
Flash Report
FY2017 1Q Financial Performance
&
FY2017 Outlook

Teijin Limited
August 1, 2017

Outline of FY2017 1Q Results

Performance Highlights

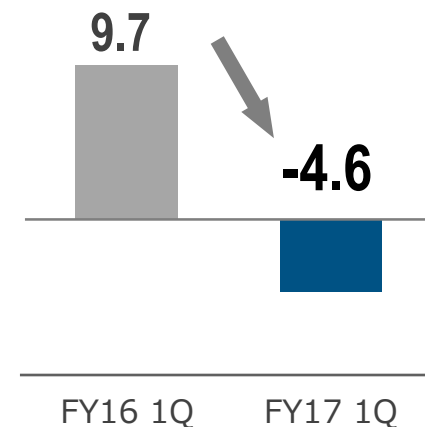
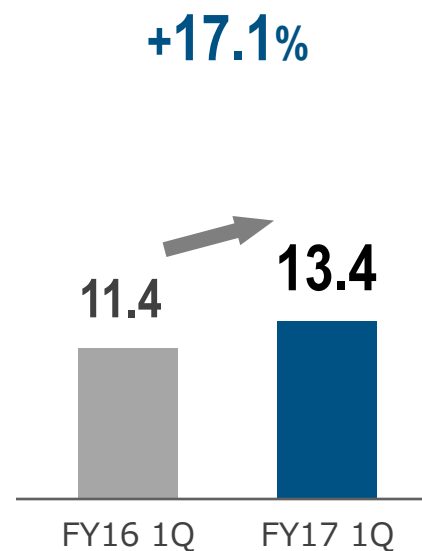
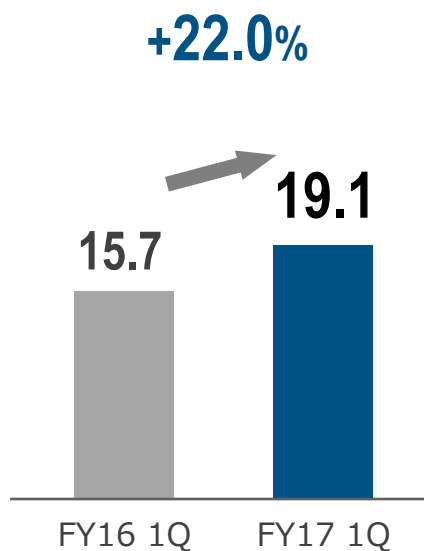
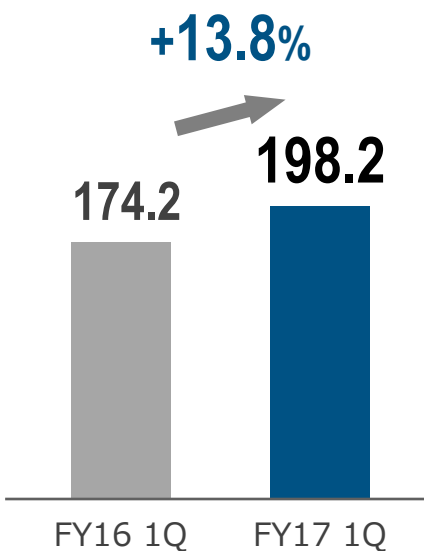
FY2017 1Q Results compared with FY2016 1Q

Net Sales

Operating Income

Profit Attributable to
Owners of Parent

Free Cash Flow



: Increased

: Increased

: Increased

: Decreased

- Solid overall sales performance across all businesses
- Positive impact from the consolidation of CSP*¹ in composites

- Strong sales of aramid fibers for automobiles
- The upfront payment from Merck.*²

Mainly due to the increase in operating income

In FY2016 1Q, free cash flow had increased due to a decrease in working capital

*1 Continental Structural Plastics Holdings Corporation: Became a consolidated subsidiary in January 2017

*2 The impact of licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

(¥ billion)

◆ Operating Results

	FY16 1Q	FY17 1Q	Difference
Net Sales	174.2	198.2	+24.0
Operating Income	15.7	19.1	+3.4
Nonoperating Items (Net)	(1.3)	0.9	+2.2
Ordinary Income	14.4	20.0	+5.6
Extraordinary Items (Net)	(0.6)	(0.5)	+0.2
Income Before Income Taxes	13.8	19.6	+5.8
Profit Attributable to Owners of Parent	11.4	13.4	+2.0
ROE *1	15.5%	15.3%	-0.2%
ROIC *2	12.4%	12.2%	-0.2%
EBITDA *3	25.1	30.3	+5.2

	FY16 1Q	FY17 1Q	Difference
CAPEX*4	8.9	8.8	-0.1
Depreciation & Amortization	9.4	11.2	+1.8
R&D Expenses	7.3	8.3	+0.9

*1 ROE= Profit attributable to owners of parent / Shareholders' equity
 *2 ROIC based on operating income = Operating income / invested capital
 (Invested capital = Net assets + Interest-bearing debt – Cash and deposits)
 *3 EBITDA = Operating income + Depreciation & amortization
 *4 CAPEX includes investments in intangible assets
 Note : Quarterly ROE and ROIC are determined by multiplying profit in 1Q
 by a factor of four

◇ PL exchange rate	FY16 1Q	FY17 1Q	Difference
¥/US\$	108	111	+3
¥/€	122	122	+0
US\$/€	1.13	1.10	-0.03

(¥ billion)

◆ Non-operating items

	FY16 1Q	FY17 1Q	Difference
Interest income	0.2	0.2	+0.1
Dividends income	1.1	1.1	+0.0
Gain on valuation of derivatives	—	0.4	+0.4
Equity in earnings of affiliates	0.8	0.3	-0.5
Others	0.2	0.2	+0.0
Non-operating income, total	2.3	2.3	+0.0
Interest expenses	0.5	0.6	+0.1
Foreign exchange losses	0.9	0.5	-0.4
Loss on valuation of derivatives	1.6	—	-1.6
Others	0.5	0.3	-0.2
Non-operating expenses, total	3.6	1.4	-2.2
Non-operating items, total	(1.3)	0.9	+2.2

◆ Extraordinary items

	FY16 1Q	FY17 1Q	Difference
Gain on sales of noncurrent assets	0.2	0.0	-0.1
Reversal of provision for business structure improvement	0.4	0.0	-0.4
Others	0.1	0.0	-0.1
Extraordinary income, total	0.7	0.1	-0.7
Loss on sales and retirement of noncurrent assets	0.2	0.2	-0.0
Impairment loss	0.3	0.0	-0.3
Loss on valuation of investment securities	0.1	0.0	-0.1
Business structure improvement expenses	0.6	0.1	-0.5
Others	0.1	0.2	+0.1
Extraordinary loss, total	1.4	0.6	-0.8
Extraordinary items, total	(0.6)	(0.5)	+0.2

(¥ billion)

◆ Financial position

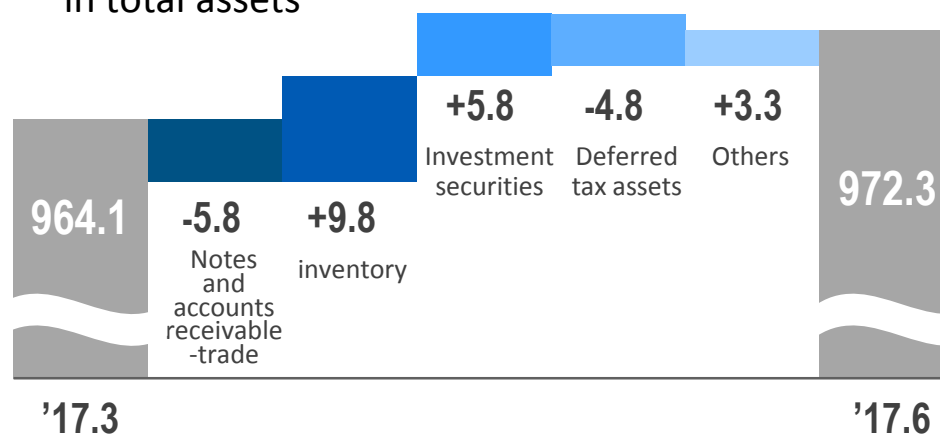
	March 31, 2017	June 30, 2017	Difference	(Impact of foreign exchange rate)
Total assets	964.1	972.3	+8.2	+6.4
Shareholders' equity	338.4	362.2	+23.8	+11.0
Interest-bearing debt	376.2	386.2	+9.9	+0.8
D/E ratio	1.11	1.07	-0.05	
Shareholders' equity ratio	35.1%	37.2%	+2.1%	

◆ Cash flows

	FY16 1Q	FY17 1Q	Difference
Operating activities	20.6	11.1	-9.6
Investing activities	(10.9)	(15.6)	-4.8
Free cash flow	9.7	(4.6)	-14.3
Financing activities	(3.5)	5.0	+8.5
Net inc/dec in Cash & cash equivalents	6.2	0.4	-5.8

