TOSOH CORPORATION

TOSOH

NEWS RELEASE

May 10, 2013

Tosoh Reports on Consolidated Results for Fiscal 2013 (from April 1, 2012, to March 31, 2013)

Tokyo, Japan—Tosoh Corporation is pleased to announce its consolidated results for its 2013 fiscal year, ended March 31, 2013. The company's consolidated net sales amounted to ¥668.5 billion, decreasing ¥18.6 billion, or 2.7%, from fiscal year 2012. Factors contributing to the decline included falling demand for the company's products because of a weak economy and product shortages because of the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant.

Operating income was affected by terms of trade that worsened because of rising raw material prices and other factors. But that impact was mitigated by a decrease in fixed costs, particularly depreciation and amortization expenses. Consequently, operating income rose ¥0.7 billion, or 3.1%, from fiscal 2012, to ¥24.5 billion. The company's ordinary income fared even better, climbing ¥8.8 billion, or 35.5%, to ¥33.6 billion. The larger increase for ordinary income was a result of foreign exchange gains arising from the depreciation of the yen. Net income increased ¥7.5 billion, or 79.8%, to ¥16.9 billion.

The Japanese economy continued to suffer from extremely poor business conditions through most of calendar year 2012 despite the demand generated by recovery efforts after the Great East Japan Earthquake. Exports and manufacturing contracted substantially because of falling external demand precipitated by stagnation in European economies and a slowdown in the Chinese economy. Capital investment weakened, moreover, in reaction to a loss of momentum in consumer spending as the benefits of the Japanese government's economic policies tapered off and concern about the economy's direction heightened.

A change in government at the end of 2012, however, altered the mood in Japan. There was a broad recovery in stock prices in the wake of the market's positive evaluation of the new government's bold monetary and public spending policies. And export conditions improved as the yen weakened against other currencies and as the global economy began to recover. All of these factors combined to heighten expectations of an economic recovery in Japan.

Results by business segment

Petrochemical Group

Fiscal 2013 net sales for the Petrochemical Group declined ¥5.7 billion, or 2.9%, compared with group net sales for the year before, to ¥187.6 billion. The group's operating income deteriorated ¥2.0 billion, or 15.6%, to ¥10.5 billion.

Shipments of ethylene, propylene, and other olefins contracted along with a falloff in demand for derivatives. Product prices however, increased to reflect the higher cost of naphtha and other factors. The price of cumene also rose in overseas markets.

Polyethylene resin shipments were at low levels, particularly in the domestic market. Among other factors, the decline can be attributed to reduced shipments of ethylene vinyl acetate

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copolymer because of dropping demand for sealant film for solar cells and an increase in competitive imports. Shipments of chloroprene rubber and CSM decreased because of falling demand from Europe and Asia.

Chlor-alkali Group
Chlor-alkali Group net sales decreased ¥6.5 billion, or 2.7%, year on year, to ¥237.3 billion. The group's operating income improved ¥8.4 billion, for an operating loss of ¥1.6 billion. The group's domestic shipments of caustic soda declined because of falling demand caused by economic stagnation. But overall shipments were approximately the same as in the previous fiscal year because of growth in exports. The group increased its domestic caustic soda prices.

Domestic and overseas shipments of vinyl chloride monomer (VCM) and polyvinyl chloride (PVC) resin fell because of the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant. In addition, VCM and PVC prices softened overseas.

The group's shipments of cement increased, supported by strong demand from recovery efforts following the Great East Japan Earthquake. Furthermore, the group's urethane raw materials shipments increased, and overseas prices for urethane raw materials firmed.

Specialty Group
Net sales for the Specialty Group in fiscal 2013 amounted to ¥131.7 billion, a decrease of ¥3.5 billion, or 2.6%, from the group's net sales for the preceding fiscal year. Operating income was down ¥4.1 billion, or 31.2%, to ¥9.0 billion.

During the period under review, ethyleneamine shipments contracted domestically and overseas because of a worsening demand-supply gap caused by declining demand from Asia. In addition, ethyleneamine prices softened globally. The group's shipments of its bromine and bromine flame retardant products also declined.

Among separation-related products, the group's shipments of liquid chromatography packing materials expanded. Diagnostic-related products saw shipments of automated immunoassay (AIA) systems and of automated glycohemoglobin analyzer reagents for monitoring diabetes increase.

