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**Flash Report**  
**– *FY13 Financial Performance &***  
***FY14 Outlook* –**

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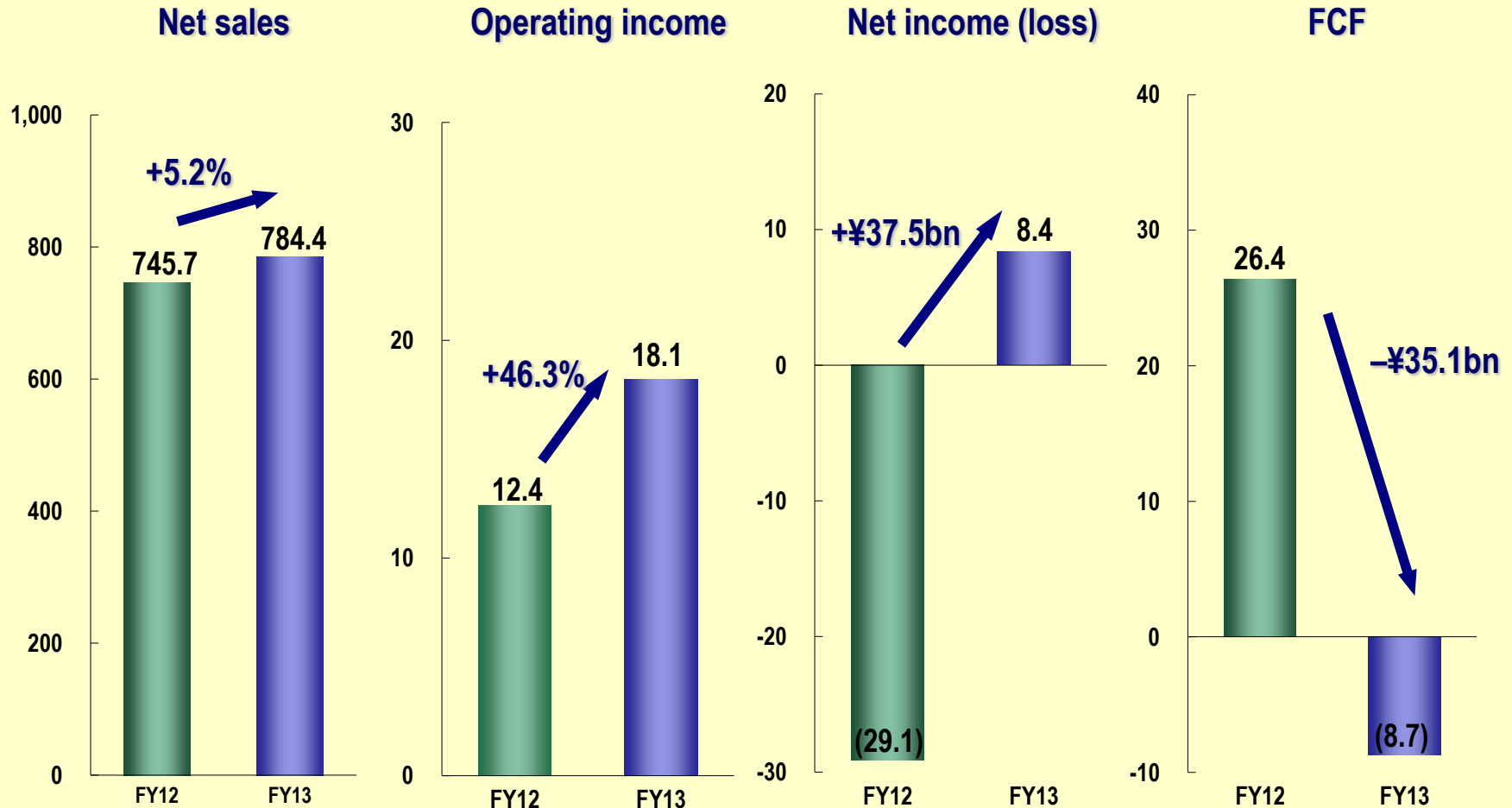
**Teijin Limited**  
**May 9, 2014**

# **Outline of FY13 Results**

(1) Consolidated Results Highlights

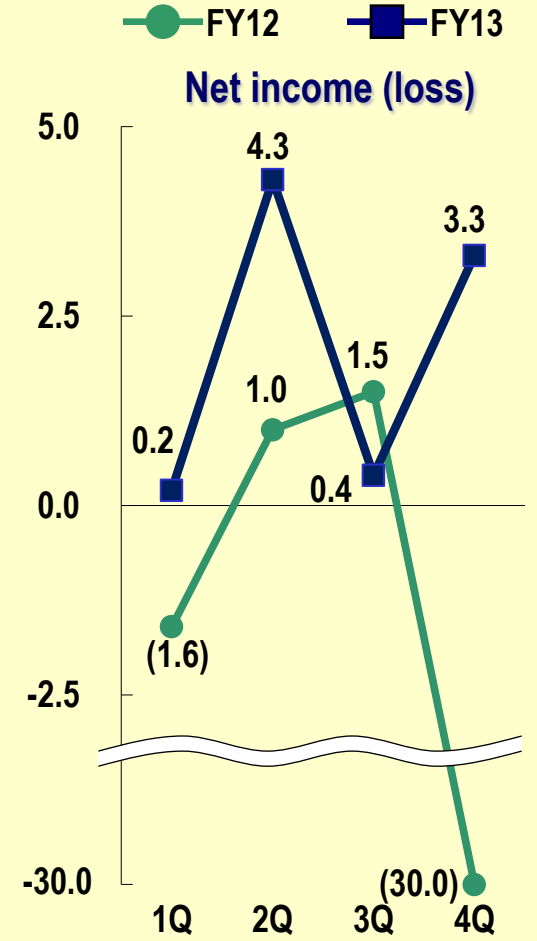
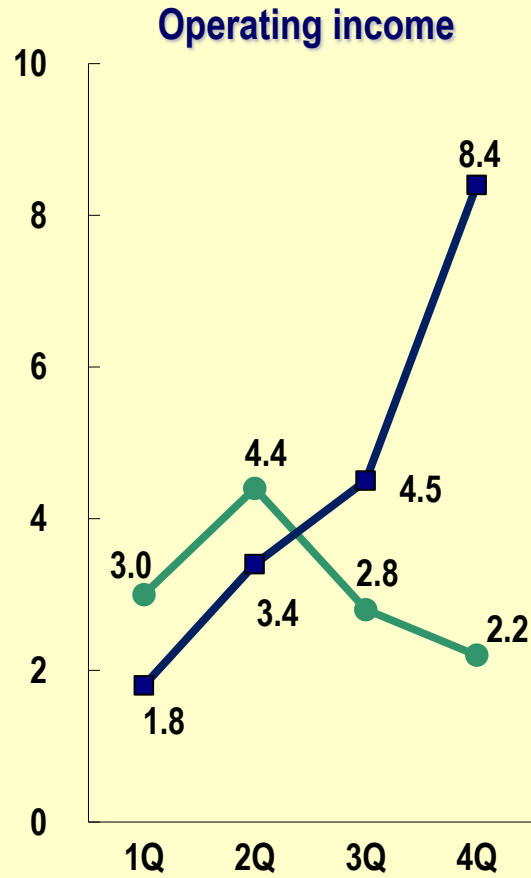
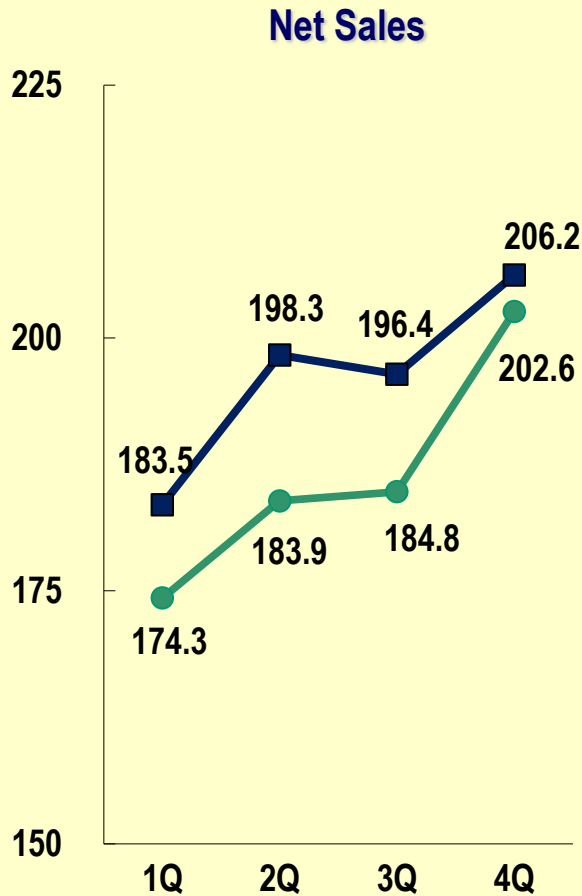
(¥ billion)

Full-Term Operating Movement



(¥ billion)

### Quarterly Movement



## ◆ Operating Results

(¥ billion)	FY12	FY13	Difference
Net sales	745.7	784.4	+38.7
Operating income	12.4	18.1	+5.7
Operating margin	1.7%	2.3%	+0.6%
Nonoperating items (net)	(2.6)	1.8	+4.4
Ordinary income	9.8	19.9	+10.1
Extraordinary items (net)	(31.9)	(5.4)	+26.5
Income (loss) before income taxes	(22.1)	14.5	+36.6
Income taxes	6.1	7.9	+1.8
Minority interests in income	0.9	(1.7)	-2.7
Net income (loss)	(29.1)	8.4	+37.5
EPS (¥)	(29.61)	8.50	+38.11

- Net sales and operating income: Up, owing to
  - Recovery in operating income in the Advanced Fibers and Composites segment, which countered sagging results in the Electronics Materials and Performance Polymer Products segment
- Ordinary income: Doubled, thanks to
  - Increase in equity in earnings of affiliates
- Net income: Significant improvement from net loss in fiscal 2012, with contributing factors including
  - Gain on sales of investment securities
  - Sharp decline in extraordinary loss items, including impairment loss

EBITDA *1	59.2	63.7	+4.5
CAPEX *2	36.3	30.2	-6.1
Depreciation & amortization	46.9	45.7	-1.2
R&D expenses	33.2	32.2	-1.0
FCF	26.4	(8.7)	-35.1

\*1 EBITDA = Operating income + Depreciation & amortization

\*2 CAPEX includes investments in intangible assets

### ◇ PL exchange rate

	FY12 Average	FY13 Average
¥/US\$	83	100
¥/€	107	134
US\$/€	1.29	1.34

◆ Nonoperating items

(¥ billion)	FY12	FY13	Difference
Interest income	0.5	0.5	-0.0
Dividends income	0.8	1.0	+0.1
Equity in earnings of affiliates	0.6	4.2	+3.6
Gain on valuation of derivatives	2.6	1.5	-1.1
Other	1.1	1.4	+0.3
<b>Nonoperating income, total</b>	<b>5.6</b>	<b>8.5</b>	<b>+2.9</b>
Interest expenses	3.4	3.4	-0.0
Foreign exchange losses	0.6	0.3	-0.3
Contribution	1.0	1.0	+0.0
Others	3.2	2.0	-1.1
<b>Nonoperating expenses, total</b>	<b>8.2</b>	<b>6.7</b>	<b>-1.4</b>
<b>Nonoperating items, total</b>	<b>(2.6)</b>	<b>1.8</b>	<b>+4.4</b>

- **Equity in earnings of affiliates: ¥4.2 billion**  
Revision of tax effect accounting for European affiliates

◆ Extraordinary items

(¥ billion)	FY12	FY13	Difference
Gain on sales of noncurrent assets	1.4	0.2	-1.3
Gain on sales of investment securities	0.0	8.3	+8.3
Gain on revision of retirement benefit plans	0.4	—	-0.4
Others	0.5	0.7	+0.2
<b>Extraordinary income, total</b>	<b>2.4</b>	<b>9.1</b>	<b>+6.8</b>
Loss on sales and retirement of noncurrent assets	1.5	1.7	+0.2
Loss on valuation of investment securities	0.8	0.1	-0.7
Impairment loss	29.4	8.8	-20.6
Business structure improvement expenses	0.1	2.4	+2.3
Others	2.5	1.6	-0.9
<b>Extraordinary loss, total</b>	<b>34.3</b>	<b>14.5</b>	<b>-19.7</b>
<b>Extraordinary items, total</b>	<b>(31.9)</b>	<b>(5.4)</b>	<b>+26.5</b>

- **Impairment loss: ¥8.8 billion**  
Suspension of production on two lines at our resin and plastics processing facility in Singapore; integration of films production facilities; discontinuation of in-house production of paraxylene

## ◆ Financial Position

(¥ billion)	Mar. 31, 2013	Mar. 31, 2014	Difference	(Impact of foreign exchange rate)
Total assets	762.4	768.4	+6.0	+23.9
Shareholders' equity	271.3	281.7	+10.4	+9.5
Interest-bearing debt	270.8	281.5	+10.8	+10.9

D/E ratio	1.00	1.00	+0.00
Equity ratio	35.6%	36.7%	+1.1%

## ◆ Cash Flows

(¥ billion)	Operating activities	Investing activities	FCF	Financing activities and adjustments	Cash & cash equivalents
FY13	38.6	(47.3)	(8.7)	(7.0)	(15.7)
FY12	64.3	(37.9)	26.4	(11.0)	15.4

