

TOKYO OHKA KOGYO CO., LTD. Business Results

— Fiscal Year ended December 2018—

Feb. 15, 2019

TOKYO OHKA KOGYO CO., LTD.

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Consolidated Business Results for FY2018 (2018.1-2018.12)

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Change in Fiscal Year-End

03

■ Detail of change in fiscal year-end

Current : End of March ⇒ after : End of December

* Approved by the 87th Ordinary General Meeting of Shareholders (held on June 28, 2017)
(March 31 ⇒ December 31)

	2017/3		2017/12 Simulation result				2018/12				2019/12	
	3Q 10-12	1Q 1-3	2Q 4-6	3Q 7-9	4Q 10-12	1Q 1-3	2Q 4-6	3Q 7-9	4Q 10-12	1Q 1-3	...	
Fiscal year ended in March (TOK and domestic subsidiaries)	3Q	4Q	1Q	2Q	3Q	1Q	2Q	3Q	4Q	1Q	...	
Fiscal year ended in December (Overseas subsidiaries)	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	...



			2017/12 Simulation result				2018/12				2019/12	
	3Q 10-12	1Q 1-3	2Q 4-6	3Q 7-9	4Q 10-12	1Q 1-3	2Q 4-6	3Q 7-9	4Q 10-12	1Q 1-3	...	
Fiscal year ended in March (TOK and domestic subsidiaries)	3Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	...	
Fiscal year ended in December (Overseas subsidiaries)	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	...

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(Millions of yen)

	FY2017/12 Simulation result	FY2018/12	
		Change	%
Net sales	100,422	105,277	+4,854 +4.8
Operating income	9,878	10,505	+627 +6.4
Ordinary income	10,534	10,734	+199 +1.9
Profit attributable to owners of parent	6,885	6,875	(9) (0.1)

Attention: These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.

- Average exchange rate (US\$) : ¥111.1/\$ (FY2017/12 Simulation) ⇒¥109.5/\$ (FY2018/12)
- Net sales : Increased 4.8% year on year due to sales increase both in the Material Business and the Equipment Business.
- Operating income : Increased 6.4% year on year despite the impact of rising raw materials costs.
- Profit Decreased 0.1% year on year due to special factors including impairment loss and tax effect accounting despite an increase in operating income.



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Non-operating Expenses or Income/ Extraordinary Losses or Income

(Millions of yen)

	FY2017/12 Simulation result	FY2018/12	YoY
Non-operating Expenses or income	656	228	(427)
Interest and dividend income	+347	+392	+44
(Foreign exchange related losses/gains)	(110)	(274)	(163)
Foreign exchange (loss) gain	+852	(580)	(1,432)
Loss(gain) on valuation of derivatives	(962)	+306	+1,268
Extraordinary losses or Income	(979)	(920)	+59
Gain on sales of subsidiaries and affiliates' stocks	-	+59	+59
Impairment loss	(874)	(860)	(14)
Loss on retirement of noncurrent assets	(218)	(124)	(94)

Attention: These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.



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Performance Forecasts by Business Segment

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(Millions of yen)

	FY2017/12 Simulation result	FY2018 /12	
		Change	%
Net sales	100,422	105,277	+4,854 +4.8
Material business	98,247	102,621	+4,373 +4.5
Electronic functional materials	56,947	58,793	+1,845 +3.2
High purity chemicals	41,165	43,733	+2,567 +6.2
Other	134	95	(39) (29.3)
Equipment business	2,174	2,655	+4,81 +22.1
Operating income	9,878	10,505	+627 +6.4
Material business	14,868	15,075	+207 +1.4
Equipment business	(1,073)	(883)	+189 -
Eliminations and corporate	(3,917)	(3,686)	+231 -

Attention: These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.

