
Flash Report
FY2017 3Q Financial Performance
&
Outlook for FY2017

Teijin Limited
February 5, 2018

Outline of FY2017 3Q Results

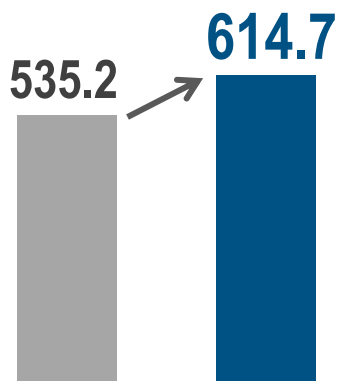
Performance Highlights

Solid sales across all businesses (Aramid fibers and plastics)
Earnings increased due to the upfront payment from Merck*²
and the withdrawal from the U.S. home healthcare business

FY2017 9 months Results
(Apr.-Dec.)

Net Sales

+14.9%

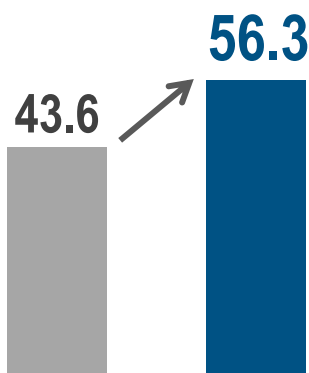


FY16 9 months (Apr.-Dec.) FY17 9 months (Apr.-Dec.)

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

Operating Income

+29.1%

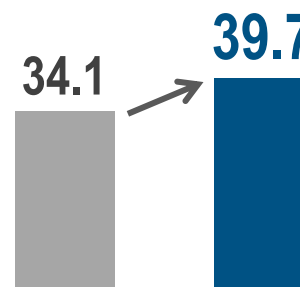


FY16 9 months (Apr.-Dec.) FY17 9 months (Apr.-Dec.)

- Strong sales of aramid fibers and plastics
- The upfront payment from Merck*²
- Reduced costs due to the withdrawal from the U.S. home healthcare business

Profit Attributable to Owners of Parent

+16.6% (¥ billion)



FY16 9 months (Apr.-Dec.) FY17 9 months (Apr.-Dec.)

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 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference
Net Sales	535.2	614.7	+79.5
Operating Income	43.6	56.3	+12.7
Non-operating Items (Net)	2.2	0.5	-1.6
Ordinary Income	45.8	56.8	+11.0
Extraordinary Items (Net)	(4.4)	3.4	+7.7
Income Before Income Taxes	41.4	60.2	+18.8
Profit Attributable to Owners of Parent	34.1	39.7	+5.7

ROE * ¹	14.2%	14.4%	+0.2%
ROIC * ²	11.1%	11.8%	+0.7%
EBITDA * ³	71.6	90.4	+18.8

	FY16 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference
CAPEX* ⁴	28.6	28.6	+0.1
Depreciation & Amortization	28.0	34.1	+6.1
R&D Expenses	27.0	25.7	-1.3

*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 : 9 months ROE and ROIC are determined by multiplying income in 9 months by a factor of four-thirds.

◇ PL exchange rate	FY16 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference
JPY / USD	107	112	+5
JPY / EUR	118	129	+11
USD / EUR	1.11	1.15	+0.04

(¥ billion)

◆ Non-operating items

	FY16 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference
Interest income	0.5	0.8	+0.3
Dividends income	1.8	1.9	+0.1
Equity in earnings of affiliates	2.4	0.9	-1.5
Gain on valuation of derivatives	0.6	0.9	+0.3
Others	0.5	1.2	+0.7
Non-operating income, total	5.6	5.6	-0.0
Interest expenses	1.6	2.0	+0.4
Foreign exchange losses	0.3	1.5	+1.2
Others	1.6	1.6	+0.1
Non-operating expenses, total	3.5	5.1	+1.6
Non-operating items, total	2.2	0.5	-1.6

◆ Extraordinary items

	FY16 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference
Gain on sales of noncurrent assets	0.2	5.5	+5.3
Gain on sales of investment securities	0.0	0.4	+0.4
Others	0.4	0.4	-0.1
Extraordinary income, total	0.7	6.3	+5.6
Loss on sales and retirement of noncurrent assets	1.6	1.5	-0.0
Impairment loss	0.7	0.4	-0.4
Business structure improvement expenses	2.0	0.5	-1.5
Others	0.7	0.5	-0.2
Extraordinary loss, total	5.0	3.0	-2.1
Extraordinary items, total	(4.4)	3.4	+7.7

(¥ billion)

◆ Financial position

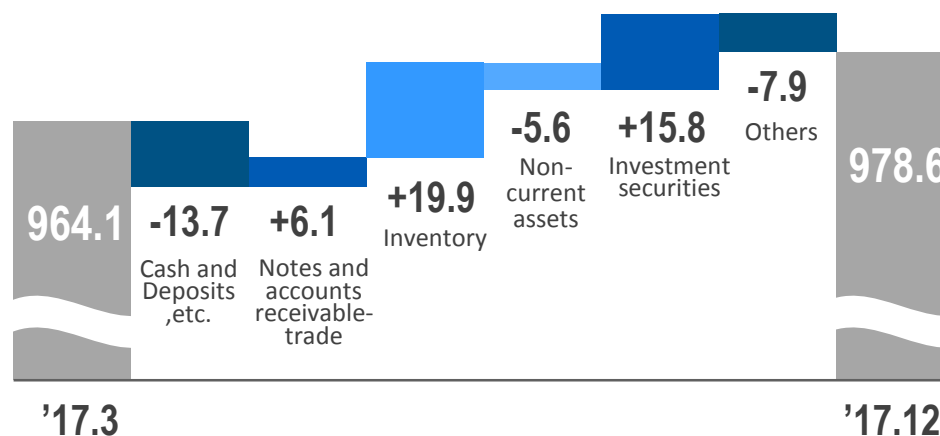
	Mar. 31, 2017	Dec. 31, 2017	Difference	(Impact of foreign exchange rate)
Total assets	964.1	978.6	+14.5	+17.8
Shareholders' equity	338.4	396.4	+58.0	+19.0
Interest-bearing debt	376.2	347.5	-28.7	+3.0
D/E ratio	1.11	0.88	-0.24	
Shareholders' equity ratio	35.1%	40.5%	+5.4%	

◆ Cash flows

	FY16 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference
Operating activities	53.0	56.0	+3.0
Investing activities	(17.1)	(34.8)	-17.6
Free cash flow	35.8	21.2	-14.6
Financing activities	32.5	(36.0)	-68.5
Net inc/dec in Cash & cash equivalents	68.3	(14.8)	-83.1

◇ Analysis of changes in total assets

(¥ billion)



◇ BS exchange rate

	Mar. 31, 2017	Dec. 31, 2017	Difference
JPY / USD	112	113	+1
JPY / EUR	120	135	+15
USD / EUR	1.07	1.19	+0.13

