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# Fiscal 2004 Presentation for IR Meeting (Extract)

Tokuyama Corporation

May 16, 2005

# Financial Highlights

(Billions of Yen )

	Fiscal 2004		Fiscal 2003		Change	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
<b>【Profit and Loss】</b>						
Net sales	237.5	155.4	219.3	145.0	18.1	10.3
Operating income	18.1	10.2	13.1	9.5	4.9	0.7
Ordinary income	15.3	8.6	9.2	6.6	6.0	2.0
Net income	11.0	7.6	6.0	4.8	4.9	2.8
<b>【Financial Position】</b>						
Total assets	308.9	258.3	308.8	248.9	0.1	9.3
Shareholders' equity	134.3	125.3	124.4	117.8	9.9	7.4
Equity ratio	43.5%	48.5%	40.3%	47.3%	3.2%	1.2%

# Fiscal 2004 Highlights

– Sharp rise in raw materials and fuel prices –

## Impact of the sharp rise in raw materials and fuel prices (YoY)

**Net Sales : Non-consolidated +¥10.3 billion, Consolidated +¥18.1 billion**

( Non-consolidated ) + ¥10.3 billion

(Quantitative factors +5.3) Electronics materials, Environmental resources business,  
IC chemical, Chlor-alkali

(Price factors +5.0) Vinyl chloride (VCM), NOC(IPA), Chlor-alkali

(Consolidated) Increase in subsidiary and affiliate sales +¥7.8 billion

(Quantitative factors) ASTOM Corporation consolidation effect, Increase in cement-type stabilizer volume of cement sales subsidiaries

(Price factors) Shin Dai-ichi Vinyl Corporation (PVC), Sun Tox Co., Ltd. (OPP film)

**Cost of Sales : Non-consolidated +¥8.4 billion, Consolidated +¥12.6 billion**

(Quantitative factors) Electronics materials, IC chemical, Chlor-alkali,  
Increase in volume of subsidiaries and affiliates

(Price factors) Sharply increase in Coal, Ethylene and Propylene prices

# Factors Affecting Chemical Products Segment

( Billions of Yen )

	Net Sales			Operating income		
	Fiscal 2004	Fiscal 2003	Change	Fiscal 2004	Fiscal 2003	Change
Tokuyama	69.6	65.2	+ 4.4	4.3	5.1	(0.7)
Subsidiaries	26.0	23.7	+ 2.3	4.1	0.4	+ 3.7
Total	95.7	88.9	+ 6.8	8.5	5.5	+ 3.0

	Factors Impacting Net Sales	Factors Impacting Operating Profit
Tokuyama	<p><b>Chlor-alkali</b> Increasing in revenues due to price adjustment of Caustic soda and PO, increased volume</p> <p><b>NOC</b> Increasing in revenues due to price adjustment of IPA</p> <p><b>Vinyl Chloride (VCM)</b> Increasing revenues due to price adjustment for Shin Dai-ichi Vinyl Corporation and rise in export price</p> <p><b>Decease in earnings due to sale of wrapping film business (-0.6)</b></p>	<p><b>Soda ash-Calcium chloride</b> Decrease in earnings due to increase in crude oil and other fuel prices, increase in depreciation expense</p> <p><b>Chlor-alkali</b> On par with the previous fiscal year, price adjustment due to sharp rise in raw materials and fuel prices offset by increase in sales volume</p> <p><b>NOC</b> On par with the previous fiscal year, price adjustment due to sharp rise in propylene</p> <p><b>Vinyl Chloride (VCM)</b> Decrease in earnings due to time lag in passing through increased raw material costs to Shin Dai-ichi Vinyl Corporation</p>
Subsidiaries	<p><b>Shin Dai-ichi Vinyl Corporation (PVC)</b> Increasing in revenues due to price adjustment</p> <p><b>Sun Tox Co.,Ltd.</b> Increasing in revenues due to price adjustment and increased volume</p>	<p><b>Shin Dai-ichi Vinyl Corporation (PVC)</b> Increasing in earnings due to price adjustment</p> <p><b>Sun Tox Co.,Ltd.</b> Increase in sales volume , Offset through adjustment to product prices</p>

# Factors Affecting Specialty Products Segment

( Billions of Yen )

