
Flash Report

Results of FY2018 3Q & Outlook for FY2018

Teijin Limited
February 4, 2019

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Disclaimer Regarding Forward-Looking Statements

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.

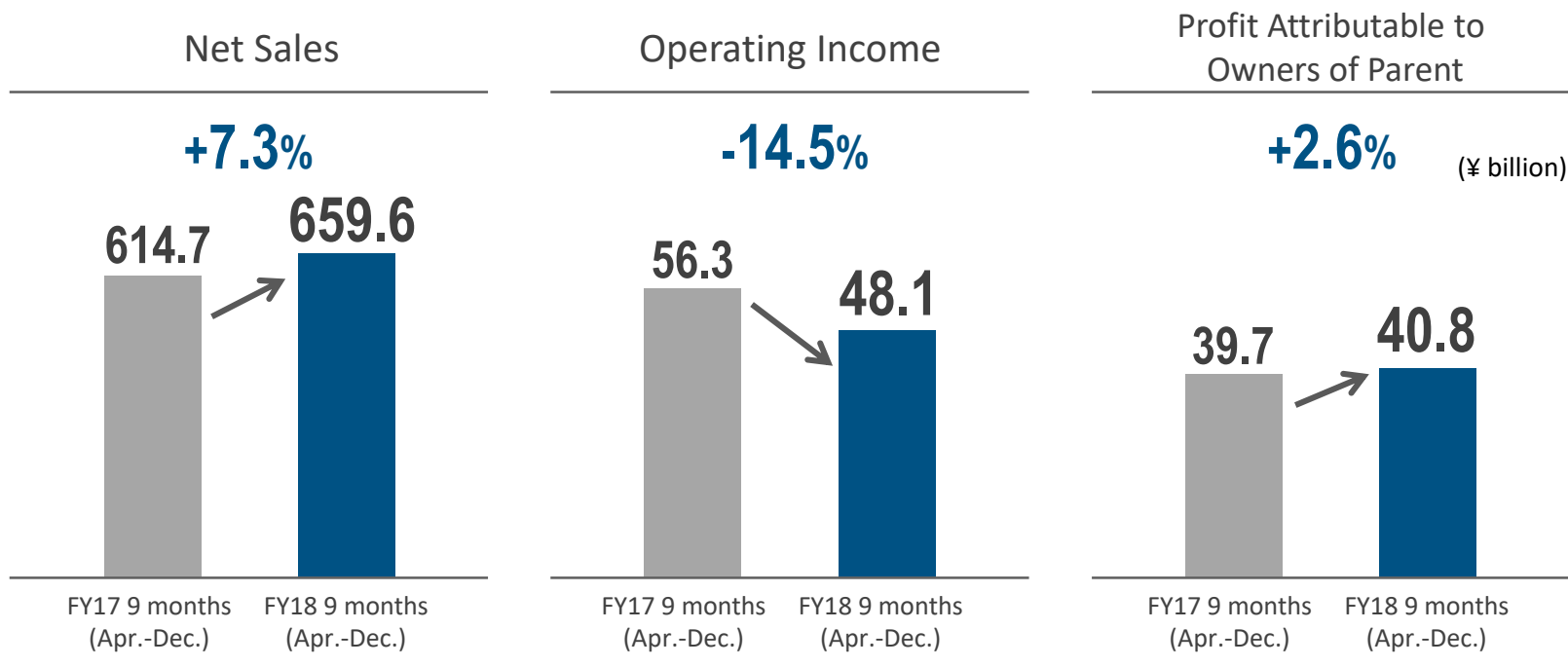
Note

This material is based on the consolidated results for FY2018 3Q announced at 11:30 A.M. on Feb. 4, 2019 (local time in Japan).

1. Results of the FY2018 3Q

Performance Highlights

- Record-high profit attributable to owners of parent for a nine-month period



- Net sales increased due to firm sales in both Materials and Healthcare.
- Operating income was pushed down by increases in raw material and fuel prices and increased one-time expenses at CSP* in connection with new project orders
- Profit attributable to owners of parent increased, partly due to increases in extraordinary income.

(¥ billion)

◆ Operating Results

	FY17	FY18	Difference	% Change		FY17	FY18	Difference	% Change
	9 months (Apr.-Dec.)	9 months (Apr.-Dec.)				9 months (Apr.-Dec.)	9 months (Apr.-Dec.)		
Net Sales	614.7	659.6	+45.0	+7.3%	CAPEX*4	28.6	40.7	+12.1	+42.2%
Operating Income	56.3	48.1	-8.2	-14.5%	Depreciation & Amortization	34.1	35.5	+1.4	+4.0%
Non-operating Items (Net)	0.5	3.2	+2.7	+515.1%	R&D Expenses	25.7	25.0	-0.7	-2.6%
Ordinary Income	56.8	51.3	-5.5	-9.7%					
Extraordinary Items (Net)	3.4	3.0	-0.4	-11.1%					
Income Before Income Taxes	60.2	54.3	-5.9	-9.8%					
Profit Attributable to Owners of Parent	39.7	40.8	+1.0	+2.6%					
					◇ PL exchange rate	FY17	FY18		
						9 months (Apr.-Dec.)	9 months (Apr.-Dec.)	Difference	
ROE *1	14.4%	13.5%	-0.9%		JPY / USD	112	111	-1	
ROIC *2	11.8%	9.9%	-1.9%		JPY / EUR	129	129	+1	
EBITDA *3	90.4	83.6	-6.8		USD / EUR	1.15	1.17	+0.01	

*1 ROE= Profit attributable to owners of parent / Shareholders' equity

*2 ROIC based on operating income = Operating income / invested capital

(Invested capital = Net assets + Interest-bearing debt – Cash and deposits)

*3 EBITDA = Operating income + Depreciation & amortization

*4 CAPEX includes investments in intangible assets

Note : 9 months ROE and ROIC are determined by multiplying income in 9months by a factor of four-third

(¥ billion)

◆ Non-operating items

	FY17 9 months (Apr.-Dec.)	FY18 9 months (Apr.-Dec.)	Difference
Interest income	0.8	0.7	-0.1
Dividends income	1.9	2.1	+0.2
Equity in earnings of affiliates	0.9	1.6	+0.7
Gain on valuation of derivatives	0.9	2.8	+1.9
Others	1.2	1.1	-0.1
Non-operating income, total	5.6	8.3	+2.7
Interest expenses	2.0	2.6	+0.6
Foreign exchange losses	1.5	0.7	-0.8
Others	1.6	1.7	+0.1
Non-operating expenses, total	5.1	5.1	-0.0
Non-operating items, total	0.5	3.2	+2.7

◆ Extraordinary items

	FY17 9 months (Apr.-Dec.)	FY18 9 months (Apr.-Dec.)	Difference
Gain on sales of noncurrent assets	5.5	0.3	-5.2
Gain on sales of investment securities	0.4	3.6	+3.2
Settlement received	-	4.5	+4.5
Others	0.4	0.2	-0.1
Extraordinary income, total	6.3	8.6	+2.3
Loss on sales and retirement of noncurrent assets	1.5	1.2	-0.3
Impairment loss	0.4	4.0	+3.6
Others	1.1	0.5	-0.6
Extraordinary loss, total	3.0	5.6	+2.7
Extraordinary items, total	3.4	3.0	-0.4

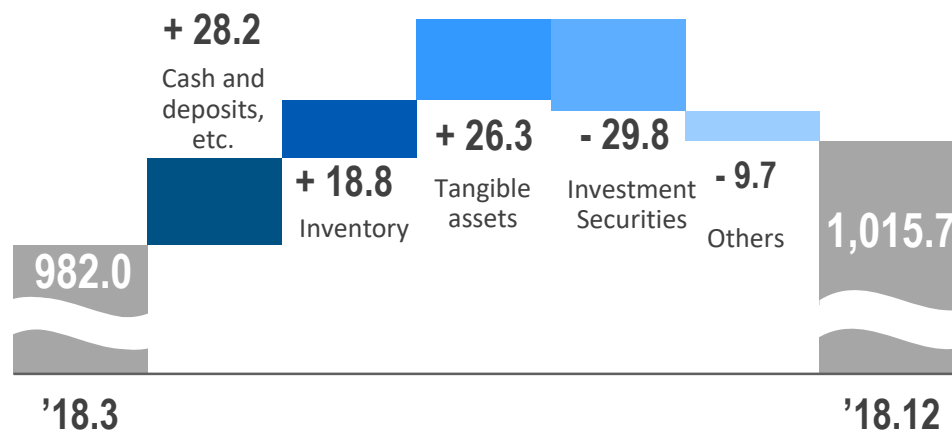
◆ Financial position

	Mar. 31, 2018*	Dec. 31, 2018	Difference	(Impact of foreign exchange rate)
Total assets	982.0	1,015.7	+33.8	-1.0
Liabilities	573.7	586.0	+12.3	+0.3
[Interest-bearing debt]	344.2	374.0	+29.8	+1.3
Net assets	408.2	429.7	+21.5	-1.3
D/E ratio	0.88	0.90	+0.03	-

*The partial amendments to the “Accounting Standard for Tax Effect Accounting” have been retrospectively reflected in the figures as of March 31, 2018.

◇ Changes in total assets

(¥ billion)



◆ Cash flows

(¥ billion)

	FY17 9 months (Apr.-Dec.)	FY18 9 months (Apr.-Dec.)	Difference
Operating activities	56.0	59.2	+3.2
Investing activities	(34.8)	(20.3)	+14.5
Free cash flow	21.2	38.9	+17.7
Financing activities	(36.0)	(9.6)	+26.4
Net inc/dec in Cash & cash equivalents	(14.8)	29.3	+44.0

