



# **Q3 FY2016 Business Results**

## **(April-December, 2016)**

**February 6, 2017**

**Eizo Tabaru**

**Board Director, Managing Executive officer  
General Manager of Finance & Accounting Dept.**

## Q3 FY2016 Business Results

**The Company has voluntarily applied IFRS from FY2016 and discloses based on IFRS from Q1 FY2016.**

**Amounts less than ¥100 million are rounded down.**

## Overview

<b>Revenue</b>	¥ 324.3 billion	- 3.0%, year-on-year
<b>Core operating profit</b>	¥ 79.9 billion	- 16.1%, year-on-year
<b>Net profit attributable to owners of the Company</b>	¥ 60.1 billion	+ 1.7%, year-on-year

In the same period of last year, revenue includes ¥10.4b of lump-sum income on TA-8995 and non-recurring items includes ¥15.3b of expenses related to the early retirement program.

### Topics

- Revenue of domestic ethical drugs: +1.1%, year-on-year
- Steady growth of priority products including Simponi: increased by ¥15.6b, +16.1%, y-o-y
- Royalty revenue from Gilenya hit a new record of ¥41.9b, increased by ¥2.1b, y-o-y
- Forecast of net profit for full year: ¥72.0b, +21.4%, year-on-year, estimated to hit a new record
- Basic agreement of the establishment of “BIKEN Corporation”, manufacturing vaccines, in November, 2016
- Termination of license agreement on MT-1303 with Biogen in January, 2017
- Agreement on co-promotion of STELARA for Crohn’s disease with Janssen Pharmaceutical in February, 2017

