



Ideas & Chemistry

May 9, 2019

Presentation to Investors



Catalyzing the Unimagined

想像を超える化学反応を。



Ideas & Chemistry

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Toyobo Co., Ltd.

Agenda

I . Results for FY 3/19

II . Forecasts for FY 3/20

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



I . Results for FY 3/19

Highlights

- ◆ Sales of ¥336.7 bn. (up 1.7%), operating profit of ¥21.7 bn. (down 9.2%).
- ◆ Sales of growth drivers “COSMOSHINE SRF” and mold releasing film for MLCC were strong.
- ◆ Packaging films, engineering plastics, airbag fabrics were affected by the fluctuations in raw material and fuel prices.
- ◆ Loss of ¥0.6 billion. Extraordinary losses of ¥13.8 bn. was recorded for the loss due to fire.

(¥ bn.)

	FY 3/18	FY 3/19	YOY	Previous forecasts (Feb. 2019)
Net sales	331.1	336.7	+1.7%	340.0
Operating profit	23.9	21.7	- 9.2%	21.0
Extraordinary income and losses	- 2.2	- 17.7	-	-
Profit (loss) attributable to owners of parent	13.0	- 0.6	-	0.0

Results for FY 3/19 PL・CF

(¥ bn.)

	FY 3/18	FY 3/19	YOY		Previous forecasts (Feb. 2019)
Net sales	331.1	336.7	+5.5	+1.7%	340.0
Operating profit	23.9	21.7	- 2.2	- 9.2%	21.0
(Ratio to sales)	7.2%	6.5%	-	-	6.2%
Ordinary profit	20.4	17.8	- 2.6	- 12.9%	16.0
Extraordinary income	11.5	1.5	- 10.0	- 86.8%	-
Extraordinary losses	13.7	19.2	+5.5	+40.4%	-
Profit (loss) attributable to owners of parent	13.0	- 0.6	- 13.6	-	0.0
EPS (¥)	146.9	- 6.8	-	-	-
Depreciation	15.7	15.8	+0.2	+1.0%	15.9
CAPEX	21.3	25.5	+4.3	+20.0%	24.0
Operating CF	22.4	7.8	- 14.5	- 64.9%	-
ROE	7.5%	-	-	-	-

Exchange rate (¥/US\$)

111

111

110

Naphtha price in Japan (thousand¥/kl)

