Mitsubishi Tanabe Pharma Corporation



Q2 FY2017 Business Results

(April-September, 2017)

November 1, 2017

Eizo Tabaru Board Director, Managing Executive officer

Q2 FY2017 Business Results

Q2 FY2017 Financial Results



- Revenue increased due to an increase in domestic ethical drugs revenue and the launch of Radicava in the U.S., etc.
- Core operating profit decreased due to an increase in SG&A expenses of Radicava and R&D expenses.

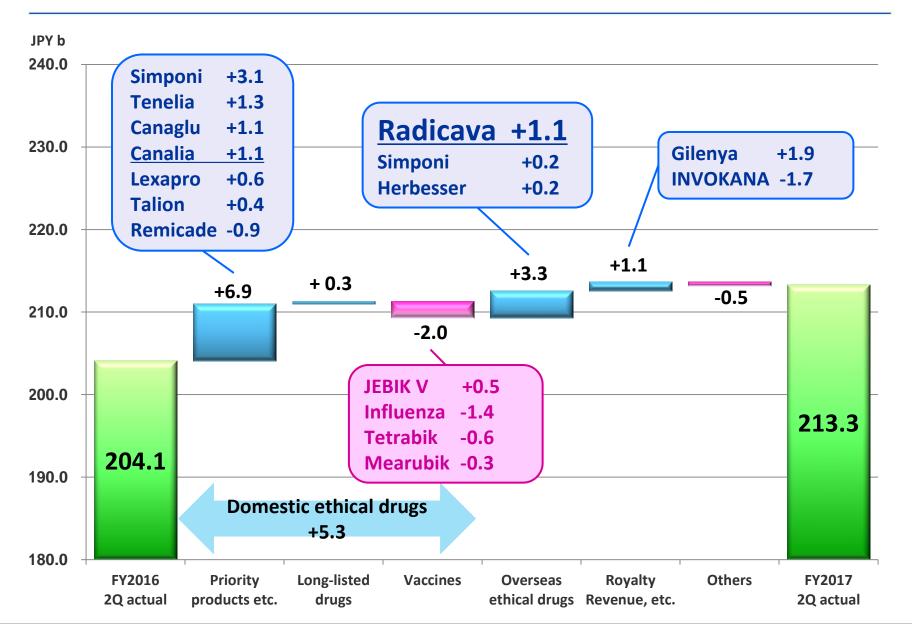
	FY2017 Q2	FY2016 Q2	Increase/	'decrease
	Billion yen	Billion yen	Billion yen	%
Revenue	213.3	204.1	+9.2	+4.5
(overseas sales revenue)	52.6	48.6	+3.9	+8.1
Overseas sales ratio	24.7%	23.9%		
Cost of sales	84.5	78.3	+6.1	+7.8
Sales cost ratio	39.6%	38.4%		
Gross profit	128.8	125.7	+3.0	+2.5
Core operating profit	39.7	47.9	-8.2	-17.2
Operating profit	36.8	47.8	-10.9	-22.9
Net profit attributable to owners of the Company	29.8	36.2	-6.4	-17.8

Q2 FY2017 Business Results

Revenues Trends









Cost of Sales, SG&A Expenses, Core Operating Profit Mitsubishi Tanabe Pharma



- Increase SG&A expenses due to the launch of Radicava
- **Strategic investments for Late-stage drug candidates**

	FY2017 Q2	FY2016 Q2	Increase/	decrease
	Billion yen	Billion yen	Billion yen	%
Revenue	213.3	204.1	+9.2	+4.5
Cost of sales	84.5	78.3	+6.1	+7.8
Sales cost ratio	39.6%	38.4%		
Gross profit	128.8	125.7	+3.0	+2.5
SG&A expenses	51.4	46.6	+4.7	+10.2
R&D expenses	36.3	30.3	+6.0	+20.0
Amortization of intangible assets associated with products	1.0	0.7	+0.3	+43.0
Other income and expense *	-0.2	-0.0	-0.1	-
Core operating profit	39.7	47.9	-8.2	-17.2

^{*:} Negative signs indicate expense and loss.

Non-recurring items, Net Profit



Non-recurring items occurred due to Bipha Corporation's business termination expenses, etc.

