
Flash Report
– *FY14 Financial Performance &*
FY15 Outlook –

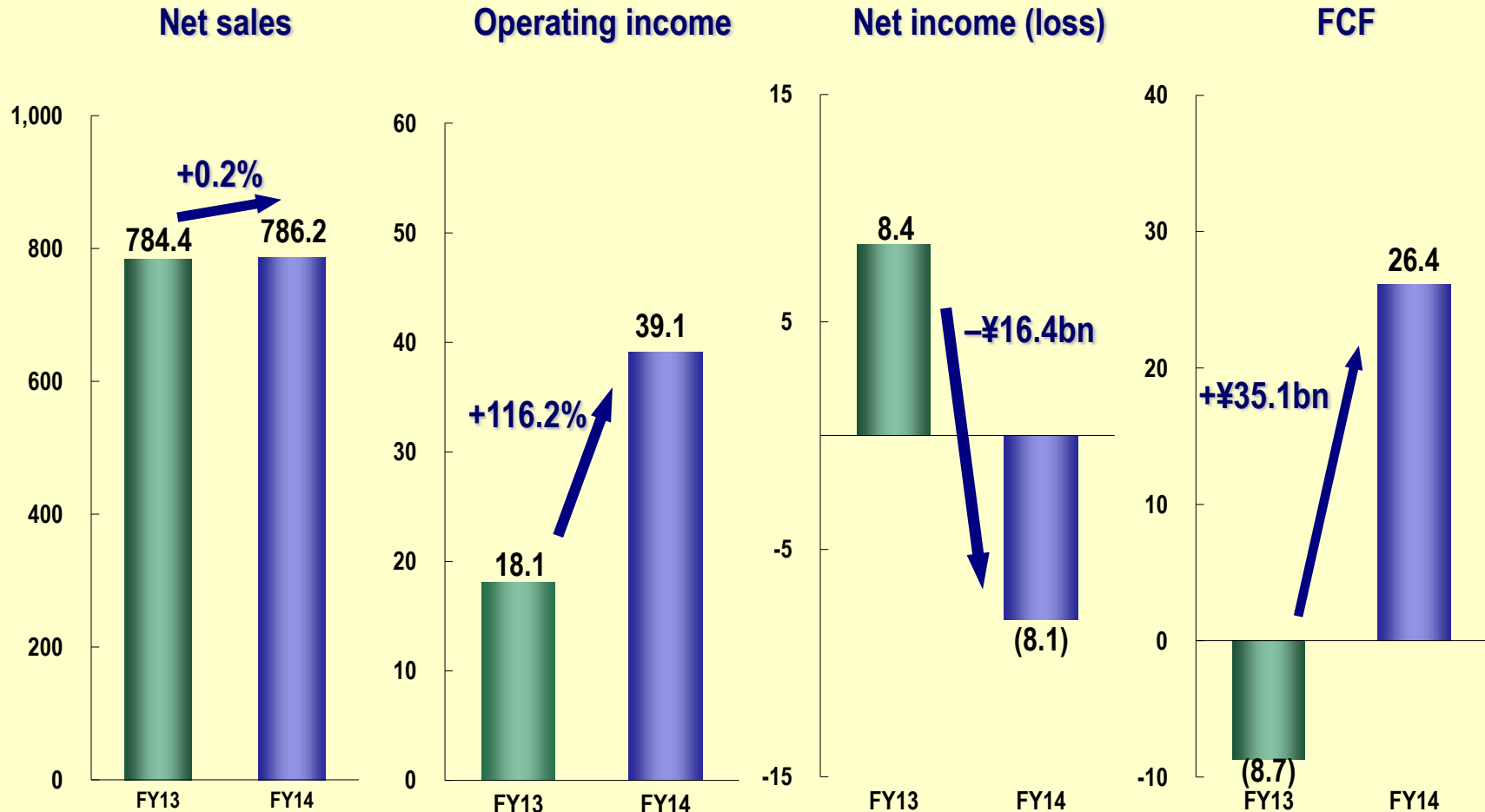
Teijin Limited
May 8, 2015

Outline of FY14 Results

(1) Consolidated results highlights

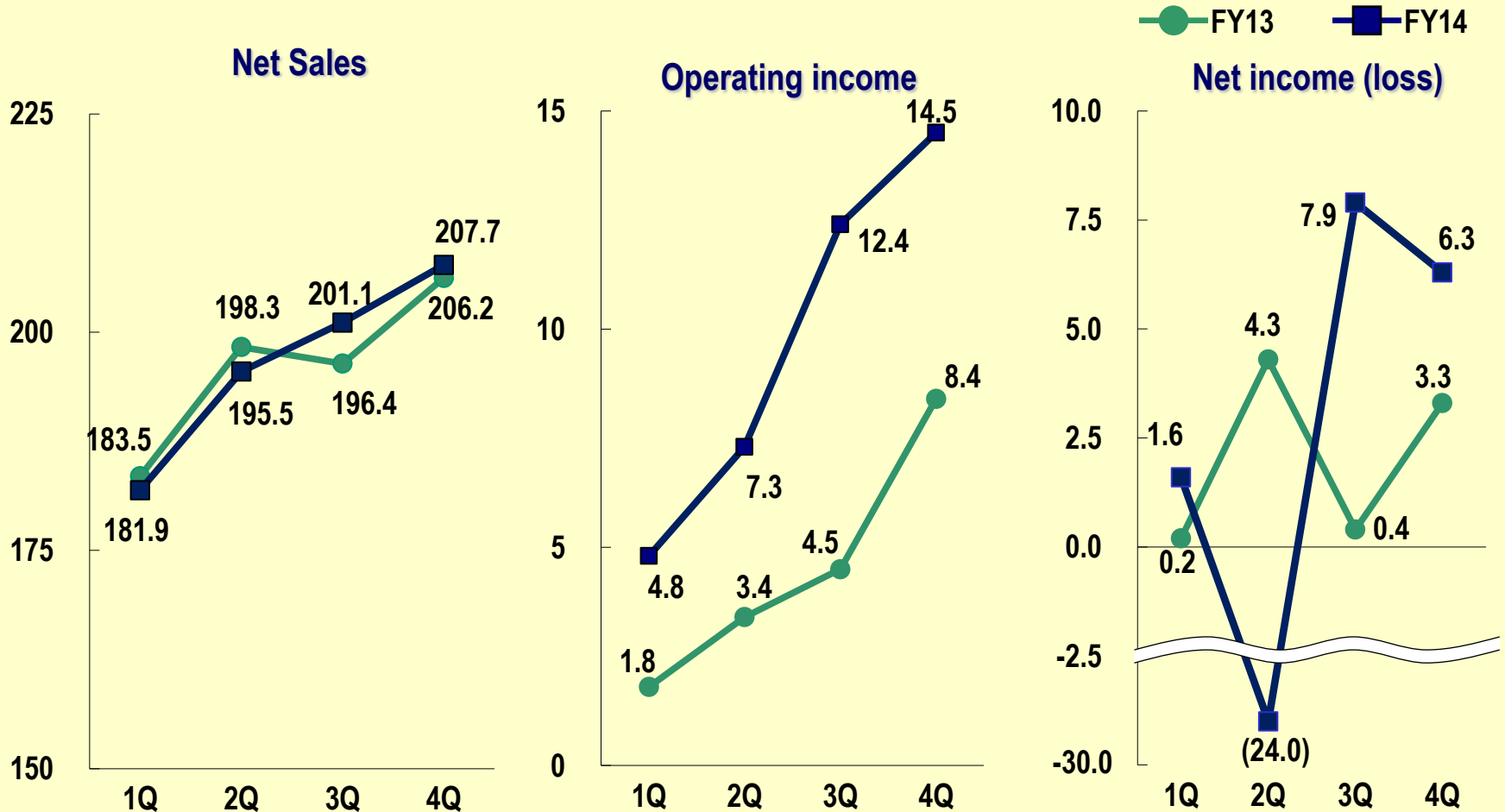
(¥ billion)

Full-Term Operating Movement



(¥ billion)

Quarterly Movement



◆ Operating results

(¥ billion)	FY13	FY14	Difference
Net sales	784.4	786.2	+1.7
Operating income	18.1	39.1	+21.0
Operating margin	2.3%	5.0%	+2.7%
Nonoperating items (net)	1.8	3.3	+1.5
Ordinary income	19.9	42.4	+22.5
Extraordinary items (net)	(5.4)	(49.3)	-43.9
Income (loss) before income taxes	14.5	(6.9)	-21.4
Income taxes	7.9	3.1	-4.8
Minority interests in loss	(1.7)	(1.9)	-0.2
Net income (loss)	8.4	(8.1)	-16.4
EPS (¥)	8.50	(8.23)	-16.73

EBITDA *1	63.7	82.1	+18.4
CAPEX *2	30.2	28.1	-2.1
Depreciation & amortization	45.7	43.0	-2.6
R&D expenses	32.2	32.4	+0.1
FCF	(8.7)	26.4	+35.1

*1 EBITDA = Operating income + Depreciation & amortization

*2 CAPEX includes investments in intangible assets

➤ Net sales: Level, as

- Generally favorable sales in principal segments largely countered the negative impact of exit from paraxylene business

➤ Operating income and ordinary income: More than doubled, thanks to

- Improved results, particularly in materials businesses
- Yen depreciation and declining prices for raw materials and fuel, together with the positive impact of firm sales in the Advanced Fibers and Composites segment and restructuring initiatives, primarily in the Electronics Materials and Performance Polymer Products segment
- Increase in ordinary income also reflected foreign exchange gains

➤ Net loss, owing to

- Extraordinary losses arising from restructuring initiatives

◇ PL exchange rate

	FY13 Average	FY14 Average
¥/US\$	100	110
¥/€	134	139
US\$/€	1.34	1.26

◆ Nonoperating items

(¥ billion)	FY13	FY14	Difference
Interest income	0.5	0.6	+0.1
Dividends income	1.0	1.3	+0.4
Equity in earnings of affiliates	* 4.2	2.4	-1.7
Foreign exchange gains	—	1.0	+1.0
Gain on valuation of derivatives	1.5	2.7	+1.2
Other	1.4	1.1	-0.3
Nonoperating income, total	8.5	9.2	+0.6
Interest expenses	3.4	3.1	-0.3
Foreign exchange losses	0.3	—	-0.3
Contribution	1.0	0.9	-0.1
Others	2.0	1.9	-0.1
Nonoperating expenses, total	6.7	5.9	-0.9
Nonoperating items, total	1.8	3.3	+1.5

* Reflects the impact of an adjustment for tax effect accounting on the results of affiliated companies in Europe

◆ Extraordinary items

(¥ billion)	FY13	FY14	Difference
Gain on sales of noncurrent assets	0.2	0.7	+0.6
Gain on sales of investment securities	8.3	0.1	-8.2
Others	0.7	0.1	-0.6
Extraordinary income, total	9.1	1.0	-8.2
Loss on retirement of noncurrent assets	1.7	1.3	-0.4
Impairment loss	8.8	*1 30.4	+21.6
Restructuring costs	2.4	*2 16.8	+14.4
Others	1.7	1.8	+0.2
Extraordinary loss, total	14.5	50.3	+35.8
Extraordinary items, total	(5.4)	(49.3)	-43.9

*1: Principal components:

Electronics Materials and Performance Polymer Products	¥15.6 billion
Healthcare	4.6 billion
Raw materials and polymerization, power supply equipment/facilities	5.1 billion
Advanced Fibers and Composites	3.2 billion

*2: Principal component:

Electronics Materials and Performance Polymer Products	¥12.6 billion
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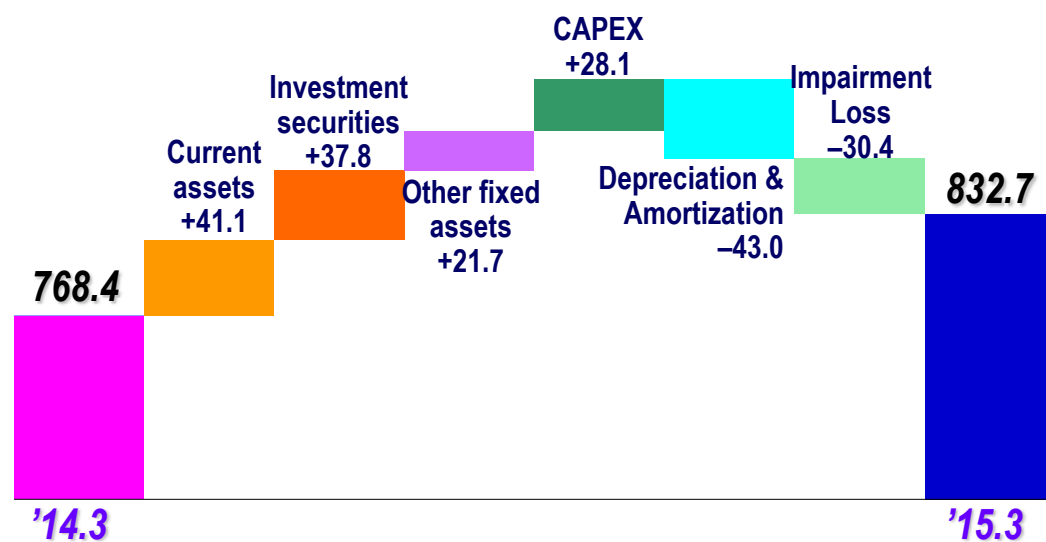
◆ Financial position

(¥ billion)	Mar. 31, 2014	Mar. 31, 2015	Difference	(Impact of foreign exchange rate)
Total assets	768.4	823.7	+55.3	+13.5
Shareholders' equity	281.7	287.1	+5.4	+4.9
Interest-bearing debt	281.5	308.2	+26.7	+3.7
D/E ratio	1.00	1.07	+0.07	
Shareholders' equity ratio	36.7%	34.9%	-1.8%	

◆ Cash flows

(¥ billion)	FY13	FY14	Difference
Operating activities	38.6	76.0	+37.4
Investing activities	(47.3)	(49.6)	-2.3
FCF	(8.7)	26.4	+35.1
Financing activities	(7.0)	11.2	+18.2
Cash & cash equivalents	(15.7)	37.6	+53.3

◇ Analysis of changes in total assets

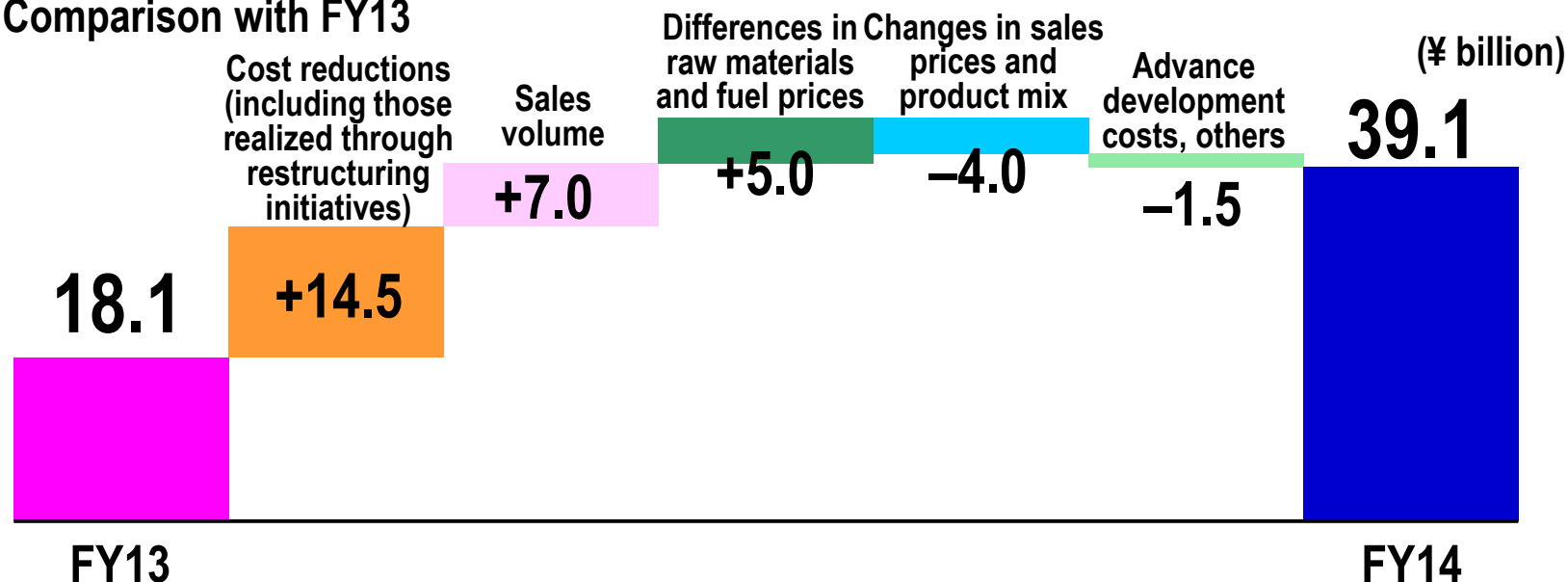


◇ BS exchange rate

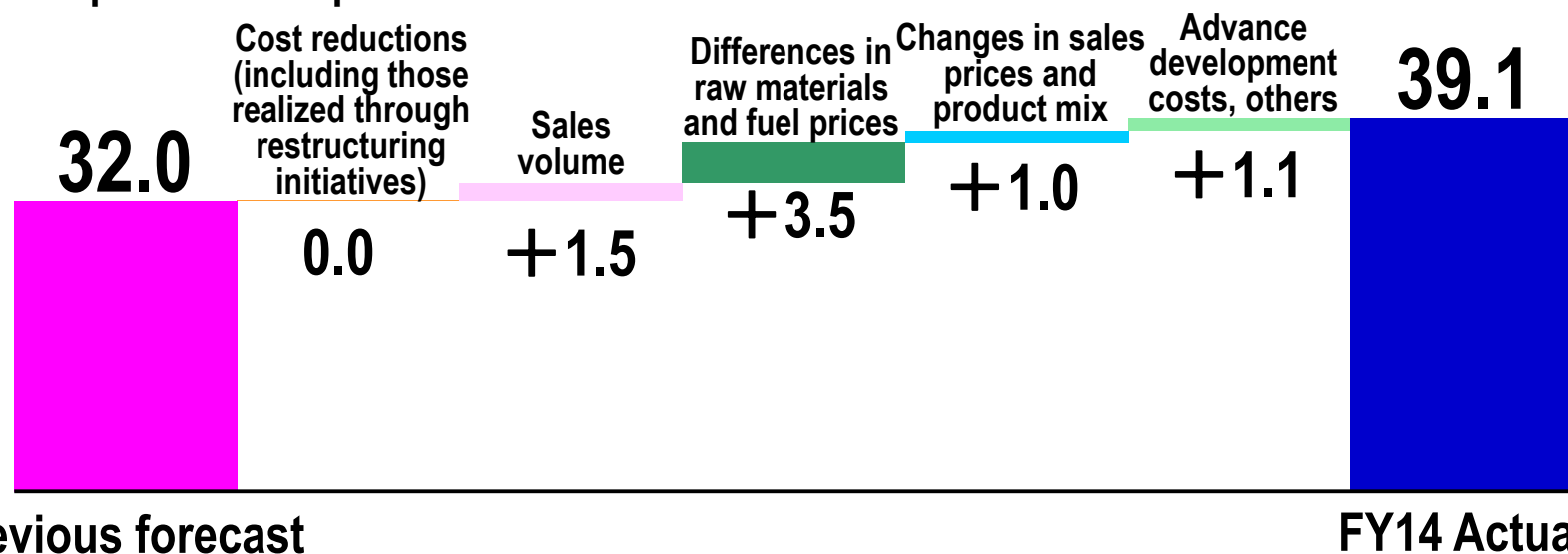
	Mar. 31, 2014	Mar. 31, 2015
JPY / USD	103	120
JPY / EUR	142	130
USD / EUR	1.38	1.08

◆ Analysis of changes in operating income forecast

➤ Comparison with FY13



➤ Comparison with previous forecast



(2) Operating results by segment (Comparison with FY13)

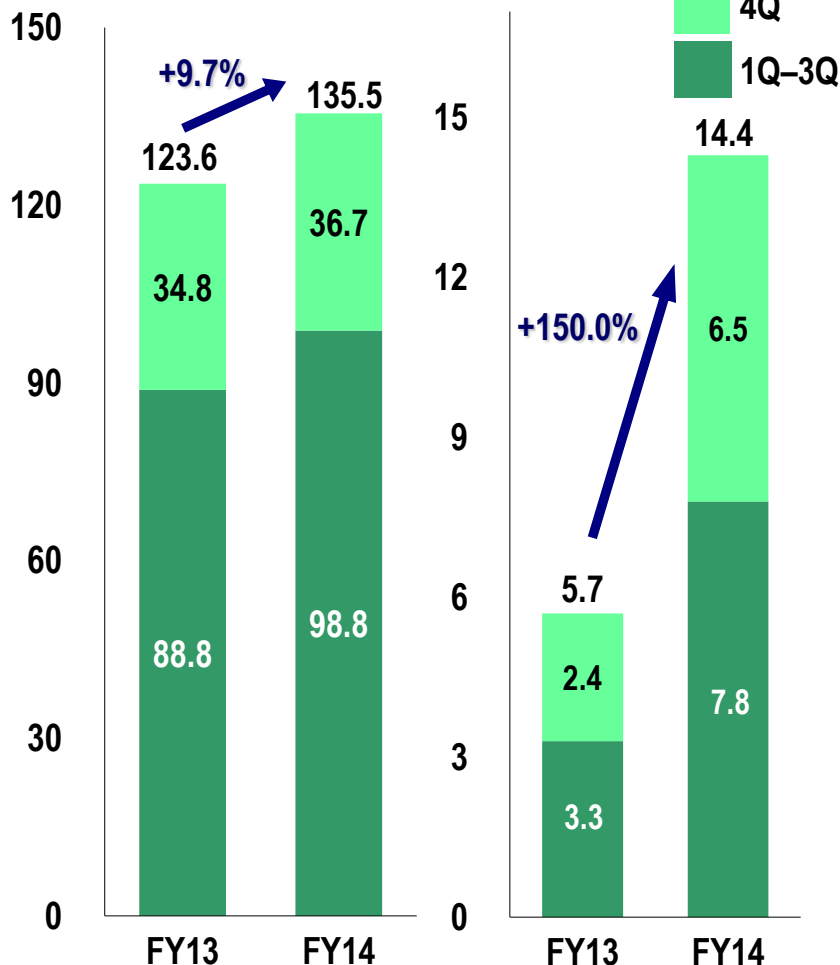
(¥ billion)	Sales				Operating income (loss)			
	FY13	FY14	Difference	% Change	FY13	FY14	Difference	% Change
Advanced Fibers and Composites	123.6	135.5	+12.0	+9.7%	5.7	14.4	+8.6	+150.0%
Electronics Materials and Performance Polymer Products	179.4	184.8	+5.3	+3.0%	(7.2)	3.4	+10.6	—
Healthcare	138.4	141.7	+3.3	+2.4%	24.5	24.8	+0.3	+1.2%
Trading and Retail	254.2	259.4	+5.2	+2.0%	5.2	4.2	−0.9	−18.1%
Subtotal	695.6	721.4	+25.8	+3.7%	28.2	46.8	+18.6	+65.8%
Others	88.8	64.8	−24.1	−27.1%	1.7	4.0	+2.2	+128.8%
Elimination and Corporate	—	—	—	—	(11.9)	(11.7)	+0.2	—
Total	784.4	786.2	+1.7	+0.2%	18.1	39.1	+21.0	+116.2%

