

TOYOBO's Recording of Extraordinary Losses—No Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on TOYOBO CO., LTD. (security code: 3101)'s announcements on its recording of extraordinary losses and downward revisions to the earnings forecasts.

- (1) TOYOBO CO., LTD. (the "Company") announced today the recording of extraordinary losses and downward revisions to the forecasts for the financial results for the fiscal year ending March 2019 (FY2018) due to the fire at the Tsuruga Office. The extraordinary losses due to the fire reach 12 billion yen in total including the cost for procurement of alternative products amounting 7.1 billion yen and impairment losses on fixed assets and inventories amounting 1.9 billion yen. The Company also revised the forecast for the operating income for FY2018 from 23 billion yen to 21 billion yen. Based on the recording of the extraordinary losses, etc., it expects its net income attributable to owners of the parent, which was before undecided due to the fire occurrence, to be zero.
- (2) Given the fact that the manufacturing facilities for airbag raw threads were damaged by the fire accident, JCR has been closely watching the impact on the airbag business, which is set as one of the growth strategies. Although the Company recorded temporary losses this time, it will be able to maintain the prior business transactions with its customers, because it can now expect to procure the alternative products for the time being. The impact on the entire business base of the airbag business is also expected to be limited. As the impact on the financial structure also is expected to be insignificant, JCR assessed that there will be no impact on the Company's rating.

Takeshi Fujita, Hidekazu Sakai

<Reference>

Issuer: TOYOBO CO., LTD.

Long-term Issuer Rating: A Outlook: Stable

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