

Q2 FY2018 Business Results

(April-September, 2018)

October 30, 2018

Eizo Tabaru
Member of the Board, Managing Executive Officer

Q2 FY2018 Business Results

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

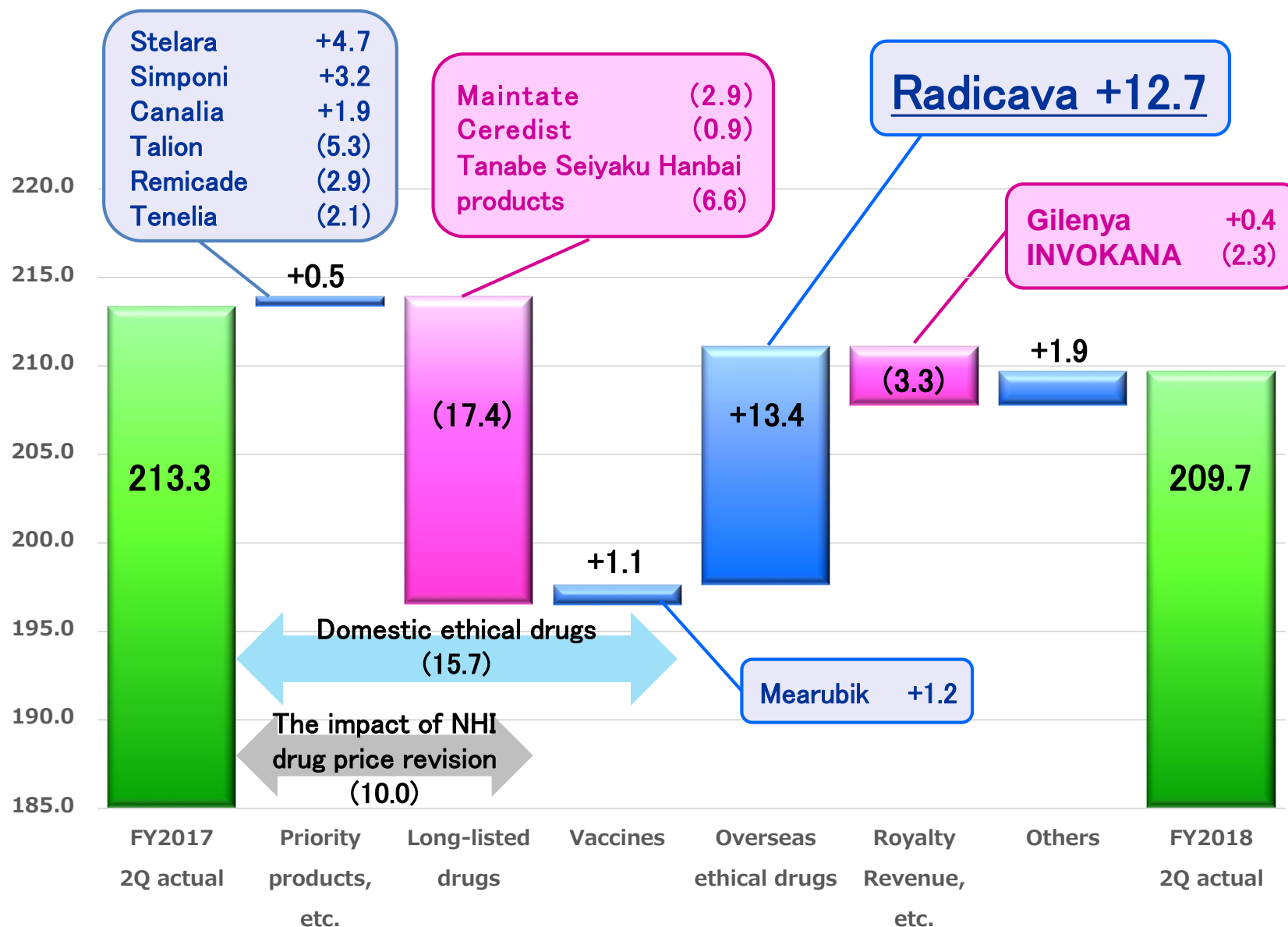
¥111.29

¥105.00

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



Revenue Trends



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



- 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 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts ^{※1}	Achieved
	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

