

Mitsubishi Tanabe Pharma Corporation

1st Quarter of FY2014

Business Results

(April – June, 2014)

July 29, 2014

Kouji Noborihayashi
Executive Officer,
General Manager of
Corporate Management
Department



Mitsubishi Tanabe Pharma

Overview of Q1 FY2014 Business Results

Net sales

¥ 94.6 billion -9.0%, year-on-year

Operating income

¥ 13.7 billion -15.7%, year-on-year

Net income

¥ 9.6 billion -7.9%, year-on-year

Topics

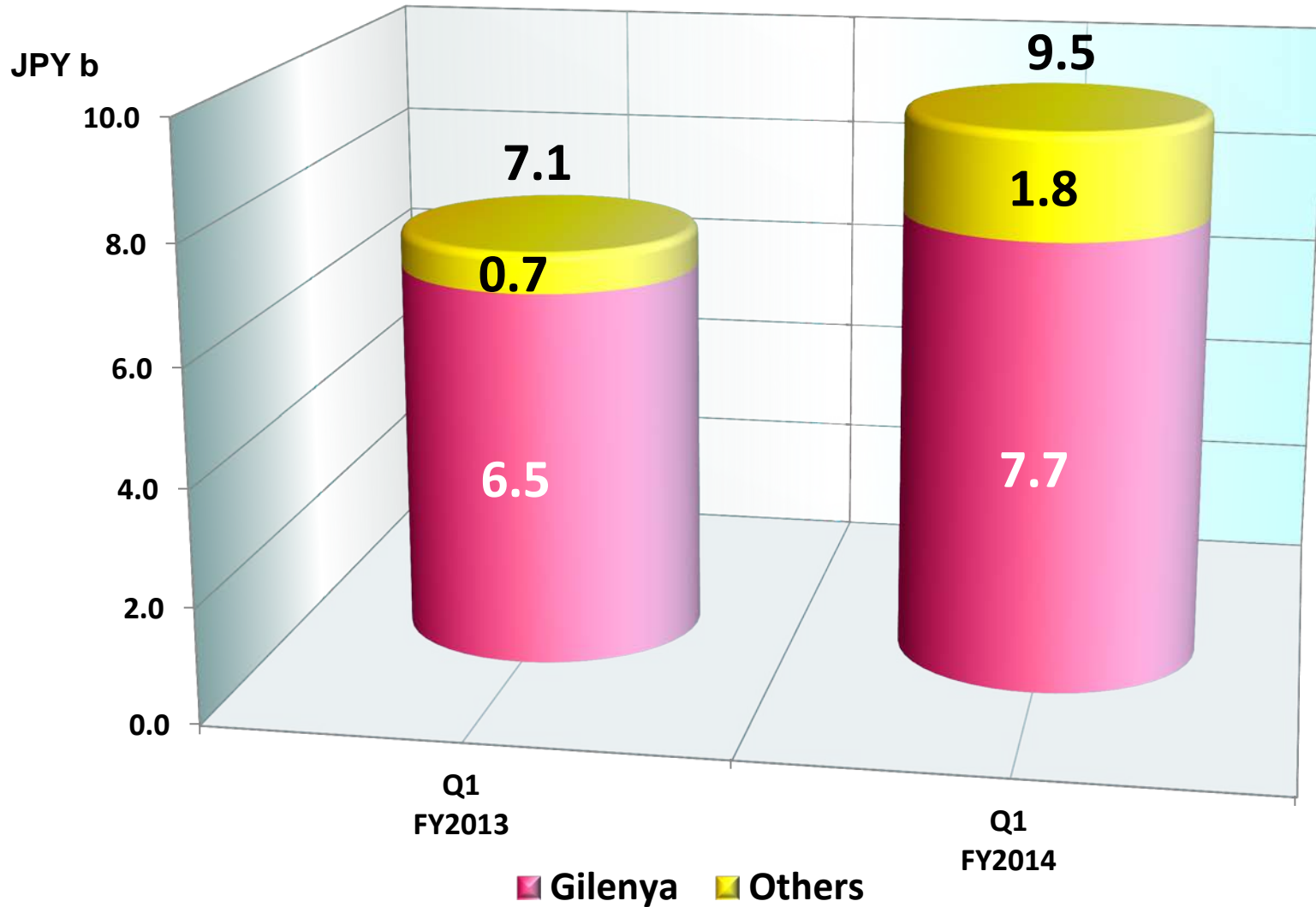
- In June, reached basic agreement for transfer of the Kashima plant of Mitsubishi Tanabe Pharma Factory to Sawai Pharmaceuticals (scheduled in April, 2015)
- In June, resolved to voluntarily adopt IFRS from FY2016 and disclose financial statements under IFRS from Q1 FY2016
- In July, received marketing and manufacturing approval of CANAGLU, treatment of type2 diabetes mellitus, in Japan

