



May 11, 2020

Presentation to Investors



Catalyzing the Unimagined

想像を越える化学反応を。



TOYOBO CO., LTD.

Highlights

- ◆ Operating profit of ¥22.8 bn. (up 4.9%) and profit of ¥13.8 bn.
- ◆ Heavily affected by the fire accident and production curtailment of automobiles, etc. due to U.S.-China trade friction. Moreover, influenced by the novel coronavirus disease (COVID-19) in Q4.
- ◆ Regarding the growth drivers, sales of “COSMOPEEL”, mold releasing film for MLCC, were affected by market conditions, while “COSMOSHINE SRF” were strong.

	FY 3/19	FY 3/20	YOY	(¥ bn.) Initial forecasts (May 2019)
Net sales	336.7	339.6	+ 0.9%	350.0
Operating profit	21.7	22.8	+ 4.9%	22.0
Profit (loss) attributable to owners of parent	- 0.6	13.8	-	17.0
Operating CF	7.8	44.3*	-	-
ROE	-	7.8%	-	-

*includes ¥10.6 bn. for insurance received for the fire accident.

Results for FY 3/20 PL

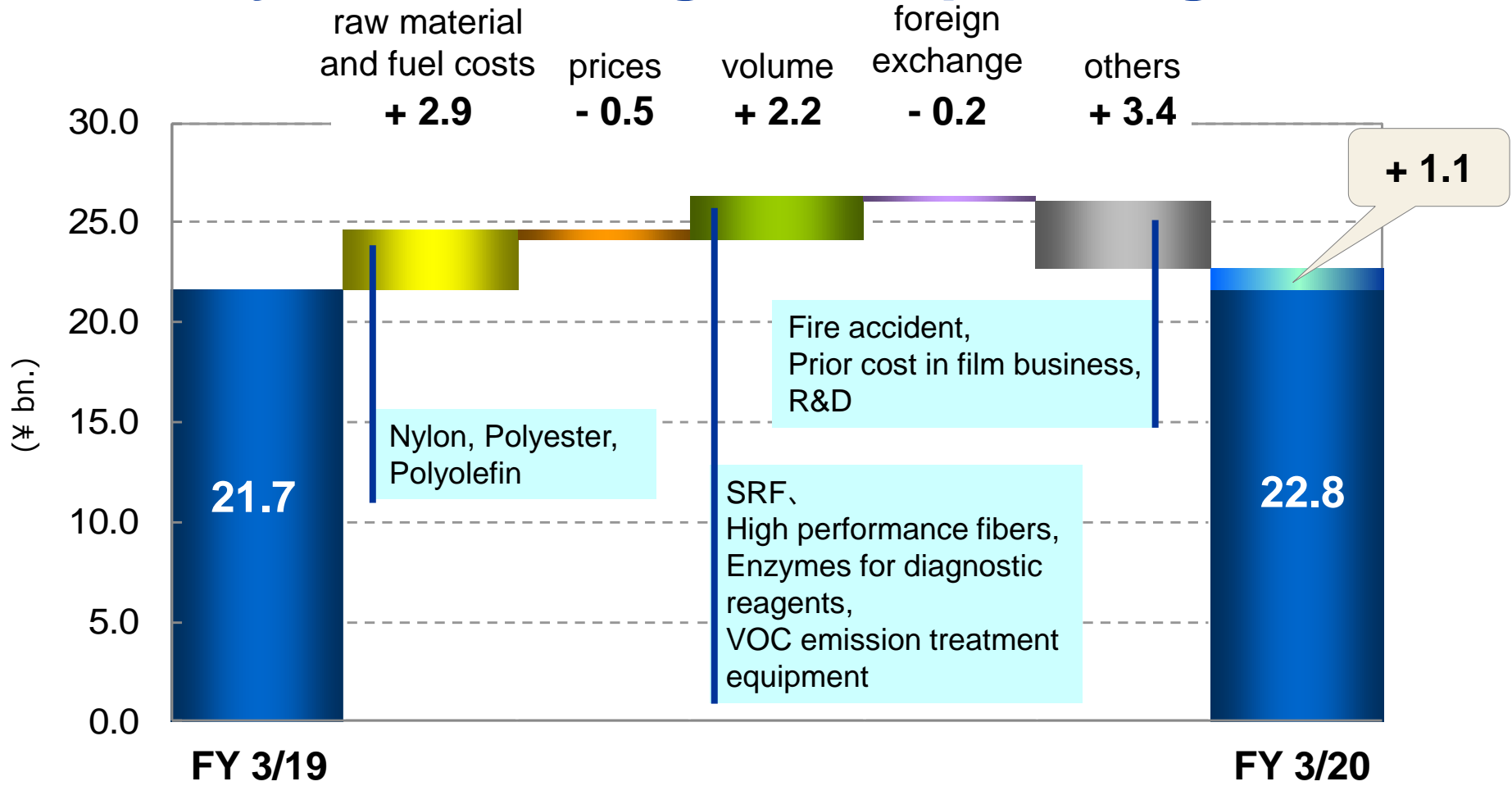
(¥ bn.)

	FY 3/19	FY 3/20	YOY		Initial forecasts (May 2019)
			Amount	%	
Net sales	336.7	339.6	+ 2.9	+ 0.9%	350.0
Operating profit	21.7	22.8	+ 1.1	+ 4.9%	22.0
(Ratio to sales)	6.5%	6.7%	-	-	6.3%
Ordinary profit	17.8	18.0	+ 0.2	+ 1.4%	18.0
Extraordinary income	1.5	11.2	+ 9.7	-	-
Extraordinary losses	19.2	9.5	- 9.7	-	-
Profit (loss) attributable to owners of parent	- 0.6	13.8	+ 14.4	-	17.0
EPS (¥)	- 6.8	155.1	-	-	191.5
Depreciation	15.8	17.0	+ 1.2	+ 7.5%	17.0
CAPEX	25.5	36.4	+ 10.9	+ 42.9%	36.5
Exchange rate (¥/US\$)	111	109			112
Naphtha price in Japan (thousand¥/kl)	49	43			47

Extraordinary income:
- Insurance received for the fire accident of ¥10.6 bn.

