Consolidated Financial Statements Summary

(For the nine months ended December 31, 2018)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

February 4, 2019

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(Amounts rounded to the nearest million yen)

1. Highlight of the Third quarter of FY2018 (April 1, 2018 through December 31, 2018)

(1) Consolidated financial results (Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the nine months ended December 31, 2018	659,650	7.3	48,102	-14.5	51,307	-9.7	40,753	2.6
For the nine months ended December 31, 2017	614,678	14.9	56,292	29.1	56,813	24.1	39,727	16.6

cf. Comprehensive income for the nine months ended December 31, 2018 : 47,936million yen (For the nine months ended December 31, 2017 : 71,320million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the nine months ended December 31, 2018	209.52	191.71
For the nine months ended December 31, 2017	201.92	182.83

* E.P.S.: Earnings per share

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2018	1,015,749	429,708	40.8
As of March 31, 2018	981,967	408,237	40.0

cf. Shareholders' equity as of December 31, 2018 : 413,926million yen (As of March 31, 2018 : 392,925million yen)

2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2017	—	30.00	—	30.00	60.00
FY2018	—	30.00	—		
FY2018 (Outlook)				40.00	70.00

Note: Revision of outlook for dividends in the Third quarter: No
*The year-end dividend per share for FY2018 (Outlook) includes an ordinary dividend of 30 yen and a commemorative dividend of 10 yen.

3. Forecast for operating results in the year ending March 31, 2019 (FY2018)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2018 annual	890,000	6.6	60,000	-14.1	62,000	-8.6	46,000	1.0	237.26

Note: Revision of outlook for FY2018 consolidated operating results in the Third quarter: Yes

4. Appropriate Use of Forecasts and Other Information and Other Matters

(1) Cautionary statement on forward-looking statements

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Qualitative Information on Outlook for Operating Results", beginning on page 3.

1. Qualitative Information

(1) Qualitative Information on Results of Operations

1) Analysis of Consolidated Results of Operations

Global economic conditions in the nine months ended December 31, 2018 remained opaque due to an economic slowdown in Europe and the PRC and trade friction between the U.S. and the PRC, while the U.S. economy saw continued moderate growth. The Japanese economy continued to stage a modest recovery, mainly reflecting firm capital investment and employment conditions.

In this environment, for the nine months ended December 31, 2018, the Teijin Group posted lower earnings on higher sales in the Materials Business Field, mainly reflecting the impact of persistently high price of raw materials and increased costs for the launch of projects in connection with new order intake in the composites business, despite firm sales. In the Healthcare Business Field, the Teijin Group posted lower earnings on higher sales, reflecting the absence of the upfront payment from Merck (¥3.0 billion) recorded in the same period of the previous fiscal year, although growth in sales covered the impact of downward revisions to drug prices and medical fees. Consolidated net sales totaled ¥659.6 billion, an increase of 7.3% year on year. Operating income decreased 14.5% to ¥48.1 billion. Ordinary income decreased 9.7% to ¥51.3 billion. Profit attributable to owners of parent rose 2.6% to ¥40.8 billion, helped by the recording of extraordinary income.

2) Business Segment Results for the nine months ended December 31, 2018

I. Materials Business Field

In the Materials Business Field, sales were ¥498.7 billion, up ¥41.7 billion year on year, while operating income was ¥17.3 billion, down ¥6.9 billion.

Material Business Group

Sales of aramid fibers were firm, and resin products and carbon fibers were impacted by rising raw material and fuel prices.

In Aramid Fibers, sales of *Twaron* para-aramid fibers were solid for optical fiber applications. Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as protective clothing and industrial applications.

In Carbon Fibers, sales of *TENAX* carbon fibers grew steadily for use in aircraft, as well as compound applications. Sales also expanded for pressure vessel applications; however, rising raw material and fuel prices pushed down earnings.

In Resin and Plastics Processing, our mainstay polycarbonate resin products saw a sharp decline in market prices that suppressed earnings, despite efforts to improve the sales mix with a larger ratio of high-value-added products that are relatively impervious to market impacts.

In Films, *Purex*, which is used as a release film for manufacturing processes mainly for multilayer ceramic capacitors for smartphones and automotive electronics, continued to expand. Sales also remained favorable for PEN film for use in automobiles and electronic components.

Polyester Fibers & Trading and Retail Business Group

Increased raw material and fuel prices had an impact despite brisk sales of functional apparel fiber material and others.

