



August 6, 2020

# Presentation to Investors



Catalyzing the Unimagined

想像を越える化学反応を。



# TOYOBO CO., LTD.

# Agenda

**I . Results for Q1 of FY 3/21**

**II . Forecasts for FY 3/21**



# I . Results for Q1 of FY 3/21

# Highlights

## Q1 FY 3/21 Results

- ◆ Sales and operating profit decreased as the impact of the spread of COVID-19 on automotive-related products and textiles was significant.
- ◆ Sales of ¥75.5 bn. (down 6.7%), operating profit of ¥4.4 bn. (down 16.7%)
- ◆ Within this difficult business environment, the films business continued to perform strongly.

(¥ bn.)

	FY 3/20	FY 3/21	YOY
	Q1	Q1	
Net sales	80.8	75.5	- 6.7%
Operating profit	5.2	4.4	- 16.7%
Profit attributable to owners of parent	1.7	1.8	+5.6%

# Results for Q1 FY 3/21 PL

(¥ bn.)

	FY 3/20	FY 3/21	YOY	
	Q1	Q1	Amount	%
<b>Net sales</b>	<b>80.8</b>	<b>75.5</b>	<b>- 5.4</b>	<b>- 6.7%</b>
<b>Operating profit</b>	<b>5.2</b>	<b>4.4</b>	<b>- 0.9</b>	<b>- 16.7%</b>
<b>(Ratio to sales)</b>	<b>6.5%</b>	<b>5.8%</b>	<b>-</b>	<b>-</b>
<b>Ordinary profit</b>	<b>4.3</b>	<b>2.8</b>	<b>- 1.6</b>	<b>- 36.3%</b>
<b>Extraordinary income and losses</b>	<b>- 1.7</b>	<b>- 0.4</b>	<b>+1.4</b>	<b>-</b>
<b>Profit attributable to owners of parent</b>	<b>1.7</b>	<b>1.8</b>	<b>+0.1</b>	<b>+5.6%</b>
<b>EBITDA*</b>	<b>9.1</b>	<b>8.8</b>	<b>- 0.3</b>	<b>- 3.7%</b>
<b>EPS(¥)</b>	<b>18.8</b>	<b>19.9</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>	<b>3.9</b>	<b>4.5</b>	<b>+0.5</b>	<b>+13.7%</b>
<b>CAPEX</b>	<b>7.0</b>	<b>6.1</b>	<b>- 0.9</b>	<b>- 12.5%</b>

Exchange rate (¥/US\$)

110

108

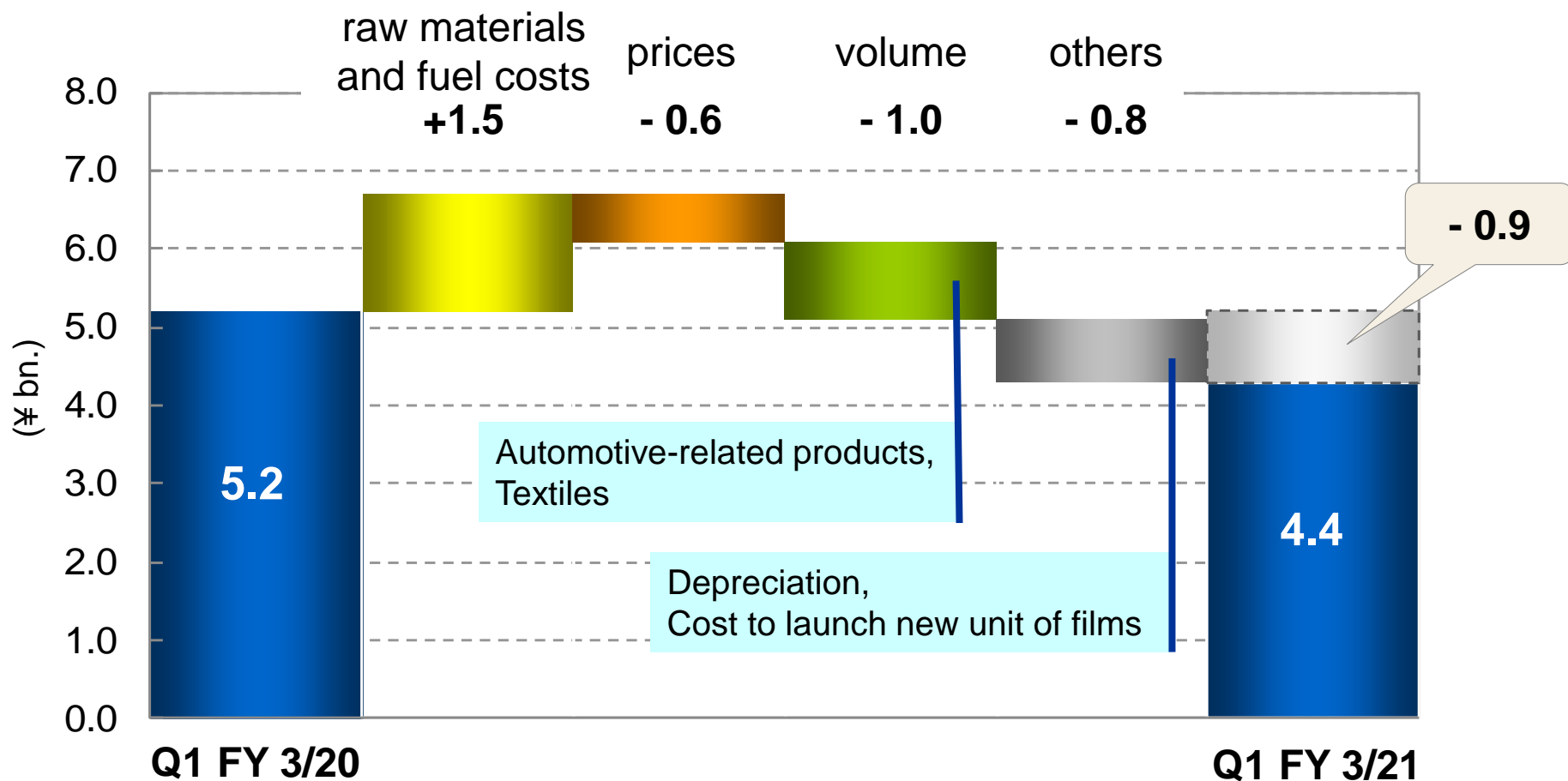
Naphtha price in Japan (thousand¥/kl)

45

26

\* Operating profit + Depreciation (includes goodwill)

# Analysis in Changes in Operating Profit



	FY 3/20 Q1	FY 3/21 Q1
Exchange rate (¥/US\$)	110	108
Naphtha price in Japan (thousand¥/kl)	45	26

# Results for Q1 FY 3/21 BS

(¥ bn.)

