

Medium-Term Management Plan 2020 - 2022 ALWAYS EVOLVING

Enhancing the Quality of Life

February 2020

Teijin Limited TSE: 3401

Human Chemistry, Human Solutions

- 1. Corporate Vision
- 2. Review of Previous Medium-Term Management Plan
- 3. Overview of Medium-Term Management Plan
- 4. Business Strategy
- 5. Driving Innovation
- 6. Capital Policy and Shareholder Returns

Disclaimer Regarding Forward-Looking Statements

Any statements in this document, other than those of historical facts, 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.

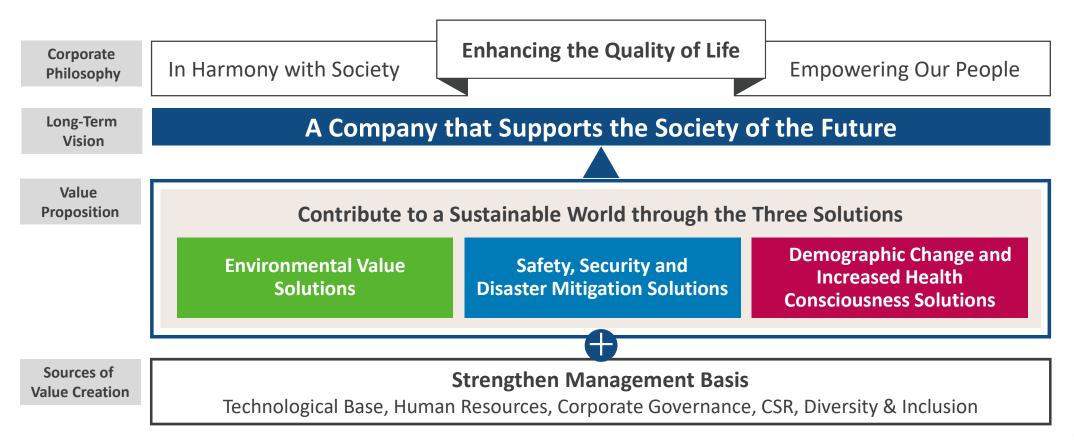


1. Corporate Vision

Be a Company that Supports the Society of the Future

through "Three Solutions" based on our corporate philosophy

Be a company that supports the society of the future through ceaseless evolution and ambition



SUSTAINABLE GALS DEVELOPMENT GALS



SDGs approach policy -

To realize a Sustainable World, our focus is on people, delivering innovative solutions to enhance the Quality of Life, while minimizing the negative impacts of our activities on the environment and society

For the Earth

Environmental Value Solutions

Provide products and services contributing to global environmental goals such as prevention of climate change and achievement of a circular economy

For Society

Safety, Security, and Disaster Mitigation Solutions

Provide products and services protecting lives and livelihoods from various risks such as disasters and accidents

For People

Demographic Change and Increased Health Consciousness Solutions

Provide products and services supporting healthy and comfortable living for people of all ages

Society: Paradigm-shift from mass production and consumerism to information driven and global sustainability Teijin Group: Anticipate changes in society and endeavor to deliver new value and solutions

Provide Solutions to improve Quality of Life Focus on delivering the Three Solutions Safety, Security, and Disaster Mitigation Solutions **Demographic Change and Increased Health Consciousness Solutions Portfolio Transformation Environmental Value Solutions** Building a technological platform based on in-house R&D and introduction of external advanced technologies Ш Ceaseless portfolio transition to higher value-added business from IT business expanded from commoditized business a systems provider to a service provider New business models and value creation based on core technologies **High-performance fiber** Healthcare Healthcare business derived from **Composites** synthetic chemistry and engineering Pharmaceuticals, Home healthcare Chemicals

Resin, Films

Aramid fibers, Carbon fibers, Automotive Parts

Multi-materials combined for higher value-added products

Synthetic fiber

Rayon fibers → Polyester fibers

1918 1950 2000 2020

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2. Review of Previous Medium-Term Management Plan 2017 - 2019

Clarified the business areas for future growth, still pursuing the ability to generate cash flow

Previous MTP* Review: Steadily Executed Transformation & Growth Strategies

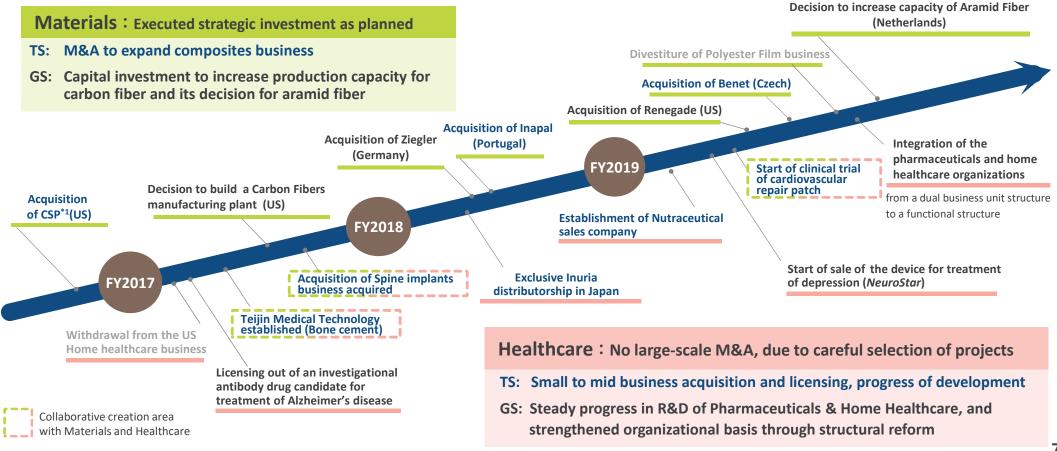
Human Chemistry, Human Solutions

*Medium-Term Management Plan 2017 -2019

Transformation Strategy (TS) : Next core business creation and business model transformation