In Fiber Materials and Apparel, sales of both textiles and products grew due to use of the Company's unique functional materials, such as *SOLOTEX*. However, earnings were suppressed, mainly due to increases in raw material prices, personnel expenses, and other costs.

In Industrial Textiles and Materials, disaster prevention and infrastructure-related sales grew atop an increase in demand for disaster countermeasures, while healthcare product sales and high-performance staple fiber-related sales were also brisk. However, results were impacted by delays in some customer verification processes in automotive materials and increases in raw material prices.

Composites, Others
Sales increased due to favorable sales of automotive components in North America; however, raw materials prices increased.

In Composites, we recorded firm sales of mass-produced automotive components led by Continental Structural Plastics Holdings Corporation for pickup trucks and SUVs, which performed well in North America, and for large trucks, for which the market showed signs of recovery. Meanwhile, earnings were pushed down by rising raw material prices and higher one-time expenses for launch of projects in connection with new order intake.

In Battery Materials, sales of *LIELSORT* lithium-ion battery (LIB) separators for consumer applications were affected by a slump in demand for use in smartphones.

II. Healthcare Business Field

In the Healthcare Business Field, sales were ¥120.1 billion, up ¥1.3 billion year on year, while operating income was ¥31.3 billion, down ¥0.8 billion.

Sales were firm, despite the impact of recording consideration for the licensing out of an investigational antibody candidate in Pharmaceuticals in the same period of the previous fiscal year

In Pharmaceuticals, the sales were affected by the downward revisions to drug prices in the domestic market. In this climate, sales of hyperuricemia and gout treatment *FEBURIC* (febuxostat), the transdermal anti-inflammatory analgesic patch formulation *LOQOA* tape, and *Somatuline*®*, a treatment for acromegaly, continued to expand steadily.

* *Somatuline*® is the registered trademark of Ipsen Pharma, France.

In Home Healthcare, we maintained a high level of rental volume for therapeutic oxygen concentrators for home oxygen therapy (HOT), enhancing the lineup of portable oxygen concentrators (*Hi-Sanso Portable α (alpha), Hi-Sanso Portable α II*). Rental volume for continuous positive airway pressure (CPAP) units for the treatment of sleep apnea syndrome (SAS) increased favorably, mainly due to increasing the appeal of *NemLink*, a monitoring system for CPAP units that uses mobile phone networks, and to the use of the SAS-2100 sleeping pattern analysis devices.

In the area of New Healthcare initiatives, particularly in the field of implantable medical products, Teijin Nakashima Medical Co., Ltd. a Teijin group company developing the artificial joint and orthopedic spine product businesses, posted a solid business performance.

III. Others

In Others, sales were ¥40.9 billion, up ¥2.0 billion year on year, while operating income was ¥3.9 billion, down ¥0.3 billion.

In IT, the Digital Entertainment category saw expanded sales of the *Meccha Comics* e-comics distribution service. Sales growth was assisted by shifting a magazine published by SHUEISHA Inc. to a bi-monthly publication, and advancing relationships with publishing companies, such as the launch of a new magazine in collaboration with Futabasha Publishers Ltd. In the IT services category, we strengthened our sales structure by establishing a new partnership system with a view to future links between the web-based ERP software *GRANDIT* and robotic process automation (RPA).

(2) Qualitative Information on Financial Position

Assets, Liabilities and Net Assets

Total assets as of December 31, 2018 amounted to ¥1,015.7 billion, up ¥33.8 billion from the end of FY2017. The main reason for the increase in total assets was an increase in working capital.

Total liabilities amounted to ¥586.0 billion, up ¥12.3 billion from the end of FY2017. One main component of this change was an increase in short-term loans payable.

Total net assets amounted to ¥429.7 billion, up ¥21.5 billion from the end of FY2017. This was mainly due to profit attributable to owners of parent of ¥40.8 billion, which was partly offset by a decrease due to the acquisition of own shares, among other factors.

(3) Qualitative Information on Outlook for Operating Results

In light of our business performance for the nine-months ended December 31, 2018 and the recent business environment, we have revised the consolidated full-term operating results forecasts for FY2018 announced on November 5, 2018 as follows. We have assumed that the exchange rates from January 2019 onwards are ¥110 to US$1.00 and ¥125 to €1.00, and that the average Dubai crude oil price is US$60 per barrel.

