

Announcement of Business Results for the Fiscal Year Ended March 2018 and Business Forecast for the Fiscal Year Ending March 2019

May 10, 2018

Toray Industries, Inc.

Contents

I. Business Results for the Fiscal Year Ended March 2018 (Consolidated Basis)

Summary of Consolidated Business Results for the Fiscal Year Ended March 2018	(P3)
Trends in Net Sales and Operating Income	(P4)
Total Assets, D/E Ratio and ROA · ROE	(P5)
Non-operating Income and Expenses	(P6)
Special Credits and Charges	(P7)
Assets, Liabilities, Net Assets and Free Cash Flows	(P8)
Income Variance Factor Analysis	(P9)
Net Sales and Operating Income by Segment	(P10)
Business Results by Segment	(P11-17)
Results of Major Subsidiaries and Regions	(P18)
Number of Employees, Changes in Subsidiaries and Affiliates	(P19)

II. Business Forecast for the Fiscal Year Ending March 2019 (Consolidated Basis)

Forecast Summary for the Fiscal Year Ending March 2019	(P21)
Forecast by Segment	(P22)
Trends in Capital Expenditures, Depreciation and R&D Expenses	(P23)

III. Progress of Medium-term Management Program “Project AP-G 2019”

Progress of “Project AP-G 2019”	(P25-30)
<Reference> Quarterly Transition of Net Sales / Operating Income by Segment	(P32-33)

I. Business Results for the Fiscal Year Ended March 2018 (Consolidated Basis)

Summary of Consolidated Business Results for the Fiscal Year Ended March 2018

Billion yen

	FY Mar/17			FY Mar/18			Changes	
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		
Net Sales	957.0	1,069.5	2,026.5	1,048.2	1,156.6	2,204.9	+178.4	(+8.8%)
Cost of Sales	743.7	852.7	1,596.5	825.1	922.9	1,748.0	+151.5	(+9.5%)
Gross Profit	213.3	216.7	430.0	223.1	233.7	456.8	+26.8	(+6.2%)
(Gross Profit to Net Sales)	22.3%	20.3%	21.2%	21.3%	20.2%	20.7%	-0.5	points
Operating Income	76.3	70.6	146.9	78.1	78.4	156.5	+9.6	(+6.5%)
(Operating Income to Net Sales)	8.0%	6.6%	7.2%	7.4%	6.8%	7.1%	-0.2	points
Non-operating Income and Expenses, net	▲ 0.2	▲ 3.0	▲ 3.2	▲ 1.3	▲ 2.9	▲ 4.2	-1.0	
Ordinary Income	76.1	67.7	143.7	76.8	75.5	152.3	+8.6	(+6.0%)
Special Credits and Charges, net	▲ 1.3	▲ 3.5	▲ 4.7	▲ 4.0	▲ 11.7	▲ 15.7	-11.0	
Income before Income Taxes	74.8	64.2	139.0	72.8	63.8	136.6	-2.4	(-1.7%)
Net Income Attributable to Owners of Parent	53.4	46.0	99.4	47.5	48.4	95.9	-3.5	(-3.5%)

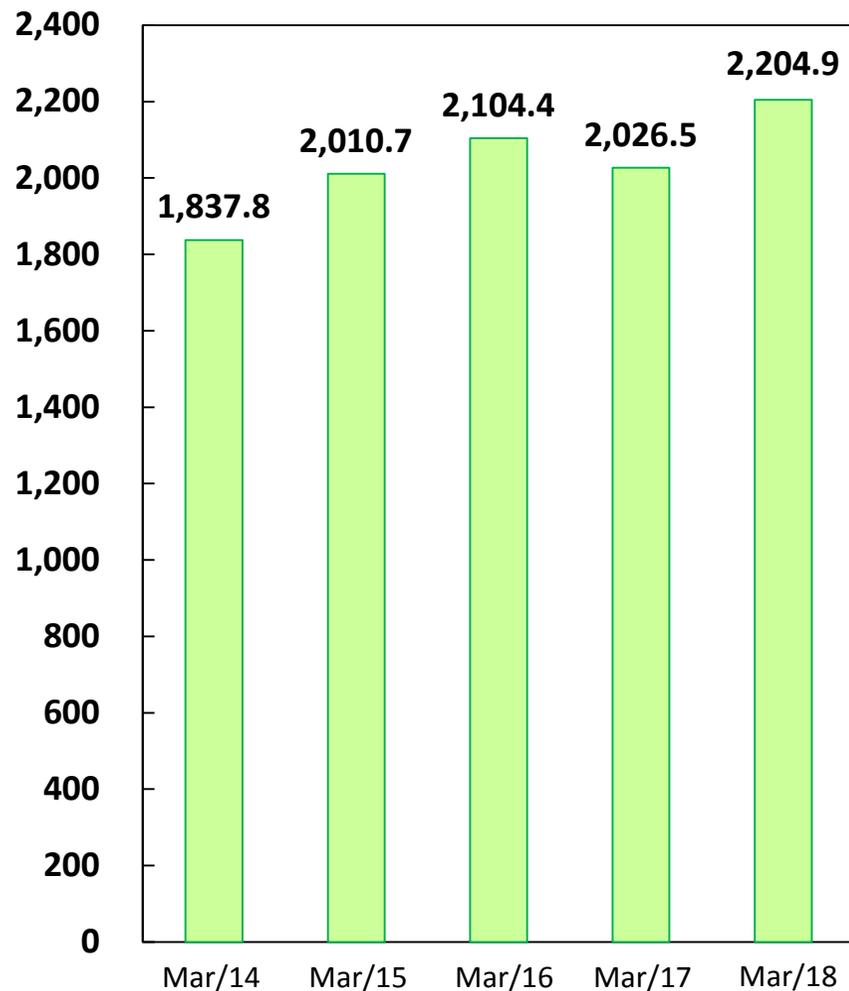
Exchange Rate			
	(FY Mar/17)	→	(FY Mar/18)
<Yen/US\$>			
Average	: 108.4	→	110.9
End of the Term	: 112.2	→	106.2
<Yen/Euro>			
Average	: 118.8	→	129.7
End of the Term	: 119.8	→	130.5

Net Income per Share	33.40yen	28.77yen	62.17yen	29.71yen	30.25yen	59.97yen
Dividend per Share	7yen	7yen	14yen	7yen	8yen	15yen

