# Mitsubishi Tanabe Pharma Corporation



# **Q2 FY2018 Business Results**

(April-September, 2018)

October 30, 2018

Eizo Tabaru
Member of the Board, Managing Executive Officer

# **Q2 FY2018 Business Results**

# Open Up the Future



# **Q2 FY2018 Financial Results**



- Although Radicava contributed, sales revenue declined because of the impact of NHI drug price revision on domestic ethical drugs, etc.
- While working on reducing SG & A expenses, core operating profit declined due to an increase in R&D expenses.

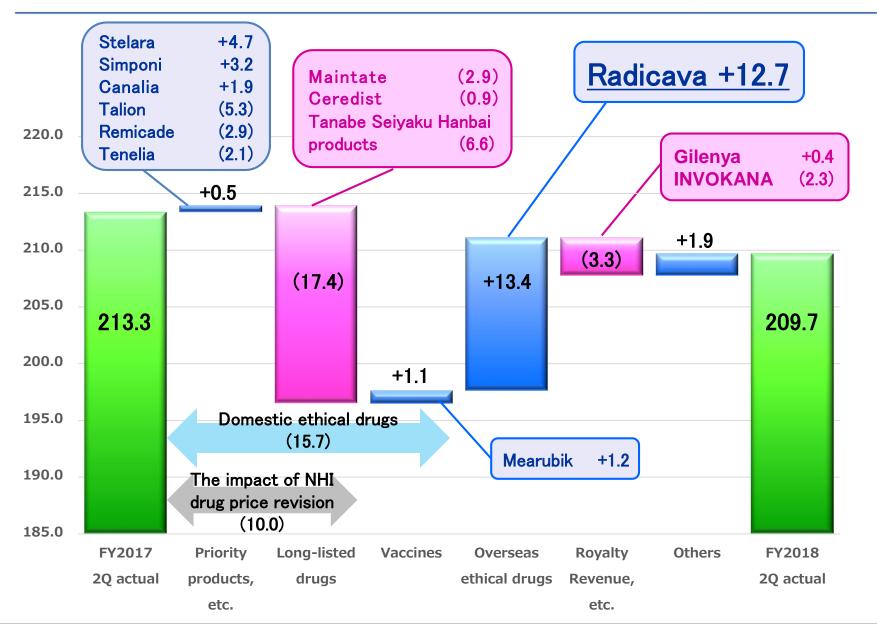
	FY2018 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Revenue	209.7	213.3	(3.6)	(1.7)	210.0	99.9
(Domestic)	146.4	160.7	(14.2)	(8.9)	145.7	100.5
(Overseas)	63.2	52.6	10.6	20.1	64.2	98.3
Overseas sales ratio	30.1%	24.7%			30.6%	
Cost of sales	86.1	84.5	1.6	1.9	84.0	102.5
Sales cost ratio	41.1%	39.6%			40.0%	
Gross profit	123.5	128.8	(5.2)	(4.1)	126.0	98.1
Core operating profit	34.5	39.7	(5.2)	(13.1)	30.0	115.0
Operating profit	34.5	36.8	(2.3)	(6.4)	28.5	121.1
Net profit attributable to owners of the Company	24.9	29.8	(4.8)	(16.2)	19.5	128.2
Average exchange rate US\$	¥110.71	¥111.29			¥105.00	

X: Announced on May 9, 2018 in the financial results of FY2017

### **Revenue Trends**







# **Open Up** the **Future**

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



- The sales of cost ratio raised due to the impact of NHI drug price revision and change of product mix, etc.
- Core operating profit declined because R&D expenses increased due to progress in the late stage of development, etc., despite efforts to reduce SG&A expenses.

