

# **Announcement of Business Results For the 2Q and Six Months Ended September 30, 2015**

**November 10, 2015**

**Toray Industries, Inc.**

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# I. **Business Results for the 2Q and Six Months Ended September 30, 2015**

# Summary of Consolidated Business Results for the 2Q and Six Months Ended September 30, 2015

Billion yen

	FY Mar/15 2Q (Jul.-Sept.)	FY Mar/16 2Q (Jul.-Sept.)	Changes		FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes	
Net Sales	499.4	<b>531.7</b>	+32.3	(+6.5%)	948.0	<b>1,028.6</b>	+80.6	(+8.5%)
Cost of Sales	401.5	<b>421.7</b>	+20.2	(+5.0%)	762.3	<b>811.2</b>	+48.9	(+6.4%)
Gross Profit	97.8	<b>110.0</b>	+12.2	(+12.4%)	185.7	<b>217.4</b>	+31.7	(+17.1%)
(Gross Profit to Net Sales)	19.6%	<b>20.7%</b>	+1.1	points	19.6%	<b>21.1%</b>	+1.5	points
Operating Income	29.8	<b>38.1</b>	+8.3	(+27.8%)	51.3	<b>75.1</b>	+23.8	(+46.4%)
(Operating Income to Net Sales)	6.0%	<b>7.2%</b>	+1.2	points	5.4%	<b>7.3%</b>	+1.9	points
Non-operating Income and Expenses, net	4.3	<b>▲ 1.2</b>	- 5.4		5.2	<b>0.4</b>	- 4.8	
Ordinary Income	34.1	<b>36.9</b>	+2.9	(+8.4%)	56.5	<b>75.5</b>	+19.0	(+33.6%)
Special Credits and Charges, net	<b>▲ 1.4</b>	<b>▲ 2.4</b>	- 1.0		<b>▲ 2.1</b>	<b>▲ 2.8</b>	- 0.7	
Income before Income Taxes	32.6	<b>34.5</b>	+1.8	(+5.6%)	54.4	<b>72.7</b>	+18.3	(+33.6%)
Net Income Attributable to Owners of Parent	26.6	<b>23.3</b>	- 3.3	(-12.4%)	41.3	<b>49.4</b>	+8.2	(+19.8%)

	(FY Mar/15 2Q) → (FY Mar/16 2Q)	(FY Mar/15 1H) → (FY Mar/16 1H)
Exchange Rate <Yen/US\$> Average	: 103.9 → 122.2	103.0 → 121.8
End of the term	: 109.5 → 120.0	
<Yen/Euro> Average	: 137.8 → 136.0	138.9 → 135.1
End of the term	: 138.9 → 135.0	

# Non-operating Income and Expenses

Billion yen

	FY Mar/15 2Q (Jul.-Sept.)	FY Mar/16 2Q (Jul.-Sept.)	Changes	FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes
Non-operating Income	8.0	<b>4.1</b>	-3.9	12.5	<b>9.3</b>	-3.1
Interest and Dividend Income	0.7	<b>0.7</b>	+0.0	2.5	<b>2.8</b>	+0.3
Equity in Earnings of Affiliates	6.3	<b>1.8</b>	-4.5	8.4	<b>3.4</b>	-5.0
Others	1.0	<b>1.5</b>	+0.5	1.6	<b>3.1</b>	+1.5
Non-operating Expenses	▲ 3.8	▲ <b>5.2</b>	-1.5	▲ 7.3	▲ <b>8.9</b>	-1.7
Interest Expenses	▲ 1.4	▲ <b>1.4</b>	-0.0	▲ 2.9	▲ <b>3.0</b>	-0.1
Costs related to Idle Facilities	▲ 0.7	▲ <b>1.3</b>	-0.6	▲ 1.2	▲ <b>2.0</b>	-0.8
Others	▲ 1.7	▲ <b>2.5</b>	-0.8	▲ 3.2	▲ <b>4.0</b>	-0.8
Non-operating Income and Expenses, net	4.3	▲ <b>1.2</b>	-5.4	5.2	<b>0.4</b>	-4.8
Interest and Dividend Income, Interest Expenses, net	▲ 0.7	▲ <b>0.7</b>	+0.0	▲ 0.4	▲ <b>0.2</b>	+0.3

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

# Special Credits and Charges

Billion yen

	FY Mar/15 2Q (Jul.-Sept.)	FY Mar/16 2Q (Jul.-Sept.)	Changes	FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes
Special Credits	0.2	0.4	+0.2	0.2	0.8	+0.6
Gain on Sales of Property, Plant and Equipment	0.2	0.2	-0.0	0.2	0.3	+0.1
Gain on Sales of Investment Securities	-	0.2	+0.2	0.0	0.5	+0.5
Others	-	-	-	0.0	0.1	+0.0
Special Charges	▲ 1.6	▲ 2.8	-1.2	▲ 2.3	▲ 3.7	-1.3
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 1.4	▲ 1.0	+0.4	▲ 1.9	▲ 1.9	+0.0
Loss on Write-down of Investment Securities	-	▲ 1.8	-1.8	▲ 0.0	▲ 1.8	-1.8
Others	▲ 0.2	▲ 0.0	+0.2	▲ 0.4	▲ 0.0	+0.4
Special Credits and Charges, net	▲ 1.4	▲ 2.4	-1.0	▲ 2.1	▲ 2.8	-0.7

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

# Assets, Liabilities, Net Assets and Free Cash Flows

Billion yen

	End of Mar/15	End of Sept/15	Changes
Total Assets	2,357.9	<b>2,360.7</b>	+2.7
Current Assets	1,017.9	<b>1,037.2</b>	+19.3
Tangible Assets	855.6	<b>832.7</b>	-22.9
Intangible Assets	98.5	<b>95.6</b>	-2.9
Investment and Other Assets	386.0	<b>395.2</b>	+9.2

	End of Mar/15	End of Sept/15	Changes
Total Liabilities	1,277.2	<b>1,311.8</b>	+34.6
Current Liabilities	600.9	<b>612.1</b>	+11.3
Other Liabilities	676.3	<b>699.7</b>	+23.4
Total Net Assets	1,080.8	<b>1,048.9</b>	-31.9

Interest-bearing Debts	700.3	<b>748.4</b>	+48.1
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D/E Ratio	0.71	<b>0.77</b>	+0.06
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<Free Cash Flows>

Billion yen

	FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes
Cash Flows from Operating Activities	4.3	<b>61.7</b>	+57.4
Cash Flows from Investment Activities	▲ 70.6	▲ 66.7	+3.9
Free Cash Flows	▲ 66.3	▲ 5.0	+61.4

