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Flash Report

Results of FY2019 & Outlook for FY2020

Teijin Limited

May 8, 2020

Key Points for this report

■ Business Performance for FY2019

- Actual operating income for FY2019 decreased around 6% from the previous year to 56.2 billion yen (finished the year 2% above the previous outlook*)
  - ✓ Aramid fibers, Healthcare in Japan and the IT business remained strong, and contributed to earnings
  - ✓ Downward impact from generic products in Europe and the US on a mainstay pharmaceutical and sluggish market conditions for polycarbonate resins
  - ✓ COVID-19 impact mainly on Composites and Carbon fibers, but that was limited
- EBITDA of 107.2 billion yen for FY2019 missed its target (over 120 billion yen) for the final year of the previous Medium-Term Management Plan (FY2019), but has grown steadily in the medium-term
- Year-end dividend for FY2019 : 30 yen/share. No changes from previous outlook* (Annual 60 yen/share)

■ Outlook for FY2020 and Impact of COVID-19

- In a plan before considering with COVID-19 outbreak, the impact of drug price revisions will be compensated by mainly increasing the sales of Aramid fibers, Composites, and Healthcare in Japan, etc.
- Revenues and earnings will decrease from the previous fiscal year with consideration of COVID-19
  - ✓ In Materials, which serves the core markets of automotive and aircraft, revenue and profits decline from the previous fiscal year cannot be avoided
  - ✓ The impact of COVID-19 on Healthcare and IT will be insignificant due to the stable cash-generating ability

* Announced on February 5, 2020

Note

This material is based on the consolidated results for FY2019 announced at 11:30 A.M. on May 8, 2020 (local time in Japan).

1. Results of the FY2019 and Summary of previous medium-term management plan

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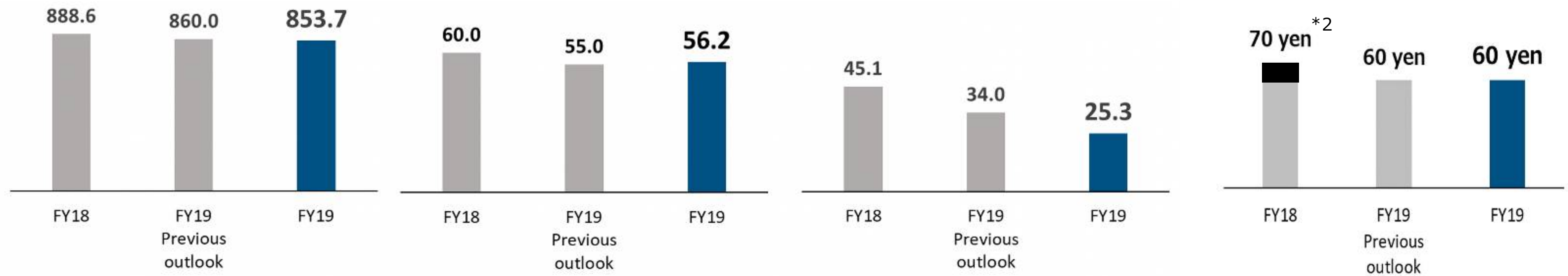
◆ FY2019 actual highlights [Compared with FY2018]

- Net sales decreased from the previous fiscal year due to the impact of generic products in Europe and the US on a mainstay pharmaceutical, sluggish market conditions for polycarbonate resin, weakness in Polyester Fibers & Trading and Retail reflected unseasonable weather, the impact of transfer of subsidiaries in Films, and COVID-19
- Operating income decreased from the previous fiscal year, as a favorable performance in Aramid fibers, Healthcare business in Japan and IT were unable to cover factors such as the impact of generic products in Europe and the US on a mainstay pharmaceutical, sluggish market conditions for polycarbonate resin, and increased upfront expenses for Carbon fibers
- Profit attributable to owners of parent decreased from the previous fiscal year, due partly to a decline in non-operating income reflecting the impact of foreign exchange movements, along with recording one-time expenses associated with the transfer of subsidiaries in Films under extraordinary loss and a goodwill impairment related to subsidiary (J.H. Ziegler GmbH in Germany) in Polyester Fibers & Trading and Retail

(Billions of Yen)	Net Sales	Operating Income	Profit Attributable to Owners of Parent	Dividends per share
[vs FY18]	**-3.9%**	**-6.3%**	**-44.0%**	**-10 yen**
[vs FY19 Previous Outlook*1]	-0.7%	+2.2%	-25.7%	No changes



*1 Announced on February 5, 2020

*2 Including a commemorative dividend of 10 yen/share for our founding centennial

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◆ Operating results [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference	% Change
Net Sales	888.6	853.7	-34.8	-3.9%
Operating Income	60.0	56.2	-3.8	-6.3%
Non-operating Items (Net)	0.3	(1.9)	-2.1	-
Ordinary Income	60.3	54.3	-5.9	-9.8%
Extraordinary Items (Net)	0.1	(12.8)	-12.9	-
Income Before Income Taxes	60.4	41.6	-18.8	-31.2%
Profit Attributable to Owners of Parent	45.1	25.3	-19.8	-44.0%

ROE *1	11.2%	6.3%	-4.9%
ROIC *2	9.3%	8.7%	-0.6%
EBITDA *3	107.6	107.2	-0.4

(Billions of Yen)

	FY18	FY19	Difference	% Change
CAPEX *4	62.8	68.6	+5.8	+9.2%
Depreciation & Amortization	47.6	51.0	+3.4	+7.1%
R&D Expenses	36.4	34.5	-1.9	-5.3%

Dividend for FY2019：No changes from previous outlook *5

Interim 30 yen/share Year-end 30 yen/share Annual 60 yen/share

(FY2018：Annual 70 yen/share

(Including a commemorative dividend of 10 yen per share for our founding centennial))

◇ Exchange rate & Oil price

		FY18	FY19
PL exchange rate	JPY / USD	111	109
	JPY / EUR	128	121
An average Dubai crude oil price (USD/barrel)		69	60

1 ROE= Profit attributable to owners of parent / Average total shareholders' equity
2 ROIC based on operating income = Operating income / Average invested capital
(Invested capital = Net assets + Interest-bearing debt - Cash and deposits)
*Average: ([Beginning balance + Ending balance] / 2)

*3 EBITDA = Operating income + Depreciation & amortization
*4 CAPEX includes investments in intangible assets
*5 Announced on February 5, 2020

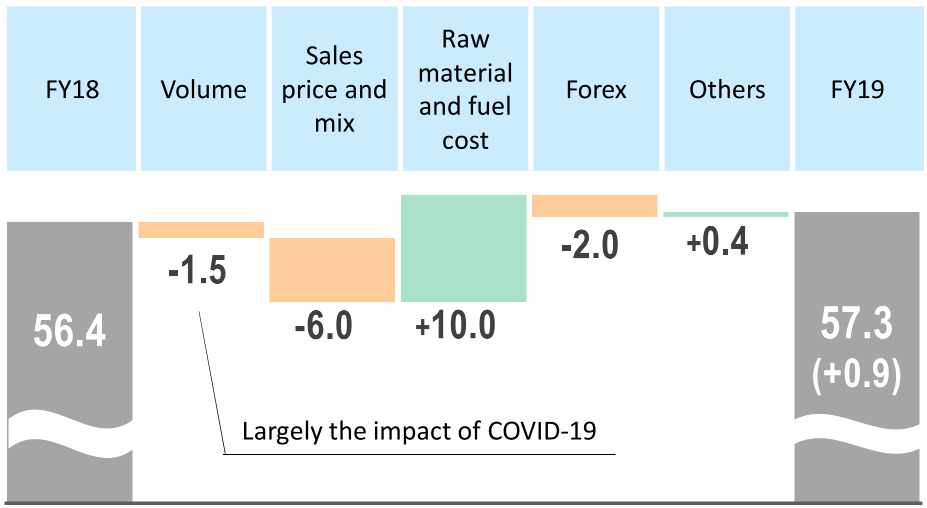
◆ Materials business field [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference	% change
Net sales	671.6	633.8	-37.7	-5.6%
EBITDA *1	56.4	57.3	+0.9	+1.6%
Depreciation & Amortization	32.9	36.0	+3.1	+9.4%
Operating income (loss)	23.5	21.3	-2.2	-9.3%

<Changes in EBITDA*1>

(Billions of Yen)



*1 EBITDA = Operating income + Depreciation & amortization

*2 Continental Structural Plastics Holdings Corporation

■ Aramid Fibers

- Sales volume declined for automotive applications such as friction materials and rubber reinforcements, due to the impact of a decrease in demand for automotive
- Product mix and pricing efforts contributed to profits

