



*Ideas & Chemistry*

November 7, 2019

# Presentation to Investors



Catalyzing the Unimagined

想像を超える化学反応を。



*Ideas & Chemistry*

[www.toyobo.co.jp](http://www.toyobo.co.jp)

## Toyobo Co., Ltd.

# Agenda

**I . Results for H1 of FY 3/20**

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

**III . Progress of  
2018 Medium-Term Management Plan**



# I . Results for H1 of FY 3/20

# Highlights

## H1 FY 3/20

- ◆ Operating profit of ¥11.1 bn. (up 4.8%), profit of ¥2.7 bn. (down 32.0 %)
- ◆ Sales of growth drivers “COSMOSHINE SRF” and mold releasing film for MLCC “COSMOPEEL” were strong.
- ◆ Airbag fabrics were affected by yarn procurement due to the fire accident and a decrease in demand.

## FY 3/20 Forecasts

- ◆ Still progressing as planned in H1 of the fiscal year, the full-year forecast of operating profit of ¥22.0 bn. is unchanged, in light of the uncertain external environment for the future.

(¥ bn.)

	FY 3/19			FY 3/20			Previous forecasts (Aug. 2019)
	H1	H2	full year	H1	H2	full year	
Net sales	164.7	172.0	336.7	164.9	185.1	350.0	350.0
Operating profit	10.6	11.1	21.7	11.1	10.9	22.0	22.0
Extraordinary income and losses	- 3.1	- 14.6	- 17.7	- 4.8	7.5	2.8	7.0
Profit (loss) attributable to owners of parent	3.9	- 4.5	- 0.6	2.7	11.3	14.0	17.0

# Results for H1 FY 3/20 PL·CF

(¥ bn.)

	FY 3/19		FY 3/20	YOY	
	H1	H2	H1	Amount	%
Net sales	164.7	172.0	164.9	+ 0.2	+ 0.1%
Operating profit	10.6	11.1	11.1	+ 0.5	+ 4.8%
(Ratio to sales)	6.4%	6.5%	6.7%	-	-
Ordinary profit	8.7	9.0	9.0	+ 0.2	+ 2.5%
Extraordinary income	0.6	0.9	0.0	- 0.5	-
Extraordinary losses	3.7	15.5	4.8	+ 1.1	-
Profit (loss) attributable to owners of parent	3.9	- 4.5	2.7	- 1.3	- 32.0%
EPS (¥)	44.1	- 50.9	30.0	-	-
Depreciation	7.8	8.0	8.1	+ 0.3	+ 3.3%
CAPEX	11.7	13.8	14.4	+ 2.6	+ 22.5%
<b>Operating CF</b>	<b>5.2</b>	<b>2.6</b>	<b>14.5</b>	<b>+ 9.3</b>	<b>+ 177.5%</b>

Exchange rate (¥/US\$)

110

112

109

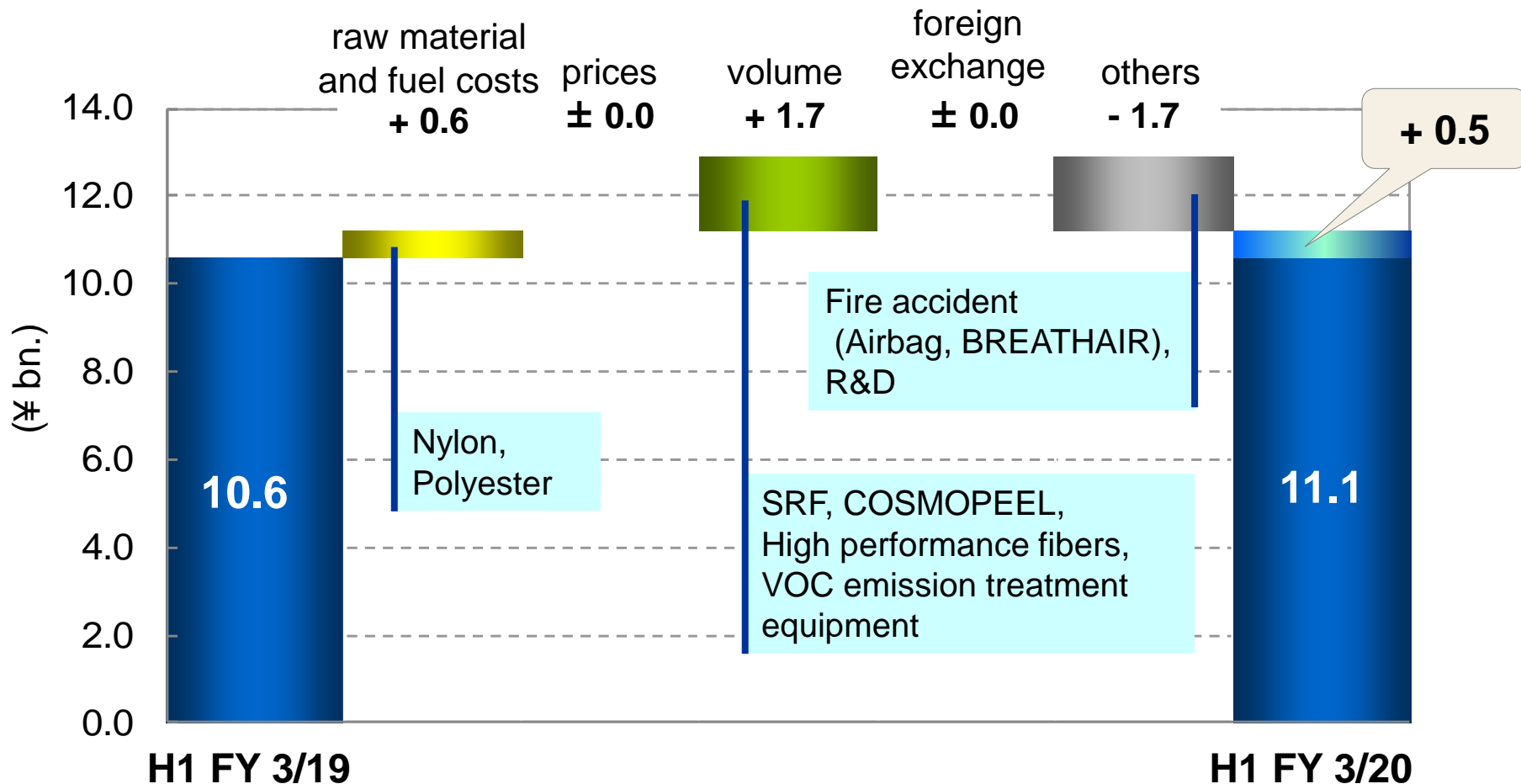
Naphtha price in Japan (thousand¥/kl)

