
Flash Report
-2Q Results and FY14 Outlook-

Teijin Limited
November 5, 2014

Outline of FY14 2Q Results

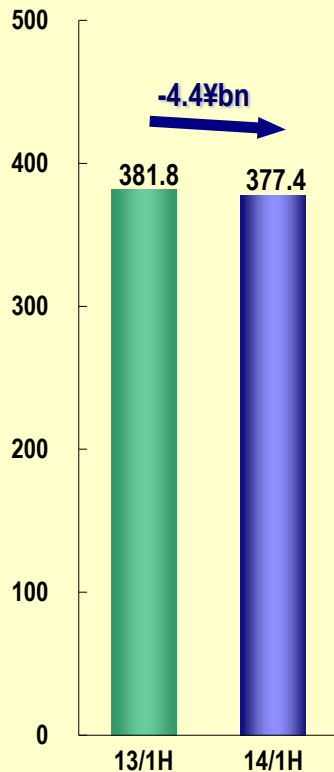
(1) Consolidated Results Highlights

(¥ billion)

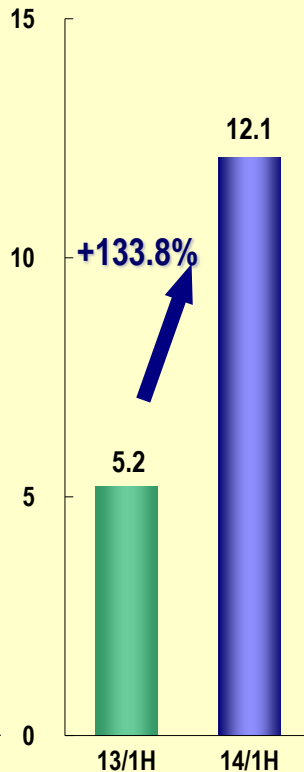
Operating Movement

(Compared with FY13 1H)

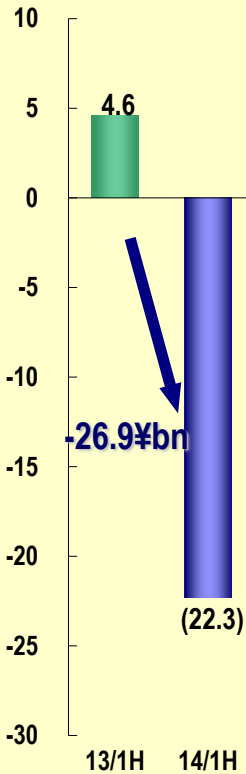
Net sales



Operating income



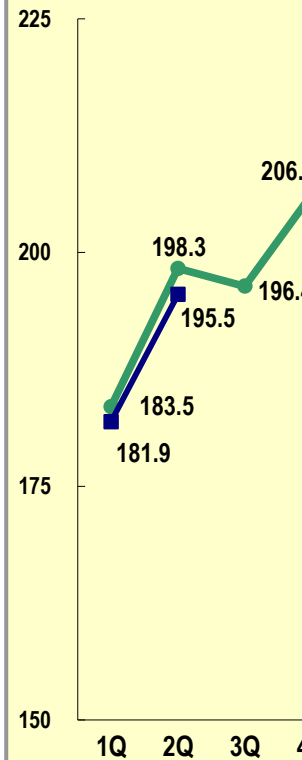
Net income (loss)



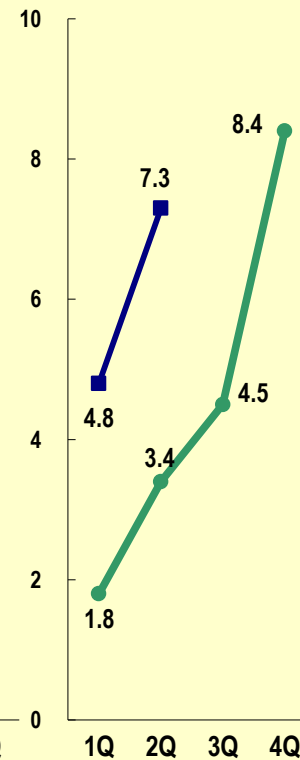
Quarterly Movement(1Q '13 –2Q '14)

● FY13 ■ FY14

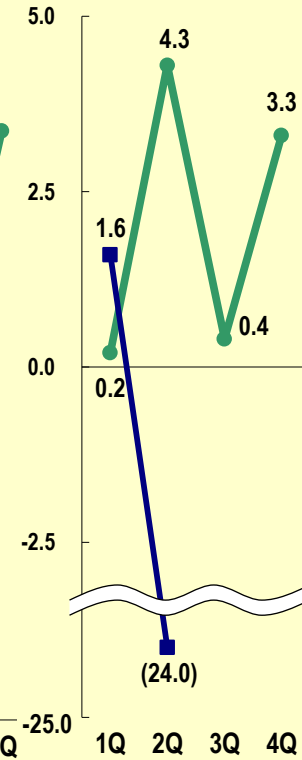
Net sales



Operating income



Net income (loss)



◆ Operating results

(¥ billion)	FY13 1H	FY14 1H	Difference
Net sales	381.8	377.4	-4.4
Operating income	5.2	12.1	+6.9
OP margin	1.4%	3.2%	+1.9%
Nonoperating items (net)	(1.1)	1.9	+3.0
Ordinary income	4.1	14.0	+9.9
Extraordinary items (net)	5.0	(42.0)	-47.1
Income (loss) before income taxes	9.1	(28.0)	-37.1
Income taxes	5.0	(3.3)	-8.3
Minority interests in income (loss)	(0.4)	(2.3)	-1.9
Net income (loss)	4.6	(22.3)	-26.9
EPS (¥)	4.65	(22.74)	-27.39

EBITDA *1	27.8	34.4	+6.6
CAPEX *2	14.2	13.3	-0.9
Depreciation & amortization	22.6	22.3	-0.3
R&D expenses	15.9	15.4	-0.5
FCF	(27.3)	(15.5)	+11.8

- Net sales: Level, reflecting
 - Positive impact of sales increases in both materials and solutions businesses
 - Negative impact of the discontinuation of in-house production and sales of paraxylene
- Operating income: Up, owing to
 - Income increases, particularly in the Advanced Fibers and Composites and Healthcare segments
- Ordinary income: Up, thanks to
 - Increase in equity in earnings of affiliates, foreign exchange gains
- Income before income taxes, net loss
 - Reflected extraordinary losses of ¥42.2 billion arising from restructuring initiatives

◇ PL exchange rate

	FY13 1H	FY14 1H
¥/US\$	99	103
¥/€	130	139
US\$/€	1.32	1.35

*1 EBITDA = Operating income + Depreciation & amortization

*2 CAPEX includes investments in intangible assets

◆ Extraordinary items

(¥ billion)	FY13 1H	FY14 1H	Difference
Gain on sales of noncurrent assets	0.2	0.1	-0.1
Gain on sales of investment securities	8.2	0.1	-8.1
Reversal of impairment losses	—	0.1	+0.1
Others	0.4	0.0	-0.4
Extraordinary income, total	8.8	0.2	-8.6
Loss on sales and retirement of noncurrent assets	0.5	0.4	-0.1
Impairment loss	2.5	30.5	+28.0
Business structure improvement expenses	0.0	11.1	+11.1
Others	0.7	0.2	-0.5
Extraordinary losses, total	3.7	42.2	+38.5
Extraordinary items, total	5.0	(42.0)	-47.1

With the aim of attaining the targets for fiscal 2016 set forth in our revised medium-term management plan, we will implement decisive restructuring initiatives designed to improve the health of loss-making businesses and rebuild our operating foundation to support future growth and evolution.

