

February 5, 2015

Toray Announces Consolidated Results for the Nine Months Ended December 31, 2014

Tokyo, February 5, 2015 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the nine months ended December 31, 2014 of the fiscal year ending March 31, 2015. 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) Fiscal 2013
	2014	2013	Change	2014	
	Yen		%	U.S. dollars	Yen
Net sales	¥1,486,985	¥1,350,822	10.1	\$12,330	¥1,837,778
Operating income	86,477	74,859	15.5	717	105,253
Ordinary income	92,050	78,758	16.9	763	110,648
Net income	62,532	49,428	26.5	519	59,608
Net income per share - Basic (Yen)	39.00	30.34	-	-	36.59
Net income per share - Diluted (Yen)	38.96	29.47	-	-	35.70

Consolidated Financial Condition

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

	As of December 31, 2014		As of March 31, 2014
	Yen	U.S. dollars	Yen
Total assets	¥2,266,667	\$18,795	¥2,119,683
Net assets	993,990	8,242	944,625
Equity ratio	39.9%	-	40.5%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2013	-	¥5.00	-	¥5.00	¥10.00
FY2014	-	5.00	-	-	-
FY2014 (forecast)	-	-	-	6.00	11.00

Notes:

1. For calculation of "Equity ratio," minority 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 ¥120.6 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2014.
3. Amounts are rounded to the nearest million.

Segment Information

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

Net Sales	Nine months ended December 31,		
	2014	2013	2014
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥638,996	¥568,216	\$5,298
Plastics & Chemicals	370,728	346,102	3,074
IT-related Products	184,148	184,516	1,527
Carbon Fiber Composite Materials	116,433	81,876	965
Environment & Engineering	125,120	117,022	1,037
Life Science	41,122	42,947	341
Others	10,438	10,143	87
Consolidated Total	1,486,985	1,350,822	12,330

Segment Income	Nine months ended December 31,		
	2014	2013	2014
	Yen		<i>U.S. dollars</i>
Fibers & Textiles	¥41,290	¥41,534	\$342
Plastics & Chemicals	17,621	13,261	146
IT-related Products	16,079	17,288	133
Carbon Fiber Composite Materials	18,500	11,292	153
Environment & Engineering	3,592	1,098	30
Life Science	3,133	4,876	26
Others	1,046	1,158	9
Total	101,261	90,507	840
Adjustment	(14,784)	(15,648)	(123)
Consolidated Total (Operating income)	86,477	74,859	717

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, 2014 of (14,784) million yen includes intersegment eliminations of (781) million yen and corporate expenses of (14,003) million yen. "Adjustment" of segment income for the nine months ended December 31, 2013 of (15,648) million yen includes intersegment eliminations of (357) million yen and corporate expenses of (15,291) 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 ¥120.6 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2014.
4. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2015

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

	Year ending March 31, 2015	
	Yen	<i>U.S. dollars</i>
Net sales	¥2,050,000	\$17,826
Operating income	130,000	1,130
Ordinary income	133,000	1,157
Net income	80,000	696

Reference: EPS forecast (year ending March 31, 2015) ¥49.94

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥115 = 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, 2014

During the nine months under review, the global economy in general continued to expand steadily. While economic expansion in China continued at a slow pace and the economy of the ASEAN region also remained stagnant, the U.S. economy showed clear signs of recovery and the European economy as a whole picked up steadily. The Japanese economy continued to register modest recovery on the back of improvement in employment and income situations as well as policy effects, despite signs of weakness in consumer spending and production due to the reaction to the last-minute demand caused by the consumption tax rate increase.

Under such circumstances, Toray Group in April 2014 launched its new medium-term management program “Project AP-G 2016” with the final year being fiscal year 2016, and has been implementing the growth strategy with focus on taking advantage of growth business fields and business opportunities and pursuing business expansion in growth countries and regions and further bolstering its total cost competitiveness in accordance with the program.

As a result, consolidated net sales for the nine months ended December 31, 2014 increased 10.1% compared with the same period of the previous fiscal year to ¥1,487.0 billion (US\$12,330 million). Operating income came to ¥86.5 billion (US\$717 million), up 15.5%, and ordinary income rose 16.9% to ¥92.1 billion (US\$763 million). Net income increased by 26.5% to ¥62.5 billion (US\$519 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles

In Japan, though there were some signs of recovery, 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.

