
Flash Report
FY2017 2Q Financial Performance
&
FY2017 Outlook

Teijin Limited
November 7, 2017

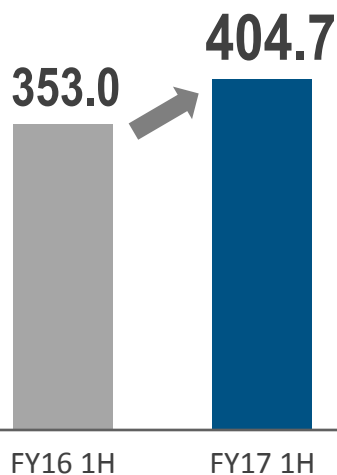
Outline of FY2017 2Q Results

Performance Highlights

FY2017 1H Results compared with FY2016 1H

Net Sales

+14.6%

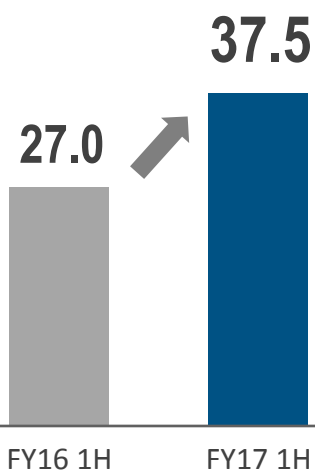


: Increased

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

Operating Income

+39.0%



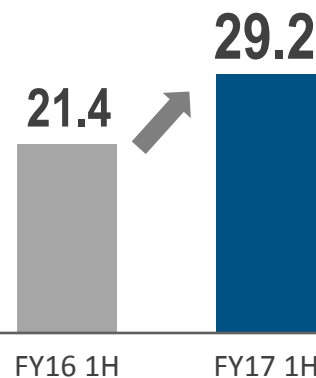
: Increased

- Strong sales of aramid fibers and plastics
- The upfront payment from Merck*2

Profit Attributable to Owners of Parent

+36.6%

(¥ billion)



: Increased

Due to increased operating income, and gain on sales of noncurrent assets

*1 Continental Structural Plastics Holdings Corporation (CSP): 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 1H	FY17 1H	Difference
Net Sales	353.0	404.7	+51.6
Operating Income	27.0	37.5	+10.5
Non-operating Items (Net)	(0.3)	0.4	+0.7
Ordinary Income	26.7	37.9	+11.2
Extraordinary Items (Net)	(2.9)	4.7	+7.5
Income Before Income Taxes	23.8	42.6	+18.8
Profit Attributable to Owners of Parent	21.4	29.2	+7.8

ROE ^{*1}	14.1%	16.2%	+2.0%
ROIC ^{*2}	10.5%	11.9%	+1.3%
EBITDA ^{*3}	45.6	60.1	+14.5

	FY16 1H	FY17 1H	Difference
CAPEX ^{*4}	17.9	17.7	-0.2
Depreciation & Amortization	18.6	22.6	+3.9
R&D Expenses	19.5	17.6	-1.9

*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 : 1H ROE and ROIC are determined by multiplying income in 1H by a factor of two

◇ PL exchange rate	FY16 1H	FY17 1H	Difference
JPY / USD	105	111	+6
JPY / EUR	118	126	+8
USD / EUR	1.12	1.14	+0.01

(¥ billion)

◆ Non-operating items

	FY16 1H	FY17 1H	Difference
Interest income	0.3	0.5	+0.2
Dividends income	1.1	1.2	+0.1
Gain on valuation of derivatives	—	0.3	+0.3
Equity in earnings of affiliates	2.5	0.8	-1.7
Others	0.3	0.6	+0.3
Non-operating income, total	4.3	3.5	-0.8
Interest expenses	1.1	1.3	+0.3
Foreign exchange losses	0.6	1.1	+0.5
Loss on valuation of derivatives	1.9	—	-1.9
Others	1.0	0.7	-0.4
Non-operating expenses, total	4.6	3.1	-1.5
Non-operating items, total	(0.3)	0.4	+0.7

◆ Extraordinary items

	FY16 1H	FY17 1H	Difference
Gain on sales of noncurrent assets	0.2	5.5	+5.3
Reversal of provision for business structure improvement	0.5	0.0	-0.5
Others	0.2	0.5	+0.3
Extraordinary income, total	0.9	6.0	+5.1
Loss on sales and retirement of noncurrent assets	1.2	0.7	-0.5
Impairment loss	0.6	0.2	-0.4
Loss on valuation of investment securities	0.1	0.0	-0.1
Business structure improvement expenses	1.5	0.2	-1.3
Others	0.4	0.2	-0.2
Extraordinary loss, total	3.8	1.3	-2.5
Extraordinary items, total	(2.9)	4.7	+7.5

(¥ billion)

◆ Financial position

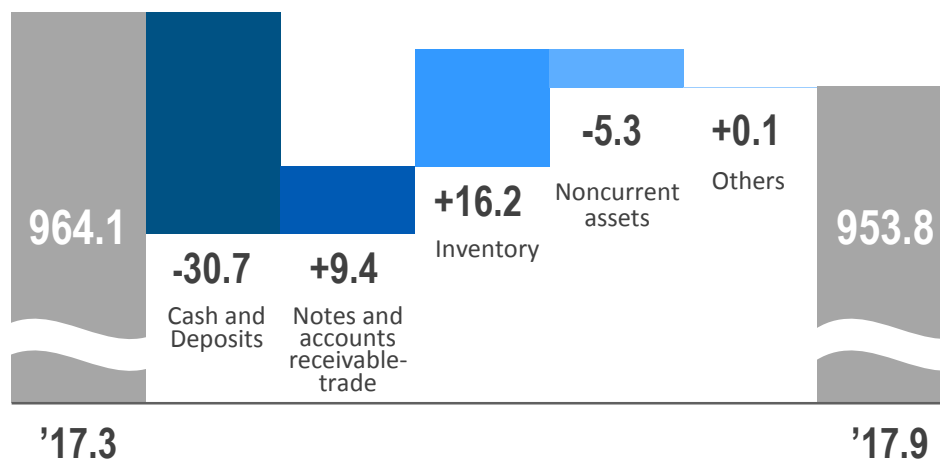
	Mar. 31, 2017	Sept. 30, 2017	Difference	(Impact of foreign exchange rate)
Total assets	964.1	953.8	-10.2	+12.3
Shareholders' equity	338.4	383.2	+44.8	+15.4
Interest-bearing debt	376.2	341.1	-35.1	+1.9
D/E ratio	1.11	0.89	-0.22	
Shareholders' equity ratio	35.1%	40.2%	+5.1%	

◆ Cash flows

	FY16 1H	FY17 1H	Difference
Operating activities	31.5	25.8	-5.7
Investing activities	(18.8)	(20.9)	-2.0
Free cash flow	12.7	4.9	-7.8
Financing activities	(25.8)	(35.6)	-9.8
Net inc/dec in Cash & cash equivalents	(13.1)	(30.7)	-17.5

◇ Analysis of changes in total assets

(¥ billion)



