
Fiscal 2006

Presentation for IR Meeting

(Extract)

Tokuyama Corporation

May 14, 2007

Financial Highlights

(Billions of Yen)

	Fiscal 2006		Fiscal 2005		Changes			
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated		Non-consolidated	
【Profit and Loss】					Amount	%	Amount	%
Net sales	292.7	192.6	263.3	171.1	+29.3	+11	+21.5	+12
Operating income	34.7	27.3	24.3	17.0	+10.4	+42	+10.2	+60
Ordinary income	31.6	25.8	21.4	16.1	+10.1	+47	+ 9.6	+59
Net income	18.4	15.5	13.9	10.7	+ 4.4	+32	+ 4.7	+44
	As of March 31, 2007		As of March 31, 2006					
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated		Non-consolidated	
【Financial Position】								
Total assets	373.7	316.4	361.1	306.8	+12.6		+9.5	
Net assets	197.8	175.7	179.0	166.0	+18.7		+9.6	
Shareholders' equity ratio	51.4%	55.5%	49.6%	54.1%	+1.8%		+1.4%	

※ Net assets as of March 31, 2007 include minority interests of ¥ 5.7 billion.

Fiscal 2006 Performance Highlights

- ◆ A sharp rise in raw materials and fuel prices was offset by price revisions in chemicals etc.
- ◆ Price adjustments in polycrystalline silicon contributed greatly to an increase in operating income.

Net Sales : Non-consolidated +¥21.5 billion, Consolidated +¥29.3 billion

- ◆ Non-consolidated : increased mainly because of price factors

Polycrystalline silicon, Caustic soda, PO, IPA, Cement

- ◆ Consolidated :

(Quantitative factors) Sun - Tox (OPP film), Kansai Tokuyama Trading Co., Ltd. (consolidated throughout the year), Shanon Co., Ltd.

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

Cost of Sales : Non-consolidated +¥9.1 billion, Consolidated +¥16.3 billion

- ◆ Increase in costs by the steep rise in raw materials and fuel prices
- ◆ Increase in fixed cost such as repairing expenses

Net Sales/Operating income by Business Segment

(Billions of Yen)

	Fiscal 2006		Fiscal 2005		Changes			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	%	Operating income	%
Chemicals	112.5	8.2	102.6	7.6	+ 9.8	+ 9	+ 0.5	+ 6
Tokuyama	81.9	4.7	74.8	3.9	+ 7.1	-	+ 0.7	-
Tokuyama Group (including consolidation adjustment)	30.5	3.5	27.8	3.7	+ 2.7	-	- 0.2	-
Specialty Products	90.5	25.8	76.7	16.1	+13.8	+18	+ 9.7	+60
Tokuyama	68.1	23.5	54.7	14.0	+13.4	-	+ 9.4	-
Tokuyama Group (including consolidation adjustment)	22.3	2.2	21.9	2.0	+ 0.3	-	+ 0.2	-
Cement, Building Materials and Others	89.7	4.2	84.0	3.4	+ 5.6	+ 6	+ 0.7	+20
Tokuyama	42.5	2.6	41.6	2.0	+ 0.9	-	+ 0.6	-
Tokuyama Group (including consolidation adjustment)	47.1	1.5	42.3	1.4	+ 4.7	-	+ 0.0	-
Total	292.7	38.2	263.3	27.2	+29.3	-	+10.9	-
Inter-segment eliminations and corporate	-	-3.5	-	-2.9	-	-	- 0.5	-
Consolidated results	292.7	34.7	263.3	24.3	+29.3	+11	+10.4	+42

Factors Affecting Performance by Segment: Chemicals

(Billions of Yen)

	Net sales			Operating income		
	Fiscal 2006	Fiscal 2005	Change	Fiscal 2006	Fiscal 2005	Change
Tokuyama	81.9	74.8	+7.1	4.7	3.9	+ 0.7
Group companies	30.5	27.8	+2.7	3.5	3.7	− 0.2
Total	112.5	102.6	+9.8	8.2	7.6	+ 0.5

