



Ideas & Chemistry

Presentation to Investors



Seiji Narahara
President

Toyobo Co., Ltd.

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(Analysts' Meeting)

Highlights

H1 FY 3/15 Results

- Operating income decreased by 20%.
- In the films business, expenses increased due to the start-up of new production capacity and expansion of new product sales. In addition, conditions in the packaging films business became more difficult because of unseasonable summer weather.
- Further progress was made in expanding sales of new products (including “COSMOSHINE SRF” and “Nerbridge”) and expansion into overseas markets.

FY 3/15 Forecasts

From the third quarter onward, positive effects are expected from the recovery in the films business and expansion in sales of new products. The outlook is for improvement in income, and forecasts for the full fiscal year have been revised as shown in the following slides.

¥ bn.

	FY 3/14					FY 3/15				
			H1	H2		H1		H2 (Forecast)		
	1Q	2Q				Q1	Q2			
Net sales	85.3	89.2	174.5	177.1	351.6	82.9	89.4	172.3	187.7	360.0
Operating income	5.2	6.1	11.3	9.7	21.0	4.0	5.0	9.0	13.0	22.0

I. Results for H1 of FY 3/15

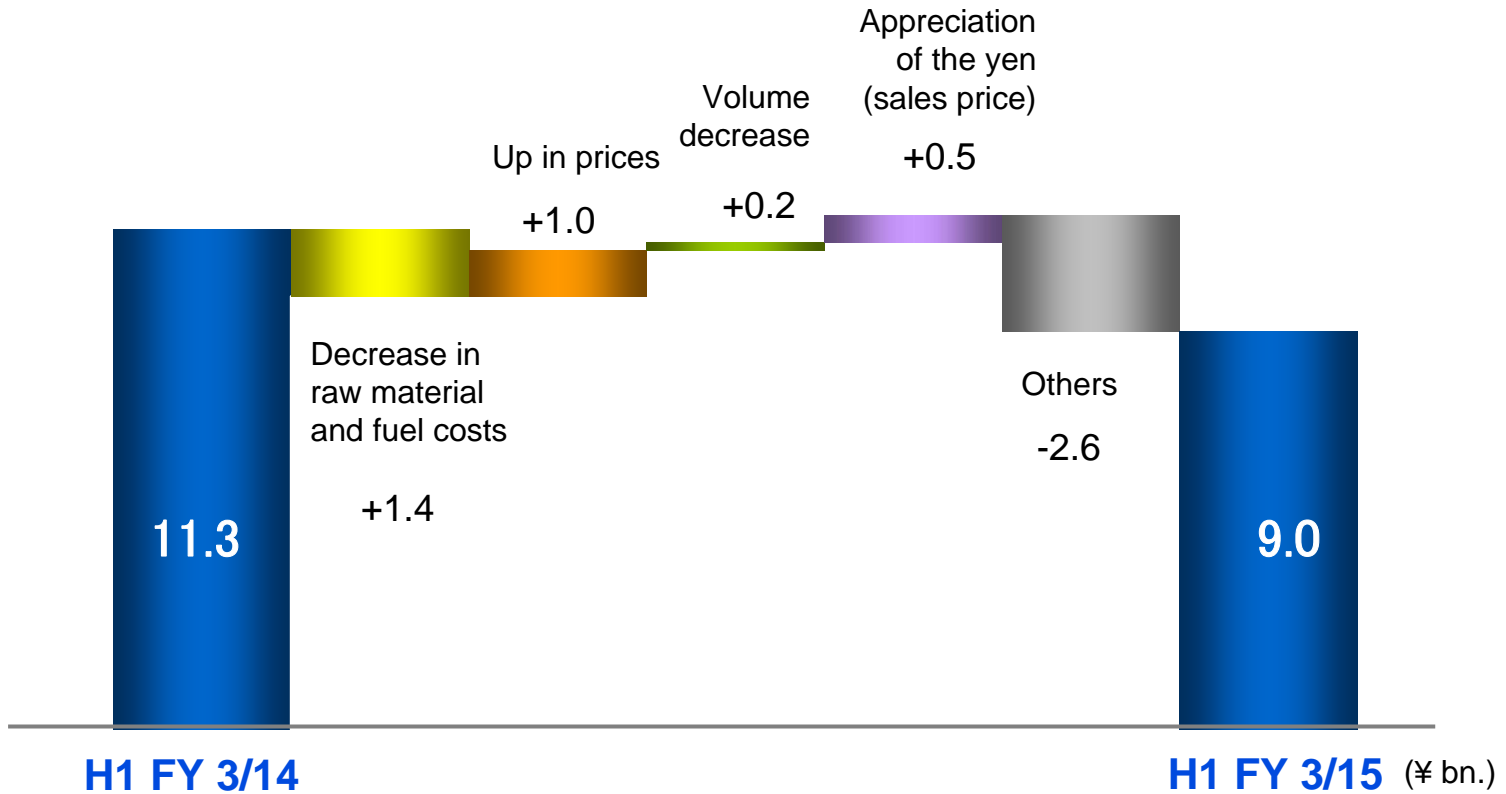
(1) Results for H1 FY 3/15 1)PL.CF

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	H1 FY 3/14	H2 FY 3/14	H1 FY 3/15	YoY		Previous forecasts (Aug. 2014)
				Amount	%	
Net sales	174.5	177.1	172.3	-2.2	-1.2%	175.0
Operating income	11.3	9.7	9.0	-2.2	-19.8%	11.0
Ratio to sales	6.5%	5.5%	5.2%	—	—	
Net income (loss)	5.2	3.0	2.6	-2.6	-49.7%	5.2
EPS (¥)	5.8	3.4	2.9	-	-	5.9
Depreciation	6.8	7.3	7.5	+0.7	+10.7%	
CAPEX	11.0	9.1	8.0	-3.0	-27.2%	
Operating CF	17.0	7.0	8.5	-8.5	-50.0%	
Exchange rate (¥/US\$)	99	101	103			
Naphtha price in Japan (thousand ¥/kl)	65	70	71			

Analysis of Changes in Operating Income

[H1 FY 3/14 → H1 FY 3/15]



	H1 FY 3/14	H1 FY 3/15
Naphtha price in Japan (thousand ¥ /kl)	65	71
Exchange rate (¥/US\$)	99	103

2) BS

¥ bn.

	Mar. 31, 2013	Mar. 31, 2014	Sep. 30, 2014	Change
Total assets	447.4	456.3	451.7	-4.6
Net assets	155.5	145.1	146.6	1.5
Shareholders' equity	138.0	142.3	143.8	1.4
(Equity ratio)	30.8%	31.2%	31.8%	—
Interest-bearing debt	159.4	170.7	171.8	1.1
D/E ratio	1.16	1.20	1.20	—

