

Announcement of Business Results for the Fiscal Year Ended March 2017 and Business Forecast for the Fiscal Year Ending March 2018

**Toray Industries, Inc.
May 10, 2017**

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<Reference> Major Results of Medium-term Management Program “Project AP-G 2016”

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I. Business Results for the Fiscal Year Ended March 2017 (Consolidated Basis)

Summary of Consolidated Business Results for the Fiscal Year Ended March 2017

Unit: Billion yen

	FY Mar/16			FY Mar/17			Changes	
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		
Net Sales	1,028.6	1,075.9	2,104.4	957.0	1,069.5	2,026.5	-78.0	(-3.7%)
Cost of Sales	811.2	851.4	1,662.6	743.7	852.7	1,596.5	-66.1	(-4.0%)
Gross Profit	217.4	224.5	441.9	213.3	216.7	430.0	-11.9	(-2.7%)
(Gross Profit to Net Sales)	21.1%	20.9%	21.0%	22.3%	20.3%	21.2%	+0.2	points
Operating Income	75.1	79.4	154.5	76.3	70.6	146.9	-7.6	(-4.9%)
(Operating Income to Net Sales)	7.3%	7.4%	7.3%	8.0%	6.6%	7.2%	-0.1	points
Non-operating Income and Expenses, net	0.4	▲ 4.7	▲ 4.3	▲ 0.2	▲ 3.0	▲ 3.2	+1.2	
Ordinary Income	75.5	74.7	150.2	76.1	67.7	143.7	-6.4	(-4.3%)
Special Credits and Charges, net	▲ 2.8	▲ 9.5	▲ 12.4	▲ 1.3	▲ 3.5	▲ 4.7	+7.6	
Income before Income Taxes	72.7	65.1	137.8	74.8	64.2	139.0	+1.2	(+0.9%)
Net Income Attributable to Owners of Parent	49.4	40.7	90.1	53.4	46.0	99.4	+9.3	(+10.3%)

Exchange Rate

<Yen/US\$>

FY Mar/16 → FY Mar/17

Average : 120.1 → 108.4

End of the term : 112.7 → 112.2

<Yen/Euro>

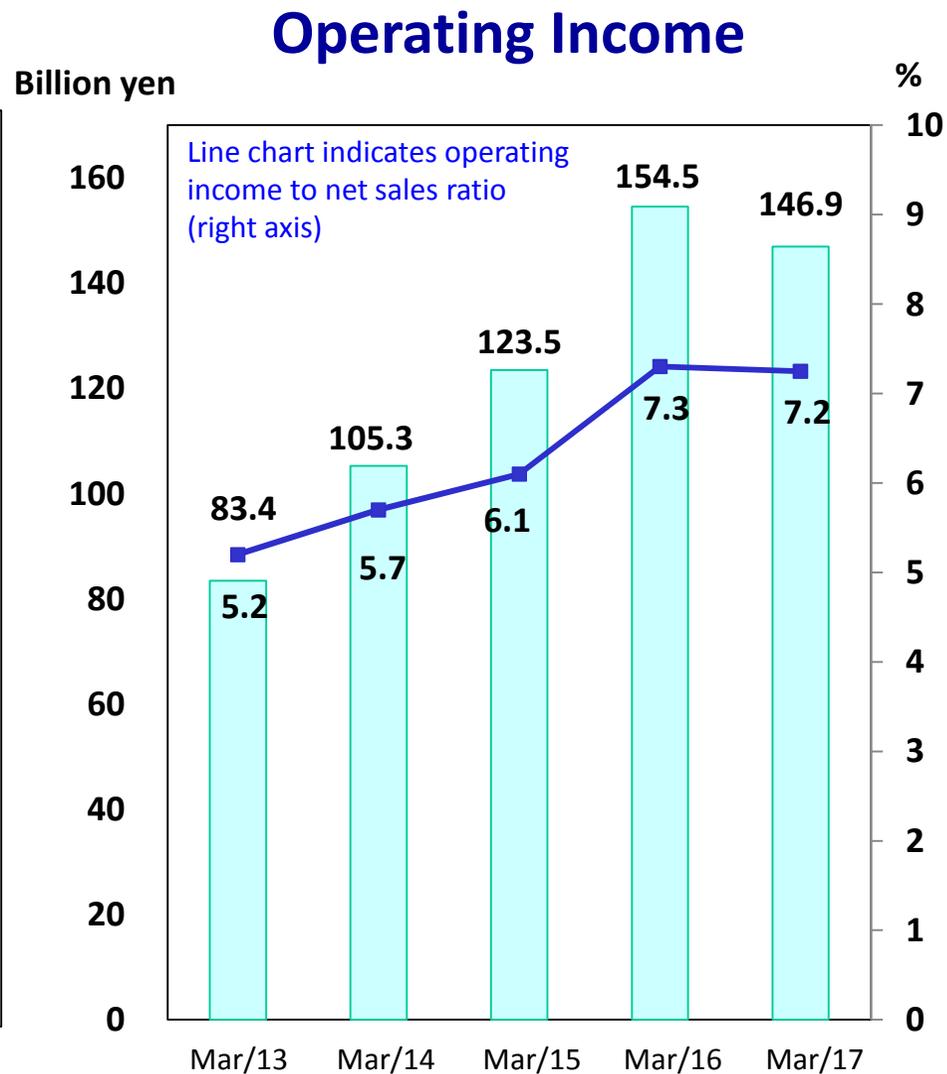
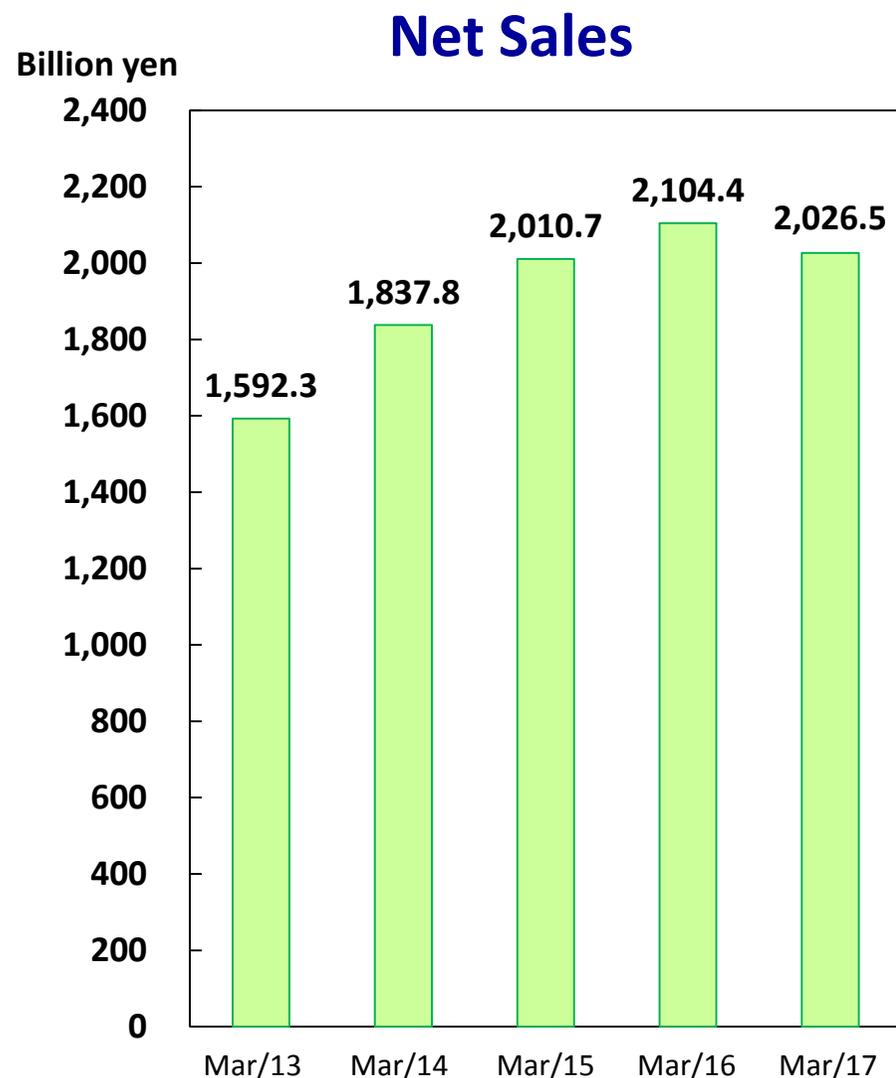
FY Mar/16 → FY Mar/17

