



## NEWS RELEASE

**May 10, 2012**

### **Tosoh Reports on 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 its 2012 fiscal year, ended March 31, 2012. The company's consolidated net sales amounted to ¥687.1 billion (US\$8.4 billion), edging up ¥2.7 billion, or 0.4%, from fiscal year 2011. Its operating income was ¥23.7 billion (US\$288.8 million), a decrease of ¥9.8 billion, or 29.2%, from fiscal 2011. Similarly, the company's ordinary income declined ¥5.0 billion, or 16.9%, to ¥24.8 billion (US\$301.4 million). Net income as a result also fell, but the decrease was limited to ¥635 million, or 6.3%, for net income of ¥9.4 billion (US\$114.1 million) because of lower taxes and other factors.

The decline in profitability can be attributed to external and internal factors. Externally, deteriorating demand because of slowing global and Japanese economies and softening prices in overseas markets squeezed profitability. Internally, the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant damaged several production lines and caused short- and medium-term business interruptions or complications for various companies of the Tosoh Group. The effect of the accident on the Tosoh Group's bottom line for fiscal 2012 is estimated to have been ¥5.8 billion. Tosoh booked a ¥2.4 billion extraordinary loss for damages and other expenses related to the explosion and fire.

The accident caused the loss of life for one Tosoh employee and our heartfelt sorrow and condolences go out to the family members of the deceased. Tosoh offers its deepest apologies to shareholders, customers and vendors, residents of the surrounding area, and other affected parties for the trouble and concern caused by the accident at the Nanyo Complex.

The Japanese economy was buffeted by various ill winds during fiscal 2012. Manufacturing in Japan was somewhat curtailed by the impact of the Great East Japan Earthquake and nuclear plant accident, while the looming European sovereign debt crisis cast a cloud over the global economy. In the year's second half, some hope for improvement emerged because of an increase in earthquake recovery demand and as a result of monetary easing measures in Japan and a dampening of concerns about Europe and its sovereign debt issues.

Companies in Japan's chemical industry, meanwhile, continued to struggle with the yen's growing strength versus other currencies. However, rising naphtha prices gave many companies, including Tosoh, the needed leverage to raise related chemical product prices more in line with raw material costs.

### **Results by business segment**

#### **Petrochemical Group**

Fiscal 2012 net sales for the Petrochemical Group rose ¥11.5 billion, or 6.3%, compared with group net sales for the year before, to ¥193.3 billion (US\$2.4 billion). The group's operating



# TOSOH CORPORATION

income increased ¥2.1 billion, or 20.4%, to ¥12.5 billion (US\$152.1 million).

Overall shipments of olefins contracted because of deteriorating demand, but olefin product prices rose along with the increase in naphtha prices and other factors. Prices for cumene gained ground abroad.

The group's chlorosulphonated polyethylene (CSM) shipments rose domestically and abroad because a production capacity increase fueled greater sales.

Shipments by the group of polyethylene resins declined, especially in Japan. One reason was a fall in shipments of ethylene vinyl acetate (EVA) copolymer because of lower demand for its use in solar cell encapsulant film. Another reason was the impact of an increase in polyethylene resin imports to Japan. Rising naphtha prices nevertheless allowed the group to implement price hikes.

The rising price for the raw material butadiene likewise was behind the group's upward adjustment of its prices for chloroprene rubber (CR). Polyphenylene sulfide resin (PPS) and PVC paste, too, benefited from upward adjustments in product prices in line with the higher cost of raw materials.

## **Chlor-alkali Group**

Chlor-alkali Group net sales decreased ¥17.8 billion, or 6.8%, year on year, to ¥243.8 billion (US\$3.0 billion). The group's operating loss dropped a further ¥6.5 billion, to ¥10.0 billion (US\$121.3 million).

The Chlor-alkali Group's domestic shipments of caustic soda expanded along with increased demand following the earthquake and the exit of competitors from the market. Its caustic soda exports, however, fell as a result of the accident at the vinyl chloride monomer (VCM) production facilities at the Nanyo Complex. Domestic and export shipments of VCM declined because of the accident and because of falling demand.

