

Mitsubishi Tanabe Pharma Corporation

FY2012 Business Results

(April 1, 2012 – March 31, 2013)

Michihiro Tsuchiya
President and CEO

May 9, 2013



Mitsubishi Tanabe Pharma

FY2012 Business Results Outline

(Ended March 31, 2013)

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.

Overview of FY2012 Business Results

New **Value** Creation



Net sales

¥ 419.2 billion +3.0%, year-on-year

- Growth of Remicade, new products and royalty, etc.
- Impact of the NHI drug price revision: - ¥ 19.0 billion

Operating income

¥ 69.0 billion -0.1%, year-on-year

Net income

¥ 41.9 billion +7.4%, year-on-year

Topics

- ✓ Best net income for five consecutive years since the company has started
- ✓ Growth of Remicade sales: ¥73.5 billion, 10.8% up, year-on-year
- ✓ Gilenya (FTY720) has become a **blockbuster**: MTPC royalty income of ¥19.5 billion
Novartis sales of \$1,616 million during Jan. 2012 to Mar. 2013
- ✓ Growth of 6 new products sales: ¥22.0 billion, ¥ 18.1 billion up, year-on-year
- ✓ TA-7284: Approved in US in Mar. 2013, Filed MAA in Europe in Jun. 2012,
Preparing for application filing in Japan

FY2012 Financial Results

【April 1, 2012 to March 31, 2013】

New Value Creation



	FY2012	FY2011	Increase/decrease		Full-year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	419.2	407.2	+12.0	+3.0	425.0	98.6
Cost of sales	166.4	152.3	+14.1	+9.3	167.0	99.6
Sales cost ratio	39.7%	37.4%			39.3%	
Gross operation profit	252.8	254.9	-2.1	-0.8	258.0	98.0
SG&A	183.8	185.8	-2.0	-1.1	188.0	97.8
Operating income	69.0	69.0	-0.1	-0.1	70.0	98.5
Ordinary income	69.4	68.8	+0.6	+0.9	71.0	97.7
Net income	41.9	39.0	+2.9	+7.4	40.5	103.4

* : Full-year forecasts announced on Oct. 29, 2012 in the financial results for Q2 of FY2012

Sales by Business Segment

New Value Creation



【FY2012 Financial Results】

	FY2012	FY2011	Increase/decrease		Full-year forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	419.2	407.2	+12.0	+3.0	425.0	98.6
[Overseas sales]	[47.7]	[28.3]	[+19.4]	[+68.5]	[41.0]	[116.4]
Pharmaceuticals	414.7	397.6	+17.1	+4.3	420.5	98.6
Ethical drugs domestic sales	356.6	355.4	+1.1	+0.3	369.0	96.6
Ethical drugs overseas sales	23.4	18.5	+4.9	+26.7	23.5	99.5
OTC	5.3	5.4	-0.1	-2.1	5.5	96.1
Others	29.5	18.3	+11.2	+61.3	22.5	130.9
Other Businesses	4.5	9.6	-5.1	-53.2	4.5	99.8

