

NEWS RELEASE

**Teijin Announces Revised Medium-term Management Plan
Dramatic Restructuring Initiatives and
Forward-Looking Transformation and Growth Strategies**

Tokyo, Japan, November 5, 2014 --- [Teijin Limited](#) announced today its revised medium-term management plan through fiscal 2016, updating the original plan formulated in 2012 to reflect changes in the business environment and the progress made in ongoing restructuring initiatives.

Amid a severe operating environment, Teijin is promoting bold transformation and growth strategies and pressing ahead with dramatic restructuring initiatives, working to evolve toward a solutions-oriented business model—the central goal of the company’s original medium- to long-term management vision “Change for 2016.”

1. Cornerstones of revised plan

In view of changes in the group’s operating environment, such as increasingly complex and diverse market needs, shorter product life cycles, poor supply-demand balance in the materials business due to heightened global competition, and increasing pressure to contain healthcare costs, Teijin will dramatically restructure loss-making businesses and create a new framework for promoting transformation and growth strategies with the aim of building a foundation for future growth. Accordingly, Teijin has revised its targets for fiscal 2016.

2. Outline of revised plan

The Teijin Group will boldly implement the following measures by the end of fiscal 2016 to achieve its revised medium-term management plan targets and enable future growth:

Restructuring initiatives: Dramatically restructure loss-making businesses

Teijin estimates that the annual impact of restructuring initiatives when fully realized will be approximately JPY 17.5 billion compared with fiscal 2014. At the same time, an extraordinary loss of JPY 44 billion will be written off in fiscal 2014 as possibly the final one-time loss from restructuring initiatives.

Earnings Operating results targets for fiscal 2016: Consolidated operating income of JPY 50 billion, ROE of 8%

Teijin expects results to be bolstered by the growth of core strategic businesses—advanced fibers and composite materials and healthcare—and the positive impact of restructuring initiatives.

Transformation and growth strategies: Promote the targeted allocation of corporate resources to realize solutions that integrate key capabilities of existing businesses

In fiscal 2015–2016, Teijin will invest JPY 100 billion in core projects currently underway, including thermoplastic CFRP and advanced medical materials, and multiple innovative projects in areas that overlap with the group’s core business domains of advanced materials, healthcare and IT.

3. Restructuring Initiatives

In the materials businesses, Teijin will work to strengthen its competitive edge by realigning production and shrinking businesses that center on commoditized products to enable resources to be concentrated in growth businesses. These measures will be completed by the end of fiscal 2016.

Drastic measures above and in the loss-making home healthcare business in the United States are expected to improve earnings of JPY 13 billion in 2016 and JPY 17.5 billion per year when fully realized.

Focus on highly value-added products in electronics materials and performance polymer products businesses

The plastics business has been impacted by a supply–demand balance that remains persistently adverse and an inability to pass on price increases for raw materials by raising sales prices. Consequently, Teijin will withdraw by the end of December 2015 from the business of its polycarbonate resin subsidiary in Singapore, which lacks competitiveness in terms of energy costs. This accords with the group's goal of scaling back production of commoditized products. Going forward, Teijin's global production mix for polycarbonate will center on its competitive subsidiary in the PRC and its Matsuyama Plant in Japan, which is especially suited to the development of high-performance products. The emphasis will shift to highly value-added products that leverage the group's compounding and processing technologies, aimed at expanding portfolios beyond fields where Teijin already has a competitive edge, such as office equipment and electronics, to add new products and applications to strengthen positions in fields like automotive, housing, infrastructure and high-performance optics.

In the films business, Teijin will undertake a radical overhaul of its films production mix to further shift production to Asia for enhanced competitiveness. Also, high-performance products such as ultra-multilayered, heat-resistant, high-barrier and piezoelectric films will be leveraged for new applications, including high-performance glass, batteries and sensors.

Reinforce competitiveness of advanced fibers business

In meta-aramid fibers, Teijin will capitalize on its new production facility in Thailand, which is expected to commence operations in mid-2015, to expand sales in Asian markets, particularly in protective clothing applications.

In polyester fibers, Teijin will establish a new tire cord production and sales subsidiary in Thailand and expand production capacities at existing local facilities with the aim of establishing and expanding a supply chain in growing Asian markets. Teijin will shift production of polyester fibers from its Iwakuni, Mihara and Tokuyama facilities in Japan to its Matsuyama Plant and Thai subsidiaries, thereby maintaining its ability to respond to customer needs in Japan while also reducing costs. Following this shift, Teijin will close the Tokuyama facility and suspend operations of the industrial fiber and processing plants in the Iwakuni and Mihara facilities by the end of fiscal 2017.