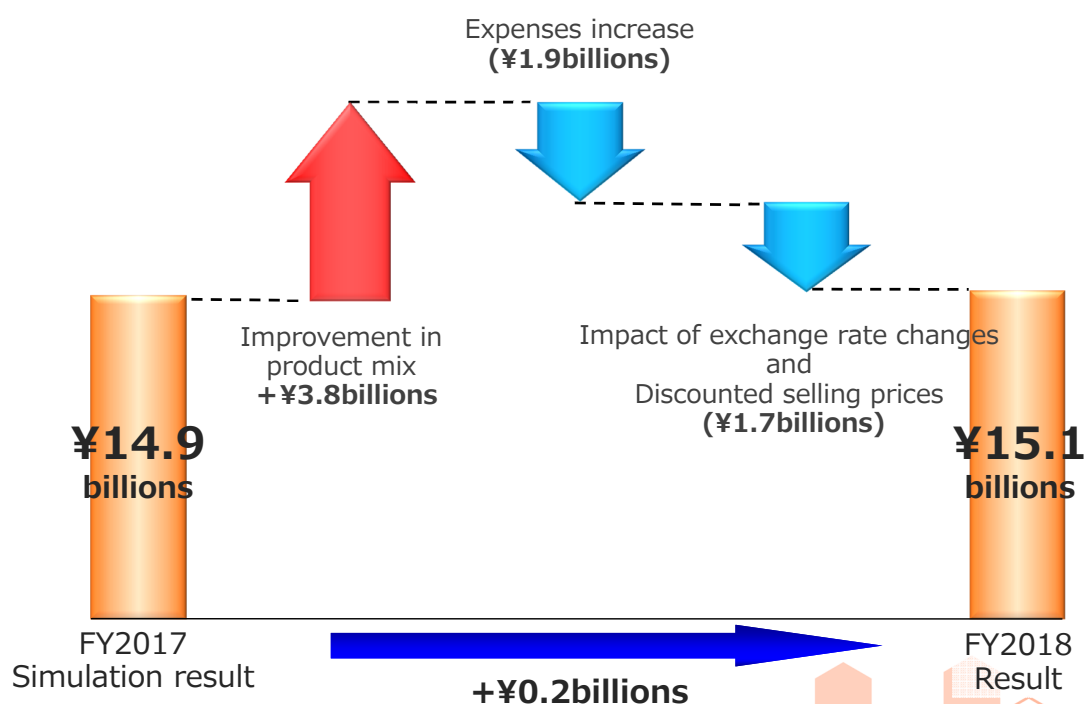
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Breakdown of the Charge in Operating Income (Material Business)