Domestic Sales of Ethical Drugs: Main Products

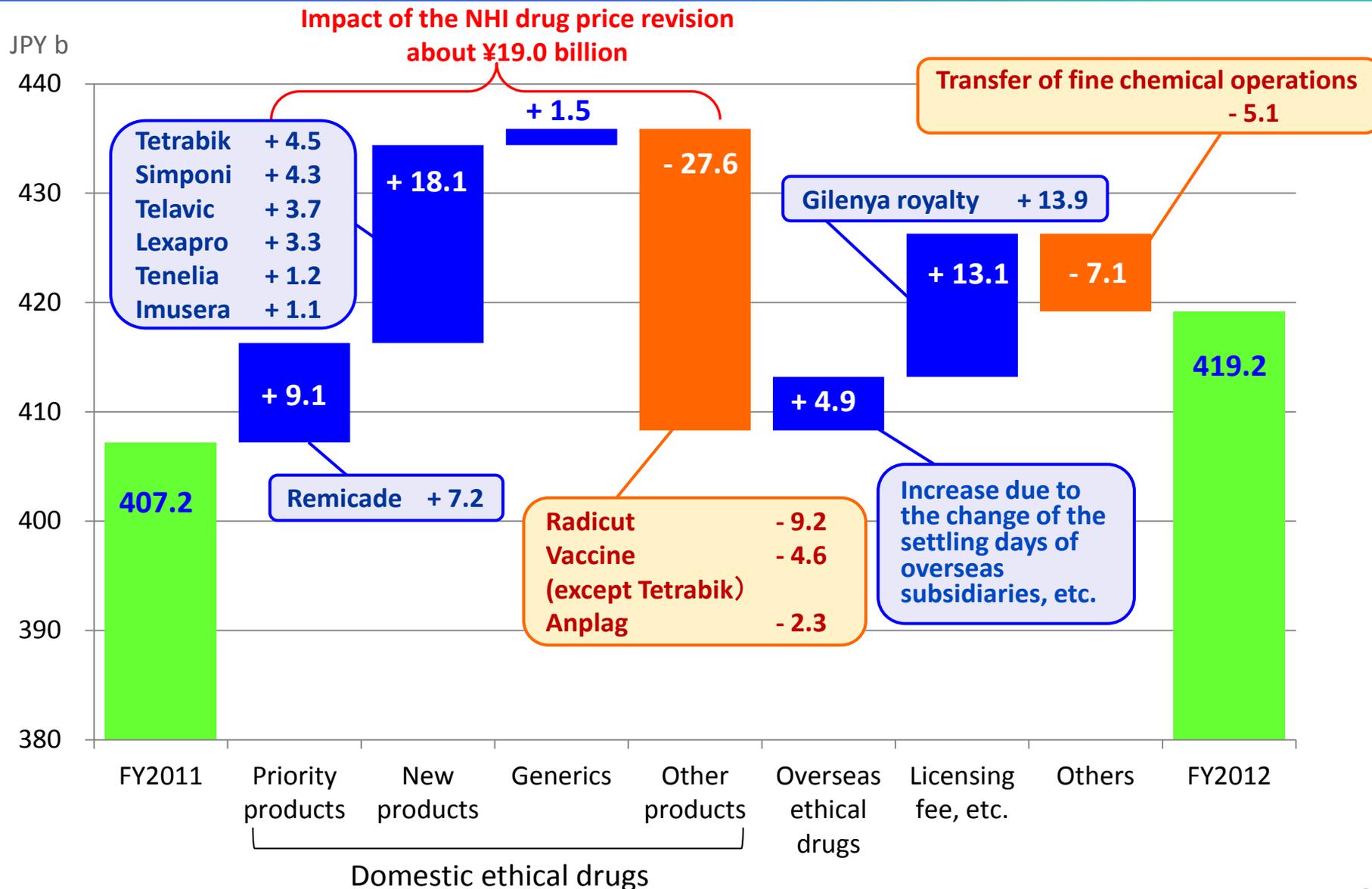
【FY2012 Financial Results】

		FY2012	FY2011	Increase/decrease		Full-year forecasts	Achieved
		Billion yen	Billion yen	Billion yen	%	Billion yen	%
Ethical drugs domestic sales		356.6	355.4	+1.1	+0.3	369.0	96.6
Priority products	Remicade	73.5	66.3	+7.2	+10.8	75.0	98.0
	Talion	14.3	13.3	+1.0	+7.3	15.0	95.5
	Maintate	14.1	13.7	+0.4	+3.1	15.0	94.1
	Kremezin	12.2	11.7	+0.5	+4.5	12.5	97.5
New products	Simponi	5.3	1.0	+4.3	+453.6	7.0	75.4
	Telavic	5.1	1.5	+3.7	+245.9	8.5	60.5
	Lexapro	4.6	1.3	+3.3	+262.3	5.5	82.7
Vaccine		28.8	28.8	0.0	-0.1	29.5	97.6
	[Mearubik]	[8.0]	[9.5]	[-1.5]	[-15.9]	[8.0]	[100.3]
	[Influenza]	[7.7]	[9.0]	[-1.4]	[-15.1]	[8.5]	[90.2]
	[JEBIK V]	[4.8]	[7.1]	[-2.4]	[-33.0]	[6.0]	[79.7]
	[Tetrabik]	[4.5]	[-]	[+4.5]	[-]	[-]	[-]
Generics *		19.0	17.5	+1.5	+8.5	19.0	99.8
Licensing fee, etc.		22.7	9.6	+13.1	+136.2	15.5	146.3
	[Royalty from Gilenya]	[19.5]	[5.6]	[+13.9]	[+246.3]	[-]	[-]

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

Changes in Sales

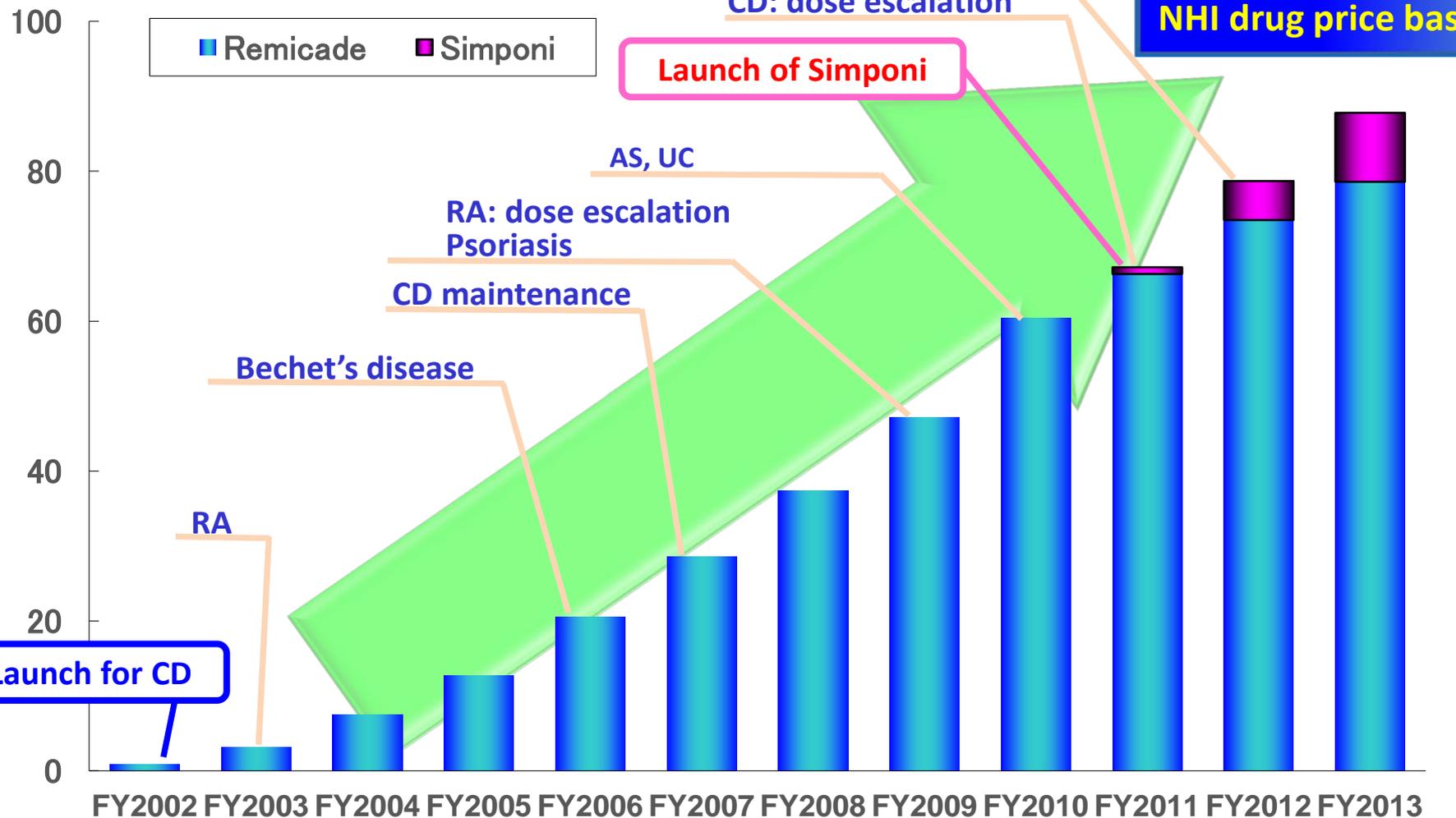
【FY2012 Financial Results】



Growth of Remicade and Simponi

【FY2012 Financial Results】

Sales
(JPY b)