◇ BS exchange rate

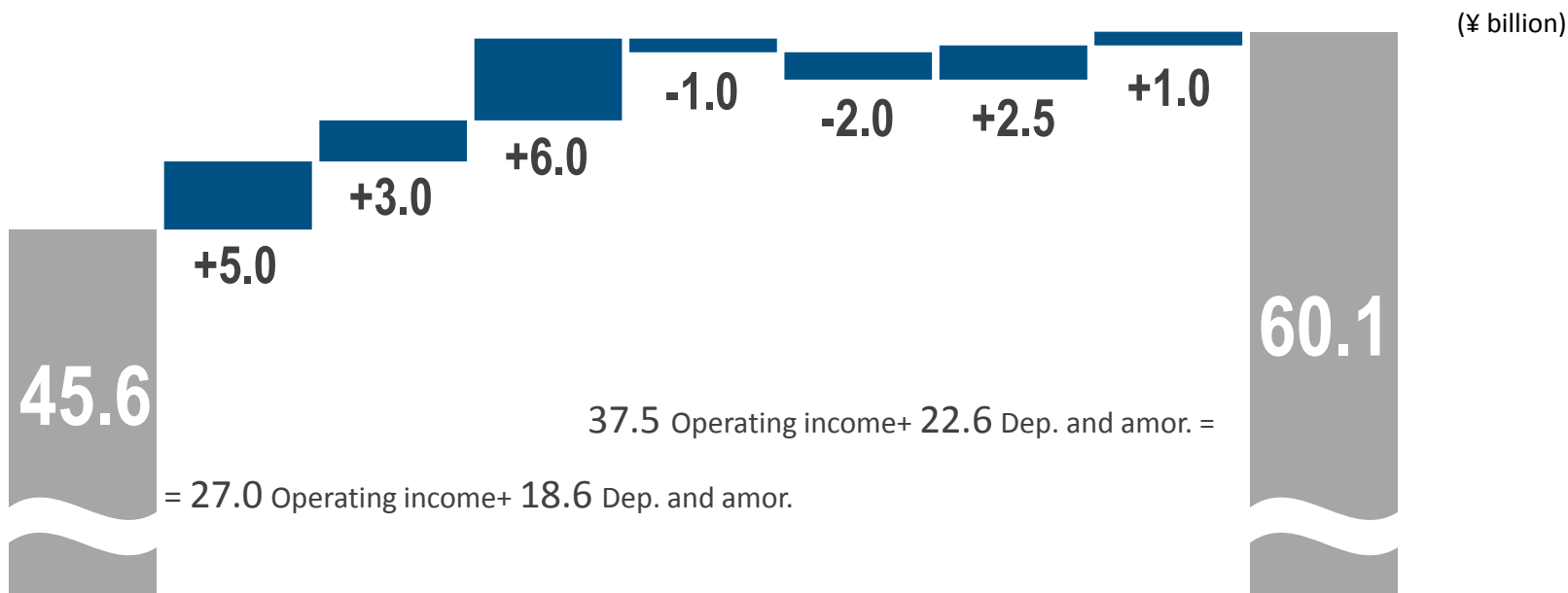
	Mar. 31, 2017	Sept. 30, 2017	Difference
JPY / USD	112	113	+1
JPY / EUR	120	133	+13
USD / EUR	1.07	1.18	+0.11

◆ Analysis of changes in EBITDA*¹

Compared with FY16 1H:
Earnings increased

Increase factors:

Increased sales of aramid fibers for automobiles
Increased sales of a hyperuricemia and gout treatment
Upfront payment from Merck & Co., Inc.*²



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

*2 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

*3 Cost reductions : including those realized through restructuring initiatives

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

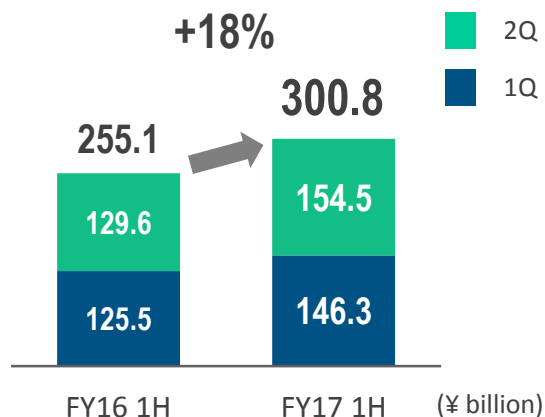
(¥ billion)

		FY16 1H	FY17 1H	Difference	% Change
Net sales	Material business group	111.4	123.4	+11.9	+11%
	Polyester Fibers & Trading and Retail business group	139.5	140.1	+0.6	+0%
	Composites, others	4.2	37.4	+33.2	+798%
	Materials Total	255.1	300.8	+45.8	+18%
	Healthcare	75.0	78.0	+3.0	+4%
	Others	22.9	25.8	+2.9	+13%
	Total	353.0	404.7	+51.6	+15%
Operating income (loss)	Materials	16.2	16.9	+0.7	+4%
	Healthcare	11.0	20.6	+9.7	+88%
	Others	1.9	2.9	+1.0	+52%
	Elimination and Corporate	(2.1)	(2.9)	-0.8	—
	Total	27.0	37.5	+10.5	+39%

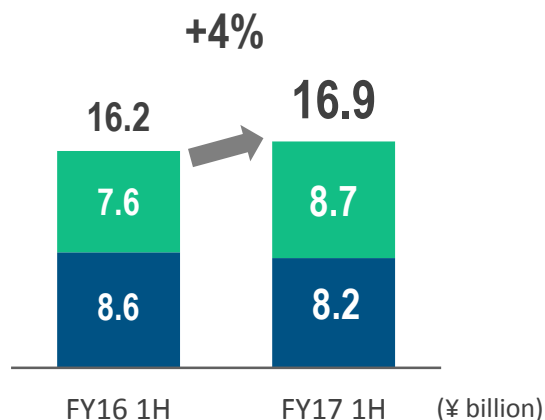
Materials

Strong sales of aramid fibers for automobiles
Net sales increased due to the consolidation of CSP

Net sales



Operating income



Material business group

Net sales for FY17 1H: ¥123.4billion

- Sales of aramid fibers for automotive- and infrastructure-related applications increased
- Sales of carbon fibers for use in aircraft were solid
- Demand held firm and 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

Net sales for FY17 1H: ¥140.1billion

- Maintained favorable sales for sports and outdoor use for Europe and the Americas
- Sales of fashion materials struggled
- Sales of automotive-related materials for Japan and Asia were firm

Composites, others

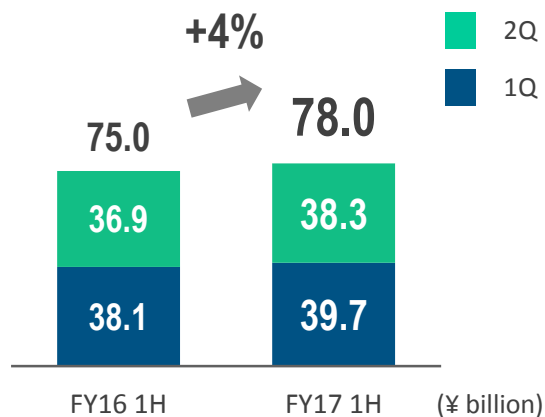
Net sales for FY17 1H: ¥37.4billion

- Sales boosted by the consolidation of CSP in composites
- Delays in expanding business with new customers for lithium-ion battery (LIB) separators in battery materials