	Net Sales			Operating income		
	Fiscal 2004	Fiscal 2003	Change	Fiscal 2004	Fiscal 2003	Change
Tokuyama	45.8	41.6	+ 4.2	6.9	4.5	+ 2.4
Subsidiaries	21.2	17.9	+ 3.3	2.2	1.8	+ 0.4
Total	67.1	59.6	+ 7.5	9.2	6.3	+ 2.8

	Factors Impacting Net Sales	Factors Impacting Operating Profit
Tokuyama	<p><b>【 Si business 】</b>  <b>Electronics materials</b> Robust sales of polycrystalline silicon, additional contribution from export price adjustment  <b>Silica and derivatives</b> Steady sales of fumed silica</p> <p><b>【Advance materials business 】</b>  <b>Semiconductor and liquid crystal high-purity chemicals</b> Robust sales  <b>Aluminum nitride</b> Weak sales  <b>Transfer of ion exchange membrane business to ASTOM Corporation (-0.8)</b></p>	<p><b>【 Si business 】</b>  <b>Electronics materials</b> Increase in earnings due to increased volume, rationalization, adjustment to product prices  <b>Silica and derivatives</b> On par with previous fiscal year, steady returns from fumed silica offset by intense competition in precipitated silica</p> <p><b>【Advance materials business 】</b>  <b>Semiconductor and liquid crystal high-purity chemicals</b> On par with previous fiscal year due to sharp rise in raw material prices  <b>Aluminum nitride</b> Decrease due to weak sales</p>
Subsidiaries	<p><b>ASTOM Corporation</b> Increase in revenues due to business integration with Asahi Kasei Chemicals Corporation  <b>Figaro USA,Inc.</b> Increase in revenues due to cultivation of markets in Europe and the U.S.  <b>Tokuyama Siam Silica Co., Ltd.</b> Increase in revenues due to tie up with OSC</p>	<p><b>ASTOM Corporation</b> Increase in earnings due to business integration with Asahi Kasei Chemicals Corporation  <b>Figaro USA,Inc.</b> Increase in earnings due to sales increase and cost reduction</p>

## Factors Affecting Cement, Building Materials and Others Products Segment

( Billions of Yen )

	Net Sales			Operating income		
	Fiscal 2004	Fiscal 2003	Change	Fiscal 2004	Fiscal 2003	Change
Tokuyama	39.8	38.2	+ 1.6	1.8	2.5	(0.7)
Subsidiaries	34.7	32.6	+ 2.1	1.4	1.4	0
Total	74.6	70.8	+ 3.8	3.2	4.0	(0.7)

	Factors Impacting Net Sales	Factors Impacting Operating Profit
Tokuyama	<p><b>Cement</b> Increase in revenues due to increase in cement-type stabilizer sales</p> <p><b>Environmental resources business</b> Increase in revenues due to increase in treatment volume</p>	<p><b>Cement</b> Decrease in earnings as product price adjustments failed to keep pace with the sharp rise in fuel prices</p> <p><b>Environmental resources business</b> Increase in earnings due to increase in treatment volume</p>
Subsidiaries	<p><b>Cement sales subsidiary</b> Increase in revenues due to increase in cement-type stabilizer material sales</p> <p><b>Shanon Co., Ltd</b> Increase in revenues due to increase sales in western Japan</p>	<p><b>Shanon Co., Ltd</b> Decrease in earnings due to sharp rise in raw material prices</p> <p><b>Ready-mixed concrete subsidiary</b> Improvement in earnings due to rationalization</p>

# Net Sales/Operating income by Business Segment

( Billions of Yen )

