

Mitsubishi Tanabe Pharma Corporation

FY2011 2<sup>nd</sup> Quarter

Business Results

(April – September, 2011)

Kenkichi Kosakai

Board Director,  
Managing Executive Officer

October 31, 2011



Mitsubishi Tanabe Pharma

# Q2 FY2011 Business Results Outline



# Q2 FY2011 Financial Results

	FY2011	FY2010	Increase/decrease		Forecasts for 1 <sup>st</sup> Half*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	200.3	204.6	-4.3	-2.1	199.0	100.7
Cost of sales	74.4	77.8	-3.3	-4.4	75.5	98.6
Sales cost ratio	37.2%	38.0%			37.9%	
Gross operation profit	125.9	126.8	-0.9	-0.7	123.5	102.0
SG&A	89.8	86.6	+3.1	+3.7	91.5	98.2
Operating income	36.0	40.1	-4.1	-10.2	32.0	112.7
Ordinary income	36.3	40.4	-4.1	-10.1	32.0	113.7
Net income	19.9	22.7	-2.7	-12.1	16.5	121.0

\*: Revised forecasts announced on Jul. 29, 2011 in the financial results for Q1 FY2011 2

# Sales by Business Segment

【Q2 FY2011 Financial Results】

New Value Creation



	FY2011	FY2010	Increase/decrease		Forecasts for 1 <sup>st</sup> Half*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	200.3	204.6	-4.3	-2.1	199.0	100.7
[Overseas sales]	[13.1]	[13.7]	[-0.5]	[-3.8]	[12.5]	[105.6]
Pharmaceuticals	195.4	199.8	-4.4	-2.2	194.0	100.7
Ethical drugs domestic sales	175.6	179.1	-3.4	-1.9	176.5	99.5
Ethical drugs overseas sales	9.1	11.2	-2.1	-19.0	8.5	107.6
OTC	2.8	2.8	0.0	+0.5	2.5	115.4
Others	7.6	6.5	+1.1	+17.7	6.5	118.2
Other Businesses	4.9	4.8	+0.0	+2.0	5.0	98.9

\*: Revised forecasts announced on Jul. 29, 2011 in the financial results for Q1 FY2011 3