◇ Analysis of changes in total assets

(¥ billion)



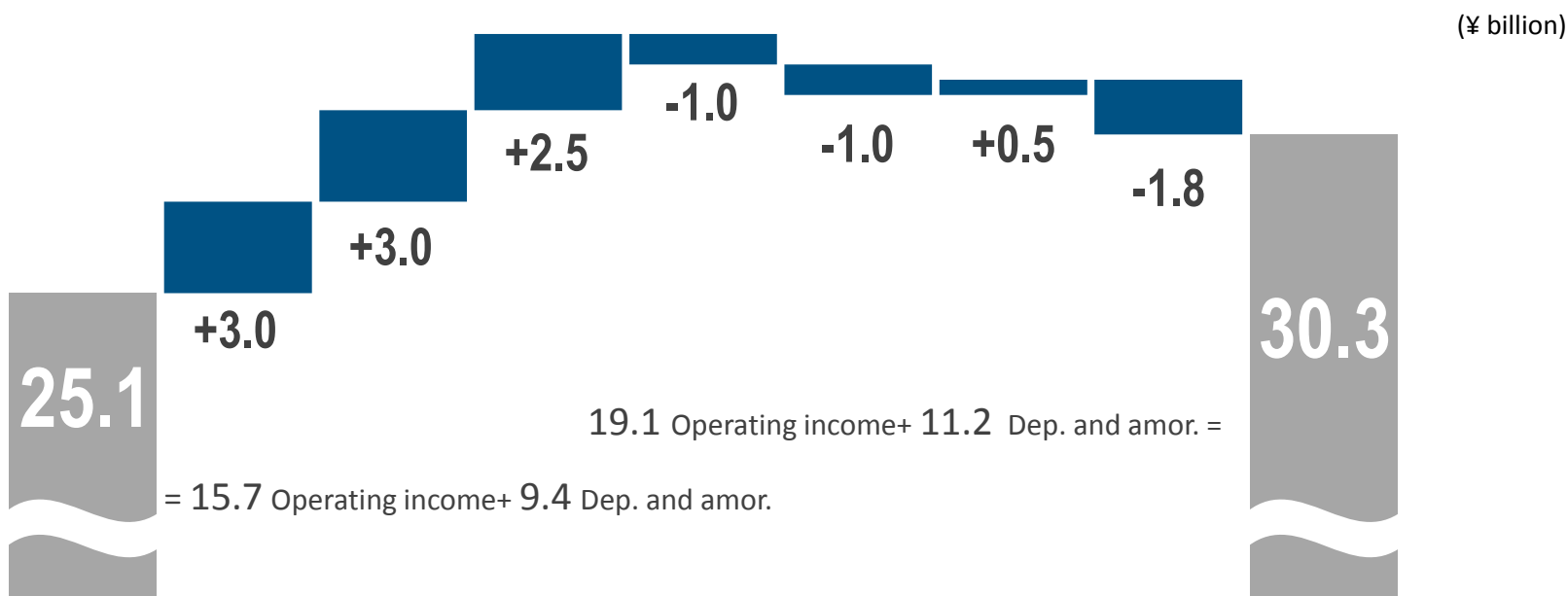
◇ BS exchange rate

	March 31, 2017	June 30, 2017	Difference
JPY / USD	112	112	-0
JPY / EUR	120	128	+8
USD / EUR	1.07	1.14	+0.07

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

◆ Analysis of changes in EBITDA*1

Earnings increased mainly due to strong sales of aramid fibers for automobiles and the impact of upfront payment from Merck*3



FY16 1Q	Cost reductions*2	Upfront payment from Merck*3	Sales volume	Sales price and mix	Raw material and fuel cost	Forex	Advance development costs, others	FY17 1Q
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*1 EBITDA = Operating income + Depreciation & amortization

*2 Cost reductions : including those realized through restructuring initiatives

*3 The impact of recording consideration for the licensing out of a n investigational antibody candidate targeting tau for a possible new treatment of Alzheimer’s disease

◆ Operating Results by Segment (Comparison with FY16 1Q)

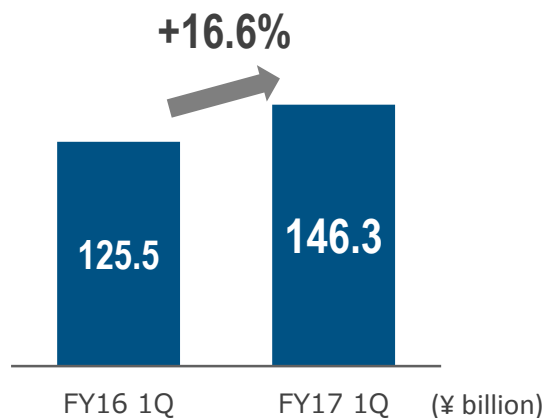
(¥ billion)

		FY16 1Q	FY17 1Q	Difference	% Change
Net sales	Material business group	56.8	60.4	+3.6	+6.3%
	Polyester Fibers & Trading and Retail business group	66.5	66.4	-0.1	-0.1%
	Composites, others	2.1	19.4	+17.3	+813.9%
	Materials Total	125.5	146.3	+20.8	+16.6%
	Healthcare	38.1	39.7	+1.6	+4.2%
	Others	10.6	12.2	+1.6	+15.0%
	Total	174.2	198.2	+24.0	+13.8%
Operating income (loss)	Materials	8.6	8.2	-0.4	-5.1%
	Healthcare	8.0	11.8	+3.8	+48.2%
	Others	0.2	1.0	+0.8	+337.4%
	Elimination and Corporate	(1.1)	(1.9)	-0.8	+67.6%
	Total	15.7	19.1	+3.4	+22.0%

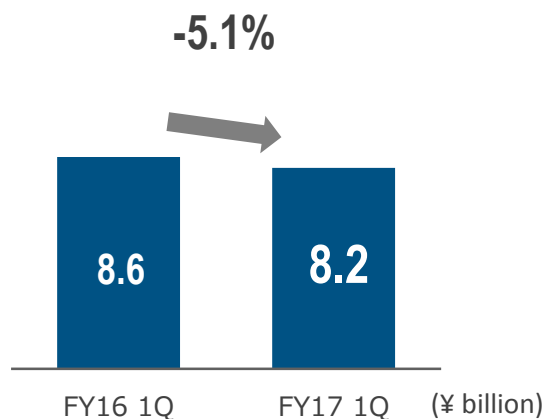
Materials

Higher sales from the consolidation of CSP
Operating income declined slightly due to lower sales of battery materials in a fiercely competitive environment

Net sales



Operating income



Material business group

- Sales of aramid fibers for automotive-related applications increased
- Sales of carbon fibers for use in aircraft were solid
- The sales mix improved for polycarbonate resins
- Impact of regular maintenance in aramid fibers (Major regular maintenance was undertaken in FY 2016 1Q)

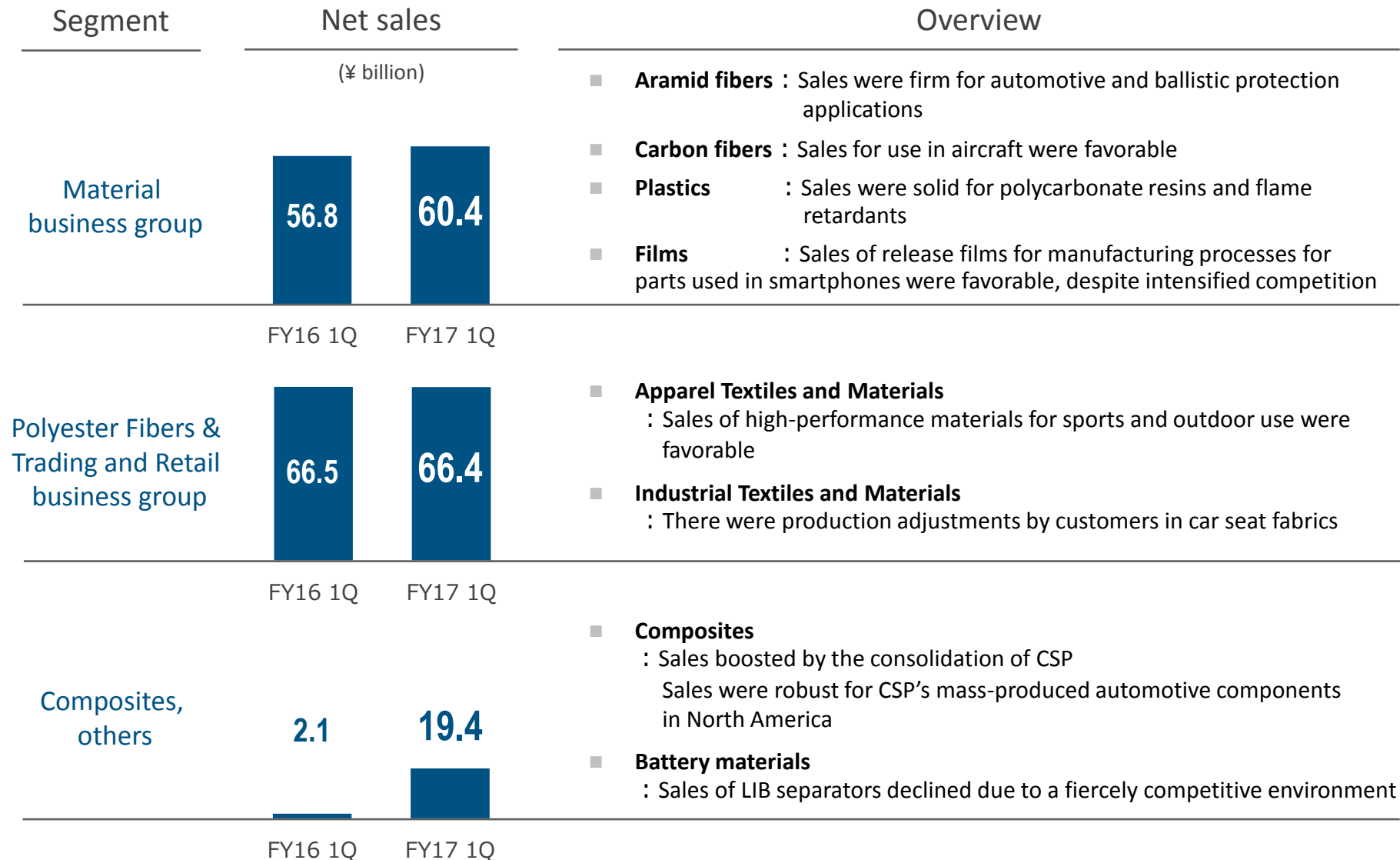
Polyester Fibers & Trading and Retail business group

