



TOKYO OHKA KOGYO CO., LTD.
Business Results

— Fiscal Year ended March 2015—

May 11, 2015

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**Consolidated Business Results
for FY2015**

Summary

(Millions of yen)

	FY2014	FY2015		
			Change	%
Net sales	75,269	88,086	+12,817	+17.0
Operating income	10,025	13,253	+3,227	+32.2
Ordinary income	12,269	14,443	+2,174	+17.7
Net income	7,549	8,818	+1,269	+16.8

- Average exchange rate (US\$): ¥99.3/\$ (FY2014) ⇒ ¥109.3/\$ (FY2015)
- Net Sales: Growth exceeded the revised forecast (on October 29, 2014) due to the first sales growth in three years in the Equipment Business and a favorable performance in the Material Business.
- Operating Income: Amid increased depreciation, growth exceeded the revised forecast due to higher sales in the Material Business and improved profitability in the Equipment Business. Achieved record high.
- Net Income: Record high continued from the previous year due to a substantial increase in operating income.

Non-operating Expenses or Income/ Extraordinary Losses or Income

(Millions of yen)

	FY2014	FY2015	YoY
Non-operating expenses or income	2,243	1,190	(1,053)
Non-operating income	2,503	2,174	(329)
Interest and dividend income	309	229	(79)
Foreign exchange gains	1,391	1,459	+68
Non-operating expenses	259	983	+724
Loss on valuation of derivatives	—	460	+460
Taxes and dues	187	4	(182)
New plant related expenses	—	496	+496
Extraordinary losses or income	(603)	(141)	+461
Extraordinary income	291	650	+359
Gain on revision of retirement benefit plan	—	622	+622
Gain on liquidation of subsidiaries	172	—	(172)
Extraordinary losses	894	792	(101)
Impairment loss	856	665	(191)
Loss on retirement of non-current assets	25	114	+89

Results by Business Segment

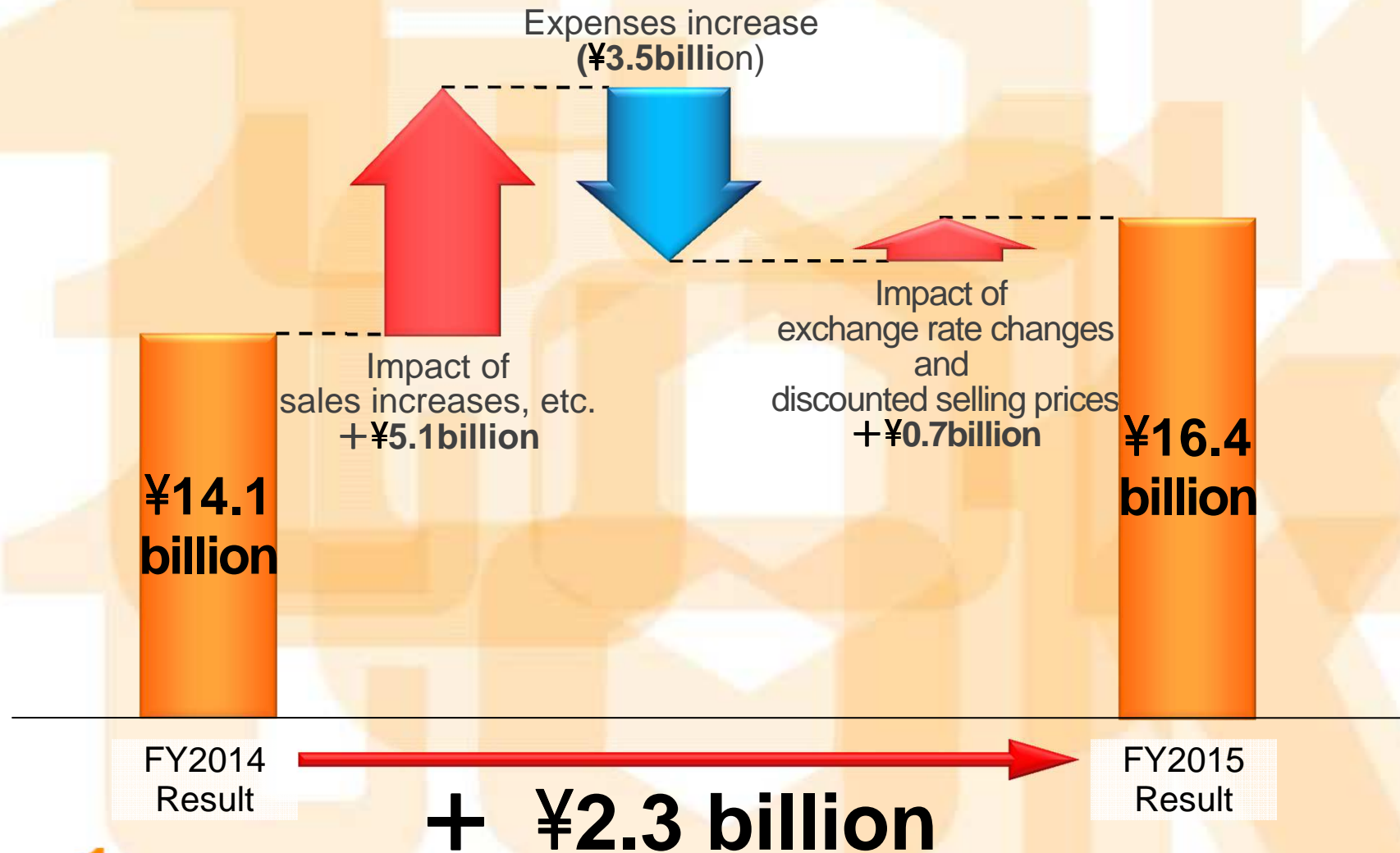
(Millions of yen)

	FY2014	FY2015		
			Change	%
Net sales	75,269	88,086	+12,817	+17.0
Material business	72,866	84,611	+11,744	+16.1
Electronic functional materials	43,261	49,818	+6,556	+15.2
High purity chemicals	29,194	34,844	+5,650	+19.4
Other	410	(52)	(463)	—
Equipment business	2,402	3,475	+1,072	+44.7
Operating income	10,025	13,253	+3,227	+32.2
Material business	14,086	16,355	+2,269	+16.1
Equipment business	(889)	20	+909	—
Eliminations and corporate	(3,171)	(3,122)	+48	—

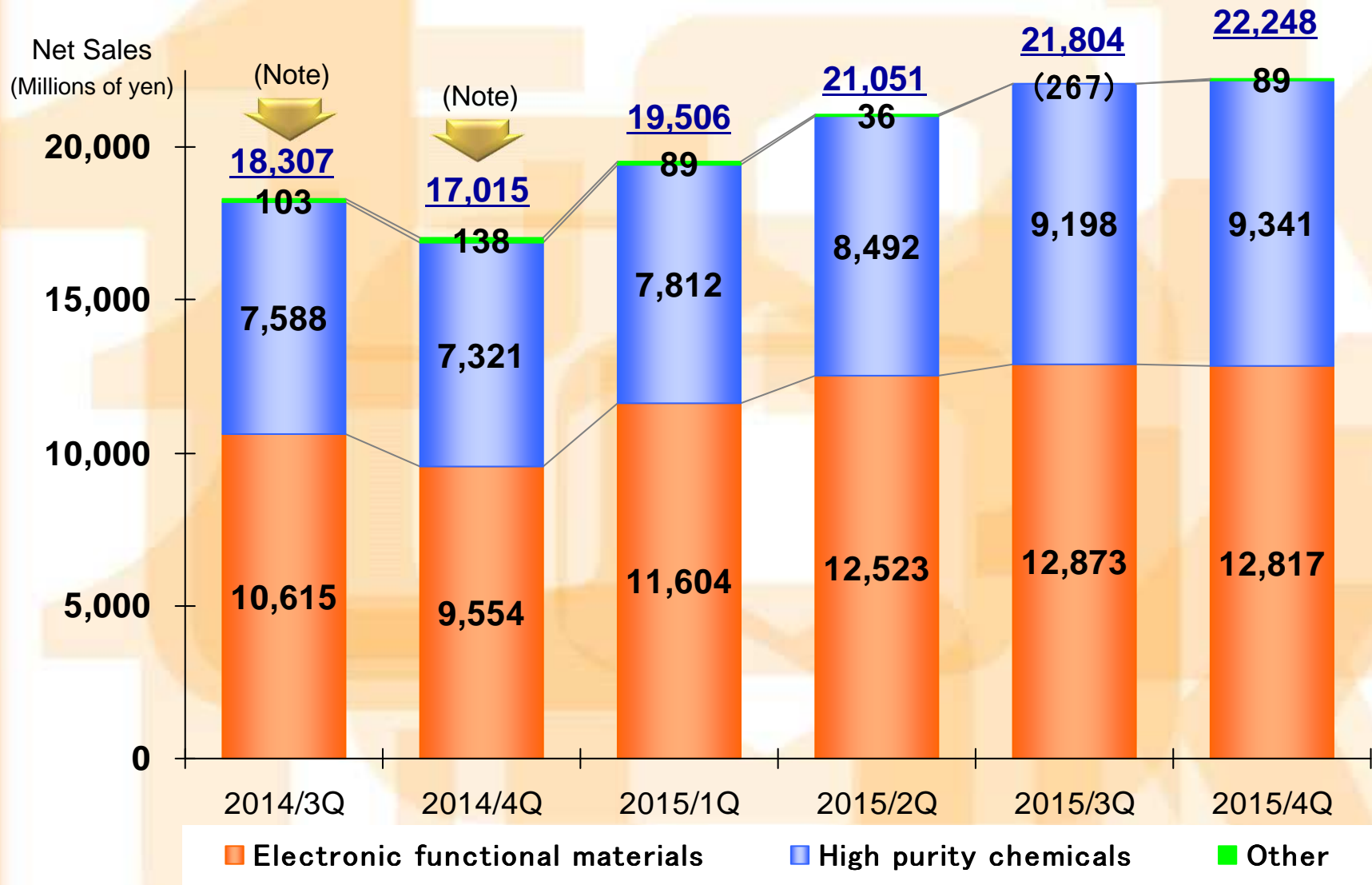
(Note) Net sales of the Equipment Business are the figures after elimination of inter-segment sales.

