



Ideas & Chemistry

Presentation to Investors



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President

Toyobo Co., Ltd.

November 6, 2015
(Analysts' Meeting)

Highlights

H1 FY 3/16 Results

- Operating income up 16% and profit doubled (106%) year on year.
- Difficult business conditions related to LC-TVs and automobiles in Japan despite contribution from decline in raw material and fuel costs.
- Sales of “COSMOSHINE SRF” did not achieve the target. Overseas business development progressing, mainly in engineering plastics and airbag fabrics.

FY 3/16 Forecasts

The full-year forecasts are being revised as shown below because of the uncertainty in the market environment in the second half of the fiscal year, despite an expected improvement in earnings, including the expansion of new products.

	FY 3/15			FY 3/16		¥ bn.
	H1	H2		H1	H2 (Forecast)	
Net sales	172.3	179.0	351.3	179.7	185.3	365.0
Operating income	9.0	11.5	20.6	10.5	12.5	23.0
Profit attributable to owners of parent	2.6	5.5	8.1	5.4	6.1	11.5

I. Results for H1 of FY 3/16

(1) Results for H1 FY 3/16 1)PL.CF

¥ bn.

	H1 FY 3/15	H2 FY 3/15	H1 FY 3/16	YoY		Previous forecasts (Aug. 2015)
				Amount	%	
Net sales	172.3	179.0	179.7	+7.4	+4.3%	175.0
Operating income	9.0	11.5	10.5	+1.5	+16.4%	11.0
Ratio to sales	5.2%	6.5%	5.8%	-	-	6.3%
Profit attributable to owners of parent	2.6	5.5	5.4	+2.8	+106.4%	5.5
EPS (¥)	2.9	6.2	6.0	-	-	
Depreciation	7.5	7.4	7.1	-0.4	-5.2%	
CAPEX	8.0	9.5	7.3	-0.7	-9.1%	
Operating CF	8.5	11.6	12.9	+4.5	+52.6%	
Exchange rate (¥/US\$)	103	117	122			
Naphtha price in Japan (thousand ¥/kl)	71	57	48			

2) BS

	Mar. 31, 2014	Mar. 31, 2015	Sep. 30, 2015	Change
				¥ bn.
Total assets	456.3	465.8	456.6	-9.2
Net assets	145.1	161.1	162.8	+1.7
Shareholders' equity	142.3	158.0	159.6	+1.6
(Equity ratio)	31.2%	33.9%	35.0%	
Interest-bearing debt	170.7	177.1	172.6	-4.5
D/E ratio	1.20	1.12	1.08	

(2) Results by Segment

¥ bn.

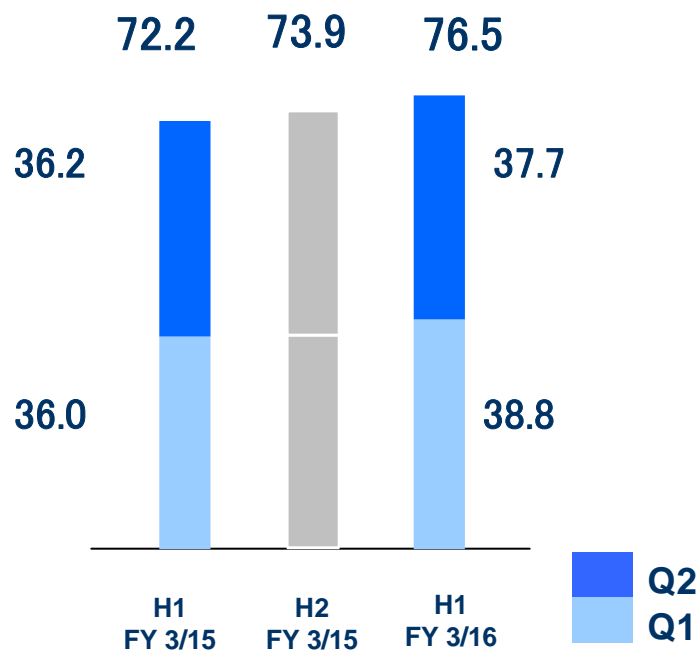
	Net Sales			Operating Income		
	H1 FY 3/15	H2 FY 3/15	H1 FY 3/16	H1 FY 3/15	H2 FY 3/15	H1 FY 3/16
Films & Functional Polymers	72.2	73.9	76.5	3.1	3.9	4.0
Industrial Materials	34.1	37.4	35.3	3.0	3.6	3.2
Healthcare	14.1	14.7	13.5	2.3	2.7	2.1
Specialty Businesses	120.4	125.9	125.3	8.4	10.3	9.4
Operating income ratio (%)				7.0%	8.1%	7.5%
Textiles and Trading	42.8	42.3	43.8	0.9	1.4	1.2
Real Estate and Others	9.2	10.7	10.5	1.2	1.5	1.5
Elimination & Corporate	-	-	-	-1.4	-1.6	-1.5
Total	172.3	179.0	179.7	9.0	11.5	10.5

