― ALWAYS EVOLVING ―

Medium-Term Management Plan
For 2017-2019

Teijin Limited
February 6, 2017

* On February 16, 2017, we corrected the error because we had mistaken the unit in the breakdown of the waterfall chart in page 33.
Teijin aims to be an enterprise that is essential to tomorrow's society by continuously creating new value.

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

**Medium-term Management Plan Policy**

- **Change for 2016**
  - Previous Medium-term Management Plan
  - Revised Medium-term Management Plan
- **Transformation Of Fundamental Portfolios**
- **Evolution Toward A Solutions-based Business Model**

**New Medium-term Management Plan**

- **Growth Strategies**
  - Further strengthen core earnings power
- **Transformation Strategies**
  - Establish new core businesses
- **Strengthen The Management System Platform**

**EBITDA**

- Over ¥120 billion

**An Enterprise that is Essential To Tomorrow's Society**

**EBITDA**

- Over ¥200 billion
Overview of the New Plan

Strategies for Realizing the Long-term Vision

- **Growth Strategy**: Strengthen core earnings power by accelerating growth in existing businesses
- **Transformation Strategy**: Establish new core businesses and transform business models
  - Materials: Expand to close-to-customer businesses
  - Healthcare: Diversify product and service lineups and establish cutting-edge business platforms

- **Global Strategy**: Strengthen regional focus in line with business characteristics
  - Composite products: Expand globally from North America (close to customer)
  - Healthcare: Focus primarily on Japan (an advanced aging country)
  - Materials supply business: Expand globally

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

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

Strengthen The Management System Platform

- Strengthen the Organizational Structure
  - Integrate businesses
  - Appoint a Global Strategy Officer and an Information Strategy Officer
- Cost Restructuring Initiatives
  - Achieve cost reduction of ¥20 billion (compared with 2016)
- Smart Project Promotion
  - Creation of new businesses and change in business styles using IT
- Diversity Promotion
  - Harness and refine human resources
Review of the Previous Medium-term Management Plan
(Revised Medium-term Management Plan in 2014)
Review of the Previous Plan (Revised Medium-term Management Plan in 2014)

Restructuring Initiatives

Dramatic restructuring of unprofitable businesses progressed largely as planned

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shut down Singapore plant</td>
<td>Completed</td>
<td>Completed</td>
</tr>
<tr>
<td>Successful transfer production to Utsunomiya</td>
<td>Integrate domestic production</td>
<td>Specialize in high-value-added applications</td>
</tr>
<tr>
<td>Streamline operations</td>
<td>Implement bold reorganization measures</td>
<td>Scheduled for completion</td>
</tr>
<tr>
<td>Polyester fibers</td>
<td>Successfully transfer production to Thailand</td>
<td>Progressing as planned</td>
</tr>
<tr>
<td>Cease DMT production</td>
<td>Closed and cease production at certain domestic plants</td>
<td>Reorganize polymerization plant</td>
</tr>
</tbody>
</table>

Transformation and Growth Strategies

Intensively allocated resources to realize a solutions-oriented business

- Made strategic investments of around ¥100 billion (FY2014-16 total)

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

**Targets (through FY2016)**

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

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**Consolidated Operating Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ billion</td>
<td>12.4</td>
<td>18.1</td>
<td>39.1</td>
<td>67.1</td>
<td>56.0</td>
</tr>
</tbody>
</table>

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

---

**Net Income and ROE**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (Outlook)</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ billion, %</td>
<td>-29.1</td>
<td>3.0%</td>
<td>-10.3%</td>
<td>8.4</td>
<td>-2.8%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>10.6%</td>
<td>-8.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016 (Outlook)</td>
<td></td>
<td></td>
<td>12%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ROE 8%
- FY2016 target for the revised medium-term management plan in 2014

