

**Announcement of Business Results  
For the 3Q and Nine Months  
Ended December 31, 2018**

**February 8, 2019**

**Toray Industries, Inc.**

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**I. Consolidated Business Results for the  
3Q and Nine Months Ended  
December 31, 2018**

# Summary of Consolidated Business Results for the 3Q and Nine Months Ended Dec. 31, 2018

Billion yen

	FY Mar/18	FY Mar/19	Changes		FY Mar/18	FY Mar/19	Changes	
	3Q (Oct.-Dec.)	3Q (Oct.-Dec.)			Nine Months (Apr.-Dec.)	Nine Months (Apr.-Dec.)		
Net Sales	600.6	<b>617.1</b>	+16.5	(+2.7%)	1,648.8	<b>1,808.3</b>	+159.5	(+9.7%)
Cost of Sales	480.0	<b>505.7</b>	+25.7	(+5.4%)	1,305.1	<b>1,463.5</b>	+158.5	(+12.1%)
Gross Profit	120.6	<b>111.4</b>	-9.2	(-7.6%)	343.8	<b>344.8</b>	+1.0	(+0.3%)
(Gross Profit to Net Sales)	20.1%	<b>18.1%</b>	-2.0	points	20.9%	<b>19.1%</b>	-1.8	points
Operating Income	45.3	<b>34.7</b>	-10.6	(-23.5%)	123.4	<b>112.4</b>	-11.0	(-8.9%)
(Operating Income to Net Sales)	7.5%	<b>5.6%</b>	-1.9	points	7.5%	<b>6.2%</b>	-1.3	points
Non-operating Income and Expenses, net	▲ 0.5	▲ <b>0.6</b>	-0.1		▲ 1.8	▲ <b>0.9</b>	+0.9	
Ordinary Income	44.8	<b>34.0</b>	-10.8	(-24.0%)	121.6	<b>111.4</b>	-10.1	(-8.3%)
Special Credits and Charges, net	▲ 5.7	<b>13.7</b>	+19.4		▲ 9.6	<b>10.3</b>	+19.9	
Income before Income Taxes	39.1	<b>47.7</b>	+8.6	(+22.0%)	111.9	<b>121.7</b>	+9.8	(+8.7%)
Net Income Attributable to Owners of Parent	30.1	<b>32.8</b>	+2.7	(+9.1%)	77.6	<b>81.3</b>	+3.7	(+4.8%)

Exchange Rate	(FY Mar/18 3Q)	→	(FY Mar/19 3Q)	(FY Mar/18 Nine Months)	→	(FY Mar/19 Nine Months)
<Yen/US\$>						
Average	: 113.0	→	112.9	111.7	→	111.1
End of the Term	: 113.0	→	111.0			
<Yen/Euro>						
Average	: 133.0	→	128.8	128.5	→	129.5
End of the Term	: 134.9	→	127.0			

# Non-operating Income and Expenses

Billion yen

	FY Mar/18 3Q (Oct.-Dec)	FY Mar/19 3Q (Oct.-Dec.)	Changes	FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes
Non-operating Income	4.9	<b>6.6</b>	+1.7	15.9	<b>19.1</b>	+3.3
Interest and Dividend Income	2.0	<b>2.3</b>	+0.3	4.7	<b>6.1</b>	+1.4
Equity in Earnings of Affiliates	1.8	<b>3.1</b>	+1.3	7.2	<b>9.1</b>	+1.8
Others	1.1	<b>1.2</b>	+0.1	3.9	<b>4.0</b>	+0.1
Non-operating Expenses	▲ 5.4	▲ <b>7.2</b>	-1.8	▲ 17.6	▲ <b>20.1</b>	-2.4
Interest Expenses	▲ 1.2	▲ <b>2.0</b>	-0.7	▲ 3.8	▲ <b>5.2</b>	-1.4
Costs related to Start-up of New Facilities	▲ 1.7	▲ <b>0.7</b>	+1.0	▲ 4.7	▲ <b>3.7</b>	+1.0
Costs related to Idle Facilities	▲ 0.9	▲ <b>2.5</b>	-1.6	▲ 3.6	▲ <b>5.8</b>	-2.2
Others	▲ 1.6	▲ <b>2.1</b>	-0.5	▲ 5.5	▲ <b>5.3</b>	+0.2
Non-operating Income and Expenses, net	▲ 0.5	▲ <b>0.6</b>	-0.1	▲ 1.8	▲ <b>0.9</b>	+0.9
Interest and Dividend Income, Interest Expenses, net	0.8	<b>0.3</b>	-0.4	0.9	<b>0.9</b>	-0.0

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

# Special Credits and Charges

Billion yen

	FY Mar/18 3Q (Oct.-Dec)	FY Mar/19 3Q (Oct.-Dec.)	Changes	FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes
Special Credits	2.7	<b>16.5</b>	+13.8	3.4	<b>17.2</b>	+13.7
Gain on Sales of Property, Plant and Equipment	0.5	<b>15.3</b>	+14.8	0.7	<b>15.4</b>	+14.7
Gain on Sales of Investment Securities	2.2	<b>1.1</b>	-1.2	2.7	<b>1.6</b>	-1.0
Others	-	<b>0.1</b>	+0.1	-	<b>0.1</b>	+0.1
Special Charges	▲ 8.4	▲ <b>2.8</b>	+5.6	▲ 13.0	▲ <b>6.9</b>	+6.1
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 1.9	▲ <b>2.0</b>	-0.1	▲ 3.9	▲ <b>4.5</b>	-0.6
Loss on Impairment of Fixed Assets	▲ 2.8	▲ <b>0.9</b>	+1.9	▲ 3.4	▲ <b>1.2</b>	+2.2
Loss on Liquidation and Devaluation of Subsidiaries and Affiliated Companies	▲ 3.7	-	+3.7	▲ 3.7	-	+3.7
Environmental Expenses	-	-	-	▲ 1.7	-	+1.7
Settlement Package	-	<b>0.1</b>	+0.1	-	▲ <b>0.9</b>	-0.9
Others	▲ 0.0	▲ <b>0.0</b>	+0.0	▲ 0.3	▲ <b>0.3</b>	-0.1
Special Credits and Charges, net	▲ 5.7	<b>13.7</b>	+19.4	▲ 9.6	<b>10.3</b>	+19.9

