

Guidance for Financial Performance

June 9th, 2011



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Consolidated Results

(Billions of JPY)

	FY09	FY10	YOY Change
Net Sales	21.7	28.1	6.4
Operating Income	△1.6	△4.5	△2.9
Ordinary Income	△2.2	△5.4	△3.2
Net Income	△2.7	△5.5	△2.8
Net Income per Share (JPY)	△43.7	△90.8	
Dividend per Share (JPY)	5.0	5.0	

Sales and Operating Incomes by Segment

(Billions of JPY)

Sales	FY09	FY10	YOY Change
Titanium Metal	13.7	19.8	6.1
Catalysts and Chemicals	8.0	8.4	0.4
Total	21.7	28.1	6.4

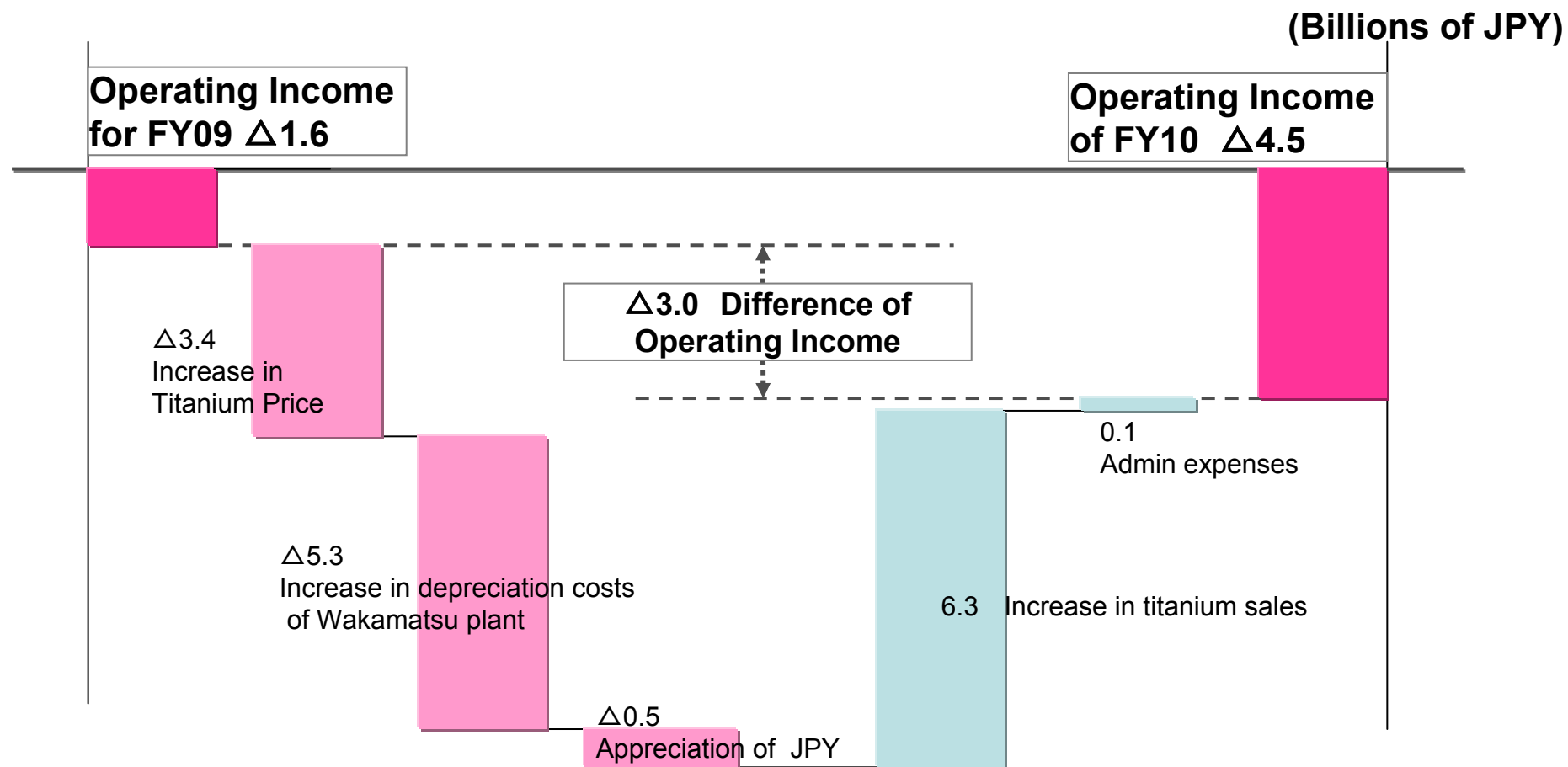
Operating Income	FY09	FY10	YOY Change
Titanium Metal	△1.5	△4.0	△2.5
Catalysts and Chemicals	1.8	1.4	△0.4
Others	△1.8	△1.8	—
Total	△1.6	△4.5	△3.0

Production and Sales of Titanium

(ton)

	FY09	FY10	YOY Change
Sponge Production	7,700	14,800	7,100
Sponge Sales	4,100	8,600	4,500
<i>for Mill Products</i>	<i>2,600</i>	<i>6,000</i>	<i>3,400</i>
<i>for Steel Additives</i>	<i>1,500</i>	<i>2,600</i>	<i>1,100</i>
Ingot Sales	3,700	7,800	Δ4,100
Sponge + Ingot Sales	7,800	16,400	8,600

Consolidated Current Operation Income Positive/Negative Factors



Consolidated Balance Sheets

(Billions of JPY)

	FY09	FY10	YOY Change	Details
(Assets)				
Current Assets	18.0	21.2	3.2	Account receivables 1.2 Inventory 2.2
Fixed Assets	71.5	67.3	△4.2	Investment 3.9 Depreciation △9.3 lease assets 6.4 Sales of assets △3.7
Total Assets	89.5	88.5	△1.0	
(Liabilities)				
Debt	48.9	47.6	△ 1.3	Short Term 1.3, Long Term △2.6
Other Liabilities	5.7	11.8	6.1	Lease debt 5.6
(Net Assets)	34.9	29.1	△5.8	Net income △5.5, Dividend △0.3
Total Liabilities and Net Assets	89.5	88.5	△1.0	
(Equity Capital ratio: %)	39	33		

Cash Flows

(Billions of JPY)

	FY09	FY10	YOY Change	Details
Profits Before Income Taxes	△1.9	△5.1	△3.2	
Depreciation	4.2	9.3	5.1	
Others	1.2	0.2	△1.0	
From Operating Activities	3.6	4.4	0.8	
Acquisition of Properties and Equipments	△19.5	△5.2	14.3	
Others	△0.8	△0.4	0.4	
From Investing Activities	△20.2	△5.6	14.6	
Increase/Decrease Debt	13.4	△1.3	△14.7	Short Term △2.2 Long Term △12.4
Payment of Dividends	△0.3	△0.3	—	
Others	△0.5	2.4	2.8	Sales & lease back 3.5
From Financing Activities	12.6	0.8	△11.8	
Balance	△4.1	△0.5	3.6	

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Forecasts for FY11 ; Consolidated Operating Income

(Billions of JPY)

	FY10	FY11 Forecast	YOY Change
Net Sales	28.1	38.9	10.8
Operating Income	△4.5	0.9	5.4
Ordinary Income	△5.4	0.3	5.7
Net Income	△5.5	0.8	6.3
EPS (JPY)	△90.8	13.2	

Forecast for FY11 ; Sales and Operating Incomes by Segment

(Billions of JPY)

Sales	FY10	FY11 Forecast	YOY Change
Titanium Metals	19.8	27.6	7.8
Catalysts and Chemicals	8.4	11.2	2.8
Total	28.1	38.9	10.8
Operating Sales	FY10	FY11 Forecast	YOY Change
Titanium Metals	△4.0	1.3	5.3
Catalysts and Chemicals	1.4	1.9	0.4
Others	△1.8	△2.2	△0.36
Total	△4.5	△0.9	5.4

