
Flash Report
-3Q Results and FY13 Outlook-

Teijin Limited
February 3, 2014

Outline of FY13 3Q Results

(1) Consolidated Results Highlights

(¥ billion)

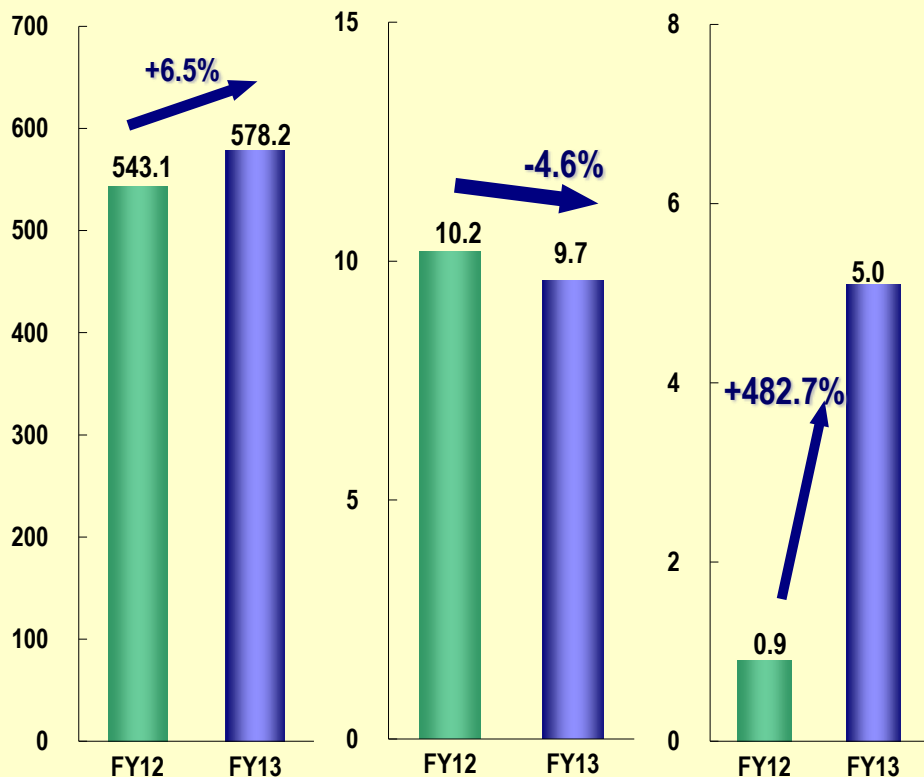
Operating Movement

(Compared with FY12 1Q-3Q)

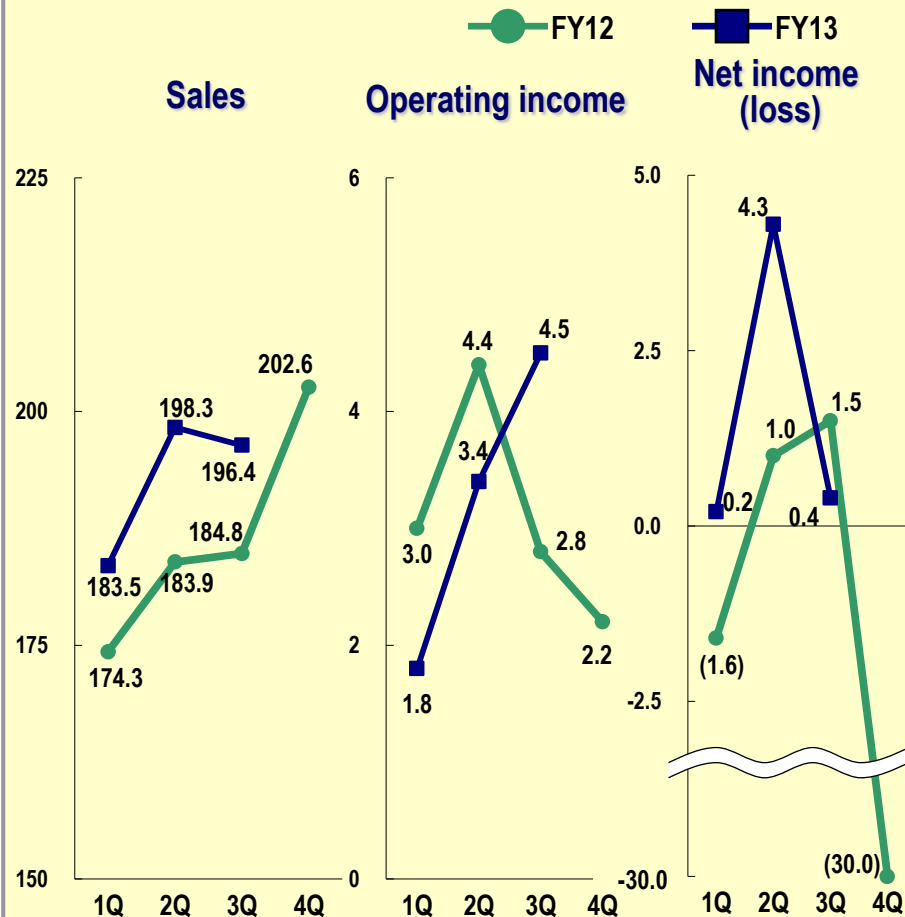
Sales

Operating income

Net income



Quarterly Movement(1Q '12 – 3Q '13)



◆ Operating Results

(¥ billion)	FY12 1Q-3Q	FY13 1Q-3Q	Difference
Net sales	543.1	578.2	+35.1
Operating income	10.2	9.7	-0.5
OP margin	1.9%	1.7%	-0.2%
Nonoperating items (net)	(1.7)	3.0	+4.7
Ordinary income	8.5	12.7	+4.2
Extraordinary items (net)	(1.6)	(1.6)	+0.0
Income before income taxes	6.9	11.1	+4.3
Income taxes	5.5	8.0	+2.6
Minority interests in income (loss)	0.5	(2.0)	-2.5
Net income	0.9	5.0	+4.2
EPS (¥)	0.88	5.11	+4.24

EBITDA *1	44.6	43.7	-0.9
CAPEX *2	24.8	21.0	-3.8
Depreciation & amortization	34.4	34.0	-0.4
R&D expenses	23.8	23.9	+0.0
FCF	3.5	(19.0)	-22.5

- Net sales: Up, spurred by
 - Depreciation of the yen against other currencies
- Operating income: Essentially level, as
 - Improved results were seen in the Advanced Fibers and Composites segment, but
 - Results deteriorated in the Electronics Materials and Performance Polymer Products segment and the polyester raw materials and polymerization business
- Net income: Soared, with contributing factors including
 - Increase in income from equity method affiliates
 - Gain on sales of investment securities
 - Impairment loss

	FY12 1Q-3Q	FY13 1Q-3Q
¥/US\$	80	99
¥/€	102	132
US\$/€	1.28	1.33

*1 EBITDA = Operating income + Depreciation & amortization

*2 CAPEX includes investments in intangible assets

◆ Extraordinary items

(¥ billion)	FY12 1Q-3Q	FY13 1Q-3Q	Difference
Gain on sales of noncurrent assets	0.9	0.2	-0.8
Gain on sales of subsidiaries and affiliates' stocks	0.0	8.2	+8.1
Gain on revision of retirement benefit plans	0.4	—	-0.4
Others	0.3	0.5	+0.2
Extraordinary income, total	1.7	8.8	+7.1
Loss on retirement of noncurrent assets	0.8	0.9	+0.1
Loss on valuation of investment securities	0.8	0.1	-0.7
Impairment loss	0.7	6.4	+5.7
Restructuring costs	0.0	1.8	+1.7
Flood-related expenses	0.3	—	-0.3
Others	0.8	1.3	+0.5
Extraordinary losses, total	3.3	10.4	+7.1
Extraordinary items, total	(1.6)	(1.6)	+0.0

Income taxes	5.5	8.0	+2.6
Minority interests in income	0.5	(2.0)	-2.5

➤ Extraordinary items

- Gain on sales of investment securities: ¥8.2 billion
- Impairment loss: ¥6.4 billion
(Suspension of production on one line at our resin and plastics processing facility in Singapore; integration of films production facilities; discontinuation of in-house production of paraxylene)

➤ Income taxes

- Income before income taxes: ¥11.1 billion



Subsidiaries reporting losses and amortization of goodwill not affected by the application of tax effect accounting

⇒ Income taxes: ¥8.0 billion

Net income: ¥5.0 billion

◆ Financial Position

(¥ billion)	Mar. 31, 2013	Dec. 31, 2013	Difference	(Impact of foreign exchange rate)
Total assets	762.4	791.0	+28.6	+31.2
Shareholders' equity	271.3	283.3	+12.1	+11.1
Interest-bearing debt	270.8	296.9	+26.1	+14.7

D/E ratio	1.00	1.05	+0.05
Shareholders' equity ratio	35.6%	35.8%	+0.2%

- Total assets: Up, reflecting
 - Significant impact of foreign currency translation differences
 - Increase in investment securities
 - Higher inventories (seasonal factor)
 - Sharp declines in cash and deposits and accounts receivable-trade
- Interest-bearing debt: Up, a result of
 - Increase in yen value of outstanding debt denominated in other currencies
 - Seasonal increase in working capital