: Core business profitability enhancement by growth acceleration **Growth Strategy (GS)**

Investment: Capex + M&A 240 bil. yen for latest outlook*2 (300 bil. yen for MTP target)



^{*1} CSP: Continental Structural Plastics Holdings Corporation

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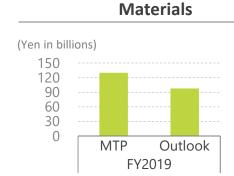
^{*2} Based on FY2019 outlook of February 5, 2020

ROE (average) and ROIC: Will hit target, ROE and EBITDA (FY2019): Will miss target

	Target	Average FY2017-2019 (Outlook)	FY2019 (Outlook)
ROIC *1 based on operating income	8%+	9%+	8%
ROE *2	10%+	10%+	8%
EBITDA*3	Over 120 bil. Yen (final year)	_	108 bil. yen

- Delays in expansion and cashgeneration of transformation strategy
- Worsening profitability in Materials due to stagnant market conditions mainly from trade friction between US and China

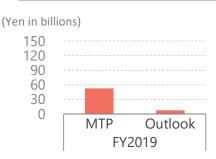
Sales of Transformation Strategy: No large scale healthcare M&A, to be a future challenge



Composite Products, LiB Separator and Membrane

- Composites Business for automotive expanded steadily, and the next challenge is profitability improvement
- Separator for automotive Li-Ion batteries project was delayed





Orthopedic Implantable Devices, Functional Food Ingredient, New Medical Products, Digital Healthcare

- Executed small to mid size M&A and license agreements
- Challenges in prioritization of resource allocation for development and expansion
- No large scale M&A, failure to achieve targets

^{*1} ROIC based on operating income = Operating income / invested capital: Invested capital = Net assets + Interest-bearing debt - Cash and deposits

^{*2} Profit (loss) attributable to owners of parent/Shareholders' equity

^{*3} Operating income + Depreciation & Amortization



3. Overview of Medium-Term Management Plan 2020 - 2022

Focused Investment on the Three Solutions for Creating Growth Platforms

Previous MTP 2017-2019

"Prioritized business areas and clarified challenges"

- Next core businesses creation
- Basic earning power improvement

Medium-Term Management Plan
2020-2022

"Creating Growth Platforms"

Towards 2030

Sustainable Growth

"Contribution to realize
a Sustainable World"

KSFs for Creating Growth Platforms

1. Create Opportunities

- Increase resources for the Three Solutions and accelerate efforts to cope with societal challenges
- Active investment to future sources of earnings, acceleration of portfolio transformation and increase of cash-generating ability

2. Reduce Risks

• Enhance efforts to minimize environmental risks including climate change

3. Strengthen Management Basis

Strengthen management basis to drive innovation and to accelerate creating business opportunities

Teijin Group's Value Creation Model through the Three Solutions



Societal Challenges

Social Expectations

Basis

Climate Change mitigation and adaptation

- Lightweight and energy efficient mobility
- Clean energy shift

Achievement of a circular economy

- Longer product lifespan and resource saving
- Circular Economy

Safety and security of people and local communities

- Disaster prevention and mitigation
- Reducing damage from disaster, crime and conflict

Realization of healthy and comfortable living for people

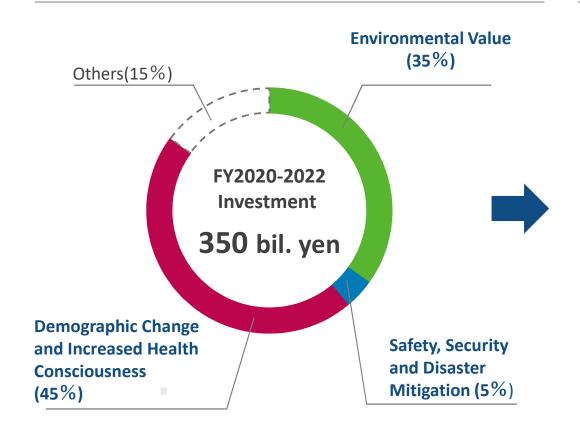
- Health maintenance
- Improvement of patient QoL
- Healthcare cost containment

Delivering Solutions for Society

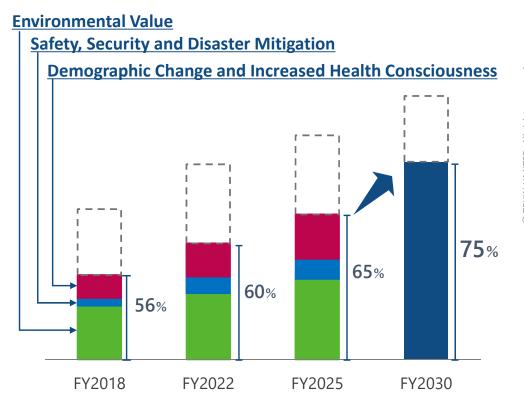
Safety, security and Demographic change and **Environmental value** disaster mitigation increased health consciousness 1. Create **Materials** Healthcare Fibers & Products **Opportunities** Ashestos substitution Protection apparel Lightweight materials **Converting Pharmaceuticals** Reinforcing material for Functional interior Battery separator **Products** Home healthcare High-performance tire products Pipeline High-performance fiber **Functional foods** & Services High value-added Recycled materials Bag filter reinforcing material Hydrogen tank clothing IT Community medical IT platform Safety confirmation services cooperation System 2. Reduce Resource-efficient use **Prevent pollution** Improve employee health and **Reduce GHG emissions** Risks Waste minimization **Hazardous substances management** satisfaction 3. Strengthen **Management** Technological basis, Human resources, Corporate Governance, CSR, Diversity & Inclusion



