

Mitsubishi Tanabe Pharma Corporation

1st Quarter of FY2015

Business Results

(April – June, 2015)

July 31, 2015

Eizo Tabaru

Board Director,

Managing Executive officer

General Manager of

Finance & Accounting Dept.



Mitsubishi Tanabe Pharma

Overview of Q1 FY2015 Business Results

New **Value** Creation



Net sales

¥ 98.5 billion +4.2%, year-on-year

Operating income

¥ 22.7 billion +66.2%, year-on-year

**Net income attributable to
shareholders of the Company**

¥ 14.9 billion +55.2%, year-on-year

Topics

- Growth of Gilenya and INVOKANA, ¥16.2b of royalty income, +71%, y-o-y
- Filed of Remicade for Kawasaki disease in May
- Approved of Talion for pediatric use in May
- Approved of Radicut for ALS in June
- Filed of Remicade for increased dose of psoriasis in July

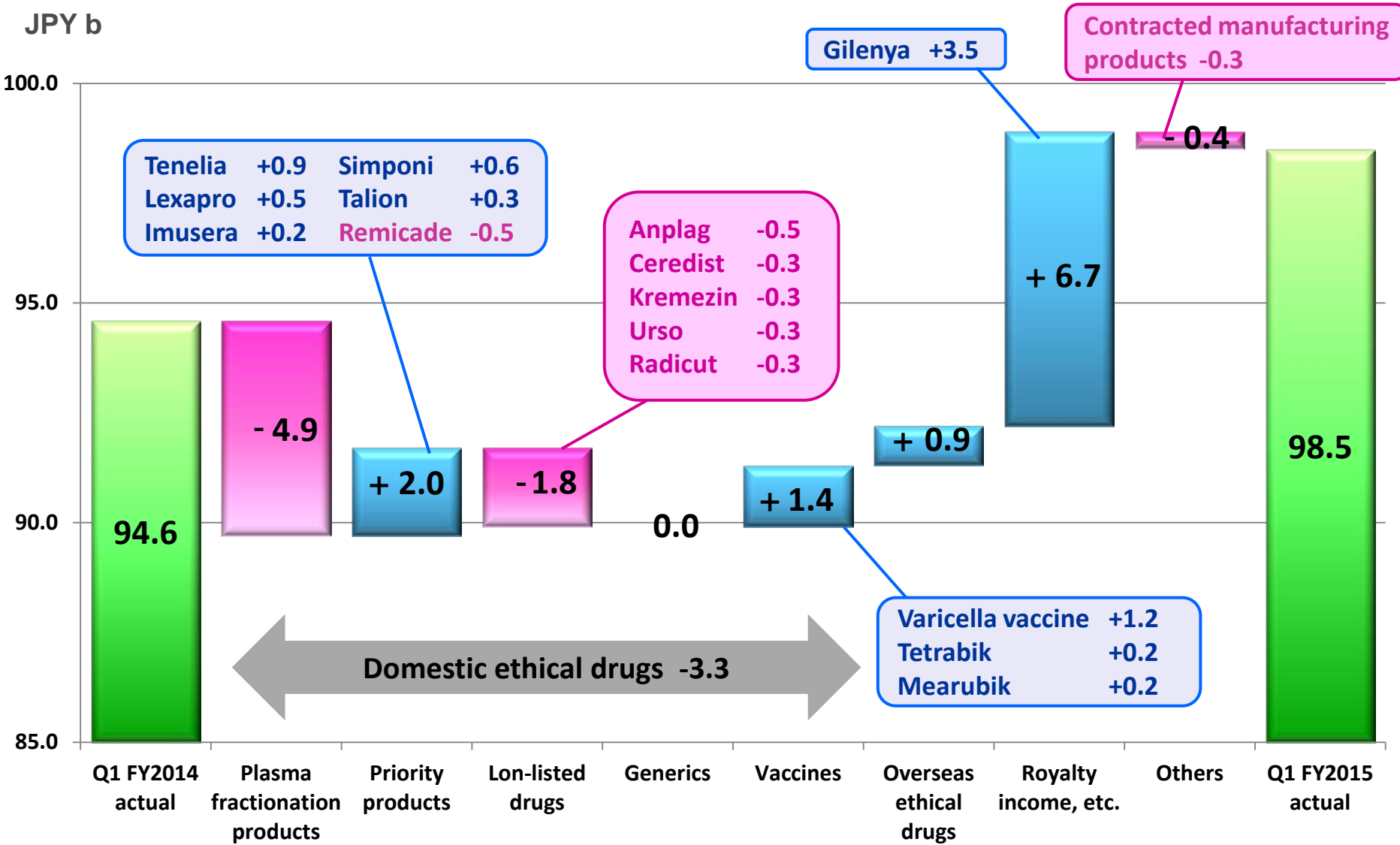
Q1 FY2015 Financial Results

	FY2015	FY2014	Increase/decrease		1H Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales	98.5	94.6	+3.9	+4.2	191.5	51.4
Cost of sales	35.5	39.2	-3.7	-9.3	70.5	50.4
Sales cost ratio	36.1%	41.4%			36.8%	
Gross profit	63.0	55.4	+7.6	+13.7	121.0	52.0
SG&A	40.2	41.7	-1.5	-3.5	93.0	43.2
Operating income	22.7	13.7	+9.1	+66.2	28.0	81.2
Ordinary income	22.6	14.6	+8.1	+55.5	28.0	80.9
Net income attributable to shareholders of the Company	14.9	9.6	+5.3	+55.2	19.0	78.3