■ Impairment loss: ¥30.5 billion

- Electronics Materials and Performance Polymer Products ¥19.3 billion
- Healthcare 4.2 billion
- Raw materials and polymerization, power supply equipment/facilities 4.0 billion
- Advanced Fibers and Composites 2.2 billion
- Others 0.8 billion

■ Business structure improvement expenses: ¥11.1 billion

- Electronics Materials and Performance Polymer Products ¥ 9.7 billion
- Raw materials and polymerization 1.1 billion
- Others 0.3 billion

■ Projected impact of restructuring initiatives (improvement from fiscal 2014)

(¥ billion)

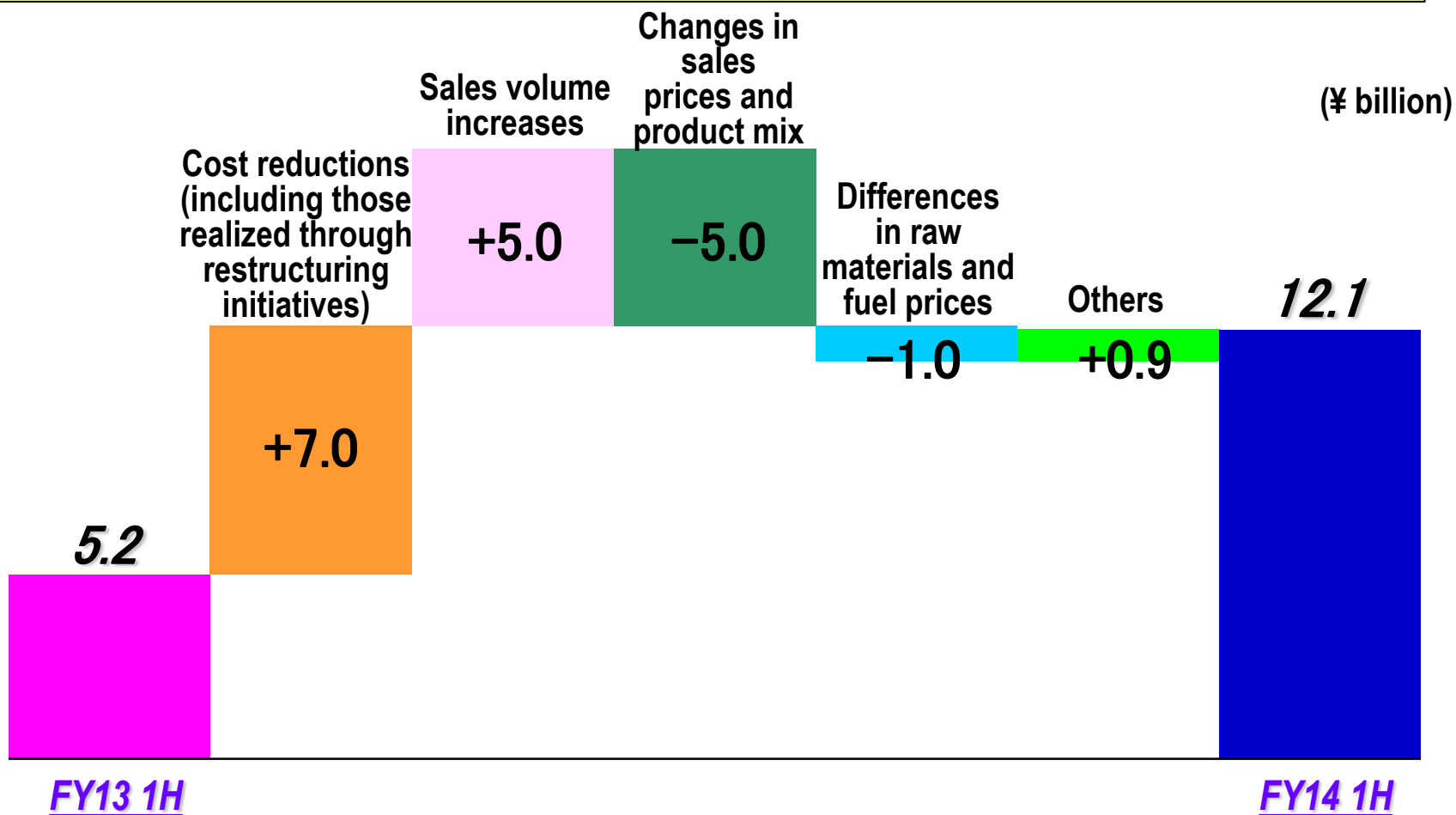
Businesses	Impact (Operating income)		One-time loss (Extraordinary loss)	Principal initiatives
	Fiscal 2016	Fully realized		
Electronics materials and performance polymer products	¥ 7.5	¥10.5	¥(31.0)	Withdraw from Singapore subsidiary; Implement decisive restructuring initiatives in film business
Healthcare	4.0	4.0	(4.2)	Reorganize U.S. home healthcare business
Advanced fibers and composites	0.5	1.5	(2.8)	Partially suspend production at the Iwakuni and Mihara plants; Discontinue production at Tokuyama Plant
Raw materials and polymerization	1.0	1.5	(6.0)	Cease production at DMT plant; Centralize polymerization facilities at Matsuyama Plant
Total impact	¥13.0	¥17.5	¥(44.0)	Cash costs = ¥10.0 of total one-time loss


 (¥41.6 billion of total impact reported in the first half of fiscal 2014)

- **Assisting displaced workers:** Absorb as many of the workers displaced by plant closures as possible by filling vacancies created by mandatory retirement and reassigning individuals to various project teams, among others
- **Shifting production:** Over the next several years, promote the phased shift of production of pertinent products, maintaining an unwavering commitment to fulfilling our responsibility to supply customers with the highest quality

◆ Analysis of changes in operating income

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



◆ Financial Position

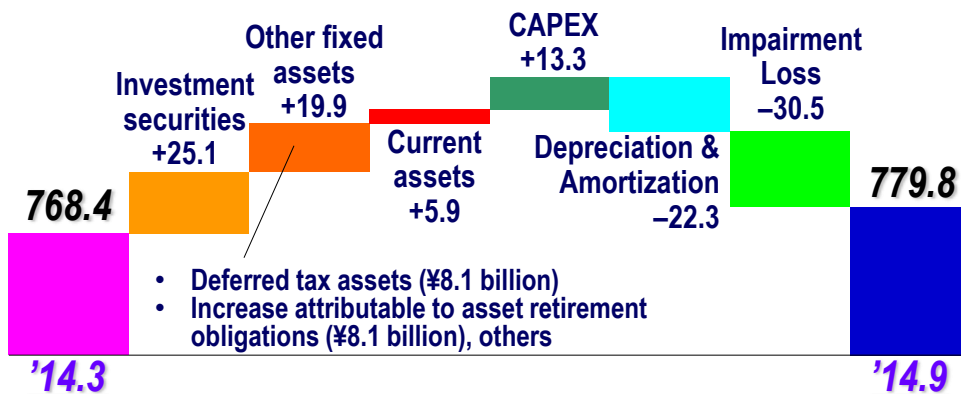
(¥ billion)	March 31, 2014	September 30, 2014	Difference	(Impact of foreign exchange rate)
Total assets	768.4	779.8	+11.4	+7.4
Shareholders' equity	281.7	264.5	-17.2	+4.4
Interest-bearing debt	281.5	302.0	+20.5	+1.9
D/E ratio	1.00	1.14	+0.14	
Shareholders' equity ratio	36.7%	33.9%	-2.7%	

◆ Cash Flows

(¥ billion)	FY13 1H	FY14 1H	Difference
Operating activities	3.2	22.8	+19.6
Investing activities	(30.6)	(38.4)	-7.8
FCF	(27.3)	(15.5)	+11.8
Financing activities	13.3	14.8	+1.5
Cash & cash equivalents	(14.0)	(0.7)	+13.3

Total assets were essentially level as an increase in the value of investment securities attributable to stock purchases and other factors was countered by a decrease in the value of noncurrent assets due to impairment loss.

◇ Analysis of changes in total assets



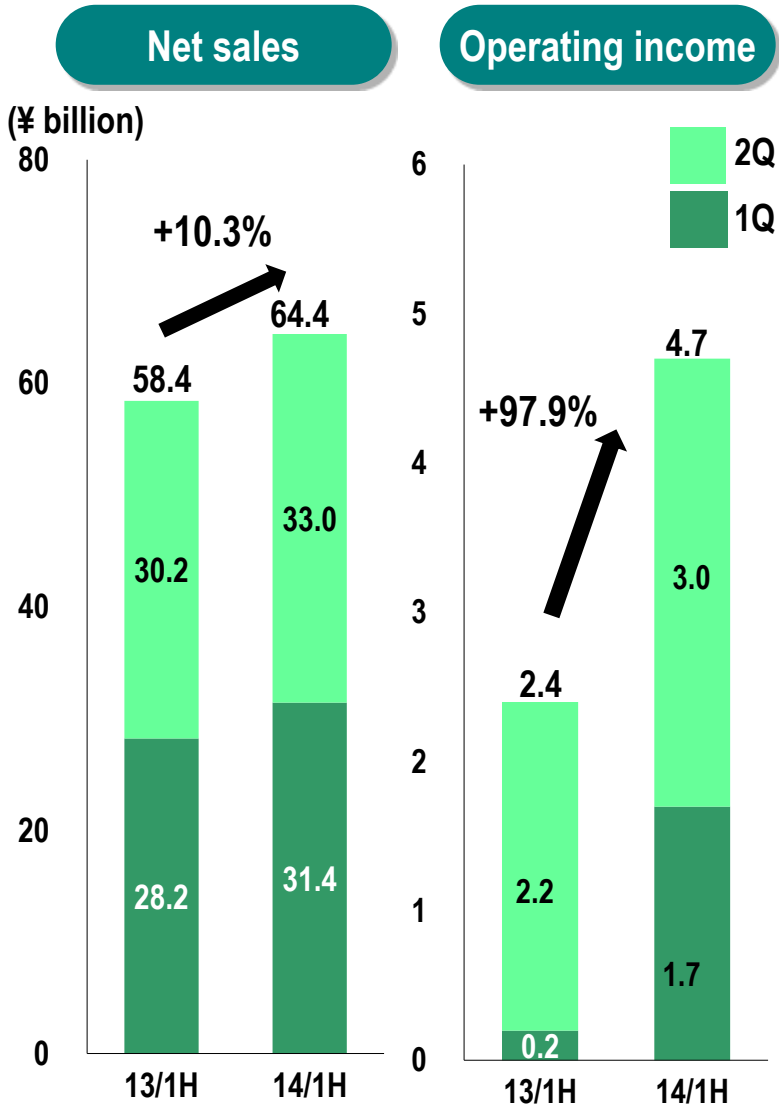
◇ BS exchange rate

	March 31, 2014	September 30, 2014
JPY / USD	103	109
JPY / EUR	142	139
USD / EUR	1.38	1.27

