
Flash Report
– *FY15 Financial Performance &*
***FY16 Outlook* –**

Teijin Limited
May 6, 2016

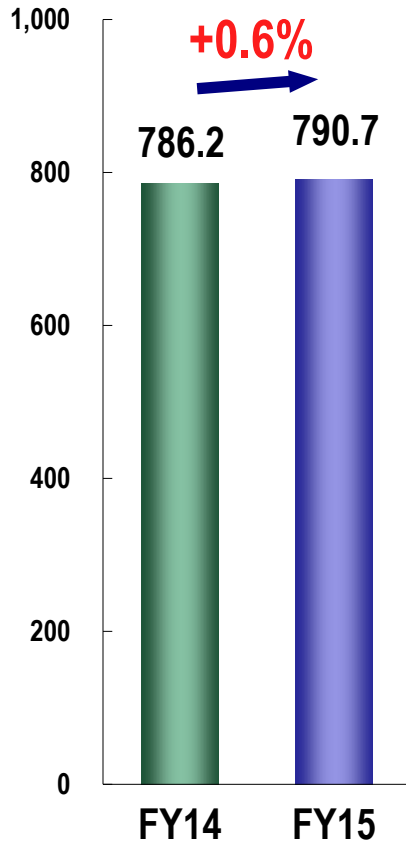
Outline of FY15 Results

(1) Consolidated results highlights

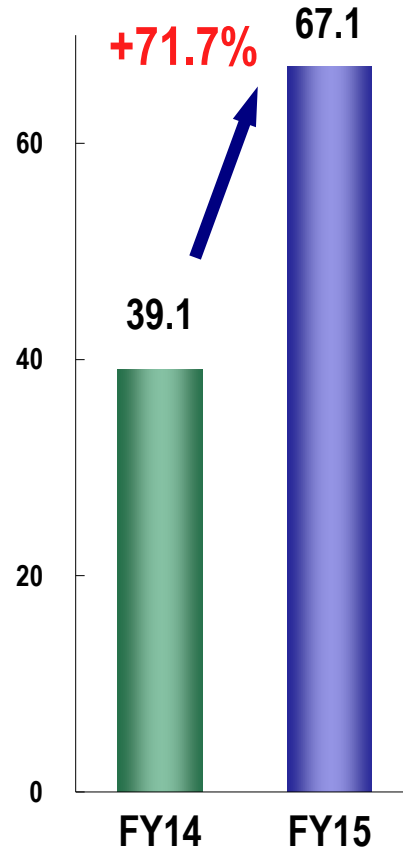
(¥ billion)

Full-Term Operating Movement

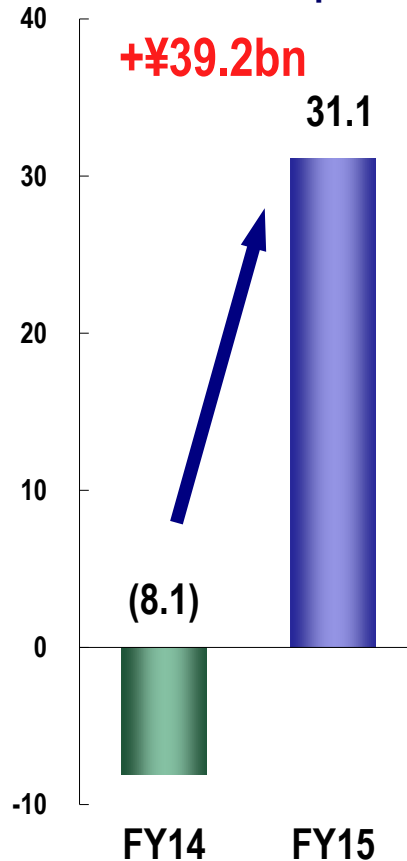
Net sales



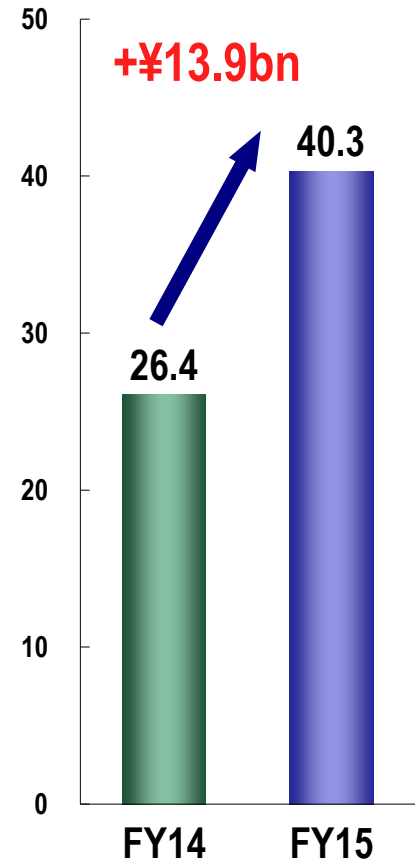
Operating income



Profit (loss) attributable to owners of parent



FCF



◆ Operating results (¥ billion)	FY14	FY15	Difference
Net sales	786.2	790.7	+4.6
Operating income	39.1	67.1	+28.0
OP margin	5.0%	8.5%	+3.5%
Nonoperating items (net)	3.3	(6.8)	-10.1
Ordinary income	42.4	60.3	+17.9
Extraordinary items (net)	(49.3)	(14.7)	+34.6
Income (loss) before income taxes	(6.9)	45.6	+52.5
Income taxes	3.1	16.4	+13.3
Profit (loss) attributable to non-controlling interests	(1.9)	(1.9)	+0.0
Profit (loss) attributable to owners of parent	(8.1)	31.1	+39.2
EPS (¥)	(8.23)	31.63	+39.86

EBITDA *1	82.1	106.0	+23.9
CAPEX *2	28.1	38.3	+10.2
Depreciation & amortization	43.0	38.9	-4.1
R&D expenses	32.4	33.3	+0.9
FCF	26.4	40.3	+13.9

- **Net sales: Rose slightly, owing to**
 - Increases in the Healthcare and Trading and Retail Segments, which outweighed a decline due to the halt of resin production in Singapore
- **Operating income and ordinary income: Up sharply, underpinned by**
 - Profitability improved in our materials businesses, which reflected falling prices for fuel and raw materials, and the positive impact of restructuring initiatives
 - Steady earnings growth in our healthcare business
 - Non-operating revenues deteriorated due to the recording of equity in loss of affiliates
- **Profit attributable to owners of parent: Up sharply, owing to**
 - A decrease in extraordinary losses

◇ PL exchange rate	FY14 Average	FY15 Average
¥/US\$	110	120
¥/€	139	133
US\$/€	1.26	1.10

*1 EBITDA = Operating income + Depreciation & amortization

*2 CAPEX includes investments in intangible assets

◆ Nonoperating items

(¥ billion)	FY14	FY15	Difference
Interest income	0.6	0.7	+0.0
Dividends income	1.3	1.7	+0.3
Equity in earnings of affiliates	2.4	—	-2.4
Foreign exchange gains	1.0	—	-1.0
Gain on valuation of derivatives	2.7	—	-2.7
Other	1.1	1.4	+0.3
Nonoperating income, total	9.2	3.8	-5.4
Interest expenses	3.1	2.4	-0.6
Equity in losses of affiliates	—	*2.9	+2.9
Foreign exchange losses	—	0.9	+0.9
Loss on valuation of derivatives	—	1.3	+1.3
Contribution	0.9	0.9	-0.1
Others	1.9	2.2	+0.3
Nonoperating expenses, total	5.9	10.6	+4.7
Nonoperating items, total	3.3	(6.8)	-10.1

◆ Extraordinary items

(¥ billion)	FY14	FY15	Difference
Gain on sales of noncurrent assets	0.7	0.3	-0.4
Reversal of impairment losses	0.1	3.3	+3.2
Gain on sales of investment securities	0.1	0.1	-0.0
Others	0.0	0.9	+0.9
Extraordinary income, total	1.0	4.5	+3.6
Loss on retirement of noncurrent assets	1.3	2.9	+1.6
Impairment loss	30.4	7.6	-22.8
Loss on valuation of investment securities	0.0	0.6	+0.6
Restructuring costs	16.8	5.5	-11.3
Others	1.8	2.8	+0.9
Extraordinary loss, total	50.3	19.3	-31.0
Extraordinary items, total	(49.3)	(14.7)	+34.6

*Recorded a valuation loss on investment in affiliates and other costs incurred because the chemical recycling materials market has been slow to take shape in the PRC

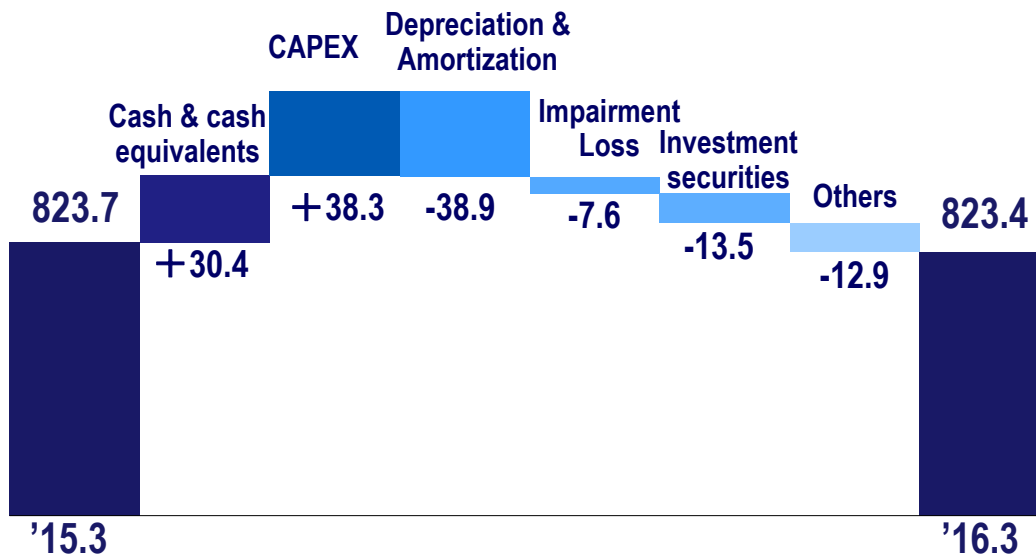
◆ Financial position

(¥ billion)	March 31, 2015	March 31, 2016	Difference	(Impact of foreign exchange rate)
Total assets	823.7	823.4	-0.3	-15.4
Shareholders' equity	287.1	300.1	+13.0	-7.0
Interest-bearing debt	308.2	303.3	-4.9	-5.0
D/E ratio	1.07	1.01	-0.06	
Shareholders' equity ratio	34.9%	36.4%	+1.6%	

◆ Cash flows

(¥ billion)	FY14	FY15	Difference
Operating activities	76.0	80.6	+4.6
Investing activities	(49.6)	(40.3)	+9.3
FCF	26.4	40.3	+13.9
Financing activities	11.2	(9.9)	-21.1
Cash & cash equivalents	37.6	30.4	-7.2