■ Carbon Fibers

- Sales for use in aircraft decreased slightly, mainly reflecting inventory adjustments in the supply chain
- Upfront investments continued, primarily for the development of intermediate materials and the construction of a new plant in the US

■ Polycarbonate resin

- Margin declined as prices of commodity products declined, reflecting a decrease in demand mainly due to trade friction between the US and the PRC, and COVID-19 outbreak
- Sales volume was kept mostly unchanged from the previous fiscal year

■ Composites

- CSP*2 recorded mostly firm sales of mass production automotive components for vehicles such as pickup trucks and SUVs. However, sales declined as US automakers suspended production in response to the impact of COVID-19 outbreak from last March

■ Polyester Fibers & Trading and Retail

- Sales in Fiber Materials and Apparel were sluggish due to weakness in market conditions, which mainly reflected unseasonable weather
- In Industrial Textiles and Materials, sales of products such as infrastructure reinforcement materials remained favorable

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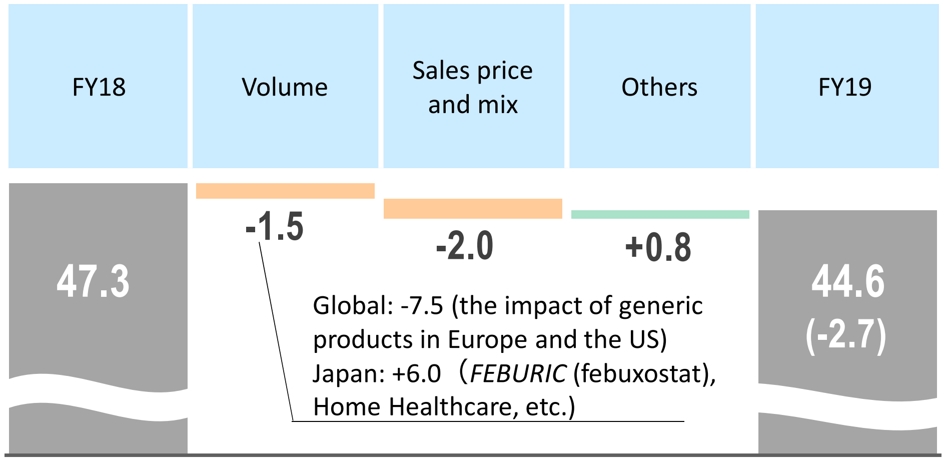
◆ Healthcare business field [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference	% change
Net sales	157.5	153.9	-3.6	-2.3%
EBITDA *	47.3	44.6	-2.7	-5.7%
Depreciation & Amortization	11.8	12.0	+0.2	+1.6%
Operating income (loss)	35.5	32.6	-2.9	-8.2%

＜Changes in EBITDA*＞

(Billions of Yen)



* EBITDA = Operating income + Depreciation & amortization

■ Pharmaceuticals

-Sales hyperuricemia and gout of *FEBURIC* (febuxostat) continued to expand steadily in Japanese market, but profits declined due to the impact of generic products in Europe and the US

-Sales *Somatuline* *, a treatment for acromegaly, pituitary gigantism, and neuroendocrine tumors, expanded steadily in the Japanese market

* *Somatuline®* is the registered trademark of Ipsen Pharma, France.

■ Home Healthcare

-Rental volume for continuous positive airway pressure units for the treatment of sleep apnea syndrome increased favorably

-Maintained a high level of rental volume for therapeutic oxygen concentrators for home oxygen therapy (HOT), with proactive sales for portable oxygen concentrators and integrated oxygen concentrators (*Hi-Sanso i*)

■ New Healthcare

-The implantable medical devices posted a solid business performance

■ Overall Healthcare business

-Organizational reforms of Pharmaceuticals and Home Healthcare starts contributing to cost savings

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◆ Others [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference	% change
Net sales	**59.5**	**66.0**	**+6.4**	**+10.8%**
EBITDA *	**10.0**	**11.3**	**+1.3**	**+13.2%**
Depreciation & Amortization	**2.8**	**3.3**	**+0.5**	**+17.0%**
Operating income (loss)	**7.2**	**8.0**	**+0.8**	**+11.6%**

* EBITDA = Operating income + Depreciation & amortization

■ IT

-The e-comics distribution service and IT services for hospitals and enterprises posted a steady performance

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◆ Non-operating items [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference
Interest income	1.0	0.9	-0.0
Dividends income	2.3	1.4	-0.9
Equity in earnings of affiliates	0.4	2.0	+1.6
Foreign exchange gains	-	1.1	+1.1
Gain on valuation of derivatives	2.4	0.0	-2.4
Others	1.1	1.3	+0.2
Non-operating income, total	7.2	6.8	-0.4
Interest expenses	3.5	3.7	+0.2
Foreign exchange losses	0.8	-	-0.8
Contribution	0.5	0.4	-0.1
Loss on valuation of derivatives	-	2.2	+2.2
Others	2.1	2.4	+0.2
Non-operating expenses, total	7.0	8.7	+1.7
Non-operating items, total	0.3	(1.9)	-2.1

◆ Extraordinary items [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference	
Gain on sales of noncurrent assets	0.3	0.2	-0.1	
Gain on sales of investment securities	4.8	6.0	+1.1	
Settlement received	4.5	-	-4.5	
Others	0.3	0.5	+0.3	
Extraordinary income, total	9.9	6.7	-3.2	
Loss on sales and retirement of noncurrent assets	2.3	2.7	+0.4	
Loss on valuation of investment securities	0.2	0.1	-0.1	
Impairment loss	6.0	11.0	+5.0	*1
Business structure improvement expenses	0.0	4.2	+4.2	*2
Others	1.2	1.4	+0.2	
Extraordinary loss, total	9.8	19.5	+9.7	
Extraordinary items, total	0.1	(12.8)	-12.9	

*1 Increased due to impairment related to subsidiary of Polyester Fibers & Trading and Retail affected by the slump in the automobile market in Europe

*2 Recording one-time expenses associated with the transfer of subsidiaries in Films

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◆ Financial position [Compared with the end of FY2018]

(Billions of Yen)

	Mar. 31, 2019	Mar. 31, 2020	Difference	(Impact of foreign exchange rate)
Total assets	1,020.7	1,004.2	-16.4	-15.8
Liabilities	593.4	592.8	-0.6	-6.6
[Interest-bearing debt]	369.2	381.9	+12.7*	-3.6
Net assets	427.2	411.4	-15.8	-9.2
D/E ratio	0.90	0.97	+0.07	-
Cash & deposit, etc	140.6	156.5	+15.9	

*Increased due to the application of IFRS 16 Leases

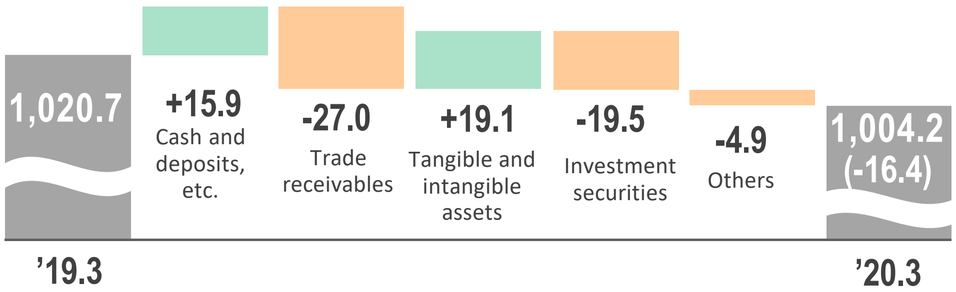
◆ Cash flows [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference
Operating activities	80.9	94.2	+13.3
Investing activities	(41.3)	(67.9)	-26.6
Free cash flow	39.6	26.3	-13.3
Financing activities	(15.3)	(10.4)	+4.9
Net inc/dec in Cash & cash equivalents	24.3	15.9	-8.4

◇ Changes in total assets

(Billions of Yen)



◇ BS exchange rate

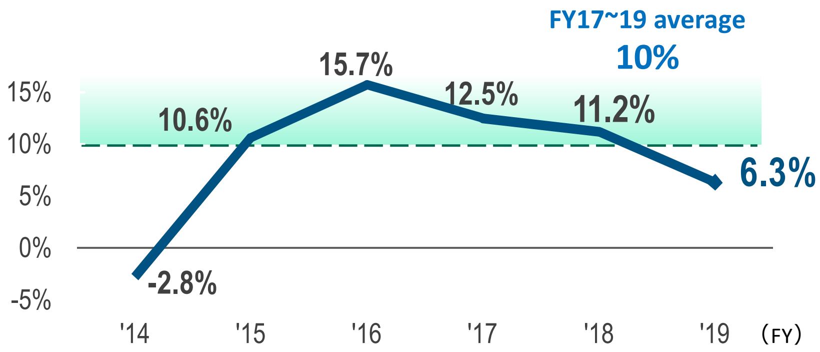
	Mar. 31, 2019	Mar. 31, 2020
JPY / USD	111	109
JPY / EUR	125	120

