
Flash Report
—3Q Results and FY14 Outlook—

Teijin Limited
February 3, 2015

Outline of FY14 3Q Results

(1) Consolidated results highlights

(¥ billion)

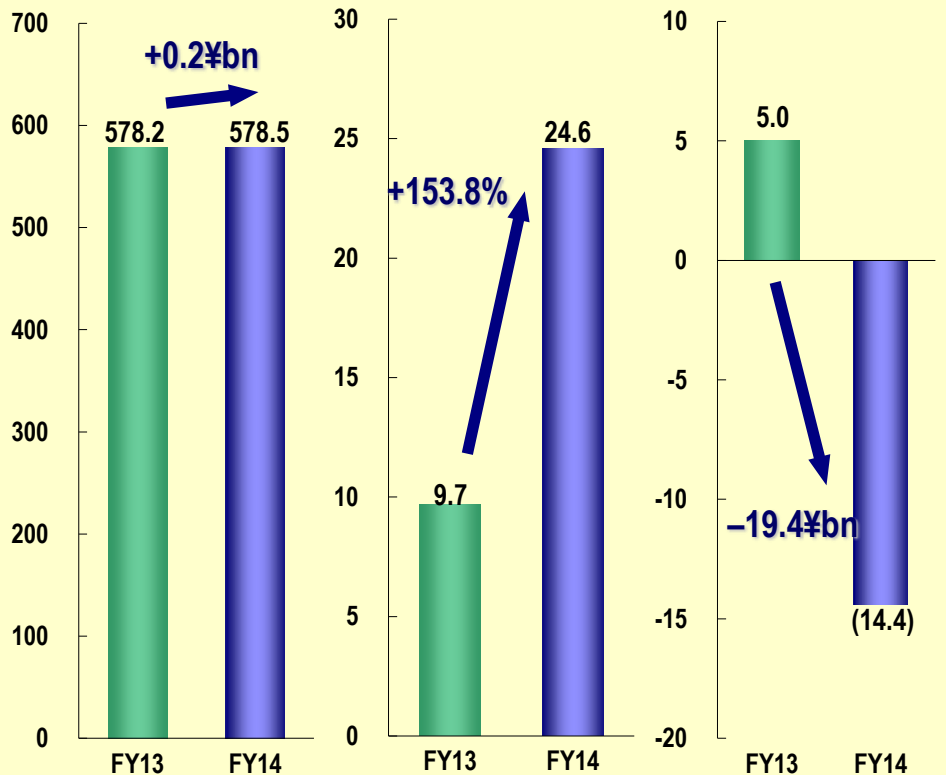
Operating Movement

(Compared with FY13 1Q-3Q)

Net sales

Operating income

Net income (loss)



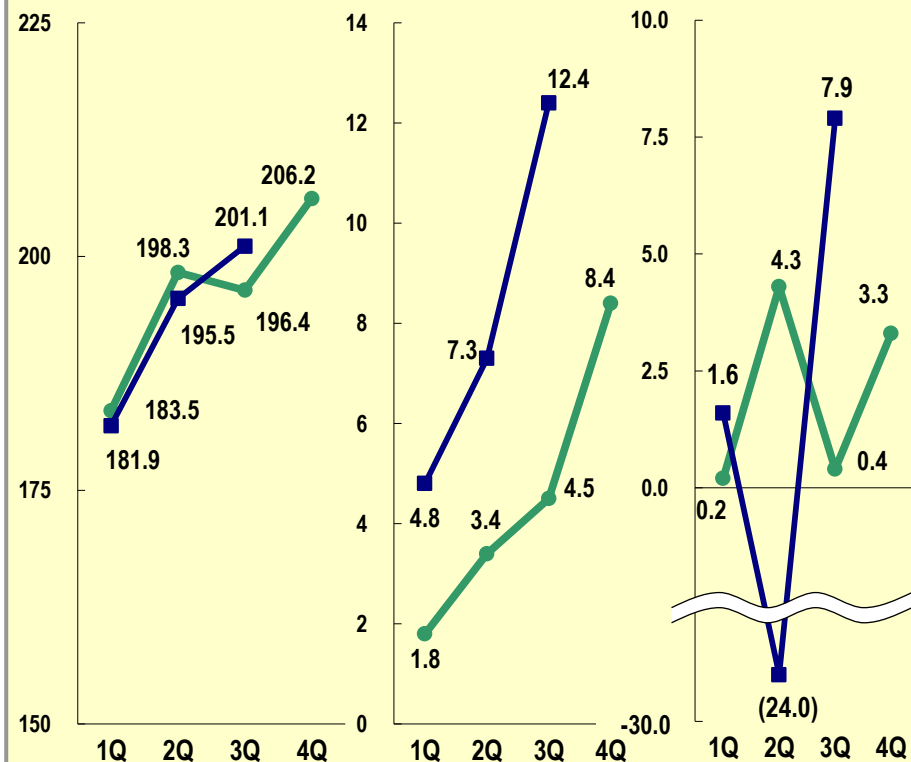
Quarterly Movement(1Q '13 – 3Q '14)

● FY13 ■ FY14

Net sales

Operating income

Net income (loss)



◆ Operating results

(¥ billion)	FY13 1Q-3Q	FY14 1Q-3Q	Difference
Net sales	578.2	578.5	+0.2
Operating income	9.7	24.6	+14.9
OP margin	1.7%	4.2%	+2.6%
Nonoperating items (net)	3.0	4.4	+1.4
Ordinary income	12.7	29.0	+16.3
Extraordinary items (net)	(1.6)	(46.1)	-44.5
Income (loss) before income taxes	11.1	(17.2)	-28.3
Income taxes	8.0	(0.4)	-8.4
Minority interests in income (loss)	(2.0)	(2.3)	-0.4
Net income(loss)	5.0	(14.4)	-19.4
EPS (¥)	5.11	(14.68)	-19.79

EBITDA *1	43.7	57.1	+13.3
CAPEX *2	21.0	20.0	-1.0
Depreciation & amortization	34.0	32.5	-1.6
R&D expenses	23.9	23.0	-0.9
FCF	(19.0)	(1.3)	+17.7

- Net sales: Level, reflecting
 - Positive impact of generally favorable results in all segments
 - Negative impact of exit from paraxylene business
- Operating income: Up, thanks to
 - Sharp increases in materials businesses and the Healthcare segment
 - Return to near break-even in the Electronics Materials and Performance Polymer Products segment
- Ordinary income: Up, bolstered by
 - Increase in foreign exchange gains, which supported an improvement in net nonoperating income
- Loss before income taxes, net loss
 - Reflected an extraordinary loss of ¥46.4 billion arising from restructuring initiatives

◇ PL exchange rate

	FY13 1Q-3Q	FY14 1Q-3Q
¥/US\$	99	107
¥/€	132	140
US\$/€	1.33	1.31

*1 EBITDA = Operating income + Depreciation & amortization

*2 CAPEX includes investments in intangible assets

◆ Extraordinary items

(¥ billion)	FY13 1Q-3Q	FY14 1Q-3Q	Difference
Gain on sales of noncurrent assets	0.2	0.1	-0.1
Gain on sales of subsidiaries and affiliates' stocks	8.2	0.1	-8.1
Reversal of impairment losses	—	0.1	+0.1
Others	0.5	0.0	-0.4
Extraordinary income, total	8.8	0.2	-8.6
Loss on retirement of noncurrent assets	0.9	0.5	-0.4
Loss on valuation of investment securities	0.1	0.0	-0.1
Impairment loss	6.4	31.6	+25.1
Restructuring costs	1.8	13.9	+12.2
Others	1.3	0.4	-0.9
Extraordinary losses, total	10.4	46.4	+35.9
Extraordinary items, total	(1.6)	(46.1)	-44.5

