

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended May 31, 2013

July 2013
Toyo Tanso Co., Ltd.

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended May 31, 2013

Part 1 Summary of Consolidated Results

Masao Nakahara, Senior Managing Director

Changes to fiscal period (last day of fiscal year)

The Group plans to change the final day of its fiscal year from May 31 to December 31*, making the fiscal year ending in December 2013 a transitional period. The forecasts for this consolidated period are as follows. The rates of change over the previous fiscal period are not provided for the earnings forecasts for the next fiscal year ending December 31, 2013 (page 9).

**Subsidiaries with fiscal year ending in March: Nine-month period
(April 1 to December 31, 2013)**

**Subsidiaries with fiscal year ending in May: Seven-month period
(June 1 to December 31, 2013)**

As a reference, we have provided forecasts for the period equivalent to our previous twelve-month fiscal period (June 1, 2013 to May 31, 2014) in the section on net sales by product and segment (page 7) and the section on earnings forecasts for the next fiscal year ending December 31, 2013 (page 9).

*** This is pursuant to approval of the “Partial Amendments to the Articles of Incorporation” at the 71st Ordinary General Meeting of Shareholders on August 29, 2013.**

Point 1

Income and sales fell sharply, primarily due to the growing severity of solar cell applications for the core Chinese market.

Point 2

Sales 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 within the year at the very least, particularly as China's excess capacity and inventory problem will take time to resolve. However, there are signs of a recovery, such as an upturn in orders for LED applications.

Point 4

We posted a loss in the current fiscal year primarily due to recording of an impairment loss resulting from lower production volume at some manufacturing facilities, in addition recording of bad debt allowances and inventory devaluation in China

Part 1 2. Results for the Fiscal Year Ended May 31, 2013

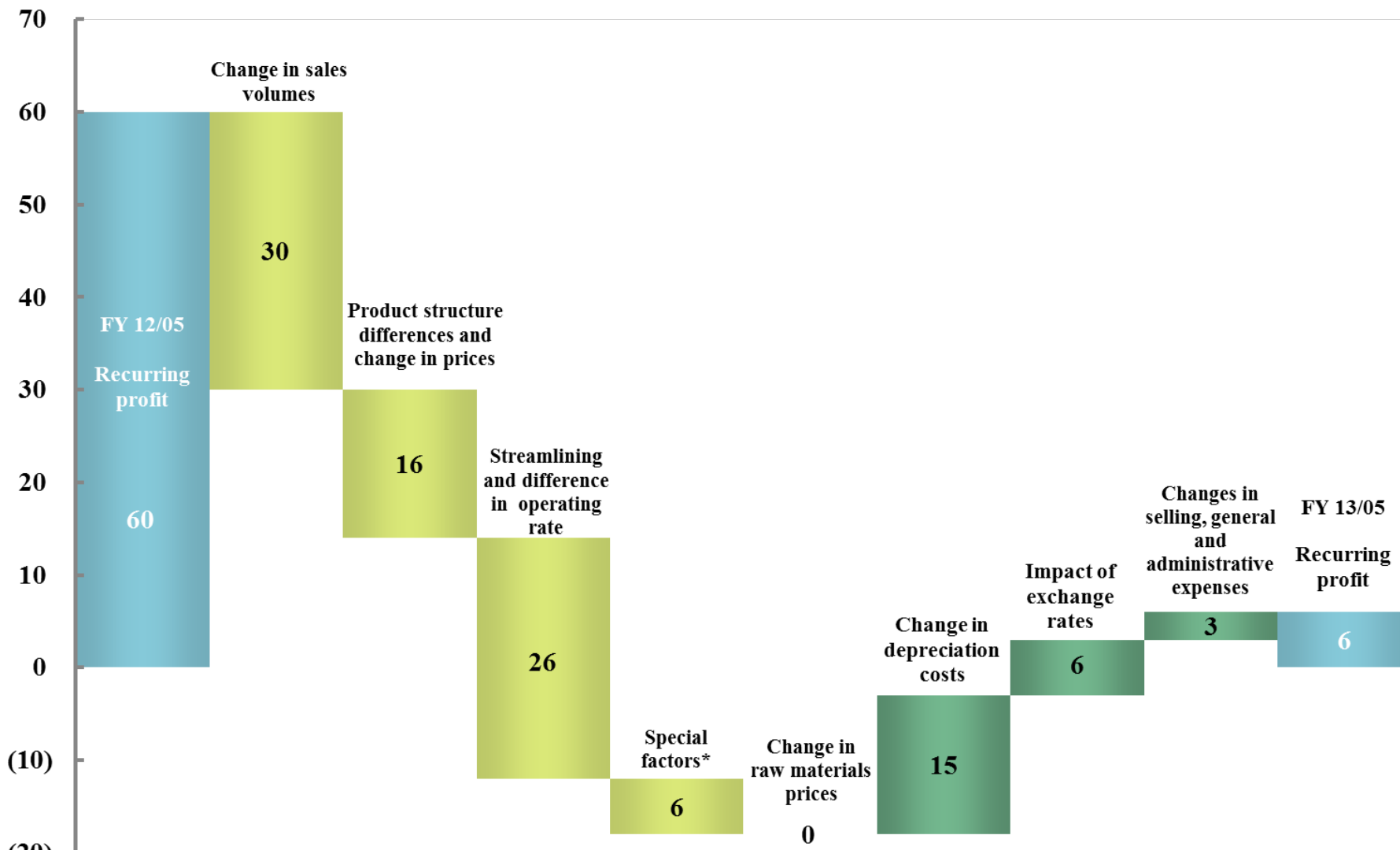
(Unit: Yen, millions)	FY12/5	FY13/5	Change	% increase
Net sales	38,714	28,409	(10,304)	(26.6) %
Operating profit	6,055	517	(5,537)	(91.5) %
(Ratio of operating profit to net sales)	15.6%	1.8%		
Recurring profit	6,062	673	(5,388)	(88.9) %
(Ratio of recurring profit to net sales)	15.7%	2.4%		
Net income	3,466	(210)	-	-
Net income per share	167.20 yen	(10.17) yen		
Exchange rate	78.8 yen/\$ 106.7 yen/€ 12.4 yen/CNY	86.2 yen/\$ 111.2 yen/€ 13.3 yen/CNY		