	Mar. 31, 2020	June 30, 2020	YOY
<b>Total assets</b>	<b>488.9</b>	<b>492.9</b>	<b>+4.0</b>
<b>Cash and deposits</b>	<b>25.2</b>	<b>34.4</b>	<b>+9.2</b>
<b>Inventories</b>	<b>80.6</b>	<b>84.6</b>	<b>+3.9</b>
<b>Non current assets</b>	<b>282.5</b>	<b>285.7</b>	<b>+3.3</b>
<b>Net assets</b>	<b>182.6</b>	<b>182.0</b>	<b>- 0.6</b>
<b>Shareholder's equity</b>	<b>177.9</b>	<b>177.4</b>	<b>- 0.5</b>
<b>(Retained earnings)</b>	<b>61.9</b>	<b>60.2</b>	<b>- 1.8</b>
<b>Non-controlling interests</b>	<b>4.7</b>	<b>4.6</b>	<b>- 0.1</b>
<b>Interest-bearing debt</b>	<b>175.1</b>	<b>192.7</b>	<b>+17.6</b>
<b>D/E ratio</b>	<b>0.98</b>	<b>1.09</b>	<b>-</b>
<b>Net D/E ratio*</b>	<b>0.84</b>	<b>0.89</b>	<b>-</b>

\* (Interest-bearing debt – Cash and deposits) / Shareholder's equity

# Results by Segment

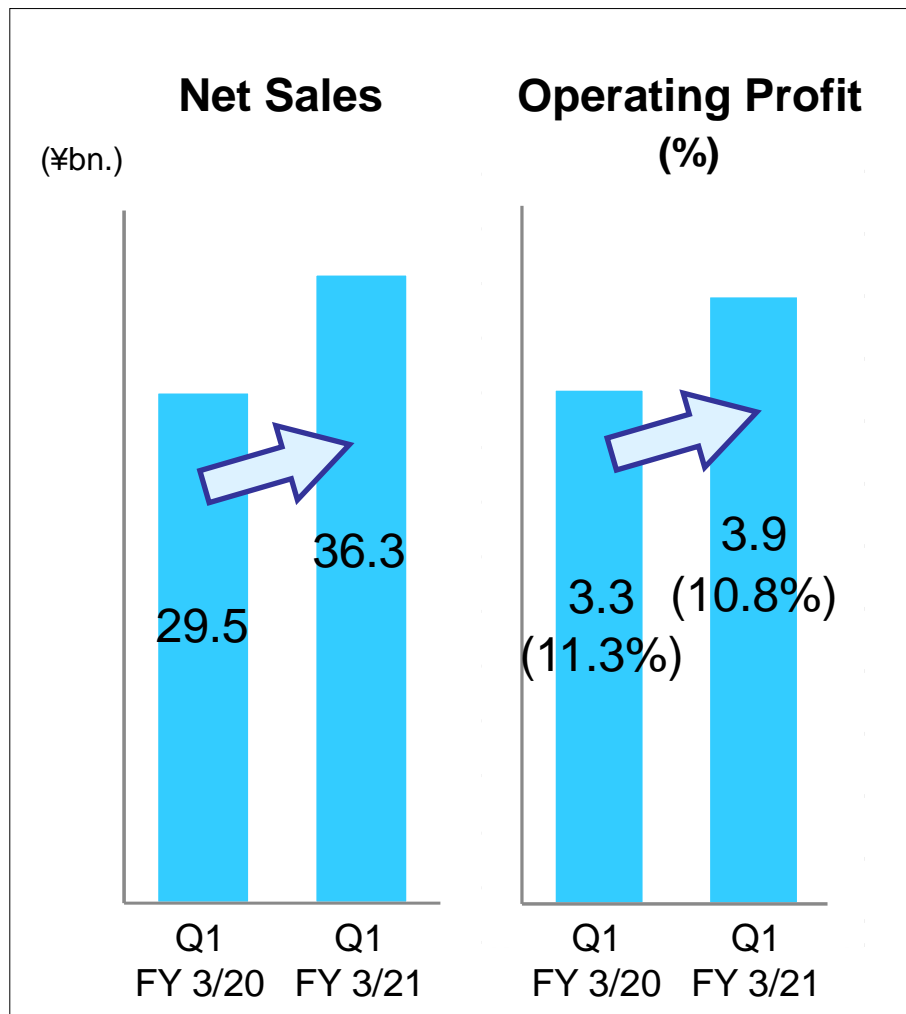
(¥ bn.)

	Net sales		Operating profit (loss)		
	FY 3/20 Q1	FY 3/21 Q1	FY 3/20 Q1	FY 3/21 Q1	YOY
Films and Functional Materials	29.5	36.3	3.3	3.9	+0.6
Mobility	11.7	6.8	0.3	-0.7	- 1.0
Lifestyle and Environmental	30.7	22.9	0.9	0.3	- 0.5
Life Science	6.0	6.3	0.9	1.0	+0.1
Real Estate and Others	2.9	3.1	0.6	0.5	- 0.1
Elimination & Corporate	-	-	- 0.8	- 0.7	+0.1
<b>Total</b>	<b>80.8</b>	<b>75.5</b>	<b>5.2</b>	<b>4.4</b>	<b>- 0.9</b>

From the first quarter of this fiscal year, the Group changed its reporting segment classification in conformity with the changes of the Group's internal organizational structure (see p.24).



# Films and Functional Materials



## ● Packaging film

- Strong shipments due to special demand from people staying at home and rising eco-consciousness.

## ● Industrial film

- Expansion of sales of polarizer protective films for LCDs “COSMOSHINE SRF,” mainly for large TVs.
- Mold releasing film “COSMOPEEL” for automotive applications was affected by production adjustments.