◆ Cash Flows

(¥ billion)	Operating activities	Investing activities	FCF	Financing activities	Cash & cash equivalents
FY13 1Q-3Q	18.6	(37.6)	(19.0)	5.1	(13.9)
FY12 1Q-3Q	31.0	(27.4)	3.5	1.8	5.3

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

◇ BS exchange rate

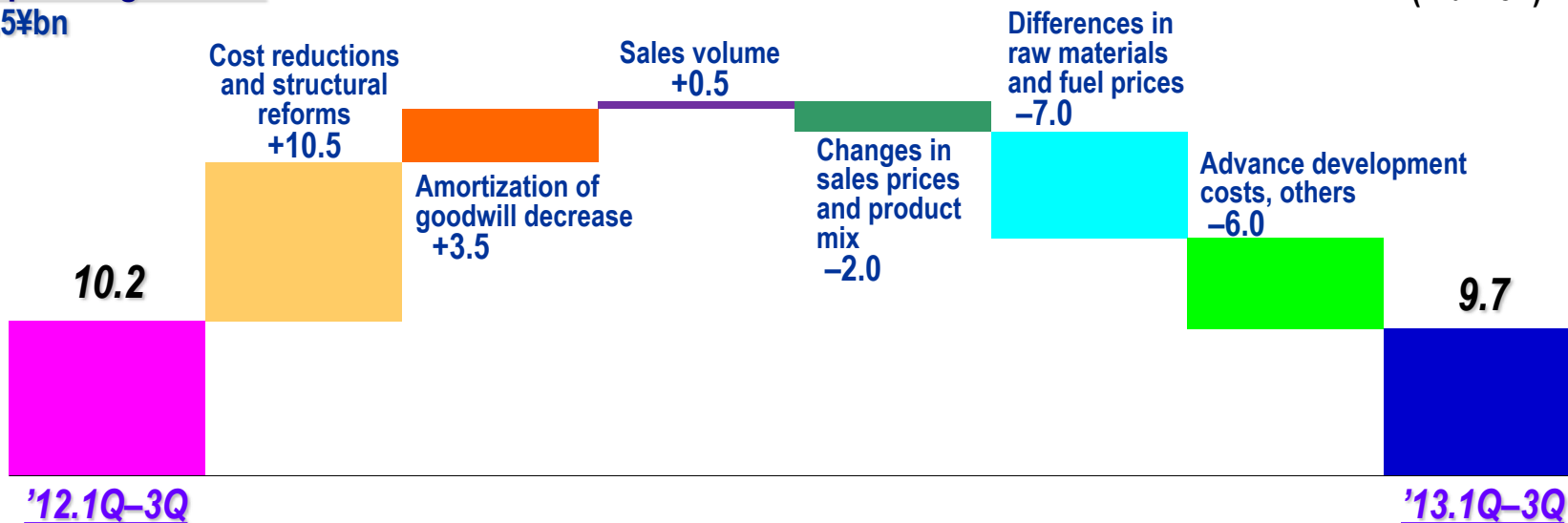
	Mar. 31, 2013	Dec. 31, 2013
¥/US\$	94	105
¥/€	121	145
US\$/€	1.28	1.38

◆ Analysis of Changes in Operating Results and Financial Position

◇ Operating income

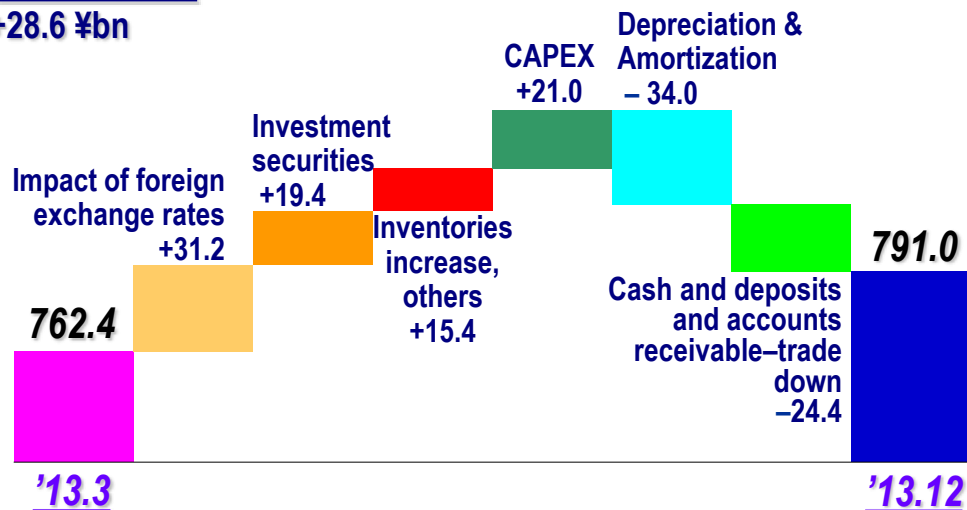
-0.5¥bn

(¥ billion)



◇ Total assets

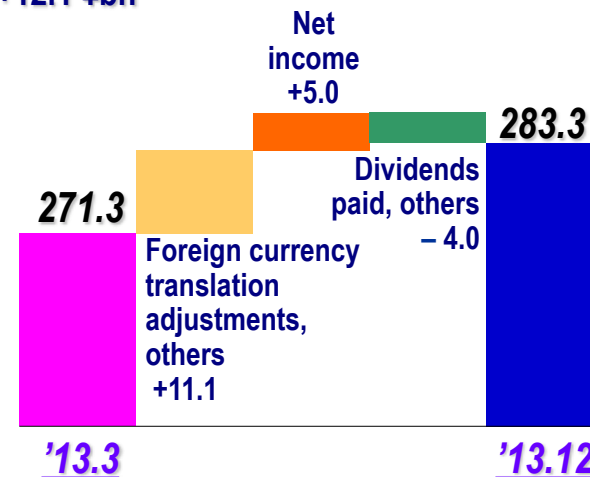
+28.6 ¥bn



◇ Shareholders' equity

+12.1 ¥bn

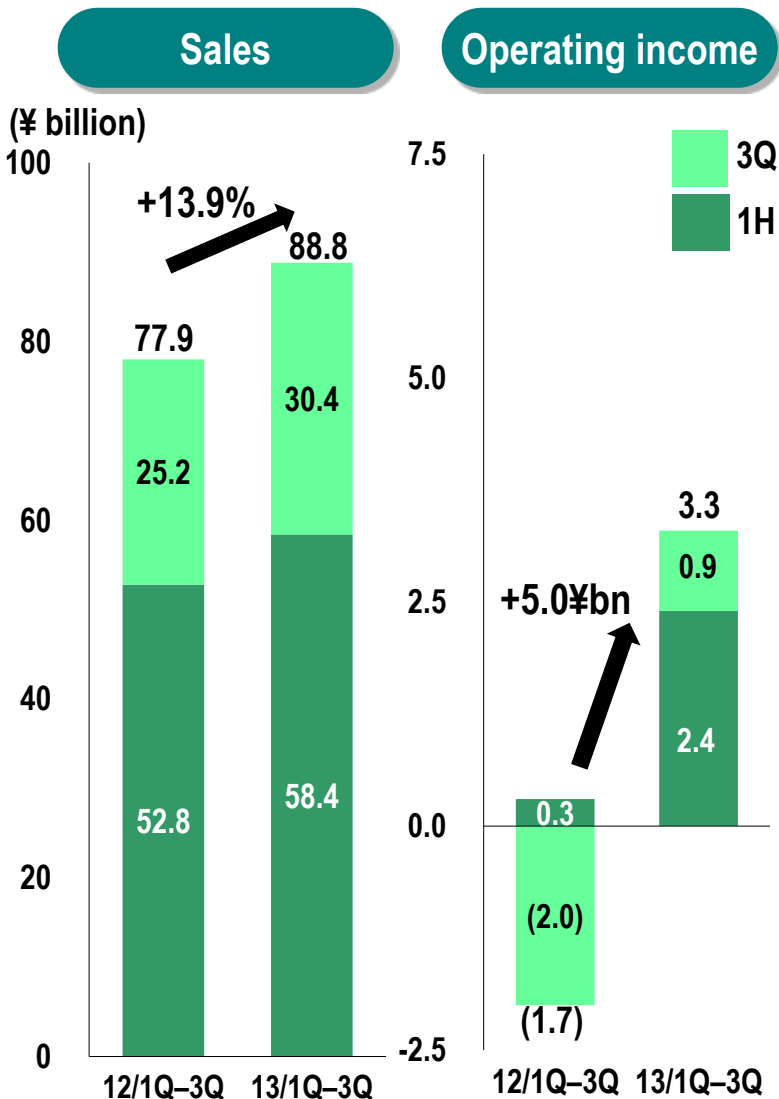
(¥ billion)



(2) Operating Results by Segment (Comparison with FY12 1Q-3Q)

Segment (¥ billion)	Sales				Operating income (loss)			
	FY12 1Q-3Q	FY13 1Q-3Q	Difference	% Change	FY12 1Q-3Q	FY13 1Q-3Q	Difference	% Change
Advanced Fibers and Composites	77.9	88.8	+10.8	+13.9%	(1.7)	3.3	+5.0	—
Electronics Materials and Performance Polymer Products	131.5	136.3	+4.8	+3.6%	1.1	(4.5)	-5.6	—
Healthcare	100.0	101.4	+1.4	+1.4%	16.4	17.3	+0.9	+5.6%
Trading and Retail	176.5	186.9	+10.4	+5.9%	3.7	3.4	-0.2	-6.2%
Total	486.0	513.3	+27.4	+5.6%	19.5	19.6	+0.1	+0.7%
Others	57.1	64.9	+7.8	+13.6%	1.4	(0.9)	-2.2	—
Elimination and Corporate	—	—	—	—	(10.7)	(9.0)	+1.6	—
Total	543.1	578.2	+35.1	+6.5%	10.2	9.7	-0.5	-4.6%