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

Achieved record-high earnings as extraordinary losses subsided

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

Our Corporate Philosophy

In Harmony with Society

Enhancing the Quality of Life
The Teijin Group’s purpose is to enhance the quality of life through a deep insight into human nature and needs, together with the application of our creative abilities

Empowering Our People

Our Vision

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

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

*Q O L : Quality of Life
### Our Vision

An enterprise that helps to solve social issues

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

#### The Teijin Group’s Strengths
- A unique entity with 3 different core business domains
  - **Materials**: Basic technologies for creating new materials and new products
  - **Healthcare**: Pharmaceutical development technology, home healthcare networks
  - **IT**: IT development technology and expertise straddling both B2B and B2C fields
- Early initiatives for strengthening corporate governance

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

### Our Core Priority Fields

<table>
<thead>
<tr>
<th>Environment</th>
<th>Society</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Value Solutions</strong></td>
<td><strong>Safety, Security and Disaster Mitigation Solutions</strong></td>
<td><strong>Corporate Governance</strong></td>
</tr>
</tbody>
</table>
| Contribute by supplying weight-reducing materials that help to enhance the environmental performance of transportation | Help to enhance safety with respect to disaster-readiness measures and social infrastructure development | ■ Ensure the effectiveness of management systems  
■ Dialogue and collaboration with stakeholders |
| **Demographic Change And Increased Health Consciousness Solutions** | **Reducing Environmental Impact** | **Diversity**                        |
| Support health maintenance and enhancement in response to the progression of demographic change and the increase in lifestyle diseases | Promote the success of a wide range of human resources, regardless of gender, nationality or age | **Corporate Governance**             |
Realizing the Long-term Vision (2)

| Our Vision | An enterprise that achieves continuous transformation by anticipating changes in the external environment  
|           | An enterprise that continues to create new value at all times |

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

Ceaseless Evolution and Ambition

“ALWAYS EVOLVING”

Drive sustained growth by accomplishing business portfolio transformation in tandem with maximizing business opportunities for Teijin.
Business Strategies
How We Envision Our Business In 10 Years

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

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

- **Current Business Portfolio**
  - **IT**
  - **High-performance Materials**
  - **Healthcare**

- **Business Portfolio Transformation**
  - **New Business**
  - **Transformation Strategy** (new businesses)
  - **Growth Strategy** (existing businesses)

- **Composite Materials and Components business**
  - Expand business to downstream fields targeting transportation

- **New Healthcare business**
  - New business centered on fields outside of public insurance

- **IT**
  - ICT platform

- **Materials Business Field**
  - High-performance Materials

- **Healthcare Business Field**
  - Integration
## Business Portfolio Transformation

### Role of Each Business

<table>
<thead>
<tr>
<th>Role In Portfolio Transformation</th>
<th>Materials Business Field</th>
<th>Healthcare Business Field</th>
<th>Resource Allocation Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformation Strategies</td>
<td>Composite Materials and Components Business</td>
<td>New Healthcare Business</td>
<td>(Intensive focus, prioritization)</td>
</tr>
<tr>
<td>Growth Strategies</td>
<td>Aramid Fibers, Carbon Fibers, Plastics</td>
<td>Pharmaceuticals, Home Healthcare</td>
<td>Allocate resources preferentially during this medium-term plan period</td>
</tr>
<tr>
<td>Create and expand new future core businesses</td>
<td>Expand into the Auto Industry</td>
<td>Diversify Product Lineups</td>
<td>Establish investment budget (Around ¥300 billion over 3 years)</td>
</tr>
<tr>
<td>Secure cash for the creation and expansion of new businesses</td>
<td>Expand LiB separators and Membranes</td>
<td>Establish a Cutting-edge Business Platform</td>
<td>Allocate the amount of resources needed for stable growth</td>
</tr>
<tr>
<td>Change business models</td>
<td>IT</td>
<td></td>
<td>Closely examine and select resource allocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Explore business model creation, collaboration with third parties and other initiative</td>
</tr>
</tbody>
</table>

