

Mitsubishi Tanabe Pharma Corporation



Mitsubishi Tanabe Pharma

Q2 FY2017 Business Results

(April-September, 2017)

November 1, 2017

Eizo Tabaru
Board Director, Managing Executive officer

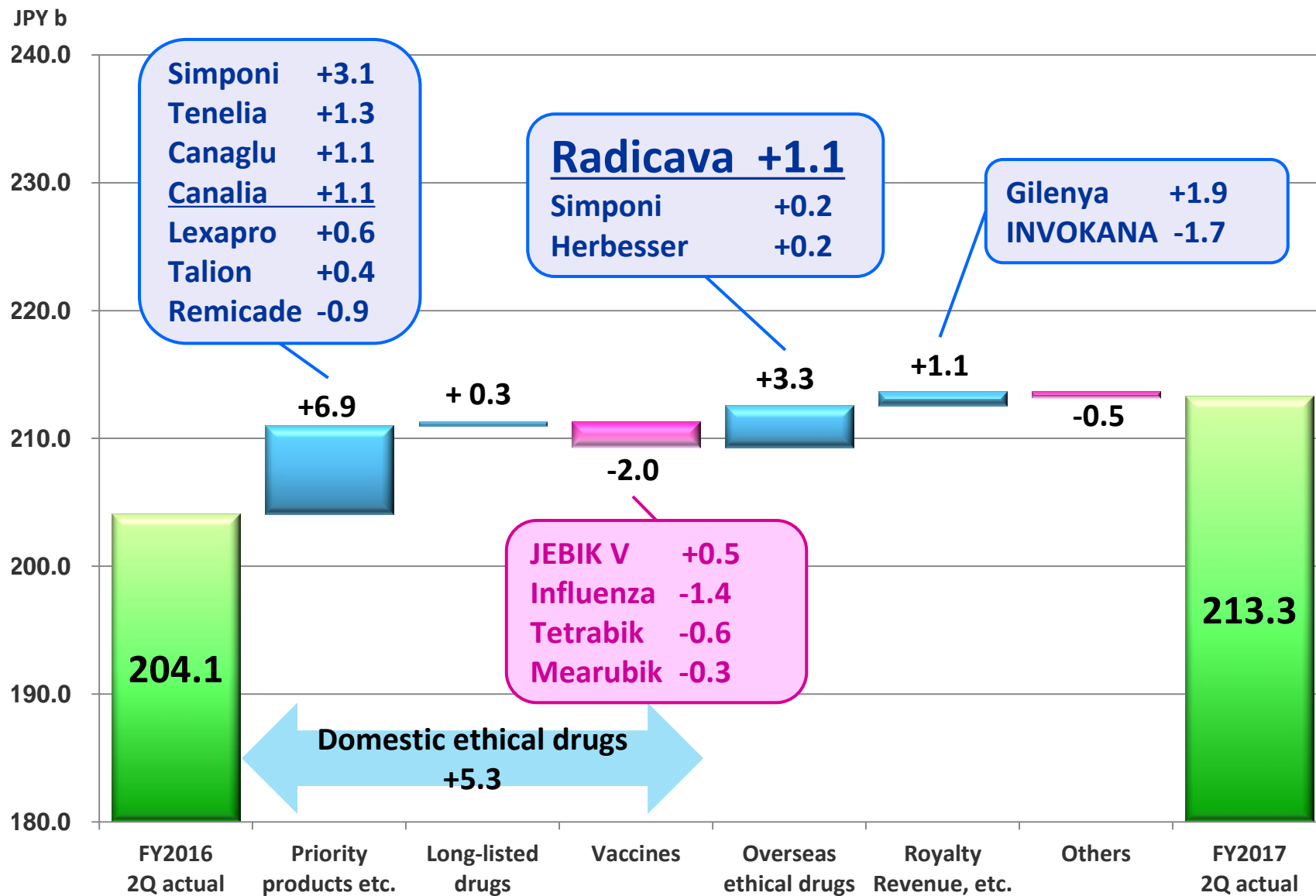
Q2 FY2017 Business Results

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

Revenues Trends



Cost of Sales, SG&A Expenses, Core Operating Profit



- 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/decrease	
	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	-	-	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



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

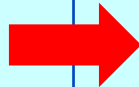


	FY2017 Revised forecasts	FY2017 Previous forecasts	Increase/decrease		FY2016 Actual	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Core operating profit	80.0	90.0	-10.0	-11.1	94.5	-14.5	-15.4
Non-recurring items*	1.0	-	1.0	-	-0.4	+1.4	-
Operating profit	81.0	90.0	-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

Development Pipeline, etc.

