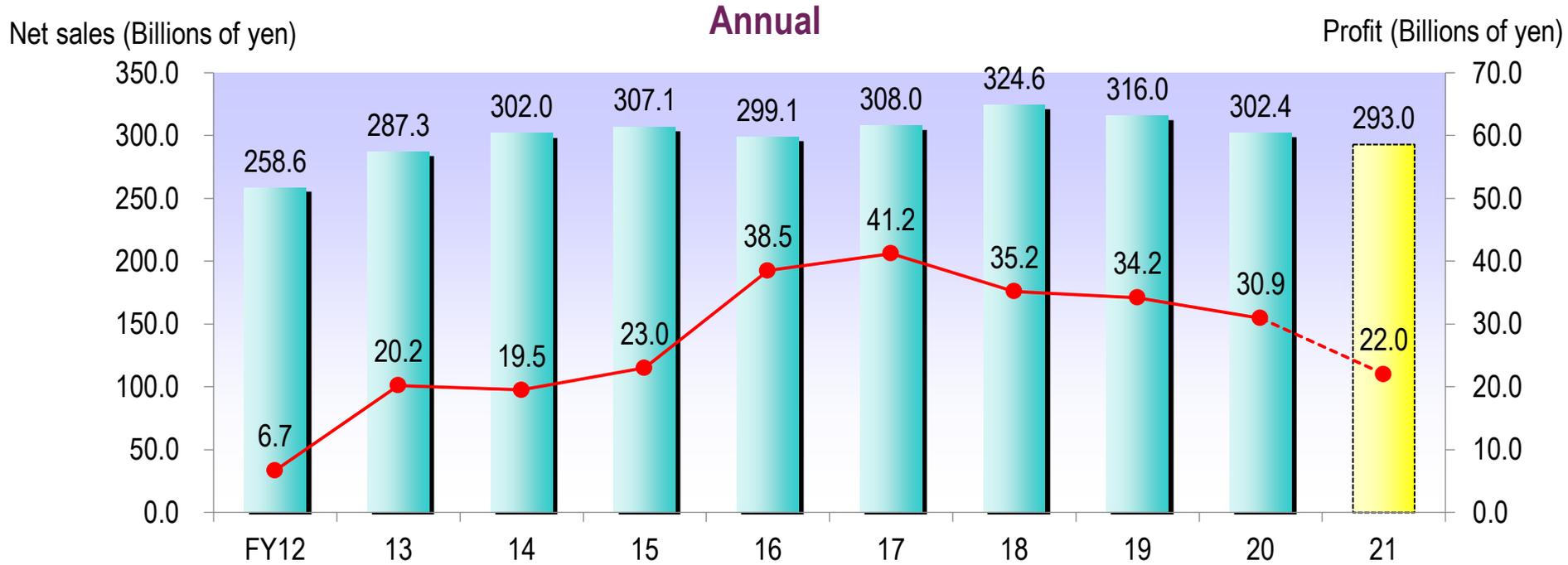
## Balance Sheets

(Billions of yen)

	3/31/2021	12/31/2021	Changes	
			Amount	%
Total assets	386.7	402.2	+15.4	+4
Current assets	199.7	202.4	+2.6	+1
Tangible fixed assets	124.0	135.1	+11.0	+9
Intangible fixed assets	1.8	2.3	+0.4	+23
Investments and other assets	61.1	62.3	+1.2	+2

	3/31/2021	12/31/2021	Changes	
			Amount	%
Total liabilities	181.5	185.8	+4.2	+2
Current liabilities	83.3	106.2	+22.9	+28
Long-term liabilities	98.2	79.5	(18.6)	(19)
Total net assets	205.2	216.4	+11.1	+5

# 2. Performance Trend

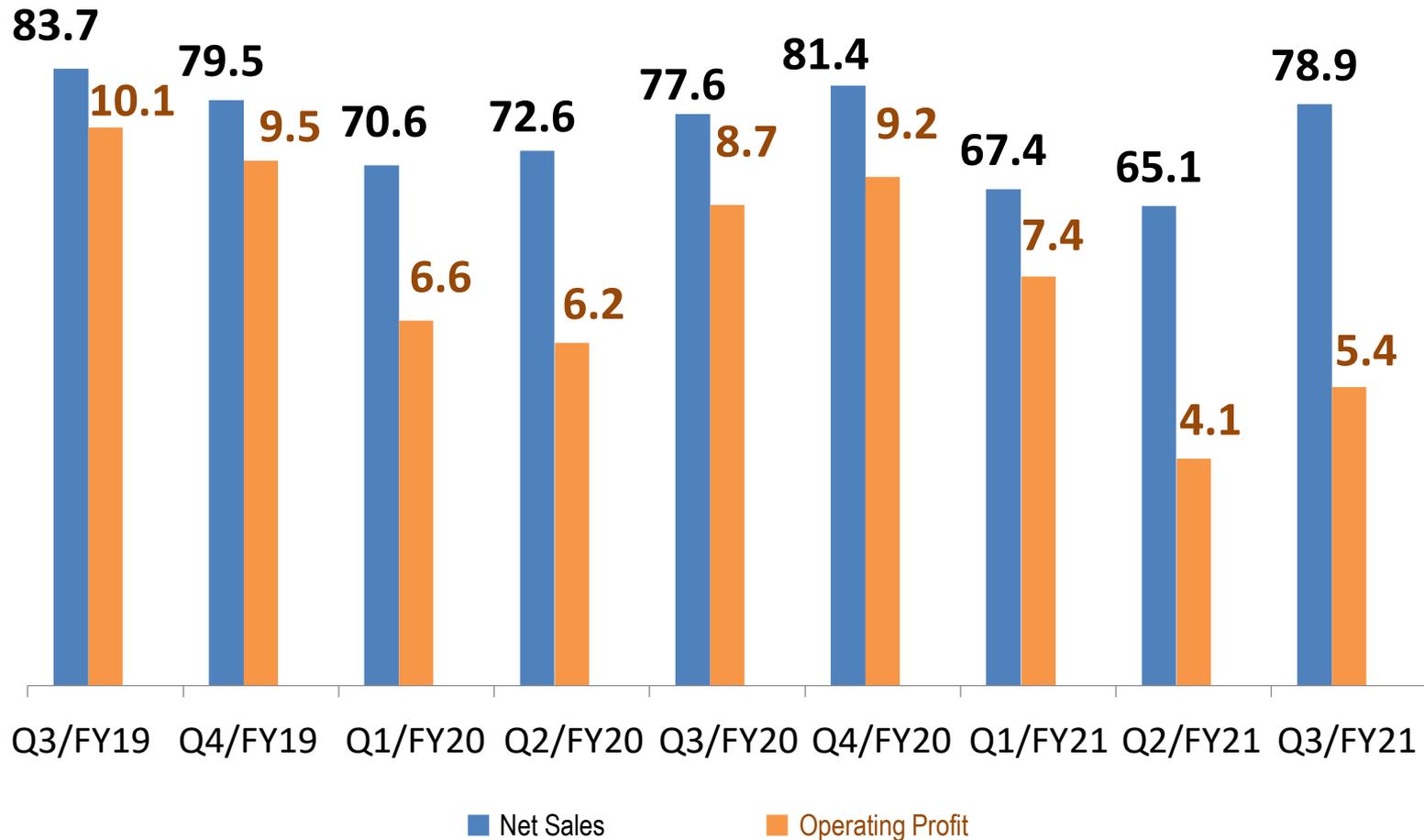


## 2. Performance Trend

Quarter

Consolidated

(Billions of yen)



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