Trends in Net Sales and Operating Income

Net Sales

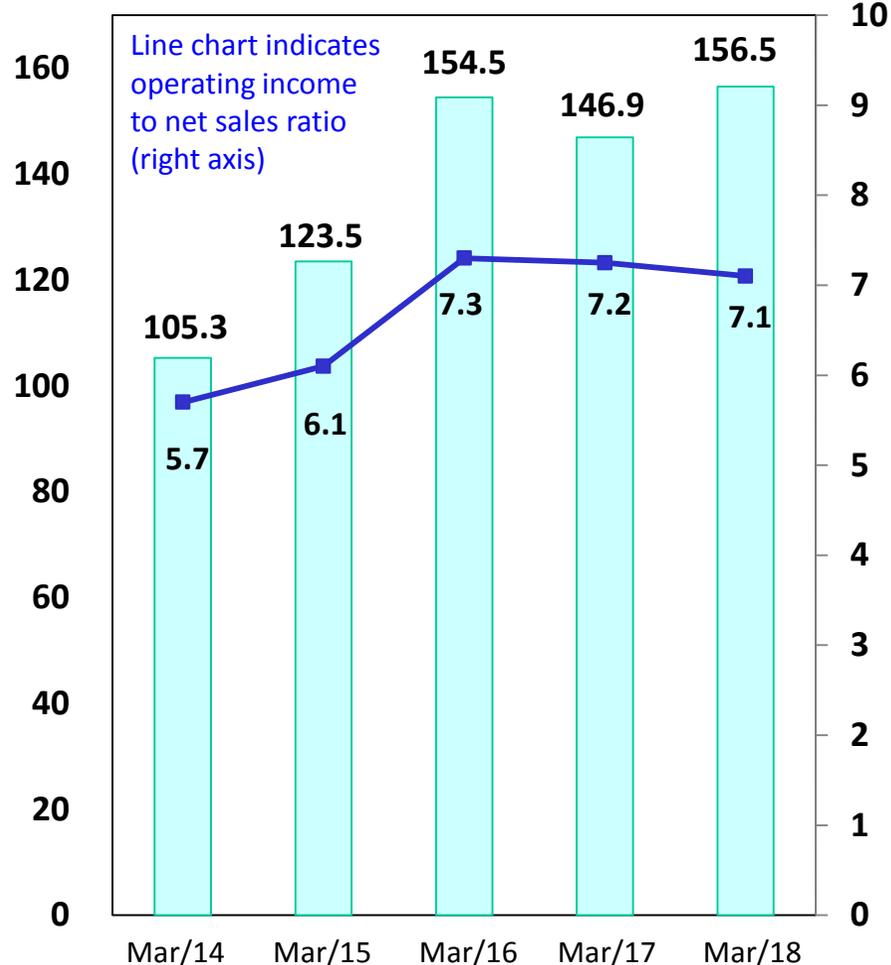
Billion yen



Operating Income

Billion yen

%



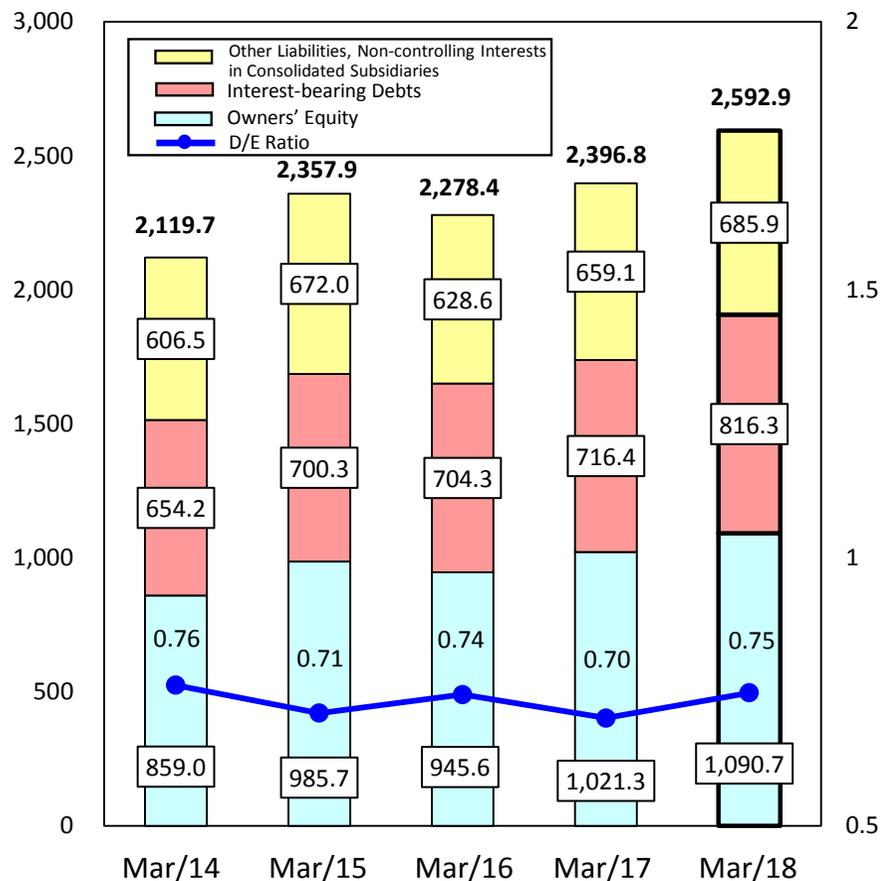
Total Assets, D/E Ratio and ROA · ROE

Total Assets, D/E Ratio

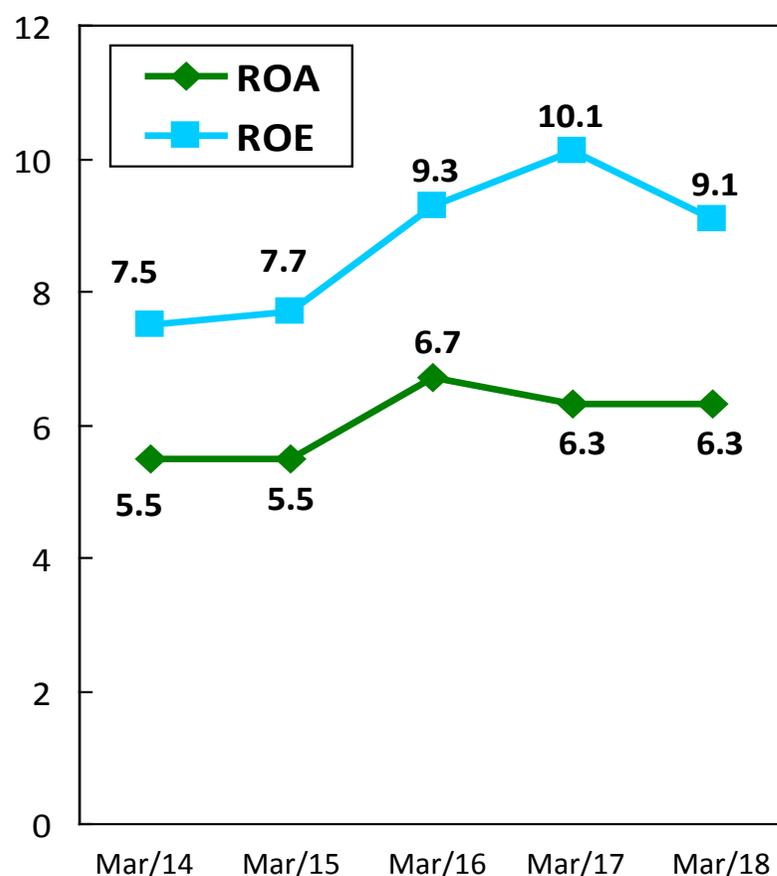
Billion yen

Times

%



ROA · ROE



ROA = Operating Income / Total Assets

ROE = Net Income Attributable to Owners of Parent / Owner's Equity

Non-operating Income and Expenses

Billion yen

	FY Mar/17	FY Mar/18	Changes
Non-operating Income	18.1	19.1	+0.9
Interest and Dividend Income	5.0	5.2	+0.2
Equity in Earnings of Affiliates	7.5	9.2	+1.7
Others	5.6	4.6	-1.0
Non-operating Expenses	▲ 21.3	▲ 23.2	-1.9
Interest Expenses	▲ 4.7	▲ 5.1	-0.4
Costs related to Start-up of New Facilities	▲ 3.0	▲ 6.8	-3.9
Costs related to Idle Facilities	▲ 6.1	▲ 4.8	+1.3
Others	▲ 7.5	▲ 6.5	+1.1
Non-operating Income and Expenses, net	▲ 3.2	▲ 4.2	-1.0
Interest and Dividend Income, Interest Expenses, net	0.4	0.1	-0.2

* Positive numbers : Income, Negative numbers (▲) : Expenses

Special Credits and Charges

Billion yen

	FY Mar/17	FY Mar/18	Changes
Special Credits	6.0	4.5	-1.4
Gain on Sales of Property, Plant and Equipment	1.0	0.9	-0.1
Gain on Sales of Investment Securities	3.8	3.5	-0.2
Gain on Return of Assets from Retirement Benefit Trust	0.8	-	-0.8
Others	0.3	0.1	-0.3
Special Charges	▲ 10.7	▲ 20.2	-9.6
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 6.0	▲ 8.0	-2.0
Loss on Impairment of Fixed Assets	▲ 2.9	▲ 3.9	-1.0
Loss on Write-down of Investment Securities	▲ 0.8	▲ 0.1	+0.7
Loss on Liquidation and Devaluation of Subsidiaries and Affiliated Companies	-	▲ 3.6	-3.6
Environmental Expenses	-	▲ 2.6	-2.6
Others	▲ 0.9	▲ 2.0	-1.1
Special Credits and Charges, net	▲ 4.7	▲ 15.7	-11.0

