

Announcement of Business Results For the 2Q and Six Months Ended September 30, 2017

November 10, 2017

Toray Industries, Inc.

Contents

I. Consolidated Business Results for the 2Q and Six Months Ended September 30, 2017

| | |
|---|---------|
| Summary of Consolidated Business Results for the 2Q and Six Months Ended Sept. 30, 2017 | (P3) |
| Non-operating Income and Expenses | (P4) |
| Special Credits and Charges | (P5) |
| Assets, Liabilities, Net Assets and Free Cash Flows | (P6) |
| Capital Expenditures, Depreciation, R&D Expenses | (P7) |
| Net Sales and Operating Income by Segment | (P8) |
| Business Results by Segment | (P9-15) |
| Income Variance Factor Analysis (Six Months) | (P16) |
| Results of Major Subsidiaries and Regions (Six Months) | (P17) |

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

| | |
|--|-------|
| Forecast Summary for the Fiscal Year Ending March 2018 | (P19) |
| Forecast by Segment | (P20) |
| Forecast of Capital Expenditures, Depreciation, R&D Expenses | (P21) |

I. Consolidated Business Results for the 2Q and Six Months Ended September 30, 2017

Summary of Consolidated Business Results for the 2Q and Six Months Ended September 30, 2017

Billion yen

| | FY Mar/17 2Q (Jul.-Sept.) | FY Mar/18 2Q (Jul.-Sept.) | Changes | | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes | |
|---|---------------------------------|---------------------------------|---------|----------|---|---|---------|----------|
| Net Sales | 478.9 | 540.1 | +61.3 | (+12.8%) | 957.0 | 1,048.2 | +91.2 | (+9.5%) |
| Cost of Sales | 375.3 | 427.4 | +52.1 | (+13.9%) | 743.7 | 825.1 | +81.3 | (+10.9%) |
| Gross Profit | 103.6 | 112.8 | +9.2 | (+8.8%) | 213.3 | 223.1 | +9.9 | (+4.6%) |
| (Gross Profit to Net Sales) | 21.6% | 20.9% | - 0.8 | points | 22.3% | 21.3% | - 1.0 | points |
| Operating Income | 35.3 | 39.2 | +3.9 | (+11.2%) | 76.3 | 78.1 | +1.8 | (+2.3%) |
| (Operating Income to Net Sales) | 7.4% | 7.3% | - 0.1 | points | 8.0% | 7.4% | - 0.6 | points |
| Non-operating Income and Expenses, net | ▲ 1.0 | ▲ 2.2 | - 1.2 | | ▲ 0.2 | ▲ 1.3 | - 1.1 | |
| Ordinary Income | 34.3 | 37.0 | +2.7 | (+8.0%) | 76.1 | 76.8 | +0.7 | (+0.9%) |
| Special Credits and Charges, net | ▲ 1.0 | ▲ 3.1 | - 2.1 | | ▲ 1.3 | ▲ 4.0 | - 2.7 | |
| Income before Income Taxes | 33.3 | 33.9 | +0.7 | (+2.0%) | 74.8 | 72.8 | - 2.0 | (-2.7%) |
| Net Income Attributable to Owners of Parent | 23.7 | 21.4 | - 2.3 | (-9.6%) | 53.4 | 47.5 | - 5.9 | (-11.0%) |

| | | (FY Mar/17 2Q) → | (FY Mar/18 2Q) | (FY Mar/17 Six Months) → | (FY Mar/18 Six Months) |
|----------------------------------|-----------------|------------------|----------------|--------------------------|------------------------|
| Exchange Rate <Yen/US\$> Average | : | 102.4 | → 111.0 | 105.3 | → 111.1 |
| | End of the Term | : | 101.1 | → 112.7 | |
| <Yen/Euro> Average | : | 114.3 | → 130.4 | 118.1 | → 126.3 |
| | End of the Term | : | 113.4 | → 132.9 | |

Non-operating Income and Expenses

Billion yen

| | FY Mar/17 2Q (Jul.-Sept.) | FY Mar/18 2Q (Jul.-Sept.) | Changes | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes |
|--|---------------------------------|---------------------------------|---------|---|---|---------|
| Non-operating Income | 3.8 | 4.3 | +0.5 | 9.6 | 10.9 | +1.4 |
| Interest and Dividend Income | 0.6 | 0.6 | +0.0 | 2.6 | 2.7 | +0.1 |
| Equity in Earnings of Affiliates | 2.1 | 2.5 | +0.5 | 4.3 | 5.4 | +1.1 |
| Others | 1.1 | 1.1 | +0.1 | 2.7 | 2.9 | +0.1 |
| Non-operating Expenses | ▲ 4.8 | ▲ 6.5 | -1.7 | ▲ 9.8 | ▲ 12.2 | -2.5 |
| Interest Expenses | ▲ 1.1 | ▲ 1.3 | -0.1 | ▲ 2.3 | ▲ 2.6 | -0.2 |
| Costs related to Start-up of New Facilities | ▲ 0.7 | ▲ 1.6 | -1.0 | ▲ 1.1 | ▲ 3.0 | -2.0 |
| Costs related to Idle Facilities | ▲ 1.1 | ▲ 1.5 | -0.4 | ▲ 2.1 | ▲ 2.8 | -0.6 |
| Others | ▲ 1.9 | ▲ 2.1 | -0.2 | ▲ 4.3 | ▲ 3.9 | +0.4 |
| Non-operating Income and Expenses, net | ▲ 1.0 | ▲ 2.2 | -1.2 | ▲ 0.2 | ▲ 1.3 | -1.1 |
| Interest and Dividend Income, Interest Expenses, net | ▲ 0.5 | ▲ 0.7 | -0.1 | 0.3 | 0.1 | -0.2 |