51

48

43

# Analysis of Changes in Operating Profit



	H1 FY 3/19	H1 FY 3/20
Exchange rate (¥/US\$)	110	109
Naphtha price in Japan (thousand¥/kl)	51	43

# Results for H1 FY 3/20 BS

(¥ bn.)

	Mar. 31, 2018	Mar. 31, 2019	Sep. 30, 2019	Change 19/3 ⇒ 19/9
<b>Total assets</b>	<b>445.5</b>	<b>461.0</b>	<b>474.9</b>	<b>+ 13.9</b>
<b>Cash and deposits</b>	<b>26.0</b>	<b>22.3</b>	<b>33.5</b>	<b>+ 11.2</b>
<b>Non current assets</b>	<b>258.9</b>	<b>267.9</b>	<b>272.5</b>	<b>+ 4.6</b>
<b>Net assets</b>	<b>184.5</b>	<b>181.2</b>	<b>177.4</b>	<b>- 3.9</b>
<b>Shareholder's equity</b>	<b>180.6</b>	<b>176.6</b>	<b>172.3</b>	<b>- 4.3</b>
<b>(Retained earnings)</b>	<b>56.1</b>	<b>51.9</b>	<b>50.8</b>	<b>- 1.0</b>
<b>Non-controlling interests</b>	<b>4.0</b>	<b>4.6</b>	<b>5.1</b>	<b>+ 0.5</b>
<b>Interest-bearing debt</b>	<b>145.6</b>	<b>164.8</b>	<b>183.5</b>	<b>+ 18.7</b>
<b>D/E ratio</b>	<b>0.81</b>	<b>0.93</b>	<b>1.07</b>	<b>-</b>