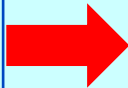




Progress of Development Pipeline

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

Development code (Generic name)	Category (Indications)	Region	P1	P2	P3	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 (cariprazine)	Dopamine D3/D2 receptor partial agonist (Schizophrenia)	Discontinued (Change of license agreement with Gedeon Richter)				

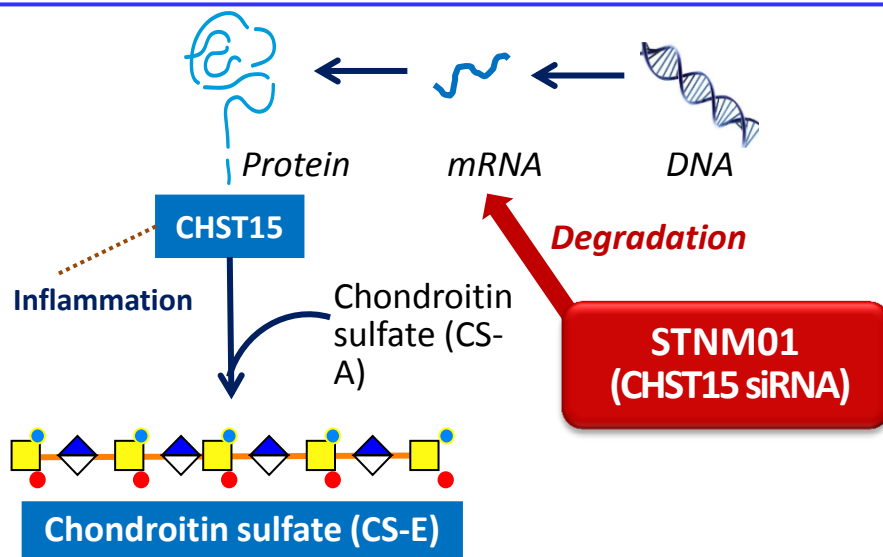
(Pipeline Products of NeuroDerm)

Development code (Generic name)	Category (Indications)	Region	P1	P2	P3	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				

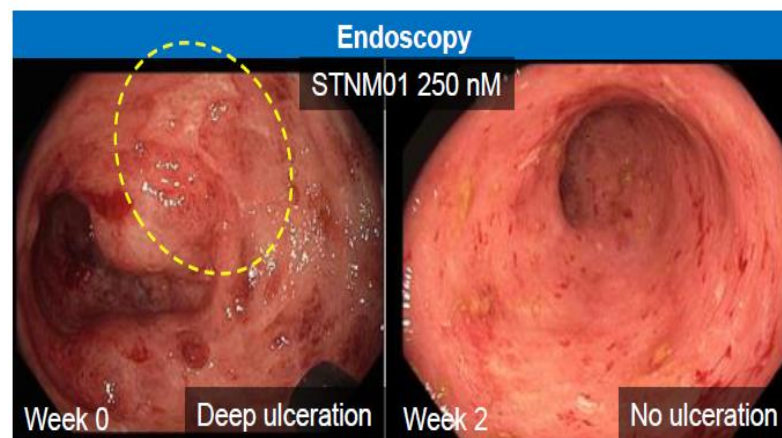
Acquisition of Oligonucleotide Pharmaceuticals “STNM01” for Inflammatory Bowel Disease

