
Flash Report
-3Q Results and FY2016 Outlook-

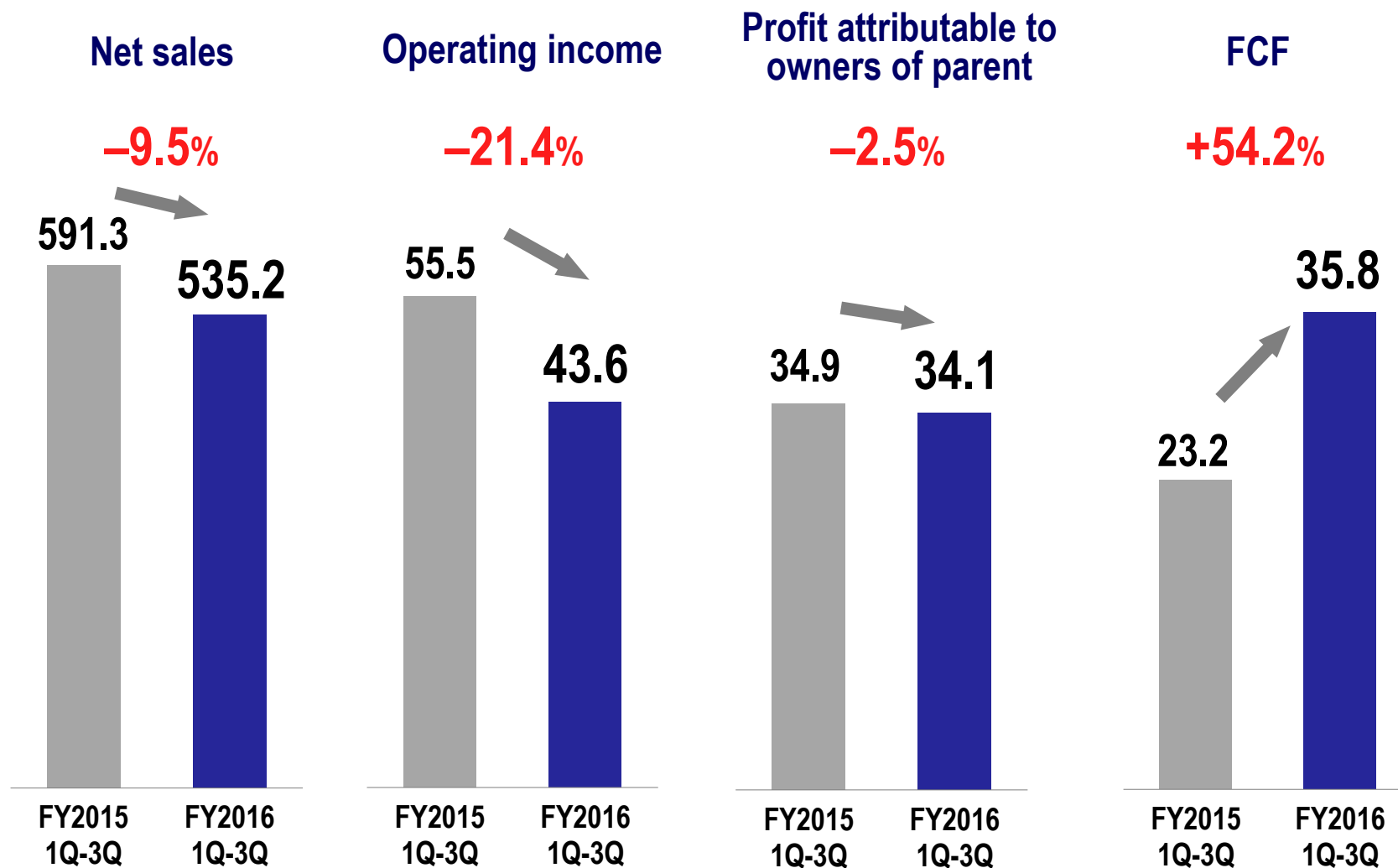
Teijin Limited
February 6, 2017

Outline of FY2016 3Q Results

(1) Consolidated results highlights

(¥ billion)

Operating Movement (Compared with FY2015 1Q-3Q)



◆ Operating results	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference
Net sales	591.3	535.2	-56.1
Operating income	55.5	43.6	-11.9
OP margin	9.4%	8.1%	-1.2%
Nonoperating items (net)	1.3	2.2	+0.8
Ordinary income	56.8	45.8	-11.0
Extraordinary items (net)	(10.6)	(4.4)	+6.2
Income before income taxes	46.2	41.4	-4.8
Income taxes	13.2	6.7	-6.6
Profit attributable to non-controlling interests	(2.0)	0.7	+2.6
Profit attributable to owners of parent	34.9	34.1	-0.9
Earnings per share*1 (¥)	177.65	173.23	-4.42

EBITDA *2	84.4	71.6	-12.7
CAPEX *3	24.1	28.6	+4.5
Depreciation & amortization	28.9	28.0	-0.8
R&D expenses	23.9	27.0	+3.1
FCF	23.2	35.8	+12.6

■ Net sales: Declined, owing to

Impact of optimizing our production configuration associated with restructuring initiatives in the resin business, in addition to the stronger yen, although sales were generally steady across all businesses on the whole

■ Operating income and Ordinary income: Declined owing to

New drug licensing costs and the impact of foreign exchange movements, despite efforts to steadily improve profitability by driving growth in existing businesses and executing restructuring initiatives

■ Profit attributable to owners of parent: Declined despite

Lower tax expense due to the impact of changes in tax effect accounting, along with a decline in impairment loss and other factors

◇ PL exchange rate

	FY2015 1Q-3Q	FY2016 1Q-3Q
¥/US\$	122	107
¥/€	134	118
US\$/€	1.10	1.11

*1 In connection with the consolidation of shares conducted on October 1, 2016, figures were calculated as if the consolidation of shares had been conducted at the beginning of the previous fiscal year

*2 EBITDA = Operating income + Depreciation & amortization

*3 CAPEX includes investments in intangible assets

◆ Nonoperating items

(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference
Interest income	0.5	0.5	-0.0
Dividends income	1.5	1.8	+0.2
Equity in earnings of affiliates	2.6	2.4	-0.2
Others	1.2	1.0	-0.1
Nonoperating income, total	5.8	5.6	-0.1
Interest expenses	1.9	1.6	-0.2
Foreign exchange losses	0.4	0.3	-0.2
Others	2.1	1.6	-0.6
Nonoperating expenses, total	4.4	3.5	-1.0
Nonoperating items, total	1.3	2.2	+0.8

◆ Extraordinary items

(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference
Gain on sales of noncurrent assets	0.1	0.2	+0.1
Gain on sales of investment securities	0.1	0.0	-0.1
Reversal of impairment losses	1.8	0.1	-1.7
Others	0.1	0.4	+0.2
Extraordinary income, total	2.1	0.7	-1.5
Loss on sales and retirement of noncurrent assets	1.5	1.6	+0.0
Impairment loss	5.6	0.7	-4.9
Business structure improvement expenses	4.2	2.0	-2.2
Others	1.4	0.7	-0.7
Extraordinary losses, total	12.7	5.0	-7.7
Extraordinary items, total	(10.6)	(4.4)	+6.2