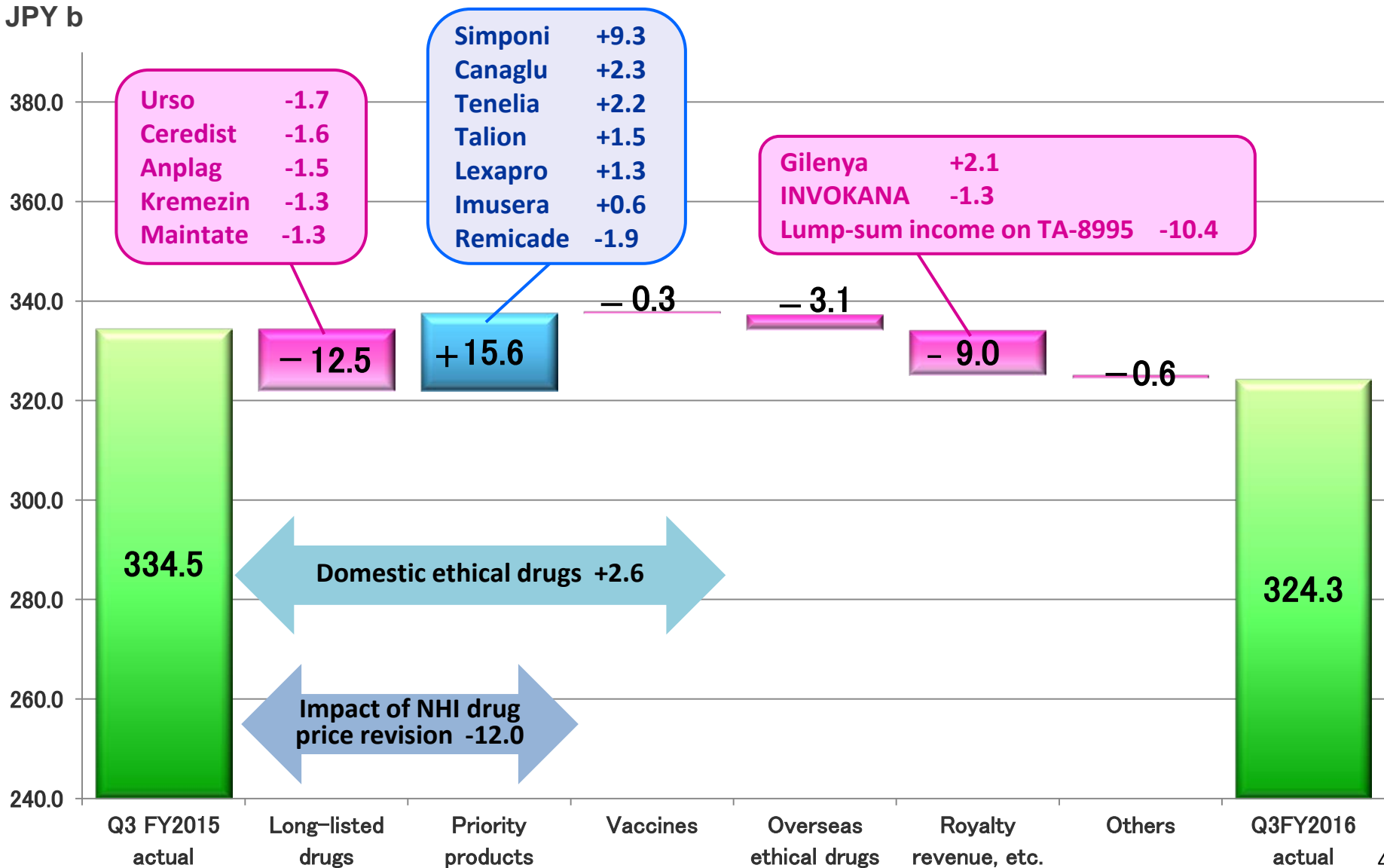
## Q3 FY2016 Financial Results

	Q3 FY2016	Q3 FY2015	Increase/decrease		Full year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Revenue	324.3	334.5	-10.1	-3.0	425.0	76.3
(Overseas sales revenue)	75.6	88.1	-12.4	-14.1	103.0	73.5
Overseas sales ratio	23.3%	26.3%		-3.0	24.2%	
Cost of sales	126.9	120.8	+6.1	+5.1	163.0	77.9
Sales cost ratio	39.1%	36.1%		+3.0	38.4%	
Gross profit	197.3	213.7	-16.3	-7.6	262.0	75.3
Core operating profit	79.9	95.3	-15.3	-16.1	97.0	82.4
Net profit attributable to owners of the Company	60.1	59.2	+0.9	+1.7	72.0	83.6
Average exchange rate (USD)	¥107.34	¥121.63			¥110.00	

