



Ideas & Chemistry

Presentation to Investors



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(Analysts' Meeting)

Highlights

H1 FY 3/17 Results

- Operating income was limited to ¥10.7 billion (1.5%), resulting in a reduced profit.
- Difficult business conditions related to Acrylic fibers and PPS fiber materials for filter bags in China.
- Growth driver “COSMOSHINE SRF” significantly expanded revenues.

FY 3/17 Forecasts

The full-year forecasts are being revised as shown below because of the uncertainty in the market environment due to factors such as the influence of the Chinese economy despite the decline in raw material costs and the expansion of new products.

	FY 3/16			FY 3/17			Previous forecasts (Aug, 2016)
	H1	H2		H1	H2 (Forecasts)	¥ bn.	
Net sales	179.7	168.1	347.8	164.7	175.3	340.0	360.0
Operating income	10.5	12.6	23.1	10.7	12.3	23.0	25.0
Extraordinary losses	1.1	3.8	4.9	3.3	1.9	5.2	4.0
Profit attributable to owners of parent	5.4	4.8	10.1	3.7	6.3	10.0	13.0

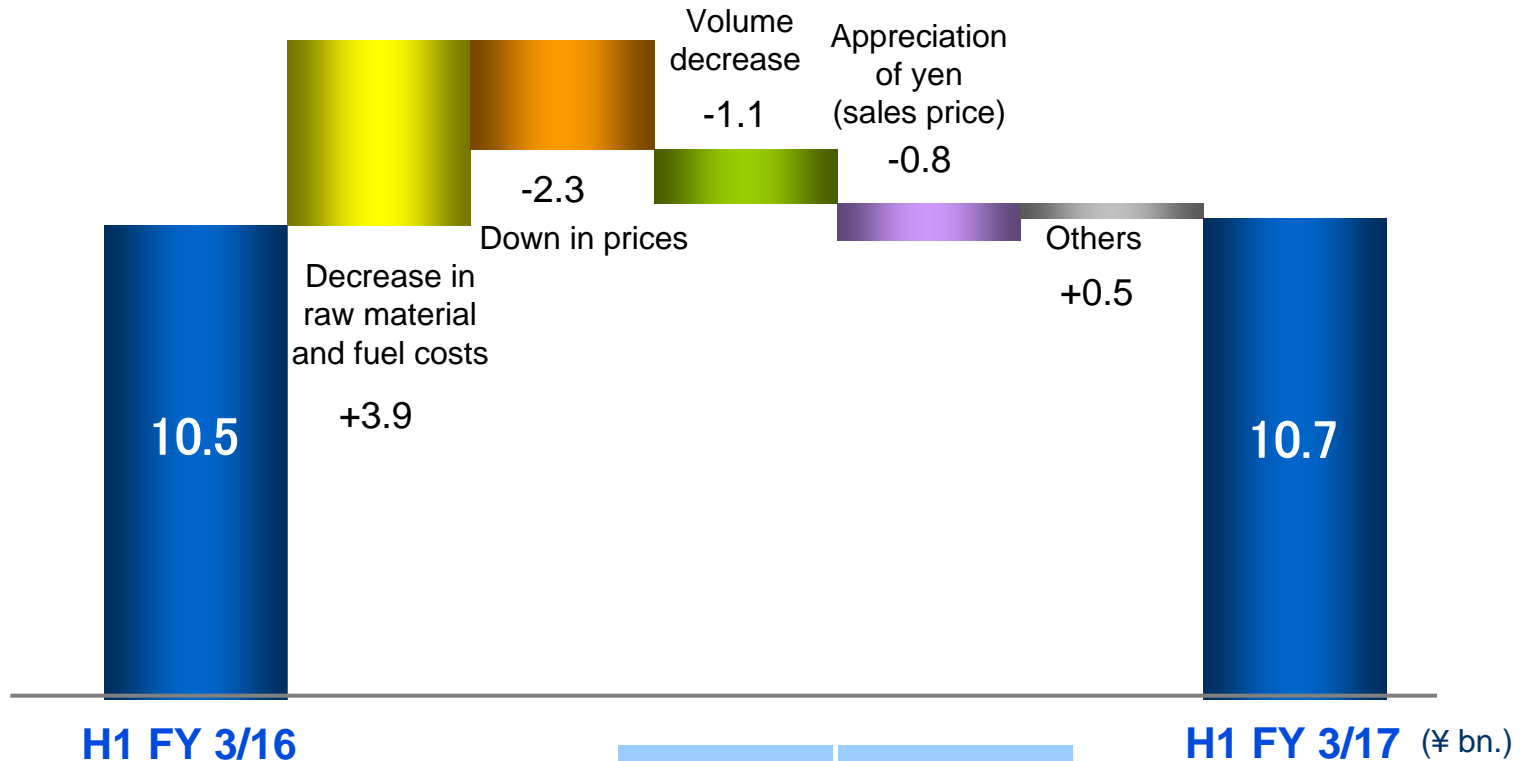
I. Results for H1 of FY 3/17

(1) Results for H1 FY 3/17 1)PL.CF

	¥ bn.					Previous forecasts (Aug, 2016)
	H1 FY 3/16	H2 FY 3/16	H1 FY 3/17	YoY		
