

# **Announcement of Business Results for the Fiscal Year Ended March 2015 and Business Forecast for the Fiscal Year Ending March 2016**

**Toray Industries, Inc.  
May 8, 2015**

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# **I. Business Results for the Fiscal Year Ended March 2015 (Consolidated Basis)**

# Summary of Consolidated Business Results for the Fiscal Year Ended March 2015

Billion yen

	FY Mar/14			FY Mar/15			Changes
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	
Net Sales	853.8	984.0	1,837.8	948.0	1,062.8	<b>2,010.7</b>	+173.0 (+9.4%)
Cost of Sales	688.6	796.5	1,485.2	762.3	849.2	<b>1,611.5</b>	+126.3 (+8.5%)
Gross Profit	165.1	187.5	352.6	185.7	213.6	<b>399.3</b>	+46.7 (+13.2%)
(Gross Profit to Net Sales)	19.3%	19.1%	19.2%	19.6%	20.1%	<b>19.9%</b>	+0.7 points
Operating Income	44.3	61.0	105.3	51.3	72.2	<b>123.5</b>	+18.2 (+17.3%)
(Operating Income to Net Sales)	5.2%	6.2%	5.7%	5.4%	6.8%	<b>6.1%</b>	+0.4 points
Non-operating Income and Expenses, net	2.2	3.2	5.4	5.2	▲ 0.1	<b>5.1</b>	-0.3
Ordinary Income	46.5	64.1	110.6	56.5	72.1	<b>128.6</b>	+17.9 (+16.2%)
Special Credits and Charges, net	▲ 2.7	▲ 10.2	▲ 12.9	▲ 2.1	▲ 12.0	▲ <b>14.1</b>	-1.2
Income before Income Taxes	43.8	53.9	97.8	54.4	60.1	<b>114.5</b>	+16.7 (+17.1%)
Net Income	29.4	30.2	59.6	41.3	29.8	<b>71.0</b>	+11.4 (+19.1%)

Exchange Rate

<Yen/US\$>

FY Mar/14 → FY Mar/15

Average: 100.2 → 109.9

End of the term: 102.9 → 120.2

<Yen/Euro>

FY Mar/14 → FY Mar/15

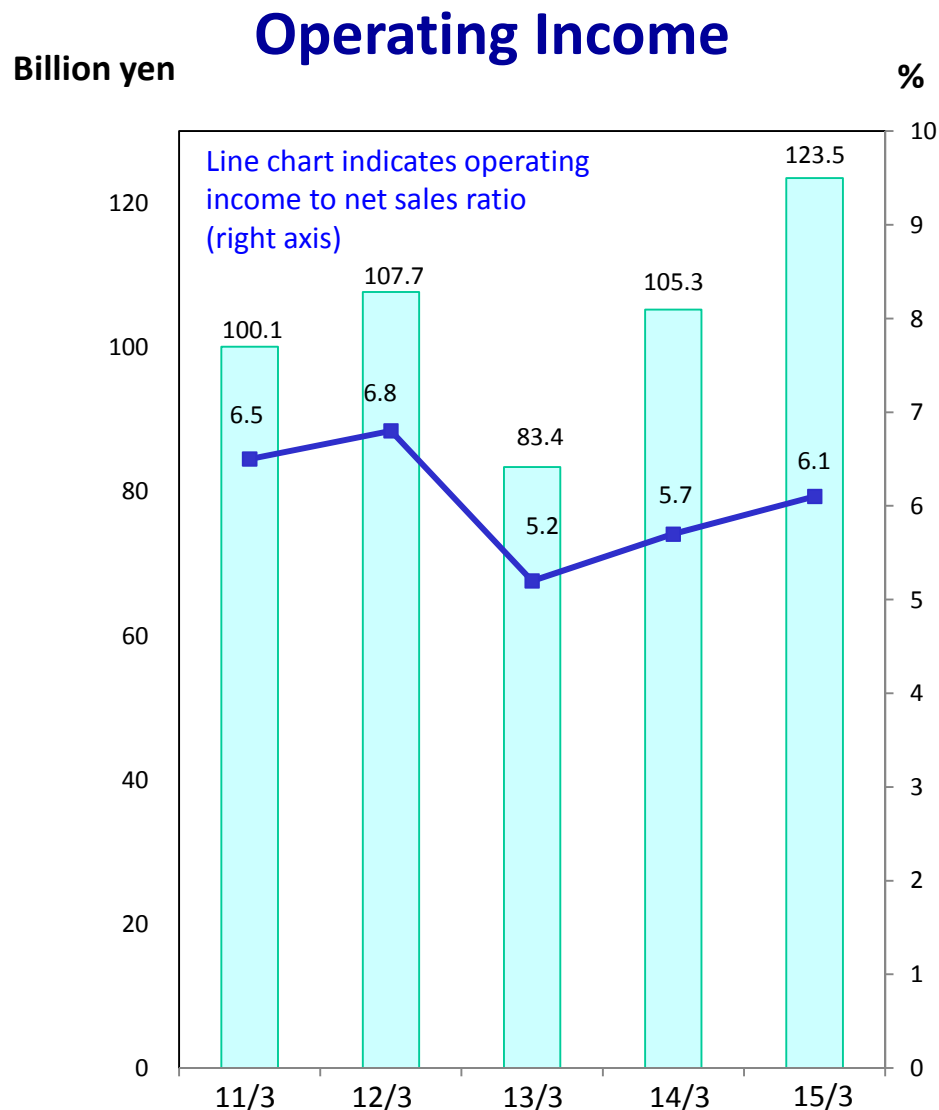
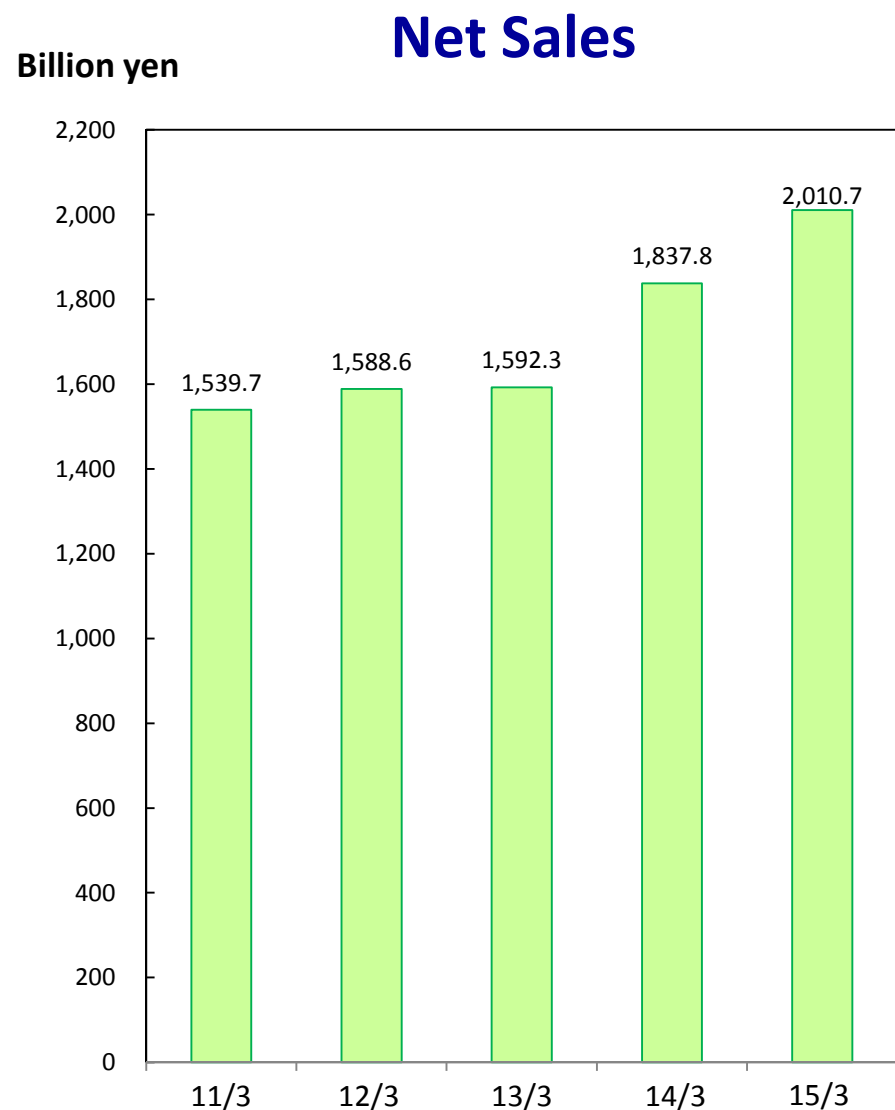
Average: 134.4 → 138.8

End of the term: 141.7 → 130.3

Net Income per share	18.03 yen	18.56 yen	36.59 yen	25.70 yen	18.61 yen	<b>44.33 yen</b>
Dividend per share	5.00 yen	5.00 yen	10.00 yen	5.00 yen	6.00 yen	<b>11.00 yen</b>