Full-term operating results forecasts for FY2018

(Billions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Previous forecast (A)	900.0	65.0	67.0	48.0
Revised forecast (B)	890.0	60.0	62.0	46.0
Change (B–A)	-10.0	-5.0	-5.0	-2.0
Percentage change	-1.1%	-7.7%	-7.5%	-4.2%
(For reference) Results for FY2017	835.0	69.8	67.8	45.6

(For reference) Forecast for Segment Results (Billions of yen)

	Net sales		Operating income	
	For the nine months ended December 31,2018	Full term (Outlook)	For the nine months ended December 31,2018	Full term (Outlook)
Materials	498.7	680.0	17.3	23.5
Healthcare	120.1	155.0	31.3	36.5
Others	40.9	55.0	3.9	6.5
Elimination and corporate	-	-	(4.3)	(6.5)
Consolidated total	659.6	890.0	48.1	60.0

Italicized product and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries, or, where noted, are protected as the trademarks and/or trade names of other companies.

2. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
< Assets >		
Current assets		
Cash and deposits	96,418	102,603
Notes and accounts receivable-trade	177,777	180,369
Securities	14,000	36,000
Merchandise and finished goods	91,258	105,146
Work in process	10,828	13,480
Raw materials and supplies	34,179	36,462
Other current assets	53,978	49,328
Allowance for doubtful accounts	(578)	(675)
Total	**477,859**	**522,713**
Noncurrent assets		
Tangible assets		
Buildings and structures, net	60,107	62,677
Machinery and equipment, net	94,870	100,658
Other, net	85,313	93,962
Total	**240,289**	**257,297**
Intangible assets		
Goodwill	27,192	37,556
Other	33,149	32,049
Total	**60,341**	**69,605**
Investments and other assets		
Investment securities	127,721	97,967
Other	77,859	69,610
Allowance for doubtful accounts	(2,102)	(1,444)
Total	**203,479**	**166,134**
Total noncurrent assets	**504,108**	**493,036**
Total assets	**981,967**	**1,015,749**

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	92,383	94,955
Short-term loans payable	66,291	107,999
Current portion of long-term loans payable	16,175	2,442
Current portion of bonds	17,986	15,000
Income taxes payable	5,111	6,241
Provision for business structure improvement	9,572	82
Other	68,668	61,017
Total	**276,186**	**287,736**
Noncurrent liabilities		
Bonds payable	35,053	20,042
Long-term loans payable	207,163	226,859
Net defined benefit liability	35,650	36,502
Asset retirement obligations	1,426	1,469
Other	18,252	13,434
Total	**297,544**	**298,306**
Total liabilities	**573,730**	**586,041**
<Net assets>		
Shareholders' equity		
Capital stock	71,833	71,833
Capital surplus	104,685	103,893
Retained earnings	202,413	231,478
Treasury stock	(167)	(13,469)
Total	**378,765**	**393,734**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,377	32,029
Deferred gains or losses on hedges	903	166
Foreign currency translation adjustment	(14,815)	(11,291)
Remeasurements of defined benefit plans	(305)	(713)
Total	**14,160**	**20,192**
Subscription rights to shares	**860**	**821**
Non-controlling interests	**14,453**	**14,961**
Total net assets	**408,237**	**429,708**
Total liabilities and net assets	**981,967**	**1,015,749**

(2) Consolidated Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Net sales	**614,678**	**659,650**
Cost of sales	413,858	459,687
Gross profit	**200,819**	**199,963**
Selling, general and administrative expenses	144,527	151,861
Operating income	**56,292**	**48,102**
Non-operating income		
Interest income	768	701
Dividends income	1,895	2,125
Equity in earnings of affiliates	895	1,610
Gain on valuation of derivatives	887	2,785
Miscellaneous income	1,168	1,057
Total	5,613	8,278
Non-operating expenses		
Interest expenses	1,981	2,629
Foreign exchange losses	1,487	723
Miscellaneous loss	1,624	1,721
Total	5,092	5,073
Ordinary income	**56,813**	**51,307**
Extraordinary income		
Gain on sales of noncurrent assets	5,515	292
Gain on sales of investment securities	432	3,586
Reversal of provision for business structure improvement	310	34
Settlement received	—	4,500
Other	52	198
Total	6,310	8,610
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,516	1,178
Loss on valuation of investment securities	43	255
Impairment loss	385	3,953
Business structure improvement expenses	512	25
Other	502	219
Total	2,959	5,631
Income before income taxes	**60,164**	**54,286**
Income taxes	19,190	12,509
Profit	**40,974**	**41,777**
Profit attributable to non-controlling interests	1,247	1,024
Profit attributable to owners of parent	**39,727**	**40,753**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit	**40,974**	**41,777**
Other comprehensive income		
Valuation difference on available-for-sale securities	10,702	3,798
Deferred gains or losses on hedges	1,507	(737)
Foreign currency translation adjustment	17,588	3,757
Remeasurements of defined benefit plans, net of tax	(1,018)	(454)
Share of other comprehensive income of associates accounted for using equity method	1,566	(204)
Total	**30,346**	**6,159**
Comprehensive income	**71,320**	**47,936**
Comprehensive income attributable to :		
Owners of parent	69,742	46,785
Non-controlling interests	1,577	1,152

