



Ideas & Chemistry

Presentation to Investors



Catalyzing the Unimagined

想像を超える化学反応を。



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Toyobo Co., Ltd.

November 8, 2018

Agenda

- I . Fire accident at
Tsuruga Research and Production Center**
- II . Results for H1 of FY 3/19**
- III . Forecasts for FY 3/19**
- IV . Progress of
2018 Medium-Term Management Plan**
- V . Towards the restoration of confidence**

I . Fire accident at Tsuruga Research and Production Center

Our apologies

We sincerely apologize to people concerned for all the great inconvenience and concerns caused by the fire accident that occurred at Tsuruga Research and Production Center on September 6, 2018.

I. Fire accident at Tsuruga Research and Production Center

Overview of the fire accident

(1) Date and time of occurrence

September 6, 1:20 p.m. (Extinguished at September 7, 5:30 p.m.)

(2) Overview of the fire accident

Fire accident occurred at Tsuruga Research and Production Center. Machines and systems used for the manufacturing of airbag yarn, “BREATHAIR”, and clothing-grade nylon, and other products were destroyed in the fire.

(3) Place of occurrence : Tsuruga Research and Production Center

(4) Burned area : about 19,000 square meters

(5) Damaged assets

The amount of damage of non-current assets and inventories has not been determined. The insurance amount to be received has not been determined.

We will announce the impact on the operating results promptly once we know the amount.

II. Results for H1 of FY 3/19

Highlights

H1 FY 3/19 Results

- Operating profit of ¥10.6 billion (up 0.9%).
- Sales of growth drivers “COSMOSHINE SRF” and mold releasing film for MLCC were strong.
- Packaging films, engineering plastics, airbag fabrics incurred effects of the rise in raw material and fuel prices.
- Profit of ¥3.9 billion (down 35.2%). Part of loss due to fire was recorded.

FY 3/19 Forecasts

- Operating profit is revised to ¥23.0 billion in light of raw material and fuel prices and the impact of the fire accident. Profit will be announced after the impact of the fire accident has been determined.

	FY 3/18			FY 3/19			(¥ bn.) Previous forecasts (Aug. 2018)
	H1	H2		H1	H2		
Net sales	161.4	169.7	331.1	164.7	175.3	340.0	340.0
Operating profit	10.5	13.4	23.9	10.6	12.4	23.0	25.0
Profit attribute to owners of parent	6.0	7.0	13.0	3.9	-	-	13.0

Results for H1 FY 3/19 PL·CF

	FY 3/18		FY 3/19	YOY	
	H1	H2	H1	Amount	%
Net sales	161.4	169.7	164.7	+3.3	+2.1
Operating profit	10.5	13.4	10.6	+0.1	+0.9
(Ratio to sales)	6.5%	7.9%	6.4%	-	-
Ordinary profit	9.1	11.3	8.7	-0.3	-3.7
Extraordinary losses	1.9	11.7	3.7	+1.7	+90.3
Profit attributable to owners of parent	6.0	7.0	3.9	-2.1	-35.2
EPS (¥)	68.1	78.8	44.1	-	-
Depreciation	7.8	7.9	7.8	+0.0	+0.3
CAPEX	9.8	11.4	11.7	+1.9	+19.4
Operating CF	12.8	9.6	5.2	-7.6	-59.1