* Positive numbers : Income, Negative numbers (▲) : Expenses

Assets, Liabilities, Net Assets and Free Cash Flows

Billion yen

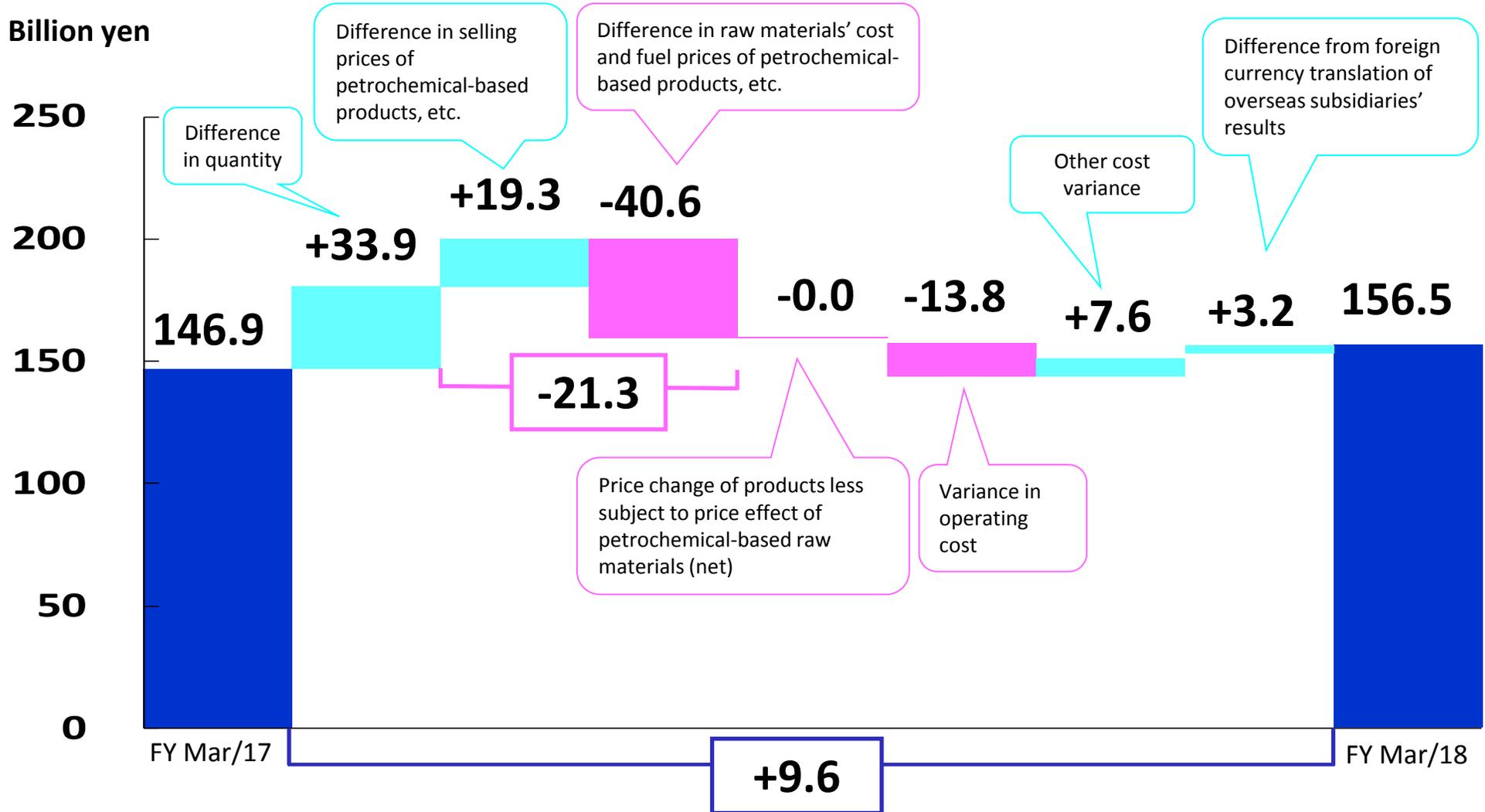
	End of Mar/17	End of Mar/18	Changes
Total Assets	2,396.8	2,592.9	+196.1
Current Assets	1,066.7	1,152.7	+86.0
Tangible Assets	881.4	927.0	+45.6
Intangible Assets	77.3	68.6	-8.6
Investment and Other Assets	371.3	444.6	+73.2

	End of Mar/17	End of Mar/18	Changes
Total Liabilities	1,296.6	1,423.7	+127.1
Current Liabilities	670.0	676.5	+6.6
Other Liabilities	626.6	747.2	+120.6
Total Net Assets	1,100.2	1,169.2	+69.0
Owner's Equity	1,021.3	1,090.7	+69.4
Equity Ratio	42.6%	42.1%	-0.5 points

<Free Cash Flows>

	FY Mar/17	FY Mar/18	Changes
Cash Flows from Operating Activities	174.0	129.2	-44.8
Cash Flows from Investment Activities	▲ 135.2	▲ 186.7	-51.4
Free Cash Flows	38.7	▲ 57.5	-96.2

Income Variance Factor Analysis



“Petrochemical-based products, etc.” are the total of Fibers & Textiles, Performance Chemicals, and Carbon Fiber Composite Materials segments.

Net Sales and Operating Income by Segment

Billion yen

		Net Sales				Operating Income			
		FY Mar/17	FY Mar/18	Changes	(%)	FY Mar/17	FY Mar/18	Changes	(%)
Fibers & Textiles	1st Half	400.2	422.8	+22.6	(+5.7%)	34.6	35.5	+0.9	(+2.7%)
	2nd Half	456.0	490.8	+34.9	(+7.6%)	32.2	36.9	+4.7	(+14.7%)
	Total	856.1	913.6	+57.5	(+6.7%)	66.8	72.4	+5.7	(+8.5%)
Performance Chemicals	1st Half	346.2	390.7	+44.5	(+12.8%)	29.6	35.7	+6.1	(+20.6%)
	2nd Half	378.4	412.6	+34.2	(+9.0%)	32.2	35.7	+3.5	(+10.8%)
	Total	724.6	803.3	+78.7	(+10.9%)	61.8	71.4	+9.6	(+15.5%)
Carbon Fiber Composite Materials	1st Half	80.6	84.8	+4.3	(+5.3%)	16.0	10.5	-5.6	(-34.8%)
	2nd Half	81.1	93.1	+12.1	(+14.9%)	7.9	10.3	+2.4	(+30.2%)
	Total	161.6	177.9	+16.3	(+10.1%)	24.0	20.8	-3.2	(-13.3%)
Environment & Engineering	1st Half	96.4	115.2	+18.8	(+19.5%)	5.3	6.8	+1.6	(+29.9%)
	2nd Half	116.1	123.0	+6.9	(+5.9%)	6.5	6.5	+0.0	(+0.1%)
	Total	212.5	238.3	+25.7	(+12.1%)	11.7	13.3	+1.6	(+13.5%)
Life Science	1st Half	25.2	26.2	+1.0	(+3.9%)	0.7	1.4	+0.7	(+88.9%)
	2nd Half	28.9	27.6	-1.3	(-4.6%)	1.4	0.6	-0.9	(-60.6%)
	Total	54.2	53.8	-0.3	(-0.6%)	2.1	1.9	-0.2	(-9.6%)
Others	1st Half	8.4	8.5	+0.1	(+1.0%)	0.5	0.9	+0.4	(+71.0%)
	2nd Half	9.0	9.4	+0.5	(+5.0%)	2.1	2.0	-0.1	(-4.0%)
	Total	17.4	17.9	+0.5	(+3.1%)	2.6	2.9	+0.3	(+10.4%)
Adjustment	1st Half					▲ 10.5	▲ 12.7	-2.2	
	2nd Half					▲ 11.7	▲ 13.5	-1.9	
	Total					▲ 22.1	▲ 26.2	-4.1	
Consolidated	1st Half	957.0	1,048.2	+91.2	(+9.5%)	76.3	78.1	+1.8	(+2.3%)
	2nd Half	1,069.5	1,156.6	+87.2	(+8.1%)	70.6	78.4	+7.8	(+11.0%)
	Total	2,026.5	2,204.9	+178.4	(+8.8%)	146.9	156.5	+9.6	(+6.5%)

