

# Toyo Tanso Co., Ltd.

*Results for the First Half of the Fiscal Year Ending May 31, 2013*

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**January 2013**

**Toyo Tanso Co., Ltd.**

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**Part 1 Summary of Consolidated Results**

**Masao Nakahara, Senior Managing Director**

***Point 1***

**Income and sales fell sharply, primarily due to further declines in the sale of solar cell applications for the core Chinese market.**

***Point 2***

**Sales of graphite for general industries application and carbon products for mechanical applications and electrical applications were solid but were unable to compensate.**

***Point 3***

**We do not expect a recovery in solar cell applications in H2 at the very least, particularly as China's excess inventory and capacity problems have yet to be resolved.**

***Point 4***

**We expect H2 sales to be level with H1 results. We anticipate a drop in income as a result of the impact of production adjustments.**

# Part 1 2. Results for the First Half of the Fiscal Year Ending May 31, 2013

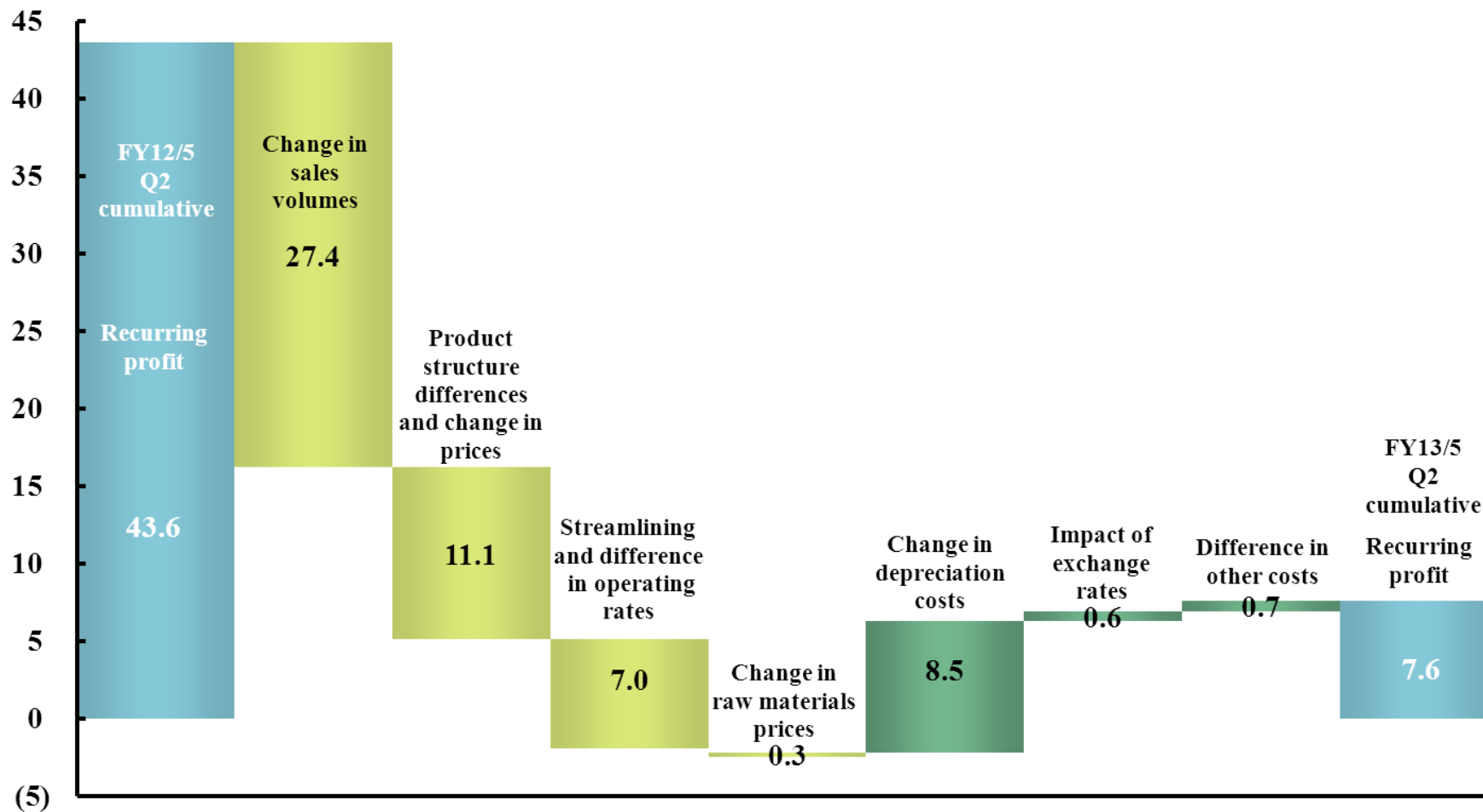
(Unit: Yen, millions)	FY12/5 Q2 cumulative	FY13/5 Q2 cumulative	Change	% increase
<b>Net sales</b>	<b>21,535</b>	<b>14,138</b>	<b>(7,396)</b>	<b>(34.3) %</b>
<b>Operating profit</b>	<b>4,411</b>	<b>819</b>	<b>(3,592)</b>	<b>(81.4) %</b>
(Ratio of operating profit to net sales)	<b>20.5%</b>	<b>5.8%</b>		
<b>Recurring profit</b>	<b>4,363</b>	<b>762</b>	<b>(3,600)</b>	<b>(82.5) %</b>
(Ratio of recurring profit to net sales)	<b>20.3%</b>	<b>5.4%</b>		
<b>Net income</b>	<b>2,383</b>	<b>471</b>	<b>(1,912)</b>	<b>(80.2) %</b>
<b>Net income per share</b>	<b>114.98 yen</b>	<b>22.73 yen</b>		
<b>Exchange rate</b>	<b>78.0 yen/\$ 109.4 yen/€ 12.3 yen/CNY</b>	<b>79.2 yen/\$ 100.1 yen/€ 12.5 yen/CNY</b>		

# Part 1 3. Factors Affecting Changes in Recurring Profit

(Cumulative total for Q2 of the year ended May 31, 2012 vs.