Part 1 3. Factors Affecting Changes in Recurring Profit

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

Cumulative total for the year ending May 31, 2013)

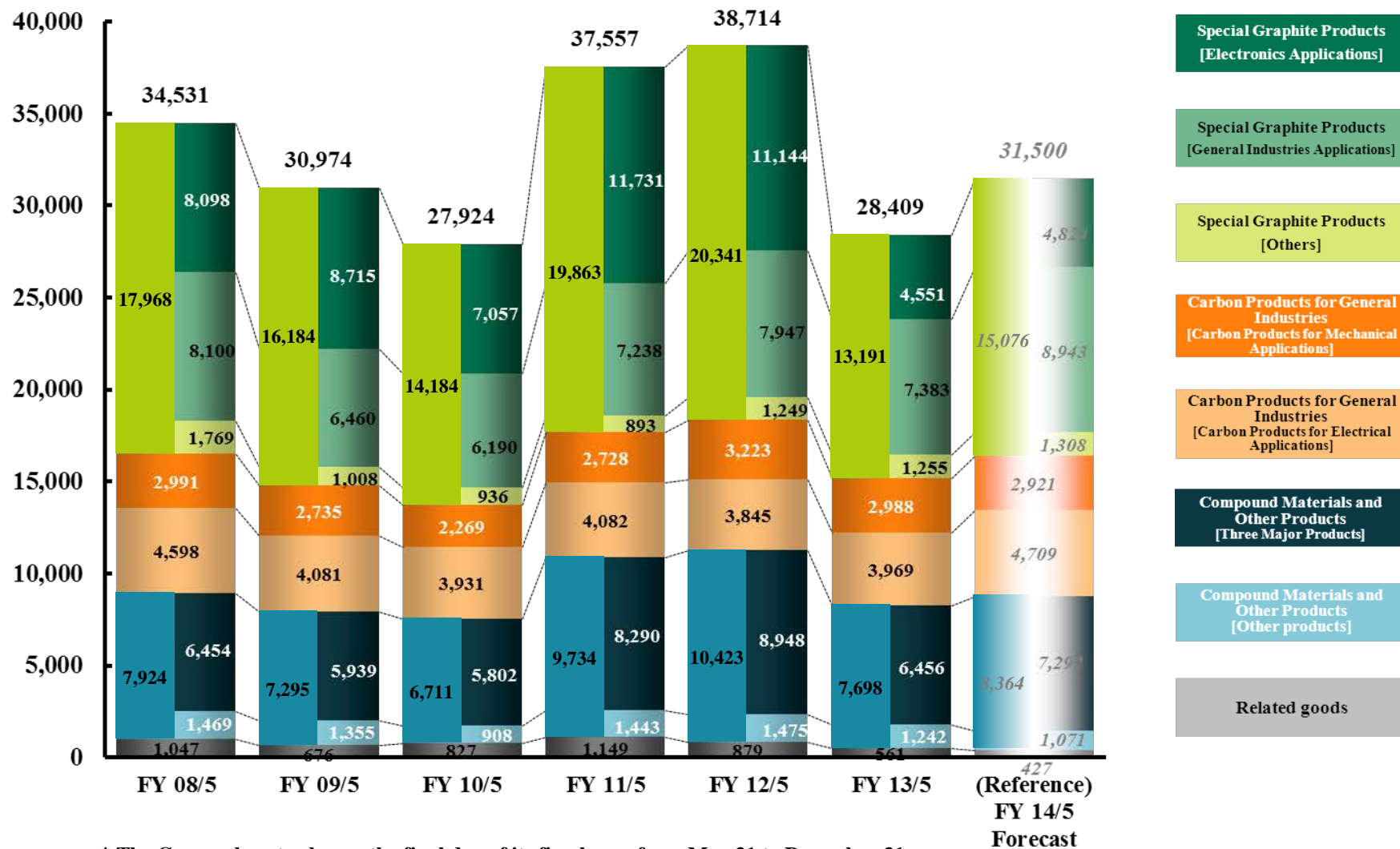
(Unit: Yen, 100 millions)



* Bad debt allowances and inventory devaluation, etc.

