



*Ideas & Chemistry*

# Presentation to Investors



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(Analysts' Meeting)

# Highlights

## FY 3/17 Results

- Operating profit was limited to ¥23.3 billion (up 0.9%), resulting in a reduced profit.
- Difficult business conditions related to PPS materials for filter bags and Acrylic fibers in China. Brazilian textile business also terminated due to changes in the business environment.
- “COSMOSHINE SRF” significantly expanded revenues and overseas expansion of airbags is proceeding.

## FY 3/18 Forecasts

- Despite expectation of expansion in “COSMOSHINE SRF” and airbags, and improvement in PPS materials, operating profit forecast to be ¥25.0 billion, factoring in increase in raw material prices.

	FY 3/16			FY 3/17			(¥ bn.)
	H1	H2		H1	H2		
Net sales	179.7	168.1	347.8	164.7	164.8	329.5	
Operating profit	10.5	12.6	23.1	10.7	12.7	23.3	
Extraordinary losses	1.1	3.8	4.9	3.3	3.9	7.2	
Profit attributable to owners of parent	5.4	4.8	10.1	3.7	5.8	9.4	

## I. Results for FY 3/17

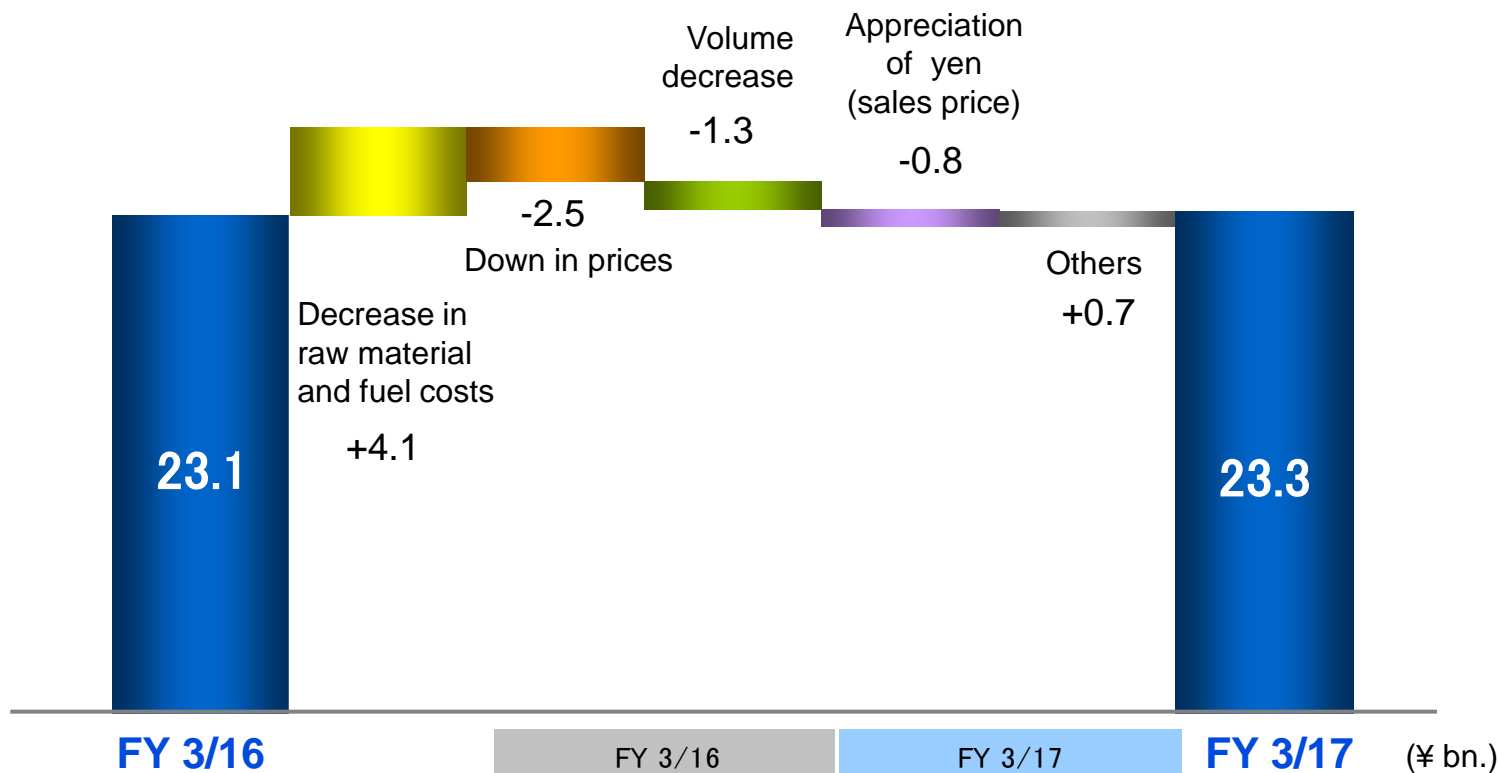
# (1) Results for FY 3/17 1)PL.CF

(¥ bn.)

	FY 3/16	FY 3/17			YoY	
		H1	H2		Amount	%
<b>Net sales</b>	<b>347.8</b>	164.7	164.8	<b>329.5</b>	-18.3	-5.3%
<b>Operating profit</b>	<b>23.1</b>	10.7	12.7	<b>23.3</b>	+0.2	+0.9%