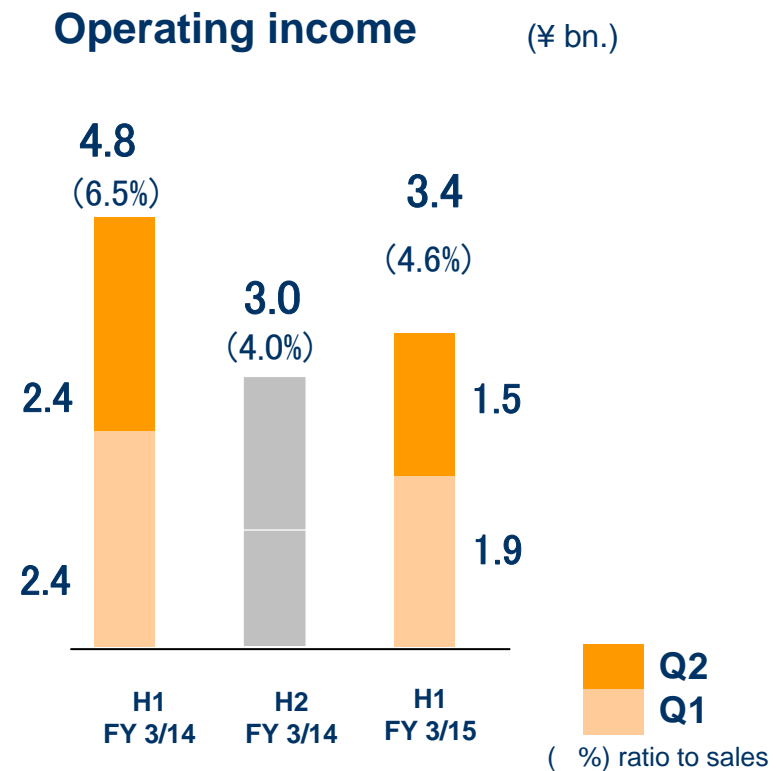
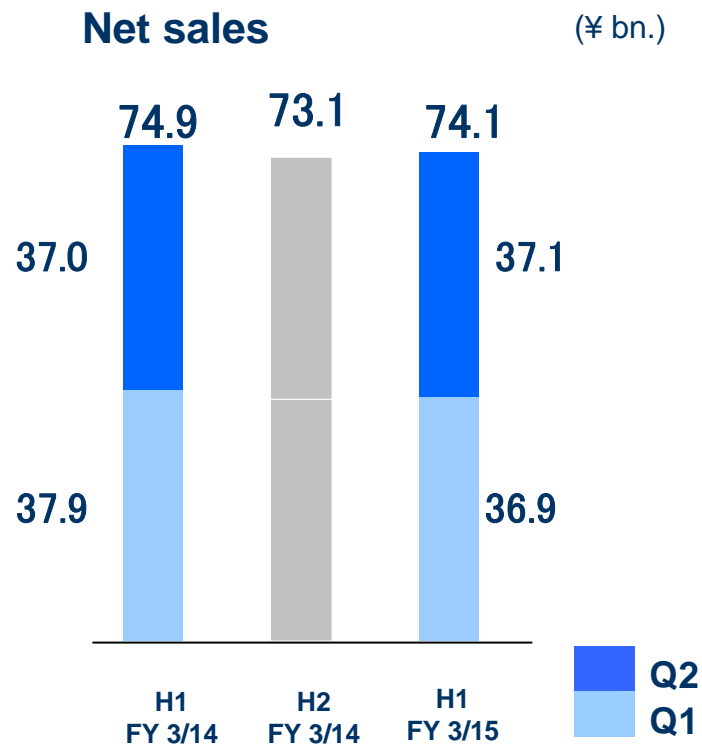
(2) Results by Segment

¥ bn.

	Net Sales			Operating Income		
	H1 FY 3/14	H2 FY 3/14	H1 FY 3/15	H1 FY 3/14	H2 FY 3/14	H1 FY 3/15
Films & Functional Polymers	74.9	73.1	74.1	4.8	3.0	3.4
Industrial Materials	34.7	37.0	32.2	2.3	3.2	2.6
Life Science	13.1	14.3	14.1	2.6	2.5	2.3
Specialty Businesses	122.6	124.4	120.4	9.8	8.6	8.4
Operating income ratio (%)				8.0%	6.9%	6.9%
Textiles	39.7	39.4	38.4	1.8	1.2	0.9
Real Estate and Others	12.1	13.3	13.6	1.4	1.4	1.2
Elimination & Corporate	–	–	–	–1.7	–1.5	–1.4
Total	174.5	177.1	172.3	11.3	9.7	9.0