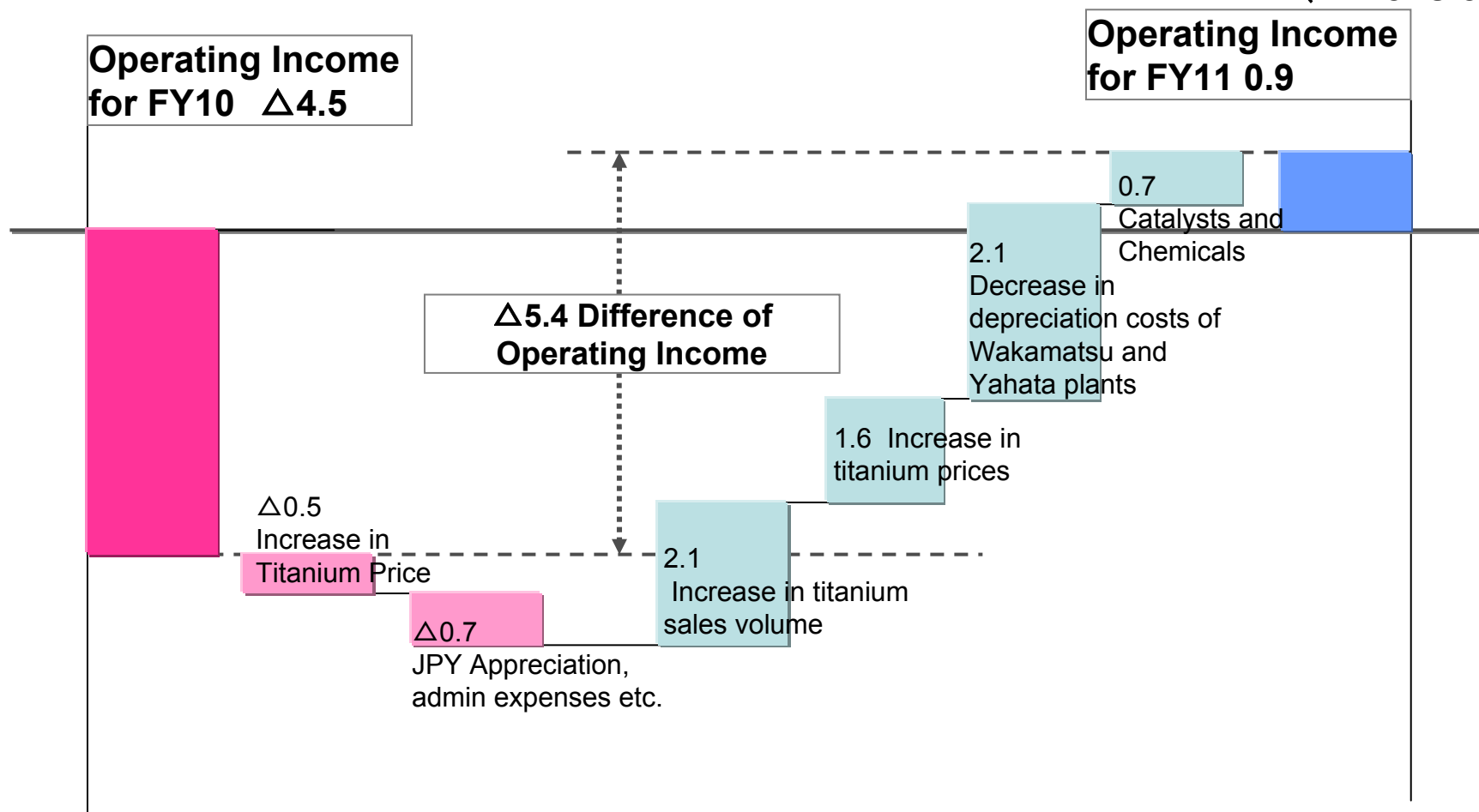
Forecast for FY11 ; Titanium Production and Sales

(ton)

	FY10	FY11 Forecast	YOY Change
Sponge Production	14,800	22,800	8,000
Sponge Sales	8,600	11,800	3,200
<i>for Mill Products</i>	<i>6,000</i>	<i>8,800</i>	<i>2,800</i>
<i>for Steel Additives</i>	<i>2,600</i>	<i>3,000</i>	<i>400</i>
Ingot Sales	7,800	10,800	3,000
Sponge + Ingot Sales	16,400	22,600	6,200

Forecast for FY11 ; Consolidated Operating Income Positive/Negative Factors

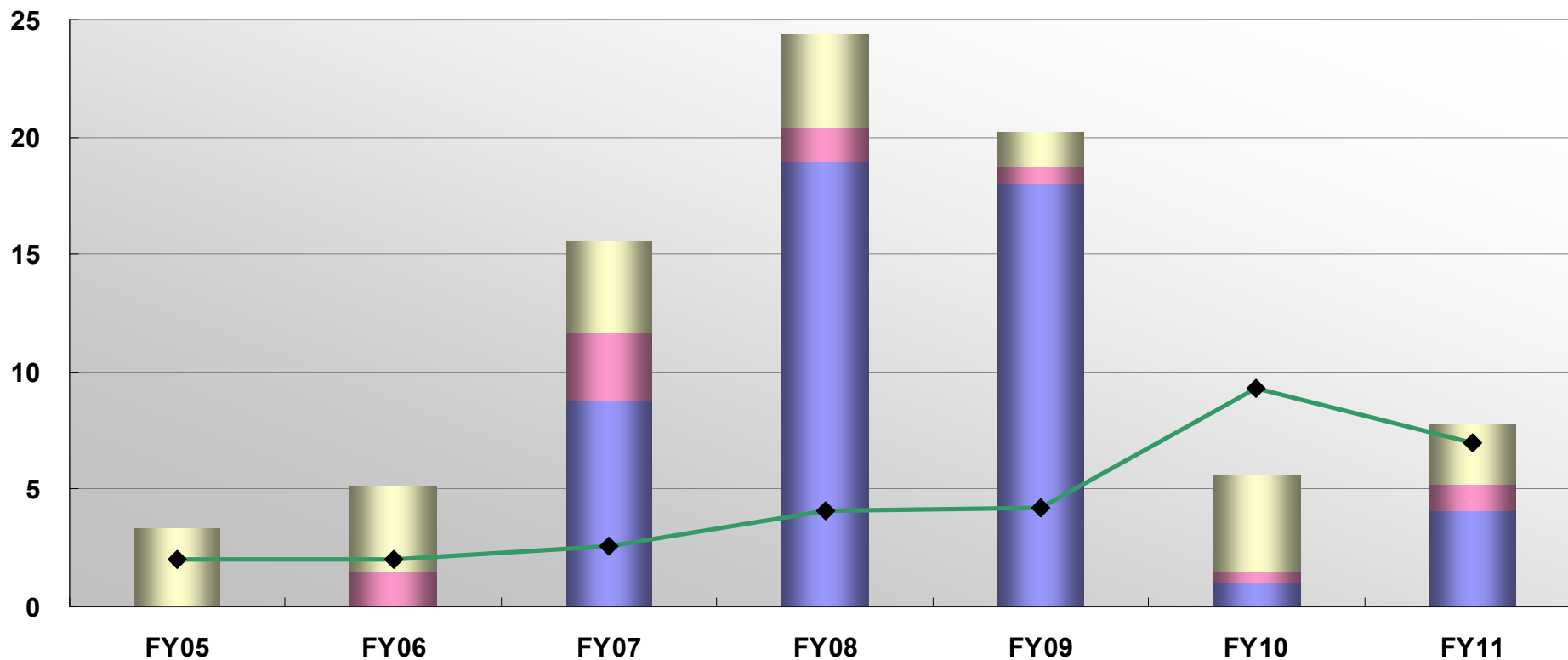
(Billions of JPY)



Forecast for FY11 ; Investment and Depreciation in Facilities and Equipment

Investment in Facilities (Billions of JPY)

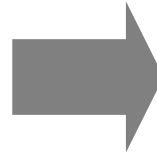
Wakamatsu Yahata Others Depreciation



Forecasts for FY11 ; A change in depreciation method

Change useful life of machinery assets associated with titanium manufacturing
-Wakamatsu and Yahata plant-

Useful life of machinery assets
was 7 years by FY10.
(straight line depreciation method)



Changed to 15 years from FY11.
(straight line depreciation method)



The impact of the above change on depreciation costs is positive 2.8 billion yen compared to FY10.

