

# **Announcement of Business Results For the 2Q and Six Months Ended September 30, 2016**

**November 8, 2016**

**Toray Industries, Inc.**

# Contents

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## **I. Business Results for the 2Q and Six Months Ended September 30, 2016**

|   |         |
|---|---------|
| Summary of Consolidated Business Results for the 2Q and Six Months Ended Sept. 30, 2016 | (P3)    |
| Non-operating Income and Expenses   | (P4)    |
| Special Credits and Charges   | (P5)    |
| Assets, Liabilities, Net Assets and Free Cash Flows                                     | (P6)    |
| Capital Expenditures, Depreciation, R&D Expenses  | (P7)    |
| Net Sales and Operating Income by Segment   | (P8)    |
| Business Results by Segment   | (P9-16) |
| Income Variance Factor Analysis (Six Months)  | (P17)   |
| Results of Major Subsidiaries (Six Months)  | (P18)   |
| Comparison of Operating Income (1Q vs. 2Q) by Segment                                   | (P19)   |

## **II. Business Forecast for the Fiscal Year Ending March 2017 (Consolidated Basis)**

|   |       |
|---|-------|
| Forecast Summary for the Fiscal Year Ending March 2017                | (P21) |
| Forecast by Segment (Net Income / Operating Income)                   | (P22) |
| Comparison of Operating Income (Previous vs. New) Forecast by Segment | (P23) |
| Forecast of Capital Expenditures, Depreciation, R&D Expenses          | (P24) |

# I. **Business Results for the 2Q and Six Months Ended September 30, 2016**

# Summary of Consolidated Business Results for the 2Q and Six Months Ended September 30, 2016

Billion yen

|   | FY Mar/16<br>2Q<br>(Jul.-Sept.) | FY Mar/17<br>2Q<br>(Jul.-Sept.) | Changes |          | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes |         |
|---|---------------------------------|---------------------------------|---------|----------|---|---|---------|---------|
| Net Sales                                   | 531.7                           | <b>478.9</b>                    | - 52.8  | (-9.9%)  | 1,028.6                                 | <b>957.0</b>                            | - 71.6  | (-7.0%) |
| Cost of Sales                               | 421.7                           | <b>375.3</b>                    | - 46.4  | (-11.0%) | 811.2                                   | <b>743.7</b>                            | - 67.5  | (-8.3%) |
| Gross Profit                                | 110.0                           | <b>103.6</b>                    | - 6.4   | (-5.8%)  | 217.4                                   | <b>213.3</b>                            | - 4.1   | (-1.9%) |
| (Gross Profit to Net Sales)                 | 20.7%                           | <b>21.6%</b>                    | +0.9    | points   | 21.1%                                   | <b>22.3%</b>                            | +1.1    | points  |
| Operating Income                            | 38.1                            | <b>35.3</b>                     | - 2.8   | (-7.4%)  | 75.1                                    | <b>76.3</b>                             | +1.1    | (+1.5%) |
| (Operating Income to Net Sales)             | 7.2%                            | <b>7.4%</b>                     | +0.2    | points   | 7.3%                                    | <b>8.0%</b>                             | +0.7    | points  |
| Non-operating Income and Expenses, net      | ▲ 1.2                           | ▲ <b>1.0</b>                    | +0.2    |          | 0.4                                     | ▲ <b>0.2</b>                            | - 0.6   |         |
| Ordinary Income                             | 36.9                            | <b>34.3</b>                     | - 2.6   | (-7.2%)  | 75.5                                    | <b>76.1</b>                             | +0.6    | (+0.8%) |
| Special Credits and Charges, net            | ▲ 2.4                           | ▲ <b>1.0</b>                    | +1.4    |          | ▲ 2.8                                   | ▲ <b>1.3</b>                            | +1.6    |         |
| Income before Income Taxes                  | 34.5                            | <b>33.3</b>                     | - 1.2   | (-3.6%)  | 72.7                                    | <b>74.8</b>                             | +2.1    | (+3.0%) |
| Net Income Attributable to Owners of Parent | 23.3                            | <b>23.7</b>                     | +0.5    | (+1.9%)  | 49.4                                    | <b>53.4</b>                             | +4.0    | (+8.0%) |

|                          |                 | (FY Mar/16 2Q → (FY Mar/17 2Q) | (FY Mar/16 1H) → (FY Mar/17 1H) |
|--------------------------|-----------------|--------------------------------|---------------------------------|
| Exchange Rate <Yen/US\$> | Average         | : 122. 2 → 102. 4              | 121. 8 → 105. 3                 |
|                          | End of the Term | : 120. 0 → 101. 1              |                                 |
| <Yen/Euro>               | Average         | : 136. 0 → 114. 3              | 135. 1 → 118. 1                 |
|                          | End of the Term | : 135. 0 → 113. 4              |                                 |

# Non-operating Income and Expenses

Billion yen

|  | FY Mar/16<br>2Q<br>(Jul.-Sept.) | FY Mar/17<br>2Q<br>(Jul.-Sept.) | Changes | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes |
|--|---------------------------------|---------------------------------|---------|---|---|---------|
| Non-operating Income                                 | 4.1                             | <b>3.8</b>                      | -0.3    | 9.3                                     | <b>9.6</b>                              | +0.3    |
| Interest and Dividend Income                         | 0.7                             | <b>0.6</b>                      | -0.1    | 2.8                                     | <b>2.6</b>                              | -0.2    |
| Equity in Earnings of Affiliates                     | 1.8                             | <b>2.1</b>                      | +0.3    | 3.4                                     | <b>4.3</b>                              | +0.9    |
| Others   | 1.5                             | <b>1.1</b>                      | -0.5    | 3.1                                     | <b>2.7</b>                              | -0.4    |
| Non-operating Expenses                               | ▲ 5.2                           | ▲ <b>4.8</b>                    | +0.5    | ▲ 8.9                                   | ▲ <b>9.8</b>                            | -0.8    |
| Interest Expenses                                    | ▲ 1.4                           | ▲ <b>1.1</b>                    | +0.3    | ▲ 3.0                                   | ▲ <b>2.3</b>                            | +0.7    |
| Costs related to Idle Facilities                     | ▲ 1.3                           | ▲ <b>1.1</b>                    | +0.2    | ▲ 2.0                                   | ▲ <b>2.1</b>                            | -0.1    |
| Others   | ▲ 2.5                           | ▲ <b>2.6</b>                    | -0.1    | ▲ 4.0                                   | ▲ <b>5.4</b>                            | -1.3    |
| Non-operating Income and Expenses, net               | ▲ 1.2                           | ▲ <b>1.0</b>                    | +0.2    | 0.4                                     | ▲ <b>0.2</b>                            | -0.6    |
| Interest and Dividend Income, Interest Expenses, net | ▲ 0.7                           | ▲ <b>0.5</b>                    | +0.2    | ▲ 0.2                                   | <b>0.3</b>                              | +0.4    |

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

# Special Credits and Charges

Billion yen

|   | FY Mar/16<br>2Q<br>(Jul.-Sept.) | FY Mar/17<br>2Q<br>(Jul.-Sept.) | Changes | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes |
|---|---------------------------------|---------------------------------|---------|---|---|---------|
| Special Credits   | <b>0.4</b>                      | <b>0.4</b>                      | +0.0    | <b>0.8</b>                              | <b>1.2</b>                              | +0.3    |
| Gain on Sales of Property, Plant and Equipment              | <b>0.2</b>                      | <b>0.1</b>                      | -0.1    | <b>0.3</b>                              | <b>0.9</b>                              | +0.6    |
| Gain on Sales of Investment Securities                      | <b>0.2</b>                      | <b>0.3</b>                      | +0.1    | <b>0.5</b>                              | <b>0.3</b>                              | -0.3    |
| Others  | -                               | <b>0.0</b>                      | +0.0    | <b>0.1</b>                              | <b>0.0</b>                              | -0.0    |
| Special Charges   | <b>▲ 2.8</b>                    | <b>▲ 1.4</b>                    | +1.4    | <b>▲ 3.7</b>                            | <b>▲ 2.4</b>                            | +1.2    |
| Loss on Sales and Disposal of Property, Plant and Equipment | <b>▲ 1.0</b>                    | <b>▲ 1.2</b>                    | -0.2    | <b>▲ 1.9</b>                            | <b>▲ 2.0</b>                            | -0.2    |
| Loss on Write-down of Investment Securities                 | <b>▲ 1.8</b>                    | -                               | +1.8    | <b>▲ 1.8</b>                            | -                                       | +1.8    |
| Others  | <b>▲ 0.0</b>                    | <b>▲ 0.2</b>                    | -0.2    | <b>▲ 0.0</b>                            | <b>▲ 0.4</b>                            | -0.4    |
| Special Credits and Charges, net                            | <b>▲ 2.4</b>                    | <b>▲ 1.0</b>                    | +1.4    | <b>▲ 2.8</b>                            | <b>▲ 1.3</b>                            | +1.6    |