Business Results by Segment (Fibers & Textiles)

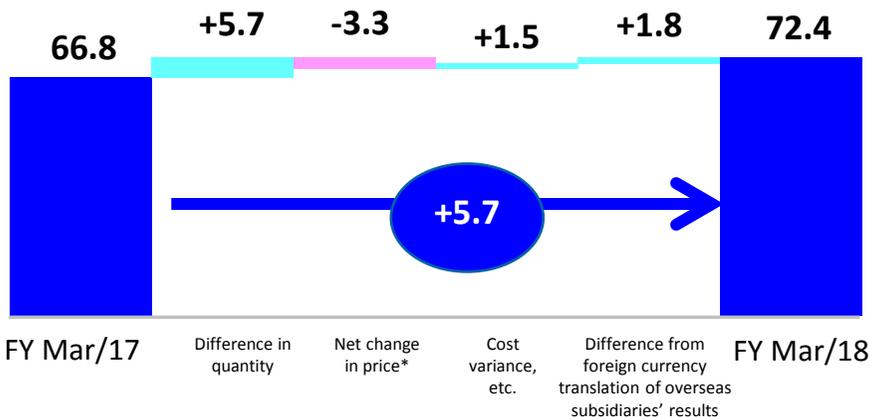
Net Sales / Operating Income

Billion yen

		FY Mar/17	FY Mar/18	Changes	
Net Sales	Toray	183.5	197.0	+13.5	(+7.3%)
	Japanese Subsidiaries	445.8	456.0	+10.2	(+2.3%)
	Overseas Subsidiaries	504.8	568.7	+63.8	(+12.6%)
	Adjustment	▲ 278.0	▲ 308.0	-30.1	
	Total	856.1	913.6	+57.5	(+6.7%)
Operating Income	Toray	19.6	19.8	+0.1	(+0.6%)
	Japanese Subsidiaries	11.8	12.6	+0.8	(+7.1%)
	Overseas Subsidiaries	37.5	43.6	+6.1	(+16.2%)
	Adjustment	▲ 2.2	▲ 3.6	-1.4	
	Total	66.8	72.4	+5.7	(+8.5%)

Changes in Operating Income

Billion yen



Business Performance

Japan

- Demand for some industrial applications such as automobiles was strong.
- Apparel applications saw gradual improvement in store sales of final products.
- Not only strived to expand sales in both apparel and industrial applications, but also worked to expand the business format that integrates fibers to textiles to final products while focusing on strengthening cost competitiveness.

Overseas

- Business performance of some subsidiaries in Southeast Asia and Republic of Korea remained slow.
- Materials for automotive applications and hygiene products remained strong in general.
- Expanded the integrated business for apparel applications

Topics

- Jun. 2017: Decided to acquire shares in Pacific Textiles Holdings Ltd. In Hong Kong.
- Nov. 2017: Decided to set up a new facility in the city of Foshan, Guangdong Province, for the production of high-performance polypropylene (PP) spunbond.
- Jan. 2018: Decided to expand the production facilities for ULTRASUEDE®, an ultra-microfiber non-woven fabric with suede texture.
- Feb. 2018: Acquired a commercial land in India, decided to construct a new base to produce PP spunbond for hygiene products.

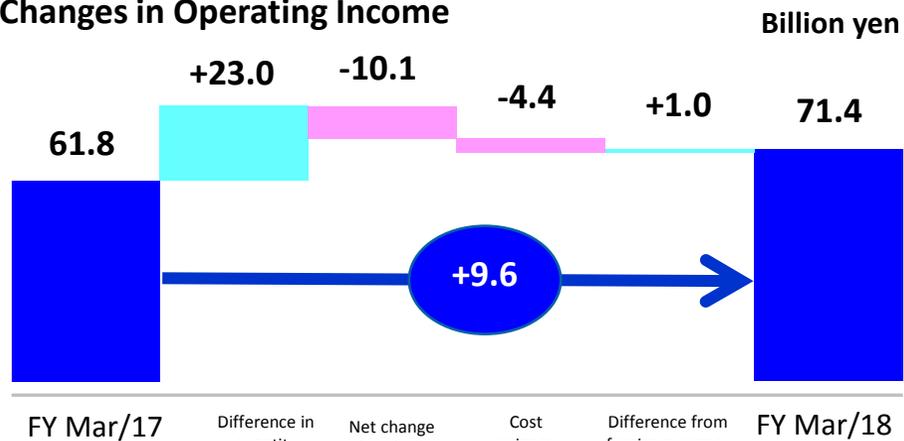
* Difference in selling price and raw materials' cost and fuel prices of petrochemical-based products, etc. (net)

Business Results by Segment (Performance Chemicals)

Net Sales / Operating Income Billion yen

		FY Mar/17	FY Mar/18	Changes	
Net Sales	Toray	213.3	250.1	+36.8	(+17.2%)
	Japanese Subsidiaries	443.3	456.2	+12.9	(+2.9%)
	Overseas Subsidiaries	437.0	532.5	+95.4	(+21.8%)
	Adjustment	▲ 369.0	▲ 435.5	-66.5	
	Total	724.6	803.3	+78.7	(+10.9%)
Operating Income	Toray	17.3	21.9	+4.7	(+27.0%)
	Japanese Subsidiaries	16.4	13.9	-2.4	(-14.9%)
	Overseas Subsidiaries	31.4	38.5	+7.2	(+22.9%)
	Adjustment	▲ 3.2	▲ 3.0	+0.1	
	Total	61.8	71.4	+9.6	(+15.5%)

Changes in Operating Income Billion yen



* Difference in selling price and raw materials' cost and fuel prices of petrochemical-based products, etc. (net)

Business Performance

Resin Business

- Shipment for automotive applications was strong in general.
- Besides automotive applications, also promoted sales expansion of ABS and PPS resins.

Film Business

- Shipment of battery separator films for lithium-ion secondary batteries increased reflecting demand growth.
- Films for electronic parts which are used for applications such as smartphones continued to be favorable.

Electronic & Information Materials

- Demand for OLED panels increased and shipment of related materials expanded.

Topics

- Aug. 2017: Decided to construct a new PPS compound production facility in Hungary.
- Sep. 2017: Entered into an agreement for technical cooperation relating to OLED materials with Idemitsu Kosan Co., Ltd.
- Oct. 2017: Decided to increase production capacity of battery separator film, SETELA[®], in the Republic of Korea.

Breakdown of Performance Chemicals Segment

Billion yen

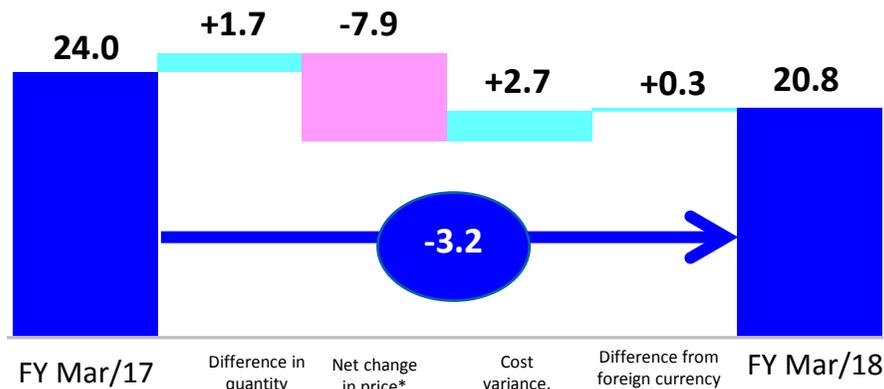
	FY Mar/17		FY Mar/18		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Resins, Chemicals	309.2	28%	360.7	29%	+17%
Films	293.2	27%	330.8	27%	+13%
Electronic & Information Materials	59.5	5%	64.0	5%	+8%
Trading	431.7	39%	483.2	39%	+12%
Adjustment	▲ 369.0	-	▲ 435.5	-	-
Total	724.6		803.3		

