



# Financial Results for FY2015

**February 12, 2016**

This document is a translation of the official Japanese version  
provided for information purpose only.

## Scope of consolidation

Number of consolidated subsidiaries: 19 (decrease of two from FY2014:  
Absorption-type merger of Mikuni Plastics with Aronkasei in April 2015.  
Liquidation of TOA Engineering completed in July 2015)

Number of equity-method affiliates: 2 (no change from FY2014)

		FY2014	FY2015	Change	
Net sales	(Millions of yen)	148,912	139,848	-9,063	-6.1%
Operating income	(Millions of yen)	12,015	12,347	332	2.8%
Operating income ratio		8.1%	8.8%	0.7%	—
Ordinary income	(Millions of yen)	12,892	13,201	308	2.4%
Net income	(Millions of yen)	8,414	6,696	-1,717	-20.4%
Net income per share	(Yen)	63.88	50.86	-13.02	—
Dividend (annual)	(Yen)	24.0	24.0	0.0	—

\*The Company conducted a 1-for-2 stock consolidation of its common stock whose effective date was July 1, 2015.

Net income per share is calculated based on the assumption that the stock consolidation was conducted at the beginning of the previous fiscal year.

# Consolidated Results (by Segment)

## Net sales (by consolidated segment)

(Millions of yen)

	FY2014	FY2015	Change in net sales		
			Volume	Unit price	Change
Commodity Chemicals	44,305	42,458	-1,894	48	-1,846
Acrylic Products	58,787	52,039	-991	-5,757	-6,748
Specialty Chemicals	16,833	17,514	412	268	680
Plastics	25,705	24,695	-918	-90	-1,009
Other	3,280	3,142	-139	0	-139
<b>Total</b>	<b>148,912</b>	<b>139,848</b>	<b>-3,532</b>	<b>-5,531</b>	<b>-9,063</b>

## Operating income (by consolidated segment)

(Millions of yen)

	FY2014		FY2015		Change
	Operating income	Operating income ratio	Operating income	Operating income ratio	
Commodity Chemicals	2,841	6.4%	3,368	7.9%	526
Acrylic Products	3,936	6.7%	3,210	6.2%	-725
Specialty Chemicals	3,802	22.6%	4,346	24.8%	543
Plastics	1,416	5.5%	1,270	5.1%	-145
Other	(44)	—	54	—	99
Intersegment/elimination	62	—	96	—	33
<b>Total</b>	<b>12,015</b>	<b>8.1%</b>	<b>12,347</b>	<b>8.8%</b>	<b>332</b>

## Other Income/Expenses and Extraordinary Income/Loss (Consolidated)

### [Other income/expenses]

(Millions of yen)

	FY2014	FY2015	Change
Interest and dividend income	509	708	198
Equity in earnings of affiliates	324	328	3
Foreign currency exchange gain	172	11	-160
Rent income on non-current assets	173	186	12
Interest expense	(121)	(111)	9
Environment readiness fee	(85)	(165)	-79
Cost of idle assets	(135)	(110)	24
Other	39	7	-32
<b>Total</b>	<b>877</b>	<b>853</b>	<b>-23</b>

### •Equity in earnings of affiliates

(Millions of yen)

	FY2014	FY2015	Difference
Elmer's & Toagosei	329	325	-4
Chubu Liquid Oxygen	(4)	3	7
<b>Total</b>	<b>324</b>	<b>328</b>	<b>3</b>

### [Extraordinary income/loss]

(Millions of yen)

	FY2014	FY2015	Change
Subsidy income	506	116	-389
Gain on sales of non-current assets	275	671	396
Gain on sales of investment securities	0	40	40
Loss on disposal of non-current assets	(509)	(340)	169
Impairment loss	0	(1,826)	-1,826
<b>Total</b>	<b>272</b>	<b>(1,338)</b>	<b>-1,610</b>