However, the impact on profits/loss for FY11 is positive 2.1 billion yen.

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I . Result for FY10

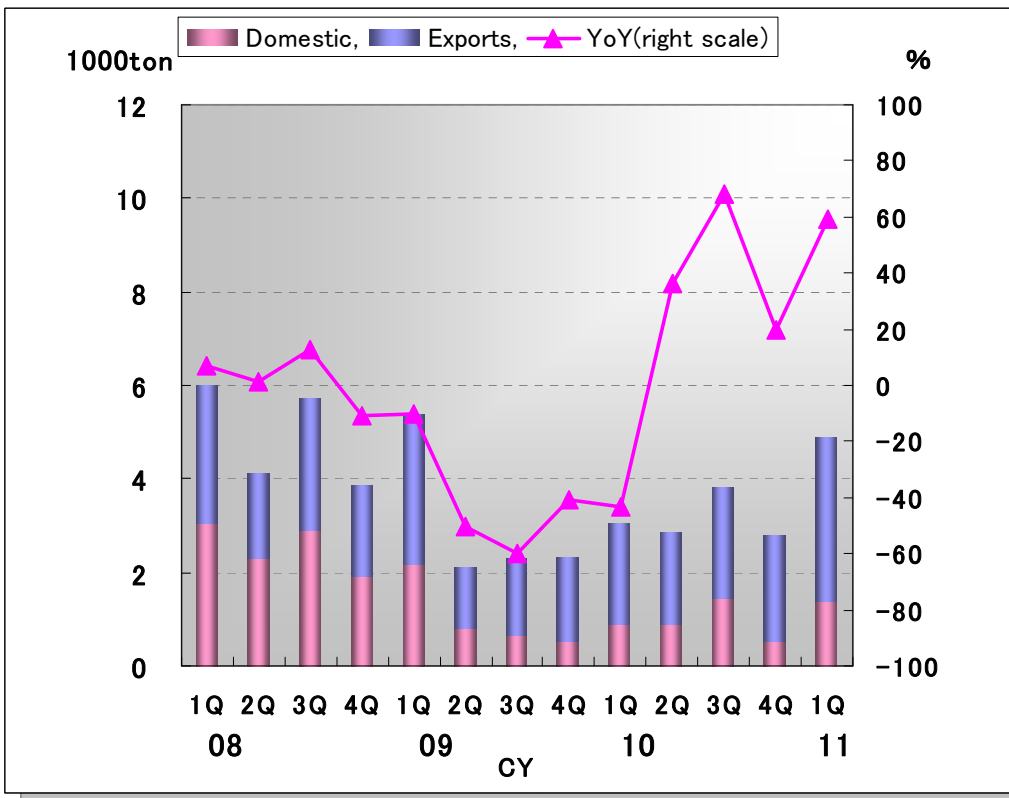
II . Forecasts for FY11

**III . Business Environment, Challenges and
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Titanium Metal Business Environment

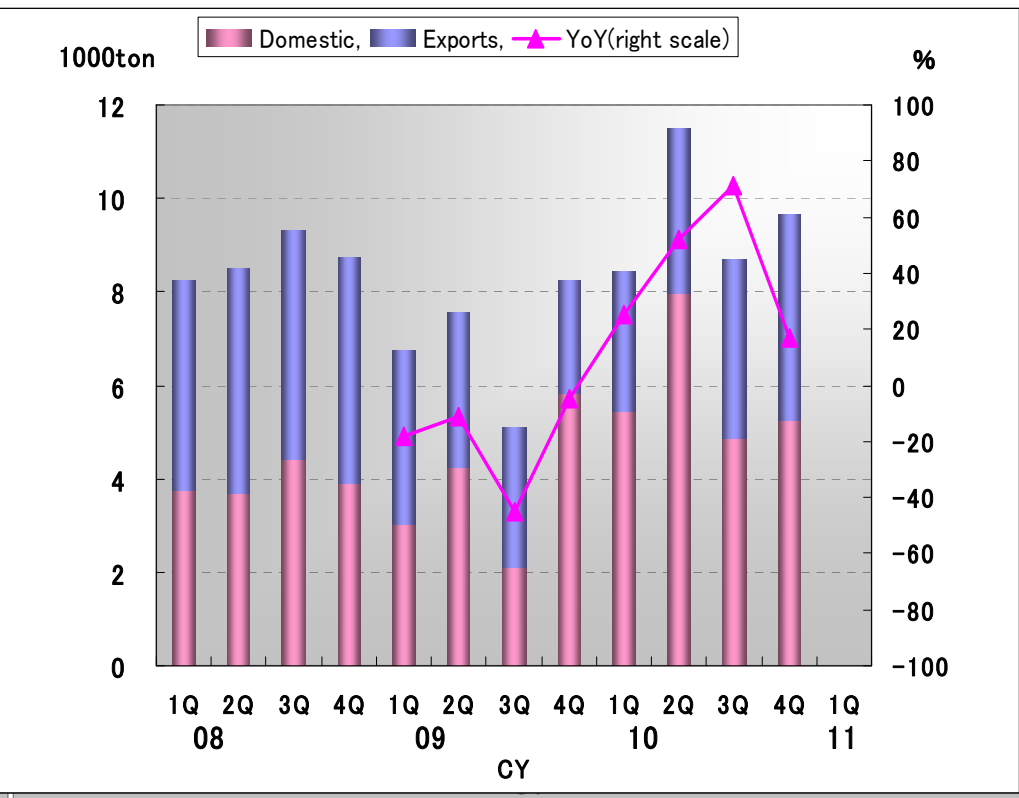
“Recovery of Titanium markets”

