



Financial Results
- For the First Half of FYE March 2017 -

November 14, 2016

Meiji Holdings Co., Ltd.

1. Overview for the First Half
2. Outlook for the Second Half and Full-year
3. Progress in STEP UP 17 Strategy:
Our strategic efforts to address issues

- 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.



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

(JPY bn)

| | | Initial plan | | | |
|----------|---|--------------|---------|-----------------|-----------------|
| | | | Results | Change vs. Plan | YoY Change |
| Meiji HD | Net sales | 606.0 | 606.7 | +0.1% +0.7 | +2.4% +14.4 |
| | Operating income | 32.5 | 37.3 | +14.8% +4.8 | +11.7% +3.9 |
| | Op. income margin | 5.4% | 6.2% | +0.8pt | +0.5pt |
| | Net income attributable to shareholders of parent company | 23.5 | 24.3 | +3.5% +0.8 | -26.6% -8.8 |
| Food | Net sales | 529.5 | 535.2 | +1.1% +5.7 | +3.5% +18.1 |
| | Operating income | 31.0 | 38.8 | +25.2% +7.8 | +35.1% +10.0 |
| Pharma | Net sales | 77.3 | 72.1 | -6.7% -5.1 | -5.3% -4.0 |
| | Operating income | 1.8 | -1.3 | — -3.1 | — -6.2 |

- Net income decreased year on year due to:
 - Foreign exchange losses
 - Reverse effect of extraordinary income from gains on sales related to the transfer of fixed assets in the previous year

H1 Operating Income: Increase in Food Segment and Decrease in Pharmaceutical Segment

(JPY bn) YoY Change in Operating Income

- Increased retirement benefit costs
- Income decline due to SKU reduction

Food

H1 Results --
FYE March 2016

28.7

-1.7

: Negative impact of special factors

+1.6

: Decrease in raw materials costs

+3.1

: Decrease in cost by improving efficiency

+7.1

: Sales growth of core products

H1 Results --
FYE March 2017

38.8

Change vs. Plan
+7.8

Pharmaceuticals

H1 Results --
FYE March 2016

4.9

-4.2

: NHI drug price revisions

-3.8

: Increase in dissemination costs such as one-time payment

+1.8

: Increase in sales volume of existing and newly launched products and sales expansion at subsidiaries

H1 Results --
FYE March 2017

-1.3

Change vs. Plan
-3.1

Food

- Sales of core products, highly value added products, continue to grow
- Promote further structural reform

Pharma

- Negative impact of NHI drug price revisions and a one-time payment for *Bilanoa*
- Focus our promotional activities on newly launched products

Governance

- Increased in number of outside directors and held regular meeting by outside directors
- Lively discussion about long-term management plan

Issues need to
be addressed
in the 2nd Half

- Management strategy in the changing surrounding economic conditions
- Pursue further structural reform

2. Outlook for the Second Half and Full-year

(JPY bn)

| | | First Half | | Second Half | | Full Year | |
|----------------|---|------------|-----------------|-------------|-----------------|-----------|-----------------|
| | | Results | YoY Change | Plan | YoY Change | Plan | YoY Change |
| Meiji Holdings | Net sales | 606.7 | +2.4% +14.4 | 644.2 | +2.0% +12.7 | 1,251.0 | +2.2% +27.2 |
| | Operating income | 37.3 | +11.7% +3.9 | 44.1 | -0.4% -0.1 | 81.5 | +4.8% +3.7 |
| | Op. income margin | 36.0 | +1.4% +0.5 | 43.9 | -5.0% -2.3 | 80.0 | -2.2% -1.8 |
| | Net income attributable to shareholders of parent company | 24.3 | -26.6% -8.8 | 28.1 | -4.3% -1.2 | 52.5 | -16.1% -10.0 |
| Food | Net sales | 535.2 | +3.5% +18.1 | 543.5 | -0.1% -0.7 | 1,078.7 | +1.6% +17.3 |
| | Operating income | 38.8 | +35.1% +10.0 | 34.0 | -14.0% -5.5 | 72.8 | +6.6% +4.5 |
| Pharma | Net sales | 72.1 | -5.3% -4.0 | 102.5 | +16.0% +14.1 | 174.6 | +6.1% +10.0 |
| | Operating income | -1.3 | — -6.2 | 10.3 | +99.5% +5.1 | 9.0 | -11.1% -1.1 |

