



*Ideas & Chemistry*

August 5, 2019

# Presentation to Investors



Catalyzing the Unimagined

想像を超える化学反応を。



*Ideas & Chemistry*

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# TOYOBO Co., Ltd.

# Agenda

- I . Results for Q1 FY 3/20**
- II . Forecasts for FY 3/20**



# I . Results for Q1 FY 3/20

# Highlights

## Q1 FY 3/20 Results

- ◆ Operating Profit of ¥ 5.2 billion (down 2.2%) and profit of ¥ 1.7 billion (down 45.6%) are in line with expectations.
- ◆ Sales of growth drivers “COSMOSHINE SRF” and mold releasing film for MLCC were strong.
- ◆ Airbag yarn and “BREATHAIR” were affected by procurement of replacement materials due to fire.

## FY 3/20 Forecasts

- ◆ Still expected to achieve targets, so full-year forecast of operating profit of ¥22 billion is unchanged.

	FY 3/19	FY 3/20		Q1 YOY	(¥ bn.)
	Q1	Q1	full year		
Net sales	80.8	80.8	350.0	+ 0.1%	
Operating profit	5.3	5.2	22.0	- 2.2%	
Extraordinary income and losses	- 0.2	- 1.7	7.0	-	
Profit attributable to owners of parent	3.1	1.7	17.0	- 45.6%	

# Results for Q1 FY 3/20 PL

(¥ bn.)

	FY 3/19	FY 3/20	YOY	
	Q1	Q1	Amount	%
<b>Net sales</b>	<b>80.8</b>	<b>80.8</b>	<b>+ 0.1</b>	<b>+ 0.1%</b>
<b>Operating profit</b>	<b>5.3</b>	<b>5.2</b>	<b>- 0.1</b>	<b>- 2.2%</b>
<b>(Ratio to sales)</b>	<b>6.6%</b>	<b>6.5%</b>	<b>-</b>	<b>-</b>
<b>Ordinary profit</b>	<b>4.8</b>	<b>4.3</b>	<b>- 0.5</b>	<b>- 9.5%</b>
<b>Extraordinary income</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Extraordinary losses</b>	<b>0.4</b>	<b>1.7</b>	<b>+ 1.4</b>	<b>-</b>
<b>Profit attributable to owners of parent</b>	<b>3.1</b>	<b>1.7</b>	<b>- 1.4</b>	<b>- 45.6%</b>
<b>EPS (¥)</b>	<b>34.6</b>	<b>18.8</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>	<b>3.9</b>	<b>3.9</b>	<b>+ 0.0</b>	<b>+ 1.0%</b>
<b>CAPEX</b>	<b>4.4</b>	<b>7.0</b>	<b>+ 2.6</b>	<b>+ 58.0%</b>

Exchange rate (¥/US\$)