	Factors Affecting Net Sales	Factors Affecting Operating Income
Tokuyama	<p>Chlor-alkali: Increase in sales because of price revision of caustic soda and propylene oxide</p> <p>Vinyl chloride monomer (VCM): Increase in sales because of price revision for Shin Dai-ichi Vinyl Corporation</p> <p>New organic chemicals (NOC): Increase in sales because of price revision of IPA</p> <p>Soda ash, Calcium chloride: Sales of calcium chloride down because of a warm winter</p>	<p>Chlor-alkali: Increase in income because of price revision in caustic soda, etc.</p> <p>Soda ash, Calcium chloride: Income of calcium chloride down due to a warm winter</p> <p>New organic chemicals (NOC): Decrease in income because of failure to offset higher raw materials cost by revising prices</p>
Tokuyama Group	<p>Sun · Tox Co., Ltd.: Rise in sales owing to an increase in sales volume and price revision</p> <p>Shin Dai-ichi Vinyl Corporation (PVC): Increase in sales because of price revision</p>	<p>Sun · Tox Co., Ltd.: Improvement in profit owing to an increase in sales volume and price revision</p> <p>Shin Dai-ichi Vinyl Corporation (PVC): Decrease in income because of failure to offset higher raw materials cost and fixed cost by revising prices</p>

Factors Affecting Performance by Segment: Specialty Products

(Billions of Yen)

	Net sales			Operating income		
	Fiscal 2006	Fiscal 2005	Change	Fiscal 2006	Fiscal 2005	Change
Tokuyama	68.1	54.7	+13.4	23.5	14.0	+9.4
Group companies	22.3	21.9	+ 0.3	2.2	2.0	+0.2
Total	90.5	76.7	+13.8	25.8	16.1	+9.7

	Factors Affecting Net Sales	Factors Affecting Operating Income
Tokuyama	<p>Si business Electronic materials: Increase in sales owing to price revision of polycrystalline silicon Silica & derivatives: Sales of fumed silica were solid</p> <p>Advanced materials business IC chemicals: Sales up due to an increase in sales volume of photoresist developer Aluminum nitride (Shapal): Sales up due to an increase in sales volume Fine chemicals: Robust sales of plastic lens-related materials</p>	<p>Si business Electronic materials: Increase in income because of price revision of polycrystalline silicon Silica & derivatives: Operating income up thanks to brisk sales of fumed silica for CMP application</p> <p>Advanced materials business Fine chemicals: Results of plastic lens-related materials were favorable Aluminum nitride (Shapal): Operating income down due to increased sales volume of low profit-margin products IC chemicals: Decrease in income due to higher material cost for IPA for electronics manufacturing</p>
Tokuyama Group	<p>Tokuyama Dental Corporation: Rise in sales supported by increased overseas sales Figaro Engineering Inc.: Increase in sales because of steady sales of sensors both at home and abroad A&T Corporation: Rise in sales owing to increased sales of Laboratory Information System ASTOM Corporation: Sales down due to a fall in sales volume of ion exchange membranes for salt production</p>	<p>A&T Corporation: Rise in income thanks to increased sales and a reduction in costs ASTOM Corporation: Operating income down due to a fall in sales volume of ion exchange membranes for salt production</p>

Factors Affecting Performance by Segment: Cement, Building Materials and Others

(Billions of Yen)

	Net sales			Operating income		
	Fiscal 2006	Fiscal 2005	Change	Fiscal 2006	Fiscal 2005	Change
Tokuyama	42.5	41.6	+0.9	2.6	2.0	+0.6
Group companies	47.1	42.3	+4.7	1.5	1.4	+0.0
Total	89.7	84.0	+5.6	4.2	3.4	+0.7