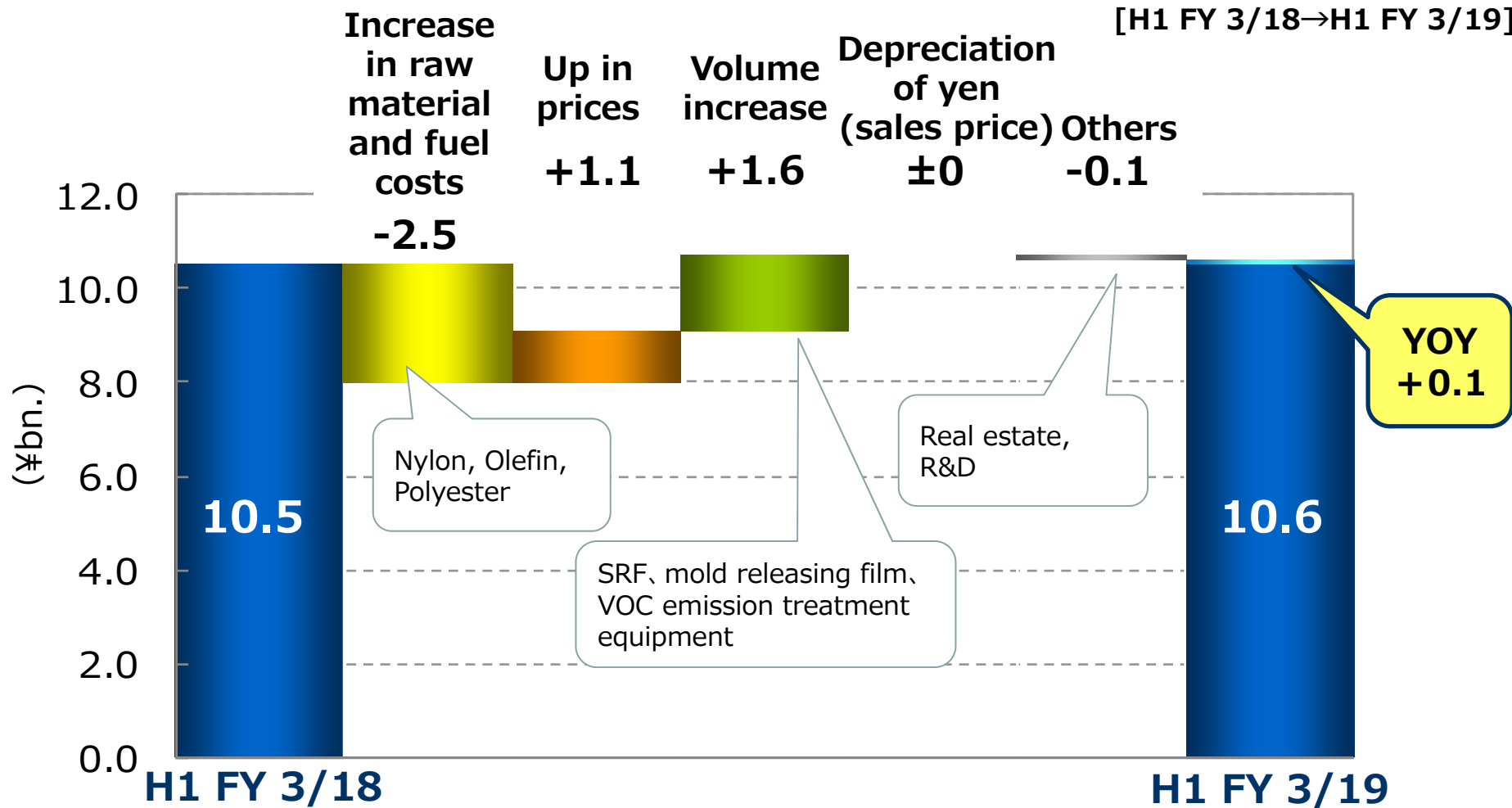
(¥ bn.)

■ Extraordinary losses

Loss due to fire amounted to ¥2.1 billion, including loss on extinguishment of non-current assets and fixed costs during a shutdown period

Exchange rate (¥/US\$) 111 111 110
 Naphtha price in Japan (thousand¥/kl) 38 46 51

Analysis of Changes in Operating Profit



	H1 FY 3/18	H1 FY 3/19
Exchange rate (¥/US\$)	111	110
Naphtha price in Japan (thousand¥/kl)	38	51

Results for H1 FY 3/19 BS

		(A)	(B)	(¥ bn.)
	Mar. 31, 2017	Mar. 31, 2018	Sep. 30, 2018	Change (A)→(B)
Total assets	450.2	445.5	453.7	+8.2
Cash and deposits	32.3	26.0	24.5	-1.5
Inventories	72.8	71.3	76.7	+5.4
Net assets	170.9	184.5	187.8	+3.2
Shareholder's equity	167.8	180.6	182.5	+1.9
(Retained earnings)	45.9	56.1	56.4	+0.3
Non-controlling interests	3.1	4.0	5.3	+1.3
Interests-bearing debt	169.2	145.6	154.4	+8.8
D/E ratio	1.01	0.81	0.85	-