85% of Investment for the Three Solutions (CAPEX and M&A)



Sales of the Three Solutions will be 75% by FY2030



Business Classification and Investment Strategy



Proactive resource allocation to "Strategic Focus" projects for portfolio transformation and future sources of earnings

Strategic Focus

60% of strategic investment

Proactive Investment

Next-gen Growth

- Comprehensive community healthcare related business
- Functional foods
- New healthcare businesses

Ongoing Monetization

- Composites for automotive
- Carbon fiber Intermediate materials for aircraft

Profitable Growth

40% of strategic investment

Continuous Investment

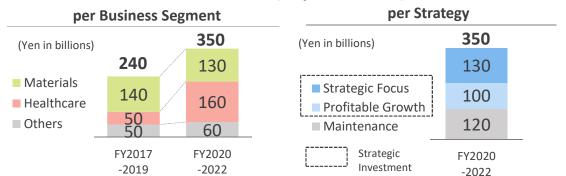
Enhance High-profitability

Aramid

- Pharmaceuticals
- Resin & Plastics Processing
- Home Healthcare
- •IT

Extend cash-generating ability toward high-profitability business

Allocation (Capex + M&A)



Be a high-profitability business

Carefully Selected Investment

Strengthen Profitability

- Fibers & Products Converting
- Separators

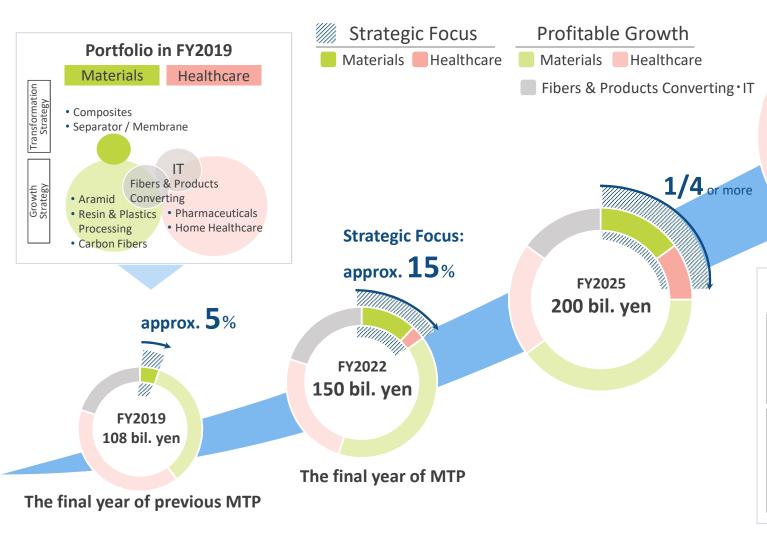
Investment scale —

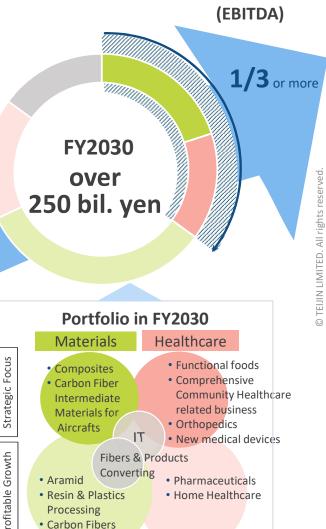
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Business Portfolio Transformation and EBITDA



FY2030: EBITDA from Strategic Focus to 1/3 or more





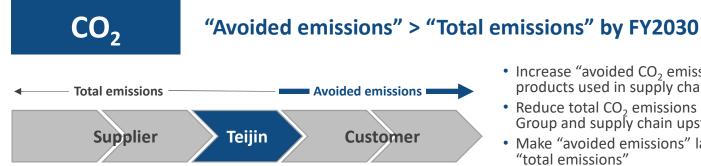
Separator / Membrane

Long-term environmental targets (vs. FY2018)



(*)resource circulation target to be set by mid-FY2020

Promote CO₂ emission reduction, taking the entire supply chain into scope



- Increase "avoided CO₂ emissions" by Teijin
 - Reduce total CO₂ emissions by the entire Group and supply chain upstream

products used in supply chain downstream

 Make "avoided emissions" larger than "total emissions"

Financial Targets of MTP 2020 - 2022



	FY2019 (Outlook)	FY2022 Targets		Previous MTP (Outlook)	MTP Targets (FY2020 - 2022)
ROE	8%	10%+	Investment		•
			Capex + M&A	240 bil. yen around	350 bil. yen
ROIC (based on operating income)	8%	8%+	R&D expenses	110 bil. yen around	110 bil. yen
EBITDA	108 bil. yen	150 bil. yen	D/E ratio	0.9	0.9 around
Materials *1	47 bil. yen	80 bil. yen	Shareholder returns		
Healthcare	45 bil. yen	45 bil. yen	Dividend payout rat	tio 30%	30% around
Others *2	16 bil. yen	25 bil. yen	Share repurchase	20 bil. yen	Flexibly conduct

^{*1} excluding Fibers & Products Converting

^{*2} including Fibers & Products Converting • IT, Others, Elimination and corporate