- Composite Materials and Components Business
  - Expand into the Auto Industry
  - Expand LiB separators and Membranes
- New Healthcare Business
  - Diversify Product Lineups
  - Establish a Cutting-edge Business Platform
- Pharmaceuticals, Home Healthcare
  - Aramid Fibers, Carbon Fibers, Plastics
- IT
  - Trading and Retail
  - Polyester Fibers, Polyester Film
### A) Growth Strategies: Materials Business Field

**Focus on the Aircraft and Automobile Businesses**

<table>
<thead>
<tr>
<th>Macro Trends</th>
<th>Aircraft</th>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aircraft</strong></td>
<td>The number of aircraft produced, centered on smaller aircraft models, will continue to hold steady or increase</td>
<td></td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
<td>Transformation in design philosophy driven by environmental regulations, adoption of EV, and technological innovation</td>
<td></td>
</tr>
</tbody>
</table>

**Our Strategy**

Drive the expansion of the strong yet lightweight high-performance material business, in response to calls for higher fuel efficiency in line with stricter environmental regulations

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Carbon Fibers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Intensively allocate resources to intermediate materials (prepreg, etc.)&lt;br&gt;• Build a competitive edge by accelerating the expansion of thermoplastic prepreg and the textile prepreg business</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automobile</th>
<th>Aramid Fibers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expand to air freight containers (promote durability and fire resistance)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automobile</th>
<th>Aramid Fibers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expand products to address demands for weight reduction and higher performance, including tire reinforcement materials</td>
</tr>
</tbody>
</table>

| Plastics | Propose weight reduction and design improvements through high-performance compound products |
# A) Growth Strategies: Materials Business Field

## Address Growing Needs for Social Infrastructure

<table>
<thead>
<tr>
<th>Macro Trends</th>
<th>Infrastructure</th>
<th>Protective clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increasing demand for disaster mitigation measures and infrastructure development in emerging countries</td>
<td>Expansion of demand in Asia and emerging countries due to rising safety standards</td>
</tr>
</tbody>
</table>

### Our Strategy

- Work to properly address heightened disaster mitigation awareness and growing needs for refurbishing and expanding infrastructure

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Para-aramid Fibers</th>
<th>Polyester Fibers Plastics</th>
<th>Meta-aramid Fibers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expand sales of optical fiber in China and India</td>
<td>Develop and expand disaster mitigation applications</td>
<td>Expand the development of textiles for protective clothing primarily to Asia and emerging countries</td>
</tr>
<tr>
<td></td>
<td>Applications such as rope and deep sea oil drilling (Technora)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Develop A Growth Platform (Materials Business Fields)

- Carbon Fibers: Study investment in a new plant in the U.S.
- Aramide Fibers: Promote high efficiency at existing plants
- Polyester Fibers + Trading and Retail: Strengthen ability to provide solutions through organizational integration
A) Growth Strategies: Healthcare Business Field

**Strengthen Growth Domains**

<table>
<thead>
<tr>
<th>Macro Trends</th>
<th>Pharmaceuticals</th>
<th>Home Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accelerated steps to curb medical costs, and increasingly difficult new drug development</td>
<td>Continued increase in the number of patients. Evolution in patient QOL enhancement services using IoT and other technologies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Strategy</th>
<th>Pharmaceuticals</th>
<th>Home Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maximize earnings from existing growth drivers, while focusing on drug discovery research</td>
<td>Maximize sales by raising disease awareness based on clinical research and boosting recognition of the importance of treatment</td>
</tr>
</tbody>
</table>

**Pharmaceuticals**
- *Feburic*, a treatment for hyperuricemia and gout
- **Pipeline Strategy**
  - **Expand drug discovery fields**
    - Nuclear receptor drug discovery, macrocyclic and constrained peptide drug discovery, advanced medical materials (pharmaceuticals + biocompatible materials)
  - **Regenerative medicine initiatives**
    - Treatment of chronic motor impairments resulting from stroke (SB623), and other treatments for neurological diseases
  - **Maximize value by promoting alliances for products developed in-house**