# Capital Expenditures, Depreciation and R&D Expenses

Billion yen

	FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes	Comments
Capital Expenditures	54.6	<b>49.1</b>	-5.5	Toray : 7.8, Consolidated subsidiaries : 41.3
Depreciation -)	37.5	<b>44.1</b>	+6.6	Toray : 14.2, Consolidated subsidiaries : 29.9
Transfer, Disposal, etc.	▲ 10.9	▲ <b>27.9</b>	-17.0	
Changes in Tangible Assets	6.1	▲ <b>22.9</b>	-29.1	
R&D Expenses	28.8	<b>28.7</b>	-0.0	

## Major Capital Expenditure Projects:

TAK (Toray Advanced Materials Korea Inc.): PPS (polyphenylene sulfide) resin production facilities

Zoltek (Zoltek Companies, Inc.): Large tow carbon fiber production facilities

TCA (Toray Composites (America), Inc.): Carbon fiber TORAYCA® prepreg production facilities

TCK (Toray Chemical Korea Inc.): Polyester staple fiber production facilities



# Net Sales and Operating Income by Segment

Billion yen

	Net Sales			Operating Income		
	FY Mar/15 2Q (Jul.-Sept.)	FY Mar/16 2Q (Jul.-Sept.)	Changes	FY Mar/15 2Q (Jul.-Sept.)	FY Mar/16 2Q (Jul.-Sept.)	Changes
Fibers & Textiles	206.9	<b>227.9</b>	+21.0 (+10.1%)	12.2	<b>18.0</b>	+5.8 (+47.1%)
Plastics & Chemicals	125.7	<b>133.5</b>	+7.9 (+6.2%)	6.0	<b>8.1</b>	+2.0 (+33.7%)
IT-related Products	60.8	<b>61.5</b>	+0.7 (+1.1%)	5.4	<b>6.2</b>	+0.8 (+15.3%)
Carbon Fiber Composite Materials	38.8	<b>45.0</b>	+6.2 (+15.9%)	7.2	<b>7.7</b>	+0.5 (+6.6%)
Environment & Engineering	49.1	<b>45.6</b>	-3.6 (-7.3%)	2.3	<b>1.6</b>	-0.7 (-28.7%)
Life Science	14.3	<b>14.5</b>	+0.2 (+1.4%)	1.2	<b>0.8</b>	-0.4 (-34.9%)
Others	3.8	<b>3.9</b>	+0.1 (+1.4%)	0.5	<b>0.4</b>	-0.1 (-11.8%)
Total	499.4	<b>531.7</b>	+32.3 (+6.5%)	34.9	<b>42.8</b>	+8.0 (+22.8%)
Adjustment				▲ 5.1	▲ 4.7	+0.3
Consolidated	499.4	<b>531.7</b>	+32.3 (+6.5%)	29.8	<b>38.1</b>	+8.3 (+27.8%)

	Net Sales			Operating Income		
	FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes	FY Mar/15 Six Months (Apr.-Sept.)	FY Mar/16 Six Months (Apr.-Sept.)	Changes
Fibers & Textiles	386.2	<b>435.8</b>	+49.7 (+12.9%)	22.8	<b>35.0</b>	+12.3 (+54.0%)
Plastics & Chemicals	246.2	<b>257.2</b>	+11.0 (+4.5%)	11.7	<b>15.7</b>	+3.9 (+33.6%)
IT-related Products	121.8	<b>125.0</b>	+3.1 (+2.6%)	10.3	<b>12.0</b>	+1.6 (+16.0%)
Carbon Fiber Composite Materials	76.6	<b>94.3</b>	+17.7 (+23.1%)	11.8	<b>18.6</b>	+6.8 (+57.9%)
Environment & Engineering	83.4	<b>82.6</b>	-0.8 (-0.9%)	2.1	<b>1.6</b>	-0.5 (-22.3%)
Life Science	26.5	<b>26.4</b>	-0.1 (-0.5%)	1.7	<b>0.6</b>	-1.1 (-63.6%)
Others	7.2	<b>7.2</b>	-0.0 (-0.0%)	0.7	<b>0.5</b>	-0.2 (-28.2%)
Total	948.0	<b>1,028.6</b>	+80.6 (+8.5%)	61.1	<b>84.0</b>	+22.9 (+37.6%)
Adjustment				▲ 9.8	▲ 8.9	+0.9
Consolidated	948.0	<b>1,028.6</b>	+80.6 (+8.5%)	51.3	<b>75.1</b>	+23.8 (+46.4%)

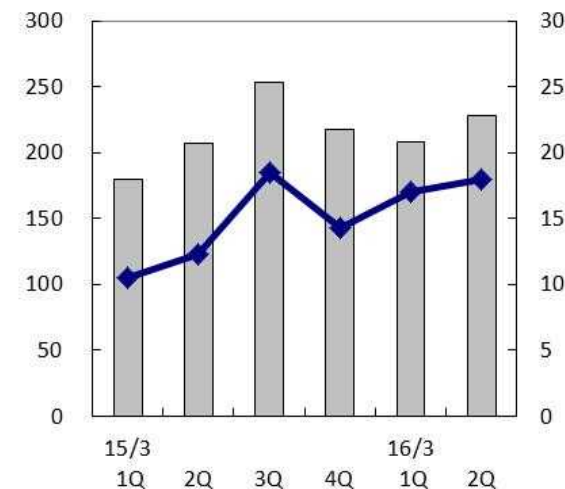
# Business Results by Segment (Fibers & Textiles)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/15	FY Mar/16	Changes		FY Mar/15	FY Mar/16	Changes	
Net Sales	Toray	44.3	49.9	+5.6	(+12.7%)	89.4	98.0	+8.5	(+9.5%)
	Japanese Subsidiaries	106.2	114.0	+7.8	(+7.3%)	194.4	208.1	+13.7	(+7.0%)
	Overseas Subsidiaries	117.8	143.9	+26.1	(+22.1%)	224.2	282.3	+58.1	(+25.9%)
	Adjustment	▲ 61.5	▲ 80.0	-18.5		▲ 121.8	▲ 152.5	-30.6	
	Total	206.9	227.9	+21.0	(+10.1%)	386.2	435.8	+49.7	(+12.9%)
Operating Income	Toray	3.2	4.7	+1.5	(+46.3%)	6.6	9.5	+2.9	(+43.8%)
	Japanese Subsidiaries	3.0	3.5	+0.5	(+15.6%)	4.6	5.4	+0.7	(+15.6%)
	Overseas Subsidiaries	7.8	11.5	+3.7	(+47.4%)	14.2	23.5	+9.3	(+65.8%)
	Adjustment	▲ 1.8	▲ 1.7	+0.1		▲ 2.6	▲ 3.3	-0.7	
	Total	12.2	18.0	+5.8	(+47.1%)	22.8	35.0	+12.3	(+54.0%)

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



## 2Q (Jul.-Sept.)

While demand remained weak in Japan, Toray Group worked to expand overall sales and to upgrade the business primarily through promotion of a business that integrates fibers to textiles to final products.

Overseas, though affected by a slowdown in demand in Europe and sluggish domestic demand in China, textile subsidiaries in China and Southeast Asia pursued sales expansion and a shift towards high value-added products.