1) Films & Functional Polymers

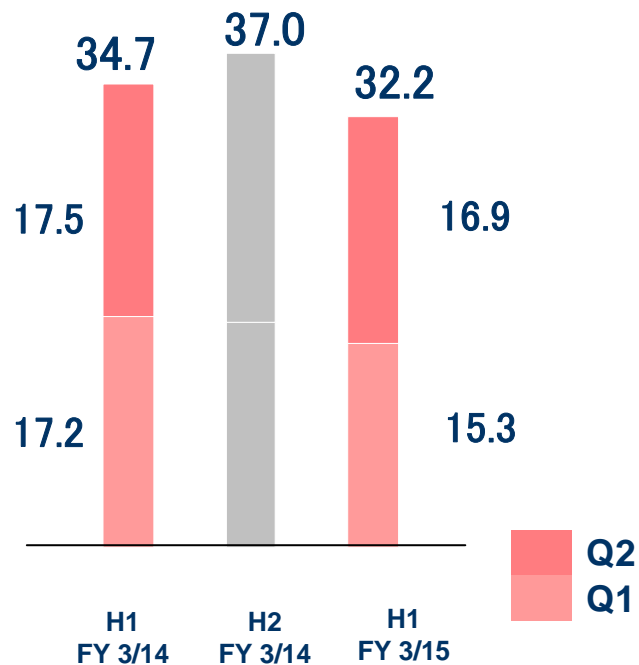
- Expenses increased due to the start-up of new production capacity and expansion of new product sales. Conditions in the packaging films business became more difficult because of unseasonable weather conditions during the summer.



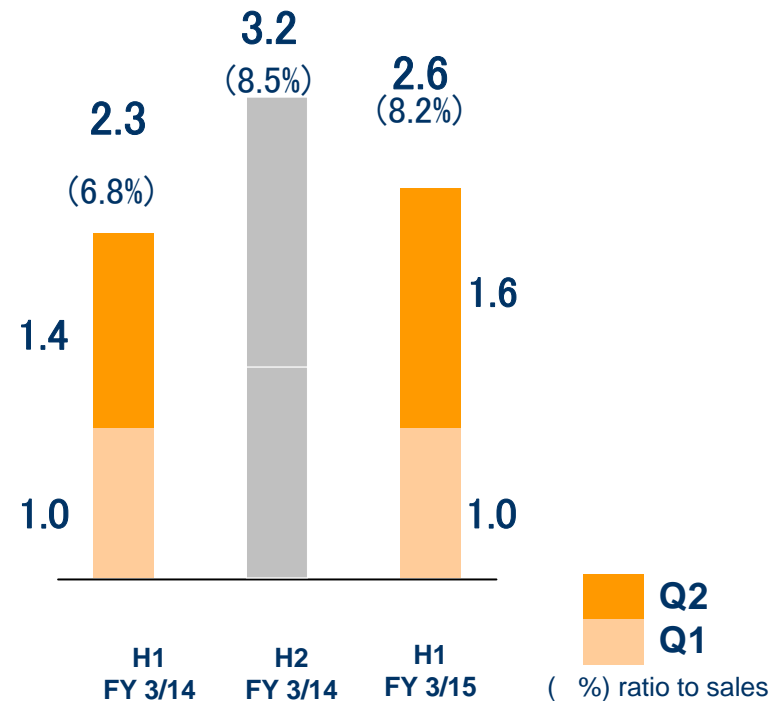
2) Industrial Materials

- Conditions in the airbag fabrics business deteriorated because of higher materials costs, but performance of functional cushion materials and non-woven fabrics for automobile and civil engineering construction was favorable.

Net sales (¥ bn.)