**Home Healthcare**
- **CPAP ventilators for the treatment of SAS**
  - Secure high growth by developing relationships with general practitioners, strengthening NemLink functions, and making SAS diagnosis easier
- **Oxygen concentrator for HOT**
  - Maintain a high market share through such means as supplying next-generation portable models and strengthening monitoring functions for signs of exacerbation and other parameters

*The IoT (Internet of Things) is a concept that describes the interconnection of a vast array of devices worldwide via the Internet.*
B) Transformation strategies: **Materials Business Field**

<table>
<thead>
<tr>
<th>Our Vision</th>
<th>Materials Supplier</th>
<th>Transform</th>
<th>Close-to-customer business Composites using multiple materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro Trends</td>
<td>Globalization</td>
<td>Technological innovation in materials</td>
<td>Competition among multiple materials</td>
</tr>
</tbody>
</table>

**Our Evolution and Ambition**

- **1918 -** Polyester fiber
- **1958 -** Polycarbonate resin
- **1960 -** Meta-aramid fiber *Teijinconex*
- **1971 -** Para-aramid fiber *Technora*
- **1972 -** Carbon fiber *Tenax*
- **1987 -** Polycarbonate resin
- **1999 -** Carbon fiber *Tenax*

**Shift To Composite Products**

- 2016 - Acquisition of Continental Structural Plastics (CSP)
- LiB separators and Membranes
- Plastic Glazing
- 2001 - Para-aramid fiber *Twaron*

**Amassed polymer chemistry technologies**
Macro Trends
Continuing trend toward reducing vehicle weight based on environmental regulations
Technological innovation will continue to drastically reshape the industrial structure of the auto industry

Our Strategy
Rather than merely extending our own materials businesses to downstream fields, we will leverage our strengths in composite technologies to expand business with a view to becoming a multi-material component supplier

Transform Business Models

<table>
<thead>
<tr>
<th>~2016</th>
<th>2017~</th>
<th>Medium to long term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials Supplier</td>
<td>Tier 1 Components Manufacturer</td>
<td>Component Supply Partner (With design ability)</td>
</tr>
</tbody>
</table>

- Supply materials to Tier 1 manufacturers
- Provide a stable supply of components to automakers
- Provide comprehensive vehicle-weight reduction, multi-material use and other proposals

Acquisition of CSP
A Tier 1 manufacturer with multiple channels to major automakers
Further expand applications as a leading coated-separator company

From supplying materials to the filter business

Expand applications to consumer electronics

Expand to automotive applications

Large Storage Battery, Battery Management Systems

Double-sided coating technology for microporous membranes

LIELSORT LIB separator

Our Membrane Technology

Control technology for membrane thickness, pore size, and porosity

miraim high-performance microporous membrane

Apply for use in semiconductor filters

Heat exchange membranes, Fuel cells

Membranes For Medical Devices

Growing demand for LiB separators in step with expansion of the markets for LiB for consumer electronics and automotive use

Beginning with technologies and expertise developed in membrane production, we will roll out products that achieve both high performance and high productivity in a wide range of fields.
### B) Transformation strategies: Healthcare Business Field

<table>
<thead>
<tr>
<th>Our Vision</th>
<th>Pharmaceuticals and Medical Device Services</th>
<th>Transform</th>
<th>Provide Comprehensive Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro Trends</td>
<td>Shift from treatment in hospitals to home care</td>
<td>Longer healthy life expectancy</td>
<td>Expand horizons from disease to pre-symptomatic care</td>
</tr>
<tr>
<td></td>
<td>Growth in generic drugs</td>
<td>Curtailing medical costs and the increasing difficulty of discovering drugs</td>
<td></td>
</tr>
</tbody>
</table>