Business Results by Segment (Carbon Fiber Composite Materials)

Net Sales / Operating Income Billion yen

		FY Mar/17	FY Mar/18	Changes	
Net Sales	Toray	96.6	93.4	-3.1	(-3.3%)
	Japanese Subsidiaries	63.0	66.6	+3.6	(+5.7%)
	Overseas Subsidiaries	139.6	146.3	+6.8	(+4.8%)
	Adjustment	▲ 137.5	▲ 128.3	+9.1	
	Total	161.6	177.9	+16.3	(+10.1%)
Operating Income	Toray	12.5	9.7	-2.9	(-22.8%)
	Japanese Subsidiaries	1.2	1.5	+0.3	(+27.1%)
	Overseas Subsidiaries	15.6	11.9	-3.7	(-23.6%)
	Adjustment	▲ 5.4	▲ 2.3	+3.0	
	Total	24.0	20.8	-3.2	(-13.3%)

Changes in Operating Income Billion yen



* Difference in selling price and raw materials' cost and fuel prices of petrochemical-based products, etc. (net)

Business Performance

Aerospace applications

- Final demand for aircraft remained strong.
- Shipments showed signs of recovery as the inventory adjustment in the supply chain was completed.

Industrial applications

- Demand showed a recovery trend primarily in the environment and energy-related field led by compressed natural gas tank applications and wind turbine blade applications.
- The segment was affected by increases in raw material prices as well as intensifying competition.

Topics

- Jun. 2017: Signed a long term supply agreement with Italy's Avio S.p.A. about TORAYCA® carbon fibers for the new launch rocket application.
- Nov. 2017: Decided to build a new facility for the production of a new variety of regular tow carbon fiber in Mexico.
- Mar. 2018:
 - ① Signed an implementation agreement with France's Safran to supply higher performance carbon fiber composites for the next generation aircraft engines.
 - ② Reached an agreement with Netherlands' Koninklijke Ten Cate B.V. to acquire the entire share of its subsidiary TenCate Advanced Composites Holding B.V.

Breakdown of Carbon Fiber Composite Materials Segment

Billions yen

	FY Mar/17		FY Mar/18		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	74.8	46%	82.1	46%	+10%
Sports	13.3	8%	15.6	9%	+17%
Industrial	73.5	45%	80.2	45%	+9%
Total of Carbon Fiber Composite Materials	161.6		177.9		+10%

Business Results by Segment (Environment & Engineering)

Net Sales / Operating Income

Billion yen

		FY Mar/17	FY Mar/18	Changes	
Net Sales	Toray	22.5	23.2	+0.7	(+3.2%)
	Japanese Subsidiaries	259.3	284.9	+25.6	(+9.9%)
	Overseas Subsidiaries	26.4	30.9	+4.5	(+17.2%)
	Adjustment	▲ 95.6	▲ 100.8	-5.2	
	Total	212.5	238.3	+25.7	(+12.1%)
Operating Income	Toray	1.1	0.4	-0.7	(-60.6%)
	Japanese Subsidiaries	8.4	9.8	+1.4	(+16.6%)
	Overseas Subsidiaries	2.6	3.0	+0.4	(+17.2%)
	Adjustment	▲ 0.4	0.0	+0.4	
	Total	11.7	13.3	+1.6	(+13.5%)

Business Performance

Water Treatment Business

- Demand for reverse osmosis membranes and other products in general grew strongly in Japan and abroad.

Japanese Subsidiaries

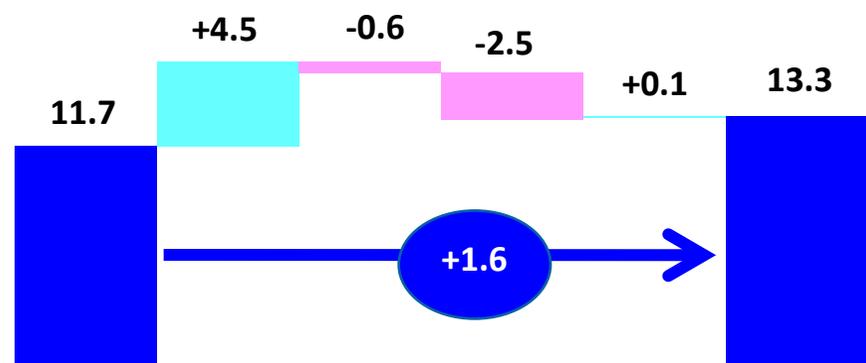
- Industrial machinery and electronics-related equipment performed strongly at an engineering subsidiary.

Topics

- Jun. 2017: Received the Grand Prize of the 49th Annual JCIA Technology Awards of the Japan Chemical Industry Association for the “Development of high-performance reverse osmosis membranes.”
- Mar. 2018: Received an order to supply UF membrane for the largest drinking water production facility of the US west coast in the city of San Diego.

Changes in Operating Income

Billion yen



FY Mar/17 Difference in quantity Net change in price* Cost variance, etc. Difference from foreign currency translation of overseas subsidiaries' results FY Mar/18

* Difference in selling price and price change of products less subject to price effect of petrochemical-based raw materials(net)

Business Results by Segment (Life Science)

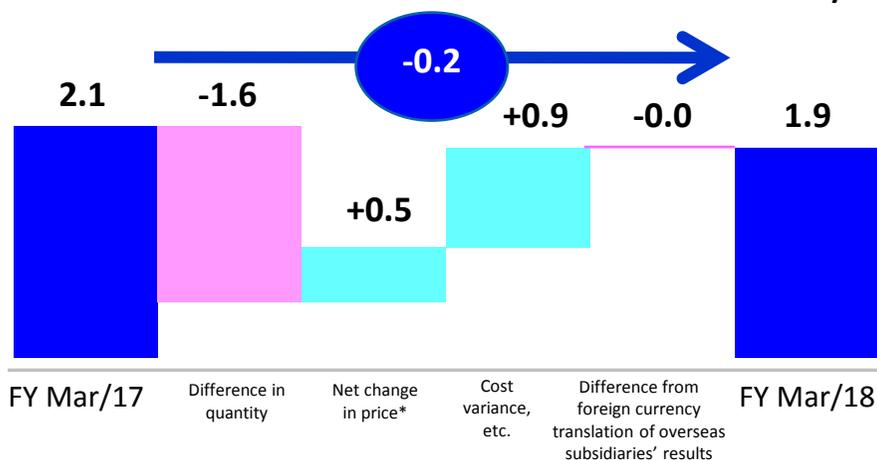
Net Sales / Operating Income

Billion yen

		FY Mar/17	FY Mar/18	Changes	
Net Sales	Toray	31.2	28.0	-3.2	(-10.2%)
	Japanese Subsidiaries	41.3	40.5	-0.8	(-1.9%)
	Overseas Subsidiaries	12.2	11.8	-0.4	(-3.1%)
	Adjustment	▲ 30.5	▲ 26.6	+4.0	
	Total	54.2	53.8	-0.3	(-0.6%)
Operating Income	Toray	1.6	▲ 0.5	-2.1	(-)
	Japanese Subsidiaries	0.5	1.3	+0.7	(+140.5%)
	Overseas Subsidiaries	▲ 0.1	▲ 0.1	-0.1	(-)
	Adjustment	0.1	1.3	+1.2	
	Total	2.1	1.9	-0.2	(-9.6%)

Changes in Operating Income

Billion yen



* Difference in selling price and price change of products less subject to price effect of petrochemical-based raw materials(net)

Business Performance

Pharmaceutical Business

- Shipment of pruritus treatment REMITCH®* expanded due to the impact of the introduction of a new dosage form and approval of new indications
- Shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish due to the impact of alternative medicines and generic drugs.
- Royalty income on some products decreased.

Medical Devices Business

- Shipment of dialyzers grew strongly.