Extraordinary losses:
- Loss on disposal of non current assets of ¥4.0 bn. (¥1.9 bn. in FY 3/19)
- Loss due to fire of ¥3.1 bn. (¥13.8 bn. in FY 3/19)

Analysis of Changes in Operating Profit



	FY 3/19			FY 3/20		
	H1	H2		H1	H2	
Exchange rate (¥/US\$)	110	112	111	109	109	109
Naphtha price in Japan (thousand¥/kl)	51	48	49	43	43	43

Results for FY 3/20 BS

(¥ bn.)

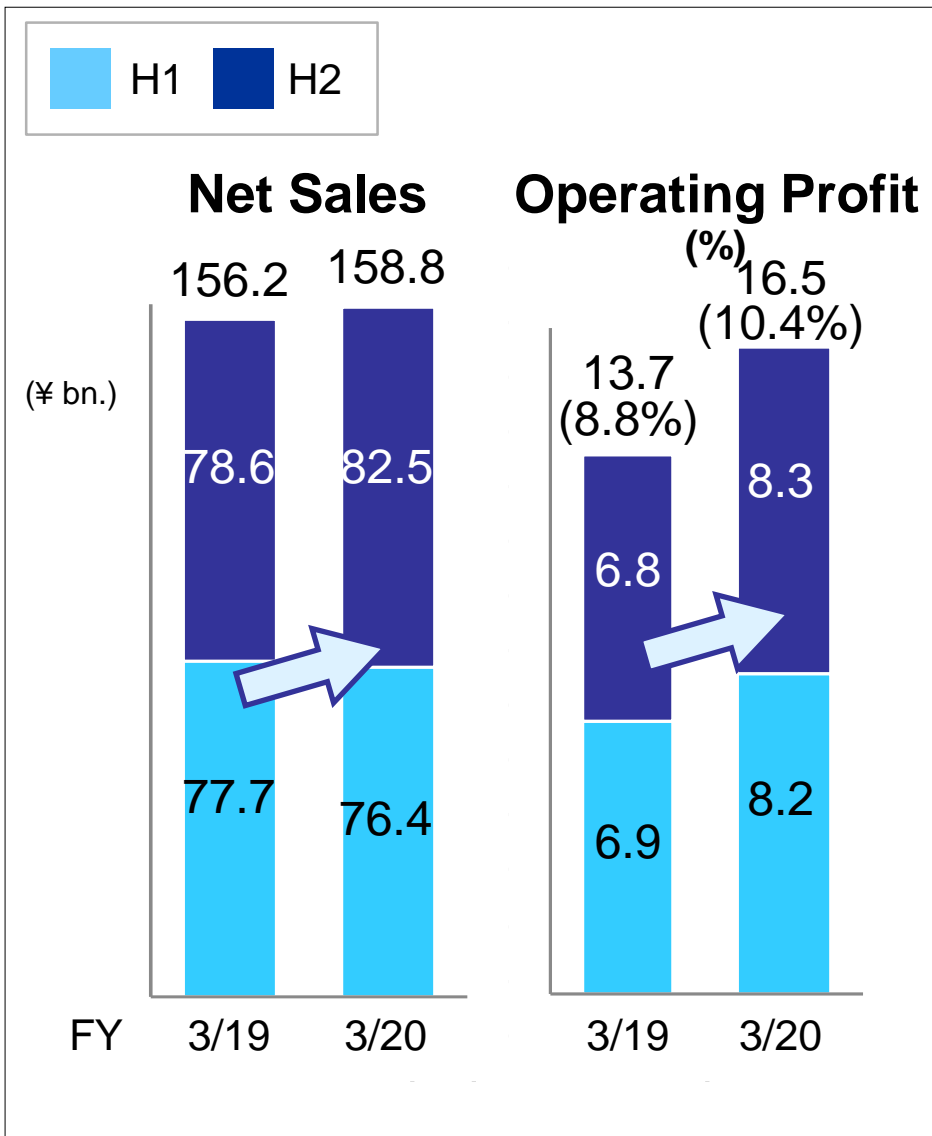
	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2020	YOY
Total assets	445.5	461.0	488.9	+27.8
Cash and deposits	26.0	22.3	25.2	+2.9
Inventories	71.3	76.8	80.6	+3.8
Non current assets	258.9	267.9	282.5	+14.5
Net assets	184.5	181.2	182.6	+1.4
Shareholder's equity	180.6	176.6	177.9	+1.3
(Retained earnings)	56.1	51.9	61.9	+10.1
Non-controlling interests	4.0	4.6	4.7	+0.1
Interests-bearing debt	145.6	164.8	175.1	+10.4
D/E ratio	0.81	0.93	0.98	-

Results by Segment

(¥ bn.)

	Net sales		Operating profit			Previous forecasts (Feb. 2020)
	FY 3/19	FY 3/20	FY 3/19	FY 3/20	YOY	
Films & Functional Polymers	156.2	158.8	13.7	16.5	+ 2.8	15.4
Industrial Materials	66.5	65.4	2.6	1.0	- 1.6	1.2
Healthcare	34.7	39.4	5.2	5.5	+ 0.4	5.6
Textiles and Trading	64.6	61.3	0.9	0.6	- 0.4	0.7
Real Estate and Others	14.7	14.6	2.2	2.6	+ 0.4	2.3
Elimination & Corporate	-	-	- 2.9	- 3.5	- 0.6	- 3.2
Total	336.7	339.6	21.7	22.8	+ 1.1	22.0

Films & Functional Polymers



● Packaging film

- Sales of the environmentally conscious products expanded.