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

# Assets, Liabilities, Net Assets

Billion yen

	End of Mar/18	End of Dec/18	Changes
Total Assets	2,575.9	<b>2,781.0</b>	+205.1
Current Assets	1,127.0	<b>1,203.3</b>	+76.2
Tangible Assets	927.0	<b>970.9</b>	+43.9
Intangible Assets	68.6	<b>190.5</b>	+121.9
Investment and Other Assets	453.2	<b>416.3</b>	-36.9

	End of Mar/18	End of Dec/18	Changes
Total Liabilities	1,406.7	<b>1,569.7</b>	+162.9
Current Liabilities	676.5	<b>717.2</b>	+40.7
Other Liabilities	730.2	<b>852.4</b>	+122.2
Total Net Assets	1,169.2	<b>1,211.4</b>	+42.2

Owner's Equity	1,090.7	<b>1,129.9</b>	+39.2
Equity Ratio	42.3%	<b>40.6%</b>	-1.7 points

Interest-bearing Debts	816.3	<b>969.5</b>	+153.1
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D/E Ratio	0.75	<b>0.86</b>	+0.11
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\* Purchase price allocation associated with the purchase of stake in TenCate Advanced Composites Holding B.V. has been completed in the 3Q of this consolidated financial year.

- (1) Goodwill 65.8 billion yen (amortization period: 20 years)
- (2) Customer-related intangible assets 42.0 billion yen (amortization period: 20 years)
- (3) Technology-based intangible assets 27.0 billion yen (amortization period: 24 years)

# Capital Expenditures, Depreciation, R&D Expenses

Billion yen

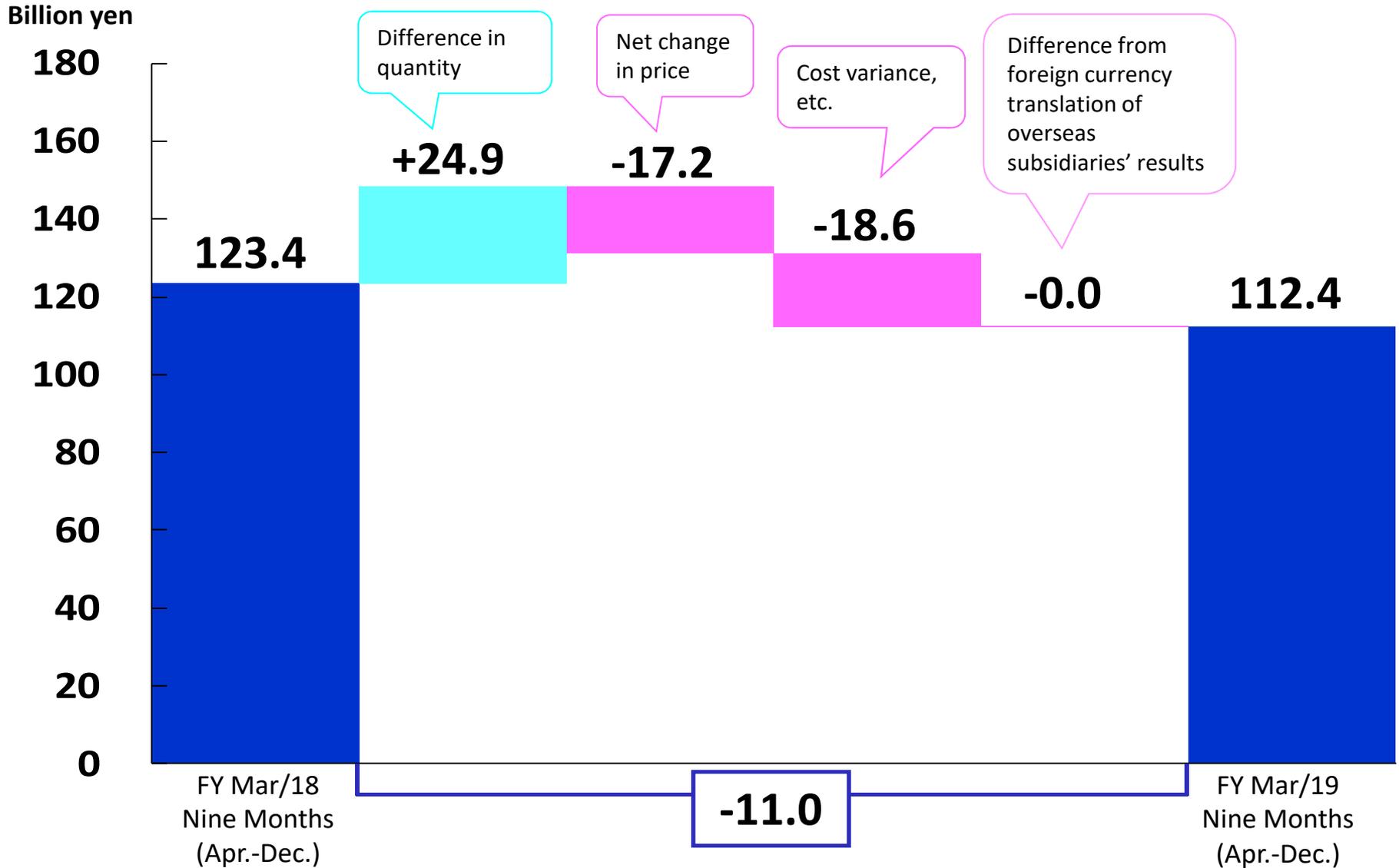
	FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes
Capital Expenditures*	107.6	<b>108.8</b>	+1.1
Toray	26.0	<b>20.4</b>	-5.5
Consolidated Subsidiaries	81.7	<b>88.4</b>	+6.7
Depreciation*	71.4	<b>77.1</b>	+5.7
Toray	23.6	<b>25.0</b>	+1.4
Consolidated Subsidiaries	47.9	<b>52.1</b>	+4.2
R&D Expenses	46.7	<b>49.9</b>	+3.2
Toray	35.1	<b>36.4</b>	+1.3
Consolidated Subsidiaries	11.6	<b>13.4</b>	+1.9