				Amount	%	
Net Sales	179.7	168.1	164.7	-15.0	-8.4%	170.0
Operating income	10.5	12.6	10.7	+0.2	+1.5%	12.0
Ratio to sales	5.8%	7.5%	6.5%	-	-	7.1%
Ordinary income	9.7	10.7	8.7	-0.9	-9.4%	11.0
Extraordinary losses	1.1	3.8	3.3	+2.2	+197.3%	4.0
Profit attributable to owners of parent	5.4	4.8	3.7	-1.7	-31.7%	6.0
EPS (¥)	6.0	5.4	4.1	-	-	
Depreciation	7.1	7.3	7.3	+0.2	+2.9%	
CAPEX	7.3	10.0	7.8	+0.5	+7.4%	
Operating CF	12.9	19.4	10.6	-2.3	-17.9%	
Exchange rate (¥/US\$)	122	118	105			
Naphtha price in Japan (thousand ¥/kl)	48	38	32			

Analysis of Changes in Operating Income

[H1 FY 3/16 → H1 FY 3/17]



	H1 FY3/16	H1 FY 3/17
Exchange rate (¥/US\$)	122	105
Naphtha price in Japan (thousand ¥/kl)	48	32

2) BS

	Mar. 31, 2015	Mar. 31, 2016	Sep. 30, 2016	Change
				¥ bn.
Total assets	465.8	444.6	443.9	-0.7
Cash and deposits	20.6	20.3	28.0	+7.7
Inventory	82.4	75.3	72.9	-2.4
Net assets	161.1	160.1	158.6	-1.5
Shareholders' equity	158.0	156.9	155.5	-1.4
Capital surplus	32.5	39.5	40.1	+0.6
Foreign currency translation adjustment	-7.5	-10.7	-12.4	-1.6
Non-controlling intertsts	3.1	3.2	3.1	-0.1
Interest-bearing debt	177.1	165.4	173.4	+8.0
D/E ratio	1.12	1.05	1.11	

(2) Results by Segment

¥ bn.