07

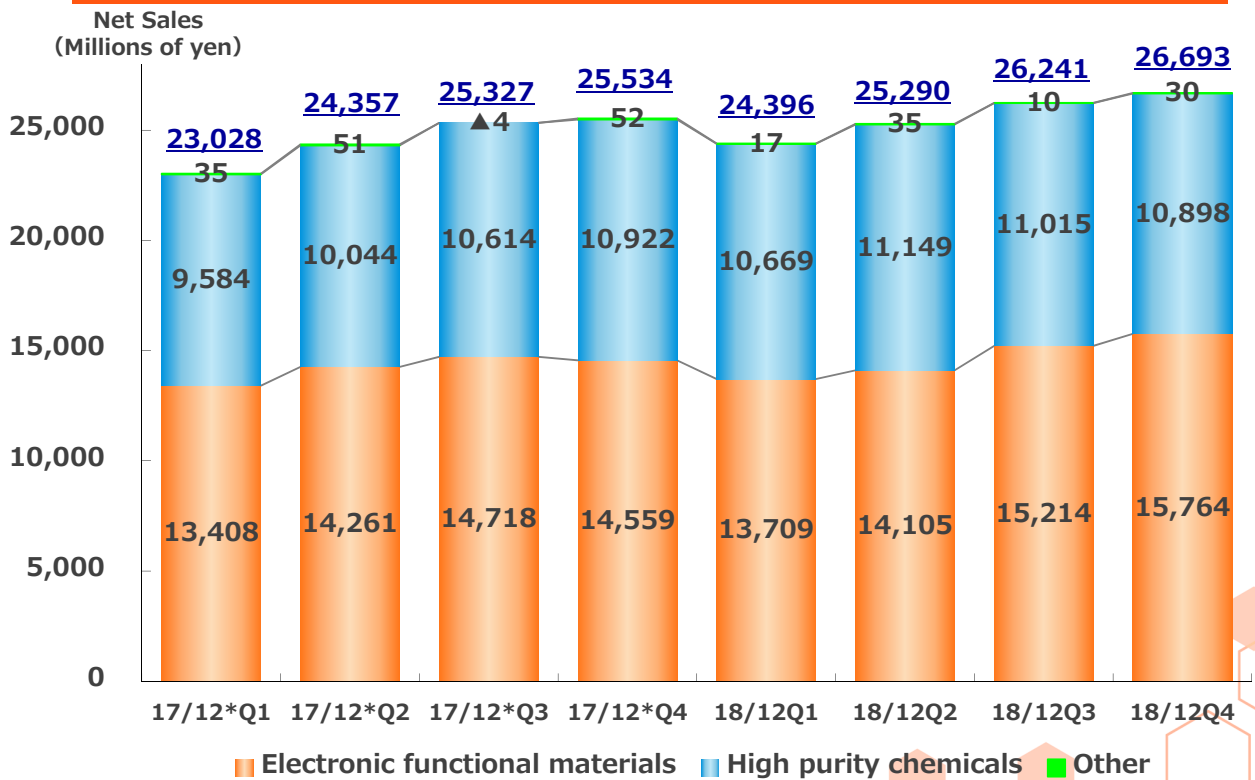
FY2017/12 Simulation result vs. FY2018/12 Result



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These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.

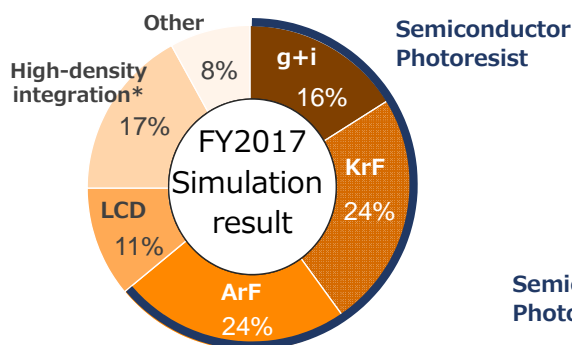
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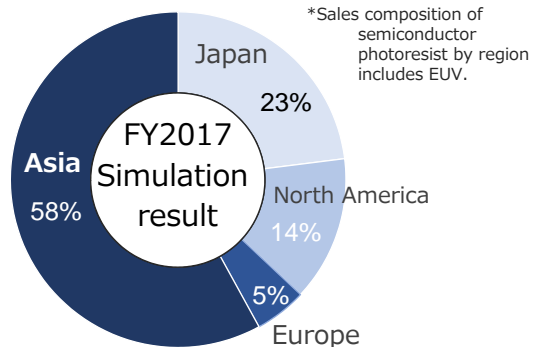
Note : Following a change in fiscal year-end, comparisons are made with the adjusted results for the quarter of the fiscal year ended December, 2017. Please refer to slide 3 for details.
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Electronic Functional Materials Division

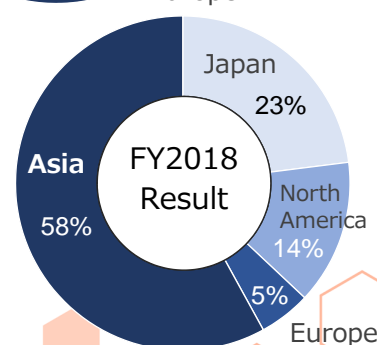
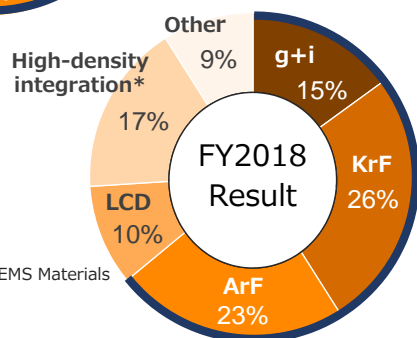
Sales Composition of Electric Function Materials by Type