109

110

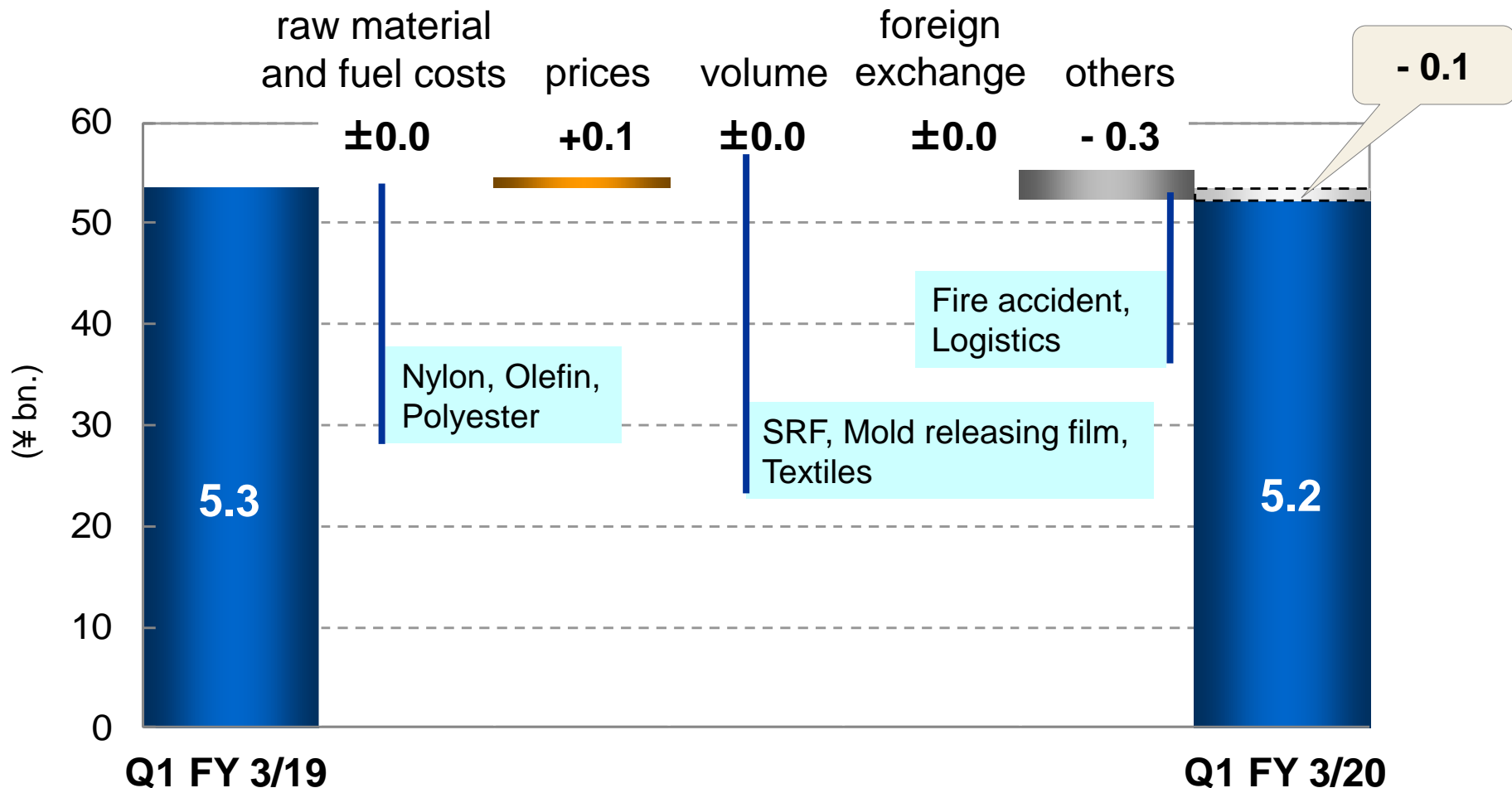
Naphtha price in Japan

49

45

(thousand ¥/kl)

# Analysis of Changes in Operating Profit



	FY 3/19	FY 3/20
	Q1	Q1
Exchange rate (¥/US\$)	109	110
Naphtha price in Japan (thousand ¥/kl)	49	45

# Results for Q1 FY 3/20 BS

(¥ bn.)

	Mar. 31, 2019	June 30, 2019	Change 19/3 ⇒ 19/6
<b>Total assets</b>	<b>461.0</b>	<b>468.8</b>	<b>+ 7.7</b>
<b>Inventories</b>	<b>76.8</b>	<b>79.4</b>	<b>+ 2.6</b>
<b>Non current assets</b>	<b>267.9</b>	<b>268.6</b>	<b>+ 0.7</b>
<b>Net assets</b>	<b>181.2</b>	<b>176.6</b>	<b>- 4.6</b>
<b>Shareholder's equity</b>	<b>176.6</b>	<b>171.4</b>	<b>- 5.2</b>
<b>(Retained earnings)</b>	<b>51.9</b>	<b>49.9</b>	<b>- 2.0</b>
<b>Non-controlling interests</b>	<b>4.6</b>	<b>5.2</b>	<b>+ 0.5</b>
<b>Interests-bearing debt</b>	<b>164.8</b>	<b>179.1</b>	<b>+ 14.3</b>
<b>D/E ratio</b>	<b>0.93</b>	<b>1.04</b>	<b>-</b>