4. Business Strategy



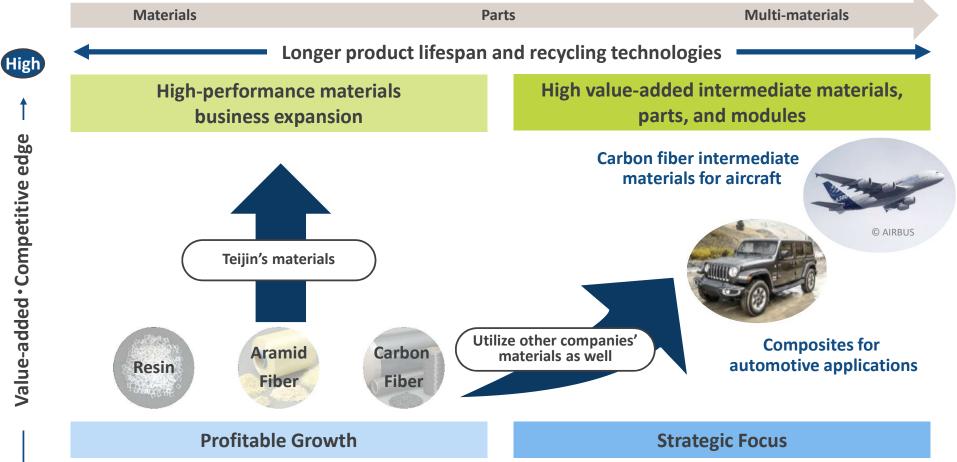






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Accelerate the development of high value-added applications with high-performance materials and multi-materials strategy





CSP regains positive operating income by FY2021 (after amortization of goodwill)

Expand market share in US as No.1 manufacturer and penetrate European and Chinese markets

Business Environment		
Needs	 Reduce vehicle weight (reduces exhaust emission, improves fuel efficiency) 	
Teijin's Position	• Largest Tier 1 manufacturer in North America (automotive parts using composites)	
Strengths and competitive edge	 Outstanding composites technology with quality stability Solid Partnership with major North American automakers Production bases in Europe and Asia 	

Key Measures	Previous MTP	MTP 2020 - 2022
North America	 Continuously obtained new programs Started mass production of 	• Start operations at the Texas plant
America	carbon fiber reinforced composites	• Expand production and sales
Europe	 Acquired European operating companies 	• Expand in the European market through new production bases
	 Established application development base* 	• Promote multi-materials
China	Decided on constructing a second plant	Penetrate Chinese market through production at 2 plants

^{*}Teijin Automotive Center Europe (Germany)



Materials (Strategic Focus):

materials

business

expansion

Carbon Fiber & Intermediate Materials for Aircraft Structures

Human Chemistry, Human Solutions **TEIJIN**

Obtain several new big programs in MTP 2020 - 2022, and will start mass production and profit contribution after FY2023

Business Environment Lighten aircraft (reduces exhaust emissions, improves fuel efficiency) Needs lowers-cost **Teijin's Position** • Global top-class product quality and share in the carbon fiber market Strengths and Lead with intermediate materials for aircraft structures (thermoplastic prepreg, Non-crimp fabric) competitive edge Key **Previous MTP** MTP 2020 - 2022 Measures • Start commercial production (FY2020) North America Obtain certification for aircraft Decided on construction new CF factory (plan to start mass production for aircraft after FY2023) · Obtained certification for next-generation primary Acquire new aircraft · Acquire several new big programs structural materials for programs Boeing (thermoplastic prepreg) Acquired Renegade Materials Intermediate **Expand sales channels for**

state-of-the-art aircraft engine

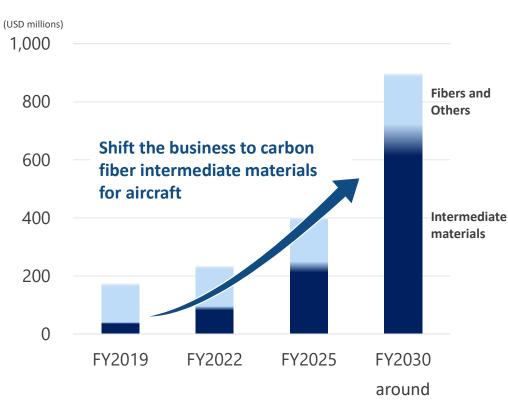
components

Corporation of US (high-

temperature thermoset-

prepreg)

Sales Target of CF & Intermediate Materials for Aircraft



Pusiness Environment Improve automotive fuel efficiency and durability Next-generation communications (5G) Protective clothing and equipment for safety and security Teijin's Position No. 1 market share in the para-aramid fiber market Strengths and competitive edge Cost competitiveness (integrated process from raw materials, No. 1 share)

Key Measures

- Expand production capacity, start mass production from FY2022 (25% or more increase projected in the previous MTP)
- Sales expansion by utilizing No.1 market position
- Improve environmental performance through lightweight materials and developing applications for realizing a circular society

