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Flash Report  
*FY2016 Financial Performance*  
&  
*FY2017 Outlook*

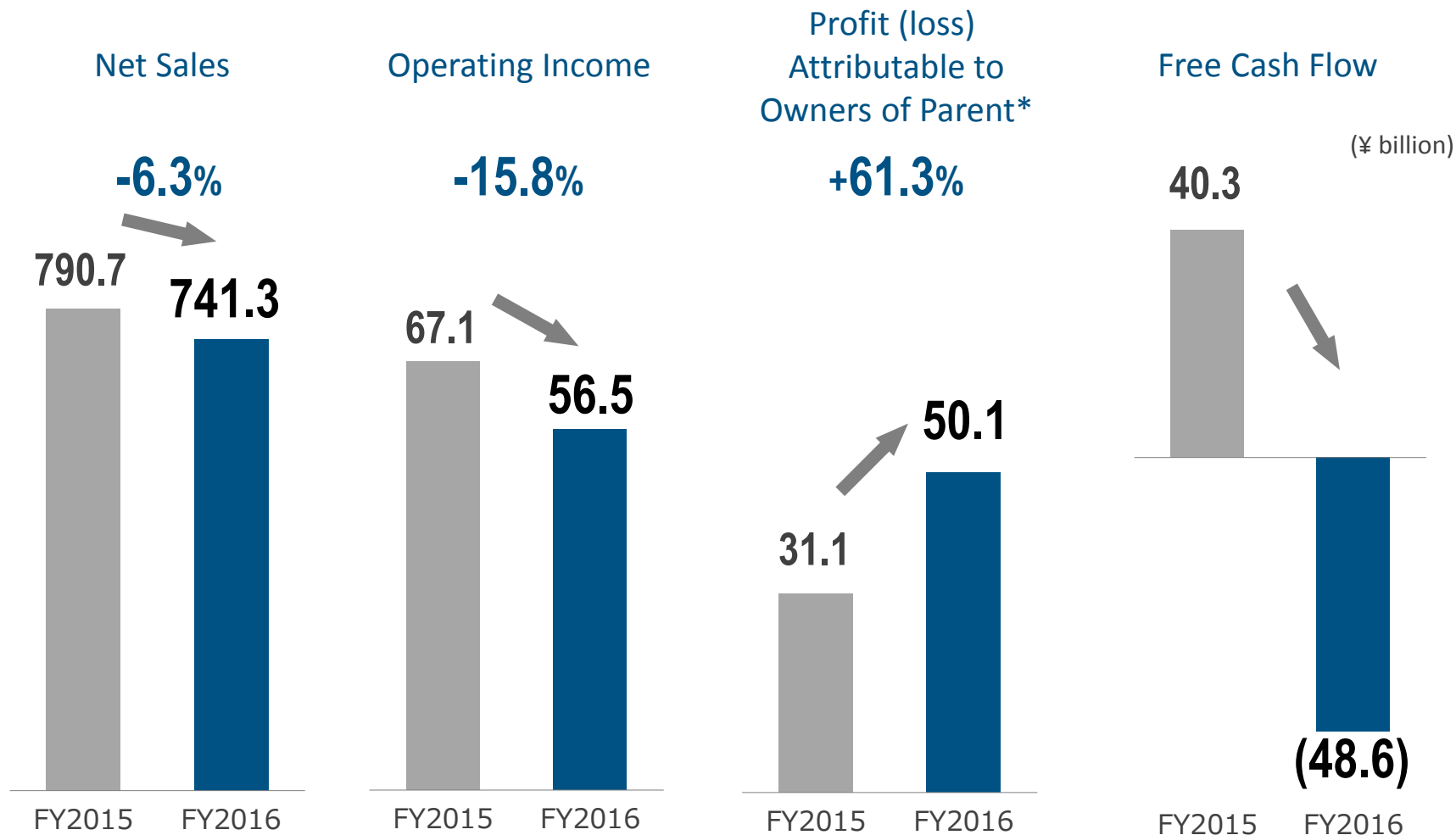
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Teijin Limited  
May 9, 2017

# Outline of FY2016 Results

## 1) Consolidated results highlights

## Full-Term Operating Movement



\* Historical record high profit in the past: ¥34.1 billion (FY2006) 2

## ◆ Operating results

(¥ billion)

	FY2015	FY2016	Difference
Net sales	790.7	741.3	-49.5
Operating income	67.1	56.5	-10.6
OP margin	8.5%	7.6%	-0.9%
Nonoperating items (net)	(6.8)	(0.6)	+6.2
Ordinary income	60.3	55.9	-4.4
Extraordinary items (net)	(14.7)	(22.0)	-7.3
Income before income taxes	45.6	33.9	-11.7
Income taxes	16.4	(17.5)	-33.8
Profit attributable to non-controlling interests	(1.9)	1.3	+3.1
Profit attributable to owners of parent	31.1	50.1	+19.0
Earnings per share *1 (¥)	158.1	254.9	+96.8
EBITDA *2	106.0	95.8	-10.2
CAPEX *3	38.3	46.2	+7.9
Depreciation & amortization	38.9	39.3	+0.4
R&D expenses	33.3	35.4	+2.1
Free Cash Flow	40.3	(48.6)	-88.9

Posted record-high profit due partly to a decrease in tax expense following a decision to withdraw from home healthcare business in the U.S.

## ■ Net sales: Declined, owing to

Impact of optimizing our production configuration associated with restructuring initiatives mainly in the resin business, in addition to the stronger yen in the first half of FY 16, 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: Up sharply, owing to

A decrease in tax expense exceeding extraordinary losses

## ◇ PL exchange rate

	FY15 Average	FY16 Average
¥/US\$	120	108
¥/€	133	119
US\$/€	1.10	1.10

\*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

## ◆ Non-operating items

(¥ billion)	FY15	FY16	Difference
Interest income	0.7	0.6	-0.0
Dividends income	1.7	1.9	+0.2
Equity in earnings of affiliates	—	2.1	+2.1
Gain on investments in partnership	0.3	1.1	+0.8
Others	1.1	0.8	-0.3
Non-operating income, total	3.8	6.5	+2.7
Interest expenses	2.4	2.2	-0.2
Equity in losses of affiliates	2.9	—	-2.9
Foreign exchange losses	0.9	1.7	+0.8
Loss on valuation of derivatives	1.3	0.5	-0.7
Contribution	0.9	0.7	-0.1
Others	2.2	1.8	-0.3
Non-operating expenses, total	10.6	7.0	-3.5
Non-operating items, total	(6.8)	(0.6)	+6.2

## ◆ Extraordinary items

(¥ billion)	FY15	FY16	Difference
Gain on sales of noncurrent assets	0.3	0.3	+0.0
Reversal of impairment losses	3.3	0.1	-3.2
Reversal of provision for business structure improvement	—	0.8	+0.8
Others	1.0	1.1	+0.1
Extraordinary income, total	4.5	2.2	-2.3
Loss on retirement of noncurrent assets	2.9	4.8	+1.9
Impairment loss	7.6	1.4	-6.2
Loss on valuation of investment securities	0.6	0.0	-0.5
Restructuring costs	5.5	16.3	+10.8
Others	2.8	1.7	-1.0
Extraordinary loss, total	19.3	24.2	+5.0
Extraordinary items, total	(14.7)	(22.0)	-7.3

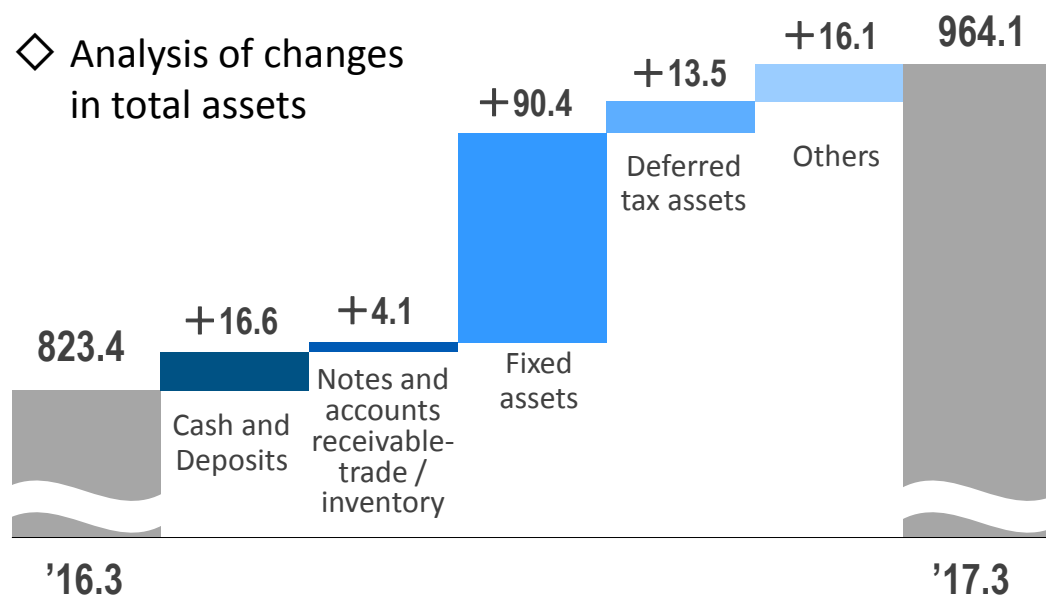
## ◆ Financial position

(¥ billion)	March 31, 2016	March 31, 2017	Difference	(Impact of foreign exchange rate)
Total assets	823.4	964.1	+140.6	-9.5
Shareholders' equity	300.1	338.4	+38.3	-9.8
Interest-bearing debt	303.3	376.2	+72.9	-0.7
D/E ratio	1.01	1.11	+0.10	
Shareholders' equity ratio	36.4%	35.1%	-1.3%	

## ◆ Cash flows

(¥ billion)	FY15	FY16	Difference
Operating activities	80.6	79.0	-1.6
Investing activities	(40.3)	(127.7)	-87.3
Free cash flow	40.3	(48.6)	-88.9
Financing activities	(9.9)	65.2	+75.1
Net inc/dec in Cash & cash equivalents	30.4	16.6	-13.8

## ◇ Analysis of changes in total assets



## ◇ BS exchange rate

	March 31, 2016	March 31, 2017
JPY / USD	113	112
JPY / EUR	128	120
USD / EUR	1.13	1.07

