
Flash Report
FY2017 Financial Performance
&
Outlook for FY2018

Teijin Limited
May 9, 2018

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Disclaimer Regarding Forward-Looking Statements

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.

Note

This material is based on the consolidated results for FY2017 announced at 11:30 A.M. on May 9, 2018 (local time in Japan).

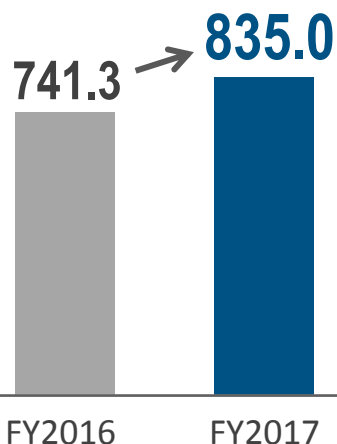
1. Outline of FY2017 Results

Performance Highlights

Favorable sales of aramid fibers and plastics / Operating income in pharmaceuticals and Home Healthcare rose significantly / Profit attributable to owners of parent increased when excluding special factors in FY16

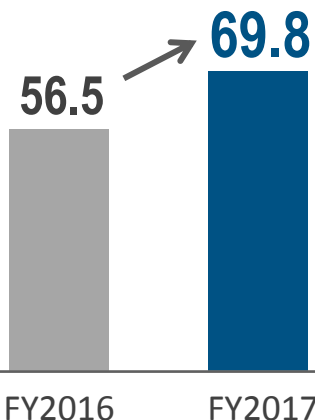
Net Sales

+12.6%



Operating Income

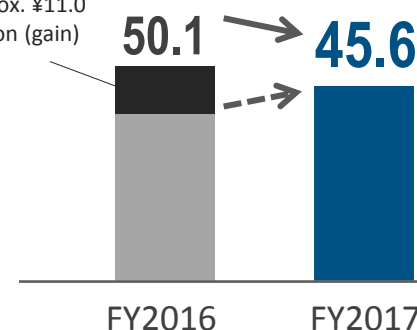
+23.6%



Profit Attributable to Owners of Parent

-9.1% (¥ billion)

special factors of approx. ¥11.0 billion (gain)



- Strong sales of aramid fibers, plastics and pharmaceuticals
- The upfront payment from Merck*² in FY17
- Positive impact from the consolidation of CSP*¹ in composites

- Withdrawal from the unprofitable U.S. home healthcare business contributed to earnings growth

- Operating income increased
- FY17: Recorded gain on sales of noncurrent assets
- FY16: Includes special factors associated with the withdrawal from the U.S. home healthcare business

*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

	FY2016	FY2017	Difference		FY2016	FY2017	Difference
Net Sales	741.3	835.0	+93.7	CAPEX*4	46.2	44.6	-1.6
Operating Income	56.5	69.8	+13.3	Depreciation & Amortization	39.3	45.7	+6.3
Non-operating Items (Net)	(0.6)	(2.0)	-1.4	R&D Expenses	35.4	35.9	+0.5
Ordinary Income	55.9	67.8	+11.9	Dividends for FY2017			
Extraordinary Items (Net)	(22.0)	0.1	+22.1	Interim: ¥30 per share Year-end: ¥30 per share			
Income Before Income Taxes	33.9	67.9	+34.0	Annual: ¥60 per share			
Profit Attributable to Owners of Parent	50.1	45.6	-4.6	◇ PL exchange rate	FY2016	FY2017	Difference
ROE *1	15.7%	12.5%	-3.2%	JPY / USD	108	111	+2
ROIC *2	10.0%	11.2%	+1.2%	JPY / EUR	119	130	+11
EBITDA *3	95.8	115.5	+19.6	USD / EUR	1.10	1.17	+0.07

*1 ROE= Profit attributable to owners of parent / Shareholders' equity *3 EBITDA = Operating income + Depreciation & amortization *4 CAPEX includes investments in intangible assets

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

(¥ billion)

◆ Non-operating items

	FY2016	FY2017	Difference
Interest income	0.6	1.0	+0.3
Dividends income	1.9	2.0	+0.2
Equity in earnings of affiliates	2.1	1.2	-0.9
Others	1.9	1.8	-0.1
Non-operating income, total	6.5	6.0	-0.5
Interest expenses	2.2	2.6	+0.4
Foreign exchange losses	1.7	—	-1.7
Loss on valuation of derivatives	0.5	3.1	+2.6
Others	2.5	2.2	-0.3
Non-operating expenses, total	7.0	8.0	+1.0
Non-operating items, total	(0.6)	(2.0)	-1.4

◆ Extraordinary items

	FY2016	FY2017	Difference
Gain on sales of noncurrent assets	0.3	5.6	+5.3
Gain on sales of investment securities	0.1	0.6	+0.5
Others	1.8	0.6	-1.2
Extraordinary income, total	2.2	6.8	+4.5
Loss on sales and retirement of noncurrent assets	4.8	4.1	-0.6
Business structure improvement expenses	16.3	0.8	-15.5
Others	3.1	1.7	-1.4
Extraordinary loss, total	24.2	6.7	-17.6
Extraordinary items, total	(22.0)	0.1	+22.1

(¥ billion)

◆ Financial position

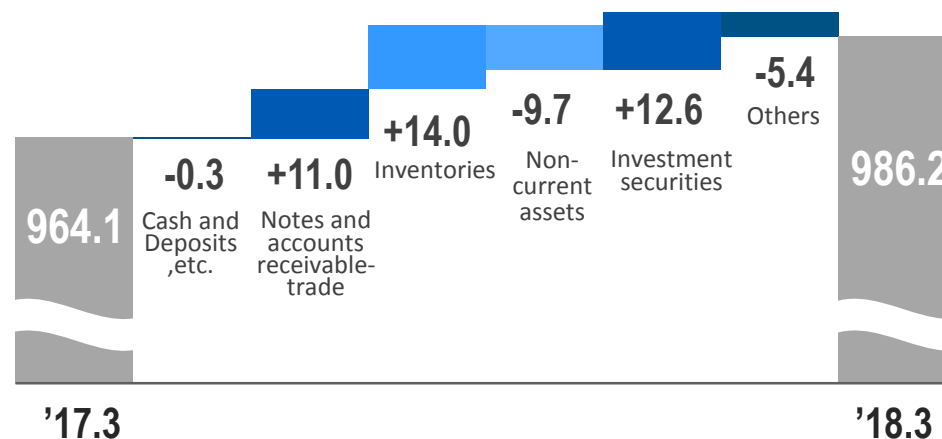
	Mar. 31, 2017	Mar. 31, 2018	Difference	(Impact of foreign exchange rate)
Total assets	964.1	986.2	+22.1	+4.8
Liabilities	612.2	577.9	-34.3	+0.7
[Interest-bearing debt]	376.2	344.2	-32.0	-1.1
Net assets	351.8	408.2	+56.4	+4.1
D/E ratio	1.11	0.88	-0.24	—

◆ Cash flows

	FY2016	FY2017	Difference
Operating activities	79.0	80.1	+1.1
Investing activities	(127.7)	(51.3)	+76.3
Free cash flow	(48.6)	28.8	+77.4
Financing activities, etc.	65.2	(30.2)	-95.4
Net inc/dec in Cash & cash equivalents	16.6	(1.4)	-18.0

◇ Analysis of changes in total assets

(¥ billion)



