
**Acquisition of US-based Continental Structural Plastics
And Expansion of Automotive Composite Products Business**

Teijin Limited
September 13, 2016

1 . Project Significance

➤ Key Points of Revised Medium-term Management Plan

(announced in November 2014)

◆ Restructuring initiatives:

Dramatically restructure loss-making businesses

Generally progressing on schedule

Annual positive impact (fully realized) : ¥17.5 billion One-time loss : ¥44.0 billion

◆ Operating results targets:

Consolidated operating income of ¥50.0 billion and ROE of 8%

We achieved these earnings targets a full year ahead of schedule in FY 2015

◆ Transformation and growth strategies:

Promote the targeted allocation of corporate resources with the aim of realizing solutions

Investment : ¥100.0 billion in fiscal 2015–fiscal 2016

Projects: Projects currently under way—including **high-performance composite materials** and advanced medical materials—and multiple innovative projects in areas that overlap our core business domains*

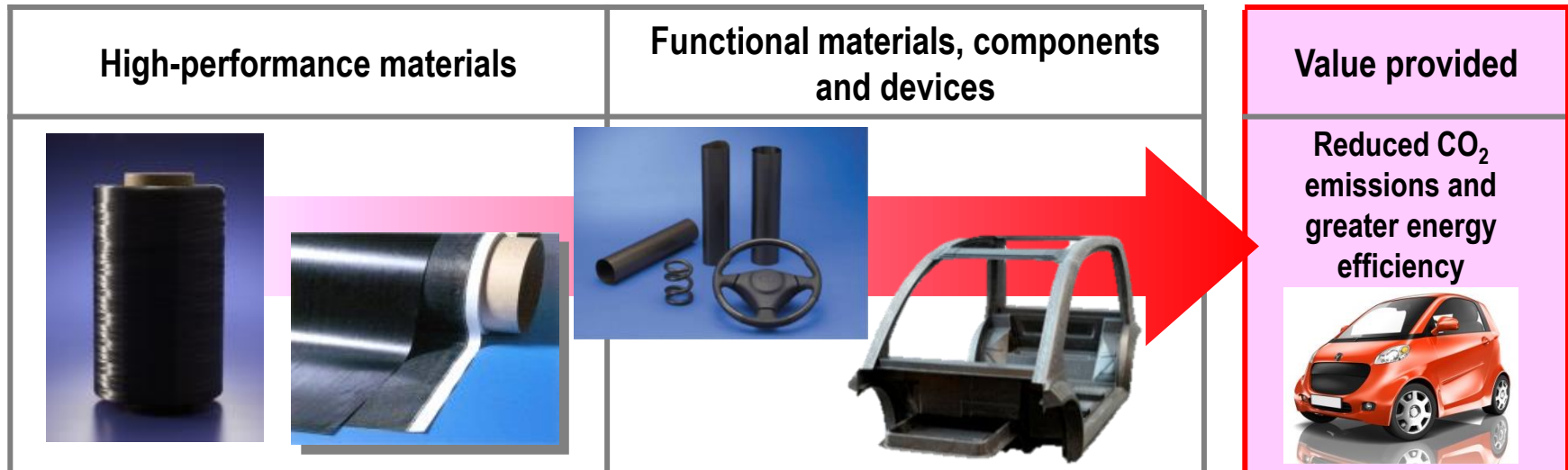
* Businesses that overlap our materials, healthcare and IT business domains

Strategic preparation for evolving toward the solution-oriented business model set out in our long-term vision

1 . Project Significance

- Transformation and Growth Strategies Concept:
 - Create New Customer Value Through Shift to Combining and Integrating**
 - Provide solutions that improve the properties of high-performance materials and create new value
 The integration of diverse materials and the development of new technologies facilitate previously unfeasible performance features
 - Respond to increasing needs in the area of preventative healthcare, health maintenance and longevity extension
 Go beyond the traditional boundaries of the healthcare domain to contribute to better health
 - Create value for customers
 Provide solutions that combine materials and services, rather than materials alone