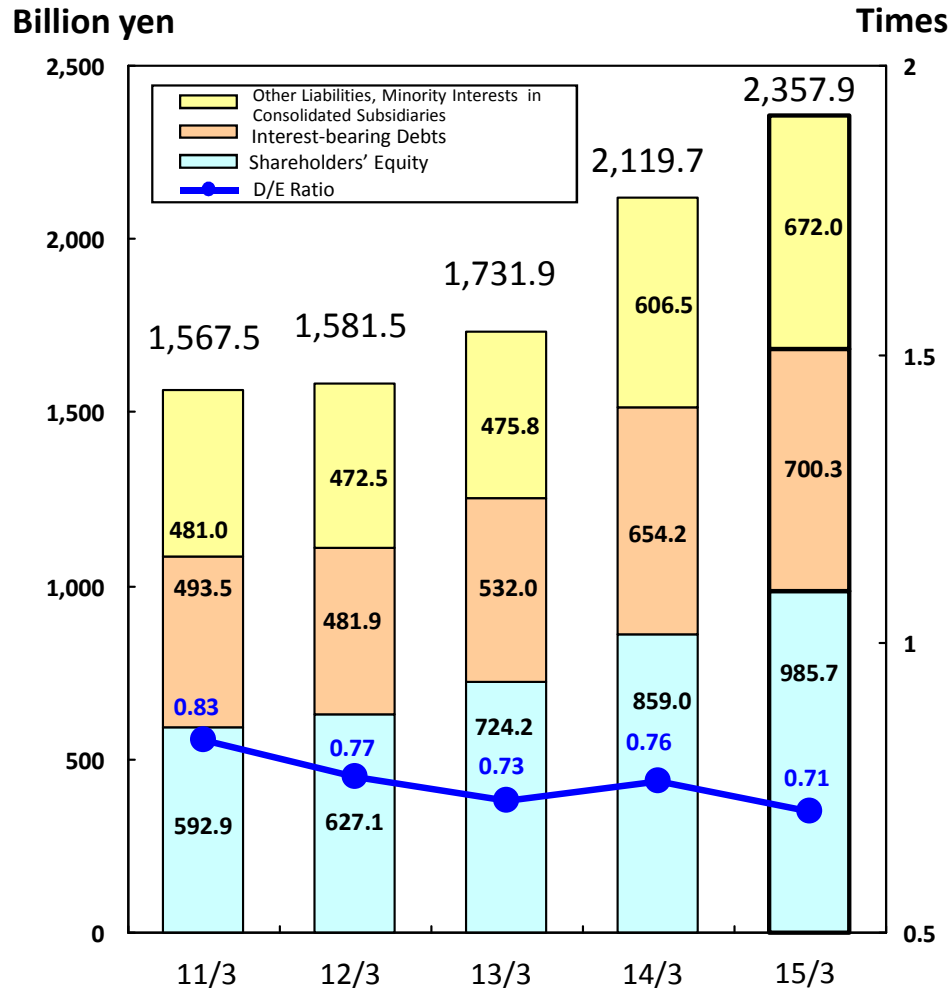
\*Consolidated business results are the sums of Apr. – Mar. business results in companies whose FY ends on March 31, and Jan. – Dec. business results in companies whose FY ends on December 31.

# Trends in Net Sales and Operating Income

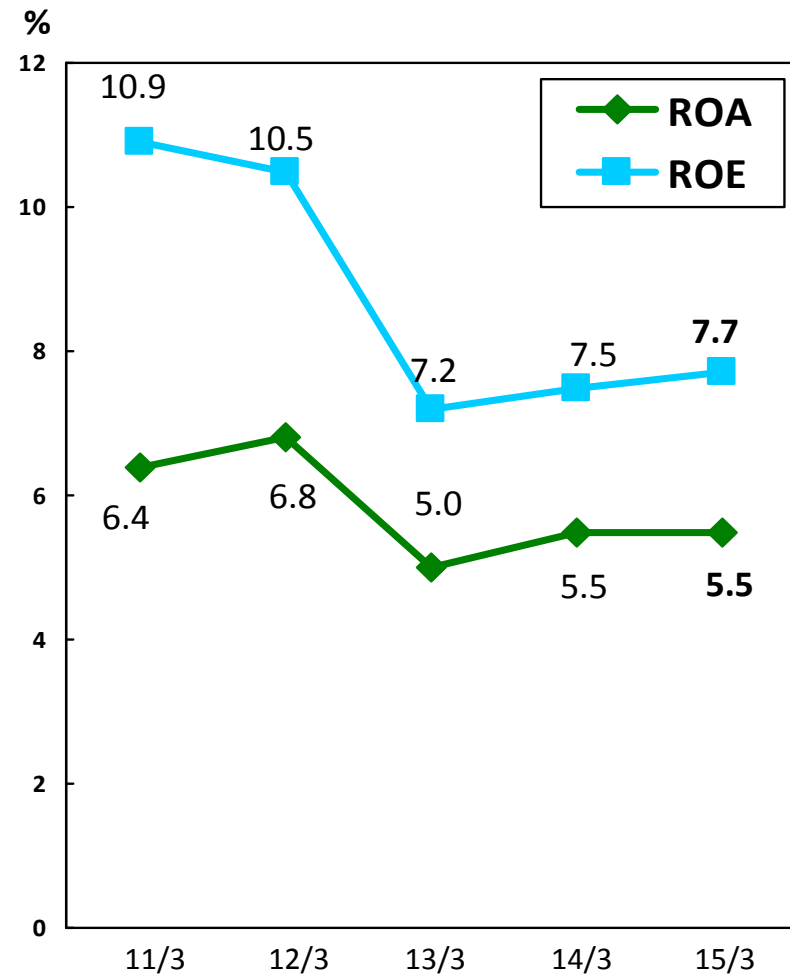


# Total Assets, D/E Ratio and ROA · ROE

## Total Assets, D/E Ratio



## ROA · ROE



ROA = Operating Income / Total Assets  
 ROE = Net Income / Shareholders' Equity

# Non-operating Income and Expenses

Billion yen

	FY Mar/14	FY Mar/15	Changes
<b>Non-operating Income</b>	19.1	<b>22.0</b>	+2.9
Interest and Dividend Income	3.8	<b>4.1</b>	+0.3
Equity in Earnings of Affiliates	7.7	<b>11.8</b>	+4.1
Foreign Exchange Gains	2.5	<b>2.1</b>	-0.4
Others	5.1	<b>4.0</b>	-1.1
<b>Non-operating Expenses</b>	<b>▲ 13.7</b>	<b>▲ 16.9</b>	-3.2
Interest Expenses	<b>▲ 4.9</b>	<b>▲ 6.3</b>	-1.5
Costs related to Start-up of New Facilities	<b>▲ 1.2</b>	<b>▲ 2.2</b>	-0.9
Costs related to Idle Facilities	<b>▲ 2.9</b>	<b>▲ 2.8</b>	+0.1
Others	<b>▲ 4.6</b>	<b>▲ 5.6</b>	-1.0
<b>Non-operating Income and Expenses, net</b>	5.4	<b>5.1</b>	-0.3
<b>Interest and Dividend Income, Interest Expenses, net</b>	<b>▲ 1.1</b>	<b>▲ 2.2</b>	-1.1

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

# Special Credits and Charges

Billion yen

	FY Mar/14	FY Mar/15	Changes
<b>Special Credits</b>	7.9	<b>1.8</b>	-6.1
Gain on Sales of Property, Plant and Equipment	0.7	<b>0.5</b>	-0.3
Gain on Sales of Investment Securities	0.4	<b>0.5</b>	+0.2
Gain on Sales of Securities of Subsidiaries	-	<b>0.7</b>	+0.7
Insurance Income	6.8	-	-6.8
Others	0.0	<b>0.2</b>	+0.2
<b>Special Charges</b>	<b>▲ 20.8</b>	<b>▲ 15.9</b>	+4.9
Loss on Sales and Disposal of Property, Plant and Equipment	<b>▲ 5.9</b>	<b>▲ 6.2</b>	-0.2
Loss on Impairment of Fixed Assets	<b>▲ 14.4</b>	<b>▲ 7.9</b>	+6.5
Others	<b>▲ 0.5</b>	<b>▲ 1.9</b>	-1.4
<b>Special Credits and Charges, net</b>	<b>▲ 12.9</b>	<b>▲ 14.1</b>	-1.2

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



# Assets, Liabilities, Net Assets and Free Cash Flows

Billion yen

	End of Mar/14	End of Mar/15	Changes
Total Assets	2,119.7	<b>2,357.9</b>	+238.2
Current Assets	920.4	<b>1,017.9</b>	+97.5
Tangible Assets	781.2	<b>855.6</b>	+74.4
Intangible Assets	100.1	<b>98.5</b>	-1.6
Investment and Other Assets	318.0	<b>386.0</b>	+68.0

	End of Mar/14	End of Mar/15	Changes
Total Liabilities	1,175.1	<b>1,277.2</b>	+102.1
Current Liabilities	596.6	<b>600.9</b>	+4.3
Other Liabilities	578.5	<b>676.3</b>	+97.8
Total Net Assets	944.6	<b>1,080.8</b>	+136.1

<Free Cash Flows>

Billion yen

	FY Mar/14	FY Mar/15	Changes
Cash Flows from Operating Activities	161.5	<b>141.3</b>	-20.2
Cash Flows from Investment Activities	▲ 214.8	▲ <b>140.7</b>	+74.2
Free Cash Flows	▲ 53.4	<b>0.6</b>	+54.0