Breakdown of the Change in Operating Income (Material Business)

FY2014 result vs FY2015 result



Sales Breakdown of Material Business

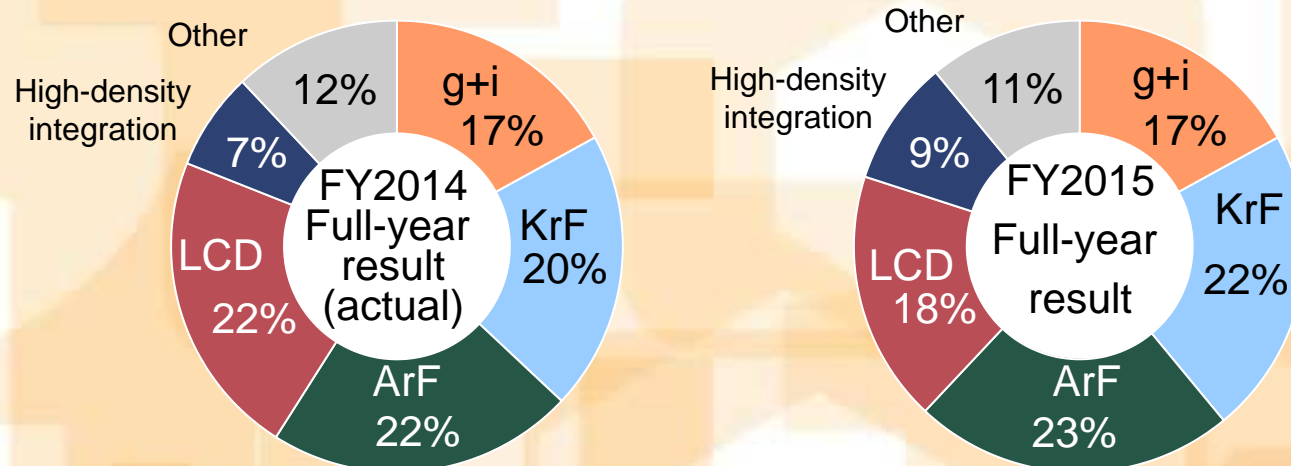


(Note) Some sales channels have changed following the start of the Korean subsidiary.

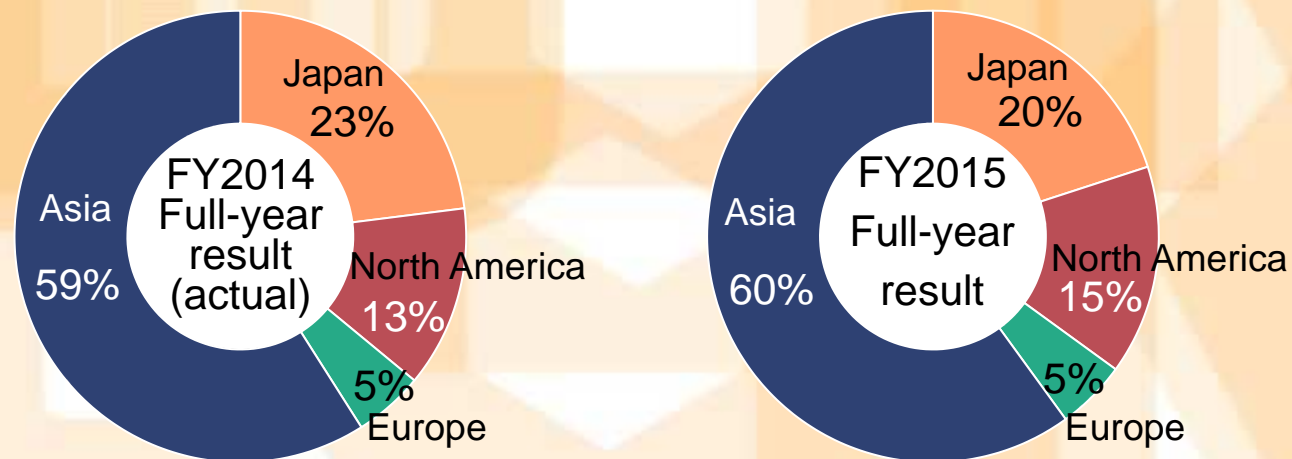
A difference in accounting periods between the Company and its subsidiaries had a negative impact on sales in 3Q and 4Q of FY2014.

(Reference) Electronic Functional Materials Division

Sales Composition of Electronic Functional Materials by Type

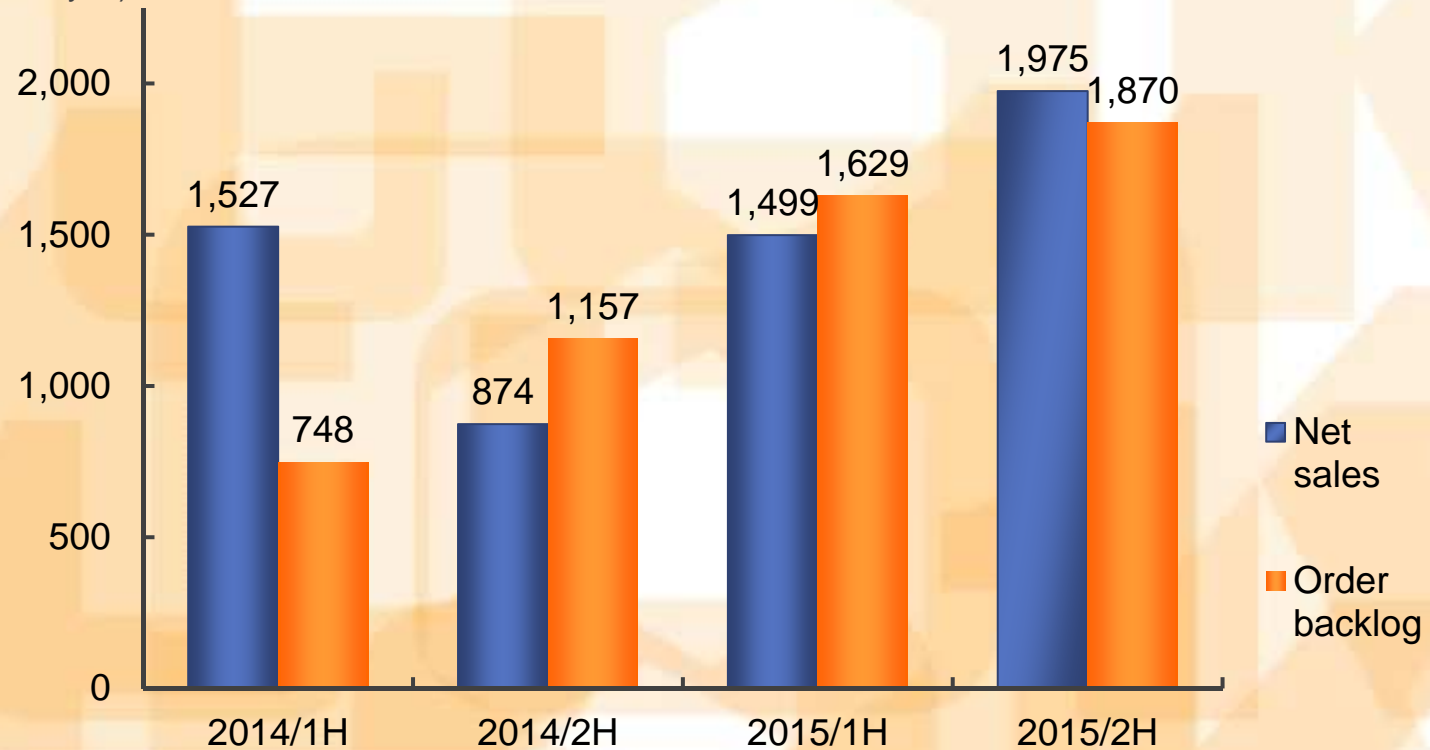


Sales Composition of Semiconductor Photoresist by Region



Equipment Business

Net sales/Order backlog
(Millions of yen)



