

Mitsubishi Tanabe Pharma Corporation

3rd Quarter of FY2015 Business Results

(April – December, 2015)

February 3, 2016

Eizo Tabaru

Board Director,

Managing Executive officer

General Manager of

Finance & Accounting Dept.



Mitsubishi Tanabe Pharma

Overview of Q3 FY2015 Business Results

Net sales

¥ 340.9 billion +6.6%, year-on-year

Operating income

¥ 91.9 billion +44.5%, year-on-year

Net income attributable to shareholders of the Company

¥ 60.1 billion +24.4%, year-on-year

Topics

- Hit a record high in net sales and profits of cumulative Q3
- Upward revision of full year forecasts, expected to hit a record high in net sales and profits
- Growth of royalty income from Gilenya and INVOKANA
- Receiving of ¥ 17.6b as lump sum payment of MT-1303 and TA-8995
- ¥ 15.3 b of the premium retirement payments and outplacement costs due to the early retirement program is recorded as extraordinary loss
- Announcement of “Mid.-Term Management Plan 16-20, *Open Up the Future*” in Nov.
- Conclusion of the development and commercialization agreement for vadadustat with Akebia in Dec.
- Approval of Radicut for ALS in Korea in Dec.
- Approval of REMICADE for an additional indication for Kawasaki diseases in Dec.
- Approval of Lexapro for social anxiety disorder in Nov.

Q3 FY2015 Financial Results

New **Value** Creation



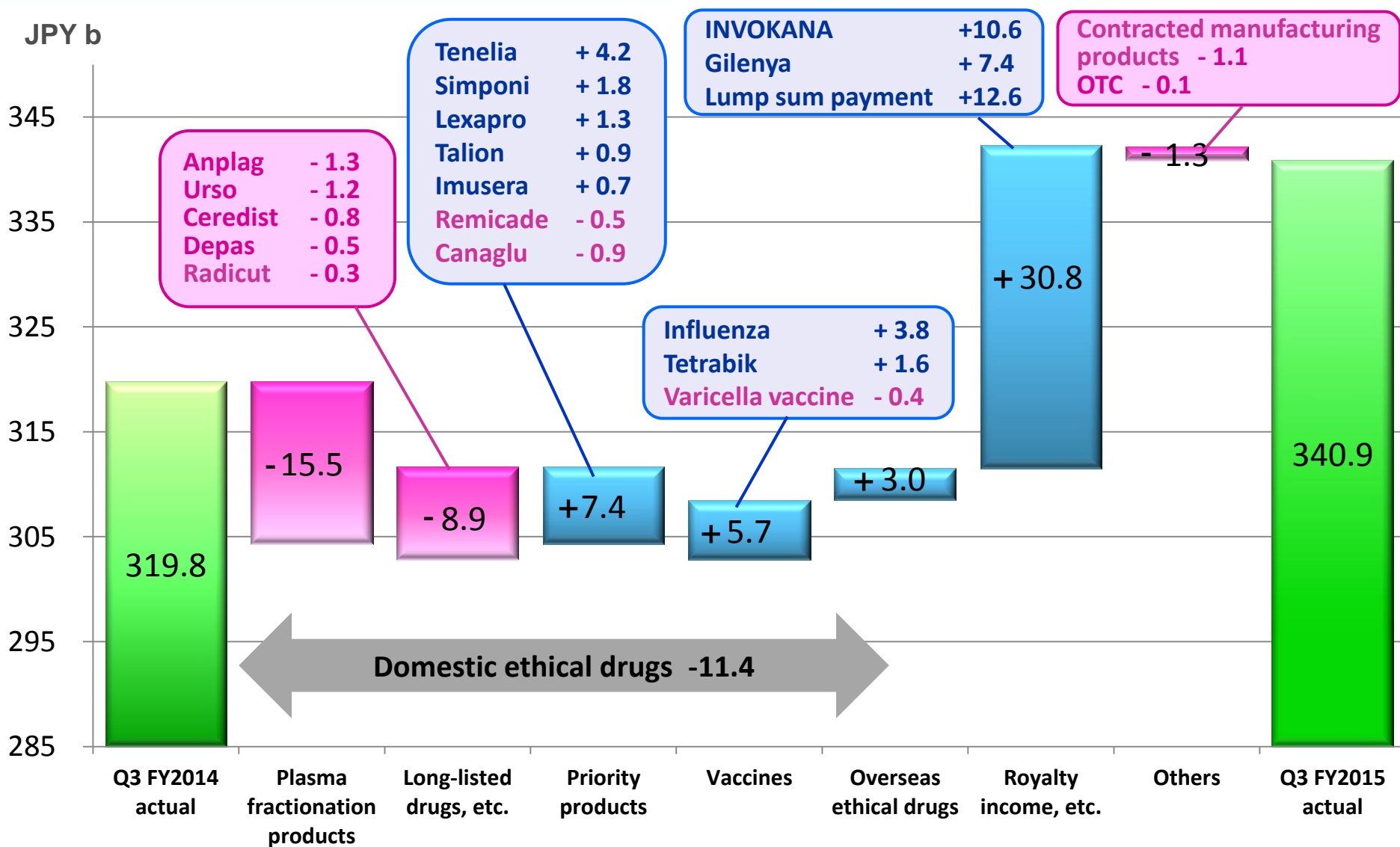
	FY2015	FY2014	Increase/decrease		Full-year Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales	340.9	319.8	+21.1	+6.6	429.0	79.5
Cost of sales	120.8	128.0	-7.2	-5.6	155.0	78.0
Sales cost ratio	35.4%	40.0%			36.1%	
Gross profit	220.1	191.8	+28.3	+14.8	274.0	80.3
SG&A	128.2	128.2	0.0	0.0	182.0	70.4
Operating income	91.9	63.6	+28.3	+44.5	92.0	99.9
Ordinary income	92.0	64.1	+27.9	+43.5	91.0	101.1
Net income attributable to shareholders of the Company	60.1	48.3	+11.8	+24.4	53.0	113.4

