



Flash Report

Results of FY2018 2Q & Outlook for FY2018



Teijin Limited
November 5, 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.

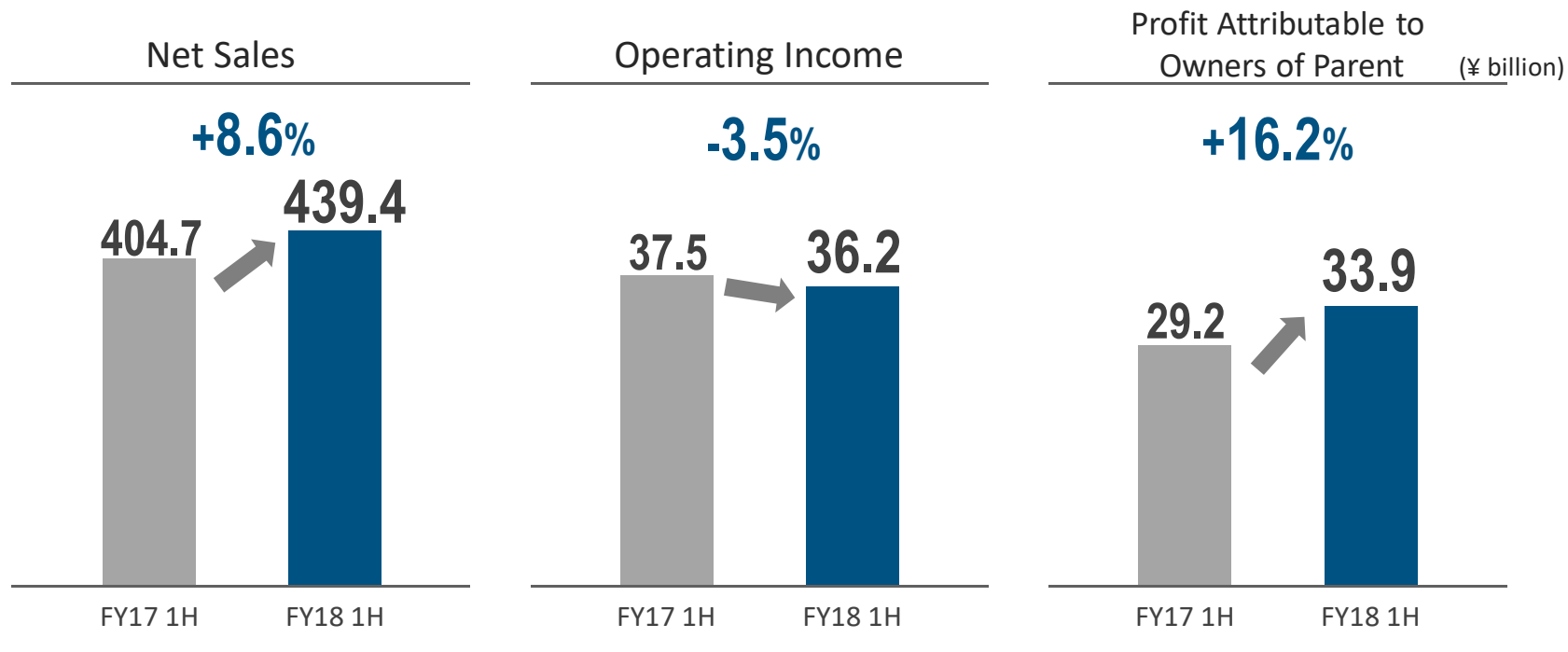
Note

This material is based on the consolidated results for FY2018 2Q announced at 11:30 A.M. on Nov 5, 2018 (local time in Japan).

1. Results of the FY2018 2Q

**FY2018 1H
Performance Highlights**

▪ Record-high profit attributable to owners of parent for a 1H period



- Net sales increased due to firm sales in both Materials and Healthcare.
- Operating income was pushed down by high raw material and fuel prices and increased one-time expenses at CSP* in connection with new project orders.
- Profit attributable to owners of parent increased, partly due to increases in non-operating income and extraordinary income.

* Continental Structural Plastics Holdings Corporation (hereinafter "CSP"), a U.S. subsidiary.

(¥ billion)

◆ Operating Results

	FY17 1H	FY18 1H	Difference	% Change
Net Sales	404.7	439.4	+34.8	+8.6%
Operating Income	37.5	36.2	-1.3	-3.5%
Non-operating Items (Net)	0.4	3.6	+3.2	+813.0%
Ordinary Income	37.9	39.8	+1.8	+4.9%
Extraordinary Items (Net)	4.7	3.6	-1.1	-23.1%
Income Before Income Taxes	42.6	43.3	+0.8	+1.8%
Profit Attributable to Owners of Parent	29.2	33.9	+4.7	+16.2%

ROE *1	16.2%	16.7%	+0.6%
ROIC *2	11.9%	10.8%	-1.1%
EBITDA *3	60.1	59.6	-0.5

	FY17 1H	FY18 1H	Difference	% Change
CAPEX*4	17.7	25.9	+8.1	+45.9%
Depreciation & Amortization	22.6	23.4	+0.8	+3.7%
R&D Expenses	17.6	16.7	-0.9	-5.1%

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

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

*3 EBITDA = Operating income + Depreciation & amortization

*4 CAPEX includes investments in intangible assets

Note : Quarterly ROE and ROIC are determined by multiplying profit in 1H by a factor of two

◇ PL exchange rate

	FY17 1H	FY18 1H	Difference
JPY/USD	111	110	-1
JPY/EUR	126	130	+4
USD/EUR	1.14	1.18	+0.04

(¥ billion)

◆ Non-operating items

	FY17 1H	FY18 1H	Difference
Interest income	0.5	0.5	+0.0
Dividends income	1.2	1.3	+0.1
Gain on valuation of derivatives	0.3	4.3	+4.0
Equity in earnings of affiliates	0.8	1.4	+0.5
Others	0.6	0.6	+0.0
Non-operating income, total	3.5	8.1	+4.6
Interest expenses	1.3	1.7	+0.4
Foreign exchange losses	1.1	1.8	+0.7
Others	0.7	1.0	+0.3
Non-operating expenses, total	3.1	4.6	+1.5
Non-operating items, total	0.4	3.6	+3.2

◆ Extraordinary items

	FY17 1H	FY18 1H	Difference
Gain on sales of noncurrent assets	5.5	0.3	-5.2
Gain on sales of investment securities	0.4	3.6	+3.2
Settlement received	—	4.5	+4.5
Others	0.1	0.2	+0.1
Extraordinary income, total	6.0	8.5	+2.6
Loss on sales and retirement of noncurrent assets	0.7	0.9	+0.2
Impairment loss	0.2	3.9	+3.8
Others	0.4	0.1	-0.3
Extraordinary loss, total	1.3	5.0	+3.6
Extraordinary items, total	4.7	3.6	-1.1

1. Results of the FY2018 2Q

TEIJIN

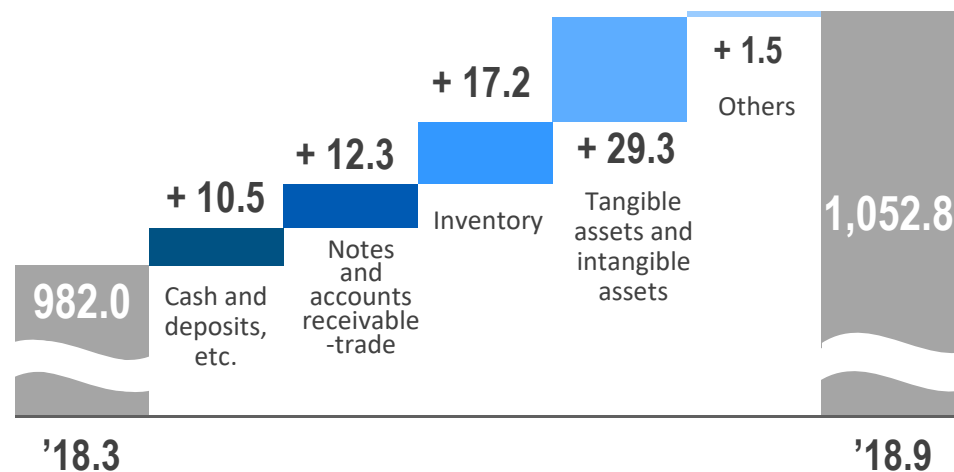
◆ Financial position

	Mar. 31, 2018*	Sept. 30, 2018	Difference	(Impact of foreign exchange rate)
Total assets	982.0	1,052.8	+70.8	+9.8
Liabilities	573.7	619.3	+45.5	+4.8
[Interest-bearing debt]	344.2	400.7	+56.5	+4.1
Net assets	408.2	433.5	+25.3	+5.0
D/E ratio	0.88	0.96	+0.08	—

*The partial amendments to the “Accounting Standard for Tax Effect Accounting” have been retrospectively reflected in the figures as of March 31, 2018.

◇ Changes in total assets

(¥ billion)



◆ Cash flows

(¥ billion)