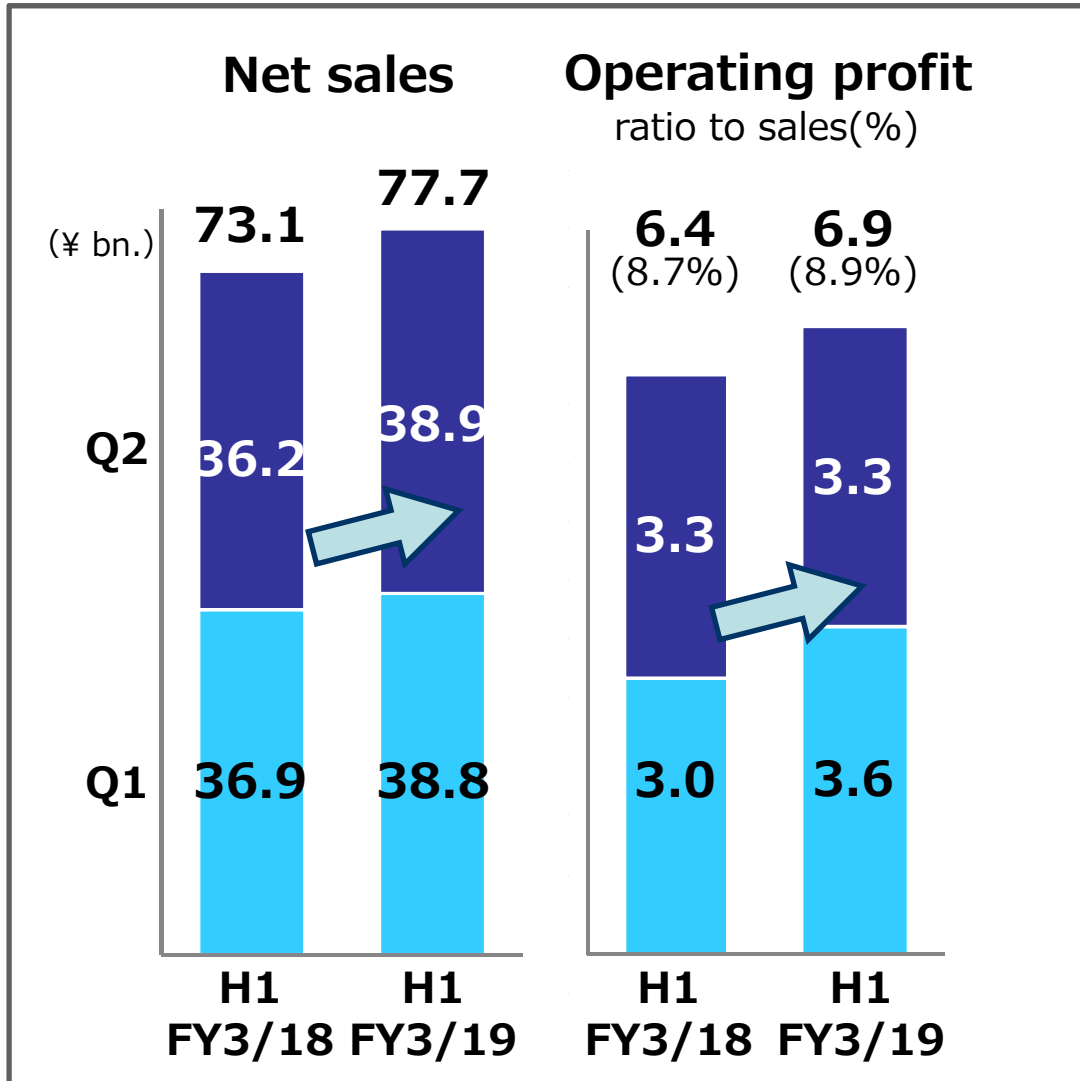
The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances.

Results by Segment

(¥ bn.)

	Net sales			Operating profit			
	FY 3/18		FY 3/19	FY 3/18		FY 3/19	YOY (Amount)
	H1	H2	H1	H1	H2	H1	
Films & Functional Polymers	73.1	75.5	77.7	6.4	7.3	6.9	+0.5
Industrial Materials	30.5	32.9	32.7	2.2	2.0	1.9	-0.3
Healthcare	16.3	19.4	15.9	1.7	3.4	1.9	+0.2
Textiles and Trading	33.8	34.6	31.7	-0.2	0.8	0.1	+0.2
Real Estate and Others	7.7	7.3	6.7	1.5	1.3	1.1	-0.4
Elimination & Corporate	-	-	-	-1.2	-1.5	-1.3	-0.2
Total	161.4	169.7	164.7	10.5	13.4	10.6	+0.1

