

Mitsubishi Tanabe Pharma Corporation

FY2013 1st Quarter

Business Results

(April – June, 2013)

Kenkichi Kosakai

Board Director

Managing Executive Officer

July 31, 2013



Mitsubishi Tanabe Pharma

Q1 FY2013 Business Results Outline

(Ending March 31, 2014)

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 Q1 FY2013 Business Results

New *Value Creation*



Net sales

¥ 103.9 billion -0.4%, year-on-year

Operating income

¥ 16.2 billion -13.8%, year-on-year

- Increase factors: Growth of Remicade, new products and royalty income, etc.
- Decrease factors: Increase in R&D expenses, impact of plasma fractionation operations, etc.

Net income

¥ 10.4 billion -3.9%, year-on-year

Topics

- ✓ Growth of Remicade sales: ¥19.2 billion, 7.1% up, year-on-year
- ✓ Growth of royalty from Gilenya: MTPC royalty income of ¥6.5 billion
Novartis sales of \$470 million during Apr. 2013 to Jun. 2013
- ✓ Growth of new products sales: ¥7.2 billion, ¥ 3.1 billion up, year-on-year
- ✓ TA-7284: Start of prescription in US in Apr. 2013, Filed MAA in Europe in Jul. 2012,
Filed NDA in Japan in May 2013
- ✓ Agreement for acquisition of Medicago

Q1 FY2013 Financial Results

【April to June, 2013】

New *Value* Creation



	FY2013	FY2012	Increase/decrease		Forecasts for 1 st half*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	103.9	104.4	-0.5	-0.4	200.0	52.0
Cost of sales	43.5	40.6	+2.9	+7.1	78.0	55.8
Sales cost ratio	41.9%	38.9%			39.0%	
Gross operation profit	60.4	63.7	-3.4	-5.3	122.0	49.5
SG&A	44.2	44.9	-0.8	-1.7	92.0	48.0
Operating income	16.2	18.8	-2.6	-13.8	30.0	54.1
Ordinary income	17.1	19.6	-2.6	-13.1	31.0	55.0
Net income	10.4	10.8	-0.4	-3.9	19.0	54.8

*: Published forecasts announced on May 8, 2013 in the financial results for FY2012.

Sales by Business Segment

New Value Creation



【Q1 FY2013 Financial Results】

	FY2013	FY2012	Increase/decrease		Forecasts for 1 st half	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	103.9	104.4	-0.5	-0.4	200.0	52.0
[Overseas sales]	(12.5)	(8.8)	(+3.7)	(+42.2)	(24.1)	(51.9)
Pharmaceuticals	103.4	101.9	+1.5	+1.5	199.3	51.9
Ethical drugs domestic sales	88.5	90.5	-2.0	-2.2	169.7	52.2
Ethical drugs overseas sales	5.1	4.5	+0.6	+12.6	10.9	47.0
OTC	1.1	1.4	-0.2	-16.0	2.7	42.2
Others	8.6	5.5	+3.1	+56.8	16.0	53.9
Other Businesses	0.5	2.5	-2.0	-79.9	0.7	70.9

