



**Financial Results for FYE March 2018
and New Medium-term Business Plan**

May 17, 2018

Meiji Holdings Co., Ltd.

1. Overview of STEP UP 17, the Medium-term Business Plan ended March 2018
2. The Meiji Group 2026 Vision
3. The New Medium-term Business Plan (FYE March 2019-2021)
4. Outlook for the FYE March 2019

- 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.

1. Overview of STEP UP 17

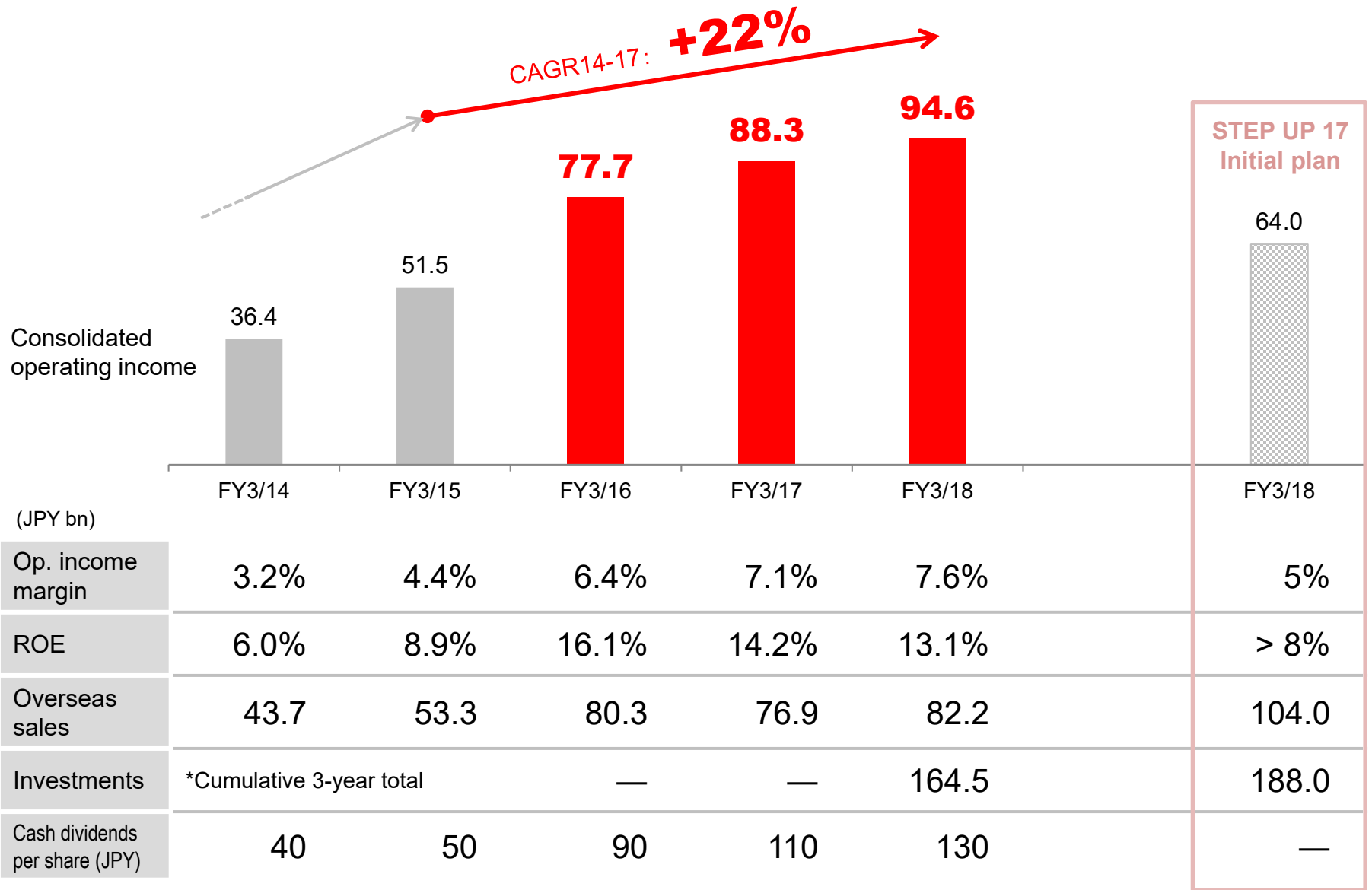
Highlights – FYE March 2018



(JPY bn)	FYE March 2017 Results	FYE March 2018 Plan	FYE March 2018 Results	YoY Change	vs. Plan
Net sales	1,242.4	1,262.3	1,240.8	-0.1% -1.6	-1.7% -2.1
Operating income	88.3	96.5	94.6	+7.1% +6.2	-1.9% -1.8
Op. income margin	7.1%	7.6%	7.6%	+0.5pt	-0.0pt
Net income attributable to shareholders of parent company	60.7	64.5	61.2	+0.8% +0.4	-5.1% -3.3
EPS (JPY)	413.11	444.19	422.15	+9.04	-22.04
Cash dividends per share (JPY)	110	115	130	+20	+15
Dividend ratio	26.6%	25.9%	30.8%	+4.2pt	+4.9pt
ROE	14.2%	13.9%	13.1%	-1.1pt	-0.8pt
Capital expenditure	50.4	71.0	71.7	+42.4% +21.3	+1.0% +0.7

- Increased income, net sales largely unchanged YoY, though
- Increased year-end dividend, dividend payout ratio of 30.8%

Pursued Improving Profitability through 3 years of STEP UP 17 **meiji**



Achievements

- Grew core business; functional yogurt and chocolate
- Expanded core domain by launching new drugs
- Increased efficiency and reduced costs through structural reforms
- Recorded profit in food overseas business and agricultural chemicals and veterinary drug business
- Invested for the future growth: product capacity expansion and R&D
- Launched new business: generic business supplying from Medreich
- Improved governance

Outstanding Issues

- Grow domestic core business stably amid changing business environment
- Accelerate overseas business
- Promote reforms for underperforming businesses
- Pursue synergy between food and pharmaceuticals

2. The Meiji Group 2026 Vision



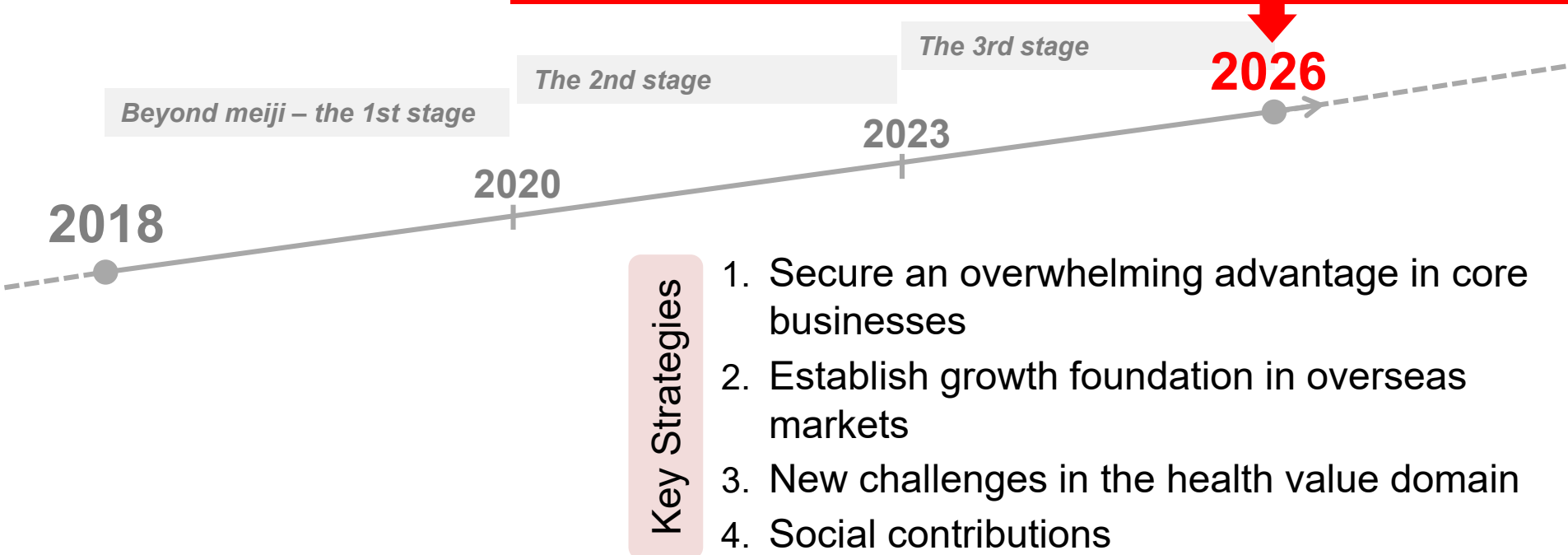
2026 Vision – Realizing Sustainable Growth and Enhancing Corporate Value



Our promise and commitment for the 2026 Vision

We will combine the strengths, the Meiji Group has cultivated over the past 100 years, with the latest technology and new findings. Thus we create innovative ways to meet our customers' needs with food and health and grow in Japan and around the world sustainably.

