

Mitsubishi Tanabe Pharma Corporation

FY2013 3rd Quarter Business Results

(April – December, 2013)

Kenkichi Kosakai
Board Director
Managing Executive Officer

February 3, 2014



Mitsubishi Tanabe Pharma

Overview of Q3 FY2013 Business Results

New **Value** Creation



Net sales

¥ 323.2 billion +0.2%, year-on-year

Operating income

¥ 55.5 billion -5.7%, year-on-year

Net income

¥ 43.9 billion +24.4%, year-on-year

Topics

- ✓ Growth of Remicade and Simponi sales:
Total ¥68.1 billion, 13.0% up, year-on-year
- ✓ Growth of royalty from Gilenya:
MTPC royalty income of ¥23.6 billion, 69.4% up, year-on-year
- ✓ INVOKANA: Approval in EU in November, 2013
- ✓ TENELIA: Approval of partial change in indication to lift restrictions in combination therapy of T2DM in December, 2013

Q3 FY2013 Financial Results

【April to December, 2013】

New Value Creation



	FY2013	FY2012	Increase/decrease		Full-year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	323.2	322.6	+0.6	+0.2	419.0	77.1
Cost of sales	133.0	126.7	+6.2	+4.9	170.0	78.2
Sales cost ratio	41.1%	39.3%			40.6%	
Gross profit	190.2	195.8	-5.6	-2.9	249.0	76.4
SG&A	134.7	137.0	-2.3	-1.7	186.0	72.4
Operating income	55.5	58.9	-3.3	-5.7	63.0	88.1
Ordinary income	57.8	60.1	-2.4	-3.9	65.5	88.2
Extraordinary income and loss	10.0	-4.1	+14.2		4.0	
Net income	43.9	35.2	+8.6	+24.4	45.0	97.4

*: Published forecasts announced on October 30, 2013 in the financial results for Q2 FY2013.

Sales by Business Segment

New Value Creation



【Q3 FY2013 Financial Results】

	FY2013	FY2012	Increase/decrease		Full-year forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	323.2	322.6	+0.6	+0.2	419.0	77.1
[Overseas sales]	(43.3)	(32.0)	(+11.3)	(+35.4)	(53.5)	(80.9)
Pharmaceuticals	322.3	318.9	+3.4	+1.1	418.0	77.1
Ethical drugs domestic sales	271.5	278.6	-7.1	-2.5	354.4	76.6
Ethical drugs overseas sales	16.3	15.2	+1.1	+7.4	20.3	80.5
OTC	3.5	4.3	-0.8	-17.7	4.6	77.4
Others	30.9	20.9	+10.0	+48.2	38.7	79.8
Other Businesses	0.9	3.7	-2.7	-74.5	1.0	95.3

