

November 4, 2016

Toyobo terminates textile operations in Brazil

Toyobo Co., Ltd. today announced that it terminated textile operations at its Brazil-based consolidated subsidiary Toyobo do Brasil Ltda. (TBL) on November 3, due to a sluggish market in that South American country. TBL, however, will continue production and sales of bio-products and engineering plastic materials, etc.

Harsh business environment for textiles

Toyobo established a local company in Brazil in 1955, embarking upon textile production and sales with the aim of contributing to the Brazilian economy. The company, which received its present-day name in 2001, operated as an integrated maker, handling spinning, weaving and processing with support from local communities.

In recent years, however, local spinning companies have substantially boosted their production capacities in the Brazilian textile market, which has also seen a surge in the import of foreign apparel products. This situation contributed to imbalance in supply and demand, resulting in considerable drops in yarn and fabric prices.

In the face of such market conditions, TBL strived to improve productivity while shifting its focus to high-value-added products. However, its revenues plummeted due to the stagnant Brazilian economy and a further deterioration in the textile market, prompting the company to scale down production and implement structural reforms in the last few years. Despite these efforts, TBL had no prospects of recovering its income, and thus decided to terminate the textile business.

TBL will continue its production of enzymes, raw materials for the Toyobo Group's bio-product businesses, and try to speedily expand its production of automobile-use engineering plastic materials, which started last year.

Toyobo is currently studying how the termination of textile operations in Brazil will affect its consolidated business performance in the current fiscal year.

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(Reference material)

Outline of Toyobo do Brasil Ltda.

Company name: Toyobo do Brasil Ltda.

Addresses: Headquarters: Praca Toyobo 50, Americana, Sao Paulo, Brazil
Office: Av. Dr. Chucri Zaidan 771, Brooklin, Sao Paulo, Brazil

Founded: January 1949

Capital: 100 percent owned by Toyobo do Brasil Participacoes Ltda., a consolidated subsidiary wholly owned by Toyobo Co., Ltd.

Representative director: President Yukihiro Minamimura (dispatched from Toyobo Co., Ltd.)

Past and current operations: Spinning and weaving, as well as sales of yarns and fabrics; dyeing and processing; production and sales of enzymes and microbial pesticide; and production and sales of engineering plastic materials.

History: January 1949: Brasilana, a predecessor of TBL, established
May 1973: Toyobo Co., Ltd. acquires Brasilana
November 2001: Brasilana renamed to Toyobo do Brasil Ltda.
January 2002: TBL becomes a subsidiary under Toyobo do Brasil Participacoes Ltda., a holding company
August 2015: Engineering plastic materials factory starts operations.