In synthetic leather, nonwoven fabrics production will be transferred from Mihara to Shimane for integrated domestic production.

Dramatically revamp raw materials and polymerization business

By the end of fiscal 2015, Teijin will discontinue in-house production of DMT (dimethyl terephthalate), having done the same for paraxylene last year, since the cost competitiveness of the integrated production business model, which encompasses from raw materials to polyester finished products, is unlikely to recover. Also, polymerization operations currently divided between the Matsuyama Plant's northern and southern sectors will be centralized in the facility's northern sector.

4. Cost reductions

Owing to ongoing efforts to reduce costs aimed at having an immediate impact, including for raw materials and fuel, logistics and sales, administrative costs, and by including cost reductions attributable to restructuring initiatives which is estimated at JPY 17 billion, Teijin expects to essentially meet its fiscal 2014 cost-reduction target of JPY 40 billion compared to the fiscal 2011 level. This target was set in the original medium-term plan for fiscal 2016.

Going forward, Teijin will implement additional dramatic measures to further reduce costs. This will include the reassessment of each plant in Japan to modify facility size and operations as required, the development of innovative production processes, the merger of product families, and the improvement of the productivity of existing equipment. Through these efforts and the implementation of restructuring initiatives, Teijin aims to achieve a total cost reduction of JPY 18 billion from the fiscal 2014 level by fiscal 2016.

5. Transformation and growth strategies

Teijin recognizes that it cannot secure profitable, sustainable growth simply by persisting with its existing business model amid the currently severe operating climate. Accordingly, it will pursue a bold transformation and growth strategies aimed at building a new business model that integrates key capabilities in its three core business domains—high-performance materials, healthcare and IT—with the goal of fostering new, highly profitable businesses.

Key sources of competitiveness

- High-performance materials: Mass-production and composite technologies that balance the need for high quality and low production costs
- Healthcare: A vast customer base and superior service capabilities in home healthcare and outstanding R&D capabilities
- IT: Swift development capabilities accumulated in the internet services business and in the development of backbone systems for hospitals

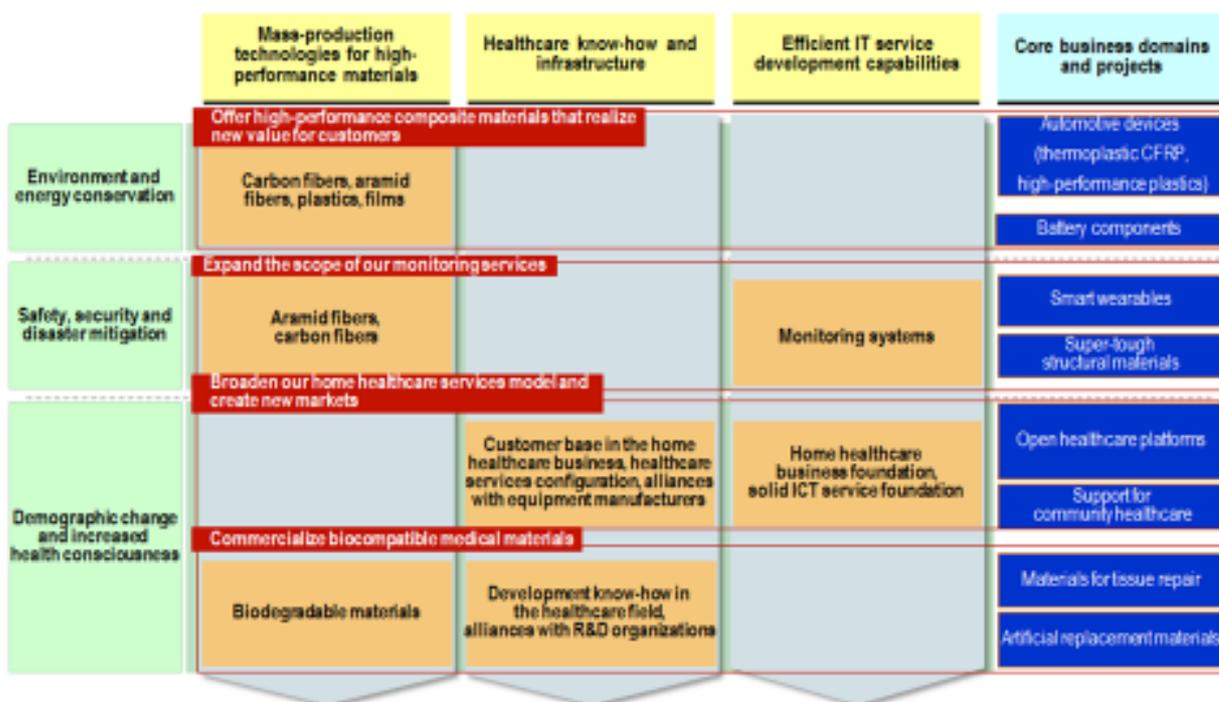
Business opportunities arising from macroeconomic trends