- Examples of materials-based solutions



2. Automotive Composite Materials Initiatives

Establish basic technologies

**Verify feasibility of mass production/
broaden technology base**

Accommodate shift to multi-materials

◆ Established Teijin Composites Innovation Center (Gotemba, Japan)

◆ Established technology to mold carbon fiber reinforced thermoplastic (CFRTP) in approx. one minute

◆ Agreement with General Motors Company for the development of thermoplastic CFRP components

◆ Established Teijin Composites Application Center (Michigan, United States)

◆ Began operations at a new pilot plant of CFRTP for mass production (Matsuyama Japan)

◆ Registered on General Motor's materials list

◆ Development of processes for automated preform* manufacturing (PvP)

◆ Developed rapid-curing prepreg

*Carbon fiber sheets shaped in molds

Developed an integrated production system for thermosetting CFRP (Germany) ◆

obtained the ISO/TS 16949 accreditation of quality management system requirements ◆

Acquisition of Continental Structural Plastics as a subsidiary ★

2008

2011

2014

2017

3. Overview of Continental Structural Plastics



Company name	Continental Structural Plastics Holdings Corporation (CSP)
Established	1969
Global locations	Headquarters/Development Center: Michigan, US Production facilities: US (10), Mexico (2), France, China
Sales	USD 634 million (FY2015)
Employees	Approx. 3,200
Business activities	Design, molding, and processing of automotive composite materials and components
Key technologies	<p>Sheet Molding Compound (SMC)</p> <p>A process for molding sheets made from glass fiber impregnated with plastic paste containing curing agents and thickeners. Sheets are pressurized, heated, and shaped in molds.</p> <p>Features: Superior productivity, surface finish, and dimensional precision together with stable quality</p>

<p>Features</p>	<ul style="list-style-type: none"> • Industry leader in thermoset composites • Global leading SMC Manufacturer for the automotive industry • Harness superior technological capabilities to supply numerous automakers with attractive, lightweight parts and materials
<p>Major products</p>	<p>Lightweight, well-designed external components made from glass fiber reinforced plastic (GFRP)</p> <div style="display: flex; flex-wrap: wrap; justify-content: space-around;"> <div style="text-align: center;">  <p>Hood</p> </div> <div style="text-align: center;">  <p>Hood</p> </div> <div style="text-align: center;">  <p>Fender</p> </div> <div style="text-align: center;">  <p>Hood</p> </div> <div style="text-align: center;">  <p>Trunk lid</p> </div> <div style="text-align: center;">  <p>Tailgate</p> </div> </div>
<p>Major customers</p>	<p>Car and truck manufacturers, especially in North America</p>

4. Purpose of Acquisition

Offer composite product solutions applied for future business environment

Macro-level trend	Tougher environmental regulations in many countries (CO2 emissions and fuel consumption)	
Automakers' requirements	Environmental impact reduction <ul style="list-style-type: none"> • More lightweight car bodies • Changes in drivetrain power sources (electricity, hydrogen) • Lower rolling resistance for tires • Improved body aerodynamics, etc. 	Cost reduction <ul style="list-style-type: none"> • Lower parts costs • Lower production process costs
	Development of recycling technologies	



Use high-performance composite materials such as GFRP and CFRP to:

Produce lightweight body components, reduce the number of parts, and improve recyclability

Offer greater added value than existing components, such as greater strength in collisions and ability to absorb impact, superior design aesthetics, etc.

