

Mitsubishi Tanabe Pharma Corporation

3rd Quarter of FY2014

Business Results

(April – December, 2014)

February 2, 2015

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Executive Officer,
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Corporate Management
Department



Mitsubishi Tanabe Pharma

Overview of Q3 FY2014 Business Results

Net sales

¥ 319.8 billion - 1.1%, year-on-year

Operating income

¥ 63.6 billion + 14.5%, year-on-year

Net income

¥ 48.3 billion + 10.1%, year-on-year

Topics

- Royalty income: ¥44.9 b (+69%, y/y) contributed by Gilenya and INVOKANA
- Filed for additional indication of ALS for RADICUT (Oct.)
- Filed for additional indication of Behcet's disease with special lesions for REMICADE (Oct.)
- Concluded the final agreement with Sawai Pharmaceuticals for the transfer of the Kashima plant of Mitsubishi Tanabe Pharma Factory (Nov.)
- Completed reorganization of the U.S. affiliates to accelerate the U.S. operations expansion (Dec.)
- Started construction of new manufacturing facility at Yoshitomi plant of Mitsubishi Tanabe Pharma Factory (Jan.)
- Completed construction of new manufacturing facilities at plants of Tianjin Tanabe Seiyaku and Tanabe Indonesia to expand operations in Asia (Jan.)