◆ Financial position

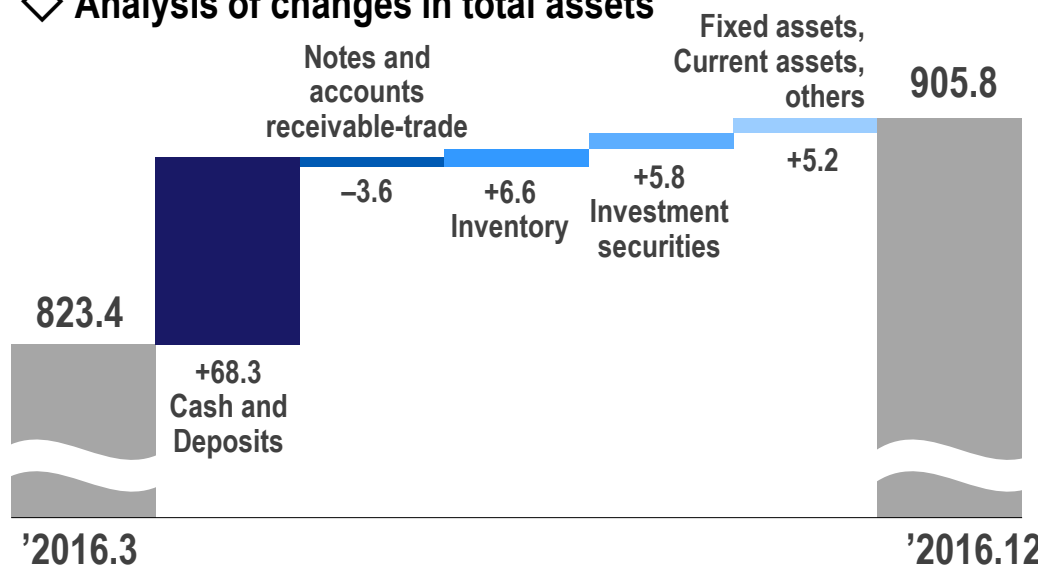
(¥ billion)	March. 31, 2016	December.31, 2016	Difference	(Impact of foreign exchange rate)
Total assets	823.4	905.8	+82.4	-0.1
Shareholders' equity	300.1	340.5	+40.4	-5.4
Interest-bearing debt	303.3	343.7	+40.4	+0.3
D/E ratio	1.01	1.01	-0.0	
Shareholders' equity ratio	36.4%	37.6%	+1.1%	

◆ Cash flows

(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference
Operating activities	51.0	53.0	+2.0
Investing activities	(27.8)	(17.1)	+10.6
FCF	23.2	35.8	+12.6
Financing activities	(34.1)	(32.5)	+66.6
Cash & cash equivalents	(10.9)	68.3	+79.2

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

◇ Analysis of changes in total assets



◇ BS exchange rate

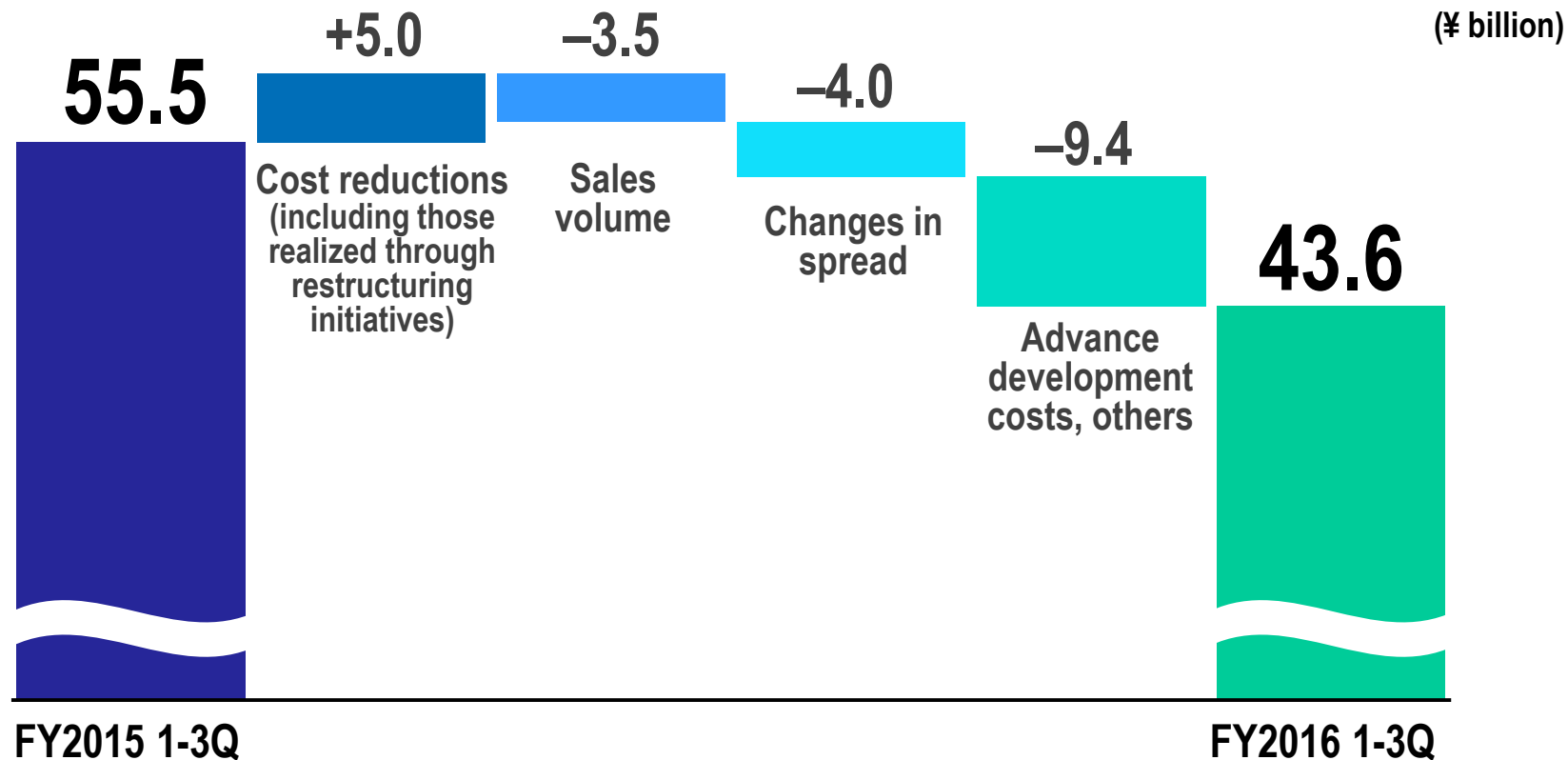
	March. 31, 2016	December 31, 2016
JPY / USD	113	116
JPY / EUR	128	123
USD / EUR	1.13	1.05

(2) Operating Results by Segment (Comparison with FY2015 1Q-3Q)

	Net sales				Operating income (loss)			
	(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference	% Change	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference
Advanced Fibers and Composites	97.6	85.9	-11.7	-12.0%	13.9	10.6	-3.3	-23.7%
Electronics Materials and Performance Polymer Products	129.4	102.0	-27.4	-21.2%	18.9	15.0	-3.9	-20.7%
Healthcare	112.5	111.9	-0.6	-0.6%	25.4	21.4	-4.0	-15.8%
Trading and Retail	200.3	190.9	-9.3	-4.7%	4.0	4.6	+0.6	+13.7%
Total	539.7	490.7	-49.1	-9.1%	62.3	51.6	-10.7	-17.2%
Others	51.6	44.5	-7.0	-13.7%	3.3	3.4	+0.2	+5.2%
Elimination and Corporate	—	—	—	—	(10.1)	(11.4)	-1.3	—
Total	591.3	535.2	-56.1	-9.5%	55.5	43.6	-11.9	-21.4%

◆ Analysis of changes in operating income

Operating income declined due to the new drug licensing costs, the impact of foreign exchange movements and lower sales volume in the resin business, despite the positive impact of cost reductions, including those realized through restructuring initiatives



Advanced Fibers and Composites

SALES AND EARNINGS DOWN due to the impacts of foreign exchange movements and regular maintenance in aramid fibers, despite firm sales volume



	(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference	Change
Net sales		97.6	85.9	-11.7	-12.0%
Operating income		13.9	10.6	-3.3	-23.7%

◇ High-Performance Fibers

Para-aramid Fibers:

- Sales for automotive applications, including tires in Europe, expanded steadily
- Sales were weak for ballistic protection and oil field drilling applications

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:

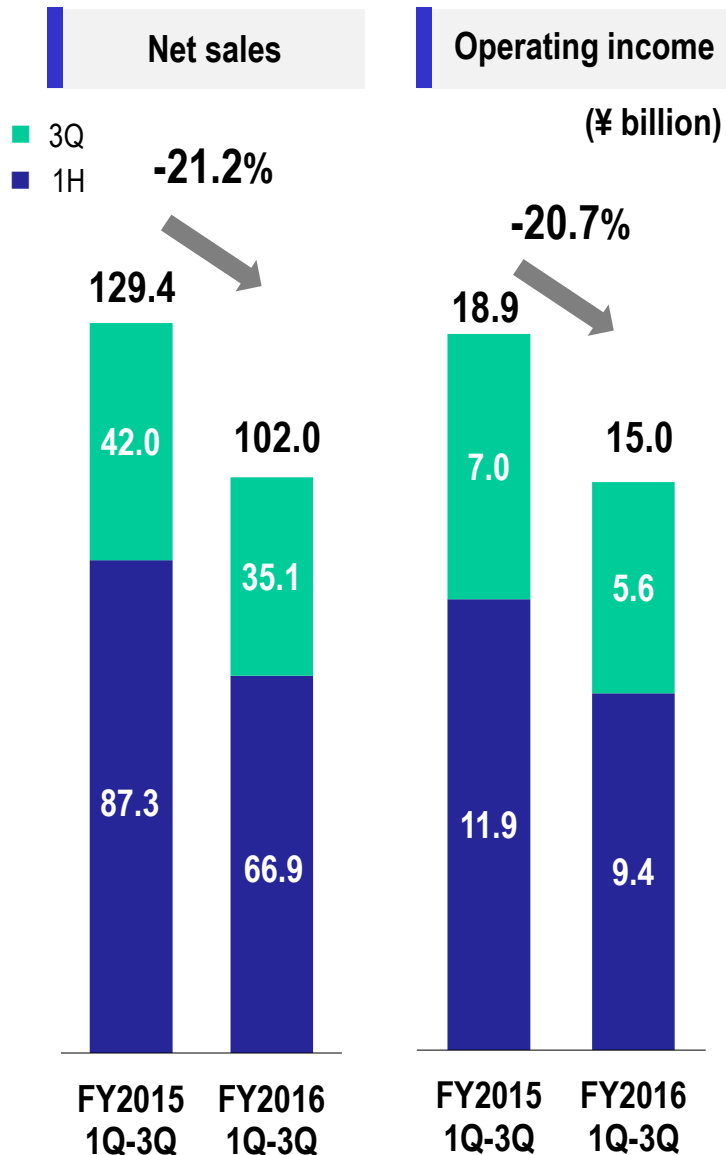
- Sales were solid for automotive applications and for membranes for water treatment
- Realigned domestic production configuration and transferring production to Thailand

◇ Carbon Fibers and Composites

- Sales for use in aircraft were favorable
- Sales were robust for wind power generation in the Americas and Europe, but the supply-demand balance softened for general industrial use and for sports and leisure applications in Asia

Electronics Materials and Performance Polymer Products

SALES DOWN due to the downsizing of commodity businesses and the impact of foreign exchange movements, but a steady operating margin was maintained



	(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference	Change
Net sales		129.4	102.0	-27.4	-21.2%
Operating income		18.9	15.0	-3.9	-20.7%

◇ Resin and Plastics Processing

Polycarbonate Resin:

- Despite decreased sales volume due to halted production at our Singapore plant and the impact of the weaker yuan, earnings were stable due to an improved sales mix and high capacity utilization maintained at plants in Japan and the PRC.
- Proactively rolled out composite materials that combine our resins with high-performance fibers, in addition to expanding applications for automotive materials

High-performance Resins:

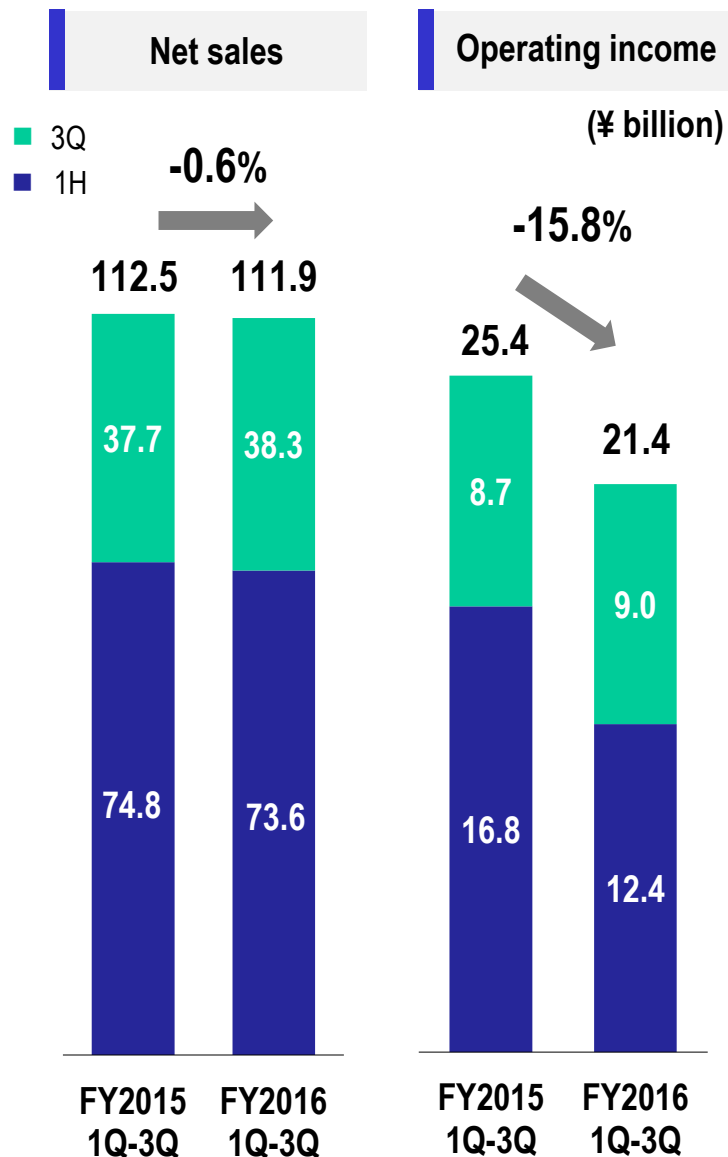
- Expanded line-up of specialty polycarbonate resin for camera lenses

◇ Films

- Sales of release films for manufacturing processes, exports for special packaging applications and PEN film for use in magnetic materials, were relatively firm.
- Sales of reverse-dispersion solvent-cast retardation film for organic electroluminescent displays (OLED) expanded
- Halted production at Gifu Factory as planned (end of September 2016)

Healthcare

EARNINGS DECLINED due to the new drug licensing costs, although robust results for core products and services absorbed the impact of downward revisions to medical fees and to NHI drug reimbursement prices



	(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference	Change
Net sales		112.5	111.9	-0.6	-0.6%
Operating income		25.4	21.4	-4.0	-15.8%

◆ Pharmaceuticals

- Sales of hyperuricemia and gout treatment febxostat and *Somatuline*^{*1}, a treatment for acromegaly, expanded steadily
- Efforts were focused on expanding sales of the new formulations for existing drugs, such as the osteoporosis treatment *Bonalon*^{*2}, and the transdermal anti-inflammatory analgesic patch formulation *LOQQA* Tape
- New drug licensing-in costs were recorded for a growth hormone treatment (August 2016)