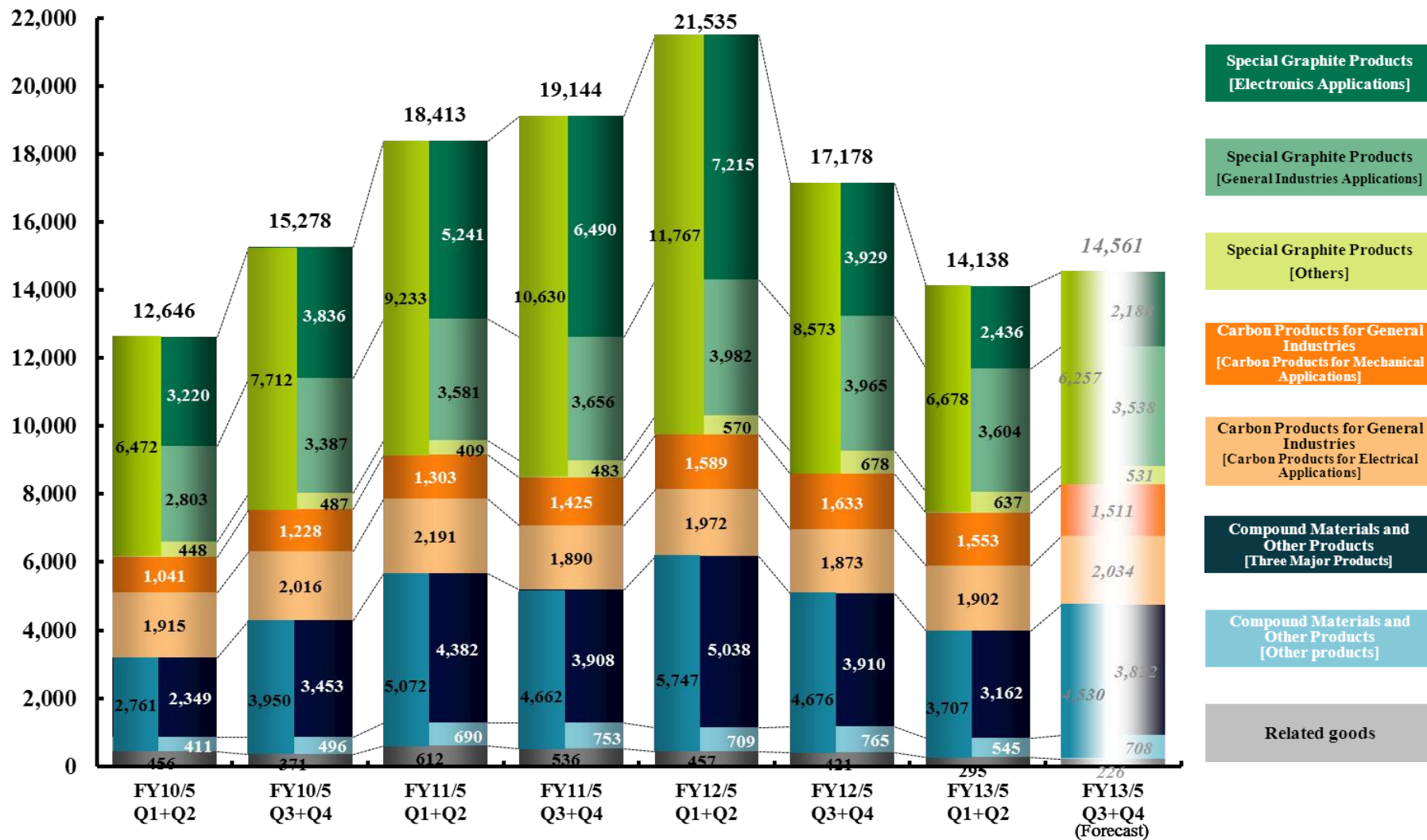
Cumulative total for Q2 of the year ending May 31, 2013)

(Unit: Yen, 100 millions)



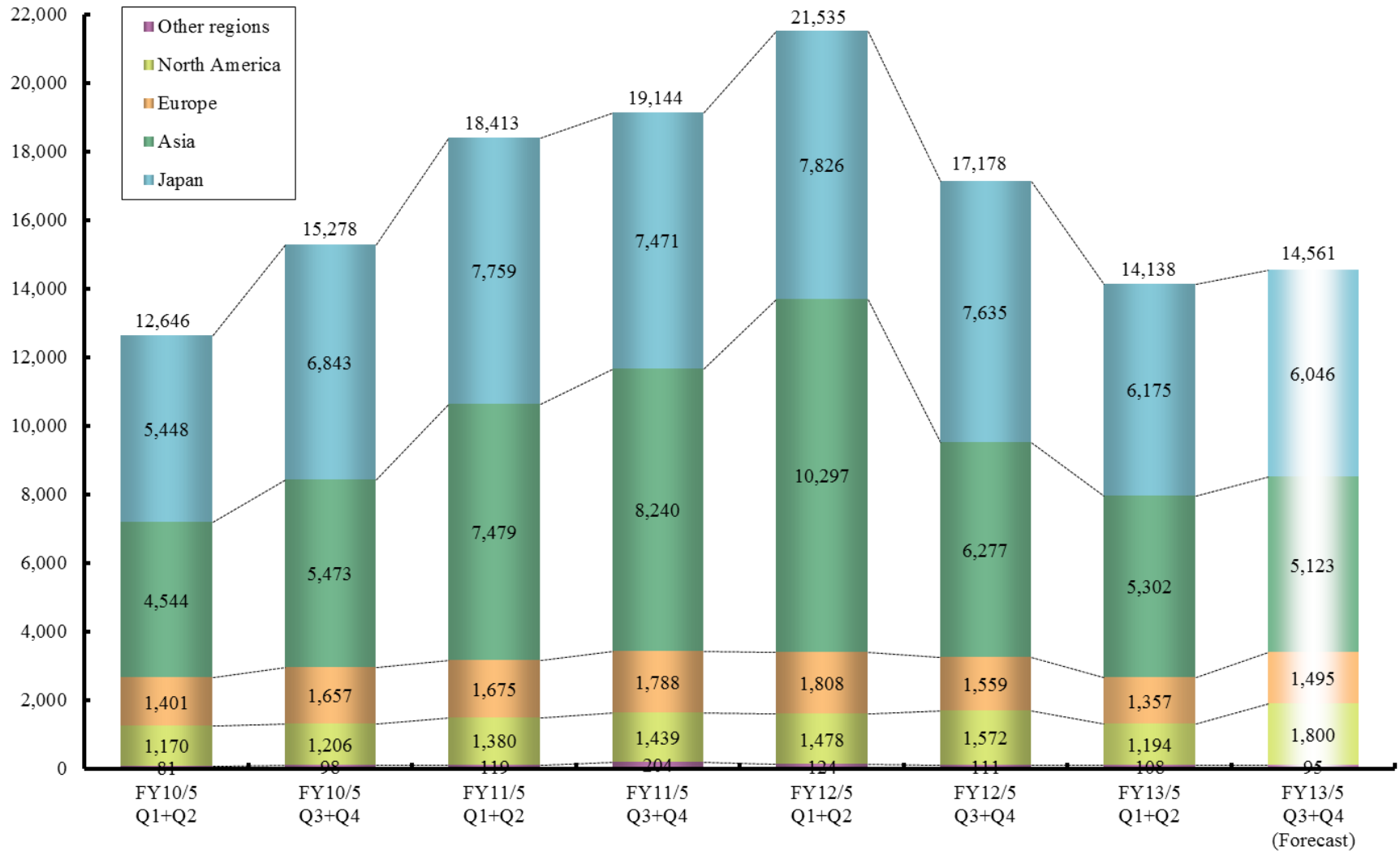
# Part 1 4. Net Sales by Product and Segment