● Industrial film

- Sales of “COSMOSHINE SRF” expanded due to improved productivity.
- Sales of mold releasing film for MLCC “COSMOPEEL” increased despite being affected by production adjustments of electronic-related components.

● Functional polymers

- Sales of the adhesion promoter for polyolefin “HARDLEN” grew overseas.
- Engineering plastics struggled for machine tools to China, and was affected by the production curtailment of automobiles globally.

Films & Functional Polymers: Topics

Acquisition of subsidiaries of TEIJIN LIMITED that operate film businesses

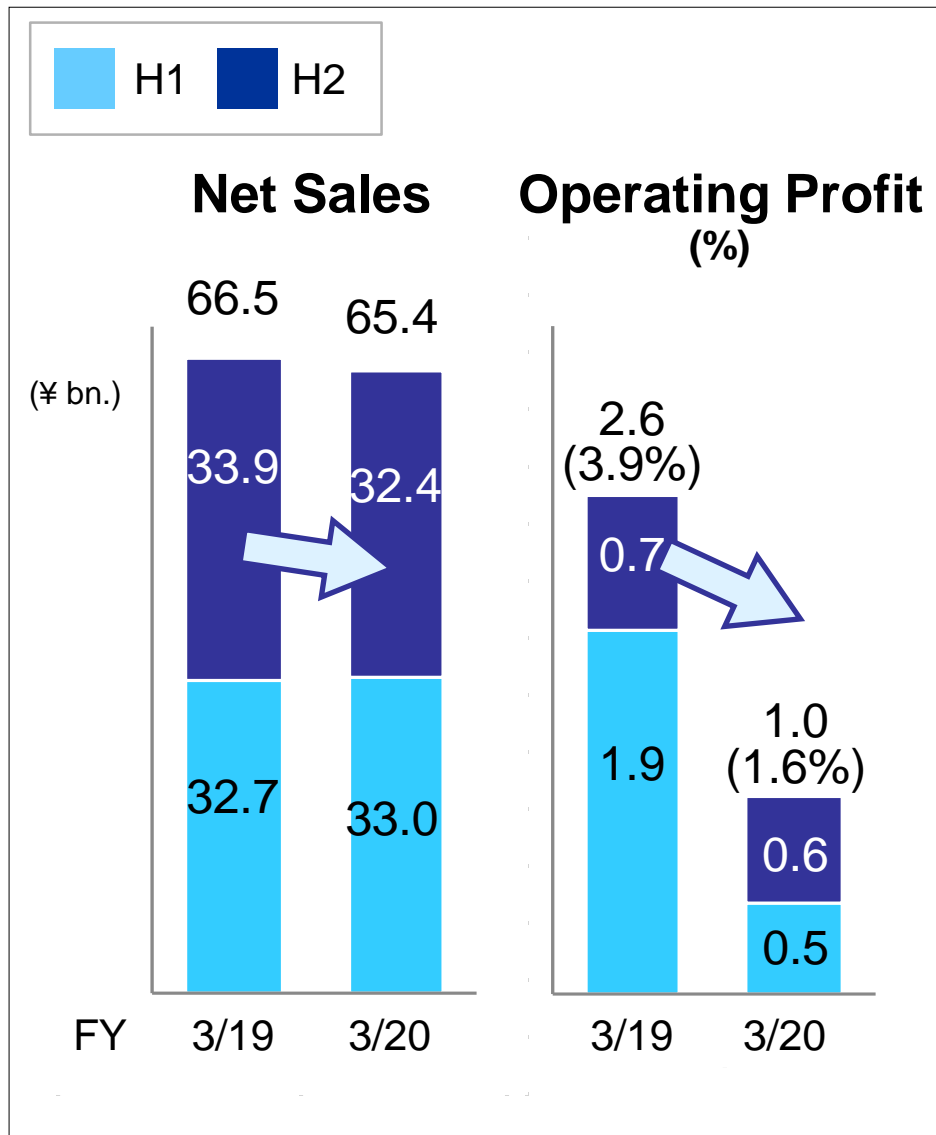
- TOYOBO FILM SOLUTIONS LIMITED,
PT. INDONESIA TOYOBO FILM SOLUTIONS
- Acquired all stocks as of October 1, 2019, and commenced integrated management.
- Aim to further solidify the foundation of the films business.
- PEN with heat resistance and high strength, mold releasing film for MLCC in the middle zone, film for can laminate, etc.
- Production ability of polyester film in Japan: **Group total of 11 tons, No.1 in Japan.**

“COSMOSHINE SRF”

- In FY 3/20, sales increased by approx. 15%.
Achieved approx. 35% share (YOY +5p)
- In May, 2020, Unit 3 is scheduled to start mass production.
Expecting approx. 1.5-fold increase in production capacity.
- Sales expanded for use in LCD TVs due to superior water resistance, durability, and competitive pricing.



Industrial Materials



● Airbag fabrics

- Affected by the fire accident and global reduction of production in the automotive industry.