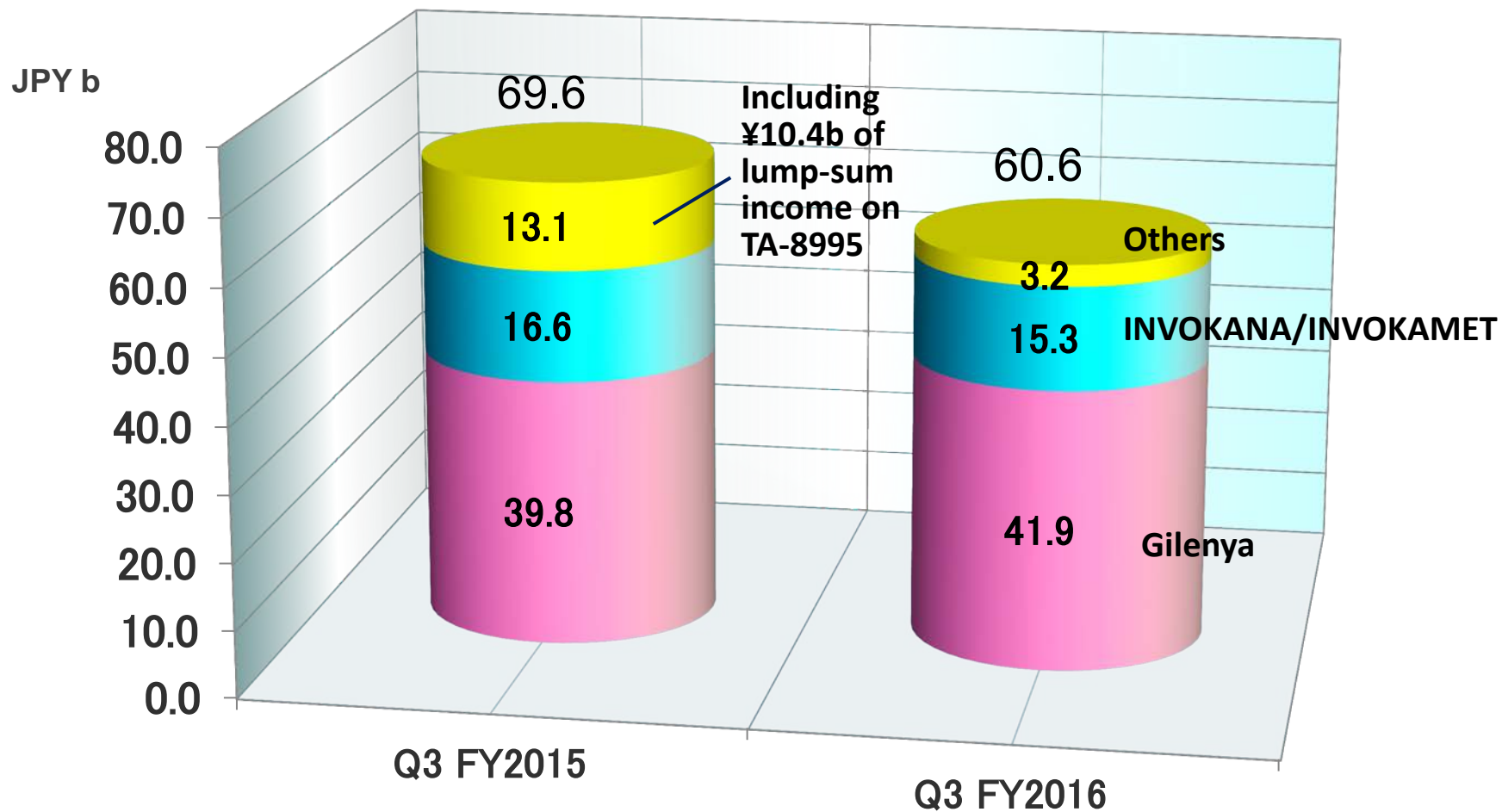
\*: Announced on February 6, 2017 in the financial results of Q3 FY2016

# Revenue Trends

JPY b



# Royalty revenue, etc.



<Average exchange rate>

	FY2015	FY2016
USD	¥121.63	¥107.34



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

	Q3FY2016	Q3 FY2015	Increase/decrease		Full year forecasts*1	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Revenue	324.3	334.5	-10.1	-3.0	425.0	76.3
Cost of Sales	126.9	120.8	+6.1	+5.1	163.0	77.9
Sales cost ratio	39.1%	36.1%		+3.0	38.4%	
Gross profit	197.3	213.7	-16.3	-7.6	262.0	75.3
SG&A expense	71.0	70.3	+0.6	+1.0	98.0	72.5
R&D expense	45.0	46.6	-1.5	-3.3	65.0	69.3
Amortization of intangible assets associated with products	1.1	1.1	-	-	1.5	73.8
Other income and expense*2	-0.1	-0.2	0.0	-	-0.5	-
Core operating profit	79.9	95.3	-15.3	-16.1	97.0	82.4
Total labor costs	53.8	60.1	-6.2	-10.4	72.0	74.8

\*1: Announced on February 6, 2017 in the financial results of Q3 FY2016 6

\*2: Negative signs indicate expense and loss.



## Non-recurring items, Net Profit

	Q3 FY2016	Q3 FY2015	Increase/decrease		Full year forecasts*1	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Core operating profit	79.9	95.3	-15.3	-16.1	97.0	82.4
Non-recurring items*2	-0.1	-15.4	+15.3			
Operating profit	79.7	79.8	-0.0	-0.0	96.0	83.1
Financial income	1.8	2.3	-0.5	-21.9		
Financial expense	0.1	1.1	-0.9	-87.5		
Net profit attributable to owners of the Company	60.1	59.2	+0.9	+1.7	72.0	83.6

\*1: Announced on February 6, 2017 in the financial results of Q3 FY2016

\*2: Negative signs indicate expense and loss.