(Unit: Yen, millions)



# Part 1 5. Sales Trends by Region

(Unit: Yen, millions)



# Part 1 6. Earnings Forecast for the Fiscal Year Ending May 31, 2013

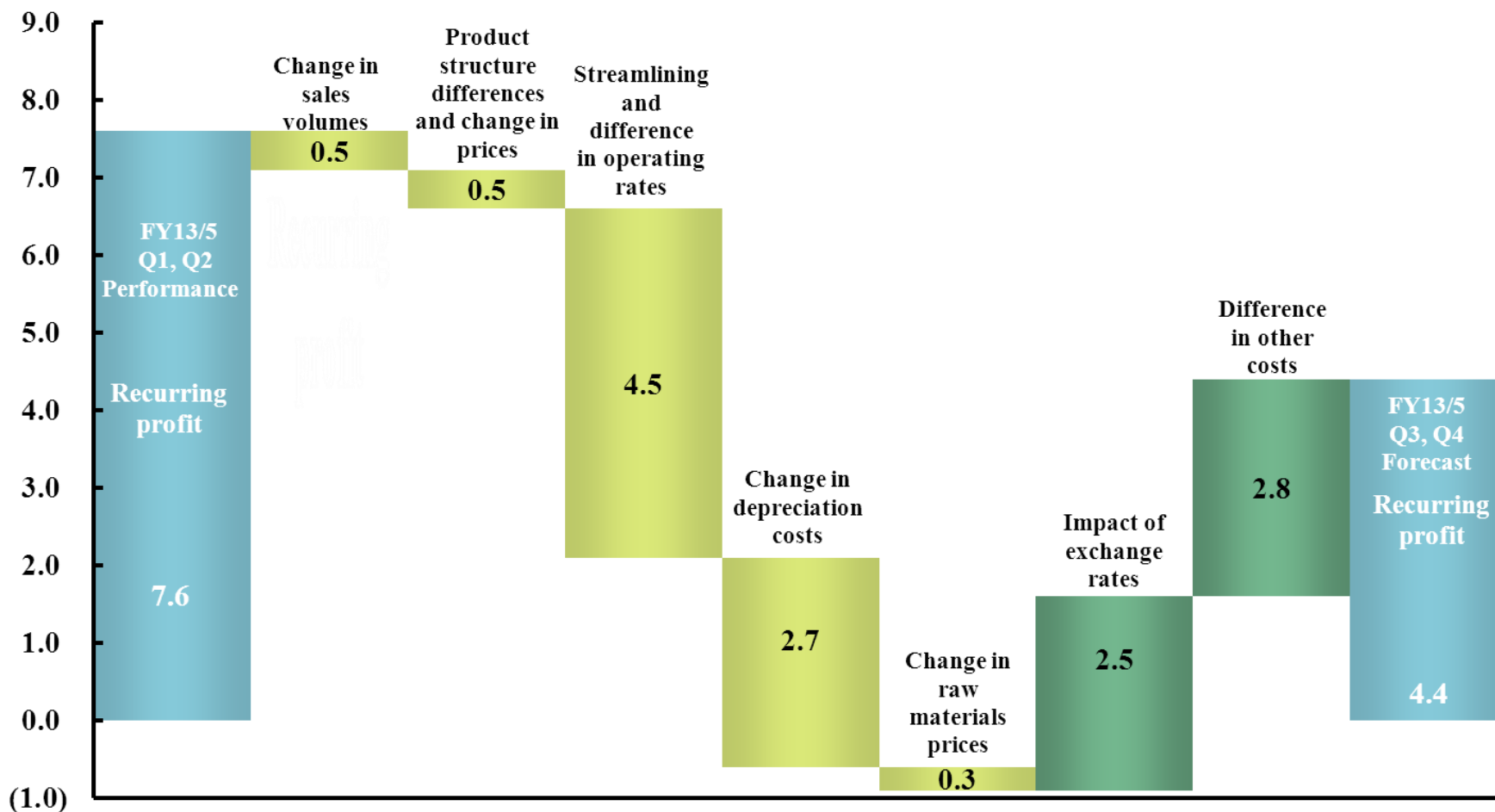
(Unit: Yen, millions)	FY12/5	Forecast	FY 13/5		Change	% increase
			Breakdown			
Net sales	38,714	28,700	1,2Q performance	14,138	(10,014)	(25.9) %
			3,4Q forecast	14,561		
Operating profit	6,055	1,200	1,2Q performance	819	(4,855)	(80.2) %
			3,4Q forecast	380		
(Ratio of operating profit to net sales)	15.6%	4.2%				
Recurring profit	6,062	1,200	1,2Q performance	762	(4,862)	(80.2) %
			3,4Q forecast	437		
(Ratio of recurring profit to net sales)	15.7%	4.2%				
Net income	3,466	700	1,2Q performance	471	(2,766)	(79.8) %
			3,4Q forecast	228		
Net income per share	167.20 yen	33.76 yen	1,2Q performance	22.73 yen		
			3,4Q forecast	11.3 yen		
Exchange rate	78.8 yen/\$ 106.7 yen/€ 12.4 yen/CNY		1,2Q performance	79.2 yen/\$ 100.1 yen/€ 12.5 yen/CNY		
			3,4Q forecast	85 yen/\$ 110 yen/€ 13.7 yen/CNY		