① Advanced Fibers and Composites



(¥ billion)	12/1Q-3Q	13/1Q-3Q	Difference	Change
Sales	77.9	88.8	+10.8	+13.9%
Operating income (loss)	(1.7)	3.3	+5.0	—

◆ Summary & Actions

◇ High-Performance Fibers

Para-aramid fibers:

- Sales were steady for use in fiber optic cables and for automotive applications, while demand for use in ballistic protection products and protective clothing remained lackluster
- Pricing competition intensified
- We promoted rationalization at our production facility in the Netherlands

Meta-aramid fibers:

- Demand for industrial and other applications was firm; sales for use in filters faced mounting competition

Polyester fibers for industrial applications:

- Sales were favorable for automotive applications and for use in personal hygiene products and bedding

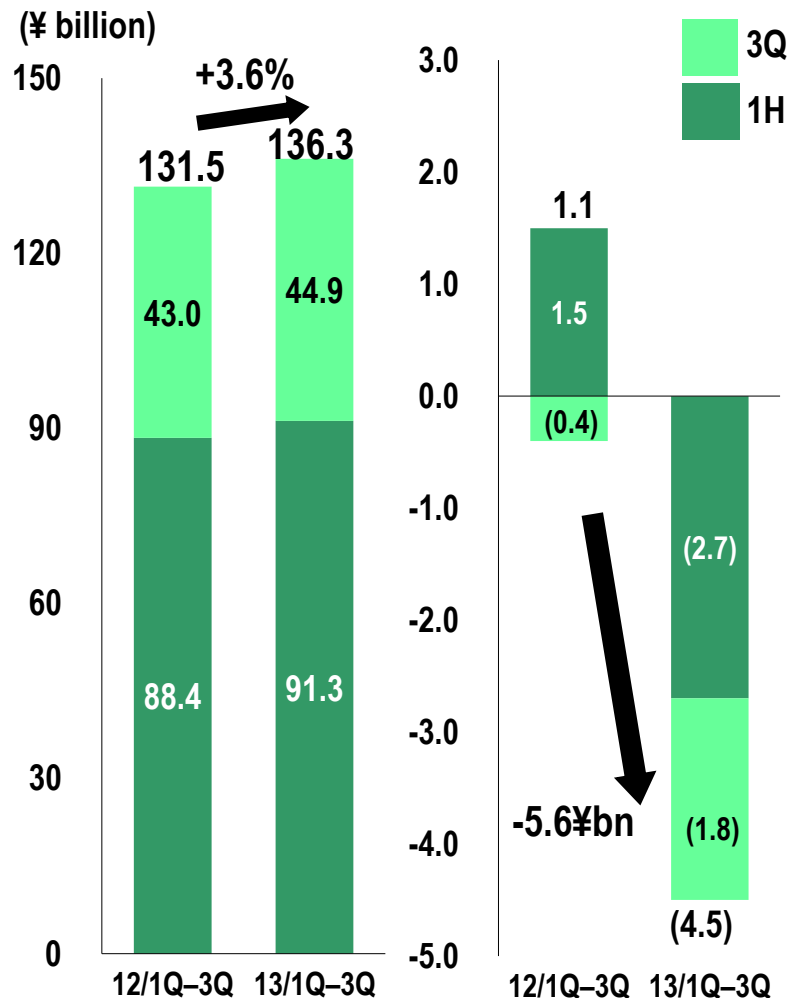
◇ Carbon Fibers and Composites

- Demand for use in aircraft and pressure vessels remained firm
- Demand for sports- and leisure-related applications showed signs of recovering, but partially peaked out
- Production efficiency improved thanks to the suspension of operations on two lines at our plant in the United States

② Electronics Materials and Performance Polymer Products

Sales

Operating income



(¥ billion)	12/1Q-3Q	13/1Q-3Q	Difference	Change
Sales	131.5	136.3	+4.8	+3.6%
Operating income (loss)	1.1	(4.5)	-5.6	—

◆ Summary & Actions

◇ Resin and Plastics Processing

Polycarbonate resin:

- With the supply-demand situation soft, we sought to preserve our market share through flexible pricing
- While demand for use in office equipment was firm, that for use in digital cameras flagged
- We suspended production on one line at our plant in Singapore

Specialty polycarbonate resin and processed plastics products:

- Sales of specialty polycarbonate resin were favorable for use in camera lenses, as were sales of polycarbonate sheet

◇ Films

PET film (Japan):

- Sales for use in LCD televisions were hampered by customer inventory adjustments and increased pricing pressure
- Sales of high-performance release films were brisk
- As part of our program of business restructuring initiatives, we suspended PET film production at our domestic joint venture's Ibaraki Factory

PEN film (Japan): Sales for use in data backup tapes continued to slump

PET film (overseas): Results were steady in the PRC and Europe, but demand in the United States flagged

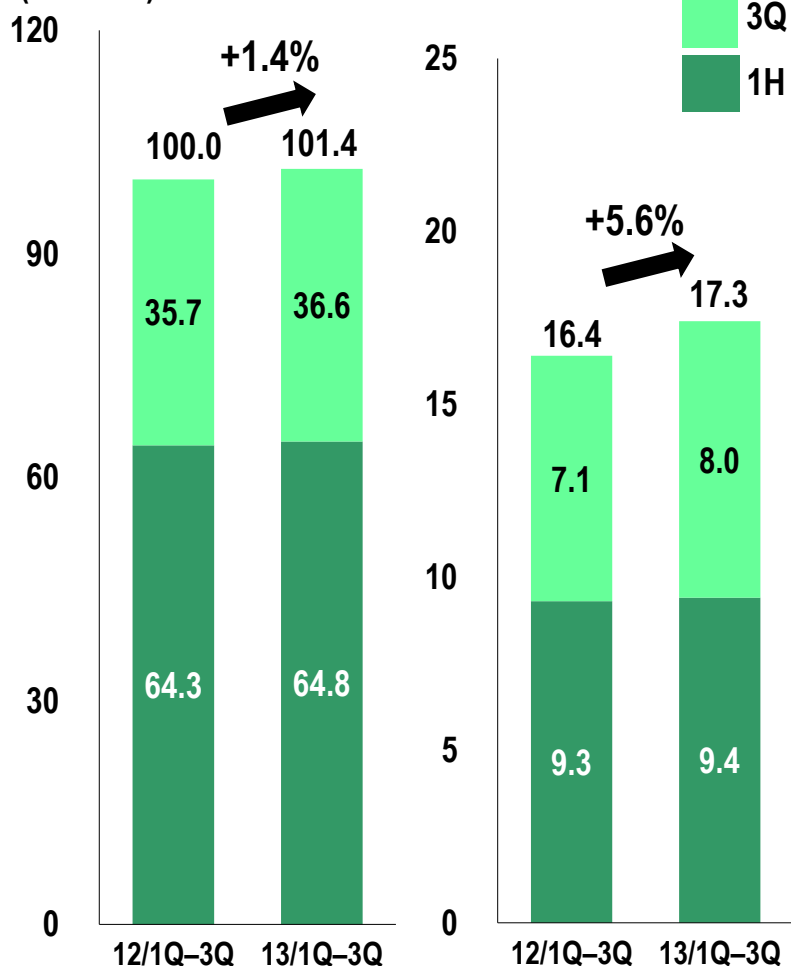
③ Healthcare

Sales

Operating income

(¥ billion)	12/1Q-3Q	13/1Q-3Q	Difference	Change
Sales	100.0	101.4	+1.4	+1.4%
Operating income	16.4	17.3	+0.9	+5.6%

(¥ billion)



◆ Summary & Actions

◇ Pharmaceuticals

- **Febuxostat** (treatment for hyperuricemia and gout)
Sales expanded favorably in Japan, capturing the top share of the domestic market for such treatments; overseas, efforts focused on increasing the number of countries and territories in which the drug is sold (currently 34)
- **Bonalon®*** (treatment for osteoporosis)
Although the operating environment remained harsh, owing to increasingly intense competition, sales showed signs of improving, thanks to efforts to expand sales of new formulations