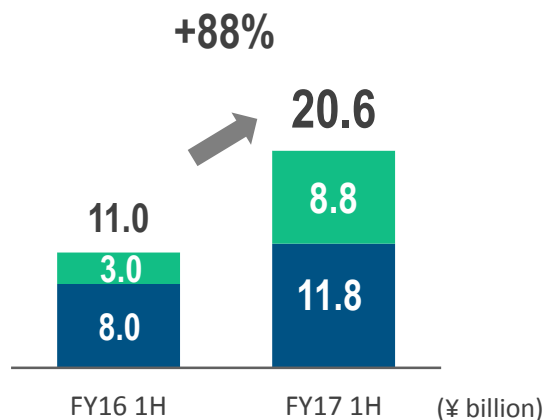
Healthcare

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. in May 2017

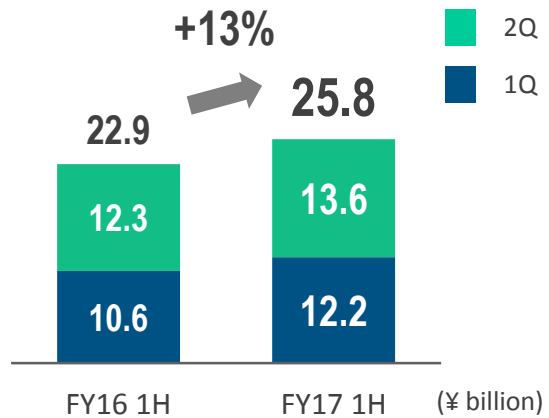
Home Healthcare

- 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

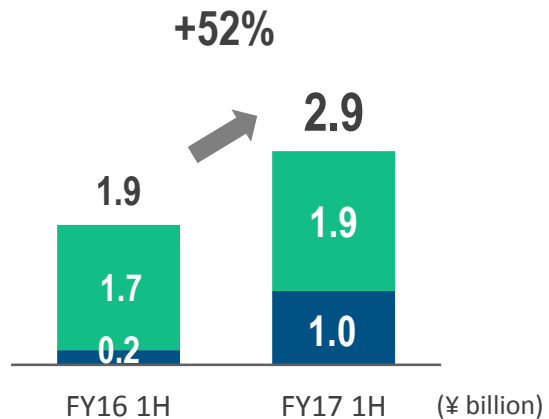
Net sales



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



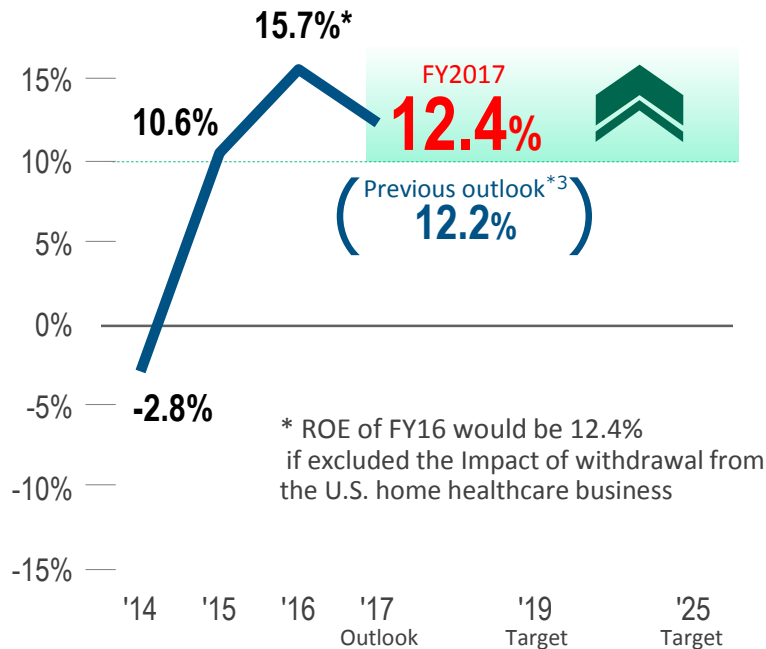
Outlook for FY2017

◆ Key Financial Indicators

ROE*¹

10% +

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



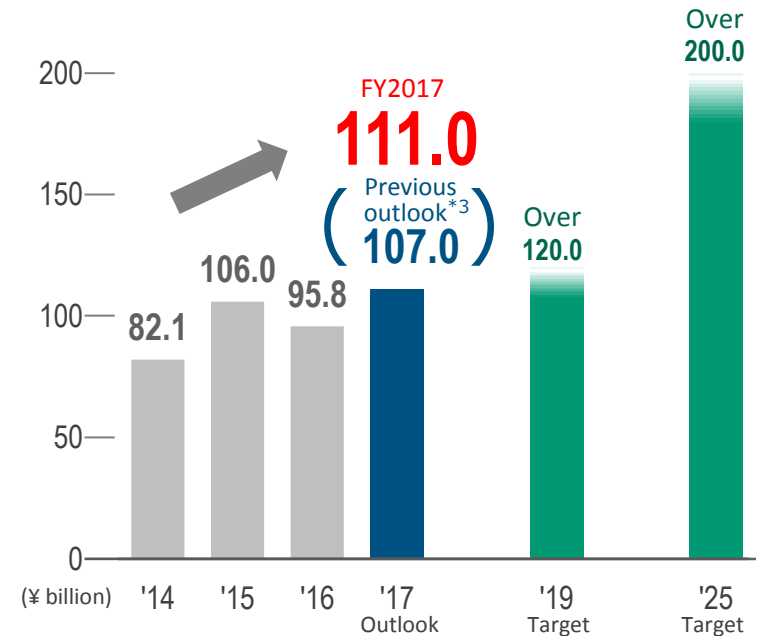
*3 Announced on August 1, 2017

EBITDA*²

Over ¥120 billion in FY2019

Over ¥200 billion in FY2025

*2 EBITDA = Operating income + Depreciation & amortization



Continue to steadily expand operating results to achieve medium-term targets

◆ Summary of outlook for FY2017

(¥ billion)	FY2016	FY2017 Outlook	Difference	% Change	Previous Outlook*3	Difference
Net sales	741.3	850.0	+108.7	+15%	855.0	-5.0
Operating income	56.5	68.0	+11.5	+20%	64.0	+4.0
Ordinary income	55.9	68.0	+12.1	+22%	65.0	+3.0
Profit attributable to owners of parent	50.1	45.0	-5.1	-10%	44.0	+1.0
ROIC *1	10.0%	10.7%	+0.7%	—	10.0%	+0.7%
Free cash flow	(48.6)	10.0	+58.6	—	10.0	—
CAPEX*2	46.2	60.0	+13.8	+30%	60.0	—
Depreciation & Amortization	39.3	43.0	+3.7	+9%	43.0	—
R&D Expenses	35.4	39.0	+3.6	+10%	42.0	-3.0

Assumptions for FY2017 2H outlook

FY2017 2H exchange rates : ¥110/US\$1.00, and ¥130/€1.00

An average Dubai crude oil price in FY2017 2H: US\$53/barrel

Dividend forecasts for FY2017

Interim: ¥30 per share Year-end: ¥30 per share
(outlook*4)Annual :¥60 per share
(outlook*4)

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

*2 CAPEX includes investments in intangible assets

*3 Announced on August 1, 2017

*4 No changes in the dividend from the previous outlook

◆ Analysis of changes in EBITDA*1

Compared with FY2016 :

