



Financial Results
- For the FYE March 2016 -

May 13, 2016

Meiji Holdings Co., Ltd.

1. Overview for FYE March 2016
2. Initiatives to Address Issues
3. Meiji's Approach to Realize Sustainable Growth

- Business forecasts and other forward-looking statements are based on information available at the time of the release of this presentation and reasonable assumptions made by the Company. Actual results could differ materially from forecasts due to various factors.
- Although this material includes information concerning pharmaceutical products (including those currently under development), such descriptions are not intended to advertise the products or provide any medical advice.

STEP UP¹⁷



Basic Policies

Accelerate growth and improve profitability

1. Strengthen priority businesses and take on the challenge of future growth
2. Improve profitability to withstand harsh economic environment
3. Pursue global expansion
4. Evolve the management system

FYE March 2016, 1st Year of STEP UP 17, Greatly Exceeds Targets



(JPY bn)

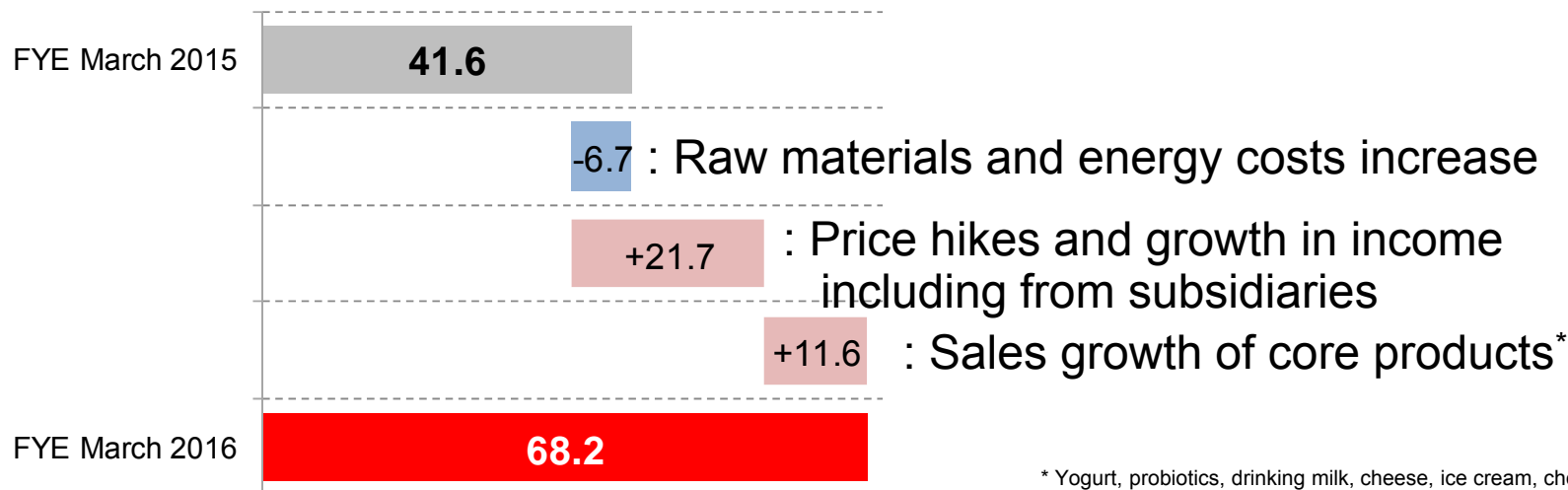
		16.3 Initial Target (As of May 12)	16.3 Revised Plan (As of Nov. 11)	16.3 Results	Change vs. Revised Plan	YoY Change
Meiji HD	Net sales	1,194.0	1,208.5	1,223.7	+1.3% +15.2	+5.4% +62.5
	Operating income	52.0	66.5	77.7	+17.0% +11.2	+50.9% +26.2
	Op. income margin	4.4%	5.5%	6.4%	+0.9pt	+1.9pt
	Net income attributable to shareholders of parent company	41.7	53.5	62.5	+17.0% +9.0	+102.6% +31.6
Food	Net sales	1,030.0	1,044.3	1,061.3	+1.6% +17.0	+3.9% +39.5
	Operating income	42.0	54.0	68.2	+26.5% +14.2	+63.9% +26.6
Pharma	Net sales	166.4	166.3	164.5	-1.1% -1.7	+16.4% +23.2
	Operating income	10.0	12.7	10.1	-20.3% -2.5	+0.4% +0.0
Consolidated overseas sales		81.1	85.5	80.3	-6.1% -5.1	+50.5% +26.9

FYE March 2016 Greatly Exceeds Targets



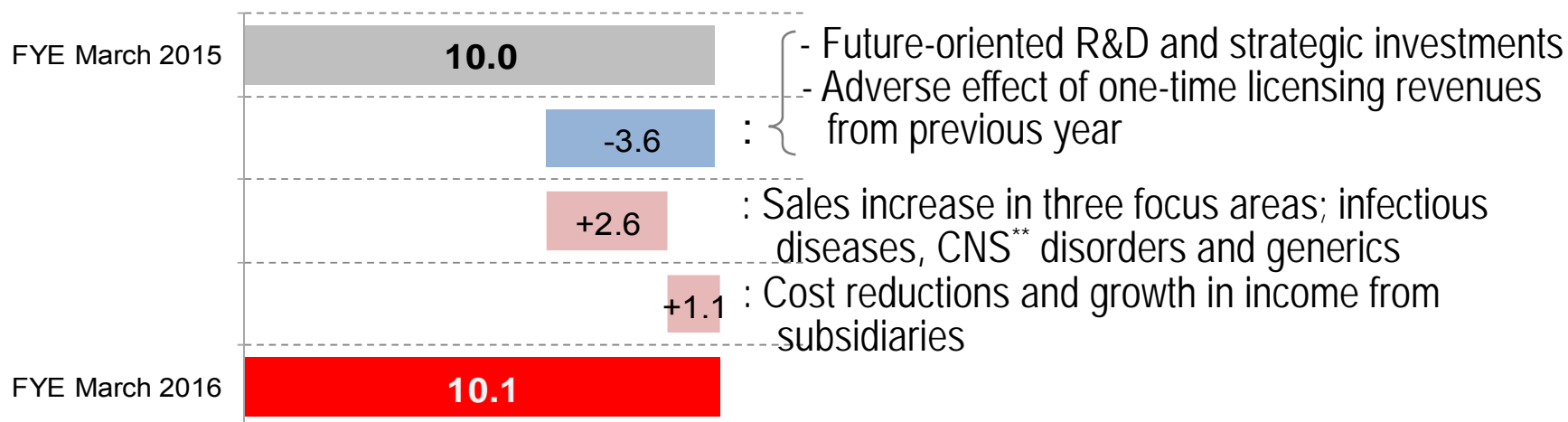
(JPY bn) YoY Change in Operating Income

Food



* Yogurt, probiotics, drinking milk, cheese, ice cream, chocolate, infant formula, enteral formula, sports nutrition