■ Impairment loss: ¥31.6 billion

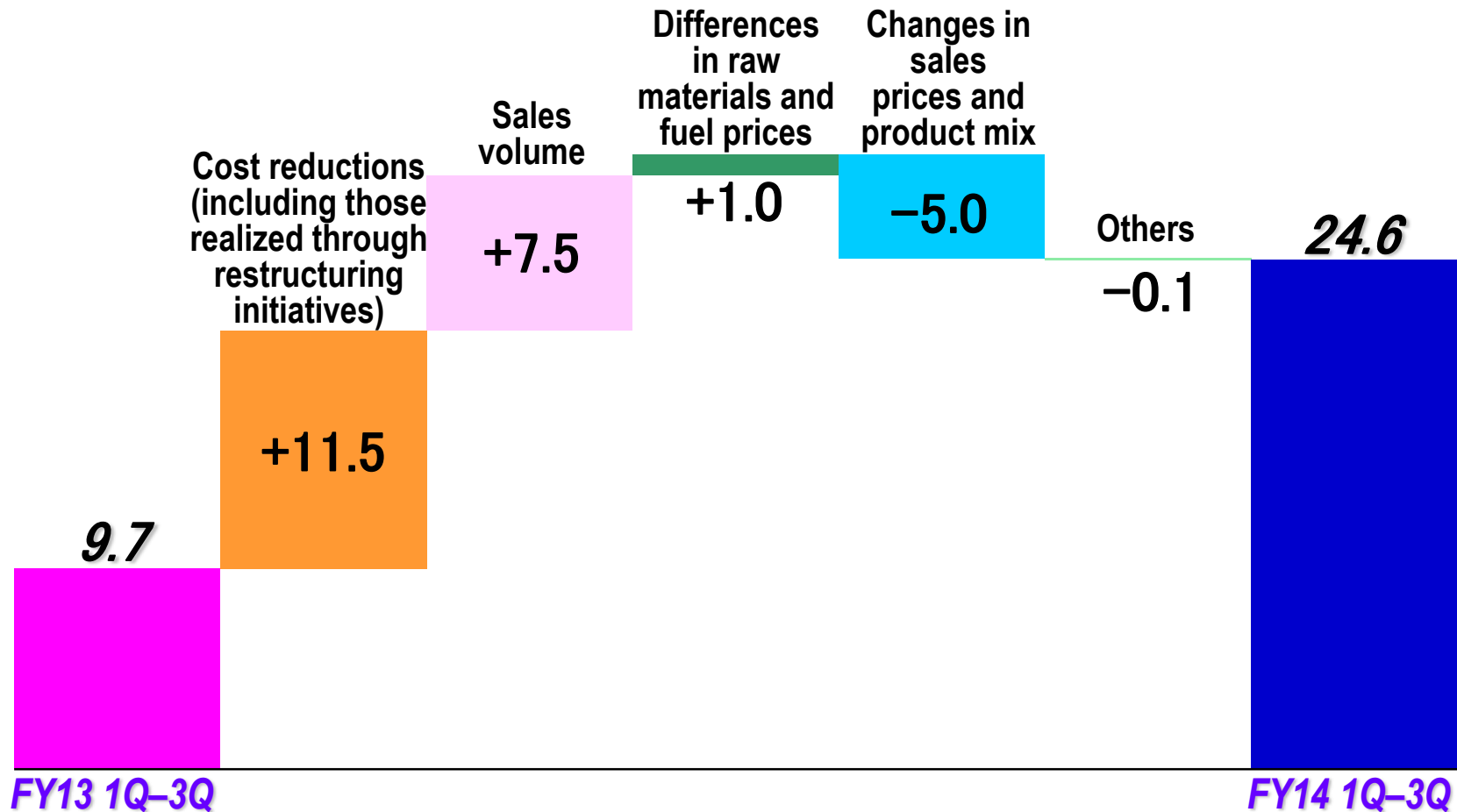
- Electronics Materials and Performance Polymer Products ¥20.0 billion
- Healthcare 4.4 billion
- Raw materials and polymerization, power supply equipment/facilities 4.1 billion
- Advanced Fibers and Composites 2.2 billion
- Others 1.0 billion

■ Business structure improvement expenses: ¥13.9 billion

- Electronics Materials and Performance Polymer Products ¥12.2 billion
- Raw materials and polymerization 1.1 billion
- Others 0.7 billion

◆ Analysis of changes in operating income

- Profit level was bolstered by the positive impact of restructuring initiatives and measures to reduce costs
- Gains attributable to sales volume increases were countered by decreases resulting from the revision of drug reimbursement prices and increased pressure on sales prices in our materials businesses



◆ Financial position

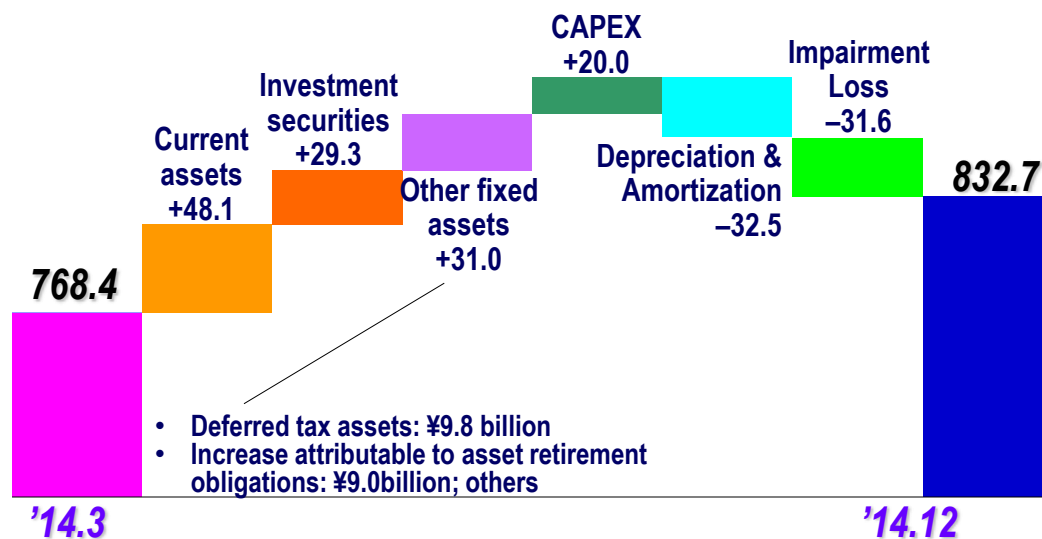
(¥ billion)	Mar. 31, 2014	Dec. 31, 2014	Difference	(Impact of foreign exchange rate)
Total assets	768.4	832.7	+64.3	+23.5
Shareholders' equity	281.7	277.5	-4.1	+9.2
Interest-bearing debt	281.5	317.3	+35.8	+7.1
D/E ratio	1.00	1.14	+0.14	
Shareholders' equity ratio	36.7%	33.3%	-3.3%	

◆ Cash flows

(¥ billion)	FY13 1Q-3Q	FY14 1Q-3Q	Difference
Operating activities	18.6	43.8	+25.2
Investing activities	(37.6)	(45.1)	-7.5
FCF	(19.0)	(1.3)	+17.7
Financing activities	5.1	18.4	+13.3
Cash & cash equivalents	(13.9)	17.1	+30.9

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

◇ Analysis of changes in total assets



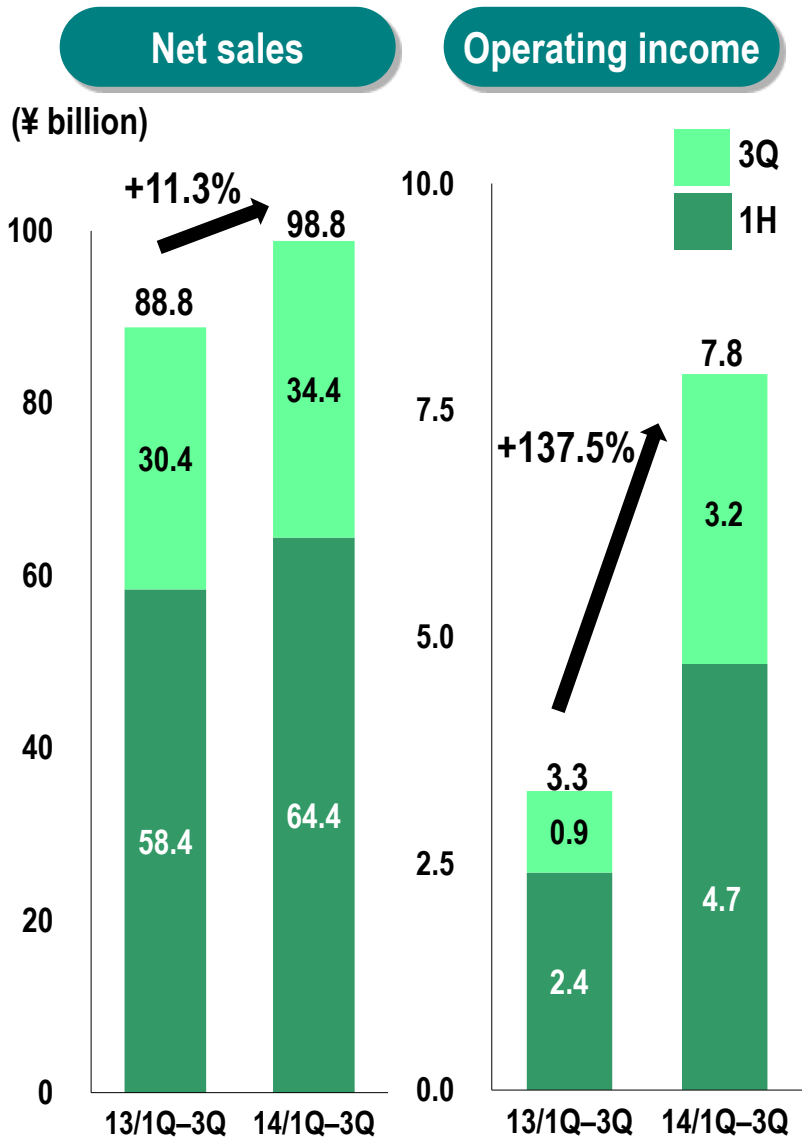
◇ BS exchange rate

	Mar. 31, 2013	Dec. 31, 2014
JPY / USD	103	121
JPY / EUR	142	147
USD / EUR	1.38	1.22

(2) Operating results by segment (comparison with FY13 1Q–3Q)