	FY2018	FY2017	Increase / Decrease		1H	Achieved
	Q2	Q2	Tricrease /	Decrease	Forecasts <sup>**1</sup>	Acriieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Revenue	209.7	213.3	(3.6)	(1.7)	210.0	99.9
Cost of Sales	86.1	84.5	1.6	1.9	84.0	102.5
Sales cost ratio	41.1%	39.6%			40.0%	
Gross profit	123.5	128.8	(5.2)	(4.1)	126.0	98.1
SG&A expense	47.7	51.4	(3.7)	(7.2)	50.0	95.5
R&D expense	39.5	36.3	3.1	8.7	44.5	88.9
Amortization of intangible assets associated with products	1.4	1.0	0.4	39.2	1.5	97.8
Other income and expense*2	(0.3)	(0.2)	(0.0)	-	_	-
Core operating profit	34.5	39.7	(5.2)	(13.1)	30.0	115.0

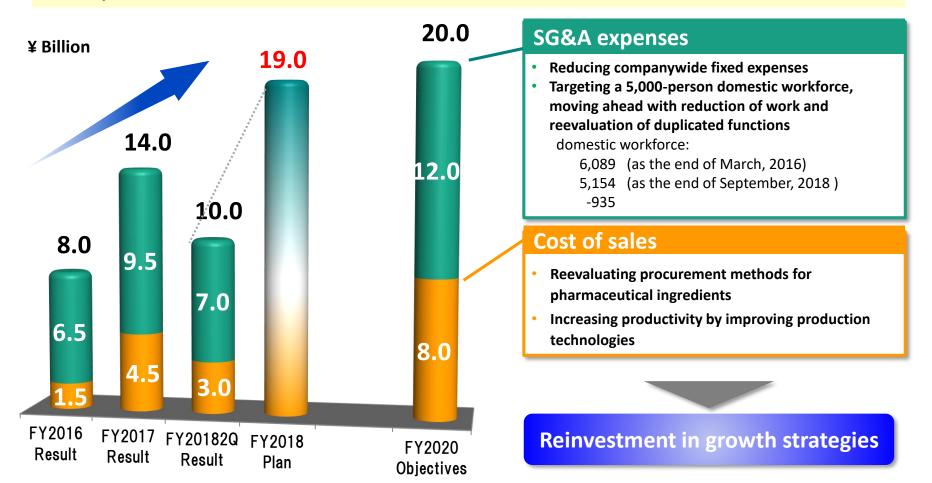
# Open Up the Future



#### Mitsubishi Tanabe Pharm

# **Reforming Operational Productivity**

- FY2018 2Q: Achieved ¥10.0b reductions of cost and SG&A expenses in 1H 2018, as a result of continuing efforts to reform work productivity.
- FY2018: Targeting to reduce ¥19.0b further promoted cost and SG&A expenses reductions, in addition to the period difference.



# Non-recurring items, Net Profit



	FY2018 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts <sup>**1</sup>	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Core operating profit	34.5	39.7	(5.2)	(13.1)	30.0	115.0
Non-recurring items <sup>*2</sup>	-	(2.8)	2.8	-	(1.5)	-
Operating profit	34.5	36.8	(2.3)	(6.4)	28.5	121.1
Financial income	0.5	1.2	(0.6)	(52.3)		
Financial expense	0.2	0.5	(0.2)	(47.0)		
Net profit attributable to owners of the Company	24.9	29.8	(4.8)	(16.2)	19.5	128.2

<sup>\*1:</sup> Announced on May 9, 2018 in the financial results of FY2017

<sup>※2:</sup> Brackets indicate expense and loss.

# **Forecasts of FY2018**

### **Forecasts of FY2018**

# Open Up the Future



# **Forecasts of FY2018**

# No change from the forcasts of 2018, announced on May 9, 2018

	FY2018	FY2017	Increase /	Docrosco
	Forecasts	Actual	Increase /	Decrease
	Billion yen	Billion yen	Billion yen	%
Revenue	435.0	433.8	1.1	0.3
(Domestic)	304.7	320.8	(16.1)	(5.0)
(Overseas)	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 profit	259.0	264.1	(5.1)	(1.9)
Core operating profit	70.0	78.5	(8.5)	(10.9)
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)
Average exchange rate (USD)	¥105.00	¥110.70		