(JPY bn)

| | | H1 Results | | Full-year Plan | |
|----------------|-------------------------------|------------|--|----------------|-----------------|
| | | | YoY Change | | YoY Change |
| Meiji Holdings | Capital expenditures | 23.3 | -3.4% -0.8 | 56.6 | +33.6% +14.2 |
| | Depreciation and amortization | 22.1 | +12.2% +2.4 | 45.2 | +7.6% +3.1 |
| | R&D expenses | 12.5 | -2.8% -0.3 | 26.5 | -2.6% -0.7 |
| | Free cash flows | 3.9 | -91.6% -42.5 | 21.0 | -78.0% -74.3 |
| | Interest bearing debt | 144.4 | (Changes from the former fiscal year end) -2.3% -3.3 | 140.0 | -5.3% -7.8 |
| | ROE | — | — | 12% | -4.1pt |
| | Cash dividends per share | 45 yen | +17.5 yen | 90 yen | ±0 yen |

- Decrease in free cash flows: Reverse effect of extraordinary income from gains on sales related to the transfer of fixed assets in the previous year
- Major Investments: Construction of new laboratory for food segment,
Increase in production capacities for functional yogurt and chocolate,
Establishment of the production system for Japanese market in Medreich

(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.

(Note 3) The above plan figures were announced on November 9, 2016

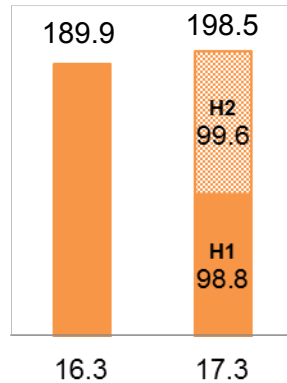


3. Progress in STEP UP 17 strategy: Our strategic efforts to address issues

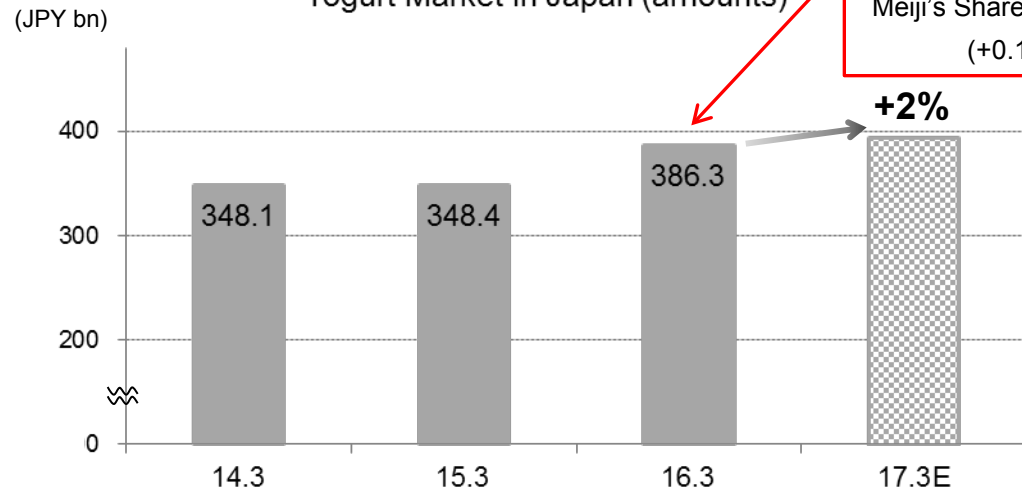
Increase in Sales and Market Share of Core Products Enhancing Added Values

Functional and plain
yogurt

Meiji's Sales (JPY bn)



Yogurt Market in Japan (amounts)



Meiji's Share **43.1%**
(+0.1pt, yoy)

Improve our presence and drive market growth

- Marketing with evidence supporting added value
 - Boost repeat purchase
 - Establish market presence of newly launched products/new flavors
- Secure stable supply by expanding production capacities for functional yogurt:
Invest JPY 5 bn in one production line extension