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

Special Credits and Charges

Billion yen

| | FY Mar/17 2Q (Jul.-Sept.) | FY Mar/18 2Q (Jul.-Sept.) | Changes | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes |
|---|---------------------------------|---------------------------------|---------|---|---|---------|
| Special Credits | 0.4 | 0.5 | +0.1 | 1.2 | 0.7 | -0.5 |
| Gain on Sales of Property, Plant and Equipment | 0.1 | 0.1 | +0.0 | 0.9 | 0.2 | -0.6 |
| Gain on Sales of Investment Securities | 0.3 | 0.4 | +0.2 | 0.3 | 0.5 | +0.2 |
| Others | 0.0 | - | -0.0 | 0.0 | - | -0.0 |
| Special Charges | ▲ 1.4 | ▲ 3.6 | -2.2 | ▲ 2.4 | ▲ 4.7 | -2.2 |
| Loss on Sales and Disposal of Property, Plant and Equipment | ▲ 1.2 | ▲ 1.1 | +0.2 | ▲ 2.0 | ▲ 2.0 | -0.0 |
| Environmental Expenses | - | ▲ 1.7 | -1.7 | - | ▲ 1.7 | -1.7 |
| Others | ▲ 0.2 | ▲ 0.8 | -0.7 | ▲ 0.4 | ▲ 0.9 | -0.5 |
| Special Credits and Charges, net | ▲ 1.0 | ▲ 3.1 | -2.1 | ▲ 1.3 | ▲ 4.0 | -2.7 |

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

Assets, Liabilities, Net Assets and Free Cash Flows

Billion yen

| | End of Mar/17 | End of Sept/17 | Changes |
|-----------------------------|---------------|----------------|---------|
| Total Assets | 2,396.8 | 2,547.5 | +150.7 |
| Current Assets | 1,066.7 | 1,111.8 | +45.1 |
| Tangible Assets | 881.4 | 914.7 | +33.3 |
| Intangible Assets | 77.3 | 74.3 | -3.0 |
| Investment and Other Assets | 371.3 | 446.7 | +75.3 |

| | End of Mar/17 | End of Sept/17 | Changes |
|---------------------|---------------|----------------|---------|
| Total Liabilities | 1,296.6 | 1,390.2 | +93.6 |
| Current Liabilities | 670.0 | 641.6 | -28.4 |
| Other Liabilities | 626.6 | 748.7 | +122.0 |
| Total Net Assets | 1,100.2 | 1,157.2 | +57.1 |

| | End of Mar/17 | End of Sept/17 | Changes |
|------------------------|---------------|----------------|-------------|
| Owner's Equity | 1,021.3 | 1,076.4 | +55.2 |
| Equity Ratio | 42.6% | 42.3% | -0.4 points |
| Interest-bearing Debts | 716.4 | 804.2 | +87.8 |

| | | | |
|-----------|------|-------------|-------|
| D/E Ratio | 0.70 | 0.75 | +0.05 |
|-----------|------|-------------|-------|

<Free Cash Flows>

Billion yen

| | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes |
|--|---|---|---------|
| Cash Flows from Operating Activities | 76.7 | 49.1 | -27.6 |
| Cash Flows from Investment Activities | ▲ 64.5 | ▲ 128.5 | -64.0 |
| Free Cash Flows | 12.2 | ▲ 79.4 | -91.6 |

Capital Expenditures, Depreciation, R&D Expenses

Billion yen

| | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes |
|---------------------------|---|---|---------|
| Capital Expenditures* | 60.1 | 69.9 | +9.8 |
| Toray | 10.5 | 14.1 | +3.6 |
| Consolidated Subsidiaries | 49.6 | 55.8 | +6.2 |
| Depreciation* | 43.9 | 46.7 | +2.8 |
| Toray | 13.9 | 15.5 | +1.6 |
| Consolidated Subsidiaries | 29.9 | 31.2 | +1.2 |
| R&D Expenses | 28.6 | 31.2 | +2.6 |
| Toray | 20.6 | 23.5 | +2.9 |
| Consolidated Subsidiaries | 8.0 | 7.7 | -0.3 |

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

Major Capital Expenditure Projects :

- Toray Advanced Materials Korea Inc. : High-functional polypropylene spunbond production facilities
- Toray Battery Separator Film Korea Limited : Polyethylene film SETELA™ production facilities
- Toray Composite Materials America, Inc. : Carbon fiber TORAYCA™ prepreg integrated production facilities
- Toray Advanced Textile Mexico, S.A. de C.V. : Automobile airbag nylon fiber and fabric production facilities

Net Sales and Operating Income by Segment

Billion yen

| | Net Sales | | | | Operating Income | | | |
|----------------------------------|-----------------|-----------------|---------|----------|------------------|-----------------|---------|----------|
| | FY Mar/17 2Q | FY Mar/18 2Q | Changes | | FY Mar/17 2Q | FY Mar/18 2Q | Changes | |
| | (Jul.-Sept.) | (Jul.-Sept.) | | | (Jul.-Sept.) | (Jul.-Sept.) | | |
| Fibers & Textiles | 202.5 | 221.7 | +19.2 | (+9.5%) | 16.8 | 17.9 | +1.1 | (+6.4%) |
| Performance Chemicals | 171.5 | 199.5 | +28.0 | (+16.4%) | 14.1 | 19.0 | +5.0 | (+35.2%) |
| Carbon Fiber Composite Materials | 36.8 | 42.1 | +5.3 | (+14.5%) | 6.3 | 4.8 | -1.5 | (-24.2%) |
| Environment & Engineering | 50.2 | 58.4 | +8.1 | (+16.2%) | 2.8 | 2.5 | -0.2 | (-8.6%) |
| Life Science | 13.4 | 14.0 | +0.6 | (+4.9%) | 0.5 | 0.5 | +0.0 | (+6.9%) |
| Others | 4.6 | 4.5 | -0.1 | (-1.6%) | 0.6 | 0.6 | +0.1 | (+17.3%) |
| Total | 478.9 | 540.1 | +61.3 | (+12.8%) | 41.1 | 45.5 | +4.4 | (+10.7%) |
| Adjustment | | | | | ▲ 5.8 | ▲ 6.3 | -0.5 | |
| Consolidated | 478.9 | 540.1 | +61.3 | (+12.8%) | 35.3 | 39.2 | +3.9 | (+11.2%) |