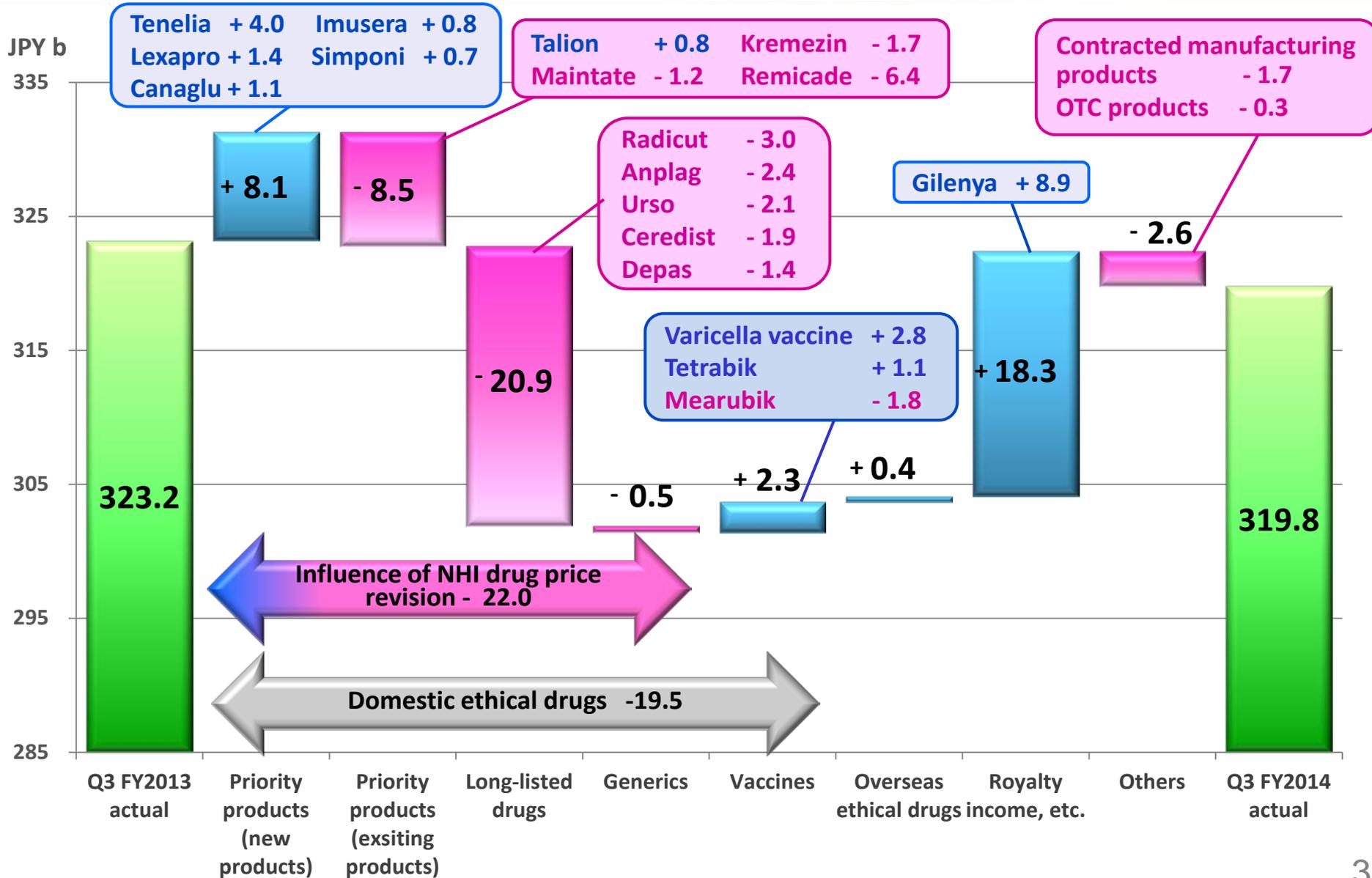
Q3 FY2014 Financial Results

	FY2014	FY2013	Increase/decrease		Full-year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Net sales	319.8	323.2	-3.4	-1.1	406.0	78.8
Cost of sales	128.0	133.0	-4.9	-3.7	164.0	78.1
Sales cost ratio	40.0%	41.1%			40.4%	
Gross operation profit	191.8	190.2	+1.5	+0.8	242.0	79.2
SG&A	128.2	134.7	-6.5	-4.9	182.0	70.4
Operating income	63.6	55.5	+8.1	+14.5	60.0	106.0
Ordinary income	64.1	57.8	+6.3	+10.9	61.5	104.2
Net income	48.3	43.9	+4.4	+10.1	40.5	119.2

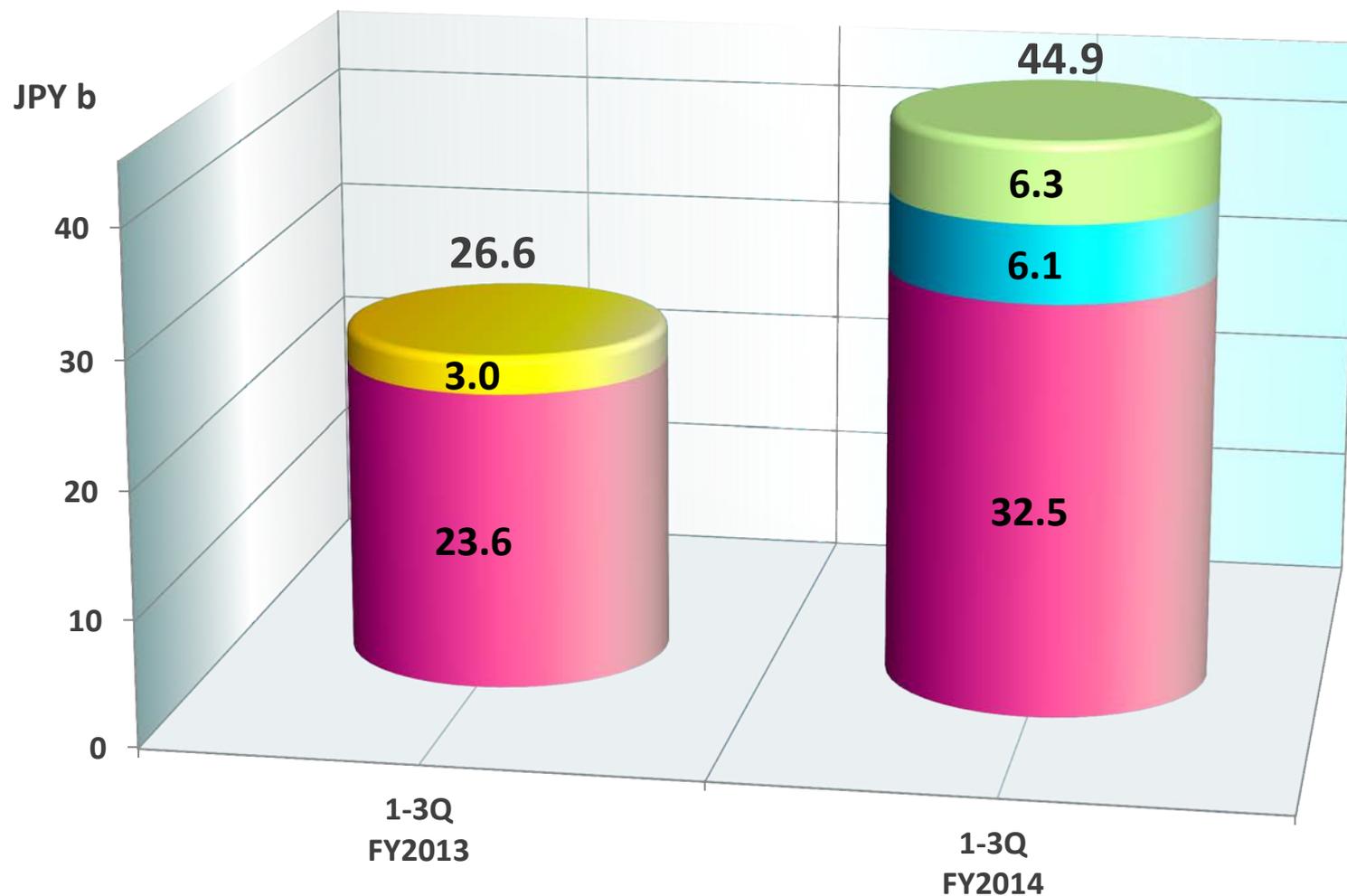
*: Published forecasts announced on October 29, 2014 in the financial results for Q2 FY2014.