(Millions of yen)	2014/1H	2014/2H	2015/1 H	2015/2H
Year-end order backlog	769	1,051	1,180	1,072

(Note) The net sales of the equipment business is the figure after elimination of inter-segment sales.

Balance Sheets

(Millions of yen)

	As of March 31, 2015	YoY	
Current assets	91,054	+7,806	
Cash and deposits	53,967	+595	
Notes and accounts receivable	19,422	+2,798	
Inventories	11,555	+1,109	
Property, plant and equipment	49,371	+4,794	Buildings and structures +1,814 Machinery and equipment +10,683 Tools, furniture and fixtures +576 Land +191 Construction in progress Δ 8,471
Intangible assets	934	+284	
Investments and other assets	33,503	+6,118	
Current liabilities	19,295	+4,917	
Notes and accounts payable	9,797	+4,053	
Non-current liabilities	3,569	+2,050	Retained earnings +6,338 Treasury stock +96 Valuation difference on available-for-sale securities +1,471 Foreign currency translation adjustments +2,877
Total net assets	151,999	+12,036	
Total assets	174,863	+19,004	

Cash Flows

	FY2014	FY2015
Cash flows from operating activities	+11,881	+13,577
Income before income taxes and minority interests	+11,666	+14,301
Depreciation	+2,672	+4,276
Increase (decrease) in allowance for doubtful accounts	(925)	(94)
Decrease (increase) in trade notes and accounts receivable	+720	(2,119)
Decrease (increase) in inventories	+1,018	(368)
Decrease (increase) in trade notes and accounts payable	(449)	+3,121
Increase (decrease) in advances received	(652)	(692)
Income taxes paid	(2,583)	(3,935)
Cash flows from investing activities	(14,491)	(10,197)
Cash flows from financing activities	(2,471)	(2,110)
Translation adjustments	+1,058	+1,138
Net increase (decrease) in cash and cash equivalents	(4,023)	+2,408

(Millions of yen)

Major breakdown:
 Purchase of property, plant and equipment (7,052)
 Purchase of investment securities (2,284)

Major breakdown:
 Cash dividends paid (2,651)
 (incl. minority shareholders)

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(Millions of yen)

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 (incl. minority shareholders)



**Consolidated Performance
Forecasts for FY2016**

Earnings Forecasts (Full-year)

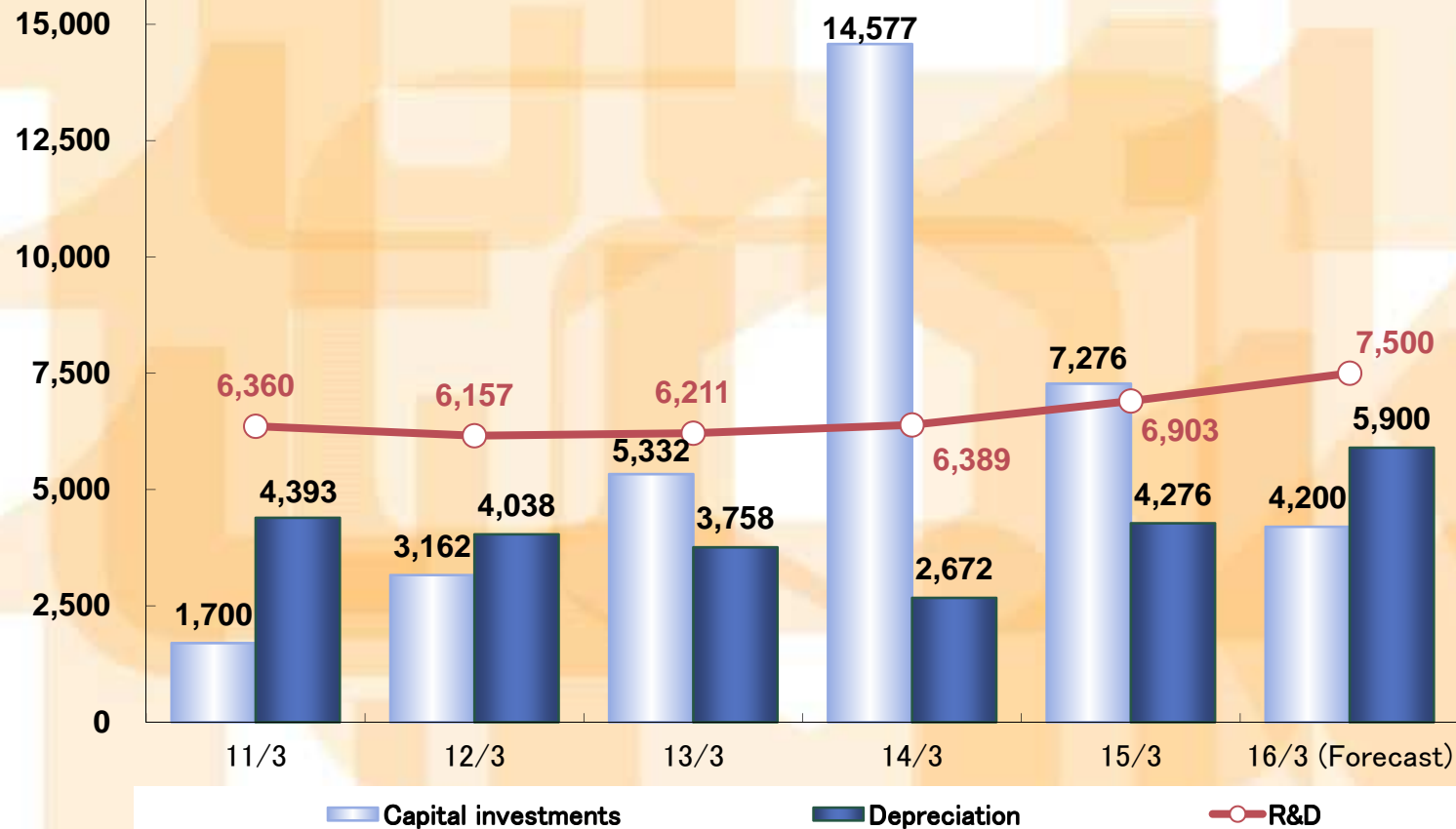
(Millions of yen)

	FY2015 Results	FY2016 Forecasts		
			Change	%
Net sales	88,086	96,700	+8,613	+9.8
Operating income	13,253	13,300	+46	+0.4
Ordinary income	14,443	13,800	(643)	(4.5)
Net income	8,818	9,000	+181	+2.1

- Exchange rate assumptions(US\$): ¥109.3/\$ (FY2015) ⇒ ¥115.0/\$ (FY2016)
- Net sales: Forecast is for increase of 9.8%, as electronic functional materials growth is driving sales growth and higher sales are expected in the Equipment Business.
- Operating income: Although depreciation increases substantially, operating income is in line with that of the previous year.
- Net income : A foreign exchange gain and a tax expense decrease are expected, and an increase in net income is forecast.