	Factors Affecting Net Sales	Factors Affecting Operating Income
Tokuyama	<p>Cement: Increase in sales because of price revision Recycling & Environment business: Increase in sales thanks to a larger amount of waste disposal</p>	<p>Cement: Increase in income because of cost reduction and price revision</p>
Tokuyama Group	<p>Cement sales companies: Increase in sales because of the effects of yearly consolidation of Kansai Tokuyama Trading's sales Shanon Corporation: Rise in sales because of an increase in sales volume of plastic window sashes</p>	<p>Ready mixed concrete companies, Cement sales companies : Slight increase in income because sales of these companies are on the whole firm</p>

Basis for FY2007 Performance Forecast

		07 / 1st Estimate	07 / 2nd Estimate	06 / 1st Results	06 / 2nd Results
Domestic naphtha price (¥ / KL)		55,000	53,000	51,500	48,500
Exchange rate (¥ / \$)	imports	115	113	115	119
	exports	110	108		

(Billions of Yen)

Factors (Non-consolidated)	Negative impact
Price increase in naphtha, coal, metallic silicon and salt	- 5.0
Increase in depreciation(*), personnel costs, repairing costs, etc.	- 6.0

* including changes by revision of accounting standard

Net Sales/Operating Income by Business Segment (Forecast)

(Billions of Yen)

	2007 Estimate		2006 Results		Changes			
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	%	Operating income	%
Chemicals	118.2	6.3	112.5	8.2	+5.6	+ 5	-1.9	-23
Tokuyama	87.5	3.1	81.9	4.7	+5.5	-	-1.6	-
Tokuyama Group (including consolidation adjustment)	30.6	3.1	30.5	3.5	+0.0	-	-0.4	-
Specialty Products	99.5	27.7	90.5	25.8	+8.9	+ 9	+1.8	+ 7
Tokuyama	74.2	25.1	68.1	23.5	+6.0	-	+1.5	-
Tokuyama Group (including consolidation adjustment)	25.3	2.6	22.3	2.2	+2.9	-	+0.3	-
Cement, Building Materials and Others	91.2	4.7	89.7	4.2	+1.4	+ 1	+0.4	+11
Tokuyama	42.1	2.9	42.5	2.6	-0.4	-	+0.2	-
Tokuyama Group (including consolidation adjustment)	49.0	1.7	47.1	1.5	+1.8	-	+0.1	-
Total	309.0	38.8	292.7	38.2	+16.2	-	+0.5	-
Inter-segment eliminations and corporate	-	-3.7	-	-3.5	-	-	-0.1	-
Consolidated results	309.0	35.0	292.7	34.7	+16.2	+ 5	+0.2	+ 0

Factors Affecting Performance by Segment: Chemicals

(Billions of Yen)

	Net sales			Operating income		
	2007 Estimate	2006 Results	Change	2007 Estimate	2006 Results	Change
Tokuyama	87.5	81.9	+5.5	3.1	4.7	- 1.6
Group companies	30.6	30.5	+0.0	3.1	3.5	- 0.4
Total	118.2	112.5	+5.6	6.3	8.2	- 1.9

- ◆ Price revision of products is included in response to the sharp rise in naphtha price.
- ◆ Rise in costs of coal, salt and depreciation (scrap and build in electrolysis, etc.) will impact heavily on profit.

Factors Affecting Performance by Segment: Specialty Products

(Billions of Yen)

	Net sales			Operating income		
	2007 Estimate	2006 Results	Change	2007 Estimate	2006 Results	Change
Tokuyama	74.2	68.1	+6.0	25.1	23.5	+1.5
Group companies	25.3	22.3	+2.9	2.6	2.2	+0.3
Total	99.5	90.5	+8.9	27.7	25.8	+1.8

- ◆ Price adjustment of polycrystalline silicon will contribute to performance.
- ◆ Increase in sales of Fine Chemicals and IC Chemicals (Advanced Materials Div.)
- ◆ Increase in metallic silicon costs, personnel expenses and R&D expenses
- ◆ Overall, performance of group companies will be firm.