# Net Sales and Operating Income by Segment

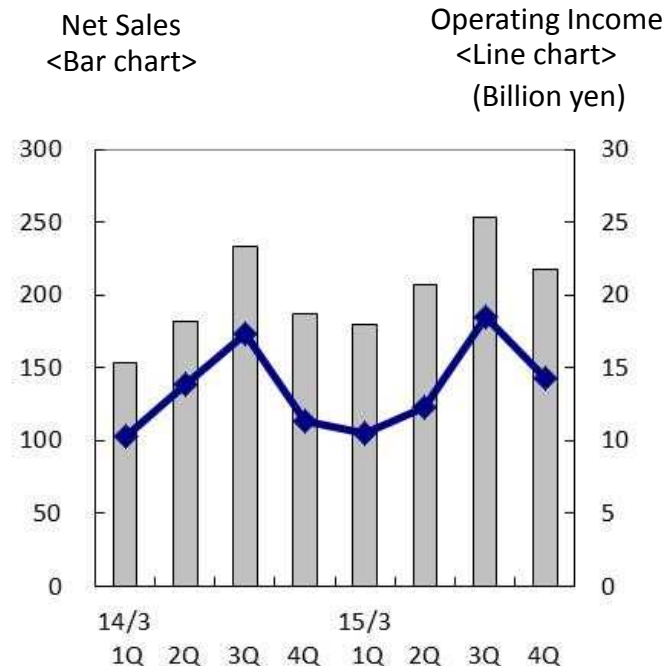
Billion yen

		Net Sales				Operating Income			
		FY Mar/14	FY Mar/15	Changes	(%)	FY Mar/14	FY Mar/15	Changes	(%)
Fibers & Textiles	1st Half	335.1	<b>386.2</b>	+51.1	(+15.2%)	24.2	<b>22.8</b>	-1.4	(-5.9%)
	2nd Half	420.4	<b>470.5</b>	+50.1	(+11.9%)	28.7	<b>32.8</b>	+4.1	(+14.3%)
	Total	<b>755.5</b>	<b>856.7</b>	+101.2	(+13.4%)	52.9	<b>55.6</b>	+2.7	(+5.1%)
Plastics & Chemicals	1st Half	228.0	<b>246.2</b>	+18.2	(+8.0%)	9.0	<b>11.7</b>	+2.7	(+30.0%)
	2nd Half	242.5	<b>250.2</b>	+7.6	(+3.2%)	9.0	<b>12.2</b>	+3.2	(+35.1%)
	Total	<b>470.5</b>	<b>496.4</b>	+25.8	(+5.5%)	18.0	<b>23.9</b>	+5.9	(+32.6%)
IT-related Products	1st Half	122.0	<b>121.8</b>	-0.1	(-0.1%)	10.8	<b>10.3</b>	-0.5	(-4.7%)
	2nd Half	123.8	<b>126.1</b>	+2.4	(+1.9%)	13.8	<b>14.2</b>	+0.4	(+3.0%)
	Total	<b>245.7</b>	<b>248.0</b>	+2.2	(+0.9%)	24.6	<b>24.5</b>	-0.1	(-0.4%)
Carbon Fiber Composite Materials	1st Half	52.1	<b>76.6</b>	+24.5	(+47.1%)	7.1	<b>11.8</b>	+4.7	(+66.3%)
	2nd Half	61.3	<b>81.7</b>	+20.5	(+33.4%)	9.8	<b>14.5</b>	+4.6	(+46.8%)
	Total	<b>113.3</b>	<b>158.4</b>	+45.0	(+39.7%)	16.9	<b>26.2</b>	+9.3	(+54.9%)
Environment & Engineering	1st Half	83.1	<b>83.4</b>	+0.3	(+0.4%)	0.6	<b>2.1</b>	+1.4	(+221.7%)
	2nd Half	97.1	<b>96.6</b>	-0.5	(-0.5%)	5.8	<b>5.9</b>	+0.2	(+3.4%)
	Total	<b>180.2</b>	<b>180.0</b>	-0.2	(-0.1%)	6.4	<b>8.0</b>	+1.6	(+25.4%)
Life Science	1st Half	26.6	<b>26.5</b>	-0.1	(-0.4%)	1.9	<b>1.7</b>	-0.2	(-8.5%)
	2nd Half	31.6	<b>30.5</b>	-1.1	(-3.4%)	3.7	<b>2.4</b>	-1.4	(-36.7%)
	Total	<b>58.2</b>	<b>57.0</b>	-1.2	(-2.0%)	5.6	<b>4.1</b>	-1.5	(-27.4%)
Others	1st Half	6.9	<b>7.2</b>	+0.3	(+4.5%)	0.7	<b>0.7</b>	+0.0	(+3.0%)
	2nd Half	7.4	<b>7.1</b>	-0.3	(-3.6%)	1.3	<b>1.2</b>	-0.1	(-8.3%)
	Total	<b>14.3</b>	<b>14.3</b>	+0.0	(+0.3%)	2.0	<b>1.9</b>	-0.1	(-4.3%)
Adjustment	1st Half					▲ 10.0	▲ 9.8	+0.3	
	2nd Half					▲ 11.2	▲ 11.0	+0.2	
	Total					▲ 21.2	▲ 20.7	+0.5	
Consolidated	1st Half	853.8	<b>948.0</b>	+94.2	(+11.0%)	44.3	<b>51.3</b>	+7.0	(+15.9%)
	2nd Half	984.0	<b>1,062.8</b>	+78.7	(+8.0%)	61.0	<b>72.2</b>	+11.2	(+18.4%)
	Total	<b>1,837.8</b>	<b>2,010.7</b>	+173.0	(+9.4%)	105.3	<b>123.5</b>	+18.2	(+17.3%)

# Business Results by Segment (Fibers & Textiles)

Unit: Billion yen

		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	108.1	104.8	-3.3	(-3.0%)
	Japanese Subsidiaries	372.2	386.2	+14.0	(+3.8%)
	Overseas Subsidiaries	275.2	365.7	+90.5	(+32.9%)
	<b>Total</b>	<b>755.5</b>	<b>856.7</b>	<b>+101.2</b>	<b>(+13.4%)</b>
Operating Income	Toray	13.8	13.4	-0.3	(-2.5%)
	Japanese Subsidiaries	13.0	12.5	-0.5	(-3.5%)
	Overseas Subsidiaries	27.2	31.4	+4.2	(+15.5%)
	Adjustment	▲ 1.0	▲ 1.7	-0.7	
	<b>Total</b>	<b>52.9</b>	<b>55.6</b>	<b>+2.7</b>	<b>(+5.1%)</b>



**Japan** : Demand for apparel applications remained weak in general due to the prolonged impact of the consumption tax rate increase. Against this backdrop, Toray Group worked to expand sales and sophisticate the business through promotion of a business that integrates fibers to textiles to final products. In industrial applications, sales were robust led by those to automotive applications.

**Overseas** : While being affected by a slowdown in demand in Europe and sluggish domestic demand in China, textile subsidiaries in Southeast Asia and China pursued sales expansion and a shift towards high value added products. Also shipment for automotive applications, and hygiene products in emerging countries remained strong. Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to sales increase of the segment, but amortization of goodwill affected profit.

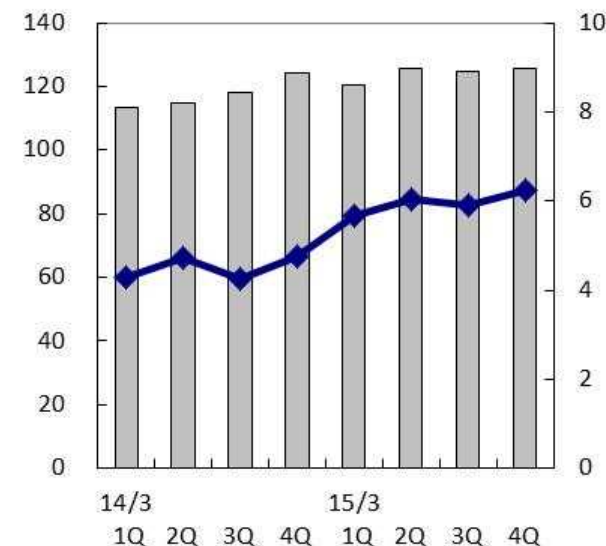
# Business Results by Segment (Plastics & Chemicals)

Unit: Billion yen

		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	84.3	79.6	-4.7	(-5.5%)
	Japanese Subsidiaries	184.2	188.7	+4.4	(+2.4%)
	Overseas Subsidiaries	202.0	228.1	+26.0	(+12.9%)
	<b>Total</b>	<b>470.5</b>	<b>496.4</b>	<b>+25.8</b>	<b>(+5.5%)</b>
Operating Income	Toray	▲ 1.1	2.3	+3.4	( - )
	Japanese Subsidiaries	8.3	8.8	+0.5	(+5.9%)
	Overseas Subsidiaries	10.6	13.0	+2.5	(+23.2%)
	Adjustment	0.3	▲ 0.2	-0.5	
	<b>Total</b>	<b>18.0</b>	<b>23.9</b>	<b>+5.9</b>	<b>(+32.6%)</b>

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



**Resins Business** : Overall domestic shipment remained strong despite sluggish shipment due to the impact of the consumption tax rate increase in some applications including automobiles. Overseas, shipment at the subsidiaries in the U.S. and China expanded for automotive applications.

**Films Business** : Shipment expanded led by increased demand in China for films for solar cell back sheets and Toray Group pursued a shift towards high value added products for food packaging applications. The business, although partly affected by price competition, remained strong on the whole.

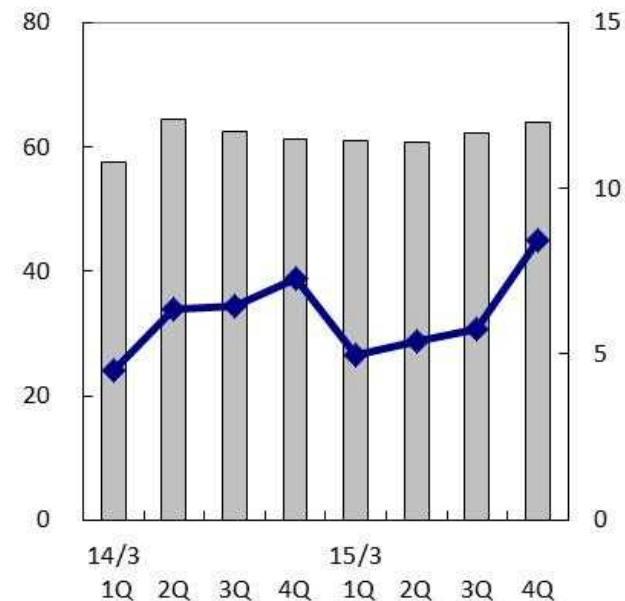
# Business Results by Segment (IT-related Products)

Unit: Billion yen

		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	77.1	69.6	-7.5	(-9.7%)
	Japanese Subsidiaries	79.3	83.6	+4.4	(+5.5%)
	Overseas Subsidiaries	89.4	94.7	+5.3	(+6.0%)
	Total	245.7	248.0	+2.2	(+0.9%)
Operating Income	Toray	10.9	6.9	-4.0	(-37.0%)
	Japanese Subsidiaries	6.9	9.3	+2.4	(+34.9%)
	Overseas Subsidiaries	10.0	11.5	+1.5	(+14.8%)
	Adjustment	▲ 3.2	▲ 3.2	+0.1	
	Total	24.6	24.5	-0.1	(-0.4%)

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



Shipment of large LCD panel-related materials such as films and processed film products increased, reflecting the recovery in production by panel manufacturers and the shift to larger displays. Shipment of smartphone- and tablet terminal-related materials was strong in general, although the business was affected by some production adjustments by end customers. On the other hand, shipment of PDP-related materials declined, as a major customer withdrew from the PDP business. Also, all materials continued to be affected by price competition.