Topics

- May 2017: OD tablet version of pruritus treatment REMITCH® was listed on the NHI drug price list in Japan and started sales from June 2017.
- Sep. 2017: Received Japanese approval for an additional indication of pruritus treatment REMITCH® CAPSULES 2.5µg and REMITCH® OD Tablets 2.5µg.
- Jan. 2018: Entered into an exclusive licensing agreement on antipruritic drug "TRK-820" with Hong Kong Sansheng Medical Limited.

*REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.

Results of Major Subsidiaries and Regions

Billion yen

	Net Sales			Operating Income		
	FY Mar/17	FY Mar/18	Changes	FY Mar/17	FY Mar/18	Changes
Toray International Inc.	565.4	587.7	+22.2	10.6	12.3	+1.7
Toray Engineering Co., Ltd.	102.5	105.4	+2.9	4.7	5.8	+1.1
Toray Construction Co., Ltd.	45.3	54.7	+9.4	1.1	1.5	+0.5
Toray Advanced Film Co., Ltd.	41.6	41.9	+0.2	2.2	3.1	+0.9

Subsidiaries in Southeast Asia	Fibers & Textiles	116.7	135.1	+18.4	6.6	9.1	+2.5
	Performance Chemicals	85.0	110.0	+25.1	8.0	12.1	+4.1
	Others	-	0.2	+0.2	-	0.0	+0.0
	Total	201.7	245.2	+43.6	14.6	21.2	+6.6

Subsidiaries in China	Fibers & Textiles	245.0	273.5	+28.6	20.9	23.5	+2.7
	Performance Chemicals	87.4	101.6	+14.2	4.6	3.2	-1.4
	Others	25.4	30.2	+4.8	0.6	0.9	+0.2
	Total	357.8	405.4	+47.6	26.1	27.6	+1.5

Subsidiaries in Korea	Fibers & Textiles	90.2	99.5	+9.4	3.7	3.1	-0.6
	Performance Chemicals	101.5	140.3	+38.7	11.4	17.4	+6.0
	Others	15.9	18.4	+2.6	2.2	2.1	-0.1
	Total	207.6	258.2	+50.6	17.3	22.6	+5.2

Number of Employees, Changes in Subsidiaries and Affiliates

Number of Employees

	End of Mar/17	End of Mar/18	Changes
Toray	7,220	7,625	+405
Japanese Consolidated Subsidiaries	10,657	10,590	-67
Overseas Consolidated Subsidiaries	28,371	27,547	-824
Total	46,248	45,762	- 486

Changes in Subsidiaries and Affiliated Companies Number of Companies

		End of Mar/17	End of Mar/18	Changes
Consolidated Subsidiaries (a)	Japan	60	61	+1
	Overseas	98	101	+3
	Total	158	162	+4
Subsidiaries accounted for by Equity Method (b)	Japan	26	26	±0
	Overseas	35	34	-1
	Total	61	60	-1
Total Subsidiaries (a) + (b)	Japan	86	87	+1
	Overseas	133	135	+2
	Total	219	222	+3
Affiliates accounted for by Equity Method (c)	Japan	13	13	±0
	Overseas	23	22	-1
	Total	36	35	-1
Companies subject to Consolidation (a) + (b) + (c)	Japan	99	100	+1
	Overseas	156	157	+1
	Total	255	257	+2

II. Business Forecast for the Fiscal Year Ending March 2019 (Consolidated Basis)

Forecast Summary for the Fiscal Year Ending March 2019

Billion yen

		FY Mar/18 Actual	FY Mar/19 Forecast	Changes	
Net Sales	1st Half	1,048.2	1,150.0	+101.8	(+9.7%)
	2nd Half	1,156.6	1,250.0	+93.4	(+8.1%)
	Total	2,204.9	2,400.0	+195.1	(+8.9%)
Operating Income	1st Half	78.1	79.0	+0.9	(+1.2%)
	2nd Half	78.4	86.0	+7.6	(+9.7%)
	Total	156.5	165.0	+8.5	(+5.5%)
Ordinary Income	1st Half	76.8	77.0	+0.2	(+0.3%)
	2nd Half	75.5	83.0	+7.5	(+9.9%)
	Total	152.3	160.0	+7.7	(+5.1%)
Net Income Attributable to Owners of Parent	1st Half	47.5	48.0	+0.5	(+1.0%)
	2nd Half	48.4	50.0	+1.6	(+3.3%)
	Total	95.9	98.0	+2.1	(+2.2%)

Net Income per Share	1st Half	29.71 yen	30.01 yen
	2nd Half	30.25 yen	31.26 yen
	Total	59.97 yen	61.27 yen
Dividend per Share	1st Half	7 yen	8 yen
	2nd Half	8 yen	8 yen
	Total	15 yen	16 yen

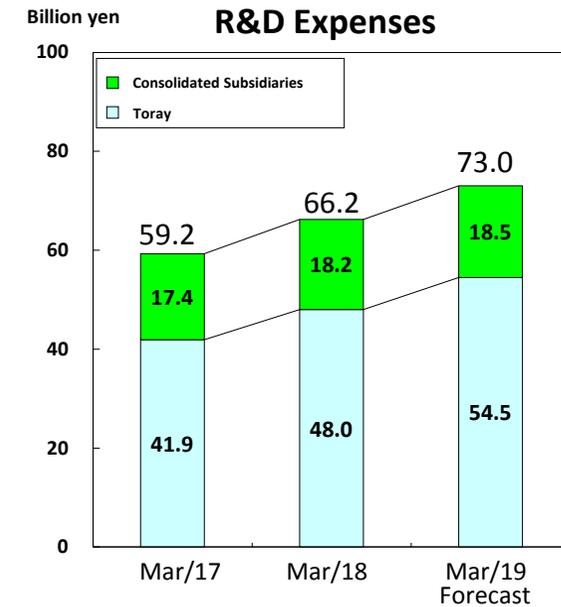
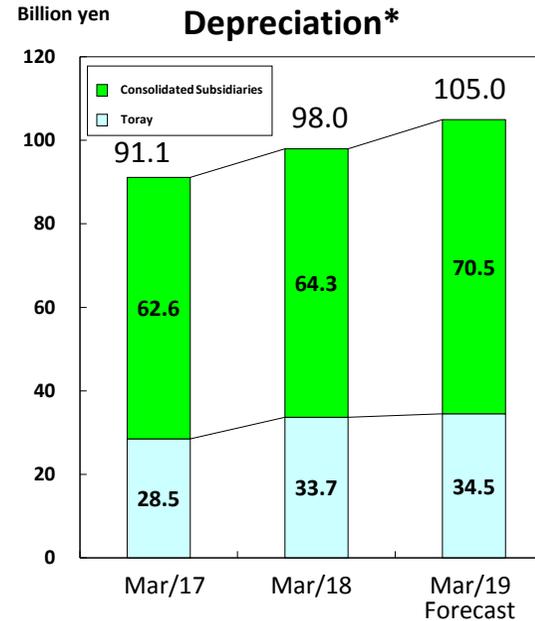
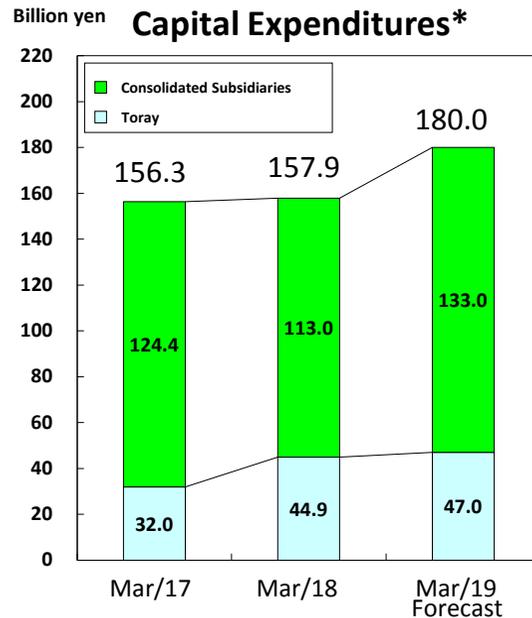
Assumed exchange rate : 110 yen / US\$

Forecast by Segment (Net Sales / Operating Income)