1) Films & Functional Polymers

- Packaging films business experienced volume growth. Industrial films business affected by adjustments in the LC-TV market, but expenses related to new facilities and new products bottomed out.

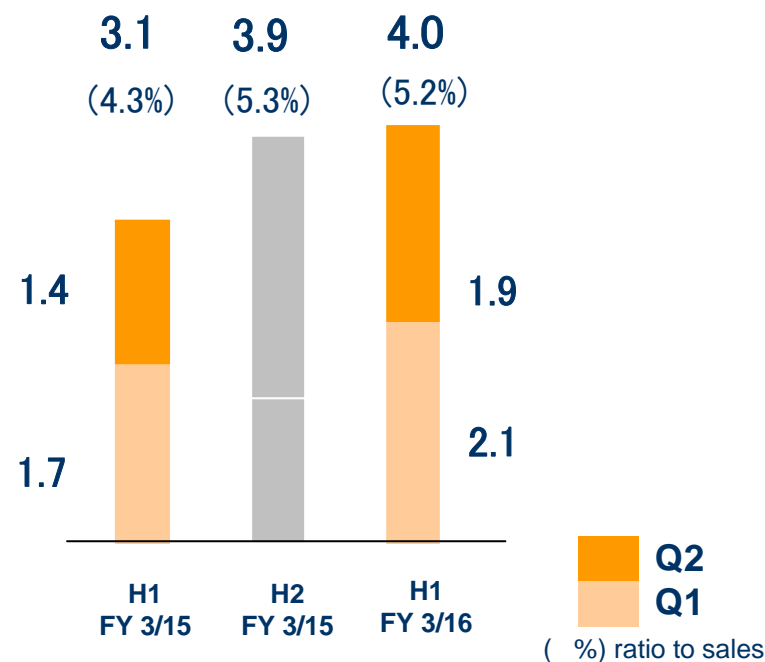
Net sales

(¥ bn.)