*: Forecasts announced on May 8, 2015 in the financial results of FY2014

Sales Trends

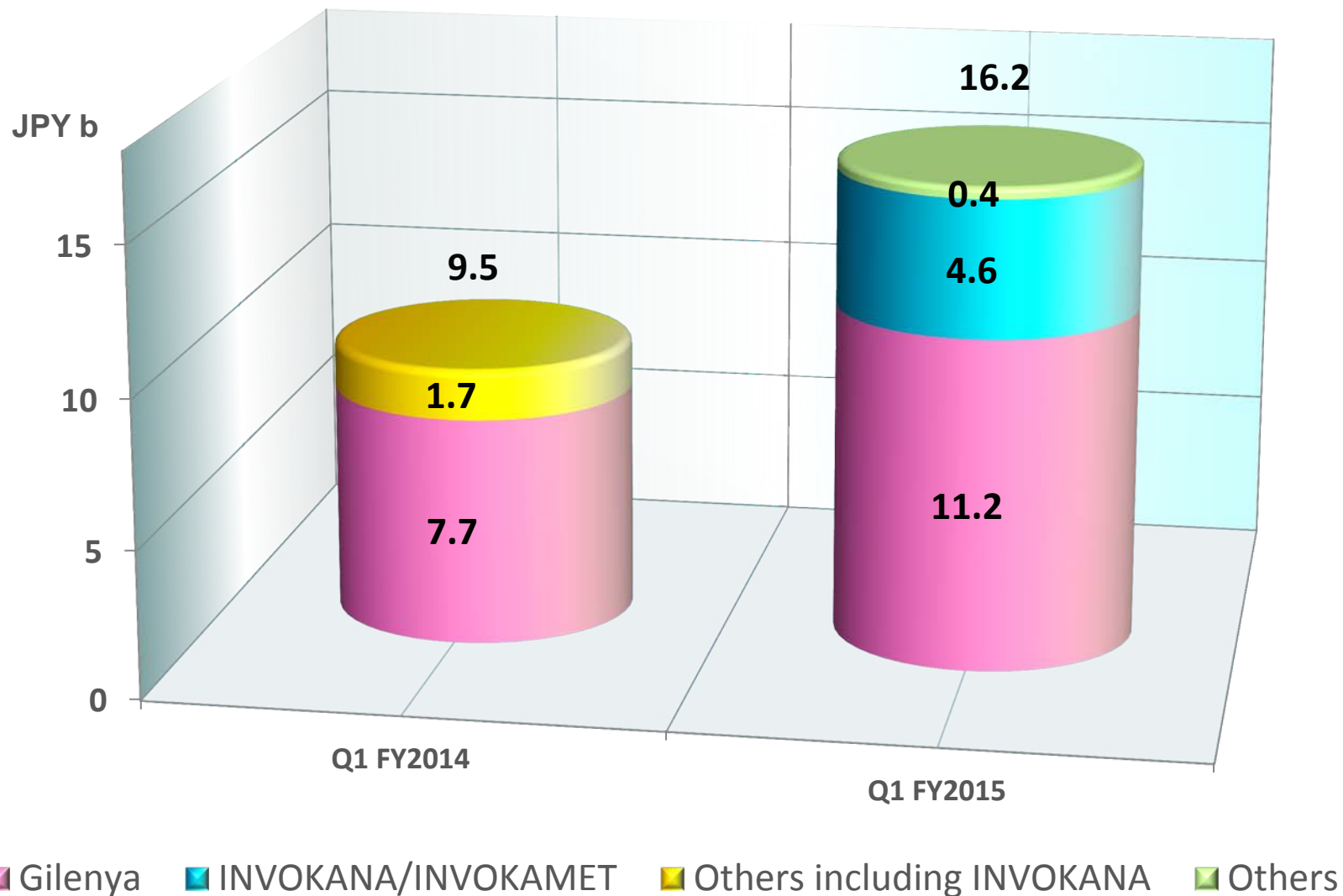
【Q1 FY2015 Business Results】



Royalty income, etc.

【Q1 FY2015 Business Results】

New Value Creation



Cost of Sales, SG&A

New Value Creation



【Q1 FY2015 Business Results】

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Cost of Sales	35.5	39.2	-3.7	-9.3	70.5	50.4
Sales cost ratio	36.1%	41.4%			36.8%	
Gross profit	63.0	55.4	+7.6	+13.7	121.0	52.0
SG&A	40.2	41.7	-1.5	-3.5	93.0	43.2
R&D expenses	15.5	16.3	-0.9	-5.4	39.5	39.1
Labor cost	11.2	11.1	+0.1	+0.7	23.0	48.7
Amortization of goodwill	2.6	2.7	-0.1	-2.4	5.3	49.7
Others	10.9	11.5	-0.6	-5.2	25.2	43.4
Operating income	22.7	13.7	+9.1	+66.2	28.0	81.2

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Non-operating Income and Loss/Extraordinary Income and Loss

【Q1 FY2015 Business Results】

New Value Creation



	FY2014	FY2013	Increase/decrease		1H Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	22.7	13.7	+9.1	+66.2	28.0	81.2
Non-operating income and loss	-0.1	0.9	-1.0			
Ordinary income	22.6	14.6	+8.1	+55.5	28.0	80.9
