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Presentation to Investors



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想像を超える化学反応を。



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TOYOBO CO., LTD.

February 8, 2019

Agenda

- I . Results for Q3 of FY 3/19**
- II . Forecasts for FY 3/19**

I. Results for Q3 of FY 3/19

Q3 FY 3/19 Results

Highlights

- Sales of ¥249.9 bn. (up3.4%), operating profit of ¥15.3 bn. (down4.4%).
- Sales of growth drivers “COSMOSHINE SRF” and mold releasing film for MLCC were strong.
- Packaging films, engineering plastics, airbag fabrics incurred effects of the fluctuations in raw material and fuel prices.
- Loss of ¥0.3 billion. Extraordinary losses of ¥12.0 billion was recorded for the loss due to fire

FY 3/19 Forecasts

- Operating profit is revised to ¥21.0 billion and profit is revised to ¥0.0 billion in light of raw material and fuel prices and the impact of the fire accident, etc.

	FY 3/18		FY 3/19		Previous forecasts (Nov. 2018)
	Q3 (cumulative)		Q3 (cumulative)		
Net sales	241.7	331.1	249.9	340.0	340.0
Operating profit	16.0	23.9	15.3	21.0	23.0
Extraordinary losses	2.7	13.7	14.0	16.5	-
Profit (loss) attributable to owners of parent	15.8	13.0	-0.3	0.0	-

Extraordinary losses due to fire

The amount of loss due to fire was recorded based on current estimates

(¥ bn.)

	recorded amount
Costs related to procurement of replacement materials	7.1
Loss on extinguishment of non-current assets and inventories	1.9
Costs of removing assets and restoration	1.7
Fixed costs during a shutdown period	0.9
Other related costs	0.3
Total	12.0

- Because the extraordinary losses was recorded based on the estimate at present, the amount may change in the future.
- An appropriate insurance policy against loss or damage was taken out.

However, the insurance amount to be received has not been determined and it is not recorded under extraordinary income.

Results for Q3 FY 3/19 PL

	FY 3/18	FY 3/19	YOY	
	Q3 (cumulative)	Q3 (cumulative)	Amount	%
Net sales	241.7	249.9	+8.2	+3.4
Operating profit	16.0	15.3	-0.7	-4.4
(Ratio to sales)	6.6%	6.1%	-	-
Ordinary profit	13.8	12.7	-1.1	-8.2
Extraordinary income	11.5	0.6	-10.9	-94.7
Extraordinary losses	2.7	14.0	+11.3	+424.8
Profit (loss) attributable to owners of parent	15.8	-0.3	-	-
EPS (¥)	178.0	-3.4	-	-
Depreciation	11.6	11.9	+0.2	+1.9
CAPEX	16.6	17.2	+0.6	+3.6

(¥ bn.)

■ Extraordinary losses

Loss due to fire
¥12.0 billion.

Costs related to
procurement of
replacement
materials, etc.

Exchange rate (¥/US \$)