## ● Functional materials

- Industrial adhesives “Vylon” and adhesion promoter for polyolefin “HARDLEN” were sluggish for automotive applications.

# Films and Functional Materials: Topics

## “COSMOSHINE SRF”

- In Q1, sales increased by approx. 20%.
- Start mass production of new unit from July 2020. Expecting approx. 1.5-fold increase in production capacity.
- Expansion of share due to superior water resistance and durability.

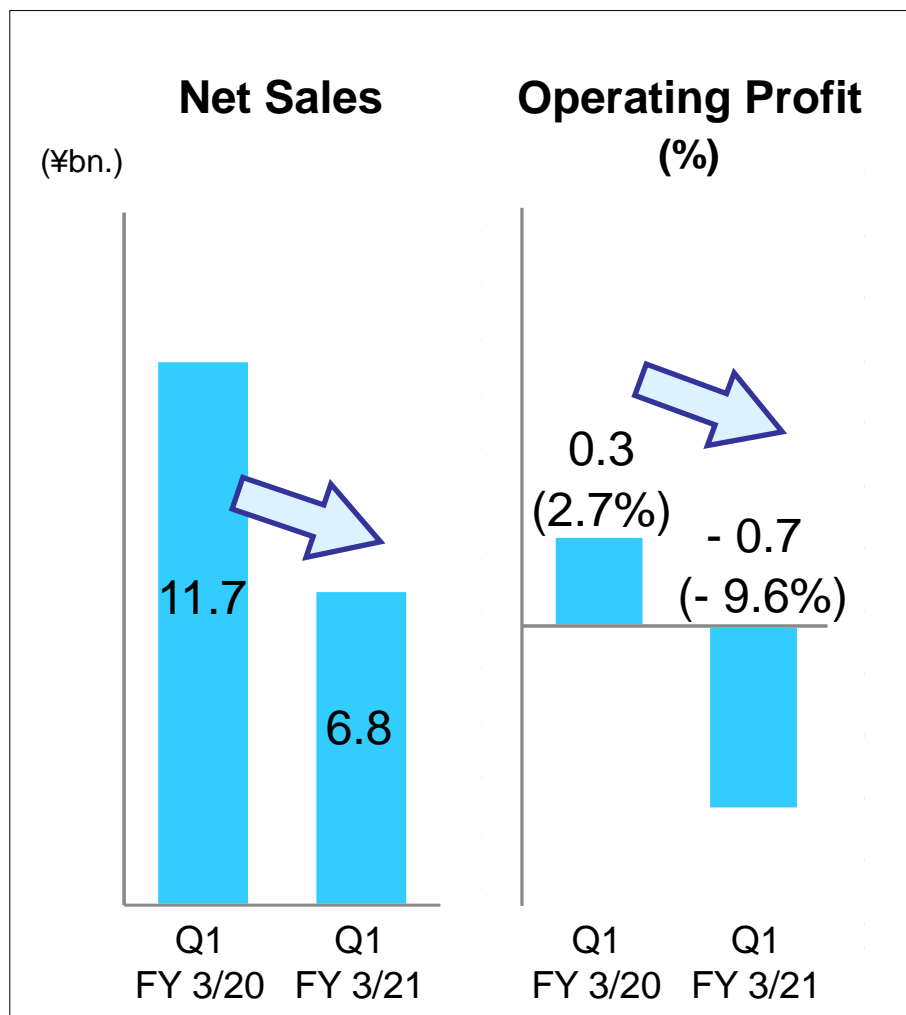


## Environmentally conscious packaging film

- “CYCLE CLEAN”, film with 80% recycled resin, “SPACECLEAN”, film for beverage labels with half of the conventional thickness, etc.
- In Q1, sales increased by approx. 4%. Approx. 18% of net sales within packaging films.



# Mobility



## ● Airbag fabrics

- Sales declined significantly in the United States and Thailand.

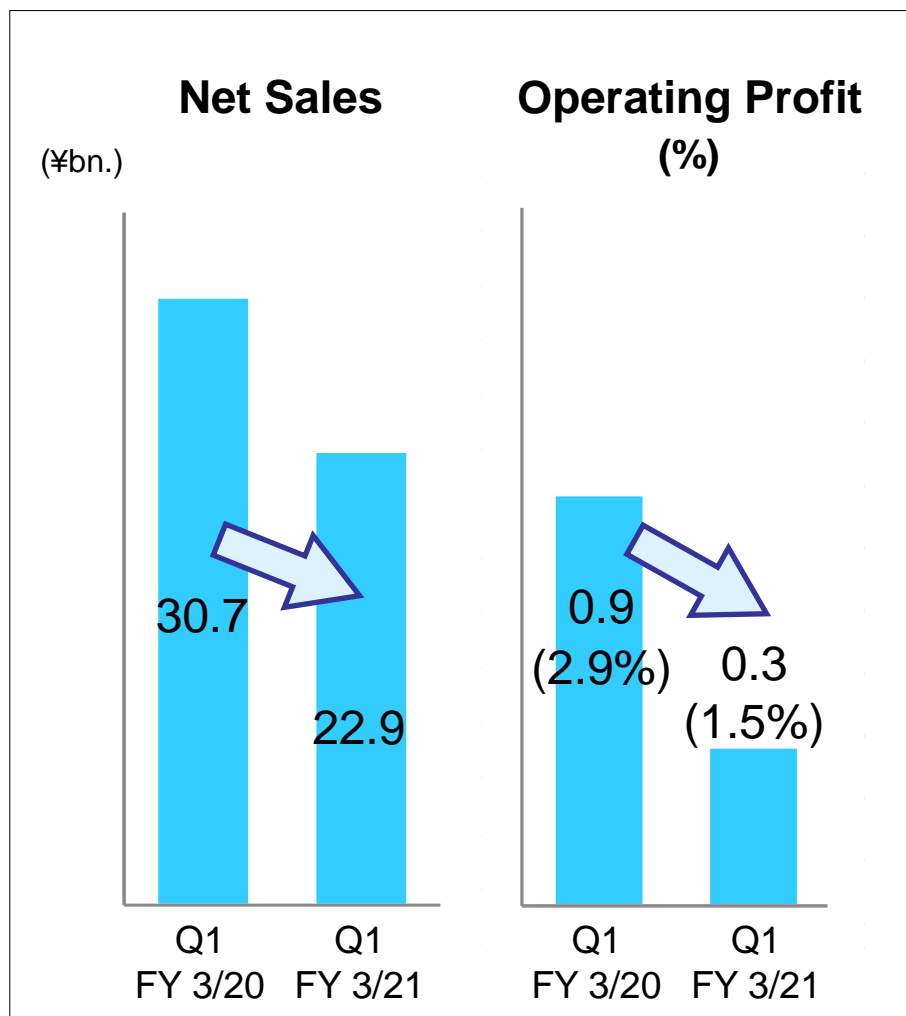
## ● Engineering plastics

- Affected by the impact of the production curtailment of automobiles.

