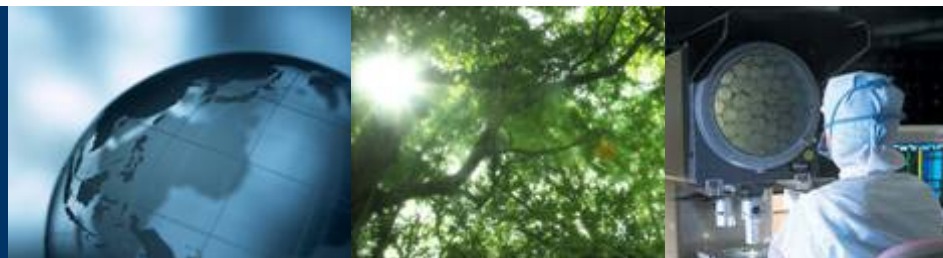




*Ideas & Chemistry*

# Presentation to Investors



Ryuzo Sakamoto  
President

Toyobo Co., Ltd.

November 6, 2012  
(Analysts' Meeting)



# Highlights

## H1 FY 3/13 Results

Reached targets for the interim period, despite weakness in the first quarter, because of recovery in the second quarter. Moving onto the intended growth path.

- Recovery in unit volume in LCD films. Packaging films are bottoming out because of the positive effects of new developed products.
- Performance of automotive-related products, including engineering plastics and airbags, is favorable and contributing to profits.
- Strong second quarter for the life science segment as bioproducts and medical membranes recover

## FY 3/13 Forecasts

Expecting to reach targets for the full fiscal year, despite concerns about a downturn, including in the automotive market, as new film and other products are introduced, applications of existing products are expanded, and performance in the life science segment rebounds.

	FY 3/12			FY 3/13					¥ bn.
	H1	H2		Q1		H1	H2 (Forecast)		
				Q1	Q2				
Net sales	178.1	171.4	349.5	83.1	88.1	171.1	178.9	350.0	
Operating income	11.0	7.3	18.3	2.2	5.4	7.6	10.4	18.0	

# Contents



**Results for H1 of FY 3/13**



**Forecasts for FY 3/13**



**Progress of Medium-Term Plan (FY 3/11-FY 3/14)**



**Litigation**

## I. Results for H1 of FY 3/13

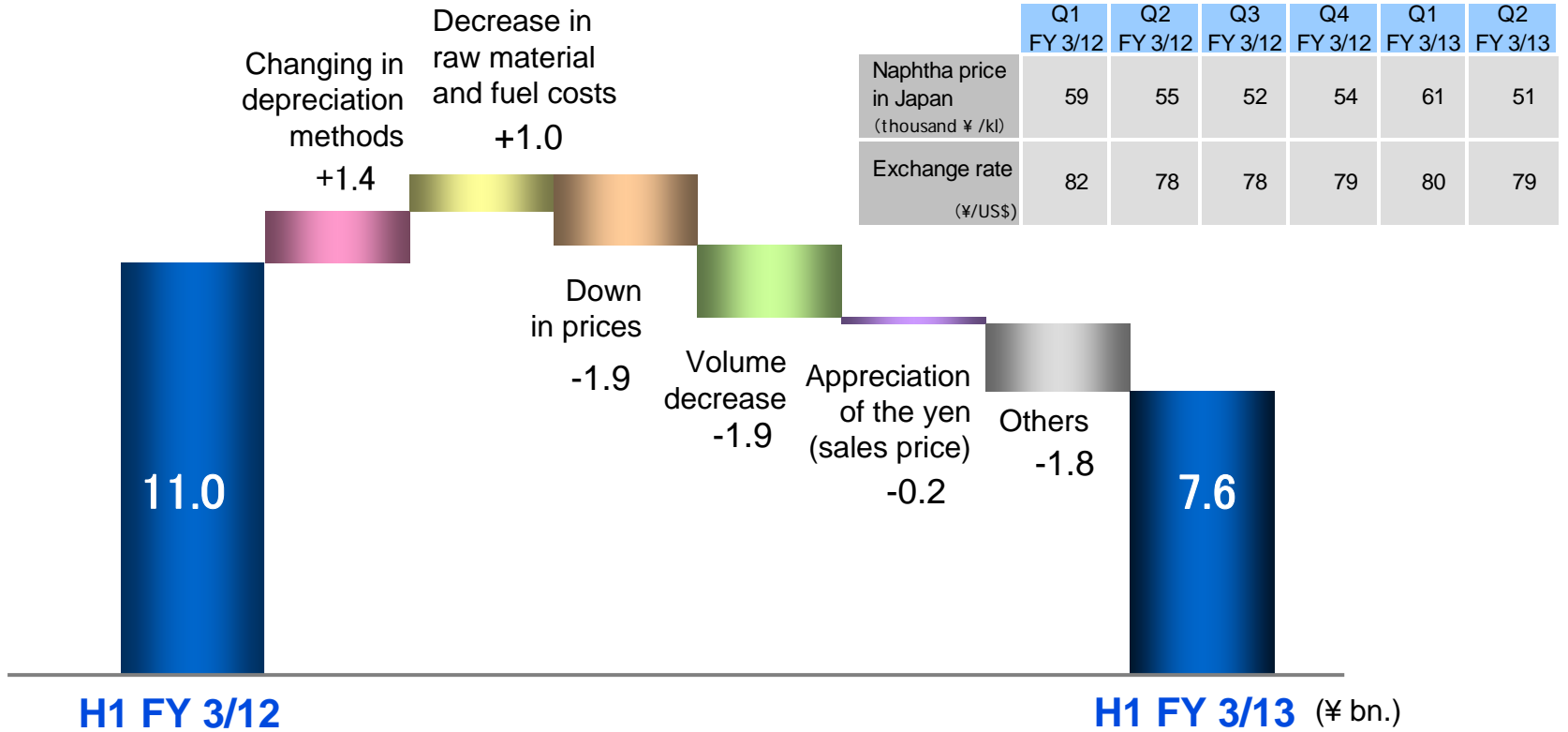
## (1) Results for H1 of FY 3/12 1)PL.CF