## Six Months (Apr.-Sept.)

In Japan, demand for apparel applications remained weak and sales for industrial applications were affected by inventory adjustment at some customers for automotive applications. Toray Group worked to expand overall sales and to improve profitability by upgrading the business primarily through promotion of a business that integrates fibers to textiles to final products.

Overseas, though affected by a slowdown in demand in Europe and sluggish domestic demand in China, textile subsidiaries in China and Southeast Asia pursued sales expansion and a shift towards high value-added products. Also shipment for automotive applications such as airbag fabric and interior materials were strong, and demand for hygiene products in Southeast Asia and India expanded.

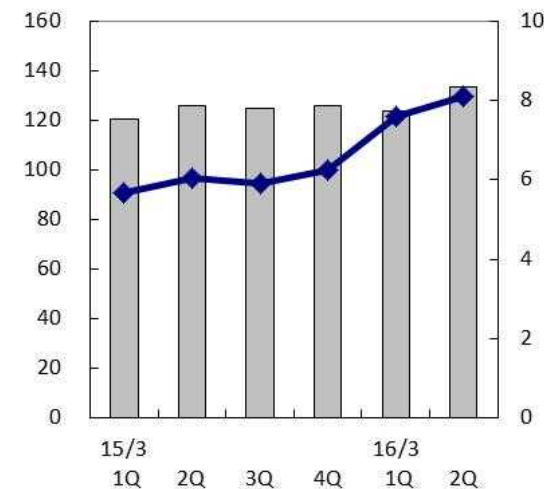
# Business Results by Segment (Plastics & Chemicals)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/15	FY Mar/16	Changes		FY Mar/15	FY Mar/16	Changes	
Net Sales	Toray	35.6	30.5	-5.0	(-14.1%)	71.1	62.7	-8.4	(-11.8%)
	Japanese Subsidiaries	91.7	99.0	+7.4	(+8.0%)	181.2	188.7	+7.5	(+4.2%)
	Overseas Subsidiaries	93.1	92.7	-0.3	(-0.4%)	184.0	187.0	+3.0	(+1.6%)
	Adjustment	▲ 94.6	▲ 88.8	+5.9		▲ 190.1	▲ 181.3	+8.8	
	<b>Total</b>	<b>125.7</b>	<b>133.5</b>	<b>+7.9</b>	<b>(+6.2%)</b>	<b>246.2</b>	<b>257.2</b>	<b>+11.0</b>	<b>(+4.5%)</b>
Operating Income	Toray	0.7	1.1	+0.3	(+42.8%)	1.3	2.6	+1.3	(+105.7%)
	Japanese Subsidiaries	2.3	1.8	-0.5	(-22.6%)	4.5	3.7	-0.9	(-19.2%)
	Overseas Subsidiaries	3.0	5.3	+2.3	(+76.7%)	6.0	9.5	+3.5	(+57.3%)
	Adjustment	0.0	▲ 0.0	-0.1		▲ 0.1	▲ 0.1	+0.0	
	<b>Total</b>	<b>6.0</b>	<b>8.1</b>	<b>+2.0</b>	<b>(+33.7%)</b>	<b>11.7</b>	<b>15.7</b>	<b>+3.9</b>	<b>(+33.6%)</b>

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



**2Q**  
(Jul.-Sept.)

**Resins Business** : While shipment of automotive application products remained weak in Japan, other applications were strong in general. Overseas, shipment at the subsidiaries in the U.S. expanded for automotive applications and shipment of ABS resin at a Malaysian subsidiary was steady.

**Films Business** : The products for packaging applications performed strongly both in Japan and abroad.

**Six Months**  
(Apr.-Sept.)

In the resins business, while shipment of automotive application products remained weak in Japan reflecting the decline in automobile production, other applications were strong in general. Overseas, shipment at subsidiaries in the U.S. expanded for automotive applications and shipment of ABS resin at a Malaysian subsidiary remained strong.

In the films business, the products for packaging applications performed strongly both in Japan and abroad. The business, despite many applications being affected by price competition, strived to improve profitability by emphasizing on sales expansion of high value-added products and cost reduction.

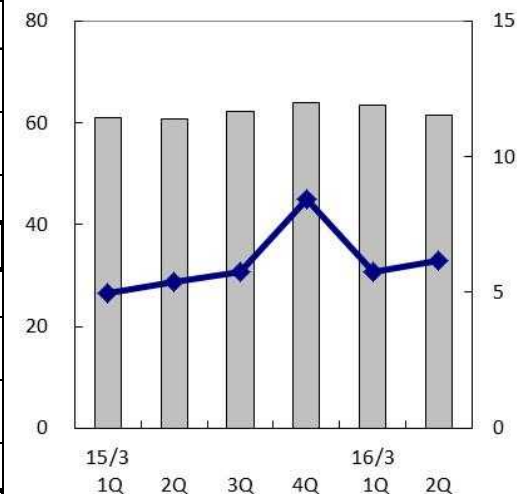
# Business Results by Segment (IT-related Products)

Unit: Billion yen

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/15	FY Mar/16	Changes		FY Mar/15	FY Mar/16	Changes	
Net Sales	Toray	22.7	21.8	-0.8	(-3.6%)	45.1	42.8	-2.3	(-5.2%)
	Japanese Subsidiaries	23.9	24.7	+0.7	(+3.1%)	47.1	48.4	+1.2	(+2.6%)
	Overseas Subsidiaries	24.7	25.8	+1.1	(+4.5%)	49.4	54.4	+5.0	(+10.2%)
	Adjustment	▲ 10.5	▲ 10.9	-0.4		▲ 19.7	▲ 20.6	-0.8	
	<b>Total</b>	<b>60.8</b>	<b>61.5</b>	<b>+0.7</b>	<b>(+1.1%)</b>	<b>121.8</b>	<b>125.0</b>	<b>+3.1</b>	<b>(+2.6%)</b>
Operating Income	Toray	1.7	1.7	-0.1	(-3.0%)	3.7	2.4	-1.2	(-33.4%)
	Japanese Subsidiaries	2.0	2.1	+0.1	(+4.9%)	3.5	3.7	+0.2	(+6.5%)
	Overseas Subsidiaries	2.4	3.1	+0.7	(+27.9%)	4.7	7.2	+2.5	(+53.4%)
	Adjustment	▲ 0.8	▲ 0.7	+0.1		▲ 1.6	▲ 1.4	+0.1	
	<b>Total</b>	<b>5.4</b>	<b>6.2</b>	<b>+0.8</b>	<b>(+15.3%)</b>	<b>10.3</b>	<b>12.0</b>	<b>+1.6</b>	<b>(+16.0%)</b>



## 2Q (Jul.-Sept.)

Regarding large LCD panel-related materials, films and processed film products were affected by production adjustment at customers. Smartphone- and tablet terminal-related materials performed steadily mainly for applications including electronic components and circuit materials. On the other hand, all materials continued to be affected by price competition and Toray Group worked to maintain profitability of the business through measures such as cost reduction.