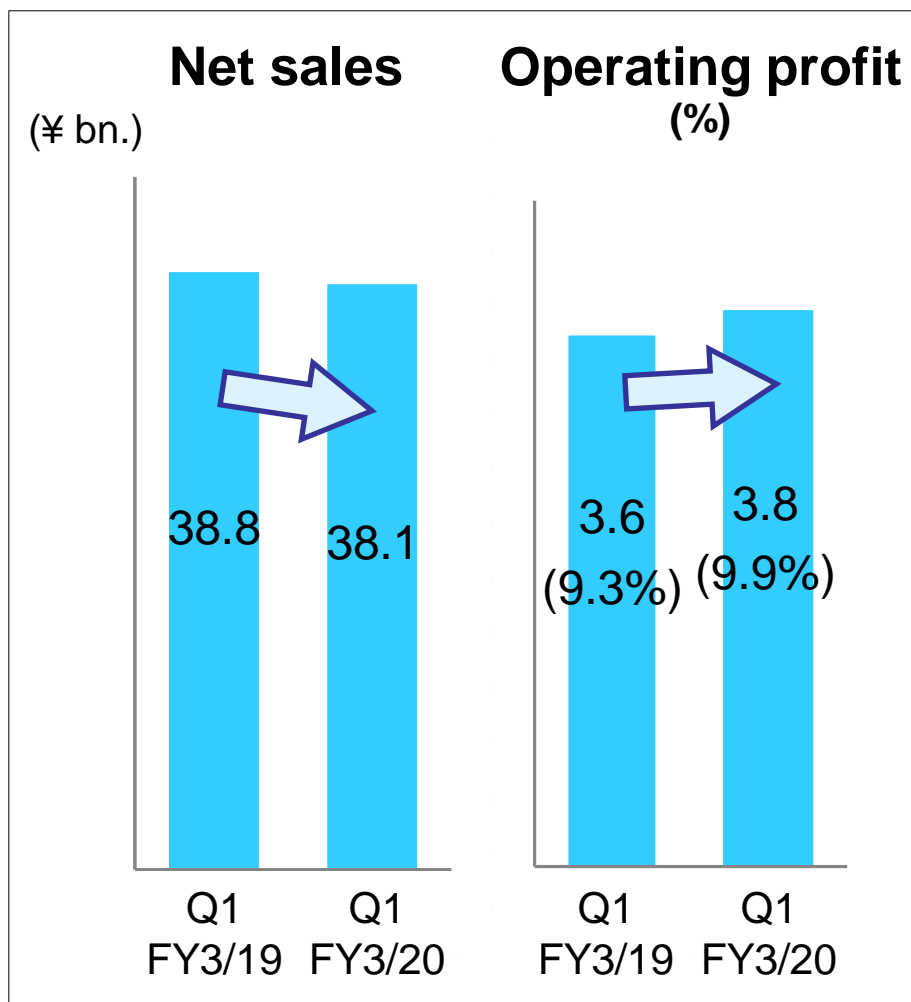
# Results by Segment

(¥ bn.)

	Net sales		Operating profit (loss)		
	FY 3/19 Q1	FY 3/20 Q1	FY 3/19 Q1	FY 3/20 Q1	YOY (Amount)
Films & Functional Polymers	38.8	38.1	3.6	3.8	+ 0.2
Industrial Materials	16.1	16.0	1.0	0.5	- 0.4
Healthcare	7.6	9.3	1.0	1.2	+ 0.2
Textiles and Trading	14.8	14.5	0.2	- 0.2	- 0.4
Real Estate and Others	3.4	2.9	0.4	0.6	+ 0.2
Elimination & Corporate	-	-	- 0.8	- 0.8	+ 0.1
<b>Total</b>	<b>80.8</b>	<b>80.8</b>	<b>5.3</b>	<b>5.2</b>	<b>- 0.1</b>



# Films & Functional Polymers



## ● Packaging film

- Sales for summer seasonal products were sluggish.