## ● Mobility solution

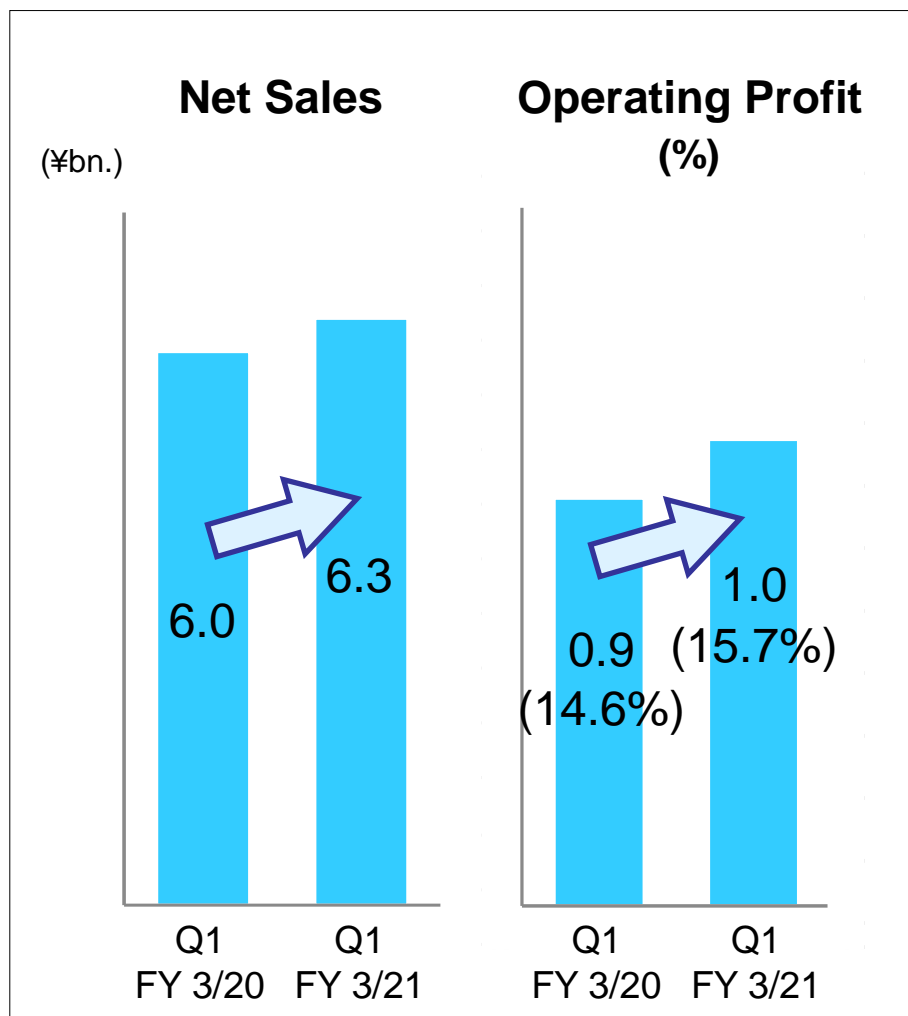
- Marketing activities started across the entire company with the aim of creating new mobile spaces.

# Lifestyle and Environmental



- **Environmental solutions**
  - Shipment of VOC emissions treatment equipment lagged behind due to the stagnation of corporate activities.
- **Nonwoven fabrics**
  - Spunbond for automotive applications and filters for office machinery struggled.
- **Functional fiber materials**
  - Polyester staple fibers for use in hygiene products and “BREATHAIR” for bedding applications were strong.
  - Demand of “Tsunoooga” for gloves for plant operation decreased.
- **Textiles**
  - Orders drastically decreased due to sluggish store sales.

# Life Science



## ● Biotechnology

- Sales of raw materials for reagents for genetic testing and reagents for research increased significantly due to the spread of COVID-19.
- Demand for raw materials for diagnostic reagents and general testing stagnated.

## ● Medical materials

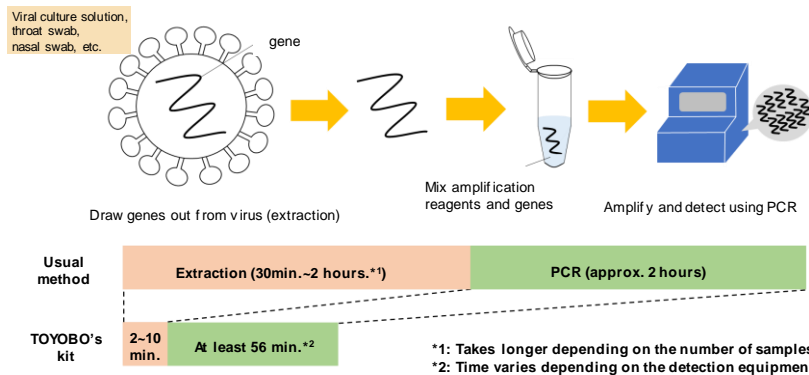
- Sales of “Nerbridge” etc. were sluggish.
- Shipment of membranes for hemodialysis and hemodiafiltration were strong.

# Life Science: Topics

## Reagent and kit for genetic testing

### - Detection kit for COVID-19 using PCR testing

- Able to detect and measure using saliva as a sample in a minimum of just over 60 minutes.
- Falls under National Health Insurance (as of June 2).