The group's domestic shipments of polyvinyl chloride (PVC) resins expanded because of the temporary stoppage in production by competitors in Japan in the earthquake's aftermath. But its exports of PVC resins fell in response to increased sales of PVC resins in Japan, the worsening profitability of PVC resins because of the strong yen, and the impact on PVC resin production of the accident at the Nanyo Complex. PVC resin prices, however, increased domestically owing to upward price revisions implemented by the group to account for higher raw material prices. Higher raw material prices also pushed up PVC prices overseas.

Despite continued lackluster public-sector demand, the group's domestic shipments of cement increased because of higher private-sector demand. Exports, however, decreased.

Shipments of urethane raw materials by the group declined. The downturn reflected the low demand in Asia because of economic slowdowns throughout the region.

## **Specialty Group**

Net sales for the Specialty Group in fiscal 2012 amounted to ¥135.3 billion (US\$1.6 billion), an increase of ¥1.7 billion, or 1.3%, over the group's net sales for the preceding fiscal year. Operating income was down ¥7.3 billion, or 35.8%, to ¥13.1 billion (US\$158.8 million).

Shipments of ethyleneamines by the Specialty Group decreased at home and abroad, as did prices. This reflected growth in supply caused by increased production capacity among competitors and a decline in demand in Asian markets, particularly China. On a more positive note, the group achieved a hike in prices for bromine and bromine fire retardant products.



In separation-related products, the group's shipments of liquid chromatography packing materials decreased in Japan, but its exports of those products rose. Among the group's diagnostic-related products, shipments of in vitro diagnostic reagents expanded in Japan and abroad.

Shipments of zirconia for use in grinding media and dental materials among others were robust. Sales of high-silica zeolites for use in the catalytic converters of automobile emission systems also increased. Although shipments by the group of electrolytic manganese dioxide (EMD) declined somewhat because of the increased use of EMD imports by dry cell battery manufacturers, shipment levels remained firm.

The group's silica glass shipments decreased. Demand fell and production was affected by the damage to the production line during the accident at the Nanyo Complex's No. 2 Vinyl Chloride Monomer Plant.

### **Engineering Group**

Fiscal 2012 net sales for the Engineering Group were ¥74.5 billion (US\$906.8 million), an increase of ¥6.8 billion, or 10.1%, over the group's net sales for fiscal 2011. The group achieved a ¥2.1 billion, or 58.5%, gain in operating income, to ¥5.7 billion (US\$69.9 million).

The group's sales of its water treatment facilities, services, and related chemicals were the main contributors to sales growth. The group's construction-related companies posted sales declines.

### **Other**

Other net sales in fiscal 2012 rose ¥588.0 million, or 1.5%, over net sales the year before, to ¥40.2 billion (US\$489.4 million). Operating income was ¥2.4 billion (US\$29.3 million), a decrease of ¥267.0 million, or 10.0%.

Sales by trading companies and logistics subsidiaries remained firm.

### **Outlook for the fiscal year to March 31, 2013**

The direction of the Japanese economy remains unclear. Even though earthquake recovery demand is stimulating the domestic economy, little recovery in global demand can be expected amid the deepening European sovereign debt crisis. Soaring oil prices and the prospect of electric power shortages in Japan add to the uncertainty.

Amid adversity, the Tosoh Group is taking steps to maintain its performance and its stable dividend policy. The group continues to make every effort to boost its profitability, including by expanding its sales volume and by reducing its costs throughout its operations.

Tosoh's projections for fiscal year 2013, ending March 31, 2013, call for net sales of ¥720 billion (US\$9.0 billion); operating income of ¥29 billion (US\$362.5 million); ordinary income of ¥31 billion (US\$387.5 million); and net income of ¥14 billion (US\$175.0 million). These full-year forecasts are based on a domestic production price for naphtha of ¥62,000 per kiloliter and on an exchange rate of ¥80.00 to the US dollar.

*Note:* For reference purposes only, US dollar amounts have been translated, unless otherwise indicated, from yen at the rate of ¥82.19 = US\$1, the exchange rate in effect on March 31, 2012.



# TOSOH CORPORATION

## 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

For more information, please contact

Michael Hoover  
International Corporate Development  
Tosoh Corporation

[michael.hoover@tosoh.com](mailto:michael.hoover@tosoh.com)

Tel: +81-3-5427-5118

Fax: +81-3-5427-5198

[www.tosoh.com](http://www.tosoh.com)

### 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.