



TOSOH CORPORATION

NEWS RELEASE

August 1, 2013

Tosoh Reports on First-Quarter Consolidated Results for Fiscal 2014 (the full-year period from April 1, 2013, to March 31, 2014)

Tokyo, Japan—Tosoh Corporation announces its consolidated results for its 2014 fiscal year first quarter, from April 1, 2013, to June 30, 2013. Consolidated net sales amounted to ¥175.0 billion (US\$1.8 billion), up ¥24.5 billion, or 16.3%, from 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 raw materials, and gains on foreign exchange arising from the depreciation of the yen.

Profits increased across the board. The company recorded operating income for the period of ¥6.6 billion (US\$66.8 million), an increase of ¥8.4 billion from the same period the previous year. Operating income was bolstered by improved terms of trade and an increase in volumes sold. Fiscal 2014 first-quarter ordinary income increased ¥15.3 billion, to ¥11.7 billion (US\$118.4 million), over the same period in fiscal 2013. This increase was attributed to exchange rate gains and an insurance payment related to the No. 2 Vinyl Chloride Monomer Plant Accident. Net income rose ¥9.2 billion, to ¥6.4 billion (US\$64.8 million).

In the first quarter of fiscal 2014, the Japanese economy showed signs of entering a recovery with the lifting of long-term deflation. The Japanese government's bold monetary and public spending policies started to bear fruit. Despite investment indexes remaining unstable, rising stock prices and a weakening yen improved consumer sentiment and business confidence.

Results by business segment

Petrochemical Group

First-quarter net sales for the Petrochemical Group increased ¥9.4 billion, or 21.8%, compared with group net sales for the same period the year before, to ¥52.5 billion (US\$531.5 million). The group's operating income increased ¥1.8 billion, or 252.3%, to ¥2.5 billion (US\$25.3 million).

Shipments of olefins, such as ethylene and propylene, expanded because of production increases. The rise in production resulted because fiscal 2014 is not 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.

Demand languished for polyethylene resin in Japan, but price increases implemented to reflect higher naphtha costs compensated. Shipments of chlorosulphonated polyethylene (CSM) expanded. But shipments of polyphenylene sulfide resin (PPS) declined on account of a drop in demand for automobile-related products.



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Chlor-alkali Group

Chlor-alkali Group first-quarter net sales increased ¥14.2 billion, or 27.6%, compared with net sales in the first quarter a year earlier, to ¥65.5 billion (US\$663 million). The group recorded operating income of ¥511 million (US\$5.2 million), a rise of ¥5.6 billion over the first quarter of fiscal 2013.

The Chlor-alkali Group's domestic shipments of caustic soda fell during the first quarter of fiscal 2014, while exports increased. Domestically, caustic soda prices benefited in the first quarter of fiscal 2014 from increases implemented in fiscal 2013. Prices, however, deteriorated in overseas markets. A recovery in our vinyl chloride monomer (VCM) manufacturing volumes supported an increase in VCM shipments. And although markets abroad for VCM and for polyvinyl chloride (PVC) were soft, the depreciation in the yen resulted in foreign exchange gains.

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

Shipments of urethane raw materials likewise expanded, in Japan and abroad.

Specialty Group

Net sales for the Specialty Group in the first quarter amounted to ¥33.6 billion (US\$340.1 million), an increase of ¥945 million, or 2.9%, over the group's net sales for the same quarter the preceding fiscal year. The group recorded a ¥1.2 billion, or 50.4%, increase in operating income, to ¥3.6 billion (US\$36.4 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. On the other hand, an increase to prices and the depreciation of the yen provided for gains. The group's shipments, meanwhile, of bromine and bromine fire retardant products increased.

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 in vitro diagnostic reagents also increased.

Shipments of electrolytic manganese dioxide (EMD) declined. But shipments of zirconia and high-silica zeolites (HSZ) expanded. The group's shipments of sputtering targets, meanwhile, decreased in line with falling demand from the semiconductor and liquid crystal display and flat-panel markets.

Engineering Group

First-quarter net sales for the Engineering Group were ¥13.0 billion (US\$132 million), a decrease of ¥379 million, or 2.8%, from the group's first-quarter net sales in the previous fiscal year. The group likewise lost ground in operating income from the same period a year before. Operating income decreased ¥657 million, for an operating loss of ¥801 million (US\$8.1 million).

Despite an increase in demand from electronics related industries abroad, the Engineering Group's sales of water treatment facilities, services, and related chemicals declined because of domestic clients' postponement of capital investment, maintenance, renovation, and other business. Over the same period, the Engineering Group reported an increase for orders. Construction-related companies, however, posted sales gains equal to sales for the same period the year before.