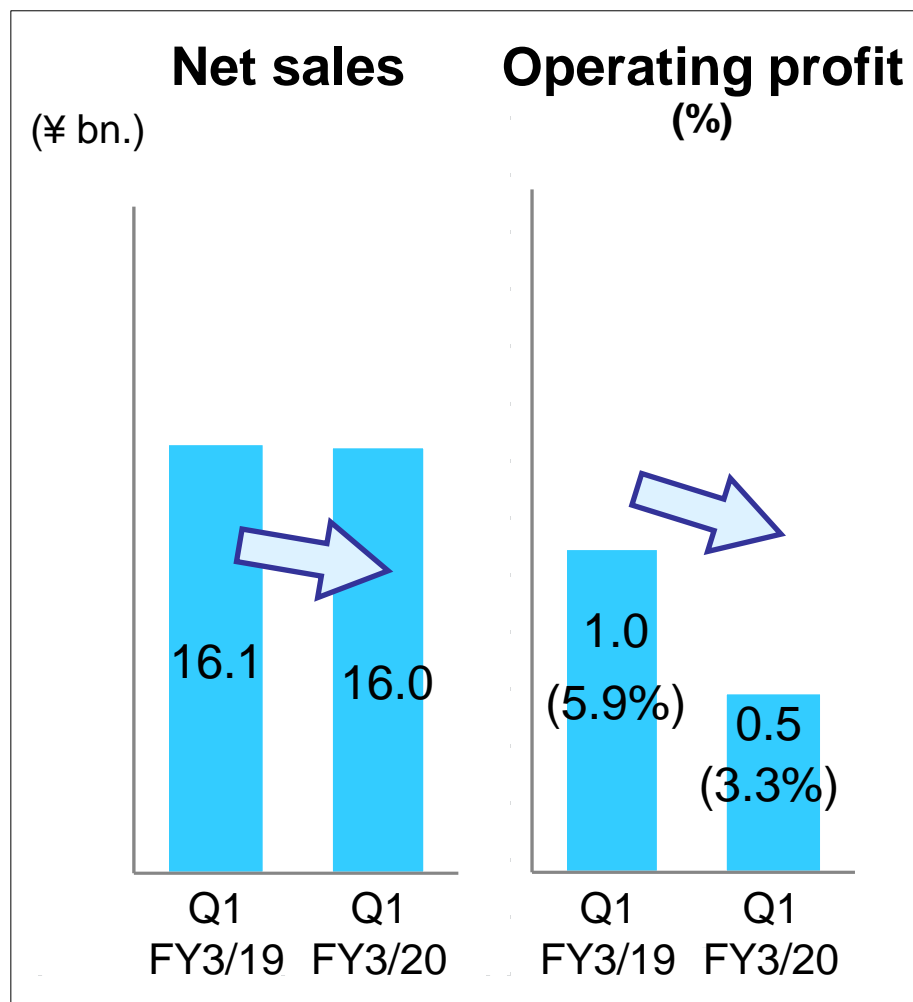
## ● Industrial film

- Sales of “COSMOSHINE SRF” expanded.
- Sales of mold releasing film for MLCC expanded for automobile products.

## ● Functional polymers

- Although sales of engineering plastics for the automobile industry increased, sales for the non-automotive industry to China remained sluggish.

# Industrial Materials



## ● Airbag fabrics

- The impact of fire brought difficulties.