# Details of the Sales of IT-related Products Segment

【Sales ratio by sub-segment】

Unit: Billion yen

	FY Mar/14		FY Mar/15		
	Net Sales	Ratio	Net Sales	Ratio	Changes
Display Materials	85.5	35%	83.8	34%	-2%
Electronic Components, Semiconductor, Electric Circuit Materials	106.6	43%	109.7	44%	+3%
Data Storage Materials	30.9	13%	33.7	14%	+9%
Equipment, others	22.7	9%	20.7	8%	-9%
<b>Total of IT-related Products Segment</b>	<b>245.7</b>		<b>248.0</b>		<b>+1%</b>

Display Materials : Sales of films and processed film products were steady, however, shipment of PDP-related materials decreased.

Electronic Components, Semiconductor, Electric Circuit Materials : All materials remained steady in general.

Data Storage Materials : Shipment of films for data backup magnetic tapes was steady. Sales of printing materials increased at a subsidiary in the Czech Republic which started operation in November 2013.

Equipment, others : Sales of LCD color filter production equipment decreased.

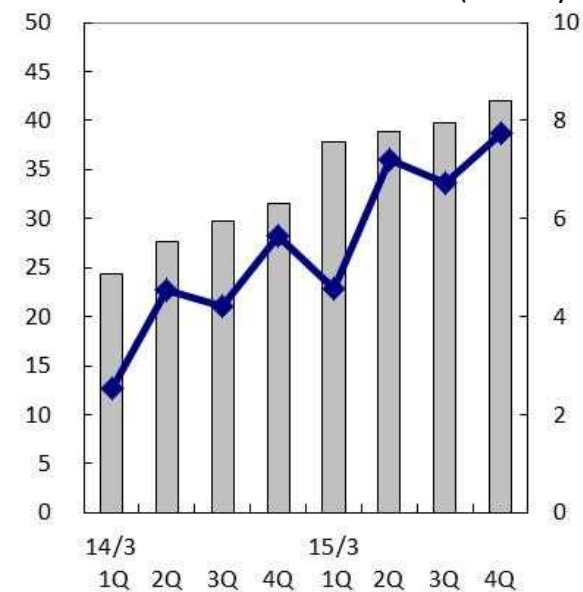
# Business Results by Segment (Carbon Fiber Composite Materials)

Unit: Billion yen

		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	84.9	93.1	+8.2	(+9.6%)
	Japanese Subsidiaries	53.8	63.1	+9.3	(+17.2%)
	Overseas Subsidiaries	93.6	138.9	+45.2	(+48.3%)
	Adjustment	▲ 119.0	▲ 136.7	-17.6	
	<b>Total</b>	<b>113.3</b>	<b>158.4</b>	<b>+45.0</b>	<b>(+39.7%)</b>
Operating Income	Toray	11.1	16.8	+5.7	(+51.3%)
	Japanese Subsidiaries	0.8	0.8	+0.0	(+1.5%)
	Overseas Subsidiaries	6.5	12.6	+6.1	(+93.1%)
	Adjustment	▲ 1.5	▲ 3.9	-2.4	
	<b>Total</b>	<b>16.9</b>	<b>26.2</b>	<b>+9.3</b>	<b>(+54.9%)</b>

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



As the segment highly conducts global operation, internal sales figures are shown in adjustment line to describe the true state of the business.

Demand for aircrafts as well as that in the environment and energy fields including compressed natural gas tank applications expanded and automotive-related demand was also strong such as in Europe, while shipment of carbon fibers and intermediate products (prepreg) increased for aerospace applications and general industrial applications. Toray Group also worked on restoration of prices of general products used in sports and industrial applications. Zoltek Companies, Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to sales increase of the segment, but amortization of goodwill affected profit.

# Details of the Sales of Carbon Fiber Composite Materials Segment

【Sales ratio by sub-segment】

Unit: Billion yen

	FY Mar/14		FY Mar/15		
	Net Sales	Ratio	Net Sales	Ratio	Changes
<b>Aerospace</b>	<b>57.2</b>	<b>50%</b>	<b>78.0</b>	<b>49%</b>	<b>+36%</b>
<b>Sports</b>	<b>14.2</b>	<b>13%</b>	<b>16.0</b>	<b>10%</b>	<b>+13%</b>
<b>Industrial</b>	<b>41.9</b>	<b>37%</b>	<b>64.4</b>	<b>41%</b>	<b>+54%</b>
<b>Total of Carbon Fiber Composite Materials</b>	<b>113.3</b>		<b>158.4</b>		<b>+40%</b>

Aerospace : In addition to the expanding demand of aircraft for existing models, shipment for Boeing 787 was healthy.

Sports : Overall business was steady as demand increased in Europe and emerging countries such as China.

Industrial : Shipment increased steadily in materials for compressed natural gas tank application and automotive applications primarily in Europe. Zoltek Companies, Inc. which became a consolidated subsidiary at the end of the previous fiscal year, performed steadily with its mainstay wind power generation related applications.



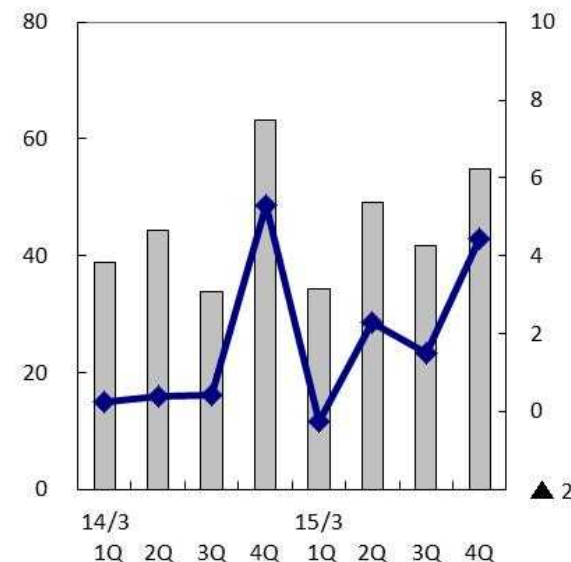
# Business Results by Segment (Environment & Engineering)

Unit: Billion yen

		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	10.8	10.7	-0.1	(-0.5%)
	Japanese Subsidiaries	161.7	149.3	-12.5	(-7.7%)
	Overseas Subsidiaries	7.7	20.0	+12.3	(+159.8%)
	<b>Total</b>	<b>180.2</b>	<b>180.0</b>	<b>-0.2</b>	<b>(-0.1%)</b>
Operating Income	Toray	0.8	0.7	-0.0	(-1.2%)
	Japanese Subsidiaries	4.8	6.0	+1.2	(+24.6%)
	Overseas Subsidiaries	0.3	1.9	+1.6	(+497.5%)
	Adjustment	0.5	▲ 0.7	-1.1	
	<b>Total</b>	<b>6.4</b>	<b>8.0</b>	<b>+1.6</b>	<b>(+25.4%)</b>

Net Sales  
<Bar chart>

Operating Income  
<Line chart>  
(Billion yen)



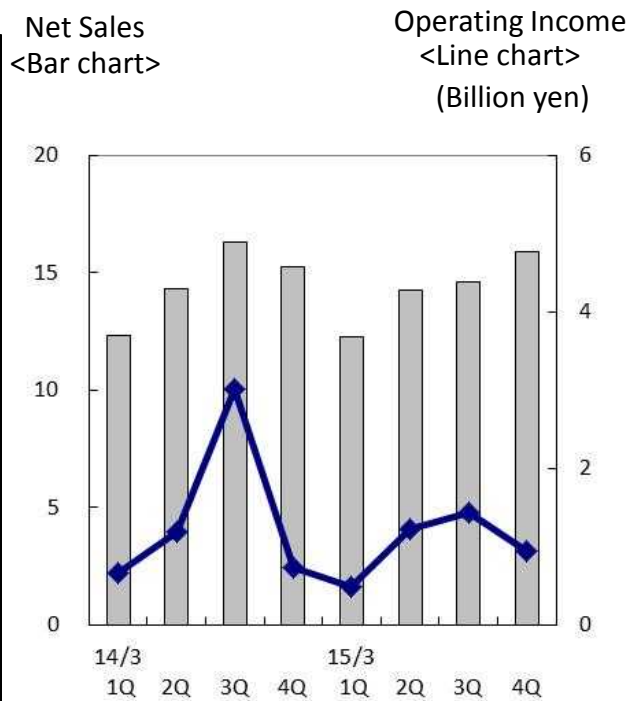
**Water Treatment Business** : Amid weakness of demand in the global market, the shipment of reverse osmosis membranes, etc. for seawater desalination projects increased and Toray Chemical Korea Inc., which became a consolidated subsidiary at the end of the previous fiscal year, contributed to the business performance.