Ratio to sales	6.6%	6.5%	7.7%	7.1%	-	-
<b>Ordinary profit</b>	<b>20.4</b>	8.7	11.9	<b>20.7</b>	+0.3	+1.3%
<b>Extraordinary losses</b>	<b>4.9</b>	3.3	3.9	<b>7.2</b>	+2.3	+47.4%
<b>Profit attributable to owners of parent</b>	<b>10.1</b>	3.7	5.8	<b>9.4</b>	-0.7	-6.9%
<b>EPS (¥)</b>	<b>11.43</b>	4.12	6.52	<b>10.64</b>	-	-
<b>Depreciation</b>	<b>14.4</b>	7.3	7.6	<b>14.9</b>	+0.5	+3.5%
<b>CAPEX</b>	<b>17.3</b>	7.8	10.5	<b>18.4</b>	+1.0	+5.9%
<b>Operating CF</b>	<b>32.3</b>	10.6	16.2	<b>26.9</b>	-5.5	-16.9%
Exchange rate (¥/US\$)	120	105	112	109		
Naphtha price in Japan (thousand ¥/kl)	43	32	38	35		

# Analysis of Changes in Operating Profit

[FY 3/16 → FY 3/17]



Exchange rate  
(¥/US\$)

Naphtha price in Japan  
(thousand ¥/kl)

## 2) BS

	(A)			(B)	(¥ bn.)
	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2017	Change (A)→(B)	
Total assets	465.8	444.6	450.8	+6.2	
Cash and deposits	20.6	20.3	32.3	+12.1	
Inventories	82.4	75.3	72.8	-2.6	
Net assets	161.1	160.1	170.9	+10.8	
Shareholders' equity	158.0	156.9	167.8	+10.9	
Retained earnings	32.5	39.5	45.9	+6.4	
Remeasurements of defined benefit plans	-1.6	-5.7	-2.3	+3.5	
Non-controlling interests	3.1	3.2	3.1	-0.0	
Interest-bearing debt	177.1	165.4	169.2	+3.9	
D/E ratio	1.12	1.05	1.01		

## (2) Results by Segment

(¥ bn.)