◆ Key Financial Indicators

- ROE to fall short of target in FY2019, despite achieving targets in FY2017 & FY2018
- ROIC based on operating income is on track to achieve medium-term target in each year
- EBITDA to fall short of medium-term target for FY2019, but has grown in the medium-term (ave. +15.4 billion yen /term)

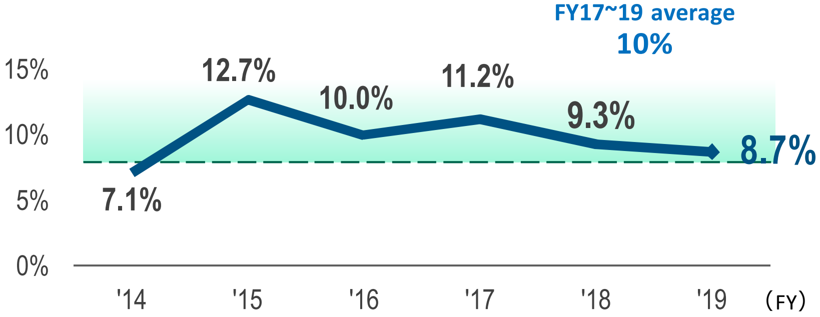
Medium-term target	ROE*1	10% +

Trend



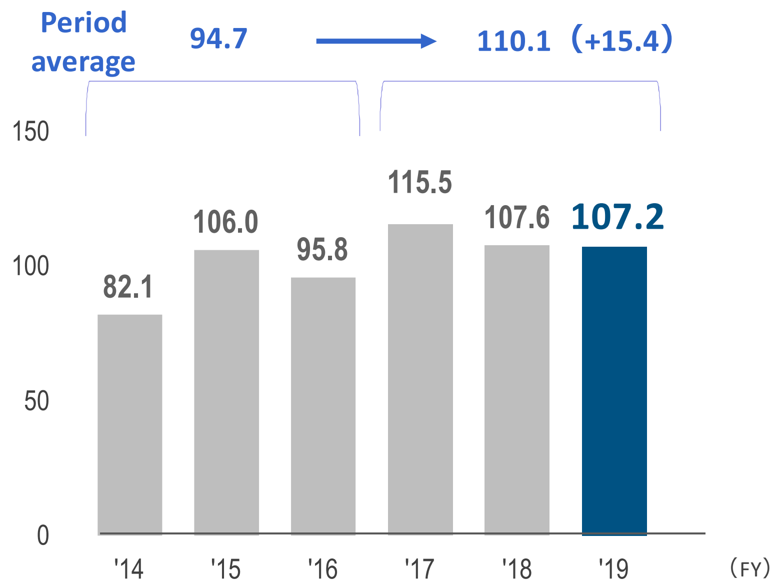
Medium-term target	ROIC based on operating income*2	8% +

Trend



Medium-term target	EBITDA*3	Over 120 billion yen in FY2019

Trend



(Billions of Yen)

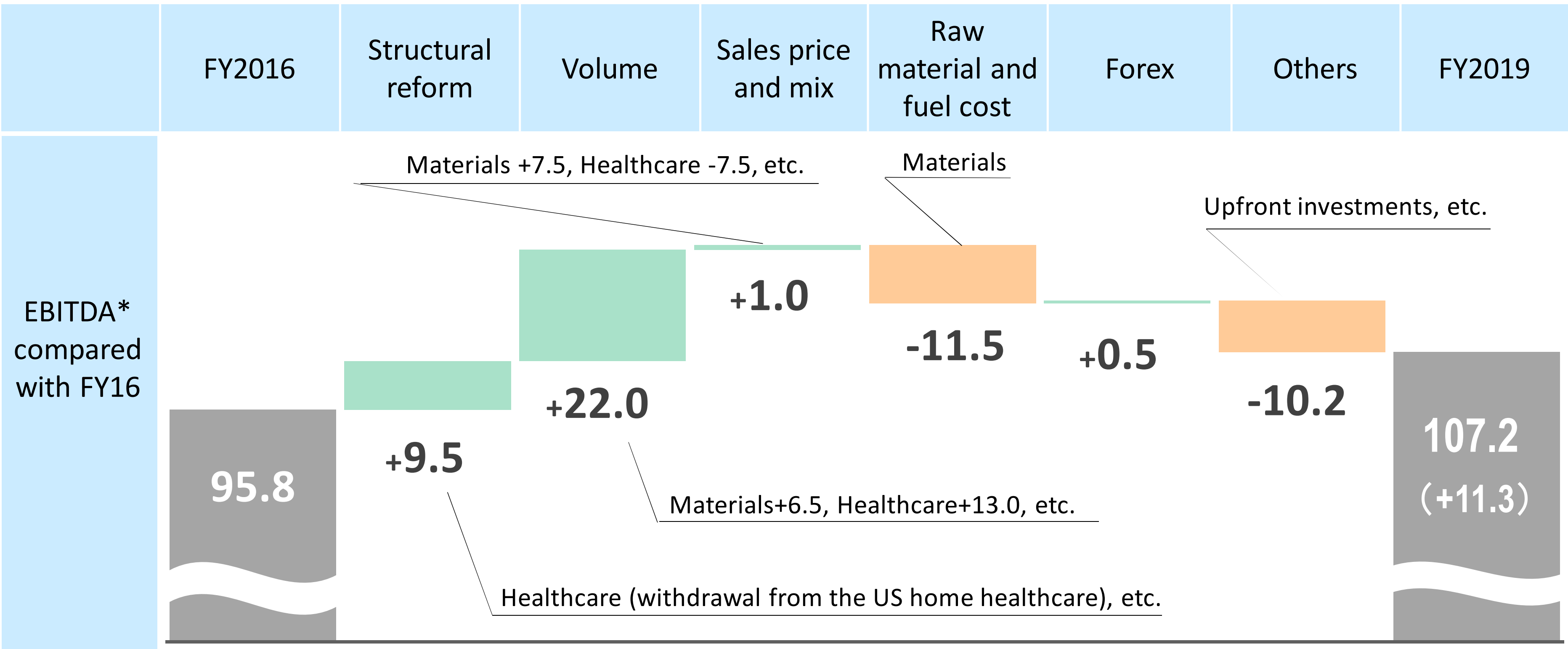
1 ROE=Profit (loss) attributable to owners of parent / Average total shareholders' equity
2 ROIC based on operating income = Operating income / Average invested capital
(Net assets + Interest-bearing debt – Cash and deposits)
*3 EBITDA = Operating income + Depreciation & amortization
*Average: ([Beginning balance + Ending balance] / 2)

Analysis of changes in EBITDA for medium-term plan FY2017 - FY2019

■ Total in the consolidated segment

EBITDA has grown steadily due mainly to restructuring and sales-expansion measures, and anticipatory expenses has been allocated proactively for future growth

(Billions of Yen)



＊ EBITDA = Operating income + Depreciation & amortization

Analysis of changes in EBITDA for medium-term plan FY2017 - FY2019

■ Materials

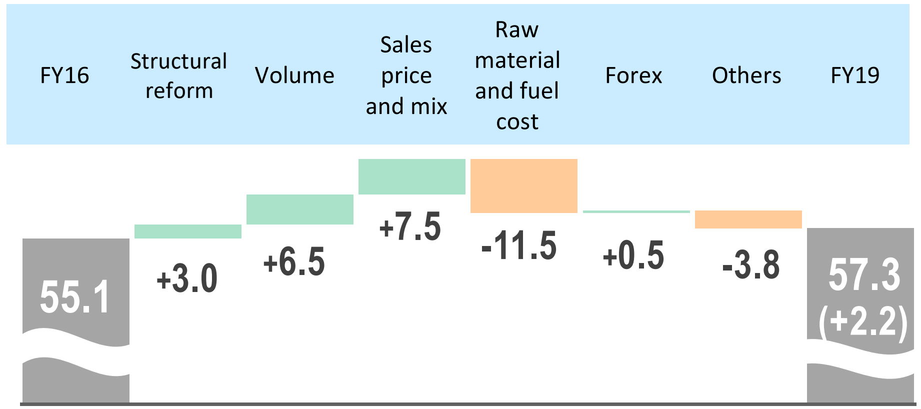
- Growth with acquisition of CSP and Aramid price mixing, in spite of sluggish market conditions of polycarbonate resins and the rising cost of raw materials and fuels.
- Restructuring initiatives, such as suspension of plants, delivered benefits