Sales Trends

【Q3 FY2014 Business Results】



Royalty income, etc.



■ Gilenya ■ INVOKANA* ■ Others (including INVOKANA) ■ Others

* Including combination drugs

Cost of Sales/SG&A Expenses

New Value Creation



【Q3 FY2014 Business Results】

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SG&A	128.2	134.7	-6.5	-4.9	182.0	70.4
R&D expenses	48.1	51.4	-3.3	-6.4	72.5	66.3
Labor cost	34.8	36.2	-1.4	-4.0	46.2	75.3
Amortization of goodwill	8.1	7.9	+0.2	+2.9	10.8	75.0
Others	37.2	39.2	-2.0	-5.2	52.5	70.8
Operating income	63.6	55.5	+8.1	+14.5	60.0	106.0

*: Published forecasts announced on October 29, 2014 in the financial results for Q2 FY2014.

Non-operating Income and Loss/ Extraordinary Income and Loss

【Q3 FY2014 Business Results】

New Value Creation



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	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	63.6	55.5	+8.1	+14.5	60.0	106.0
Non-operating income & loss	0.5	2.3	-1.8	-77.8	1.5	33.3
Ordinary income	64.1	57.8	+6.3	+10.9	61.5	104.2
Extraordinary income	13.6	11.9				
Gain on sales of property, plant and equipment	11.9	-				
Gain on sales of investments in securities	1.1	-				
Profit on arbitration award	-	11.0				
Profit on step acquisitions	-	0.9				
Gain on sales of shares of subsidiaries and affiliates	0.6	-				
Extraordinary loss	7.8	1.9				
Restructuring expenses	6.6	-				
Impairment loss	1.0	1.4				
Loss on valuation of investment in securities	0.1	0.5				
Others	0.1	0.1				
Net income	48.3	43.9	+4.4	+10.1	40.5	119.2

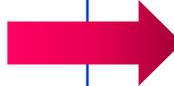
*: Published forecasts announced on October 29, 2014 in the financial results for Q2 FY2014.

