
Flash Report
-2Q Results and FY15 Outlook-

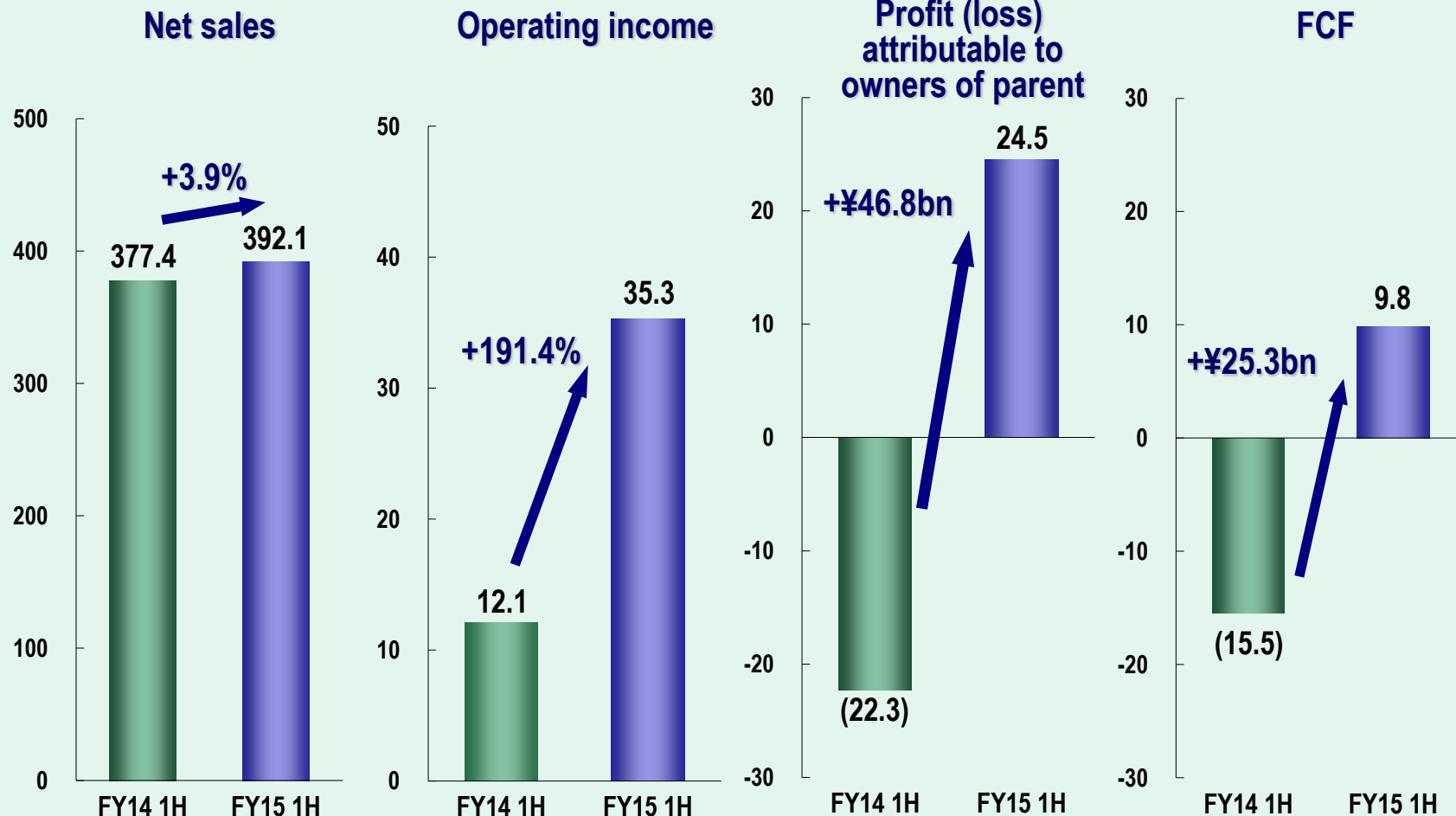
Teijin Limited
November 2, 2015

Outline of FY15 2Q Results

(1) Consolidated results highlights

(¥ billion)

Operating Movement (Compared with FY14 1H)



◆ Operating results

(¥ billion)

	FY14 1H	FY15 1H	Difference
Net sales	377.4	392.1	+14.7
Operating income	12.1	35.3	+23.2
OP margin	3.2%	9.0%	+5.8%
Nonoperating items (net)	1.9	0.5	-1.4
Ordinary income	14.0	35.8	+21.8
Extraordinary items (net)	(42.0)	(2.9)	+39.2
Income (loss) before income taxes	(28.0)	33.0	+61.0
Income taxes	(3.3)	8.9	+12.2
Profit (loss) attributable to non-controlling interests	(2.3)	(0.4)	+1.9
Profit (loss) attributable to owners of parent	(22.3)	24.5	+46.8
EPS (¥)	(22.74)	24.89	+47.63

EBITDA *1	34.4	54.4	+20.0
CAPEX *2	13.3	16.4	+3.1
Depreciation & amortization	22.3	19.0	-3.2
R&D expenses	15.4	16.4	+1.0
FCF	(15.5)	9.8	+25.3

- Net sales: Rose, owing to
 - Increases primarily in the Healthcare and Trading and Retail segments, as well as the positive impact of the weak yen
- Operating income and ordinary income: Up sharply, underpinned by
 - Profitability improved in our materials businesses, which reflected falling prices for fuel and raw materials, and the positive impact of restructuring initiatives
 - Steady gains in our healthcare business, thanks to robust results for core products and services
- Profit attributable to owners of parent: Up sharply, owing to
 - A large decrease in extraordinary losses, as well as the increase in ordinary income

◇ PL exchange rate

	FY14 1H	FY15 1H
¥/US\$	103	122
¥/€	139	135
US\$/€	1.35	1.11

*1 EBITDA = Operating income + Depreciation & amortization

*2 CAPEX includes investments in intangible assets

◆ Nonoperating items

(¥ billion)	FY14 1H	FY15 1H	Difference
Interest income	0.3	0.3	+0.0
Dividends income	0.8	1.0	+0.2
Equity in earnings of affiliates	1.6	2.0	+0.4
Foreign exchange gains	0.5	—	-0.5
Gain on valuation of derivatives	1.0	—	-1.0
Others	0.4	0.7	+0.3
Nonoperating income, total	4.6	4.0	-0.5
Interest expenses	1.4	1.3	-0.1
Foreign exchange losses	—	0.6	+0.6
Loss on valuation of derivatives	—	0.1	+0.1
Others	1.2	1.5	+0.3
Nonoperating expenses, total	2.7	3.5	+0.9
Nonoperating items, total	1.9	0.5	-1.4

◆ Extraordinary items

(¥ billion)	FY14 1H	FY15 1H	Difference
Gain on sales of noncurrent assets	0.1	0.1	+0.0
Gain on sales of investment securities	0.1	0.1	+0.0
Reversal of impairment losses	0.1	1.9	+1.8
Others	0.0	0.2	+0.2
Extraordinary income, total	0.2	2.3	+2.1
Loss on sales and retirement of noncurrent assets	0.4	0.6	+0.2
Impairment loss	30.5	0.8	-29.8
Business structure improvement expenses	11.1	3.4	-7.7
Others	0.2	0.4	+0.1
Extraordinary losses, total	42.2	5.1	-37.1
Extraordinary items, total	(42.0)	(2.9)	+39.2

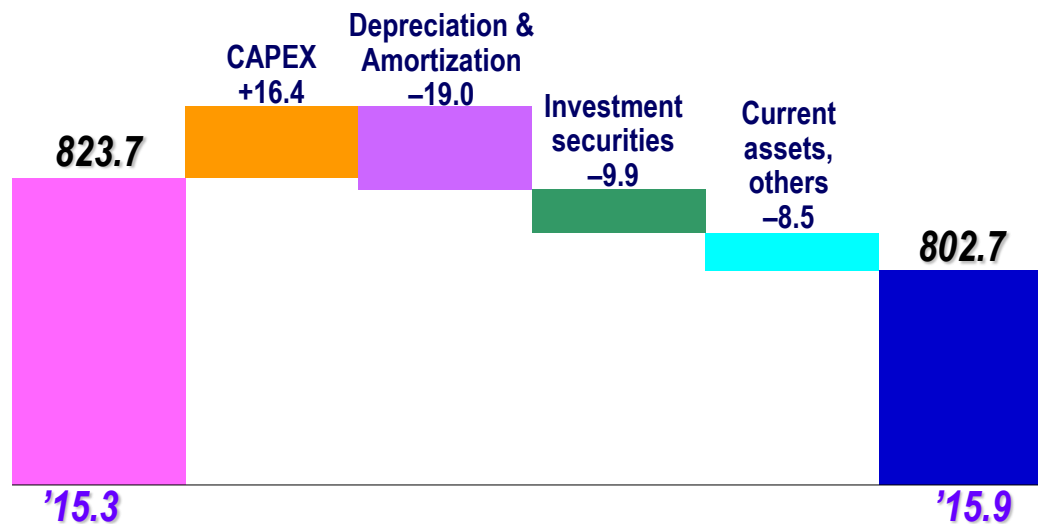
◆ Financial position

(¥ billion)	March 31, 2015	September 30, 2015	Difference	(Impact of foreign exchange rate)
Total assets	823.7	802.7	-21.0	-2.2
Shareholders' equity	287.1	302.3	+15.2	-0.5
Interest-bearing debt	308.2	283.6	-24.7	-1.0
D/E ratio	1.07	0.94	-0.14	
Shareholders' equity ratio	34.9%	37.7%	+2.8%	

◆ Cash flows

(¥ billion)	FY14 1H	FY15 1H	Difference
Operating activities	22.8	26.3	+3.5
Investing activities	(38.4)	(16.5)	+21.8
FCF	(15.5)	9.8	+25.3
Financing activities	14.8	(28.3)	-43.1
Cash & cash equivalents	(0.7)	(18.5)	-17.8