## Six Months (Apr.-Sept.)

Regarding large LCD panel-related materials, the trend shifted to larger displays and demand for 4K TV expanded, but related materials such as films and processed film products were affected by production adjustment at customers. Smartphone- and tablet terminal-related materials performed strongly, as shipment of high performance electric circuit materials at a subsidiary in Republic of Korea expanded. On the other hand, all materials continued to be affected by price competition and Toray Group worked to maintain profitability of the business through measures such as cost reduction.

# Details of the Sales of IT-related Products Segment

## 【Sales ratio by sub-segment】

Unit: Billion yen

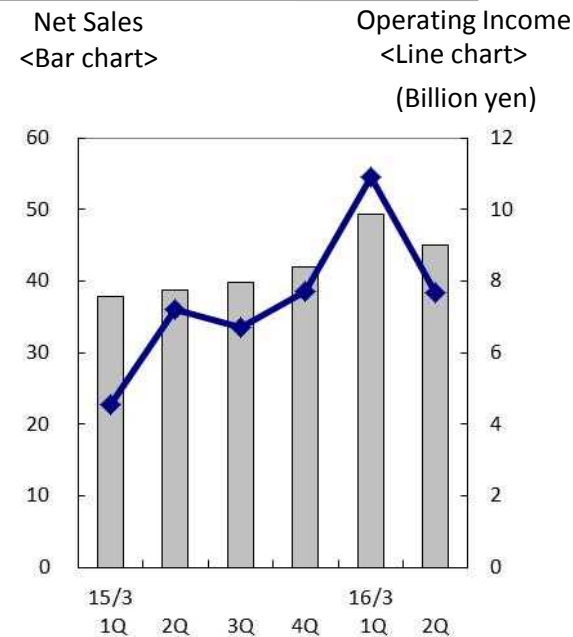
	FY Mar/15 2Q (Jul.-Sept.)		FY Mar/16 2Q (Jul.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	20.9	34%	17.7	29%	-15%
Electronic Components, Semiconductor, Electric Circuit Materials	26.7	44%	30.6	50%	+15%
Data Storage Materials	8.3	14%	7.7	13%	-7%
Equipment, others	4.9	8%	5.4	9%	+11%
Total	60.8		61.5		+1%

	FY Mar/15 Six Months (Apr.-Sept.)		FY Mar/16 Six Months (Apr.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	42.1	35%	35.9	29%	-15%
Electronic Components, Semiconductor, Electric Circuit Materials	53.2	44%	63.7	51%	+20%
Data Storage Materials	15.9	13%	15.6	12%	-2%
Equipment, others	10.6	9%	9.8	8%	-8%
Total	121.8		125.0		+3%

# Business Results by Segment (Carbon Fiber Composite Materials)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/15	FY Mar/16	Changes		FY Mar/15	FY Mar/16	Changes	
Net Sales	Toray	23.7	26.1	+2.5	(+10.4%)	46.6	53.2	+6.6	(+14.1%)
	Japanese Subsidiaries	14.9	19.9	+5.0	(+33.5%)	29.6	39.8	+10.2	(+34.6%)
	Overseas Subsidiaries	33.7	40.1	+6.4	(+19.0%)	67.0	84.1	+17.2	(+25.6%)
	Adjustment	▲ 33.4	▲ 41.1	-7.7		▲ 66.5	▲ 82.8	-16.3	
	<b>Total</b>	<b>38.8</b>	<b>45.0</b>	<b>+6.2</b>	<b>(+15.9%)</b>	<b>76.6</b>	<b>94.3</b>	<b>+17.7</b>	<b>(+23.1%)</b>
Operating Income	Toray	4.2	4.8	+0.6	(+15.2%)	8.0	10.9	+2.9	(+36.1%)
	Japanese Subsidiaries	0.2	0.3	+0.1	(+46.7%)	0.4	0.5	+0.2	(+48.5%)
	Overseas Subsidiaries	3.1	4.3	+1.2	(+39.4%)	5.0	9.3	+4.3	(+85.1%)
	Adjustment	▲ 0.3	▲ 1.7	-1.5		▲ 1.6	▲ 2.2	-0.5	
	<b>Total</b>	<b>7.2</b>	<b>7.7</b>	<b>+0.5</b>	<b>(+6.6%)</b>	<b>11.8</b>	<b>18.6</b>	<b>+6.8</b>	<b>(+57.9%)</b>



## 2Q (Jul.-Sept.)

Sales of regular tow products and intermediate products (prepreg) remained strong mainly for aerospace applications and that in the environment and energy fields including compressed natural gas tank applications. Composite materials for note book PCs and materials for fuel cells were also steady. The new facilities that started production in the latter half of 2014 and in the first half of 2015 contributed to production increase and sales expansion. At a U.S. subsidiary which produces large tow products, shipment expanded for the mainstay application of windmills and that of the friction resistance material used in aircraft brakes was also strong.

## Six Months (Apr.-Sept.)

Among regular tow products, shipment of carbon fibers and intermediate products (prepreg) increased for aerospace applications and general industrial applications, as demand for aircrafts as well as that in the environment and energy fields including compressed natural gas tank applications expanded. The new facilities that started production in the latter half of 2014 and in the first half of 2015 contributed to production increase and sales expansion, and the shipment of products for fuel cell vehicles started in earnest. At a U.S. subsidiary which produces large tow products, shipment expanded for the mainstay application of windmills and that of the friction resistance material used in aircraft brakes was also strong.

# Details of the Sales of Carbon Fiber Composite Materials Segment

【Sales ratio by sub-segment】

Unit: Billion yen

	FY Mar/15 2Q (Jul.-Sept.)		FY Mar/16 2Q (Jul.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	19.4	50%	22.5	50%	+16%
Sports	4.1	10%	4.2	9%	+3%
Industrial	15.4	40%	18.3	41%	+19%
Total	38.8		45.0		+16%

	FY Mar/15 Six Months (Apr.-Sept.)		FY Mar/16 Six Months (Apr.-Sept.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	37.5	49%	48.1	51%	+28%
Sports	7.8	10%	8.6	9%	+11%
Industrial	31.4	41%	37.6	40%	+20%
Total	76.6		94.3		+23%