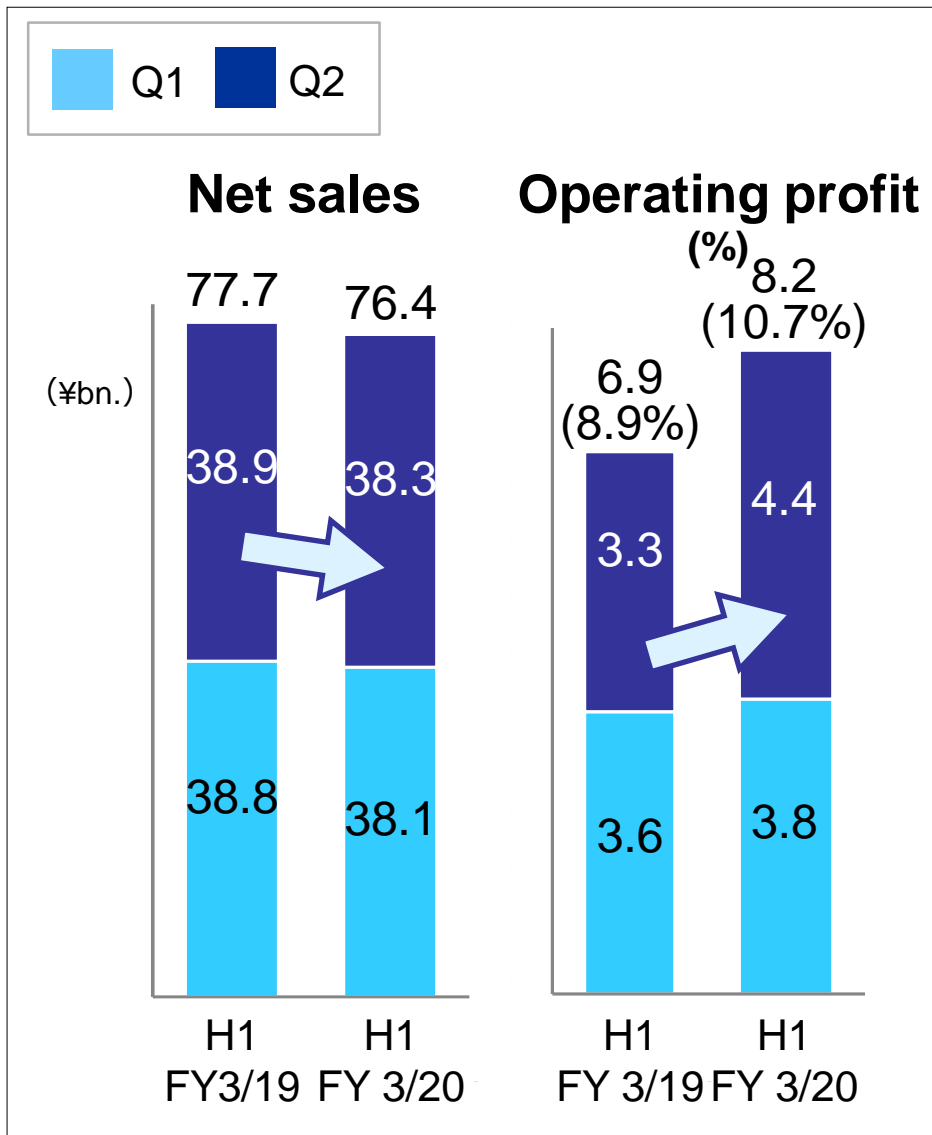
# Results by Segment

(¥ bn.)

	Net sales			Operating profit (loss)			
	FY 3/19		FY 3/20	FY 3/19		FY 3/20	YOY (Amount)
	H1	H2	H1	H1	H2	H1	
Films & Functional Polymers	77.7	78.6	76.4	6.9	6.8	8.2	+ 1.3
Industrial Materials	32.7	33.9	33.0	1.9	0.7	0.5	- 1.4
Healthcare	15.9	18.8	19.0	1.9	3.2	2.8	+ 0.9
Textiles and Trading	31.7	32.8	30.1	0.1	0.9	- 0.1	- 0.2
Real estate and Others	6.7	7.9	6.5	1.1	1.1	1.3	+ 0.2
Elimination & Corporate	-	-	-	- 1.3	- 1.6	- 1.5	- 0.2
<b>Total</b>	<b>164.7</b>	<b>172.0</b>	<b>164.9</b>	<b>10.6</b>	<b>11.1</b>	<b>11.1</b>	<b>+ 0.5</b>



# Films & Functional Polymers



## ● Packaging film

- Although environment-related products performed favorably, unfavorable weather conditions made an impact.

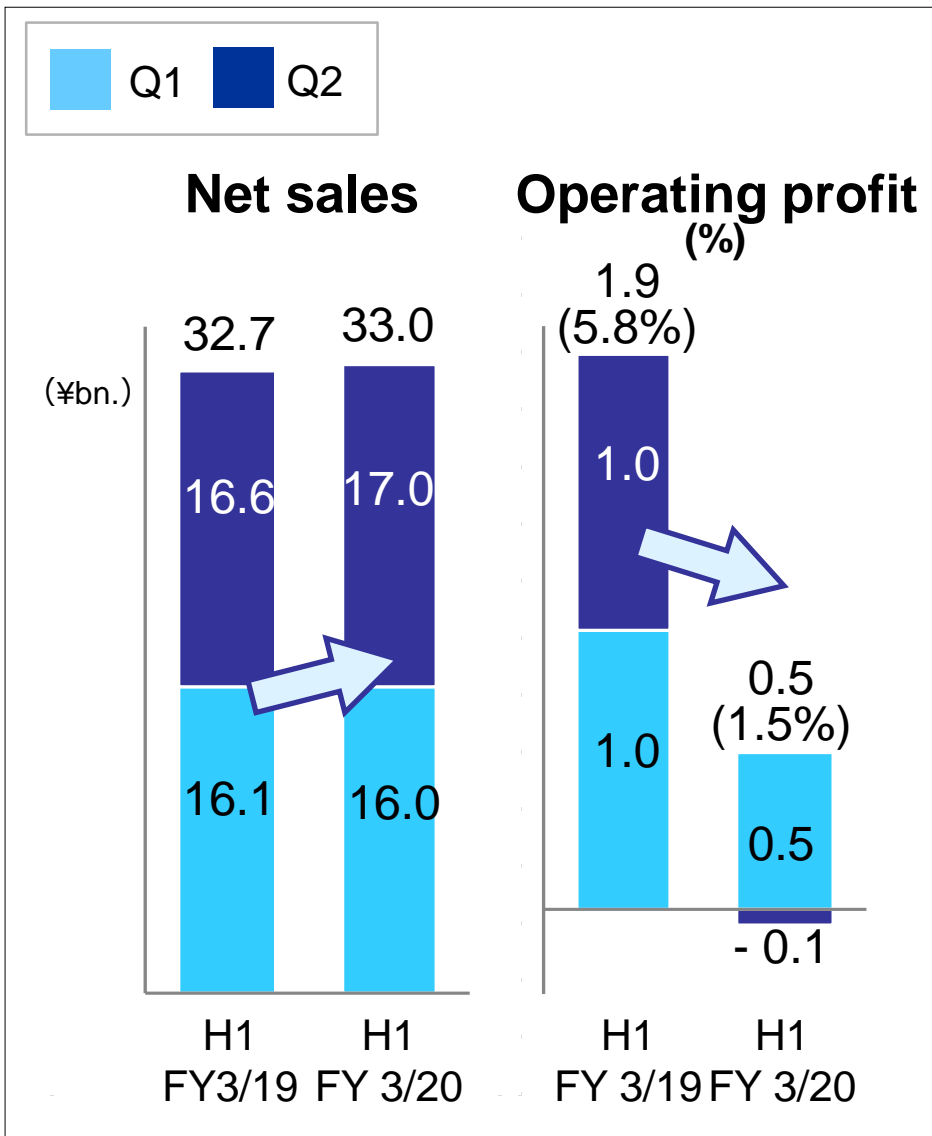
## ● Industrial film

- Sales of “COSMOSHINE SRF” expanded.
- Sales of mold releasing film for MLCC “COSMOPEEL” were strong.