◇ Analysis of changes in total assets

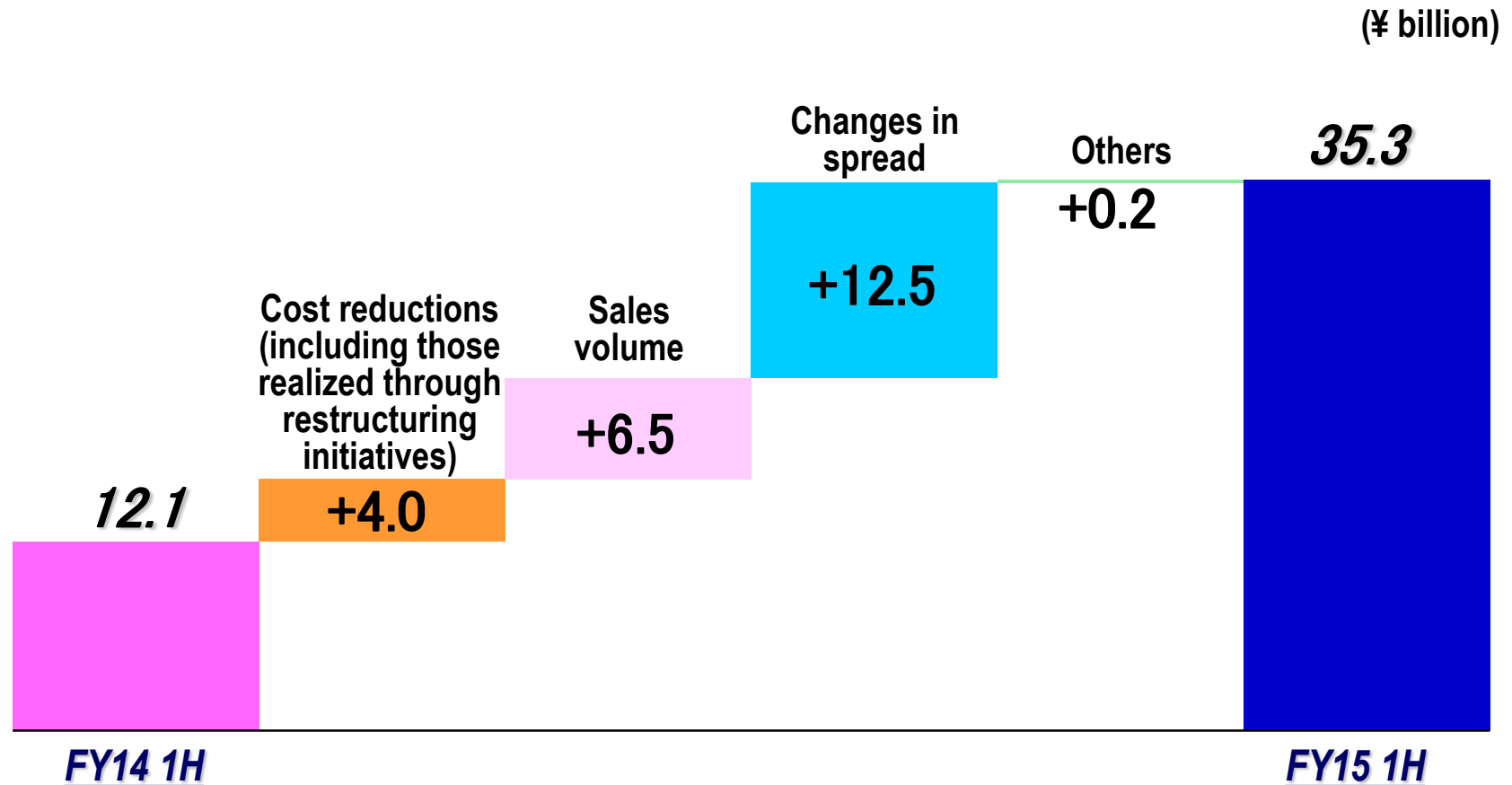


◇ BS exchange rate

	March. 31, 2015	September 30, 2015
JPY / USD	120	120
JPY / EUR	130	135
USD / EUR	1.08	1.13

◆ Analysis of changes in operating income

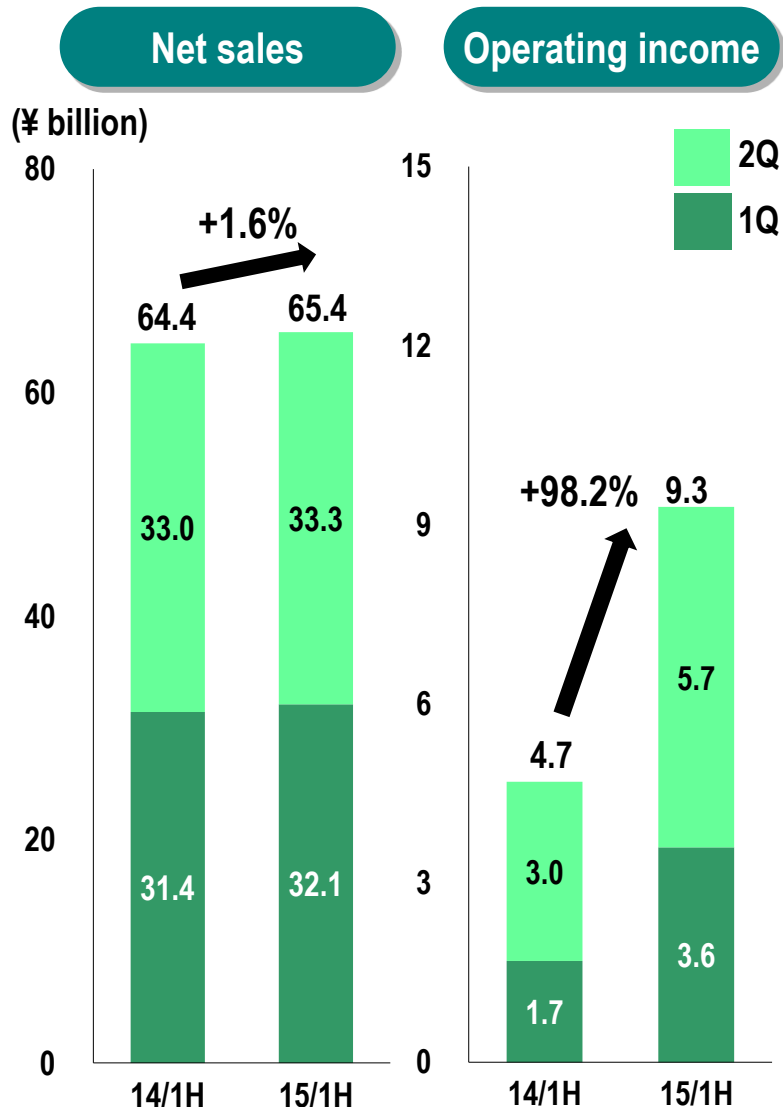
Increased sales, particularly in the Healthcare segment, and falling prices for raw materials and fuel across all of our materials businesses contributed to a significant increase in operating income



(2) Operating Results by Segment (Comparison with FY14 1H)

(¥ billion)	Net sales				Operating income (loss)			
	FY14 1H	FY15 1H	Difference	% Change	FY14 1H	FY15 1H	Difference	% Change
Advanced Fibers and Composites	64.4	65.4	+1.0	+1.6%	4.7	9.3	+4.6	+98.2%
Electronics Materials and Performance Polymer Products	92.2	87.3	-4.9	-5.3%	(1.3)	11.9	+13.2	—
Healthcare	67.8	74.8	+7.0	+10.4%	12.1	16.8	+4.7	+38.6%
Trading and Retail	123.6	130.1	+6.5	+5.3%	2.0	2.2	+0.2	+11.8%
Total	348.0	357.7	+9.7	+2.8%	17.4	40.1	+22.7	+130.7%
Others	29.4	34.4	+5.0	+16.9%	0.5	1.9	+1.4	+284.0%
Elimination and Corporate	—	—	—	—	(5.8)	(6.7)	-0.9	—
Total	377.4	392.1	+14.7	+3.9%	12.1	35.3	+23.2	+191.4%

① Advanced Fibers and Composites: Earnings Doubled Despite Mostly Flat Net Sales



(¥ billion)	FY14 1H	FY15 1H	Difference	Change
Net sales	64.4	65.4	+1.0	+1.6%
Operating income	4.7	9.3	+4.6	+98.2%

◆ Summary & Actions

◇ High-Performance Fibers

Para-aramid fibers:

- Sales for automotive applications were up, as were sales for infrastructure-related applications overseas
- Demand was weak for ballistic protection and protective (uniform) applications

Meta-aramid fibers:

- Competition remained fierce in filter applications

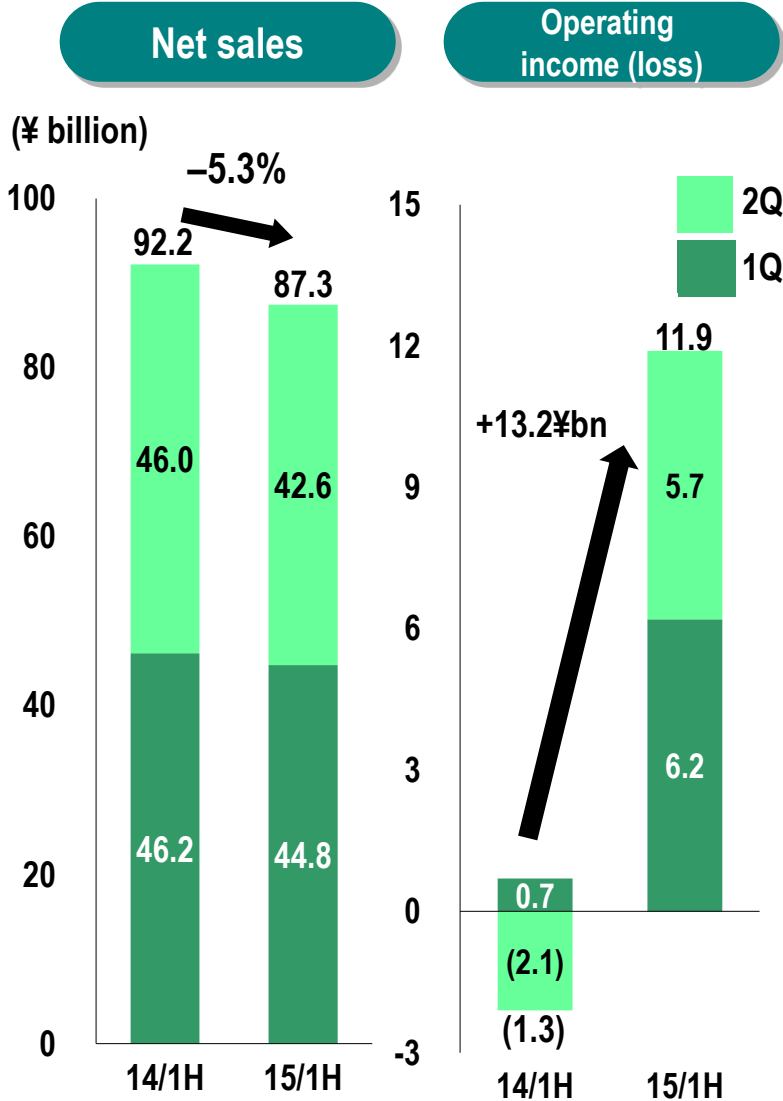
Polyester fibers:

- Sales were sluggish for automotive applications both in Japan and overseas
- Earnings were secured through higher sales for use in personal hygiene products, sewing thread and other materials, as well as for use in reverse osmosis membrane support layers for water treatment applications, along with cost reductions

◇ Carbon Fibers and Composites

- Sales for use in aircraft were favorable
- Sales for use in general industrial applications were firm
- The supply-demand balance softened for sports and leisure equipment applications

② Electronics Materials and Performance Polymer Products: Earnings Up Sharply and Profitability Restored Despite Lower Sales



(¥ billion)	FY14 1H	FY15 1H	Difference	Change
Net sales	92.2	87.3	-4.9	-5.3%
Operating income (loss)	(1.3)	11.9	+13.2	-

◆ Summary & Actions

◇ Resin and Plastics Processing

Polycarbonate resin:

- Profitability improved markedly, bolstered by falling prices for key raw materials, and the positive impact of an improved sales mix and ongoing restructuring initiatives
- Strengthen development and sales of high-value-added products

Processed plastics products and specialty polycarbonate resin:

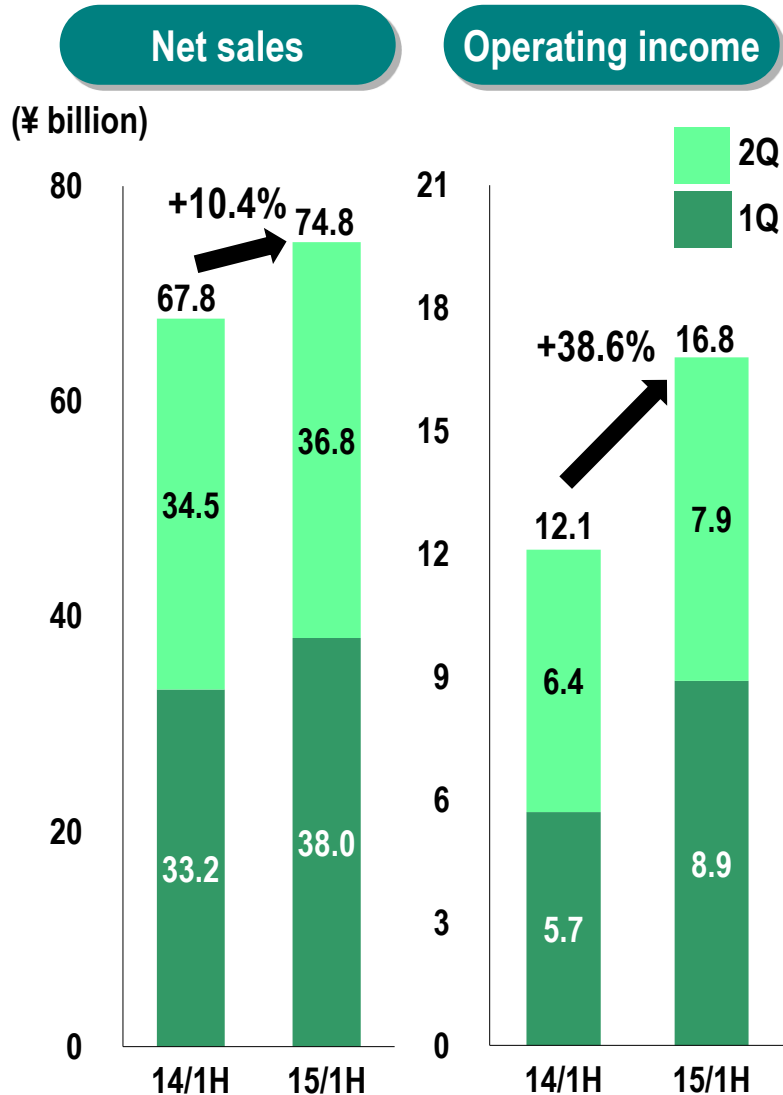
- Sales of polycarbonate retardation film, transparent electroconductive polycarbonate film, and specialty polycarbonate resin remained solid

Focused on launching commercial production of polyphenylene sulfide (PPS) resin

◇ Films

- Reflective films for use in liquid crystal display (LCD) televisions struggled, as did specialty packaging and polyethylene naphthalate (PEN) film for use in magnetic materials
- Sales of release films for manufacturing processes remained firm

③ Healthcare: Earnings Up Sharply on Higher Sales



(¥ billion)	FY14 1H	FY15 1H	Difference	Change
Net sales	67.8	74.8	+7.0	+10.4%
Operating income	12.1	16.8	+4.7	+38.6%

◆ Summary & Actions

◇ Pharmaceuticals

- Sales of recently developed drugs, including hyperuricemia and gout treatment febuxostat and *Somatuline*^{®*1}, a treatment for acromegaly, expanded steadily, although sales of long-listed originator drugs struggled.
- Efforts were focused on expanding new formulations for existing drugs, namely the osteoporosis treatment *Bonalon*^{®*2}, and the expectorant *Mucosolvan*.

◇ Home Healthcare

- Home oxygen therapy (HOT): Rental volume remained steady
- 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

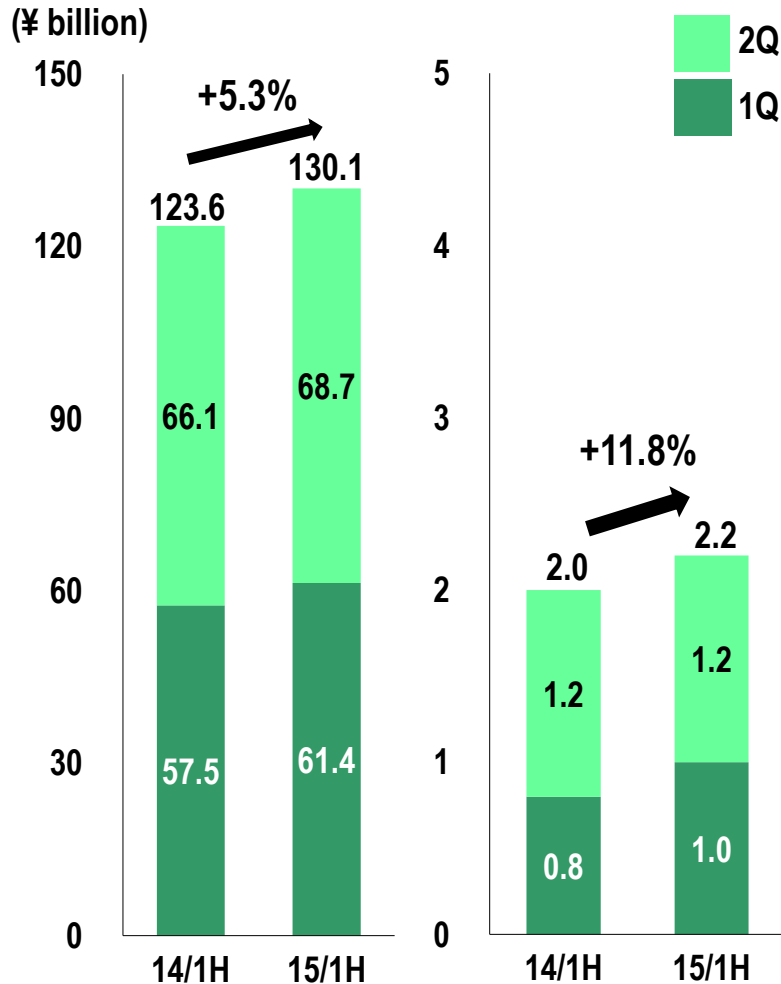
*1 *Somatuline*[®] is a registered trademark of Ipsen Pharma S.A.S., Paris, France.