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

## Major Capital Expenditure Projects :

- Toray Battery Separator Film Korea Limited : Battery separator film SETELA<sup>®</sup> production facilities
- Zoltek Companies, Inc. : Large tow carbon fiber ZOLTEK<sup>™</sup> production facilities
- Alcantara S.p.A. : Alcantara<sup>®</sup> production facilities
- Toray BSF Coating Korea Limited : Battery separator film SETELA<sup>®</sup> coating facilities

# Income Variance Factor Analysis



# Net Sales and Operating Income by Segment

Billion yen

	Net Sales			Operating Income		
	FY Mar/18 3Q (Oct.-Dec)	FY Mar/19 3Q (Oct.-Dec.)	Changes	FY Mar/18 3Q (Oct.-Dec)	FY Mar/19 3Q (Oct.-Dec.)	Changes
Fibers & Textiles	274.8	<b>258.0</b>	-16.8 (-6.1%)	23.0	<b>18.5</b>	-4.5 (-19.5%)
Performance Chemicals	209.0	<b>219.9</b>	+10.9 (+5.2%)	20.0	<b>16.2</b>	-3.9 (-19.4%)
Carbon Fiber Composite Materials	43.4	<b>57.8</b>	+14.5 (+33.3%)	4.6	<b>2.4</b>	-2.2 (-47.7%)
Environment & Engineering	55.7	<b>63.2</b>	+7.5 (+13.5%)	2.5	<b>2.2</b>	-0.3 (-13.0%)
Life Science	13.6	<b>13.9</b>	+0.4 (+2.7%)	0.6	<b>0.6</b>	+0.0 (+0.4%)
Others	4.2	<b>4.2</b>	+0.1 (+1.3%)	0.8	<b>0.9</b>	+0.1 (+12.0%)
Total	600.6	<b>617.1</b>	+16.5 (+2.7%)	51.6	<b>40.8</b>	-10.8 (-20.9%)
Adjustments				▲ 6.3	▲ 6.1	+0.2
Consolidated	600.6	<b>617.1</b>	+16.5 (+2.7%)	45.3	<b>34.7</b>	-10.6 (-23.5%)

	Net Sales			Operating Income		
	FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes
Fibers & Textiles	697.6	<b>761.1</b>	+63.5 (+9.1%)	58.6	<b>60.3</b>	+1.7 (+3.0%)
Performance Chemicals	599.7	<b>654.9</b>	+55.2 (+9.2%)	55.7	<b>52.0</b>	-3.8 (-6.8%)
Carbon Fiber Composite Materials	128.2	<b>154.3</b>	+26.1 (+20.4%)	15.1	<b>8.4</b>	-6.7 (-44.4%)
Environment & Engineering	170.9	<b>184.6</b>	+13.7 (+8.0%)	9.4	<b>7.9</b>	-1.4 (-15.5%)
Life Science	39.8	<b>40.2</b>	+0.4 (+1.1%)	1.9	<b>1.2</b>	-0.7 (-36.2%)
Others	12.7	<b>13.3</b>	+0.6 (+4.7%)	1.7	<b>1.7</b>	+0.1 (+3.7%)
Total	1,648.8	<b>1,808.3</b>	+159.5 (+9.7%)	142.4	<b>131.5</b>	-10.8 (-7.6%)
Adjustments				▲ 19.0	▲ 19.2	-0.2
Consolidated	1,648.8	<b>1,808.3</b>	+159.5 (+9.7%)	123.4	<b>112.4</b>	-11.0 (-8.9%)

# Business Results by Segment (Fibers & Textiles)

## Net Sales / Operating Income

Billion yen

		FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	
Net Sales	Toray	145.8	152.6	+6.8	(+4.7%)
	Japanese Subsidiaries	347.8	394.3	+46.5	(+13.4%)
	Overseas Subsidiaries	436.3	480.1	+43.8	(+10.0%)
	Adjustment	▲ 232.3	▲ 265.9	-33.5	
	<b>Total</b>	<b>697.6</b>	<b>761.1</b>	<b>+63.5</b>	<b>(+9.1%)</b>
Operating Income	Toray	15.5	14.6	-0.9	(-5.5%)
	Japanese Subsidiaries	10.0	11.3	+1.4	(+13.7%)
	Overseas Subsidiaries	35.0	34.9	-0.1	(-0.4%)
	Adjustment	▲ 1.9	▲ 0.5	+1.4	
	<b>Total</b>	<b>58.6</b>	<b>60.3</b>	<b>+1.7</b>	<b>(+3.0%)</b>

## Business Performance

### Overall

- Affected by the increase in raw material prices.

### Japan

- Demand for industrial applications such as automobiles was strong as a whole, while shipment of apparel applications remained weak partly due to unseasonable weather. Against this background, Toray Group not only strived to expand sales in each application but also worked to expand the business format that integrates fibers to textiles to final products while focusing on strengthening cost competitiveness.

### Overseas

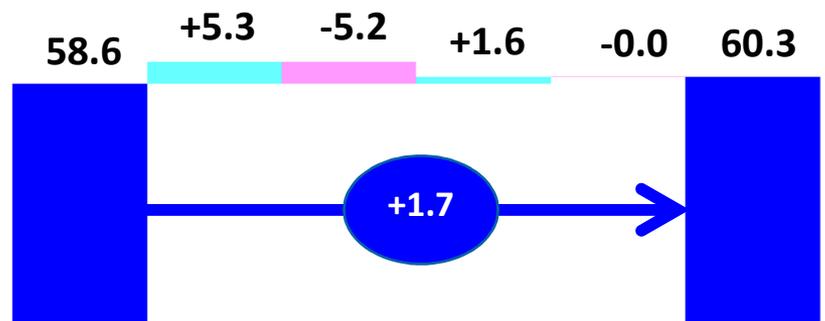
- Business performance of some subsidiaries in Southeast Asia remained slow, and there were signs of demand slowdown for materials for automotive applications in China and other countries.
- Expanded the integrated business for apparel applications.