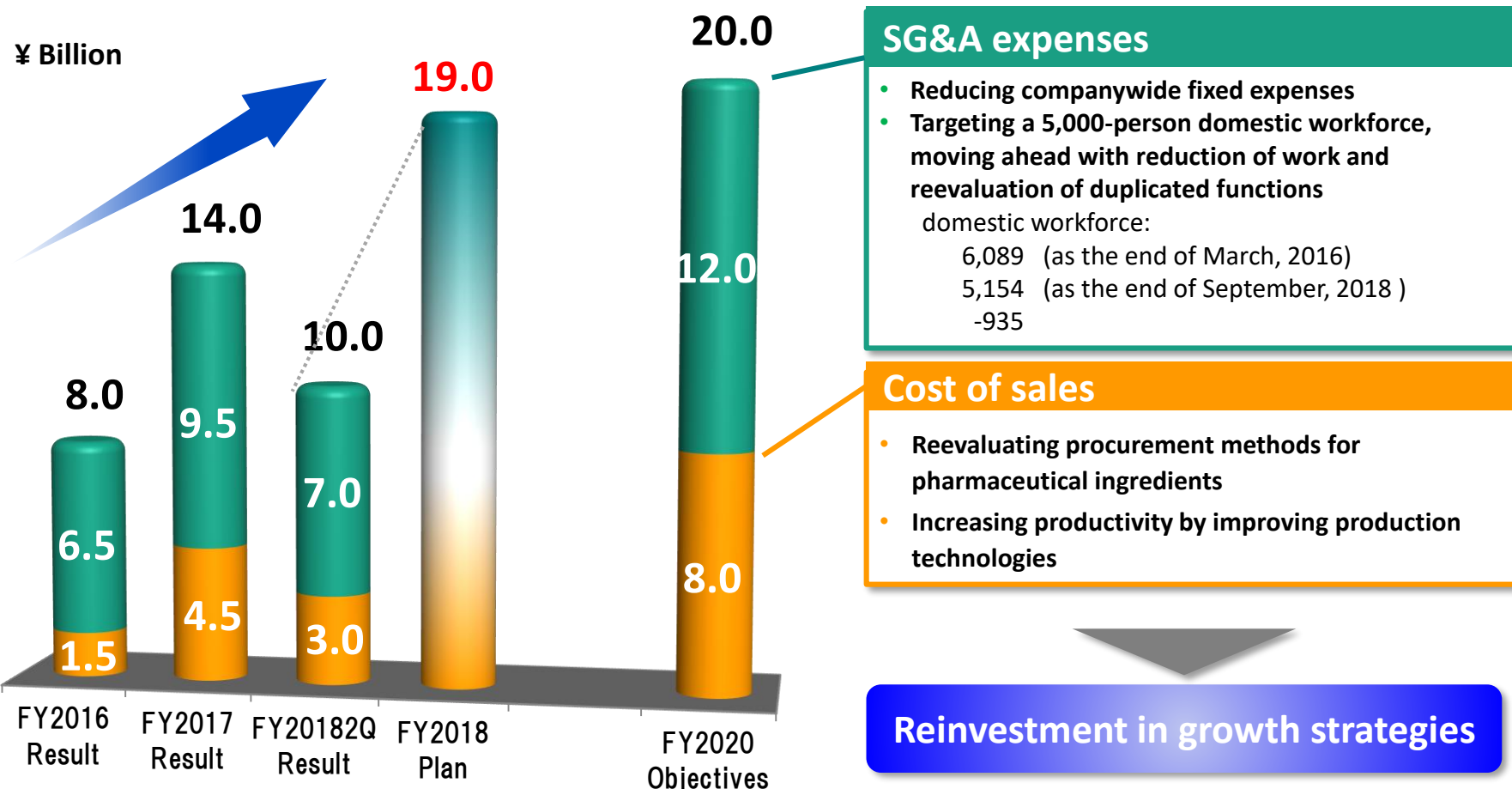
※1: Announced on May 9, 2018 in the financial results of FY2017

※2: Brackets indicate expense and loss.



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 ^{※1}	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 ^{※2}	-	(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

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

※2: Brackets indicate expense and loss.

Forecasts of FY2018

- No change from the forecasts of 2018, announced on May 9, 2018

	FY2018 Forecasts	FY2017 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


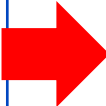
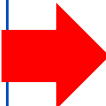
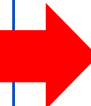
Development Pipeline etc.