*2 *Bonalon*[®] is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A. 10

④ Trading and Retail: Earnings Up on Higher Sales

Net sales

Operating income



(¥ billion)	FY14 1H	FY15 1H	Difference	Change
Net sales	123.6	130.1	+6.5	+5.3%
Operating income	2.0	2.2	+0.2	+11.8%

◆ Summary & Actions

Fiber materials and apparel:

- Overall sales were driven by sales of fiber materials to manufacturers of sportswear and outdoor apparel in Europe and the Americas
- Profitability deteriorated in the OEM business owing to higher costs reflecting the weak yen and surging labor costs in our overseas production sites
- Strengthened our production network in the ASEAN region (Vietnam and Myanmar)

Industrial textiles and materials:

- Sales grew steadily, centered on reinforcement materials used in high-performance tires
- Exports of functional materials stayed firm, despite sluggish shipments of civil engineering materials and other such items in Japan
- Stepped up activities in the medical and nursing care fields

Outlook for FY15

◆ Business Environment

Macroeconomic trends

Stronger deceleration in Asia and emerging countries, including the PRC
Developed countries remained firm, but saw the widespread impact of low prices for crude oil and other resources in the wake of declining aggregate demand

Second half assumptions

Exchange rates: Likely to remain at current levels (¥120/US\$1.00, ¥135/€1.00)
Crude oil prices: Forecast to remain at current levels for the foreseeable future
Previous forecast US\$65/barrel ⇒ Current forecast \$50/barrel

Business	Business Environment	
	First half	From second half
Aramid fibers	Demand was firm mainly for automotive and oil drilling applications Slowing demand for certain protective clothing applications	Demand is expected to remain firm for tires and oil drilling applications Weak prospects for a recovery in demand for protective clothing applications
Carbon fibers	Firm demand for use in aircraft Demand for sports and leisure applications softened slightly in the latter part of the first half	Continued expansion in demand for use in aircraft Slowing market for sports and leisure applications
Plastics	Maintained high margins amid falling prices for raw materials	PRC expected to decelerate visibly, as competitors respond with stronger low-price offensives
Films	Demand for use in LCD TVs in the PRC and the ROK remained weak, while demand for use in electronic components was firm.	Weak prospects for a recovery in demand for use in LCD TVs Demand for use in electronic components is expected to remain buoyant
Pharmaceuticals	Favorable sales of <i>Feburic</i> <i>Venilon</i> shipments suspended (from June)	<i>Feburic</i> : Continued stable growth anticipated <i>Venilon</i> : Shipments expected to successively restart
Home healthcare	Solid sales in Japan Continued to struggle in the United States	Japan: Sales expected to remain firm United States: Tough environment to persist for the foreseeable future

◆ Summary of outlook for FY15

(¥ billion)	FY14	FY15 Outlook	Difference	
			Amount	%
Net sales	786.2	790.0	+3.8	+0.5%
Operating income	39.1	58.0	+18.9	+48.4%
Operating margin	5.0%	7.3%	—	+2.4%
Ordinary income	42.4	58.0	+15.6	+36.9%
Profit (loss) attributable to owners of parent	(8.1)	34.0	+42.1	—

CAPEX *1	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	15.0	-11.4

*1 CAPEX includes investments in intangible assets

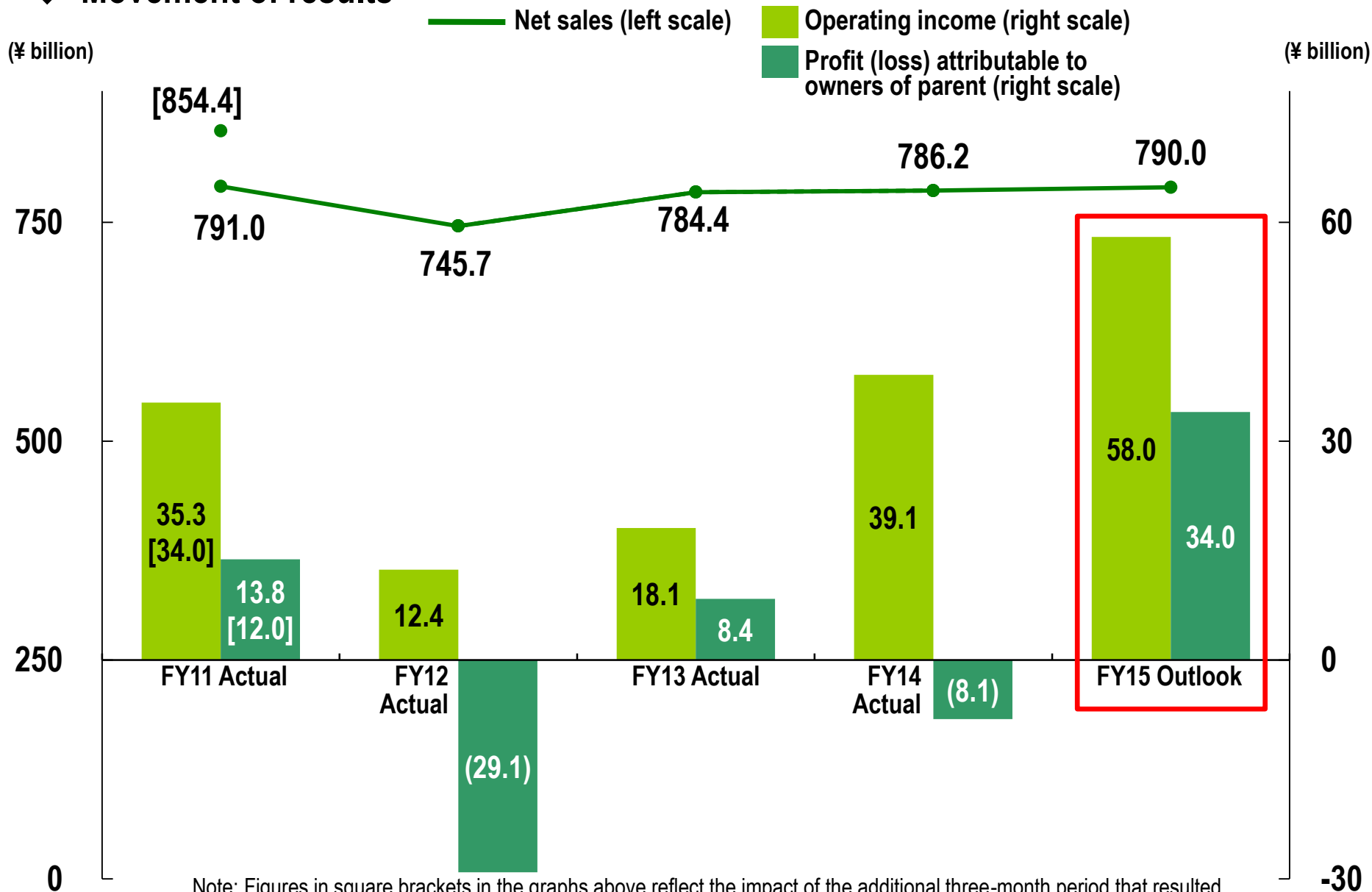
FY15 Previous Outlook*2	Difference (Amount)
810.0	-20.0
53.0	+5.0
6.5%	—
53.0	+5.0
30.0	+4.0

44.0	—
40.0	—
34.0	—
15.0	—

*2 Announced on July 30, 2015

Forecast for Fiscal 2015 (Yen/share)	Interim	Year-end	Annual dividends
	3.0	4.0 (outlook)	7.0 (outlook)

◆ Movement of results



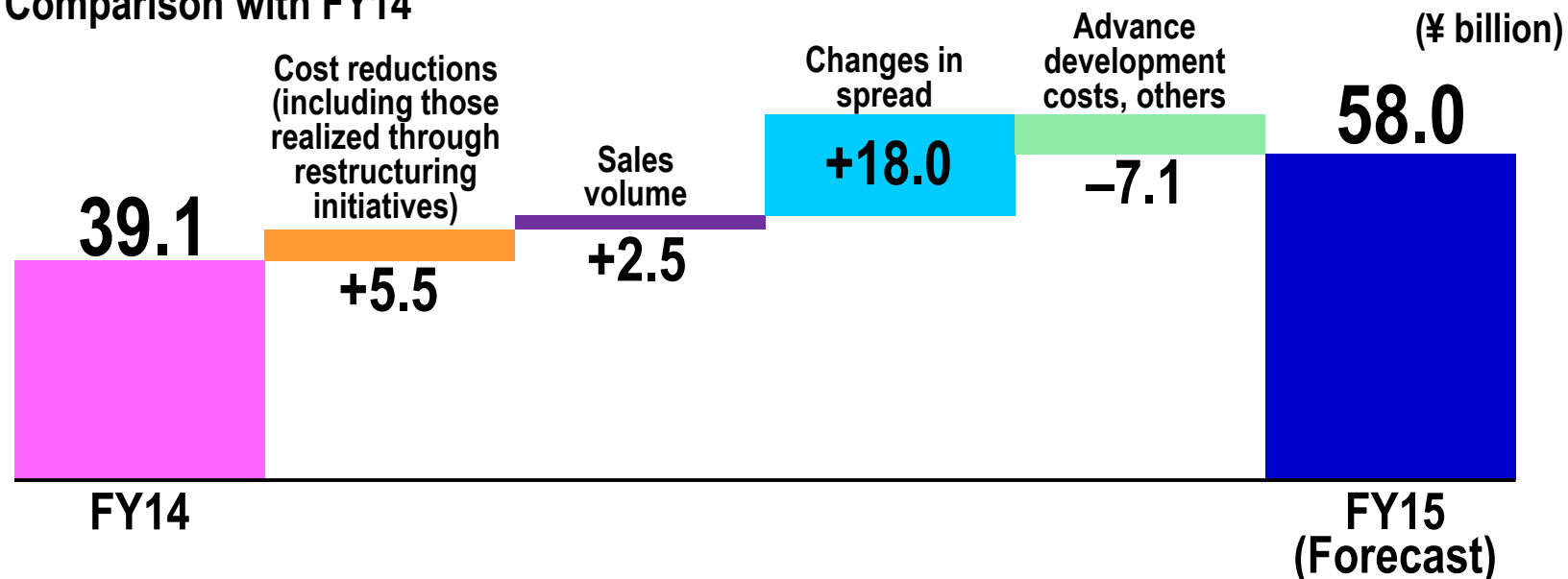
Note: Figures in square brackets in the graphs above reflect the impact of the additional three-month period that resulted from the standardization of accounting periods on the results of some consolidated subsidiaries