## ◇ BS exchange rate

	Mar. 31, 2013	Mar. 31, 2014
¥/US\$	94	103
¥/€	121	142
US\$/€	1.28	1.38

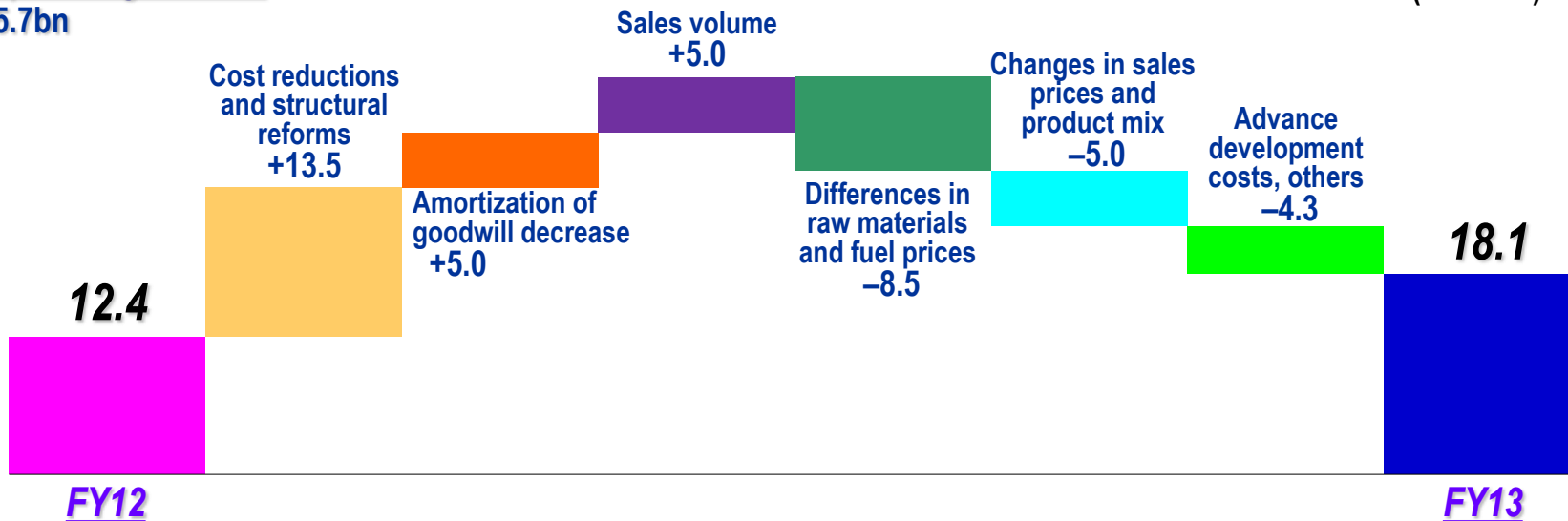
- **Financial position:**
  - Increase in total assets, liabilities and shareholders' equity, owing to yen depreciation
  - Moderate improvement in equity ratio
- **Cash flows:**
  - Fiscal 2012: Insurance income related to the severe flooding in Thailand in late 2011
  - Fiscal 2013: Acquisition of stake in Kyorin Holdings, Inc.

## ◆ Analysis of Changes in Operating Results and Financial Position

### ◇ Operating income

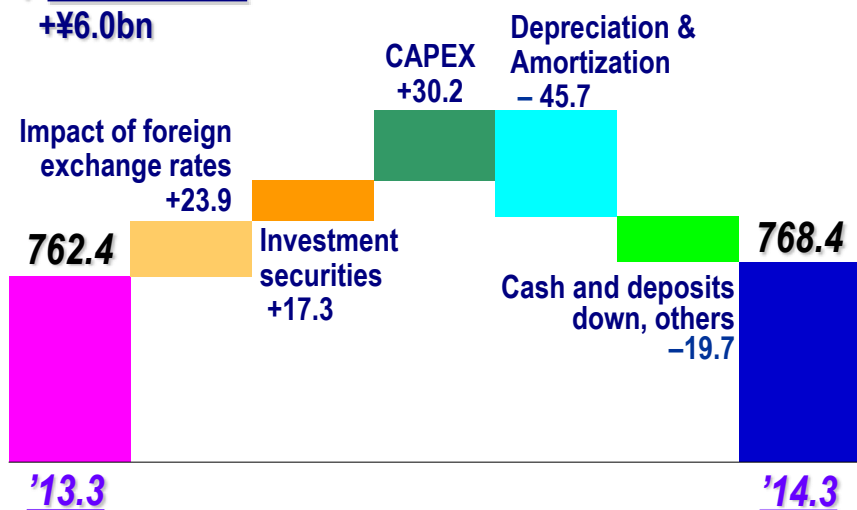
+¥5.7bn

(¥ billion)



### ◇ Total assets

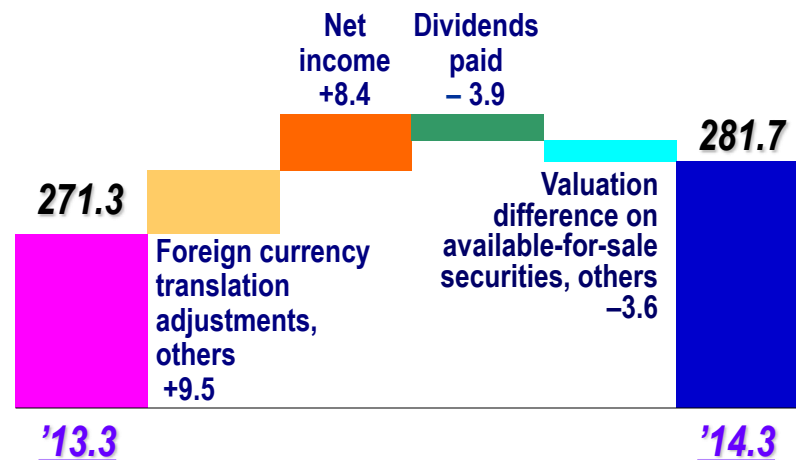
+¥6.0bn



### ◇ Shareholders' equity

+¥10.4bn

(¥ billion)





## (2) Operating Results by Segment (Comparison with FY12)

	Sales				Operating income (loss)			
	FY12	FY13	Difference	% Change	FY12	FY13	Difference	% Change
(¥ billion)								
Advanced Fibers and Composites	111.2	123.6	+12.4	+11.1%	(4.7)	5.7	+10.4	—
Electronics Materials and Performance Polymer Products	175.5	179.4	+3.9	+2.2%	(1.9)	(7.2)	−5.3	—
Healthcare	138.3	138.4	+0.1	+0.1%	24.8	24.5	−0.3	−1.1%
Trading and Retail	237.2	254.2	+17.0	+7.2%	4.7	5.2	+0.5	+10.0%
Subtotal	662.2	695.6	+33.4	+5.0%	22.9	28.2	+5.3	+23.3%
Others	83.5	88.8	+5.3	+6.4%	4.2	1.7	−2.5	−58.9%
Elimination and Corporate	—	—	—	—	(14.8)	(11.9)	+2.9	—
Total	745.7	784.4	+38.7	+5.2%	12.4	18.1	+5.7	+46.3%

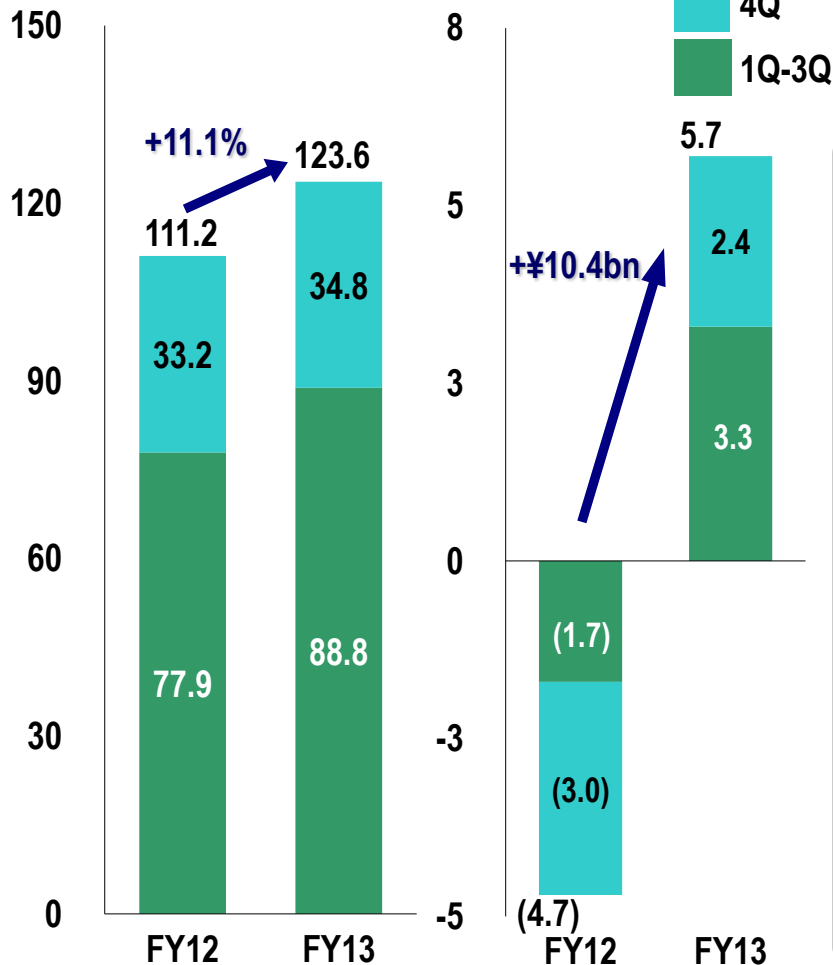
# ① Advanced Fibers and Composites

## Sales

## Operating income

(¥ billion)	FY12	FY13	Difference	Change
Sales	111.2	123.6	+12.4	+11.1%
Operating income (loss)	(4.7)	5.7	+10.4	—

(¥ billion)



### ◆ Summary & Actions

#### ◇ High-Performance Fibers

##### Para-aramid fibers:

- Sales for automotive and infrastructure-related applications were firm
- Demand for use in ballistic protection products and protective clothing remained lackluster
- Pricing competition intensified

##### Meta-aramid fibers:

- Demand for industrial and other applications was firm; sales for use in filters faced mounting competition
- Decision was made to commercialize a new type of meta-aramid fiber

##### Polyester fibers for industrial applications:

- Sales for automotive applications were solid

#### ◇ Carbon Fibers and Composites

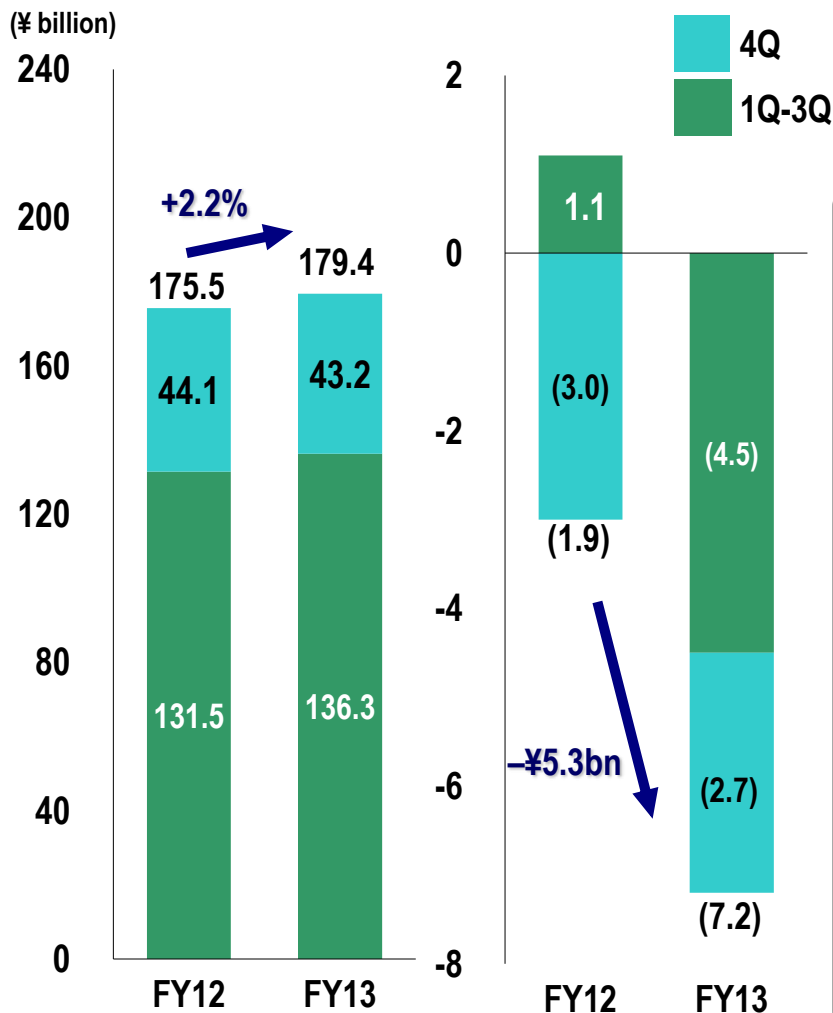
- Demand for use in aircraft and pressure vessels remained firm
- Sales prices showed signs of recovering, but sales offensives by late market entrants overseas continue to pose a challenge
- Thermoplastic CFRP projects progressed steadily

## ② Electronics Materials and Performance Polymer Products

### Sales

### Operating income

(¥ billion)	FY12	FY13	Difference	Change
Sales	175.5	179.4	+3.9	+2.2%
Operating income (loss)	(1.9)	(7.2)	-5.3	-