Pharmaceuticals



** CNS: Central Nervous System

Free Cash Flows Increased Significantly, and We Increased Dividends



(JPY bn)

		16.3 Plan	16.3 Results	Change vs. Plan	YoY Change
Meiji HD	Capital expenditures ¹⁾	50.8	42.3	-16.6% -8.4	-34.2% -21.9
	Depreciation and amortization	40.8	42.0	+3.1% +1.2	+0.5% +0.1
	R&D expenses	28.1	27.3	-3.1% -0.8	+4.6% +1.1
	Free cash flows	54.0	95.3	+76.6% +41.3	— +101.6
	Interest bearing debt	—	147.8	—	-33.3% -73.6
	ROE (excluding the impact from gains on the sale of fixed assets)	11.0%	13.2%	+2.2pt	+4.2pt
	Cash dividends per share ²⁾	110 yen	180 yen	+70 yen	+80 yen

* ROE including the impact was 16.1%.

● Major investments:

- New Aichi plant for fresh dairy products
- Expansion of production line for probiotics yogurt

(Note 1) Capital expenditures including the investment amount for intangible assets are based on consolidated statements of cash flows.

(Note 2) Dividends per share are based on the number of shares before stock split taken effect on October 1, 2015.

2. Initiatives to Address Issues

FYE March 2017 Guidance



(JPY bn)

		16.3 Results	17.3 Plan	YoY Change
Meiji HD	Net sales	1,223.7	1,251.0	+2.2% +27.2
	Operating income	77.7	74.5	-4.2% -3.2
	Op. income margin	6.4%	6.0%	-0.4pt
	Net income attributable to shareholders of parent company	62.5	50.0	-20.1% -12.5
Food	Net sales	1,061.3	1,073.0	+1.1% +11.6
	Operating income	68.2	65.0	-4.8% -3.2
Pharma	Net sales	164.5	179.8	+9.3% +15.2
	Operating income	10.1	10.0	-1.2% -0.1
Consolidated overseas sales		80.3	90.9	+13.2% +10.6

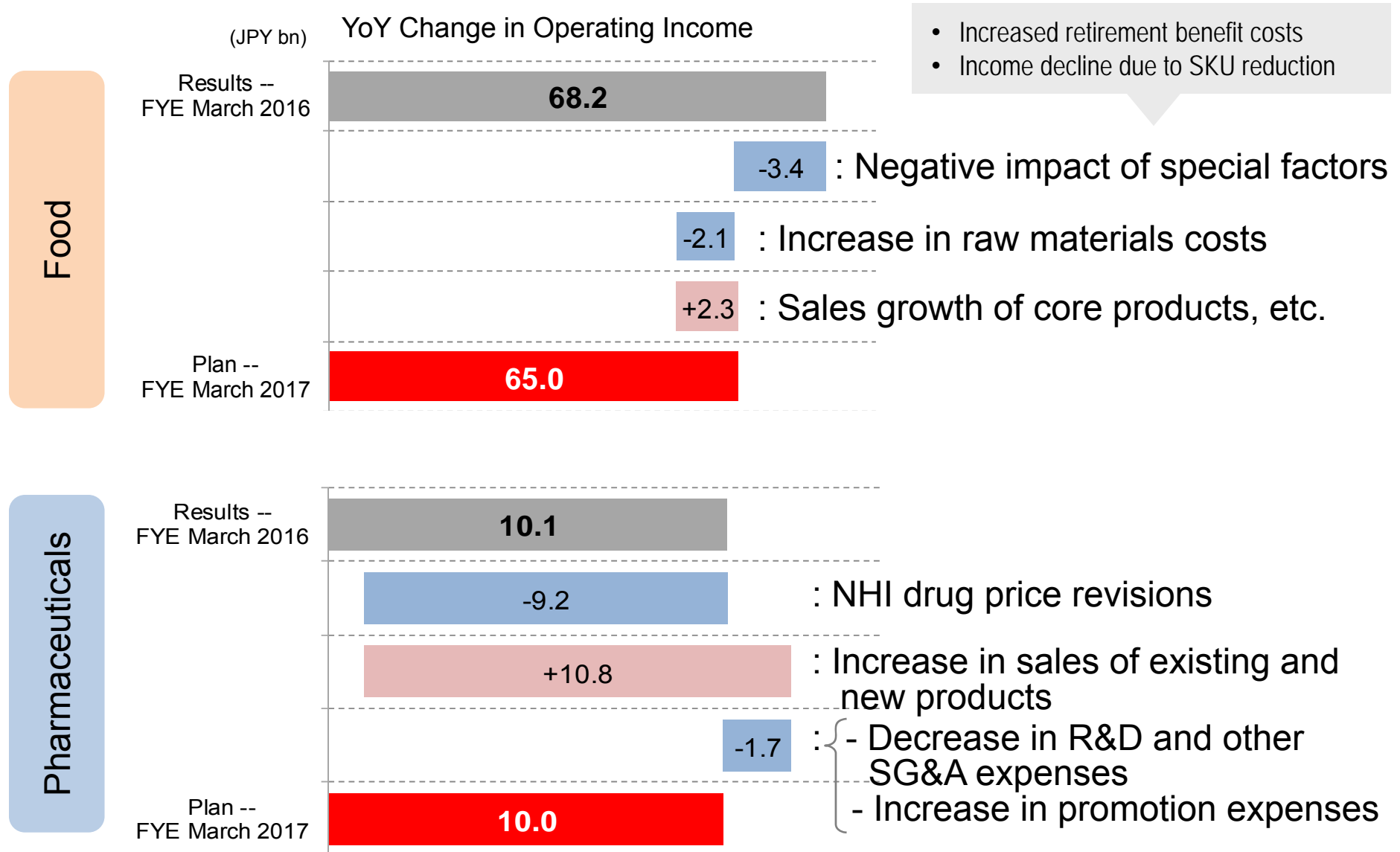
Economic environment and risk factors

- Domestic and overseas economic uncertainty
- Downturn in consumer confidence
- NHI drug price revisions

