TOYO TANSO
Inspiration for Innovation

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended December 31, 2014

February 2015
Toyo Tanso Co., Ltd.

Toyo Tanso Co., Ltd.

Results for the Fiscal Year Ended December 31, 2014

Part 1 Summary of Consolidated Results

Changes in fiscal period (final day of fiscal year)

The Group has changed the final day of its fiscal year from May 31 to December 31 from the fiscal year ended December 31, 2013. The closing date of the fiscal year on December 31 is now consistent across the Group, including subsidiaries. Since the fiscal year ended in December 2013 was a transitional period in which the fiscal year was changed, figures are given for the following consolidated periods in this report.

Company and subsidiaries with fiscal year previously ended in May:
Seven months (June 1 – December 31, 2013)

Subsidiaries with fiscal year previously ended in December or March:
Nine months (April 1 – December 31, 2013)

As a result, changes over the previous fiscal year are not provided for earnings results for the fiscal year ended December 31, 2013 and December 31, 2014 in Part 1 2. Results for the Fiscal Year Ended December 31, 2014 and Forecasts for Fiscal Year Ending December 31, 2015 (page 5).

Part 1 1. Key Points for Fiscal Year Ended December 31, 2014

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Point 1

Although operating profit undercut forecasts, net sales, recurring profit and net income were generally in line with forecasts.

Point 2

The performance of electronics applications was weak, as demand for solar cell applications did not make a full recovery, despite demand on the back of facility upgrades in China in the first half. Moreover, in products for the manufacture of single crystal silicon, there were no signs of a positive turnaround in demand for personal computers.

Point 3

Carbon products for general industrial applications, mechanical applications and electrical applications made a good showing, and LED applications are recovering, with solid trends overall. We expect demand to continue to expand going forward.

Point 4

Shipments have almost been confirmed now that the relevant Japanese government agency has authorized the export of graphite material for the Chinese high-temperature reactor—pebble-bed modules (HTR-PM), and as a result we posted 3.1 billion yen in orders in the first half of this fiscal year.

Part 1 2. Results for the Fiscal Year Ended December 31, 2014 and Forecasts for Fiscal Year Ending December 31, 2015

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(Unit: Yen, millions)	FY13/12	FY14/12	FY15/12 Forecast	Change
Net sales	20,542	34,066	38,000	3,933 / 11.5%
Operating profit	1,035	1,140	3,700	2,559 / 224.5%
(Ratio of operating profit to net sales)	5.0%	3.3%	9.7%	
Recurring profit	1,303	1,501	3,700	2,198 / 146.4%
(Ratio of recurring profit to net sales)	6.3%	4.4%	9.7%	
Net income	(111)	1,327	2,700	1,372 / 103.4%
Net income per share	(5.39) yen	64.02 yen	130.22 yen	
Exchange rate	99.4 yen/$ 133.1 yen/€ 16.3 yen/CNY	105.9 yen/$ 140.4 yen/€ 17.2 yen/CNY	115 yen/$ 135 yen/€ 18.5 yen/CNY	

Note: The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013.
For details, please refer to “Changes in fiscal period (final day of fiscal year)” on page 3.

Part 1 3. Factors Affecting Changes in Recurring Profit

(Results for the year ended December 31, 2014 vs. forecast for the year ending December 31, 2015)

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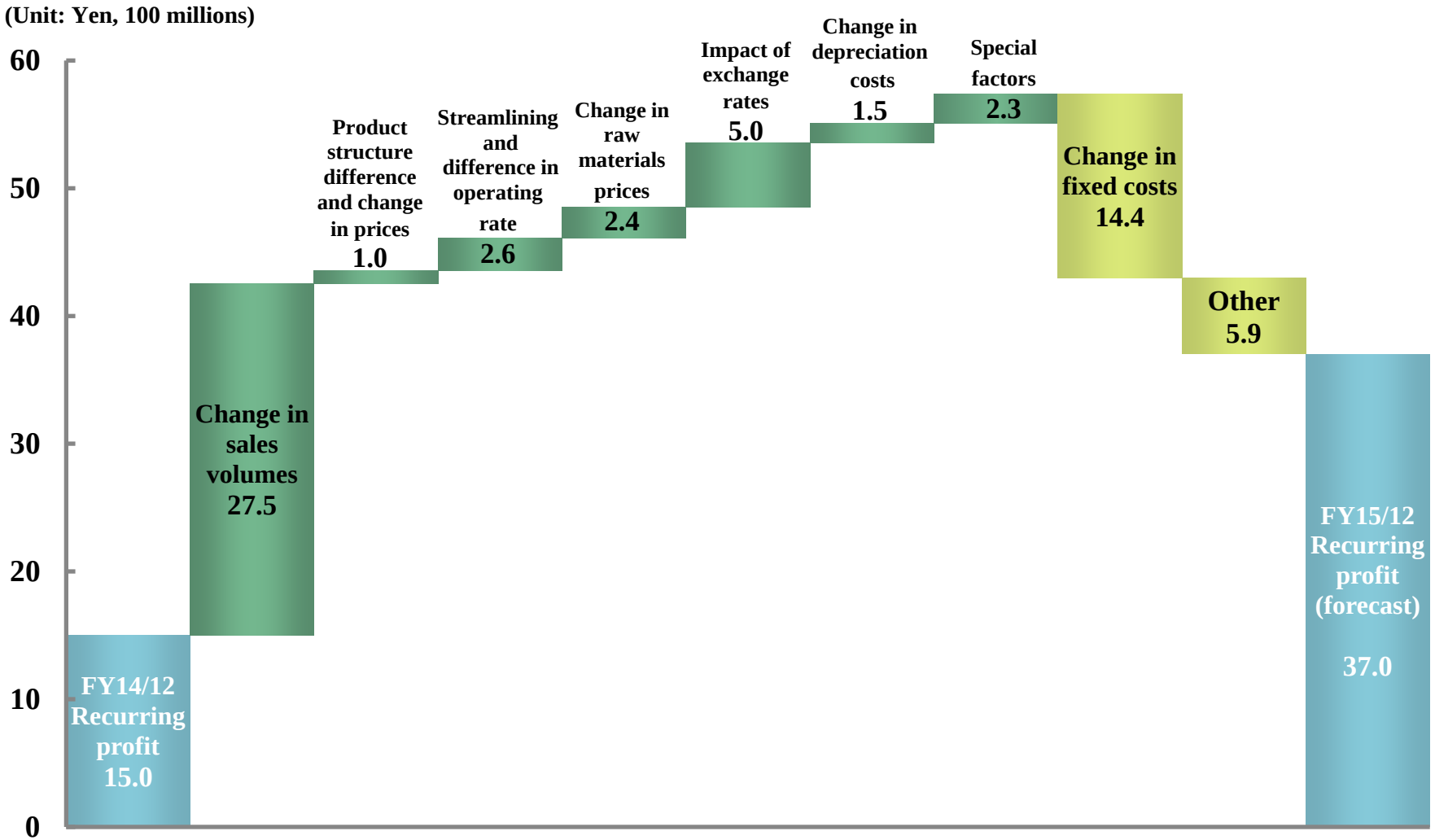