Part 1 4. Net Sales by Product and Segment

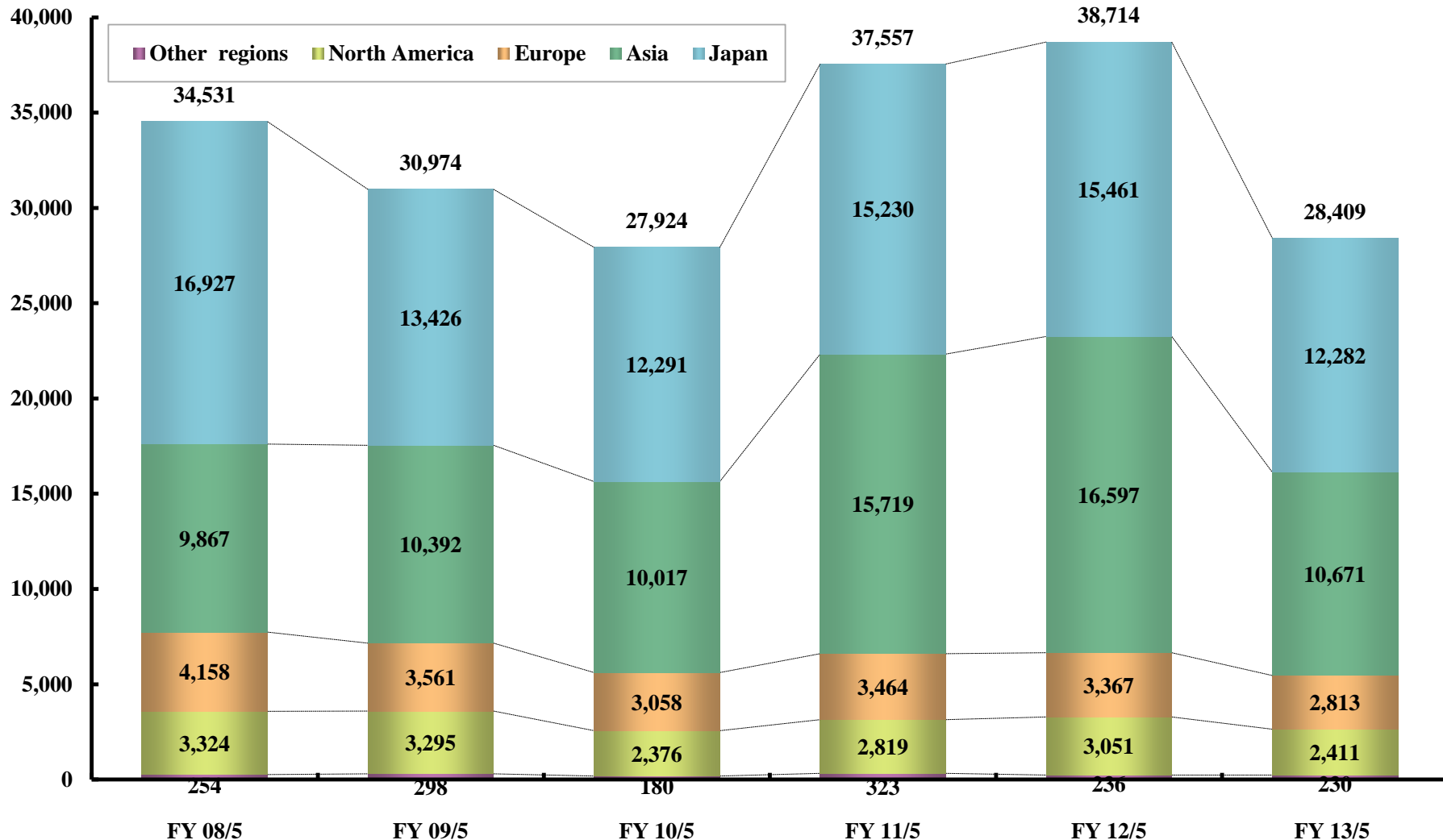
(Unit: Yen, millions)



* The Group plans to change the final day of its fiscal year from May 31 to December 31.

Part 1 5. Sales Trends by Region

(Unit: Yen, millions)



Part 1 6. Earnings Forecasts for the Fiscal Year Ending December 31, 2013

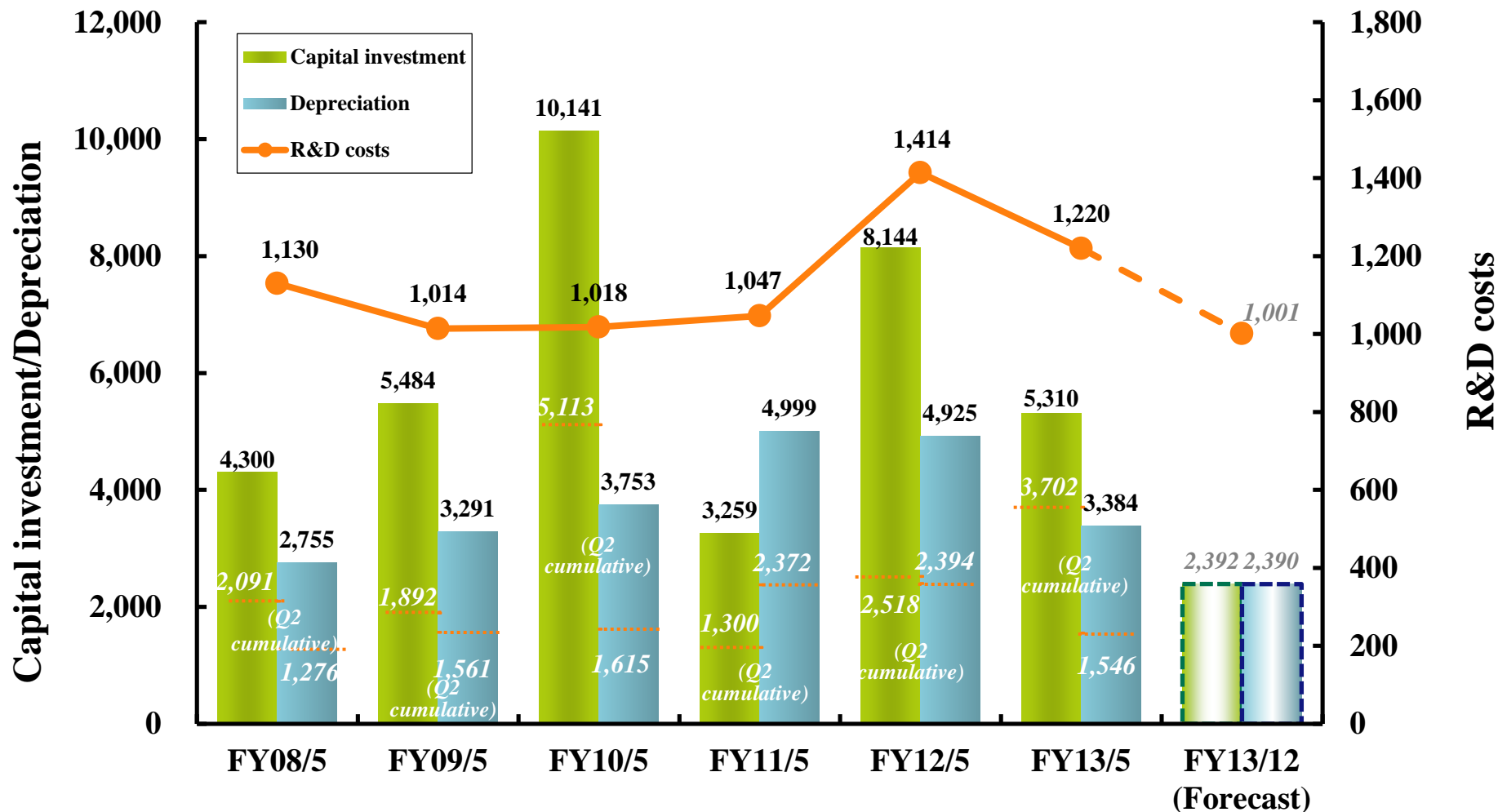
(Unit: Yen, millions)	FY13/5	FY13/12 Forecast	(Reference) FY14/5 Forecast
Net sales	28,409	19,700	31,500
Operating profit	517	200	1,000
(Ratio of operating profit to net sales)	1.8%	1.0%	3.2%
Recurring profit	673	100	900
(Ratio of recurring profit to net sales)	2.4%	0.5%	2.9%
Net income	(210)	100	700
Net income per share	(10.17) yen	4.82 yen	
Exchange rate	86.2 yen/\$ 111.2 yen/€ 13.3 yen/CNY	95 yen/\$ 120 yen/€ 15.1 yen/CNY	