Electrolytic manganese dioxide shipments declined during the period under review in line with inventory adjustments of dry cell batteries. Shipments increased, however, of high-silica zeolite for use in catalytic converters for automobiles. In addition, shipments of zirconia rose firmly. Quartz glass shipments decreased because of falling demand in the semiconductor and liquid crystal display markets.

Engineering Group
Fiscal 2013 net sales for the Engineering Group were ¥72.7 billion, a decrease of ¥1.8 billion, or 2.4%, from the group's net sales for fiscal 2012. Operating income fell ¥1.4 billion, or 24.1%, to ¥4.4 billion.

The Engineering Group's sales of water treatment facilities, services, and related chemicals declined because of clients' postponement of capital investment, maintenance, renovation, and other business. The group's construction-related companies, however, posted sales growth.

Other
Other net sales in fiscal 2013 declined ¥1.1 billion, or 2.8%, from net sales the year before, to ¥39.1 billion. Other operating income was ¥2.2 billion, a decrease of ¥0.2 billion, or 9.3% year on year. Sales by trading companies and logistics subsidiaries declined.

Outlook for the fiscal year to March 31, 2014

The Japanese government has initiated aggressive monetary and other policies to address the country's economic issues. At the same time, the weakening of the yen against other currencies has improved export conditions and the global economy is recovering. Against this backdrop, there are expectations that the economy will enter a steady recovery phase supported by an upswing in corporate and consumer sentiment. Nevertheless, the risk remains that a downward swing in the global economy could topple the recovery in Japan.

The Tosoh Group is therefore making every effort to boost its profitability. It is expanding its sales volume, maintaining an appropriate pricing structure, and reducing costs throughout its operations, among other things.

Tosoh's projections for fiscal year 2014, ending March 31, 2014, call for net sales of ¥730 billion, operating income of ¥40 billion, ordinary income of ¥39 billion, and net income of ¥23 billion. These full-year forecasts are based on a domestic standard price for naphtha of ¥62,000 per kiloliter and on an exchange rate of ¥95.00 to the US dollar.

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 ¥687.1 billion (US$8.4 billion at the year-end rate of ¥82.19 to the US dollar) in fiscal 2012, ended March 31, 2012.

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

This document contains 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 Consolidated Business Results for Fiscal Year 2013
(April 1, 2012–March 31, 2013)

May 10, 2013
Tosoh Corporation

1. Consolidated Business Results

(a) Operating Results

(¥ Billions)

	FY 2012 (Actual)	FY 2013 (Actual)	Difference	FY 2013 (Actual)	FY 2014 (Forecast)	Difference
Net sales	687.1	668.5	(18.6)	668.5	730.0	61.5
Operating income	23.7	24.5	0.7	24.5	40.0	15.5
Ordinary income	24.8	33.6	8.8	33.6	39.0	5.4
Net income	9.4	16.9	7.5	16.9	23.0	6.1
Net income per share (¥)	15.67	28.17	12.50	28.17	38.40	10.23

(b) Business & Financial Fundamentals

(¥ Billions)

	FY 2012 (Actual)	FY 2013 (Actual)	Difference	FY 2013 (Actual)	FY 2014 (Forecast)	Difference
Exchange rate (¥/US$) *Average TTM	79.06	82.91	3.86	82.91	95.00	12.09
Exchange rate (¥/EUR) *Average TTM	109.00	106.78	(2.22)	106.78	125.00	18.22
Domestic standard naphtha price (¥/kl)	54,925	57,450	2,525	57,450	62,000	4,550
Capital expenditures	19.3	26.2	6.9	26.2	24.0	(2.2)
Depreciation and amortization	43.2	35.0	(8.2)	35.0	32.0	(3.0)
R&D expenses	12.9	12.2	(0.7)	12.2	13.0	0.8
Interest-bearing liabilities	343.6	326.0	(17.6)	326.0	290.0	(36.0)
Net financing expenses	(3.7)	(3.3)	0.4	(3.3)	(3.0)	0.3
Equity ratio (%)	24.1	25.7	1.6	25.7	—	—
Number of employees	11,238	11,268	30	11,268	11,400	132

(c) Topics

○ November 2012: Expanded zirconia powder production capacity at Nanyo Complex.