STNM01

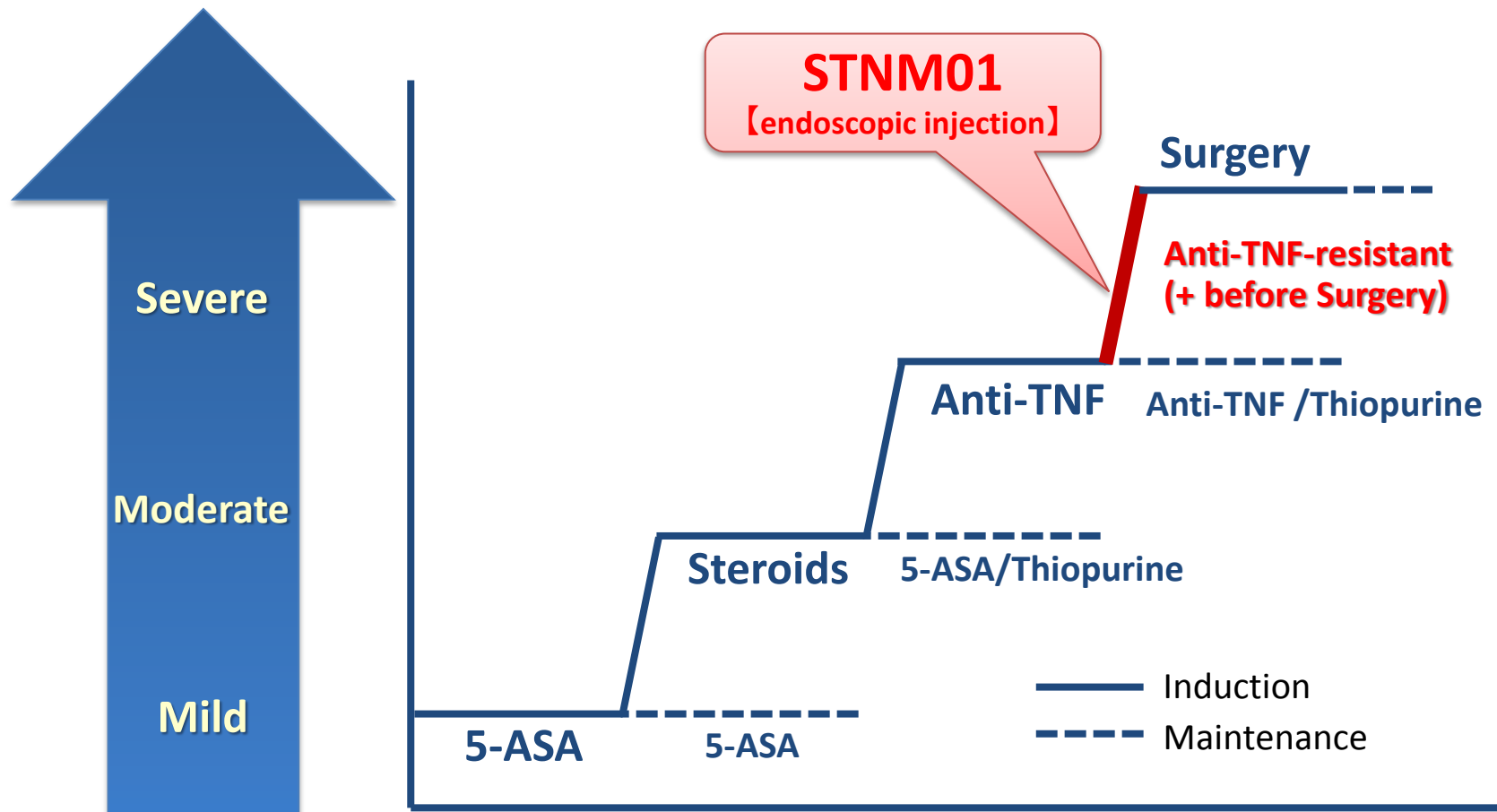
- A synthetic siRNA (small interfering RNA) designed to inhibit the expression of the glycogene, human CHST15 (carbohydrate sulfotransferase 15)
- Suppression of CHST15 is expected to inhibit lymphocyte infiltration and induce mucosal protection/healing. Clinical improvements in mucosal disorders were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



Inflammation, Fibrosis, Mucosal damage, etc.