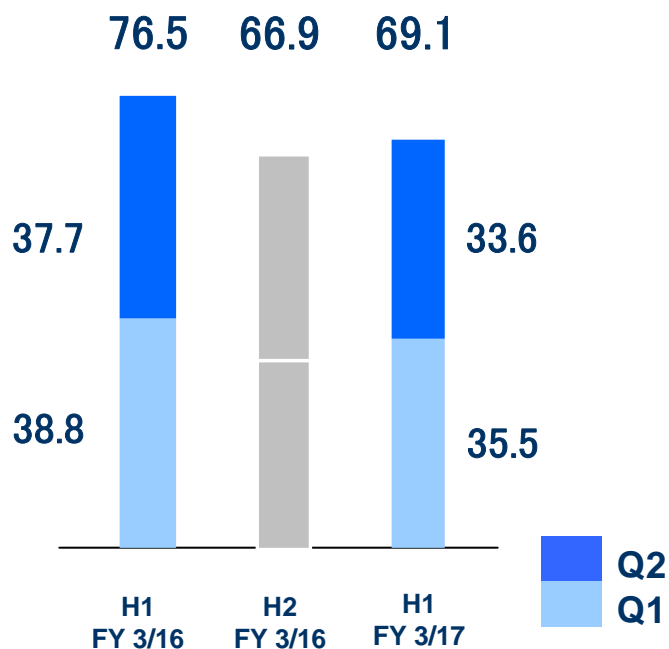
	Net Sales			Operating Income			YoY
	H1 FY 3/16	H2 FY 3/16	H1 FY 3/17	H1 FY 3/16	H2 FY 3/16	H1 FY 3/17	
Films & Functional Polymers	76.5	66.9	69.1	4.0	5.9	6.0	+2.0
Industrial Materials	35.3	35.2	32.4	3.2	3.0	2.0	-1.2
Healthcare	13.5	14.3	14.5	2.1	2.6	1.9	-0.2
Textiles and Trading	43.8	41.6	39.8	1.2	1.3	0.4	-0.7
Real Estate and Others	10.5	10.1	8.9	1.5	1.4	1.7	+0.3
Elimination & Corporate	-	-	-	-1.5	-1.7	-1.5	+0.0
Total	179.7	168.1	164.7	10.5	12.6	10.7	+0.2

1) Films & Functional Polymers

- Packaging films business experienced lower revenues due to lower raw materials and fuel costs. Product portfolio reforms are proceeding in the industrial films business.

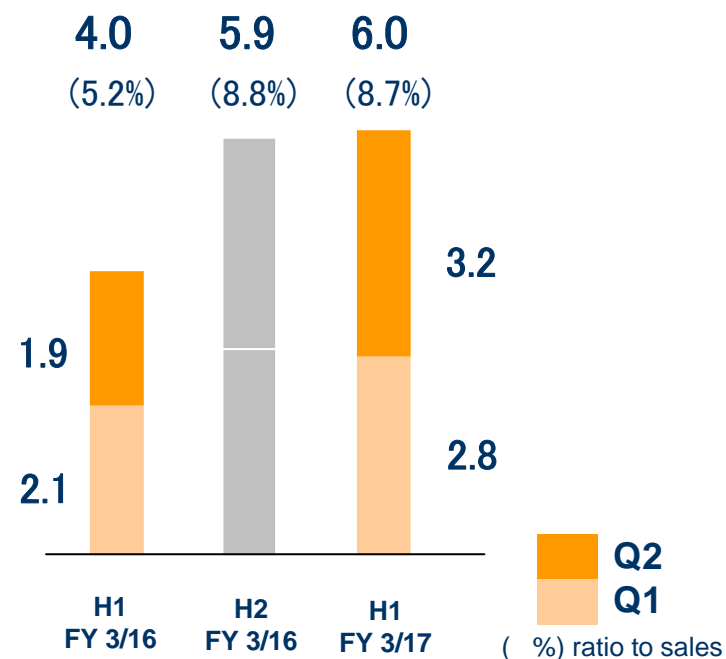
Net sales

(¥ bn.)



Operating income

(¥ bn.)