Progress of the Development Pipeline

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Progress of the Development Pipeline

(Progress after October 29, 2014)

	Product name/ development code	Mode of action (indications)	Region	P1	P2	P3	Filed	Appr oved	
In-house	Radicut	Free radical scavenger (ALS)	Japan						
	Remicade	Anti-human TNF α monoclonal antibody (Behcet's disease with special lesions)	Japan						
Licensing-out	MP-513 (Licensee: Handok)	DPP-4 inhibitor (Type2 diabetes mellitus/fixed dose combination of metformin, XR)	Korea						
	Y-803 (Licensee: Merck*)	BRD inhibitor (Solid cancer)	Europe, Canada						

*: Merck acquired OncoEthix, the licensee, in December, 2014

New Value Creation

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

Appendix



Sales by Business Segment

【Q3 FY2014 Business Results】

New Value Creation



	FY2014	FY2013	Increase/decrease		Full-year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales	319.8	323.2	-3.4	-1.1	406.0	78.8
(Overseas)	(56.2)	(43.3)	(+13.0)	(+29.9)	(70.3)	(80.0)
Pharmaceuticals	319.4	322.3	-2.8	-0.9	405.6	78.8
Domestic ethical drugs	252.0	271.5	-19.5	-7.2	322.5	78.1
Royalty income, etc.	44.9	26.6	+18.3	+68.9	53.6	83.8
Overseas ethical drugs	16.8	16.3	+0.4	+2.7	22.0	76.5
OTC products	3.2	3.5	-0.3	-9.7	4.3	74.2
Contracted manufacturing products	2.6	4.3	-1.7	-40.3	3.3	78.0
Others	0.3	0.9	-0.6	-64.1	0.4	83.5

*: Published forecasts announced on October 29, 2014 in the financial results for Q2 FY2014.

