

Mitsubishi Tanabe Pharma Corporation

# 2<sup>nd</sup> Quarter of FY2012

## Business Results

(April – September, 2012)

October 29, 2012

Kenkichi Kosakai

Board Director

Managing Executive Officer



Mitsubishi Tanabe Pharma

# Q2 FY2012 Business Results Outline



# Q2 FY2012 Financial Results

【April to September, 2012】

New Value Creation



	FY2012	FY2011	Increase/decrease		Forecasts for 1st half*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	203.8	200.3	+3.4	+1.7	203.0	100.4
Cost of sales	79.2	74.4	+4.8	+6.5	76.5	103.6
Sales cost ratio	38.9%	37.2%			37.7%	
Gross operation profit	124.5	125.9	-1.3	-1.1	126.5	98.5
SG&A	92.3	89.8	+2.4	+2.7	98.5	93.7
Operating income	32.2	36.0	-3.8	-10.6	28.0	115.2
Ordinary income	33.1	36.3	-3.2	-8.9	28.0	118.3
Extraordinary income&loss	-2.4	-3.2	+0.8		-3.5	69.8
Net income	19.4	19.9	-0.4	-2.4	15.0	129.9

\*: Published forecasts announced on May 8, 2012 in the financial results for FY2011.

# Sales by Business Segment

New Value Creation



**[Q2 FY2012 Financial Results]**

	FY2012	FY2011	Increase/decrease		Forecasts for 1 <sup>st</sup> half	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	203.8	200.3	+3.4	+1.7	203.0	100.4
[Overseas sales]	(18.4)	(13.1)	(+5.2)	(+39.7)	(17.0)	(108.4)
Pharmaceuticals	200.7	195.4	+5.3	+2.7	199.5	100.6
Ethical drugs domestic sales	176.6	175.6	+0.9	+0.5	177.5	99.5
Ethical drugs overseas sales	10.1	9.1	+1.0	+11.1	9.5	107.0
OTC	2.8	2.8	0.0	-2.7	3.0	93.6
Others	11.1	7.6	+3.4	+45.1	9.5	117.3
Other Businesses	3.0	4.9	-1.8	-37.4	3.5	88.4