# Ethical Drugs Domestic Sales of Main Products

【Q2 FY2011 Financial Results】

New Value Creation

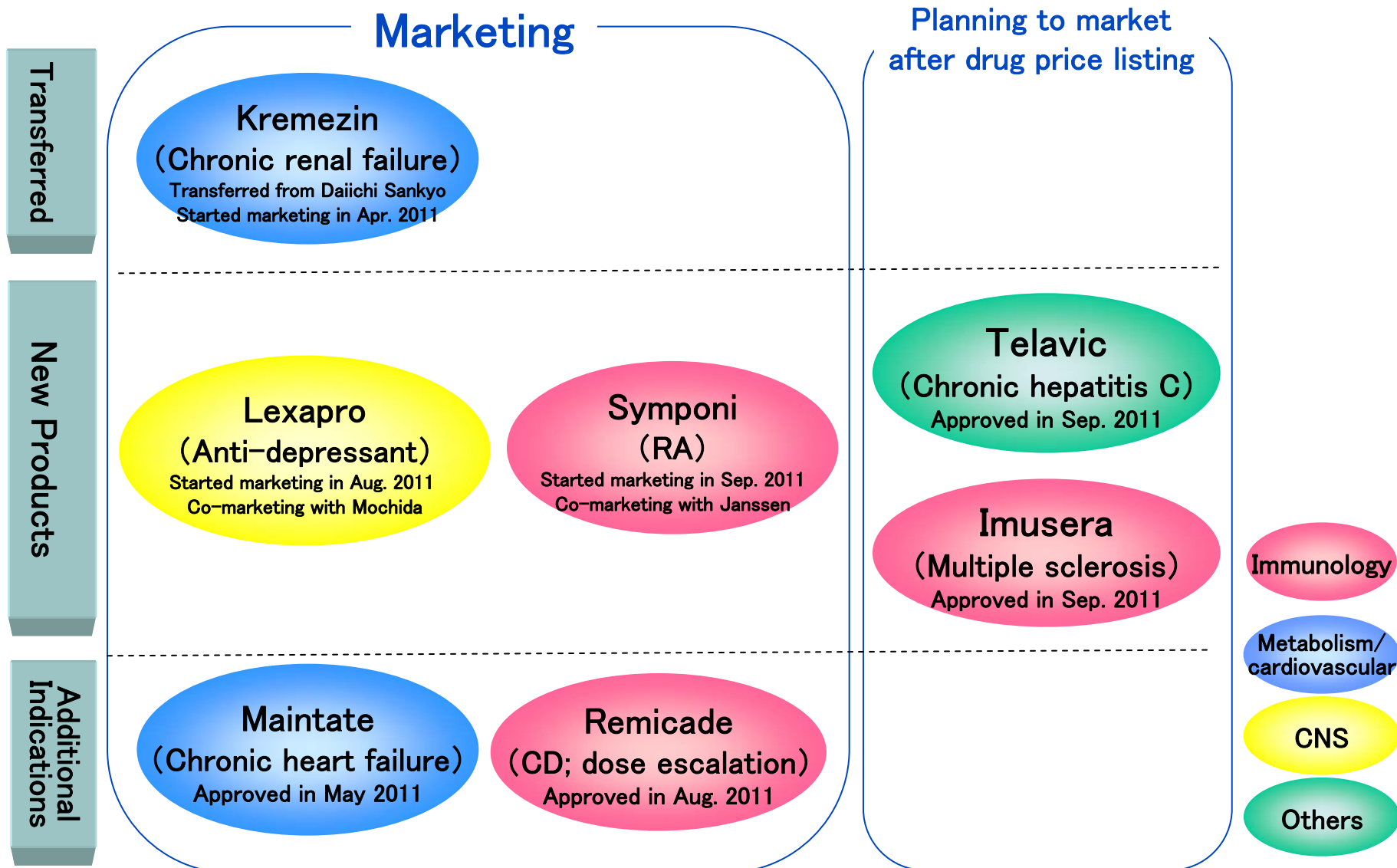


		FY2011	FY2010	Increase/decrease	
		Billion yen	Billion yen	Billion yen	%
Ethical drugs domestic sales		175.6	179.1	-3.4	-1.9
Priority products	Remicade	32.0	29.3	+2.7	+9.3
	Radicut	12.7	14.2	-1.4	-10.5
	Anplag	7.7	8.2	-0.5	-6.7
	Maintate	6.5	5.9	+0.6	+10.4
	Talion	5.3	4.7	+0.5	+12.0
	Tanatril	4.2	4.9	-0.7	-14.4
New	Kremezin *1	6.1	-	+6.1	-
Vaccine		15.1	15.0	0.0	+0.2
	[Mearubik]	[6.2]	[7.5]	[-1.3]	[-17.3]
	[JEVIK V]	[4.8]	[3.7]	[+1.1]	[+31.9]
	[Influenza]	[2.3]	[1.9]	[+0.3]	[+19.9]
Generics *2		8.2	5.4	+2.7	+51.7
Licensing fee, etc		2.9	1.3	+1.5	+120.8

\*1: In FY2010, Daiichi Sankyo sold Kremezin on consignment from MTPC, however, we do not disclose this sales.

\*2: Generics and the long-listed drugs which were transferred from MTPC

# New Products in FY2011



- Immunology
- Metabolism/ cardiovascular
- CNS
- Others

# Cost of Sales/SG&A Expenses

New Value Creation

【Q2 FY2011 Financial Results】



	FY2011	FY2010	Increase/decrease		Forecasts for 1 <sup>st</sup> Half*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	200.3	204.6	-4.3	-2.1	199.0	100.7
Cost of sales	74.4	77.8	-3.3	-4.4	75.5	98.6
Sales cost ratio	37.2%	38.0%			37.9%	
Gross operation profit	125.9	126.8	-0.9	-0.7	123.5	102.0
SG&A	89.8	86.6	+3.1	+3.7	91.5	98.2
R&D expenses	33.5	32.4	+1.0	+3.3	34.5	97.3
Labor cost	25.9	25.8	0.0	+0.4	25.5	101.6
Amortization of goodwill	5.0	5.0	0.0	-0.1	5.0	101.3
Others	25.3	23.3	+2.0	+8.7	26.5	95.6
Operating income	36.0	40.1	-4.1	-10.2	32.0	112.7

\*: Revised forecasts announced on Jul. 29, 2011 in the financial results for Q1 FY2011

# Non-operating Income and Loss/ Extraordinary Income and Loss

New *Value Creation*



【Q2 FY2011 Financial Results】

	FY2011	FY2010	Increase/decrease		Forecasts for 1 <sup>st</sup> Half*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	36.0	40.1	-4.1	-10.2	32.0	112.7
Non-operating income & loss	0.3	0.3	0.0			
Ordinary income	36.3	40.4	-4.1	-10.1	32.0	113.7
Extraordinary income	3.2	3.7	-0.4		3.5	95.1
Impairment loss	2.9	-	+2.9			
Loss on valuation investments in securities	0.0	2.4	-2.3			
Others	0.3	1.3	-1.0			
Net income	19.9	22.7	-2.7	-12.1	16.5	121.0

\*: Revised forecasts announced on Jul. 29, 2011 in the financial results for Q1 FY2011 7



# Forecasts for FY2011 Ending March 31, 2011

A decorative horizontal bar with a blue-to-teal gradient, starting as a solid blue bar on the left and fading into a light teal gradient on the right.