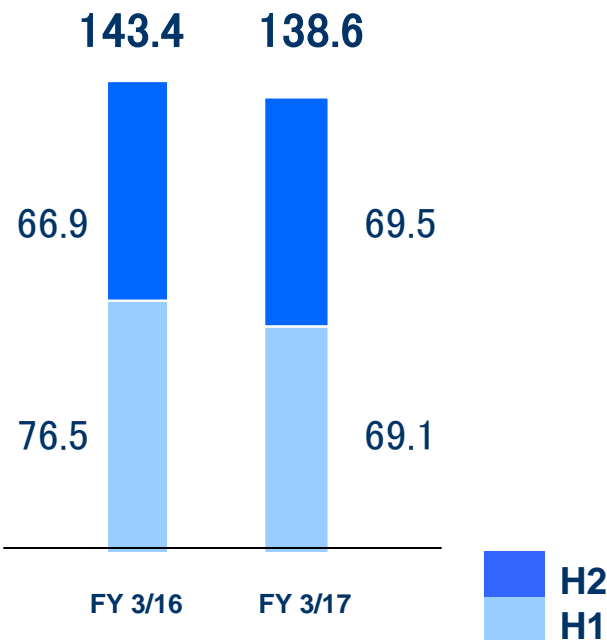
	Net sales				Operating profit (loss)				Change
	FY 3/16	FY 3/17			FY 3/16	FY 3/17			
		H1	H2			H1	H2		
Films & Functional Polymers	143.4	69.1	69.5	138.6	9.9	6.0	6.7	12.7	+2.8
Industrial Materials	70.5	32.4	36.8	69.2	6.3	2.0	2.8	4.8	-1.5
Healthcare	27.7	14.5	12.7	27.1	4.7	1.9	2.4	4.3	-0.4
Textiles and Trading	85.5	39.8	37.7	77.6	2.5	0.4	0.6	1.1	-1.4
Real Estate and Others	20.6	8.9	8.1	17.0	2.8	1.7	1.6	3.3	+0.5
Elimination & Corporate	-	-	-	-	-3.2	-1.5	-1.5	-2.9	+0.2
<b>Total</b>	<b>347.8</b>	<b>164.7</b>	<b>164.8</b>	<b>329.5</b>	<b>23.1</b>	<b>10.7</b>	<b>12.7</b>	<b>23.3</b>	<b>+0.2</b>

# 1) Films & Functional Polymers

- Packaging films business experienced lower revenues, impacted by raw material prices.  
For the industrial films business, “COSMOSHINE SRF” shipments increased.

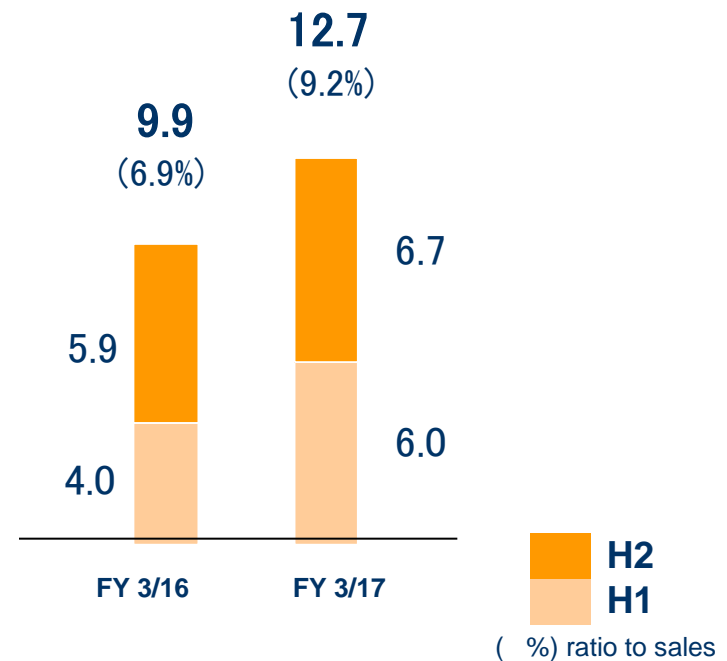
## Net sales

(¥ bn.)



## Operating profit

(¥ bn.)