# Ethical Drugs Domestic Sales of Main Products

## [Q2 FY2012 Financial Results]

New Value Creation

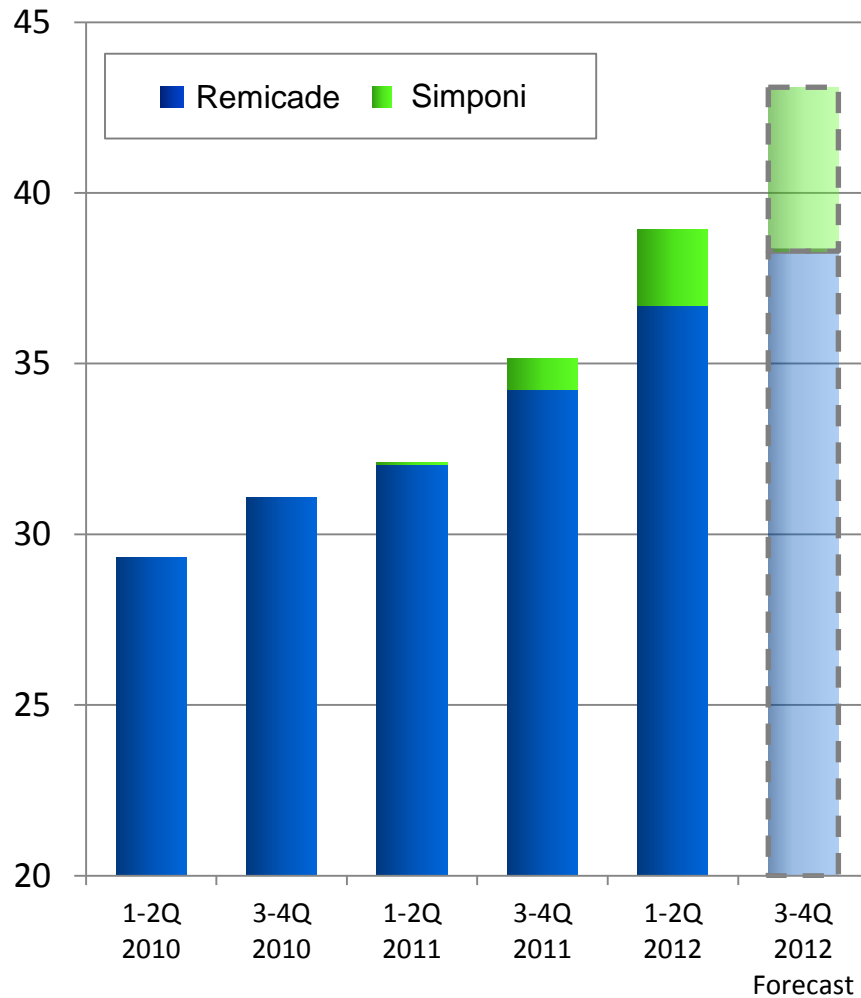


		FY2012	FY2011	Increase/decrease		Forecasts for 1 <sup>st</sup> half	Achieved
		Billion yen	Billion yen	Billion yen	%		%
Ethical drugs domestic sales		176.6	175.6	+0.9	+0.5	177.5	99.5
Priority products	Remicade	36.7	32.0	+4.6	+14.6	37.0	99.2
	Maintate	6.9	6.5	+0.3	+5.8	7.0	99.6
	Kremezin	6.0	6.1	-0.1	-2.9	6.0	100.1
	Talion	5.2	5.3	0.0	-0.7	6.0	87.9
New	Telavic	3.4	-	+3.4	-	3.5	99.1
	Simponi	2.2	0.0	+2.1	-	2.0	111.4
	Lexapro	1.6	0.4	+1.2	+279.7	2.0	83.1
Vaccines		12.6	15.1	-2.5	-16.5	13.0	97.1
	[Mearubik]	(5.4)	(6.2)	(-0.8)	(-13.7)	(6.0)	(90.3)
	[JEBIK V]	(3.5)	(4.8)	(-1.3)	(-27.1)	(3.5)	(102.1)
	[Influenza]	(1.5)	(2.3)	(-0.8)	(-34.3)	(2.0)	(76.7)
Generics*		9.0	8.2	+0.8	+10.6	8.5	106.8
Licensing fee, etc		7.3	2.9	+4.4	+154.2	6.0	122.9

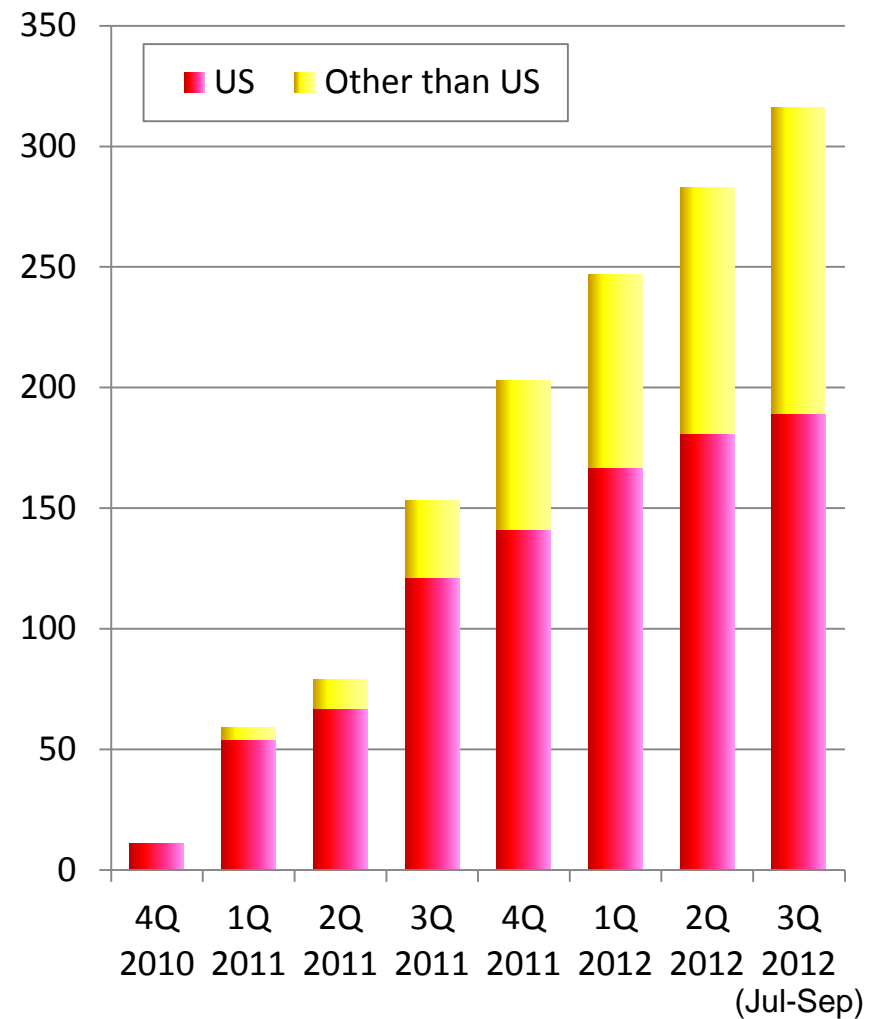
\*: Generics and the long-listed drugs which were transferred from MTPC