| | Net Sales | | | | Operating Income | | | |
|----------------------------------|-------------------------|-------------------------|---------|----------|-------------------------|-------------------------|---------|----------|
| | FY Mar/17 Six Months | FY Mar/18 Six Months | Changes | | FY Mar/17 Six Months | FY Mar/18 Six Months | Changes | |
| | (Apr.-Sept.) | (Apr.-Sept.) | | | (Apr.-Sept.) | (Apr.-Sept.) | | |
| Fibers & Textiles | 400.2 | 422.8 | +22.6 | (+5.7%) | 34.6 | 35.5 | +0.9 | (+2.7%) |
| Performance Chemicals | 346.2 | 390.7 | +44.5 | (+12.8%) | 29.6 | 35.7 | +6.1 | (+20.6%) |
| Carbon Fiber Composite Materials | 80.6 | 84.8 | +4.3 | (+5.3%) | 16.0 | 10.5 | -5.6 | (-34.8%) |
| Environment & Engineering | 96.4 | 115.2 | +18.8 | (+19.5%) | 5.3 | 6.8 | +1.6 | (+29.9%) |
| Life Science | 25.2 | 26.2 | +1.0 | (+3.9%) | 0.7 | 1.4 | +0.7 | (+88.9%) |
| Others | 8.4 | 8.5 | +0.1 | (+1.0%) | 0.5 | 0.9 | +0.4 | (+71.0%) |
| Total | 957.0 | 1,048.2 | +91.2 | (+9.5%) | 86.8 | 90.8 | +4.0 | (+4.6%) |
| Adjustment | | | | | ▲ 10.5 | ▲ 12.7 | -2.2 | |
| Consolidated | 957.0 | 1,048.2 | +91.2 | (+9.5%) | 76.3 | 78.1 | +1.8 | (+2.3%) |

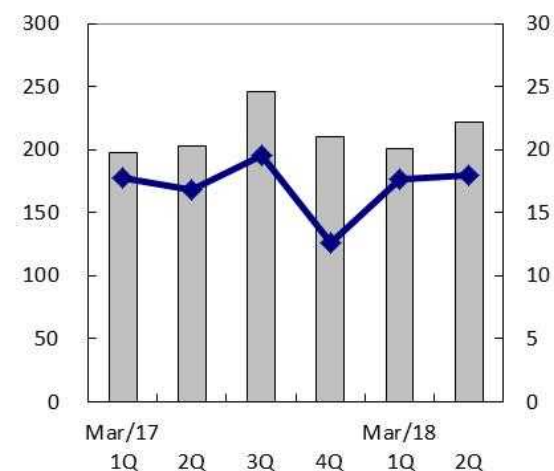
Business Results by Segment (Fibers & Textiles)

Unit: Billion yen

| | | 2Q (Jul.-Sept.) | | | | Six Months (Apr.-Sept.) | | | |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|----------|
| | | FY Mar/17 | FY Mar/18 | Changes | | FY Mar/17 | FY Mar/18 | Changes | |
| Net Sales | Toray | 44.8 | 49.0 | +4.2 | (+9.5%) | 89.8 | 95.8 | +6.0 | (+6.7%) |
| | Japanese Subsidiaries | 103.3 | 104.3 | +1.0 | (+1.0%) | 196.2 | 195.3 | -0.9 | (-0.5%) |
| | Overseas Subsidiaries | 121.7 | 144.2 | +22.5 | (+18.5%) | 246.6 | 279.4 | +32.8 | (+13.3%) |
| | Adjustment | ▲ 67.2 | ▲ 75.8 | -8.6 | | ▲ 132.4 | ▲ 147.7 | -15.3 | |
| | Total | 202.5 | 221.7 | +19.2 | (+9.5%) | 400.2 | 422.8 | +22.6 | (+5.7%) |
| Operating Income | Toray | 4.9 | 4.9 | +0.1 | (+1.1%) | 10.6 | 11.0 | +0.4 | (+3.5%) |
| | Japanese Subsidiaries | 3.5 | 3.5 | -0.0 | (-0.2%) | 5.1 | 5.3 | +0.2 | (+4.9%) |
| | Overseas Subsidiaries | 9.1 | 11.1 | +2.0 | (+21.6%) | 20.8 | 23.0 | +2.2 | (+10.5%) |
| | Adjustment | ▲ 0.6 | ▲ 1.6 | -0.9 | | ▲ 1.8 | ▲ 3.7 | -1.9 | |
| | Total | 16.8 | 17.9 | +1.1 | (+6.4%) | 34.6 | 35.5 | +0.9 | (+2.7%) |

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



2Q (Jul.-Sept.)

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

Overseas, sales for apparel applications expanded in China and Southeast Asia. Materials for automotive applications and hygiene products remained strong in general.

Six Months (Apr.-Sept.)

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

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

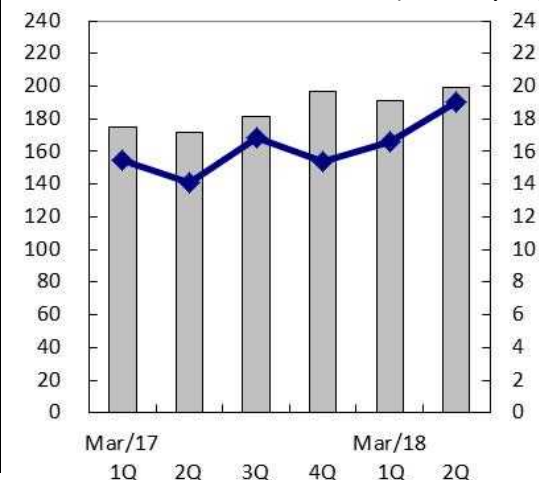
Business Results by Segment (Performance Chemicals)

Unit: Billion yen

| | | 2Q (Jul.-Sept.) | | | | Six Months (Apr.-Sept.) | | | |
|------------------|-----------------------|-----------------|-----------|---------|----------|-------------------------|-----------|---------|----------|
| | | FY Mar/17 | FY Mar/18 | Changes | | FY Mar/17 | FY Mar/18 | Changes | |
| Net Sales | Toray | 52.0 | 60.9 | +8.9 | (+17.1%) | 102.4 | 119.8 | +17.4 | (+16.9%) |
| | Japanese Subsidiaries | 106.6 | 112.4 | +5.8 | (+5.4%) | 213.8 | 221.0 | +7.2 | (+3.4%) |
| | Overseas Subsidiaries | 98.9 | 132.3 | +33.4 | (+33.7%) | 205.0 | 259.1 | +54.2 | (+26.4%) |
| | Adjustment | ▲ 86.0 | ▲ 106.1 | -20.0 | | ▲ 175.0 | ▲ 209.2 | -34.3 | |
| | Total | 171.5 | 199.5 | +28.0 | (+16.4%) | 346.2 | 390.7 | +44.5 | (+12.8%) |
| Operating Income | Toray | 3.7 | 5.6 | +1.9 | (+52.2%) | 7.3 | 11.3 | +4.0 | (+55.2%) |
| | Japanese Subsidiaries | 3.9 | 3.4 | -0.5 | (-12.7%) | 7.7 | 6.7 | -1.0 | (-12.6%) |
| | Overseas Subsidiaries | 7.3 | 10.9 | +3.6 | (+49.6%) | 16.1 | 19.2 | +3.1 | (+19.1%) |
| | Adjustment | ▲ 0.8 | ▲ 0.8 | -0.1 | | ▲ 1.5 | ▲ 1.5 | -0.1 | |
| | Total | 14.1 | 19.0 | +5.0 | (+35.2%) | 29.6 | 35.7 | +6.1 | (+20.6%) |

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



2Q (Jul.-Sept.)