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Part 1 7. Trends in Capital Investment, Depreciation and R&D Costs

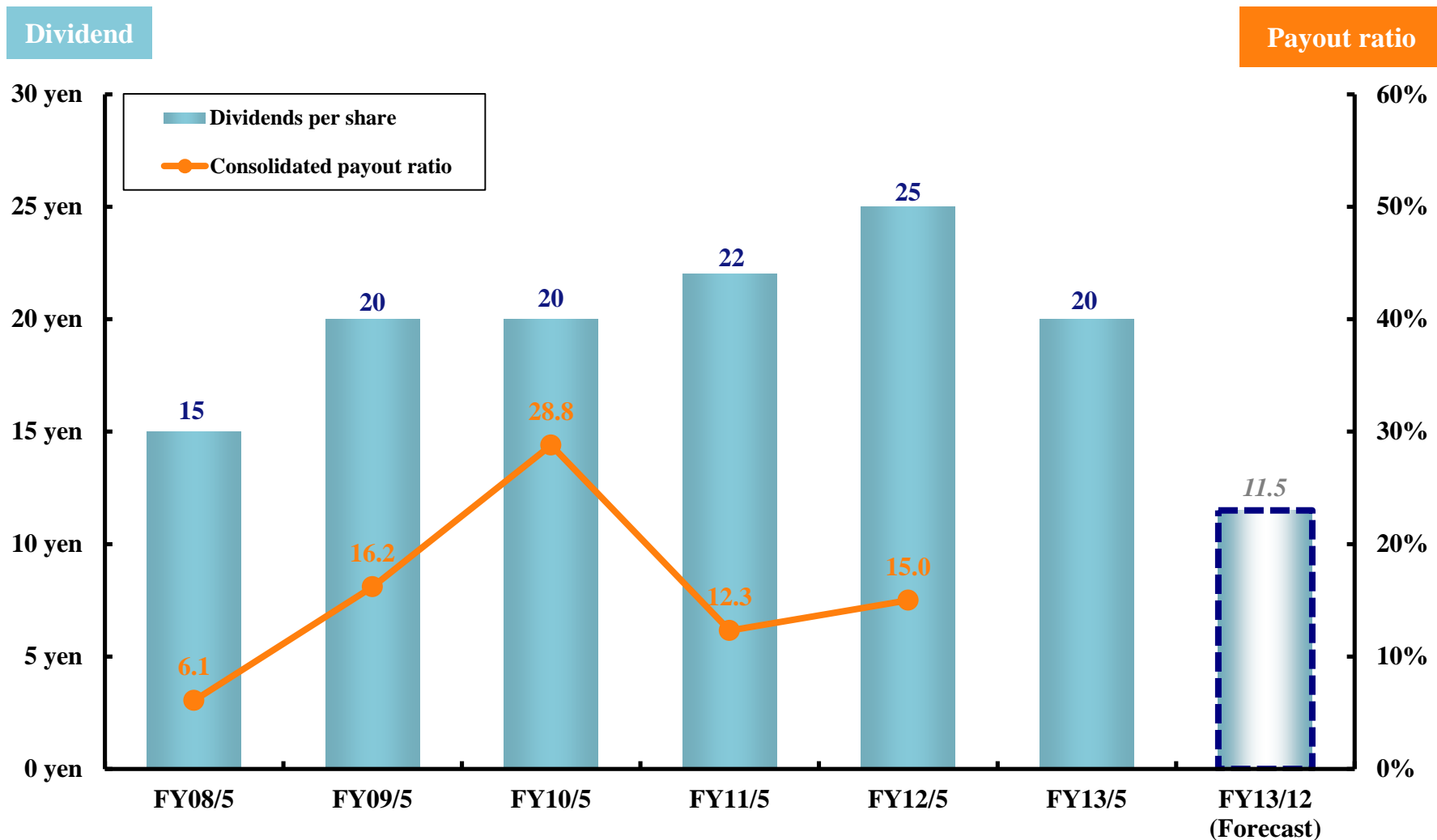
(Unit: Yen, millions)

(Unit: Yen, millions)



* The Group plans to change the final day of its fiscal year from May 31 to December 31.