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	P3	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					

* Medicago product (Canada)

Progress of license-out product

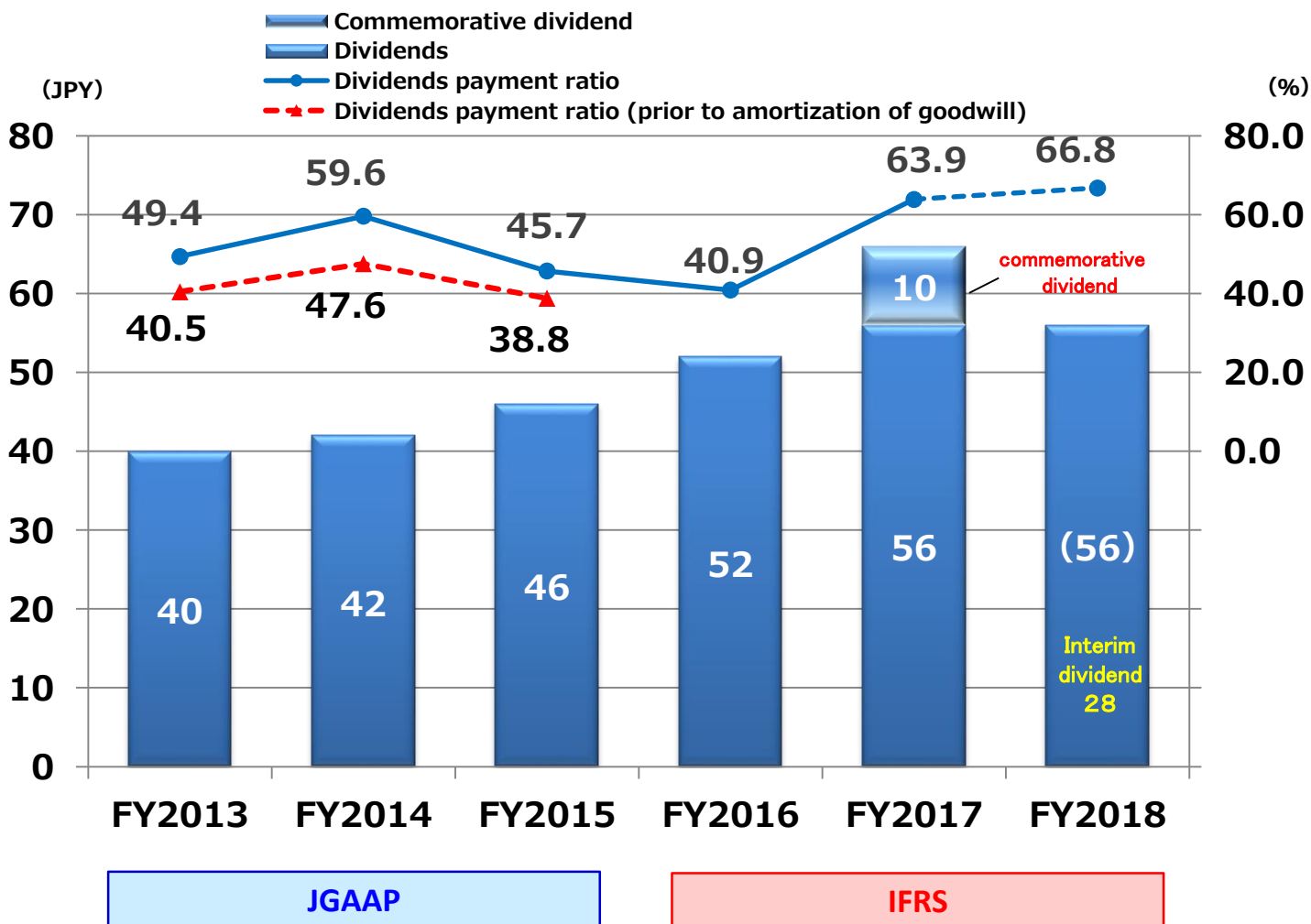
Development code Product name (Generic name)	Category (Indications)	Region	P1	P2	P3	Filed	Approved
TA-7284* Canaglu/INVOKANA (Canagliflozin)	SGLT2 inhibitor (Reduce the composite risk of CV death, MI or stroke in type 2 diabetes with established, or risk for, cardiovascular disease (CANVAS /CANVAS-R))	Europe					

* Licensed to Janssen Pharmaceuticals (US)

Shareholders Return

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

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

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 FY2018, Cumulative Total)

	FY2018 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts※	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