# **Development Pipeline etc.**

### **Development Pipeline**

# **Open Up** the **Future**

# **Progress of Development Pipeline**



### Progress after the financial results for Q1 FY2018

As of October 25, 2018

Development code Product name (Generic name)	Category (Indications)	Region	P1	P2	Р3	Filed	Approved
MCI-186 Radicava (Edaravone)	Free radical scavenger (Amyotrophic lateral sclerosis)	Canada					
MP-513 Tenelia (Teneligliptin)	DPP-4 inhibitor (Type 2 diabetes mellitus)	Singapore Thailand					
MP-214 (Cariprazine)	Dopamine D3/D2 receptor partial agonist (Schizophrenia)	Thailand					
MT-2271*	Plant-based VLP vaccine (Prophylaxis of seasonal influenza/ elderly)	US, Europe, Canada, and others					

<sup>\*</sup> Medicago product (Canada)

# **Progress of license-out product**

Development code Product name (Generic name)	Category (Indications)	Region	P1	P2	Р3	Filed	Approved
TA-7284* Canaglu/INVOKANA (Canagliflozin)	SGLT2 inhibitor (Reduce the composite risk of CV death, MI or stroke in type 2 diabetes with established, or risk for, cardiovascular disease (CANVAS /CANVAS-R))	Europe					

# **Shareholders Return**

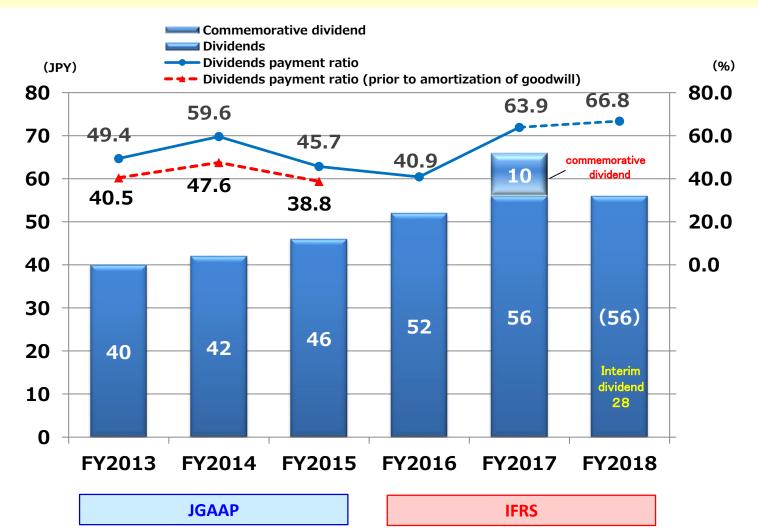
#### **Shareholders Return**

# Open Up the Future

# **Dividends Trends**



- The company will pay the interim dividend for 2018, ¥28 as expected.
- Regarding annual dividend for 2018, we plan to pay ¥56 together with the year-end dividend of ¥28.



# **Business briefing session for investors**







The company will explain the progress of the medium-term management plan and future strategies.

November 19, 2018(Mon) News release and document filing scheduled

November 20, 2018 (Tue) Business briefing for institutional investors





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



# **Appendix**

# Open Up the Future

# **Details of Revenue (Q2 FY2018, Cumulative Total)**



	FY2018 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts <sup>*</sup>	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales revenue	209.7	213.3	(3.6)	(1.7)	210.0	99.9
(overseas sales revenue)	63.2	52.6	10.6	20.1	64.2	98.3
Domestic ethical drugs	141.5	157.2	(15.7)	(10.0)	141.2	100.2
Overseas ethical drugs	27.4	13.9	13.4	96.2	29.2	94.0
Royalty revenue, etc.	36.3	39.6	(3.3)	(8.4)	35.4	102.4
OTC products	2.2	2.1	0.0	1.5	2.3	92.2
Others	2.1	0.2	1.9	749.8	1.6	131.3