## ◆ Operating results by segment (Comparison with FY2015)

	Sales				Operating income (loss)			
	FY15	FY16	Difference	% Change	FY15	FY16	Difference	% Change
(¥ billion)								
Advanced Fibers and Composites	133.0	136.8	+3.7	+2.8%	18.5	13.8	-4.7	-25.2%
Electronics Materials and Performance Polymer Products	163.7	134.4	-29.3	-17.9%	22.3	18.5	-3.8	-17.1%
Healthcare	147.5	147.5	+0.0	+0.0%	28.8	27.6	-1.2	-4.3%
Trading and Retail	270.9	259.6	-11.3	-4.2%	5.3	6.7	+1.4	+25.8%
Subtotal	715.2	678.3	-36.8	-5.2%	74.9	66.6	-8.3	-11.1%
Others	75.6	63.0	-12.6	-16.7%	6.5	5.4	-1.1	-17.2%
Elimination and Corporate	—	—	—	—	(14.3)	(15.5)	-1.2	—
Total	790.7	741.3	-49.5	-6.3%	67.1	56.5	-10.6	-15.8%

◆ Operating results by segment (Comparison with the outlook announced on February 6, 2017)

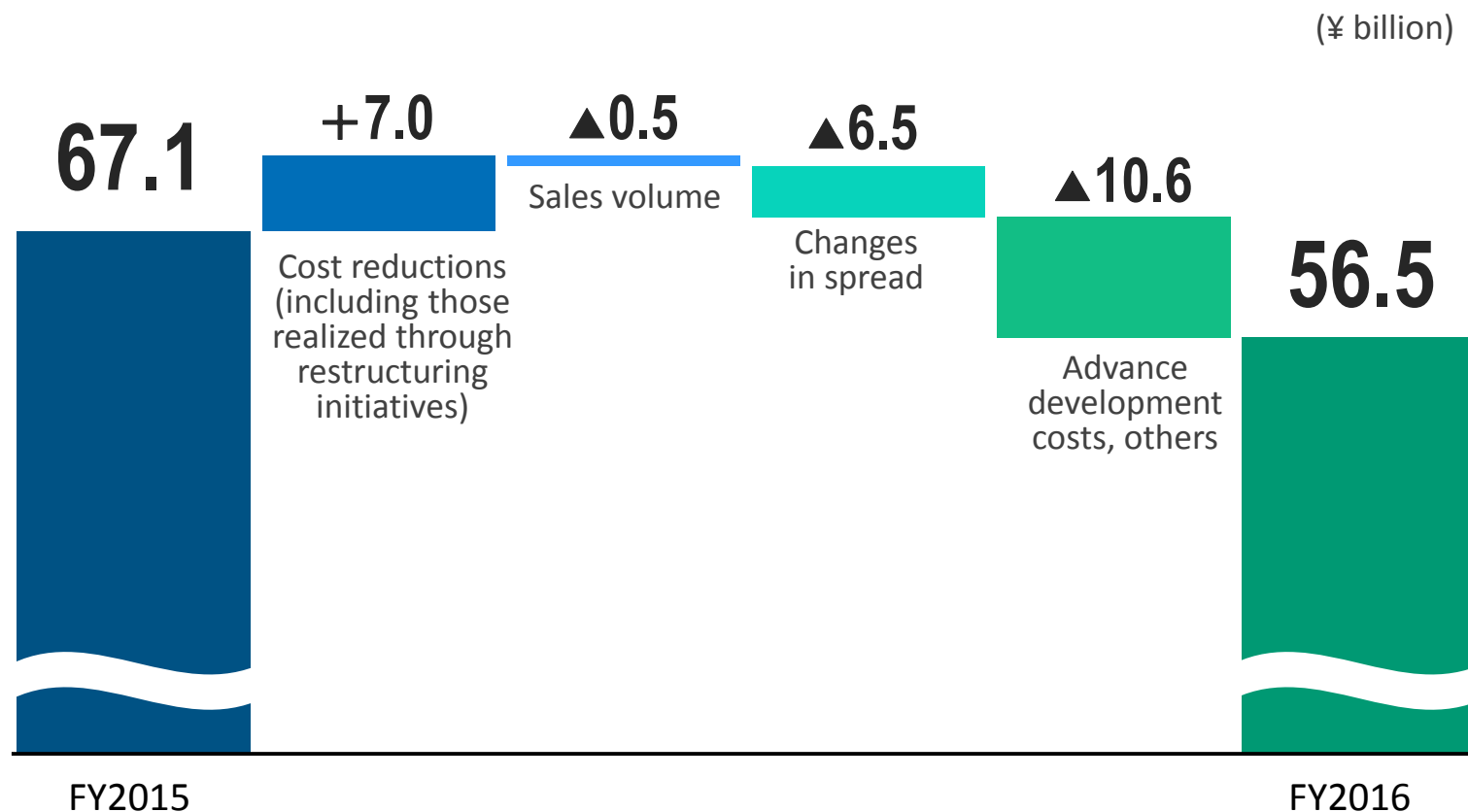
(¥ billion)	Sales				Operating income (loss)			
	FY16 Outlook*	FY16 results	Difference	% Change	FY16 Outlook*	FY16 results	Difference	% Change
Advanced Fibers and Composites	135.0	136.8	+1.8	+1.3%	14.5	13.8	-0.7	-4.5%
Electronics Materials and Performance Polymer Products	135.0	134.4	-0.6	-0.4%	17.5	18.5	+1.0	+5.6%
Healthcare	145.0	147.5	+2.5	+1.7%	27.5	27.6	+0.1	+0.2%
Trading and Retail	260.0	259.6	-0.4	-0.2%	6.0	6.7	+0.7	+11.7%
Subtotal	675.0	678.3	+3.3	+0.5%	65.5	66.6	+1.1	+1.7%
Others	65.0	63.0	-2.0	-3.1%	5.5	5.4	-0.1	-2.3%
Elimination and Corporate	—	—	—	—	(15.0)	(15.5)	-0.5	—
Total	740.0	741.3	+1.3	+0.2%	56.0	56.5	+0.5	+0.9%

\* Announced on February 6, 2017



## ◆ Analysis of changes in operating income

Operating income declined due in part to the impacts of foreign exchange movements, new drug licensing costs and downward revisions to NHI drug reimbursement prices, despite the positive impact of cost reductions, including those realized through restructuring initiatives.

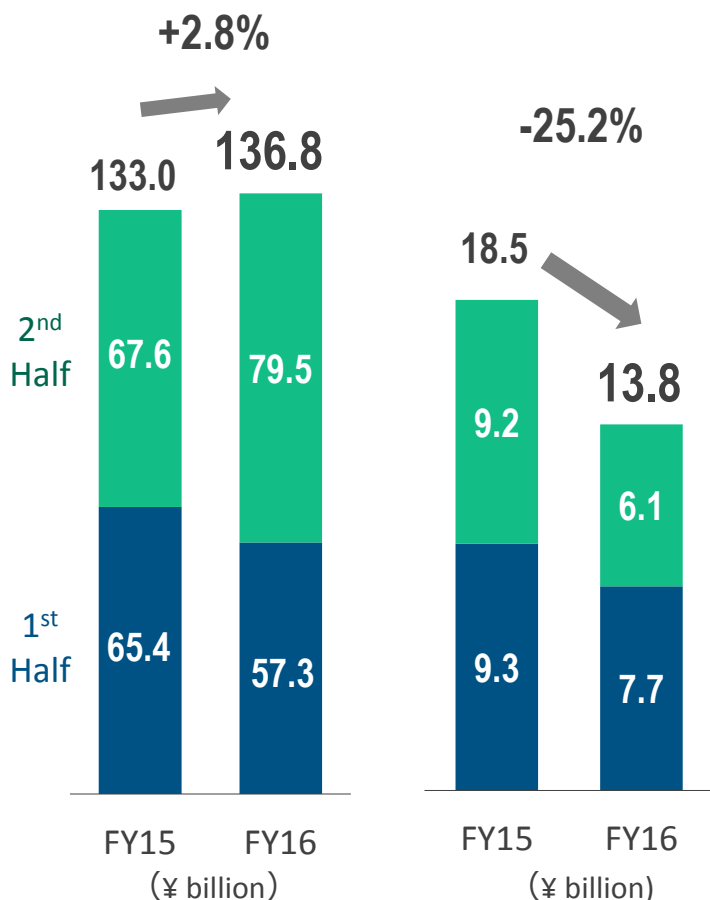


## Advanced Fibers and Composites

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

Net sales

Operating income



	(¥ billion)	FY15	FY16	Difference	% Change
Net sales		133.0	136.8	+3.7	+2.8%
Operating income		18.5	13.8	-4.7	-25.2%

## 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:

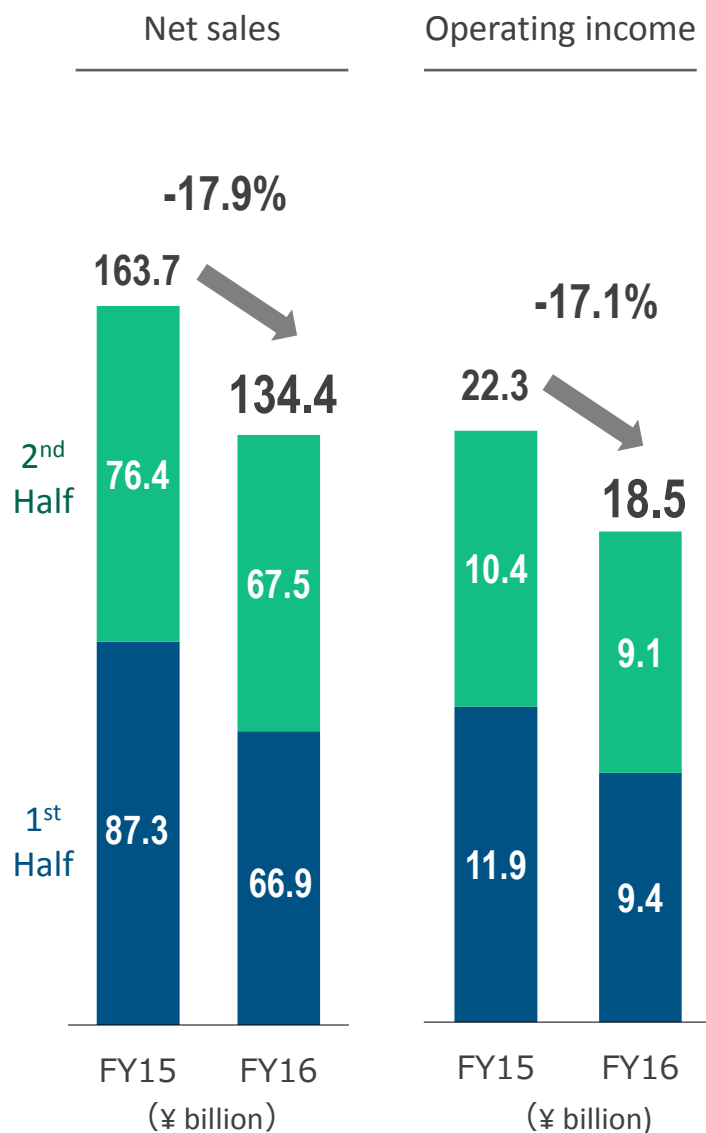
- Sales were solid for automotive applications and for membranes for water treatment
- Realigned domestic production configuration and transferring production to Thailand