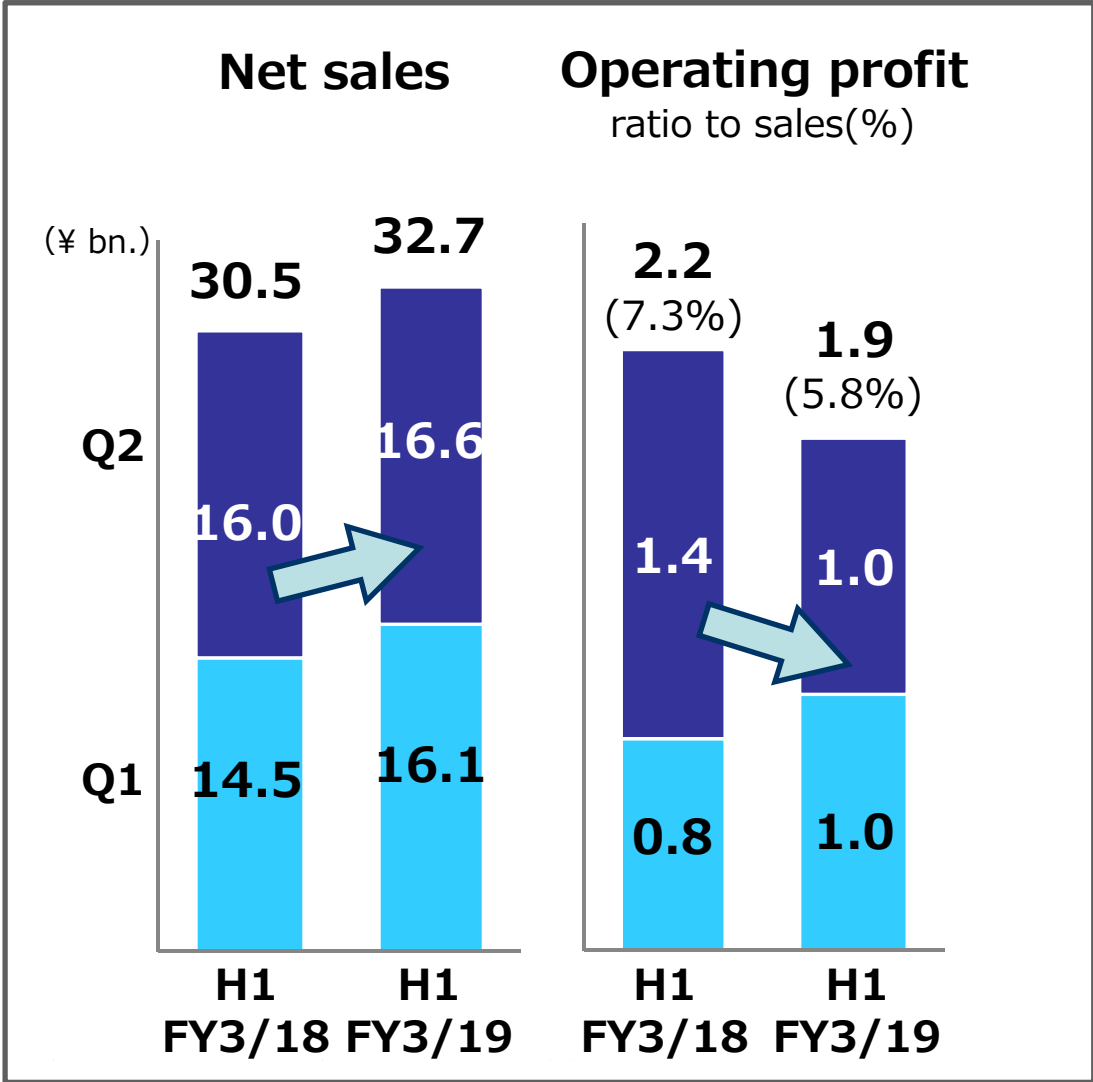
Films & Functional Polymers



■ Sales of “COSMOSHINE SRF” and mold releasing film for MLCC were strong.

