

**Announcement of Business Results
for the Fiscal Year Ended March 2019 and
Business Forecast for the Fiscal Year
Ending March 2020**

May 14, 2019

Toray Industries, Inc.

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I. Business Results for the Fiscal Year Ended March 2019

Summary of Consolidated Business Results for the Fiscal Year Ended March 2019

Billion yen

	FY Mar/18	FY Mar/19	Changes
Net Sales	2,204.9	2,388.8	+184.0 (+8.3%)
Operating Income	156.5	141.5	-15.0 (-9.6%)
(Operating Income to Net Sales)	7.1%	5.9%	-1.2 points
Ordinary Income	152.3	134.5	-17.8 (-11.7%)
Special Credits and Charges, net	▲ 15.7	▲ 7.1	+8.6
Income before Income Taxes	136.6	127.4	-9.2 (-6.7%)
Net Income Attributable to Owners of Parent	95.9	79.4	-16.5 (-17.2%)

Earnings Per Share	59.97 yen	49.61 yen
Dividends Per Share	15.00 yen	16.00 yen

ROE	9.1%	7.1%
ROA	6.3%	5.3%

Exchange Rate	(Mar/18)	→	(Mar/19)
<Yen/US\$>			
Average	: 110.9	→	110.9
End of the Term	: 106.2	→	111.0
<Yen/Euro>			
Average	: 129.7	→	128.4
End of the Term	: 130.5	→	124.6

Non-operating Income and Expenses

Billion yen

	FY Mar/18	FY Mar/19	Changes
Non-operating Income	19.1	21.9	+2.8
Interest and Dividend Income	5.2	6.9	+1.7
Equity in Earnings of Affiliates	9.2	9.6	+0.4
Others	4.6	5.4	+0.8
Non-operating Expenses	▲ 23.2	▲ 28.8	-5.6
Interest Expenses	▲ 5.1	▲ 7.2	-2.1
Costs related to Start-up of New Facilities	▲ 6.8	▲ 4.8	+2.0
Costs related to Idle Facilities	▲ 4.8	▲ 8.8	-3.9
Others	▲ 6.5	▲ 8.1	-1.6
Non-operating Income and Expenses, net	▲ 4.2	▲ 7.0	-2.8
Interest and Dividend Income, Interest Expenses, net	0.1	▲ 0.3	-0.4

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

Special Credits and Charges

Billion yen

	FY Mar/18	FY Mar/19	Changes
Special Credits	4.5	22.3	+17.8
Gain on Sales of Property, Plant and Equipment	0.9	15.8	+14.9
Gain on Sales of Investment Securities	3.5	1.9	-1.6
Gain on Return of Assets from Retirement Benefit Trust	-	2.5	+2.5
Others	0.1	2.1	+2.0
Special Charges	▲ 20.2	▲ 29.4	-9.2
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 8.0	▲ 6.1	+1.9
Loss on Impairment of Fixed Assets	▲ 3.9	▲ 18.4	-14.5
Loss on Write-down of Investment Securities	▲ 0.1	▲ 2.5	-2.4
Loss on Liquidation and Devaluation of Subsidiaries and Affiliated Companies	▲ 3.6	▲ 0.7	+2.9
Environmental Expenses	▲ 2.6	-	+2.6
Settlement Package	-	▲ 0.9	-0.9
Others	▲ 2.0	▲ 0.9	+1.1
Special Credits and Charges, net	▲ 15.7	▲ 7.1	+8.6

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

Assets, Liabilities, Net Assets, Free Cash Flows

Billion yen

	End of Mar/18	End of Mar/19	Changes
Total Assets	2,575.9	2,788.4	+212.4
Current Assets	1,127.0	1,191.3	+64.3
Tangible Assets	927.0	996.9	+69.8
Intangible Assets	68.6	171.2	+102.6
Investment and Other Assets	453.2	428.9	-24.3

	End of Mar/18	End of Mar/19	Changes
Total Liabilities	1,406.7	1,574.4	+167.7
Current Liabilities	676.5	696.5	+20.0
Other Liabilities	730.2	877.9	+147.7
Total Net Assets	1,169.2	1,213.9	+44.8

Owner's Equity	1,090.7	1,131.0	+40.3
Equity Ratio	42.3%	40.6%	-1.8 points

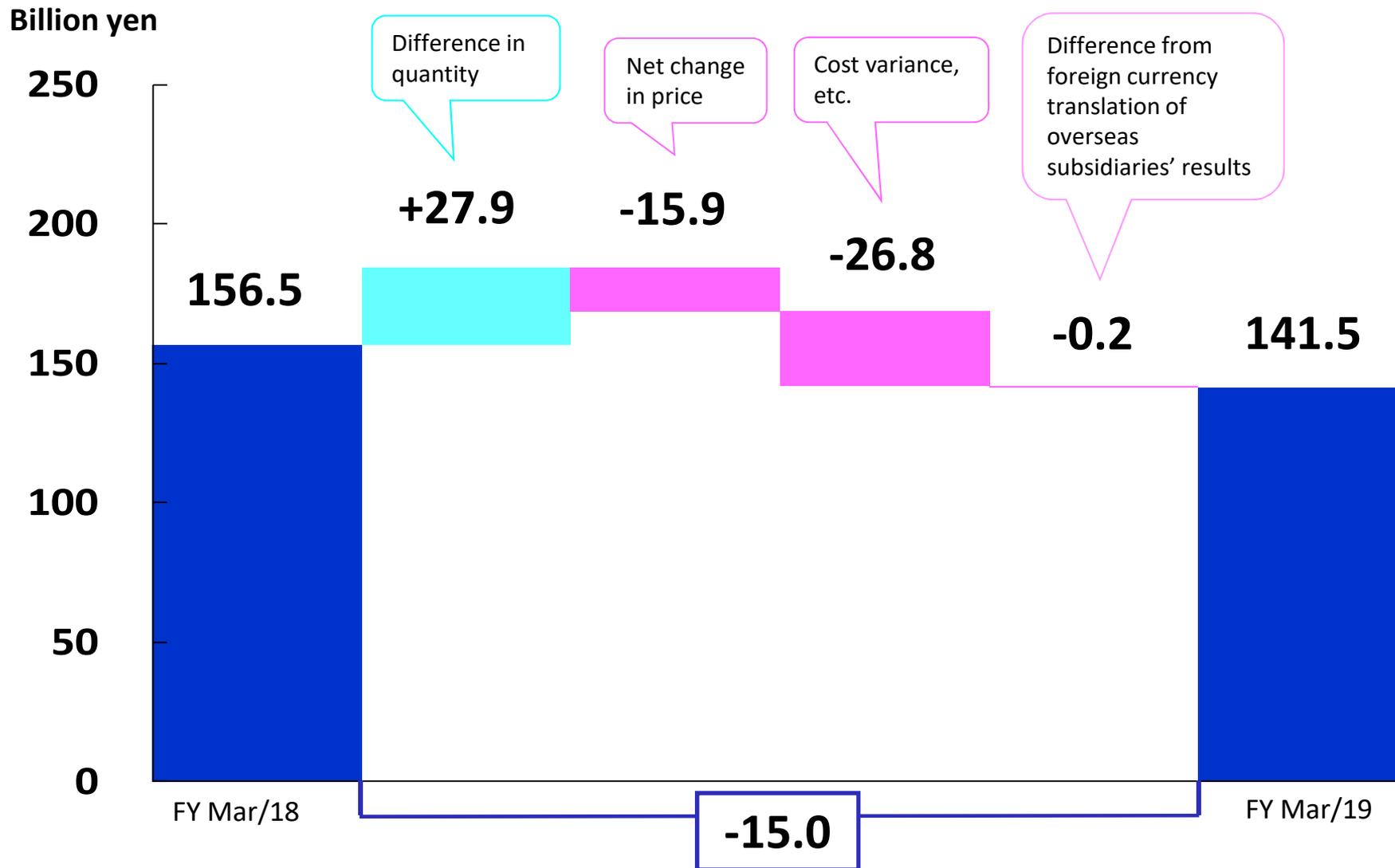
Interest-bearing Debts	816.3	976.3	+159.9
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D/E Ratio	0.75	0.86	+0.11
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<Free Cash Flows>