Domestic shipment of mill products



Source: Japan Titanium Society

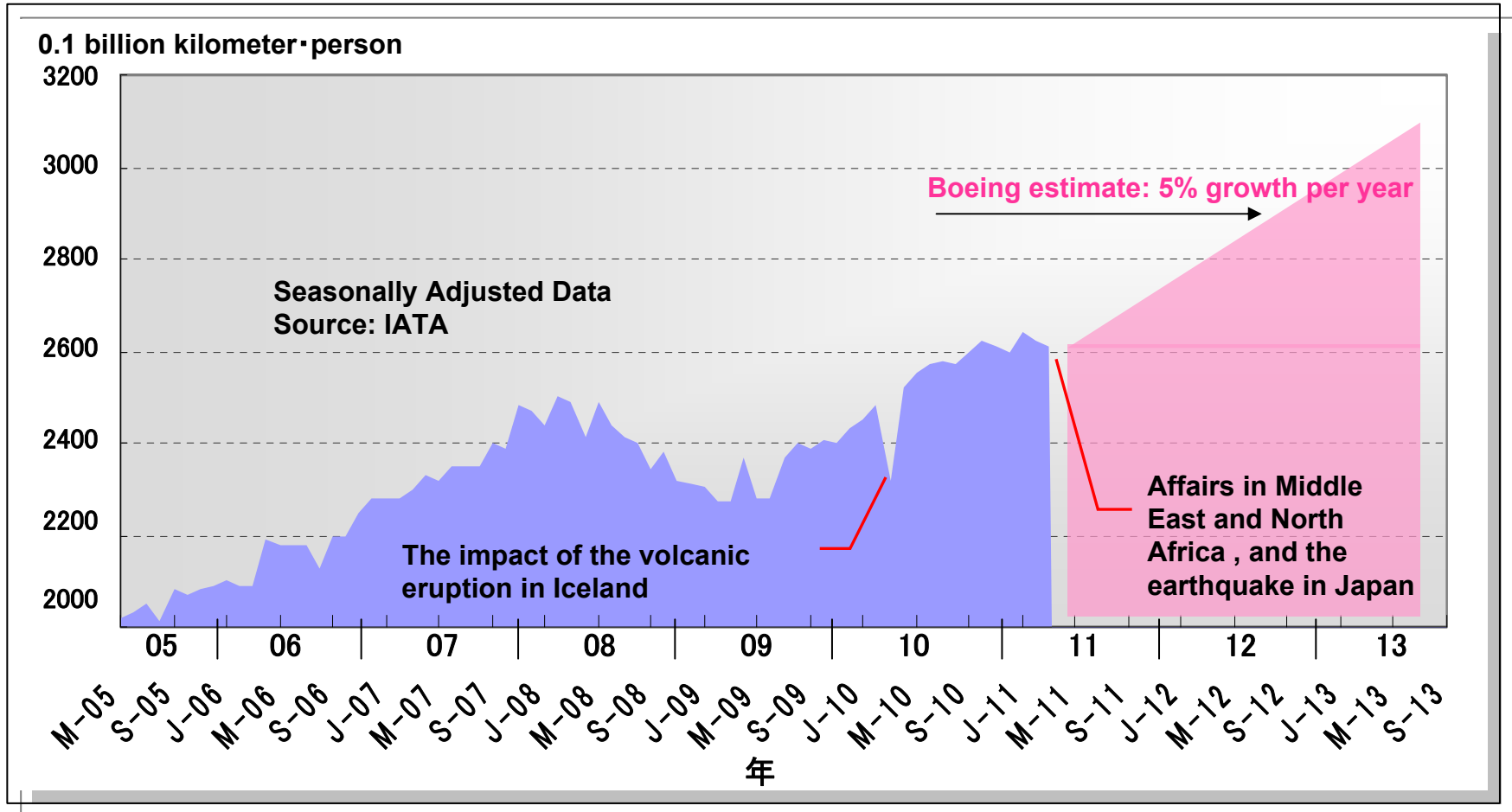
US shipment of mill products



Source: U.S. Geological Survey

Commercial Aircrafts Revenue Passenger Kilometers

“The number of aircraft passenger continues to increase steadily ”



Delivery of Commercial Aircraft (Estimate)

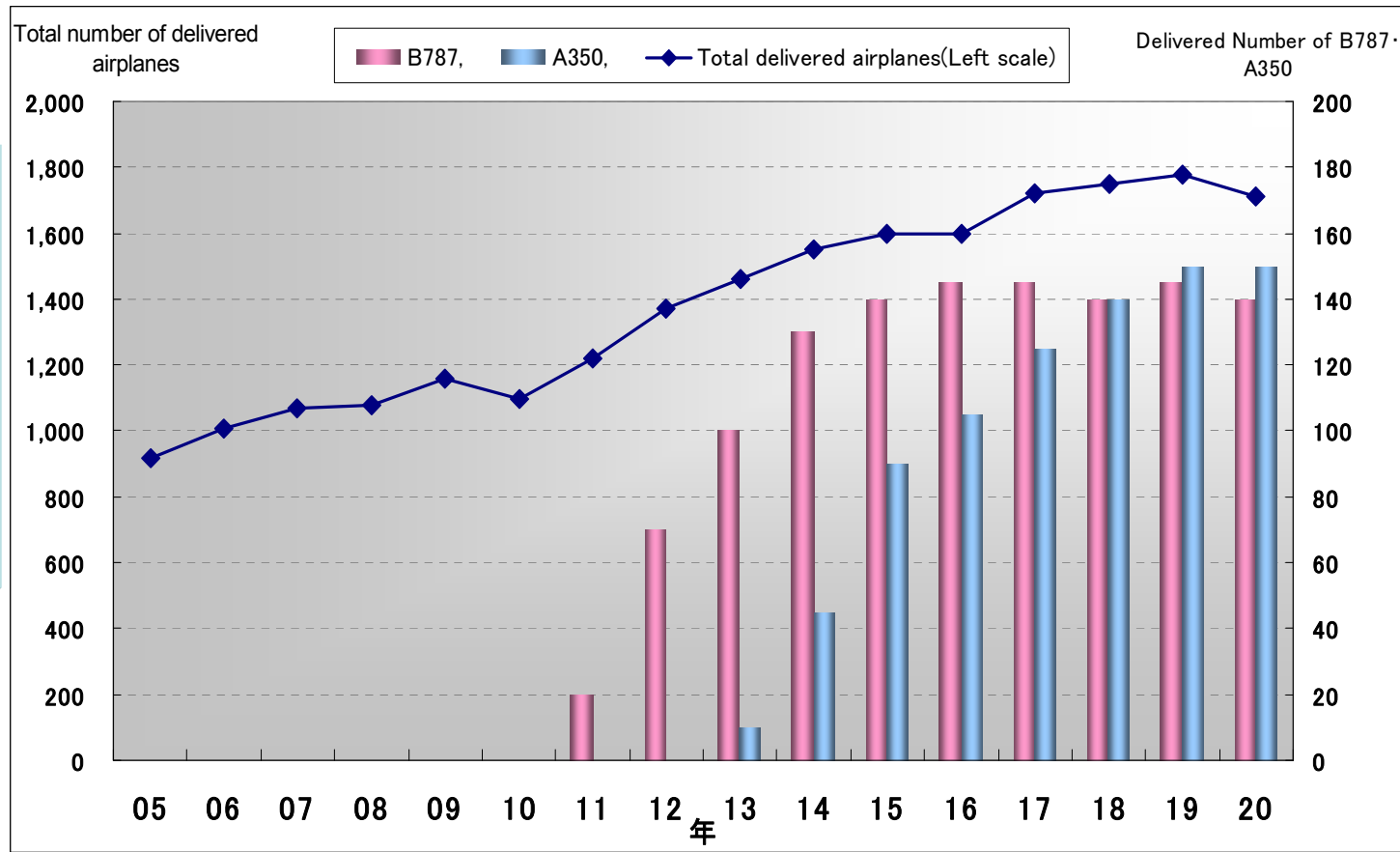
“Commencement of B787 delivery and its production starts”

B787 fight test is making a steady progress.

**Rolls Royce;95%,
GE;75%**

FAA New models approvals will be obtained shortly.

Flying to Japan in July, Delivered to ANA in August-September.



Source: Airline Monitor as of Feb, 2011

Amount of Titanium used by Aircraft Model and Backlog

“Airplane backlog is about 7 years”

Model	Commercial Aircraft Backlog	Buy Weight (t)
	(as of April, 2011) (Source: Japan Aircraft Development Association)	(Estimated by Toho Titanium)
B737	2,139	20
B747-8	109	76
B767	52	19
B777	282	64
B787	831	136→105
Boeing Total	3,413	
A318	9	14
A319	248	14
A320	1,877	12
A321	233	12
A330	346	20
A340	4	36
A350	574	102
A380	189	118
Airbus Total	3,480	
Total	6,893	

Plans for Seawater Desalination

“Make it all titanium in large-scale plants for seawater desalination in MiddleEast ”