Sales Composition of Semiconductor Photoresist by Region



Semiconductor Photoresist

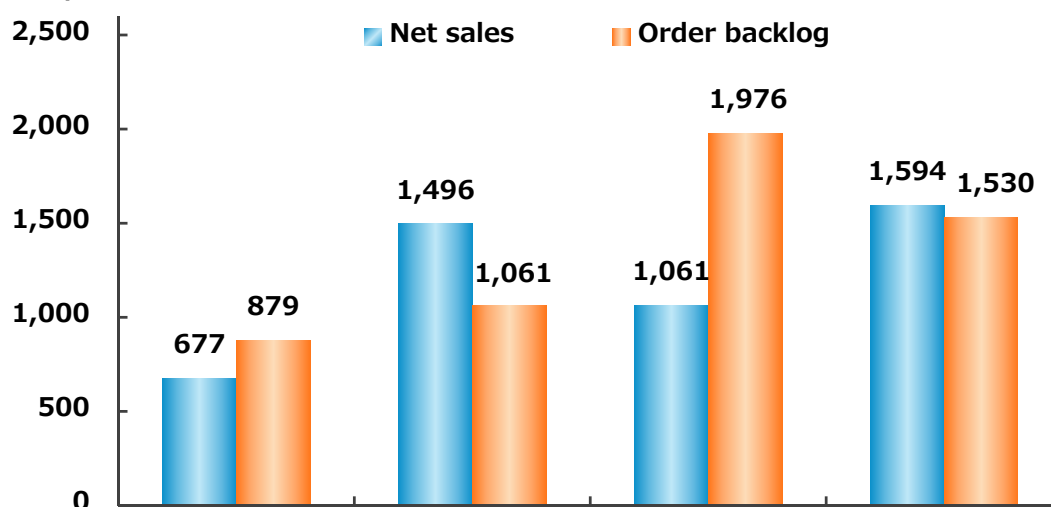


* EUV is included others.
 * High-density integration : Resist for Packaging, MEMS Materials



These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.
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Net sales/Order backlog
(millions of yen)



(Millions of yen)	2017/1H Simulation result	2017/2H Simulation result	2018/1H	2018/2H
Year-end order backlog	1,423	1,190	2,291	2,472

These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.



Capital Investments/Depreciation/R&D 11

(Millions of yen)

	FY2017/12 Simulation result	FY2018/12	
		Change	%
Capital Investments	7,633	5,636	(1,996) (26.2)
Depreciation	6,917	7,063	+146 +2.1
R&D	8,888	8,526	(361) (4.1)

These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.



Balance Sheets

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(Million of yen)

	FY2018	YoY
Current Assets	101,589	+13,870
Cash and deposits	56,093	+11,911
Notes and accounts receivable	22,539	△15
Inventories	17,245	+1,351
Property, plant and equipment	48,358	△3,345
Intangible assets	558	+67
Investments and other assets	34,176	△4,591
Current Liabilities	21,574	△167
Notes and accounts payable	11,381	+937
Long-Term Liabilities	12,250	+8,829
Total net asset	150,857	△2,659
Total asset	184,683	+6,001

Buildings and structures	(439)
Machinery	(1,542)
Furniture and fixtures	(555)
Land	(123)
Construction in progress	(684)

Retained earnings	+3,980
Treasury stock	(2,084)
Unrealized gain on available-for-sale securities	(2,578)
Foreign currency translation adjustments	(1,508)

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Cash Flows

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(Millions of yen)