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



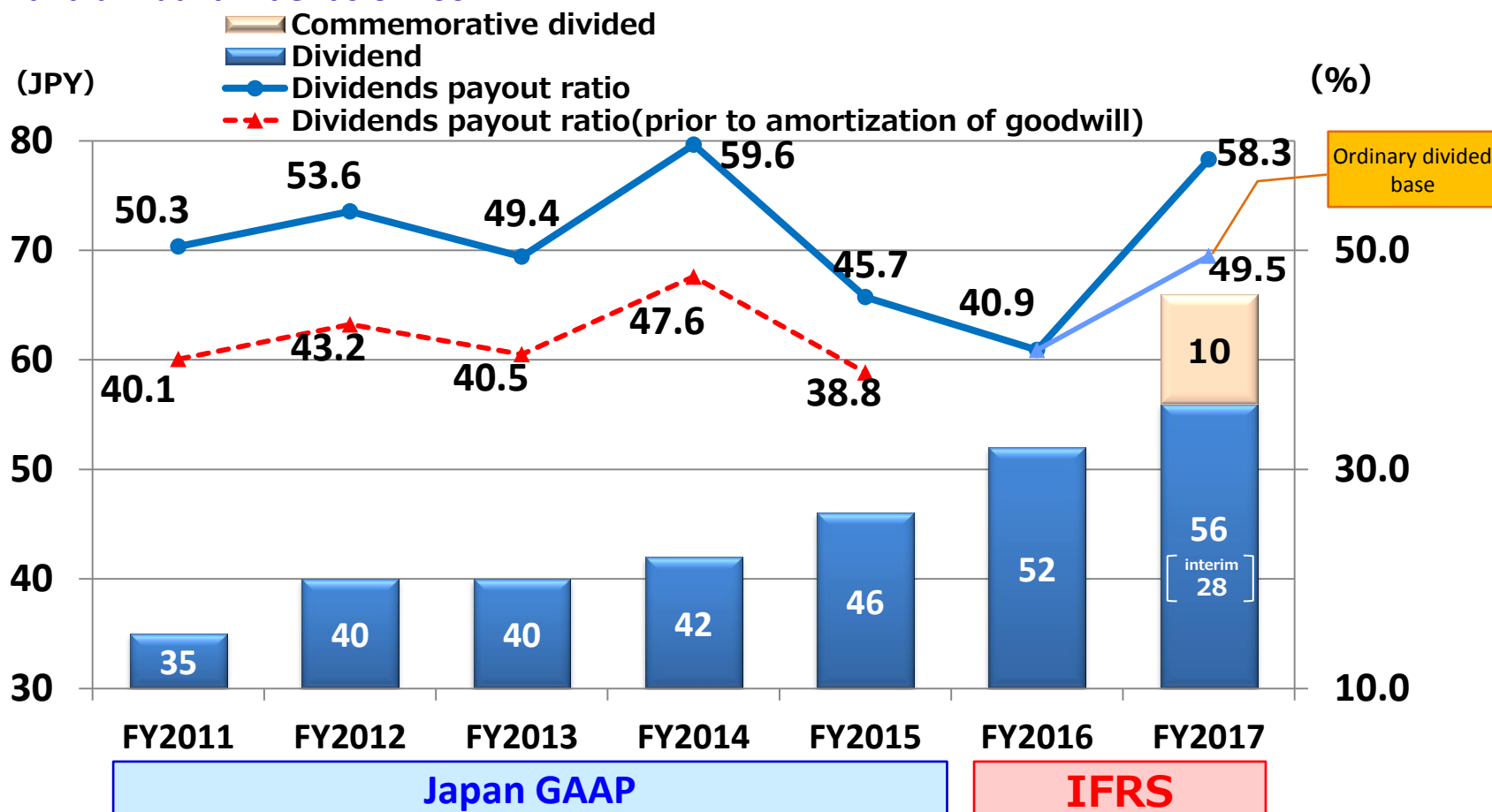
Shareholders Return





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.