### •Impairment loss

FY2015: Long-term prepaid expenses etc. at Toagosei Singapore

### •Exchange rate (Yen/USD)

Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
105.39	120.55	120.61

# Consolidated Balance Sheet

(Millions of yen)

	Dec. 31, 2014	Dec. 31, 2015	Change
Cash and deposits	16,117	15,969	-148
Notes and accounts receivable	42,403	38,699	-3,703
Securities ①	25,500	41,000	15,500
Inventories	17,490	16,037	-1,453
Other current assets	2,785	1,729	-1,056
Non-current assets	66,671	63,505	-3,165
Investment securities	25,670	27,344	1,673
Deferred tax assets	77	60	-16
Other non-current assets	4,455	3,672	-783
<b>Total assets</b>	<b>201,168</b>	<b>208,018</b>	<b>6,849</b>
Notes and accounts payable	15,704	13,140	-2,564
Bank loans and debt	13,234	12,693	-541
Accrued income taxes	582	2,376	1,794
Other liabilities	14,297	16,787	2,490
<b>Total liabilities</b>	<b>43,818</b>	<b>44,997</b>	<b>1,179</b>
<b>Total net assets ②</b>	<b>157,349</b>	<b>163,020</b>	<b>5,670</b>
<b>Total liabilities and net assets</b>	<b>201,168</b>	<b>208,018</b>	<b>6,849</b>

## [Balance Sheet]

- ① Part of internal reserve is held as securities.
- ② Retained earnings increased by 4,183 million yen.

## [Cash Flows]

(Millions of yen)

	FY2014	FY2015	Change
Cash flows from operating activities	16,098	23,313	7,215
Cash flows from investing activities*	(13,981)	(4,592)	9,389
Free cash flow	2,117	18,721	16,604

\* Decrease in purchases of property, plant and equipment

# Overview of Consolidated Subsidiaries (FY2015)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss)	
			FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
1 Toa Techno-Gas	Commodity Chemicals	100	4,401	4,521	388	442	258	296
2 (Oita Chemical)	Acrylic Products	91.15	13,478	11,032	36	40	274	(46)
3 Toagosei Singapore	↓	100	9,552	7,597	(338)	(1,253)	(385)	(2,969)
4 MT AquaPolymer	↓	51	10,346	10,171	632	969	408	629
5 Taiwan Toagosei	↓	100	928	873	66	59	58	49
6 Toa-Jet Chemical	↓	51	1,602	1,435	100	61	77	58
7 TOA-DIC Zhangjiagang Chemical	↓	60	1,723	1,823	131	166	81	139
8 Toagosei America	Specialty Chemicals	100	2,386	2,792	292	338	363	277
9 (Aron Ever-Grip )	↓	100	-	-	-	-	161	-
10 (Aron Packaging)	↓	100	221	217	5	0	3	0
11 Toagosei Hong Kong	↓	100	346	384	49	57	153	96
12 Toagosei (Zhuhai)	↓	100	376	423	69	85	50	65
13 (MT Ethylene Carbonate)	↓	90	375	351	4	2	3	2
14 Aronkasei	Plastics	100	25,308	24,704	1,388	1,269	813	792
15 Mikuni Plastics	↓	100	921	60	25	1	(14)	(1)
16 Toa Kogyo	Other	100	1,140	1,076	6	22	9	15
17 TOA Engineering	↓	100	170	-	(29)	-	(29)	(3)
18 Toa Business Associe	↓	100	1,267	1,047	73	81	41	47
19 TG Corporation	↓	100	12,533	11,923	306	328	184	206
20 (Toa Logistics )	↓	100	5,460	5,174	39	36	21	12
21 (Shikoku Toa Logistics )	↓	70	1,052	1,040	4	3	3	2
22 (Hokuriku Toa Logistics)	↓	90	231	231	3	2	2	2
Simple aggregation			93,816	86,874	3,249	2,708	2,534	(332)

Company names in parentheses indicate that almost all of their transactions are with the Company.