### ◆ Summary & Actions

#### ◇ Resin and Plastics Processing

##### Polycarbonate resin:

- Pricing competition intensified, owing to a soft supply-demand situation and inventory adjustments by competitors; we sought to preserve sales volume through flexible pricing
- Production on certain lines at our Singapore plant was suspended

##### Specialty polycarbonate resin and processed plastics products:

- Sales for use in camera lenses were robust
- Our plastic glazing was adopted by Nissan Motor Company for use in taxicabs for New York City

#### ◇ Films

##### Japan:

- Sales of release films for manufacturing processes were brisk
- Films for use in LCD televisions struggled, as competition intensified, driving down sales prices
- In line with our focus on improving production efficiency, we suspended production at our domestic joint venture's Ibaraki factory

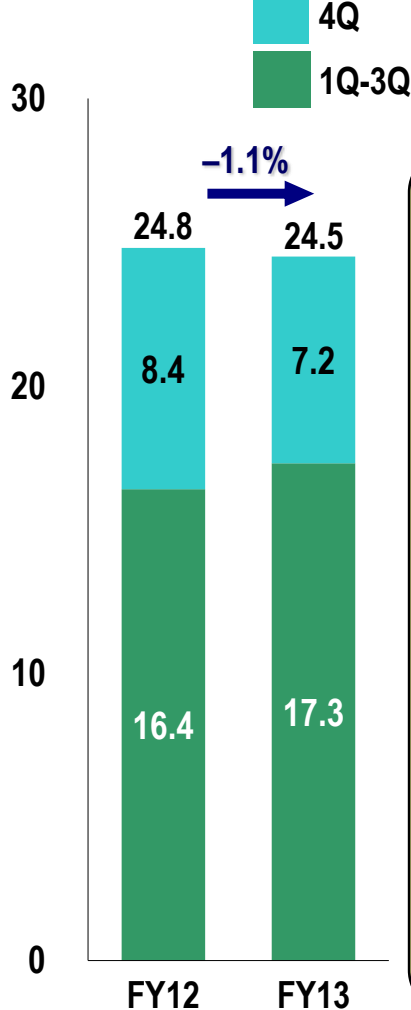
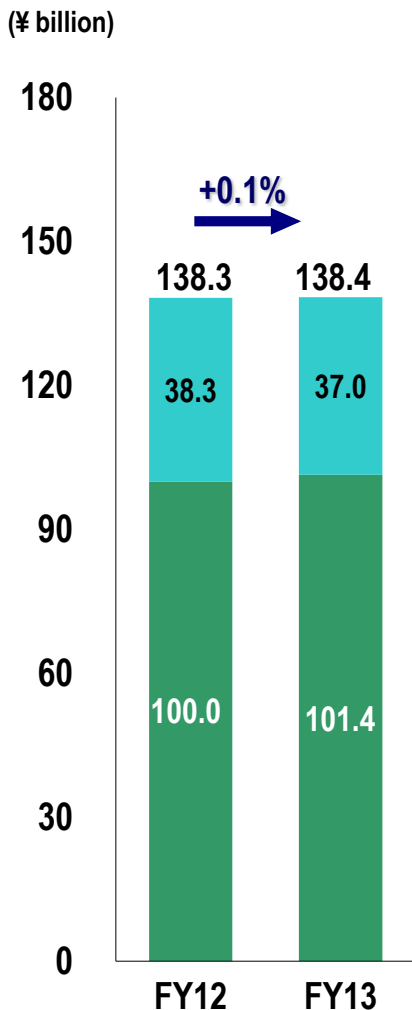
Overseas: Results were solid in the PRC and Europe, but demand in the United States flagged

### ③ Healthcare

#### Sales

#### Operating income

(¥ billion)	FY12	FY13	Difference	Change
Sales	138.3	138.4	+0.1	+0.1%
Operating income	24.8	24.5	-0.3	-1.1%



#### ◆ Summary & Actions

##### ◇ Pharmaceuticals

- **Febuxostat** (treatment for hyperuricemia and gout)  
Sales expanded favorably in Japan, enabling us to capture the top share of the domestic market for such treatments; overseas, efforts focused on increasing the number of countries and territories in which the drug is sold (currently 37)
- **Bonalon®\*** (treatment for osteoporosis)  
To offset the negative impact of a persistently harsh operating environment, we promoted efforts to expand sales of new formulations, which helped achieve further market penetration

##### ◇ Home Healthcare

- **HOT**: Rental volume remained firm, thanks to the release of new models
- **CPAP**: Rental volume rose steadily, augmented by the launch of *NemLink*, a monitoring system that uses mobile phone networks
- Operating conditions remained harsh in the United States; we responded by integrating sales bases and reducing headcount

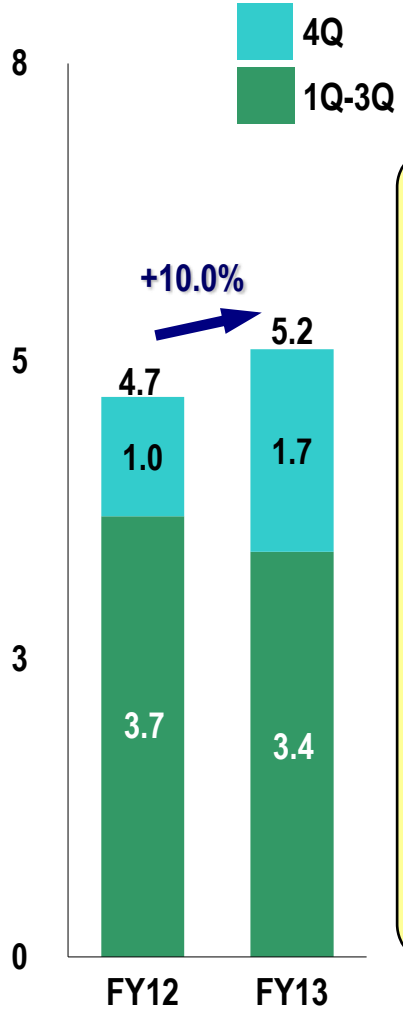
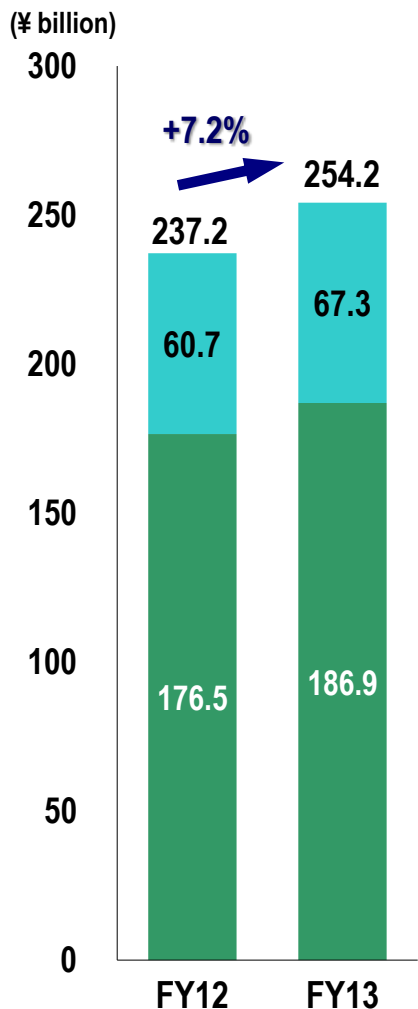
\* Bonalon® is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

## ④ Trading and Retail

### Sales

### Operating income

(¥ billion)	FY12	FY13	Difference	Change
Sales	237.2	254.2	+17.0	+7.2%
Operating income	4.7	5.2	+0.5	+10.0%



### ◆ Summary & Actions

#### Fiber materials and apparel:

- Exports of textiles for use in fashion apparel and sportswear were robust to Europe and North America; we expanded sales by promoting the development of high-performance materials in collaboration with customers and enhanced our fabric supply capabilities in the ASEAN region

#### Textiles and apparel:

- Our mainstay OEM business benefited from increased shipments, but struggled at the income level as yen depreciation pushed up costs

#### Industrial textiles and materials:

- Sales of materials and components for automotive applications rose worldwide
- Demand related to reconstruction in areas affected by the Great East Japan Earthquake wound down; market conditions for interior materials and films and plastics remained sluggish

◆ Net Sales and Operating Income (comparison with previous forecast)

		FY13 Previous Outlook*			FY13			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Sales	Advanced Fibers and Composites	58.4	71.6	130.0	58.4	65.2	123.6	-6.4
	Electronics Materials and Performance Polymer Products	91.3	88.7	180.0	91.3	88.1	179.4	-0.6
	Healthcare	64.8	80.2	145.0	64.8	73.6	138.4	-6.6
	Trading and Retail	120.9	134.1	255.0	120.9	133.3	254.2	-0.8
	Subtotal	335.5	374.5	710.0	335.5	360.1	695.6	-14.4
	Others	46.3	43.7	90.0	46.3	42.5	88.8	-1.2
	Total	381.8	418.2	800.0	381.8	402.6	784.4	-15.6
Operating income (loss)	Advanced Fibers and Composites	2.4	3.1	5.5	2.4	3.4	5.7	+0.2
	Electronics Materials and Performance Polymer Products	(2.7)	(2.3)	(5.0)	(2.7)	(4.5)	(7.2)	-2.2
	Healthcare	9.4	15.6	25.0	9.4	15.2	24.5	-0.5
	Trading and Retail	2.3	3.2	5.5	2.3	2.8	5.2	-0.3
	Subtotal	11.4	19.6	31.0	11.4	16.8	28.2	-2.8
	Others	(0.3)	2.8	2.5	(0.3)	2.1	1.7	-0.8
	Elimination and Corporate	(5.9)	(7.6)	(13.5)	(5.9)	(6.0)	(11.9)	+1.6
Total	5.2	14.8	20.0	5.2	12.9	18.1	-1.9	

\*Announced on November 1, 2013

# Outlook for FY14

## (1) Assessment of the operating environment

**Global economic conditions: Recovery in developed countries is expected to continue underpinning global economic conditions, countering the negative impact of flagging growth in emerging economies**

### GDP Growth Forecasts

Source: International Monetary Fund (April 2014)

(%)	2011	2012	2013	2014 Projections	2015 Projections
<b>World average</b>	<b>3.9</b>	<b>3.2</b>	<b>3.0</b>	<b>3.6</b>	<b>3.9</b>
<b>Advanced economies</b>	<b>1.7</b>	<b>1.4</b>	<b>1.3</b>	<b>2.2</b>	<b>2.3</b>
<b>Emerging markets and developing economies</b>	<b>6.2</b>	<b>5.0</b>	<b>4.7</b>	<b>4.9</b>	<b>5.3</b>

### Trends in key industries:

<b>Automobiles</b>	<ul style="list-style-type: none"> <li>The U.S. market continues to expand, although growth is slowing; European markets also remain on a gentle upswing</li> <li>Key Asian markets and emerging economies, notably the PRC and the ASEAN region, are growing</li> </ul>
<b>Aircraft</b>	<ul style="list-style-type: none"> <li>Airbus S.A.S. and The Boeing Company are benefiting from brisk orders, as a result of which production rates are rising</li> <li>Demand for aircraft from low-cost carriers and other airlines in emerging economies, particularly in Asia, also continues to flourish</li> </ul>
<b>Electronics</b>	<ul style="list-style-type: none"> <li>The industry remains dependent on growth in the smartphone and tablet computer markets</li> <li>The markets for flat-screen televisions and PCs has matured</li> <li>The shortening of product life cycles continues to fuel a trend toward lower sales prices</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Policies continue to focus on reducing sales prices through the revision of drug reimbursement prices, accelerating genericization and providing support for the discovery of new drugs</li> <li>Healthcare policy is driving growth in the home healthcare and nursing care services markets</li> </ul>



## (2) Summary of Outlook for FY14

	FY13	FY14 Outlook	Difference	
			Amount	%
(¥ billion)				
Net sales	784.4	780.0	-4.4	-0.6%
Operating income	18.1	25.0	+6.9	+38.3%
Operating margin	2.3%	3.2%	—	+0.9%
Ordinary income	19.9	22.5	+2.6	+13.1%
Net income	8.4	10.0	+1.6	+19.7%

## ◆ Dividends Declared for Fiscal 2013 and Forecast for Fiscal 2014

(¥/share)	FY13	FY14	Difference
Interim	2.0	2.0	—
Year-end	2.0	2.0	—
Annual dividends	4.0	4.0	—

EBITDA *1	63.7	70.0	+6.3
CAPEX *2	30.2	37.0	+6.8
Depreciation & amortization	45.7	45.0	-0.7
R&D expenses	32.2	34.0	+1.8
FCF	(8.7)	(10.0)	-1.3

(¥ billion)	Mar. 31, 2014	Mar. 31, 2015	Difference
Total assets	768.4	800.0	+31.6
Interest-bearing debt	281.5	290.0	+8.5