Billion yen

		FY Mar/18 Actual			FY Mar/19 Forecast			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales	Fibers & Textiles	422.8	490.8	913.6	455.0	510.0	965.0	+32.2	+19.2	+51.4
	Performance Chemicals	390.7	412.6	803.3	435.0	445.0	880.0	+44.3	+32.4	+76.7
	Carbon Fiber Composite Materials	84.8	93.1	177.9	100.0	120.0	220.0	+15.2	+26.9	+42.1
	Environment & Engineering	115.2	123.0	238.3	120.0	135.0	255.0	+4.8	+12.0	+16.7
	Life Science	26.2	27.6	53.8	30.0	30.0	60.0	+3.8	+2.4	+6.2
	Others	8.5	9.4	17.9	10.0	10.0	20.0	+1.5	+0.6	+2.1
	Consolidated	1,048.2	1,156.6	2,204.9	1,150.0	1,250.0	2,400.0	+101.8	+93.4	+195.1
Operating Income	Fibers & Textiles	35.5	36.9	72.4	38.0	41.0	79.0	+2.5	+4.1	+6.6
	Performance Chemicals	35.7	35.7	71.4	38.0	41.0	79.0	+2.3	+5.3	+7.6
	Carbon Fiber Composite Materials	10.5	10.3	20.8	8.5	8.5	17.0	-2.0	-1.8	-3.8
	Environment & Engineering	6.8	6.5	13.3	7.0	9.0	16.0	+0.2	+2.5	+2.7
	Life Science	1.4	0.6	1.9	0.5	0.5	1.0	-0.9	-0.1	-0.9
	Others	0.9	2.0	2.9	1.5	2.5	4.0	+0.6	+0.5	+1.1
	Adjustment	▲ 12.7	▲ 13.5	▲ 26.2	▲ 14.5	▲ 16.5	▲ 31.0	-1.8	-3.0	-4.8
Consolidated	78.1	78.4	156.5	79.0	86.0	165.0	+0.9	+7.6	+8.5	

Trends in Capital Expenditures, Depreciation and R&D Expenses



* Total of tangible assets and intangible assets (excluding goodwill)

Major Capital Expenditure Projects

【FY March 2018】

Toray Advanced Materials Korea Inc.	:	High-functional polypropylene spunbond production facilities
Zoltek Companies, Inc.	:	Large tow carbon fiber "ZOLTEK™" production facilities
Toray Battery Separator Film Korea Limited	:	Battery separator film SETELA® production facilities
Toray Composite Materials America, Inc.	:	Carbon fiber TORAYCA® prepreg integrated production facilities

【FY March 2019】

Toray Battery Separator Film Korea Limited	:	Battery separator film SETELA® production facilities
Alcantara S.p.A.	:	Alcantara® production facilities
Zoltek Companies, Inc.	:	Large tow carbon fiber "ZOLTEK™" production facilities
Toray Polytech (Foshan) Co., Ltd.	:	High-functional polypropylene spunbond production facilities

III. Progress of “Project AP-G 2019”

Progress of “Project AP-G 2019”

Three Basic Strategies

1. Business Expansion in Growth Business Fields

Green Innovation Business Expansion
(GR) Project

Life Innovation Business Expansion
(LI) Project

2. Expansion and Advancement of Global Business

Expand business globally by capturing profit opportunities in growth countries and regions

3. Strengthening Competitiveness

Total Cost Reduction

Strengthening
Corporate Structure

Strengthening
Sales and Marketing

Total Cost Reduction
(TC) Project

 : Group-wide Projects

Progress of “Project AP-G 2019”

Green Innovation Business Expansion (GR) Project

Main Initiatives in FY 2017

<Reduction of GHG Emissions>

■ *Signed an implementation agreement with France’s Safran to supply high-performance carbon fiber composites for the next generation aircraft engines (March 2018)*

- Aimed to deepen direct cooperation with engine manufacturers in order to expand use of carbon fiber composite materials.

■ *Reached an agreement to acquire the entire share of TenCate Advanced Composites Holding B.V. (March 2018)*

- Aimed to expand business by the synergy created by combining Toray’s technology and TenCate’s technological advantages in thermoplastic CFRP (Carbon Fiber Reinforced Plastics).

<Expansion of Battery Separator Film (BSF) Business>

■ *Decided to increase production capacity in Korea (October 2017)*

- Decided to increase production capacity by 50% at Toray Battery Separator Film Korea. Expects operation to start in the first half of FY 2019.

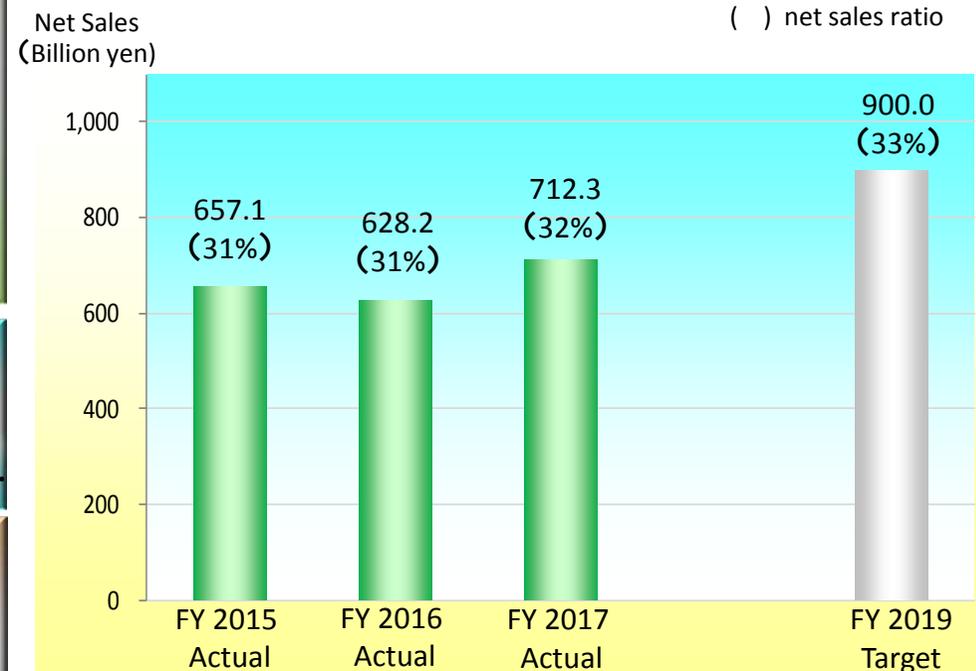
<Water Treatment>

■ *Received an order to supply UF membrane for the largest drinking water production facility in the US west coast (March 2018)*

- Received an order to supply UF membrane for the largest drinking water production facility in the US west coast. Expects operation to start in 2021.



Net Sales of Green Innovation Businesses



Progress of “Project AP-G 2019”

Life Innovation Business Expansion (LI) Project

Main Initiatives in FY 2017

<Development of Advanced Materials in LI Business>

■ Started sales of high-permeable type of limited-use chemical protective clothing, LIVMOA® at retail stores (May 2017)

- Started sales of limited-use chemical protective clothing LIVMOA® on the shopping site for vendors in June 2017.

■ Decided to set up a new facility in the Southern China region for the production of PP spunbond (November 2017)

- Plan to set up a production facility with an annual capacity of 20,000 tons and to start operations within FY 2019.