## Topics

- Oct. 2018 : Started full-scale sales of “Youishutou”, functional pants for prevention of low back pain.
- Nov. 2018 : Started sales of an environmentally friendly non-woven material with a suede texture, “Ultrasuede® BX”, realizing the world’s highest proportion of plant-based raw material.

## Changes in Operating Income

Billion yen



FY Mar/18 Nine Months (Apr.-Dec.)    Difference in quantity    Net change in price\*    Cost variance, etc.    Difference from foreign currency translation of overseas subsidiaries' results    FY Mar/19 Nine Months (Apr.-Dec.)

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

# Business Results by Segment (Performance Chemicals)

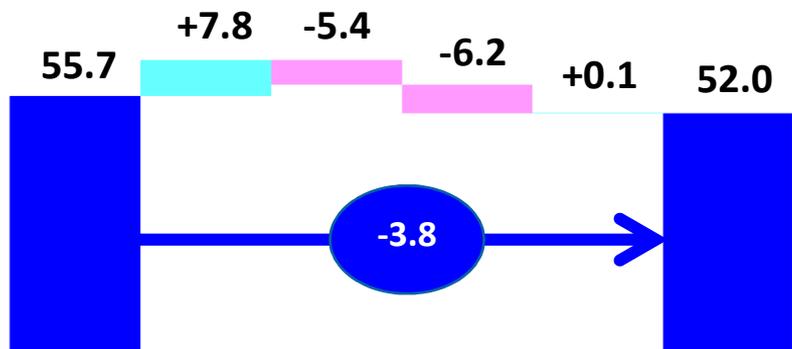
## Net Sales / Operating Income

Billion yen

		FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	
Net Sales	Toray	183.8	200.3	+16.5	(+9.0%)
	Japanese Subsidiaries	340.5	377.1	+36.5	(+10.7%)
	Overseas Subsidiaries	394.0	438.0	+44.1	(+11.2%)
	Adjustment	▲ 318.6	▲ 360.5	-41.9	
	<b>Total</b>	<b>599.7</b>	<b>654.9</b>	<b>+55.2</b>	<b>(+9.2%)</b>
Operating Income	Toray	17.9	15.5	-2.4	(-13.5%)
	Japanese Subsidiaries	10.7	11.6	+0.9	(+8.4%)
	Overseas Subsidiaries	29.5	26.3	-3.3	(-11.1%)
	Adjustment	▲ 2.4	▲ 1.4	+1.0	
	<b>Total</b>	<b>55.7</b>	<b>52.0</b>	<b>-3.8</b>	<b>(-6.8%)</b>

## Changes in Operating Income

Billion yen



FY Mar/18 Nine Months (Apr.-Dec.)    Difference in quantity    Net change in price\*    Cost variance, etc.    Difference from foreign currency translation of overseas subsidiaries' results    FY Mar/19 Nine Months (Apr.-Dec.)

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

## Business Performance

### Resins Business

- Expanded sales of automotive applications while passing on rise in raw material prices to the sales price but the business was affected by China's economic slowdown.

### Chemicals Business

- Saw an improvement in the basic chemicals market and sales of fine chemical products also increased.

### Films Business

- Shipment of battery separator films for lithium-ion secondary batteries increased reflecting demand growth, while polyester films and other products were broadly affected by the increase in raw material prices.

### Electronic & Information Materials

- Affected by the slowing demand for OLED related materials.

## Topics

- Dec. 2018 : Decided to enhance production capacity of ABS resin, TOYOLAC® at Toray Plastics (Malaysia) Sdn. Berhad.

# Breakdown of Performance Chemicals Segment

Billion yen

	FY Mar/18 Nine Months (Apr.-Dec.)		FY Mar/19 Nine Months (Apr.-Dec.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Resins, Chemicals	265.4	29%	292.1	29%	+10%
Films	245.2	27%	265.8	26%	+8%
Electronic & Information Materials	48.8	5%	49.1	5%	+1%
Trading	358.9	39%	408.4	40%	+14%
Adjustments	▲ 318.6	-	▲ 360.5	-	-
Total	599.7		654.9		+9%

# Business Results by Segment (Carbon Fiber Composite Materials)

## Net Sales / Operating Income

Billion yen

		FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	
Net Sales	Toray	70.4	81.8	+11.4	(+16.2%)
	Japanese Subsidiaries	51.0	59.1	+8.1	(+16.0%)
	Overseas Subsidiaries	103.2	136.7	+33.6	(+32.5%)
	Adjustment	▲ 96.3	▲ 123.4	-27.0	
	Total	128.2	154.3	+26.1	(+20.4%)
Operating Income	Toray	7.2	6.4	-0.8	(-11.1%)
	Japanese Subsidiaries	1.2	1.1	-0.0	(-4.1%)
	Overseas Subsidiaries	8.6	7.5	-1.1	(-12.6%)
	Adjustment	▲ 1.9	▲ 6.7	-4.8	
	Total	15.1	8.4	-6.7	(-44.4%)

## Business Performance

### Overall

- Affected by rising raw material prices and intensifying competition. The cost of starting a new project at a composite subsidiary overseas increased and the segment also incurred related fees for the purchase of the entire stake in TenCate Advanced Composites Holding B.V.

### Aerospace applications

- Demand for the aircraft application was mostly strong given the completion of the inventory adjustment in the supply chain.

### Industrial applications

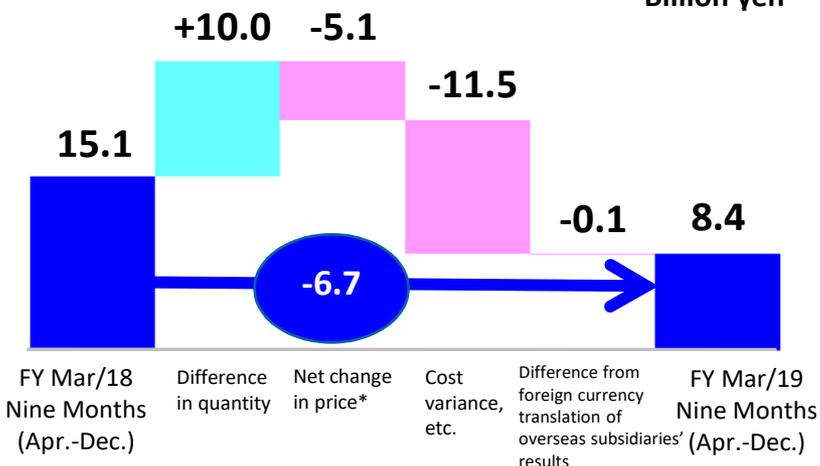
- Demand as a whole showed a recovery trend primarily in the environment and energy-related fields led by compressed natural gas tank applications and wind turbine blade applications.