◇ BS exchange rate

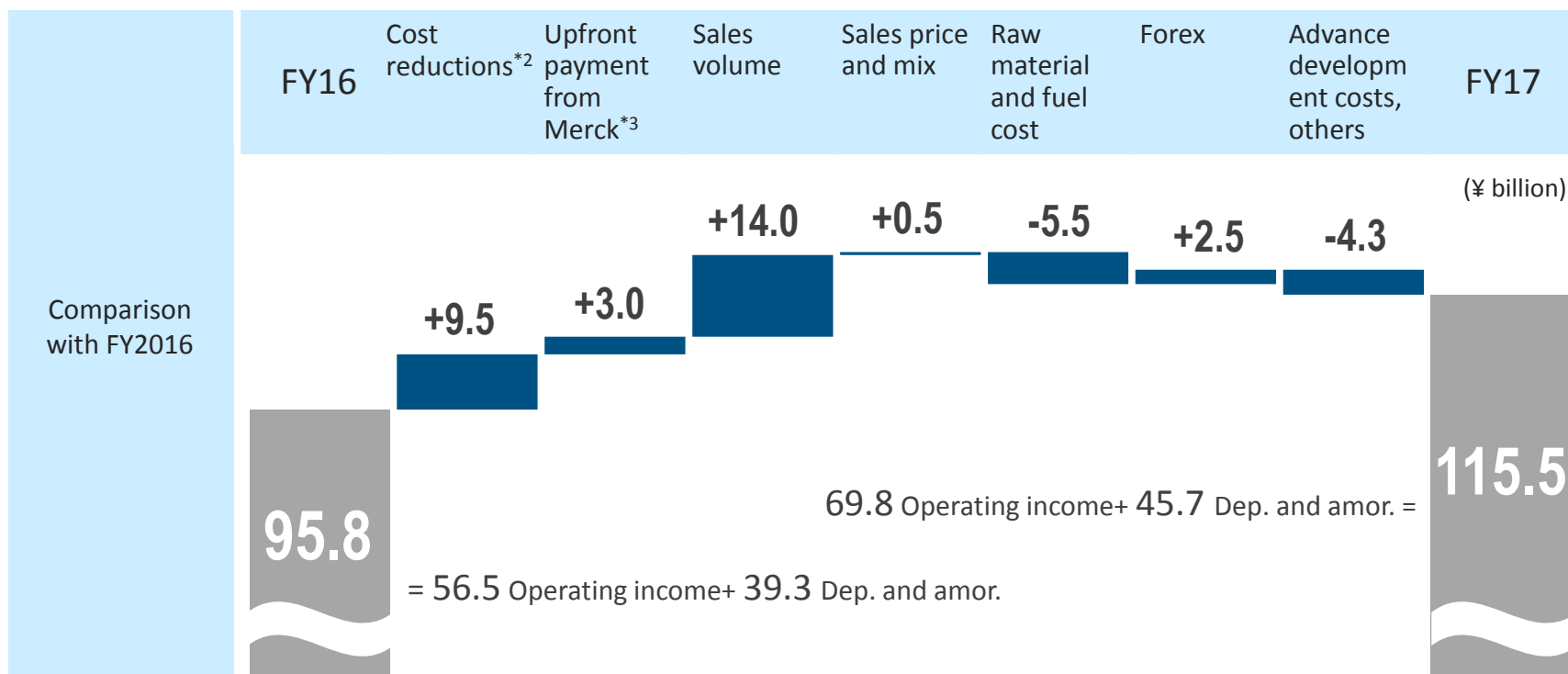
	Mar. 31, 2017	Mar. 31, 2018	Difference
JPY / USD	112	106	-6
JPY / EUR	120	131	+11
USD / EUR	1.07	1.23	+0.16

◆ Analysis of changes in EBITDA*¹ Compared with FY16

Compared with FY16:
Earnings increased

Increase factors:

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



*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

◆ Changes in net sales and operating income by segment

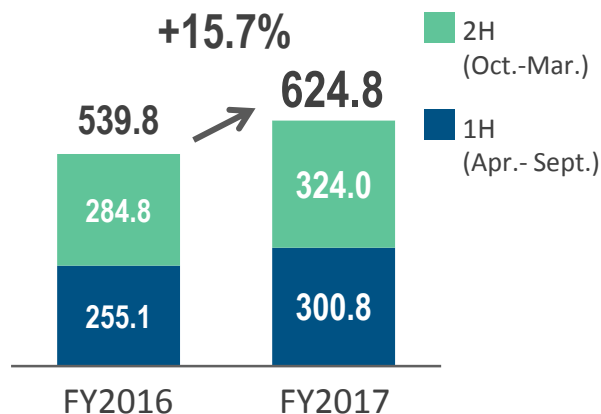
		(¥ billion)	FY16* ¹	FY17	Differ- ence	% Change	FY17 Previous Outlook* ²	FY17	Differ- ence	% Change
Net sales	Material business group		228.1	254.1	+26.0	+11.4%	250.0	254.1	+4.1	+1.6%
	Polyester Fibers & Trading and Retail business group		287.3	293.2	+6.0	+2.1%	300.0	293.2	-6.8	-2.3%
	Composites, others		24.5	77.5	+53.0	+216.4%	75.0	77.5	+2.5	+3.4%
	Materials Total		539.8	624.8	+85.0	+15.7%	625.0	624.8	-0.2	-0.0%
	Healthcare		150.7	155.4	+4.7	+3.1%	155.0	155.4	+0.4	+0.2%
	Others		50.8	54.8	+4.0	+7.9%	60.0	54.8	-5.2	-8.7%
	Total		741.3	835.0	+93.7	+12.6%	840.0	835.0	-5.0	-0.6%
Operating income (loss)	Materials		31.2	33.6	+2.4	+7.7%	33.0	33.6	+0.6	+1.9%
	Healthcare		24.8	35.9	+11.2	+45.1%	36.0	35.9	-0.1	-0.2%
	Others		5.3	6.1	+0.8	+15.9%	5.5	6.1	+0.6	+11.6%
	Elimination and Corporate		(4.8)	(5.9)	-1.1	—	(6.5)	(5.9)	+0.6	—
	Total		56.5	69.8	+13.3	+23.6%	68.0	69.8	+1.8	+2.7%

*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 February 5, 2018

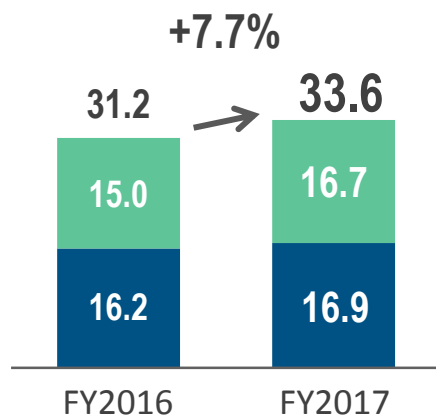
Materials

Favorable sales of aramid fibers and plastics
Net sales increased due to the consolidation of CSP

Net sales (¥ billion)



Operating income (¥ billion)



Material business group

Net sales for FY17: ¥254.1 billion

- Sales of aramid fibers for automotive- and infrastructure-related applications increased
- Sales of carbon fibers for use in aircraft were solid, but rising raw materials and fuel prices pushed down earnings
- Sales mix of polycarbonate resins was improved in response to firm demand
- 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: ¥293.2 billion

- Maintained favorable sales for sports and outdoor use for Europe and the Americas
- Functional textiles and apparel trended at low levels in response to inventory adjustments by major customers in Japan
- Sales of automotive-related materials were solid
- Sales of civil engineering materials decreased as earthquake reconstruction demand and orders received for new infrastructure construction declined

Composites, others

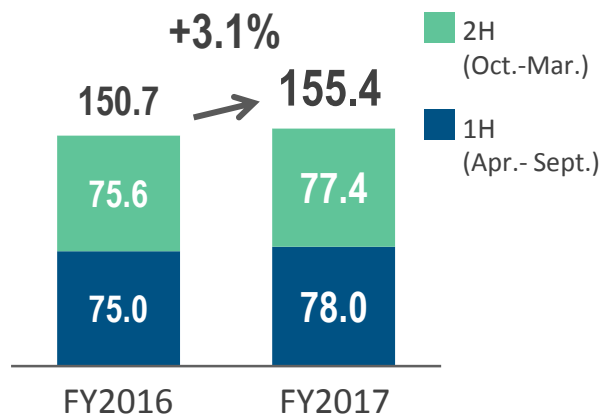
Net sales for FY17: ¥77.5 billion

- Sales boosted by the consolidation of CSP in composites
- Sales of CSP automotive composites trended firmly for pickup trucks and SUVs that performed well in North America
- Sluggish sales to existing customers and delays in expanding business with new customers for lithium-ion battery (LIB) separators in battery materials

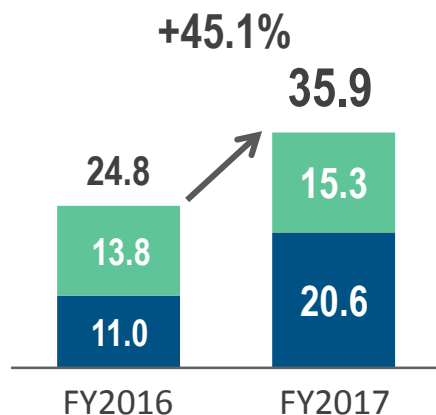
Healthcare

Higher sales driven by steady growth in sales of core products and services. Earnings improved owing to the withdrawal from the unprofitable 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

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.

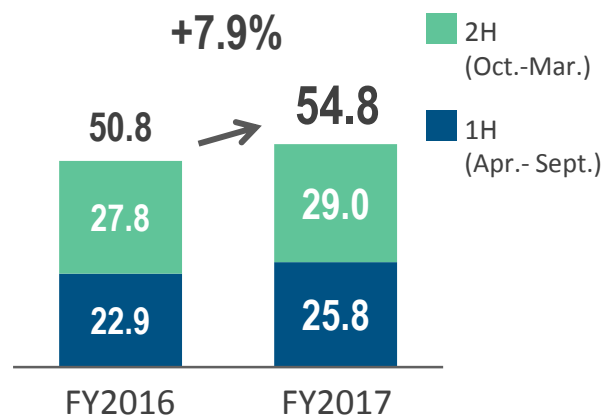
New Healthcare

- Augmented the field of implantable medical products with bond-bonding materials and the orthopedic business, principally spine fixation devices and spine cages, in FY2017.

