



FY2017 Business Results

(April, 2017 - March, 2018)

May 10, 2018

Masayuki Mitsuka

President and Representative Director

FY2017 Business Results

FY2017 Financial Results

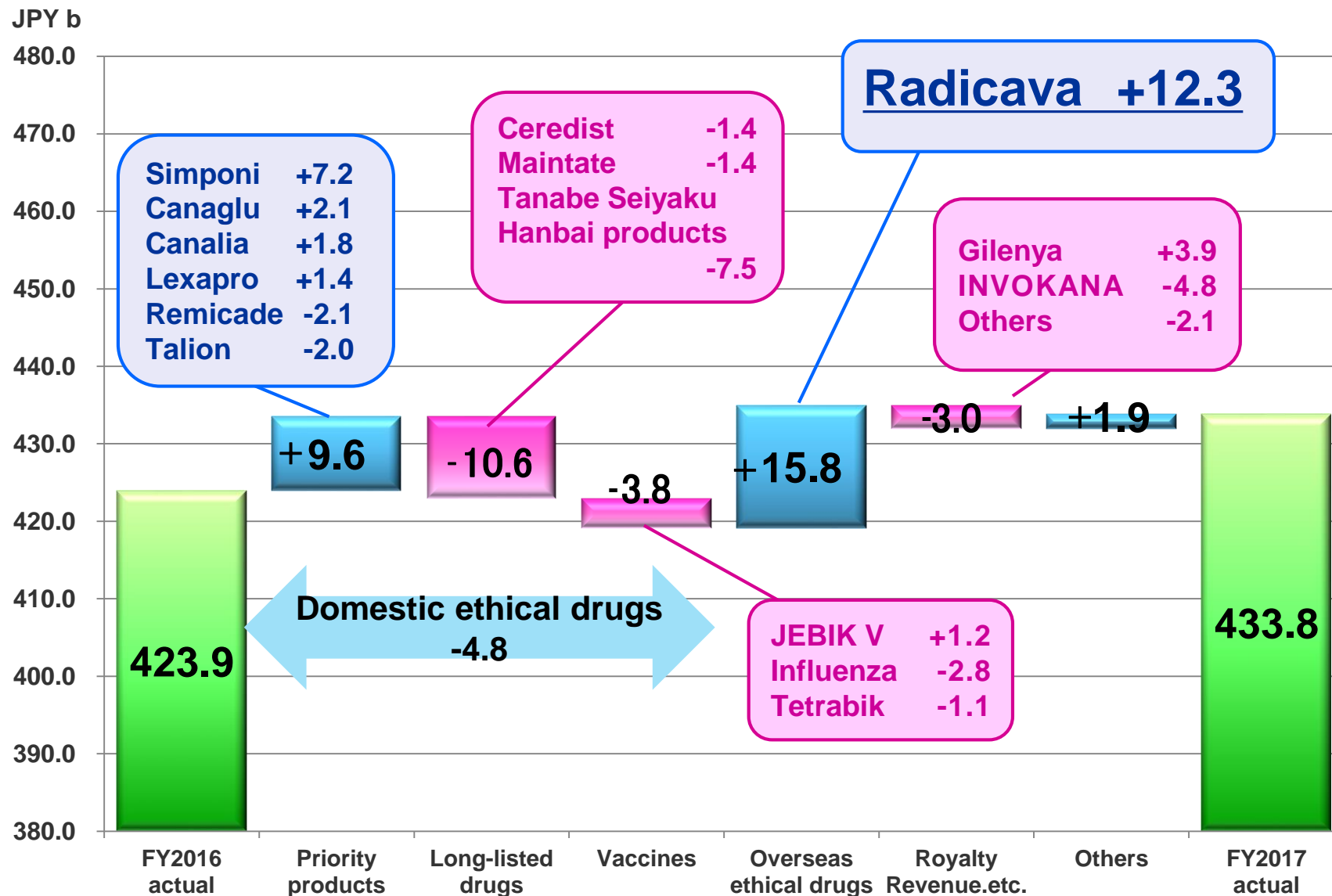


- Revenue increased due to increasing sales of high-priority products in domestic ethical drugs and the launch of Radicava in the U.S., etc.
- Core operating profit decreased due to increasing in SG&A expenses of Radicava and R&D expenses.

	FY2017	FY2016	Increase/decrease		Full year forecasts*
	Billion yen	Billion yen	Billion yen	%	Billion yen
Revenues	433.8	423.9	+9.8	+2.3	433.0
(Domestic sales revenue)	320.8	320.3	+0.5	+0.2	324.6
(Overseas sales revenue)	112.9	103.6	+9.3	+9.0	108.3
Overseas sales ratio	26.0%	24.4%		+1.6	25.0%
Cost of sales	169.7	164.3	+5.3	+3.3	169.5
Sales cost ratio	39.1%	38.8%		+0.3	39.1%
Gross profit	264.1	259.5	+4.5	+1.7	263.5
Core operating profit	78.5	94.5	-15.9	-16.9	80.0
Operating profit	77.2	94.0	-16.7	-17.9	81.0
Net profit attributable to owners of the Company	57.9	71.2	-13.3	-18.7	63.5
Average exchange rate(USD)	¥110.70	¥108.72			¥110.00



Revenue Trends



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

- SG&A expenses increased due to the launch of Radicava in the U.S.
- R&D expenses increased by the stage up to the late stage of development and NeuroDerm acquisition

	FY2017	FY2016	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Revenue	433.8	423.9	+9.8	+2.3
Cost of sales	169.7	164.3	+5.3	+3.3
Sales cost ratio	39.1%	38.8%		+0.3
Gross profit	264.1	259.5	+4.5	+1.7
SG&A expense	104.0	98.3	+5.7	+5.9
R&D expense	79.0	64.7	+14.3	+22.1
Amortization of intangible assets associated with products	2.4	1.5	+0.9	+60.4
Other income and expense*	0.0	-0.4	+0.4	-
Core operating profit	78.5	94.5	-15.9	-16.9

* Negative signs indicate expense and loss



Non-recurring items, Net Profit

- In Non-recurring items, impairment and restructuring costs were more than the revenue of business capital gains and gain on sales of fixed assets

	FY2017	FY2016	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Core operating profit	78.5	94.5	-15.9	-16.9
Non-recurring items*	-1.2	-0.4	-0.8	-
Operating profit	77.2	94.0	-16.7	-17.9
Financial income	1.8	2.2	-0.3	-15.0
Financial expense	0.4	0.2	+0.1	+70.3
Net profit attributable to owners of the Company	57.9	71.2	-13.3	-18.7

* Negative signs indicate expense and loss

Medium-Term Management Plan 16-20 Achievements in FY2017 and Plans for FY2018

Four Strategic Priorities to Open Up the Future

Fiscal 2020 Objectives Revenue **¥500 billion** Core operating profit **¥100 billion**

1 Maximizing Pipeline Value

Late-stage drug candidate objective (including in-licensed candidates) **10** candidates

R&D investment (During the period of the medium-term management plan) **¥400 billion**

Principal results and progress

- **5 candidates progressing to late stage development trials**
 - ✓ MT-2271 (seasonal influenza VLP) Phase3
 - ✓ MT-6548 (renal anemia) Phase3
 - ✓ MT-5547 (osteoarthritis) Phase2/3
 - ✓ MT-5199 (tardive dyskinesia) Phase2/3
 - ✓ ND0612 (Parkinson's) Phase3(Preparations under way)
- **Enhancing our pipeline in the field of autoimmune diseases**
 - ✓ Acquisition of STNM01 (Stelic Institute & Co.)

2 Strengthening IKUYAKU and Marketing

Domestic revenue objective (fiscal 2020) **¥300 billion**

New drug and priority product revenue ratio **75%**

Priority disease areas
Autoimmune | Diabetes and kidney | Central nervous system | Vaccines

Principal results and progress

- **Domestic ethical sales(FY2017) : ¥309.3b**
- **New drugs and priority products sales ratio(FY2017) : 63%**
- **Priority diseases areas:**
 - ✓ Growth of Simponi, Tenelia, Canaglu
 - ✓ Approval / launch of Canalia
 - ✓ Launched Rupafin
- **Others:**
 - ✓ Started operations of vaccine manufacturing joint venture, BIKEN co., Ltd.



