Innovation by Chemistry

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[Summary] Consolidated Results for the Six Months Ended September 30, 2015

Tokyo, November 10, 2015 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the six months ended September 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)

	Six months ended September 30,				(Reference) Fiscal 2014
	2015	2014	Change	**2015**	
	Yen		%	*U.S. dollars*	Yen
Net sales	**¥1,028,556**	¥947,979	8.5	***$8,571***	¥2,010,734
Operating income	**75,124**	51,324	46.4	***626***	123,481
Ordinary income	**75,487**	56,489	33.6	***629***	128,572
Net income attributable to owners of parent	**49,446**	41,270	19.8	***412***	71,021
Earnings per share - Basic (Yen)	**30.93**	25.70	-	-	44.33
Earnings per share - Diluted (Yen)	**30.90**	25.67	-	-	44.28

Consolidated Financial Condition

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

	As of September 30, 2015		As of March 31, 2015
	Yen	*U.S. dollars*	Yen
Total assets	**¥2,360,672**	***$19,672***	¥2,357,925
Net assets	**1,048,891**	***8,741***	1,080,757
Equity ratio	**41.1%**	-	41.8%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Total
FY2014	-	**¥5.00**	-	**¥6.00**	**¥11.00**
FY2015	-	**6.00**			
FY2015 (forecast)			-	**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 ¥120.0 = U.S.$1, the approximate rate of exchange prevailing on September 30, 2015.
3. Amounts are rounded to the nearest million.

Segment Information

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

Net Sales	Six months ended September 30,		
	2015	2014	**2015**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥435,825**	¥386,150	***$3,632***
Plastics & Chemicals	**257,202**	246,195	***2,143***
IT-related Products	**124,990**	121,846	***1,042***
Carbon Fiber Composite Materials	**94,308**	76,635	***786***
Environment & Engineering	**82,640**	83,420	***689***
Life Science	**26,383**	26,524	***220***
Others	**7,208**	7,209	***60***
Consolidated Total	**1,028,556**	947,979	***8,571***

Segment Income	Six months ended September 30,		
	2015	2014	**2015**
	Yen		*U.S. dollars*
Fibers & Textiles	**¥35,034**	¥22,755	***$292***
Plastics & Chemicals	**15,665**	11,722	***131***
IT-related Products	**11,979**	10,330	***100***
Carbon Fiber Composite Materials	**18,590**	11,777	***155***
Environment & Engineering	**1,610**	2,072	***13***
Life Science	**619**	1,701	***5***
Others	**515**	717	***4***
Total	**84,012**	61,074	***700***
Adjustment	**(8,888)**	(9,750)	***(74)***
Consolidated Total (Operating income)	**75,124**	51,324	***626***

Notes:
1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income for the six months ended September 30, 2015 of (8,888) million yen includes intersegment eliminations of 515 million yen and corporate expenses of (9,403) million yen. "Adjustment" of segment income for the six months ended September 30, 2014 of (9,750) million yen includes intersegment eliminations of (326) million yen and corporate expenses of (9,424) 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 ¥120.0 = U.S.$1, the approximate rate of exchange prevailing on September 30, 2015.
4. 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	¥2,200,000	*$18,333*
Operating income	155,000	*1,292*
Ordinary income	155,000	*1,292*
Net income attributable to owners of parent	90,000	*750*

Reference: EPS forecast (year ending March 31, 2016) ¥56.30

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥120.0 = U.S.$1, the estimated rate of exchange from October onwards.
2. Amounts are rounded to the nearest million.

Consolidated Business Results and Financial Condition

1. Overview of the Six Months Ended September 30, 2015

During the six months under review, though the Chinese economy continued to slow down gradually and many other emerging countries also remained largely stagnant, the U.S. economy maintained its recovery and European economy also picked up steadily. Japanese economy continued on 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 and exports.

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 six months ended September 30, 2015 increased 8.5% compared with the same period of the previous fiscal year to ¥1,028.6 billion (US$8,571 million). Operating income came to ¥75.1 billion (US$626 million), up 46.4%, and ordinary income rose 33.6% to ¥75.5 billion (US$629 million). Net income attributable to owners of parent increased by 19.8% to ¥49.4 billion (US$412 million).

Business performance by segment is described below.

Business Performance by Segment:

Fibers & Textiles
In Japan, demand for apparel applications remained weak and sales for industrial applications were affected by inventory adjustment at some customers for automotive applications. Toray Group tried to expand sales in general and 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 China and Southeast Asia 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 12.9% to ¥435.8 billion (US$3,632 million) compared with the same period a year earlier and operating income rose 54.0% to ¥35.0 billion (US$292 million).

Plastics & Chemicals
In the resin business, while shipment of automotive application products remained weak in Japan reflecting the decline in automobile production, other applications were strong in general. Overseas, shipment at 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 cost reduction.

As a result, overall sales of Plastics & Chemicals segment increased 4.5% to ¥257.2 billion (US$2,143 million) compared with the same period a year earlier, and operating income rose 33.6% to ¥15.7 billion (US$131 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 2.6% to ¥125.0 billion (US$1,042 million) compared with the same period a year earlier, and operating income rose 16.0% to ¥12.0 billion (US$100 million).