◇ Analysis of changes in total assets



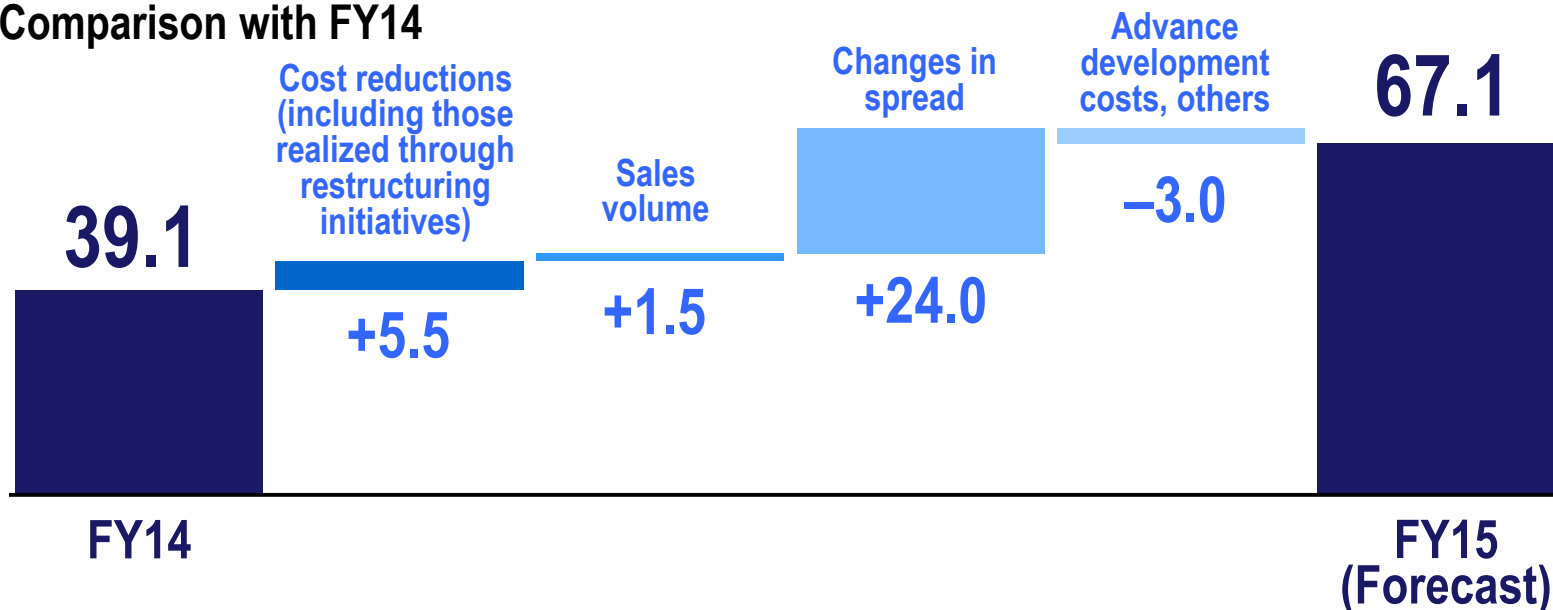
◇ BS exchange rate

	March 31, 2015	March 31, 2016
JPY / USD	120	113
JPY / EUR	130	128
USD / EUR	1.08	1.13

◆ Analysis of changes in operating income

(¥ billion)

➤ Comparison with FY14



➤ Comparison with previous forecast



Previous forecast*

* Announced on February 1, 2016

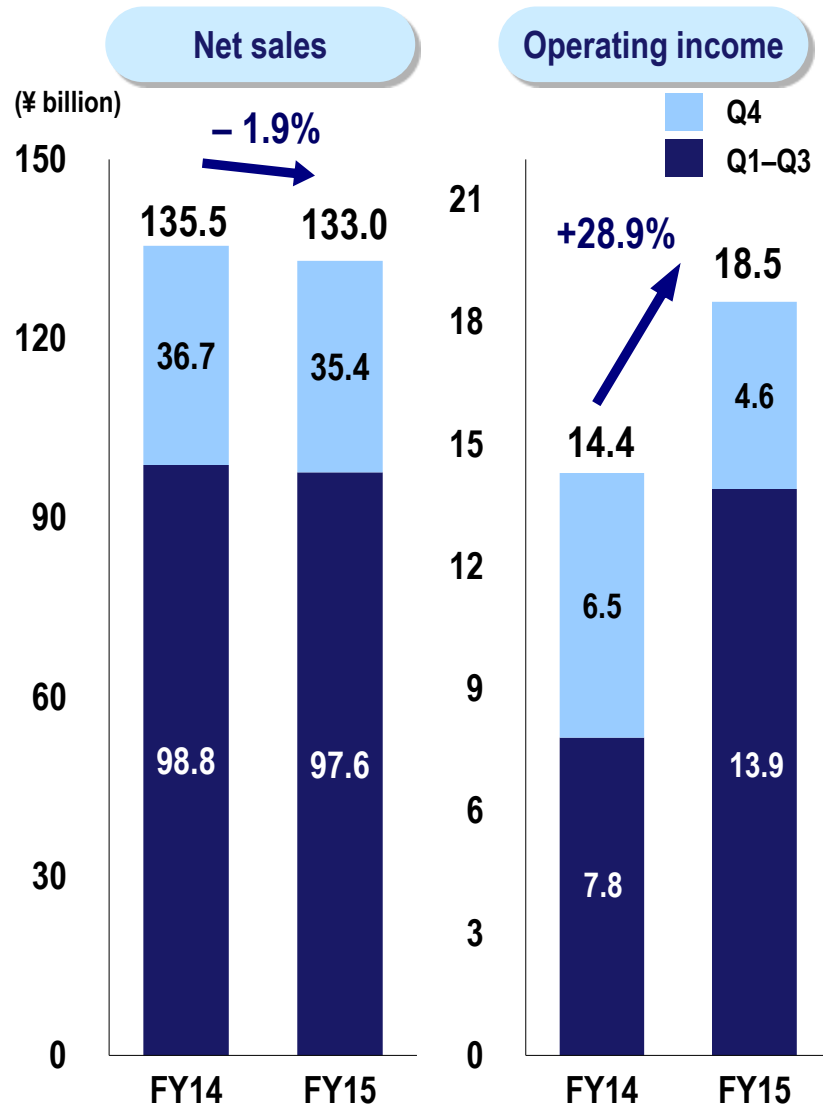
Current forecast

(2) Operating results by segment (Comparison with FY14)

(¥ billion)	Sales				Operating income (loss)			
	FY14	FY15	Difference	% Change	FY14	FY15	Difference	% Change
Advanced Fibers and Composites	135.5	133.0	-2.5	-1.9%	14.4	18.5	+4.1	+28.9%
Electronics Materials and Performance Polymer Products	184.8	163.7	-21.1	-11.4%	3.4	22.3	+18.9	+555.4%
Healthcare	141.7	147.5	+5.8	+4.1%	24.8	28.8	+4.0	+16.0%
Trading and Retail	259.4	270.9	+11.6	+4.5%	4.2	5.3	+1.1	+25.4%
Subtotal	721.4	715.2	-6.2	-0.9%	46.8	74.9	+28.1	+60.0%
Others	64.8	75.6	+10.8	+16.7%	4.0	6.5	+2.5	+62.9%
Elimination and Corporate	—	—	—	—	(11.7)	(14.3)	-2.6	—
Total	786.2	790.7	+4.6	+0.6%	39.1	67.1	+28.0	+71.7%

1. Advanced Fibers and Composites

Earnings up sharply owing to an improved sales mix and falling raw materials and fuel costs, despite flat sales partly reflecting polyester restructuring initiatives



(¥ billion)	FY14	FY15	Difference	Change
Net Sales	135.5	133.0	-2.5	-1.9%
Operating income	14.4	18.5	+4.1	+28.9%

◇ High-Performance Fibers

Para-aramid fibers:

- Sales for automotive (tire) applications rose steadily
- Sales of items for use in ballistic protection products showed a recovery
- Sales for use in uniforms and in optical fiber applications were weak

Meta-aramid fibers:

- Competition remained fierce in filter applications
- Sales were robust for use in automotive applications, as well as protective clothing and industrial applications

Polyester fibers:

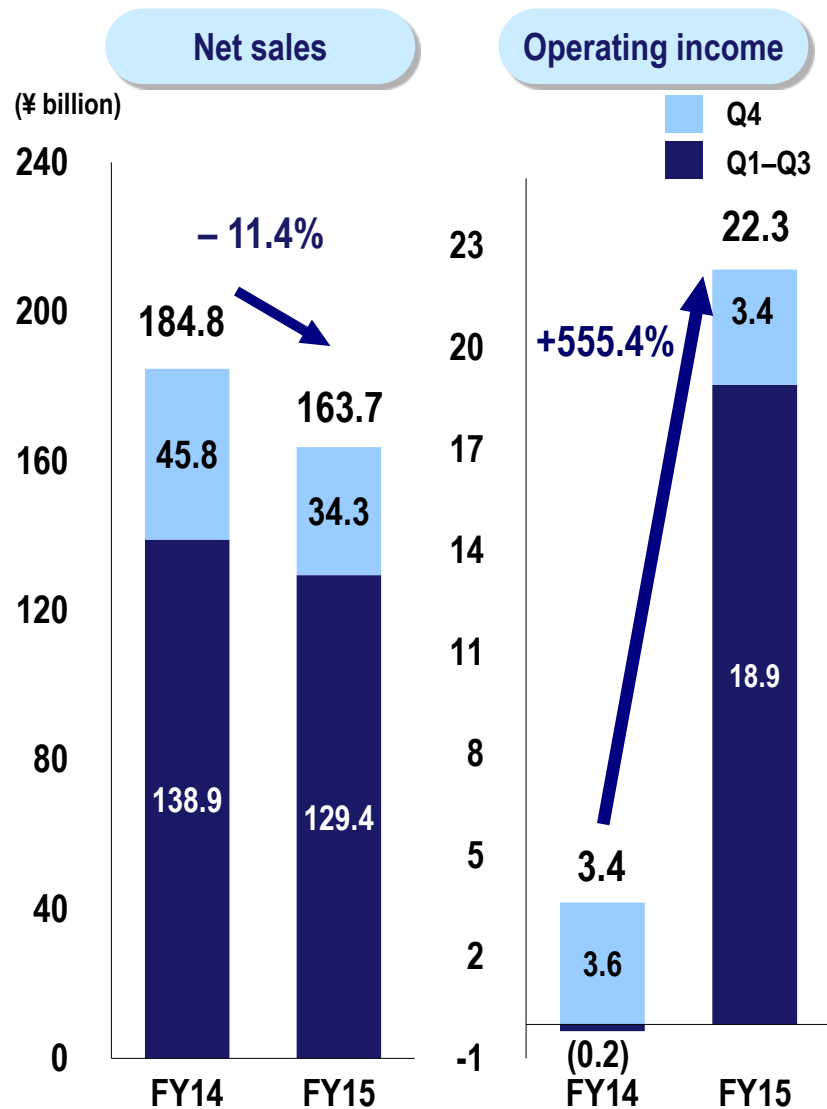
- Sales were sluggish for automotive applications both in Japan and overseas
- Solid sales for use in reverse osmosis membrane support layers for water treatment applications, as well as personal hygiene products, wadding, and other materials

