

— ALWAYS EVOLVING —

Medium-Term Management Plan

For 2017-2019

Teijin Limited
February 6, 2017

* On February 16, 2017, we corrected the error because we had mistaken the unit in the breakdown of the waterfall chart in page 33.

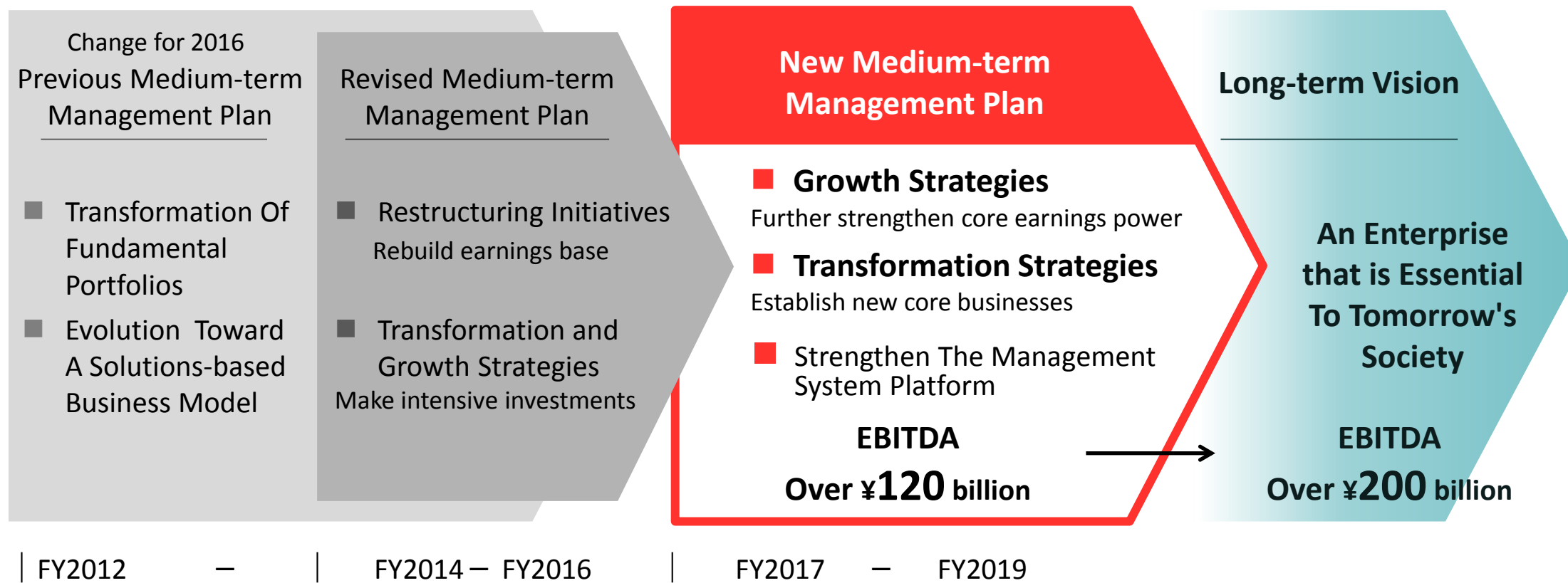
The New Plan viewed from the Long-term Vision

Long-term Vision

Teijin aims to be an enterprise that is essential to tomorrow's society by continuously creating new value

Medium-term Management Plan Policy

Teijin will clarify its action plans for the next three years to realize the long-term vision, in conjunction with working to steadily execute its growth and transformation strategies and strengthen the management system platform supporting those strategies



Strategies for Realizing the Long-term Vision

- **Growth Strategy** : Strengthen core earnings power by accelerating growth in existing businesses
- **Transformation Strategy** : Establish new core businesses and transform business models
 - ▼ Materials — Expand to close-to-customer businesses
 - ▼ Healthcare — Diversify product and service lineups and establish cutting-edge business platforms
- **Global Strategy** : Strengthen regional focus in line with business characteristics
 - ▼ Composite products — Expand globally from North America (close to customer)
 - ▼ Healthcare — Focus primarily on Japan (an advanced aging country)
 - ▼ Materials supply business — Expand globally

Management Targets : ROE 10%+ EBITDA Over ¥120 billion (FY2019)

Resource Allocation : Capital expenditure + M&A budget ¥300 billion (3-year total)

Strengthen The Management System Platform

Strengthen an effective system underpinning growth and transformation strategies

- Strengthen the Organizational Structure
 - Integrate businesses /Appoint a Global Strategy Officer and an Information Strategy Officer
- Cost Restructuring Initiatives
 - Achieve cost reduction of ¥20 billion (compared with 2016)
- Smart Project Promotion
 - Creation of new businesses and change in business styles using IT
- Diversity Promotion
 - Harness and refine human resources

Review of the Previous Medium-term Management Plan

(Revised Medium-term Management Plan in 2014)

Restructuring Initiatives

Dramatic restructuring of unprofitable businesses progressed largely as planned

	FY2015	FY2016	FY2017
Plastics	Shut down Singapore plant Completed	Completed	Specialize in high-value-added applications
Films	Successively transfer production to Utsunomiya	Integrate domestic production Convert film business joint ventures in Japan and Indonesia into wholly owned subsidiaries	
Home Healthcare in the U.S.	Streamline operations	Implement bold reorganization measures	Scheduled for completion
Advanced Fibers	Polyester fibers Successively transfer production to Thailand	Progressing as planned	Close and cease production at certain domestic plants
Raw Materials and Polymerization	Cease DMT production Completed	Reorganize polymerization plant	

Transformation and Growth Strategies

Intensively allocated resources to realize a solutions-oriented business
→ Made strategic investments of around **¥100 billion** (FY2014-16 total)

- Acquired Continental Structural Plastics (Automotive Components Business)
- Acquired land in the U.S. for a carbon fiber plant
- Founded Teijin Nakashima Medical Co., Ltd. (Artificial Joint Business)
- Established the Technology Integrated Pharmaceuticals Center(advanced Medical Materials Business)

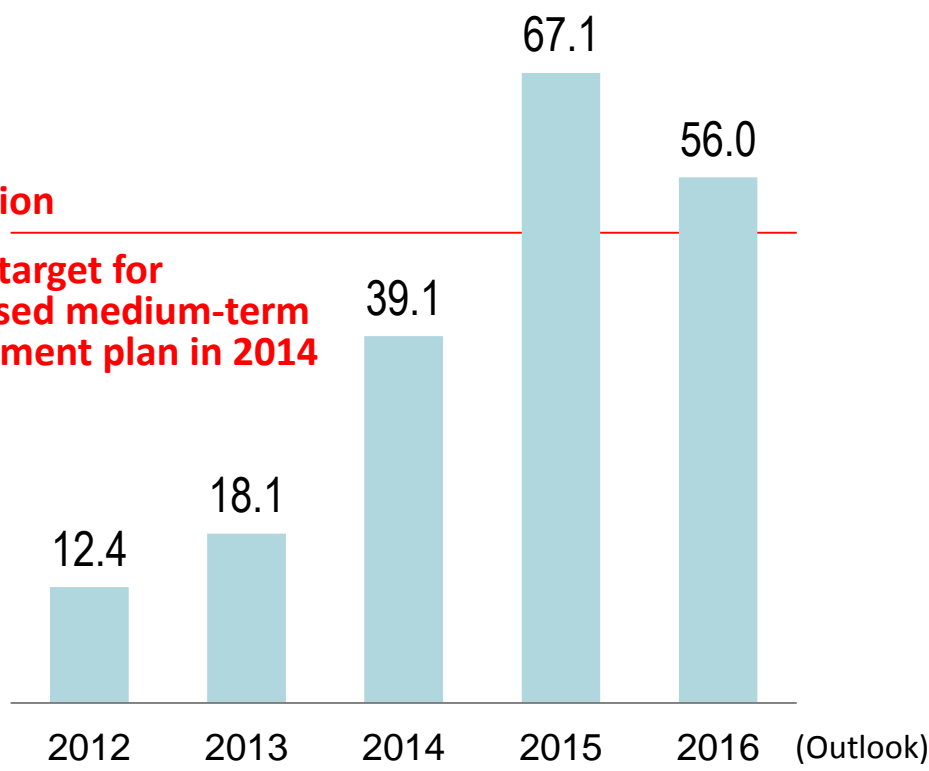
Operating Results
Targets (through FY2016)

Consolidated operating income of ¥50 billion and ROE of 8%+
→ Achieved ahead of schedule, in FY2015

Consolidated Operating Income

(¥ billion)

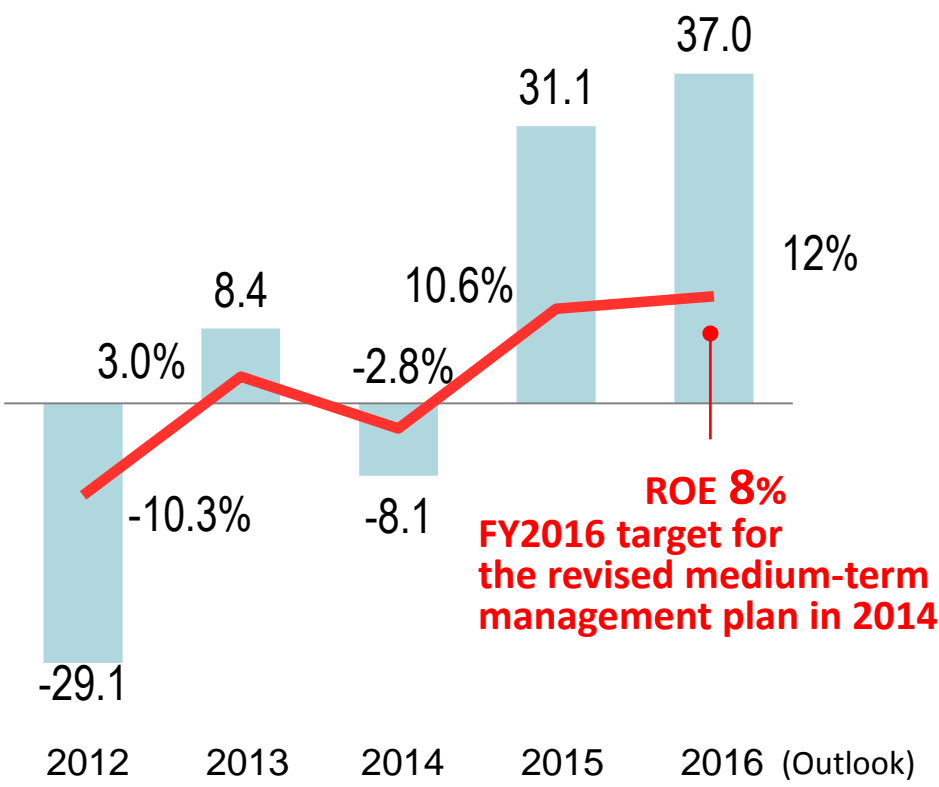
¥50 billion
FY2016 target for
the revised medium-term
management plan in 2014



Established a structure that can steadily
generate earnings of over ¥50.0 billion

Net Income and ROE

(¥ billion , %)



Achieved record-high earnings
as extraordinary losses subsided

* In these presentation materials, profit attributable to owners of parent is shown as “net income” for the convenience of readers.