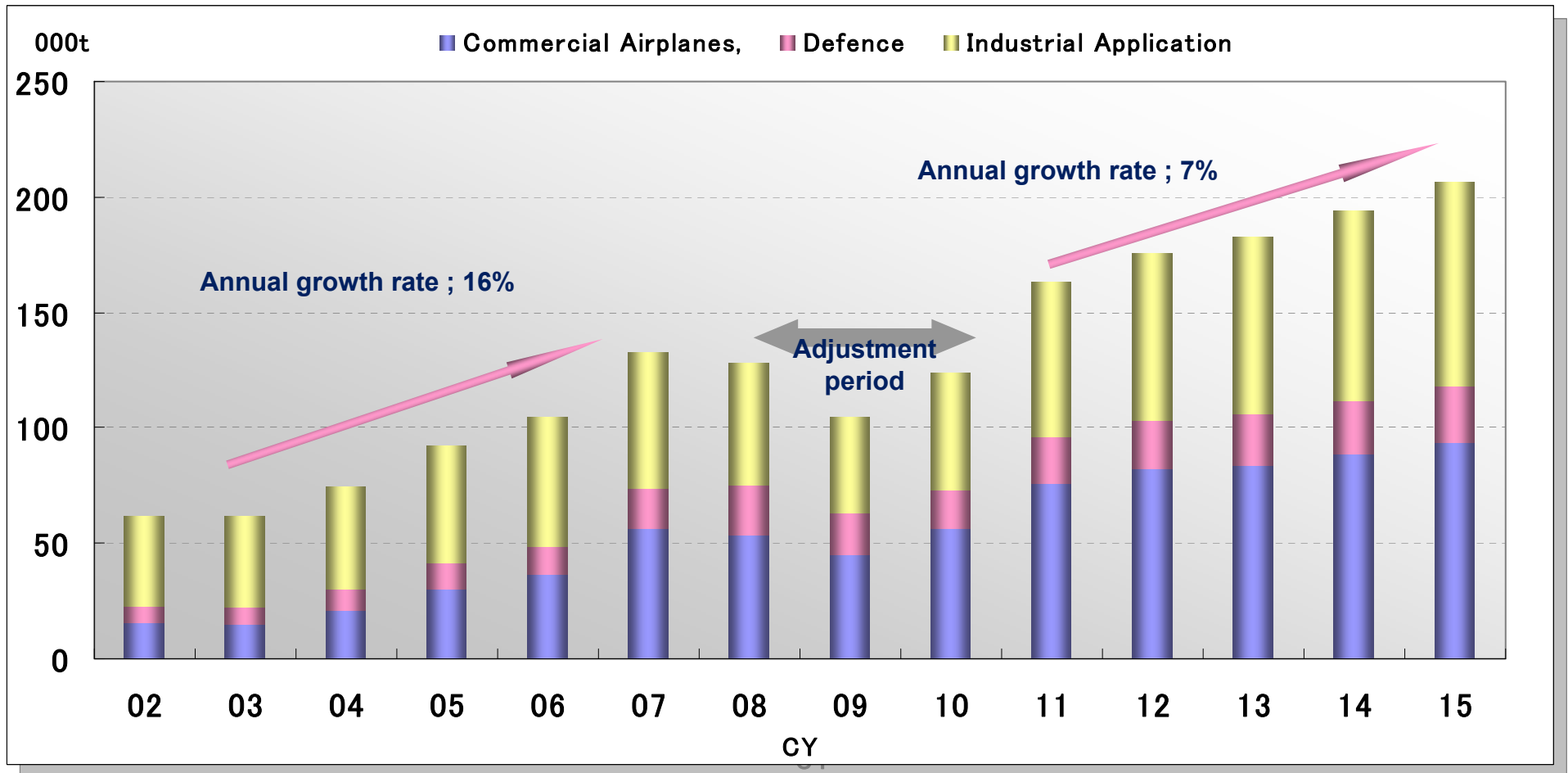
Shift CuNi tubes to titanium tubes

Country	Project	Desalination capacity/Method *
Saudi Arabia	Ras Al Zour Titanium tube requirement :6,200MT	1,020km ³ per day MED/MSF
Saudi Arabia	Yanbu 3	550km ³ per day MED/MSF
UAE	Taweelah-C (Abu Dhabi)	450km ³ per day MED/MSF
Kuwait	Al Zour North Phase 1	460km ³ per day (1,270 km ³ per day on Phase 1 to 4)

* Method
 MSF : Multi Stage Flash Distillation
 MED : Multi-Effect Desalination

Titanium Sponge Demand for mill products

“From Adjustment period to a long term growth period”

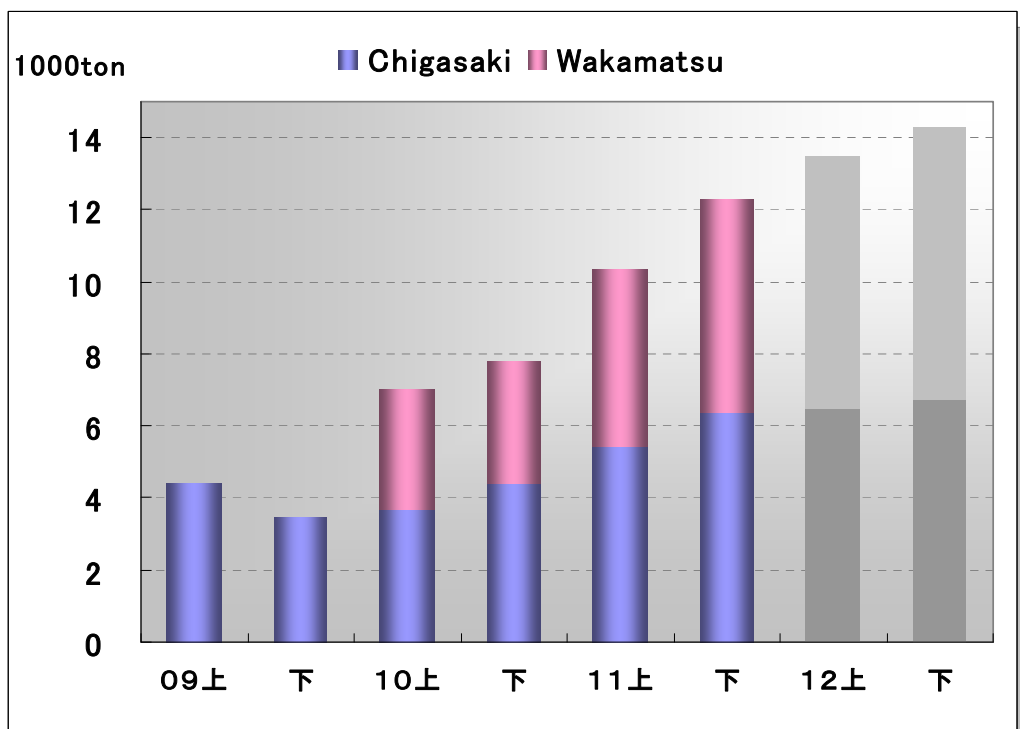


Estimated by Toho Titanium

Challenges and Action in Sponge Titanium

“The increased production level in *Chigasaki* and *Wakamatsu* plants and the Start of construction for enhanced production capacity for *Wakamatsu*”

Production level of sponge titanium (half a year)



Production capability for sponge titanium (ton/year)

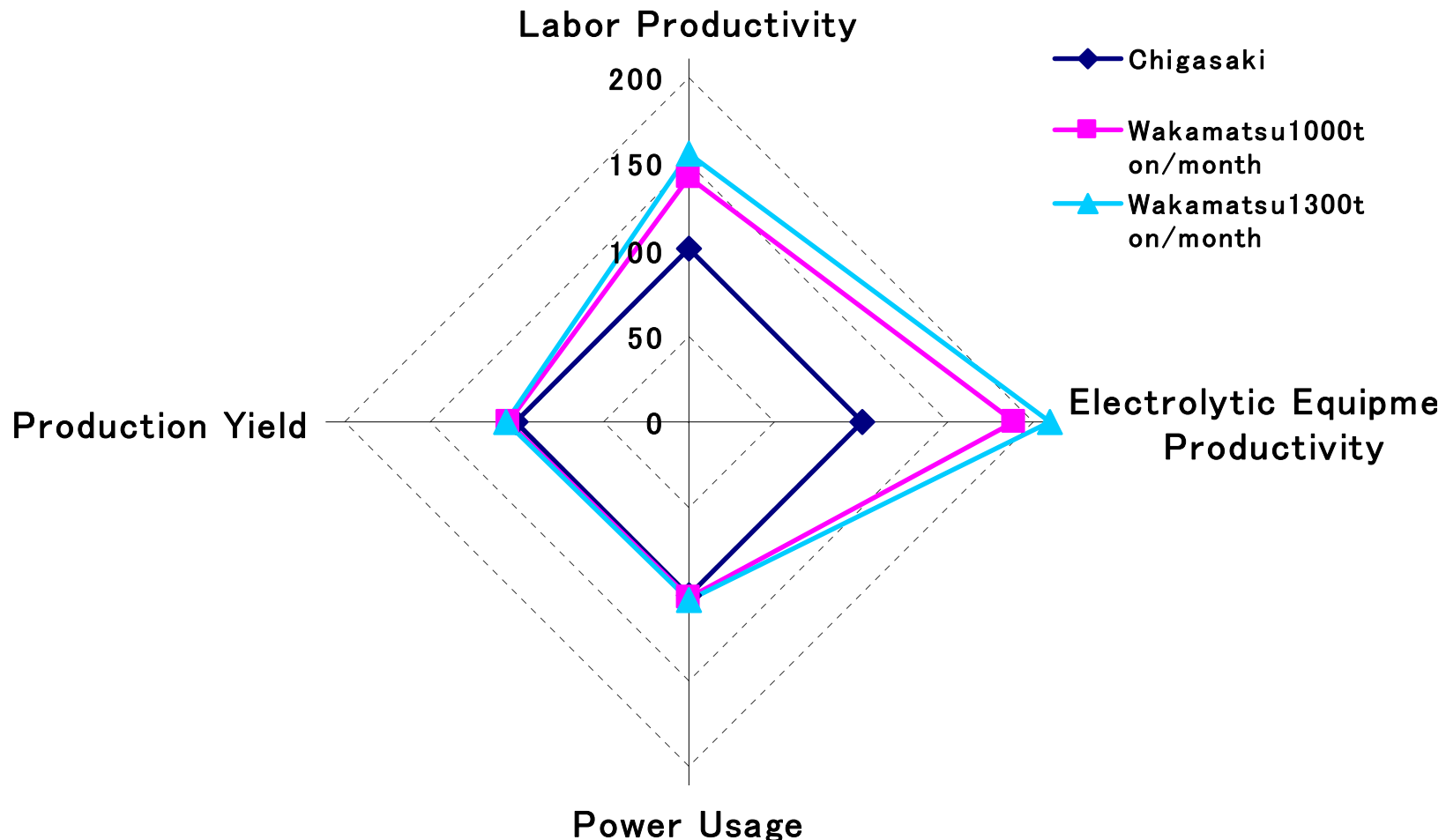
	Chigasaki	Wakamatsu
FY 09	14,400	
FY10 1 st Half	14,400	12,000
FY10 2 st Half	13,800	12,000
FY11 1 st Half	13,200	12,000
FY11 2 st Half	13,200	12,000