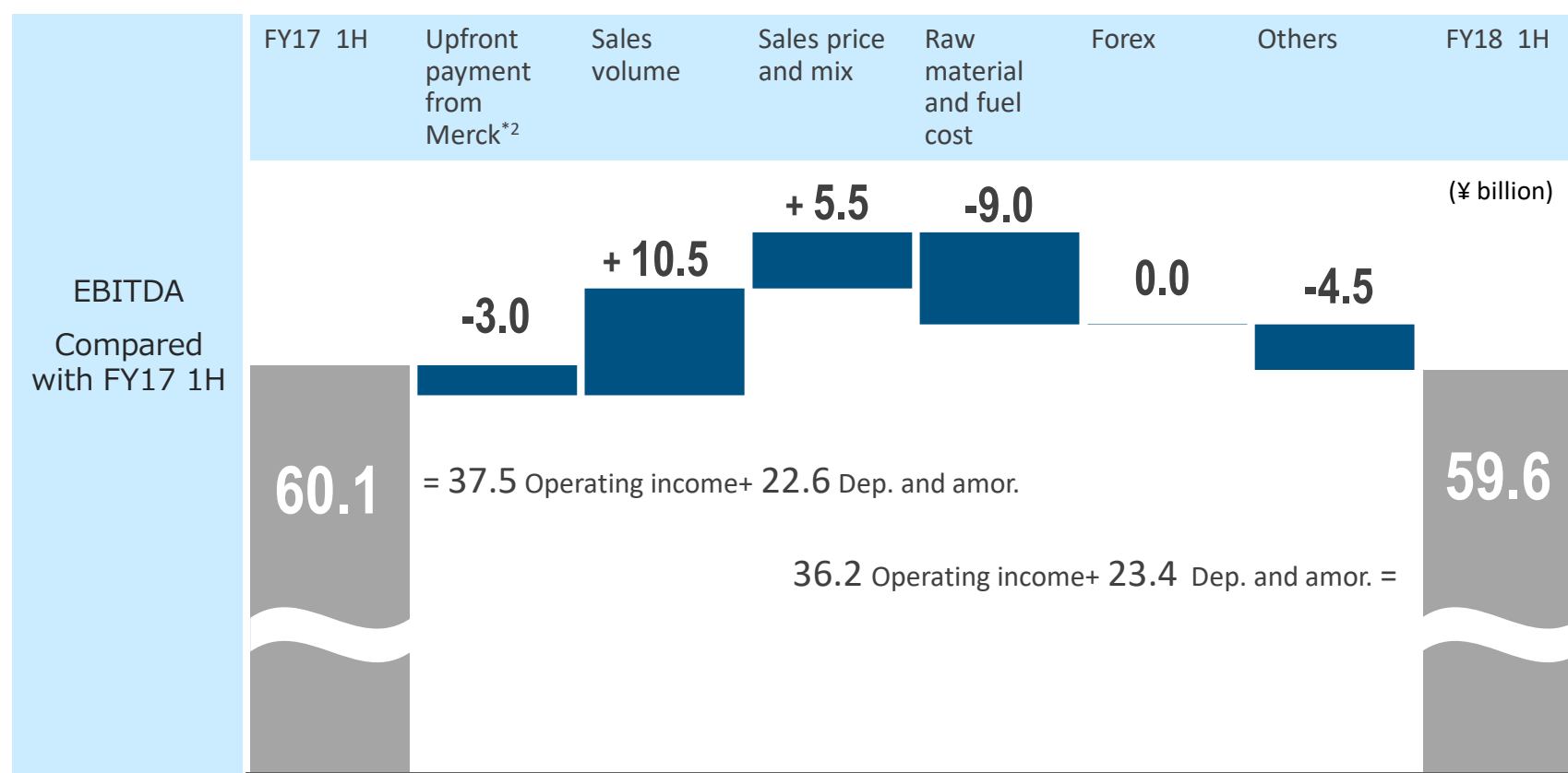
	FY17 1H	FY18 1H	Difference
Operating activities	25.8	33.9	+8.1
Investing activities	(20.9)	(42.3)	-21.4
Free cash flow	4.9	(8.4)	-13.3
Financing activities	(35.6)	19.9	+55.5
Net inc/dec in Cash & cash equivalents	(30.7)	11.5	+42.2

◇ BS exchange rate

	Mar. 31, 2018	Sept. 30, 2018	Difference
JPY / USD	106	114	+7
JPY / EUR	131	132	+2
USD / EUR	1.23	1.16	-0.07

◆ Changes in EBITDA*¹ Compared with FY17 1H

Covered the impact of high raw material and fuel prices by passing them on to selling prices and improving the sales mix

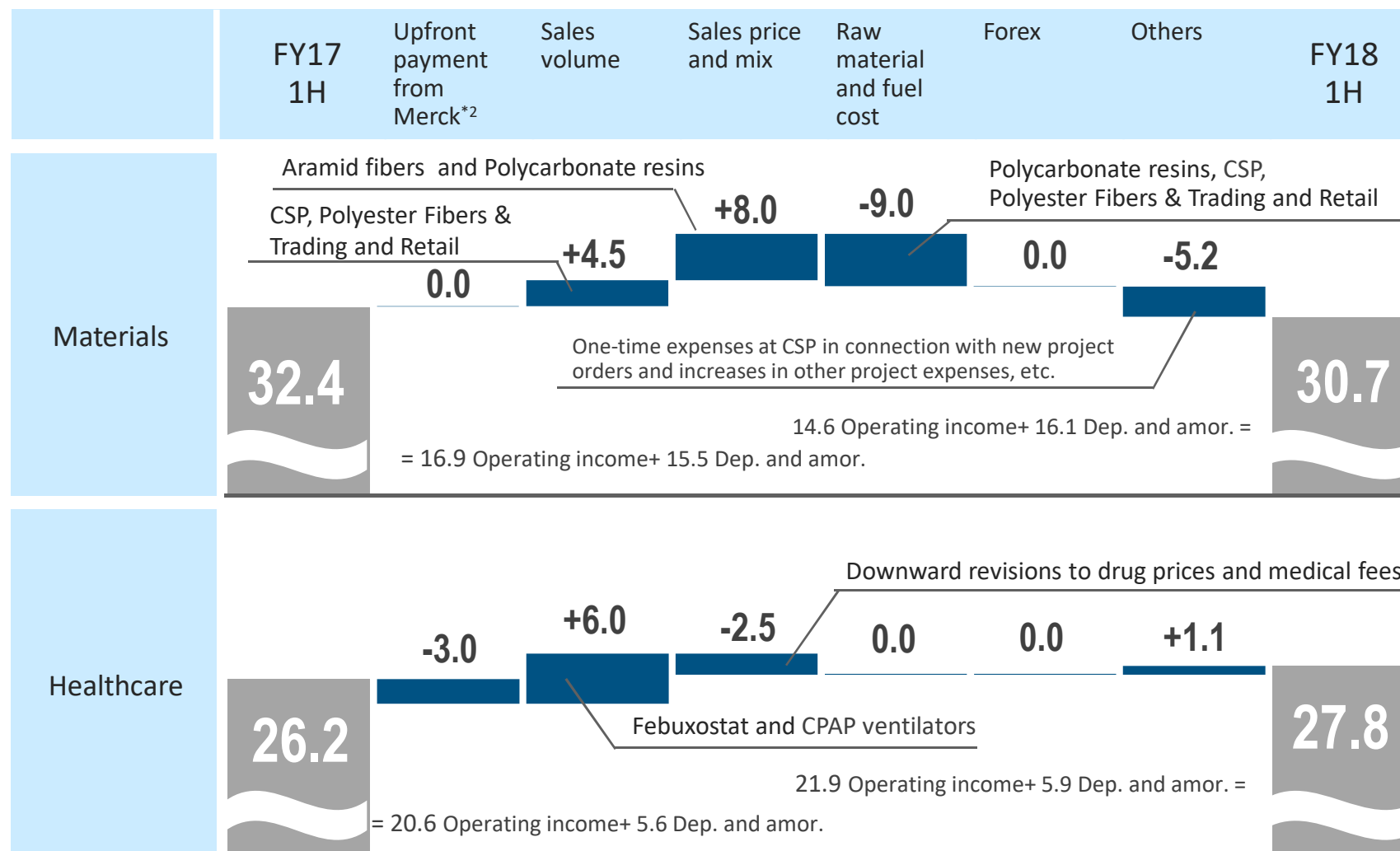


*1 EBITDA = Operating income + Depreciation & amortization

*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

◆ Changes in EBITDA*¹ by segment Compared with FY17 1H

(¥ 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

◆ Operating Results by Segment Compared with FY17 1H

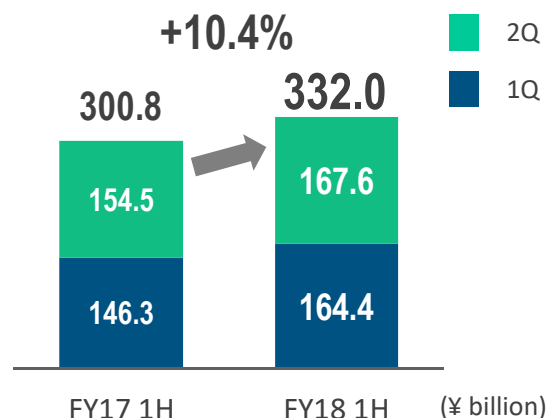
(¥ billion)

		FY17 1H	FY18 1H	Difference	% Change
Net sales	Material business group	123.4	134.4	+11.0	+8.9%
	Polyester Fibers & Trading and Retail business group	140.1	154.0	+13.9	+9.9%
	Composites, others	37.4	43.6	+6.2	+16.6%
	Materials Total	300.8	332.0	+31.1	+10.4%
	Healthcare	78.0	80.4	+2.4	+3.1%
	Others	25.8	27.0	+1.2	+4.6%
	Total	404.7	439.4	+34.8	+8.6%
Operating income (loss)	Materials	16.9	14.6	-2.3	-13.8%
	Healthcare	20.6	21.9	+1.2	+6.0%
	Others	2.9	2.6	-0.4	-12.9%
	Elimination and Corporate	(2.9)	(2.8)	+0.1	—
	Total	37.5	36.2	-1.3	-3.5%

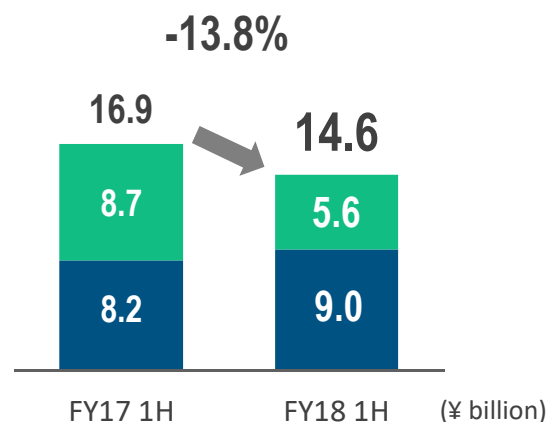
Materials

- Net sales increased due to firm sales in each business
- Earnings decreased mainly due to high raw material and fuel prices and one-time expenses at CSP

Net sales



Operating income



Material business group

- Sales of aramid fibers were firm, primarily for automotive applications
- Earnings in carbon fibers were pushed down by factors such as expenses for launching a new plant in North America
- The sales mix for polycarbonate resins improved
- Sales of release films for manufacturing processes were favorable

Polyester Fibers & Trading and Retail business group

- Fiber Materials and Apparel were impacted by rising raw material and fuel prices, despite firm sales
- Sales for use in bed and bedding applications were favorable, while sales for use in civil engineering materials were sluggish in Industrial Textiles and Materials

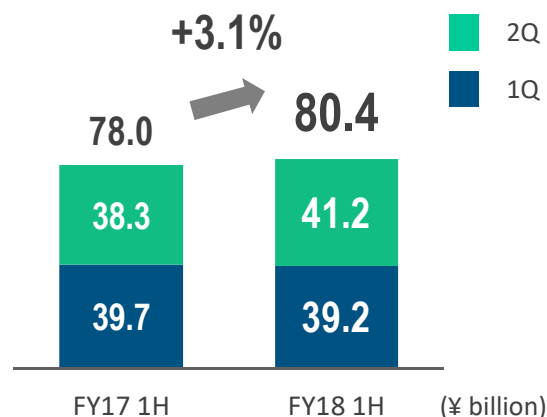
Composites, others

- Rising raw material prices and increased one-time expenses at CSP in connection with new project orders, despite steady increases in sales of mass-produced automotive components of CSP
- Sales of lithium-ion battery (LIB) separators for consumer applications were sluggish

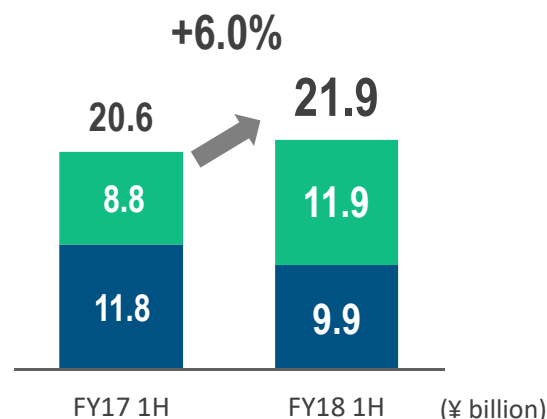
Healthcare

▪ Earnings increased on higher sales due to growth in sales of mainstay products and services

Net sales



Operating income



Pharmaceuticals

- Growth in sales of the hyperuricemia and gout treatment *FEBURIC* (febuxostat) covered the absence of the upfront payment from Merck (¥3.0 billion) recorded in FY2017 1H and a persistently harsh environment for long-listed originator drugs

Home Healthcare

- Rental volume for oxygen concentrators for home oxygen therapy (HOT) remained at high levels, helped partly by an enhanced lineup of portable oxygen concentrators
- Rental volume for continuous positive airway pressure (CPAP) ventilators increased, mainly due to the use of the SAS-2100 sleeping pattern analysis devices.