■ Healthcare

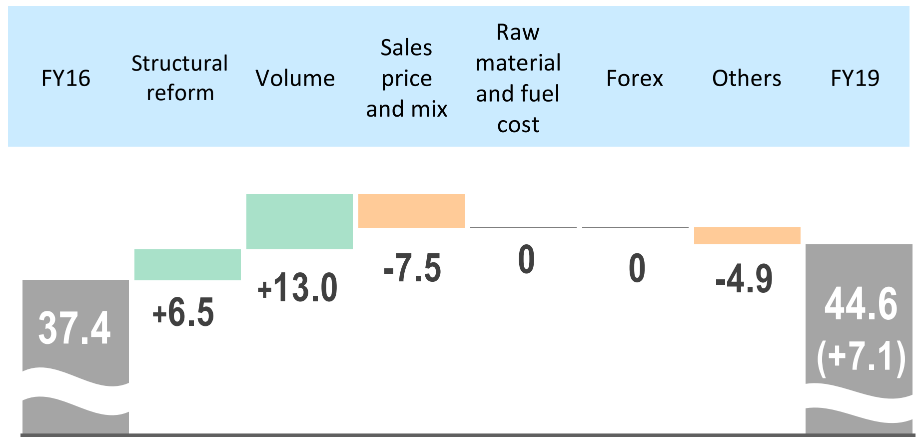
- Sales of Healthcare in Japan, such as *FEBURIC* and Home Healthcare expanded steadily, compensating for drug price revisions and generic penetration outside Japan
- Restructuring initiatives, such as withdrawal from the Home Healthcare business in the US

<Changes in EBITDA*>

Materials (Billions of Yen)



Healthcare (Billions of Yen)



* EBITDA = Operating income + Depreciation & amortization

Cash allocation for the three years of medium-term plan FY2017 - FY2019

- Allocated earned surplus to capital investments for mid-to long-term growth (Composites, Carbon Fiber)
- Maintained the payout ratio policy, share buyback as shareholders return to improve capital efficiency

Results

【Source】

Operating cash flow
255.2 bil. yen

(Operating cash flow is almost as expected in the previous mid-term plan)

Sale of Assets and subsidiaries, etc.*1
71.5 bil. yen

Debt, etc. 3.6 bil. yen

【Allocation】

CAPEX+M&A,etc.
233.6 bil. yen

Dividend payment*2 36.9 bil. yen
Share buyback 20.0 bil. Yen

cash and deposits on hand increased 39.8 bil. yen

* FY17-19 dividend amount*2 increased approximately 1.7 times from FY14-16 (from 21.6 bil. yen to 36.9 bil. yen)

Postponed large scale M&A in Healthcare with considering candidates

Shareholder Returns exceeded the plan

Dividend payout ratio*3 32%
Total return ratio 49%

Plan

【Allocation】

CAPEX+M&A
300.0 bil. yen

Dividend payment

Dividend payout ratio: around 30%

*1 Reducing strategic-holding stocks (KYORIN Holdings, Inc., etc.), transfer of subsidiaries in Films, selling Osaka headquarter building, etc.

*2 Only the dividend payment by Teijin Limited

*3 Dividend payout ratio calculated based on board's decision making instead of payment records.

2. Outlook for FY2020

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Medium-Term Management Plan 2020 - 2022

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

FY2020 Short-Term Management Plan Basic Policy

First year in the Medium-Term Plan:

Address key business issues for “Growth Platform Creation”, paving the way for achieving the goals

No changes in the basic policy despite the impact of COVID-19 outbreak

1. Strategic Focus

Materials	• Expand automotive composites business and improve profitability • Expand carbon fiber intermediate materials business for aircraft
Healthcare	• Expand functional foods, orthopedics and new medical products business • Create new comprehensive community healthcare related business

2. Profitable Growth

Materials	• Increase production capacity and sales of Aramid fibers
Healthcare	• Create value unique to Teijin through organizational reform in Healthcare • Build a comprehensive community healthcare system foundation

3. Strengthen Management Basis

Environmental contribution	• Mitigate climate change by offering more environmental value solutions • Contribute to the achievement of a circular economy by utilizing Teijin’s materials and technologies
Accelerate innovation	• Enhance innovation capabilities through organizational restructuring, collaborative businesses, utilizing DX(digital transformation), and promoting diversity and inclusion

Impacts of COVID-19 on Teijin Group

- Factory operations in PRC region gradually recovering from the difficult situations caused by the peak of the virus outbreak in January and February, 2020
- In Material business, spreading infection mainly in Europe and the US will continue to impact on sales and plant operations since last March due to a sharp drop in demand and suspension of OEM factories mainly in automotive and aircraft industries
- Declining in sales activities and delays in R&D because of stay-at-home orders or movement control orders around the world
- Teijin Group launched the Novel Coronavirus Response Headquarters led by the CEO, and proactively operates countermeasures against the infectious diseases to contribute to early recovery of society while executing BCP measures

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Teijin Group initiatives against COVID-19

Management strategy

- Continue the main Mid- & Long-term strategy
- Focus on minimizing financial risks and maintaining supply chain stability

• Secure liquidity with cash and deposits
• Secure procurement of resources and facility maintenance to continue essential business
• Optimize inventory management and strengthen receivable management
• Reduce fixed costs considering with a decline in facility operating rate
• Schedule assessment for project implementation including facility expansion

Business operating

- Safety first and ensuring the health of stakeholders
- Rigorously prevent the spread of infections

• Strengthen awareness of the importance of preventing infection among employees
• Shift office work, in principle, to work-from-home or telework
• Conduct minimal and necessary works, and avoid the “three Cs” (closed spaces, crowded places, close-contact settings)
• Safety measures such as wearing mask and placing antiseptic

Active initiatives for COVID-19 measures

- Contribute to society by making the fullest possible use of our products, services and expertise

• Stable supplies of pharmaceuticals and medical equipment and continuous provision of medical services
• Provide medical gowns to healthcare professionals (disposable and washable types) and the paper pattern for the medical gowns has been disclosed
• Prepare to supply an inhaled corticosteroid for asthma treatment (generic name: ciclesonide)
• Prepare to increase production of a proprietary oxygen concentrator to provide artificial respiration support
• Joined the COVID-19 Countermeasure Declaration as a founding member, that we will not assert our intellectual property rights against any COVID-19 related developments

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Changes in Teijin Group financial condition and earnings structure (vs. before the Global Financial Crisis)

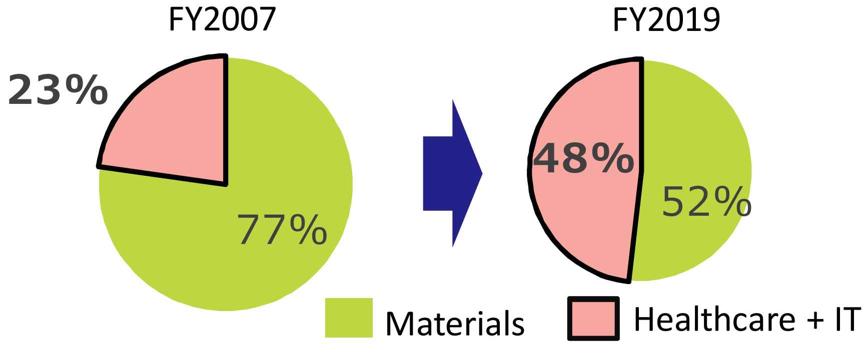
■ Financial condition improvement (Net D/E ratio, etc.)