**Japan** : Among domestic subsidiaries in the segment, an engineering subsidiary performed strongly on the back of progress in plant construction.

# Business Results by Segment (Life Science)

Unit: Billion yen

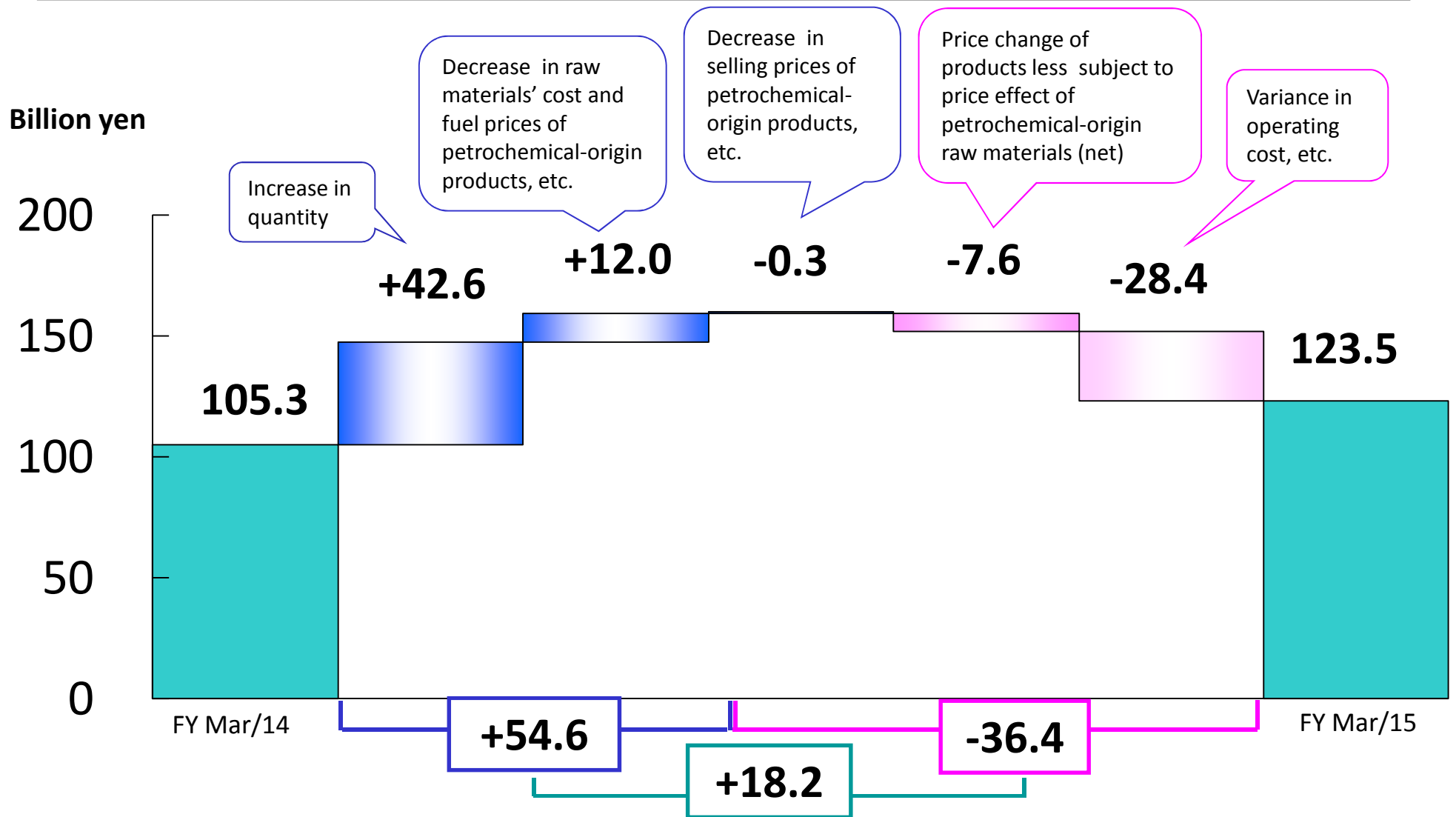
		FY Mar/14	FY Mar/15	Changes	
Net Sales	Toray	16.2	14.9	-1.3	(-7.8%)
	Japanese Subsidiaries	37.8	36.7	-1.1	(-2.9%)
	Overseas Subsidiaries	4.2	5.4	+1.2	(+28.0%)
	<b>Total</b>	<b>58.2</b>	<b>57.0</b>	<b>-1.2</b>	<b>(-2.0%)</b>
Operating Income	Toray	4.4	4.5	+0.1	(+2.9%)
	Japanese Subsidiaries	1.5	0.6	-0.9	(-61.9%)
	Overseas Subsidiaries	▲ 0.2	▲ 0.6	-0.4	( - )
	Adjustment	▲ 0.1	▲ 0.4	-0.3	
	<b>Total</b>	<b>5.6</b>	<b>4.1</b>	<b>-1.5</b>	<b>(-27.4%)</b>



In the pharmaceutical business, while shipment of REMITCH<sup>®\*</sup>, an oral anti-pruritus drug for hemodialysis patients, expanded robustly, that of natural-type interferon beta preparation FERON<sup>®</sup> was weak due to the impact of intensified competition, and orally active prostacyclin derivative DORNER<sup>®</sup> was affected by the NHI drug price revision and the increasing sales of its generic versions. License revenue also decreased compared with the previous fiscal year. In the medical devices business, shipment of dialyzers grew strongly.

\* REMITCH<sup>®</sup> is a registered trademark of Torii Pharmaceutical Co., Ltd.

# Income Variance Factor Analysis



“Petrochemical-origin 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/14	FY Mar/15	Changes	FY Mar/14	FY Mar/15	Changes
Toray International Inc.	554.0	<b>576.4</b>	+22.5	11.9	<b>11.4</b>	-0.5
Toray Engineering Co., Ltd.	76.4	<b>85.6</b>	+9.2	1.3	<b>3.0</b>	+1.7
Toray Construction Co., Ltd.	62.7	<b>57.1</b>	-5.7	1.8	<b>1.9</b>	+0.1
Toray Advanced Film Co., Ltd.	44.1	<b>46.8</b>	+2.7	1.4	<b>2.5</b>	+1.1
Toray Medical Co., Ltd.	41.2	<b>39.9</b>	-1.3	1.5	<b>0.6</b>	-0.9
TAK (Republic of Korea)	115.3	<b>119.7</b>	+4.4	11.7	<b>11.1</b>	-0.5
TPM (Malaysia)	69.6	<b>69.7</b>	+0.1	2.7	<b>3.2</b>	+0.5

Subsidiaries in Southeast Asia *1	Fibers & Textiles	119.8	<b>126.7</b>	+6.9	5.0	<b>6.5</b>	+1.6
	Plastics & Chemicals	81.1	<b>83.5</b>	+2.3	3.5	<b>4.0</b>	+0.5
	Others	8.0	<b>8.0</b>	-0.0	0.4	<b>0.6</b>	+0.2
	Total	208.9	<b>218.1</b>	+9.2	8.8	<b>11.1</b>	+2.3

Subsidiaries in China *2	Fibers & Textiles	197.5	<b>222.5</b>	+25.0	16.5	<b>16.4</b>	-0.1
	Plastics & Chemicals	70.3	<b>85.5</b>	+15.2	1.7	<b>2.6</b>	+0.8
	Others	18.4	<b>20.8</b>	+2.4	0.2	<b>▲0.1</b>	-0.3
	Total	286.2	<b>328.9</b>	+42.6	18.4	<b>18.9</b>	+0.5

Films Subsidiaries (Overseas) *3	Plastics & Chemicals	96.3	<b>102.0</b>	+5.7	4.7	<b>6.0</b>	+1.3
	IT-related Products	63.7	<b>67.3</b>	+3.7	8.7	<b>9.5</b>	+0.8
	Total	159.9	<b>169.3</b>	+9.4	13.4	<b>15.5</b>	+2.1

\*1 : ITS, ETX, ISTEM, ACTEM, CENTEX, TPJ, PFR, PAB-G, TTS, LTX, TTTM, TPM sum total

\*2 : TFNL, TSD, TJQ, TPN, TCH, TICH, TIHK, THK-G, TPCH-G, TPPH/TPPZ, TFH/TFZ, TBMC, TMQ, TFCC sum total

\*3 : TAK, PFR, TPA, TFE, TFH/TFZ, TAFK sum total

# Number of Employees, Changes in Subsidiaries and Affiliates

Number of Employees		Number of people	
	End of Mar/14	End of Mar/15	Changes
Toray	7,123	<b>7,232</b>	+109
Japanese Consolidated Subsidiaries	10,247	<b>10,299</b>	+52
Overseas Consolidated Subsidiaries	28,511	<b>28,258</b>	- 253
Total	45,881	<b>45,789</b>	- 92

Changes in Subsidiaries and Affiliates		Number of companies		
		End of Mar/14	End of Mar/15	Changes
Consolidated Subsidiaries (a)	Japan	62	<b>58</b>	-4
	Overseas	97	<b>98</b>	+1
	Total	159	<b>156</b>	-3
Subsidiaries accounted for by Equity Method (b)	Japan	27	<b>27</b>	±0
	Overseas	29	<b>32</b>	+3
	Total	56	<b>59</b>	+3
Total Subsidiaries (a) + (b)	Japan	89	<b>85</b>	-4
	Overseas	126	<b>130</b>	+4
	Total	215	<b>215</b>	±0
Affiliates accounted for by Equity Method (c)	Japan	13	<b>13</b>	±0
	Overseas	25	<b>25</b>	±0
	Total	38	<b>38</b>	±0
Companies subject to Consolidation (a) + (b) + (c)	Japan	<b>102</b>	<b>98</b>	-4
	Overseas	<b>151</b>	<b>155</b>	+4
	Total	<b>253</b>	<b>253</b>	±0

