

February 6, 2014

[Summary] Consolidated Results  
for the Nine Months Ended December 31, 2013

Tokyo, February 6, 2014 - Toray Industries, Inc. ("Toray") today announced its consolidated business results for the nine months ended December 31, 2013 of the fiscal year ending March 31, 2014. 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 2012
	2013	2012	Change	2013	
	Yen		%	U.S. dollars	Yen
Net sales	<b>¥1,350,822</b>	¥1,173,395	15.1	<b>\$12,816</b>	¥1,592,279
Operating income	<b>74,859</b>	61,350	22.0	<b>710</b>	83,436
Ordinary income	<b>78,758</b>	63,825	23.4	<b>747</b>	88,244
Net income	<b>49,428</b>	37,286	32.6	<b>469</b>	48,477
Net income per share - Basic	<b>30.34</b>	22.88	-	-	29.75
Net income per share - Diluted	<b>29.47</b>	22.23	-	-	28.90

Consolidated Financial Condition

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

	As of December 31, 2013		As of March 31, 2013
	Yen	U.S. dollars	Yen
Total assets	<b>¥1,931,348</b>	<b>\$18,324</b>	¥1,731,933
Net assets	<b>896,122</b>	<b>8,502</b>	778,626
Equity ratio	<b>43.2%</b>	-	41.8%

Cash Dividends

(Yen)

	Cash dividends per share				
	1Q	2Q	3Q	4Q	Annual
FY2012	-	<b>¥5.00</b>	-	<b>¥ 5.00</b>	<b>¥10.00</b>
FY2013	-	<b>5.00</b>	-		
FY2013 (forecast)				<b>5.00</b>	<b>10.00</b>

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 ¥105.4 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2013.
3. Amounts are rounded to the nearest million.
4. Consolidated financial conditions as of March 31, 2013 are adjusted retrospectively by changes in accounting policies due to applying revised IAS 19.

## Segment Information

Net Sales	(Millions of yen, <i>millions of U.S. dollars</i> )		
	Nine months ended December 31,		
	2013	2012	2013
	Yen		U.S. dollars
Fibers & Textiles	¥568,216	¥478,298	\$5,391
Plastics & Chemicals	346,102	291,352	3,284
IT-related Products	184,516	177,620	1,751
Carbon Fiber Composite Materials	81,876	56,286	777
Environment & Engineering	117,022	118,748	1,110
Life Science	42,947	41,069	407
Others	10,143	10,022	96
Consolidated Total	1,350,822	1,173,395	12,816

Segment Income (Loss)	Nine months ended December 31,		
	2013	2012	2013
	Yen		U.S. dollars
Fibers & Textiles	¥41,534	¥34,721	\$394
Plastics & Chemicals	13,261	14,704	126
IT-related Products	17,288	15,907	164
Carbon Fiber Composite Materials	11,292	5,510	107
Environment & Engineering	1,098	(345)	10
Life Science	4,876	5,094	46
Others	1,158	914	11
Total	90,507	76,505	859
Adjustment	(15,648)	(15,155)	(148)
Consolidated Total (Operating income)	74,859	61,350	710

### Notes:

1. "Others" represents service-related businesses such as analysis, survey and research.
2. "Adjustment" of segment income (loss) 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. "Adjustment" of segment income (loss) for the nine months ended December 31, 2012 of (15,155) million yen includes intersegment eliminations of 162 million yen and corporate expenses of (15,317) 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 ¥105.4 = U.S.\$1, the approximate rate of exchange prevailing on December 31, 2013.
4. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the fiscal year ending March 31, 2014

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

	Year ending March 31, 2014	
	Yen	<i>U.S. dollars</i>
Net sales	¥1,830,000	\$18,300
Operating income	110,000	1,100
Ordinary income	110,000	1,100
Net income	60,000	600

Reference: EPS forecast (year ending March 31, 2014) ¥36.83

### Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥100 = 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, 2013

During the nine months under review, the global economy continued to expand gradually, as consumer spending in the U.S. grew on the back of improved employment, despite the European economy continuing to stagnate after bottoming out and the growth of China and other emerging economies slowing down. The Japanese economy has been recovering at a gradual pace with consumer spending increasing, public investment being steady and the private sector's capital expenditure also showing signs of recovery.

Under such circumstances, Toray Group has been implementing the growth strategy with focus on pursuing business expansion in growth business fields and growth regions and further bolstering its total cost competitiveness in accordance with the medium-term management program "Project AP-G 2013."