## Topics

- Nov. 2018 : Toray Carbon Magic Co., Ltd. decided to purchase the entire stake of Moon Craft Co., Ltd.
- Nov. 2018 : Started sales of new carbon fibers and prepreg, the "TORAYCA® MX" series that realizes both higher tensile strength and tensile modulus.

## Changes in Operating Income

Billion yen



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

# Breakdown of Carbon Fiber Composite Materials Segment

Billion yen

	FY Mar/18 Nine Months (Apr.-Dec.)		FY Mar/19 Nine Months (Apr.-Dec.)		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	60.3	47%	68.3	44%	+13%
Sports	11.7	9%	13.2	9%	+13%
Industrial	56.2	44%	72.8	47%	+30%
<b>Total of Carbon Fiber Composite Materials</b>	<b>128.2</b>		<b>154.3</b>		<b>+20%</b>

# Business Results by Segment (Environment & Engineering)

## Net Sales / Operating Income

Billion yen

		FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	
Net Sales	Toray	16.3	16.8	+0.5	(+3.4%)
	Japanese Subsidiaries	204.0	217.9	+14.0	(+6.8%)
	Overseas Subsidiaries	23.7	24.7	+1.0	(+4.3%)
	Adjustment	▲ 73.1	▲ 75.0	-1.8	
	Total	170.9	184.6	+13.7	(+8.0%)
Operating Income	Toray	0.3	▲ 1.5	-1.8	(-)
	Japanese Subsidiaries	6.7	6.1	-0.6	(-9.4%)
	Overseas Subsidiaries	2.3	3.3	+1.0	(+42.6%)
	Adjustment	0.1	0.0	-0.0	
	Total	9.4	7.9	-1.4	(-15.5%)

## Business Performance

### Water Treatment Business

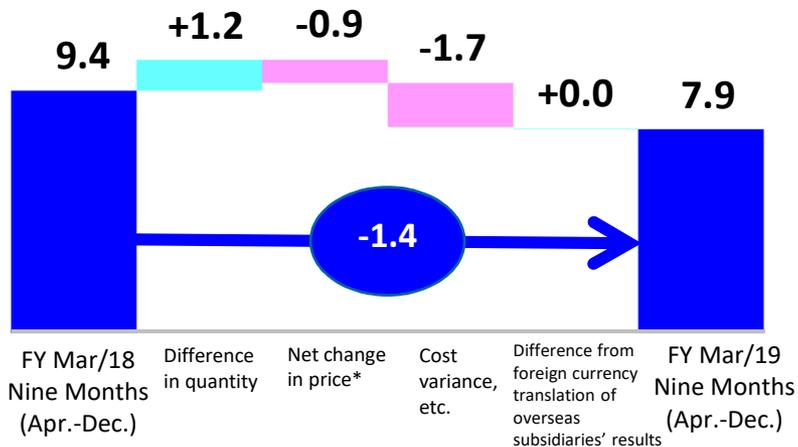
- Demand for reverse osmosis membranes and other products grew strongly on the whole in Japan and abroad.

### Japanese Subsidiaries

- The trading volume of a trading subsidiary increased.
- An engineering subsidiary experienced decrease in the shipment of some electronics-related equipments.

## Changes in Operating Income

Billion yen



## Topics

- Oct. 2018 : Won the Good Design Award 2018 for the pitcher-type water purifier, "TORAVINO® PT306SV".
- Oct. 2018 : Established a joint venture company with MCM Co., Ltd. in the Republic of Korea for the assembly and sales of air filters.
- Nov. 2018 : Started sales of a cleaning cloth, "TORAYSEE® for ES" for the cleansing and wiping of medical imaging lenses.

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

# Business Results by Segment (Life Science)

## Net Sales / Operating Income

Billion yen

		FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	
Net Sales	Toray	20.4	19.2	-1.2	(-5.7%)
	Japanese Subsidiaries	30.2	31.3	+1.1	(+3.6%)
	Overseas Subsidiaries	8.8	9.6	+0.8	(+9.1%)
	Adjustment	▲ 19.6	▲ 19.9	-0.3	
	Total	39.8	40.2	+0.4	(+1.1%)
Operating Income	Toray	▲ 0.2	▲ 0.5	-0.3	(-)
	Japanese Subsidiaries	0.8	0.9	+0.1	(+17.0%)
	Overseas Subsidiaries	▲ 0.2	0.1	+0.3	(-)
	Adjustment	1.5	0.6	-0.9	
	Total	1.9	1.2	-0.7	(-36.2%)

## Business Performance

### Pharmaceutical Business

- Sales volume of orally active prostacyclin derivative DORNER® increased for overseas markets, but were affected by its generic versions and the revision of National Health Insurance drug price standards in Japan.
- Sales of pruritus treatment REMITCH®\* were influenced by the market entry of its generic versions.