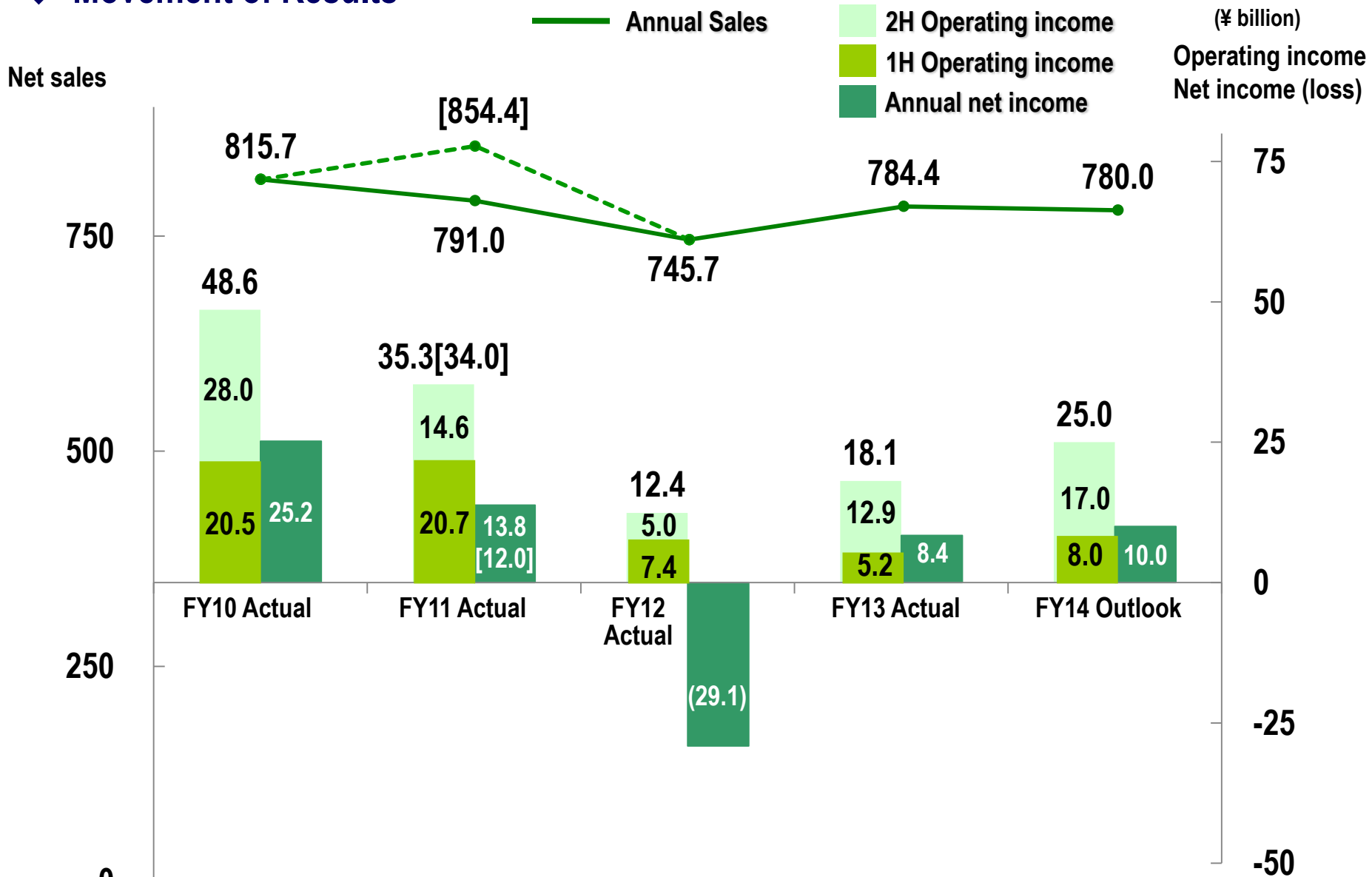
\*1 EBITDA = (Operating income + Depreciation &amp; amortization)

\*2 CAPEX includes investments in intangible assets

## ◆ Exchange rate and Crude Oil Price Forecast for FY14

JPY per USD : 100    JPY per EUR : 135    Dubai crude oil price : US\$105/barrel

◆ Movement of Results



Note: Figures in square brackets in the graphs above reflect the impact of the additional three-month period that resulted from the standardization of accounting periods on the results of some consolidated subsidiaries

## ◆ Outlook by Segment

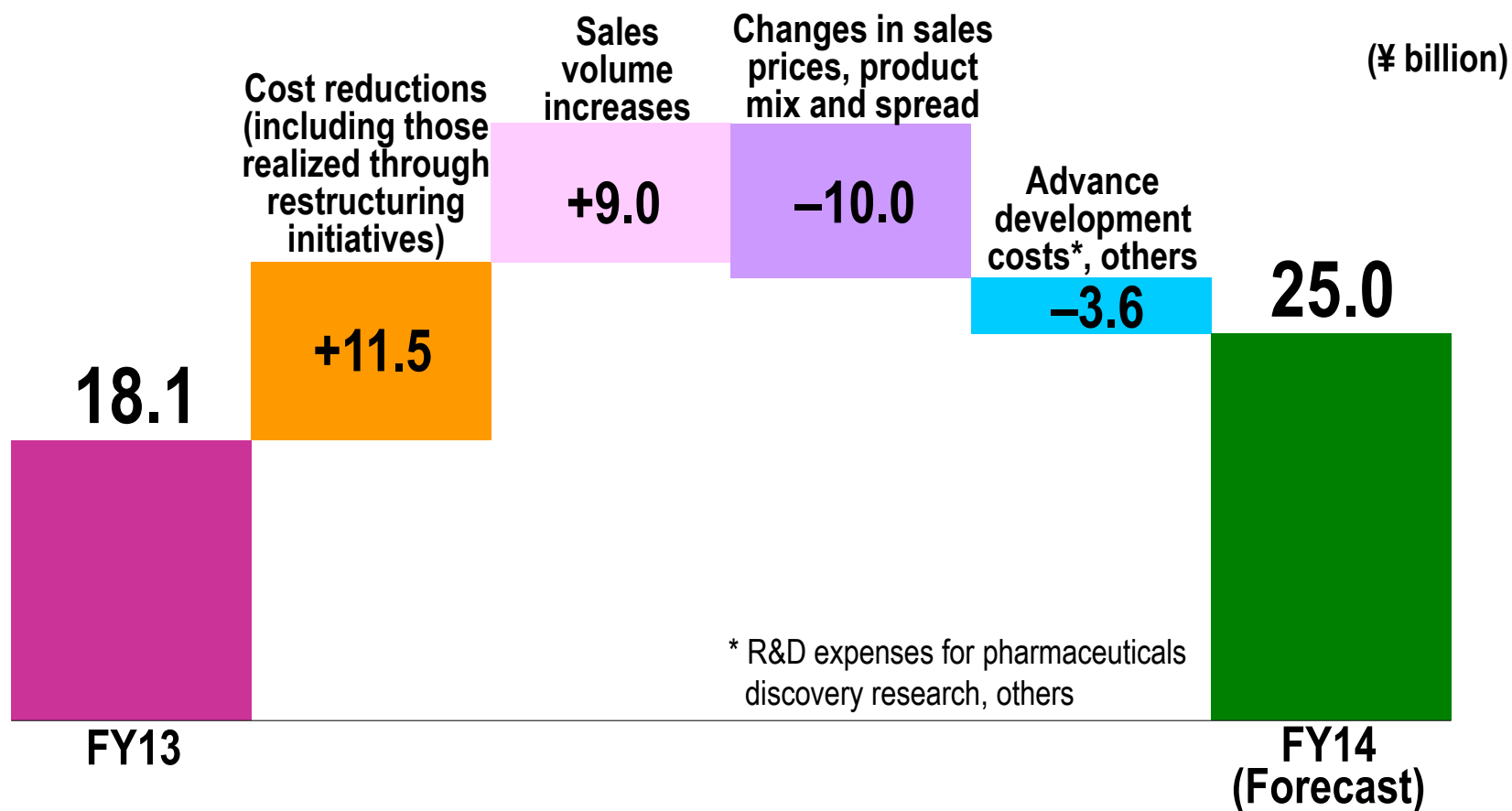
		FY13 Results			FY14 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Sales	Advanced Fibers and Composites	58.4	65.2	123.6	65.0	65.0	130.0	+6.4
	Electronics Materials and Performance Polymer Products	91.3	88.1	179.4	90.0	90.0	180.0	+0.6
	Healthcare	64.8	73.6	138.4	65.0	75.0	140.0	+1.6
	Trading and Retail	120.9	133.3	254.2	125.0	140.0	265.0	+10.8
	Subtotal	335.5	360.1	695.6	345.0	370.0	715.0	+19.4
	Others	46.3	42.5	88.8	30.0	35.0	65.0	-23.8
	Total	381.8	402.6	784.4	375.0	405.0	780.0	-4.4
Operating income (loss)	Advanced Fibers and Composites	2.4	3.4	5.7	3.0	3.5	6.5	+0.8
	Electronics Materials and Performance Polymer Products	(2.7)	(4.5)	(7.2)	(2.0)	(1.0)	(3.0)	+4.2
	Healthcare	9.4	15.2	24.5	11.0	14.0	25.0	+0.5
	Trading and Retail	2.3	2.8	5.2	2.0	3.5	5.5	+0.3
	Subtotal	11.4	16.8	28.2	14.0	20.0	34.0	+5.8
	Others	(0.3)	2.1	1.7	0.0	3.0	3.0	+1.3
	Elimination and Corporate	(5.9)	(6.0)	(11.9)	(6.0)	(6.0)	(12.0)	-0.1
Total	5.2	12.9	18.1	8.0	17.0	25.0	+6.9	

## (3) Strategic actions in key businesses

Segment/business		Efforts in core markets/products and services	Restructuring initiatives and cost-cutting measures
Advanced Fibers and Composites	High-Performance Fibers	<ul style="list-style-type: none"> <li>Boost sales for use in tires and rubber reinforcements</li> <li>Increase sales for use in ballistic protection products and protective clothing; build effective supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Shrink production and head office fixed costs</li> <li>Complete second transfer of operations to Thailand (Polyester fibers)</li> </ul>
	Carbon Fibers and Composites	<ul style="list-style-type: none"> <li>Focus efforts to expand business on highly profitable applications, such as aircraft, and on areas in which barriers to new market entrants are significant, including pressure vessels</li> <li>Accelerate development of thermoplastic CFRP for automotive applications</li> </ul>	<ul style="list-style-type: none"> <li>Improve efficiency of two-pronged production configuration (Japan and Europe)</li> </ul>
Electronics Materials and Performance Polymer Products	Resin and Plastics Processing	<ul style="list-style-type: none"> <li>Expand high-performance compounds and processed products businesses; scale back businesses centered on commoditized products</li> <li>Foster markets in the PRC and the ASEAN region</li> <li>Broaden sales for use in automobiles, housing, infrastructure development and healthcare</li> </ul>	<ul style="list-style-type: none"> <li>Production in Singapore plant to be integrated on two lines (Production to be suspended on one more line in May 2014)</li> <li>Reorganize sales companies</li> <li>Bring processes currently contracted out back in house</li> </ul>
	Films	<ul style="list-style-type: none"> <li>Offer low-priced films for use in LCDs</li> <li>Increase sales of release films for manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>Integrate and enhance efficiency of domestic production facilities</li> <li>Increase production capacity and promote production of high-value-added items at facilities in Asia</li> </ul>
Healthcare	Pharmaceuticals	<ul style="list-style-type: none"> <li>Concentrate business expansion initiatives on febusostat (Ensure effective life cycle management)</li> <li>Strengthen drug discovery capabilities; hasten clinical development efforts</li> </ul>	<ul style="list-style-type: none"> <li>Reduce costs by narrowing focus of marketing efforts (Make use of web-based sales promotions, among others)</li> </ul>
	Home healthcare	<ul style="list-style-type: none"> <li>Boost sales of CPAP ventilators and <i>AutoSet CS</i> (Expand into devices used in the treatment of circulatory disorders)</li> </ul>	<ul style="list-style-type: none"> <li>Rebuild operating foundation in the United States</li> </ul>

#### (4) Analysis of changes in operating income forecast

- Ongoing business restructuring initiatives and decisive measures to reduce costs
- Emphasis on the expansion of core strategic businesses (advanced fibers and composites, healthcare)
- Consideration given to the impact of drug price revisions and lower sales prices for products sold in Asian markets and emerging economies



## (5) Financial Highlights

	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Outlook
ROA *1	6.1%	4.5%	1.6%	2.4%	3.2%
ROE *2	9.1%	4.2%	-10.3%	3.0%	3.6%
Operating margin	6.0%	4.0%	1.7%	2.3%	3.2%
D/E ratio	0.94	0.89	1.00	1.00	1.0
Shareholders' equity ratio	37.3%	38.3%	35.6%	36.7%	35%
Earnings per share (¥)	25.6	12.2	(29.6)	8.5	10.2
Dividends per share (¥)	5.0	6.0	4.0	4.0	4.0
Total assets (¥ billion)	761.5	762.1	762.4	768.4	800.0
Interest-bearing debt (¥ billion)	267.4	261.0	270.8	281.5	290.0
EBITDA (¥ billion)*3	105.0	86.3	59.2	63.7	70.0