As a result, consolidated net sales for the nine months ended December 31, 2013 increased 15.1% compared with the same period of the previous fiscal year to ¥1,350.8 billion (US\$12,816 million). Operating income came to ¥74.9 billion (US\$710 million), up 22.0%, and ordinary income rose 23.4% to ¥78.8 billion (US\$747 million). Net income increased by 32.6% to ¥49.4 billion (US\$469 million).

Business performance by segment is described below.

### **Business Performance by Segment:**

#### *Fibers & Textiles*

In Japan, while sales of functional materials grew strongly, those of general apparel applications, though showing signs of recovery, remained weak. On the other hand, exports recovered partly due to the correction in the strong yen. Sales for industrial applications, led by automobile-related applications, continued on track to recovery. Overseas, while the conditions continued to be tough with Europe remaining mired in economic slump 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, while the floods in Thailand in October 2011 had affected the operations in the same period a year earlier, the production and sales recovered since then, contributing to the improved performance.

As a result, overall sales of Fibers & Textiles segment increased 18.8% to ¥568.2 billion (US\$5,391 million) compared with the same period a year earlier, and operating income increased 19.6% to ¥41.5 billion (US\$394 million).

#### *Plastics & Chemicals*

In the Plastics & Chemicals segment, though sales for automotive applications in the resin business increased in Japan, those for electronics and general industrial applications remained weak. The business was also affected by the increase in raw material prices resulting from the correction of the strong yen. Overseas, sales

expansion was led by automotive applications in North America, China and Southeast Asia.

Demand for the film business's products remained sluggish on the whole within and outside Japan, with continued price competition, even though domestic sales for capacitors used in hybrid cars remained strong.

Also, trading subsidiaries expanded their business transactions on the back of market recovery and strong overseas business.

As a result, overall sales of Plastics & Chemicals segment increased 18.8% to ¥346.1 billion (US\$3,284 million) compared with the same period a year earlier, while operating income fell 9.8% to ¥13.3 billion (US\$126 million).

#### *IT-related Products*

In the IT-related Products segment, shipment of films and processed film products for large LCD panels used in flat-screen TVs entered a correction phase with demand for TV stagnating. While sales for small and mid-sized displays such as smartphones and tablet terminals grew strongly in the first half, the demand slowed down in the third quarter due to the production adjustment of end products. Overseas, although sales at subsidiaries making films and processed film products in Republic of Korea performed strongly in the first half, they became weak in the third quarter reflecting the sluggish market for LCD panels. In general, price competition in the field continued partly due to the impact of price declines of end products.

Also, equipment sales at a Japanese subsidiary declined compared with the same period a year earlier.

As a result, overall sales of IT-related Products segment increased 3.9% to ¥184.5 billion (US\$1,751 million) compared with the same period a year earlier, and operating income rose 8.7% to ¥17.3 billion (US\$164 million).

#### *Carbon Fiber Composite Materials*

In the Carbon Fiber Composite Materials segment, as demand for aircraft as well as that in the environment and energy fields including compressed natural gas tank applications expanded, sales of carbon fibers and intermediate product (prepreg) grew strongly for aerospace applications and general industrial applications. In the composite business, sales of carbon fiber reinforced plastic chassis for notebook PCs, which boasts high strength and light weight, expanded.

As a result, overall sales of Carbon Fiber Composite Materials segment increased 45.5% to ¥81.9 billion (US\$777 million) compared with the same period a year earlier, and operating income rose 104.9% to ¥11.3 billion (US\$107 million).

#### *Environment & Engineering*

In the Environment & Engineering segment, while the market for water treatment membranes has not yet fully recovered reflecting continued uncertainties over the global economic outlook, shipment of reverse osmosis membranes to the Middle East was strong at Toray. Among domestic subsidiaries, the progress of plant construction projects remained slow at the engineering subsidiary.

As a result, overall sales of Environment & Engineering segment decreased 1.5% to ¥117.0 billion (US\$1,110 million), and operating income reached ¥1.1 billion yen (US\$10 million), which is a ¥1.4 billion improvement from the same period a year earlier.

#### *Life Science*

In the Life Science segment, sales of REMITCH<sup>®</sup>\*, an oral anti-pruritus drug for hemodialysis patients, expanded robustly, though other pharmaceutical products were affected by intensifying competition. Sales in Japan as well as exports of medical products including FILTRYZER<sup>®</sup>, polymethylmethacrylate (PMMA) dialysis membrane-based hemodialyzer, and TORAYSULFONE<sup>®</sup>, polysulfone membrane artificial kidneys, increased strongly.