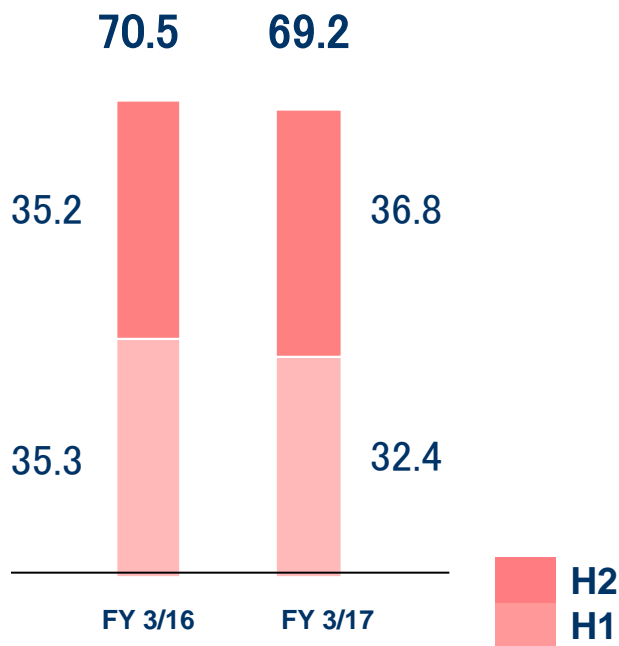




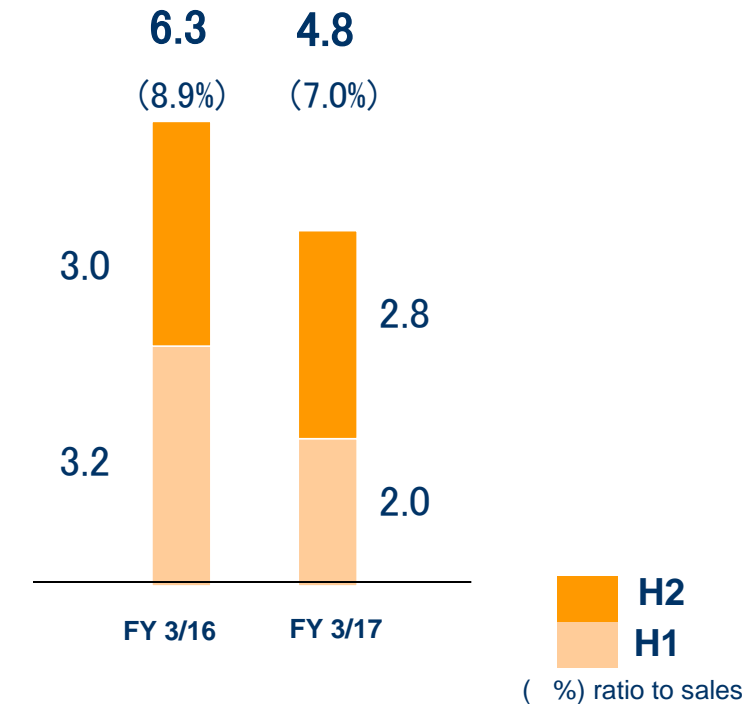
## 2) Industrial Materials

- Promoting preparation for expanded Airbag fabrics sales in U.S. and Asia, etc.  
PPS materials for filter bags struggled in those products for China

**Net sales** (¥ bn.)



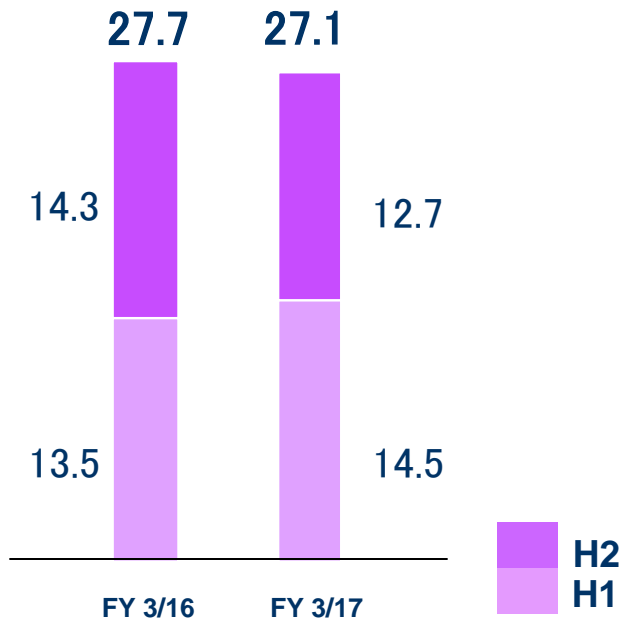
**Operating profit** (¥ bn.)