Part 1 4. Net Sales by Product and Segment

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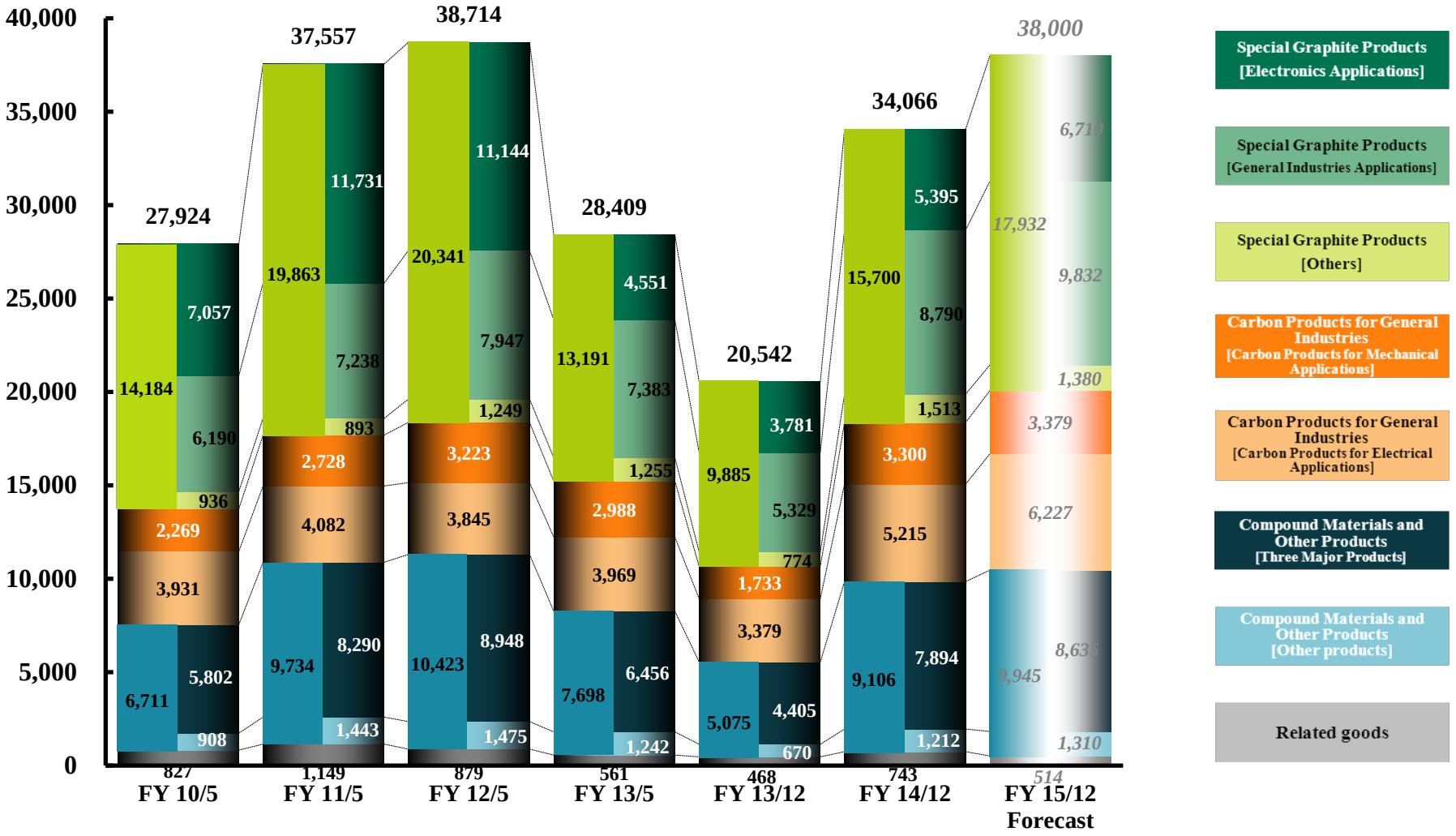
(Unit: Yen, millions)



Note: The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013. For details, please refer to "Changes in fiscal period (final day of fiscal year)" on page 3.