Ethical Drugs Domestic Sales of Main Products

New Value Creation

【Q1 FY2013 Financial Results】

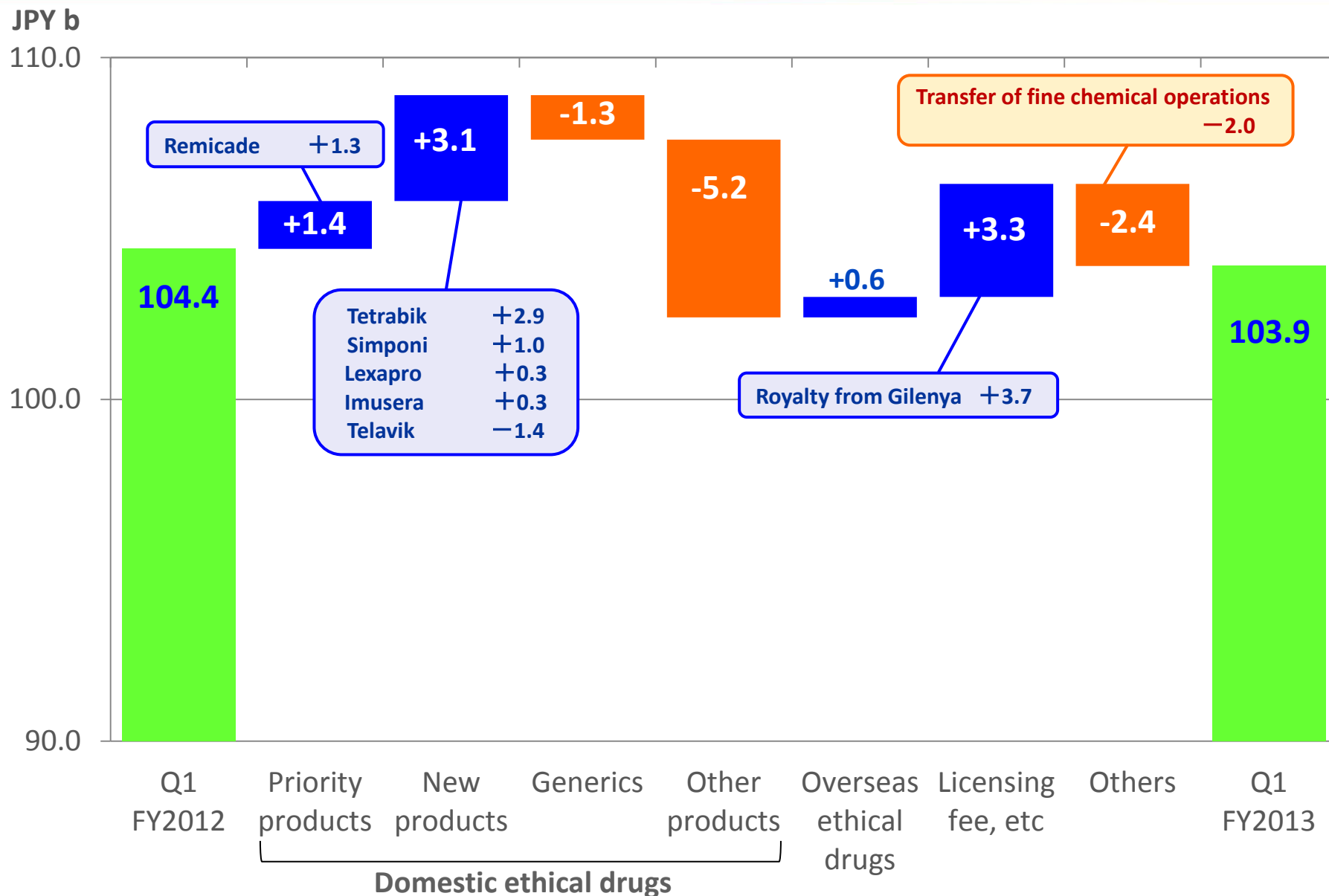


		FY2013	FY2012	Increase/decrease		Forecasts for 1 st half	Achieved
		Billion yen	Billion yen	Billion yen	%	Billion yen	%
Ethical drugs domestic sales		88.5	90.5	-2.0	-2.2	169.7	52.2
Priority products	Remicade	19.2	17.9	+1.3	+7.1	38.6	49.7
	Maintate	4.0	3.6	+0.3	+9.2	7.5	52.9
	Kremezin	3.2	3.1	+0.1	+3.4	6.3	51.4
	Talion	2.7	3.1	-0.3	-10.5	5.4	50.6
New	Simponi	2.1	1.0	+1.0	+98.3	4.1	50.4
	Lexapro	1.0	0.8	+0.3	+37.2	3.3	31.2
	Telavic	0.7	2.1	-1.4	-66.5	1.9	37.8
	Imusera	0.5	0.2	+0.3	+146.9	1.3	37.2
Vaccines		8.8	6.1	+2.7	+43.7	12.7	69.2
[Tetrabik]		(2.9)	(-)	(+2.9)	(-)	(4.3)	(67.3)
Generics*		3.5	4.8	-1.3	-27.5	6.7	52.4
Licensing fee, etc		7.1	3.8	+3.3	+88.2	13.0	54.7
Royalty from Gilenya		(6.5)	(2.7)	(+3.7)	(+137.1)	(-)	(-)