Operating income

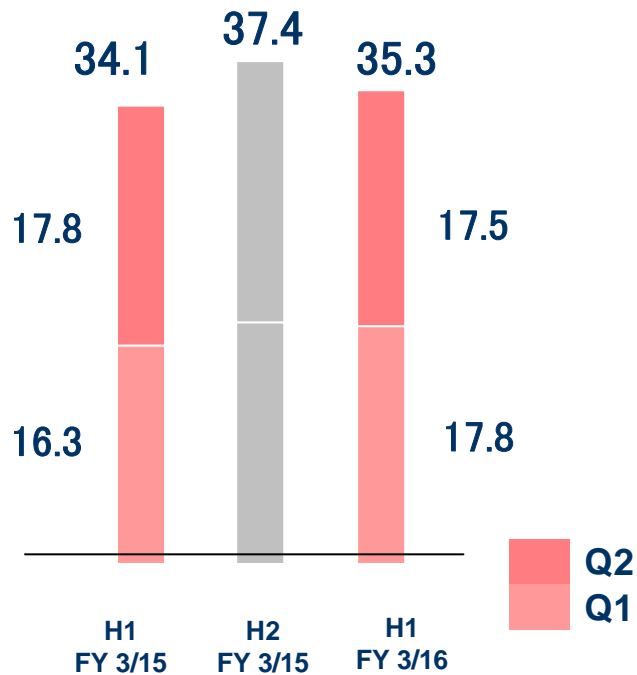
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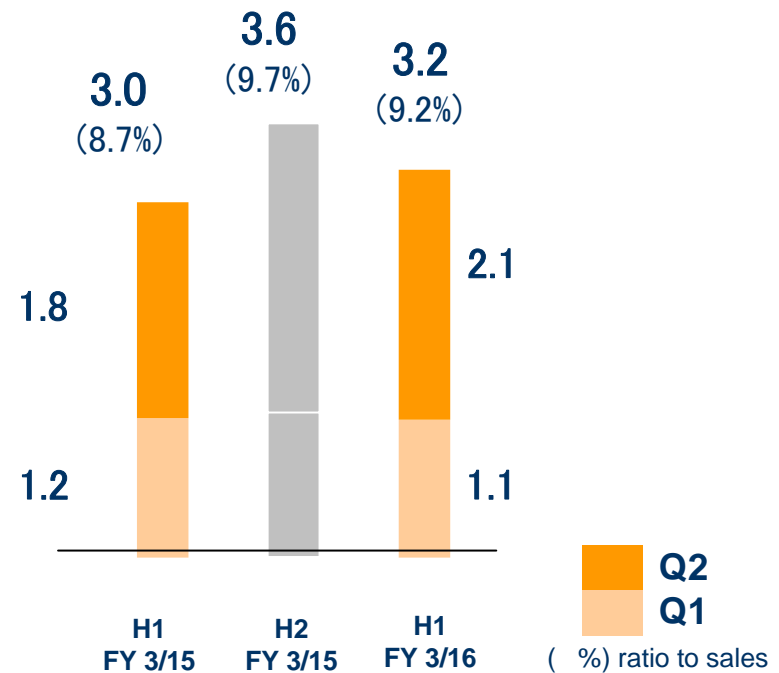
2) Industrial Materials

- Sales of high-performance fibers and functional filters favorable. Sales of airbag fabrics affected by the decline in automobile production in Japan.

Net sales (¥ bn.)



Operating income (¥ bn.)

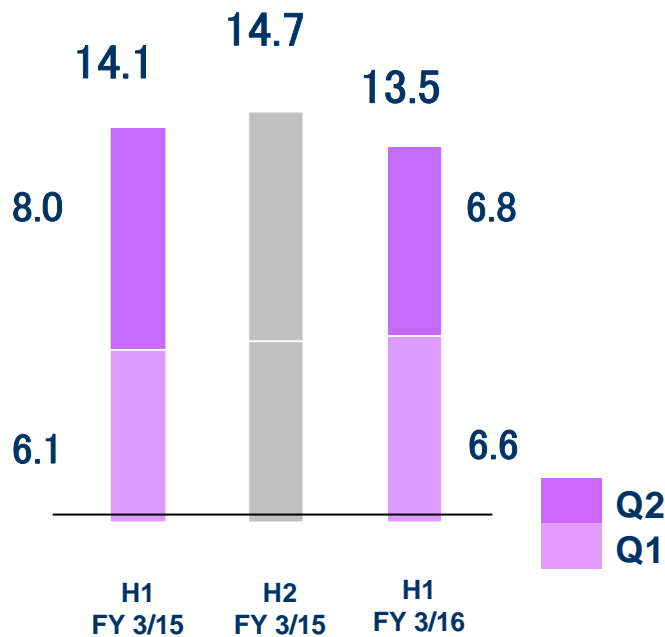


3) Healthcare

- Sales in the bioproducts business steady, but the pharmaceutical business struggled because of the postponement of some projects. Despite steady increase in the number of applications, “Nerbridge” experienced delays in sales progress.

