Innovation by Chemistry

August 7, 2015

[Summary] Consolidated Results for the Three Months Ended June 30, 2015

Tokyo, August 7, 2015 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the three months ended June 30, 2015 of the fiscal year ending March 31, 2016. 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)

	Three months ended June 30,				(Reference) Fiscal 2014
	2015	2014	Change	**2015**	
	Yen		%	*U.S. dollars*	Yen
Net sales	**¥496,853**	¥448,620	10.8	***$4,056***	¥2,010,734
Operating income	**37,028**	21,524	72.0	***302***	123,481
Ordinary income	**38,559**	22,428	71.9	***315***	128,572
Net income attributable to owners of parent	**26,184**	14,717	77.9	***214***	71,021
Earnings per share - Basic (Yen)	**16.38**	9.12	-	-	44.33
Earnings per share - Diluted (Yen)	**16.36**	9.11	-	-	44.28

Consolidated Financial Condition

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

	As of June 30, 2015		As of March 31, 2015
	Yen	*U.S. dollars*	Yen
Total assets	**¥2,411,783**	***$19,688***	¥2,357,925
Net assets	**1,075,853**	***8,782***	1,080,757
Equity ratio	**41.2%**	-	41.8%

Cash Dividends

(Yen)

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

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 ¥122.5 = U.S.$1, the approximate rate of exchange prevailing on June 30, 2015.
3. Amounts are rounded to the nearest million.

Segment Information

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

Net Sales	Three months ended June 30,		
	2015	2014	**2015**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥207,966**	¥179,254	***$1,698***
Plastics & Chemicals	**123,662**	120,510	***1,009***
IT-related Products	**63,532**	61,062	***519***
Carbon Fiber Composite Materials	**49,336**	37,833	***403***
Environment & Engineering	**37,084**	34,289	***303***
Life Science	**11,920**	12,266	***97***
Others	**3,353**	3,406	***27***
Consolidated Total	**496,853**	448,620	***4,056***

Segment Income (Loss)	Three months ended June 30,		
	2015	2014	**2015**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥17,023**	¥10,507	***$139***
Plastics & Chemicals	**7,578**	5,674	***62***
IT-related Products	**5,782**	4,957	***47***
Carbon Fiber Composite Materials	**10,901**	4,567	***89***
Environment & Engineering	**(31)**	(231)	***(0)***
Life Science	**(173)**	484	***(1)***
Others	**113**	261	***1***
Total	**41,193**	26,219	***336***
Adjustment	**(4,165)**	(4,695)	***(34)***
Consolidated Total (Operating income)	**37,028**	21,524	***302***

Notes:
1. “Others” represents service-related businesses such as analysis, survey and research.
2. “Adjustment” of segment income (loss) for the three months ended June 30, 2015 of (4,165) million yen includes intersegment eliminations of 522 million yen and corporate expenses of (4,687) million yen. “Adjustment” of segment income (loss) for the three months ended June 30, 2014 of (4,695) million yen includes intersegment eliminations of 84 million yen and corporate expenses of (4,779) 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 ¥122.5 = U.S.$1, the approximate rate of exchange prevailing on June 30, 2015.
4. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the Six Months Ending September 30, 2015

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

	Six Months ending September 30, 2015	
	Yen	*U.S. dollars*
Net sales	¥1,040,000	*$8,667*
Operating income	69,000	*575*
Ordinary income	69,000	*575*
Net income attributable to owners of parent	42,000	*350*

Reference: EPS forecast (six months ending September 30, 2015) ¥26.27

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	*$18,750*
Operating income	150,000	*1,250*
Ordinary income	150,000	*1,250*
Net income attributable to owners of parent	87,000	*725*

Reference: EPS forecast (year ending March 31, 2016) ¥54.42

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥120 = U.S.$1, the estimated rate of exchange from July onwards.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the Three Months Ended June 30, 2015

During the period under review, though the Chinese economy continued to slow down gradually and other emerging countries also remained largely stagnant, the U.S. economy maintained its recovery and European economy also picked up steadily. Japanese economy continued in its modest recovery track on the back of improving corporate earnings as well as employment and income situation, despite some signs of sluggishness in recovery of production.

Under such circumstances, Toray Group, based on the medium-term management program “Project AP-G 2016” launched in April 2014 with the final year being fiscal year 2016, 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 three months ended June 30, 2015 increased 10.8% compared with the same period of the previous fiscal year to ¥496.9 billion (US$4,056 million). Operating income came to ¥37.0 billion (US$302 million), up 72.0%, and ordinary income rose 71.9% to ¥38.6 billion (US$315 million). Net income attributable to owners of parent increased by 77.9% to ¥26.2 billion (US$214 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles
In Japan, demand for overall apparel applications remained weak and sales for industrial applications were affected by inventory adjustment at some customers for automotive applications. Toray Group worked to improve profitability by upgrading the business primarily through promotion of a business that integrates fibers to textiles to final products.
Overseas, though 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 such as airbag fabric and interior materials were strong, and demand for hygiene products in Southeast Asia and India expanded.
.
As a result, overall sales of Fibers & Textiles segment increased 16.0% to ¥208.0 billion (US$1,698 million) compared with the same period a year earlier, and operating income rose 62.0% to ¥17.0 billion (US$139 million).