## ● Functional polymers

- Sales of the adhesion promoter for polyolefin “HARDLEN” grew.
- Engineering plastics experienced sluggish sales for non-automotive industry in China.

# Industrial Materials



## ● Airbag fabrics

- Affected by the fire accident and a decrease in demand.

## ● Life and industrial materials

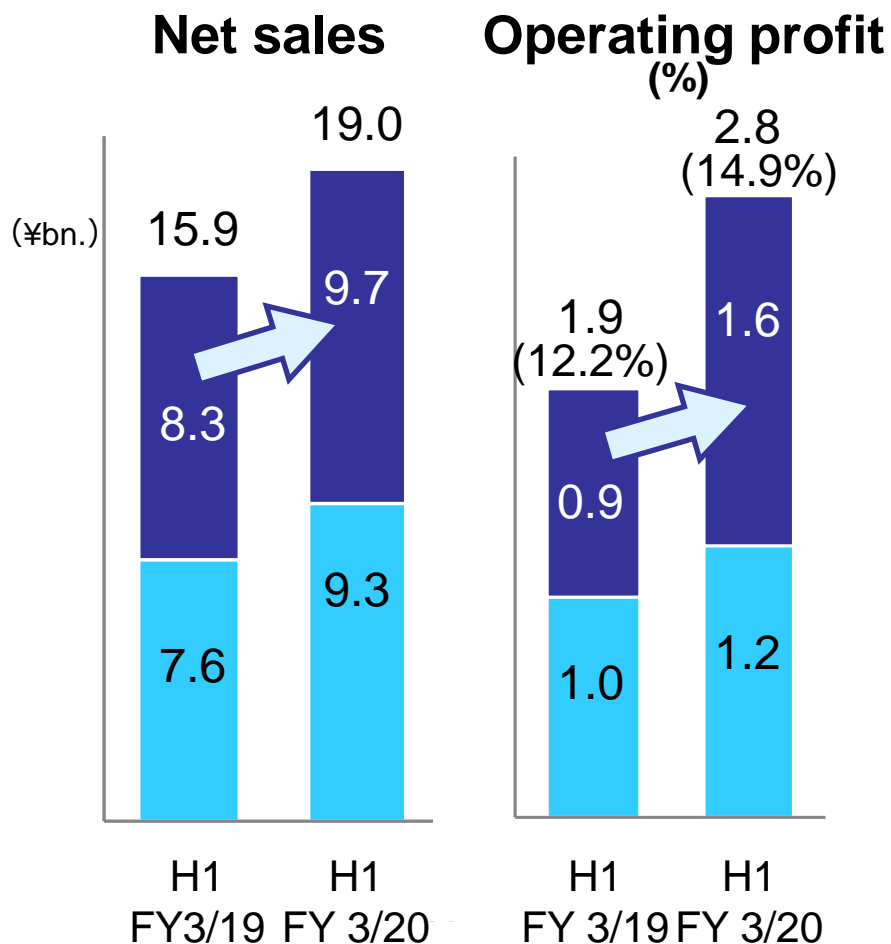
- Sales of “BREATHAIR” decreased in the aftermath of the fire accident. (New plant was out into production in September 2019.)

## ● High-performance fibers

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

# Healthcare

Q1 Q2



● **Bio-related products**

- Enzymes for diagnostic reagents achieved growth to overseas market.