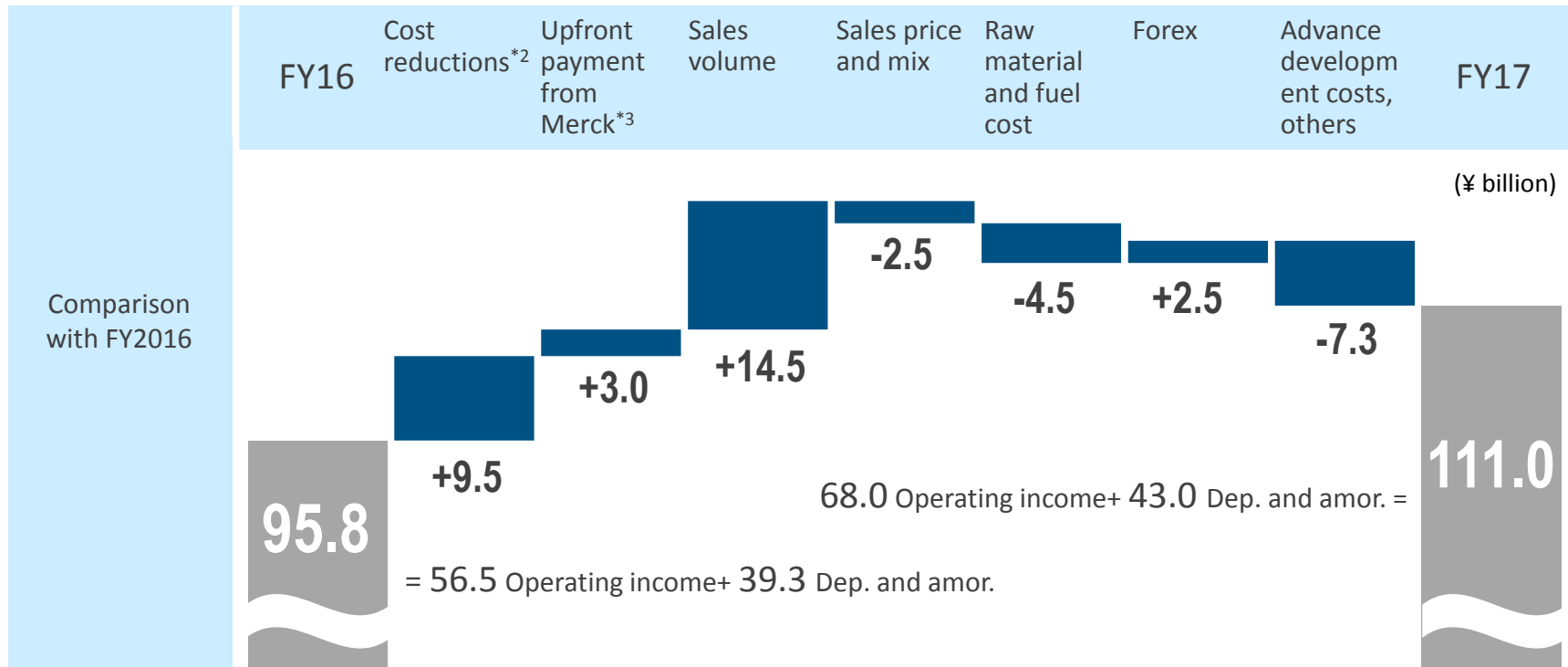
Forecast of
Increased Earnings

Increase factors:

- Reduced costs due to the withdrawal from the U.S. home healthcare business
- Higher sales of mainstay products

Decrease factors:

- Rising materials and fuel costs
- Higher advance development costs such as healthcare R&D costs



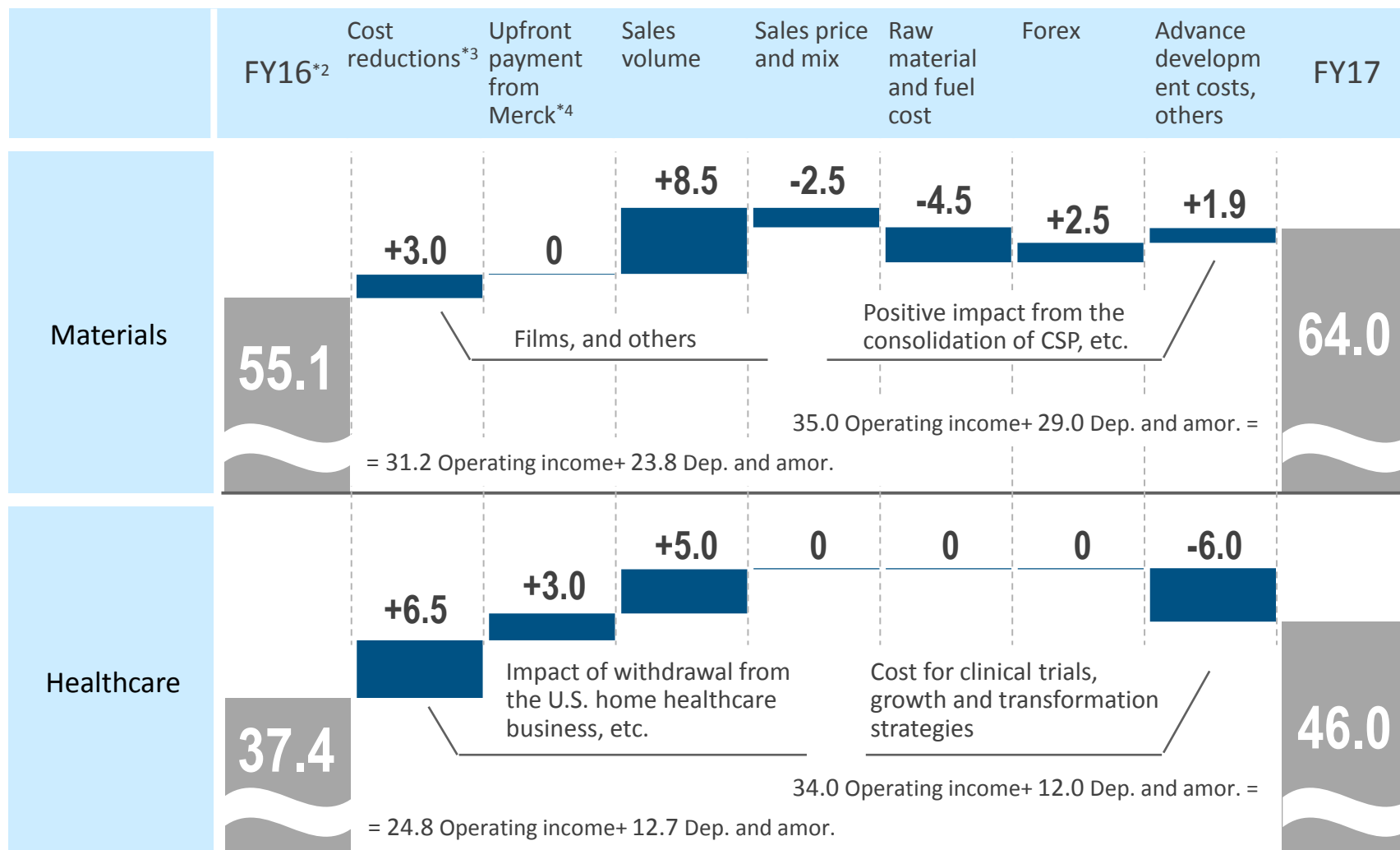
*1 EBITDA = Operating income + Depreciation & amortization

*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	—
	Healthcare	37.4	46.0	+8.6	42.0	+4.0
	Others	6.7	7.5	+0.8	7.0	+0.5
	Elimination and Corporate	(3.4)	(6.5)	-3.1	(6.0)	-0.5
	Total	95.8	111.0	+15.2	107.0	+4.0
ROIC*4 (%)	Materials	10%	9%	-1%	9%	0%
	Healthcare	22%	27%	+5%	24%	+3%
	Total	10%	11%	+1%	10%	+1%

*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 August 1, 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
		(¥ billion)	1H	2H	Total	1H	2H	Total
Net sales	Material business group	111.4	116.6	228.1	123.4	121.6	245.0	+16.9
	Polyester Fibers & Trading and Retail business group	139.5	147.8	287.3	140.1	169.9	310.0	+22.7
	Composites, others	4.2	20.3	24.5	37.4	42.6	80.0	+55.5
	Materials Total	255.1	284.8	539.8	300.8	334.2	635.0	+95.2
	Healthcare	75.0	75.6	150.7	78.0	77.0	155.0	+4.3
	Others	22.9	27.8	50.8	25.8	34.2	60.0	+9.2
	Total	353.0	388.2	741.3	404.7	445.3	850.0	+108.7
Operating income (loss)	Materials	16.2	15.0	31.2	16.9	18.1	35.0	+3.8
	Healthcare	11.0	13.8	24.8	20.6	13.4	34.0	+9.2
	Others	1.9	3.4	5.3	2.9	2.6	5.5	+0.2
	Elimination and Corporate	(2.1)	(2.7)	(4.8)	(2.9)	(3.6)	(6.5)	-1.7
	Total	27.0	29.5	56.5	37.5	30.5	68.0	+11.5

* 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)

(¥ billion)		FY17 Previous Outlook*			FY17 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
Net sales	Material business group	120.0	120.0	240.0	123.4	121.6	245.0	+5.0
	Polyester Fibers & Trading and Retail business group	145.0	175.0	320.0	140.1	169.9	310.0	-10.0
	Composites, others	40.0	40.0	80.0	37.4	42.6	80.0	—
	Materials Total	305.0	335.0	640.0	300.8	334.2	635.0	-5.0
	Healthcare	80.0	75.0	155.0	78.0	77.0	155.0	—
	Others	30.0	30.0	60.0	25.8	34.2	60.0	—
	Total	415.0	440.0	855.0	404.7	445.3	850.0	-5.0
Operating income (loss)	Materials	15.0	20.0	35.0	16.9	18.1	35.0	—
	Healthcare	19.0	11.0	30.0	20.6	13.4	34.0	+4.0
	Others	2.0	3.0	5.0	2.9	2.6	5.5	+0.5
	Elimination and Corporate	(3.0)	(3.0)	(6.0)	(2.9)	(3.6)	(6.5)	-0.5
	Total	33.0	31.0	64.0	37.5	30.5	68.0	+4.0