Domestic Ethical Drugs Sales: Priority Products

New Value Creation

【Q3 FY2014 Business Results】

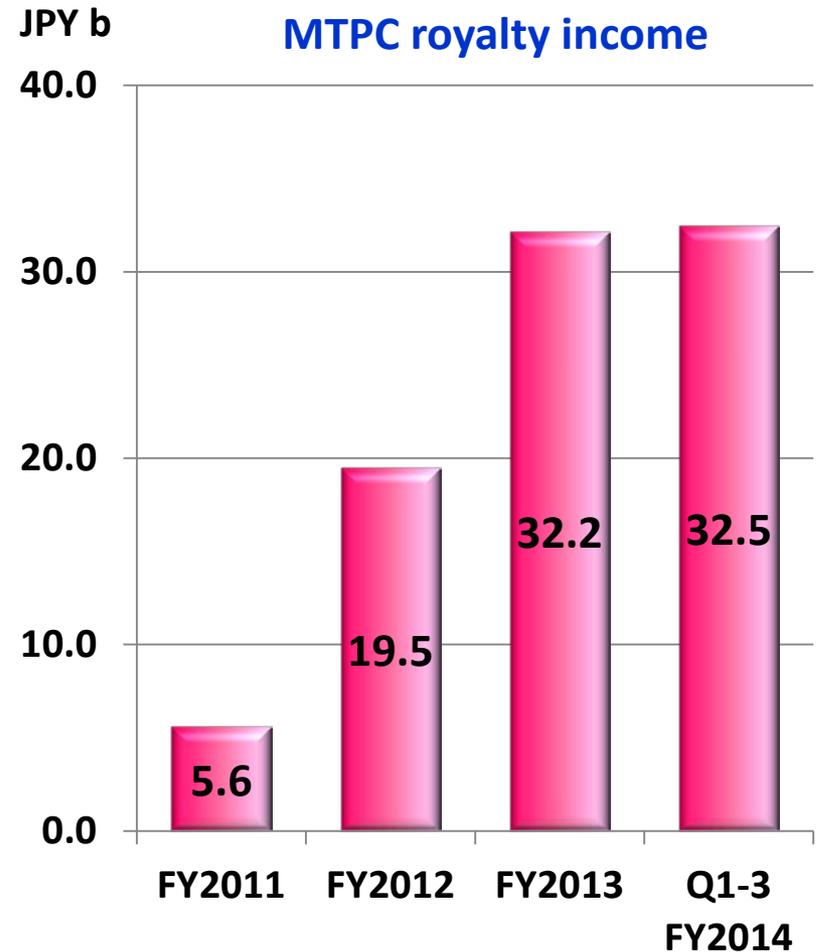
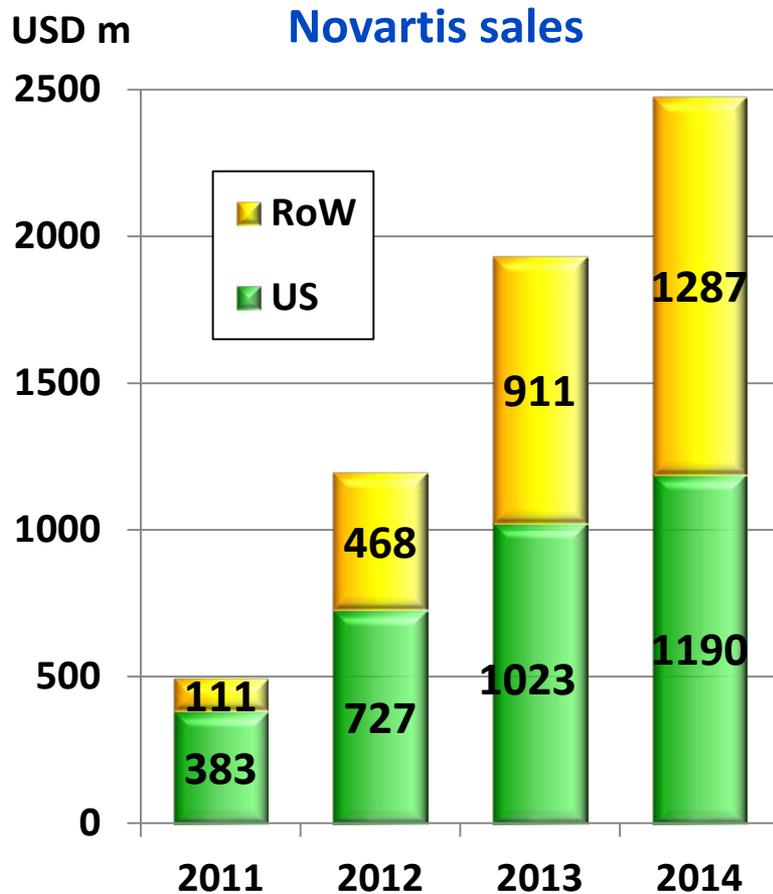


	FY2014	FY2013	Increase/decrease		Full-year forecasts*1	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Simponi	8.0	7.2	+0.7	+10.2	11.5	69.0
Lexapro	6.1	4.7	+1.4	+30.2	8.0	76.7
Tenelia	4.6	0.5	+4.0	+748.6	6.5	70.7
Imusera	2.4	1.6	+0.8	+47.8	3.5	69.8
Canaglu	1.1	-	+1.1	-	-	-
Total of new products (1)	22.3	14.1	+8.1	+57.6	29.5 *2	71.6 *2
Remicade	54.5	60.9	-6.4	-10.5	70.3	77.5
Maintate	10.9	12.2	-1.2	-9.9	14.5	75.8
Talion	10.3	9.5	+0.8	+8.8	16.4	63.1
Kremezin	8.2	9.9	-1.7	-17.0	10.5	78.3
Total of existing products (2)	84.0	92.5	-8.5	-9.2	111.7	75.2
Tetrabik	5.7	4.6	+1.1	+24.7	7.1	80.5
Varicella vaccine	5.4	2.6	+2.8	+106.3	5.2	103.6
Total of vaccines(3)	11.1	7.2	+3.9	+54.5	12.3	90.3
Total of priority products (1) + (2) + (3)	117.4	113.8	+3.6	+3.1	153.5 *2	75.7 *2

*1: Published forecasts announced on October 29, 2014 in the financial results for Q2 FY2014. *2: Excluding Canaglu

【Q3 FY2014 Business Results】

- Novartis sales in 2014: USD 2,477 m, + 28%, y-o-y
- MTPC royalty income in Q1-3 FY2014: JPY 32.5 b



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.