- Op. income CAGR* Mid to high single-digit growth
- Overseas sales ratio Target at 20%
- ROE Maintain 10% or more



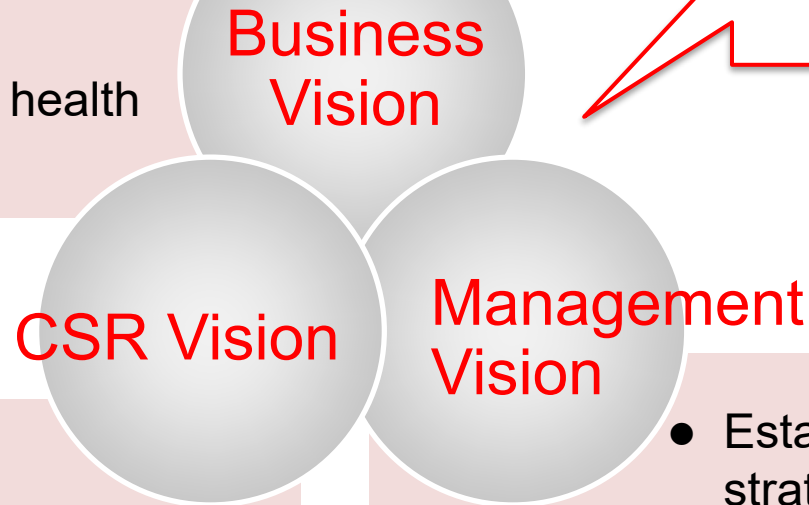
Key Strategies

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain
4. Social contributions

2026 Vision – Realizing Sustainable Growth and Enhancing Corporate Value

Key strategies

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain



To promote;

- Use external resources
- Increase productivity significantly

Key strategies

4. Social contributions

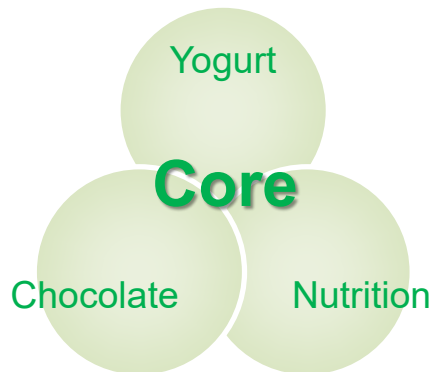
Set three themes to contribute society: (1) Healthier lives; (2) Caring for the earth; and (3) A richer society.

See P52-53 for our CSR materiality and KPIs.

- Establish functional, strategic management system to grow sustainably in Japan and globally
- Develop work environment, in-house system, organizational climate to maximize individual potential
- Enhance the meiji corporate brand

Op. income CAGR**6% range****FY3/27 Overseas sales ratio****>10%**

Japan

Set 3 domains and enhance business portfolio

- Expand further by investing business resources intensely



- Create new markets
- Become #1 in the future



- Pursue unique value
- Improve income through structural reforms

Overseas

Develop/launch distinctive products, achieve dynamic growth**Mainland China**

- Focus area through FY3/21
- Grow existing businesses
- Start sports nutritional business

ASEAN

- Expand confectionery exports from Japan
- Increase sales of nutritional foods such as infant formula

The U.S.

- Grow meiji brand products
- Promote premium products
- Expand distribution channels

Promote *Selection and Concentration* through Securing and Strengthening Competitive Advantage

Op. income CAGR

9% range

FY3/27 Overseas sales ratio

>30%

Ethical pharmaceuticals

- Become leading company in Asia for infectious diseases
- Provide high-quality, low-priced pharmaceuticals

Japan

Overseas*

Infectious diseases / Vaccine

Generic drugs
(distributed by Meiji / CMO and CDMO)

Biopharmaceuticals

CNS disorders

Immune system and inflammatory disorders

Hematological cancer / PDT

Export

Agricultural chemicals and veterinary drugs

- Provide environment-friendly products, contribute to improve productivity in agricultural and livestock industry

Japan

Overseas

Newly developed agricultural chemicals
(sales of active ingredient / royalty)

* Core area: ASEAN and Europe
Growth/reform area: Mainland China

Agricultural chemicals
(distributed by Meiji)

Veterinary drugs

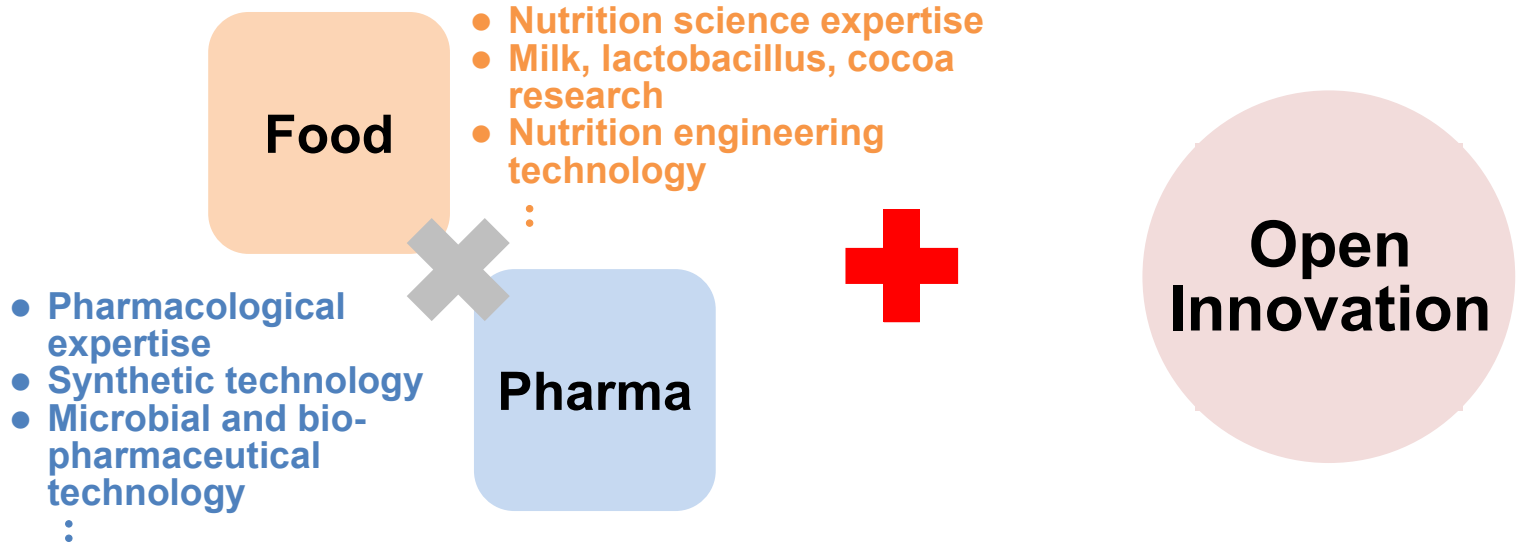
Core

**Growth/
Reform**

New

Healthcare solutions

Use group strengths and open innovation effectively



- Established Open Innovation Promotion Committee, under direct supervision of Executive Committee
Committee deliberates and selects themes, R&D collaborations with academia, investment in R&D-focused companies
- Promote R&D in long-term perspective
Establish distinctive position in health and preventive domain