# Consolidated Results Forecast for FY2016

(Millions of yen)

	FY2015 (A)	FY2016 1H (forecast)	FY2016 2H (forecast)	FY2016 forecast (B)	Change (B-A)
Net sales	139,848	69,000	71,000	140,000	151
Operating income	12,347	6,400	6,600	13,000	652
Operating income ratio	8.8%	9.3%	9.3%	9.3%	5.3%
Other income/expenses	853	500	500	1,000	146
Ordinary income	13,201	6,900	7,100	14,000	798
Extraordinary loss	(1,338)	(200)	(200)	(400)	938
Income before income taxes and minority interests (a)	11,863	6,700	6,900	13,600	1,736
Income taxes (b)	4,772	2,100	2,150	4,250	-522
Tax rate (b)/(a)	40.2%			31.3%	-9.0%
Minority interests	394	200	150	350	-44
Net income	6,696	4,400	4,600	9,000	2,304
<Reference>					
Average exchange rate (Yen/USD)	¥120.79			¥120.00	
Naphtha price (Yen/kl)	¥45,975			¥40,000	

Note: Change of 1,000 yen in naphtha price per kl will have an impact of  $\pm 300$  million yen on the Company's performance.  
 Depreciation of yen by 1 yen/USD will have an impact of -60 million yen on the Company's performance.

## Consolidated Results Forecast for FY2016 (by Segment)

### Net sales

(Millions of yen)

	FY2015 results	FY2016 forecast	Change	Factors for change
Commodity Chemicals	42,458	42,300	-158	[Decrease] Caustic soda [Increase] Liquefied hydrogen chloride
Acrylic Products	52,039	50,700	-1,339	[Decrease] UV-curable resins, polymer flocculants
Specialty Chemicals	15,410	16,300	890	[Increase] Functional adhesives, electronics materials
Plastics	26,799	27,500	701	[Increase] Piping equipment
Other	3,142	3,200	59	
<b>Total</b>	<b>139,848</b>	<b>140,000</b>	<b>152</b>	