In the resin business, shipment for automotive applications was strong in general, mainly in Japan. Besides automotive applications, Toray Group also promoted sales expansion of ABS and PPS resins. The film business reported strong performance in Japan and overseas with increased shipment of battery separator films for lithium-ion secondary batteries reflecting demand growth, while films for electronic parts, which are used for applications such as smartphones, continued to be favorable. In the electronic & information materials business, shipment of OLED-related materials expanded. Shipment of high-functional electric circuit materials also expanded at a Korean subsidiary.

Six Months (Apr.-Sept.)

In the resin business, shipment for automotive applications was strong in general, mainly in Japan. Besides automotive applications, Toray Group also promoted sales expansion of ABS and PPS resins. In the film business, shipment of battery separator films for lithium-ion secondary batteries increased reflecting demand growth, while films for electronic parts, which are used for applications such as smartphones continued to be favorable. In the electronic & information materials business, shipment of OLED-related materials expanded.

Breakdown of Performance Chemicals Segment

Unit: Billion yen

| | FY Mar/17 2Q (Jul.-Sept.) | | FY Mar/18 2Q (Jul.-Sept.) | | |
|------------------------------------|------------------------------|-------|------------------------------|-------|---------|
| | Net Sales | Ratio | Net Sales | Ratio | Changes |
| Resins, Chemicals | 70.6 | 27% | 87.7 | 29% | +24% |
| Films | 71.4 | 28% | 83.1 | 27% | +16% |
| Electronic & Information Materials | 14.4 | 6% | 16.7 | 5% | +16% |
| Trading | 101.1 | 39% | 118.1 | 39% | +17% |
| Adjustment | ▲ 86.0 | - | ▲ 106.1 | - | - |
| Total | 171.5 | | 199.5 | | |

| | FY Mar/17 Six Months (Apr.-Sept.) | | FY Mar/18 Six Months (Apr.-Sept.) | | |
|------------------------------------|--------------------------------------|-------|--------------------------------------|-------|---------|
| | Net Sales | Ratio | Net Sales | Ratio | Changes |
| Resins, Chemicals | 144.0 | 28% | 174.1 | 29% | +21% |
| Films | 142.9 | 27% | 160.2 | 27% | +12% |
| Electronic & Information Materials | 29.2 | 6% | 31.3 | 5% | +7% |
| Trading | 205.1 | 39% | 234.3 | 39% | +14% |
| Adjustment | ▲ 175.0 | - | ▲ 209.2 | - | - |
| Total | 346.2 | | 390.7 | | |

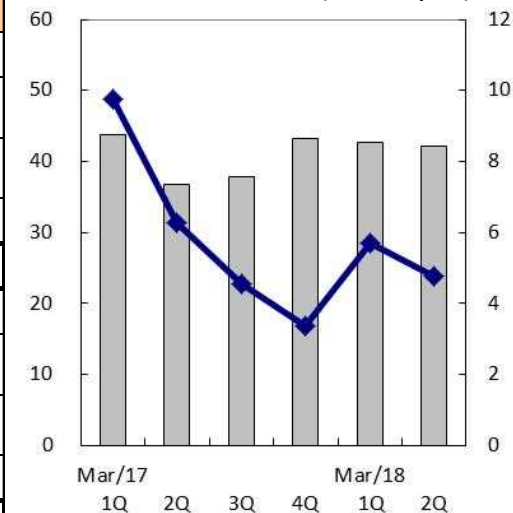
Business Results by Segment (Carbon Fiber Composite Materials)

Unit: Billion yen

| | | 2Q (Jul.-Sept.) | | | | Six Months (Apr.-Sept.) | | | |
|------------------|-----------------------|-----------------|-------------|-------------|-----------------|-------------------------|-------------|-------------|-----------------|
| | | FY Mar/17 | FY Mar/18 | Changes | | FY Mar/17 | FY Mar/18 | Changes | |
| Net Sales | Toray | 25.3 | 23.2 | -2.1 | (-8.5%) | 52.6 | 46.4 | -6.2 | (-11.8%) |
| | Japanese Subsidiaries | 15.9 | 16.7 | +0.8 | (+5.0%) | 34.9 | 33.7 | -1.3 | (-3.6%) |
| | Overseas Subsidiaries | 31.5 | 32.7 | +1.2 | (+3.9%) | 68.9 | 66.2 | -2.7 | (-3.9%) |
| | Adjustment | ▲ 35.9 | ▲ 30.5 | +5.5 | | ▲ 75.9 | ▲ 61.4 | +14.4 | |
| | Total | 36.8 | 42.1 | +5.3 | (+14.5%) | 80.6 | 84.8 | +4.3 | (+5.3%) |
| Operating Income | Toray | 3.3 | 2.5 | -0.8 | (-23.1%) | 7.5 | 4.8 | -2.7 | (-35.9%) |
| | Japanese Subsidiaries | 0.3 | 0.4 | +0.1 | (+25.4%) | 0.7 | 0.8 | +0.1 | (+21.5%) |
| | Overseas Subsidiaries | 4.0 | 2.6 | -1.3 | (-34.1%) | 9.2 | 5.6 | -3.6 | (-39.1%) |
| | Adjustment | ▲ 1.3 | ▲ 0.8 | +0.5 | | ▲ 1.4 | ▲ 0.8 | +0.6 | |
| | Total | 6.3 | 4.8 | -1.5 | (-24.2%) | 16.0 | 10.5 | -5.6 | (-34.8%) |

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



2Q (Jul.-Sept.)

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

Six Months (Apr.-Sept.)