* Announced on August 1, 2017

(¥ 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

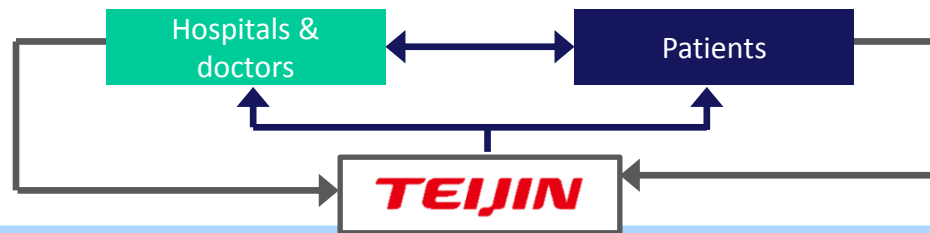
Transformation Strategy of Healthcare Business Field

Our cutting-edge healthcare business platform and Transformation strategy

Teijin's Healthcare business Platform

Teijin's uniqueness
not found in other companies

- Direct access to patients via home healthcare services
- Development capabilities based on pharmaceuticals & medical devices' regulations
- IT healthcare deployment capabilities via an IT subsidiary



Sales network nationwide for pharmaceuticals & home healthcare

Development based on acquiring clinical data & complying with regulations

Home-visit nursing care station & call center

IT networks & accumulated data

Create & develop transformation strategies
using this business platform

Teijin's Healthcare Transformation Strategy

Sales Target for 2025

Total amount:

Approx. ¥150 billion

Breakdown:

20-30%

New Medical Products, etc.

10-20%

Digital Healthcare

20-30%

Orthopedic Implantable
Devices

20-30%

Functional Food Ingredient

Fields:

Both covered by / outside of
public insurance

Covered by public insurance

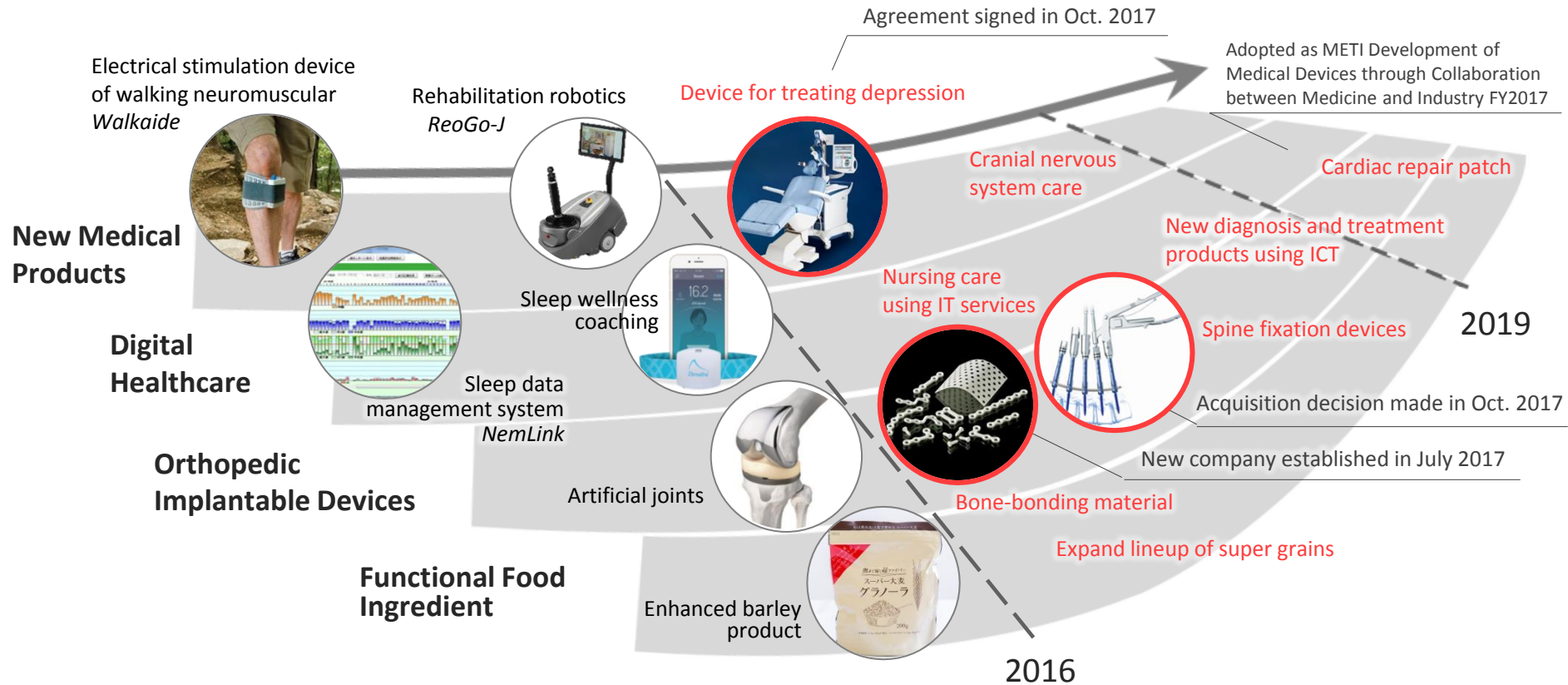
Outside of
public insurance

Support also for people's health-oriented activities and presymptomatic conditions

Transformation Strategy of Healthcare Business Field

Progress for expanding our new healthcare business

< Timeline image >

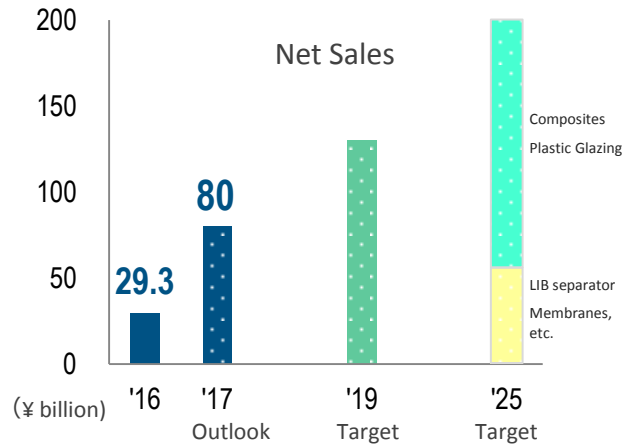


Business acquisition in new healthcare field towards completion of transformation strategy is being progressed as planned

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 / Currently expanding the product range from mainstay exterior materials to battery cases

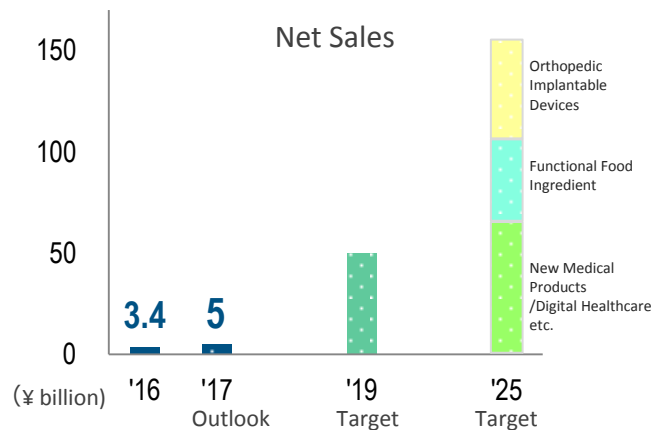
Plastic Glazing

Drive business expansion for **new coating technologies** / Selected for use as an automotive front window in a commercial vehicle

LIB separator

Smartphone and tablet applications : Broadly **expand sales channels to Asia**, etc. / Automotive applications : Currently **promoting evaluation** work with customers

Healthcare



Orthopedic Implantable Devices

Established Teijin Medical Technologies Co., Ltd. in July 2017 /Decided to **acquire the spinal-related business** of Century Medical, Inc. in Oct. 2017 / Accelerate business expansion to achieve net sales of ¥10.0 billion in 2020, in the orthopedic implantable devices business

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 etc.