Q1 FY2014 Financial Results

	FY2014	FY2013	Increase/decrease		1st Half forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	94.6	103.9	-9.4	-9.0	201.0	47.0
Cost of sales	39.2	43.5	-4.3	-10.0	78.5	49.9
Sales cost ratio	41.4%	41.9%			39.1%	
Gross operation profit	55.4	60.4	-5.0	-8.3	122.5	45.2
SG&A	41.7	44.2	-2.5	-5.6	93.0	44.8
Operating income	13.7	16.2	-2.6	-15.7	29.5	46.4
Ordinary income	14.6	17.1	-2.5	-14.6	30.5	47.7
Net income	9.6	10.4	-0.8	-7.9	21.0	45.7

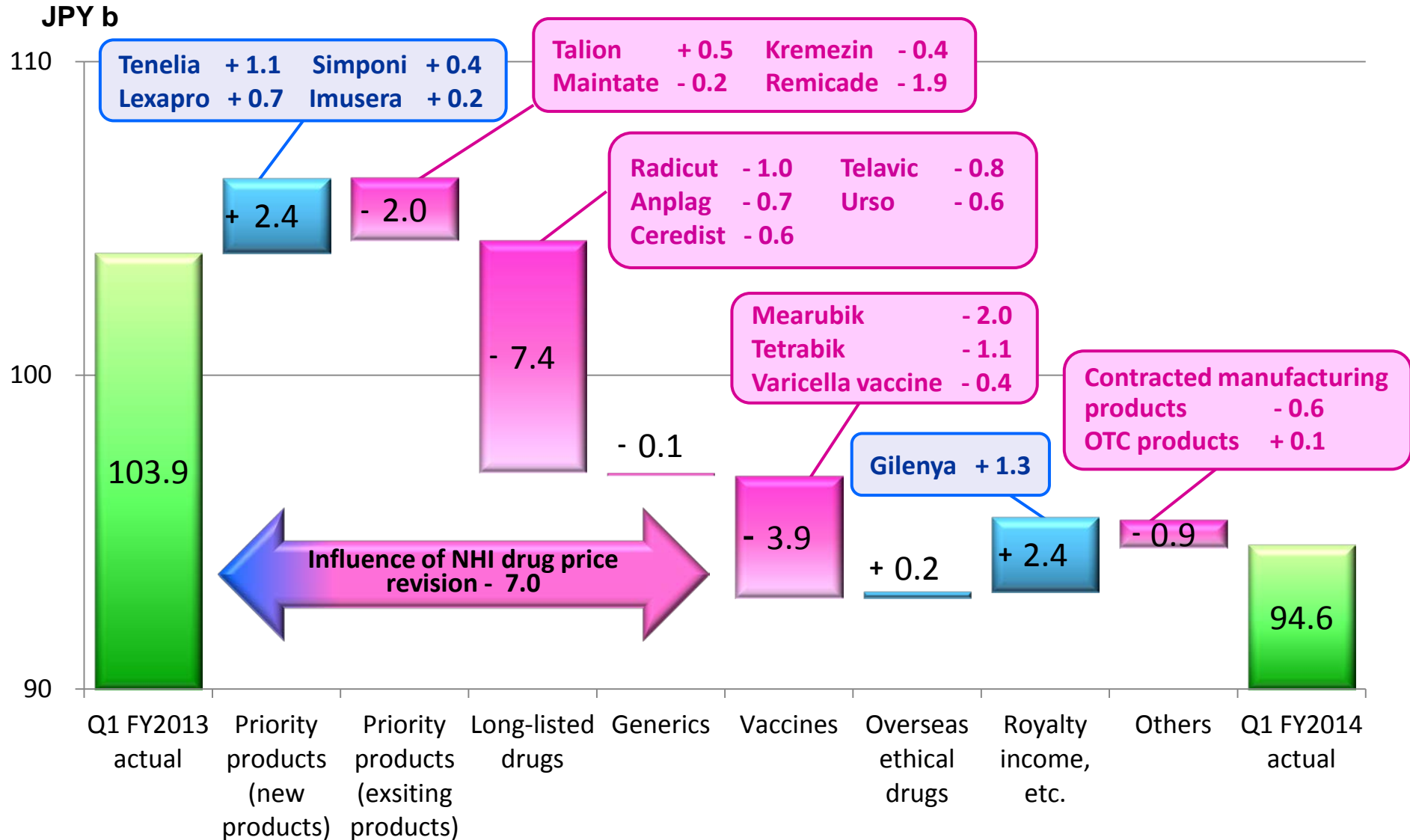
*: Published forecasts announced on May 8, 2014 in the financial results for FY2014.

Royalty income, etc.