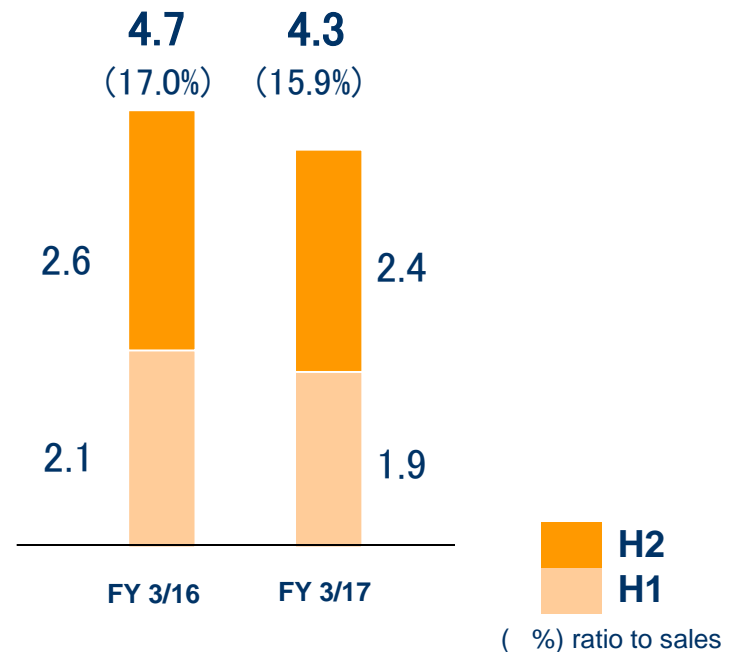
### 3) Healthcare

- Bioproducts and water treatment membranes were affected by the foreign exchange rate fluctuations.  
For medical products business, pharmaceuticals and medical devices struggled.

**Net sales** (¥ bn.)



**Operating profit** (¥ bn.)

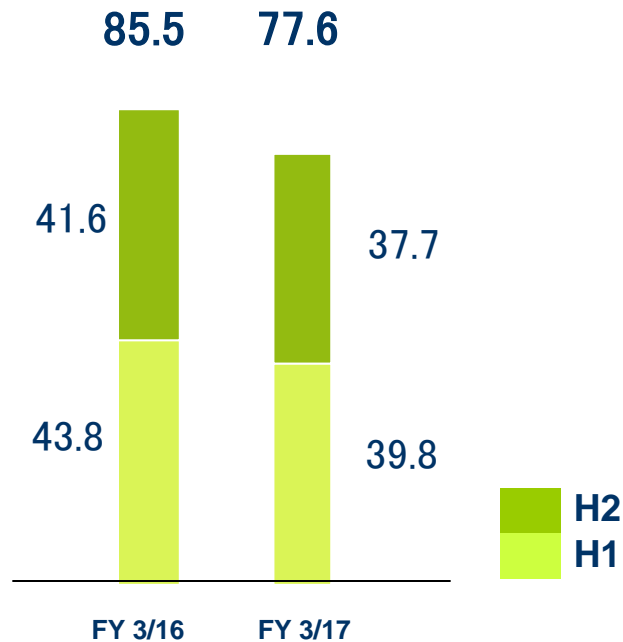


## 4) Textiles and Trading

- Thoub cloth for the Middle East was affected by the foreign exchange rate fluctuations.  
Acrylic fibers struggled under Chinese anti-dumping policies.

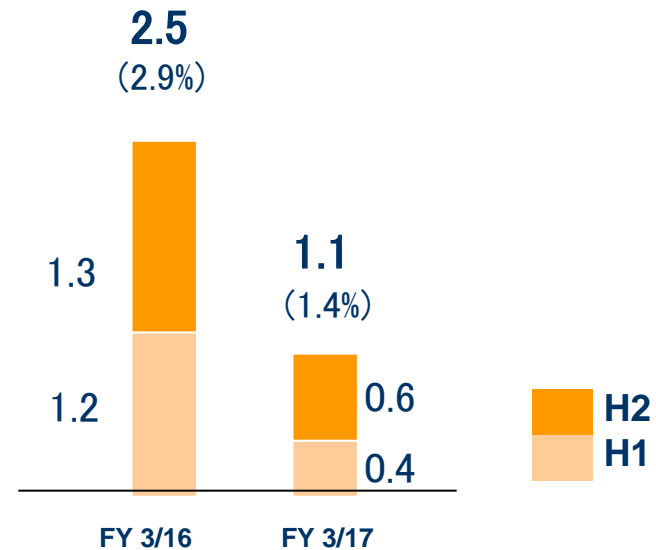
Net sales

(¥ bn.)