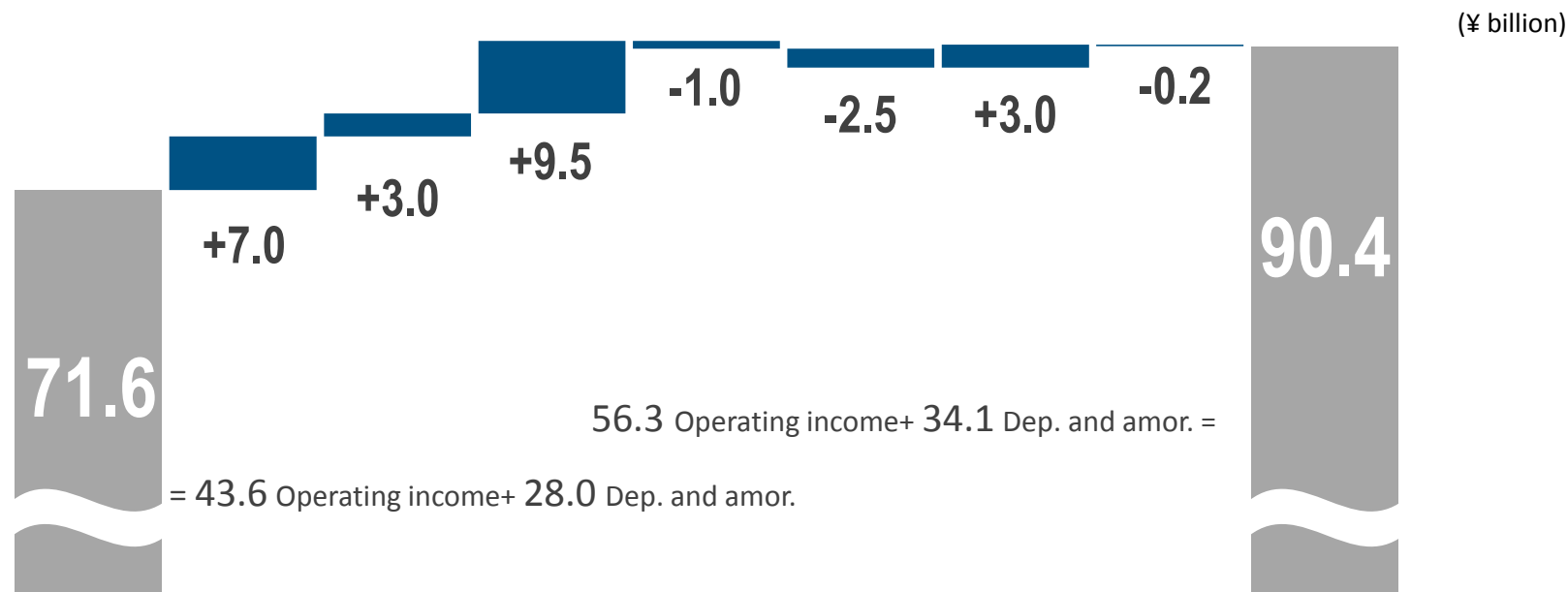
Note: Cash flows fall outside the scope of quarterly results reporting under the Financial Instruments and Exchange Act.

◆ Analysis of changes in EBITDA*1

Compared with
FY16 9 months(Apr.-Dec.):
Earnings increased

Increase factors:

- Restructuring initiatives: Impact of withdrawal from the U.S. home healthcare business, etc.
- Upfront payment from Merck & Co., Inc.*2
- Increased sales of aramid fibers for automobiles and a hyperuricemia and gout treatment



FY16 9 months (Apr.-Dec.)	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 9 months (Apr.-Dec.)
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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

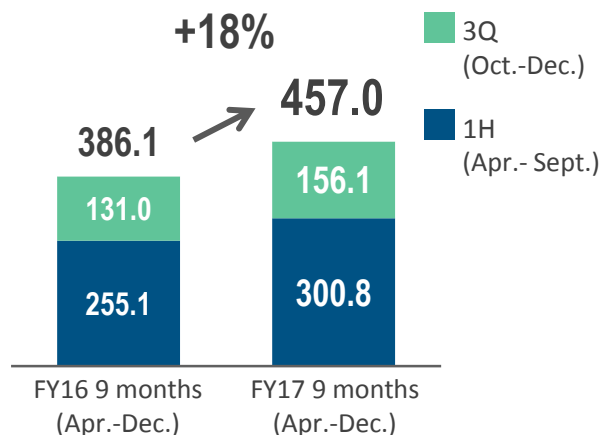
(¥ billion)

		FY16 9 months (Apr.-Dec.)	FY17 9 months (Apr.-Dec.)	Difference	% Change
Net sales	Material business group	168.5	186.6	+18.1	+11%
	Polyester Fibers & Trading and Retail business group	211.7	215.6	+3.8	+2%
	Composites, others	5.9	54.8	+48.9	+833%
	Materials Total	386.1	457.0	+70.9	+18%
	Healthcare	114.1	118.8	+4.7	+4%
	Others	34.9	38.9	+3.9	+11%
	Total	535.2	614.7	+79.5	+15%
Operating income (loss)	Materials	24.4	24.2	-0.2	-1%
	Healthcare	19.2	32.1	+12.9	+67%
	Others	3.3	4.2	+0.8	+25%
	Elimination and Corporate	(3.3)	(4.2)	-0.9	—
	Total	43.6	56.3	+12.7	+29%

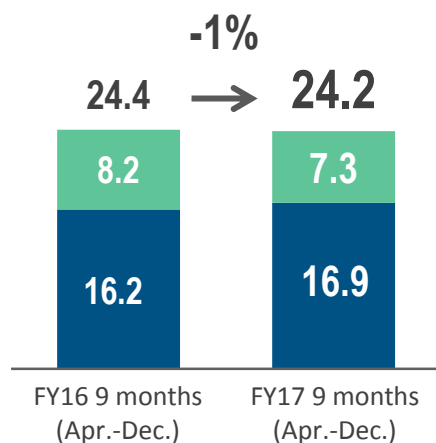
Materials

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

Net sales (¥ billion)



Operating income (¥ billion)



Material business group

Net sales for FY17 9 months (Apr.-Dec.): ¥186.6billion

- 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 9 months (Apr.-Dec.): ¥215.6billion

- Maintained favorable sales for sports and outdoor use for Europe and the Americas
- Sales of fashion materials were solid
- Sales of civil engineering materials decreased as earthquake reconstruction demand declined

Composites, others

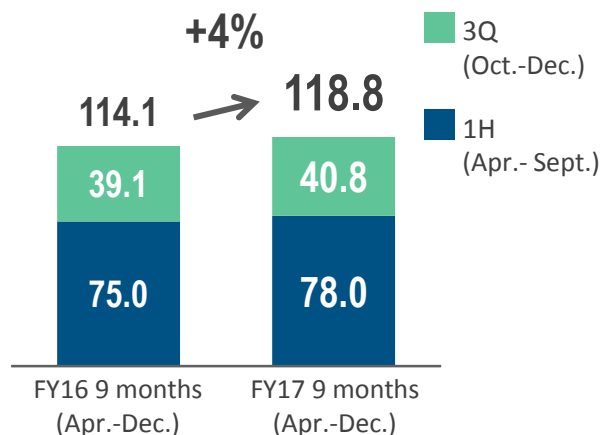
Net sales for FY17 9 months (Apr.-Dec.): ¥54.8billion

- 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

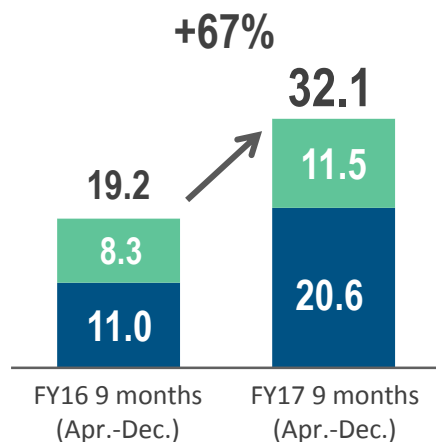
Healthcare

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 (¥ billion)