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

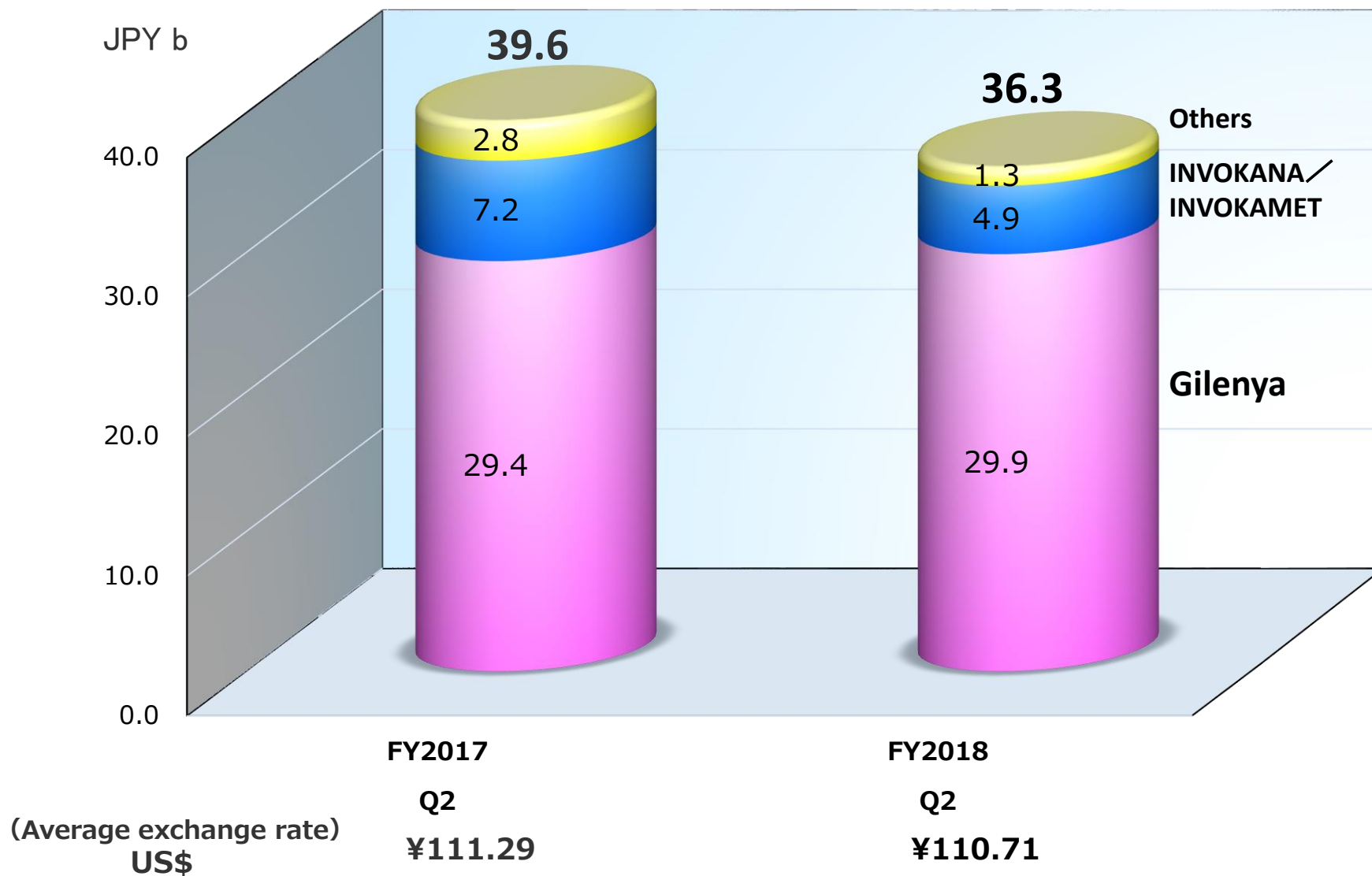


Sales Revenue of Domestic Ethical Drugs, Priority Products, etc.