# Forecasts for FY2011

	FY2011	FY2010	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Net sales	405.0	409.5	-4.5	-1.1
Cost of sales	150.0	154.5	-4.5	-3.0
Sales cost ratio	37.0%	37.7%		
Gross operation profit	255.0	254.9	0.0	0.0
SG&A	187.0	178.3	+8.6	+4.8
Operating income	68.0	76.5	-8.5	-11.2
Ordinary income	68.0	76.6	-8.6	-11.3
Net income	37.5	37.7	-0.2	-0.7

# Sales Forecasts for Main Products

		FY2011	FY2010	Increase/decrease	
		Billion yen	Billion yen	Billion yen	%
Ethical drugs domestic sales		358.0	361.6	-3.6	-1.0
Priority products	Remicade	66.4	60.4	+6.0	+10.0
	Radicut	23.7	28.7	-4.9	-17.4
	Anplag	15.0	16.4	-1.4	-8.5
	Maintate	13.4	12.3	+1.1	+9.6
	Talion	14.5	13.4	+1.1	+8.3
	Tanatril	8.2	9.6	-1.4	-15.1
New	Kremezin *1	12.2	-	+12.2	-
Vaccine		29.5	29.6	0.0	-0.1
	[Mearubik]	[10.0]	[12.2]	[-2.2]	[-18.5]
	[JEVIK V]	[8.5]	[6.9]	[+1.6]	[+23.2]
	[Influenza]	[8.2]	[7.1]	[+1.1]	[+15.8]
Generics *2		17.3	14.0	+3.2	+23.2
Licensing fee, etc.		6.0	2.4	+3.5	+145.7

\*1: In FY2010, Daiichi Sankyo sold Kremezin on consignment from MTPC, however, we do not disclose this sales.

\*2: Generics and the long-listed drugs which were transferred from MTPC

## ■ Dividend Policy

- ✓ The Company's basic policy calls for providing a stable, return to shareholders while striving to maximize enterprise value by aggressively investing in future growth.
- ✓ Under the medium-term management plan 11-15, in addition to profit growth, we will strive to raise the consolidated dividend payout (prior to amortization of goodwill) to 40% and expand shareholder return.

	FY2009	FY2010	1 <sup>st</sup> Half of FY2011	FY2011 (Estimate)
Dividends	¥28	¥ 28	¥ 15	¥ 30
Dividend payout	39.0%	32.9%	33.7%	35.4%

The dividend payout is calculated using net income less amortization of goodwill and dividend.

# Progress of the Development Pipeline

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# Status of New Product Development (1)

New Value Creation



【Main changes since previous announcement on July 29, 2011】

## Approval

### In-house Developed

- ◆ Imusera (FTY720/S1P receptor functional antagonist)  
Multiple Sclerosis Approved in Japan (Sep. 2011)
- ◆ Telavic (MP-424/NS3-4A protease inhibitor)  
Chronic hepatitis C Approved in Japan (Sep. 2011)
- ◆ Remicade (Anti-TNF  $\alpha$  monoclonal antibody)  
(Additional indications) Crohn's disease: dose escalation  
Approved in Japan (Aug. 2011)
- ◆ Venoglobulin IH 5% (Human immunoglobulin G)  
(Additional indications) Generalized myasthenia gravis  
Approved in Japan (Sep. 2011)

### Licensing-out (to JW Pharmaceutical)

- ◆ TA-1790 (PDE5 inhibitor)  
Erectile dysfunction Approved in Korea (Aug. 2011)

# Status of New Product Development (2)

【Main changes since previous announcement on July 29, 2011】

## Filed

- ◆ MP-513 (DPP4 inhibitor)  
Type 2 diabetes mellitus  
Filed in Japan (Aug. 2011)
- ◆ MCI-196 (Non-absorbed phosphate binder)  
Hyperphosphatemia  
Filed in Europe (Aug. 2011)