Capital Investments/Depreciation/R&D

(Millions of yen)



Performance Forecasts by Business Segment

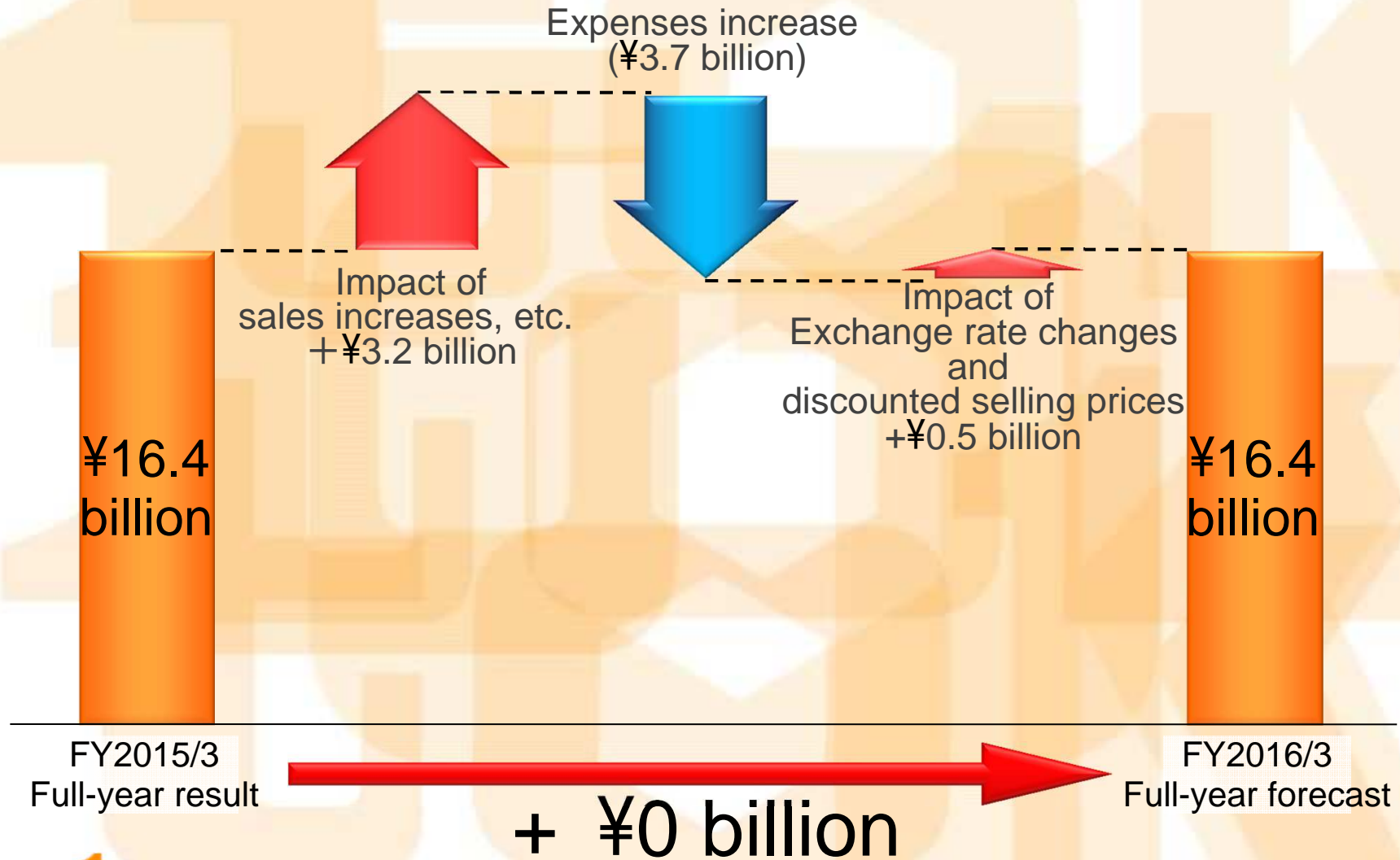
(Millions of yen, %)

	FY2015	FY2016 Full-year forecasts		
	Full-year results		Change	%
Net sales	88,086	96,700	+8,613	+9.8
Material business	84,611	92,300	+7,688	+9.1
Electronic functional materials	49,818	54,600	+4,781	+9.6
High purity chemicals	34,844	37,500	+2,655	+7.6
Equipment business	3,475	4,400	+924	+26.6
Operating income	13,253	13,300	+46	+0.4
Material business	16,355	16,400	+44	+0.3
Equipment business	20	200	+179	+887.5
Eliminations and corporate	(3,122)	(3,300)	(177)	—

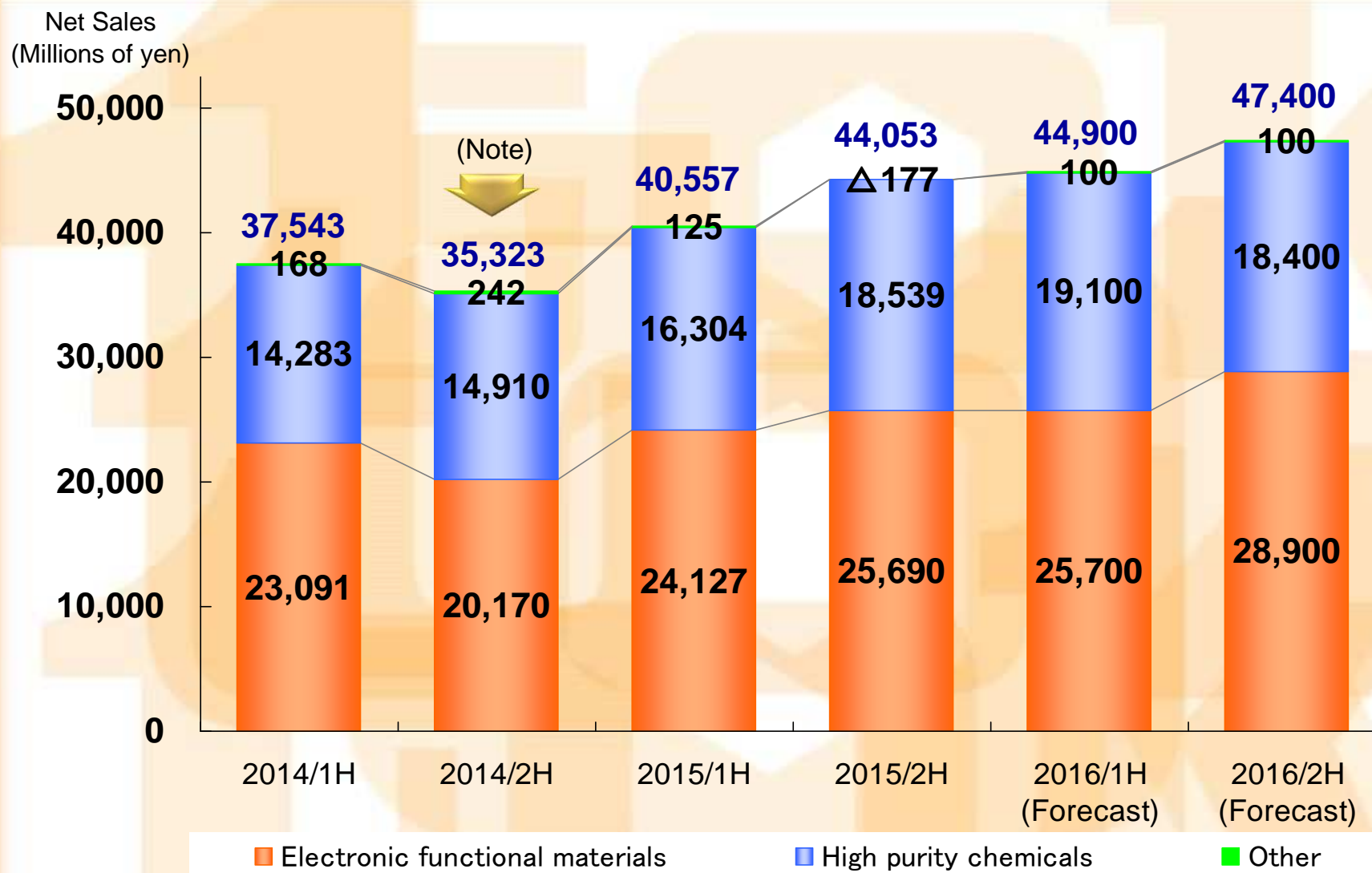
(Note) The net sales of the equipment business is the figure after elimination of inter-segment sales.