◇ Home Healthcare

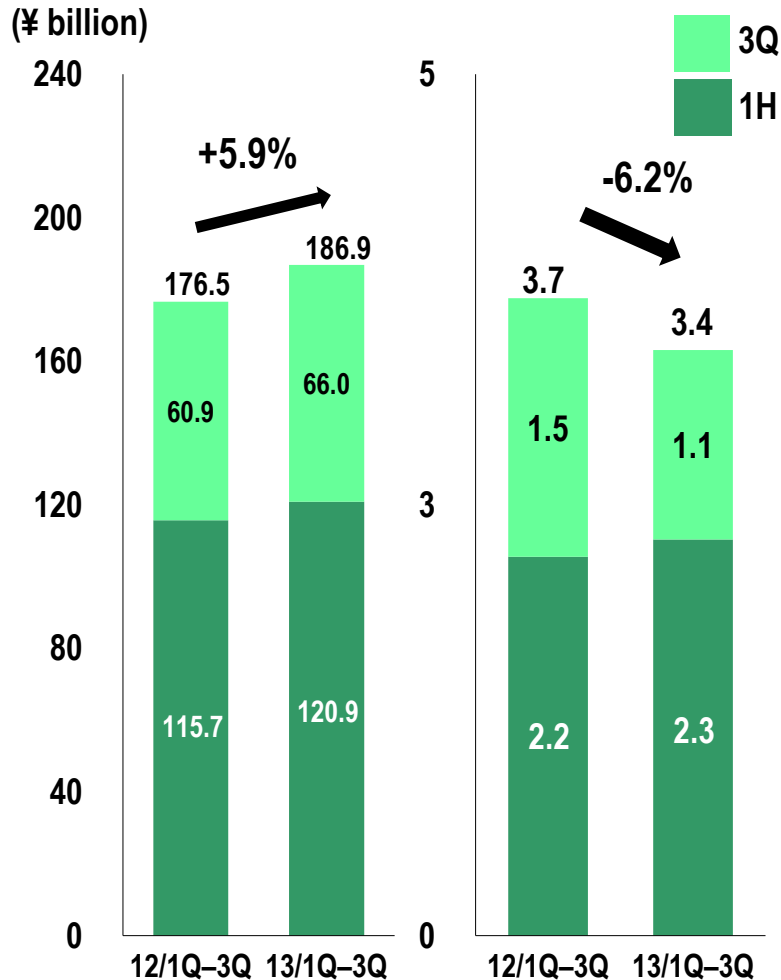
- **HOT**: Rental volume remained high, thanks to the release of new models
- **CPAP**: Rental volume rose steadily, augmented by the launch of *NemLink*, a monitoring system that uses mobile phone networks
- Operating conditions remained harsh in the United States; efforts to integrate sales bases and reduce headcount proceeded apace

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

④ Trading and Retail

Sales

Operating income



(¥ billion)	12/1Q-3Q	13/1Q-3Q	Difference	Change
Sales	176.5	186.9	+10.4	+5.9%
Operating income	3.7	3.4	-0.2	-6.2%

◆ Summary & Actions

Fiber materials and apparel:

- Exports of textiles for use in fashion apparel and sportswear were robust to Europe and North America
- We stepped up marketing of state-of-the-art high-performance materials for sportswear

Textiles and apparel:

- Our mainstay overseas OEM business reported favorable sales, but struggled as yen depreciation pushed up costs, squeezing profitability

Industrial textiles and materials:

- Demand for automotive applications remained healthy
- Sales of general-purpose materials for agricultural, fisheries and civil engineering-related applications were robust, as were sales of nonwoven fabrics
- Shipments of interior materials and films and plastics slackened, a consequence of sluggish market conditions

FY13 Outlook

(1) Assessment of the operating environment

Global economic conditions: While the pace of recovery has strengthened somewhat, led by developed economies, structural weaknesses linger in emerging economies

GDP Growth Forecasts

Source: International Monetary Fund (January 2014)

(%)	2011	2012	2013		2014 Projections
			Actual	Difference from projections as of October 2013	
World average	3.9	3.1	3.0	+0.1	3.7
Advanced economies	1.7	1.4	1.3	+0.1	2.2
Emerging markets and developing economies	6.2	4.9	4.7	+0.2	5.1

Trends in key customer industries

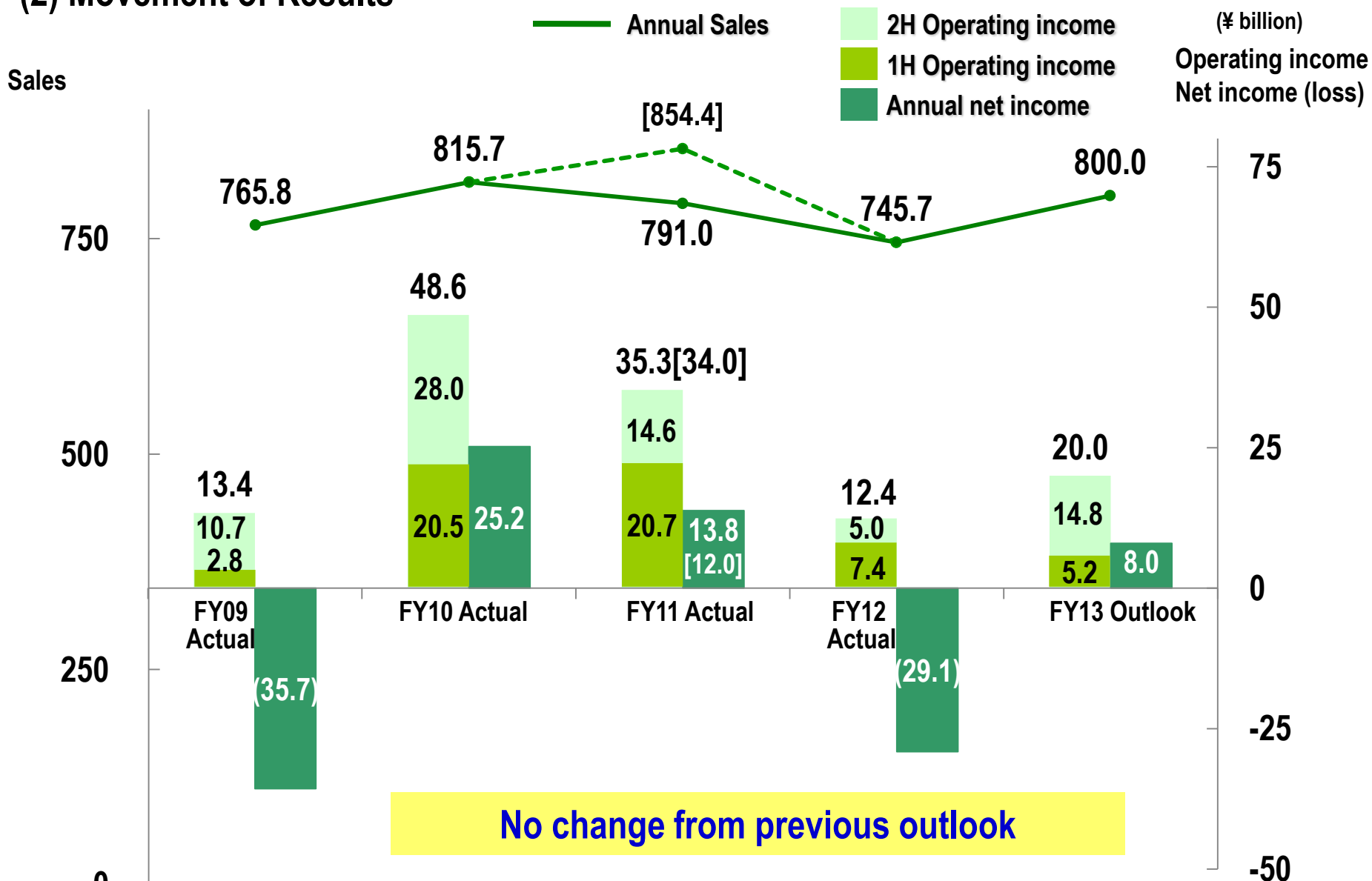
Automobile

- The PRC and the United States are the major forces behind the global market; shipments of new vehicles are expected to reach a record high
- Demand in Europe and Southeast Asia remains stagnant

Electronics

- Structurally, the industry has become increasingly dependent on smartphones and tablet computers
↔ Negative growth is forecast for the personal computer market
- The market for flat-screen televisions is maturing. Accordingly, negative growth is projected for advanced economies. While demand is likely to increase in emerging economies and Asia, sales prices are likely to continue plummeting

(2) Movement of Results



No change from previous outlook

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

(3) Summary of Outlook for FY13

*2 Announced on November 1, 2013

	FY12	FY13 Outlook	Difference	
			Amount	%
Net sales	745.7	800.0	+54.3	+7.3%
Operating income	12.4	20.0	+7.6	+61.8%
Operating margin	1.7%	2.5%	—	+0.8%
Ordinary income	9.8	21.0	+11.2	+114.6%
Net income (loss)	(29.1)	8.0	+37.1	—

FY13 Previous Outlook*2	Difference (Amount)
800.0	—
20.0	—
2.5%	—
18.0	+3.0
8.0	—

CAPEX *1	36.3	38.0	+1.7	+4.8%
Depreciation & amortization	46.9	45.0	-1.9	-4.0%
R&D expenses	33.2	34.0	+0.8	+2.5%
FCF	26.4	0.0	-26.4	-100.0%

38.0	—
45.0	—
34.0	—
0.0	—

*1 CAPEX includes investments in intangible assets

◆ Forecast for Fiscal 2013(Yen/share)

Interim	2.0
Year-end	2.0
Annual dividends	4.0

◆ Exchange rate and Crude Oil Price Forecast for FY13

	FY13 Previous Outlook*2	FY13 Current Outlook
JPY per USD	99	100
JPY per EUR	130	133
Dubai crude oil price	US\$104/barrel	US\$104/barrel

