



# TOSOH CORPORATION

## NEWS RELEASE

*August 2, 2011*

### **Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2012 (from April 1, 2011, to March 31, 2012)**

**Tokyo, Japan**—Tosoh Corporation is pleased to announce its consolidated results for the first quarter of its 2012 fiscal year, ended March 31, 2012. The company's consolidated net sales amounted to ¥183.3 billion (US\$2.2 billion), up ¥28.1 billion, or 18.0%, from the same period a year earlier. Operating income was ¥10.4 billion (US\$127.4 million), an increase of ¥6.2 billion, or 141.7%, over operating income recorded for the same period a year earlier, while ordinary income expanded ¥7.2 billion, or 254.5%, to ¥10.0 billion (US\$122.9 million). Net income for the first quarter totaled ¥6.3 billion (US\$76.9 million), surging ¥5.4 billion, or 609.4%, from the first quarter in fiscal 2011.

In the first quarter of fiscal 2012, the Japanese economy, and particularly its manufacturing sector, slowed sharply because of the Great East Japan Earthquake. The economy has since firmed, however, with the recovery of production facilities, the repair of disrupted supply chains, and even the end to the restraint in personal consumption in the aftermath of the earthquake. Nevertheless, the direction of the economy remains unclear given such concerns as the tightening of monetary policy in China to curb rising inflation there and the country debt crisis in Europe.

#### **Results by business segment**

##### **Petrochemical Group**

First-quarter net sales for the Petrochemical Group increased ¥11.0 billion, or 25.4%, compared with group net sales for the same period the year before, to ¥54.2 billion (US\$662.8 million). The group's operating income increased ¥2.4 billion, or 168.8%, to ¥3.9 billion (US\$47.4 million).

Shipments of olefins, such as ethylene and propylene, increased for the most part. And olefin production expanded overall in the absence of scheduled plant maintenance in fiscal year 2012. The group's performance in olefins was further boosted by higher ethylene and propylene prices in line with the rising cost of naphtha and other raw materials. Prices for cumene also rose in overseas markets.

Polyethylene resin shipments expanded domestically but declined on the export side because of worsening trade conditions. On a positive note, the group adjusted polyethylene resin product prices upward to match the higher cost of naphtha. The group also introduced product price adjustments for chloroprene rubber (CR) in line with the higher cost of its raw materials.

The group's chlorosulphonated polyethylene (CSM) shipments rose domestically and abroad, partially reflecting the production capacity increase implemented in the previous fiscal year. Polyphenylene sulfide resin (PPS) and polyvinyl chloride (PVC) paste performances benefited from upward adjustments in product prices in line with the higher cost of raw materials.

##### **Chlor-alkali Group**



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Chlor-alkali Group first-quarter net sales increased ¥9.2 billion, or 15.6%, compared with net sales in the first quarter a year earlier, to ¥68.3 billion (US\$836.2 million). The group's operating income improved ¥3.4 billion, recovering from an operating loss in the previous year's first quarter to operating income of ¥1.5 billion (US\$18.6 million).

The Chlor-alkali Group's domestic and overseas shipments of caustic soda expanded during the first quarter of fiscal 2012. In addition, caustic soda prices rose in overseas markets. The group's exports of vinyl chloride monomer (VCM) to Asia increased, particularly to China, as did the overseas price for VCM.

The group's domestic shipments of PVC resins rose, meeting extra demand caused by the temporary halt in the operations of some PVC producers because of the earthquake. The group raised its domestic and overseas PVC resin prices to account for higher raw material prices.

The group's domestic shipments of cement decreased. Lackluster public-sector demand was responsible for the decline.

Shipments of urethane raw materials by the group grew, mainly in Asia. At the same time, urethane-related product prices rose abroad.

## **Specialty Group**

Net sales for the Specialty Group in the first quarter amounted to ¥38 billion (US\$464.3 million), an increase of ¥5.7 billion, or 17.5%, over the group's net sales for the same quarter the preceding fiscal year. The group recorded a ¥100.0 million, or 2.2%, decline in operating income, to ¥4.5 billion (US\$54.7 million).