◆ Home Healthcare

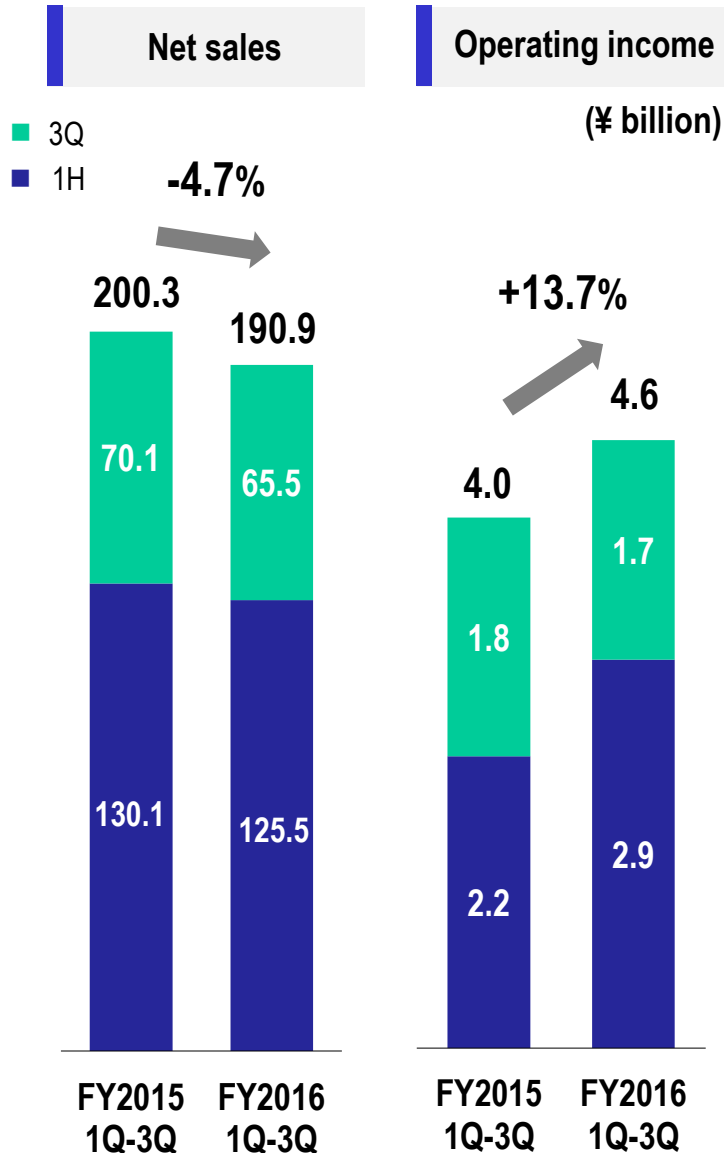
- Home oxygen therapy (HOT): rental volume remained at high levels
- CPAP: Rental volume rose steadily. Aiming for further expansion with the launch of a new model
- Cost reductions were continued in the United States, where harsh operating conditions continue
- Pushed ahead with expanding the lineup of rehabilitation products

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

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

Trading and Retail

PROFITS INCREASED despite a slight decrease in sales due to the stronger yen, reflecting the realization of an even more appropriate production configuration and the expansion of differentiated businesses



	(¥ billion)	FY2015 1Q-3Q	FY2016 1Q-3Q	Difference	Change
Net sales		200.3	190.9	-9.3	-4.7%
Operating income		4.0	4.6	+0.6	+13.7%

Apparel Textiles and Materials:

- Sales of high-performance materials for sports and outdoor use grew in the Americas, Europe, and Japan, despite the impact of the stronger yen
- Expanded sales of differentiated, high performance yarn for interior goods to major retailers
- In functional textiles and apparel, although domestic market conditions remained lackluster overall, efforts were made to strengthen the operating structure by promoting production at optimal sites, and to push ahead with differentiated businesses based on unique materials

Industrial Textiles and Materials:

- In automotive materials, sales of conveyor belts, reinforcement materials for tires, and other products were generally favorable
- Sales of civil engineering materials were also favorable based on demand related to disaster recovery and other factors
- In living related materials, sales of personal hygiene products and suchlike were robust. Efforts were made to expand sales of products for healthcare-related applications
- In resin and films, despite sluggish demand for products, there were signs of an upturn in sales for semiconductor use

Outlook for FY2016

2. Outlook for FY2016

◆ Summary of outlook for FY2016	*1 CAPEX includes investments in intangible assets		*2 Announced on November 7, 2016 (¥ billion)			
	FY2015	FY2016 Outlook	Difference		FY16 Previous Outlook*2	Difference (Amount)
			Amount	%		
Net sales	790.7	740.0	-50.7	-6.4%	730.0	+10.0
Operating income	67.1	56.0	-11.1	-16.6%	53.0	+3.0
Operating margin	8.5%	7.6%	—	-0.9%	7.3%	+0.3%
Ordinary income	60.3	55.0	-5.3	-8.8%	53.0	+2.0
Profit attributable to owners of parent	31.1	37.0	+5.9	+19.0%	35.0	+2.0
CAPEX *1	38.3	50.0	+11.7		50.0	—
Depreciation & amortization	38.9	40.0	+1.1		37.5	+2.5
R&D expenses	33.3	36.0	+2.7		36.0	—
FCF	40.3	-60.0	-100.3		-60.0	—
Assumptions For FY2016 outlook	▼ Exchange rates : ¥ 108/US\$1.00, ¥120/€1.00 ▼ Crude oil prices : US\$47/barrel (Dubai crude oil price)					
	Interim		Year-end (outlook)		Annual dividends	
Dividends per share for FY 2016	¥5 per share Before the consolidation of shares*3		¥25 per share After the consolidation of shares*3		—	

*3 The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. However, the interim dividend will be paid based on the number of shares before the consolidation of shares

◆ Changes in net sales and operating income for FY2015–FY2016

		FY2015 Results			FY2016 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	65.4	67.6	133.0	57.3	77.7	135.0	+2.0
	Electronics Materials and Performance Polymer Products	87.3	76.4	163.7	66.9	68.1	135.0	-28.7
	Healthcare	74.8	72.7	147.5	73.6	71.4	145.0	-2.5
	Trading and Retail	130.1	140.8	270.9	125.5	134.5	260.0	-10.9
	Total	357.7	357.5	715.2	323.3	351.7	675.0	-40.2
	Others	34.4	41.2	75.6	29.8	35.2	65.0	-10.6
	Total	392.1	398.7	790.7	353.0	387.0	740.0	-50.7
Operating income (loss)	Advanced Fibers and Composites	9.3	9.2	18.5	7.7	6.8	14.5	-4.0
	Electronics Materials and Performance Polymer Products	11.9	10.4	22.3	9.4	8.1	17.5	-4.8
	Healthcare	16.8	12.0	28.8	12.4	15.1	27.5	-1.3
	Trading and Retail	2.2	3.1	5.3	2.9	3.1	6.0	+0.7
	Total	40.1	34.8	74.9	32.4	33.1	65.5	-9.4
	Others	1.9	4.6	6.5	2.2	3.3	5.5	-1.0
	Elimination and Corporate	(6.7)	(7.6)	(14.3)	(7.5)	(7.5)	(15.0)	-0.7
Total	35.3	31.8	67.1	27.0	29.0	56.0	-11.1	

◆ Changes in net sales and operating income compared with previous outlook

		FY2016 Previous Outlook*			FY2016 Outlook			Difference
		1H	2H	Total	1H	2H	Total	
		(¥ billion)						
Net sales	Advanced Fibers and Composites	57.3	62.7	120.0	57.3	77.7	135.0	+15.0
	Electronics Materials and Performance Polymer Products	66.9	63.1	130.0	66.9	68.1	135.0	+5.0
	Healthcare	73.6	66.4	140.0	73.6	71.4	145.0	+5.0
	Trading and Retail	125.5	144.5	270.0	125.5	134.5	260.0	-10.0
	Total	323.3	336.7	660.0	323.3	351.7	675.0	+15.0
	Others	29.8	40.2	70.0	29.8	35.2	65.0	-5.0
Total		353.0	377.0	730.0	353.0	387.0	740.0	+10.0
Operating income (loss)	Advanced Fibers and Composites	7.7	7.3	15.0	7.7	6.8	14.5	-0.5
	Electronics Materials and Performance Polymer Products	9.4	5.1	14.5	9.4	8.1	17.5	+3.0
	Healthcare	12.4	14.6	27.0	12.4	15.1	27.5	+0.5
	Trading and Retail	2.9	3.1	6.0	2.9	3.1	6.0	—
	Total	32.4	30.1	62.5	32.4	33.1	65.5	+3.0
	Others	2.2	4.3	6.5	2.2	3.3	5.5	-1.0
	Elimination and Corporate	(7.5)	(8.5)	(16.0)	(7.5)	(7.5)	(15.0)	+1.0
Total		27.0	26.0	53.0	27.0	29.0	56.0	+3.0