	Fiscal 2004		Fiscal 2003		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
<b>Chemicals</b>	95.7	8.5	88.9	5.5	6.8	3.0
Tokuyama	69.6	4.3	65.2	5.1	4.4	(0.7)
Subsidiaries (including elimination)	26.0	4.1	23.7	0.4	2.3	3.7
<b>Specialty Products</b>	67.1	9.2	59.6	6.3	7.5	2.8
Tokuyama	45.8	6.9	41.6	4.5	4.2	2.4
Subsidiaries (including elimination)	21.2	2.2	17.9	1.8	3.3	0.4
<b>Cement, Building Materials and Others</b>	74.6	3.2	70.8	4.0	3.8	(0.7)
Tokuyama	39.8	1.8	38.2	2.5	1.6	(0.7)
Subsidiaries (including elimination)	34.7	1.4	32.6	1.4	2.1	0
<b>Total</b>	<b>237.5</b>	<b>21.0</b>	<b>219.3</b>	<b>15.9</b>	<b>18.1</b>	<b>5.1</b>
Corporate or elimination	–	(2.8)	–	(2.7)	–	(0.1)
<b>Consolidated results</b>	<b>237.5</b>	<b>18.1</b>	<b>219.3</b>	<b>13.1</b>	<b>18.1</b>	<b>4.9</b>

# Net Sales/Operating income by Business Segment

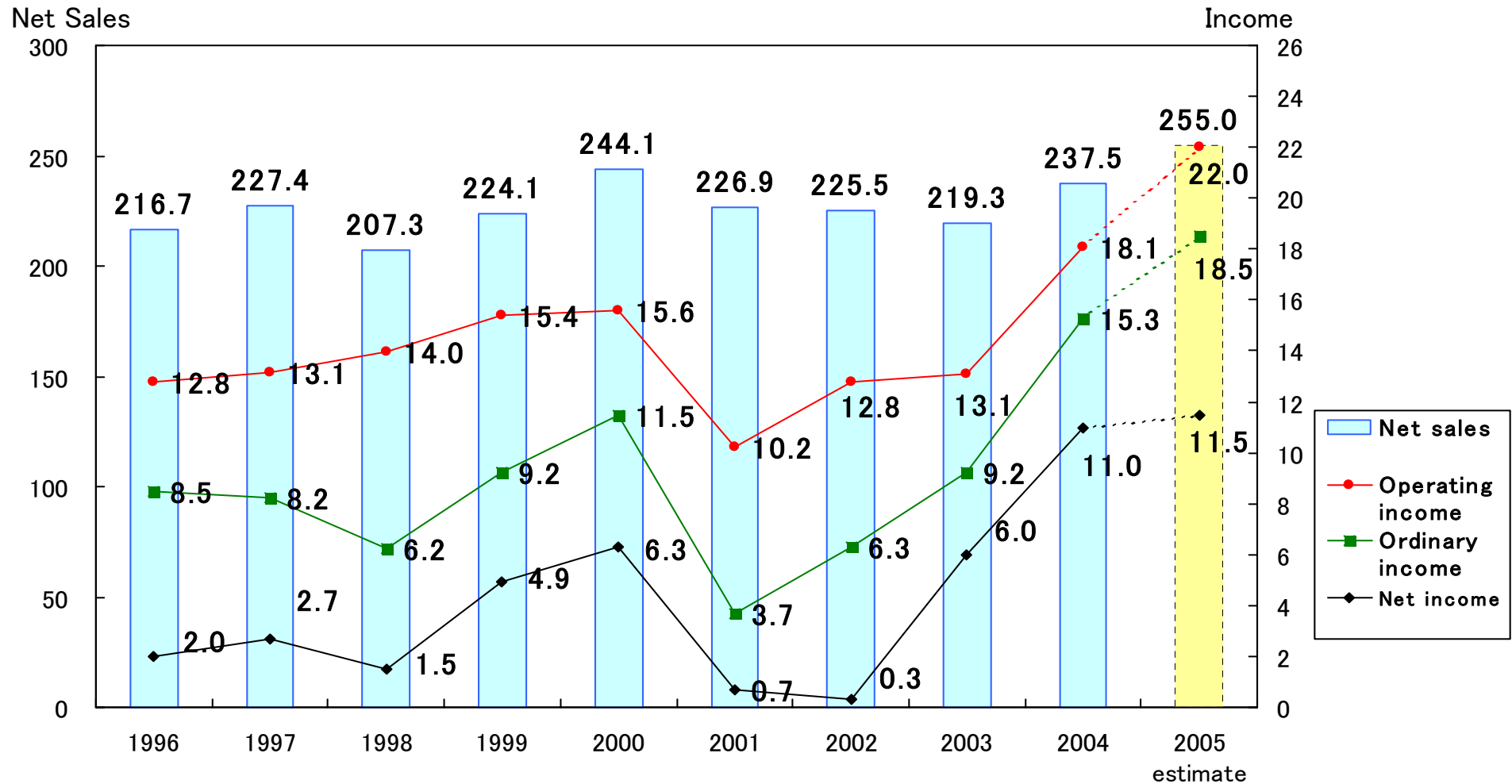
## (Full year comparison )