	FY2018
Cash flows from operating activities	+14,311
Income before income taxes and minority interests	+9,814
Depreciation	+7,063
Increase (decrease) in allowance for doubtful accounts	△420
Decrease (increase) in trade notes and accounts receivable	△1,770
Decrease (increase) in inventories	+1,092
Decrease (increase) in trade notes and accounts payable	△147
Increase (decrease) in advances received	△2,221
Income taxes paid	△8,013
Cash flows from investing activities	+4,333
Cash flows from financing activities	△741
Translation adjustments	+9,889

Major breakdown	
Purchases of property, plant and equipment	(6,491)
Increase in time deposits	(2,150)

Major breakdown	
Proceeds from long-term loans payable	+10,000
Purchases of treasury stock	(2,212)
Dividends paid (incl. minority shareholders)	(3,426)

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Consolidated Performance Forecasts for FY2019 (2019.1-2019.12)

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Earnings Forecasts (Full-year)

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(Millions of yen)

	FY2018	FY2019 Forecast		
			Change	%
Net sales	105,277	111,600	+6,322	+6.0
Operating income	10,505	10,500	(5)	(0.1)
Ordinary income	10,734	10,800	+65	+0.6
Profit attributable to owners of parent	6,875	7,200	+324	+4.7

■ Exchange rate assumptions (US\$) : ¥109.5/\$ (2018/12) ⇒¥105.0/\$ (2019/12)

■ Net sales :

Will increase 6.0% year on year as the growth rate of the Material Business will be the lowest in the 1st half and recover in the 2nd half.

■ Operating income :

Will remain at the same level as the previous year due to cost increase in the Material Business as well as the impact of exchange rate changes while sales increase is expected.

■ Profit attributable to owners of parent :

Will secure positive growth year on year as there will no longer be impact of the special factor related to tax effect accounting.

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Performance Forecasts by Business Segment

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(Millions of yen)

	FY2018	FY2019 Forecast		
			Change	%
Net sales	105,277	116,000	+6,322	+6.0
Material business	102,621	107,100	+4,478	+4.4
Electronic functional materials	58,793	61,600	+2,806	+4.8
High purity chemicals	43,733	45,300	+1,566	+3.6
Equipment business *1	2,655	4,500	+1,844	+69.5
Operating income	10,505	10,500	(5)	(0.1)
Material business	15,075	14,600	(475)	(3.2)
Equipment business	(883)	(100)	+783	-
Eliminations and corporate	(3,686)	(4,000)	(313)	-

*1: Net sales of the Equipment Business are the figures after elimination of inter-segment sales.

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Capital Investments/Depreciation/R&D