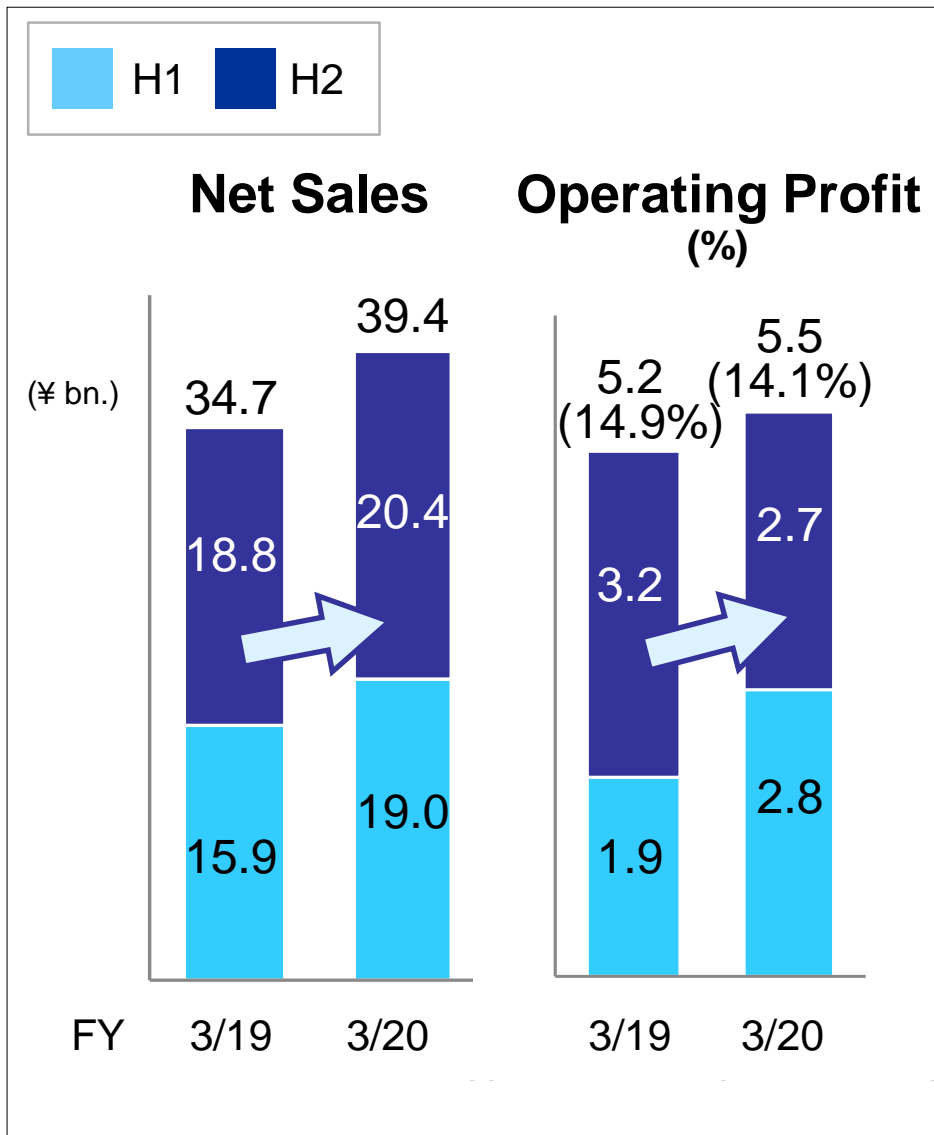
● Life and industrial materials

- The reconstructed plant of “BREATHAIR” started up to resume manufacture and sales from September.

● High-performance fibers

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

Healthcare

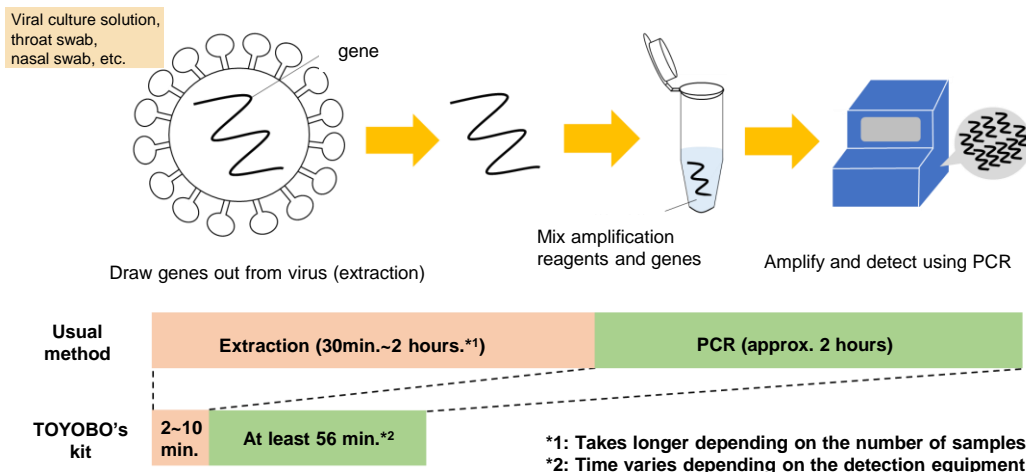


- Bio-related products**
 - Sales of enzymes for diagnostic reagents to overseas markets were steady.
- Pharmaceuticals**
 - Costs for compliance with GMP piled up.
- Functional filters**
 - Sales for applications such as office machinery decreased.
 - Sales of volatile organic compound (VOC) emissions treatment equipment related to lithium-ion battery separators were strong in Japan and overseas.