- Keep adequate committed lines of credit from financial institutions
- Secured liquidity for the foreseeable future, including authorized limit of CP issues and the high levels of cash and deposits it has kept on hand

Financial indicators	The end of FY2007 (before the GFC)	The end of FY2019
Cash & deposits, etc.	19.1 bil. yen	156.5 bil. yen
Liquidity ratio on hand	0.2 months	2.3 months
Net D/E ratio*1	0.8	0.6
Shareholders' equity ratio	38.5%	39.3%

■ EBITDA doubled in Healthcare and IT portion*2

- Improved cash generating power steadily



■ Changes in earnings structure through portfolio transformation in Materials

More resilient to market fluctuations (positive factors)

- Enhancing cost-competitiveness and strong relationship with customers

  Expanding earnings in Aramid fibers
- Reducing the ratio of commoditized materials and applications business

  increasing high value-added products in Resin & Plastic Processing

  transfer of subsidiaries in Films
- Fab-light evolution (fixed cost reductions)

  Diminish unprofitable projects

Changes in market prioritization (risks from COVID-19)

- increased dependence on automotive and aircraft industries (around 30% in Materials sales)

*1 Net D/E ratio = (Interest-bearing debt – Cash & deposit, etc.) / Total shareholders' equity
*2 Excluding "Others" from EBITDA composition

Assumptions for FY2020 forecast with consideration of COVID-19 impacts

- ◆ COVID-19 will significantly impact on global economy in 1Q FY2020 (Apr. - Jun)
- ◆ Economic activity will be normalized gradually from 2Q to 3Q FY2020 (Jul. - Dec.)
- ◆ Expect to subside overall in 4Q FY2020 (Jan. - Mar.)

cf.) IMF(International Monetary Fund) April 2020, p4-5: Baseline Assumptions

In the baseline scenario, the pandemic is assumed to fade in the second half of 2020, allowing for a gradual lifting of containment measures.・・・・・・・・The disruptions are assumed to be concentrated mostly in the second quarter of 2020 for almost all countries except China (where it is in the first quarter), with a gradual recovery thereafter as it takes some time for production to ramp up after the shock.

*Teijin Group performance forecast disclosure policy in FY2020

- Under uncertain circumstances of global economy due to the risk of COVID-19 lasting, it is challenging to present highly accurate operating results forecasts
- Disclose a performance forecast based on the tentative assumption and revise the forecast in a timely manner keeping a watch on the operating performance in FY2020

◆ Outlook Highlights **[compared with FY2019]**

■ Revenues and earnings will decrease from the previous fiscal year

- In Materials, which serves the core markets of automotive and aircraft, revenue and profits decline from the previous fiscal year due to the impact of COVID-19
- The impact of COVID-19 on Healthcare and IT will be insignificant due to the stable cash-generating ability, though the drug price revisions bring impact on Healthcare

(Billions of Yen)	FY19	FY20 Outlook	Differ-ence	% Change
Net sales	853.7	**750.0**	-103.7	-12.2%
Operating income	56.2	**40.0**	-16.2	-28.8%
Ordinary income	54.3	**40.0**	-14.3	-26.4%
Profit attributable to owners of parent	25.3	**23.0**	-2.3	-8.9%
ROE*1	6.3%	**6%**	-0%	
ROIC *2	8.7%	**6%**	-3%	
EBITDA*3	107.2	**95.0**	-12.2	
CAPEX*4	68.6	**70.0**	+1.4	
Depreciation & Amortization	51.0	**55.0**	+4.0	

1 ROE= Profit attributable to owners of parent / Average total shareholders' equity
2 ROIC based on operating income = Operating income / Average 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
*Average: ([Beginning balance + Ending balance] / 2)

■ Not decide dividend due to significant uncertainty in the assumptions for operating forecast

Dividend for FY2020 : Not determined yet
(FY2019 :
Interim 30 yen /share Year-end 30 yen /share Annual 60 yen /share)

◇Assumptions

		FY19 Actual	FY20 Outlook
Full-term average exchange rate	JPY / USD	109	108
	JPY / EUR	121	120
An average Dubai crude oil price (USD/barrel)		60	30

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◆ Net sales and operating income by segment **[compared with FY2019]**

- Materials : In a plan before considering with COVID-19 outbreak, revenues and earnings will increase due to Aramid and Composites sales expansion, while a rise in anticipatory expenses such as Carbon Fibers new factory. But, both revenues and earnings will decreased with sales volume decline due to the impact of COVID-19.
- Healthcare : The impact of COVID-19 will be negligible. Income from operation will be decreased due to the impact of drug price revisions, although *FEBURIC* will trend favorably

【Reference】 (Billions of Yen)

	FY19	FY20 Before COVID	Difference	FY20 Outlook	Difference (vs Before COVID)	Difference (vs FY19)	% Change
Net sales							
Materials*	633.8	665.0	+31.2	530.0	-135.0	-103.8	-16.4%
Healthcare	153.9	155.0	+1.1	150.0	-5.0	-3.9	-2.6%
Others	66.0	70.0	+4.0	70.0	0.0	+4.0	+6.1%
Total	853.7	890.0	+36.3	750.0	-140.0	-103.7	-12.2%
Operating income (loss)							
Materials	21.3	23.5	+2.2	9.0	-14.5	-12.3	-57.7%
Healthcare	32.6	28.0	-4.6	28.0	0.0	-4.6	-14.0%
Others	8.0	8.0	+0.0	8.0	0.0	+0.0	+0.1%
Elimination and Corporate	(5.6)	(6.5)	-0.9	(5.0)	+1.5	+0.6	-11.3%
Total	56.2	53.0	-3.2	40.0	-13.0	-16.2	-28.8%

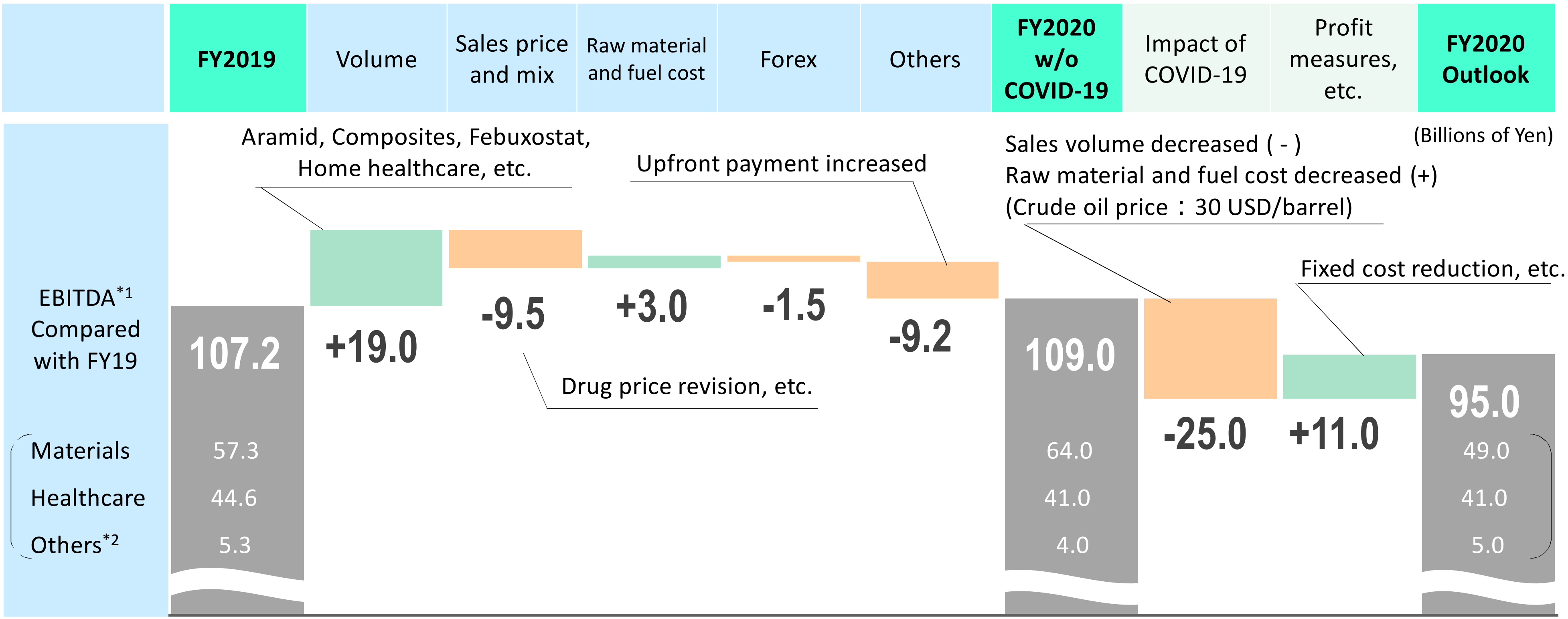
*Materials includes Fibers & Products Converting (formerly Polyester Fibers & Trading and Retail)

TEIJIN

Factors of changes in EBITDA forecast in FY2020

■ **Without** consideration of COVID-19: Increase YoY (+ 1.8 billion yen) : The impact of drug price revisions and a rise in anticipatory expenses mainly for Carbon Fibers new factory will be compensated by increasing the sales of Aramid and Composites