As a result, overall sales of Fibers & Textiles segment increased 12.5% to ¥639.0 billion (US\$5,298 million) compared with the same period a year earlier, while operating income declined 0.6% to ¥41.3 billion (US\$342 million).

Plastics & Chemicals

In the resin business, overall domestic shipment remained strong despite being affected partly by the higher prices of some raw materials and fuels mainly in the first half. Nevertheless, shipment showed a sign of weakness starting in October due to the prolonged impact of the increase in consumption tax rate. Overseas, shipment at the subsidiaries in China and the U.S. expanded for automotive applications.

Demand for the film business's products was strong in general for industrial materials and packaging materials within and outside Japan, and shipment of films for solar cell back sheets and food packages expanded, although the business was affected partly by price competition.

As a result, overall sales of Plastics & Chemicals segment increased 7.1% to ¥370.7 billion (US\$3,074 million) compared with the same period a year earlier, and operating income rose 32.9% to ¥17.6 billion (US\$146 million).

IT-related Products

In the IT-related Products segment, 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.

As a result, overall sales of IT-related Products segment declined 0.2% to ¥184.1 billion (US\$1,527 million) compared with the same period a year earlier, and operating income fell 7.0% to ¥16.1 billion (US\$133 million).

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, 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.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 42.2% to ¥116.4 billion (US\$965 million) compared with the same period a year earlier, and operating income rose 63.8% to ¥18.5 billion (US\$153 million).

Environment & Engineering

In the water treatment business, amid continued weakness of demand in the global market, the shipment of 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.

Among domestic subsidiaries in the segment, net sales at a trading subsidiary declined due to the change in the form of transaction of some portion of the business, while an engineering subsidiary and a construction subsidiary performed strongly.

As a result, overall sales of Environment & Engineering segment increased 6.9% to ¥125.1 billion (US\$1,037 million), and operating income rose 227.1% to ¥3.6 billion (US\$30 million).

Life Science

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

As a result, overall sales of Life Science segment fell 4.2% to ¥41.1 billion (US\$341 million) compared with the same period a year earlier, and operating income declined 35.7% to ¥3.1 billion (US\$26 million).

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

2. Analysis of Financial Condition

As of December 31, 2014, Toray Group's total assets stood at ¥2,266.7 billion (US\$18,795 million), up ¥147.0 billion from the end of the previous fiscal year primarily due to increases in notes and accounts receivable, tangible fixed assets and investment securities.

Liabilities increased by ¥97.6 billion to ¥1,272.7 billion (US\$10,553 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased ¥49.4 billion compared with the end of the previous fiscal year to ¥994.0 billion (US\$8,242 million), reflecting an increase in retained earnings as Toray Group recorded net income and fluctuations in foreign currency translation adjustment. Net assets less minority interests and stock acquisition rights came to ¥903.9 billion (US\$7,495 million).

3. Forecast of Consolidated Results

While it is necessary to consider the risk factors such as the downturn in the European economy, the slowdown in the Chinese economy and the impact of the instability in foreign exchange and international commodities markets, the global economy as a whole is expected to continue with a gradual recovery driven by the robustness in the U.S. economy. The Japanese economy is also expected to recover gradually on the back of improved employment and income environment, the impact

of economic policies, and the benefit of the falling oil prices, though concerns remain that a downswing in overseas economies and stagnation in consumer spending as well as capital investment by businesses could lead to an economic slowdown.

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 full year through March 31, 2015, Toray partly revised its earnings forecasts to reflect the financial results for the first nine months, the progress of “Project AP-G 2016” and the latest economic climate in Japan and elsewhere. It now expects consolidated net sales of ¥2,050.0 billion (US\$17,826 million), operating income of ¥130.0 billion (US\$1,130 million), ordinary income of ¥133.0 billion (US\$1,157 million) and net income of ¥80.0 billion (US\$696 million). As for net income, Toray Group revised the forecast announced on November 6, 2014, taking into account the anticipated decline in the corporate tax rate in the Japanese tax system revision expected in fiscal year 2015. The calculation of Toray Group’s earnings forecasts from January 2015 onwards is based on an assumed foreign currency exchange rate of ¥115 to the U.S. dollar.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥120.6 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2014.
2. U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥115 = 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.

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