Four Strategic Priorities to Open Up the Future

3 Accelerating U.S. Business Development

U.S. revenue objective
(Fiscal Year 2020) **¥80 billion**

U.S. strategic investment
(During the period of the medium-term management plan) **More than ¥200 billion**

Principal results and progress

- **Launch of Radicava**
 - ✓ Solid start
 - ✓ Sales revenue ¥12.3b(FY2017)
 - ✓ Cumulative number of patients who have used Radicava: 2,300 (as of the end of March, 2018)
- **Acquisition of NeuroDerm**
 - ✓ Enhancing the pipeline in neurology in the U.S.
 - ✓ Acquisition procedures completed in October, became wholly owned subsidiary (total cost approximately ¥120.0 billion)

4 Reforming Operational Productivity

Cost of sales / SG&A expense reduction objective (Fiscal Year 2020) **Vs. fiscal 2015 ¥20 billion**

Number of employees (Fiscal Year 2020) **Consolidated domestic workforce 5,000 employees**

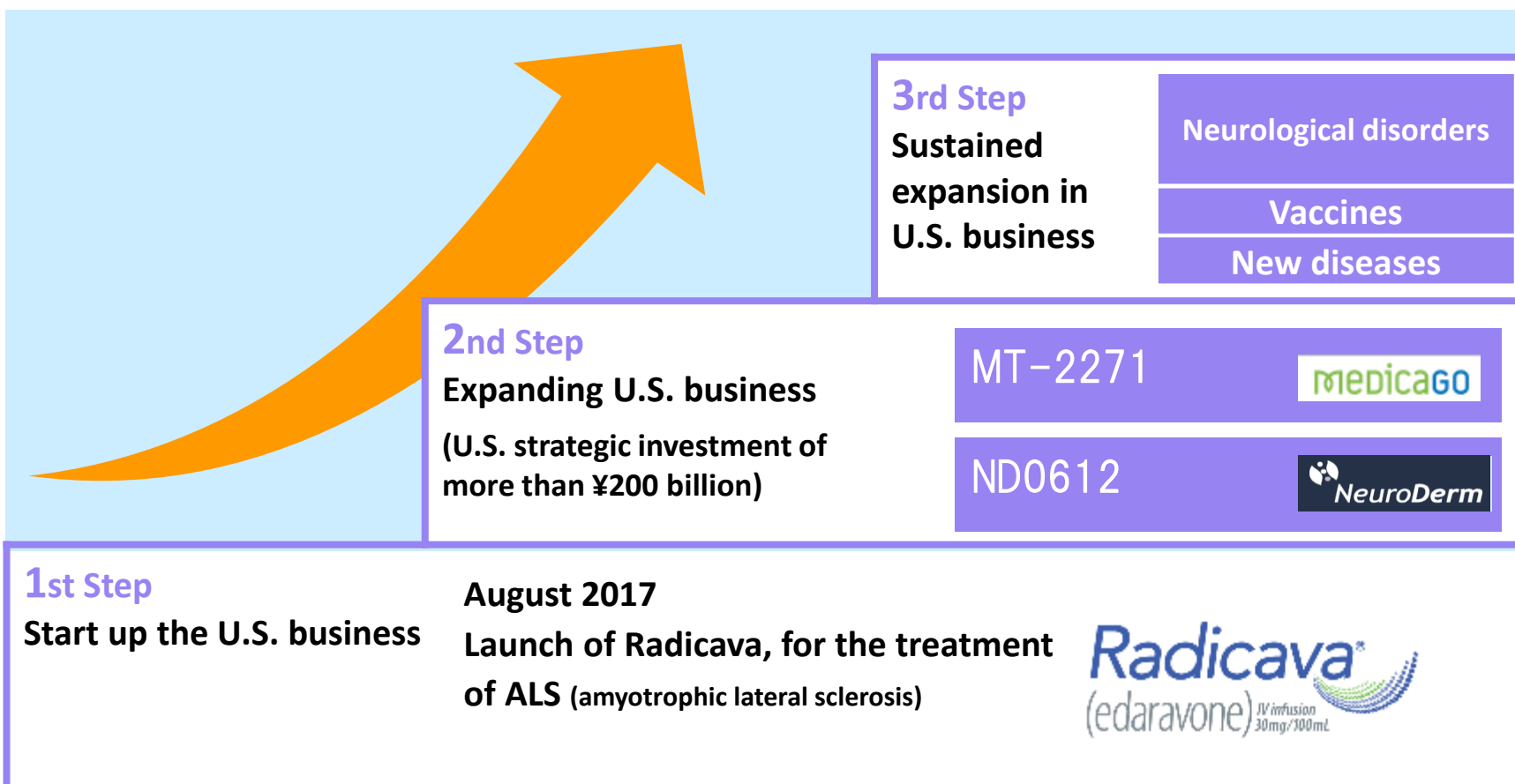
Principal results and progress

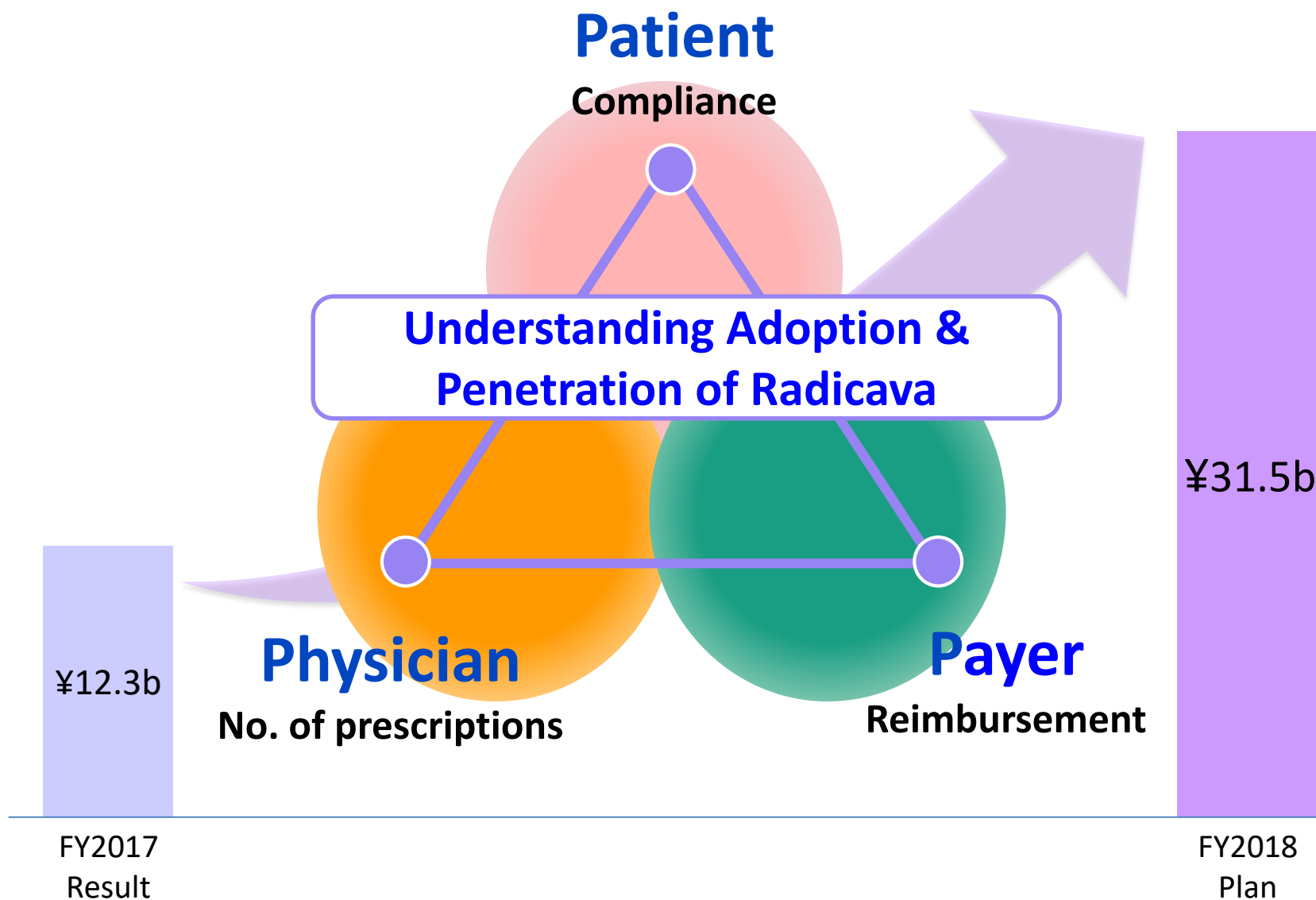
- **Estimate of ¥14.0 billion**
 - ✓ ¥4.5 billion in cost of sales and ¥9.5 billion in SG&A expenses (vs. Fiscal Year 2015)
- **Number of employees**
 - ✓ Consolidated domestic workforce:
 - 6,089 (as the end of March, 2016)
 - 5,158 (as the end of March, 2018)
 - (- 931)



3 Roadmap for Accelerating U.S. Business Development

Make U.S. Business MTPC's second business pillar (following the domestic market) by achieving revenue of ¥80 billion in Fiscal Year 2020 with sustained growth