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

# Assets, Liabilities, Net Assets and Free Cash Flows

|                             | End of Mar/16 | End of Sept/16 | Changes |
|-----------------------------|---------------|----------------|---------|
| Total Assets                | 2,278.4       | <b>2,209.5</b> | -68.9   |
| Current Assets              | 1,009.6       | <b>1,002.3</b> | -7.2    |
| Tangible Assets             | 830.6         | <b>794.0</b>   | -36.7   |
| Intangible Assets           | 87.2          | <b>78.3</b>    | -8.8    |
| Investment and Other Assets | 351.1         | <b>334.9</b>   | -16.1   |

Billion yen

|                     | End of Mar/16 | End of Sept/16 | Changes |
|---------------------|---------------|----------------|---------|
| Total Liabilities   | 1,253.5       | <b>1,226.9</b> | -26.6   |
| Current Liabilities | 571.3         | <b>609.9</b>   | +38.5   |
| Other Liabilities   | 682.1         | <b>617.0</b>   | -65.1   |
| Total Net Assets    | 1,024.9       | <b>982.6</b>   | -42.3   |

|                | End of Mar/16 | End of Sept/16 | Changes     |
|----------------|---------------|----------------|-------------|
| Owner's Equity | 945.6         | <b>906.2</b>   | -39.3       |
| Equity Ratio   | 41.5%         | <b>41.0%</b>   | -0.5 points |

|                        |       |              |      |
|------------------------|-------|--------------|------|
| Interest-bearing Debts | 704.3 | <b>699.1</b> | -5.2 |
|------------------------|-------|--------------|------|

|           |      |             |       |
|-----------|------|-------------|-------|
| D/E Ratio | 0.74 | <b>0.77</b> | +0.03 |
|-----------|------|-------------|-------|

## <Free Cash Flows>

|                                       | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes |
|---------------------------------------|---|---|---------|
| Cash Flows from Operating Activities  | 61.7                                    | 76.7                                    | +15.0   |
| Cash Flows from Investment Activities | ▲ 66.7                                  | ▲ 64.5                                  | +2.2    |
| Free Cash Flows                       | ▲ 5.0                                   | 12.2                                    | +17.2   |

Billion yen

# Capital Expenditures, Depreciation and R&D Expenses

Billion yen

|                            | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes | Comments                                       |
|----------------------------|---|---|---------|--|
| Capital Expenditures       | 49.1                                    | <b>58.9</b>                             | +9.8    | Toray : 10.3, Consolidated subsidiaries : 48.7 |
| Depreciation -)            | 44.1                                    | <b>40.6</b>                             | -3.5    | Toray : 13.5, Consolidated subsidiaries : 27.1 |
| Transfer, Disposal, etc.   | ▲ 27.9                                  | ▲ <b>55.0</b>                           | -27.1   |  |
| Changes in Tangible Assets | ▲ 22.9                                  | ▲ <b>36.7</b>                           | -13.7   |  |
| R&D Expenses               | 28.7                                    | <b>28.6</b>                             | -0.2    |  |

## Major Capital Expenditure Projects:

Toray Carbon Fibers America, Inc.: Carbon fiber TORAYCA<sup>®</sup> prepreg integrated production facilities

Toray Battery Separator Film Korea Limited: Polyethylene film SETELA<sup>®</sup> production facilities

Toray Advanced Materials Korea Inc.: PPS resin TORELINA<sup>®</sup> production facilities



# Net Sales and Operating Income by Segment

Billion yen

|                                  | Net Sales                       |                                 |                | Operating Income                |                                 |               |
|----------------------------------|---------------------------------|---------------------------------|----------------|---------------------------------|---------------------------------|---------------|
|                                  | FY Mar/16<br>2Q<br>(Jul.-Sept.) | FY Mar/17<br>2Q<br>(Jul.-Sept.) | Changes        | FY Mar/16<br>2Q<br>(Jul.-Sept.) | FY Mar/17<br>2Q<br>(Jul.-Sept.) | Changes       |
| Fibers & Textiles                | 227.9                           | <b>202.5</b>                    | -25.4 (-11.1%) | 18.0                            | <b>16.8</b>                     | -1.2 (-6.5%)  |
| Plastics & Chemicals             | 133.5                           | <b>116.8</b>                    | -16.7 (-12.5%) | 8.1                             | <b>7.4</b>                      | -0.7 (-8.1%)  |
| IT-related Products              | 61.5                            | <b>62.7</b>                     | +1.3 (+2.1%)   | 6.2                             | <b>7.5</b>                      | +1.3 (+21.5%) |
| Carbon Fiber Composite Materials | 45.0                            | <b>36.8</b>                     | -8.2 (-18.3%)  | 7.7                             | <b>6.3</b>                      | -1.4 (-18.2%) |
| Environment & Engineering        | 45.6                            | <b>42.7</b>                     | -2.8 (-6.2%)   | 1.6                             | <b>2.1</b>                      | +0.5 (+28.3%) |
| Life Science                     | 14.5                            | <b>13.4</b>                     | -1.1 (-7.6%)   | 0.8                             | <b>0.5</b>                      | -0.3 (-35.7%) |
| Others                           | 3.9                             | <b>4.0</b>                      | +0.1 (+3.0%)   | 0.4                             | <b>0.4</b>                      | -0.0 (-8.7%)  |
| Total                            | 531.7                           | <b>478.9</b>                    | -52.8 (-9.9%)  | 42.8                            | <b>41.1</b>                     | -1.7 (-4.1%)  |
| Adjustment                       |                                 |                                 |                | ▲ 4.7                           | ▲ 5.8                           | -1.1          |
| Consolidated                     | 531.7                           | <b>478.9</b>                    | -52.8 (-9.9%)  | 38.1                            | <b>35.3</b>                     | -2.8 (-7.4%)  |

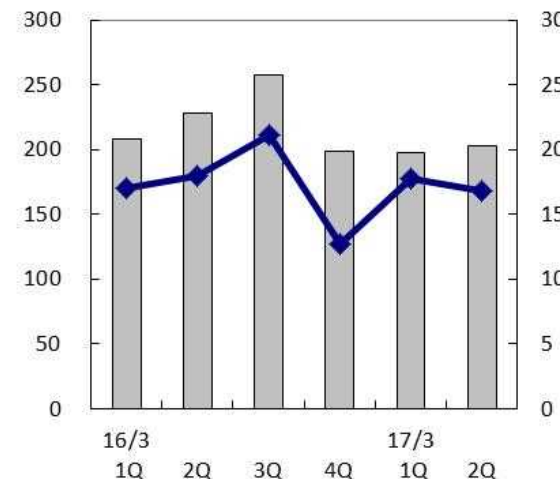
|                                  | Net Sales                               |   |                | Operating Income                        |   |                |
|----------------------------------|---|---|----------------|---|---|----------------|
|                                  | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes        | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes        |
| Fibers & Textiles                | 435.8                                   | <b>400.2</b>                            | -35.7 (-8.2%)  | 35.0                                    | <b>34.6</b>                             | -0.4 (-1.2%)   |
| Plastics & Chemicals             | 257.2                                   | <b>236.7</b>                            | -20.5 (-8.0%)  | 15.7                                    | <b>15.9</b>                             | +0.3 (+1.7%)   |
| IT-related Products              | 125.0                                   | <b>128.6</b>                            | +3.6 (+2.9%)   | 12.0                                    | <b>15.9</b>                             | +3.9 (+32.8%)  |
| Carbon Fiber Composite Materials | 94.3                                    | <b>80.6</b>                             | -13.8 (-14.6%) | 18.6                                    | <b>16.0</b>                             | -2.5 (-13.7%)  |
| Environment & Engineering        | 82.6                                    | <b>78.6</b>                             | -4.1 (-4.9%)   | 1.6                                     | <b>3.3</b>                              | +1.7 (+102.9%) |
| Life Science                     | 26.4                                    | <b>25.2</b>                             | -1.2 (-4.4%)   | 0.6                                     | <b>0.7</b>                              | +0.1 (+18.4%)  |
| Others                           | 7.2                                     | <b>7.2</b>                              | -0.0 (-0.3%)   | 0.5                                     | <b>0.3</b>                              | -0.2 (-42.9%)  |
| Total                            | 1,028.6                                 | <b>957.0</b>                            | -71.6 (-7.0%)  | 84.0                                    | <b>86.8</b>                             | +2.8 (+3.3%)   |
| Adjustment                       |   |   |                | ▲ 8.9                                   | ▲ 10.5                                  | -1.6           |
| Consolidated                     | 1,028.6                                 | <b>957.0</b>                            | -71.6 (-7.0%)  | 75.1                                    | <b>76.3</b>                             | +1.1 (+1.5%)   |