Ethical Drugs Domestic Sales of Main Products

New Value Creation

【Q3 FY2013 Financial Results】

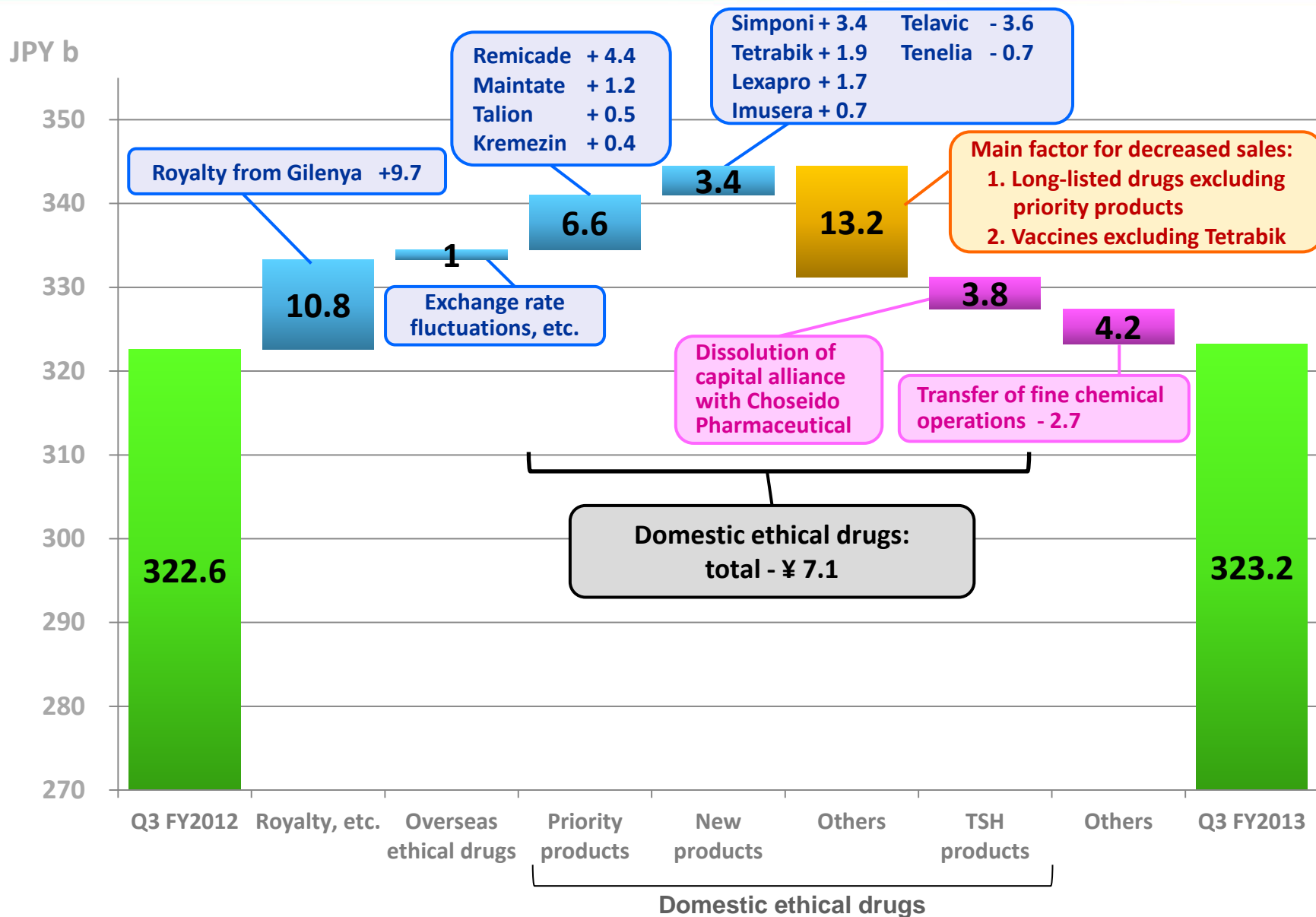


		FY2013	FY2012	Increase/decrease		Full-year forecasts	Achieved
		Billion yen	Billion yen	Billion yen	%	Billion yen	%
Ethical drugs domestic sales		271.5	278.6	-7.1	-2.5	354.4	76.6
Priority products	Remicade	60.9	56.5	+4.4	+7.8	79.0	77.1
	Maintate	12.2	10.9	+1.2	+11.2	16.2	74.9
	Kremezin	9.9	9.5	+0.4	+4.5	12.9	76.9
	Talion	9.5	9.0	+0.5	+5.8	15.6	60.8
New products	Simponi	7.2	3.8	+3.4	+90.8	10.1	71.3
	Lexapro	4.7	3.1	+1.7	+53.7	7.5	62.7
	Imusera	1.6	0.9	+0.7	+79.3	2.4	69.0
	Telavic	0.9	4.5	-3.6	-79.5	2.2	41.8
	Tenelia	0.5	1.2	-0.7	-55.7	3.2	16.7
Vaccines		23.6	24.0	-0.4	-1.8	30.7	76.8
[Influenza]		(7.7)	(8.3)	(-0.7)	(-8.2)	(8.2)	(93.2)
New products [Tetrabik]		(4.6)	(2.7)	(+1.9)	(+69.8)	(8.4)	(54.3)
Generics*		10.8	14.6	-3.8	-26.1	14.0	77.0
Licensing fee, etc		26.6	15.8	+10.8	+68.1	33.3	79.9
Royalty from Gilenya		(23.6)	(13.9)	(+9.7)	(+69.4)	(-)	(-)