*: Announced on February 3, 2016 in the financial results of Q3 FY2015

Sales Trends

【Q3 FY2015 Business Results】

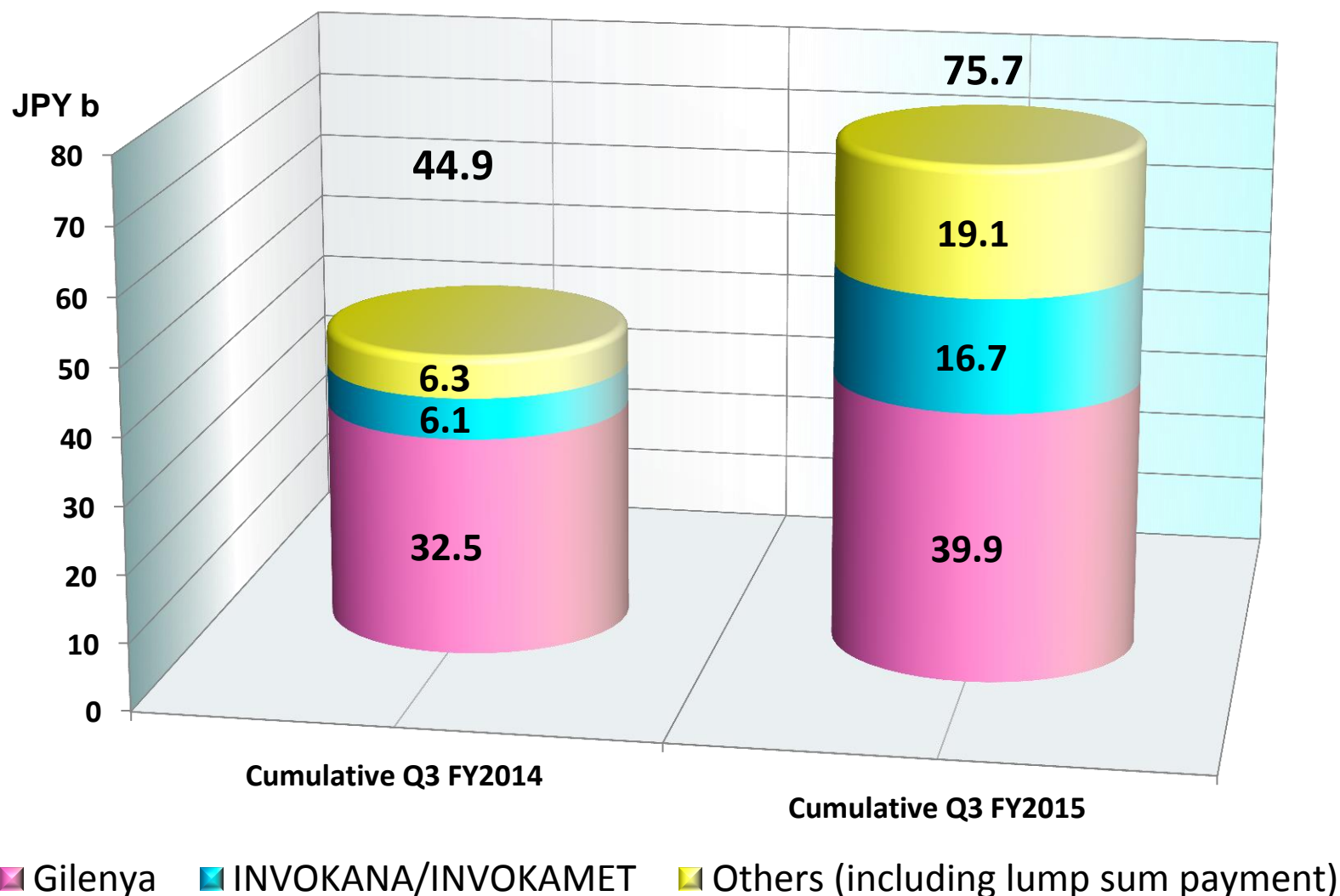
New **Value** Creation



Royalty income, etc.

【Q3 FY2015 Business Results】

New *Value* Creation



Cost of Sales, SG&A

New **Value** Creation



【Q3 FY2015 Business Results】

	FY2015	FY2014	Increase/decrease		Full-year Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Sales	340.9	319.8	+21.1	+6.6	429.0	79.5
Cost of Sales	120.8	128.0	-7.2	-5.6	155.0	78.0
Sales cost ratio	35.4%	40.0%			36.1%	
Gross profit	220.1	191.8	+28.3	+14.8	274.0	80.3
SG&A	128.2	128.2	0.0	0.0	182.0	70.4
R&D expenses	50.3	48.1	+2.2	+4.5	74.0	67.9
Labor cost	34.8	34.8	0.0	-0.1	47.0	74.0
Amortization of goodwill	7.9	8.1	-0.2	-2.6	10.5	75.1
Others	35.3	37.2	-1.9	-5.1	50.5	69.9
Operating income	91.9	63.6	+28.3	+44.5	92.0	99.9

*: Announced on February 3, 2016 in the financial results of Q3 FY2015

Non-operating Income and Loss/Extraordinary Income and Loss

【Q3 FY2015 Business Results】

New *Value* Creation



	FY2015	FY2014	Increase/decrease		Full-year Forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Operating income	91.9	63.6	+28.3	+44.5	92.0	99.9
Non-operating income and loss	0.1	0.5	-0.4		-1.0	
Ordinary income	92.0	64.1	+27.9	+43.5	91.0	101.1
Extraordinary income	12.9	13.6	-0.6			
Gain on sales of property, plant and equipment	0.7	11.9	-11.2			
Gain on sales of investment in securities	12.2	1.1	+11.2			
Gain on sales of shares of subsidiaries and affiliates	-	0.6	-0.6			
Extraordinary loss	16.2	7.8	8.4			
Restructuring expenses	15.5	6.6	8.9			
Impairment loss	0.7	1.0	-0.3			
Loss on valuation of investment in securities	-	0.1	-0.1			
Others	-	0.1	-0.1			
Net income attributable to shareholders of the Company	60.1	48.3	+11.8	+24.4	53.0	113.4