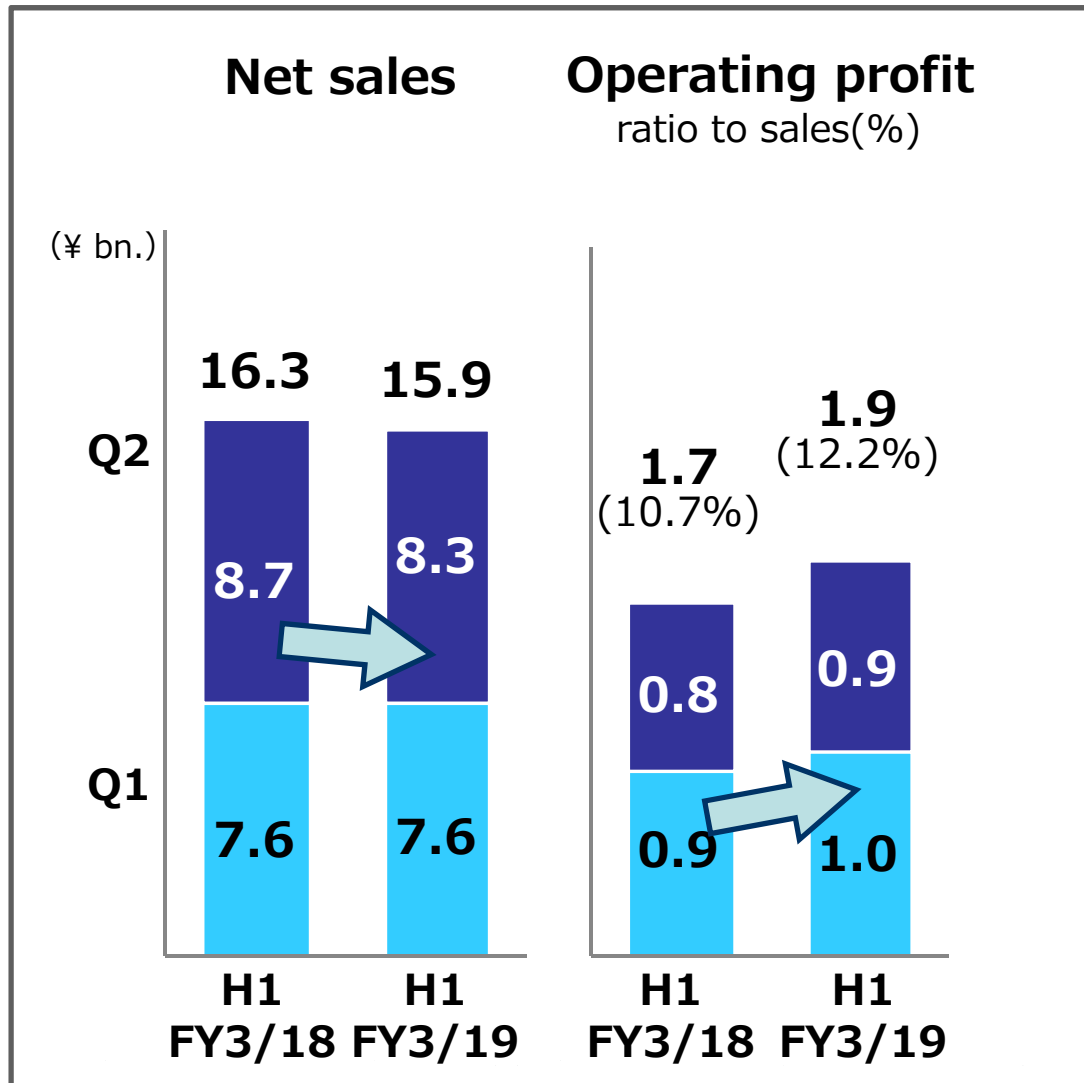
■ Sales of packaging films and functional polymers were struggling due to the rise in raw material prices.