Resin & Plastic Processing

Secure stable earnings by expanding high value-added business

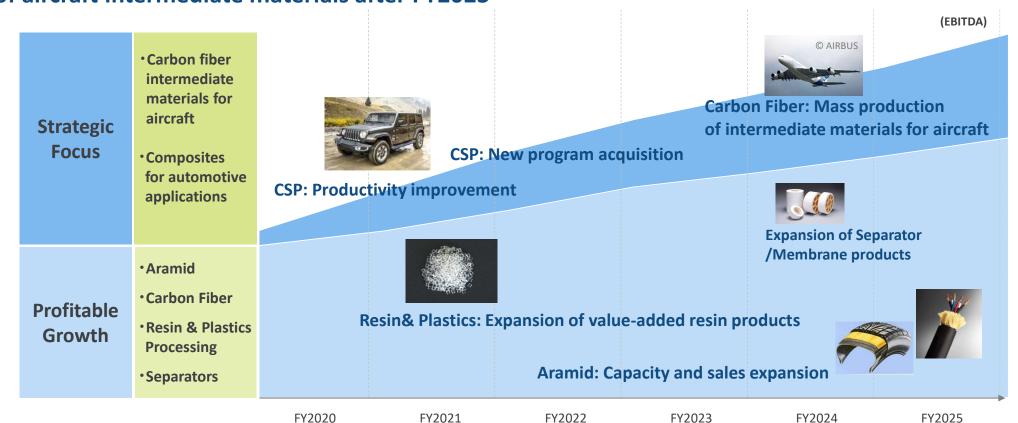
Business Environment			
Needs	 Next-generation communications(5G) High performance resin for the electric vehicle and autonomous driving markets 		
Teijin's Position	$^{\bullet}$ Leading class Polycarbonate Resin production capacity in Asia (4th position among the major players)		
Strengths and competitive edge	Technologies (fillers, interfacial control, special design, etc.)High value-added products line-up		

Key Measures

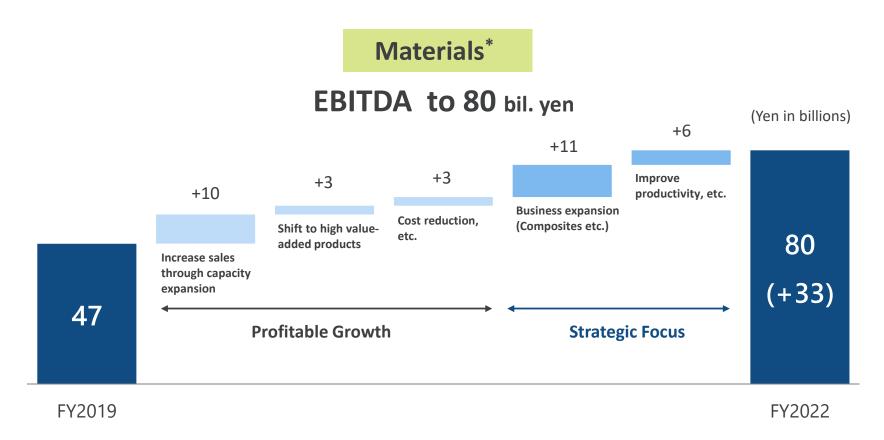
- Increase high value-added products in growth industry applications (5G, autonomous driving, EV, etc.)
- Sales expansion in the Chinese and ASEAN markets
- Expansion of compounds production capacity

Aramid: Steady growth in earnings by expanding capacity and sales

Carbon fiber: Launch a new US factory in FY2020, toward mass production and profit contribution of aircraft intermediate materials after FY2023



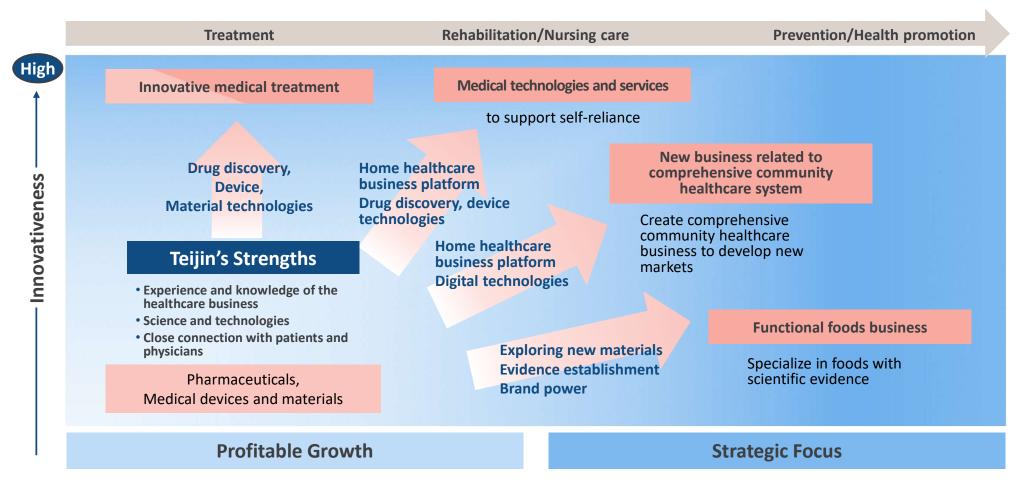
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Develop comprehensive community healthcare related service, including rehabilitation, nursing care and prevention/health promotion, utilizing our strengths



Healthcare (Strategic Focus): New Business Areas



Innovative healthcare service and products, uncovered as well as covered by the public health insurance

Innovative medical treatment

Depression treatment device NeuroStar



 First approval of reimbursement of medical fees in Japan

Prevention and treatment for frailty*1



- Joint research and development with AMED*2
- *1 Frailty: Physical deterioration as a result of aging, decreased resilience from stress

Functional foods business

Prebiotics material *3 (Dietary fiber)





Expand lineup and applications, and market globally

Probiotics material *4 (Bifidobacterium, Lactic acid bacteria)



 Sales as natural ingredients for health food and infant formulas

Medical technologies and services to support self-reliance

Functional electrical stimulation device WalkAide



Rehabilitation robot for upper limb paralysis ReoGo-J



• Provide comprehensive solutions from stroke onset to prognosis in combination with botulinum toxin type A "NT-201" (under development)

New business related to comprehensive community healthcare system



 Utilize data-platform to provide healthcare supporting services, prevention of severe illness, etc.