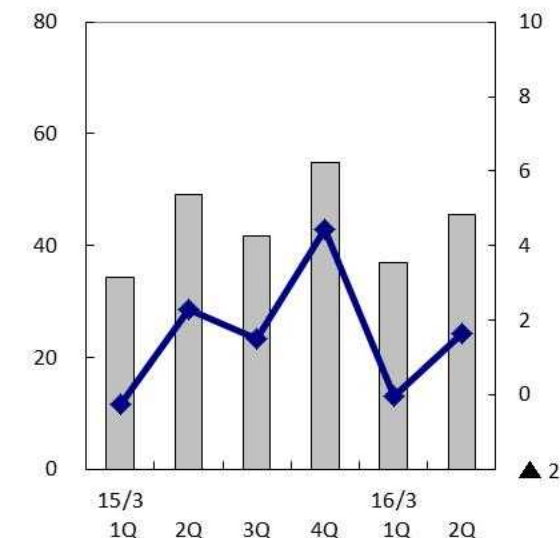
# Business Results by Segment (Environment & Engineering)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/15	FY Mar/16	Changes		FY Mar/15	FY Mar/16	Changes	
Net Sales	Toray	6.7	5.5	-1.1	(-16.7%)	11.6	10.2	-1.4	(-12.3%)
	Japanese Subsidiaries	56.4	52.2	-4.2	(-7.4%)	96.7	91.2	-5.6	(-5.8%)
	Overseas Subsidiaries	6.0	6.4	+0.4	(+6.3%)	11.7	13.7	+2.0	(+16.7%)
	Adjustment	▲ 20.0	▲ 18.6	+1.4		▲ 36.6	▲ 32.3	+4.3	
	Total	49.1	45.6	-3.6	(-7.3%)	83.4	82.6	-0.8	(-0.9%)
Operating Income	Toray	0.3	0.5	+0.2	(+61.6%)	0.2	0.7	+0.5	(+218.9%)
	Japanese Subsidiaries	1.8	0.5	-1.3	(-70.3%)	1.4	▲ 0.5	-1.9	(-)
	Overseas Subsidiaries	0.4	0.8	+0.3	(+74.3%)	0.7	1.7	+1.0	(+140.9%)
	Adjustment	▲ 0.2	▲ 0.2	+0.1		▲ 0.2	▲ 0.3	-0.1	
	Total	2.3	1.6	-0.7	(-28.7%)	2.1	1.6	-0.5	(-22.3%)

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



2Q  
(Jul.-Sept.)

**Water Treatment Business** : Profitability of exports of products including reverse osmosis membranes from Japan improved thanks to the progress made in cost reduction and the weaker yen. The subsidiaries in Republic of Korea and China also performed steadily.

**Japan** : The number of plant construction projects declined at an engineering subsidiary and a construction subsidiary saw the number of condominiums sold declined compared with the same period a year earlier.

Six Months  
(Apr.-Sept.)

In the water treatment business, profitability of exports of products including reverse osmosis membranes from Japan improved thanks to the progress made in cost reduction and the weaker yen. Subsidiaries in Republic of Korea and China also performed strongly.

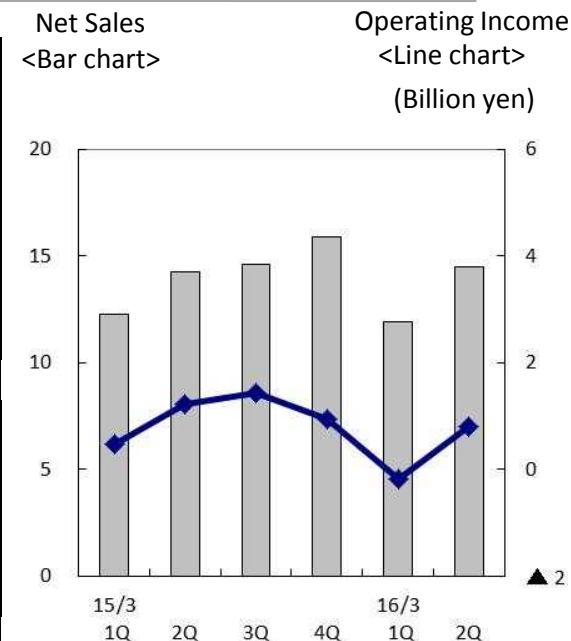
In terms of domestic subsidiaries in the segment, the number of plant construction projects declined at an engineering subsidiary and a construction subsidiary saw the number of condominiums sold declined compared with the same period a year earlier.



# Business Results by Segment (Life Science)

Unit: Billion yen

		2Q (Jul.-Sept.)				Six Months (Apr.-Sept.)			
		FY Mar/15	FY Mar/16	Changes		FY Mar/15	FY Mar/16	Changes	
Net Sales	Toray	8.8	9.1	+0.3	(+3.1%)	16.1	16.4	+0.3	(+1.6%)
	Japanese Subsidiaries	9.8	10.3	+0.4	(+4.5%)	18.7	19.5	+0.9	(+4.6%)
	Overseas Subsidiaries	1.8	2.7	+1.0	(+54.9%)	3.3	6.2	+2.9	(+88.3%)
	Adjustment	▲ 6.2	▲ 7.6	-1.5		▲ 11.6	▲ 15.8	-4.2	
	<b>Total</b>	<b>14.3</b>	<b>14.5</b>	<b>+0.2</b>	<b>(+1.4%)</b>	<b>26.5</b>	<b>26.4</b>	<b>-0.1</b>	<b>(-0.5%)</b>
Operating Income	Toray	1.4	1.1	-0.3	(-20.2%)	2.0	0.6	-1.4	(-70.9%)
	Japanese Subsidiaries	0.2	0.2	+0.1	(+38.0%)	0.1	0.4	+0.3	(+381.3%)
	Overseas Subsidiaries	▲ 0.1	▲ 0.1	+0.0	(-)	▲ 0.1	▲ 0.1	+0.1	(-)
	Adjustment	▲ 0.3	▲ 0.5	-0.2		▲ 0.2	▲ 0.3	-0.1	
	<b>Total</b>	<b>1.2</b>	<b>0.8</b>	<b>-0.4</b>	<b>(-34.9%)</b>	<b>1.7</b>	<b>0.6</b>	<b>-1.1</b>	<b>(-63.6%)</b>