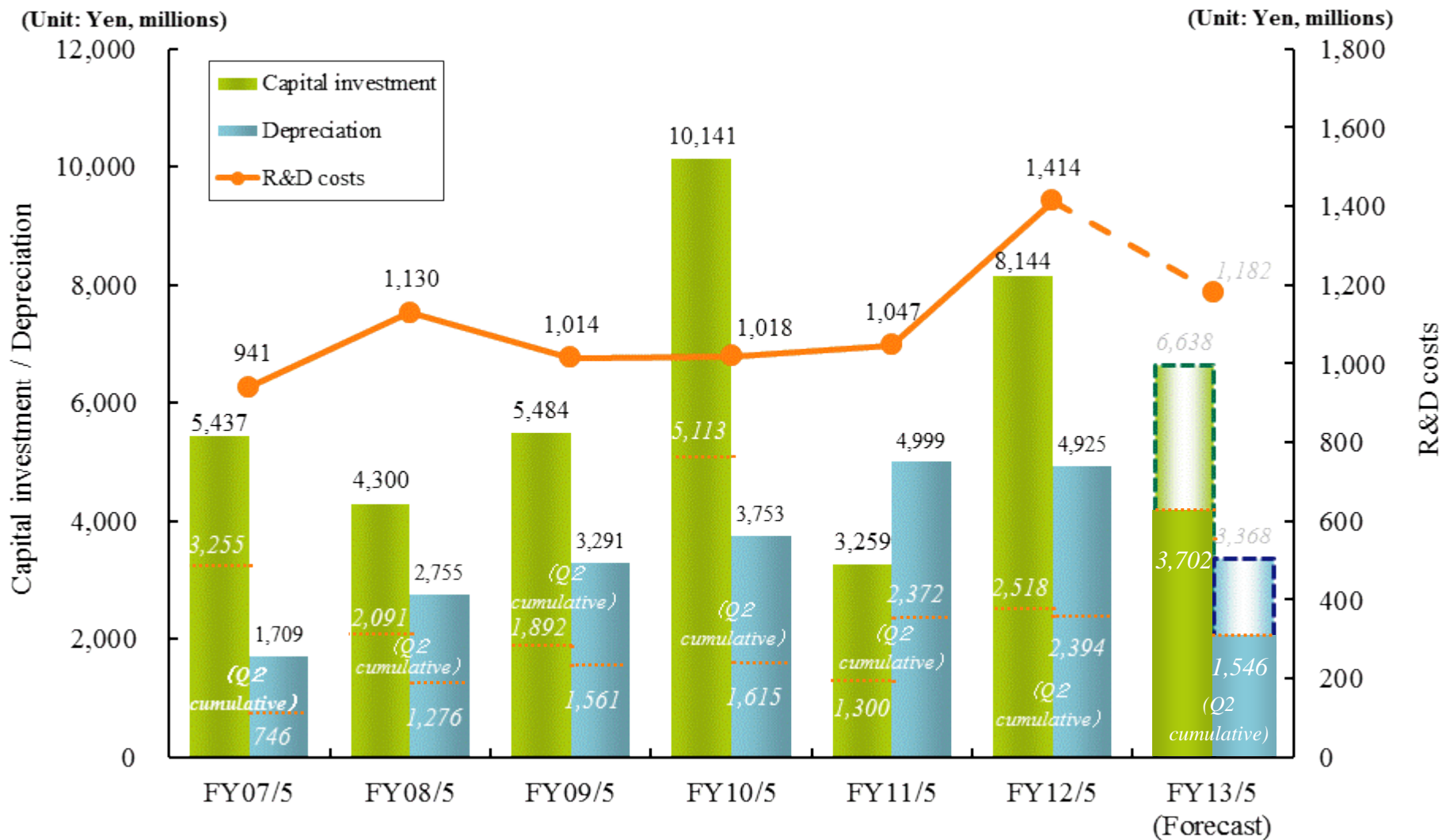
# Part 1 7. Factors Affecting Changes in Recurring Profit

(Q1, Q2 performance vs. Q3, Q4 forecast for the year ending May 31, 2013)

(Unit: Yen, 100 millions )



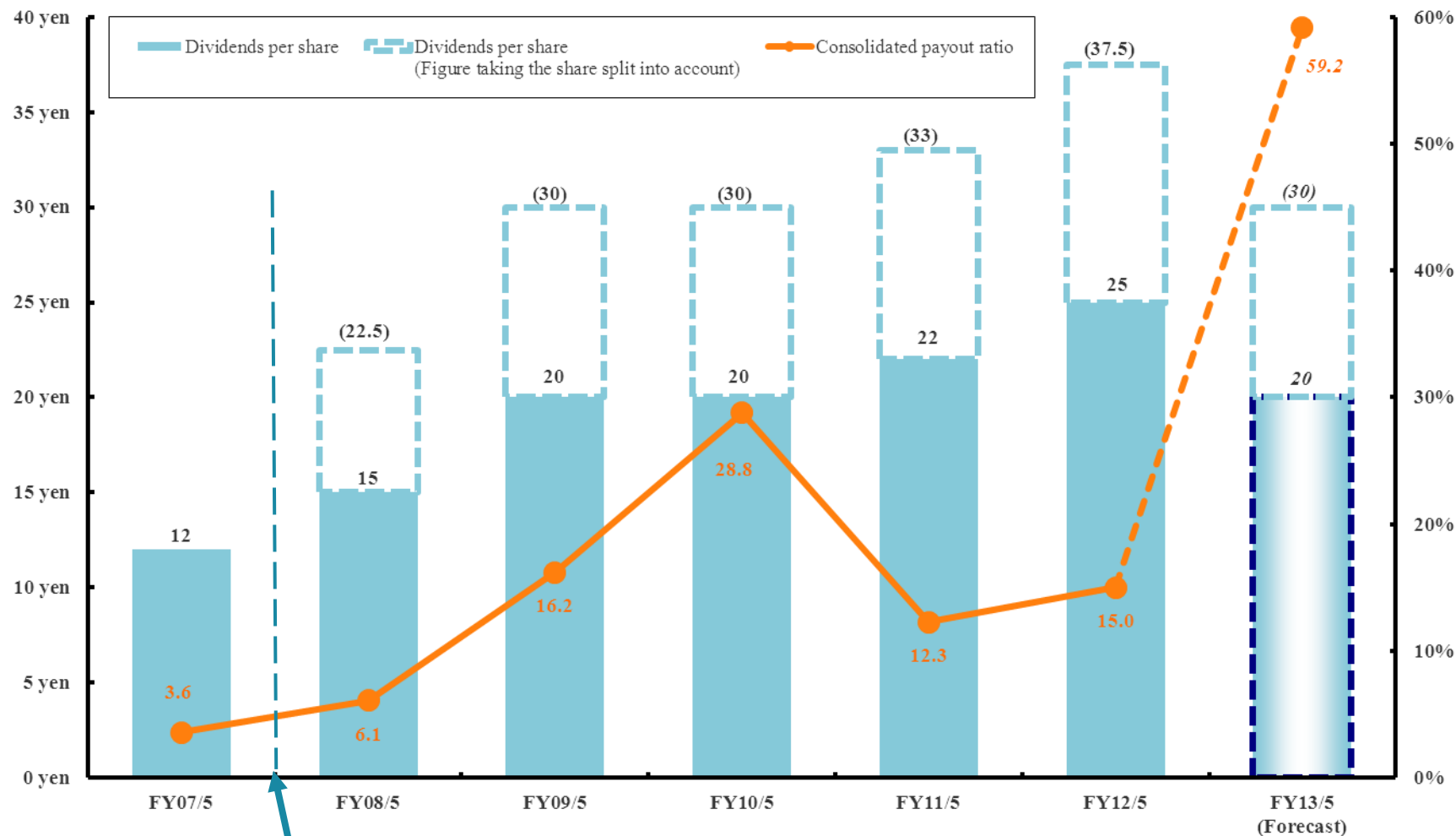
# Part 1 8. Trends in Capital Investment, Depreciation and R&D Costs