1

Establish functional, strategic management system to grow sustainably in Japan and globally

- Systemize and apply succession plan, created based on our leadership value
- Establish business management system, secure and develop quality human resources to expand overseas business

2

Develop work environment, in-house system, organizational climate to maximize individual potential

- Create motivated and enthusiastic work environment
- Promote diversity
- Improve labor productivity and commit to health and safety in the work environment

3

Enhance the meiji corporate brand

Beyond meiji – the 1st stage

3. The New Medium-term Business Plan

(FYE March 2019-2021)

Basic concept

Address strategic issues continuously and challenge for the further growth

1 Expand share and achieve high revenues in core businesses

2 Expand aggressively in overseas markets and establish growth platform

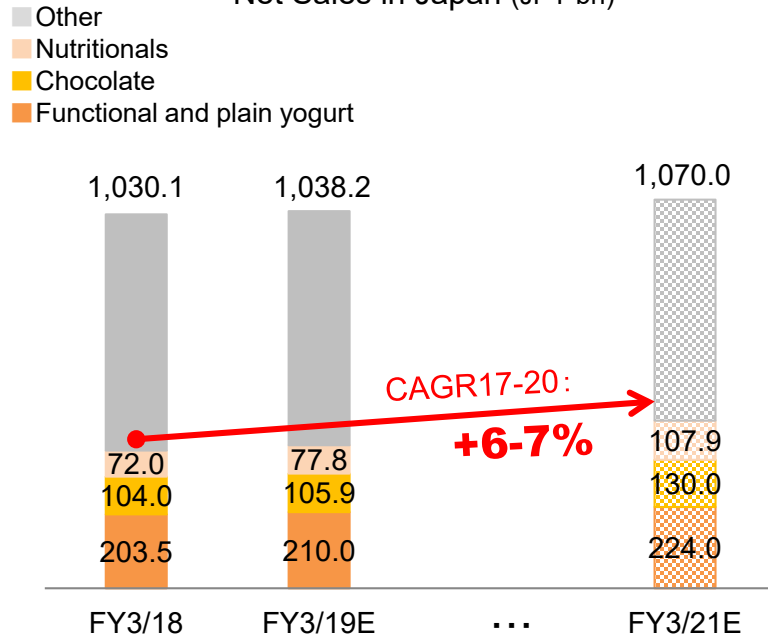
3 Propose new value in health care domain

4 Continue structural reforms and resolve specific business issues in each business

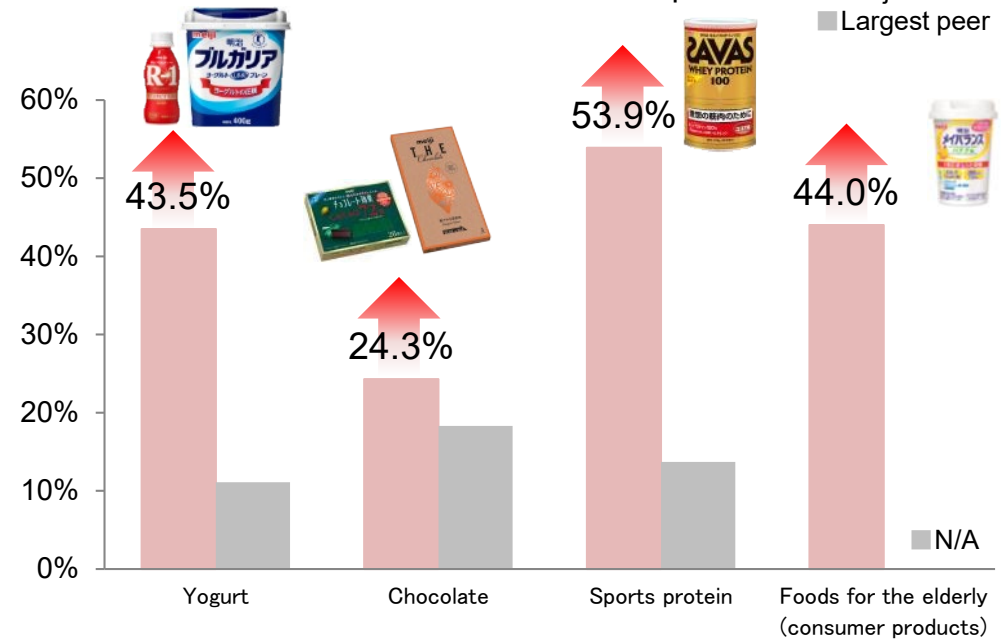
5 Enhance Meiji Group management platform and promote CSR

Expanding Yogurt, Chocolate, and Nutritional Products

Net Sales in Japan (JPY bn)

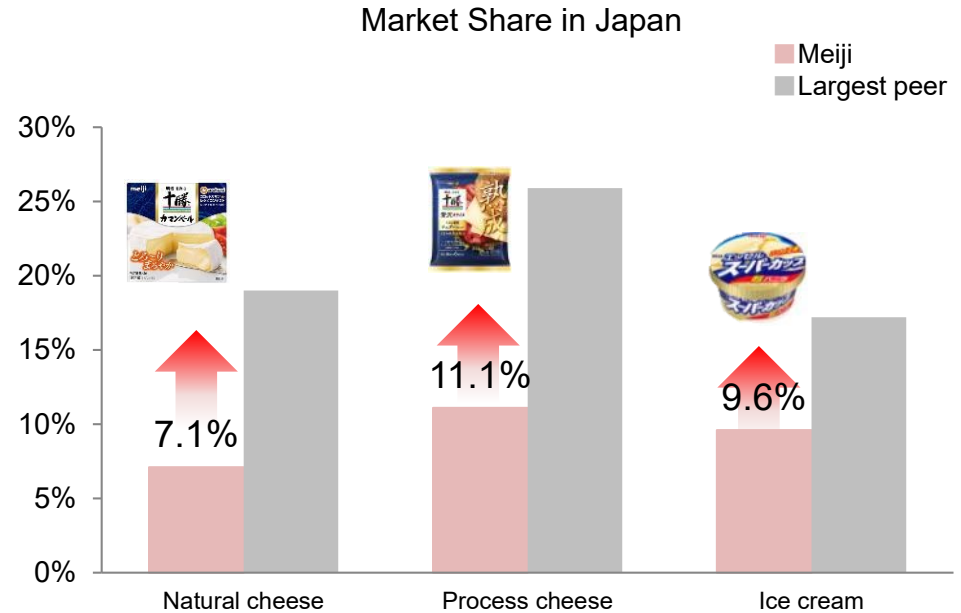
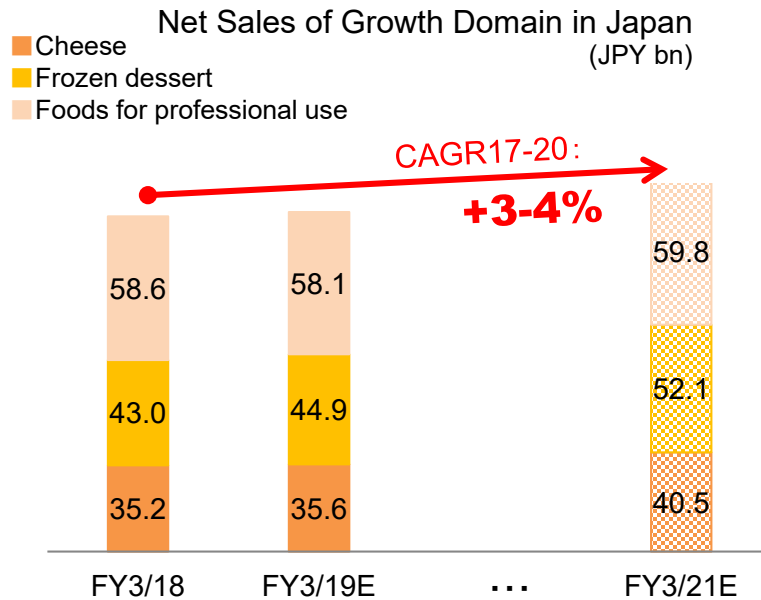