### - Reagents for genetic testing of COVID-19 for the fully automatic gene analyzing system "GENECUBE"

- Automatic from the mixing of samples and reagents until amplification and detection.
- Reducing workload of testers, reducing risk of infection.
- Obtained approval for manufacturing and sales (as of July 2).



# Measures against COVID-19

**TOYOBO Group's top priority has been the safety and wellbeing of our employees and their families, with the primary goal of protecting both society and the Company. We are also making a positive contribution through our products and services.**

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## Employees

- Implemented robust infection prevention and control measures.
- Encouraged home-based working and staggered working hours.
- Less than 30% of employees going to the office for the time being (Head office and Branches).

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## Plants and production activities

- Flexible inventory and production adjustments.
- Operation under BCP procedures.

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## Finance

- Securing cash on hand. Cash and deposits of ¥34.4 bn. (increase of ¥9.2 bn. compared to the end of the previous fiscal year)
- OC100 (Overcome Corona 100)  
Review period for non-urgent cashing out and lower inventories.
- Credit facility commitments: the total unused credit of ¥17.5 bn.

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## Contribution through our business

- Development, production and sale of reagents and kits for PCR testing, and donation to local governments.
  - Production and sale of filter material, material for face mask and material for face shield for medical application.
  - Donation of protective clothing that uses airbag fabrics to local governments.
-



## II. Forecasts for FY 3/21



# Forecasts for FY 3/21

(¥ bn.)

	FY 3/20	FY 3/21	YOY	
<b>Net sales</b>	<b>339.6</b>	<b>330.0</b>	<b>- 9.6</b>	<b>- 2.8%</b>
<b>Operating profit</b>	<b>22.8</b>	<b>20.0</b>	<b>- 2.8</b>	<b>- 12.3%</b>
<b>(Ratio to sales)</b>	<b>6.7%</b>	<b>6.1%</b>	<b>-</b>	<b>-</b>
<b>Ordinary profit</b>	<b>18.0</b>	<b>14.0</b>	<b>- 4.0</b>	<b>- 22.4%</b>
<b>Profit attributable to owners of parent</b>	<b>13.8</b>	<b>7.0</b>	<b>- 6.8</b>	<b>- 49.2%</b>
<b>EPS (¥)</b>	<b>155.1</b>	<b>78.8</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>	<b>17.0</b>	<b>18.8</b>	<b>+1.8</b>	<b>+10.6%</b>
<b>CAPEX</b>	<b>36.4</b>	<b>26.5</b>	<b>- 9.9</b>	<b>- 27.3%</b>

Exchange rate (¥/US\$)

109

108

Naphtha price in Japan

43

32

(thousand¥/kl)

# Assumptions for forecasts

(1) Economic outlook:

- ① The spread of COVID-19 will surpass the peak by the end of Q2.
- ② Economy will recover at a moderate pace from Q3 onward.  
(variations in countries and regions)

(2) Automotive production:

Recover gradually from Q2 after Q1 bottoming out.

- Sales of automotive related businesses of the Group will decrease approx. 30% YOY

(3) Textiles:

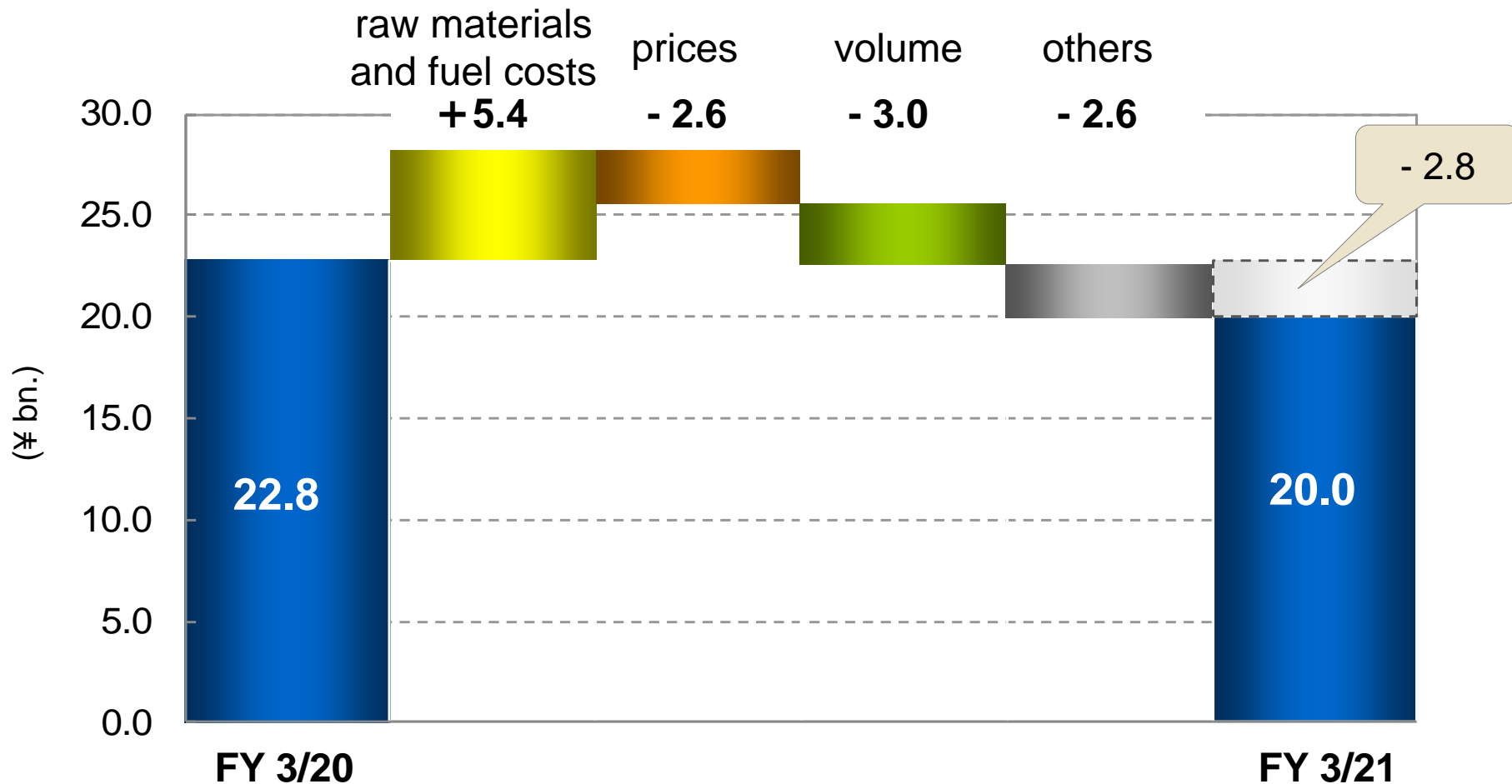
Even with Q1 bottoming out, slow pace of economic recovery.