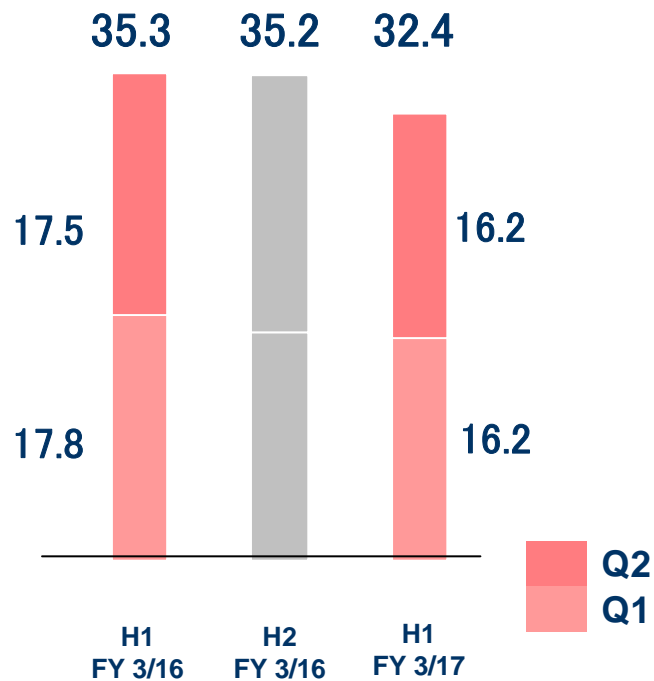


2) Industrial Materials

- High-performance fibers were firm. Airbag fabrics business progressed well in overseas business development. PPS fiber materials for filter bags struggled in China.

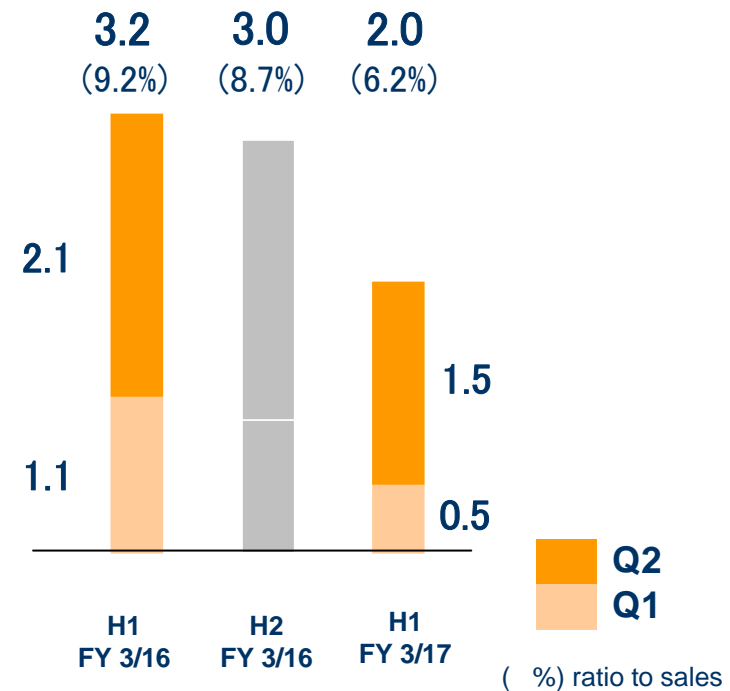
Net sales

(¥ bn.)



Operating income

(¥ bn.)

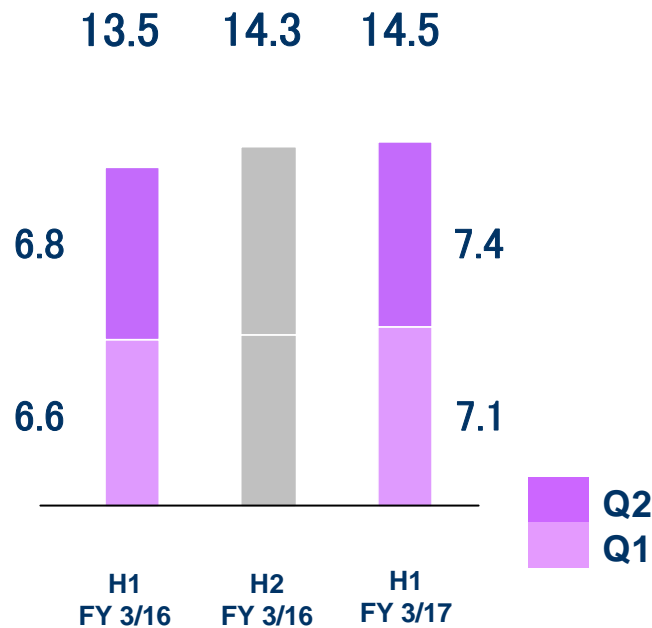


3) Healthcare

- Bioproducts business was greatly affected by the foreign exchange rate fluctuations despite the firm deliveries. Functional membranes business experienced delays in orders from the Middle East.