## 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)	FY15	FY16	Difference	% Change
Net sales	163.7	134.4	-29.3	-17.9%
Operating income	22.3	18.5	-3.8	-17.1%

### 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.
- Promoted sales in growing fields such as housing equipment and sales of composite materials that combine our resins with high-performance fibers, in addition to stepping up sales activities in the automotive market

#### High-performance Resins:

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

### Films

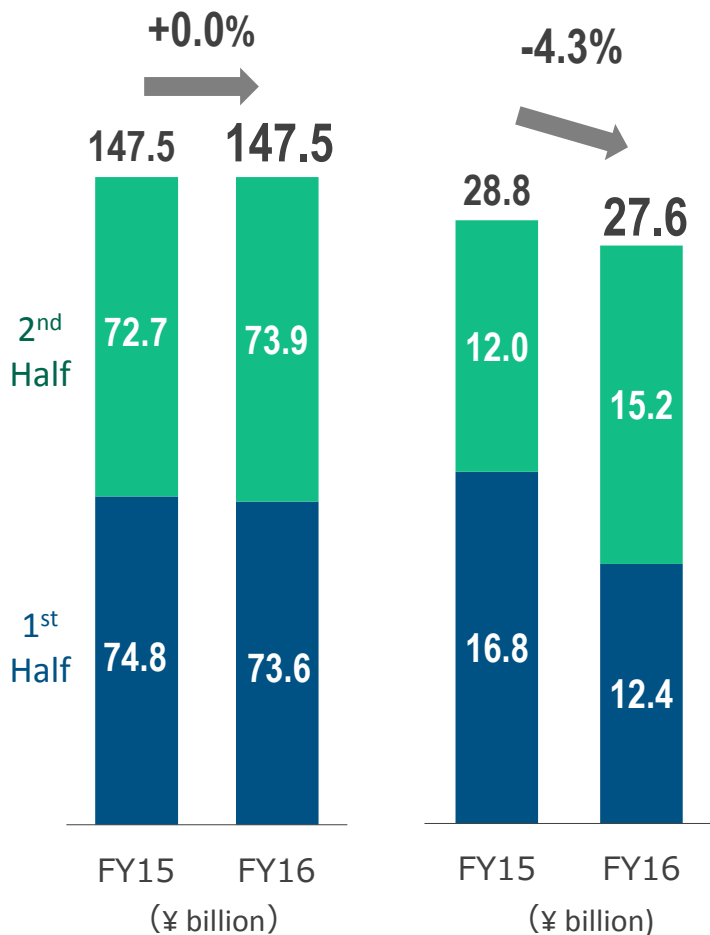
- Sales of release films for manufacturing processes, exports for special packaging applications and PEN film for use in magnetic materials, were relatively firm.
- Sales of reverse-dispersion solvent-cast retardation film for organic electroluminescent displays (OLED) expanded
- Halted production at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

## Healthcare

Robust results for core products and services absorbed the impact of new drug licensing costs as well as downward revisions to medical fees and to NHI drug reimbursement prices

Net sales

Operating income



	(¥ billion)	FY15	FY16	Difference	% Change
Net sales		147.5	147.5	+0.0	+0.0%
Operating income		28.8	27.6	-1.2	-4.3%

## Pharmaceuticals

- Sales of hyperuricemia and gout treatment febuxostat and *Somatuline*\*<sup>1</sup>, 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*\*<sup>2</sup>, 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 through the roll out of a new model
- Decided to withdraw from the U.S. home healthcare business, which had been facing a challenging business environment (April 2017). Recorded provisions and other items as extraordinary losses for FY2016.
- Steadily expanded sales of *VitalLink*, a multidisciplinary collaboration and information sharing system

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

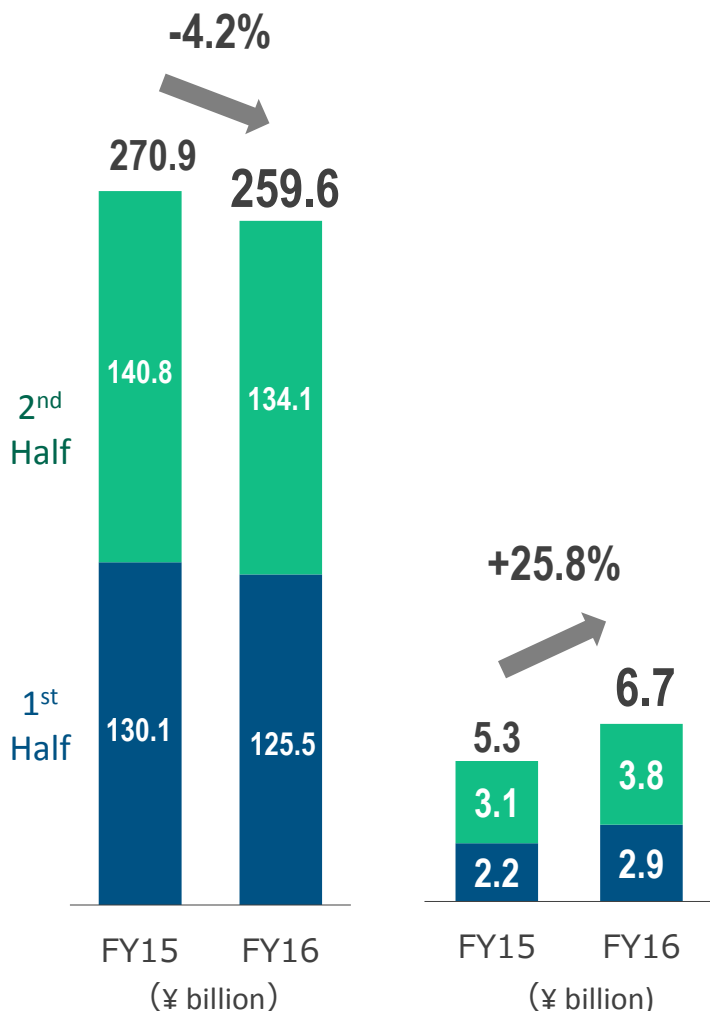
\*2 *Bonalon*\* is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, U.S.A.

## 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 growth in sales of products for sports and outdoor use

Net sales

Operating income



	(¥ billion)	FY15	FY16	Difference	% Change
Net sales		270.9	259.6	-11.3	-4.2%
Operating income		5.3	6.7	+1.4	+25.8%

## 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 yarn for apparel and 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 reinforcement materials for tires and other products were firm, and sales of air-bag fabric remained on a growth track while sales of interior materials struggled.
- Sales of civil engineering materials were also favorable. Business involving environmental materials for PRC was expanded.
- In living related materials, sales of interior materials were firm, with steady expansion in the healthcare-related business
- In resins and films, despite sluggish sales overall, sales of certain products turned upward in the second half of the fiscal year

# Outlook for FY2017

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- Group-wide policy
- Consolidated operating results forecasts
- Business strategies
- Invested resources and other matters

◆ FY2017 Short-term Management Policy

## First Fiscal year of the Medium-term Management Plan for 2017-2019

Steadily push ahead with specific strategic actions based on the scenario laid out in the plan, in order to achieve business portfolio transformation

### Growth Strategies

Maintain and strengthen earnings power by accelerating growth in existing businesses

- Maximize sales to growing markets — carefully identify markets and applications that will expand
- Improve the earnings structure — enhance productivity further and reshape the production cost structure

### Transformation Strategies

Create and expand new core businesses

- Materials Business Field — Expand composite businesses
- Healthcare Business Field — Develop new businesses centered on fields outside of public insurance
- Group-wide — Create new business models using ICT

### Strengthen the Management System Platform

- Push ahead with restructuring initiatives for head office — Change in business styles, Review the head office cost structure

# Outlook for FY2017

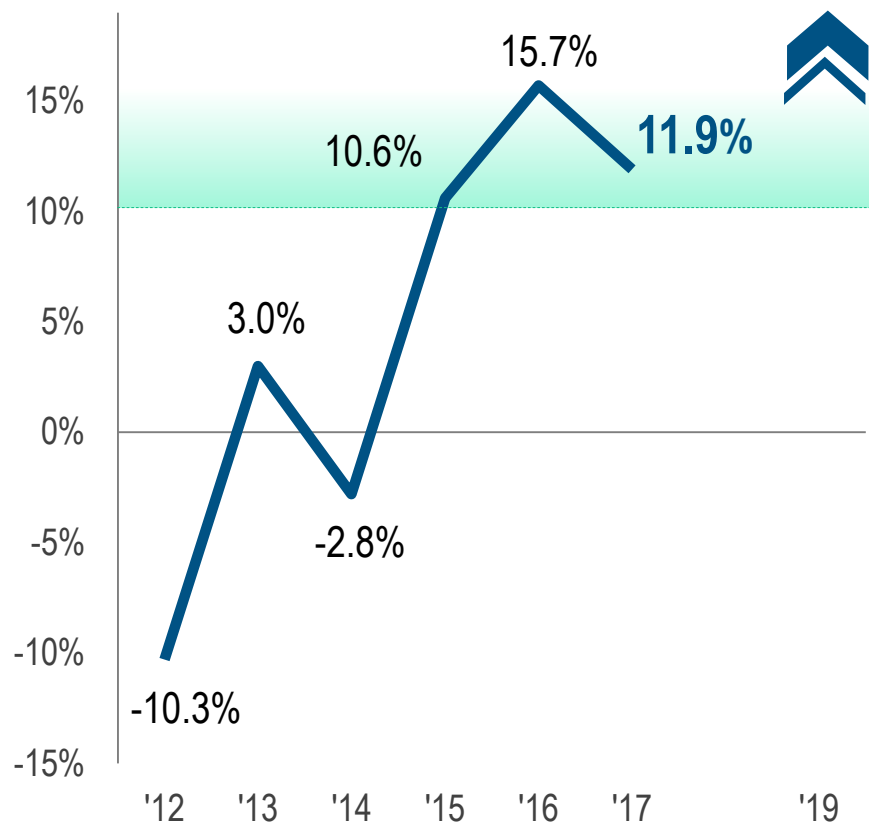
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- Group-wide policy
- Consolidated operating results forecasts
- Business strategies
- Invested resources and other matters