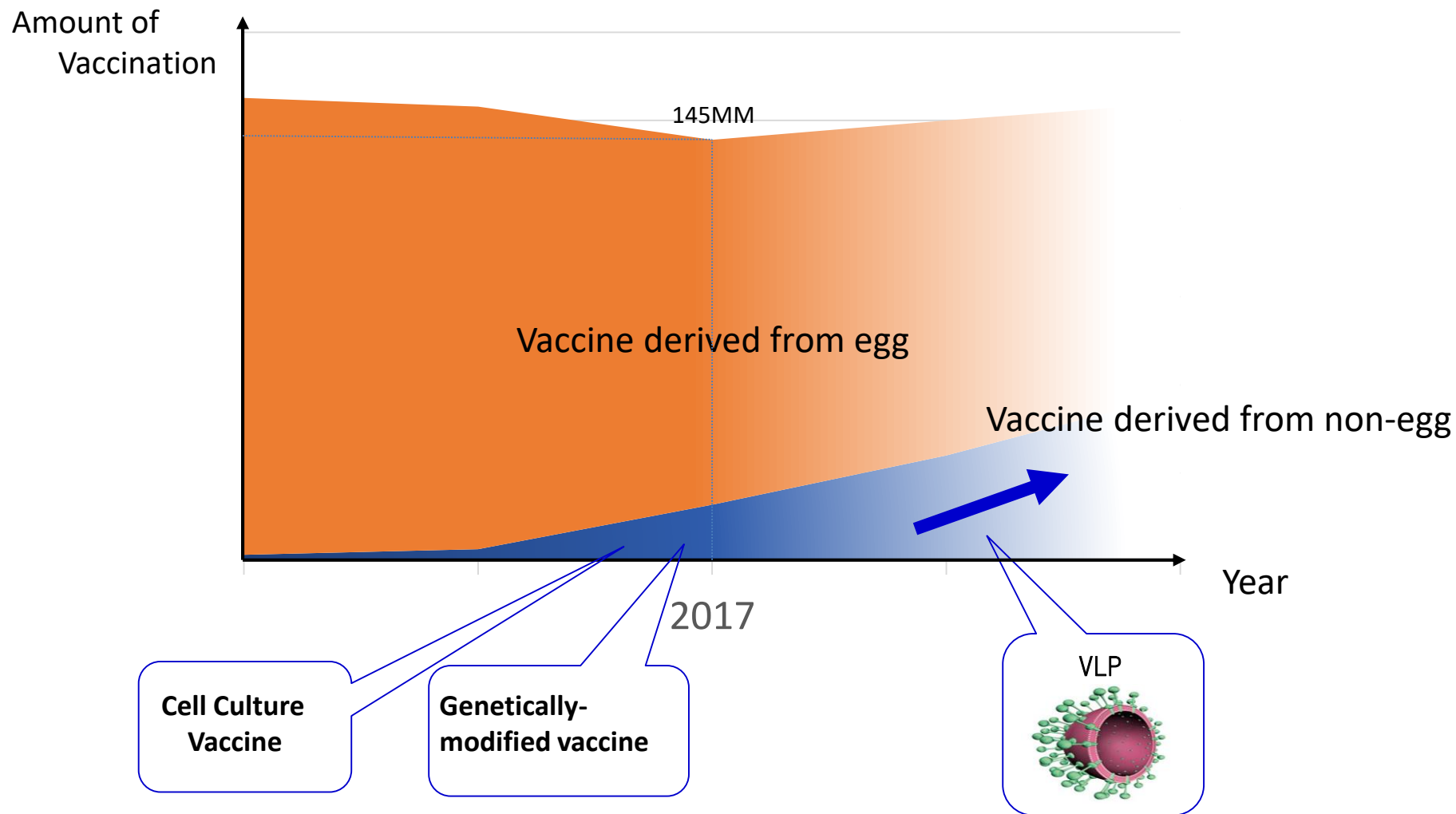


3P	Achievements in FY2017	Plans for FY2018
Physician	<ul style="list-style-type: none"> Implemented MR activities ⇒ Provided information to physicians ALS specialists(1st target 270): 100% Neurologists 2nd target (1,300):More than 90% 3rd target (1,400):More than 60% 	<ul style="list-style-type: none"> Understanding adoption and penetration of physicians and providing medical information ⇒ Expand the reach to target Physicians 1st target 370 2nd target 1,000 3rd target 1,000
Patient	<ul style="list-style-type: none"> Supported the therapeutic environment to help patients ⇒Treated number of patients (total) is 2,300 ⇒ Treatment facility 40% Infusion center 10% Home Care 50% 	<ul style="list-style-type: none"> Shortening the lead-time to the start of patient treatment Enhancing Support and Nursing care
Payer	<ul style="list-style-type: none"> Supported creation of an environment to enable a smooth start of treatment Promoted understanding of Radicava product value by showing clinical data ⇒Medicare approximately 47%; Private insurance approximately 48%; Others 5% 	<ul style="list-style-type: none"> Promote understanding and knowledge of Radicava product value by post-analysis of the clinical data
Sales	¥12.3b	¥31.5b

Maximize the Value of Radicava		FY2017	Plans for FY2018
Business regions (indication: ALS)	Switzerland	Application accepted	Approval expected
	Canada	—	Application accepted in April Approval expected
	Europe	In discussion with regulatory authorities for filing	Preparation for filing
	ASEAN, others	Under consideration	Under consideration
LCM (Life Cycle Management)	Application for 60 mg intravenous infusion bag formulation (Increased convenience with change from 2 bags per administration to 1 bag per administration)	—	Approval expected Plan to launch in FY2019
	Developing MT-1186 (New administration route)	—	Plan to initiate Phase1

MT-2271: Plant-based Seasonal Influenza VLP Vaccine

	FY2017	FY2018	FY2019
Adult	<p>AUG. (U.S., Europe, Canada, etc.)</p> <p>Phase3 </p>	<p>Apr. : The completion of the Clinical Trial</p> <p> 2Q: Topline data</p> <p>Filing to FDA </p>	<p>Target Approval</p>
Pediatric		<p>2Q </p> <p>Phase3</p>	



U.S. Market size of Seasonal influenza vaccine : approximately ¥240b

1 Maximizing Pipeline Value

Autoimmune Diseases Area

Product	Achievements in FY2017	Plans for FY2018
MT-1303 (amiselimod/S1P receptor functional antagonist)	Reevaluated the development plan for in-house development	Promoting activity for the co-operation with other companies
MT-5547 (fasinumab/ anti-NGF antibody)	Phase 2/3 initiated (Japan, Osteoarthritis)	Promotion of Phase 2/3
MT-7117 (Dermatologicals, etc.)	Phase 1 completed	Phase 2 initiated (Oversea, POC achieved)
MT-2990	Phase 1 initiated	Phase 2 initiated (Oversea, POC achieved)

1 Maximizing Pipeline Value

Diabetes and kidney diseases Area

Product	Achievements in FY2017	Plans for FY2018
MT-6548 (vadadustat/ HIF-PH inhibitor)	Phase 3 initiated (Japan, Renal anemia)	Promotion of Phase3 Target approval in FY2020
TA-7284 (SGLT2 inhibitor)	Promotion of CREDENCE study (Japan, U.S., Europe, etc., Diabetic nephropathy)	Target end of Clinical trial at June, 2019 Under consideration for approval the acquisition of diabetic nephropathy
MT-3995 (Selective mineralocorticoid receptor antagonist)	Promotion of Phase2 (Japan, focused on Non-alcoholic steatohepatitis)	Promoting activity for the co-operation with other companies

1 Maximizing Pipeline Value

CNS Diseases Area

Product	Achievements in FY2017	Plans for FY2018
MT-5199 (valbenazine/ VMAT2 inhibitor)	Phase 2/3 initiated (Japan, Tardive dyskinesia)	Promotion of Phase 2/3 Target approval in FY2021
MT-8554 (Nervous system, etc.)	Phase 2 initiated (EU: Painful diabetic peripheral neuropathy) (US: Vasomotor symptoms associated with menopause)	Target POC achieved in Q3, FY2018
ND0612 (Levodopa (LD) / Carbidopa (CD))	NeuroDerm Acquisition procedures completed in October, became wholly owned subsidiary (Oct.2017) Promoted the long-term safety study	Phase 3 initiated (U.S., Europe)
MT-1186 (Amyotrophic lateral sclerosis/New administration route)	Considering new administration route	Phase 1 initiated