Open Up the Future

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



Mitsubishi Tanabe Pharma

Appendix



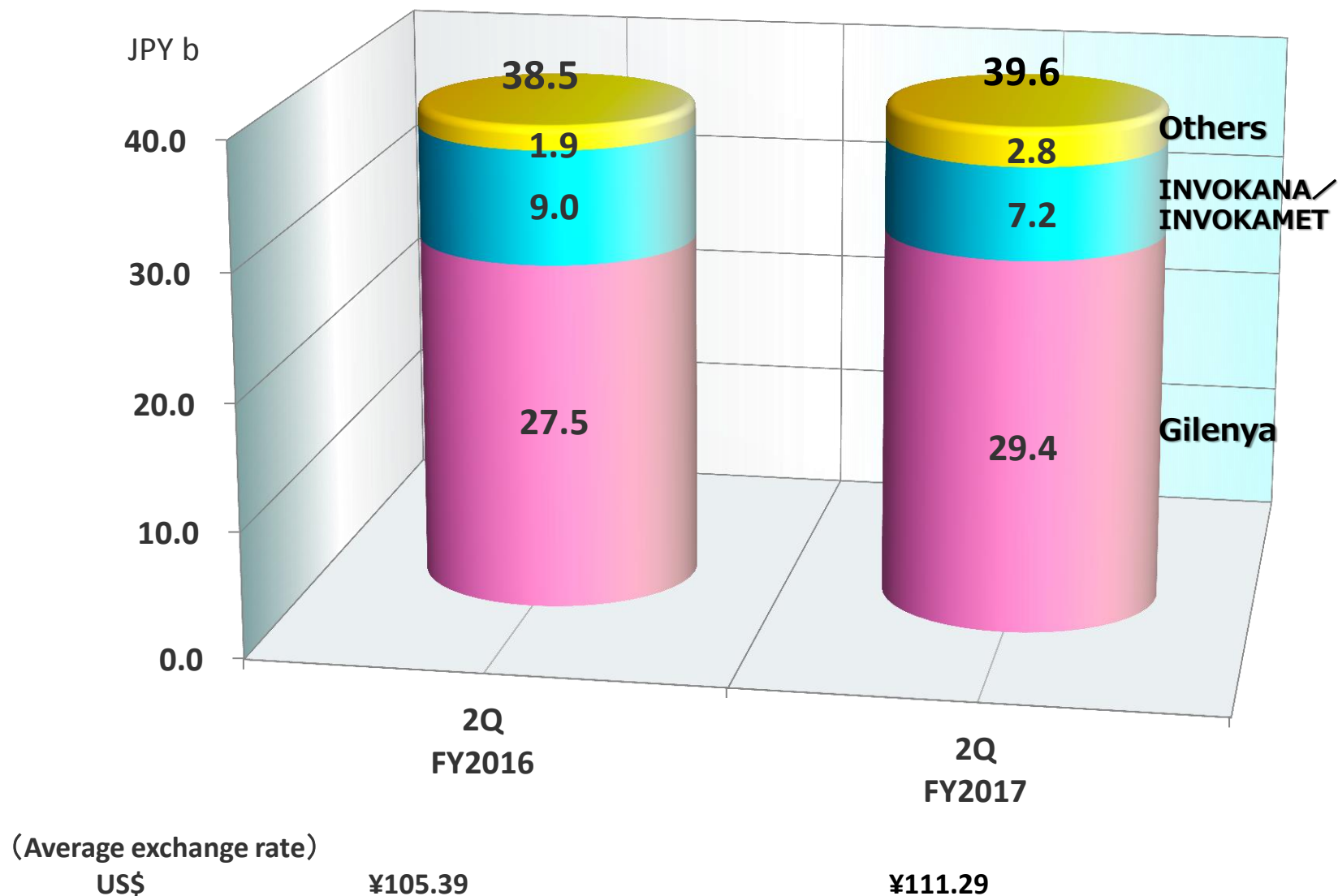
Details of Revenue (Q2 FY2017)

	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
JEPIK 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

Royalty income, etc.