# Growth Drivers

(JPY b) Sales Trends of Remicade and Simponi



(USD m) Worldwide Sales Trends of Gilenya



# Situation of New Products

- **Tenelia (Type2 diabetes mellitus) Launched in Sep. 2012**

    - Characteristics
      - Improves blood glucose postprandial level, from after breakfast to after the evening meal.
      - Eliminated via two routes, the liver and the kidney.
    - Strategic sales alliance with Daiichi Sankyo (A total of 4,000 MRs)
    - Favorable sales in the first month of launch.
  
  - **Telavic (Chronic hepatitis C) Launched in Nov. 2011**

    - Thorough information provision for appropriate usage
    - Steady progress in all-patient surveillance
    - Survey sheet is not necessary after September 26.
- | No. of contracted institutions | No. of patient registrations |
|--------------------------------|------------------------------|
| 828                            | 6,907                        |
- **Simponi (Rheumatoid Arthritis) Launched in Sep. 2011 (Co-marketing with Janssen Pharmaceuticals)**

    - Good evaluation because of administration once four weeks, high efficacy, and treatment continuity
    - About 5,000 patients are administrated. (Estimated by MTPC)
  
  - **Lexapro (Depression) Launched in Aug. 2011 (Co-marketing with Mochida Pharmaceutical)**

    - The ban on long-term prescriptions was removed in August.
    - The sales increased by 30% after the removal.
      - Steady growth; ¥630 million of sales\*, 6% level of market share<sup>§</sup> in September

\* , § : Total of MTPC and Mochida Pharmaceutical, § : Share is in the market of novel antidepressants

# Cost of Sales/SG&A Expenses

New Value Creation



## 【Q2 FY2012 Financial Results】

	FY2012	FY2011	Increase/decrease		Forecasts for 1 <sup>st</sup> half	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	203.8	200.3	+3.4	+1.7	203.0	100.4
Cost of sales	79.2	74.4	+4.8	+6.5	76.5	103.6
Sales cost ratio	38.9%	37.2%			37.7%	
Gross operation profit	124.5	125.9	-1.3	-1.1	126.5	98.5
SG&A	92.3	89.8	+2.4	+2.7	98.5	93.7
R&D expenses	34.2	33.5	+0.6	+2.0	38.0	90.1
Labor cost	25.9	25.9	0.0	+0.2	26.0	99.9
Amortization of goodwill	5.0	5.0	0.0	-0.1	5.0	101.3
Others	27.0	25.3	+1.7	+6.8	29.5	91.7
Operating income	32.2	36.0	-3.8	-10.6	28.0	115.2



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

【Q2 FY2012 Financial Results】

New Value Creation



	FY2012	FY2011	Increase/decrease		Forecasts for 1 <sup>st</sup> half	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	32.2	36.0	-3.8	-10.6	28.0	115.2
Non-operating income & loss	0.8	0.3	+0.5			
Ordinary income	33.1	36.3	-3.2	-8.9	28.0	118.3
Extraordinary income	1.2	-	+1.2		-	-
Gain on sales of fixed assets	0.6	-	+0.6			
Gain on transfer of business	0.3	-	+0.3			
Extraordinary loss	3.6	3.2	+0.3		3.5	104.1
Loss on business integration	2.2	-	+2.2			
Loss on valuation investments in securities	0.7	0.0	+0.6			
Impairment loss	0.3	2.9	-2.6			
Net income	19.4	19.9	-0.4	-2.4	15.0	129.9