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

Breakdown of Carbon Fiber Composite Materials Segment

Unit: Billion yen

| | FY Mar/17 2Q (Jul.-Sept.) | | FY Mar/18 2Q (Jul.-Sept.) | | |
|-------------------|------------------------------|------------|------------------------------|------------|-------------|
| | Net Sales | Ratio | Net Sales | Ratio | Changes |
| Aerospace | 16.7 | 45% | 19.6 | 47% | +17% |
| Sports | 3.3 | 9% | 3.7 | 9% | +12% |
| Industrial | 16.7 | 46% | 18.8 | 45% | +12% |
| Total | 36.8 | | 42.1 | | +15% |

| | FY Mar/17 Six Months (Apr.-Sept.) | | FY Mar/18 Six Months (Apr.-Sept.) | | |
|-------------------|--------------------------------------|------------|--------------------------------------|------------|-------------|
| | Net Sales | Ratio | Net Sales | Ratio | Changes |
| Aerospace | 37.3 | 46% | 40.0 | 47% | +7% |
| Sports | 6.8 | 8% | 7.5 | 9% | +11% |
| Industrial | 36.5 | 45% | 37.4 | 44% | +2% |
| Total | 80.6 | | 84.8 | | +5% |

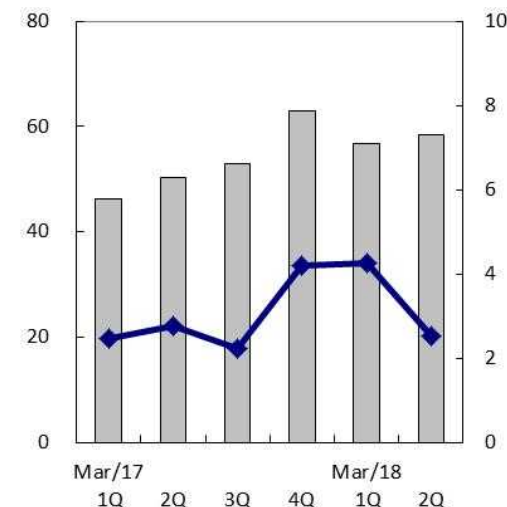
Business Results by Segment (Environment & Engineering)

Unit: Billion yen

| | | 2Q (Jul.-Sept.) | | | | Six Months (Apr.-Sept.) | | | |
|------------------|-----------------------|-----------------|-------------|-------------|-----------------|-------------------------|--------------|--------------|-----------------|
| | | FY Mar/17 | FY Mar/18 | Changes | | FY Mar/17 | FY Mar/18 | Changes | |
| Net Sales | Toray | 5.9 | 5.8 | -0.0 | (-0.2%) | 10.2 | 10.5 | +0.4 | (+3.5%) |
| | Japanese Subsidiaries | 62.1 | 69.0 | +6.9 | (+11.1%) | 115.4 | 136.3 | +20.9 | (+18.1%) |
| | Overseas Subsidiaries | 6.2 | 7.9 | +1.6 | (+26.1%) | 12.9 | 15.3 | +2.4 | (+18.8%) |
| | Adjustment | ▲ 24.0 | ▲ 24.4 | -0.4 | | ▲ 42.0 | ▲ 46.9 | -4.9 | |
| | Total | 50.2 | 58.4 | +8.1 | (+16.2%) | 96.4 | 115.2 | +18.8 | (+19.5%) |
| Operating Income | Toray | 0.3 | 0.5 | +0.1 | (+47.6%) | 0.0 | 0.2 | +0.2 | (+1950.0%) |
| | Japanese Subsidiaries | 2.2 | 1.3 | -0.9 | (-40.3%) | 4.1 | 4.9 | +0.8 | (+19.9%) |
| | Overseas Subsidiaries | 0.7 | 0.7 | +0.1 | (+12.3%) | 1.6 | 1.6 | +0.0 | (+0.3%) |
| | Adjustment | ▲ 0.4 | 0.0 | +0.4 | | ▲ 0.4 | 0.1 | +0.5 | |
| | Total | 2.8 | 2.5 | -0.2 | (-8.6%) | 5.3 | 6.8 | +1.6 | (+29.9%) |

Net Sales
<Bar chart>

Operating Income
<Line chart>
(Billion yen)



2Q (Jul.-Sept.)

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

In terms of domestic subsidiaries in the segment, construction projects and real estate business performed well at a construction subsidiary, while shipment of electronics-related machineries remained weak at an engineering subsidiary.

Six Months (Apr.-Sept.)

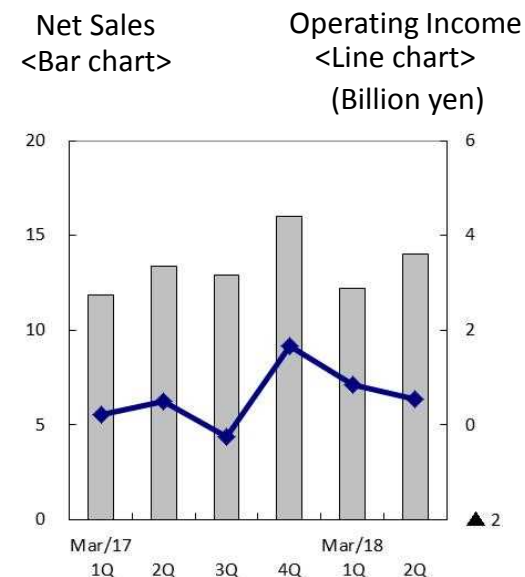
In the water treatment business, demand for reverse osmosis membranes and other products in general grew strongly in Japan and abroad.

