
Flash Report

Results of FY2019 1Q & Outlook for FY2019

Teijin Limited

August 2, 2019

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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

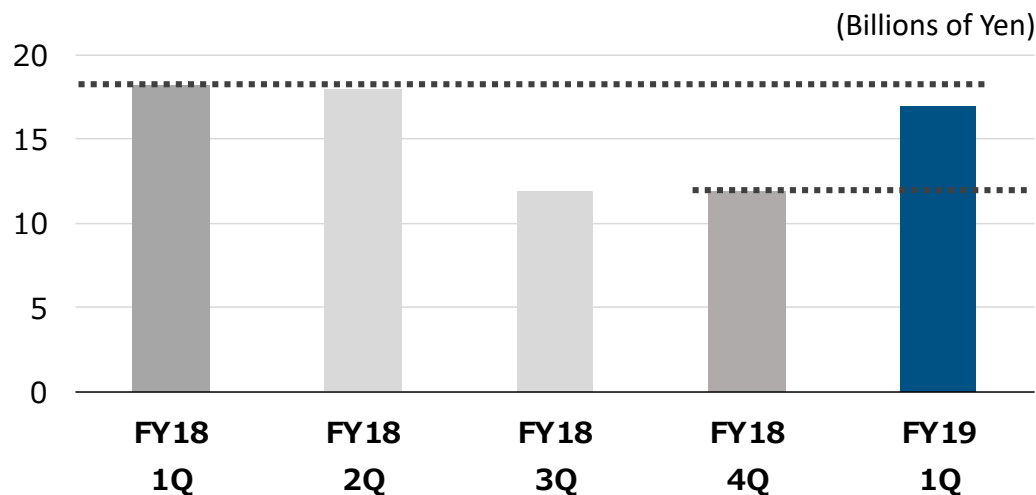
This material is based on the consolidated results for FY2019 1Q announced at 11:30 A.M. on Aug. 2, 2019 (local time in Japan).

1. Results of the FY2019 1Q

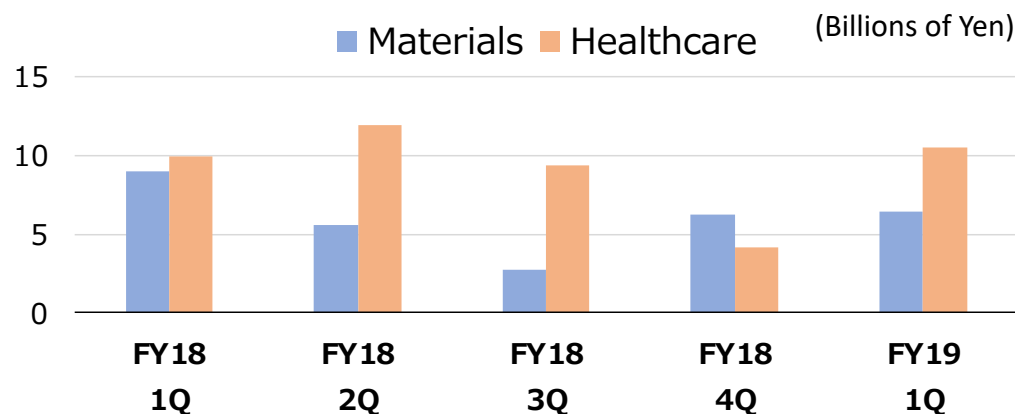
Overview :

Operating income for FY2019 1Q has substantially recovered on QoQ basis, although decreased from same period in previous year

■ Operating income quarterly trend



■ Operating income quarterly trend by segment



Materials

- Material market condition deteriorated rapidly from FY2018 2Q
- Productivity in CSP* recovered from FY2018 4Q, which had declined in FY2018 2Q & 3Q

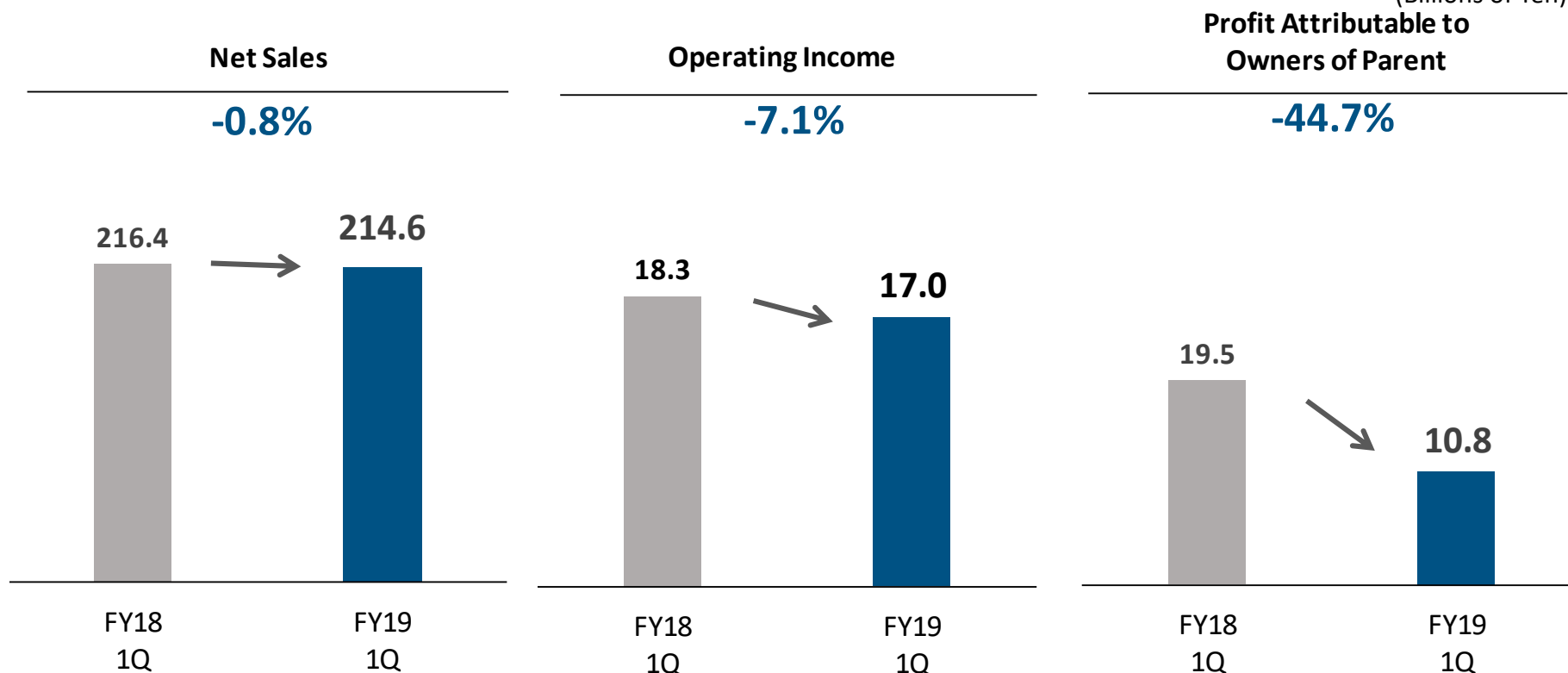
Healthcare

- Continuing favorable sales
- Expenses accumulated in FY2018 4Q

Performance Highlights

- Operating income decreased year on year
- Progress rate: 28 % against the full-term forecast* for FY2019 (60.0 billions of Yen)

(Billions of Yen)



- Operating income decreased due to a rapid deterioration in polycarbonate market that was in high price in the same period of the previous year. Meanwhile the operating income progressed against the full-term forecast for FY2019 is going as planned due to Aramid fibers and healthcare, which contributed to reduce the gap of operating income year on year as well as the recovery of productivity in CSP.
- Profit attributable to owners of parent also decreased due to the negative impact of exchange rate for non-operating items and an increase in extraordinary loss compared with FY2018 1Q, among other factors.