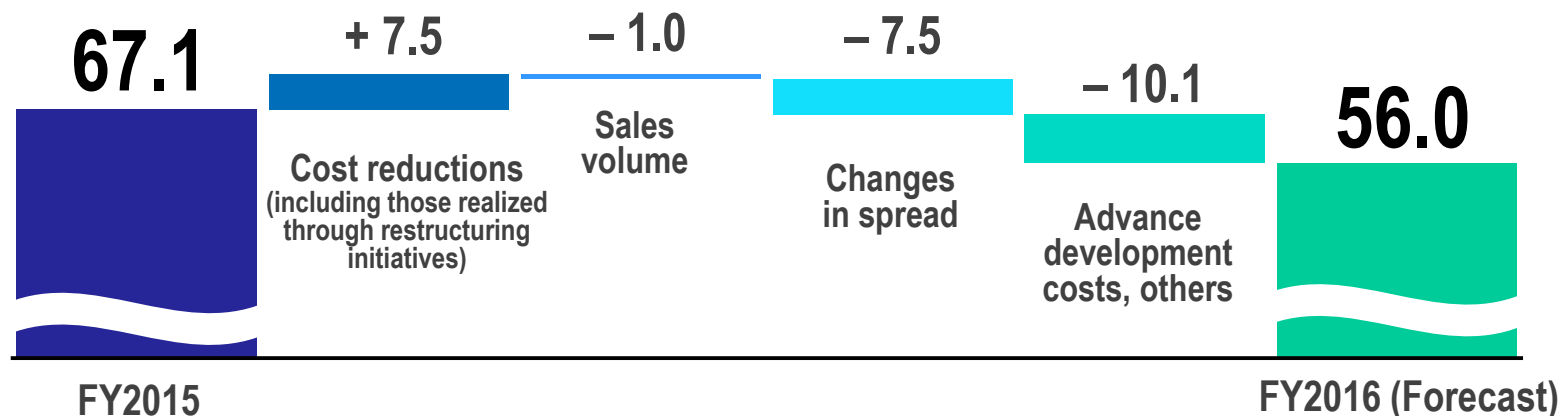
* Announced on November 7, 2016

◆ Analysis of changes in operating income

(¥ billion)

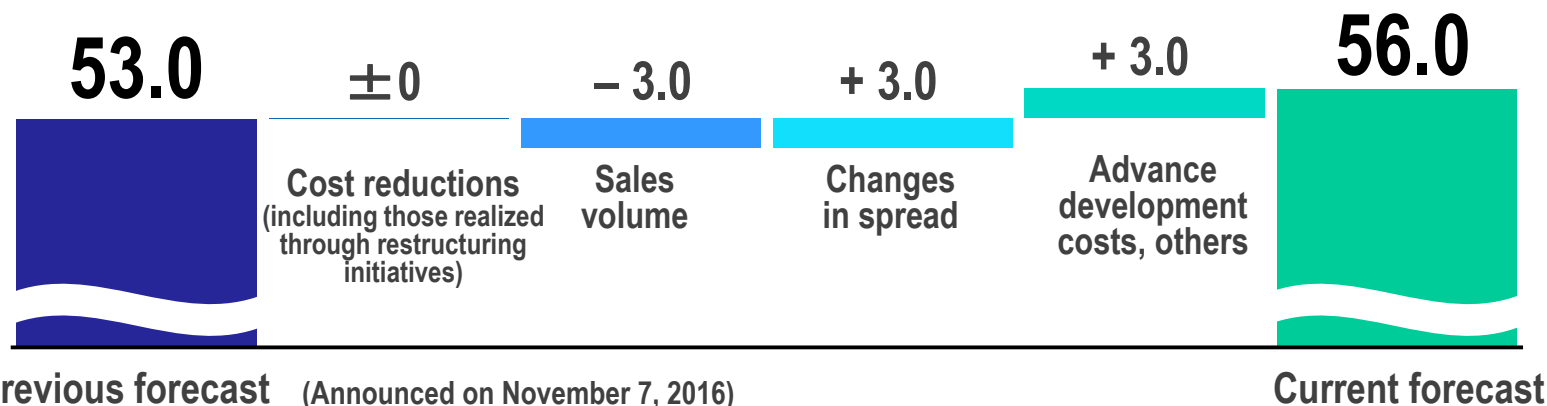
Comparison with FY2015

Operating income is forecast to decrease based on a projected increase in advance development costs in addition to a worsening spread in the resin business and the impact of revisions to NHI drug price reimbursements, despite an anticipated positive impact from restructuring initiatives.



Comparison with previous forecast

Forecast reflects the spread in the materials business worsening less than expected, along with differences from forex assumptions, despite slightly lower-than-anticipated sales volume.



Previous forecast (Announced on November 7, 2016)

Current forecast

◆ Financial highlights

	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Outlook
ROA *1	1.6%	2.4%	4.9%	8.2%	6.4%
ROE *2	-10.3%	3.0%	-2.8%	10.6%	12.0%
Operating margin	1.7%	2.3%	5.0%	8.5%	7.6%
D/E ratio *3	1.00	1.00	1.07	1.01	1.2
Shareholders' equity ratio	35.6%	36.7%	34.9%	36.4%	33.5%
Earnings per share*4 (¥)	(148.1)	42.5	(41.1)	158.1	188.1
Dividends per share*4 (¥)	20	20	20	35	50
Total assets (¥ billion)	762.4	768.4	823.7	823.4	940.0
Interest-bearing debt (¥ billion)	270.8	281.5	308.2	303.3	375.0
EBITDA (¥ billion)*5	59.2	63.7	82.1	106.0	96.0

*1 ROA= Operating income / Total assets

*2 ROE= Profit attributable to owners of parent / Shareholders' equity

*3 D/E ratio = Interest-bearing debt / Total shareholders' equity

*4 Reflecting the impact of the consolidation of shares

*5 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

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)	Mar. 31, 2015	June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	June 30, 2016	Sept. 30, 2016	Dec. 31, 2016
Total assets	823.7	816.4	802.7	821.9	823.4	789.8	779.7	905.8
Current assets	406.0	395.6	395.6	415.0	430.5	413.7	403.6	509.6
Fixed assets	417.7	420.8	407.1	406.9	392.9	376.1	376.2	396.2
Total liabilities and net assets	823.7	816.4	802.7	821.9	823.4	789.8	779.7	905.8
Liabilities	520.1	496.3	483.8	491.8	509.0	485.5	463.2	551.5
[Interest-bearing debt]	308.2	294.3	283.6	281.1	303.3	297.8	276.2	343.7
Net assets	303.6	320.2	319.0	330.1	314.4	304.3	316.5	354.3