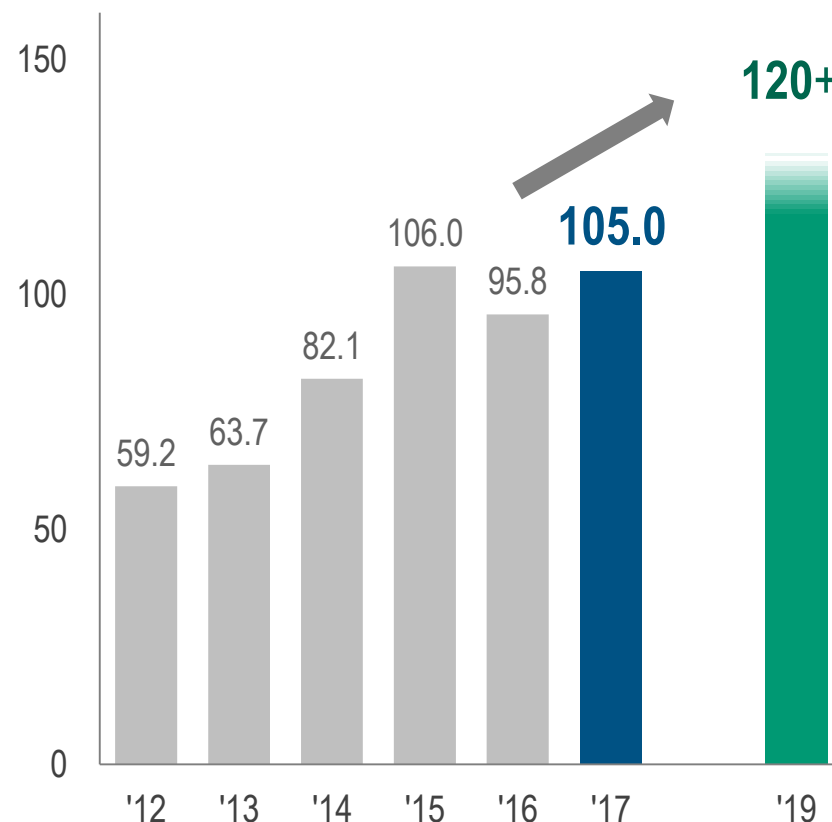
## ◆ Key Financial Indicators

ROE\*1

Medium-term target : **10% +**

EBITDA\*2

(¥ billion)

Medium-term target: over ¥**120** billion in FY2019Maintain stable shareholder returns of over **10%**Increase ability to generate cash by approx. **10%**

## ◆ Summary of outlook for FY2017

(¥ billion)	FY16	FY17 Outlook	Difference	
			Amount	%
Net sales	741.3	855.0	+113.7	+15.3%
Operating income	56.5	62.0	+5.5	+9.7%
Operating margin	7.6%	7.3%	-0.4%	—
Ordinary income	55.9	63.0	+7.1	+12.6%
Profit (loss) attributable to owners of parent	50.1	42.0	-8.1	-16.2%

ROE	15.7%	11.9%	-3.8%
ROIC *1	10.0%	9.8%	-0.3%

EBITDA *2	95.8	105.0	+9.2
CAPEX *3	46.2	60.0	+13.8
Depreciation & Amortization	39.3	43.0	+3.7
R&D expenses	35.4	40.0	+4.6
Free cash flow	(48.6)	8.0	+56.6

Effectively forecasting increases in sales and earnings in FY2017 than the profit level excluding special factors in FY2016, such as the decrease in tax expense

◇Dividends*4 (¥/share)	FY16	FY17 Outlook
Interim	25.0	30.0
Year-end	30.0	30.0
Annual dividends	55.0	60.0

FY16: ¥5 per share increased compared to the latest outlook announced on February 6, 2017

◇Exchange rate and Crude oil price		FY16	FY17 Outlook
Average exchange rate	JPY per USD	108	110
	JPY per EUR	119	116
Dubai crude oil price	USD per barrel	47	55

\*1 : ROIC = Operating income / invested capital

\*2 : EBITDA = Operating income + Depreciation & amortization

\*3 : CAPEX includes investments in intangible assets

\*4 : Based on the number of shares after the consolidation of shares

## ◆ Restructuring initiatives

Dramatic restructuring of unprofitable businesses progressed largely as planned

Business	FY2015	FY2016	FY2017
Plastics	✓ Shut down Singapore plant		Specialize in high-value-added applications
Films	Successively transfer production to Utsunomiya	→ ✓ Integrate domestic production ✓ Convert film business joint ventures in Japan and Indonesia into wholly owned subsidiaries	
Home Healthcare in the U.S.	Streamline operations	→	✓ Withdraw from the business in the U.S.*
Polyester Fibers	Polyester fibers Successively transfer production to Thailand	→ Progressing as planned	Close and cease production at certain domestic plants
Raw Materials and Polymerization	Cease DMT production ✓	✓ Reorganize polymerization plant	

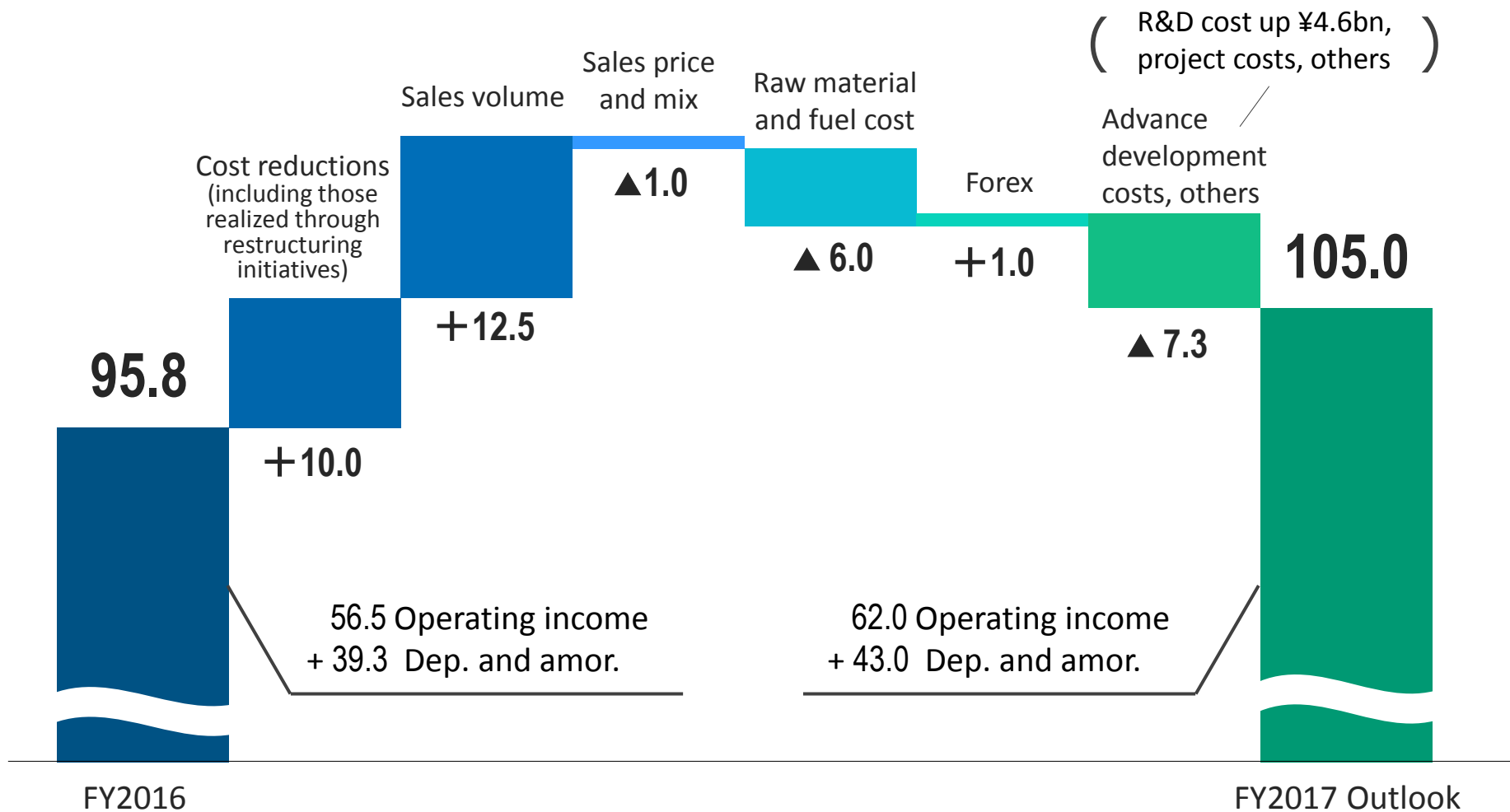
\* **Withdraw from the home healthcare business in the U.S.**

✓ completed

By selling its entire equity interest in Braden Partners, L.P. and Associated Healthcare Systems, Inc. both of which are consolidated subsidiaries to holding company under umbrella of Quadrant Management, Inc., which is investment company in U.S.