	FY2017 Q2	FY2016 Q2	Increase/	'decrease
	Billion yen	Billion yen	Billion yen	%
Core operating profit	39.7	47.9	-8.2	-17.2
Non-recurring items*	-2.8	-0.1	-2.7	-
Operating profit	36.8	47.8	10.9	-22.9
Financial income	1.2	1.8	-0.6	-34.8
Financial expense	0.5	0.2	+0.2	+71.5
Net profit attributable to owners of the Company	29.8	36.2	-6.4	-17.8

^{*:} Negative signs indicate expense and loss.

Forecasts for FY2017

The Company announced "Revisions to Consolidated Financial Forecasts for FY2017" on October 24, 2017

Revenue, Gross Profit and Core Operating Profit



- Decrease revenue due to the drop in overseas royalty income.
- Decrease core operating profit due to an increase in R&D expenses with the acquisition of NeuroDerm Ltd.

	FY2017 Revised forecasts	FY2017 Previous forecasts	Increase/decrease		FY2016 Actual	Increase/de	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Revenue	433.0	441.0	-8.0	-1.8	423.9	+9.0	+2.1
Cost of sales	169.5	169.5	1	-	164.3	+5.1	+3.1
Sales cost ratio	39.1%	38.4%			38.8%		
Gross profit	263.5	271.5	-8.0	-2.9	259.5	+3.9	+1.5
SG&A expenses	104.0	105.0	-1.0	-1.0	98.3	+5.6	+5.8
R&D expenses	76.5	73.5	+3.0	+4.1	64.7	+11.7	+18.1
Amortization of intangible assets associated with products	2.5	2.5	-	-	1.5	+0.9	+63.6
Other income and expense*	-0.5	-0.5	_	-	-0.4	-0.0	_
Core operating profit	80.0	90.0	-10.0	-11.1	94.5	-14.5	-15.4

Operating Profit ~ Net Profit Attributable to Owners of the Company

Improve non-recurring items due to a transfer gain of generic drug business, and etc.

	FY2017 Revised forecasts	FY2017 Previous forecasts	Increase/decrease		FY2016 Actual	Increase/de	ecrease
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Core operating profit	80.0	90.0	-10.0	-11.1	94.5	-14.5	-15.4
Non-recurring items*	1.0	-	1.0	-	-0.4	+1.4	-
Operating profit	81.0	90.0	-9.0	-10.0	94.0	-13.0	-13.9
Profit before tax	82.0	91.0	-9.0	-9.9	96.0	-14.0	-14.6
Net profit attributable to owners of the Company	63.5	71.5	-8.0	-11.2	71.2	-7.7	-10.9

^{*:} Negative signs indicate expense and loss.

Development Pipeline, etc.

Development Pipeline

Progress of Development Pipeline





Progress after July 31, 2017, the financial results for Q1 FY2017

Development code (Generic name)	Category (Indications)	Region	P1	P2	Р3	Filed
MT-2271	Plant-based VLP vaccine (Prophylaxis of seasonal influenza)	US, Europe, Canada, and others				
MT-5199 (valbenazine)	Vesicular monoamine transporter type 2 inhibitor (Tardive dyskinesia)	Japan				
MT-8554	Nervous system, etc. (Painful Diabetic Peripheral Neuropathy)	Europe				

MP-214	Dopamine D3/D2 receptor partial agonist	Discontinued
(cariprazine)	(Schizophrenia)	(Change of license agreement with Gedeon Richter)

(Pipeline Products of NeuroDerm)

Development code (Generic name)	Category (Indications)	Region	P1	P2	Р3	Filed
ND0612 (levodopa/carbidopa)	Continuous SC pump/patch pump(Parkinson's disease)	US, Europe			Administration in Preparation	
ND0801 (nicotine/opipramol)	Transdermal (CNS Disease Cognition disorders)	Israel				
ND0701 (apomorphine)	Continuous SC pump (Parkinson's disease)	Europe				

TOPICS

Open Up the Future

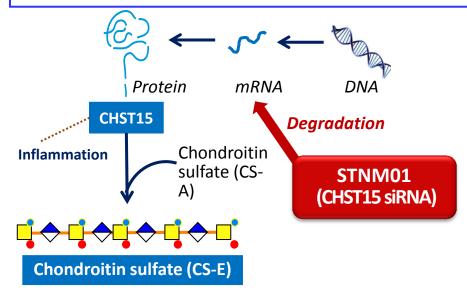
Acquisition of Stelic Institute & Co., Inc.