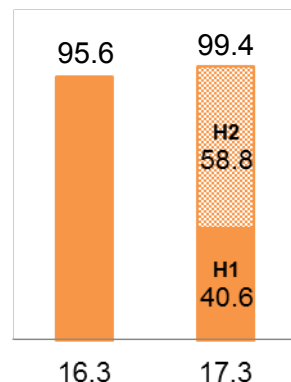
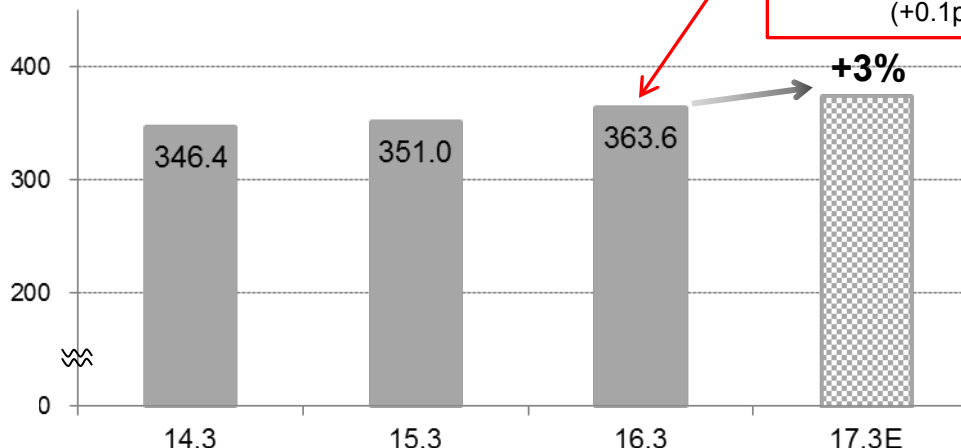
[From the left]

- Meiji Probio Yogurt R-1 (Grapefruit mix)
- Meiji Probio Yogurt PA-3
- Meiji Bulgaria Yogurt Drink (Green Fruits mix)

Increase in Sales and Market Share of Core Products Enhancing Added Values

Chocolate

Meiji's Sales (JPY bn)

Chocolate Market in Japan (amounts)
(JPY bn)

Grow business with health-value and premium product

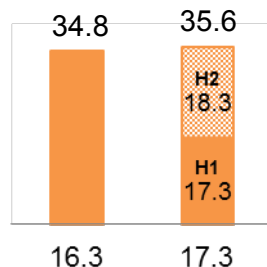
- Enhance educational activities for cocoa's health benefits
- Increase sales of *Chocolate Kouka* by expanding production capacities, invested JPY 0.5 bn
- Create "Premium Chocolate Market" by establishing market presence of renewed *The Chocolate*

The Chocolate
(4 types)

Structural Reform in Process Food business: Selection and Concentration Resulted in Improved Profitability

Cheese

Meiji's Sales (JPY bn)

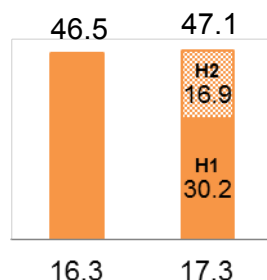


Increase sales of cheese especially natural cheese

- Cheese market is expanding
- Focus marketing activities on *Meiji Hokkaido Tokachi* cheese series
- Expand sales of Camembert cheese, invest in production expansion: starts production in the first half of FYE March 2019, JPY 9 bn

Meiji Hokkaido Tokachi
Camembert Cheese

Ice Cream



Focus our resources on our core brand

- *Meiji Essel Super Cup*: Focus on three base flavors plus a few seasonal flavors
- *GOLD LINE*: Expand product lines



Meiji Gold Line Sugar Cone

Products for professional use

Pursue value added products

- Focus on competitive products such as cream products and cocoa products, and transfer some products to a subsidiary

Concerns for increase in logistics costs due to shortage of truck drivers and increase in our sales volume

- Improve total logistics efficiency including review of delivery routes
- Invest to establish optimized warehouses allocation

Optimization of warehouses allocation

Chubu area

- Consolidate five warehouses into one
- Deliver chilled products and room temperature products jointly
- Investment: JPY 2.6 bn

Kanto area

- Rearrange warehouses for chilled products
Expand existing warehouses into a single facility to consolidate
- Began distribution optimization of warehouses for room temperature products



The warehouse for chilled products in Kanto area

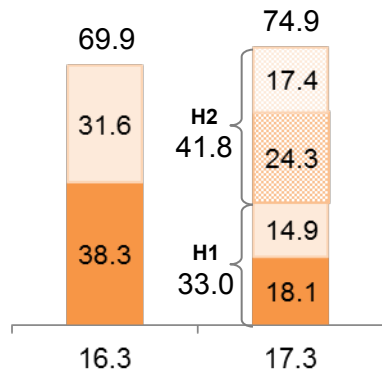
Increase Profitability by Expanding Sales in Overseas Business