Average : 132.6 → 118.8

End of the term : 127.7 → 119.8

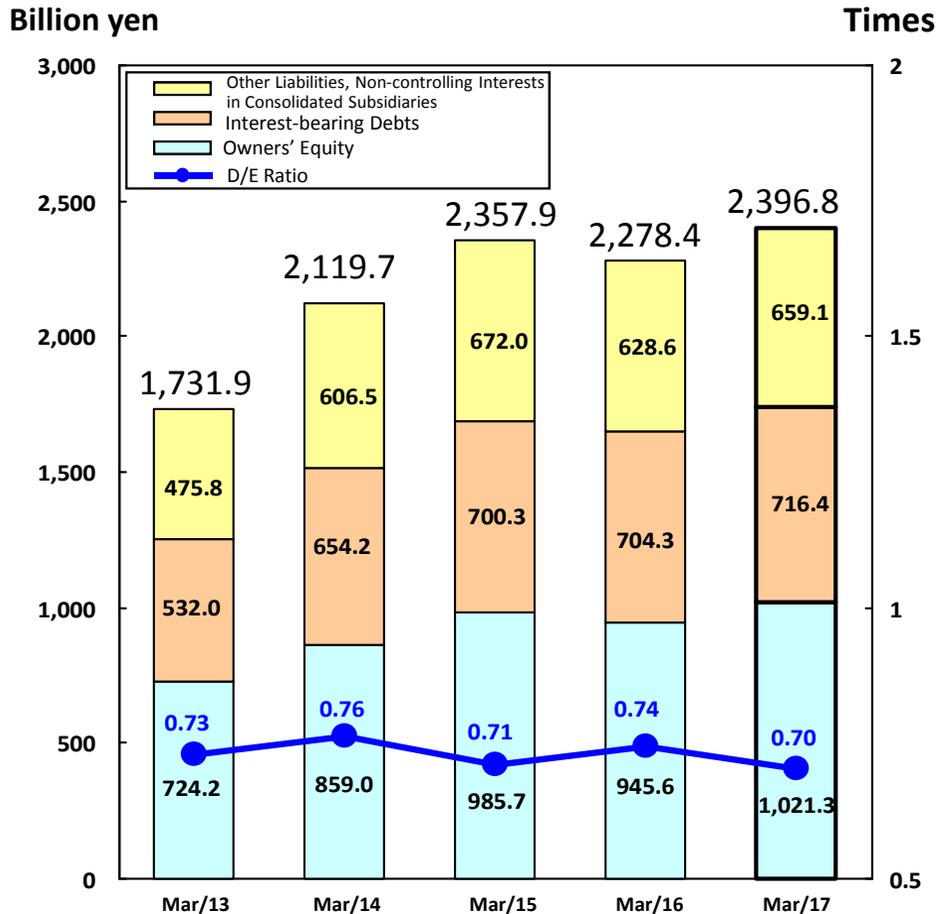
Net Income per Share	30.93 yen	25.45 yen	56.38 yen	33.40 yen	28.77 yen	62.17 yen
Dividend per Share	6.00 yen	7.00 yen	13.00 yen	7.00 yen	7.00 yen	14.00 yen

Trends in Net Sales and Operating Income

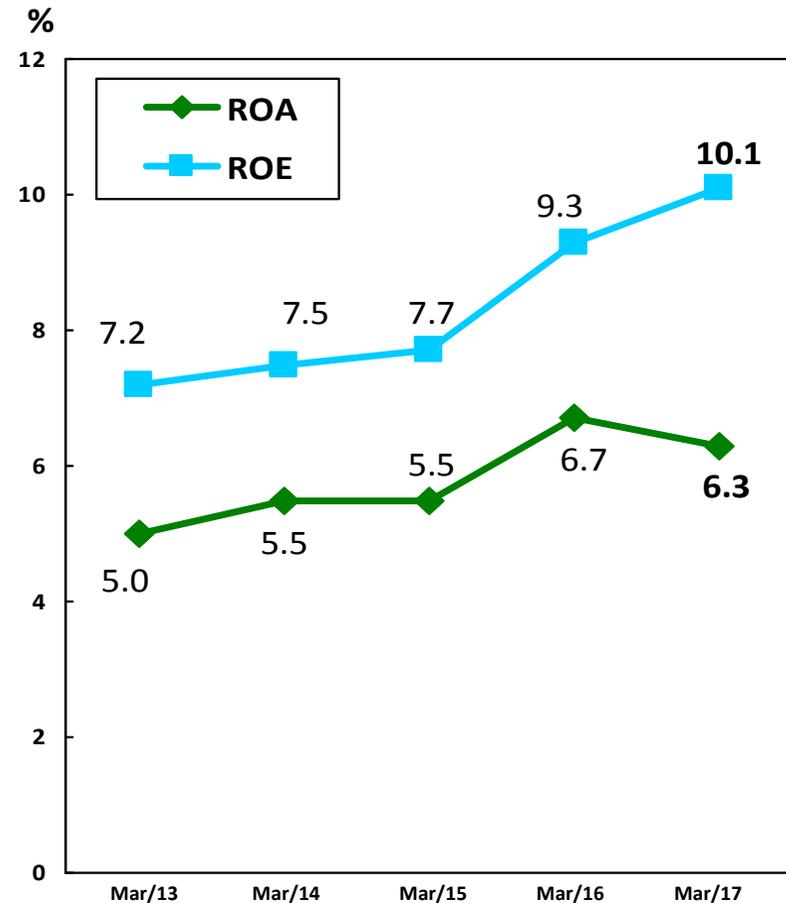


Total Assets, D/E Ratio and ROA · ROE

Total Assets, D/E Ratio



ROA · ROE



ROA = Operating Income / Total Assets

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

Non-operating Income and Expenses

Billion yen

	FY Mar/16	FY Mar/17	Changes
Non-operating Income	14.9	18.1	+3.2
Interest and Dividend Income	5.0	5.0	-0.0
Equity in Earnings of Affiliates	5.0	7.5	+2.5
Others	4.8	5.6	+0.8
Non-operating Expenses	▲ 19.2	▲ 21.3	-2.1
Interest Expenses	▲ 5.4	▲ 4.7	+0.7
Foreign Exchange Losses	▲ 2.4	-	+2.4
Costs related to Start-up of New Facilities	▲ 1.2	▲ 3.0	-1.8
Costs related to Idle Facilities	▲ 4.2	▲ 6.1	-1.9
Others	▲ 6.1	▲ 7.5	-1.4
Non-operating Income and Expenses, net	▲ 4.3	▲ 3.2	+1.2
Interest and Dividend Income, Interest Expenses, net	▲ 0.3	0.4	+0.7

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

Special Credits and Charges

Billion yen

	FY Mar/16	FY Mar/17	Changes
Special Credits	6.0	6.0	-0.0
Gain on Sales of Property, Plant and Equipment	1.0	1.0	+0.1
Gain on Sales of Investment Securities	4.5	3.8	-0.7
Gain on Return of Assets from Retirement Benefit Trust	-	0.8	+0.8
Others	0.5	0.3	-0.2
Special Charges	▲ 18.3	▲ 10.7	+7.7
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 6.1	▲ 6.0	+0.1
Loss on Impairment of Fixed Assets	▲ 9.1	▲ 2.9	+6.1
Loss on Write-down of Investment Securities	▲ 2.2	▲ 0.8	+1.4
Others	▲ 1.0	▲ 0.9	+0.1
Special Credits and Charges, net	▲ 12.4	▲ 4.7	+7.6