Breakdown of the Change in Operating Income (Material Business)

FY2015 Result vs FY 2016 Forecast



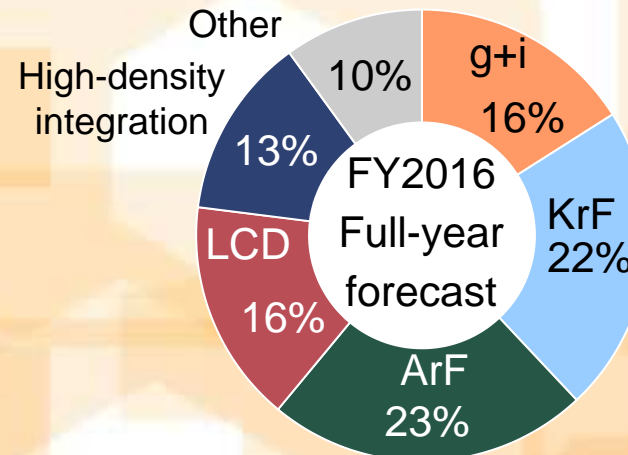
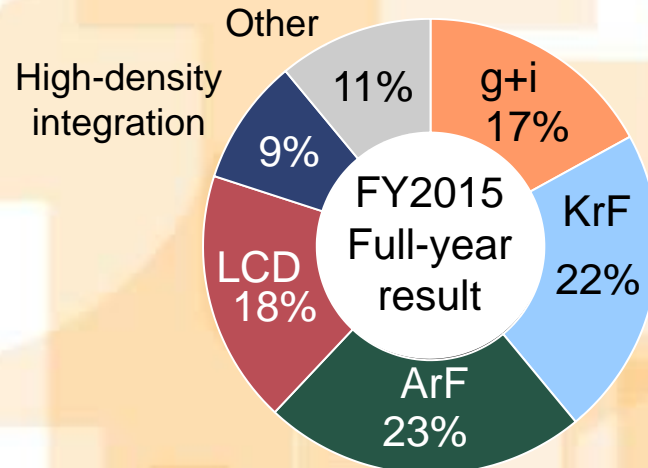
Sales Breakdown of Material Business (Forecast)



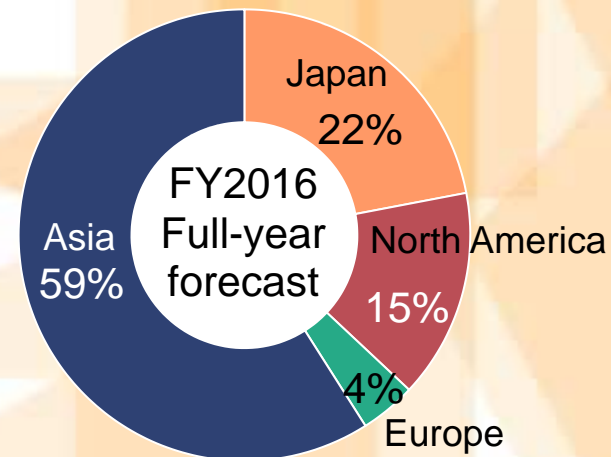
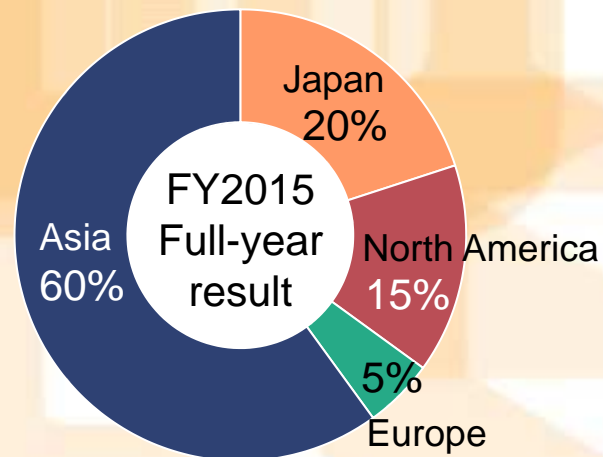
(Note) Some sales channels have changed following the start of the Korean subsidiary.
 A difference in accounting periods between the Company and its subsidiaries had a negative impact on sales in 2014/2H.
 The second half forecast is obtained by subtracting first-half results from the full-year forecast.

(Reference) Electronic Functional Materials Division

Sales Composition of Electronic Functional Materials by Type



Sales Composition of Semiconductor Photoresist by Region





**Initiatives in
TOK Medium-Term Plan 2015**

Summary of TOK Medium-Term Plan 2015

■ Management Vision

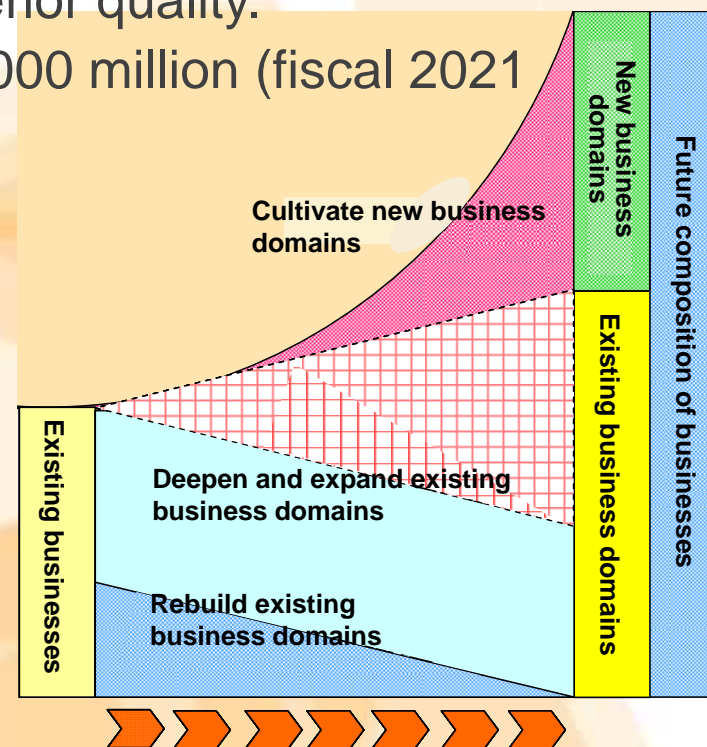
- “Aim to be a globally trusted corporate group by **inspiring** customers with **high value-added products** that have satisfying features, low cost and superior quality.”
- Consolidated operating income: ¥20,000 million (fiscal 2021 target)

■ Management Objectives

- “Deepen and expand **existing business domains**, and swiftly launch **new business domains**.”

■ Numerical Targets (FY2016)

- Net sales: ¥99,000 million
- Operating income: ¥15,000 million



■ Features of the “TOK Medium-Term Plan 2015”

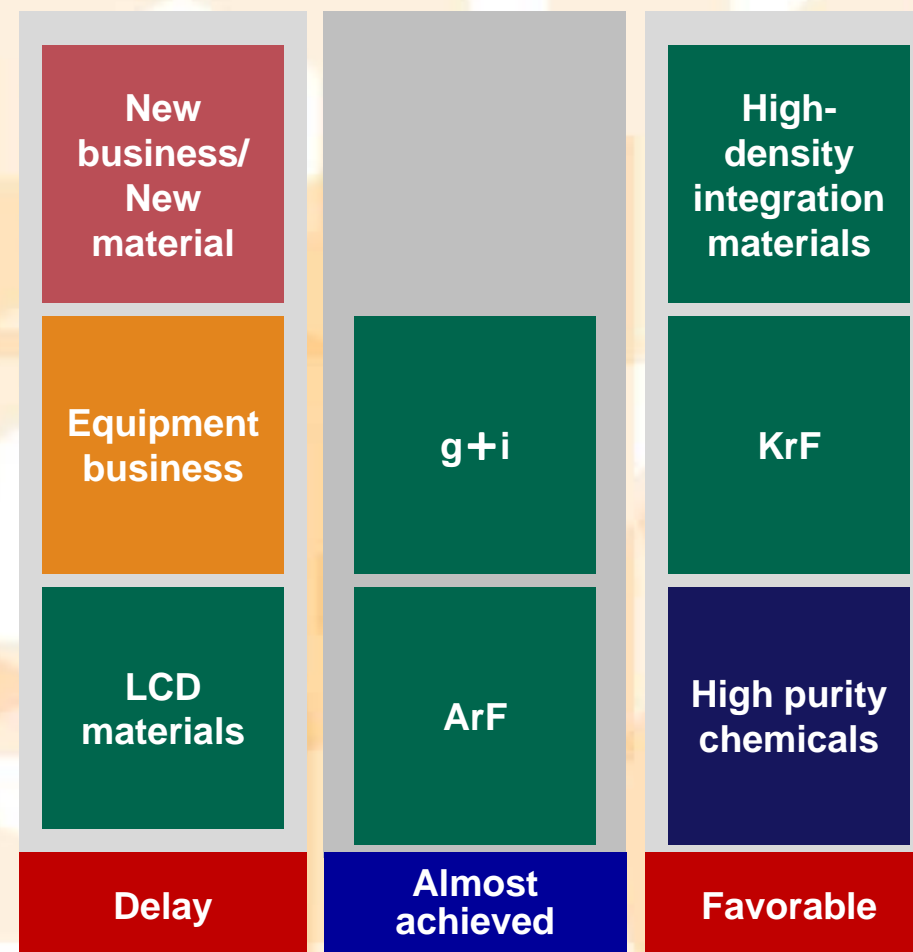
- “Surpass record-high earnings” “Enhance business foundations”
“Expanding business domains”