## **II. Business Forecast for the Fiscal Year Ending March 2016 (Consolidated Basis)**

# Forecast Summary

Billion yen

		FY Mar/15 Actual	FY Mar/16 Forecast	Changes	
Net Sales	1st Half	948.0	1,030.0	+82.0	(+8.7%)
	2nd Half	1,062.8	1,220.0	+157.2	(+14.8%)
	<b>Total</b>	<b>2,010.7</b>	<b>2,250.0</b>	<b>+239.3</b>	<b>(+11.9%)</b>
Operating Income	1st Half	51.3	64.0	+12.7	(+24.7%)
	2nd Half	72.2	86.0	+13.8	(+19.2%)
	<b>Total</b>	<b>123.5</b>	<b>150.0</b>	<b>+26.5</b>	<b>(+21.5%)</b>
Ordinary Income	1st Half	56.5	64.0	+7.5	(+13.3%)
	2nd Half	72.1	86.0	+13.9	(+19.3%)
	<b>Total</b>	<b>128.6</b>	<b>150.0</b>	<b>+21.4</b>	<b>(+16.7%)</b>
Net Income	1st Half	41.3	39.0	-2.3	(-5.5%)
	2nd Half	29.8	48.0	+18.2	(+61.3%)
	<b>Total</b>	<b>71.0</b>	<b>87.0</b>	<b>+16.0</b>	<b>(+22.5%)</b>

Net Income per Share	1st Half	25.70 yen	24.40 yen
	2nd Half	18.61 yen	30.03 yen
	<b>Total</b>	<b>44.33 yen</b>	<b>54.43 yen</b>
Dividend per Share	1st Half	5.00 yen	6.00 yen
	2nd Half	6.00 yen	6.00 yen
	<b>Total</b>	<b>11.00 yen</b>	<b>12.00 yen</b>

Remarks :  
Estimated exchange rate : 115 yen / US\$

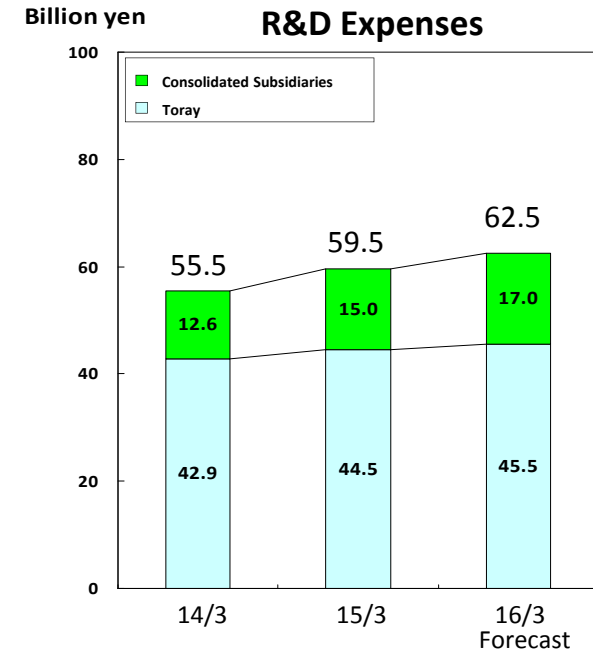
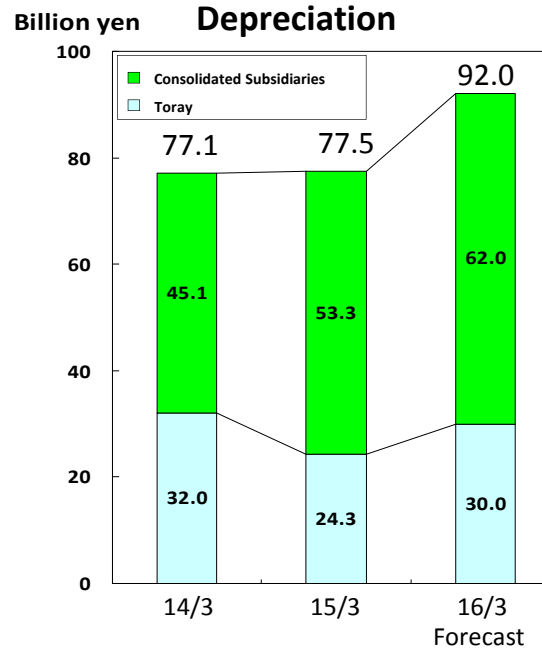
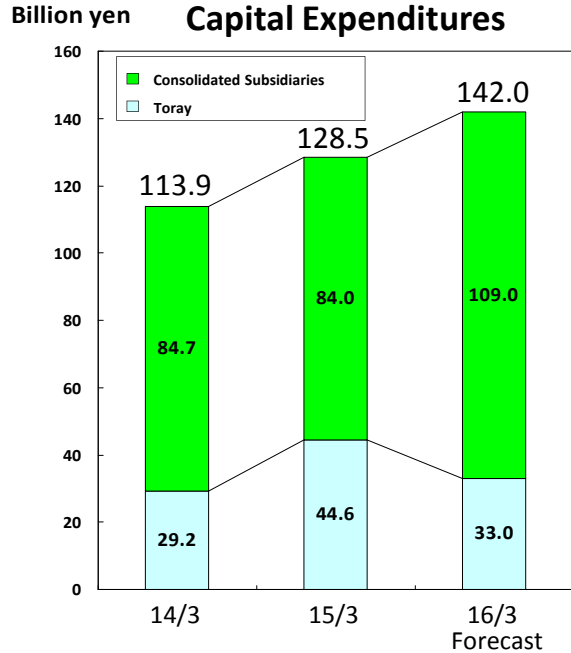
# Forecast by Segment

Billion yen

		FY Mar/15 Actual			FY Mar/16 Forecast			Changes		
		1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net Sales	Fibers & Textiles	386.2	470.5	856.7	420.0	500.0	920.0	+33.9	+29.5	+63.3
	Plastics & Chemicals	246.2	250.2	496.4	270.0	300.0	570.0	+23.8	+49.8	+73.6
	IT-related Products	121.8	126.1	248.0	130.0	150.0	280.0	+8.2	+23.9	+32.0
	Carbon Fiber Composite Materials	76.6	81.7	158.4	90.0	100.0	190.0	+13.4	+18.3	+31.6
	Environment & Engineering	83.4	96.6	180.0	85.0	130.0	215.0	+1.6	+33.4	+35.0
	Life Science	26.5	30.5	57.0	28.0	32.0	60.0	+1.5	+1.5	+3.0
	Others	7.2	7.1	14.3	7.0	8.0	15.0	-0.2	+0.9	+0.7
	Consolidated	948.0	1,062.8	2,010.7	1,030.0	1,220.0	2,250.0	+82.0	+157.2	+239.3
Operating Income	Fibers & Textiles	22.8	32.8	55.6	29.0	34.0	63.0	+6.2	+1.2	+7.4
	Plastics & Chemicals	11.7	12.2	23.9	15.0	15.0	30.0	+3.3	+2.8	+6.1
	IT-related Products	10.3	14.2	24.5	13.0	16.0	29.0	+2.7	+1.8	+4.5
	Carbon Fiber Composite Materials	11.8	14.5	26.2	15.0	17.0	32.0	+3.2	+2.5	+5.8
	Environment & Engineering	2.1	5.9	8.0	1.0	9.0	10.0	-1.1	+3.1	+2.0
	Life Science	1.7	2.4	4.1	0.5	4.5	5.0	-1.2	+2.1	+0.9
	Others	0.7	1.2	1.9	0.5	1.5	2.0	-0.2	+0.3	+0.1
	Adjustment	▲ 9.8	▲ 11.0	▲ 20.7	▲ 10.0	▲ 11.0	▲ 21.0	-0.3	-0.0	-0.3
Consolidated	51.3	72.2	123.5	64.0	86.0	150.0	+12.7	+13.8	+26.5	



# Trends in Capital Expenditures, Depreciation and R&D Expenses



## Major Capital Expenditure Projects

**【FY March 2015】** Toray  
 CFA (Toray Carbon Fibers America, Inc.)  
 CFE (Toray Carbon Fibers Europe S.A.)  
 TAK (Toray Advanced Materials Korea Inc.): PPS (polyphenylene sulfide) resin production facilities