# Forecasts for FY2016





# Revised Full Year Forecasts: Revenue, Gross Profit and Core Operating Profit

	FY2016				FY2015		
	Revised forecasts	Previous forecasts	Increase/decrease		Actual	Increase/decrease*1	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Revenue	425.0	414.0	+11.0	+2.7	425.7	-0.7	-0.2
Cost of sales	163.0	163.0	-	-	155.8	+7.1	+4.6
Sales cost ratio	38.4%	39.4%		-1.0	36.6%		+1.8
Gross profit	262.0	251.0	+11.0	+4.4	269.9	-7.9	-2.9
SG&A expense	98.0	97.9	+0.1	+0.1	96.3	+2.1	+2.2
R&D expense	65.0	66.0	-1.0	-1.5	64.6	-0.3	-0.6
Amortization of intangible assets associated with products	1.5	1.5	-	-	1.4	0.0	+1.8
Other income and expense*2	-0.5	-0.6	-	-	-0.5	-0.0	-
Core operating profit	97.0	85.0	+12.0	+14.1	106.9	-9.9	-9.3

Average exchange rate (USD)

¥110.00

¥100.00

¥120.16

\*1: Comparison to the revised forecasts announced on February 6, 2017. Previous forecasts were announced on November 1, 2016.

\*2: Negative signs indicate expense and loss.

# Revised Full Year Forecasts: Operating Profit ~ Net Profit Attributable to Owners of the Company

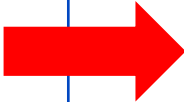
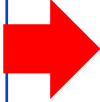
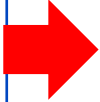
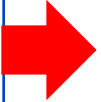
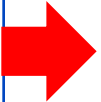
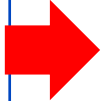
	FY2016				FY2015		
	Revised forecasts	Previous forecasts	Increase/decrease		Actual	Increase/decrease*	
	Billion yen	Billion yen	Billion yen	%	Billion yen	Billion yen	%
Core operating profit	97.0	85.0	+12.0	+14.1	106.9	-9.9	-9.3
Operating profit	96.0	84.0	+12.0	+14.3	81.8	+14.1	+17.4
Profit before tax	97.5	86.0	+11.5	+13.4	83.2	+14.2	+17.1
Net profit attributable to owners of the Company	72.0	64.0	+8.0	+12.5	59.3	+12.6	+21.4
Average exchange rate (USD)	¥110.00	¥100.00			¥120.16		

\*: Comparison to the revised forecasts announced on February 6, 2017.  
Previous forecasts were announced on November 1, 2016.

# Development Pipeline



## Progress of Development Pipeline

Development code	Indications (MoA)	Area	P1	P2	P3	Filed	Approved
<b>TAU-284</b> (Product name in Japan: Talion)	Pediatric allergic rhinitis, pediatric atopic dermatitis (Selective histamine H1 receptor antagonist, anti-allergic agent)	China					
<b>MP-513</b> (Product name in Japan: Tenelia)	Type 2 diabetes mellitus (DPP-4 inhibitor)	China					
<b>MT-2355</b> (Co-developed with BIKEN)	Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants (Combined vaccine)	Japan					
<b>MT-3995</b>	NASH (Selective mineralocorticoid receptor antagonist )	Japan					
<b>MT-6548</b> (Vadadustat)	Renal anemia (HIF-PH inhibitor)	Japan					
<b>MT-4129</b>	Cardiovascular system, etc.	EU					

# *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



## Breakdown of Revenue(cumulative Q3 FY2016)

	FY2016	FY2015	Increase/decrease		Full year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Revenue	324.3	334.5	-10.1	-3.0	425.0	76.3
(Overseas)	75.6	88.1	-12.4	-14.1	103.0	73.5
Domestic ethical drugs	243.3	240.7	+2.6	+1.1	314.5	77.4
Overseas ethical drugs	16.1	19.2	-3.1	-16.1	21.2	76.3
Royalty revenue, etc.	60.6	69.6	-9.0	-13.0	83.3	72.7
OTC products	2.8	3.0	-0.1	-5.3	4.3	66.5
Others	1.2	1.7	-0.4	-27.2	1.4	86.3