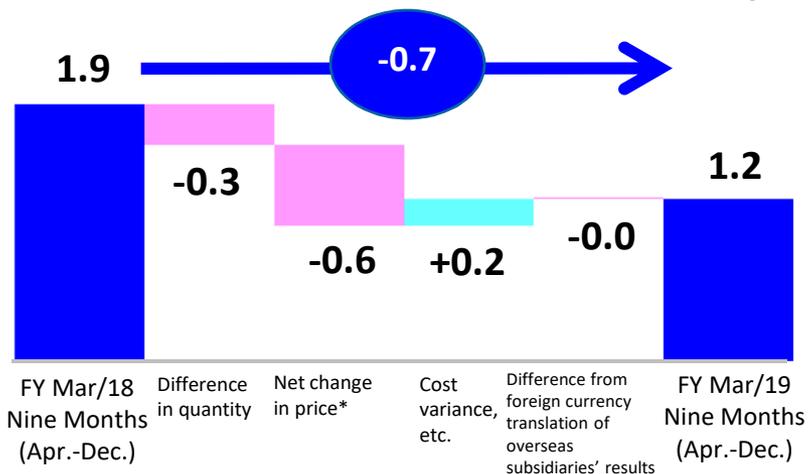
### Medical Devices Business

- Dialyzers were affected by the reduction of the insurance reimbursement prices in Japan and the increase in raw material prices.
- Sales volume of dialysis machines also expanded.

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

## Changes in Operating Income

Billion yen



## Topics

- Nov. 2018 : Agreed on the implementation schedule with US Systems Oncology, LLC for the development of "TRK-880", a novel small-molecular drug targeting cancer.

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

# Results of Major Subsidiaries and Regions

Billion yen

		Net Sales			Operating Income		
		FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes	FY Mar/18 Nine Months (Apr.-Dec.)	FY Mar/19 Nine Months (Apr.-Dec.)	Changes
Toray International, Inc.		453.7	<b>517.8</b>	+64.0	10.1	<b>11.3</b>	+1.2
Toray Engineering Co., Ltd.		79.0	<b>82.5</b>	+3.4	5.1	<b>2.9</b>	-2.3
Toray Construction Co., Ltd.		36.8	<b>37.1</b>	+0.3	0.7	<b>2.0</b>	+1.2
Toray Advanced Film Co., Ltd.		32.4	<b>31.0</b>	-1.4	2.5	<b>2.5</b>	+0.1
Subsidiaries in Southeast Asia	Fibers & Textiles	102.0	<b>117.8</b>	+15.8	7.2	<b>6.5</b>	-0.6
	Performance Chemicals	81.6	<b>89.0</b>	+7.5	8.7	<b>6.6</b>	-2.1
	Others	0.1	<b>0.2</b>	+0.1	0.0	<b>0.0</b>	+0.0
	Total	183.7	<b>207.1</b>	+23.4	15.8	<b>13.1</b>	-2.7
Subsidiaries in China	Fibers & Textiles	215.7	<b>235.3</b>	+19.6	19.8	<b>20.7</b>	+1.0
	Performance Chemicals	76.4	<b>80.9</b>	+4.5	2.2	<b>2.6</b>	+0.5
	Others	23.2	<b>26.1</b>	+2.9	0.7	<b>1.3</b>	+0.6
	Total	315.3	<b>342.3</b>	+27.0	22.6	<b>24.7</b>	+2.0
Subsidiaries in Korea	Fibers & Textiles	73.6	<b>79.4</b>	+5.8	2.5	<b>2.1</b>	-0.4
	Performance Chemicals	103.3	<b>118.2</b>	+14.8	13.9	<b>13.9</b>	-0.1
	Others	13.5	<b>18.6</b>	+5.1	1.5	<b>1.9</b>	+0.4
	Total	190.4	<b>216.1</b>	+25.7	18.0	<b>17.9</b>	-0.1

# Comparison of Operating Income (2Q vs. 3Q) by Segment

Billion yen

Segment	Operating Income 2Q Actual → 3Q Actual ( ) difference	Variance Factors
Fibers & Textiles	23.3 → 18.5 (- 4.8)	<ul style="list-style-type: none"> <li>• Shipment of materials for autumn/winter garments decreased due to the front-loaded shipment in the first-half of the fiscal year.</li> </ul>
Performance Chemicals	18.6 → 16.2 (- 2.4)	<ul style="list-style-type: none"> <li>• In the resins business, demand for ABS resins slowed down due to the sluggish Chinese market.</li> <li>• In the electronic and information materials business, sales of high-functional electric circuit materials decreased at a Korean subsidiary.</li> </ul>
Carbon Fiber Composite Materials	2.9 → 2.4 (- 0.5)	<ul style="list-style-type: none"> <li>• Expenses related to the amortization of goodwill and intangible assets were incurred due to the new consolidation of TenCate Advanced Composites Holding B.V.</li> </ul>
Environment & Engineering	3.9 → 2.2 (- 1.7)	<ul style="list-style-type: none"> <li>• Shipment of electronics-related machineries remained weak at an engineering subsidiary.</li> <li>• Inventory was written down in the water treatment business.</li> </ul>
Life Science	0.5 → 0.6 (+ 0.0)	<ul style="list-style-type: none"> <li>• In the medical devices business, shipment of dialyzers remained strong in Japan and overseas.</li> </ul>
Others	0.6 → 0.9 (+ 0.3)	
Adjustments	▲6.0 → ▲6.1 (- 0.2)	
<b>Total</b>	<b>43.8 → 34.7</b> <b>(- 9.1)</b>	

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

# Forecast Summary for the Fiscal Year Ending March 2019

Billion yen

		FY Mar/18 Actual	FY Mar/19 Forecast	Changes		Previous Forecast	Difference from Previous Forecast*
Net Sales	1st Half	1,048.2	1,191.2	+143.0	(+13.6%)	1,191.2	—
	2nd Half	1,156.6	1,208.8	+52.1	(+4.5%)	1,258.8	-50.0
	<b>Total</b>	<b>2,204.9</b>	<b>2,400.0</b>	<b>+195.1</b>	<b>(+8.9%)</b>	<b>2,450.0</b>	<b>-50.0</b>
Operating Income	1st Half	78.1	77.7	-0.4	(-0.5%)	77.7	—
	2nd Half	78.4	62.3	-16.1	(-20.5%)	82.3	-20.0
	<b>Total</b>	<b>156.5</b>	<b>140.0</b>	<b>-16.5</b>	<b>(-10.5%)</b>	<b>160.0</b>	<b>-20.0</b>
Ordinary Income	1st Half	76.8	77.4	+0.6	(+0.8%)	77.4	—
	2nd Half	75.5	57.6	-17.9	(-23.7%)	77.6	-20.0
	<b>Total</b>	<b>152.3</b>	<b>135.0</b>	<b>-17.3</b>	<b>(-11.4%)</b>	<b>155.0</b>	<b>-20.0</b>
Net Income Attributable to Owners of Parent	1st Half	47.5	48.5	+1.0	(+2.1%)	48.5	—
	2nd Half	48.4	41.5	-6.9	(-14.2%)	49.5	-8.0
	<b>Total</b>	<b>95.9</b>	<b>90.0</b>	<b>-5.9</b>	<b>(-6.2%)</b>	<b>98.0</b>	<b>-8.0</b>