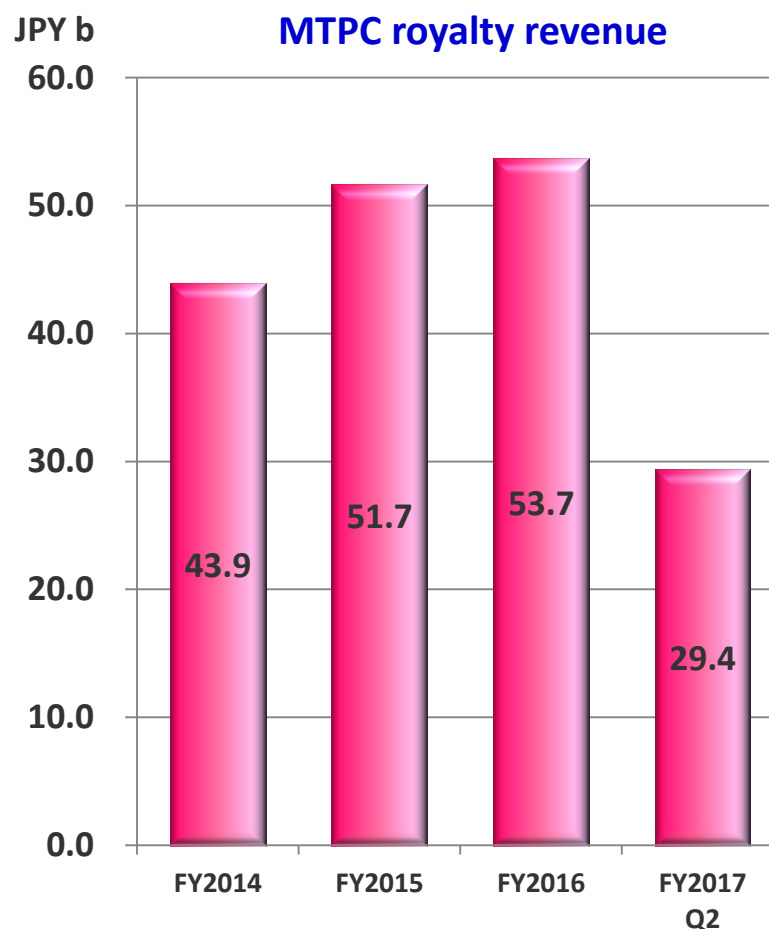
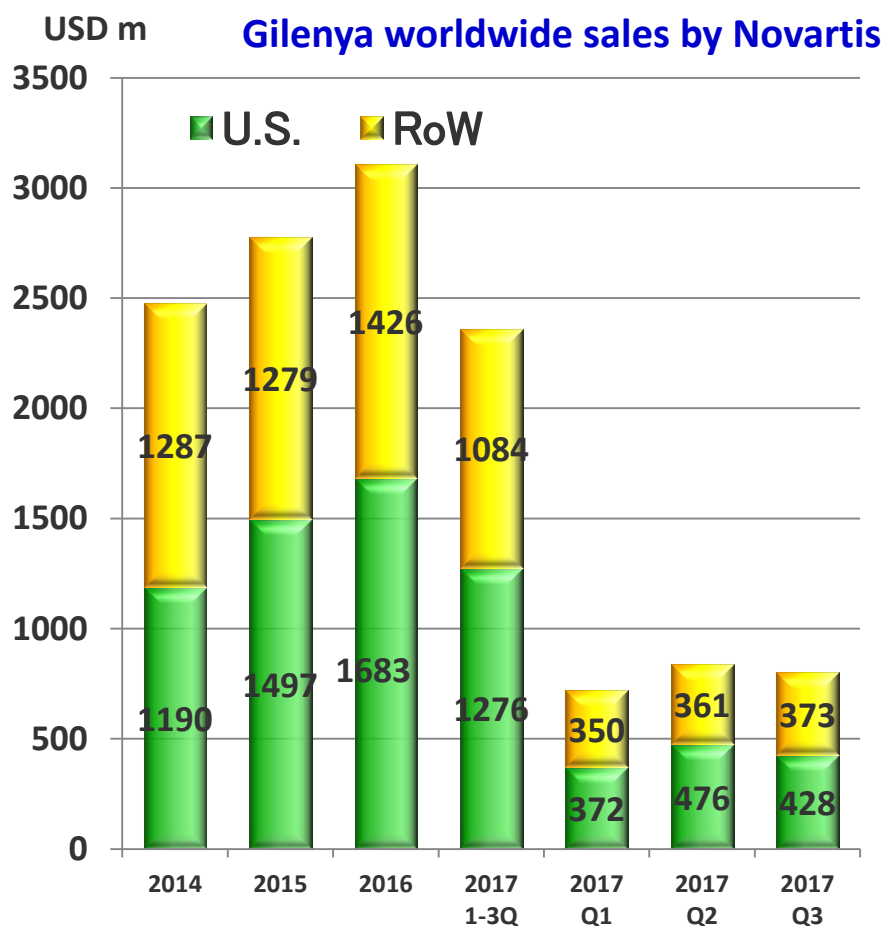


Revised Forecasts for FY2017 Revenue of main Products etc.