Part 1 7. Dividend Trend



* The Group plans to change the final day of its fiscal year from May 31 to December 31.

(Reference) Consolidated Balance Sheet and Statement of Cash Flows for the Fiscal Year Ended May 31, 2013

<i>Consolidated Balance Sheet</i>	(Unit: Yen, millions)		<i>Consolidated Statement of Cash Flows</i>	(Unit: Yen, millions)	
	31-May-12	31-May-13		FY12/5	FY13/5
Total assets	71,900	73,508	Cash and cash equivalents at the end of the period	7,205	5,823
Trade notes and accounts receivable	13,124	11,256	Changes in cash and cash equivalents	114	(1,381)
Inventory	15,688	18,547	Cash and cash equivalents at the beginning of the period	7,090	7,205
Tangible fixed assets	29,210	31,406	CF from operating activities	3,964	1,751
Total liabilities and net assets	71,900	73,508	CF from investing activities	(3,920)	(8,381)
Interest-bearing debt	2,738	8,438	CF from financing activities	158	4,696
Capital	7,692	7,692			
Net assets	55,064	56,966			
Equity ratio	74.4%	75.2%			

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended May 31, 2013

Part 2 Medium-term Business Plan

– Future management vision

Akira Noami, President

Long-term corporate vision

Emphasis on collective strength,
from development of materials, application
and manufacturing technology to production

**R&D-based multipurpose
carbon+ materials
manufacturer**

Production
structure
emphasizing
agility

Development staff
(ratio on non-consolidated basis)

80 (7%) ⇒ 110 (10%)

R&D costs

1.5-2.0 billion yen
annually

Capital investment

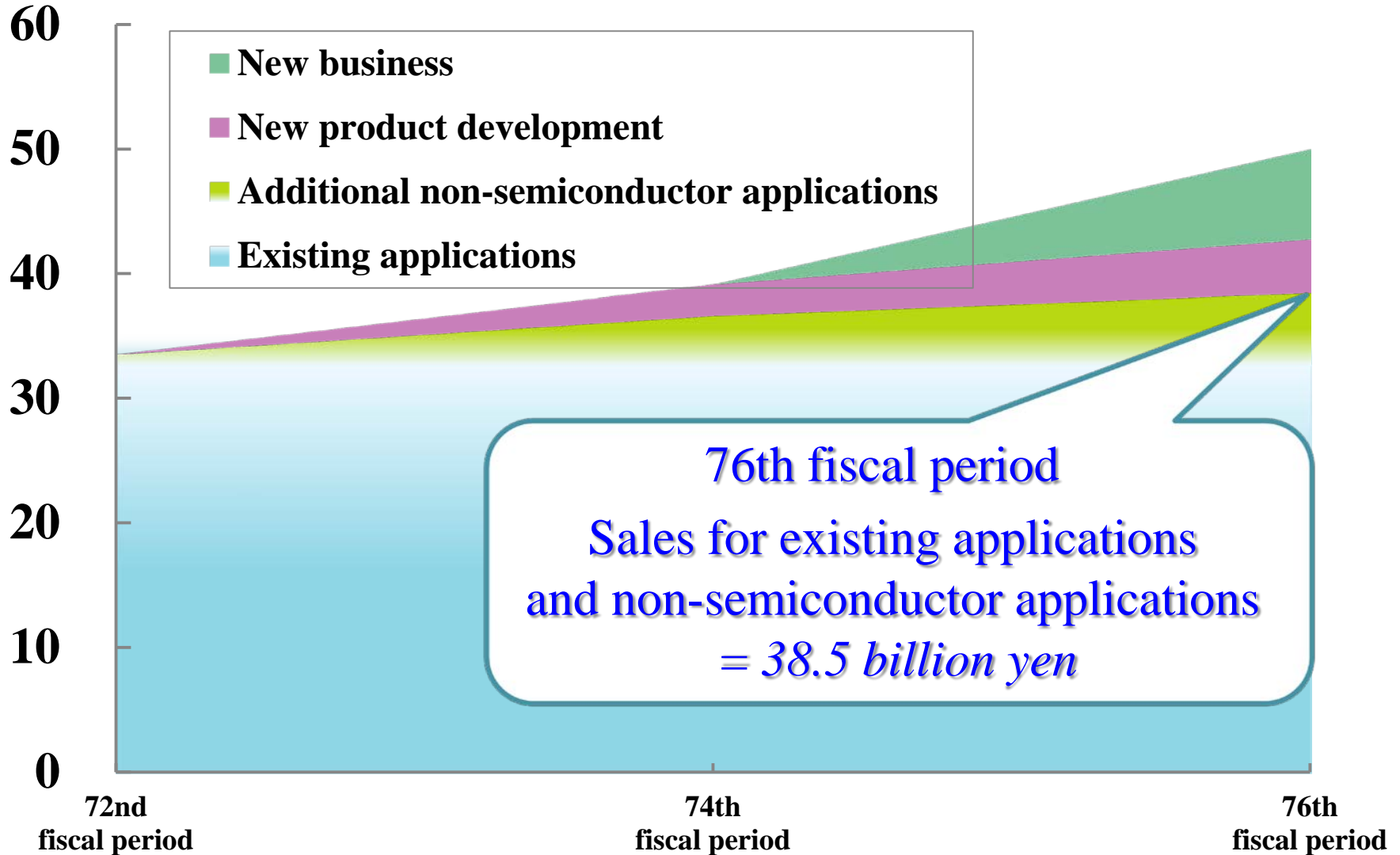
5.0 billion yen
annually

(of which half for new and strategic staff)