Other

Other net sales for the first quarter of fiscal 2014 increased ¥433 million, or 4.4%, over net sales for the same period the year before, to ¥10.4 billion (US\$105.3 million). Other operating income was ¥818 million (US\$8.3 million), an increase of ¥478 million, or 140.7%.

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 ¥98.78 = US\$1, the average exchange rate during the quarter 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. At the same time, the weakening of the yen against the world's principal currencies has improved export conditions for Japanese corporations at a time when the global economy is recovering. Expectations are for Japan's economy to enter a steady recovery supported by an upswing in corporate and consumer sentiment.

The 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 projections for fiscal year 2014, ending March 31, 2014, call for net sales of ¥730 billion (US\$7.4 billion), operating income of ¥40 billion (US\$405 million), ordinary income of ¥39 billion (US\$395 million), and net income of ¥23 billion (US\$232.8 million). 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.



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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, 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 monitoring 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 First-Quarter Consolidated Business Results for Fiscal Year 2014
(April 1, 2013 - June 30, 2013)

August 1, 2013
Tosoh Corporation

1. Consolidated Business Results

(a) Operating Results

(¥ Billion)

	1Q of FY 2013 (April 1, 2012 - June 30, 2012) Actual	1Q of FY 2014 (April 1, 2013 - June 30, 2013) Actual	Difference	FY 2013 (April 1, 2012 - March 31, 2013) Actual	FY 2014 (April 1, 2013 - March 31, 2014) Forecast	Difference
Net sales	150.5	175.0	24.5	668.5	730.0	61.5
Operating income	(1.8)	6.6	8.4	24.5	40.0	15.5
Ordinary income	(3.6)	11.7	15.3	33.6	39.0	5.4
Net income	(2.7)	6.4	9.2	16.9	23.0	6.1
Net income per share (¥)	(4.57)	10.74	15.31	28.17	38.40	10.23

(b) Business & Financial Fundamentals

	1Q of FY 2013 (April 1, 2012 - June 30, 2012) Actual	1Q of FY 2014 (April 1, 2013 - June 30, 2013) Actual	Difference	FY 2013 (April 1, 2012 - March 31, 2013) Actual	FY 2014 (April 1, 2013 - March 31, 2014) Forecast	Difference
Exchange rate (¥ / US\$) Average TTM*	80.18	98.78	18.60	82.91	95.00	12.09
Exchange rate (¥ / EUR) Average TTM*	102.84	128.96	26.13	106.78	125.00	18.22
Domestic standard naphtha price (¥ / kl)	60,500	65,000	4,500	57,475	62,000	4,525



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

(¥ Billion)

		1Q of FY 2013	1Q of FY 2014	Difference	Breakdown of Difference		
		(April 1, 2012 - June 30, 2012) Actual	(April 1, 2013 - June 30, 2013) Actual		Volume effect	Price effect*	Fixed costs, etc.
Petrochemical Group	Net sales	43.1	52.5	9.4	6.1	3.3	-
	Operating income	0.7	2.5	1.8	0.5	0.1	1.3
Chlor-alkali Group	Net sales	51.4	65.5	14.2	7.8	6.4	-
	Operating income	(5.0)	0.5	5.6	2.0	3.1	0.5
Specialty Group	Net sales	32.7	33.6	0.9	(1.3)	2.3	-
	Operating income	2.4	3.6	1.2	0.1	1.4	(0.3)
Engineering Group	Net sales	13.4	13.0	(0.4)	(0.7)	0.3	-
	Operating income	(0.1)	(0.8)	(0.7)	(0.7)	0.0	0.0
Others	Net sales	9.9	10.4	0.4	0.3	0.1	-
	Operating income	0.3	0.8	0.5	0.5	0.0	0.0
Total	Net sales	150.5	175.0	24.5	12.2	12.3	-
	Operating income	(1.8)	6.6	8.4	2.4	4.6	1.4

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



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2. Consolidated Financial Position

(¥ Billion)

	FY 2013 (March 31, 2013)	FY 2014 (June 30, 2013)	Difference
Total assets	735.1	725.6	(9.5)
Net assets	219.3	226.4	7.1
Interest-bearing liabilities	326.0	319.2	(6.8)
Equity ratio (%)	25.7	27.1	1.4

3. Dividends

	Annual dividends per share (¥)		
	Interim	Term end	Total
FY 2013	3.00	3.00	6.00
FY 2014 (Forecast)	3.00	3.00	6.00