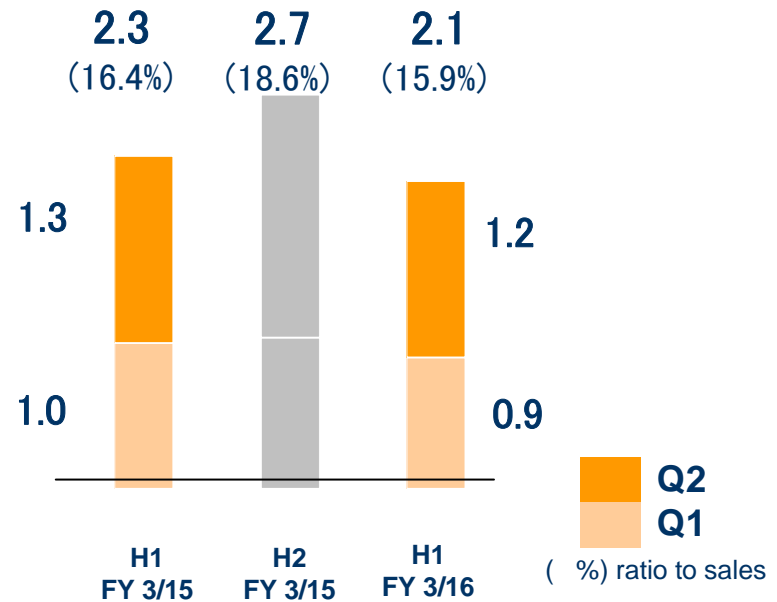
Net sales

(¥ bn.)



Operating income

(¥ bn.)

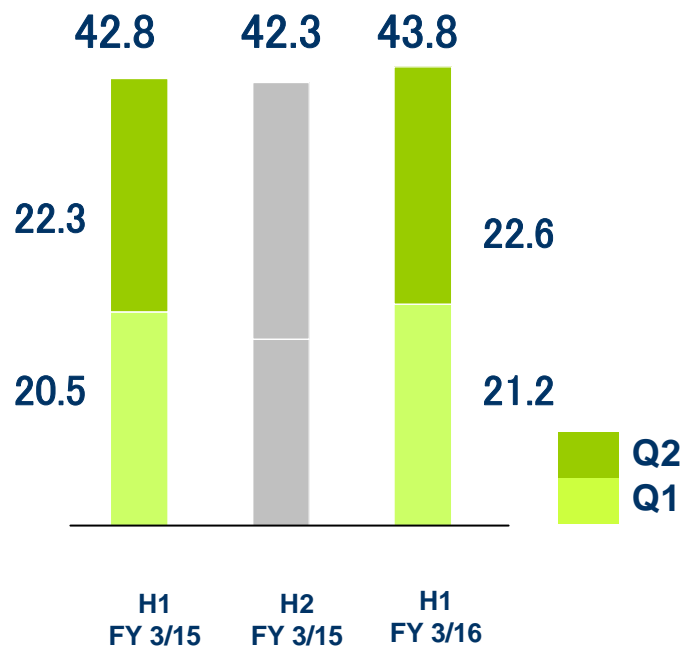


4) Textiles and Trading

- Sales of materials to the Middle East favorable, due in part to the improvement in market conditions and the effect of a weaker yen. Sales of acrylic fibers continued to struggle as the deterioration in market conditions in China continues.

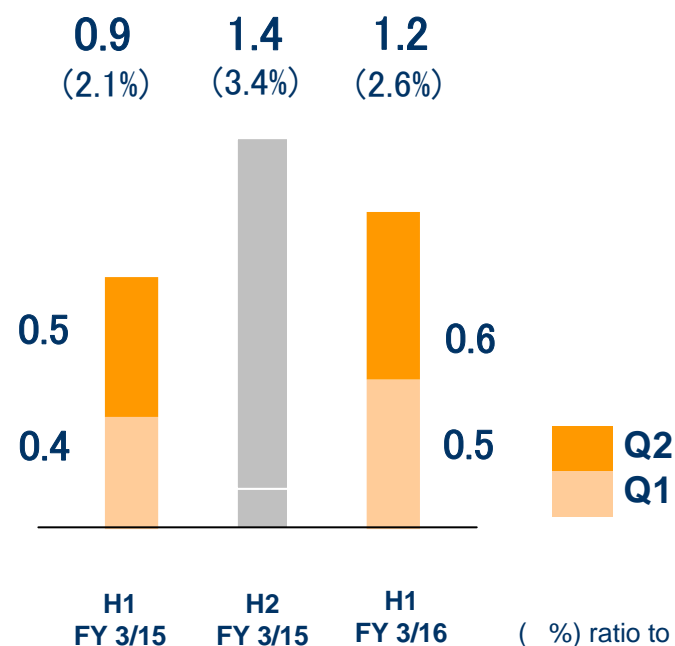
Net sales

(¥ bn.)