◆ Operating Results

(Billions of Yen)

	FY18 1Q	FY19 1Q	Difference	% Change
Net Sales	216.4	214.6	-1.8	-0.8%
Operating Income	18.3	17.0	-1.3	-7.1%
Non-operating Items (Net)	2.9	(0.1)	-3.0	-
Ordinary Income	21.2	16.9	-4.3	-20.4%
Extraordinary Items (Net)	4.9	(1.8)	-6.7	-
Income Before Income Taxes	26.1	15.1	-11.0	-42.3%
Profit Attributable to Owners of Parent	19.5	10.8	-8.7	-44.7%

(Billions of Yen)

	FY18 1Q	FY19 1Q	Difference	% Change
CAPEX ^{*4}	11.9	14.0	+2.1	+17.4%
Depreciation & Amortization	11.6	12.5	+0.9	+7.6%
R&D Expenses	8.3	7.9	-0.4	-4.4%

ROE ^{*1}	19.5%	10.6%	-8.8%
ROIC ^{*2}	11.2%	10.3%	-0.9%
EBITDA ^{*3}	29.9	29.4	-0.4

◇ Assumptions for FY2019 1Q

	FY18 1Q	FY19 1Q	Difference
PL exchange rate JPY / USD	109	110	+1
JPY / EUR	130	123	-7
An average Dubai crude oil price (USD/barrel)	72	67	-5

*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)

*1,2 are annualized numbers based on 1Q results

*3 EBITDA = Operating income + Depreciation & amortization

*4 CAPEX includes investments in intangible assets

◆ Non-operating items

	(Billions of Yen)		
	FY18 1Q	FY19 1Q	Difference
Interest income	0.3	0.3	-0.0
Dividends income	1.2	0.6	-0.6
Equity in earnings of affiliates	0.3	0.4	+0.1
Foreign exchange gains	-	1.5	+1.5
Gain on valuation of derivatives	2.9	-	-2.9
Others	0.4	0.2	-0.2
Non-operating income, total	5.0	2.9	-2.1
Interest expenses	0.8	0.9	+0.1
Foreign exchange losses	0.9	-	-0.9
Loss on valuation of derivatives	-	1.7	+1.7
Others	0.4	0.4	+0.0
Non-operating expenses, total	2.1	3.0	+0.9
Non-operating items, total	2.9	(0.1)	-3.0

◆ Extraordinary items

	(Billions of Yen)		
	FY18 1Q	FY19 1Q	Difference
Gain on sales of noncurrent assets	0.2	0.0	-0.2
Gain on sales of investment securities	0.5	3.7	+3.2
Settlement received	4.5	-	-4.5
Others	0.0	0.0	+0.0
Extraordinary income, total	5.2	3.7	-1.5
Loss on sales and retirement of noncurrent assets	0.2	0.2	-0.1
Impairment loss	0.1	1.7	+1.6
Business structure improvement expenses	0.0	3.4	+3.4
Others	0.1	0.3	+0.2
Extraordinary loss, total	0.3	5.5	+5.2
Extraordinary items, total	4.9	(1.8)	-6.7

◆ Financial position

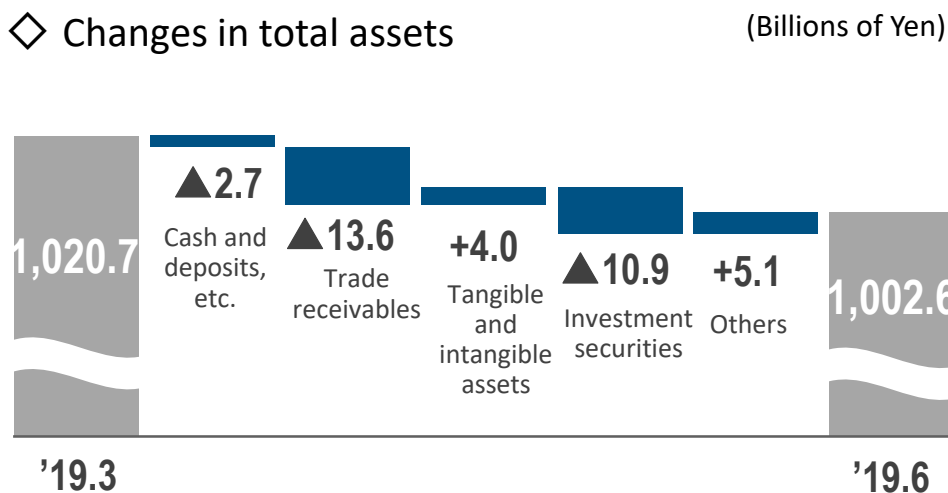
	Mar. 31, 2019	Jun. 30, 2019	Difference	(Billions of Yen) (Impact of foreign exchange rate)
Total assets	1,020.7	1,002.6	-18.1	-9.1
Liabilities	593.4	586.0	-7.5	-2.8
[Interest-bearing debt]	369.2	374.3	+5.1	-1.7
Net assets	427.2	416.6	-10.6	-6.3
D/E ratio	0.90	0.94	+0.04	-

◆ Cash flows

	FY18 1Q	FY19 1Q	Difference	(Billions of Yen)
Operating activities	14.6	19.7	+5.1	
Investing activities	(12.2)	(12.5)	-0.2	
Free cash flow	2.3	7.2	+4.9	
Financing activities	26.8	(10.0)	-36.8	
Net inc/dec in Cash & cash equivalents	29.2	(2.8)	-31.9	

Note: Cash flows fall outside the scope of quarterly results reporting under the Financial Instruments and Exchange Act.

