Innovation by Chemistry

May 8, 2015

[Summary] Consolidated Results for the Fiscal Year Ended March 31, 2015

Tokyo, May 8, 2015 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the fiscal year ended March 31, 2015 (FY Mar/15). 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)

	Year ended March 31,			
	2015	2014	Change	**2015**
	Yen		%	*U.S. dollars*
Net sales	**¥2,010,734**	¥1,837,778	9.4	***$16,728***
Operating income	**123,481**	105,253	17.3	***1,027***
Ordinary income	**128,572**	110,648	16.2	***1,070***
Net income	**71,021**	59,608	19.1	***591***
Net income per share - Basic (Yen)	**44.33**	36.59	-	-
Net income per share - Diluted (Yen)	**44.28**	35.70	-	-
Return on equity	**7.7%**	7.5%	-	-
Ordinary income to total assets	**5.7%**	5.7%	-	-
Operating income to net sales	**6.1%**	5.7%	-	-

Consolidated Financial Condition

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

	As of March 31, 2015		As of March 31, 2014
	Yen	*U.S. dollars*	Yen
Total assets	**¥2,357,925**	***$19,617***	¥2,119,683
Net assets	**1,080,757**	***8,991***	944,625
Equity ratio	**41.8%**	-	40.5%
Net assets per share (Yen)	**616.70**	-	527.32

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2013	-	**¥5.00**	-	**¥5.00**	**¥10.00**
FY2014	-	**5.00**	-	**6.00**	**11.00**
FY2015 (forecast)	-	**6.00**	-	**6.00**	**12.00**

Notes:
1. For calculation of "Net assets per share" and "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 ¥120.2 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2015.
3. Amounts are rounded to the nearest million.
4. Comprehensive income at March 31, 2015 and 2014 is ¥191,127 million ($1,590 million) and ¥179,328 million.

Segment Information

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

Net Sales	Year ended March 31,		
	2015	2014	**2015**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥856,676**	¥755,474	***$7,127***
Plastics & Chemicals	**496,370**	470,542	***4,130***
IT-related Products	**247,975**	245,741	***2,063***
Carbon Fiber Composite Materials	**158,365**	113,342	***1,318***
Environment & Engineering	**179,988**	180,197	***1,497***
Life Science	**57,039**	58,205	***475***
Others	**14,321**	14,277	***119***
Consolidated Total	**2,010,734**	1,837,778	***16,728***

Segment Income	Year ended March 31,		
	2015	2014	**2015**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥55,600**	¥52,919	***$463***
Plastics & Chemicals	**23,875**	18,010	***199***
IT-related Products	**24,494**	24,586	***204***
Carbon Fiber Composite Materials	**26,228**	16,927	***218***
Environment & Engineering	**8,020**	6,397	***67***
Life Science	**4,072**	5,605	***34***
Others	**1,901**	1,987	***16***
Total	**144,190**	126,431	***1,200***
Adjustment	**(20,709)**	(21,178)	***(172)***
Consolidated Total (Operating income)	**123,481**	105,253	***1,027***

Notes:
1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income for the year ended March 31, 2015 of (20,709) million yen includes intersegment eliminations of (1,303) million yen and corporate expenses of (19,406) million yen. "Adjustment" of segment income for the year ended March 31, 2014 of (21,178) million yen includes intersegment eliminations of (934) million yen and corporate expenses of (20,244) 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 ¥120.2 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2015.
4. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

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

Net Sales		Year ended March 31, 2015	
		Yen	*U.S. dollars*
Japan		**¥929,797**	***$7,735***
Asia	China	**344,545**	***2,866***
	Others	**387,962**	***3,228***
North America, Europe & Others		**348,430**	***2,899***
Consolidated Total		**2,010,734**	***16,728***

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥120.2 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2015.
2. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2016

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

	Year ending March 31, 2016	
	Yen	*U.S. dollars*
Net sales	¥2,250,000	*$19,565*
Operating income	150,000	*1,304*
Ordinary income	150,000	*1,304*
Net income	87,000	*757*