## 2Q (Jul.-Sept.)

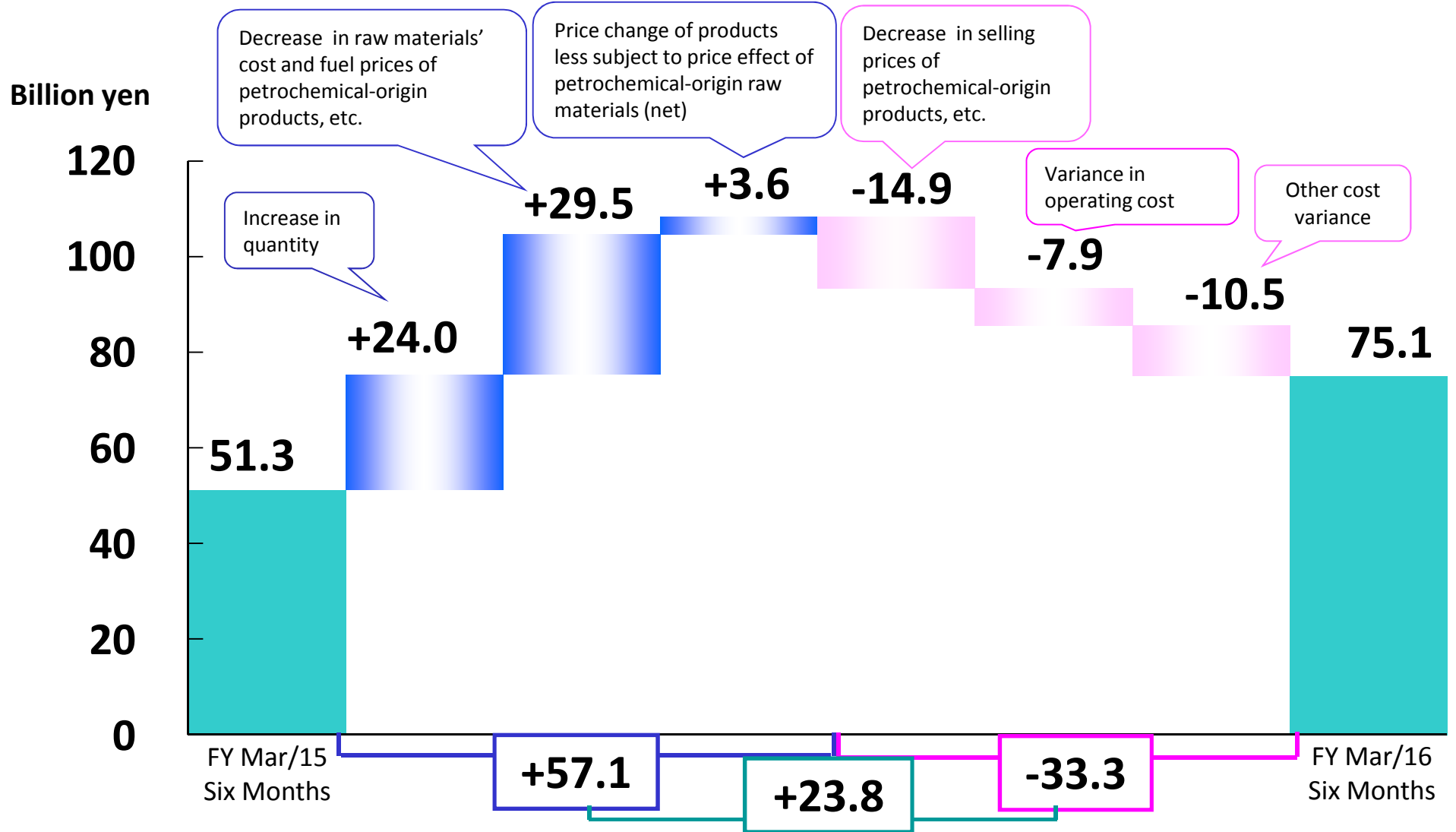
In the pharmaceutical business, among oral anti-pruritus drugs, the additional indication of REMITCH®\* to treat itchiness from chronic liver diseases was approved in Japan, and a domestic subsidiary started distributing new product Nopicor®, both in May 2015, however, shipment of FERON® and DORNER® remained sluggish due to intensified competition. The medical devices business performed steadily, as shipment of dialyzers expanded and profitability of exports improved.

## Six Months (Apr.-Sept.)

In the pharmaceutical business, shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish. In terms of oral anti-pruritus drugs, the additional indication of REMITCH®\* to treat itchiness from chronic liver diseases was approved in Japan, and a domestic subsidiary started distributing new product Nopicor®, both in May 2015. The medical devices business performed strongly, as shipment of dialyzers grew strongly and profitability of exports improved.

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

# Income Variance Factor Analysis (Six Months)



"Petrochemical-origin products, etc." are the total of Fibers & Textiles, Plastics & Chemicals and Carbon Fiber Composite Materials Segments

# Results of Major Subsidiaries (Six Months)

Billion yen

	Net Sales			Operating Income		
	FY Mar/15 Six Months	FY Mar/16 Six Months	Changes	FY Mar/15 Six Months	FY Mar/16 Six Months	Changes
Toray International Inc.	258.3	<b>278.9</b>	+20.6	4.7	<b>5.5</b>	+0.8
Toray Engineering Co., Ltd.	34.6	<b>30.9</b>	-3.7	0.4	<b>▲ 0.3</b>	-0.7
Toray Construction Co., Ltd.	26.0	<b>20.6</b>	-5.4	1.1	<b>0.1</b>	-1.0
Toray Advanced Film Co., Ltd.	24.0	<b>21.1</b>	-2.9	1.2	<b>0.5</b>	-0.7
Toray Medical Co., Ltd.	18.7	<b>19.5</b>	+0.9	0.1	<b>0.4</b>	+0.3
TAK (Republic of Korea)	59.5	<b>59.2</b>	-0.3	5.2	<b>6.0</b>	+0.8
TPM (Malaysia)	35.4	<b>34.9</b>	-0.5	1.1	<b>2.8</b>	+1.7

Subsidiaries in Southeast Asia *1	Fibers & Textiles	60.8	<b>65.0</b>	+4.2	2.6	<b>4.3</b>	+1.7
	Plastics & Chemicals	42.0	<b>42.1</b>	+0.1	1.6	<b>3.4</b>	+1.8
	Others	4.1	<b>4.6</b>	+0.5	0.2	<b>0.4</b>	+0.2
	Total	106.8	<b>111.6</b>	+4.8	4.5	<b>8.2</b>	+3.7
Subsidiaries in China *2	Fibers & Textiles	93.6	<b>144.1</b>	+50.4	7.9	<b>13.4</b>	+5.5
	Plastics & Chemicals	41.4	<b>41.4</b>	-0.0	1.3	<b>1.7</b>	+0.4
	Others	8.7	<b>12.8</b>	+4.1	<b>▲ 0.1</b>	<b>0.4</b>	+0.5
	Total	143.8	<b>198.3</b>	+54.5	9.1	<b>15.5</b>	+6.4
Films Subsidiaries (Overseas) *3	Plastics & Chemicals	54.2	<b>54.9</b>	+0.7	2.8	<b>3.6</b>	+0.8
	IT-related Products	32.6	<b>31.2</b>	-1.4	4.0	<b>3.8</b>	-0.2
	Total	86.7	<b>86.1</b>	-0.6	6.7	<b>7.4</b>	+0.7