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

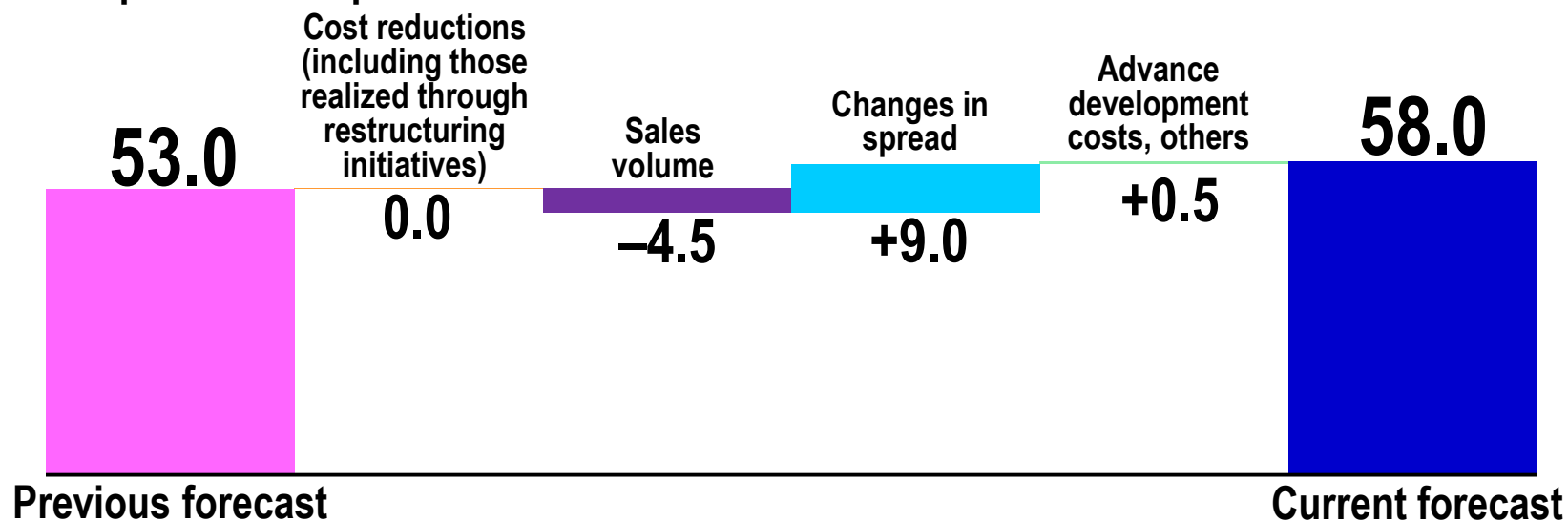
		FY14 Results			FY15 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	64.4	71.1	135.5	65.4	74.6	140.0	+4.5
	Electronics Materials and Performance Polymer Products	92.2	92.6	184.8	87.3	77.7	165.0	-19.8
	Healthcare	67.8	73.9	141.7	74.8	70.2	145.0	+3.3
	Trading and Retail	123.6	135.8	259.4	130.1	134.9	265.0	+5.6
	Total	348.0	373.4	721.4	357.7	357.3	715.0	-6.4
	Others	29.4	35.4	64.8	34.4	40.6	75.0	+10.2
Total		377.4	408.8	786.2	392.1	397.9	790.0	+3.8
Operating income (loss)	Advanced Fibers and Composites	4.7	9.7	14.4	9.3	9.2	18.5	+4.1
	Electronics Materials and Performance Polymer Products	(1.3)	4.7	3.4	11.9	4.6	16.5	+13.1
	Healthcare	12.1	12.7	24.8	16.8	10.2	27.0	+2.2
	Trading and Retail	2.0	2.3	4.2	2.2	2.8	5.0	+0.8
	Total	17.4	29.4	46.8	40.1	26.9	67.0	+20.2
	Others	0.5	3.5	4.0	1.9	4.1	6.0	+2.0
	Elimination and Corporate	(5.8)	(6.0)	(11.7)	(6.7)	(8.3)	(15.0)	-3.3
Total		12.1	27.0	39.1	35.3	22.7	58.0	+18.9

◆ Analysis of changes in operating income forecast

➤ Comparison with FY14



➤ Comparison with previous forecast



◆ Short-term Priorities

➤ Steadily advance restructuring initiatives

— Promote shift to a business structure that is not susceptible to environmental impacts

Plastics: Focus efforts on improving the sales mix (increase the percentage of compound sales), cultivate high-value-added fields

Films: Promote the transfer of production as part of preparations for the integration of our domestic production facilities

Home healthcare in the United States: Implement bold measures as early as possible

➤ Ensure growth of core strategic businesses — Accelerate expansion of growth drivers

Aramid fibers: Capture more demand in Eastern Europe, South America, the Middle East and the ASEAN region, in addition to the PRC

Carbon fibers: Drive further expansion in sales for use in aircraft and pressure vessels

Pharmaceuticals: Enhance promotions of *Feburic*, along with expanding its indications

Home healthcare: Increase use of CPAP system (identify latent customers)

➤ Promote the active allocation of resources eyeing transformation and growth strategies — Contribute to earnings as early as possible

Advance R&D and pursue M&A opportunities aimed at developing combined and overlapping domains

Begin reshaping sales and research organizations based on the customer's perspective

◆ Financial highlights

	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Outlook
ROA ^{*1}	4.5%	1.6%	2.4%	4.9%	6.9%
ROE ^{*2}	4.2%	-10.3%	3.0%	-2.8%	11.4%
Operating margin	4.0%	1.7%	2.3%	5.0%	7.3%
D/E ratio	0.89	1.00	1.00	1.07	1.0
Shareholders' equity ratio	38.3%	35.6%	36.7%	34.9%	36.9%
Earnings per share (¥)	12.2	(29.6)	8.5	(8.2)	34.6
Dividends per share (¥)	6.0	4.0	4.0	4.0	7.0
Total assets (¥ billion)	762.1	762.4	768.4	823.7	840.0
Interest-bearing debt (¥ billion)	261.0	270.8	281.5	308.2	300.0
EBITDA (¥ billion) ^{*3}	86.3	59.2	63.7	82.1	98.0

*1 ROA= Operating income/Total assets

*2 ROE= Net income/Shareholders' equity

*3 EBITDA = Operating income + Depreciation & amortization

Progress of medium-term management plan

◆ Steadily Advance Restructuring Initiatives

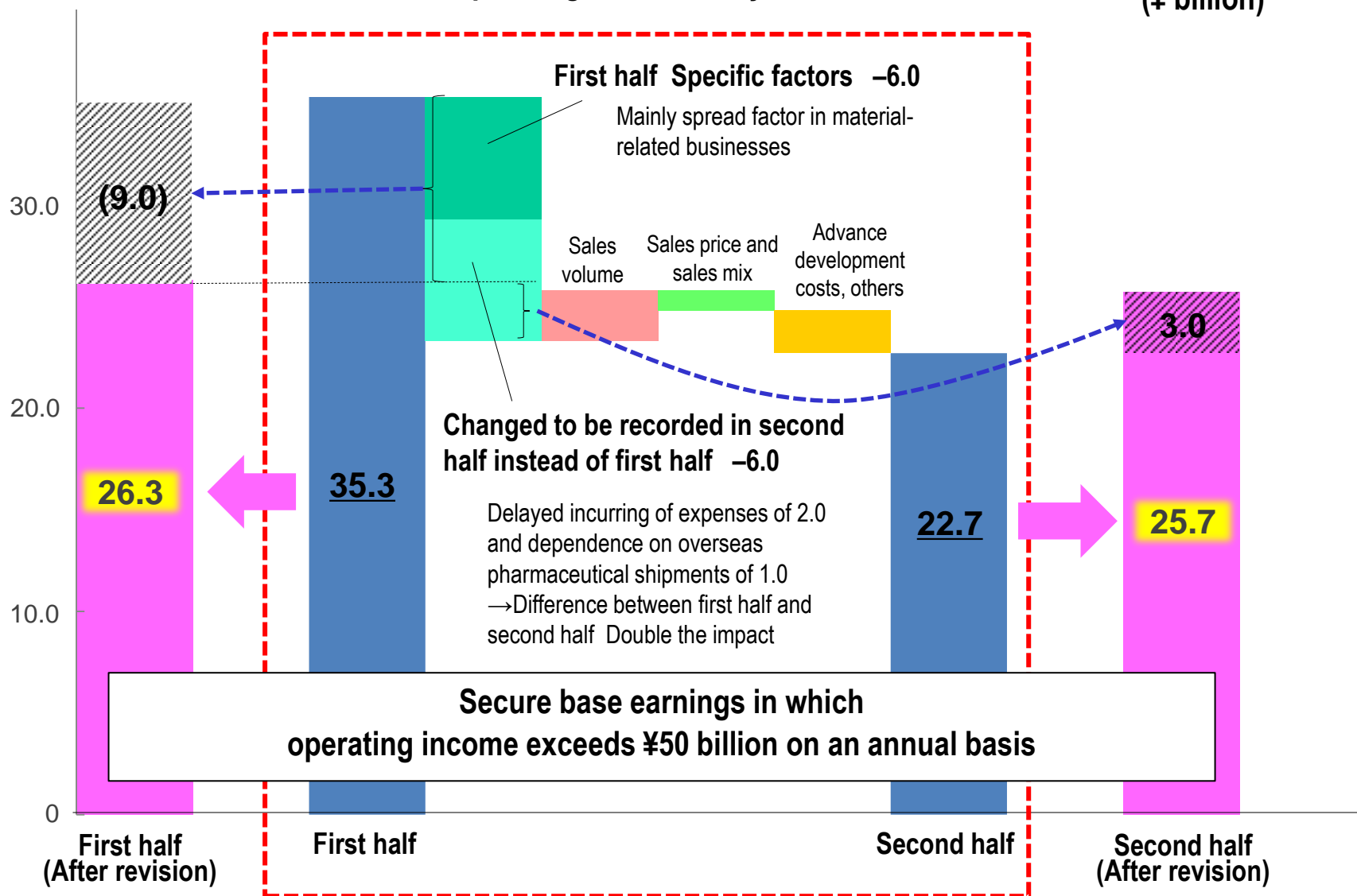
	2015	2016	2017-
Plastics	<p>★ Shut down Singapore plant Focus on compounds Expand automotive, infrastructure, housing equipment and healthcare applications</p>		<p>Specialize in high-value-added applications Develop composite materials</p>
Films	<p>Utilize fire-retardant films, etc. Focus on the high-performance glass, battery and sensor fields</p>	<p>★ Integrate domestic production</p>	
Home healthcare in the United States	<p>Integrate sales bases Reduce headcount</p>	<p>←---(★)---> Implement further bold reorganization measures</p>	
Advanced fibers		<p>Polyester fibers Successively transfer production to Thailand</p>	<p>→★ Close and cease production at certain domestic plants</p>
Raw materials and polymerization		<p>★ Cease DMT production</p>	<p>←---(★)---> Reorganize polymerization plant</p>