## ◆ Changes in EBITDA

(¥ billion)



# Outlook for FY2017

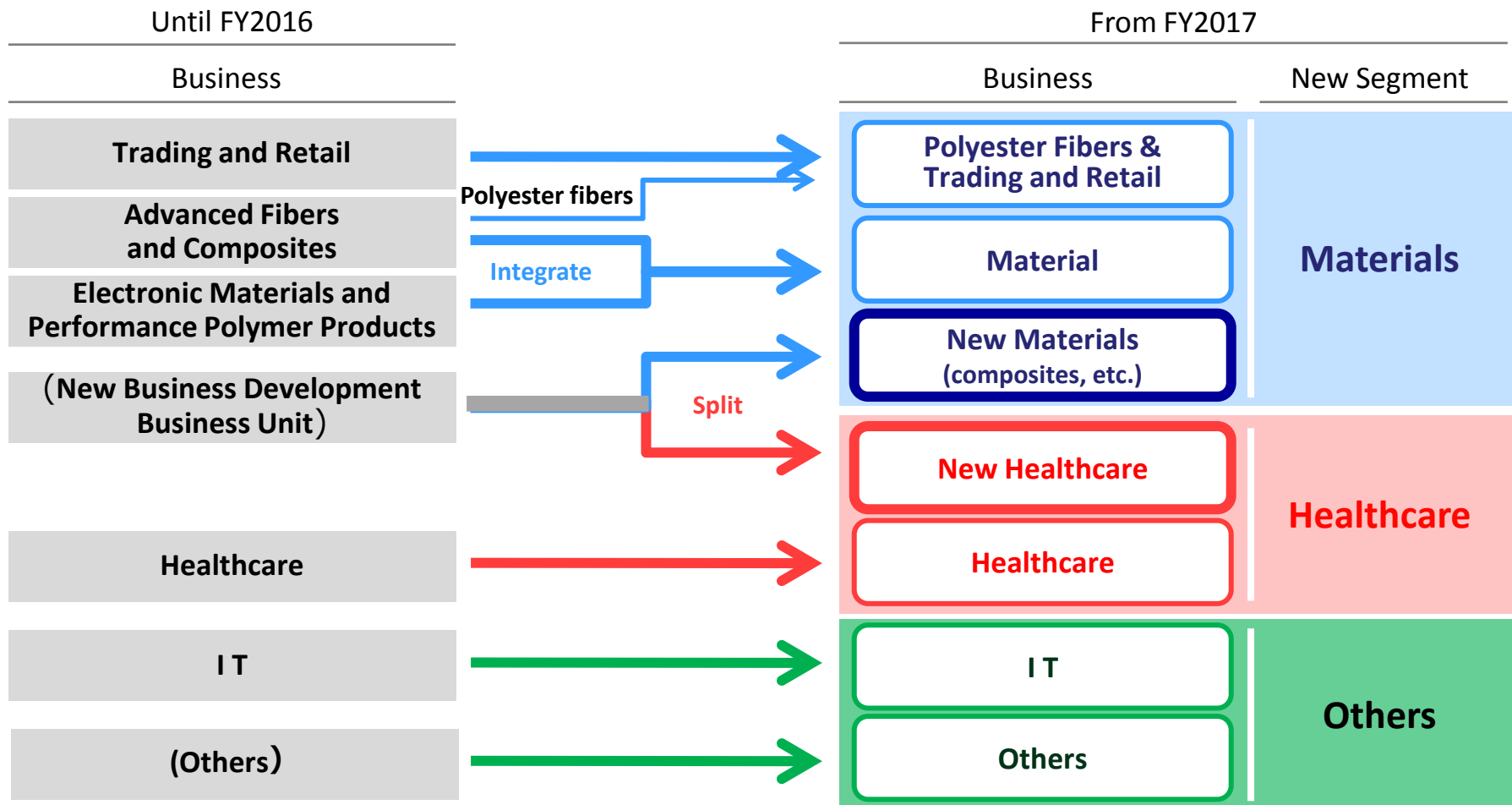
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- Group-wide policy
- Consolidated operating results forecasts
- **Business strategies**
- Invested resources and other matters

## ◆ Restructuring of Organizational Structure (Changes in disclosure segments)

### Evolving into an organization that accelerates growth and transformation strategies

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



## ◆ Key Financial Indicators by New segment










	EBITDA(¥ billion)			ROIC (based on operating income)		
	FY16	FY17 Outlook	Difference	FY16	FY17 Outlook	Difference
Materials	55.0	64.0	+9.0	9.7%	9.4%	-0.3%
Healthcare	37.5	40.0	+2.5	21.8%	22.3%	+0.5%
Others	6.7	7.0	+0.3	—	—	—
Elimination and Corporate	(3.4)	(6.0)	-2.6	—	—	—
Total	95.8	105.0	+9.2	10.0%	9.8%	-0.3%

## ◆ Changes in net sales and operating income for FY16-FY17 by New segment








		(¥ billion)	FY16 Results			FY17 Outlook			Difference
			1H	2H	Total	1H	2H	Total	
Net sales	Segment								
	Materials		255.1	284.8	539.8	310.0	335.0	645.0	+105.2
	(Material business group)		111.2	115.5	226.7	115.0	120.0	235.0	+8.3
	(Polyester Fibers & Trading and Retail business group)		139.7	149.0	288.7	155.0	175.0	330.0	+41.3
	(Composites, others)		4.3	20.2	24.5	40.0	40.0	80.0	+55.5
	Healthcare		75.0	75.6	150.7	75.0	75.0	150.0	-0.7
	Others		22.9	27.8	50.8	30.0	30.0	60.0	+9.2
Total			353.0	388.2	741.3	415.0	440.0	855.0	+113.7
Operating income (loss)	Materials		16.2	15.0	31.2	14.5	20.5	35.0	+3.8
	Healthcare		11.0	13.9	24.9	16.5	11.5	28.0	+3.1
	Others		1.9	3.3	5.2	2.0	3.0	5.0	-0.2
	Elimination and Corporate		(2.1)	(2.7)	(4.7)	(3.0)	(3.0)	(6.0)	-1.3
	Total		27.0	29.5	56.5	30.0	32.0	62.0	+5.5



◆ **Growth Strategies** : Maintain and strengthen earnings power by accelerating growth in existing businesses

Business		Main Actions	
Material Business Group	Aramid fibers 	<ul style="list-style-type: none"> <li>Focus on expanding sales for <b>automobile applications</b> (tires and rubber materials) and <b>infrastructure applications</b> (optical fiber)</li> <li><b>Strengthen production-cost competitiveness</b> (boost productivity through process automation and multiple-spinning)</li> </ul>	
	Carbon fibers 	<ul style="list-style-type: none"> <li>Steadily expand sales for use in <b>aircraft</b> and address expanding uses for <b>infrastructure and wind power generation</b></li> <li>Consider <b>construction of a new plant in North America</b></li> </ul>	© AIRBUS 
	Plastics 	<ul style="list-style-type: none"> <li>Focus on further <b>improving the sales mix</b>, and specialize in fields with high profitability and barriers to entry</li> <li><b>Upgrade and expand the materials lineup</b> (PPS, etc.) and <b>expand key applications</b> (automobiles, disaster readiness infrastructure)</li> </ul>	
	Films 	<ul style="list-style-type: none"> <li>Steadily realize the benefits of <b>integrating domestic production facilities</b></li> <li>Expand key applications (release films for manufacturing processes and PEN film for industrial use)</li> </ul>	
Polyester Fibers & Trading and Retail		<ul style="list-style-type: none"> <li>Strengthen unified management <b>through the integration of the polyester business</b></li> <li>Strengthen the supply configuration for automotive materials and components</li> </ul>	

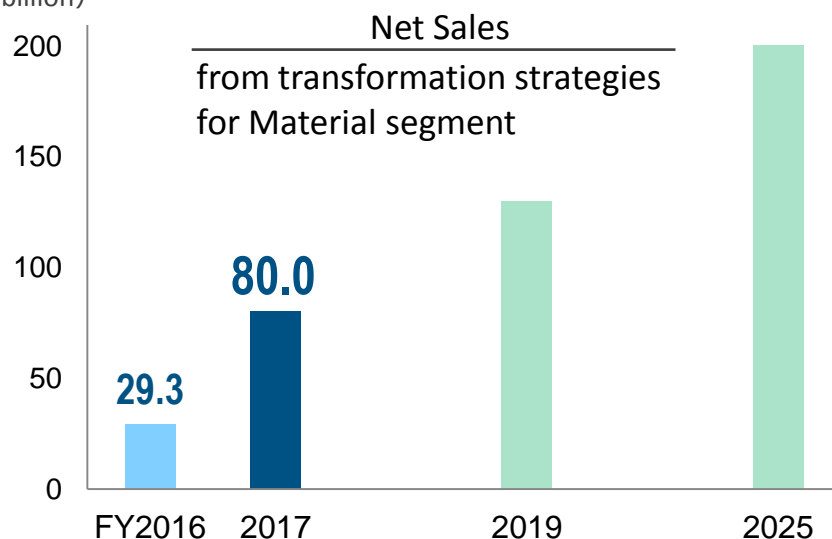
## ◆ Growth Strategies

Business		Main Action	
Healthcare	Pharmaceuticals 	<ul style="list-style-type: none"> <li>• <b>Maximize sales of Febuxostat</b> and expand sales of <b>LOQOA Tape</b></li> <li>• Actively promote partnerships and alliances <b>to maximize the value of the drug discovery pipeline</b></li> </ul>	
	Home Healthcare 	<ul style="list-style-type: none"> <li>• <b>Maintain and expand the share</b> of existing devices (Expand the adoption of devices by developing business with small- and medium-sized hospitals)</li> <li>• Expand business of <b>VitalLink</b>, a multidisciplinary collaboration and information sharing system</li> <li>• Strengthen the medical support system and consider the expansion of support fields such as telemedicine and monitoring functions for signs of exacerbation.</li> </ul>	
IT		<ul style="list-style-type: none"> <li>• Expand the <b>e-book business</b></li> <li>• Strengthen the <b>healthcare business</b> and expand business to the nursing care and comprehensive community healthcare fields</li> </ul>	
Group-wide		<ul style="list-style-type: none"> <li>• push ahead with <b>restructuring initiatives for head office</b> (Rationalize administrative divisions, and enhance marketing efficiency through business integration)</li> <li>• <b>Promote the Smart Project</b> (Digitalization of business processes and databasing, convert to smart plants)</li> <li>• Build a <b>suitable global placement of human resources</b> and implement <b>work style reforms</b></li> </ul>	

◆ Transformation Strategies : Create and expand new core businesses

Business		Target	Action
Materials	Composites	<ul style="list-style-type: none"> <li>Expand the <b>CSP</b> business</li> <li>Expand business of <b>CFRP for automotive use</b></li> </ul>	<ul style="list-style-type: none"> <li>Expand business of <b>the new light weight composite material TCA Ultra Lite</b></li> <li><b>CFRTP</b>: Accelerate business expansion by realizing synergies with CSP</li> </ul>
	LIB separator	<ul style="list-style-type: none"> <li><b>Expand sales of consumer applications</b></li> <li><b>Fully enter automotive applications</b></li> </ul>	<ul style="list-style-type: none"> <li>Expand sales channels to <b>Asian customers</b></li> <li>Promote customer evaluations</li> </ul>
	Plastic Glazing	<ul style="list-style-type: none"> <li>Expand business</li> </ul>	<ul style="list-style-type: none"> <li>Drive business expansion for <b>new coating technologies</b></li> <li>Realize synergies with CSP</li> </ul>