Extraordinary income	-	0.6	-0.6			
Gain on sales of shares of subsidiaries and affiliates	-	0.6	-0.6			
Extraordinary loss	-	0.2	-0.2			
Loss on valuation of investment in securities	-	0.1	-0.1			
Settlement for USA AWP litigation	-	0.1	-0.1			
Net income attributable to shareholders of the Company	14.9	9.6	+5.3	+55.2	19.0	78.3




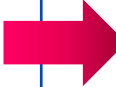
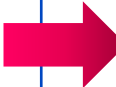

*: Forecasts announced on May 8, 2015 in the financial results of FY2014

Development pipeline



Progress of Development Pipeline

(Progress after May 8, 2015)

	Product name/ Development code	Mode of action (Indications)	Region	P1	P2	P3	Filed	Approved
In-house	Talion	Selective histamine H1 receptor antagonist, anti-allergic agent (Pediatric allergic rhinitis) (Pediatric urticaria and pruritus accompanying dermatitis)	Japan					
	Radicut/ MCI-186	Free radical scavenger (ALS)	Japan					
			Korea					
	Remicade	Anti-human TNF α monoclonal antibody (Refractory Kawasaki disease)	Japan					
		(Psoriasis: increased dose)	Japan					
MT-1303	S1P receptor functional antagonist (Crohn's disease)	Japan, Europe						