# Part 1 9. Dividend Trend

## Dividend

## Payout ratio



\* A 3-for-2 stock split was conducted on June 1, 2007

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**Part 2 Future management vision (January 2013)**

**Akira Noami, President**

This presentation provides an overview of the medium-term business plan currently being formulated and its direction. Accordingly, the figures and descriptions presented here are still being discussed and reviewed, and are based on information obtainable at present, and are thus, by their very nature, uncertain and exposed to risks. We plan to release the medium-term business plan when we release our financial earnings report in July 2013.

### Management Philosophy

*The TOYO TANSO GROUP contributes to the world through the pursuit of the possibilities inherent in carbon (C).*

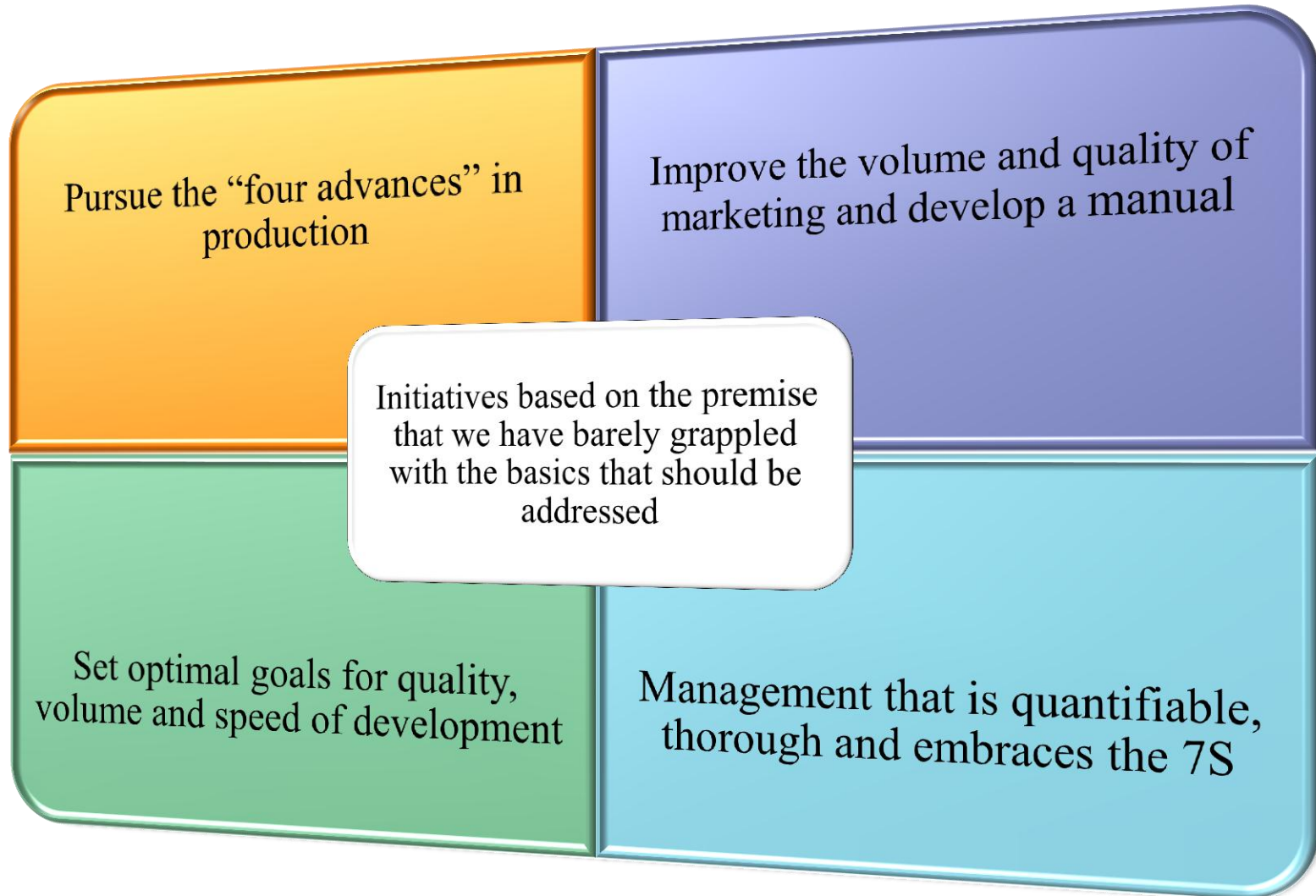
#### *Driver 1*

We will ensure that the brand concept (Vision, Promise, Value) laid out as the standard for our thoughts and actions is understood and practiced internally and that it is an essential part of individual operations.

#### *Driver 2*

We will make our numerical targets, process targets and output visible and evaluate them objectively. By maximizing these “integers of success,” we will select the most reliable management guidelines and set them as the standard.

# Initiatives for a Breakthrough in Current Conditions



## Current Focus Areas and Support Measures



## Vectors of Medium-term Plan

### *1. BALANCING*

We will allocate 50 billion yen in the near term to develop optimal businesses and set new optimal balances for semiconductors and metallurgy (including products with higher added value), reduce dependence on semiconductors (primarily solar cells and single-crystal silicon), and augment and strengthen with value-added products for metallurgy and new businesses.

### *2. 4-in-1 CHALLENGE*

Create new businesses and expand globally with a unified organization embracing a 4-in-1 structure of breakthroughs, marketing, new development and manufacturing.