Factors Affecting Performance by Segment: Cement, Building Materials and Others

(Billions of Yen)

	Net sales			Operating income		
	2007 Estimate	2006 Results	Change	2007 Estimate	2006 Results	Change
Tokuyama	42.1	42.5	- 0.4	2.9	2.6	+0.2
Group companies	49.0	47.1	+1.8	1.7	1.5	+0.1
Total	91.2	89.7	+1.4	4.7	4.2	+0.4

- ◆ Coal price (for electricity & combustion) and repairing costs will impact on results.
- ◆ Make efforts to revise selling prices as the most important issue
- ◆ Strive to reduce exports, cut costs and optimize the composition of wastes accepted

Net Sales/Operating income by Business Segment

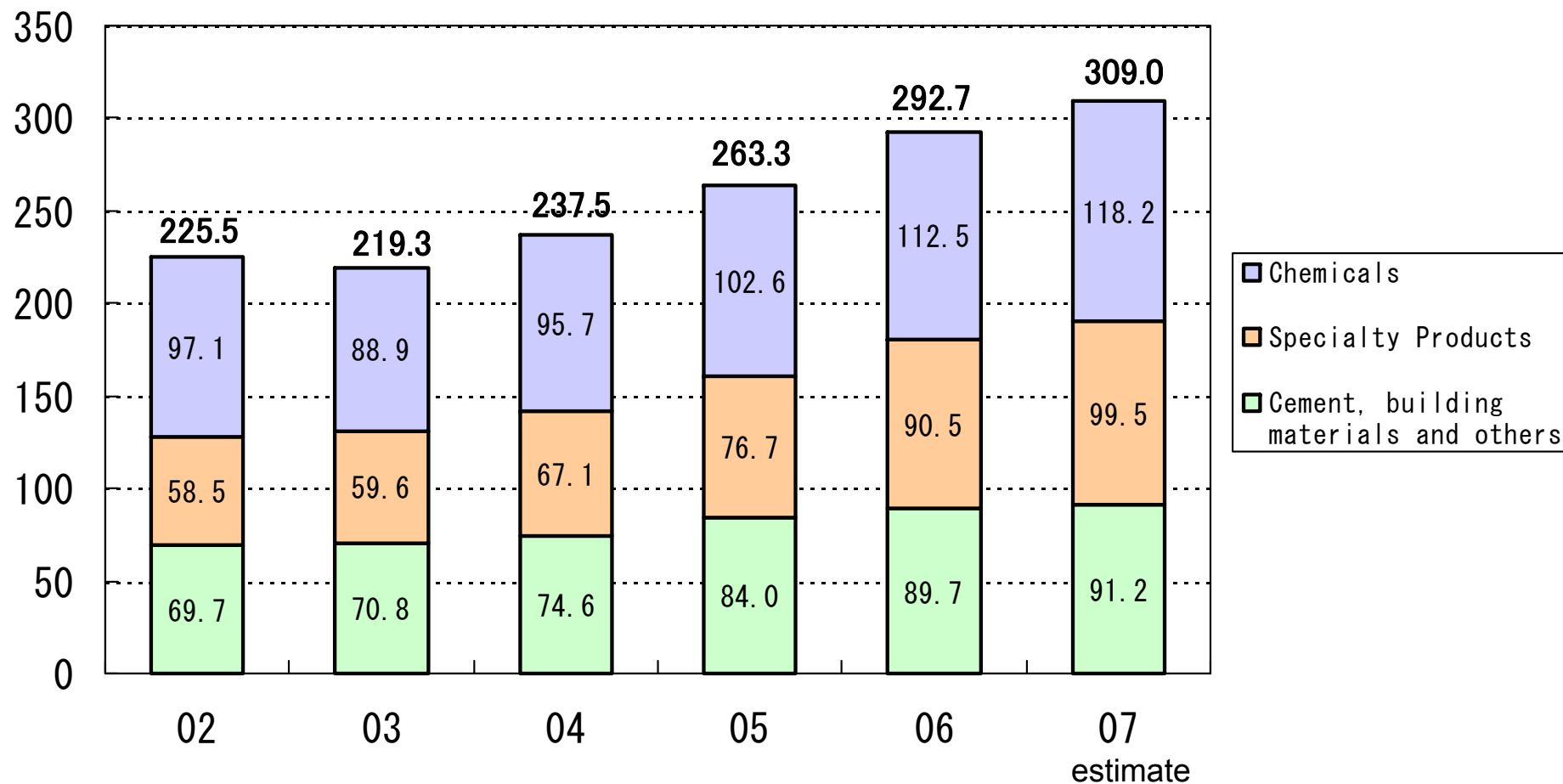
(First half, Latter half & Annual / FY2007 forecast)