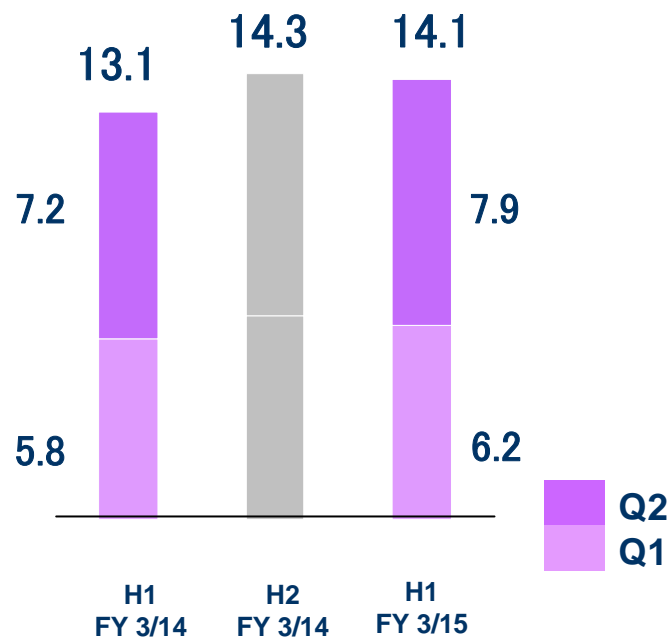
Operating income (¥ bn.)



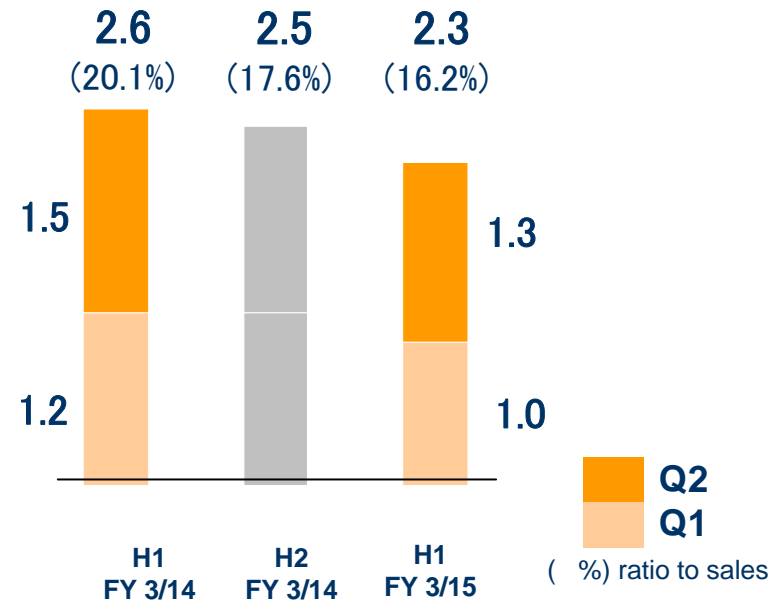
3) Life Science

- In the contract manufacturing of pharmaceuticals business, postponement of overseas market development had an adverse impact, but sales of diagnostic enzymes in Japan and overseas were favorable.
- Steady progress in developing “Nerbridge” sales

Net sales (¥ bn.)