- Maintained favorable sales in sports and outdoor applications
- There were production adjustments by customers in automotive-related material applications

Composites, others

- Sales boosted by the consolidation of CSP
- Sales of battery materials declined due to a fiercely competitive environment

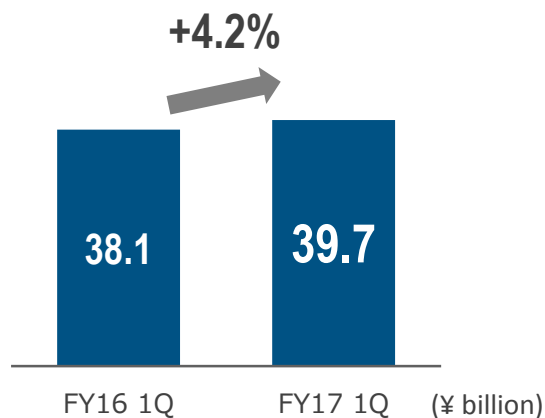
Materials



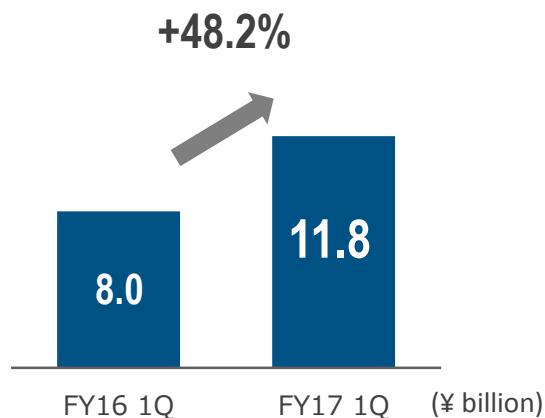
Healthcare

Higher sales driven by steady growth in sales of core products and services. Earnings increased due partly to the impact of withdrawal from the U.S. home healthcare business.

Net sales



Operating income



Pharmaceuticals

- Sales of the hyperuricemia and gout treatment febuxostat expanded, despite a persistently harsh environment for long-listed originator drugs
- Earnings increased due to the receipt of consideration for the licensing out of an investigational antibody candidate targeting tau protein for a possible new treatment of Alzheimer's disease to Merck & Co., Inc.

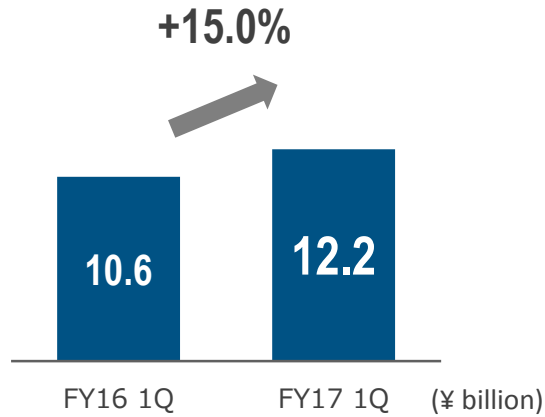
Home Healthcare

- Rental volume for oxygen concentrators for home oxygen therapy (HOT) remained at high levels, while rental volume for CPAP increased.
- Lower sales and higher earnings were recorded, due to the impact of withdrawal from the U.S. home healthcare business.

Others

Strong performance centered on the IT business

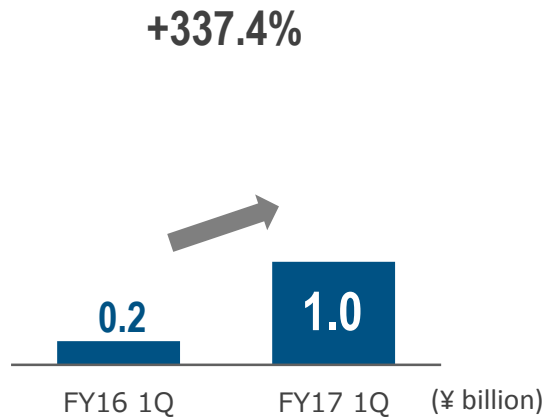
Net sales



IT

- Sales of the MECCHA COMICS e-comics distribution service expanded steadily
- The number of projects rose in the hospital and nursing care fields in healthcare services

Operating income



◆ Main Topics (since April 2017)

Materials

Teijin's Polycarbonate-Resin Pillar-Less Automotive Front Window Selected for Use in Sporty Electric Vehicle on Market

The world's first polycarbonate-resin automotive front window was selected for use in the *Tommykaira ZZ*, a sporty electric vehicle (EV) produced by GLM Co., Ltd., an EV manufacturer launched by Kyoto University, achieving a pillar-less design.

Difference in view from driver's seat



With A-pillar

Polycarbonate-resin pillar-less

Improved forward and diagonal visibility
Achieves lightweight automotive bodies



Enabling improved safety, plus CO₂ emissions reductions and energy conservation



Healthcare

Worldwide License Agreement for Investigational Antibody Candidate Targeting Tau for a Possible New Treatment of Alzheimer's Disease

Teijin Pharma Limited*¹ has entered into a worldwide license agreement with Merck & Co., Inc. of the U.S. for the development, manufacture, and commercialization of an investigational antibody targeting tau, for a possible new treatment of Alzheimer's disease.

Consideration Received

- Upfront payment from Merck & Co., Inc.: US\$27.5 million
- Going forward, Teijin Pharma is eligible to receive total consideration of approximately US\$300 million from Merck & Co., Inc. through development and regulatory milestone payments.
- In addition, Teijin Pharma is eligible to receive sales milestone and royalties on product sales from Merck & Co., Inc.

Our Approach to Alzheimer's disease

Teijin Pharma has generated a novel antibody designed to bind to hyperphosphorylated tau proteins and has confirmed that the antibody demonstrates outstanding efficacy in preclinical research using model animals with pathologies similar to Alzheimer's disease.*²

*1 The core company of the Teijin Group's healthcare business

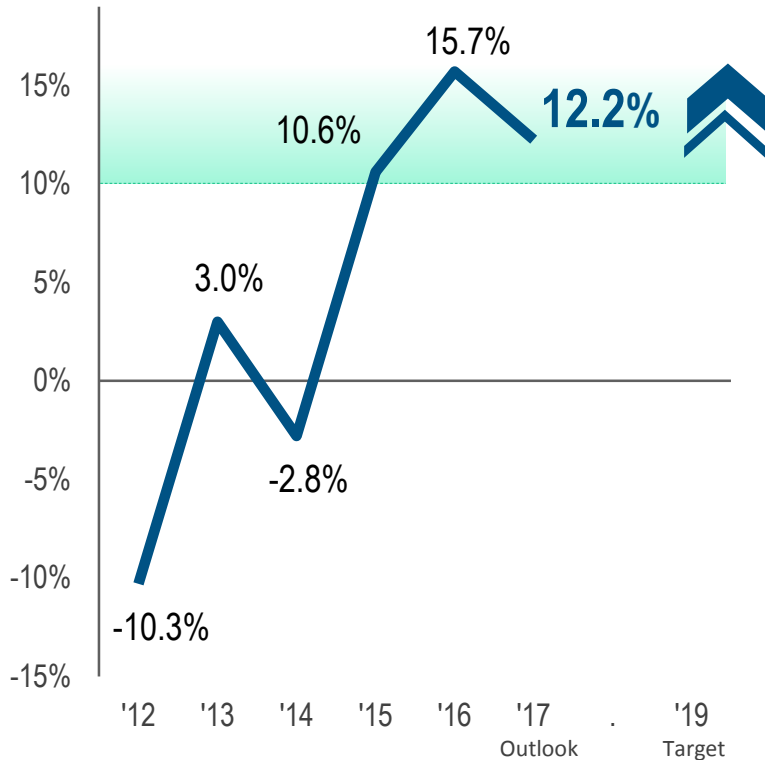
*2 T. Umeda, *et al.*, Ann Clin Transl Neurol. 2015 Mar;2(3):241-55