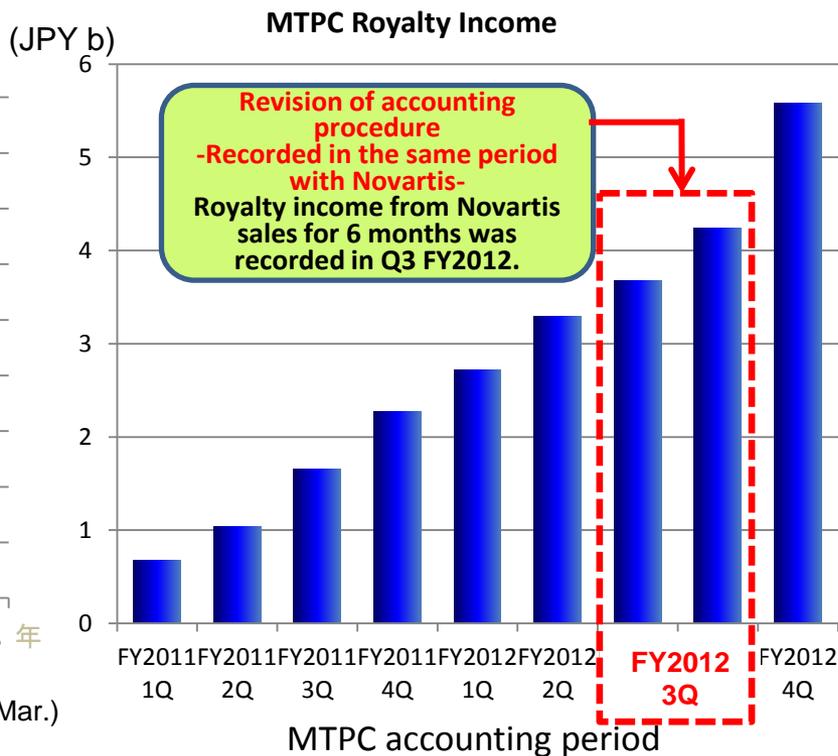
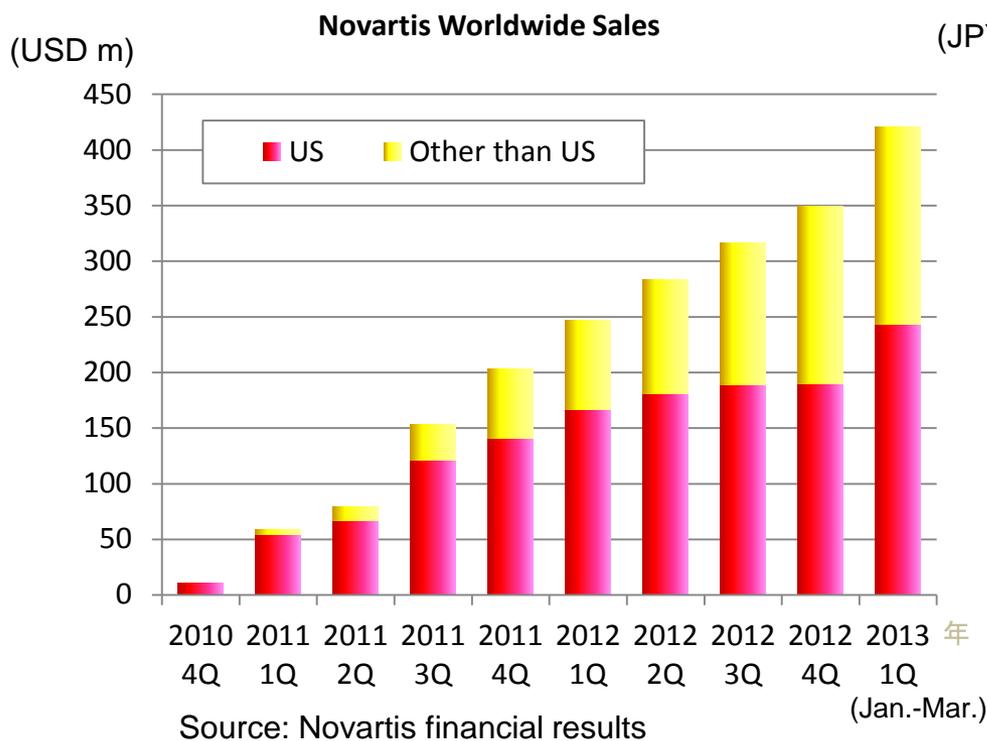
CD: Crohn's disease, RA: rheumatoid arthritis, AS: ankylosing spondylitis, UC: ulcerative colitis

(Forecast)

Growth of Gilenya

【FY2012 Financial Results】

- ◆ Discovered by MTPC and licensed to Novartis for overseas market
- ◆ Approved in more than 72 countries
- ◆ Used to treat more than 63,000 patients in clinical trials and the post-marketing setting
- ◆ Novartis 2012 worldwide sales: about \$ 1.2 billion
- ◆ Novartis Q1, 2013 worldwide sales: \$ 4.21 billion