(2) Operating Results by Segment (Comparison with FY13 1H)

(¥ billion)	Net sales				Operating income (loss)			
	FY13 1H	FY14 1H	Difference	% Change	FY13 1H	FY14 1H	Difference	% Change
Advanced Fibers and Composites	58.4	64.4	+6.0	+10.3%	2.4	4.7	+2.3	+97.9%
Electronics Materials and Performance Polymer Products	91.3	92.2	+0.9	+1.0%	(2.7)	(1.3)	+1.3	—
Healthcare	64.8	67.8	+3.0	+4.6%	9.4	12.1	+2.7	+29.1%
Trading and Retail	120.9	123.6	+2.7	+2.2%	2.3	2.0	-0.4	-16.3%
Total	335.5	348.0	+12.5	+3.7%	11.4	17.4	+6.0	+52.4%
Others	46.3	29.4	-16.9	-36.5%	(0.3)	0.5	+0.8	—
Elimination and Corporate	—	—	—	—	(5.9)	(5.8)	+0.1	—
Total	381.8	377.4	-4.4	-1.2%	5.2	12.1	+6.9	+133.8%

① **Advanced Fibers and Composites: Operating income doubled, reflecting successful efforts to increase sales for principal applications**



(¥ billion)	FY13 1H	FY14 1H	Difference	Change
Net sales	58.4	64.4	+6.0	+10.3%
Operating income	2.4	4.7	+2.3	+97.9%

◆ **Summary & Actions**

◇ **High-Performance Fibers**

Para-aramid fibers:

- Sales for automotive and infrastructure-related applications were steady
- Demand for use in ballistic protection products remained lackluster

Meta-aramid fibers:

- Sales were firm, although harsh competition persisted for use in filters

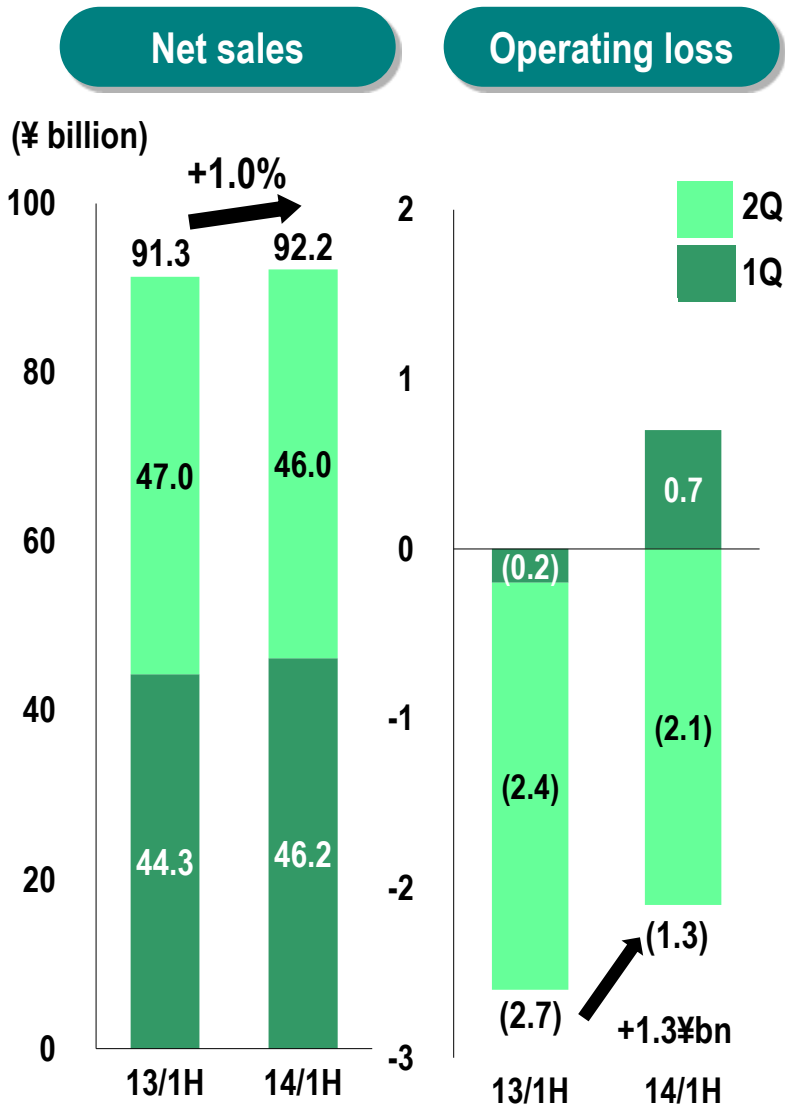
Polyester fibers:

- Operating income improved, thanks to higher sales for use in personal hygiene and general-purpose products and to cost reductions

◇ **Carbon Fibers and Composites**

- Sales for use in aircraft were favorable
- Demand for use in pressure vessels was firm in North America
- In Asia, sales were robust for use in reinforcement materials for civil engineering applications
- Thermoplastic CFRP development efforts proceeded steadily

② Electronics Materials and Performance Polymer Products: Operating loss was halved, thanks to the positive impact of restructuring initiatives



(¥ billion)	FY13 1H	FY14 1H	Difference	Change
Net sales	91.3	92.2	+0.9	+1.0%
Operating income (loss)	(2.7)	(1.3)	+1.3	—

◆ Summary & Actions

◇ Resin and Plastics Processing

Polycarbonate resin:

- Results were positively affected by the suspension of production on certain lines at our plant in Singapore
- Harsh competition persisted in the market for general applications; efforts to raise sales prices to account for increases in the price of BPA fell short

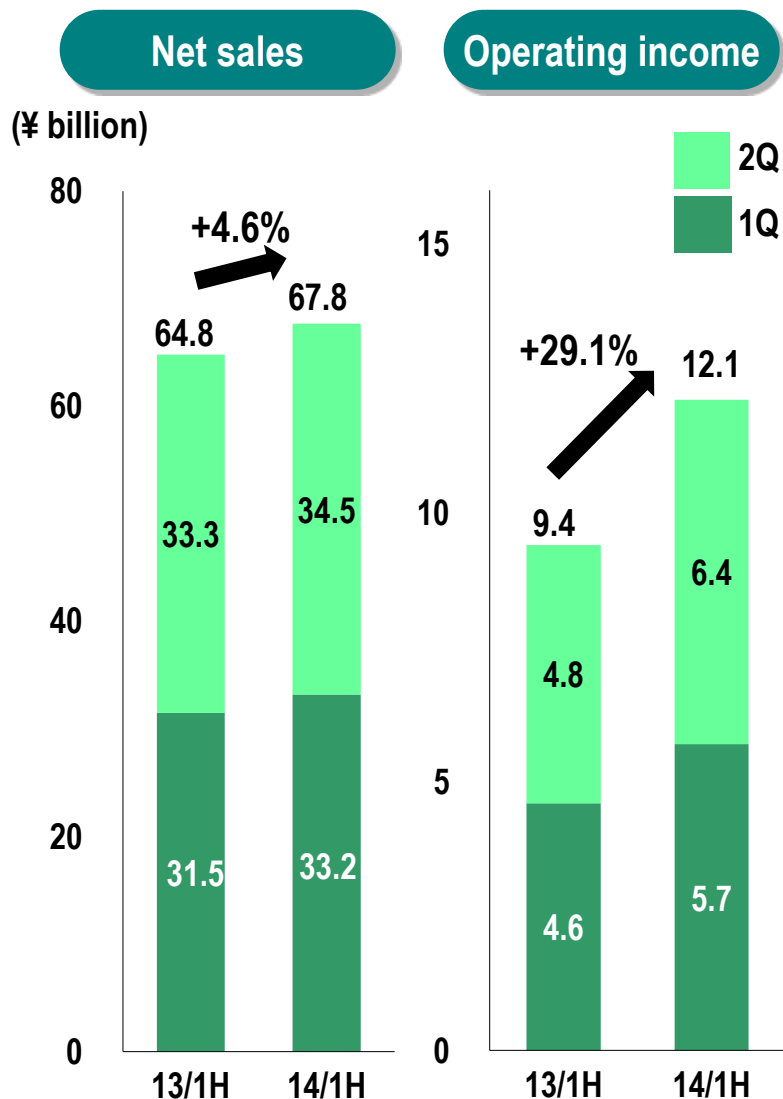
Processed plastics products and specialty polycarbonate resin:

- Efforts focused on sales for use in vehicle navigation systems, smartphones and tablet computers

◇ Films

- Sales of release films for manufacturing processes remained firm for use in smartphones and tablet computers, among others
- Sales prices for use in LCD televisions remained low, despite a recovery in demand
- Films for other applications, including PEN film for magnetic materials, struggled

③ Healthcare: Operating income rose sharply, despite the revision of drug reimbursement prices, thanks to healthy sales of mainstay products and services



(¥ billion)	FY13 1H	FY14 1H	Difference	Change
Net sales	64.8	67.8	+3.0	+4.6%
Operating income	9.4	12.1	+2.7	+29.1%

◆ Summary & Actions

◇ Pharmaceuticals

- Sales of febuxostat (treatment for hyperuricemia and gout) expanded, further boosting our leading share of the Japanese market; overseas, efforts focused on increasing the number of countries and territories in which the drug is sold (currently 39)
- Sales of oral jelly and intravenous forms of osteoporosis treatment *Bonalon*^{®*} were brisk
- Existing drugs struggled, hampered by the revision of reimbursement prices for prescription pharmaceuticals under Japan's NHI scheme and by rising sales of generic drugs

◇ Home Healthcare

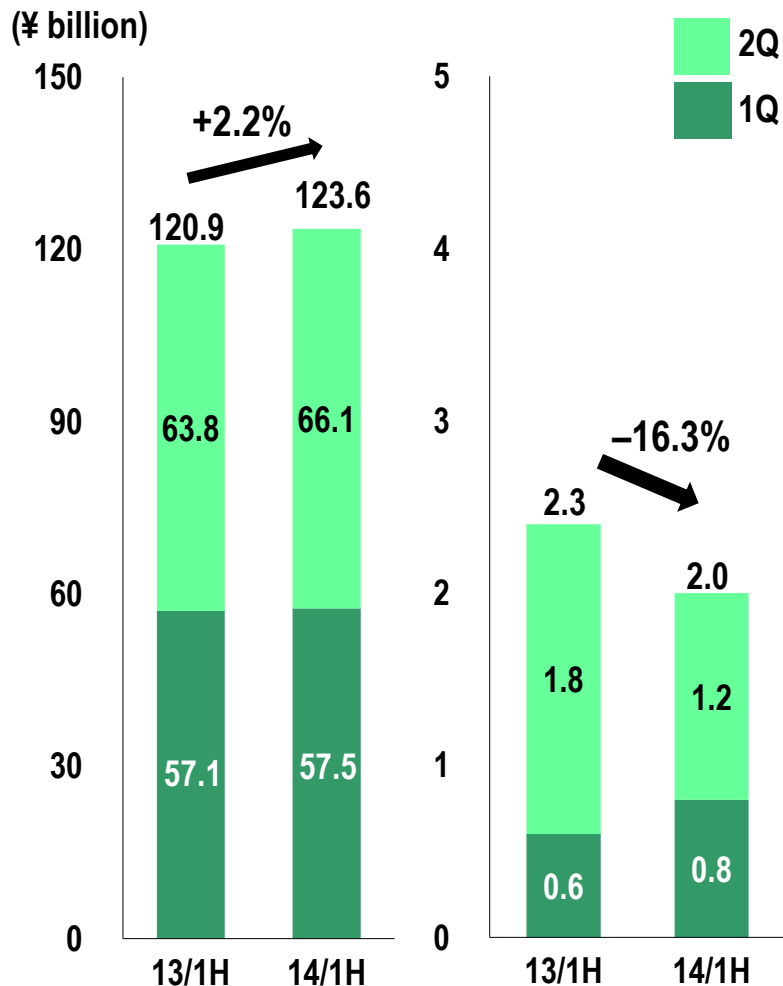
- HOT: Rental volume remained firm, thanks to the release of new models
- CPAP: Rental volume rose steadily
- Operating conditions in the United States remained harsh; in response, we continued taking steps to restore profitability, including integrating sales bases and reducing headcount

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

④ Trading and Retail: Operating income edged down, despite robust sales of products for use in sportswear and for automotive applications, as the yen weakened and sales of summer apparel flagged

Net sales

Operating income



(¥ billion)	FY13 1H	FY14 1H	Difference	Change
Net sales	120.9	123.6	+2.7	+2.2%
Operating income	2.3	2.0	-0.4	-16.3%

◆ Summary & Actions

Fiber materials and apparel:

- Sales of products for use in sportswear were generally robust
- Operations in the PRC struggled, owing to inventory adjustments by local customers and lackluster sales of products for principal applications
- Sales of summer apparel flagged, owing to unseasonable weather
- Steps were taken to augment supply capabilities in the ASEAN region

Industrial textiles and materials:

- Sales of products for automotive applications were steady
- A new tire cord production joint venture was established in Thailand in a move aimed at accelerating the expansion of sales
- Shipments of tents, nonwoven fabrics, materials for civil engineering applications and materials for bag filters were firm

FY14 Outlook

(1) Summary of Outlook for FY14

(¥ billion)	FY13	FY14 Outlook	Difference	
			Amount	%
Net sales	784.4	780.0	-4.4	-0.6%
Operating income	18.1	25.0	+6.9	+38.3%
Operating margin	2.3%	3.2%	—	+0.9%
Ordinary income	19.9	23.5	+3.6	+18.2%
Net income	8.4	(20.0)	-28.4	—

◆ Dividends Declared for Fiscal 2013 and Forecast for Fiscal 2014

(¥/share)	FY13	FY14	Difference
Interim	2.0	2.0	—
Year-end	2.0	2.0	—
Annual dividends	4.0	4.0	—

EBITDA *1	63.7	70.0	+6.3
CAPEX *2	30.2	37.0	+6.8
Depreciation & amortization	45.7	45.0	-0.7
R&D expenses	32.2	34.0	+1.8
FCF	(8.7)	(10.0)	-1.3

(¥ billion)	Mar. 31, 2014	Mar. 31, 2015	Difference
Total assets	768.4	780.0	+11.6
Interest-bearing debt	281.5	290.0	+8.5

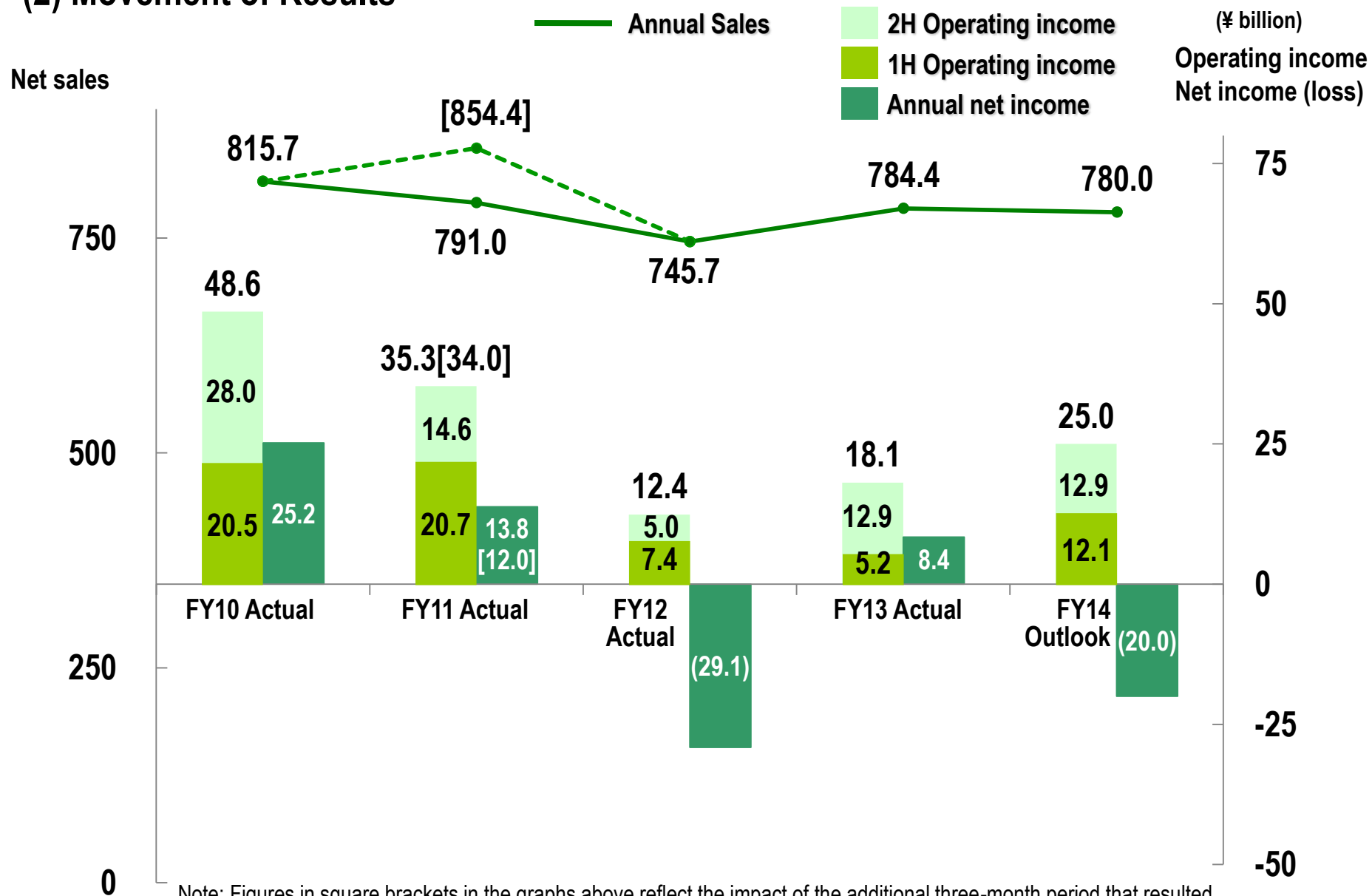
*1 EBITDA = (Operating income + Depreciation & amortization)