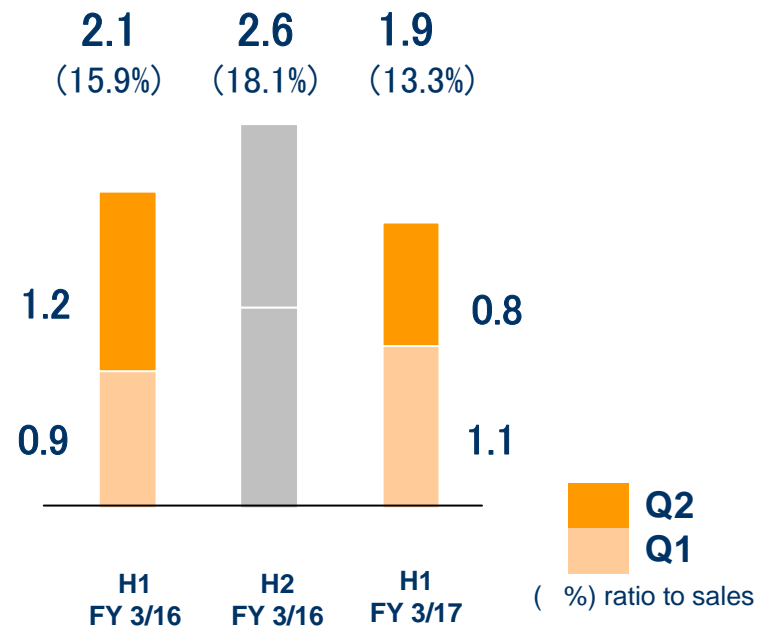
Net sales

(¥ bn.)



Operating income

(¥ bn.)

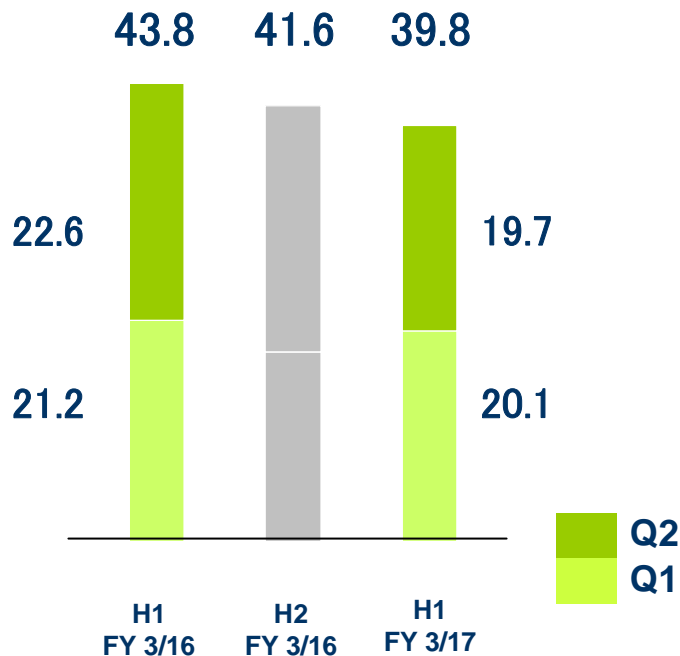


4) Textiles and Trading

- Thoub cloth for the Middle East was affected by the foreign exchange rate fluctuations despite the expansion in volume. Acrylic fibers struggled under China's anti-dumping policies.