Outlook for FY2017

◆ Key Financial Indicators

ROE*1

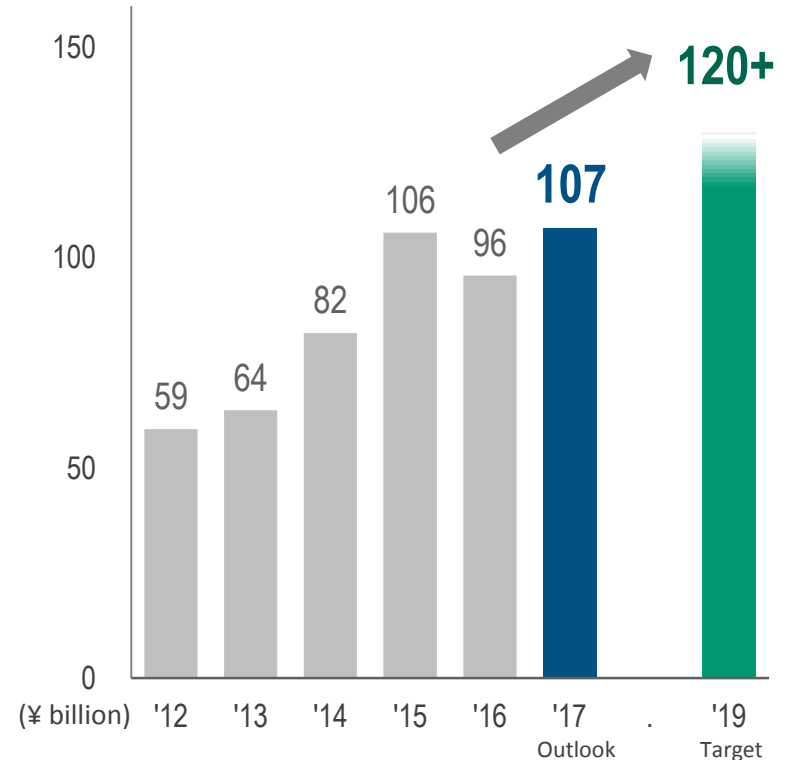
Medium-term target : 10% +



Maintain stable ROE*1 of over 10%

EBITDA*2

Medium-term target: over ¥120 billion in FY2019



Increase ability to generate cash by approx. 10%

*1 ROE=Profit (loss) attributable to owners of parent/Shareholders' equity

*2 EBITDA = Operating income + Depreciation & amortization

◆ Summary of outlook for FY2017

(¥ billion)	FY2016	FY2017 Outlook	Difference	% Change	Previous Outlook*4	Difference
Net sales	741.3	855.0	+113.7	+15.3%	855.0	—
Operating income	56.5	64.0	+7.5	+13.2%	62.0	+2.0
Ordinary income	55.9	65.0	+9.1	+16.2%	63.0	+2.0
Profit (loss) attributable to owners of parent	50.1	44.0	-6.1	-12.2%	42.0	+2.0
ROE*1	15.7%	12.2%	-3.5%		11.9%	+0.4%
ROIC *2	10.0%	10.0%	-0.0%		9.8%	+0.2%
EBITDA*3	95.8	107.0	+11.2		105.0	+2.0
Free cash flow	(48.6)	10.0	+58.6		8.0	+2.0

Assumptions for outlook

FY2017 exchange rates : ¥110/US\$1.00, and ¥124/€1.00

An average Dubai crude oil price : US\$50/barrel

Dividend forecasts

Interim: ¥30 per share (outlook) Annual: ¥60 per share (outlook)

*No changes from previous outlook

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

*2 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

*3 EBITDA = Operating income + Depreciation & amortization

*4 Announced on May 9, 2017

◆ Invested Resources

Capital expenditure*

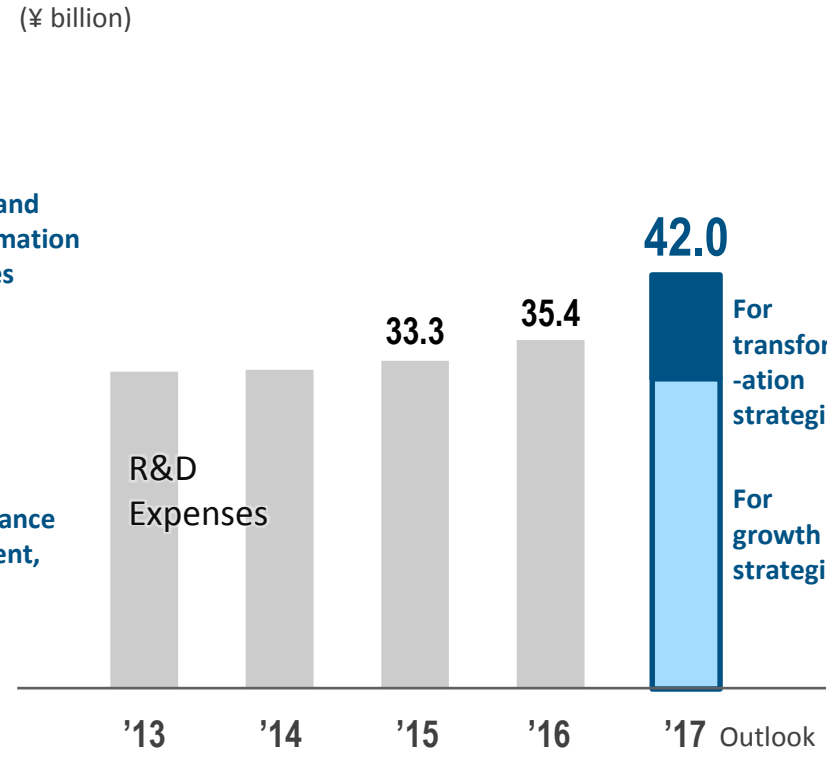
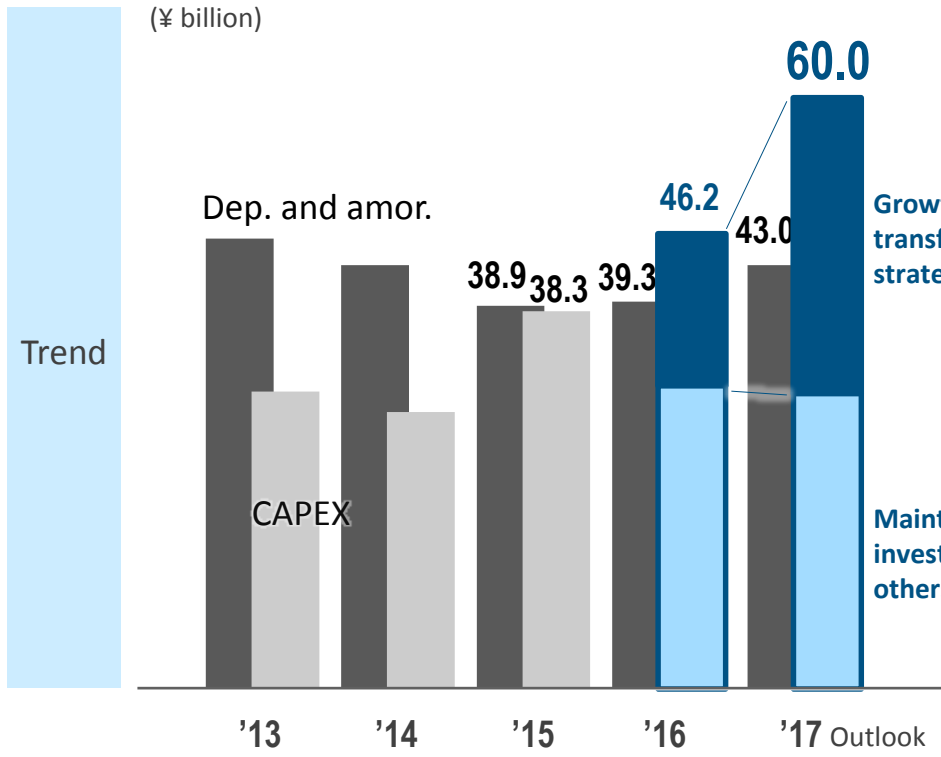
Research expenses