Reference: EPS forecast (year ending March 31, 2016) ¥54.43

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 for FY Mar/16 (April 2015 - March 2016).
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of FY Mar/15 (April 2014 – March 2015)

During the period under review, the global economy in general continued to grew steadily. While the pace of economic expansion in China remained slow and the economy of the ASEAN region also remained stagnant, the U.S. economy recovered steadily and European economy as a whole picked up gradually. Japan continued to register modest economic recovery on the back of steady 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 implemented the growth strategy with focus on business expansion in growth business fields and business expansion in growth countries and regions and bolstered its total cost competitiveness in accordance with the program.

As a result, consolidated net sales for the fiscal year ended March 31, 2015 increased 9.4% compared with the previous fiscal year to ¥2,010.7 billion (US$16,728 million). Operating income increased 17.3% to ¥123.5 billion (US$1,027 million), ordinary income increased 16.2% to ¥128.6 billion (US$1,070 million) and net income increased 19.1% to ¥71.0 billion (US$591 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles
In 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.

As a result, overall sales of Fibers & Textiles segment in the fiscal year ended March 31, 2015 increased 13.4% to ¥856.7 billion (US$7,127 million) from the previous year and operating income increased 5.1% to ¥55.6 billion (US$463 million).

Plastics & Chemicals
In the resin 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.
In the film 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.

As a result, overall sales of Plastics & Chemicals segment increased 5.5% to ¥496.4 billion (US$4,130 million) from the previous year and operating income increased 32.6% to ¥23.9 billion (US$199 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 increased 0.9% to ¥248.0 billion (US$2,063 million) from the previous year and operating income decreased 0.4% to ¥24.5 billion (US$204 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 39.7% to ¥158.4 billion (US$1,318 million) from the previous year while operating income increased 54.9% to ¥26.2 billion (US$218 million).

Environment & Engineering
In the 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.

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

As a result, overall sales of Environment & Engineering segment decreased 0.1% to ¥180.0 billion (US$1,497 million) from the previous year, while operating income increased 25.4% to ¥8.0 billion (US$67 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 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.

As a result, overall sales of Life Science segment decreased 2.0% to ¥57.0 billion (US$475 million) from the previous year while operating income declined 27.4% to ¥4.1 billion (US$34 million).

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

New Businesses and New Investments

In the Fibers & Textiles segment, Toray in India established Toray Kusumgar Advanced Textile Private Limited, a manufacturer and distributor of airbag base fabric, jointly with local partner Kusumgar Corporates private limited, a local manufacturer and distributor of functional textiles. The new company will start production in October 2016. In the airbag business, Toray Group has been further boosting quality competitiveness through integrated production starting from yarns to airbag textiles and expanding its global production as well as research and technology development and marketing functions. Toray Group will further enhance its responses to customers by organically linking the functions of each base.

In Indonesia, Toray Group decided to expand the facility for high-performance polypropylene spunbond (PP spunbond) at a subsidiary P.T. Toray Polytech Jakarta. Once the additional facility starts operation in September 2016, Toray Group's total PP spunbond production capacity will come to about 153,000 tons a year. Demand for disposable diapers, which is a main application for PP spunbond, is forecasted to rapidly grow in the ASEAN region, as their income levels increase. Toray Group will enhance its PP spunbond supply structure based on the three bases in Korea, China and Indonesia to meet the vigorous demand.

In the Plastics & Chemicals segment, Toray established Toray Resin Mexico, S.A. de C.V., jointly with its subsidiary Toray Resin Co., in Mexico. The new company will be the first own resin compounding base to be set up by a Japanese engineering plastic manufacturer in Mexico. The new company introduced nylon and polybutylene terephthalate (PBT) resin compounding facilities within the Mexican plant of Zoltek Companies, Inc., which became a Toray's subsidiary in February 2014, and started production in February 2015. Toray aims to strengthen its supply structure and develop new demands in Mexico whose automobile industry is growing rapidly while boosting global collaboration even further among Toray Group's resin compounding

bases to expand the Toray Group's resin business.