Cost of Sales/SG&A Expenses

New Value Creation



【FY2012 Financial Results】

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Net sales	419.2	407.2	+12.0	+3.0	425.0	98.6
Cost of sales	166.4	152.3	+14.1	+9.3	167.0	99.6
Sales cost ratio	39.7%	37.4%			39.3%	
Gross operation profit	252.8	254.9	-2.1	-0.8	258.0	98.0
SG&A	183.8	185.8	-2.0	-1.1	188.0	97.8
R&D expenses	66.5	70.2	-3.7	-5.3	70.0	95.0
Labor cost	51.9	52.0	-0.1	-0.1	51.5	100.8
Amortization of goodwill	10.3	10.1	+0.2	+1.6	10.2	100.9
Others	55.1	53.5	+1.6	+3.0	56.3	97.9
Operating income	69.0	69.0	-0.1	-0.1	70.0	98.5

Non-operating Income and Loss Extraordinary Income and Loss

New Value Creation



【FY2012 Financial Results】

	FY2012	FY2011	Increase/decrease		Full-year forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	69.0	69.0	-0.1	-0.1	70.0	98.5
Non-operating income & loss	0.4	-0.3	+0.7			
Ordinary income	69.4	68.8	+0.6	+0.9	71.0	97.7
Extraordinary income	4.2	1.2	+3.1			
Gain on sales of property, plant and equipment	3.0	0.7	+2.2			
Others	1.3	0.5	+0.8			
Extraordinary loss	5.9	6.1	-0.2			
Loss on business integration	2.3	-	+2.3			
Provision of reserve for HCV litigation	2.0	-	+2.0			
Impairment loss	0.8	3.3	-2.6			
Loss on valuation investments in securities	0.3	2.2	-1.9			
Others	0.6	0.6	0.0			
Net income	41.9	39.0	+2.9	+7.4	40.5	103.4

Forecasts for FY2013

(Fiscal Year Ending March 31, 2014)

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Forecasts for FY2013

	FY2013 (Forecasts)	FY2012 (Achieved)	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Net sales	417.0	419.2	-2.2	-0.5
Cost of sales	163.0	166.4	-3.4	-2.0
Sales cost ratio	39.1%	39.7%		
Gross operation profit	254.0	252.8	+1.2	+0.5
SG&A	184.0	183.8	+0.2	+0.1
R&D expenses	70.5	66.5	+4.0	+6.0
Labor cost	47.9	51.9	-4.0	-7.7
Amortization of goodwill	10.4	10.3	+0.1	+1.0
Others	55.2	55.1	+0.1	+0.2
Operating income	70.0	69.0	+1.0	+1.5
Non-operating income & loss	1.5	0.4	+1.1	-
Ordinary income	71.5	69.4	+2.1	+3.0
Extraordinary income & loss	-2.5	-1.7	-0.8	-
Net income	44.0	41.9	+2.1	+5.0