Shipments of ethyleneamines by the Specialty Group increased, reflecting burgeoning demand in Asia. The group introduced upward price adjustments for its bromine and bromine fire retardant products to account for a tightening of the demand-supply balance.

The group's shipments of separation-related products rose in Japan and overseas. Its domestic shipments of in vitro diagnostic reagents and automated immunoassay analyzers similarly were firm in Japan and globally. However, shipments of automated hemoglobin analyzers for diagnosing and monitoring diabetes declined.

Domestic and overseas shipments by the group of zeolite and zirconia increased, supported by firm demand.

## **Engineering Group**

First-quarter net sales for the Engineering Group were ¥12.9 billion (US\$157.4 million), an increase of ¥1.9 billion, or 16.9%, over the group's first-quarter net sales in the previous fiscal year. The group achieved a ¥139.0 million improvement in operating income over the same period of the previous year, but still ended up with an operating loss of ¥186.0 million (US\$2.3 million).

The group's sales of its water treatment facilities, services, and related chemicals rose amid the high economic growth of emerging economies in Asia. The group's construction-related companies also garnered strong sales.

## **Other**

Other net sales for the first quarter of fiscal 2012 rose ¥310 million or 3.1%, over its net sales for the same period the year before, to ¥10.0 billion (US\$122.7 million). Other operating income was ¥738.0 million (US\$9.0 million), an increase of ¥192 million, or 35.2%.

Sales by trading companies and logistics subsidiaries remained firm.



**Outlook for the fiscal year to March 31, 2012**

Tosoh's projections for fiscal year 2012, ending March 31, 2012, call for net sales of ¥800 billion (US\$9.4 billion); operating income of ¥46 billion (US\$541.2 million); ordinary income of ¥44 billion (US\$517.6 million); and net income of ¥23 billion (US\$270.6 million). These full-year forecasts are based on a domestic production price for naphtha of ¥63,000 per kiloliter and on an exchange rate of ¥85.00 to the US dollar.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥81.71 = US\$1, the average exchange rate during the quarter under review.

**Comparison of Fiscal Year 2012 and 2011 First-Quarter Summary Results**

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)*	
	¥ millions	% change	¥ millions	% change	¥ millions	% change
<b>FY12</b> (04.01.11–06.30.11)	183,314	18.0	10,413	141.7	10,043	254.5
<b>FY11</b> (04.01.10–06.30.10)	155,308	15.9	4,307	—	2,833	—

\*Based on standard accounting practices in Japan, ordinary income (loss) represents income (loss) before extraordinary items and taxes. Extraordinary items include, for example, gain (loss) on the sale of fixed assets and gain (loss) on the sale of stock.

	Net Income (Loss)		Net Income (Loss) per Share
	¥ millions	% change	¥
<b>FY12</b> (04.01.11–06.30.11)	6,284	609.4	10.51
<b>FY11</b> (04.01.10–06.30.10)	885	—	1.48

	Total Assets	Shareholders' Equity	Equity Ratio*	Shareholders' Equity per Share
	¥ millions	¥ millions	%	¥
<b>FY12</b> (04.01.11–06.30.11)	740,558	198,551	22.9	330.28
<b>FY11</b> (04.01.10–03.31.11)	725,917	193,512	22.7	321.90

\*The equity ratio calculation does not include the stock acquisition rights and minority interests included in net assets.

**Earnings Forecast for Fiscal Year 2012 (April 1, 2011–March 31, 2012)**

	Net Sales	Operating Income	Ordinary Income	Net Income
	¥ millions	¥ millions	¥ millions	¥ millions
<b>First half</b>	390,000	19,000	18,000	9,000
<b>Year-end</b>	800,000	46,000	44,000	23,000



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### 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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### Disclaimer

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