( Billions of Yen )

	2005 Estimate		2004 Results		Changes	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
<b>Chemicals</b>	100.5	7.6	95.7	8.5	4.8	(0.9)
Tokuyama	72.2	4.1	69.6	4.3	2.6	(0.2)
Subsidiaries (including elimination)	28.2	3.4	26.0	4.1	2.2	(0.7)
<b>Specialty Products</b>	76.8	13.7	67.1	9.2	9.7	4.5
Tokuyama	53.2	11.8	45.8	6.9	7.4	4.9
Subsidiaries (including elimination)	23.6	1.8	21.2	2.2	2.4	(0.4)
<b>Cement, Building Materials and Others</b>	77.5	3.6	74.6	3.2	2.9	0.4
Tokuyama	39.5	1.9	39.8	1.8	(0.3)	0.1
Subsidiaries (including elimination)	38.0	1.7	34.7	1.4	3.3	0.3
<b>Total</b>	255.0	25.0	237.5	21.0	17.5	0.4
corporate or elimination	-	(3.0)	-	(2.8)	-	(0.2)
<b>Consolidated results</b>	255.0	22.0	237.5	18.1	17.5	3.9

# Business Results (1996 – 2005 )(Consolidated)

( Billions of Yen )



# Medium-Term Business Plan Financial Targets

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Final fiscal year (Fiscal 2007) Consolidated basis

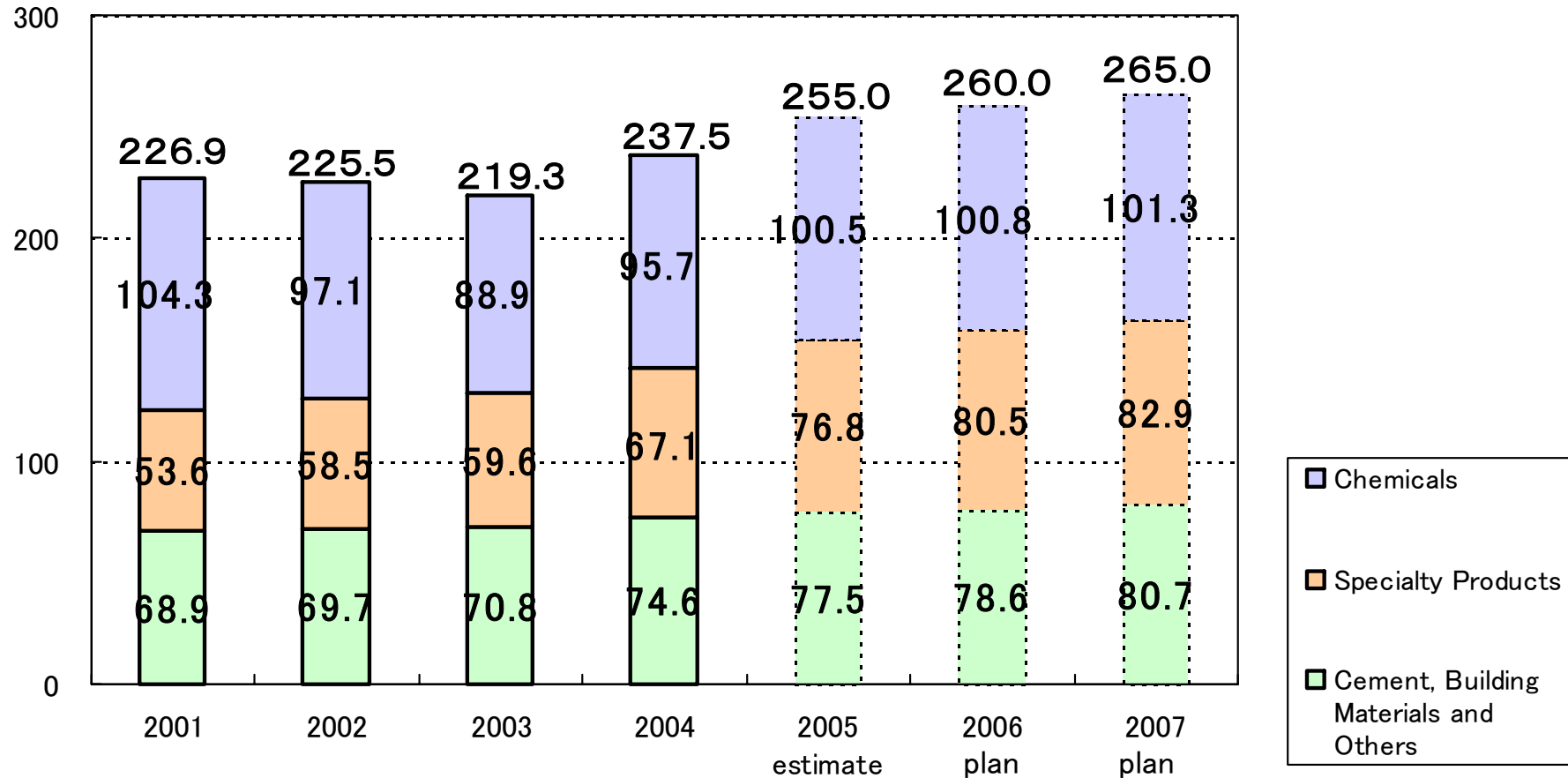
■ Net Sales                      More than ¥260.0 billion