Industrial Materials



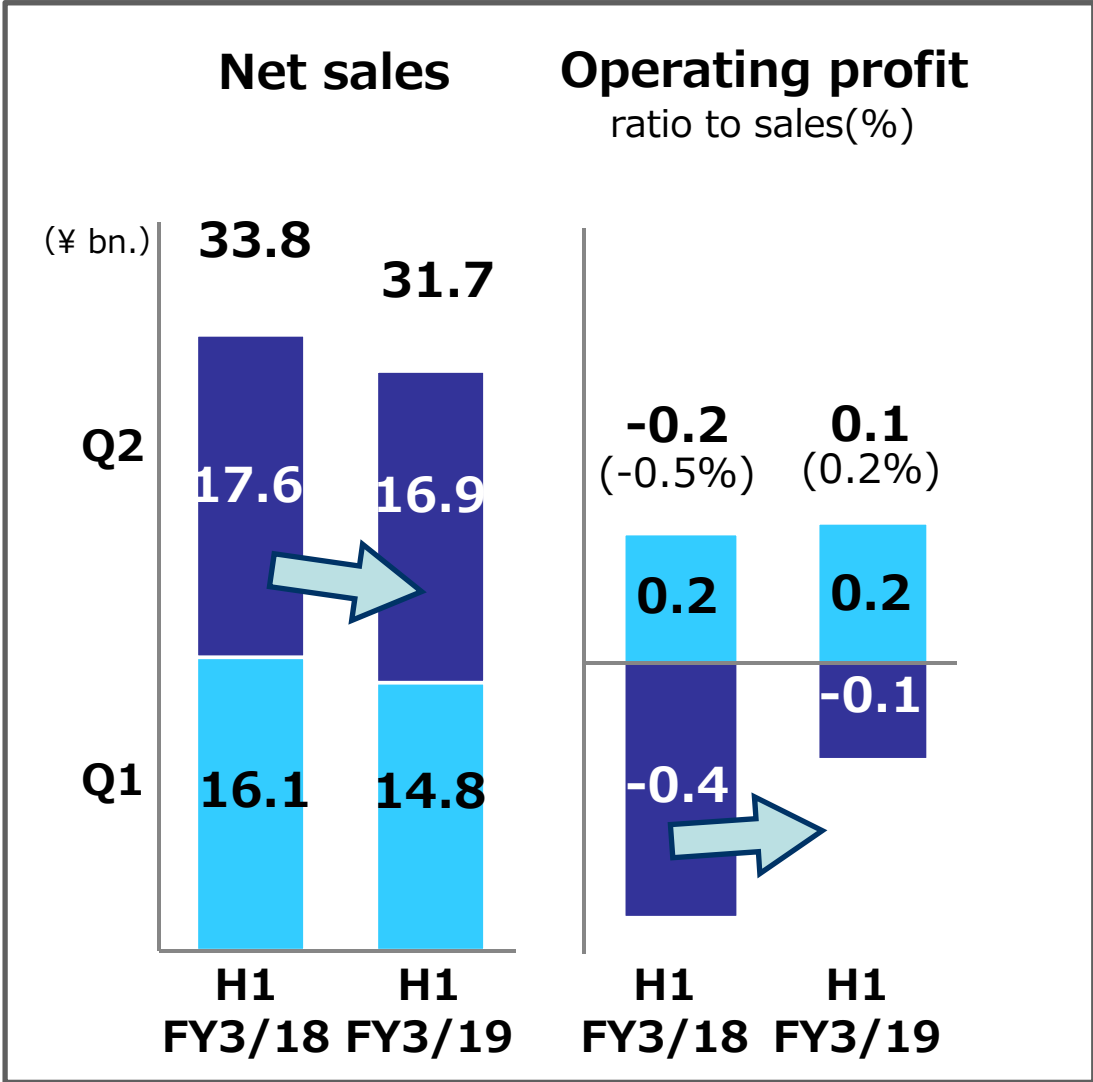
- Sales of airbag fabrics and products for consumer and industrial uses expanded.
- Challenges were faced owing to the rise in raw material prices.

Healthcare



- The pharmaceuticals business faced challenges in winning new contracts.
- Sales of enzymes for diagnostic reagents and volatile organic compound (VOC) emissions treatment equipment expanded overseas.

Textiles and Trading



■ Sales of those cloth in the Middle East were weak due to worsening market conditions.

III. Forecasts for FY 3/19

Forecasts for FY 3/19

(¥ bn.)

Previous forecasts
(Aug. 2018)

	FY 3/18 result	FY 3/19			YOY		
		H1	H2	forecasts	Amount	%	
Net sales	331.1	164.7	175.3	340.0	+8.9	+2.7	340.0
Operating profit	23.9	10.6	12.4	23.0	-0.9	-3.9	25.0
(Ratio to sales)	7.2%	6.4%	7.1%	6.8%	-	-	7.4%
Ordinary profit	20.4	8.7	9.3	18.0	-2.4	-11.8	21.5
Profit attributable to owners of parent	13.0	3.9	-	-	-	-	13.0
EPS (¥)	146.9	44.1	-	-	-	-	146.4
Depreciation	15.7	7.8	7.9	15.7	+0.0	-	15.5
CAPEX	21.3	11.7	12.3	24.0	+2.7	-	24.0

Exchange rate (¥/US\$)