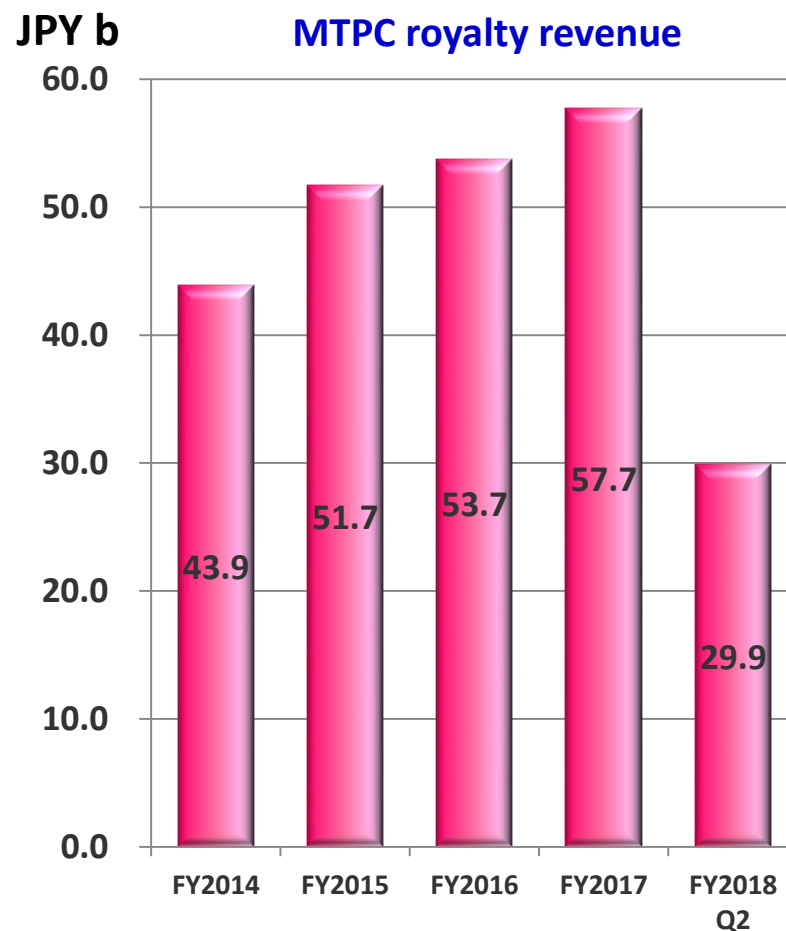
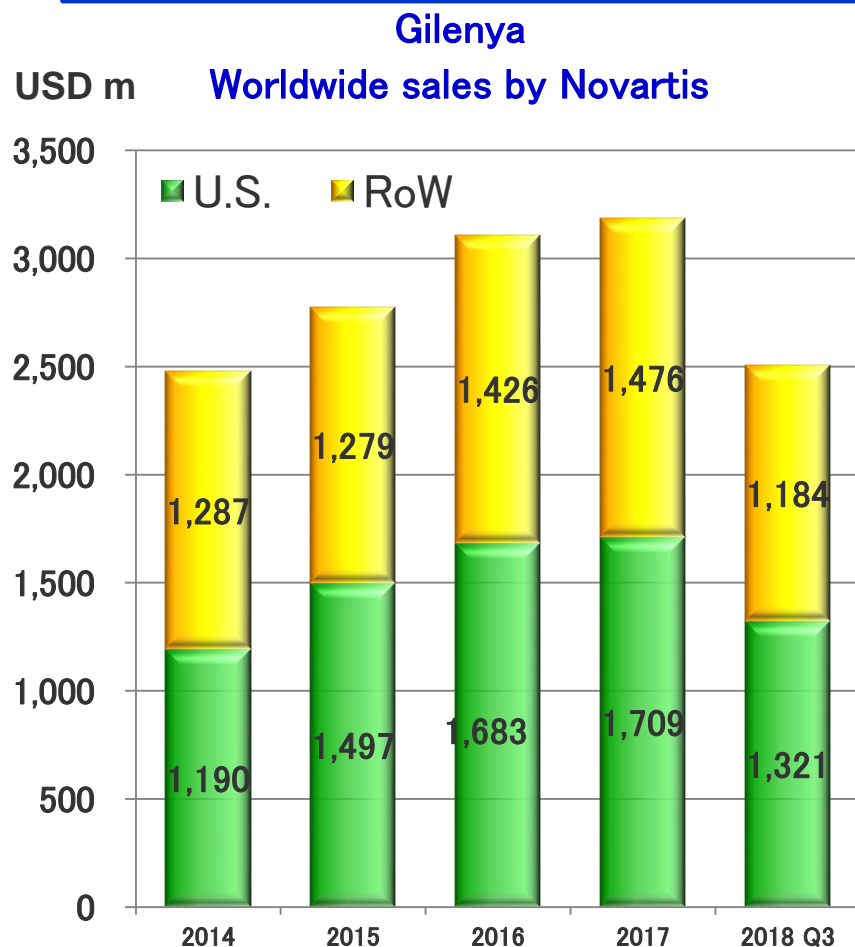
	FY2018 Q2	FY2017 Q2	Increase / Decrease		1H Forecasts※	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Remicade	29.9	32.9	(2.9)	(9.0)	28.4	105.1
Simponi	18.5	15.3	3.2	20.9	17.2	107.3
Tenelia	7.2	9.3	(2.1)	(22.9)	8.4	85.8
Stelara	4.7	0.0	4.7	-	4.9	96.1
Lexapro	6.8	6.2	0.6	9.6	6.4	105.8
Canaglu	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

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

Royalty income, etc.

