



## NEWS RELEASE

**August 18, 2009**

### **Tosoh Announces First-Quarter Consolidated Results for Fiscal 2010 \* (April 1, 2009–June 30, 2009)**

Tokyo—Tosoh Corporation, a leading manufacturer of specialty and commodity chemical products, posted a net loss of ¥3.4 billion (US\$35.5 million at US\$1 = ¥96.01) for the first quarter of the 2010 fiscal year, ended June 30, 2009. That compares with net income of ¥3.0 billion for the same period the previous fiscal year. The net loss reflected an operating loss of ¥4.9 billion (US\$51.0 million), compared with operating income of ¥3.5 billion for the first quarter of fiscal 2010. Net sales declined 30.7% from the same period a year earlier, to ¥134.0 billion (US\$1.4 billion). The net loss per share amounted to ¥5.7 (US\$0.06).

The earnings downturn at Tosoh resulted from ongoing deterioration in the Japanese economy, which was negatively affected by the turmoil in global financial markets that began in the second half of calendar year 2008. Japan witnessed a decrease in capital investments and consequently a rapid increase in workforce layoffs.

Despite strengthened exports in the first quarter of our 2010 fiscal year, our operating environment remained severe. The chemical industry overall did witness some positive trends for a limited number of petrochemical products in the Asian region and particularly in China, but on the whole conditions remained harsh. For Tosoh, the result was weakening markets abroad for such of its core chemical products as polyvinyl chloride. A drop in naphtha and raw materials undermined price structures in Japan.

### **Results by business segment**

#### *Specialty Group*

The Specialty Group registered an operating loss of ¥2.3 billion (US\$24.1 million) in the first quarter, compared with operating income of ¥2.2 billion for the same period the previous fiscal year. Specialty Group net sales declined 30.2%, to ¥51.8 billion (US\$539.7 million).

The group's shipments of ethyleneamines and electrolytic manganese dioxide for batteries were solid, and both products contributed to sales because of fiscal 2009 price adjustments. Sales of bromine and bromine flame retardants; chelation agents;



hydrocarbon-based cleaning solvents; polyurethane raw materials; zeolites used in adsorption, separation, and catalytic applications; and zirconia used in fuel cell components, automobile oxygen sensors, and dental applications declined. Water treatment and related chemicals likewise witnessed a drop in sales.

In bioscience products, group sales of liquid chromatography columns and packing materials grew in Europe. Globally, sales by the group of Tosoh's in vitro diagnostic reagents and automated immunoassay systems increased solidly. Sales of glycohemoglobin analyzers and reagents for detecting and monitoring diabetes mellitus rose in Europe and America.

The Specialty Group's sales of electronic materials, however, were negative. Sales declines were posted for quartz glass and sputtering targets as demand weakened in semiconductors and in flat-panel displays.

### *Basic Group*

The Basic Group posted an operating loss of ¥2.1 billion (US\$22.3 million), compared with an operating loss of ¥1.0 billion in the first quarter of the previous fiscal year. The group's net sales declined 24.0%, to ¥38.1 billion (US\$396.6 million).

A price increase to better reflect a rapid spike in the cost of the raw materials for caustic soda partly offset a decrease in demand for that product in the Japanese market. Demand for caustic soda in markets abroad grew.

Shipments of polyvinyl chloride resins dropped in Japan and rose abroad, but a decrease in raw materials prices resulted in lower prices for polyvinyl chloride resins everywhere. Cement shipments also declined in Japan, on account of stagnation in private- and public-sector spending.

### *Petrochemical Group*

The Petrochemical Group recorded an operating loss of ¥766 million (US\$8.0 million), compared with operating income of ¥1.5 billion a year earlier. Net sales for the group declined 39.8%, to ¥34.4 billion (US\$350.7 million).

An increase in plant production capacity for cumene, completed in fiscal 2009, and the running of the cumene plant with no scheduled shutdowns contributed to an increase in cumene shipments domestically. Overseas, markets for cumene were soft.

Shipments of ethylene and propylene dropped because of decreased demand for derivatives of those products. A drop in the price of naphtha resulted in price deterioration for ethylene and propylene.

The group's polymer operations, too, experienced a deterioration in price because of the drop in the price of naphtha. Although shipments of polyethylene resins decreased in Japan, shipments to Asia witnessed growth. Chloroprene rubber experienced



# TOSOH CORPORATION

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shipment decreases in Japan and abroad, with market prices weakening overseas. Prices also moved down for polyvinyl chloride pastes and petroleum resins.

## *Service Group*

Operating income for the Service Group declined ¥439 million, to ¥324 million (US\$3.4 million), on a drop in net sales of 17.8%, to ¥9.7 billion (US\$101.4 million).

The group's business centers on logistics and construction and includes plant maintenance, chemical analysis, and administrative and information technology support. Sales decreased for trading, logistics, and construction-related Service Group companies in the first quarter of 2010.

The outlook for Tosoh for fiscal year 2010, ending March 31, 2010, is for net sales of ¥650 billion (US\$6.8 billion); operating income of ¥25 billion (US\$260.4 million); ordinary income of ¥20 billion (US\$208.3 million); and net income of ¥9 billion (US\$93.7 million). These full-year forecasts are based on a domestic production price for naphtha of ¥33,000 per kiloliter and an exchange rate of ¥97 to the US dollar.

\* As of April 1, 2009, Tosoh adopted a more common standard for designating the Japanese fiscal year which runs from April to March. The new standard designates the year according to the year in which the fiscal year ends. For this reason, the present fiscal year which ends on March 31, 2010 is called Fiscal Year 2010.

## **TOSOH CORPORATION**

### **WHO WE ARE**

Tosoh Corporation is a Japanese chemical company established in 1935 and listed on the First Section of the Tokyo Stock Exchange. It is the parent of the Tosoh Group, which comprises 132 companies worldwide and a multiethnic workforce of over 11,000 people and generated net sales of ¥684.4 billion (US\$8.2 billion at the year-end rate of ¥83.15 to the US dollar) in fiscal 2011, ended March 31, 2011.

### **WHAT WE DO**

Tosoh is one of the largest chlor-alkali manufacturers in Asia. The company supplies the plastic resins and an array of the basic chemicals that support modern life. Tosoh's petrochemical operations supply ethylene, polymers, and polyethylene, while its electronic materials business serves the global semiconductor and flat-panel display industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the rapid diagnosis of life-threatening diseases, such as diabetes and certain cancers, and to prevent epidemics by identifying pathogenic microbes. In addition, Tosoh develops products and provides services to purify water and to monitor the environment as part of a commitment to a sustainable future.

Stock Exchange Ticker Symbol: 4042



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