Net Income per Share	1st Half	29.71 yen	30.32 yen
	2nd Half	30.25 yen	25.94 yen
	<b>Total</b>	<b>59.97 yen</b>	<b>56.26 yen</b>
Dividend per Share	1st Half	7 yen	8 yen
	2nd Half	8 yen	8 yen
	<b>Total</b>	<b>15 yen</b>	<b>16 yen</b>

Assumed exchange rate : 110 yen / US\$ (from January)

\*Difference from Previous Forecast : the difference from the forecast announced on November 9, 2018.

# Forecast by Segment

Billion yen

		FY Mar/18 Actual			FY Mar/19 Forecast			Changes			Difference from Previous Forecast*
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total	Total
Net Sales	Fibers & Textiles	422.8	490.8	913.6	503.1	466.9	970.0	+80.3	-23.9	+56.4	-30.0
	Performance Chemicals	390.7	412.6	803.3	435.0	445.0	880.0	+44.3	+32.4	+76.7	-15.0
	Carbon Fiber Composite Materials	84.8	93.1	177.9	96.5	118.5	215.0	+11.6	+25.4	+37.1	—
	Environment & Engineering	115.2	123.0	238.3	121.4	138.6	260.0	+6.2	+15.6	+21.7	—
	Life Science	26.2	27.6	53.8	26.3	28.7	55.0	+0.1	+1.1	+1.2	-5.0
	Others	8.5	9.4	17.9	9.0	11.0	20.0	+0.5	+1.5	+2.1	—
	Consolidated	1,048.2	1,156.6	2,204.9	1,191.2	1,208.8	2,400.0	+143.0	+52.1	+195.1	-50.0
Operating Income	Fibers & Textiles	35.5	36.9	72.4	41.8	33.2	75.0	+6.2	-3.7	+2.6	-6.0
	Performance Chemicals	35.7	35.7	71.4	35.8	33.2	69.0	+0.1	-2.5	-2.4	-10.0
	Carbon Fiber Composite Materials	10.5	10.3	20.8	6.0	4.0	10.0	-4.5	-6.3	-10.8	—
	Environment & Engineering	6.8	6.5	13.3	5.7	6.3	12.0	-1.1	-0.2	-1.3	-4.0
	Life Science	1.4	0.6	1.9	0.7	0.3	1.0	-0.7	-0.2	-0.9	—
	Others	0.9	2.0	2.9	0.8	2.2	3.0	-0.0	+0.1	+0.1	-1.0
	Adjustment	▲ 12.7	▲ 13.5	▲ 26.2	▲ 13.1	▲ 16.9	▲ 30.0	-0.4	-3.4	-3.8	+1.0
Consolidated	78.1	78.4	156.5	77.7	62.3	140.0	-0.4	-16.1	-16.5	-20.0	

\*Difference from Previous Forecast: the difference from the forecast announced on November 9, 2018.

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

Billion yen

Segment	Full-year Operating Income Previous Forecast → New Forecast ( ) difference	Variance Factors
Fibers & Textiles	81.0 → 75.0 (- 6.0)	<ul style="list-style-type: none"> <li>Expect overall sales to decrease reflecting global economic downturn, as seen in the economic slowdown in China and Europe.</li> </ul>
Performance Chemicals	79.0 → 69.0 (- 10.0)	<ul style="list-style-type: none"> <li>In the resins business, factored in sales slowdown of ABS resins from the deteriorating market conditions, as seen from the sluggish Chinese market.</li> <li>In the films and electronic &amp; information materials businesses, expect sales of smartphone-related materials to decrease due to the smartphone market slowdown.</li> </ul>
Carbon Fiber Composite Materials	10.0 → 10.0 (±0.0)	<ul style="list-style-type: none"> <li>Expect to be in line with the previous forecast.</li> </ul>
Environment & Engineering	16.0 → 12.0 (- 4.0)	<ul style="list-style-type: none"> <li>Inventory was written down in the water treatment business and a water-treatment project included in the previous forecast was canceled.</li> </ul>
Life Science	1.0 → 1.0 (±0.0)	<ul style="list-style-type: none"> <li>Expect to be in line with the previous forecast.</li> </ul>
Others	4.0 → 3.0 (- 1.0)	<ul style="list-style-type: none"> <li>Expect earnings to be weak overall including trading companies.</li> </ul>
Adjustments	▲31.0 → ▲30.0 (+ 1.0)	
<b>Total</b>	<b>160.0 → 140.0</b> <b>(- 20.0)</b>	

## III. Reference

# Quarterly Net Sales by Segment

Billion yen

	FY Mar/18 Actual					FY Mar/19 Actual		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Fibers & Textiles	201.1	221.7	274.8	216.0	913.6	221.0	282.1	258.0
Performance Chemicals	191.2	199.5	209.0	203.6	803.3	212.4	222.5	219.9
Carbon Fiber Composite Materials	42.7	42.1	43.4	49.7	177.9	45.7	50.7	57.8
Environment & Engineering	56.9	58.4	55.7	67.4	238.3	54.9	66.5	63.2
Life Science	12.2	14.0	13.6	14.0	53.8	12.6	13.6	13.9
Others	4.0	4.5	4.2	5.3	17.9	4.1	4.9	4.2
<b>Total</b>	<b>508.1</b>	<b>540.1</b>	<b>600.6</b>	<b>556.0</b>	<b>2,204.9</b>	<b>550.8</b>	<b>640.4</b>	<b>617.1</b>

