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Announcement of Forecast Revisions and Reduction in Titanium Sponge Production

Toho Titanium Co., Ltd. has revised the forecasts that were announced on April 30, 2009 as follows due to recent trends in operating results and other factors. In addition, the company is making a further reduction in titanium sponge production based on projected demand for titanium in the second half of this fiscal year.

(Millions of yen)

1. Revisions to consolidated forecasts

(1) First half of fiscal year ending March 31, 2010 (April 1, 2009 to September 30, 2009)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	10,200	(1,300)	(1,500)	(700)	(11.54)
Revised forecast (B)	10,300	(900)	(1,200)	(500)	(8.24)
Difference (B-A)	100	400	300	200	—
Pct. change (%)	1.0	—	—	—	—
(Ref.) First half of previous fiscal year	21,708	5,209	5,101	2,948	48.60

(2) Fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	27,400	700	100	200	3.30
Revised forecast (B)	22,200	(1,000)	(1,600)	(800)	(13.19)
Difference (B-A)	(5,200)	(1,700)	(1,700)	(1,000)	—
Pct. change (%)	(19.0)	—	—	—	—
(Ref.) Previous fiscal year	41,042	7,080	6,590	4,102	67.61

2. Revisions to non-consolidated forecasts

(1) First half of fiscal year ending March 31, 2010 (April 1, 2009 to September 30, 2009)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	9,000	(1,300)	(1,400)	(600)	(9.89)
Revised forecast (B)	9,100	(1,000)	(1,200)	(500)	(8.24)
Difference (B-A)	100	300	200	100	—
Pct. change (%)	1.1	—	—	—	—
(Ref.) First half of previous fiscal year	18,813	4,929	4,984	5,121	84.40

(2) Fiscal year ending March 31, 2010 (April 1, 2009 to March 31, 2010)

	Net sales	Operating income	Ordinary income	Net income	Earnings per share (yen)
Previous forecast (A)	24,000	500	100	200	3.30
Revised forecast (B)	19,200	(1,200)	(1,800)	(800)	(13.19)
Difference (B-A)	(4,800)	(1,700)	(1,900)	(1,000)	—
Pct. change (%)	(20.0)	—	—	—	—
(Ref.) Previous fiscal year	34,759	6,406	6,092	6,053	99.77

3. Reasons for forecast revisions

For the first half of the fiscal year, there are small increases in the consolidated and non-consolidated sales and earnings forecasts because the company expects increases in sales volumes of some catalysts and electronic materials.

For the fiscal year, in the titanium metal business, demand for titanium in the second half of the fiscal year is expected to be less than had been expected. One cause is a delay in the recovery in demand for titanium from aircraft manufacturers due in part to the significant delays in planned deliveries of Boeing's new airplane (Boeing 787). In addition, companies in some industries continue to cancel or postpone capital investment.

In the catalysts and chemicals business, demand for catalysts and electronic materials in the second half of the fiscal year is expected to be less than had been expected.

Due to these factors, the consolidated and non-consolidated sales and earnings forecasts for the fiscal year have been lowered.

4. Reduction in titanium sponge production

At the Chigasaki Plant, titanium sponge production capacity is 1,200 tons per month (after product mix). In January 2009, monthly output was reduced to 1,000 tons, which is about 15% less than capacity. Starting in April, monthly output was further reduced to 720 tons, which is 40% below capacity.

Since titanium demand in the second half of the fiscal year is expected to be less than had been expected, as was explained above, titanium sponge output at the Chigasaki Plant will be further reduced again to 540 tons per month, which is 55% below capacity, starting in October 2009. The above forecast revisions for the fiscal year incorporate the effect of this reduction in titanium sponge production.

At the Wakamatsu Plant, titanium sponge production will start in April 2010 with a monthly output of 500 tons as originally planned, which is half of this plant's 1,000 ton monthly capacity.