<Pharmaceuticals and Medical Devices>

■ Decided to start sales of OD tablet version of pruritus treatment REMITCH® (May 2017), and approval of new indications in Japan (September 2017)

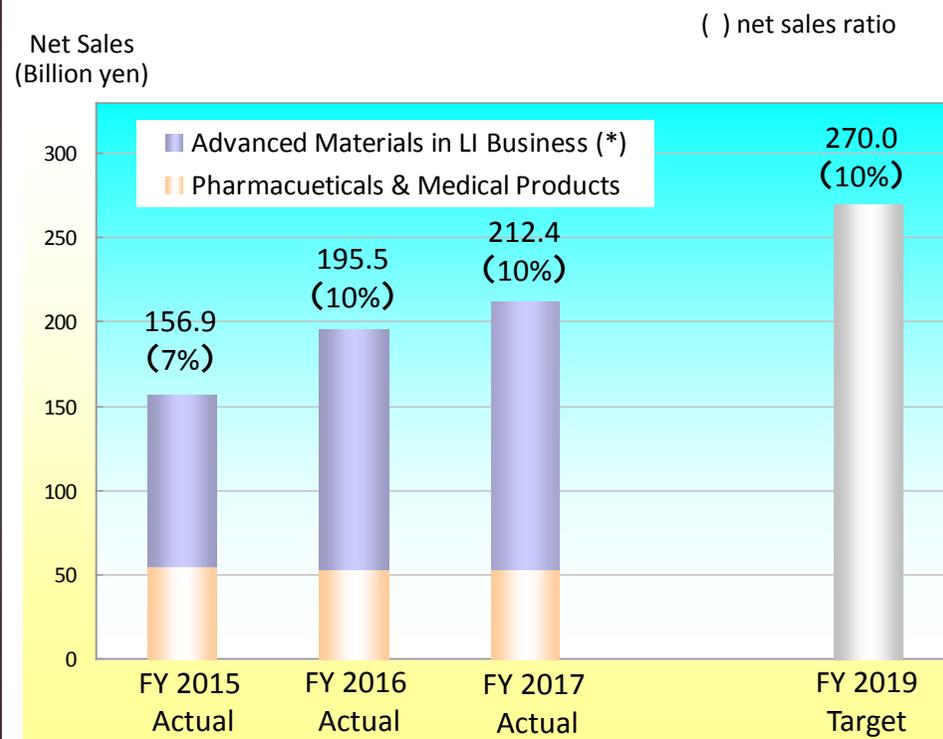
- Started sales of OD tablet which can be administered without water from June 2017.

- New indications was approved for the treatment of pruritus in peritoneal dialysis patients.

■ Proceeded with Phase I clinical trial of “TRK-950” for cancer treatment in the US.

- Aim to achieve early regulatory approval through clinical development on a global scale.

Net Sales of Life Innovation Businesses



(*) Toray Group estimation

Progress of “Project AP-G 2019”

Expansion and Advancement of Global Business

Main Initiatives in FY 2017

Invested in Pacific Textiles Holdings Ltd., a leading textiles manufacturer in Hong Kong (June 2017)

- Acquired 28% stake for about 59 billion yen and became an affiliated company accounted for by equity method.

Decided to establish a new PPS resin compound production facility in Hungary (August 2017)

- Constructed a new PPS compound production facility at the Hungarian site of the US subsidiary Zoltek Companies, Inc. with 3,000 tons annual production capacity and started operation in March 2018.

Decided to establish the Toray Automotive Center Europe (AMCEU) in Germany (October 2017)

- Scheduled to open in August 2018, aiming to strengthen R&D of new materials for environment-conscious cars in Europe.

Acquired a commercial land in India for the development of new business (February 2018)

- As a first step to make use of this commercial land, decided to establish a new base for PP spunbond for hygiene products. Expects operation to start in FY 2020 (annual capacity of 18,000 tons).

Net Sales of Expansion and Advancement of Global Businesses

<Combined sales of overseas consolidated subsidiaries>

Net Sales (Billion yen) *based on an exchange rate of 100 yen / US\$ for the past FYs too



Progress of “Project AP-G 2019”

Strengthening Competitiveness

Total Cost Reduction

- Promote Total Cost Reduction (TC) Project on a group-wide basis and target to reduce 220 billion yen in 3 years
- Activities of variable cost reduction (annual target at over 3.6%)
- Control fixed costs through P-ratio (*) accounting method (P-ratio = under 0.96 each fiscal year)
- For innovation of production process, identify themes by category in terms of “innovative cost reduction” “large-scale total cost reduction” and “capacity increase of existing facilities” to achieve reduction effects by more than 50 billion yen in 3 years

Results of FY 2017

- Variable costs: reduced 28.0 billion yen (reduction rate: 3.2%)
- Fixed costs: reduced 25.0 billion yen (P-ratio=0.99)
- Innovation of production process: reduced 16.3 billion yen

Reduced 69.3 billion yen

Strengthening Corporate Structure

- Clarify issues of companies and businesses with profitability problems, and gather Toray group’s collective efforts to improve revenue and profit
 - options include reducing or withdrawing from businesses with limited growth potential or excessive competition
- Manage the group’s assets effectively and expand revenue and profit

- Fibers & Textiles: Conducted share and management transfer of a Chinese subsidiary which manufactures polyester/cotton blended textiles.
- Films: Decided to start production of MLCC (Multilayered Ceramic Capacitor) release films after modification of an existing facility at Toray Gifu plant.

Strengthening Sales and Marketing

- Sales and marketing leads to build a “profit-making system” in cooperation with production, technology, R&D departments, and external partners
- Maximize revenue and profit of existing businesses through improvement in price policies, distribution systems and brand initiatives

- Entered into an agreement with Idemitsu Kosan Co., Ltd. for technical cooperation relating to OLED materials.
- A joint exhibition with UNIQLO was held for the first time in New York.

*P(Performance)-ratio= fixed cost growth rate/ marginal profit growth rate. Target: less than 1.0 or monitored by division under budget.

Financial Targets

Billion yen

	FY 2017 Actual	FY 2018 Forecast	FY 2019 Target
Net Sales	2,204.9	2,400.0	2,700.0
Operating Income	156.5	165.0	250.0
Operating Income to Net Sales Ratio	7.1%	6.9%	9%
ROA	6.3%	about 6%	about 9%
ROE	9.1%	about 9%	about 12%

Exchange rate for “AP-G 2019” target : 100 yen / US\$

ROA = Operating Income / Total Assets

ROE = Net Income Attributable to Owners of Parent /
Owners' Equity

- Dividend policy: Aim for sustainable dividend increase linked to business performance
- Guideline of D/E ratio: Below 1

<Reference>

Quarterly Transition of Net Sales / Operating Income by Segment

Changes in Net Sales by Segment (by Quarter)

Billion yen

	FY Mar/17					FY Mar/18				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Fibers & Textiles	197.7	202.5	245.8	210.1	856.1	201.1	221.7	274.8	216.0	913.6
Performance Chemicals	174.8	171.5	181.5	196.9	724.6	191.2	199.5	209.0	203.6	803.3
Carbon Fiber Composite Materials	43.8	36.8	37.8	43.2	161.6	42.7	42.1	43.4	49.7	177.9
Environment & Engineering	46.2	50.2	53.1	63.1	212.5	56.9	58.4	55.7	67.4	238.3
Life Science	11.9	13.4	12.9	16.0	54.2	12.2	14.0	13.6	14.0	53.8
Others	3.8	4.6	4.0	5.0	17.4	4.0	4.5	4.2	5.3	17.9
Consolidated	478.1	478.9	535.2	534.3	2,026.5	508.1	540.1	600.6	556.0	2,204.9

Changes in Operating Income by Segment (by Quarter)

Billion yen

	FY Mar/17					FY Mar/18				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Fibers & Textiles	17.8	16.8	19.5	12.7	66.8	17.6	17.9	23.0	13.9	72.4
Performance Chemicals	15.5	14.1	16.8	15.4	61.8	16.6	19.0	20.0	15.6	71.4
Carbon Fiber Composite Materials	9.8	6.3	4.6	3.4	24.0	5.7	4.8	4.6	5.7	20.8
Environment & Engineering	2.5	2.8	2.2	4.2	11.7	4.3	2.5	2.5	3.9	13.3
Life Science	0.2	0.5	▲ 0.3	1.7	2.1	0.8	0.5	0.6	▲ 0.0	1.9
Others	▲ 0.0	0.6	0.7	1.5	2.6	0.2	0.6	0.8	1.2	2.9
Adjustment	▲ 4.7	▲ 5.8	▲ 5.6	▲ 6.0	▲ 22.1	▲ 6.4	▲ 6.3	▲ 6.3	▲ 7.2	▲ 26.2
Consolidated	41.0	35.3	37.9	32.7	146.9	38.9	39.2	45.3	33.1	156.5

Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2019 contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.

'TORAY'

Innovation by Chemistry