Restructuring initiatives are progressing largely in line with the revised medium-term management plan, as initially announced in November 2014

◆ Restoration of our base earnings

First half of fiscal 2015 – Second half Operating income analysis

(¥ billion)



◆ Move from restructuring initiatives to transformation and growth strategies

Expand earnings in core strategic businesses

- Aramid fibers, carbon fibers and composites
- Febuxostat, CPAP

Restructuring initiatives

- Break free of commodity businesses
- Bolster cost competitiveness

Strengthen the product lineup

- Teijinconex neo meta-aramid fiber
- Polyphenylene sulfide (PPS) resin
- miraim membrane

“Identify”
our strengths

“Leverage”
our strengths

“Transform”
how we earn

Integration: Collaborate with IT

Healthcare x IT

- Comprehensive community healthcare-related business
- *Sleep Styles*

Materials x Materials

- Thermoplastic carbon fiber-reinforced plastic (CFRP)
- Innovative separators
- Super-tough structural materials

Materials x IT

- *PaperBeacon*
- Medical-device management systems (*CELL FORM*)

Integration: Materials x IT

- Sheet-type sealant for surgical operations
- Embedded (implanted) medical devices
Artificial joints / patch for cardiac repair

Implement supply chain reforms

Establish billing models

Strategic measures (first half of 2015) (1)

— Expanded core strategic businesses and enhanced product lineup —

■ Advanced fibers and composites

- Started operations in earnest at a plant in Thailand for new meta-aramid fibers

Aiming to be the market leader in the safety solution field



■ New business development

- Expanded the microporous membrane business in earnest

Applied the *miraim* high-performance membrane to contaminant removal filters and cell incubation sheets, etc.



■ Pharmaceuticals

- Transdermal anti-inflammatory analgesic patch formulation LOQOA Tape

Taisho Pharmaceutical Co., Ltd., the original manufacturer and seller, received manufacturing and marketing approval for LOQOA Tape

LOQOA Tape to be co-marketed with Taisho Toyama Pharmaceutical Co., Ltd.

- Expanded indications for febuxostat

In Japan (*Feburic*): filed application for approval to expand indications for *Feburic* tablets to hyperuricemia associated with cancer chemotherapy

Expanded indications for use in preventing and treating tumor lysis syndrome (TLS)-associated hyperuricemia and extended the marketing protection period

- Signed a joint research and development agreement with PeptiDream Inc.

Explored various drug targets that had previously been difficult to control using conventional low-molecular-weight pharmaceuticals



Strategic measures (first half of 2015) (2)

— Measures to advance transformation and growth strategies —

■ Healthcare x IT (home healthcare)

- Expand comprehensive community healthcare:

VitalLink patient information sharing system

The biometric information of home healthcare patients will be incorporated into mobile terminals from measuring instruments and shared in real time with doctors, care managers and other professionals

Achieve optimal home healthcare, Including early detection of acute exacerbation and support for medical self care by patients themselves

- Expanded comprehensive sleep-related services: Sleep Styles

(* <http://www.sleepstyles.jp/>)

【Providing information Sleep information media】 *Fuminners*

【Providing a venue】 *Ohirune café corne* (midday nap café)

【Sleep support app Web-based sleep service】 *ohalog*

A summertime campaign* was held to investigate a snapshot of the actual sleep conditions of the Japanese people. The 1,826 campaign participants along with 42,376 people registered with *Nemulog*, were surveyed and data was analyzed.

*Name of campaign: “Understand the Workings of Sleep in the Summertime”

<http://www.sleepstyles.jp/about/#camp>



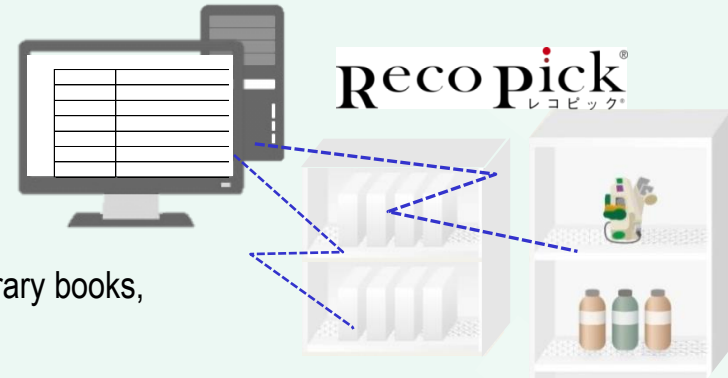
Strategic measures (first half of 2015) (3)

— Measures to advance transformation and growth strategies —

■ Materials x IT (New Business)

RecoPick radio frequency identification (RFID) information management system

- Accurate real-time tracking of the entry and removal, inventory levels, and precise location of items
- Promote the use of *RecoPick* in electronic management solutions for library books, classified information and medical devices



Sheet-form authentication beacon *PaperBeacon*

- World's first sheet-form beacon—users simply lay their smartphones or tablet computers on a *PaperBeacon*-equipped surface to be authenticated for network connection
- Explore the use of *PaperBeacon* in schooling and education, as well as restaurants, factories and offices



■ Materials x healthcare (new medical materials)

Started operation of the Technology Integrated Pharmaceuticals Center

- Develop the KTF-374 sheet-type sealant for surgical operations featuring strong hemostatic and sealing effectiveness
- Develop and strengthen frameworks for new product development in overlapping domains

Launched joint venture in artificial joint business

- **Teijin Nakashima Medical Co., Ltd.**

Enhance corporate value by incorporating Teijin's material technologies and marketing capabilities into the joint venture



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)	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015
Total assets	791.0	768.4	783.8	779.8	832.7	823.7	816.4	802.7
Current assets	385.6	364.9	367.6	370.8	413.1	406.0	395.6	395.6
Fixed assets	405.4	403.5	416.2	409.0	419.6	417.7	420.8	407.1
Total liabilities and net assets	791.0	768.4	783.8	779.8	832.7	823.7	816.4	802.7
Liabilities	489.3	468.3	483.8	499.3	539.1	520.1	496.3	483.8
[Interest-bearing debt]	296.9	281.5	303.4	302.0	317.3	308.2	294.3	283.6
Net assets	301.7	300.1	300.0	280.5	293.6	303.6	320.2	319.0

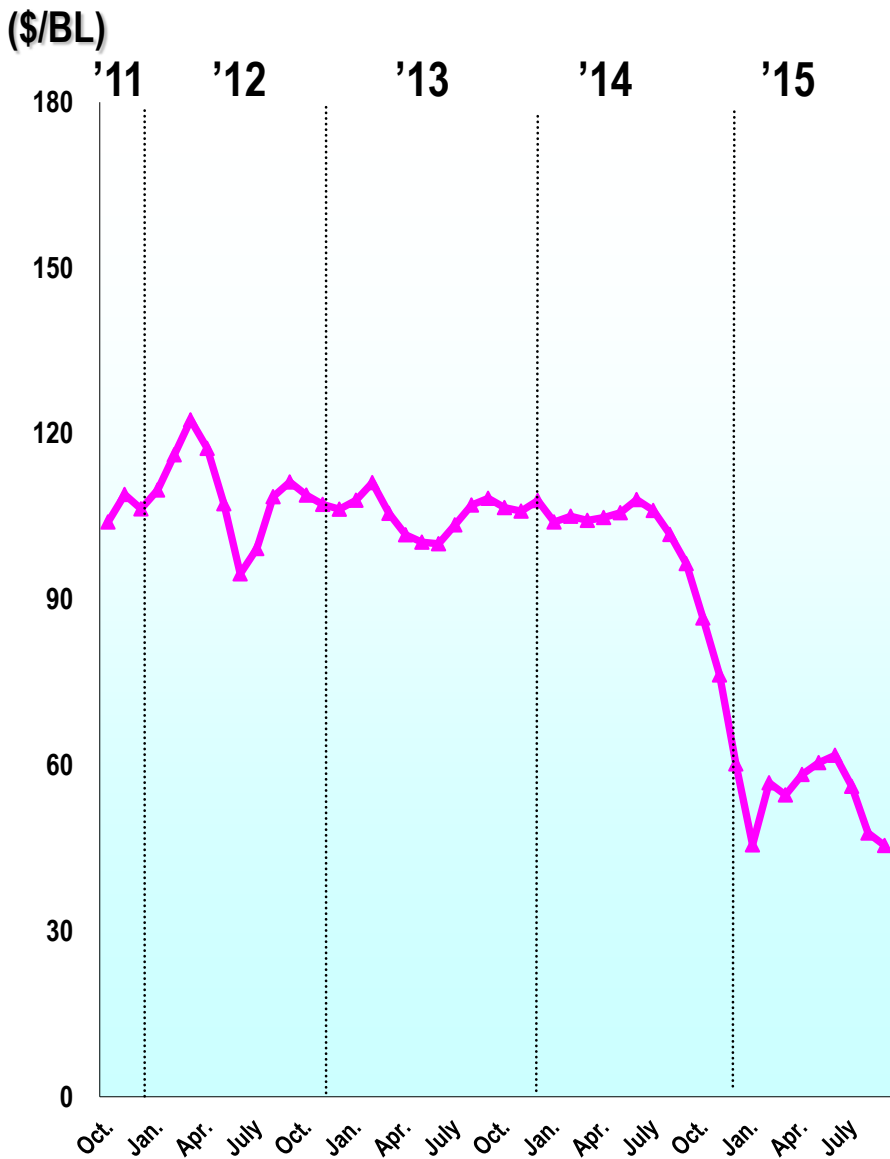
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Second Quarter of FY15).