■ Operating profit ratio              More than 10%  
(Operating profit ratio before net sales amortization  
More than 18%)

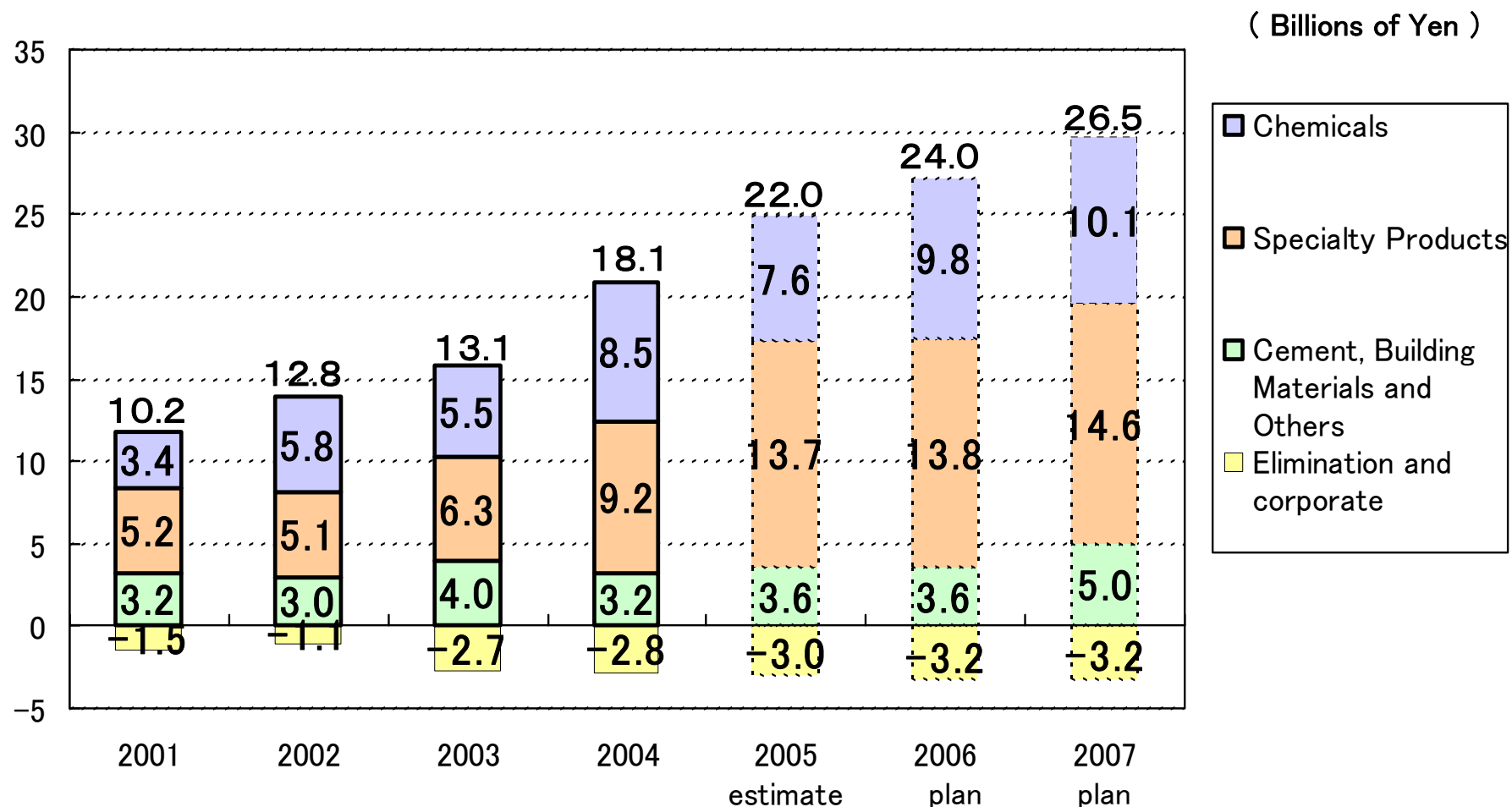
■ ROA                                      More than 3.0%