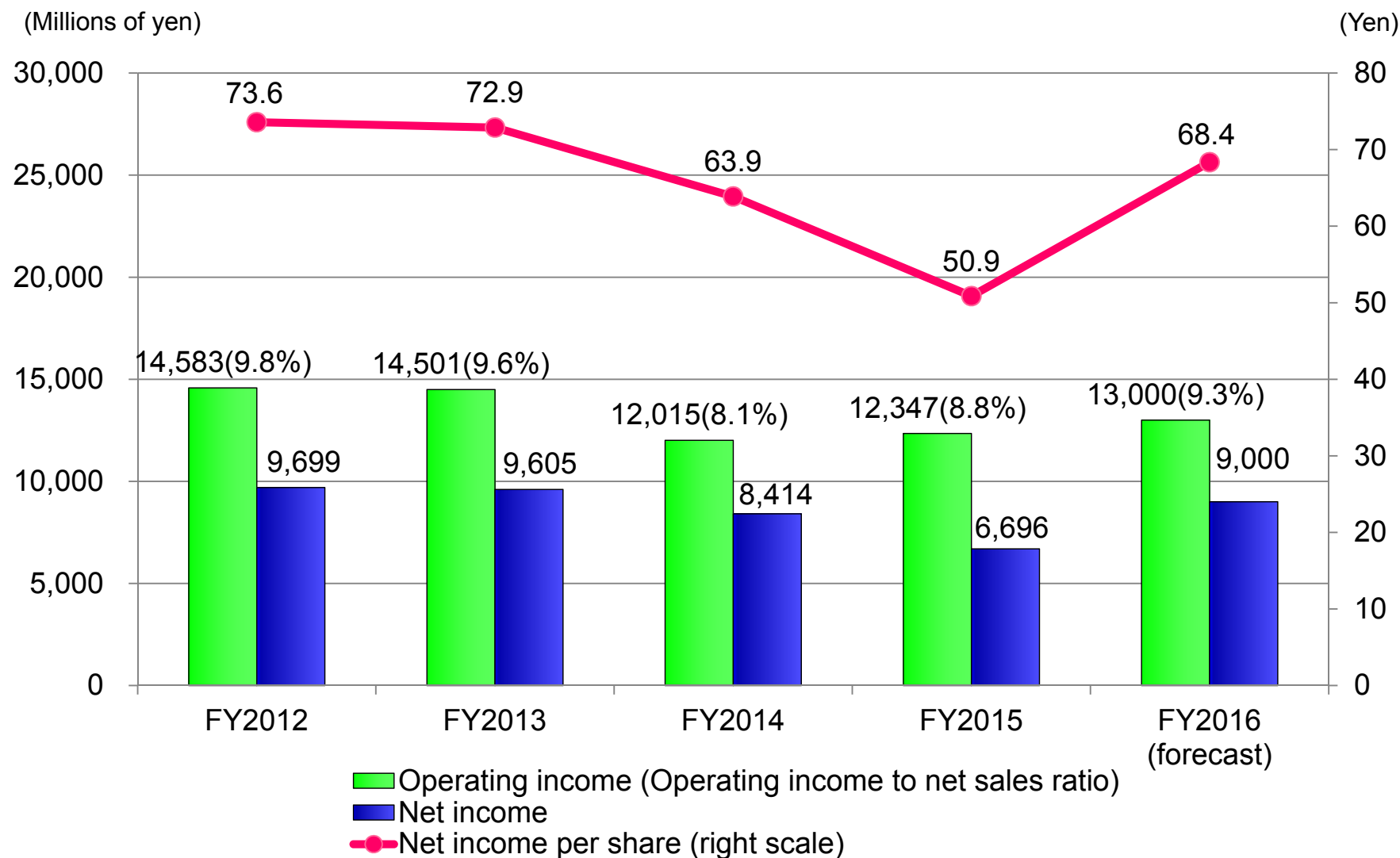
### Operating income

Figures in square brackets are operating income ratios. (Millions of yen)

	FY2015 results		FY2016 forecast		Change	Factors for change
Commodity Chemicals	3,368	[7.9%]	3,500	[8.3%]	132	[Increase] Caustic soda
Acrylic Products	3,210	[6.2%]	3,600	[7.1%]	390	[Increase] Acrylic acids, acrylate esters, acrylic polymers
Specialty Chemicals	4,115	[26.7%]	4,300	[26.4%]	185	[Increase] Functional adhesives, electronics materials
Plastics	1,501	[5.6%]	1,500	[5.5%]	-1	
Other	150	-	100	-	-50	
<b>Total</b>	<b>12,347</b>	<b>[8.8%]</b>	<b>13,000</b>	<b>[9.3%]</b>	<b>653</b>	

Note: The business of waterproofing coating materials and civil engineering products was transferred to Aronkasei. Figures in the tables above were calculated based on the assumption that the business transfer was conducted in FY2015.