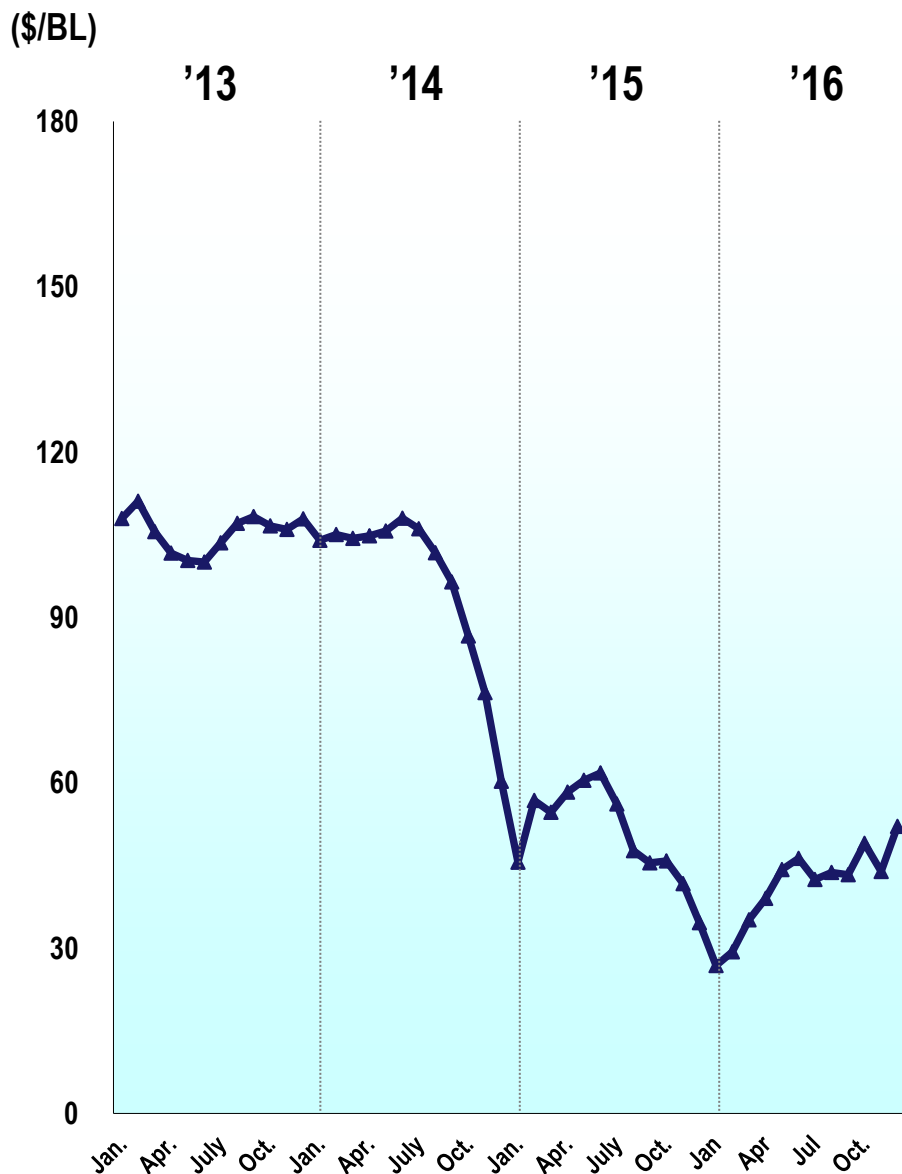
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Third Quarter of FY2016).

◆ Consolidated Statements of Income

	FY2015				FY2016		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
(¥ billion)							
Net Sales	192.6	199.5	199.2	199.5	174.2	178.8	182.1
Cost of sales	130.8	134.5	134.0	137.0	113.1	118.2	119.6
Gross profit	61.7	65.0	65.3	62.4	61.2	60.6	62.5
SG & A	45.3	46.1	45.1	50.8	45.5	49.3	45.9
Operating income	16.4	18.9	20.1	11.6	15.7	11.3	16.6
Nonoperating items, net	1.6	(1.1)	0.8	(8.1)	(1.3)	1.0	2.5
(Balance of financial expenses)	0.5	(0.5)	0.1	(0.3)	0.7	(0.3)	0.2
(Equity in earnings and losses of affiliates)	0.9	1.1	0.5	(5.5)	0.8	1.7	(0.2)
Ordinary income	18.0	17.9	21.0	3.5	14.4	12.3	19.1
Extraordinary items (net)	(1.3)	(1.6)	(7.8)	(4.1)	(0.6)	(2.2)	(1.5)
Income (loss) before income taxes	16.7	16.3	13.2	(0.6)	13.8	10.0	17.6
Income taxes	5.5	3.5	4.3	3.1	2.2	(0.2)	4.6
Profit (loss) attributable to non-controlling interests	0.0	(0.4)	(1.6)	0.1	0.1	0.3	0.3
Profit (loss) attributable to owners of parent	11.2	13.3	10.5	(3.8)	11.4	9.9	12.7

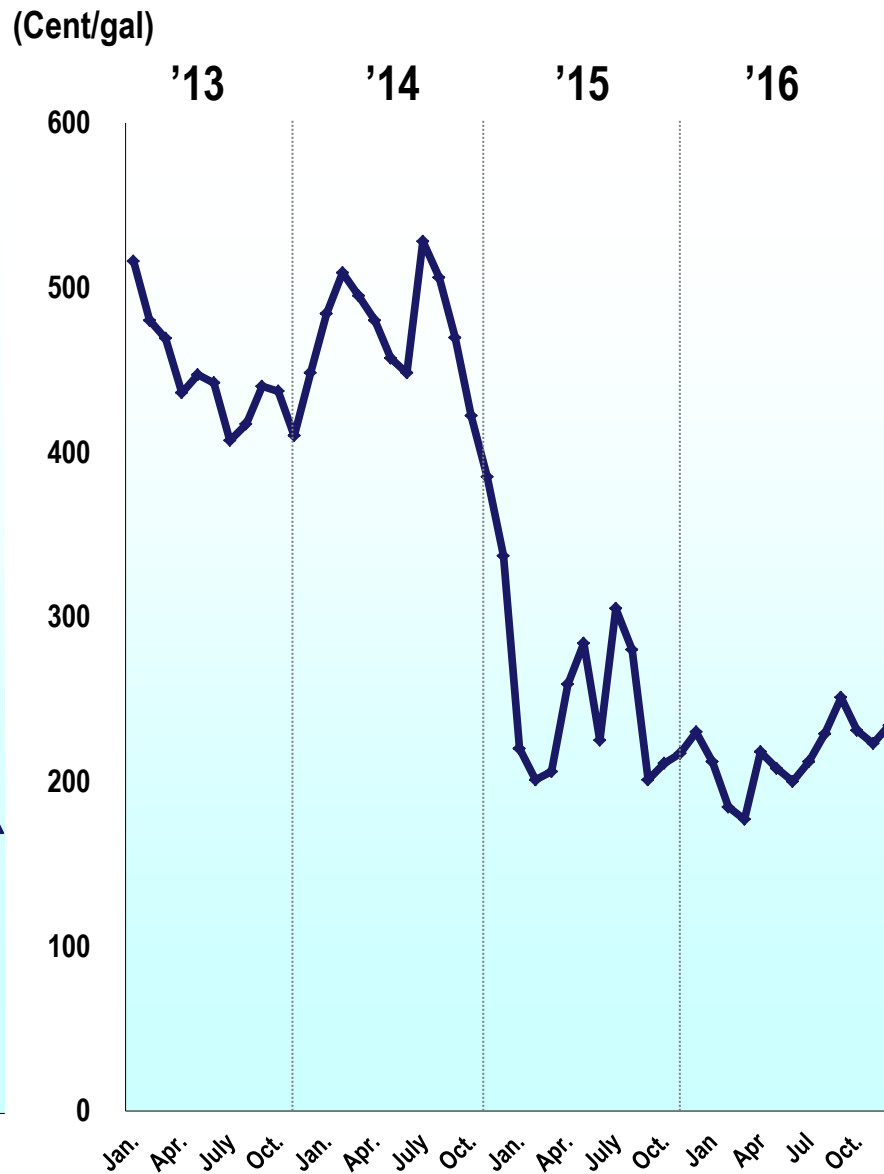
Note: For more information, see Teijin's quarterly results report (Consolidated Financial Results for the Third Quarter of FY2016).