Corporate Philosophy and Vision

Our Corporate Philosophy



Our Vision

An Enterprise That Is Essential To Tomorrow's Society
“Q O L Innovator”

- An enterprise that helps to solve social issues
- An enterprise that achieves continuous transformation by anticipating changes in the external environment
- An enterprise that continues to create new value at all times

* Q O L :Quality of Life

Our Vision

An enterprise that **helps to solve social issues**

Social Issues

- Growing severity of environmental problems and stricter environmental regulations
- Heightened interest in safety and security and disaster mitigation awareness
- Progression of demographic change
- Disparity in economic growth on a global level
- Respect for the human rights of workers
- Calls for better corporate governance

The Teijin Group's Strengths

- A unique entity with 3 different core business domains
- 

Materials	Basic technologies for creating new materials and new products
Healthcare	Pharmaceutical development technology, home healthcare networks
IT	IT development technology and expertise straddling both B2B and B2C fields
- Early initiatives for strengthening corporate governance

Identify our Core Priority Fields

Our Core Priority Fields

In order to become a company that is essential to tomorrow's society , Teijin will strive to capture business opportunities leveraging its strengths from the issues facing society, and to strengthen the management base

	Environment	Society	Governance
Capture Business Opportunities	Environmental Value Solutions	Safety, Security and Disaster Mitigation Solutions	
	Contribute by supplying weight-reducing materials that help to enhance the environmental performance of transportation	Help to enhance safety with respect to disaster-readiness measures and social infrastructure development	
		Demographic Change And Increased Health Consciousness Solutions	
		Support health maintenance and enhancement in response to the progression of demographic change and the increase in lifestyle diseases	
	Reducing Environmental Impact	Diversity	Corporate Governance
Strengthen the Management Base		Promote the success of a wide range of human resources, regardless of gender, nationality or age	<ul style="list-style-type: none">■ Ensure the effectiveness of management systems■ Dialogue and collaboration with stakeholders

Our Vision

An enterprise that achieves continuous transformation by anticipating changes in the external environment

An enterprise that continues to create new value at all times

- In an increasingly uncertain external environment, we will take the initiative in driving evolution, instead of chasing trends, with a view to achieving sustained growth
- Create products and services that accelerate the evolution of society

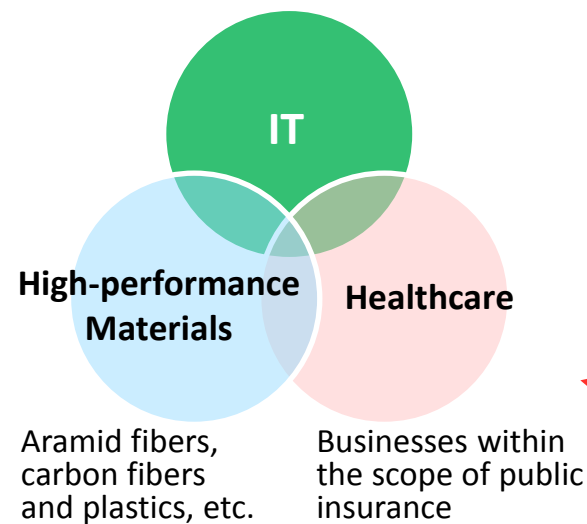


Ceaseless Evolution and Ambition
“ALWAYS EVOLVING”

Drive sustained growth
by accomplishing business portfolio transformation
in tandem with maximizing business opportunities for Teijin

Business Strategies

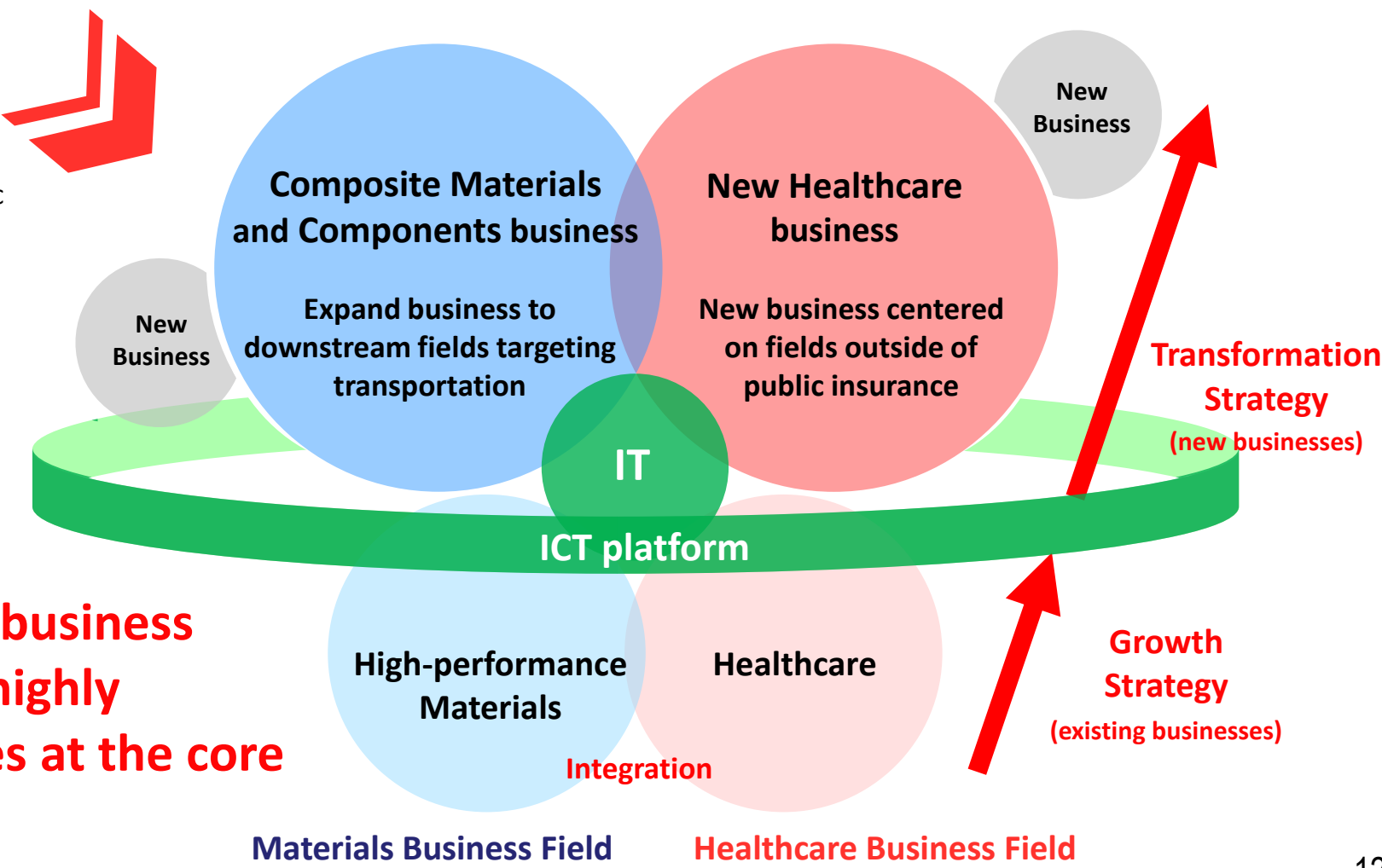
Current Business Portfolio



How We Envision Our Business In 10 Years

With the **MATERIALS** business field and the **HEALTHCARE** business field as the pillars of its operations, Teijin will have developed “new businesses that are not yet contributing to profits at present” into core earnings sources, without merely relying on the continuation of existing businesses

Transforming into a business portfolio with new highly profitable businesses at the core





Role of Each Business

Role In Portfolio Transformation	Materials Business Field	Healthcare Business Field	Resource Allocation Policy (Intensive focus, prioritization)
Transformation Strategies Create and expand new future core businesses	Composite Materials and Components Business Expand into the Auto Industry Expand LiB separators and Membranes	New Healthcare Business Diversify Product Lineups Establish a Cutting-edge Business Platform	Allocate resources preferentially during this medium-term plan period Establish investment budget (Around ¥300billion over 3 years)
Growth Strategies Secure cash for the creation and expansion of new businesses	Aramid Fibers Carbon Fibers Plastics	Pharmaceuticals Home Healthcare	Allocate the amount of resources needed for stable growth
Growth Strategies Change business models	IT		<ul style="list-style-type: none">Closely examine and select resource allocationExplore business model creation, collaboration with third parties and other initiative
	Trading and Retail Polyester Fibers Polyester Film		

Focus on the Aircraft and Automobile Businesses

Environmental Value Solutions

Macro Trends	Aircraft	The number of aircraft produced, centered on smaller aircraft models, will continue to hold steady or increase	
	Automotive	Transformation in design philosophy driven by environmental regulations, adoption of EV, and technological innovation	
Our Strategy	Drive the expansion of the strong yet lightweight high-performance material business, in response to calls for higher fuel efficiency in line with stricter environmental regulations		
Aircraft	Carbon Fibers	<ul style="list-style-type: none">• Intensively allocate resources to intermediate materials (prepreg, etc.)• Build a competitive edge by accelerating the expansion of thermoplastic prepreg and the textile prepreg business	
	Aramid Fibers	Expand to air freight containers (promote durability and fire resistance)	 © AIRBUS
Automobile	Aramid Fibers	Expand products to address demands for weight reduction and higher performance, including tire reinforcement materials	
	Plastics	Propose weight reduction and design improvements through high-performance compound products	



Safety, Security and Disaster
Mitigation Solutions

Address Growing Needs for Social Infrastructure

Macro Trends	Infrastructure	Increasing demand for disaster mitigation measures and infrastructure development in emerging countries
	Protective clothing	Expansion of demand in Asia and emerging countries due to rising safety standards
Our Strategy	Work to properly address heightened disaster mitigation awareness and growing needs for refurbishing and expanding infrastructure	
Infrastructure	Para-aramid Fibers	<ul style="list-style-type: none">Expand sales of optical fiber in China and IndiaApplications such as rope and deep sea oil drilling (<i>Technora</i>)
	Polyester Fibers Plastics	Develop and expand disaster mitigation applications
Protective clothing	Meta-aramid Fibers	Expand the development of textiles for protective clothing primarily to Asia and emerging countries



Develop
A Growth Platform
(Materials Business Fields)

Carbon Fibers	– Study investment in a new plant in the U.S.
Aramid Fibers	– Promote high efficiency at existing plants
Polyester Fibers + Trading and Retail	– Strengthen ability to provide solutions through organizational integration