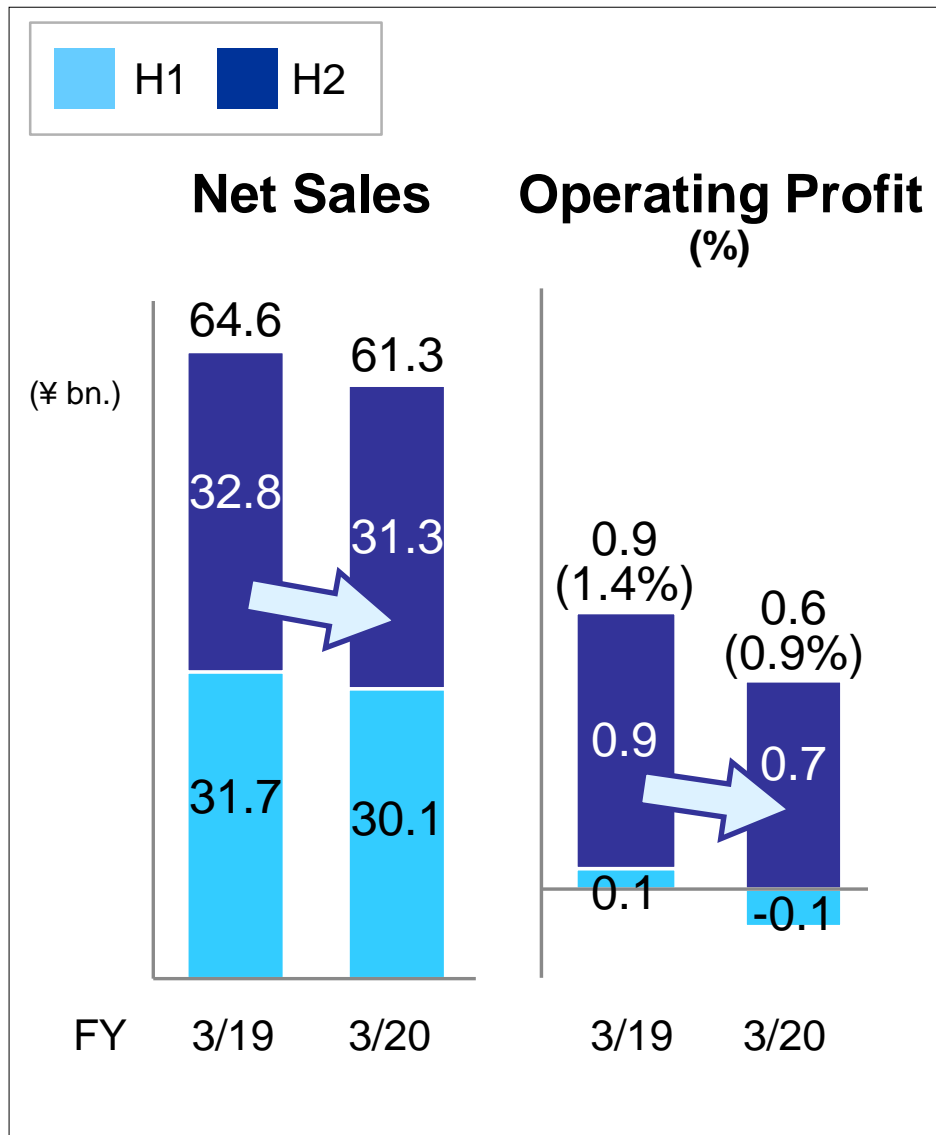
Healthcare: Topics

Reagent and kit for genetic testing

- PCR: A method for amplifying a specific DNA region from a very small DNA sample to an analyzable amount in a short time.
- Increase production of reagents for PCR tests and ship to testing institutions in Japan and China.
- Development and sale of a detection kit (for research) that detects and measures COVID-19 within a minimum of 60 minutes by shortening the gene extraction process using special enzymes and speeding up the amplification rate (from April 13).
Contribute to early discovery of therapeutic drugs, vaccines, etc.



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 uniform grew steadily for business uniforms.

● Acrylic fiber and materials for inner wear

- Exports to China declined due to the impact of COVID-19 and the supply chain disrupted.

Forecasts for FY 3/21

The forecast for the fiscal year ending March 31, 2021 is undecided as it is difficult to properly and rationally calculate the impact on business in this situation where the end of COVID-19 cannot be predicted.

While observing future trends, the Group will promptly make an announcement when a proper and rational calculation becomes possible.

Measures Against COVID-19

Production

- Flexible inventory and production adjustments.
- Shut down overseas airbag fabric factory, etc. depending on the situation.

Plant

- Operating after drawing up
 - measures to prevent the spread of disease
 - measures for when someone is infected
 - procedures for responding to BCP

Employee

- Thorough enforcement of working from home from April 9 to June 7.
(Head office, Tokyo Branch, Nagoya Branch, etc.)
- Smoothly process deliveries with less than 20% of employees going to the office.

Finance

- Secure cash reserves.
 - At Japanese affiliates, establish system for the provision of funds using group financing.
 - At overseas affiliates, set framework for emergency financing when necessary.
- OC100 (Overcome Corona 100)
 - Review period for non-urgent cashing out and lower inventories.