As a result, overall sales of Life Science segment rose 4.6% to ¥42.9 billion (US\$407 million) compared with the same period a year earlier, and operating income declined 4.3% to ¥4.9 billion (US\$46 million).

\*REMITCH<sup>®</sup> is a registered trademark of Torii Pharmaceutical Co., Ltd.

#### *New Businesses and New Investments*

Toray established new life innovation-related bases in Medical Devices Center of the University of Minnesota, the U.S., and KOBE Biomedical Innovation Cluster in Japan to strengthen its capabilities in research and technology development for expanding its business in the life innovation field.

As well as pursuing its medical products, pharmaceuticals and bio tools businesses, Toray Group aims to offer solutions to the increasingly sophisticated needs in the medical field by providing advanced materials to medical device manufacturers and advanced functional materials for various products used in the field.

At the same time, the recent developments in medical technology has led to increasingly complex and sophisticated needs, necessitating a closer and swifter exchange of information with the medical field. At the newly established bases, Toray Group will start with building and enhancing networks with medical institutions and medical device manufacturers to grasp medical needs and expand its activities to research and technology development functions as well as business planning function in a phased manner. By doing so, Toray Group aims to grow the Group's medical device business and develop the advanced materials business in the life innovation field.

In addition, Toray Advanced Materials Korea Inc. ("TAK"), Toray's consolidated subsidiary in the Republic of Korea, agreed with Woongjin Holdings Co., Ltd. and others to purchase a 56.2% stake in Woongjin Holdings' subsidiary Woongjin Chemical Co., Ltd. for 430 billion won and signed a share acquisition agreement.

The acquisition of the stake expands and strengthens TAK's business foundations, as it adds Woongjin Chemical's main business of fibers and textiles as well as the water treatment filter business, which has been growing in recent years. The share acquisition was decided also on the ground that it would enable strategic use of Woongjin Chemical in business development of Toray Group as a whole and generate synergies with the Group's existing businesses.

Once the acquisition is completed, Toray will leverage Woongjin Chemical's management and human resources as well as its technological strengths to pursue sales expansion of high value added products on a global basis through its integrated operation as part of Toray Group with the aim of maximizing synergies from the share acquisition.

## 2. Analysis of Financial Condition

As of December 31, 2013, Toray Group's total assets stood at ¥1,931.3 billion (US\$18,324 million), up ¥199.4 billion from the end of the previous fiscal year primarily due to increases in inventory, fixed assets and investment securities.

Liabilities increased by ¥81.9 billion to ¥1,035.2 billion (US\$9,822 million) compared to the end of the previous fiscal year, owing mainly to an increase in interest-bearing debts.

Net assets increased ¥117.5 billion compared with the end of the previous fiscal year to ¥896.1 billion (US\$8,502 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 ¥833.9 billion (US\$7,912 million).

## 3. Forecast of Consolidated Results

While there remain uncertainties over Europe's sovereign debt problems and the debt-related issues of China's local governments, the global economy as a whole is expected to register a gradual recovery reflecting the continued stability in the U.S. economy and the recovery in the European and emerging economies. The growth rate of the Japanese economy is expected to increase on the back of economic policies, the improvement in export environment and last-minute demand before the consumption tax hike, though concerns remain that a drop in consumer spending after the tax rate increase, a potential downswing in overseas economies and return to a stronger yen and weak stock price 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 2013" and strive to drive forward the growth strategy and strengthen its revenue base.

As for the full year through March 31, 2014, Toray revised its earnings forecasts announced on November 7, 2013 to reflect the financial results for the first nine months and the latest economic climate in Japan and elsewhere which still remain grim. It now expects consolidated net sales of ¥1,830.0 billion (US\$18,300 million), operating income of ¥110.0 billion (US\$1,100 million), ordinary income of ¥110.0 billion (US\$1,100 million) and net income of ¥60.0 billion (US\$600 million). The calculation of Toray Group's earnings forecasts from January 2014 onwards is based on an assumed foreign currency exchange rate of ¥100 to the U.S. dollar.

Notes:

1. U.S. dollar amounts have been converted from yen at the exchange rate of ¥105.4 =U.S.\$1, the approximate rate of exchange prevailing on December 31, 2013.

2. U.S. dollar amounts of forecasts have been converted from yen at the exchange rate of ¥100 = 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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