# Forecast for FY2012 (Ending March 31, 2013)



# Revised Forecasts for FY2012

	FY2012 (Estimate)	FY2011 (Achieved)	Increase/decrease		FY2012* (Previous forecast)
	Billion yen	Billion yen	Billion yen	%	
Net sales	425.0	407.1	+17.8	+4.4	429.0
Cost of sales	167.0	152.2	+14.7	+9.7	165.0
Sales cost ratio	39.3%	37.4%			38.5%
Gross operation profit	258.0	254.8	+3.1	+1.2	264.0
SG&A	188.0	185.8	+2.1	+1.2	194.0
R&D expenses	70.0	70.2	-0.2	-0.3	72.0
Operating income	70.0	69.0	+0.9	+1.4	70.0
Ordinary income	71.0	68.7	+2.2	+3.3	70.0
Extraordinary income or loss	-5.0	-4.9	0.0	-	-4.0
Net income	40.5	39.0	+1.4	+3.8	40.5

\*: Announced on May 8, 2012 in the financial results for FY2011

# Ethical Drugs Domestic Sales of Main Products

【Revised Forecast for FY2012】

		FY2012 (Estimate)	FY2011 (Achieved)	Increase/decrease	
		Billion yen	Billion yen	Billion yen	%
Ethical drugs domestic sales		369.0	355.4	+13.5	+3.8
Priority products	Remicade	75.0	66.3	+8.6	+13.1
	Maintate	15.0	13.6	+1.3	+9.6
	Kremezin	12.5	11.6	+0.8	+7.3
	Talion	15.0	13.3	+1.6	+12.4
New	Telavic	8.5	1.4	+7.0	+471.6
	Simponi	7.0	0.9	+6.0	+634.5
	Lexapro	5.5	1.2	+4.2	+337.9
Vaccines		29.5	28.8	+0.6	+2.4
	[Mearubik]	(8.0)	(9.5)	(-1.5)	(-16.2)
	[JEBIK V]	(6.0)	(7.1)	(-1.1)	(-16.0)
	[Influenza]	(8.5)	(9.0)	(-0.5)	(-5.9)
Generics*		19.0	17.4	+1.5	+8.7
Licensing fee, etc		15.5	9.5	+5.9	+61.5

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

# Shareholders Return

- MTPC's basic policy calls for providing a stable and continuous return to shareholders while striving to maximize enterprise value by aggressively investing in future growth.
- Under this medium-term management plan, in addition to profit growth, the basic for the dividend payout ratio is 50% (prior to amortization of goodwill is 40%), and MTPC will work to provide an enhanced return to shareholders.

	FY2010	FY2011	1 <sup>st</sup> Half of FY2012	FY2012 (Estimate)
Dividends	¥28	¥35	¥20	¥40
Dividends Payout (prior to amortization of goodwill)	41.6% (32.9%)	50.3% (40.0%)	- ( - )	55.4% (44.4%)

# Development Pipeline



# New Product Development (1)

【Changes since previous announcement on July 31, 2012】

New **Value** Creation



## New Products in Japan

- ◆ **Tenelia** (DPP-4 inhibitor)  
Type 2 diabetes mellitus                      Launch (Sep. 2012)
- ◆ **Tetrabik\***  
(BK-4SP/Pertussis-diphtheria-tetanus-inactivated polio (sabin strain) combined vaccine)  
Launch (Oct. 31, 2012)  
\* Manufacture and distributor: BIKEN

## Progress overseas

- ◆ **Simponi** (Human anti-TNF $\alpha$  monoclonal antibody)  
Rheumatoid Arthritis, psoriatic arthritis, ankylosing spondylitis  
Launched in Indonesia (Sep. 2012)
- ◆ **BindRen** (MCI-196/Non-absorbed phosphate binder)  
Hyperphosphatemia                      Positive opinion by CHMP in EU (Sep. 2012)

## Progress Overseas

### Additional indication/change in dosage and usage

- ◆ **Remicade** (Anti-human TNF $\alpha$  monoclonal antibody)
  - Psoriasis (increased dose)                      P3 in Japan (Sep. 2012)
- ◆ **Maintate** (Selective  $\beta$ 1 blocker)
  - Chronic atrial fibrillation                      Filed in Japan (Sep. 2012)