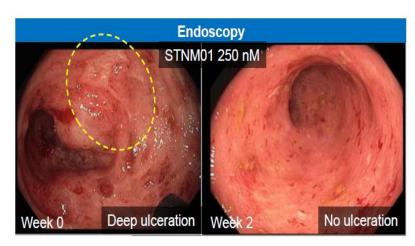


Acquisition of Oligonucleotide Pharmaceuticals "STNM01" for Inflammatory Bowel Disease

STNM01

- A synthetic siRNA (small interfering RNA) designed to inhibit the expression of the glycogene, human CHST15 (carbohydrate sulfotransferase 15)
- Suppression of CHST15 is expected to inhibit lymphocyte infiltration and induce mucosal protection/healing. Clinical improvements in mucosal disorders were observed in UC patients by endoscopic examination.
- Novel route of administration: endoscopic submucosal injection

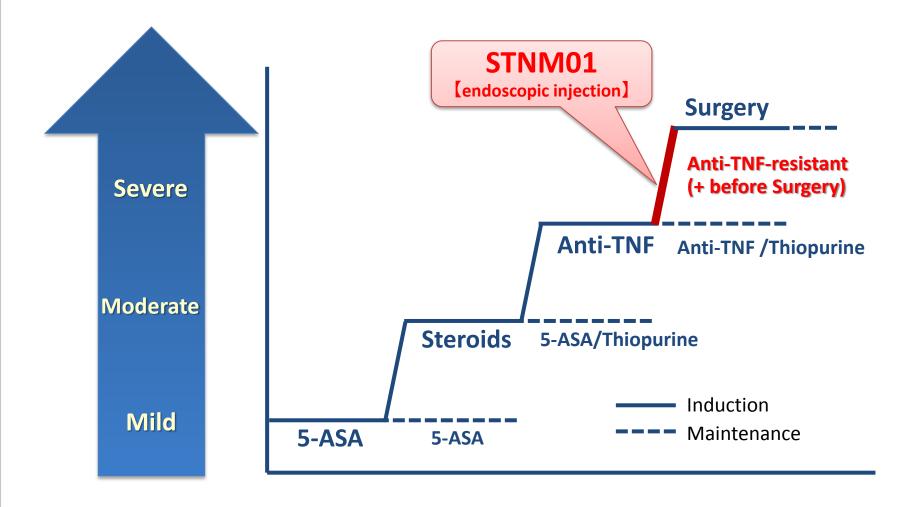




Product profile for Ulcerative Colitis therapy



Induce clinical remission and mucosal healing in patients with UC who do not respond sufficiently to the conventional treatments