◆ Changes in Net Sales and Operating Income for FY12–FY13

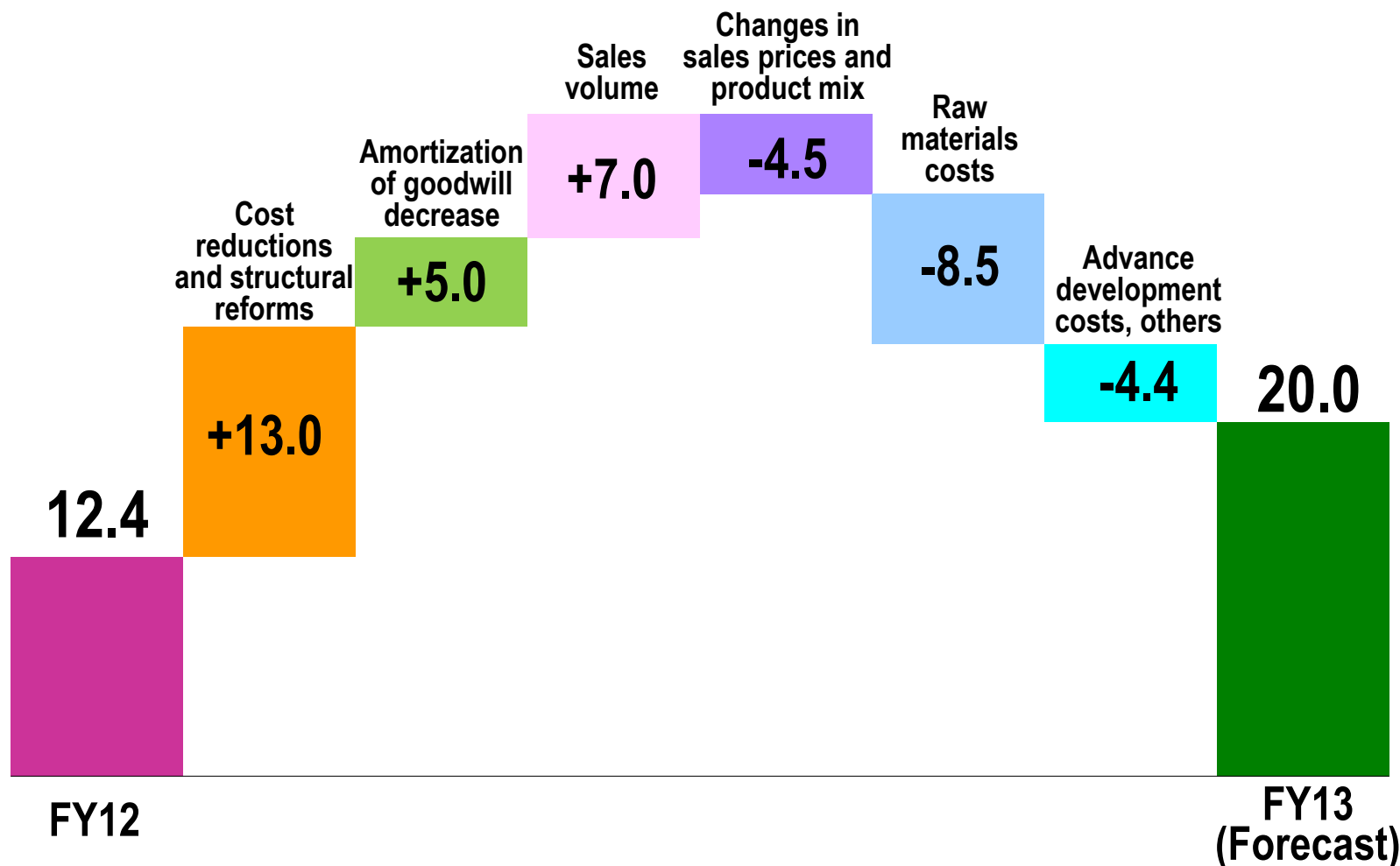
No change from previous outlook

		FY12 Results			FY13 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	52.8	58.4	111.2	58.4	71.6	130.0	+18.8
	Electronics Materials and Performance Polymer Products	88.4	87.1	175.5	91.3	88.7	180.0	+4.5
	Healthcare	64.3	74.0	138.3	64.8	80.2	145.0	+6.7
	Trading and Retail	115.7	121.5	237.2	120.9	134.1	255.0	+17.8
	Total	321.1	341.1	662.2	335.5	374.5	710.0	+47.8
	Others	37.1	46.4	83.5	46.3	43.7	90.0	+6.5
Total		358.3	387.5	745.7	381.8	418.2	800.0	+54.3
Operating income (loss)	Advanced Fibers and Composites	0.3	(5.0)	(4.7)	2.4	3.1	5.5	+10.2
	Electronics Materials and Performance Polymer Products	1.5	(3.4)	(1.9)	(2.7)	(2.3)	(5.0)	-3.1
	Healthcare	9.3	15.5	24.8	9.4	15.6	25.0	+0.2
	Trading and Retail	2.2	2.6	4.7	2.3	3.2	5.5	+0.8
	Total	13.2	9.7	22.9	11.4	19.6	31.0	+8.1
	Others	0.6	3.7	4.2	(0.3)	2.8	2.5	-1.7
	Elimination and Corporate	(6.4)	(8.4)	(14.8)	(5.9)	(7.6)	(13.5)	+1.3
Total		7.4	5.0	12.4	5.2	14.8	20.0	+7.6

(4) Analysis of Changes in Operating Income Forecast

◆ Comparison with FY12

(¥ billion)



(5) Initiatives aimed at restoring profitability**1. Promote structural reforms in businesses**

		Projected impact (¥ billion)		Schedule for completion
		Impact in FY13	Full impact	
Aramid fibers	Reduce headcount and increase productivity in the Netherlands	1.5	3.0	Completed
Carbon fibers and composites	Suspend production on certain lines in the United States and reduce headcount	0.4	1.0	Completed
Resin and plastics processing	Suspend production on certain lines in Singapore	0.7	1.5	Completed
Films	Suspend production on certain lines in Japan	0.7	2.0	Completed
Polyester raw materials and polymerization	Discontinue production of paraxylene	—	1.3	March 2014
Home healthcare	U.S. home healthcare business: Integrate and streamline U.S. service network; reduce headcount	1.5	2.5	Completed
Groupwide	Head office structural reforms	1.5	3.0	By 2015
Total projected impact of structural reforms		6.3	14.3	

Going forward, we will implement additional measures if our income forecasts indicate more must be done

2. Factors behind operating income forecast for the fourth quarter of fiscal 2013

(¥ billion)	3Q	4Q	Difference	Factors contributing to increase/decrease in operating income
High-Performance Fibers	0.9	2.2	+1.3	• Absence of seasonal factors (year-end holidays) (aramid fibers)
Carbon Fibers and Composites				• Higher sales for aircraft applications and for use in pressure vessels; others
Resin and Plastics Processing	(1.8)	(0.5)	+1.3	• Expanded marketing of processed films and the start of operations at our new Thai sales base
Films				• Efforts to reduce costs (including the suspension of PET film production at joint venture's Ibaraki factory)
Healthcare	8.0	7.7	-0.3	<ul style="list-style-type: none"> • Increased sales of febuxostat in Japan and overseas • Reluctance to purchase pharmaceuticals in advance of the next revision of drug reimbursement prices (Japan) • Increased investment in R&D (seasonal factor)
Trading and Retail	1.1	2.1	+1.0	• High season for sales of spring and summer apparel
Others	(0.5)	3.4	+3.9	• Impact of seasonal factors on results (IT and engineering)
Elimination and Corporate	(3.1)	(4.5)	-1.3	• Expenditures for advertising, delay in timing of other expenses, others
Total	4.5	10.3	+5.8	

(6) Financial Highlights

	FY09 Actual	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Outlook
ROA *1	1.6%	6.1%	4.5%	1.6%	2.6%
ROE *2	-12.4%	9.1%	4.2%	-10.3%	3.2%
Operating margin	1.8%	6.0%	4.0%	1.7%	2.5%
D/E ratio	1.18	0.94	0.89	1.00	1.0
Shareholders' equity ratio	33.0%	37.3%	38.3%	35.6%	35%
Earnings per share (¥)	(36.3)	25.6	12.2	(29.6)	8.1
Dividends per share (¥)	2.0	5.0	6.0	4.0	4.0
Total assets (¥ billion)	823.1	761.5	762.1	762.4	765.0
Interest-bearing debt (¥ billion)	320.3	267.4	261.0	270.8	265.0
EBITDA (¥ billion)*3	75.3	105.0	86.3	59.2	65.0

*1 ROA = Operating income/Total assets

*2 ROE = Net income/Shareholders' equity

*3 EBITDA = Operating income + Depreciation & amortization

Disclaimer Regarding Forward-Looking Statements and Business Risks

Disclaimer

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.

Business Risks

The Teijin Group recognizes certain risks as having the potential to affect its operating results and/or financial position. As of the date of this document, these risks included, but were not limited to, the risks listed below.

(1) Market-related risk

The Teijin Group manufactures and sells products, the sales of which may be affected by market conditions, competition with other companies and price fluctuations arising thereof, as well as fluctuations in raw materials prices and fuel costs, and such market factors as fluctuations in foreign exchange and interest rates.

(2) Product quality risk

Teijin's pharmaceuticals and home health care businesses manufacture and sell products that may affect the lives of users. Accordingly, quality issues relating to such products have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

(3) R&D-related risk in the pharmaceuticals business

R&D in the pharmaceuticals business is characterized by significant investments of funds and time. Pharmaceuticals discovery research has a high incidence of failure to discover promising drugs. There are also risks that plans to apply for regulatory approval may be abandoned or that approval may be rescinded.