	End of Mar/18	End of Mar/19	Changes
Cash Flows from Operating Activities	129.2	176.2	+47.1
Cash Flows from Investment Activities	▲ 186.7	▲ 260.2	-73.6
Free Cash Flows	▲ 57.5	▲ 84.0	-26.5

Income Variance Factor Analysis



Net Sales and Operating Income by Segment

Billion yen

		Net Sales				Operating Income			
		FY Mar/18	FY Mar/19	Changes	(%)	FY Mar/18	FY Mar/19	Changes	(%)
Fibers & Textiles	1st Half	422.8	503.1	+80.3	(+19.0%)	35.5	41.8	+6.2	(+17.5%)
	2nd Half	490.8	471.2	-19.6	(-4.0%)	36.9	31.1	-5.8	(-15.7%)
	Total	913.6	974.3	+60.7	(+6.6%)	72.4	72.9	+0.5	(+0.6%)
Performance Chemicals	1st Half	390.7	435.0	+44.3	(+11.3%)	35.7	35.8	+0.1	(+0.3%)
	2nd Half	412.6	433.9	+21.3	(+5.2%)	35.7	31.9	-3.8	(-10.6%)
	Total	803.3	868.8	+65.5	(+8.2%)	71.4	67.7	-3.7	(-5.1%)
Carbon Fiber Composite Materials	1st Half	84.8	96.5	+11.6	(+13.7%)	10.5	6.0	-4.5	(-43.0%)
	2nd Half	93.1	119.5	+26.3	(+28.3%)	10.3	5.6	-4.7	(-45.8%)
	Total	177.9	215.9	+38.0	(+21.3%)	20.8	11.5	-9.2	(-44.4%)
Environment & Engineering	1st Half	115.2	121.4	+6.2	(+5.4%)	6.8	5.7	-1.1	(-16.4%)
	2nd Half	123.0	136.3	+13.2	(+10.7%)	6.5	6.5	+0.1	(+1.0%)
	Total	238.3	257.7	+19.4	(+8.1%)	13.3	12.2	-1.1	(-7.9%)
Life Science	1st Half	26.2	26.3	+0.1	(+0.2%)	1.4	0.7	-0.7	(-51.1%)
	2nd Half	27.6	27.4	-0.2	(-0.8%)	0.6	0.6	+0.1	(+12.0%)
	Total	53.8	53.7	-0.2	(-0.3%)	1.9	1.3	-0.6	(-33.0%)
Others	1st Half	8.5	9.0	+0.5	(+6.3%)	0.9	0.8	-0.0	(-4.3%)
	2nd Half	9.4	9.5	+0.0	(+0.3%)	2.0	2.3	+0.2	(+11.0%)
	Total	17.9	18.5	+0.6	(+3.2%)	2.9	3.1	+0.2	(+6.5%)
Adjustments	1st Half					▲ 12.7	▲ 13.1	-0.4	
	2nd Half					▲ 13.5	▲ 14.2	-0.7	
	Total					▲ 26.2	▲ 27.3	-1.1	
Consolidated	1st Half	1,048.2	1,191.2	+143.0	(+13.6%)	78.1	77.7	-0.4	(-0.5%)
	2nd Half	1,156.6	1,197.6	+41.0	(+3.5%)	78.4	63.8	-14.6	(-18.6%)
	Total	2,204.9	2,388.8	+184.0	(+8.3%)	156.5	141.5	-15.0	(-9.6%)

Business Results by Segment (Fibers & Textiles)

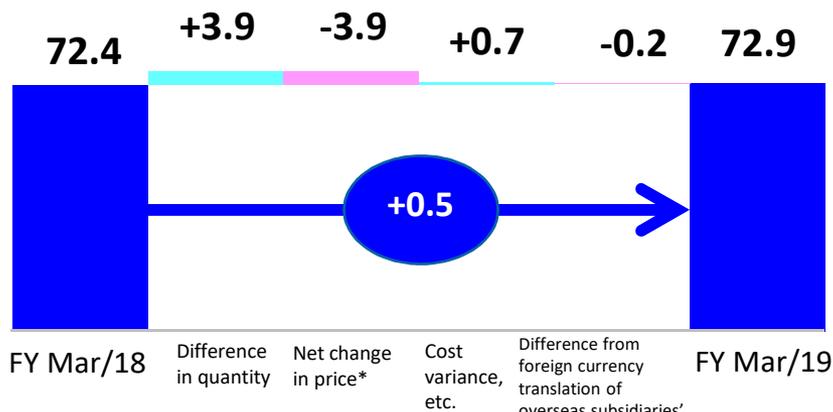
Net Sales / Operating Income

Billion yen

		FY Mar/18	FY Mar/19	Changes	
Net Sales	Toray	197.0	199.8	+2.9	(+1.5%)
	Japanese Subsidiaries	456.0	507.8	+51.8	(+11.4%)
	Overseas Subsidiaries	568.7	606.5	+37.8	(+6.6%)
	Adjustments	▲ 308.0	▲ 339.9	-31.8	
	Total	913.6	974.3	+60.7	(+6.6%)
Operating Income	Toray	19.8	17.9	-1.8	(-9.2%)
	Japanese Subsidiaries	12.6	13.6	+0.9	(+7.3%)
	Overseas Subsidiaries	43.6	42.0	-1.6	(-3.7%)
	Adjustments	▲ 3.6	▲ 0.6	+3.0	
	Total	72.4	72.9	+0.5	(+0.6%)

Changes in Operating Income

Billion yen



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

Business Performance

Overall

- Affected by the increase in raw material prices.

Japan

- Demand for industrial applications such as automobiles was strong in general, while shipment of apparel applications remained weak partly due to the 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 was affected by a slowdown in demand for materials for automotive and other applications from the second half of the fiscal year reflecting the deceleration of the Chinese economy.
- Expanded the integrated business for apparel applications.

Topics

- Jan. 2019 : Acquired EU Type Examination Certificate (CE marking) for the chemical protective clothing LIVMOA[®] 3000 series.
- Mar. 2019 : Developed "LIVMOA[®] CL," a sterilized type of LIVMOA[®] disposable protective wear, for use in cleanrooms.