Meiji's Overseas Sales for Food Business

(JPY bn)

■ Affiliates accounted for by equity method and non-consolidated companies

■ Consolidated subsidiaries and exports

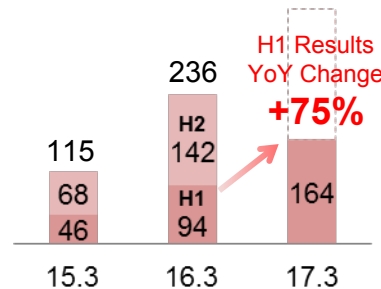


- Growing sales in local currency in China and the USA, our areas of focus

Grow sales with profit increase

China
Drinking milk/Yogurt

Meiji's Sales (RMB mm)



- Increase the number of stores in eastern China, modern supermarkets and convenience stores
- Expand sales area

Our chocolate snacks in the USA



Hello Panda



YanYan

USA
Confectionary

Increase sales of value-added products to increase profitability

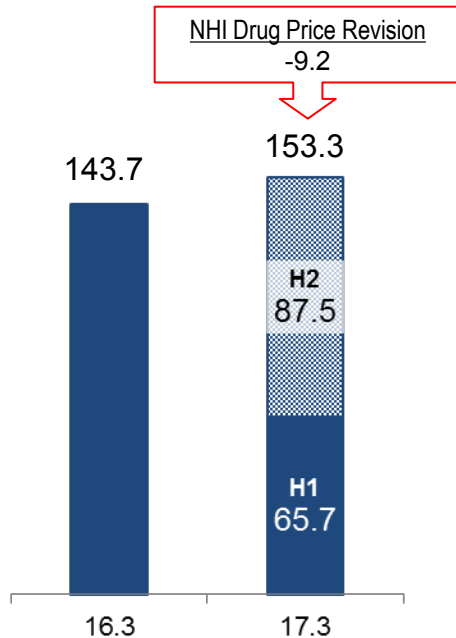
Meiji's Sales (USD mm)



- Produce *Hello Panda* in the USA to minimize missed opportunities and increase sales
- Create synergy effects such as using distribution channel for *Animal Cracker*

(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.

Meiji's Sales for
Ethical Pharmaceuticals
business in Japan
(JPY bn)



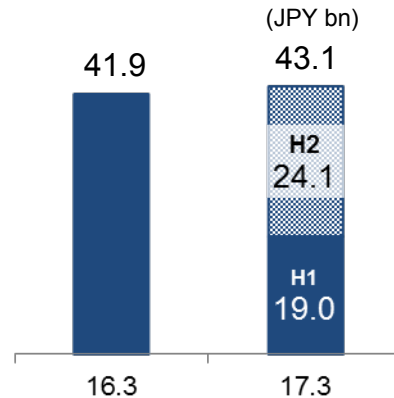
Establish market presence for newly launched products

- *Sycrest sublingual*, Antipsychotic drug
Promote efficacy and increase number of prescriptions
- *Ultibro*, COPD drugs
Enhance promotional activities in key hospitals and departments
- *Bilanoa*, Anti-allergic drug
Plan to launch in the second half, establish market presence, and boost sales
- *Tazopipe Meiji* (Generics), Antibacterial drug
Promote our strengths - high quality, information provision, and stable supply - under governmental measures to promote sales of generic drugs

Boost sales of existing products

- *Reflex*, Antidepressant drug
Enhance promotional activities and maximize product value
- Propose prescriptions from both brand-name drugs and generic drugs

Meiji's Overseas Sales for Pharmaceutical Business



| | | |
|----------------------|-----|-----|
| Overseas sales ratio | 25% | 25% |
|----------------------|-----|-----|

(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.