\*: Announced on February 6, 2017 in the financial results of Q3 FY2016

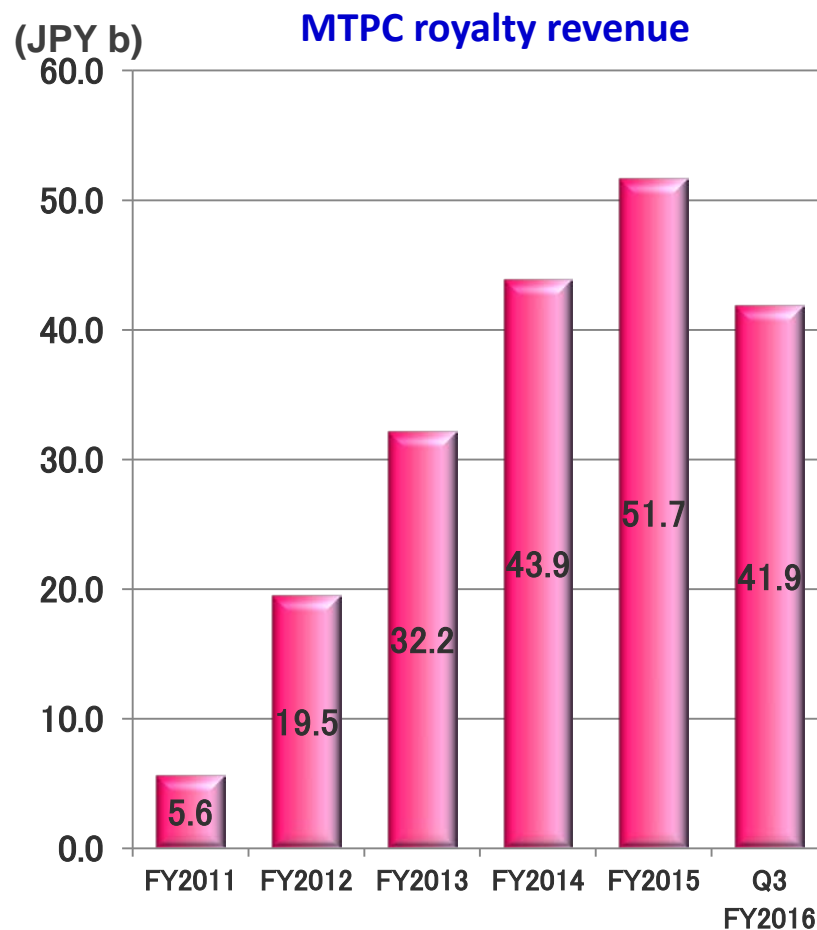
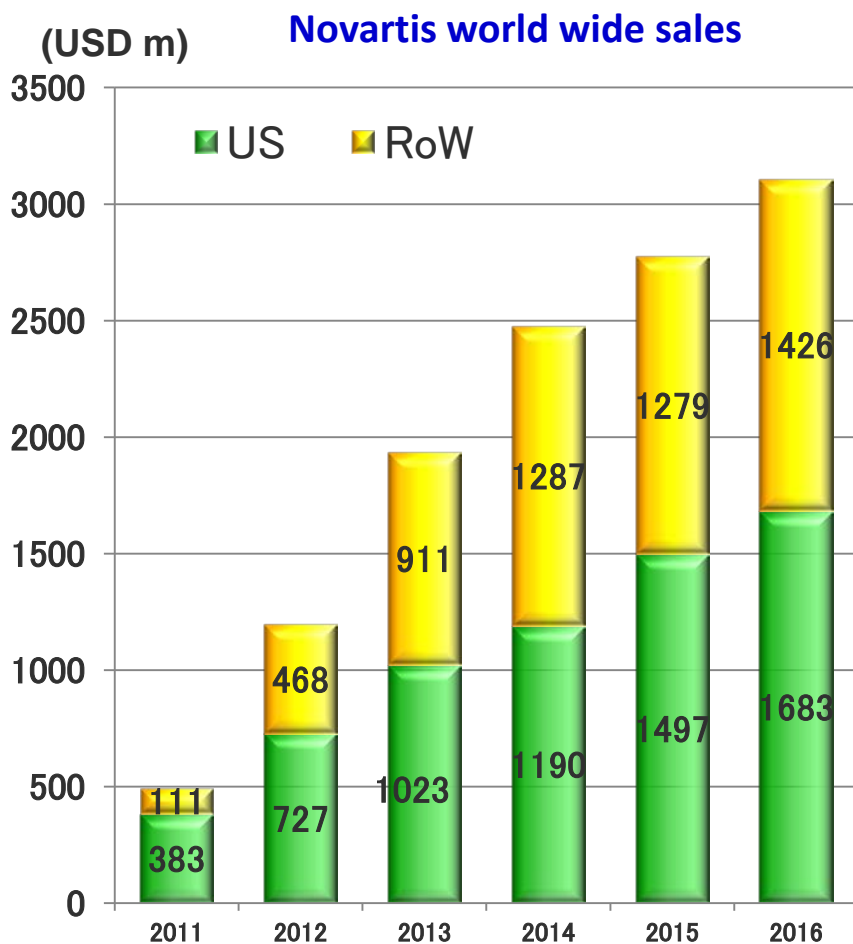