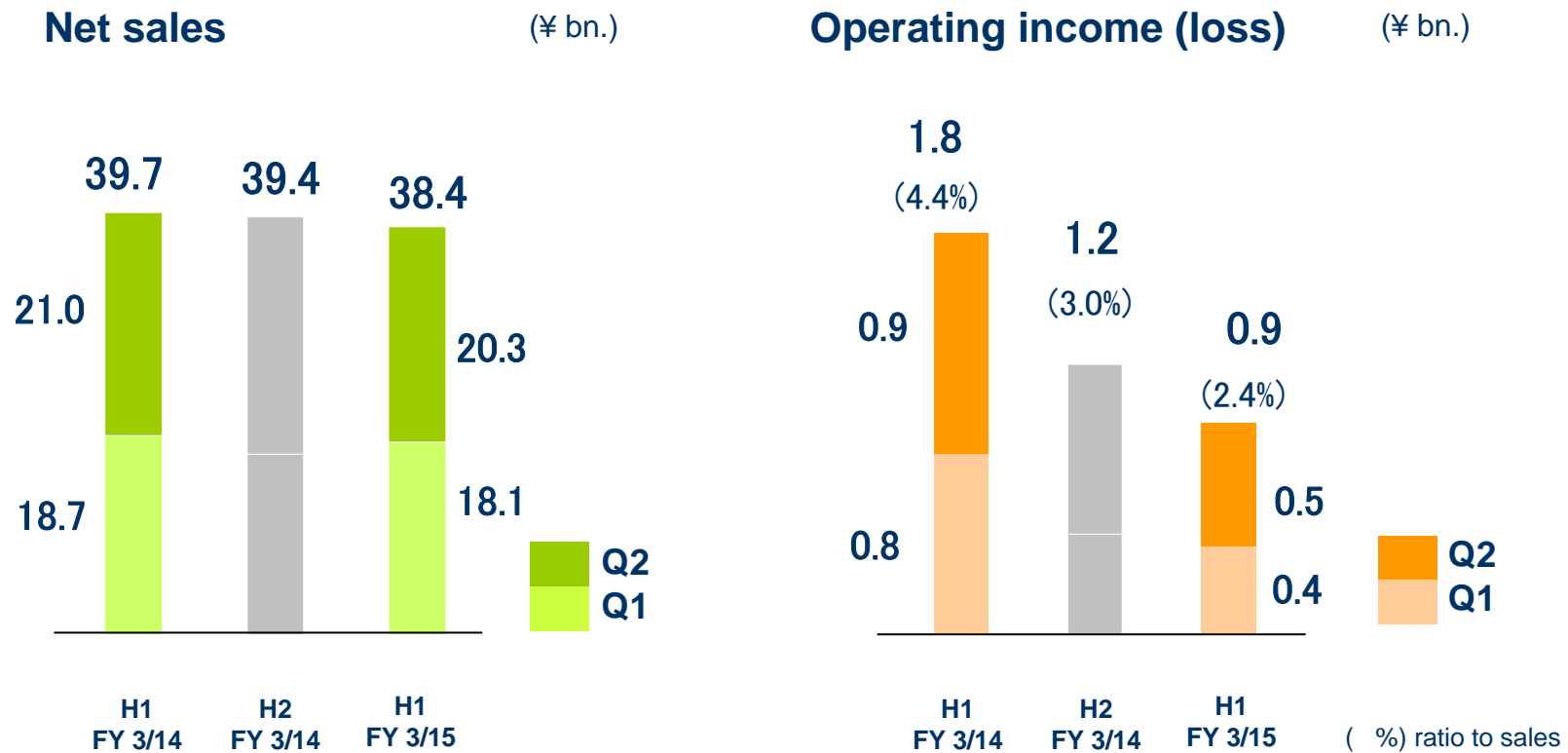


Operating income (¥ bn.)



4) Textiles

- Decrease in sales to the Middle East because of inventory adjustments in the distribution channels. Acrylic fiber sales were adversely affected by weakening of market conditions in China and higher material costs.