*: Announced on February 3, 2016 in the financial results of Q3 FY2015

FY2015 Full Year Forecasts



Revised Forecasts for Full Year FY2015

Sales, Gross Profit, Operating Income

New **Value** Creation



	FY2015				FY2014		
	Revised forecasts	Previous forecasts* ¹	Increase/decrease		Actual	Increase/decrease* ²	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Sales	429.0	418.0	+11.0	+2.6	415.1	+13.9	+3.3
Cost of sales	155.0	150.0	+5.0	+3.3	169.6	-14.6	-8.6
Sales cost ratio	36.1%	35.9%			40.9%		
Gross profit	274.0	268.0	+6.0	+2.2	245.5	+28.5	+11.6
SG&A expenses	182.0	186.0	-4.0	-2.2	178.4	+3.6	+2.0
R&D expenses	74.0	76.0	-2.0	-2.6	69.6	+4.4	+6.3
Labor cost	47.0	47.0	-	-	46.8	+0.2	+0.5
Amortization of goodwill	10.5	10.5	-	-	10.9	-0.4	-3.8
Others	50.5	52.5	-2.0	-3.8	51.1	-0.6	-1.2
Operating income	92.0	82.0	+10.0	+12.2	67.1	+24.9	+37.0

*1: Announced on October 30, 2015 in the financial results of Q2 FY2015

*2: Compared with the previous forecasts

Revised Forecasts for Full Year FY2015

Operating Income ~ Net Income Attributable to Shareholders of the Company

New **Value** Creation



	FY2015				FY2014		
	Revised forecasts	Previous forecasts* ¹	Increase/decrease		Actual	Increase/decrease* ²	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Operating income	92.0	82.0	+10.0	+12.2	67.1	+24.9	+37.0
Non-operating income/loss	-1.0	-1.0	-	-	0.5	-1.5	-
Ordinary income	91.0	81.0	+10.0	+12.3	67.7	+23.3	+34.5
Extraordinary income/loss	-10.5	-13.5	+3.0	-	-5.0	-5.5	-
Net income attributable to shareholders of the Company	53.0	46.0	+7.0	+15.2	39.5	+13.5	+34.2

*1: Announced on October 30, 2015 in the financial results of Q2 FY2015

*2: Compared with the previous forecasts

Development Pipeline

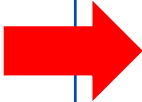
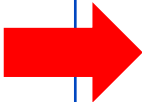
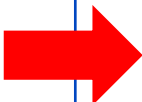
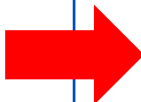
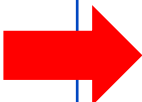


Progress of Development Pipeline

(Progress after October 30, 2015)

New **Value** Creation



	Development code/product name (Licensee)	Mode of action (indications)	Region	P1	P2	P3	Filed	Appr oved
In-house	TA-650/ Remicade	Anti-human TNF α monoclonal antibody (Refractory Kawasaki disease)	Japan					
	TA-650/ Remicade	Anti-human TNF α monoclonal antibody (Crohn's disease, ulcerative colitis)	Taiwan					
	MCI-186/ Radicut	Free radical scavenger (ALS)	Korea					
License-out	TA-7284 (Janssen Pharmaceuticals)	SGLT2 inhibitor (Type2 diabetes mellitus/Fixed dose combination with Metformin, XR)	US					
	MT-4580 (Kyowa Hakko Kirin)	Ca sensing receptor agonist (Secondary hyperparathyroidism in hemodialysis patients)	Japan					

*New **Value** Creation*

Becoming a “Company that Can Continue to Create New Value”