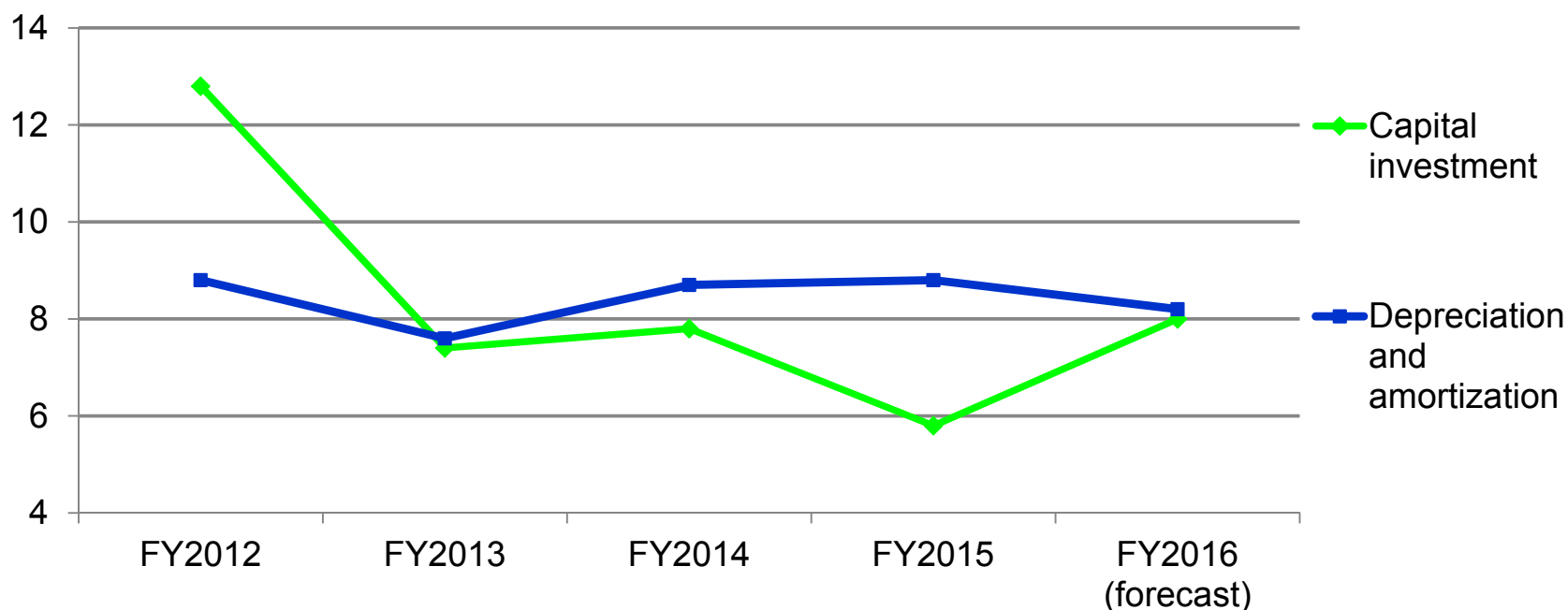


\* The Company conducted a 1-for-2 stock consolidation of its common stock whose effective date was July 1, 2015. Net income per share is calculated based on the assumption that the stock consolidation was conducted at the beginning of each fiscal year.