Ethical Drugs Domestic Sales of Main Products

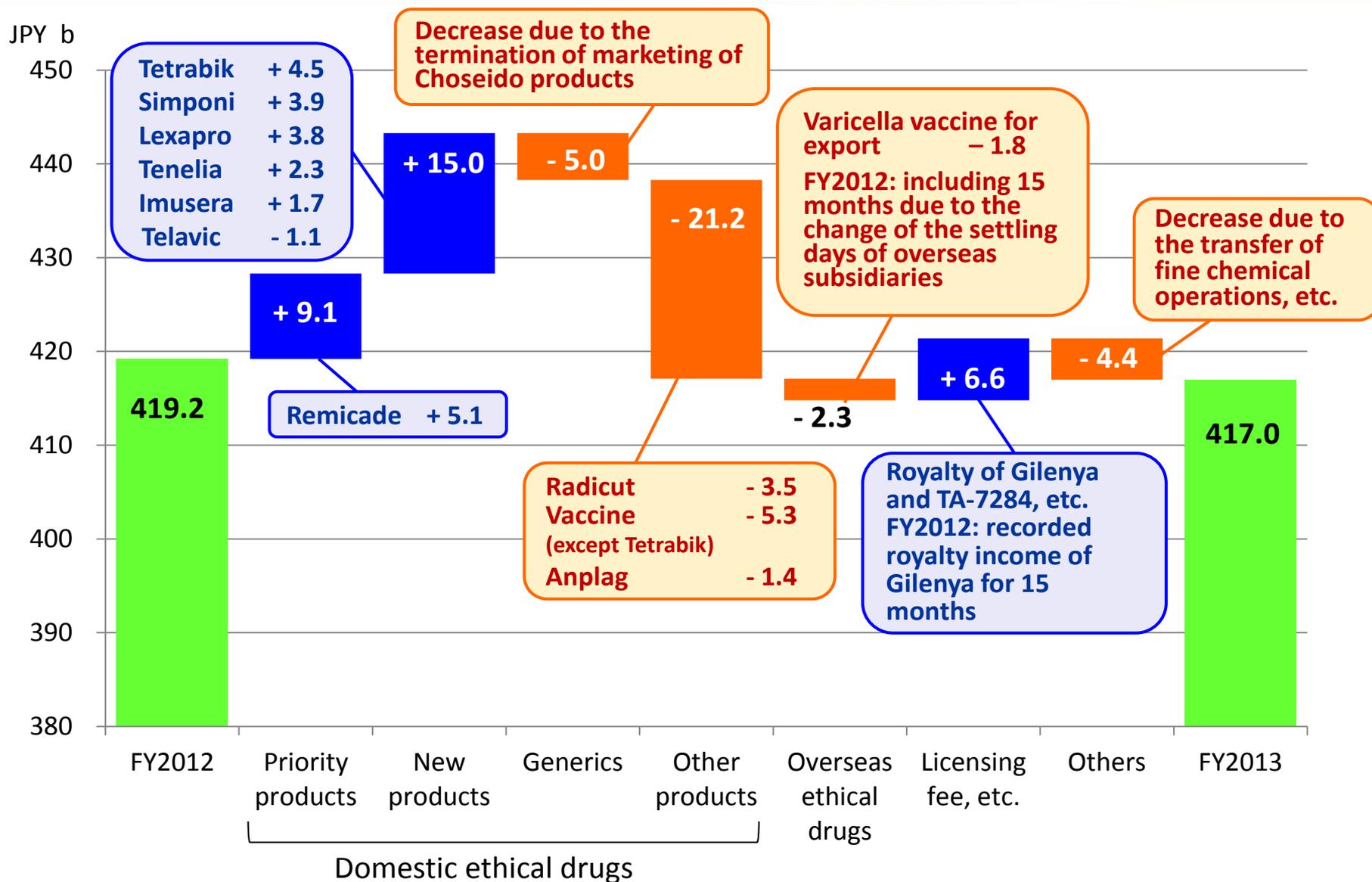
【Forecasts for FY2013】

		FY2013 (Forecasts)	FY2012 (Achieved)	Increase/decrease	
		Billion yen	Billion yen	Billion yen	%
Ethical drugs domestic sales		354.5	356.6	-2.1	-0.6
Priority products	Remicade	78.6	73.5	+5.1	+6.9
	Maintate	15.8	14.1	+1.7	+11.9
	Talion	15.7	14.3	+1.4	+9.6
	Kremezin	13.1	12.2	+0.9	+7.5
New Products	Simponi	9.2	5.3	+3.9	+74.4
	Lexapro	8.3	4.6	+3.8	+82.4
	Telavic	4.0	5.1	-1.1	-22.2
	Tenelia	3.5	1.2	+2.3	+188.8
	Imsera	3.0	1.3	+1.7	+139.8
Vaccine		27.9	28.8	-0.9	-3.1
[Tetrabik]		(9.0)	(4.5)	(+4.5)	(+98.6)
[Influenza]		(8.1)	(7.7)	(+0.4)	(+5.7)
Generics *		14.0	19.0	-5.0	-26.2
Licensing fee, etc		29.3	22.7	+6.6	+29.3

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

Changes in Sales

【Forecasts for FY2013】



Initiatives in FY2013

1. Advancing Domestic Operations, Centered on New Products

- Maximizing the new products' value
- Response to the mature products
 - Strengthening information provision systems utilizing multichannel promotion
 - Building an effective supply system

2. Bolstering Our Ability to Discover New Drugs

- Filing an application for TA-7284, SGLT2 inhibitor for treatment of type 2 diabetes mellitus, in Japan
- Promoting the development pipeline in priority disease area

3. Building a Foundation for the Expansion of Overseas Operations

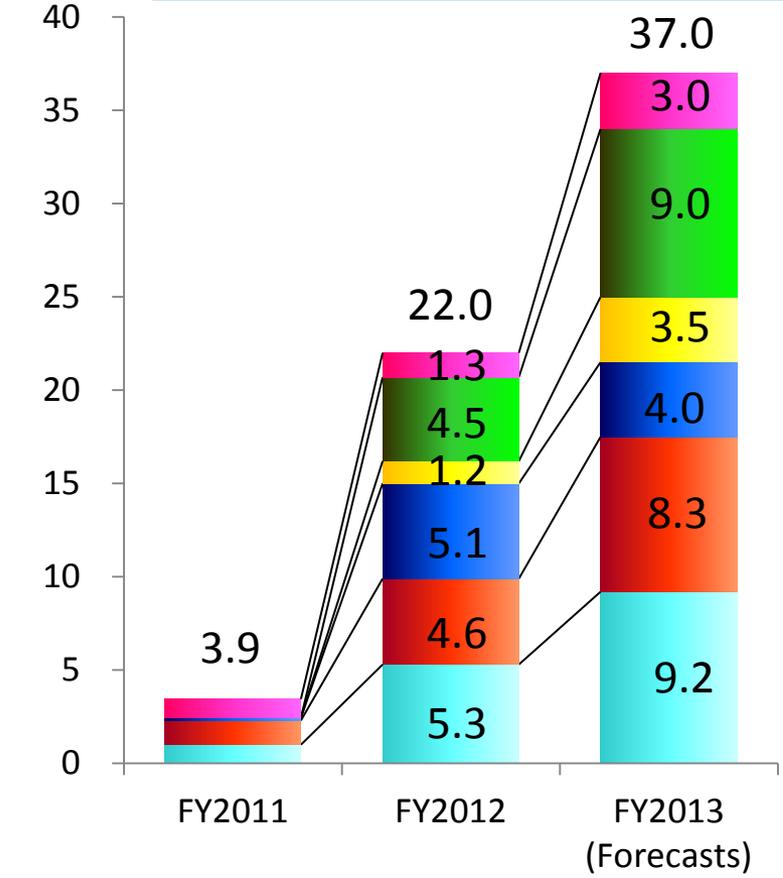
- Enhancing the foundation of the operations in Europe by the launch of BindRen
- Enhancing the foundation of the operation in China and south-eastern Asia

4. Accelerating Operational and Structural Reforms

- Bolstering domestic manufacturing function
- Promoting the proper cost structure
 - Proper SG&A rate, reduction of product and raw material costs and review of overhead cost

Maximize the New Drugs' Value

Growth of 6 New Products sales



■ Simponi
 ■ Lexapro
 ■ Telavic
■ Tenelia
 ■ Tetrabik
 ■ Imusera

<New products and priority products>

- Active cooperative initiative: Maximizing sales capabilities
 - Co-marketing
 - Co-promotion
 - Reinforcing the partnership with whole sellers
- Advancing LCM
 - Evidence
 - Additional indications/formulations
- Information provision: Maximizing products value
 - T-Shaped Marketing system

Progress of Pipeline in Diabetes Area

TA-7284 / Canagliflozin (Type2 diabetes mellitus : SGLT2 inhibitor)