Plastics & Chemicals
In the resin business, overall domestic sales remained strong partly thanks to expansion of exports on the back of the weaker yen, despite decline in selling price of some automotive applications reflecting the trend in crude oil price. Overseas,

shipment at the subsidiaries in the U.S. expanded for automotive applications and shipment of ABS resin at a Malaysian subsidiary remained strong.
In the film business, the products for packaging applications performed strongly both in Japan and abroad. The business, despite many applications being affected by price competition, strived to improve profitability by emphasizing on sales expansion of high value-added products and improvement of cost.

As a result, overall sales of Plastics & Chemicals segment increased 2.6% to ¥123.7 billion (US$1,009 million) compared with the same period a year earlier and operating income rose 33.6% to ¥7.6 billion (US$62 million).

IT-related Products
In the IT-related Products segment, regarding large LCD panel-related materials, the trend shifted to larger displays and demand for 4K TV expanded, but related materials such as films and processed film products were affected by production adjustment at customers. Smartphone- and tablet terminal-related materials performed strongly, as shipment of high performance electric circuit materials at a subsidiary in Republic of Korea expanded. On the other hand, all materials continued to be affected by price competition and Toray Group worked to maintain profitability of the business through measures such as cost reduction.

As a result, overall sales of IT-related Products segment increased 4.0% to ¥63.5 billion (US$519 million) compared with the same period a year earlier, and operating income rose 16.6% to ¥5.8 billion (US$47 million).

Carbon Fiber Composite Materials
In the Carbon Fiber Composite Materials segment, among high performance regular tow products, shipment of carbon fibers and intermediate products (prepreg) increased for aerospace applications and general industrial applications, as demand for aircrafts as well as that in the environment and energy fields including compressed natural gas tank applications expanded. At a subsidiary which produces cost-effective large tow products, shipment expanded for the mainstay application of windmills while that of the friction resistance material used in aircraft brakes was also strong.
The new facilities that started production in the latter half of 2014 contributed to production increase and sales expansion, and the shipment of products for fuel cell vehicles started in earnest.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 30.4% to ¥49.3 billion (US$403 million) compared with the same period a year earlier, and operating income rose 138.7% to ¥10.9 billion (US$89 million).

Environment & Engineering
In the water treatment business, profitability of exports of products including reverse osmosis membranes for seawater desalination from Japan improved thanks to the progress made in cost reduction and the weaker yen. The subsidiaries in Republic of Korea and China also performed strongly.
Among domestic subsidiaries in the segment, the number of plant construction projects declined at an engineering subsidiary and a construction subsidiary saw the number of condominiums sold declined compared with the same period a year earlier.

As a result, overall sales of Environment & Engineering segment increased 8.2% to ¥37.1 billion (US$303 million), and it posted operating loss of ¥0.0 billion yen (US$0 million), which is a ¥0.2 billion improvement from the same period a year earlier.

Life Science
In the pharmaceutical business, shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish. Among oral anti-pruritus drugs, the additional indication of REMITCH®* to treat itchiness from chronic liver diseases was approved in Japan, and a domestic subsidiary started distributing new product Nopicor®, both in May.
The medical devices business performed strongly, as domestic shipment of dialyzers grew strongly and profitability of exports improved.

As a result, overall sales of Life Science segment declined 2.8% to ¥11.9 billion (US$97 million) compared with the same period a year earlier, and the segment had operating loss of ¥0.2 billion (US$1 million), which is 0.7 billion yen below the previous year's level.
*REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.

2. Analysis of Financial Condition

As of June 30, 2015, Toray Group's total assets stood at ¥2,411.8 billion (US$19,688 million), up ¥53.9 billion from the end of the previous fiscal year primarily due to increases in inventory and investment securities.

Liabilities increased by ¥58.8 billion to ¥1,335.9 billion (US$10,906 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets declined ¥4.9 billion compared with the end of the previous fiscal year to ¥1,075.9 billion (US$8,782 million), reflecting a decline in capital surplus due to additional acquisition of shares in a subsidiary. Net assets less non-controlling interests and stock acquisition rights came to ¥994.2 billion (US$8,116 million).

3. Forecast of Consolidated Results

The global economy as a whole is expected to continue its steady growth led by economic recovery in developed countries including the U.S., though attention should be paid to risk factors such as the impact of the normalization of the U.S monetary policy, the future of the Greek problem in Europe and its effect, and the trends in real estate price and stock market in China. The Japanese economy is also expected to recover gradually on the back of improving 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.

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.

Based on the business performance of the first quarter, Toray revised upwards its first-half consolidated earnings forecasts announced on May 8. It now expects consolidated net sales of ¥1,040.0 billion (US$8,667 million), operating income of ¥69.0 billion (US$575 million), ordinary income of ¥69.0 billion (US$575 million) and net income attributable to owners of parent of ¥42.0 billion (US$350 million) for the six months through September 30, 2015. Toray has kept its full-year consolidated earnings forecasts announced on May 8, 2015 unchanged. The calculation of consolidated earnings forecasts from July 2015 onwards is based on an assumed foreign currency exchange rate of ¥120 to the U.S. dollar.

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥122.5 =U.S.$1, the approximate rate of exchange prevailing on June 30, 2015.
2. U.S. dollar amounts of forecast have been converted from yen at the exchange rate of ¥120 = U.S.$1, the estimated rate of exchange from July 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/