\*1 : ITS, ETX, ISTEM, ACTEM, CENTEX, TPJ, PFR, PAB-G, TTS, LTX, TTTM, TPM sum total

\*2 : TFNL, TSD, TJQ, TPN, TCH, TICH, TIHK, THK-G, TPCH-G, TPPH/TPPZ, TFH/TFZ, TBMC, TMQ, TFCC sum total

\*3 : TAK, TCK, PFR, TPA, TFE, TFH/TFZ, TAFK sum total

# 1Q vs. 2Q Comparison of Operating Income by Segment

Billion yen

Segment	Operating Income FY Mar/16 1Q → FY Mar/16 2Q ( ) difference	Variance Factors
Fibers & Textiles	17.0 → 18.0 (+ 1.0)	<ul style="list-style-type: none"> <li>• Shipment of garment for fall and winter clothes has started.</li> </ul>
Plastics & Chemicals	7.6 → 8.1 (+ 0.5)	<ul style="list-style-type: none"> <li>• In the films business, the products for packaging application performed steadily in Japan and abroad.</li> <li>• In the resins business, demand for automotive application remained weak in Japan.</li> </ul>
IT-related Products	5.8 → 6.2 (+ 0.4)	<ul style="list-style-type: none"> <li>• Sales of films and processed film products for electronic components were steady.</li> <li>• Sales of display materials was almost flat compared to 1Q on the back of weak demand.</li> </ul>
Carbon Fiber Composite Materials	10.9 → 7.7 (- 3.2)	<ul style="list-style-type: none"> <li>• Shipment decreased from 1Q to 2Q due to slipping of shipment from the previous fiscal year and advanced shipment from 2Q.</li> </ul>
Environment & Engineering	▲0.0 → 1.6 (+ 1.7)	<ul style="list-style-type: none"> <li>• Performance of construction subsidiary 's real estate business and engineering subsidiary were steady.</li> </ul>
Life Science	▲0.2 → 0.8 (+ 1.0)	<ul style="list-style-type: none"> <li>• In the pharmaceutical business, expanded sales of REMITCH<sup>®*</sup> which was approved with additional indication at end of May 2015.</li> <li>• Increased license revenue.</li> </ul>
Others	0.1 → 0.4 (+0.3)	
Adjustment	▲4.2 → ▲4.7 (- 0.6)	* REMITCH <sup>®</sup> is a registered trademark of Torii Pharmaceutical Co., Ltd.
Consolidated	37.0 → 38.1 (+ 1.1)	

## **II. Business Forecast for the Fiscal Year Ending March 2016 (Consolidated Basis)**

# Forecast Summary for the Fiscal Year Ending March 2016

						Billion yen	
		FY Mar/15 Actual	FY Mar/16 Forecast	Changes		Previous Forecast	Difference from Previous Forecast*
Net Sales	1st Half	948.0	1,028.6	+80.6	(+8.5%)	1,040.0	-11.4
	2nd Half	1,062.8	1,171.4	+108.7	(+10.2%)	-	-
	<b>Total</b>	<b>2,010.7</b>	<b>2,200.0</b>	<b>+189.3</b>	<b>(+9.4%)</b>	<b>2,250.0</b>	<b>-50.0</b>
Operating Income	1st Half	51.3	75.1	+23.8	(+46.4%)	69.0	+6.1
	2nd Half	72.2	79.9	+7.7	(+10.7%)	-	-
	<b>Total</b>	<b>123.5</b>	<b>155.0</b>	<b>+31.5</b>	<b>(+25.5%)</b>	<b>150.0</b>	<b>+5.0</b>
Ordinary Income	1st Half	56.5	75.5	+19.0	(+33.6%)	69.0	+6.5
	2nd Half	72.1	79.5	+7.4	(+10.3%)	-	-
	<b>Total</b>	<b>128.6</b>	<b>155.0</b>	<b>+26.4</b>	<b>(+20.6%)</b>	<b>150.0</b>	<b>+5.0</b>
Net Income Attributable to Owners of Parent	1st Half	41.3	49.4	+8.2	(+19.8%)	42.0	+7.4
	2nd Half	29.8	40.6	+10.8	(+36.3%)	-	-
	<b>Total</b>	<b>71.0</b>	<b>90.0</b>	<b>+19.0</b>	<b>(+26.7%)</b>	<b>87.0</b>	<b>+3.0</b>

Net Income per Share	1st Half	25.70 yen	30.93 yen
	2nd Half	18.61 yen	25.37 yen
	<b>Total</b>	<b>44.33 yen</b>	<b>56.30 yen</b>
Dividend per Share	1st Half	5.00 yen	6.00 yen
	2nd Half	6.00 yen	6.00 yen
	<b>Total</b>	<b>11.00 yen</b>	<b>12.00 yen</b>

Remarks :

Assumed exchange rate : 120 yen / US\$ (from October)

\*Difference from Previous Forecast:

1<sup>st</sup> Half forecast is the difference from the announcement of 7<sup>th</sup> August, 2015

Full-year forecast is the difference from the announcement of 8<sup>th</sup> May, 2015

# Forecast by Segment

Billion yen

		FY Mar/15 Actual			FY Mar/16 Forecast			Changes			Difference from Previous Forecast*	
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	Total
Net Sales	Fibers & Textiles	386.2	470.5	856.7	435.8	474.2	910.0	+49.7	+3.6	+53.3	+11	-10.0
	Plastics & Chemicals	246.2	250.2	496.4	257.2	282.8	540.0	+11.0	+32.6	+43.6	-13	-30.0
	IT-related Products	121.8	126.1	248.0	125.0	140.0	265.0	+3.1	+13.9	+17.0	-5	-15.0
	Carbon Fiber Composite Materials	76.6	81.7	158.4	94.3	105.7	200.0	+17.7	+24.0	+41.6	-1	+10
	Environment & Engineering	83.4	96.6	180.0	82.6	127.4	210.0	-0.8	+30.8	+30.0	-2	-5.0
	Life Science	26.5	30.5	57.0	26.4	33.6	60.0	-0.1	+3.1	+3.0	-2	—
	Others	7.2	7.1	14.3	7.2	7.8	15.0	-0.0	+0.7	+0.7	+0	—
	Consolidated	948.0	1,062.8	2,010.7	1,028.6	1,171.4	2,200.0	+80.6	+108.7	+189.3	-11	-50.0
Operating Income	Fibers & Textiles	22.8	32.8	55.6	35.0	32.0	67.0	+12.3	-0.9	+11.4	+5	+4.0
	Plastics & Chemicals	11.7	12.2	23.9	15.7	15.3	31.0	+3.9	+3.2	+7.1	+1	+1.0
	IT-related Products	10.3	14.2	24.5	12.0	13.0	25.0	+1.6	-1.1	+0.5	-1	-4.0
	Carbon Fiber Composite Materials	11.8	14.5	26.2	18.6	18.4	37.0	+6.8	+4.0	+10.8	-0	+5.0
	Environment & Engineering	2.1	5.9	8.0	1.6	8.4	10.0	-0.5	+2.4	+2.0	+1	—
	Life Science	1.7	2.4	4.1	0.6	3.4	4.0	-1.1	+1.0	-0.1	+0	-1.0
	Others	0.7	1.2	1.9	0.5	1.5	2.0	-0.2	+0.3	+0.1	+0	—
	Adjustment	▲ 9.8	▲ 11.0	▲ 20.7	▲ 8.9	▲ 12.1	▲ 21.0	+0.9	-1.2	-0.3	+1	—
Consolidated	51.3	72.2	123.5	75.1	79.9	155.0	+23.8	+7.7	+31.5	+6	+5.0	