Sales Trends

【Q1 FY2014 Business Results】



Cost of Sales/SG&A Expenses

New Value Creation



【Q1 FY2014 Business Results】

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Gross operation profit	55.4	60.4	-5.0	-8.3	122.5	45.2
SG&A	41.7	44.2	-2.5	-5.6	93.0	44.8
R&D expenses	16.3	17.6	-1.2	-6.9	36.0	45.4
Labor cost	11.1	11.9	-0.7	-6.3	23.5	47.3
Amortization of goodwill	2.7	2.6	+0.1	+3.8	5.4	50.0
Others	11.5	12.1	-0.6	-5.0	28.1	41.0
Operating income	13.7	16.2	-2.6	-15.7	29.5	46.4

Non-operating Income and Loss/ Extraordinary Income and Loss

New *Value Creation*



【Q1 FY2014 Business Results】








	FY2014	FY2013	Increase/decrease		1 st half forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	13.7	16.2	-2.6	-15.7	29.5	46.4
Non-operating income & loss	0.9	0.8	0.1	+7.1		
Ordinary income	14.6	17.1	-2.5	-14.6	30.5	47.7
Extraordinary income	0.6	-				
Gain on sales of shares of subsidiaries and associates	0.6	-				
Extraordinary loss	0.2	-				
Loss on valuation of investment in securities	0.1	-				
Settlement for USA AWP litigation	0.1	-				
Net income	9.6	10.4	-0.8	-7.9	21.0	45.7

Progress of the Development Pipeline

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

Progress of the Development Pipeline

(Progress after May 8, 2014)

	Development code/product name	Mode of action (indications)	Region	P1	P2	P3	Filed	Approved
In-house	TA-7284/ Canaglu	SGLT2 inhibitor (Type2 diabetes mellitus)	Japan					
		(Diabetic nephropathy)	Multinational study *					
	Talion	Selective histamine H1 receptor antagonist, anti-allergic agent (Pediatric allergic rhinitis, pediatric allergic dermatitis)	Japan					
	MT-2301	Hib vaccine (Prophylaxis of pediatric Hib)	Japan					
Licensing-out	FTY720 (Licensee: Novartis)	S1P receptor functional antagonist (Primary progressive MS)	Multinational study					
	MP-513 (Licensee: Handok)	DPP-4 inhibitor (Type2 diabetes mellitus)	Korea					
		(Type2 diabetes mellitus/ FDC with metformin, XR)						

*Sponsor: Janssen Research and Development

New Value Creation

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

Appendix



Sales by Business Segment

【Q1 FY2014 Business Results】

New Value Creation



	FY2014	FY2013	Increase/decrease		1 st half forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales	94.6	103.9	-9.4	-9.0	201.0	47.0
(Overseas)	(14.8)	(12.5)	(2.3)	(+18.4)	(33.8)	(43.8)
Pharmaceuticals	94.4	103.4	-9.0	-8.7	200.8	47.0
Domestic ethical drugs	77.5	88.5	-11.0	-12.4	157.9	49.1
Royalty income, etc.	9.5	7.1	+2.4	+33.4	27.7	34.2
Overseas ethical drugs	5.3	5.1	+0.2	+3.2	11.3	46.8
OTC products	1.2	1.1	+0.1	+6.7	2.2	55.2
Contracted manufacturing products	0.9	1.5	-0.6	-39.6	1.7	53.6
Others	0.1	0.5	-0.4	-74.8	0.2	62.5