Market Share in Japan



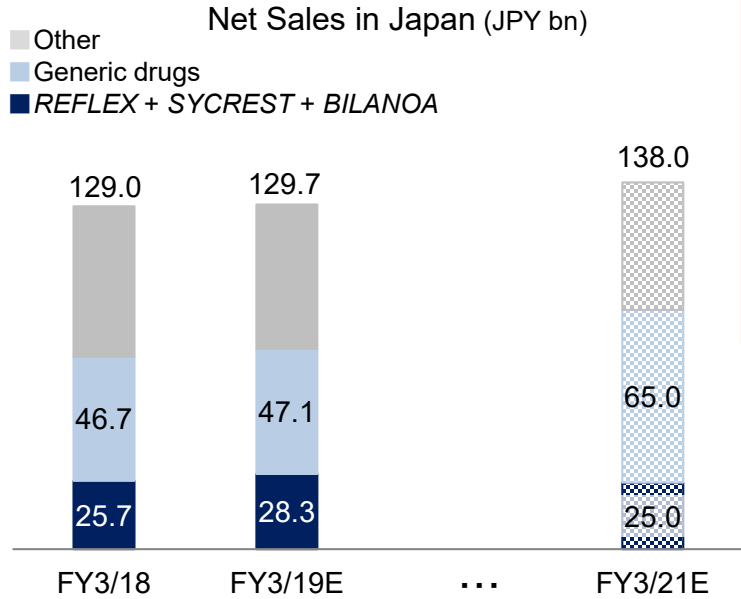
- Functional yogurt: Sustain growth
- Plain yogurt: Improve product value of *Bulgaria Yogurt*, launch new products
- Chocolate: Acquire new customers, promote repeat purchases, and focus on *Health and Premium*
- Sports nutrition: Expand sales of existing products by increasing production capacity and develop new products
- Liquid foods for the elderly: Expand sales channels and enhance brand equity

Cultivate Future Growth Drivers



- Cheese
 - Expand sales of camembert cheese substantially by increasing production capacity
 - Develop new products of natural cheese
- Frozen dessert
 - Increase recognition of *Esse! Sweet's* on market and expand *Esse!* brand equity
 - Develop new products focusing on health functions
- Foods for professional use
 - Develop unique products using milk and cocoa
 - Develop new retailers

Maximize Product Value in Core Domains and Enhance Presence



Market share target in FY3/21

- Systemic antibacterial drugs: **#1, 20%** (FY3/18: #1, 16.4%)
- Antidepressant drugs and schizophrenia drugs^(*1): **#1, 32%** (FY3/18: #3, 21.8%)
- *Bilanoa* in antihistamine drugs^(*2): **#3, >10%**



*1: Based on the number of prescriptions
*2: Meiji Seika Pharma only

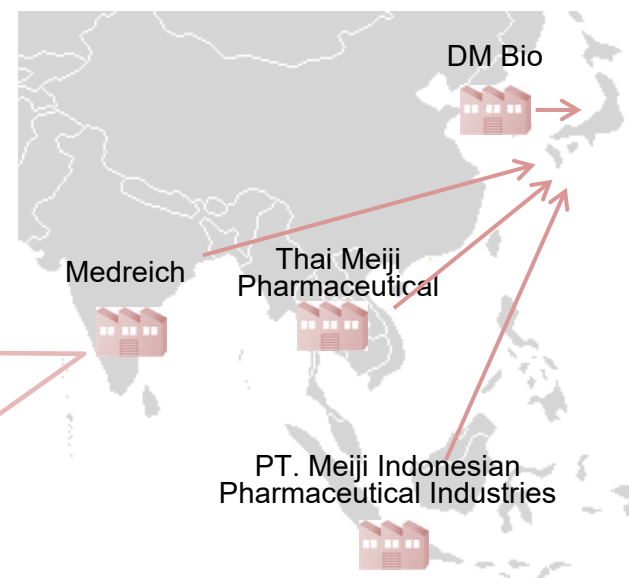
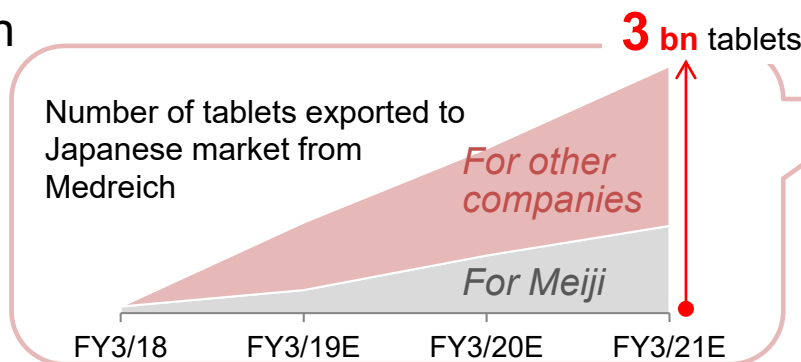
(Left) SYCREST, Antipsychotic drug
(Right) BILANOVA, Drug for allergic disease

- **Drugs for infectious diseases**
 - Provide substantial information on extensive product line, from preventive to therapeutic drugs
- **Antidepressant drugs and schizophrenia drugs**
 - Propose better option from extensive product line of brand-name drugs and generic drugs
 - Create optimal sales structure to maximize sales of schizophrenia drug
- **Immune system and inflammatory disorders**
 - Expand *Bilanoa* sales in otolaryngologists and internal medicine

Expand Sales of Generic Drugs and Accelerate Biosimilar Development to Drive Growth **meiji**

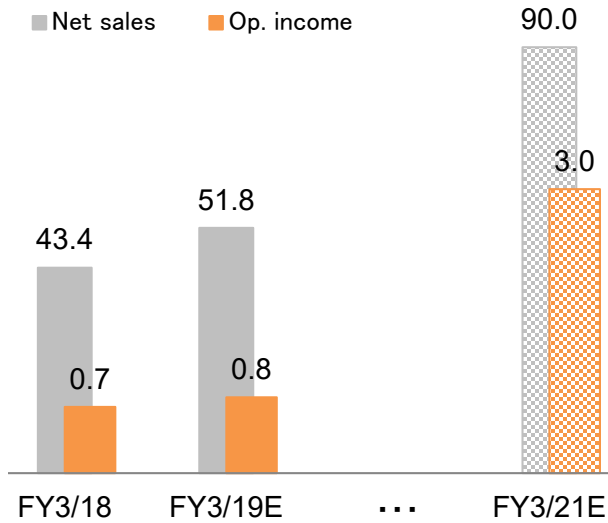
- Specialty generic drugs (Antibacterial, respiratory disease, CNS disorders)
 - Expand sales volume
 - Provide substantial information on extensive product line of brand-name drugs and generic drugs
- Essential generic drugs (Lifestyle related diseases, gastrointestinal disease)
 - Expand product line
 - Accelerate CMO/CDMO business
- Promote biosimilar development project
- Enhance global supply chain and realize low-cost production
 - Enhance production capacity at overseas plants
 - Expand production volume for Japanese market at Medreich

Target sales of generic drugs in FY3/21
JPY 65bn (up 39.0% from FY3/18)



Launch High Value-added Products, Invest Intensely in Overseas Business

Net Overseas Sales and Profits (JPY bn)



Sales Breakdown by Area

(JPY bn)	Results (FY3/18)	Target (FY3/21)	Change
Mainland China	11.9	23.0	+92.0%
ASEAN	3.8	13.5	+251.0%
The U.S.	18.6	34.5	+85.3%
Exports	9.0	19.0	+110.5%

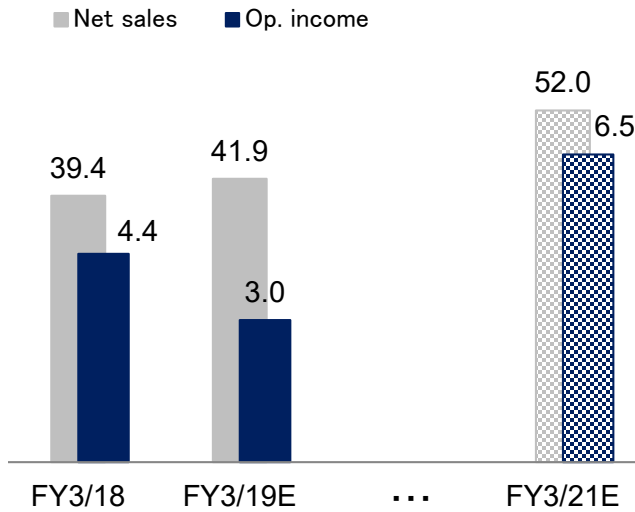
: Focused area

(Note) The left figures are indicated based on the new classifications.