¥ bn.

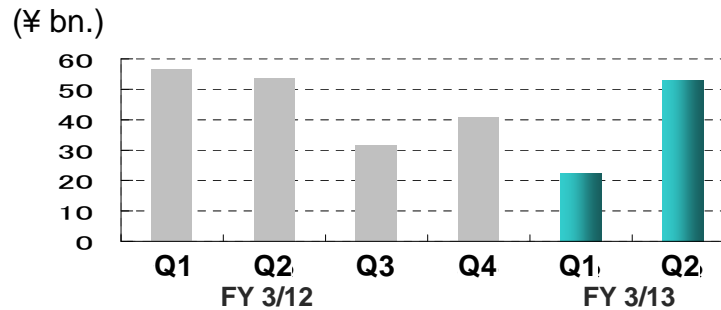
	H1 FY 3/12	H2 FY 3/12	H1 FY 3/13			YoY		Previous forecasts (Aug. 2012)
			Q1	Q2		Amount	%	
<b>Net sales</b>	<b>178.1</b>	<b>171.4</b>	<b>83.1</b>	<b>88.1</b>	<b>171.1</b>	-7.0	-3.9%	175.0
<b>Operating income</b>	<b>11.0</b>	<b>7.3</b>	<b>2.2</b>	<b>5.4</b>	<b>7.6</b>	-3.4	-30.9%	7.0
<b>Ratio to sales</b>	6.2%	4.2%	2.7%	6.1%	4.5%	—	—	
<b>Net income (loss)</b>	<b>5.2</b>	<b>-0.6</b>	<b>0.5</b>	<b>2.2</b>	<b>2.7</b>	-2.5	-48.0%	2.3
<b>EPS (¥)</b>	<b>5.9</b>	<b>-0.7</b>	<b>0.6</b>	<b>2.5</b>	<b>3.1</b>	-	-	2.6
<b>Depreciation</b>	<b>9.5</b>	<b>10.0</b>	<b>3.2</b>	<b>3.2</b>	<b>6.4</b>	-3.1	-32.3%	
<b>CAPEX</b>	<b>7.2</b>	<b>9.3</b>	<b>3.1</b>	<b>3.7</b>	<b>6.8</b>	-0.4	-5.1%	
<b>Operating CF</b>	<b>9.6</b>	<b>4.6</b>	<b>-</b>	<b>-</b>	<b>14.6</b>	+5.0	+51.8%	
Exchange rate (¥/US\$)	80	78	80	79	79			
Naphtha price in Japan (thousand ¥/kl)	57	53	61	51	56			