42

49

49 5

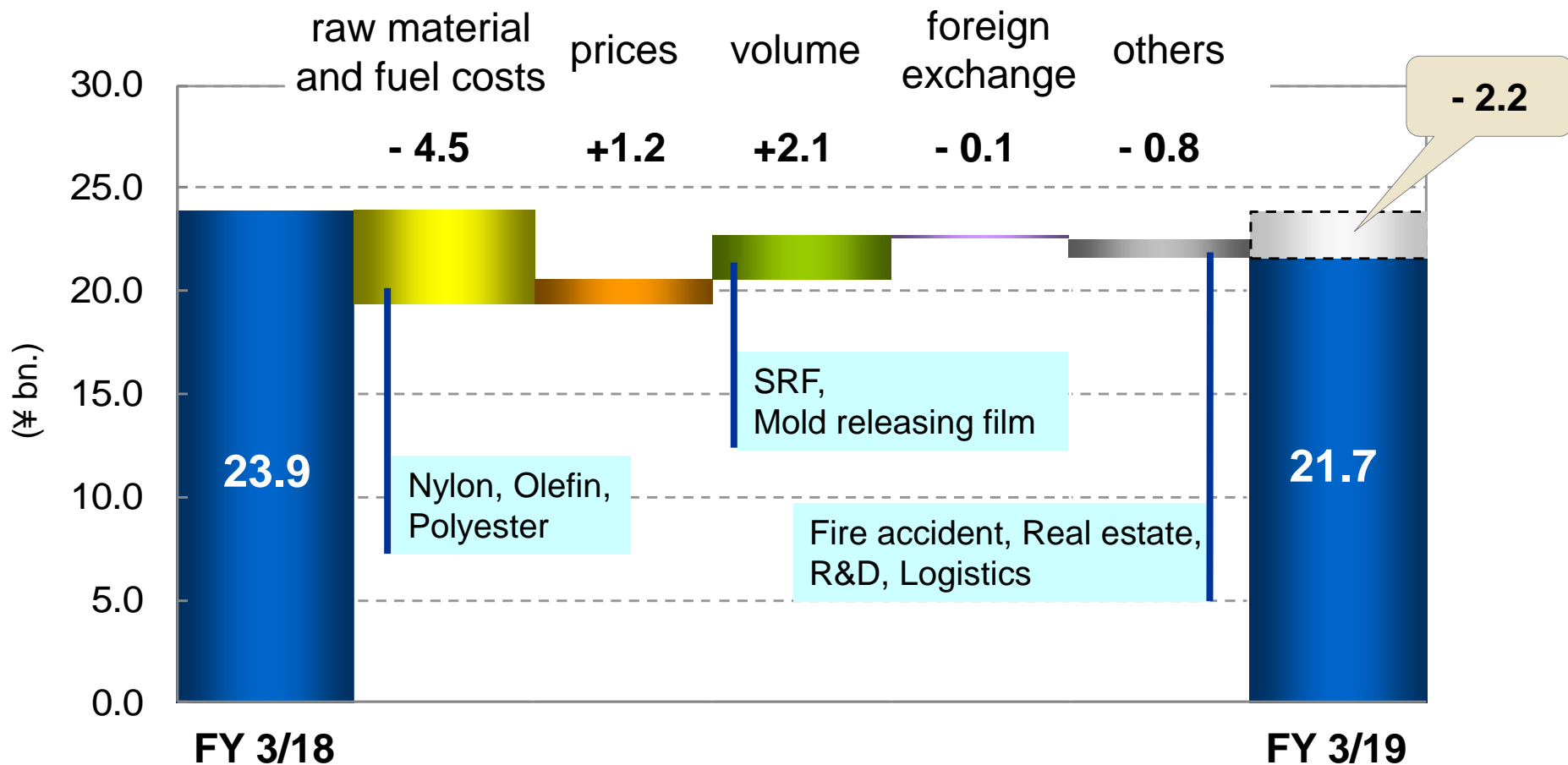
Extraordinary losses due to fire

(¥ bn.)

	amount
Costs related to procurement of replacement materials	7.9
Loss on extinguishment of non-current assets and inventories	2.1
Costs of removing assets and restoration	1.7
Fixed costs during a shutdown period	1.4
Other related costs	0.7
Total	13.8

- ◆ The first priority is not to stop customer's manufacturing line.
- ◆ 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.

Analysis of Changes in Operating Profit



	FY 3/18			FY 3/19		
	H1	H2		H1	H2	
Exchange rate (¥/US \$)	111	111	111	110	112	111
Naphtha price in Japan (thousand¥/kl)	38	46	42	51	48	49

Results for FY 3/19 BS

		(A)	(B)	(¥ bn.)
	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2019	Change (A)→(B)
Total assets	450.2	445.5	461.0	+15.6
Inventories	72.8	71.3	76.8	+5.5
Non current assets	258.5	258.9	267.9	+9.0
Net assets	170.9	184.5	181.2	- 3.3
Shareholder's equity	167.8	180.6	176.6	- 4.0
(Retained earnings)	45.9	56.1	51.9	- 4.3
Non-controlling interests	3.1	4.0	4.6	+0.7
Interests-bearing debt	169.2	145.6	164.8	+19.2
D/E ratio	1.01	0.81	0.93	-