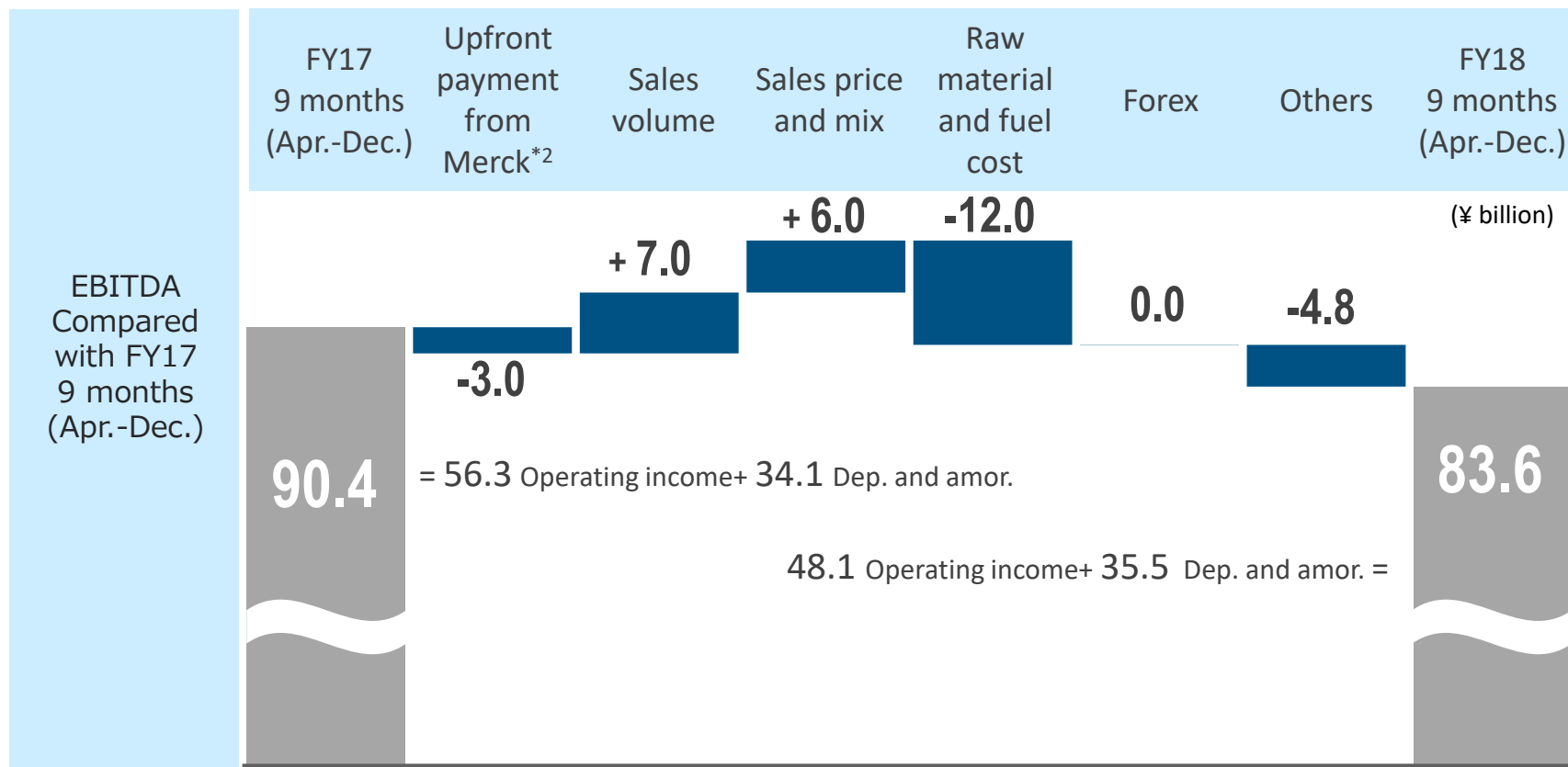
Note: Cash flows fall outside the scope of quarterly results reporting under the Financial Instruments and Exchange Act.

◇ BS exchange rate

	Mar. 31, 2018	Dec. 31, 2018	Difference
JPY / USD	106	111	+5
JPY / EUR	131	127	-4
USD / EUR	1.23	1.14	-0.08

◆ Changes in EBITDA*¹ Compared with FY17 9months(Apr-Dec.)

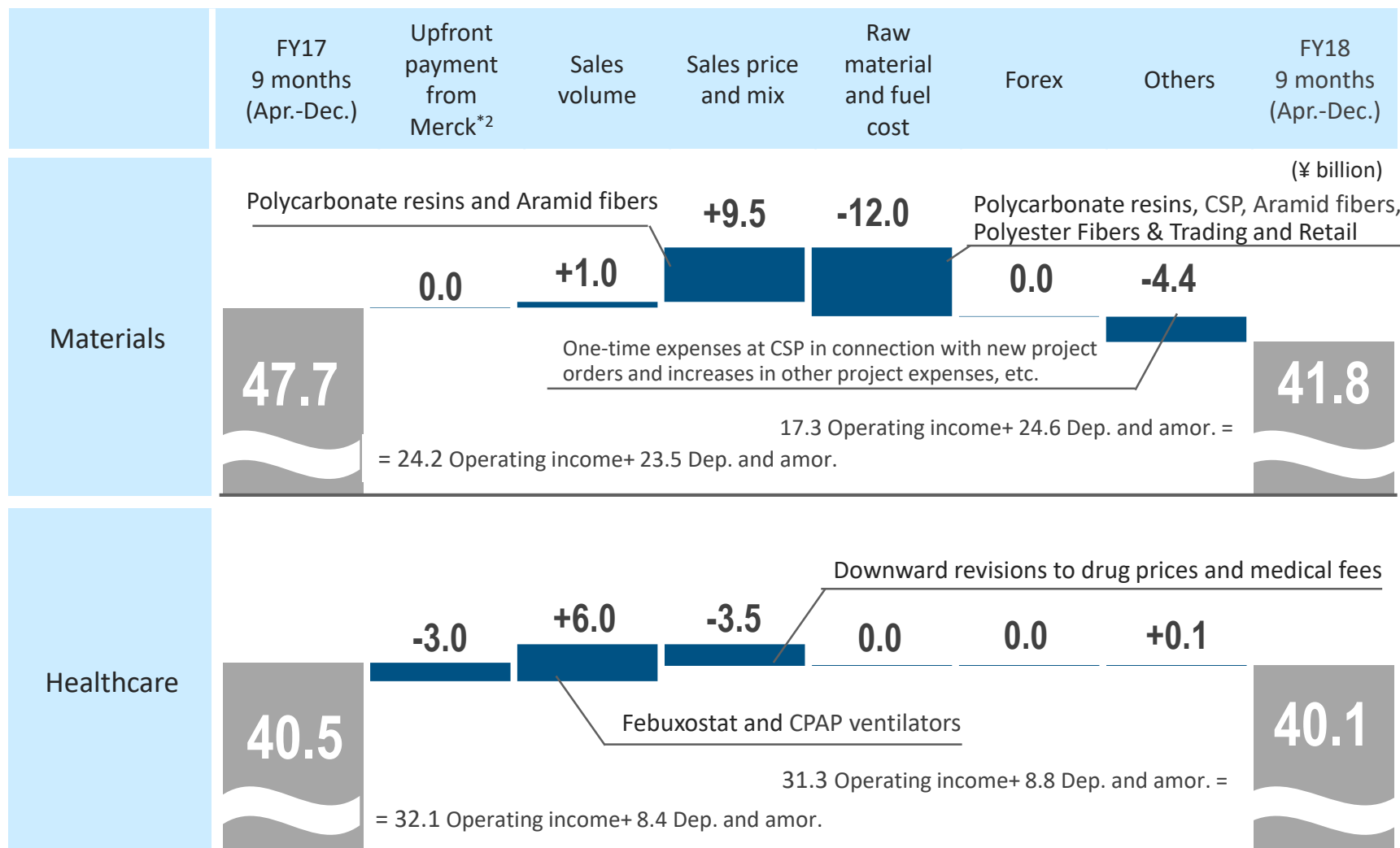
EBITDA decreased, mainly due to the impact of increases in raw material and fuel prices and one-time expenses at CSP in connection with new orders, despite growth in sales value due to solid sales



*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of a n investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

◆ Changes in EBITDA*¹ by segment Compared with FY17 9 months(Apr.-Dec.)



*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

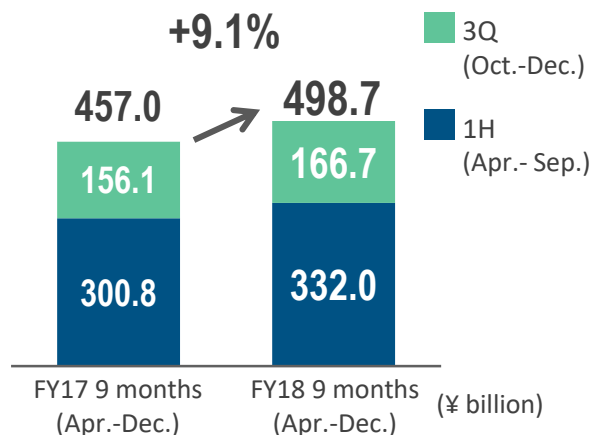
◆ Operating Results by Segment

		(¥ billion)			
		FY17 9 months (Apr.-Dec.)	FY18 9 months (Apr.-Dec.)	Difference	% Change
Net sales	Material business group	186.6	197.2	+10.6	+5.7%
	Polyester Fibers & Trading and Retail business group	215.6	235.2	+19.6	+9.1%
	Composites, others	54.8	66.3	+11.4	+20.9%
	Materials Total	457.0	498.7	+41.7	+9.1%
	Healthcare	118.8	120.1	+1.3	+1.1%
	Others	38.9	40.9	+2.0	+5.1%
	Total	614.7	659.6	+45.0	+7.3%
Operating income (loss)	Materials	24.2	17.3	-6.9	-28.6%
	Healthcare	32.1	31.3	-0.8	-2.6%
	Others	4.2	3.9	-0.3	-7.5%
	Elimination and Corporate	(4.2)	(4.3)	-0.1	-
	Total	56.3	48.1	-8.2	-14.5%

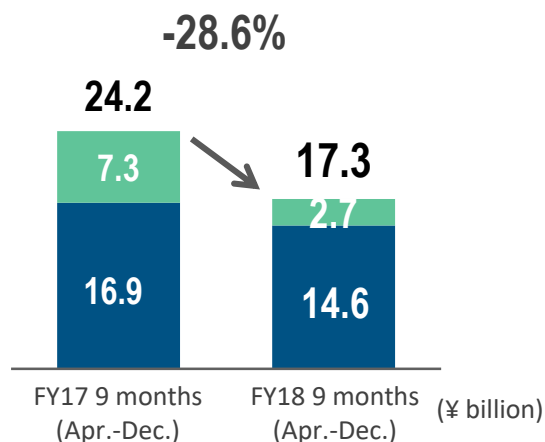
Materials

- Net sales increased due to firm sales in each business
- Earnings decreased mainly due to increases in raw material and fuel prices and one-time expenses at CSP

Net sales



Operating income



Material business group

- Sales of aramid fibers were firm, primarily for optical fiber applications
- Earnings in carbon fibers were pushed down by factors such as expenses for launching a new plant in North America
- Impact from deterioration in market conditions for certain polycarbonate resin products was partially absorbed by a shift in the portfolio to high-value added products
- Sales of release films for manufacturing processes were favorable

Polyester Fibers & Trading and Retail business group

- Results reflect the impacts of increases in raw material and fuel prices, despite firm sales of functional apparel fiber in fiber materials and disaster mitigation and bedding-related products in industrial materials

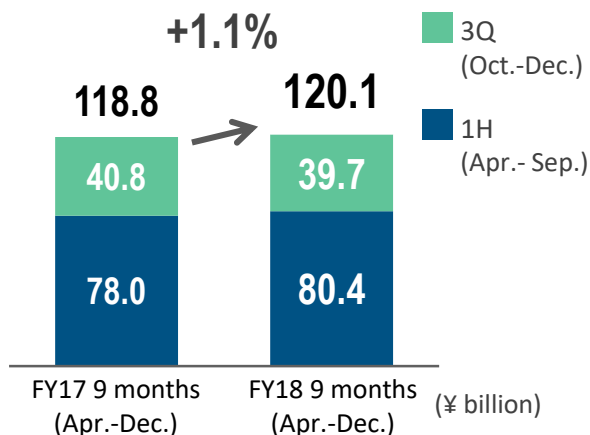
Composites, others

- Rising raw material prices and increased one-time expenses at CSP in connection with new project orders, despite steady increases in sales of mass-produced automotive components of CSP
- Lithium-ion battery (LIB) separators were affected by a slump in smartphone demand