In the Carbon Fiber Composite Materials segment, Toray acquired the carbon fiber fabric and prepreg business of Saati S.p.A of Italy and established Composite Materials (Italy) S.r.l. The company is the first intermediate material business base in Europe for Toray's carbon fiber composite materials business, and it completes its own integrated European supply chain starting from raw materials to carbon fiber reinforced plastic products in the region together with existing Toray Carbon Fibers Europe S.A., a French subsidiary, and Euro Advanced Carbon Fiber Composites GmbH, a German subsidiary.

Forecast for FY Mar/16 (April 2015 – March 2016):

While it is necessary to consider the risk factors such as the slowdown in the Chinese and some emerging countries' economy and the impact of the instability in foreign exchange and international commodities markets, the global economy as a whole is expected to continue steady growth, driven by the U.S. and other developed countries' economy. The Japanese economy is also expected to recover gradually on the back of improved employment and income situations, the impact of the recovery in exports and falling oil prices, and the effect of economic policies, though it is still necessary to pay attention to the risk of a downswing in overseas economies that would also dampen the Japanese economy.

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.

After taking into account the expansion of business under "Project AP-G 2016" in the growth business fields of Green Innovation and Life Innovation as well as in the growth countries and regions of Asia, emerging countries and the Americas, Toray Group expects consolidated net sales of ¥2,250.0 billion (US$19,565 million) for the fiscal year through March 31, 2016, operating income of ¥150.0 billion (US$1,304 million), ordinary income of 150.0 billion (US$1,304 million), and net income of ¥87.0 billion (US$757 million).

These forecasts are calculated based on an estimated exchange rate of ¥115 to the U.S. dollar after April.

2. Financial Position and Cash Flows

Analysis of Assets, Liabilities, Net Assets and Cash Flows
As of March 31, 2015, Toray Group's total assets stood at ¥2,357.9 billion (US$19,617 million), up ¥238.2 billion from the end of the previous fiscal year, as current assets rose by ¥97.5 billion primarily reflecting an increase in inventory as well as notes and accounts receivable while fixed assets rose by ¥140.7 billion due mainly to increase in property, plant and equipment and investment securities.

Total liabilities rose ¥102.1 billion from the end of the previous fiscal year to ¥1,277.2 billion (US$10,625 million), primarily due to an increase in interest-bearing debts.

Net assets grew by ¥136.1 billion compared with the end of the previous fiscal year to ¥1,080.8 billion (US$8,991 million), reflecting the increase in retained earnings from net income and fluctuation in foreign currency translation adjustment. Net assets less minority interests and stock acquisition rights stood at ¥985.7 billion (US$8,200 million). The equity ratio at the end of the fiscal year came to 41.8%, a 1.3 percentage-point increase compared with the level at the end of the previous fiscal year.

Free cash flows for the period, derived by subtracting the cash flows from investing activities from the cash flows from operating activities, were ¥0.6 billion (US$5 million). Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 31, 2015 are as follows:

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

	Year ended March 31,		
	2015	2014	**2015**
	Yen		*U.S. $*
Cash flows from operating activities	**141.3**	161.5	***1,175***
Cash flows from investing activities	**(140.7)**	(214.8)	***(1,170)***
Free cash flows	**0.6**	(53.4)	***5***
Cash flows from financing activities	**(10.0)**	41.5	***(83)***
Effect of exchange rate changes	**8.7**	17.3	***73***
Change in cash and cash equivalents for the year	**(0.6)**	5.4	***(5)***
Cash and cash equivalents at beginning of the year	**113.1**	107.7	***941***
Cash and cash equivalents at end of the year	**112.5**	113.1	***936***

Indices related to Financial Position and Cash Flows:

	Year ended March 31,				
	2011	2012	2013	2014	**2015**
Equity ratio (%)	37.8	39.7	41.8	40.5	**41.8**
Market capitalization / Total assets (%)	62.9	63.3	59.8	52.4	**68.3**
Interest-bearing debt / Cash flows from operating activities	3.8	4.6	5.3	4.1	**5.0**
Cash flows from operating activities / Interest paid	19.7	17.7	18.1	32.5	**22.5**

Notes:
1. All indices are computed based on consolidated data.
2. Market capitalization equals the stock price at the end of the period multiplied by the number of shares outstanding (excluding treasury stock) at the end of the period.
3. Cash flows from operating activities are stated in the consolidated statements of cash flows. Interest paid is the interest payment figures in the consolidated statements of cash flows.

3. Policy on Distribution of Surplus Profits and Dividends for the Period under Review and FY Mar/16

Toray recognizes that its profit distribution policy is a vital matter for the corporate management, and accordingly is committed to distributing such profits fairly through comprehensive consideration of every factor including business results, financial standing and retention of earnings necessary for future investment.

Taking into consideration the earnings performance during the period under review and the outlook for the fiscal year that started in April 2015, Toray is proposing to pay a year-end dividend of ¥6.0 per share of common stock, for an aggregate annual dividend of ¥11.0 per share of common stock including the interim dividend.

For the fiscal year ending March 31, 2016, Toray anticipates to pay an annual dividend of ¥12.0 per share of common stock.

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥120.2 = U.S.$1, the approximate rate of exchange prevailing on March 31, 2015.
2. U.S. dollar amounts of forecast for FY Mar/16 have been converted from yen at the exchange rate of ¥115 = US$1, the estimated rate of foreign currency exchange for the FY Mar/16 (April 2015 - March 2016).

Management Policies

1. Corporate Mission

Toray's corporate philosophy is "contributing to society through the creation of new value with innovative ideas, technologies and products." Under this philosophy, Toray has established the following corporate missions:

For our customers:
To provide new value to our customers through high-quality products and superior services

For our employees:
To provide our employees with opportunities for self development in a challenging environment

For our shareholders:
To provide our shareholders with dependable and trustworthy management

For society:
To establish ties and develop mutual trust as a responsible corporate citizen

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders in society.

2. Medium- to Long-Term Business Strategy and Issues to Be Solved

Toray Group, in February 2011, formulated a long-term corporate vision "AP-Growth TORAY 2020" established with the next 10 years in focus. Under "AP-Growth TORAY 2020," Toray Group aims to become a corporate group that "continually expands revenues and profits," "plays an active role in contributing to social development and environmental stewardship," and "offers high values to all stakeholders," while further promoting global business expansion and focusing on growing the Green Innovation Business.

In February 2014, Toray Group drafted a new three-year medium-term management program "Project AP-G 2016," covering the period from FY Mar/15 to FY Mar/17. Toray Group aims to further improve its business performance by advancing the growth strategy and strengthening its revenue base. In the two growth fields of Green Innovation and Life Innovation, Toray Group will leverage its core and elemental technologies as well as its global business foundation. Moreover, to capture demand in countries and regions that are expected to register economic growth as Toray Group's revenue to the maximum extent, it will proactively expand business in Asia, Americas and emerging countries through establishment of new business bases and other steps.

Toray Group, with the belief that materials, which form the base of all products, have the power to intrinsically change society, aims to develop and commercialize cutting-edge technologies and new materials by constantly pursuing technological innovations ahead of its competition around the world. Further, Toray Group shall

strive to realize the ideals of its corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies and products” by focusing on all the aspects of our business activities, grasping the situation thoroughly and overcoming the hurdles through analysis of the situation.

Basic Concept regarding Selection of Accounting Standards

As for the accounting standards, Toray Group applies the Japanese accounting standards taking into consideration availability of periodical comparison of its consolidated financial statements and availability of comparison among other companies.

Toray Group is currently gathering information and studying the introductory process for the application of the International Financial Reporting Standards (IFRS) in the future.

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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