New Value Creation

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

Appendix



Sales by Business Segment

	FY2015	FY2014	Increase/decrease		1H Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales	98.5	94.6	+3.9	+4.2	191.5	51.4
(Overseas)	(22.2)	(14.8)	(+7.4)	(+50.2)	(47.2)	(47.1)
Pharmaceuticals	98.4	94.4	+3.9	+4.2	191.3	51.4
Domestic ethical drugs	74.3	77.5	-3.3	-4.2	140.8	52.7
Royalty income, etc.	16.2	9.5	+6.7	+70.9	33.9	47.8
Overseas ethical drugs	6.2	5.3	+0.9	+17.1	13.4	46.2
OTC products	1.2	1.2	0.0	-4.0	2.1	55.5
Contracted manufacturing products	0.6	0.9	-0.3	-37.8	1.1	51.5
Others	0.1	0.1	0.0	-16.8	0.2	52.0

*: Forecasts announced on May 8, 2015 in the financial results of FY2014

Ethical Drugs Domestic Sales: Priority Products

New Value Creation

【Q1 FY2015 Business Results, appendix】

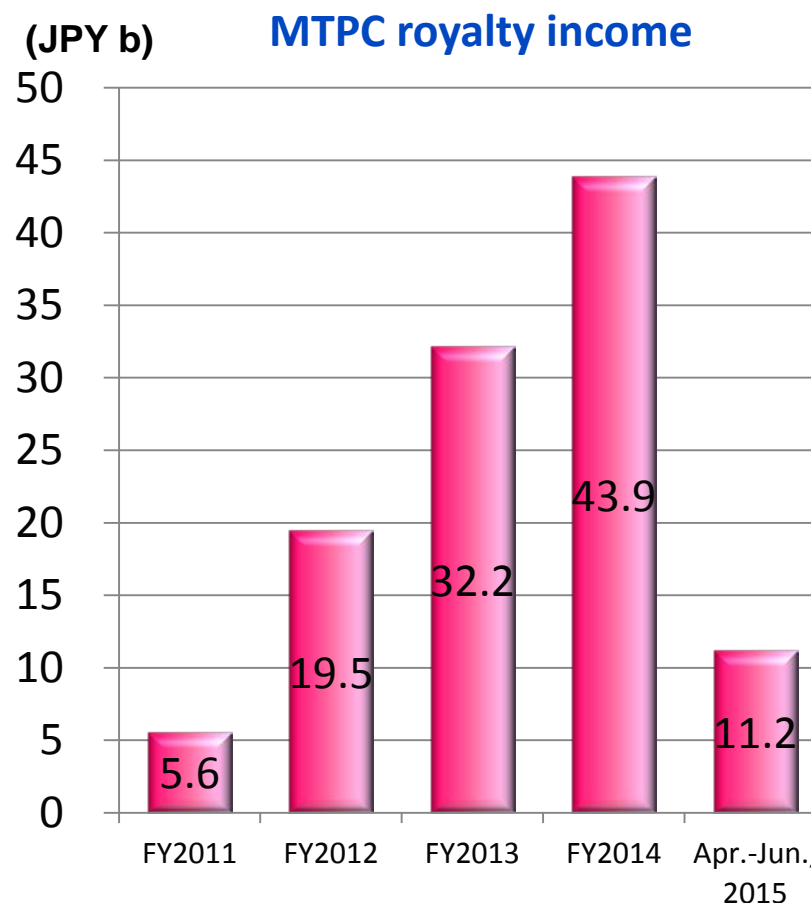
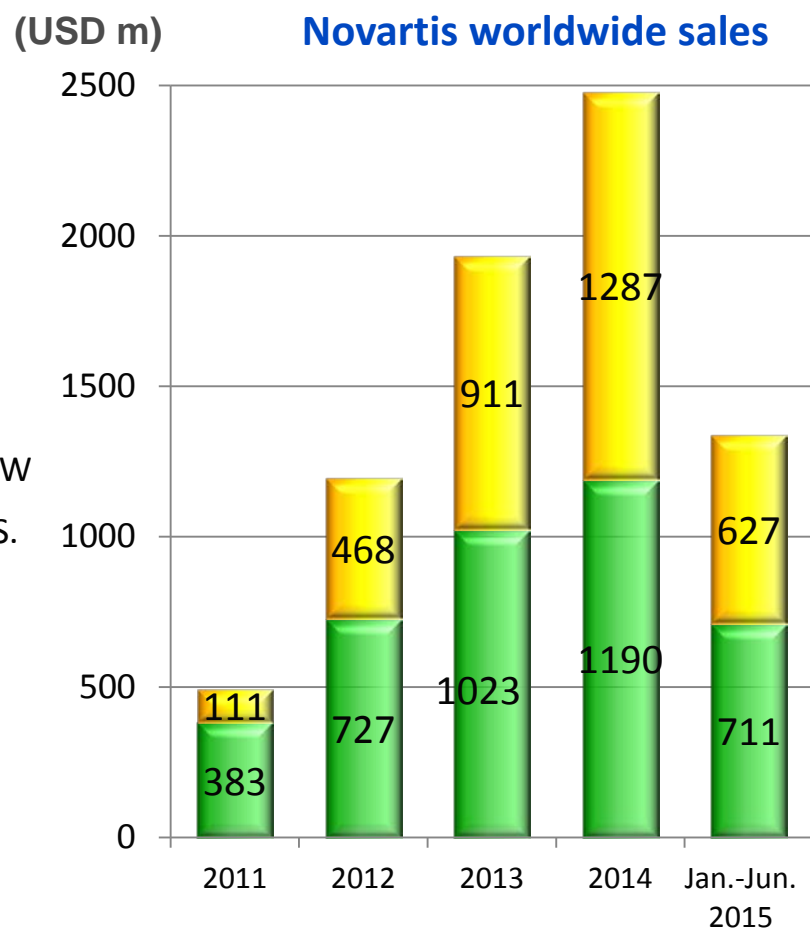