1 Maximizing Pipeline Value

Vaccines

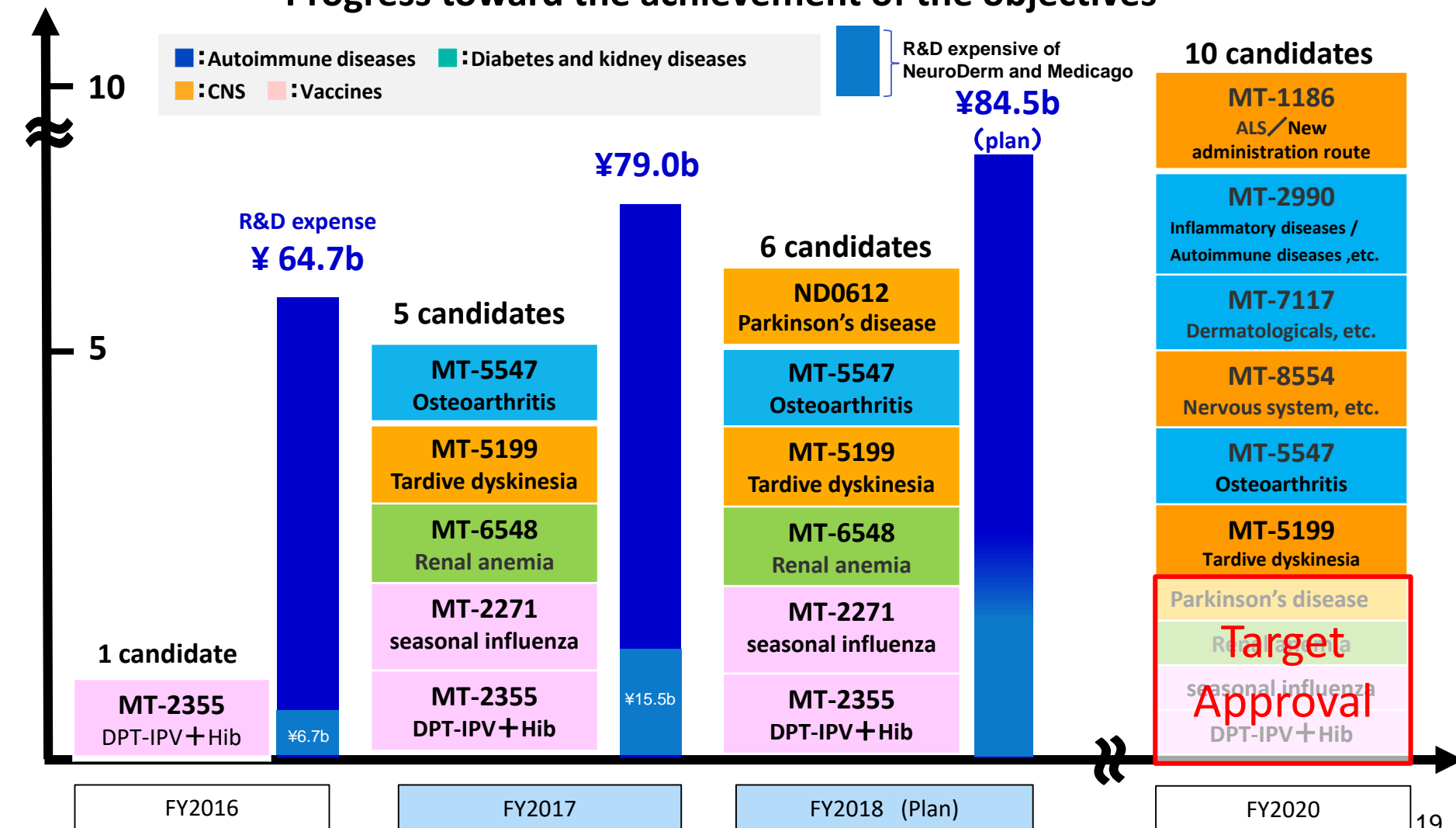
Product	Achievements in FY2017	Plans for FY2018
MT-2355 (DPT-IPV + Hib)	Promoted Phase 3 (Japan)	Promotion of Phase 3
MT-2271 (Seasonal influenza VLP)	Phase 3(adult) initiated (US, EU, Canada, etc.)	Filing in North America in FY2018 Target approval in FY2019



1 Maximizing Pipeline Value

Progress toward the achievement of the objectives

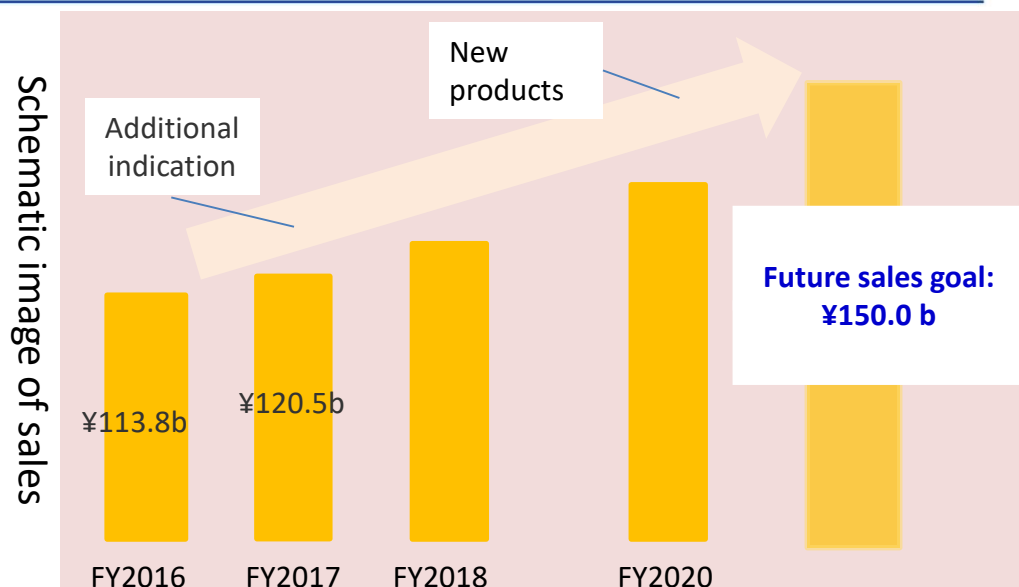
candidates



2 Strengthening IKUYAKU and Marketing

Autoimmune Diseases Area

- Maximize value of i.v. / s.c.
- New products sales, ¥150.0 billion.

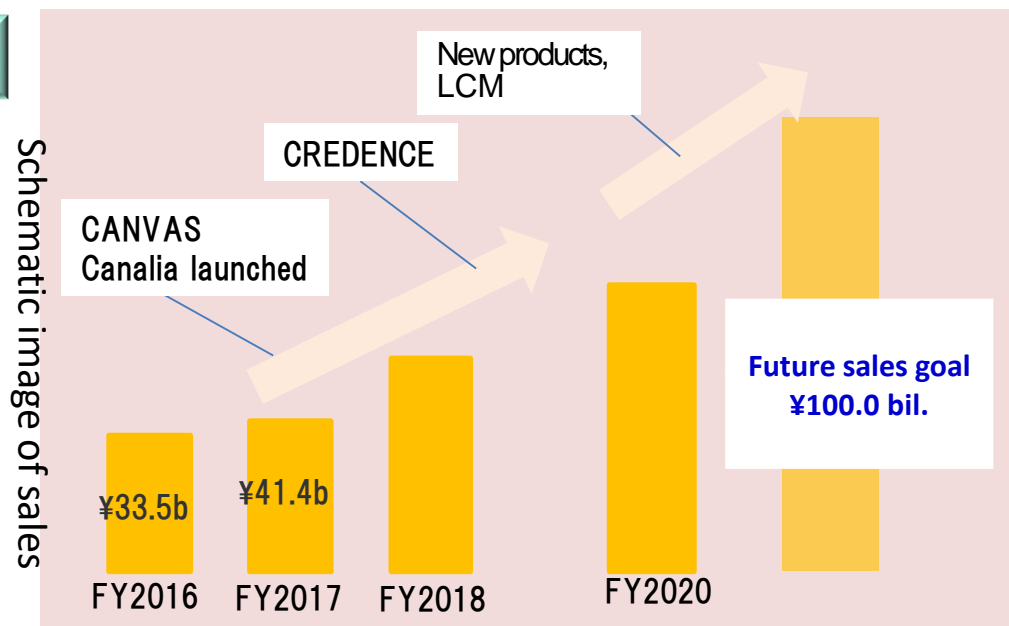


Product	Achievements in FY2017	Plans for FY2018
Remicade	Approval shortened administration interval for CD	Maximize share in CD with Stelara
	Remicade & Simponi: No.1 share in Bio market (37% share in FY2017)	Expand the share by maximizing the value of i.v. (Remicade) and s.c. (Simponi)
Simponi	Insurance coverage of self-injection for rheumatoid arthritis	Expand share through collaboration with Janssen Pharma
	Achieved 10% market share in the first year in ulcerative colitis	
Stelara	Started co-promotion for an indication of CD with Janssen Pharma	