Carbon Fiber Composite Materials
In the Carbon Fiber Composite Materials segment, among 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. The new facilities that started production in the latter half of 2014 and in the first half of 2015 contributed to production increase and sales expansion, and the shipment of products for fuel cell vehicles started in earnest.
At a U.S. subsidiary which produces large tow products, shipment expanded for the mainstay application of windmills and that of the friction resistance material used in aircraft brakes was also strong.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 23.1% to ¥94.3 billion (US$786 million) compared with the same period a year earlier, and operating income rose 57.9% to ¥18.6 billion (US$155 million).

Environment & Engineering
In the water treatment business, profitability of exports of products including reverse osmosis membranes from Japan improved thanks to the progress made in cost reduction and the weaker yen. Subsidiaries in Republic of Korea and China also performed strongly.
In terms of 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 declined 0.9% to ¥82.6 billion (US$689 million) compared with the same period a year earlier, and operating income fell 22.3% to ¥1.6 billion yen (US$13 million).

Life Science

In the pharmaceutical business, shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish. In terms of 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 shipment of dialyzers grew strongly and profitability of exports improved.

As a result, overall sales of Life Science segment declined 0.5% to ¥26.4 billion (US$220 million) compared with the same period a year earlier, and operating income fell 63.6% to ¥0.6 billion (US$5 million).

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

New Businesses and New Investments

In the Plastics & Chemicals business, Toray Group newly established Toray Resins Europe GmbH, a marketing and sales company of high-performance resin products, to expand the resin business in Europe. It will introduce CAE analysis devices and resin evaluation equipment and strengthen product development and technical support that respond to local needs. Further, Toray Group will enhance the resin technical center established in U.S. subsidiary Toray Resin Co. and newly introduce facilities such as an extruding machine for prototype and scanning electron microscope to strengthen local resin compound technology development and technical support. Toray Group will deepen collaboration with not only Japanese auto parts manufactures but also European and North American manufacturers and propose detailed technical solutions directly to the customers in the regions.

In the Carbon Fiber Composite Materials business, Toray decided to strengthen production facilities for large tow carbon fibers at its U.S. subsidiary Zoltek Companies, Inc. Toray Group plans to double the annual production capacity of the Mexican plant to 5,000 tons, and it is expected to start production in April 2016. In addition to wind power generation-related applications, whose demand has been rapidly expanding in recent years, the adoption of large tow carbon fibers for automobile body structure is expected to further increase, and this production facility enhancement will address the immediate production capacity shortfall. Moreover, to respond to the strong demand, Toray Group formulated a plan to double the production capacity of large tow carbon fibers by 2020 and to expand the Mexican plant's production capacity in a phased manner.
In addition, Toray Group decided to purchase 55% of the outstanding shares in Italian prepreg manufacturer Delta Tech S.p.A and to make the company and its wholly owned subsidiary Delta Preg S.p.A into Toray subsidiaries. Delta Group develops and supplies high quality prepreg primarily for automobile applications and is rated highly by the market for its small lot production of a wide variety of products and meticulous technical service. Together with Composite Materials (Italy) s.r.l, which Toray Group

established after purchasing the carbon fiber textile and prepreg business from Saati in Italy in January, the stock purchase will significantly strengthen the carbon fiber intermediate base material business in Europe, enhancing Toray Group's structure to offer solutions to customers at every stage of its integrated supply chain.

Furthermore, Toray Group purchased the entire stake in SolviCore GmbH & Co. KG, owned equally by Umicore AG & Co.KG and Solvay GmbH and launched it as a new company, Greenerity GmbH in a bid to acquire new management rights for further business expansion in the future. Catalyst coated membrane (CCM) and membrane electrode assembly (MEA) are important parts that form the core of fuel cells and water electrolyzers and are indispensable in realizing the coming hydrogen society. With the establishment of Greenerity, Toray Group will pursue business expansion through generation of synergies in fuel cell and related fields.

2. Analysis of Financial Condition

As of September 30, 2015, Toray Group's total assets stood at ¥2,360.7 billion (US$19,672 million), up ¥2.7 billion from the end of the previous fiscal year primarily due to increases in inventory despite a decline in property, plant and equipment.

Liabilities increased by ¥34.6 billion to ¥1,311.8 billion (US$10,932 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets decreased by ¥31.9 billion compared with the end of the previous fiscal year to ¥1,048.9 billion (US$8,741 million), reflecting fluctuations in foreign currency translation adjustment. Net assets less non-controlling interests and stock acquisition rights came to ¥969.3 billion (US$8,078 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 economic trends of China and other emerging countries and the impact of the normalization of the U.S monetary policy. The Japanese economy is also expected to break free from the current standstill and 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.

As for the full year through March 31, 2016, Toray revised its earnings forecasts to reflect the financial results for the first six months and uncertain economic situations both in Japan and overseas. It now expects consolidated net sales of ¥2,200.0 billion

(US$18,333 million), operating income of ¥155.0 billion (US$1,292 million), ordinary income of ¥155.0 billion (US$1,292 million) and net income attributable to owners of parent of ¥90.0 billion (US$750 million). The calculation of Toray Group's earnings forecasts from October 2015 onwards is based on an assumed foreign currency exchange rate of ¥120.0 to the U.S. dollar.

Notes:
1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥120.0 = U.S.$1, the approximate rate of exchange prevailing on September 30, 2015.
2. U.S. dollar amounts of forecast have been converted from yen at the exchange rate of ¥120.0 = U.S.$1, the estimated rate of exchange from October 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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