Chigasaki; abolish old facilities by the end of 2010
Wakamatsu; a 30% rise in production capability for *Wakamatsu* plant leads to 15,600 ton /year in April, 2012

Challenges and Action in Sponge Titanium

“Improvement of productivity in Sponge Titanium

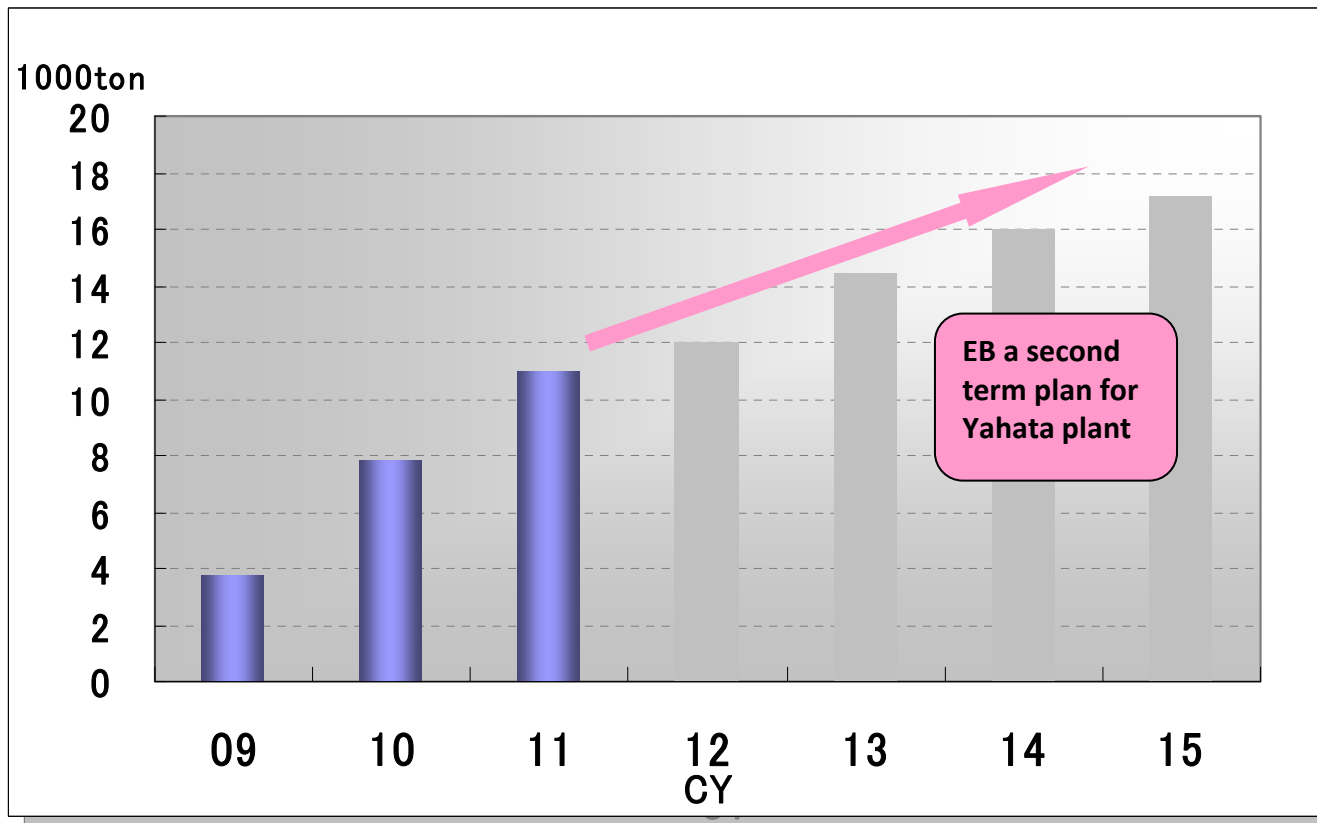
The productivity index of Wakamatsu plant where Chigasaki (BM 1200 ton/month in FY07) is 100



Challenges and Action in Titanium Ingot

“Under consideration of an rise in production capability for titanium ingot”

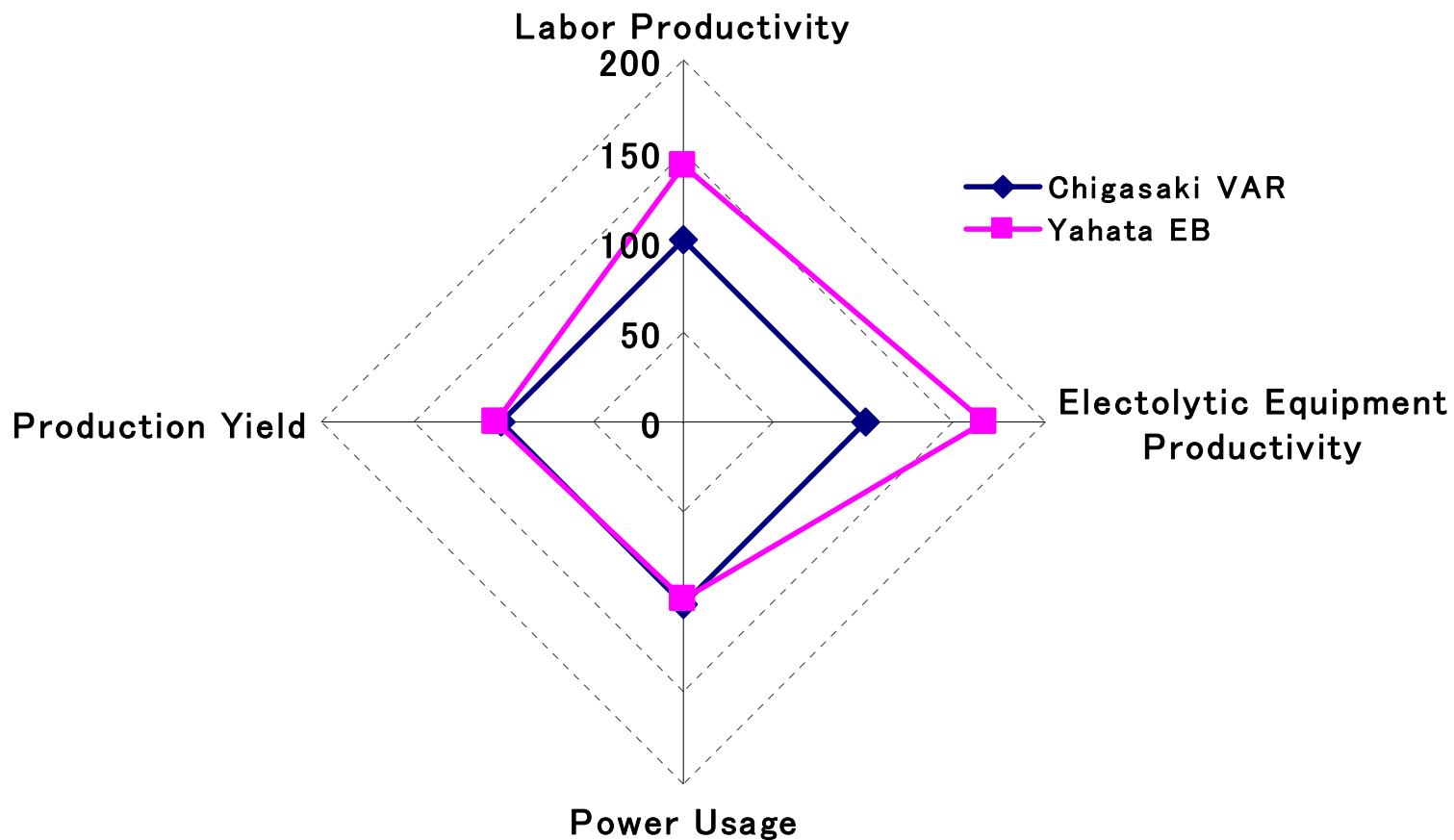
Projection for titanium ingot production