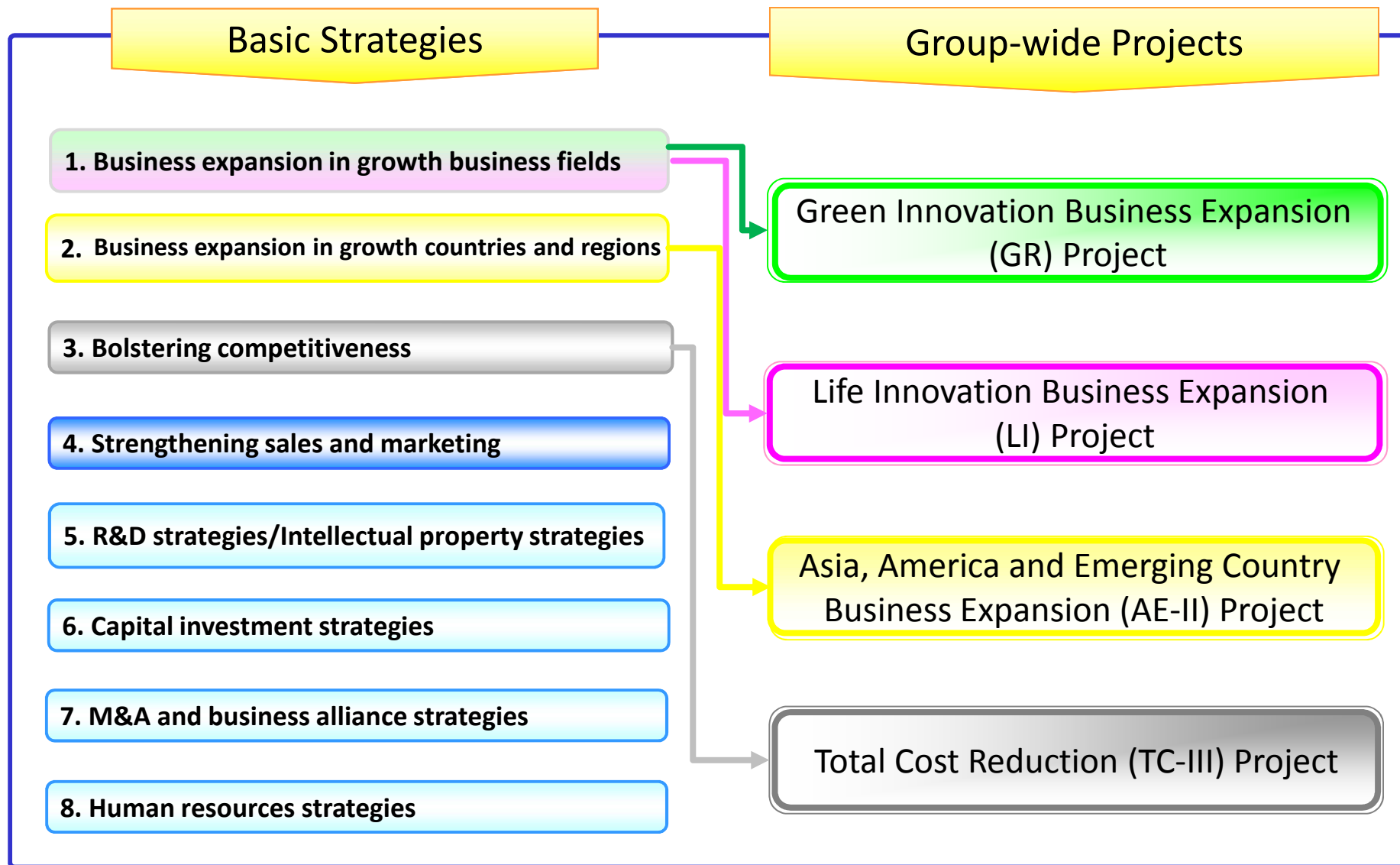
Carbon fiber production facilities

**【FY March 2016】** TAK (Toray Advanced Materials Korea Inc.): PPS (polyphenylene sulfide) resin production facilities  
 TPJ (P.T. Toray Polytech Jakarta.): High-performance polypropylene spunbond production facilities  
 TCK (Toray Chemical Korea Inc.): Polyester staple fiber production facilities  
 TCA (Toray Composites(America), Inc.): Carbon fiber TORAYCA® prepreg production facilities



## **III. Progress of “Project AP-G 2016”**

# Progress of “Project AP-G 2016”



# Progress of “Project AP-G 2016”

## Green Innovation Business Expansion (GR) Project

### Main Initiatives in FY 2014

*Agreed to supply carbon fiber TORAYCA® prepreg for the production of the new Boeing 777X aircraft*



- Extend the comprehensive agreement (signed in November 2005) to supply prepreg for 787 with the aim to extend the contract period for more than ten years and to include 777X to the supply scope.

- The total value of materials supplied for both 787 and 777X programs for the contract period is expected to exceed 1 trillion yen.

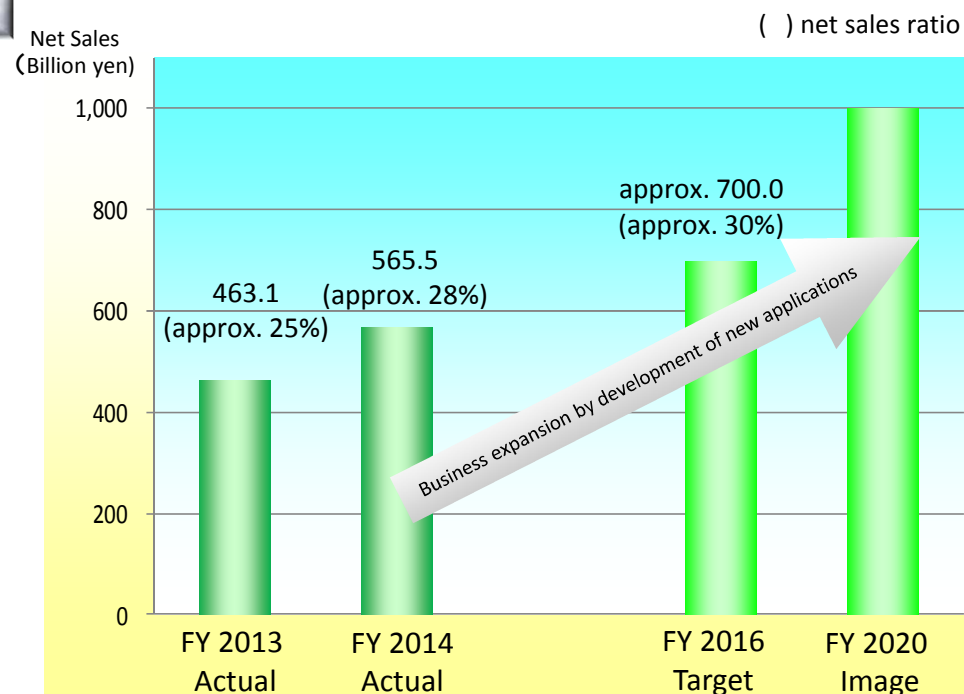


*Toray's carbon fiber materials adopted by Toyota's new fuel cell vehicle MIRAI*

- Stack frame = *Carbon Fiber Reinforced Thermoplastic (CFRTP)*
  - the first time in the world to be used in the structural part of a (mass) production vehicle
- Electrode substrate of fuel cell stack = *Carbon paper*
  - contributes to improvement of the fuel cell stack performance and space saving
- High pressure hydrogen tank = *High strength carbon fiber*
  - satisfies the safety, strength and light weight requirements



### Green Innovation Business Expansion Plan <Consolidated Net Sales>



# Progress of “Project AP-G 2016”

## Life Innovation Business Expansion (LI) Project

### Main Initiatives in FY 2014

#### Developed training support service with hitoe®

- Developed wearable business with hitoe®, a functional material that is capable of gathering successive biological information.
- Contribute to health and longevity with the development in medical applications.

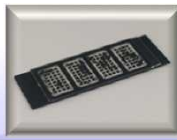


「C3fit IN-pulse」  
(GOLDWIN)



#### Joined project involving industry, government, academia to develop a new diagnostics system

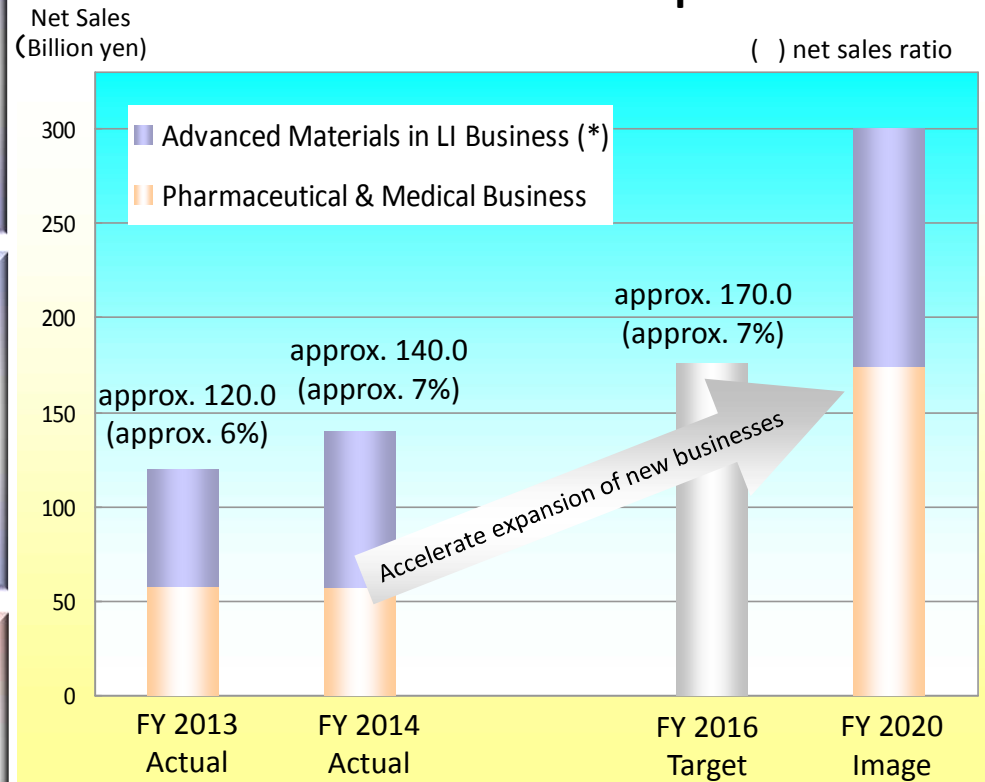
- Toray's high sensitivity DNA chip, 3D-Gene is applied.
- Aims to commercialize the world's first bio-device which detects markers for 13 types of cancer and incipient Alzheimer's disease for early discovery.



#### Signed exclusive distribution agreement for acute blood purification devices in 8 European countries

- Signed exclusive distribution agreement covering eight countries in Europe with Fresenius Medical Care regarding TORAYMYXIN®, a blood purification device for removing endotoxin and PMMA hemofilter for continuous renal replacement therapy.