Appendix



Sales by Business Segment

New **Value** Creation

【Q3 FY2015 Business Results, appendix】



	FY2015	FY2014	Increase/decrease	
	Billion yen	Billion yen	Billion yen	%
Sales	340.9	319.8	+21.1	+6.6
(Overseas)	(95.0)	(56.2)	(38.8)	+69.1
Pharmaceuticals	340.6	319.4	+21.2	+6.6
Domestic ethical drugs	240.7	252.0	-11.4	-4.5
Royalty income, etc.	75.7	44.9	+30.8	+68.6
Overseas ethical drugs	19.8	16.8	+3.0	+17.9
OTC products	3.1	3.2	-0.1	-4.0
Contracted manufacturing products	1.5	2.6	-1.1	-42.4
Others	0.3	0.3	0.0	-14.7

Ethical Drugs Domestic Sales

Priority Products and Vaccines

【Q3 FY2015 Business Results, appendix】

New **Value** Creation

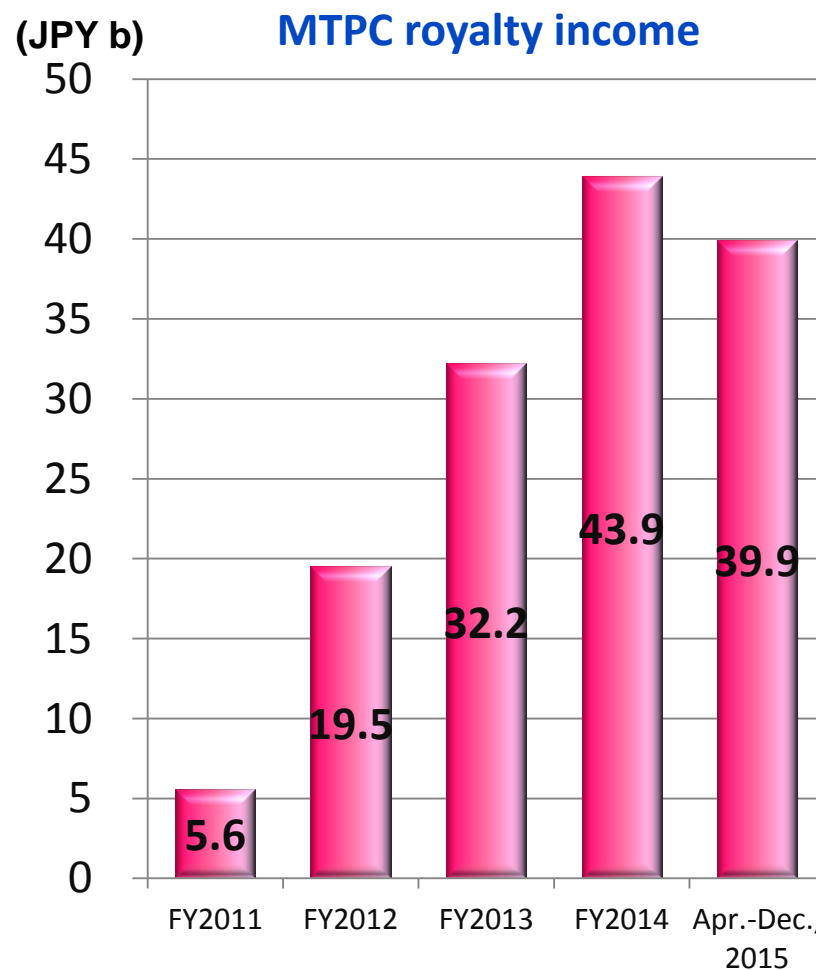
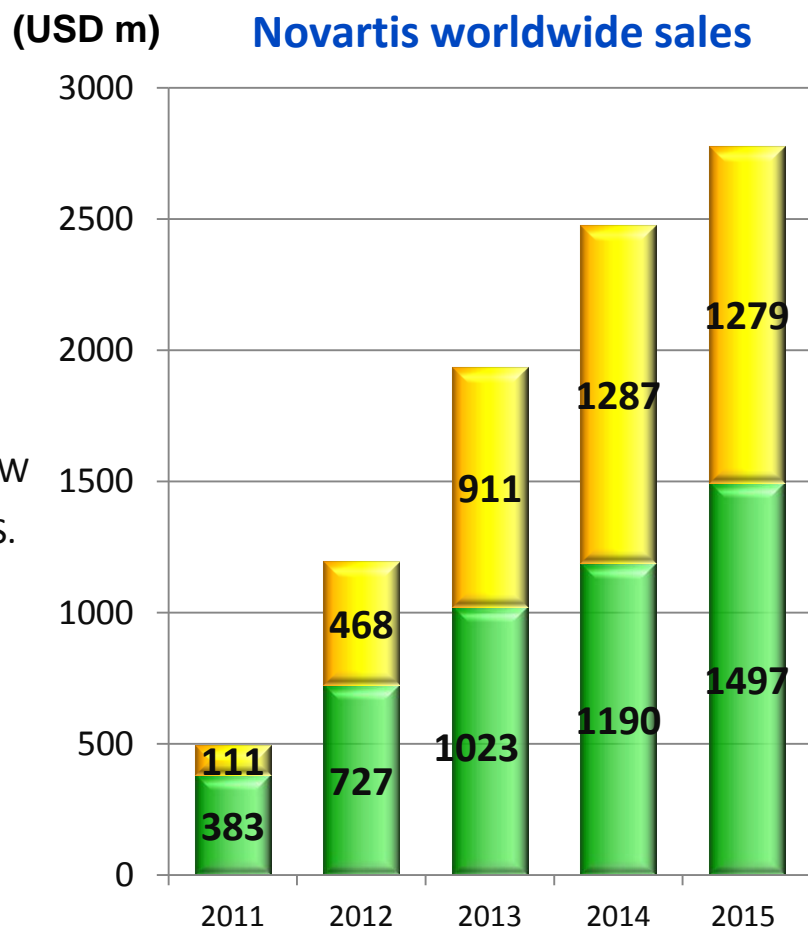