- Mainland China
 - Grow existing business and Ecommerce
 - Launch sports nutritional products/ supplements
- Build global procurement system
- Enhance value-added products, accelerate products development and technological innovation with global perspective
- Strengthen management system
- Increase investments

Expand CMO/CDMO* Business at Medreich

Net Overseas Sales and Profits (JPY bn)



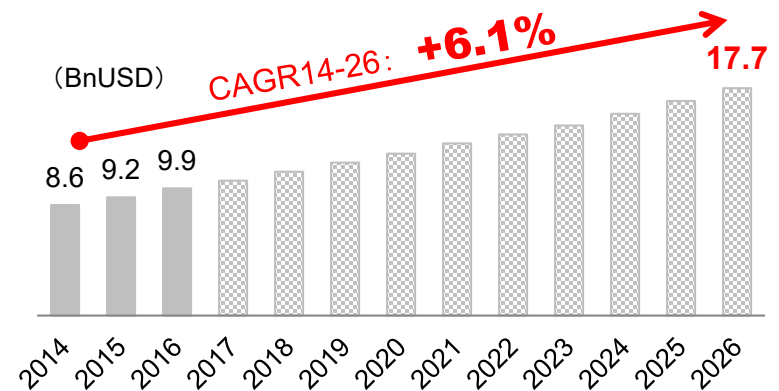
(Note) The above figures are indicated based on the new classifications.

Strengths of Medreich



- Global sales network (📍)
- Obtained regulatory approval in over 50 countries
- Seven production plants in India
- Supplying products to major global companies (Pfizer, GSK, Novartis, Sanofi, Teva, Mylan, Actavis, Sandoz Adcock Ingram, etc.)

Global Trend in CMO Business



(Source) Visiongain, Pharmaceutical Contract Manufacturing Market 2016-2026

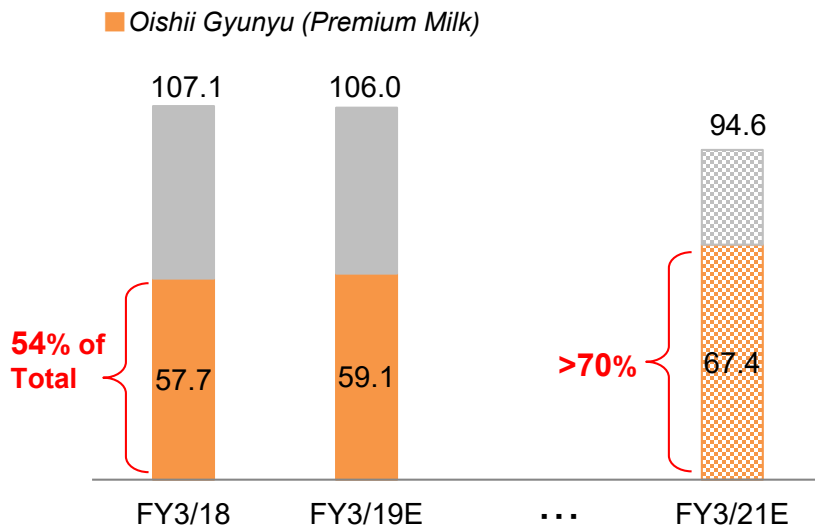
- Boost orders from global pharmaceutical companies
- Acquire new customers
- Establish efficient production system

Continue Structural Reforms to Improve Productivity

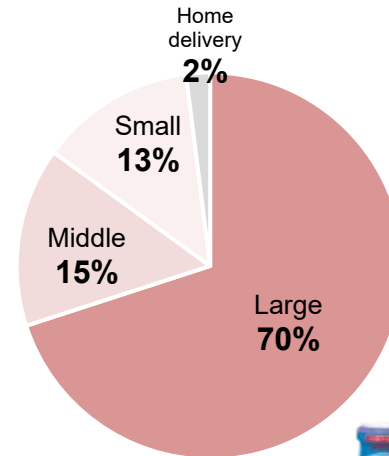
	Strategy	KPIs
Production	<ul style="list-style-type: none"> • Create production structure optimal to business strategy • Promote labor-saving • Solve issues to create ideal production system 	<ul style="list-style-type: none"> • Per capita net sales in production division
Logistics	<ul style="list-style-type: none"> • Optimize shipment and delivery • Achieve superior logistics quality 	<ul style="list-style-type: none"> • Net sales-to-logistics costs ratio • Number of logistics centers
R&D	<ul style="list-style-type: none"> • Build advanced research network by consolidating research labs 	<ul style="list-style-type: none"> • Per capita production marginal profit in research division • Number of patent applications
Sales	<ul style="list-style-type: none"> • Build strong relationship with major clients • Create attractive visual store displays • Build strategic sales organization 	<ul style="list-style-type: none"> • Per capita sales marginal profit in sales division
Admin.	<ul style="list-style-type: none"> • Strengthen risk management • Promote additional process consolidation 	<ul style="list-style-type: none"> • Net sales-to-personnel cost ratio in management division

Improve Profitability in Milk Business

Drinking Milk Sales* in Japan (JPY bn)



Sales of Oishii Gyunyu Breakdown by Volume



**Move into the black
in FY3/21**



- Strengthen *Oishii Gyunyu* brand equity
 - Increase recognition of new package (900 mL)
 - Marketing to appeal patented manufacturing method and tastiness
- Develop new products with high added value
- Build efficient production structure

Structural Reform and Platform Development to Grow Income from Overseas Agricultural Chemicals and Veterinary Drug Business

- Promote research of agricultural chemicals aiming for global development
- Improve profitability of *ORYZEMATE* and *ZAXA*
 - Acquire large-scale farmers to expand sales
 - Reduce costs and establish stable supply system
- Focus business resources on livestock and fishery fields in veterinary drug business

**Increase JPY2.6bn
in profits from FY3/18
to FY3/21**



(Left) *ORYZEMATE*, Rice blast preventative
(Right) *ZAXA*, Herbicide

Promising Agricultural Chemical Pipelines*

→ See P51 for details of pipeline schedule

ME5343 Insecticide

- Conducting joint development with BASF SE (Global excluding parts of Asia)
- Market size: Japan JPY20bn
Overseas JPY300bn

ME5223 Fungicide

- Conducting joint development with DowDuPont (Global excluding parts of Asia)
- Market: Japan JPY10bn
Europe JPY150bn

ME5382 Insecticide

- Conducting joint development with Arysta LifeScience Corporation (India)
- Market: Japan JPY30bn
India JPY60bn (CAGR12%)
Europe&Americas JPY200bn
- Labor-saving for hydroponic culture in India

Green chemicals manufactured by innovative fermentation technology

→ Have new chemical structures, novel products
Safe to mammals and creatures including bees

Growth & profitability

- Net sales JPY 1.35 trillion
- Op. income (margin) JPY 125 billion (9.3%)
- Overseas sales JPY 142 billion
- Overseas profits JPY 9.5 billion