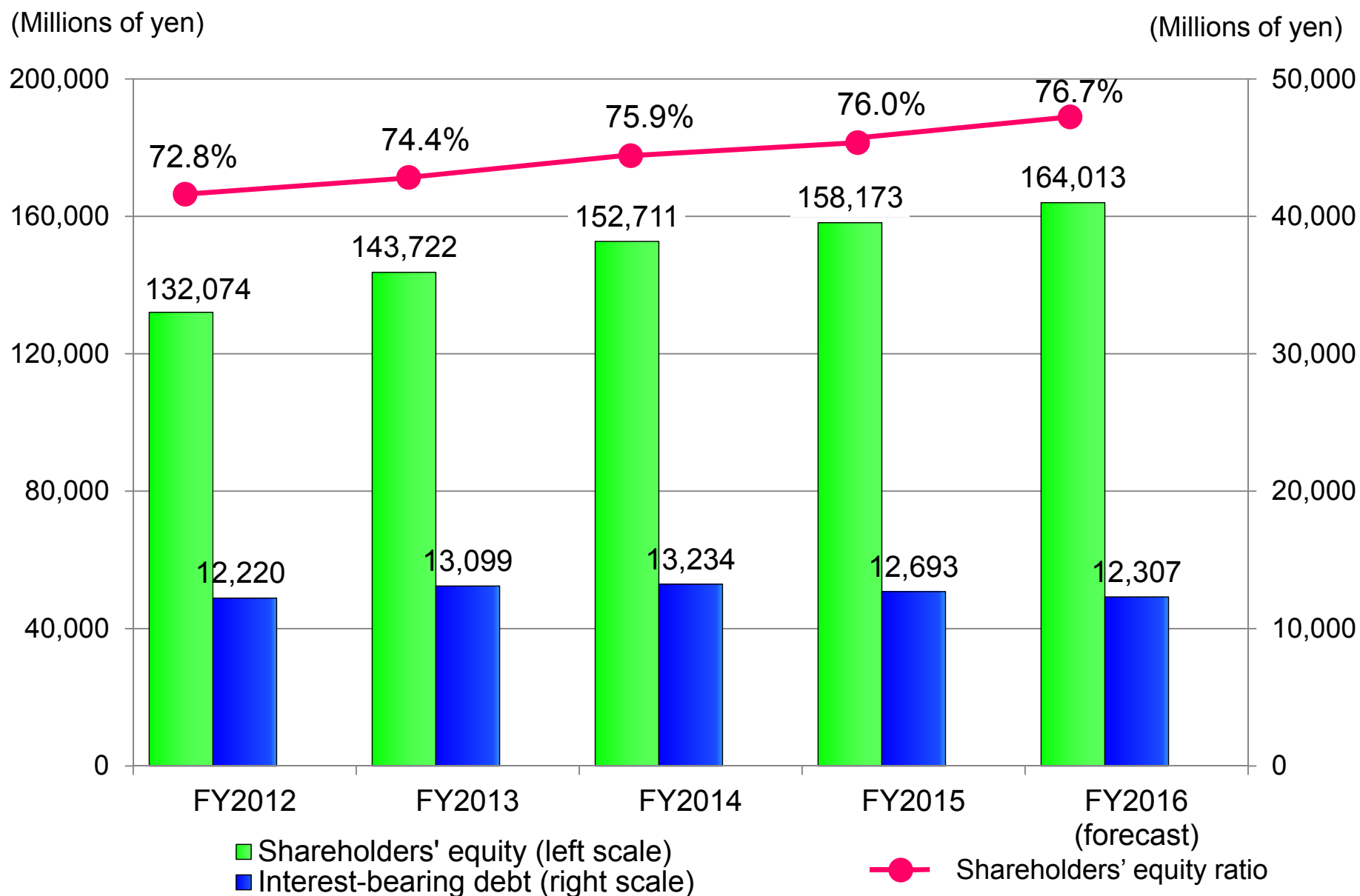
(Billions of yen)

	FY2012	FY2013	FY2014	FY2015	FY2016 forecast
Depreciation and amortization	8.8	7.6	8.6	8.8	8.2
Capital investment	12.8	7.4	7.8	5.8	8.0
Research and development expenses	4.4	3.8	3.9	3.7	3.9
Overseas sales	22.6	23.8	24.8	23.1	22.9
Interest-bearing debt	12.2	13.1	13.2	12.6	12.3

(Billions of yen)



# Historical Reference for Consolidated Performance



# Overview of Consolidated Subsidiaries (FY2016 Forecast)

(Millions of yen)