Net sales Operating income (loss)	Net sales				Operating income (loss)			
	FY13 1Q–3Q	FY14 1Q–3Q	Difference	% Change	FY13 1Q–3Q	FY14 1Q–3Q	Difference	% Change
(¥ billion)								
Advanced Fibers and Composites	88.8	98.8	+10.0	+11.3%	3.3	7.8	+4.5	+137.5%
Electronics Materials and Performance Polymer Products	136.3	138.9	+2.7	+2.0%	(4.5)	(0.2)	+4.3	—
Healthcare	101.4	105.9	+4.5	+4.4%	17.3	21.3	+3.9	+22.8%
Trading and Retail	186.9	190.5	+3.6	+1.9%	3.4	3.2	−0.3	−7.3%
Total	513.3	534.1	+20.8	+4.1%	19.6	32.1	+12.5	+63.9%
Others	64.9	44.3	−20.6	−31.7%	(0.9)	1.4	+2.3	—
Elimination and Corporate	—	—	—	—	(9.0)	(8.9)	+0.1	—
Total	578.2	578.5	+0.2	+0.0%	9.7	24.6	+14.9	+153.8%

① Advanced Fibers and Composites



(¥ billion)	13/1Q-3Q	14/1Q-3Q	Difference	Change
Net sales	88.8	98.8	+10.0	+11.3%
Operating income	3.3	7.8	+4.5	+137.5%

◆ Summary & Actions

◇ High-Performance Fibers

Para-aramid fibers:

- Sales for automotive and infrastructure-related applications were steady
- Demand for use in ballistic protection products expanded in Asia and the Middle East

Meta-aramid fibers:

- Sales for use in protective clothing and for industrial applications were solid

Polyester fibers:

- Sales for automotive applications were sluggish, while sales for use in personal hygiene products and for infrastructure- and civil engineering-related applications increased
- Profitability improved, thanks to falling raw materials prices and the reduction of costs
- We took the decision to realign our domestic production configuration and transfer production of certain items to our subsidiary in Thailand

◇ Carbon Fibers and Composites

- Sales for use in aircraft and in pressure vessels were favorable
- Sales for use in reinforcement materials for civil engineering-related applications and in sports and leisure equipment were steady in Asia

② Electronics Materials and Performance Polymer Products



(¥ billion)	13/1Q-3Q	14/1Q-3Q	Difference	Change
Net sales	136.3	138.9	+2.7	+2.0%
Operating income (loss)	(4.5)	(0.2)	+4.3	—

◆ Summary & Actions

◇ Resin and Plastics Processing

Polycarbonate resin:

- Early efforts sought to counter rising prices for raw materials by raising sales prices; margins began to improve in the third quarter, thanks to a decline in raw materials prices
- Steps were taken to optimize production capacity and shrink fixed costs

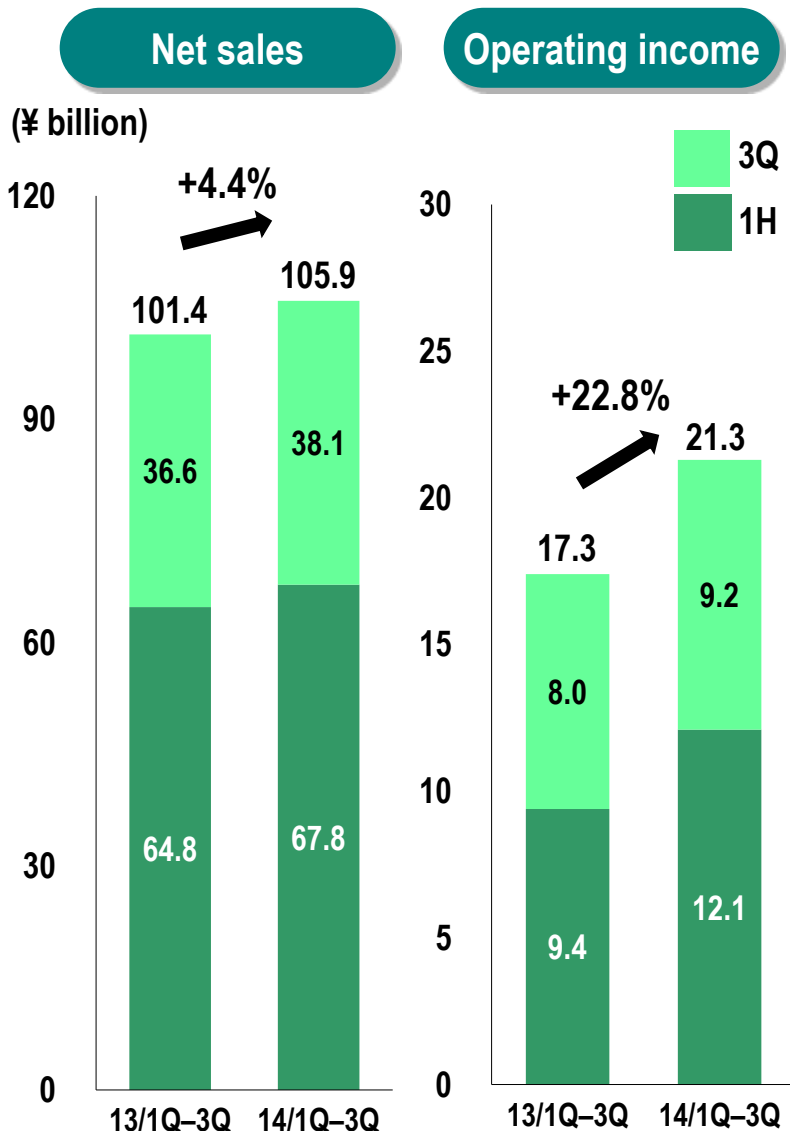
Processed plastics and specialty polycarbonate resin:

- Sales of films for use in vehicle navigation systems and smartphones, among others, were favorable
- Focus was expanded to include wearable devices and other new applications

◇ Films

- Films for use as reflective film for LCD televisions and PEN film for use in magnetic materials remained harsh
- Sales of release films for manufacturing processes remained firm for use in components, including multilayer ceramic capacitors and polarizers, for smartphones and other devices
- We resolved to realign our domestic polyester film production configuration

③ Healthcare



(¥ billion)	13/1Q-3Q	14/1Q-3Q	Difference	Change
Net sales	101.4	105.9	+4.5	+4.4%
Operating income	17.3	21.3	+3.9	+22.8%

◆ Summary & Actions

◇ Pharmaceuticals

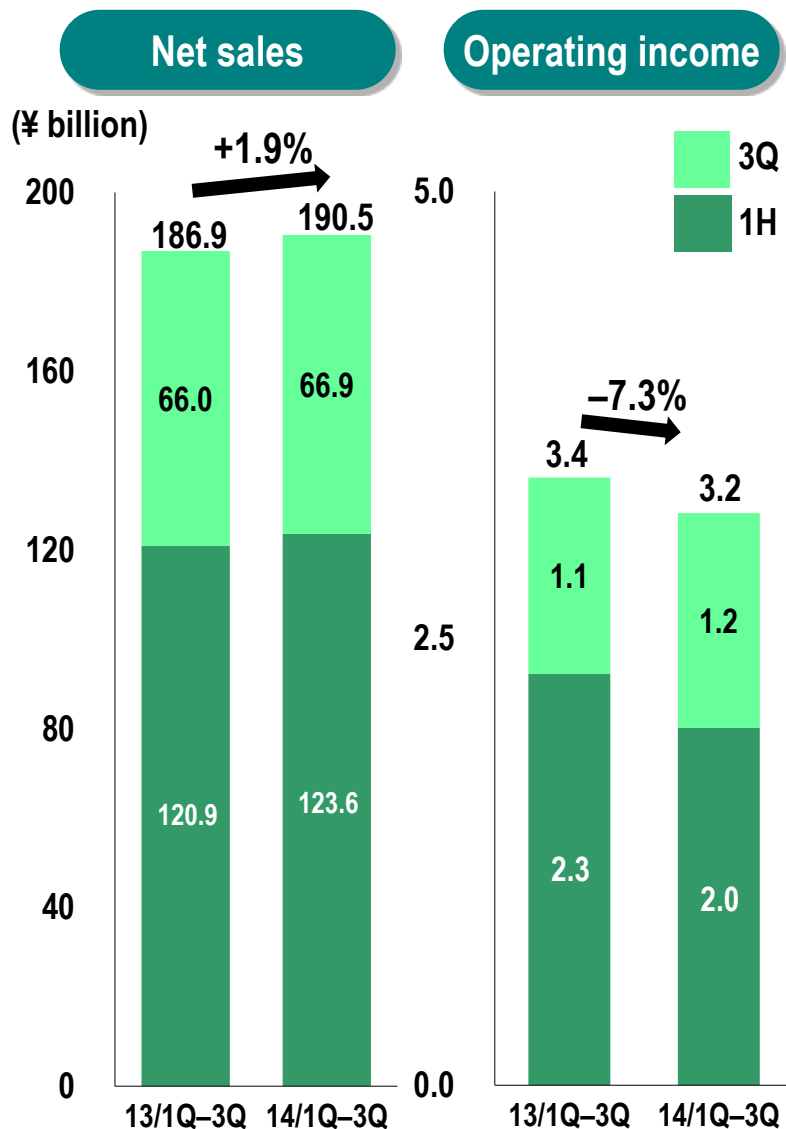
- Sales of febuxostat (treatment for hyperuricemia and gout) expanded, further boosting our leading share of the Japanese market; overseas, efforts focused on increasing the number of countries and territories in which the drug is sold (currently 41)
- Existing drugs struggled, hampered by the revision of reimbursement prices for prescription pharmaceuticals under Japan's NHI scheme and by rising sales of generic drugs
- Sales of osteoporosis treatment *Bonalon*[®]* rose, reflecting the introduction of new intravenous drip and oral jelly formulations