Part 1 4. Net Sales by Product and Segment (six-month period)

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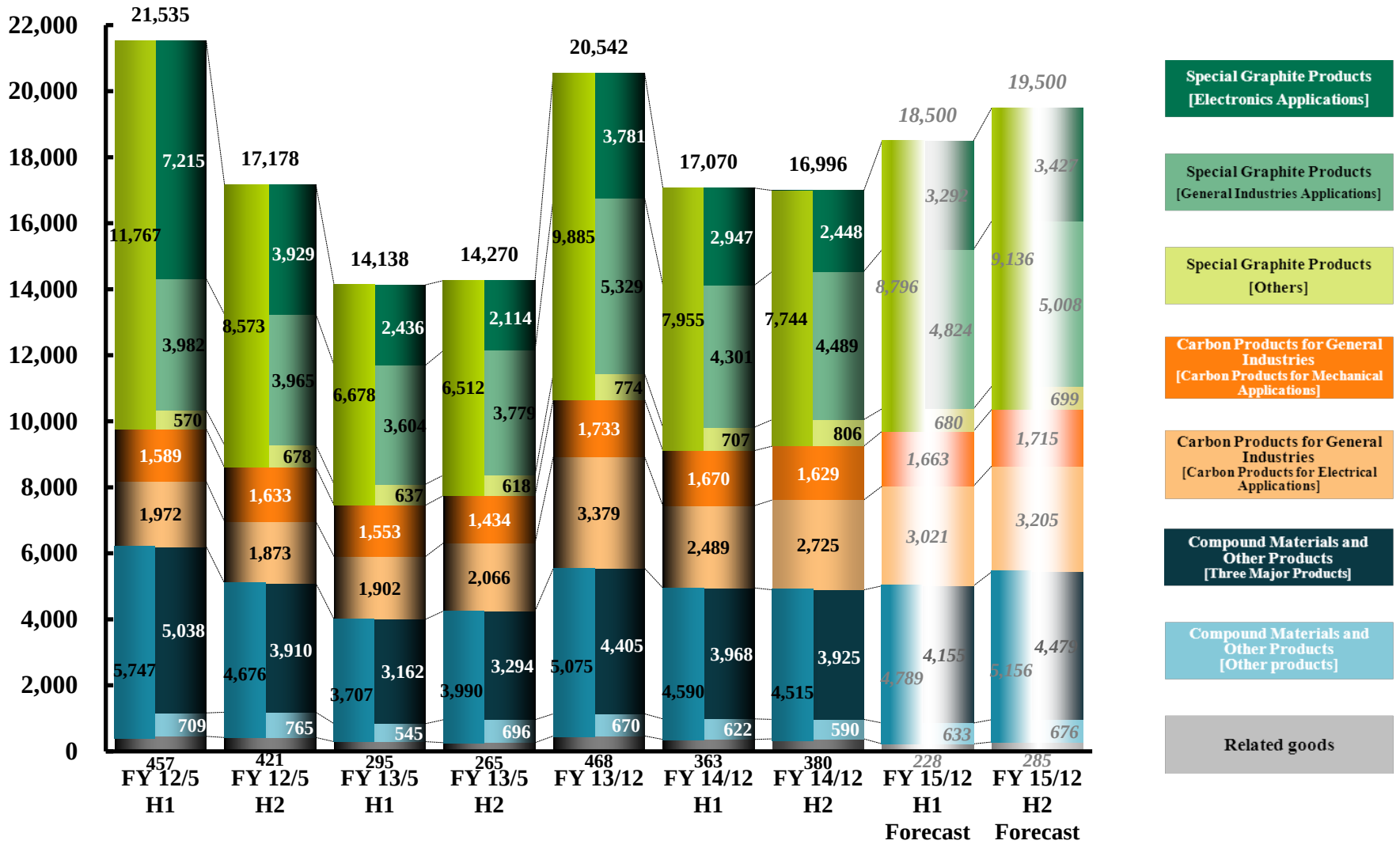
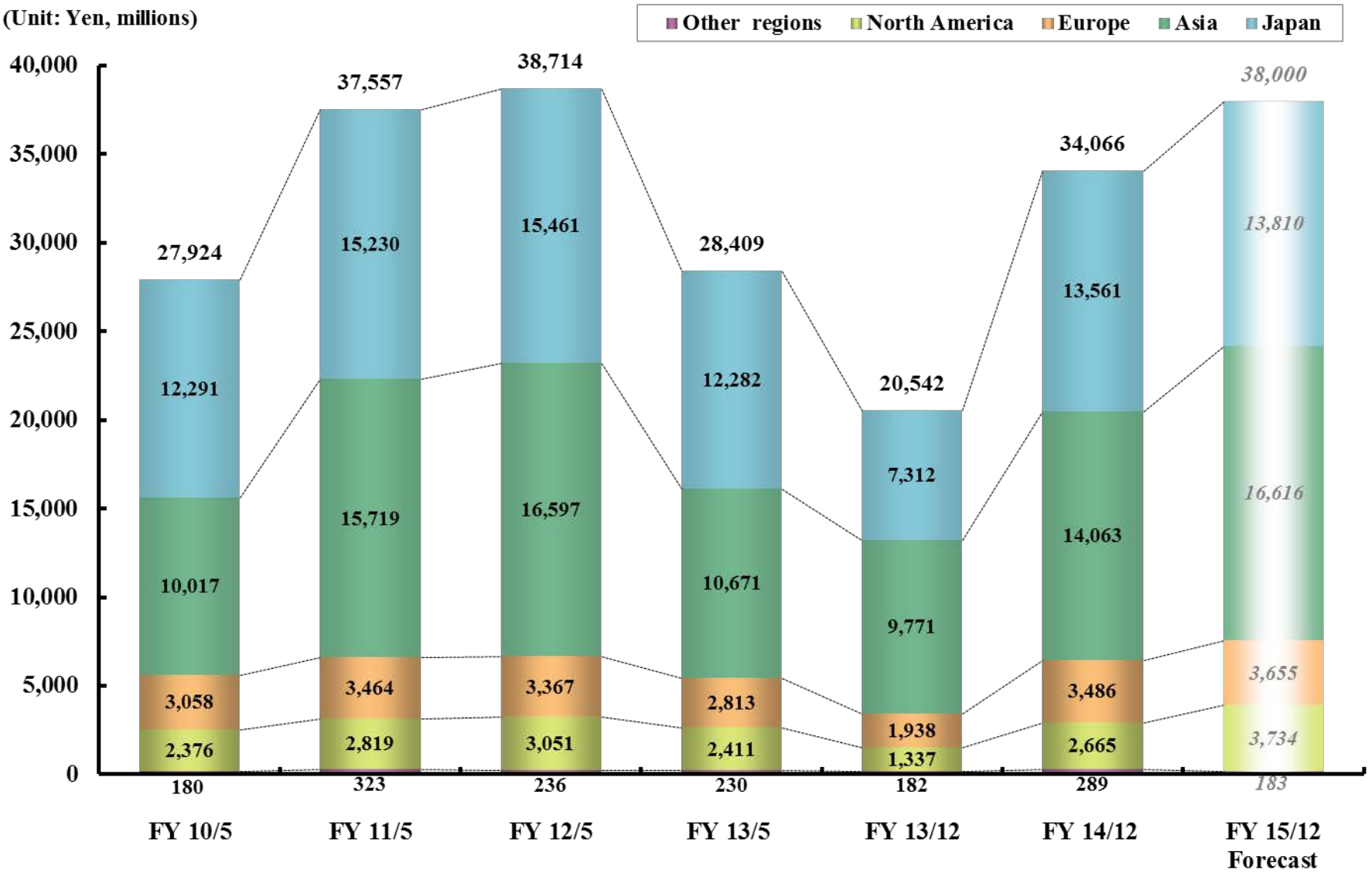
(Unit: Yen, millions)