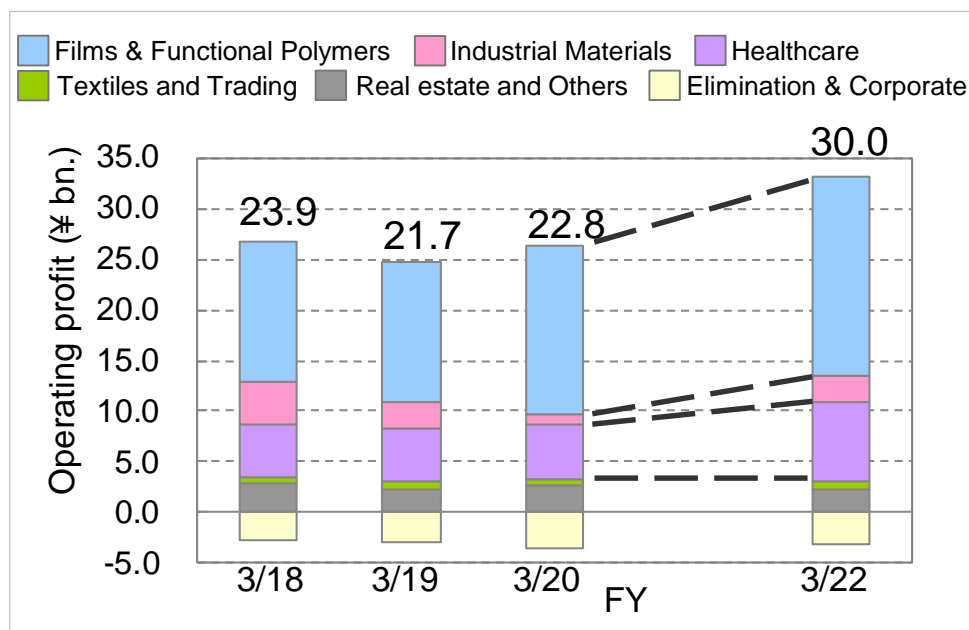
Contribution in business

- Reagents for PCR tests
 - Increase production (20 times more than usual/month, for hundreds of thousands of samples) and ship to testing institutions in Japan and China.
- Develop a detection kit (for research) that detects COVID-19 within a minimum of 60 min. Start shipping.
- Non-woven fabric and filter material (for face mask and so on)
- Material of face shield for medical application

2018 Medium-Term Management Plan

Goal: Operating profit of ¥30.0 bn.

In addition to the fire, the impact of COVID-19 is unclear, and the assumptions for the external environment have changed significantly.



(¥ 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

- Expansion of “COSMOSHINE SRF” and “COSMOPEEL”
- Recovery of “Mobility”
- Expansion of “Healthcare” (Bio-related products, medical membranes, etc.)
- Expansion of environmentally conscious products (Packaging film, VOC emission treatment equipment, etc.)

For medium- to long-term growth

Readjustment of corporate philosophy

TOYOBO PVVs

● Principle

“Jun-Ri-Soku-Yu”

Adhering to reason leads to prosperity

● Vision

We will continue to create the solutions needed by people and the earth with our materials and science.

● Value

We welcome change, enjoy change, and create change.

● TOYOBO Spirit

Challenge, Reliability, Collaboration

“Jun-Ri-Soku-Yu” is one of the personal maximums of our founder Eiich Shibusawa.

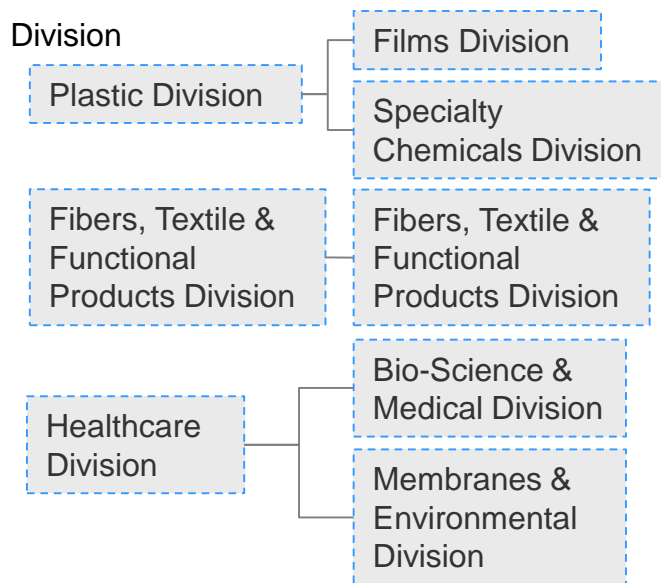


For medium- to long-term growth

Toward solution-based business management (April 1,2020-)

Division	Vision (contribution to solve social challenges)
Films and Functional Materials Solutions	Global top runner in eco-friendly products and solutions
Mobility Solutions	One-of-a-kind company that provides solutions for safe, secure and comfortable mobility spaces
Lifestyle and Environmental Solutions	Solution business entity that contributes to the creation of comfortable and healthy living environments
Life Science Solutions	Creation of systems to realize a healthy society and provide a high level of medical care

Before



After





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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.

TOYOBO CO., LTD.

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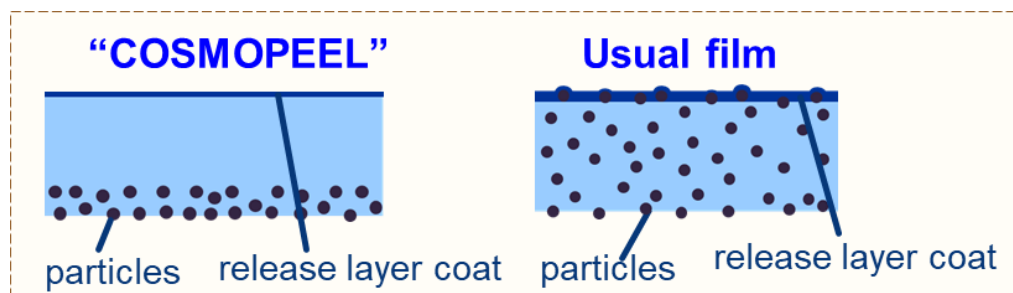


Appendix

Topics

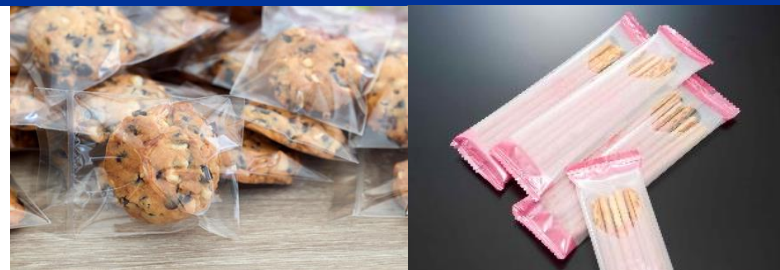
Mold releasing film for MLCC “COSMOPEEL”

- In FY 3/20, sales increased by approx. 5%. **Achieved approx. 25% share.** Affected by production adjustments of electronic-related components.
- New processing equipment was put into production in October 2019. Approx. 2-fold increase in production capacity.
- Aim for 30% share of the high-end product market in FY 3/22.