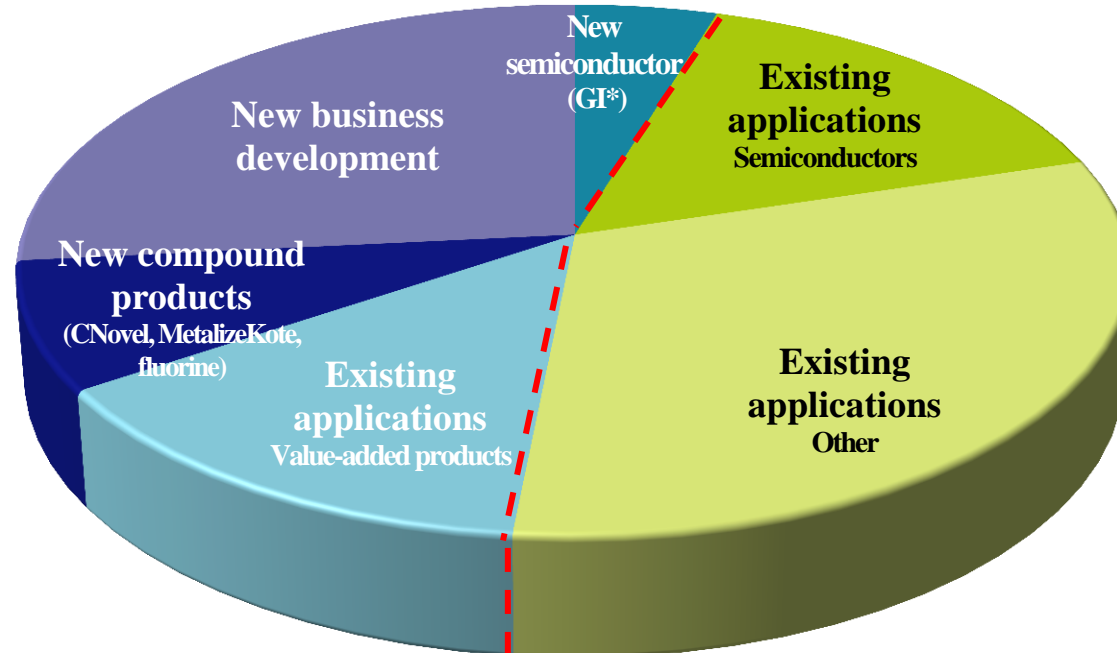
### *3. LEAN INVESTMENT*

Aggressively invest in overseas production in markets with high potential in line with vector 1., but seek the minimum investment amount and most streamlined method.



# Vision of Breakdown of Medium-term Sales (five years later)

New businesses and existing businesses with added value will account for about 50% of earnings, with a stable base of existing products.



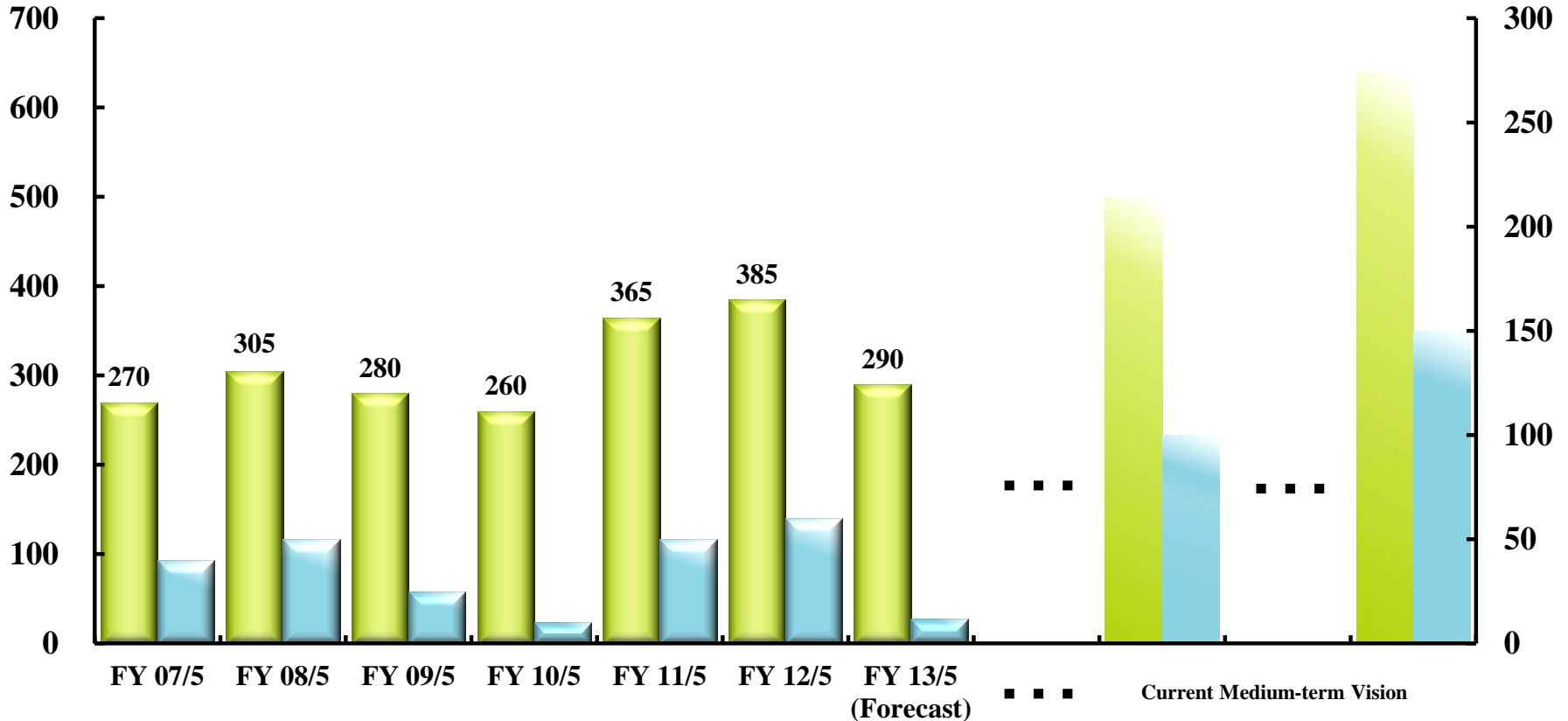
\*Green Innovation Division

## Index Scale

Earnings trends (exchange rate: 80 JPY to USD, 100 JPY to EUR)  
and growth forecasts