Operating income (loss)

(¥ bn.)



(%) ratio to sales

II. Forecasts for FY 3/16

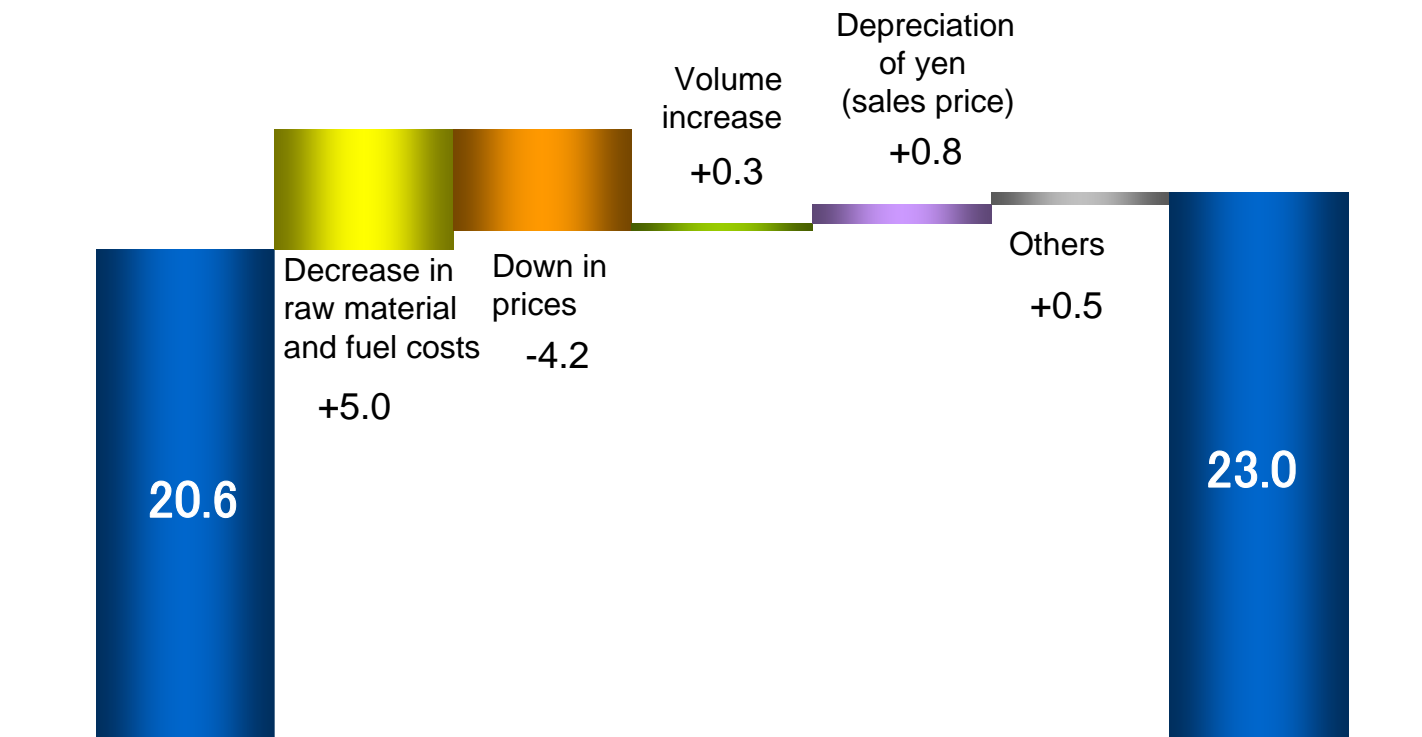
(1) Forecasts for FY 3/16

¥ bn.