*2 CAPEX includes investments in intangible assets

◆ Exchange rate and Crude Oil Price Forecast for FY14

JPY per USD : 104 JPY per EUR : 138 Dubai crude oil price : USD 105/barrel

(2) Movement of Results

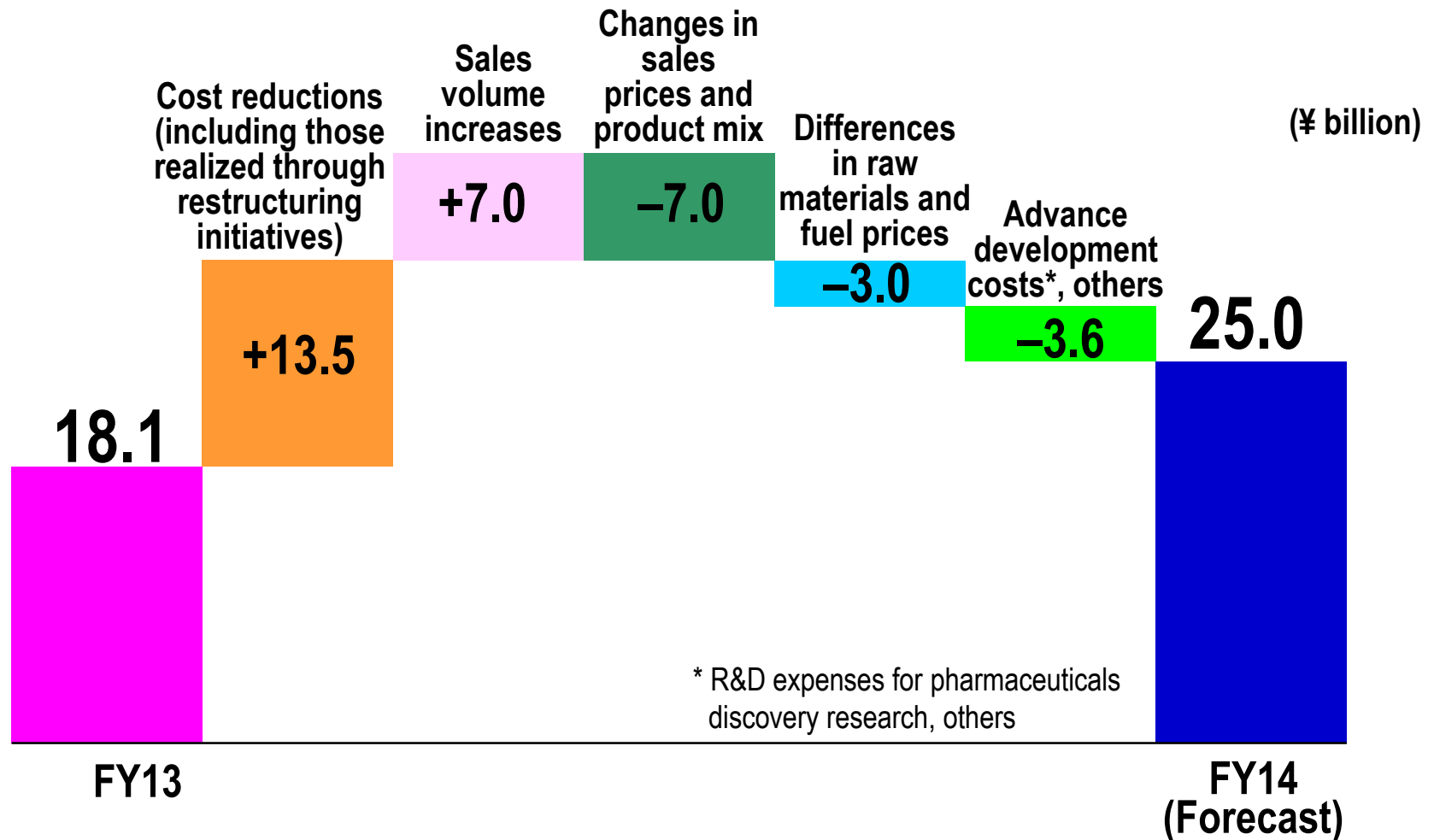


◆ Changes in Net Sales and Operating Income for FY13–FY14

		FY13 Results			FY14 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	58.4	65.2	123.6	64.4	70.6	135.0	+11.4
	Electronics Materials and Performance Polymer Products	91.3	88.1	179.4	92.2	87.8	180.0	+0.6
	Healthcare	64.8	73.6	138.4	67.8	72.2	140.0	+1.6
	Trading and Retail	120.9	133.3	254.2	123.6	136.4	260.0	+5.8
	Total	335.5	360.1	695.6	348.0	367.0	715.0	+19.4
	Others	46.3	42.5	88.8	29.4	35.6	65.0	-23.8
Total		381.8	402.6	784.4	377.4	402.6	780.0	-4.4
Operating income (loss)	Advanced Fibers and Composites	2.4	3.4	5.7	4.7	2.8	7.5	+1.8
	Electronics Materials and Performance Polymer Products	(2.7)	(4.5)	(7.2)	(1.3)	(1.7)	(3.0)	+4.2
	Healthcare	9.4	15.2	24.5	12.1	12.9	25.0	+0.5
	Trading and Retail	2.3	2.8	5.2	2.0	3.0	5.0	-0.2
	Total	11.4	16.8	28.2	17.4	17.1	34.5	+6.3
	Others	(0.3)	2.1	1.7	0.5	2.5	3.0	+1.3
	Elimination and Corporate	(5.9)	(6.0)	(11.9)	(5.8)	(6.7)	(12.5)	-0.6
Total		5.2	12.9	18.1	12.1	12.9	25.0	+6.9

◆ Analysis of changes in operating income forecast

- Ongoing decisive restructuring initiatives and efforts to reduce costs continue to yield steady benefits
- Profitability is being squeezed by the revision of reimbursement prices for prescription pharmaceuticals, as well as by falling sales prices and rising prices for raw materials and fuel