Synergies to be Achieved through Acquisition



- Thermoset composite technology centered on GFRP
(Especially production technologies of lightweight, well-designed external components)
- Automotive component design & production technologies, quality management and know-how
- Solid links with global automakers with proven track record of steady supply



- Carbon fiber and Carbon fiber reinforced plastic (CFRP) technology
- One-minute takt-time technology for Carbon fiber reinforced thermoplastic (CFRTP) [Sereebo]
- Diverse line-up of high-performance materials and polymer technology achieved over years
- Global network

Short- to medium-term: Contribute to development of more lightweight automotive parts for both external components (GFRP) and structural components (CFRP)

Medium- to long-term: Strengthen hybrid product development capabilities in response to the shift towards multi-materials

Build platform for automotive composite products business

Envisioned Application of Composites for Mass-produced car

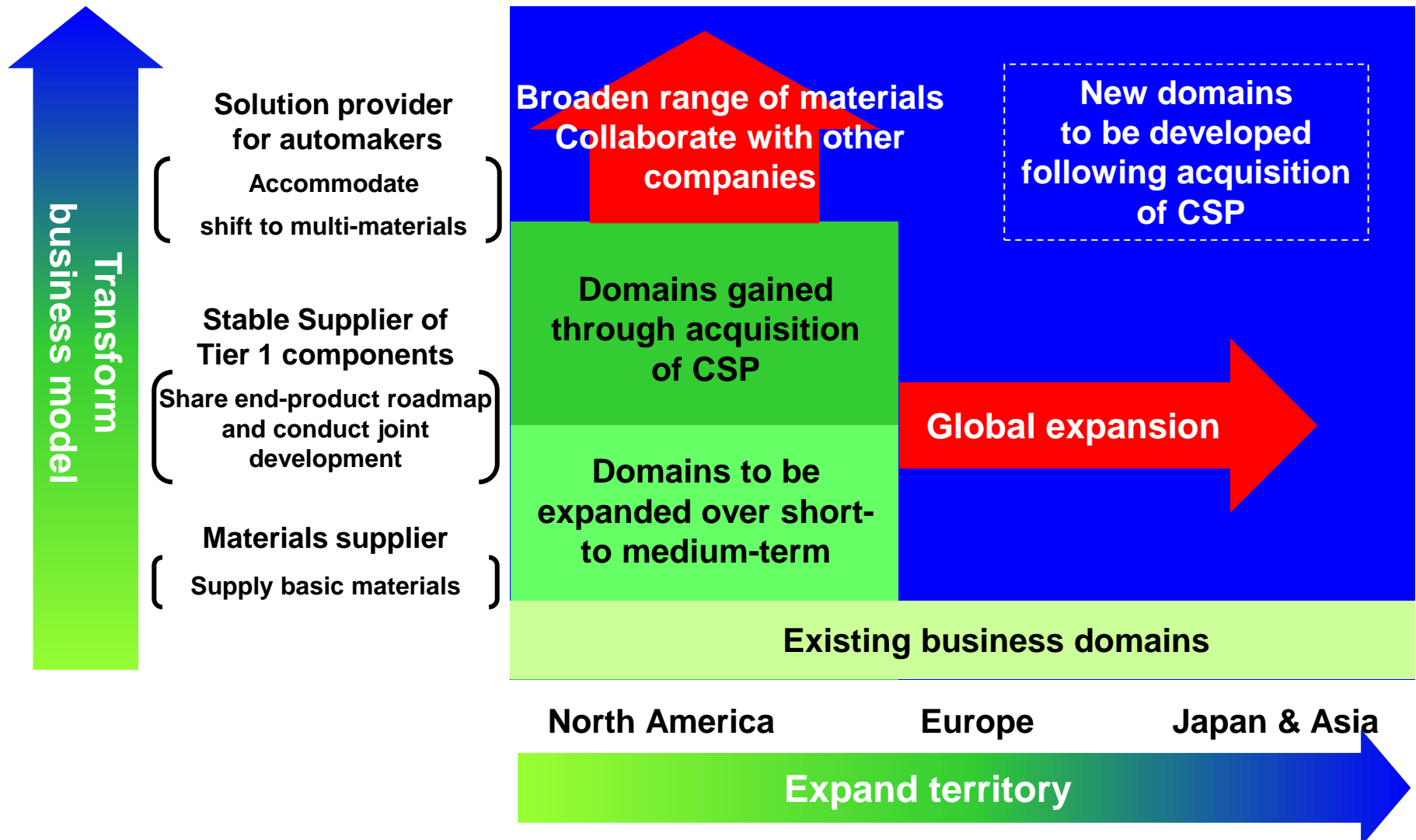
	Glass Fiber	Carbon Fiber	
	Thermoset		Thermoplastic
	GF-SMC	CF-SMC	Sereebo®
		(to be developed)	
External components	Highly-attractive surface (Body panel, door panel)		
Semi-structured member	High-tenacity (Battery tray, trunk lid)	Lightweight & High-tenacity (Battery tray, backdoor-frame)	Lightweight, high-strength & high-tenacity (Door-frame, floor)
Structural member		Lightweight & medium strength (Body-frame, B pillar)	Lightweight & high-strength (B pillar, side sill)
Shock absorber		Lightweight & medium strength (Bumper-beam, crash box)	Lightweight & high-strength (Crash box)