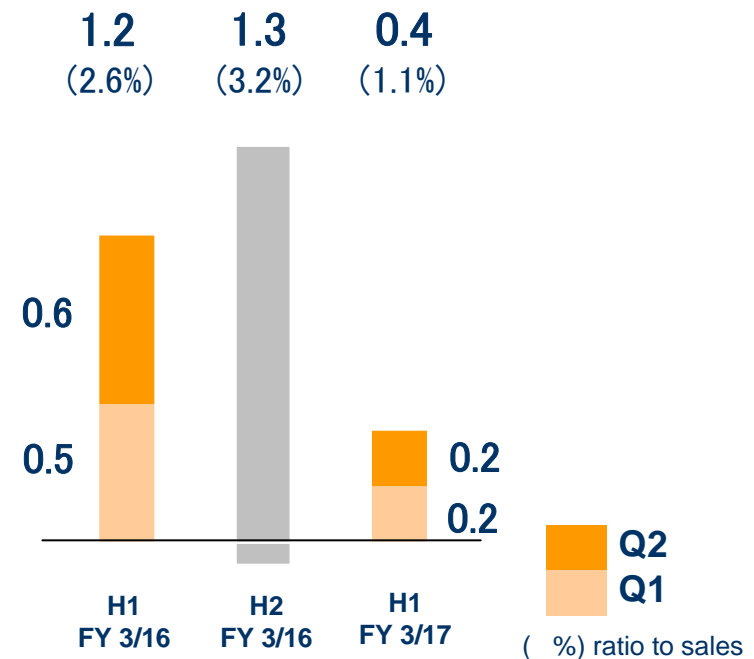
Net sales

(¥ bn.)



Operating income (loss)

(¥ bn.)