112

111

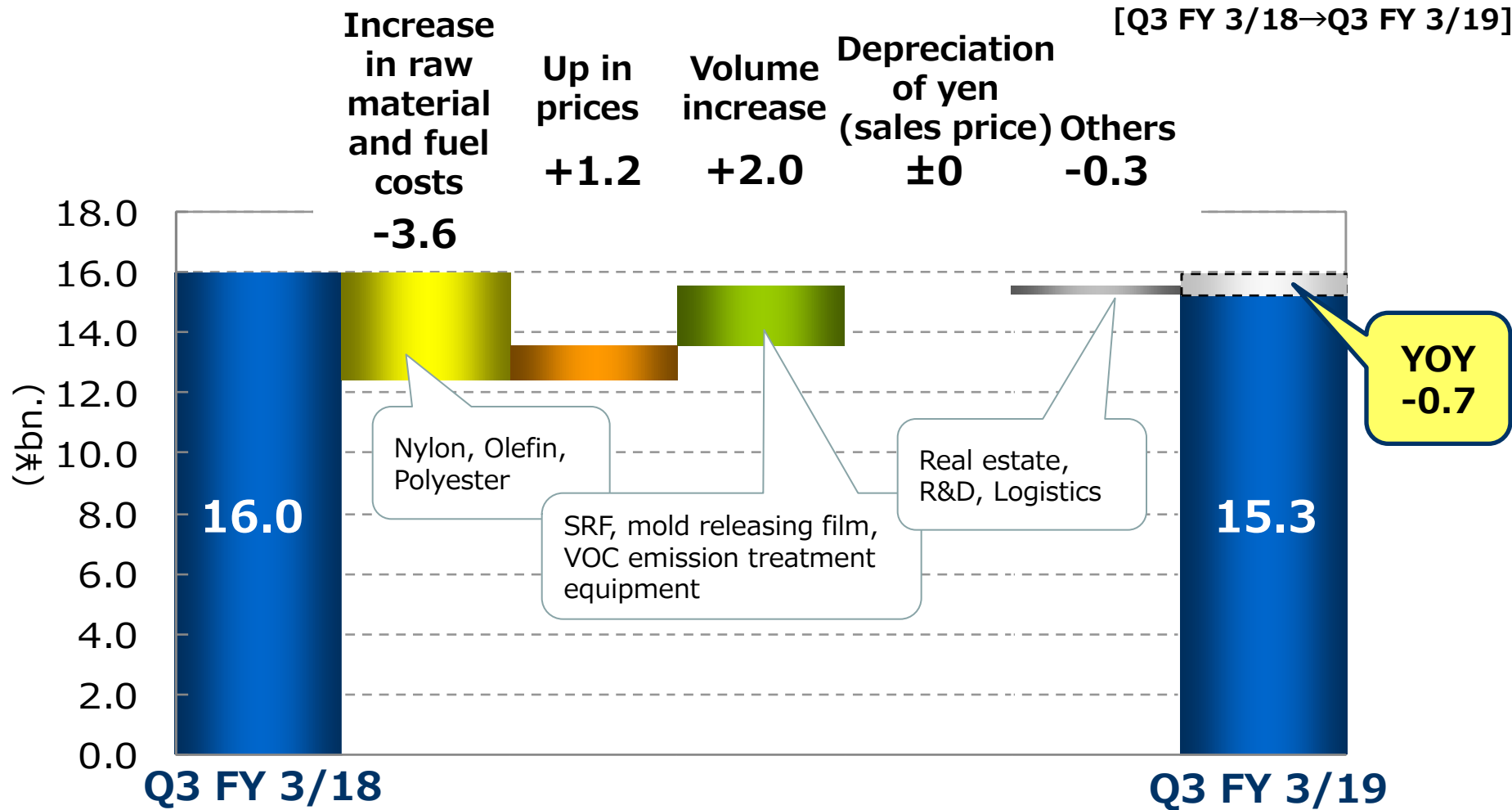
Naphtha price in Japan

40

52

(thousand¥/kl)

Analysis of Changes in Operating Profit



	Q3 FY 3/18	Q3 FY 3/19
Exchange rate (¥/US\$)	112	111
Naphtha price in Japan (thousand¥/kl)	40	52

Results for Q3 FY 3/19 BS

		(A)	(B)	(¥ bn.)
	Mar. 31, 2017	Mar. 31, 2018	Dec. 31, 2018	Change (A)→(B)
Total assets	450.2	445.5	453.7	+8.2
Cash and deposits	32.3	26.0	18.4	-7.6
Inventories	72.8	71.3	79.7	+8.4
Net assets	170.9	184.5	181.0	-3.5
Shareholder's equity	167.8	180.6	175.9	-4.7
(Retained earnings)	45.9	56.1	52.2	-4.0
Non-controlling interests	3.1	4.0	5.1	+1.2
Interests-bearing debt	169.2	145.6	156.7	+11.1
D/E ratio	1.01	0.81	0.89	-