# Analysis of Changes in Operating Income

[H1 FY 3/12 → H1 FY 3/13]



## 【Operating income】



## 2) BS

	Mar. 31, 2011	Mar. 31, 2012	Sep. 30, 2012	Change ¥ bn.
<b>Total assets</b>	443.5	437.8	429.4	-8.4
<b>Inventories</b>	66.0	77.6	70.8	-6.7
<b>Net assets</b>	149.8	147.7	146.9	-0.8
<b>Shareholders' equity</b>	125.8	130.6	129.6	-1.0
<b>(Equity ratio)</b>	28.4%	29.8%	30.2%	—
<b>Minority interests</b>	24.0	17.2	17.3	+0.2
<b>Interest-bearing debt</b>	151.8	154.9	154.2	-0.7
<b>D/E ratio</b>	1.21	1.19	1.19	—

## (2) Results by Segment

¥ bn.

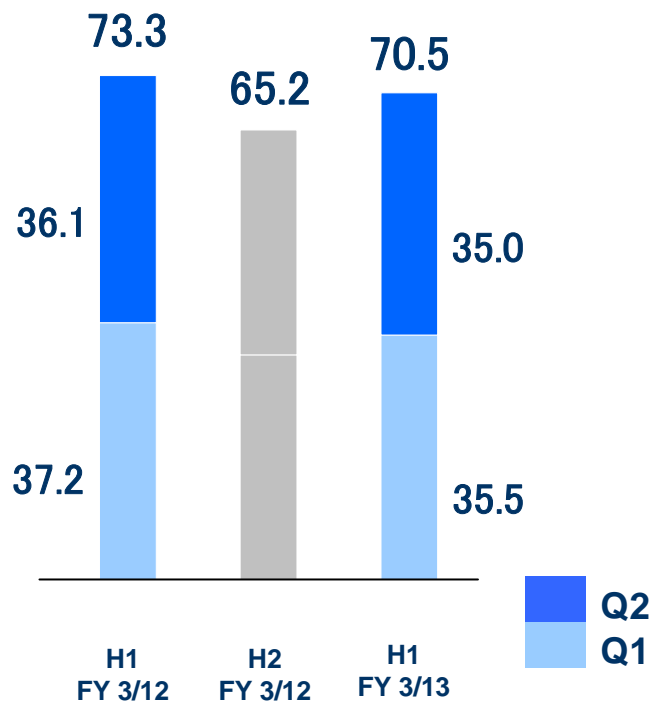
	Net Sales			Operating Income		
	H1 FY 3/12	H2 FY 3/12	H1 FY 3/13	H1 FY 3/12	H2 FY 3/12	H1 FY 3/13
Films & Functional Polymers	73.3	65.2	70.5	6.1	2.5	4.3
Industrial Materials	34.3	36.9	35.0	2.4	2.9	2.6
Life Science	13.1	13.4	12.6	2.0	2.1	1.6
Specialty Businesses	120.7	115.5	118.2	10.5	7.5	8.5
Operating income ratio (%)				8.7%	6.5%	7.2%
Textiles	44.2	43.8	40.8	0.9	0.2	-0.5
Real Estate and Others	13.2	12.1	12.1	1.1	1.3	1.2
Elimination & Corporate	-	-	-	-1.5	-1.8	-1.6
<b>Total</b>	<b>178.1</b>	<b>171.4</b>	<b>171.1</b>	<b>11.0</b>	<b>7.3</b>	<b>7.6</b>