## Domestic Ethical Drugs: Revenue of Priority Products

	Q3 FY2016	Q3 FY2015	Increase/decrease		Full year forecasts*	Achieved
	Billion yen	Billion yen	Billion yen	%	Billion yen	%
Remicade	52.0	54.0	-1.9	-3.5	66.4	78.4
Simponi	19.1	9.7	+9.3	+95.4	25.4	75.1
Tenelia	13.2	10.9	+2.2	+20.8	17.4	75.7
Talion	12.7	11.1	+1.5	+13.8	19.1	66.5
Lexapro	8.7	7.4	+1.3	+17.6	12.5	69.6
Imusera	3.8	3.1	+0.6	+21.1	4.8	79.6
Canaglu	2.5	0.2	+2.3	-	3.2	79.0
<b>Total of priority products</b>	<b>112.3</b>	<b>96.7</b>	<b>+15.6</b>	<b>+16.1</b>	<b>149.1</b>	<b>75.3</b>
Tetrabik	7.6	7.2	+0.3	+5.3	9.7	78.2
Mearubik	4.4	3.7	+0.6	+18.4	5.7	78.3
Varicella vaccine	4.1	4.9	-0.7	-16.1	5.5	75.7
JEBIK V	3.1	2.8	+0.2	+10.1	3.8	81.6
Influenza vaccine	11.0	12.0	-1.0	-8.5	12.0	92.0
<b>Total of vaccines</b>	<b>31.1</b>	<b>31.5</b>	<b>-0.3</b>	<b>-1.2</b>	<b>37.6</b>	<b>82.6</b>
<b>Total of priority products and vaccines</b>	<b>143.4</b>	<b>128.2</b>	<b>+15.2</b>	<b>+11.9</b>	<b>186.8</b>	<b>76.8</b>