Positioning of FYE March 2017

Gain secure foothold for continued growth

FYE March 2017 will Focus on Gaining Secure Foothold for Continued Growth



1

Strengthen priority businesses and take on the challenge of new growth

2

Improve profitability to withstand harsh economic environment

3

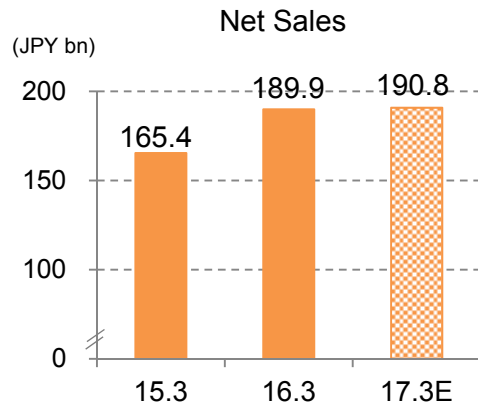
Pursue global expansion

4

Evolve the management system

Health-oriented Food Market is Expanding – Promote Our Unique Value to Increase Market Share

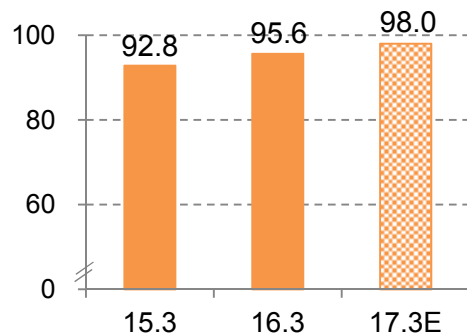
Functional and plain yogurt



Boost its solid market position

- *Probiotics* keep stable growth
 - Reduce seasonal fluctuations in sales and popularize *PA-3*
- Achieve 100 billion yen in net sales for plain yogurt
 - Strengthen marketing for brand promotion

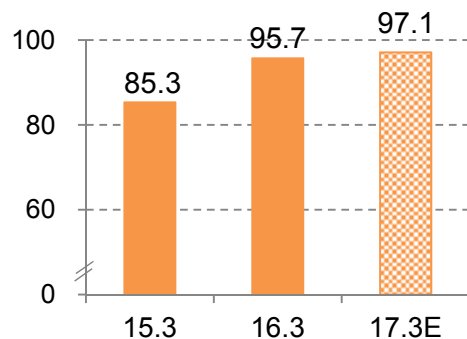
Chocolate



Accelerate confectionery business focusing on chocolate

- Expand sales of products with *health* value
- Popularize premium products

Nutritionals business



Accelerate transition to growth-driven business

- Sports nutrition: Further expand target markets
- Enteral formula/Liquid diet: Effective sales approach to increase consumer sales
- Infant formula: Expand cube-type products

Selection and concentration

- Increase market share of core products
- Reduce SKUs and eliminate low-profitable products and businesses

Rebuild production system

- Reduce lost sales opportunities by increasing production capacity
 - *Probiotics*: increased production capacity in FYE March 2016
 - Build stable supply structure for core products from FYE March 2017
- Build optimal production structure for entire Group

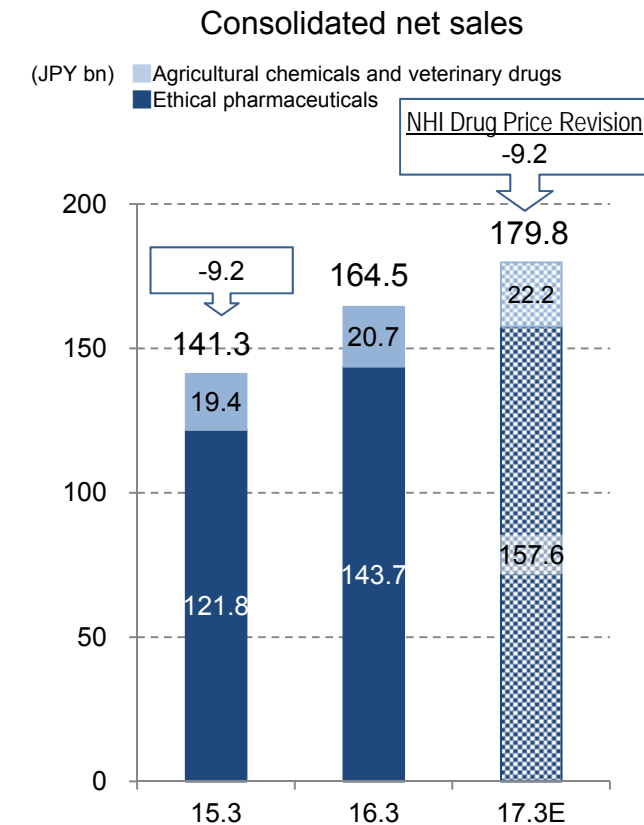
Distribution efficiency

- Reorganize distribution sites
 - Completed reorganization in Chubu area in FYE March 2016
 - Organize sites in Kanto and Kansai areas to be implemented from FYE March 2017 based on storage temperature
- Improve shipping efficiency

Improve sales productivity

- Optimize sales structure
 - In April 2016, we switched to channel-specific sales structure, and effectively inject sales force into core channels

Offset NHI Drug Price Revisions to Achieve Further Growth



Overseas sales*	23.9 bn	41.9 bn	46.1 bn
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*Net sales for the parent company export business and net sales (after elimination) from overseas subsidiaries subject to the scope of consolidation are indicated as above sales.