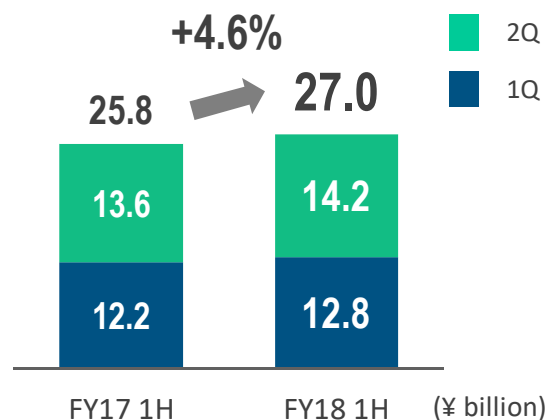
New Healthcare

- Implantable medical products performed steadily, driven primarily by artificial joint and orthopedic spine products

Others

The IT business delivered a solid performance

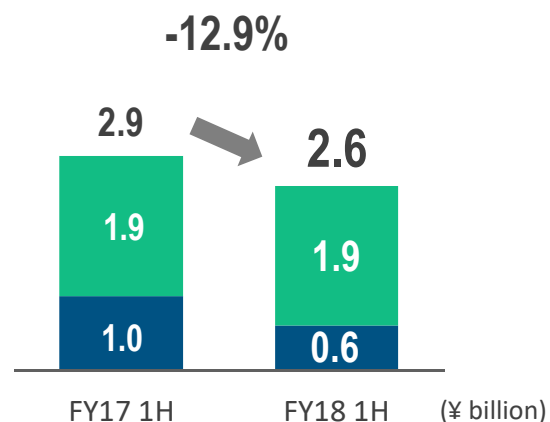
Net sales



IT

- Sales of the *Meccha Comics* e-comics distribution service steadily expanded.
- In Business Solutions, services for hospitals performed firmly, and a change-of-job website for the nursing care industry was launched

Operating income



Financial Topics

Shareholder returns and sale of shares

1.Dividends

FY2018 ¥70 per share
(no change)

- Breakdown
1H: ¥30 per share
2H: ¥40 per share (includes a ¥10 commemorative dividend to mark the Company's founding centennial)
- Dividend payout ratio
Targeting a consolidated dividend payout ratio of 30%. The dividend payout ratio is forecast at approximately 28% for FY2018.

2.Acquisition of own share

Conducted on August 2, 2018

- Acquisition details
Teijin common stock 9,107,400 shares(Percentage of the total number of issued shares (excluding treasury stock): Approximately 5%)
Approximately ¥20.0 billion
- Execute flexible capital policies with a view to improving capital efficiency and enhancing shareholder returns

3.Sale of shares

Sell shares for which the holding purpose has diminished

- Major sales of shares in FY2018 1H
KYORIN Holdings, Inc.: Sold all shares (Sales proceeds: Approximately ¥35.3 billion)
Other companies: Sold a portion of shares (Approximately ¥2.5 billion)
Financial institutions: Sold a portion of shares (Approximately ¥4.0 billion: including retirement benefit trusts)

2. Outlook for FY2018

Key Financial Indicators

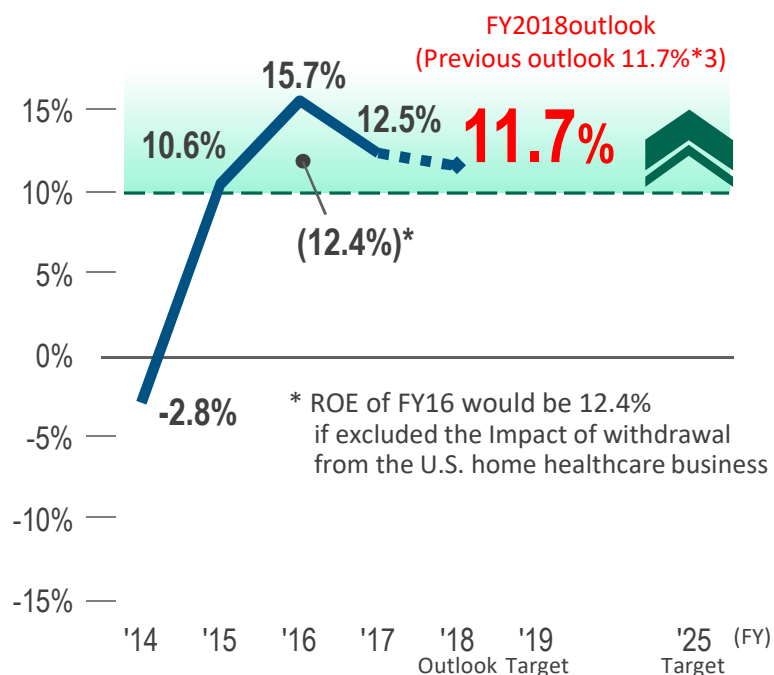
- ROE to remain at our medium-term target of 10% or more
- EBITDA to progress steadily toward the target for FY2019
- The EBITDA forecast for FY2018 is ¥112.0 billion.

ROE*1

Medium
-term
target

10% +

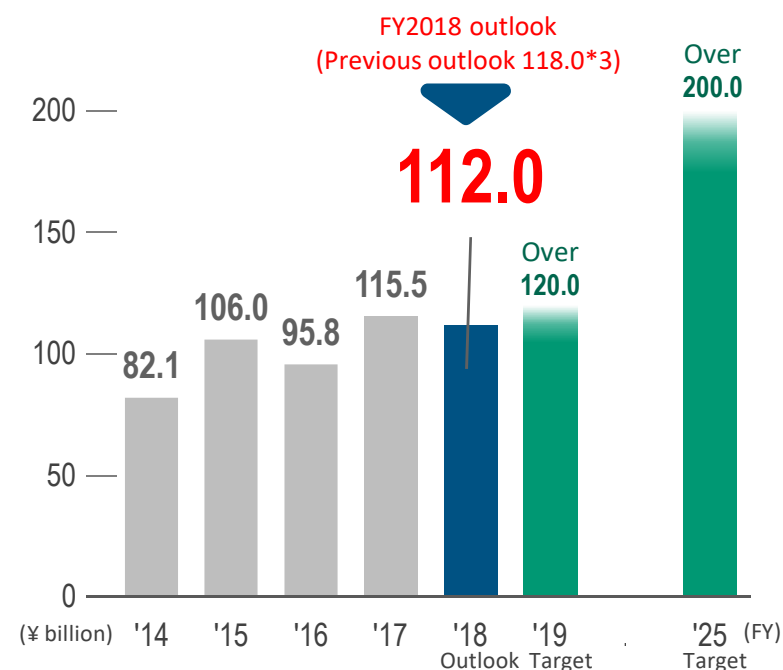
Trend



EBITDA*2

Over ¥120 billion in FY2019

Over ¥200 billion in FY2025



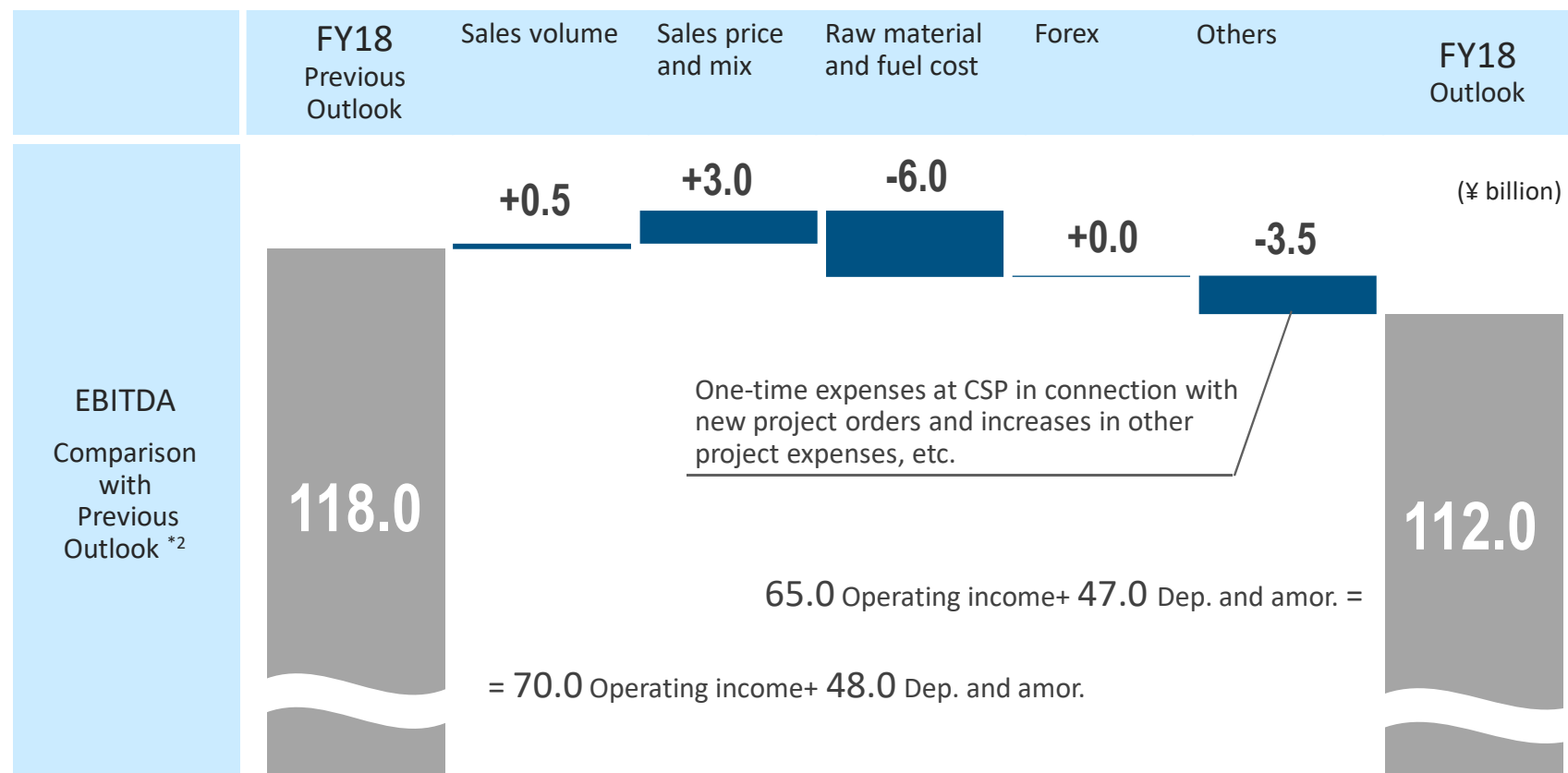
*1 ROE=Profit(loss) attributable to owners of parent/Shareholders' equity