\*1 ROA= Operating income/Total assets

\*2 ROE= Net income/Shareholders' equity

\*3 EBITDA = Operating income + Depreciation & amortization

# Strategic Directions Under Teijin's New Management Team

1. Vision and policies
2. Business restructuring initiatives
3. Growth strategies
4. Looking ahead

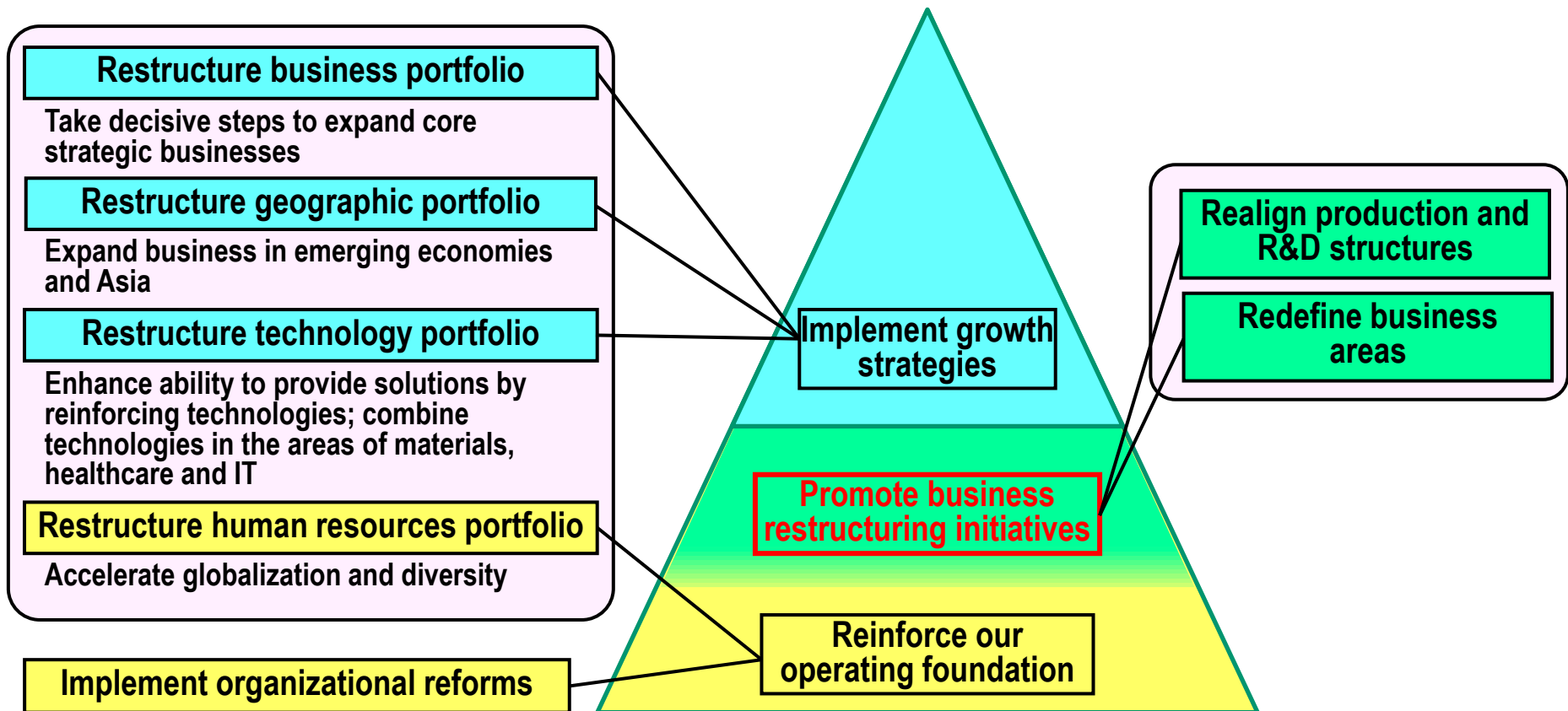
# 1. Vision and policies

## ■ Maintain current long-term vision and basic policies

Evolve toward a solutions-based business model

## ■ Target growth by balancing business restructuring initiatives and growth strategies

Further enforce the concept of concentration and selectivity  
(focus allocation of resources)





## 2. Business restructuring initiatives

### ■ Macroeconomic trends in 2012–2013

The slowdown in emerging economies persisted; in developed economies, the pace of growth remained fragile

### ■ Main factors behind the flagging operating results in the Teijin Group's materials businesses

- Weakened cost competitiveness
- Overemphasis on certain applications, customers and regions
- Insufficient efforts to cultivate new applications/markets and develop new products
- Delay in shift toward solutions-based business model



**Earnings capacity in our materials businesses  
has been hampered**

### ■ Principal short- to medium-term challenges

Rebuild the earnings bases of existing businesses by implementing business restructuring initiatives and reducing costs

## 2. Business restructuring initiatives

### ■ Basic policies

We will reassess current businesses using four basic criteria: **market potential, technological superiority, profitability and suitability for our business model.**

Based on this, we will take steps to **optimize the scale, location and configuration of production in each business.**

### ■ Specific approaches

- Shut down/integrate production and R&D facilities in Japan and overseas

- Seek out beneficial strategic alliances, OEM arrangements and M&A opportunities

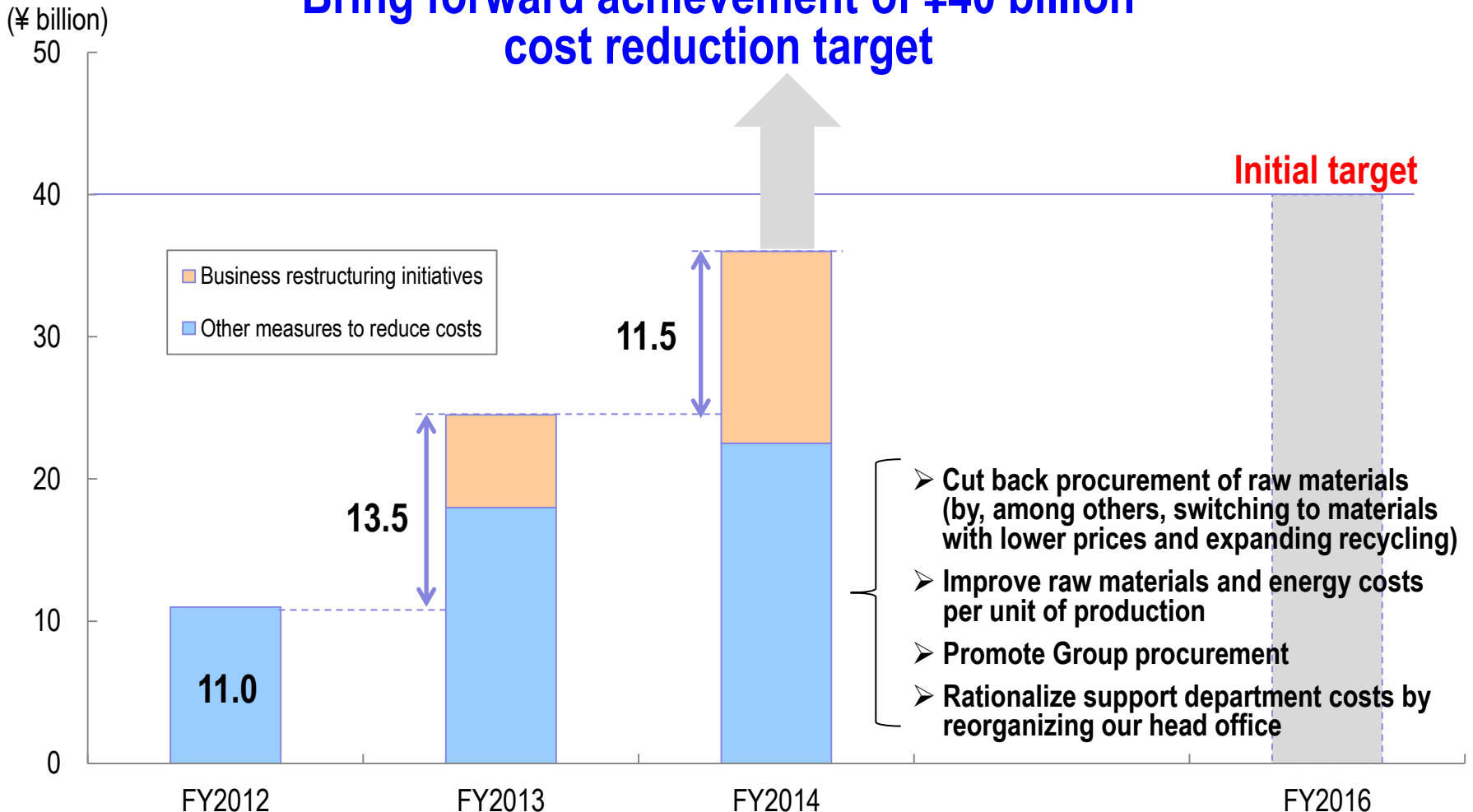
- Optimize the location and scale of commoditized materials businesses and concentrate investment in growth businesses

- Increase the efficiency of support departments and promote ongoing Groupwide efforts to reduce costs

## 2. Business restructuring initiatives

- Impact of efforts to bolster profitability (including measures to reduce costs in addition to business restructuring initiatives)

**Bring forward achievement of ¥40 billion cost reduction target**



### 3. Growth strategies

#### ■ Overall objective

**Evolve as a company that is capable of providing value that responds to the needs of customers and society at large**

#### ■ Basic policies

- Expand highly profitable businesses, notably high-performance materials, healthcare and IT
- Draw on the collective capabilities of the Teijin Group to create a new business model that integrates core competencies

#### ■ Specific approaches

- Press ahead steadily with key projects currently in progress (e.g., thermoplastic CFRP, healthcare-related undertakings)
- Draw on the collective capabilities of the Teijin Group to cultivate new businesses that integrate materials and healthcare and in some cases also incorporate IT services
- Expand mid- and downstream businesses by promoting collaboration between our materials businesses and our Trading and Retail Businesses Group
- Actively seek beneficial strategic alliances, OEM arrangements and M&A opportunities
- Realign and strengthen R&D structure

### 3. Growth strategies

#### ■ Business domains

 = Value to society

## High-performance materials

- ◆ High-performance materials that help make the items in which they are used smaller, lighter, stronger and more attractive
- ◆ Technologies that facilitate the production of composites combining multiple materials

Reduced consumption of energy and resources; safety and protection against disasters; clean energy

## Healthcare

- ◆ Synergies between our pharmaceuticals and home healthcare businesses
- ◆ Nationwide home healthcare services network

Safety and peace of mind, comfort  
⇒ Enhanced quality of life for patients

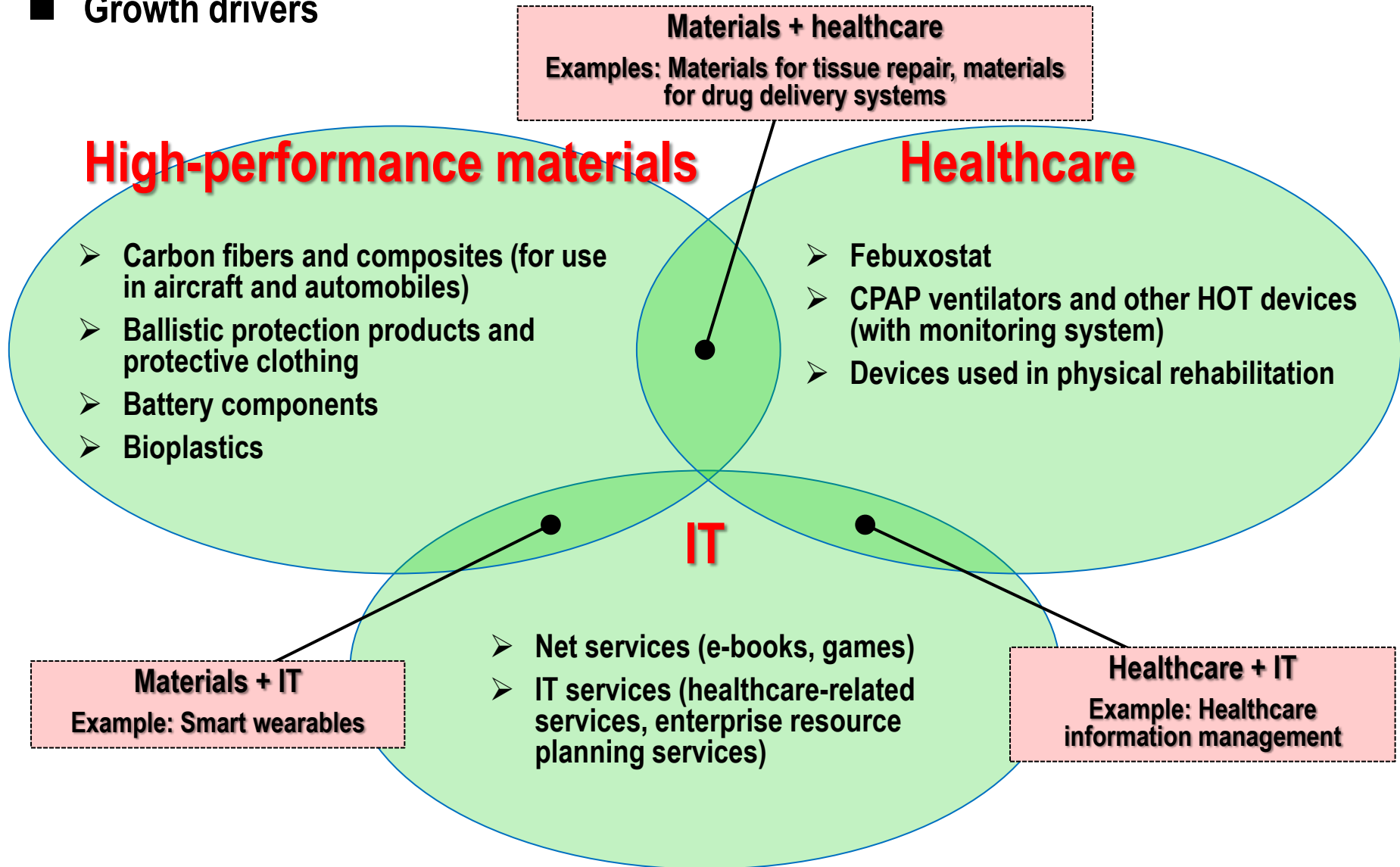
## IT

- ◆ Business development focused equally on B to B and B to C services
- ◆ Solid customer base (several million private users)