# Business Results by Segment (Fibers & Textiles)

Unit: Billion yen

|                  |                       | 2Q (Jul.-Sept.) |           |         |          | Six Months (Apr.-Sept.) |           |         |          |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|----------|
|                  |                       | FY Mar/16       | FY Mar/17 | Changes |          | FY Mar/16               | FY Mar/17 | Changes |          |
| Net Sales        | Toray                 | 49.9            | 44.8      | -5.1    | (-10.3%) | 98.0                    | 89.8      | -8.2    | (-8.3%)  |
|                  | Japanese Subsidiaries | 114.0           | 103.3     | -10.7   | (-9.4%)  | 208.1                   | 196.2     | -11.9   | (-5.7%)  |
|                  | Overseas Subsidiaries | 143.9           | 121.7     | -22.3   | (-15.5%) | 282.3                   | 246.6     | -35.7   | (-12.6%) |
|                  | Adjustment            | ▲ 80.0          | ▲ 67.2    | +12.7   |          | ▲ 152.5                 | ▲ 132.4   | +20.1   |          |
|                  | Total                 | 227.9           | 202.5     | -25.4   | (-11.1%) | 435.8                   | 400.2     | -35.7   | (-8.2%)  |
| Operating Income | Toray                 | 4.7             | 4.9       | +0.1    | (+3.0%)  | 9.5                     | 10.6      | +1.1    | (+11.6%) |
|                  | Japanese Subsidiaries | 3.5             | 3.5       | +0.0    | (+0.3%)  | 5.4                     | 5.1       | -0.3    | (-5.3%)  |
|                  | Overseas Subsidiaries | 11.5            | 9.1       | -2.4    | (-20.7%) | 23.5                    | 20.8      | -2.7    | (-11.6%) |
|                  | Adjustment            | ▲ 1.7           | ▲ 0.6     | +1.1    |          | ▲ 3.3                   | ▲ 1.8     | +1.5    |          |
|                  | Total                 | 18.0            | 16.8      | -1.2    | (-6.5%)  | 35.0                    | 34.6      | -0.4    | (-1.2%)  |

Net Sales  
<Bar chart>



Operating Income  
<Line chart>  
(Billion yen)

## 2Q (Jul.-Sept.)

In Japan, demand remained weak in general. Against this background, Toray Group not only strived to expand sales on the whole but also worked to improve profitability by upgrading the business primarily through promotion of a business format that integrates fibers to textiles to final products as well as by improving cost.

Overseas, shipment of materials for automotive applications and hygiene products were strong as a whole. However, products mainly for apparel applications were affected by a slowdown in demand in Europe and China. Meanwhile, there was an impact from foreign currency translation differences of overseas subsidiaries' results due to the strong yen.

## Six Months (Apr.-Sept.)

In Japan, demand for apparel and industrial applications remained weak. Against this background, Toray Group not only strived to expand sales on the whole but also worked to improve profitability by upgrading the business primarily through promotion of a business format that integrates fibers to textiles to final products as well as by improving cost.

Overseas, shipment, mainly of products for apparel applications, was weak, affected by a slowdown in demand in Europe and China. On the other hand, materials for automotive applications and hygiene products were strong as a whole.

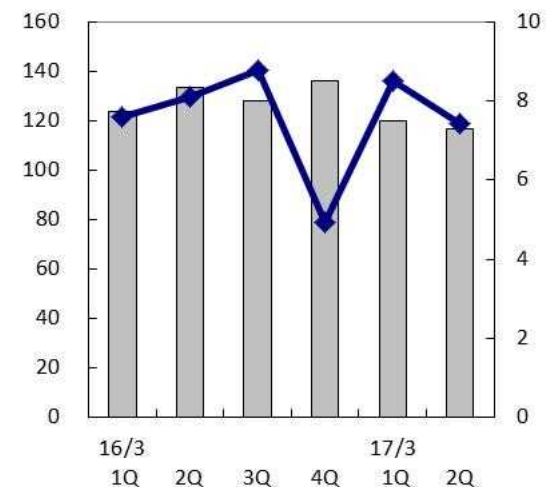
# Business Results by Segment (Plastics & Chemicals)

Unit: Billion yen

|                  |                       | 2Q (Jul.-Sept.) |           |         |          | Six Months (Apr.-Sept.) |           |         |          |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|----------|
|                  |                       | FY Mar/16       | FY Mar/17 | Changes |          | FY Mar/16               | FY Mar/17 | Changes |          |
| Net Sales        | Toray                 | 30.5            | 29.1      | -1.4    | (-4.7%)  | 62.7                    | 58.0      | -4.8    | (-7.6%)  |
|                  | Japanese Subsidiaries | 99.0            | 88.8      | -10.3   | (-10.4%) | 188.7                   | 178.6     | -10.1   | (-5.4%)  |
|                  | Overseas Subsidiaries | 92.7            | 76.4      | -16.4   | (-17.7%) | 187.0                   | 158.5     | -28.4   | (-15.2%) |
|                  | Adjustment            | ▲ 88.8          | ▲ 77.4    | +11.4   |          | ▲ 181.3                 | ▲ 158.4   | +22.9   |          |
|                  | Total                 | 133.5           | 116.8     | -16.7   | (-12.5%) | 257.2                   | 236.7     | -20.5   | (-8.0%)  |
| Operating Income | Toray                 | 1.1             | 0.7       | -0.3    | (-32.6%) | 2.6                     | 2.2       | -0.4    | (-15.6%) |
|                  | Japanese Subsidiaries | 1.8             | 2.1       | +0.3    | (+18.5%) | 3.7                     | 4.0       | +0.3    | (+9.0%)  |
|                  | Overseas Subsidiaries | 5.3             | 4.6       | -0.6    | (-12.3%) | 9.5                     | 9.8       | +0.3    | (+3.1%)  |
|                  | Adjustment            | ▲ 0.0           | 0.0       | +0.0    |          | ▲ 0.1                   | ▲ 0.0     | +0.1    |          |
|                  | Total                 | 8.1             | 7.4       | -0.7    | (-8.1%)  | 15.7                    | 15.9      | +0.3    | (+1.7%)  |

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



## 2Q (Jul.-Sept.)

In the resins business, shipment of automotive applications was strong in general both in Japan and overseas. Meanwhile, ABS resins were affected by the market downturn. In the films business, while overseas demand especially for the U.S. and Europe was sluggish, the products for packaging applications performed strongly in Japan. Selling price of some chemical products declined, given the yen's appreciation and market downturn.

## Six Months (Apr.-Sept.)

In the resins business, shipment of automotive applications was strong in general, both in Japan and overseas, given the increase in automobile production in Japan and the U.S. Besides automotive applications, Toray Group also promoted sales expansion of ABS resins. In the films business, while overseas demand especially for the U.S. and Europe was sluggish, the products for packaging applications performed strongly in Japan. Toray Group, despite being affected by price competition in Japan and abroad, strived to improve profitability of the business by focusing on sales expansion of high value-added products as well as on cost reduction. Selling price of some chemical products declined, given the yen's appreciation and market downturn.