Strengthen Growth Domains

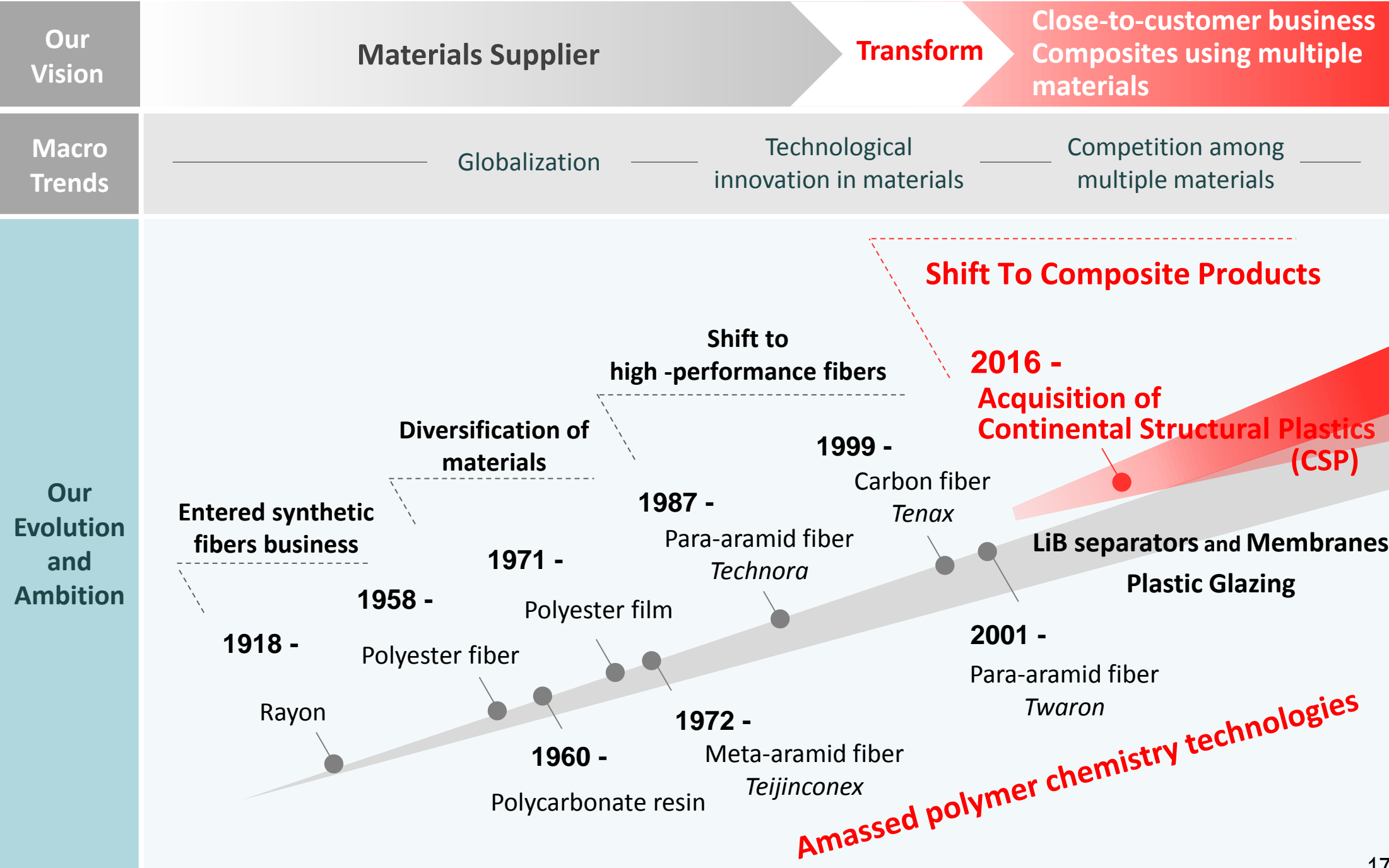
Macro Trends	Pharmaceuticals	Accelerated steps to curb medical costs, and increasingly difficult new drug development
	Home Healthcare	Continued increase in the number of patients. Evolution in patient QOL enhancement services using IoT and other technologies
Our Strategy	Maximize earnings from existing growth drivers, while focusing on drug discovery research	
Pharmaceuticals	<i>Feburic</i> , a treatment for hyperuricemia and gout	Maximize sales by raising disease awareness based on clinical research and boosting recognition of the importance of treatment
	Pipeline Strategy	<ul style="list-style-type: none">■ Expand drug discovery fields Nuclear receptor drug discovery, macrocyclic and constrained peptide drug discovery, advanced medical materials (pharmaceuticals + biocompatible materials)■ Regenerative medicine initiatives Treatment of chronic motor impairments resulting from stroke (SB623), and other treatments for neurological diseases■ Maximize value by promoting alliances for products developed in-house
Home Healthcare	CPAP ventilators for the treatment of SAS	Secure high growth by developing relationships with general practitioners, strengthening <i>NemLink</i> functions, and making SAS diagnosis easier
	Oxygen concentrator for HOT	Maintain a high market share through such means as supplying next-generation portable models and strengthening monitoring functions for signs of exacerbation and other parameters



Demographic change and increased health consciousness solutions

*The IoT (Internet of Things) is a concept that describes the interconnection of a vast array of devices worldwide via the Internet

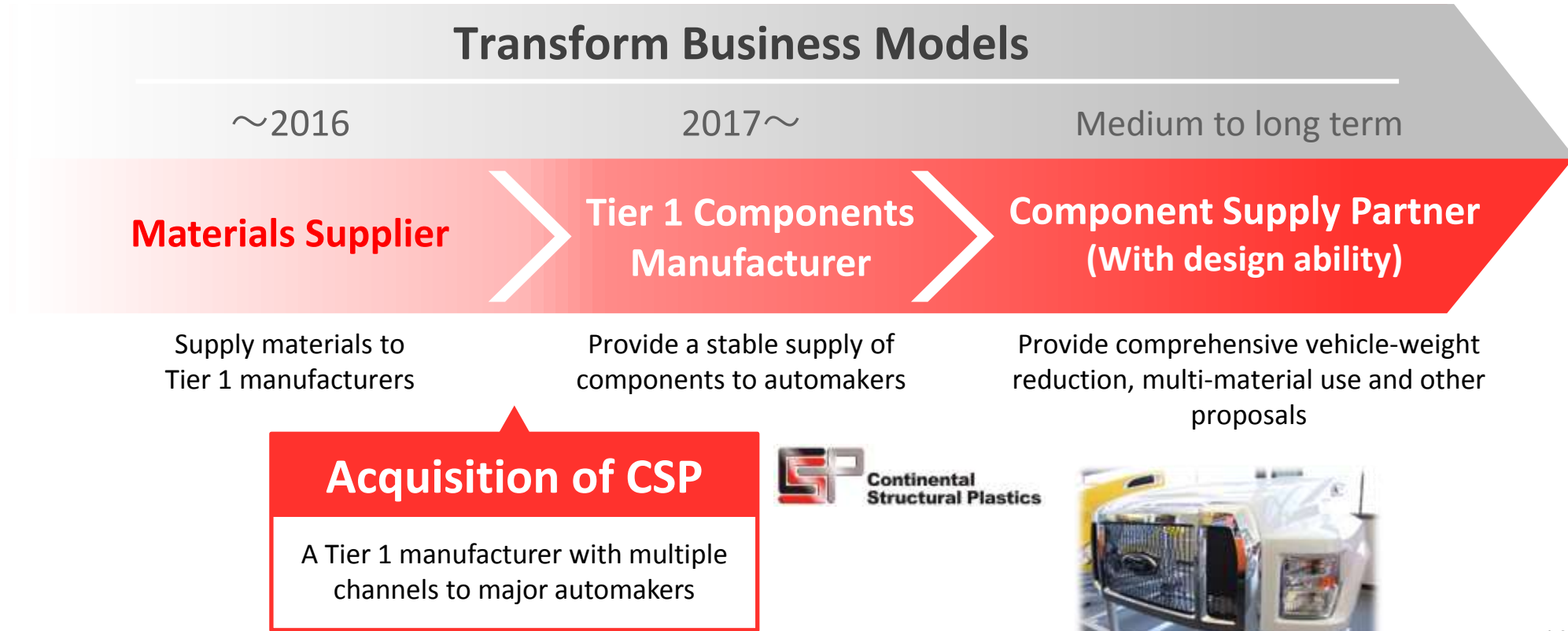
B) Transformation strategies : **Materials Business Field**