◇ Carbon Fibers and Composites

- Sales for use in aircraft were favorable
- Sales for use in general industrial applications were firm
- Sales of flame-resistant fibers were strong for use in aircraft brake pads

2. Electronics Materials and Performance Polymer Products

Earnings up sharply owing to falling raw materials prices and the positive impact of restructuring initiatives, despite a drop in sales due to withdrawal from resin production in Singapore



(¥ billion)	FY14	FY15	Difference	Change
Net Sales	184.8	163.7	-21.1	-11.4%
Operating income	3.4	22.3	+18.9	+555.4%

◇ Resin and Plastics Processing

Polycarbonate resin:

- Profits improved markedly, bolstered by lower prices for key raw materials and the positive impact of restructuring initiatives
- Enhanced the sales mix and reduced fixed costs by halting production at our plant in Singapore (December 2015)
- Strengthened development and sales of high-value-added products by harnessing polyphenylene sulfide (PPS) resin and high-performance fibers

Processed plastics products and specialty polycarbonate resin:

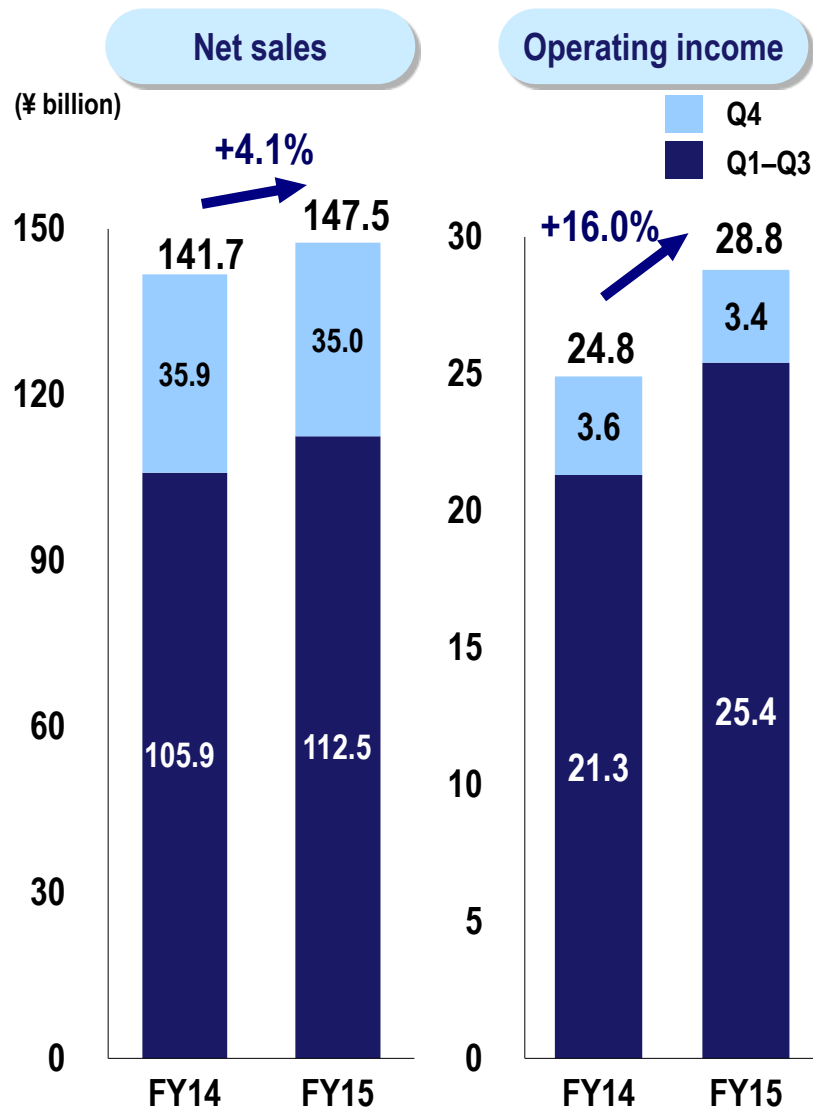
- Sales of polycarbonate retardation film and reverse-dispersion solvent-cast retardation film remained solid
- Sales of transparent electroconductive polycarbonate film for use in touch screens were favorable
- Focused on launching commercial production of polyphenylene sulfide (PPS) resin

◇ Films

- Persistently fierce competition for reflective films for use in liquid crystal display (LCD) televisions
- Demand for use in special packaging remained weak
- Sales of release films for manufacturing processes remained firm

3. Healthcare

Earnings up on higher sales due to steady expansion of core products (febuxostat and CPAP)



(¥ billion)	FY14	FY15	Difference	Change
Net Sales	141.7	147.5	+5.8	+4.1%
Operating income	24.8	28.8	+4.0	+16.0%

◆ Pharmaceuticals

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

◆ Home Healthcare

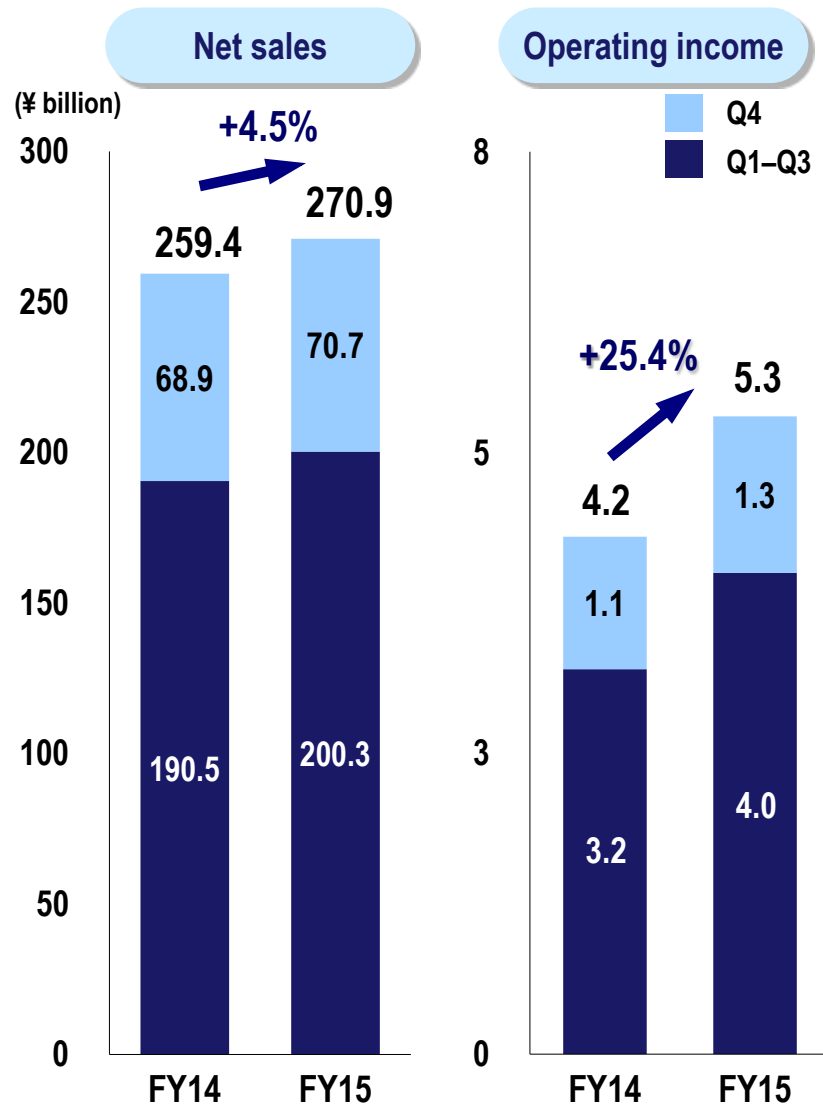
- Home oxygen therapy (HOT): Rental volume remained steady
- CPAP: Rental volume rose steadily
Aiming to increase rental volume through the launch of new products
- Operating conditions in the United States remained harsh; in response, we continued taking steps to restore profitability, including integrating sales bases and reducing headcount

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

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

4. Trading and Retail

Earnings up on higher sales due to expansion in sales of high-performance materials for sports apparel and a turnaround in the performance of a PRC subsidiary



(¥ billion)	FY14	FY15	Difference	Change
Net Sales	259.4	270.9	+11.6	+4.5%
Operating income	4.2	5.3	+1.1	+25.4%

Fiber materials and apparel:

- Sports apparel sales were healthy in Japan and overseas
- Functional textiles and apparel faced an uphill struggle due to the yen's depreciation, rising overseas production costs, and sluggish sales of autumn and winter products
- Sales of yarn benefitted from favorable sales of differentiated products, and sales of textile products in the Middle East grew, although the uniform field faced an uphill struggle
- Enhanced our ability to receive orders and expanded our manufacturing platform, centered on the ASEAN region (Vietnam and Myanmar)

Industrial textiles and materials:

- Stable sales of tire reinforcement materials, rubber materials and other such items
- Airbag production full capacity utilization, with further production increases planned ahead
- Sales of textiles and related materials were weak for certain products in Japan, but increased favorably overseas

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

		FY15 Previous Outlook*			FY15 Actual			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	65.4	74.6	140.0	65.4	67.6	133.0	-7.0
	Electronics Materials and Performance Polymer Products	87.3	77.7	165.0	87.3	76.4	163.7	-1.3
	Healthcare	74.8	70.2	145.0	74.8	72.7	147.5	+2.5
	Trading and Retail	130.1	134.9	265.0	130.1	140.8	270.9	+5.9
	Total	357.7	357.3	715.0	357.7	357.5	715.2	+0.2
	Others	34.4	40.6	75.0	34.4	41.2	75.6	+0.6
Total		392.1	397.9	790.0	392.1	398.7	790.7	+0.7
Operating income (loss)	Advanced Fibers and Composites	9.3	9.2	18.5	9.3	9.2	18.5	-0.0
	Electronics Materials and Performance Polymer Products	11.9	8.6	20.5	11.9	10.4	22.3	+1.8
	Healthcare	16.8	12.2	29.0	16.8	12.0	28.8	-0.2
	Trading and Retail	2.2	2.8	5.0	2.2	3.1	5.3	+0.3
	Total	40.1	32.9	73.0	40.1	34.8	74.9	+1.9
	Others	1.9	4.1	6.0	1.9	4.6	6.5	+0.5
	Elimination and Corporate	(6.7)	(7.3)	(14.0)	(6.7)	(7.6)	(14.3)	-0.3
Total		35.3	29.7	65.0	35.3	31.8	67.1	+2.1