Others

Steady expansion of the IT business in e-comics and healthcare

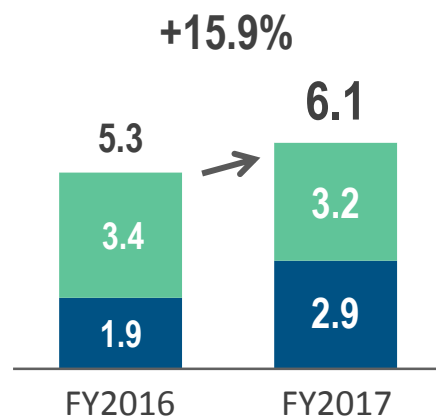
Net sales (¥ billion)



IT

- In Digital Entertainment, sales of the *Meccha Comics* e-comics distribution service expanded steadily and a collaboration project was implemented with a major publisher.
- In Business Solutions, the healthcare-related business performed solidly partly due to a recovery in sales of systems products for hospitals

Operating income (¥ billion)



2. Outlook for FY2018

◆ FY2018 Management Policy

The Second Year of the Medium-Term Management Plan for 2017-2019

Steadily take concrete strategic actions including alliances and M&As, based on the scenario laid out in the medium-term management plan, with a view to accomplishing business portfolio transformation. Ensure that these actions lead to the achievement of our targets for FY2019, the final year of the medium-term plan, and drive further growth and transformation in FY2020 and beyond.

Materials

- **Expand the composites and components businesses** – Drive expansion and acceleration primarily in the automotive field
- **Nurture and expand new businesses** – Increase sales of LIB separators
- **Build a stable earnings base through growth strategy businesses**
 - Raise aramid fiber production capacity
 - Add even more value to resin products
 - Steadily construct a carbon fiber production facility in North America
- **Polyester Fibers & Trading and Retail Business Group**
 - Implement our growth scenario through an integrated production and sales structure

Healthcare

- **Optimize resource allocation across all areas and transform the business model**
- **Absorb the negative impact of downward drug price revisions by maximizing sales of Hyperuricemia and gout treatment febuxostat**
- **Strengthen the business platform in the home healthcare field**
- **Create and expand the new healthcare business**

◆ FY2018 Management Policy

Strengthen the Management System Platform

- **Promote CSR activities**
 - Activities rooted in our corporate philosophy that anticipate changes in customers' needs and society
- **Steadily implement Head Office restructuring initiatives**
 - Make a change in business styles and implement robotic process automation, etc.
- **Integrate IT functions and healthcare fields and deliver results as early as possible**
 - Create new business and strengthen the business platform through efficient use of AI, IoT and data utilization among business strategies
- **Promote the founding centennial project**
 - Express our gratitude to all stakeholders upon the centennial and reaffirm our determination to be “An Enterprise that Supports the Society of the Future” over the next century

Key Financial Indicators

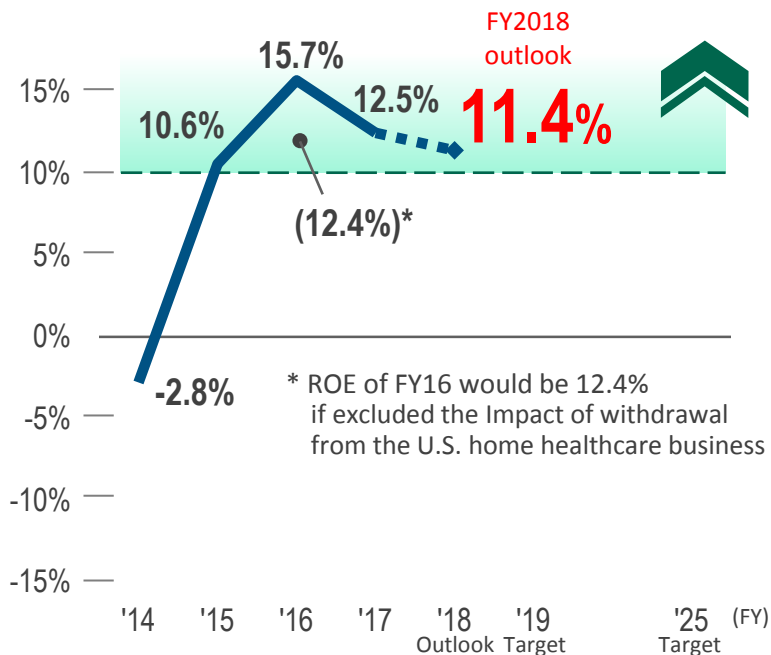
ROE is expected to remain at our medium-term target of 10% or more. EBITDA is expected to steadily increase toward the target for FY2019

ROE*1

10% +

Medium-term target

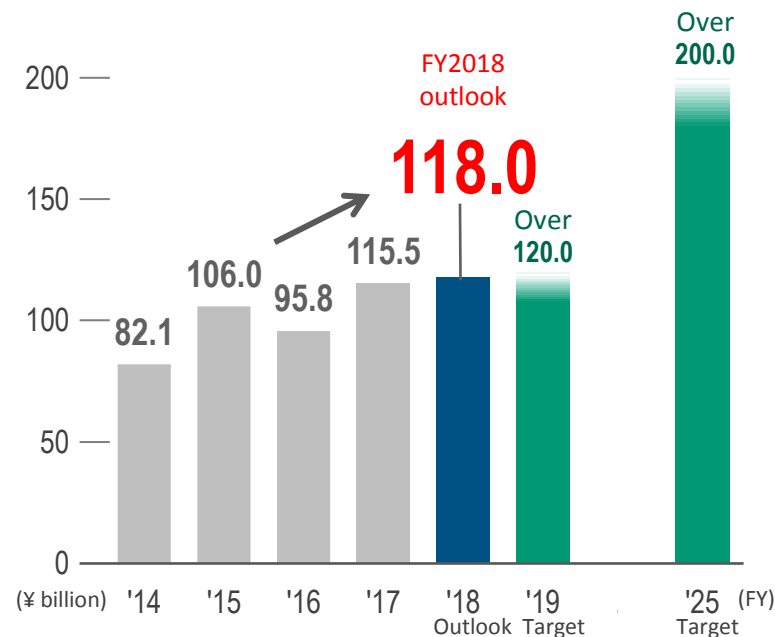
Trend



EBITDA*2

Over ¥120 billion in FY2019

Over ¥200 billion in FY2025



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

*2 EBITDA = Operating income + Depreciation & amortization

Summary of outlook for FY2018

Net sales to increase based on higher materials sales and the impact of passing on the increase in raw materials and fuel prices to sales prices. Operating income to remain mostly flat, partly due to the upfront payment from Merck*1 in FY17. Ordinary income to reach a record-high of ¥71 billion.

	(¥ billion)	FY2017	FY2018	Difference		% Change	(¥ billion)	FY2017	FY2018
Net Sales		835.0	880.0	+45.0	+5.4%	CAPEX*5	44.6	75.0	+30.4
Operating Income		69.8	70.0	+0.2	+0.3%	Depreciation & Amortization	45.7	48.0	+2.3
Ordinary Income		67.8	71.0	+3.2	+4.7%	R&D Expenses	35.9	37.0	+1.1
Profit Attributable to Owners of Parent		45.6	47.0	+1.4	+3.2%	Free cash flow	28.8	15.0	-13.8

ROE *2	12.5%	11.4%	-1.0%
ROIC *3	11.2%	10.3%	-0.9%
EBITDA *4 (¥ billion)	115.5	118.0	+2.5

Dividend forecasts for FY2018

Interim: ¥30 per share Year-end: ¥40 per share *

Annual: ¥70 per share *

* Including a commemorative dividend of ¥10 per share for our founding centennial

Assumptions for FY2018 outlook

Exchange rates : ¥105/US\$1.00, and ¥130/€1.00

An average Dubai crude oil price : US\$65/barrel

*1 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

*2 ROE= Profit attributable to owners of parent / Shareholders' equity *4 EBITDA = Operating income + Depreciation & amortization *5 CAPEX includes investments in intangible assets

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

◆ Analysis of changes in EBITDA*¹ Compared with FY17

Compared with FY2017 :