◇ Changes in total assets



◇ BS exchange rate

	Mar. 31, 2019	Jun. 30, 2019	Difference
JPY / USD	111	108	-3
JPY / EUR	125	122	-2

◆ Changes in net sales and operating income by segment

(Billions of Yen)

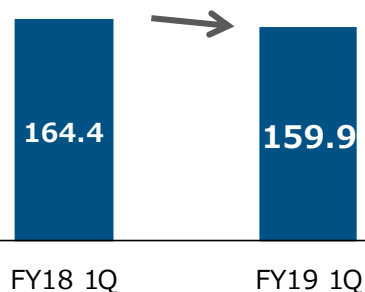
	FY18				FY19	Difference	Difference
	1Q	2Q	3Q	4Q	1Q	19/1Q	19/1Q
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	-18/1Q	-18/4Q
Net sales							
Material business group	68.7	65.7	62.8	66.7	62.7	-6.0	-4.0
Polyester Fibers & Trading and Retail business group	73.8	80.3	81.2	83.1	73.8	+0.0	-9.3
Composites, others	21.9	21.7	22.7	23.1	23.4	+1.5	+0.3
Materials Total	164.4	167.6	166.7	172.9	159.9	-4.5	-13.0
Healthcare	39.2	41.2	39.7	37.4	39.8	+0.6	+2.4
Others	12.8	14.2	13.9	18.7	14.9	+2.1	-3.7
Total	216.4	223.0	220.2	228.9	214.6	-1.8	-14.3
Operating income (loss)							
Materials	9.0	5.6	2.7	6.2	6.4	-2.6	+0.2
Healthcare	9.9	11.9	9.4	4.2	10.5	+0.6	+6.3
Others	0.6	1.9	1.3	3.3	1.3	+0.7	-2.0
Elimination and Corporate	(1.3)	(1.5)	(1.5)	(1.8)	(1.3)	-0.0	+0.5
Total	18.3	17.9	11.9	11.9	17.0	-1.3	+5.1

Materials (Year on Year)

High-performance materials saw steady performances despite the deterioration of material market condition

Net sales

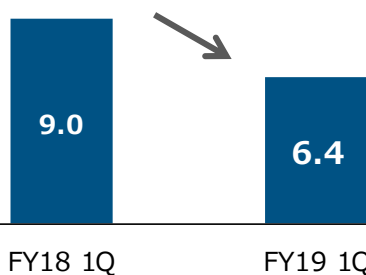
-2.7%



(Billions of Yen)

Operating income

-28.6%



(Billions of Yen)

Material business group

- In Aramid Fibers, product mix and pricing efforts contributed positively to profits.
- Carbon Fibers posted an increase in expenses related to the launch of a new plant in the U.S.
- High-value-added polycarbonate products maintained profitability. Meanwhile, sales prices for commodity products have been impacted by drastically worsening market prices from the second quarter of the previous fiscal year.

Polyester Fibers & Trading and Retail business group

- Sales remained favorable mainly for staple fiber in Industrial Textiles and Materials, while sales of apparel products in domestic markets struggled in Fiber Materials and Apparel.

Composites, others

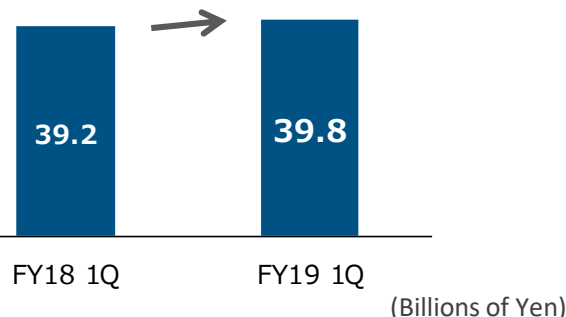
- Sales of mass-produced automotive components of CSP, supported by increased demand for vehicle categories such as pick-up trucks and SUVs in North America, along with the rollout of new models in this market.

Healthcare (Year on Year)

Earnings increased in line with favorable sales of mainstay products centered on *FEBURIC*

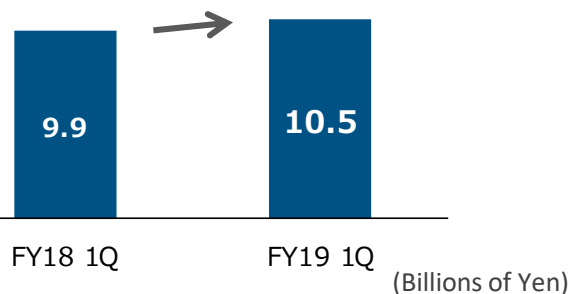
Net sales

+1.5%



Operating income

+6.1%



Pharmaceuticals

- Sales expanded steadily for the hyperuricemia and gout treatment *FEBURIC*.

Home Healthcare

- Rental volume for continuous positive airway pressure (CPAP) ventilators increased, mainly by leveraging the *SAS-2100* sleeping pattern analysis devices.
- Rental volume for oxygen concentrators for home oxygen therapy (HOT) remained at high levels, including portable oxygen concentrators.

New Healthcare

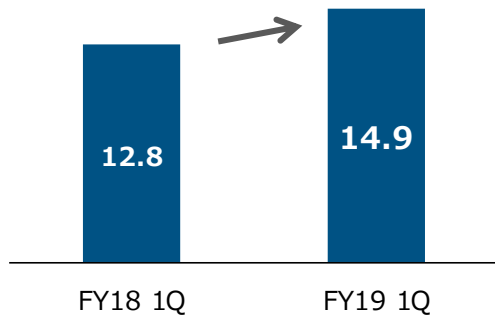
- In implantable medical products, artificial joint and orthopedic spine products performed firmly.

Others (Year on Year)

Earnings increased as the Digital Entertainment category in the IT business maintained a solid performance.

Net sales

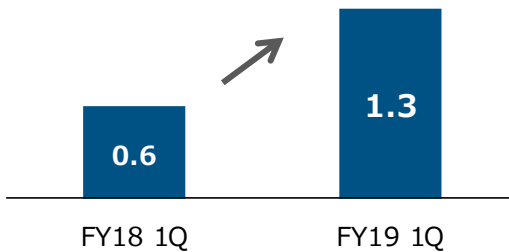
+16.6%



(Billions of Yen)