(4) Risks related to overseas operations

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

(5) Risks related to accidents and disasters

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

◆ Consolidated Balance Sheets

(¥ billion)	Mar. 31, 2012	June 30, 2012	Sept. 30, 2012	Dec. 31, 2012	Mar. 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013
Total assets	762.1	739.7	731.8	780.0	762.4	783.8	766.8	791.0
Current assets	361.8	352.1	350.7	373.4	372.3	372.5	366.2	385.6
Non-current assets	400.3	387.7	381.0	406.6	390.1	411.4	400.6	405.4
Total liabilities and net assets	762.1	739.7	731.8	780.0	762.4	783.8	766.8	791.0
Liabilities	449.9	440.2	433.0	465.4	470.3	488.9	471.3	489.3
[Interest-bearing debt]	261.0	254.7	252.3	274.9	270.8	287.7	292.3	296.9
Net assets	312.2	299.5	298.8	314.5	292.1	294.9	295.5	301.7

Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Third Quarter of FY13).

◆ Consolidated Statements of Income

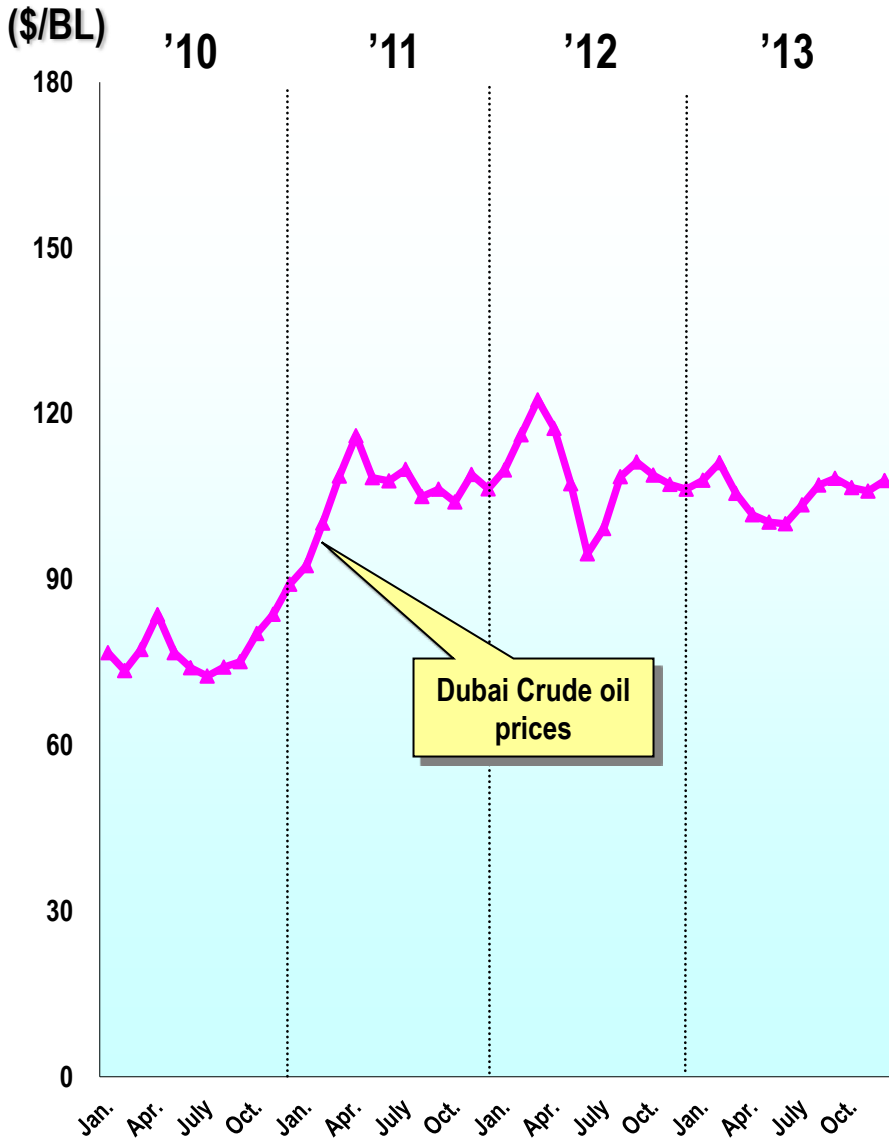
	FY12				FY13		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(¥ billion)							
Net Sales	174.3	183.9	184.8	202.6	183.5	198.3	196.4
Cost of sales	127.5	135.7	138.2	153.8	137.9	151.3	148.2
Gross profit	46.8	48.3	46.6	48.8	45.6	47.0	48.3
SG & A	43.9	43.9	43.8	46.6	43.8	43.6	43.8
Operating income	3.0	4.4	2.8	2.2	1.8	3.4	4.5
Non-operating items (net)	(0.8)	(1.7)	0.8	(0.9)	(0.3)	(0.8)	4.1
[Balance of financial expenses]	(0.3)	(0.7)	(0.5)	(0.5)	(0.3)	(0.7)	(0.4)
[Equity in earnings (losses) of affiliates]	0.4	0.1	0.1	(0.0)	(0.1)	0.4	3.4
Ordinary income	2.2	2.7	3.6	1.3	1.6	2.5	8.6
Extraordinary items (net)	(2.5)	1.6	(0.8)	(30.3)	(0.3)	5.3	(6.6)
Income (loss) before income taxes	(0.3)	4.3	2.8	(29.0)	1.3	7.8	2.0
Income taxes	1.6	3.0	0.9	0.6	1.1	3.9	3.1
Minority interests (net)	(0.2)	0.2	0.5	0.4	0.0	(0.4)	(1.6)
Net income (loss)	(1.6)	1.0	1.5	(30.0)	0.2	4.3	0.4

Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Third Quarter of FY13).

◆ Changes in Net Sales and Operating Income for FY12-FY13

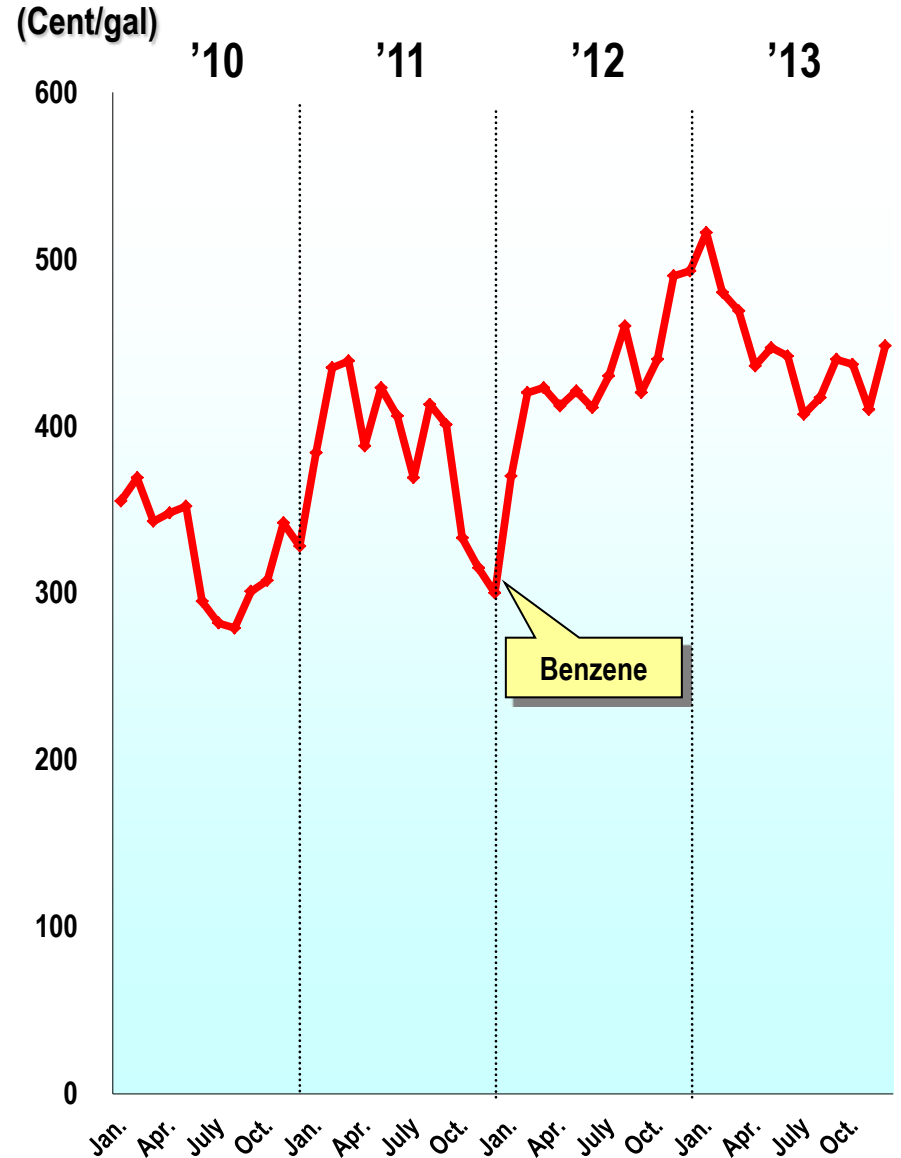
		FY12				FY13		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q
(¥ billion)								
Sales	Advanced Fibers and Composites	26.1	26.6	25.2	33.2	28.2	30.2	30.4
	Electronics Materials and Performance Polymer Products	43.7	44.7	43.0	44.1	44.3	47.0	44.9
	Healthcare	31.2	33.1	35.7	38.3	31.5	33.3	36.6
	Trading and Retail	54.9	60.8	60.9	60.7	57.1	63.8	66.0
	Total	156.0	165.2	164.8	176.2	161.1	174.4	177.9
	Others	18.4	18.7	20.0	26.4	22.4	23.9	18.6
	Total	174.3	183.9	184.8	202.6	183.5	198.3	196.4
Operating income (loss)	Advanced Fibers and Composites	(0.3)	0.6	(2.0)	(3.0)	0.2	2.2	0.9
	Electronics Materials and Performance Polymer Products	1.6	(0.1)	(0.4)	(3.0)	(0.2)	(2.4)	(1.8)
	Healthcare	3.8	5.5	7.1	8.4	4.6	4.8	8.0
	Trading and Retail	0.7	1.4	1.5	1.0	0.6	1.8	1.1
	Total	5.8	7.4	6.2	3.5	5.2	6.3	8.2
	Others	0.4	0.2	0.8	2.9	(0.0)	(0.3)	(0.5)
	Elimination and Corporate	(3.2)	(3.2)	(4.3)	(4.1)	(3.3)	(2.6)	(3.1)
Total	3.0	4.4	2.8	2.2	1.8	3.4	4.5	