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

Assets, Liabilities, Net Assets and Free Cash Flows

Billion yen

	End of Mar/16	End of Mar/17	Changes
Total Assets	2,278.4	2,396.8	+118.4
Current Assets	1,009.6	1,066.7	+57.2
Tangible Assets	830.6	881.4	+50.8
Intangible Assets	87.2	77.3	-9.9
Investment and Other Assets	351.1	371.3	+20.3

	End of Mar/16	End of Mar/17	Changes
Total Liabilities	1,253.5	1,296.6	+43.1
Current Liabilities	571.3	670.0	+98.6
Other Liabilities	682.1	626.6	-55.5
Total Net Assets	1,024.9	1,100.2	+75.3

	End of Mar/16	End of Mar/17	Changes
Owner's Equity	945.6	1,021.3	+75.7
Equity Ratio	41.5%	42.6%	+1.1 points

<Free Cash Flows>

	FY Mar/16	FY Mar/17	Changes
Cash Flows from Operating Activities	196.1	174.0	-22.2
Cash Flows from Investment Activities	▲ 154.4	▲ 135.2	+19.2
Free Cash Flows	41.7	38.7	-3.0

Net Sales and Operating Income by Segment

		Net Sales				Operating Income			
		FY Mar/16	FY Mar/17	Changes	(%)	FY Mar/16	FY Mar/17	Changes	(%)
Fibers & Textiles	1st Half	435.8	400.2	-35.7	(-8.2%)	35.0	34.6	-0.4	(-1.2%)
	2nd Half	456.2	456.0	-0.3	(-0.1%)	33.9	32.2	-1.7	(-5.1%)
	Total	892.0	856.1	-35.9	(-4.0%)	68.9	66.8	-2.1	(-3.1%)
Plastics & Chemicals	1st Half	257.2	236.7	-20.5	(-8.0%)	15.7	15.9	+0.3	(+1.7%)
	2nd Half	264.0	262.4	-1.7	(-0.6%)	13.7	17.9	+4.1	(+30.2%)
	Total	521.2	499.1	-22.1	(-4.2%)	29.4	33.8	+4.4	(+15.0%)
IT-related Products	1st Half	125.0	128.6	+3.6	(+2.9%)	12.0	15.9	+3.9	(+32.8%)
	2nd Half	126.1	125.9	-0.2	(-0.2%)	14.2	14.6	+0.4	(+3.1%)
	Total	251.1	254.4	+3.4	(+1.3%)	26.2	30.5	+4.4	(+16.7%)
Carbon Fiber Composite Materials	1st Half	94.3	80.6	-13.8	(-14.6%)	18.6	16.0	-2.5	(-13.7%)
	2nd Half	91.9	81.1	-10.8	(-11.8%)	17.5	7.9	-9.6	(-54.8%)
	Total	186.2	161.6	-24.6	(-13.2%)	36.1	24.0	-12.2	(-33.6%)
Environment & Engineering	1st Half	82.6	78.6	-4.1	(-4.9%)	1.6	3.3	+1.7	(+102.9%)
	2nd Half	100.7	107.6	+6.9	(+6.8%)	8.0	6.6	-1.3	(-16.8%)
	Total	183.3	186.1	+2.8	(+1.5%)	9.6	9.9	+0.3	(+3.3%)
Life Science	1st Half	26.4	25.2	-1.2	(-4.4%)	0.6	0.7	+0.1	(+18.4%)
	2nd Half	29.5	28.9	-0.5	(-1.8%)	2.4	1.4	-1.0	(-42.2%)
	Total	55.8	54.2	-1.7	(-3.0%)	3.1	2.1	-0.9	(-30.0%)
Others	1st Half	7.2	7.2	-0.0	(-0.3%)	0.5	0.3	-0.2	(-42.9%)
	2nd Half	7.5	7.8	+0.2	(+3.2%)	1.4	1.7	+0.2	(+17.2%)
	Total	14.7	14.9	+0.2	(+1.5%)	2.0	2.0	+0.0	(+1.4%)
Adjustment	1st Half					▲ 8.9	▲ 10.5	-1.6	
	2nd Half					▲ 11.8	▲ 11.7	+0.1	
	Total					▲ 20.7	▲ 22.2	-1.5	
Consolidated	1st Half	1,028.6	957.0	-71.6	(-7.0%)	75.1	76.3	+1.1	(+1.5%)
	2nd Half	1,075.9	1,069.5	-6.4	(-0.6%)	79.4	70.6	-8.7	(-11.0%)
	Total	2,104.4	2,026.5	-78.0	(-3.7%)	154.5	146.9	-7.6	(-4.9%)

Billion yen

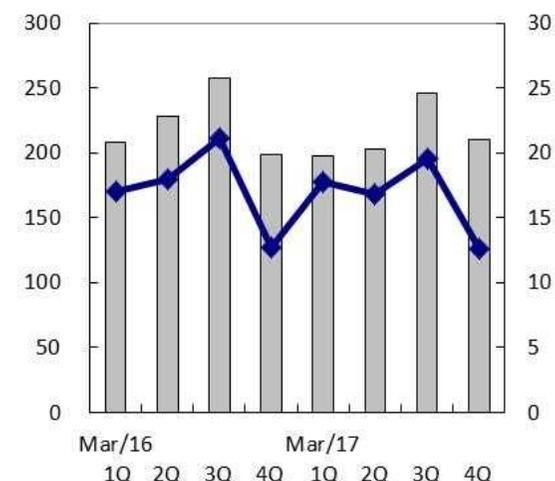
Business Results by Segment (Fibers & Textiles)

Unit: Billion yen

		FY Mar/16	FY Mar/17	Changes	
Net Sales	Toray	191.8	183.5	-8.3	(-4.3%)
	Japanese Subsidiaries	466.8	445.8	-21.1	(-4.5%)
	Overseas Subsidiaries	532.6	504.8	-27.8	(-5.2%)
	Adjustment	▲ 299.3	▲ 278.0	+21.3	(-)
	Total	892.0	856.1	-35.9	(-4.0%)
Operating Income	Toray	17.5	19.6	+2.1	(+12.3%)
	Japanese Subsidiaries	13.3	11.8	-1.5	(-11.1%)
	Overseas Subsidiaries	41.0	37.5	-3.5	(-8.6%)
	Adjustment	▲ 2.9	▲ 2.2	+0.7	
	Total	68.9	66.8	-2.1	(-3.1%)

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



Japan : Demand for apparel and industrial applications remained weak. Against this background, Toray Group strived to expand sales on the whole and worked to improve profitability by upgrading the business primarily through promotion of a business format that integrates fibers to textiles to final products and improving profitability through cost reduction.

Overseas : Mainly in apparel applications, business performance of some subsidiaries in Southeast Asia and other regions were affected by a slowdown in final demand in Europe and China. On the other hand, materials for automotive applications and hygiene products remained strong in general.