* Announced on February 1, 2016

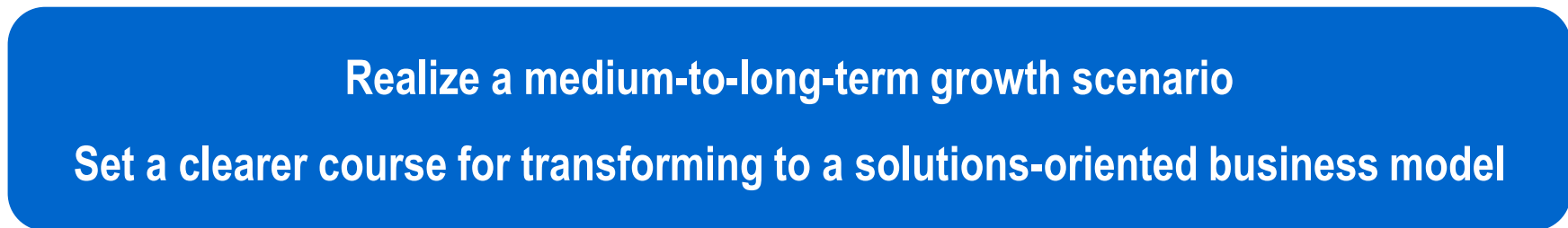
Outlook for FY16

◆ **FY16 Short-term Management Policy**

➤ **In the final fiscal year of the revised medium-term management plan:**



➤ **Looking ahead to formulating the next medium-term management plan:**



◆ Summary of outlook for FY16

(¥ billion)	FY15	FY16 Outlook	Difference	
			Amount	%
Net sales	790.7	775.0	-15.7	-2.0%
Operating income	67.1	58.0	-9.1	-13.6%
Operating margin	8.5%	7.5%	—	-1.0%
Ordinary income	60.3	58.0	-2.3	-3.8%
Profit (loss) attributable to owners of parent	31.1	36.0	+4.9	+15.8%

◆ Dividends Declared for Fiscal 2015 and Forecast for Fiscal 2016

(¥/share)	FY15	FY16 Outlook
Interim	3.0	5.0
Year-end	4.0	5.0
Annual dividends	7.0	10.0

EBITDA *1	106.0	98.0	-8.0
CAPEX *2	38.3	55.0	+16.7
Depreciation & amortization	38.9	40.0	+1.1
R&D expenses	33.3	34.0	+0.7
FCF	40.3	10.0	-30.3

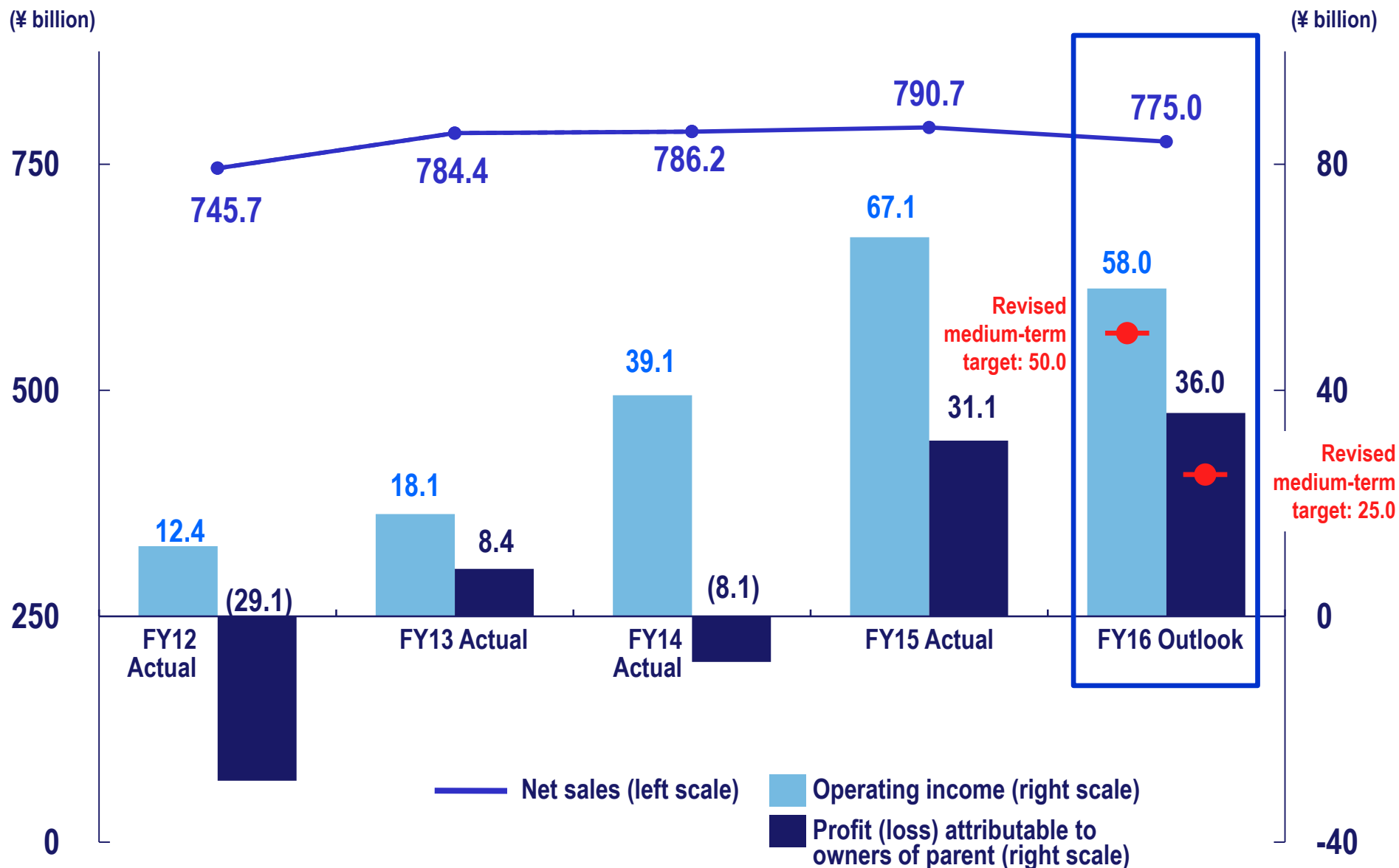
◆ Exchange rate and Crude Oil Price Forecast for FY16

	FY15	FY16 Outlook
JPY per USD	120	110
JPY per EUR	133	122
Dubai crude oil price	46	45

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

*2 CAPEX includes investments in intangible assets

◆ Movement of results

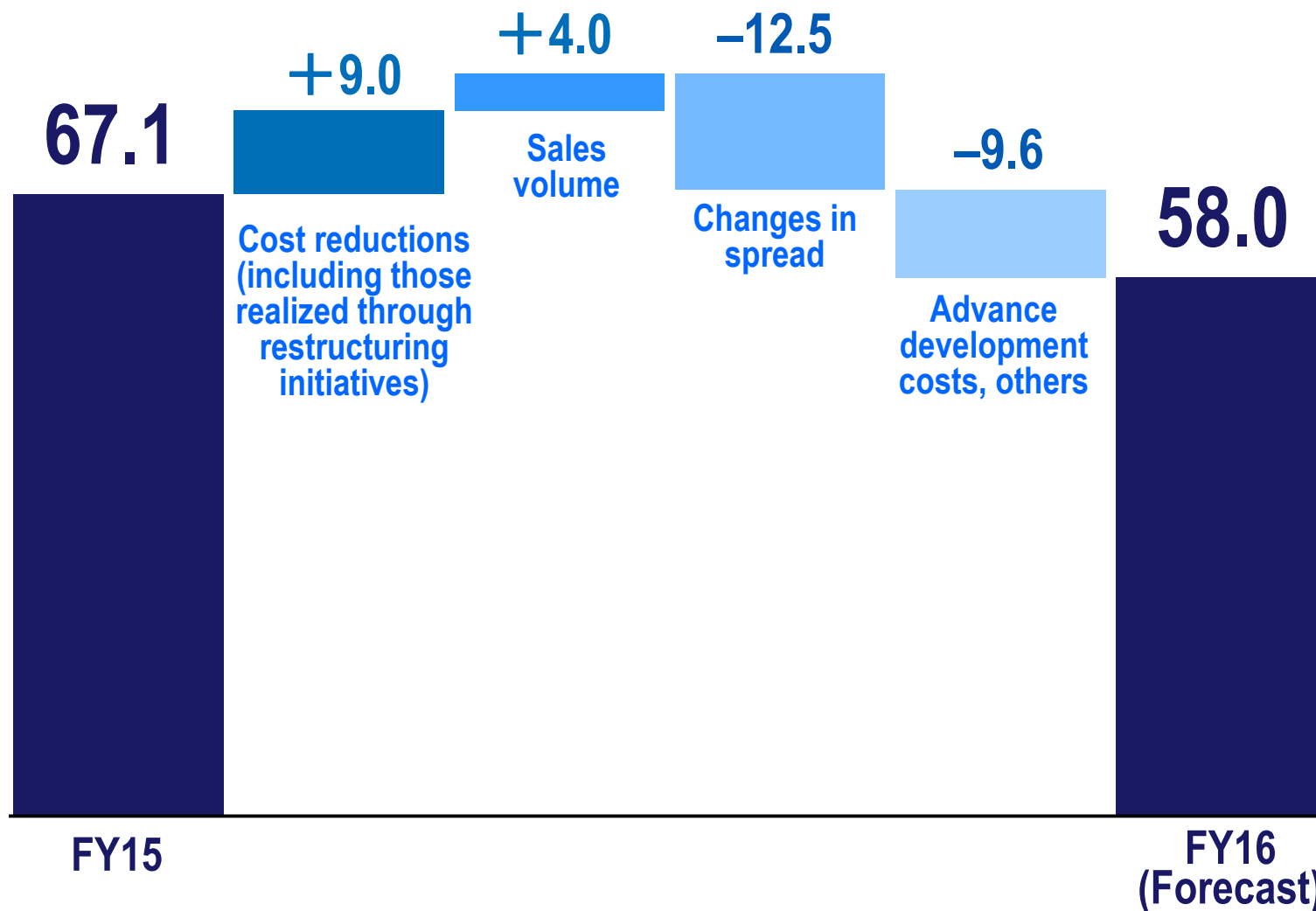


◆ Changes in net sales and operating income for FY15–FY16

		FY15 Results			FY16 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	65.4	67.6	133.0	65.0	70.0	135.0	+2.0
	Electronics Materials and Performance Polymer Products	87.3	76.4	163.7	70.0	70.0	140.0	-23.7
	Healthcare	74.8	72.7	147.5	70.0	75.0	145.0	-2.5
	Trading and Retail	130.1	140.8	270.9	130.0	150.0	280.0	+9.1
	Total	357.7	357.5	715.2	335.0	365.0	700.0	-15.2
	Others	34.4	41.2	75.6	35.0	40.0	75.0	-0.6
Total		392.1	398.7	790.7	370.0	405.0	775.0	-15.7
Operating income (loss)	Advanced Fibers and Composites	9.3	9.2	18.5	7.5	11.0	18.5	+0.0
	Electronics Materials and Performance Polymer Products	11.9	10.4	22.3	7.5	6.0	13.5	-8.8
	Healthcare	16.8	12.0	28.8	14.0	16.0	30.0	+1.2
	Trading and Retail	2.2	3.1	5.3	2.5	3.5	6.0	+0.7
	Total	40.1	34.8	74.9	31.5	36.5	68.0	-6.9
	Others	1.9	4.6	6.5	1.0	5.5	6.5	+0.1
	Elimination and Corporate	(6.7)	(7.6)	(14.3)	(8.5)	(8.0)	(16.5)	-2.2
Total		35.3	31.8	67.1	24.0	34.0	58.0	-9.0