#### Our Evolution and Ambition

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>Established Teijin Pharmaceutical Co., Ltd.</td>
</tr>
<tr>
<td>1981</td>
<td>Onealfa®</td>
</tr>
<tr>
<td>1982</td>
<td>Oxygen concentrators for HOT</td>
</tr>
<tr>
<td>2000</td>
<td>CPAP ventilators for the treatment of SAS</td>
</tr>
<tr>
<td>2011</td>
<td>Feburic®</td>
</tr>
<tr>
<td>2015</td>
<td>Artificial joints</td>
</tr>
</tbody>
</table>

- **Shift to service businesses**
- **Expands business beyond public insurance from prevention to treatment and nursing care**
- **Focus on priority fields** (Bone and joint, Cardiovascular and metabolic, Respiratory diseases)
- **Digital Healthcare**
- **New Medical Products**
- **Orthopedic implantable devices**
- **Advanced medical products**
- **Functional food material**
Faced with a challenging environment for curtailing medical expenses and the increasing difficulty of discovering new drugs, new business opportunities are emerging against the backdrop of advances in comprehensive community healthcare systems and the penetration of IT.

Provide comprehensive healthcare services encompassing non-insurance business fields by strengthening the existing healthcare business platform, without restricting ourselves to existing insurance-based healthcare services.

Diversify product and service lineups

- **Rehabilitation robotics**
  - Deliver new services through cutting-edge products

- **NemLink**
  - Sleep wellness coaching

- **2breathe**
  - Cranial nervous system

- **New diagnosis and treatment products using ICT**
  - Bone-bonding material
  - Artificial joints
  - Enhanced barley product

- **Application of new materials**
  - Expand lineup of super grains

- **Orthopedic Implantable Devices**
  - Business expansion leveraging the characteristics of a domestic manufacturer

- **Digital Healthcare**
  - Diagnosis, treatment and prevention of pre-symptomatic conditions beyond the scope of insurance using ICT

- **New Medical Products**
  - Deliver new services through cutting-edge products

- **Functional Food Material**
  - Acquisition and analysis of clinical evidence through the application of our healthcare knowledge
Establish A Cutting-edge Healthcare Business Platform

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

<Our Business Fields>

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

- Digital Healthcare
- Functional Food Material
- Orthopedic Implantable Devices

<Establish a Cutting-edge Business Platform>

We work to Strengthen;
■ Home Healthcare Services
  - Expand the introduction of community healthcare network systems.
  - Apply AI to home healthcare call centers, and ensure all our medical products are IoT enabled.

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

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

- **Execute regional strategies based on the characteristics of each business**
  - in line with growth and transformation strategies.

- **Strengthen regional management structures straddling businesses (appoint a Global Strategy Officer)**

Work to develop systems to efficiently manage overseas businesses and formulate regional strategies.

### Expand Globally

<table>
<thead>
<tr>
<th>Materials Supply Businesses</th>
<th>Closer to Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cultivate demand globally, on the basis of customers and regions that have highly commended the properties of our materials</strong></td>
<td><strong>Composite Products Business</strong> <em>(Auto &amp; Aircraft)</em></td>
</tr>
<tr>
<td>- Cultivate demand in <strong>emerging countries</strong> and other markets by honing our cost competitiveness, in tandem with conducting optimal production in terms of location and scale.</td>
<td><strong>Promote development and expand business by constantly anticipating needs, while closely approaching key customers in each region</strong></td>
</tr>
<tr>
<td></td>
<td>- <strong>Automobiles</strong>: Expand globally from <em>North America</em> (expand the components business)</td>
</tr>
<tr>
<td></td>
<td>- <strong>Aircraft</strong>: <em>Europe and the Americas</em> (Secure an intermediate materials production site)</td>
</tr>
</tbody>
</table>

