

February 9, 2017

[Summary] Consolidated Results  
for the Nine Months Ended December 31, 2016

Tokyo, February 9, 2017 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the nine months ended December 31, 2016 of the fiscal year ending March 31, 2017. The following summary of the business results that Toray submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Business Results

(Millions of yen, *millions of U.S. dollars*, except per share data)

	Nine months ended December 31,				(Reference)
	2016	2015	Change	2016	Fiscal 2015
	Yen		%	U.S. dollars	Yen
Net sales	<b>¥1,492,153</b>	¥1,580,267	(5.6)	<b>\$12,808</b>	¥2,104,430
Operating income	<b>114,200</b>	118,113	(3.3)	<b>980</b>	154,480
Ordinary income	<b>115,485</b>	117,737	(1.9)	<b>991</b>	150,170
Net income attributable to owners of parent	<b>76,869</b>	76,170	0.9	<b>660</b>	90,132
Earnings per share - Basic (Yen)	<b>48.07</b>	47.65	-	-	56.38
Earnings per share - Diluted (Yen)	<b>48.02</b>	47.59	-	-	56.31

Consolidated Financial Condition

(Millions of yen, *millions of U.S. dollars*)

	As of December 31, 2016		As of March 31, 2016
	Yen	U.S. dollars	Yen
Total assets	<b>¥2,413,348</b>	<b>\$20,715</b>	¥2,278,386
Net assets	<b>1,082,459</b>	<b>9,291</b>	1,024,909
Equity ratio	<b>41.5%</b>	-	41.5%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2015	-	<b>¥6.00</b>	-	<b>¥7.00</b>	<b>¥13.00</b>
FY2016	-	<b>7.00</b>	-		
FY2016 (forecast)				<b>7.00</b>	<b>14.00</b>

Notes:

1. For calculation of "Equity ratio", non-controlling interests and stock acquisition rights are deducted from net assets.
2. U.S. dollar amounts have been converted from yen at the exchange rate of ¥116.5 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2016.
3. Amounts are rounded to the nearest million.

## Segment Information

Net Sales	(Millions of yen, <i>millions of U.S. dollars</i> )		
	Nine months ended December 31,		
	2016	2015	2016
	Yen		U.S. dollars
Fibers & Textiles	<b>¥646,000</b>	¥693,572	<b>\$5,545</b>
Plastics & Chemicals	<b>361,800</b>	385,391	<b>3,106</b>
IT-related Products	<b>191,216</b>	187,552	<b>1,641</b>
Carbon Fiber Composite Materials	<b>118,371</b>	140,054	<b>1,016</b>
Environment & Engineering	<b>126,043</b>	122,231	<b>1,082</b>
Life Science	<b>38,145</b>	40,877	<b>327</b>
Others	<b>10,578</b>	10,590	<b>91</b>
Consolidated Total	<b>1,492,153</b>	1,580,267	<b>12,808</b>

Segment Income	Nine months ended December 31,		
	2016	2015	2016
	Yen		U.S. dollars
Fibers & Textiles	<b>¥54,118</b>	¥56,188	<b>\$465</b>
Plastics & Chemicals	<b>25,249</b>	24,442	<b>217</b>
IT-related Products	<b>24,218</b>	19,421	<b>208</b>
Carbon Fiber Composite Materials	<b>20,605</b>	26,492	<b>177</b>
Environment & Engineering	<b>5,044</b>	3,396	<b>43</b>
Life Science	<b>482</b>	1,814	<b>4</b>
Others	<b>747</b>	994	<b>6</b>
Total	<b>130,463</b>	132,747	<b>1,120</b>
Adjustment	<b>(16,263)</b>	(14,634)	<b>(140)</b>
Consolidated Total (Operating income)	<b>114,200</b>	118,113	<b>980</b>

Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income for the nine months ended December 31, 2016 of (16,263) million yen includes intersegment eliminations of (401) million yen and corporate expenses of (15,862) million yen. "Adjustment" of segment income for the nine months ended December 31, 2015 of (14,634) million yen includes intersegment eliminations of 238 million yen and corporate expenses of (14,872) million yen. The corporate expenses consist of the headquarters' research expenses, etc. that are not allocated to each reportable segment.
3. U.S. dollar amounts have been converted from yen at the exchange rate of ¥116.5 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2016.
4. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2017

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2017	
	Yen	<i>U.S. dollars</i>
Net sales	¥2,060,000	\$19,619
Operating income	155,000	1,476
Ordinary income	155,000	1,476
Net income attributable to owners of parent	95,000	905

Reference: EPS forecast (year ending March 31, 2017) ¥59.41

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥105.0 = U.S.\$1, the estimated rate of exchange from January onwards.
2. Amounts are rounded to the nearest million.

# Consolidated Business Results and Financial Condition

## 1. Overview of the Nine Months Ended December 31, 2016

During the nine months under review, the global economy as a whole maintained its recovery despite some delay of recovery seen in the U.S. and Europe. The Chinese economy, recently, has been heading towards a recovery and there were also signs of the economy picking-up in many of other emerging countries. The Japanese economy in general continued on a gradual recovery track on the back of improving employment and income situation.

As for foreign exchange rates, the yen remained stronger against the U.S. dollar and other major currencies compared with the same period a year earlier, resulting in impacts such as declines in net sales and profits at overseas subsidiaries when converted into yen.

Under such circumstances, Toray Group, based on the medium-term management program “Project AP-G 2016” that spans over three years from fiscal year 2014 to 2016, has been implementing the growth strategy with focus on taking advantage of growth business fields and business opportunities while pursuing business expansion in growth countries and regions as well as further bolstering its total cost competitiveness in accordance with the program.