Efficiency & stability

- ROA 11-12% →

Food	13-14%
Pharma	6-7%
- Debt/equity ratio < 0.5

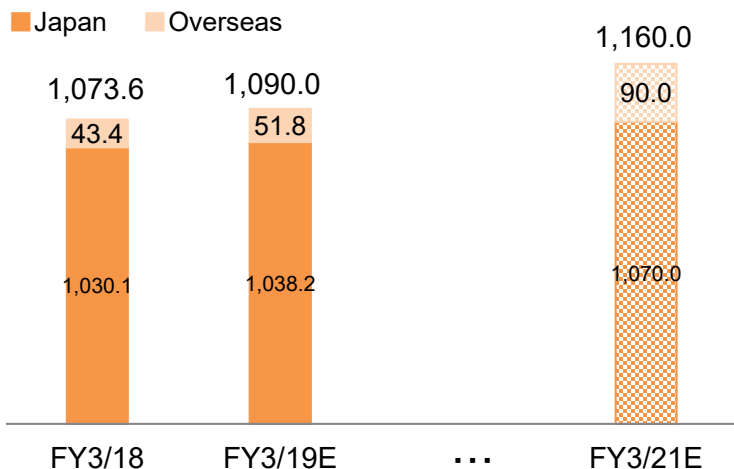
Shareholder return

- ROE 13-14%
- Increasing dividends with a target payout ratio of 30%

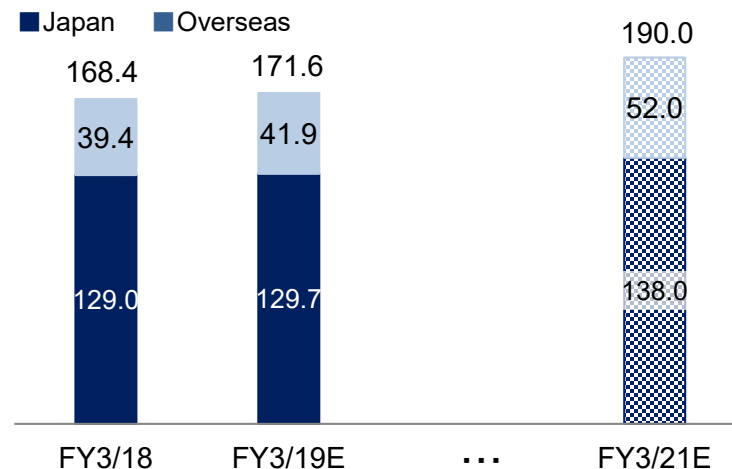
KPIs – The New Medium-term Business Plan

(JPY bn)

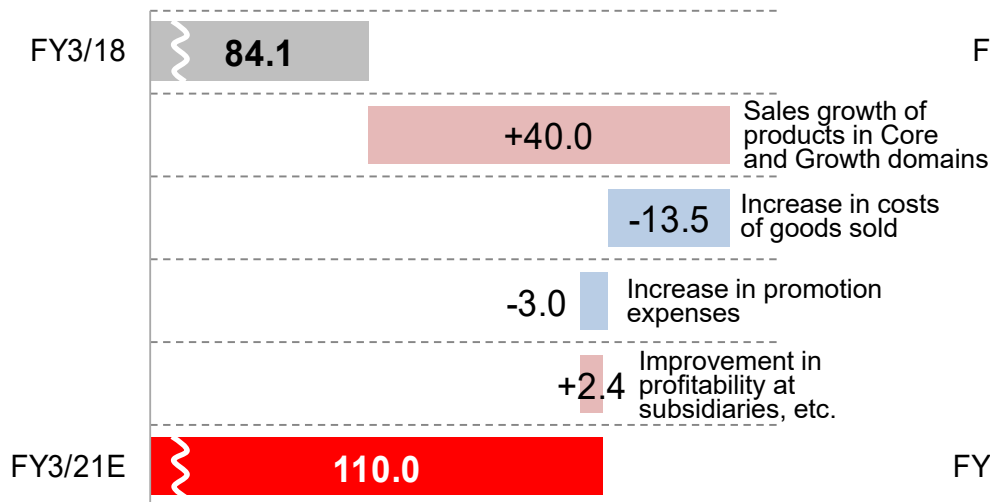
[Food] Consolidated Net Sales



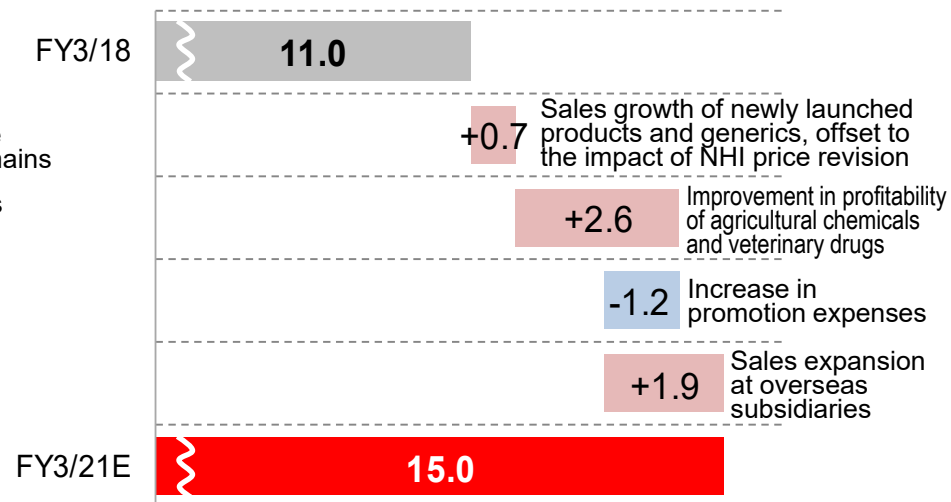
[Pharma] Consolidated Net Sales



Breakdown of Consolidated Op. Income



Breakdown of Consolidated Op. Income



Operating cash flows

Generate stable cash flow by increasing income

FY3/19-FY3/21

Approx. JPY**400**bn

(incl.) Depreciation and amortization

Approx. JPY**160**bn

Interest bearing debt

Procure as need

D/E ratio: 0.5 or lower

Capital expenditures

FY3/19-FY3/21

Approx. JPY**330**bn

Invest in new growth drivers and improvement of productivity to achieve 2026 Vision

Breakdown

Increase production capacity and improve quality	50%
Expand overseas business, strengthen subsidiaries	20%
R&D	5%
Logistics, technology and procurement	5%

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

Strategic investments

Invest in growth platform through alliances, M&A

4. Outlook for the FYE March 2019

Outlook for the FYE March 2019

(JPY bn)	FYE March 2018 Results	FYE March 2019 Plan	YoY Change
Net sales	1,240.8	1,260.0	+1.5% +19.1
Operating income	94.6	99.5	+5.1% +4.8
Op. income margin	7.6%	7.9%	+0.3pt
Net income attributable to shareholders of parent company	61.2	63.0	+2.8% +1.7
EPS (JPY)	422.15	434.01	+11.86
Cash dividends per share (JPY)	130	130	—
Dividend ratio	30.8%	30.0%	-0.8pt
ROE	13.1%	12.4%	-0.7pt
Capital expenditure	71.7	89.9	+25.3% +18.1

Appendix: Financial data

(JPY bn)	FYE March 2018 Results	YoY Change	Main Factors for Change
Net sales	1,240.8	-0.1% -1.6	— (See P32-34 for details by segment)
Operating income	94.6	+7.1% +6.2	— (See P32-34 for details by segment)
Non-operating income	3.5	+7.7% +0.2	- Change in equity in losses of affiliates (-0.4, yoy) [FY3/17] Equity in income of affiliates (0.2) [FY3/18] Equity in losses of affiliates (0.2)
Non-operating expenses	2.3	-17.4% -0.5	- Change in impact from foreign exchange (+1.5, yoy) [FY3/17] Foreign exchange losses (1.0) [FY3/18] Foreign exchange gains (0.4)
Ordinary income	95.8	+7.9% +7.0	—
Extraordinary income	7.5	-5.1% -0.4	- Increase in gain on sales of non-current assets (+1.0) - Increase in gain on liquidation of subsidiaries (+0.4) - Increase in gain on sales of shares of subsidiaries and associates (+0.2)
Extraordinary losses	12.3	+62.4% +4.7	- Increase in impairment loss (+4.0) - Increase in loss on sales of shares of subsidiaries and associates (+1.2) - Increase in loss on abandonment of non-current assets (+1.2) - Decrease in loss on disaster (-2.8)
Income before income tax	91.0	+2.1% +1.8	—
Income taxes-total	29.1	+4.0% +1.1	—
Net income attributable to non-controlling shareholders	0.6	+65.0% +0.2	—
Net income attributable to shareholders of parent company	61.2	+0.8% +0.4	—