### Licensed-out (to Maruho)

- ◆ **TA-7906** (PDE4 inhibitor)
  - Atopic dermatitis                                      P2 in Japan (Sep. 2012)

## Other

- ◆ **Collategene** (DNA plasmid with HGF gene)
  - Agreement with AnGesMG for the exclusive marketing rights for peripheral arterial disease in US (Oct. 2012)



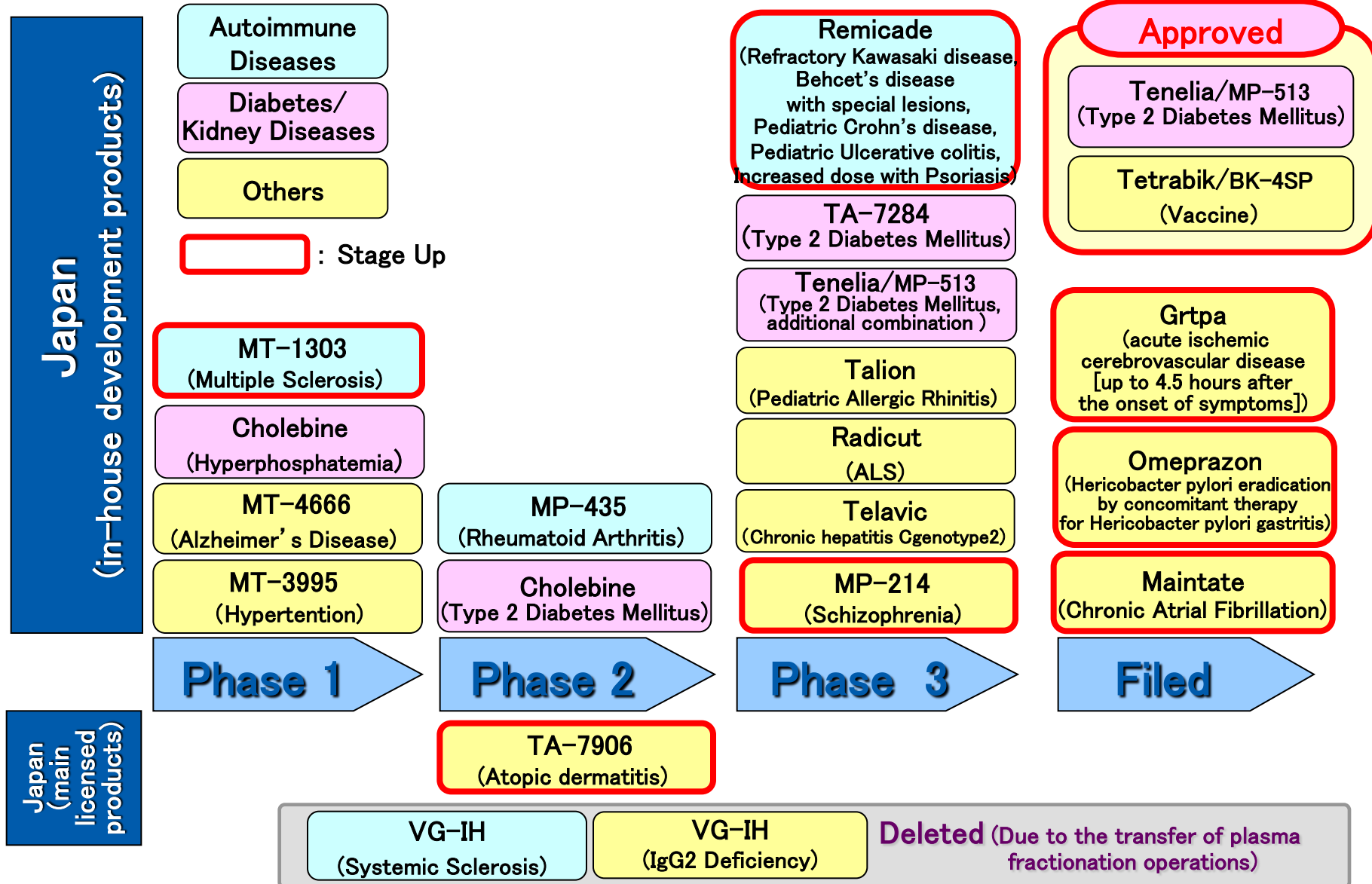
# *New Value Creation*

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

# Appendix: Development Pipeline Status <Japan>

As of October 29, 2012

Changes since announcement of Financial Results for FY2011 (May 8, 2012)