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

Business Results by Segment (Life Science)

Unit: Billion yen

| | | 2Q (Jul.-Sept.) | | | | Six Months (Apr.-Sept.) | | | |
|------------------|-----------------------|-----------------|-------------|-------------|----------------|-------------------------|-------------|-------------|-----------------|
| | | FY Mar/17 | FY Mar/18 | Changes | | FY Mar/17 | FY Mar/18 | Changes | |
| Net Sales | Toray | 8.0 | 7.1 | -1.0 | (-12.1%) | 14.9 | 13.0 | -2.0 | (-13.2%) |
| | Japanese Subsidiaries | 10.4 | 10.4 | -0.0 | (-0.2%) | 20.0 | 19.9 | -0.1 | (-0.5%) |
| | Overseas Subsidiaries | 2.8 | 2.9 | +0.1 | (+4.2%) | 6.1 | 6.0 | -0.1 | (-2.2%) |
| | Adjustment | ▲ 7.9 | ▲ 6.3 | +1.5 | | ▲ 15.8 | ▲ 12.6 | +3.2 | |
| | Total | 13.4 | 14.0 | +0.6 | (+4.9%) | 25.2 | 26.2 | +1.0 | (+3.9%) |
| Operating Income | Toray | 1.0 | 0.1 | -0.9 | (-87.4%) | 0.6 | ▲ 0.4 | -1.0 | (-) |
| | Japanese Subsidiaries | 0.0 | 0.4 | +0.4 | (+2675.0%) | ▲ 0.3 | 0.5 | +0.8 | (-) |
| | Overseas Subsidiaries | 0.0 | 0.0 | +0.0 | (+116.7%) | 0.1 | 0.0 | -0.0 | (-35.7%) |
| | Adjustment | ▲ 0.6 | ▲ 0.0 | +0.5 | | 0.4 | 1.2 | +0.9 | |
| | Total | 0.5 | 0.5 | +0.0 | (+6.9%) | 0.7 | 1.4 | +0.7 | (+88.9%) |



2Q (Jul.-Sept.)

In the pharmaceutical business, shipment of pruritus treatment REMITCH™* expanded, partly as the OD (oral disintegrating) tablet version was made available in June. On the other hand, shipment of natural-type interferon beta preparation FERON™ and orally active prostacyclin derivative DORNER™ remained sluggish due to the impact of alternative medicines and their generic drugs.

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

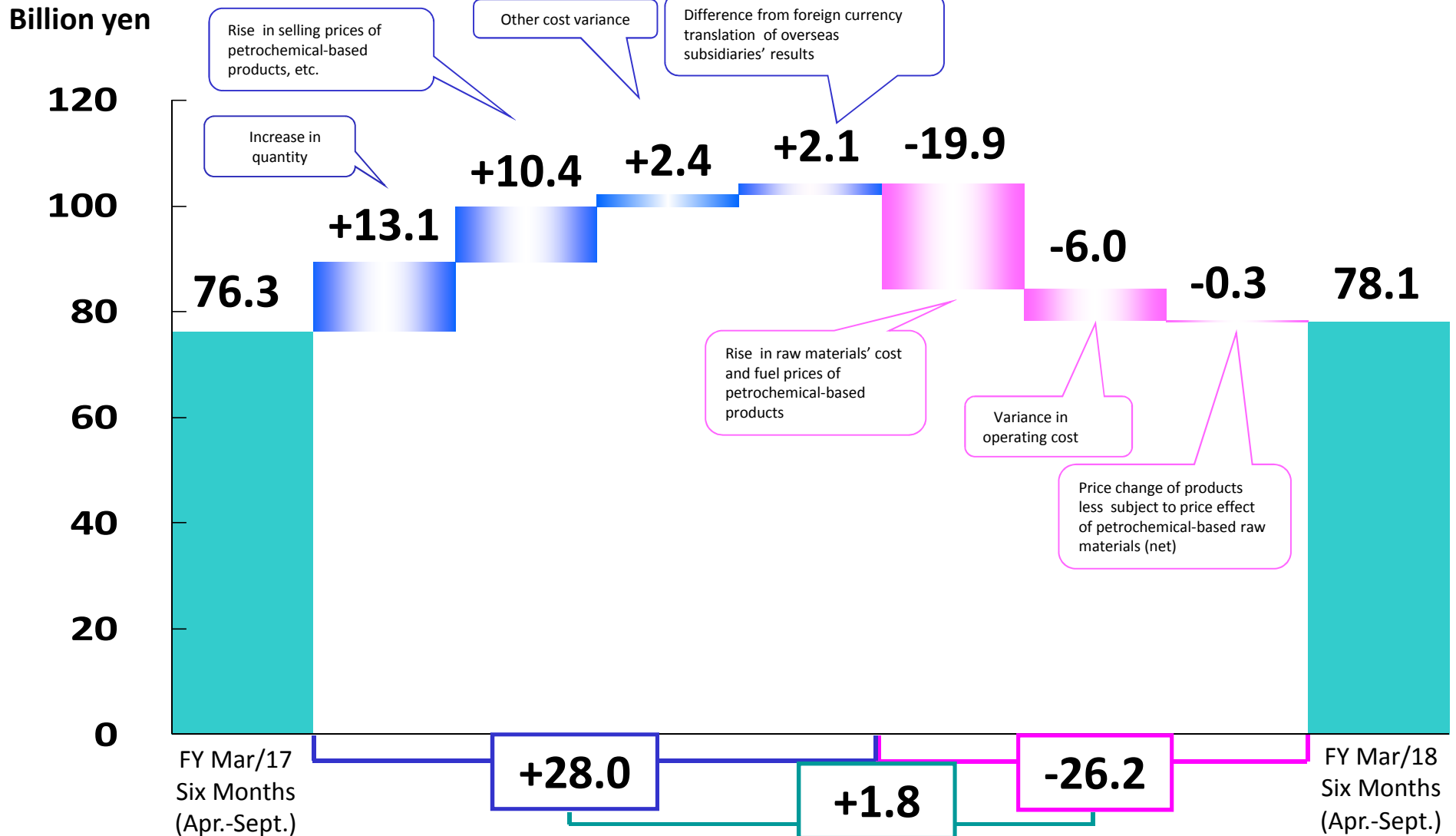
Six Months (Apr.-Sept.)

In the pharmaceutical business, shipment of pruritus treatment REMITCH™* expanded, partly as the OD (oral disintegrating) tablet version was made available in June. On the other hand, shipment of natural-type interferon beta preparation FERON™ and orally active prostacyclin derivative DORNER™ remained sluggish due to the impact of alternative medicines and their generic drugs.