Business Results by Segment (Performance Chemicals)

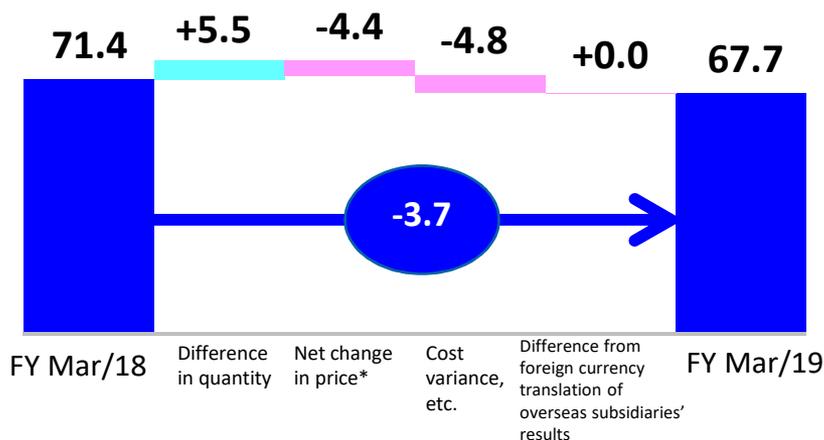
Net Sales / Operating Income

Billion yen

		FY Mar/18	FY Mar/19	Changes	
Net Sales	Toray	250.1	262.4	+12.3	(+4.9%)
	Japanese Subsidiaries	456.2	498.7	+42.5	(+9.3%)
	Overseas Subsidiaries	532.5	573.4	+40.9	(+7.7%)
	Adjustments	▲ 435.5	▲ 465.7	-30.2	
	Total	803.3	868.8	+65.5	(+8.2%)
Operating Income	Toray	21.9	19.1	-2.9	(-13.1%)
	Japanese Subsidiaries	13.9	15.4	+1.5	(+10.7%)
	Overseas Subsidiaries	38.5	35.4	-3.1	(-8.2%)
	Adjustments	▲ 3.0	▲ 2.2	+0.9	
	Total	71.4	67.7	-3.7	(-5.1%)

Changes in Operating Income

Billion yen



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

Business Performance

Resins Business

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

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

- Was affected by the slowing demand in the smartphone market.

Topics

- Feb. 2019 : Decided to increase production capacity of polypropylene film TORAYFAN® at Toray Plastics (America), Inc.

Breakdown of Performance Chemicals Segment

Billion yen

	FY Mar/18		FY Mar/19		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Resins, Chemicals	360.7	29%	382.5	29%	+6%
Films	330.8	27%	352.7	26%	+7%
Electronic & Information Materials	64.0	5%	64.0	5%	-0%
Trading	483.2	39%	535.3	40%	+11%
Adjustments	▲ 435.5	-	▲ 465.7	-	-
Total	803.3		868.8		

Business Results by Segment (Carbon Fiber Composite Materials)

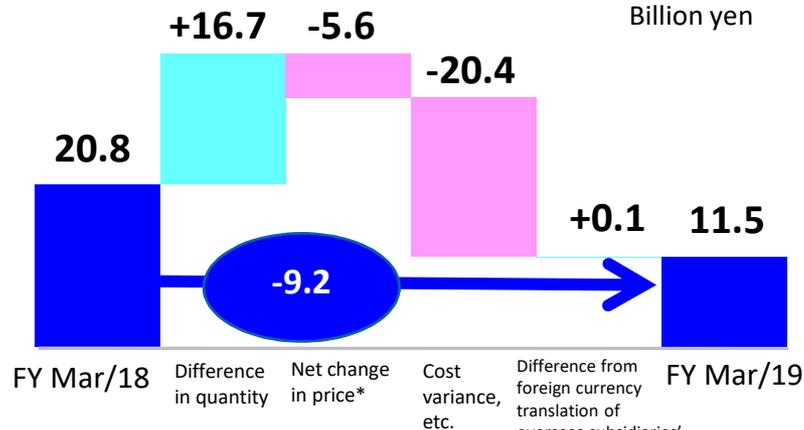
Net Sales / Operating Income

Billion yen

		FY Mar/18	FY Mar/19	Changes	
Net Sales	Toray	93.4	110.0	+16.5	(+17.7%)
	Japanese Subsidiaries	66.6	80.9	+14.4	(+21.6%)
	Overseas Subsidiaries	146.3	194.5	+48.2	(+33.0%)
	Adjustments	▲ 128.3	▲ 169.5	-41.2	
	Total	177.9	215.9	+38.0	(+21.3%)
Operating Income	Toray	9.7	10.3	+0.6	(+6.3%)
	Japanese Subsidiaries	1.5	1.8	+0.3	(+20.0%)
	Overseas Subsidiaries	11.9	9.2	-2.7	(-23.0%)
	Adjustments	▲ 2.3	▲ 9.7	-7.4	
	Total	20.8	11.5	-9.2	(-44.4%)

Changes in Operating Income

Billion yen



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

Business Performance

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 fees related to the acquisition of the entire stake in TenCate Advanced Composites Holding B.V.

Aerospace applications

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

Industrial applications

- Showed a recovery trend for the most part, primarily in the environment and energy-related fields led by compressed natural gas tank applications and wind turbine blade applications.

Topics

- Mar. 2019 : Announced that TenCate Advanced Composites will change its business brand name to "Toray Advanced Composites (TAC)".

Breakdown of Carbon Fiber Composite Materials Segment

Billion yen

	FY Mar/18		FY Mar/19		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	82.1	46%	96.9	45%	+18%
Sports	15.6	9%	17.5	8%	+12%
Industrial	80.2	45%	101.4	47%	+26%
Total of Carbon Fiber Composite Materials	177.9		215.9		+21%

Business Results by Segment (Environment & Engineering)

Net Sales / Operating Income

Billion yen

		FY Mar/18	FY Mar/19	Changes	
Net Sales	Toray	23.2	24.1	+1.0	(+4.1%)
	Japanese Subsidiaries	284.9	307.6	+22.7	(+8.0%)
	Overseas Subsidiaries	30.9	32.2	+1.2	(+3.9%)
	Adjustments	▲ 100.8	▲ 106.2	-5.5	
	Total	238.3	257.7	+19.4	(+8.1%)
Operating Income	Toray	0.4	▲ 1.9	-2.3	(-)
	Japanese Subsidiaries	9.8	10.3	+0.5	(+4.6%)
	Overseas Subsidiaries	3.0	4.0	+1.0	(+32.4%)
	Adjustments	0.0	▲ 0.1	-0.1	
	Total	13.3	12.2	-1.1	(-7.9%)

Business Performance

Water Treatment Business

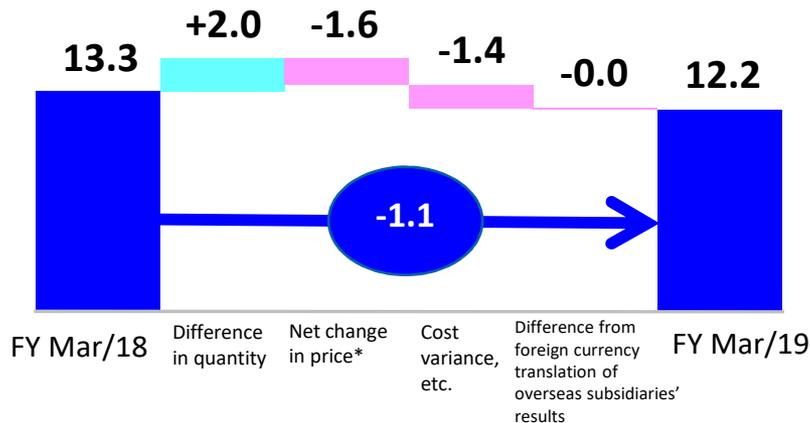
- Demand for reverse osmosis membranes and other products grew strongly on the whole in Japan and abroad.