Boost sales in overseas market

- Expand sales of key products such as *Meiact* in China, India, and ASEAN regions
- Promote closer cooperation among Group companies and partner companies

Production of generic drugs for Japanese market in Medreich

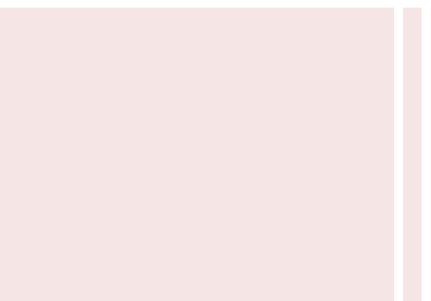
- Completed manufacturing facility, secure 3 billion tablets for Japan, invested JPY 2 bn
- Preparing for the first shipment in FYE March 2018



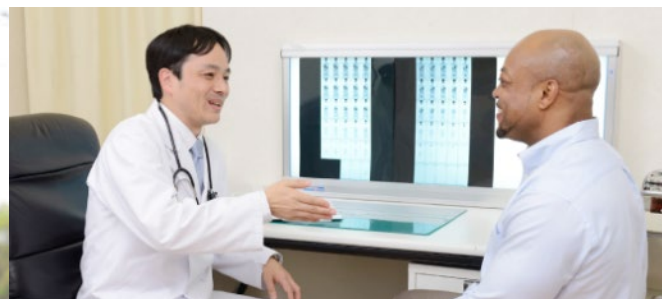
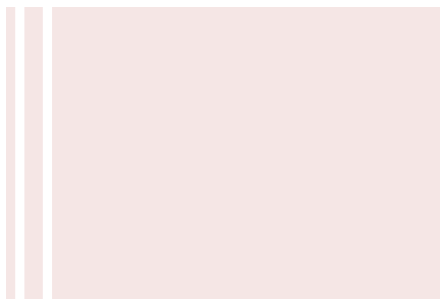
Medreich's Unit 7 in India



| R&D Pipeline (◆: compounds discovered in-house) | | | FYE March 2017 | FYE March 2018 |
|---|--|---|----------------------------|----------------|
| Ethical pharmaceuticals | Infectious diseases | ME1111 [Antionychomycosis] ◆ | (P I/II finished, pending) | → |
| | | ME1100 Arbekacin inhalation [HABP/VABP] ◆ | Phase I (Overseas) | → |
| | | OP0595 [β-lactamase inhibitor] ◆ | Out-licensing | → |
| | CNS disorders | Depromel (SME3110 Fluvoxamine) [SSRI, Pediatric OCD] Expanded indication | Apply | → |
| | | ME2112 Ziprasidone [Antipsychotic] | Phase III | → |
| | | ME2125 Safinamide [Anti-Parkinson's disease] | Phase II/III | → |
| | | REFLEX (Org3770 Mirtazapine)[Fibromyalgia treatment] Expanded indication | | → |
| | New fields | LASERPHYRIN [Esophageal cancer treatment] Expanded indication | Approved | |
| | | SP-02L Darinaparsin [Relapsed and refractory peripheral T-cell lymphoma (PTCL)] | Phase II | → |
| | | DMB-3111 Trastuzumab biosimilar [Breast cancer, Gastric cancer] | Out-licensing | → |
| | | DMB-3113 Adalimumab biosimilar [Rheumatoid Arthritis/TNFα inhibitor] | Phase I | → |
| Agricultural Chemicals | ME5382 [Insecticide] ◆ | | Apply | → |
| | ME5343 [Insecticide] Licensing agreement with BASF ◆* | | Applied (Overseas) | → |
| | ANM-138 [Insecticide] | | Applied | → |
| | Fungicide for agrochemical use Joint development with Dow AgroSciences ◆ | | Applied (Overseas) | → Approve |



i 100
YEARS YOUNG



meiji



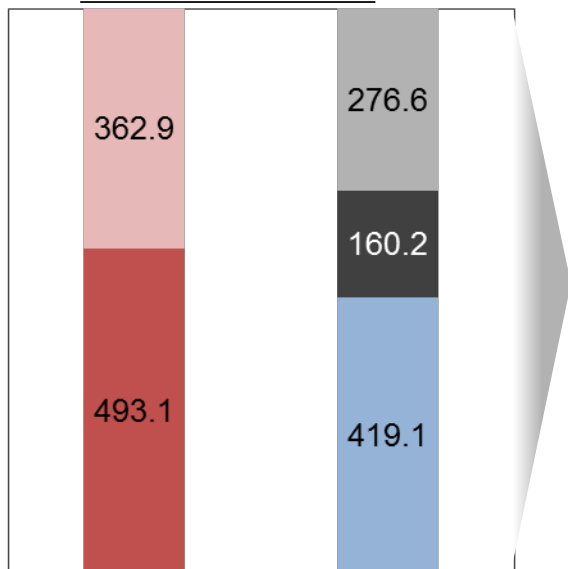
Appendix

Financial Position as of September 2016

(JPY bn)