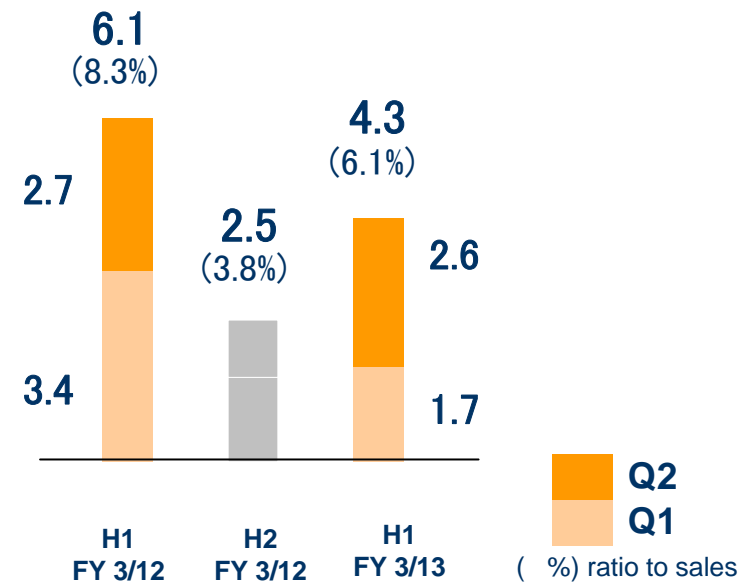
# 1) Films & Functional Polymers

- In the industrial films business, unit demand for LCD-use films is recovering.
- A downturn in sales of packaging films is bottoming out because of the positive impact of new product introductions, despite lingering effects of the decline in demand.

**Net sales** (¥ bn.)



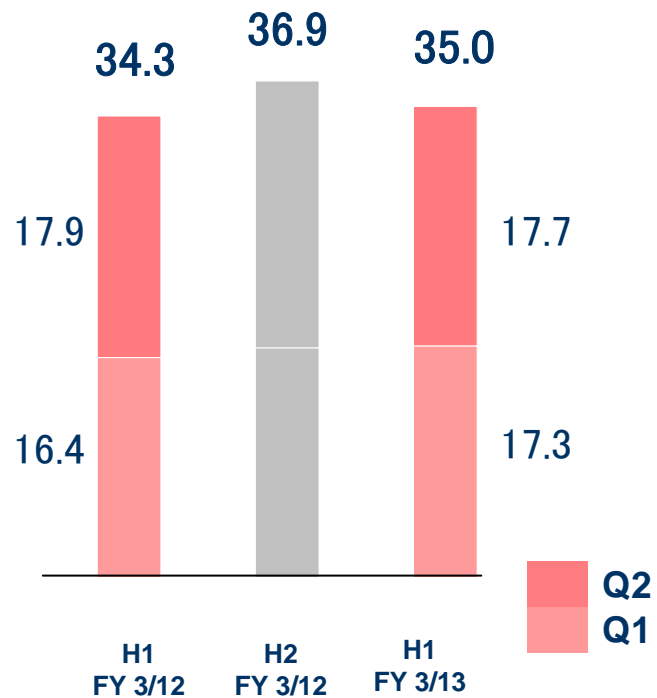
**Operating income** (¥ bn.)



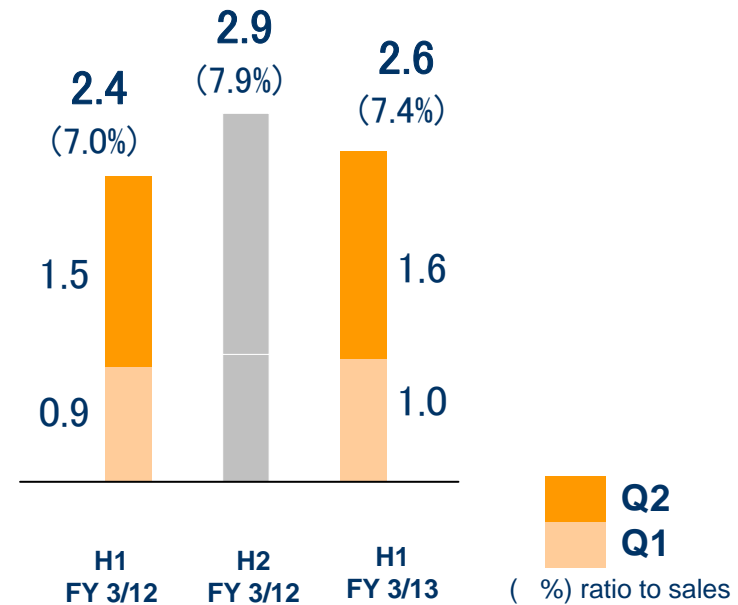
## 2) Industrial Materials

- Airbag fabrics are showing firm performance because of the recovery in automobile production.
- VOC emissions treatment equipment is being adversely affected by investment project delays in China and Korea.