Expand component line-up for further weight reduction

5. Envisioned Business Development

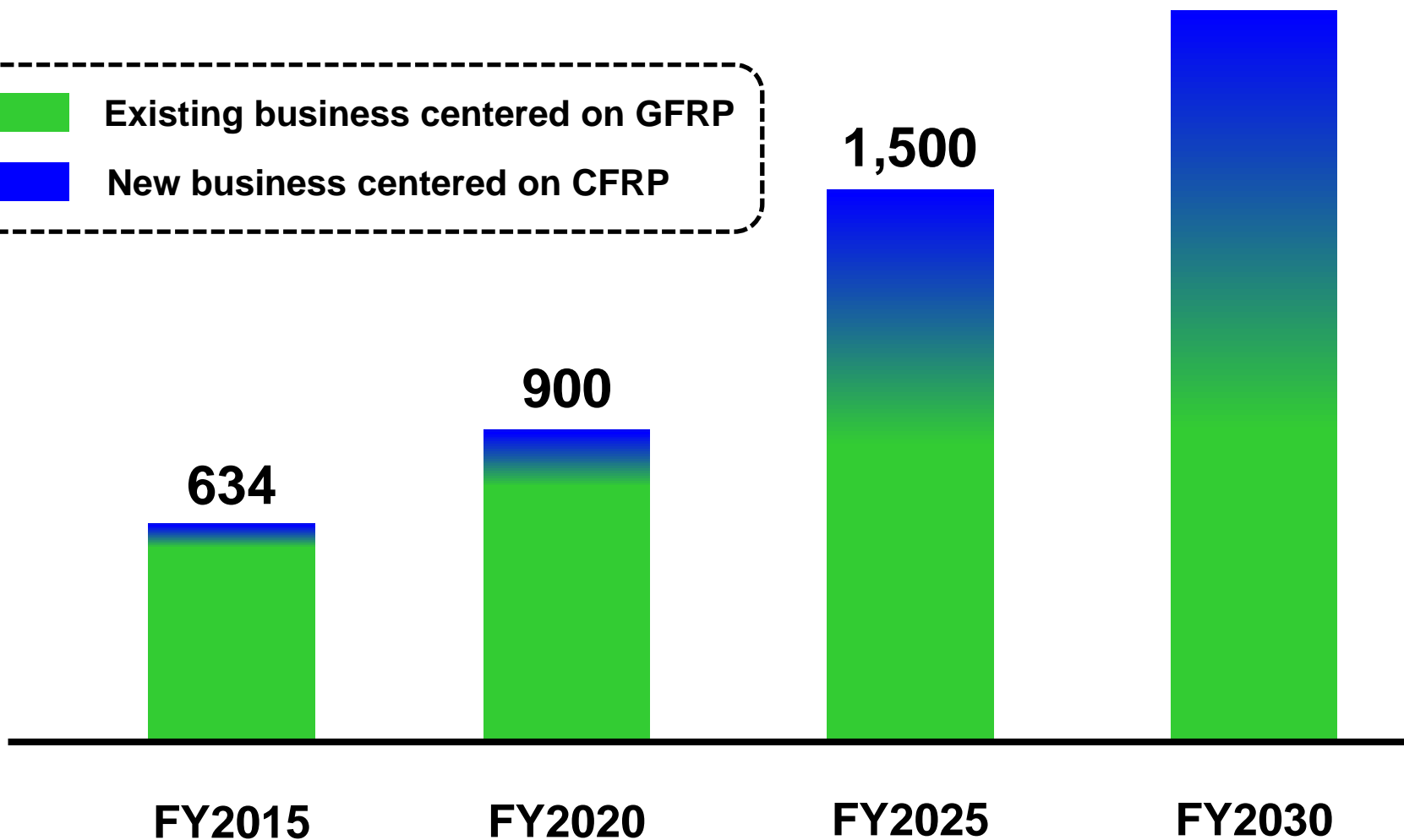
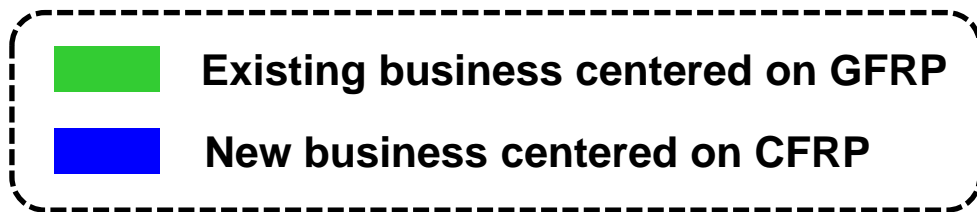
Accurately understand automakers' requirements to provide components that utilize high-performance materials