	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

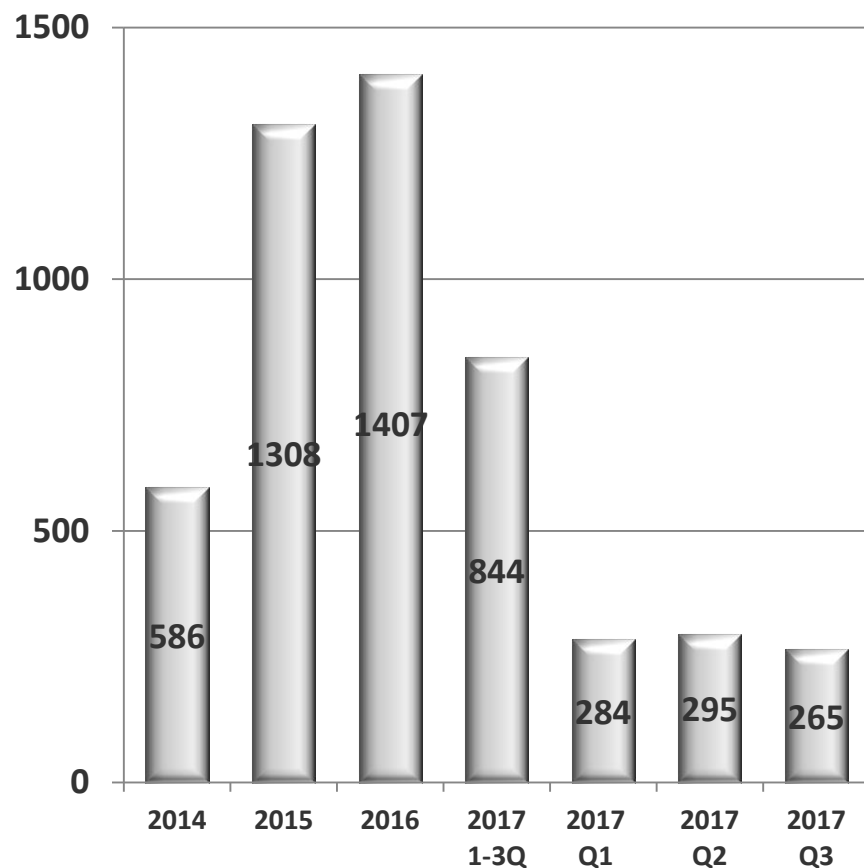
- ◆ Gilenya worldwide sales by Novartis in July to September, 2017 : \$801 m (\$790m, the same period of previous year)
- ◆ MTPC royalty revenue in Q2 FY2017 (April to September, 2017) : ¥29.4 b