^{*2} AMED: Japan Agency for Medical Research and Development

^{*3} Prebiotics can improve the intestinal environment to support healthy life.

^{*4} Probiotics are live microorganisms that can offer useful benefits when consumed in appropriate amounts

Healthcare (Profitable Growth): Pharmaceuticals & Home Healthcare

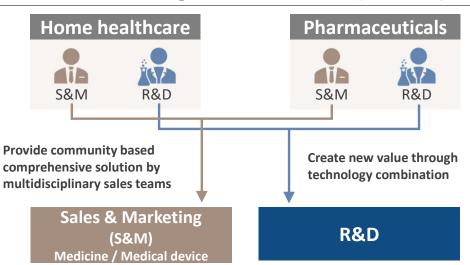


Strengthen business platform by organizational reform and launch new drugs, mitigating the risk of generic entry of *FEBURIC* ("*FEBURIC* cliff")

Business Environment			
Needs	 Comprehensive community healthcare services with multidisciplinary collaboration Personalized medical treatment Extension of healthy lifespans 		
Teijin's Position	 Leading company for home healthcare Top Japanese manufacturer for hyperuricemia and gout treatment (Risk of generic entry: "FEBURIC cliff") 		
Strengths and competitive edge	• Unique business platform: Home healthcare + pharmaceuticals + IT		

Organizational reform * Expand sales by community based, multidisciplinary sales teams Optimize R&D, production and sales framework (Enhance productivity, Cost reducing structural reform) Launch new drugs, expand existing products * Launch new drugs expand existing products * Enhance value-added service through medical devices with ICT, etc. * Acquire pipelines and technologies * Acquire innovative medical treatment and core technologies

Overview of Organizational Reform (2019.10-)



Expected new drugs in MTP 2020 - 2022

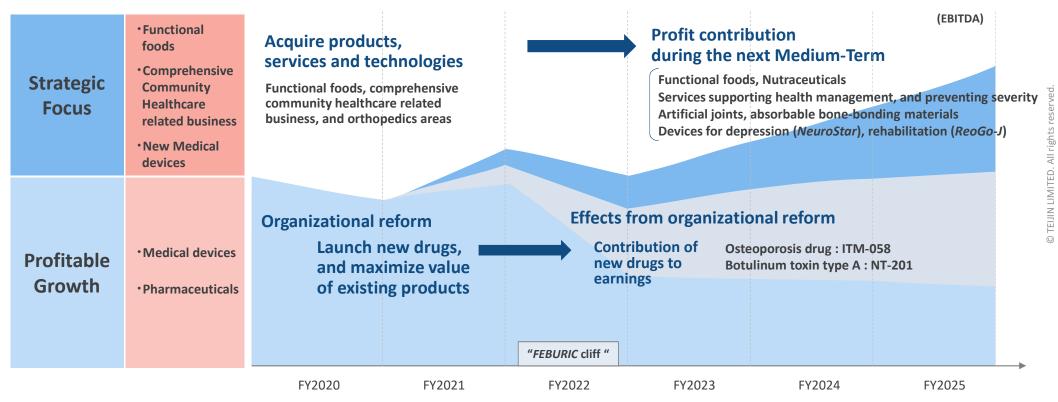
Osteoporosis drug: ITM-058Botulinum toxin type A: NT-201

Innovative Medical Treatment

• Cell therapy for acute cerebral infarction JTR-161, etc.



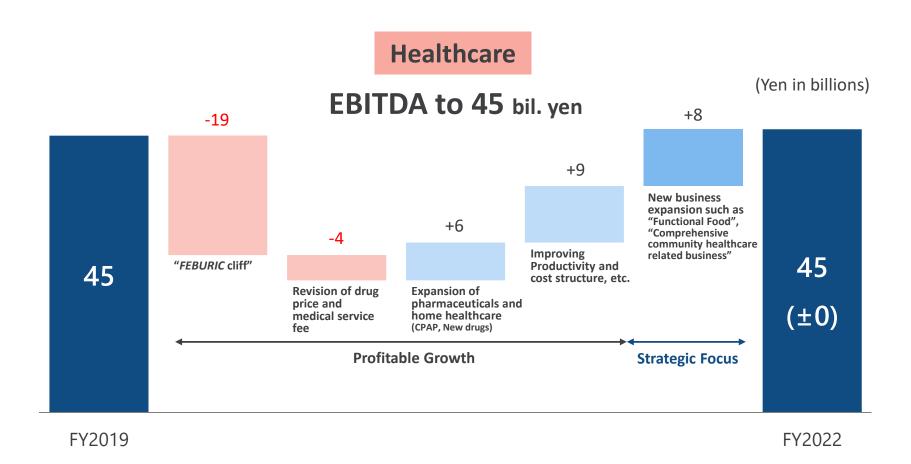
Steady Progress: Obtain approval of new drugs, maximizing value of existing products Strategic investments: Acquire services, technologies, and pipelines for future earnings



Enrich technological base for future profitability

- Build a comprehensive community healthcare system base (visiting nursing stations, contact centers, multidisciplinary collaboration "VitalLink")
- Acquire pipelines and technologies (Medical devices Pharmaceuticals)

The "FEBURIC cliff" will be mitigated by new business expansion, productivity and cost structure improvement in the entire Healthcare business unit



Fibers & Products Converting

Expansion in growth areas and improvement in basic profitability

Business Environment			
Needs	 Expanding automotive market, mainly in emerging countries Fuel efficiency, compactness and safety in mobility Increasing seriousness of environmental issues, disaster response and infrastructure degradation 		
Teijin's Position	A unique fiber trading group company involved in material development and production		
Strengths and competitive edge	 Diversified customer base through various application development Strategic product allocation between parent factory and OEM for speedy and efficient supply system 		