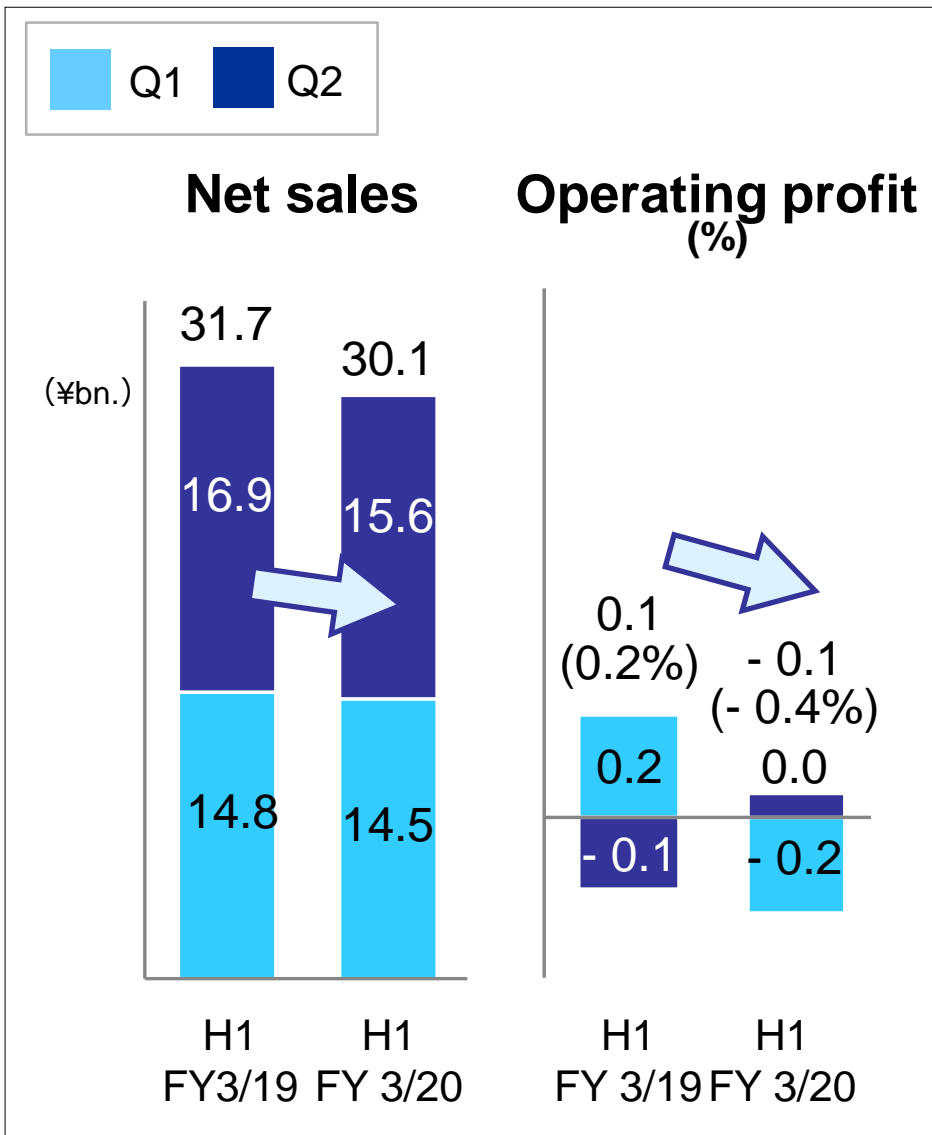
● **Functional membranes**

- Performed favorably as reverse osmosis membrane elements were shipped ahead of schedule.

● **Functional filters**

- Sales of volatile organic compound (VOC) emissions treatment equipment expanded in Japan and overseas.

# Textiles and Trading



## ● TOYOBO STC (Textile)

- Sales of those cloth in the Middle East expanded as a result of market recovery.
- Sales of materials for uniforms grew steadily for business uniforms.

## ● Acrylic fiber

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



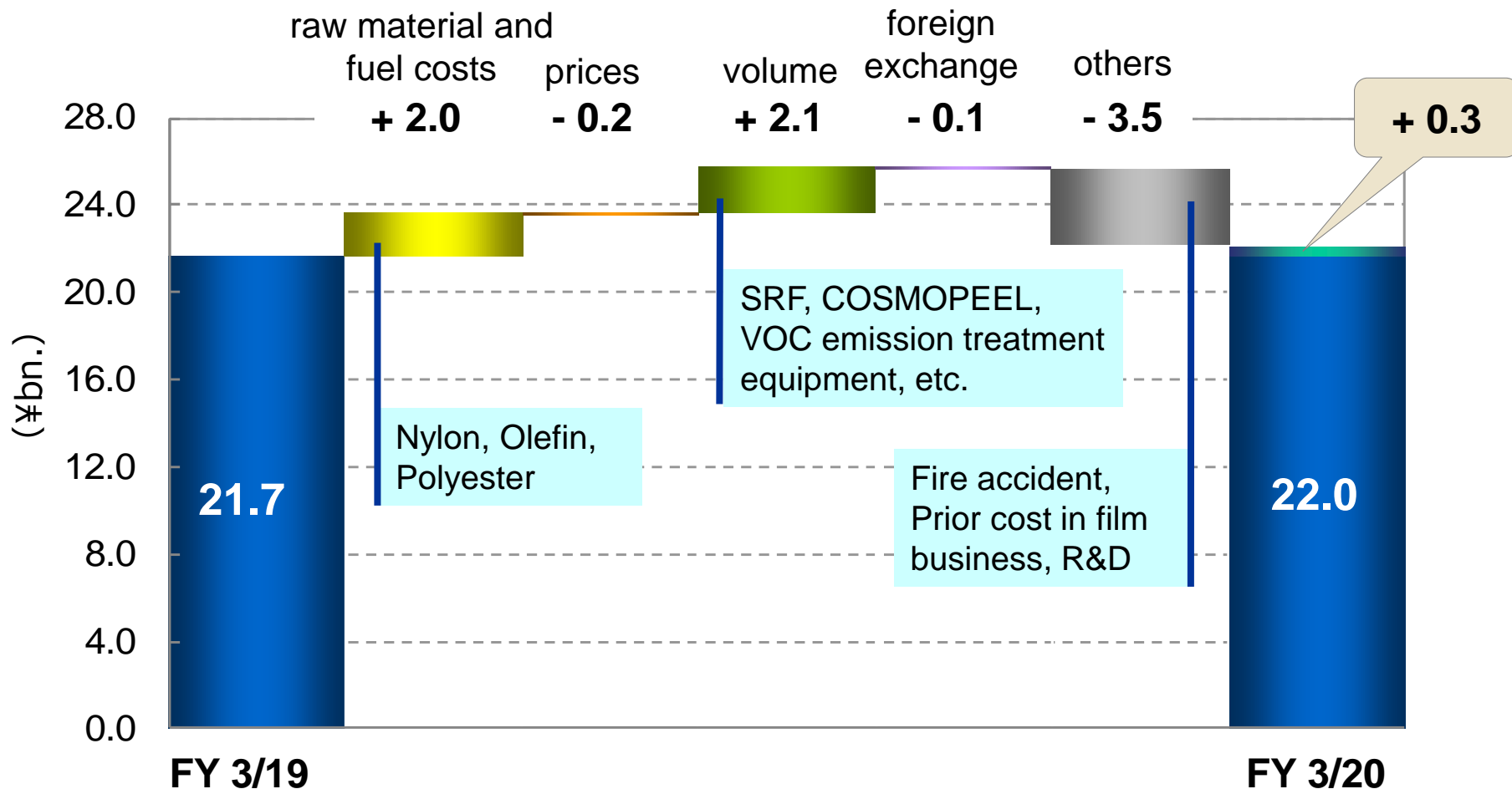
## **II . Forecasts for FY 3/20**

# Forecasts for FY 3/20

(¥bn.)