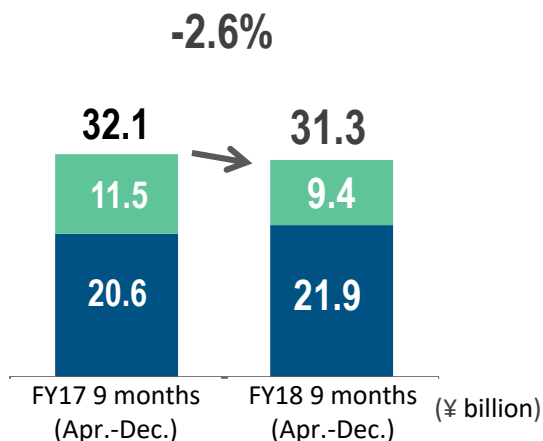
Healthcare

• Sales of core products and services were firm. Discounting the impact of consideration for the licensing out of an investigational antibody candidate recorded in FY17 (¥3.0 billion), earnings also increased

Net sales



Operating income



Pharmaceuticals

- Sales expansion of hyperuricemia and gout treatment *FEBURIC* covered the impact of downward revisions to drug prices
- Impact from the absence of consideration for licensing out of an investigational antibody candidate recorded in FY17 (¥3.0 billion)

Home Healthcare

- Rental volume for oxygen concentrators for home oxygen therapy (HOT) remained at high levels, helped partly by an enhanced lineup of portable oxygen concentrators
- Rental volume for continuous positive airway pressure (CPAP) ventilators increased, mainly due to the use of the SAS-2100 sleeping pattern analysis devices.

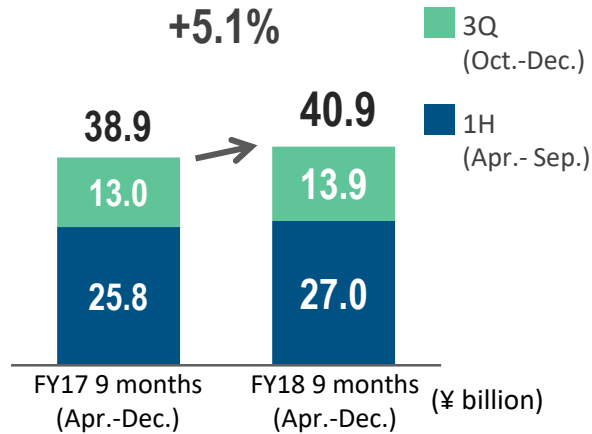
New Healthcare

- Implantable medical products performed steadily, driven primarily by artificial joint and orthopedic spine products

Others

The IT business delivered a solid performance

Net sales

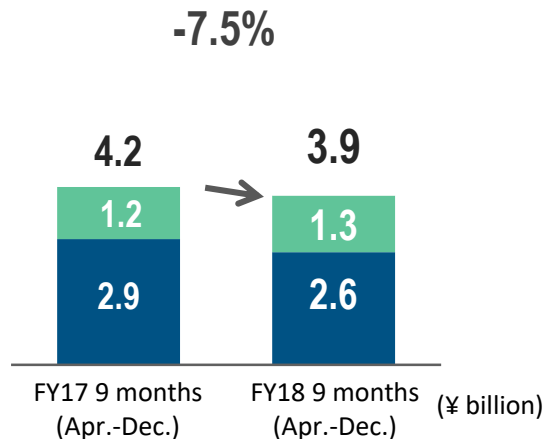


IT

- *The MECCHA COMICS* e-comics distribution service expanded steadily
- Strengthened sales structure in the IT services category by establishing a new partnership system with a view to links between the Web-ERP* software package *GRANDIT* and RPA

*Integrated operation streamlining software package

Operating income



2. Outlook for FY2018

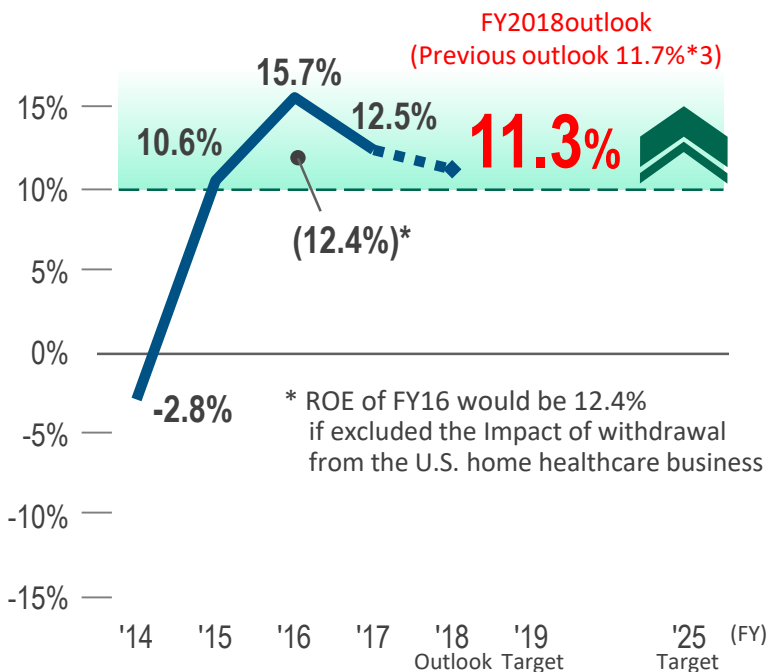
Key Financial Indicators

- ROE to remain at our medium-term target of 10% or more
- EBITDA to progress steadily toward the target for FY2019
- The EBITDA forecast for FY2018 is ¥107.0 billion.

ROE*1

Medium-term target

10% +

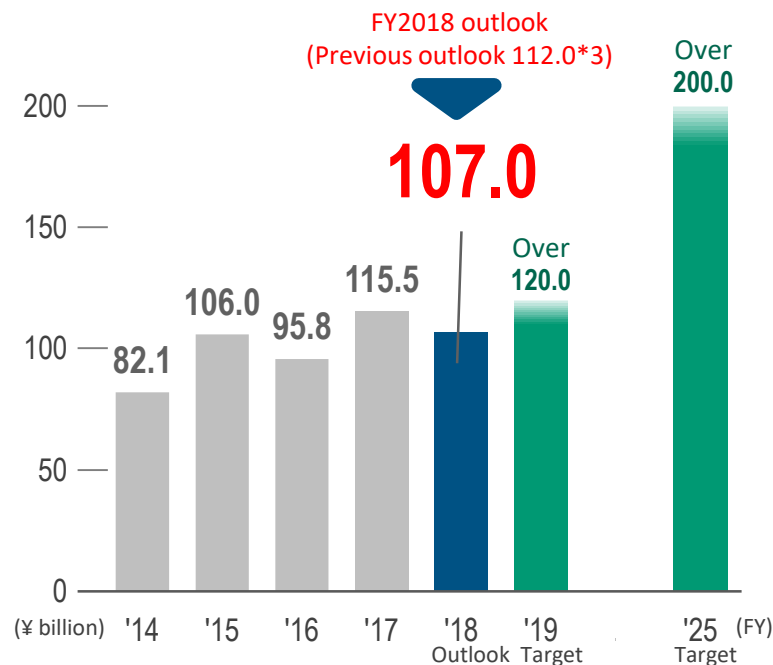


Trend

EBITDA*2

Over ¥120 billion in FY2019

Over ¥200 billion in FY2025



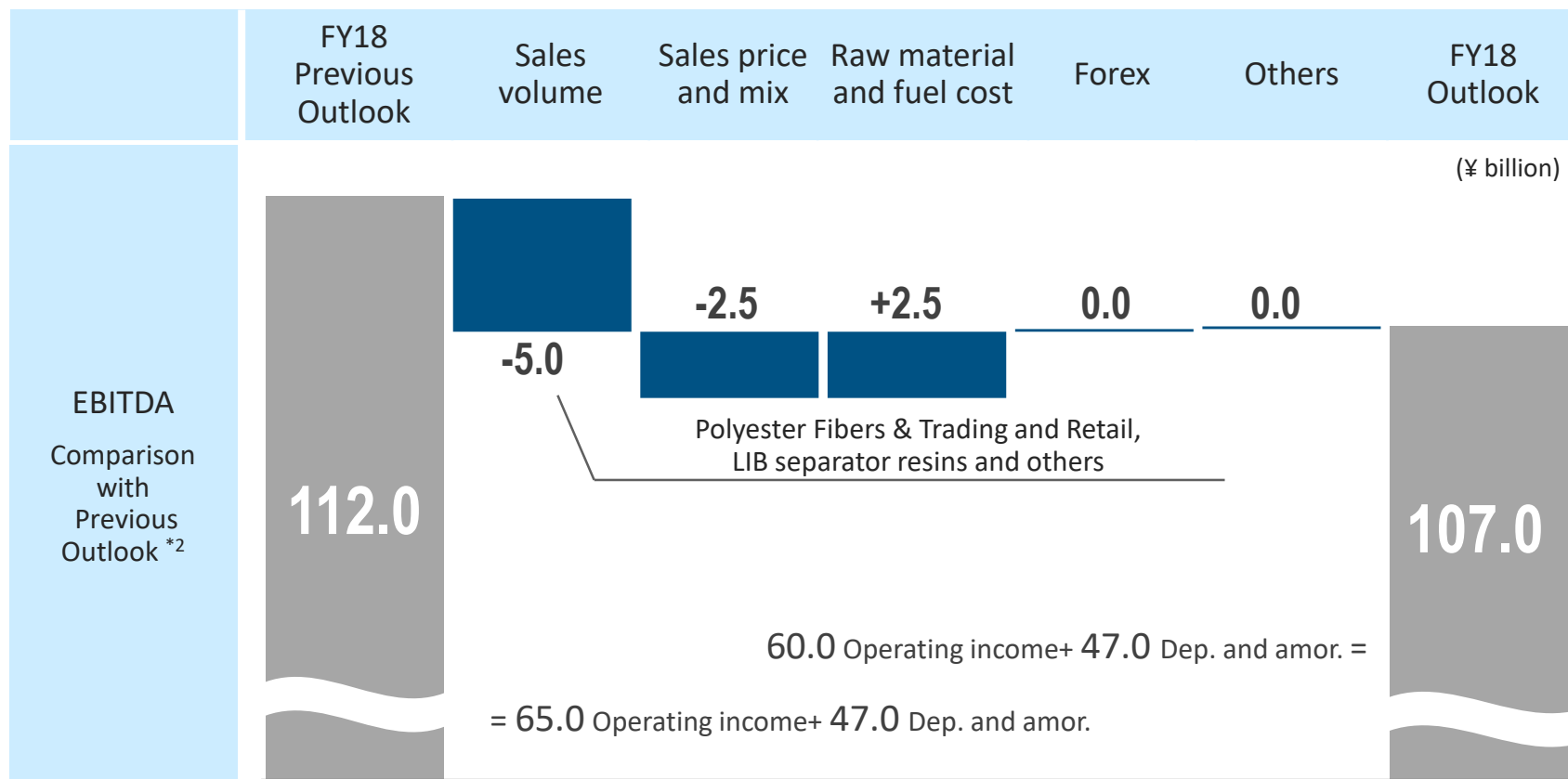
*1 ROE=Profit (loss) attributable to owners of parent/Shareholders' equity