Domestic pharmaceuticals

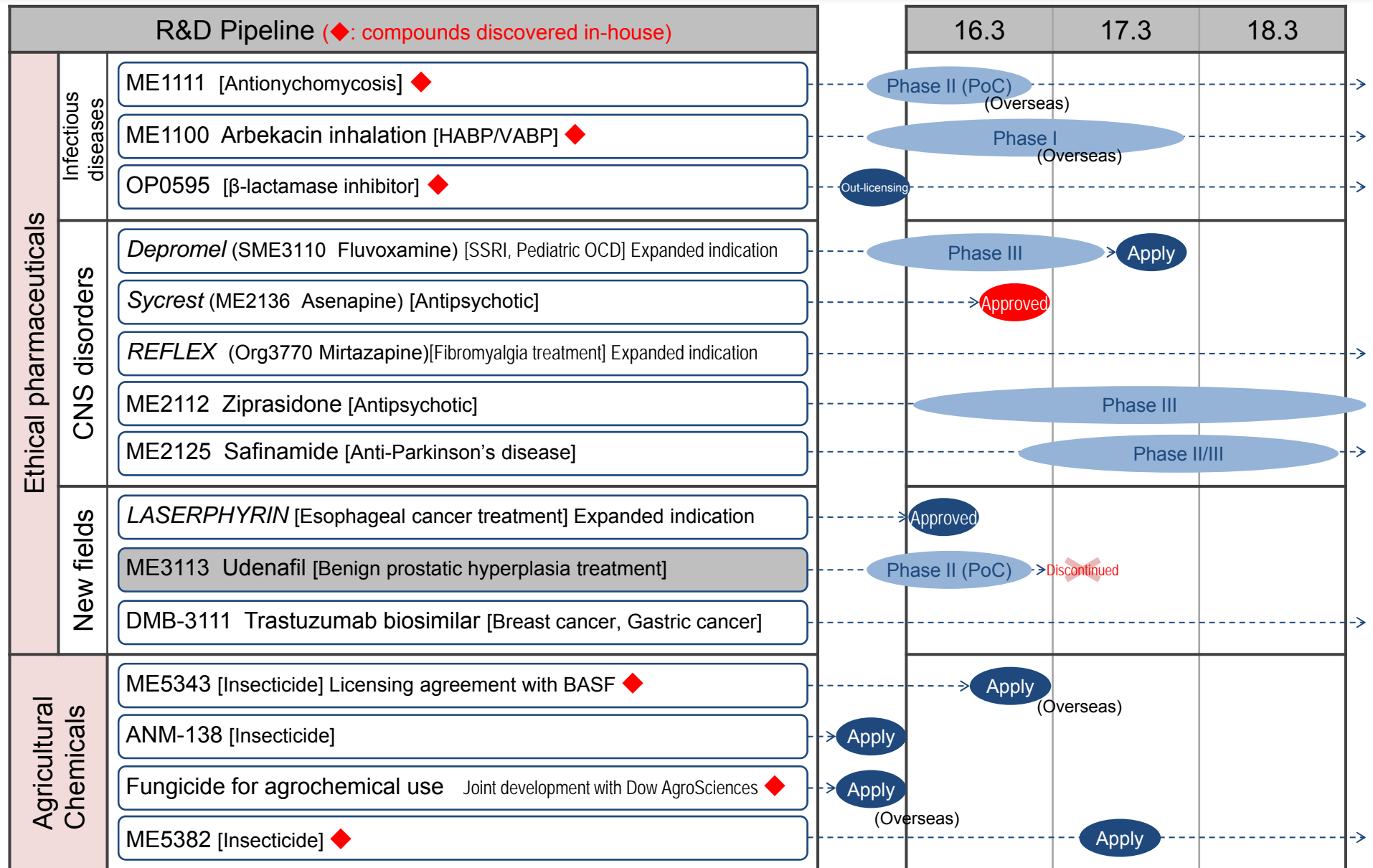
Drugs for Infectious diseases/CNS disorders

Generic drugs

Agricultural chemicals/
Veterinary drugs

Overseas

- Increase volume of Reflex and other mainstay products
- Enhance promotion of newly launched drugs
 - *Sycrest*, Antipsychotic drug
 - *Bilastine*, Anti-allergic drug
 - *Ultibro* and *Seebri*, COPD drugs
- Focus on core domains and core customers
 - Increase volume of existing drugs
 - Expand product lineup
 - *Olanzapine*, Antipsychotic drug, etc.
 - Enhance approaches to hospitals
- Enhance sales force and continue structural reforms
 - Product concentration and selection
 - Assign personnel to core areas
 - Reduce costs and promotion expenses
- Expand as core business to rival domestic business (Explained in details on page 17)