Increasingly sophisticated services; collection and timely use of information

### 3. Growth strategies

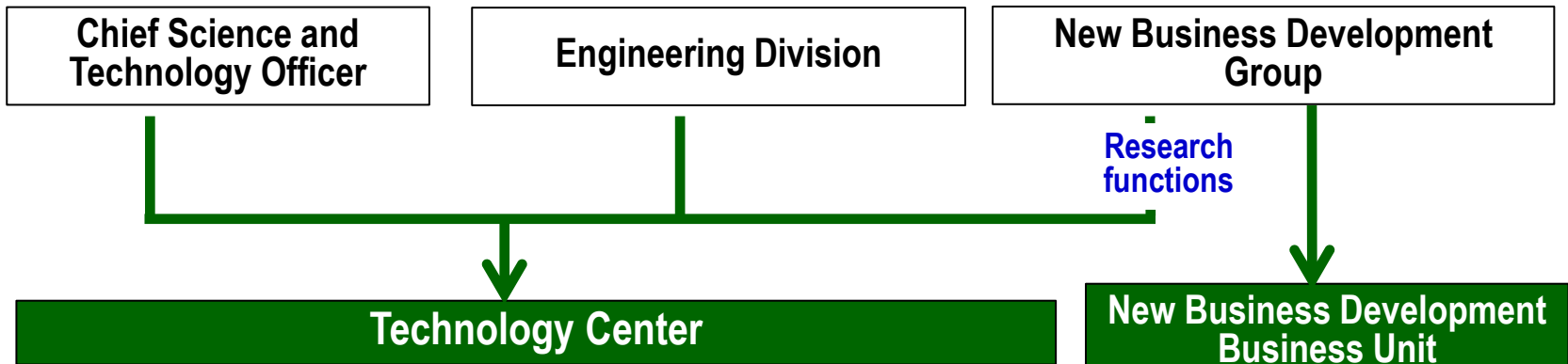
#### ■ Growth drivers



### 3. Growth strategies

#### ■ Realign and strengthen R&D structure

- Reorganize our R&D configuration, Engineering Division and New Business Development Group (commenced in April 2014)



- Hasten efforts to ensure R&D structure capable of yielding profitable products and services going forward
  - Maintain/enhance basic technologies
  - Add depth to technologies for production/commercialization of composites and downstream products
  - Advance facility technologies

- Focus on accelerating commercialization



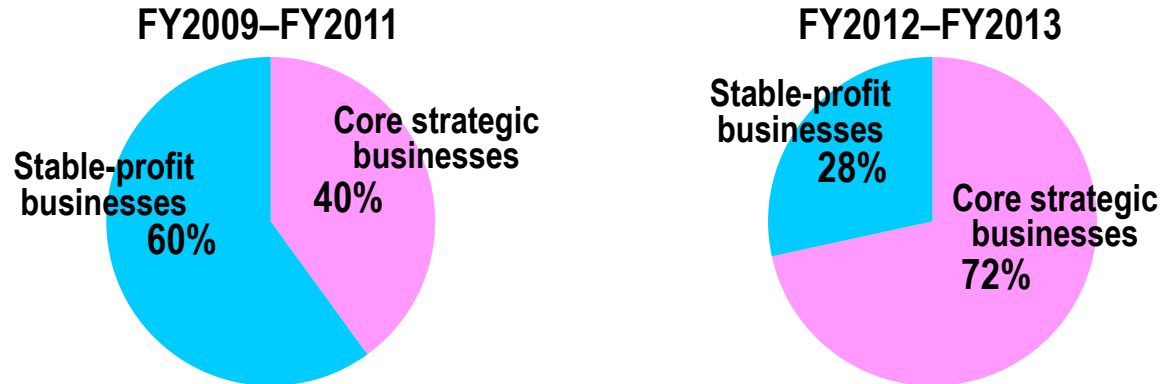
- Shift from a materials-based to a solutions-based business model
- Cultivate new businesses that integrate materials and healthcare and in some cases also incorporate IT services

### 3. Growth strategies

#### ■ Outlook for allocation of management resources

We continue to promote the focused allocation of management resources with the aim of **expanding core strategic businesses (advanced fibers and composites and healthcare)**

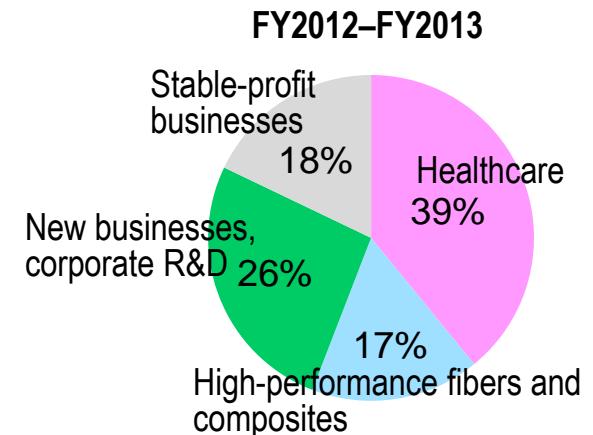
#### Capital investment



In addition to approximately ¥30 billion/year on maintenance and refurbishment, we have resolved to **invest a total of ¥100-¥200 billion in growth businesses over the next three years**

#### Investment in R&D

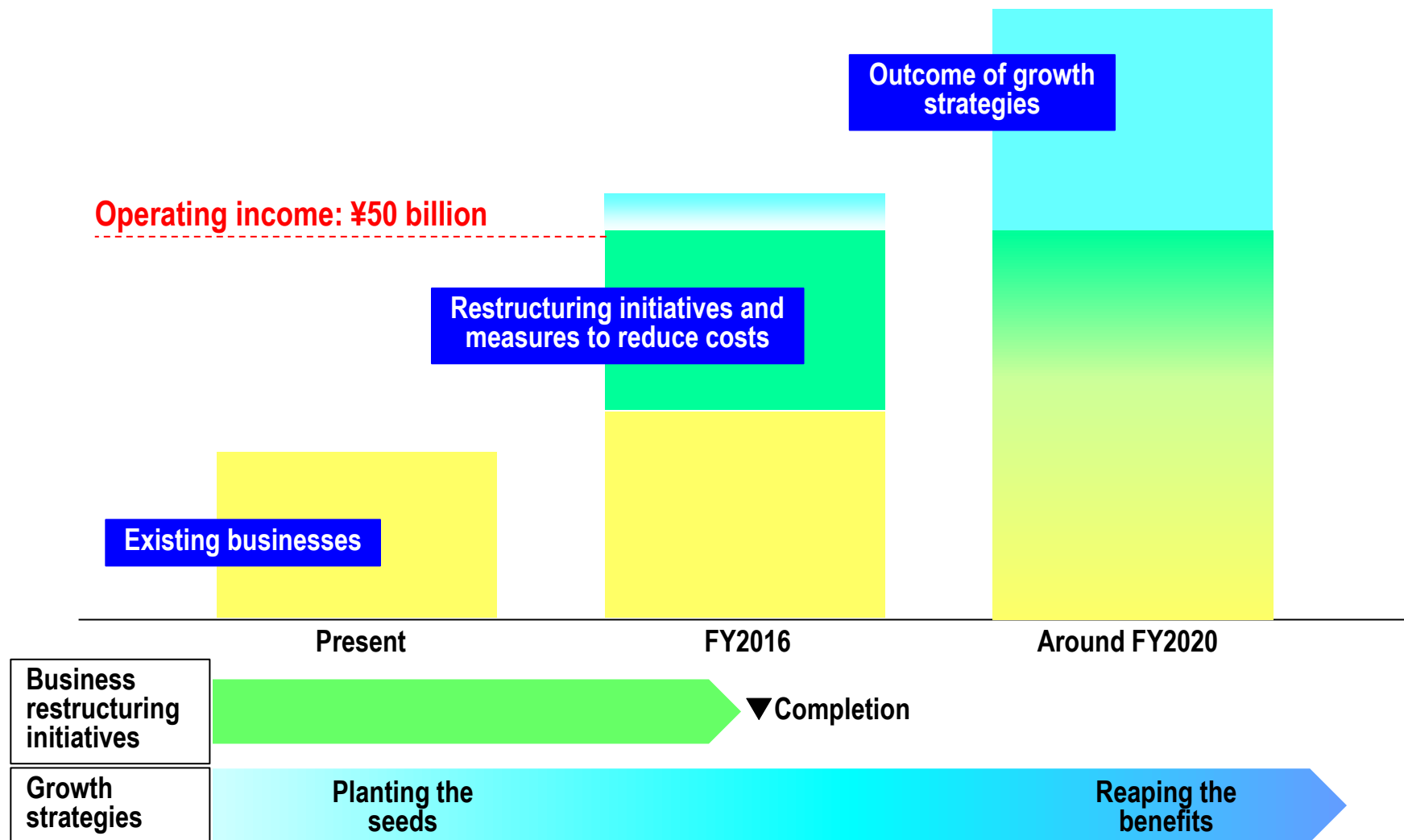
We will continue to invest an amount equivalent to 4%-5% of consolidated net sales annually in R&D, focusing on core strategic businesses and new businesses





## 4. Looking ahead

### ■ Outlook for profitability



## Disclaimer Regarding Forward-Looking Statements and Business Risks

### 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

Teijin's healthcare businesses manufacture and sell products that may affect the lives of users. Accordingly, quality issues relating to such products 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

R&D in the pharmaceuticals business 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.

◆ Changes in Net Sales and Operating Income

		FY12					FY13				
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q	3Q	4Q	Annual Total
(¥ billion)											
Sales	Advanced Fibers and Composites	26.1	26.6	25.2	33.2	111.2	28.2	30.2	30.4	34.8	123.6
	Electronics Materials and Performance Polymer Products	43.7	44.7	43.0	44.1	175.5	44.3	47.0	44.9	43.2	179.4
	Healthcare	31.2	33.1	35.7	38.3	138.3	31.5	33.3	36.6	37.0	138.4
	Trading and Retail	54.9	60.8	60.9	60.7	237.2	57.1	63.8	66.0	67.3	254.2
	Total	156.0	165.2	164.8	176.2	662.2	161.1	174.4	177.9	182.3	695.6
	Others	18.4	18.7	20.0	26.4	83.5	22.4	23.9	18.6	23.9	88.8
	Total	174.3	183.9	184.8	202.6	745.7	183.5	198.3	196.4	206.2	784.4
Operating income (loss)	Advanced Fibers and Composites	(0.3)	0.6	(2.0)	(3.0)	(4.7)	0.2	2.2	0.9	2.4	5.7
	Electronics Materials and Performance Polymer Products	1.6	(0.1)	(0.4)	(3.0)	(1.9)	(0.2)	(2.4)	(1.8)	(2.7)	(7.2)
	Healthcare	3.8	5.5	7.1	8.4	24.8	4.6	4.8	8.0	7.2	24.5
	Trading and Retail	0.7	1.4	1.5	1.0	4.7	0.6	1.8	1.1	1.7	5.2
	Total	5.8	7.4	6.2	3.5	22.9	5.2	6.3	8.2	8.7	28.2
	Others	0.4	0.2	0.8	2.9	4.2	(0.0)	(0.3)	(0.5)	2.6	1.7
	Elimination and Corporate	(3.2)	(3.2)	(4.3)	(4.1)	(14.8)	(3.3)	(2.6)	(3.1)	(2.9)	(11.9)
Total	3.0	4.4	2.8	2.2	12.4	1.8	3.4	4.5	8.4	18.1	

## ◆ Consolidated Balance Sheets

(¥ billion)	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014
<b>Total assets</b>	739.7	731.8	780.0	762.4	783.8	766.8	791.0	768.4
Current assets	352.1	350.7	373.4	372.3	372.5	366.2	385.6	364.9
Fixed assets	387.7	381.0	406.6	390.1	411.4	400.6	405.4	403.5
<b>Total liabilities and net assets</b>	739.7	731.8	780.0	762.4	783.8	766.8	791.0	768.4
Liabilities	440.2	433.0	465.4	470.3	488.9	471.3	489.3	468.3
[Interest-bearing debt]	254.7	252.3	274.9	270.8	287.7	292.3	296.9	281.5
Net assets	299.5	298.8	314.5	292.1	294.9	295.5	301.7	300.1