*2 EBITDA = Operating income + Depreciation & amortization

*3 Announced on November 5, 2018

◆ Changes in EBITDA*¹ Compared with Previous Outlook*²

Sales volume of the Polyester Fibers & Trading and Retail and LIB separator was lower than the previous forecast

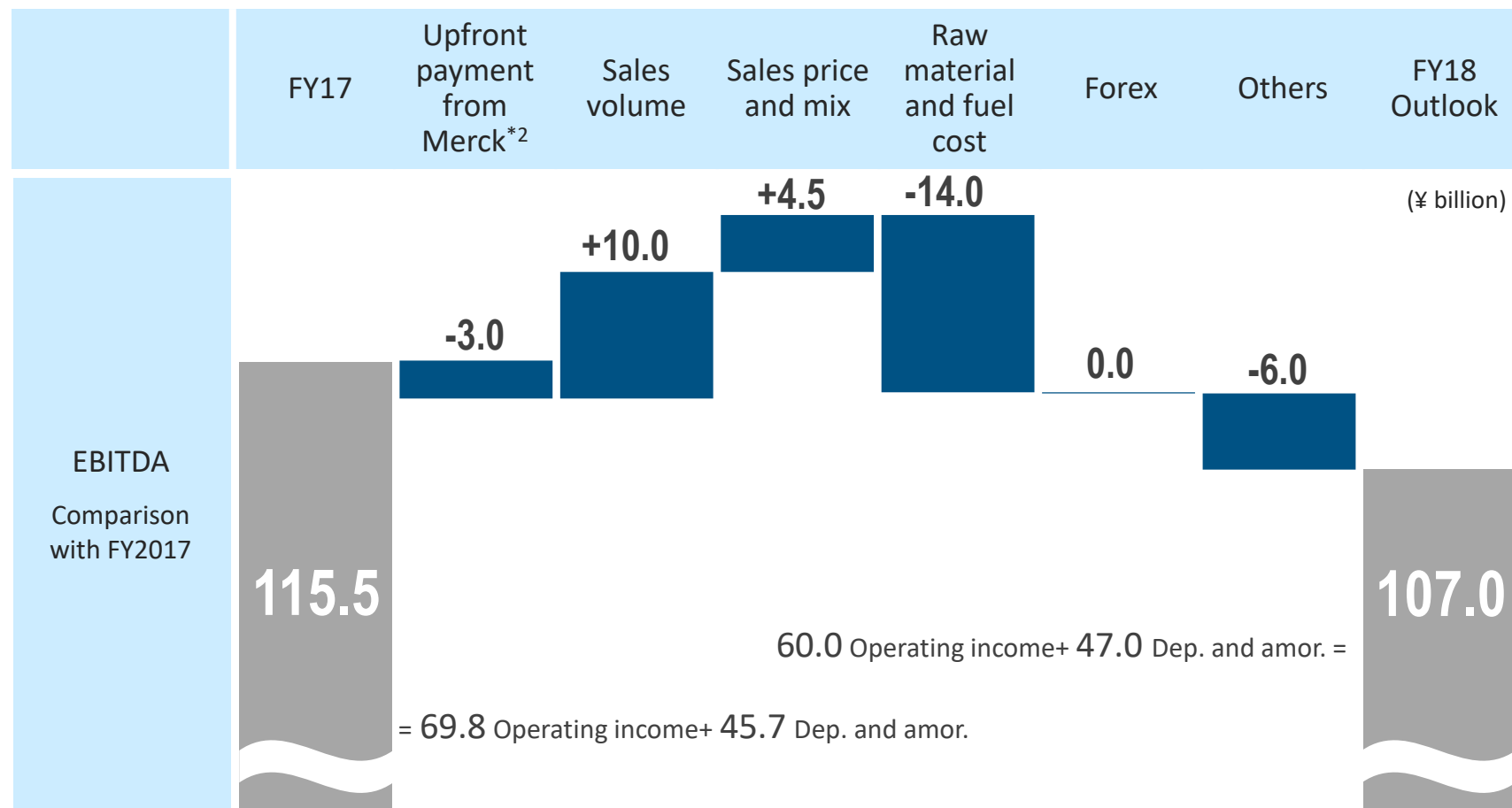


*1 EBITDA = Operating income + Depreciation & amortization

*2 Announced on November 5, 2018

◆ Changes in EBITDA*¹ Compared with FY17

EBITDA expected to decrease, mainly due to the impact of increases in raw material and fuel prices and one-time expenses for new project orders at CSP

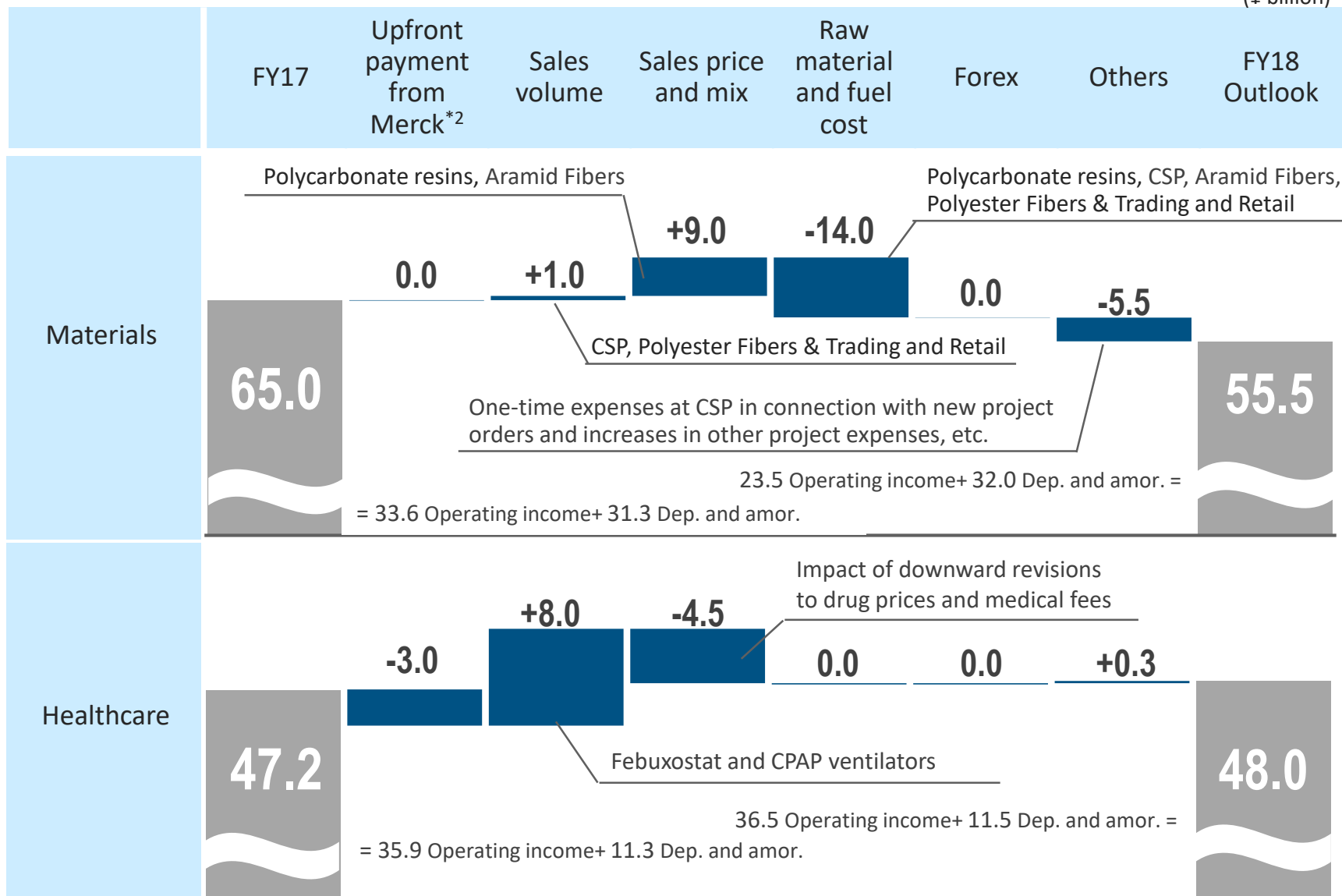


*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

◆ Changes in EBITDA*¹ by segment Compared with FY17

(¥ billion)