Operating profit

(¥ bn.)



( %) ratio to sales

## II. Forecasts for FY 3/18

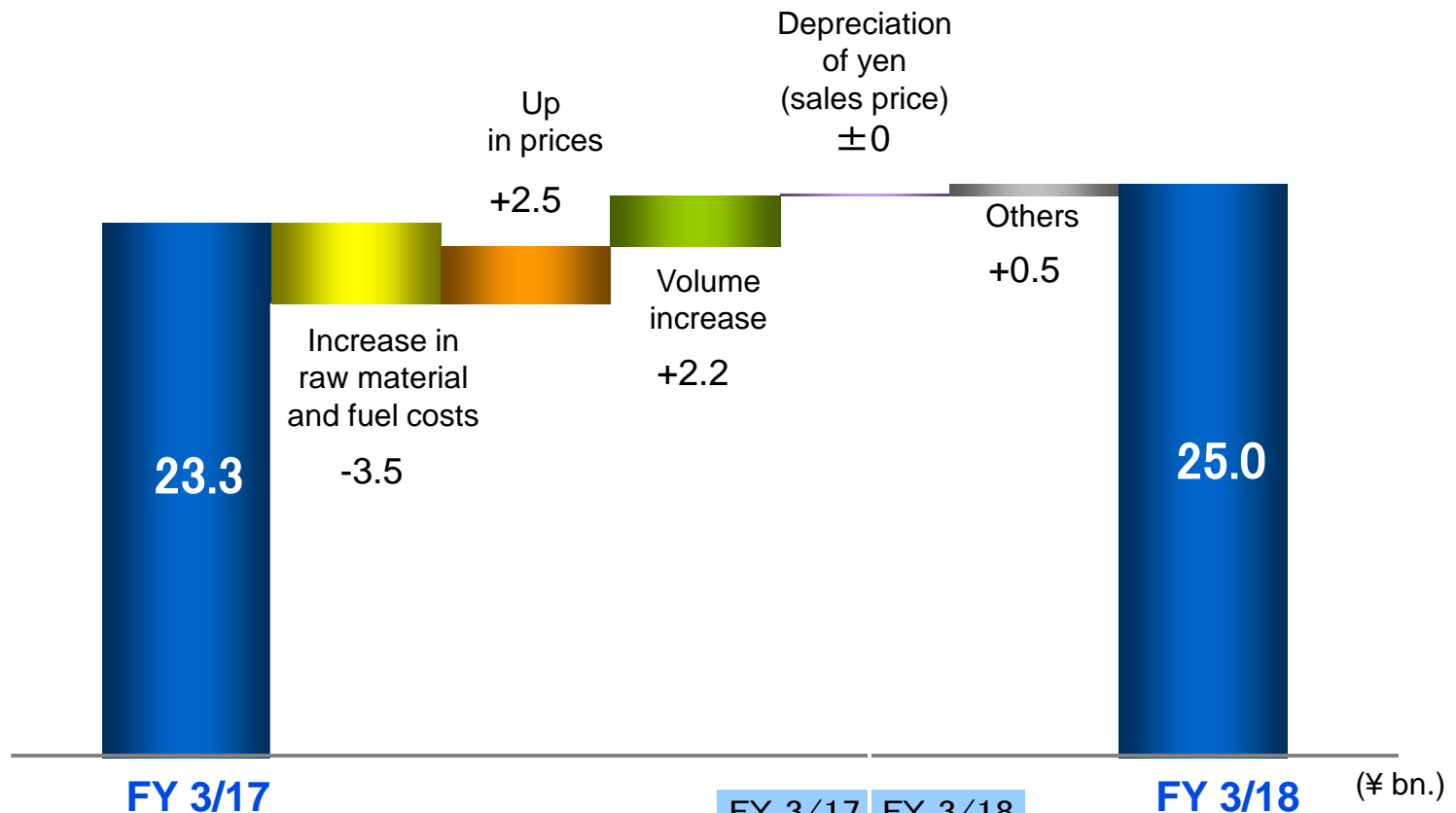
# (1) Forecasts for FY 3/18

(¥ bn.)