	FY 3/19	FY 3/20			YOY		Previous forecasts (Aug. 2019)
	result	H1	H2	full year forecasts	Amount	%	
Net sales	336.7	164.9	185.1	350.0	+ 13.3	+ 4.0%	350.0
Operating profit	21.7	11.1	10.9	22.0	+ 0.3	+ 1.3%	22.0
(Ratio to sales)	6.5%	6.7%	5.9%	6.3%	-	-	6.8%
Ordinary profit	17.8	9.0	9.0	18.0	+ 0.2	+ 1.2%	18.0
Extraordinary income and losses	- 17.7	- 4.8	7.5	2.8	+ 20.5	-	7.0
Profit (loss) attributable to owners of parent	- 0.6	2.7	11.3	14.0	+ 14.6	-	17.0
EPS (¥)	- 6.8	30.0	127.7	157.7	-	-	191.5
Depreciation	15.8	8.1	8.4	16.5	+ 0.7	+ 4.3%	17.0
CAPEX	25.5	14.4	15.6	30.0	+ 4.5	+ 17.6%	36.5
Exchange rate (¥/US\$)	111	109	108	108			112
Naphtha price in Japan (thousand¥/kl)	49	43	40	42			47

# Analysis in Changes in Operating Profit



	FY 3/19	FY 3/20
Exchange rate (¥/US\$)	111	108
Naphtha price in Japan (thousand¥/kl)	49	42

# Forecasts by Segment

(¥bn.)

	Net sales		Operating profit (loss)			Previous forecasts (Aug. 2019)
	FY 3/19	FY 3/20	FY 3/19	FY 3/20	YOY	
	result	forecasts	result	forecasts		
<b>Films &amp; Functional Polymers</b>	156.2	166.0	13.7	15.4	+ 1.7	14.8
<b>Industrial Materials</b>	66.5	65.0	2.6	1.2	- 1.4	2.4
<b>Healthcare</b>	34.7	39.0	5.2	5.6	+ 0.4	5.4
<b>Textiles and Trading</b>	64.6	65.0	0.9	0.7	- 0.2	0.8
<b>Real estate and Others</b>	14.7	15.0	2.2	2.3	+ 0.1	2.1
<b>Elimination &amp; Corporate</b>	-	-	- 2.9	- 3.2	- 0.3	- 3.5
<b>Total</b>	<b>336.7</b>	<b>350.0</b>	<b>21.7</b>	<b>22.0</b>	<b>+ 0.3</b>	<b>22.0</b>