■ **With** consideration of COVID-19: Decrease YoY (- 12.2 billion yen) : In Materials, despite declining raw material and fuel prices, the sales will decrease significantly. Execute countermeasures such as fixed cost reduction



*1 EBITDA = Operating income + Depreciation & amortization

*2 "Others" means total of "others" and "Elimination and Corporates"

TEIJIN

Impacts of COVID-19 and measures in each segment

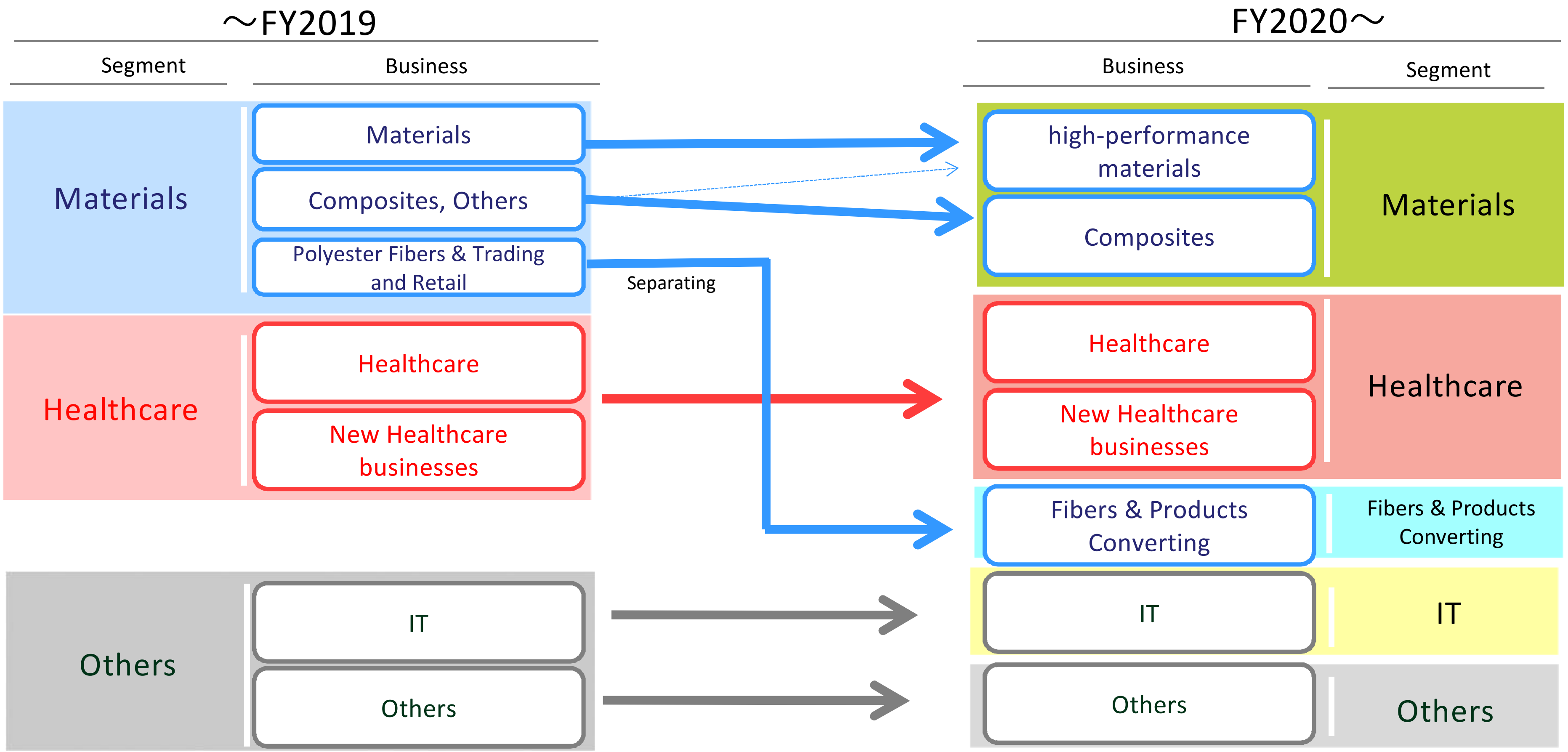
No changes in Mid- & Long-term business strategy in spite of short term impact of COVID-19

<table>
<tr><th>Segment</th><th>Impacts of covid-19</th><th>Measures</th></tr>
<tr><td>Materials</td><td>【Impacting on sales in overall businesses relating mainly to automotive and aircraft application 】
• Direct impact on sales volume in composite materials for automotive industry due to the suspension of OEM factories from last March
• Sales volume reduction in the aircraft-related business, because of a decline in aircraft demand and prolonged recovery risks due to continual flight cancellations and deterioration of LCC performance</td><td>■ Execute measure of fixes cost reduction to minimize decline in earnings
• Factory operation adjustment, furlough employees
• Schedule assessment and adjustment for project implementation including facility expansion</td></tr>
<tr><td>Healthcare</td><td>【Overall impact on earnings will be negligible】
• Ensure to provide products and services for patients with measures for infection prevention
• Tendency to refrain from hospital visits and surgeries other than those for COVID-19 or other diseases requiring urgent medical attention
• Suffering a decline in sales activities due to the stay-at-home requirements and working at home or teleworking</td><td rowspan="2">■ Prioritize to secure all stakeholders’ safety including patients and continue the essential business
■ Overall impact on the earnings will be negligible, and proceed with stable cash generation</td></tr>
<tr><td>IT</td><td>【Overall impact on earnings will be negligible】
• E-comics services are expected to perform firmly, despite some impact on services for hospitals</td></tr>
</table>

3. Supplementary information

Changes in Segment for financial disclosure

- From FY2020, Fibers & Products Converting and IT business has became independent segments, the former was separated from Materials Business, and the latter was separated from Others.
- Business results and forecast will be disclosed in line with the new segments since the announcement of the first quarter results for FY2020



◆ Changes in EBITDA* (consolidated total) [Compared with FY2018]

(Billions of Yen)

	FY18	FY19	Difference	% change
Net sales	888.6	853.7	-34.8	-3.9%
EBITDA *	107.6	107.2	-0.4	-0.4%
Depreciation & Amortization	47.6	51.0	+3.4	+7.1%
Operating income (loss)	60.0	56.2	-3.8	-6.3%

(Billions of Yen)

	FY18	Volume	Sales price and mix	Raw material and fuel cost	Forex	Others	FY19
EBITDA* compared with FY18	107.6	-2.0	-7.5	+10.0	-2.0	+1.1	107.2 (-0.4)

* EBITDA = Operating income + Depreciation & amortization

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◆ Change in net sales and operating income by segment [Compared with FY2018]

(Billions of Yen)

	FY18 Actual					FY19 Actual					Difference	% Change
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total		
Net sales												
Material business group	68.7	65.7	62.8	66.7	263.9	62.7	61.0	53.3	53.2	230.3	-33.6	-12.7%
Polyester Fibers & Trading and Retail business group	73.8	80.3	81.2	83.1	318.3	73.8	80.4	77.2	74.9	306.3	-12.0	-3.8%
Composites, others	21.9	21.7	22.7	23.1	89.4	23.4	24.4	25.2	24.2	97.2	+7.9	+8.8%
Materials Total	164.4	167.6	166.7	172.9	671.6	159.9	165.9	155.8	152.3	633.8	-37.7	-5.6%
Healthcare	39.2	41.2	39.7	37.4	157.5	39.8	39.1	40.3	34.7	153.9	-3.6	-2.3%
Others	12.8	14.2	13.9	18.7	59.5	14.9	16.4	15.3	19.3	66.0	+6.4	+10.8%
Total	**216.4**	**223.0**	**220.2**	**228.9**	**888.6**	**214.6**	**221.4**	**211.4**	**206.3**	**853.7**	**-34.8**	**-3.9%**
Operating income (loss)												
Materials	9.0	5.6	2.7	6.2	23.5	6.4	6.5	4.3	4.1	21.3	-2.2	-9.3%
Healthcare	9.9	11.9	9.4	4.2	35.5	10.5	8.9	9.7	3.4	32.6	-2.9	-8.2%
Others	0.6	1.9	1.3	3.3	7.2	1.3	2.5	1.7	2.4	8.0	+0.8	+11.6%
Elimination and Corporate	(1.3)	(1.5)	(1.5)	(1.8)	(6.1)	(1.3)	(1.1)	(1.3)	(1.9)	(5.6)	+0.5	-
Total	**18.3**	**17.9**	**11.9**	**11.9**	**60.0**	**17.0**	**16.8**	**14.5**	**8.0**	**56.2**	**-3.8**	**-6.3%**