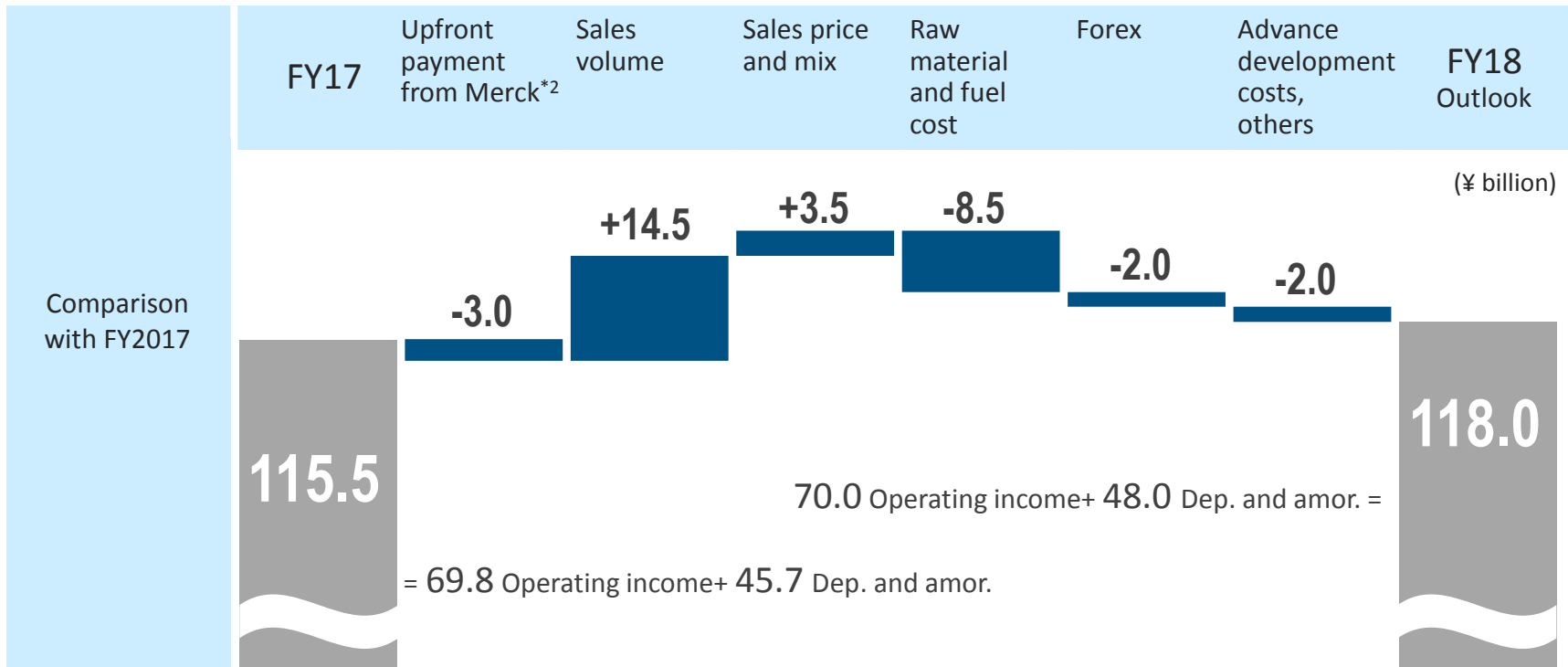
Forecast of Increased Earnings

Increase factors:

- Higher sales of CSP automotive composites and LIB separators
- Improvement in the Polyester Fibers & Trading and Retail Business Group
- Higher sales of hyperuricemia and gout treatment and CPAP ventilators

Decrease factors:

- Impact of downward revisions to drug prices and medical fees
- The upfront payment from Merck & Co., Inc.*² in FY2017

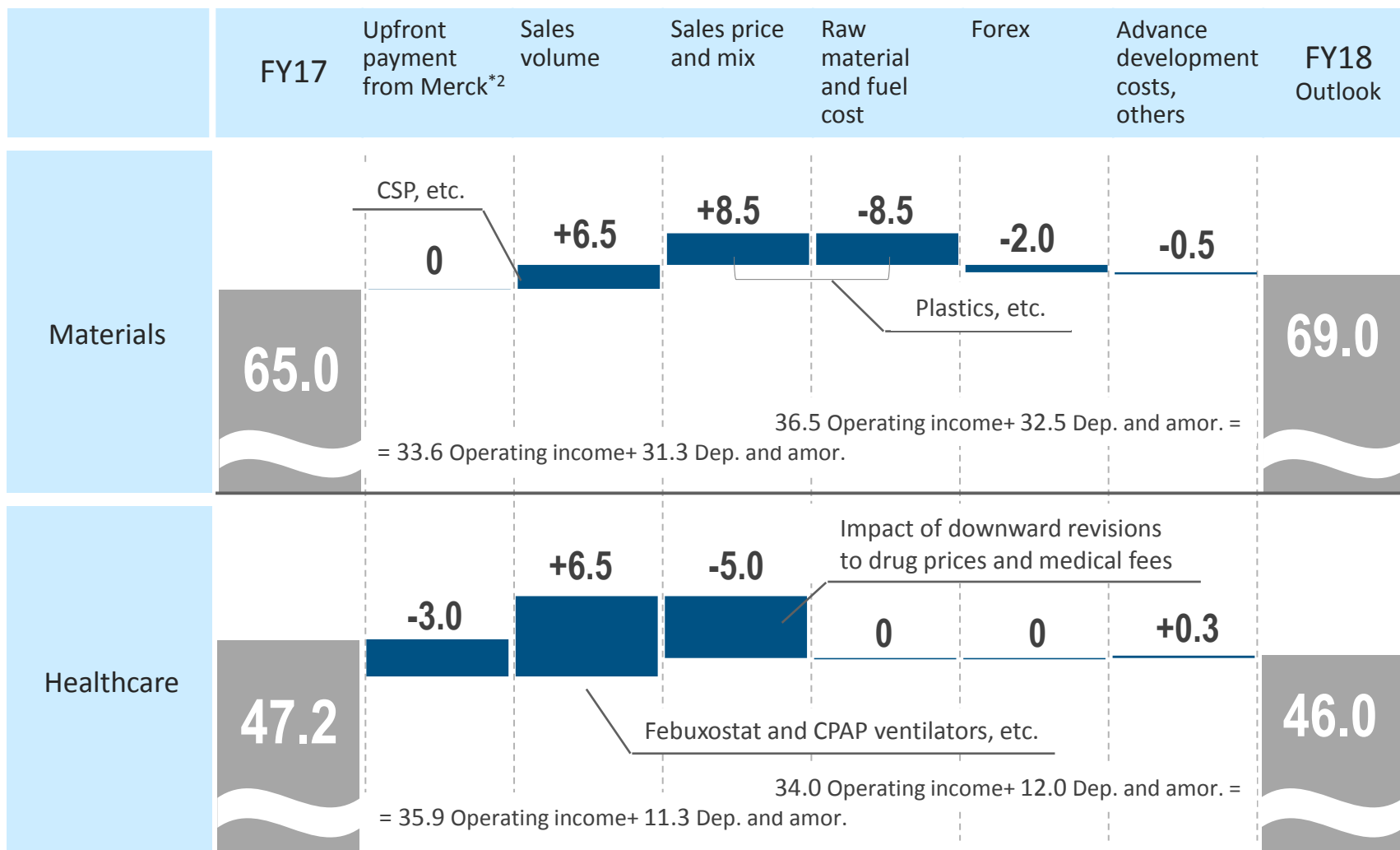


*1 EBITDA = Operating income + Depreciation & amortization

*2 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 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	Difference Compared with FY16	FY2018 Outlook	Difference Compared with FY17
EBITDA*2 (¥ billion)					
Materials	55.1	65.0	+9.9	69.0	+4.0
Healthcare	37.4	47.2	+9.8	46.0	-1.2
Others	6.7	7.8	+1.1	8.0	+0.2
Elimination and Corporate	(3.4)	(4.5)	-1.1	(5.0)	-0.5
Total	95.8	115.5	+19.6	118.0	+2.5
ROIC*3 (%)					
Materials	10%	9%	-1%	8%	-1%
Healthcare	22%	29%	+7%	24%	-5%
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 EBITDA = Operating income + Depreciation & amortization

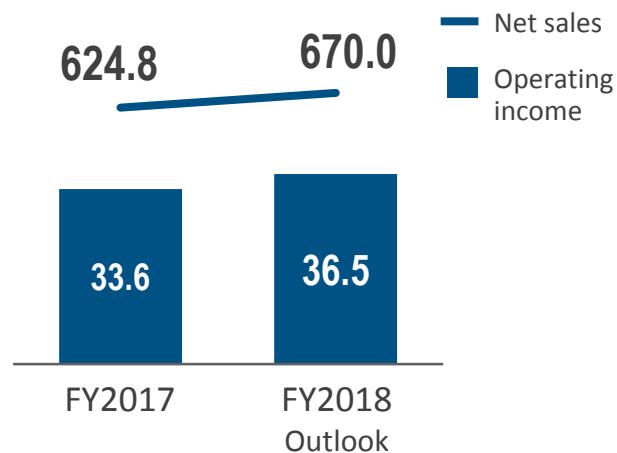
*3 ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