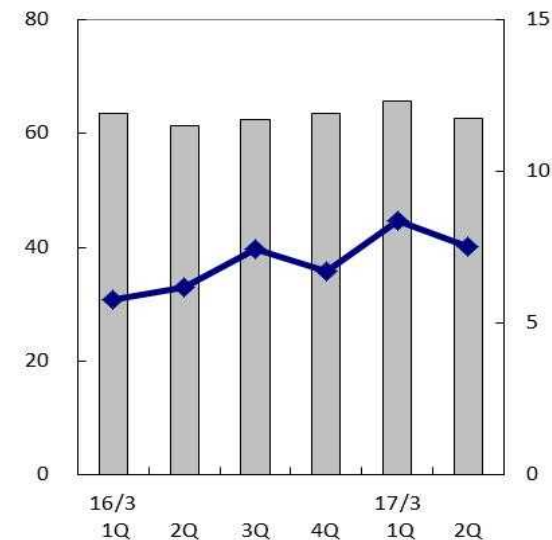
# Business Results by Segment (IT-related Products)

Unit: Billion yen

|                  |                       | 2Q (Jul.-Sept.) |           |         |          | Six Months (Apr.-Sept.) |           |         |           |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|-----------|
|                  |                       | FY Mar/16       | FY Mar/17 | Changes |          | FY Mar/16               | FY Mar/17 | Changes |           |
| Net Sales        | Toray                 | 21.8            | 22.9      | +1.1    | (+5.0%)  | 42.8                    | 44.4      | +1.7    | (+3.9%)   |
|                  | Japanese Subsidiaries | 24.7            | 28.1      | +3.4    | (+13.8%) | 48.4                    | 58.4      | +10.1   | (+20.8%)  |
|                  | Overseas Subsidiaries | 25.8            | 22.5      | -3.3    | (-12.8%) | 54.4                    | 46.5      | -7.9    | (-14.6%)  |
|                  | Adjustment            | ▲ 10.9          | ▲ 10.8    | +0.1    |          | ▲ 20.6                  | ▲ 20.8    | -0.2    |           |
|                  | Total                 | 61.5            | 62.7      | +1.3    | (+2.1%)  | 125.0                   | 128.6     | +3.6    | (+2.9%)   |
| Operating Income | Toray                 | 1.7             | 3.0       | +1.3    | (+76.0%) | 2.4                     | 5.1       | +2.7    | (+108.9%) |
|                  | Japanese Subsidiaries | 2.1             | 2.7       | +0.6    | (+30.2%) | 3.7                     | 5.9       | +2.1    | (+56.6%)  |
|                  | Overseas Subsidiaries | 3.1             | 2.6       | -0.5    | (-15.1%) | 7.2                     | 6.3       | -0.9    | (-12.4%)  |
|                  | Adjustment            | ▲ 0.7           | ▲ 0.8     | -0.1    |          | ▲ 1.4                   | ▲ 1.4     | +0.1    |           |
|                  | Total                 | 6.2             | 7.5       | +1.3    | (+21.5%) | 12.0                    | 15.9      | +3.9    | (+32.8%)  |

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



2Q  
(Jul.-Sept.)

Among materials for flat panel displays, smartphone- and tablet terminal-related materials performed strongly with shipment for organic EL applications growing. Shipment of battery separator films for lithium-ion batteries increased reflecting demand growth and sales of LCD color filter manufacturing equipment, etc. expanded. Meanwhile, electric circuit materials performed sluggishly.

Six Months  
(Apr.-Sept.)

Among materials for flat panel displays, smartphone- and tablet terminal-related materials performed strongly with shipment for organic EL applications growing. Shipment of battery separator films for lithium-ion batteries increased reflecting demand growth. In addition, a Japanese subsidiary expanded sales of LCD color filter manufacturing equipment, etc.

# Details of the Sales of IT-related Products Segment

## 【Sales ratio by sub-segment】

Unit: Billion yen

|   | FY Mar/16<br>2Q (Jul.-Sept.) |       | FY Mar/17<br>2Q (Jul.-Sept.) |       |         |
|---|------------------------------|-------|------------------------------|-------|---------|
|   | Net Sales                    | Ratio | Net Sales                    | Ratio | Changes |
|   |                              |       |                              |       |         |
| Display Materials   | 17.7                         | 29%   | 18.3                         | 29%   | +3%     |
| Electronic Components, Semiconductor,<br>Electric Circuit Materials | 30.6                         | 50%   | 29.3                         | 47%   | -4%     |
| Data Storage Materials  | 7.7                          | 13%   | 6.8                          | 11%   | -12%    |
| Equipment, others   | 5.4                          | 9%    | 8.4                          | 13%   | +55%    |
| Total   | 61.5                         |       | 62.7                         |       | +2%     |

|   | FY Mar/16<br>Six Months (Apr.-Sept.) |       | FY Mar/17<br>Six Months (Apr.-Sept.) |       |         |
|---|--------------------------------------|-------|--------------------------------------|-------|---------|
|   | Net Sales                            | Ratio | Net Sales                            | Ratio | Changes |
|   |                                      |       |                                      |       |         |
| Display Materials   | 35.9                                 | 29%   | 35.2                                 | 27%   | -2%     |
| Electronic Components, Semiconductor,<br>Electric Circuit Materials | 63.7                                 | 51%   | 60.5                                 | 47%   | -5%     |
| Data Storage Materials  | 15.6                                 | 12%   | 13.6                                 | 11%   | -13%    |
| Equipment, others   | 9.8                                  | 8%    | 19.4                                 | 15%   | +98%    |
| Total   | 125.0                                |       | 128.6                                |       | +3%     |

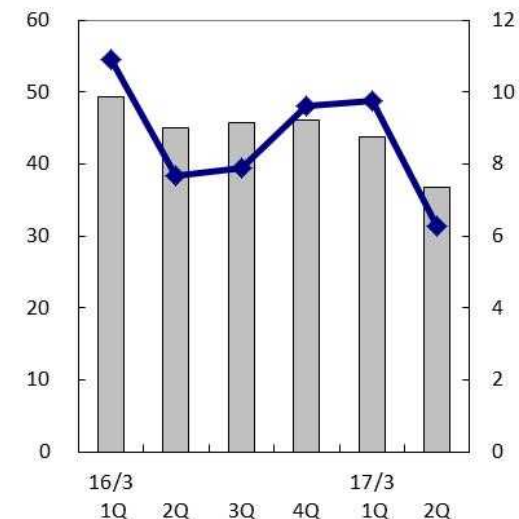
# Business Results by Segment (Carbon Fiber Composite Materials)

Unit: Billion yen

|                  |                       | 2Q (Jul.-Sept.) |           |         |          | Six Months (Apr.-Sept.) |           |         |          |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|----------|
|                  |                       | FY Mar/16       | FY Mar/17 | Changes |          | FY Mar/16               | FY Mar/17 | Changes |          |
| Net Sales        | Toray                 | 26.1            | 25.3      | -0.8    | (-3.0%)  | 53.2                    | 52.6      | -0.6    | (-1.0%)  |
|                  | Japanese Subsidiaries | 19.9            | 15.9      | -4.0    | (-20.1%) | 39.8                    | 34.9      | -4.9    | (-12.3%) |
|                  | Overseas Subsidiaries | 40.1            | 31.5      | -8.6    | (-21.5%) | 84.1                    | 68.9      | -15.3   | (-18.1%) |
|                  | Adjustment            | ▲ 41.1          | ▲ 35.9    | +5.2    |          | ▲ 82.8                  | ▲ 75.9    | +7.0    |          |
|                  | Total                 | 45.0            | 36.8      | -8.2    | (-18.3%) | 94.3                    | 80.6      | -13.8   | (-14.6%) |
| Operating Income | Toray                 | 4.8             | 3.3       | -1.5    | (-31.3%) | 10.9                    | 7.5       | -3.4    | (-31.0%) |
|                  | Japanese Subsidiaries | 0.3             | 0.3       | +0.1    | (+23.7%) | 0.5                     | 0.7       | +0.1    | (+22.7%) |
|                  | Overseas Subsidiaries | 4.3             | 4.0       | -0.4    | (-9.0%)  | 9.3                     | 9.2       | -0.1    | (-0.9%)  |
|                  | Adjustment            | ▲ 1.7           | ▲ 1.3     | +0.4    |          | ▲ 2.2                   | ▲ 1.4     | +0.8    |          |
|                  | Total                 | 7.7             | 6.3       | -1.4    | (-18.2%) | 18.6                    | 16.0      | -2.5    | (-13.7%) |

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



## 2Q (Jul.-Sept.)

While the final demand for aircraft was strong, demand for carbon fiber intermediate products (prepreg) remained on a weak note, reflecting the inventory trend in the supply chain. Shipment for wind turbine application steadily expanded on the back of robust demand. Meanwhile, demand of products for compressed natural gas tank applications was slow due to the impact of the decline in crude oil price. In general, net export revenues decreased and there was an impact from foreign currency translation differences of overseas subsidiaries' results due to the strong yen.