2 Strengthening IKUYAKU and Marketing

Diabetes and kidney diseases area

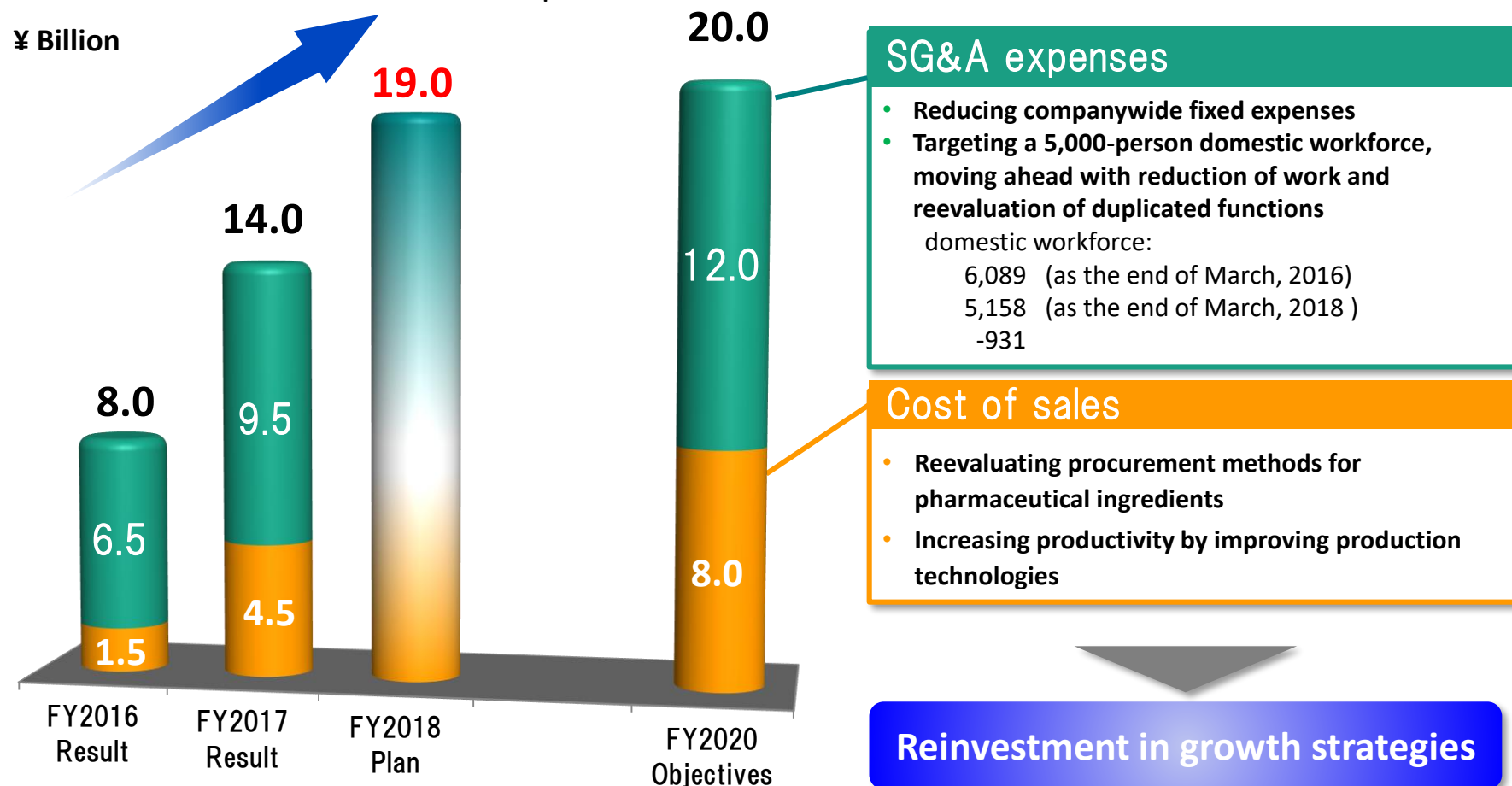
- Strengthen a product line-up in the diabetes and kidney diseases area
- Sales goal of ¥100.0 billion, No. 1 presence in the diseases area



Product	Achievements in FY2017	Plans for FY2018
Tenelia	Expanded share by penetration among the patient with weak kidney and the elderly	Expand share based on good collaboration with Daiichi Sankyo
Canaglu	Expanded prescription for the heart problem and renal complication of disease case by showing the results of CANVAS trials	Expand share by showing the evidence about the safety and efficacy for the cardiovascular system and kidneys
Canalia	Launched Sep. 2017	No.1 position in combination drug including both DPP-4 and SGLT2 inhibitor

4 Reforming Operational Productivity

- **FY2017 Result** : Reduced ¥14.0b companywide fixed expenses because of cost reduction, restructuring, and natural decrease of personnel, etc. (Target ¥10.0b)
- **FY2018 Plan** : Targeting to reduce ¥19.0b further promoted cost and SG&A expenses reductions, in addition to the period difference



Forecasts of FY2018

Forecasts of FY2018

- Extending Radicava sales in the U.S will cover the decrease in revenue in domestic ethical drugs and royalty income.
- Sales cost ratio will increase by the impact of NHI drug price revision and the change of the product mix.

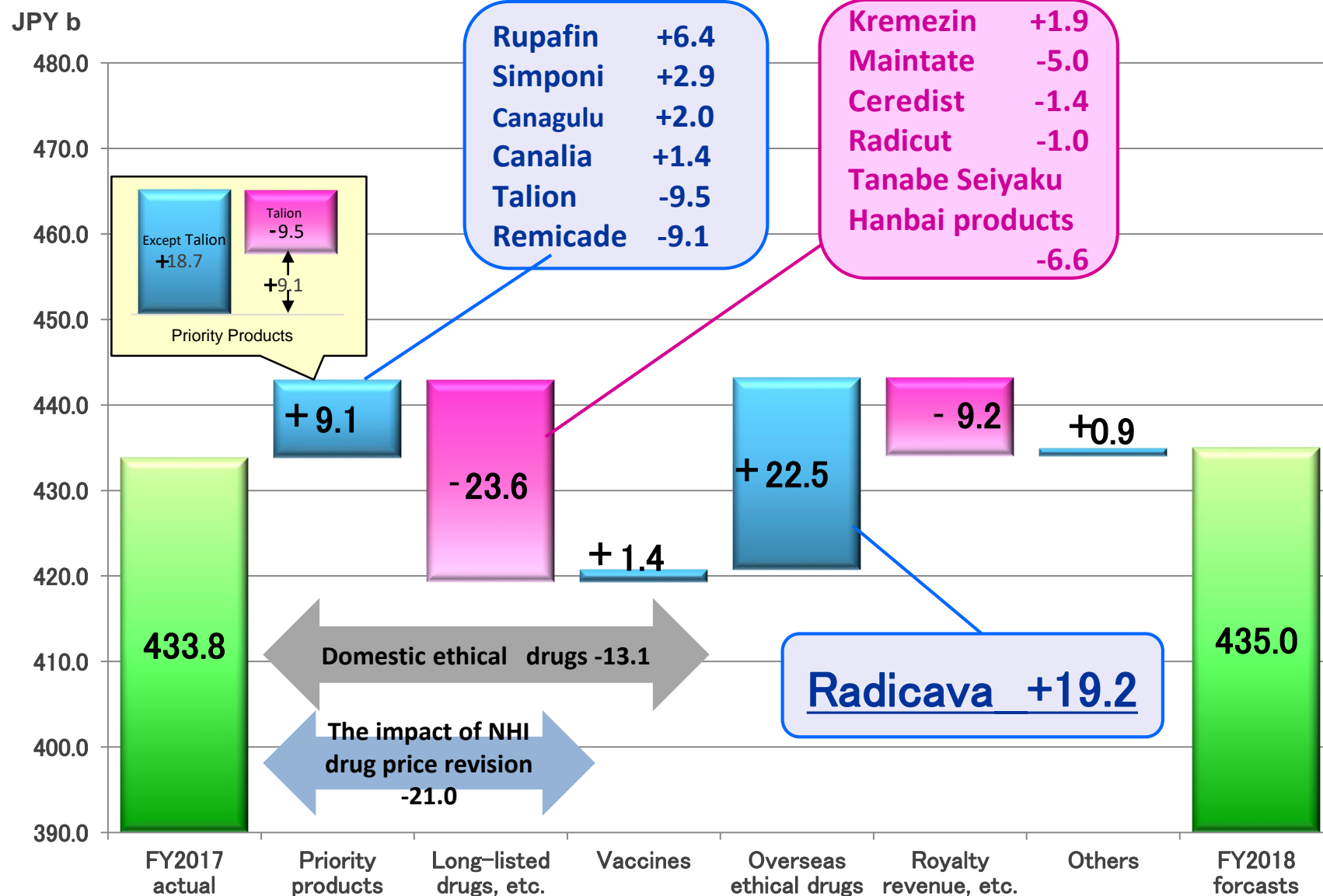
	FY2018 Forecasts	FY2017 Actual	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Revenue	435.0	433.8	+1.1	+0.3
(Domestic sales revenue)	304.7	320.8	-16.1	-5.0
(Overseas sales revenue)	130.2	112.9	+17.2	+15.3
Overseas sales ratio	29.9%	26.0%		
Cost of sales	176.0	169.7	+6.2	+3.7
Sales cost ratio	40.5%	39.1%		
Gross operation profit	259.0	264.1	-5.1	-1.9
Core operating profit	70.0	78.5	-8.5	-10.9
Net profit attributable to owners of the Company	47.0	57.9	-10.9	-18.9