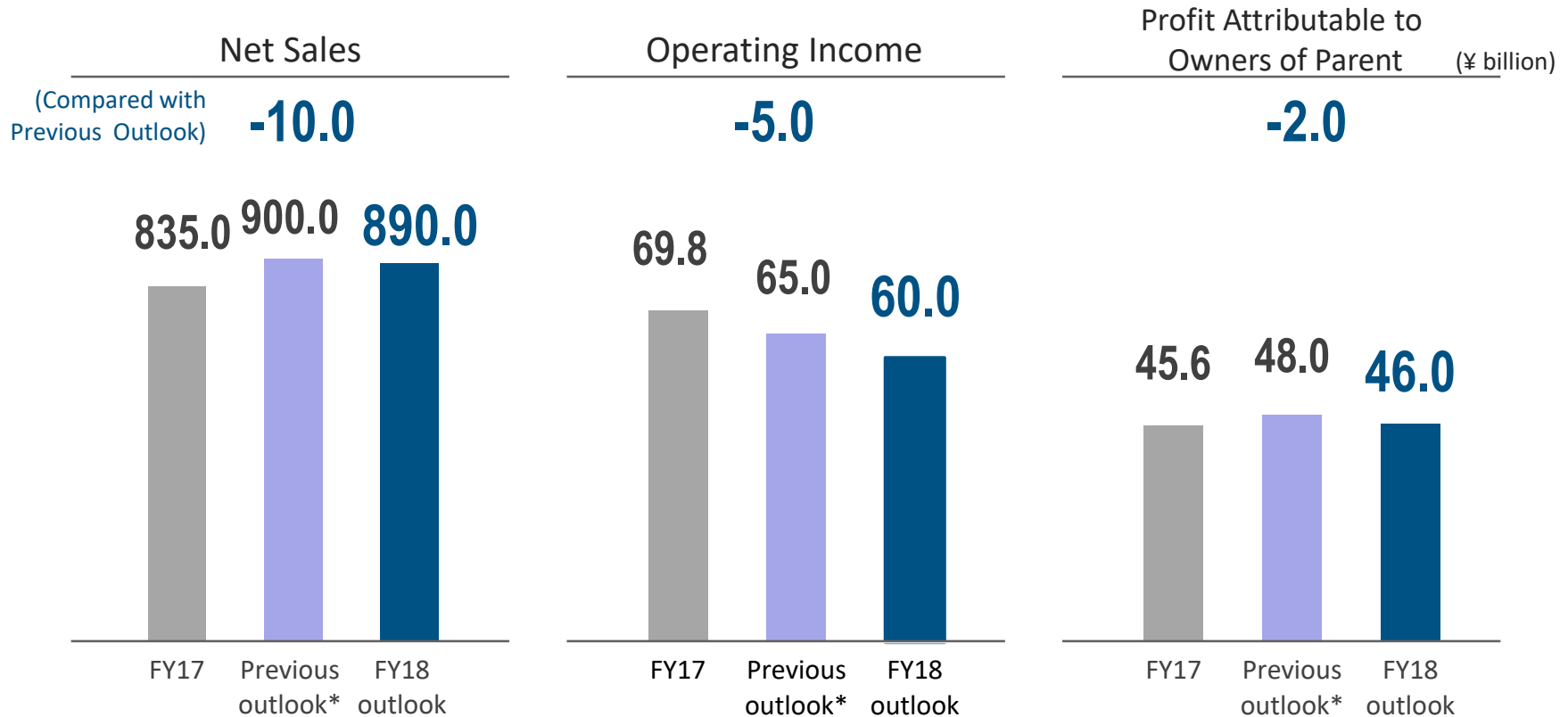


*1 EBITDA = Operating income + Depreciation & amortization

*2 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

Outlook for FY2018

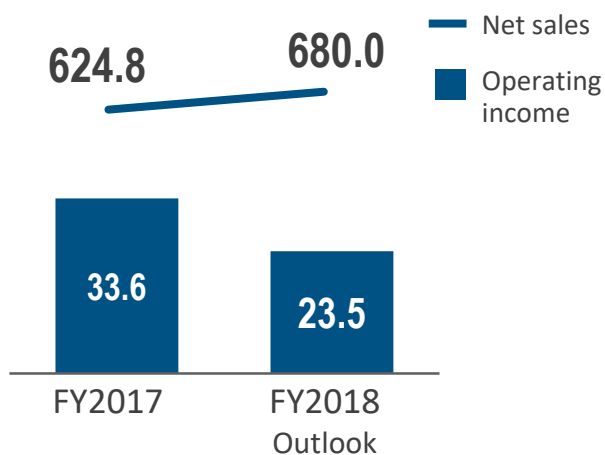
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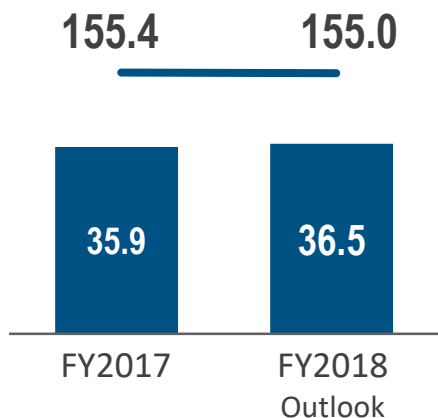
* Announced on November 5, 2018

Outlook for FY18 by segment

Materials (¥ billion)



Healthcare (¥ billion)



Lower earnings on higher sales

- Sales are expected to increase, mainly due to steady sales at CSP and Polyester Fibers & Trading and Retail and penetration of price increases for aramid fibers
- Earnings are expected to decrease, mainly due to the impact of increases in raw material and fuel prices and one-time expenses for new project orders at CSP

Slight increase in earnings on flat sales

- Firm market sales and services to continue in both Japan and overseas. These will cover the impact of downward revisions to drug prices and medical fees and the absence of an upfront payment from Merck (¥3.0 billion) in FY2017

FEBURIC

- A decision was made to grant a two-year extension of the reexamination period in Japan (until January 2021)*

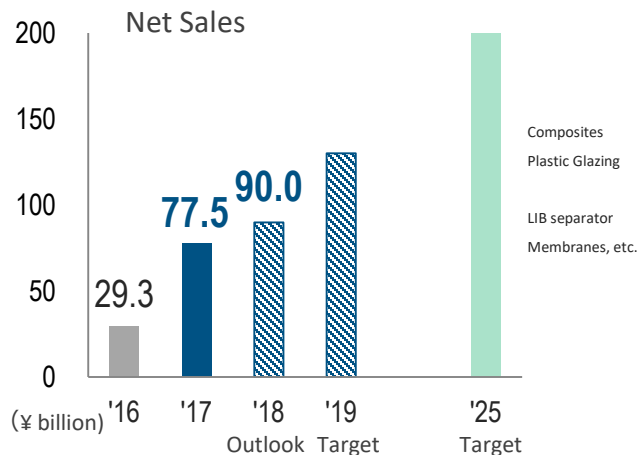
*In Japan, generic products are not expected to enter the market until early FY2022.

- In the PRC, approval was obtained in September 2018.

Transformation Strategy: Progress and Outlook

- Materials: Strengthen development of automotive composite materials in China
- Healthcare: Continue upgrading and expanding the service lineup

Materials



CPS's China joint venture, CSP Victall decided to construct a second plant in PRC. CSP will actively launch various products in the Chinese market, such as battery boxes for EVs and pick-up truck components.



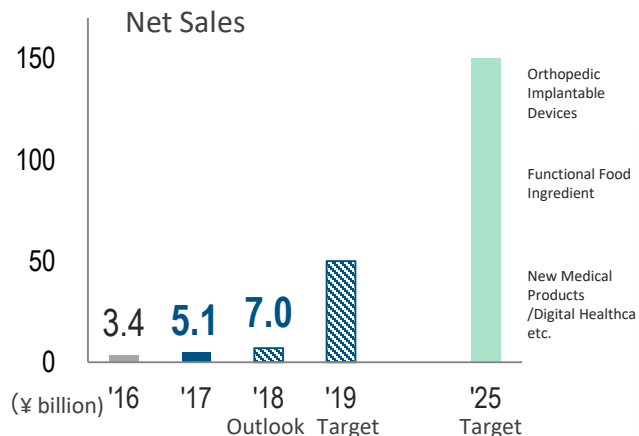
Signing ceremony for construction of the new plant

CSP Victall (Tangshan) Structural Composites Co., Ltd.
Established: 2014 HQ: Tangshan City, PRC
President: Carlos Song

CSP-Victall is a joint venture between CSP and Qingdao Victall Railway (Group) Co., Ltd., which manufactures parts and modules for railways in China. Since 2015, the company has manufactured automotive component products and GF-SMC* intermediary materials.

*Glass Fiber Sheet Molding Compound

Healthcare



Second functional food material to follow enhanced barley
Start of sales of *Inulia*, the Company's inhouse product made from inulin, a fermentable dietary fiber

Started sales of inhouse product made from inulin in December 2018 to accelerate marketing activities for the *Inulia* brand.



Teijin's product *Inulia*

Inulia

Inulin with high intestinal fermentation potential. Having a line-up of multiple chain lengths, *Inulia* is suitable for a wide range of applications. Used as a natural sweetener to replace sugar and fat, it can reduce caloric intake, and create beverages and foods that facilitate intake of dietary fiber.

*Inulin: A type of soluble dietary fiber mainly extracted from the chicory plant, Asteraceae.

◆ Summary of Outlook for FY2018

(¥ billion)	FY2017	FY2018 Outlook	Difference	% Change	Previous Outlook*5	Difference
Net sales	835.0	890.0	+55.0	+6.6%	900.0	-10.0
Operating income	69.8	60.0	-9.8	-14.1%	65.0	-5.0
Ordinary income	67.8	62.0	-5.8	-8.6%	67.0	-5.0
Profit (loss) attributable to owners of parent	45.6	46.0	+0.4	+1.0%	48.0	-2.0
ROE*1	12.5%	11.3%	-1.1%		11.7%	-0.3%
ROIC *2	11.2%	9.1%	-2.1%		10.0%	-0.9%
EBITDA *3	115.5	107.0	-8.5		112.0	-5.0
Free cash flow	28.8	20.0	-8.8		15.0	+5.0
CAPEX*4	44.6	70.0	+25.4		75.0	-5.0
Depreciation & Amortization	45.7	47.0	+1.3		47.0	0
R&D Expenses	35.9	37.0	+1.1		37.0	0

Assumptions for FY2018 4Q outlook

Exchange rates : ¥110/US\$1.00, and ¥125/€1.00

An average Dubai crude oil price : US\$60/barrel

*1 ROE= Profit attributable to owners of parent / Shareholders' equity

2 ROIC based on operating income = Operating income / invested capital

*Net assets + Interest-bearing debt – Cash and deposits

*3 EBITDA = Operating income + Depreciation & amortization

Dividend forecasts (No changes from previous outlook)

Interim: ¥30 per share Year-end: ¥40 per share*

Annual: ¥70 per share *Including a commemorative dividend of ¥10 per share for our founding centennial)

Conducted share buybacks (approx. ¥20.0 billion in Aug.)

*4 CAPEX includes investments in intangible assets

*5 Announced on November 5, 2018

3. Supplementary information

◆ Key Financial Indicators by segment

	FY2017	FY2018 Outlook	Difference	Previous Outlook*1	Difference
EBITDA*2 (¥ billion)					
Materials	65.0	55.5	-9.5	62.0	-6.5
Healthcare	47.2	48.0	+0.8	46.5	+1.5
Others	7.8	8.5	+0.7	8.5	0
Elimination and Corporate	(4.5)	(5.0)	-0.5	(5.0)	0
Total	115.5	107.0	-8.5	112.0	-5.0
ROIC*3 (%)					
Materials	9%	6%	-3%	7%	-1%
Healthcare	29%	33%	+3%	30%	+3%
Total	11%	9%	-2%	10%	-1%

*1 Announced on November 5, 2018

*2 EBITDA = Operating income + Depreciation & amortization

*3 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

◆ Changes in net sales and operating income by segment for FY17-FY18

		FY17 Results			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	123.4	130.7	254.1	134.4	135.6	270.0	+15.9
	Polyester Fibers & Trading and Retail business group	140.1	153.1	293.2	154.0	166.0	320.0	+26.8
	Composites, others	37.4	40.2	77.5	43.6	46.4	90.0	+12.5
	Materials Total	300.8	324.0	624.8	332.0	348.0	680.0	+55.2
	Healthcare	78.0	77.4	155.4	80.4	74.6	155.0	-0.4
	Others	25.8	29.0	54.8	27.0	28.0	55.0	+0.2
	Total	404.7	430.3	835.0	439.4	450.6	890.0	+55.0
Operating income (loss)	Materials	16.9	16.7	33.6	14.6	8.9	23.5	-10.1
	Healthcare	20.6	15.3	35.9	21.9	14.6	36.5	+0.6
	Others	2.9	3.2	6.1	2.6	3.9	6.5	+0.4
	Elimination and Corporate	(2.9)	(3.0)	(5.9)	(2.8)	(3.7)	(6.5)	-0.6
	Total	37.5	32.3	69.8	36.2	23.8	60.0	-9.8

◆ Changes in net sales and operating income by segment (Comparison with previous outlook)