Japanese Subsidiaries

- The trading volume of a trading subsidiary increased.
- An engineering subsidiary outside Japan was affected by the conclusion of a large-scale plant construction project.

Changes in Operating Income

Billion yen



Topics

- Feb. 2019 : Established a joint venture corporation to manufacture and sell drinking water treatment facilities in China with ORIX Corporation and China Water Affairs Group Ltd.
- Feb. 2019 : Developed fine separation and high water permeability technology for PVDF ultrafiltration membrane (UF).

* 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)

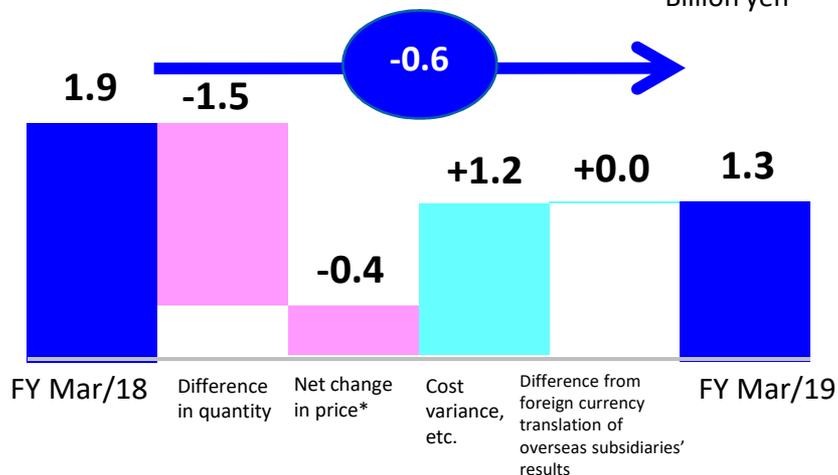
Net Sales / Operating Income

Billion yen

		FY Mar/18	FY Mar/19	Changes	
Net Sales	Toray	28.0	25.5	-2.5	(-9.1%)
	Japanese Subsidiaries	40.5	41.6	+1.1	(+2.8%)
	Overseas Subsidiaries	11.8	13.0	+1.1	(+9.6%)
	Adjustments	▲ 26.6	▲ 26.4	+0.1	
	Total	53.8	53.7	-0.2	(-0.3%)
Operating Income	Toray	▲ 0.5	▲ 1.2	-0.7	(-)
	Japanese Subsidiaries	1.3	1.6	+0.3	(+22.1%)
	Overseas Subsidiaries	▲ 0.1	0.2	+0.3	(-)
	Adjustments	1.3	0.8	-0.5	
	Total	1.9	1.3	-0.6	(-33.0%)

Changes in Operating Income

Billion yen



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

Business Performance

Pharmaceutical Business

- While sales volume of orally active prostacyclin derivative DORNER® increased in the overseas markets, the sales 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

- While affected by the reduction of the insurance reimbursement amount in Japan and the increase in raw material prices, shipment of dialyzers grew strongly in Japan and overseas and sales volume of dialysis machines also expanded.

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

Topics

- Jan. 2019 : Signed an exclusive license agreement with Meiji Seika Pharma Co., Ltd. on the exclusive rights to develop and commercialize "TRK-820" in Thailand and Indonesia.
- Feb. 2019 : A nucleic acid drug, "TRK-250", received Orphan Drug Designation from the US FDA.

Results of Major Subsidiaries and Regions

Billion yen

		Net Sales			Operating Income		
		FY Mar/18	FY Mar/19	Changes	FY Mar/18	FY Mar/19	Changes
Toray International, Inc.		587.7	662.9	+75.2	12.3	14.1	+1.7
Toray Engineering Co., Ltd.		105.4	115.1	+9.7	5.8	5.4	-0.4
Toray Construction Co., Ltd.		54.7	56.1	+1.5	1.5	2.2	+0.7
Toray Advanced Film Co., Ltd.		41.9	40.5	-1.4	3.1	3.3	+0.2
Subsidiaries in Southeast Asia	Fibers & Textiles	135.1	152.7	+17.6	9.1	7.6	-1.5
	Plastics & Chemicals	110.0	115.1	+5.1	12.1	8.2	-3.9
	Others	0.2	0.2	+0.1	0.0	0.0	+0.0
	Total	245.2	268.0	+22.8	21.2	15.8	-5.4
Subsidiaries in China	Fibers & Textiles	273.5	286.1	+12.5	23.5	24.5	+0.9
	Plastics & Chemicals	101.6	104.2	+2.5	3.2	3.4	+0.2
	Others	30.2	33.5	+3.3	0.9	1.4	+0.6
	Total	405.4	423.7	+18.3	27.6	29.3	+1.7
Subsidiaries in Korea	Fibers & Textiles	99.5	103.9	+4.3	3.1	2.0	-1.1
	Performance Chemicals	140.3	159.9	+19.6	17.4	19.7	+2.3
	Others	18.4	24.3	+5.9	2.1	2.4	+0.3
	Total	258.2	288.1	+29.9	22.6	24.1	+1.5

Comparison of Operating Income (3Q vs. 4Q) by Segment

Segment	Operating Income (Bil. yen) 3Q Actual → 4Q Actual () difference	Variance Factors
Fibers & Textiles	18.5 → 12.6 (-6.0)	<ul style="list-style-type: none"> 4Q was the off-season for shipment of apparel applications. This affected trading companies in and outside of Japan as well as textiles subsidiaries in Asia. In industrial applications, demand for airbag fabrics and PP spunbond was weak.
Performance Chemicals	16.2 → 15.7 (-0.4)	<ul style="list-style-type: none"> In chemicals business, sales of basic chemicals and fine chemical products decreased. In films business, sales of battery separator films was strong. In electronic & information materials business, shipment of smartphone-related materials decreased, affected by the slowing growth of the smartphone market.
Carbon Fiber Composite Materials	2.4 → 3.2 (+ 0.8)	<ul style="list-style-type: none"> In aerospace applications, demand remained strong and sales volume increased. In industrial applications, shipment remained strong primarily in the environment and energy-related fields led by compressed natural gas tank applications and wind turbine blade applications.
Environment & Engineering	2.2 → 4.3 (+2.1)	<ul style="list-style-type: none"> In the water treatment business, shipment of RO membranes was strong. At an engineering subsidiary, plant construction business saw steady progress and shipment of electronics-related equipments increased.
Life Science	0.6 → 0.1 (-0.5)	<ul style="list-style-type: none"> In the medical devices business, sales of some medical devices weakened.
Others	0.9 → 1.3 (+0.4)	
Adjustments	▲6.1 → ▲8.1 (-2.0)	
Total	34.7 → 29.1 (-5.6)	