Operating income

+106.2%



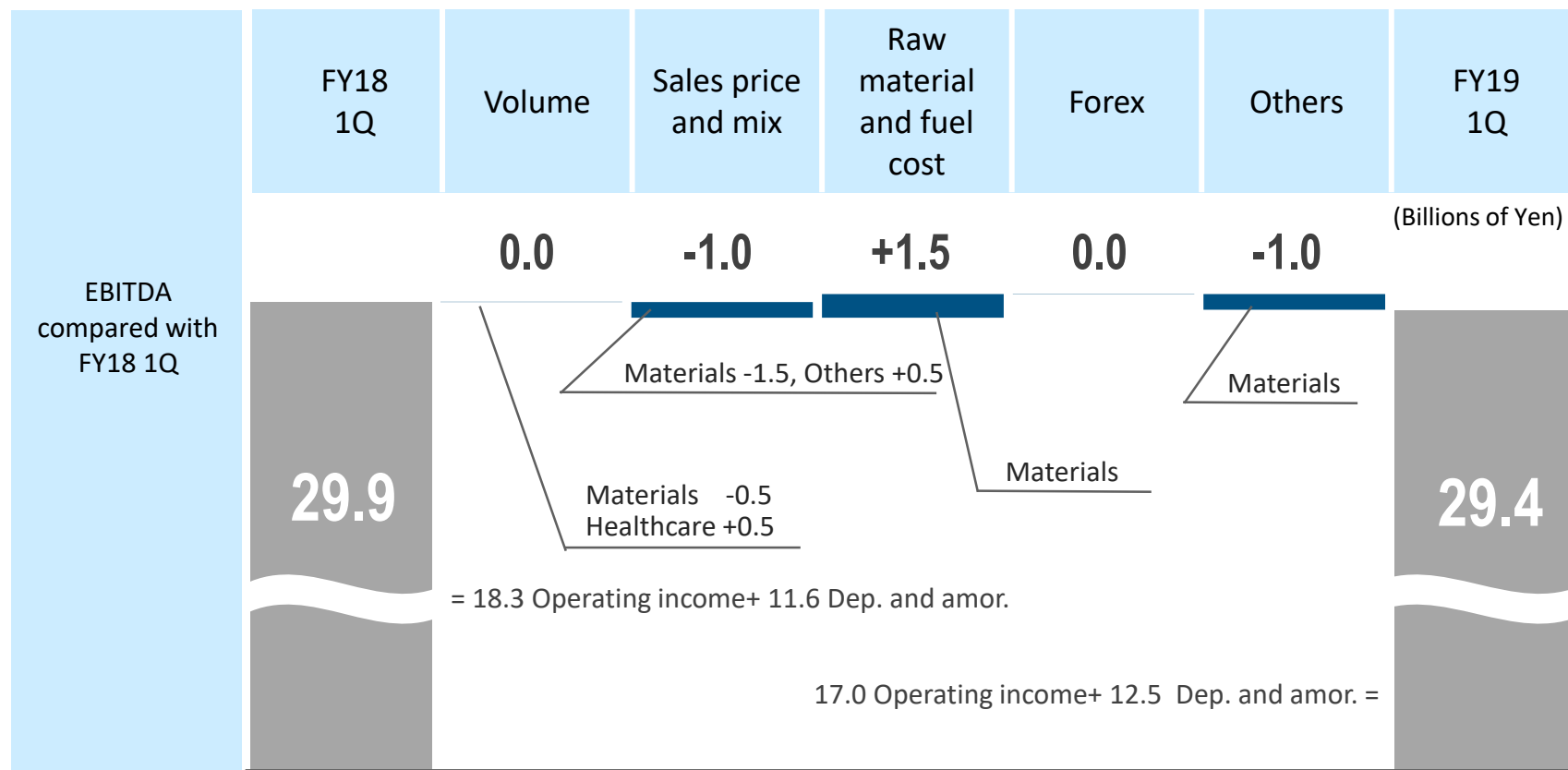
(Billions of Yen)

IT business

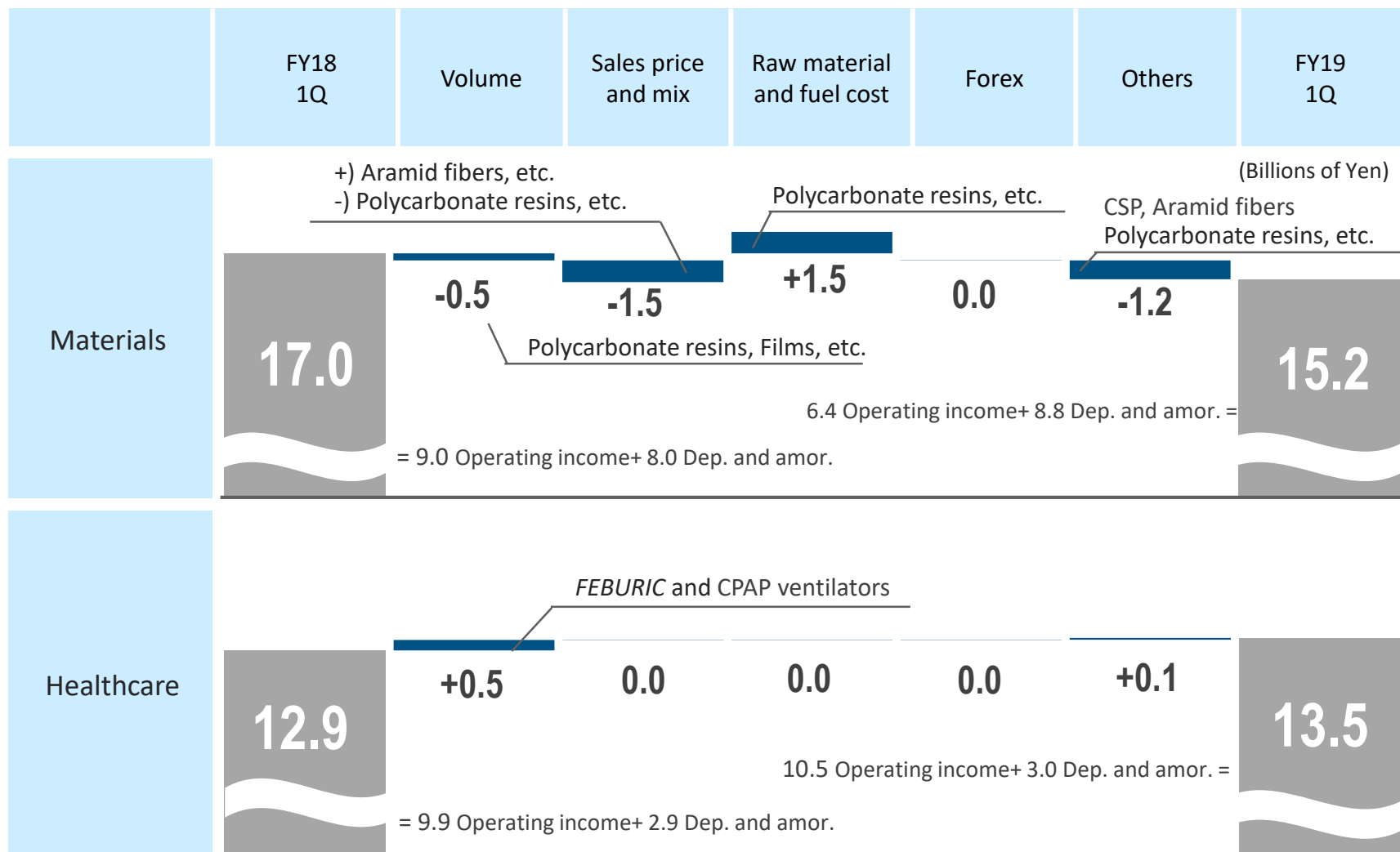
- The e-comics distribution service performed favorably.
- IT services for hospitals posted steady results.

◆ Changes in EBITDA*¹ compared with FY2018 1Q

EBITDA remained unchanged; Aramid Fibers and domestic Healthcare saw steady performances, meanwhile there was a huge deterioration in polycarbonate resin market.