1

Strengthen priority businesses and take on the challenge of new growth

2

Improve profitability to withstand harsh economic environment

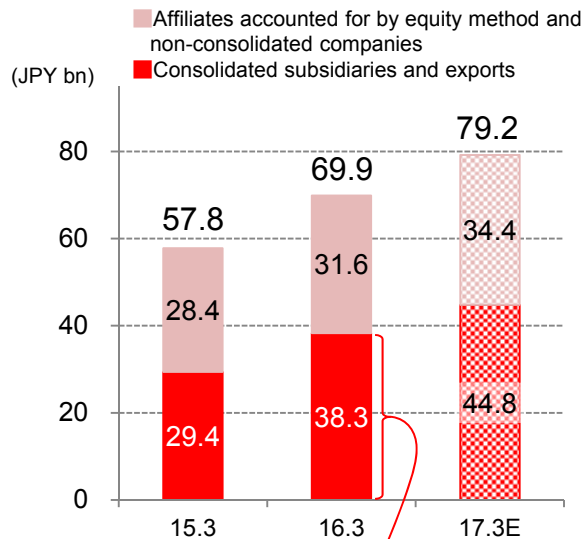
3

Pursue global expansion

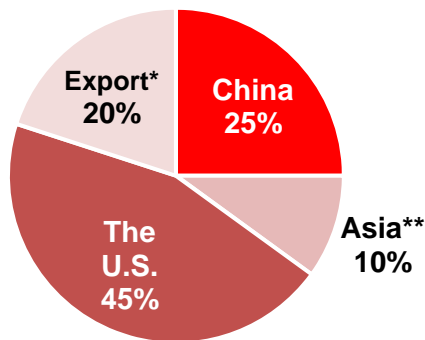
4

Evolve the management system

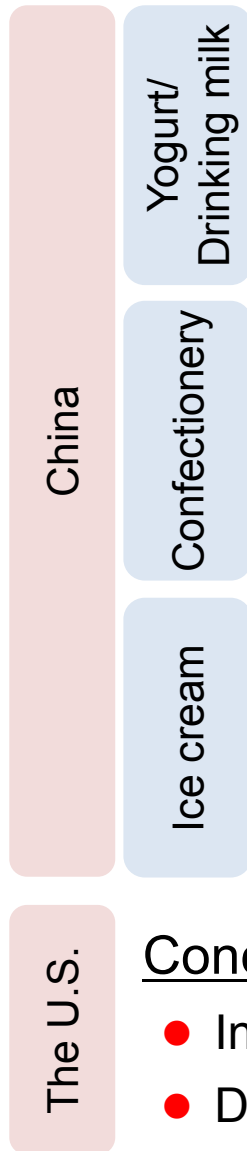
Overseas sales



Consolidated Sales Breakdown



*Export from Japan and others
**Asia excluding China



Maximize sales in current sales areas

- Enhance marketing to increase recognition
- Expand storefront shelf space

Enter a phase of sales growth

- Expand sales areas and number of stores
- Increase exports to neighboring regions/countries

Expand business

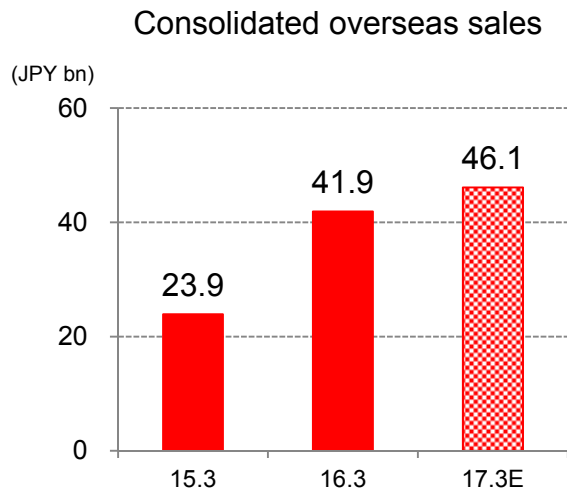
- Expand product lineup
- Enhance storefront exposure

Concentrate resources on mainstay products

- Increase sales of chocolate snacks
- Develop new regional chains

(Note) Net sales for the parent company export business and net sales (after elimination) from overseas subsidiaries subject to the scope of consolidation are indicated as above sales.

Expand overseas business into core business that rivals domestic operations



Overseas sales ratio	17%	25%	26%

(Note) Net sales for the parent company export business and net sales (after elimination) from overseas subsidiaries subject to the scope of consolidation are indicated as above sales.

Medreich Ltd.

Manufacture pharmaceutical products for Japanese market

- Invest to supply over 3 billion tablets to Japan
- Start supply by FYE March 2018

Asian Market

Increase presence in China, India, and ASEAN

- Expand sales of core products: *MEI*ACT and *ADANT*
- Create synergy between overseas Group companies and partner companies

CMO/CDMO*
business

Market for production outsourcing is increasing, opportunity for continued growth

- Expand business with major global pharmaceutical companies

* CMO: Contract Manufacturing Organization
CDMO: Contract Development and Manufacturing Organization

1

Strengthen priority businesses and take on the challenge of new growth

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Improve profitability to withstand harsh economic environment