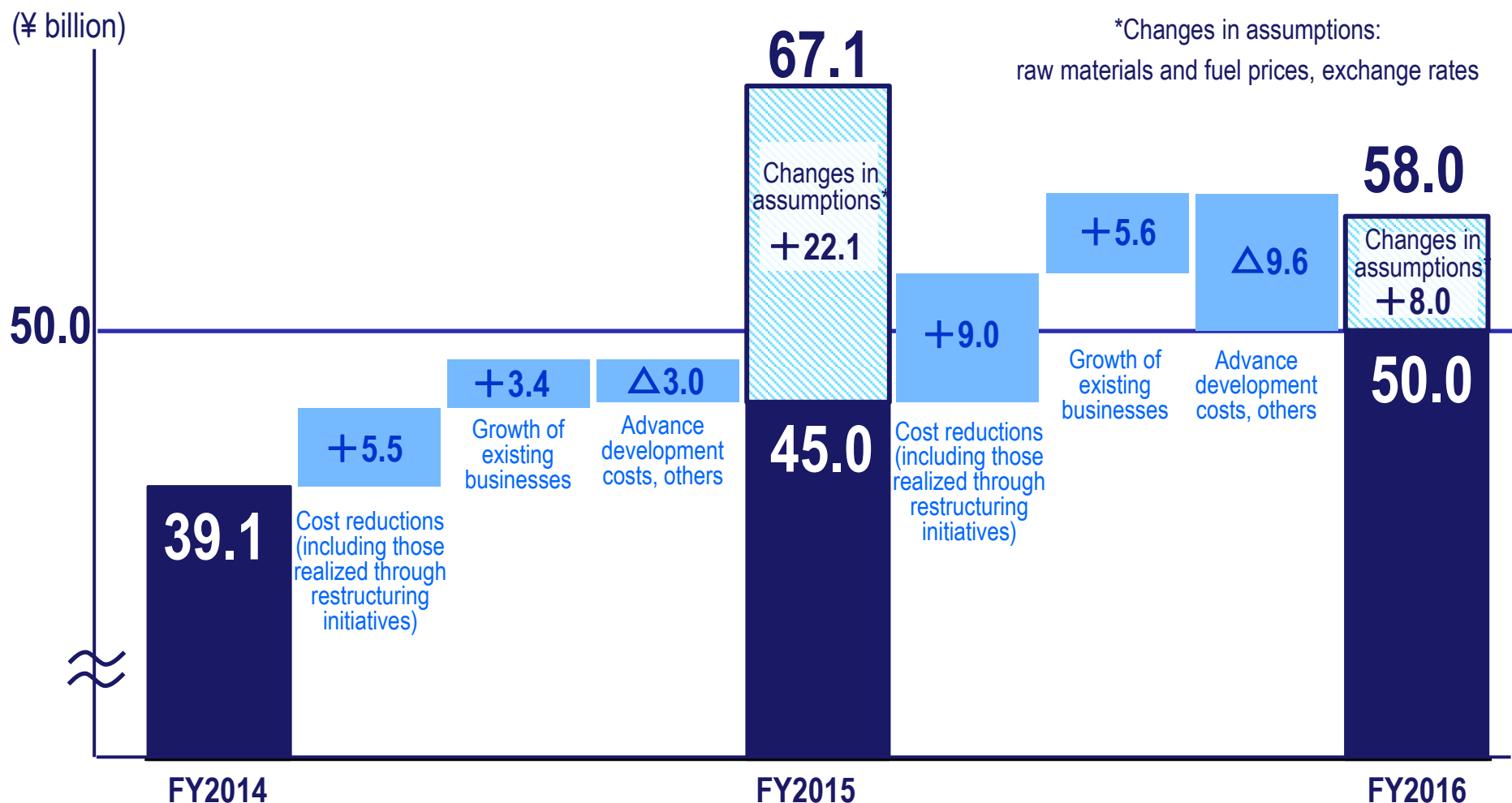
◆ Analysis of changes in operating income

(¥ billion)



◆ Changes in the composition of operating income (with 2014 as the starting point)

Excluding external environmental factors, our earnings base is expected to reach the target envisioned by our revised medium-term management plan



◆ Environmental assumptions

Exchange rates : 110/US\$1.00, ¥122/€1.00

Crude oil prices : US\$45/barrel* * Dubai crude oil price

◆ Short-term actions in core businesses

businesses	Main initiatives and actions
Advanced fibers	<ul style="list-style-type: none"> • Grow para-aramid fiber sales based on expansion of <i>Technora</i> facilities (autumn 2016) • Ensure that new types of meta-aramid fiber contribute to earnings as early as possible • Steadily push ahead with restructuring initiatives for polyester fiber
Carbon fibers and Composites	<ul style="list-style-type: none"> • Address expanding demand for use in aircraft • Expand the prepreg and composites business
Pharmaceuticals	<ul style="list-style-type: none"> • Expand sales of febuxostat and <i>LOQQA</i> Tape • Actively promote partnerships and M&As to strengthen the pipeline
Home healthcare	<ul style="list-style-type: none"> • Expand CPAP sales • Complete bold restructuring of the U.S. business

◆ Short-term actions in core businesses (continued)

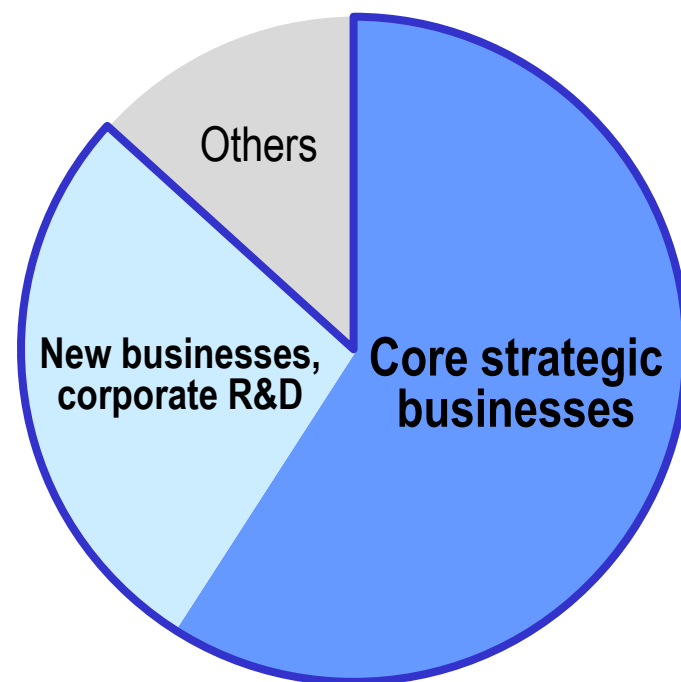
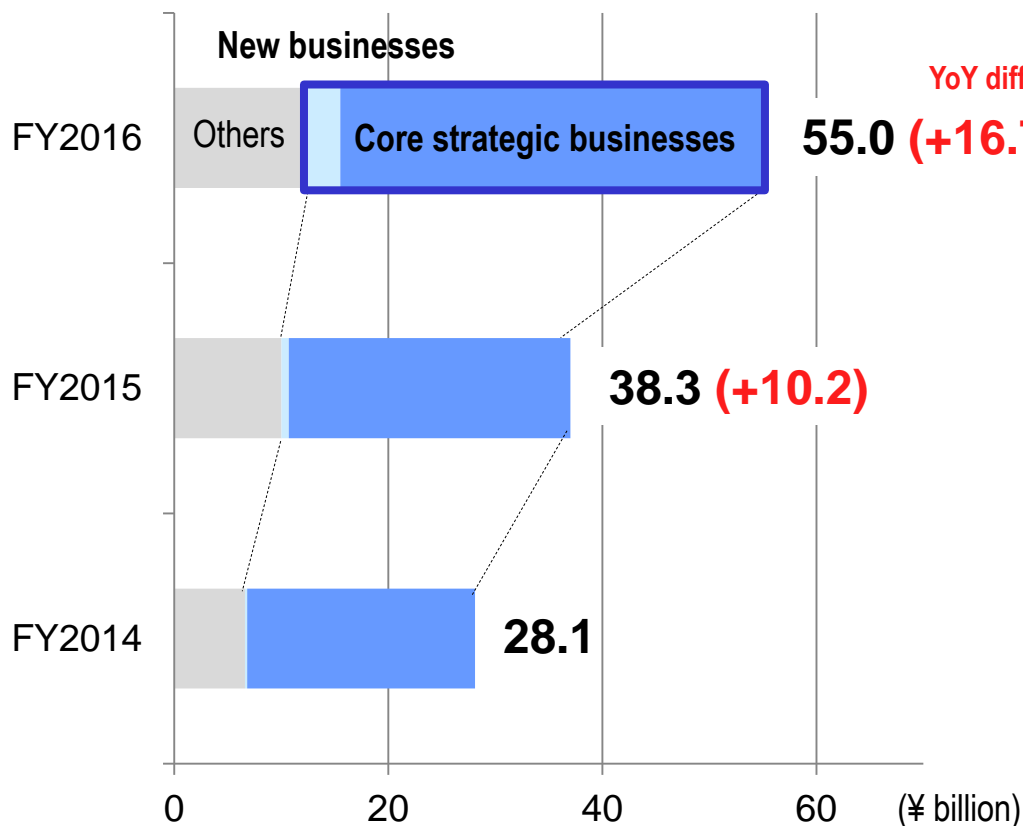
businesses	Main initiatives and actions
Trading and Retail	<ul style="list-style-type: none"> • Expand sales of functional materials for sports apparel and other uses • Strengthen global production capabilities in the industrial textiles and materials field
IT	<ul style="list-style-type: none"> • Expand the e-book business • Strengthen the healthcare field
Plastics	<ul style="list-style-type: none"> • Enhance the lineup of compound products • Expand sales in growth fields, primarily automotive and infrastructure
Films	<ul style="list-style-type: none"> • Steadily promote integration of domestic production facilities • Use OEM consignment production overseas
Corporate	<ul style="list-style-type: none"> • Consider reshaping the organization to achieve our aspirations for the Teijin Group • Continuously and thoroughly rationalize costs

◆ Investment of resources

Continue to actively allocate resources to core strategic businesses and new businesses

Capital expenditure FY16: ¥55.0 billion

Research expenses FY16: ¥34.0 billion



Actively invest **approximately 50% more** than in the previous fiscal year, primarily in core strategic businesses

Allocate **more than 80%** of R&D expenses to core strategic businesses and new businesses

◆ Financial highlights

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Outlook
ROA *1	1.6%	2.4%	4.9%	8.2%	6.9%
ROE *2	-10.3%	3.0%	-2.8%	10.6%	11.3%
Operating margin	1.7%	2.3%	5.0%	8.5%	7.5%
D/E ratio	1.00	1.00	1.07	1.01	0.9
Shareholders' equity ratio	35.6%	36.7%	34.9%	36.4%	38.5%
Earnings per share (¥)	(29.6)	8.5	(8.2)	31.6	36.6
Dividends per share (¥)	4.0	4.0	4.0	7.0	10.0
Total assets (¥ billion)	762.4	768.4	823.7	823.4	870.0
Interest-bearing debt (¥ billion)	270.8	281.5	308.2	303.3	300.0
EBITDA (¥ billion)*3	59.2	63.7	82.1	106.0	98.0

*1 ROA= Operating income/Total assets

*2 ROE= Net income/Shareholders' equity

*3 EBITDA = Operating income + Depreciation & amortization

Progress of medium-term management plan

◆ Progress of Restructuring Initiatives

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

◆ Projected Impact of Restructuring Initiatives (versus FY14, Operating income)

	Medium-term management plan		FY16 Outlook		Difference
	FY2016	Cumulative for FY2015 – FY2016	FY2016	Cumulative for FY2015 – FY2016	Cumulative for FY2015 – FY2016
Electronics materials and performance polymer products	¥ 4.5	¥ 7.5	¥ 5.0	¥ 8.0	+0.5
Healthcare	3.0	4.0	2.0	3.0	-1.0
Advanced fibers and composites	0.5	0.5	0.5	0.5	—
Raw materials and polymerization	0.5	1.0	0.5	1.0	—
Total projected impact	¥ 8.5	¥ 13.0	¥ 8.0	¥ 12.5	-0.5

In the healthcare business (North American home healthcare business), bold restructuring initiatives to restore profitability had been expected midway through 2016. However, given that these initiatives are running slightly behind the initial schedule, the positive impact will be pushed back to next fiscal year.