**Net sales** (¥ bn.)



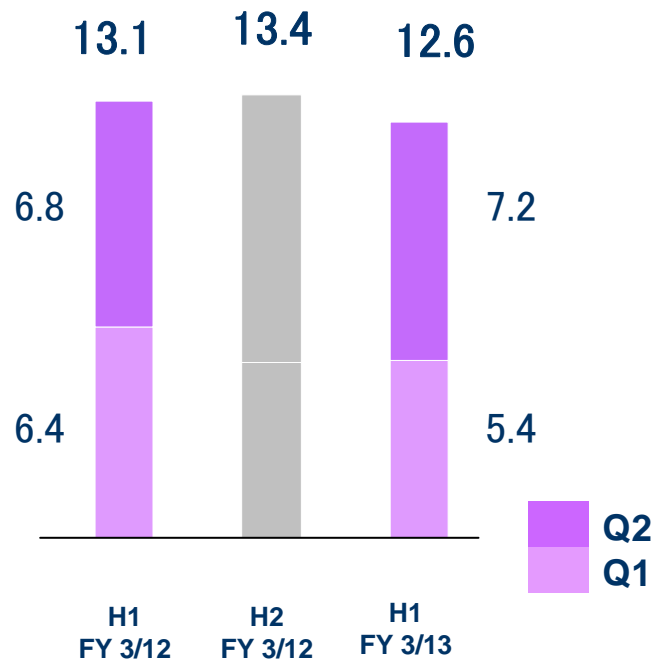
**Operating income** (¥ bn.)



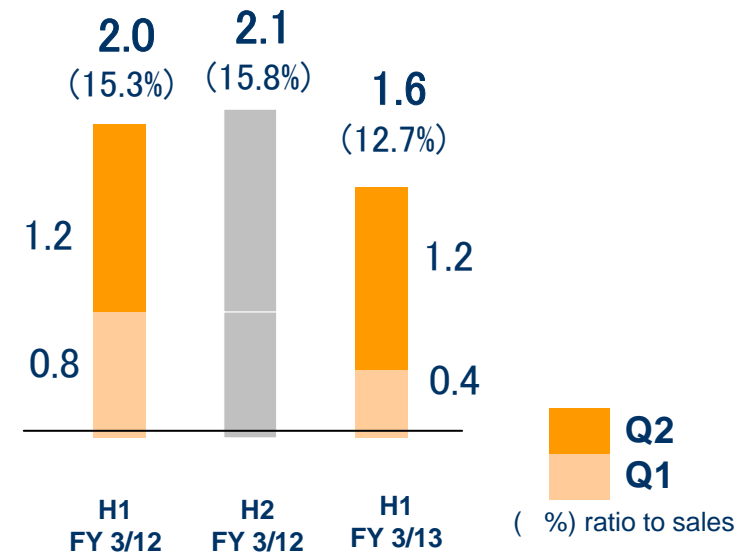
### 3) Life Science

- Bioproducts and membranes for medical use declined in volume terms in the first quarter, but demand is firm at present.
- Approval applications have been filed for newly developed medical devices for the regeneration of damaged nerves.