◆ Changes in net sales and operating income by segment

		FY17 Results			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	123.4	130.7	254.1	130.0	135.0	265.0	+10.9
	Polyester Fibers & Trading and Retail business group	140.1	153.1	293.2	155.0	165.0	320.0	+26.8
	Composites, others	37.4	40.2	77.5	40.0	45.0	85.0	+7.5
	Materials Total	300.8	324.0	624.8	325.0	345.0	670.0	+45.2
	Healthcare	78.0	77.4	155.4	80.0	75.0	155.0	-0.4
	Others	25.8	29.0	54.8	25.0	30.0	55.0	+0.2
	Total	404.7	430.3	835.0	430.0	450.0	880.0	+45.0
Operating income (loss)	Materials	16.9	16.7	33.6	16.0	20.5	36.5	+2.9
	Healthcare	20.6	15.3	35.9	18.5	15.5	34.0	-1.9
	Others	2.9	3.2	6.1	2.5	3.5	6.0	-0.1
	Elimination and Corporate	(2.9)	(3.0)	(5.9)	(3.0)	(3.5)	(6.5)	-0.6
	Total	37.5	32.3	69.8	34.0	36.0	70.0	+0.2

Outlook for FY18 by segment

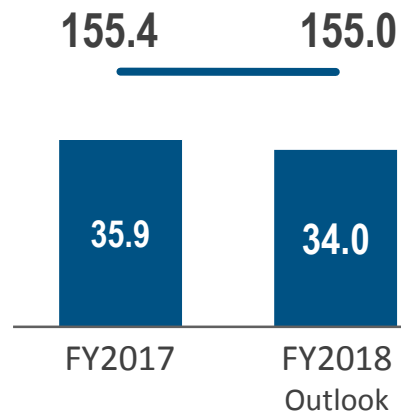
Materials (¥ billion)



Materials : Increase in earnings based on;
higher sales of CSP, LIB separators and polyester fibers & trading and retail

- Aramid fibers: Impact of major regular maintenance, despite firm demand for use in automobiles
- Carbon fibers: Firm sales for use in aircraft
- Polycarbonate resin: Maintain spread with an improved sales mix, despite persistently high raw materials prices
- Films: Increased sales based on realization of the benefits of restructuring initiatives
- Polyester fibers & trading and retail: Increased sales of industrial textiles and materials for automobiles and realization of the benefits of restructuring initiatives
- Composites: Increased sales due to adoption of CSP composites in new automobile models
- Battery materials: Expanded adoption of LIB separators for consumer applications

Healthcare (¥ billion)



Healthcare : Decrease in earnings, partly based on;
the upfront payment from Merck* in FY17, despite covering the impact of downward revisions to drug prices and medical fees with increased sales

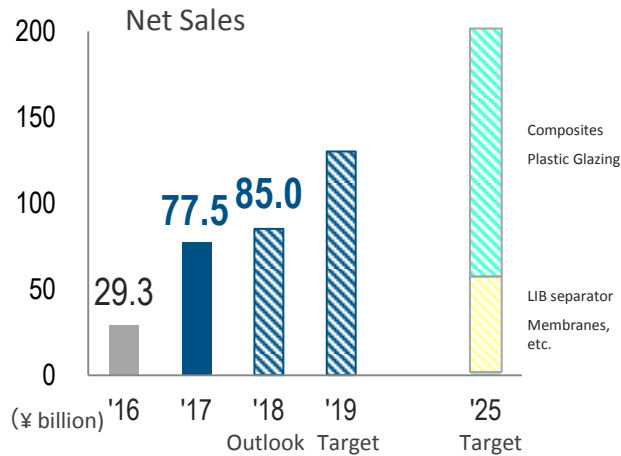
- Pharmaceuticals: Increase in sales of Febuxostat, Impacts of downward revisions to drug prices and the upfront payment from Merck* in FY2017
- Home healthcare: Increase in rental sales of CPAP ventilators Impact of downward revisions to medical fees
- New Healthcare: Positive contribution to sales from businesses initiated in FY2017, such as bone-bonding materials

* 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

Materials : Steady expansion led by CSP
Healthcare: Proceed with upgrading and expanding the services lineup

Materials

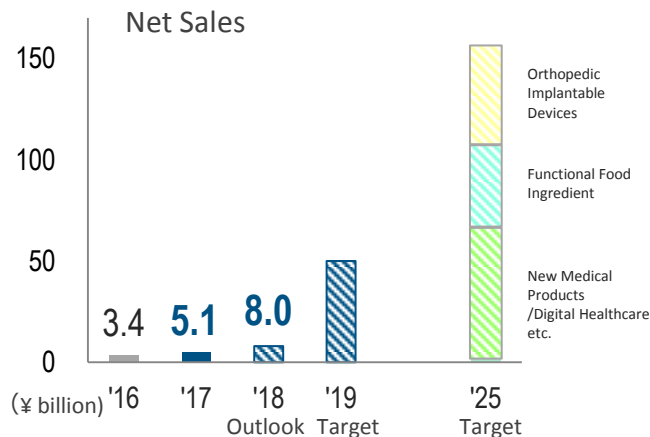


Composites	Strong North American SUV market and favorable CSP automotive component business/ Growing adoption in new models such as FCA's <i>Jeep</i> model
Plastic Glazing	Polycarbonate-resin automotive front window selected for use in a commercial vehicle
lithium-ion battery (LIB) separator	Expanded adoption to customers for consumer applications
Membranes	Decided to build new mass-production facilities within the Matsuyama Factory in Japan



FCA commenced sales of its new model of *Jeep* in January 2018

Healthcare



Orthopedic Implantable Devices	Entered the bone-bonding materials and orthopedic business, principally spine fixation devices and spine cages. / Patch for cardiovascular repair received designation under the "SAKIGAKE Designation System*" of the Japanese Ministry of Health, Labour and Welfare
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/ Began providing the sleep enhancement program



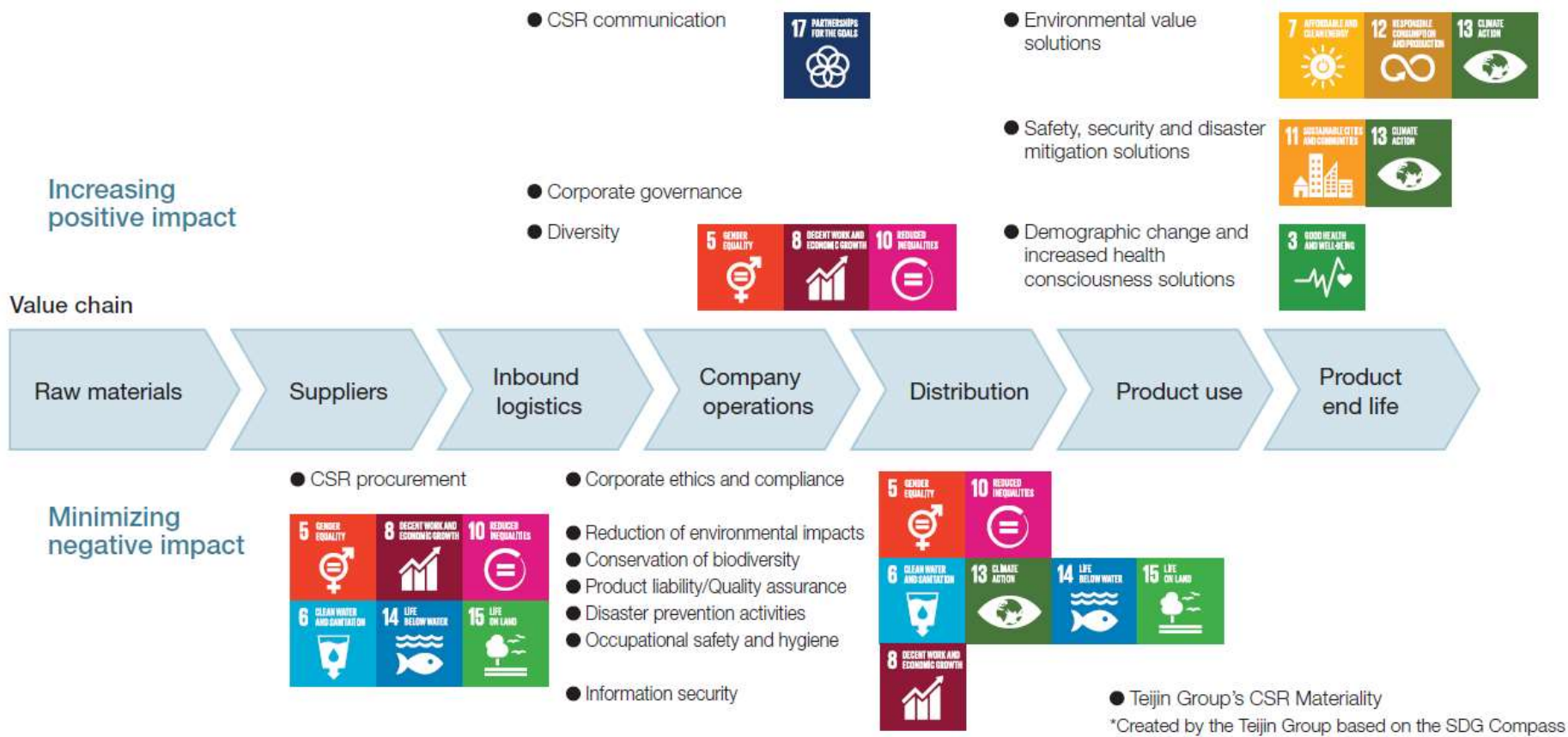
In March 2018, our patch for cardiovascular repair received designation under the "SAKIGAKE Designation System*" as one of 11 newly added items

* Promoting R&D in Japan aiming at early practical application for innovative pharmaceutical products, medical devices, and regenerative medicines.