# Net sales target by Business Segment (consolidated)

( Billions of Yen )

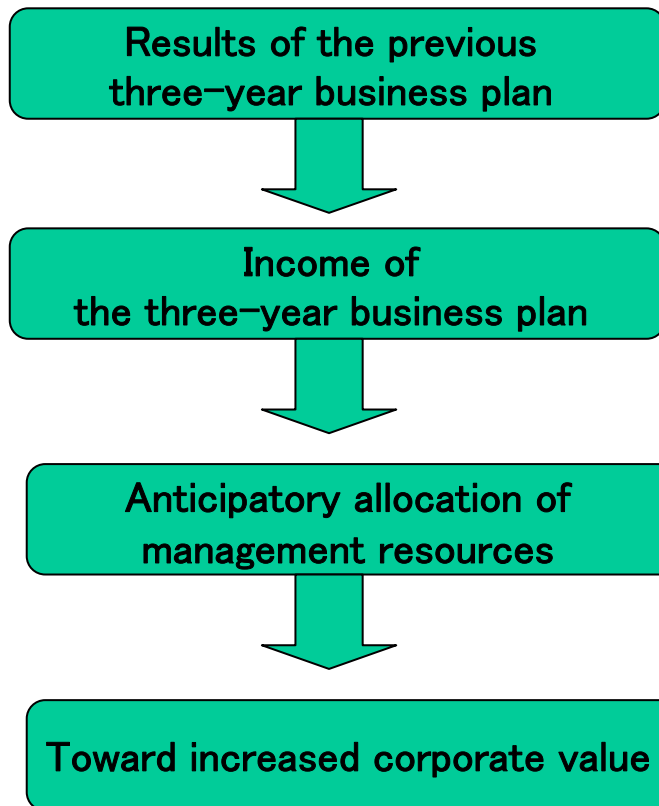


# Operating income target by Business Segment (consolidated)



# Anticipatory allocation of management resources

Continued upward trend in revenues and earnings,  
promote anticipatory allocation of management resources  
in an effort to increase corporate value over the medium to long term



## Allocation of management resources

- Allocate increase portion in operating cash flows to growth strategy promotion
- Standardize allocation across fiscal years
- Plan for consolidated capital investment of ¥75.0 billion over three year
- Maintain level of consolidated interest-bearing liabilities at its current level of ¥90.0 billion

# Principal indicators

( Billions of Yen )

		Fiscal 2005 estimate		Fiscal 2004		Fiscal 2003	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital investment	Approved limit total	23.5	21.4	17.5	15.0	16.6	13.6
	Results	—	—	14.3	12.5	16.2	13.8
Depreciation and amortization		18.5	14.9	18.4	14.6	18.9	15.1
R&D		9.8	7.7	8.8	6.8	8.7	6.5