Challenges and Action in Titanium Ingot

“Improvement of productivity in titanium ingot”

The productivity index of Yahata EB where Chigasaki VAR is 100 (7000 ton/month)

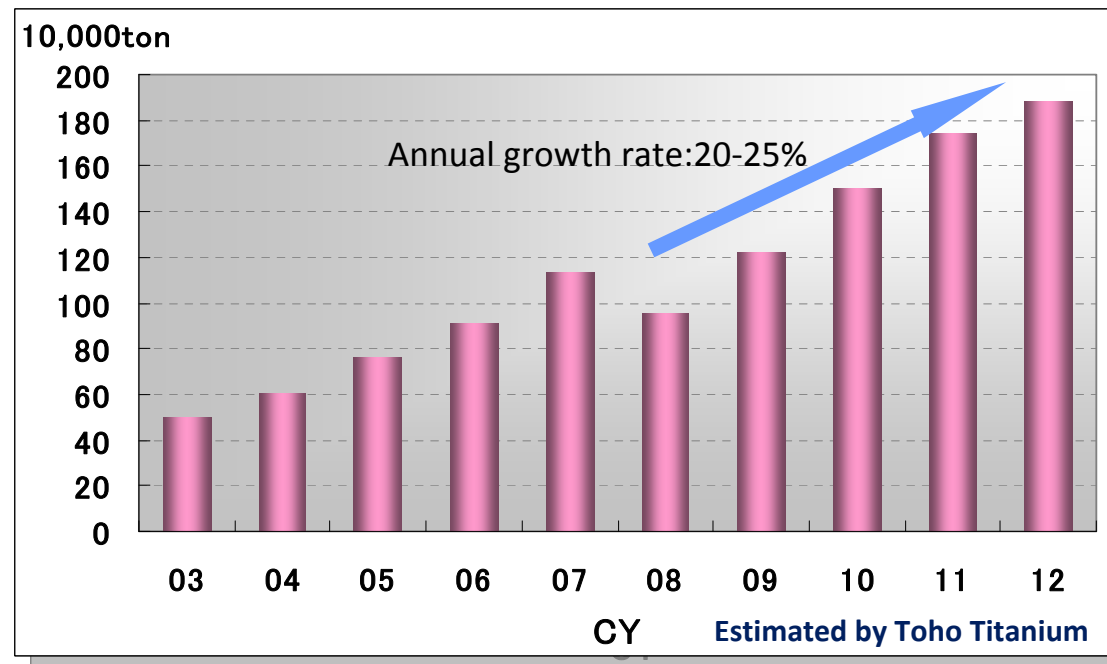


Challenges and Action in Titanium Raw Materials

“Our Challenges are to address a rise in titanium prices and to ensure a stable procurement to increase production of sponge titanium”

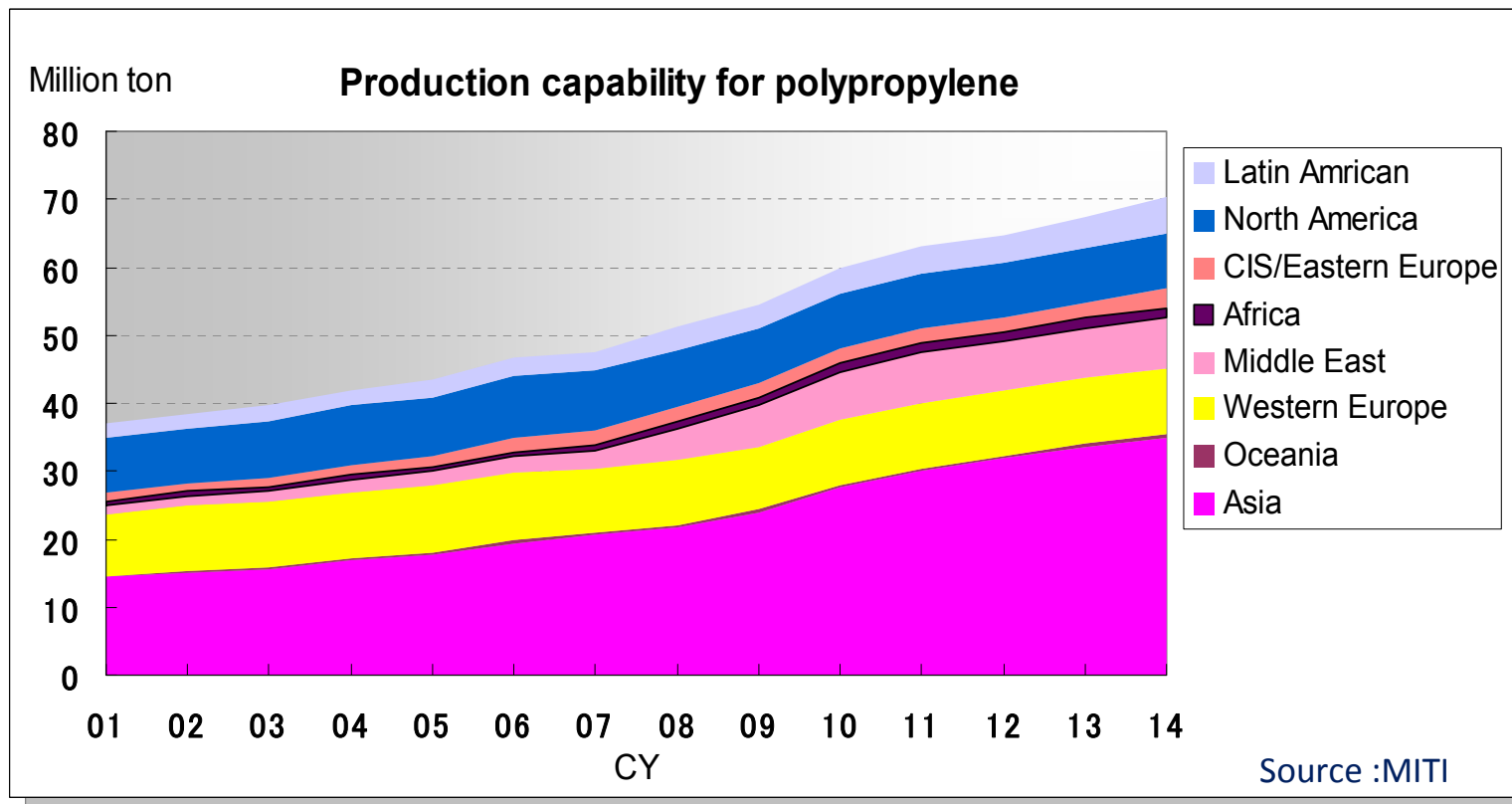
- ⓧ Delay in the development of new mining sources
- ⓧ Sharpe increased demand for titanium oxide in China

Consumption of titanium oxide in China





Challenges and Action in Catalyst

“Production capability for polypropylene is rising in China, India, and Middle East”



The rate of an rise in production capability during 2010-2014 is 5.2%; China, India, Middle East are notably increasing.