		FY18 Previous Outlook*			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	134.4	140.6	275.0	134.4	135.6	270.0	-5.0
	Polyester Fibers & Trading and Retail business group	154.0	171.0	325.0	154.0	166.0	320.0	-5.0
	Composites, others	43.6	46.4	90.0	43.6	46.4	90.0	0
	Materials Total	332.0	358.0	690.0	332.0	348.0	680.0	-10.0
	Healthcare	80.4	74.6	155.0	80.4	74.6	155.0	0
	Others	27.0	28.0	55.0	27.0	28.0	55.0	0
	Total	439.4	460.6	900.0	439.4	450.6	890.0	-10.0
Operating income (loss)	Materials	14.6	15.4	30.0	14.6	8.9	23.5	-6.5
	Healthcare	21.9	13.1	35.0	21.9	14.6	36.5	+1.5
	Others	2.6	3.9	6.5	2.6	3.9	6.5	0
	Elimination and Corporate	(2.8)	(3.7)	(6.5)	(2.8)	(3.7)	(6.5)	0
	Total	36.2	28.8	65.0	36.2	23.8	60.0	-5.0

* Announced on November 5, 2018

◆ Historical Financial Indicators

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual* ⁶	FY2018 Outlook
ROE* ¹	(2.8%)	10.6%	15.7%	12.5%	11.3%
ROIC * ²	7.1%	12.7%	10.0%	11.2%	9.1%
EBITDA * ³ (¥ billion)	82.1	106.0	95.8	115.5	107.0
Earnings per share* ⁴ (¥)	(41.1)	158.1	254.9	231.3	237.3
Dividends per share* ⁴ (¥)	20	35	55	60	70
Total assets (¥ billion)	823.7	823.4	964.1	982.0	1,035.0
Interest-bearing debt (¥ billion)	308.2	303.3	376.2	344.2	370.0
D/E ratio * ⁵	1.07	1.01	1.11	0.88	0.9
Shareholders' equity ratio	34.9%	36.4%	35.1%	40.0%	40.6%

*1 ROE= Profit attributable to owners of parent / Shareholders' equity

*2 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

*3 EBITDA = Operating income + Depreciation & amortization

*4 Reflecting the impact of the consolidation of shares

*5 D/E ratio = Interest-bearing debt / Total shareholders' equity

*6 Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Results for FY2017 have been adjusted to reflect the retrospective application of the new accounting standard.

◆ Consolidated balance sheets

		FY2016		FY2017				FY2018		
		Dec. 31, 2016	Mar. 31, 2017	Jun. 30, 2017	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018*	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018
(¥ billion)										
Total assets	Current assets	509.6	466.8	473.6	459.5	475.5	477.9	520.5	546.5	522.7
	Fixed assets	396.2	497.3	498.7	494.3	503.1	504.1	507.6	506.3	493.0
	Total	905.8	964.1	972.3	953.8	978.6	982.0	1,028.1	1,052.8	1,015.7
Total liabilities and net assets										
	Liabilities	551.5	612.2	596.6	556.0	567.3	573.7	604.7	619.3	586.0
	[Interest-bearing debt]	343.7	376.2	386.2	341.1	347.5	344.2	385.2	400.7	374.0
	Net assets	354.3	351.8	375.7	397.8	411.3	408.2	423.4	433.5	429.7
	Total	905.8	964.1	972.3	953.8	978.6	982.0	1,028.1	1,052.8	1,015.7

* Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Figures as of the end of FY2017 (March 31, 2018) have been adjusted to reflect the retrospective application of the new accounting standard.

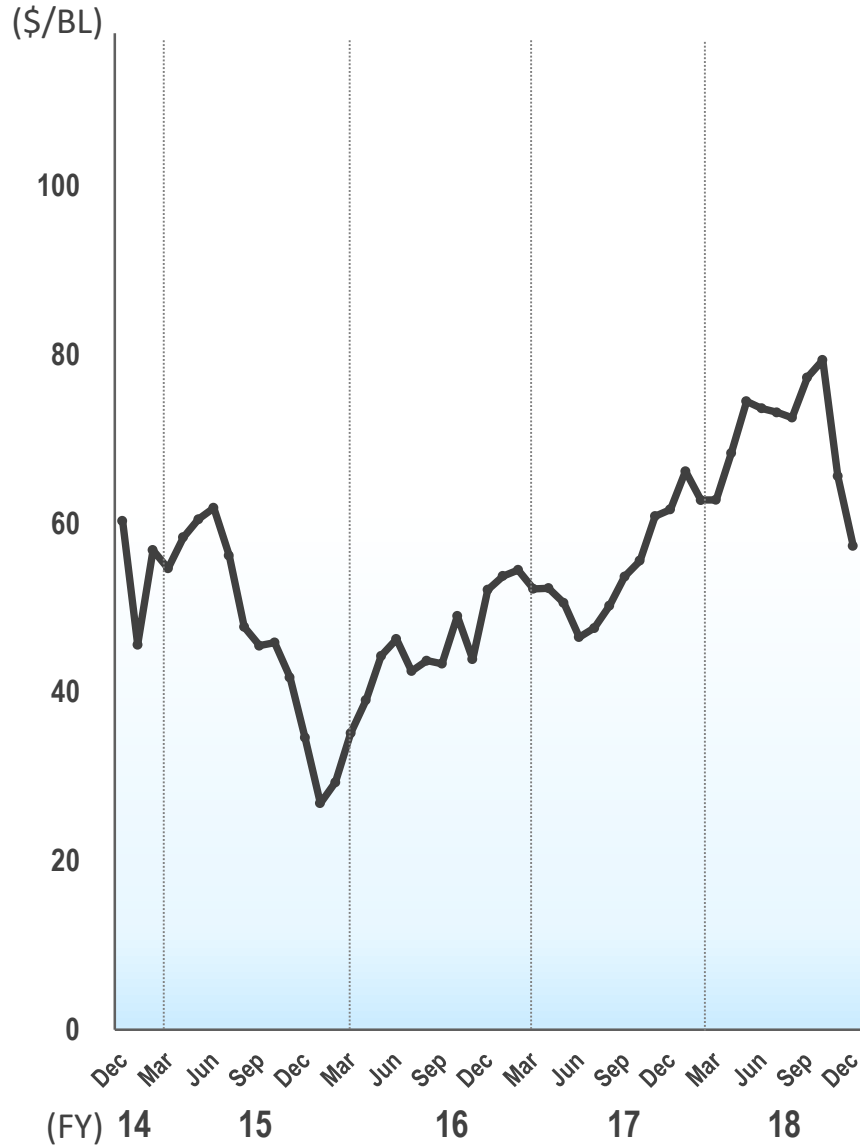
◆ Consolidated Statements of Income

	FY2017				FY2018			Difference
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
	(¥ billion)	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.
Net Sales	198.2	206.4	210.0	220.3	216.4	223.0	220.2	+10.2
Cost of sales	131.3	139.8	142.8	151.8	147.7	155.6	156.4	+13.6
Gross profit	66.9	66.6	67.2	68.5	68.7	67.4	63.8	-3.4
SG & A	47.8	48.3	48.5	54.9	50.5	49.4	51.9	+3.5
Operating income	19.1	18.4	18.8	13.5	18.3	17.9	11.9	-6.9
Non-operating items, net	0.9	(0.5)	0.1	(2.5)	2.9	0.6	(0.4)	-0.5
(Balance of financial expenses)	0.7	(0.4)	0.3	(0.3)	0.6	(0.6)	0.1	-0.2
(Equity in earnings and losses of affiliates)	0.3	0.5	0.1	0.3	0.3	1.1	0.2	+0.2
Ordinary income	20.0	17.9	18.9	11.0	21.2	18.6	11.5	-7.3
Extraordinary items (net)	(0.5)	5.1	(1.3)	(3.3)	4.9	(1.3)	(0.6)	+0.7
Income (loss) before income taxes	19.6	23.0	17.6	7.7	26.1	17.3	10.9	-6.6
Income taxes	6.0	6.4	6.8	1.6	6.4	2.4	3.7	-3.0
Profit attributable to non-controlling interests	0.2	0.8	0.3	0.3	0.2	0.5	0.4	+0.1
Profit attributable to owners of parent	13.4	15.8	10.5	5.8	19.5	14.4	6.8	-3.7

◆ Changes in net sales and operating income by segment

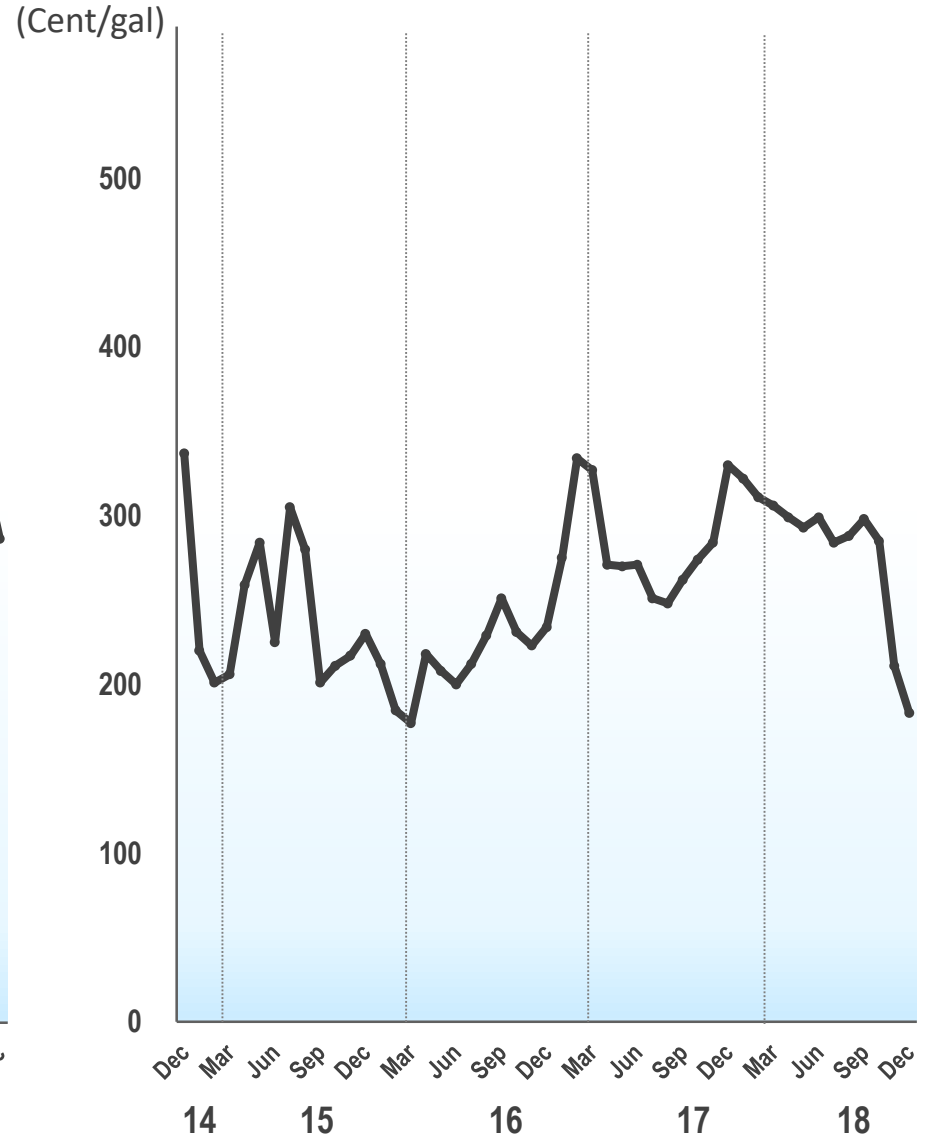
		FY2017				FY2018			Difference 18/3Q- 17/3Q
		1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	4Q Jan.-Mar.	1Q Apr.-Jun.	2Q Jul.-Sep.	3Q Oct.-Dec.	
		(¥ billion)							
Net sales	Material business group	60.4	63.0	63.2	67.5	68.7	65.7	62.8	-0.4
	Polyester Fibers & Trading and Retail business group	66.4	73.7	75.5	77.6	73.8	80.3	81.2	+5.7
	Composites, others	19.4	17.9	17.4	22.7	21.9	21.7	22.7	+5.2
	Materials Total	146.3	154.5	156.1	167.8	164.4	167.6	166.7	+10.6
	Healthcare	39.7	38.3	40.8	36.5	39.2	41.2	39.7	-1.2
	Others	12.2	13.6	13.0	15.9	12.8	14.2	13.9	+0.8
	Total	198.2	206.4	210.0	220.3	216.4	223.0	220.2	+10.2
Operating income (loss)	Materials	8.2	8.7	7.3	9.4	9.0	5.6	2.7	-4.6
	Healthcare	11.8	8.8	11.5	3.8	9.9	11.9	9.4	-2.1
	Others	1.0	1.9	1.2	2.0	0.6	1.9	1.3	+0.1
	Elimination and Corporate	(1.9)	(1.1)	(1.2)	(1.7)	(1.3)	(1.5)	(1.5)	-0.3
	Total	19.1	18.4	18.8	13.5	18.3	17.9	11.9	-6.9