II. Forecasts for FY 3/15

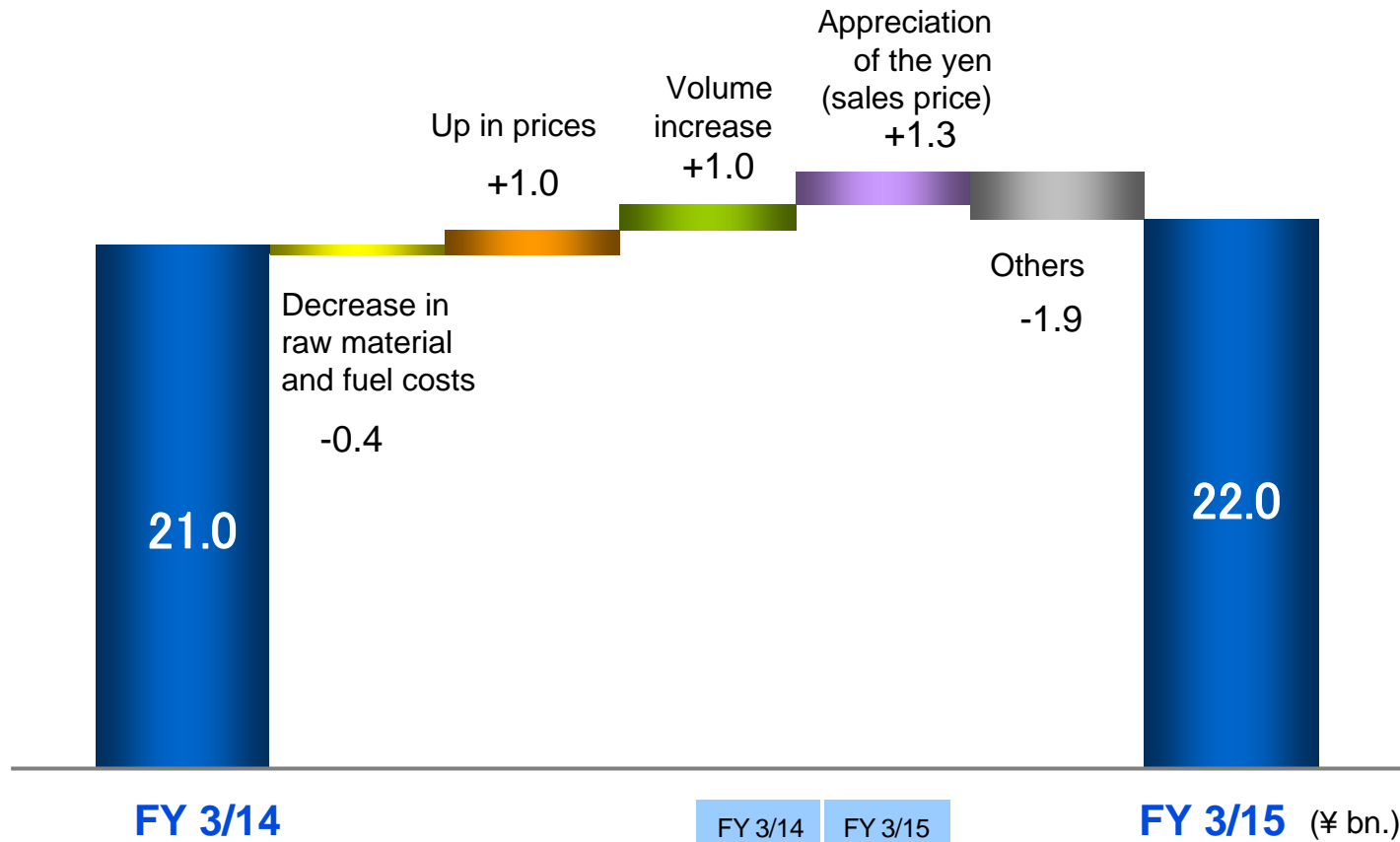
(1) Forecasts for FY 3/15

¥ bn.

	FY 3/14	FY 3/15 (Forecasts)			Change	
		H1	H2		Amount	%
Net sales	351.6	172.3	187.7	360.0	+8.4	+2.4%
Operating income	21.0	9.0	13.0	22.0	+1.0	+4.7%
Ratio to sales	6.0%	5.2%	6.9%	6.1%	—	—
Net income	8.2	2.6	5.9	8.5	+0.3	+4.2%
EPS (¥)	9.2	2.9	6.6	9.6	—	—
Depreciation	14.0	7.5	7.5	15.0	+1.0	+6.9%
Capital expenditures	20.1	8.0	10.0	18.0	-2.1	-10.3%
Exchange rate (¥/US\$)	100	103	108	106		
Naphtha price in Japan (thousand ¥/kl)	67	71	66	68		

Analysis of Changes in Operating Income

[Forecasts: FY 3/14 → FY 3/15]



	FY 3/14	FY 3/15
Naphtha price in Japan (thousand ¥/kl)	67	68
Exchange rate (¥/US\$)	100	106

(2) Forecasts by Segment

¥ bn.