Note: The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013. For details, please refer to "Changes in fiscal period (final day of fiscal year)" on page 3.

Part 1 5. Sales by Region



Note: The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013.
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Part 1 6. Capital Investment, Depreciation and R&D Costs

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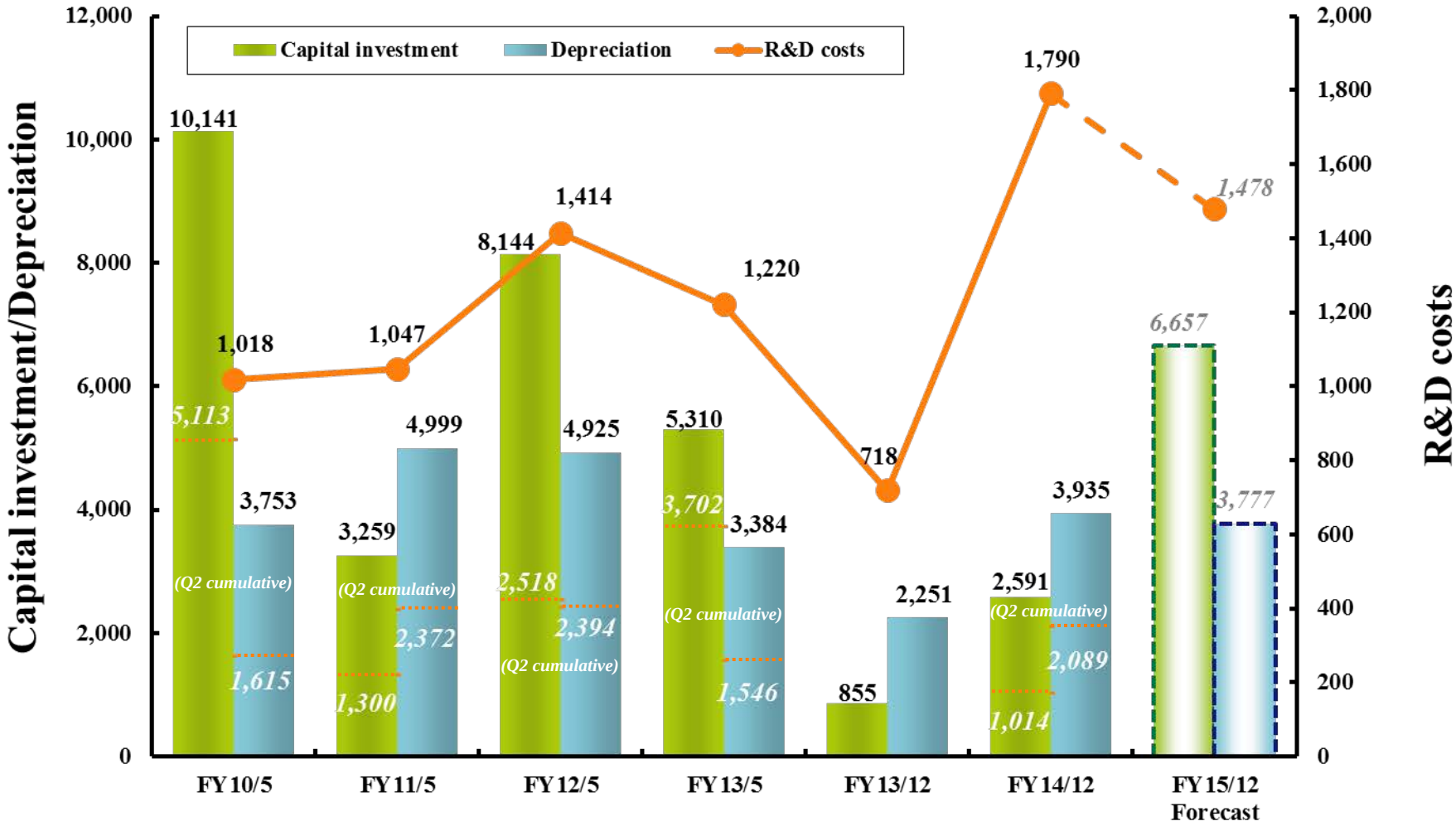
(Unit: Yen, millions)



Note: The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013.
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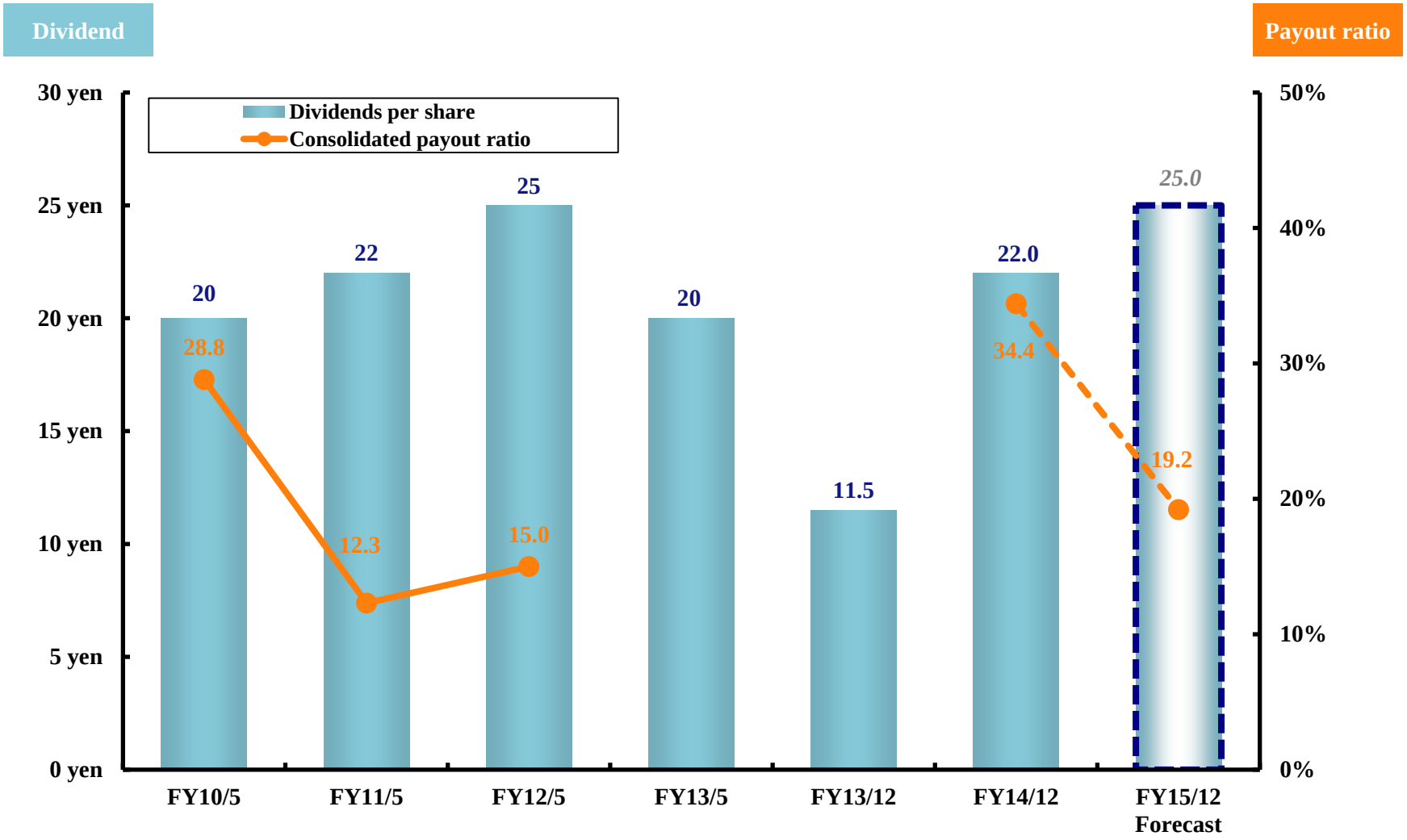
Part 1 7. Dividend



