

November 10, 2017

Toray Announces Consolidated Results for the Six Months Ended September 30, 2017

Tokyo, November 10, 2017 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the six months ended September 30, 2017 of the fiscal year ending March 31, 2018. The following summary of the business results that Toray submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Business Results

(Millions of yen, millions of U.S. dollars, except per share data)

	Six months ended September 30,				(Reference)
	2017	2016	Change	2017	Fiscal 2016
	Yen		%	U.S. dollars	Yen
Net sales	¥1,048,218	¥956,986	9.5	\$9,301	¥2,026,470
Operating income	78,060	76,273	2.3	693	146,893
Ordinary income	76,759	76,084	0.9	681	143,736
Net income attributable to owners of parent	47,524	53,405	(11.0)	422	99,418
Earnings per share - Basic (Yen)	29.71	33.40	-	-	62.17
Earnings per share - Diluted (Yen)	29.68	33.36	-	-	62.10

Consolidated Financial Condition

(Millions of yen, millions of U.S. dollars)

	As of September 30, 2017		As of March 31, 2017
	Yen	U.S. dollars	Yen
Total assets	¥2,547,480	\$22,604	¥2,396,785
Net assets	1,157,245	10,268	1,100,176
Equity ratio	42.3%	-	42.6%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2016	-	¥7.00	-	¥7.00	¥14.00
FY2017	-	7.00	-	-	-
FY2017 (forecast)	-	-	-	7.00	14.00

Notes:

1. For calculation of "Equity ratio", non-controlling interests and stock acquisition rights are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥112.7 = U.S. \$1, the approximate rate of exchange prevailing on September 30, 2017.
3. Amounts are rounded to the nearest million.

Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	Six months ended September 30,		
	2017	2016	2017
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥422,785	¥400,169	\$3,751
Performance Chemicals	390,688	346,214	3,467
Carbon Fiber Composite Materials	84,820	80,555	753
Environment & Engineering	115,221	96,419	1,022
Life Science	26,214	25,225	233
Others	8,490	8,404	75
Consolidated Total	1,048,218	956,986	9,301

Segment Income	Six months ended September 30,		
	2017	2016	2017
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥35,548	¥34,610	\$315
Performance Chemicals	35,686	29,601	317
Carbon Fiber Composite Materials	10,458	16,045	93
Environment & Engineering	6,829	5,259	61
Life Science	1,385	733	12
Others	860	503	8
Total	90,766	86,751	805
Adjustment	(12,706)	(10,478)	(113)
Consolidated Total (Operating income)	78,060	76,273	693

Notes:

1. The company has changed the reporting segments from six reporting segments which were "Fibers & Textiles", "Plastics & Chemicals", "IT-related Products", "Carbon Fiber Composite Materials", "Environment & Engineering" and "Life Science" to five reporting segments which are "Fibers & Textiles", "Performance Chemicals", "Carbon Fiber Composite Materials", "Environment & Engineering" and "Life Science" from the fiscal year ending March 31, 2018. Accordingly, the actual figures of six months ended September 30, 2016 have been restated to reflect the changes in reporting segments.
2. "Others" represents service-related businesses such as analysis, physical evaluation, research and information processing.
3. "Adjustment" of segment income for the six months ended September 30, 2017 of (12,706) million yen includes intersegment eliminations of (330) million yen and corporate expenses of (12,376) million yen. "Adjustment" of segment income for the six months ended September 30, 2016 of (10,478) million yen includes intersegment eliminations of 97 million yen and

corporate expenses of (10,575) million yen. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.

4. U.S. dollar amounts have been converted from yen at the exchange rate of ¥112.7 = U.S. \$1, the approximate rate of exchange prevailing on September 30, 2017.
5. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2018

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2018	
	Yen	<i>U.S. dollars</i>
Net sales	¥2,220,000	\$20,182
Operating income	165,000	1,500
Ordinary income	162,000	1,473
Net income attributable to owners of parent	100,000	909

Reference: EPS forecast (year ending March 31, 2018) ¥62.52

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥110.0 = U.S. \$1, the estimated rate of exchange from October onwards.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the Six Months Ended September 30, 2017

During the period under review, the U.S. and European economy continued to register a gradual recovery. There were signs of the economy picking up in China and many other emerging countries. The Japanese economy, in general, continued on its modest recovery track on the back of improving employment and income situation.

The mainstay businesses at Toray Group saw rises in raw materials and fuel prices compared with the same period of the previous fiscal year due to the fluctuations in crude oil price.

Under such circumstances, Toray Group in April 2017 embarked on the new medium-term management program “Project AP-G 2019” that spans over three years from fiscal year 2017 to 2019 and has been implementing the growth strategy with focus on taking advantage of growth business fields, pursuing business expansion in growth countries and regions as well as further bolstering its cost competitiveness.