*1 EBITDA = Operating income + Depreciation & amortization

◆ Changes in EBITDA*¹ by segment compared with FY2018 1Q

*1 EBITDA = Operating income + Depreciation & amortization

2. Outlook for FY2019

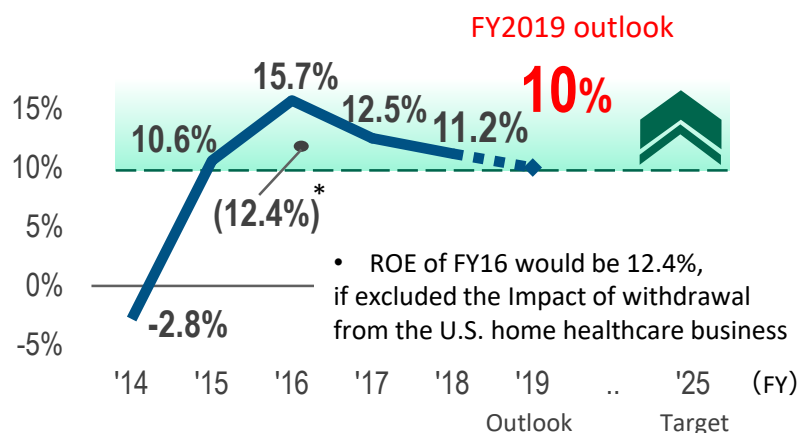
Key Financial Indicators

- Our medium-term targets of ROE 10% or more, and operating income ROIC 8% or more, expected to be achieved
- EBITDA to fall short of FY2019 target (over ¥120.0 billion), but continuous effort to achieve

Medium-term target

ROE*¹ **10% +**

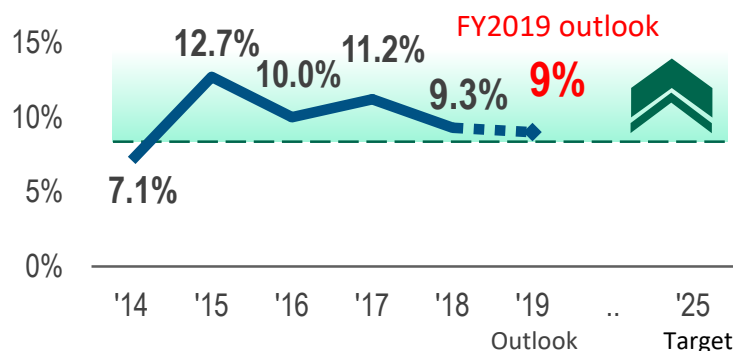
Trend



Medium-term target

ROIC based on operating income*² **8% +**

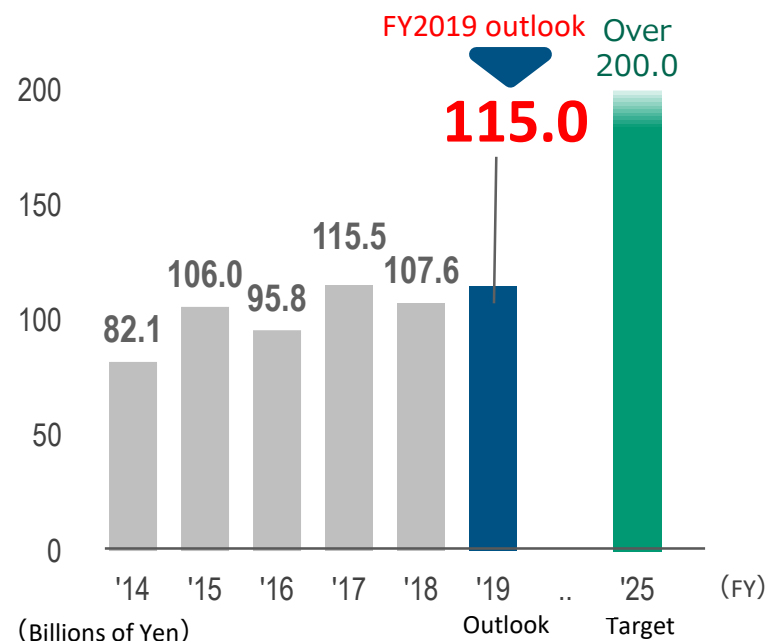
Trend



Medium-term target

EBITDA*³ **Over ¥120 billion in FY2019**
Over ¥200 billion in FY2025

Trend



*1 ROE=Profit (loss) 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

✓ Revised Net Sales forecast, but Operating Income remain unchanged

Net sales have been revised to reflect revisions to exchange rate assumptions and transfer of subsidiaries for film business; the transfer scheduled October 1st, 2019

Operating Income and Profit Attributable to Owners of Parent have remain unchanged

(Billions of Yen)

Net Sales

revised

(Compared with previous outlook)

888.6 910.0 **900.0**

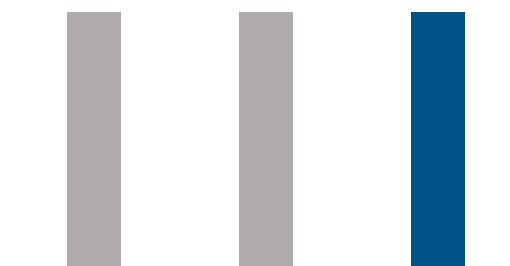


FY18 Results FY19 Previous Outlook* FY19 Outlook

Operating Income

same level

60.0 60.0 **60.0**



FY18 Results FY19 Previous Outlook* FY19 Outlook

Profit Attributable to Owners of Parent

same level

45.1 41.0 **41.0**



FY18 Results FY19 Previous Outlook* FY19 Outlook

◇ Assumptions

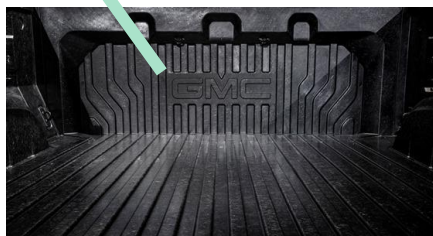
		FY18 Actual	FY19 Previous outlook*	FY19 Outlook	Difference compared with previous outlook
Full-term average exchange rate	JPY / USD	111	110	108	-2
	JPY / EUR	128	125	123	-2
An average Dubai crude oil price (USD/barrel)		69	65	65	0

Transformation Strategy (New Business)

Materials: Steady progress in projects for mobilities

Healthcare: Propel research and development for advanced healthcare materials as well as drugs

Materials



Teijin's *Sereebo* in Use for General Motors as World's First CFRT¹ for High-volume Production Vehicles

Sereebo is a carbon fiber reinforced thermoplastic (CFRT¹) that supports high-volume production of automotive components and other products. The molding time for *Sereebo* is approximately one minute, which is a world first.

Acquisition of Benet Automotive (Czech Republic)

Through this acquisition, Teijin will accelerate expansion of the automotive composites business in Europe as a Tier 1 supplier.

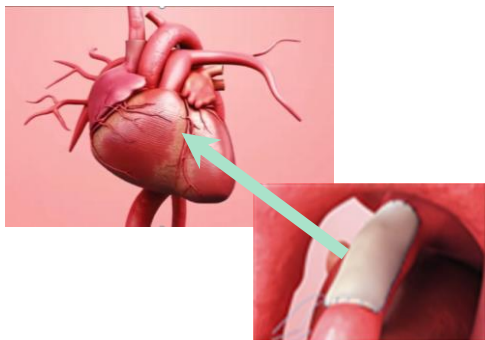
CSP VICTALL^{*1} Partners With JMC^{*2} To Debut the First Composite Pickup Box in China

The composite products offer superior benefits such as lower weight, better resistance to corrosion and higher impact strength compared with conventional sheet metal products. The composite pickup boxes will also boost cost effectiveness by reducing the number of parts.