Non-financial Information

Teijin Group's CSR Materiality and SDGs

The Teijin Group is taking active steps on a global level to define CSR materiality (material issues), referring to the social issues identified by the SDGs.



Non-financial Information

ESG Recognition

Selected as a component stock of all three ESG indexes of GPIF

Teijin Limited has been included in all three indexes selected by Government Pension Investment Fund (GPIF) of Japan upon commencing ESG investment.

The three indexes are FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, and MSCI Japan Empowering Women Index (WIN).

Only 66 companies have been selected as component stocks of all three ESG indexes.



FTSE Blossom
Japan

MSCI 

2017 Constituent
MSCI Japan ESG
Select Leaders Index

MSCI 

2017 Constituent
MSCI Japan Empowering
Women Index (WIN)

3. Supplementary information

◆ Historical Financial Indicators

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Outlook
ROE* ¹	(2.8%)	10.6%	15.7%	12.5%	11.4%
ROIC* ²	7.1%	12.7%	10.0%	11.2%	10.3%
EBITDA* ³ (¥ billion)	82.1	106.0	95.8	115.5	118.0
Earnings per share* ⁴ (¥)	(41.1)	158.1	254.9	231.3	237.7
Dividends per share* ⁴ (¥)	20	35	55	60	70
Total assets (¥ billion)	823.7	823.4	964.1	986.2	1,050.0
Interest-bearing debt (¥ billion)	308.2	303.3	376.2	344.2	370.0
D/E ratio* ⁵	1.07	1.01	1.11	0.88	0.9
Shareholders' equity ratio	34.9%	36.4%	35.1%	39.8%	41.0%

*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

◆ Consolidated balance sheets

	FY2016				FY2017			
	June 30, 2016	Sept. 30, 2016	Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018
(¥ billion)								
Assets								
Current assets	413.7	403.6	509.6	466.8	473.6	459.5	475.5	489.7
Noncurrent assets	376.1	376.2	396.2	497.3	498.7	494.3	503.1	496.5
Total	789.8	779.7	905.8	964.1	972.3	953.8	978.6	986.2
Liabilities and net assets								
Liabilities	485.5	463.2	551.5	612.2	596.6	556.0	567.3	577.9
[Interest-bearing debt]	297.8	276.2	343.7	376.2	386.2	341.1	347.5	344.2
Net assets	304.3	316.5	354.3	351.8	375.7	397.8	411.3	408.2
Total	789.8	779.7	905.8	964.1	972.3	953.8	978.6	986.2

◆ Consolidated Statements of Income

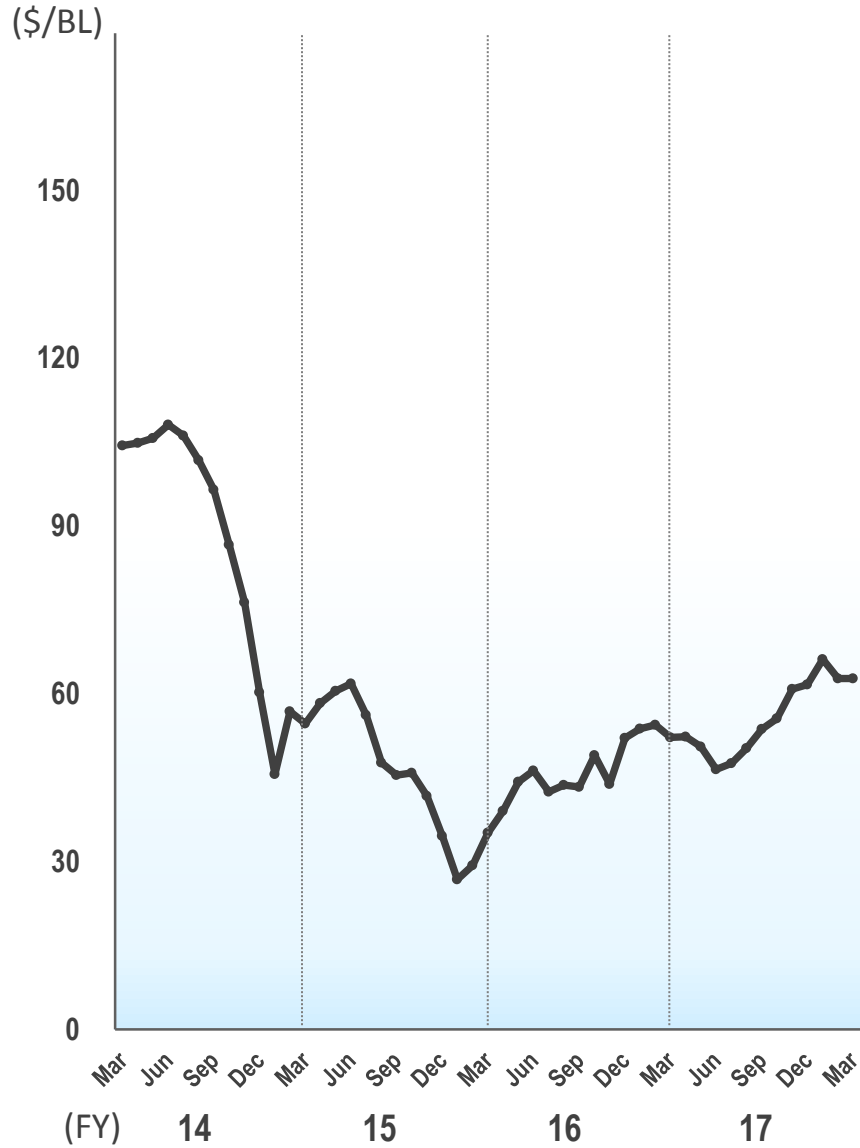
	FY2016				FY2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
(¥ billion)	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.
Net Sales	174.2	178.8	182.1	206.1	198.2	206.4	210.0	220.3
Cost of sales	113.1	118.2	119.6	142.0	131.3	139.8	142.8	151.8
Gross profit	61.2	60.6	62.5	64.1	66.9	66.6	67.2	68.5
SG & A	45.5	49.3	45.9	51.2	47.8	48.3	48.5	54.9
Operating income	15.7	11.3	16.6	12.9	19.1	18.4	18.8	13.5
Non-operating items, net	(1.3)	1.0	2.5	(2.7)	0.9	(0.5)	0.1	(2.5)
(Balance of financial expenses)	0.7	(0.3)	0.2	(0.3)	0.7	(0.4)	0.3	(0.3)
(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	11.0
Extraordinary items (net)	(0.6)	(2.2)	(1.5)	(17.6)	(0.5)	5.1	(1.3)	(3.3)
Income (loss) before income taxes	13.8	10.0	17.6	(7.5)	19.6	23.0	17.6	7.7
Income taxes	2.2	(0.2)	4.6	(24.1)	6.0	6.4	6.8	1.6
Profit attributable to non-controlling interests	0.1	0.3	0.3	0.6	0.2	0.8	0.3	0.3
Profit attributable to owners of parent	11.4	9.9	12.7	16.1	13.4	15.8	10.5	5.8

◆ Changes in net sales and operating income by segment

		FY2016*				FY2017				
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
		(¥ billion)	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.
Net sales	Material business group		56.8	54.7	57.0	59.6	60.4	63.0	63.2	67.5
	Polyester Fibers & Trading and Retail business group		66.5	72.9	72.3	75.5	66.4	73.7	75.5	77.6
	Composites, others		2.1	2.0	1.7	18.6	19.4	17.9	17.4	22.7
	Materials Total		125.5	129.6	131.0	153.7	146.3	154.5	156.1	167.8
	Healthcare		38.1	36.9	39.1	36.5	39.7	38.3	40.8	36.5
	Others		10.6	12.3	12.0	15.8	12.2	13.6	13.0	15.9
	Total		174.2	178.8	182.1	206.1	198.2	206.4	210.0	220.3
Operating income (loss)	Materials		8.6	7.6	8.2	6.9	8.2	8.7	7.3	9.4
	Healthcare		8.0	3.0	8.3	5.5	11.8	8.8	11.5	3.8
	Others		0.2	1.7	1.4	2.0	1.0	1.9	1.2	2.0
	Elimination and Corporate		(1.1)	(1.0)	(1.2)	(1.5)	(1.9)	(1.1)	(1.2)	(1.7)
	Total		15.7	11.3	16.6	12.9	19.1	18.4	18.8	13.5