① Advanced Fibers and Composites

Net sales

Operating income

(¥ billion)



(¥ billion)	FY13	FY14	Difference	Change
Net Sales	123.6	135.5	+12.0	+9.7%
Operating income	5.7	14.4	+8.6	+150.0%

◆ Summary & Actions

◇ High-Performance Fibers

Para-aramid fibers:

- Sales for automotive and infrastructure-related applications rose
- Sales for use in ballistic protection products showed signs of recovery, bolstered by expanded demand in Asia and elsewhere

Meta-aramid fibers:

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

Polyester fibers:

- Profitability was buttressed by higher sales for use in personal hygiene products and for infrastructure- and civil engineering-related applications, as well as by efforts to cut costs

◇ Carbon Fibers and Composites

- Sales for use in aircraft and pressure vessels remained favorable, as did sales in Asia for use in sports and leisure equipment and sales for use in reinforcement materials for civil engineering-related applications
- Steady progress was made in thermoplastic CFRP projects

② Electronics Materials and Performance Polymer Products

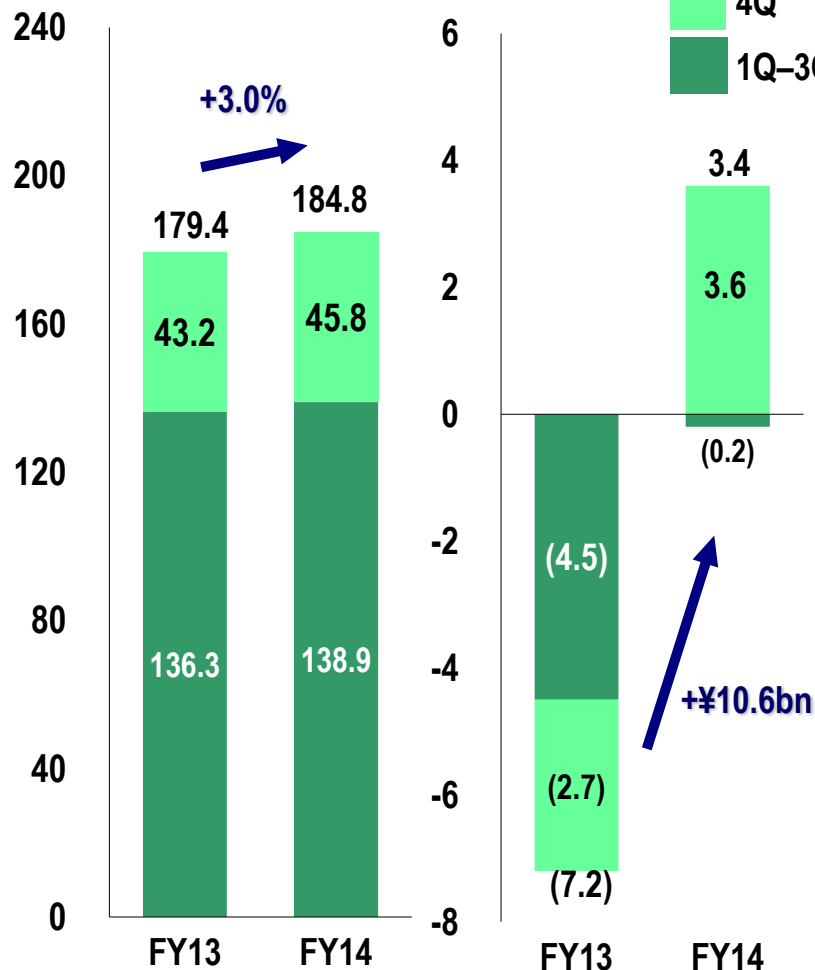
Net sales

Operating income

(¥ billion)

	FY13	FY14	Difference	Change
Net Sales	179.4	184.8	+5.3	+3.0%
Operating income (loss)	(7.2)	3.4	+10.6	—

(¥ billion)



◆ Summary & Actions

◇ Resin and Plastics Processing

Polycarbonate resin:

- Operating income rallied, bolstered by falling prices for key raw materials in the second half and by the positive impact of ongoing restructuring initiatives
- Efforts to optimize production capacity and shrink fixed costs continued

Processed plastics and specialty polycarbonate resin:

- Solid sales for automotive applications (vehicle navigation systems, instrument panels), among others, supported firm sales of both film and sheet products
- Sales of specialty polycarbonate resin for smartphone camera lenses were healthy

◇ Films

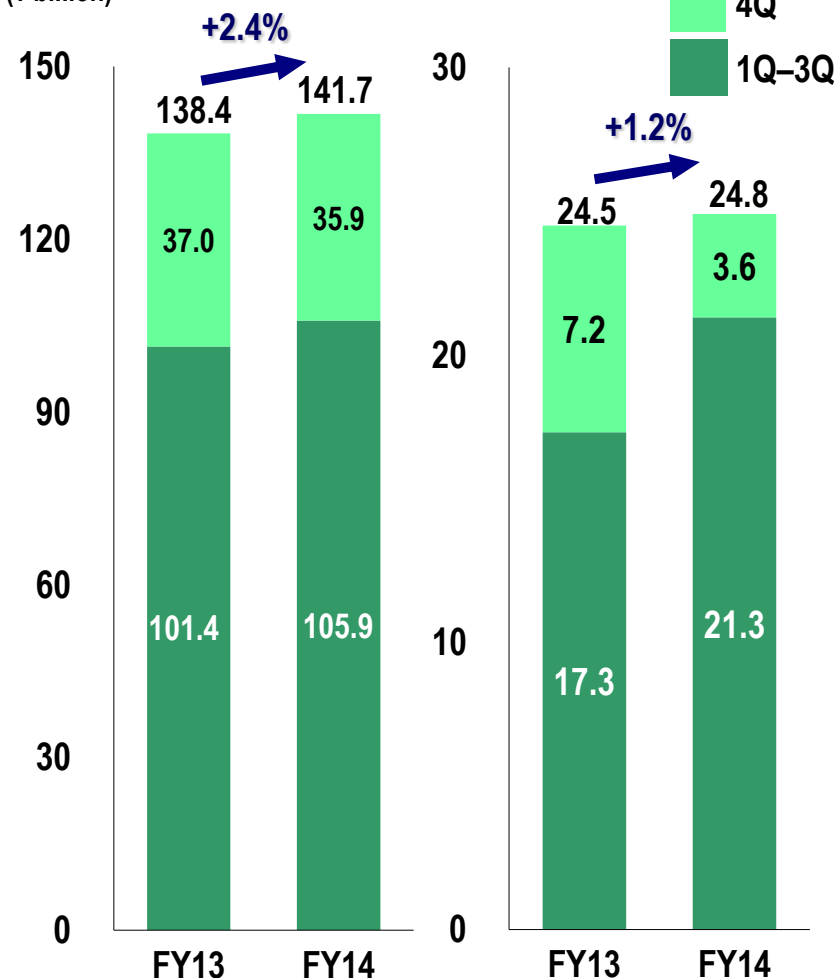
- Films for use as reflective film for LCD televisions and PEN film for use in magnetic materials struggled
- Sales of release films for manufacturing processes remained firm for use in multilayer ceramic capacitors and polarizers
- Having resolved to integrate domestic polyester film production facilities, we continued to promote the transfer of production and the switch to OEM suppliers

③ Healthcare

Net sales

Operating income

(¥ billion)



(¥ billion)	FY13	FY14	Difference	Change
Net Sales	138.4	141.7	+3.3	+2.4%
Operating income	24.5	24.8	+0.3	+1.2%

◆ Summary & Actions

◇ Pharmaceuticals

- Sales of febuxostat (treatment for hyperuricemia and gout) rose in Japan, further boosting our leading share of the domestic market for such treatments (around 59% in terms of sales value); overseas, efforts focused on increasing the number of countries and territories where the drug is sold (currently 40+)
- Existing drugs struggled, hampered by the revision of reimbursement prices for prescription pharmaceuticals under Japan's NHI scheme and rising sales of generic drugs
- Efforts to expand product portfolio by developing new formulations for existing drugs continued

◇ Home Healthcare

- HOT: Rental volume remained firm, thanks to the release of new models
- CPAP ventilators: 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

④ Trading and Retail

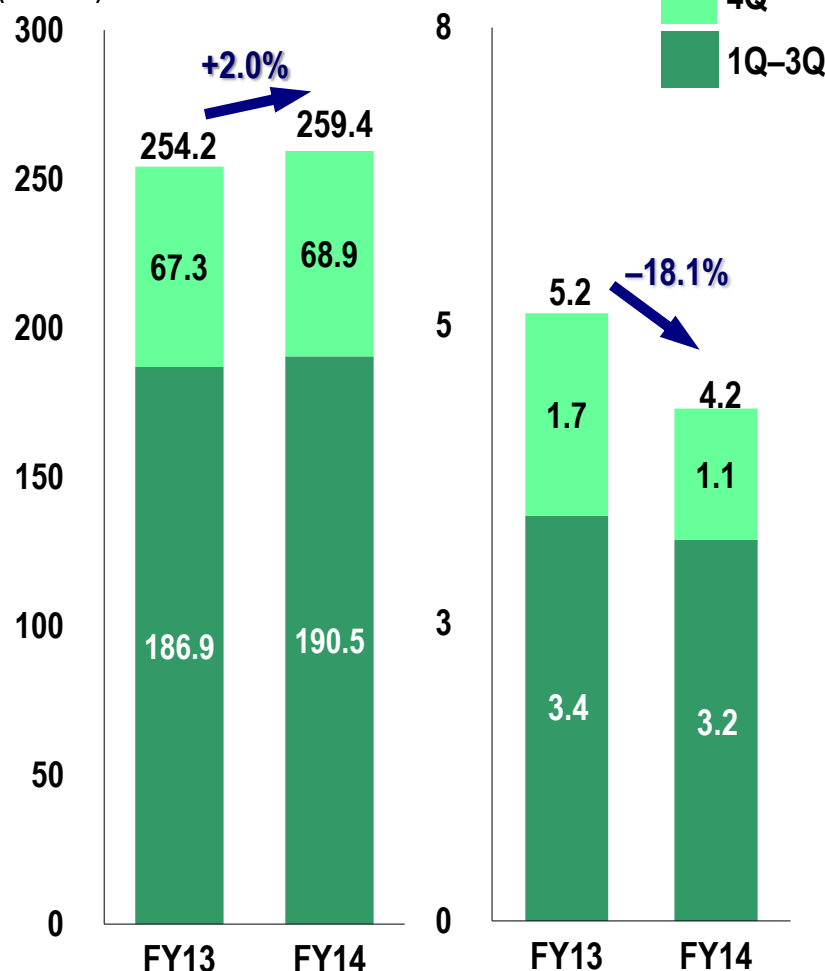
Net sales

Operating income

(¥ billion)