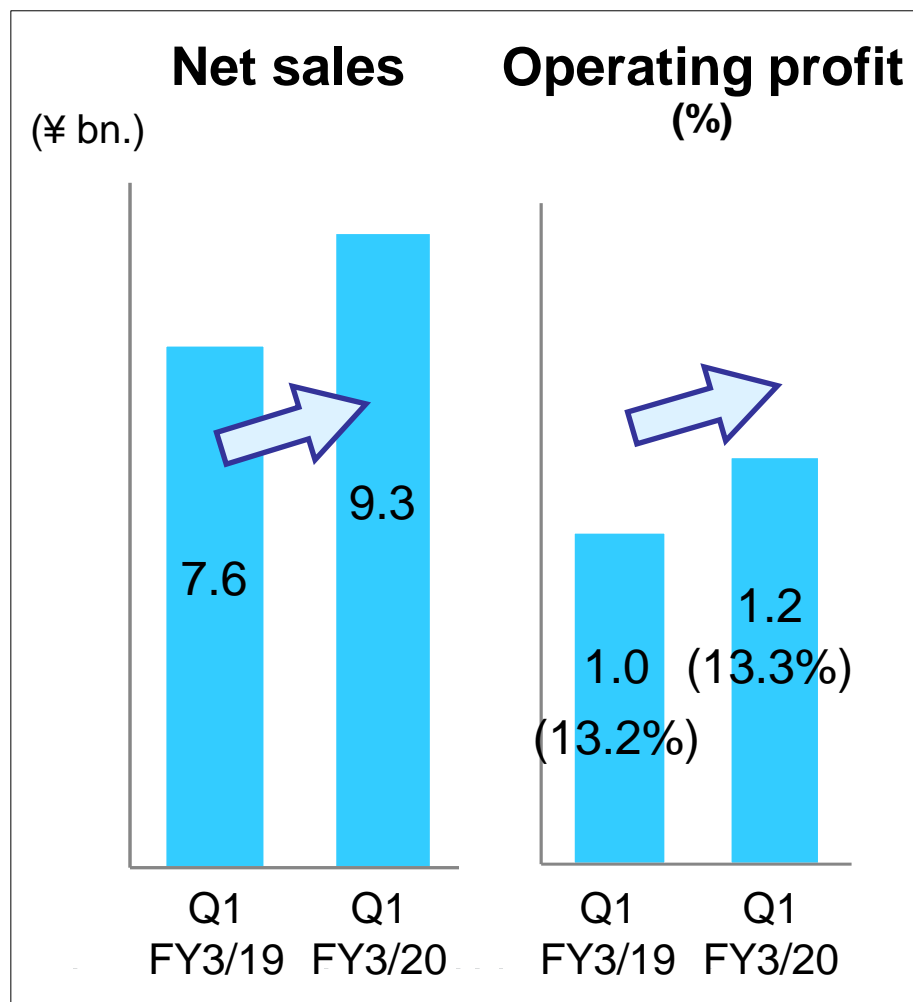
## ● Life and industrial materials

- Sales of staple fibers for use in hygiene products remained sluggish due to the decline of demand in the Chinese market.
- “BREATHAIR” was affected by fire.