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

Changes in Sales

【Q3 FY2013 Financial Results】



Cost of Sales/SG&A Expenses

New Value Creation



【Q3 FY2013 Financial Results】

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Sales cost ratio	41.1%	39.3%			40.6%	
Gross profit	190.2	195.8	-5.6	-2.9	249.0	76.4
SG&A	134.7	137.0	-2.3	-1.7	186.0	72.4
R&D expenses	51.4	51.2	+0.1	+0.3	71.0	72.4
Labor cost	36.2	38.4	-2.2	-5.7	48.3	75.0
Amortization of goodwill	7.9	7.7	+0.2	+2.3	10.4	75.7
Others	39.2	39.6	-0.4	-1.0	56.3	69.7
Operating income	55.5	58.9	-3.3	-5.7	63.0	88.1

Non-operating Income and Loss/ Extraordinary Income and Loss

【Q3 FY2013 Financial Results】

New Value Creation



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	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	55.5	58.9	-3.3	-5.7	63.0	88.1
Non-operating income & loss	2.3	1.3	+1.0			
Ordinary income	57.8	60.1	-2.4	-3.9	65.5	88.2
Extraordinary income	11.9	1.2	+10.7			
Profit on arbitration award	11.0	-	+11.0			
Profit on step acquisitions	0.9	-	+0.9			
Others	-	1.2	-1.2			
Extraordinary loss	1.9	5.3	-3.4			
Impairment loss	1.4	0.3	+1.0			
Loss on valuation investments in securities	0.5	0.1	+0.3			
Loss on business integration	-	2.2	-2.2			
Provision of reserve for HCV litigation	-	2.0	-2.0			
Loss on sales of investment in securities	-	0.4	-0.4			
Others	0.1	0.3	-0.2			
Net income	43.9	35.2	+8.6	+24.4	45.0	97.4

Accounting Processing of Intangible Assets accompanied with Acquisition of Medicago








	Items	Q3 FY2013	Notes
Assets	Goodwill	Billion yen 7.0	Amortization period: 15 years
	In-process R&D ✓ Recorded as “other” in intangible fixed assets	29.8	Amortization period: a period of use
Liabilities	Deferred income taxes	8.0	
Net assets	Minority interest	9.2	

Development Pipeline



Pipeline Development Status

→ : progress since October 30, 2013

		Mechanism of action (Indication)	Region	P1	P2	P3	Filed	Approval
In-house	Tenelia	DPP-4 inhibitor (Type 2 diabetes mellitus, additional combination)	Japan					
	Telavic	NS3-4A protease inhibitor (Chronic hepatitis C, genotype2)	Japan					
	MT-4666	α7nACh receptor agonist (Dementia of Alzheimer's type)	Multinational study					
	Influenza vaccine	Plant-based VLP vaccine (Prophylaxis of H5N1 influenza)	Canada					
	Influenza vaccine	Plant-based VLP vaccine (Prophylaxis of seasonal influenza)	US					
		} According to the acquisition of Medicago						
Out-licensed	TA-7284/ INVOKANA	SGLT2 inhibitor (Type 2 diabetes mellitus)	EU (Janssen Pharmaceuticals)					
	TA-8995	CETP inhibitor (Dyslipidemia)	Netherland, Denmark (Dezima)					