Company name	Segment	Ownership (%)	Net sales		Operating income (loss)		Net income (loss)	
			FY2015	FY2016 forecast	FY2015	FY2016 forecast	FY2015	FY2016 forecast
1 Toa Techno-Gas	Commodity Chemicals	100	4,521	4,300	442	452	296	318
2 (Oita Chemical)	Acrylic Products	91.15	11,032	10,837	40	(16)	(46)	(60)
3 Toagosei Singapore	↓	100	7,597	7,341	(1,253)	(500)	(2,967)	(499)
4 MT AquaPolymer	↓	51	10,171	9,958	969	873	629	563
5 Taiwan Toagosei	↓	100	873	856	59	63	49	53
6 Toa-Jet Chemical	↓	51	1,435	1,093	61	25	58	22
7 TOA-DIC Zhangjiagang Chemical	↓	60	1,823	1,908	166	171	139	128
8 Toagosei America	Specialty Chemicals	100	2,792	2,457	338	370	277	300
9 (Aron Packaging)	↓	100	217	272	0	0	0	0
10 Toagosei Hong Kong	↓	100	384	395	57	54	96	45
11 Toagosei (Zhuhai)	↓	100	423	422	85	65	65	47
12 (MT Ethylene Carbonate)	↓	90	351	428	2	4	2	3
13 Aronkasei	Plastics	100	24,704	27,584	1,269	1,500	792	1,181
14 Mikuni Plastics	↓	100	60	-	1	-	(1)	-
15 Toa Kogyo	Other	100	1,076	1,021	22	14	15	12
16 Toa Business Associe	↓	100	1,047	985	81	44	47	30
17 TOA Engineering	↓	100	-	-	-	-	(8)	-
18 TG Corporation	↓	100	11,923	11,904	328	323	206	194
19 (Toa Logistics )	↓	100	5,174	5,162	36	12	12	8
20 (Shikoku Toa Logistics )	↓	70	1,040	1,063	3	1	2	1
21 (Hokuriku Toa Logistics)	↓	90	231	248	2	2	2	2
Simple aggregation			86,874	88,234	2,708	3,457	(332)	2,348

Company names in parentheses indicate that almost all of their transactions are with the Company.

### Business divisions

- Bulky chemicals: Enhance earning power, maintain the appropriate business scale
- Functional chemicals: Expand business by cultivating new markets and developing new products

#### [Acrylic Products Business]

- ◆ Acrylic Products Overseas Expansion Project launched
  - Accelerate overseas business of downstream acrylic products
  - Target market
    - ① North America: Utilize the current business base for adhesives
    - ② Asia: Enter untapped countries (other than Singapore, China, and Taiwan)

### Manufacturing divisions

- Promote plant rationalization and optimization of production
  - Renewal of facilities, production technology innovation
  - ⇒ Reforms of electrolysis plants and piping equipment plants

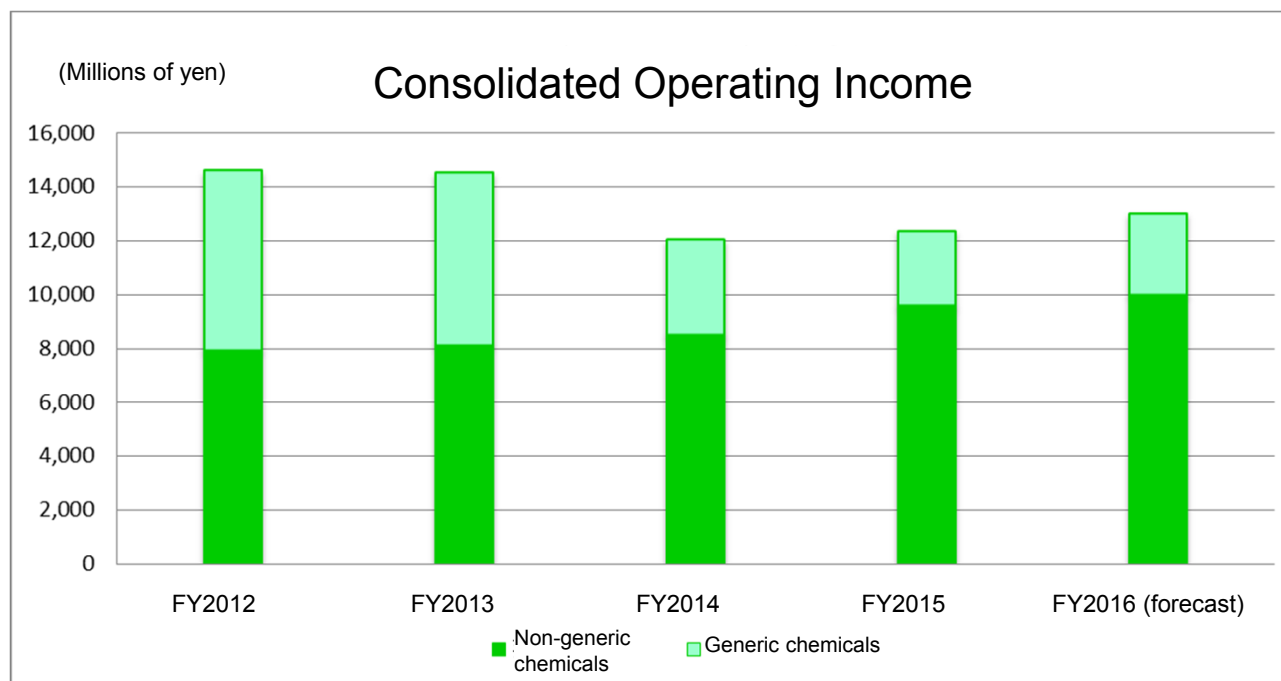
# Management Policy —Promoting reform throughout divisions