(3) Perception of trends in core businesses

Segment/business		Trends
Advanced Fibers and Composites	Aramid fibers	<p>Market: Recovery continues, but geopolitical risk is having an impact in some areas</p> <ul style="list-style-type: none"> • Demand for automotive and infrastructure-related applications is robust • Owing to the imposition of economic sanctions against Russia, sales for use in ballistic protection products will slow in the second half • Sales prices increase of 7% has been announced
	Carbon fibers and composites	<p>Market: Demand for core applications is firm, but fears of a softening of sales prices for products for general-purpose applications remain</p> <ul style="list-style-type: none"> • Demand for use in aircraft is steady, while that for use in pressure vessels is brisk in North America • Sales offensives, particularly by overseas manufacturers, are likely to soften sales prices
Electronics Materials and Performance Polymer Products	Polycarbonate resin	<p>Market: The supply–demand balance remains soft, while prices for BPA are rising</p> <ul style="list-style-type: none"> • Narrow spreads persist; efforts will focus on raising sales prices to reflect increases in prices for key raw materials • Sales of processed plastics and high-performance resins (for camera lenses) are healthy for use in smartphones and tablet computers
	PET film	<p>Market: With the rise of manufacturers from Asia and emerging economies, competition is intensifying</p> <ul style="list-style-type: none"> • Demand for use in LCD televisions shows signs of improving, but sales prices continue to fall • Sales of release films for manufacturing processes are robust for use in smartphones and tablet computers
Healthcare	Pharmaceuticals	<p>Market: The market share of generic drugs is expanding in the wake of adjustments to fees for medical services in Japan</p> <ul style="list-style-type: none"> • Febuxostat (treatment for hyperuricemia and gout): Sales continue to rise worldwide • Osteoporosis treatments: Despite rising sales of new formulations, the operating environment is expected to remain harsh, owing to heightened competition
	Home healthcare	<p>Market: Healthcare policies in Japan and the United States are diverging</p> <ul style="list-style-type: none"> • Japan: Policies emphasize support for healthcare and nursing care businesses • United States: Policies put pressure on service providers with the aim of lowering healthcare costs

(4) Financial Highlights

	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Outlook
ROA ^{*1}	6.1%	4.5%	1.6%	2.4%	3.2%
ROE ^{*2}	9.1%	4.2%	-10.3%	3.0%	-7.4%
Operating margin	6.0%	4.0%	1.7%	2.3%	3.2%
D/E ratio	0.94	0.89	1.00	1.00	1.1
Shareholders' equity ratio	37.3%	38.3%	35.6%	36.7%	33%
Earnings per share (¥)	25.6	12.2	(29.6)	8.5	(20.4)
Dividends per share (¥)	5.0	6.0	4.0	4.0	4.0
Total assets (¥ billion)	761.5	762.1	762.4	768.4	780.0
Interest-bearing debt (¥ billion)	267.4	261.0	270.8	281.5	290.0
EBITDA (¥ billion) ^{*3}	105.0	86.3	59.2	63.7	70.0

*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)	Dec. 31, 2012	Mar. 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014
Total assets	780.0	762.4	783.8	766.8	791.0	768.4	783.8	779.8
Current assets	373.4	372.3	372.5	366.2	385.6	364.9	367.6	370.8
Fixed assets	406.6	390.1	411.4	400.6	405.4	403.5	416.2	409.0
Total liabilities and net assets	780.0	762.4	783.8	766.8	791.0	768.4	783.8	779.8
Liabilities	465.4	470.3	488.9	471.3	489.3	468.3	483.8	499.3
[Interest-bearing debt]	274.9	270.8	287.7	292.3	296.9	281.5	303.4	302.0
Net assets	314.5	292.1	294.9	295.5	301.7	300.1	300.0	280.5

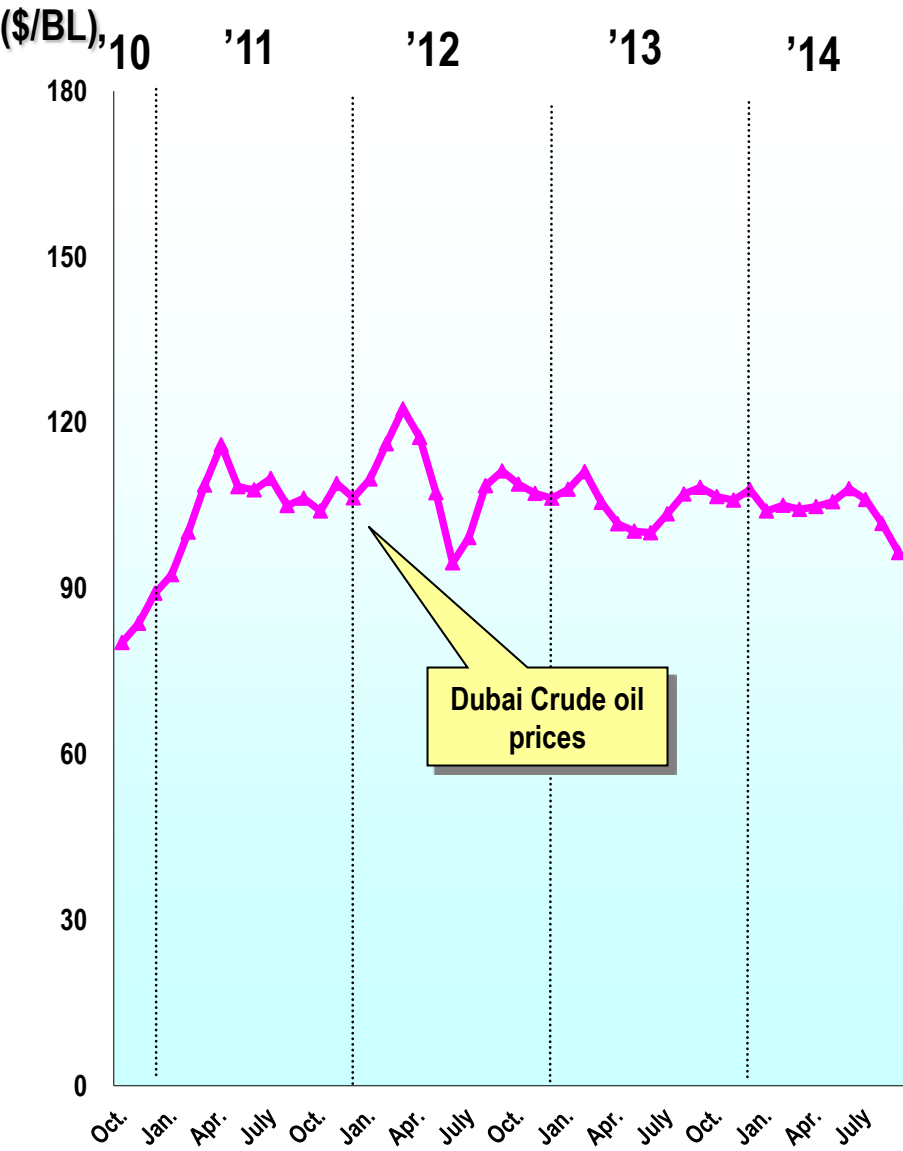
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Second Quarter of FY14).

◆ Consolidated Statements of Income

	FY13				FY14		FY13 2Q vs FY14 2Q
	1Q	2Q	3Q	4Q	1Q	2Q	
(¥ billion)							
Net Sales	183.5	198.3	196.4	206.2	181.9	195.5	-2.7
Cost of sales	137.9	151.3	148.2	152.7	133.9	145.2	-6.1
Gross profit	45.6	47.0	48.3	53.5	48.0	50.3	+3.4
SG & A	43.8	43.6	43.8	45.1	43.1	43.0	-0.6
Operating income	1.8	3.4	4.5	8.4	4.8	7.3	+4.0
Nonoperating items (net)	(0.3)	(0.8)	4.1	(1.2)	(0.2)	2.1	+2.9
(Balance of financial expenses)	(0.3)	(0.7)	(0.4)	(0.5)	0.1	(0.5)	+0.3
(Equity on gains and losses of unconsolidated subsidiaries and affiliates)	(0.1)	0.4	3.4	0.5	0.4	1.2	+0.9
Ordinary income	1.6	2.5	8.6	7.2	4.7	9.4	+6.9
Extraordinary items (net)	(0.3)	5.3	(6.6)	(3.8)	(0.8)	(41.2)	-46.5
Income (loss) before income taxes	1.3	7.8	2.0	3.4	3.9	(31.9)	-39.7
Income taxes	1.1	3.9	3.1	(0.1)	2.4	(5.7)	-9.5
Minority interests (net)	0.0	(0.4)	(1.6)	0.2	(0.1)	(2.2)	-1.8
Net income (loss)	0.2	4.3	0.4	3.3	1.6	(24.0)	-28.3