# Appendix:

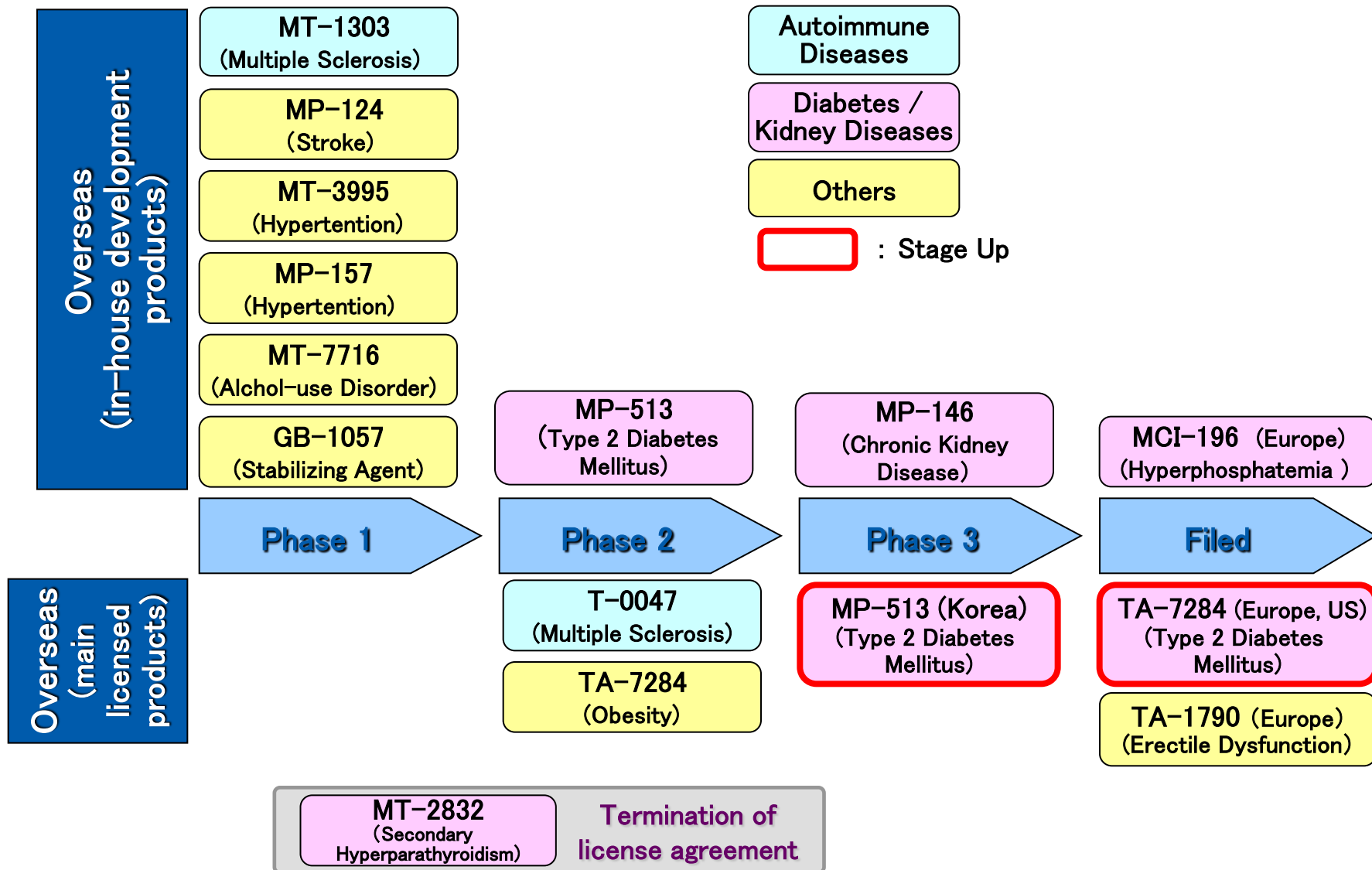
## Development Pipeline Status <Overseas>

As of October 29, 2012

New Value Creation



Changes since announcement of Financial Results for FY2011 (May 8, 2012)



### **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.**