**Net sales** (¥ bn.)

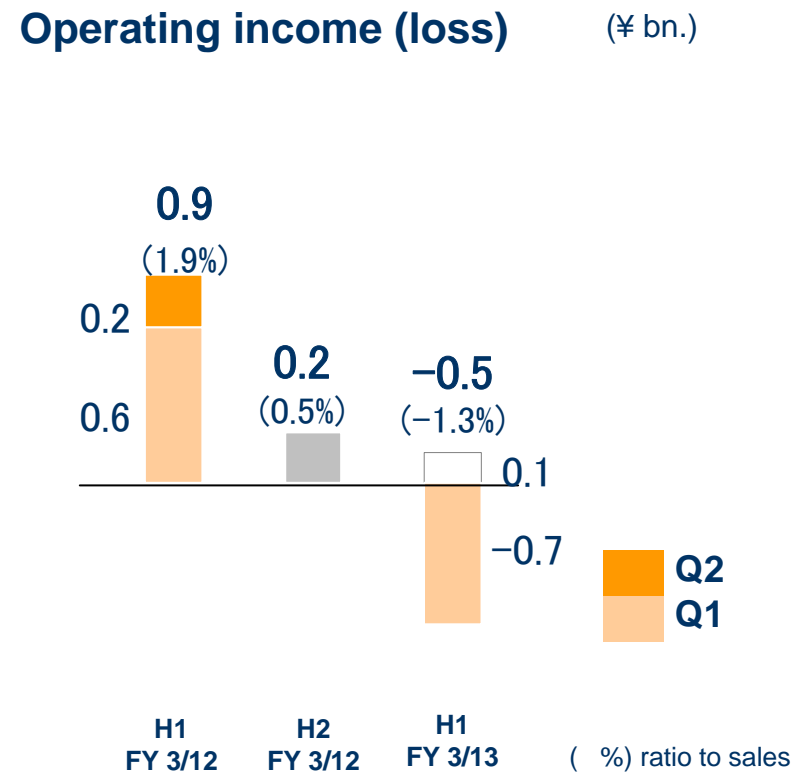
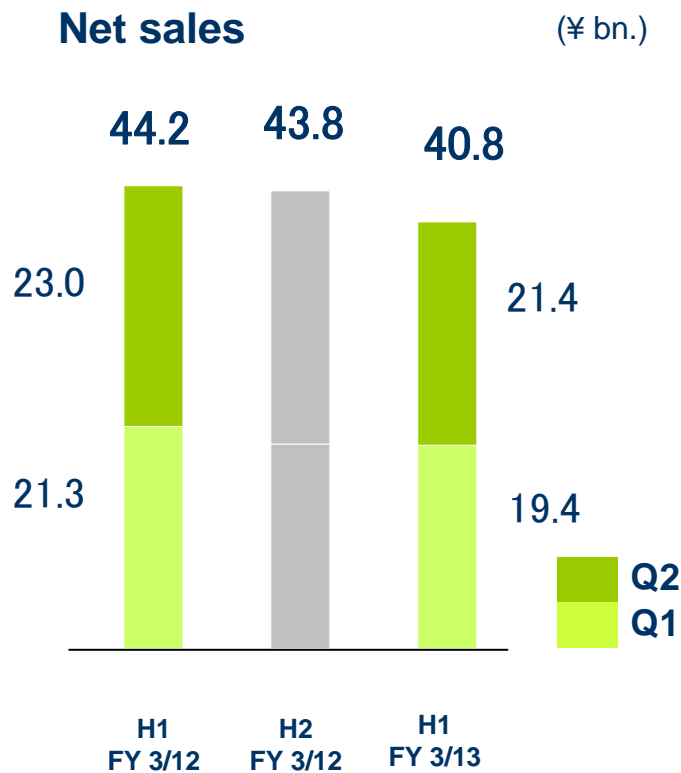


**Operating income** (¥ bn.)



## 4) Textiles

- A major decline in profits in the first quarter was reported due to inventory valuation losses.
- The nylon business experienced tough operating conditions, but sales of sports apparel are steady.