## R&D divisions

- Seamless new products creation

Systematic collaboration from development through to commercialization

Joint development with customers and external organizations



## Administrative divisions

- Further enhance operational efficiency and respond to diversifying workstyles

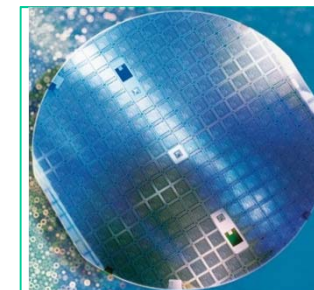
## Commodity Chemicals

### [1] Strengthen competitiveness of the electrolysis business

- Strengthening integrated operation of three electrolysis plants through standardization of production methods. As part of this effort, rationalization started at Yokohama Plant ahead of other plants. Reform of Nagoya Plant to start in 2016.

### [2] Expansion of high-purity inorganic products business

- Completed expansion of Tokushima Plant's production capacity for high-purity liquefied hydrogen chloride. Further sales expansion in Asia where demand is rising.



## Acrylic Products

### [1] Reform of the acrylic monomer business

- Higher utilization rate of acrylic acid production facilities and promotion of restructuring of the Singapore business.

### [2] Reinforcement of downstream products

- Sales expansion of polymer products in the existing market and promotion of development of new themes.
- For Aronix®, focused on cultivating the market for the highly functional products and sales expansion in Asia from the two overseas plants.



## Specialty Chemicals

### [1] Development of new adhesive products

- Regarding functional adhesives for which business has been robust, continuing tailor-made development for customers in cutting-edge fields.
- Under the *Krazy Glue*® brand of instant glues for the U.S. market, launched two new products in localized packaging geared to local needs.

### [2] Cultivation of markets for amenity care material products

- Wider application of deodorant *KESMON*® and antibacterial agent *Novaron*® in highly functional textiles. Continue to focus on this as the principal application of amenity care material products.



## Plastics

### [1] Reform of production and sales systems of the piping equipment business

- Promotion of business development centering on Aronkasei's PVC small-diameter chambers and innovative rationalization of plants

### [2] Launch of differentiated products of the nursing care products business

- *Q-let*, an innovative portable toilet with flush functions, will be launched in April 2016.





## **[1] Establishment of “Toagosei Group Basic Policy on Corporate Governance”**

## **[2] Transition to company with audit & supervisory committee**

**To further strengthen supervisory function by the board of directors and to accelerate decision-making by separating supervision and execution.**

<Director candidates>

- ⇒ Two out of eight directors (not Audit & Supervisory Committee Members), are independent outside directors.
- ⇒ Three out of four directors who are Audit & Supervisory Committee Members, are independent outside directors.

\* The above two items are to be implemented upon approval by the General Meeting of Stockholders to be held on March 30.