II. Business Forecast for the Fiscal Year Ending March 2020 (Consolidated Basis)

Forecast Summary for the Fiscal Year Ending March 2020

Billion yen

		FY Mar/19 Actual	FY Mar/20 Forecast	Changes	
Net Sales	1st Half	1,191.2	1,210.0	+18.8	(+1.6%)
	2nd Half	1,197.6	1,320.0	+122.4	(+10.2%)
	Total	2,388.8	2,530.0	+141.2	(+5.9%)
Operating Income	1st Half	77.7	70.0	-7.7	(-9.9%)
	2nd Half	63.8	90.0	+26.2	(+41.1%)
	Total	141.5	160.0	+18.5	(+13.1%)
Ordinary Income	1st Half	77.4	67.0	-10.4	(-13.4%)
	2nd Half	57.1	88.0	+30.9	(+54.1%)
	Total	134.5	155.0	+20.5	(+15.2%)
Net Income Attributable to Owners of Parent	1st Half	48.5	39.0	-9.5	(-19.6%)
	2nd Half	30.9	54.0	+23.1	(+74.9%)
	Total	79.4	93.0	+13.6	(+17.2%)
Net Income per Share	1st Half	30.32 yen	24.38 yen		
	2nd Half	19.29 yen	33.75 yen		
	Total	49.61 yen	58.13 yen		
Dividend per Share	1st Half	8 yen	8 yen		
	2nd Half	8 yen	8 yen		
	Total	16 yen	16 yen		

Assumed exchange rate : 110 yen / US\$

Forecast by Segment

Billion yen

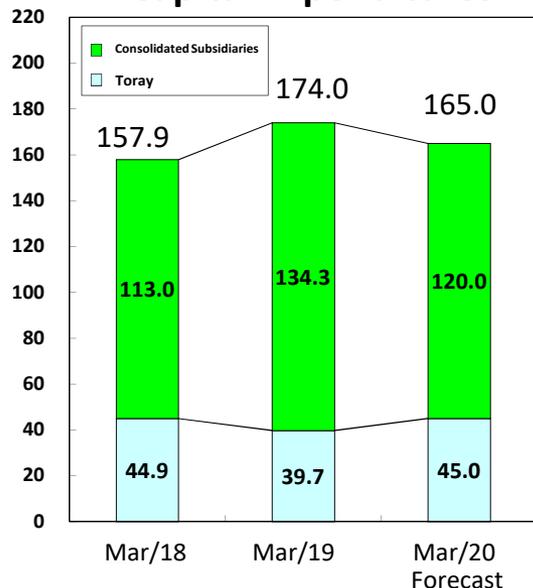
		FY Mar/19 Actual			FY Mar/20 Forecast			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales	Fibers & Textiles	503.1	471.2	974.3	480.0	520.0	1,000.0	-23.1	+48.8	+25.7
	Performance Chemicals	435.0	433.9	868.8	450.0	485.0	935.0	+15.0	+51.1	+66.2
	Carbon Fiber Composite Materials	96.5	119.5	215.9	120.0	130.0	250.0	+23.5	+10.5	+34.1
	Environment & Engineering	121.4	136.3	257.7	125.0	145.0	270.0	+3.6	+8.7	+12.3
	Life Science	26.3	27.4	53.7	27.0	28.0	55.0	+0.7	+0.6	+1.3
	Others	9.0	9.5	18.5	8.0	12.0	20.0	-1.0	+2.5	+1.5
	Consolidated	1,191.2	1,197.6	2,388.8	1,210.0	1,320.0	2,530.0	+18.8	+122.4	+141.2
Operating Income	Fibers & Textiles	41.8	31.1	72.9	32.0	38.0	70.0	-9.8	+6.9	-2.9
	Performance Chemicals	35.8	31.9	67.7	38.0	43.0	81.0	+2.2	+11.1	+13.3
	Carbon Fiber Composite Materials	6.0	5.6	11.5	8.0	14.0	22.0	+2.0	+8.4	+10.5
	Environment & Engineering	5.7	6.5	12.2	4.0	10.0	14.0	-1.7	+3.5	+1.8
	Life Science	0.7	0.6	1.3	0.0	0.0	0.0	-0.7	-0.6	-1.3
	Others	0.8	2.3	3.1	1.0	2.0	3.0	+0.2	-0.3	-0.1
	Adjustments	▲ 13.1	▲ 14.2	▲ 27.3	▲ 13.0	▲ 17.0	▲ 30.0	+0.1	-2.8	-2.7
Consolidated	77.7	63.8	141.5	70.0	90.0	160.0	-7.7	+26.2	+18.5	

Comparison of Operating Income (FY 2018 vs. FY 2019) by Segment

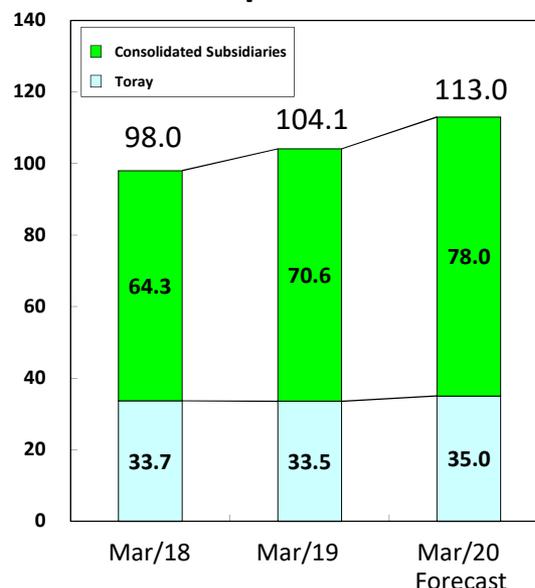
Segment	Operating Income (Bil. yen) FY Mar/19 → FY Mar/20 () difference	Variance Factors
Fibers & Textiles	72.9 → 70.0 (-2.9)	<ul style="list-style-type: none"> In apparel applications, anticipate 2019 autumn/winter business to be weak due to the warm winter in 2018, despite the efforts to expand sales in all applications and high value-added products. In industrial applications, seek to expand sales by utilizing enhanced facilities such as PP spunbond, airbags, and ultra-microfiber non-woven fabric with suede texture.
Performance Chemicals	67.7 → 81.0 (+13.3)	<ul style="list-style-type: none"> In resins business, will expand sales of high-functional ABS resins and engineering plastics for automotive applications, etc. In films business, intend to expand sales in growth business fields, including battery separator films and MLCC release films. In electronic & information materials business, expect to increase sales of OLED-related materials and electronic circuit materials.
Carbon Fiber Composite Materials	11.5 → 22.0 (+10.5)	<ul style="list-style-type: none"> In aerospace applications, expect shipment to expand in response to the increase in production volume of our major customer. In industrial applications, seek to expand sales primarily in the environment and energy-related fields. Will promote cost reductions at a composite subsidiary overseas .
Environment & Engineering	12.2 → 14.0 (+1.8)	<ul style="list-style-type: none"> In the water treatment business, seek to expand sales of the membrane business including RO to meet the growing global demand.
Life Science	1.3 → 0.0 (-1.3)	<ul style="list-style-type: none"> In pharmaceuticals, anticipate pruritus treatment REMITCH®* to be affected by its generic versions. In the medical devices business, will expand sales of our dialysis-related products, but expect price competition to intensify and demand for some products to decrease.
Others	3.1 → 3.0 (-0.1)	
Adjustments	▲27.3 → ▲30.0 (-2.7)	*REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.
Total	141.5 → 160.0 (+18.5)	