- Sales of textile businesses of the Group will decrease approx. 30% YOY

(4) Trends in raw material and fuel costs:

Slight recovery in prices following the bottoming out of the global economy.

# Analysis in Changes in Operating Profit



	FY 3/20	FY 3/21
Exchange rate (¥/US\$)	109	108
Naphtha price in Japan (thousand¥/kl)	43	32

# Forecasts by Segment

(¥ bn.)

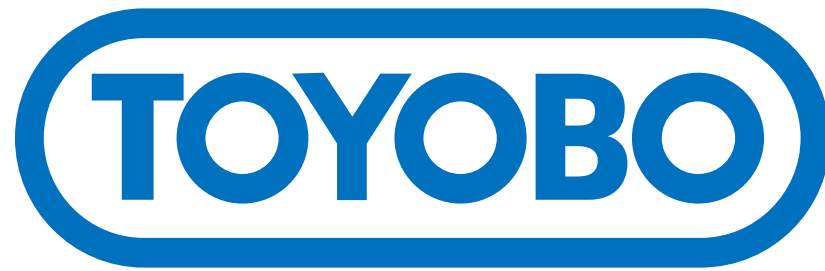
	Net sales		Operating profit (loss)		
	FY 3/20	FY 3/21	FY 3/20	FY 3/21	YOY
	result	forecasts	result	forecasts	
<b>Films and Functional Materials</b>	125.0	152.0	14.5	15.9	+1.4
<b>Mobility</b>	46.5	33.0	- 0.6	- 2.0	- 1.4
<b>Lifestyle and Environmental</b>	128.0	103.0	5.9	3.4	- 2.5
<b>Life Science</b>	25.5	28.0	3.8	4.0	+0.2
<b>Real Estate and Others</b>	14.6	14.0	2.6	2.1	- 0.5
<b>Elimination &amp; Corporate</b>	-	-	- 3.4	- 3.4	+0.0
<b>Total</b>	<b>339.6</b>	<b>330.0</b>	<b>22.8</b>	<b>20.0</b>	<b>- 2.8</b>

# 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.

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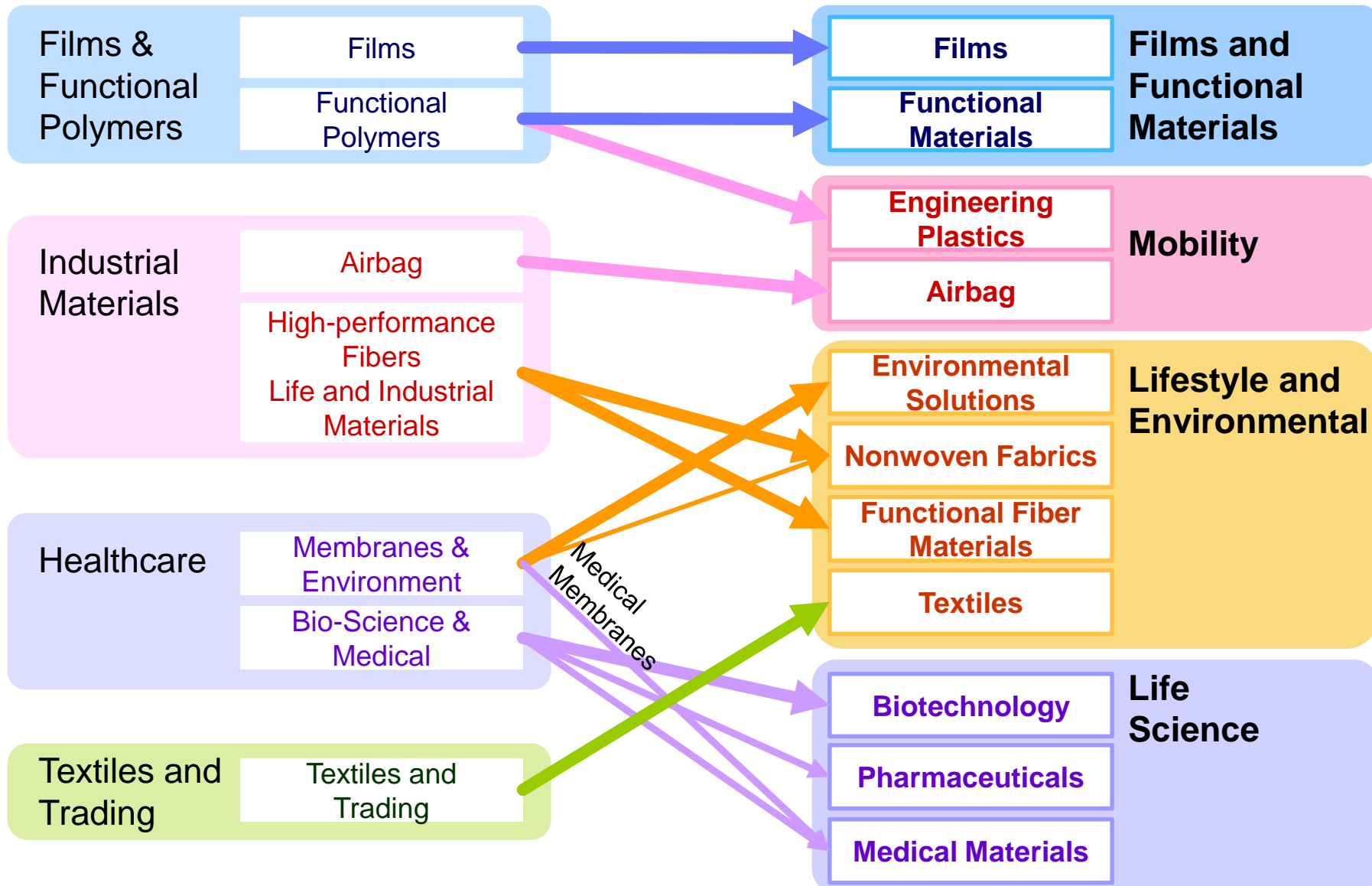
# Appendix