	FY 3/17	FY 3/18 (Forecasts)	Change	
			Amount	%
Net sales	329.5	340.0	+10.5	+3.2%
Operating profit	23.3	25.0	+1.7	+7.1%
Ratio to sales	7.1%	7.4%	–	–
Ordinary profit	20.7	23.0	+2.3	+11.4%
Extraordinary losses	7.2	3.2	–4.0	–56.1%
Profit attributable to owners of parent	9.4	13.5	+4.1	+42.9%
EPS (¥)	10.64	15.21	–	–
Depreciation	14.9	15.5	+0.6	–
CAPEX	18.4	19.0	+0.6	–
Exchange rate (¥/US\$)	109	110		
Naphtha price in Japan (thosand ¥/kl)	35	42		

# Analysis of Changes in Operating Profit

[Forecasts: FY 3/17 → FY 3/18]



	FY 3/17	FY 3/18
Exchange rate (¥/US\$)	109	110
Naphtha price in Japan (thousand ¥/kl)	35	42

## (2) Forecasts by Segment

(¥ bn.)

	Net sales		Operating profit (loss)		Change
	FY 3/17	FY 3/18	FY 3/17	FY 3/18	
Films & Functional Polymers	138.6	145.0	12.7	13.7	+1.0
Industrial Materials	69.2	74.0	4.8	5.3	+0.5
Healthcare	27.1	28.3	4.3	4.5	+0.2
Textiles and Trading	77.6	75.6	1.1	1.1	+0.0
Real Estate and Others	17.0	17.1	3.3	3.3	+0.0
Elimination & Corporate	–	–	–2.9	–2.9	+0.0
<b>Total</b>	<b>329.5</b>	<b>340.0</b>	<b>23.3</b>	<b>25.0</b>	<b>+1.7</b>

### III. Litigation



## Progress of Litigation regarding Body Armor Using ZYLON Fiber

- 1) In June 2003, an accident with body armor (BA) using Zylon fiber occurred in Pennsylvania, USA.  
(This is the only accident in which a bullet penetrated BA.)
- 2) The injured/deceased persons and purchasers of the same type of BA sued the BA manufacturer and Toyobo for damages.
- 3) An ex-director of the BA manufacturer filed a lawsuit based on the U.S. False Claims Act.  
The U.S. Government Dept. of Justice (DOJ) participated as a plaintiff in this lawsuit.
- 4) The DOJ also filed a lawsuit relating to BA other than the BA mentioned above.

<Settled Litigation: date of settlement – All cases were settled by agreement>

- The class action by the purchasers: October 2005
- Actions by the injured/deceased persons (product liability cases): 2006 to 2007
- A lawsuit filed by German state governments: February 2009
- Lawsuits filed by manufacturer of bulletproof vests: July 2011 (2) and March 2012

<Progress of litigation>

(As of May 12, 2017)

	Class action	Product liability	Government-related		BA manufacturer			Government-related
Plaintiff	Purchasers	Pennsylvania policeman, etc.	State of Arkansas	U.S. DOJ, et al.	Second Chance Body Armor	Point Blank Solutions	First Choice Armor & Equipment	Two German states
Status	Settled (Oct. 2005)	Settled (Jan. and Nov. 2006, Jan. 2007)	No progress after receipt of claims	Discovery is proceeding.	Settled (Feb 2011)	Settled (July 2011)	Settled (March 2012)	Settled (Feb. 2009)
Number of cases	10	4	1	2	1	1	1	1

## Please Note

The business performance forecasts and targets included in the business plans contained in this presentation are based on information known to the Company's management as of the day of presentation. Please be aware that the content of the future forecasts may differ significantly from actual results, due to a number of unforeseeable factors.