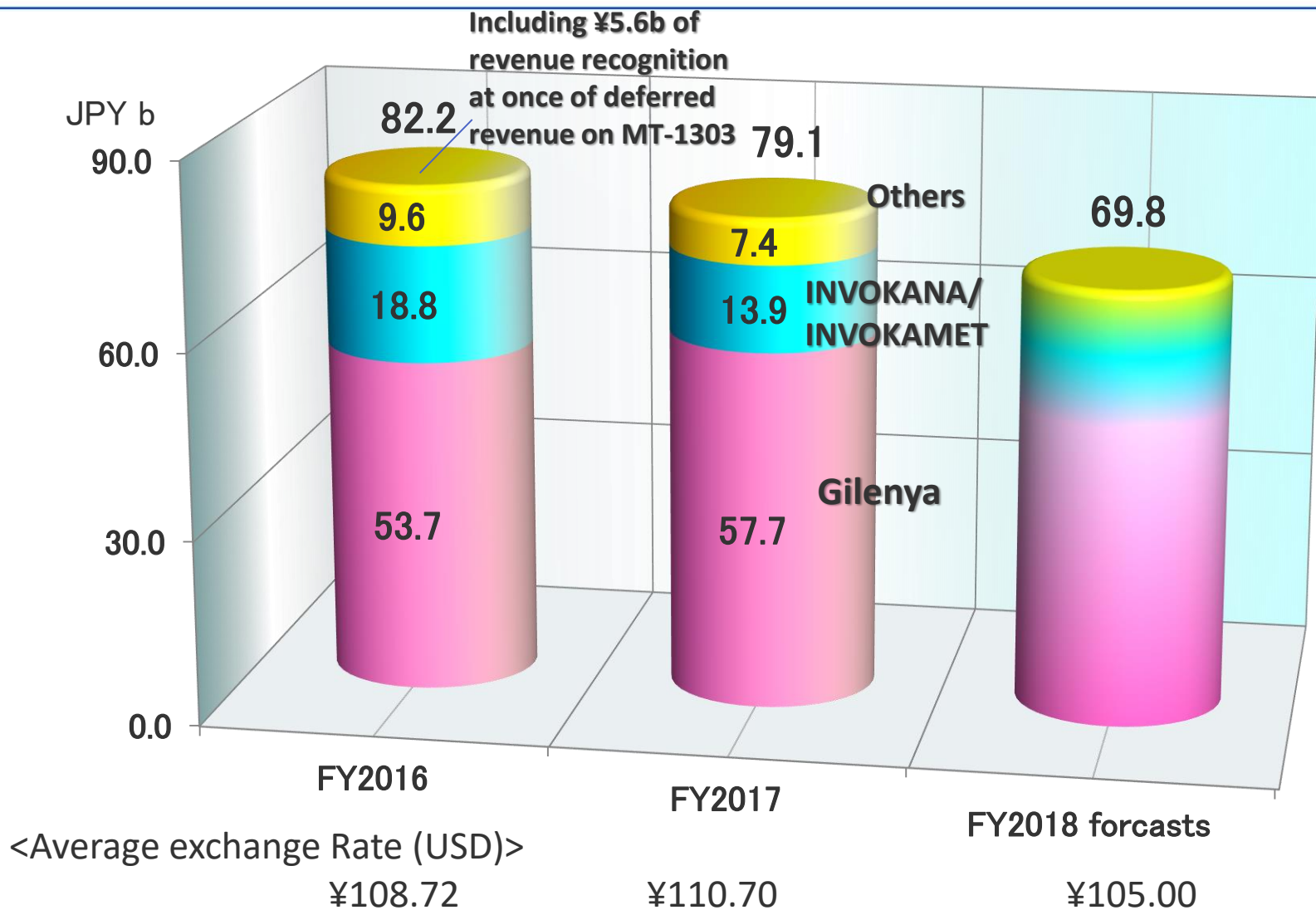
Average exchange rate
(USD)

¥105.00

¥110.70

Revenue Trends





Impact of exchange rate fluctuations (yoy) : -¥3.1b

Forecasts of FY2018

- Core operating profit will decrease due to an increase R&D expenses in the late-stage drug development

	FY2018 forecasts	FY2017 actual	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Revenue	435.0	433.8	+1.1	+0.3
Cost of sales	176.0	169.7	+6.2	+3.7
Sales cost ratio	40.5%	39.1%		
Gross operating profit	259.0	264.1	-5.1	-1.9
SG&A expenses	101.0	104.0	-3.0	-2.9
R&D expenses	84.5	79.0	+5.4	+6.8
Amortization of intangible assets associated with products	3.0	2.4	+0.5	+22.4
Other income and expense*	-0.5	0.0	-0.5	-
Core operating profit	70.0	78.5	-8.5	-10.9

* Negative signs indicate expense and loss

- Restructuring cost in liquidating assets incurred in non recurring costs

	FY2018 forecasts	FY2017 actual	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Core operating profit	70.0	78.5	-8.5	-10.9
Non-recurring items*	-3.0	-1.2	-1.7	-
Operating profit	67.0	77.2	-10.2	-13.3
Net profit attributable to owners of the Company	47.0	57.9	-10.9	-18.9

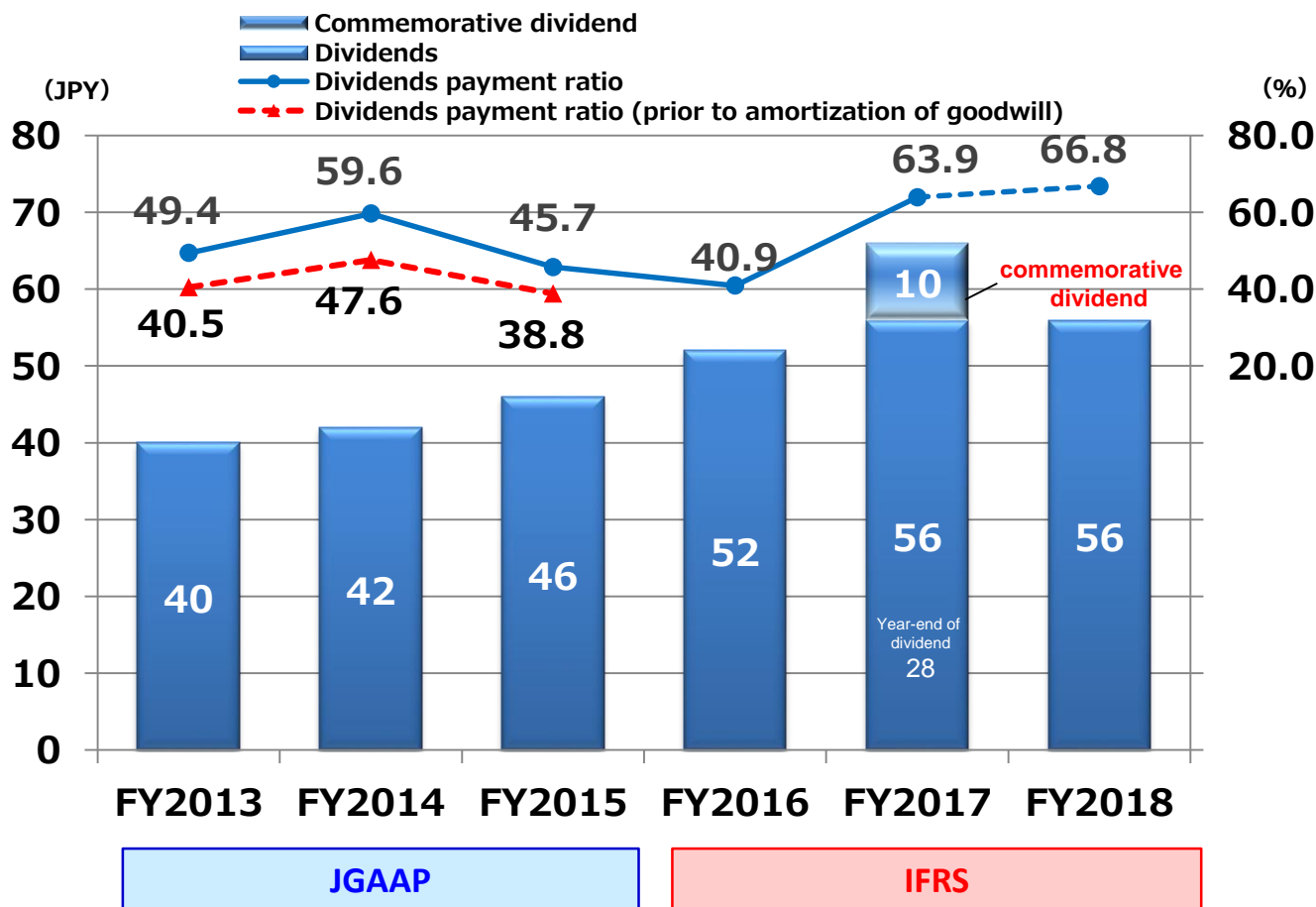
* Negative signs indicate expense and loss

Shareholders Return



Dividends Trends

- MTPC's basic policy calls for providing a stable and continuous return to shareholders while striving to maximize enterprise value by aggressively investing in future growth.
In mid-term management plan 16-20, implementation of dividends based on mid., long-term profit growth and the dividend policy of the consolidated dividend payout ratio to 50% (IFRS).
- A-year-end dividend for FY2017 is ¥28 per share as expected.



Main IR Event of FY2018

Main IR Event of FY2018

- The end of July 2018 Announcement of Financial results 1Q
- The end of Oct. 2018 Announcement of Financial results 2Q
- November 20, 2018 Business briefing session for investors
in Tokyo
- The beginning of Feb. 2019
Announcement of Financial results 3Q

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

	FY2017	FY2016	Increase/decrease		*Forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Revenue	433.8	423.9	+9.8	+2.3	433.0	100.2
(Overseas revenue)	112.9	103.6	+9.3	+9.0	108.3	104.3
Domestic ethical drugs	309.3	314.2	-4.8	-1.5	315.4	98.1
Overseas ethical drugs	38.5	22.6	+15.8	+70.0	32.4	118.7
Royalty revenue, etc.	79.1	82.2	-3.0	-3.8	80.2	98.6
OTC	3.7	3.4	+0.3	+9.3	4.1	89.0
Others	3.0	1.4	+1.6	+113.9	0.9	306.3

*: Forecasts of FY2017 announced on Oct. 24, 2017.