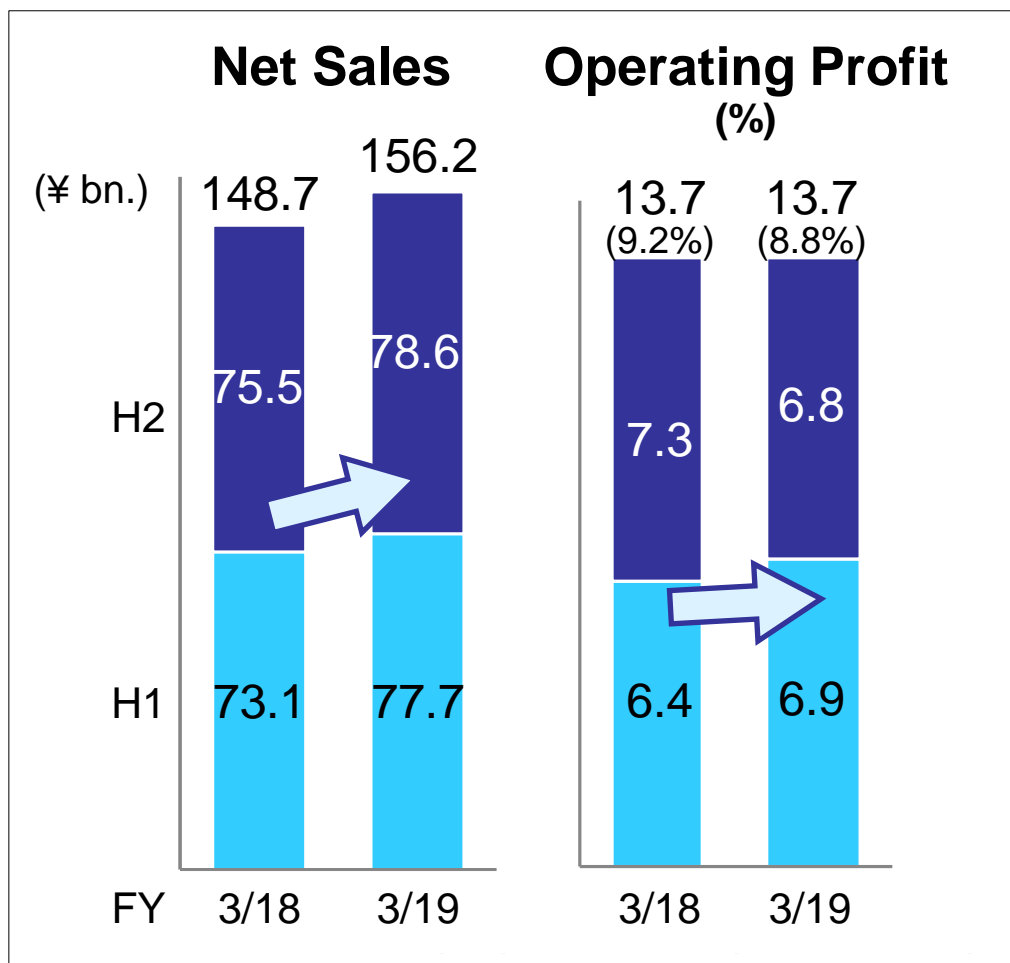
The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018).

Results by Segment

(¥ bn.)