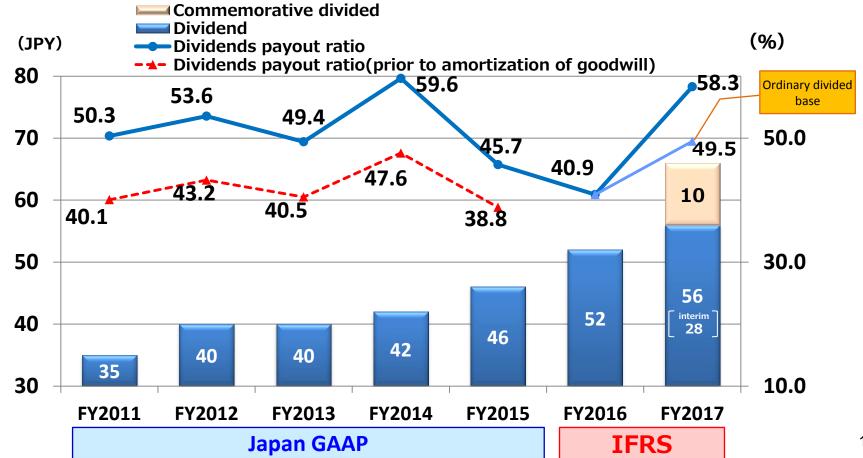


Shareholders Return

Dividends Trends



- Under the medium-term management plan 16-20, we work to enhance shareholder return with a basic aim of a dividend payout ratio of 50% (IFRS).
- In accordance with the basic policy on shareholder return, the Company set the interim dividend, ¥28 plus a commemorative dividend of ¥10 for the 10th anniversary, and total interim dividend is ¥38.
- We plan a-year-end dividend of ¥28 consequently, for FY2017, per share increased by ¥14, and annual dividends of ¥66.







Becoming a company that works with a sense of speed and is the first to deliver differentiated value



Appendix

Details of Revenue (Q2 FY2017)



	FY2017 Q2	FY2016 Q2	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Revenue	213.3	204.1	+9.2	+4.5
(overseas sales revenue)	52.6	48.6	+3.9	+8.1
Domestic ethical drugs	157.2	151.9	+5.3	+3.5
Overseas ethical drugs	13.9	10.6	+3.3	+31.2
Royalty revenue, etc.	39.6	38.5	+1.1	+2.9
OTC products	2.1	1.9	+0.2	+11.5
Others	0.2	0.9	-0.7	-74.4

Sales Revenue of Domestic Ethical Drugs



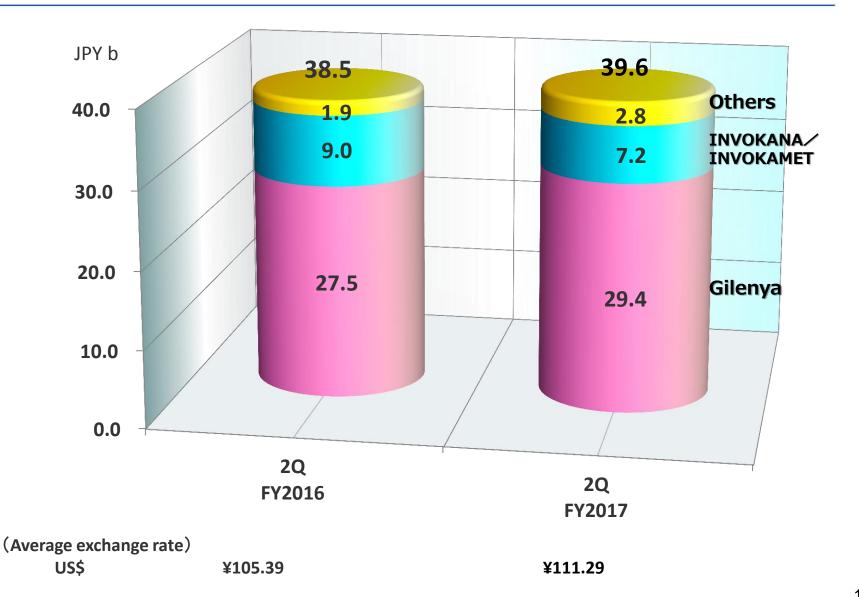
	FY2017 Q2	FY2016 Q2	Increase,	/decrease
	Billion yen	Billion yen	Billion yen	%
Remicade	32.9	33.8	-0.9	-2.7
Simponi	15.3	12.1	+3.1	+25.8
Tenelia	9.3	8.0	+1.3	+16.3
Talion	7.9	7.4	+0.4	+6.4
Lexapro	6.2	5.5	+0.6	+12.6
Canaglu	2.6	1.5	+1.1	+76.6
Imusera	2.4	2.4	+0.0	+0.2
Total of priority products	76.9	71.0	+5.8	+8.3
(New drug) Canalia	1.1	-	+1.1	-
Tetrabik	4.4	5.0	-0.6	-12.8
Mearubik	2.9	3.2	-0.3	-11.4
Varicella vaccine	2.7	2.8	-0.1	-4.1
JEBIK V	2.8	2.3	+0.5	+24.0
Influenza	1.1	2.5	-1.4	-56.3
Total of vaccines	14.4	16.5	-2.0	-12.4

Appendix

Royalty income, etc.







