



NEWS RELEASE

February 3, 2014

Tosoh Reports on Nine Month Consolidated Results for Fiscal 2014 (the interim period from April 1, 2013, to December 31, 2013)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for the first nine months of its 2014 fiscal year, from April 1, 2013, to December 31, 2013. Consolidated net sales amounted to ¥560.5 billion (US\$5.6 billion), up ¥86.1 billion, or 18.1%, over the amount recorded for the same period a year earlier. Factors contributing to the increase included the lessening impact of the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant, adjustments to domestic prices based on a rise in the cost for naphtha and other raw materials, and adjustments to export prices based on the weakening of the yen.

Profits also jumped substantially year on year for the first nine months. Supported by improvements in volume sold and in terms of trade, the company posted operating income of ¥28.9 billion (US\$291.3 million), an increase of ¥17.2 billion, or 145.9%, over operating income for the same period the previous year. Ordinary income for the first nine months increased ¥22.3 billion, to ¥36.8 billion (US\$370.4 million), or 153.4%, over ordinary income for the same period last year. This increase was attributed to exchange rate gains. Tosoh's net income for the first nine months of fiscal year 2014 climbed ¥17.2 billion, or 312.2%, to ¥22.7 billion (US\$228.2million).

In the first nine months of fiscal 2014, signs of a self-sustaining recovery in Japan's real economy strengthened. The recovery is being driven by the impact of the lifting of long-term deflation and the ripple effect of the Japanese government's monetary and fiscal initiatives. Financial markets strengthened amid rising stock prices and a weakening yen. In addition, business confidence continued to spread and improve while consumer spending remained firm amid improving numbers for employment and personal income.

Results by business segment

Petrochemical Group

Petrochemical Group net sales for the first nine months of fiscal 2014 rose ¥31.7 billion, or 22.9%, compared with group net sales for the same period the year before, to ¥170.2 billion (US\$1.7 billion). The group's operating income increased ¥4.1 billion, or 56.7%, to ¥11.3 billion (US\$113.7 million).

Shipments of olefins, such as ethylene and propylene, expanded because of production increases. Those production increases resulted from fiscal 2014 not being a scheduled plant maintenance year. In addition, increased costs for naphtha allowed for increases in product prices, and cumene benefited from a weaker yen and consequently higher returns from exports.

Polyethylene resin benefited from a recovery in the photovoltaic cell market that boosted shipments of ethylene vinyl acetate copolymer. In addition, Tosoh implemented domestic price



increases to reflect higher naphtha costs. Shipments of chloroprene rubber (CR) and chlorosulphonated polyethylene (CSM) expanded on the back of recovering demand in markets abroad and improved export prices because of the weaker yen.

Chlor-alkali Group

Chlor-alkali Group's net sales for the first nine months increased ¥41.5 billion, or 25.0%, compared with the same period a year earlier, to ¥207.6 billion (US\$2.1 billion). The group registered operating income of ¥2.5 billion (US\$25.6 million), up ¥7.3 billion from an operating loss recorded in the same period last year.

The Chlor-alkali Group's exports and domestic shipments of caustic soda fell during the first nine months of fiscal 2014. The decline for exports was attributed to weakening markets abroad for caustic soda. A recovery in our vinyl chloride monomer (VCM) manufacturing volumes supported an increase in VCM and polyvinyl chloride (PVC) shipments. Moreover, the weaker yen and strengthening of overseas markets improved export prices. A PVC price increase implemented in spring 2013 resulted in higher gains on domestically sold PVC.

The group's shipments of cement increased as a result of strong demand created by the ongoing rebuilding efforts related to the Great East Japan Earthquake.

Shipments of urethane raw materials likewise expanded in Japan and export prices improved because of the weaker yen.

Specialty Group

Net sales for the Specialty Group in fiscal 2014's first nine months amounted to ¥108.9 billion (US\$1.1 billion), an increase of ¥15.9 billion, or 17.1%, over the group's net sales for the same period the preceding fiscal year. The group recorded an ¥8.3 billion, or 145.3%, increase in operating income, to ¥14.1 billion (US\$141.5 million).

Shipments of ethyleneamines by the Specialty Group decreased because of adjustments to production volumes that were made as part of an effort to improve profitability. An increase to prices and the depreciation of the yen, however, provided for gains. The group's shipments, meanwhile, of bromine and bromine fire retardant products rose.

Similarly, the group's shipments of separation-related products, and especially of its liquid chromatography packing materials, expanded. Among the group's diagnostic-related products, shipments of automated immunoassay (AIA) equipment and in vitro diagnostic reagents also increased.

Shipments of electrolytic manganese dioxide for dry cell and rechargeable batteries rose as did shipments of high-silica zeolites (HSZ) for petrochemical and automobile catalytic converter applications. Zirconia shipments likewise increased.

Engineering Group

Net sales for the Engineering Group in the first three quarters were ¥43.5 billion (US\$437.6 million), a decrease of ¥4.0 billion, or 8.4%, year on year in fiscal 2013. The group's operating income deteriorated further, declining ¥2.9 billion from the same period last year, resulting in an operating loss of ¥838.0 million (US\$8.4 million).

Despite an overall increase in domestic water treatment business orders, the Engineering Group's sales of water treatment facilities, services, and related chemicals declined because of postponement of capital investment, maintenance, renovation, and other business by domestic clients in the electric power generation industry and industry in general. In contrast, overseas orders and sales rose on the strength of improved industrial performance, particularly in the electronics industry.



The group's construction-related companies likewise experienced a decrease in sales compared with the same period the year before.