(As of March 2016)

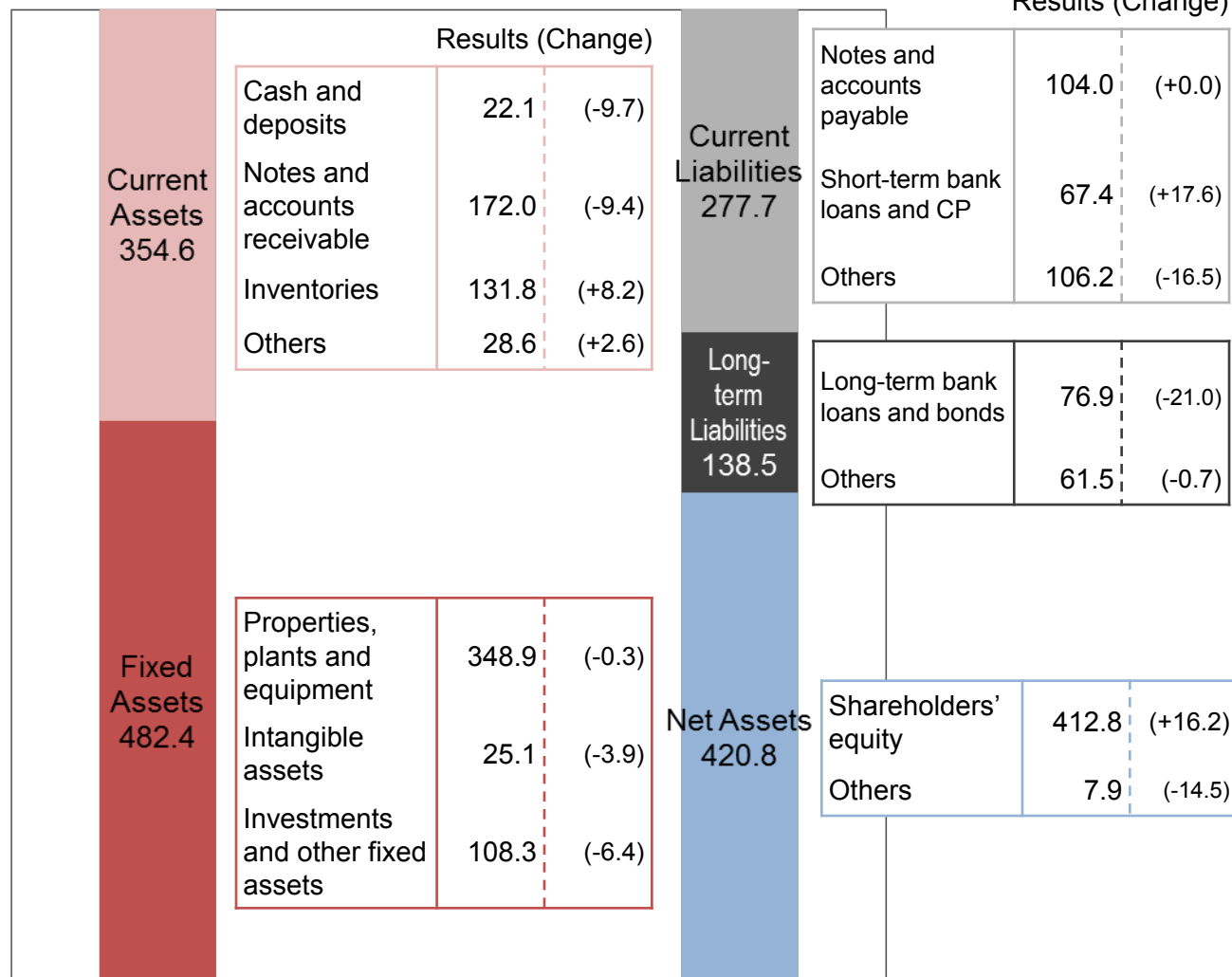
Total Assets: **856.1**



Equity Ratio: **47.8%**

(As of September 2016)