Operating income (¥ billion)



Pharmaceuticals

- Sales of the hyperuricemia and gout treatment febuxostat expanded
- 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
- Acquired the exclusive license and co-development rights in Japan to *Xeomin* (incobotulinumtoxinA), the novel type A botulinum neurotoxin developed by Merz Pharma GmbH & Co. KGaA in October 2017

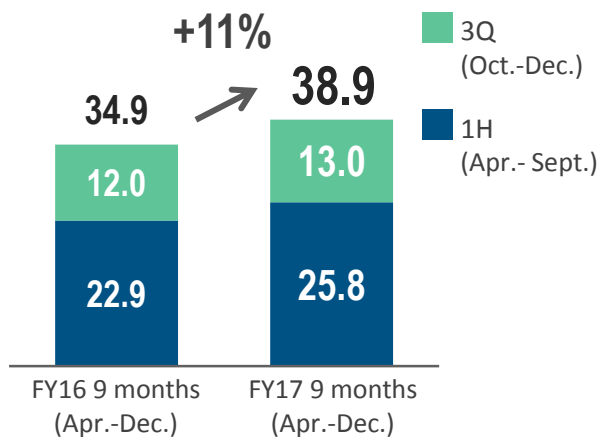
Home Healthcare

- 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.
- The number of new agreements increased for *VitalLink*, a multidisciplinary collaboration and information sharing system serving as a product targeting comprehensive community healthcare

Others

Solid performance centered on the IT business

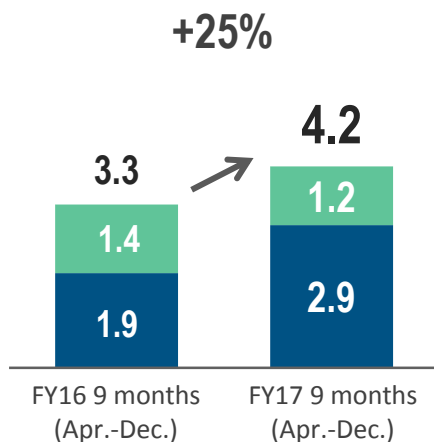
Net sales (¥ billion)



IT

- Sales of an e-comics distribution service expanded steadily
- Expanded the lineup for hospitals and pharmaceutical companies
- Strengthened upfront investment related to AI and IoT in the comprehensive community healthcare field
- Began providing robotic process automation (RPA) solutions

Operating income (¥ billion)



Outlook for FY2017

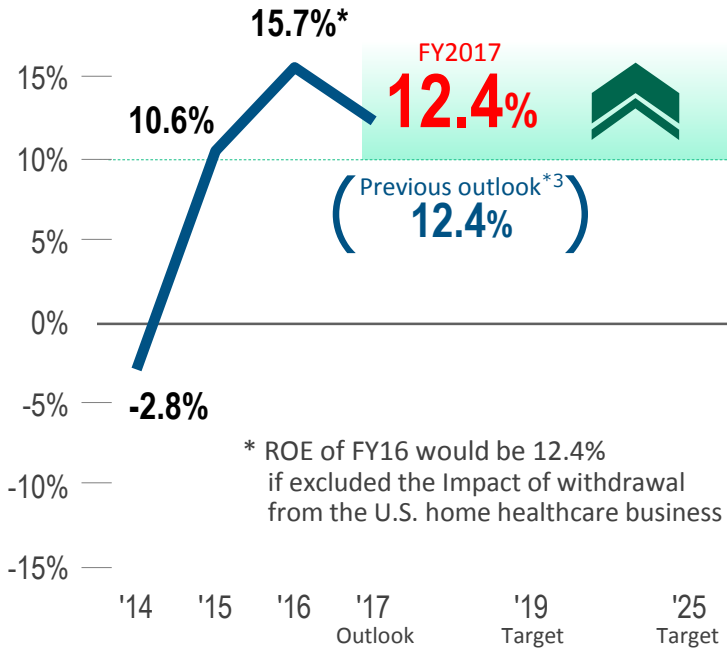
◆ Key Financial Indicators

ROE*1

Medium-term target

10% +

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



* ROE of FY16 would be 12.4% if excluded the Impact of withdrawal from the U.S. home healthcare business

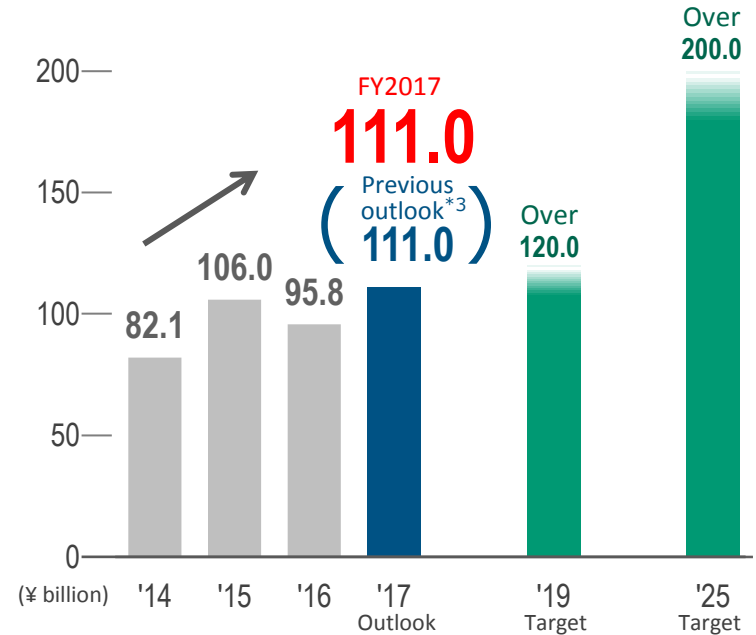
*3 Announced on Nov. 7, 2017

EBITDA*2

Over ¥120 billion in FY2019

Over ¥200 billion in FY2025

*2 EBITDA = Operating income + Depreciation & amortization



Trend

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	840.0	+98.7	+13%	850.0	-10.0
Operating income	56.5	68.0	+11.5	+20%	68.0	—
Ordinary income	55.9	68.0	+12.1	+22%	68.0	—
Profit attributable to owners of parent	50.1	45.0	-5.1	-10%	45.0	—
ROIC *1	10.0%	10.7%	+0.7%	—	10.7%	—
Free cash flow	(48.6)	15.0	+63.6	—	10.0	+5.0
CAPEX*2	46.2	55.0	+8.8	+19%	60.0	-5.0
Depreciation & Amortization	39.3	43.0	+3.7	+9%	43.0	—
R&D Expenses	35.4	38.0	+2.6	+7%	39.0	-1.0

Assumptions for FY2017 4Q (Jan.-Mar. 2018) outlook

Exchange rates : ¥110/US\$1.00, and ¥130/€1.00

An average Dubai crude oil price : US\$60/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 Nov. 7, 2017

*4 No changes in the dividend from the previous outlook

◆ Analysis of changes in EBITDA*1

Compared with FY2016 :