Domestic Ethical Drugs

Revenue of Priority Products and Vaccines

	FY2017	FY2016	Increase/decrease		*Forecasts	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Remicade	64.6	66.8	-2.1	-3.2	64.7	100.0
Simponi	32.1	24.9	+7.2	+29.0	30.3	105.9
Tenelia	17.5	16.5	+0.9	+5.8	19.1	91.7
Talion	16.9	18.9	-2.0	-10.7	20.8	81.4
Lexapro	12.7	11.2	+1.4	+13.2	12.9	98.8
Canaglu	5.6	3.4	+2.1	+60.8	6.9	80.8
Imusera	4.7	4.9	-0.1	-3.5	5.1	92.7
Total of priority products	154.4	146.9	+7.4	+5.1	159.9	96.5
(New Product) Canalia	1.8	—	+1.8	—	N/A	—
Rupafin	0.4	—	+0.4	—	N/A	—
Influenza vaccine	9.9	12.7	-2.8	-22.2	10.0	99.1
Tetrabik	8.7	9.9	-1.1	-12.0	9.2	95.1
Varicella vaccine	5.2	5.4	-0.1	-3.2	5.7	91.8
JEBIK V	5.2	3.9	+1.2	+30.4	4.9	104.8
Mearubik	5.0	5.9	-0.8	-15.0	5.2	95.1
Total of vaccines	35.0	38.9	-3.8	-10.0	36.1	97.2
Total	189.4	185.9	+3.5	+1.9	196.0	96.6

*: Forecasts of FY2017 announced on Oct. 24, 2017.

Domestic Ethical Drugs

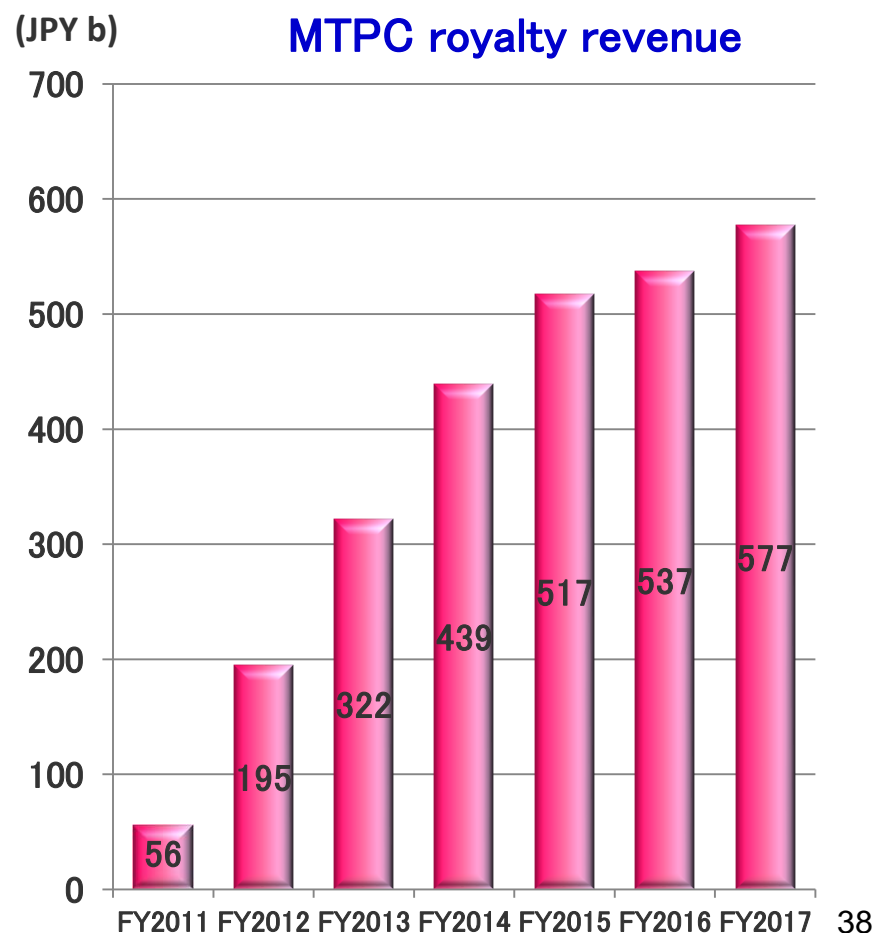
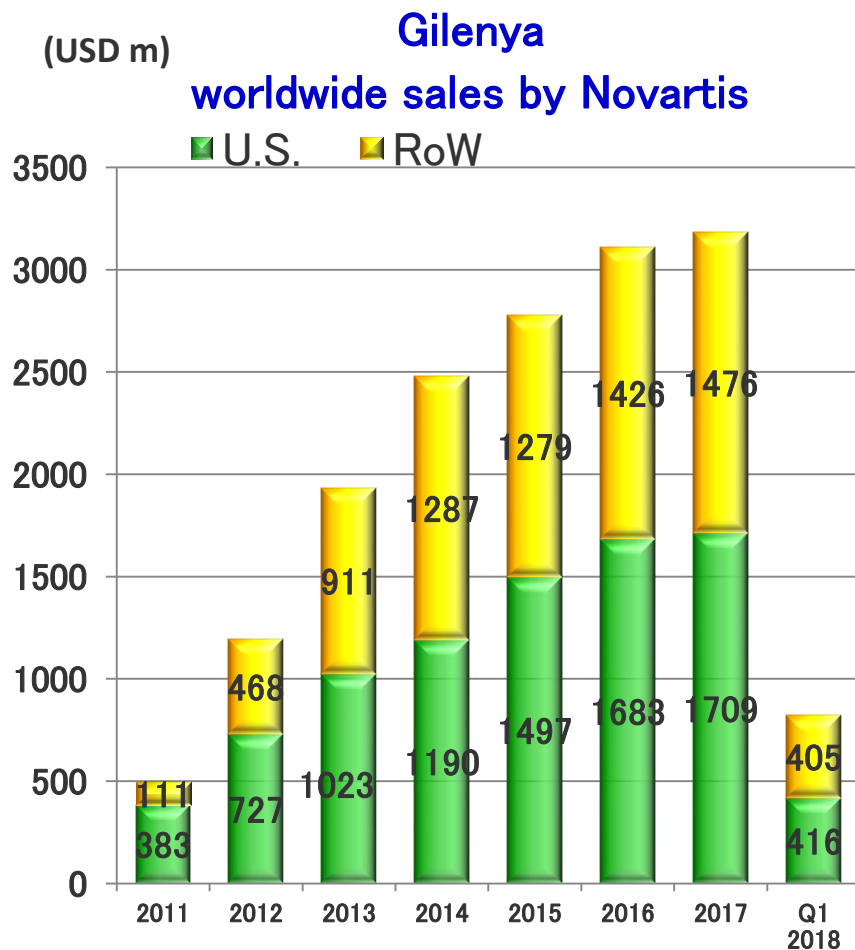
Forecasts of Revenue of Priority Products and Vaccines

	FY2018 forecasts	FY2017	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Remicade	55.5	64.6	-9.1	-14.1
Simponi	35.0	32.1	+2.9	+9.2
Tenelia	17.0	17.5	-0.4	-2.8
Lexapro	13.1	12.7	+0.3	+3.1
Canaglu	7.6	5.6	+2.0	+36.5
Talion	7.3	16.9	-9.5	-56.6
Rupafin	6.8	0.4	+6.4	+1,464.8
Imusera	4.9	4.7	+0.2	+5.4
Canalia	3.2	1.8	+1.4	+79.6
Total of priority products	150.9	156.6	-5.6	-3.6
Influenza vaccine	11.2	9.9	+1.2	+12.8
Tetrabik	9.1	8.7	+0.3	+4.2
Varicella vaccine	5.5	5.2	+0.2	+4.2
Mearubik	5.5	5.0	+0.5	+11.1
JEBIK V	4.3	5.2	-0.8	-17.1
Total of vaccines	36.5	35.0	+1.4	+4.2
Total	187.5	191.7	-4.2	-2.2