	Net sales				Operating income				
	FY 3/14	FY 3/15 (Forecast)			FY 3/14	FY 3/15 (Forecast)			
		H1	H2			Q2	H1	H2	
Films & Functional Polymers	148.0	74.1	78.9	153.0	7.8	2.6	3.4	4.6	8.0
Industrial Materials	71.7	32.2	39.8	72.0	5.5	1.6	2.6	3.9	6.5
Life Science	27.3	14.1	16.4	30.5	5.1	1.2	2.3	3.5	5.8
Specialty Businesses	247.0	120.4	135.1	255.5	18.4	5.4	8.4	12.0	20.3
					7.5%	9.0%	6.9%	8.9%	8.0%
Textiles	79.1	38.4	39.6	78.0	3.0	0.1	0.9	1.3	2.2
Real Estate and Others	25.4	13.6	12.9	26.5	2.7	0.7	1.2	1.3	2.5
Elimination & Corporate	–	–	–	–	–3.1	–0.9	–1.4	–1.6	–3.0
Total	351.6	172.3	187.7	360.0	21.0	5.4	9.0	13.0	22.0

III. Progress of Medium-Term Plan

(FY 3/15-FY 3/18)

Strategic Actions

1. Overseas Business

- Expanded production capacity for supplying reverse osmosis membranes to desalination plants in Saudi Arabia
- Established an engineering plastics subsidiary in Mexico

2. New Products

- “COSMOSHINE SRF”
super retarder polyester film
- “Nerbridge”
conduits for nerve regeneration
- “SPACECLEAN,”
a new type of shrink films



3. Asset Efficiency

- Merger of polyolefin cast films production with another company (Scheduled for January 2015)
Tsuruga Film Co., Ltd. will merger with a subsidiary of DIC Corporation and become Cast Film Japan Co., Ltd. (Ownership: Toyobo: 50%, DIC: 50%)
- Strengthening the polyester raw material supply chain (Scheduled for March 2015).
Polyester raw material (PTA) to be procured on a discretionary basis

New Products: “COSMOSHINE SRF”

Furthering Development of Polarizer Protective Films for LCDs

■ Strengths:

Price competitiveness (polyester, melting method membranes)
Usable without equipment enhancements
Low moisture permeability

■ Progress in marketing:

Expanding sales to manufacturers of polarizer plates for TV use

- One company in South Korea:
Sales growing as the number of models adopting expands
- Two companies in Taiwan:
Began full-scale shipments in May and sales now growing
- Two leading companies:
Considering use of “COSMOSHINE SRF” and shipments have begun to some plants



48-inch TV model sold in Korea's domestic market
(Manufactured in February 2014)

New Products: “Nerbridge”

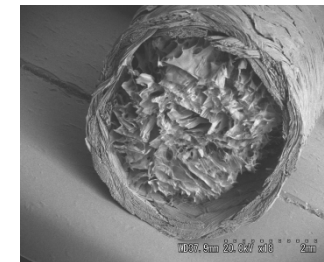
Further Development of Japan’s First Nerve Regeneration Conduits

■ Features:

- Efficacy on the same level as nerve autografts
- Usable length (5cm) longest in world (vs. 2cm in U.S.)
- Materials dissolve and are absorbed in the body
- Usable in primary emergency hospitals

■ Progress to date:

- Sales development proceeding according to plans
- Number of medical facilities using “Nerbridge” and instances of application are growing steadily
- Increasing use in treatment of facial and torso nerves
Many cases of recovery reported



IV. 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 Nov 5 2014)

	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 (July 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.