Target

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

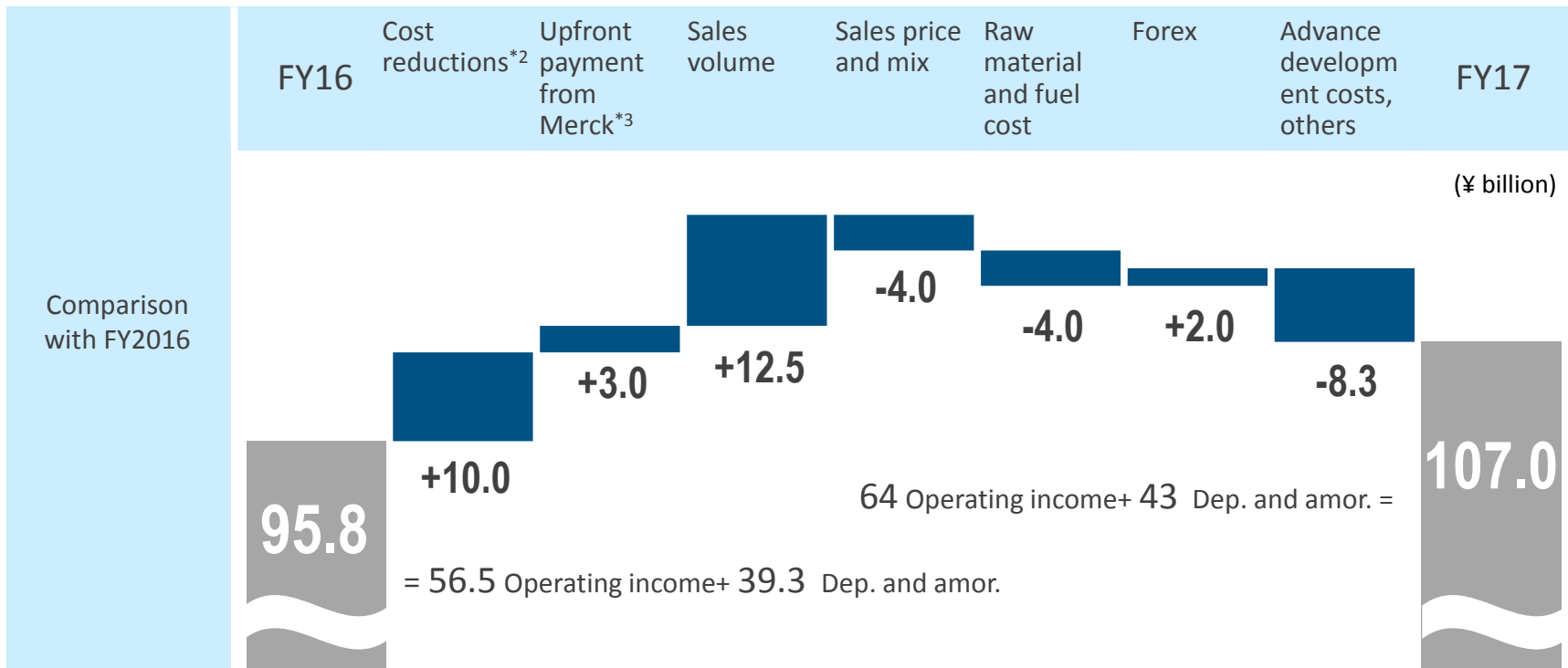
For growth Strategies **Approx. 75%**
 Advance through drug discovery and development phases / Strengthen materials platform technology



* CAPEX includes investments in intangible assets

◆ Analysis of changes in EBITDA*1

Earnings are forecast to increase year on year, as various positive factors are projected to outweigh a lower raw materials spread and higher advance development costs. Those positive factors include higher sales volume for automobiles, and the impact of withdrawing from the U.S. home healthcare business, in addition to the upfront payment from Merck*3.



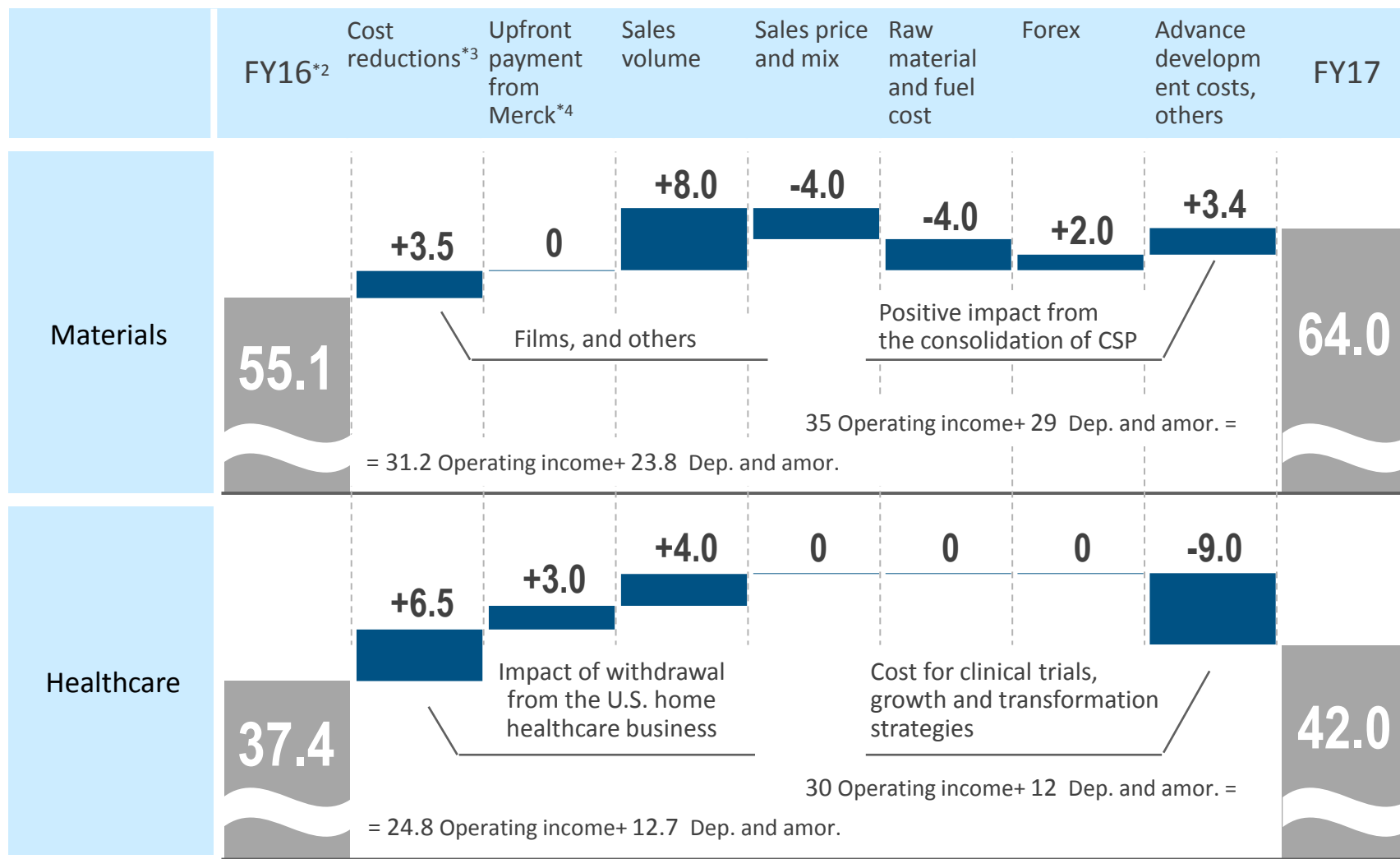
*1 EBITDA = Operating income + Depreciation & amortization

*2 Cost reductions : including those realized through restructuring initiatives

*3 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

◆ Analysis of changes in EBITDA*¹ by segment

(¥ billion)



*1 EBITDA = Operating income + Depreciation & amortization

*2 Figures for actual results for FY2016 were revised due to inter-segment adjustments made after the results were announced on May 9, 2017.

*3 Cost reductions : including those realized through restructuring initiatives

*4 The impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer's disease

◆ Key Financial Indicators by segment

	FY2016*1	FY2017 Outlook	Difference	Previous Outlook*2	Difference
EBITDA*3 (¥ billion)					
Materials	55.1	64.0	+8.9	64.0	+0
Healthcare	37.4	42.0	+4.6	40.0	+2.0
Others	6.7	7.0	+0.3	7.0	+0
Elimination and Corporate	(3.4)	(6.0)	(2.6)	(6.0)	+0
Total	95.8	107.0	+11.2	105.0	+2.0

ROIC*4

(%)

Materials	9.7%	9%		9%	
Healthcare	21.8%	24%		22%	
Total	10.0%	10%		10%	

*1 Figures for actual results for FY2016 were revised due to inter-segment adjustments made after the results were announced on May 9, 2017.