◇ Home Healthcare

- HOT: Rental volume remained firm, thanks to the release of new models
- CPAP: Rental volume rose steadily
- Operating conditions in the United States remained harsh; in response, we continued taking steps to restore profitability, including 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



(¥ billion)	13/1Q-3Q	14/1Q-3Q	Difference	Change
Net sales	186.9	190.5	+3.6	+1.9%
Operating income	3.4	3.2	-0.3	-7.3%

◆ Summary & Actions

Fiber materials and apparel:

- Sales of products for use in sportswear and outdoor apparel were healthy, bolstered by strategic efforts to develop products in collaboration with leading overseas sportswear manufacturers
- Profitability deteriorated, as the weaker yen pushed up import costs
- Efforts were made to augment supply capabilities in the ASEAN region and to fortify our original design manufacturer (ODM) business by maximizing our materials development capabilities

Industrial textiles and materials:

- Sales of products for automotive applications were firm
- Shipments of nonwoven fabrics, materials for civil engineering-related applications and carbon materials for use in sports equipment remained steady, as did sales of filters for use in wastewater processing in the PRC
- Steps were taken to accelerate global sales of rubber materials for automotive applications, including the establishment of a new tire cord production joint venture in Thailand

(3) Strategic measures (from October 2014 onward)

Restructuring initiatives

■ Realign domestic polyester film production facilities

Domestic production of polyester films, which is currently split between the Utsunomiya and Gifu factories, will be integrated at the Utsunomiya Factory

Production at the Gifu Factory will be gradually scaled back, with operations at the facility scheduled to conclude at the end of September 2016

Transferring production from the Gifu Factory to the Utsunomiya Factory or an overseas facility, promoting the use of alternative products and subcontracting production to third parties will enable us to optimize our product portfolio

⇒ By dramatically revamping our production configuration, we will seek to bolster the production efficiency and reinforce the global competitiveness of our polyester films business

Measures to strengthen core strategic businesses

■ Develop carbon fiber-reinforced composites

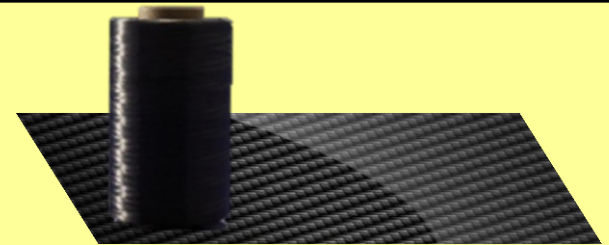
Super-heat-resistant prepreg

- *Can be used at temperatures higher than 320 ° C*
- *Resists heat cracks (cracks resulting from repeated expansion and contraction caused by changes in temperature)*

Rapid-curing prepreg

- *Boosts production efficiency to several dozen times the level possible with previous Teijin products*
- *Delivers both superb productivity and excellent surface texture*

⇒ We will work to expand sales as an intermediate material for automotive applications and for use in aircraft



(3) Strategic measures (from October 2014 onward) (continued)

Transformation and growth strategies

Foster new businesses by integrating key capabilities from existing core businesses

- Commercialize biocompatible medical materials (integrates capabilities in materials and healthcare)

Patch for cardiac repair (under development in collaboration with Osaka Medical College and Fukui Warp Knitting Co., Ltd.)

- *Selected for support under program launched by METI to promote collaboration between medical institutions and industry*
- *Combines bioabsorbable and nonbioabsorbable polymers, achieving both strength and extensibility*

⇒ Purpose of project: Realize a groundbreaking patch to replace damaged cardiac tissue that delivers both the strength and extensibility necessary for long-term use

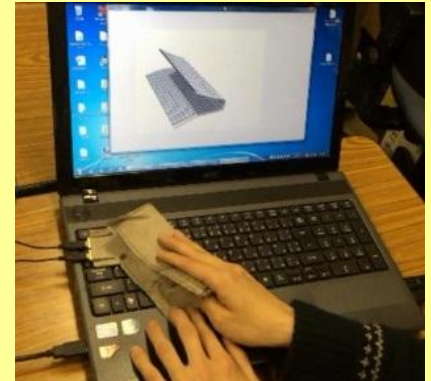


- Promote the horizontal expansion of monitoring services (integrates capabilities in materials and IT)

Piezoelectric fabrics (under development in collaboration with Kansai University)

- *Fabrics comprise poly-L-lactic acid piezoelectric materials and carbon fiber electrodes, making it possible to apply them to sensors, among others*
- *Various weaves and knits facilitate the detection of different types of movement*

⇒ Market piezoelectric fabrics for use in wearable devices, which transform human movement into data



By promoting open innovation and collaboration with third parties, we will continue working to realize innovative solutions and create new value

FY14 Outlook

(1) Summary of outlook for FY14

*2 Announced on November 5, 2014

	FY13	FY14 Outlook	Difference	
			Amount	%
Net sales	784.4	780.0	-4.4	-0.6%
Operating income	18.1	32.0	+13.9	+77.0%
Operating margin	2.3%	4.1%	-	+1.8%
Ordinary income	19.9	33.5	+13.6	+68.5%
Net income (loss)	8.4	(18.0)	-26.4	-

FY14 Previous Outlook*2	Difference (Amount)
780.0	-
25.0	+7.0
3.2%	+0.9%
23.5	+10.0
(20.0)	+2.0

CAPEX*1	30.2	34.0	+3.8	+12.6%
Depreciation & amortization	45.7	44.0	-1.7	-3.6%
R&D expenses	32.2	33.0	+0.8	+2.4%
FCF	(8.7)	(5.0)	+3.7	-

37.0	-3.0
45.0	-1.0
34.0	-1.0
(10.0)	+5.0

*1 CAPEX includes investments in intangible assets

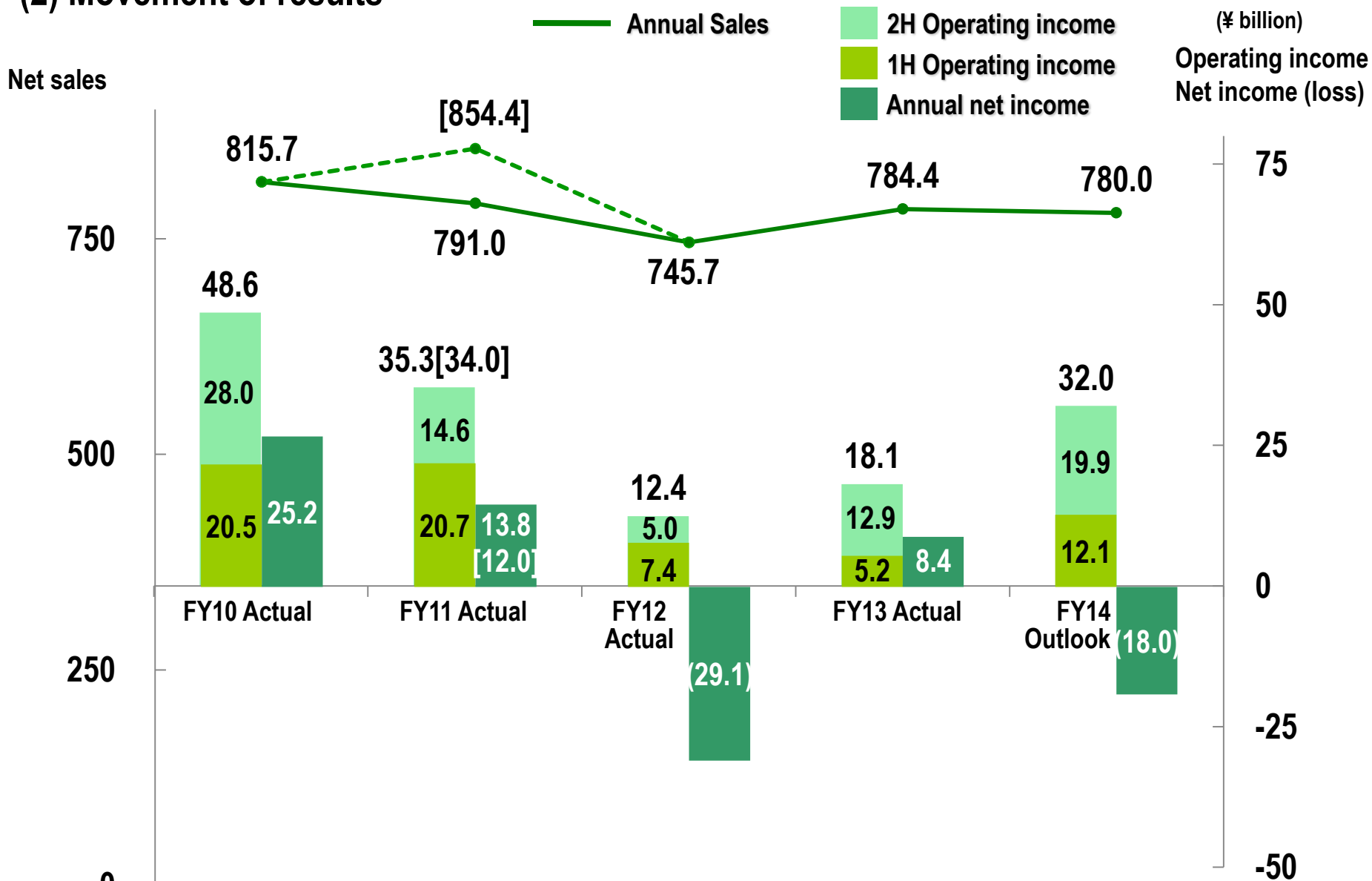
◆ Forecast for Fiscal 2014 (Yen/share)