	FY2015	FY2014	Increase/decrease		1H Forecasts*1	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Remicade	16.9	17.3	-0.5	-2.8	35.6	47.4
Talion	3.6	3.3	+0.3	+9.5	6.4	55.6
Simponi	3.0	2.5	+0.6	+22.7	6.2	48.7
Lexapro	2.1	1.7	+0.5	+27.3	4.1	52.1
Tenelia	2.0	1.1	+0.9	+82.5	4.5	45.3
Imusera	1.0	0.7	+0.2	+33.2	1.8	53.9
Canaglu	0.0	-	0.0	-	0.8	0.8
Total of priority products	28.6	26.6	+2.0	+7.6	59.4	48.1
Tetrabik	1.9	1.8	+0.2	+8.5	3.4	56.8
Varicella vaccine	1.8	0.6	+1.2	+186.5	2.3	77.7
Total of vaccines	6.3	4.9	+1.4	+27.9	10.6	59.3
Total of priority products and vaccines	34.9	31.5	+3.4	+10.7	70.0	49.8

*: Forecasts announced on May 8, 2015 in the financial results of FY2014

【Q1 FY2015 Business Results, appendix】

- ◆ Novartis worldwide sales in Jan. to Jun., 2015: \$ 1,388 m, + 16%, y-o-y
- ◆ MTPC royalty income in Q1 FY2015: ¥ 11.2 b