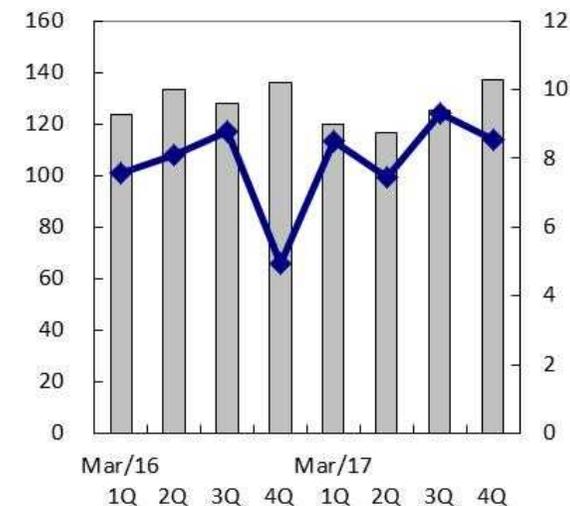
Business Results by Segment (Plastics & Chemicals)

Unit: Billion yen

		FY Mar/16	FY Mar/17	Changes	
Net Sales	Toray	122.1	120.7	-1.4	(-1.1%)
	Japanese Subsidiaries	388.7	368.2	-20.5	(-5.3%)
	Overseas Subsidiaries	346.7	344.1	-2.7	(-0.8%)
	Adjustment	▲ 336.2	▲ 333.8	+2.4	
	Total	521.2	499.1	-22.1	(-4.2%)
Operating Income	Toray	4.7	5.6	+0.9	(+18.6%)
	Japanese Subsidiaries	7.3	8.4	+1.0	(+14.1%)
	Overseas Subsidiaries	17.3	19.9	+2.6	(+14.8%)
	Adjustment	0.0	▲ 0.0	-0.1	
	Total	29.4	33.8	+4.4	(+15.0%)

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



Resins Business : Shipment for automotive applications was strong in general, both in Japan and overseas. Besides automotive applications, Toray Group also promoted sales expansion of ABS and PPS resins.

Films Business : While overseas demand for some applications in the U.S. and Europe was sluggish, the Group made efforts to expand sales of high value-added products in Asia and other regions, and the products for packaging applications performed strongly in Japan.

Toray Group, despite many of the business's products 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.

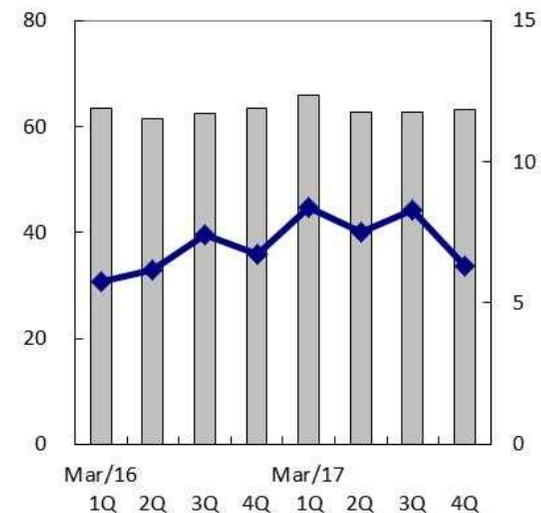
Business Results by Segment (IT-related Products)

Unit: Billion yen

		FY Mar/16	FY Mar/17	Changes	
Net Sales	Toray	87.0	92.6	+5.6	(+6.4%)
	Japanese Subsidiaries	108.2	112.8	+4.6	(+4.3%)
	Overseas Subsidiaries	100.3	93.0	-7.4	(-7.3%)
	Adjustment	▲ 44.4	▲ 43.9	+0.6	(-)
	Total	251.1	254.4	+3.4	(+1.3%)
Operating Income	Toray	6.0	11.7	+5.7	(+93.8%)
	Japanese Subsidiaries	10.9	10.4	-0.5	(-4.2%)
	Overseas Subsidiaries	12.6	11.5	-1.2	(-9.2%)
	Adjustment	▲ 3.4	▲ 3.1	+0.3	
	Total	26.2	30.5	+4.4	(+16.7%)

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



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 secondary batteries expanded reflecting demand growth.

While many of the business's applications were affected by price competition, Toray Group strived to improve profitability of the business by focusing on sales expansion of high value-added products as well as on cost reduction.

Details of the Sales of IT-related Products Segment

【Sales ratio by sub-segment】

Unit: Billion yen

	FY Mar/16		FY Mar/17		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	69.9	28%	72.7	29%	+4%
Electronic Components, Semiconductor, Electric Circuit Materials	119.4	48%	123.3	48%	+3%
Data Storage Materials	30.4	12%	28.5	11%	-6%
Equipment, others	31.4	13%	30.0	12%	-5%
Total of IT-related Products Segment	251.1		254.4		+1%

Display Materials : Smartphone- and tablet terminal-related materials for organic EL applications performed strongly, reflecting strong demand from major customers.

Electric Components, Semiconductor, Electric Circuit Materials: Battery separator films for lithium-ion secondary batteries and high-performance electric circuit materials at a Korean subsidiary performed strongly.

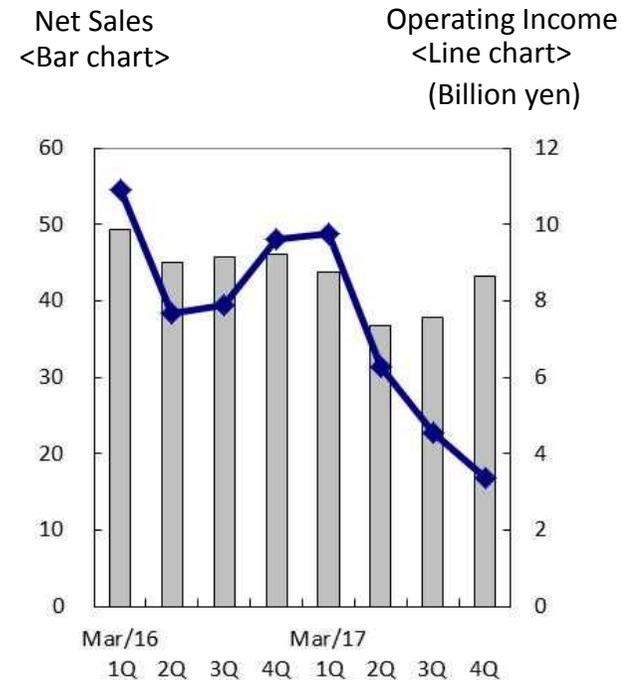
Data Storage Materials: Sales of films for data backup magnetic tapes were steady, however, films for thermal transfer ribbons remained weak.

Equipment, Others : Sales of IT-related equipment remained weak.

Business Results by Segment (Carbon Fiber Composite Materials)

Unit: Billion yen

		FY Mar/16	FY Mar/17	Changes	
Net Sales	Toray	107.0	96.6	-10.4	(-9.7%)
	Japanese Subsidiaries	80.9	63.0	-18.0	(-22.2%)
	Overseas Subsidiaries	163.7	139.6	-24.1	(-14.7%)
	Adjustment	▲ 165.3	▲ 137.5	+27.9	
	Total	186.2	161.6	-24.6	(-13.2%)
Operating Income	Toray	22.0	12.5	-9.5	(-43.0%)
	Japanese Subsidiaries	1.2	1.2	-0.0	(-0.6%)
	Overseas Subsidiaries	18.1	15.6	-2.5	(-14.0%)
	Adjustment	▲ 5.2	▲ 5.4	-0.1	
	Total	36.1	24.0	-12.2	(-33.6%)



While the final demand for aircraft was strong, demand for carbon fiber intermediate products (prepreg) remained on a weak note, reflecting the inventory adjustment 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 blade application expanded on the back of growing demand.

Details of the Sales of Carbon Fiber Composite Materials Segment

【Sales ratio by sub-segment】

Unit: Billion yen

	FY Mar/16		FY Mar/17		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Aerospace	94.4	51%	74.8	46%	-21%
Sports	15.7	8%	13.3	8%	-15%
Industrial	76.0	41%	73.5	45%	-3%
Total of Carbon Fiber Composite Materials	186.2		161.6		-13%

Aerospace: Demand for carbon fiber intermediate products (prepreg) remained on a weak note, reflecting the inventory adjustment in the supply chain.