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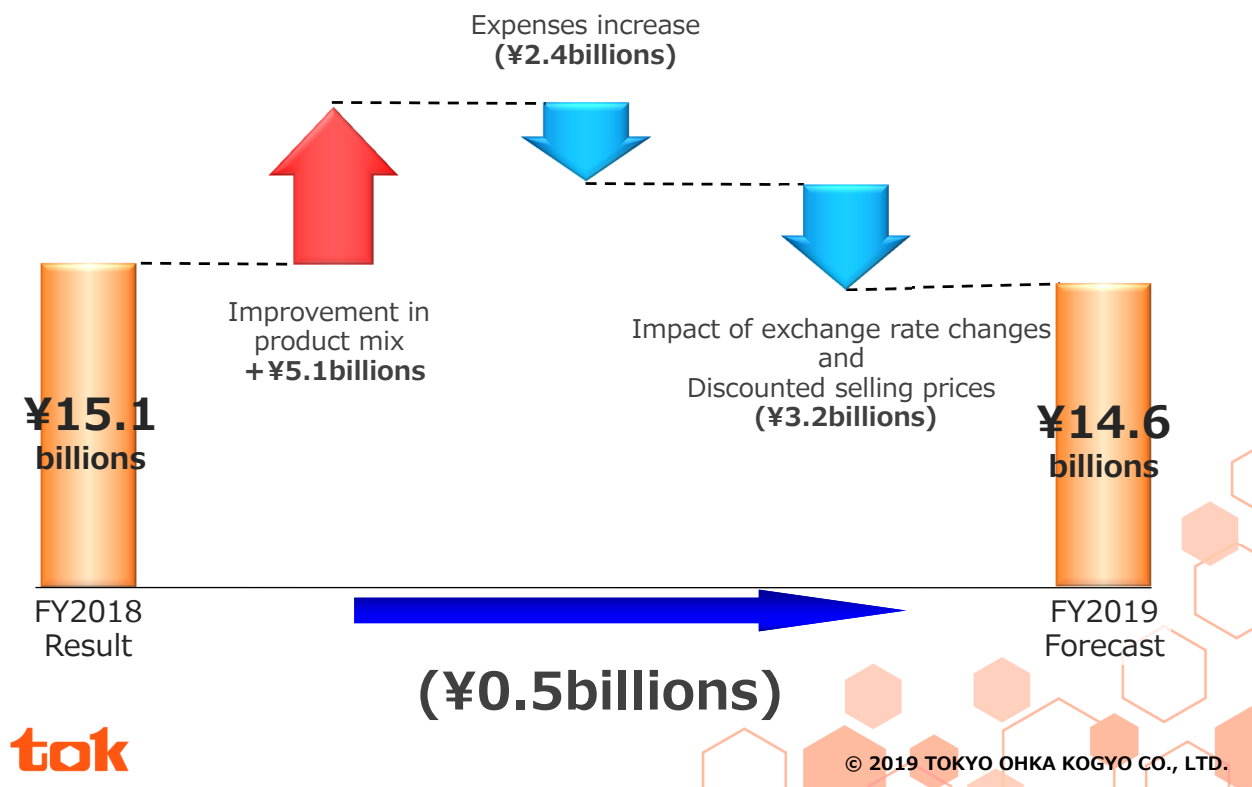
(Millions of yen)

	FY2018	FY2019 Forecast		
			Change	%
Capital Investments	5,636	16,500	+10,863	+192.7
Depreciation	7,063	7,700	+636	+9.0
R&D	8,526	9,300	+773	+9.1

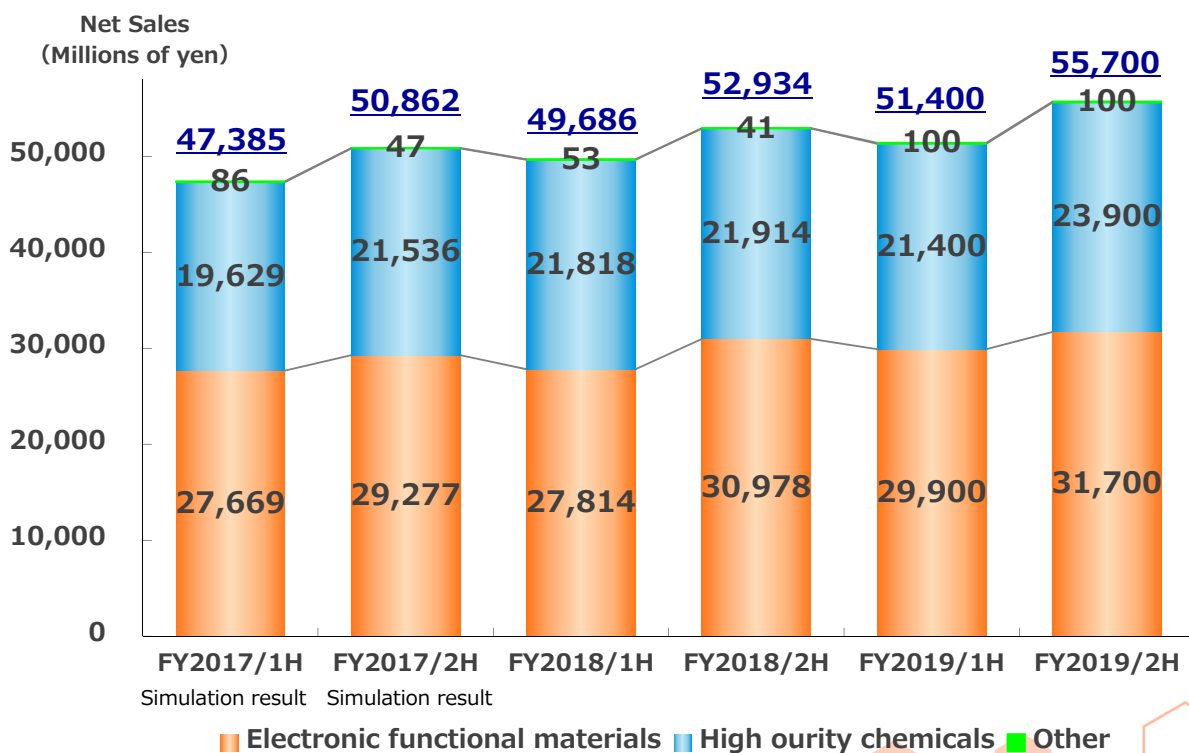
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Breakdown of the Charge in Operating Income (Material Business)