Note: 1. The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013.
For details, please refer to "Changes in fiscal period (final day of fiscal year)" on page 3.
2. Since net income was negative in the fiscal year ended in May 2013 and the fiscal year ended in December 2013, information on consolidated payout ratio is excluded here.

Part 1 8. Consolidated Balance Sheet and Statement of Cash Flows for the Fiscal Year Ended December 31, 2014

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(Unit: Yen, millions)

Consolidated Balance Sheet	31-Dec-13	31-Dec-14
Total assets	74,229	75,831
Trade notes and accounts receivable	13,447	13,660
Inventory	18,481	18,209
Tangible fixed assets	29,892	28,850
Total liabilities and net assets	74,229	75,831
Interest-bearing debt	7,712	4,992
Capital	7,692	7,692
Net assets	58,552	60,918
Equity ratio	76.3%	78.0%

(Unit: Yen, millions)

Consolidated Statement of Cash Flows	FY13/12	FY14/12
Cash and cash equivalents at the end of the period	6,871	9,061
Changes in cash and cash equivalents	1,047	2,189
Cash and cash equivalents at the beginning of the period	5,823	6,871
CF from operating activities	3,496	7,374
CF from investing activities	(1,442)	(2,314)
CF from financing activities	(1,464)	(3,406)

Note: The final day of the fiscal period was changed from May 31 to December 31 as of the fiscal year ended December 31, 2013. For details, please refer to "Changes in fiscal period (final day of fiscal year)" on page 3.

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Results for the Fiscal Year Ended December 31, 2014

Part 2 Medium-term Business Plan
− Status of progress with plan

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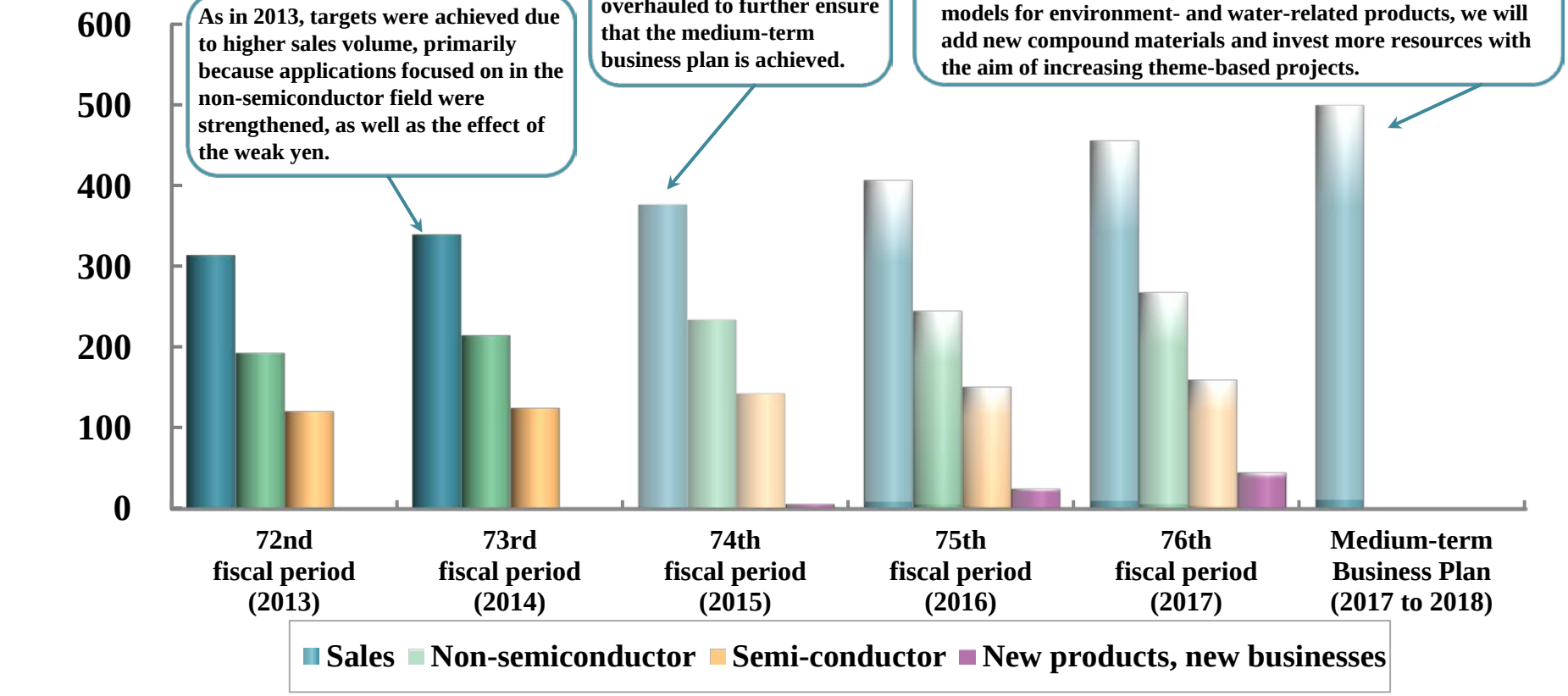
Maintain target of 50 billion yen in sales with an increase in auto-related and semiconductor applications

(Unit: Yen, 100 millions)

As in 2013, targets were achieved due to higher sales volume, primarily because applications focused on in the non-semiconductor field were strengthened, as well as the effect of the weak yen.