# Quarterly Operating Income by Segment

Billion yen

	FY Mar/18 Actual					FY Mar/19 Actual		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Fibers & Textiles	17.6	17.9	23.0	13.9	72.4	18.5	23.3	18.5
Performance Chemicals	16.6	19.0	20.0	15.6	71.4	17.2	18.6	16.2
Carbon Fiber Composite Materials	5.7	4.8	4.6	5.7	20.8	3.1	2.9	2.4
Environment & Engineering	4.3	2.5	2.5	3.9	13.3	1.9	3.9	2.2
Life Science	0.8	0.5	0.6	▲ 0.0	1.9	0.2	0.5	0.6
Others	0.2	0.6	0.8	1.2	2.9	0.2	0.6	0.9
Adjustment	▲ 6.4	▲ 6.3	▲ 6.3	▲ 7.2	▲ 26.2	▲ 7.1	▲ 6.0	▲ 6.1
Total	38.9	39.2	45.3	33.1	156.5	33.9	43.8	34.7

# Quarterly Net Sales of Performance Chemicals by Sub-segments

Billion yen

	FY Mar/18					FY Mar/19		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Resins, Chemicals	86.4	87.7	91.3	95.3	360.7	97.9	97.3	96.9
Films	77.1	83.1	85.0	85.7	330.8	85.5	88.9	91.3
Electronic & Information Materials	14.6	16.7	17.5	15.2	64.0	14.3	18.3	16.5
Trading	116.2	118.1	124.6	124.4	483.2	135.5	137.1	135.7
Adjustments	▲ 103.1	▲ 106.1	▲ 109.3	▲ 116.9	▲ 435.5	▲ 120.9	▲ 119.1	▲ 120.5
<b>Total</b>	<b>191.2</b>	<b>199.5</b>	<b>209.0</b>	<b>203.6</b>	<b>803.3</b>	<b>212.4</b>	<b>222.5</b>	<b>219.9</b>

# Quarterly Net Sales of Carbon Fiber Composite Materials by Sub-segments

Billion yen

	FY Mar/18					FY Mar/18		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
<b>Aerospace</b>	20.4	19.6	20.3	21.9	82.1	19.3	22.5	26.5
<b>Sports</b>	3.8	3.8	4.3	3.8	15.6	4.1	3.9	5.2
<b>Industrial</b>	18.6	18.7	18.8	24.1	80.2	22.3	24.3	26.2
<b>Total</b>	42.7	42.1	43.4	49.7	177.9	45.7	50.7	57.8

# Quarterly Net Sales of Major Subsidiaries and Regions

Billion yen

	FY Mar/18					FY Mar/19		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Toray International, Inc.	130.9	136.4	186.4	133.9	587.7	146.3	188.5	183.0
Toray Engineering Co., Ltd.	29.9	21.7	27.4	26.3	105.4	24.0	30.6	27.9
Toray Construction Co., Ltd.	8.6	16.4	11.8	17.9	54.7	10.1	12.2	14.9
Toray Advanced Film Co., Ltd.	10.1	11.0	11.3	9.5	41.9	9.7	10.5	10.8

Subsidiaries in Southeast Asia	Fibers & Textiles	32.1	33.8	36.1	33.0	135.1	37.9	40.2	39.8
	Performance Chemicals	26.3	27.4	27.8	28.4	110.0	29.6	30.4	29.1
	Others	0.0	0.0	0.0	0.1	0.2	0.1	0.1	0.1
	Total	58.5	61.3	64.0	61.5	245.2	67.6	70.6	68.9
Subsidiaries in China	Fibers & Textiles	65.2	70.7	79.7	57.8	273.5	75.5	82.5	77.4
	Performance Chemicals	23.7	26.0	26.7	25.2	101.6	27.0	27.5	26.5
	Others	6.7	7.7	8.8	7.0	30.2	8.6	7.8	9.7
	Total	95.6	104.5	115.3	90.1	405.4	111.1	117.8	113.5
Subsidiaries in Korea	Fibers & Textiles	22.7	25.1	25.8	26.0	99.5	25.5	27.9	26.1
	Performance Chemicals	31.2	35.3	36.8	36.9	140.3	35.9	40.8	41.4
	Others	4.5	4.4	4.6	4.9	18.4	7.0	5.5	6.1
	Total	58.4	64.8	67.2	67.8	258.2	68.4	74.1	73.6

# Quarterly Operating Income of Major Subsidiaries and Regions

Billion yen

	FY Mar/18					FY Mar/19		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Toray International, Inc.	2.3	3.3	4.5	2.2	12.3	2.6	4.3	4.4
Toray Engineering Co., Ltd.	3.6	0.4	1.1	0.7	5.8	0.5	1.8	0.6
Toray Construction Co., Ltd.	▲0.0	0.6	0.2	0.8	1.5	0.4	0.7	0.9
Toray Advanced Film Co., Ltd.	0.6	0.7	1.1	0.6	3.1	0.7	1.0	0.9

Subsidiaries in Southeast Asia	Fibers & Textiles	2.2	2.2	2.8	2.0	9.1	2.2	2.0	2.4
	Performance Chemicals	2.3	3.1	3.3	3.4	12.1	3.2	2.3	1.1
	Others	0.0	▲0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total	4.5	5.3	6.0	5.4	21.2	5.3	4.2	3.5
Subsidiaries in China	Fibers & Textiles	6.6	6.6	6.7	3.8	23.5	7.5	7.3	6.0
	Performance Chemicals	0.5	0.8	0.8	1.0	3.2	0.8	1.0	0.9
	Others	0.3	0.3	0.1	0.2	0.9	0.5	0.3	0.5
	Total	7.4	7.7	7.6	5.0	27.6	8.8	8.5	7.3
Subsidiaries in Korea	Fibers & Textiles	0.9	0.7	0.9	0.6	3.1	1.0	0.5	0.5
	Performance Chemicals	3.7	5.3	5.0	3.4	17.4	3.1	5.3	5.5
	Others	0.6	0.4	0.5	0.5	2.1	0.7	0.5	0.8
	Total	5.1	6.4	6.4	4.6	22.6	4.8	6.3	6.8

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

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

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