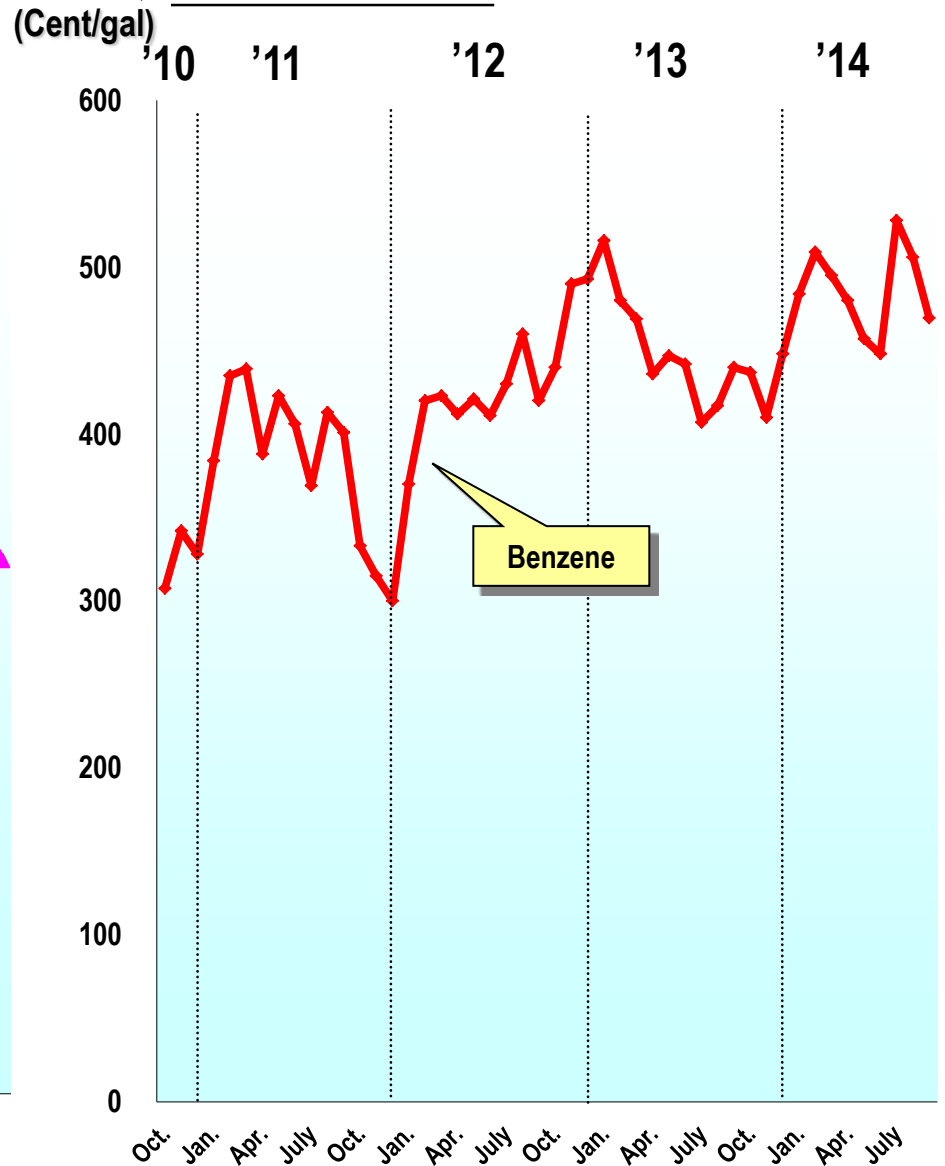
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Second Quarter of FY14).

◆ Dubai Crude Oil Prices



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

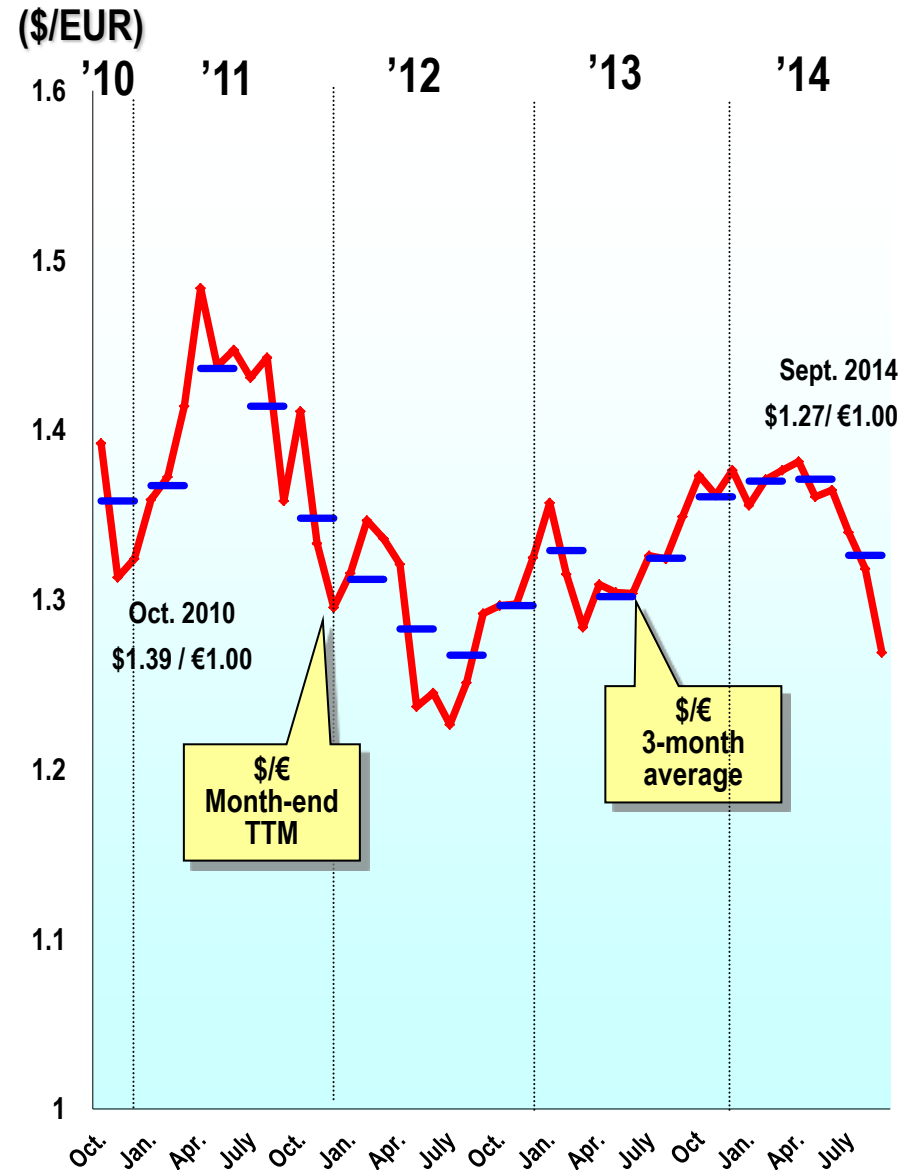
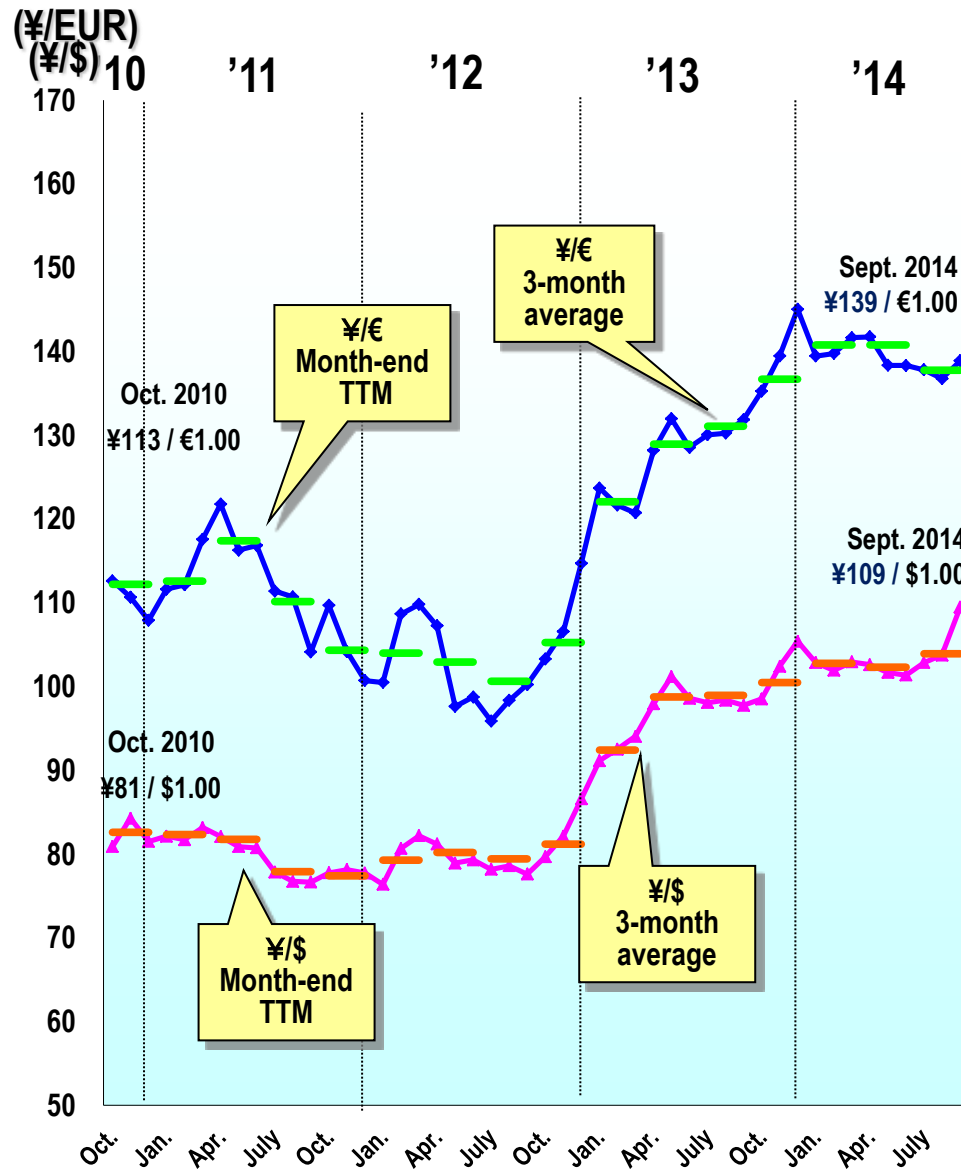
◆ Benzene Prices