## ● High-performance fibers

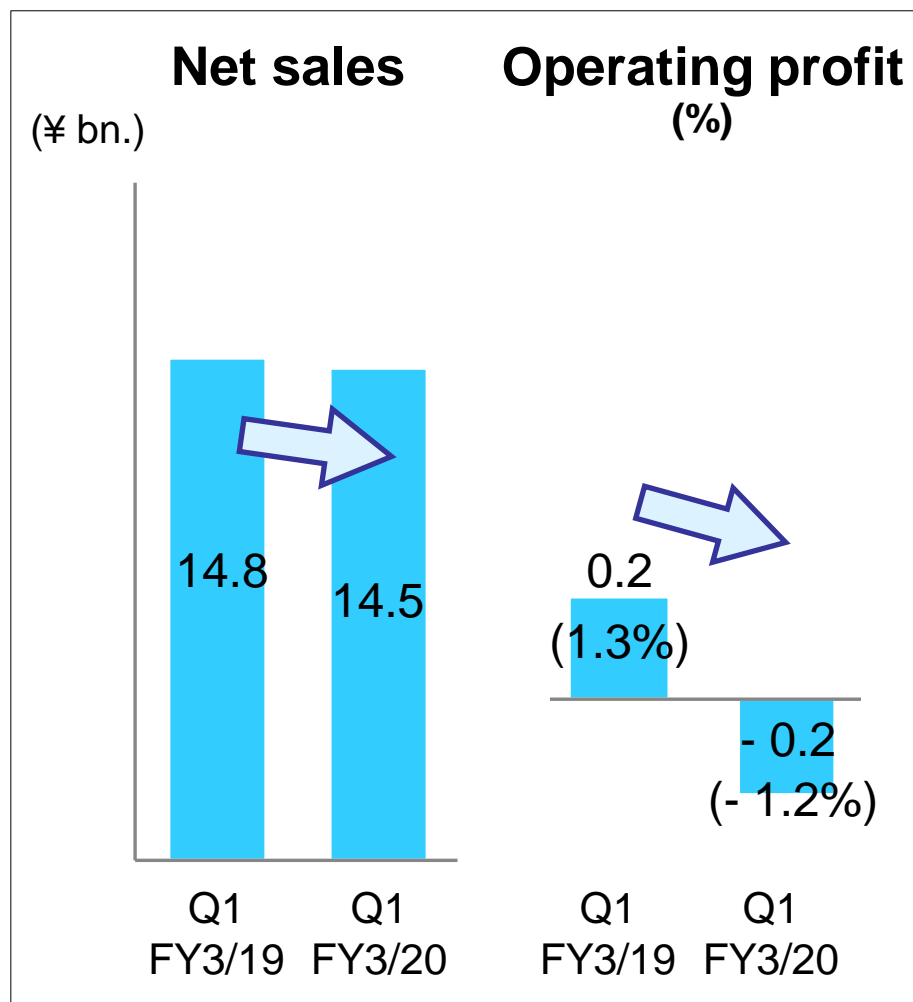
- Sales of “IZANAS” grew for use in ropes.
- Sales of “ZYLON” expanded for use in bicycle tires and other use.

# Healthcare



- **Bio-related products**
  - Enzymes for diagnostic reagents achieved growth to overseas market.
- **Pharmaceuticals**
  - Faced challenges in winning new contracts.
- **Functional membranes**
  - Sales of reverse osmosis membrane elements for seawater desalination expanded.
- **Functional filters**
  - Sales of volatile organic compound (VOC) emissions treatment equipment expanded sales particularly to China.

# Textiles and Trading



## ● TOYOBO STC (Textiles)

- Sales of thobe cloth in the Middle East and sports apparel were strong.

## ● Acrylic fiber

- Although acrylic fiber is being shifted to industrial material applications, the sales were sluggish.

## Topics

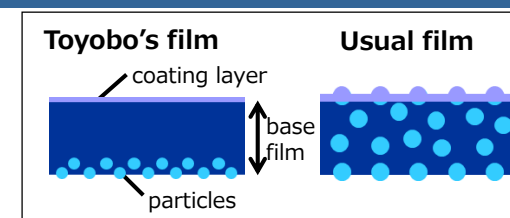
### “COSMOSHINE SRF”

- In Q1, sales increased by approx. 25%.  
Sales expanded for use in LCD TVs in overseas markets.
- In FY 3/21, Unit 3 is scheduled to start mass production.  
Expecting approx. 1.5-fold increase in production capacity.
- Aim for 40% share in FY 3/22.
- 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 Q1, sales increased by approx. 25%.
- In FY 3/20, new processing equipment will be put into production, expecting approx. 2-fold increase in production capacity.
- Aim for 30% share of the high-end product market in FY 3/22.
- Although sales for smartphones were sluggish, sales for automobile products expanded.
- Superior in smoothness.