As a result, consolidated net sales for the nine months ended December 31, 2016 declined 5.6% compared with the same period of the previous fiscal year to ¥1,492.2 billion (US\$12,808 million). Operating income decreased 3.3% to ¥114.2 billion (US\$980 million), and ordinary income fell 1.9% to ¥115.5 billion (US\$991 million). Net income attributable to owners of parent increased by 0.9% to ¥76.9 billion (US\$660 million).

Business performance by segment is described below.

### **Business Performance by Segment:**

#### *Fibers & Textiles*

In Japan, demand for apparel and industrial applications remained weak. Against this background, Toray Group not only strived to expand sales on the whole but also worked to improve profitability by upgrading the business primarily through promotion of a business format that integrates fibers to textiles to final products as well as by improving cost.

Overseas, shipment, mainly of products for apparel applications, was weak, affected by a slowdown in demand in Europe and China. On the other hand, materials for automotive applications and hygiene products were strong in general.

As a result, overall sales of Fibers & Textiles segment declined 6.9% to ¥646.0 billion (US\$5,545 million) compared with the same period a year earlier and operating income fell 3.7% to ¥54.1 billion (US\$465 million).

### *Plastics & Chemicals*

In the resin 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 resins. In the film business, while overseas demand especially for the U.S. and Europe was sluggish, the products for packaging applications performed strongly in Japan. Selling price of some chemical products declined, given the yen's appreciation and market downturn.

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.

As a result, overall sales of Plastics & Chemicals segment declined 6.1% to ¥361.8 billion (US\$3,106 million) compared with the same period a year earlier, while operating income rose 3.3% to ¥25.2 billion (US\$217 million).

### *IT-related Products*

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 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.

As a result, overall sales of IT-related Products segment increased 2.0% to ¥191.2 billion (US\$1,641 million) compared with the same period a year earlier, and operating income rose 24.7% to ¥24.2 billion (US\$208 million).

### *Carbon Fiber Composite Materials*

In the Carbon Fiber Composite Materials segment, 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.

As a result, overall sales of Carbon Fiber Composite Materials segment declined 15.5% to ¥118.4 billion (US\$1,016 million) compared with the same period a year earlier, and operating income fell 22.2% to ¥20.6 billion (US\$177 million).

### *Environment & Engineering*

In the 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.

In terms of domestic subsidiaries in the segment, industrial machinery and plant construction at an engineering subsidiary performed strongly.

As a result, overall sales of Environment & Engineering segment increased 3.1% to ¥126.0 billion (US\$1,082 million) compared with the same period a year earlier, and operating income rose 48.5% to ¥5.0 billion (US\$43 million).

#### *Life Science*

In the pharmaceutical business, sales volume of pruritus treatment REMITCH<sup>®</sup>\* increased, as the product received approval for the additional indication in 2015. However, it was affected by the National Health Insurance drug price revision in April 2016. In addition, shipment of natural-type interferon beta preparation FERON<sup>®</sup> and orally active prostacyclin derivative DORNER<sup>®</sup> remained sluggish due to the impact of alternative medicines and their generic versions.

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

As a result, overall sales of Life Science segment declined 6.7% to ¥38.1 billion (US\$327 million) compared with the same period a year earlier, and operating income fell 73.4% to ¥0.5 billion (US\$4 million).

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

## 2. Analysis of Financial Condition

As of December 31, 2016, Toray Group's total assets stood at ¥2,413.3 billion (US\$20,715 million), up ¥135.0 billion from the end of the previous fiscal year primarily due to increases in notes and accounts receivable, inventories and property, plant and equipment.

Liabilities increased by ¥77.4 billion to ¥1,330.9 billion (US\$11,424 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased by ¥57.6 billion compared with the end of the previous fiscal year to ¥1,082.5 billion (US\$9,291 million), reflecting an increase in retained earnings due to recording of net income. Net assets less non-controlling interests and stock acquisition rights came to ¥1,000.4 billion (US\$8,587 million).

## 3. Forecast of Consolidated Results

The global economy as a whole is expected to continue its gradual recovery led by economic recovery in developed countries including the U.S., as well as the upswing in emerging economies. However, attention should be paid to risk factors such as the impact of the normalization of the U.S monetary policy and the exit of United Kingdom from the EU as well as downward swing in economies of China and other emerging countries in Asia and uncertainties in policies of various countries. The Japanese economy is also expected to recover gradually on the back of improving employment and income situations, though there are concerns that the economy may be weighed down by uncertainties in overseas economies and the changes in the financial and capital markets.

Under such circumstances, Toray Group will continue to focus on measures under the medium-term management program “Project AP-G 2016” and strive to drive forward the growth strategy and strengthen its revenue base.

As for the forecasts for the fiscal year ending March 31, 2017, Toray kept unchanged its full-year consolidated forecasts announced on November 8, 2016. The calculation of consolidated earnings forecasts from January 2017 onwards is based on an assumed foreign currency exchange rate of ¥105.0 to the U.S. dollar.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥116.5 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2016.
2. U.S. dollar amounts of forecast have been converted from yen at the exchange rate of ¥105.0 = U.S.\$1, the estimated rate of exchange from January onwards.

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of Toray's future business performance.

For further information, please contact:

Mr. Kenjiro Kamiyama  
General Manager  
Investor Relations Department  
Tel: +81-3-3245-5113  
Fax: +81-3-3245-5459

Mr. Yoshiaki Nakayama  
General Manager  
Corporate Communications Department  
Tel: +81-3-3245-5178  
Fax: +81-3-3245-5459

Toray Industries, Inc.  
<http://www.toray.com/>