Announced **acquisition of exclusive sales rights in Japan of a transracial magnetic stimulation device for treating depression**, in Oct. 2017/ Expand business of *Recopick*, an **RFID information management system** to hospitals

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 2Q announced at 11:00 A.M. on November 7, 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.

◆ Historical Financial Indicators

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Outlook
ROE ^{*1}	3.0%	(2.8%)	10.6%	15.7%	12.4%
ROIC ^{*2}	3.4%	7.1%	12.7%	10.0%	10.7%
EBITDA ^{*3} (¥ billion)	63.7	82.1	106.0	95.8	111.0
Earnings per share ^{*4} (¥)	42.5	(41.1)	158.1	254.9	228.7
Dividends per share ^{*4} (¥)	20	20	35	55	60
Total assets (¥ billion)	768.4	823.7	823.4	964.1	970.0
Interest-bearing debt (¥ billion)	281.5	308.2	303.3	376.2	350.0
D/E ratio ^{*5}	1.00	1.07	1.01	1.11	0.9
Shareholders' equity ratio	36.7%	34.9%	36.4%	35.1%	39.7%

*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

◆ Consolidated balance sheets

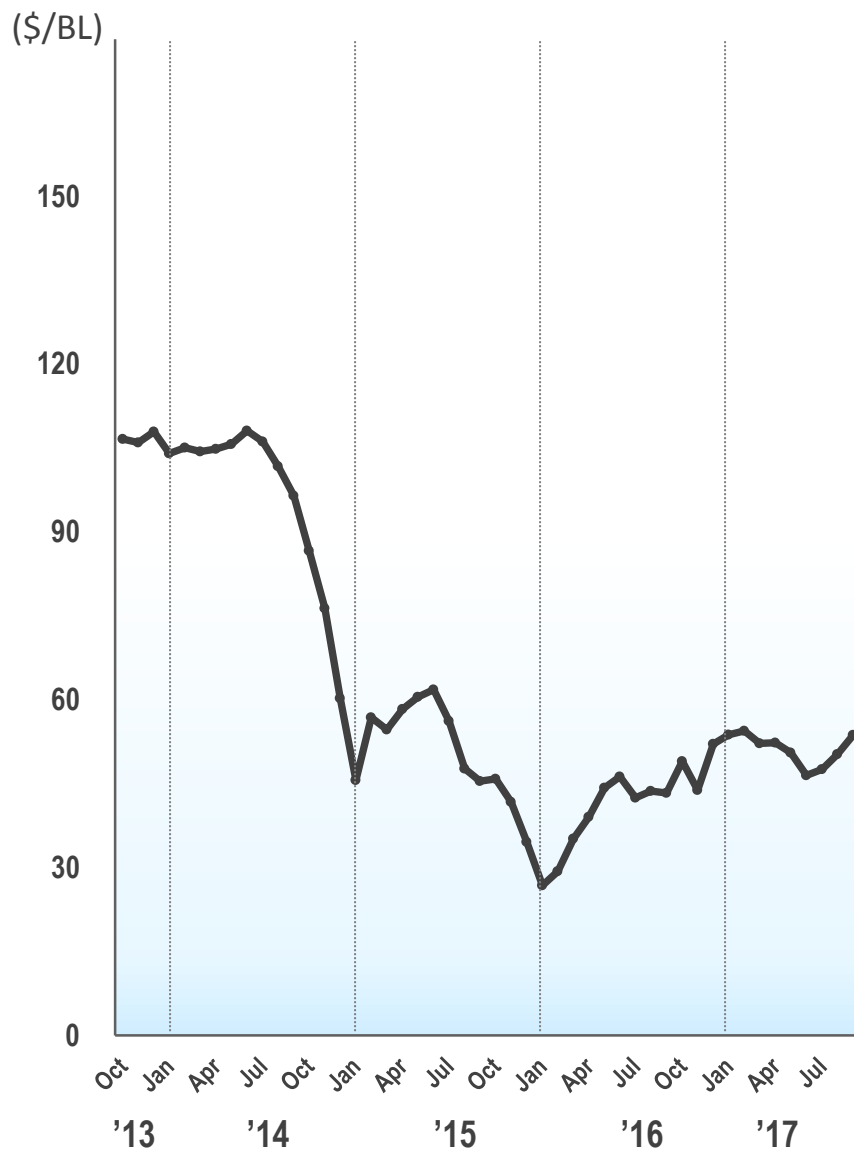
(¥ billion)	2015	2016				2017		
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30
Assets								
Current assets	415.0	430.5	413.7	403.6	509.6	466.8	473.6	459.5
Noncurrent assets	406.9	392.9	376.1	376.2	396.2	497.3	498.7	494.3
Total	821.9	823.4	789.8	779.7	905.8	964.1	972.3	953.8
Liabilities and net assets								
Liabilities	491.8	509.0	485.5	463.2	551.5	612.2	596.6	556.0
[Interest-bearing debt]	281.1	303.3	297.8	276.2	343.7	376.2	386.2	341.1
Net assets	330.1	314.4	304.3	316.5	354.3	351.8	375.7	397.8
Total	821.9	823.4	789.8	779.7	905.8	964.1	972.3	953.8

◆ Consolidated Statements of Income

	(¥ billion)	FY2016				FY2017		Difference
		1Q	2Q	3Q	4Q	1Q	2Q	17/2Q-16/2Q
Net Sales		174.2	178.8	182.1	206.1	198.2	206.4	+27.6
Cost of sales		113.1	118.2	119.6	142.0	131.3	139.8	+21.6
Gross profit		61.2	60.6	62.5	64.1	66.9	66.6	+6.0
SG & A		45.5	49.3	45.9	51.2	47.8	48.3	-1.1
Operating income		15.7	11.3	16.6	12.9	19.1	18.4	+7.1
Non-operating items, net		(1.3)	1.0	2.5	(2.7)	0.9	(0.5)	-1.5
(Balance of financial expenses)		0.7	(0.3)	0.2	(0.3)	0.7	(0.4)	-0.1
(Equity in earnings and losses of affiliates)		0.8	1.7	(0.2)	(0.3)	0.3	0.5	-1.2
Ordinary income		14.4	12.3	19.1	10.2	20.0	17.9	+5.6
Extraordinary items (net)		(0.6)	(2.2)	(1.5)	(17.6)	(0.5)	5.1	+7.4
Income (loss) before income taxes		13.8	10.0	17.6	(7.5)	19.6	23.0	+13.0
Income taxes		2.2	(0.2)	4.6	(24.1)	6.0	6.4	+6.6
Profit attributable to non-controlling interests		0.1	0.3	0.3	0.6	0.2	0.8	+0.5
Profit attributable to owners of parent		11.4	9.9	12.7	16.1	13.4	15.8	+5.9