- Environment/energy conservation: Lightweight materials that enhance vehicle fuel efficiency, environmentally friendly secondary battery components, and more
- Safety/security/disaster mitigation: Materials that enhance the strength of structures, structural degradation diagnostics, monitoring services, and more
- Demographic change/increased health consciousness: Home healthcare/nursing care support services, advanced medical materials, health maintenance/improvement web content, and more

New businesses realized by integrating key capabilities of core business domains

Teijin will create new businesses in strategic fields in line with the following strategies:

- (1) Leverage high-performance materials technologies to realize new value for customers, e.g. automotive devices and battery components
- (2) Expand the scope of monitoring services, e.g. smart wearables and super-tough structural materials
- (3) Diversify the home healthcare services model and create new markets, e.g. open healthcare platforms and community healthcare support services
- (4) Commercialize biocompatible medical materials, e.g. materials for tissue repair and artificial replacement materials



Principal measures

Realign and strengthen R&D mix

As part of the move to position the Matsuyama Plant as the core R&D facility and nexus of cross-business solutions development, Teijin will shut down the Osaka Research Center and integrate its functions into the Matsuyama Plant. At the same time, Teijin will strengthen collaboration between fiber materials development and engineering functions with the aim of fortifying solutions development capabilities in the high-performance fibers business. Following the opening of an R&D facility in China earlier this year, a product development center will be established in Matsuyama to reinforce product development capabilities both in Japan and overseas.

Promote targeted allocation of resources

Teijin will concentrate the allocation of its corporate resources to expand core strategic businesses and new businesses. In fiscal 2015 and 2016, Teijin will invest a total of JPY 100 billion—including investments in M&A activities—in core projects related to, among others, thermoplastic CFRP, battery components, and advanced medical materials.

Plan and implement innovation projects

Teijin will establish a taskforce charged with promoting cross-business projects that have the potential for contributing to the transformation of its business model and helping to secure sustainable profitable growth.

Enhance relationships with external partners

To further evolve the business model, Teijin will enhance relationships with companies that possess resources not sufficiently available in-house.

5. Medium-term management targets

By implementing these and other measures, Teijin will target consolidated net sales and operating income of JPY 800 billion and JPY 50 billion, respectively, in fiscal 2016.

Going forward, Teijin will evolve as a diverse corporate group focused on two principal businesses: healthcare and high-performance materials including composites, aiming to achieve ROE of over 10% in fiscal 2020.

Overall Group Performance Targets

JPY billion	Fiscal 2014 (forecast)	Fiscal 2016 (revised target)	Fiscal 2016 (original target)
Net sales	780.0	800.0	1,300.0
Operating income	25.0	50.0	100.0
Operating margin	3%	6%	8%
Net income (loss)	(20.0)	25.0	60.0
ROA (% , calculated using operating income)	3%	6%	8%
ROE (%)	—	8%	12%
Debt-to-equity ratio	1.1	1.2	—

About the Teijin Group

Teijin (TSE: 3401) is a technology-driven global group offering advanced solutions in the areas of sustainable transportation, information and electronics, safety and protection, environment and energy, and healthcare. Its main fields of operation are high-performance fibers such as aramid, carbon fibers & composites, healthcare, films, resin & plastic processing, polyester fibers, products converting and IT. The group has some 150 companies and around 16,000 employees spread out over 20 countries worldwide. It posted consolidated sales of JPY784.4 billion (USD 7.7 billion) and total assets of JPY 768.4 billion (USD 7.5 billion) in the fiscal year ending March 31, 2014. Please visit www.teijin.com.

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