	FY 3/15	FY 3/16 (Forecasts)			Change	
		H1	H2		Amount	%
Net sales	351.3	179.7	185.3	365.0	+13.7	+3.9%
Operating income	20.6	10.5	12.5	23.0	+2.4	+11.8%
Ratio to sales	5.9%	5.8%	6.7%	6.3%	–	–
Net income	8.1	5.4	6.1	11.5	+3.4	+41.7%
EPS (¥)	9.1	6.0	6.9	13.0	–	–
Depreciation	14.9	7.1	8.4	15.5	+0.6	+3.9%
Capital expenditures	17.5	7.3	10.7	18.0	+0.5	+2.9%
Exchange rate (¥/US\$)	110	122	120	121		
Naphtha price in Japan (thousand ¥/kl)	64	48	45	47		

Analysis of Changes in Operating Income

[Forecasts: FY 3/15→ FY 3/16]



FY 3/15

FY 3/15

FY 3/16

FY 3/16 (¥ bn.)

Naphtha price in Japan (thousand ¥/kl)	64	47
Exchange rate (¥/US\$)	110	121

(2) Forecasts by Segment

¥ bn.

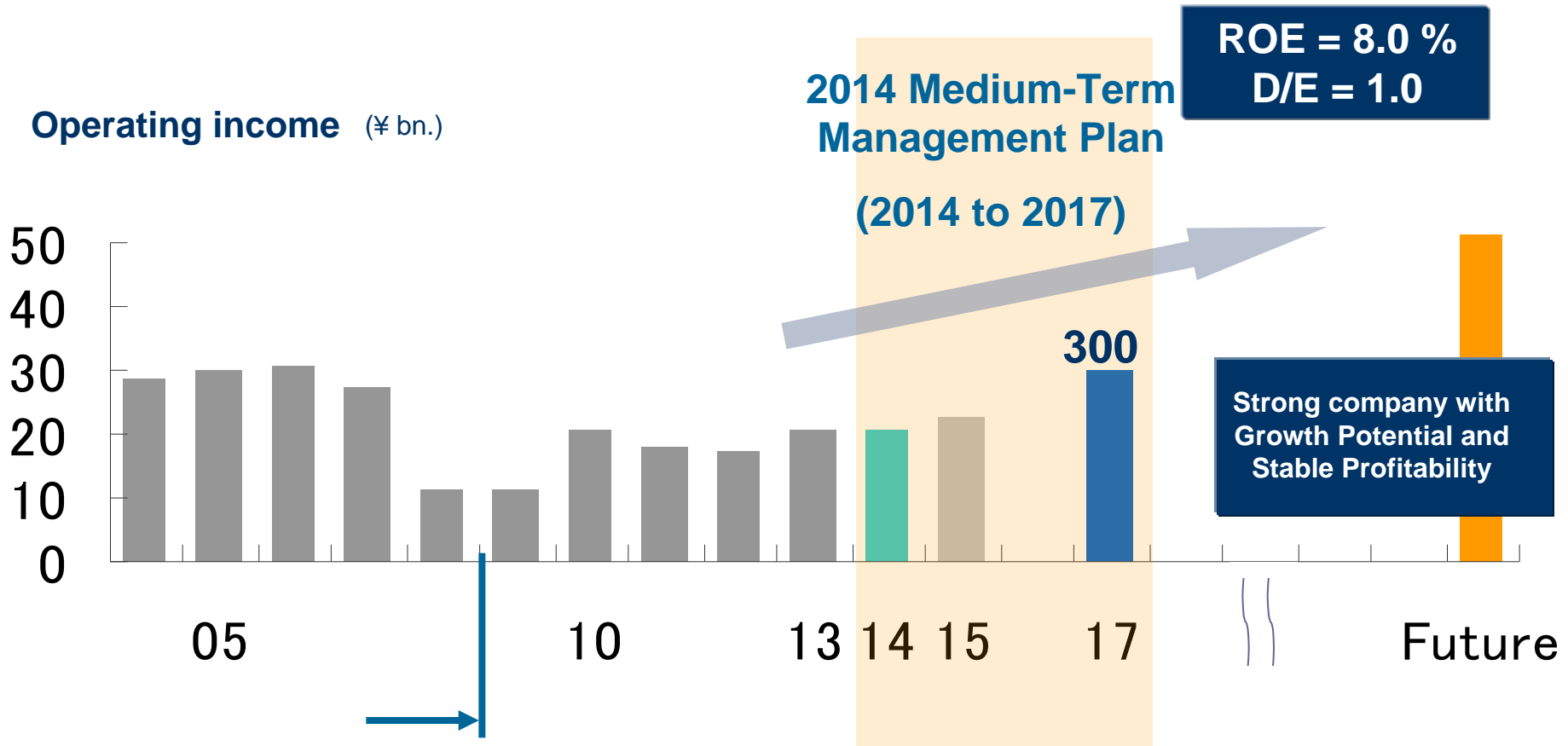
	Net sales				Operating income			
	FY 3/15	FY 3/16 (Forecast)			FY 3/15	FY 3/16 (Forecast)		
		H1	H2			H1	H2	
Films & Functional Polymers	146.0	76.5	76.0	152.5	7.0	4.0	4.8	8.8
Industrial Materials	71.5	35.3	41.7	77.0	6.6	3.2	3.6	6.8
Healthcare	28.8	13.5	18.0	31.5	5.0	2.1	3.1	5.2
Specialty Businesses	246.3	125.3	135.7	261.0	18.6	9.4	11.4	20.8
Operating income ratio (%)					7.6%	7.5%	8.4%	8.0%
Textiles and Trading	85.1	43.8	43.7	87.5	2.3	1.2	1.4	2.6
Real Estate and Others	19.9	10.5	6.0	16.5	2.6	1.5	1.2	2.7
Elimination & Corporate	–	–	–	–	–3.0	–1.5	–1.6	–3.1
Total	351.3	179.7	185.3	365.0	20.6	10.5	12.5	23.0