As a result, consolidated net sales for the six months ended September 30, 2017 increased 9.5% compared with the same period of the previous fiscal year to ¥1,048.2 billion (US\$9,301 million). Operating income rose 2.3% to ¥78.1 billion (US\$693 million), and ordinary income increased 0.9% to ¥76.8 billion (US\$681 million). Net income attributable to owners of parent declined by 11.0% to ¥47.5 billion (US\$422 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles

In Japan, demand for apparel applications remained weak in general, while demand for some of industrial applications such as automobiles was strong. Against this background, Toray Group not only strived to expand sales in various applications but also worked to reduce costs and upgrade the business through measures such as promotion of a business format that integrates fibers to textiles to final products.

Overseas, business performance of some subsidiaries in Southeast Asia and other regions was affected by a slowdown in exports to the Middle East. On the other hand, materials for automotive applications and hygiene products remained strong in general.

As a result, overall sales of Fibers & Textiles segment increased 5.7% to ¥422.8 billion (US\$3,751 million) compared with the same period a year earlier and operating income rose 2.7% to ¥35.5 billion (US\$315 million).

Performance Chemicals

In the resin business, shipment for automotive applications was strong in general, mainly in Japan. Besides automotive applications, Toray Group also promoted sales

expansion of ABS and PPS resins. In the film business, shipment of battery separator films for lithium-ion secondary batteries increased reflecting demand growth, while films for electronic parts which are used for applications such as smartphones continued to be favorable. In the electronic & information materials business, shipment of OLED-related materials expanded.

As a result, overall sales of Performance Chemicals segment increased 12.8% to ¥390.7 billion (US\$3,467 million) compared with the same period a year earlier and operating income rose 20.6% to ¥35.7 billion (US\$317 million).

Carbon Fiber Composite Materials

In the aerospace applications, though the final demand for the aircraft remained strong and the inventory adjustment in the supply chain progressed, shipments did not reach full recovery. In the industrial applications, demand showed recovery trend primarily in the environment and energy-related field led by compressed natural gas tank applications and wind turbine blade applications. The segment was affected by increases in raw material prices as well as intensifying competition.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 5.3% to ¥84.8 billion (US\$753 million) compared with the same period a year earlier while operating income fell 34.8% to ¥10.5 billion (US\$93 million).

Environment & Engineering

In the water treatment business, demand for reverse osmosis membranes and other products in general grew strongly in Japan and abroad.

In terms of domestic subsidiaries in the segment, industrial machinery such as lithium-ion secondary battery related machineries performed strongly at an engineering subsidiary.

As a result, overall sales of Environment & Engineering segment increased 19.5% to ¥115.2 billion (US\$1,022 million) compared with the same period a year earlier and operating income rose 29.9% to ¥6.8 billion (US\$61 million).

Life Science

In the pharmaceutical business, shipment of pruritus treatment REMITCH^{®*} expanded, partly as the OD (oral disintegrating) tablet version was made available in June. On the other hand, 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 drugs.

In the medical devices business, shipment of dialyzers grew strongly in Japan and overseas.

As a result, overall sales of Life Science segment increased 3.9% to ¥26.2 billion (US\$233 million) compared with the same period a year earlier and operating income rose 88.9% to ¥1.4 billion (US\$12 million).

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

2. Analysis of Financial Condition

As of September 30, 2017, Toray Group's total assets stood at ¥2,547.5 billion (US\$22,604 million), up ¥150.7 billion from the end of the previous fiscal year, primarily due to increases in inventories, property, plant and equipment as well as investment securities.

Liabilities increased by ¥93.6 billion to ¥1,390.2 billion (US\$12,336 million) compared to the end of the previous fiscal year, owing mainly to a higher level of interest-bearing debts.

Net assets rose ¥57.1 billion compared with the end of the previous fiscal year to ¥1,157.2 billion (US\$10,268 million), reflecting an increase in retained earnings due to net income. Net assets less non-controlling interests and stock acquisition rights came to ¥1,076.4 billion (US\$9,551 million).

3. Forecast of Consolidated Results

The global economy as a whole is expected to continue its gradual recovery as the economies of developed countries maintain their recovery led by the U.S., in addition to the rebound in emerging economies. However, attention should be paid to risk factors such as the uncertainties over policy administration of developed countries, the economic downswing in China and other emerging countries and the impact of normalization of the U.S monetary policy. The Japanese economy is also expected to continue on a gradual recovery track on the back of improving employment and income situations, though there are concerns that the economy may be weighed down by uncertainties in overseas economies and the fluctuations in the financial and capital markets.

Under such circumstances, Toray Group will continue to implement the growth strategies under the medium-term management program "Project AP-G 2019."

As for the forecasts for the fiscal year ending March 31, 2018, Toray kept unchanged its full-year consolidated forecasts announced on May 10, 2017. The calculation of consolidated earnings forecasts from October 2017 onwards is based on an assumed foreign currency exchange rate of ¥110.0 to the U.S. dollar.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥112.7 = U.S. \$1, the approximate rate of exchange prevailing on September 30, 2017.

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of Toray's future business performance.

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