<US, Europe: Licensed to Janssen Pharmaceuticals>

- **US:** **Approved in Mar. 2013, the first SGLT2 inhibitor in US**
 (Trade name : INVOKANA™)
 Metformin combination, filed in Dec. 2012
- **Europe:** **Filed in Jun. 2012**
 EMA decision in Q3, 2013
 Metformin combination, filed in Mar. 2013

<Japan: In-house development>

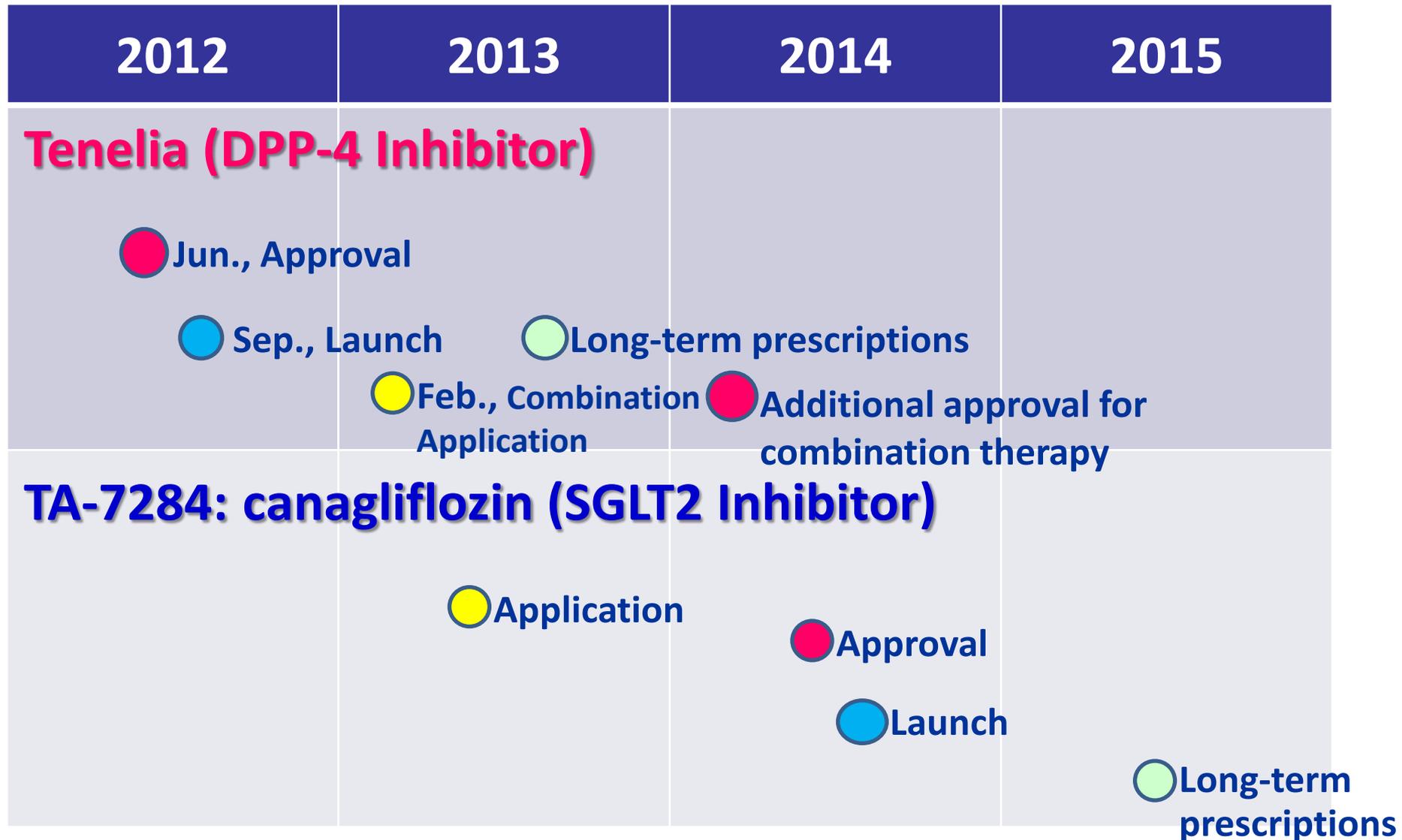
- **Preparing for filing**

Tenelia / Teneigliptin (Type2 diabetes mellitus : DPP-4 inhibitor)

<Japan: In-house development>

- **Launched in Sep. 2012**
- **Additional combination, filed in Feb. 2013**
 BG, α -GI, a rapid-acting insulin secretagogue

Diabetes Area: Future Development in Japan



Initiatives in FY2013

1. Advancing Domestic operations, Centered on New Products

- Maximizing the new products' value
- Response to the mature products
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 - Building an effective supply system

2. Bolstering Our Ability to Discover New Drugs

- Filing an application for TA-7284, SGLT2 inhibitor for treatment of type 2 diabetes mellitus, in Japan
- Promoting the development pipeline in priority disease area