The products business and organization centered on overall strategy will be overhauled to further ensure that the medium-term business plan is achieved.

・Add plans for a new project related to semiconductors and electric equipment installation in anticipation of growth in the auto market, covering the delays in progress with new products. The sales target of 50 billion yen in 2017-18 in the medium-term business plan will be maintained.
・New businesses will post sales in this fiscal period in agriculture and health. In parallel with the start of submission of prototype models for environment- and water-related products, we will add new compound materials and invest more resources with the aim of increasing theme-based projects.



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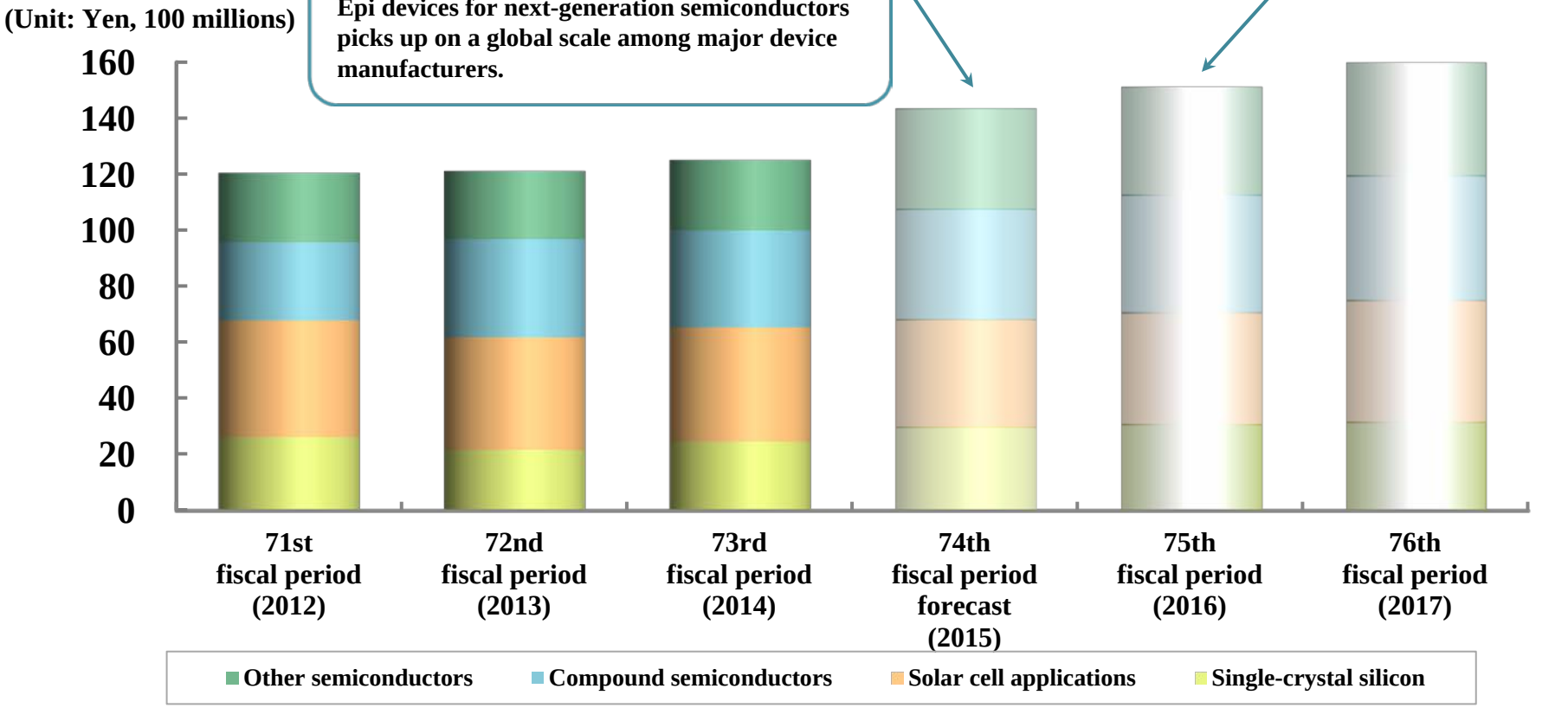
Growth expected for chemical compounds and Si-Epi (other semiconductors)

- We expect next-generation device investments made by major MOCVD to increase in 2015-16.
- In Si-Epi (other semiconductors), addition to demand from existing Si wafer manufacturers, we expect growth as large-scale investment in new Epi devices for next-generation semiconductors picks up on a global scale among major device manufacturers.

Market forecasts released by industries predict that auto and semiconductor industries will grow 4% in 2015-17 in terms of volume, solar cells will grow by 6-10% and LEDs will grow by more than 10%.