Gilenya

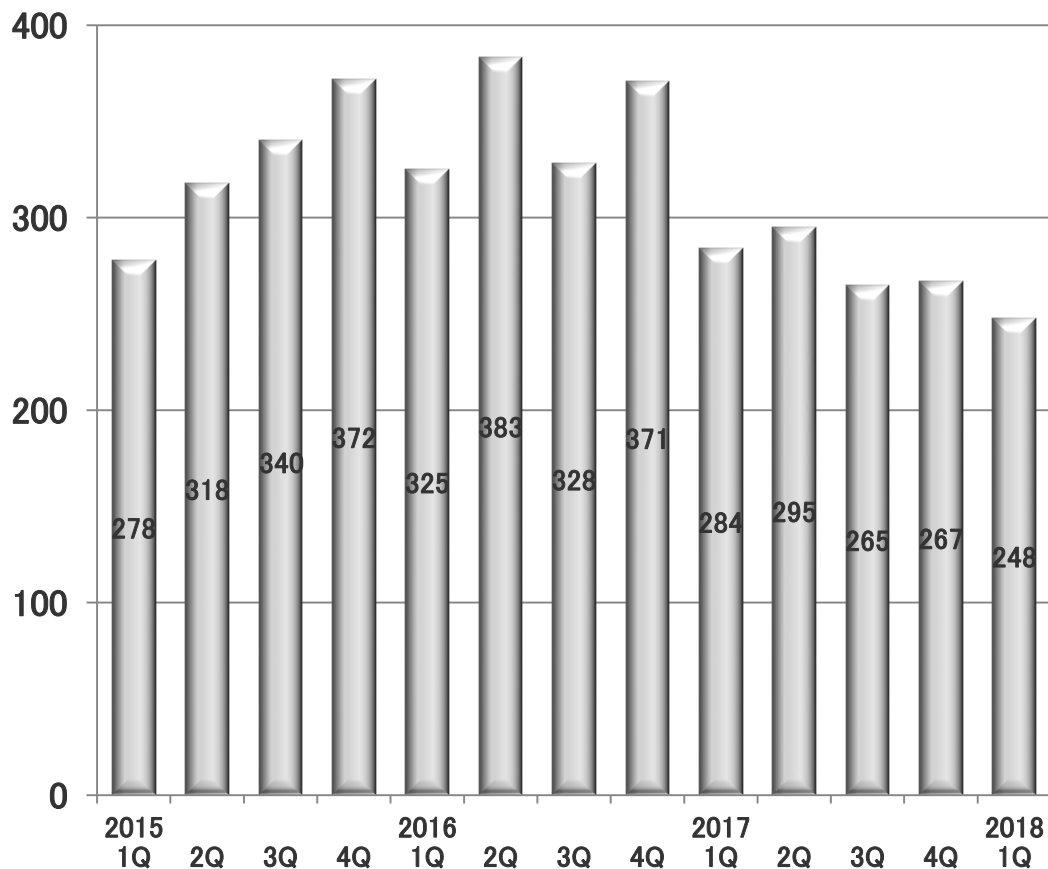
- ◆ Gilenya worldwide sales by Novartis in Q1 FY2018 (January to March, 2018) : \$821 m (\$722m, the same period of previous year)
- ◆ MTPC royalty revenue in FY2017: ¥57.7 b



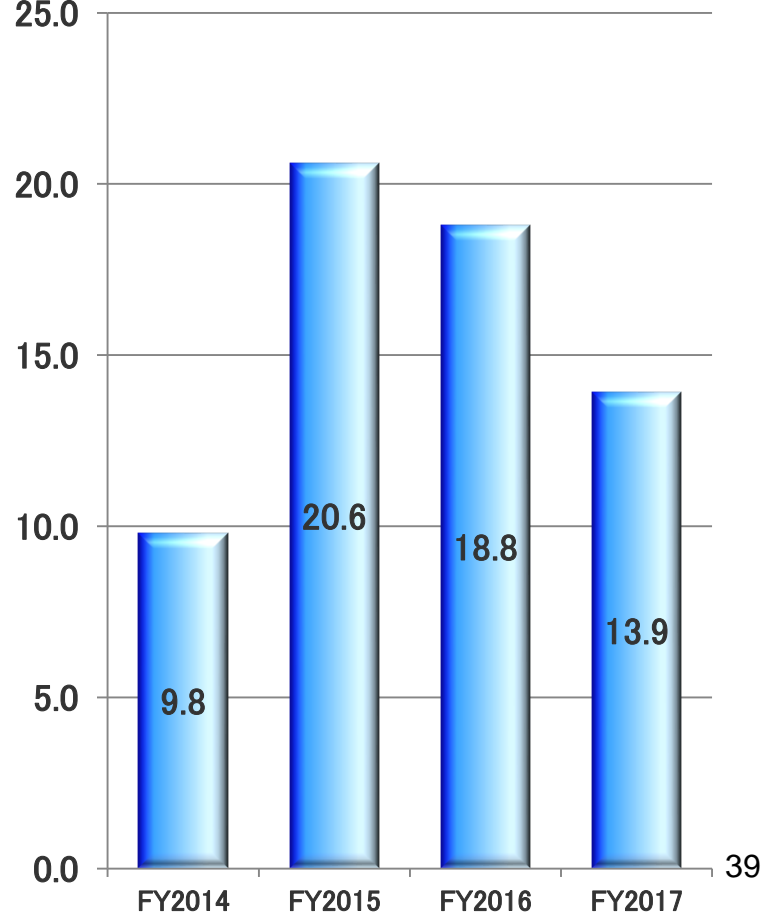
INVOKANA/INVOKAMET

- ◆ INVOKANA/INVOKAMET worldwide sales by Johnson & Johnson in Q1 FY2018 (January to March, 2018) : \$248m (the same period of previous year : \$284m)
- ◆ INVOKANA/INVOKAMET TRx share 6.0% in defined U.S. T2D market
- ◆ MTPC royalty revenue in FY2017 : ¥13.9b

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



JPY b **MTPC royalty revenue**



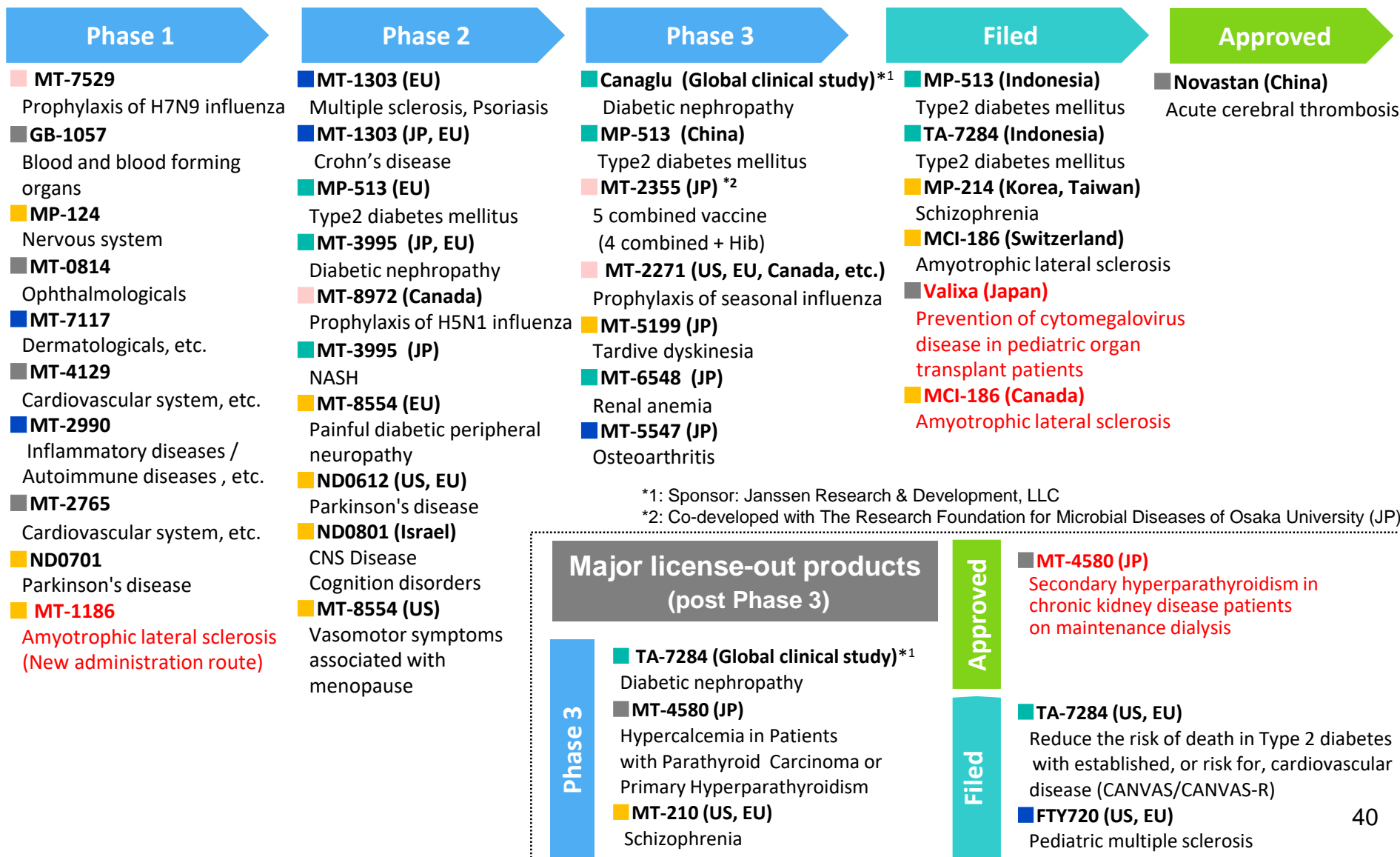
Pipeline Status

Disease area

■ : Autoimmune disease ■ : Diabetes and kidney disease
 ■ : CNS disease ■ : Vaccines ■ : Other

Red: Progress after Feb. 5, 2018, the financial results for Q3 FY2017

As of Apr. 30, 2018



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.