^{*1} CSP VICTALL : A joint venture established in China (Headquarters: Tangshan, China) by CSP

^{*2} JMC: Jiangling Motors Corporation (JMC) (Headquarters: Nanchang, China)

Healthcare



Clinical trial of new cardiovascular patch (OFT-G1) launched

OFT-G1 is a medical material currently being developed for patients with congenital cardiovascular diseases. It was created by integrating Osaka Medical College's expertise in cardiovascular surgery, Fukui Tateami Co., Ltd.'s warp-knitting technology, and Teijin's advanced polymer-application technology.

Teijin and AMED^{*} sign R&D consignment agreement to develop drugs for frail

The Japan Geriatric Society has proposed that the English word "frail" be adopted as a new expression for "frailty" in Japanese. The proposed definition of "Frail" is a state of reduced resilience to stress as a result of aging and the stage before a person requires nursing care. To realize a society where people can lead long, healthy lives, Teijin will take steps to develop the world's first preventive and therapeutic drugs for frail.

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

3. Supplementary information

◆ Consolidated Statements of Income

(Billions of Yen)

	FY18				FY19	Difference
	1Q	2Q	3Q	4Q	1Q	19/1Q
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	-18/1Q
Net Sales	216.4	223.0	220.2	228.9	214.6	-1.8
Cost of sales	147.7	155.6	156.4	161.0	147.0	-0.7
Gross profit	68.7	67.4	63.8	67.9	67.7	-1.1
SG & A	50.5	49.4	51.9	56.0	50.7	+0.2
Operating income	18.3	17.9	11.9	11.9	17.0	-1.3
Non-operating items, net	2.9	0.6	(0.4)	(2.9)	(0.1)	-3.0
(Balance of financial expenses)	0.6	(0.6)	0.1	(0.4)	(0.1)	-0.7
(Equity in earnings and losses of affiliates)	0.3	1.1	0.2	(1.2)	0.4	+0.1
Ordinary income	21.2	18.6	11.5	9.0	16.9	-4.3
Extraordinary items (net)	4.9	(1.3)	(0.6)	(2.9)	(1.8)	-6.7
Income before income taxes	26.1	17.3	10.9	6.1	15.1	-11.0
Income taxes	6.4	2.4	3.7	1.1	4.0	-2.4
Profit attributable to non-controlling interests	0.2	0.5	0.4	0.7	0.3	+0.1
Profit attributable to owners of parent	19.5	14.4	6.8	4.3	10.8	-8.7

◆ Consolidated balance sheets

(Billions of Yen)

	FY17				FY18				FY19
	Jun. 30, 2017	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018*	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019
Total assets									
Current assets	473.6	459.5	475.5	477.9	520.5	546.5	522.7	523.9	511.6
Fixed assets	498.7	494.3	503.1	504.1	507.6	506.3	493.0	496.8	491.0
Total	972.3	953.8	978.6	982.0	1,028.1	1,052.8	1,015.7	1,020.7	1,002.6
Total liabilities and net assets									
Liabilities	596.6	556.0	567.3	573.7	604.7	619.3	586.0	593.4	586.0
[Interest-bearing debt]	386.2	341.1	347.5	344.2	385.2	400.7	374.0	369.2	374.3
Net assets	375.7	397.8	411.3	408.2	423.4	433.5	429.7	427.2	416.6
Total	972.3	953.8	978.6	982.0	1,028.1	1,052.8	1,015.7	1,020.7	1,002.6

* 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.

◆ Summary of Outlook for FY2019

	FY18	FY19 Outlook	Differ- ence	% Change	FY19 Previous Outlook ^{*5}	Differ- ence
(Billions of Yen)						
Net sales	888.6	900.0	+11.4	+1.3%	910.0	-10.0
Operating income	60.0	60.0	0.0	0.0%	60.0	0.0
Ordinary income	60.3	60.0	-0.3	-0.4%	60.0	0.0
Profit attributable to owners of parent	45.1	41.0	-4.1	-9.0%	41.0	0.0
ROE ^{*1}	11.2%	10%	-1%		10%	0%
ROIC ^{*2}	9.3%	9%	-0%		9%	0%
EBITDA ^{*3}	107.6	115.0	+7.4		115.0	0.0
Free cash flow	39.6	15.0	-24.6		5.0	+10.0
CAPEX ^{*4}	62.8	70.0	+7.2		70.0	0.0
Depreciation & Amortization	47.6	55.0	+7.4		55.0	0.0
R&D Expenses	36.4	38.0	+1.6		38.0	0.0
◇ Assumptions						
Full-term average	JPY/USD	111	108	-3	110	-2
exchange rate	JPY/EUR	128	123	-5	125	-2
An average Dubai crude oil price (USD/barrel)		69	65	-4	65	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 CAPEX includes investments in intangible assets

*5 Announced on May 9, 2019

Dividend forecasts (No changes from previous outlook)

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

Annual: ¥60 per share

(Billions of Yen)

22

◆ Key Financial Indicators by segment

				(Billions of Yen)	
	FY18	FY19	Difference	FY19 Previous Outlook ^{*1}	Difference compared with FY19 Previous Outlook
EBITDA ^{*2}					
Materials	56.4	69.0	+12.6	69.0	0.0
Healthcare	47.3	43.5	-3.8	43.5	0.0
Others	10.0	10.5	+0.5	10.5	0.0
Elimination and Corporate	(6.1)	(8.0)	-1.9	(8.0)	0.0
Total	107.6	115.0	+7.4	115.0	0.0
(%)					
ROIC ^{*3}					
Materials	5%	6%	+1%	6%	0%
Healthcare	35%	34%	-1%	34%	0%
Total	9%	9%	-0%	9%	0%

*1 Announced on May 9, 2019

*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 compared with FY2018

(Billions of Yen)

	FY18 Results			FY19 Outlook			Difference		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales									
Material business group	134.4	129.5	263.9	129.5	122.5	252.0	-4.9	-7.0	-11.9
Polyester Fibers & Trading and Retail business group	154.0	164.3	318.3	165.0	175.0	340.0	+11.0	+10.7	+21.7
Composites, others	43.6	45.8	89.4	45.5	48.5	94.0	+1.9	+2.7	+4.6
Materials Total	332.0	339.6	671.6	340.0	346.0	686.0	+8.0	+6.4	+14.4
Healthcare	80.4	77.1	157.5	76.0	74.0	150.0	-4.4	-3.1	-7.5
Others	27.0	32.5	59.5	30.0	34.0	64.0	+3.0	+1.5	+4.5
Total	439.4	449.2	888.6	446.0	454.0	900.0	+6.6	+4.8	+11.4
Operating income (loss)									
Materials	14.6	8.9	23.5	14.0	14.5	28.5	-0.6	+5.6	+5.0
Healthcare	21.9	13.6	35.5	18.5	12.5	31.0	-3.4	-1.1	-4.5
Others	2.6	4.6	7.2	2.5	5.0	7.5	-0.1	+0.4	+0.3
Elimination and Corporate	(2.8)	(3.3)	(6.1)	(3.0)	(4.0)	(7.0)	-0.2	-0.7	-0.9
Total	36.2	23.8	60.0	32.0	28.0	60.0	-4.2	+4.2	0.0

◆ Changes in net sales and operating income by segment compared with Previous Outlook*

(Billions of Yen)

