Tokyo, Japan, February 6, 2017 — The Teijin Group announced today its new medium-term management plan for 2017–2019, named “ALWAYS EVOLVING,” to create value needed by society, thereby striving to achieve the aim to become an enterprise that is essential to tomorrow’s society, by utilizing its workforce diversity for enhanced competitiveness, improving core earnings through growth strategies, establishing new core businesses through transformation strategies and strengthening group-wide management systems.

I. Long-term vision

1. Evolve for future society as an enterprise that delivers new value

   • An enterprise that helps to solve social issues
   Teijin will develop business opportunities by leveraging strengths in core priority fields to help society address pressing issues.

   Core priority fields for business development

| Environmental value solutions | Supply weight-reducing materials that enhance environmental performance for transportation |
| Safety, security and disaster mitigation solutions | Enhance disaster-readiness measures and social infrastructure development |
| Demographic change and increased health consciousness solutions | Support health maintenance and enhancement in response to the progression of demographic change and increasing lifestyle diseases |

   • An enterprise that achieves continuous transformation by anticipating changes in the external environment
   In an increasingly uncertain external environment, Teijin will take the initiative to contribute to evolution, instead of chasing trends, for sustainable growth.

   • An enterprise that continues to create new value at all times
   Teijin will create products and services that accelerate the evolution of society.

2. Transform business portfolio to maximize business opportunities

Teijin will pursue its visions by ceaseless evolution and a determined ambition to create innovations that support tomorrow’s society by utilizing its workforce diversity for enhanced competitiveness, and grow sustainably by maximizing business opportunities group-wide and transform its overall business portfolio.

II. Business strategies in medium-term management plan

Teijin will implement both growth and transformation strategies focusing on the materials and healthcare business fields as the pillars of its operations and develop new businesses that are not yet contributing to profits at present into its core earnings
1. Growth strategies for materials business field

- **Focus on aircraft and automobile businesses (environmental value solutions)**
  Step up development of strong, lightweight high-performance materials in response to demands for higher fuel efficiency in line with stricter environmental regulations

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>Carbon fiber</th>
<th>Intensively allocate resources for intermediate materials (prepreg, etc.). Also, establish a competitive edge by accelerating development of thermoplastic prepreg and textile prepreg.</th>
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<tbody>
<tr>
<td></td>
<td>Aramid fibers</td>
<td>Expand applications for air freight containers offering high durability and flame resistance</td>
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<tr>
<td>Automotive</td>
<td>Aramid fibers</td>
<td>Expand products to address demands for weight reduction and higher performance, including tire reinforcement materials</td>
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<td></td>
<td>Plastics</td>
<td>Develop high-performance compound products that offer reduced weight and improved design</td>
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- **Address infrastructure needs (safety, security and disaster mitigation solutions)**
  Accurately respond to disaster mitigation awareness and needs for improved and expanded infrastructure

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Para-aramid fibers</th>
<th>Expand sales of optical fiber in China and India. Also, expand applications such as ropes and deep-sea oil drilling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Polyester fibers and plastics</td>
<td>Develop and expand applications for disaster mitigation</td>
</tr>
<tr>
<td>Protective Clothing</td>
<td>Meta-aramid fibers</td>
<td>Respond to expanding demand in Asia and emerging countries due to rising safety standards</td>
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</table>
2. Growth strategies for healthcare business field

- Strengthen solutions in high-growth domains (demographic change and increased health consciousness solutions)
  Maximize earnings from existing growth drivers and emphasize drug discovery research

| Pharmaceuticals | Treatment for hyperuricemia and gout: FEBURIC® (ULORIC®, ADENURIC®) | Maximize sales through clinical research and by raising awareness of the importance of treatment |
| Home healthcare | Pipeline strategy | Expand drug discovery fields; target regenerative medicines; and promoting alliances for products developed in-house |
| | Continuous positive airway pressure (CPAP) unit | Develop relationships with general practitioners; strengthen treatment monitoring functions; and make sleep apnea syndrome (SAS) diagnosis easier |
| | Oxygen concentrator for home oxygen therapy (HOT) | Maintain high market share with next-generation models and strengthened monitoring functions |

3. Transformation strategies for material business field

Transform the business model from supplying customers with materials to close-to-customer businesses to develop composites that incorporate multiple materials, and thereby win the competition amongst multiple materials.

