

February 9, 2017  
Toray Industries, Inc.

## **Toray Formulates New Medium-Term Management Program Project AP-G 2019 (from April 2017 to March 2020)**

Innovation and Proactive Management – To Achieve the Vision 2020 Goals-

Toray Industries, Inc. (headquarters: Chuo-ku, Tokyo; President: Akihiro Nikkaku; hereinafter referred to as Toray) today announced that it has formulated a new medium-term management program Project AP-G 2019, which will be implemented from April 2017 to March 2020, as its current medium-term management program Project AP-G 2016, which the Toray Group has been following since April 2014, comes to its conclusion in March 2017.

In 2011, the Toray Group formulated a long-term corporate vision AP-Growth TORAY 2020 (hereinafter referred to as “Vision 2020”) with focus on its anticipated business structure around 2020 and has been implementing growth strategies centered on business expansion in growth fields as well as growth countries and regions.

As the first phase of the Vision 2020, the Group worked on the medium-term management program Project AP-G 2013 (hereinafter referred to as “AP-G 2013”) for the three years from fiscal year 2011. In this period, it pursued expansion of the Green Innovation Business and Life Innovation Business among growth business fields and business expansion in Asia, emerging countries elsewhere and Americas among growth countries and regions.

At the same time, the Group strengthened its total cost competitiveness and built a strong earning structure through reduction of variable and fixed costs, manufacturing process innovation, and total cost reduction in sales and marketing.

As a result of implementing these growth strategies and strengthening of earning structure, consolidated operating income of fiscal year 2016 is expected to reach a record 155.0 billion yen.

In the medium-term management program Project AP-G 2019 (hereinafter referred to as “AP-G 2019”), which is the third stage of Vision 2020, the Group plans to strengthen its initiatives for creating new revenue sources that enable continuous growth and improvement of corporate value, while finalizing the measures being implemented so far towards achievement of Vision 2020.

Under AP-G 2019, the Toray Group will work on the seven basic issues for realizing what it aspires to be. Along with continuously expanding the existing businesses, the Group will accelerate business expansion by increasing and complementing them through utilization of M&A and business alliances. In addition, the Group will bolster its initiatives to create major new businesses that play the main role in the new growth stage in 2020s.

For AP-G2019, the Group established three basic strategies and five key initiatives to clearly set forth its intention to work unitedly on business expansion in growth fields as well as countries and regions and strengthening of competitiveness.

As for financial targets, the Toray Group aims to achieve a consolidated operating income of 250 billion yen on net sales of 2,700 billion yen in fiscal year 2019.

To achieve these targets, the Group plans to make R&D investments worth 220 billion yen over the three years from fiscal year 2017. It will primarily invest in the Green Innovation and Life Innovation Businesses to develop new technologies and materials.

The Toray Group will carry out capital investment worth 500 billion yen in the three years from fiscal year 2017 and plans to allocate about 60% in the growing fields and similarly spend 60% outside of Japan. Moreover, it will implement strategic M&A and business alliances separately from capital investment.

---

**[CONTACT]** Corporate Communications Department, Toray Industries, Inc.  
TEL: <Tokyo> +81-3-3245-5179 <Osaka> +81-6-7688-3085

Key performance indicators and policies under AP-G 2019 are as follows:

1. Performance Indicators (targets for fiscal year 2019)

Consolidated net sales: 2,700 billion yen

Consolidated operating income: 250 billion yen

ROA: about 9%

ROE: about 12%

2. The Vision of Toray and Basic Issues

The Vision of Toray

- A corporate group that continually increases revenues and profits
- A corporate group that provides high values to all stakeholders

Basic Issues

- (1) Proactively expand business in growth fields, countries and regions
- (2) Improve profitability by continuously creating and expanding differentiated products
- (3) Steadily realize profit improvements through radical reforms both in business and organizational structures
- (4) Continue “strengthening of cost competitiveness” to reinforce and strengthen earning structure
- (5) Continue “pursuit of the ultimate limits” for the creation of new and innovative materials and create large-scale new businesses
- (6) Thoroughly implement “safety, accident prevention, and environmental preservation” and “business ethics and legal compliance” globally
- (7) Secure and develop human resources that can contribute to “strong workplace capability”

3. Basic Strategies and Key Initiatives

Three Basic Strategies

(1) Business expansion in growth business fields

Expansion of Green Innovation Business: expand the net sales from the business to approximately 900 billion yen in fiscal year 2019

Expansion of Life Innovation Business: expand the net sales from the business to approximately 270 billion yen in fiscal year 2019

(2) Expansion and advancement of global businesses

Expand net sales outside Japan (sum of net sales from subsidiaries and affiliates outside Japan) to approximately 1,500 billion yen in fiscal year 2019.

(3) Strengthening competitiveness

Implement the Total Cost Reduction (TC) Project group wide, and aim for cost reduction of 220 billion yen in total in the three-year period.

Five Key Initiatives

(1) New businesses creation

Future TORAY- 2020s (FT) Project

In order to make sources of revenues for the next stage, identify several major items which lead to the creation of new business domain in the 2020s. Accelerate product development and business formation by allocating the resources selectively.

(2) R&D and intellectual property

Spend 220 billion yen in R&D expenses in the three-year period.

Along with developing new technologies and materials with focus on Green Innovation and Life Innovation Businesses, the Group will pursue initiatives that would actualize the essential values of such technologies and materials to ensure profitability.

(3) Capital investment

Carry out capital investment to the tune of 500 billion yen in the three-year period, of which approximately 60% will be allocated for growing fields. Similarly about 60% will be investments outside of Japan.

(4) M&A and business alliances

To increase and to complement growth of existing businesses, proactively utilize M&A and business alliances as means to adjust to the changing business environment and to attain sustainable growth.

Funds will be held separate from capital investments and will be strategically used.

(5) Human resources

Develop talented human resources who can be anticipated to provide future leadership in managing the Toray Group and in our front line workplaces.

4. Changes in Segments

Business Categories	Existing Segments	New Segments
Core Growth Driving Businesses	Fibers & Textiles	Fibers & Textiles
	Plastics & Chemicals	Performance Chemicals
Strategically Expanding Businesses	IT-related Products	
	Carbon Fiber Composite Materials	Carbon Fiber Composite Materials
Intensively Developing and Expanding Businesses	Environment & Engineering	Environment & Engineering
	Life Science	Life Science

Till now, products for information, communication and electronics applications such as flat panel TVs, PCs and smart phones were categorized under IT-related Products segment.

The growth fields that are recently attracting attention socially are diversifying into transportation, environment, resources and energy, health and longevity, etc. and the application of Toray Group's products are also diversifying and becoming increasingly complex in response to the situation. Consequently, the existing segment categories have become less appropriate to reflect the Group's management strategy and resource allocation concepts.

In this regard, Toray will discontinue the existing Plastics & Chemicals and IT-related Products segments and newly establish Performance Chemicals segment from fiscal year 2017, when it embarks on AP-G 2019.

While the majority of products in the Performance Chemicals segment are considered as Strategically Expanding Businesses, chemical and some resin products are categorized as Core Growth Driving Businesses.

# # #

**For inquiries regarding this press release, please contact**  
Corporate Communications Department, Toray Industries, Inc.  
Telephone: 81-3-3245-5179 (Tokyo), 81-6-7688-3085 (Osaka)