III. Progress of Medium-Term Plan

(FY 3/15-FY 3/18)

2014 Medium-Term Management Plan

Riding a growth trajectory for achieving our future vision, sales of ¥500 billion and operating income of ¥50 billion.



Structural reforms were completed.

Strategic Actions, Focused Areas

1. Overseas Business

- Production capacity increased for enzymes for diagnostic reagents, responding to the demand increase in developing countries
Sales activity strengthened.
- Upgraded airbag fabric production plants in Thailand, China, and the United States, aimed at expansion in the second half of the Medium-Term Management Plan

2. New Products

- “COSMOSHINE SRF”
super retarder polyester film
- “Nerbridge”
nerve bridging device



【Focused Areas】

- Regeneration Inducing Materials
 - Bone Regeneration Inducing Materials, clinical trials started in the area of dental and oral surgery
- Overseas Business Development for Packaging films
 - High-function packaging films
- Separation Membranes
 - RO Membranes
 - FO (Forward Osmosis) Membranes



R&D Expenses
6.3% Up year on year

New Products

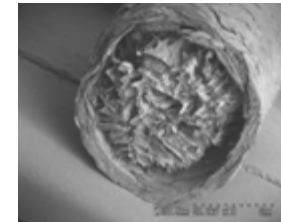
“COSMOSHINE SRF”

- Protective film for polarizing plates
- Advantages :
 - Price competitiveness
 - Existing production lines can be used.
 - High moisture barrier
- Expanded in Korea and Taiwan, sales increased YOY
- A major polarizing plate manufacturer has been tested for TV application. Evaluation progressed.



“Nerbridge”

- The first such device in Japan
- Features
 - Efficacy comparable to nerve autograft
 - Usable length (5cm) longest in the world [2cm in the US]
 - Materials to be dissolved and absorbed in the body
- The numbers of facilities using the device and instances of application are growing steadily.
- Multiple sales channels in Japan
- Sales did not achieved the target.
- Marketing to be strengthened for further expansion



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 2015)

	Class action	Product liability	Government-related		BA manufacturer			Government-related
	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

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.