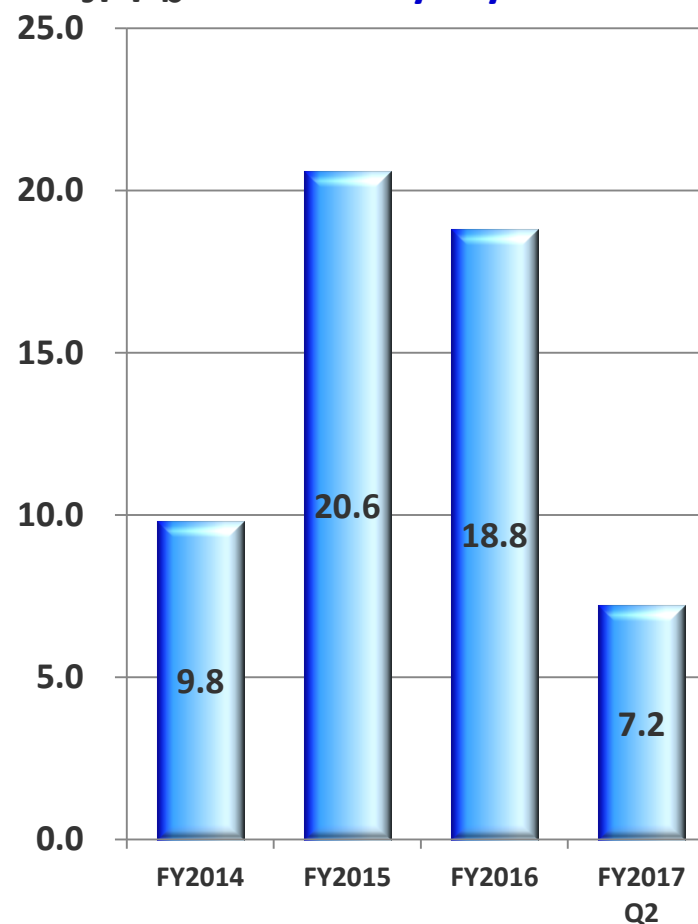
INVOKANA/INVOKAMET

- ◆ 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

USD m

**INVOKANA/INVOKAMET
worldwide sales by J & J**

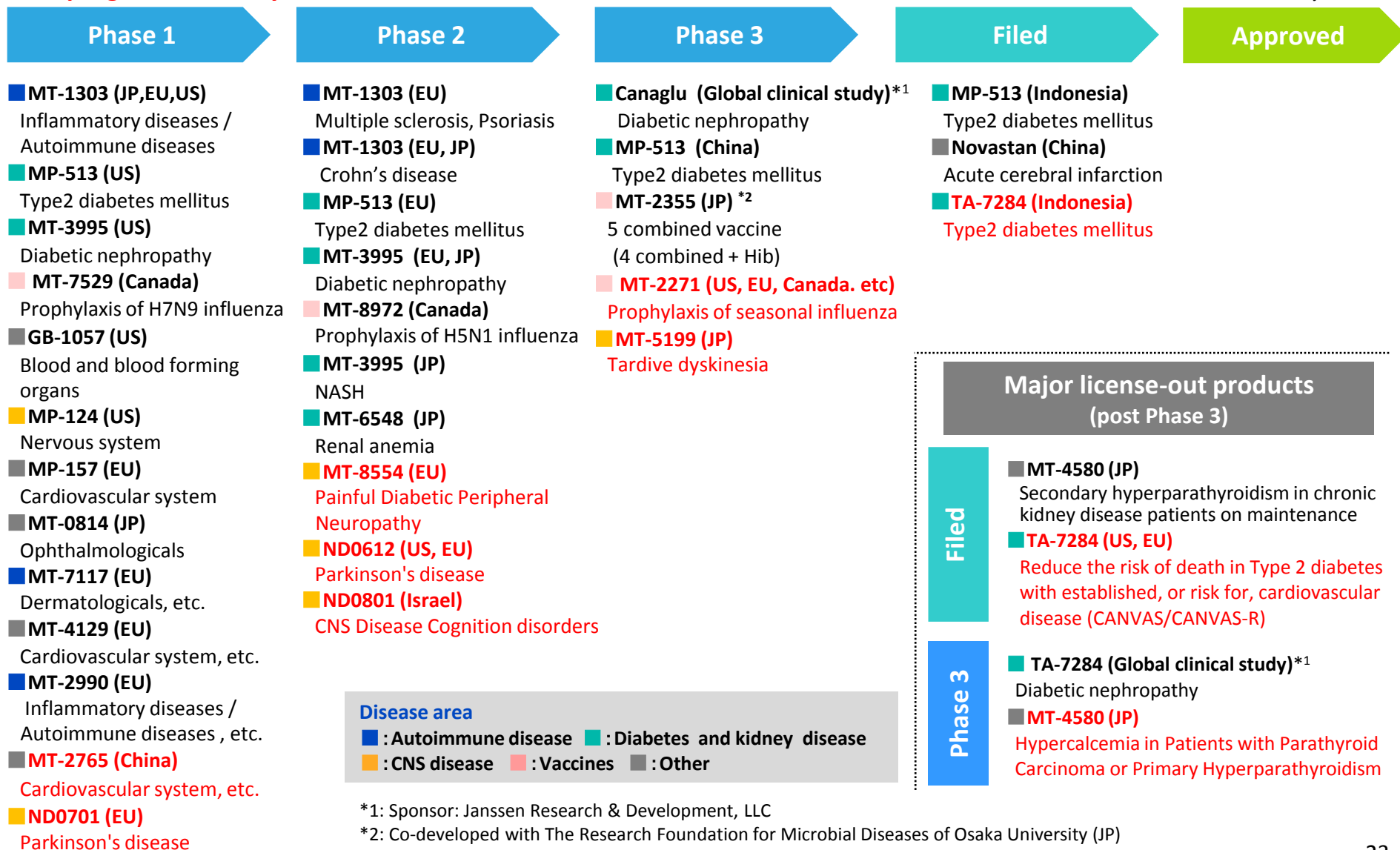
JPY b

MTPC royalty revenue

Pipeline Status

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

As of Nov. 1, 2017



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.