3

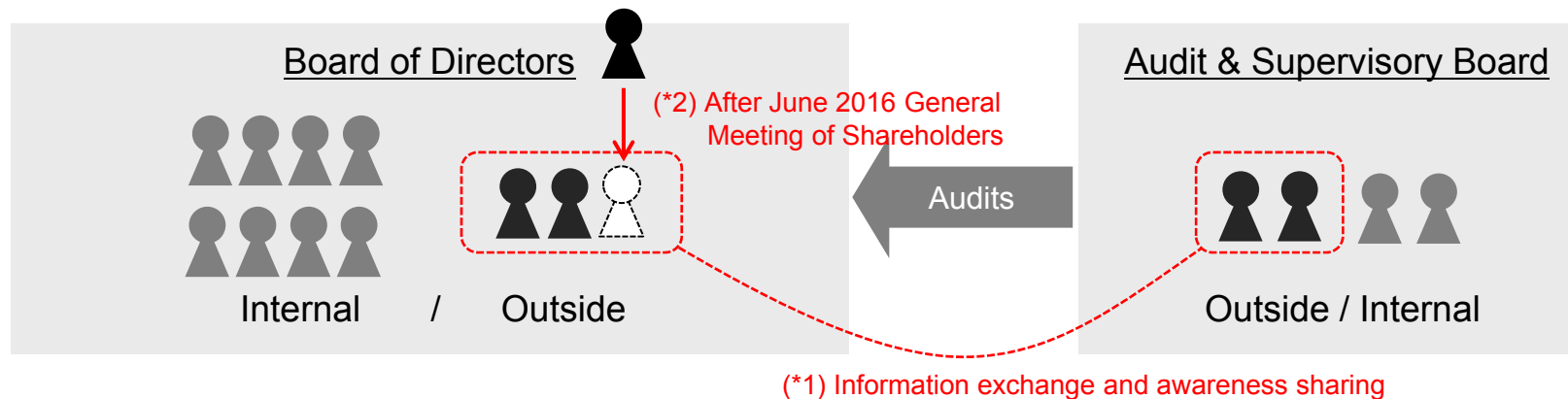
Pursue global expansion

4

Evolve the management system

1. Enhance corporate governance

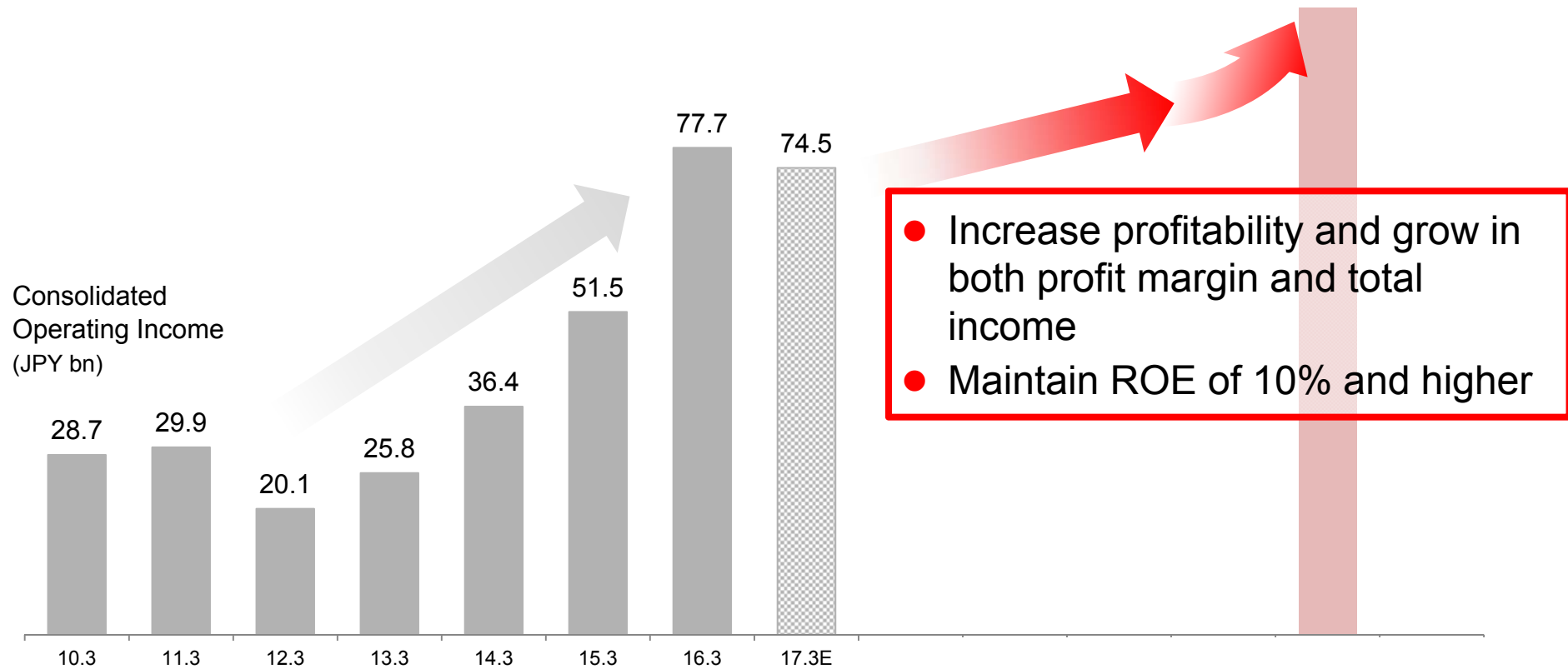
- Establish corporate governance policy
- Incorporate board of director evaluations
- Set up regular meetings to exchange and share information between outside directors and auditors (*1)
- Increase number of outside directors (*2)



2. Strengthen quality assurance/control system to support Meiji brand

3. Meiji's Approach to Realizing Sustainable Growth

Big Picture for Medium- and Long-term Growth



STEP UP 17

- Address outstanding issues
- Secure substantial earnings even when tough economic conditions, i.e. “true profitability”

Improve profitability
Grow both margin and total income

Operating cash flows

Generate stable cash flow by increasing earnings

Investments

Invest for future growth and higher efficiency

- Increase production structure for core products
- Consolidate distribution sites
- Optimize production system, etc.

Returns to shareholders

Stable and continued increases to dividends with a target consolidated payout ratio of 30% by considering medium- to long-term business forecasts

Interest bearing debt

Stabilizing the financial base to invest for future growth



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Appendix

FYE March 2016 Results: Analysis of Consolidated Operating Income

(JPY bn)

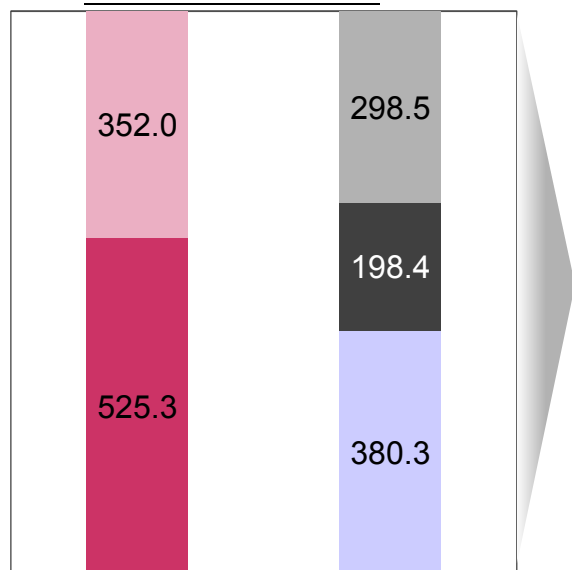
	Full-year	(By Segment)		
		Food	Pharma	Other
Results -- FYE March 2015	51.5	41.6	10.0	-0.1
Due to increased/decreased sales	+14.2	+11.6	+2.6	—
Costs of goods sold increase	-6.7	-6.7	0.0	—
Cost reduction (incl. price revision of products)	+16.2	+15.1	+1.1	—
Changes in other SG&A expenses	+1.0	+1.7	-0.7	—
Other (incl. change in results of subsidiaries)	+1.5	+4.9	-2.9	-0.5
Results -- FYE March 2016	77.7	68.2	10.1	-0.6