Total Assets: **837.1**



Equity Ratio: **49.3%**

H1 Results - FYE March 2017: Quarterly Operating Profit **meiji**

(JPY bn)

| | | | Q1 | Q2 | H1 (Q1-Q2) |
|----------------|----------------|-------------------|-------|-------|------------|
| Meiji Holdings | FYE March 2017 | Net sales | 301.0 | 305.7 | 606.7 |
| | | Operating income | 22.0 | 15.2 | 37.3 |
| | | Op. income margin | 7.3% | 5.0% | 6.2% |
| | FYE March 2016 | Net sales | 293.1 | 299.1 | 592.3 |
| | | Operating income | 16.8 | 16.5 | 33.4 |
| | | Op. income margin | 5.8% | 5.5% | 5.6% |
| | FYE March 2015 | Net sales | 273.6 | 285.5 | 559.2 |
| | | Operating income | 10.7 | 8.2 | 18.9 |
| | | Op. income margin | 3.9% | 2.9% | 3.4% |

- Operating income margin in Q2 decreases when compared to that in Q1 in a typical year. Its major reasons are; Weakening in product mix in Fresh and Fermented Dairy Business, Chocolate Off-season in summer, etc.
- The difference in operating income margin between Q2 and Q1 was bigger than those of FYE March 2015 and 2016. This was because the sales of functional yogurt and chocolate were extremely favorable in Q1 of FYE March 2017.

H1 Results - FYE March 2017: Analysis of Consolidated Operating Income

(JPY bn)

| | First Half | (By Segment) | | |
|--|---------------------|--------------|--------|-------|
| | | Food | Pharma | Other |
| H1 Results -- FYE March 2016 | 33.4 | 28.7 | 4.9 | -0.2 |
| Due to increased/decreased sales | +7.5 | +6.1 | +1.4 | — |
| Impact of drug price revision | -4.2 | — | -4.2 | — |
| Changes in costs of goods sold | +3.5 ^(*) | +3.5 | 0.0 | — |
| Changes in other SG&A expenses | -4.5 ^(*) | -0.7 | -3.8 | — |
| Other (incl. change in results of subsidiaries) | +1.6 | +1.2 | +0.4 | 0.0 |
| H1 Results -- FYE March 2017 | 37.3 | 38.8 | -1.3 | -0.2 |

(Breakdown)

*1: **[Food]** Imported dairy ingredients: +1.3, Changes due to net content reduction of products and other cost reduction: +1.0, Production optimization: +0.6

*2: **[Food]** Decrease in sales promotion expenses: +0.8, Distribution optimization: +0.8, Other: -2.3
[Pharma] Increase in promotion expenses and a one-time payment: -3.0, Other: -0.8

FYE March 2017 Plan by Business in Food Segment

(JPY bn)

| | | H1 | | H2 | | Full-year | |
|---------------------------|------------------|---------|-----------------|-------|----------------|-----------|----------------|
| | | Results | YoY Change | Plan | YoY Change | Plan | YoY Change |
| Fresh and Fermented Dairy | Net sales | 269.7 | +8.5% +21.1 | 253.4 | -3.7% -9.6 | 523.2 | +2.3% +11.5 |
| | Operating income | 24.0 | +35.7% +6.3 | 20.7 | -14.3% -3.4 | 44.7 | +6.8% +2.8 |
| Processed | Net sales | 94.5 | -4.0% -3.9 | 87.1 | -6.5% -6.0 | 181.6 | -5.2% -10.0 |
| | Operating income | 4.5 | +29.4% +1.0 | 2.3 | -8.6% -0.2 | 6.8 | +13.6% +0.8 |
| Confectionery | Net sales | 69.8 | -0.4% -0.2 | 93.3 | +3.3% +2.9 | 163.2 | +1.7% +2.7 |
| | Operating income | 6.2 | +136.0% +3.6 | 9.7 | -3.4% -0.3 | 16.0 | +25.7% +3.2 |
| Nutritionals | Net sales | 48.4 | -1.6% -0.8 | 47.1 | +1.6% +0.7 | 95.6 | -0.1% -0.0 |
| | Operating income | 7.0 | +26.9% +1.4 | 4.0 | -2.2% -0.0 | 11.1 | +14.4% +1.3 |

(Note 1) Figures for plan of the second half were announced on May 11, 2016.

(Note 2) Figures for full-year plan were announced on November 9, 2016.