Trends in Capital Expenditures, Depreciation and R&D Expenses

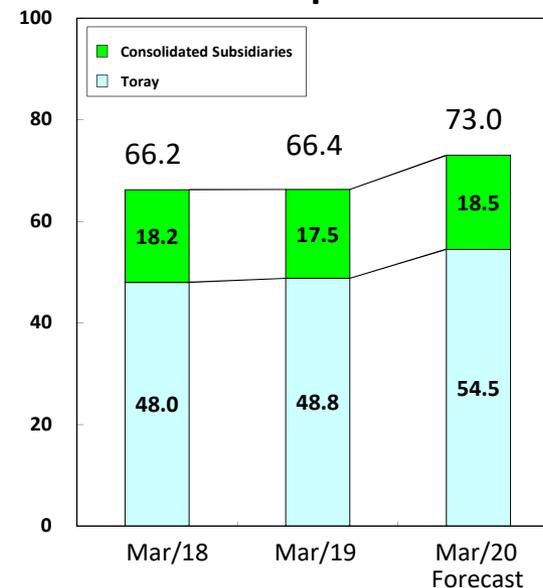
Billion yen **Capital Expenditures***



Billion yen **Depreciation***



Billion yen **R&D Expenses**



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

Major Capital Expenditure Projects

【Mar/19】 Toray Battery Separator Film Korea Limited : Battery separator film SETELA[®] production facilities
 Zoltek Companies, Inc. : Large tow carbon fiber ZOLTEK[™] production facilities
 Alcantara S.p.A. : Alcantara[®] production facilities
 Toray BSF Coating Korea Limited : Battery separator film SETELA[®] coating facilities

【Mar/20】 Alcantara S.p.A. : Alcantara[®] production facilities
 Zoltek Companies, Inc. : Large tow carbon fiber ZOLTEK[™] production facilities
 Toray Plastics (Malaysia) Sdn. Berhad : ABS resin TOYOLAC[®] production facilities

III. Progress of “Project AP-G 2019”

Progress of “Project AP-G 2019”

Three Basic Strategies

1. Business Expansion in Growth Business Fields

Green Innovation Business Expansion
(GR) Project

Life Innovation Business Expansion
(LI) Project

2. Expansion and Advancement of Global Business

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

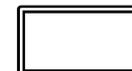
3. Strengthening Competitiveness

Total Cost Reduction

Strengthening
Corporate Structure

Strengthening
Sales and Marketing

Total Cost Reduction
(TC) Project



: Group-wide Projects

Progress of “Project AP-G 2019”

Green Innovation Business Expansion (GR) Project

Main Initiatives in FY 2018

<Reduction of GHG Emissions>

■ **Decided to increase large tow carbon fiber production capacity at Zoltek Companies, Inc. (Apr. 2018)**

- Decided to increase annual production capacity by 5,000 tons at Zoltek's Hungarian facility and start its operation in early 2020.

■ **Developed new carbon fibers TORAYCA® MX series, that realizes both higher tensile strength and tensile modulus. (Nov. 2018)**

- Will enhance the product lineup in the series and at the same time will develop high-performance intermediate materials (prepreg) using the new carbon fibers.

<Biomass-derived Products>

■ **Announced to introduce “Ultrasuede® BX,” a non-woven material with a suede texture that realizes the highest proportion of plant-based raw materials in the world. (Nov. 2018)**

- Realizes the highest proportion of plant-based raw materials (30%).

<Water Treatment>

■ **Developed ROMEMBRA® TLF series, a new reverse osmosis (RO) membrane element most suitable for the treatment of wastewater. (Jul. 2018)**

- Started sales in Apr. 2018, and introduced this product at the water conference and convention “SIWW” in Jul. 2018.



Net Sales of Green Innovation Businesses

() net sales ratio

Net Sales
(Billion yen)



Progress of “Project AP-G 2019”

Life Innovation Business Expansion (LI) Project

Main Initiatives in FY 2018

<Development of Advanced Materials in LI Business>

■ Commercialized “hitoe® wearable electrocardiogram monitoring system” for long-term medical use. (Sep. 2018)

- Developed and started sales of “hitoe® wearable electrocardiogram monitoring system” for continuous monitoring of physiological signals, in cooperation with Nippon Telegraph and Telephone Corp.

■ Acquired EU Type Examination Certificate (CE marking) for the chemical protective clothing LIVMOA® 3000 series. (Jan. 2019)

■ Developed “LIVMOA® CL,” a sterilized type of LIVMOA® disposable protective wear, for use in cleanrooms. (Mar. 2019)

<Pharmaceuticals and Medical Devices>

■ Commercialized “INOUE BALLOON for aortic valve,” a new type of valvuloplasty catheter. (Sep. 2018)

- Started sales of catheter type II of “Inoue Balloon for aortic valve” in Sep. 2018.

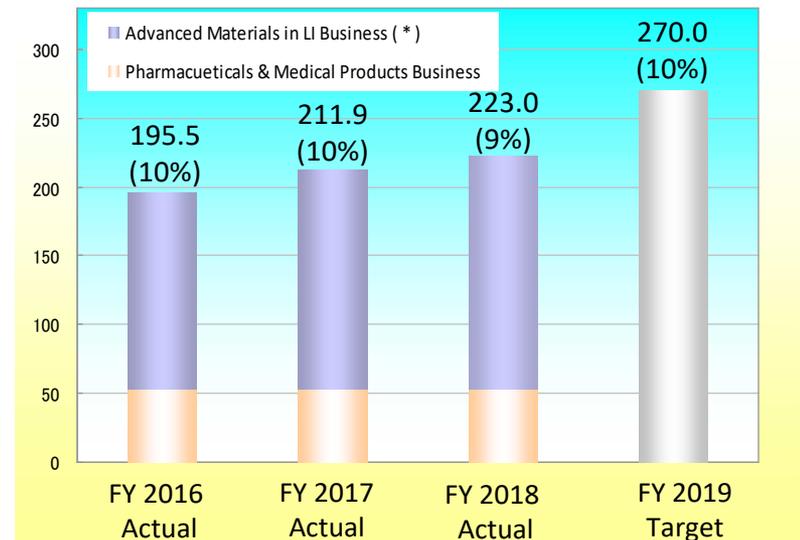
■ Signed a license agreement on antipruritic drug “TRK-820” in Thailand and Indonesia. (Jan. 2019)

- Signed an exclusive license agreement with Meiji Seika Pharma Co., Ltd. on the exclusive rights to develop and commercialize “TRK-820” in Thailand and Indonesia.

Net Sales of Life Innovation Businesses

Net Sales
(Billion yen)

() net sales ratio



(*) Toray Group estimation

Progress of “Project AP-G 2019”

Expansion and Advancement of Global Business

Main Initiatives in FY 2018

Decided to establish a resin compound facility in India. (Apr. 2018)

- The facility, with an annual production capacity of about 5,000 tons, will be set up at the base in Sri City in Andhra Pradesh State and will start its operations from Sep. 2019.