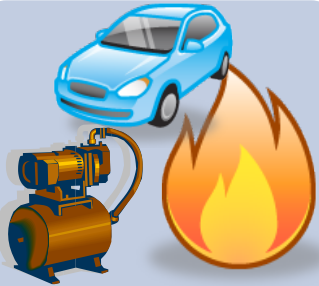
Investment capital in medium-term business plan

Sales breakdown for medium-term business plan

(Unit: Yen, billions)



Three keys to achieving medium-term business plan



Of the three mainstay applications, non-semiconductor applications will generate an additional 5.0 billion yen, or 20%

- Reinforce automobile applications and industrial brushes, primarily overseas
- Form business unit for mechanical applications and development for overseas OEM
- Cultivate customers who prioritize industrial furnace applications



5.0 billion yen from new product development

Set up Porous Carbon Business Unit and begin setting up pilot manufacturing facility at current Kondo Teruhisa Memorial/Advanced Carbon Technology Center (Nishiyodogawa, Osaka)



5.0 billion yen from new business development

Presently reviewing the business potential both internally and externally for the current 15 themes in the fields of semiconductors, the environment, agriculture and bio from carbon and related application technologies built up thus far

Medium-term plan period

Start-up
phase

- **72nd fiscal period
(June – December 2013)**
Optimization of lateral and vertical organization

Development
phase

- **73th – 75th fiscal period
(2014 – 2016)**
Reforms with existing products and creating new products

Completion
phase

- **76th – 77th fiscal period
(2017 – 2018)**
Becoming a company with consolidated net sales totaling 50 billion yen

Pursue initiatives internally with a focus on putting the corporate philosophy into action

Corporate philosophy

The Toyo Tanso Group contributes to the world through the pursuit of the possibilities inherent in carbon (C).

Driver 1

Re-ensuring that Brand Concept is understood and put into practice and reflected in individual operations internally

Driver 2

Making indicators and process targets visible and ensuring objective evaluations

Driver 3 (Priority policy for 72nd fiscal period)

Revolution in manufacturing achieved through flexible vertical-lateral organization

Initiatives to strengthen vertical-lateral organization in 72nd fiscal period

Pursue the “four advances” in production

- Start up 30 cross-sector projects in five divisions, such as reforms to manufacturing methods, reinforcements to manufacturing technology and greater processing efficiency (three-plant system for Japan)

Enhance marketing volume and quality and develop a manual (form)

- Increase activity volume by 50%
- Begin application-specific manager system on a trial basis
- Strengthen technology marketing system both in Japan and overseas

Prioritize new products, new manufacturing methods and new business

Increase development volume and increase speed by ascertaining needs and forming affiliations with PLM* development

* Product Lifecycle Management

- Begin specific development projects from 500 needs

Management that is quantifiable, thorough and embraces the 7S

- Initiate new employee system
- Consolidate planning functions following move of headquarters
- Set up two divisions to promote businesses (products and organization)

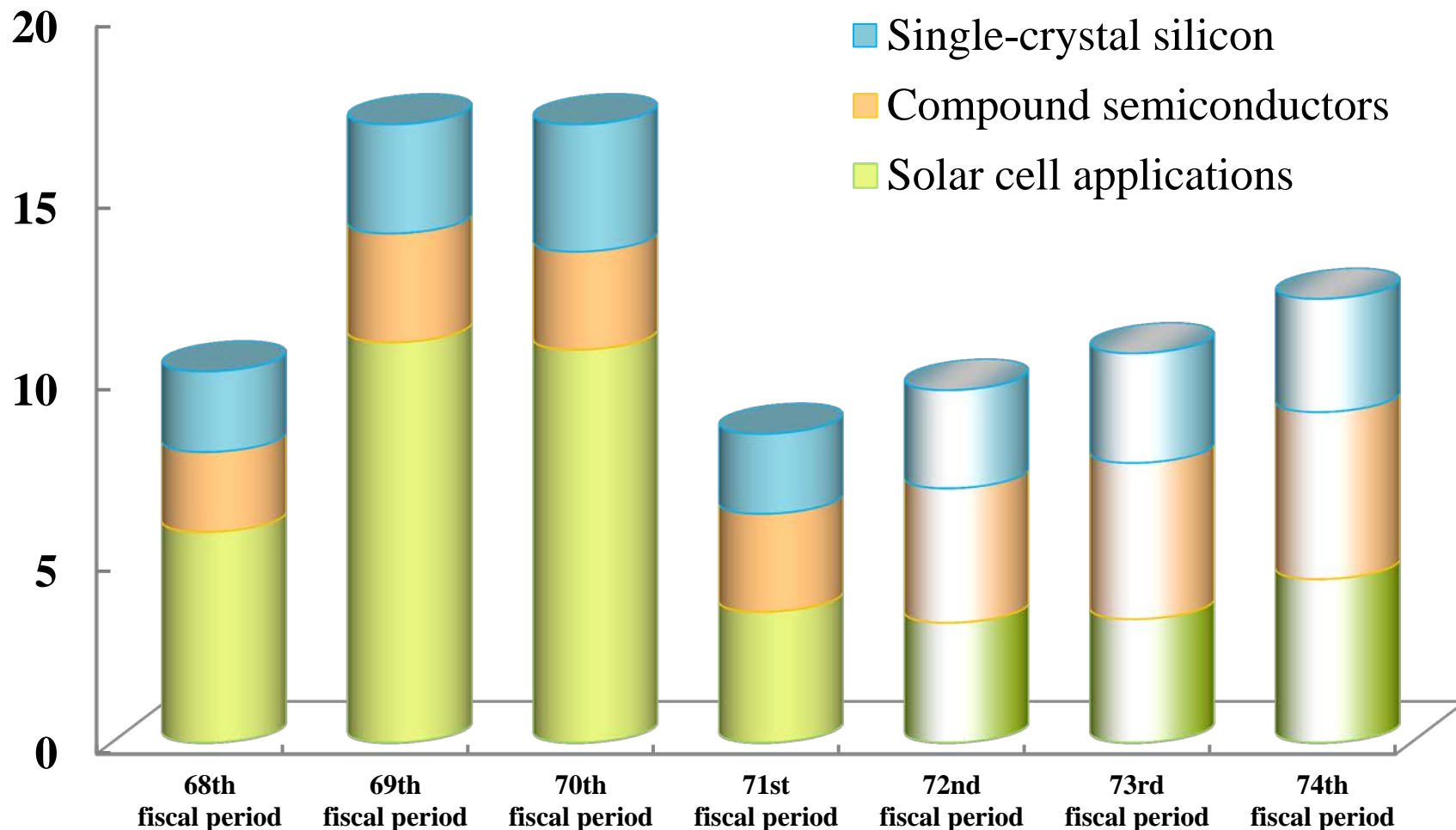
Other main initiatives in 72nd fiscal period