Transparent vapor-deposited film “ECOSYAR”

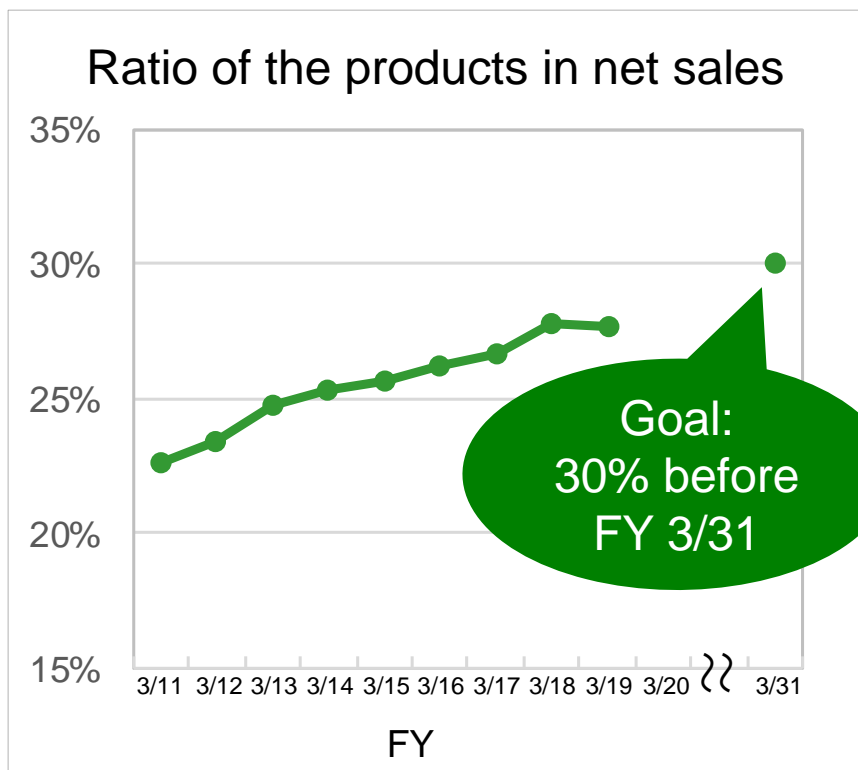
- In Nov. 2019, joint production firms with an Indonesian company, TRIAS, **began production.**
- **Share of 11%** in transparent vapor-deposited film market.*
- Transparent, excellent barrier properties, and usable in microwave ovens.
- Expand sales of food packaging films in Japan and overseas



* Approx. 1.5% of barrier film market

Environmentally conscious products

Unified brand through proprietary evaluation “ECO-PARTNER SYSTEM”



※Total results for TOYOBO on a non-consolidated basis

- Evaluation of environmental impacts on the six stages from product design to disposal using five standards
 - prevention of global warming
 - reduction in harmful chemical substances
 - conservation of materials
 - reduction in waste
 - other environmental contribution



- Register the products that have received a certain level of evaluation



“CYCLE CLEAN”



“ECOSYAR”



“BIOPLANA”



“K-FILTER”
VOC emission
treatment equipment



Membranes for
seawater
desalination



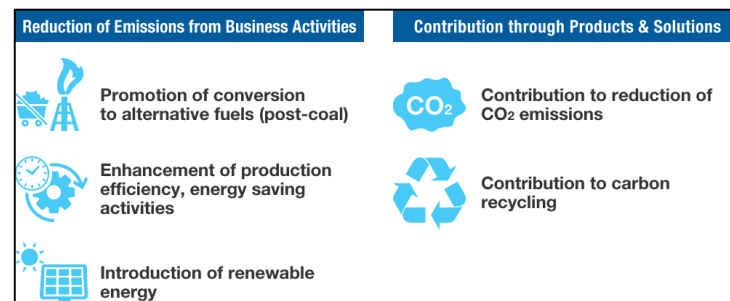
“TOYOBO
GS Catalyst”

Sustainability Planning

Promote activities and further strengthen the transmission of information in line with global standards

● Long-term global warming countermeasures

Aim to reduce our greenhouse gas emissions by 30% and 80% in FY 3/31 and FY 3/51, respectively, compared with FY 3/14, by several measures through our business activities.



● Signed UN Global Compact and joined Global Compact Network Japan

Abide by the 10 principles and strengthen measures to attain a sustainable society through promoting business operations based on the corporate philosophy “Jun-Ri-Soku-Yu”