Appendix

Revised Forecasts for FY2017 Revenue of main Products etc.





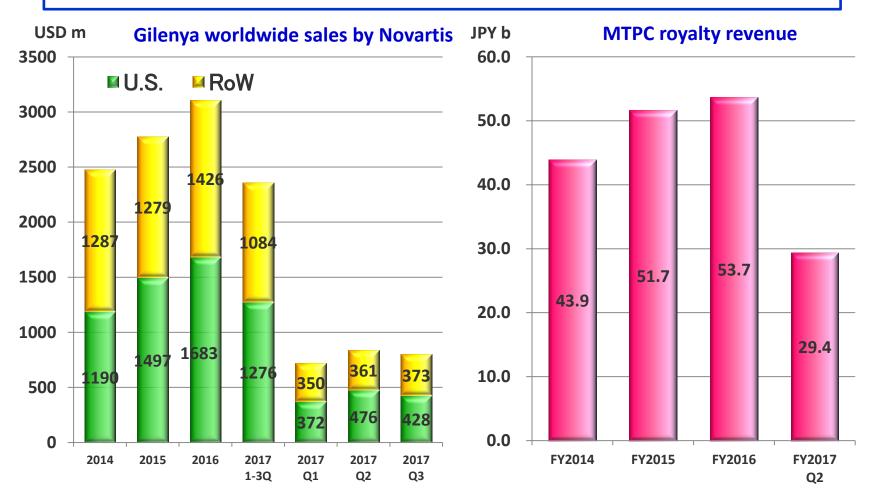
	FY2017 Revised forecasts	FY2017 Previous forecasts	Increase/decrease		FY2016 Actual	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Domestic ethical drugs	315.4	315.4	-	-	314.2	+1.2	+0.4
Total of priority products	159.9	158.6	+1.3	+0.8	146.9	+13.0	+8.8
Remicade	64.7	64.7	-	-	66.8	-2.1	-3.2
Simponi	30.3	29.0	+1.3	+4.6	24.9	+5.4	+21.9
Tenelia	19.1	19.1	-	-	16.5	+2.5	+15.4
Talion	20.8	20.8	-	-	18.9	+1.8	+9.7
Lexapro	12.9	12.9	-	-	11.2	+1.6	+14.6
Imusera	5.1	5.1	-	-	4.9	+0.2	+4.1
Canaglu	6.9	6.9	-	-	3.4	+3.4	+99.0
Vaccines	36.1	39.1	-3.0	-7.8	38.9	-2.8	-7.3
Influenza	10.0	14.1	-4.0	-28.9	12.7	-2.7	-21.5
Tetrabik	9.2	9.2	-	-	9.9	-0.7	-7.5
Varicella vaccine	5.7	5.7	-	-	5.4	+0.3	+5.5
Mearubik	5.2	5.2	-	-	5.9	-0.6	-10.6
JEVIK V	4.9	3.9	+1.0	+25.6	3.9	+0.9	+24.4
Royalty revenue, etc.	80.2	87.4	-7.1	-8.2	82.2	-1.9	-2.4
Gilenya	Undisclosed	Undisclosed	-	-	53.7	-	-
INVOKANA	Undisclosed	Undisclosed	-	-	18.8	-	-

^{*}Comparison to the revised forecast announced on October 24,2017

Gilenya



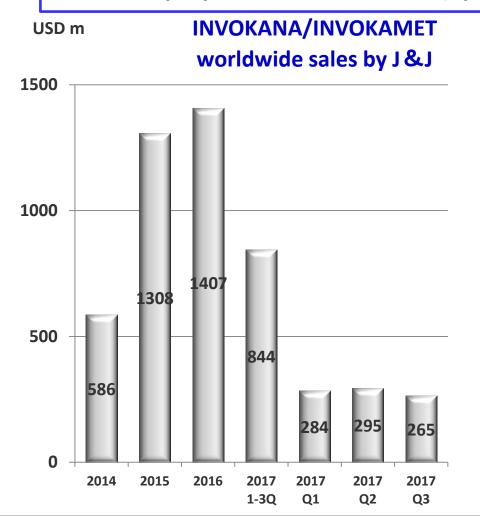
- Gilenya worldwide sales by Novartis in July to September, 2017: \$801 m (\$790m, the same period of previous year)
- ◆ MTPC royalty revenue in Q2 FY2017 (April to September, 2017): ¥29.4 b