	FY13	FY14	Difference	Change
Net Sales	254.2	259.4	+5.2	+2.0%
Operating income	5.2	4.2	-0.9	-18.1%

(¥ billion)

◆ 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
- Orders for apparel in Japan stagnated, owing to, among others, a negative rebound in demand after the rush that preceded the consumption tax hike and unseasonable weather
- 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 materials for automotive applications were firm
- Sales for civil engineering-related applications were brisk, as were sales of filters for use in wastewater processing in the PRC

◆ Net sales and operating income (comparison with previous forecast)

		FY14 Previous Outlook*			FY14 Actual			Difference
		1H	2H	Total	1H	2H	Total	
(¥ billion)								
Sales	Advanced Fibers and Composites	64.4	75.6	140.0	64.4	71.1	135.5	-4.5
	Electronics Materials and Performance Polymer Products	92.2	87.8	180.0	92.2	92.6	184.8	+4.8
	Healthcare	67.8	72.2	140.0	67.8	73.9	141.7	+1.7
	Trading and Retail	123.6	131.4	255.0	123.6	135.8	259.4	+4.4
	Subtotal	348.0	367.0	715.0	348.0	373.4	721.4	+6.4
	Others	29.4	35.6	65.0	29.4	35.4	64.8	-0.2
	Total	377.4	402.6	780.0	377.4	408.8	786.2	+6.2
Operating income (loss)	Advanced Fibers and Composites	4.7	6.8	11.5	4.7	9.7	14.4	+2.9
	Electronics Materials and Performance Polymer Products	(1.3)	1.3	0.0	(1.3)	4.7	3.4	+3.4
	Healthcare	12.1	12.9	25.0	12.1	12.7	24.8	-0.2
	Trading and Retail	2.0	2.5	4.5	2.0	2.3	4.2	-0.3
	Subtotal	17.4	23.6	41.0	17.4	29.4	46.8	+5.8
	Others	0.5	3.0	3.5	0.5	3.5	4.0	+0.5
	Elimination and Corporate	(5.8)	(6.7)	(12.5)	(5.8)	(6.0)	(11.7)	+0.8
Total		12.1	19.9	32.0	12.1	27.0	39.1	+7.1

*Announced on February 3, 2015

Outlook for FY15

◆ Management policies for fiscal 2015

With the aim of completing the business restructuring initiatives outlined in our revised medium-term management plan and achieving the quantitative targets for fiscal 2016 to which we have committed ourselves, we will focus on increasing the profitability of existing businesses, particularly those identified as core strategic businesses, and on addressing the following key Groupwide challenges.

1. Press forward resolutely with **restructuring initiatives**

- Promote the smooth transfer of production and other measures necessary to realize the realignment of production configurations in materials businesses
- Implement a sweeping reorganization of the U.S. home healthcare business at the earliest appropriate opportunity

2. Proceed with efforts to reinforce our **operating structure**, thereby creating a foundation for the implementation of **transformation and growth strategies**

- Realign and strengthen R&D configurations in materials businesses
- Reinforce sales capabilities by fortifying training for sales personnel
- Further increase production and energy efficiency

3. Promote the **targeted allocation of corporate resources** to facilitate the early success of **transformation and growth strategies**

- Prioritize projects in core strategic businesses, as well as in businesses that integrate capabilities or overlap our core business domains
- Enhance framework for “innovation projects” (projects that report directly to the CEO)

◆ Summary of outlook for FY15

(¥ billion)	FY14	FY15 Outlook	Difference	
			Amount	%
Net sales	786.2	825.0	+38.8	+4.9%
Operating income	39.1	47.5	+8.4	+21.5%
Operating margin	5.0%	5.8%	—	+0.8%
Ordinary income	42.4	47.5	+5.1	+12.1%
Net income (loss)	(8.1)	25.0	+33.1	—

◆ Dividends Declared for Fiscal 2014 and Forecast for Fiscal 2015

(¥/share)	FY14	FY15 Outlook
Interim	2.0	3.0
Year-end	2.0	3.0
Annual dividends	4.0	6.0

EBITDA ^{*1}	82.1	87.5	+5.4
CAPEX ^{*2}	28.1	44.0	+15.9
Depreciation & amortization	43.0	40.0	-3.0
R&D expenses	32.4	34.0	+1.6
FCF	26.4	10.0	-16.4

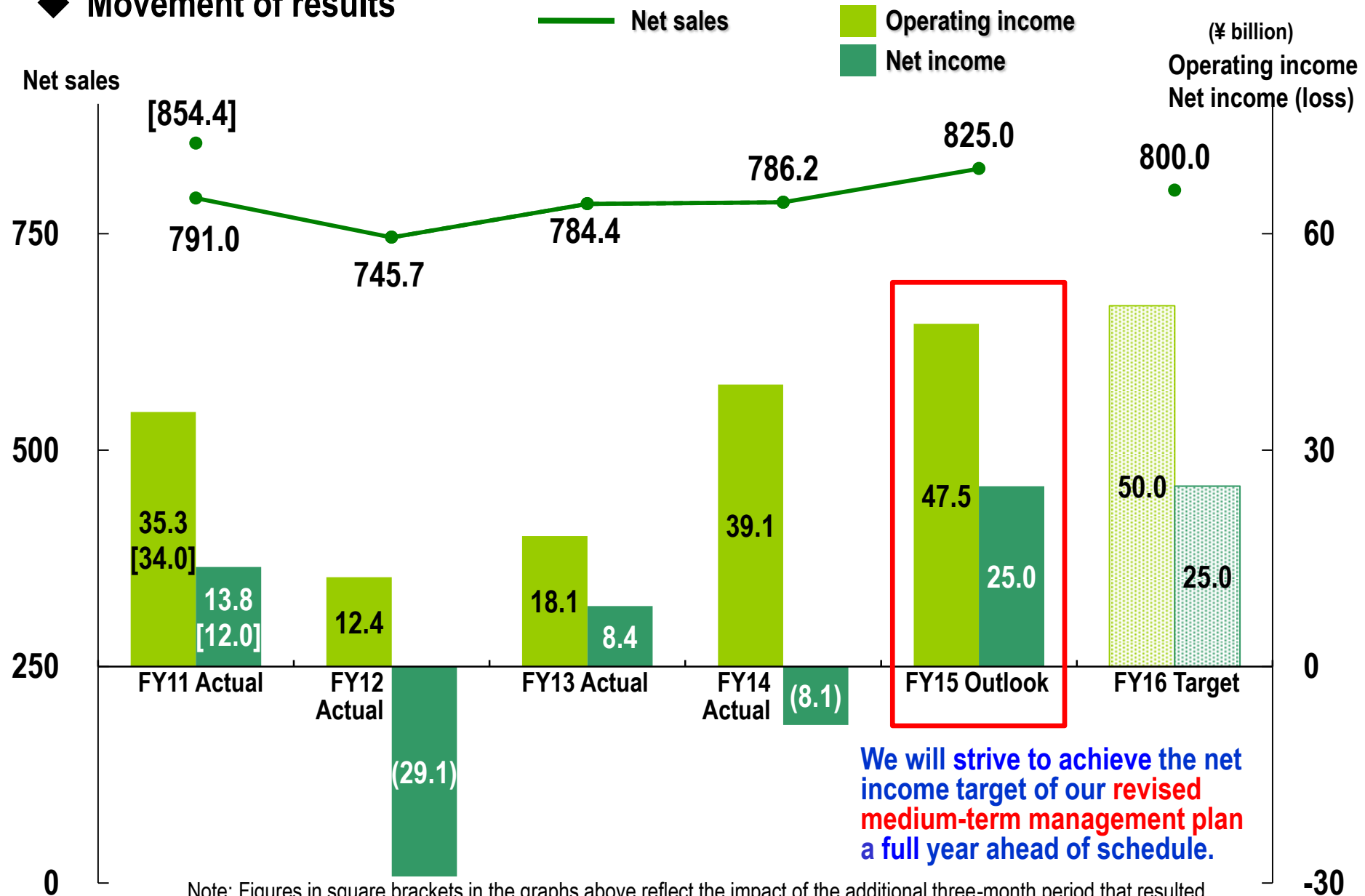
◆ Exchange rate and Crude Oil Price Forecast for FY15

	FY14	FY15 Outlook
JPY per USD	110	120
JPY per EUR	139	135
Dubai crude oil price	84	65

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

*2 CAPEX includes investments in intangible assets

◆ Movement of results



We will strive to achieve the net income target of our revised medium-term management plan a full year ahead of schedule.

◆ Changes in net sales and operating income for FY14–FY15

		FY14 Results			FY15 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
(¥ billion)								
Net sales	Advanced Fibers and Composites	64.4	71.1	135.5	65.0	75.0	140.0	+4.5
	Electronics Materials and Performance Polymer Products	92.2	92.6	184.8	90.0	85.0	175.0	−9.8
	Healthcare	67.8	73.9	141.7	75.0	75.0	150.0	+8.3
	Trading and Retail	123.6	135.8	259.4	135.0	145.0	280.0	+20.6
	Total	348.0	373.4	721.4	365.0	380.0	745.0	+23.6
	Others	29.4	35.4	64.8	35.0	45.0	80.0	+15.2
Total		377.4	408.8	786.2	400.0	425.0	825.0	+38.8
Operating income (loss)	Advanced Fibers and Composites	4.7	9.7	14.4	8.5	10.0	18.5	+4.1
	Electronics Materials and Performance Polymer Products	(1.3)	4.7	3.4	4.0	3.5	7.5	+4.1
	Healthcare	12.1	12.7	24.8	13.0	14.0	27.0	+2.2
	Trading and Retail	2.0	2.3	4.2	1.5	3.5	5.0	+0.8
	Total	17.4	29.4	46.8	27.0	31.0	58.0	+11.2
	Others	0.5	3.5	4.0	1.5	4.0	5.5	+1.5
	Elimination and Corporate	(5.8)	(6.0)	(11.7)	(8.5)	(7.5)	(16.0)	−4.3
Total		12.1	27.0	39.1	20.0	27.5	47.5	+8.4

◆ Assessment of the operating environment in fiscal 2015

Exchange rates	Likely to remain at current levels (¥120/US\$1.00, ¥135/€1.00)
Crude oil prices	Forecast to bottom out, but increases are likely to be limited for the foreseeable future (US\$65/barrel*)