3. Segment and Other Information

Notes Pertaining to Going Concern Assumption:

None

Notes on Significant Changes in Shareholders' Equity:

At a meeting of the Board of Directors held on August 1, 2018, the Company passed a resolution on matters relating to the acquisition of its own shares in accordance with the provisions of Article 459, Paragraph 1 of Japan's Companies Act and Article 41 of the Company's Articles of Incorporation. As a result, the Company acquired 9,107,400 shares of its common stock for 20,000 million yen. Furthermore, the Company disposed of 6,624 million yen in treasury shares upon the conversion of convertible bond-type bonds with share acquisition rights.

Due mainly to the foregoing factors, treasury stock increased by 13,302 million yen in the nine months ended December 31, 2018. Treasury stock stood at 13,469 million yen as of December 31, 2018.

Adoption of special quarterly accounting methods:

Certain of the consolidated subsidiaries of the Company have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the nine months ended December 31, 2018, following the application of tax effect accounting to income before income taxes, and multiplying this by quarterly income before income taxes to estimate quarterly tax expense.

Additional Information:

Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.":

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the three months ended June 30, 2018. Accordingly, deferred tax assets have been presented under investments and other assets and deferred tax liabilities have been presented under noncurrent liabilities.

Segment information

(1) Results of the Third quarter of FY2017 (April 1, 2017 through December 31, 2017)

1) Segment sales and operating income

(Millions of yen)

	Reportable operating segments			Others*	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	456,965	118,842	575,807	38,871	614,678
2) Intersegment transactions or transfers	829	2	831	6,010	6,842
Net sales	457,794	118,844	576,638	44,881	621,519
Segment income	24,184	32,102	56,287	4,170	60,457

* "Others," which includes the IT business, does not qualify as a reportable operating segment.

2) Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment) (Millions of yen)

Operating income	Amount
Total reportable operating segments	56,287
Others segment	4,170
Elimination of intersegment transactions	161
Corporate expenses*	(4,325)
Operating income	56,292

* Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to head office administration.

3) Loss on impairment and goodwill by reportable segments

This item has been omitted because it is of low significance.

(2) Results of the Third quarter of FY2018 (April 1, 2018 through December 31, 2018)

1) Segment sales and operating income

(Millions of yen)

	Reportable operating segments			Others*	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	498,661	120,128	618,789	40,861	659,650
2) Intersegment transactions or transfers	1,728	2	1,729	5,184	6,913
Net sales	500,389	120,130	620,518	46,045	666,563
Segment income	17,259	31,263	48,522	3,858	52,380

* "Others," which includes the IT business, does not qualify as a reportable operating segment.

2) Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment) (Millions of yen)

Operating income	Amount
Total reportable operating segments	48,522
Others segment	3,858
Elimination of intersegment transactions	166
Corporate expenses*	(4,444)
Operating income	48,102

* Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to head office administration.

3) Loss on impairment and goodwill by reportable segments

Significant impairment of noncurrent assets

In the Materials Business Field, the Company recorded an impairment loss of 3,752 million yen in the nine months ended December 31, 2018.

Significant changes in goodwill

In the Materials Business Field, the Company recorded goodwill of 11,527 million yen in the nine months ended December 31, 2018 due to the acquisition of all shares of Brick Holding GmbH (holding company), whose major operating company is J.H. Ziegler GmbH. The amount of goodwill has been determined provisionally as the allocation of the acquisition cost had not been completed as of December 31, 2018.