## Progresses in clinical trials

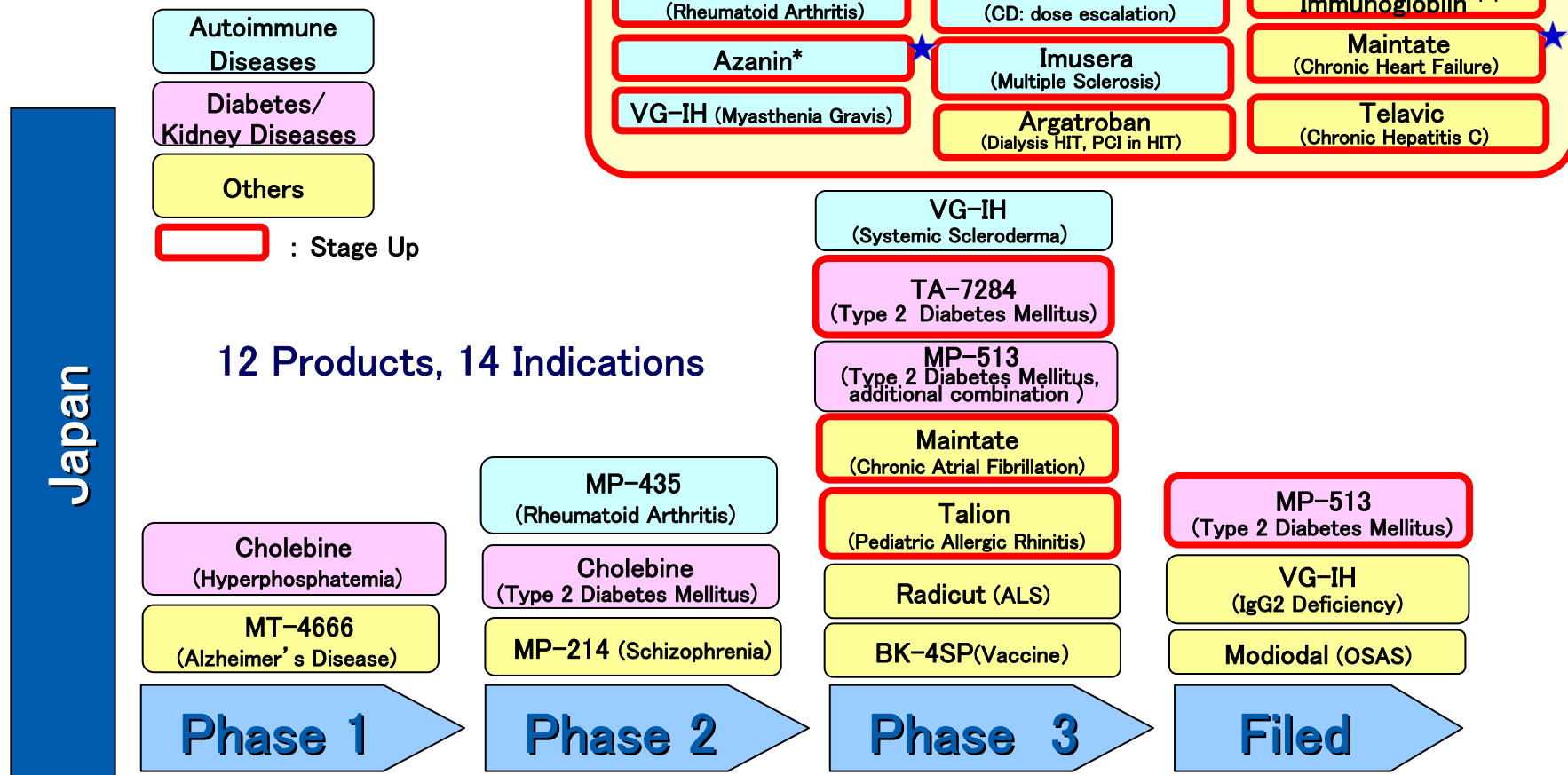
- ◆ Maintate (Selective  $\beta$  1 antagonist)  
(Additional indications) Chronic atrial fibrillation  
P3 in Japan (Aug. 2011)
- ◆ Talion (Selective H1 receptor antagonist / anti-allergic agent)  
(Additional indications) Pediatric allergic rhinitis  
P3 in Japan (Sep. 2011)