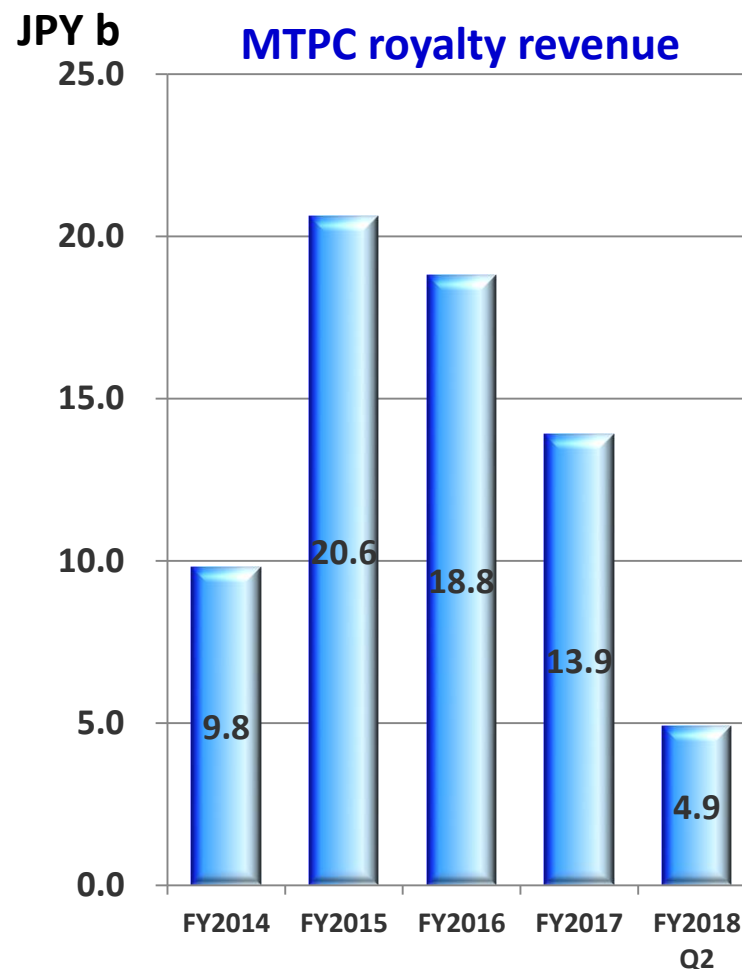
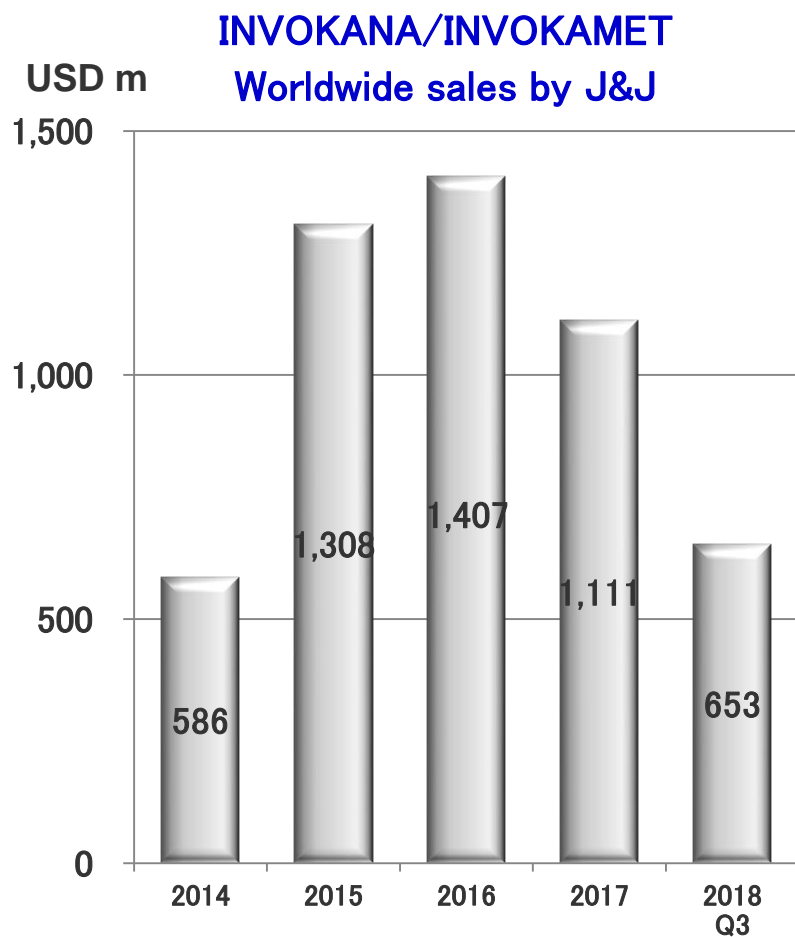