New Value Creation

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

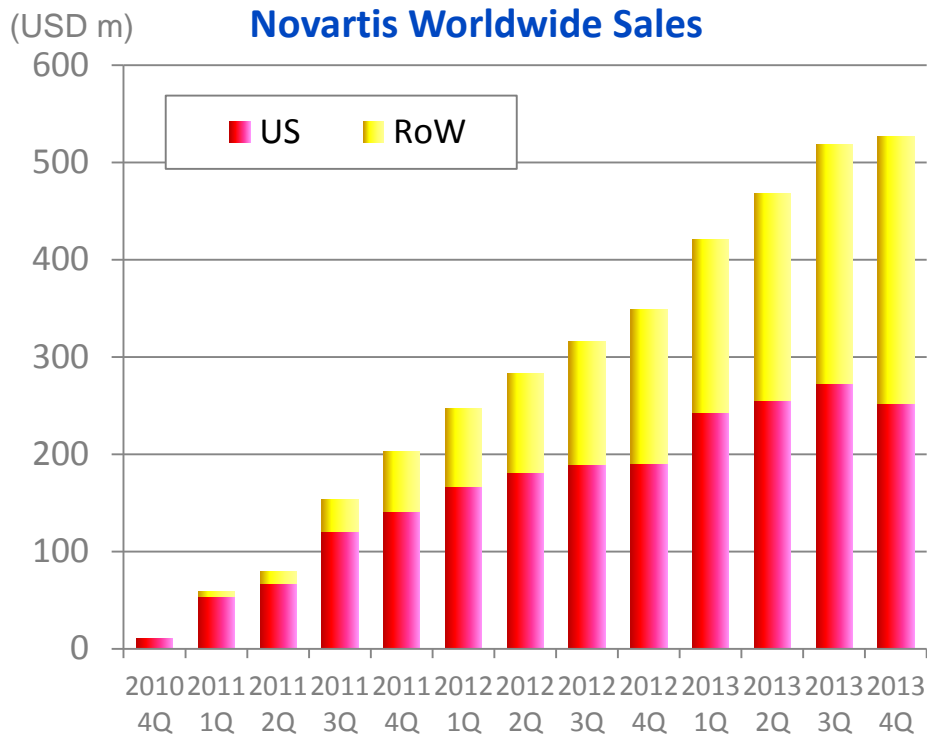
Appendix



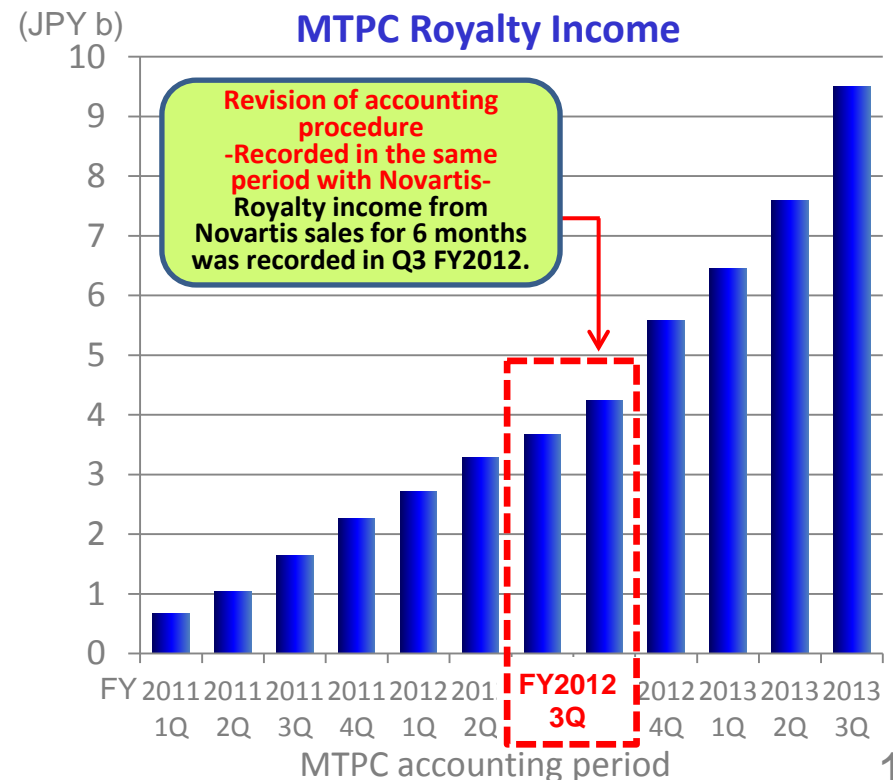
Growth of Gilenya

【Q3 FY2013 Financial Results】

- ◆ Discovered by MTPC and licensed to Novartis for overseas market
- ◆ Approved in over 78 countries
- ◆ Used to treat more than 84,500 patients in clinical trials and the post-marketing setting
- ◆ Novartis worldwide sales in Jan.- Dec., 2013 : about \$1.9 b (+\$0.7 b, y-o-y)



Source: Novartis financial results



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.