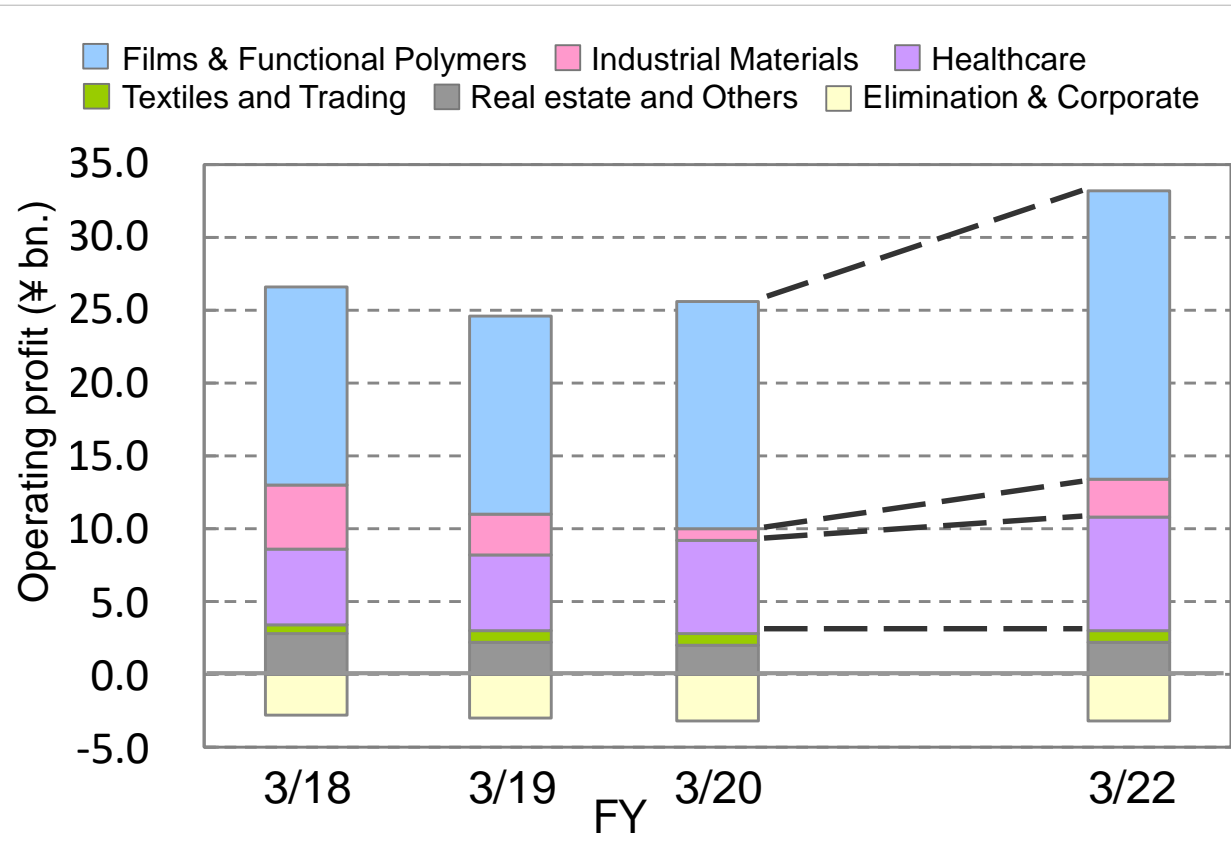


# **Ⅲ. Progress of 2018 Medium-Term Management Plan**

# Numerical Targets

**Try again to achieve operating profit of ¥30.0 bn.**

Continuous reform of business portfolio



	Targets
Net sales	<b>375.0</b>
Overseas sales ratio	<b>35%</b>
Operating profit (Ratio to sales)	<b>30.0</b> <b>8%</b>
Profit attributable to owners of parent	<b>16.0</b>
ROE	<b>&gt; 8.0%</b>
D/E ratio	<b>&lt; 1.0</b>

**Growth of “Films & Coatings” “Healthcare & Wellness” and Recovery of “Mobility”**

# Films & Coatings

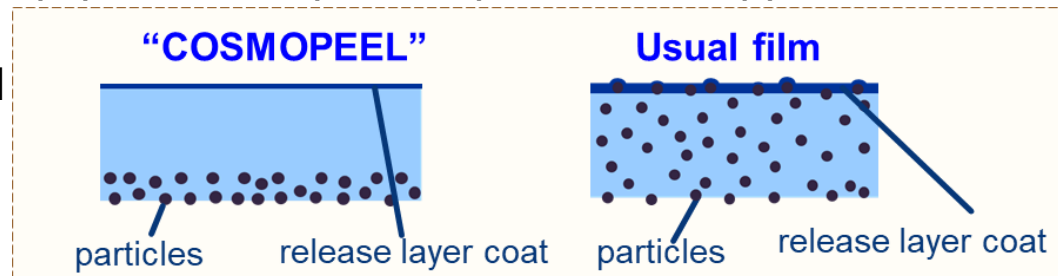
## “COSMOSHINE SRF”

- In H1, sales increased by approx. 20%.  
Sales expanded for use in LCD TVs.
- 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.
- Superior water resistance, durability, and competitive pricing
- 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 “COSMOPEEL”

- In H1, sales increased by approx. 15%
- Sales expanded for smartphones, tablets and automobile products.
- In October 2019, new processing equipment was put into production. Approx. 2-fold increase in production capacity.
- Aim for 30% share of the high-end product market in FY 3/22.
- Superior smoothness and releasability.



# Films & Coatings

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

### ■ Outlines

• The firms being acquired

(FY 12/18)

	Net sales	Operating profit	Net assets
Teijin Film Solutions Limited	¥26.1 bn.	¥1.38 bn.	¥8.4 bn.
P.T. Indonesia Teijin Film Solutions	25 mil. USD	0 mil. USD	15 mil. USD

• **Value of acquired shares: About ¥ 10.0 billion.**

(in exchange for shares)

• **New name of the firms** (Acquired all stocks of the firms on October 1, 2019.)

TOYOBO FILM SOLUTIONS LIMITED	Production base: Utsunomiya (Japan)
PT. INDONESIA TOYOBO FILM SOLUTIONS	Production base: Indonesia

### ■ Aim

• **Strengthening the Company's capacity to develop and manufacture high-performance films, and creating new products by combining technologies.**

- Mold releasing film for MLCC
- PEN films (insulating films for automobiles and films used in flexible printed circuits)
- Packaging films for can lamination

• **Expansion of production sites, including those overseas**

• **Mutual use of logistics sites**

# Mobility, Healthcare & Wellness

## ■ Mobility

### Airbag fabrics

- Sales of airbag fabrics continued with replacement yarns.
- Reconstruction of new yarn plants is scheduled for FY 3/21.



### Engineering plastics

- Overseas sales ratio reached 50%. Currently expanding further.



## ■ Healthcare & Wellness

### Enzymes for diagnostic reagents

- Global market share 35% for sale of enzymes for self-monitoring of blood glucose.
- The number of patients with diabetes has been increasing at a rate of 4% per year.



### Medical membranes for artificial kidneys

- Dialysis membranes of Cellulose Triacetate (CTA), excellent biocompatibility.
- The number of patients on dialysis has been increasing at a rate of 7% per year globally.



## Environment

### Toyobo joins European consortium CEFLEX

Aim for : Flexible packaging to have a comprehensive sustainability and circular economy roadmap by 2020.

Established collection, sorting and reprocessing infrastructure by the end of 2025.