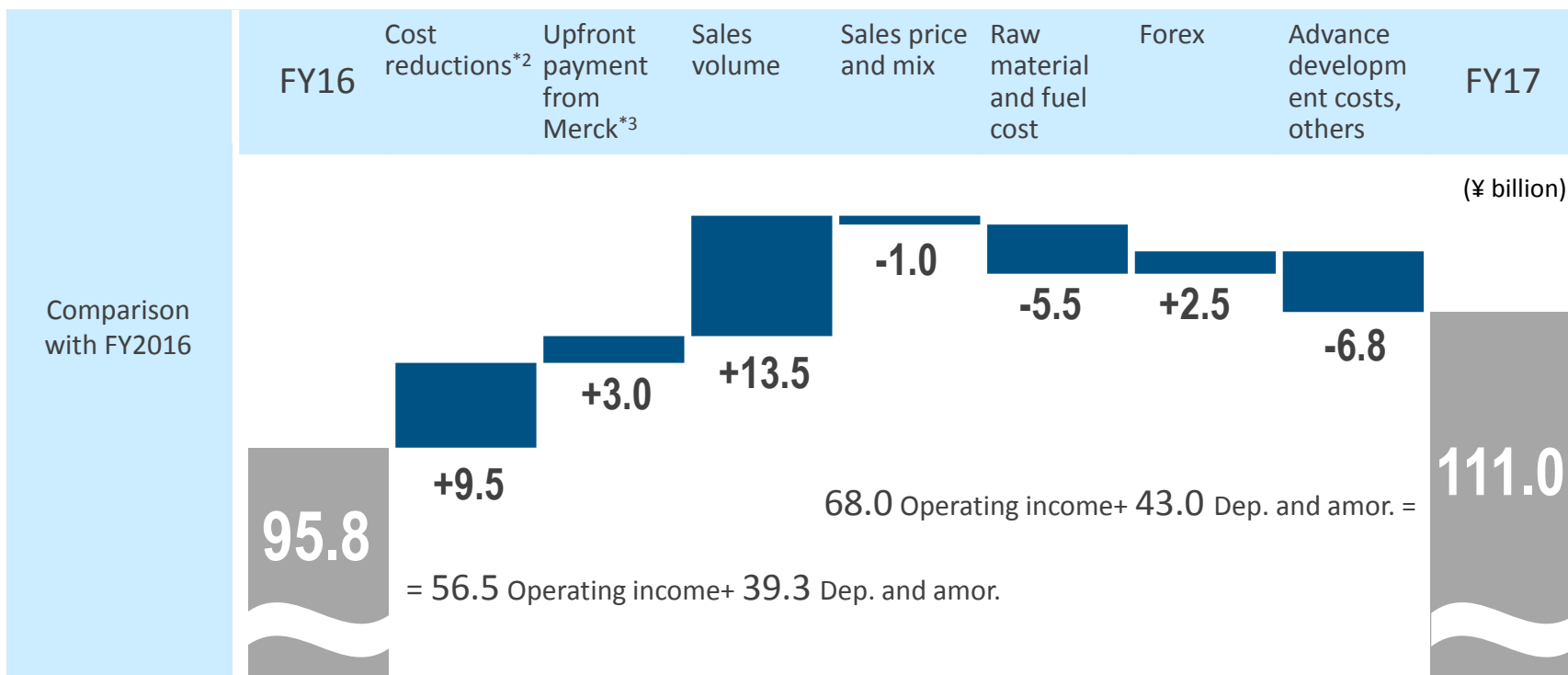
Forecast of
Increased Earnings

Increase factors:

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

Decrease factors:

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



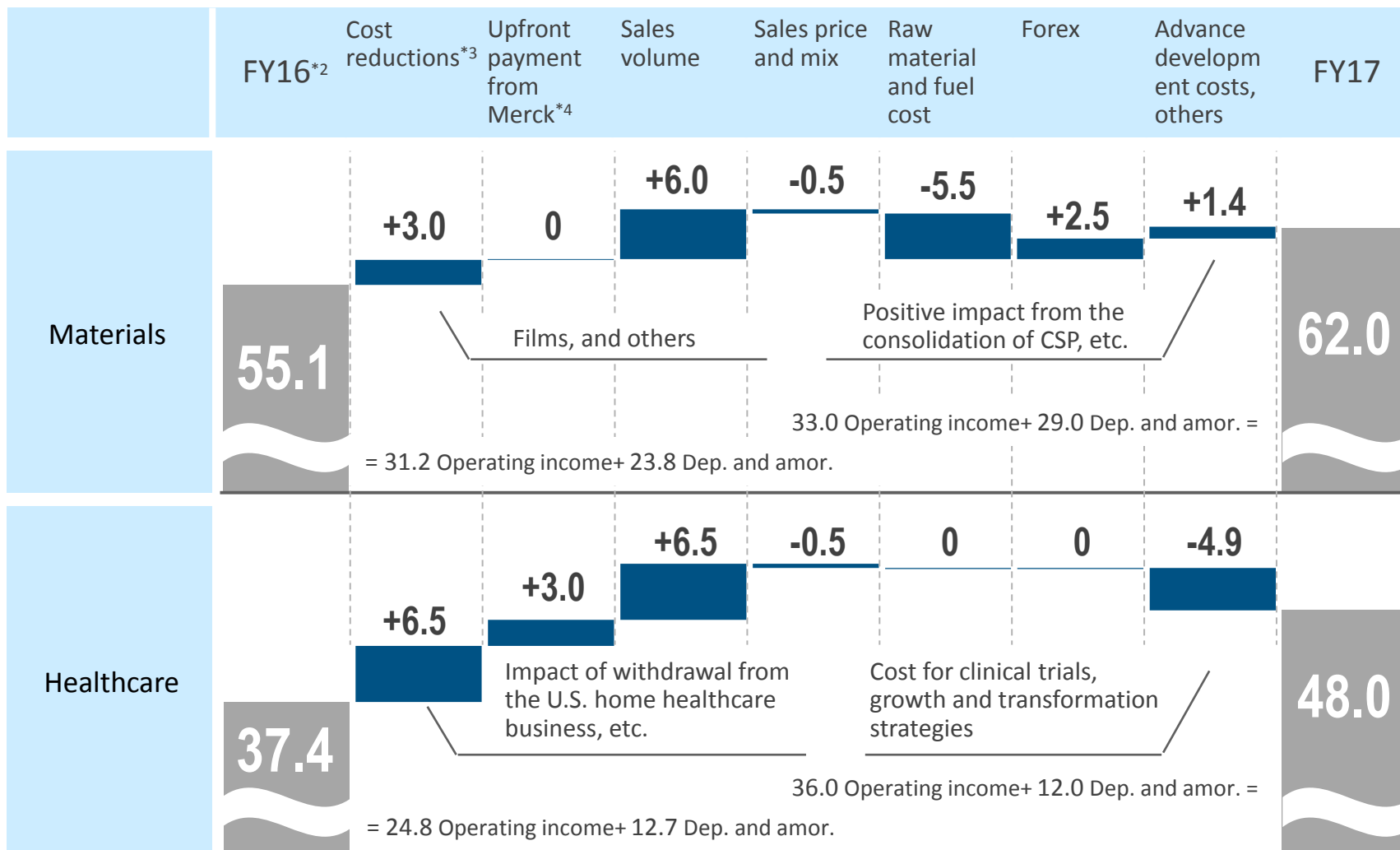
*1 EBITDA = Operating income + Depreciation & amortization