◆ Dubai Crude Oil Prices



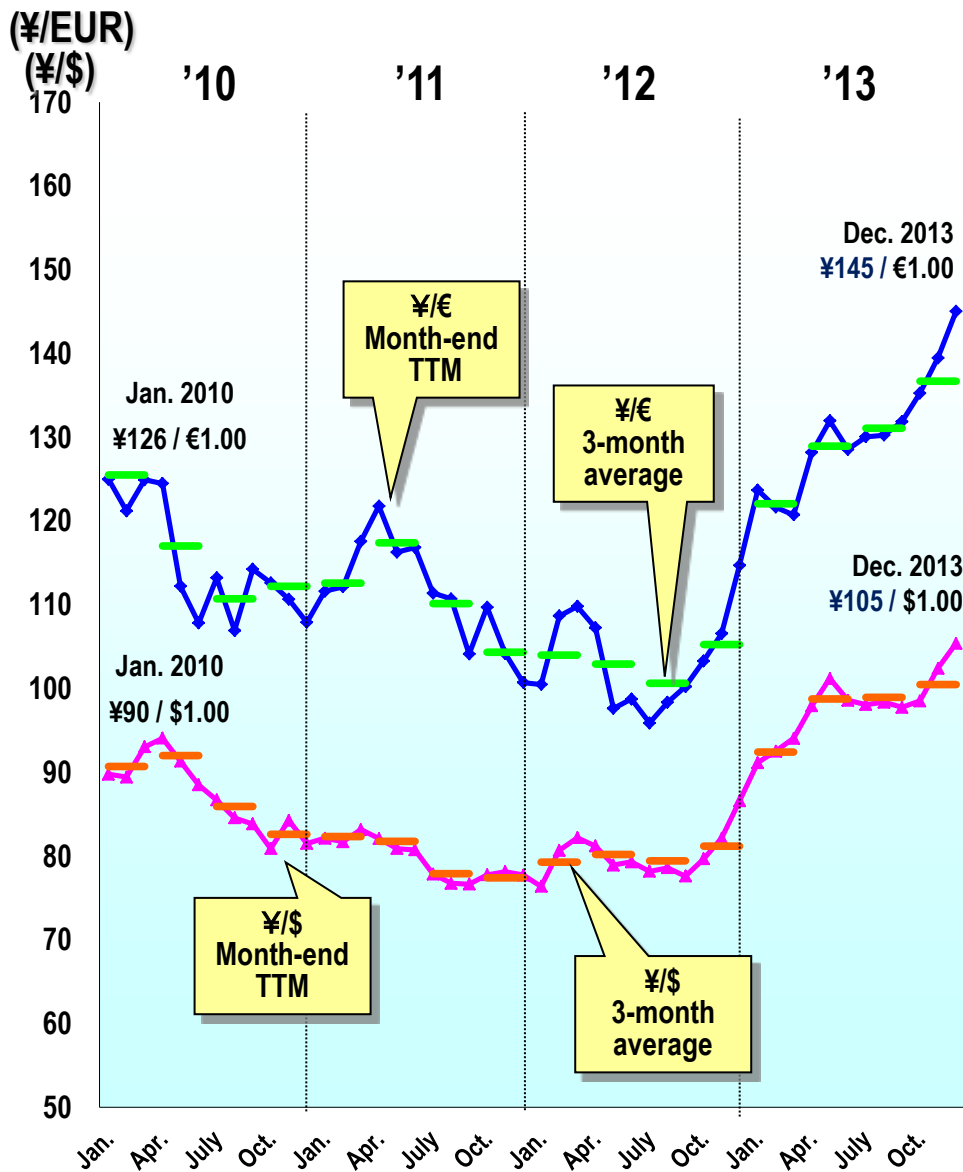
【Source: Teijin estimates based on data published by Platt's】