Division	Medium-term priority issues
<p>Marketing</p>	<ul style="list-style-type: none"> ◆ Structural and organizational reforms in the US (targeting annual sales of \$50 million) ◆ Develop markets in Mexico and UK ◆ Expand sales after setting up base in Turkey
<p>Manufacturing</p>	<ul style="list-style-type: none"> ◆ Form C/C composite business unit ◆ Improve Group’s overall automation, manufacturing technology and self-sufficiency in facility repairs ◆ Improve processing efficiency by dispersing three domestic plants and having each plant specialize
<p>Management</p>	<ul style="list-style-type: none"> ◆ Launch new business subsidiaries
<p>Development</p>	<ul style="list-style-type: none"> ◆ Strengthen R&D and needs identification locally ◆ Surface processing and PF technology development

Environment in semiconductor (electronics) sector

We expect semiconductors overall to recover to 70% of peak levels.

(Unit: Yen, billions)

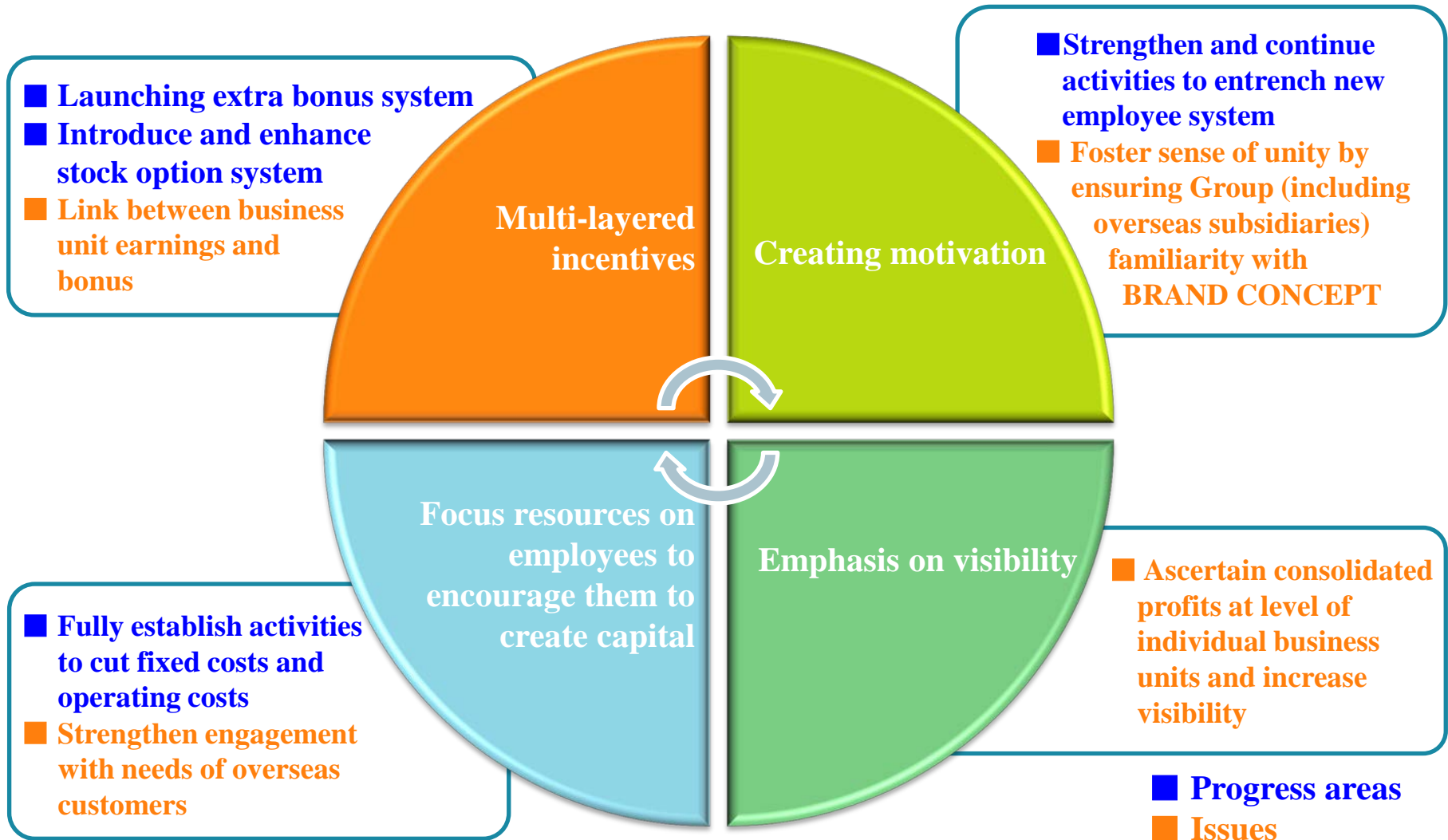


Target sectors in medium-term plan

Company categories	Target industries	Weight (BM)