### Net sales

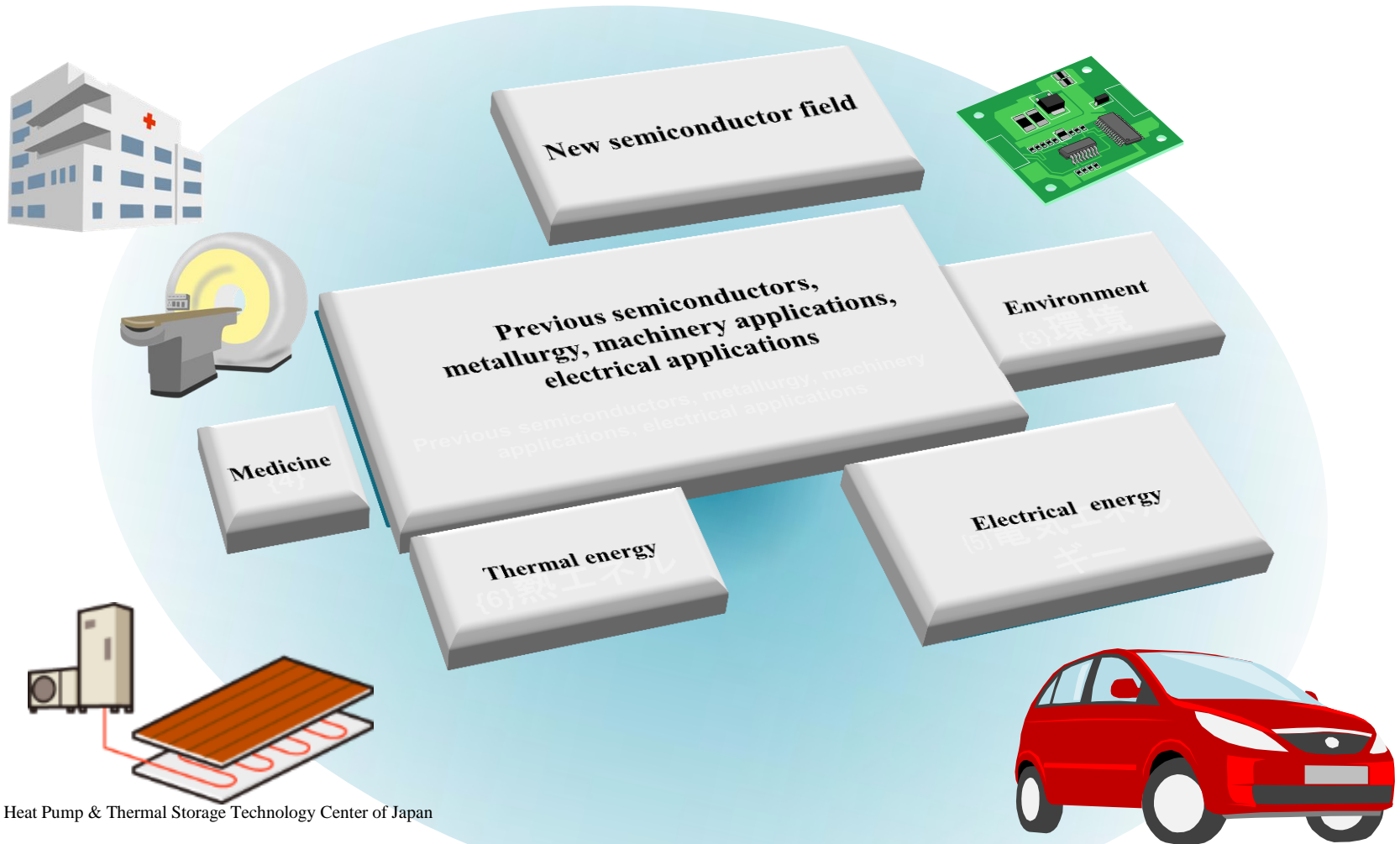
(Unit: 100 mil. Yen)



\*Currency exchange conversions are based on rough estimates that do not fully take into account inventory and exchange gains and losses (particularly in the case of recurring profit).

## Target Applications

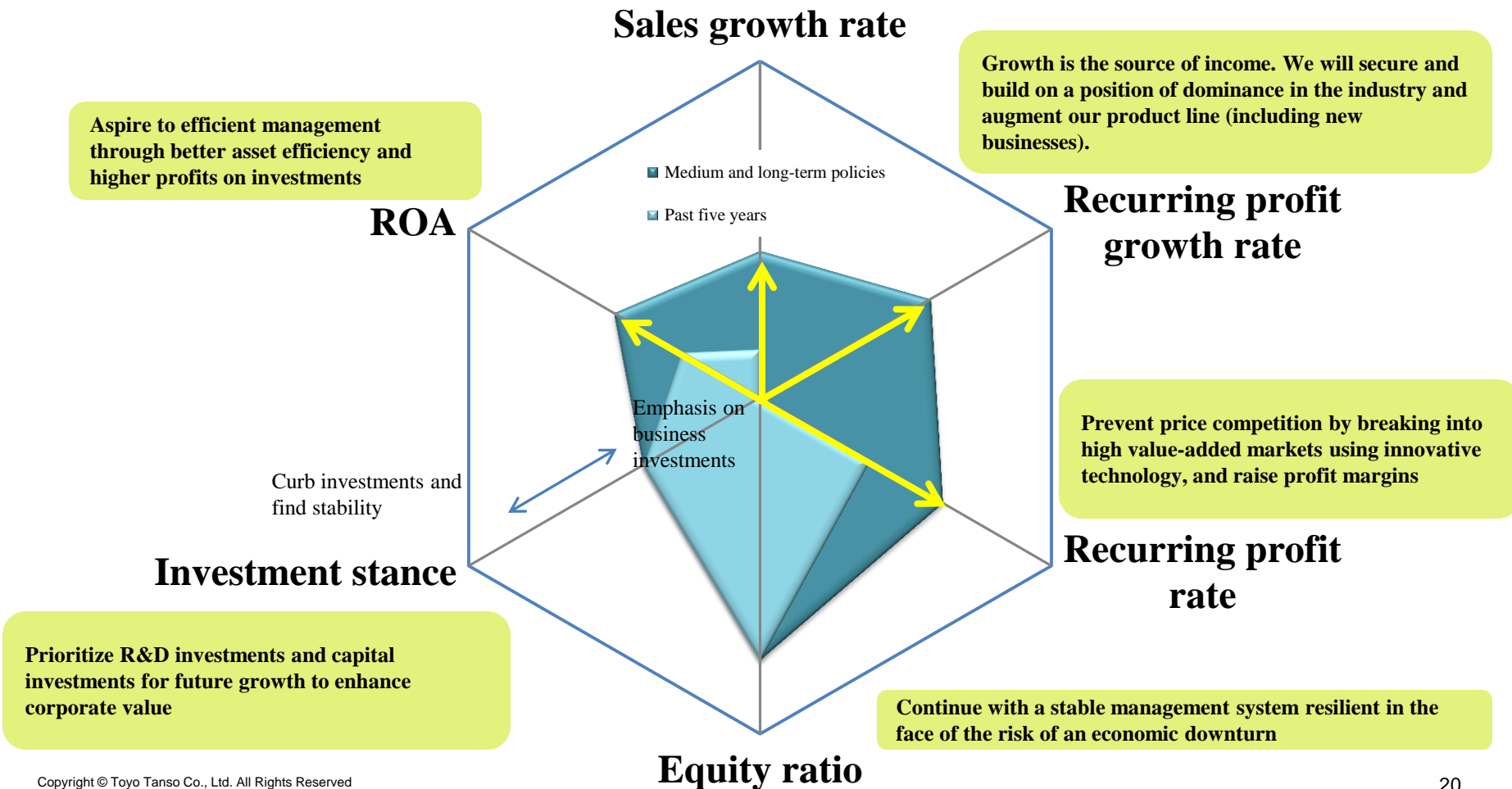
Expand businesses in the brand concepts of energy, electronics and environment