○ March 2013: High-silica zeolite (HSZ) production capacity at Yokkaichi Complex was doubled.

○ March 2013: Tosoh Hyuga Corporation completed construction of chemical manganese oxide (CMO) plant.

○ Fall 2013 (planned): Expansion of VCM production capacity at Nanyo Complex's No. 3 Vinyl Chloride Monomer Plant (from 400,000 metric tons to 600,000 metric tons).

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

(¥ Billions)

		FY 2012 (Actual)	FY 2013 (Actual)	Difference	Breakdown of difference		
					Volume effect	Price effect ※	Fixed Costs, etc.
Petrochemical Group	Net sales	193.3	187.6	(5.7)	(12.7)	7.0	—
	Operating income	12.5	10.5	(2.0)	(2.4)	(0.9)	1.3
Chlor-alkali Group	Net sales	243.8	237.3	(6.5)	(16.2)	9.7	—
	Operating income	(10.0)	(1.6)	8.4	1.0	2.4	5.0
Specialty Group	Net sales	135.3	131.7	(3.5)	(3.7)	0.2	—
	Operating income	13.1	9.0	(4.1)	(1.5)	(3.6)	1.1
Engineering Group	Net sales	74.5	72.7	(1.8)	(3.1)	1.3	—
	Operating income	5.7	4.4	(1.4)	(1.5)	0.0	0.1
Other	Net sales	40.2	39.1	(1.1)	(1.1)	(0.0)	—
	Operating income	2.4	2.2	(0.2)	(0.3)	0.0	0.0
Total	Net sales	687.1	668.5	(18.6)	(36.8)	18.1	—
	Operating income	23.7	24.5	0.7	(4.6)	(2.2)	7.5

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

(¥ Billions)

		FY 2013 (Actual)	FY 2014 (Forecast)	Difference	Breakdown of Difference		
					Volume effect	Price effect ※	Fixed costs, etc.
Petrochemical Group	Net sales	187.6	203.5	15.9	(1.7)	17.6	—
	Operating income	10.5	15.3	4.7	0.1	5.3	(0.6)
Chlor-alkali Group	Net sales	237.3	271.7	34.4	20.2	14.3	—
	Operating income	(1.6)	6.0	7.6	6.9	5.2	(4.5)
Specialty Group	Net sales	131.7	138.8	7.0	0.7	6.3	—
	Operating income	9.0	12.5	3.5	(0.8)	4.5	(0.2)
Engineering Group	Net sales	72.7	80.3	7.6	7.7	(0.2)	—
	Operating income	4.4	4.0	(0.3)	(0.4)	0.0	0.0
Other	Net sales	39.1	35.7	(3.4)	(3.9)	0.5	—
	Operating income	2.2	2.2	0.0	(0.0)	0.1	(0.0)
Total	Net sales	668.5	730.0	61.5	23.0	38.5	—
	Operating income	24.5	40.0	15.5	5.7	15.2	(5.3)

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

2. Consolidated Financial Position

(¥ Billions)

	FY 2012 (March 31, 2012)	FY 2013 (March 31, 2013)	Difference
Total assets	708.7	735.1	26.4
Net assets	200.2	219.3	19.1
Interest-bearing liabilities	343.6	326.0	(17.6)
Equity ratio (%)	24.1	25.7	1.6
Net assets per share (¥)	285.88	315.15	29.27

3. Cash Flows

(¥ Billions)

	FY 2012 (Actual)	FY 2013 (Actual)	Difference
Cash flows from operating activities	55.3	36.1	(19.2)
Cash flows from investment activities	(17.6)	(23.4)	(5.9)
Cash flows from financing activities	(22.7)	(24.5)	(1.9)
Others	(0.4)	1.9	2.3
Net increase (decrease) in cash and cash equivalents	14.7	(10.0)	(24.7)
Cash and cash equivalents at end of period	67.4	57.4	(10.0)

4. Dividends

	Annual dividends per share (¥)			Total amount of annual dividends (¥ Millions)	Dividend payout ratio (%)
	Interim	Term end	Total		
FY 2012	0.00	6.00	6.00	3,596	38.3
FY 2013	3.00	3.00	6.00	3,597	21.8
FY 2014 (Forecast)	3.00	3.00	6.00	—	15.6