Results - FYE March 2018: Analysis of Consolidated Operating Income



(JPY bn)	Consolidated Results			Food	Pharma	Other
Results -- FYE March 2017	88.3			82.9	5.7	-0.3
Due to increased/decreased sales	-2.2			-2.3	+0.1	—
Changes in costs of goods sold	-3.2 (*1)			-3.2	0.0	—
Changes in other SG&A expenses	+13.0 (*2)			+7.9	+5.1	—
Other (incl. change in results of subsidiaries)	-1.3			-1.2	+0.1	-0.2
Results -- FYE March 2018	94.6			84.1	11.0	-0.5

(Breakdown)

*1: **[Food]** Increase in raw materials costs: -2.4, Other cost increase: -0.8

*2: **[Food]** Decrease in promotion expenses: +6.8, Distribution optimization: +0.4, Other cost reduction: +0.7

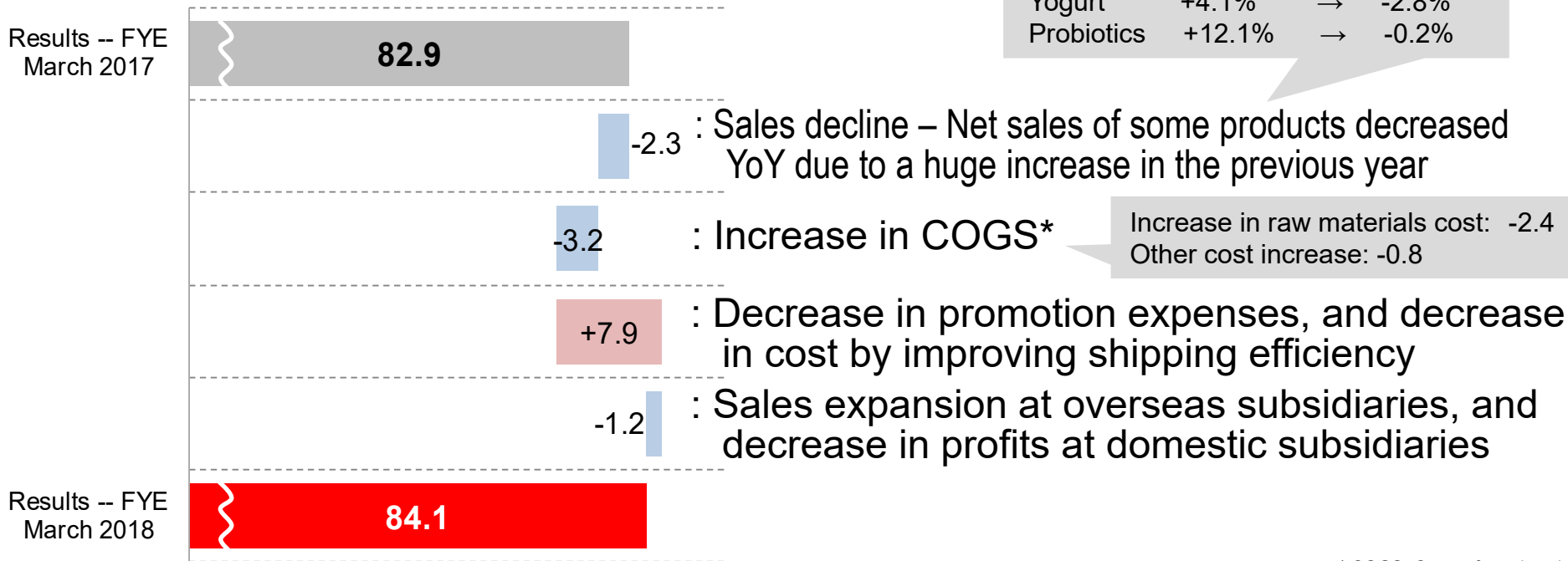
[Pharma] Decrease in promotion expenses: +1.7, Other cost reduction: +3.2, Decrease in R&D expenses: +0.2

(JPY bn)	FYE March 2017 Results	FYE March 2018 Plan	FYE March 2018 Results	YoY Change	vs. Plan
Net sales	1,082.1	1,090.2	1,073.6	-0.8% -8.4	-1.5% -16.6
Operating income	82.9	86.1	84.1	+1.5% +1.2	-2.2% -1.9

(JPY bn) Analysis of Operating Income

[YoY Change] (FY3/17) (FY3/18)

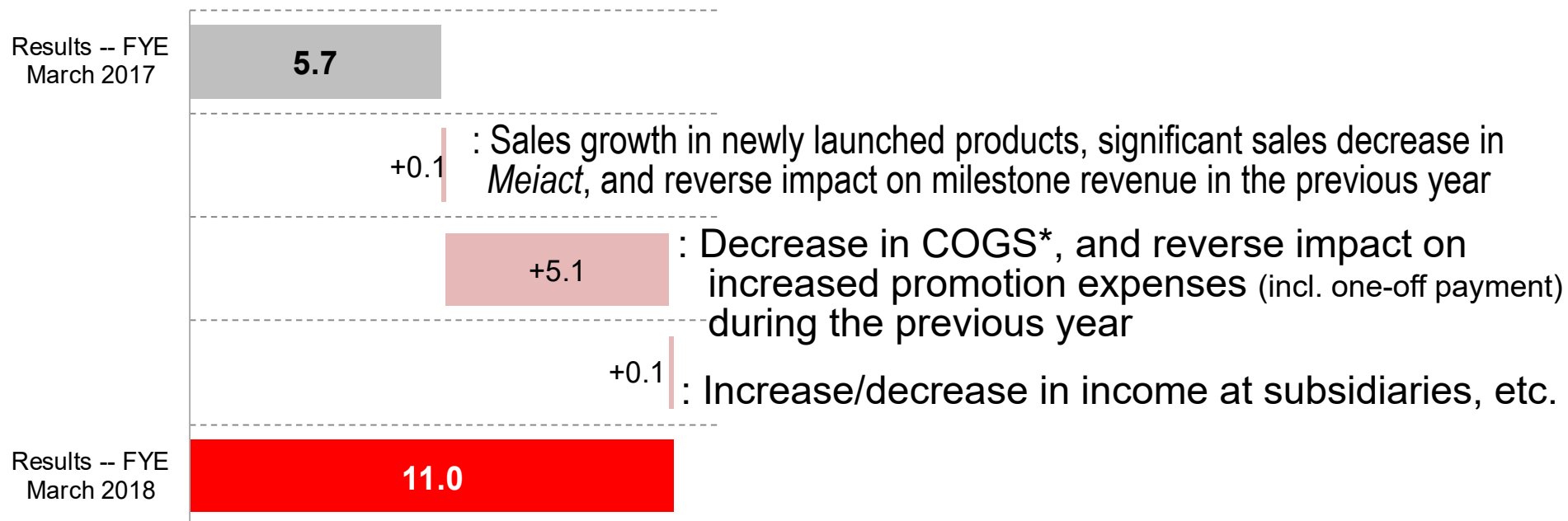
Yogurt	+4.1%	→	-2.8%
Probiotics	+12.1%	→	-0.2%



* COGS: Costs of goods sold

(JPY bn)	FYE March 2017 Results	FYE March 2018 Plan	FYE March 2018 Results		
				YoY Change	vs. Plan
Net sales	161.6	173.2	168.4	+4.2% +6.8	-2.7% -4.8
Operating income	5.7	11.0	11.0	+90.7% +5.2	+0.2% +0.0