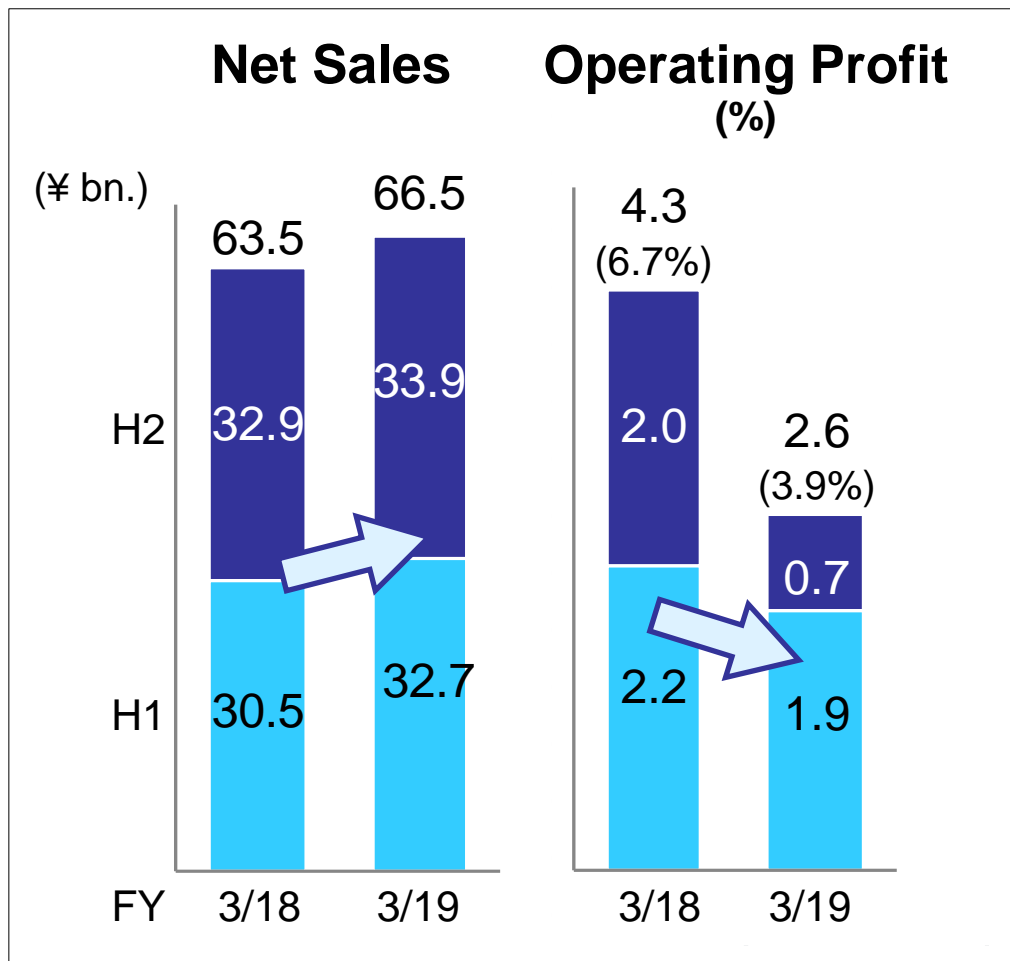
	Net sales		Operating profit			Previous forecasts (Feb. 2019)
	FY 3/18	FY 3/19	FY 3/18	FY 3/19	YOY	
Films & Functional Polymers	148.7	156.2	13.7	13.7	+0.0	13.9
Industrial Materials	63.5	66.5	4.3	2.6	- 1.6	2.6
Healthcare	35.7	34.7	5.2	5.2	- 0.0	4.8
Textiles and Trading	68.3	64.6	0.6	0.9	+0.3	0.3
Real Estate and Others	15.0	14.7	2.8	2.2	- 0.6	2.2
Elimination & Corporate	-	-	- 2.7	- 2.9	- 0.2	- 2.8
Total	331.1	336.7	23.9	21.7	- 2.2	21.0

Films & Functional Polymers



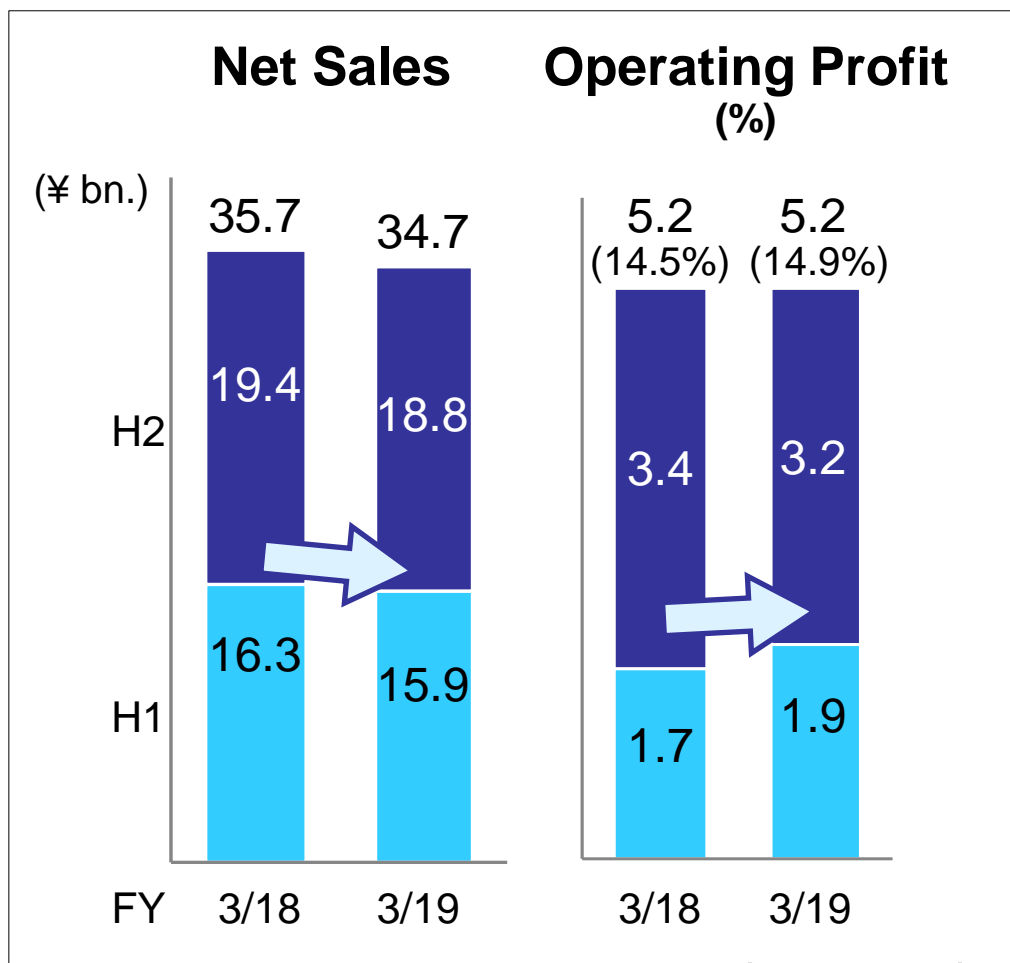
- Sales of “COSMOSHINE SRF” and mold releasing film for MLCC were strong.
- Packaging films and functional polymers were affected by the fluctuations in raw material prices.
- Functional polymers for application in electronic materials struggled.