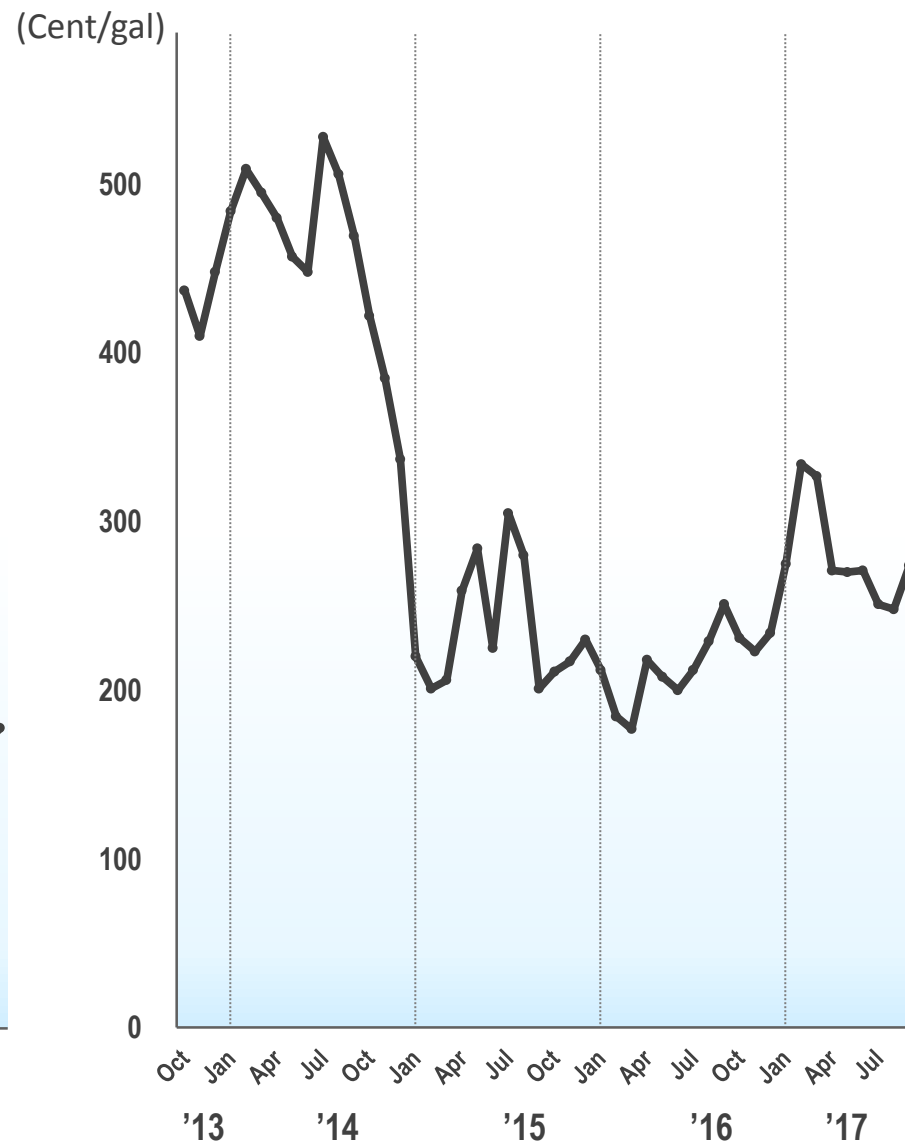
Note: For more information, see Teijin's Consolidated Financial Statements Summary for the 2nd Quarter of FY2017.

◆ Dubai crude oil prices



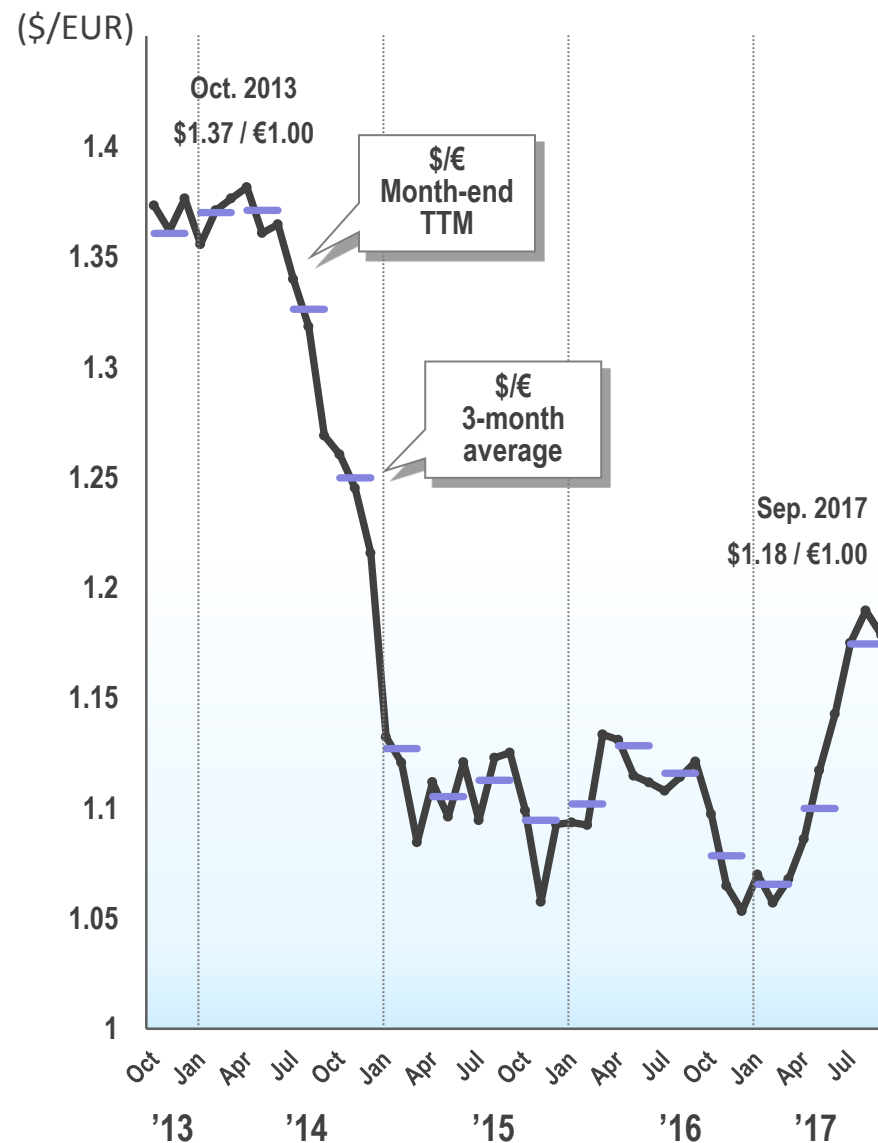
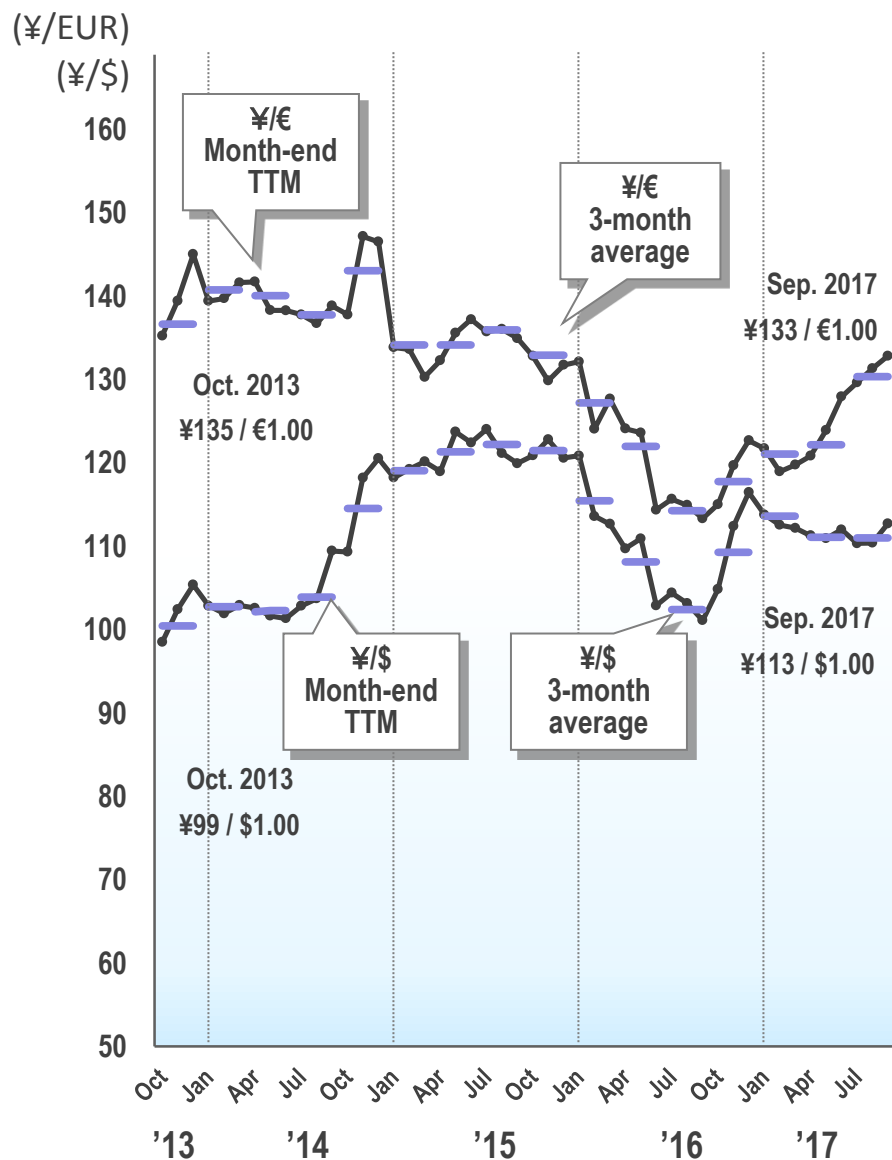
[Source: Teijin estimates based on data published by Platt's]