### Advanced Aging Country

**Healthcare business**

- Expand business according to regional characteristics (pharmaceutical jurisprudence, medical fees, etc.)
  - **Pharmaceuticals**: Maximize the business in *Japan*, strengthen exports and licensing
  - **Home Healthcare**: Bolster the services network in *Japan*
  - **New Non-insurance Business**: Establish business model in Japan, and set sights on overseas expansion in future

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The Importance of Addressing Individual Regions
Net Sales of Transformation Strategy Projects

**Materials Business Field**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2016</th>
<th>FY2019</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (¥ billion)</td>
<td>0</td>
<td>100</td>
<td>250</td>
</tr>
<tr>
<td>Composite Products, LiB Separator and Membrane</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Healthcare Business Field**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2016</th>
<th>FY2019</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (¥ billion)</td>
<td>0</td>
<td>49</td>
<td>240</td>
</tr>
<tr>
<td>Orthopedic Implantable Devices, Functional Food Material, New Medical Products, Digital Healthcare</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Strengthen the Management System Platform
Evolving into an organization that accelerates growth/transformation strategies

- **Restructuring of Organizational Structure**
  - **Inter-business integration** will be promoted by integrating materials-related businesses into the materials business
  - **Coordination will be deepened** by splitting up the New Business Development Business Unit into materials and healthcare business

- **Global Strategy Officer**: Promote regional strategies across businesses

- **Information Strategy Officer**: Promote smart projects on a Group-wide basis

### Until FY2016

- Trading and Retail
- Advanced Fibers and Composites
- Electronic Materials and Performance Polymer Products
- New Business Development Business Unit
- Healthcare
- IT

### From FY2017

- Fibers / Trading and Retail
- Material
- New Materials (composites, etc.)
- New Healthcare
- Healthcare
- IT

**Global Strategy Officer**: 
- Promote regional strategies across businesses

**Information Strategy Officer**: 
- Promote smart projects on a Group-wide basis
Future Trends

- Penetration of digitalization
- Further evolution of AI
- Widespread adoption of IoT (Internet of things)
- Advances in robotic engineering

Medium-term Actions and Targets

Expand Healthcare Services
- Expand various services based on information platforms
- Convert to AI-based contact centers

Convert to smart plants
- Convert to automated processes
- Visualize production processes and improve productivity

Operating Process Innovation
- Digitalization of business processes and databasing
- Develop next-generation information infrastructure and tools

Current Initiatives

- Healthcare
  - Monitoring systems for home healthcare devices (NemLink)
  - Construct information platform (VitalLink)

- Materials
  - Utilize IoT technology to improve productivity (started at certain plants)

- IT
  - IoT activity trial, app development, AI research

Allocate resources of ¥10 billion, centered on platform construction
Cost Restructuring Initiatives

Benefits of Cost Restructuring Initiatives:

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

Restructuring Initiatives + Strengthening Product Cost Competitiveness: ¥11 billion

<table>
<thead>
<tr>
<th>Restructuring Initiatives</th>
<th>Benefits fully realized by completing measures in the revised medium-term management plan in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>▼ Complete bold reorganization measures for home healthcare business in U.S. and the reorganization of plants in the domestic films business in FY2016</td>
<td></td>
</tr>
<tr>
<td>▼ Steadily pushing ahead with the transfer of polyester fibers production to Thailand and the reorganization of polymerization plant; planned for completion within FY2017</td>
<td></td>
</tr>
</tbody>
</table>

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

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

Head Office Restructuring Initiatives: ¥9 billion

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

▼ Enhance marketing efficiency and rationalize administrative divisions through business integration (streamline organization, centralize operations)
▼ Develop information infrastructure to enhance productivity, digitalize functions/work
Management Targets
New key performance indicators will be established with an emphasis on both **investment efficiency** and **earnings power**.