⇒ **On track to largely achieve initial target in terms of the total amount**

◆ Progress on transformation and growth strategies

【Environment and energy conservation solutions】

- FY2015

FY2016

Carbon fibers and composites

- Developed carbon fiber **with high-strength, high-tensile modulus properties**
- Developed **an integrated production system** for thermosetting carbon fiber-reinforced plastic (CFRP)
- Commenced sales of **a thermoplastic woven fabric prepreg**
- Developed **innovative carbonizing process** and surface treatment technologies for carbon fiber (NEDO* project)

- Further advance **the development of various applications**
- Step up efforts to **address prototypes for thermoplastic CFRP**
- **Consider the construction of a new plant in North America**
(Move to acquire land in the United States)

⇒ **Expand uses for aircraft and extend to mass-produced automobiles**



*New Energy and Industrial Technology Development Organization

Next-generation battery technologies

- Expand **the separator business**
- Develop **high-efficiency solar cell materials** (NanoGram silicon paste)

- Continue to implement new adoption activities through **end-user marketing**
 - Co-develop new **laser doping** technologies
- ⇒ **Expand to high-efficiency solar cell materials**



【Demographic change and increased health consciousness solutions】

- FY2015

FY2016

Healthcare network expansion

- Commenced sales of *VitalLink*, **a patient information sharing system**
- Entered into a business and capital alliance with Solasto Corporation
- **IoT business**: promoted development and formed outside partnerships (Infocom)
- **Device technology development**
— piezoelectric fabrics, RFID information management system, wearable electrocardiographic monitoring systems
- **Sleep-related project**
Commenced app sales, operation of informational website

- Introduce to and encourage use by local governments and industry groups considering the promotion of **comprehensive community health care**
- Examine full-fledged commercialization through the proposal of **optimal solutions** and adoption of models

⇒ **Expand integrated healthcare and nursing care services revolving around ICT***

*Information and Communication Technology



Advanced medical materials

- Entered the artificial joint business
Established Teijin Nakashima Medical Co., Ltd.
- Began operating **the Technology Integrated Pharmaceutics Center**
KTF-374, an innovative sheet-type sealant for surgical operations, Patch for cardiac repair

- Expand sales in the hip joint field, in addition to knee joints. Promote **collaboration with Teijin Pharma Limited**
- Accelerate development to launch products as early as possible

⇒ **Foster new healthcare businesses leveraging materials technology**



【Safety, security and disaster mitigation solutions】

- FY2015

FY2016

Safety and disaster mitigation-related applications

- Commercialize **new types of** meta-aramid fibers
- Upgrade and expand the production application lineup

Earthquake-resistant materials

Earthquake-resistant renovation materials, ultra-lightweight ceiling material *Kal-ten*, and super-tough structural materials

Disaster mitigation products

Motanka emergency blanket/stretchers, air freight containers, woven aramid fabrics for protection against debris from volcanic eruptions

- **Video transmission system for disaster response vehicles and ambulances** (Infocom)

- Concentrate resources on **protective clothing** (for fire departments, police and others)
- Consider introducing **sensor technologies and smart textiles**



⇒ **Expand to new solutions by combining materials integration and IT**

◆ In closing,

The Teijin Group's goal

Become an enterprise that lays the groundwork for tomorrow's society by creating new value

What is needed to create new value

Carefully assess the source of our added value: the things/ideas that our customers need

Provide "solutions"

Build a business portfolio for attaining sustainable growth that is resilient to changes in the external environment

Disclaimer Regarding Forward-Looking Statements and Business Risks

Disclaimer

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

Business Risks

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

(1) Market-related risk

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

(2) Product quality risk

The Teijin Group has established a dedicated division that is charged with product quality and reliability assurance for all Group businesses. However, product and service defects arising from quality issues have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

(3) R&D-related risk

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

(4) Risks related to overseas operations

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

(5) Risks related to accidents and disasters

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

◆ Consolidated balance sheets

(¥ billion)	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	Mar. 31, 2016
Total assets	783.8	779.8	832.7	823.7	816.4	802.7	821.9	823.4
Current assets	367.6	370.8	413.1	406.0	395.6	395.6	415.0	430.5
Fixed assets	416.2	409.0	419.6	417.7	420.8	407.1	406.9	392.9
Total liabilities and net assets	783.8	779.8	832.7	823.7	816.4	802.7	821.9	823.4
Liabilities	483.8	499.3	539.1	520.1	496.3	483.8	491.8	509.0
[Interest-bearing debt]	303.4	302.0	317.3	308.2	294.3	283.6	281.1	303.3
Net assets	300.0	280.5	293.6	303.6	320.2	319.0	330.1	314.4

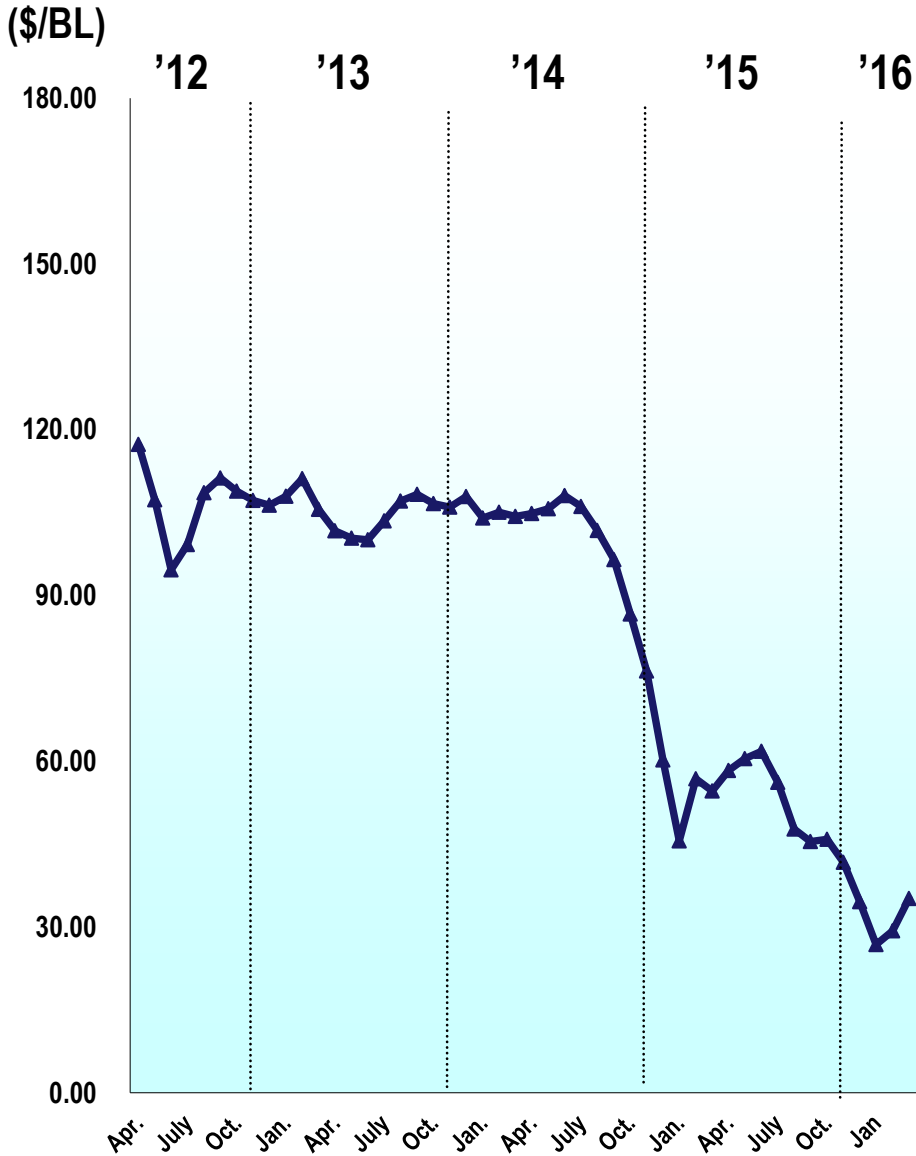
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2016).

◆ Consolidated statements of income

	FY14				FY15			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(¥ billion)								
Net Sales	181.9	195.5	201.1	207.7	192.6	199.5	199.2	199.5
Cost of sales	133.9	145.2	145.1	145.3	130.8	134.5	134.0	137.0
Gross profit	48.0	50.3	56.0	62.4	61.7	65.0	65.3	62.4
SG & A	43.1	43.0	43.5	47.9	45.3	46.1	45.1	50.8
Operating income	4.8	7.3	12.4	14.5	16.4	18.9	20.1	11.6
Nonoperating items (net)	(0.2)	2.1	2.5	(1.1)	1.6	(1.1)	0.8	(8.1)
(Balance of financial expenses)	0.1	(0.5)	(0.2)	(0.6)	0.5	(0.5)	0.1	(0.3)
(Equity on gains and losses of unconsolidated subsidiaries and affiliates)	0.4	1.2	0.9	(0.1)	0.9	1.1	0.5	(5.5)
Ordinary income	4.7	9.4	14.9	13.4	18.0	17.9	21.0	3.5
Extraordinary items(net)	(0.8)	(41.2)	(4.1)	(3.2)	(1.3)	(1.6)	(7.8)	(4.1)
Income (loss) before income taxes	3.9	(31.9)	10.8	10.2	16.7	16.3	13.2	(0.6)
Income taxes	2.4	(5.7)	2.9	3.5	5.5	3.5	4.3	3.1
Profit (loss) attributable to non- controlling interests	(0.1)	(2.2)	(0.0)	0.4	0.0	(0.4)	(1.6)	0.1
Profit (loss) attributable to owners of parent	1.6	(24.0)	7.9	6.3	11.2	13.3	10.5	(3.8)