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

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

Income Variance Factor Analysis (Six Months)



"Petrochemical-based products, etc." are the total of Fibers & Textiles, Performance Chemicals and Carbon Fiber Composite Materials Segments

Results of Major Subsidiaries and Regions (Six Months)

Billion yen

| | Net Sales | | | Operating Income | | |
|-------------------------------|---|---|---------|---|---|---------|
| | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes | FY Mar/17 Six Months (Apr.-Sept.) | FY Mar/18 Six Months (Apr.-Sept.) | Changes |
| Toray International Inc. | 257.8 | 267.4 | +9.6 | 4.6 | 5.6 | +1.0 |
| Toray Engineering Co., Ltd. | 48.1 | 51.7 | +3.6 | 3.0 | 4.1 | +1.1 |
| Toray Construction Co., Ltd. | 19.4 | 25.0 | +5.6 | 0.9 | 0.5 | -0.3 |
| Toray Advanced Film Co., Ltd. | 20.5 | 21.1 | +0.6 | 0.9 | 1.3 | +0.5 |

| | | | | | | | |
|--------------------------------|-----------------------|------|--------------|-------|-----|------------|------|
| Subsidiaries in Southeast Asia | Fibers & Textiles | 56.1 | 65.9 | +9.9 | 3.4 | 4.4 | +1.0 |
| | Performance Chemicals | 38.8 | 53.7 | +14.9 | 3.7 | 5.4 | +1.8 |
| | Others | - | 0.1 | +0.1 | - | 0.0 | +0.0 |
| | Total | 94.9 | 119.8 | +24.9 | 7.1 | 9.8 | +2.7 |

| | | | | | | | |
|-----------------------|-----------------------|-------|--------------|-------|------|-------------|------|
| Subsidiaries in China | Fibers & Textiles | 121.6 | 135.9 | +14.4 | 11.7 | 13.1 | +1.4 |
| | Performance Chemicals | 40.7 | 49.7 | +9.0 | 2.6 | 1.4 | -1.2 |
| | Others | 11.4 | 14.4 | +3.0 | 0.3 | 0.6 | +0.2 |
| | Total | 173.6 | 200.1 | +26.5 | 14.6 | 15.0 | +0.4 |

| | | | | | | | |
|-----------------------|-----------------------|-------|--------------|-------|-----|-------------|------|
| Subsidiaries in Korea | Fibers & Textiles | 43.3 | 47.8 | +4.5 | 2.2 | 1.6 | -0.7 |
| | Performance Chemicals | 49.3 | 66.5 | +17.2 | 6.0 | 9.0 | +3.0 |
| | Others | 8.2 | 8.9 | +0.8 | 1.7 | 1.0 | -0.7 |
| | Total | 100.8 | 123.2 | +22.4 | 9.9 | 11.6 | +1.7 |

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 | | Initial Forecast | Difference from Initial Forecast* |
|---|--------------|---------------------|-----------------------|---------------|-----------------|---------------------|--------------------------------------|
| Net Sales | 1st Half | 957.0 | 1,048.2 | +91.2 | (+9.5%) | 1,050.0 | -1.8 |
| | 2nd Half | 1,069.5 | 1,171.8 | +102.3 | (+9.6%) | 1,170.0 | +1.8 |
| | Total | 2,026.5 | 2,220.0 | +193.5 | (+9.6%) | 2,220.0 | — |
| Operating Income | 1st Half | 76.3 | 78.1 | +1.8 | (+2.3%) | 78.0 | +0.1 |
| | 2nd Half | 70.6 | 86.9 | +16.3 | (+23.1%) | 87.0 | -0.1 |
| | Total | 146.9 | 165.0 | +18.1 | (+12.3%) | 165.0 | — |
| Ordinary Income | 1st Half | 76.1 | 76.8 | +0.7 | (+0.9%) | 77.0 | -0.2 |
| | 2nd Half | 67.7 | 85.2 | +17.6 | (+26.0%) | 85.0 | +0.2 |
| | Total | 143.7 | 162.0 | +18.3 | (+12.7%) | 162.0 | — |
| Net Income Attributable to Owners of Parent | 1st Half | 53.4 | 47.5 | -5.9 | (-11.0%) | 47.0 | +0.5 |
| | 2nd Half | 46.0 | 52.5 | +6.5 | (+14.0%) | 53.0 | -0.5 |
| | Total | 99.4 | 100.0 | +0.6 | (+0.6%) | 100.0 | — |
| Net Income per Share | 1st Half | 33.40 yen | 29.71 yen | | | | |
| | 2nd Half | 28.77 yen | 32.81 yen | | | | |
| | Total | 62.17 yen | 62.52 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 : 110 yen / US\$ (from October)

*Difference from Initial Forecast:
The difference from the forecast announced on May 10, 2017.