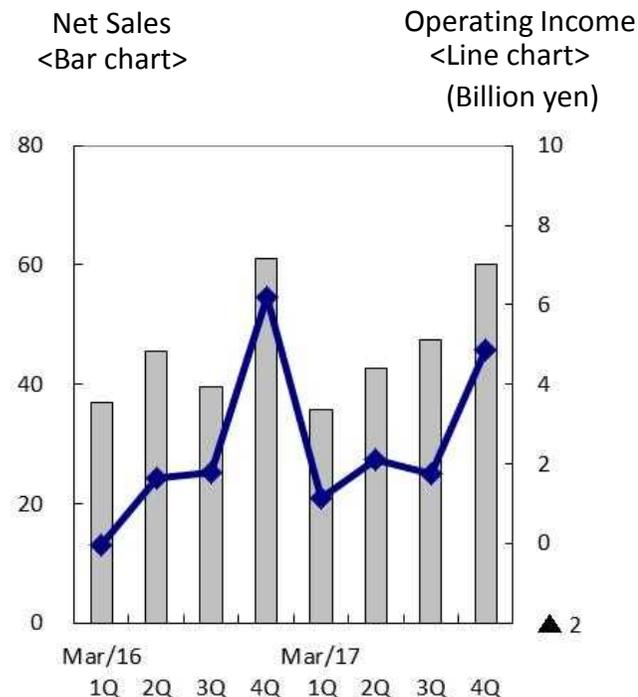
Sports : Demand of materials for fishing rods and bicycles was weak overseas.

Industrial : Shipment of materials for wind turbine blade applications expanded while demand of products for compressed natural gas tank applications was slow.

Business Results by Segment (Environment & Engineering)

Unit: Billion yen

		FY Mar/16	FY Mar/17	Changes	
Net Sales	Toray	21.5	22.5	+0.9	(+4.3%)
	Japanese Subsidiaries	222.0	231.3	+9.3	(+4.2%)
	Overseas Subsidiaries	26.9	26.4	-0.5	(-1.8%)
	Adjustment	▲ 87.1	▲ 94.1	-6.9	
	Total	183.3	186.1	+2.8	(+1.5%)
Operating Income	Toray	1.5	1.1	-0.4	(-24.9%)
	Japanese Subsidiaries	5.4	6.6	+1.2	(+22.0%)
	Overseas Subsidiaries	3.3	2.6	-0.8	(-23.0%)
	Adjustment	▲ 0.7	▲ 0.4	+0.3	
	Total	9.6	9.9	+0.3	(+3.3%)



Water Treatment Business : Although Toray Group continued to work on sales expansion of reverse osmosis membranes and other products, exports from Japan were affected by the further appreciation of the yen.

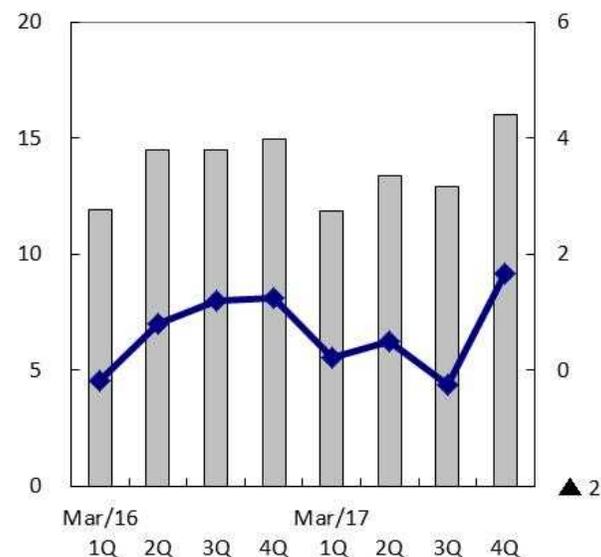
Japanese Subsidiaries : Pharmaceuticals-related plant construction and lithium-ion secondary battery-related machineries at an engineering subsidiary performed strongly.

Business Results by Segment (Life Science)

		Unit: Billion yen			
		FY Mar/16	FY Mar/17	Changes	
Net Sales	Toray	34.2	31.2	-3.0	(-8.8%)
	Japanese Subsidiaries	40.4	41.3	+0.9	(+2.2%)
	Overseas Subsidiaries	11.7	12.2	+0.5	(+4.2%)
	Adjustment	▲ 30.5	▲ 30.5	-0.1	
	Total	55.8	54.2	-1.7	(-3.0%)
Operating Income	Toray	3.1	1.6	-1.5	(-48.0%)
	Japanese Subsidiaries	0.9	0.5	-0.3	(-38.1%)
	Overseas Subsidiaries	▲ 0.0	▲ 0.1	-0.1	(-)
	Adjustment	▲ 0.8	0.1	+0.9	
	Total	3.1	2.1	-0.9	(-30.0%)

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



Pharmaceutical Business

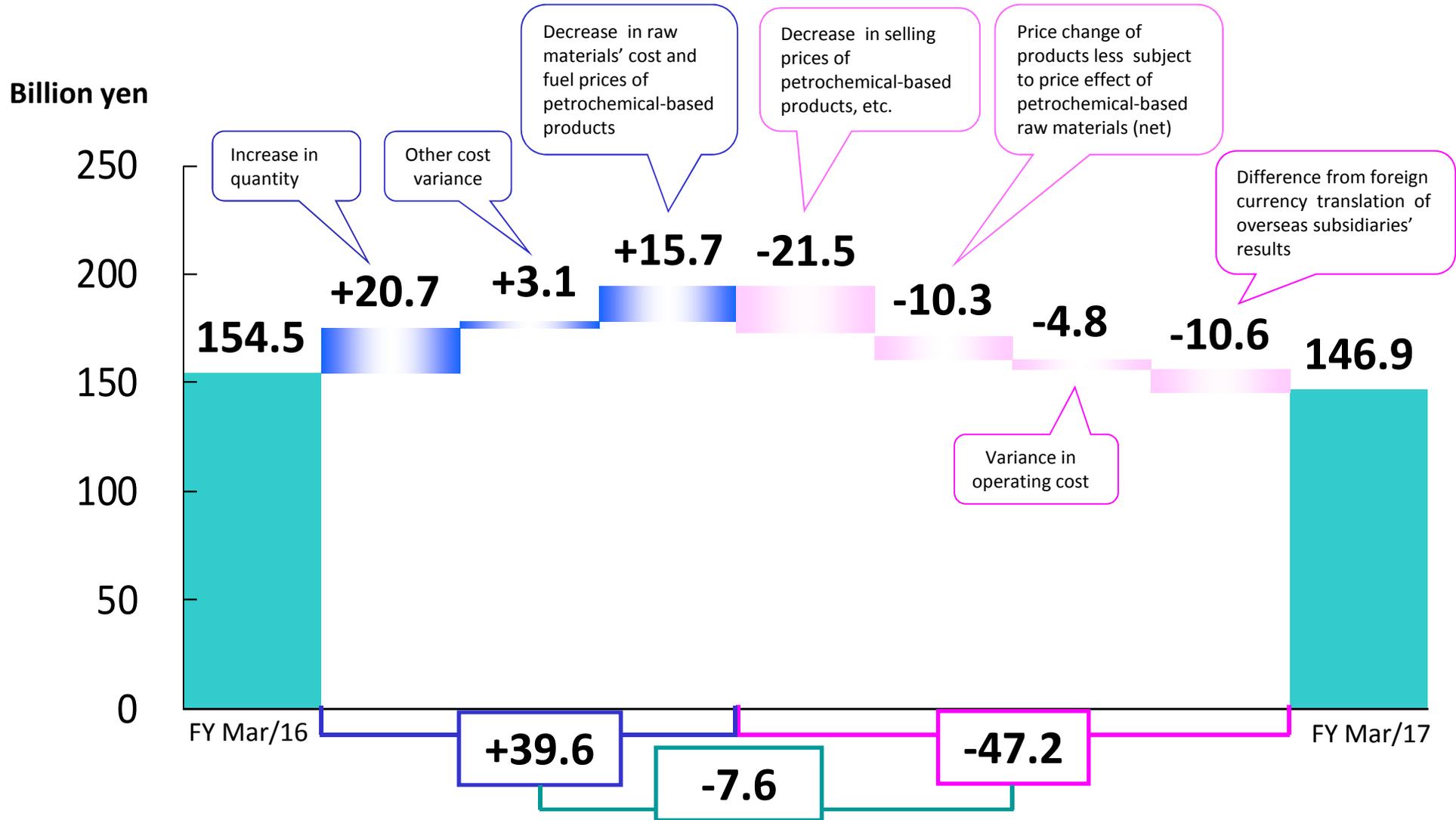
: Sales volume of pruritus treatment REMITCH®* grew solidly, as the product received approval for the additional indication in 2015. While, it was affected by the National Health Insurance drug price revision in April 2016. Shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish due to the impact of alternative medicines and their generic drugs.