## Six Months (Apr.-Sept.)

While the final demand for aircraft was strong, demand for carbon fiber intermediate products (prepreg) remained on a weak note, reflecting the inventory trend in the supply chain. Demand of products for compressed natural gas tank applications was slow due to the impact of the decline in crude oil price. Meanwhile, shipment for wind turbine application steadily expanded on the back of robust demand.

# Details of the Sales of Carbon Fiber Composite Materials Segment

【Sales ratio by sub-segment】

Unit: Billion yen

|            | FY Mar/16<br>2Q (Jul.-Sept.) |       | FY Mar/17<br>2Q (Jul.-Sept.) |       |         |
|------------|------------------------------|-------|------------------------------|-------|---------|
|            | Net Sales                    | Ratio | Net Sales                    | Ratio | Changes |
|            |                              |       |                              |       |         |
| Aerospace  | 22.5                         | 50%   | 16.7                         | 45%   | -26%    |
| Sports     | 4.2                          | 9%    | 3.3                          | 9%    | -21%    |
| Industrial | 18.3                         | 41%   | 16.7                         | 46%   | -8%     |
| Total      | 45.0                         |       | 36.8                         |       | -18%    |

|            | FY Mar/16<br>Six Months (Apr.-Sept.) |       | FY Mar/17<br>Six Months (Apr.-Sept.) |       |         |
|------------|--------------------------------------|-------|--------------------------------------|-------|---------|
|            | Net Sales                            | Ratio | Net Sales                            | Ratio | Changes |
|            |                                      |       |                                      |       |         |
| Aerospace  | 48.1                                 | 51%   | 37.3                                 | 46%   | -22%    |
| Sports     | 8.6                                  | 9%    | 6.8                                  | 8%    | -22%    |
| Industrial | 37.6                                 | 40%   | 36.5                                 | 45%   | -3%     |
| Total      | 94.3                                 |       | 80.6                                 |       | -15%    |

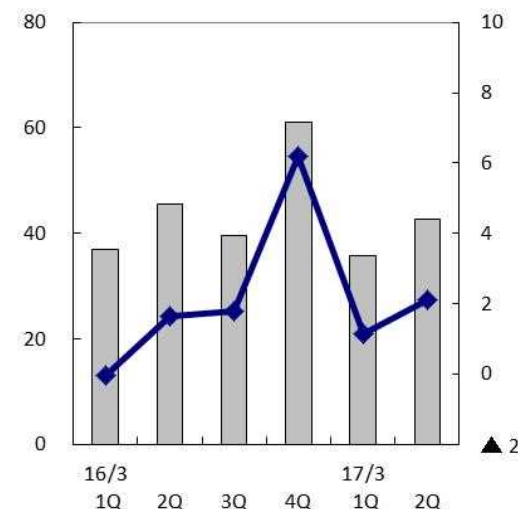
# Business Results by Segment (Environment & Engineering)

Unit: Billion yen

|                  |                       | 2Q (Jul.-Sept.) |           |         |           | Six Months (Apr.-Sept.) |           |         |           |
|------------------|-----------------------|-----------------|-----------|---------|-----------|-------------------------|-----------|---------|-----------|
|                  |                       | FY Mar/16       | FY Mar/17 | Changes |           | FY Mar/16               | FY Mar/17 | Changes |           |
| Net Sales        | Toray                 | 5.5             | 5.9       | +0.3    | (+5.5%)   | 10.2                    | 10.2      | +0.0    | (+0.1%)   |
|                  | Japanese Subsidiaries | 52.2            | 54.3      | +2.1    | (+4.0%)   | 91.2                    | 96.7      | +5.6    | (+6.1%)   |
|                  | Overseas Subsidiaries | 6.4             | 6.2       | -0.2    | (-2.4%)   | 13.7                    | 12.9      | -0.8    | (-5.9%)   |
|                  | Adjustment            | ▲ 18.6          | ▲ 23.7    | -5.0    |           | ▲ 32.3                  | ▲ 41.2    | -8.9    |           |
|                  | Total                 | 45.6            | 42.7      | -2.8    | (-6.2%)   | 82.6                    | 78.6      | -4.1    | (-4.9%)   |
| Operating Income | Toray                 | 0.5             | 0.3       | -0.2    | (-41.7%)  | 0.7                     | 0.0       | -0.7    | (-98.2%)  |
|                  | Japanese Subsidiaries | 0.5             | 1.5       | +1.0    | (+187.0%) | ▲ 0.5                   | 2.1       | +2.6    | (-)       |
|                  | Overseas Subsidiaries | 0.8             | 0.7       | -0.1    | (-13.3%)  | 1.7                     | 1.6       | -0.2    | (-9.4%)   |
|                  | Adjustment            | ▲ 0.2           | ▲ 0.4     | -0.2    |           | ▲ 0.3                   | ▲ 0.4     | -0.1    |           |
|                  | Total                 | 1.6             | 2.1       | +0.5    | (+28.3%)  | 1.6                     | 3.3       | +1.7    | (+102.9%) |

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



## 2Q (Jul.-Sept.)

In the water treatment business, exports from Japan was affected by the continued appreciation of the yen. Overseas subsidiaries in general performed strongly.

Among domestic subsidiaries in the segment, plant construction projects increased at an engineering subsidiary.

## Six Months (Apr.-Sept.)

In the water treatment business, although Toray Group continued to work on sales expansion of reverse osmosis membranes and other products, exports from Japan was affected by the continued appreciation of the yen. Overseas subsidiaries in general performed strongly.

In terms of domestic subsidiaries in the segment, industrial machinery at an engineering subsidiary performed strongly. By contrast, sales volume of some trading subsidiaries declined due to the impact of slowing economy outside Japan.



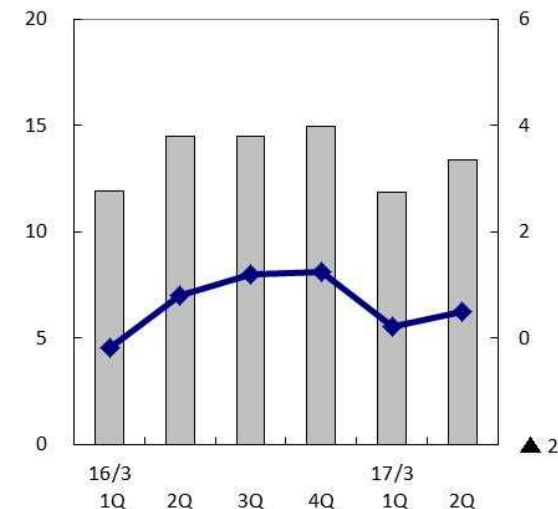
# Business Results by Segment (Life Science)

Unit: Billion yen

|                  |                       | 2Q (Jul.-Sept.) |           |         |          | Six Months (Apr.-Sept.) |           |         |          |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|----------|
|                  |                       | FY Mar/16       | FY Mar/17 | Changes |          | FY Mar/16               | FY Mar/17 | Changes |          |
| Net Sales        | Toray                 | 9.1             | 8.0       | -1.0    | (-11.4%) | 16.4                    | 14.9      | -1.5    | (-9.0%)  |
|                  | Japanese Subsidiaries | 10.3            | 10.4      | +0.1    | (+0.9%)  | 19.5                    | 20.0      | +0.5    | (+2.4%)  |
|                  | Overseas Subsidiaries | 2.7             | 2.8       | +0.1    | (+3.1%)  | 6.2                     | 6.1       | -0.1    | (-1.7%)  |
|                  | Adjustment            | ▲ 7.6           | ▲ 7.9     | -0.2    |          | ▲ 15.8                  | ▲ 15.8    | -0.0    |          |
|                  | Total                 | 14.5            | 13.4      | -1.1    | (-7.6%)  | 26.4                    | 25.2      | -1.2    | (-4.4%)  |
| Operating Income | Toray                 | 1.1             | 1.0       | -0.1    | (-8.3%)  | 0.6                     | 0.6       | +0.0    | (+2.6%)  |
|                  | Japanese Subsidiaries | 0.2             | 0.0       | -0.2    | (-93.5%) | 0.4                     | -0.3      | -0.7    | (-)      |
|                  | Overseas Subsidiaries | ▲ 0.1           | 0.0       | +0.1    | (-)      | ▲ 0.1                   | 0.1       | +0.1    | (-)      |
|                  | Adjustment            | ▲ 0.5           | ▲ 0.6     | -0.1    |          | ▲ 0.3                   | 0.4       | +0.6    |          |
|                  | Total                 | 0.8             | 0.5       | -0.3    | (-35.7%) | 0.6                     | 0.7       | +0.1    | (+18.4%) |