Progress toward Numerical Targets (Budget Base)

■ Results for the final year (FY2016)

(Millions of yen)	FY2013 Results	FY2016 Budget	FY2016 Target
Net sales	72,919	96,700	99,000
Material business	67,697	92,300	88,000
Electronic functional materials	43,116	54,600	62,300
High purity chemicals	24,144	37,500	25,500
Other	435	200	200
Equipment business	5,222	4,400	11,000
Operating income	7,872	13,300	15,000
Material business	10,716	16,400	16,800
Equipment business	232	200	1,500
Eliminations and corporate	(3,075)	(3,300)	(3,300)
Exchange rate (¥/\$)	81.9	115.0	92.0

■ Progress of mainstay products

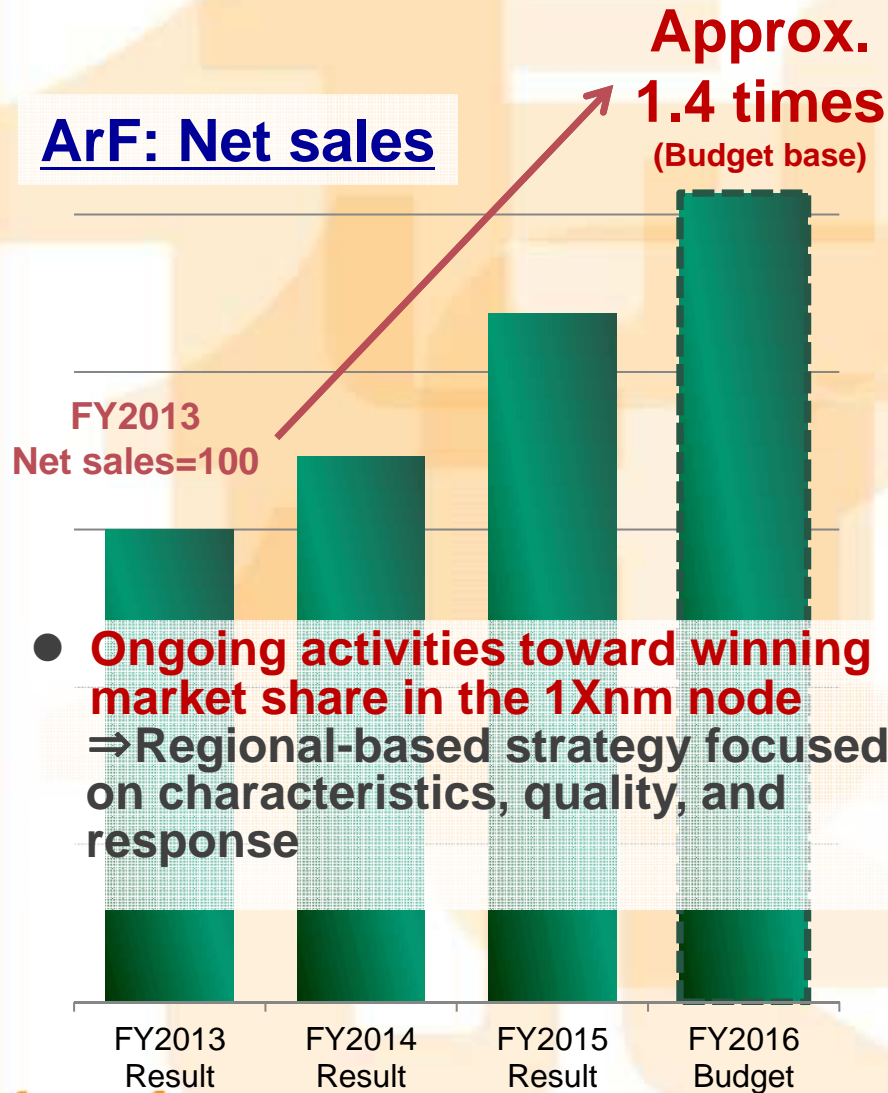


FY2016 estimates vs
"TOK Medium-Term Plan 2015" targets
(on a sales basis)

(Note) Size of diagram does not reflect the sales volume.

Semiconductor Photoresist

ArF: Net sales



- **Ongoing activities toward winning market share in the 1Xnm node**
⇒ Regional-based strategy focused on characteristics, quality, and response

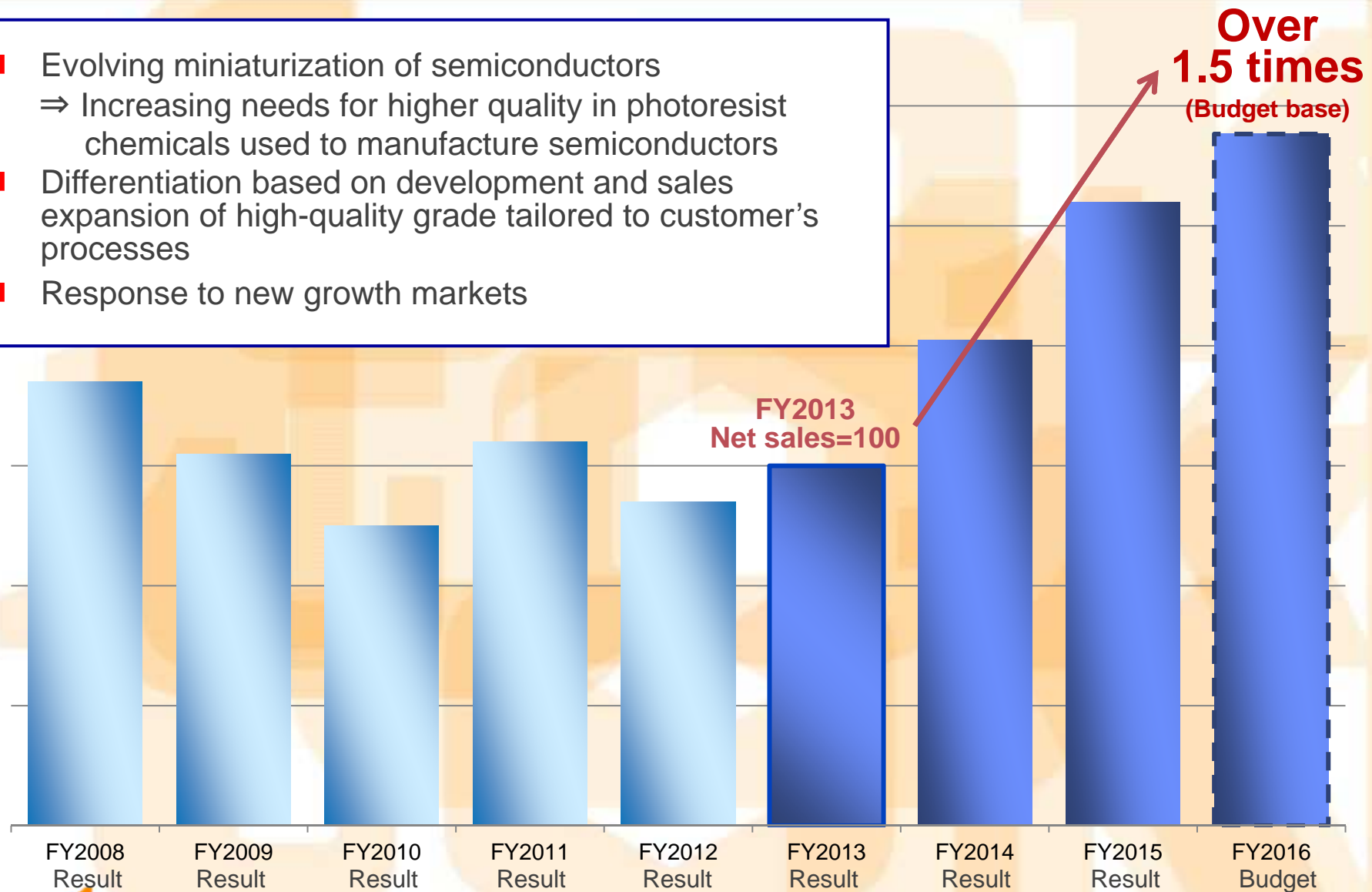
KrF: Net sales



- **Toward winning market share in the thick film photoresists for 3D-NAND**
⇒ Material development compatible with new fields