*2 EBITDA = Operating income + Depreciation & amortization

*3 Announced on August 1, 2018

◆ Changes in EBITDA^{*1} Compared with Previous Outlook^{*2}

Strive to mitigate the impact of high raw material and fuel prices and other factors by improving sales prices and the sales mix

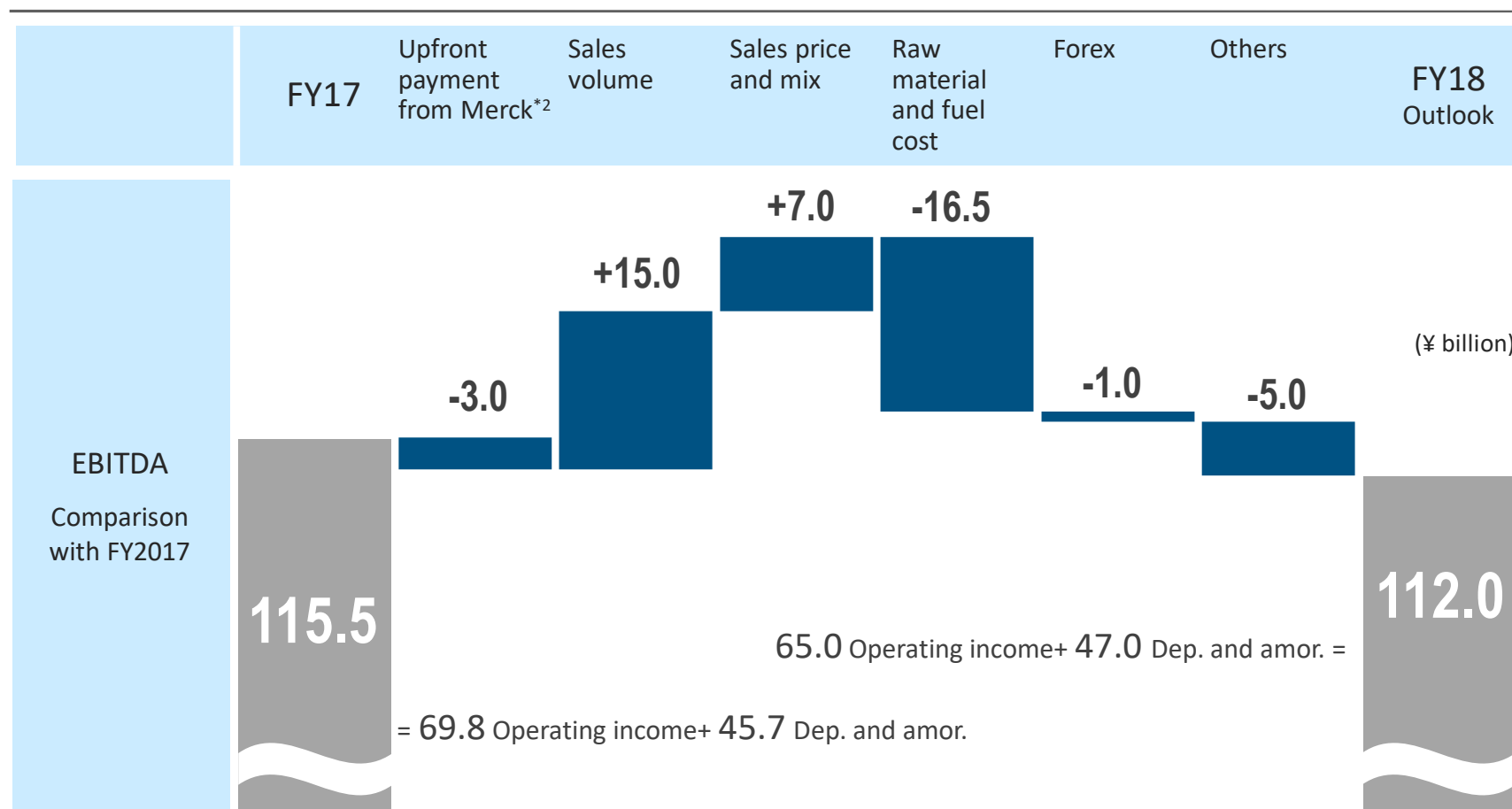


*1 EBITDA = Operating income + Depreciation & amortization

*2 Announced on Aug 1, 2018

◆ Changes in EBITDA*¹ Compared with FY17

Covered the impact of high raw material and fuel prices by passing them on to selling prices and improving the sales mix

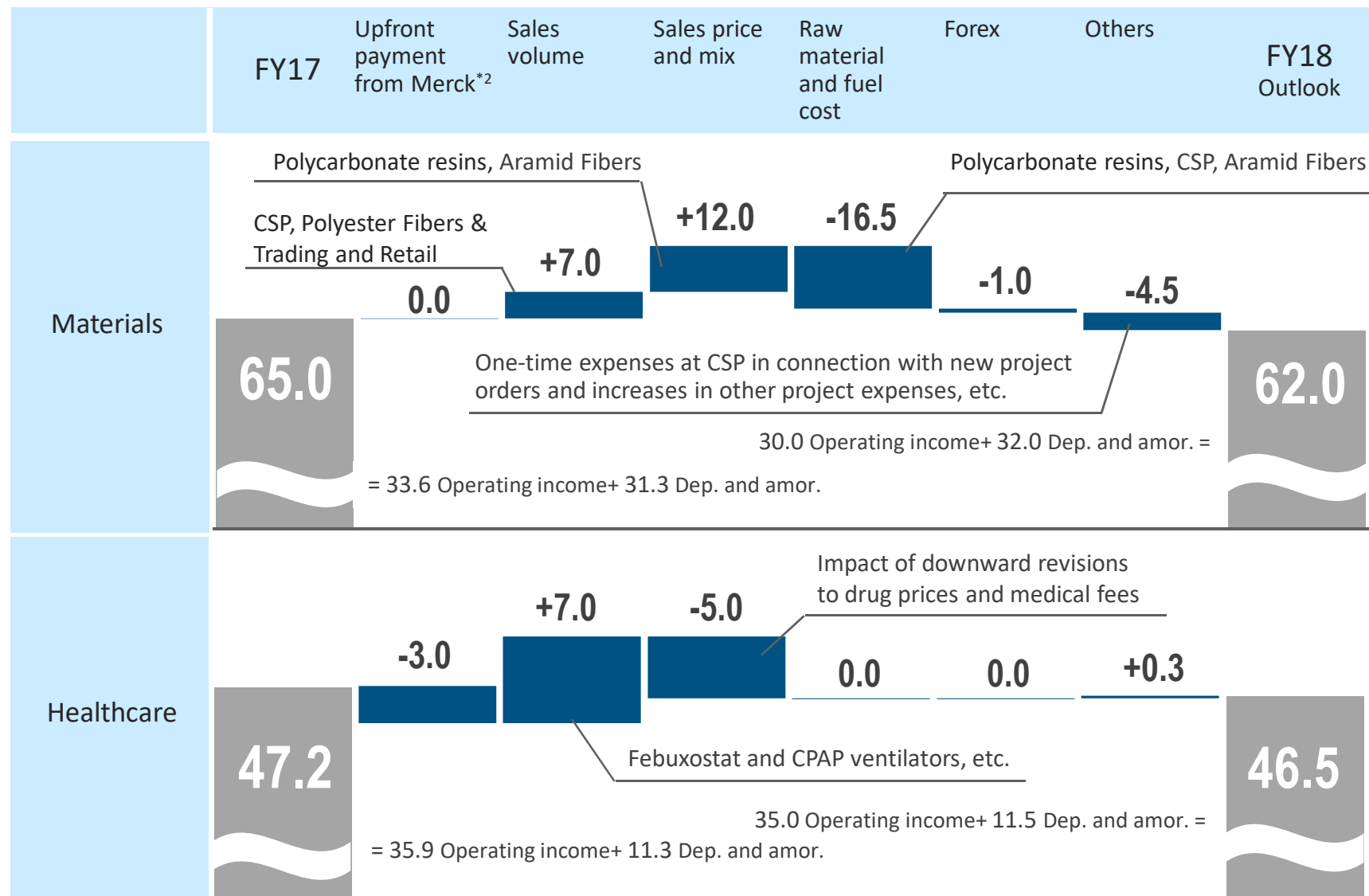


*1 EBITDA = Operating income + Depreciation & amortization

*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

◆ Changes in EBITDA*¹ by segment Compared with FY17

(¥ billion)