**Financial Indicators**

- **ROE**
  - Investment returns on funds entrusted by shareholders
  - **Group-wide**

- **EBITDA**
  - Ability to generate cash to fund growth investment and shareholder returns
  - **Group-wide and For Each Business**

- **ROIC**
  - Efficiency of generating profits relative to capital invested in business activities
  - **Group-wide and For Each Business**

**Profitability Indicators**

- **Pursue Efficiency**
  - Based on individual business activities, work to improve indicators on a Group-wide basis

**Growth Indicators**

- **Secure Growth**
Management Targets (Through FY2019)

- **ROE**: $10\%+ 
- **ROIC**: $8\%+ (based on operating income)
- **EBITDA**: Over ¥$120$ billion
- **Invested Resources**: Capital Expenditure + M&A Budget ¥$300$ billion (3-year total)
- **Dividend Payout Ratio (Guidance)**: $30\%$
Financial Indicators (Profitability)

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

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

**ROIC based on operating income > 8%+** = Pursue investment efficiency
EBITDA > Generate more than ¥120 billion = Increase ability to generate cash

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

Financial Indicators (Growth)

CAGR Over 8% (Compound Annual Growth Rate)

Restructuring initiatives/Cost reductions

- Transformation strategies
- Intensified competition/Revisions to NHI drug price reimbursements
- Advance development costs

Growth strategies

¥96 billion

+(¥ billion)

FY2016

+(¥ billion)

FY2019

+ Over ¥120 billion

+ Over ¥200 billion

In 10 years
Original KPIs will be set, including non-financial information, to visualize and monitor business portfolio transformation, with follow-up on progress.

**Net Sales from Transformation Strategy Projects**
Create new businesses and accelerate their growth.

**Business expansion through the promotion of transformation strategy**
- **Materials business:** Accelerate expansion to close-to-customer businesses
- **Healthcare business:** Create new businesses using cutting-edge healthcare business platforms

**Penetration of diversity and workstyle reforms**
- **Harness and nurture diverse human resources**
  Promote the success of human resources regardless of gender, nationality, experience and sense of values
- **Promote workstyle reforms**
  Promote the design of systems to support diverse workstyles in step with the times, in addition to existing systems such as telework and “Hello Again” programs.*

*Re-employment systems for employees who have resigned due to family reasons.*
Policy on Resource Allocation

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

  - **Capital Expenditure**: allocate 50%+ to growth and transformation strategies
    - Growth Strategy Investments: Construct a new carbon fiber plant, invest in healthcare systems, etc.
    - Transformation Strategy Investments: Composite materials, LiB separators and membranes, orthopedic implants

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

- **R&D Expenses**: Targeting around 5% of net sales
  - Development budget related to transformation strategies: secure approx. 30% of R&D expenses (3-year total)

Shareholder Return Policies

- Adopt a basic policy of paying dividends in line with consolidated operating results, targeting a consolidated dividend payout ratio of 30% for the medium term.

- Determine dividends by giving consideration to the need to ensure financial soundness, to our ability to maintain stable dividend payments over the medium to long term and to securing sufficient internal reserves to fund strategic investments aimed at ensuring future growth.
Disclaimer 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 in the pharmaceuticals business
The Teijin Group actively allocates management resources to R&D efforts. R&D in the pharmaceuticals business, in particular, is characterized by significant investments of funds and time. Pharmaceuticals discovery research has a high incidence of failure to discover promising drugs. There are also risks that plans to apply for regulatory approval may be abandoned or that approval may be rescinded.

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

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

Italicized product names and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries. Where noted, other italicized product names and service names used in this document are protected as the trademarks and/or trade names of other companies.
Reference Materials
Aiming for the sustainable development of our business and society, The Teijin Group identified the following materiality for a variety of issues related to corporate social responsibilities, and is advancing CSR management that is integrated with our business strategies.