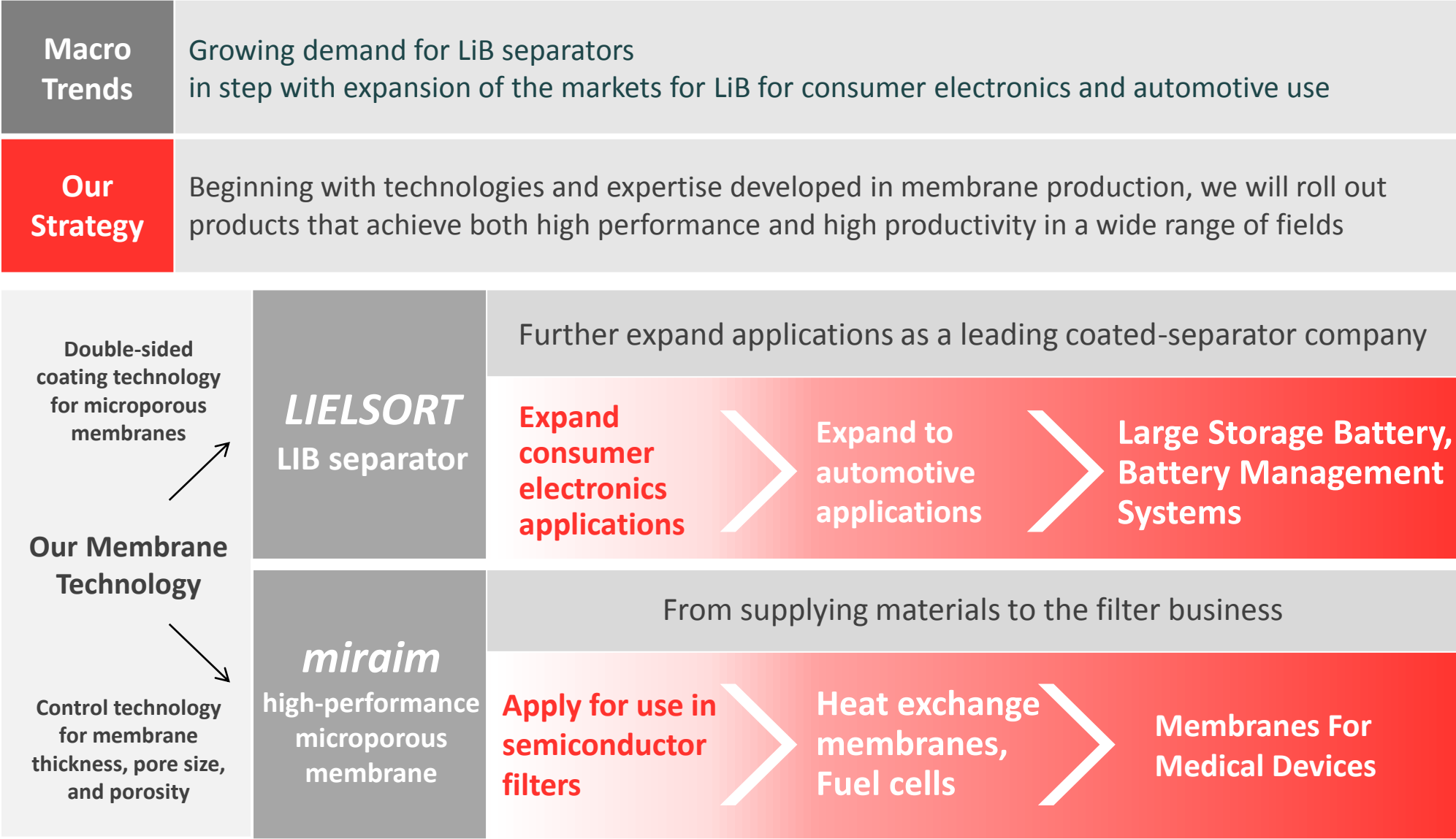
Automotive Composite Products Business

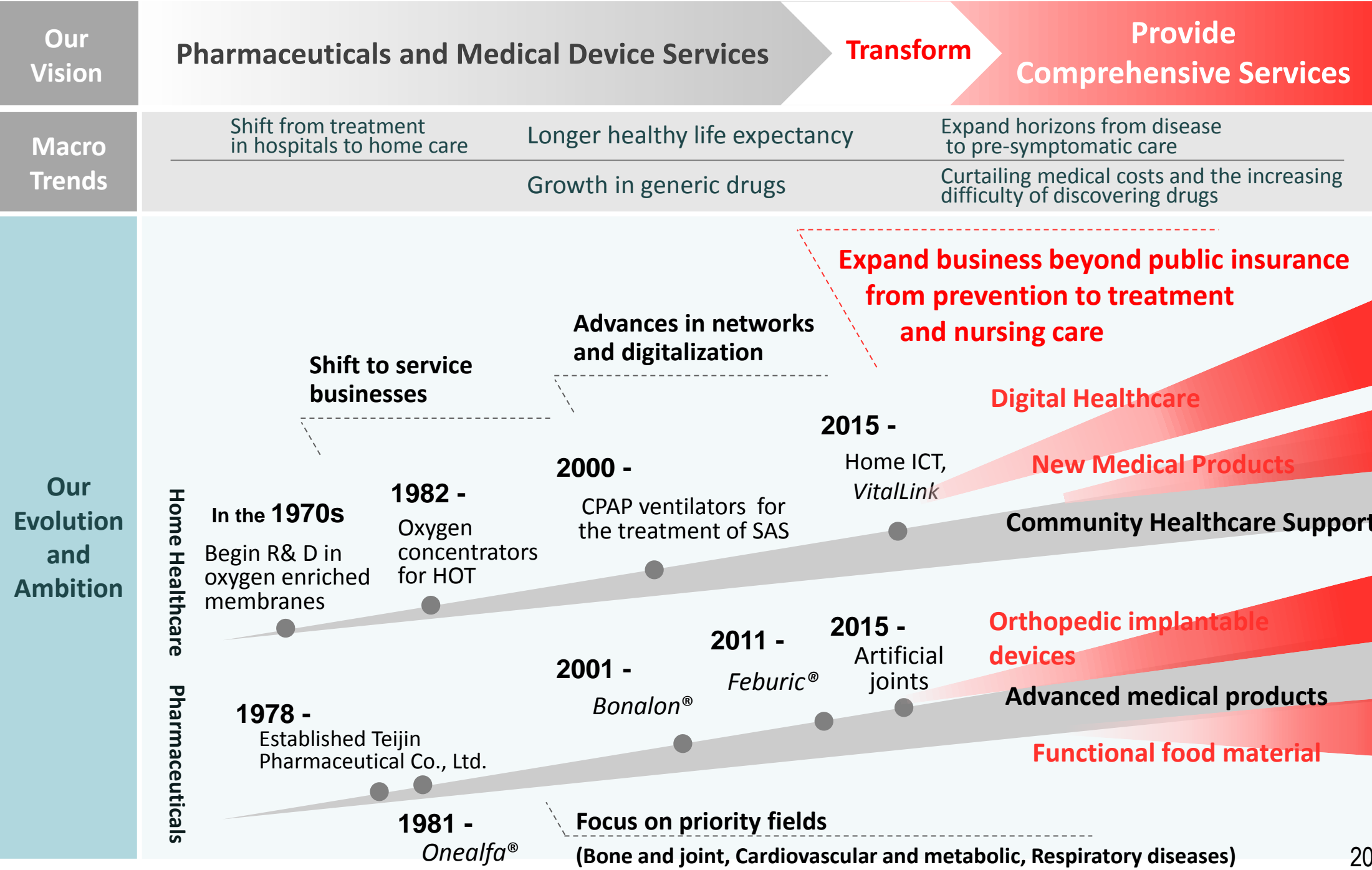
Macro Trends	Continuing trend toward reducing vehicle weight based on environmental regulations Technological innovation will continue to drastically reshape the industrial structure of the auto industry
Our Strategy	Rather than merely extending our own materials businesses to downstream fields, we will leverage our strengths in composite technologies to expand business with a view to becoming a multi-material component supplier

Transform Business Models



Lithium-ion Battery (LiB) Separator and Membrane Business

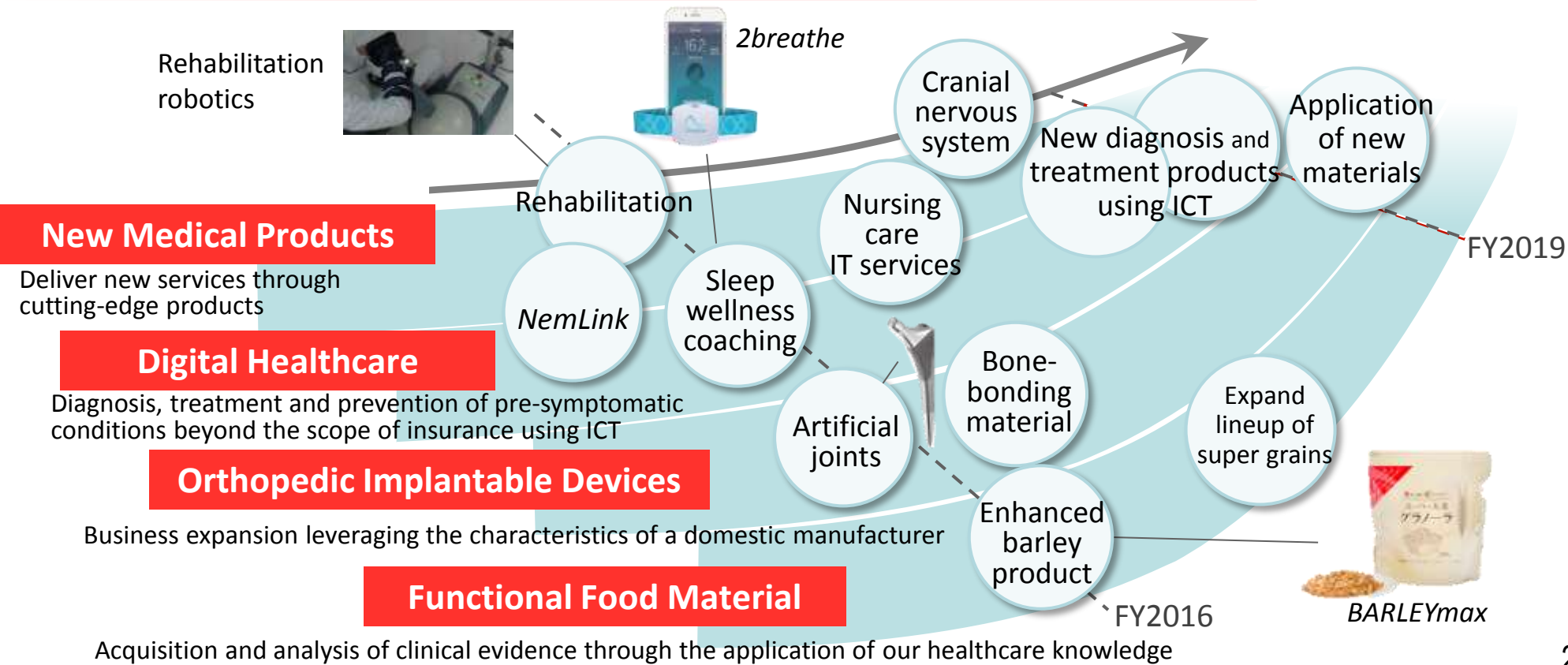




Demographic Change and Increased Health Consciousness Solutions

Macro Trends	Faced with a challenging environment for curtailing medical expenses and the increasing difficulty of discovering new drugs, new business opportunities are emerging against the backdrop of advances in comprehensive community healthcare systems and the penetration of IT.
Our Strategy	Provide comprehensive healthcare services encompassing non-insurance business fields by strengthening the existing healthcare business platform, without restricting ourselves to existing insurance-based healthcare services.

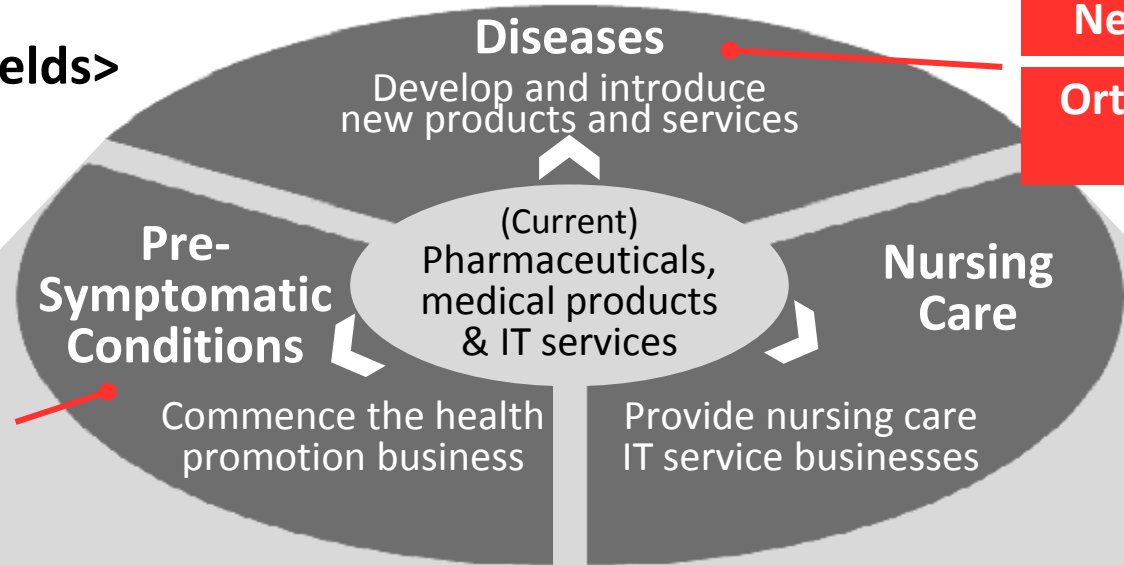
Diversify product and service lineups



Establish A Cutting-edge Healthcare Business Platform

Work to establish a healthcare business platform supporting pre-symptomatic conditions, diseases, and nursing care in their entirety, and to create new businesses harnessing information platforms

<Our Business Fields>



New Medical Products
Orthopedic Implantable Devices

Digital Healthcare
Functional Food Material

<Establish a Cutting-edge Business Platform>

We work to Strengthen;
■ Home Healthcare Services

- Expand the introduction of community healthcare network systems
- Apply AI to home healthcare call centers, and ensure all our medical products are IoT enabled