Decided to increase production capacity of ABS resins at a Malaysian subsidiary. (Dec. 2018)

- Will add a facility with production capacity of 75,000 tons annually at Toray Plastics (Malaysia) Sdn. Berhad and start its operation in Nov. 2020.

Decided to increase production capacity of polypropylene film TORAYFAN® at a US subsidiary. (Feb. 2019)

- A production facility with annual capacity of 30,000 tons will be additionally built at Toray Plastics (America), Inc., which aims to start operation in 2020.

Decided to establish drinking water treatment facility production and sales company in China. (Feb. 2019)

- Established a joint venture corporation to manufacture and sell drinking water treatment facilities in China with ORIX Corporation and China Water Affairs Group Ltd.

Net Sales of Expansion and Advancement of Global Businesses

<Combined sales of overseas consolidated subsidiaries>

*based on an exchange rate of 100 yen / US\$ for the past FYs also

Net Sales
(Billion yen)



Progress of “Project AP-G 2019”

Strengthening Competitiveness

Total Cost Reduction

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

Results of FY 2018

- Variable costs: reduced 31.6 billion yen (reduction rate: 3.3%)
- Fixed costs: reduced 34.9 billion yen (P-ratio=1.03)
- Innovation of production process: reduced 17.6 billion yen

Reduced 84.1 billion yen

Strengthening Corporate Structure

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

- Toray Advanced Materials Korea Inc. absorbed Toray Chemical Korea Inc. in Apr. 1, 2019.
Will aim to create further synergy and pursue operational efficiency.

Strengthening Sales and Marketing

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

- Will unify the business brand name of TenCate Advanced Composites Holding B.V. , acquired in Jul. 2018, to “Toray Advanced Composites.”

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

Financial Targets

Billion yen

	FY 2017 Actual	FY 2018 Actual	FY 2019 Forecast	FY 2019 Target
Net Sales	2,204.9	2,388.8	2,530.0	2,700.0
Operating Income	156.5	141.5	160.0	250.0
Operating Income to Net Sales Ratio	7.1%	5.9%	6.3%	9%
ROA	6.3%	5.3%	about 6%	about 9%
ROE	9.1%	7.1%	about 8%	about 12%

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

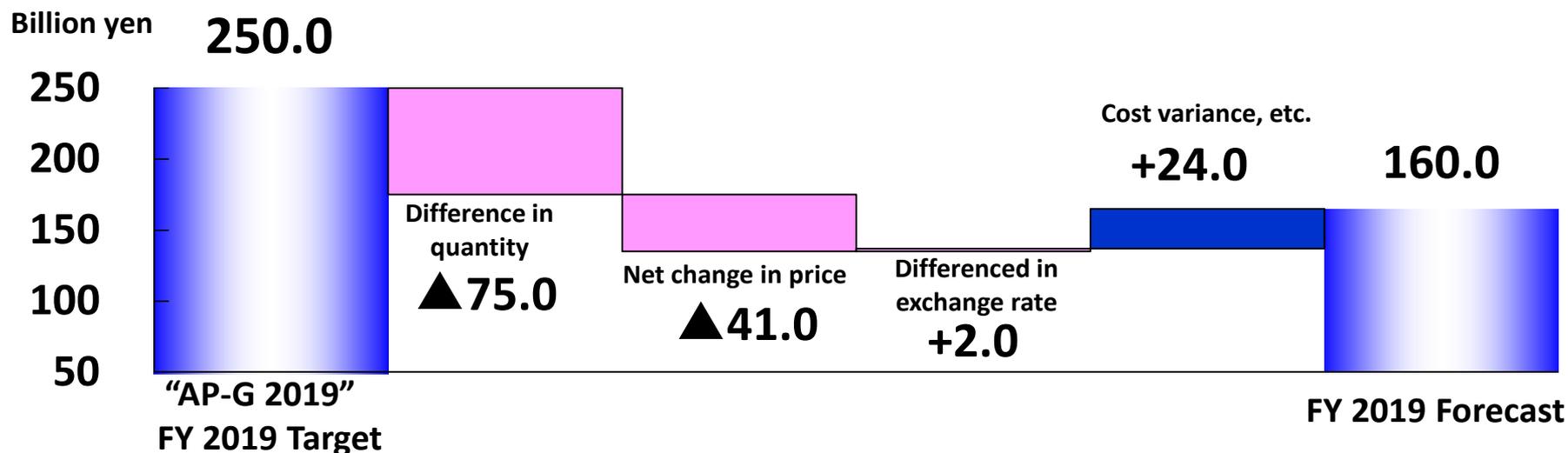
ROA = Operating Income / Total Assets

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

Variance Analysis of "AP-G 2019" Income Target and FY 2019 Forecast

Billion yen

	Net Sales			Operating Income		
	"AP-G 2019" Target	FY Mar/20 Forecast	Changes	"AP-G 2019" Target	FY Mar/20 Forecast	Changes
Fibers & Textiles	1,120.0	1,000.0	-120.0	92.0	70.0	-22.0
Performance Chemicals	950.0	935.0	-15.0	103.0	81.0	-22.0
Carbon Fiber Composite Materials	260.0	250.0	-10.0	45.0	22.0	-23.0
Environment & Engineering	270.0	270.0	±0.0	20.0	14.0	-6.0
Life Science	80.0	55.0	-25.0	9.0	0.0	-9.0
Others	20.0	20.0	+0.0	3.0	3.0	±0.0
Adjustments	-	-	-	▲ 22.0	▲ 30.0	-8.0
Total	2,700.0	2,530.0	-170.0	250.0	160.0	-90.0



IV. <Reference>

Number of Employees, Changes in Subsidiaries and Affiliates

Number of Employees

	End of Mar/18	End of Mar/19	Changes
Toray	7,625	7,585	-40
Japanese Consolidated Subsidiaries	10,590	10,563	-27
Overseas Consolidated Subsidiaries	27,547	30,172	+2,625
Total	45,762	48,320	+2,558

Changes in Subsidiaries and Affiliated Companies Number of Companies

		End of Mar/18	End of Mar/19	Changes
Consolidated Subsidiaries (a)	Japan	61	61	±0
	Overseas	101	124	+23
	Total	162	185	+23
Subsidiaries accounted for by Equity Method (b)	Japan	26	26	±0
	Overseas	34	29	-5
	Total	60	55	-5
Total Subsidiaries (a) + (b)	Japan	87	87	±0
	Overseas	135	153	+18
	Total	222	240	+18
Affiliates accounted for by Equity Method (c)	Japan	13	14	+1
	Overseas	22	21	-1
	Total	35	35	±0
Companies subject to Consolidation (a) + (b) + (c)	Japan	100	101	+1
	Overseas	157	174	+17
	Total	257	275	+18

