



Ideas & Chemistry

## **Toyobo to Withdraw from the Polyester Tirecord Business**

Toyobo has announced that it will withdraw from the polyester tirecord business effective at the end of December 2013.

### **1. Background**

Toyobo manufactures and markets polyester tirecord<sup>\*1</sup> materials as one of its principal synthetic fiber businesses<sup>\*2</sup>. This business has expanded along with the development of Japan's automotive industry. However, because of the growth in demand for automobiles in the emerging countries and the appreciation of the yen from the latter half of 2010, Japan's automotive tire manufacturing companies, which are the principal customers for these materials, have expanded their overseas production. As a consequence, the domestic market for polyester tirecord materials has diminished in size. Also, because of the rise in imports of these materials, Toyobo's sales have declined substantially.

These structural changes are expected to continue, and recovery in the market is not anticipated. Therefore, Toyobo has made the judgment that continuing in this business will be difficult and has decided to withdraw from the tirecord business.

\*1: Tire cords: Fiber to reinforce tire and to keep the shape of tires. These materials are made from polyester, nylon, rayon, and other fiber materials.

\*2: Toyobo established Toyobo Petcord Co., Ltd., as a joint venture in 1970, and this company was merged into Toyobo in 1988.

### **2. Schedule for Withdrawal**

September 2013: Suspension of production

December 2013: Suspension of sales

### **3. Equipment to Be Taken Out of Service**

Polyester yarn production equipment (spinning machine, heat treater for dipped fabric) located in the Tsuruga Plant in Tsuruga, Fukui Prefecture

#### **4. Effect on Corporate Performance**

The effect on Toyobo's corporate performance has not been determined as of this date, but if the effect is determined to be significant, an announcement will be issued promptly.

Please note that Toyobo reported impairment losses on polyester tire cord manufacturing facilities (amounting to ¥1,664 million) in its consolidated and nonconsolidated financial statements for the year ended March 31, 2013.

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