High Purity Chemicals

- Evolving miniaturization of semiconductors
⇒ Increasing needs for higher quality in photoresist chemicals used to manufacture semiconductors
- Differentiation based on development and sales expansion of high-quality grade tailored to customer's processes
- Response to new growth markets



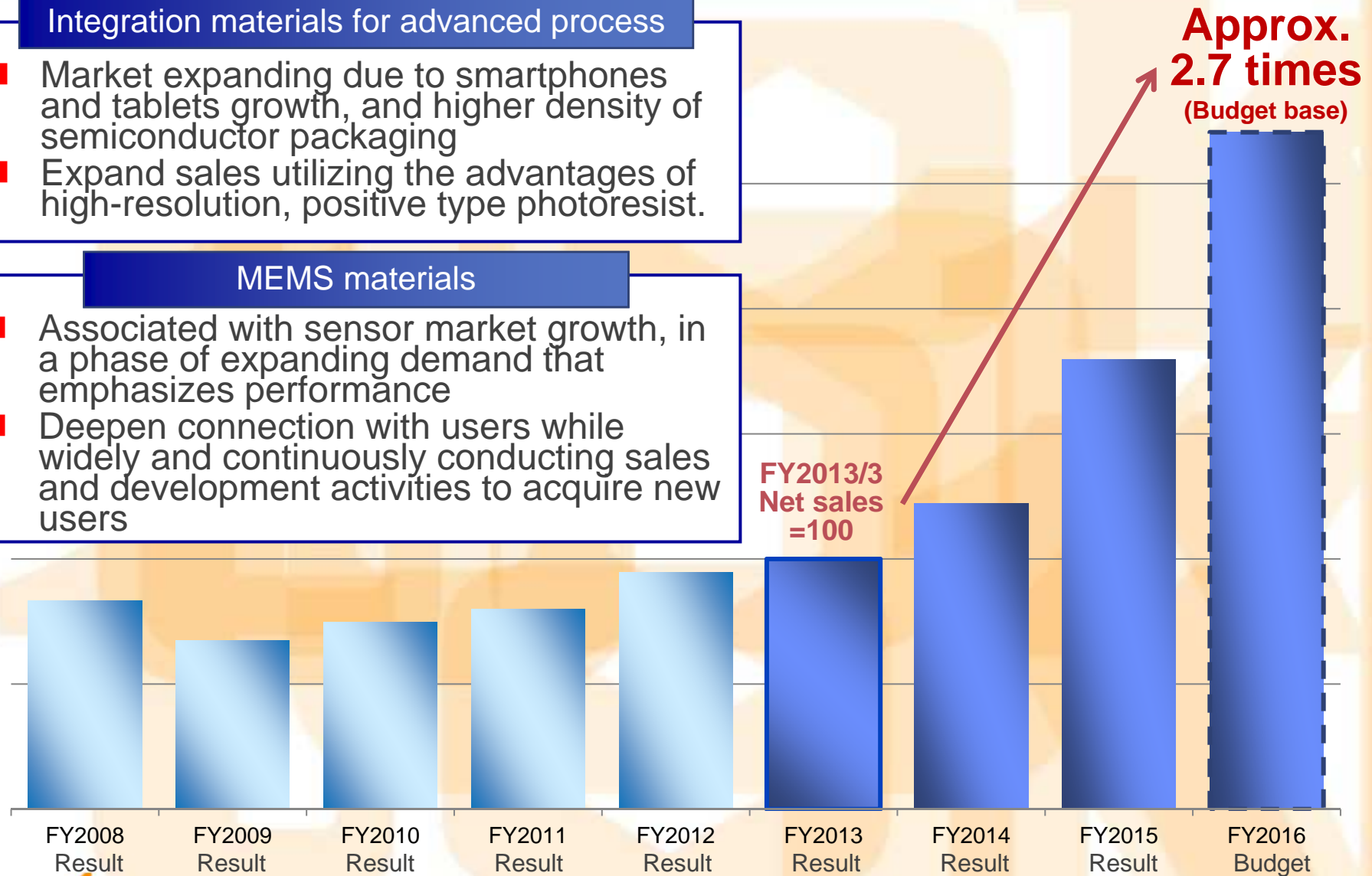
High-density Integration Materials

Integration materials for advanced process

- Market expanding due to smartphones and tablets growth, and higher density of semiconductor packaging
- Expand sales utilizing the advantages of high-resolution, positive type photoresist.

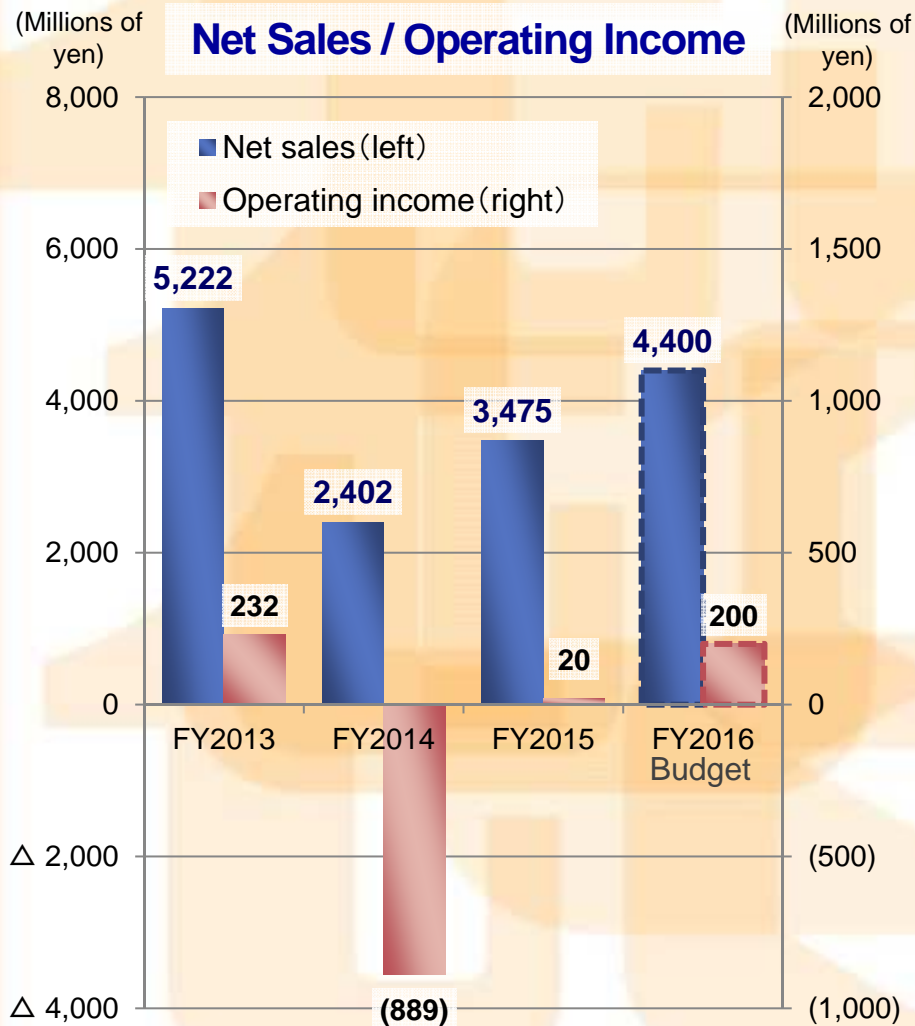
MEMS materials

- Associated with sensor market growth, in a phase of expanding demand that emphasizes performance
- Deepen connection with users while widely and continuously conducting sales and development activities to acquire new users



Equipment Business

Expand **TSV equipment** sales, develop **new products**, **reduce costs**



TSV equipment

- Core of profitability and growth potential
- In addition to existing users, take stronger approach to new targets and expand customer base

UV curing machines

- Strengthen as the next earnings pillar after
- Actively win orders targeted at small- and medium-sized LCD panels

Next-generation flexible display manufacturing equipment

- Currently developing new manufacturing equipment for electronic paper and flexible organic EL displays

New Business/New material

Market development/
research

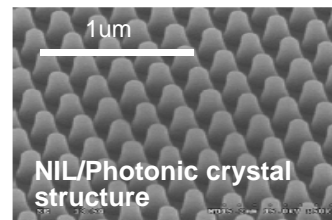
Product
development

Customer
evaluation

Commercialize



Rechargeable microbatteries



NIL/Photonic crystal structure

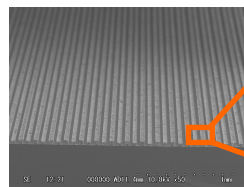
LED photonic crystal, etc.