### Acquisition of subsidiaries of TEIJIN LIMITED that operate polymer film businesses

- Teijin Film Solutions Limited and PT.Indonesia Teijin Film Solutions
- Scheduled to acquire all stocks of the firms and make them wholly owned subsidiaries on October 1, 2019.
- Strengthening the Company's capacity to develop and manufacture high-performance films, and its overseas production capabilities.



## **II . Forecasts for FY 3/20**

Regarding the forecasts for the full year,  
no changes have been made  
in the outlook announced on May 9, 2019.

# Forecasts for FY 3/20

(¥ bn.)

	FY 3/19	FY 3/20	YOY	
<b>Net sales</b>	<b>336.7</b>	<b>350.0</b>	<b>+13.3</b>	<b>+4.0%</b>
<b>Operating profit</b>	<b>21.7</b>	<b>22.0</b>	<b>+0.3</b>	<b>+1.3%</b>
<b>(Ratio to sales)</b>	<b>6.5%</b>	<b>6.3%</b>	<b>-</b>	<b>-</b>
<b>Ordinary profit</b>	<b>17.8</b>	<b>18.0</b>	<b>+0.2</b>	<b>+1.2%</b>
<b>Extraordinary income and losses</b>	<b>- 17.7</b>	<b>7.0</b>	<b>+24.7</b>	<b>-</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>- 0.6</b>	<b>17.0</b>	<b>+17.6</b>	<b>-</b>
<b>EPS (¥)</b>	<b>- 6.8</b>	<b>191.5</b>	<b>-</b>	<b>-</b>
<b>Depreciation</b>	<b>15.8</b>	<b>17.0</b>	<b>+1.2</b>	<b>+7.4%</b>
<b>CAPEX</b>	<b>25.5</b>	<b>36.5</b>	<b>+11.0</b>	<b>+43.1%</b>

Exchange rate (¥/US\$)