◆ Benzene prices



[Source: Teijin estimates based on data published by Dewitt]

◆ 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	2Q
<i>Bonalon</i> ^{®*1}	Osteoporosis	3.1	2.8	3.1	2.5	11.6	2.8	2.8
<i>Onealfa</i> [®]	Osteoporosis	1.0	0.9	1.0	0.8	3.7	0.9	0.9
Osteoporosis total		4.1	3.8	4.1	3.3	15.3	3.7	3.6
<i>FEBURIC</i> [®]	Hyperuricemia and gout	6.4	6.4	7.5	6.3	26.5	7.4	7.5
<i>Venilon</i> [®]	Severe infection	1.0	1.2	1.4	1.1	4.7	1.3	1.3
<i>Mucosolvan</i> [®]	Expectorant	1.4	1.3	1.7	1.3	5.8	1.3	1.2
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism, gastroentero-pancreatic neuroendocrine tumors	0.4	0.4	0.5	0.4	1.7	0.4	0.6
<i>LOQOA</i> [®]	osteoarthritis pain and inflammation	0.2	0.2	0.3	0.3	1.0	0.5	0.5
<i>Laxoberon</i> [®]	Laxative	0.5	0.5	0.5	0.4	2.0	0.4	0.5
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.4	0.4	1.5	0.4	0.4
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3	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 Sept. 30, 2017)

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed	Approved/ New Launch* ¹
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	ITM-014N* ²
Others			GGs-ON, -MPA, -CIDP		

■ *1 Information of Approved/New Launch is for the past 1 year ■ *2 In July 2017, ITM-014N, which is currently in development as a project to expand the indications of *Somatuline*®, obtained approval in Japan as an additional indication for the treatment of gastroenteropancreatic neuroendocrine tumors .

◆ Newly developed pharmaceutical candidates

(As of Sept. 30, 2017)

[Approved/New Launch]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-014N (lanreotide acetate)	Gastroenteropancreatic 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) Approved in July 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

◆ Newly developed pharmaceutical candidates
[PHASE III]

(As of Sept. 30, 2017)

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, France
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)	The 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
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)

◆ Newly developed pharmaceutical candidates
[PHASE II]

(As of Sept. 30, 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
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
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

◆ Newly developed pharmaceutical candidates

(As of Sept. 30, 2017)

[PHASE I]

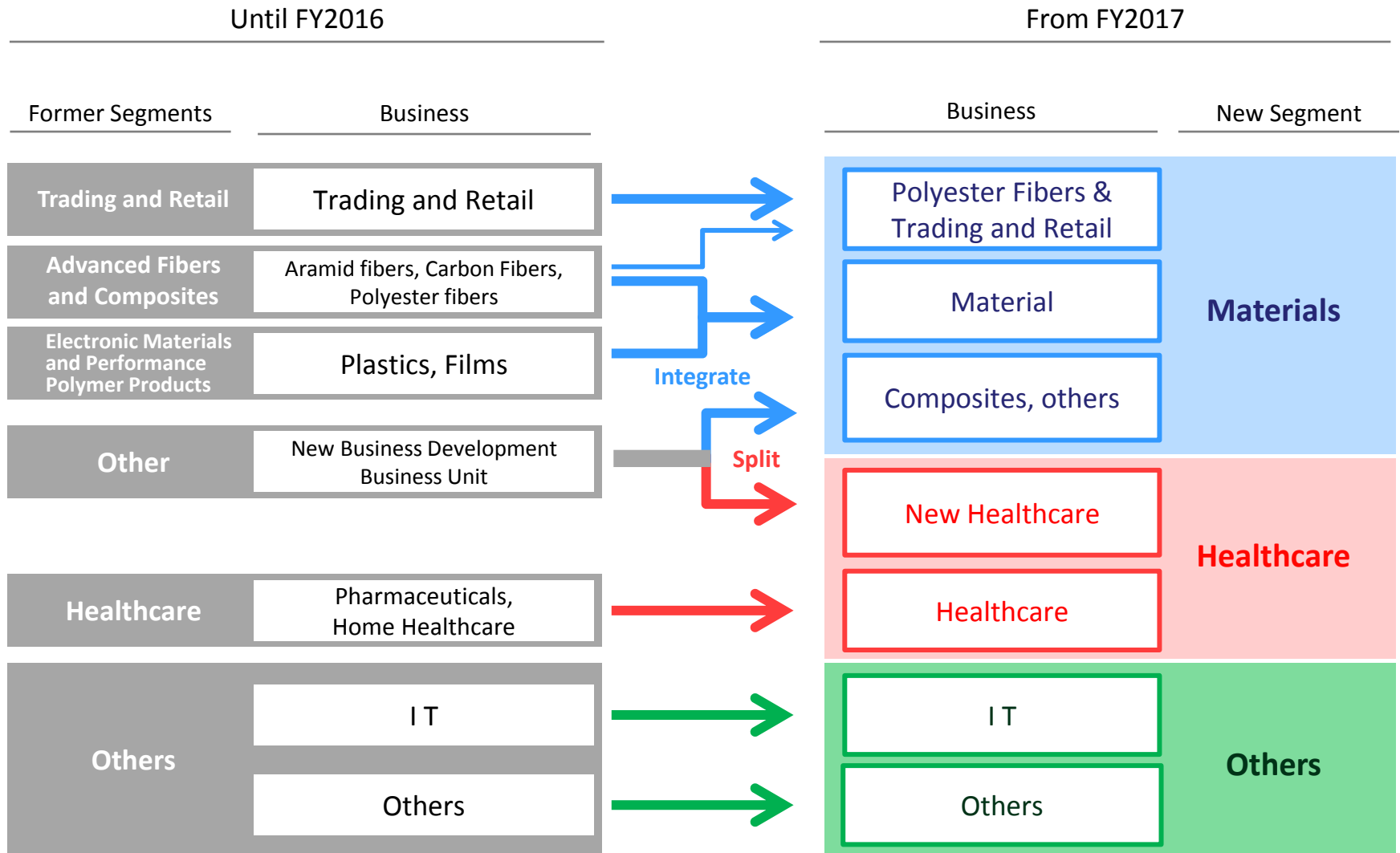
Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	Non-purine xanthine oxidase inhibitor; offers promise in suppressing the progression of nephropathy, as a new treatment for diabetic nephropath.	Tablet	Developed in-house

◆ Status of licensed-in products in preclinical stages

(Information for the past 3 years)

Agreement	Licensors	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.) (Jan.2016: began jointly marketing the transdermal anti-inflammatory analgesic patch formulation <i>LOQOA</i> Tape with Taisho Toyama Pharmaceutical Co., Ltd.)

◆ Restructuring of Organizational Structure (Changes in disclosure segments)





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.