- Automotive composite products (environmental value solutions)
  Rather than merely extending materials businesses into downstream fields, Teijin will leverage its strengths in composite technologies to expand business with a view to becoming a supplier of multi-material components.

- Lithium-ion battery separator and membranes (environmental value solutions)
  Leveraging technologies and expertise developed in membrane production, Teijin will roll out high-performance, high-productivity products in a wide range of fields.

4. Transformation strategies for healthcare business field

Strengthen existing healthcare business to deliver comprehensive patient-service systems, even those not reimbursed under the Japanese health insurance system
- **Diversified product/service lineups (demographic change and increased health consciousness solutions)**
  Diversify lineups of medical equipment, digital healthcare, implantable medical products and functional food materials

- **Healthcare business creation (demographic change and increased health consciousness solutions)**
  Establish a healthcare business platform for pre-symptomatic condition, diseases and nursing care, and new business using the group’s information platform

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<Our Business fields>

- Digital healthcare
- Functional food material

<Establish a cutting-edge business platform>

**Further strengthen home healthcare services**
- Expand the introduction of community healthcare network systems
- Apply artificial intelligence (AI) to home healthcare call centers, and ensure all medical products supplied are IoT enabled

**Strengthen healthcare R&D**
- Allocate R&D resources to home healthcare, implantable products, businesses for pre-symptomatic conditions diagnosis and health promotion
- Establish healthcare data platforms

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5. **Global strategy**
Implement regional strategies based on the characteristics of each business in line with growth and transformation strategies. This will help strengthen cross-business regional structures, systems to manage overseas businesses efficiently, and regional strategy formation.

III. **Strengthening of the management system platform**

1. **Structural reorganization**
Teijin will pursue inter-business integration by integrating materials-related businesses into one materials business field. The New Business Development Business Unit will be split into units for materials and healthcare business to deepen group-wide collaboration with and absorption of these individual businesses. A newly established Global Strategy Officer will develop cross-business regional strategies and a newly established Information Strategy Representative will pursue smart projects on a group-wide basis.
2. Smart projects
Teijin will leverage IT to create new businesses and enhance group-wide business styles. In the medium-term, this will involve healthcare services development, smart plantations and innovation in business operating process, and the allocation of JPY ten billion centered on establishing the business platform.

3. Cost restructuring initiatives
By fiscal 2019, Teijin aims to reduce total costs by JPY 20 billion from the fiscal 2016 level. This will be realized by completing measures in the revised medium-term management plan in 2014 and strengthening product cost competitiveness centered on growth businesses (JPY 11 billion), and restructuring into a small head office commensurate with business scale after the implementation of restructuring initiatives (JPY 9 billion).

IV. Performance targets
New key performance indicators (KPI) will be established with an emphasis on both investment efficiency and earnings power. Teijin will emphasize ROE and ROIC based on operating income as profitability indicators and EBITDA as a growth indicator. Other KPI including non-financial information will be established, such as net sales from transformation strategy projects and degree of diversity promotion, to visualize and measure business portfolio transformation. Performance targets to fiscal 2019 are shown below:

<table>
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<tr>
<th>KPI</th>
<th>Target</th>
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<tbody>
<tr>
<td>ROE</td>
<td>10%+</td>
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<tr>
<td>ROIC based on operating income</td>
<td>8%+</td>
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<tr>
<td>EBITDA</td>
<td>Over JPY 120 billion</td>
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<tr>
<td>Invested resources</td>
<td>Equipment + M&amp;A</td>
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<td></td>
<td>JPY 300 billion (three-year total)</td>
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<td>Dividend payout ratio (guidance)</td>
<td>30% of the net income</td>
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For more details on this new medium-/long-term vision, please visit: [http://www.teijin.com/ir/library/presentation_materials/pdf/plan_pm_170206.pdf](http://www.teijin.com/ir/library/presentation_materials/pdf/plan_pm_170206.pdf)
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 JPY790.7 billion (USD 7.4 billion) and total assets of JPY 823.4 billion (USD 7.7 billion) in the fiscal year ending March 31, 2016. Please visit www.teijin.com.

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