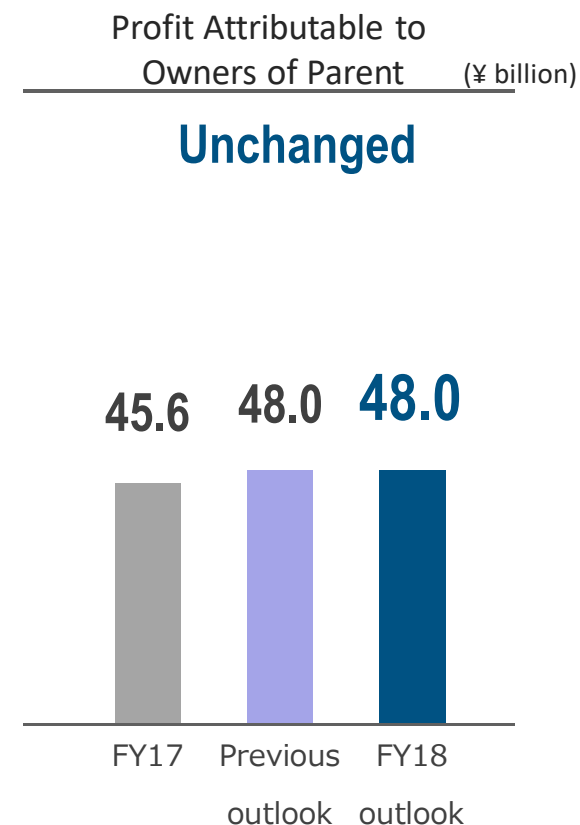
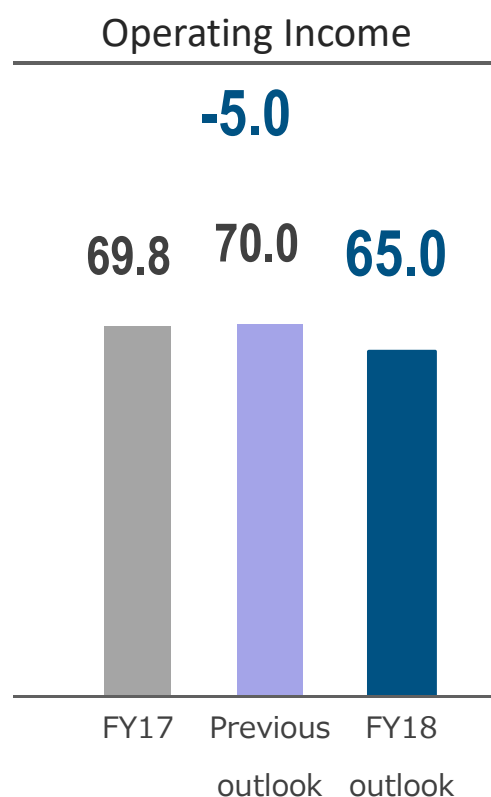
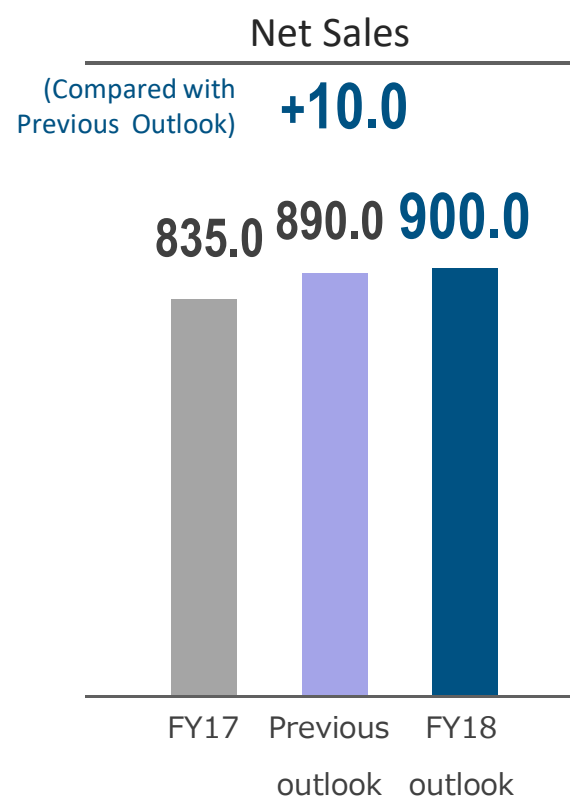


*1 EBITDA = Operating income + Depreciation & amortization

*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

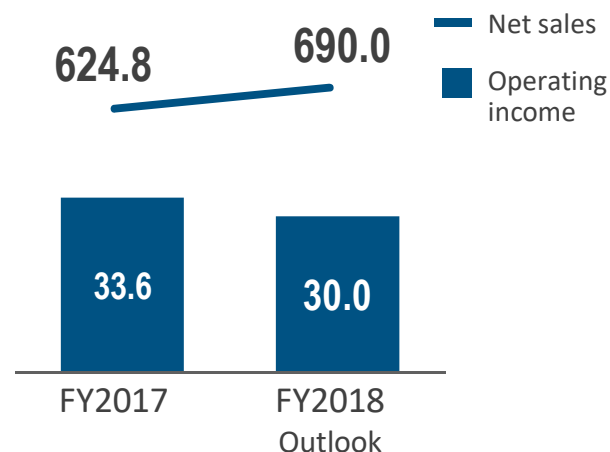
Outlook for FY2018

▪ Impacts from high raw material and fuel prices and other factors, despite firm sales in Materials and Healthcare



Outlook for FY18 by segment

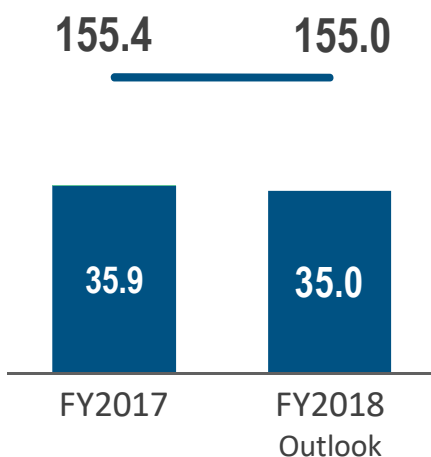
Materials (¥ billion)



Lower earnings on higher sales

- Earnings to decrease mainly based on high raw material and fuel prices and increased one-time expenses at CSP in connection with new project orders, despite steady sales including CSP

Healthcare (¥ billion)



Slight decline in earnings on mostly flat sales

- Firm market sales in both Japan and overseas cover the impact of downward revisions to drug prices and the upfront payment from Merck (¥3.0 billion) in FY2017 1H

FEBURIC

- A decision was made to grant a two-year extension of the reexamination period in Japan (until January 2021)*

*In Japan, generic products are not expected to enter the market until early FY2022.

- In the PRC, approval was obtained in September 2018.

Expand automotive composite components

- Sales of CSP to increase steadily, as business expansion initiatives proceed in Europe

- ✓ Sales of CSP are increasing steadily
Steady growth in sales of glass fiber reinforced plastic (GFRP) for FCA's new Jeep model, launched in early 2018.
- ✓ Decision made for the first time in the world to adopt automotive carbon fiber reinforced thermoplastic (CFRTP) components in a mass-produced vehicle.(2019 GMC Sierra Denali)
- ✓ Decision made in July 2018 to install a sheet molding compound (SMC) line at CSP Europe, an R&D center of CSP.
- ✓ Acquired Inapal Plasticos SA (Inapal), a leading automotive composite supplier in Portugal, in August 2018.



FCA Jeep



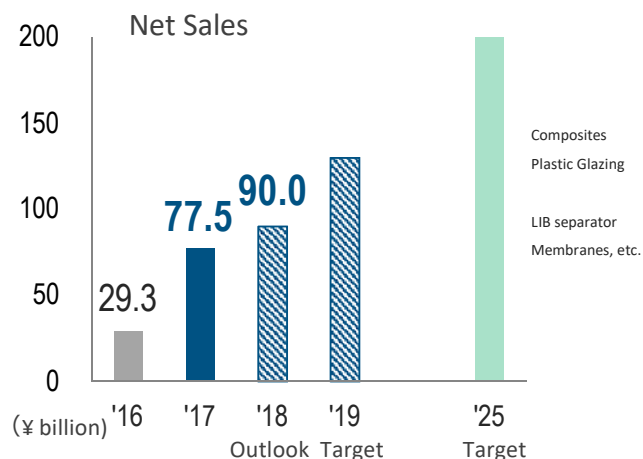
Inapal Palmela Plant

As a Tier 1 supplier in the automotive industry, we will expand the product variety for multi-material composites with a focus on the needs of final customers as we broaden our geographies and customers, targeting automotive composites sales of \$2,000 million by around 2030.

Transformation Strategy: Progress and Outlook

- Materials: Secured European automotive composite sites
- Healthcare: Continue upgrading and expanding the services lineup

Materials



Converted Inapal Plasticos SA (Inapal), a leading automotive composite supplier in Portugal, into a wholly owned subsidiary

Completed the acquisition of Inapal, which has an extensive track record of composites adoption by European automakers. This measure follows a decision made to install a GF-SMC* line at CSP Europe.

*Glass Fiber-Sheet Molding Compound

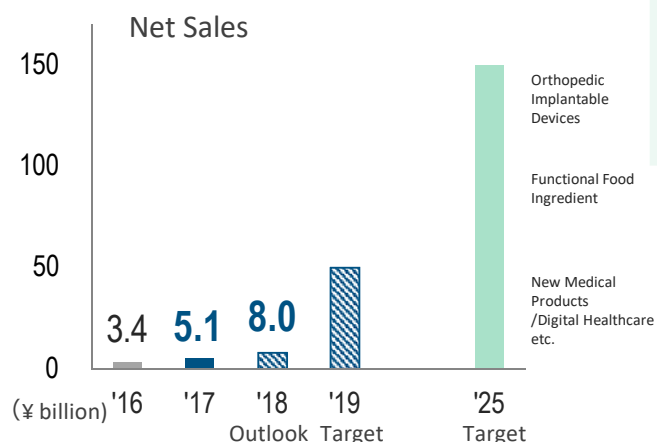


Inapal Palmela Plant

Outline of Inapal

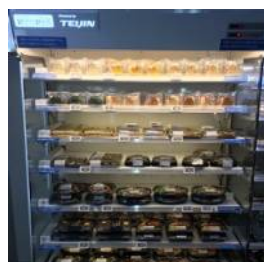
- Name: Inapal Plasticos SA
- Sales: EUR 31.9 million (results for 2017)
- Employees: Approximately 330
- Business: Design, molding and processing of automotive composite materials and components

Healthcare



Progress on development aimed at expanding the *Recopick* inventory management system business

- In the healthcare field, *Recopick* has been deployed at medical institutions such as St. Luke's International Hospital in Tokyo, thereby reducing the number of overstocked medical devices in hospitals and clinics, as well as significantly reducing delivery times and management processes. *Recopick* received the Fuji Sankei Business Eye Award at the 20th Automatic Identification Systems Awards.



Displayed at the Lawson booth at CEATEC JAPAN 2018

In the retail field, we worked closely with Lawson, Inc. to develop a system capable of efficient real-time management of product details for items stocked in refrigerated showcases.

Recopick: A radio frequency identification (RFID) system designed to efficiently manage the storage and retrieval of inventory items and their location using the UHF band, which excels in simultaneously reading massive numbers of RFID tags.

◆ Summary of Outlook for FY2018

(¥ billion)	FY2017	FY2018 Outlook	Difference	% Change	Previous Outlook* ⁵	Difference
Net sales	835.0	900.0	+65.0	+7.8%	890.0	+10.0
Operating income	69.8	65.0	-4.8	-6.9%	70.0	-5.0
Ordinary income	67.8	67.0	-0.8	-1.2%	72.0	-5.0
Profit (loss) attributable to owners of parent	45.6	48.0	+2.4	+5.4%	48.0	0
ROE* ¹	12.5%	11.7%	-0.8%		11.7%	0.0%
ROIC * ²	11.2%	10.0%	-1.2%		10.3%	-0.4%
EBITDA * ³	115.5	112.0	-3.5		118.0	-6.0
Free cash flow	28.8	15.0	-13.8		15.0	0
CAPEX* ⁴	44.6	75.0	+30.4		75.0	0
Depreciation & Amortization	45.7	47.0	+1.3		48.0	-1.0
R&D Expenses	35.9	37.0	+1.1		37.0	0

Assumptions for FY2018 outlook in 2H

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

An average Dubai crude oil price : US\$75/barrel

*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

Dividend forecasts (No changes from previous outlook)

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)

Conducted share buybacks (approx. ¥20.0 billion in Aug.)