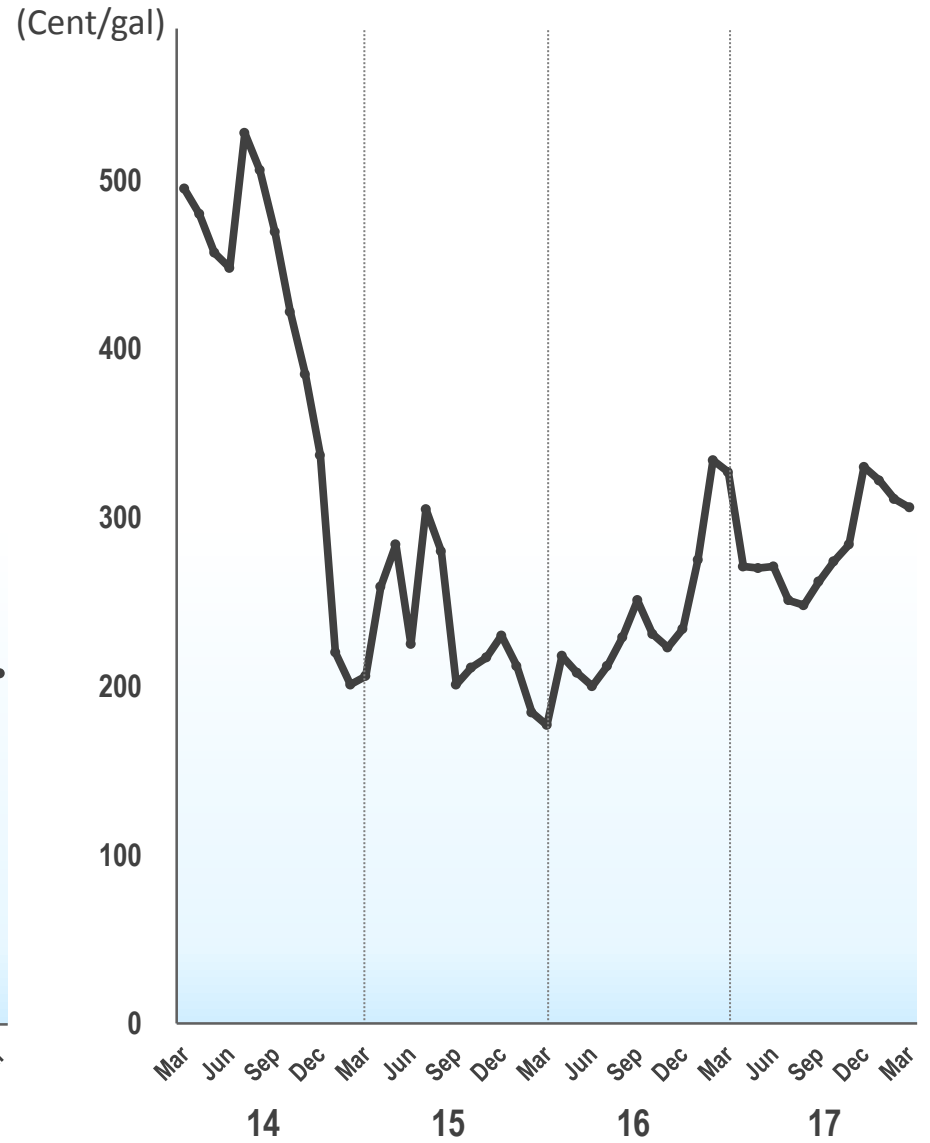
* Figures for actual results for FY2016 were revised due to inter-segment adjustments made after the results were announced on May 9, 2017.

◆ Dubai crude oil prices



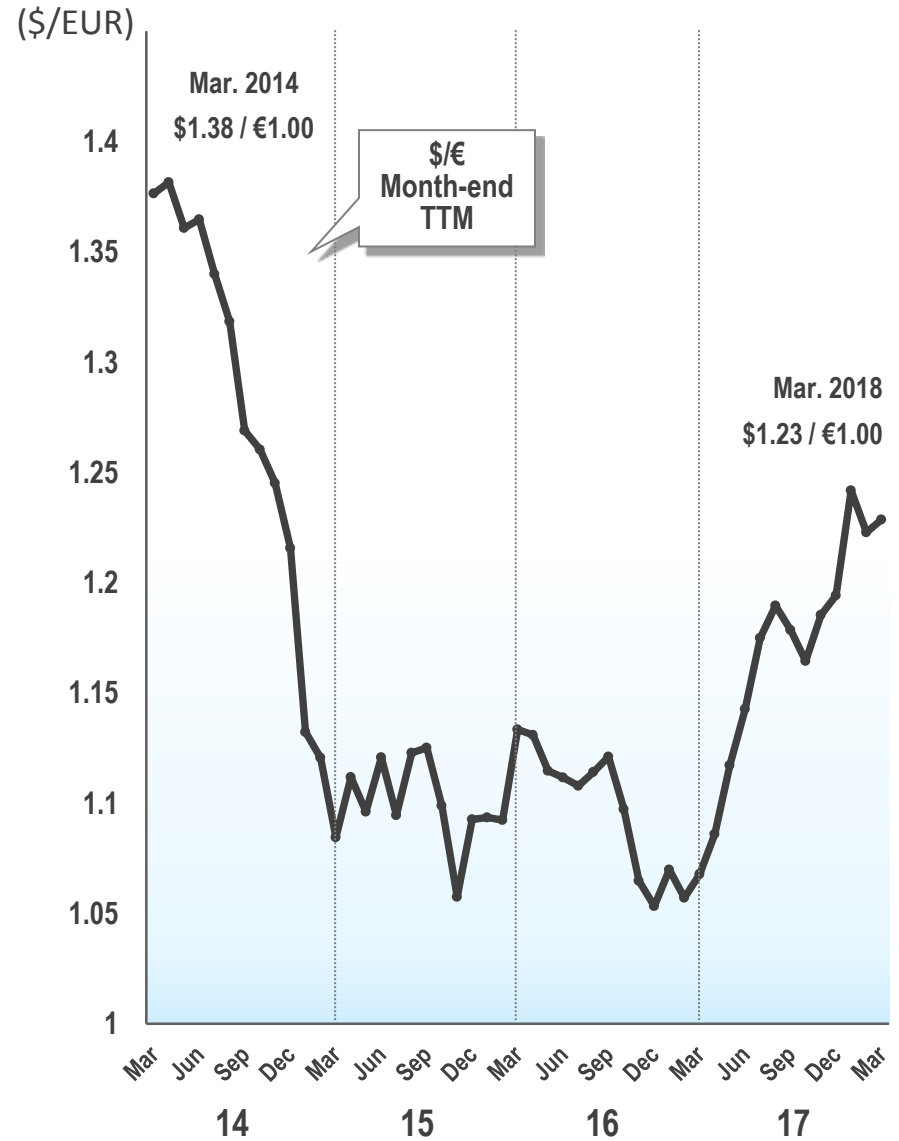
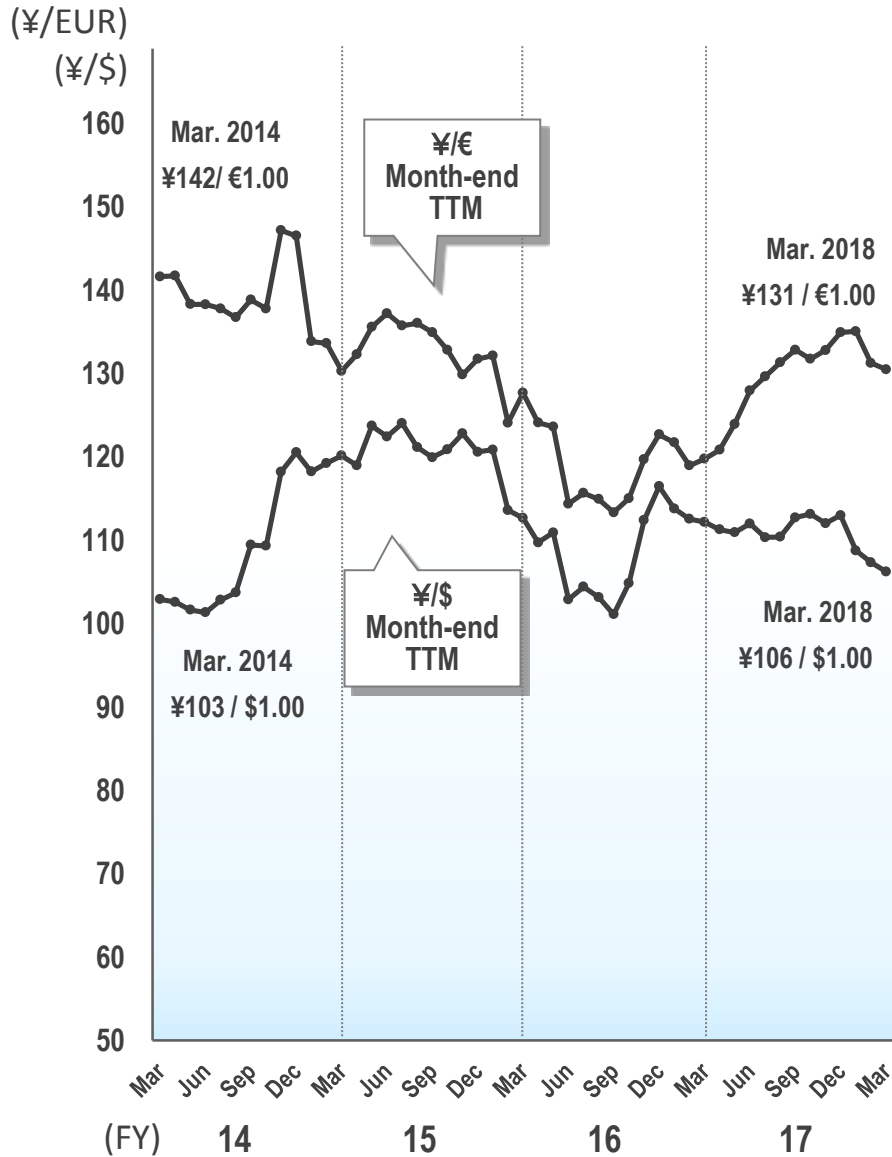
【Source: Teijin estimates based on data published by Platt's】