● Supported TCFD recommendations and joined TCFD consortium

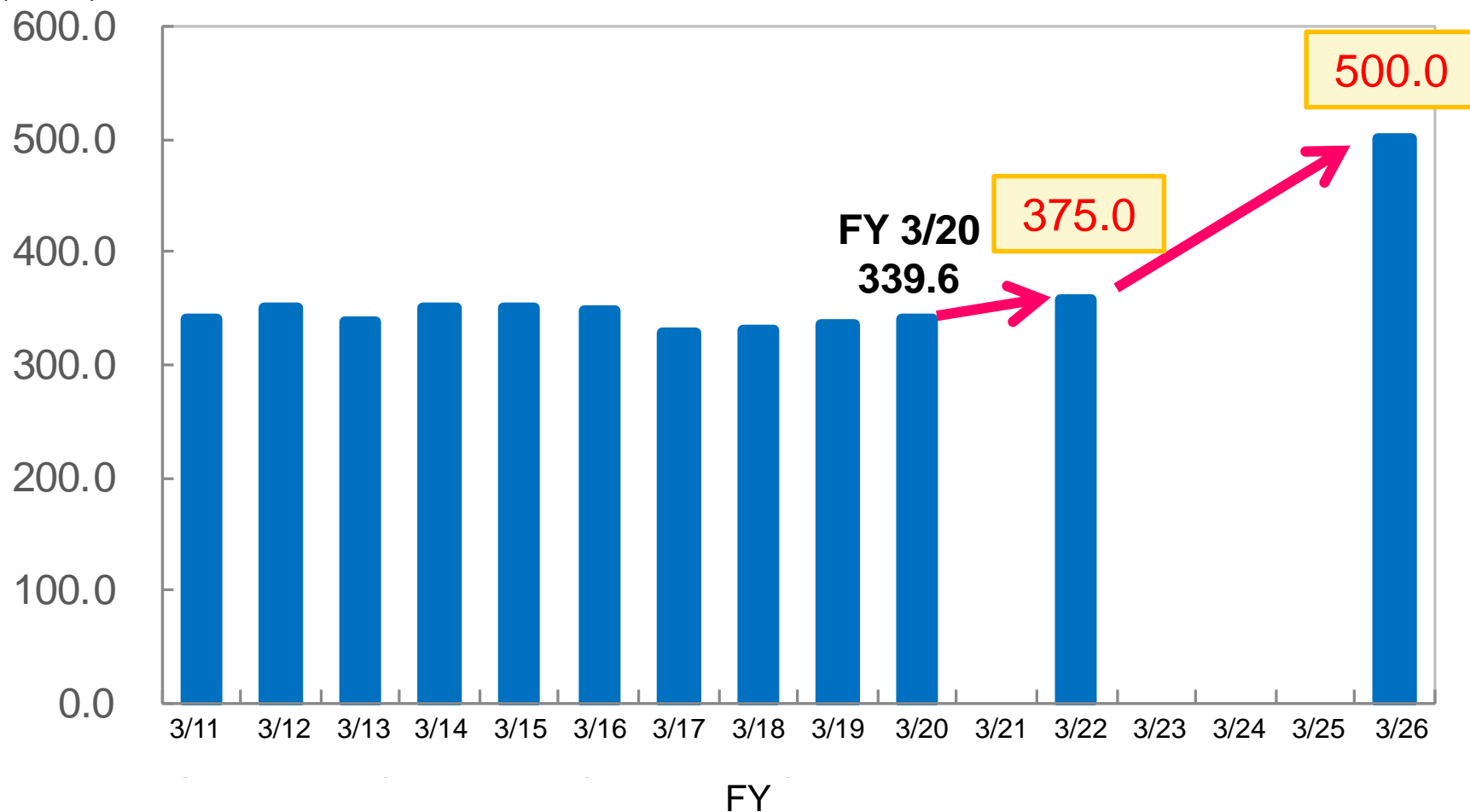
Strengthen capability to analyze risks and opportunities brought by climate change.
Disclose an increased amount of climate-related information.



Long-term goal

Growth target: Net sales of ¥500.0 bn. in FY 3/26

Net sales
(¥ bn.)

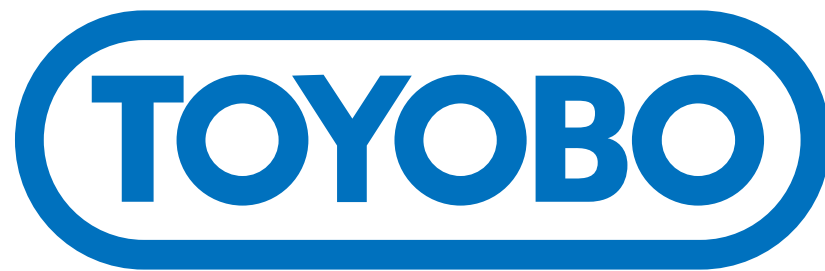


Business performance

(¥ bn.)

	Net sales							
	FY 3/19				FY 3/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Films & Functional Polymers	38.8	38.9	40.7	37.8	38.1	38.3	38.0	44.5
Industrial Materials	16.1	16.6	17.1	16.7	16.0	17.0	16.7	15.7
Healthcare	7.6	8.3	8.4	10.4	9.3	9.7	9.6	10.8
Textiles and Trading	14.8	16.9	14.6	18.2	14.5	15.6	15.3	16.0
Real Estate and Others	3.4	3.3	4.3	3.6	2.9	3.6	3.6	4.6
Elimination & Corporate	-	-	-	-	-	-	-	-
Total	80.8	84.0	85.2	86.8	80.8	84.1	83.1	91.6

	Operating profit							
	FY 3/19				FY 3/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Films & Functional Polymers	3.6	3.3	3.2	3.6	3.8	4.4	3.8	4.6
Industrial Materials	1.0	1.0	0.7	0.1	0.5	- 0.1	0.3	0.3
Healthcare	1.0	0.9	1.2	2.1	1.2	1.6	1.2	1.5
Textiles and Trading	0.2	- 0.1	- 0.1	0.9	- 0.2	0.0	0.0	0.7
Real Estate and Others	0.4	0.7	0.6	0.6	0.6	0.6	0.4	0.9
Elimination & Corporate	- 0.8	- 0.5	- 0.8	- 0.8	- 0.8	- 0.8	- 0.9	- 1.1
Total	5.3	5.3	4.7	6.4	5.2	5.9	4.9	6.8



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