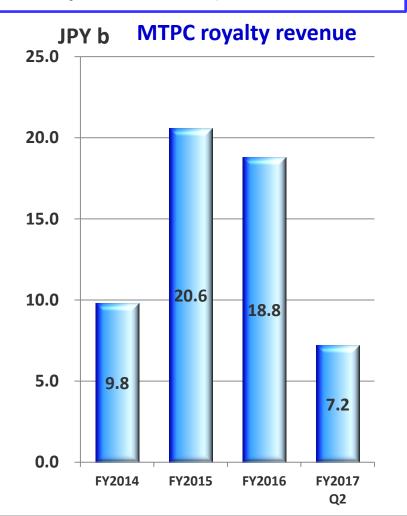


INVOKANA/INVOKAMET



- INVOKANA/INVOKAMET sales by Johnson & Johnson
 in July to September, 2017: \$265m (\$328m, the same period of previous year)
- ◆ MTPC royalty revenue in Q2 FY2017 (April to September, 2017): ¥7.2b





Appendix

Pipeline Status





Red: progress after July 31, 2017, the financial results for Q1 FY2017

As of Nov. 1, 2017

Approved

Phase 1

MT-1303 (JP,EU,US)
Inflammatory diseases /

Autoimmune diseases

MP-513 (US)

Type2 diabetes mellitus

MT-3995 (US)

Diabetic nephropathy

MT-7529 (Canada)

Prophylaxis of H7N9 influenza

■GB-1057 (US)

Blood and blood forming organs

MP-124 (US)

Nervous system

MP-157 (EU)

Cardiovascular system

■MT-0814 (JP)

Ophthalmologicals

MT-7117 (EU)

Dermatologicals, etc.

MT-4129 (EU)

Cardiovascular system, etc.

MT-2990 (EU)

Inflammatory diseases / Autoimmune diseases , etc.

MT-2765 (China)

Cardiovascular system, etc.

ND0701 (EU)

Parkinson's disease

Phase 2

MT-1303 (EU)

Multiple sclerosis, Psoriasis

MT-1303 (EU, JP)
Crohn's disease

MP-513 (EU)

Type2 diabetes mellitus

MT-3995 (EU, JP)

Diabetic nephropathy

MT-8972 (Canada)

Prophylaxis of H5N1 influenza

MT-3995 (JP)

NASH

MT-6548 (JP)

Renal anemia

MT-8554 (EU)

Painful Diabetic Peripheral

Neuropathy

ND0612 (US, EU)

Parkinson's disease

ND0801 (Israel)

CNS Disease Cognition disorders

Phase 3

Canaglu (Global clinical study)*1

Diabetic nephropathy

MP-513 (China)

Type2 diabetes mellitus

MT-2355 (JP) *2

5 combined vaccine

(4 combined + Hib)

MT-2271 (US, EU, Canada. etc)

Prophylaxis of seasonal influenza

MT-5199 (JP)

Tardive dyskinesia

Filed

MP-513 (Indonesia)

Type2 diabetes mellitus

Novastan (China)

Acute cerebral infarction

TA-7284 (Indonesia)

Type2 diabetes mellitus

Major license-out products (post Phase 3)

■MT-4580 (JP)

Secondary hyperparathyroidism in chronic kidney disease patients on maintenance

TA-7284 (US, EU)

Reduce the risk of death in Type 2 diabetes with established, or risk for, cardiovascular disease (CANVAS/CANVAS-R)

Phase 3

■ TA-7284 (Global clinical study)*1

Diabetic nephropathy

MT-4580 (JP)

Hypercalcemia in Patients with Parathyroid Carcinoma or Primary Hyperparathyroidism

Disease area
: Autoimmune
: CNS disease

■: Autoimmune disease ■: Diabetes and kidney disease

:Vaccines :Other

*1: Sponsor: Janssen Research & Development, LLC

*2: Co-developed with The Research Foundation for Microbial Diseases of Osaka University (JP)

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.