Financial Position as of March 2016



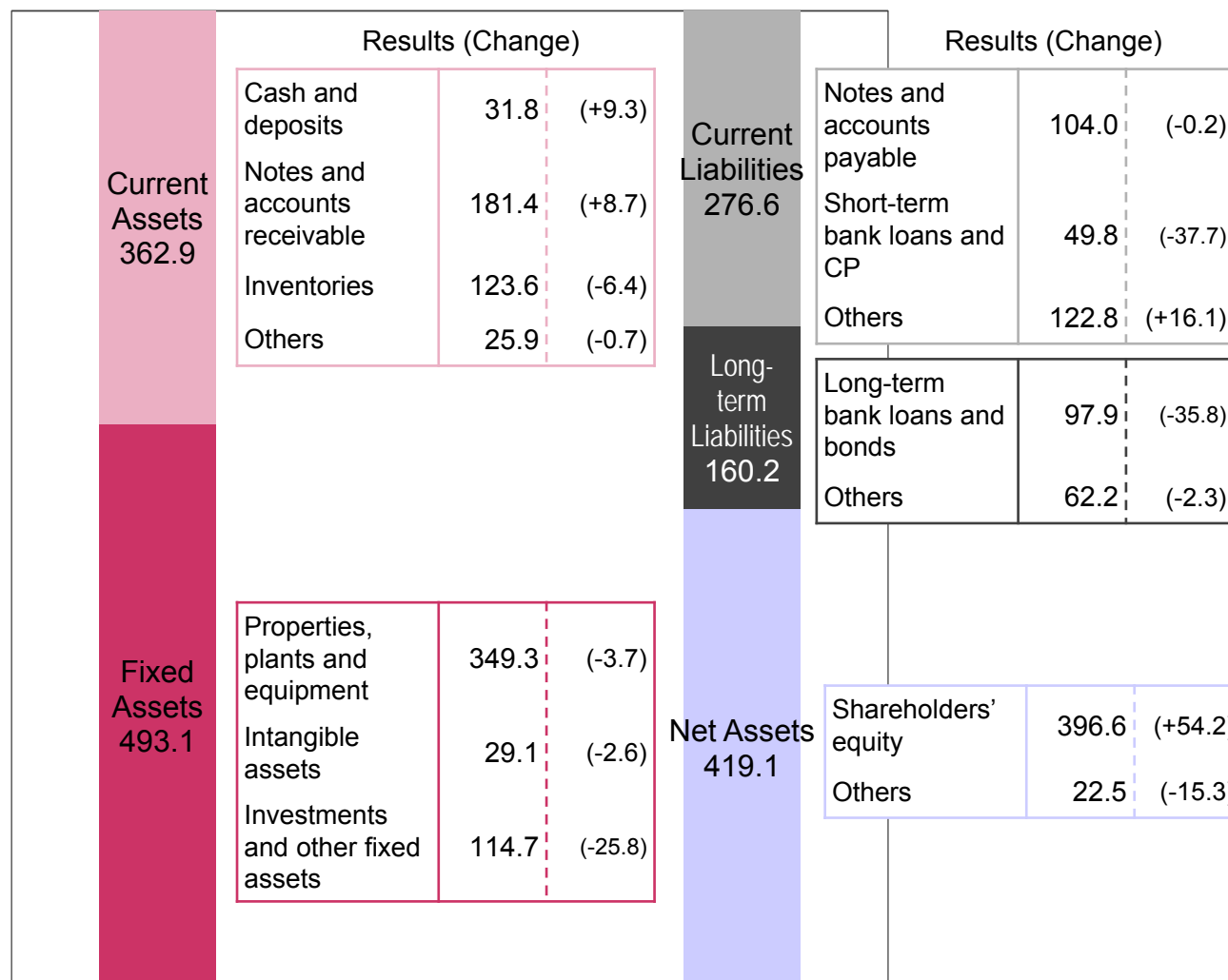
(JPY bn)

(As of March 2015)
Total Assets: **877.3**



Equity Ratio: **42.2%**

(As of March 2016)
Total Assets: **856.1**



Equity Ratio: **47.8%**

FYE March 2017 Sales and Profits Plan



(JPY bn)

		H1		H2		Full-year	
		Plan	YoY Change	Plan	YoY Change	Plan	YoY Change
Meiji HD	Net sales	606.0	+2.3% +13.7	645.0	+2.1% +13.5	1,251.0	+2.2% +27.2
	Operating income	32.5	-2.7% -0.9	42.0	-5.4% -2.3	74.5	-4.2% -3.2
	Ordinary income	32.5	-8.6% -3.0	41.7	-9.9% -4.6	74.2	-9.3% -7.6
	Net income attributable to shareholders of parent company	23.5	-29.1% -9.5	26.5	-10.0% -3.0	50.0	-20.1% -12.5
Food	Net sales	529.5	+2.4% +12.3	543.5	-0.1% -0.7	1,073.0	+1.1% +11.6
	Operating income	31.0	+7.9% +2.2	34.0	-14.0% -5.5	65.0	-4.8% -3.2
Pharma	Net sales	77.3	+1.5% +1.2	102.5	+16.0% +14.1	179.8	+9.3% +15.2
	Operating income	1.8	-63.6% -3.0	8.2	+58.7% +2.9	10.0	-1.2% -0.1

FYE March 2017 Plan by Business in Food Segment



(JPY bn)

		H1		H2		Full-year	
		Plan	YoY Change	Plan	YoY Change	Plan	YoY Change
Fresh and Fermented Dairy	Net sales	254.5	+2.4% +5.9	253.4	-3.7% -9.6	508.0	-0.7% -3.6
	Operating income	19.3	+9.1% +1.6	20.7	-14.3% -3.4	40.0	-4.4% -1.8
Processed	Net sales	92.3	-6.2% -6.1	87.1	-6.5% -6.0	179.4	-6.4% -12.1
	Operating income	3.7	+7.5% +0.2	2.3	-8.6% -0.2	6.0	+0.8% +0.0
Confectionery	Net sales	70.4	+0.4% +0.2	93.3	+3.3% +2.9	163.7	+2.0% +3.2
	Operating income	3.1	+18.0% +0.4	9.7	-3.4% -0.3	12.8	+1.1% +0.1
Nutritionals	Net sales	50.0	+1.5% +0.7	47.1	+1.6% +0.7	97.1	+1.5% +1.4
	Operating income	6.4	+16.3% +0.9	4.0	-2.2% -0.0	10.5	+8.3% +0.8