	FY19 Previous Outlook*			FY19 Outlook			Difference		
	1H	2H	Total	1H	2H	Total	1H	2H	Total
Net sales									
Material business group	129.5	132.5	262.0	129.5	122.5	252.0	0.0	-10.0	-10.0
Polyester Fibers & Trading and Retail business group	165.0	175.0	340.0	165.0	175.0	340.0	0.0	0.0	0.0
Composites, others	45.5	48.5	94.0	45.5	48.5	94.0	0.0	0.0	0.0
Materials Total	340.0	356.0	696.0	340.0	346.0	686.0	0.0	-10.0	-10.0
Healthcare	76.0	74.0	150.0	76.0	74.0	150.0	0.0	0.0	0.0
Others	30.0	34.0	64.0	30.0	34.0	64.0	0.0	0.0	0.0
Total	446.0	464.0	910.0	446.0	454.0	900.0	0.0	-10.0	-10.0
Operating income (loss)									
Materials	13.0	15.5	28.5	14.0	14.5	28.5	+1.0	-1.0	0.0
Healthcare	17.5	13.5	31.0	18.5	12.5	31.0	+1.0	-1.0	0.0
Others	2.5	5.0	7.5	2.5	5.0	7.5	0.0	0.0	0.0
Elimination and Corporate	(3.0)	(4.0)	(7.0)	(3.0)	(4.0)	(7.0)	0.0	0.0	0.0
Total	30.0	30.0	60.0	32.0	28.0	60.0	+2.0	-2.0	0.0

* Announced on May 9, 2019

◆ Historical Financial Indicators

	FY15	FY16	FY17	FY18	FY19
	Actual	Actual	Actual ^{*6}	Actual	Outlook
ROE ^{*1}	10.6%	15.7%	12.5%	11.2%	10%
ROIC ^{*2}	12.7%	10.0%	11.2%	9.3%	9%
EBITDA ^{*3} (Billions of Yen)	106.0	95.8	115.5	107.6	115.0
Earnings per share ^{*4} (Yen)	158.1	254.9	231.3	232.4	213.7
Dividends per share ^{*4} (Yen)	35	55	60	70 [*]	60
Total assets (Billions of Yen)	823.4	964.1	982.0	1,020.7	1,070.0
Interest-bearing debt (Billions of Yen)	303.3	376.2	344.2	369.2	380.0
D/E ratio ^{*5}	1.01	1.11	0.88	0.90	0.9
Shareholders' equity ratio	36.4%	35.1%	40.0%	40.2%	41%

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

*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.

Polyester Film business companies transfer (published at. May 22, 2019)

Agreed to transfer subsidiaries engaged in Film Business to Toyobo Co., Ltd

Overview of the transfer

- Teijin Film Solutions Limited (Net sales: 26.1 billions of Yen, FY ended Dec. 2018)
- P.T. Indonesia Teijin Film Solution (Net sales: 25 million USD, FY ended Dec. 2018)
- Transfer price: approximately 10 billions of Yen
(it will be determined after the required adjustment until the transfer date.)

Schedule

- Execution of the agreement: May 22, 2019
- The transfer is expected to be completed on October 1, 2019

Expected effects

- Further growth of these two film businesses companies.
- Optimize capital efficiency in the Teijin Group toward achieving our long-term vision

◆ Sales of Principal Pharmaceuticals in Japan

(Billions of Yen)

Product	Target disease	FY2018					FY2019 1Q Apr.-June
		1Q Apr.-June	2Q July-Sept.	3Q Oct.-Dec.	4Q Jan.-Mar.	Total	
<i>FEBURIC</i> ®	Hyperuricemia and gout	8.7	8.7	10.2	8.2	35.8	9.9
<i>Bonalon</i> ®*1	Osteoporosis	2.6	2.5	2.7	2.2	10.0	2.5
<i>Onealfa</i> ®	Osteoporosis	0.5	0.4	0.4	0.4	1.7	0.4
<i>Venilon</i> ®	Severe infection	1.3	1.3	1.4	1.2	5.3	1.6
<i>Mucosolvan</i> ®	Expectorant	1.0	1.0	1.2	0.9	4.1	0.9
<i>Somatuline</i> ®*2	Acromegaly and pituitary gigantism, gastroentero-pancreatic neuroendocrine tumors	0.8	0.9	1.0	1.0	3.7	1.1
<i>LOQQA</i> ®	osteoarthritis pain and inflammation	0.5	0.5	0.6	0.4	2.0	0.6
<i>Laxoberon</i> ®	Laxative	0.4	0.3	0.3	0.3	1.3	0.3
<i>Tricor</i> ®	Hyperlipidemia	0.3	0.2	0.2	0.1	0.8	0.1
<i>Alvesco</i> ®	Asthma	0.3	0.3	0.3	0.3	1.1	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 June 30, 2019)

* 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		TMX-67 (PRC)* ² STM-279* ³
Others	JTR-161* ⁴	GGs-MPA* ⁵	GGs-CIDP* ⁵ GGs-ON* ⁵	

*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 Obtained marketing approval for adenosine deaminase (ADA) deficiency in March 2019*⁴ Started Phase I/II trials in October 2018 for obtaining an indication for acute cerebral infarction (stroke)*⁵ Currently under development as an additional indication of Venilon®

◆ Newly developed pharmaceutical candidates

(As of June 30, 2019)

[Approved/New Launch]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TMX-67 (febuxostat)	Gout	Licensing out of febuxostat for sale in the PRC. A highly potent drug that selectively inhibits xanthine oxidase and is also available 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
STM-279 (Elapegademase (genetical recombination))	Adenosine deaminase (ADA) deficiency	Polyethylene glycol recombinant bovine adenosine deaminase; an injectable recombinant ADA for patients with ADA deficiency that prevents the reduction in lymphocytes. It is expected to prevent the onset of severe combined immune deficiency (SCID).	Injection	Licensed in from Leadiant Biosciences Limited (U.K.) Approved in March 2019

[FILED]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
GGs-CIDP (freeze-dried sulfonated human immunoglobulin)	Chronic inflammatory demyelinating polyneuropathy	Immunoregulatory action inhibits inflammation of the peripheral nerves; Expected as a treatment that will restore lost muscle strength.	Injection	Under joint development with KM Biologics Co., Ltd. (Additional indication) Filed in September 2018
GGs-ON (freeze-dried sulfonated human immunoglobulin)	Optic neuritis	The immunoregulatory mechanism of this drug inhibits inflammation of the optic nerve; being expected to restore lost visual function.	Injection	Under joint development with KM Biologics Co., Ltd. (Additional indication) Filed in March 2019

◆ Newly developed pharmaceutical candidates

(As of June 30, 2019)

[PHASE III]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
ITM-058 (Abaloparatide acetate)	Osteoporosis	Promising for treatment of osteoporosis with potency in promoting bone formation, resulting in a rapid increase in bone density and reduction in the risk of bone fracture. Superior to existing PTH derived drugs, having ability to increase bone density and its safety (minimal risk of hypercalcemia).	Injection	Licensed in from Ipsen Pharma, France
NT 201 (Incobotulinum toxin A)	Upper and lower limb spasticity	Promising for 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 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 (Additional indication)
GGs-MPA (freeze-dried sulfonated human immunoglobulin)	Microscopic polyangiitis	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 June 30, 2019)