3. Building a Foundation for the Expansion of Overseas Operations

- Enhancing the foundation of the operations in Europe by the launch of BindRen
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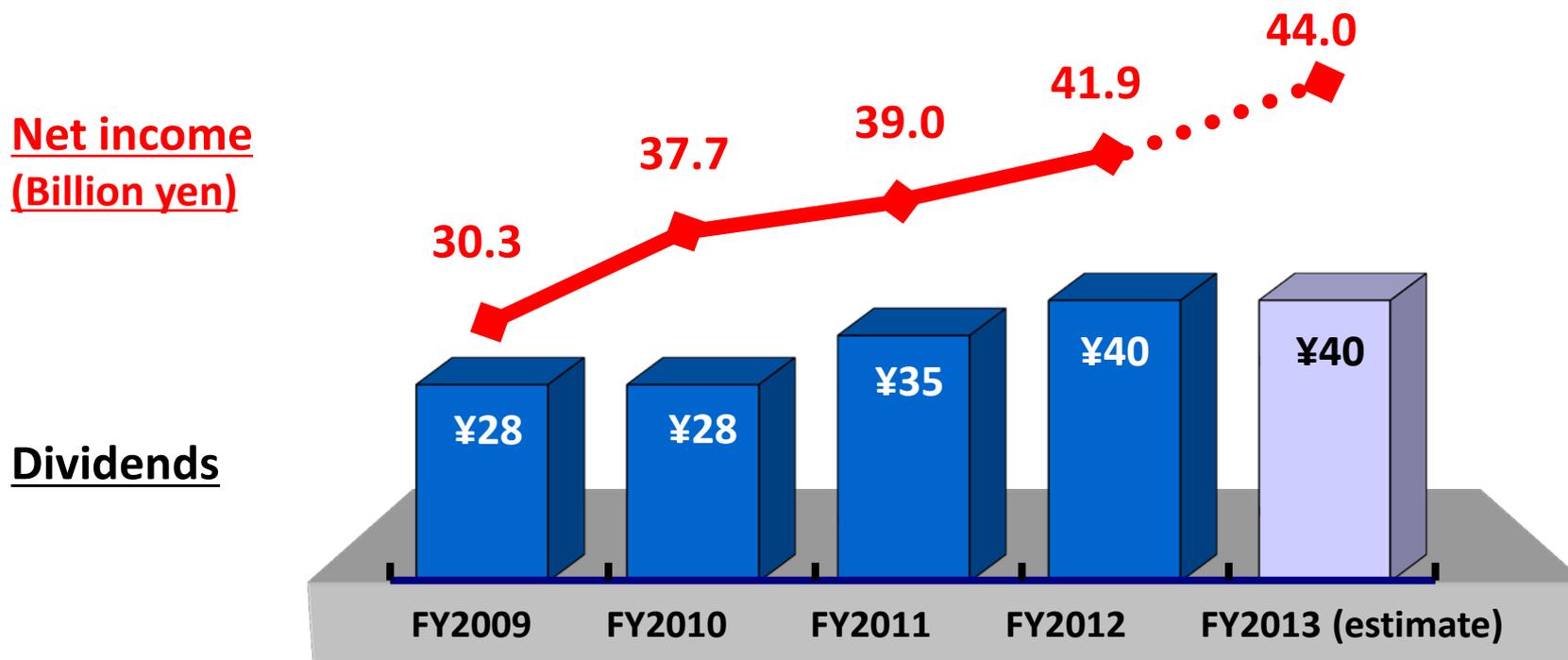
4. Accelerating Operational and Structural Reforms

- Bolstering domestic manufacturing function
- Promoting the proper cost structure
 - Proper SG&A rate, reduction of product and raw material costs and review of overhead cost

Shareholders Return

■ Policy

- 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% (that prior to amortization of goodwill is 40%), and MTPC will work to provide an enhanced return to shareholders.



Development Pipeline

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Three Priority Disease Area

MT-1303

(MS/ Europe:P2 , Japan:P1)

**Autoimmune
disease**

Remicade
Simponi
Imusera

**Diabetes
and kidney
disease**

Tenelia
Tanatril
Kremezin
BindRen

TA-7284

(Type2 diabetes mellitus/US:
approved, Europe: Filed,
Japan: Filed soon)

MT-3995

(Diabetic nephropathy/
Europe:P2, Japan: P1)

MT-9938

(Refractory pruritus/US : P2)

CNS disease

Lexapro

MP-214 (Shyzopherenia/Japan:P2b/3)

MT-4666(Dimentionia of Alzheimer's type/Japan: P2)

Pipeline Development Status

(In-house Development and Out-licensed Products)

→: progress since Feb. 1, 2013

		Mechanisms (Indications)	Region	P1	P2	P3	NDA	Approval
In-house Development	TA-7284	SGLT2 inhibitor (Type 2 diabetes mellitus)	Japan	→			Application to be filed soon.	
	MT-1303	S1P receptor functional antagonist (Multiple sclerosis)	Europe	→				
	MT-3995	Selective mineralocorticoid receptor antagonist (Diabetic nephropathy)	Europe	→				
	MP-424	NS3-4A protease inhibitor (Chronic hepatitis C)	Korea	→				
Out-licensed Products	TA-7284/ INVOKANA™	SGLT2 inhibitor (Type 2 diabetes mellitus)	US (Janssen Pharmaceuticals)	→				
	TA-7284, FDC*1	SGLT2 inhibitor (Type 2 diabetes mellitus, metformin combination)	US and Europe (Janssen Pharmaceuticals)				→	
	TA-1790	PDE5 inhibitor (ED)	Europe (Vivus)	→			Recommendation of approval	
	FTY720	S1P receptor functional antagonist (CIDP*2)	Multinational study (Novartis)			→		

*1: Fixed dose combination, *2: chronic inflammatory demyelinating polyradiculoneuropathy

Pipeline Development Status (LCM)

→: progress since Feb. 1, 2013

		Mechanisms (Indications)	Region	P1	P2	P3	NDA	Approval
LCM	Omeprazon	Proton pump inhibitor (Helicobacter pylori eradication by concomitant therapy for Helicobacter pylori gastritis)	Japan				→	
	Grtpa	Thrombolytic agent (Acute ischemic cerebrovascular disease [up to 4.5 hours after the onset of symptoms])	Japan				→	
	Tenelia	DPP-4 inhibitor (Type 2 diabetes mellitus, additional combination)	Japan	→				
	Imusera	S1P receptor functional antagonist (CIDP)	Japan (Multinational study*)			→		
	Talion	Selective histamine H1 receptor antagonist (Pediatric atopic dermatitis)	Japan			→		
	Telavic	NS3-4A protease inhibitor (Chronic hepatitis C, Pegasys/Feron combination)	Japan			→		