FYE March 2017 Plan by Business in Food Segment



(JPY bn)

| | | H1 | | H2 | | Full-year | |
|------------------------------------|------------------|---------|-----------------|--------|---------------|-----------|----------------|
| | | Results | YoY Change | Plan | YoY Change | Plan | YoY Change |
| Other | Net sales | 178.4 | +4.2% +7.1 | 182.4 | +2.5% +4.3 | 360.9 | +3.3% +11.4 |
| | Operating income | 2.5 | +117.1% +1.4 | 2.1 | +2.9% +0.0 | 4.6 | +45.0% +1.4 |
| Elimination and Corporate Expenses | Net sales | -125.8 | — -5.0 | -120.0 | — +6.7 | -245.9 | — +1.7 |
| | Operating income | -5.6 | — -3.7 | -4.9 | — -1.4 | -10.5 | — -5.2 |

(Note 1) Figures for plan of the second half were announced on May 11, 2016.

(Note 2) Figures for full-year plan were announced on November 9, 2016.

Full-year Plan - FYE March 2017 : Analysis of Consolidated Operating Income

| | | (JPY bn) | | |
|--|-------|--------------|--------|-------|
| | | (By Segment) | | |
| | | Food | Pharma | Other |
| Results -- FYE March 2016 | 77.7 | 68.2 | 10.1 | -0.6 |
| Due to increased/decreased sales | +14.1 | +4.6 | +9.5 | — |
| Impact of drug price revision | -9.2 | — | -9.2 | — |
| Changes in costs of goods sold | +3.0 | +3.0 | 0.0 | — |
| Changes in other SG&A expenses | -5.2 | -2.6 | -2.6 | — |
| Other (incl. change in results of subsidiaries) | +1.1 | -0.4 | +1.2 | +0.3 |
| Plan -- FYE March 2017 | 81.5 | 72.8 | 9.0 | -0.3 |

Previous container

(1000 mL)

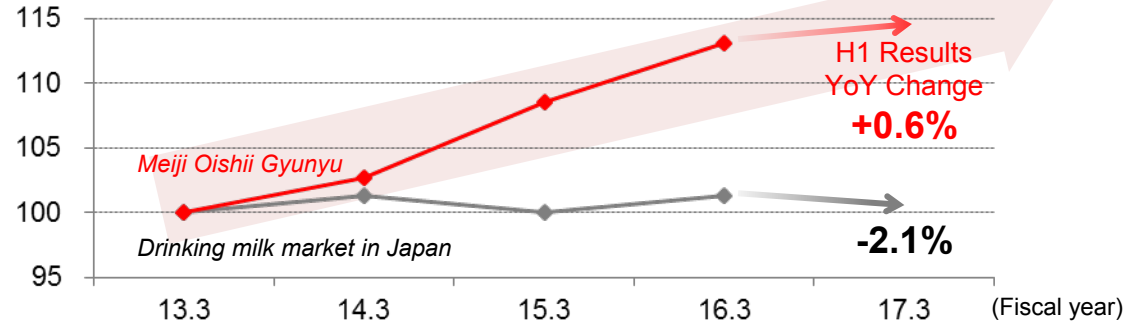


New container

(900 mL)

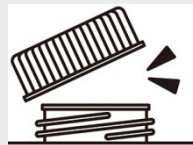


Increase in market size and sales of Meiji Oishii Gyunyu in sales amount from FYE March 2013



- Start selling in Kyushu area in September
- Established one production line for new package in Kyushu plant, invested JPY 0.6 bn
- Expand the new package throughout Japan in stages

Feature of new package: Convenient and tastiness



- Can be resealed
- Thinner and easy to hold
- Volume fit to demographics and actual state
- Highly shading, prolonging tastiness

1. Sycrest, Antipsychotic drug

Rapid onset and one of the promising choices for the treatment of acute schizophrenia, launched in May

Market

- Market size of Schizophrenia: JPY 190 billion
- Competing drugs are penetrated by generic products

Product feature

- Rapid absorption, fast dispersible sublingual tablet
- Unique pharmacological profile
- Good efficacy and safety
- Can be given regular dose at the start of medication
- Estimated peak sales: JPY 38.5 billion, when drug price was first calculated



2. Ultibro, COPD drugs

Inherit commercialization rights in Japan in July

Market / Product feature

- Market size of COPD: JPY 33 billion
- Rapid onset and long acting
- Estimated peak sales: JPY18 billion, when drug price was first calculated



3. Bilanoa, Anti-allergic drug

Launch in H2 (planned), joint sales with Taiho Pharmaceutical Co., Ltd.

Market / Product feature

- Market size of Anti-allergic drug: JPY 165 billion
- Marketed in more than 70 countries worldwide
- Less drowsy, high safety drug
- Estimated peak sales: JPY 19.5 billion, when drug price was first calculated