*2 Announced on May 9, 2017

*3 EBITDA = Operating income + Depreciation & amortization

*4 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

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

		FY16 Results*			FY17 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	111.4	116.6	228.1	120.0	120.0	240.0	+11.9
	Polyester Fibers & Trading and Retail business group	139.5	147.8	287.3	145.0	175.0	320.0	+32.7
	Composites, others	4.2	20.3	24.5	40.0	40.0	80.0	+55.5
	Materials Total	255.1	284.8	539.8	305.0	335.0	640.0	+100.2
	Healthcare	75.0	75.6	150.7	80.0	75.0	155.0	+4.3
	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	15.0	20.0	35.0	+3.8
	Healthcare	11.0	13.8	24.8	19.0	11.0	30.0	+5.2
	Others	1.9	3.4	5.3	2.0	3.0	5.0	-0.3
	Elimination and Corporate	(2.1)	(2.7)	(4.8)	(3.0)	(3.0)	(6.0)	-1.2
	Total	27.0	29.5	56.5	33.0	31.0	64.0	+7.5

* Figures for actual results for FY2016 were revised due to inter-segment adjustments made after the results were announced on May 9, 2017.

◆ Changes in net sales and operating income by segment (Comparison with previous outlook)

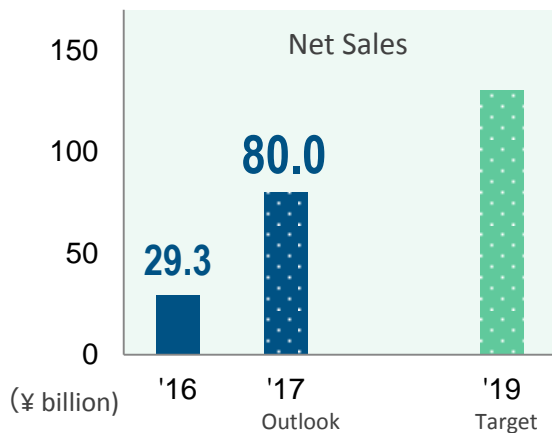
		FY17 Previous Outlook*			FY17 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	115.0	120.0	235.0	120.0	120.0	240.0	+5.0
	Polyester Fibers & Trading and Retail business group	155.0	175.0	330.0	145.0	175.0	320.0	-10.0
	Composites, others	40.0	40.0	80.0	40.0	40.0	80.0	—
	Materials Total	310.0	335.0	645.0	305.0	335.0	640.0	-5.0
	Healthcare	75.0	75.0	150.0	80.0	75.0	155.0	+5.0
	Others	30.0	30.0	60.0	30.0	30.0	60.0	—
	Total	415.0	440.0	855.0	415.0	440.0	855.0	—
Operating income (loss)	Materials	14.5	20.5	35.0	15.0	20.0	35.0	—
	Healthcare	16.5	11.5	28.0	19.0	11.0	30.0	+2.0
	Others	2.0	3.0	5.0	2.0	3.0	5.0	—
	Elimination and Corporate	(3.0)	(3.0)	(6.0)	(3.0)	(3.0)	(6.0)	—
	Total	30.0	32.0	62.0	33.0	31.0	64.0	+2.0

* Announced on May 9, 2017

Transformation Strategy: Progress and Outlook

Progressing in line with the medium-term plan

Materials



Composites

Firm sales of CSP composites for automotive applications in North America

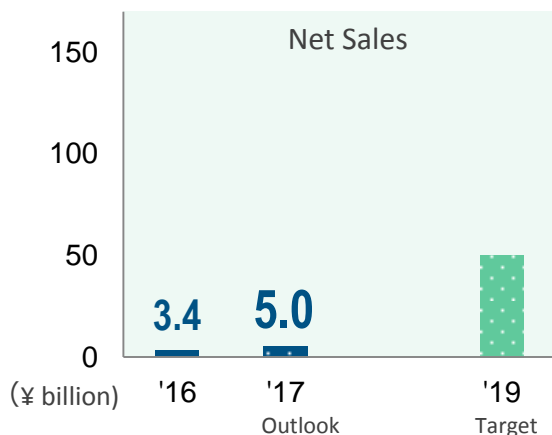
LIB separator

Smartphone and tablet applications : Expand sales channels to **Asian customers** / Automotive applications : Promote customer evaluations

Plastic Glazing

Drive business expansion for **new coating technologies** / Realize synergies with CSP

Healthcare



Orthopedic Implantable Devices

Established Teijin Medical Technologies Co., Ltd. in July / Expand sales of bioresorbable bone-bonding materials by generating synergies between Teijin Nakashima Medical Co., Ltd. and Teijin Medical Technologies

Functional Food Ingredient

Expand partnerships with major food manufacturers and their adoption of products / Advance the search for a new enhanced grain product

New Medical Products /Digital Healthcare

Consider introducing **new medical devices** / Expand business of *Recopick*, an **RFID information management system** to hospitals

◆ Historical Financial Indicators

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Outlook
ROE* ¹	3.0%	(2.8%)	10.6%	15.7%	12.2%
ROIC * ²	3.4%	7.1%	12.7%	10.0%	10.0%
EBITDA * ³ (¥ billion)	63.7	82.1	106.0	95.8	107.0
Earnings per share* ⁴ (¥)	42.5	(41.1)	158.1	254.9	223.6
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 * ⁵	1.00	1.07	1.01	1.11	1.0
Shareholders' equity ratio	36.7%	34.9%	36.4%	35.1%	38.0%

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

*2 ROIC based on operating income = Operating income / invested capital (Net assets + 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.

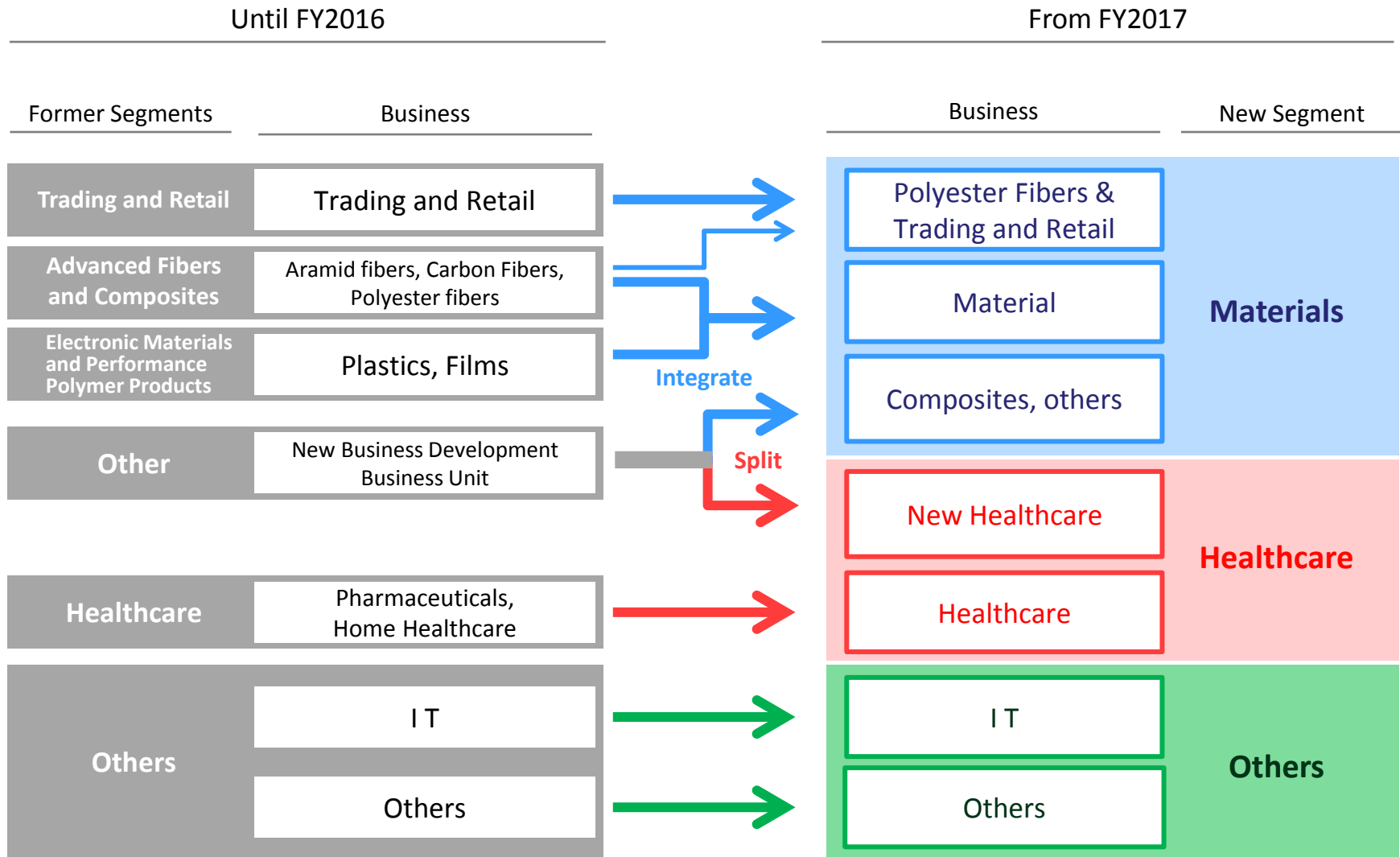
(5) Risks related to accidents and disasters

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 FY2017 1Q announced at 11:30 A.M. on Aug 1, 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.