Industrial Materials



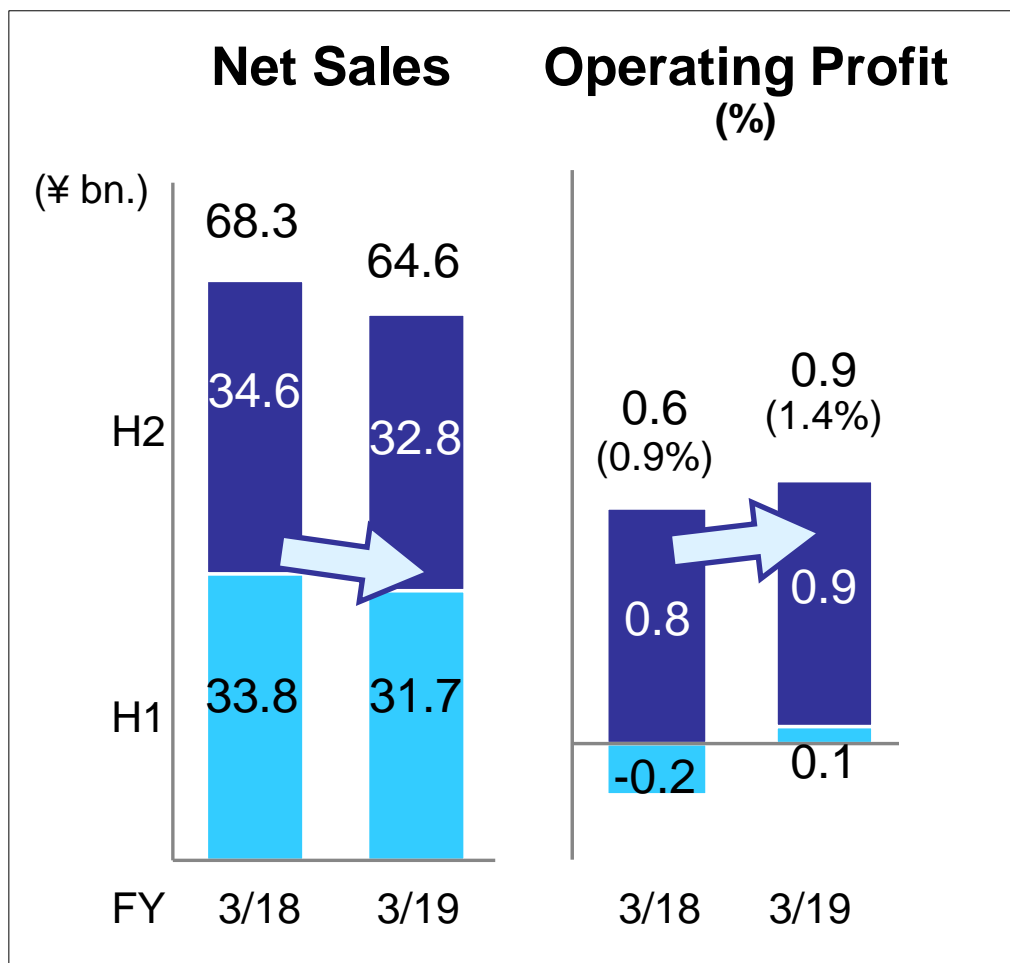
- Sales of airbag fabrics for overseas customers were strong.
- The impact of fire and the fluctuations in raw material prices brought difficulties.
- Sales in the life and industrial materials business grew primarily for overseas customers.