\*Difference from Previous Forecast :

1<sup>st</sup> Half forecast is the difference from the announcement of 7<sup>th</sup> August , 2015

Full-year forecast is the difference from the announcement of 8<sup>th</sup> May, 2015

# Operating Income Comparison with Previous Forecast by Segment

Billion yen

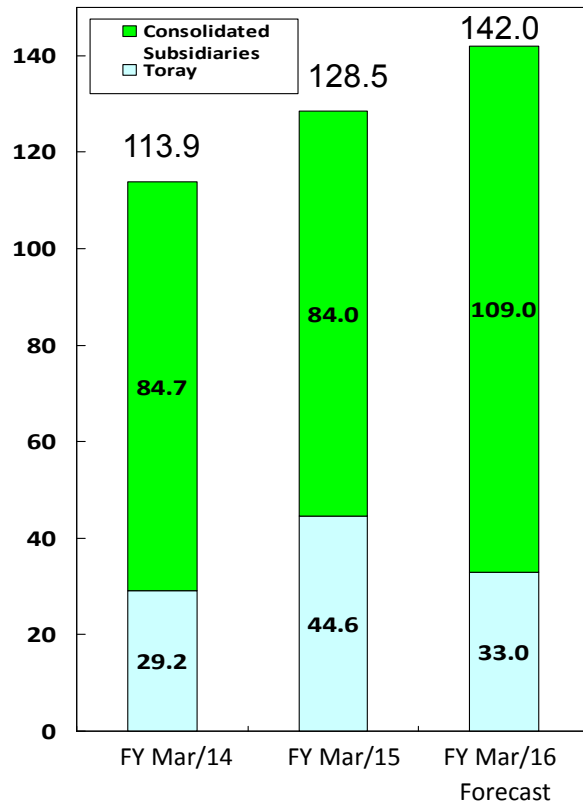
Segment	Operating Income Previous Forecast → New Forecast ( ) difference	Variance Factors
Fibers & Textiles	63.0 → 67.0 (+ 4.0)	<ul style="list-style-type: none"> <li>In overseas, apparel application and automotive application were strong mainly in 1H.</li> <li>Business that integrates fibers to textiles to final products were steady in 1H.</li> </ul>
Plastics & Chemicals	30.0 → 31.0 (+ 1.0)	<ul style="list-style-type: none"> <li>Overseas subsidiaries expanded sales and strived to improve profitability mainly in 1H.</li> </ul>
IT-related Products	29.0 → 25.0 (- 4.0)	<ul style="list-style-type: none"> <li>Expect a weak demand of display related application.</li> </ul>
Carbon Fiber Composite Materials	32.0 → 37.0 (+ 5.0)	<ul style="list-style-type: none"> <li>Expect strong performance in aerospace and industrial applications.</li> </ul>
Environment & Engineering	10.0 → 10.0 (± 0.0)	<ul style="list-style-type: none"> <li>Expect to be in line with the previous forecast.</li> </ul>
Life Science	5.0 → 4.0 (- 1.0)	<ul style="list-style-type: none"> <li>Expect weak performance in both pharmaceutical business and medical devices business.</li> </ul>
Others	2.0 → 2.0 (± 0.0)	
Adjustment	▲21.0 → ▲21.0 (± 0.0)	*Difference from Previous Forecast: Difference from the announcement of 8 <sup>th</sup> May, 2015
Consolidated	150.0 → 155.0 (+ 5.0)	



# Forecast of Capital Expenditures, Depreciation, R&D Expenses

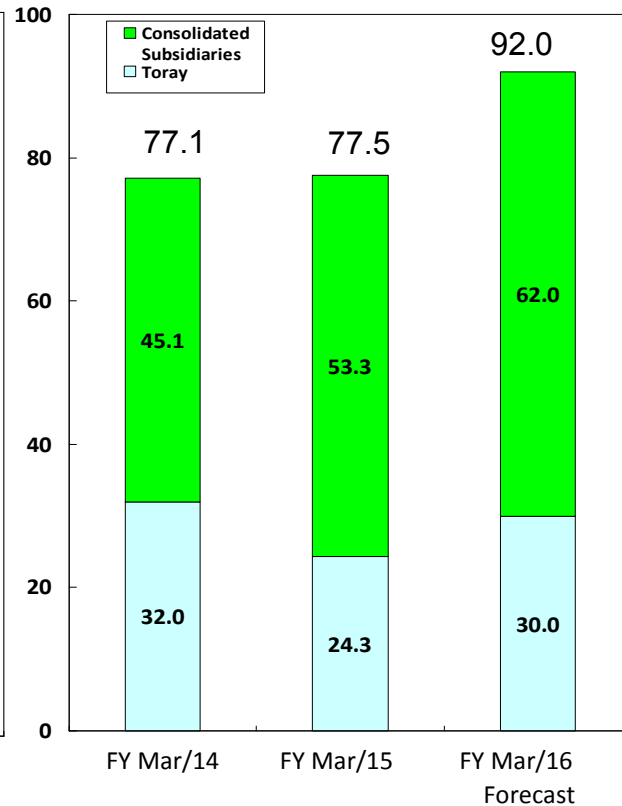
## Capital Expenditures

Billion yen



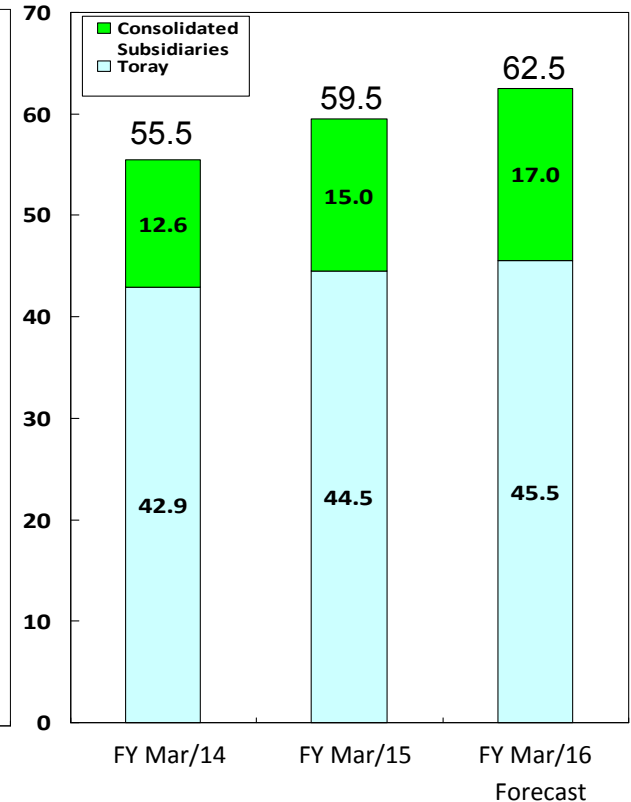
## Depreciation

Billion yen



## R&D Expenses

Billion yen



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**Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2016 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**