- ◆ Gilenya worldwide sales by Novartis in July to September, 2018 : \$818 m (\$801m, the same period of previous year)
- ◆ MTPC royalty revenue in Q2 FY2018 (April to September, 2018) : ¥29.9 b

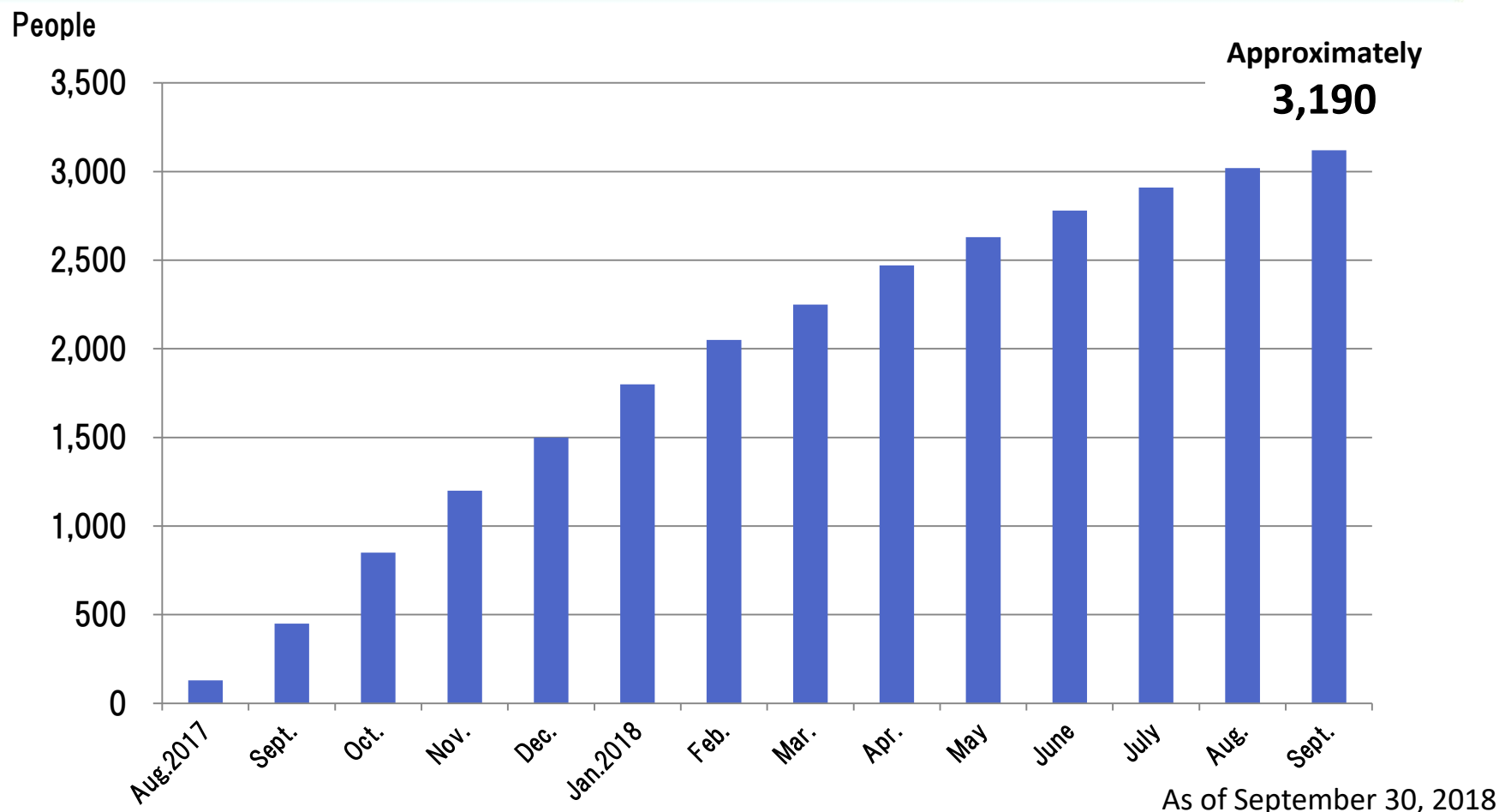


INVOKANA/INVOKAMET

- ◆ 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