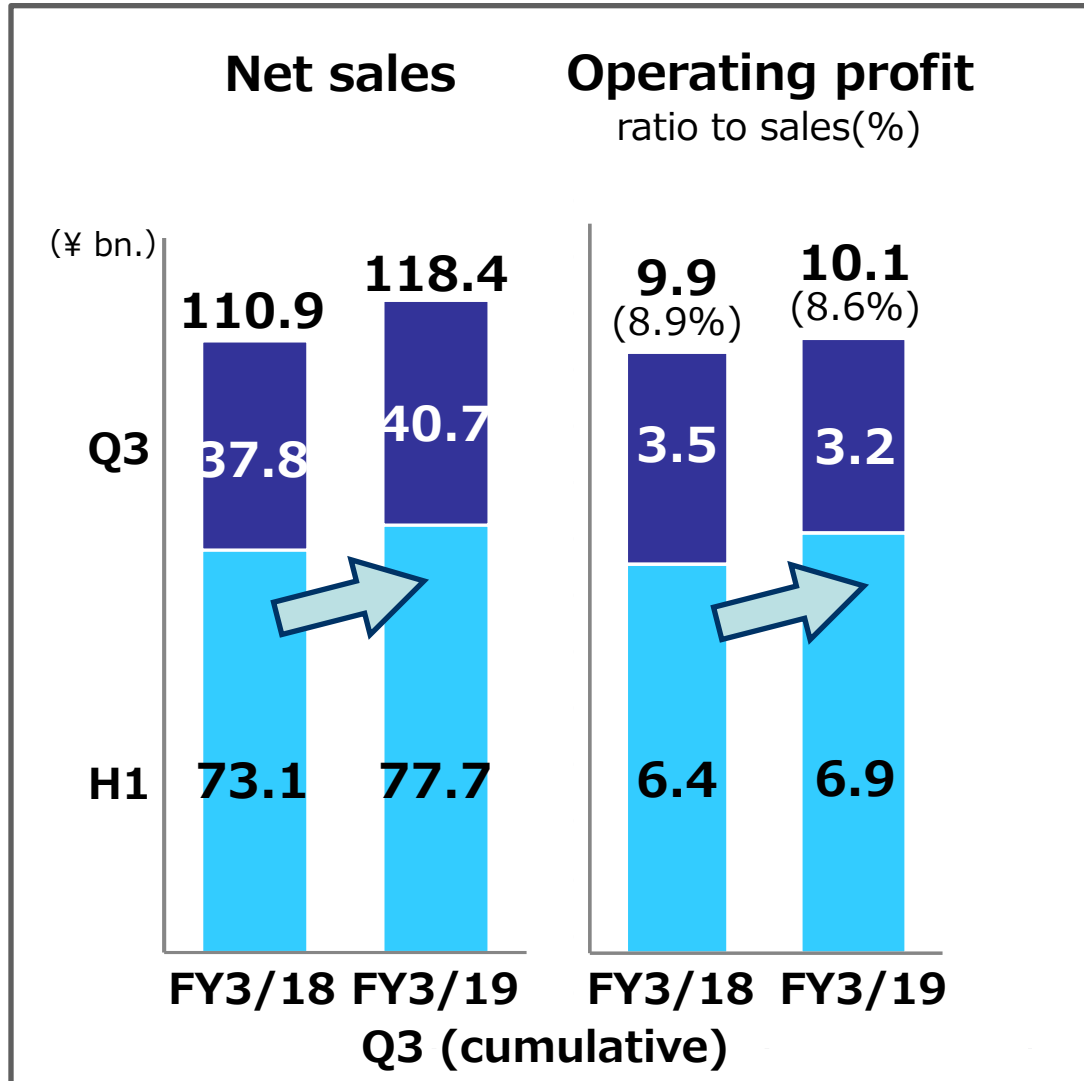
The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances.

Results by Segment

(¥ bn.)