◆ Dubai crude oil prices



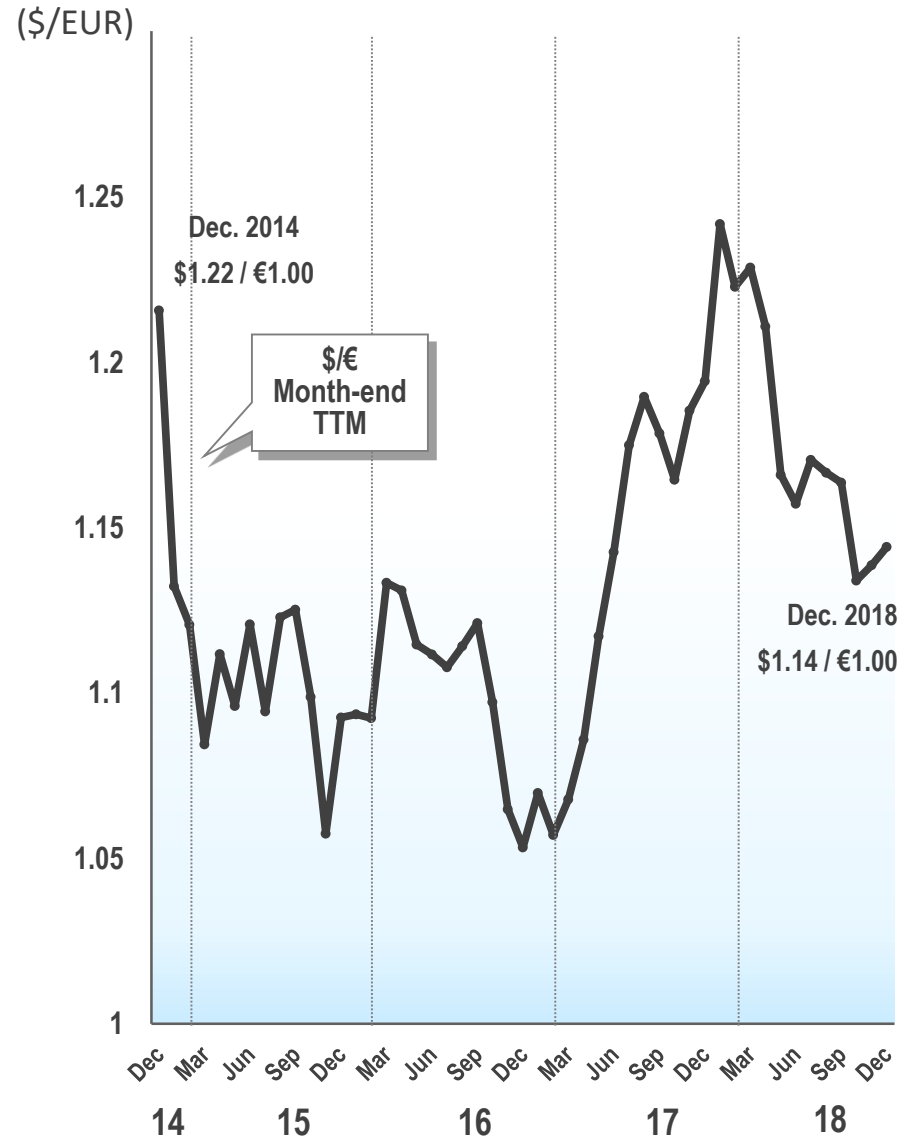
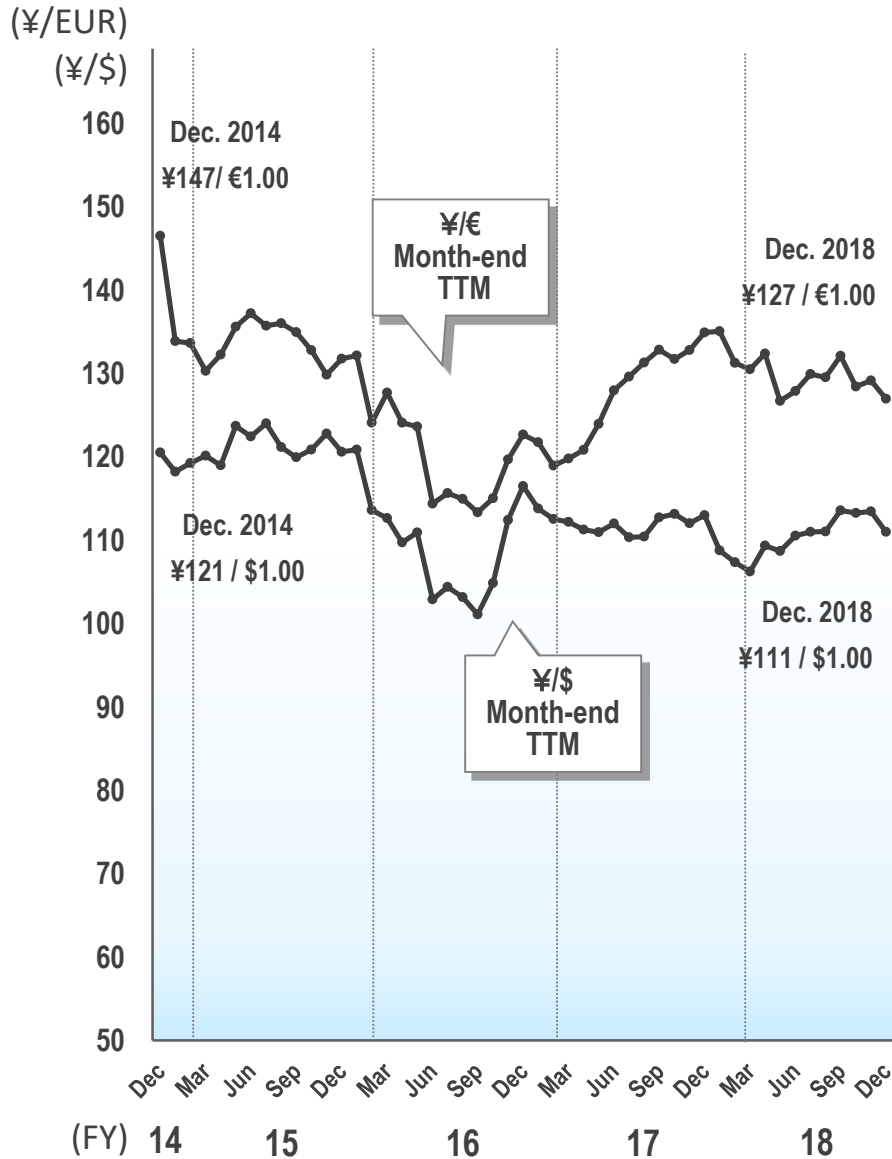
【Source: Teijin estimates based on data published by Platts】

◆ Benzene prices



【Source: Teijin estimates based on data published by Argus media】

◆ Yen/U.S. Dollar, Yen/Euro exchange rates ◆ U.S. Dollar/Euro exchange rates



◆ Sales of Principal Pharmaceuticals in Domestic Market

(¥ billion)

Product	Target disease	FY2017					FY2018		
		1Q Apr.- Jun.	2Q Jul.- Sep.	3Q Oct.- Dec.	4Q Jan.- Mar.	Total	1Q Apr.- Jun.	2Q Jul.- Sep.	3Q Oct.- Dec.
<i>FEBURIC</i> [®]	Hyperuricemia and gout	7.4	7.5	8.8	6.9	30.7	8.7	8.7	10.2
<i>Bonalon</i> ^{®*1}	Osteoporosis	2.8	2.8	3.0	2.2	10.9	2.6	2.5	2.7
<i>Onealfa</i> [®]	Osteoporosis	0.9	0.9	0.9	0.5	3.1	0.5	0.4	0.4
<i>Venilon</i> [®]	Severe infection	1.3	1.3	1.4	1.1	5.1	1.3	1.3	1.4
<i>Mucosolvan</i> [®]	Expectorant	1.3	1.2	1.5	1.2	5.1	1.0	1.0	1.2
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism, neuroendocrine tumors	0.4	0.6	0.8	0.7	2.5	0.8	0.9	1.0
<i>LOQQA</i> [®]	osteoarthritis pain and inflammation	0.5	0.5	0.5	0.4	1.8	0.5	0.5	0.6
<i>Laxoberon</i> [®]	Laxative	0.4	0.5	0.5	0.3	1.7	0.4	0.3	0.3
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.4	0.2	1.4	0.3	0.2	0.2
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3

*1 *Bonalon*[®] is the registered trademark of Merck Sharp & Dohme Corp., U.S.A.