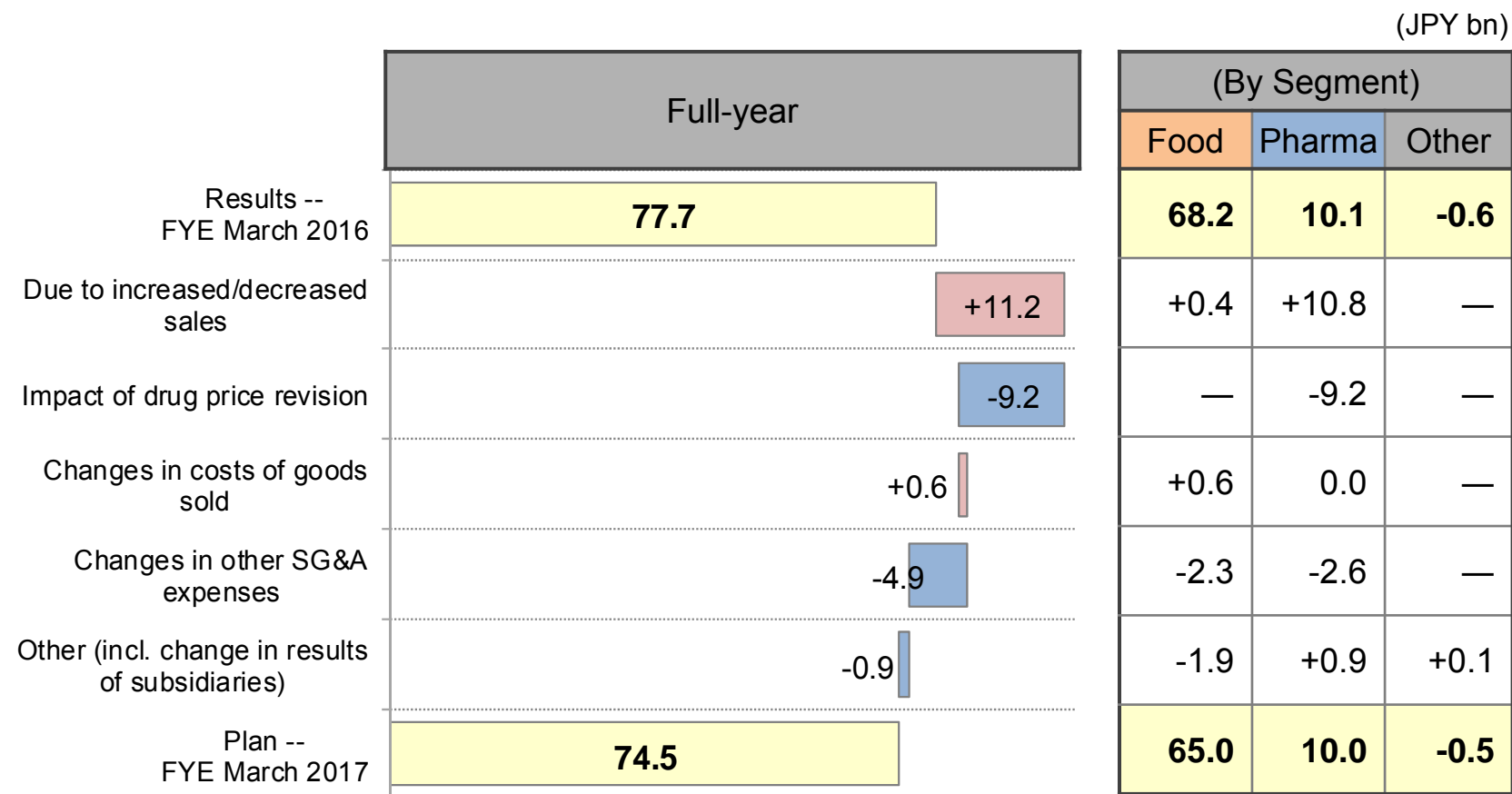
FYE March 2017 Plan by Business in Food Segment



(JPY bn)

		H1		H2		Full-year	
		Plan	YoY Change	Plan	YoY Change	Plan	YoY Change
Other	Net sales	180.0	+5.1% +8.7	182.4	+2.5% +4.3	362.5	+3.8% +13.1
	Operating income	0.9	-16.9% -0.2	2.1	+2.9% +0.0	3.0	-4.4% -0.1
Elimination and Corporate Expenses	Net sales	-117.9	— +2.8	-120.0	— +6.7	-238.0	— +9.5
	Operating income	-2.6	— -0.8	-4.9	— -1.4	-7.6	— -2.2

FYE March 2017 Plan: Analysis of Consolidated Operating Income



FYE March 2017 Plan: Cash Flows and Dividends



(JPY bn)

		Full-year Plan	YoY Change
Meiji HD	Capital expenditures	46.7	+10.3% +4.3
	Depreciation and amortization	42.7	+1.6% +0.6
	R&D expenses	26.5	-2.6% -0.7
	Free cash flows	21.0	— -74.3
	Interest bearing debt	140.0	-5.3% -7.8
	ROE	11%	-2.2pt*
	Cash dividends per share	90 yen	±0 yen

* Compared to ROE excluding the impact from gains on the sales of fixed assets for FYE March 2016

● Major investments

- Increase chocolate production line
- Build new R&D center for Food business
- Establish manufacturing sites of pharmaceutical products for Japanese market (Medreich Ltd.)

(Note 1) Capital expenditures including the investment amount for intangible assets are based on consolidated statements of cash flows.

(Note 2) Dividends per share are based on the number of shares after stock split taken effect on October 1, 2015.