◆ **Dubai crude oil prices**



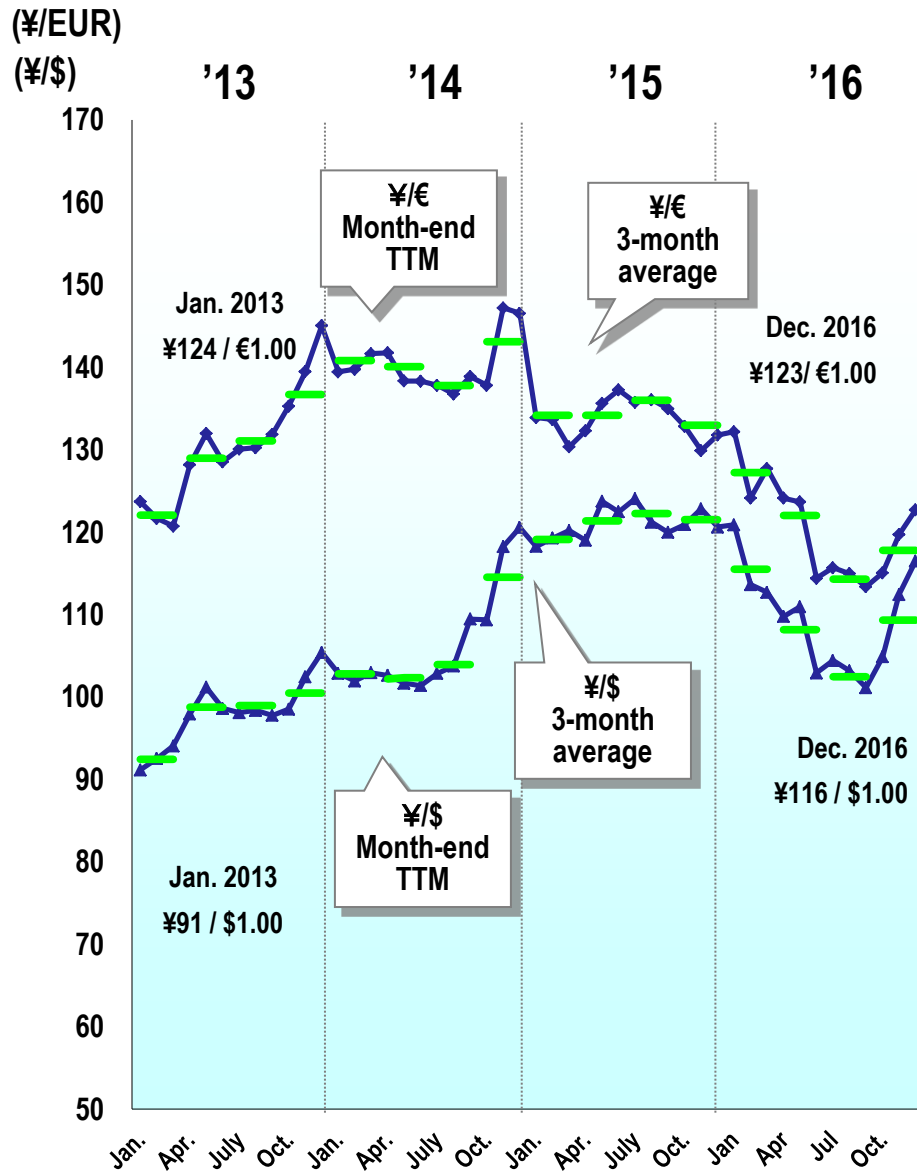
【Source: Teijin estimates based on data published by Platt's】