FY2018 Result vs. FY2019 Forecast

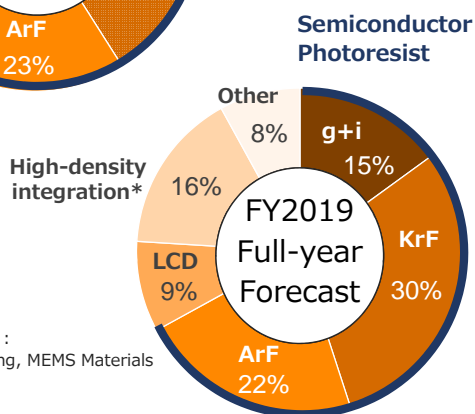
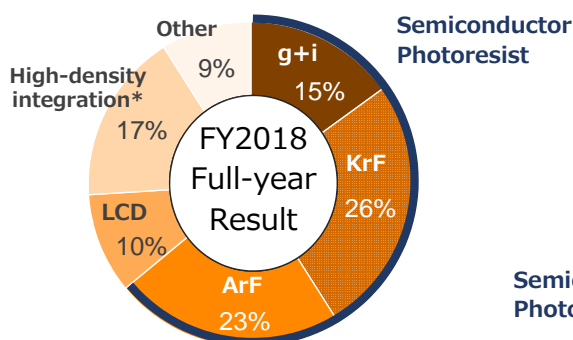


Sales Breakdown of Material Business(Forecast)



These are comparisons with the adjusted results for the fiscal year ended December, 2017 due to a change in fiscal year-end. Please refer to slide 03 for details.

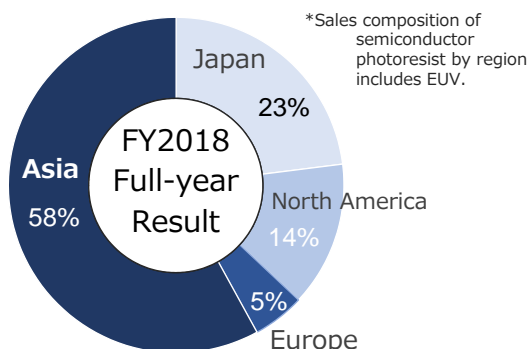
Sales Composition of Electric Function Materials by Type



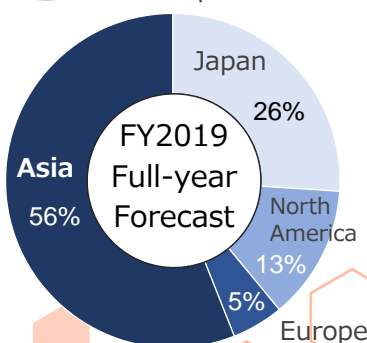
* EUV is included others.
 * High-density integration : Resist for Packaging, MEMS Materials



Sales Composition of Semiconductor Photoresist by Region



*Sales composition of semiconductor photoresist by region includes EUV.



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(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 judgment, 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.