Ethical Drugs Domestic Sales: Priority Products

New Value Creation

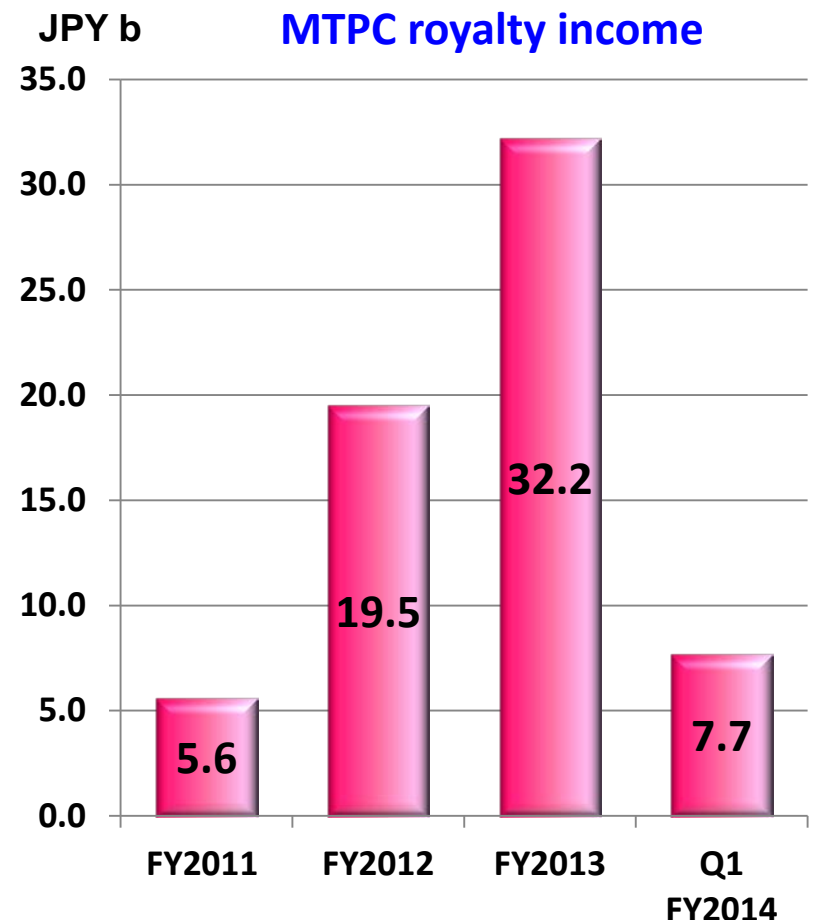
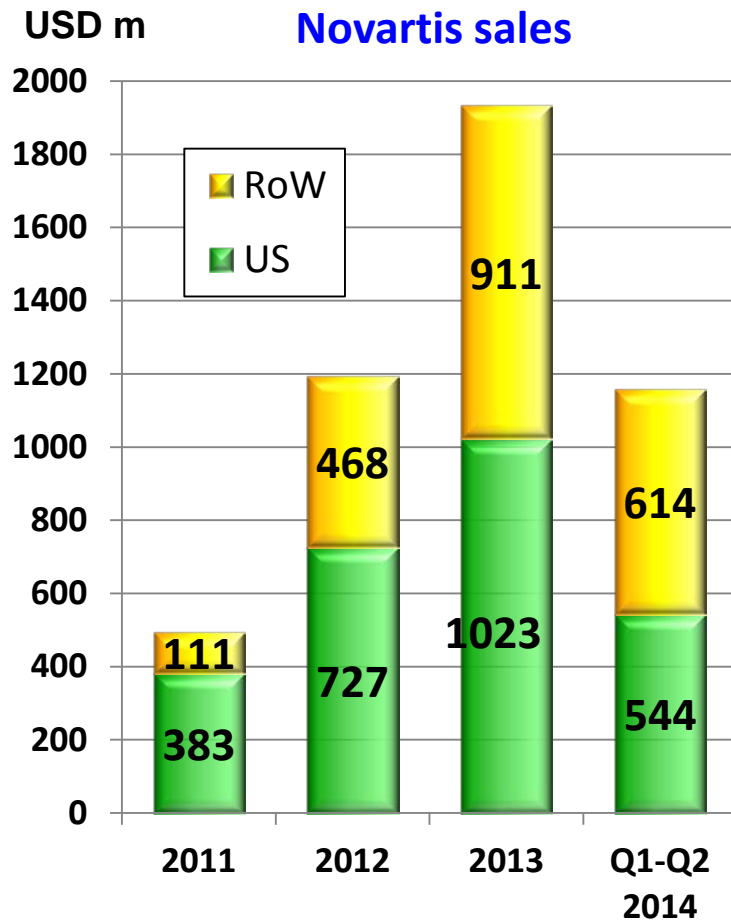
【Q1 FY2014 Business Results】



	FY2014	FY2013	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Simponi	2.5	2.1	+0.4	+19.1
Lexapro	1.7	1.0	+0.7	+63.1
Tenelia	1.1	0	+1.1	—
Imusera	0.7	0.5	+0.2	+50.6
Total of new products (1)	6.0	3.6	+2.4	+67.1
Remicade	17.3	19.2	-1.9	-9.7
Maintate	3.8	4.0	-0.2	-5.0
Talion	3.3	2.7	0.5	+19.1
Kremezin	2.8	3.2	-0.4	-13.5
Total of existing products (2)	27.2	29.1	-2.0	-6.8
Tetrabik	1.8	2.9	-1.1	-38.6
Varicella vaccine	0.6	1.0	-0.4	-39.8
Total of vaccines(3)	2.4	3.9	-1.5	-38.9
Total of priority products (1) + (2) + (3)	35.6	36.6	-1.1	-3.0

1 st half forecasts	Achieved
Billion yen	%
5.4	45.6
4.2	40.0
3.1	36.0
1.7	42.9
14.4	41.6
33.3	52.1
7.9	47.7
5.6	58.1
6.0	46.7
52.8	51.5
3.9	45.6
1.2	52.0
5.1	47.1
72.3	49.2

- Novartis sales in Q2, 2014: USD 1158 m, + 30%, y-o-y
- MTPC royalty income in Q1, FY2014: JPY 7.7 b, + 19.7%, y-o-y



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.