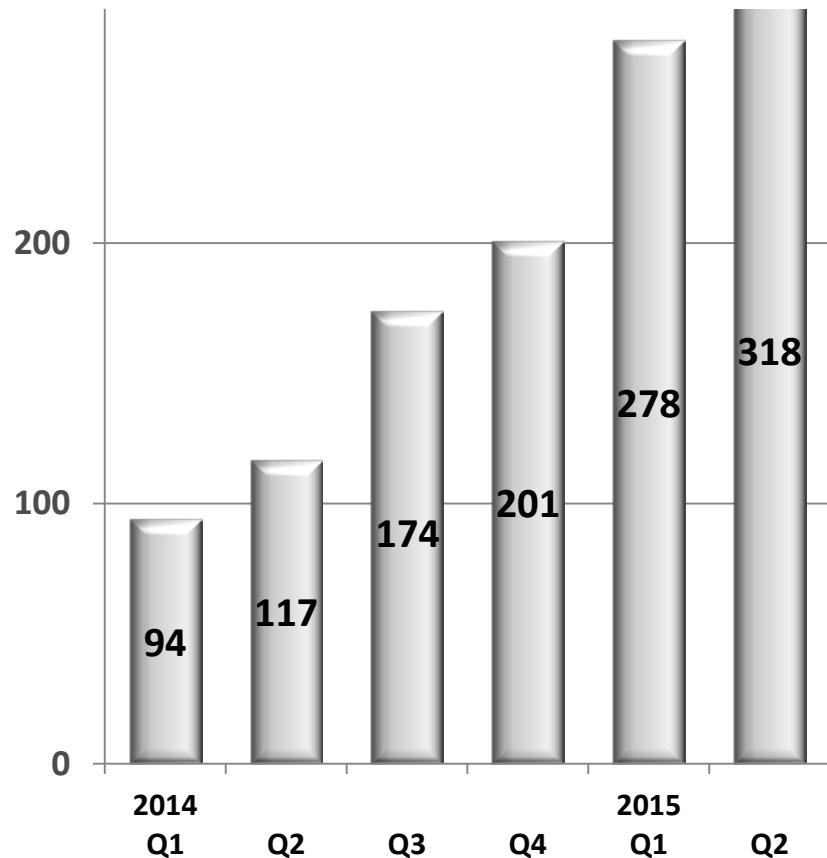


INVOKANA/INVOKAMET

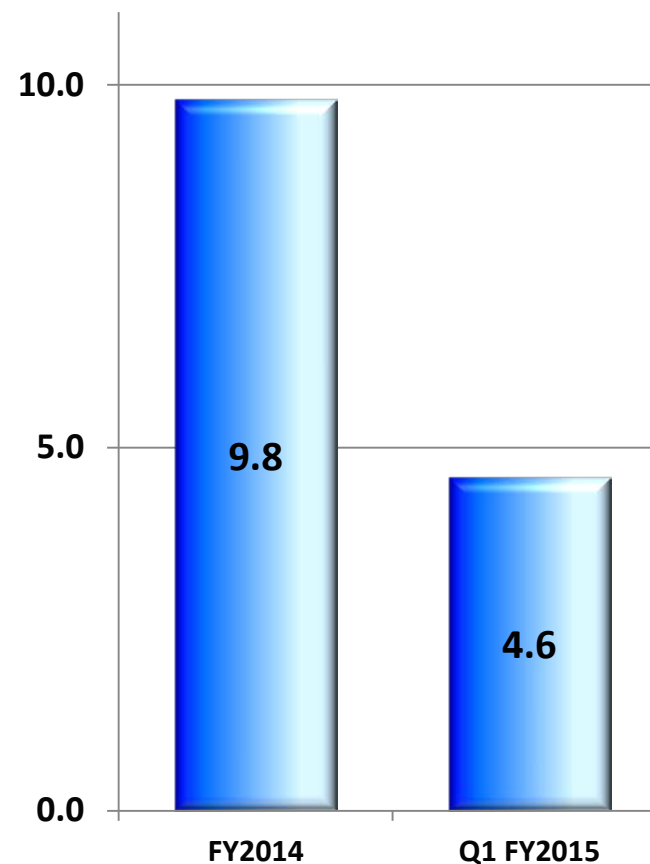
【Q1 FY2015 Business Results, appendix】

- ◆ Johnson & Johnson sales in Jan.-Jun., 2015: \$ 596m (+ \$ 385m, y-o-y)
- ◆ Achieved ~6% in defined U.S. T2DM market and ~13% share with endocrinologists
- ◆ MTPC royalty income in Q1 FY2015: ¥ 4.6b

(USD m) Johnson & Johnson sales



(JPY b) MTPC royalty income



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.