(¥ billion)



Chevrolet Corvette fender  
using *TCA Ultra Lite*

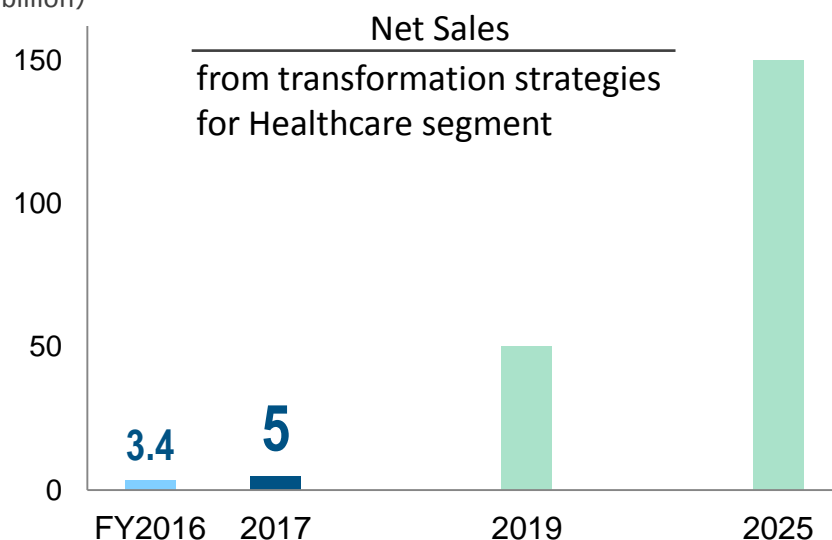


LIB separator *LIERSPORT*

## ◆ Transformation Strategies

Business		Target	Action
Healthcare	Orthopedic Implantable Devices	<ul style="list-style-type: none"> <li>Expand business leveraging the features of <b>a domestic manufacturer</b></li> </ul>	<ul style="list-style-type: none"> <li>Develop <b>bioabsorbable bone-bonding materials</b> business (Established Teijin Medical Technologies Co., Ltd.)</li> <li>Expand the product lineup and targeted fields</li> </ul>
	Functional Food Ingredient	<ul style="list-style-type: none"> <li>Expand sales of <b>Enhanced barley product</b></li> <li>Expand <b>new products lineup</b></li> </ul>	<ul style="list-style-type: none"> <li>Expand partnerships with <b>major food manufacturers</b> and their adoption of products</li> <li>Consider introducing a new enhanced grain product</li> </ul>
	New Medical Products /Digital Healthcare	<ul style="list-style-type: none"> <li>Expand business fields</li> <li>Expand business through the <b>use of ICT</b></li> </ul>	<ul style="list-style-type: none"> <li>Consider introducing <b>new medical devices</b></li> <li>Expand from <b>sleep solutions</b> to other fields</li> <li>Expand business of <i>Recopick</i>, an <b>RFID information management system</b> to hospitals</li> </ul>

(¥ billion)

Enhanced barley product  
*BARLEYmax**2breathe*

Artificial joints



# Outlook for FY2017

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- Group-wide policy
- Consolidated operating results forecasts
- Business strategies
- Invested resources and other matters

## ◆ Invested Resources

## Capital expenditure

**CAPEX + M&A budget ¥300 billion**

(FY2017-2019 total)

Allocate 50%+ of capital expenditure to growth and transformation strategies

## Research expenses

**R&D Expenses Around 5% of Net sales**

Development budget for transformation strategies: secure approx. 30%

**For growth and transformation strategies  
Approx. 50%**Composites  
Boost carbon fiber capacity  
(including new plant in the U. S.)  
Battery materials, others**For transformation strategies  
Approx. 25%**Composites / LIB Separators  
and Membranes business  
/New Healthcare Business**For growth Strategies  
Approx. 75%**Advance through drug discovery  
and development phases  
/ Strengthen materials platform  
technology

60.0

46.2

43.0

39.3

CAPEX

**Growth and transformation strategies****Maintenance investment, others**

40.0

35.4

R&amp;D Expenses

**For transformation strategies****For growth strategies**

## ◆ Historical Financial Indicators

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Outlook
ROE <sup>*1</sup>	3.0%	-2.8%	10.6%	15.7%	11.9%
ROIC based on operating income <sup>*2</sup>	3.3%	6.9%	12.7%	10.0%	9.8%
EBITDA (¥ billion) <sup>*3</sup>	63.7	82.1	106.0	95.8	105.0
Earnings per share (¥)	42.5	-41.1	158.1	254.9	213.6
Dividends per share (¥)*4	20	20	35	55	60
Total assets (¥ billion)	768.4	823.7	823.4	964.1	1,000.0
Interest-bearing debt (¥ billion)	281.5	308.2	303.3	376.2	380.0
D/E ratio <sup>*5</sup>	1.00	1.07	1.01	1.11	1.0
Shareholders' equity ratio	36.7%	34.9%	36.4%	35.1%	37.0%

\*1 ROE= Profit attributable to owners of parent / Shareholders' equity

\*2 ROIC based on operating income = Operating income / invested capital

\*Invested capital = Total shareholders' equity + Non-controlling interests + Interest-bearing debt – Cash and deposits

\*3 EBITDA = Operating income + Depreciation & amortization

\*4 Reflecting the impact of the consolidation of shares

\*5 D/E ratio = Interest-bearing debt / Total shareholders' equity

## 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

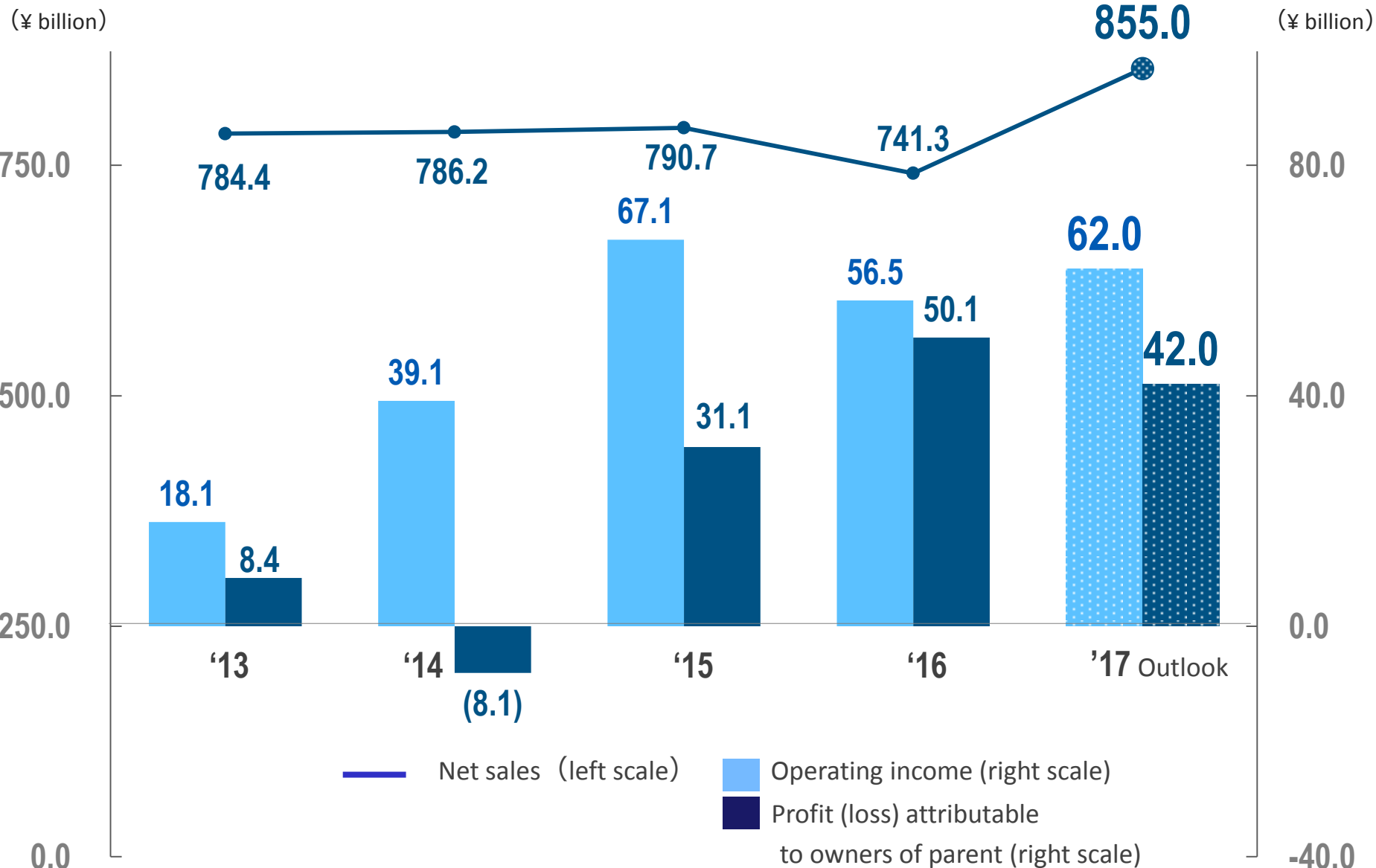
In the event of a major natural disaster or unforeseen accident that results in damage to the Teijin Group's production facilities or significantly impedes the Group's supply chain, such developments may have a negative impact on the Group's operating results and/or financial position.

This material is based on the consolidated results for FY2016 announced at 11:30 A.M. on May 9, 2017 (local time in Japan).

Italicized product and service names are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries. Where noted, other italicized product and service names used in this document are protected as the trademarks and/or trade names of other companies.