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◆ Changes in net sales and operating income by segment [Compared with FY2018 4Q and FY2019 3Q]

(Billions of Yen)

	FY18 1Q Apr.-Jun.	FY18 2Q Jul.-Sep.	FY18 3Q Oct.-Dec.	FY18 4Q Jan.-Mar.	FY19 1Q Apr.-Jun.	FY19 2Q Jul.-Sep.	FY19 3Q Oct.-Dec.	FY19 4Q Jan.-Mar.	Difference 19/4Q -18/4Q	Difference 19/4Q -19/3Q
Net sales										
Material business group	**68.7**	**65.7**	**62.8**	**66.7**	**62.7**	**61.0**	**53.3**	**53.2**	**-13.5**	**-0.1**
Polyester Fibers & Trading and Retail business group	**73.8**	**80.3**	**81.2**	**83.1**	**73.8**	**80.4**	**77.2**	**74.9**	**-8.2**	**-2.3**
Composites, others	**21.9**	**21.7**	**22.7**	**23.1**	**23.4**	**24.4**	**25.2**	**24.2**	**+1.1**	**-1.0**
Materials Total	**164.4**	**167.6**	**166.7**	**172.9**	**159.9**	**165.9**	**155.8**	**152.3**	**-20.6**	**-3.5**
Healthcare	**39.2**	**41.2**	**39.7**	**37.4**	**39.8**	**39.1**	**40.3**	**34.7**	**-2.7**	**-5.6***
Others	**12.8**	**14.2**	**13.9**	**18.7**	**14.9**	**16.4**	**15.3**	**19.3**	**+0.6**	**+3.9**
Total	**216.4**	**223.0**	**220.2**	**228.9**	**214.6**	**221.4**	**211.4**	**206.3**	**-22.7**	**-5.1**
Operating income (loss)										
Materials	**9.0**	**5.6**	**2.7**	**6.2**	**6.4**	**6.5**	**4.3**	**4.1**	**-2.2**	**-0.3**
Healthcare	**9.9**	**11.9**	**9.4**	**4.2**	**10.5**	**8.9**	**9.7**	**3.4**	**-0.8**	**-6.2**
Others	**0.6**	**1.9**	**1.3**	**3.3**	**1.3**	**2.5**	**1.7**	**2.4**	**-0.9**	**+0.6**
Elimination and Corporate	**(1.3)**	**(1.5)**	**(1.5)**	**(1.8)**	**(1.3)**	**(1.1)**	**(1.3)**	**(1.9)**	**-0.1**	**-0.6**
Total	**18.3**	**17.9**	**11.9**	**11.9**	**17.0**	**16.8**	**14.5**	**8.0**	**-3.9**	**-6.5**

* Decrease due to Price adjustment in the US and Europe, and seasonal variance factors

TEIJIN

◆ Consolidated Statements of Income

(Billions of Yen)

	FY18				FY19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.
Net Sales	216.4	223.0	220.2	228.9	214.6	221.4	211.4	206.3
Cost of sales	147.7	155.6	156.4	161.0	147.0	153.4	146.1	143.8
Gross profit	68.7	67.4	63.8	67.9	67.7	68.0	65.3	62.4
SG&A	50.5	49.4	51.9	56.0	50.7	51.2	50.9	54.4
Operating income	18.3	17.9	11.9	11.9	17.0	16.8	14.5	8.0
Non-operating items, net	2.9	0.6	(0.4)	(2.9)	(0.1)	(0.6)	(0.1)	(1.1)
(Balance of financial expenses)	0.6	(0.6)	0.1	(0.4)	(0.1)	(0.5)	(0.4)	(0.4)
(Equity in earnings and losses of affiliates)	0.3	1.1	0.2	(1.2)	0.4	0.7	0.2	0.8
Ordinary income	21.2	18.6	11.5	9.0	16.9	16.2	14.4	6.9
Extraordinary items (net)	4.9	(1.3)	(0.6)	(2.9)	(1.8)	(2.3)	0.6	(9.3)
Income before income taxes	26.1	17.3	10.9	6.1	15.1	13.9	15.0	(2.4)
Income taxes	6.4	2.4	3.7	1.1	4.0	3.7	4.7	2.1
Profit attributable to non-controlling interests	0.2	0.5	0.4	0.7	0.3	0.5	0.5	0.4
Profit attributable to owners of parent	19.5	14.4	6.8	4.3	10.8	9.7	9.7	(4.9)

TEIJIN

◆ Consolidated balance sheets

(Billions of Yen)

	FY17	FY18				FY19			
	Mar. 31, 2018*	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020
Total assets									
Current assets	**477.9**	**520.5**	**546.5**	**522.7**	**523.9**	**511.6**	**525.5**	**528.0**	**505.3**
Fixed assets	**504.1**	**507.6**	**506.3**	**493.0**	**496.8**	**491.0**	**505.2**	**513.9**	**498.9**
Total	**982.0**	**1,028.1**	**1,052.8**	**1,015.7**	**1,020.7**	**1,002.6**	**1,030.7**	**1,041.9**	**1,004.2**
Total liabilities and net assets									
Liabilities	**573.7**	**604.7**	**619.3**	**586.0**	**593.4**	**586.0**	**610.3**	**606.5**	**592.8**
[Interest-bearing debt]	**344.2**	**385.2**	**400.7**	**374.0**	**369.2**	**374.3**	**407.6**	**398.2**	**381.9**
Net assets	**408.2**	**423.4**	**433.5**	**429.7**	**427.2**	**416.6**	**420.4**	**435.4**	**411.4**
Total	**982.0**	**1,028.1**	**1,052.8**	**1,015.7**	**1,020.7**	**1,002.6**	**1,030.7**	**1,041.9**	**1,004.2**

* 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.

TEIJIN

Historical Financial Indicators

	FY15 Actual	FY16 Actual	FY17 Actual*6	FY18 Actual	FY19 Actual
ROE*1	**10.6%**	**15.7%**	**12.5%**	**11.2%**	**6.3%**
ROIC*2	**12.7%**	**10.0%**	**11.2%**	**9.3%**	**8.7%**
EBITDA*3 (Billions of Yen)	**106.0**	**95.8**	**115.5**	**107.6**	**107.2**

	FY15 Actual	FY16 Actual	FY17 Actual*6	FY18 Actual	FY19 Actual
Earnings per share*4 (Yen)	**158.1**	**254.9**	**231.3**	**232.4**	**131.6**
Dividends per share*4 (Yen)	**35**	**55**	**60**	**70***	**60**

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

	FY15 Actual	FY16 Actual	FY17 Actual*6	FY18 Actual	FY19 Actual
Total assets (Billions of Yen)	**823.4**	**964.1**	**982.0**	**1,020.7**	**1,004.2**
Interest-bearing debt (Billions of Yen)	**303.3**	**376.2**	**344.2**	**369.2**	**381.9**
D/E ratio*5	**1.01**	**1.11**	**0.88**	**0.90**	**0.97**
Shareholders' equity ratio	**36.4%**	**35.1%**	**40.0%**	**40.2%**	**39.3%**

1 ROE= Profit attributable to owners of parent / Average total shareholders' equity

2 ROIC based on operating income = Operating income / Average 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.

*Average: ([Beginning balance + Ending balance] / 2)

TEIJIN

◆ Sales of Principal Pharmaceuticals in Japan

(Billions of Yen)

Product	Target disease	FY2018 1Q Apr.-Jun.	FY2018 2Q Jul.-Sep.	FY2018 3Q Oct.-Dec.	FY2018 4Q Jan.-Mar.	FY2018 Total	FY2019 1Q Apr.-Jun.	FY2019 2Q Jul.-Sep.	FY2019 3Q Oct.-Dec.	FY2019 4Q Jan.-Mar.	FY2019 Total
FEBURIC®	Hyperuricemia and gout	8.7	8.7	10.2	8.2	35.8	9.9	10.0	10.5	8.2	38.6
*Bonalon®*1*	Osteoporosis	2.6	2.5	2.7	2.2	10.0	2.5	2.4	2.4	2.1	9.4
Onealfa®	Osteoporosis	0.5	0.4	0.4	0.4	1.7	0.4	0.4	0.4	0.3	1.5
Venilon®	Severe infection	1.3	1.3	1.4	1.2	5.3	1.6	1.5	1.7	1.3	6.2
Mucosolvan®	Expectorant	1.0	1.0	1.2	0.9	4.1	0.9	0.8	1.0	0.7	3.4
*Somatuline®*2*	Acromegaly and pituitary gigantism, gastroentero-pancreatic neuroendocrine tumors	0.8	0.9	1.0	1.0	3.7	1.1	1.2	1.2	1.2	4.7
LOQOA®	osteoarthritis pain and inflammation	0.5	0.5	0.6	0.4	2.0	0.6	0.5	0.6	0.4	2.1
Laxoberon®	Laxative	0.4	0.3	0.3	0.3	1.3	0.3	0.3	0.3	0.2	1.1
Tricor®	Hyperlipidemia	0.3	0.2	0.2	0.1	0.8	0.1	0.1	0.1	0.1	0.5
Alvesco®	Asthma	0.3	0.3	0.3	0.3	1.1	0.3	0.3	0.3	0.3	1.2

*1 *Bonalon®* is the registered trademark of Merck Sharp & Dohme Corp., U.S.A.
*2 *Somatuline®* is the registered trademark of Ipsen Pharma, France.