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



## 2Q (Jul.-Sept.)

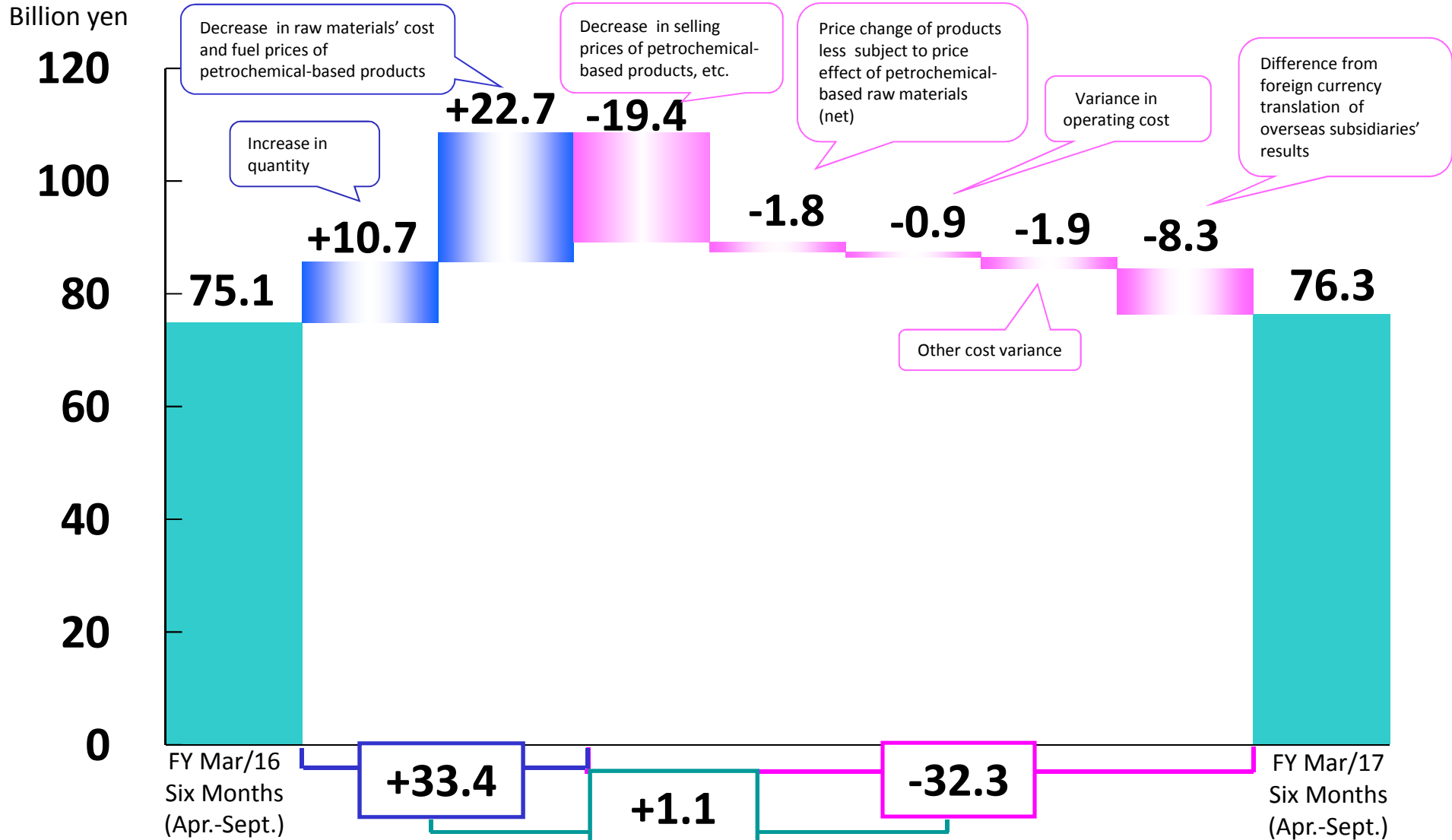
In the pharmaceutical business, sales volume of pruritus treatment REMITCH®\* increased, as the product received approval for the additional indication in 2015. However, the product was affected by the National Health Insurance drug price revision in April 2016. In addition, shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish due to the impact of alternative medicines and their generic versions. In terms of the medical devices business, shipment of dialyzers grew strongly in Japan and overseas.

## Six Months (Apr.-Sept.)

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

# Income Variance Factor Analysis (Six Months)



“Petrochemical-based 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/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes | FY Mar/16<br>Six Months<br>(Apr.-Sept.) | FY Mar/17<br>Six Months<br>(Apr.-Sept.) | Changes |
| Toray International, Inc.            |                      | 278.9                                   | <b>257.8</b>                            | -21.1   | 5.5                                     | <b>4.6</b>                              | -0.9    |
| Toray Engineering Co., Ltd.          |                      | 30.9                                    | <b>48.1</b>                             | +17.2   | ▲ 0.3                                   | <b>3.0</b>                              | +3.2    |
| Toray Construction Co., Ltd.         |                      | 20.6                                    | <b>19.4</b>                             | -1.2    | 0.1                                     | <b>0.9</b>                              | +0.8    |
| Toray Advanced Film Co., Ltd.        |                      | 21.1                                    | <b>20.5</b>                             | -0.6    | 0.5                                     | <b>0.9</b>                              | +0.4    |
| Toray Medical Co., Ltd.              |                      | 19.5                                    | <b>20.0</b>                             | +0.5    | 0.4                                     | ▲ <b>0.3</b>                            | -0.7    |
| TAK (Republic of Korea)              |                      | 59.2                                    | <b>52.6</b>                             | -6.6    | 6.0                                     | <b>6.2</b>                              | +0.3    |
| TPM (Malaysia)                       |                      | 34.9                                    | <b>28.1</b>                             | -6.9    | 2.8                                     | <b>2.2</b>                              | -0.6    |
| Subsidiaries in<br>Southeast Asia *1 | Fibers & Textiles    | 65.0                                    | <b>56.1</b>                             | -8.9    | 4.3                                     | <b>3.4</b>                              | -0.9    |
|                                      | Plastics & Chemicals | 42.1                                    | <b>34.8</b>                             | -7.3    | 3.4                                     | <b>3.2</b>                              | -0.3    |
|                                      | Others               | 4.6                                     | <b>4.0</b>                              | -0.5    | 0.4                                     | <b>0.5</b>                              | +0.1    |
|                                      | Total                | 111.6                                   | <b>94.9</b>                             | -16.7   | 8.2                                     | <b>7.1</b>                              | -1.1    |
| Subsidiaries in China *2             | Fibers & Textiles    | 144.1                                   | <b>121.6</b>                            | -22.5   | 13.4                                    | <b>11.7</b>                             | -1.7    |
|                                      | Plastics & Chemicals | 41.4                                    | <b>36.5</b>                             | -4.9    | 1.7                                     | <b>1.9</b>                              | +0.2    |
|                                      | Others               | 12.8                                    | <b>15.5</b>                             | +2.8    | 0.4                                     | <b>1.0</b>                              | +0.6    |
|                                      | Total                | 198.3                                   | <b>173.6</b>                            | -24.7   | 15.5                                    | <b>14.6</b>                             | -0.9    |
| Films Subsidiaries<br>(Overseas) *3  | Plastics & Chemicals | 54.9                                    | <b>46.9</b>                             | -8.0    | 3.6                                     | <b>4.1</b>                              | +0.5    |
|                                      | IT-related Products  | 31.2                                    | <b>28.1</b>                             | -3.1    | 3.8                                     | <b>3.4</b>                              | -0.4    |
|                                      | Total                | 86.1                                    | <b>75.0</b>                             | -11.1   | 7.4                                     | <b>7.5</b>                              | +0.1    |