111

112

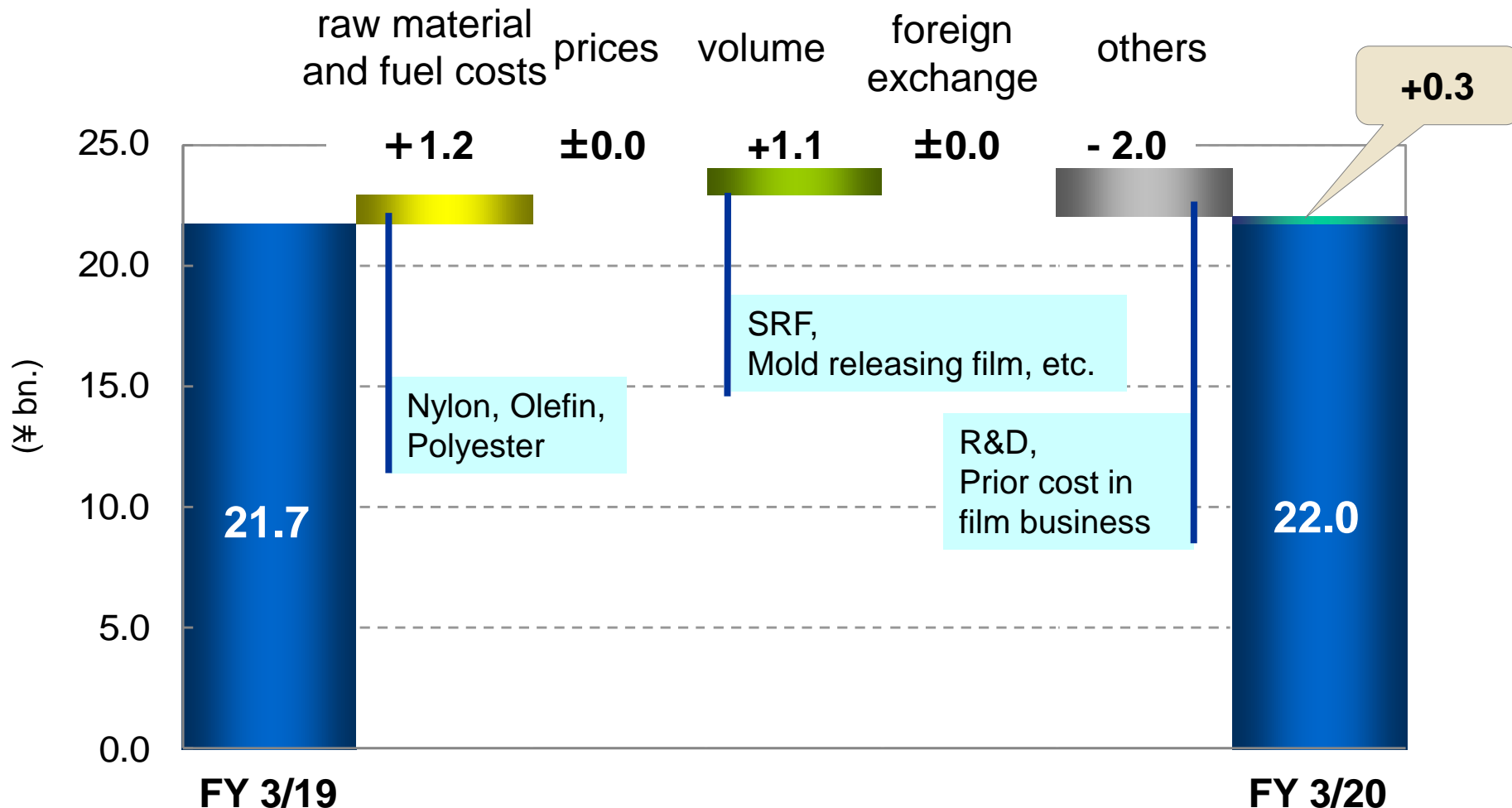
Naphtha price in Japan (thousand¥/kl)

49

47

No changes have been made in the outlook announced on May 9, 2019.

# Analysis of Changes in Operating Profit



	FY 3/19	FY 3/20
Exchange rate (¥/US \$)	111	112
Naphtha price in Japan (thousand¥/kl)	49	47

No changes have been made in the outlook announced on May 9, 2019.



# Forecasts by Segment

(¥ bn.)

	Net Sales		Operating Profit		
	FY 3/19 result	FY 3/20 forecasts	FY 3/19 result	FY 3/20 forecasts	YOY
Films & Functional Polymers	156.2	162.5	13.7	14.8	+1.1
Industrial Materials	66.5	71.0	2.6	2.4	- 0.2
Healthcare	34.7	37.0	5.2	5.4	+0.2
Textiles and Trading	64.6	65.0	0.9	0.8	- 0.1
Real Estate and Others	14.7	14.5	2.2	2.1	- 0.1
Elimination & Corporate	-	-	- 2.9	- 3.5	- 0.6
<b>Total</b>	<b>336.7</b>	<b>350.0</b>	<b>21.7</b>	<b>22.0</b>	<b>+0.3</b>

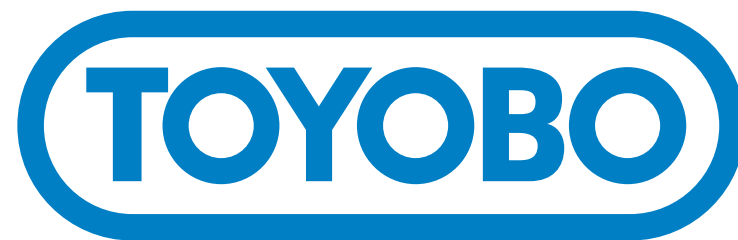
No changes have been made in the outlook announced on May 9, 2019.

# Please Note

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release.

Actual results may differ from the results anticipated in the statements.

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