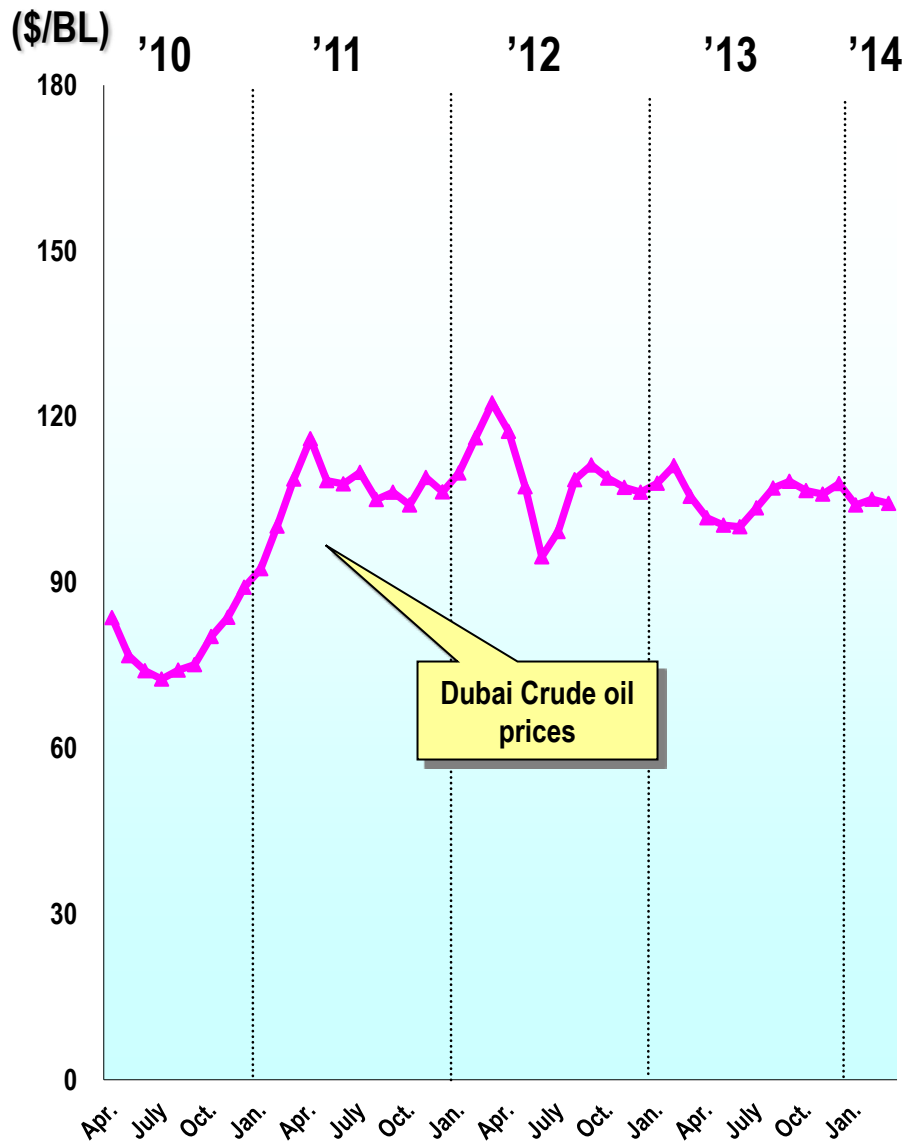
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2014).

## ◆ Consolidated Statements of Income

	FY12				FY13			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(¥ billion)								
<b>Net Sales</b>	174.3	183.9	184.8	202.6	183.5	198.3	196.4	206.2
<b>Cost of sales</b>	127.5	135.7	138.2	153.8	137.9	151.3	148.2	152.7
<b>Gross profit</b>	46.8	48.3	46.6	48.8	45.6	47.0	48.3	53.5
<b>SG &amp; A</b>	43.9	43.9	43.8	46.6	43.8	43.6	43.8	45.1
<b>Operating income</b>	3.0	4.4	2.8	2.2	1.8	3.4	4.5	8.4
<b>Nonoperating items (net)</b>	(0.8)	(1.7)	0.8	(0.9)	(0.3)	(0.8)	4.1	(1.2)
(Balance of financial expenses)	(0.3)	(0.7)	(0.5)	(0.5)	(0.3)	(0.7)	(0.4)	(0.5)
(Equity on gains and losses of unconsolidated subsidiaries and affiliates)	0.4	0.1	0.1	(0.0)	(0.1)	0.4	3.4	0.5
<b>Ordinary income</b>	2.2	2.7	3.6	1.3	1.6	2.5	8.6	7.2
<b>Extraordinary items(net)</b>	(2.5)	1.6	(0.8)	(30.3)	(0.3)	5.3	(6.6)	(3.8)
<b>Income (loss) before income taxes</b>	(0.3)	4.3	2.8	(29.0)	1.3	7.8	2.0	3.4
<b>Income taxes</b>	1.6	3.0	0.9	0.6	1.1	3.9	3.1	(0.1)
<b>Minority interest (net)</b>	(0.2)	0.2	0.5	0.4	0.0	(0.4)	(1.6)	0.2
<b>Net income (loss)</b>	(1.6)	1.0	1.5	(30.0)	0.2	4.3	0.4	3.3

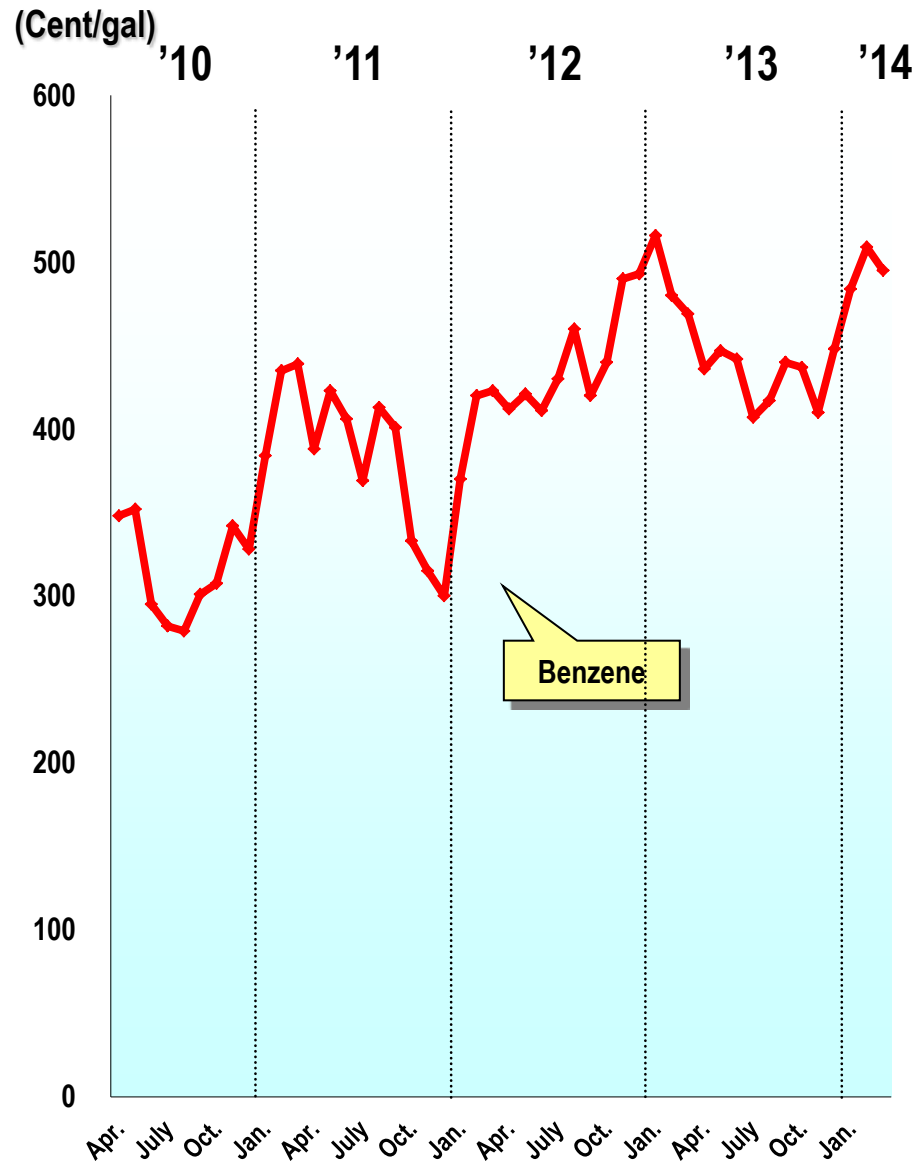
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2014).

### ◆ Dubai Crude Oil Prices



【Source: Teijin estimates based on data published by Platt's】

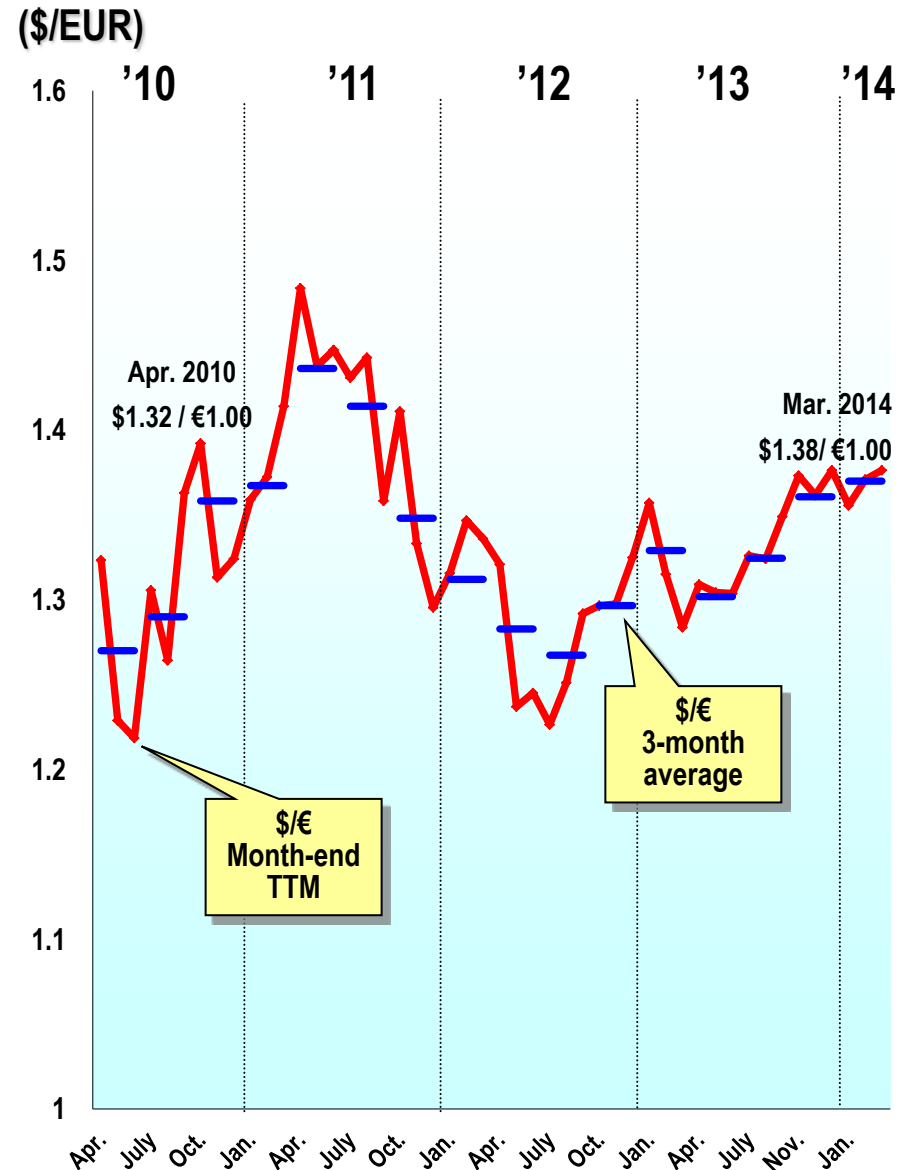
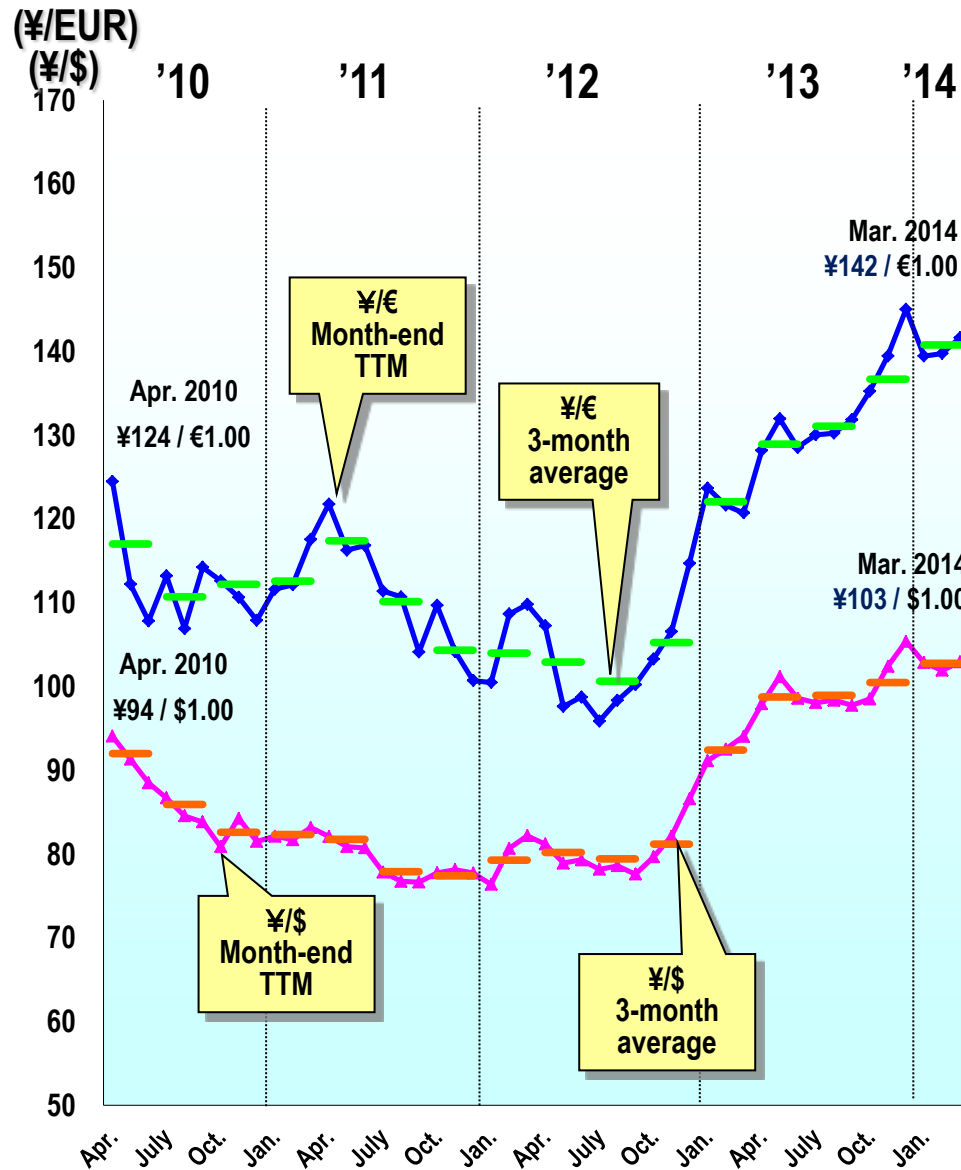
### ◆ Benzene Prices