Initiatives to strengthen overall long-term strategies from 2015

■ Net sales increased in 2014. However, even taking into account the impact of impairment loss and retirement benefit costs as well as special factors such as the posting of allowance for doubtful accounts, the variable cost ratio rose slightly despite efforts to reduce fixed costs and controllable operating costs and fixed costs overall increased to the 10-30 million yen level.

■ Begin efforts to cut variable costs and fixed costs even more rigorously with business division system based on individual products from 2015.

・Over the long term, focus on cultivating existing customers and applications further.

・While continuing work in surface, interface, joint and binding technology and tribology (friction, abrasion, lubrication), we will aggressively allocate resources to larger themes.

Strengthen revenue management for each product business

Affiliations by integrating product units in technology and manufacturing sector

Rigorously reduce fixed costs by changing structure for management and indirect operations

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Reforms in each department to make further transformations and reforms in corporate value in 2015

«Marketing»

Strengthen sales engineering skills globally with emphasis on increasing inquiries and expand points of contact in **new fields**

«Materials manufacturing»

Continue reforms to manufacturing methods by strengthening affiliations with technological development, and **reinforce new product development** in manufacturing divisions

«Organization»

Transition to business division system based on individual products and reforms to work style

«Processing»

Optimize domestic processing sites, **automate and strengthen manufacturing technology**, and promote activities to support and standardize overseas processing technology

«Development»

Strengthen development of new products capable of meeting individual client needs quickly and optimally while covering a broad range of needs

Part 2 3. Introduction of New Technology Topic: SiC Wafer Polishing Technology

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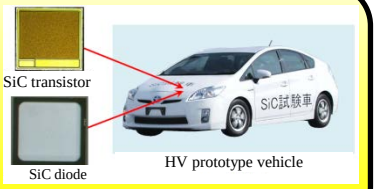
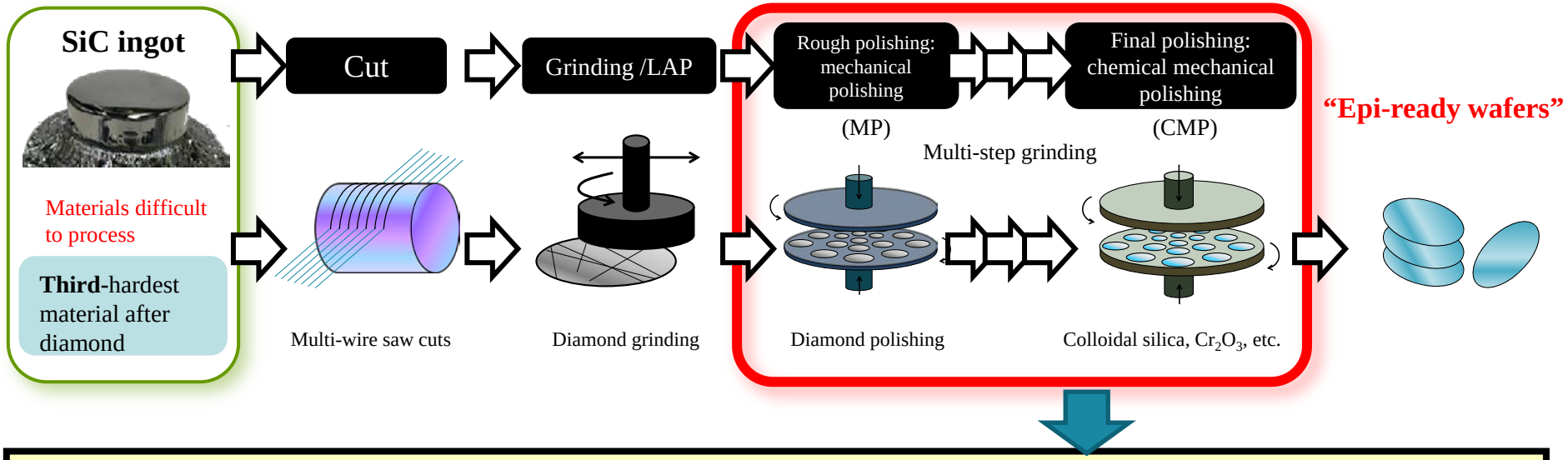
A national project with a five-year plan has been initiated with the aim of improving the functions of power electronics, promoting energy conservation and strengthening industrial competitiveness.
Toyota Motor also announced that it would install SiC power devices in HV vehicles in 2020.



From Toyota Motor materials

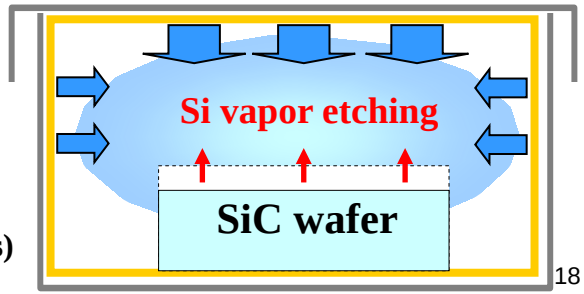
■ Issues in processing process for semiconductor SiC wafers



Thermochemical etching processing method, new functional materials

■ **Merits of this technology**
- **Processed damaged layers can be removed**
- **Processing speed is fast**
- **Processing cost has declined**
- **Higher yield**

EVEREDKOTE-K (TaC/Ta composite materials)



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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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