Quarterly Net Sales by Segment

Billion yen

	FY Mar/18					FY Mar/19				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Fibers & Textiles	201.1	221.7	274.8	216.0	913.6	221.0	282.1	258.0	213.2	974.3
Performance Chemicals	191.2	199.5	209.0	203.6	803.3	212.4	222.5	219.9	214.0	868.8
Carbon Fiber Composite Materials	42.7	42.1	43.4	49.7	177.9	45.7	50.7	57.8	61.6	215.9
Environment & Engineering	56.9	58.4	55.7	67.4	238.3	54.9	66.5	63.2	73.1	257.7
Life Science	12.2	14.0	13.6	14.0	53.8	12.6	13.6	13.9	13.4	53.7
Others	4.0	4.5	4.2	5.3	17.9	4.1	4.9	4.2	5.2	18.5
Total	508.1	540.1	600.6	556.0	2,204.9	550.8	640.4	617.1	580.5	2,388.8

Quarterly Operating Income by Segment

Billion yen

	FY Mar/18					FY Mar/19				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Fibers & Textiles	17.6	17.9	23.0	13.9	72.4	18.5	23.3	18.5	12.6	72.9
Performance Chemicals	16.6	19.0	20.0	15.6	71.4	17.2	18.6	16.2	15.7	67.7
Carbon Fiber Composite Materials	5.7	4.8	4.6	5.7	20.8	3.1	2.9	2.4	3.2	11.5
Environment & Engineering	4.3	2.5	2.5	3.9	13.3	1.9	3.9	2.2	4.3	12.2
Life Science	0.8	0.5	0.6	▲ 0.0	1.9	0.2	0.5	0.6	0.1	1.3
Others	0.2	0.6	0.8	1.2	2.9	0.2	0.6	0.9	1.3	3.1
Adjustments	▲ 6.4	▲ 6.3	▲ 6.3	▲ 7.2	▲ 26.2	▲ 7.1	▲ 6.0	▲ 6.1	▲ 8.1	▲ 27.3
Total	38.9	39.2	45.3	33.1	156.5	33.9	43.8	34.7	29.1	141.5

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	4Q	Total
Resins, Chemicals	86.4	87.7	91.3	95.3	360.7	97.9	97.3	96.9	90.4	382.5
Films	77.1	83.1	85.0	85.7	330.8	85.5	88.9	91.3	86.9	352.7
Electronic & Information Materials	14.6	16.7	17.5	15.2	64.0	14.3	18.3	16.5	14.9	64.0
Trading	116.2	118.1	124.6	124.4	483.2	135.5	137.1	135.7	126.9	535.3
Adjustments	▲ 103.1	▲ 106.1	▲ 109.3	▲ 116.9	▲ 435.5	▲ 120.9	▲ 119.1	▲ 120.5	▲ 105.2	▲ 465.7
Total	191.2	199.5	209.0	203.6	803.3	212.4	222.5	219.9	214.0	868.8

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

Billion yen

	FY Mar/18					FY Mar/19				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Aerospace	20.4	19.6	20.3	21.9	82.1	19.3	22.5	26.5	28.7	96.9
Sports	3.8	3.8	43.3	3.8	15.6	4.1	3.9	5.2	4.3	17.5
Industrial	18.6	18.7	18.8	24.1	80.2	22.3	24.3	26.2	28.7	101.4
Total	42.7	42.1	43.4	49.7	177.9	45.7	50.7	57.8	61.6	215.9

Quarterly Net Sales of Major Subsidiaries and Regions

Billion yen

	FY Mar/18					FY Mar/19				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Toray International, Inc.	130.9	136.4	186.4	133.9	587.7	146.3	188.5	183.0	145.1	662.9
Toray Engineering Co., Ltd.	29.9	21.7	27.4	26.3	105.4	24.0	30.6	27.9	32.6	115.1
Toray Construction Co., Ltd.	8.6	16.4	11.8	17.9	54.7	10.1	12.2	14.9	19.0	56.1
Toray Advanced Film Co., Ltd.	10.1	11.0	11.3	9.5	41.9	9.7	10.5	10.8	9.5	40.5

Subsidiaries in Southeast Asia	Fibers & Textiles	32.1	33.8	36.1	33.0	135.1	37.9	40.2	39.8	34.9	152.7
	Performance Chemicals	26.3	27.4	27.8	28.4	110.0	29.6	30.4	29.1	26.0	115.1
	Others	0.0	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.0	0.2
	Total	58.5	61.3	64.0	61.5	245.2	67.6	70.6	68.9	61.0	268.0
Subsidiaries in China	Fibers & Textiles	65.2	70.7	79.7	57.8	273.5	75.5	82.5	77.4	50.8	286.1
	Performance Chemicals	23.7	26.0	26.7	25.2	101.6	27.0	27.5	26.5	23.2	104.2
	Others	6.7	7.7	8.8	7.0	30.2	8.6	7.8	9.7	7.4	33.5
	Total	95.6	104.5	115.3	90.1	405.4	111.1	117.8	113.5	81.4	423.7
Subsidiaries in Korea	Fibers & Textiles	22.7	25.1	25.8	26.0	99.5	25.5	27.9	26.1	24.5	103.9
	Performance Chemicals	31.2	35.3	36.8	36.9	140.3	35.9	40.8	41.4	41.7	159.9
	Others	4.5	4.4	4.6	4.9	18.4	7.0	5.5	6.1	5.7	24.3
	Total	58.4	64.8	67.2	67.8	258.2	68.4	74.1	73.6	71.9	288.1

Quarterly Operating Income of Major Subsidiaries and Regions

Billion yen

	FY Mar/18					FY Mar/19				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Toray International, Inc.	2.3	3.3	4.5	2.2	12.3	2.6	4.3	4.4	2.7	14.1
Toray Engineering Co., Ltd.	3.6	0.4	1.1	0.7	5.8	0.5	1.8	0.6	2.5	5.4
Toray Construction Co., Ltd.	▲ 0.0	0.6	0.2	0.8	1.5	0.4	0.7	0.9	0.2	2.2
Toray Advanced Film Co., Ltd.	0.6	0.7	1.1	0.6	3.1	0.7	1.0	0.9	0.8	3.3

Subsidiaries in Southeast Asia	Fibers & Textiles	2.2	2.2	2.8	2.0	9.1	2.2	2.0	2.4	1.1	7.6
	Performance Chemicals	2.3	3.1	3.3	3.4	12.1	3.2	2.3	1.1	1.6	8.2
	Others	0.0	▲ 0.0	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	2.7	15.8
Subsidiaries in China	Fibers & Textiles	6.6	6.6	6.7	3.8	23.5	7.5	7.3	6.0	3.7	24.5
	Performance Chemicals	0.5	0.8	0.8	1.0	3.2	0.8	1.0	0.9	0.8	3.4
	Others	0.3	0.3	0.1	0.2	0.9	0.5	0.3	0.5	0.1	1.4
	Total	7.4	7.7	7.6	5.0	27.6	8.8	8.5	7.3	4.7	29.3
Subsidiaries in Korea	Fibers & Textiles	0.9	0.7	0.9	0.6	3.1	1.0	0.5	0.5	▲ 0.1	2.0
	Performance Chemicals	3.7	5.3	5.0	3.4	17.4	3.1	5.3	5.5	5.8	19.7
	Others	0.6	0.4	0.5	0.5	2.1	0.7	0.5	0.8	0.5	2.4
	Total	5.1	6.4	6.4	4.6	22.6	4.8	6.3	6.8	6.2	24.1

Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2020 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.