X: Announced on May 9, 2018 in the financial results of FY2017

# Sales Revenue of Domestic Ethical Drugs, Priority Products, etc. Mitsubishi Tanabe Pharma

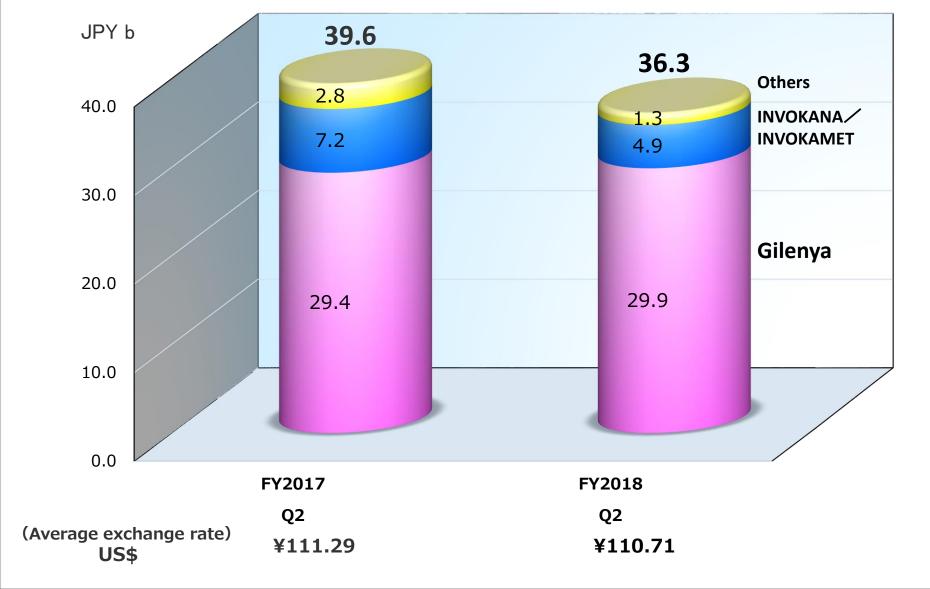
	FY2018 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts <sup>**</sup>	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Remicade	29.9	32.9	(2.9)	(9.0)	28.4	105.1
Simponi	18.5	15.3	3.2	20.9	17.2	107.3
Tenelia	7.2	9.3	(2.1)	(22.9)	8.4	85.8
Stelara	4.7	0.0	4.7	-	4.9	96.1
Lexapro	6.8	6.2	0.6	9.6	6.4	105.8
Canaglu	3.0	2.6	0.3	13.6	3.6	83.1
Talion	2.5	7.9	(5.3)	(67.5)	3.5	73.3
Rupafin	0.3	-	0.3	-	1.2	30.8
Imusera	2.2	2.4	(0.2)	(9.0)	2.5	88.2
Canalia	3.0	1.1	1.9	179.0	2.1	142.3
Total of priority products	78.6	78.0	0.5	0.7	78.7	99.9
Tetrabik	4.1	4.4	(0.2)	(6.0)	4.5	92.6
Mearubik	4.1	2.9	1.2	41.6	2.9	141.6
Varicella vaccine	2.6	2.7	(0.0)	(3.0)	2.8	92.9
JEBIK V	3.0	2.8	0.2	7.4	2.3	130.9
Influenza vaccine	0.9	1.1	(0.1)	(10.7)	1.3	74.8
Total of vaccines	15.5	14.4	1.1	7.7	14.3	108.5
Total of priority products						
and vaccines	94.1	92.5	1.6	1.8	93.0	101.2