* Dubai crude oil price

Aramid fibers	Demand continues to increase gradually, led by that for automotive and infrastructure-related applications Demand for use in ballistic protection products is expected to rise in emerging economies
Carbon fibers	Demand for use in aircraft continues to expand firmly Thanks to the increasing popularity of natural gas vehicles, demand for use in pressure vessels continues to grow
Pharmaceuticals	With sales of generic drugs and rival products rising, the operating environment remains harsh
Home healthcare	Efforts to promote comprehensive community healthcare (care based at home, rather than in hospitals) are accelerating
Trading and retail	Owing to the weak yen, the profitability of products manufactured overseas continues to deteriorate A significant improvement in domestic apparel consumption is unlikely
Plastics	Various factors, including the expansion of production capacity by manufacturers in the PRC, continue to upset the global supply–demand balance Demand for automotive applications and for use in office equipment remains comparatively firm, although that for use in smartphones and tablet computers is slowing Demand for use in digital cameras and computers remains on a downswing
Films	Competition remains harsh, exacerbated by the appearance of new market entrants from the PRC

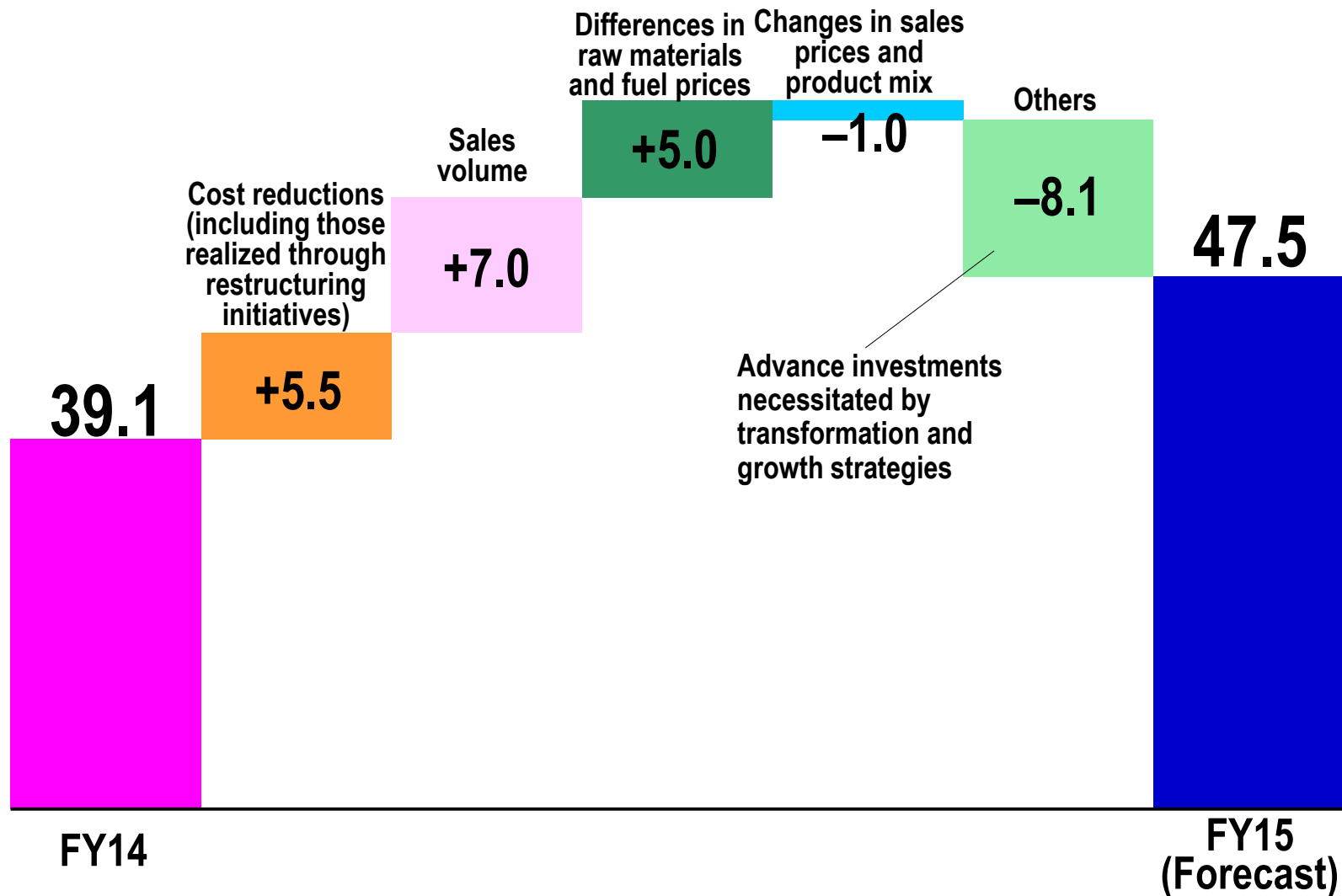
◆ Strategic actions

			Policies/key challenges	Strategic actions
Core strategic businesses	Advanced fibers and composites	Aramid fibers	Respond to market growth in emerging economies Expand sales for target application (protective clothing)	Augment global sales configuration Achieve vertical start-up of production—that is, full-scale right from the start—for a new type of meta-aramid fiber
		Polyester fibers	Promote restructuring initiatives	Transfer production of certain products
		Carbon fibers	Increase sales for target applications (aircraft and pressure vessels)	Capitalize on rapid-curing prepreg and other new products to accelerate expansion of downstream businesses
	Healthcare	Pharmaceuticals	Maximize profitability of febuxostat	Promote greater awareness of hyperuricemia
		Home healthcare	Maintain sales of HOT devices and bolster sales of CPAP ventilators Promote restructuring initiatives	Cultivate demand among private practitioners Reorganize U.S. home healthcare business at the earliest appropriate opportunity
Stable-profit businesses	Trading and retail		Broaden collaboration with core strategic businesses Expand the scale of businesses in target domains	Optimize global production network Expand collaboration with sportswear manufacturers
	IT			Promote IT healthcare project Expand e-book library
Businesses for restructuring	Electronics materials and performance polymer products	Plastics	Promote restructuring initiatives Redefine businesses	Transfer the production of certain products and step up efforts to increase sales of high-value-added products and cultivate new applications
		Films		
	Raw materials and polymerization		Promote restructuring initiatives (United States)	Integrate polymerization facilities

◆ Analysis of changes in operating income forecast

➤ Comparison with FY14

(¥ billion)



◆ Financial highlights

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Outlook
ROA ^{*1}	4.5%	1.6%	2.4%	4.9%	5.7%
ROE ^{*2}	4.2%	-10.3%	3.0%	-2.8%	8.5%
Operating margin	4.0%	1.7%	2.3%	5.0%	5.8%
D/E ratio	0.89	1.00	1.00	1.07	1.0
Shareholders' equity ratio	38.3%	35.6%	36.7%	34.9%	35%
Earnings per share (¥)	12.2	(29.6)	8.5	(8.2)	25.4
Dividends per share (¥)	6.0	4.0	4.0	4.0	6.0
Total assets (¥ billion)	762.1	762.4	768.4	823.7	850.0
Interest-bearing debt (¥ billion)	261.0	270.8	281.5	308.2	310.0
EBITDA (¥ billion) ^{*3}	86.3	59.2	63.7	82.1	87.5

*1 ROA= Operating income/Total assets

*2 ROE= Net income/Shareholders' equity

*3 EBITDA = Operating income + Depreciation & amortization

Progress of medium-term management plan

1. Implement decisive restructuring initiatives

(¥ billion, improvement from fiscal 2014)

Businesses	Projected impact (Operating income)			Principal initiatives
	Fiscal 2015	Fiscal 2016	Fully realized	
Electronics materials and performance polymer products	¥ 3.0	¥ 7.5	¥10.5	Plastics: Withdraw from Singapore subsidiary (completion scheduled for December 2015) Films: Integrate domestic production facilities (completion scheduled for September 2016)
Healthcare	1.0	4.0	4.0	Reorganize U.S. home healthcare business (to be completed in fiscal 2016)
Advanced fibers and composites	0.0	0.5	1.5	Partially cease production at the Iwakuni and Mihara plants Close Tokuyama Plant (to be largely completed in fiscal 2016, with certain procedures to take until fiscal 2017)
Raw materials and polymerization	0.5	1.0	1.5	Cease production at DMT plant and centralize polymerization at Matsuyama Plant (ongoing through to the end of fiscal 2015)
Total projected impact	¥4.5	¥13.0	¥17.5	

The realignment of production configurations in our materials businesses will entail, among others, transferring production to other facilities or switching to OEM suppliers for certain products. In fiscal 2015, we will focus on ensuring all related transitions are completed smoothly, thereby ensuring our ability to realize the benefits of these moves.

We will also finalize plans for a prompt, sweeping reorganization of our U.S. home healthcare business.

2. Build a new structure capable of supporting transformation and growth strategies

R&D: Transform Matsuyama Plant site into major R&D hub

- **Establish new Solution Development Center**

The functions of the Osaka Research Center have largely been integrated into the Matsuyama Plant site

The new facility will be positioned as a cross-business solutions development base and its functions expanded further in the years ahead

Sales reform: Promote advanced solutions-oriented sales practices

- **Shift from knowledge-intensive to marketing skill- and strategy-oriented training**

The majority of sales personnel currently receive general training aimed at elevating knowledge of products and businesses

The next step will be to foster strategic leaders to guide sales teams going forward

- **Explore the possibility of a cross-business, application-specific sales organization**

Formulate clear application-specific sales strategies based on marketing perspectives

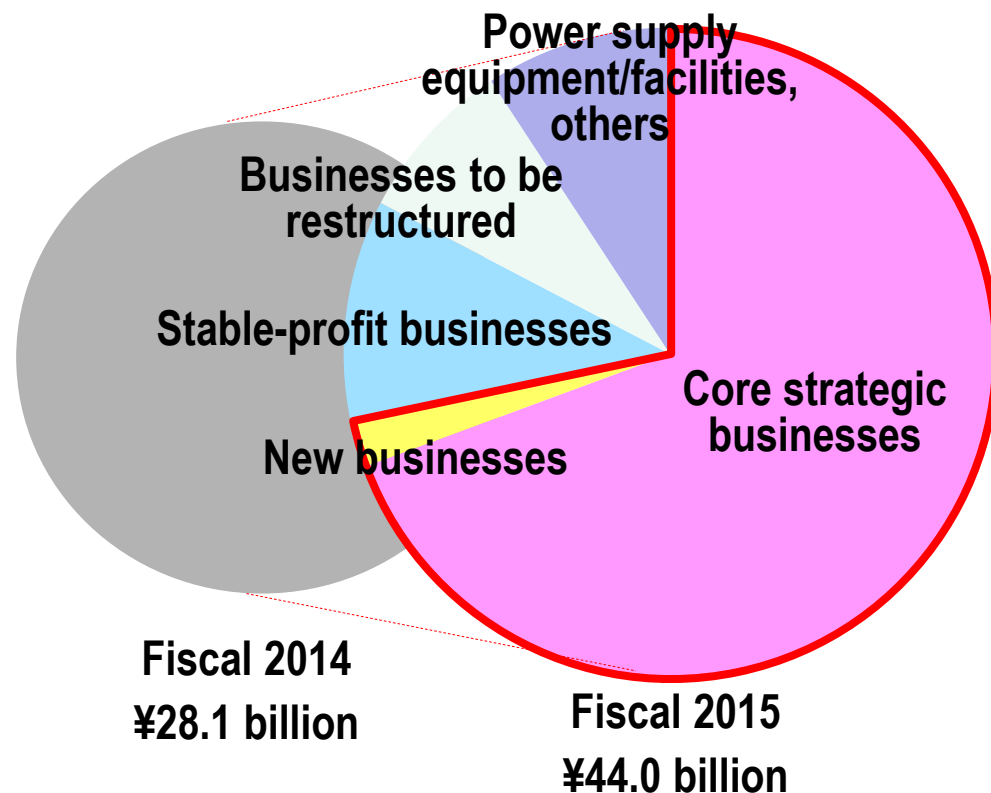
Organizational reform: Begin exploring the idea of integrating materials businesses