Healthcare



- Sales expanded in enzymes for diagnostic reagents and volatile organic compound (VOC) emissions treatment equipment.
- 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.
- Acrylic fiber is being shifted to industrial material applications.



II . Forecasts for FY 3/20

Forecasts for FY 3/20

Expansion of industrial films and stabilization in raw material and fuel prices are expected.

However, operating profit of ¥22.0 bn. is forecasted due to the prior expenses of expanded investments, in addition to the impact of the fire and uncertainty over the external environment.

(¥ bn.)

	FY 3/19	FY 3/20	YOY	
Net sales	336.7	350.0	+13.3	+4.0%
Operating profit	21.7	22.0	+0.3	+1.3%
(Ratio to sales)	6.5%	6.3%	-	-
Ordinary profit	17.8	18.0	+0.2	+1.2%
Extraordinary income and losses	- 17.7	7.0	+24.7	-
Profit (loss) attributable to owners of parent	- 0.6	17.0	+17.6	-
EPS (¥)	- 6.8	191.5	-	-
Depreciation	15.8	17.0	+1.2	+7.4%
CAPEX	25.5	36.5	+11.0	+43.1%

Exchange rate (¥/US\$)

111

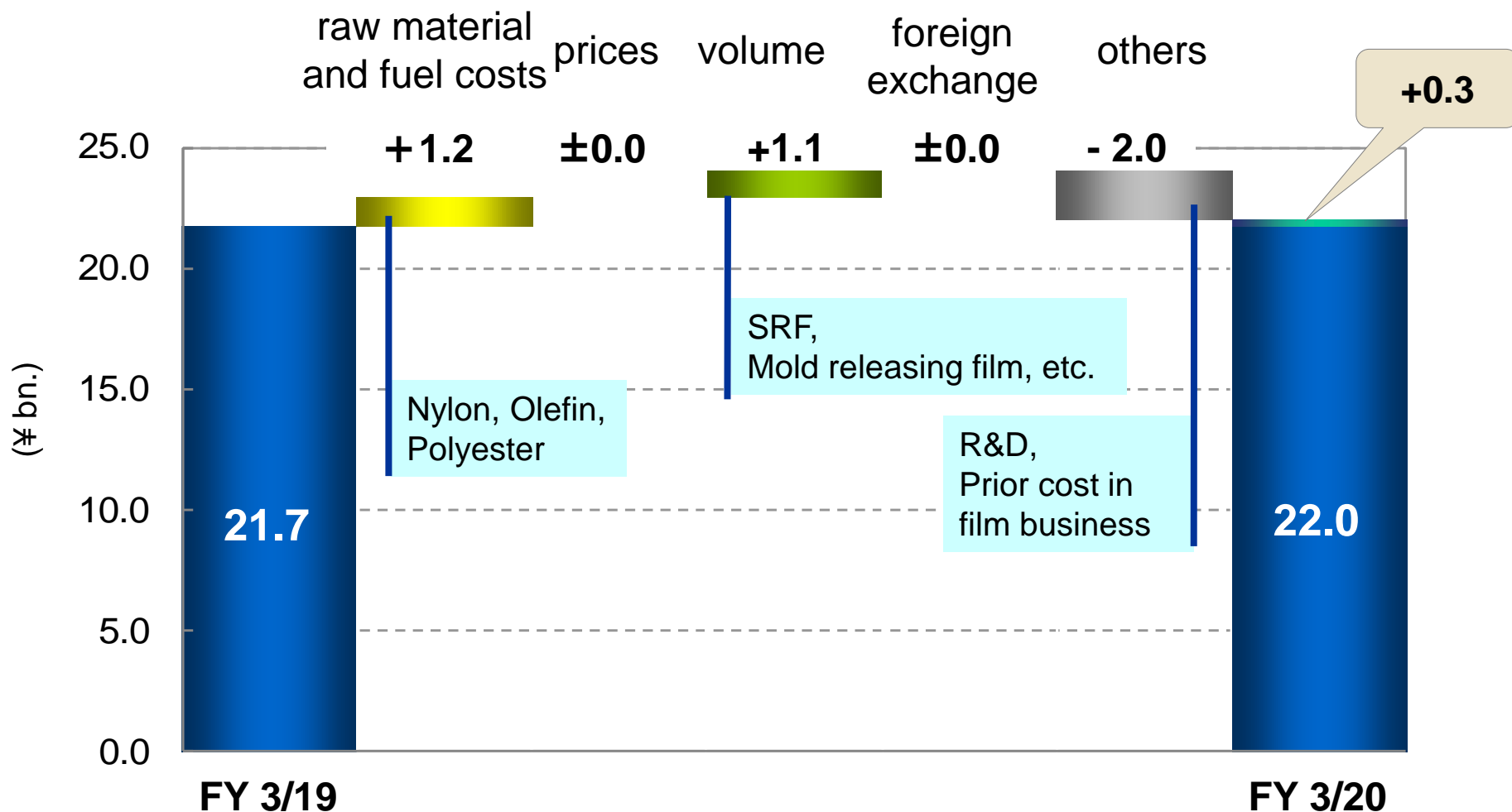
112

Naphtha price in Japan (thousand¥/kl)

49

47

Analysis of Changes in Operating Profit



	FY 3/19	FY 3/20
Exchange rate (¥/US \$)	111	112
Naphtha price in Japan (thousand¥/kl)	49	47

Forecasts by Segment

(¥ bn.)

	Net Sales		Operating Profit		
	FY 3/19 result	FY 3/20 forecasts	FY 3/19 result	FY 3/20 forecasts	YOY
Films & Functional Polymers	156.2	162.5	13.7	14.8	+1.1
Industrial Materials	66.5	71.0	2.6	2.4	- 0.2
Healthcare	34.7	37.0	5.2	5.4	+0.2
Textiles and Trading	64.6	65.0	0.9	0.8	- 0.1
Real Estate and Others	14.7	14.5	2.2	2.1	- 0.1
Elimination & Corporate	-	-	- 2.9	- 3.5	- 0.6
Total	336.7	350.0	21.7	22.0	+0.3

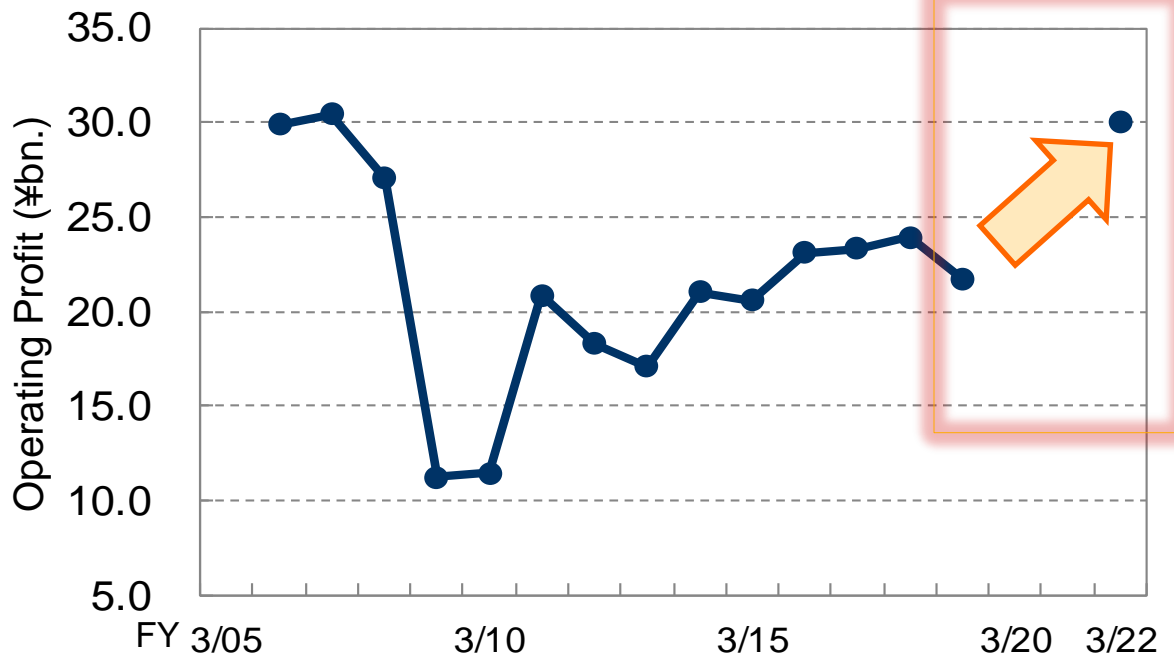


Ⅲ. Progress of 2018 Medium-Term Management Plan

Numerical Targets

Try again to achieve operating profit of ¥30 bn.