6. Revenue Targets

(million USD)

Estimated Sales of Automotive Composite Products Business **2,000**



7. Overview of Acquisition

- **Cost of acquisition : USD 825 million**

*The price of CSP's shares at the time of purchase is planned to be the amount that will follow a price adjustment provided for in the share purchase agreement.

- **Date of acquisition : December 2016*** **Subject to customary closing approvals*

- **Capital provided by : Teijin Holdings USA Inc. (holding company based in US)**

- **Source of finance : Cash reserves and new financing (subject to change)**

Disclaimer Regarding Forward-Looking Statements and Business Risks

Disclaimer

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.

Business Risks

The Teijin Group recognizes certain risks as having the potential to affect its operating results and/or financial position. As of the date of this document, these risks included, but were not limited to, the risks listed below.

(1) Market-related risk

The Teijin Group manufactures and sells products, the sales of which may be affected by market conditions, competition with other companies and price fluctuations arising thereof, as well as fluctuations in raw materials prices and fuel costs, and such market factors as fluctuations in foreign exchange and interest rates.

(2) Product quality risk

The Teijin Group has established a dedicated division that is charged with product quality and reliability assurance for all Group businesses. However, product and service defects arising from quality issues have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

(3) R&D-related risk

The Teijin Group actively allocates management resources to R&D with the aim of realizing sustainable growth through technology-driven innovation. However, the outcome of such R&D may diverge significantly from the objectives thereof, a situation that has the potential to negatively affect, among others, the Group's operating results.

(4) Risks related to overseas operations

The Teijin Group has operations overseas. These operations are vulnerable to the impact of fluctuations in foreign exchange rates, as well as enforcement of new or unexpected changes to existing laws, regulations or tax systems that exert an adverse impact on the Group; economic fluctuations; or social unrest triggered by acts of terror or war.

(5) Risks related to accidents and disasters

In the event of a major natural disaster or unforeseen accident that results in damage to the Teijin Group's production facilities or significantly impedes the Group's supply chain, such developments may have a negative impact on the Group's operating results and/or financial position.

TEIJIN

Human Chemistry, Human Solutions

Human Chemistry, Human Solutions

The promise of the Teijin brand is summed up in the resonant statement: "Human Chemistry, Human Solutions".

Our promise is to continue to develop chemical technologies that are friendly to both people and the global environment. It is to keep providing solutions that deliver the real value that society and our customers expect.

We will certainly keep this promise. Constantly working to enhance the Quality of Life –our very reason for being as a company– the Teijin Group will continue to win the trust of society and our customers.