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

### ◆ Yen/Dollar, Yen/Euro Exchange Rates

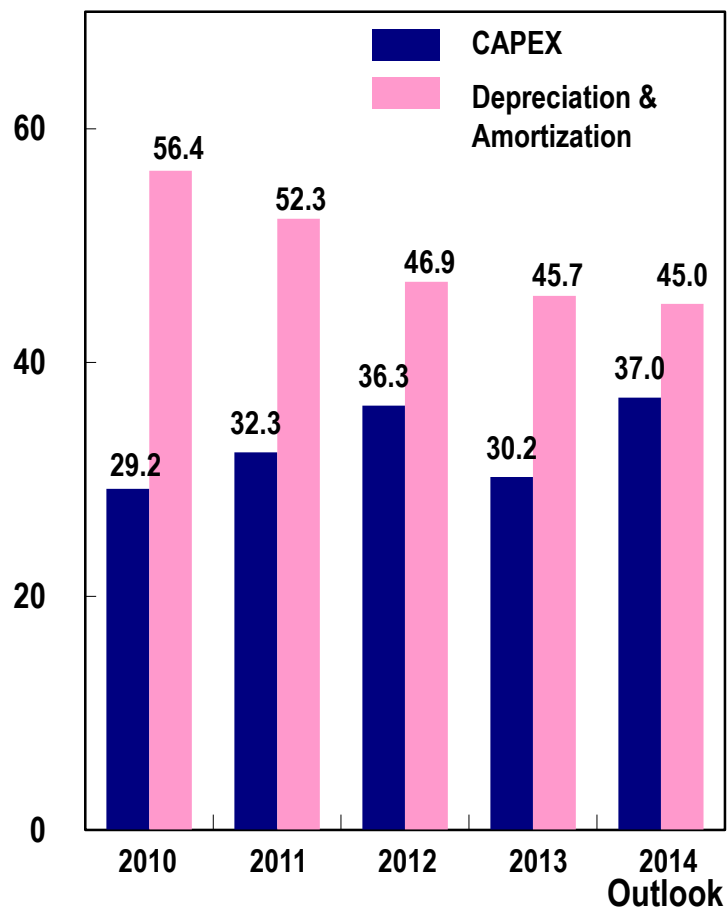
### ◆ Dollar/Euro Exchange Rates



◆ CAPEX, Depreciation & Amortization, and R&D Expenses

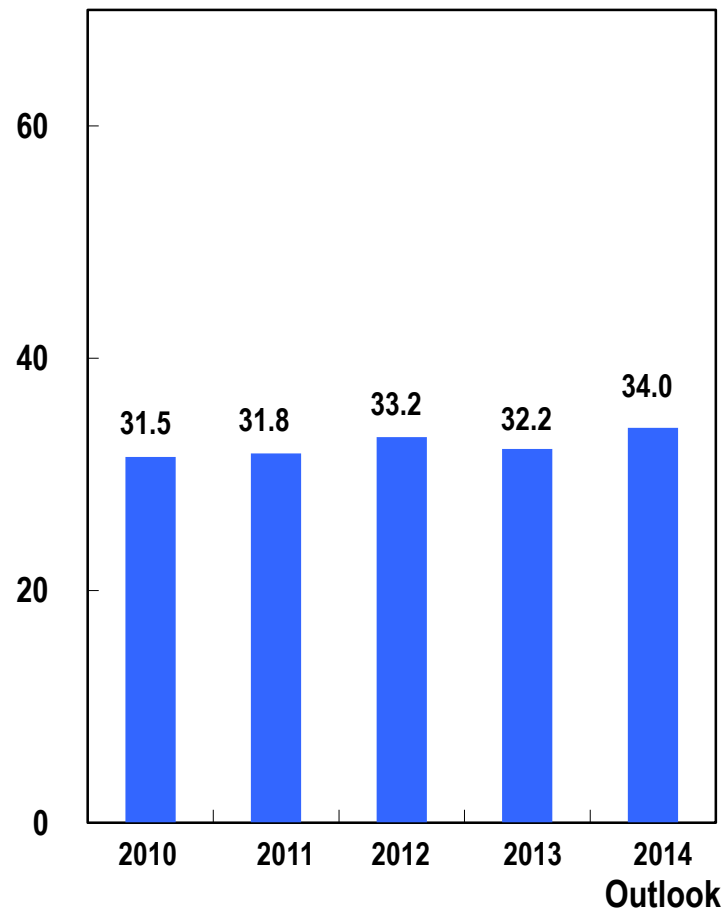
CAPEX/Depreciation & Amortization

(¥ billion)



R&D Expenses

(¥ billion)





## ◆ Sales of Principal Pharmaceuticals

(¥ billion)

Product	Target disease	FY12					FY13				
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q	3Q	4Q	Annual Total
<i>Bonalon</i> <sup>®*</sup>	Osteoporosis	3.3	4.0	4.3	4.2	15.9	3.2	3.7	4.1	3.2	14.2
<i>Onealfa</i> <sup>®</sup>	Osteoporosis	1.8	2.0	2.1	2.0	7.9	1.5	1.7	1.9	1.4	6.6
Osteoporosis total		5.1	6.0	6.5	6.2	23.8	4.7	5.4	6.0	4.7	20.8
<i>Venilon</i> <sup>®</sup>	Severe infection	2.4	2.4	2.7	2.5	9.9	2.2	2.3	2.9	2.0	9.4
<i>Mucosolvan</i> <sup>®</sup>	Expectorant	2.1	1.9	2.6	2.4	9.0	1.7	1.8	2.4	1.9	7.9
<i>Feburic</i> <sup>®</sup>	Hyperuricemia and gout	0.7	1.2	1.7	1.9	5.5	1.9	2.5	3.4	3.7	11.4
<i>Laxoberon</i> <sup>®</sup>	Laxative	1.0	1.0	1.1	1.0	4.0	0.8	0.9	1.0	0.8	3.6
<i>Tricor</i> <sup>®</sup>	Hyperlipidemia	0.4	0.4	0.5	0.5	1.8	0.4	0.4	0.5	0.4	1.7
<i>Bonalfa</i> <sup>®</sup>	Psoriasis	0.4	0.3	0.4	0.3	1.4	0.3	0.3	0.3	0.3	1.3
<i>Alvesco</i> <sup>®</sup>	Asthma	0.3	0.3	0.4	0.4	1.3	0.3	0.3	0.4	0.3	1.3
<i>Synvisc</i> <sup>®</sup>	Osteoarthritis pain in the knee	0.4	0.3	0.3	0.2	1.2	0.2	0.2	0.2	0.2	0.8
<i>Spiropent</i> <sup>®</sup>	Bronchodilator	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.8

\* *Bonalon*<sup>®</sup> is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

## ◆ Development status by therapeutic area

(As of March 31, 2014)

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed	Approved/New Launch
Bone and joint disease		ITM-058 KTP-001			GTH-42J [Bonalon®]
Respiratory disease	PTR-36*1			NA872ET *6 [Mucosolvan®]	
Cardio-vascular and metabolic disease	TMG-123	ITM-014*2 [Somatuline®] (New indication for neuroendocrine tumor)	TMX-67TLS*3 [Feburic®] (New indication for tumor lysis syndrome) TMX-67 [Feburic®] (PRC)		ITM-014 [Somatuline®]
Other			GGG-ON, -MPA, -CIDP [Venilon®] (New indication for optic neuritis) (New indication for microscopic polyangiitis*4) (New indication for chronic inflammatory demyelinating polyneuropathy*5)		

\*1 Phase I clinical trials for PTR-36 began in June 2013.

\*2 Phase II clinical trials for ITM-014N (Somatuline®) for the treatment of neuroendocrine tumors, a new indication, began in October 2013

\*3 Phase III clinical trials for TMX-67TLS (Feburic®) for the treatment of tumor lysis syndrome, a new indication, began in October 2013.

\*4 Clinical trials for GGS-MPA (Venilon®) for the treatment of microscopic polyangiitis, a new indication, moved up to phase III in November 2013.

\*5 Phase III clinical trials for GGS-CIDP (Venilon®) for the treatment of chronic inflammatory demyelinating polyneuropathy, a new indication, began in December 2013.

\*6 Teijin filed for approval to manufacture and market new formulation of Mucosolvan (NA872ET) in Japan in February 2014.

◆ Status of new products

(As of March 31, 2014)

Brand name (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
<i>Bonalon</i> <sup>®</sup> Jelly 35 mg (alendronate sodium hydrate)	Osteoporosis	Oral jelly formulation of <i>Bonalon</i> (alendronate sodium hydrate), currently sold as an osteoporosis drug; intended as the world's first jelly-form osteoporosis treatment; offers promise as an alternative for osteoporosis patients who dislike taking pills because it is easy to swallow and moderately firm, so holds shape; also promising because it is easily managed by elderly individuals.	Oral jelly	Licensed in from Merck & Co., Inc. (USA) Commenced sales in Japan on March 12, 2013

Notes: *Bonalon*<sup>®</sup> is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, USA.

◆ Newly developed pharmaceutical candidates

【Filed】

(As of March 31, 2014)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
NA872ET (ambroxol hydrochloride)	Expectorant	Small, sustained-release tablet-form version of <i>Mucosolvan</i> (ambroxol hydrochloride) that is smaller than <i>Mucosolvan</i> L Capsule and thus easier to take. This version is promising because it allows easier apportioning of single doses.	Oral	Licensed in from Boehringer Ingelheim GmbH (Germany) Filed in Japan in February 2014.

## 【Phase III】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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 Kaketsuken (New indication)
GGs-MPA (freeze-dried sulfonated human immunoglobulin)	Microscopic polyangiitis	This drug's 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 Kaketsuken (New indication)
GGs-CIDP (freeze-dried sulfonated human immunoglobulin)	Chronic inflammatory demyelinating polyneuropathy	The immunoregulatory action of this drug inhibits inflammation of the peripheral nerves; the drug thus offers promise as a treatment that will restore lost muscle strength.	Injection	Under joint development with Kaketsuken (New indication)
TMX-67TLS (febuxostat)	Tumor lysis syndrome	A highly potent drug that selectively inhibits xanthine oxidase. Offers promise as a once-daily treatment option that prevents hyperuricemia in patients with malignant tumors who have undergone chemotherapy.	Oral	Developed in-house (New indication)
TMX-67 (febuxostat)	Hyperuricemia and gout	Trials to facilitate the licensing out of febuxostat (tablet-form treatment for hyperuricemia and gout currently sold in Japan and elsewhere) 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. Offers promise as a new treatment option that will improve the quality of life of hyperuricemia and gout sufferers in the PRC.	Oral	Under joint development with Astellas Pharma China, Inc.

## 【Phase II】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-014N (lanreotide acetate)	Neuroendocrine tumors	Promising for the treatment of neuroendocrine tumors; inhibits cell proliferation and improves associated symptoms by interacting with somatostatin receptors to induce apoptosis (direct mechanism) and by blocking the release of neurotrophic factors (indirect mechanism).	Injection	Licensed in from Ipsen Pharma SAS (France) (New indication)
ITM-058	Osteoporosis	Promising for the treatment of osteoporosis due to potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of fracture. Superior to existing PTH derived drugs in its ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma SAS (France)
KTP-001	Treatment for lumbar disc herniation	For use in chemonucleolysis for herniated lumbar discs; because it is 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 and expanding the treatment options available to patients.	Injection	Engineered by Professor Hirotaka Haro and Dr. Hiromichi Komori; under joint development with Kaketsuken

## 【Phase I】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMG-123	Type 2 diabetes	Uses a novel mechanism (activation of glucokinase (GK) expressed predominantly in the liver) to control blood glucose levels; holds promise for use by patients with impaired glucose homeostasis. Also expected to offer greater convenience (administered once daily, does not require adjustment of dose for patients with renal insufficiency and minimal risk of drug interaction).	Tablet	
PTR-36	Bronchial asthma	Uses a novel mechanism (CRTh2 receptor antagonism) to control symptoms of asthma, facilitating effective long-term management of the disease; offers promise for use alone, delivering therapeutic value comparable to that of steroids, for patients with mild asthma; also offers promise for use in tandem with steroid inhalants, delivering sufficient therapeutic value for patients with mild to severe asthma.	Tablet	Licensed in from Pulmagen Therapeutics (Asthma) Limited

# **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.