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

◆ Yen/Dollar, Yen/Euro Exchange Rates

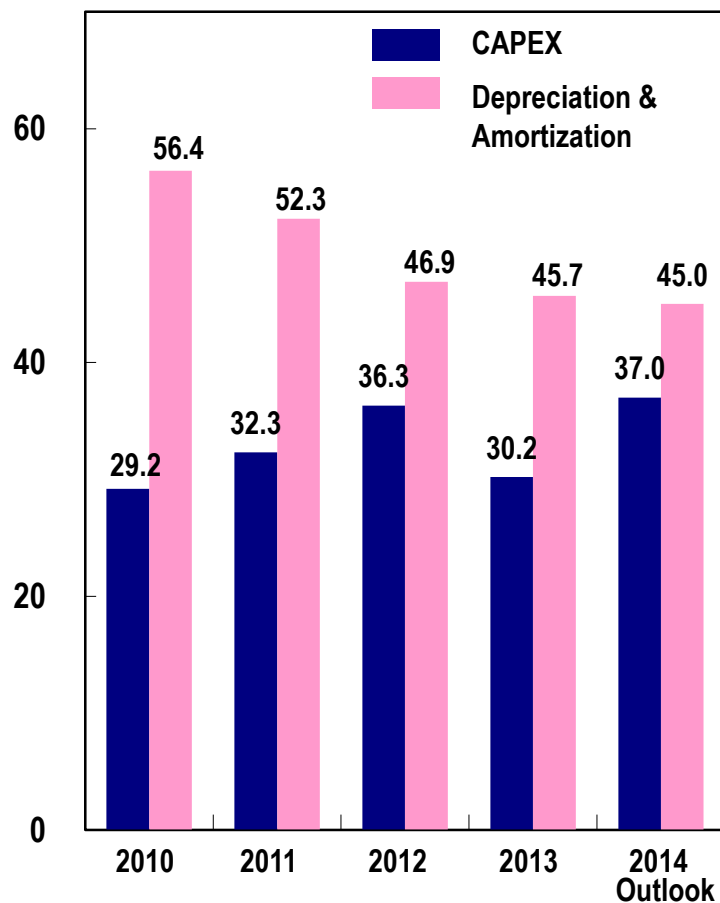
◆ Dollar/Euro Exchange Rates



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

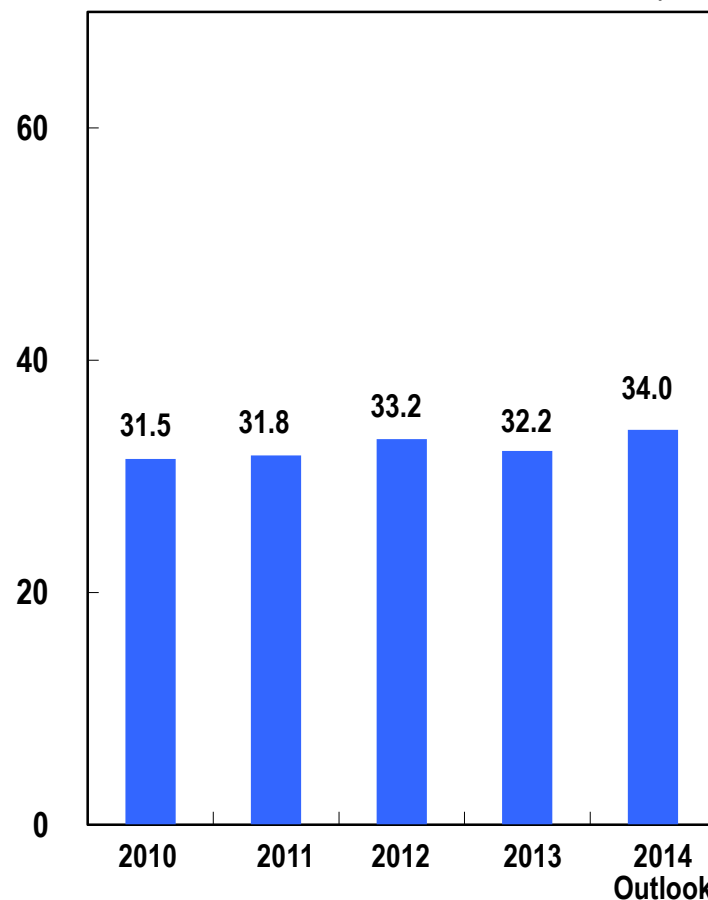
CAPEX/Depreciation & Amortization

(¥ billion)



R&D Expenses

(¥ billion)



◆ Sales of Principal Pharmaceuticals

(¥ billion)

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

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

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

◆ Development status by therapeutic area

(As of September 30, 2014)

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

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

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

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

◆ Newly developed pharmaceutical candidates

【Filed】

(As of September 30, 2014)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
NA872ET (ambroxol hydrochloride)	Expectorant	Small, sustained-release tablet-form version of <i>Mucosolvan</i> (ambroxol hydrochloride) that is smaller than <i>Mucosolvan</i> L Capsule and thus easier to take. This version is promising because it allows easier apportioning of single doses.	Tablet	Licensed in from Boehringer Ingelheim GmbH (Germany) Filed in Japan in February 2014.

【Phase III】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
GGs-ON (freeze-dried sulfonated human immunoglobulin)	Optic neuritis	The immunoregulatory mechanism of this drug inhibits inflammation of the optic nerve; also promising because of its ability to restore lost visual function.	Injection	Under joint development with Kaketsuken (New indication)
GGs-MPA (freeze-dried sulfonated human immunoglobulin)	Microscopic polyangiitis	This drug's anti-inflammatory and immunoregulatory actions mitigate autoimmune vasculitis; also promising as a treatment for mononeuritis multiplex, a neuropathic disorder that is not alleviated by standard therapies.	Injection	Under joint development with Kaketsuken (New indication)
GGs-CIDP (freeze-dried sulfonated human immunoglobulin)	Chronic inflammatory demyelinating polyneuropathy	The immunoregulatory action of this drug inhibits inflammation of the peripheral nerves; the drug thus offers promise as a treatment that will restore lost muscle strength.	Injection	Under joint development with Kaketsuken (New indication)
TMX-67TLS (febuxostat)	Tumor lysis syndrome	A highly potent drug that selectively inhibits xanthine oxidase. Offers promise as a once-daily treatment option that prevents hyperuricemia in patients with malignant tumors who have undergone chemotherapy.	Tablet	Developed in-house (New indication)
TMX-67 (febuxostat)	Hyperuricemia and gout	Trials to facilitate the licensing out of febuxostat (tablet-form treatment for hyperuricemia and gout currently sold in Japan and elsewhere) for sale in the PRC. A highly potent drug that selectively inhibits xanthine oxidase and is also safe for patients with impaired renal function who may be unable to tolerate existing treatments. Offers promise as a new treatment option that will improve the quality of life of hyperuricemia and gout sufferers in the PRC.	Tablet	Under joint development with Astellas Pharma China, Inc.

【Phase II】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-014N (lanreotide acetate)	Neuroendocrine tumors	Promising for the treatment of neuroendocrine tumors; inhibits cell proliferation and improves associated symptoms by interacting with somatostatin receptors to induce apoptosis (direct mechanism) and by blocking the release of neurotrophic factors (indirect mechanism).	Injection	Licensed in from Ipsen Pharma SAS (France) (New indication)
ITM-058	Osteoporosis	Promising for the treatment of osteoporosis due to potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of fracture. Superior to existing PTH derived drugs in its ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma SAS (France)
KTP-001	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
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

【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	
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.