- **Aim to evolve toward a solutions-oriented business model based on a customer-first mentality**

We will begin exploring this idea with the aim of including concrete actions in our next medium-term management plan

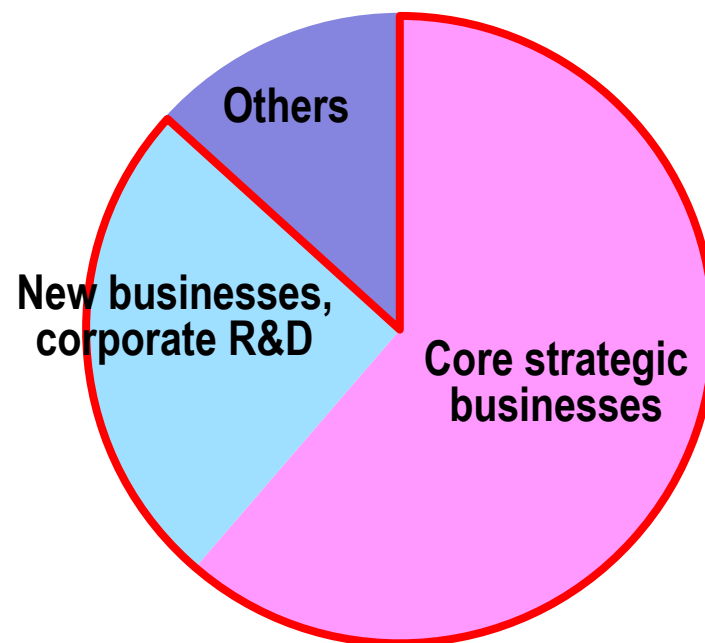
3. Promote the targeted allocation of corporate resources to facilitate the swift inauguration of transformation and growth strategies

Capital investment



Capital investment in core strategic businesses will be increased (figures exclude M&A-related investments)

R&D expenses



More than 80% of R&D expenses will be allocated to R&D in core strategic businesses and research aimed at fostering new businesses

3. Progress of medium-term management plan

◆ Transformation and growth strategies: Key growth drivers

Teijinconex[®] neo



LIELSERT[™]



Sereebo[®]

2020



AFRW

Present

FY2016

High-performance plastics and films

Aramid fibers for use in protective clothing

Carbon fibers for use in aircraft

Heat-resistant plastics for automotive applications; battery components

Thermoplastic CFRP for automotive applications

Super-tough structural materials

Open healthcare platforms

Sheet-type hemostatic agents

Smart wearables

Support for community healthcare

NemLink, HOT monitoring services

Rehabilitation devices

Artificial replacement materials

CPAP ventilators, HOT devices, ASVs



Technology Integrated Pharmaceuticals Center

Integrate capabilities in various materials businesses

Offer high-performance materials technologies that realize new value for customers

Integrate capabilities in materials and IT

Expand the scope of our monitoring services

Integrate capabilities in healthcare and IT

Broaden our home healthcare services model and create new markets

Integrate capabilities in materials and healthcare

Commercialize biocompatible medical materials



Piezoelectric fabrics



Joint prostheses

◆ Achievements of strategic growth-oriented projects since February 2015

□ Development of super-tough structural materials

- Advanced fiber-reinforced wood (AFRW) (laminated structural timber product)
- Imparts strength to wooden structures and contributes to the efficient use of resources



□ Establishment of Teijin Nakashima Medical Co., Ltd.

- 50–50 joint venture with Nakashima Holdings Co., Ltd., established subsequent to acquisition of stake in Nakashima Medical Co., Ltd., which is part of the Nakashima Group
- New company will focus on the development, manufacture and sales of joint prostheses, osteosynthesis materials and other medical devices

Joint venture brings together Nakashima Medical's metalworking technologies and expertise in joint prostheses with Teijin's materials technologies and sales capabilities



□ Introduction of *Sleep Styles* comprehensive sleep support service

- Includes the provision of related information via the Internet and a sleeping app
- The acquisition of a stake in Nemulog Inc., further reinforced marketing capabilities for sleep-related products and services

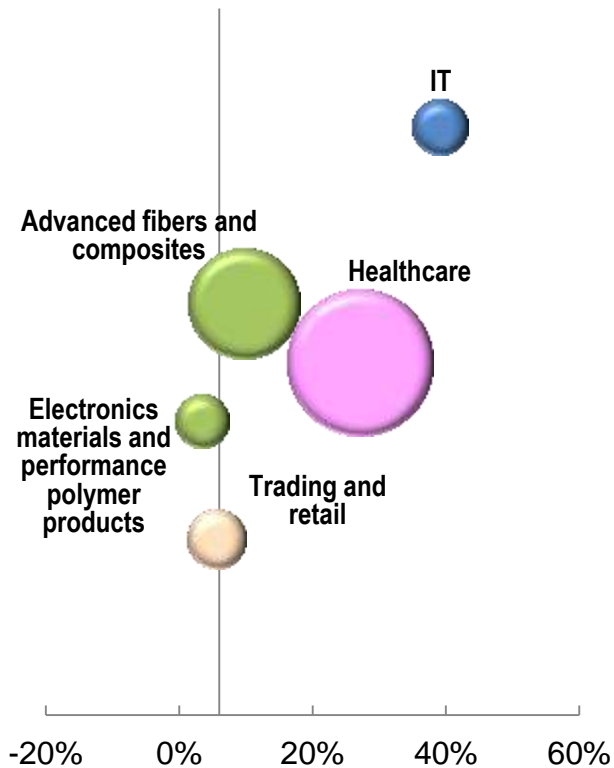


Nemulog company logo

◆ Looking ahead

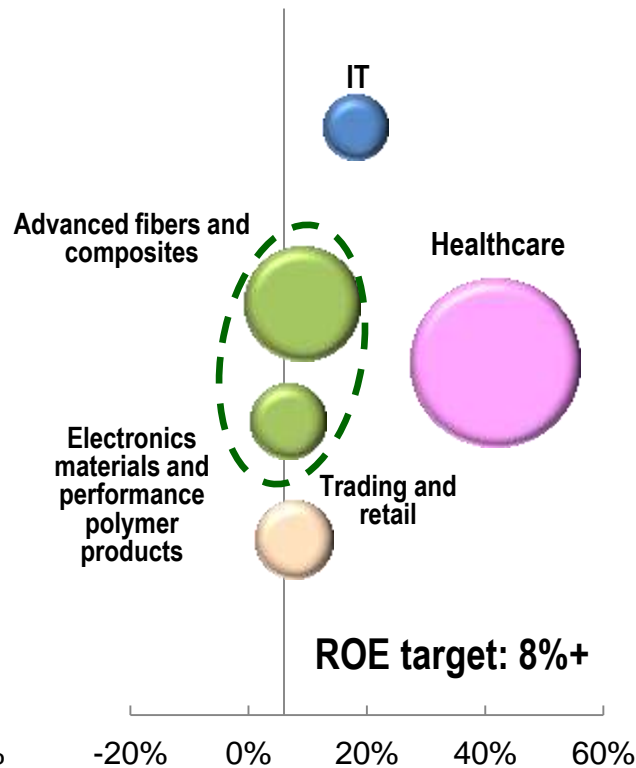
Teijin will evolve as an extensive corporate group with two principal businesses, one being healthcare and the other being composites and high-performance materials

Fiscal 2014



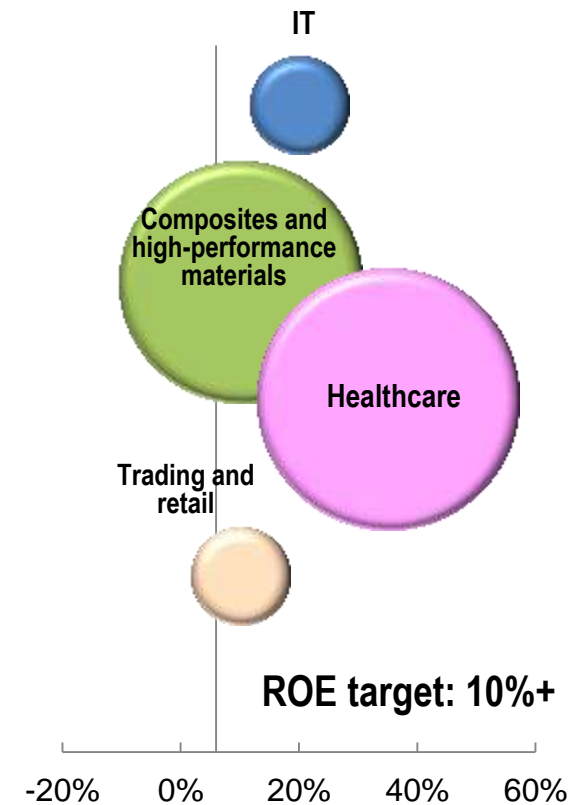
X: Return on invested capital Y: Growth Circle size: Operating income scale

Fiscal 2016



ROE target: 8%+

Around fiscal 2020



ROE target: 10%+

- ◆ In closing, we reiterate our commitment to implementing a variety of measures with the aim of ensuring sustainable growth
- **Short-term management plan (for fiscal 2015)**
 - Improvements in income in fiscal 2015 are expected to primarily reflect the positive impact of restructuring initiatives and the growth of existing businesses
 - We will continue working to secure basic profitability while also allocating corporate resources to transformation and growth strategies
- **Restructuring initiatives**
 - Objective: Create a robust corporate entity with unmatched competitive strengths
 - Objective: Transform our earnings model and our fundamental corporate structure
 - Key concepts are the integration of capabilities, the cultivation of businesses that overlap existing core strategic businesses and the provision of solutions

⇒ **True structural reform is only partially complete**
- **Medium-term management plan targets (consolidated operating income of ¥50.0 billion, ROE of 8% or higher in fiscal 2016)**
 - We are committed to meeting these targets, which are important stepping stones to transformation and growth in fiscal 2017 and beyond
 - We view the next two years (fiscal 2015 and 2016) as a period for planting and growing the seeds of future growth

**A company providing value that contributes to society now and in the future.
People who make a meaningful contribution to society now and in the future.
Guided by these overarching objectives, the Teijin Group will continue
to press forward with efforts to rally its comprehensive strengths.**

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

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

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.