Medical Devices Business

: Shipment of dialyzers grew strongly in Japan and overseas.

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

Income Variance Factor Analysis



“Petrochemical-based products, etc.” are the total of Fibers & Textiles, Plastics & Chemicals and Carbon Fiber Composite Materials segments

Results of Major Subsidiaries

Billion yen

	Net Sales			Operating Income		
	FY Mar/16 Actual	FY Mar/17 Actual	Changes	FY Mar/16 Actual	FY Mar/17 Actual	Changes
Toray International, Inc.	595.4	565.4	-30.0	12.6	10.6	-2.0
Toray Engineering Co., Ltd.	90.7	102.5	+11.8	3.2	4.7	+1.5
Toray Construction Co., Ltd.	55.8	45.3	-10.5	2.3	1.1	-1.2
Toray Advanced Film Co., Ltd.	41.8	41.6	-0.1	1.5	2.2	+0.7
Toray Medical Co., Ltd.	40.4	41.3	+0.9	0.9	0.5	-0.3
TAK (Republic of Korea)	112.9	110.5	-2.4	11.1	11.7	+0.6
TPM (Malaysia)	64.6	62.9	-1.8	4.9	5.1	+0.1

Subsidiaries in Southeast Asia *1	Fibers & Textiles	124.1	116.7	-7.4	8.6	6.6	-2.0
	Plastics & Chemicals	78.9	77.1	-1.8	6.3	7.1	+0.8
	Others	8.1	7.8	-0.3	1.0	0.8	-0.1
	Total	211.1	201.7	-9.5	15.9	14.6	-1.3
Subsidiaries in China *2	Fibers & Textiles	267.3	245.0	-22.3	21.2	20.9	-0.3
	Plastics & Chemicals	77.3	79.5	+2.1	2.5	3.5	+1.0
	Others	26.7	33.3	+6.6	1.9	1.7	-0.2
	Total	371.3	357.8	-13.6	25.6	26.1	+0.5
Films Subsidiaries (Overseas) *3	Plastics & Chemicals	102.9	95.2	-7.7	6.8	7.7	+0.9
	IT-related Products	59.1	57.6	-1.5	6.7	6.6	-0.1
	Total	162.0	152.8	-9.2	13.5	14.3	+0.8

*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

Number of Employees, Changes in Subsidiaries and Affiliates

Number of Employees

	End of Mar/16	End of Mar/17	Changes
Toray	7,223	7,220	-3
Japanese Consolidated Subsidiaries	10,520	10,657	+137
Overseas Consolidated Subsidiaries	28,096	28,371	+275
Total	45,839	46,248	+409

Changes in Subsidiaries and Affiliates

Number of companies

		End of Mar/16	End of Mar/17	Changes
Consolidated Subsidiaries (a)	Japan	60	60	±0
	Overseas	98	98	±0
	Total	158	158	±0
Subsidiaries accounted for by Equity Method (b)	Japan	26	26	±0
	Overseas	35	35	±0
	Total	61	61	±0
Total Subsidiaries (a) + (b)	Japan	86	86	±0
	Overseas	133	133	±0
	Total	219	219	±0
Affiliates accounted for by Equity Method (c)	Japan	14	13	-1
	Overseas	21	23	+2
	Total	35	36	+1
Companies subject to Consolidation (a) + (b) + (c)	Japan	100	99	-1
	Overseas	154	156	+2
	Total	254	255	+1

II. Business Forecast for the Fiscal Year Ending March 2018 (Consolidated Basis)

Forecast Summary for the Fiscal Year Ending March 2018

Billion yen

		FY Mar/17 Actual	FY Mar/18 Forecast	Changes	
Net Sales	1st Half	957.0	1,050.0	+93.0	(+9.7%)
	2nd Half	1,069.5	1,170.0	+100.5	(+9.4%)
	Total	2,026.5	2,220.0	+193.5	(+9.6%)
Operating Income	1st Half	76.3	78.0	+1.7	(+2.3%)
	2nd Half	70.6	87.0	+16.4	(+23.2%)
	Total	146.9	165.0	+18.1	(+12.3%)
Ordinary Income	1st Half	76.1	77.0	+0.9	(+1.2%)
	2nd Half	67.7	85.0	+17.3	(+25.6%)
	Total	143.7	162.0	+18.3	(+12.7%)
Net Income Attributable to Owners of Parent	1st Half	53.4	47.0	-6.4	(-12.0%)
	2nd Half	46.0	53.0	+7.0	(+15.2%)
	Total	99.4	100.0	+0.6	(+0.6%)
Net Income per Share	1st Half	33.40 yen	29.39 yen		
	2nd Half	28.77 yen	33.14 yen		
	Total	62.17 yen	62.53 yen		
Dividend per Share	1st Half	7.00 yen	7.00 yen		
	2nd Half	7.00 yen	7.00 yen		
	Total	14.00 yen	14.00 yen		

Assumed exchange rate : 105 yen / US\$

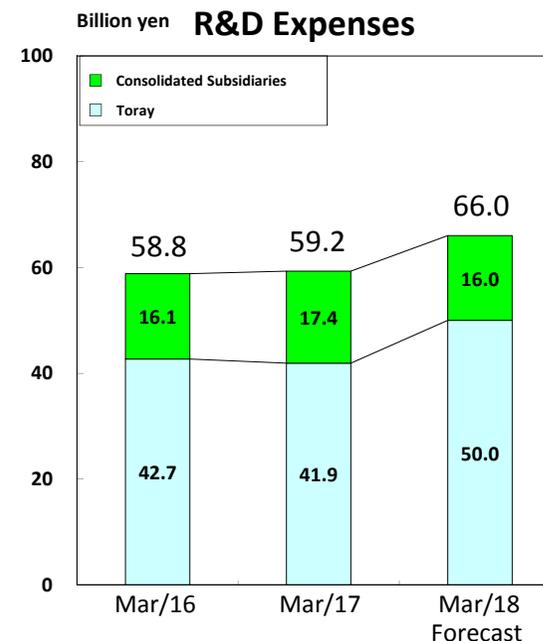
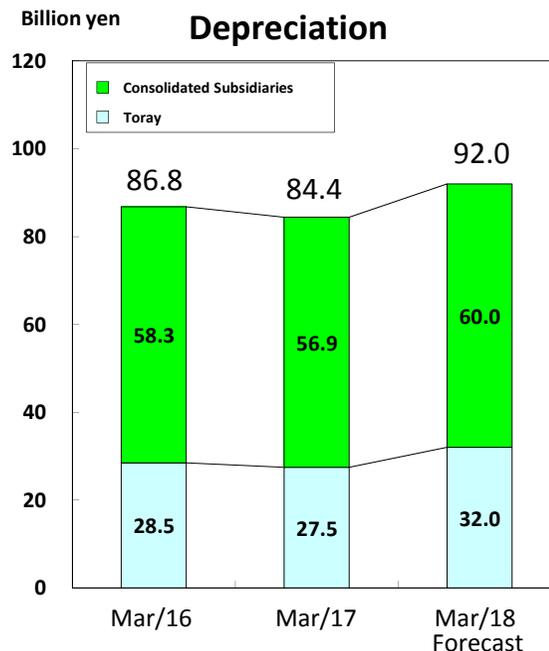
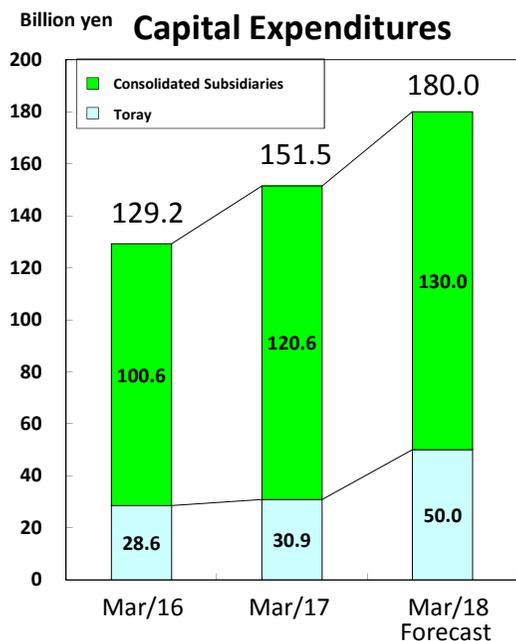
Forecast by Segment (Net Sales / Operating Income)