111

110

112

111

110

Naphtha price in Japan

42

51

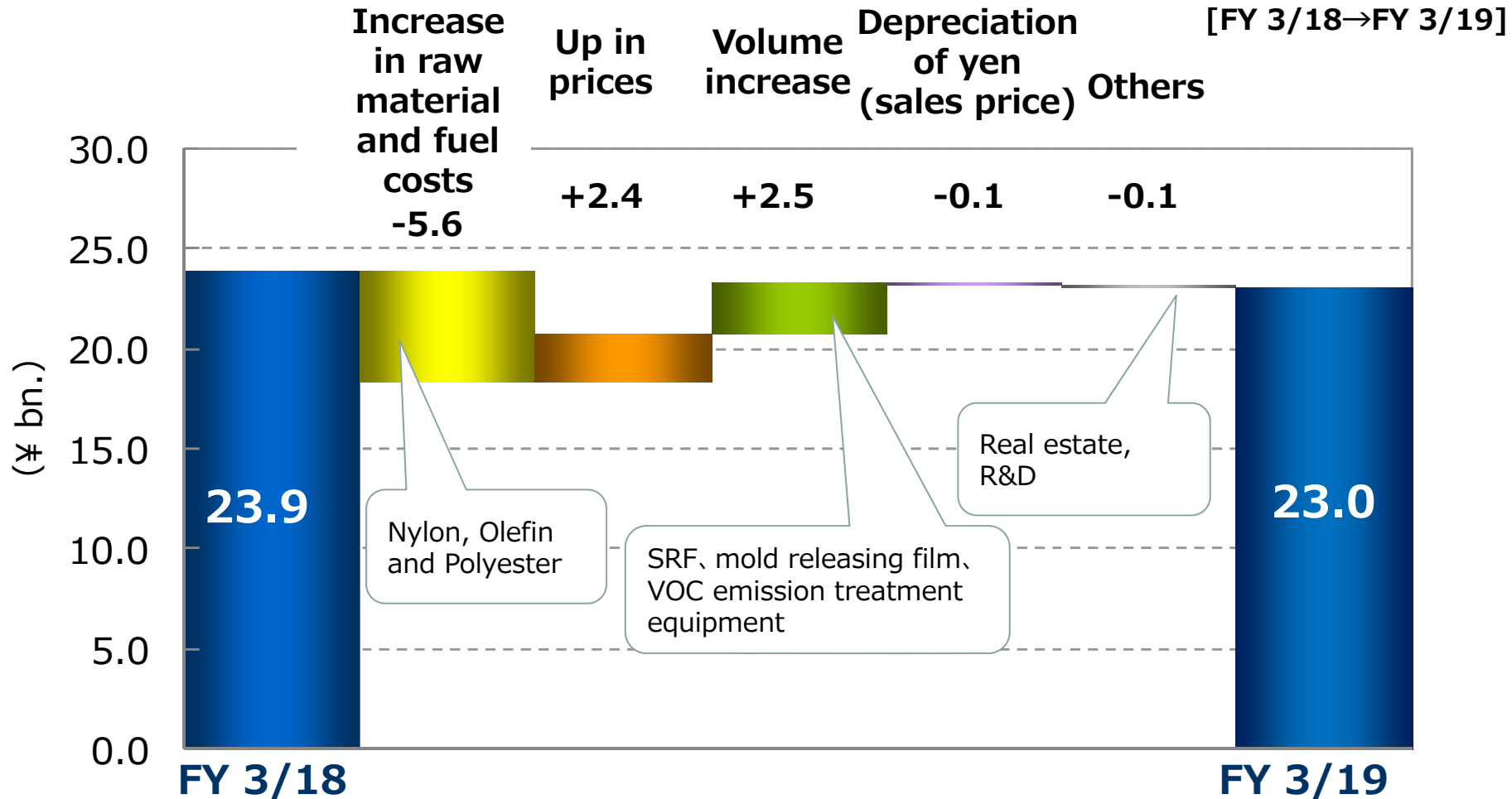
56

54

48

(thousand¥/kl)

Analysis of Changes in Operating Profit



	FY 3/18	FY 3/19
Exchange rate (¥/US\$)	111	111
Naphtha price in Japan (thousand¥/kl)	42	54

Forecasts by Segment

(¥ bn.)

Previous forecasts
(Aug. 2018)

	Net Sales		Operating Profit		
	FY 3/18 result	FY 3/19 forecasts	FY 3/18 result	FY 3/19 forecasts	Change ('17→'18)
Films & Functional Polymers	148.7	154.0	13.7	14.6	+0.9
Industrial Materials	63.5	67.0	4.3	3.5	-0.8
Healthcare	35.7	37.0	5.2	5.0	-0.2
Textiles and Trading	68.3	68.0	0.6	0.3	-0.3
Real Estate and Others	15.0	14.0	2.8	2.3	-0.5
Elimination & Corporate	-	-	-2.7	-2.7	-0.0
Total	331.1	340.0	23.9	23.0	-0.9