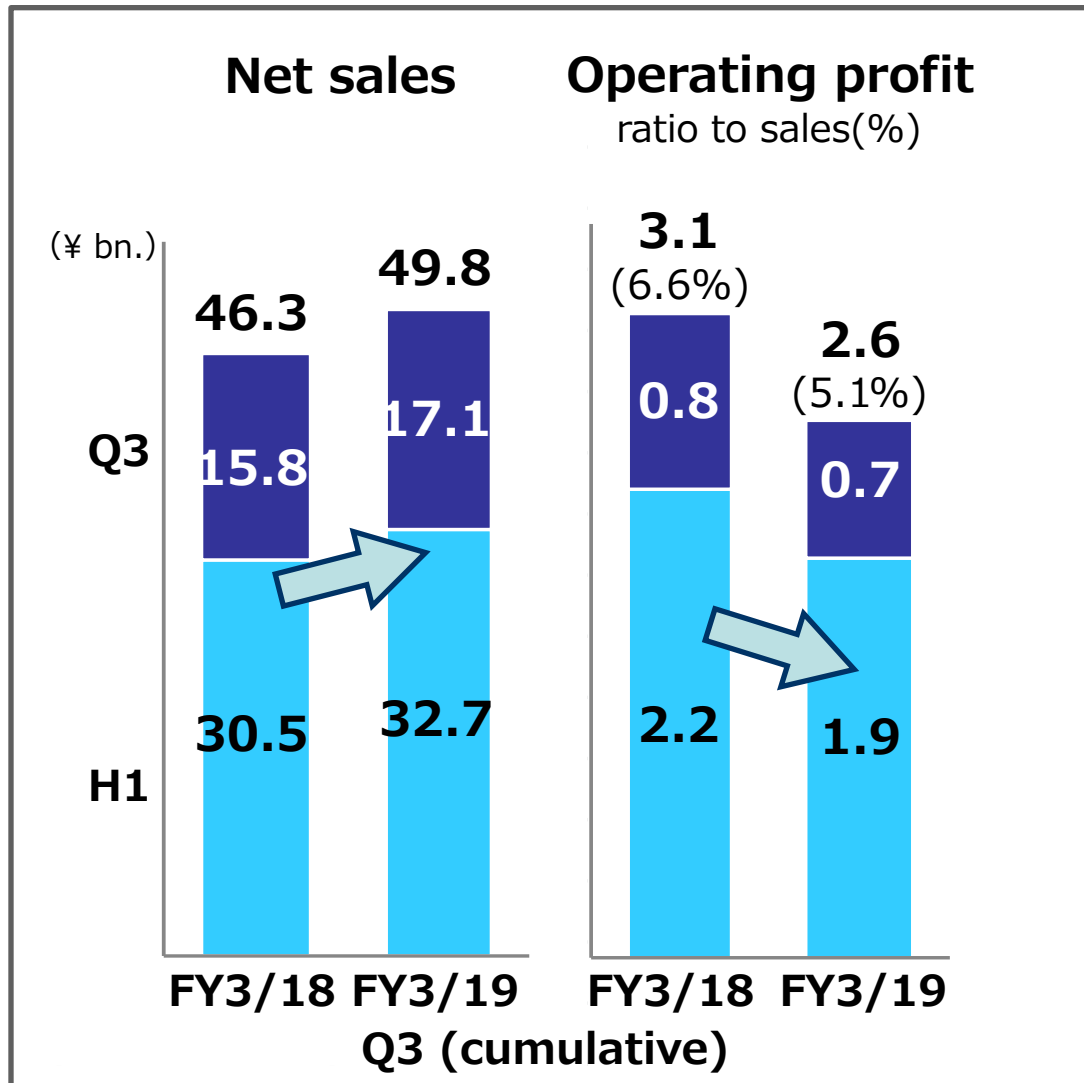
	Net sales		Operating profit		
	FY 3/18	FY 3/19	FY 3/18	FY 3/19	YOY (Amount)
	Q3 (cumulative)	Q3 (cumulative)	Q3 (cumulative)	Q3 (cumulative)	
Films & Functional Polymers	110.9	118.4	9.9	10.1	+0.3
Industrial Materials	46.3	49.8	3.1	2.6	-0.5
Healthcare	25.2	24.3	3.3	3.1	-0.2
Textiles and Trading	48.4	46.4	-0.4	-0.0	+0.3
Real Estate and Others	10.9	11.0	2.0	1.7	-0.4
Elimination & Corporate	-	-	-1.8	-2.1	-0.3
Total	241.7	249.9	16.0	15.3	-0.7