◆ Benzene Prices

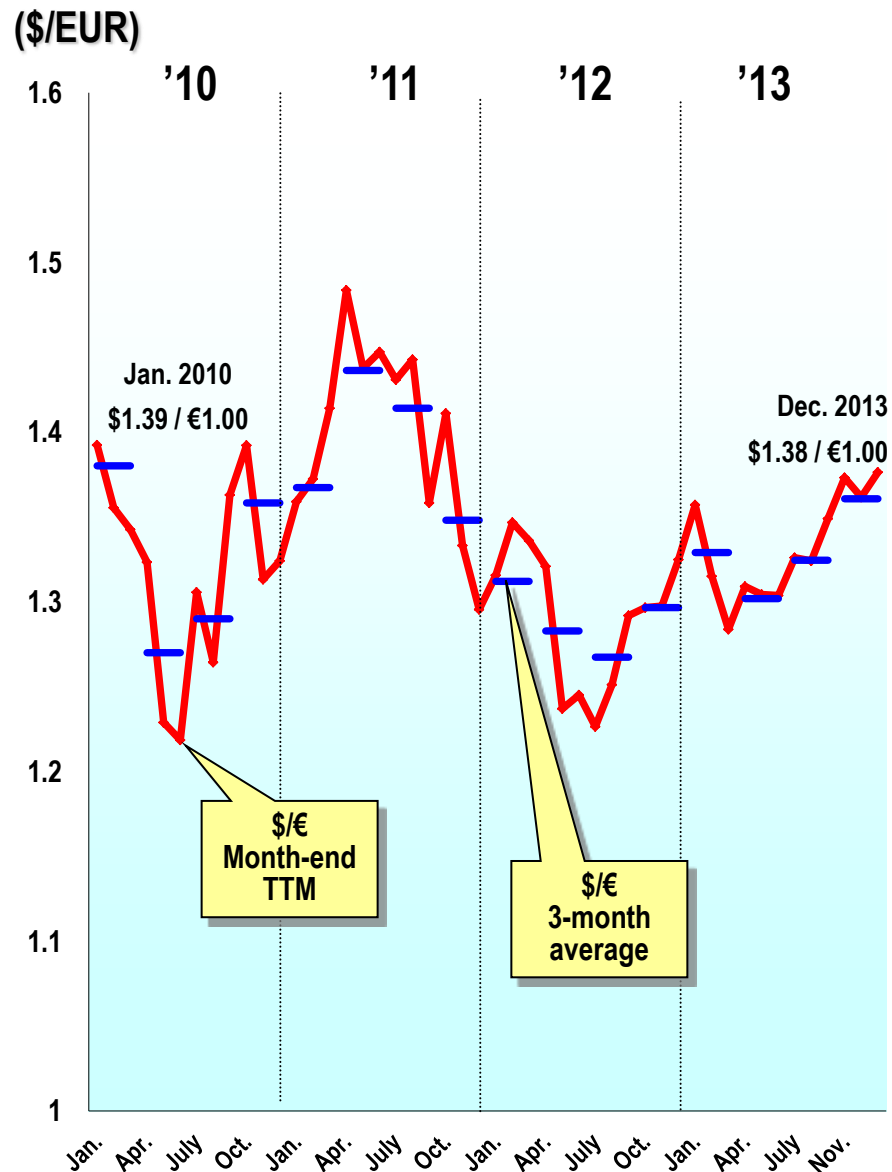


【Source: Teijin estimates based on data published by Dewitt】

◆ Yen/Dollar, Yen/Euro Exchange Rates

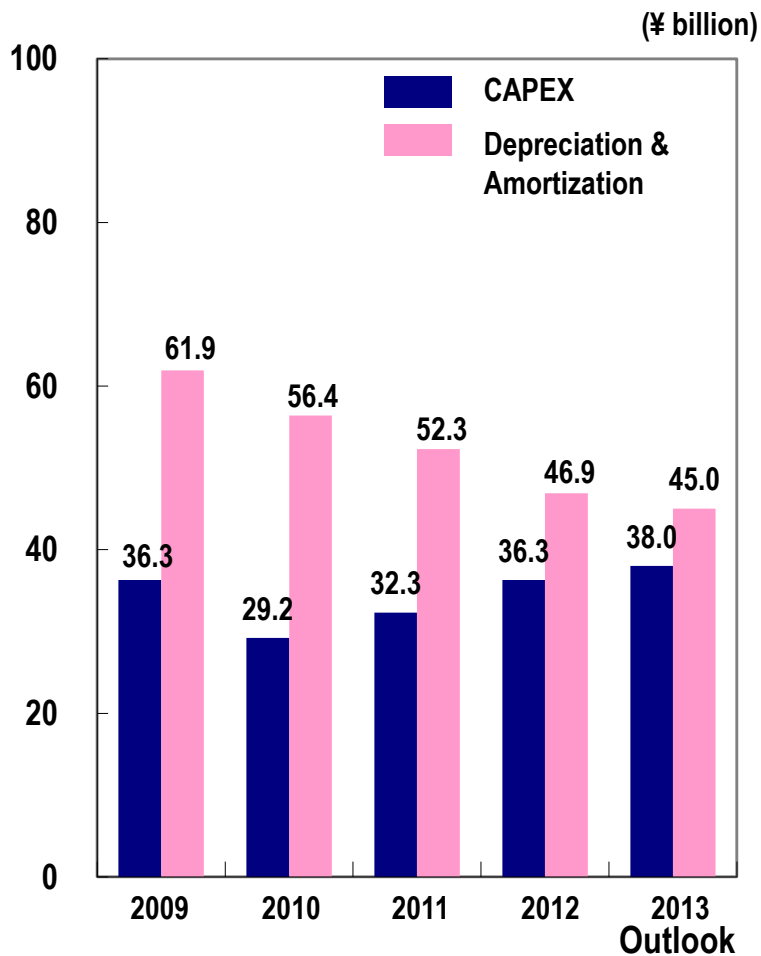


◆ Dollar/Euro Exchange Rates

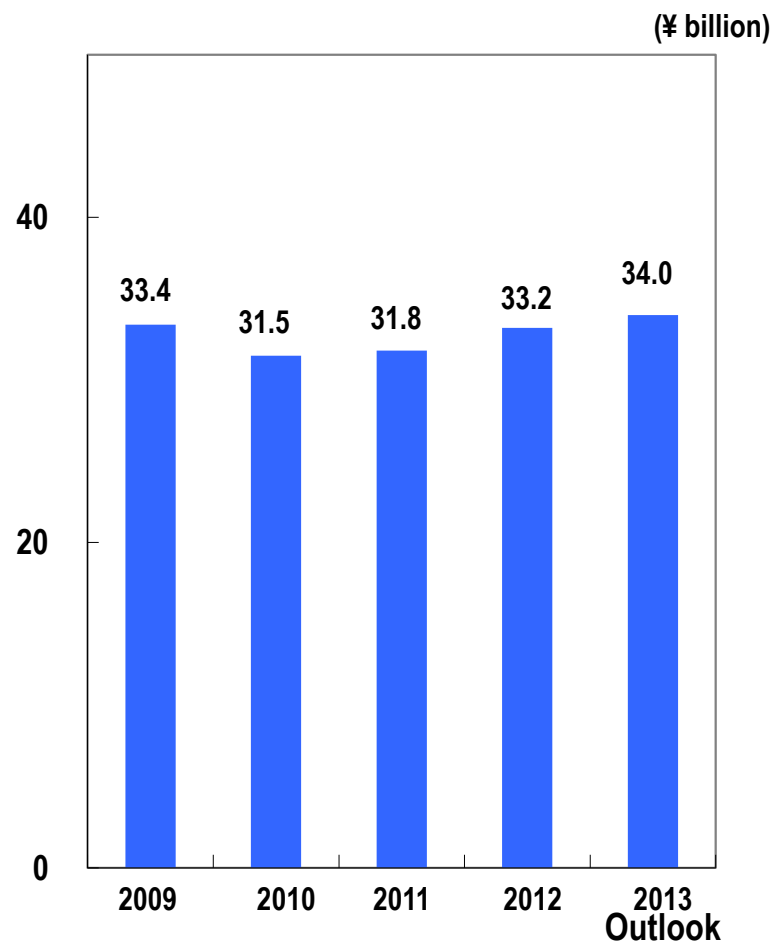


◆ CAPEX, Depreciation & Amortization, and R&D Expenses

CAPEX/Depreciation & Amortization



R&D Expenses



◆ Sales of Principal Pharmaceuticals

(¥ billion)

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

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

Note: Drugs shown are those with annual sales in excess of ¥1.0 billion

◆ Development status by therapeutic area

(As of December 31, 2013)

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

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

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

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

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

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

◆ Status of new products

(As of December 31, 2013)

Brand name (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
Somatuline[®] Subcutaneous Injection (lanreotide acetate)	Acromegaly Pituitary Gigantism	Suppresses the excessive secretion of growth hormones associated with acromegaly; pharmaceutical formulation facilitates sustained release and extended pharmaceutical action, while prefilled syringe format makes it more convenient than existing acromegaly drugs and thus more conducive to patient compliance.	Injection	Licensed in from Ipsen Pharma SAS (France) Commenced sales in Japan on January 17, 2013
Bonalon[®] Jelly 35 mg (alendronate sodium hydrate)	Osteoporosis	Oral jelly formulation of <i>Bonalon</i> (alendronate sodium hydrate), currently sold as an osteoporosis drug; intended as the world's first jelly-form osteoporosis treatment; offers promise as an alternative for osteoporosis patients who dislike taking pills because it is easy to swallow and moderately firm, so holds shape; also promising because it is easily managed by elderly individuals.	Oral jelly	Licensed in from Merck & Co., Inc. (USA) Commenced sales in Japan on March 12, 2013

Notes: *Bonalon[®]* is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, USA.
Somatuline[®] is the registered trademark of Ipsen Pharma, Paris, France.

◆ Newly developed pharmaceutical candidates

【Phase III】

(As of December 31, 2013)

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-67TSL (febuxostat)	Tumor lysis syndrome	A highly potent drug that selectively inhibits xanthine oxidase. Offers promise as a once-daily treatment option that prevents hyperuricemia in patients with malignant tumors who have undergone chemotherapy.	Oral	Developed in-house (New indication)
TMX-67 (febuxostat)	Hyperuricemia and gout	Trials to facilitate the licensing out of febuxostat (tablet-form treatment for hyperuricemia and gout currently sold in Japan and elsewhere) for sale in the PRC. A highly potent drug that selectively inhibits xanthine oxidase and is also safe for patients with impaired renal function who may be unable to tolerate existing treatments. Offers promise as a new treatment option that will improve the quality of life of hyperuricemia and gout sufferers in the PRC.	Oral	Under joint development with Astellas Pharma China, Inc.

【Phase II】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-014N (lanreotide acetate)	Neuroendocrine tumors	Promising for the treatment of neuroendocrine tumors; inhibits cell proliferation and improves associated symptoms by interacting with somatostatin receptors to induce apoptosis (direct mechanism) and by blocking the release of neurotrophic factors (indirect mechanism).	Injection	Licensed in from Ipsen Pharma SAS (France) (New indication)
ITM-058	Osteoporosis	Promising for the treatment of osteoporosis due to potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of fracture. Superior to existing PTH derived drugs in its ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma SAS (France)
KTP-001	Treatment for lumbar disc herniation	For use in chemonucleolysis for herniated lumbar discs; because it is a recombinant human protease—identical in structure to matrix metalloprotease, which promotes the spontaneous regression of herniated discs—this drug minimizes the risk of allergic reaction and facilitates the selective treatment of affected discs, thus reducing damage to surrounding tissue and enhancing the viability of this procedure as a minimally invasive alternative to surgery and expanding the treatment options available to patients.	Injection	Engineered by Professor Hirotaka Haro and Dr. Hiromichi Komori; under joint development with Kaketsuken

【Phase I】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
NA872ET (ambroxol hydrochloride)	Expectorant	Small, sustained-release tablet-form version of <i>Mucosolvan</i> (ambroxol hydrochloride) that is smaller than <i>Mucosolvan</i> L Capsule and thus easier to take. This version is promising because it allows easier apportioning of single doses.	Oral	Licensed in from Boehringer Ingelheim GmbH (Germany)
TMG-123	Type 2 diabetes	Uses a novel mechanism (activation of glucokinase (GK) expressed predominantly in the liver) to control blood glucose levels; holds promise for use by patients with impaired glucose homeostasis. Also expected to offer greater convenience (administered once daily, does not require adjustment of dose for patients with renal insufficiency and minimal risk of drug interaction).	Tablet	
PTR-36	Bronchial asthma	Uses a novel mechanism (CRTh2 receptor antagonism) to control symptoms of asthma, facilitating effective long-term management of the disease; offers promise for use alone, delivering therapeutic value comparable to that of steroids, for patients with mild asthma; also offers promise for use in tandem with steroid inhalants, delivering sufficient therapeutic value for patients with mild to severe asthma.	Tablet	Licensed in from Pulmagen Therapeutics (Asthma) Limited

TEIJIN

Human Chemistry, Human Solutions

Human Chemistry, Human Solutions

The promise of the Teijin brand is summed up in the resonant statement: "Human Chemistry, Human Solutions".

Our promise is to continue to develop chemical technologies that are friendly to both people and the global environment. It is to keep providing solutions that deliver the real value that society and our customers expect.

We will certainly keep this promise. Constantly working to enhance the Quality of Life –our very reason for being as a company– the Teijin Group will continue to win the trust of society and our customers.