**Open Up** the **Future** 

# Royalty income, etc.



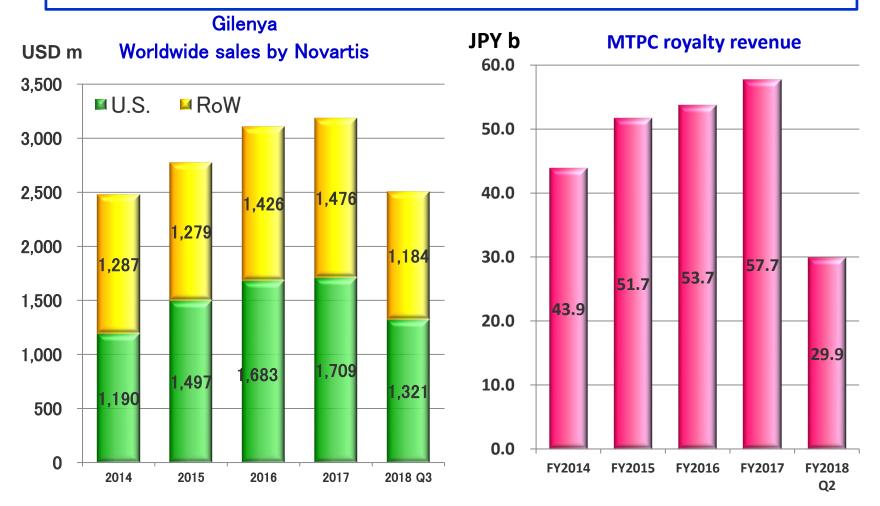




# **Gilenya**



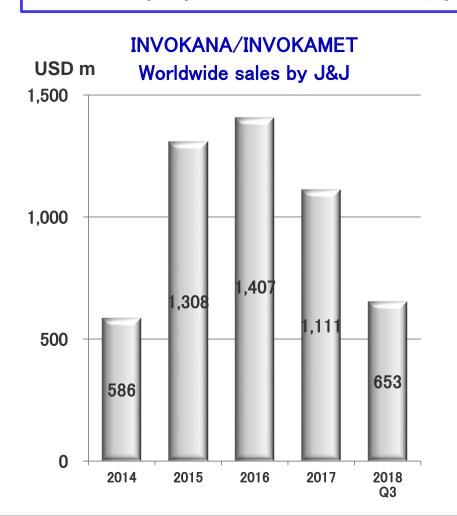
- Gilenya worldwide sales by Novartis in July to September, 2018: \$818 m
   (\$801m, the same period of previous year)
- **♦** MTPC royalty revenue in Q2 FY2018 (April to September, 2018) : ¥29.9 b

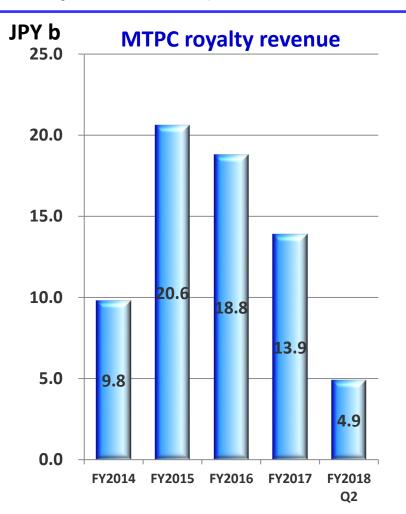


# **INVOKANA/INVOKAMET**



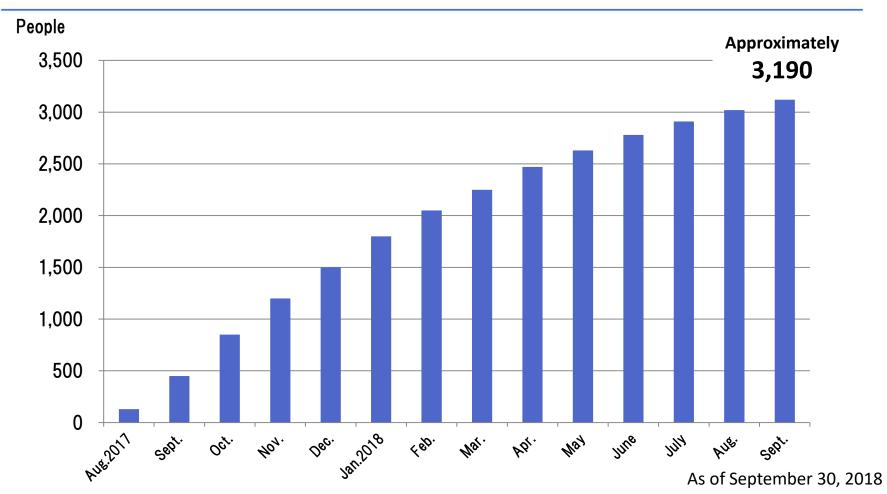
- ◆ INVOKANA/INVOKAMET sales by Johnson & Johnson in July to September, 2018: \$190m (\$265m, the same period of previous year)
- ◆ MTPC royalty revenue in Q2 FY2018 (April to September, 2018): ¥4.9b