Mitsubishi Tanabe Pharma

	FY2015	FY2014	Increase/ decrease	
	Billion yen	Billion yen	Billion yen	%
Remicade	54.0	54.5	-0.5	-0.9
Talion	11.2	10.3	+0.9	+8.3
Simponi	9.8	8.0	+1.8	+23.0
Lexapro	7.4	6.1	+1.3	+20.8
Tenelia (previous scheme)	3.7	4.6	-0.9	-19.9
Tenelia (new scheme)	7.3	Undisclosed	-	-
Imusera	3.2	2.4	+0.7	+30.6
Canaglu	0.2	1.1	-0.9	-81.7
Total of priority products	96.7	89.3	+7.4	+8.3
Influenza	12.1	8.2	+3.8	+46.8
Tetrabik	7.2	5.7	+1.6	+27.4
Varicella vaccine	5.0	5.4	-0.4	-8.2
Total of vaccines	31.5	25.9	+5.7	+21.8
Total of priority products and vaccines	128.2	115.1	+13.1	+11.4

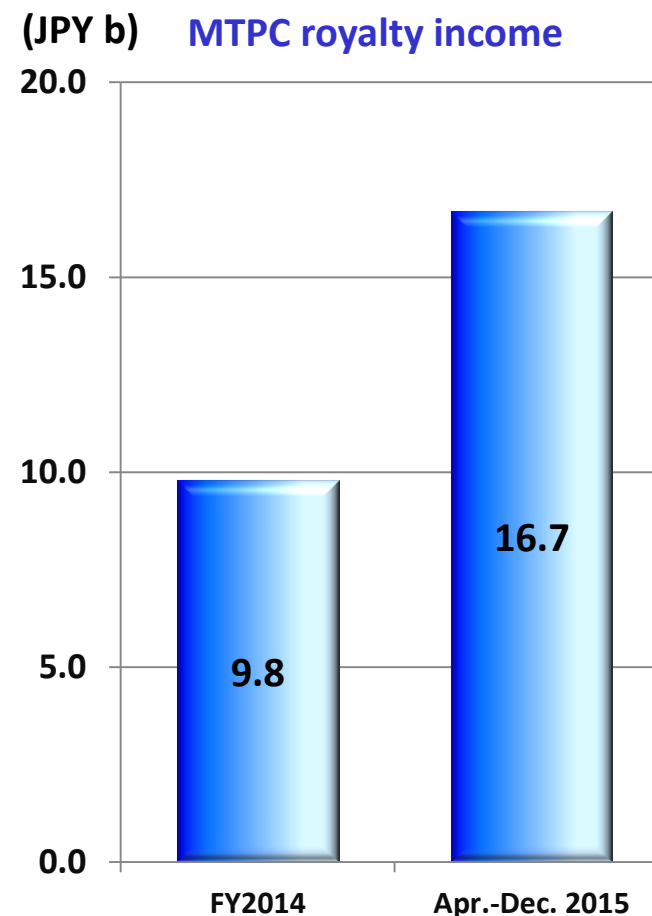
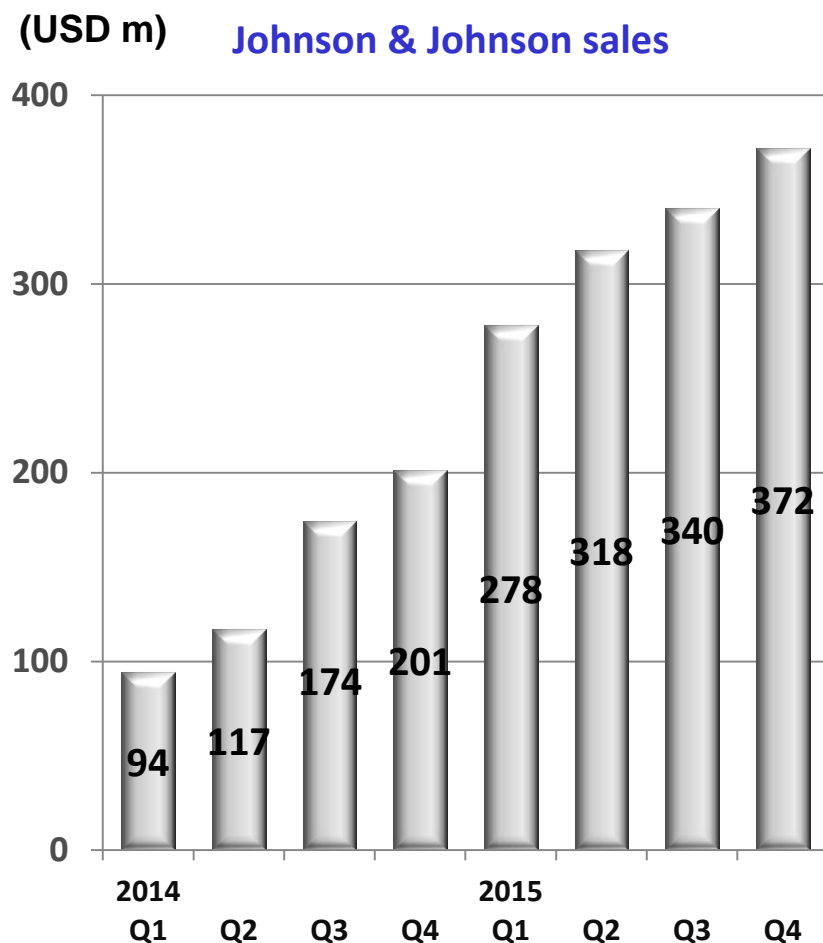
【Q3 FY2015 Business Results, appendix】

- ◆ Novartis worldwide sales in 2015: USD 2,776 m, + 12%, y-o-y
- ◆ MTPC royalty income in cumulative Q3 FY2015: JPY 39.9 b



【Q3 FY2015 Business Results, appendix】

- ◆ Johnson & Johnson sales in 2015: USD 1,308 m (+ USD 586 m, y-o-y)
- ◆ Achieved 6.5% in defined U.S. T2DM market and ~13% share with endocrinologists
- ◆ MTPC royalty income in cumulative Q3 FY2015: JPY 16.7 b



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.