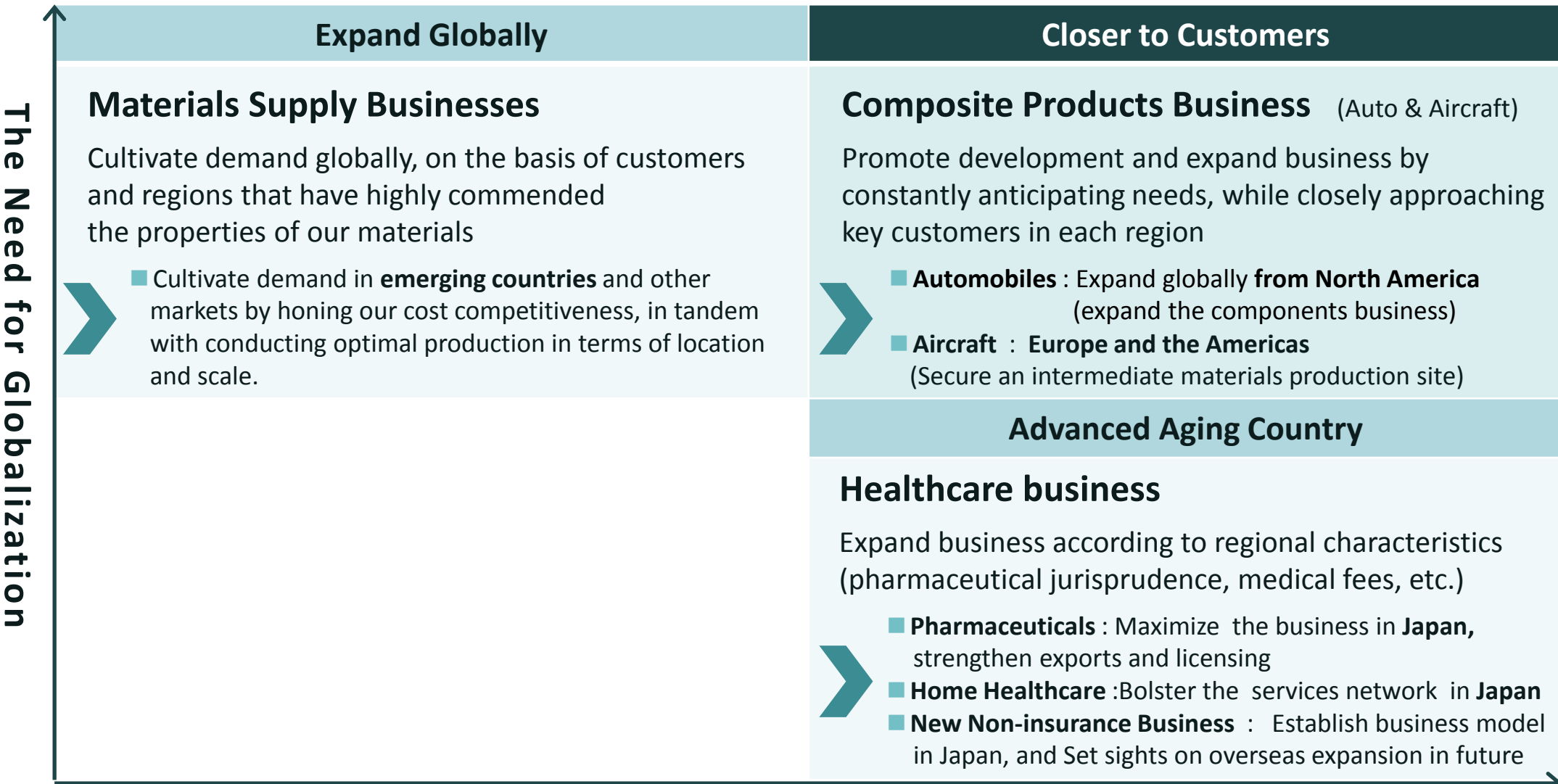
■ Healthcare R&D

- Allocate R&D resources to home healthcare, implantable products , pre-symptomatic conditions diagnosis and health promotion
- Establish healthcare data platforms

■ Our healthcare business platform with a history of over 40 years ■ R&D capabilities in both pharmaceuticals and medical products ■ Home healthcare services with a top domestic share

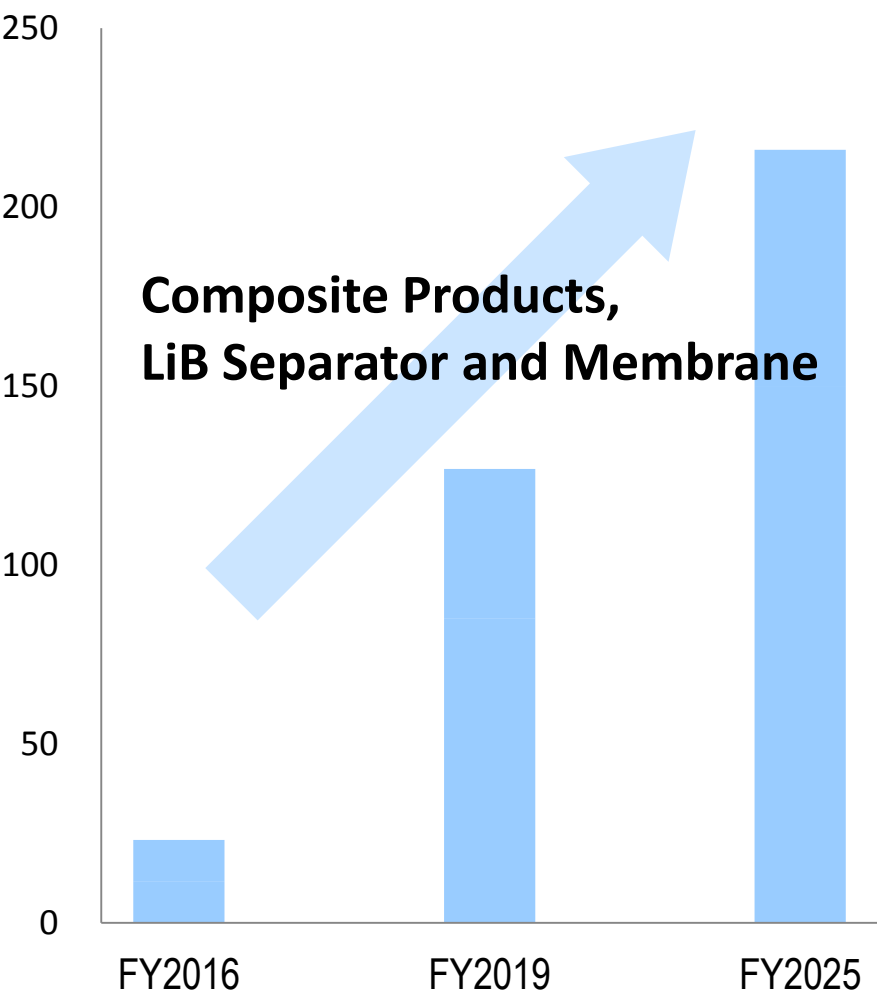
Demographic Change and Increased Health Consciousness Solutions

- Execute regional strategies based on the characteristics of each business in line with growth and transformation strategies.
- Strengthen regional management structures straddling businesses (appoint a Global Strategy Officer)
Work to develop systems to efficiently manage overseas businesses and formulate regional strategies



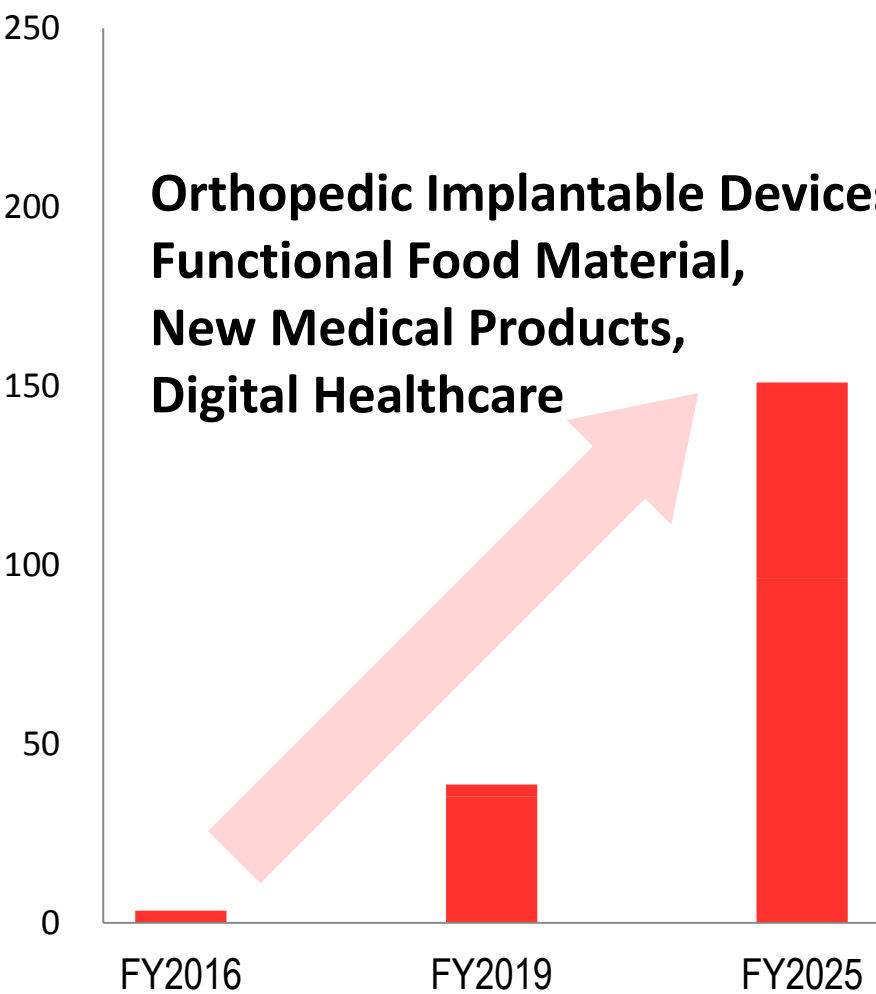
Materials Business Field

(¥ billion)



Healthcare Business Field

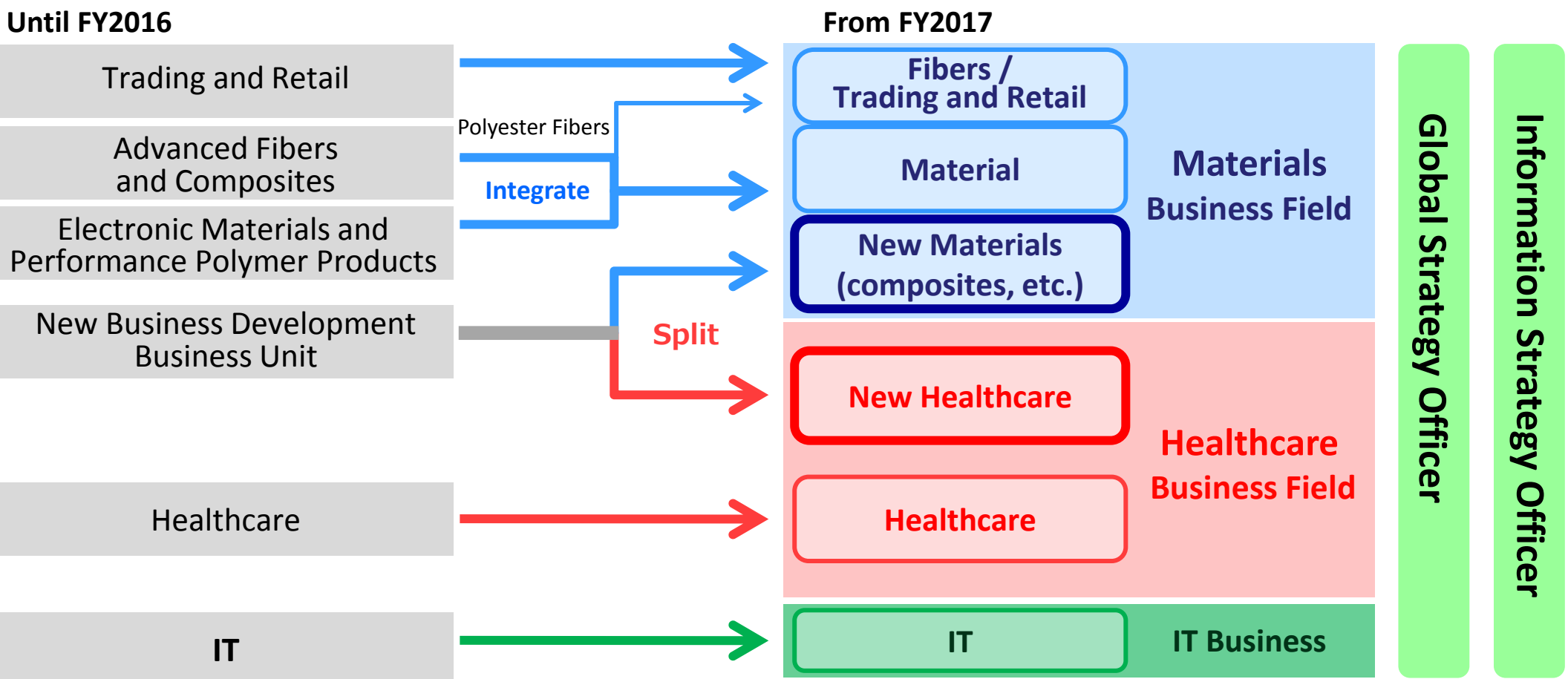
(¥ billion)