Interim	2.0
Year-end	2.0
Annual dividends	4.0

◆ Exchange rate and Crude Oil Price Forecast for FY14

	FY14 Previous Outlook*2	FY14 Current Outlook
JPY per USD	104	110
JPY per EUR	138	138
Dubai crude oil price	US\$105/barrel	US\$83/barrel

(2) Movement of results



◆ Changes in net sales and operating income for FY13–FY14

		FY13 Results			FY14 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	58.4	65.2	123.6	64.4	75.6	140.0	+16.4
	Electronics Materials and Performance Polymer Products	91.3	88.1	179.4	92.2	87.8	180.0	+0.6
	Healthcare	64.8	73.6	138.4	67.8	72.2	140.0	+1.6
	Trading and Retail	120.9	133.3	254.2	123.6	131.4	255.0	+0.8
	Total	335.5	360.1	695.6	348.0	367.0	715.0	+19.4
	Others	46.3	42.5	88.8	29.4	35.6	65.0	-23.8
Total		381.8	402.6	784.4	377.4	402.6	780.0	-4.4
Operating income (loss)	Advanced Fibers and Composites	2.4	3.4	5.7	4.7	6.8	11.5	+5.8
	Electronics Materials and Performance Polymer Products	(2.7)	(4.5)	(7.2)	(1.3)	1.3	0.0	+7.2
	Healthcare	9.4	15.2	24.5	12.1	12.9	25.0	+0.5
	Trading and Retail	2.3	2.8	5.2	2.0	2.5	4.5	-0.7
	Total	11.4	16.8	28.2	17.4	23.6	41.0	+12.8
	Others	(0.3)	2.1	1.7	0.5	3.0	3.5	+1.8
	Elimination and Corporate	(5.9)	(6.0)	(11.9)	(5.8)	(6.7)	(12.5)	-0.6
Total		5.2	12.9	18.1	12.1	19.9	32.0	+13.9

◆ Outlook by Segment (comparison with previous forecast)

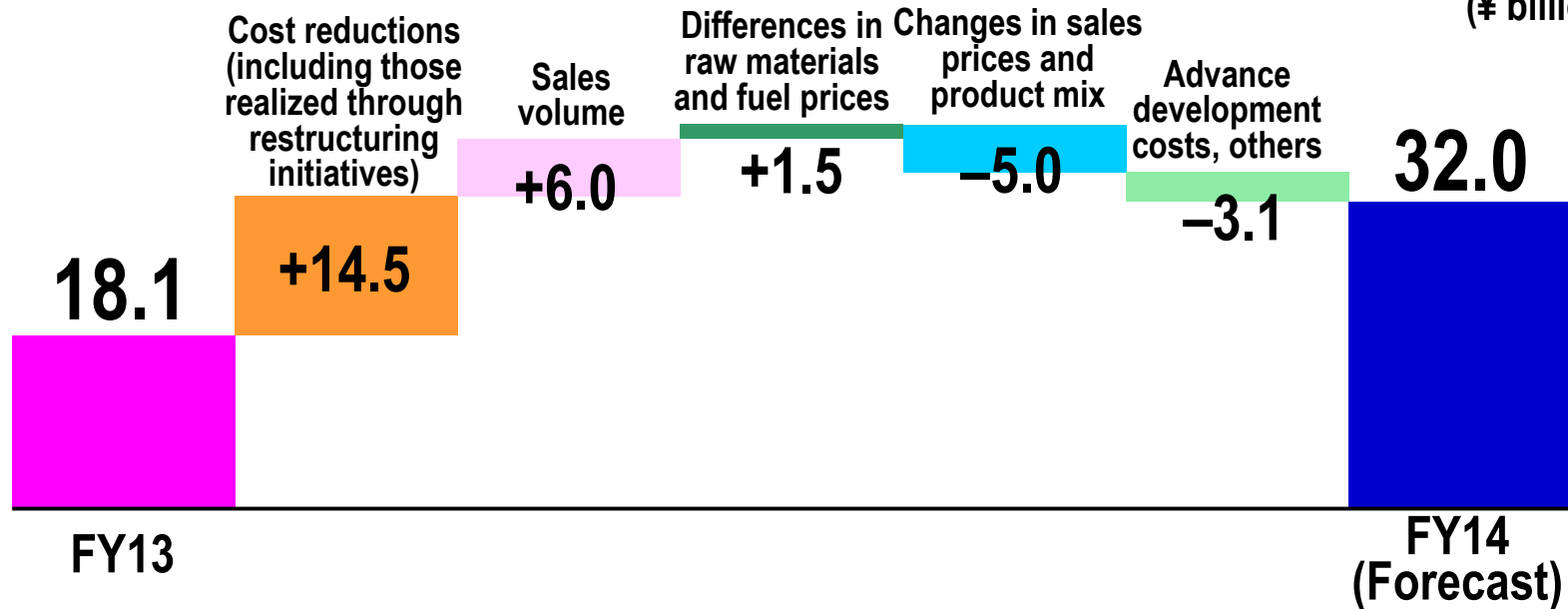
		(¥ billion)	FY14 Previous Outlook*	FY14 Revised Outlook	Difference
Net sales	Advanced Fibers and Composites		135.0	140.0	+5.0
	Electronics Materials and Performance Polymer Products		180.0	180.0	—
	Healthcare		140.0	140.0	—
	Trading and Retail		260.0	255.0	-5.0
	Total		715.0	715.0	—
	Others		65.0	65.0	—
Total			780.0	780.0	—
Operating income (loss)	Advanced Fibers and Composites		7.5	11.5	+4.0
	Electronics Materials and Performance Polymer Products		(3.0)	0.0	+3.0
	Healthcare		25.0	25.0	—
	Trading and Retail		5.0	4.5	-0.5
	Total		34.5	41.0	
	Others		3.0	3.5	+0.5
	Elimination and Corporate		(12.5)	(12.5)	—
Total			25.0	32.0	+7.0

* Announced on November 5, 2014

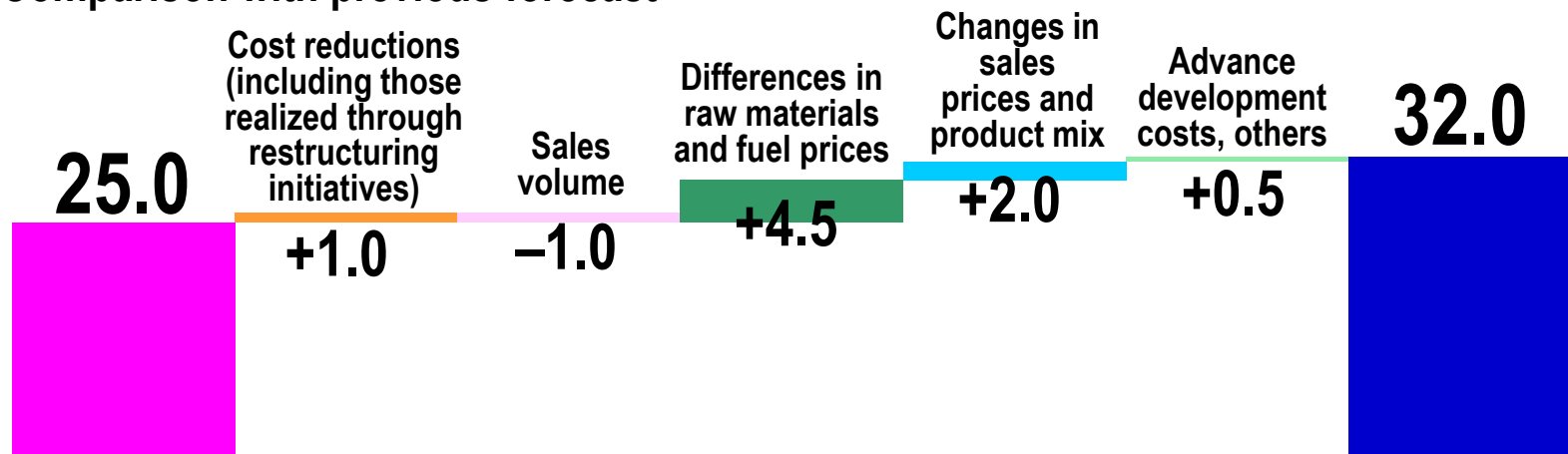
◆ Analysis of changes in operating income forecast