◆ **Benzene prices**

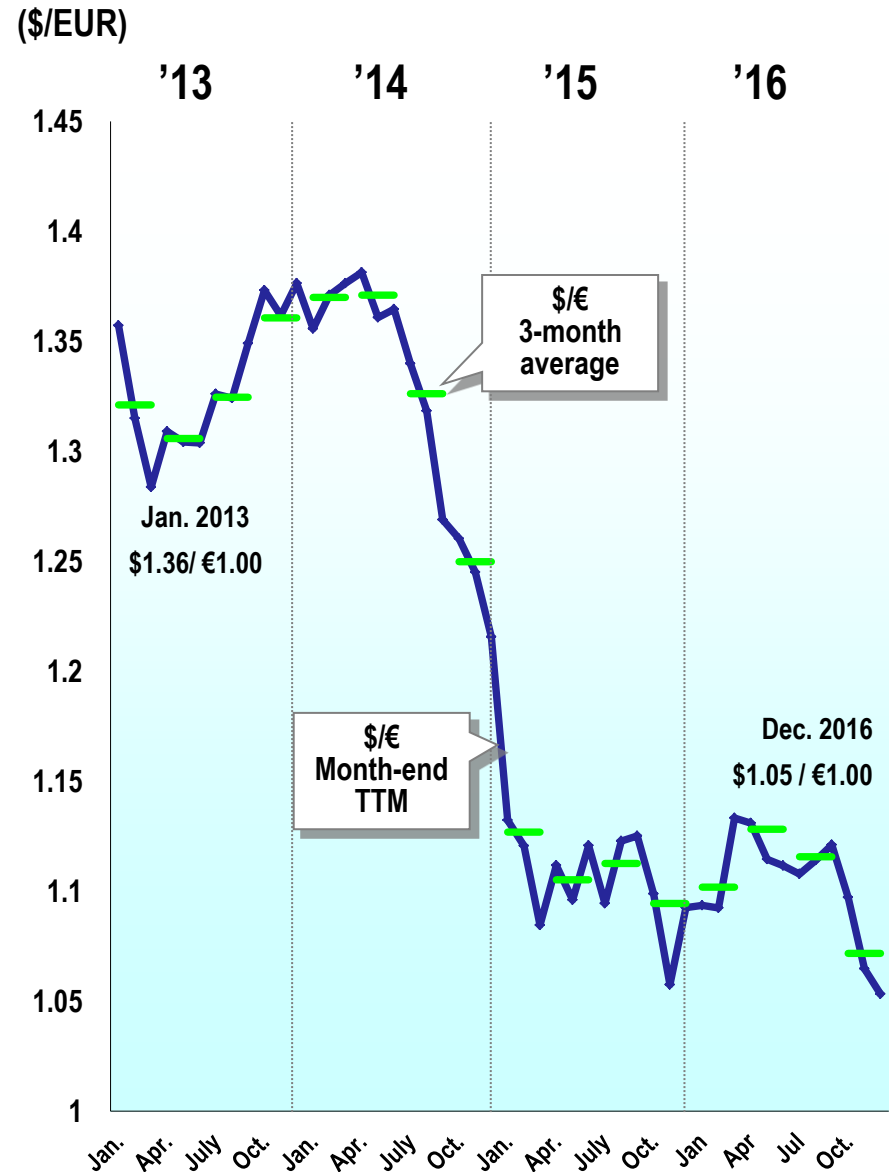


【Source: Teijin estimates based on data published by Dewitt】

◆ Yen/Dollar, Yen/Euro exchange rates



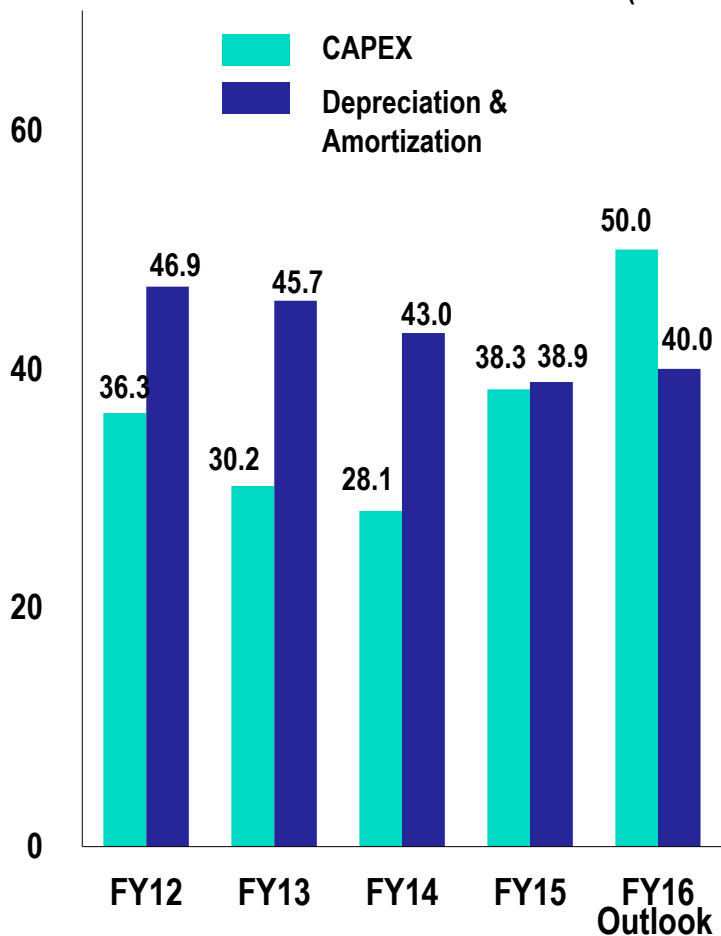
◆ Dollar/Euro exchange rates



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

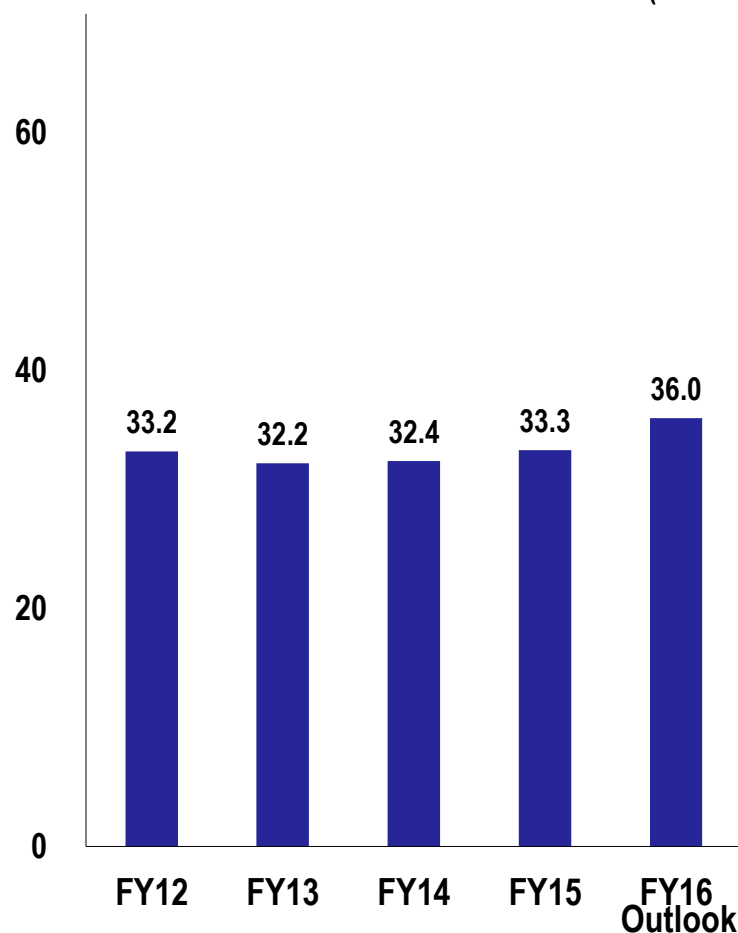
CAPEX/Depreciation & Amortization

(¥ billion)



R&D Expenses

(¥ billion)



◆ Sales of Principal Pharmaceuticals

(¥ billion)

Product	Target disease	FY2015					FY2016		
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q	3Q
<i>Bonalon</i> ^{®*1}	Osteoporosis	3.3	3.3	3.5	2.8	12.9	3.1	2.8	3.1
<i>Onealfa</i> [®]	Osteoporosis	1.3	1.3	1.3	1.0	4.9	1.0	0.9	1.0
Osteoporosis total		4.6	4.6	4.9	3.8	17.8	4.1	3.8	4.1
<i>FEBURIC</i> [®]	Hyperuricemia and gout	4.8	5.2	6.0	5.3	21.3	6.4	6.4	7.5
<i>Mucosolvan</i> [®]	Expectorant	1.8	1.4	2.0	1.5	6.8	1.4	1.3	1.7
<i>Venilon</i> [®]	Severe infection	2.5	0.0	1.3	0.6	4.4	1.0	1.2	1.4
<i>Laxoberon</i> [®]	Laxative	0.7	0.7	0.7	0.5	2.6	0.5	0.5	0.5
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism	0.3	0.4	0.4	0.4	1.5	0.4	0.4	0.5
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3

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

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

◆ Development status by therapeutic area

(As of December 31, 2016)

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed	Approved/ New Launch
Bone and joint disease		ITM-058 KTP-001			
Respiratory disease		PTR-36			
Cardio-vascular and metabolic disease	TMG-123 TMX-049 TMX-049DN* ³		STM-279 VRS-317* ⁴	TMX-67 [Febuxostat] (PRC) ITM-014N [Somatuline®* ¹] (New indication for neuroendocrine tumor)	TMX-67TLS* ² [FEBURIC®] (New indication for tumor lysis syndrome)
Other			GGs-ON, -MPA, -CIDP [Venilon®] (New indication for optic neuritis) (New indication for microscopic polyangiitis) (New indication for chronic inflammatory demyelinating polyneuropathy)		

■*¹ *Somatuline*® is the registered trademark of Ipsen Pharma, Paris, France. In July 2016, Teijin filed an application with the Pharmaceuticals and Medical Devices Agency for approval of ITM-014N, which is currently in development as an expanded indication of *Somatuline*® for neuroendocrine tumors. ■*² TMX-67TLS is currently in development as an expanded indication of *FEBURIC* for tumor lysis syndrome. In May 2016, it received approval for the additional indication of hyperuricemia associated with cancer chemotherapy. ■*³ In July 2016, Teijin began clinical development of TMX-049DN (UK, Phase 1) as a new treatment for diabetic nephropathy in Type 2 diabetes. ■*⁴ In August 2016, Teijin signed an exclusive license and supply agreement with Versartis, Inc. of the U.S. for the exclusive development and marketing in Japan of *Somavaratan* (VRS-317), a novel, long-acting form of recombinant growth hormone (rhGH) developed by Versartis, Inc..

◆ Newly developed pharmaceutical candidates

(As of December 31, 2016)

【Approved】

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) In May 2016, approval received for the indication of hyperuricemia associated with cancer chemotherapy

【Filed】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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
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, Paris, France (New indication) Filed in July 2016

◆ Newly developed pharmaceutical candidates

(As of December 31, 2016)

【 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.)
VRS-317	Pediatric growth hormone deficiency (GHD)	long-acting form of recombinant human growth hormone containing polypeptide. From the result of a Phase 2 trial in the US by Versartis, Inc., this drug is expected to provide a twice-monthly therapy that is equal therapeutic benefit to those patients currently being treated with the pediatric GHD products that require a daily injection.	Injection	Licensed in from Versartis, Inc. Currently in Phase 3 of Phase 2/3 trials

◆ Newly developed pharmaceutical candidates

(As of December 31, 2016)

【 Phase II 】

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, Paris, 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
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

◆ Newly developed pharmaceutical candidates

(As of December 31, 2016)

【 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
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	Non-purine xanthine oxidase inhibitor; offers promise in suppressing the progression of nephropathy, as a new treatment for diabetic nephropath.	Tablet	Developed in-house

◆ Status of licensed-in products in preclinical stages (information for the past 3 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 LOQQA 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.