Films & Functional Polymers



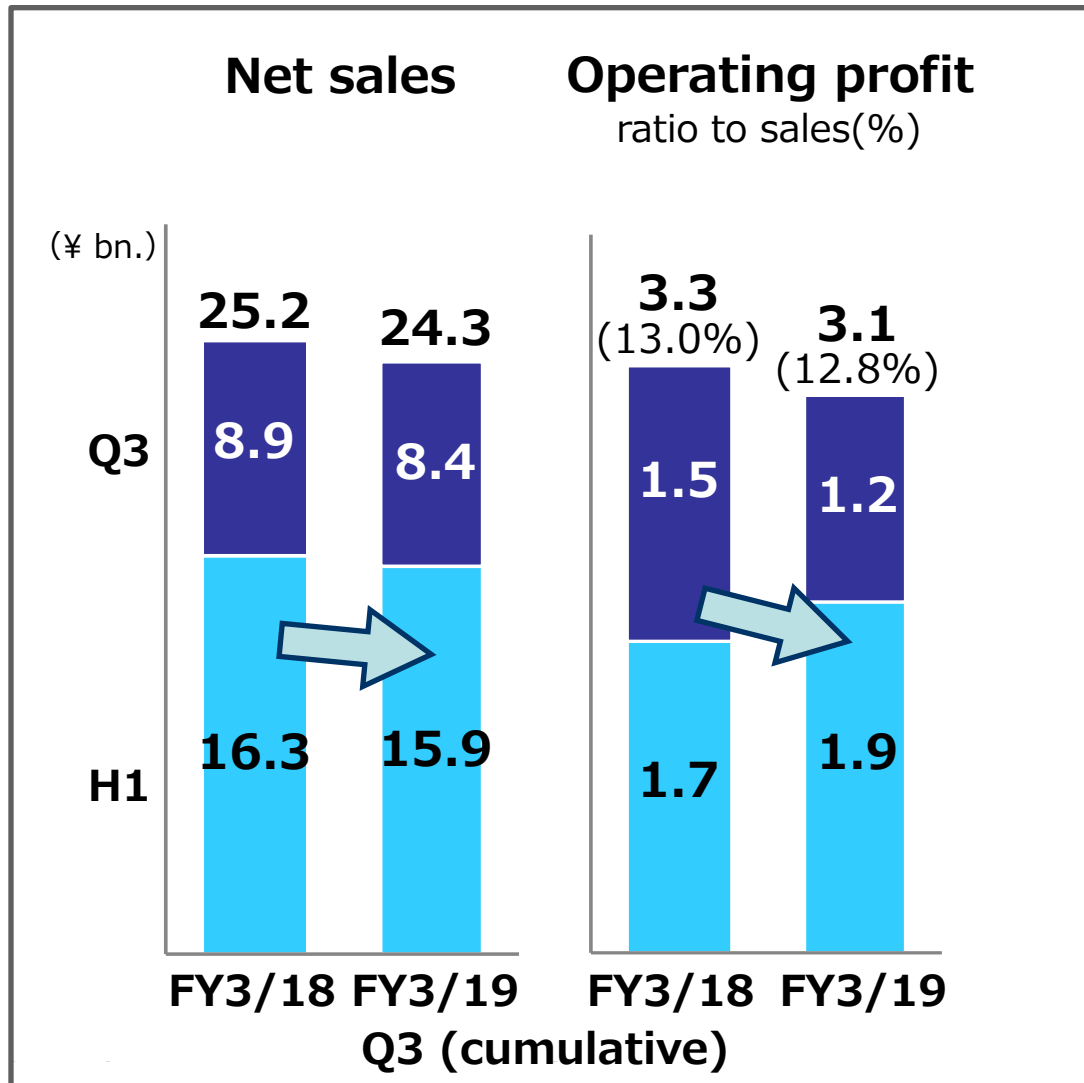
- Sales of “COSMOSHINE SRF” and mold releasing film for MLCC were strong.
- Sales of packaging films and functional polymers incurred heavy effects of the fluctuations in raw material prices.
- Functional polymers for application in electronic materials struggled.