“CYCLE CLEAN”



“TOYOBO GS Catalyst”



“SPACECLEAN”



ECOSYAR



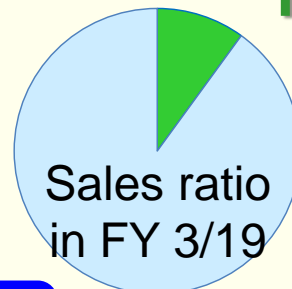
VOC emission treatment equipment

**Air purification**

**Recycle**

**Reduce**

Environmental related products **10%**



**Eliminating water shortage**

Membrane for Seawater desalination

**Biomass plastic & Biodegradable plastic**



“BIOPLANA”

PEF

“APEXA”

**Clean energy**

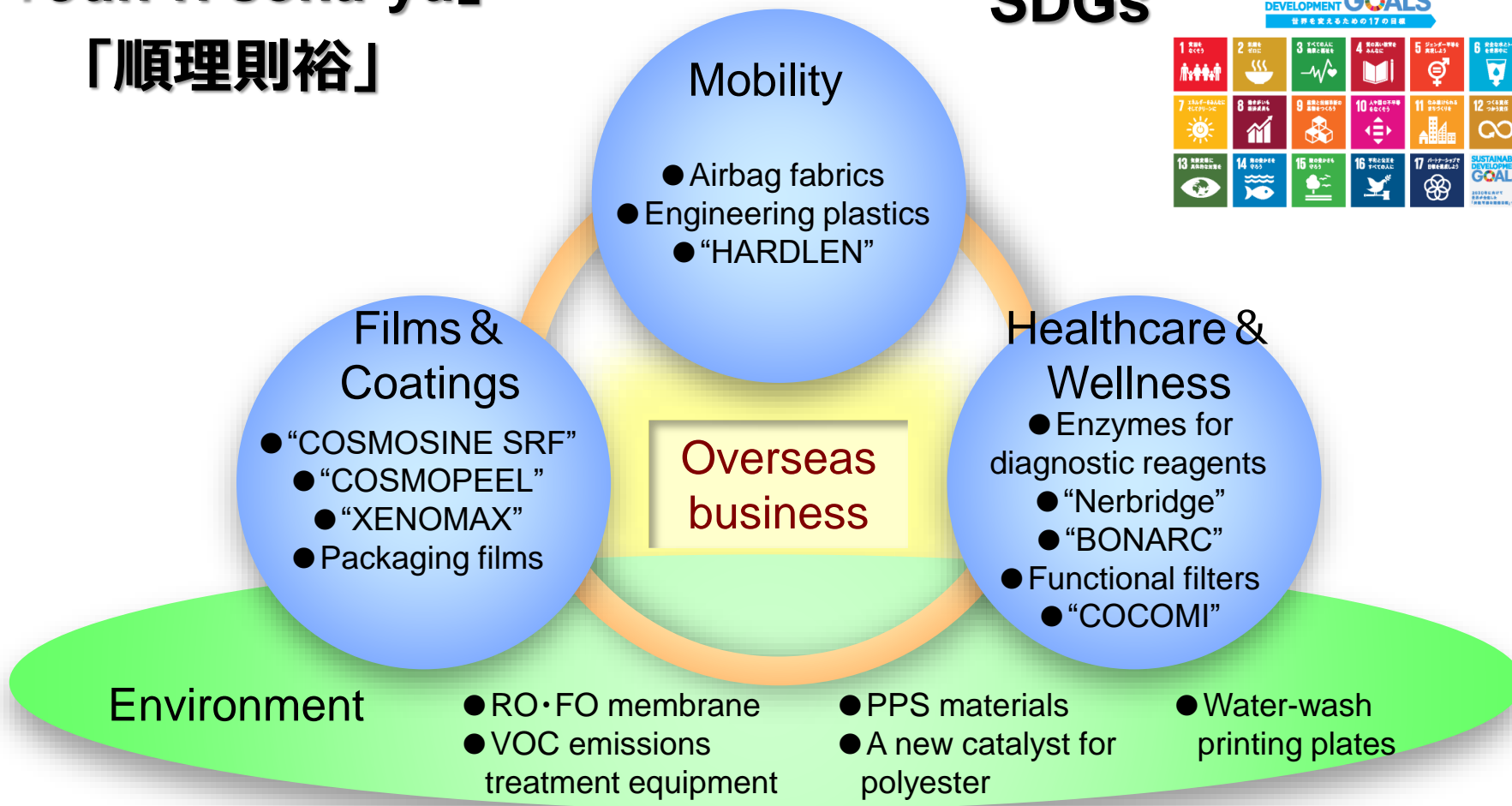
Forward osmosis membrane



# Creation of value that contributes to society

「Jun-ri soku-yu」  
「順理則裕」

SDGs



～ Creating Shared Value (CSV) ～

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

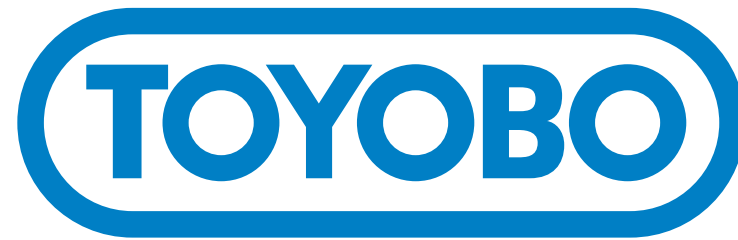
# Please Note

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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