## II. Forecasts for FY 3/13

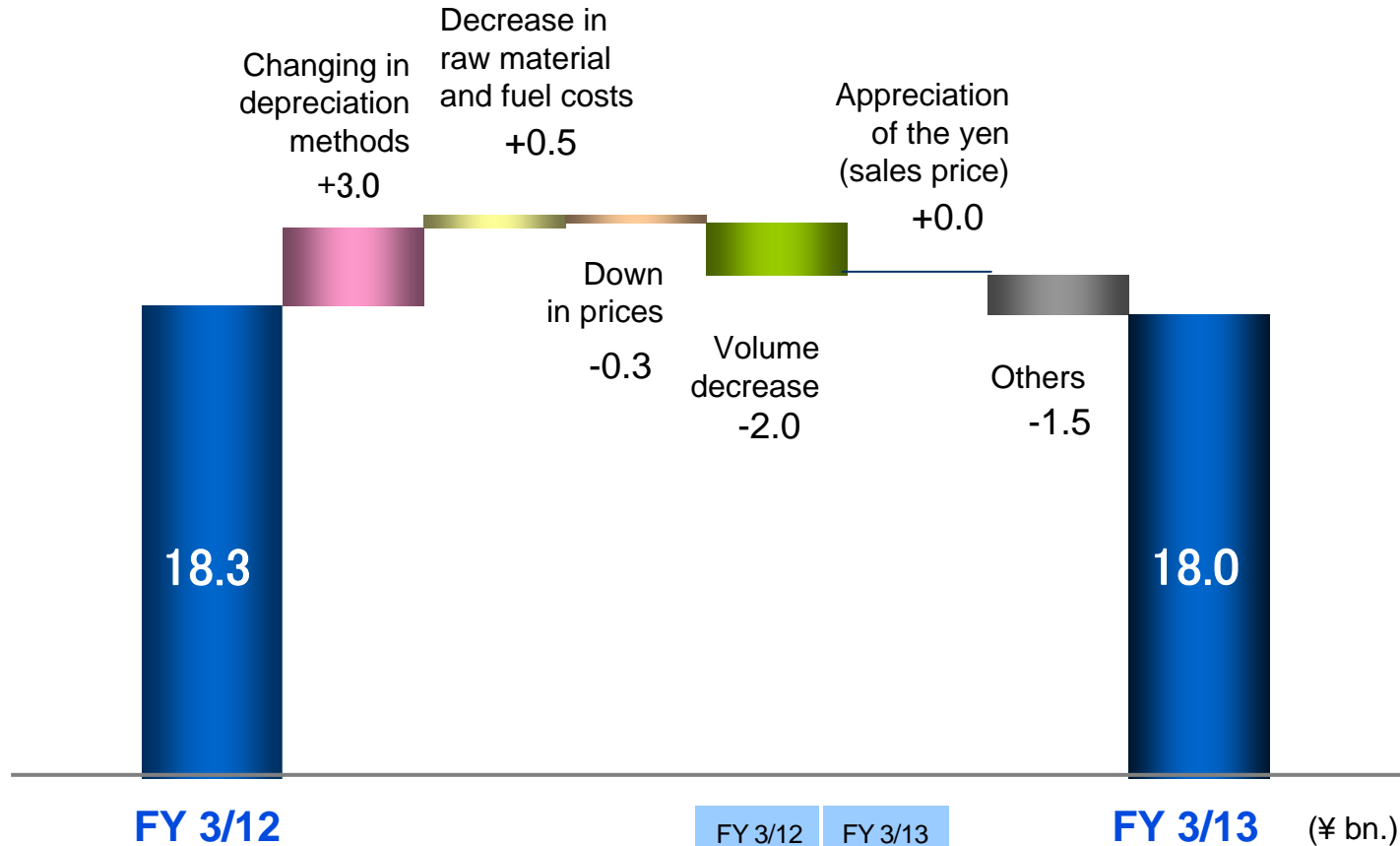
## (1) Forecasts for FY 3/12

¥ bn.

	FY 3/11	FY 3/12 (Forecasts)			Change	
		H1	H2		Amount	%
Net sales	349.5	171.1	178.9	350.0	+0.5	+0.1%
Operating income	18.3	7.6	10.4	18.0	-0.3	-1.7%
Ratio to sales	5.2%	4.5%	5.8%	5.1%	—	—
Net income	4.6	2.7	3.7	6.4	+1.8	+39.5%
EPS (¥)	5.2	3.1	4.2	7.2	—	—
Depreciation	19.5	6.4	7.6	14.0	-5.5	-28.1%
Capital expenditures	16.5	7.2	12.8	20.0	+3.5	+21.1%
Exchange rate (¥/US\$)	79	79	79	79		
Naphtha price in Japan (thousand ¥/kl)	55	56	52	54		

# Analysis of Changes in Operating Income

[Forecasts: FY 3/12→ FY 3/13]



	FY 3/12	FY 3/13
Naphtha price in Japan (thousand ¥/kl)	55	54
Exchange rate (¥/US\$)	79	79

## (2) Forecasts by Segment

¥ bn.