Industrial Materials



- Sales in the life and industrial business grew primarily for overseas customers.
- Challenges were faced due to the impact of fire and the fluctuations in raw material prices.

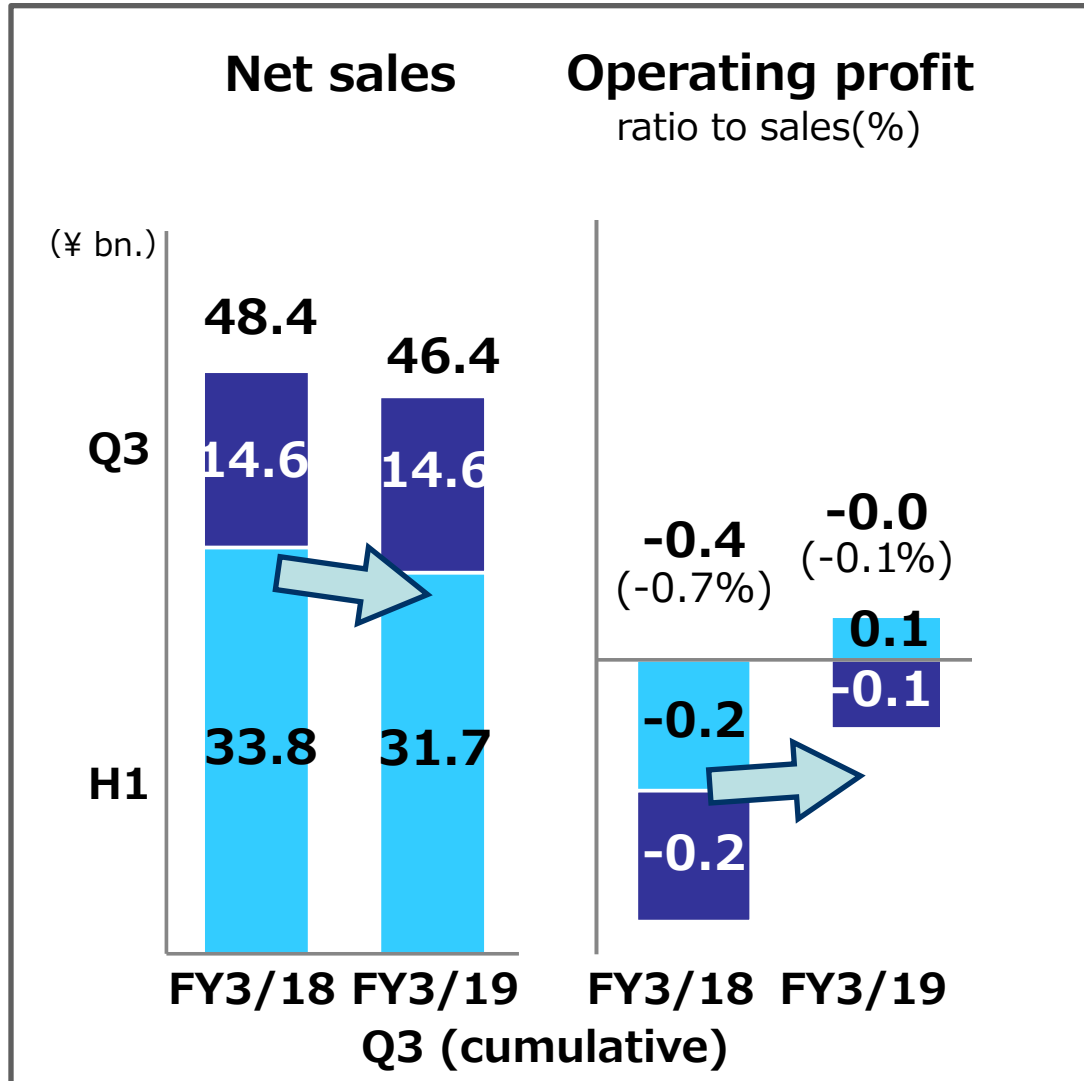
Healthcare



- Sales expanded in enzymes for diagnostic reagents and volatile organic compound (VOC) emissions treatment equipment related business.

- In the pharmaceuticals business costs for compliance with GMP piled up.