TEIJIN

◆ Development status by therapeutic area

(As of March 31, 2020)

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

	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed for Approval	Approved/ Launch *
Bone and joint disease	TCK-276*1		ITM-058 NT 201L	NT 201*2	
Respiratory disease		PTR-36			
Cardio-vascular and metabolic disease		TMX-049 TMX-049DN TMX-67HK		ITM-014T*3	STM-279
Others		JTR-161	GGS-MPA*4		GGS-CIDP*5 GGS-ON*6

*1 Started Phase I trials in February 2020 for obtaining an indication for rheumatoid arthritis
*2 Filed for production/marketing approval for upper limb spasticity in August 2019
*3 Filed for approval of a partial change in an additional indication for thyroid stimulating hormone-secreting pituitary tumors in March 2020, as an expanded indication of *Somatuline®*
*4 Currently under development as an additional indication of *Venilon®*
*5 Obtained approval in August 2019 for an additional indication of *Venilon®* for the alleviation of muscle weakness in chronic inflammatory demyelinating polyneuropathy (CIDP) (including multifocal motor neuropathy (MMN))
*6 Obtained approval in December 2019 for an additional indication of *Venilon®* for the acute phase of optic neuritis (in cases where the effect of steroids is insufficient)

TEIJIN

◆ Newly developed pharmaceutical candidates

(As of March 31, 2020)

[Approved / Launch*]

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

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
GGS-CIDP (Freeze-dried sulfonated human immunoglobulin)	Chronic inflammatory demyelinating polyneuropathy (including multifocal motor neuropathy (MMN)))	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) Approved in August 2019
GGS-ON (Freeze-dried sulfonated human immunoglobulin)	Acute phase of optic neuritis (in cases where the effect of steroids is insufficient)	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) Approved in December 2019

[FILED]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
NT 201 (Incobotulinumtoxin A)	Upper limb spasticity	Promising for relaxation and improvement of excessive skeletal-muscular tension caused by upper limb spasticity, through the muscle relaxant action of pure botulinum neurotoxin type A1.	Injection	Licensed in from with Merz Pharma GmbH & Co. KGaA (Germany) Filed in August 2019
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 Filed in March 2020

TEIJIN

◆ Newly developed pharmaceutical candidates

(As of March 31, 2020)

[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 201L (Incobotulinumtoxin A)	Lower limb spasticity	Promising for relaxation and improvement of excessive skeletal-muscular tension caused by 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)
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)

TEIJIN

◆ Newly developed pharmaceutical candidates

(As of March 31, 2020)

[PHASE II]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
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 as well as combined use with inhaled steroid for mild to severe asthma patients.	Injection	Licensed in from GB001, Inc. (U.S.)
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
TMX-67HK (febuxostat)	Pediatric gout and hyperuricemia	Trials to establish the appropriate dosage and administration of *FEBURIC®* for pediatric patients with gout and hyperuricemia. Promising for improving and maintaining appropriate levels of serum uric acid in pediatric patients through its potent effect in selectively inhibiting xanthine oxidase.	Tablet	Developed in-house (Additional indication)
JTR-161	Acute cerebral infarction (stroke)	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. 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.	Injection	Under joint development with JCR Pharmaceuticals Co., Ltd.

TEIJIN

◆ Newly developed pharmaceutical candidates

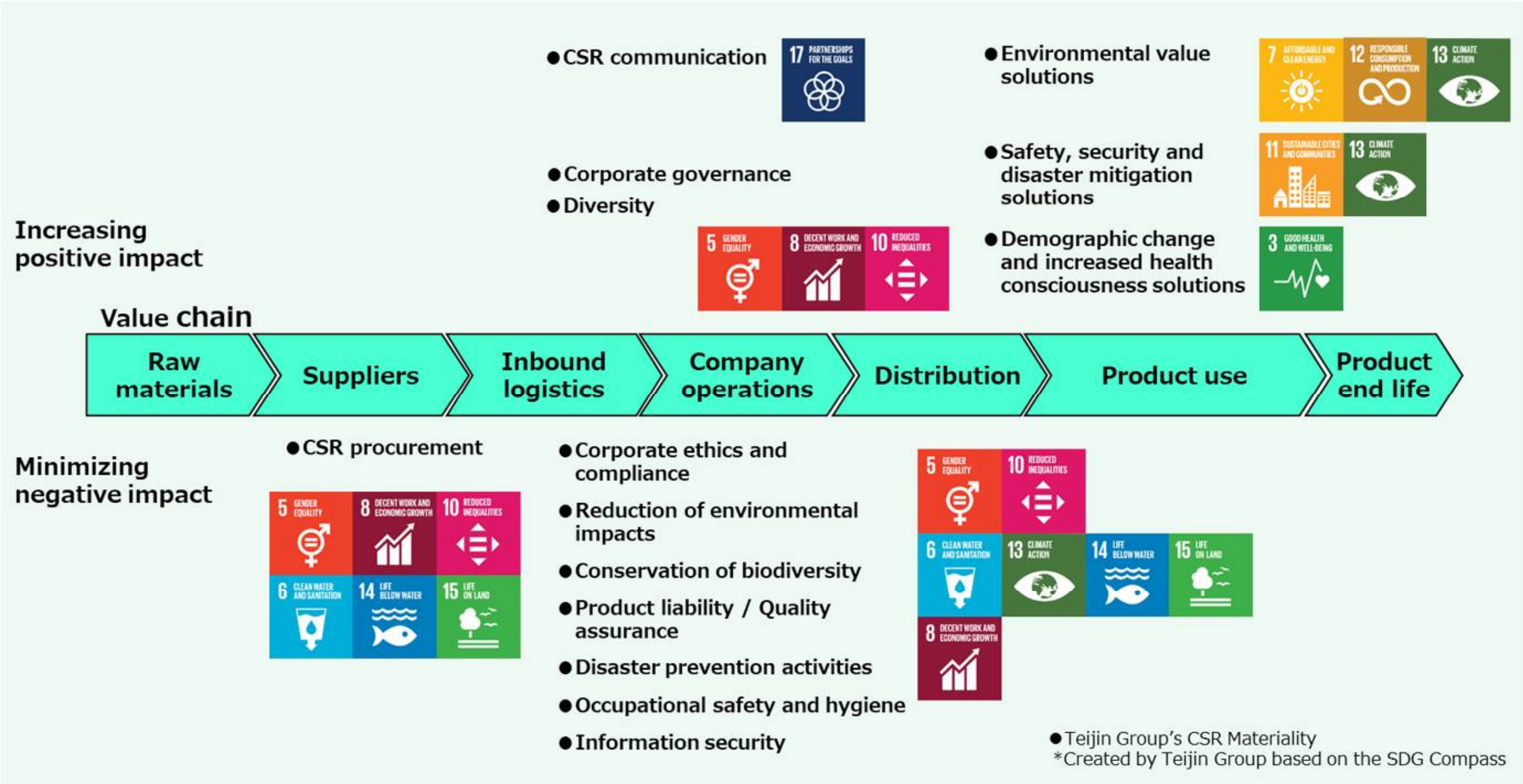
(As of March 31, 2020)

[PHASE I]

Code No. (Generic name)	Target disease	Medical properties/characteristics	Dosage form	Remarks
TCK-276	Rheumatoid arthritis	A new class of oral therapy expected to have an anti-rheumatoid arthritis effect by acting directly on and inhibiting the growth of synovial fibroblasts, the main cells in the pannus growth characteristic of rheumatoid arthritis.	Tablet	Developed in-house

◆ 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 : 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"	"White 500"	"Competitive IT Strategy Company "
Encouraging women's success in the workplace	Promoting health and productivity management	Promoting the use of IT

TEIJIN

Human Chemistry, Human Solutions