◆ Consolidated balance sheets

	(¥ billion)	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015
Total assets		783.8	766.8	791.0	768.4	783.8	779.8	832.7	823.7
Current assets		372.5	366.2	385.6	364.9	367.6	370.8	413.1	406.0
Fixed assets		411.4	400.6	405.4	403.5	416.2	409.0	419.6	417.7
Total liabilities and net assets		783.8	766.8	791.0	768.4	783.8	779.8	832.7	823.7
Liabilities		488.9	471.3	489.3	468.3	483.8	499.3	539.1	520.1
[Interest-bearing debt]		287.7	292.3	296.9	281.5	303.4	302.0	317.3	308.2
Net assets		294.9	295.5	301.7	300.1	300.0	280.5	293.6	303.6

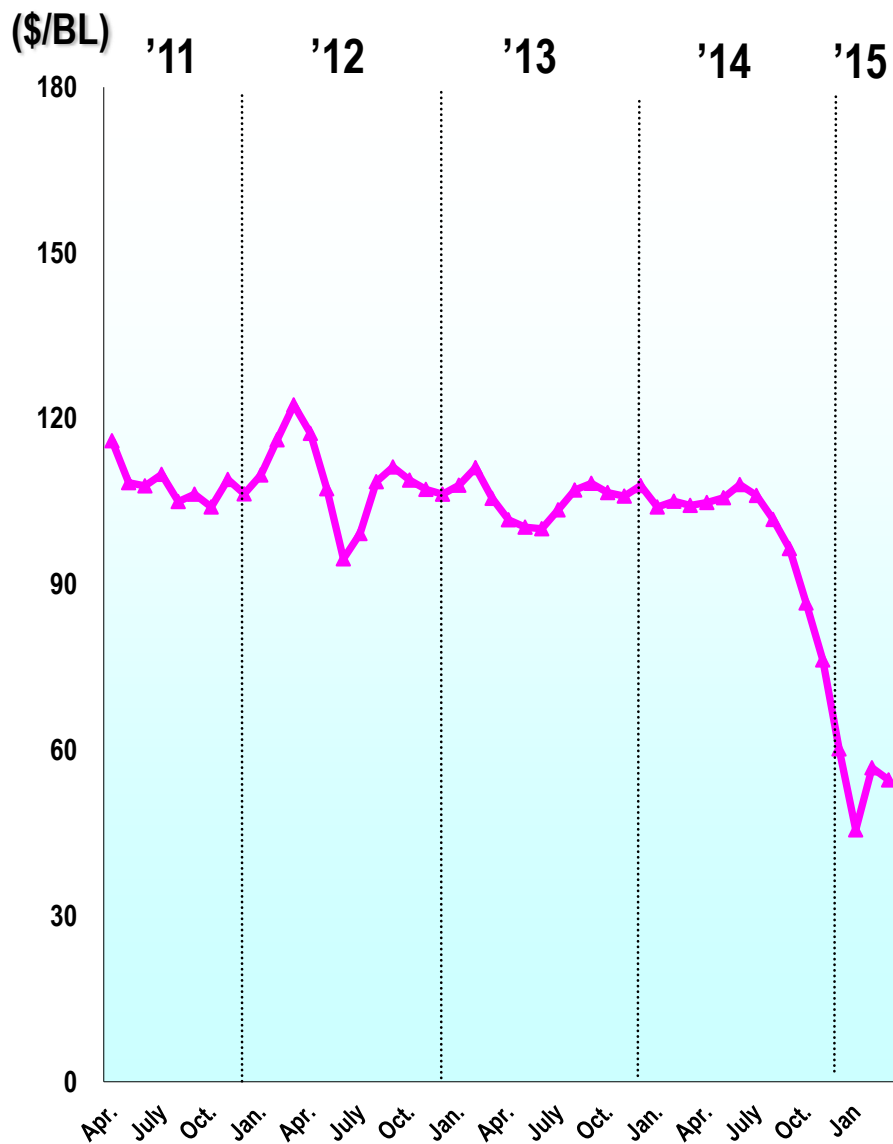
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2015).

◆ Consolidated statements of income

(¥ billion)	FY13				FY14			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	183.5	198.3	196.4	206.2	181.9	195.5	201.1	207.7
Cost of sales	137.9	151.3	148.2	152.7	133.9	145.2	145.1	145.3
Gross profit	45.6	47.0	48.3	53.5	48.0	50.3	56.0	62.4
SG & A	43.8	43.6	43.8	45.1	43.1	43.0	43.5	47.9
Operating income	1.8	3.4	4.5	8.4	4.8	7.3	12.4	14.5
Nonoperating items (net)	(0.3)	(0.8)	4.1	(1.2)	(0.2)	2.1	2.5	(1.1)
(Balance of financial expenses)	(0.3)	(0.7)	(0.4)	(0.5)	0.1	(0.5)	(0.2)	(0.6)
(Equity on gains and losses of unconsolidated subsidiaries and affiliates)	(0.1)	0.4	3.4	0.5	0.4	1.2	0.9	(0.1)
Ordinary income	1.6	2.5	8.6	7.2	4.7	9.4	14.9	13.4
Extraordinary items(net)	(0.3)	5.3	(6.6)	(3.8)	(0.8)	(41.2)	(4.1)	(3.2)
Income (loss) before income taxes	1.3	7.8	2.0	3.4	3.9	(31.9)	10.8	10.2
Income taxes	1.1	3.9	3.1	(0.1)	2.4	(5.7)	2.9	3.5
Minority interest (net)	0.0	(0.4)	(1.6)	0.2	(0.1)	(2.2)	(0.0)	0.4
Net income (loss)	0.2	4.3	0.4	3.3	1.6	(24.0)	7.9	6.3

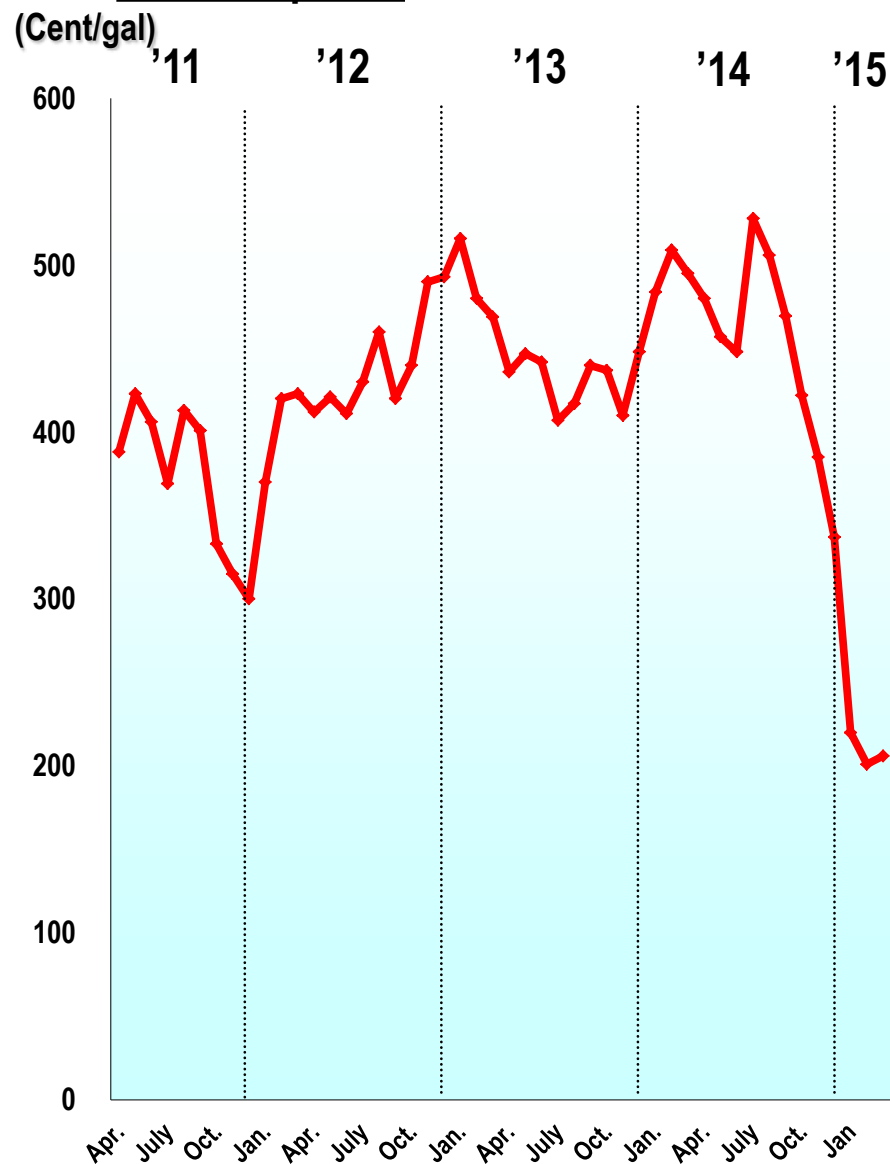
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2015).

◆ Dubai crude oil prices



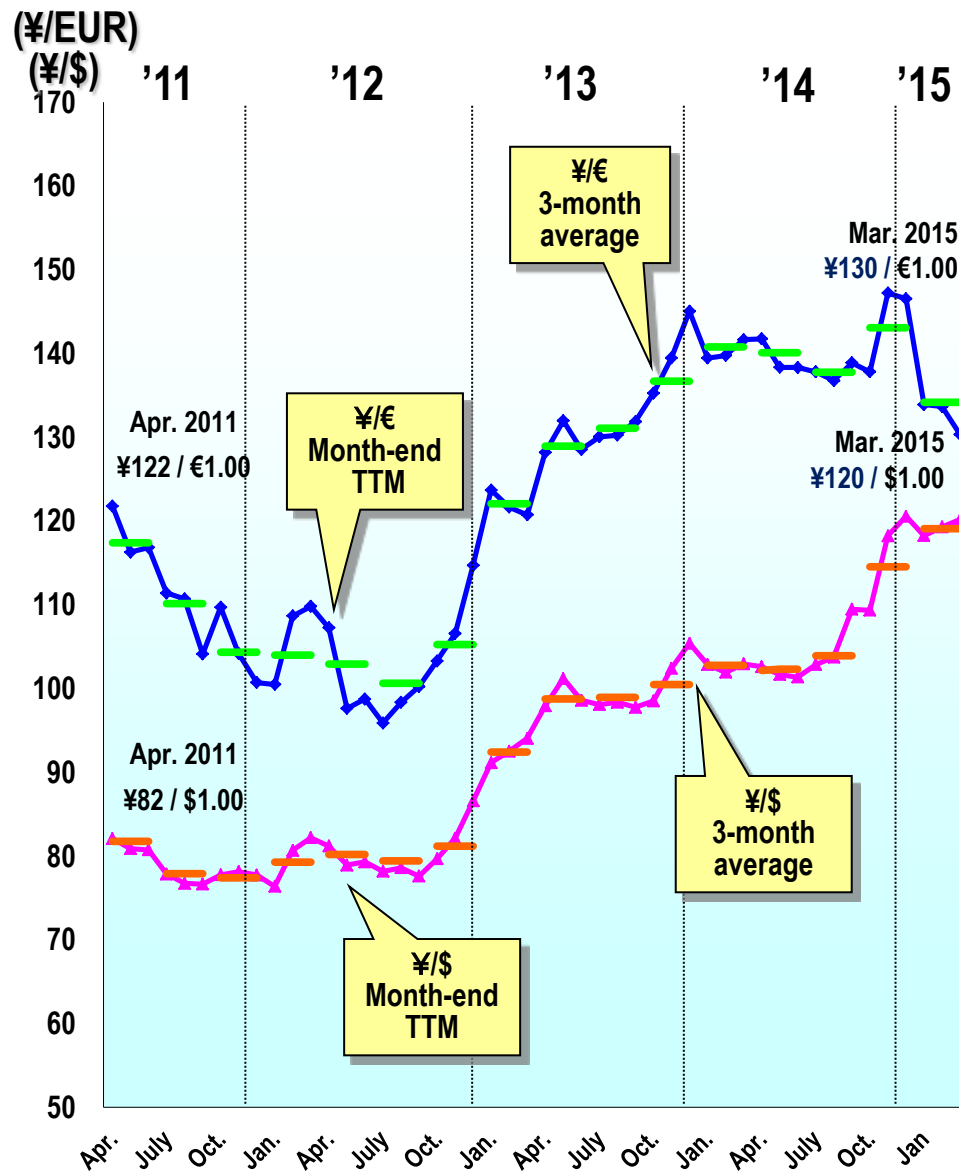
【Source: Teijin estimates based on data published by Platt's】