### Life Innovation Business Expansion Plan



(\*)Toray Group estimation

# Progress of “Project AP-G 2016”

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

### Main Initiatives in FY 2014

#### **China** *Established a new R&D system*

→ Established a new research facility at Toray Advanced Materials Research Laboratories(China) to strengthen product development and technical service functions in China.

#### **Indonesia** *To enhance high-performance polypropylene spunbond production facility*

→ In December 2014, decided to expand production facility of high-performance polypropylene spunbond by 18,000 tons per year at P.T. Toray Polytech Jakarta. Expects to start operation in September 2016.

#### **Thailand** *To increase production capacity at Toray Carbon Magic Co., Ltd. and Carbon Magic (Thailand) Co., Ltd.*

→ Plans to increase capacity of CFRP production in Japan and Thailand from the second half of FY 2014 to FY 2016.

#### **India** *Decided to start textiles business for automobile airbags*

→ Established Toray Kusumgar Advanced Textile Private Limited in September 2014 and plans to start mass production and sales of textiles for airbags in October 2016.

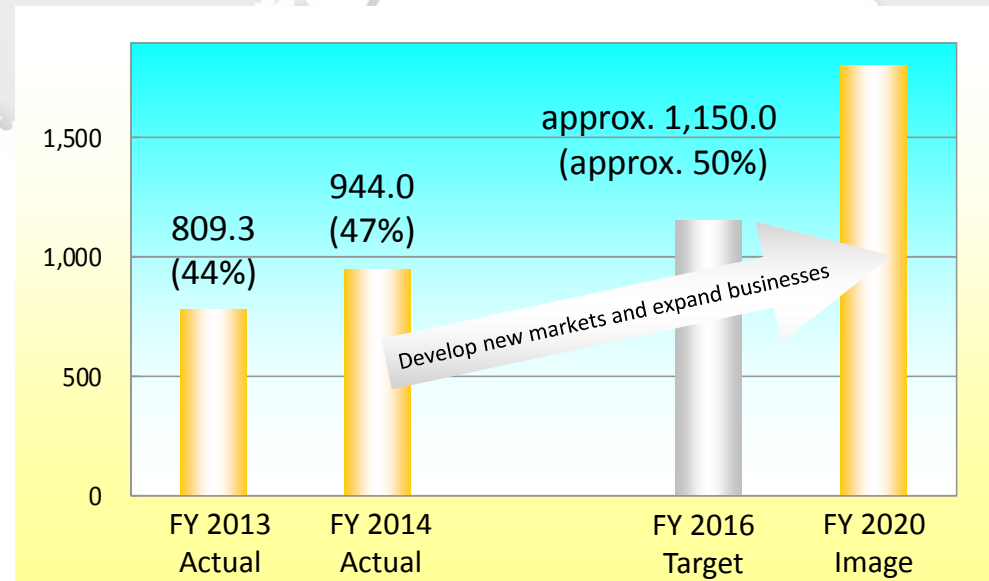
#### **Mexico** *Established a new resin compounding base*

→ Established a new subsidiary, Toray Resin Mexico S.A. de C.V. , within the Mexican plant of Zoltek Companies, Inc. and started production of nylon and PBT resin compounds in February 2015.

### Asia, America and Emerging Country Business Expansion Plan

Net Sales  
(Billion yen)

( ) net sales ratio



# Progress of “Project AP-G 2016”

## Total Cost Reduction (TC-III) Project

*Target to reduce 200 billion yen from FY 2014 to FY2016*

### Continuation of TC-II

- ◆ Continuing activities of variable costs reduction (over 3% each year and over 10% in three years)
- ◆ Controlling fixed costs through P-ratio(\*) accounting method (P-ratio = under 0.96 each fiscal year )
- ◆ Activities involve participation of employees group-wide

### Results of FY 2014

Variable Costs:  
Reduced 30.1 billion yen  
(Reduction Ratio 3.6%)  
Fixed Costs:  
Reduced 19.9 billion yen  
(P-ratio=0.98)

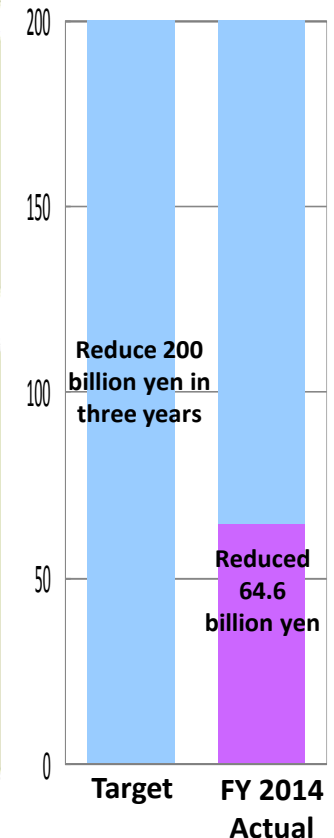
### Innovation of Production Process

- ◆ Set up innovative production processes to achieve drastic cost reductions based on new perspectives and approaches
- ◆ Collaborate across organizations, between research, technical, production and engineering departments

Effects from Innovation of Production Process and Total Operational Cost Reduction in Sales and Marketing  
Total:14.6 billion yen

### Total Operational Cost Reduction in Sales and Marketing

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



\*P(Performance)-ratio= fixed cost growth rate/ marginal profit growth rate. Divisional management, 1.0 less or contrast with budget

# Progress of “Project AP-G 2016”

## Financial Targets

< Billion yen >

	FY 2013	FY 2014	FY 2016 Target
Net Sales	1,837.8	2,010.7	2,300.0
Operating Income	105.3	123.5	180.0
Operating Income to Net Sales Ratio	5.7%	6.1%	8%
ROA	5.5%	5.5%	8%
ROE	7.5%	7.7%	10%

ROA=Operating Income/ Total Assets

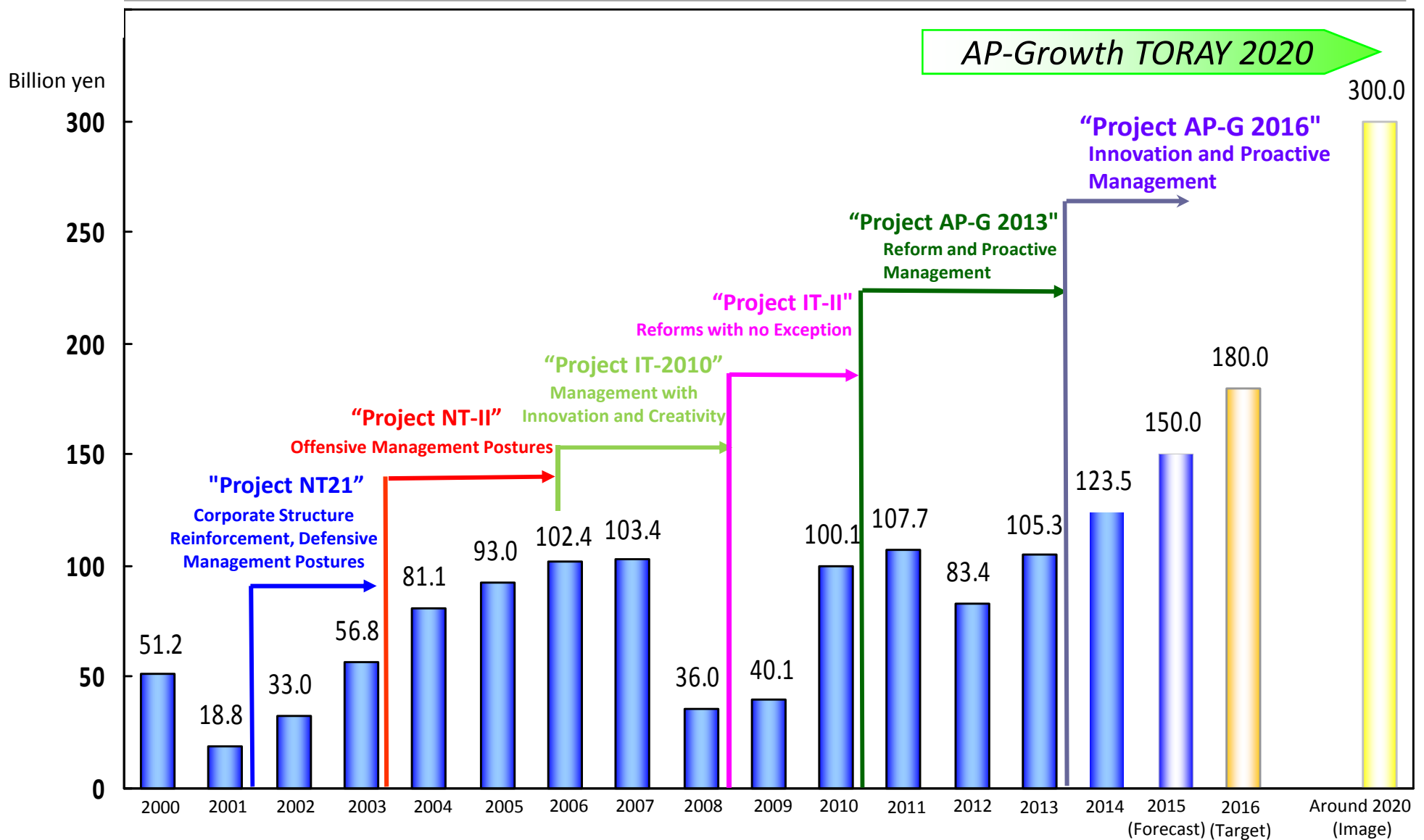
ROE=Net Income/ Shareholders' Equity

Basic policy of Dividends: Aim for sustainable increase of dividends linked to the business performance

Guide line of D/E ratio: Below 1



# Trends in Operating Income



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**Descriptions of predicted business results, projections, and business plans for the Fiscal Year Ending March 2016 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**