➤ Comparison with FY13

(¥ billion)



➤ Comparison with previous forecast



Previous forecast

Current forecast

(3) Current operating environment and strategic actions in key businesses

Business	Current operating environment	Short-term strategic actions
Aramid fibers	<ul style="list-style-type: none"> The global market is back on the road to recovery, with market growth led by emerging economies 	<ul style="list-style-type: none"> Focus on increasing sales in Asia (PRC, India), the Middle East and Eastern Europe Expand sales for use in protective clothing and for infrastructure-related applications
Carbon fibers and composites	<ul style="list-style-type: none"> Aircraft orders remain firm Shale gas development may be affected by falling crude oil prices 	<ul style="list-style-type: none"> Enhance supply capabilities for principal applications (expand certified production facilities) Carefully monitor trends in shale gas development (there has been no significant impact so far)
Polycarbonate resin	<ul style="list-style-type: none"> The outlook for raw materials prices remains uncertain A dramatic improvement in the supply-demand balance has failed to materialize 	<ul style="list-style-type: none"> Cultivate high-value-added applications (automotive and other) and promote product specification testing and verification activities with key target customers Promote the shift of production of certain items to other facilities (and seek recertification from customers) with a view to realigning production facilities
PET film	<ul style="list-style-type: none"> Competition remains harsh, owing to the emergence of manufacturers from elsewhere in Asia and from emerging economies 	<ul style="list-style-type: none"> Prepare to shift production of certain items to other facilities with a view to realigning production facilities
Pharmaceuticals	<ul style="list-style-type: none"> Sales of febuxostat continue to increase favorably, but long-listed originator drugs with generic competitors face stiff competition 	<ul style="list-style-type: none"> Focus on expanding sales of febuxostat: Promote greater awareness of febuxostat's effectiveness in the treatment of hyperuricemia among medical professionals with the aim of ensuring the drug is taken properly
Home healthcare	<ul style="list-style-type: none"> Efforts to maintain or expand rental volumes in Japan are yielding success, but the operating environment in the United States remains harsh 	<ul style="list-style-type: none"> Bolster rental volumes in Japan by introducing new models and leveraging call center capabilities Continue exploring the swift implementation of restructuring initiatives (United States)

(4) Financial highlights

	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Outlook
ROA ^{*1}	6.1%	4.5%	1.6%	2.4%	4.1%
ROE ^{*2}	9.1%	4.2%	-10.3%	3.0%	-6.5%
Operating margin	6.0%	4.0%	1.7%	2.3%	4.1%
D/E ratio	0.94	0.89	1.00	1.00	1.1
Shareholders' equity ratio	37.3%	38.3%	35.6%	36.7%	33%
Earnings per share (¥)	25.6	12.2	(29.6)	8.5	(18.3)
Dividends per share (¥)	5.0	6.0	4.0	4.0	4.0
Total assets (¥ billion)	761.5	762.1	762.4	768.4	810.0
Interest-bearing debt (¥ billion)	267.4	261.0	270.8	281.5	310.0
EBITDA (¥ billion) ^{*3}	105.0	86.3	59.2	63.7	76.0

*1 ROA= Operating income/Total assets

*2 ROE= Net income/Shareholders' equity

*3 EBITDA = Operating income + Depreciation & amortization

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 pharmaceuticals and home health care 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.

◆ Consolidated balance sheets

(¥ billion)	Mar. 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014
Total assets	762.4	783.8	766.8	791.0	768.4	783.8	779.8	832.7
Current assets	372.3	372.5	366.2	385.6	364.9	367.6	370.8	413.1
Fixed assets	390.1	411.4	400.6	405.4	403.5	416.2	409.0	419.6
Total liabilities and net assets	762.4	783.8	766.8	791.0	768.4	783.8	779.8	832.7
Liabilities	470.3	488.9	471.3	489.3	468.3	483.8	499.3	539.1
[Interest-bearing debt]	270.8	287.7	292.3	296.9	281.5	303.4	302.0	317.3
Net assets	292.1	294.9	295.5	301.7	300.1	300.0	280.5	293.6

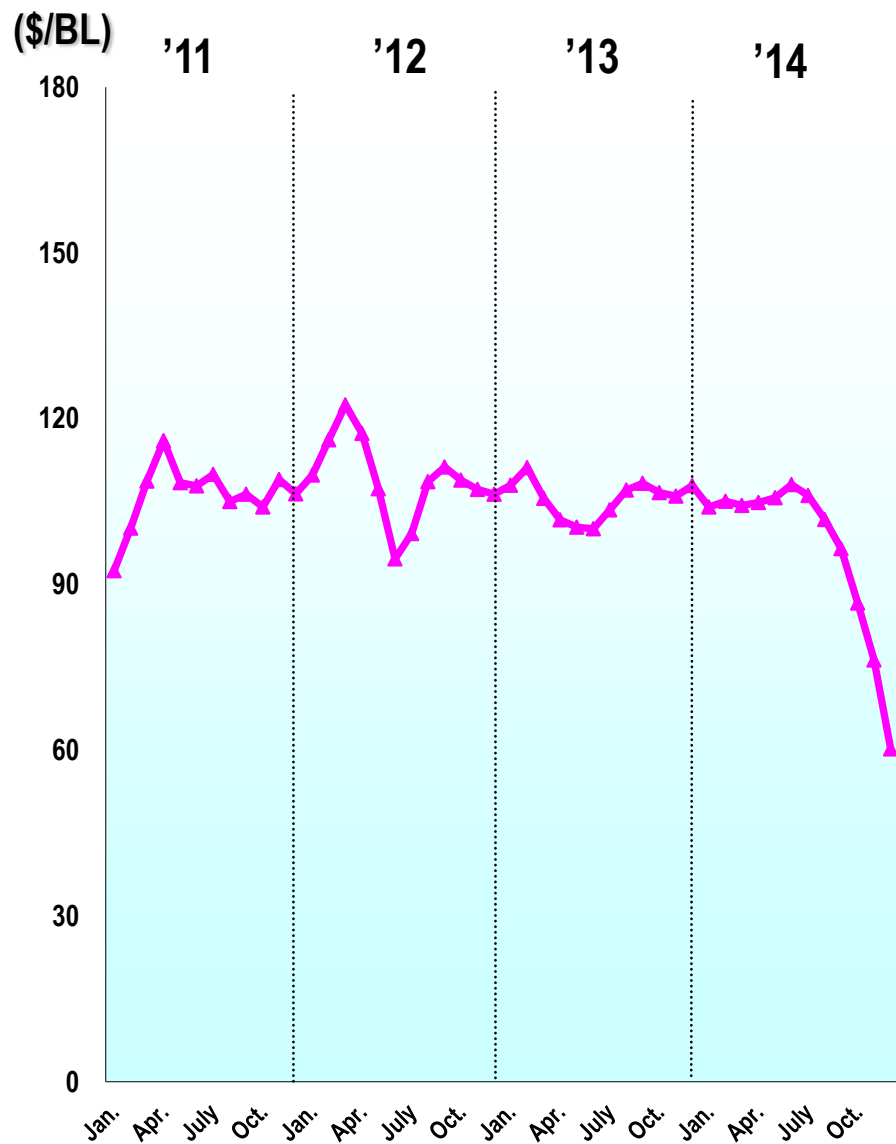
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Third Quarter of FY14).

◆ Consolidated statements of income

	FY13				FY14		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(¥ billion)							
Net Sales	183.5	198.3	196.4	206.2	181.9	195.5	201.1
Cost of sales	137.9	151.3	148.2	152.7	133.9	145.2	145.1
Gross profit	45.6	47.0	48.3	53.5	48.0	50.3	56.0
SG & A	43.8	43.6	43.8	45.1	43.1	43.0	43.5
Operating income	1.8	3.4	4.5	8.4	4.8	7.3	12.4
Nonoperating items (net)	(0.3)	(0.8)	4.1	(1.2)	(0.2)	2.1	2.5
(Balance of financial expenses)	(0.3)	(0.7)	(0.4)	(0.5)	0.1	(0.5)	(0.2)
(Equity on gains and losses of unconsolidated subsidiaries and affiliates)	(0.1)	0.4	3.4	0.5	0.4	1.2	0.9
Ordinary income	1.6	2.5	8.6	7.2	4.7	9.4	14.9
Extraordinary items (net)	(0.3)	5.3	(6.6)	(3.8)	(0.8)	(41.2)	(4.1)
Income (loss) before income taxes	1.3	7.8	2.0	3.4	3.9	(31.9)	10.8
Income taxes	1.1	3.9	3.1	(0.1)	2.4	(5.7)	2.9
Minority interests (net)	0.0	(0.4)	(1.6)	0.2	(0.1)	(2.2)	(0.0)
Net income (loss)	0.2	4.3	0.4	3.3	1.6	(24.0)	7.9