Billion yen

		FY Mar/17 Actual			FY Mar/18 Forecast			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales	Fibers & Textiles	400.2	456.0	856.1	425.0	500.0	925.0	+24.8	+44.0	+68.9
	Performance Chemicals	346.2	378.4	724.6	395.0	405.0	800.0	+48.8	+26.6	+75.4
	Carbon Fiber Composite Materials	80.6	81.1	161.6	85.0	95.0	180.0	+4.4	+13.9	+18.4
	Environment & Engineering	96.4	116.1	212.5	110.0	125.0	235.0	+13.6	+8.9	+22.5
	Life Science	25.2	28.9	54.2	27.0	33.0	60.0	+1.8	+4.1	+5.9
	Others	8.4	9.0	17.4	8.0	12.0	20.0	-0.4	+3.0	+2.6
	Consolidated	957.0	1,069.5	2,026.5	1,050.0	1,170.0	2,220.0	+93.0	+100.5	+193.5
Operating Income	Fibers & Textiles	34.6	32.2	66.8	37.0	39.0	76.0	+2.4	+6.8	+9.2
	Performance Chemicals	29.6	32.2	61.8	36.0	38.0	74.0	+6.4	+5.8	+12.2
	Carbon Fiber Composite Materials	16.0	7.9	24.0	11.0	13.0	24.0	-5.0	+5.1	+0.0
	Environment & Engineering	5.3	6.5	11.7	4.5	8.5	13.0	-0.8	+2.0	+1.3
	Life Science	0.7	1.4	2.1	0.5	2.5	3.0	-0.2	+1.1	+0.9
	Others	0.5	2.1	2.6	1.0	1.5	2.5	+0.5	-0.6	-0.1
	Adjustment	▲ 10.5	▲ 11.7	▲ 22.1	▲ 12.0	▲ 15.5	▲ 27.5	-1.5	-3.9	-5.4
Consolidated	76.3	70.6	146.9	78.0	87.0	165.0	+1.7	+16.4	+18.1	

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 FY March 2018. Accordingly, the actual figures of FY March 2017 have been restated to reflect the changes in reporting segments.

Trends in Capital Expenditures, Depreciation and R&D Expenses



Major Capital Expenditure Projects

【FY March 2017】 Toray Carbon Fibers America, Inc.: Carbon fiber TORAYCA® prepreg integrated production facilities
 Toray Battery Separator Film Korea Limited: Polyethylene film SETELA® production facilities
 Toray Advanced Materials Korea Inc.: PPS resin TORELINA® production facilities

【FY March 2018】 Toray Battery Separator Film Korea Limited: Polyethylene film SETELA® production facilities
 Toray Advanced Textile Mexico, S.A. de C.V.: Automobile airbag nylon fiber and fabric production facilities
 Zoltek Companies, Inc.: Large tow ZOLTEK™ carbon fiber production facilities
 Alcantara S.p.A.: Alcantara® production facilities

<Reference>

**Major Results of
Medium-term Management Program
“Project AP-G 2016”**

Major Results of “Project AP-G 2016”

Green Innovation Business Expansion (GR) Project

Main Initiatives in FY 2016

<Expansion of fuel cell-related materials>

■ Supplied carbon fiber material to Honda Motor’s fuel – cell vehicle CLARITY FEUL CELL. (April 2016)

- Applied carbon paper for electrode substrates of fuel cell stacks and high-strength carbon fiber for high-pressure hydrogen storage tanks.



■ Decided to establish a large-scale production facility for fuel cell electrode substrates in Japan (February 2017)

- Aims to complete the construction in May 2018.

<Expansion of battery separator film (BSF) business>

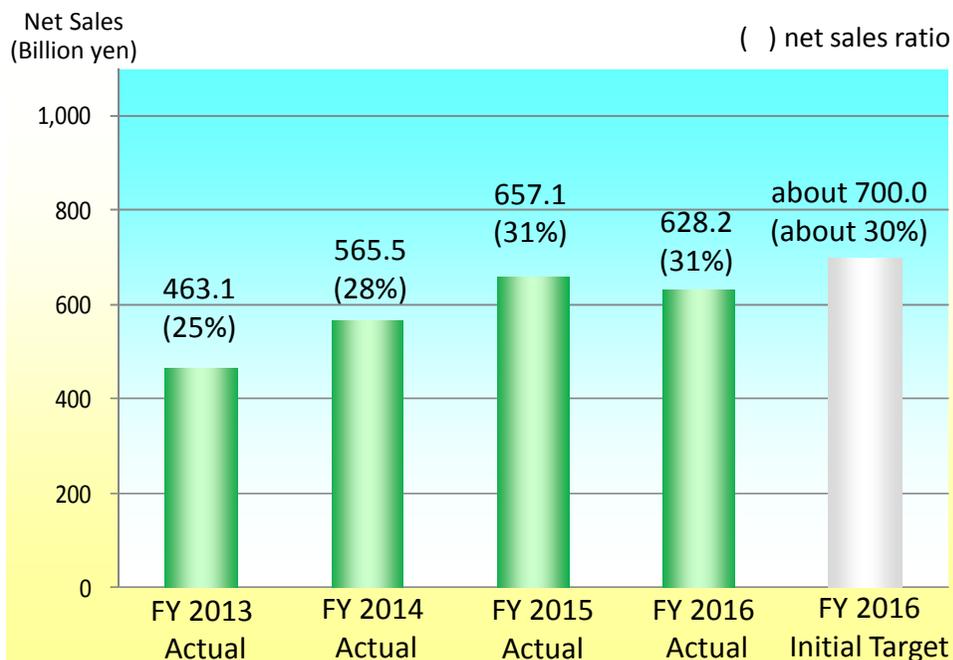
■ Expanded production capacity in the Republic of Korea (December 2016)

- Expanded production capacity by 130% and started operation at Toray Battery Separator Film Korea.



■ Decided to absorption-type merger of Toray Battery Separator Film Co., Ltd. in April 2017 (December 2016)

Net Sales of Green Innovation Businesses



Major Results of “Project AP-G 2016”

Life Innovation Business Expansion (LI) Project

Main Initiatives in FY 2016

<Expansion of Advanced Materials>

- Started medical applications of hitoe™, a functional material for vital signs monitoring (August 2016)

- Submitted and completed registration to the Pharmaceuticals and Medical Devices Agency as a general medical device.



- Increased production capacity of PP spunbond for hygiene applications in Indonesia (September 2016)

- The annual production capacity of PP spunbond for hygiene applications increased to 37 tons in September 2016.