*4 CAPEX includes investments in intangible assets

*5 Announced on August 1, 2018

3. Supplementary information

◆ Key Financial Indicators by segment

		FY2017	FY2018 Outlook	Difference	Previous Outlook* ¹	Difference
EBITDA* ² (¥ billion)	Materials	65.0	62.0	-3.0	69.0	-7.0
	Healthcare	47.2	46.5	-0.7	46.0	+0.5
	Others	7.8	8.5	+0.7	8.0	+0.5
	Elimination and Corporate	(4.5)	(5.0)	-0.5	(5.0)	0
	Total	115.5	112.0	-3.5	118.0	-6.0
ROIC* ³ (%)	Materials	9%	7%	-2%	8%	-1%
	Healthcare	29%	30%	+1%	24%	+6%
	Total	11%	10%	-1%	10%	-0%

*1 Announced on August 1, 2018

*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 for FY17-FY18

		FY17 Results			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
(¥ billion)								
Net sales	Material business group	123.4	130.7	254.1	134.4	140.6	275.0	+20.9
	Polyester Fibers & Trading and Retail business group	140.1	153.1	293.2	154.0	171.0	325.0	+31.8
	Composites, others	37.4	40.2	77.5	43.6	46.4	90.0	+12.5
	Materials Total	300.8	324.0	624.8	332.0	358.0	690.0	+65.2
	Healthcare	78.0	77.4	155.4	80.4	74.6	155.0	-0.4
	Others	25.8	29.0	54.8	27.0	28.0	55.0	+0.2
	Total	404.7	430.3	835.0	439.4	460.6	900.0	+65.0
Operating income (loss)	Materials	16.9	16.7	33.6	14.6	15.4	30.0	-3.6
	Healthcare	20.6	15.3	35.9	21.9	13.1	35.0	-0.9
	Others	2.9	3.2	6.1	2.6	3.9	6.5	+0.4
	Elimination and Corporate	(2.9)	(3.0)	(5.9)	(2.8)	(3.7)	(6.5)	-0.6
	Total	37.5	32.3	69.8	36.2	28.8	65.0	-4.8

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

		FY18 Previous Outlook*			FY18 Outlook			Difference
		1H	2H	Total	1H	2H	Total	Total
		(¥ billion)						
Net sales	Material business group	135.0	140.0	275.0	134.4	140.6	275.0	0
	Polyester Fibers & Trading and Retail business group	155.0	165.0	320.0	154.0	171.0	325.0	+5.0
	Composites, others	40.0	45.0	85.0	43.6	46.4	90.0	+5.0
	Materials Total	330.0	350.0	680.0	332.0	358.0	690.0	+10.0
	Healthcare	80.0	75.0	155.0	80.4	74.6	155.0	0
	Others	25.0	30.0	55.0	27.0	28.0	55.0	0
	Total	435.0	455.0	890.0	439.4	460.6	900.0	+10.0
Operating income (loss)	Materials	17.0	19.5	36.5	14.6	15.4	30.0	-6.5
	Healthcare	18.5	15.5	34.0	21.9	13.1	35.0	+1.0
	Others	2.5	3.5	6.0	2.6	3.9	6.5	+0.5
	Elimination and Corporate	(3.0)	(3.5)	(6.5)	(2.8)	(3.7)	(6.5)	0
	Total	35.0	35.0	70.0	36.2	28.8	65.0	-5.0

* Announced on August 1, 2018

◆ Historical Financial Indicators

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual* ⁶	FY2018 Outlook
ROE* ¹	(2.8%)	10.6%	15.7%	12.5%	11.7%
ROIC * ²	7.1%	12.7%	10.0%	11.2%	10.0%
EBITDA * ³ (¥ billion)	82.1	106.0	95.8	115.5	112.0
Earnings per share* ⁴ (¥)	(41.1)	158.1	254.9	231.3	244.7
Dividends per share* ⁴ (¥)	20	35	55	60	70
Total assets (¥ billion)	823.7	823.4	964.1	982.0	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%	40.0%	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

*6 Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Results for FY2017 have been adjusted to reflect the retrospective application of the new accounting standard.

◆ Consolidated balance sheets

		FY2016		FY2017				FY2018	
		Dec. 31, 2016	Mar. 31, 2017	June 30, 2017	Sept. 30, 2017	Dec. 31, 2017	Mar. 31, 2018*	June 30, 2018	Sept. 30, 2018
(¥ billion)									
Total assets	Current assets	509.6	466.8	473.6	459.5	475.5	477.9	520.5	546.5
	Fixed assets	396.2	497.3	498.7	494.3	503.1	504.1	507.6	506.3
	Total	905.8	964.1	972.3	953.8	978.6	982.0	1,028.1	1,052.8
Total liabilities and net assets	Liabilities	551.5	612.2	596.6	556.0	567.3	573.7	604.7	619.3
	[Interest-bearing debt]	343.7	376.2	386.2	341.1	347.5	344.2	385.2	400.7
	Net assets	354.3	351.8	375.7	397.8	411.3	408.2	423.4	433.5
	Total	905.8	964.1	972.3	953.8	978.6	982.0	1,028.1	1,052.8

* Teijin has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) from FY2018. Figures as of the end of FY2017 (March 31, 2018) have been adjusted to reflect the retrospective application of the new accounting standard.

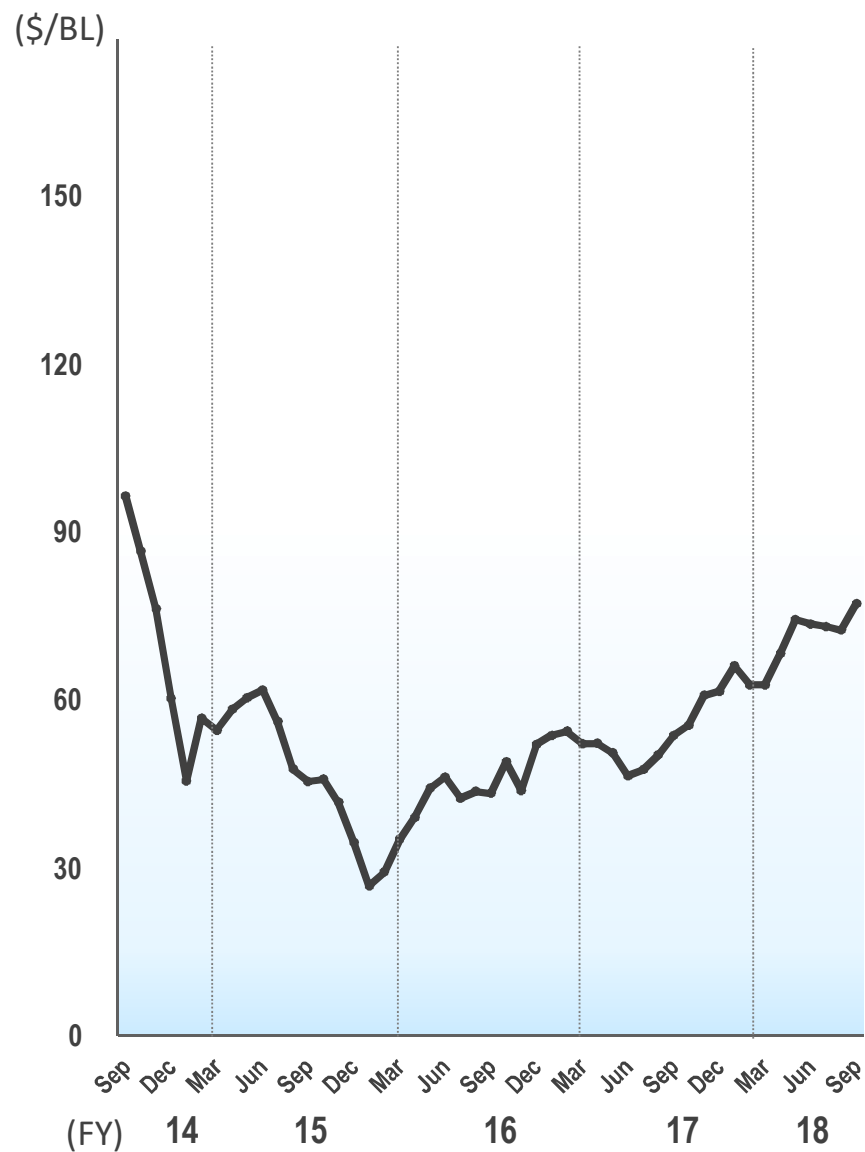
◆ Consolidated Statements of Income

	FY2017				FY2018		Difference
	1Q	2Q	3Q	4Q	1Q	2Q	
	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	18/2Q-17/2Q
(¥ billion)							
Net Sales	198.2	206.4	210.0	220.3	216.4	223.0	+16.6
Cost of sales	131.3	139.8	142.8	151.8	147.7	155.6	+15.9
Gross profit	66.9	66.6	67.2	68.5	68.7	67.4	+0.8
SG & A	47.8	48.3	48.5	54.9	50.5	49.4	+1.2
Operating income	19.1	18.4	18.8	13.5	18.3	17.9	-0.4
Non-operating items, net	0.9	(0.5)	0.1	(2.5)	2.9	0.6	+1.1
(Balance of financial expenses)	0.7	(0.4)	0.3	(0.3)	0.6	(0.6)	-0.2
(Equity in earnings and losses of affiliates)	0.3	0.5	0.1	0.3	0.3	1.1	+0.6
Ordinary income	20.0	17.9	18.9	11.0	21.2	18.6	+0.7
Extraordinary items (net)	(0.5)	5.1	(1.3)	(3.3)	4.9	(1.3)	-6.5
Income (loss) before income taxes	19.6	23.0	17.6	7.7	26.1	17.3	-5.8
Income taxes	6.0	6.4	6.8	1.6	6.4	2.4	-4.1
Profit attributable to non-controlling interests	0.2	0.8	0.3	0.3	0.2	0.5	-0.4
Profit attributable to owners of parent	13.4	15.8	10.5	5.8	19.5	14.4	-1.4