Textiles and Trading



- Sales of those cloth to the Middle East continued to decrease owing to deteriorating market conditions.

Growth Drivers

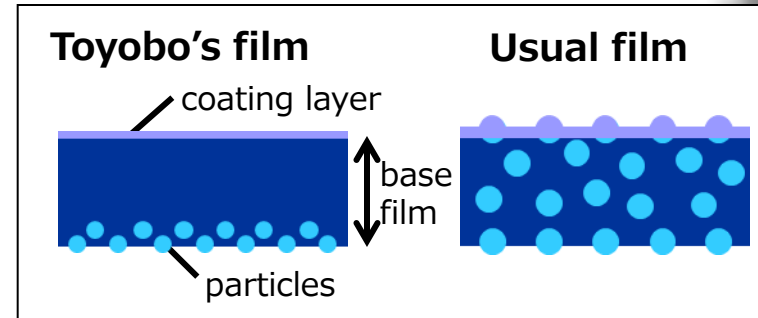
■ “COSMOSHINE SRF”

- In Q3 cumulative, sales increased by approx. 75%.
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 Q3 cumulative, sales increased by approx. 30%.
Aim for 25% share of the high-end product market in FY 3/19.
- Sales expanded with its superior smoothness for smartphones, tablets, and automobile high-end products
- New processing equipment will be put into production in July 2019.



■ Airbag fabrics

- In H1, sales increased by approx. 30%. In Q3, sales remained flat year on year.
- Struggled due to fire response within the fluctuations in raw material prices.