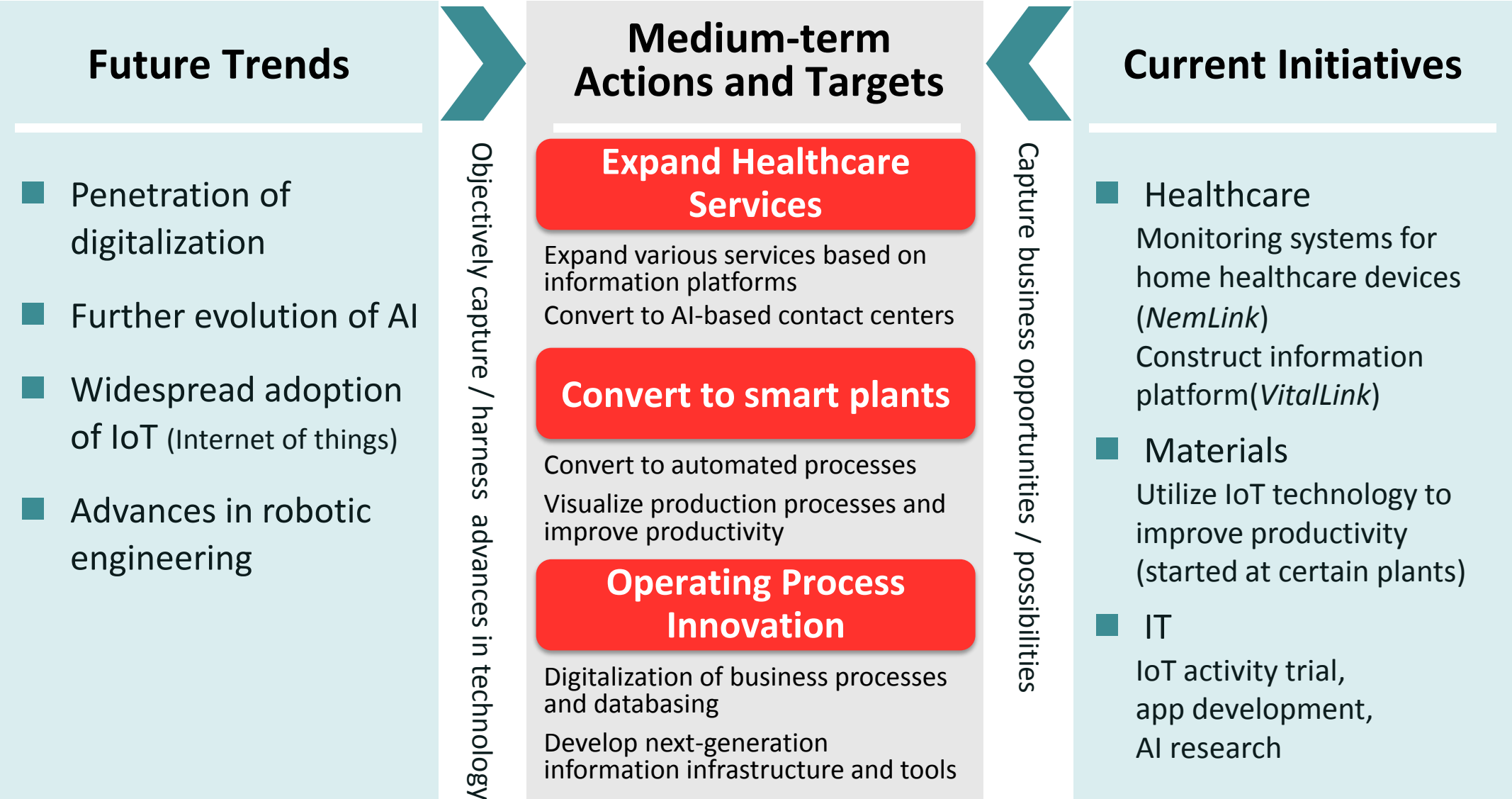
Strengthen the Management System Platform

Evolving into an organization that accelerates growth/transformation strategies

- **Restructuring of Organizational Structure**
 - **Inter-business integration** will be promoted by integrating materials-related businesses into the materials business
 - **Coordination will be deepened** by splitting up the **New Business Development Business Unit** into materials and healthcare business
 - ： Promote regional strategies across businesses
- **Global Strategy Officer**
- **Information Strategy Officer** : Promote smart projects on a Group-wide basis



Proactively capture and utilize IT as it evolves exponentially, in order to achieve the creation of new businesses and change in business styles.



Allocate resources of **¥10 billion**, centered on platform construction

Benefits of Cost Restructuring Initiatives:

Target cost benefits of **¥20 billion** by FY2019 (compared with FY2016)

■ Restructuring Initiatives + Strengthening Product Cost Competitiveness : **¥11 billion**

Restructuring Initiatives : Benefits fully realized by completing measures in the revised medium-term management plan in 2014

- ▼ Complete bold reorganization measures for home healthcare business in U.S. and the reorganization of plants in the domestic films business in FY2016
- ▼ Steadily pushing ahead with the transfer of polyester fibers production to Thailand and the reorganization of polymerization plant; planned for completion within FY2017

Strengthen Product Cost Competitiveness : Pursue productivity enhancements centered on growth businesses

- ▼ Aramid Fibers : Automation and deployment of multiple spinning production processes
- ▼ Carbon Fibers : Boost energy efficiency
- ▼ Home Healthcare : Rationalize ancillary costs by launching new models of equipment

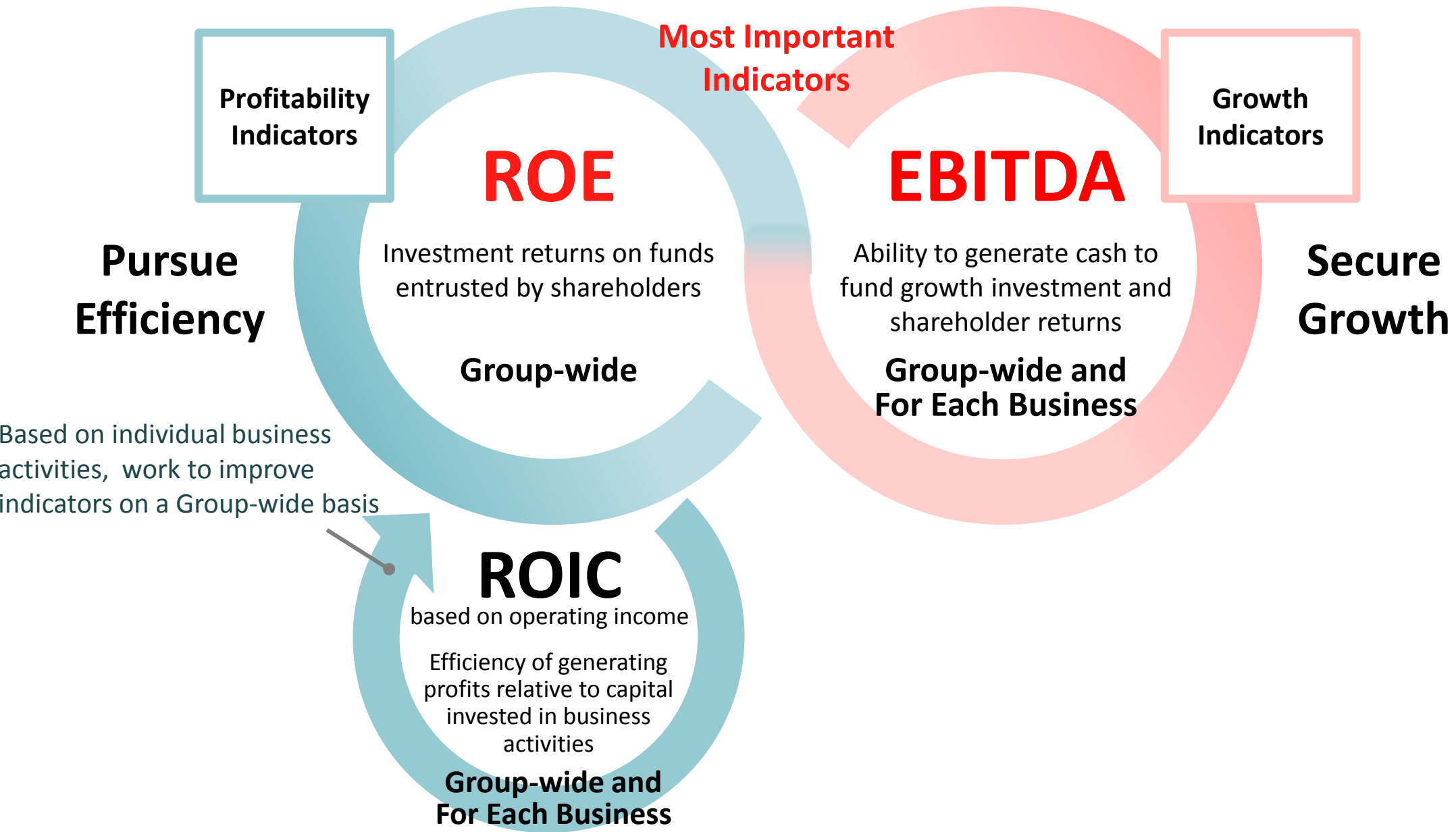
■ Head Office Restructuring Initiatives : **¥9 billion**