[PHASE II]

Code No.	Target disease	Medical properties/characteristics	Dosage form	Remarks
KTP-001	Lumbar disc herniation	Chemonucleolysis treatment for herniated lumbar discs; 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	A CRTh2 receptor antagonist, a novel mechanism to control symptoms of asthma, facilitating effective long-term management of the disease; expected to use as a monotherapy for mild asthma patients and concomitant use with inhaled steroid for mild to severe asthma patients, delivering sufficient therapeutic value for patients with	Tablet	Licensed in from Pulmagen Therapeutics (Asthma) Limited
TCF-12	Chronic kidney disease	A fibrous adsorption charcoal for 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	A novel non-purine xanthine oxidase inhibitor; 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	A novel non-purine xanthine oxidase inhibitor; expected to prevent the progression of nephropathy, as a new treatment for diabetic nephropathy	Tablet	Developed in-house

◆ Newly developed pharmaceutical candidates

(As of June 30, 2019)

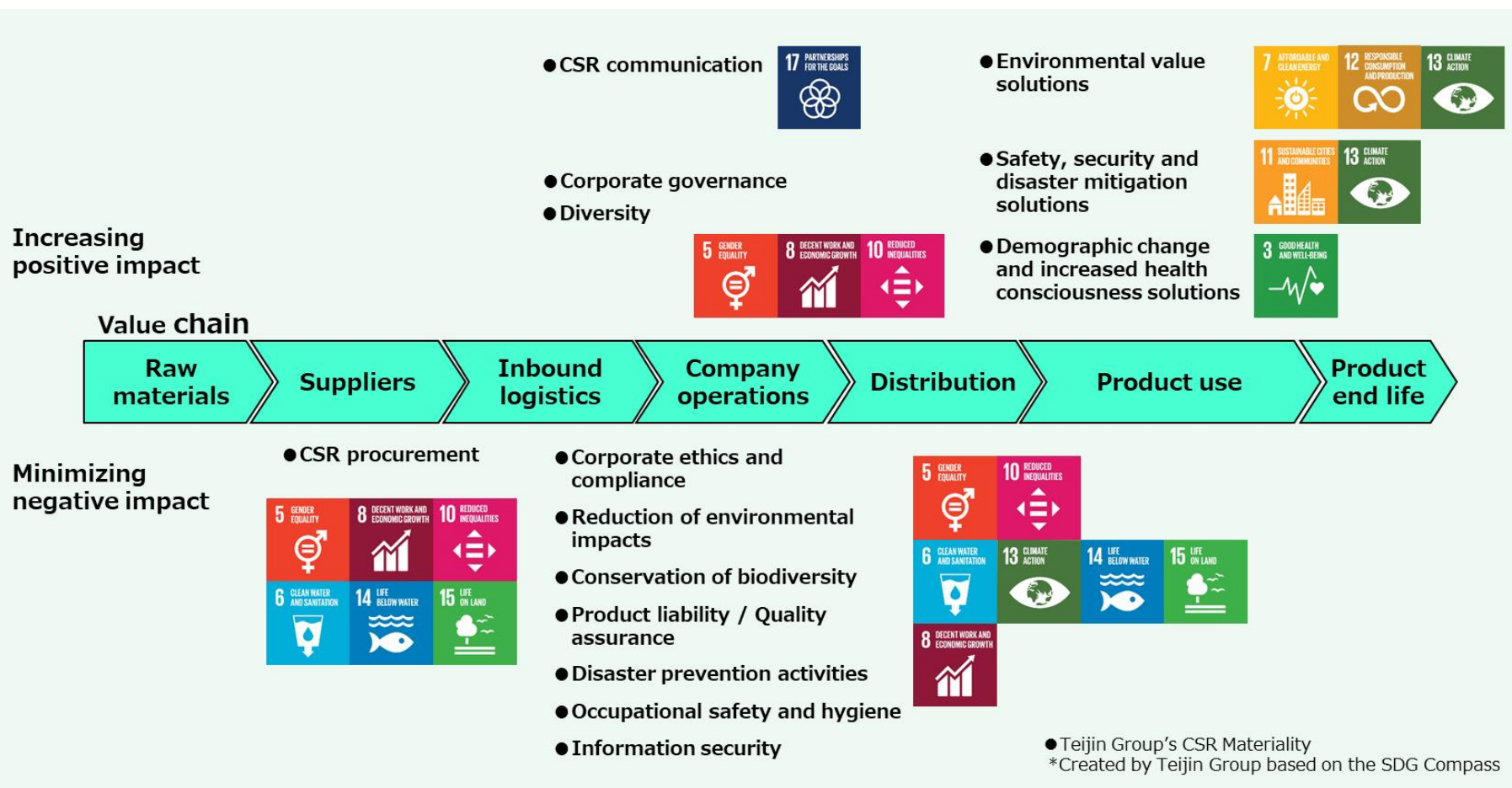
[PHASE II]

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>Promising for 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
JTR-161	Acute cerebral infarction (stroke)	<p>A processed allogenic human stem cell product derived from dental pulp separated from extracted teeth of healthy Japanese people. Compared with cells sourced from bone marrow, etc., this process is less invasive and cells can be procured inside Japan.</p> <p>It is expected to be effective for suppressing inflammation through the production of immunomodulators, and protecting and promoting regeneration of organs through the production of nutritional factors.</p>	Injection	Under joint development with JCR Pharmaceuticals Co., Ltd.

Non-financial Information

Teijin Group's CSR Materiality and SDGs

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 >

Environmental Value Solutions



Weight-reducing materials and components through multiple materials

Safety, Security and Disaster Mitigation Solutions



Ultra-lightweight Ceiling Material
kal-ten

Demographic Change and Increased Health Consciousness Solutions



Comprehensive community healthcare systems
VitalLink



<Topics>

Teijin Joins TCFD Consortium to Help Promote Climate-related Financial Disclosures



The Teijin Group recognizes that its business activities have an impact on the environment and it has been working towards finding a variety of solutions. In the process, the Teijin Group has been continuously seeking to make a contribution to a “low-carbon society,” a contribution to a “recycling-based society,” and a contribution to a “society to preserve the global environment” through its businesses.

Against this backdrop, in March 2019, the Teijin Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board. Accordingly, the Teijin Group will strive to enhance disclosure of information regarding opportunities and risks from climate change for Teijin's operations. In addition, on May 27, 2019, the TCFD Consortium* was inaugurated in unison by companies, financial institutions and other entities that support the TCFD recommendations. This consortium will serve as a forum for holding discussions on effective corporate information disclosure and measures to ensure that the disclosed information is used to support the investment decisions of financial institutions and other entities. The Teijin Group has also joined the TCFD Consortium.

“TCFD Consortium to be inaugurated” (Ministry of Economy, Trade and Industry website)
<https://www.meti.go.jp/press/2019/05/20190521003/20190521003.html>

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.



The MSCI logo, consisting of the letters "MSCI" and a small globe icon.

2018 Constituent
MSCI Japan ESG
Select Leaders Index

The MSCI logo, consisting of the letters "MSCI" and a small globe icon.

2018 Constituent
MSCI Japan Empowering
Women Index (WIN)



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