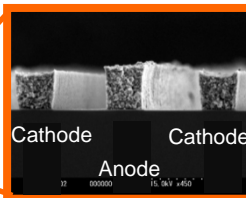
Diffusion material EPLUS®

Compound-based photovoltaic related materials, Si photovoltaic related material, etc.

Renewable energy



Unique TSV processing technology using lithography microprocessing



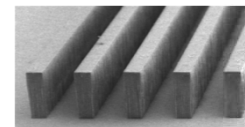
Lithium ion battery-related materials, Rechargeable microbatteries, etc.

Rechargeable battery

Optoelectronics

- Silicon photonics
- Energy harvesting technologies
- Materials for various sensors

IoT



Microfluidic chip MEMS, etc.

Life science



Zero Newton®

Through-silicon-via (TSV) system

Semiconductor manufacturing equipment

Key Strategy of FY2016

1. Regional-based advantage successful, push forward toward goal

- ✓ Increase ArF market share and acquire businesses that leverage the advantage

2. With an eye on the next medium-term plan, move up to the next stage with new businesses and promising projects

- ✓ Intensify search for new business candidates and speed up efforts to commercialize

3. Strengthen improved earnings of Equipment Business

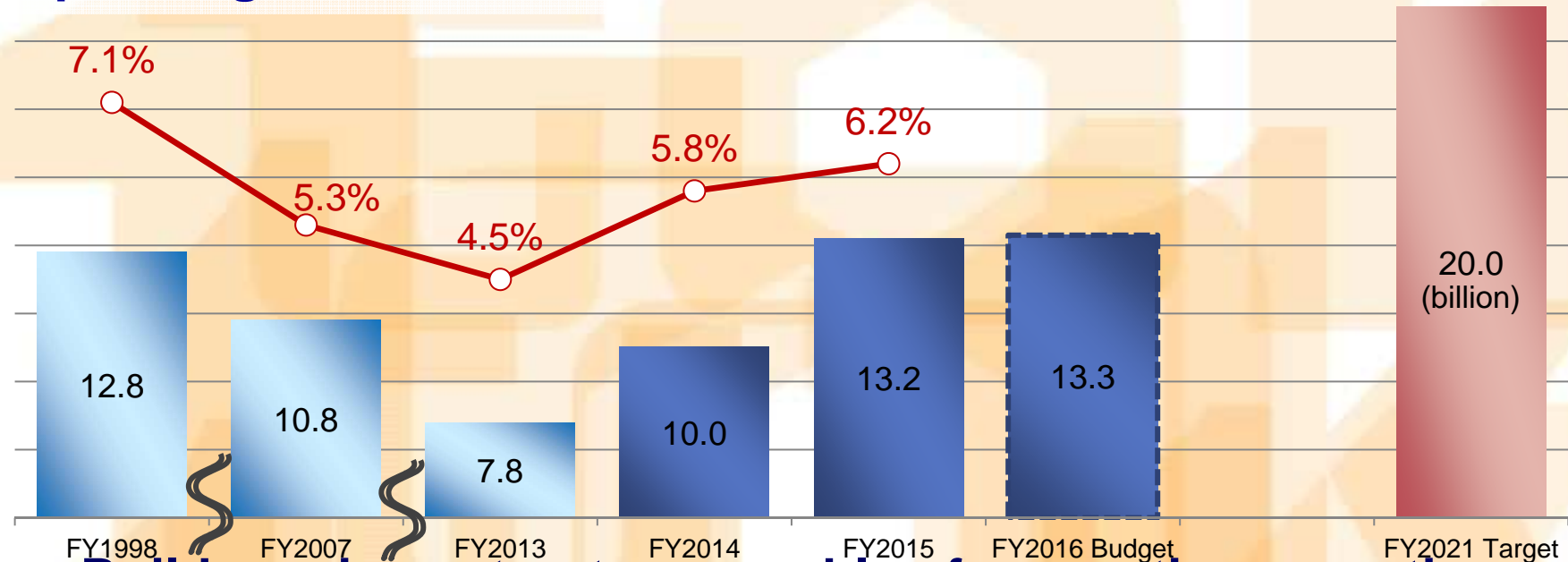
- ✓ Pursue growth and build a business foundation that stably secures profitability

The background features a complex pattern of overlapping, semi-transparent orange geometric shapes, including rectangles, circles, and triangles. In the center of the composition is a white play button icon, which is a triangle pointing to the right, enclosed within a circle. The entire scene is framed by a thin orange border with a slight glow effect.

Capital Policies

Operating Income/ROE

Operating income/ROE



■ **Build earnings structure capable of generating operating income of ¥20.0 billion**

✓ Create new businesses and achieve net sales of ¥50.0 billion

■ **Appropriate application of capital policies to raise corporate value**

✓ Review target ROE

✓ Review further enhancements of return to shareholders

Formulate policies based on business strategy

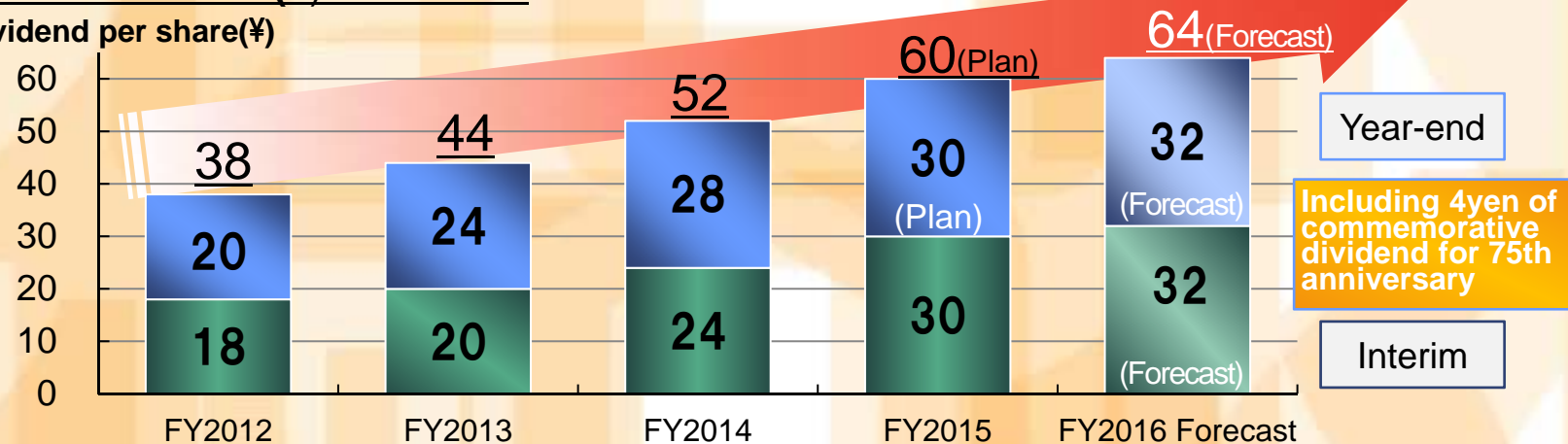
Returns to Shareholders

Policy of returns to shareholders (points)

- (1) Considering the **current level** of dividends, **continuously** distributing dividends with a **consolidated dividend payout ratio of above 30%**
- (2) With a long-term perspective, **comprehensively take into account financial position and business performance**
- (3) From a long-term viewpoint, flexibly **purchase treasury stock** as return to shareholders

Returns to shareholders(1): Dividends

Dividend per share(¥)



Consolidated EPS	¥84.86	¥121.69	¥168.54	¥196.61	¥200.56
Payout ratio	44.8%	36.2%	30.9%	30.5%	31.9%

Returns to shareholders(2): Treasury stock

Purchase of treasury stock

Number of stocks to be purchased: 1.75 million shares (maximum limit)
Total purchase cost: 7 billion yen (maximum limit)
Equivalent to 3.89% of the total shares issued (excluding treasury stock as of March 31, 2015)
Purchase period: From May 11 through September 10, 2015

Cancellation of treasury stock

Number of stocks to be cancelled: 1.5 million shares (Equivalent to 3.22% of the total shares issued)
Scheduled date for cancellation: September 16, 2015

<http://www.tok.co.jp/eng>

(Note)

This presentation material contains forward-looking statements that describe future prospects of TOKYO OHKA KOGYO CO., LTD. (the Company) in terms of business planning, earnings and management strategies. Such statements are based on management's judgement, derived from information available to it at the time such information was prepared. Readers are cautioned not to rely solely on these forward-looking statements, as actual results and strategies may differ substantially according to changes in the Company's business environment.