14.7

4.9

5.5

0.6

2.3

-3.0

25.0

IV. Progress of 2018 Medium-Term Management Plan

Creation of value that contributes to society

「Jun-ri soku-yu」

「順理則裕」

SDGs



Mobility

- Airbag fabrics
- Engineering plastics
- “HARDLEN”

Films & Coatings

- “COSMOSINE SRF”
- Mold releasing film for MLCC
 - “XENOMAX”
- Packaging films

Healthcare & Wellness

- Enzymes for diagnostic reagents
 - “Nerbridge”
- Born regeneration inducing materials
- Functional filters
 - “COCOMI”

Overseas business

Environment

- RO·FO membrane
- VOC emissions treatment equipment

- PPS materials
- A new catalyst for polyester

- Water-wash printing plates

~ Creating Shared Value (CSV) ~

Continue to create value that contributes to the environment, healthcare, high function, and society



IV. Progress of 2018 Medium-Term Management Plan

Films & Coatings

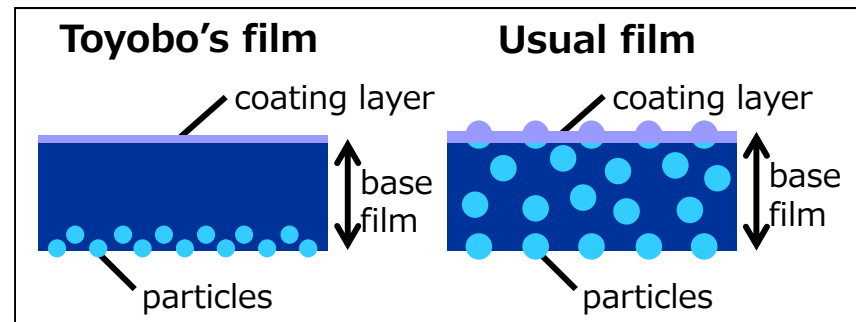
■ “COSMOSHINE SRF”

- In H1, sales increased largely by approx. 90%.
Aim for 30% share in FY 3/19.
- Sales expanded for use in LCD TVs in overseas markets.
- Emerging dominance of polyester due to market trending to larger panels, bezel-free displays and component-based rather than module-based procurement.



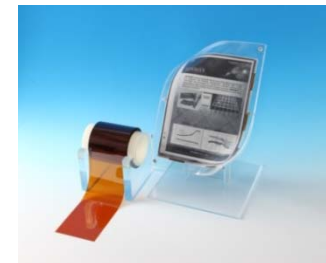
■ Mold releasing film for MLCC

- In H1, sales increased by approx. 40%.
Aim for 25% share of the high-end product market in FY3/19.
- Expanded sales with emphasis on high-end products with superior smoothness.
- New processing equipment will be put into production in July 2019.



■ “XENOMAX”

- Polyimide film with heat resistance and superior dimensional stability.
- Adopted in products such as electronic paper displays.
- A new plant was completed and started test production in November 2018.



IV. Progress of 2018 Medium-Term Management Plan

HealthCare&Wellness、Environment-conscious product

【Healthcare & Wellness】

■ Bone regeneration inducing materials

- Will obtain PMDA approval within FY 3/19.
- From implant applications.



■ Clinical testing device

- Sales of genetic testing device “GENECUBE” and urine formed elements analyzer “USCANNER (E)” to China were launched in August 2018.



【Environment-conscious product】

■ “Toyobo GS Catalyst”

- Aluminum based catalyst containing no heavy metals “Toyobo GS Catalyst”.
- Biodegradable Polyester “DuPont APEXA” (DuPont).
- Manufacturing commissioned by DuPont in October 2018.



V. Towards the restoration of confidence

Towards the restoration of confidence

We are currently investigating the cause of the fire accident in cooperation with relevant authorities and taking appropriate preventive steps including safety measures for other business establishments.

From now, we will proceed with early recovery and make company-wide efforts for the restoration of confidence.

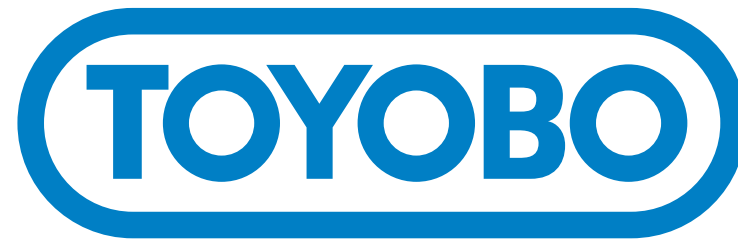
Please Note

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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