	Net sales				Operating income					H1→H2 FY 3/13 Change.%
	FY 3/12	FY 3/13 (Forecast)			FY 3/12	FY 3/13 (Forecast)				
		H1	H2			Q2	H1	H2		
Films & Functional Polymers	138.4	70.5	72.9	143.4	8.6	2.6	4.3	5.2	9.5	
Industrial Materials	71.2	35.0	38.0	73.0	5.3	1.6	2.6	2.8	5.4	
Life Science	26.6	12.6	13.0	25.6	4.1	1.2	1.6	2.3	3.9	
Specialty Businesses	236.2	118.2	123.8	242.0	18.0	5.4	8.5	10.3	18.8	21.2%
					7.6%	9.0%	7.2%	8.3%	7.8%	
Textiles	88.0	40.8	41.2	82.0	1.1	0.1	-0.5	0.5	0.0	
Real Estate and Others	25.3	12.1	13.9	26.0	2.5	0.7	1.2	1.3	2.5	
Elimination & Corporate	—	—	—	—	-3.3	-0.9	-1.6	-1.7	-3.3	
<b>Total</b>	<b>349.5</b>	<b>171.1</b>	<b>178.9</b>	<b>350.0</b>	<b>18.3</b>	<b>5.4</b>	<b>7.6</b>	<b>10.4</b>	<b>18.0</b>	<b>36.1%</b>



### **III. Progress of Medium-Term Plan**

**(FY 3/11-FY 3/14)**

# (1) Targets for FY 3/14

Management policy:  
 “Continual reform of the business portfolio”

	FY 3/13 Forecast			→	¥ bn. FY 3/14 Plan
Net sales	350.0				360.0
Specialty businesses	242.0				252.0
Composition ratio	69%				70%
Operating income	18.0 (5.1%)				27.0 (7.5%)
Operating income ratio	Q1	Q2	H2		
	2.2	5.4	10.4		

\* Toward the achievement of the targets **【MG90】\***

- Acceleration of improvement in the product portfolio
- implementation of cost reductions

## **(2) Action Plan**

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**1) Capital investment (Alliances and M&A)**

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**2) Overseas business development**

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**3) Improvement in the product portfolio**

### (3) Action Plan and Progress

#### 1) Capital investment (Alliances and M&A)

- Hybrid-type equipment for the production of PET film for industrial and packaging use (H2 FY 3/14)
- Contract manufacturing pharmaceuticals (H2 FY 3/13)

#### 2) Overseas business development

- Manufacturing and marketing company for “VYLON” in Thailand (H2 FY 3/14)
- Manufacturing and marketing bases for airbags fabrics in United States (H2 FY 3/13)
- Manufacturing and marketing bases for new structured cushions in Europe (H1 FY 3/14)
- Established Research and Development bases in Asian countries

## 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, 2012)

	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

# Appendix

# Specialty Businesses and Market Fields

Fields: Business Segments	Automotive	Electronics & Information Display	Environment	Life Science	Lifestyle & Safety
<b>Films &amp; Functional Polymers</b>	<ul style="list-style-type: none"> <li>•Engineering plastics</li> </ul>	<ul style="list-style-type: none"> <li>•PET films for optical uses</li> <li>•Biomass high-melting-point polyamide for molding</li> <li>•Co-polyester adhesives</li> <li>•Modified polyolefin adhesives</li> <li>•Acrylate polymers</li> </ul>	<ul style="list-style-type: none"> <li>• For photovoltaic systems</li> </ul>		<ul style="list-style-type: none"> <li>•Packaging films</li> </ul>
<b>Industrial Materials</b>	<ul style="list-style-type: none"> <li>•Airbag fabrics</li> <li>•Functional filters</li> <li>•Nonwoven fabrics</li> </ul>	<ul style="list-style-type: none"> <li>•New catalyst for polyester</li> </ul>	<ul style="list-style-type: none"> <li>•VOC emissions treatment equipment and systems</li> <li>•Functional filters</li> </ul>	<ul style="list-style-type: none"> <li>•High-performance fibers</li> <li>•new structured cushions</li> </ul>	
<b>Life Science</b>			<ul style="list-style-type: none"> <li>• Water treatment membranes</li> </ul>	<ul style="list-style-type: none"> <li>•Medical membranes</li> <li>•Enzymes for Diagnostic</li> <li>•Diagnostic systems and reagents</li> <li>•Pharmaceuticals (contract manufacturing)</li> </ul>	<ul style="list-style-type: none"> <li>•Cosmetics ingredients</li> </ul>



## 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.