- Decided to install spunbond fabric development equipment in Japan (March 2017)

- Plan to establish the new R&D facility at the Shiga Plant and start its operation in November 2017.

<Expansion of Pharmaceuticals / Medical Devices>

- Approved to start clinical trials of “TRK-950”, for treatment of tumors (February 2017)

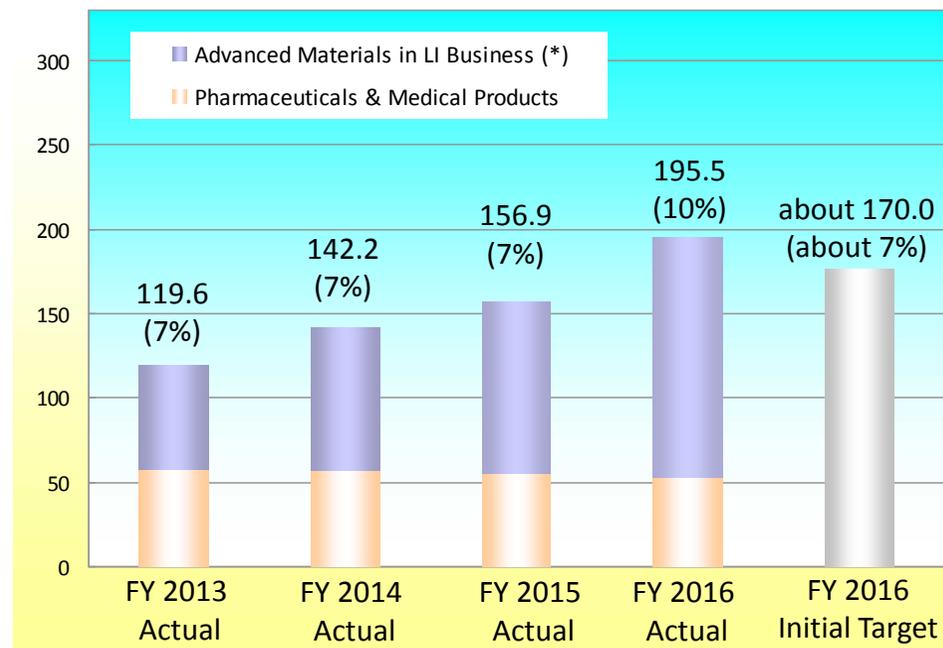
- Concluded license agreement for RORyt inhibitor (March 2017)

- Concluded license agreement with Maruho Co., Ltd. with worldwide exclusive rights to develop, manufacture and commercialize a RORyt inhibitor.

Net Sales of Life Innovation Businesses

Net Sales
(Billion yen)

() net sales ratio



(*)Toray Group estimation

Major Results of “Project AP-G 2016”

Asia, Americas and Emerging Country Business Expansion (AE-II) Project

Main Initiatives in FY 2016

<China>

■ *Opening ceremony of a water-treatment joint venture held in China (October 2016)*

- Established Toray WBD Membrane Technology (JS) Co., Ltd (TWMT) in Yancheng City, Jiangsu Province.

<Americas>

■ *Decided to enhance the production facilities for large tow carbon fiber in Mexico (February 2017)*

- Increase of production capacity by 5,000 tons annually at Zoltek Company’s Mexico plant.
- Operation expected to start at the end of 2017.

■ *Decided to newly establish an automobile airbag nylon fiber and fabric business in Mexico (July 2016)*

- Plan to develop nylon fibers production capacities of 10,000 tons / year and fabric production facilities.
- Plan to start operation in FY 2018.

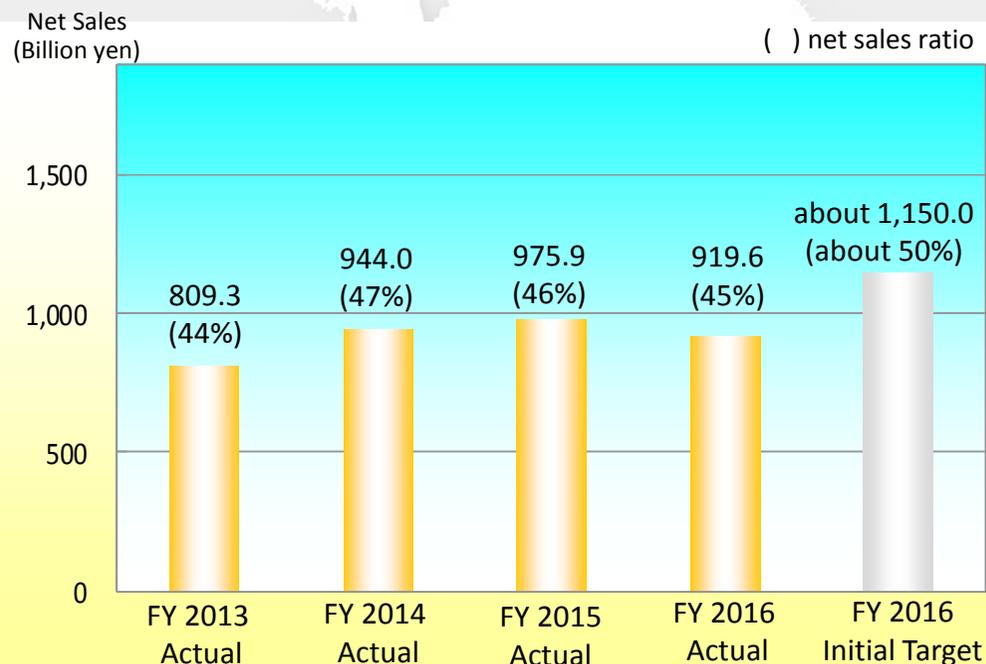


<Emerging Countries, Others>

■ *Decided to increase production capacity of high-performance polypropylene spunbond nonwoven fabric in the Republic of Korea (June 2016)*

- Plan to increase about 18,000 tons / year.
- Plan to start operation in FY 2018.

Net Sales of Asia, Americas and Emerging Country Businesses



Major Results of “Project AP-G 2016”

Total Cost Reduction (TC-III) Project

Reduced 194.9 billion yen from FY 2014 to FY 2016

Continuation of TC-II

- ◆ Continue activities of variable costs reduction (over 3% each year and over 10% in 3 years)
- ◆ Control fixed costs through P-ratio(*) accounting method (P-ratio = under 0.96 each fiscal year)
- ◆ Activities involve employees groupwide

Results of FY 2016

Variable Costs:
Reduced 29.5 billion yen
(Reduction Ratio 3.4%)
Fixed Costs:
Reduced 20.1 billion yen
(P-ratio=1.02)

New Activities

Innovation of Production Process

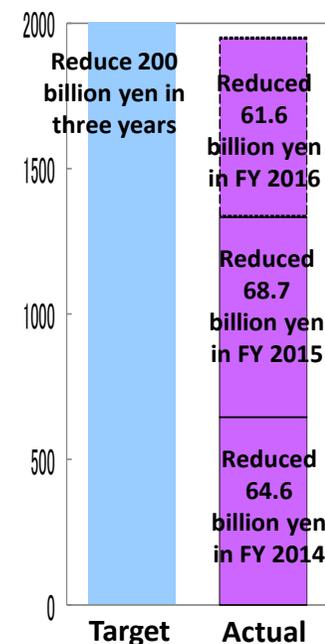
- ◆ Set up innovative production processes to achieve drastic cost reductions based on new perspectives and approaches
- ◆ Collaboration between research, technical, production and engineering departments to pursue innovation groupwide

Total Operational Cost Reduction in Sales and Marketing

- ◆ Establish a highly competitive supply chain, by analyzing and understanding the operational costs and logistics systems

Effects from Innovation of Production Process and Total Operational Cost Reduction in Sales and Marketing

Total: 12.0 billion yen



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

Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2018 contained in this material are based on predictive forecasts of the future business environment made at the present time.

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

'TORAY'

Innovation by Chemistry