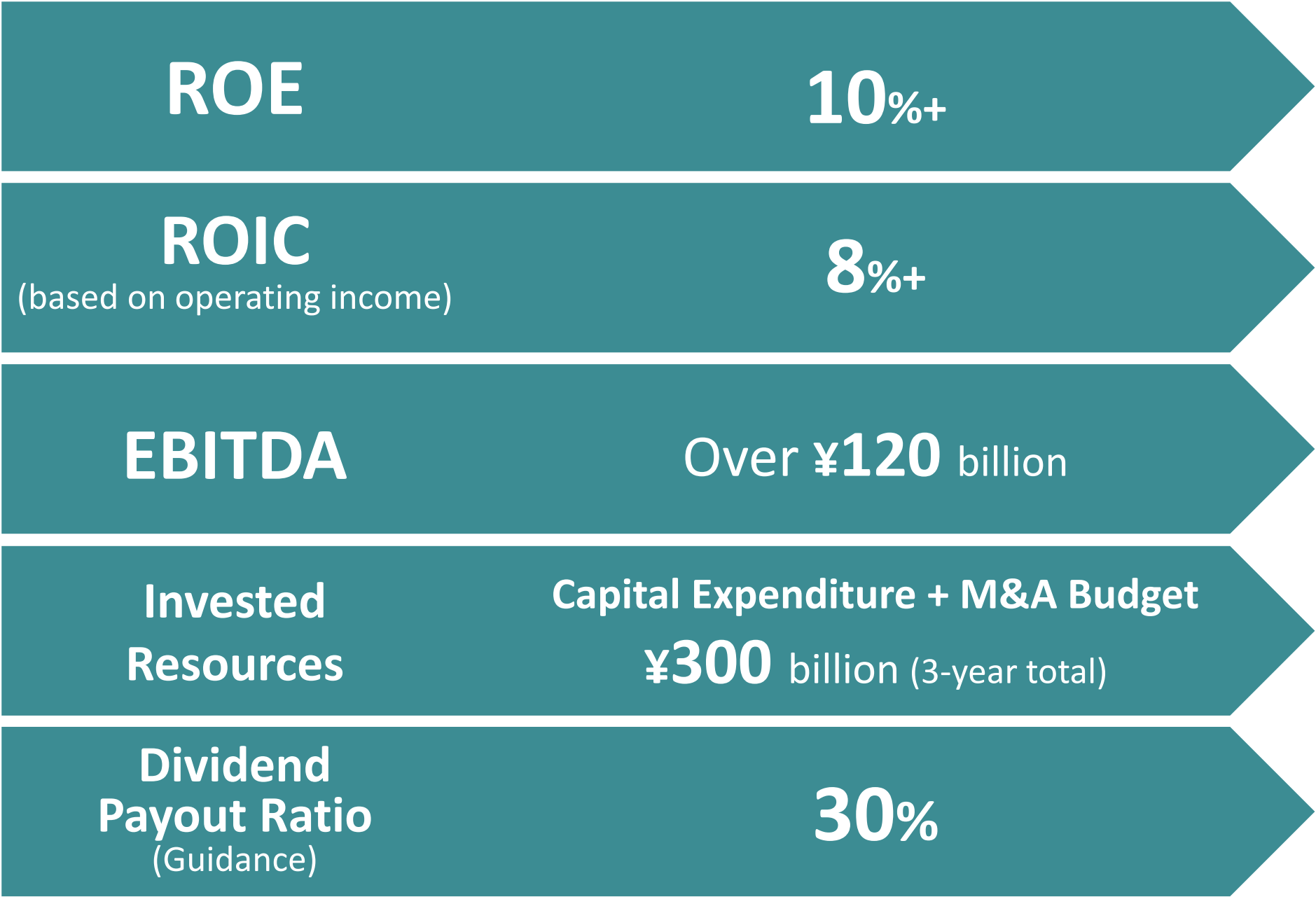
Restructuring into a “Small Head Office” commensurate with business scale after the implementation of restructuring initiatives

- ▼ Enhance marketing efficiency and rationalize administrative divisions through business integration (streamline organization, centralize operations)
- ▼ Develop information infrastructure to enhance productivity, digitalize functions/work

Management Targets

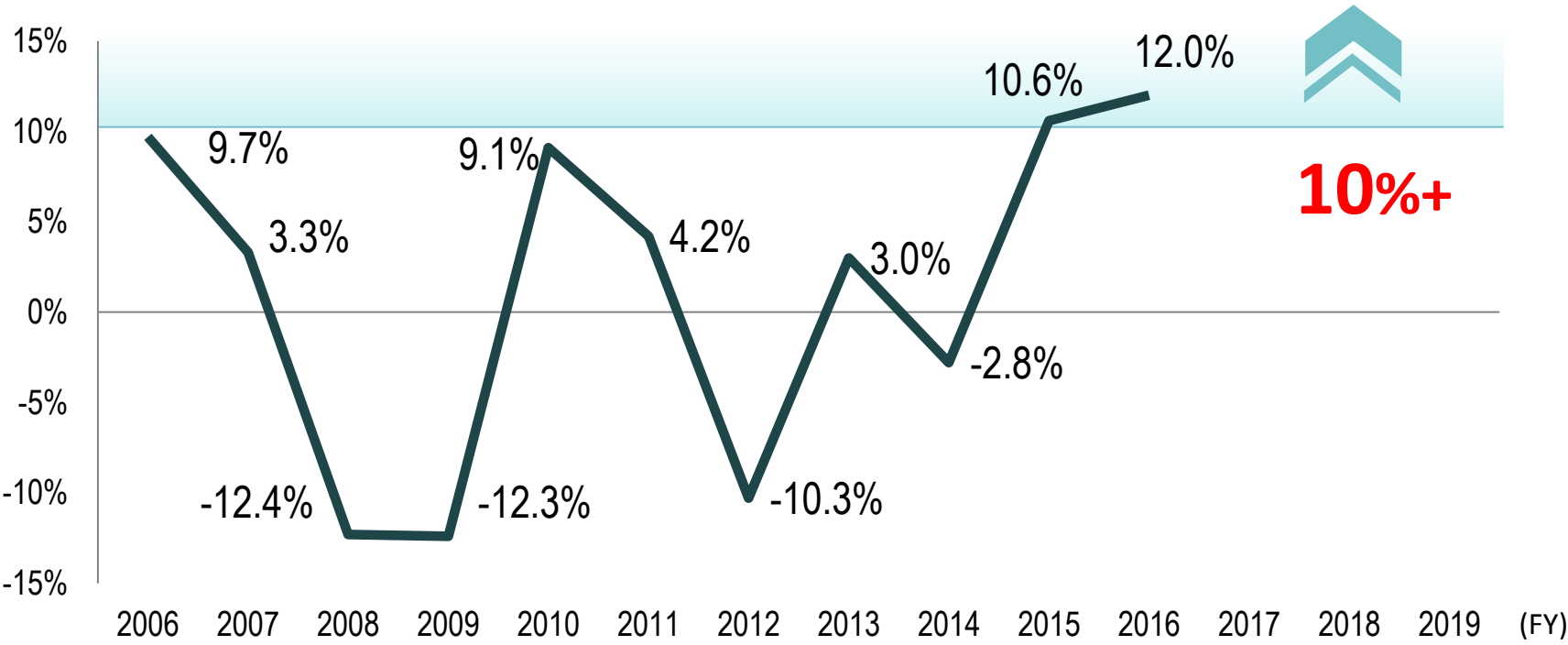
New key performance indicators will be established with an emphasis on both **investment efficiency** and **earnings power**





ROE based on net income > 10%+ = Ensure stable profits

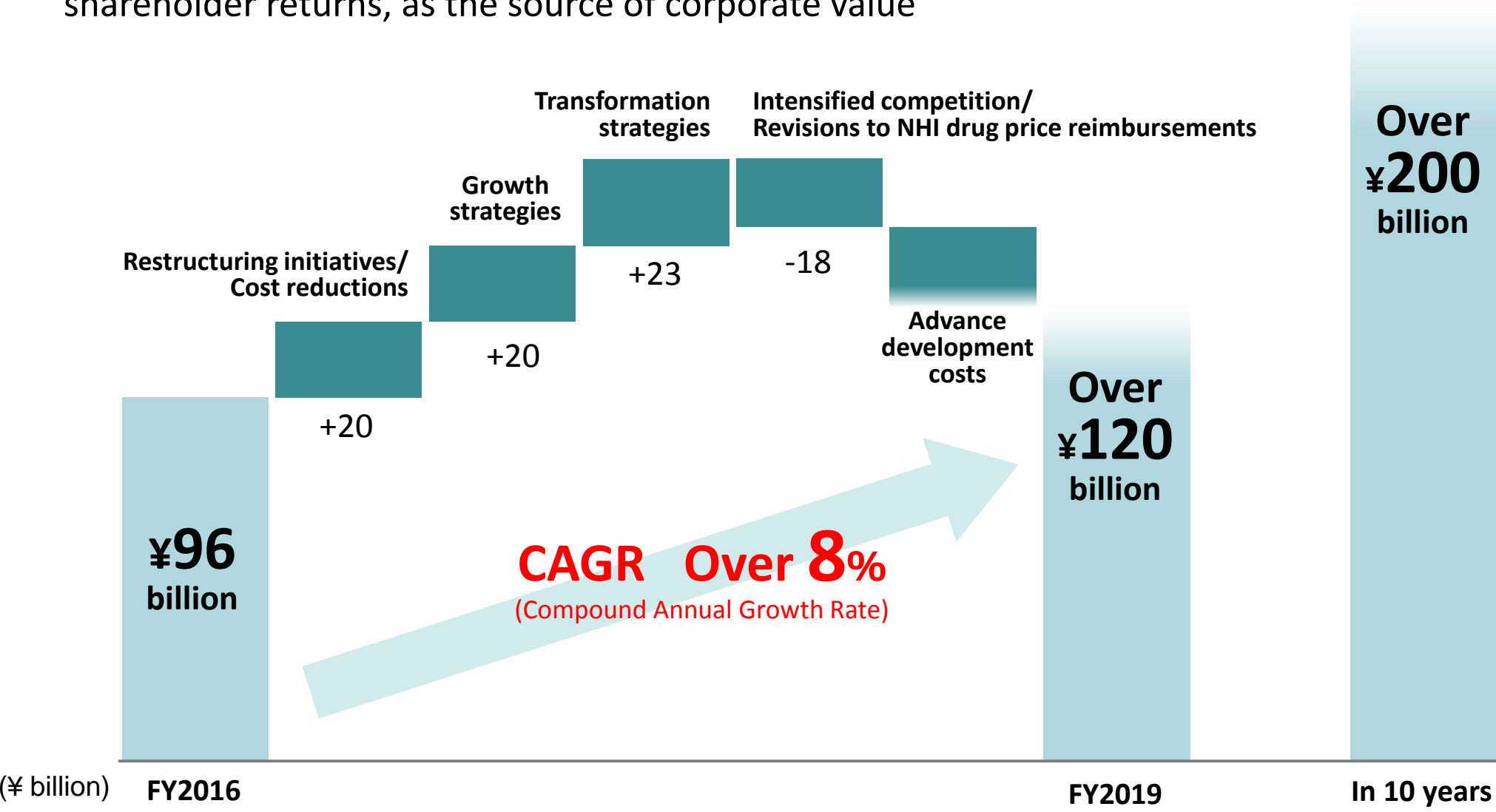
Break free from the low profit structure of the past by enhancing the profitability of each business and transforming the portfolio, generating stable shareholder returns exceeding the cost of shareholders' equity (7-8%)



ROIC based on operating income > 8%+ = Pursue investment efficiency

EBITDA > Generate more than ¥120 billion = Increase ability to generate cash

Secure the earnings power needed to fund growth investments and provide shareholder returns, as the source of corporate value



Original KPIs will be set, including non-financial information, to **visualize and monitor business portfolio transformation**, with follow-up on progress

Net Sales from Transformation Strategy Projects

Create new businesses and accelerate their growth

Business expansion through the promotion of transformation strategy

- **Materials business:**
Accelerate expansion to close-to-customer businesses
- **Healthcare business:** Create new businesses using cutting-edge healthcare business platforms

Degree of Diversity Promotion

Enhance competitiveness by harnessing and refining human resources

Penetration of diversity and workstyle reforms

- **Harness and nurture diverse human resources**
Promote the success of human resources regardless of gender, nationality, experience and sense of values

- **Promote workstyle reforms**

Promote the design of systems to support diverse workstyles in step with the times, in addition to existing systems such as telework and “Hello Again” programs*

*Re-employment systems for employees who have resigned due to family reasons

Policy on Resource Allocation

- **Capital Expenditure + M&A Budget : ¥300 billion** (3-year total)

Capital Expenditure : allocate **50%+** to growth and transformation strategies

Growth Strategy Investments

Construct a new carbon fiber plant, invest in healthcare systems, etc.

Transformation Strategy Investments

Composite materials , LiB separators and membranes, orthopedic implants

M&A : Proactively make use of external resources in the course of executing transformation strategies

- **R&D Expenses : Targeting around 5% of net sales**

Development budget related to transformation strategies : secure approx. **30%** of R&D expenses (3-year total)

Shareholder Return Policies

- Adopt a basic policy of paying dividends in line with consolidated operating results, targeting a consolidated dividend payout ratio of 30% for the medium term.
- Determine dividends by giving consideration to the need to ensure financial soundness, to our ability to maintain stable dividend payments over the medium to long term and to securing sufficient internal reserves to fund strategic investments aimed at ensuring future growth.