# **Number of Patients on Radicava (Cumulative)**





Sales Revenue in April to September, 2018: 13.9 JPY b

Number of Patients (Cumulative): approximately 3,190 Number of patients (Continuous administration): approximately 2,000

# **Pipeline Status**

#### Disease area

■: Autoimmune disease ■: Diabetes and kidney disease

: CNS disease : Vaccines : Other





#### Red: Progress after the financial results for Q1 FY2018

Inflammatory diseases / Autoimmune diseases, etc.

MP-124

MT-2990

Nervous system

ND0701

Parkinson's disease

MT-1186

ALS (New administration route)

MT-7529 \*1

Prophylaxis of H7N9 influenza

MT-5625 \*1

Prophylaxis of rotavirus gastroenteritis

**GB-1057** 

Blood and blood forming organs

MT-0814

**Ophthalmologicals** 

MT-4129

Cardiovascular system, etc.

MT-2765 \*2

Cardiovascular system, etc.

#### Phase 2

#### MT-1303

Multiple sclerosis, Psoriasis(EU)

Crohn's disease (JP, EU) MT-7117

Erythropoietic protoporphyria (US)

MP-513

Type2 diabetes mellitus (EU)

MT-3995

Diabetic nephropathy (JP, EU)

NASH (JP)

#### MT-8554

Painful diabetic peripheral neuropathy (EU)

Vasomotor symptoms associated with menopause (US)

ND0612

Parkinson's disease (US, EU)

MT-8972 \*1

Prophylaxis of H5N1 influenza

(Canada)

#### Phase 3

#### MT-5547

Osteoarthritis (JP)

TA-7284

Diabetic nephropathy (Global clinical study)\*3

MP-513

Type2 diabetes mellitus (China) Type2 diabetes mellitus

MT-6548

Renal anemia (JP)

MT-5199

Tardive dyskinesia (JP)

MT-2355

5 combined vaccine (4 combined + Hib) (JP) \*4

MT-2271 \*1

Prophylaxis of seasonal influenza/ adults, elderly (US, EU, Canada, etc.)

# **Filed**

Autoimmune hepatitis (JP)

TA-7284

Azanin

Type2 diabetes mellitus (Indonesia)

MP-513

(Indonesia, Singapore,

Thailand)

MCI-186

ALS (Switzerland, EU)

MP-214

Schizophrenia (Korea, Taiwan, Singapore,

Thailand )

# As of October 25, 2018

### **Approved**

#### MCI-186

ALS (Canada)

Valixa

Prevention of cytomegalovirus disease in pediatric

organ transplant patients (JP)

### Major license-out products (post Phase 3)

# TA-7284 Approved

Filed

Reduce the composite risk of CV death, MI or stroke in type 2 diabetes with established, or risk for, cardiovascular disease (CANVAS/ CANVAS-R) (EU)

FTY720

Pediatric multiple sclerosis (EU)

TA-7284

Reduce the composite risk of CV death, MI or stroke in type 2 diabetes with established, or risk for, cardiovascular disease (CANVAS/ CANVAS-R) (US)

#### TA-7284

Diabetic nephropathy (Global clinical study)\*3

MT-210

Schizophrenia (US, EU)

MT-4580

Hypercalcemia in Patients with Parathyroid Carcinoma or Primary Hyperparathyroidism (JP)

#### \*1: Medicago product (Canada)

\*2: Co-researched with Shanghai Pharmaceuticals Holding (China)

\*3: Sponsor: Janssen Research & Development, LLC

\*4: 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.