Other

Other net sales for the first nine months of fiscal 2014 increased ¥882.0 million, or 3.0%, over net sales for the same period the year before, to ¥30.3 billion (US\$305.2 million). Other operating income was ¥1.9 billion (US\$18.9 million), an increase of ¥349 million, or 22.8%.

Sales by trading companies and logistics subsidiaries increased.

Note: For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥99.36 = US\$1, the average exchange rate during the period under review.

Outlook for the fiscal year to March 31, 2014

The Japanese government has initiated aggressive monetary and other policies to address Japan's economic issues. Japan's economy is showing strong signs of a steady recovery. Risk remains, though, that a downward swing in the global economy could topple a recovery in Japan. The Tosoh Group is therefore making every effort to boost its profitability. It is expanding its sales volume, maintaining an optimum pricing structure, and reducing costs throughout its operations, among other things.

Tosoh's performance forecasts for fiscal 2014 remain unchanged from those announced on November 1, 2013. These full-year forecasts are based on a standard price for naphtha of ¥65,000 per kiloliter and on an exchange rate of ¥95.00 to the US dollar.

Performance Forecasts for Fiscal Year 2014 (April 1, 2013–March 31, 2014)

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
Forecast	¥750 billion	¥40 billion	¥44 billion	¥26 billion	¥43.40
Reference: FY 2013, performance	¥668.5 billion	¥24.4 billion	¥33.6 billion	¥16.9 billion	¥28.17



TOSOH CORPORATION

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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 ¥668.5 billion (US\$7.1 billion at the year-end rate of ¥94.05 to the US dollar) in fiscal 2013, ended March 31, 2013.

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, polyethylene, and functional polymers, while its advanced materials business serves the global semiconductor, display, and solar industries. Tosoh has also pioneered sophisticated bioscience systems that are used for the monitoring of life-threatening diseases. In addition, Tosoh demonstrates its commitment to a sustainable future in part by manufacturing a variety of eco-products, including an emission-free polyurethane catalyst.

Stock Exchange Ticker Symbol: 4042

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Disclaimer

This document may contain forward-looking statements, including, without limitation, statements concerning product development, objectives, goals, and commercial introductions, which involve certain risks and uncertainties. The forward-looking statements are also identified through the use of the word *anticipates* and other words of similar meaning. Actual results may differ significantly from the expectations contained in the forward-looking statements.



Summary of Nine-Month Consolidated Business Results for Fiscal Year 2014
(April 1, 2013–December 31, 2013)

February 3, 2014

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	9 months of FY 2013 (04.01.12–12.31.12) (Actual)	9 months of FY 2014 (04.01.13–12.31.13) (Actual)	Difference	FY 2013 (04.01.12–03.31.13) (Actual)	FY 2014 (04.01.13–03.31.14) (Forecast)	Difference
Net sales	474.4	560.5	86.1	668.5	750.0	81.5
Operating income	11.8	28.9	17.2	24.5	40.0	15.5
Ordinary income	14.5	36.8	22.3	33.6	44.0	10.4
Net income	5.5	22.7	17.2	16.9	26.0	9.1
Net income per share (¥)	9.19	37.86	28.66	28.17	43.40	15.23

(b) Business and Financial Fundamentals

(¥ Billions)

	9 months of FY 2013 (04.01.12–12.31.12) (Actual)	9 months of FY 2014 (04.01.13–12.31.13) (Actual)	Difference	FY 2013 (04.01.12–03.31.13) (Actual)	FY 2014 (04.01.13–03.31.14) (Forecast)	Difference
Exchange rate (¥/US\$) Average TTM	79.95	99.36	19.41	82.91	96.93	14.01
Exchange rate (¥/EUR) Average TTM	102.04	132.17	30.14	106.78	129.99	23.22
Domestic standard naphtha price (¥/kl)	55,367	65,467	10,100	57,475	64,925	7,450



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(c) Net Sales and Operating Income (Loss) by Business Segment

(¥ Billions)

		9 months of FY 2013 (04.01.12–12.31.12) (Actual)	9 months of FY 2014 (04.01.13–12.31.13) (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	138.5	170.2	31.7	11.5	20.2	-
	Operating income	7.2	11.3	4.1	1.1	1.7	1.4
Chlor-alkali Group	Net sales	166.1	207.6	41.5	21.1	20.5	-
	Operating income (loss)	(4.7)	2.5	7.3	7.7	0.7	(1.1)
Specialty Group	Net sales	93.0	108.9	15.9	1.7	14.2	-
	Operating income	5.7	14.1	8.3	1.2	5.9	1.2
Engineering Group	Net sales	47.5	43.5	(4.0)	(5.5)	1.5	-
	Operating income (loss)	2.0	(0.8)	(2.9)	(2.8)	0.0	(0.1)
Other	Net sales	29.4	30.3	0.9	0.6	0.3	-
	Operating income	1.5	1.9	0.3	0.6	0.0	(0.2)
Total	Net sales	474.4	560.5	86.1	29.3	56.8	-
	Operating income	11.8	28.9	17.2	7.7	8.2	1.2

*Price effect of operating income includes sale and purchase variances.



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2. Consolidated Financial Position

(¥ Billions)

	FY 2013 03.31.2013	FY 2014 12.31.2014	Difference
Total assets	735.1	744.7	9.6
Net assets	219.3	244.6	25.3
Interest-bearing liabilities	326.0	310.6	(15.4)
Equity ratio (%)	25.7	28.8	3.1

3. Dividends

	Annual dividends per share (¥)				
	Q1	Q2	Q3	Q4	Total
FY 2013	—	3.00	—	3.00	6.00
FY 2014	—	3.00	—		
FY 2014 (Forecast)				3.00	6.00