## ◆ Movement of results and outlook



## ◆ Consolidated balance sheets

(¥ billion)		June 30, 2015	Sept. 30, 2015	Dec. 31, 2015	Mar. 31, 2016	June 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Mar. 31 2017
Total assets		816.4	802.7	821.9	823.4	789.8	779.7	905.8	964.1
	Current assets	395.6	395.6	415.0	430.5	413.7	403.6	509.6	466.8
	Fixed assets	420.8	407.1	406.9	392.9	376.1	376.2	396.2	497.3
Total liabilities and net assets		816.4	802.7	821.9	823.4	789.8	779.7	905.8	964.1
	Liabilities	496.3	483.8	491.8	509.0	485.5	463.2	551.5	612.2
	[Interest-bearing debt]	294.3	283.6	281.1	303.3	297.8	276.2	343.7	376.2
	Net assets	320.2	319.0	330.1	314.4	304.3	316.5	354.3	351.8

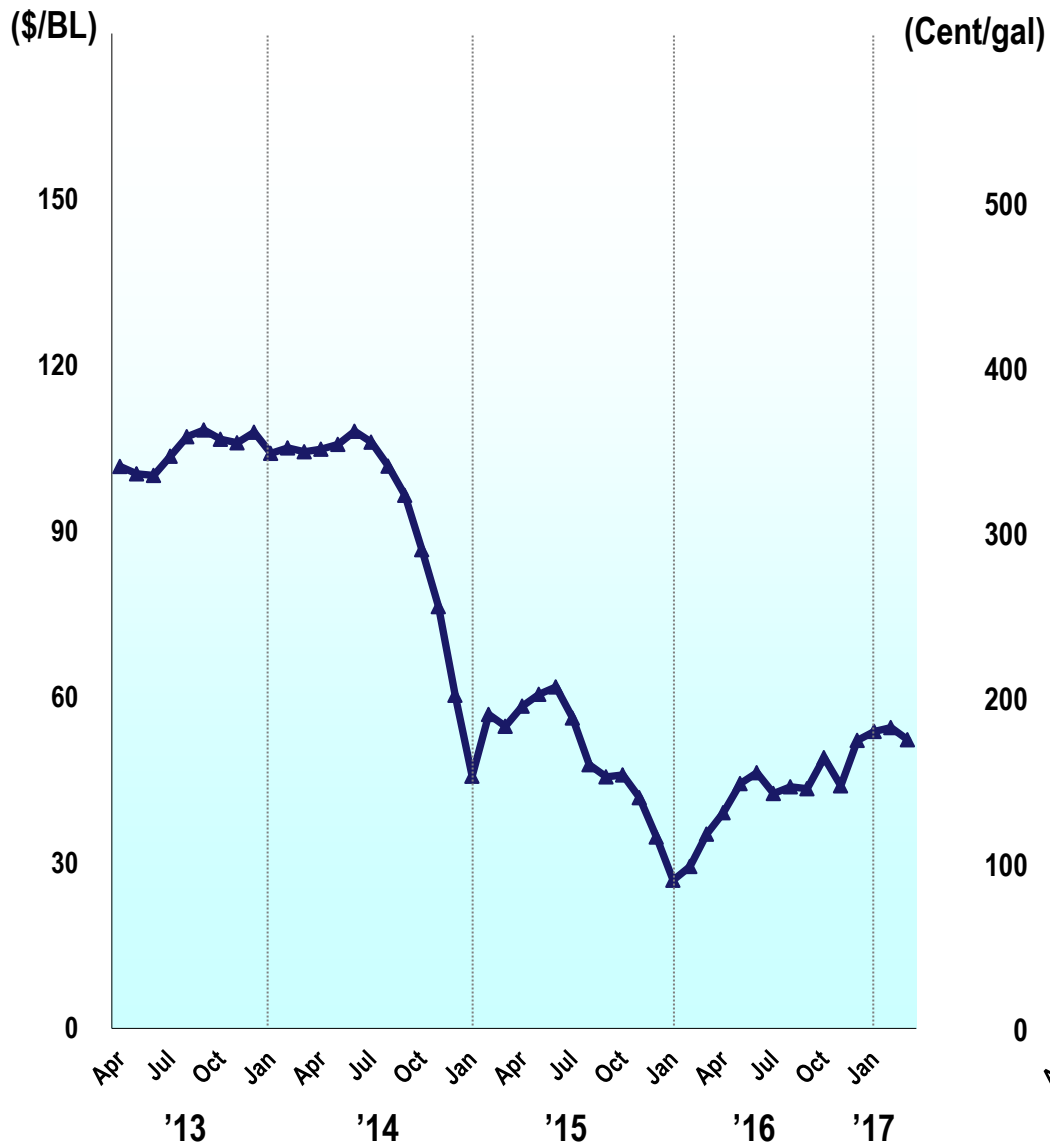
Note: For more information, see Teijin's Consolidated Financial Statements Summary (for the year ended March 31, 2017)

## ◆ Consolidated Statements of Income

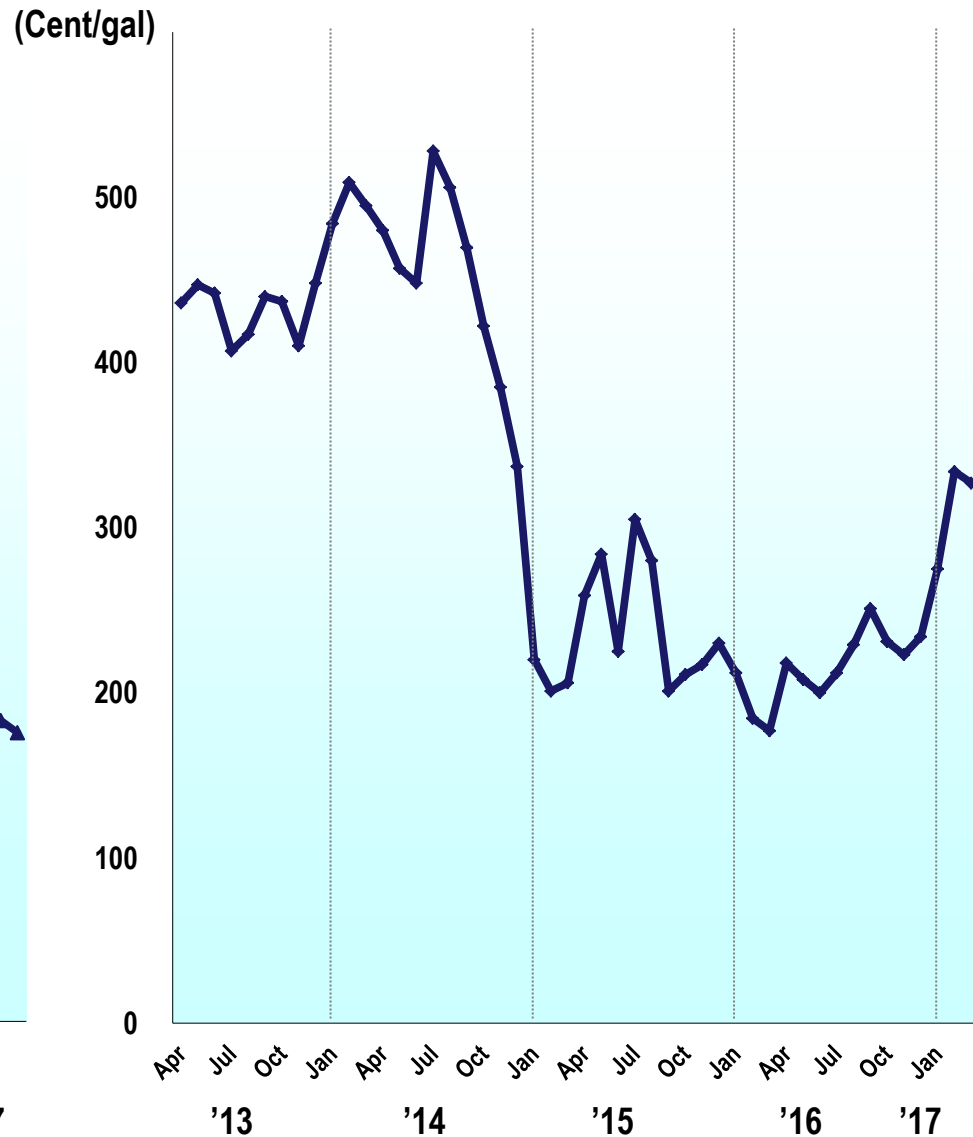
(¥ billion)	FY2015				FY2016			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Net Sales</b>	<b>192.6</b>	<b>199.5</b>	<b>199.2</b>	<b>199.5</b>	<b>174.2</b>	<b>178.8</b>	<b>182.1</b>	<b>206.1</b>
Cost of sales	130.8	134.5	134.0	137.0	113.1	118.2	119.6	142.0
<b>Gross profit</b>	<b>61.7</b>	<b>65.0</b>	<b>65.3</b>	<b>62.4</b>	<b>61.2</b>	<b>60.6</b>	<b>62.5</b>	<b>64.1</b>
SG & A	45.3	46.1	45.1	50.8	45.5	49.3	45.9	51.2
<b>Operating income</b>	<b>16.4</b>	<b>18.9</b>	<b>20.1</b>	<b>11.6</b>	<b>15.7</b>	<b>11.3</b>	<b>16.6</b>	<b>12.9</b>
Non-operating items, net	1.6	(1.1)	0.8	(8.1)	(1.3)	1.0	2.5	(2.7)
(Balance of financial expenses)	0.5	(0.5)	0.1	(0.3)	0.7	(0.3)	0.2	(0.3)
(Equity in earnings and losses of affiliates)	0.9	1.1	0.5	(5.5)	0.8	1.7	(0.2)	(0.3)
<b>Ordinary income</b>	<b>18.0</b>	<b>17.9</b>	<b>21.0</b>	<b>3.5</b>	<b>14.4</b>	<b>12.3</b>	<b>19.1</b>	<b>10.2</b>
Extraordinary items (net)	(1.3)	(1.6)	(7.8)	(4.1)	(0.6)	(2.2)	(1.5)	(17.6)
<b>Income (loss) before income taxes</b>	<b>16.7</b>	<b>16.3</b>	<b>13.2</b>	<b>(0.6)</b>	<b>13.8</b>	<b>10.0</b>	<b>17.6</b>	<b>(7.5)</b>
Income taxes	5.5	3.5	4.3	3.1	2.2	(0.2)	4.6	(24.1)
Profit (loss) attributable to non-controlling interests	0.0	(0.4)	(1.6)	0.1	0.1	0.3	0.3	0.6
<b>Profit (loss) attributable to owners of parent</b>	<b>11.2</b>	<b>13.3</b>	<b>10.5</b>	<b>(3.8)</b>	<b>11.4</b>	<b>9.9</b>	<b>12.7</b>	<b>16.1</b>