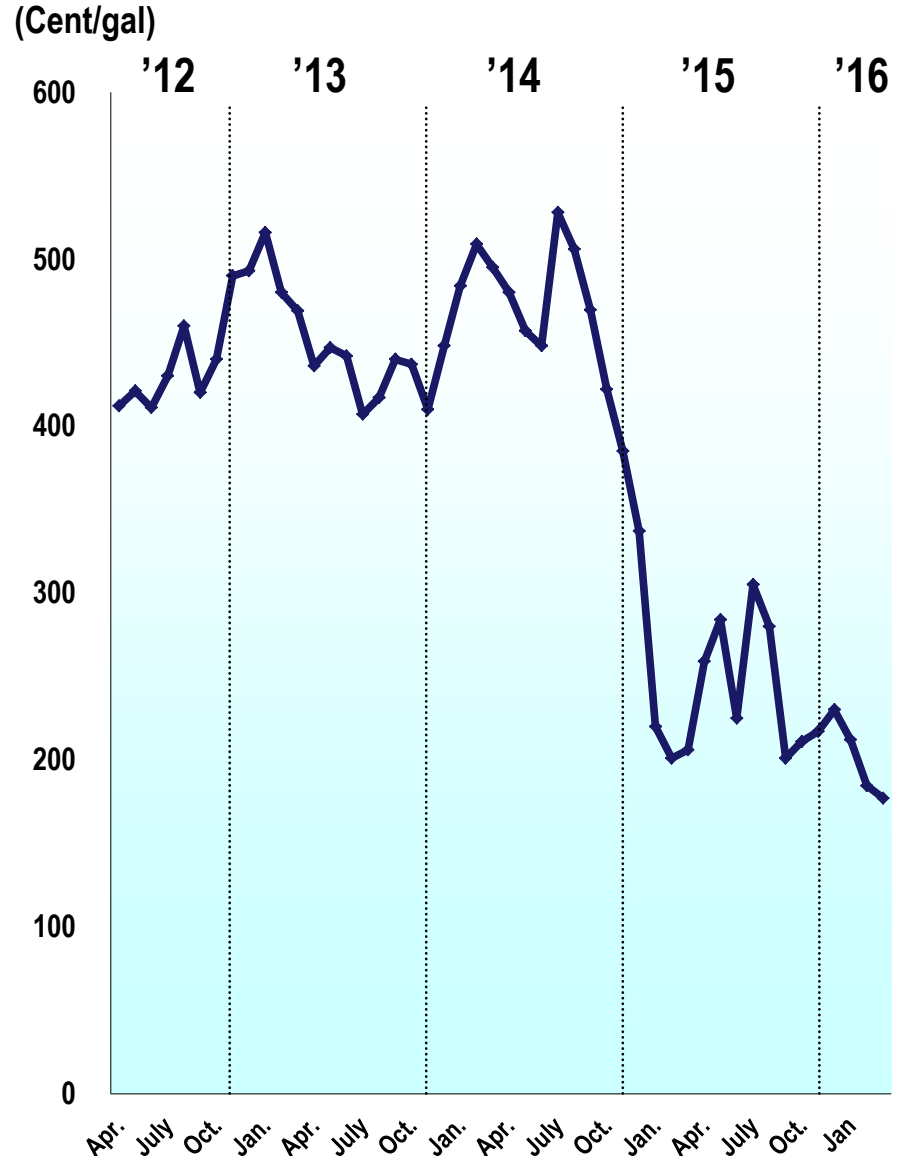
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2016).

◆ Dubai crude oil prices



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

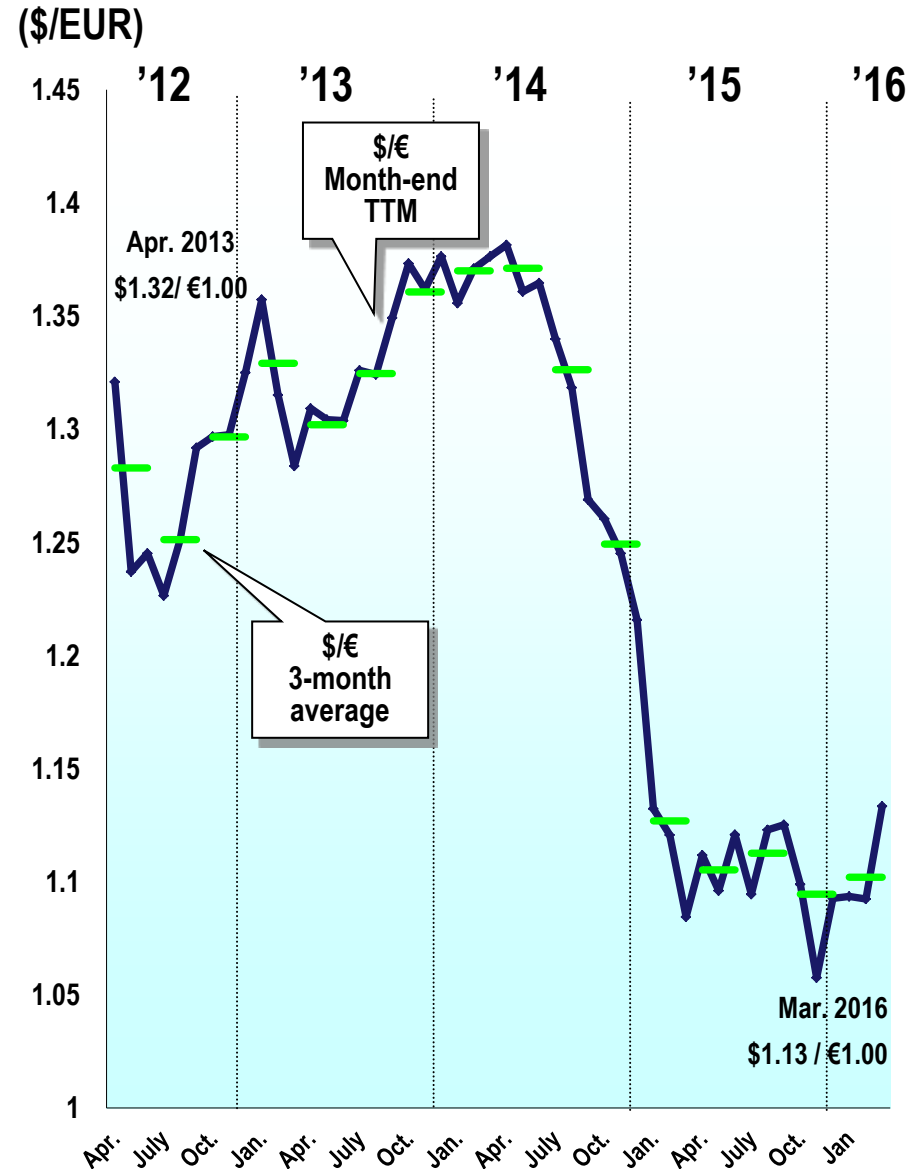
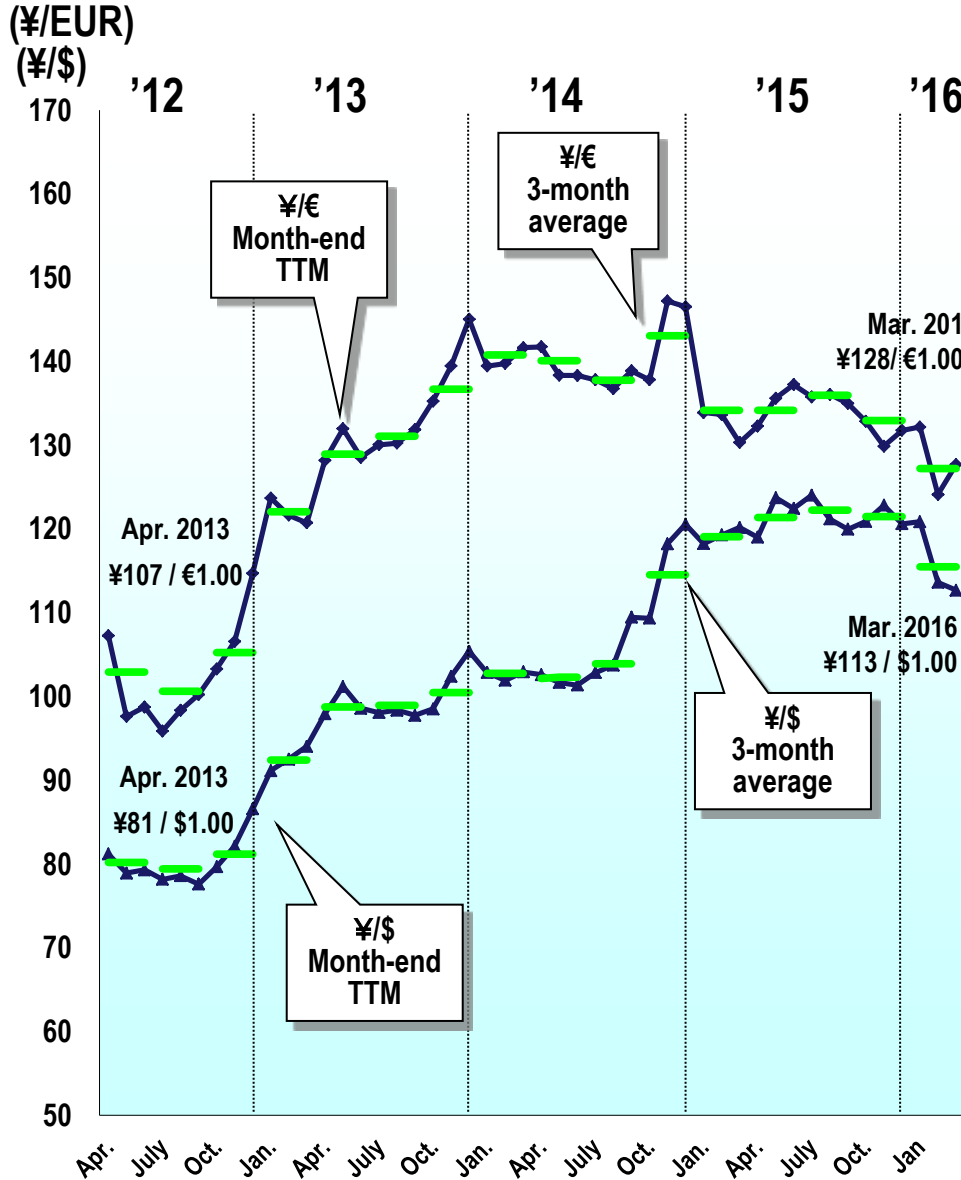
◆ Benzene prices