*: Co-developed with Novartis Pharma in Japan

New Value Creation

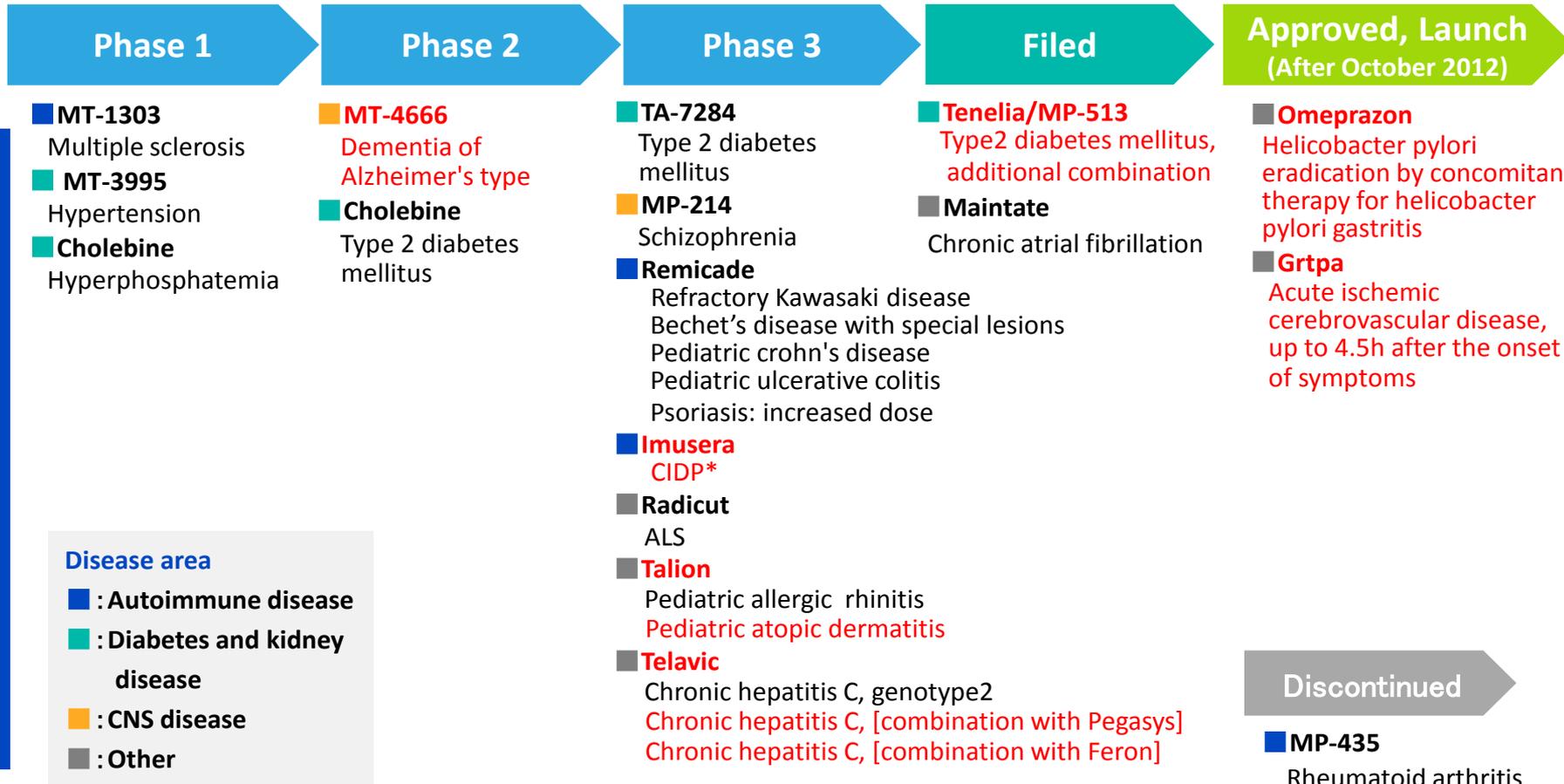
Becoming a “Company that Can Continue to Create New Value”

Pipeline Status (Japan)

Red: progress after October 29, 2012, the financial results for Q2 of 2012

As of May 8, 2013

In-house Development



Disease area

- : Autoimmune disease
- : Diabetes and kidney disease
- : CNS disease
- : Other

■ **MT-4580**
Secondary hyperparathyroidism

■ **TA-7906**
Atopic dermatitis

■ **Y-39983**
Glaucoma

*: Multinational study, co-developed with Novartis Pharma in Japan

Major license-out

Pipeline Status (Overseas)

Red: progress after October 29, 2012, the financial results for Q2 of 2012

As of May 8, 2013



In-house Development

- **MP-513 (US)**
Type2 diabetes mellitus
- **MP-124 (US, Canada)**
Acute ischemic stroke
- **MP-157 (Europe)**
Hypertention
- **GB-1057 (US)**
Stabilizing agent
- **MP-424 (Korea)**
Chronic hepatitis C

- **MT-1303 (Europe)**
Multiple sclerosis
- **MT-9938 (US)**
Refractory pruritus
- **MP-513 (Europe)**
Type2 diabetes mellitus
- **MT-3995 (Europe)**
Diabetic nephropathy

- **MP-146(US, Europe)**
Chronic kidney disease

- **MP-424 (Taiwan)**
Chronic hepatitis C

- **BindRen (Europe)**
Hyperphosphatemia

Disease area

- : Autoimmune disease
- : Diabetes and kidney disease
- : CNS disease
- : Other



- **MT-7716 (US)**
Alcohol-use disorder

Major license-out

- **Wf-516 (Europe)**
Depression

- **T-0047 (Europe)**
Multiple sclerosis
- **TA-7284 (US, Europe)**
Obesity
- **MCC-847 (Korea)**
Asthma

- **MP-513 (Korea)**
Type2 diabetes mellitus
- **FTY720 (Multinational study)**
CIDP

- **TA-7284 (Europe)**
Type2 diabetes mellitus
- **TA-7284 Met IR FDC (US, Europe)**
Type2 diabetes mellitus
- **TA-1790 (Europe)**
Erectile dysfunction

- **TA-7284 (US)**
Type2 diabetes mellitus

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.