

TOYOBO Co., Ltd. Q&A Summary for the Presentation Regarding Financial Results for Q1 FY 3/25

Date and Time: Friday, August 9, 2024 at 9:00 - 9:45 a.m. (Japan Standard Time)

Place: WEB Conference

Presenter: Taizo Ono, CFO

Future earnings forecasts and other forward-looking statements in this release are based on data currently available to manage and cannot be guaranteed by the Company. Actual business performance, etc. may differ from the forecasts due to various factors.

Q: What were the Q1 results and what is the full-year forecast for “COSMOSHINE SRF” (SRF)?

A: In Q1, sales increased by a few percent year on year, but the full-year performance is expected to be level with the previous fiscal year (net sales basis).

Q: What were the Q1 results and what is the full-year forecast for mold releasing film for multilayer ceramic capacitors (MLCC)?

A: In Q1, sales were up by approximately 15% year on year, and for the full year, an increase in sales of approximately 20% year on year is expected (net sales basis).

Q: Has the Company made progress in price pass-through for industrial film? Will prices be raised to reflect rising costs other than the increased raw material and fuel costs?

A: We have traditionally set the prices for industrial film on the presumption that it is a high value-added product. Therefore, raising its prices on the grounds of a rise in raw material and fuel costs has been difficult. However, product price revisions, mainly for SRF and MLCC, have progressed. Going forward, we are proceeding to raise prices, including even logistics costs, etc.

Q: Regarding packaging film, are foreign products continuing to enter the market?

A: Foreign products have entered the market, but there has not been a further increase and they have remained at a constant percentage.

Q: Profit in the Life Science business segment has fallen year on year in Q1. What are the primary factors? Compared to Q1, is profit expected to recover in Q2 onward?

A: This was mainly due to an increase in costs, including depreciation and start-up costs for new facilities. We expect a recovery in Q2 onward due to the contribution of the new facilities and other factors.

Q: One year has now passed since TOYOBO MC Corporation, a joint venture between Toyobo and Mitsubishi Corporation, was established. Are synergies being realized?

A: Approaches that leverage the Mitsubishi Corporation network are increasing steadily. We plan to accelerate joint operations in order to realize such synergies concretely in terms of revenue at an early stage.

Q: Operating profit in Q1 for the Environmental and Functional Materials business segment indicates progress is slowing compared with the second half of FY 3/24. What is the reason for that? Will there be a recovery in the second half of FY 3/25?

A: Sales fell in Q1 compared with the second half of FY 3/24 mainly due to the shipping timing for environmental solutions. Furthermore, there was also the impact of the costs for the new polymerization equipment at Iwakuni Production Center and other factors. For the full-year forecast, it appears that there will be a recovery due to an expansion in sales for automobiles and electronics materials, as well as due to improved profitability of the nonwoven materials business, which is proceeding with structure reforms.

Q: For airbag fabric, will there be a return to profitability?

A: Although earnings have improved, profitability has not been achieved. The reason for this is a delay in certification of the items manufactured at the yarn plant in Thailand. We planned to acquire certification and start sales at the end of FY 3/24. However, this is expected to be pushed back until the second half of FY 3/25.

Q: For textiles, demand in Q1 appears to be weak. Have earnings improved? What are the causes for that? Will the Company be able to ensure profitability for the full year?

A: Although textiles is usually a business with stronger performance in the second half of the fiscal year, earnings improved due to the consolidation of domestic production sites and other business structure reforms in Q1, as well as due to an increase in sales of traditional Arabic fabric, a mainstay product, and the effect of the yen depreciation. Profitability is also expected for the full year.

Q: In the full year forecast of the analysis in changes in operating profit, the volume factor has been revised upward from the initial forecast. In which businesses do you expect to see an increase?

A: In light of current demand trends, we have mainly upwardly revised the figure for the Films business segment.