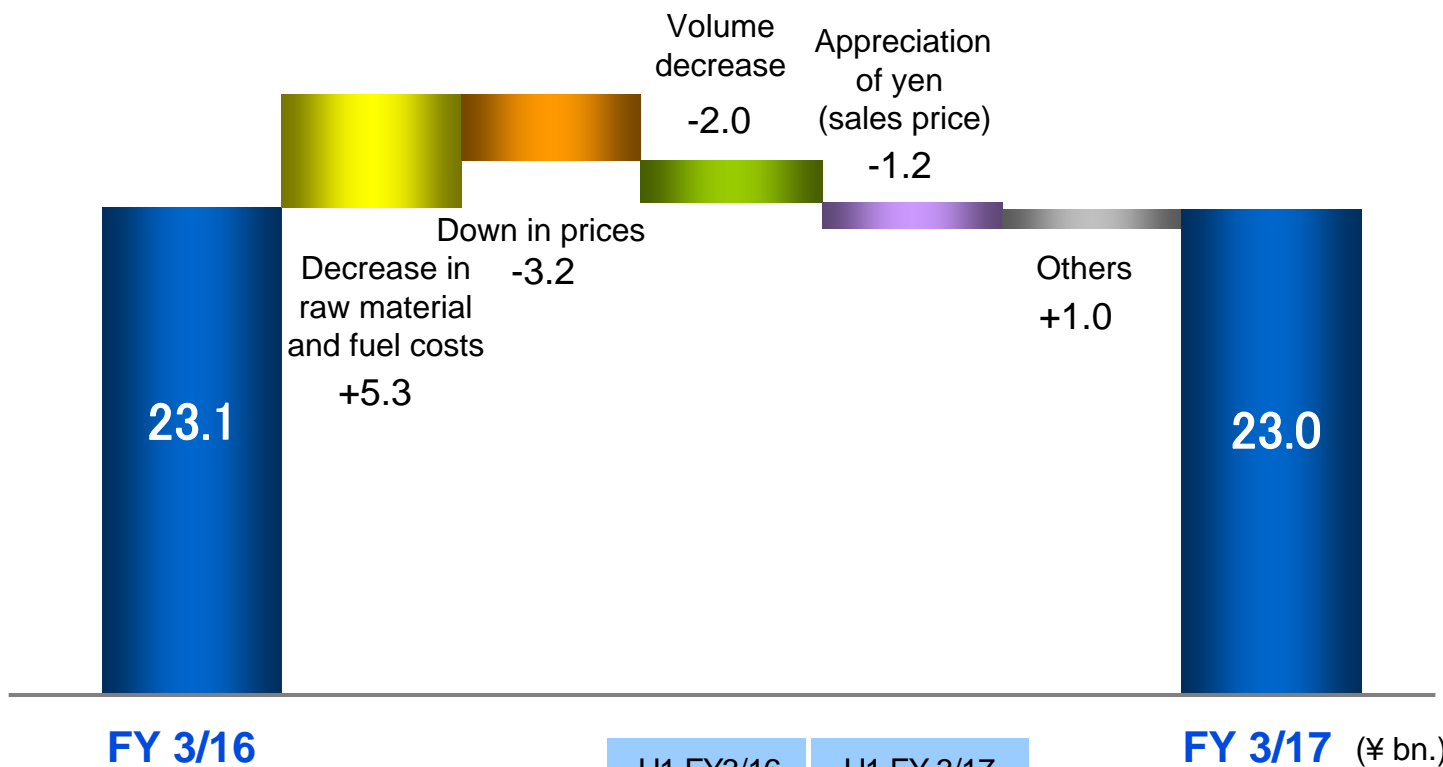
II. Forecasts for FY 3/17

(1) Forecasts for FY 3/17

	FY 3/16	FY 3/17 (Forecasts)			Change		Previous forecasts (Aug, 2016)
		H1	H2		¥ bn.		
					Amount	&	
Net sales	347.8	164.7	175.3	340.0	-7.8	-2.2%	360.0
Operating income	23.1	10.7	12.3	23.0	-0.1	-0.5%	25.0
Ratio to sales	6.6%	6.5%	7.0%	6.8%	-	-	6.9%
Ordinary income	20.4	8.7	11.3	20.0	-0.4	-1.9%	23.0
Extraordinary losses	4.9	3.3	1.9	5.2	+0.3	+6.8%	4.0
Profit attributable to owners of parent	10.1	3.7	6.3	10.0	-0.1	-1.5%	13.0
EPS (¥)	11.4	4.1	7.1	11.3	-	-	14.6
Depreciation	14.4	7.3	7.7	15.0	+0.6	+3.9%	15.0
CAPEX	17.3	7.8	10.2	18.0	+0.7	+3.8%	18.0
Exchange rate (¥/US\$)	120	105	103	104			115
Naphtha price in Japan (thousand ¥/kl)	43	32	33	32			43

Analysis of Changes in Operating Income

[Forecasts: FY 3/16→ FY 3/17]



	H1 FY3/16	H1 FY 3/17
Exchange rate (¥/US\$)	120	104
Naphtha price in Japan (thousand ¥/kl)	43	32

FY 3/17 (¥ bn.)

(2) Forecasts by Segment

¥ bn.

	Net sales				Operating income				Previous forecasts (Aug, 2016)
	FY 3/16	FY 3/17 (Forecasts)			FY 3/16	FY 3/17 (Forecasts)			
		H1	H2			H1	H2		
Films & Functional Polymers	143.4	69.1	73.3	142.4	9.9	6.0	6.5	12.5	11.5
Industrial Materials	70.5	32.4	34.6	67.0	6.3	2.0	3.3	5.3	6.9
Healthcare	27.7	14.5	14.7	29.2	4.7	1.9	2.6	4.5	5.2
Textiles and Trading	85.5	39.8	40.9	80.7	2.5	0.4	0.4	0.8	1.8
Real Estate and Others	20.6	8.9	11.8	20.7	2.8	1.7	1.3	3.1	2.8
Elimination & Corporate	-	-	-	-	-3.2	-1.5	-1.7	-3.2	-3.2
Total	347.8	164.7	175.4	340.0	23.1	10.7	12.3	23.0	25.0

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.