II. Forecasts for FY 3/19

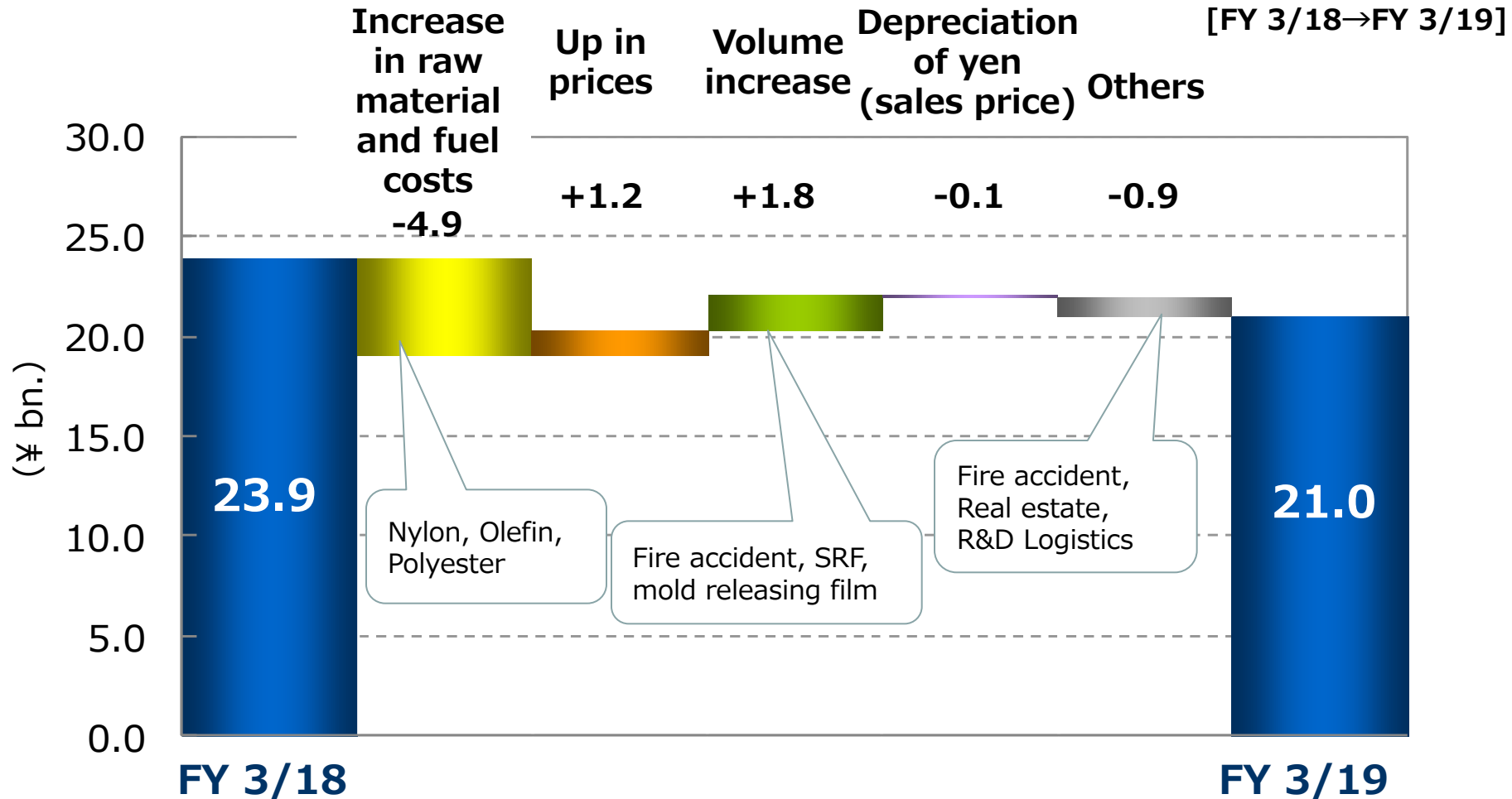
Forecasts for FY 3/19

(¥ bn.)

	FY 3/18 result	FY 3/19		YOY		Previous forecasts (Nov. 2018)
		Q3 (cumulative)	forecasts	Amount	%	
Net sales	331.1	249.9	340.0	+8.9	+2.7	340.0
Operating profit	23.9	15.3	21.0	-2.9	-12.2	23.0
(Ratio to sales)	7.2%	6.1%	6.2%	-	-	6.8%
Ordinary profit	20.4	12.7	16.0	-4.4	-21.6	18.0
Profit (loss) attributable to owners of parent	13.0	-0.3	0.0	-	-	-
EPS (¥)	146.9	-3.4	0.0	-	-	-
Depreciation	15.7	11.9	15.9	+0.2	-	15.7
CAPEX	21.3	17.2	24.0	+2.7	-	24.0
Exchange rate (¥/US\$)	111	111	110			111
Naphtha price in Japan (thousand¥/kl)	42	52	49			54

The annual dividends forecast is ¥40/share as planned.

Analysis of Changes in Operating Profit



	FY 3/18	FY 3/19
Exchange rate (¥/US\$)	111	110
Naphtha price in Japan (thousand¥/kl)	42	49

Forecasts by Segment

(¥ bn.)

	Net Sales		Operating Profit			Previous forecasts (Nov. 2018)
	FY 3/18 result	FY 3/19 forecasts	FY 3/18 result	FY 3/19 forecasts	Change (<i>'17</i> → <i>'18</i>)	
Films & Functional Polymers	148.7	154.0	13.7	13.9	+0.2	14.6
Industrial Materials	63.5	67.0	4.3	2.6	-1.7	3.5
Healthcare	35.7	37.0	5.2	4.8	-0.4	5.0
Textiles and Trading	68.3	68.0	0.6	0.3	-0.3	0.3
Real Estate and Others	15.0	14.0	2.8	2.2	-0.6	2.3
Elimination & Corporate	-	-	-2.7	-2.8	-0.1	-2.7
Total	331.1	340.0	23.9	21.0	-2.9	23.0

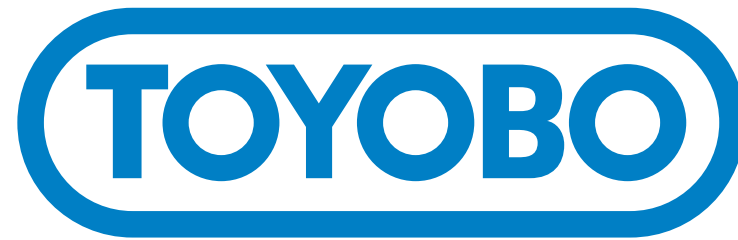
Please Note

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.

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