Semiconductors	Existing semiconductors (single-crystal silicon), new semiconductors, solar cells, electric and electronic applications and automobiles	30%*
Existing products	Metallurgical and mechanical applications, electric and electronic applications, automobiles and general industrial applications	80%*
New products	Existing applications and industries with isotropic graphite materials; plus carbon, and other new areas	
New product development	Thermal energy, electric energy, environment, electric and electronic applications, medical	10%
New business development	New business utilizing company's own technology or business infrastructure	10%

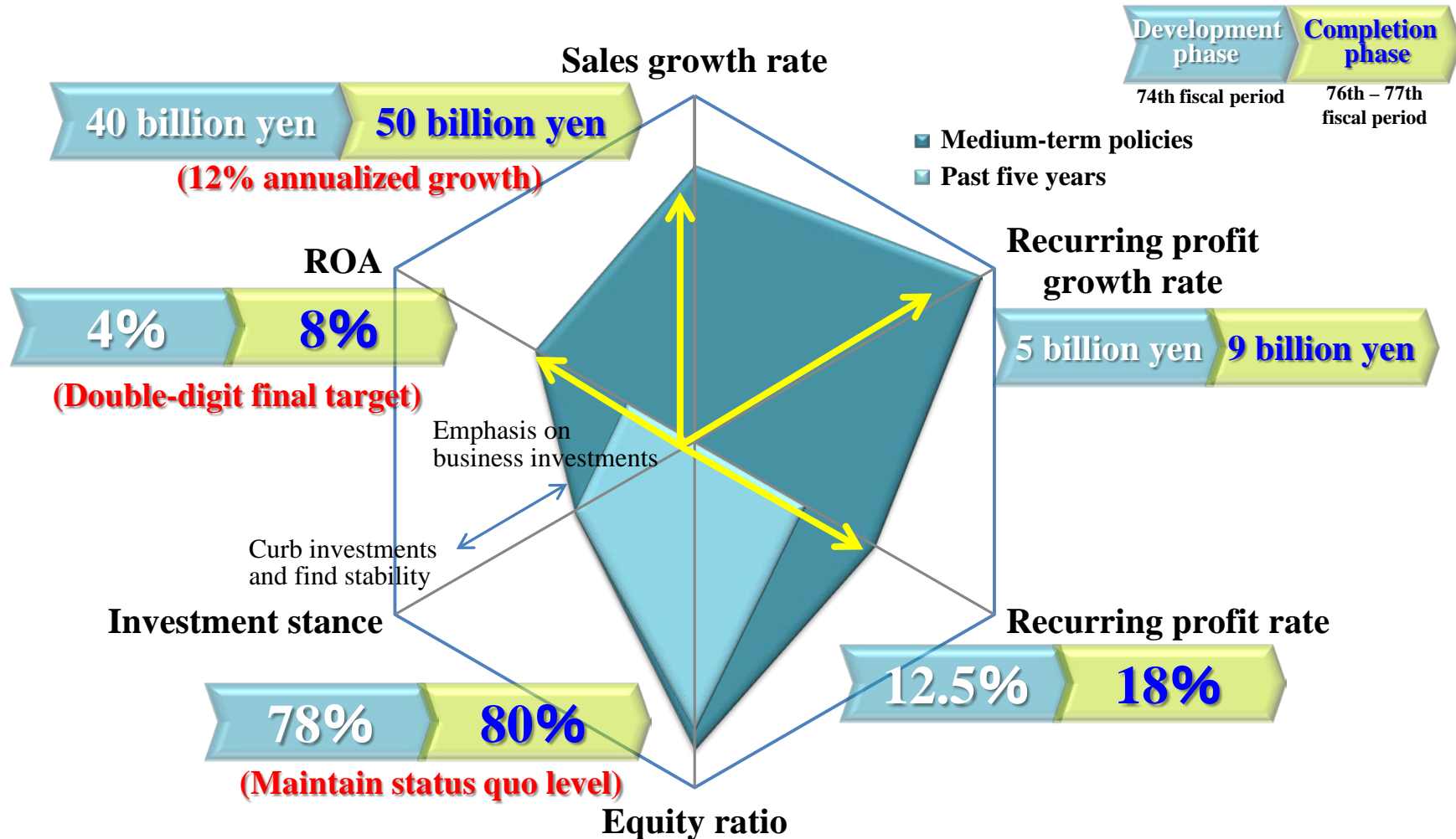
* Overlapping areas

Progress in starting up engines that effectively utilize resources and issues



Numerical targets and management indicators in medium-term business plan

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



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.

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