Forecast by Segment

Billion yen

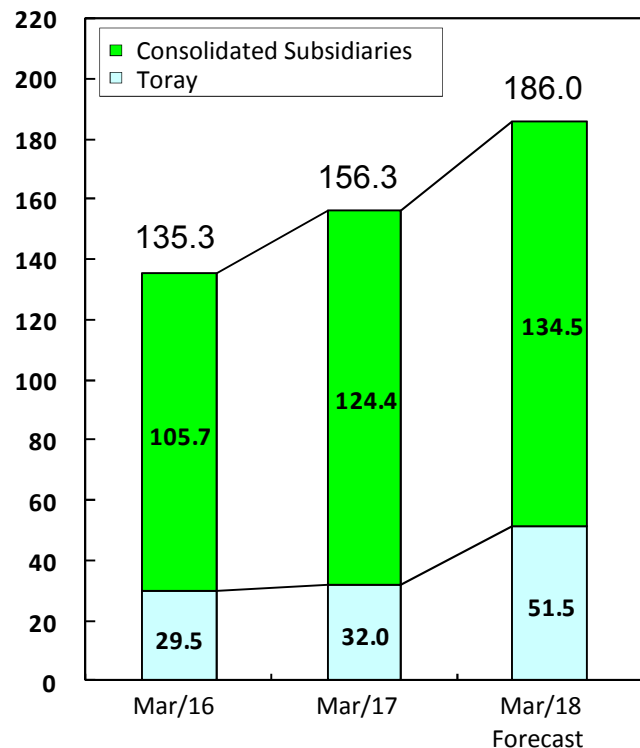
| | | FY Mar/17 Actual | | | FY Mar/18 Forecast | | | Changes | | | Difference from Initial Forecast* | | |
|------------------|----------------------------------|---------------------|----------|---------|-----------------------|----------|---------|----------|----------|--------|-----------------------------------|----------|-------|
| | | 1st Half | 2nd Half | Total | 1st Half | 2nd Half | Total | 1st Half | 2nd Half | Total | 1st Half | 2nd Half | Total |
| Net Sales | Fibers & Textiles | 400.2 | 456.0 | 856.1 | 422.8 | 502.2 | 925.0 | +22.6 | +46.3 | +68.9 | -2.2 | +2.2 | — |
| | Performance Chemicals | 346.2 | 378.4 | 724.6 | 390.7 | 409.3 | 800.0 | +44.5 | +30.9 | +75.4 | -4.3 | +4.3 | — |
| | Carbon Fiber Composite Materials | 80.6 | 81.1 | 161.6 | 84.8 | 95.2 | 180.0 | +4.3 | +14.1 | +18.4 | -0.2 | +0.2 | — |
| | Environment & Engineering | 96.4 | 116.1 | 212.5 | 115.2 | 119.8 | 235.0 | +18.8 | +3.7 | +22.5 | 5.2 | -5.2 | — |
| | Life Science | 25.2 | 28.9 | 54.2 | 26.2 | 33.8 | 60.0 | +1.0 | +4.9 | +5.9 | -0.8 | +0.8 | — |
| | Others | 8.4 | 9.0 | 17.4 | 8.5 | 11.5 | 20.0 | +0.1 | +2.5 | +2.6 | 0.5 | -0.5 | — |
| | Consolidated | 957.0 | 1,069.5 | 2,026.5 | 1,048.2 | 1,171.8 | 2,220.0 | +91.2 | +102.3 | +193.5 | -1.8 | +1.8 | — |
| Operating Income | Fibers & Textiles | 34.6 | 32.2 | 66.8 | 35.5 | 39.5 | 75.0 | +0.9 | +7.3 | +8.2 | -1.5 | +0.5 | -1.0 |
| | Performance Chemicals | 29.6 | 32.2 | 61.8 | 35.7 | 38.3 | 74.0 | +6.1 | +6.1 | +12.2 | -0.3 | +0.3 | — |
| | Carbon Fiber Composite Materials | 16.0 | 7.9 | 24.0 | 10.5 | 13.5 | 24.0 | -5.6 | +5.6 | +0.0 | -0.5 | +0.5 | — |
| | Environment & Engineering | 5.3 | 6.5 | 11.7 | 6.8 | 7.2 | 14.0 | +1.6 | +0.7 | +2.3 | +2.3 | -1.3 | +1.0 |
| | Life Science | 0.7 | 1.4 | 2.1 | 1.4 | 1.6 | 3.0 | +0.7 | +0.2 | +0.9 | +0.9 | -0.9 | — |
| | Others | 0.5 | 2.1 | 2.6 | 0.9 | 1.6 | 2.5 | +0.4 | -0.5 | -0.1 | -0.1 | +0.1 | — |
| | Adjustment | ▲ 10.5 | ▲ 11.7 | ▲ 22.1 | ▲ 12.7 | ▲ 14.8 | ▲ 27.5 | -2.2 | -3.1 | -5.4 | -0.7 | +0.7 | — |
| Consolidated | 76.3 | 70.6 | 146.9 | 78.1 | 86.9 | 165.0 | +1.8 | +16.3 | +18.1 | +0.1 | -0.1 | — | |

*Difference from Initial Forecast : the difference from the forecast announced on May 10, 2017.

Forecast of Capital Expenditures, Depreciation, R&D Expenses

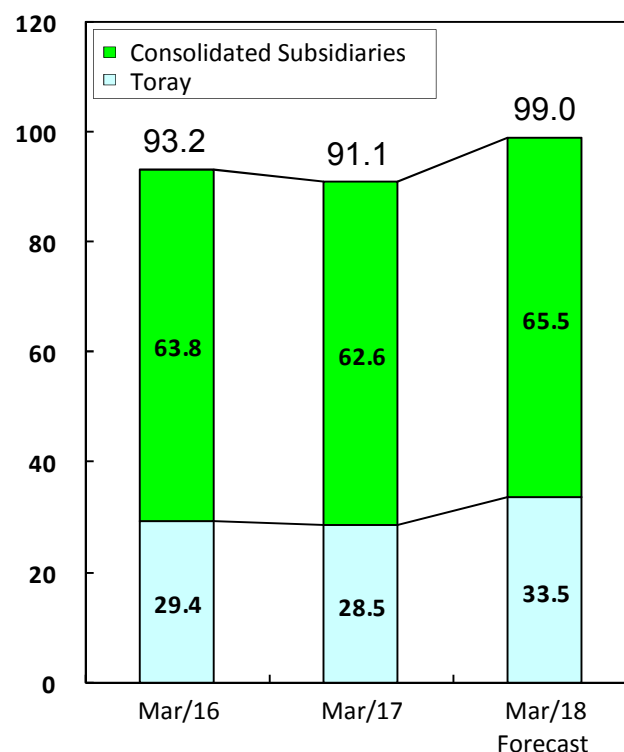
Capital Expenditures *

Billion yen



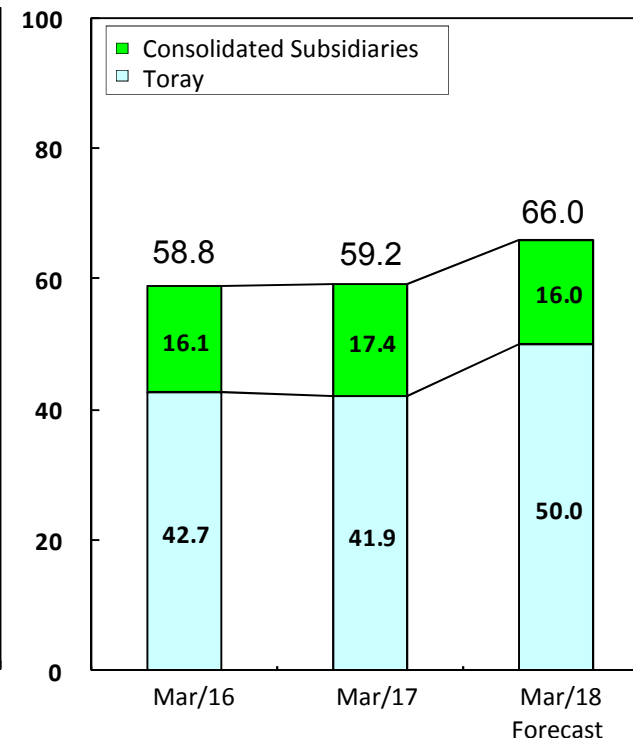
Depreciation*

Billioneyen



R&D Expenses

Billion yen



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

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