◆ Dubai crude oil prices

◆ Benzene prices



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



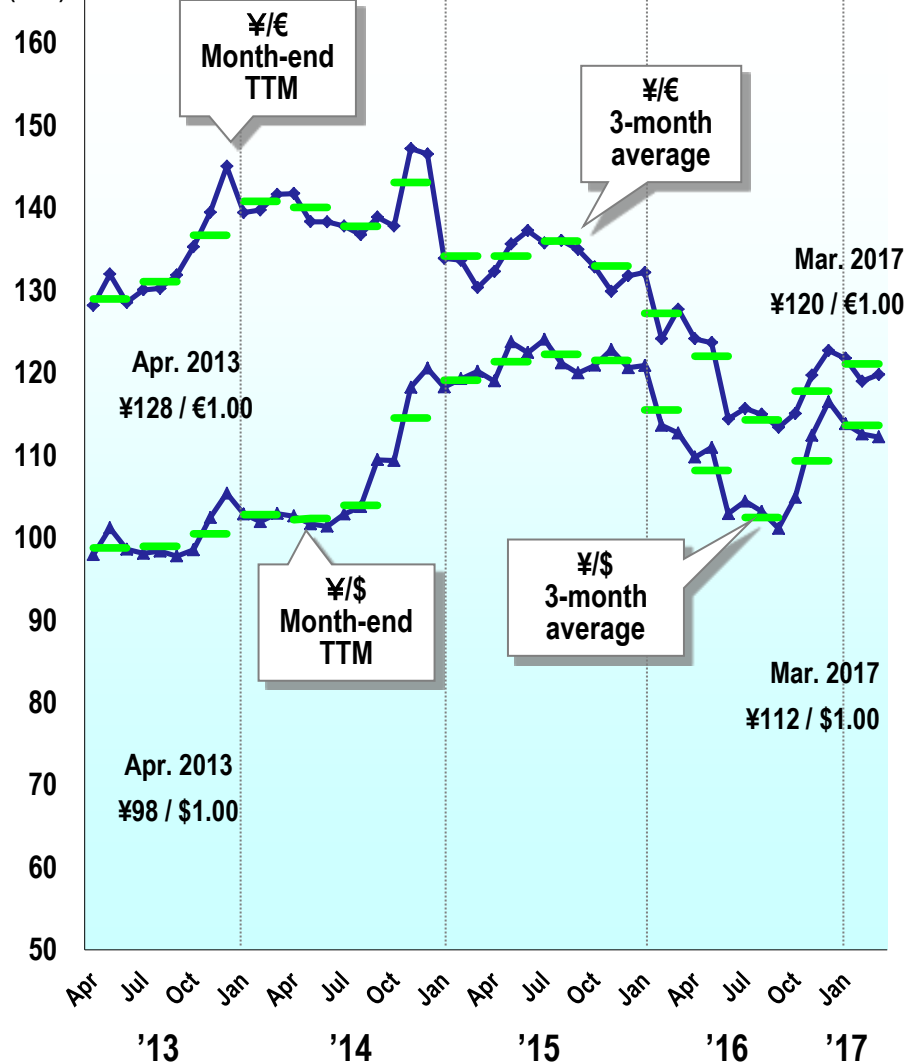
【Source: Teijin estimates based on data published by Dewitt】 35

◆ Yen/U.S. Dollar, Yen/Euro exchange rates

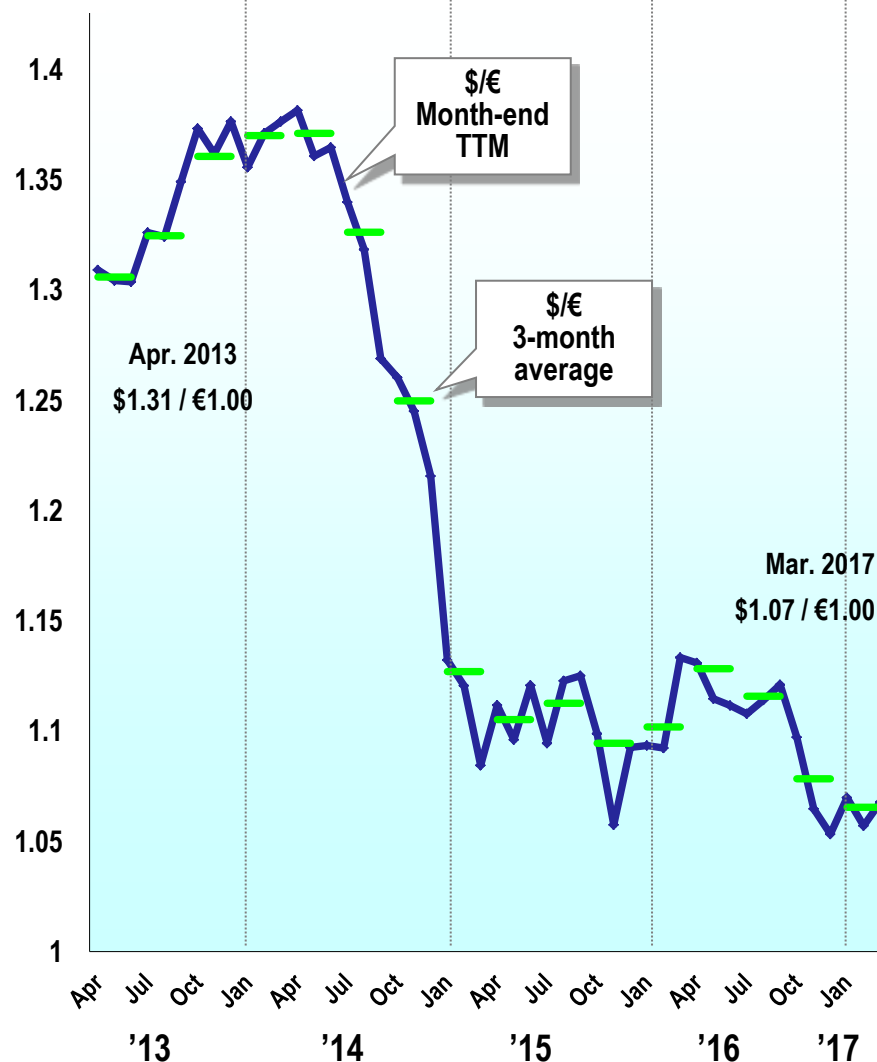
◆ U.S. Dollar/Euro exchange rates

(¥/EUR)

(¥/\$)



(\$/EUR)



## ◆ Sales of Principal Pharmaceuticals

(¥ billion)

Product	Target disease	FY2015					FY2016				
		1Q	2Q	3Q	4Q	Annual Total	1Q	2Q	3Q	4Q	Annual Total
<i>Bonalon</i> <sup>**1</sup>	Osteoporosis	3.3	3.3	3.5	2.8	12.9	3.1	2.8	3.1	2.5	11.6
<i>Onealfa</i> <sup>®</sup>	Osteoporosis	1.3	1.3	1.3	1.0	4.9	1.0	0.9	1.0	0.8	3.7
Osteoporosis total		4.6	4.6	4.9	3.8	17.8	4.1	3.8	4.1	3.3	15.3
<i>FEBURIC</i> <sup>®</sup>	Hyperuricemia and gout	4.8	5.2	6.0	5.3	21.3	6.4	6.4	7.5	6.3	26.5
<i>Mucosolvan</i> <sup>®</sup>	Expectorant	1.8	1.4	2.0	1.5	6.7	1.4	1.3	1.7	1.3	5.8
<i>Venilon</i> <sup>®</sup>	Severe infection	2.5	0.0	1.3	0.6	4.4	1.0	1.2	1.4	1.1	4.7
<i>Laxoberon</i> <sup>®</sup>	Laxative	0.7	0.7	0.7	0.5	2.5	0.5	0.5	0.5	0.4	2.0
<i>Somatuline</i> <sup>**2</sup>	Acromegaly and pituitary gigantism	0.3	0.4	0.4	0.4	1.5	0.4	0.4	0.5	0.4	1.7
<i>Tricor</i> <sup>®</sup>	Hyperlipidemia	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.5
<i>Alvesco</i> <sup>®</sup>	Asthma	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2

\*1 *Bonalon*<sup>®</sup> is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

\*2 *Somatuline*<sup>®</sup> is the registered trademark of Ipsen Pharma, Paris, France.

## ◆ Development status by therapeutic area

(As of March 31, 2017)

	Phase of Clinical Trials				information of Approved/New Launch is for the past 1 year
	Phase I	Phase II	Phase III	Filed	Approved/ New Launch
Bone and joint disease		KTP-001	ITM-058* <sup>5</sup>		
Respiratory disease		PTR-36			
Cardio-vascular and metabolic disease	TMX-049DN* <sup>3</sup>	TMX-049* <sup>6</sup> TMG-123* <sup>7</sup>	STM-279 VRS-317* <sup>4</sup>	TMX-67 [Febuxostat] (PRC) ITM-014N [Somatuline®* <sup>1</sup> ] (Additional indication for neuroendocrine tumor)	TMX-67TLS [FEBURIC®* <sup>2</sup> ] (Additional indication for tumor lysis syndrome)
Others			GGs-ON, -MPA, -CIDP [Venilon®] (Additional indication for optic neuritis) (Additional indication for microscopic polyangiitis) (Additional 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 additional indication of Somatuline® for neuroendocrine tumors.

■\*2 TMX-67TLS is currently in development as an additional 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.. ■\*5 In February 2017, Teijin began domestic Phase III clinical trials of ITM-058, which is currently in development as a new treatment for osteoporosis. ■\*6 In March 2017, Teijin began Phase II trials of TMX-049, a new treatment for hyperuricemia and gout. ■\*7 In March 2017, Teijin began Phase II trials of TMG-123, a new treatment for type 2 diabetes.

## ◆ Newly developed pharmaceutical candidates

(As of March 31, 2017)

## 【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 (Additional 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 (Additional indication) Filed in July 2016



◆ Newly developed pharmaceutical candidates  
【Phase III】

(As of March 31, 2017)

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 (Additional 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 (Additional 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 (Additional 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
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

◆ Newly developed pharmaceutical candidates  
【 Phase II 】

(As of March 31, 2017)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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
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

## ◆ Newly developed pharmaceutical candidates

(As of March 31, 2017)

## 【Phase I】

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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 <i>LOQOA</i> Tape with Taisho Toyama Pharmaceutical Co., Ltd. )



*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.