For medium-to long-term growth

# Toward solution-based business management

FY 3/20

After FY 3/20





# Identifying Materiality

## Basic preconditions to materiality

Corporate governance

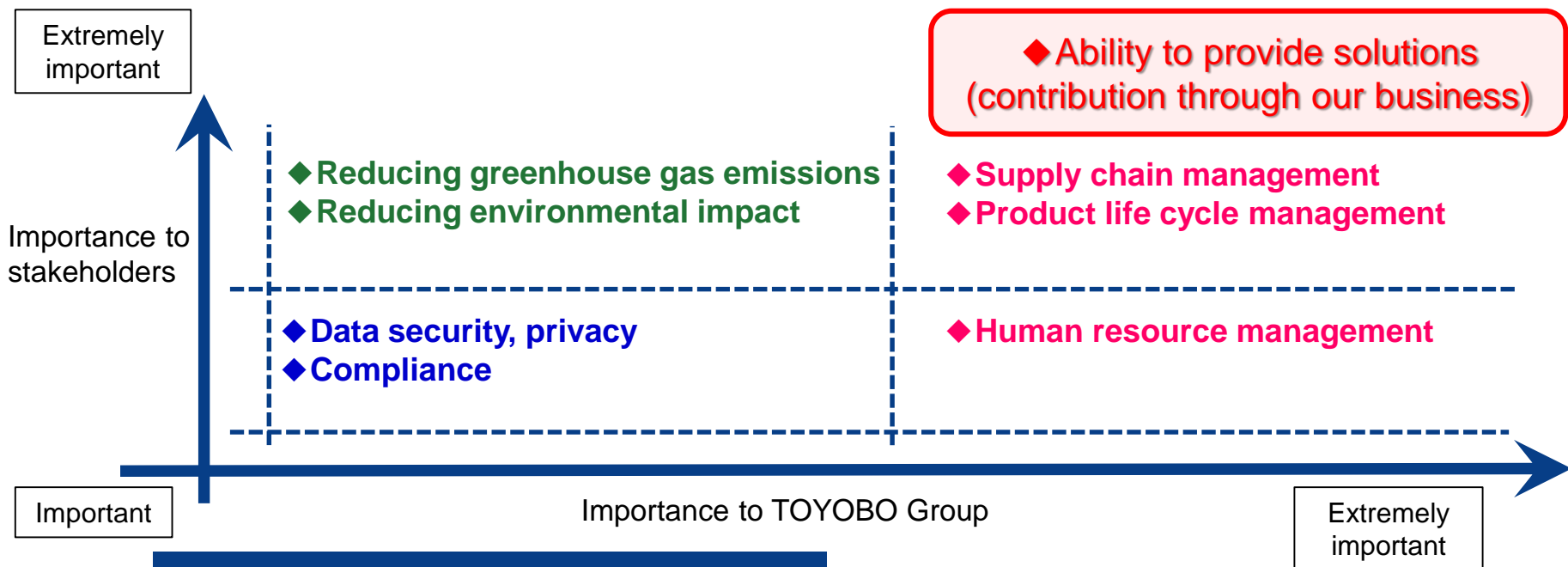
Respect for human rights

Safety, disaster prevention, quality

### Continuing to be a Group that

### “creates the solutions needed by people and the earth”

**Innovation based on responsibility for the future:  
Realizing clean technology, high QOL, and future mobility**

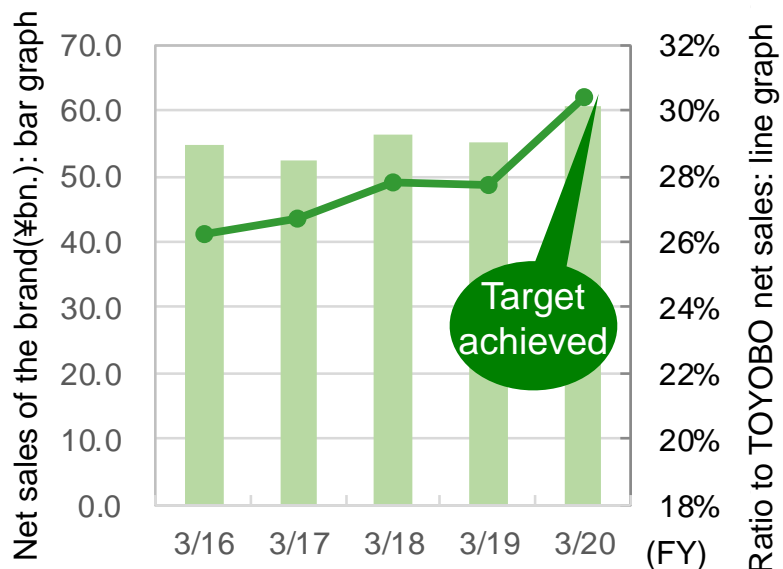


Communication with stakeholders

# Initiatives to Environmental Issues

## Unified brand of environmentally conscious products “ECO-PARTNER SYSTEM”

We have achieved the target, net sales ratio of 30%, in FY 3/20. Going forward, we will set new targets and further develop the brand.