◆ Restructuring of Organizational Structure (Changes in disclosure segments)



◆ Consolidated balance sheets

	(¥ billion)	2015		2016			2017		
		Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30
Total assets									
Current assets		395.6	415.0	430.5	413.7	403.6	509.6	466.8	473.6
Fixed assets		407.1	406.9	392.9	376.1	376.2	396.2	497.3	498.7
Total		802.7	821.9	823.4	789.8	779.7	905.8	964.1	972.3
Total liabilities and net assets									
Liabilities		483.8	491.8	509.0	485.5	463.2	551.5	612.2	596.6
[Interest-bearing debt]		283.6	281.1	303.3	297.8	276.2	343.7	376.2	386.2
Net assets		319.0	330.1	314.4	304.3	316.5	354.3	351.8	375.7
Total		802.7	821.9	823.4	789.8	779.7	905.8	964.1	972.3

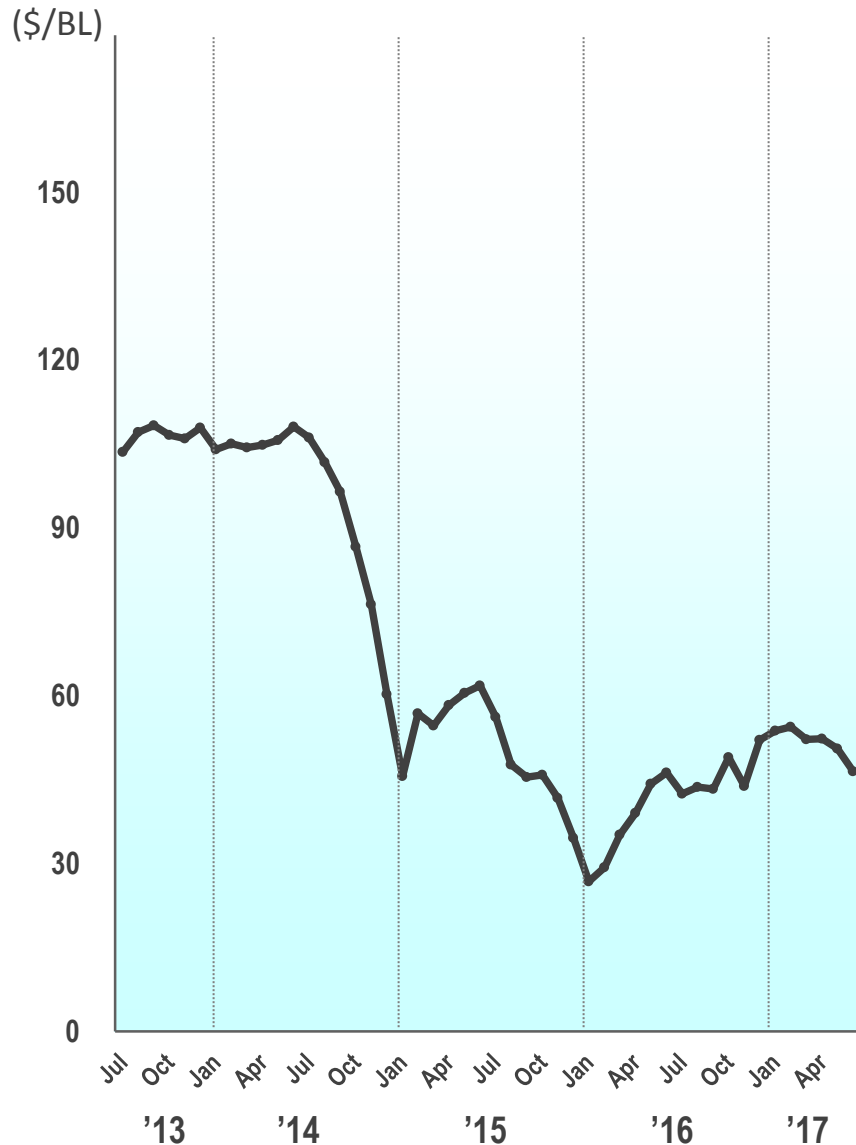
Note: For more information, see Teijin's Consolidated Financial Statements Summary for the First Quarter of FY2017.

◆ Consolidated Statements of Income

	(¥ billion)	FY2016				FY2017	Difference
		1Q	2Q	3Q	4Q	1Q	17/1Q-16/1Q
Net Sales		174.2	178.8	182.1	206.1	198.2	+24.0
Cost of sales		113.1	118.2	119.6	142.0	131.3	+18.2
Gross profit		61.2	60.6	62.5	64.1	66.9	+5.8
SG & A		45.5	49.3	45.9	51.2	47.8	+2.3
Operating income		15.7	11.3	16.6	12.9	19.1	+3.4
Non-operating items, net		(1.3)	1.0	2.5	(2.7)	0.9	+2.2
(Balance of financial expenses)		0.7	(0.3)	0.2	(0.3)	0.7	+0.1
(Equity in earnings and losses of affiliates)		0.8	1.7	(0.2)	(0.3)	0.3	-0.5
Ordinary income		14.4	12.3	19.1	10.2	20.0	+5.6
Extraordinary items (net)		(0.6)	(2.2)	(1.5)	(17.6)	-0.5	+0.2
Income (loss) before income taxes		13.8	10.0	17.6	(7.5)	19.6	+5.8
Income taxes		2.2	(0.2)	4.6	(24.1)	6.0	+3.8
Profit attributable to non-controlling interests		0.1	0.3	0.3	0.6	0.2	+0.1
Profit attributable to owners of parent		11.4	9.9	12.7	16.1	13.4	+2.0

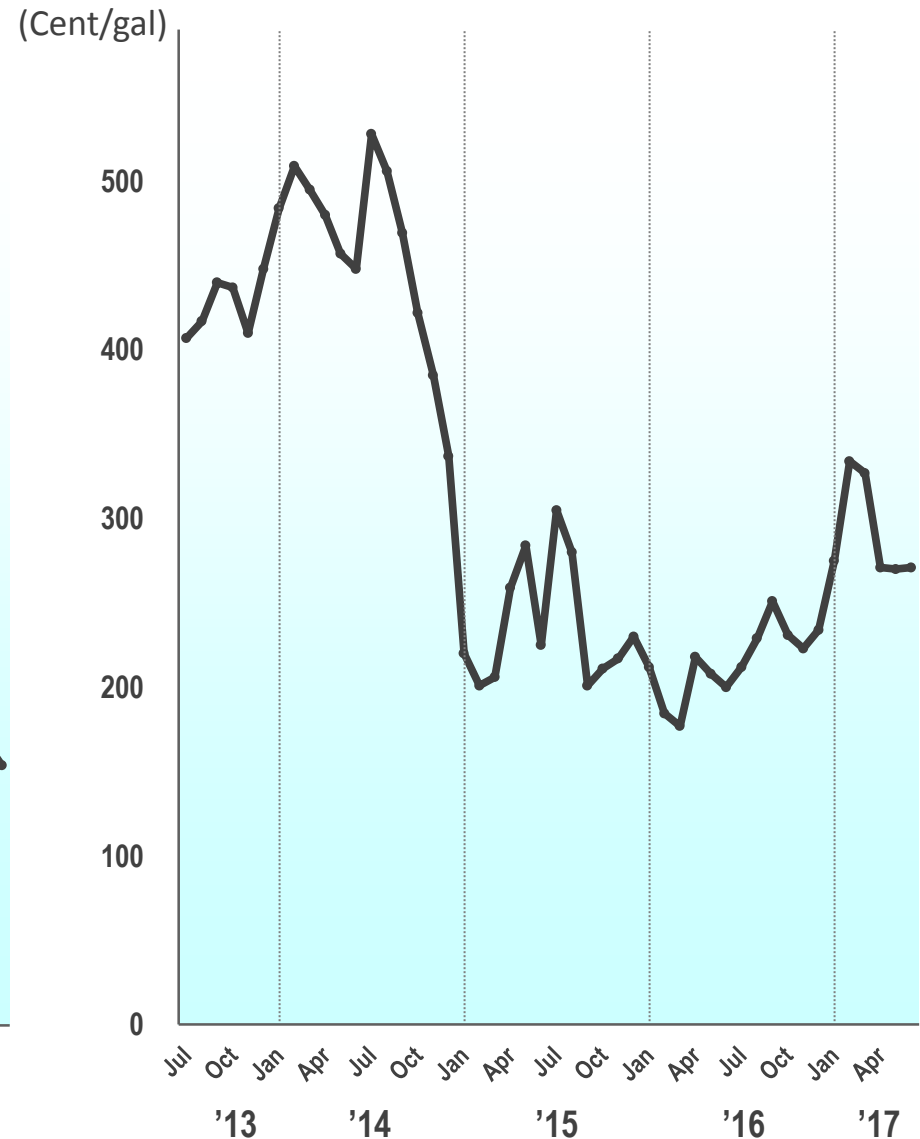
Note: For more information, see Teijin's Consolidated Financial Statements Summary for the First Quarter of FY2017.