(Billions of Yen)

	07/First half Estimate		07/Latter half Estimate		2007 Total (Estimate)	
	Net Sales	Operating income	Net Sales	Operating income	Net Sales	Operating income
Chemicals	59.0	2.8	59.1	3.5	118.2	6.3
Specialty Products	49.2	14.3	50.3	13.4	99.5	27.7
Cement, Building Materials and Others	45.7	2.2	45.5	2.4	91.2	4.7
Total	154.0	19.3	155.0	19.4	309.0	38.8
Inter-segment eliminations and corporate	—	-1.8	—	-1.8	—	-3.7
Consolidated results	154.0	17.5	155.0	17.5	309.0	35.0

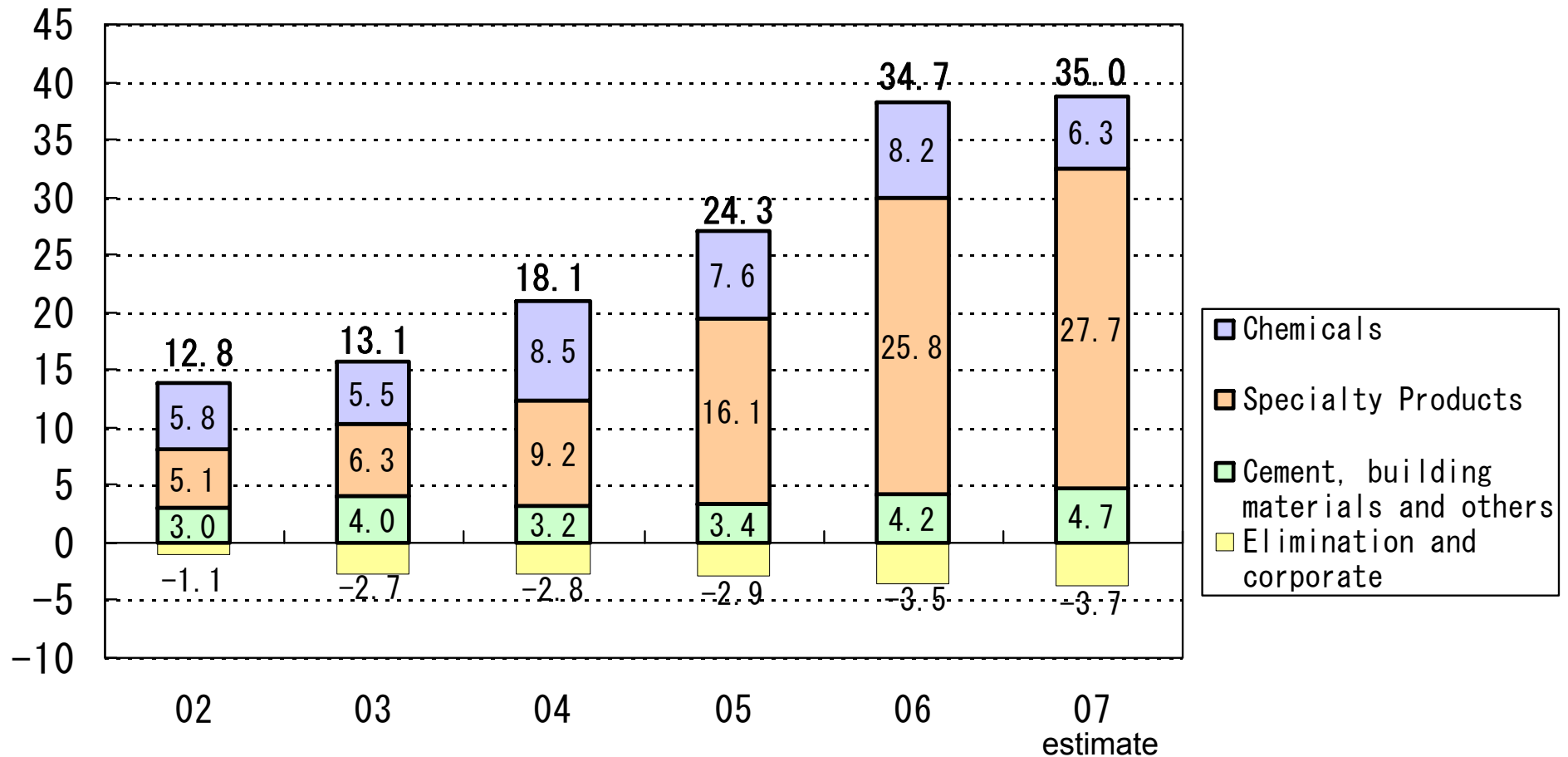
Sales by Business Segment

(Billions of Yen)



Operating income by Business Segment

(Billions of Yen) (The new accounting standard has been adopted since FY03)



Business Growth

- ④ Plan for the enhancement of the Siemens method-based facilities progressing
 - ▶ Start construction in June 2007 for completion in spring 2009
 - ▶ Production capacity expansion : 5,200 tons → 8,200 tons



Building site at Higashi Plant

- ④ Verification tests for the VLD method progressing
 - ▶ We are continuing verification tests to establish the necessary technology.