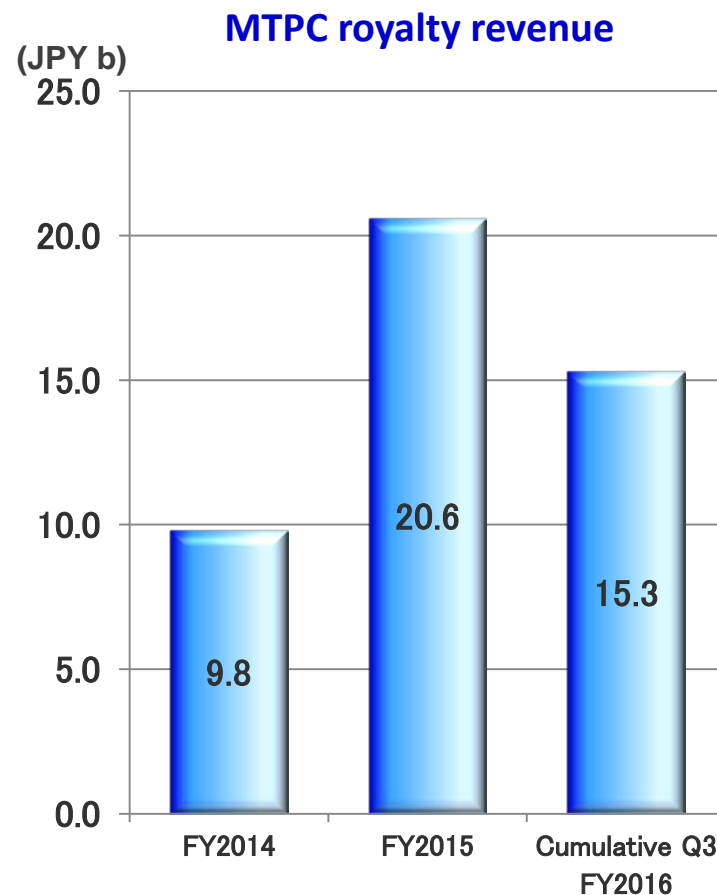
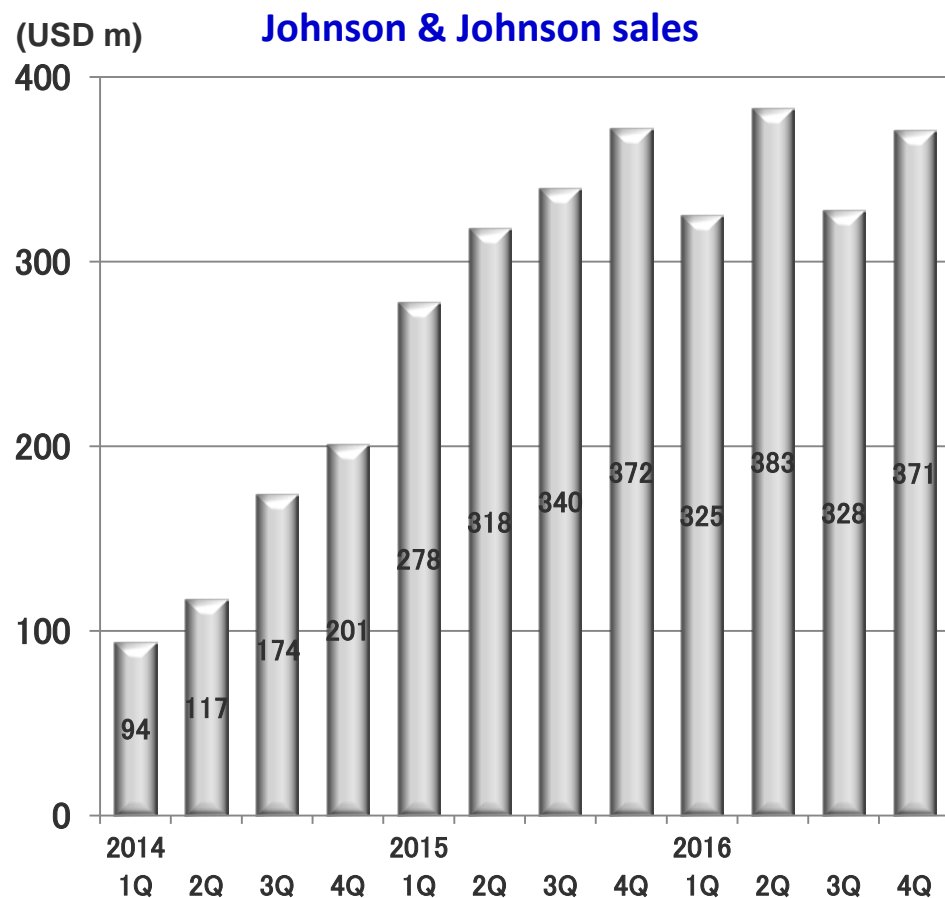
\*: Announced on February 6, 2017 in the financial results of Q3 FY2016

- ◆ Novartis worldwide sales in October to December, 2016: \$810m (\$742m, the same period of the last year)
- ◆ MTPC royalty revenue in Q3 FY2016 (April to December in 2016): ¥41.9b



# INVOKANA/INVOKAMET

- ◆ Johnson & Johnson sales in October to December, 2016: \$371m (the same period the last year: \$372m)
- ◆ INVOKANA/INVOKAMET TRx share 6.1% in defined U.S. T2D market
- ◆ MTPC royalty revenue in Q3 FY2016 (April to December, 2016) : ¥15.3b



### **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.**