◆ Changes in net sales and operating income by segment

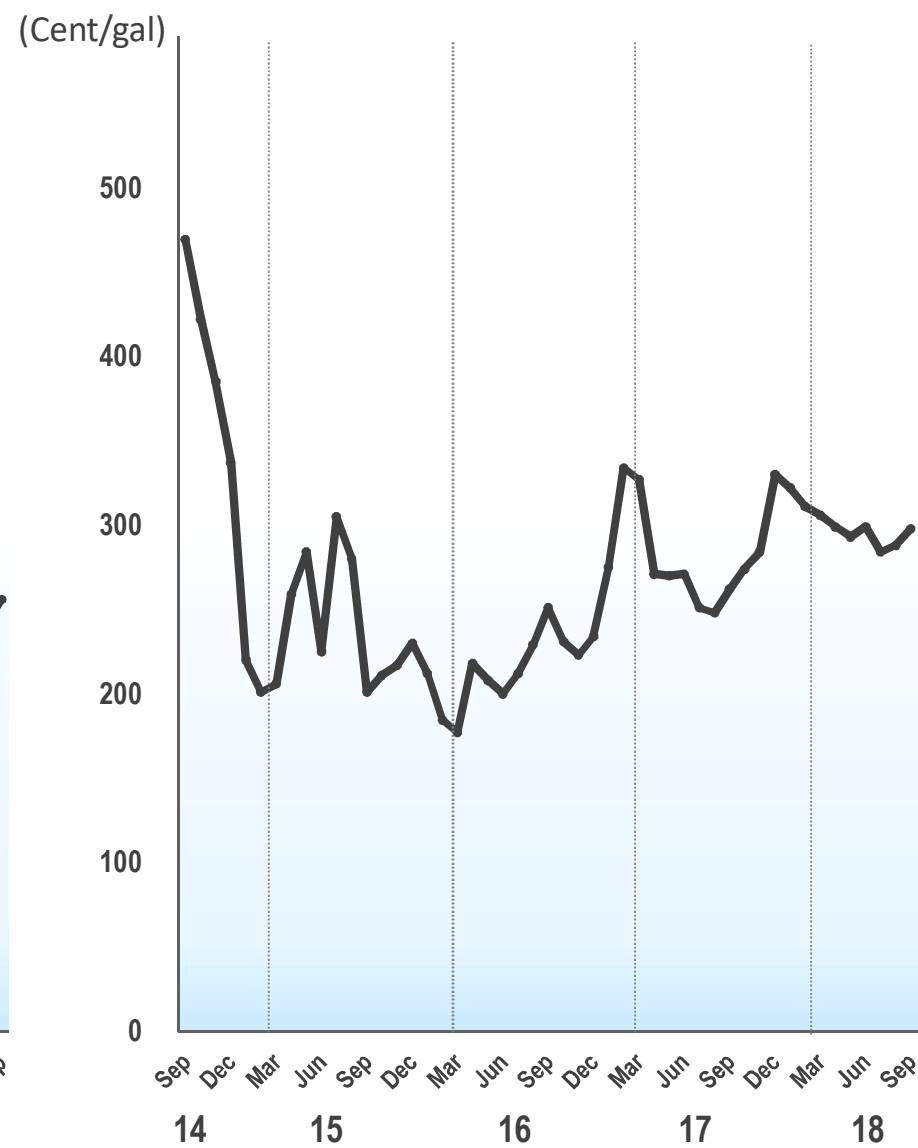
		FY2017				FY2018		Difference
		1Q	2Q	3Q	4Q	1Q	2Q	
		Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Mar.	Apr.-June	July-Sept.	18/2Q- 17/2Q
		(¥ billion)						
Net sales	Material business group	60.4	63.0	63.2	67.5	68.7	65.7	+2.7
	Polyester Fibers & Trading and Retail business group	66.4	73.7	75.5	77.6	73.8	80.3	+6.6
	Composites, others	19.4	17.9	17.4	22.7	21.9	21.7	+3.8
	Materials Total	146.3	154.5	156.1	167.8	164.4	167.6	+13.1
	Healthcare	39.7	38.3	40.8	36.5	39.2	41.2	+3.0
	Others	12.2	13.6	13.0	15.9	12.8	14.2	+0.6
	Total	198.2	206.4	210.0	220.3	216.4	223.0	+16.6
Operating income (loss)	Materials	8.2	8.7	7.3	9.4	9.0	5.6	-3.2
	Healthcare	11.8	8.8	11.5	3.8	9.9	11.9	+3.1
	Others	1.0	1.9	1.2	2.0	0.6	1.9	+0.0
	Elimination and Corporate	(1.9)	(1.1)	(1.2)	(1.7)	(1.3)	(1.5)	-0.4
	Total	19.1	18.4	18.8	13.5	18.3	17.9	-0.4

◆ Dubai crude oil prices



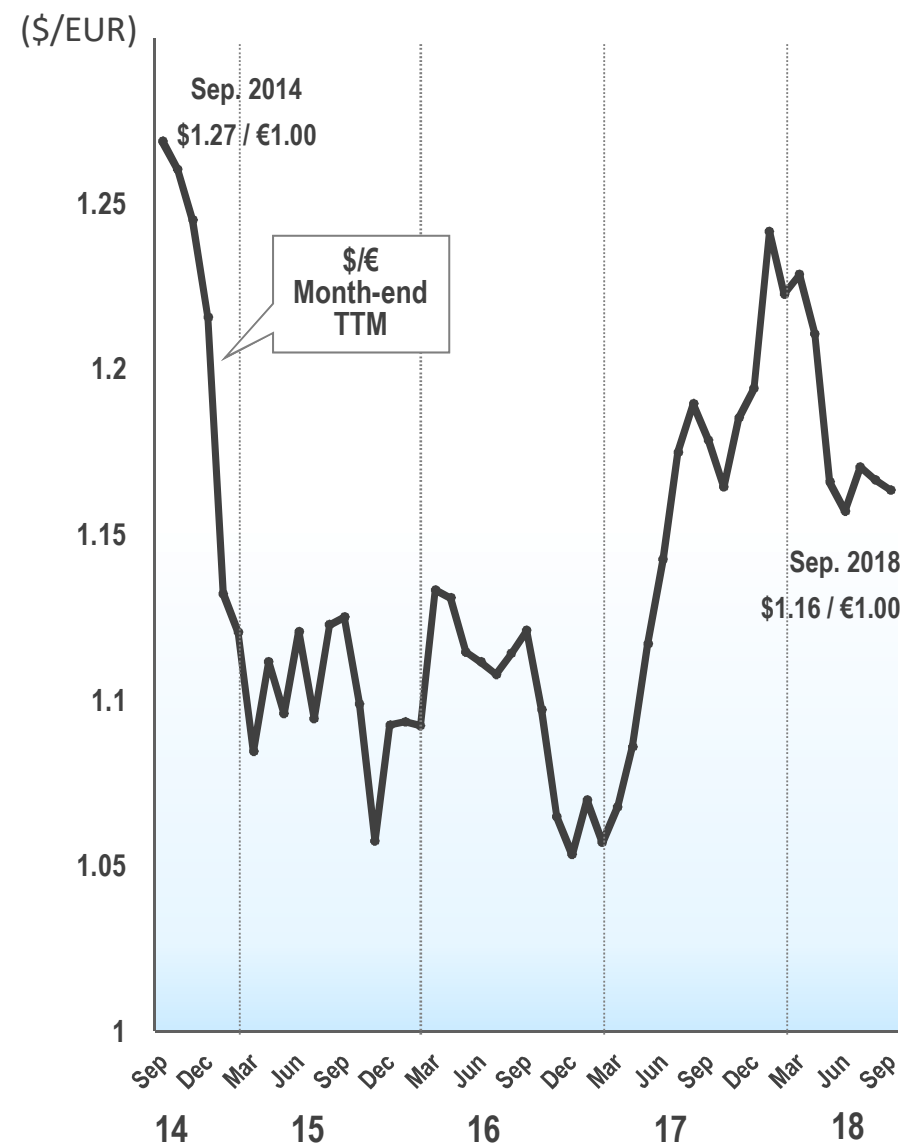
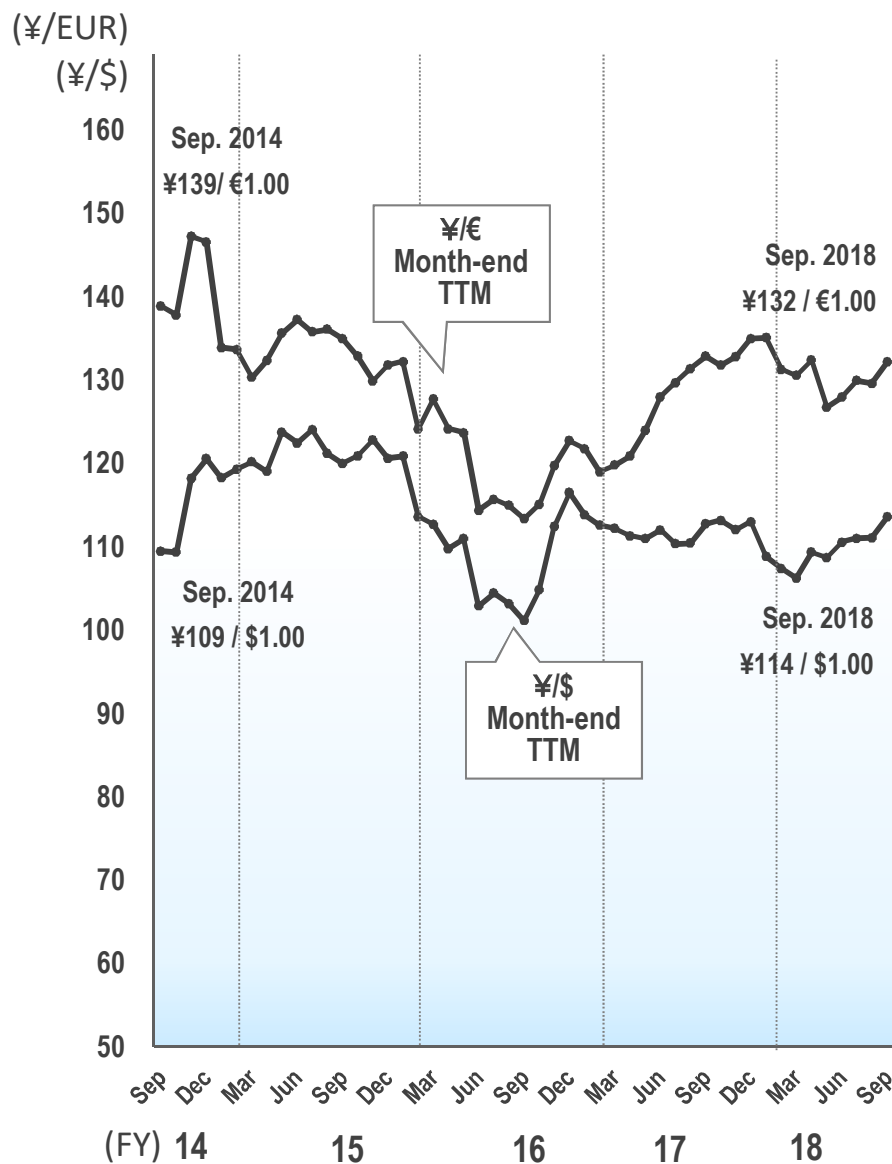
【Source: Teijin estimates based on data published by Platts】