*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	62.0	+6.9	64.0	-2.0
Healthcare	37.4	48.0	+10.6	46.0	+2.0
Others	6.7	7.5	+0.8	7.5	—
Elimination and Corporate	(3.4)	(6.5)	-3.1	(6.5)	—
Total	95.8	111.0	+15.2	111.0	—
ROIC*4 (%)					
Materials	10%	8%	-2%	9%	-1%
Healthcare	22%	29%	+7%	27%	+2%
Total	10%	11%	+1%	11%	—

*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 Nov. 7, 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	123.4	126.6	250.0	+21.9
	Polyester Fibers & Trading and Retail business group	139.5	147.8	287.3	140.1	159.9	300.0	+12.7
	Composites, others	4.2	20.3	24.5	37.4	37.6	75.0	+50.5
	Materials Total	255.1	284.8	539.8	300.8	324.2	625.0	+85.2
	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	435.3	840.0	+98.7
Operating income (loss)	Materials	16.2	15.0	31.2	16.9	16.1	33.0	+1.8
	Healthcare	11.0	13.8	24.8	20.6	15.4	36.0	+11.2
	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)

		FY17 Previous Outlook*			FY17 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	123.4	121.6	245.0	123.4	126.6	250.0	+5.0
	Polyester Fibers & Trading and Retail business group	140.1	169.9	310.0	140.1	159.9	300.0	-10.0
	Composites, others	37.4	42.6	80.0	37.4	37.6	75.0	-5.0
	Materials Total	300.8	334.2	635.0	300.8	324.2	625.0	-10.0
	Healthcare	78.0	77.0	155.0	78.0	77.0	155.0	—
	Others	25.8	34.2	60.0	25.8	34.2	60.0	—
	Total	404.7	445.3	850.0	404.7	435.3	840.0	-10.0
Operating income (loss)	Materials	16.9	18.1	35.0	16.9	16.1	33.0	-2.0
	Healthcare	20.6	13.4	34.0	20.6	15.4	36.0	+2.0
	Others	2.9	2.6	5.5	2.9	2.6	5.5	—
	Elimination and Corporate	(2.9)	(3.6)	(6.5)	(2.9)	(3.6)	(6.5)	—
	Total	37.5	30.5	68.0	37.5	30.5	68.0	—

* Announced on Nov. 7, 2017

◆ Analysis of changes in EBITDA*¹ by segment (Comparison with previous outlook) (¥ billion)

	FY17 Previous Outlook* ²	Cost reductions* ³	Upfront payment from Merck* ⁴	Sales volume	Sales price and mix	Raw material and fuel cost	Forex	Advance developm ent costs, others	FY17 Outlook
Materials	64.0	0	0	-2.5	+2.0	-1.0	0	-0.5	62.0
									33.0 Operating income+ 29.0 Dep. and amor. = = 35.0 Operating income+ 29.0 Dep. and amor.
Healthcare	46.0	0	0	+1.5	-0.5	0	0	+1.0	48.0
									36.0 Operating income+ 12.0 Dep. and amor. = = 34.0 Operating income+ 12.0 Dep. and amor.

*1 EBITDA = Operating income + Depreciation & amortization

*2 Announced on Nov. 7, 2017

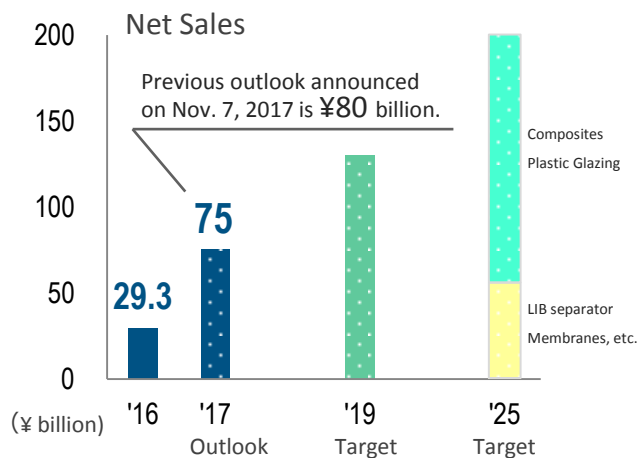
*3 Cost reductions : including those realized through restructuring initiatives

*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: Progress and Outlook

Progressing in line with the medium-term plan

Materials



Composites

Firm sales of CSP glass fiber composites for automotive applications in North America / **Manufactured a large, integrated multi-material component** made of carbon-fiber reinforced plastic (CFRP), aluminum and other lightweight engineering plastics. The component was adopted as a roof cover for use in a mass-production fuel-cell bus of a major automaker.

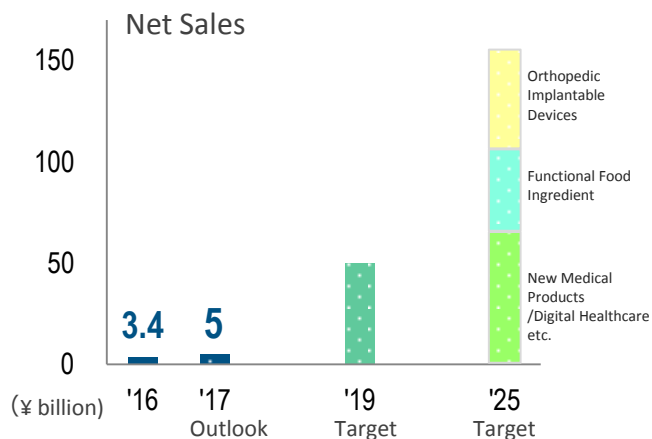
Plastic Glazing

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

lithium-ion battery separator

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

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 October 2017 and completed the acquisition procedures in January 2018. / 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 3Q announced at 11:30 A.M. on February 5, 2018 (local time in Japan).

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◆ Historical Financial Indicators

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 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	980.0
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%	39.8%