<table>
<thead>
<tr>
<th>Core Priority Fields (Medium-term management plan)</th>
<th>Environment</th>
<th>Society</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capture Business Opportunities</strong></td>
<td>- Environmental value solutions</td>
<td>- Safety, security and disaster mitigation solutions</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Demographic change and increased health consciousness solutions</td>
<td></td>
</tr>
<tr>
<td><strong>Strengthen the Management Base</strong></td>
<td>- Reducing environmental impact</td>
<td>- Diversity</td>
<td>- Corporate governance</td>
</tr>
<tr>
<td><strong>Fields Requiring Continuing Efforts</strong></td>
<td>- Conservation of biodiversity</td>
<td>- Information security</td>
<td></td>
</tr>
<tr>
<td><strong>Enhance the Management Base</strong></td>
<td></td>
<td>- Product liability/Quality assurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Disaster prevention</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Occupational safety and hygiene</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- CSR procurement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Corporate ethics and compliance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- CSR communication</td>
<td></td>
</tr>
</tbody>
</table>
Set up an Advisory Board with a majority of outside experts to ensure highly transparent management (from 1999)

Efforts were made to further enhance transparency with respect to executive personnel through a Nomination Consultation Committee and a Remuneration Consultation Committee

Implementing integrated management of business operating risks and management strategy risks through the TRM* Committee

*Total Risk Management
Step up the promotion of workstyle diversity, women’s advancement, and personnel diversity more than ever, aiming for an organization that demonstrates the abilities of diverse human resources with different values and experiences, in order to revitalize the organization and stimulate innovation.

To this end, we will set KPIs from many different perspectives, in addition to the disclosure of indicators* that are already at a high level. We will also promote and follow-up on human resources utilization directed at achieving these targets.

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

**Degree Of Diversity Promotion, examples of indicators (goals to be achieved in 10 years)**

<table>
<thead>
<tr>
<th>Basic Approach</th>
<th>Diversity recognition rate <strong>100%</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diverse Workstyles</td>
<td>Work-at-home system utilization rate <strong>50%</strong></td>
</tr>
<tr>
<td>Women’s Advancement</td>
<td>Number of female executives <strong>10+</strong></td>
</tr>
<tr>
<td></td>
<td>Managerial positions (Japan) <strong>3 times</strong> more female managers than now</td>
</tr>
<tr>
<td></td>
<td>(Overseas) Ratio of female managers <strong>33%</strong></td>
</tr>
<tr>
<td>Personnel Diversity</td>
<td>Number of foreign-national executives <strong>12+</strong></td>
</tr>
</tbody>
</table>
Reducing Environmental Impact

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

**Environmental impact reduction targets** (established in FY2010)

- **Greenhouse Gas Emissions from Manufacturing Operations**
  - Achieve a CO2 emissions reduction ratio of 1% or more per year (compared to the level in fiscal 2011)

- **Emissions of Chemical Substances into the Environment**
  - By fiscal 2020, reduce by 80% or more compared to fiscal 1998 level

- **Waste with No Effective Use**
  - Reduce “waste with no effective use” by 85% or more compared to the fiscal 1998 level by fiscal 2020

**Environmental Impact during Manufacturing in FY2015 by Input / Output**

**INPUT**

<table>
<thead>
<tr>
<th>Input Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy*</td>
<td>28.3 × 10^6 GJ</td>
</tr>
<tr>
<td>Chemical substances handled</td>
<td>0.654 million tons</td>
</tr>
<tr>
<td>Freshwater consumption</td>
<td>83 million tons</td>
</tr>
<tr>
<td>Seawater consumption</td>
<td>39 million tons</td>
</tr>
</tbody>
</table>

**OUTPUT**

<table>
<thead>
<tr>
<th>Output Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO²</td>
<td>1.80 million tons</td>
</tr>
<tr>
<td>Chemical substances</td>
<td>1,956 tons</td>
</tr>
<tr>
<td>Waste with no effective use</td>
<td>2,978 tons</td>
</tr>
<tr>
<td>Water discharged</td>
<td>111 million tons</td>
</tr>
</tbody>
</table>

*Energy is calculated according to the coefficients specified in the Act on the Rational use of Energy.
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.