Source: Heat Pump & Thermal Storage Technology Center of Japan

## Emphasis on Improvements in Sales and Income Growth Rates and ROA

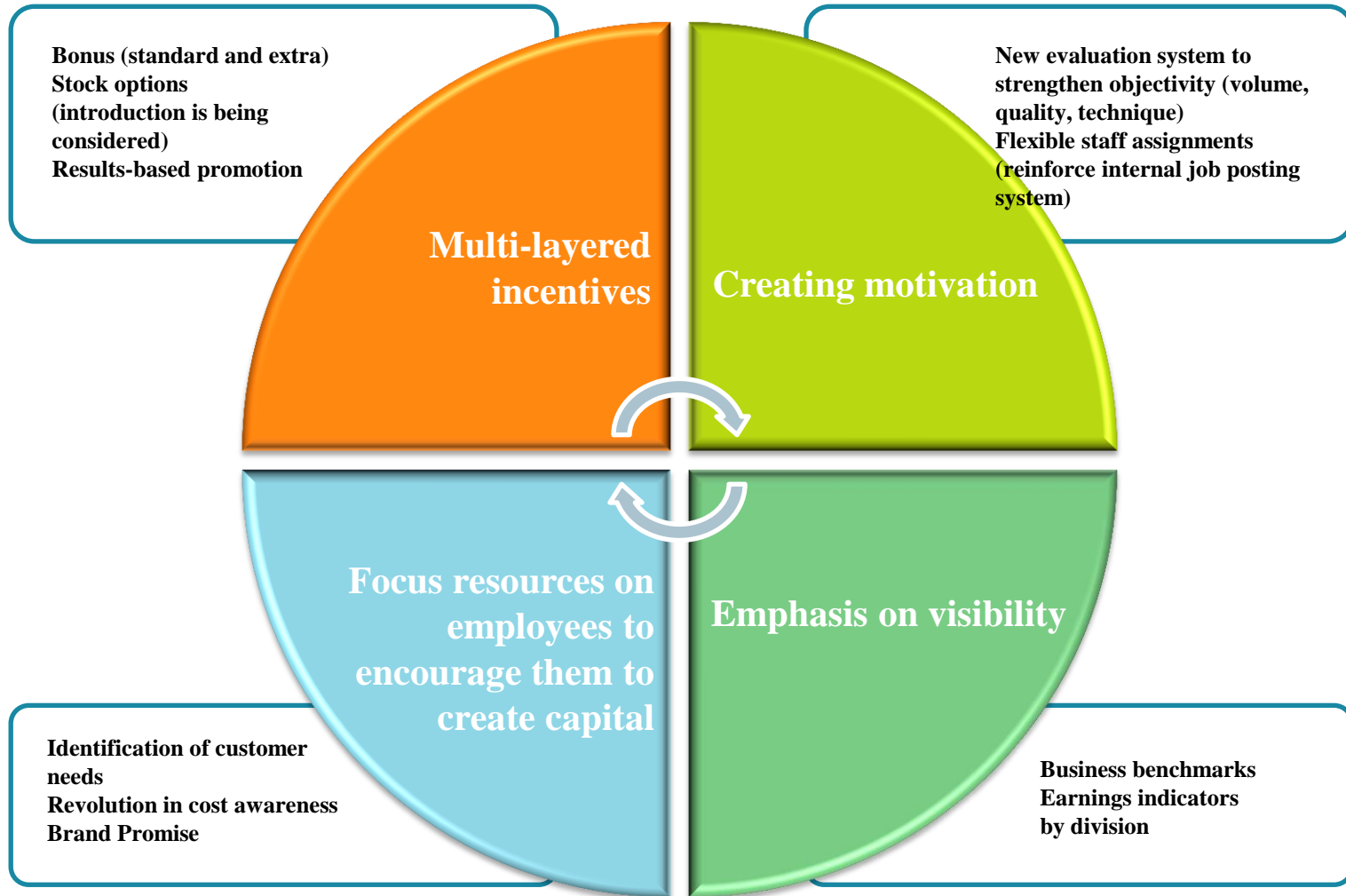
We believe that the most important responsibility of a listed company is to improve corporate value through sales and income growth. To achieve this, we aspire to open up high value-added markets, expand sales for composite materials, and launch new businesses.



## Initiatives to Achieve Medium-term Vision (from H2 FY 2013)

Sales breakdown categories	Action guidelines
Semiconductors	Maintain dominance in solar cells, single-crystal silicon and chemical compounds by providing key customers with technical services, and improve unit production; devise medium-term plan for green innovation business.
Existing applications (All-purpose materials)	Implement plan with a focus on strengthening efforts to cultivate existing customers for heat treatment, machinery applications and brushes. We will keep capital investments down to a minimum. The total of other applications will be raised a minimum of 20% without new products.
Existing applications (Value-added materials)	Develop new applications, outline sales promotion methods in a manual, and incorporate needs in value-added existing products.
Compound materials	In conjunction with stronger PR in marketing, expand disclosure of technology seeds to efficiently identify high-priority needs, and attract 20% of sales.
New business development	In line with manual for new business development (completed in November 2012), needs are cultivated through database development and visits with key people, and seeds-matching is continued.

## *Engines that Effectively Utilize Resources*



# TOYO TANSO

Inspiration for Innovation

**Note: This presentation contains “forward-looking statements” and forecasts of business results. These statements are not historical facts but instead represent the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and out of the Company’s control. It is possible that the Company’s actual results may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements.**

IR Contact  
E-mail: [ir@toyotanso.co.jp](mailto:ir@toyotanso.co.jp)