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

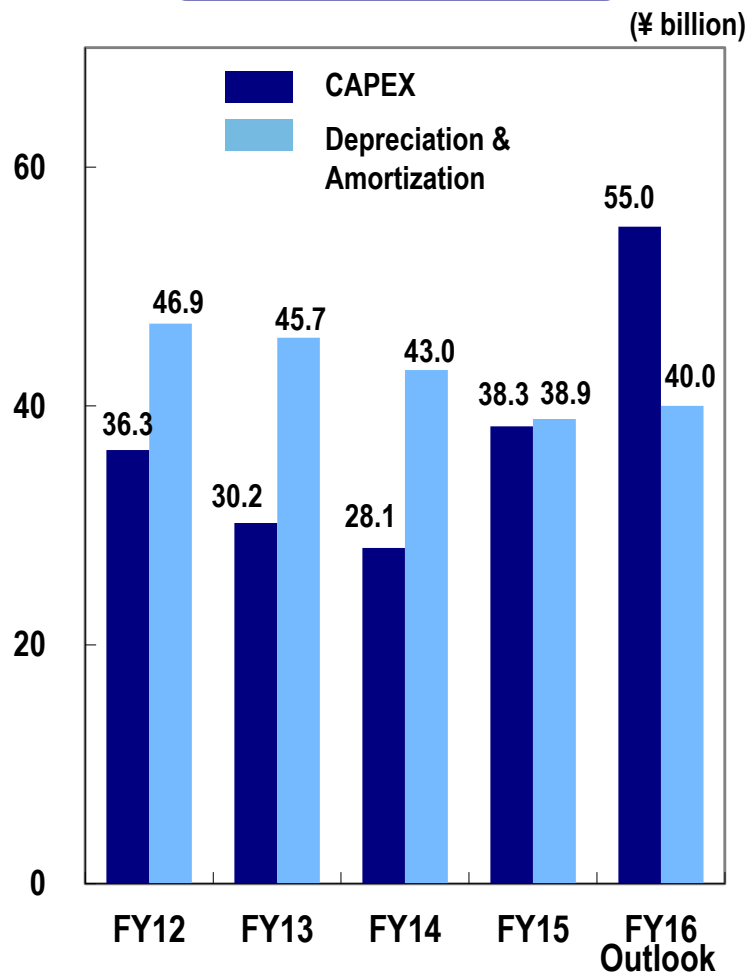
◆ Yen/Dollar, Yen/Euro exchange rates

◆ Dollar/Euro exchange rates

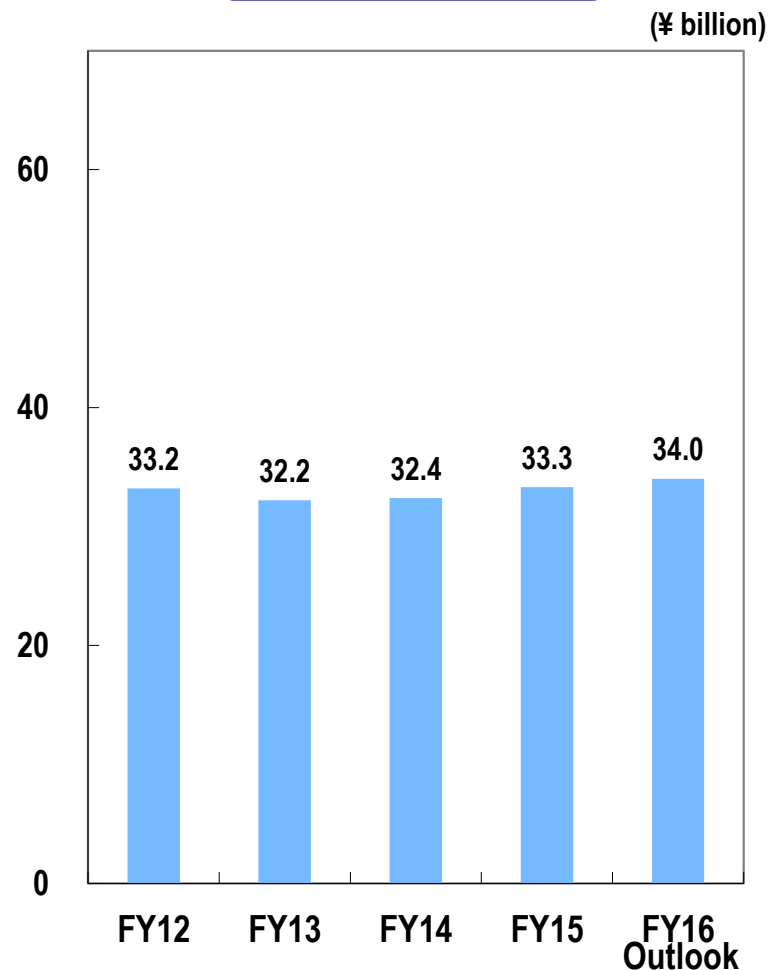


◆ CAPEX, depreciation & amortization, and R&D expenses

CAPEX/Depreciation & Amortization



R&D Expenses



◆ Sales of principal pharmaceuticals

(¥ billion)

Product	Target disease	FY14					FY15				
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q	3Q	4Q	Annual Total
<i>Bonalon</i> ^{®*}	Osteoporosis	3.1	3.3	3.6	3.0	12.9	3.3	3.3	3.5	2.8	12.9
<i>Onealfa</i> [®]	Osteoporosis	1.4	1.4	1.5	1.2	5.4	1.3	1.3	1.3	1.0	4.9
Osteoporosis total		4.5	4.6	5.0	4.1	18.2	4.6	4.6	4.9	3.8	17.8
<i>Feburic</i> [®]	Hyperuricemia and gout	2.8	3.9	4.7	4.1	15.5	4.8	5.2	6.0	5.3	21.3
<i>Mucosolvan</i> [®]	Expectorant	1.6	1.4	1.9	1.5	6.5	1.8	1.4	2.0	1.5	6.8
<i>Venilon</i> [®]	Severe infection	2.5	2.4	2.8	2.1	9.8	2.5	0.0	1.3	0.6	4.4
<i>Laxoberon</i> [®]	Laxative	0.8	0.7	0.8	0.6	2.9	0.7	0.7	0.7	0.5	2.6
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.5	0.4	1.7	0.4	0.4	0.4	0.4	1.6
<i>Somatuline</i> ^{®*}	Acromegaly and pituitary gigantism	0.2	0.3	0.3	0.3	1.1	0.3	0.4	0.4	0.4	1.5
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.4	0.3	1.2	0.3	0.3	0.3	0.3	1.2
<i>Bonalfa</i> [®]	Psoriasis	0.3	0.3	0.3	0.2	1.1	0.3	0.2	0.2	0.2	0.9

* *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.

	Phase of Clinical Trials				(As of March 31, 2016)
	Phase I	Phase II	Phase III	Filed	Approved/ New Launch
Bone and joint disease		ITM-058 KTP-001			
Respiratory disease		PTR-36			NA872ET [Mucosolvan®]
Cardio-vascular and metabolic disease	TMG-123 TMX-049*1	ITM-014N [Somatuline®] (New indication for neuroendocrine tumor) TMX-67XR [Feburic®]	STM-279*4	TMX-67TLS*2 [Feburic®] (New indication for tumor lysis syndrome) TMX-67*3 [Febuxostat] (PRC)	
Other			GGs-ON, -MPA, -CIDP [Venilon®] (New indication for optic neuritis) (New indication for microscopic polyangiitis) (New indication for chronic inflammatory demyelinating polyneuropathy)		

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

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

*3 Teijin filed an application with the China Food and Drug Administration of the PRC for approval of TMX-67 (generic name: febuxostat), a treatment for hyperuricemia and gout, which is being jointly developed with Astellas Pharma China, Inc. in the PRC in November 2015.

*4 In January 2016 Teijin began clinical development of EZN-2279 (domestic development code: STM-279), a therapeutic agent for adenosine deaminase (ADA) deficiency discovered by Sigma Tau Rare Disease Ltd. of the U.K. In March 2016, Teijin obtained the designation of EZN-2279 as an orphan drug by Japan's Ministry of Health, Labour and Welfare.

◆ Newly developed pharmaceutical candidates

(As of March 31, 2016)

【Approved】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
NA872ET (ambroxol hydrochloride)	Expectorant	Small, sustained-release tablet-form version of <i>Mucosolvan</i> (ambroxol hydrochloride) that is smaller than <i>Mucosolvan</i> L Capsule and thus easier to take. This version is promising because it allows easier apportioning of single doses.	Tablet	Licensed in from Boehringer Ingelheim GmbH (Germany) Approved in Japan in February 2015 Commenced sales in July 2015

【Filed】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-67TLS (febuxostat)	Tumor lysis syndrome	A highly potent drug that selectively inhibits xanthine oxidase. Offers promise as a once-daily treatment option that prevents hyperuricemia in patients with malignant tumors who have undergone chemotherapy.	Tablet	Developed in-house (New indication) Filed in Japan in July 2015
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. Filed in PRC in November 2015

【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)
STM-279	Adenosine deaminase (ADA) deficiency	EZN-2279 (polyethylene glycol recombinant bovine adenosine deaminase) is an injectable recombinant ADA that suppresses a reduction in lymphocytes by replacing ADA. It is expected to prevent the onset of severe combined immune deficiency (SCID).	Tablet	Licensed in from Sigma Tau Rare Disease Ltd. (U.K.)

【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)

【Phase II】(continued)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-058	Osteoporosis	Promising for the treatment of osteoporosis due to potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of fracture. Superior to existing PTH derived drugs in its ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma SAS (France)
KTP-001	Lumbar disc herniation	For use in chemonucleolysis for herniated lumbar discs; because it is a recombinant human protease—identical in structure to matrix metalloprotease, which promotes the spontaneous regression of herniated discs—this drug minimizes the risk of allergic reaction and facilitates the selective treatment of affected discs, thus reducing damage to surrounding tissue and enhancing the viability of this procedure as a minimally invasive alternative to surgery and expanding the treatment options available to patients.	Injection	Engineered by Professor Hirotaka Haro and Dr. Hiromichi Komori Under joint development with Kaketsuken
TMX-67XR (febuxostat)	Hyperuricemia and gout	Sustained-release formulation of hyperuricemia and gout treatment febuxostat, which is currently on the market.	Oral	Developed in-house (new formulation)
PTR-36	Bronchial asthma	Uses a novel mechanism (CRTh2 receptor antagonism) to control symptoms of asthma, facilitating effective long-term management of the disease; offers promise for use alone, delivering therapeutic value comparable to that of steroids, for patients with mild asthma; also offers promise for use in tandem with steroid inhalants, delivering sufficient therapeutic value for patients with mild to severe asthma.	Tablet	Licensed in from Pulmagen Therapeutics (Asthma) Limited

【Phase I】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMG-123	Type 2 diabetes	Uses a novel mechanism (activation of glucokinase (GK) expressed predominantly in the liver) to control blood glucose levels; holds promise for use by patients with impaired glucose homeostasis. Also expected to offer greater convenience (administered once daily, does not require adjustment of dose for patients with renal insufficiency and minimal risk of drug interaction).	Tablet	Developed in-house
TMX-049	Hyperuricemia and gout	Non-purine xanthine oxidase inhibitor; offers promise as a new treatment for hyperuricemia and gout that is both highly effective and safe.	Tablet	Developed in-house

◆ Status of licensed-in products in preclinical stages (information for the past three years)

Agreement	Licensor	Nature of Agreement
March 2015	Taisho Pharmaceutical Co., Ltd. (Japan)	Distribution rights in Japan for TT-063, an anti-inflammatory analgesic patch containing the compound S-flurbiprofen for which the indication is osteoarthritis pain and inflammation (Sept. 2015: Taisho Pharmaceutical Co., Ltd. obtained manufacturing and marketing approval.) (January 2016: began jointly marketing the transdermal anti-inflammatory analgesic patch formulation LOQOA Tape with Taisho Toyama Pharmaceutical Co., Ltd.)

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.