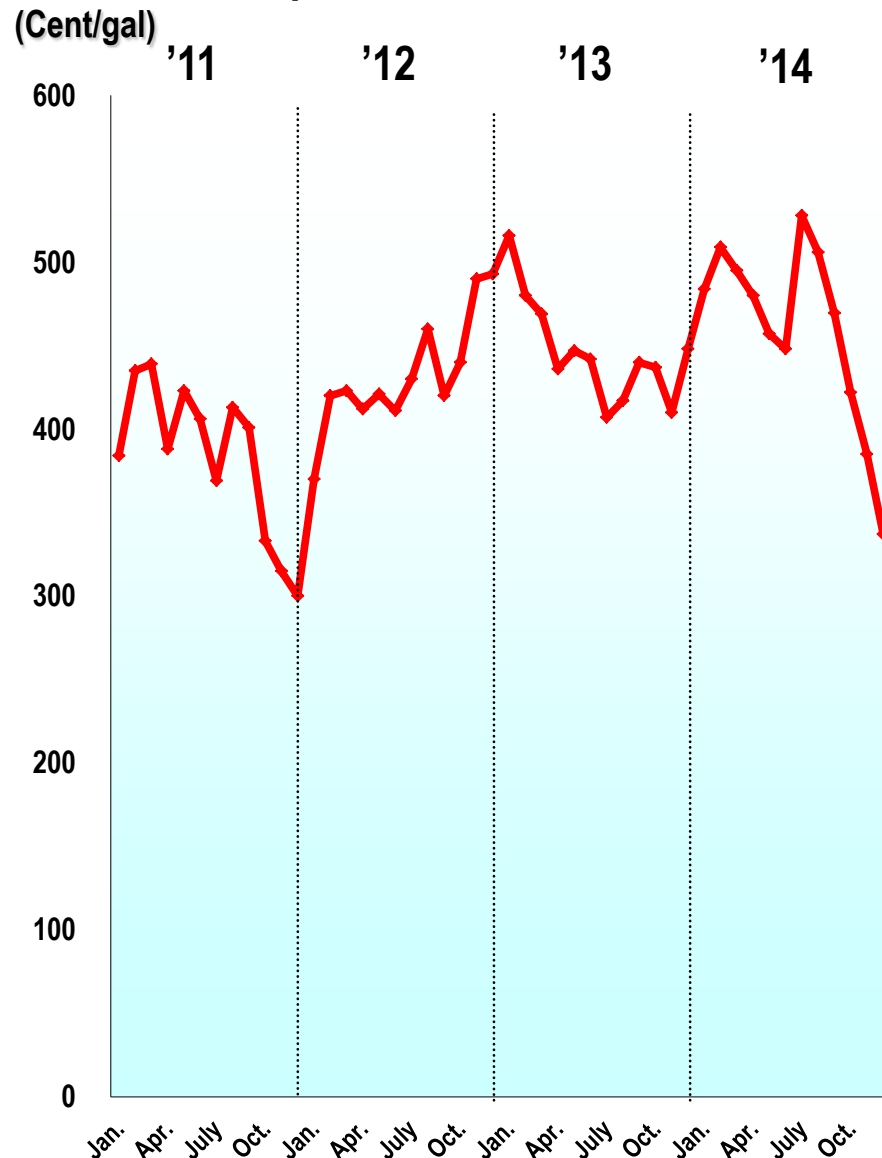
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Third Quarter of FY14).

◆ Dubai crude oil prices



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

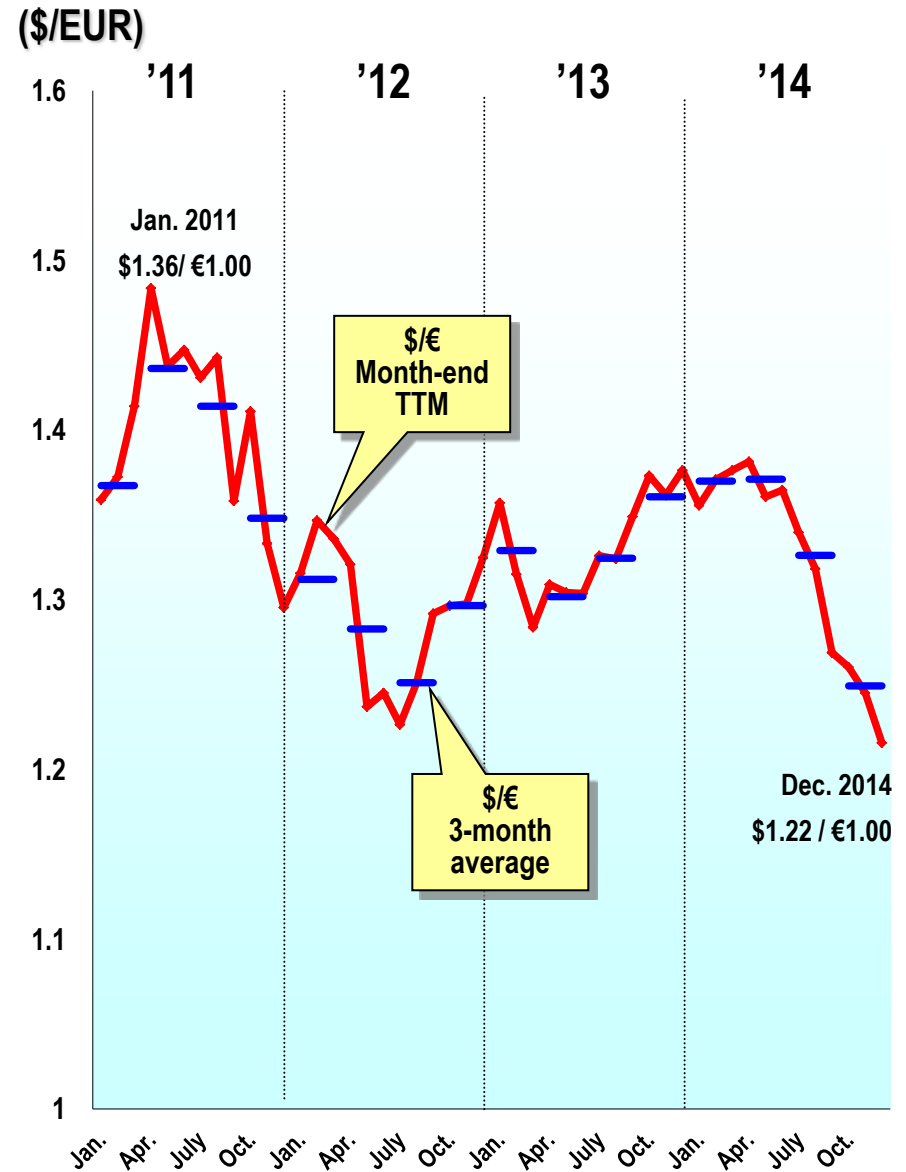
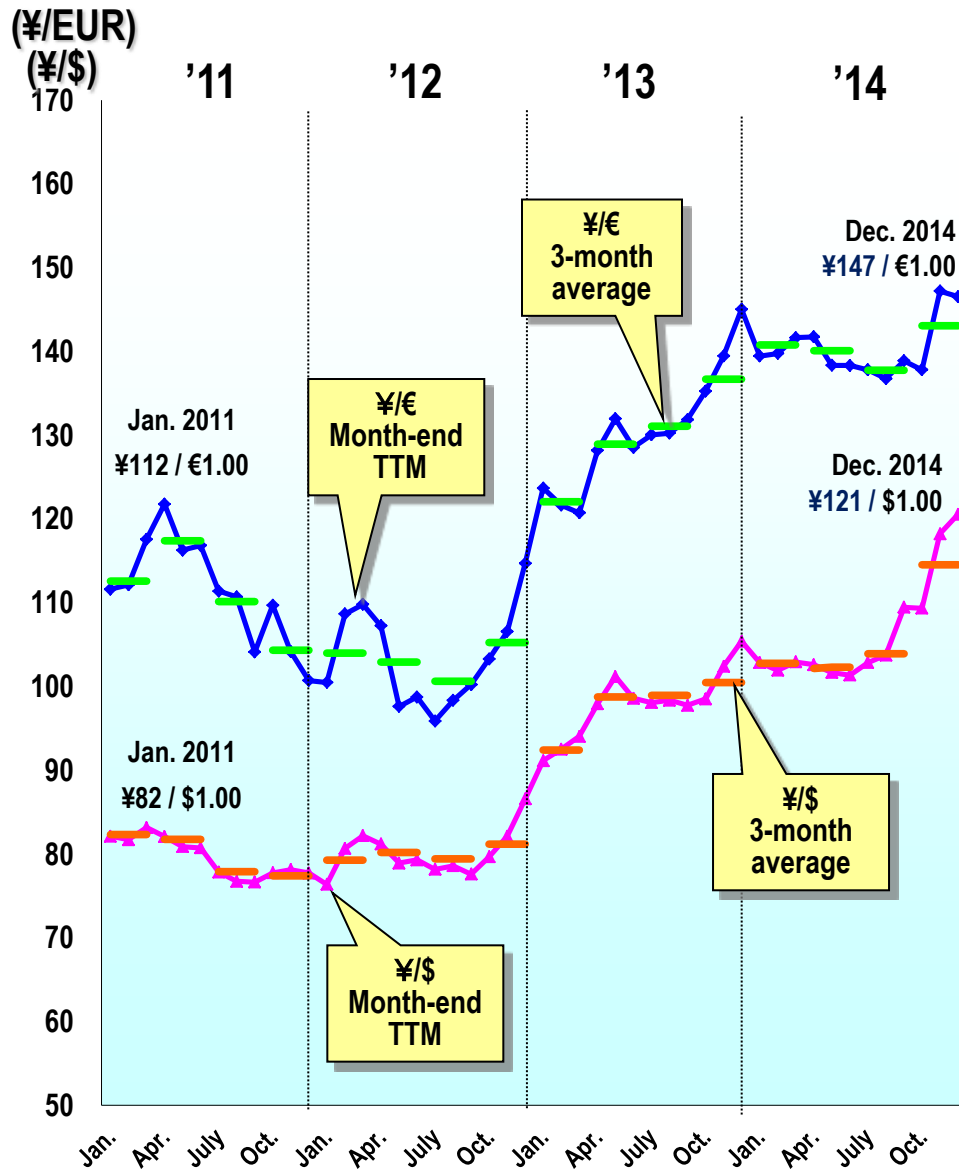
◆ Benzene prices