◆ 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 Apr.-June	2Q July-Sept.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	1Q Apr.-June	2Q July-Sept.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total
<i>Bonalon</i> ^{*1}	Osteoporosis	3.1	2.8	3.1	2.5	11.6	2.8	2.8	3.0	2.2	10.9
<i>Onealfa</i> [®]	Osteoporosis	1.0	0.9	1.0	0.8	3.7	0.9	0.9	0.9	0.5	3.1
Osteoporosis total		4.1	3.8	4.1	3.3	15.3	3.7	3.6	3.9	2.8	14.0
<i>FEBURIC</i> [®]	Hyperuricemia and gout	6.4	6.4	7.5	6.3	26.5	7.4	7.5	8.8	6.9	30.7
<i>Venilon</i> [®]	Severe infection	1.0	1.2	1.4	1.1	4.7	1.3	1.3	1.4	1.1	5.1
<i>Mucosolvan</i> [®]	Expectorant	1.4	1.3	1.7	1.3	5.8	1.3	1.2	1.5	1.2	5.1
<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	0.8	0.7	2.5
<i>LOQQA</i> [®]	osteoarthritis pain and inflammation	0.2	0.2	0.3	0.3	1.0	0.5	0.5	0.5	0.4	1.8
<i>Laxoberon</i> [®]	Laxative	0.5	0.5	0.5	0.4	2.0	0.4	0.5	0.5	0.3	1.7
<i>Tricor</i> [®]	Hyperlipidemia	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.2	1.4
<i>Alvesco</i> [®]	Asthma	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2

*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 Mar. 31, 2018)

	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		TCF-12*3 TMG-123 TMX-049 TMX-049DN*4	ITM-014T*5 STM-279	TMX-67 (PRC)	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 1/2 trials in January 2018 for TCF-12, a uremic toxin binding agent, with the aim of obtaining approval for an indication for chronic kidney disease ■ *4 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 ■ *5 Started clinical development (Phase 3 trials) in October 2017 for an additional indication of *Somatuline*® for thyroid stimulating hormone-secreting pituitary tumors ■ *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 Mar. 31, 2018)

[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 Mar. 31, 2018)

[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 Leadiant Biosciences, Inc (U.K.)

◆ Newly developed pharmaceutical candidates

(As of Mar. 31, 2018)

[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 Mar. 31, 2018)

[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

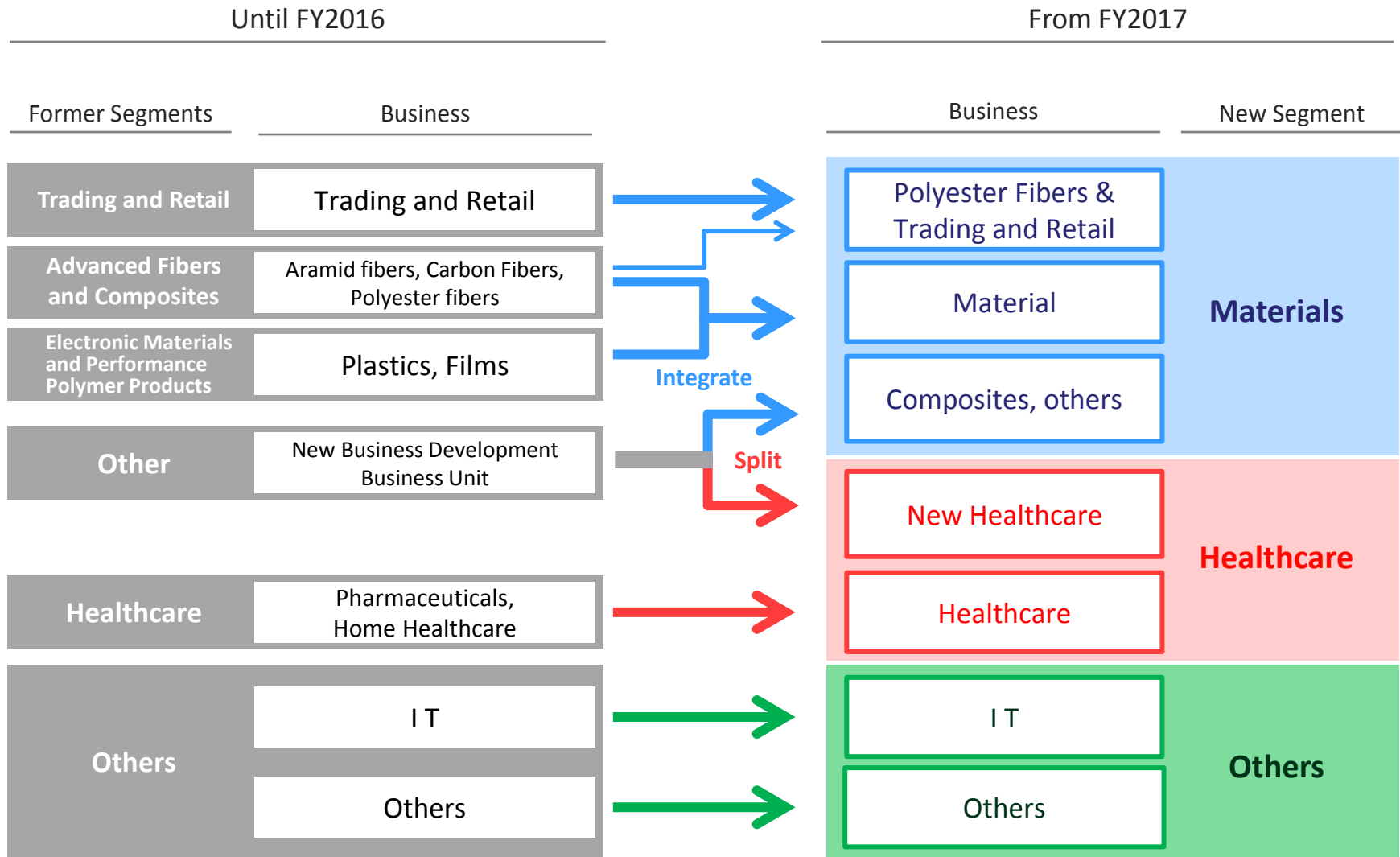
◆ Newly developed pharmaceutical candidates

(As of Mar. 31, 2018)

[PHASE II] (Continued)

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TCF-12	Chronic kidney disease	A fibrous adsorption charcoal that offers promise in alleviating uremia symptoms in chronic kidney disease (progressive) and delaying the onset of end-stage renal disease (ESRD) based on its high adsorption capacity for uremic toxins, along with improving medication adherence due to a reduced dosage.	Capsule	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
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

◆ 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.