Key Measures

- Expand markets in growth areas (mobility, environment, infrastructure, etc.)
- Enhance new business areas such as wearable materials with sensing technologies
- Raise basic profitability, primarily in unprofitable areas

IT

Keep growth of E-comics and expansion of healthcare business

Business Environment

 Digitalize the existing comic market Business efficiency in the expanding nursing care madue to labor shortage 	arket
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Teijin's Position • Largest e-comic provider in the market

Strengths and • Marketing capabilities utilizing data analysis competitive edge • Group collaboration with healthcare services

Key Measures

- Keep growth of the e-comics business through AI/data
- Expand healthcare services by expanding nursing and comprehensive community healthcare areas, and developing the Asian market



5. Driving Innovation

Organize a system to accelerate the generation of business opportunities and new business development

Organization

Strengthen innovation framework

Entrepreneurship



Innovation promotion organization

Organizational restructuring to strengthen business competitiveness and accelerate innovation

Synergy

Expand collaborative businesses

Unique technological base for each business unit



Internal and external technological platform, services, networks

Innovative products and services through collaboration within and outside of the Teijin Group

Technology

Utilize digital and information tech.

Digital and information technologies



Business model, operational process

Innovation creation by deployment of digital technologies

Human resources

Promote diversity and inclusion

Human resources



Structure to utilize diverse human resources

Promote diverse working styles, advancement of women and diversity of human resources to revitalize the organization and accelerate innovation

Establish and restructure the organization to accelerate innovation

Cooperation Research and foster next-generation new technology **Innovation promotion organization** Corporate Support R&D and new business from a company-wide and longterm perspective (Scheduled in April 2020) Propose design such as multi-material parts to European-OEM **Teijin Automotive Center Europe** (lightweight materials for automotive) (Scheduled in February 2020) **Materials** • Focus on development of solutions for environmental issues **R&D** Center in Europe (Climate Change mitigation, Circular economy, etc.) (Scheduled in FY2020) **Integration of R&D Organization** Creation of innovative medical technologies by integrating the Healthcare (Pharmaceuticals and Medical devices) technologies of pharmaceuticals / medical devices and materials (as of October 2019)



Promote collaboration within the Teijin Group as well as with others and create innovative products and services, that are difficult to develop by stand-alone approach

• Open Innovation Promotion Office in Healthcare (FY2019 -)

• Integrated R&D organization in Healthcare (Oct. 2019 -) Measures • Innovation promotion organization (Apr. 2020 -) Healthcare R&D Center in Europe (FY2020) Physical stimulation technology × Medicines (under research) **Materials** × **Fiber & Products Converting Healthcare** × IT × Materials Recycle technologies Smart sensing **Healthcare** × **Materials Materials** TEIJIN Bone-bonding materials Compound materials Composite parts×Glazing Cardiovascular and Vascular Repair Patch(Clinical trial) **Fibers** & Products IT Converting Companies, **Public R&D institutions** Healthcare × IT Academia etc. Sleep App.(Sleep Styles) Alliance Cooperation in Comprehensive Community Healthcare area

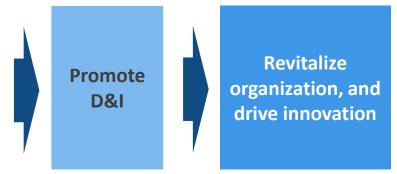
Alliance Collaborative R&D Consortium

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Promote diverse working styles, advancement of women, and diverse human resources Be an organization where diverse human resources with different values and experiences can realize their maximum potential

Main actions in MTP 2020-2022

Changes in personnel system	Restructure the HR organization to support global strategy	
Global Talent Management	Develop and deploy the next-generation of global leaders	
Work style reform	 Manage working hours appropriately Design flexible HR and benefits systems to support diverse human resources and working styles 	



(number of p	erson)
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KPI			FY2019	Milestone FY2022	FY2030
Diversity of Executives*1		Female executives	3	6+	10+
		 Non-Japanese executives 	3	6+	12+
	Japan	 Managers (or higher) 	117	174	300+
Women's advancement Key goals* ²	US	 Senior managers*3 	2	4	10
, 9	EU	• Global core talents*4	0	3	10

^{*1} Total number of board members, auditors, group corporate officers

^{*2} Key goals are set based on the regional situations (Targets in Asia to be set)

^{*3} President or its direct report in a group company

^{*4} Human resources of female senior managers selected and certified as executive candidates



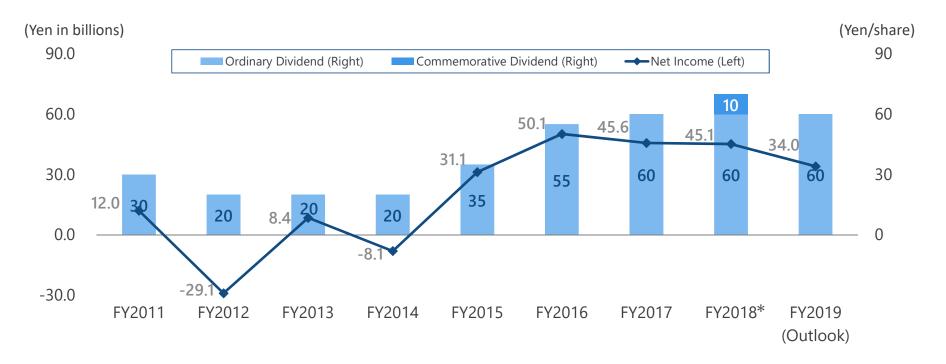
6. Capital Policy and Shareholder Returns