Disclaimer

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.

Business Risks

The Teijin Group recognizes certain risks as having the potential to affect its operating results and/or financial position. As of the date of this document, these risks included, but were not limited to, the risks listed below.

(1) Market-related risk

The Teijin Group manufactures and sells products, the sales of which may be affected by market conditions, competition with other companies and price fluctuations arising thereof, as well as fluctuations in raw materials prices and fuel costs, and such market factors as fluctuations in foreign exchange and interest rates.

(2) Product quality risk

The Teijin Group has established a dedicated division that is charged with product quality and reliability assurance for all Group businesses. However, product and service defects arising from quality issues have the potential to negatively affect, among others, the Group’s operating results, financial position and public reputation.

(3) R&D-related risk in the pharmaceuticals business

The Teijin Group actively allocates management resources to R&D efforts. R&D in the pharmaceuticals business, in particular, is characterized by significant investments of funds and time. Pharmaceuticals discovery research has a high incidence of failure to discover promising drugs. There are also risks that plans to apply for regulatory approval may be abandoned or that approval may be rescinded.

(4) Risks related to overseas operations

The Teijin Group has operations overseas. These operations are vulnerable to the impact of fluctuations in foreign exchange rates, as well as enforcement of new or unexpected changes to existing laws, regulations or tax systems that exert an adverse impact on the Group; economic fluctuations; or social unrest triggered by acts of terror or war.

(5) Risks related to accidents and disasters

In the event of a major natural disaster or unforeseen accident that results in damage to the Teijin Group’s production facilities or significantly impedes the Group’s supply chain, such developments may have a negative impact on the Group’s operating results and/or financial position.

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

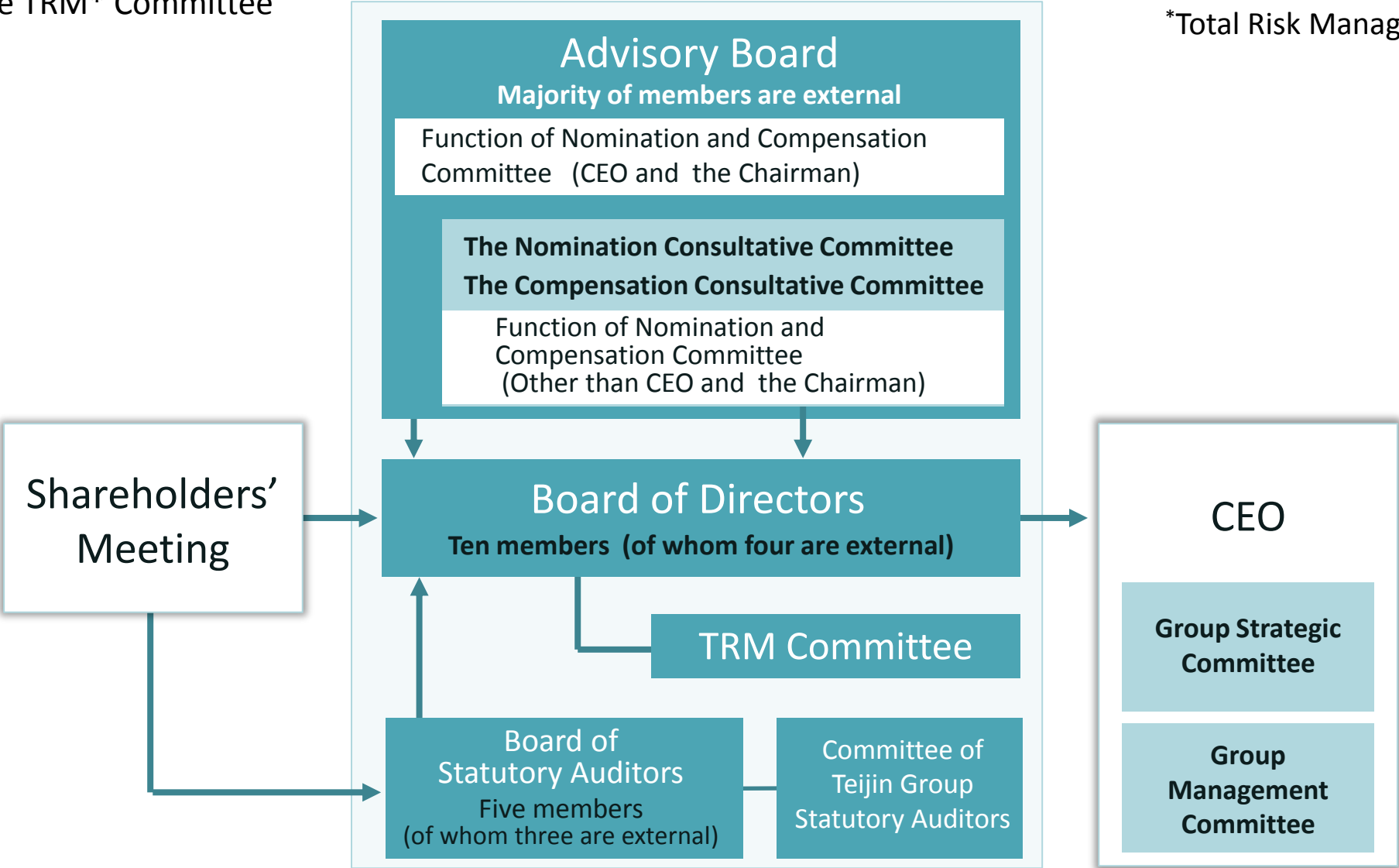
Reference Materials

Aiming for the sustainable development of our business and society, The Teijin Group identified the following materiality for a variety of issues related to corporate social responsibilities, and is advancing CSR management that is integrated with our business strategies.

		Environment	Society	Governance
Core Priority Fields (Medium-term management plan)	Capture Business Opportunities	<ul style="list-style-type: none">■ Environmental value solutions	<ul style="list-style-type: none">■ Safety, security and disaster mitigation solutions■ Demographic change and increased health consciousness solutions	
	Strengthen the Management Base	<ul style="list-style-type: none">■ Reducing environmental impact	<ul style="list-style-type: none">■ Diversity	<ul style="list-style-type: none">■ Corporate governance
Fields Requiring Continuing Efforts	Enhance the Management Base	<ul style="list-style-type: none">■ Conservation of biodiversity	<ul style="list-style-type: none">■ Information security■ Product liability/ Quality assurance■ Disaster prevention■ Occupational safety and hygiene■ CSR procurement	<ul style="list-style-type: none">■ Corporate ethics and compliance■ CSR communication

- Set up an Advisory Board with a majority of outside experts to ensure highly transparent management (from 1999)
- Efforts were made to further enhance transparency with respect to executive personnel through a Nomination Consultation Committee and a Remuneration Consultation Committee
- Implementing integrated management of business operating risks and management strategy risks through the TRM* Committee

*Total Risk Management



- Step up the promotion of workstyle diversity, women’s advancement, and personnel diversity more than ever, aiming for an organization that demonstrates the abilities of diverse human resources with different values and experiences, in order to revitalize the organization and stimulate innovation.
- To this end, we will set KPIs from many different perspectives, in addition to the disclosure of indicators* that are already at a high level. We will also promote and follow-up on human resources utilization directed at achieving these targets.

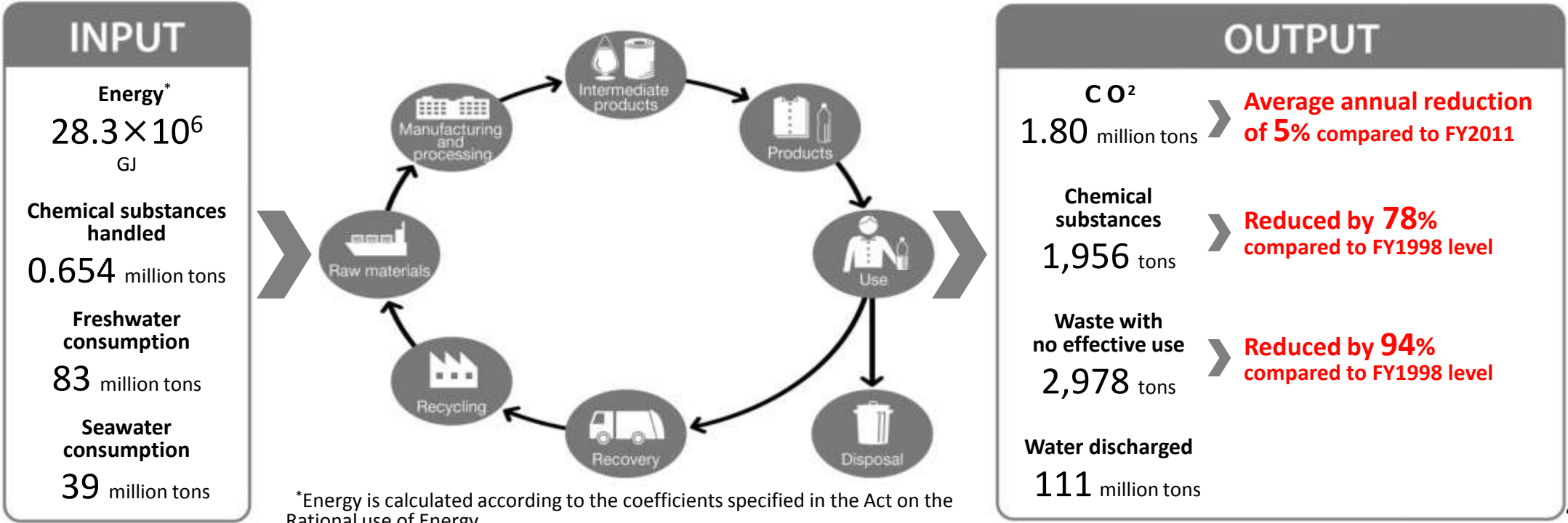
*e.g.)Current disclosure of indicators(Japan) : Average overtime per month for employees, Ratio of annual taken paid holidays, Return to work rates after parental leave, Average years at company by gender, Ratio of newly recruited career-oriented female university graduates

Degree Of Diversity Promotion, examples of indicators (goals to be achieved in 10 years)	
Basic Approach	Diversity recognition rate 100%
Diverse Workstyles	Work-at-home system utilization rate 50%
	Number of female executives 10+
Women’s Advancement	Managerial positions (Japan) 3 times more female managers than now (Overseas) Ratio of female managers 33%
Personnel Diversity	Number of foreign-national executives 12+

- The Teijin Group is working to reduce environmental impact over the entire life cycle of products, including all processes from material procurement to production, use and disposal

【Environmental impact reduction targets】 (established in FY2010)	
Greenhouse Gas Emissions from Manufacturing Operations	Achieve a CO2 emissions reduction ratio of 1% or more per year (compared to the level in fiscal 2011)
Emissions of Chemical Substances into the Environment	By fiscal 2020, reduce by 80% or more compared to fiscal 1998 level
Waste with No Effective Use	Reduce “waste with no effective use” by 85% or more compared to the fiscal 1998 level by fiscal 2020

【Environmental Impact during Manufacturing in FY2015 by Input / Output】



TEIJIN

Human Chemistry, Human Solutions

Human Chemistry, Human Solutions

The promise of the Teijin brand is summed up in the resonant statement: "Human Chemistry, Human Solutions".

Our promise is to continue to develop chemical technologies that are friendly to both people and the global environment. It is to keep providing solutions that deliver the real value that society and our customers expect.

We will certainly keep this promise. Constantly working to enhance the Quality of Life –our very reason for being as a company– the Teijin Group will continue to win the trust of society and our customers.