Continuous reform of business portfolio



(¥ bn.)

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

Focus on Growth Fields
 “Films and Coatings”
 “Mobility”
 “Healthcare & Wellness”

Acceleration for growth “Harvesting”

“COSMOSHINE SRF”

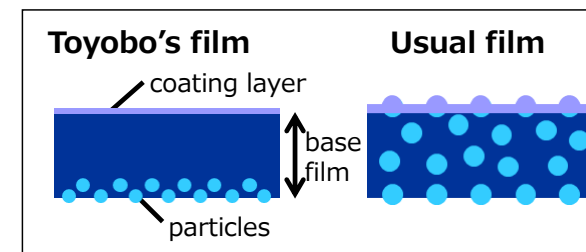
Three part harmony (short & mid term)

- In FY 3/19, sales increased largely by approx. 65%. **Achieved approx. 30% share.**
- 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.**
- 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 FY 3/19, sales increased by approx. 30%. **Achieved approx. 25% share.** of high-end product.
- In FY 3/20, new processing equipment will be put into production, expecting approx. 2-fold increase in production capacity.
- **Aim for 30% share** of the high-end product market in FY 3/22.
- Sales expanded for smartphones, tablets, and automobile high-end products with its superior smoothness.



Enhancing development of new products and businesses

Three part harmony (mid & long term)

Heat-resistant polyimide film “XENOMAX”



Smart life

- New plant has been put into production.
- **Aim for business on the scale of ¥10 bn.**
- Rolling out into electronic paper display substrates, etc.



Transparent vapor-deposited film “ECOSYAR”



Reduction of food loss and environmental impact

- Sales contract with TERPHANE to **expand sales globally.**
- In FY 3/20, joint production firms with an Indonesian company, Trias, are scheduled to begin operation.

Packaging PET film “TOYOBO ESTER GS”



Reduction of environmental impact

- **In FY 3/20, mass production is scheduled to start.**
- Use of heavy metal-free, recycling-friendly catalysts.



Hollow fiber Forward Osmosis (FO) membrane



Clean energy

- With the aim of practical use, **started a demonstration at a osmotic power plant in Europe**
- Renewable energy using the difference in the salt concentration.



Open Innovation

- **Join European venture fund** operated by Capricorn Venture Partners n. v.

Strengthening business base:

Safety and disaster prevention initiatives

Three part harmony (business base)

Overview of the fire accident

- Fire accident occurred at Tsuruga Research and Production Center on Sep. 6, 2018.
- Machines and systems used for the manufacturing of airbag yarn, “BREATHAIR”, and clothing-grade nylon were destroyed in the fire.

Presumed cause

Sparks and fire were caused by wiring short in production equipment for airbags yarn.

Settle down

Emergency order to stop usage of the factory was lifted by the fire department (December 2018).

Disaster prevention measures

1. Implementation of disaster prevention checkups by third parties, and identification of fire risks in plants.
2. Formulation of fire fighting equipment guidelines.
3. Implementation of general disaster prevention inspections at plants.

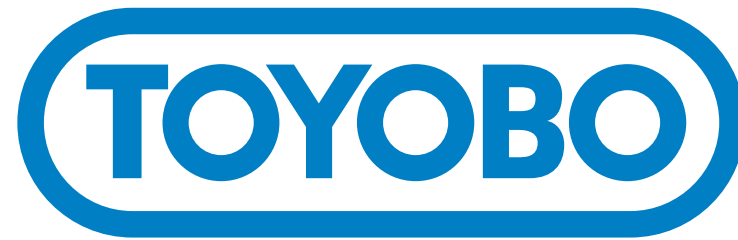
Promotion of further disaster prevention activities, taking a lesson from the fire accident.

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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