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

◆ Development status by therapeutic area

(As of December 31, 2018)

* Information of Approved/New Launch is for the past 1 year

	Phase of Clinical Trials			
	Phase II	Phase III	Filed for Approval	Approved/ New Launch *
Bone and joint disease	KTP-001	ITM-058 NT 201		
Respiratory disease	PTR-36			
Cardio-vascular and metabolic disease	TCF-12 TMX-049 TMX-049DN TMX-67HK* ¹	ITM-014T	STM-279	TMX-67 (PRC) * ²
Others	JTR-161* ³	GGs-MPA GGs-ON	GGs-CIDP* ⁴	

*¹ Started Phase II trials in July 2018 for an additional indication of FEBURIC® (febuxostat) for gout and hyperuricemia in pediatric patients*² In September 2018, TMX-67 (PRC) obtained approval in the PRC for an indication for the treatment of hyperuricemia in gout patients*³ Started Phase I/II trials in October 2018 for obtaining an indication for acute cerebral infarction (stroke)*⁴ Filed for manufacturing and marketing approval of GGS-CIDP in September 2018

◆ Newly developed pharmaceutical candidates

(As of December 31, 2018)

[Approved/New Launch]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-67 (febuxostat)	Hyperuricemia and gout	Licensing out of febuxostat for sale in the PRC. A highly potent drug that selectively inhibits xanthine oxidase and is also safe for patients with impaired renal function who may be unable to tolerate existing treatments.	Tablet	Under joint development with Astellas Pharma China, Inc. Approved in September 2018

[FILED]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
GGX-CIDP (freeze-dried sulfonated human immunoglobulin)	Chronic inflammatory demyelinating polyneuropathy	Immunoregulatory action inhibits inflammation of the peripheral nerves; Expected as a treatment that will restore lost muscle strength.	Injection	Under joint development with KM Biologics Co., Ltd. Filed in September 2018
STM-279	Adenosine deaminase (ADA) deficiency	Polyethylene glycol recombinant bovine adenosine deaminase; an injectable recombinant ADA for patients with ADA deficiency that prevents the reduction in lymphocytes. It is expected to prevent the onset of severe combined immune deficiency (SCID).	Injection	Licensed in from Leadiant Biosciences Limited (U.K.) Filed in June 2018

◆ Newly developed pharmaceutical candidates

(As of December 31, 2018)

[PHASE III]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-058	Osteoporosis	Promising for treatment of osteoporosis with potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of bone fracture. Superior to existing PTH derived drugs, having ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma, France
NT 201	Pure botulinum neurotoxin type A1/ upper and lower limb spasticity	Promising for relaxation and improvement of excessive skeletal-muscular tension caused by upper and lower limb spasticity, through the muscle relaxant action of pure botulinum neurotoxin type A1.	Injection	Licensed in from with Merz Pharma GmbH & Co. KGaA (Germany)
ITM-014T (lanreotide acetate)	Thyroid stimulating hormone-secreting pituitary tumors	Promising for normalization of thyroid function through the following actions: induction of apoptosis via the somatostatin receptor (direct action) and the control of secretion of cellular growth factor (indirect action)	Injection	Licensed in from Ipsen Pharma, France
GGs-ON (freeze-dried sulfonated human immunoglobulin)	Optic neuritis	The immunoregulatory mechanism of this drug inhibits inflammation of the optic nerve; also promising because of its ability to restore lost visual function.	Injection	Under joint development with KM Biologics Co., Ltd. (Additional indication)
GGs-MPA (freeze-dried sulfonated human immunoglobulin)	Microscopic polyangiitis	Anti-inflammatory and immunoregulatory actions mitigate autoimmune vasculitis; also promising as a treatment for mononeuritis multiplex, a neuropathic disorder that is not alleviated by standard therapies.	Injection	Under joint development with KM Biologics Co., Ltd. (Additional indication)

◆ Newly developed pharmaceutical candidates

(As of December 31, 2018)

[PHASE II]

Code No.	Target disease	Medical properties/characteristics	Dosage form	Remarks
KTP-001	Lumbar disc herniation	Chemonucleolysis treatment for herniated lumbar discs; a recombinant human protease—identical in structure to matrix metalloprotease, which promotes the spontaneous regression of herniated discs—this drug minimizes the risk of allergic reaction and facilitates the selective treatment of affected discs, thus reducing damage to surrounding tissue and enhancing the viability of this procedure as a minimally invasive alternative to surgery.	Injection	Engineered by Professor Hirotaka Haro and Dr. Hiromichi Komori Under joint development with Kaketsuken
PTR-36	Bronchial asthma	A CRTh2 receptor antagonist, a novel mechanism to control symptoms of asthma, facilitating effective long-term management of the disease; expected to use as a monotherapy for mild asthma patients and concomitant use with inhaled steroid for mild to severe asthma patients, delivering sufficient therapeutic value for patients with	Tablet	Licensed in from Pulmagen Therapeutics (Asthma) Limited
TCF-12	Chronic kidney disease	A fibrous adsorption charcoal for alleviating uremia symptoms in chronic kidney disease (progressive) and delaying the onset of end-stage renal disease (ESRD) based on its high adsorption capacity for uremic toxins, along with improving medication adherence due to a reduced dosage.	Capsule	Developed in-house
TMX-049	Hyperuricemia and gout	A novel non-purine xanthine oxidase inhibitor; as a new treatment for hyperuricemia and gout that is both highly effective and safe.	Tablet	Developed in-house
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	A novel non-purine xanthine oxidase inhibitor; expected to prevent the progression of nephropathy, as a new treatment for diabetic nephropathy	Tablet	Developed in-house

◆ Newly developed pharmaceutical candidates

(As of December 31, 2018)

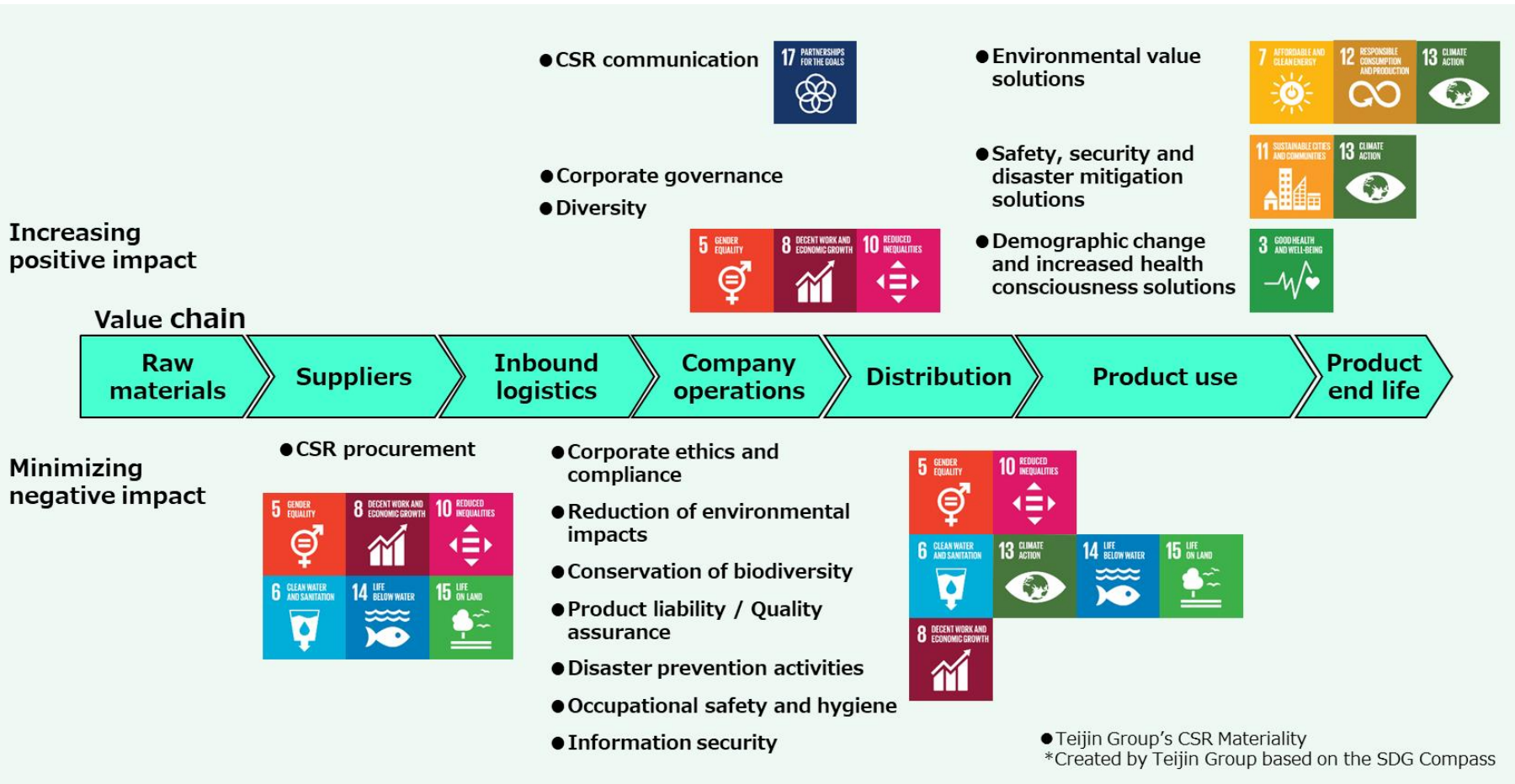
[PHASE II]

Code No.	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-67HK (febuxostat)	Pediatric gout and hyperuricemia	<p>Trials to establish the appropriate dosage and administration of FEBURIC® for pediatric patients with gout and hyperuricemia.</p> <p>Promising for improving and maintaining appropriate levels of serum uric acid in pediatric patients through its potent effect in selectively inhibiting xanthine oxidase.</p>	Tablet	Developed in-house
JTR-161 (Human dental pulp-derived stem cells)	Acute cerebral infarction (stroke)	<p>A processed allogenic human stem cell product derived from dental pulp separated from extracted teeth of healthy Japanese people. Compared with cells sourced from bone marrow, etc., this process is less invasive and cells can be procured inside Japan.</p> <p>It is expected to be effective for suppressing inflammation through the production of immunomodulators, and protecting and promoting regeneration of organs through the production of nutritional factors.</p>	Injection	Under joint development with JCR Pharmaceuticals Co., Ltd.

Non-financial Information

Teijin Group's CSR Materiality and SDGs

The Teijin Group is taking active steps on a global level to define CSR materiality (material issues), referring to the social issues identified by the SDGs.



Non-financial Information

Teijin Group's CSR Materiality and SDGs

Teijin Group's initiatives to achieve the SDGs

<Core priority fields and products and services >

<Topics >

Environmental Value Solutions

Safety, Security and Disaster Mitigation Solutions

Demographic Change and Increased Health Consciousness Solutions



Weight-reducing materials and components through multiple materials



Ultra-lightweight Ceiling Material *kal-ten*



Patch for cardiovascular repair (Currently under development)



Started Construction of the World's First Building Made Using Advanced Fiber Reinforced Wood

We started construction of the world's first building made using Advanced Fiber Reinforced Wood (AFRW)*.

Using AFRW is expected to enhance the safety of structures in an earthquake as the reduced weight of the wooden structure will lessen shaking. It is also expected to help counter global warming by absorbing and retaining CO2.



Conceptual image of the completed building*

* AFRW: A laminated timber material that includes layers of a composite material made from advanced fibers developed by the Company in 2015.

*Provided by MAEDA CORPORATION, a partner company



Non-financial Information

ESG External Evaluation

Selected as a component stock of all four ESG indexes of GPIF

Teijin Limited has been included in all four indexes selected by Government Pension Investment Fund (GPIF) of Japan upon commencing ESG investment.

The four indexes are FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN) and S&P/JPX Carbon Efficient Index.



Selected for inclusion in three programs as a stock with excellent ESG-related features (Jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange)

“Nadeshiko”

Encouraging women’s success in the workplace



“White 500”

Promoting health and productivity management



“Competitive IT Strategy Company”

Promoting the use of IT



TEIJIN

Human Chemistry, Human Solutions