# *New Value Creation*

**Becoming a “Company that Can Continue to Create New Value”**



【Changes since announcement of Financial Results for FY2010 (10 May, 2011)】



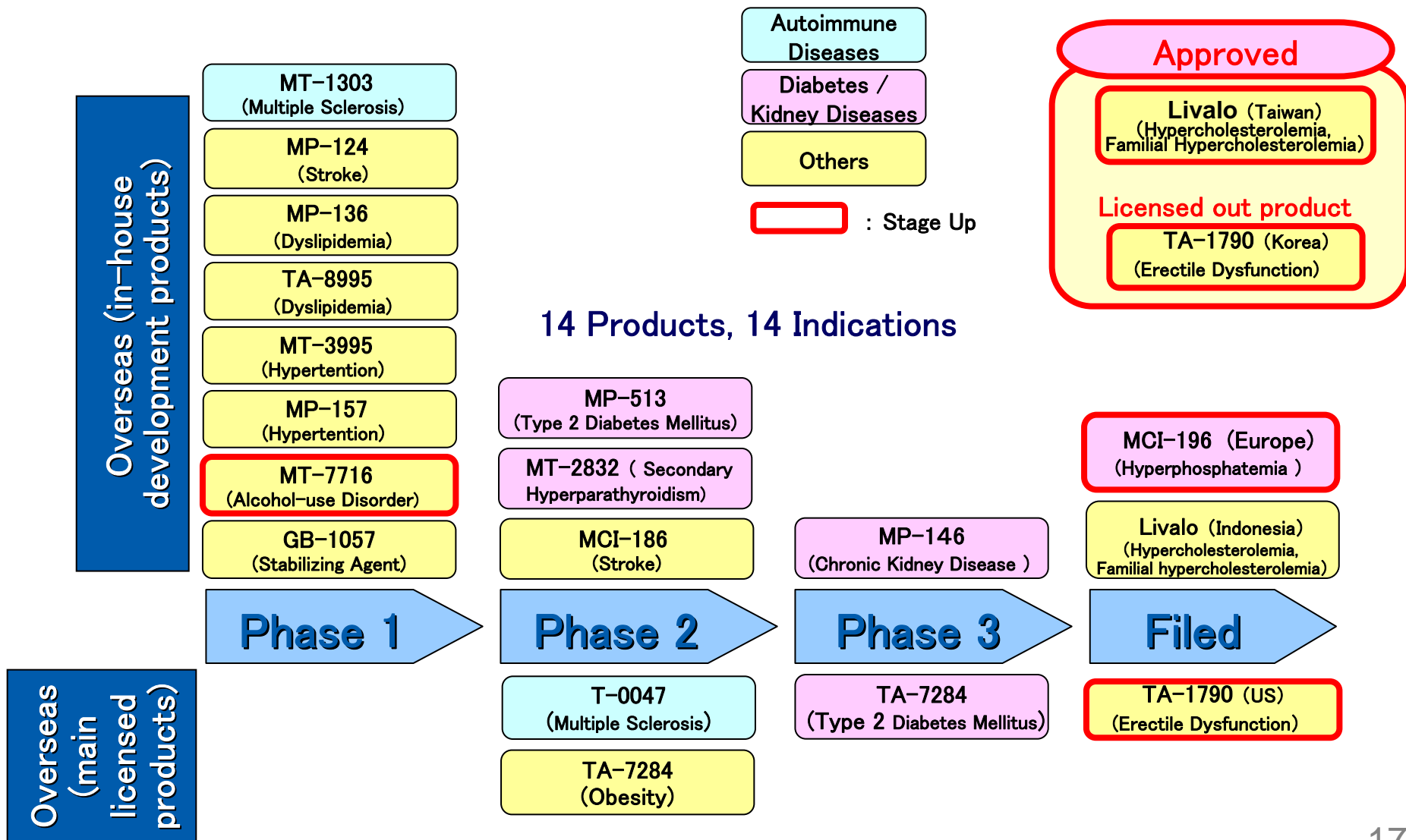
\*; Systemic vasculitis, systemic lupus erythematosus, polymyositis, dermatomyositis, scleroderma, mixed connective tissue disease, intractable rheumatic disease

\*\*; for suppression of immunization of the D(Rho) factor (post partum, treatment through pregnancy or for parturition, abdominal bruise etc., and pregnancy around 28 weeks)

★; Request products from the Review Committee on Unapproved Drugs and Indications with High Medical Needs

# Appendix: In-house developments, licensed products<Overseas>

【Changes since announcement of Financial Results for FY2010 (10 May, 2011)】



### **Cautionary Statement**

**The statements contained in this presentation is based on a number of assumptions and belief in light of the information currently available to management of the company and is subject to significant risks and uncertainties.**