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

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

\*3 : TAK, TCK, PFR, TPA, TFE, TFH/TFZ, TAFK, TFN \* the above alphabets are abbreviations of each company

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

Billion yen

| Segment                          | Operating Income<br>FY Mar/17 1Q →<br>FY Mar/17 2Q<br>( ) difference | Variance Factors   |
|----------------------------------|--|--|
| Fibers & Textiles                | 17.8 → 16.8<br>(- 0.9)   | <ul style="list-style-type: none"> <li>Net export revenues decreased and negative impact expanded from foreign currency translation differences of overseas subsidiaries' results due to the continued appreciation of the yen.</li> <li>Shipment of textiles for autumn and winter clothes has passed the peak at overseas textile subsidiaries.</li> </ul> |
| Plastics & Chemicals             | 8.5 → 7.4<br>(- 1.1)   | <ul style="list-style-type: none"> <li>Net export revenues decreased and negative impact expanded from foreign currency translation differences of overseas subsidiaries' results due to the continued appreciation of the yen.</li> <li>Reduced margin due to lowered selling prices reflecting the decrease in raw material prices.</li> </ul>             |
| IT-related Products              | 8.4 → 7.5<br>(- 0.9)   | <ul style="list-style-type: none"> <li>Shipment of LCD color filter manufacturing equipment has passed the peak.</li> <li>Production of products using high-functional electric circuit materials has subdued.</li> </ul>  |
| Carbon Fiber Composite Materials | 9.8 → 6.3<br>(- 3.5)   | <ul style="list-style-type: none"> <li>Net export revenues decreased and negative impact expanded from foreign currency translation differences of overseas subsidiaries' results due to the continued appreciation of the yen.</li> <li>There was some inventory adjustment in the supply chain.</li> </ul>   |
| Environment & Engineering        | 1.2 → 2.1<br>(+ 0.9)   | <ul style="list-style-type: none"> <li>Water treatment business performed strongly.</li> <li>Plant construction business made steady progress at an engineering subsidiary.</li> </ul>   |
| Life Science                     | 0.2 → 0.5<br>(+ 0.3)   | <ul style="list-style-type: none"> <li>In the pharmaceutical business, sales expanded for an oral antipruritus drug, * REMITCH®.</li> </ul>  |
| Others                           | ▲ 0.1 → 0.4<br>(+ 0.4)   |  |
| Adjustment                       | ▲ 4.7 → ▲ 5.8<br>(- 1.1)   |  |
| Consolidated                     | 41.0 → 35.3<br>(- 5.7)   |  |

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

## **II. Business Forecast for the Fiscal Year Ending March 2017 (Consolidated Basis)**

# Forecast Summary for the Fiscal Year Ending March 2017

|   |              | FY Mar/16<br>Actual | FY Mar/16<br>Forecast | Changes      |                | Previous<br>Forecast | Difference from<br>Previous<br>Forecast* | Billion yen |
|---|--------------|---------------------|-----------------------|--------------|----------------|----------------------|--|-------------|
| Net Sales   | 1st Half     | 1,028.6             | 957.0                 | -71.6        | (-7.0%)        | 1,010.0              | -53.0                                    |             |
|   | 2nd Half     | 1,075.9             | 1,103.0               | +27.1        | (+2.5%)        | 1,150.0              | -47.0                                    |             |
|   | <b>Total</b> | <b>2,104.4</b>      | <b>2,060.0</b>        | <b>-44.4</b> | <b>(-2.1%)</b> | <b>2,160.0</b>       | <b>-100.0</b>                            |             |
| Operating Income                                  | 1st Half     | 75.1                | 76.3                  | +1.1         | (+1.5%)        | 78.0                 | -1.7                                     |             |
|   | 2nd Half     | 79.4                | 78.7                  | -0.6         | (-0.8%)        | 92.0                 | -13.3                                    |             |
|   | <b>Total</b> | <b>154.5</b>        | <b>155.0</b>          | <b>+0.5</b>  | <b>(+0.3%)</b> | <b>170.0</b>         | <b>-15.0</b>                             |             |
| Ordinary Income                                   | 1st Half     | 75.5                | 76.1                  | +0.6         | (+0.8%)        | 78.0                 | -1.9                                     |             |
|   | 2nd Half     | 74.7                | 78.9                  | +4.2         | (+5.7%)        | 92.0                 | -13.1                                    |             |
|   | <b>Total</b> | <b>150.2</b>        | <b>155.0</b>          | <b>+4.8</b>  | <b>(+3.2%)</b> | <b>170.0</b>         | <b>-15.0</b>                             |             |
| Net Income<br>Attributable to<br>Owners of Parent | 1st Half     | 49.4                | 53.4                  | +4.0         | (+8.0%)        | 50.0                 | +3.4                                     |             |
|   | 2nd Half     | 40.7                | 41.6                  | +0.9         | (+2.2%)        | 55.0                 | -13.4                                    |             |
|   | <b>Total</b> | <b>90.1</b>         | <b>95.0</b>           | <b>+4.9</b>  | <b>(+5.4%)</b> | <b>105.0</b>         | <b>-10.0</b>                             |             |
| Net Income per Share                              | 1st Half     | 30.93 yen           | 33.40 yen             |              |                |                      |  |             |
|   | 2nd Half     | 25.45 yen           | 26.01 yen             |              |                |                      |  |             |
|   | <b>Total</b> | <b>56.38 yen</b>    | <b>59.41 yen</b>      |              |                |                      |  |             |
| Dividend per Share                                | 1st Half     | 6.00 yen            | 7.00 yen              |              |                |                      |  |             |
|   | 2nd Half     | 7.00 yen            | 7.00 yen              |              |                |                      |  |             |
|   | <b>Total</b> | <b>13.00 yen</b>    | <b>14.00 yen</b>      |              |                |                      |  |             |

Remarks : Assumed exchange rate : 100 yen / US\$ (from October)

\*Difference from Previous Forecast :  
The difference from the forecast announced on August 5, 2016.

# Forecast by Segment (Net Sales / Operating Income)

Billion yen

|                  |                                  | FY Mar/16<br>Actual |          |         | FY Mar/17<br>Forecast |          |         | Changes  |          |       | Difference from Previous Forecast* |          |        |
|------------------|----------------------------------|---------------------|----------|---------|-----------------------|----------|---------|----------|----------|-------|------------------------------------|----------|--------|
|                  |                                  | 1st Half            | 2nd Half | Total   | 1st Half              | 2nd Half | Total   | 1st Half | 2nd Half | Total | 1st Half                           | 2nd Half | Total  |
| Net Sales        | Fibers & Textiles                | 435.8               | 456.2    | 892.0   | 400.2                 | 454.8    | 855.0   | -35.7    | -1.4     | -37.0 | -19.8                              | -5.2     | -25.0  |
|                  | Plastics & Chemicals             | 257.2               | 264.0    | 521.2   | 236.7                 | 263.3    | 500.0   | -20.5    | -0.8     | -21.2 | -8.3                               | -6.7     | -15.0  |
|                  | IT-related Products              | 125.0               | 126.1    | 251.1   | 128.6                 | 131.4    | 260.0   | +3.6     | +5.3     | +8.9  | -1.4                               | -13.6    | -15.0  |
|                  | Carbon Fiber Composite Materials | 94.3                | 91.9     | 186.2   | 80.6                  | 89.4     | 170.0   | -13.8    | -2.4     | -16.2 | -9.4                               | -10.6    | -20.0  |
|                  | Environment & Engineering        | 82.6                | 100.7    | 183.3   | 78.6                  | 121.4    | 200.0   | -4.1     | +20.8    | +16.7 | -11.4                              | -8.6     | -20.0  |
|                  | Life Science                     | 26.4                | 29.5     | 55.8    | 25.2                  | 34.8     | 60.0    | -1.2     | +5.3     | +4.2  | -1.8                               | -2.2     | -4.0   |
|                  | Others                           | 7.2                 | 7.5      | 14.7    | 7.2                   | 7.8      | 15.0    | -0.0     | +0.3     | +0.3  | -0.8                               | -0.2     | -1.0   |
|                  | Consolidated                     | 1,028.6             | 1,075.9  | 2,104.4 | 957.0                 | 1,103.0  | 2,060.0 | -71.6    | +27.1    | -44.4 | -53.0                              | -47.0    | -100.0 |
| Operating Income | Fibers & Textiles                | 35.0                | 33.9     | 68.9    | 34.6                  | 33.4     | 68.0    | -0.4     | -0.5     | -0.9  | -0.4                               | -2.6     | -3.0   |
|                  | Plastics & Chemicals             | 15.7                | 13.7     | 29.4    | 15.9                  | 16.1     | 32.0    | +0.3     | +2.3     | +2.6  | -1.1                               | -0.9     | -2.0   |
|                  | IT-related Products              | 12.0                | 14.2     | 26.2    | 15.9                  | 16.1     | 32.0    | +3.9     | +1.9     | +5.9  | +1.9                               | -0.9     | +1.0   |
|                  | Carbon Fiber Composite Materials | 18.6                | 17.5     | 36.1    | 16.0                  | 13.0     | 29.0    | -2.5     | -4.6     | -7.1  | -3.0                               | -6.0     | -9.0   |
|                  | Environment & Engineering        | 1.6                 | 8.0      | 9.6     | 3.3                   | 7.7      | 11.0    | +1.7     | -0.2     | +1.4  | +0.3                               | -1.3     | -1.0   |
|                  | Life Science                     | 0.6                 | 2.4      | 3.1     | 0.7                   | 2.3      | 3.0     | +0.1     | -0.2     | -0.1  | +0.2                               | -2.2     | -2.0   |
|                  | Others                           | 0.5                 | 1.4      | 2.0     | 0.3                   | 1.7      | 2.0     | -0.2     | +0.3     | +0.0  | -0.2                               | +0.2     | —      |
|                  | Adjustment                       | ▲ 8.9               | ▲ 11.8   | ▲ 20.7  | ▲ 10.5                | ▲ 11.5   | ▲ 22.0  | -1.6     | +0.3     | -1.3  | +0.5                               | +0.5     | +1.0   |
| Consolidated     | 75.1                             | 79.4                | 154.5    | 76.3    | 78.7                  | 155.0    | +1.1    | -0.6     | +0.5     | -1.7  | -13.3                              | -15.0    |        |