◆ Consolidated Statements of Income

	FY14				FY15		FY14 2Q vs FY15 2Q
	1Q	2Q	3Q	4Q	1Q	2Q	
(¥ billion)							
Net Sales	181.9	195.5	201.1	207.7	192.6	199.5	+4.0
Cost of sales	133.9	145.2	145.1	145.3	130.8	134.5	-10.7
Gross profit	48.0	50.3	56.0	62.4	61.7	65.0	+14.7
SG & A	43.1	43.0	43.5	47.9	45.3	46.1	+3.0
Operating income	4.8	7.3	12.4	14.5	16.4	18.9	+11.6
Nonoperating items, net	(0.2)	2.1	2.5	(1.1)	1.6	(1.1)	-3.1
(Balance of financial expenses)	0.1	(0.5)	(0.2)	(0.6)	0.5	(0.5)	+0.0
(Equity in earnings and losses of affiliates)	0.4	1.2	0.9	(0.1)	0.9	1.1	-0.1
Ordinary income	4.7	9.4	14.9	13.4	18.0	17.9	+8.5
Extraordinary items (net)	(0.8)	(41.2)	(4.1)	(3.2)	(1.3)	(1.6)	+39.7
Income before income taxes	3.9	(31.9)	10.8	10.2	16.7	16.3	+48.2
Income taxes	2.4	(5.7)	2.9	3.5	5.5	3.5	+9.1
Profit (loss) attributable to non-controlling interests	(0.1)	(2.2)	(0.0)	0.4	0.0	(0.4)	+1.8
Profit attributable to owners of parent	1.6	(24.0)	7.9	6.3	11.2	13.3	+37.3

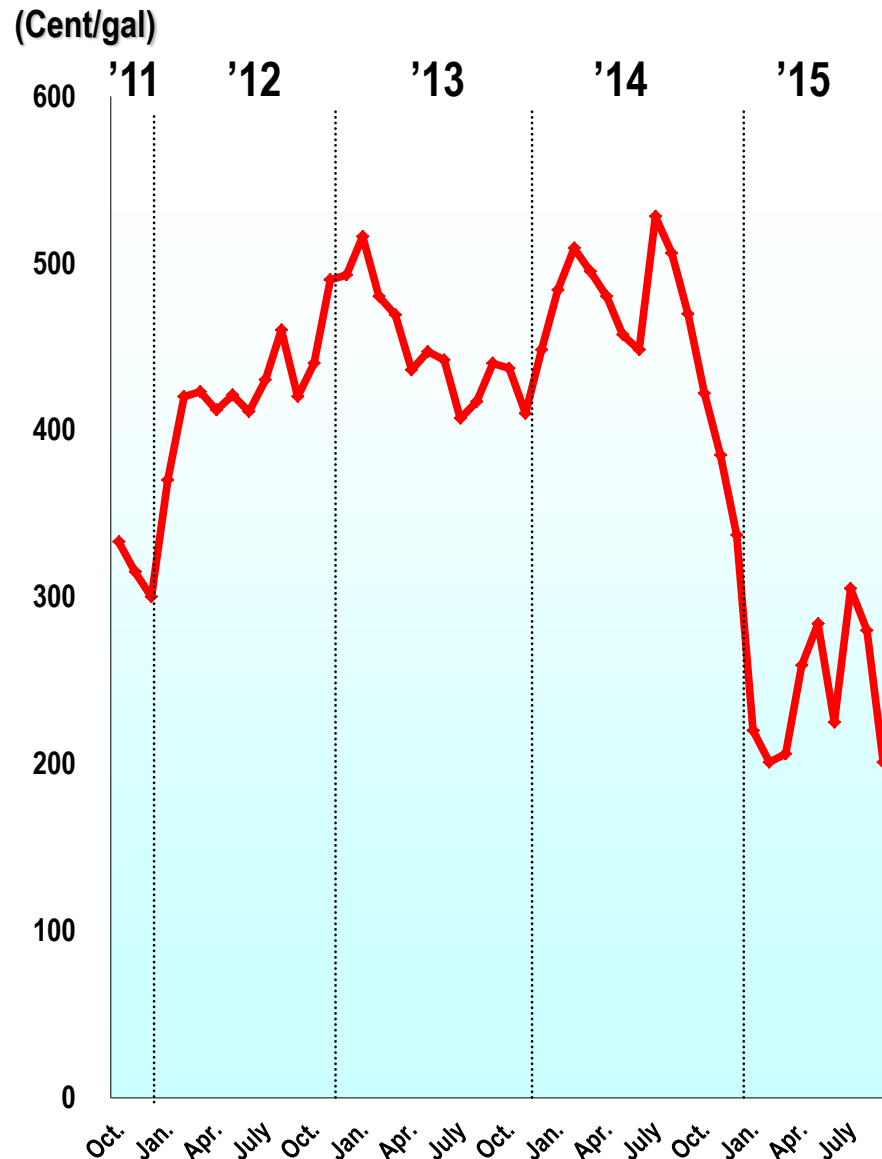
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Second Quarter of FY15).

◆ Dubai crude oil prices



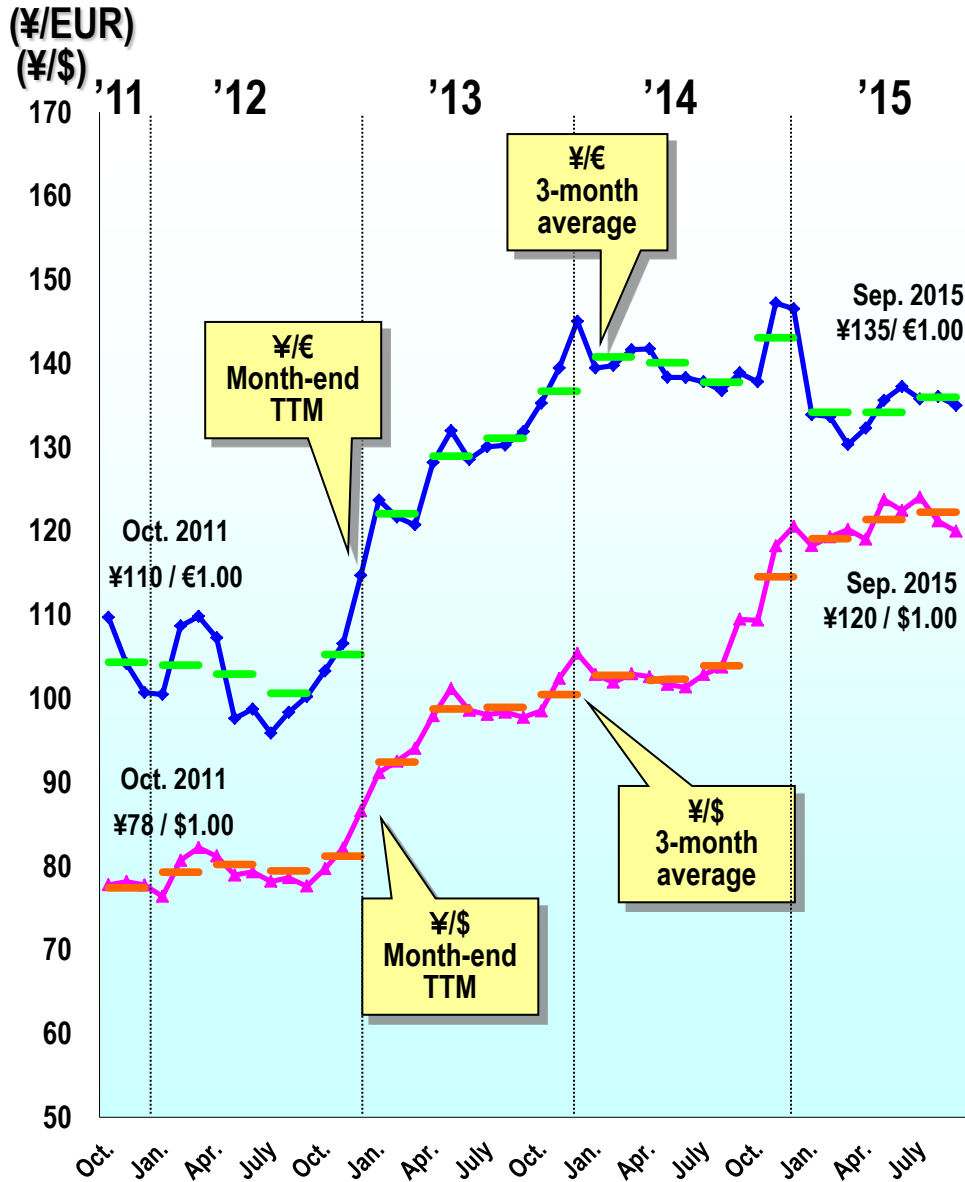
【Source: Teijin estimates based on data published by Platt's】