◆ Dubai crude oil prices



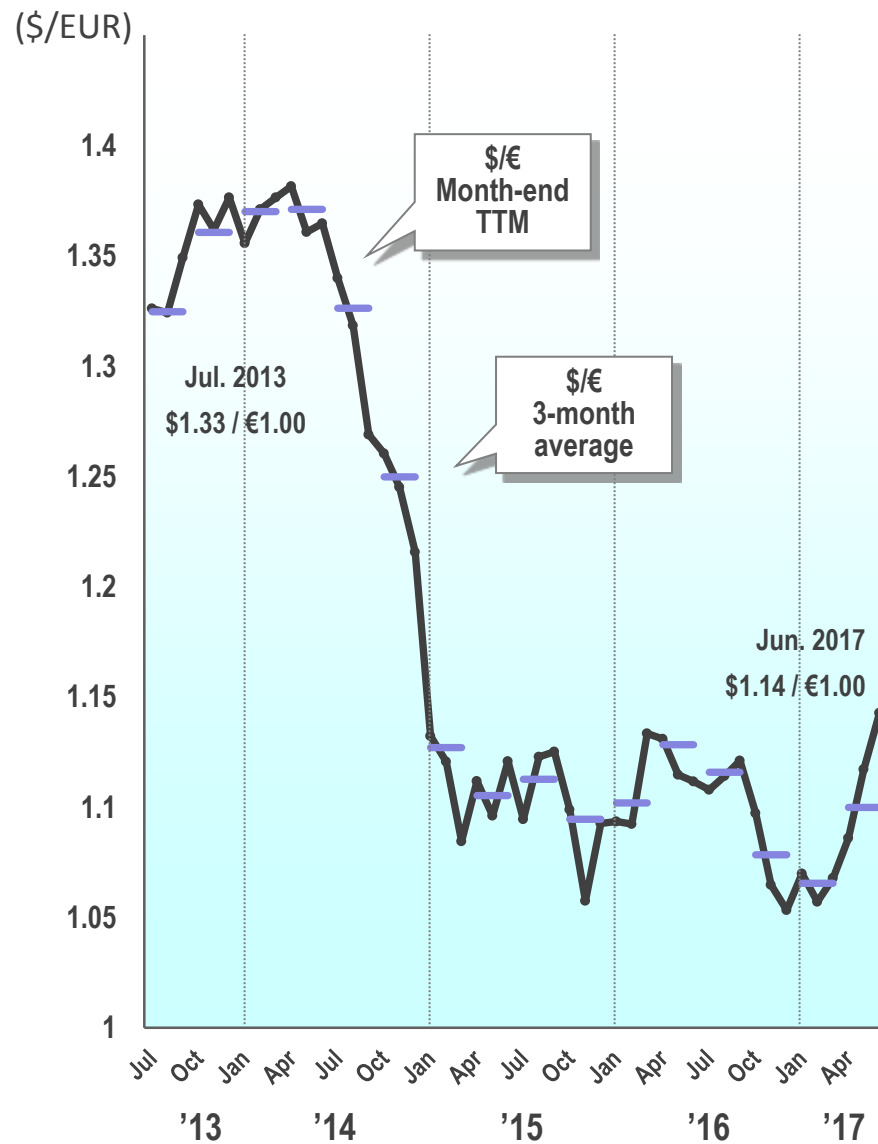
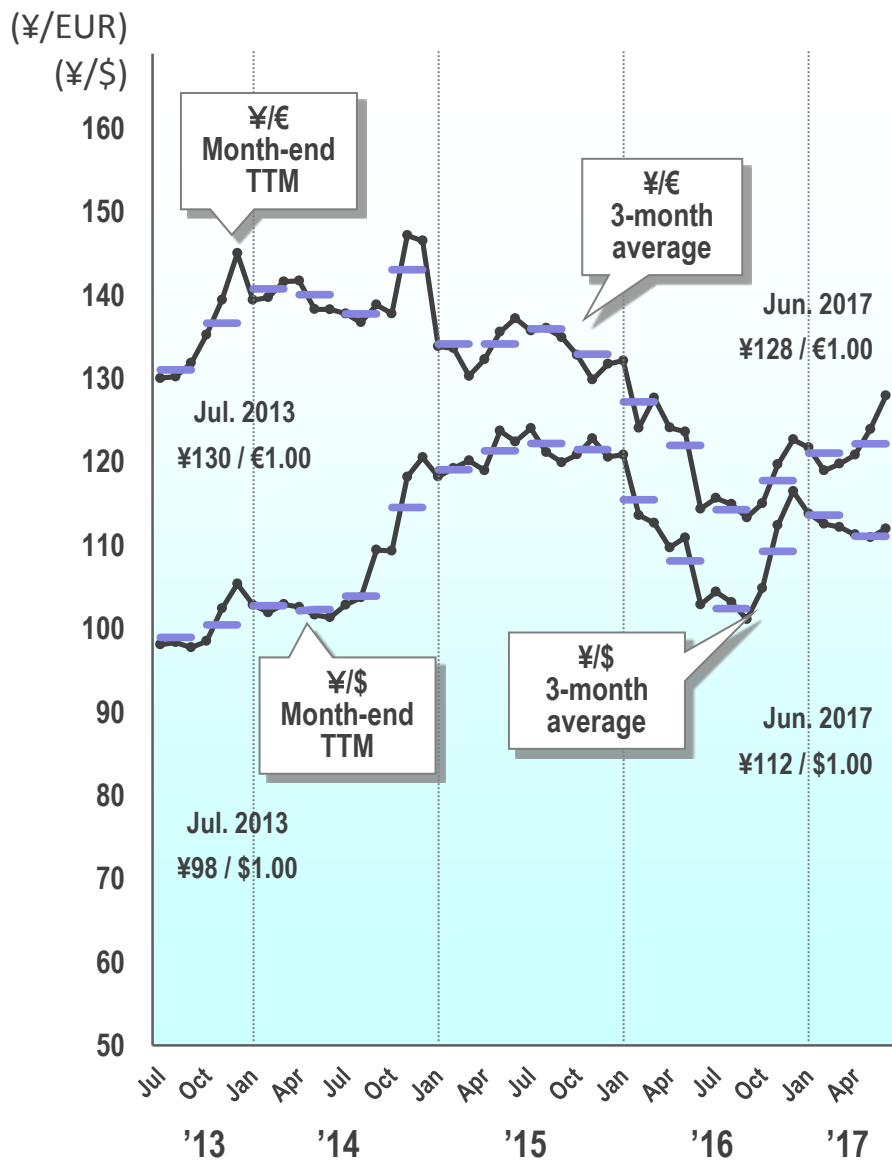
【Source: Teijin estimates based on data published by Platt's】

◆ Benzene prices



【Source: Teijin estimates based on data published by Dewitt】 28

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



◆ Sales of Principal Pharmaceuticals

(¥ billion)

Product	Target disease	FY2016					FY2017
		1Q	2Q	3Q	4Q	Total	1Q
<i>Bonalon</i> ^{®*1}	Osteoporosis	3.1	2.8	3.1	2.5	11.6	2.8
<i>Onealfa</i> [®]	Osteoporosis	1.0	0.9	1.0	0.8	3.7	0.9
Osteoporosis total		4.1	3.8	4.1	3.3	15.3	3.7
<i>FEBURIC</i> [®]	Hyperuricemia and gout	6.4	6.4	7.5	6.3	26.5	7.4
<i>Mucosolvan</i> [®]	Expectorant	1.4	1.3	1.7	1.3	5.8	1.3
<i>Venilon</i> [®]	Severe infection	1.0	1.2	1.4	1.1	4.7	1.3
<i>LOQQA</i> [®]	osteoarthritis pain and inflammation	0.2	0.2	0.3	0.3	1.0	0.5
<i>Laxoberon</i> [®]	Laxative	0.5	0.5	0.5	0.4	2.0	0.4
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism	0.4	0.4	0.5	0.4	1.7	0.4
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.4	0.4	1.5	0.4
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3

*1 *Bonalon*[®] is the registered trademark of Merck Sharp & Dohme Corp., U.S.A.*2 *Somatuline*[®] is the registered trademark of Ipsen Pharma, France.

◆ Development status by therapeutic area

(As of June 30, 2017)

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

◆ Newly developed pharmaceutical candidates

(As of June 30, 2017)

[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

(As of June 30, 2017)

[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 (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

(As of June 30, 2017)

[PHASE II]

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 June 30, 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>LOQQA</i> 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.