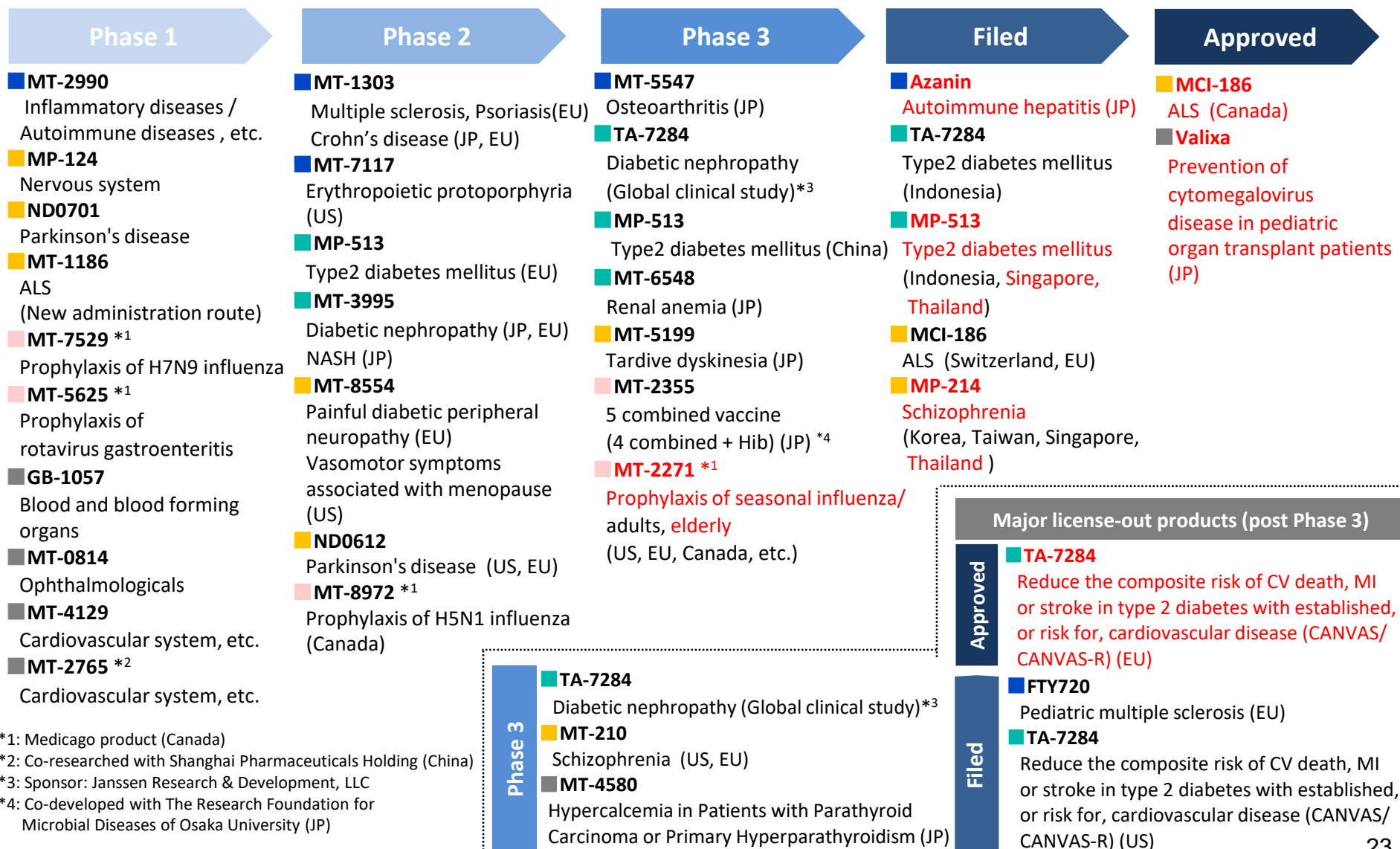
Pipeline Status

Disease area

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

Red: Progress after the financial results for Q1 FY2018

As of October 25, 2018



*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.