◆ Benzene prices



【Source: Teijin estimates based on data published by Argus media】

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



◆ Sales of Principal Pharmaceuticals in Domestic Market

(¥ billion)

Product	Target disease	FY2017					FY2018	
		1Q Apr.- June	2Q July- Sept.	3Q Oct.- Dec.	4Q Jan.- Mar.	Total	1Q Apr.- June	2Q July- Sept.
<i>FEBURIC</i> ®	Hyperuricemia and gout	7.4	7.5	8.8	6.9	30.7	8.7	8.7
<i>Bonalon</i> ®*1	Osteoporosis	2.8	2.8	3.0	2.2	10.9	2.6	2.5
<i>Onealfa</i> ®	Osteoporosis	0.9	0.9	0.9	0.5	3.1	0.5	0.4
<i>Venilon</i> ®	Severe infection	1.3	1.3	1.4	1.1	5.1	1.3	1.3
<i>Mucosolvan</i> ®	Expectorant	1.3	1.2	1.5	1.2	5.1	1.0	1.0
<i>Somatuline</i> ®*2	Acromegaly and pituitary gigantism, neuroendocrine tumors	0.4	0.6	0.8	0.7	2.5	0.8	0.9
<i>LOQOA</i> ®	osteoarthritis pain and inflammation	0.5	0.5	0.5	0.4	1.8	0.5	0.5
<i>Laxoberon</i> ®	Laxative	0.4	0.5	0.5	0.3	1.7	0.4	0.3
<i>Tricor</i> ®	Hyperlipidemia	0.4	0.4	0.4	0.2	1.4	0.3	0.2
<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 September 30, 2018)

* Information of Approved/New Launch is for the past 1 year

	Phase of Clinical Trials			
	Phase II	Phase III	Filed for Approval	Approved/ * New Launch
Bone and joint disease	KTP-001	ITM-058 NT 201		
Respiratory disease	PTR-36			
Cardio-vascular and metabolic disease	TCF-12 TMX-049 TMX-049DN TMX-67HK* ¹	ITM-014T	STM-279	TMX-67 (PRC) * ²
Others		GGs-MPA GGs-ON	GGs-CIDP* ³	

*¹ Started Phase II trials in July 2018 for an additional indication of FEBURIC® (febuxostat) for gout and hyperuricemia in pediatric patients*² In September 2018, TMX-67 (PRC) obtained approval in the PRC for an indication for the treatment of hyperuricemia in gout patients*³ Filed for manufacturing and marketing approval of GGs-CIDP in September 2018

◆ Newly developed pharmaceutical candidates

(As of September 30, 2018)

[Approved/New Launch]

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. Approved in September 2018

[FILED]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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 KM Biologics Co., Ltd. Filed in September 2018
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 Limited (U.K.) Filed in June 2018

◆ Newly developed pharmaceutical candidates

(As of September 30, 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
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 KM Biologics Co., Ltd. (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 KM Biologics Co., Ltd. (Additional indication)

◆ Newly developed pharmaceutical candidates

(As of September 30, 2018)

[PHASE II]

Code No.	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
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
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 nephropathy.	Tablet	Developed in-house

◆ Newly developed pharmaceutical candidates

(As of September 30, 2018)

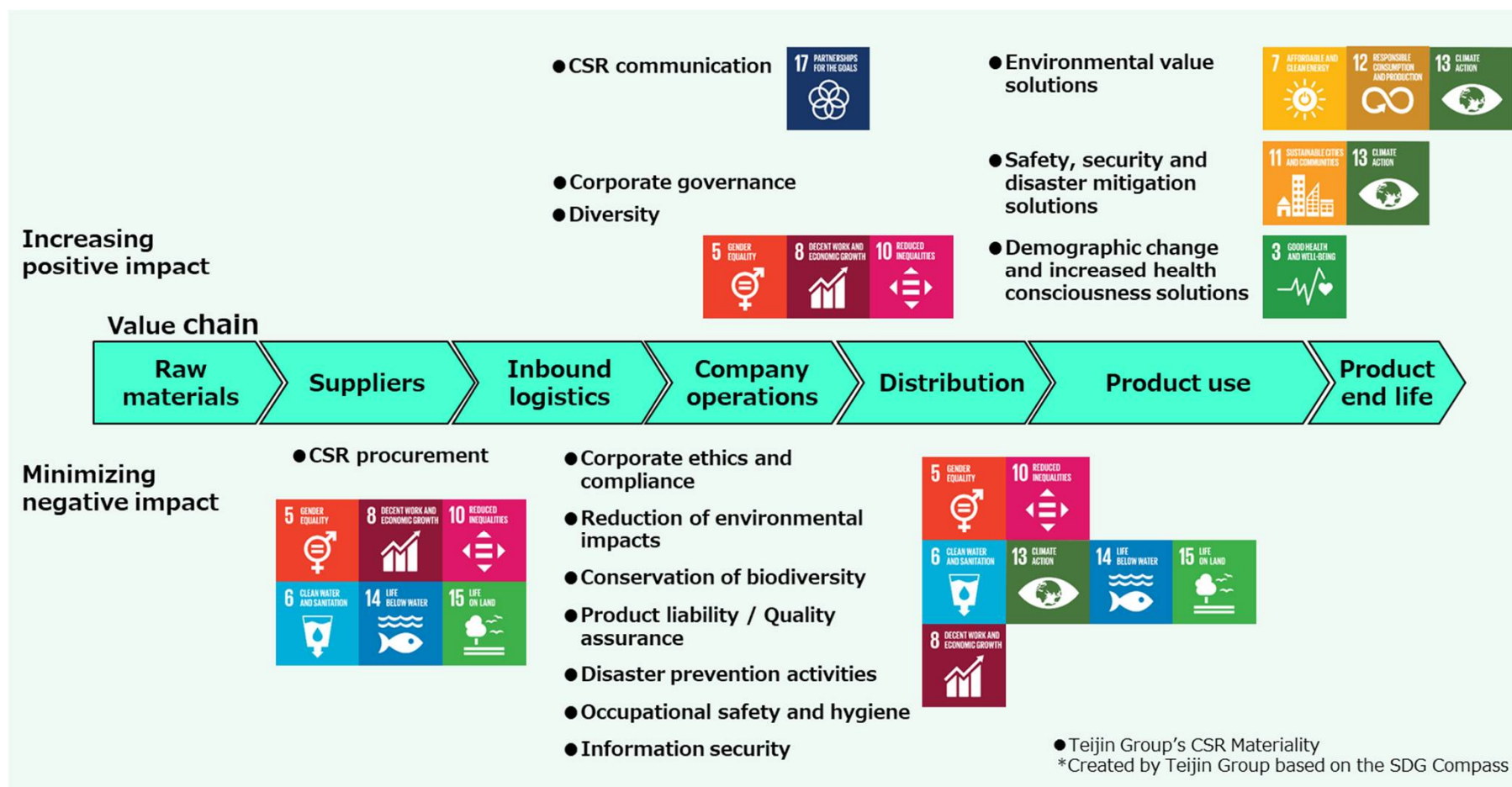
[PHASE II]

Code No.	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-67HK (febuxostat)	Pediatric gout and hyperuricemia	<p>Trials to establish the appropriate dosage and administration of FEBURIC® for pediatric patients with gout and hyperuricemia.</p> <p>The drug offers promise in improving and maintaining appropriate levels of serum uric acid in pediatric patients through its potent effect in selectively inhibiting xanthine oxidase.</p>	Tablet	Developed in-house

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.

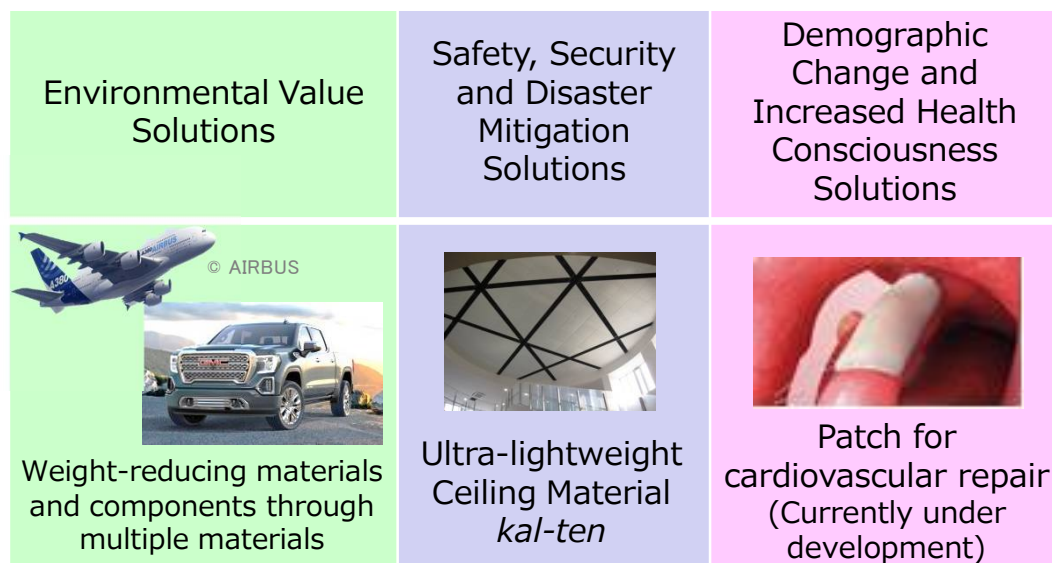


Non-financial Information

Teijin Group's CSR Materiality and SDGs

Teijin Group's initiatives to achieve the SDGs

<Core priority fields and products and services >



<Topics>

**Response to the marine plastics problem**

The Teijin Group aims to become “a company that supports the society of the future.” To this end, the Teijin Group will serve as a company that supplies solutions that contribute to the environment, safety and health. Endorsing the goals of the Japan Plastics Industry Federation, the Teijin Group has signed the “Declaration for Solutions on Marine Plastic Litter” to demonstrate its commitment, both internally and externally, to working closely with the industry to address the marine plastic litter problem. Along with this, the Teijin Group has joined the Japan Initiative for Marine Environment (JaIME), so that it can gather information and take coordinated measures to address these issues together with the industry. JaIME was set up by five chemical industry groups.

Non-financial Information

ESG External Evaluation

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

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

The four indexes are FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN) and S&P/JPX Carbon Efficient Index.



Selected for inclusion in three programs as a stock with excellent ESG-related features (Jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange)

“Nadeshiko”

Encouraging women’s success
in the workplace



“White 500”

Promoting health and
productivity management



“Competitive IT Strategy Company”

Promoting the use of IT



TEIJIN

Human Chemistry, Human Solutions