\*Difference from Previous Forecast : the difference from the forecast announced on August 5, 2016.

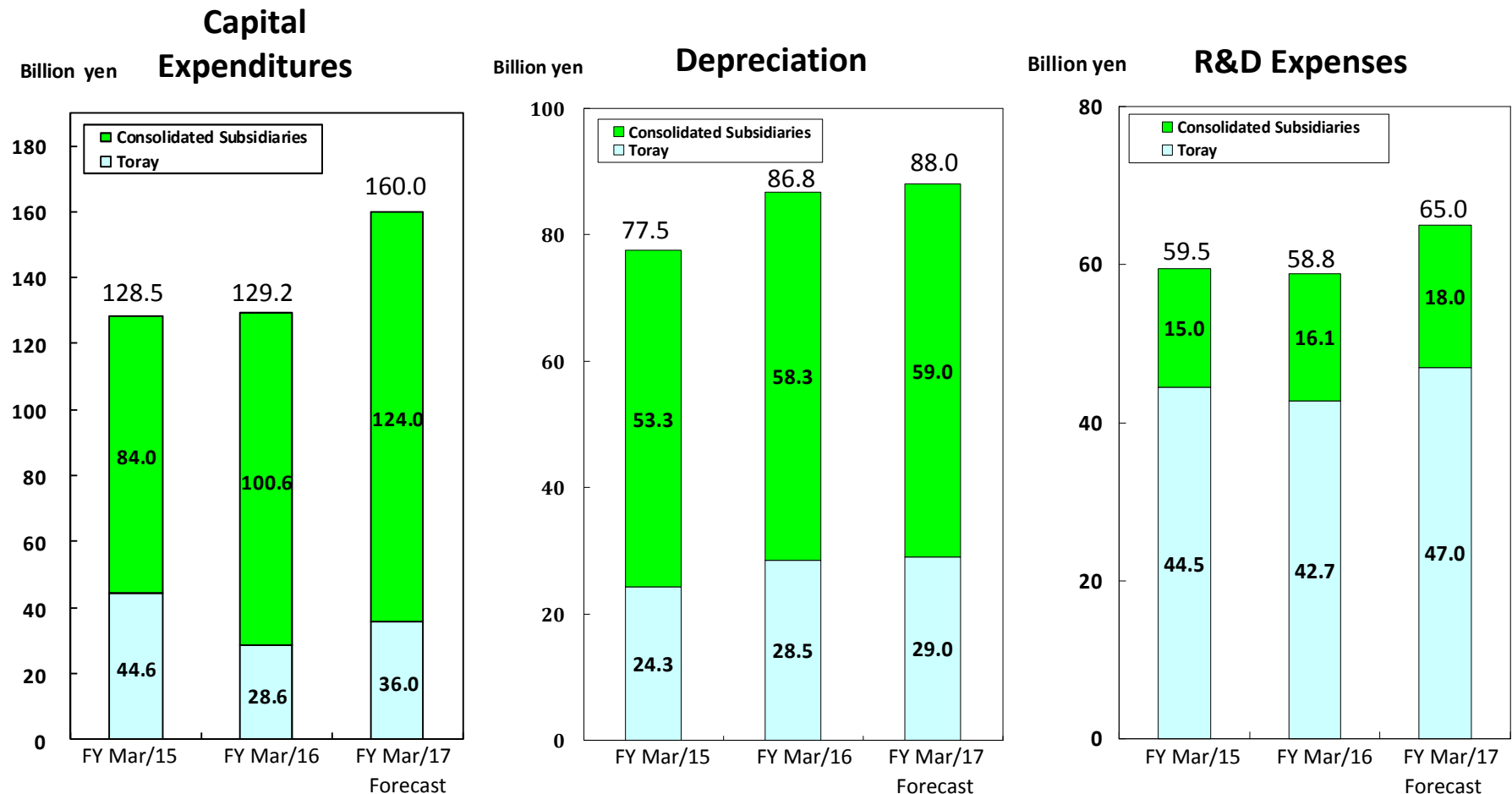
# Comparison of Operating Income (Previous vs. New) Forecast by Segment

Billion yen

| Segment                          | Full-year Operating Income<br>Previous Forecast →<br>New Forecast<br>( ) difference | Variance Factors   |
|----------------------------------|---|--|
| Fibers & Textiles                | 71.0 → 68.0<br>(- 3.0)  | <ul style="list-style-type: none"> <li>• Expect decrease in net export revenues and expansion of negative impact from the differences from foreign currency translation of overseas subsidiaries' results due to the continued appreciation of the yen.</li> <li>• Expect demand to weaken due to sluggish consumer spending in Japan and bad weather, etc.</li> </ul>                               |
| Plastics & Chemicals             | 34.0 → 32.0<br>(- 2.0)  | <ul style="list-style-type: none"> <li>• Expect decrease in net export revenues and expansion of negative impact from the differences from foreign currency translation of overseas subsidiaries' results due to the continued appreciation of the yen.</li> <li>• Expect demand for automotive applications in the U.S. to weaken and margin of products including ABS resins to shrink.</li> </ul> |
| IT-related Products              | 31.0 → 32.0<br>(+ 1.0)  | <ul style="list-style-type: none"> <li>• While striving to expand sales items, the company will shift focus to high value-added products and work on cost reduction.</li> </ul>  |
| Carbon Fiber Composite Materials | 38.0 → 29.0<br>(- 9.0)  | <ul style="list-style-type: none"> <li>• Expect decrease in net export revenues and expansion of negative impact from the differences from foreign currency translation of overseas subsidiaries' results due to the continued appreciation of the yen.</li> <li>• Expect continued inventory adjustment in the supply chain.</li> </ul>   |
| Environment & Engineering        | 12.0 → 11.0<br>(- 1.0)  | <ul style="list-style-type: none"> <li>• Expect negative impact from the sluggish real estate demand.</li> </ul>   |
| Life Science                     | 5.0 → 3.0<br>(- 2.0)  | <ul style="list-style-type: none"> <li>• Expect delay in sales expansion of both pharmaceutical and medical devices business.</li> </ul>   |
| Others                           | 2.0 → 2.0<br>(± 0.0)  |  |
| Adjustment                       | ▲ 23.0 → ▲ 22.0<br>(+ 1.0)  |  |
| Consolidated                     | 170.0 → 155.0<br>(- 15.0)   |  |



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



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**Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2017 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.**