Infrastructure Growth

➤ New developments

Manufacturing infrastructure

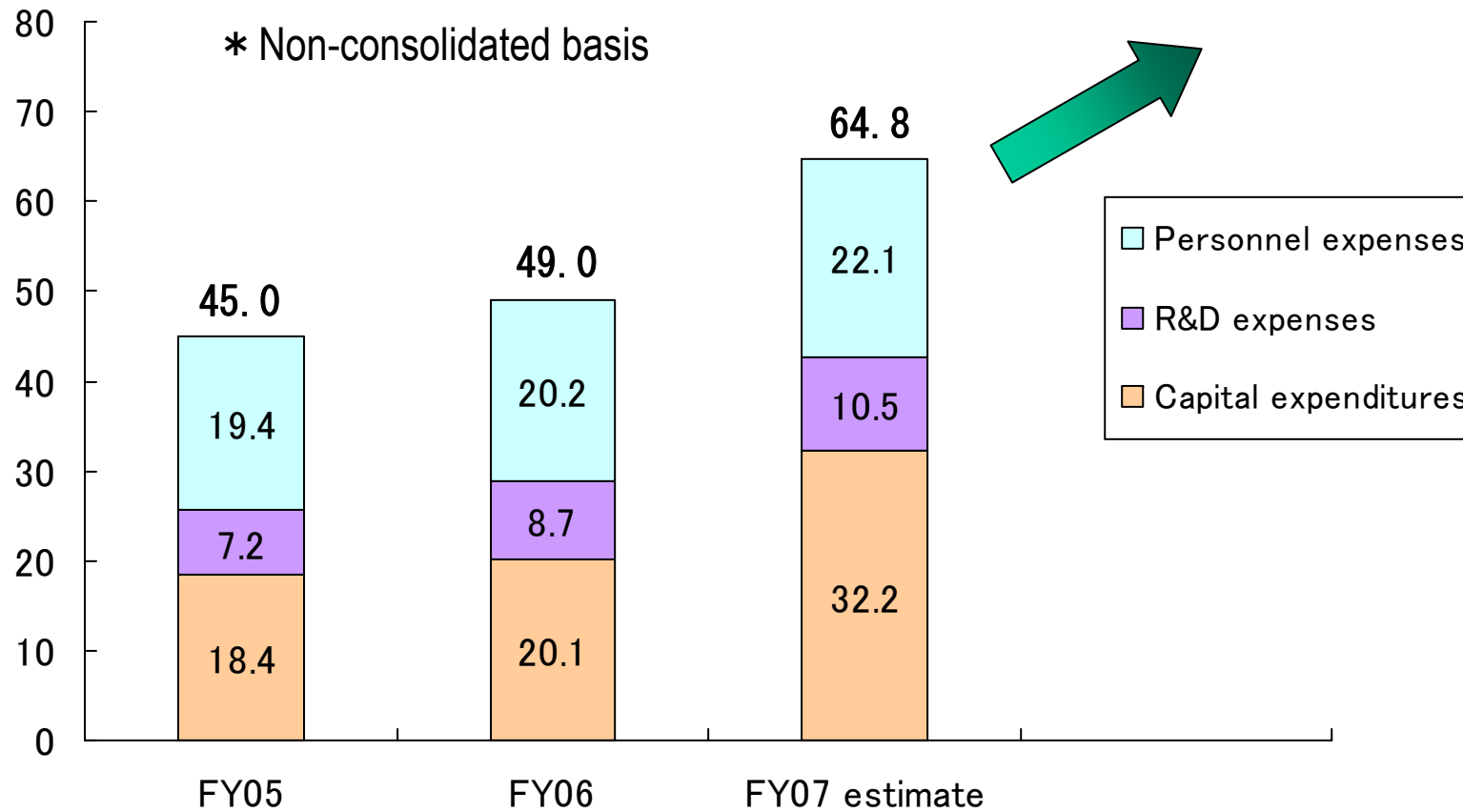
- ▶ **Environmental assessment for a power plant**
Began in September 2006 for completion(assessment) in autumn 2009
- ▶ **Improvement of the reclaimed ground**
- ▶ **Push ahead with a plan to take advantage of PANAMAX**
First entered port at the beginning of this year
Considering taking advantage of PANAMAX further

Information infrastructure

- ▶ **The next generation LOB system**
We have introduced “mySAP ERP.”
It is scheduled to be in operation in October 2008.

Investment for growth

(Billions of Yen)



Reinforce investment in human resources, manufacturing and technology



Principal Indicators

		Fiscal 2006		Fiscal 2005		Change	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Capital expenditures	Billions of yen	22.6	20.1	20.9	18.4	+ 1.6	+ 1.6
Depreciation	Billions of yen	18.1	14.4	18.1	14.2	+ 0.0	+ 0.2
R&D expenses	Billions of yen	10.7	8.7	9.3	7.2	+ 1.3	+ 1.4
Interest-bearing debt	Billions of yen	72.0	61.1	83.5	69.6	-11.5	-8.5
Financial income and expenses	Billions of yen	-0.9	0.5	-1.1	-0.0	+ 0.2	+ 0.5
Number of employees	Persons	4,852	2,067	4,630	2,028	+222	+ 39

Principal Indicators

(Billions of Yen)

		Fiscal 2007 estimate		Fiscal 2006		Fiscal 2005	
		Consolidated	Non- consolidated	Consolidated	Non- consolidated	Consolidated	Non- consolidated
Capital expenditures	Approved limit total	38.1	32.2	23.0	21.5	24.5	22.1
	Results	—	—	22.6	20.1	20.9	18.4
Depreciation		21.1	18.0	18.1	14.4	18.1	14.2
R&D expenses		12.5	10.5	10.7	8.7	9.3	7.2