Prioritize cash flow allocation to Strategic Investment Stable dividends and flexible repurchasing of own share

Capital Policy and Shareholder Returns



- Created cash flows will be given prioritized allocation to "Strategic Investment for Future Growth",
 while maintaining a healthy financial structure (aiming for a debt-to-equity ratio of 0.9 times)
- Stable and sustainable dividends will be considered, and own share repurchasing will be flexibly conducted as well
- Dividends are in line with consolidated operating results, aiming to raise the dividend along with profits growth, and targeting a consolidated payout ratio of 30% of profit attributable to owners of parent for the medium term



^{*} Repurchased 20 bil. yen of own share (FY2018)



Appendix

Key performance indicators were set with an emphasis on both investment efficiency and earnings power

Most Important Indicators Profitability Growth **Indicators Indicators** ROE **EBITDA** Ability to generate cash to Investment returns on funds Secure **Pursue** entrusted to us by shareholders fund growth investment and shareholder returns **Efficiency** Growth **Group-wide Group-wide and For Each Business**

Based on individual business activities, work to improve indicators on a Group-wide basis

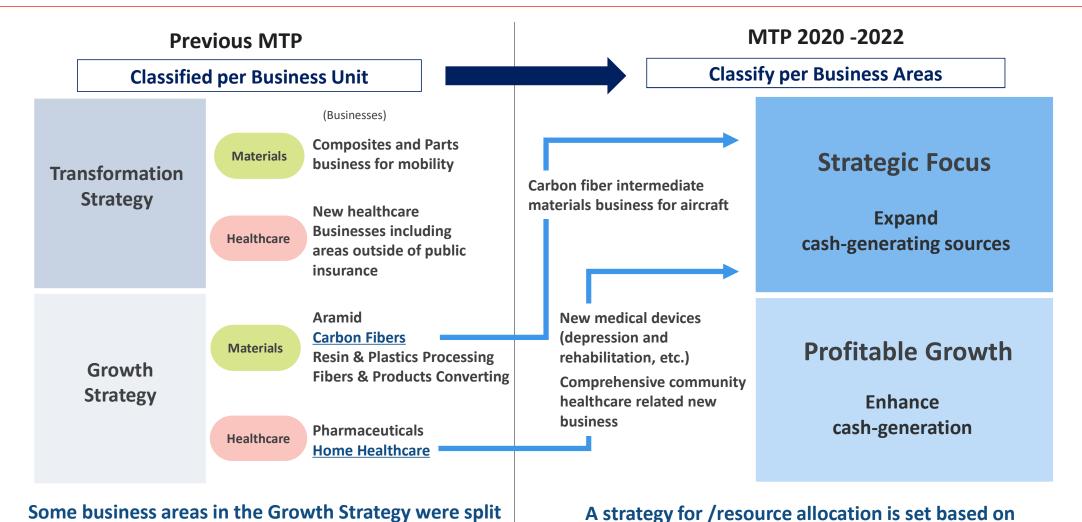
ROIC

based on operating income

Efficiency of generating profits relative to capital invested in business activities

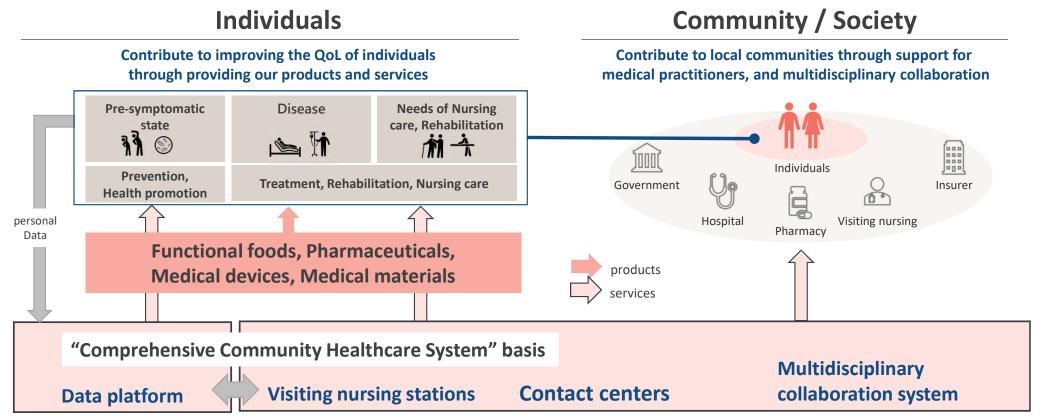
Group-wide and For Each Business

as the businesses for future sources of earnings



classification of business areas

Strengthen healthcare business basis, through utilizing the advantages of the home healthcare business Create new market opportunities leveraging Teijin's data platform, and provide comprehensive healthcare services to both individuals and communities



(Create a new business)

Data-oriented health promotion supporting services, prevention of severe illness, etc.

(Strengthen Teijin's healthcare business basis)

Innovation Creation: Utilization of Digital and IT Technologies



Activities

	Previous MTP	MTP(FY2020-2022)	Future vision
Office	Introduce RPA and telework	Full deployment of RPA Full deployment of telework with solid infrastructure	diverse human resources and work stylesIncrease creative work
Manufacturing and Sales	Pursue optimization from the plant's perspective (Operate information integration platform*at model plant)	Business optimization (Supply chain management, marketing information system)	Improve work innovation speed Increase business efficiency
R&D	Enhance R&D with data technologies	Deployment and operation of data orientated R&D	Improve and enhance R&D's capabilities and efficiencies

^{*} Information integration platform: Platform that organizes and integrates various data in the plant to analyze data continuously and effectively

Promotion system