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

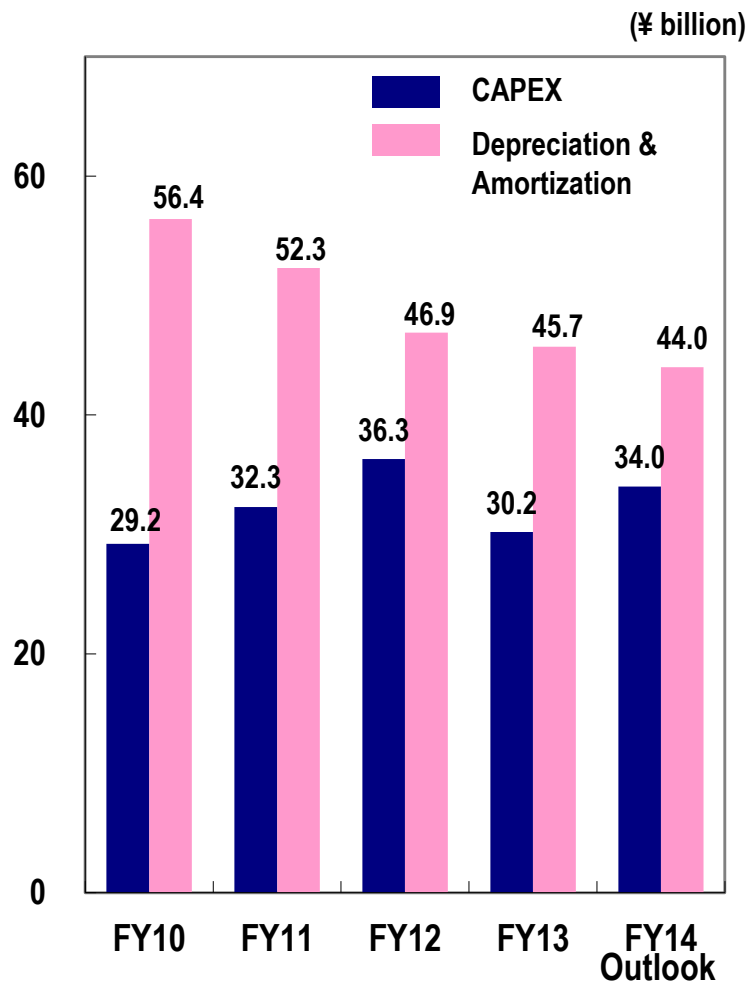
◆ Yen/Dollar, Yen/Euro exchange rates

◆ Dollar/Euro exchange rates

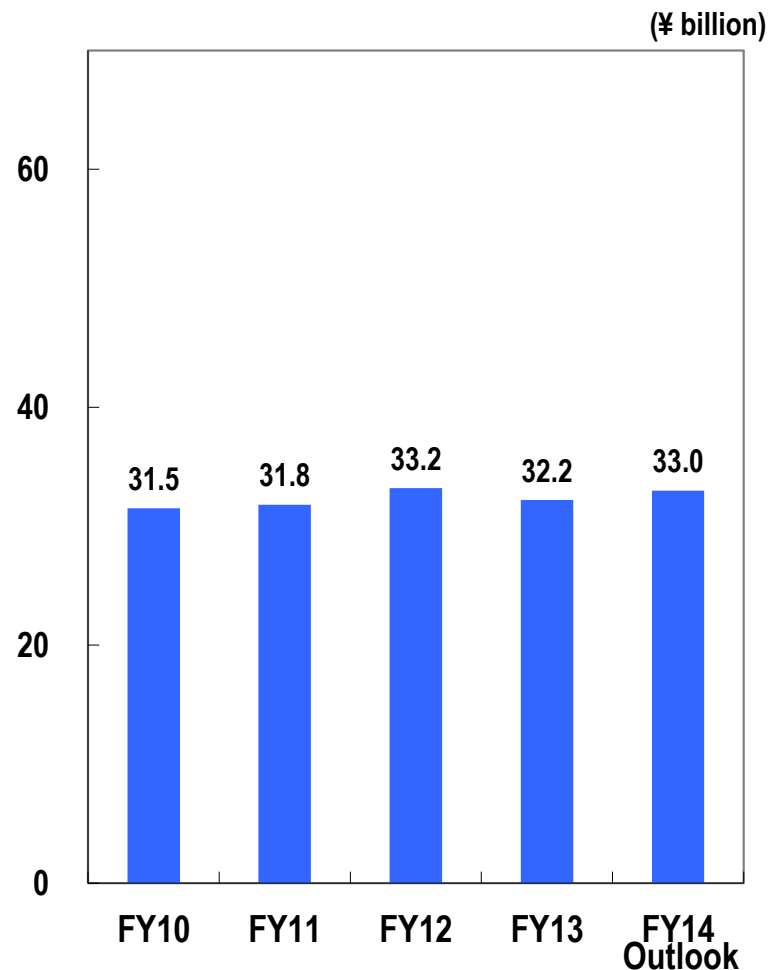


◆ CAPEX, depreciation & amortization, and R&D expenses

CAPEX/Depreciation & Amortization



R&D Expenses



◆ Sales of principal pharmaceuticals

(¥ billion)

Product	Target disease	FY13					FY14		
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q	3Q
<i>Bonalon</i> ^{®*}	Osteoporosis	3.2	3.7	4.1	3.2	14.2	3.1	3.3	3.6
<i>Onealfa</i> [®]	Osteoporosis	1.5	1.7	1.9	1.4	6.6	1.4	1.4	1.5
Osteoporosis total		4.7	5.4	6.0	4.7	20.8	4.5	4.6	5.0
<i>Feburic</i> [®]	Hyperuricemia and gout	1.9	2.5	3.4	3.7	11.4	2.8	3.9	4.7
<i>Venilon</i> [®]	Severe infection	2.2	2.3	2.9	2.0	9.4	2.5	2.4	2.8
<i>Mucosolvan</i> [®]	Expectorant	1.7	1.8	2.4	1.9	7.9	1.6	1.4	1.9
<i>Laxoberon</i> [®]	Laxative	0.8	0.9	1.0	0.8	3.6	0.8	0.7	0.8
<i>Tricor</i> [®]	Hyperlipidemia	0.3	0.4	0.5	0.4	1.7	0.4	0.4	0.5
<i>Bonalfa</i> [®]	Psoriasis	0.3	0.3	0.3	0.3	1.3	0.3	0.3	0.3
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.4	0.3	1.3	0.3	0.3	0.4
<i>Somatuline</i> ^{®*}	Acromegaly and pituitary gigantism	0.1	0.1	0.2	0.2	0.6	0.2	0.3	0.3

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

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

◆ **Development status by therapeutic area**

(As of December 31, 2014)

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

*1 Phase II clinical trials for PTR-36 for the treatment of bronchial asthma began in December 2014.

*2 Clinical trials for TMX-67XR, a new sustained-release tablet version of febuxostat (new formulation) commenced in June 2014.

◆ **Status of Licensed-in Products in Preclinical Stage (Information for the past three years)**

Agreement	Licensor	Nature of Agreement
May 2014	Sigma-Tau Pharma Ltd.	Exclusive development and distribution rights in Japan for EZN-2279, a therapeutic agent for adenosine deaminase (ADA) deficiency

◆ Newly developed pharmaceutical candidates

【Filed】

(As of December 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.	Tablet	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.	Tablet	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.	Tablet	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	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 II】(continued)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-67XR (febuxostat)	Hyperuricemia and gout	Sustained-release formulation of hyperuricemia and gout treatment febuxostat, which is currently on the market.	Oral	Developed in-house (new formulation)
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

【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	

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.