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

Changes in Sales

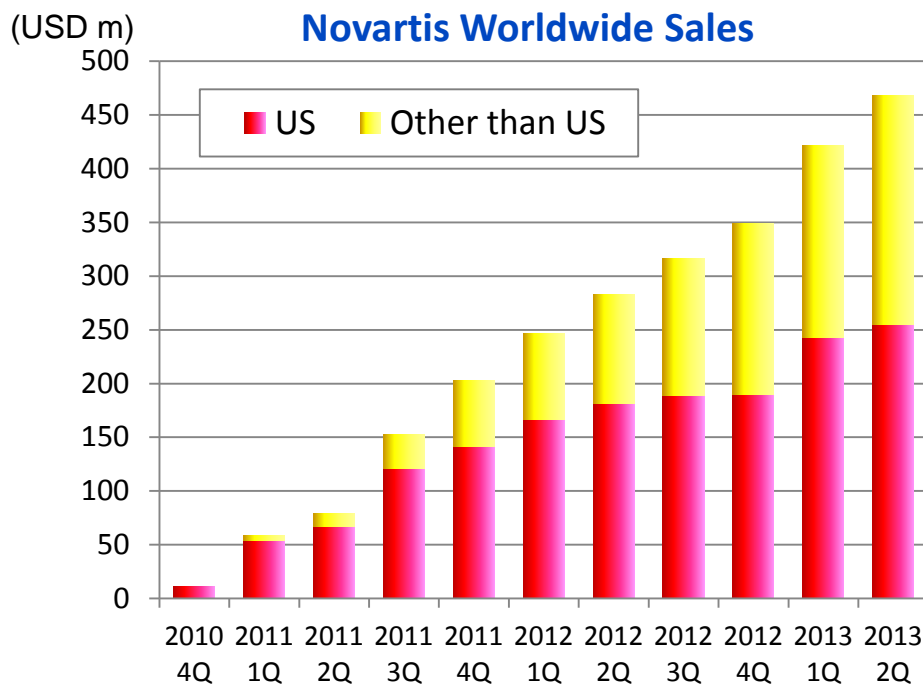
【Q1 FY2013 Financial Results】



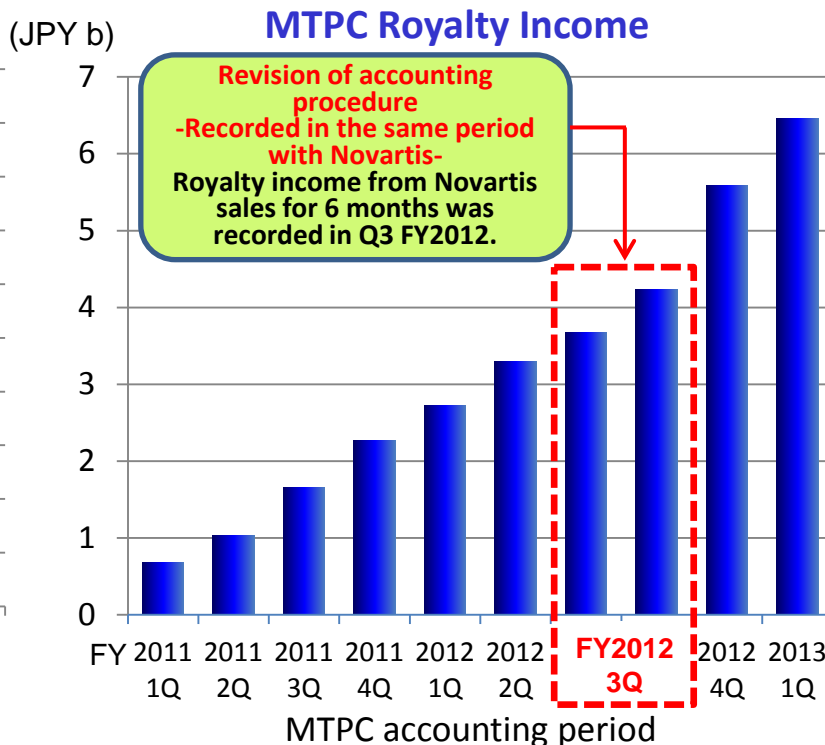
Growth of Gilenya

【Q1 FY2013 Financial Results】

- ◆ Discovered by MTPC and licensed to Novartis for overseas market
- ◆ Approved in 75 countries
- ◆ Used to treat more than 87,000 patients in clinical trials and the post-marketing setting
- ◆ Novartis 2012 worldwide sales: about \$ 1.2 billion
- ◆ Novartis 1st half of 2013 (Jan.-Jun., 2013) worldwide sales: \$ 890 million



Source: Novartis financial results



Cost of Sales/SG&A Expenses

New Value Creation



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Cost of sales	43.5	40.6	+2.9	+7.1	78.0	55.8
Sales cost ratio	41.9%	38.9%			39.0%	
Gross operation profit	60.4	63.7	-3.4	-5.3	122.0	49.5
SG&A	44.2	44.9	-0.8	-1.7	92.0	48.0
R&D expenses	17.6	16.9	+0.6	+3.7	35.4	49.6
Labor cost	11.9	12.9	-1.1	-8.2	23.8	49.8
Amortization of goodwill	2.6	2.5	+0.1	+2.8	5.2	50.0
Others	12.1	12.5	-0.4	-3.2	27.6	44.0
Operating income	16.2	18.8	-2.6	-13.8	30.0	54.1

Non-operating Income and Loss/ Extraordinary Income and Loss

【Q1 FY2013 Financial Results】

New *Value Creation*



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	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	16.2	18.8	-2.6	-13.8	30.0	54.1
Non-operating income & loss	0.8	0.8	0.0			
Ordinary income	17.1	19.6	-2.6	-13.1	31.0	55.0
Extraordinary income	-	0.2	-0.2			
Gains on sale of investments in securities	-	0.2	-0.2			
Extraordinary loss	-	1.0	-1.0			
Loss on valuation investments in securities	-	0.7	-0.7			
Impairment loss	-	0.2	-0.2			
Loss on business integration	-	0.1	-0.1			
Net income	10.4	10.8	-0.4	-3.9	19.0	54.8

Development Pipeline



Pipeline Development Status (In-house and Out-licensed)

→ : progress since May 8, 2013

		Mechanism (Indication)	Region	P1	P2	P3	NDA	Approval
In-house Development	Maintate	Selective β 1 blocker (Atrial fibrillation(tachycardiac))	Japan			→		
	TA-7284	SGLT2 inhibitor (Type2 diabetes mellitus)	Japan	→				
	MCI-196/ BindRen	Non-absorbed phosphate binder (Pediatric hyperphosphatemia)	Europe			→		
Out-licensed	TA-1790/ SPEDRA	PDE5 inhibitor (Erectile dysfunction)	Europe (Vivus)	→				

New Value Creation

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

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.