◆ Benzene prices

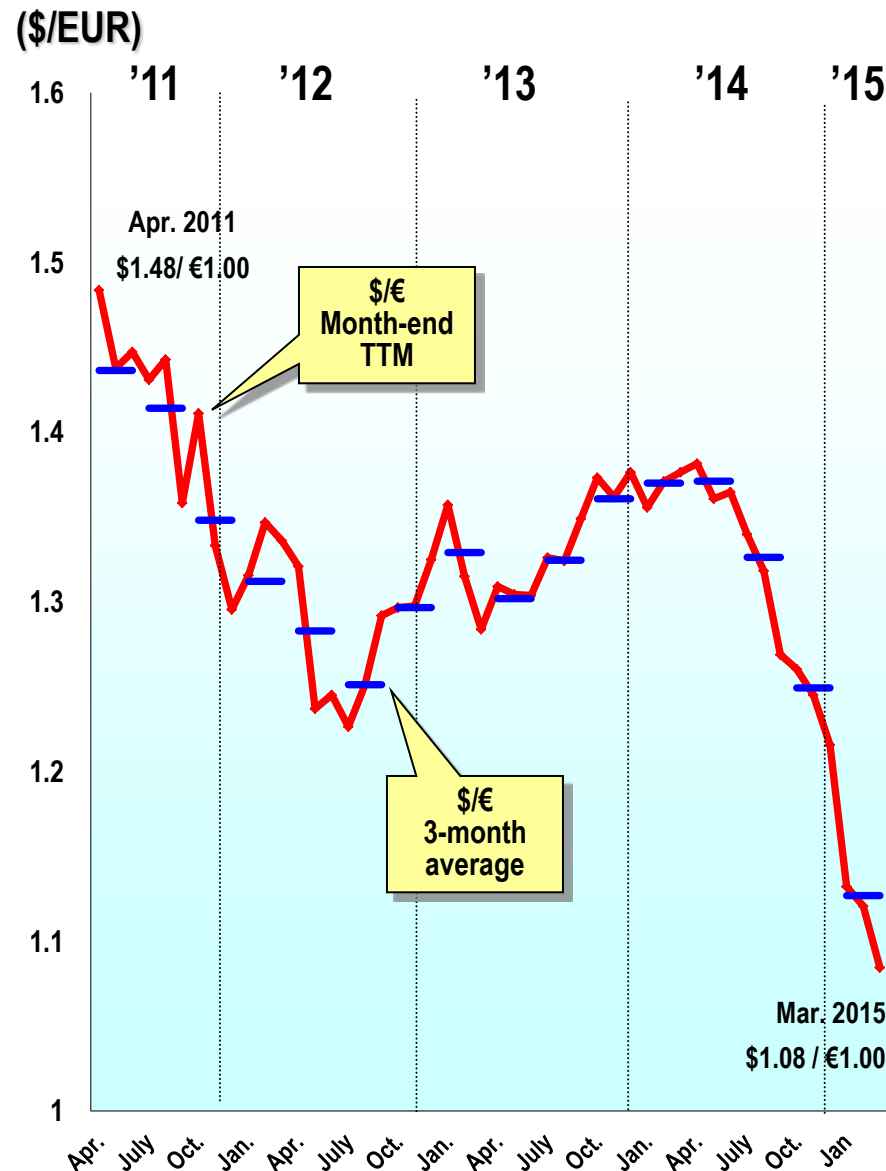


【Source: Teijin estimates based on data published by Dewitt】

◆ Yen/Dollar, Yen/Euro exchange rates

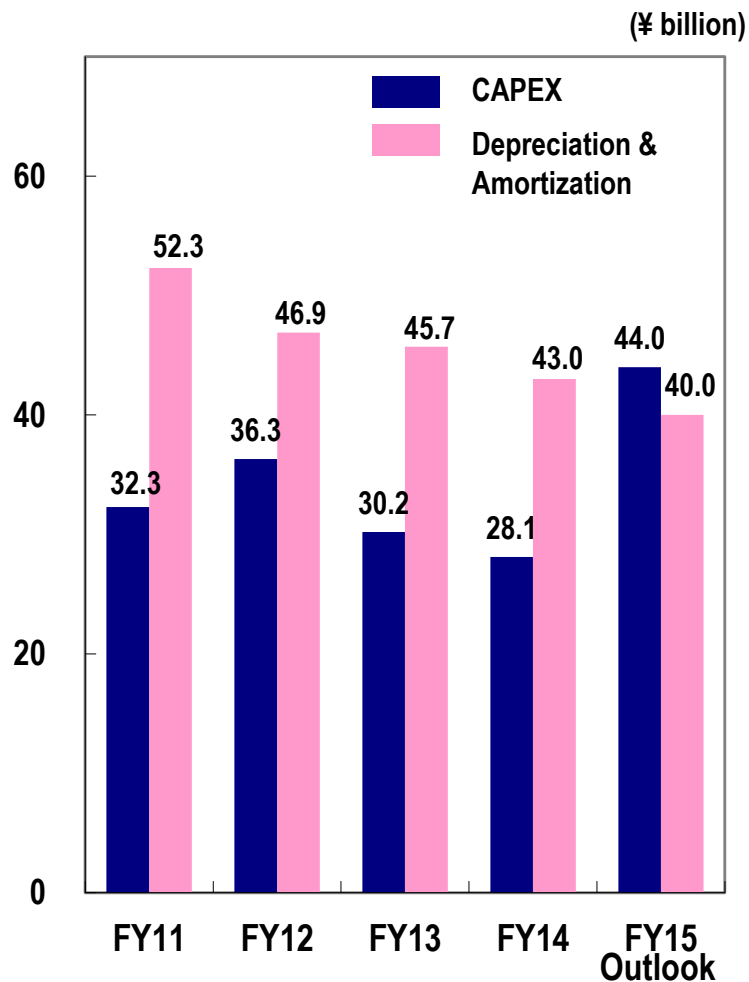


◆ Dollar/Euro exchange rates

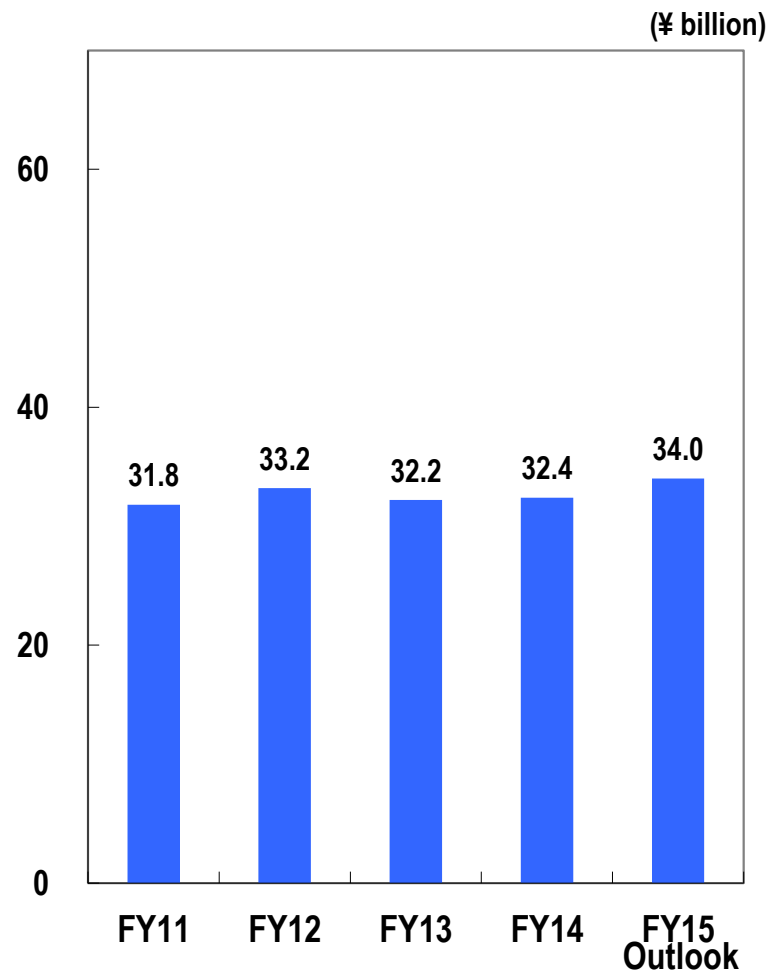


◆ CAPEX, depreciation & amortization, and R&D expenses

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	4Q	Annual Total
Bonalon®*	Osteoporosis	3.2	3.7	4.1	3.2	14.2	3.1	3.3	3.6	3.0	12.9
Onealfa®	Osteoporosis	1.5	1.7	1.9	1.4	6.6	1.4	1.4	1.5	1.2	5.4
Osteoporosis total		4.7	5.4	6.0	4.7	20.8	4.5	4.6	5.0	4.1	18.2
Feburic®	Hyperuricemia and gout	1.9	2.5	3.4	3.7	11.4	2.8	3.9	4.7	4.1	15.5
Venilon®	Severe infection	2.2	2.3	2.9	2.0	9.4	2.5	2.4	2.8	2.1	9.8
Mucosolvan®	Expectorant	1.7	1.8	2.4	1.9	7.9	1.6	1.4	1.9	1.5	6.5
Laxoberon®	Laxative	0.8	0.9	1.0	0.8	3.6	0.8	0.7	0.8	0.6	2.9
Tricor®	Hyperlipidemia	0.3	0.4	0.5	0.4	1.7	0.4	0.4	0.5	0.4	1.7
Bonalfa®	Psoriasis	0.3	0.3	0.3	0.3	1.3	0.3	0.3	0.3	0.2	1.1
Alvesco®	Asthma	0.3	0.3	0.4	0.3	1.3	0.3	0.3	0.4	0.3	1.2
Somatuline®*	Acromegaly and pituitary gigantism	0.1	0.1	0.2	0.2	0.6	0.2	0.3	0.3	0.3	1.1

* **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 March 31, 2015)

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed	Approved/New Launch
Bone and joint disease		ITM-058 KTP-001			
Respiratory disease		PTR-36* ¹			NA872ET* ² [Mucosolvan®]
Cardio-vascular and metabolic disease	TMG-123	ITM-014N [Somatuline®] (New indication for neuroendocrine tumor) TMX-67XR* ³ [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 NA872ET (Mucosolvan) was approved for manufacture and marketing in Japan in February 2015.

*3 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 stages (information for the past three years)

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

◆ Status of licensed-in products for which applications for approval to manufacture and market have been filed

Agreement	Licensor	Nature of Agreement
March 2015	Taisho Pharmaceutical Co., Ltd. (Japan)	Distribution rights in Japan for TT-063, an anti-inflammatory analgesic patch containing the compound S-flurbiprofen for which the anticipated indication is osteoarthritis

◆ Newly developed pharmaceutical candidates

【Approved】

(As of March 31, 2015)

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 (CRT2 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	



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.