◆ Benzene prices

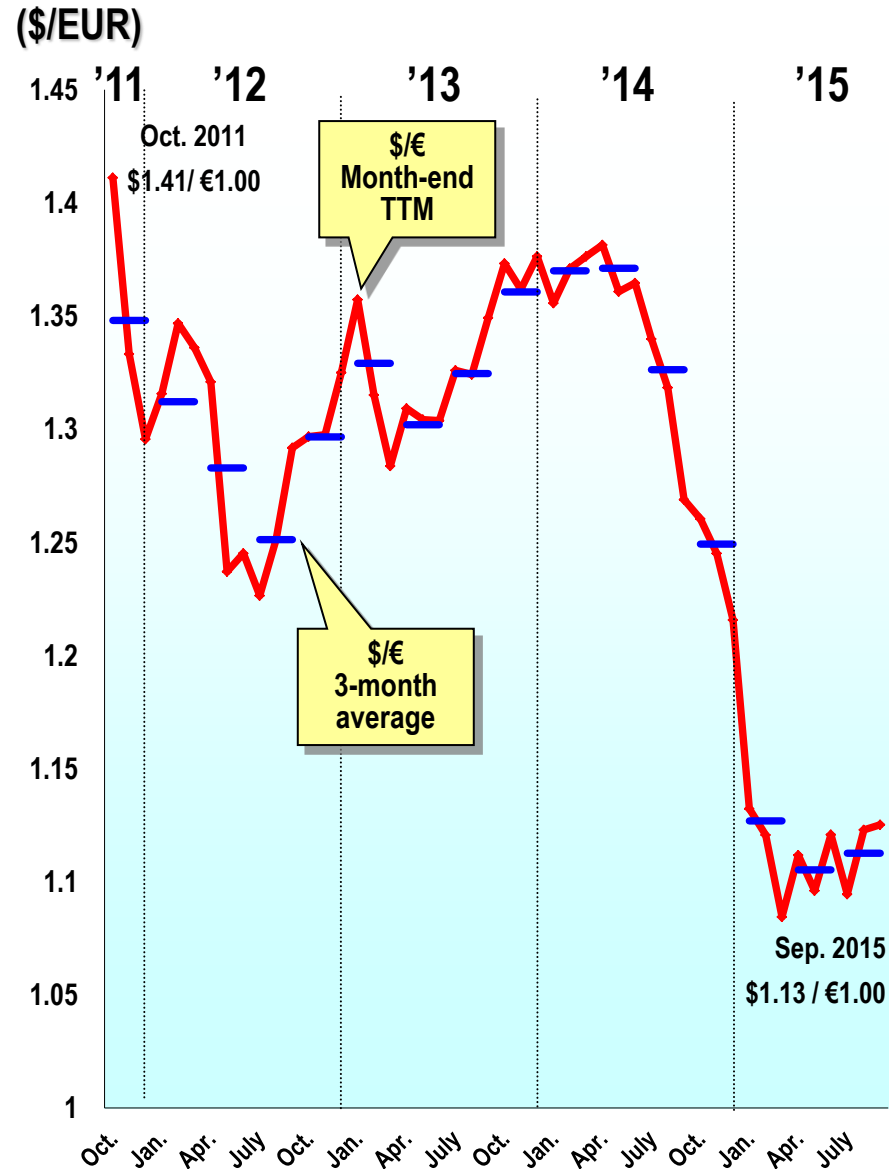


【Source: Teijin estimates based on data published by Dewitt】

◆ Yen/Dollar, Yen/Euro exchange rates

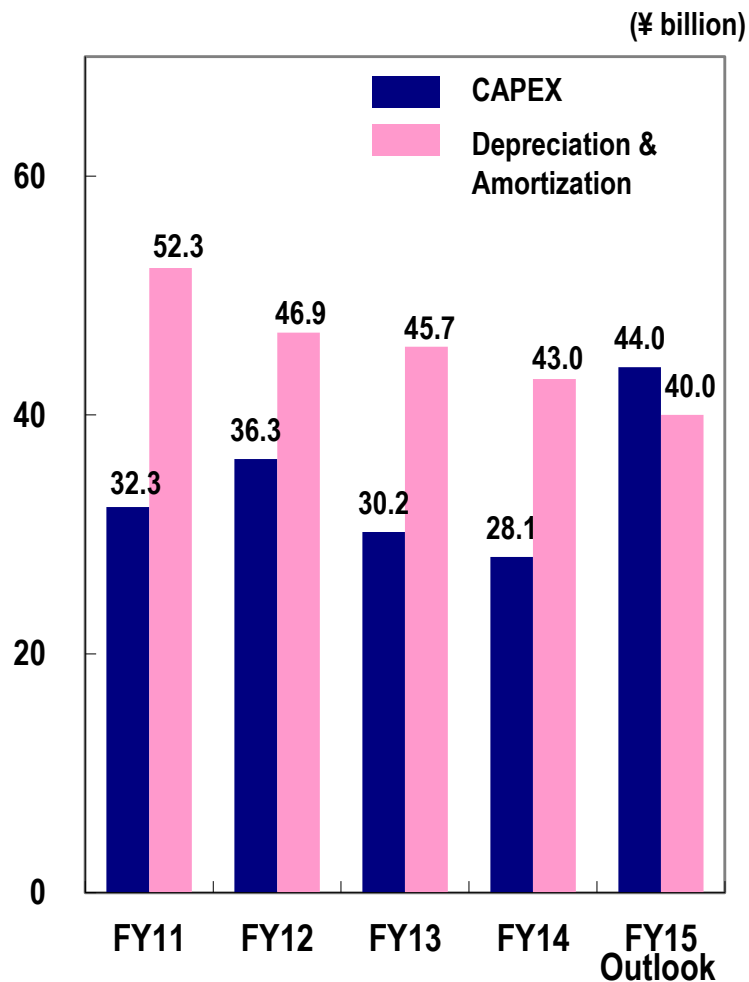


◆ Dollar/Euro exchange rates

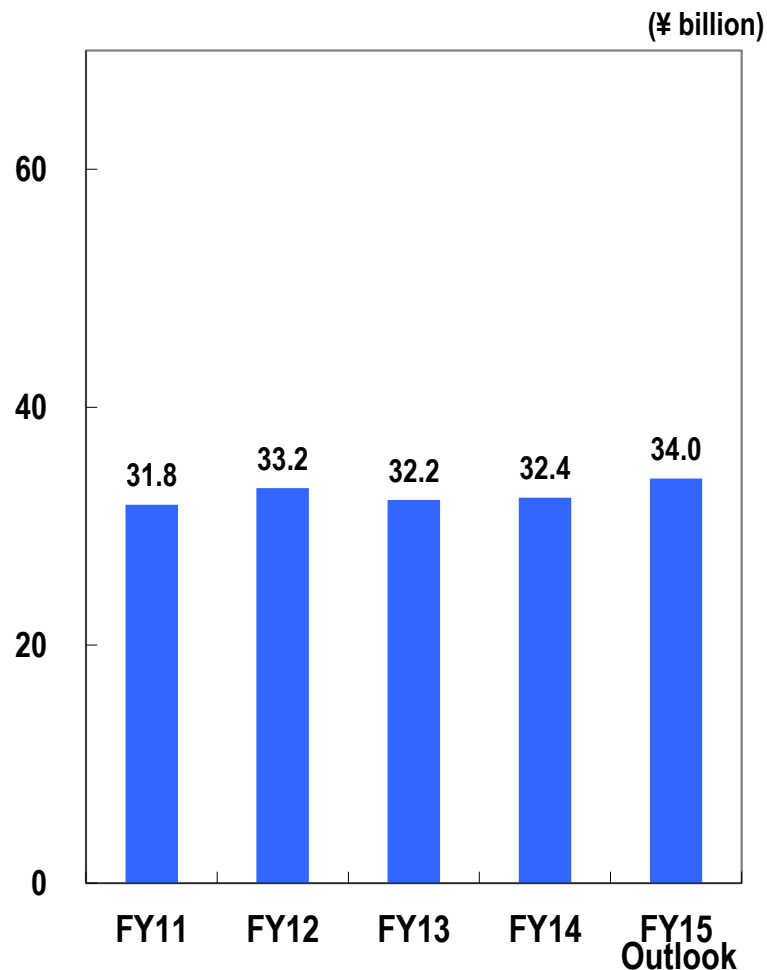


◆ CAPEX, depreciation & amortization, and R&D expenses

CAPEX/Depreciation & Amortization



R&D Expenses



◆ Sales of Principal Pharmaceuticals

(¥ billion)

Product	Target disease	FY14					FY15	
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q
<i>Bonalon</i> ^{®*1}	Osteoporosis	3.1	3.3	3.6	3.0	12.9	3.3	3.3
<i>Onealfa</i> [®]	Osteoporosis	1.4	1.4	1.5	1.2	5.4	1.3	1.3
Osteoporosis total		4.5	4.6	5.0	4.1	18.2	4.6	4.6
<i>Feburic</i> [®]	Hyperuricemia and gout	2.8	3.9	4.7	4.1	15.5	4.8	5.2
<i>Venilon</i> [®]	Severe infection	2.5	2.4	2.8	2.1	9.8	2.5	0.0
<i>Mucosolvan</i> [®]	Expectorant	1.6	1.4	1.9	1.5	6.5	1.8	1.4
<i>Laxoberon</i> [®]	Laxative	0.8	0.7	0.8	0.6	2.9	0.7	0.7
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.5	0.4	1.7	0.4	0.4
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.4	0.3	1.2	0.3	0.3
<i>Bonalfa</i> [®]	Psoriasis	0.3	0.3	0.3	0.2	1.1	0.3	0.2
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism	0.2	0.3	0.3	0.3	1.1	0.3	0.4

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

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

◆ **Development status by therapeutic area**

(As of September 30, 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			NA872ET [Mucosolvan®]
Cardio-vascular and metabolic disease	TMG-123 TMX-049*1	ITM-014N [Somatuline®] (New indication for neuroendocrine tumor) TMX-67XR [Feburic®]	TMX-67 [Febuxostat] (PRC)	TMX-67TLS*2 [Feburic®] (New indication for tumor lysis syndrome)	
Other			GGs-ON, -MPA, -CIDP [Venilon®] (New indication for optic neuritis) (New indication for microscopic polyangiitis) (New indication for chronic inflammatory demyelinating polyneuropathy)		

*1 Clinical trials for TMX-049, the treatment of hyperuricemia and gout commenced in April 2015.

*2 Teijin filed for approval to manufacture and market the treatment of tumor lysis syndrome, a new indication of *Feburic* (TMX-67), in Japan in July 2015.

◆ Newly developed pharmaceutical candidates

【Approved】

(As of September 30, 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) Approved in Japan in February 2015. commenced sales in July 2015

【Filed】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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)

【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)

【Phase III】(continued)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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-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)

【Phase II】(continued)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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
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	Developed in-house
TMX-049	Hyperuricemia and gout	Non-purine xanthine oxidase inhibitor; offers promise as a new treatment for hyperuricemia and gout that is both highly effective and safe.	Tablet	Developed in-house

◆ 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 (Phase of clinical preparation)
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 indication is osteoarthritis pain and inflammation (Sept. 2015: Taisho Pharmaceutical Co., Ltd. obtained manufacturing and marketing approval.)

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.