*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

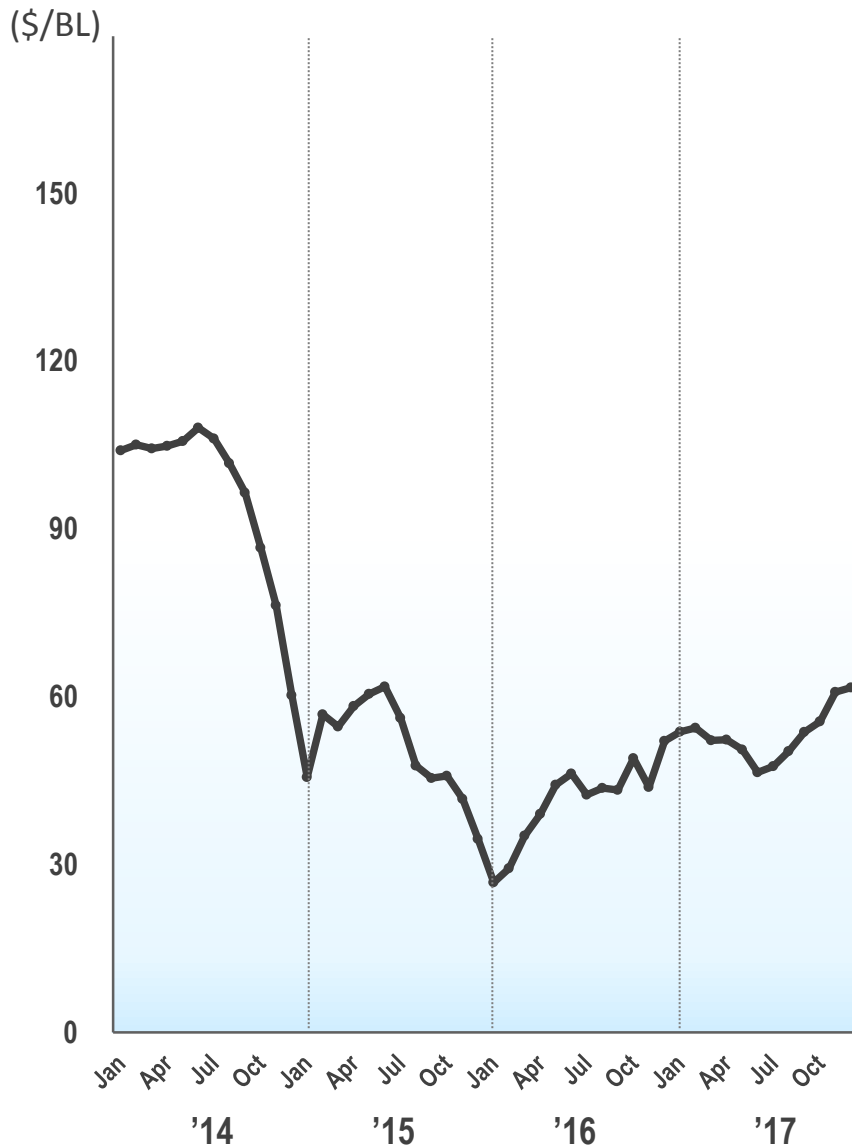
◆ Consolidated balance sheets

	(¥ billion)	2016				2017			
		Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
Assets									
Current assets		430.5	413.7	403.6	509.6	466.8	473.6	459.5	475.5
Noncurrent assets		392.9	376.1	376.2	396.2	497.3	498.7	494.3	503.1
Total		823.4	789.8	779.7	905.8	964.1	972.3	953.8	978.6
Liabilities and net assets									
Liabilities		509.0	485.5	463.2	551.5	612.2	596.6	556.0	567.3
[Interest-bearing debt]		303.3	297.8	276.2	343.7	376.2	386.2	341.1	347.5
Net assets		314.4	304.3	316.5	354.3	351.8	375.7	397.8	411.3
Total		823.4	789.8	779.7	905.8	964.1	972.3	953.8	978.6

◆ Consolidated Statements of Income

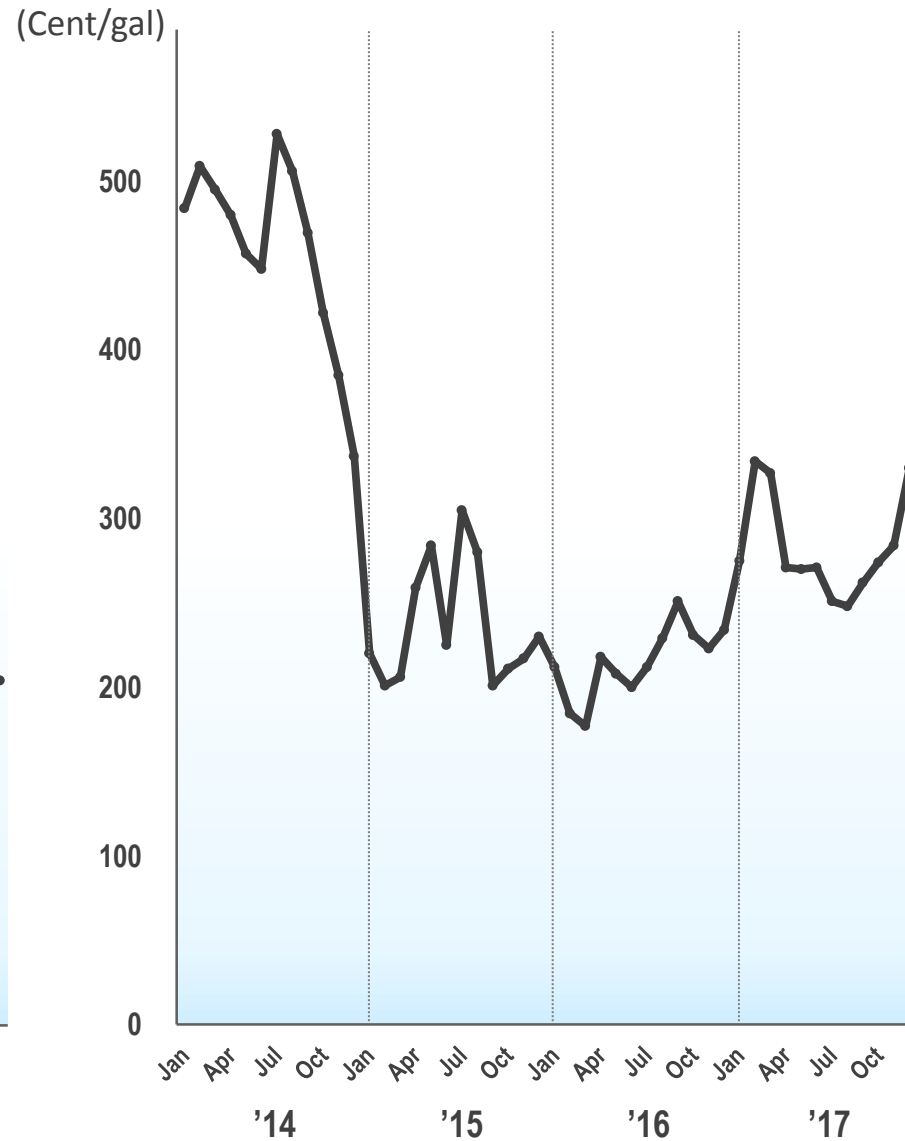
	FY2016				FY2017			Difference
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	17/3Q-16/3Q
(¥ billion)	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	
Net Sales	174.2	178.8	182.1	206.1	198.2	206.4	210.0	+27.9
Cost of sales	113.1	118.2	119.6	142.0	131.3	139.8	142.8	+23.2
Gross profit	61.2	60.6	62.5	64.1	66.9	66.6	67.2	+4.7
SG & A	45.5	49.3	45.9	51.2	47.8	48.3	48.5	+2.5
Operating income	15.7	11.3	16.6	12.9	19.1	18.4	18.8	+2.1
Non-operating items, net	(1.3)	1.0	2.5	(2.7)	0.9	(0.5)	0.1	-2.4
(Balance of financial expenses)	0.7	(0.3)	0.2	(0.3)	0.7	(0.4)	0.3	+0.1
(Equity in earnings and losses of affiliates)	0.8	1.7	(0.2)	(0.3)	0.3	0.5	0.1	+0.3
Ordinary income	14.4	12.3	19.1	10.2	20.0	17.9	18.9	-0.2
Extraordinary items (net)	(0.6)	(2.2)	(1.5)	(17.6)	(0.5)	5.1	(1.3)	+0.2
Income (loss) before income taxes	13.8	10.0	17.6	(7.5)	19.6	23.0	17.6	-0.0
Income taxes	2.2	(0.2)	4.6	(24.1)	6.0	6.4	6.8	+2.1
Profit attributable to non-controlling interests	0.1	0.3	0.3	0.6	0.2	0.8	0.3	-0.0
Profit attributable to owners of parent	11.4	9.9	12.7	16.1	13.4	15.8	10.5	-2.2