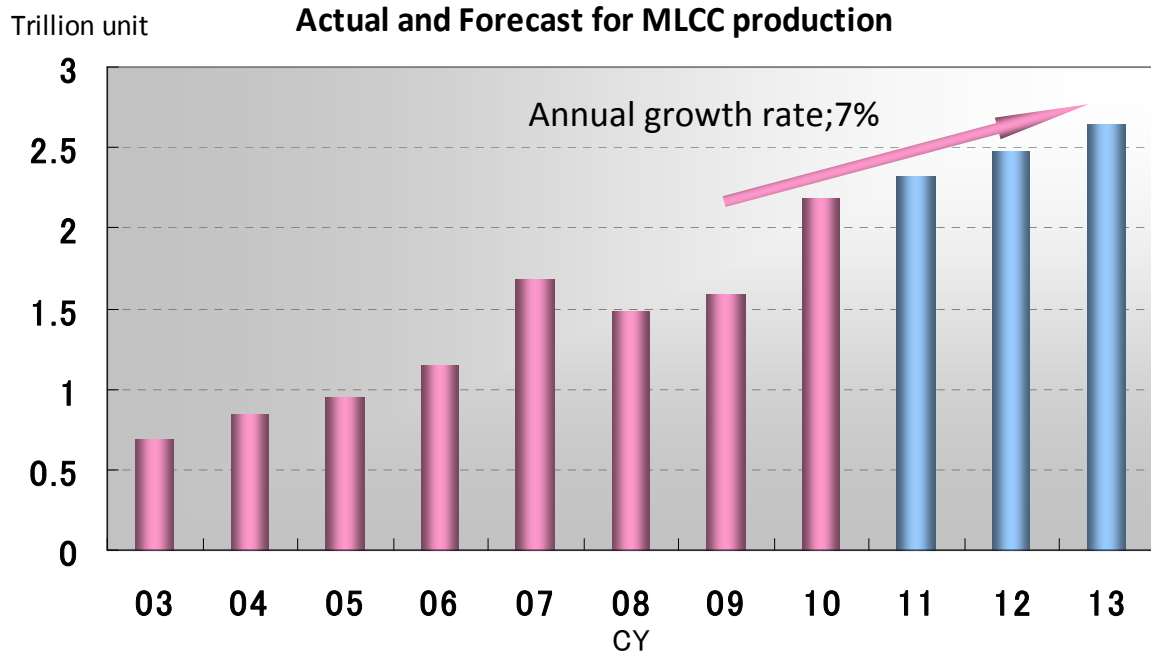
Challenges and Action in Catalyst

-  Expand sales in China, India, and Middle East in which production capability for polypropylene is rising.
-  Develop eco-friendly catalyst and expand sales(Compliance with regulations on chemical materials such as REACH (Regulation, Evaluation, Authorization, Registration of Chemicals))

Challenges and Action in ultrafine nickel powder for MLCC

“Demand for MLCC is favorable due to demand for smart phones and tablets.”

The number of MLCC usage is increasing.



Estimated by Toho Titanium

Mobile phones: 200-300 units,

Smartphones: 500 units

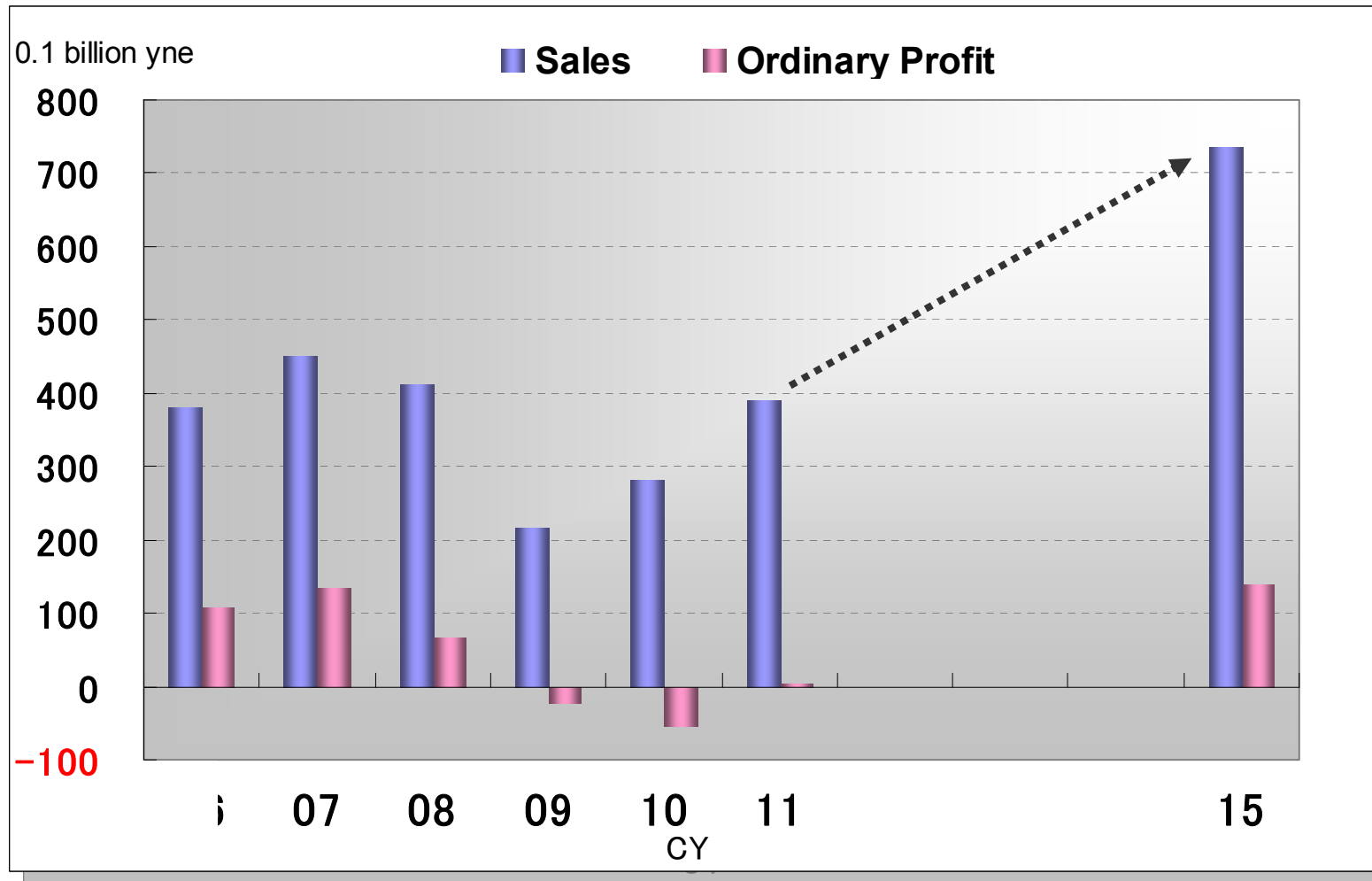


Other electronic products using MLCC:
 automobiles 1000units, LED TV 700-800 units, 3DTV 1000-1100units, PC 700-800 units, and tablets 500-600units





Establish supply capability to meet increasing demand

An increase in production capability for ultrafine nickel powder has started in Jan, 2011

Long Term Projection



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-  Information in this material include not only facts that have occurred, but also forecasts and assumptions based on available information as of the date this material was prepared.
-  This also includes unlimited risks and uncertainties related to the economic condition, fierce competition in the industry, market demand, foreign exchange rate, tax system and other regulations.
-  Hence please note that actual results may differ from our forecasts described in this material.