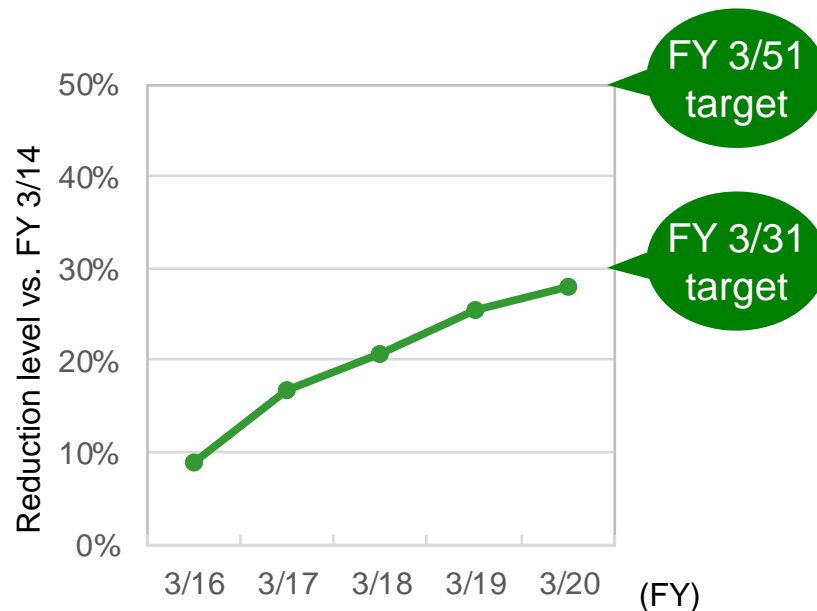


※Total results for TOYOBO on a non-consolidated basis

## Cutting greenhouse gas emissions

The targets are an 80% reduction by FY 3/51 and a 30% reduction by FY 3/31 compared with FY 3/14 level.

In FY 3/20, reduction level was 28.1%.

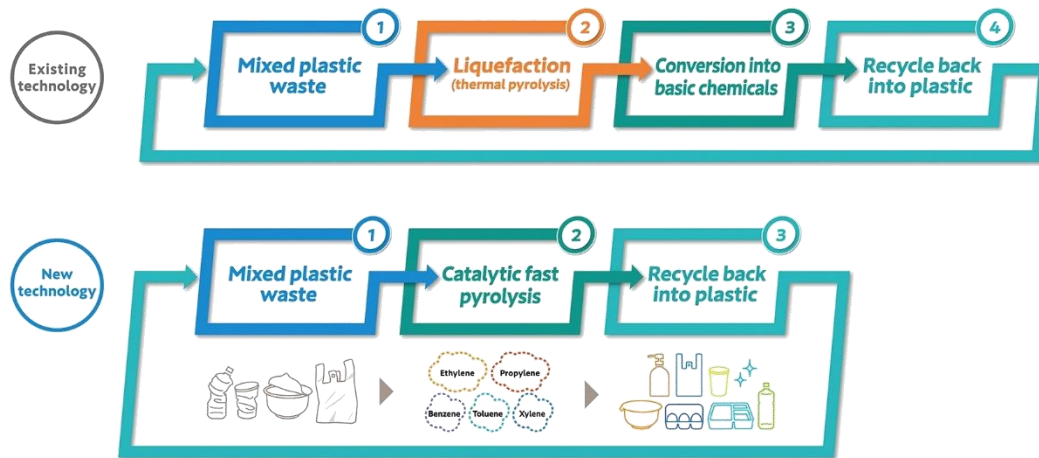


Gas cogeneration facilities at Tsuruga Research and Production Center

# Initiatives to Environmental Issues

## ● Jointly launch R Plus Japan, Ltd.

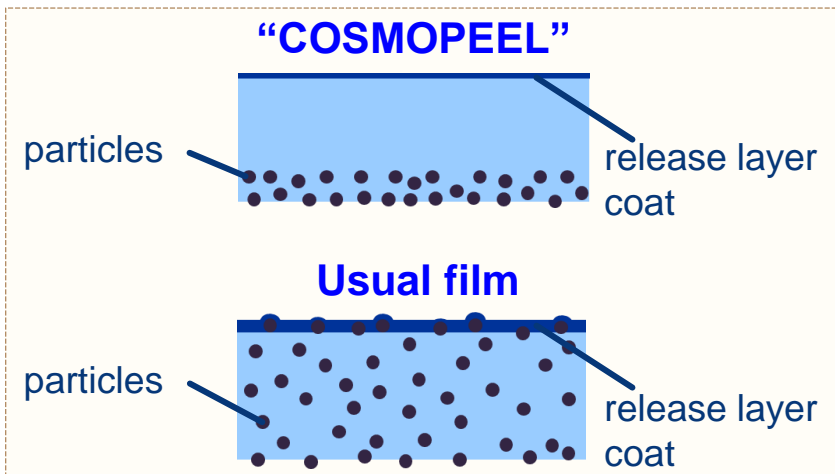
- New company that facilitates the recycling of used plastics (since June 2020).
- Jointly established by 12 companies forming a plastic value chain.  
(Suntory MONOZUKURI Expert Ltd.; Rengo Co., Ltd.; Toyobo Co., Ltd. and more)
- Promote the research and development of effective plastic recycling technology with Anellotech, Inc. in U. S.
- Decompose into basic chemicals such as benzene, without a liquefaction process that is required in the conventional method.  
Chemical recycling technology of less CO<sub>2</sub> emissions and energy consumption.



# Ability to provide solutions in Films business

## ● Mold releasing film for MLCC “COSMOPEEL”

- In Q1, sales increased by approx. 5%
- Affected by production adjustments of automobiles.
- New processing equipment started full-fledged operation in June 2020. Approx. 2-fold increase in production capacity.
- Aim for 30% share of the high-end product market in FY 3/22.



## ● Transparent vapor- deposited film “ECOSYAR”

- In Nov. 2019, joint production firms with an Indonesian company, TRIAS, began production.
- Share of 11% in transparent vapor-deposited film market.\*
- Transparent, excellent barrier properties, and usable in microwave ovens.
- Expand sales of food packaging films in Japan and overseas

\* Approx. 1.5% of barrier film market

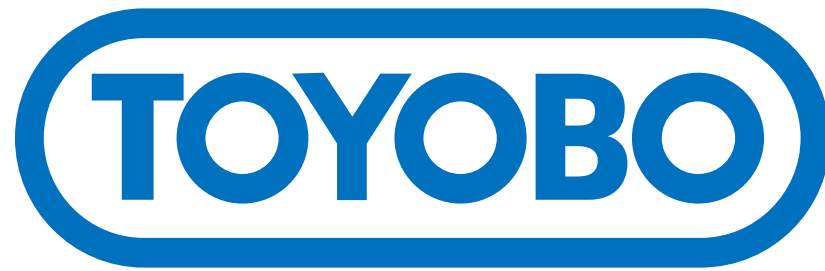


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