◆ Dubai crude oil prices



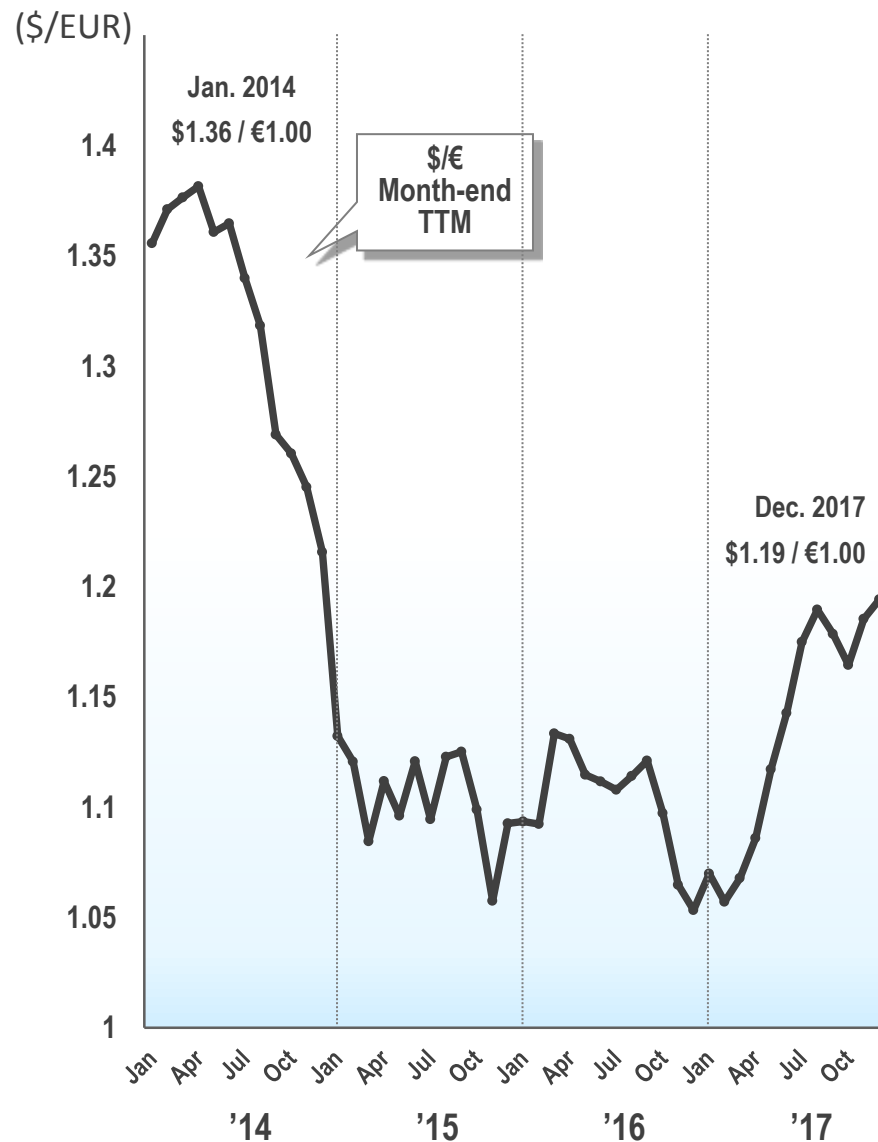
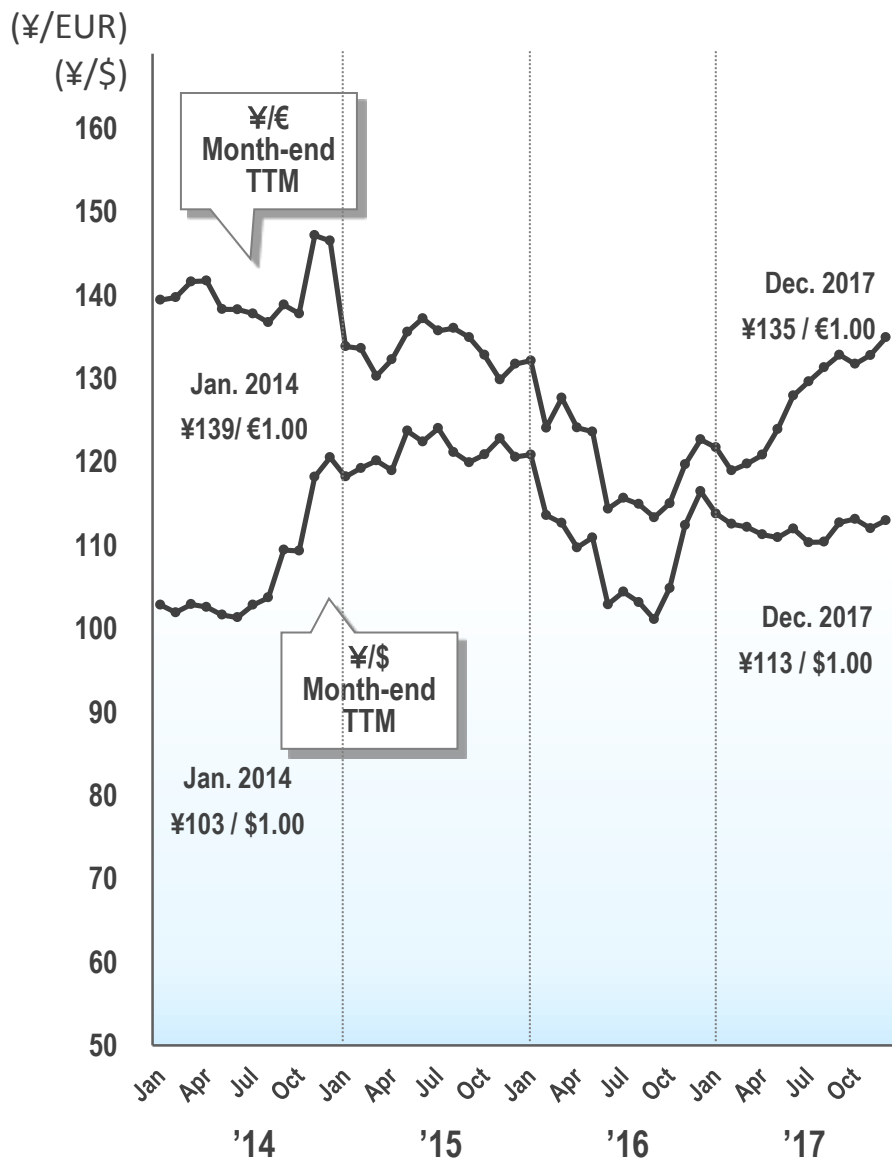
【Source: Teijin estimates based on data published by Platt's】

◆ 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	3Q
<i>Bonalon</i> ^{®*1}	Osteoporosis	3.1	2.8	3.1	2.5	11.6	2.8	2.8	3.0
<i>Onealfa</i> [®]	Osteoporosis	1.0	0.9	1.0	0.8	3.7	0.9	0.9	0.9
Osteoporosis total		4.1	3.8	4.1	3.3	15.3	3.7	3.6	3.9
<i>FEBURIC</i> [®]	Hyperuricemia and gout	6.4	6.4	7.5	6.3	26.5	7.4	7.5	8.8
<i>Venilon</i> [®]	Severe infection	1.0	1.2	1.4	1.1	4.7	1.3	1.3	1.4
<i>Mucosolvan</i> [®]	Expectorant	1.4	1.3	1.7	1.3	5.8	1.3	1.2	1.5
<i>Somatuline</i> ^{®*2}	Acromegaly and pituitary gigantism, gastroenteropancreatic neuroendocrine tumors	0.4	0.4	0.5	0.4	1.7	0.4	0.6	0.8
<i>LOQQA</i> [®]	osteoarthritis pain and inflammation	0.2	0.2	0.3	0.3	1.0	0.5	0.5	0.5
<i>Laxoberon</i> [®]	Laxative	0.5	0.5	0.5	0.4	2.0	0.4	0.5	0.5
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3

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

◆ Development status by therapeutic area

(As of Dec. 31, 2017)

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed	Approved/ New Launch ^{*1}
Bone and joint disease		KTP-001	ITM-058 NT 201 ^{*2}		
Respiratory disease		PTR-36			
Cardio-vascular and metabolic disease		TMG-123 TMX-049 TMX-049DN ^{*3}	ITM-014T ^{*4} STM-279 VRS-317 ^{*5}	TMX-67	ITM-014N ^{*6}
Others			GGs-ON, GGs-MPA, GGs-CIDP		

■ *1 Information of Approved/New Launch is for the past 1 year ■ *2 The phase 3 clinical trials of NT 201, which was licensed-in from Merz Pharma of Germany in October 2017, are currently being conducted by Merz Pharma ■ *3 Started Phase 2 trials in the U.S. in December 2017 for TMX-049DN, which is under development for the indication of diabetic nephropathy in Type 2 diabetes ■ *4 Started clinical development (Phase 3 trials) in October 2017 for an additional indication of *Somatuline*® for thyroid stimulating hormone-secreting pituitary tumors ■ *5 The decision to terminate the exclusive license and supply agreement for VRS-317 with Versartis, Inc. of the U.S. was announced on January 9, 2018 ■ *6 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 Dec. 31, 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.	Tablet	Under joint development with Astellas Pharma China, Inc. Filed in PRC in November 2015

◆ Newly developed pharmaceutical candidates

(As of Dec. 31, 2017)

[PHASE III]

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
NT 201	Pure botulinum neurotoxin type A1/ upper and lower limb spasticity	Promising for the relaxation and improvement of excessive skeletal-muscular tension caused by upper and lower limb spasticity, through the muscle relaxant action of pure botulinum neurotoxin type A1.	Injection	Licensed in from with Merz Pharma GmbH & Co. KGaA (Germany)
ITM-014T (lanreotide acetate)	Thyroid stimulating hormone-secreting pituitary tumors	Promising for the normalization of thyroid function through the following actions: induction of apoptosis via the somatostatin receptor (direct action) and the control of secretion of cellular growth factor (indirect action)	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).	Injection	Licensed in from Sigma Tau Rare Disease Ltd. (U.K.)

◆ Newly developed pharmaceutical candidates

(As of Dec. 31, 2017)

[PHASE III] (Continued)

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)

◆ Newly developed pharmaceutical candidates

(As of Dec. 31, 2017)

[PHASE II]

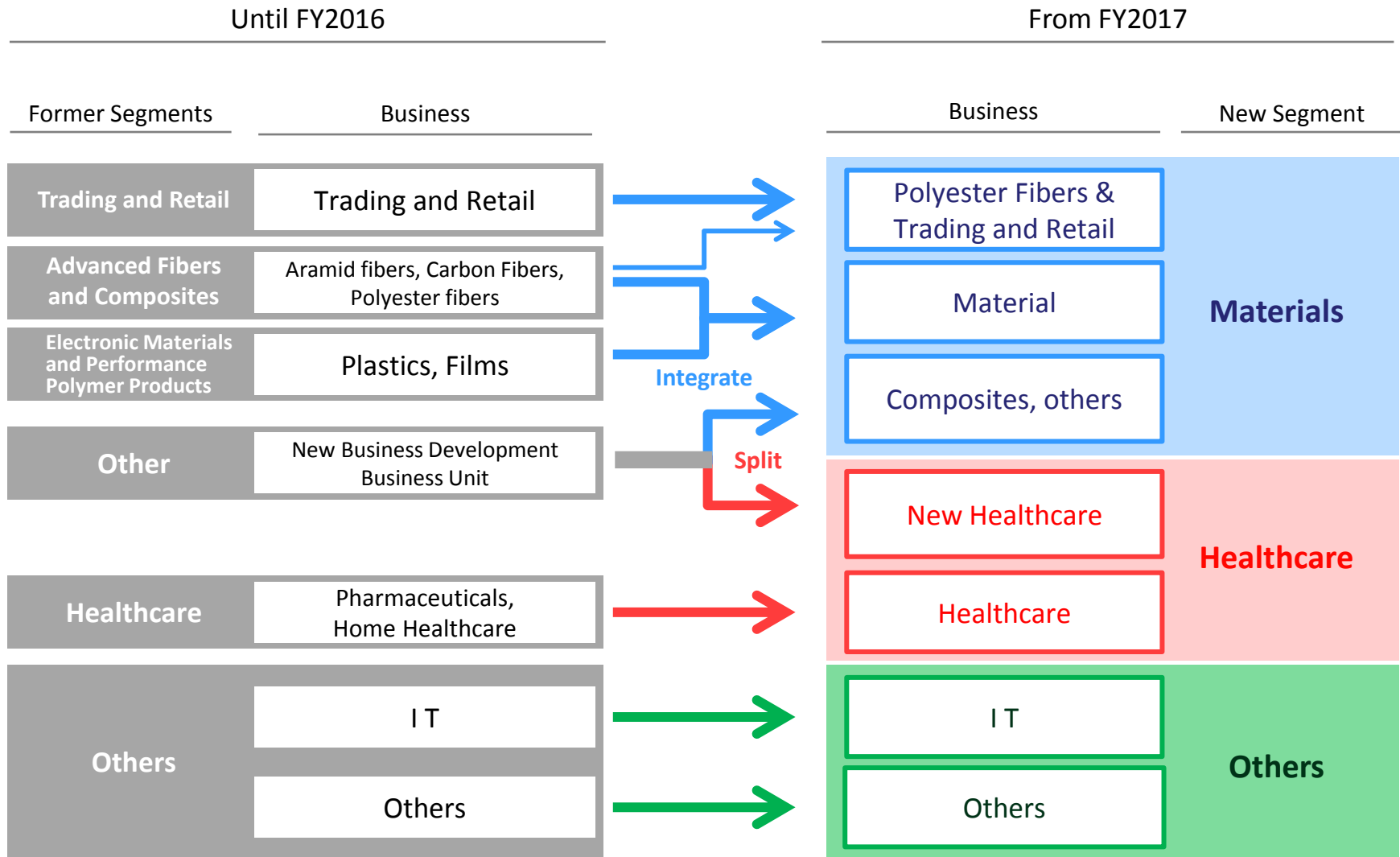
Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
KTP-001	Lumbar disc herniation	For use in chemonucleolysis for herniated lumbar discs; because it is a recombinant human protease—identical in structure to matrix metalloprotease, which promotes the spontaneous 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.	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
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.) (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)



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.