(JPY bn) Analysis of Operating Income



* COGS: Costs of goods sold

Financial Position as of March 2018



(JPY bn)	Results as of Mar. 2018	YoY Change	Main Factors for Change
Current assets	392.6	+4.0% +14.9	-Increase in notes and accounts receivable (+11.9) -Increase in raw materials and supplies (+4.5)
Fixed assets	534.8	+5.7% +28.6	-Increase in buildings and structures, net (+17.2) -Increase in investment securities (+13.0)
Total assets	927.5	+4.9% +43.6	—
Current liabilities	294.4	-6.3% -19.7	-Decrease in current portion of bonds (-30.0) -Increase in notes and accounts payable (+9.3)
Long-term liabilities	137.9	+22.6% +25.4	-Increase in bonds payable (+20.0)
Total liabilities	432.3	+1.3% +5.6	—
Shareholders' equity	465.5	+6.8% +29.5	-Increase in retained earnings (+43.4) -Decrease in treasury stock (-13.9)
Accumulated other comprehensive income	21.7	+68.5% +8.8	-Increase in valuation difference on available-for-sale securities (+8.0)
Minority interests	7.8	-5.1% -0.4	—
Total net assets	495.1	+8.3% +37.9	—
Interest bearing debt	119.1	-8.0% -10.3	- Redemption of bonds (-30.0) - Issuance of bonds (+20.0)
Equity Ratio	52.5%	+1.7pt	—

Results - FYE March 2018: Cash Flows and Shareholders' Return



(JPY bn)	FYE March 2018 Results	YoY Change	Main Factors for Change
Net cash flow from operating activities	108.7	+26.8	<ul style="list-style-type: none"> - Decrease in income taxes paid (+10.6) - Increase in inventories (+7.3) - Increase in trade payables (+3.9)
Net cash flow from investing activities	-64.3	-20.1	<ul style="list-style-type: none"> - Increase in payments for purchases of property, plants or equipment (-21.1): <ul style="list-style-type: none"> - Increase in production capacities for Core products - Construction of new laboratory and logistics sites for food segment
Free cash flow	44.3	+6.7	—
Cash dividends per share (JPY)	130	+20	(2Q) JPY57.5 (Year-end) JPY72.5
Payout ratio	30.8%	+4.2pt	—
ROE	13.1%	-1.1pt	Repurchase of own shares (From April to July; JPY 13.9bn, about 1,490 thousand shares)

(Note) The repurchase of own shares was announced on February 7, 2017, and conducted from February 8, 2017 to July 14, 2017. The above ROE for FYE March 2018 was calculated by reflecting treasury shares acquired by the end of March 31, 2018.

(JPY bn)

		First Half	YoY Change	Second Half	YoY change	Full Year	YoY Change
Meiji Holdings	Net sales	613.4	+0.3% +1.9	646.5	+2.7% +17.1	1,260.0	+1.5% +19.1
	Operating income	43.2	-4.3% -1.9	56.3	+13.6% +6.7	99.5	+5.1% +4.8
	Op. income margin	43.9	-4.8% -2.1	55.5	+11.5% +5.7	99.5	+3.8% +3.6
	Net income attributable to shareholders of parent company	31.0	-1.4% -0.4	32.0	+7.2% +2.1	63.0	+2.8% +1.7
Food	Net sales	536.3	+0.4% +2.0	553.6	+2.7% +14.3	1,090.0	+1.5% +16.3
	Operating income	40.9	+0.0% +0.0	49.0	+13.4% +5.8	90.0	+6.9% +5.8
Pharma	Net sales	77.9	+0.2% +0.1	93.7	+3.4% +3.0	171.6	+1.9% +3.2
	Operating income	2.6	-40.1% -1.7	7.3	+10.9% +0.7	10.0	-9.3% -1.0

Plan by Business in Food Segment - FYE March 2019



(JPY bn)		First Half		Second Half		Full Year	
			YoY Change		YoY change		YoY Change
Fresh and Fermented Dairy	Net sales	170.6	+0.1% +0.0	170.6	+1.6% +2.7	341.3	+0.8% +2.8
	Operating income	24.4	-0.9% -0.2	26.7	-2.6% -0.7	51.1	-1.8% -0.9
Processed Food	Net sales	89.5	+0.7% +0.6	85.4	+0.2% +0.1	174.9	+0.5% +0.7
	Operating income	3.5	-11.7% -0.4	3.3	-0.9% -0.0	6.9	-6.8% -0.5
Confectionery	Net sales	54.0	-9.0% -5.3	78.9	+3.6% +2.7	133.0	-1.9% -2.5
	Operating income	7.3	+0.6% +0.0	15.7	+26.6% +3.3	23.0	+17.0% +3.3
Nutrition	Net sales	46.1	+6.0% +2.6	43.5	+7.3% +2.9	89.7	+6.6% +5.5
	Operating income	7.1	-1.0% -0.0	5.7	+11.1% +0.5	12.9	+4.1% +0.5

Plan by Business in Food Segment - FYE March 2019



(JPY bn)

		First Half	YoY Change	Second Half	YoY change	Full Year	YoY Change
Overseas	Net sales	24.4	+19.1% +3.9	27.3	+19.2% +4.4	51.8	+19.2% +8.3
	Operating income	0.0	-84.9% -0.2	0.7	+109.2% +0.3	0.8	+14.8% +0.1
Other Domestic Subsidiaries	Net sales	151.4	+0.1% +0.1	147.7	+0.9% +1.2	299.1	+0.5% +1.3
	Operating income	2.5	-3.8% -0.1	2.2	+31.3% +0.5	4.7	+9.9% +0.4
Corporate Expenses	Net sales	—	—	—	—	—	—
	Operating income	-4.0	—	-5.4	—	-9.5	—

Plan - FYE March 2019: Analysis of Consolidated Operating Income



(JPY bn)	Consolidated Results	Food	Pharma	Other
Results -- FYE March 2018	94.6	84.1	11.0	-0.5
Due to increased/decreased sales	+17.9	+11.2	+6.7	—
Impact of NHI drug price revision	-12.6	—	-12.6	—
Changes in costs of goods sold	+2.7 (*1)	-3.1	+5.8	—
Changes in other SG&A expenses	-3.4 (*2)	-2.8	-0.6	—
Other (incl. change in results of subsidiaries)	+0.3	+0.6	-0.3	0.0
Plan -- FYE March 2019	99.5	90.0	10.0	-0.5

(Breakdown)

*1: **[Food]** Increase in raw materials costs: -3.7, Other cost reduction: +0.6

*2: **[Food]** Increase in promotion expenses: -2.3, Increase in distribution expenses: -1.0, Other cost reduction: +0.5

[Pharma] Decrease in promotion expenses: +0.6, Other cost increase: -1.2

Plan - FYE March 2019: Cash Flows and Shareholders' Return

(JPY bn)	FYE March 2019 Plan	YoY Change	Main Factors for Change
Net cash flow from operating activities	96.9	-11.8	- Increase in inventories - Increase in taxes paid
Net cash flow from investing activities	-104.2	-39.9	- Increase in capital expenditures [Amounts] Food 83.1 bn (+19.2bn, yoy) Pharma 6.7 bn (-1.1bn, yoy)
Free cash flow	-7.3	-51.6	—
Cash dividends per share (JPY)	130	±0	(2Q) JPY65 (Year-end) JPY65
Payout ratio	30.0%	-0.8pt	—
ROE	12.4%	-0.7pt	—

Plan by Business - FYE March 2021

[Food Segment]

(JPY bn)

		FYE March 2021 Plan	vs. FYE March 2018
Fresh and Fermented Dairy	Net sales	351.2	+3.8% +12.7
	Operating income	61.2	+17.7% +9.2
Processed Food	Net sales	192.1	+10.3% +18.0
	Operating income	10.6	+43.4% +3.2
Confectionery	Net sales	148.0	+9.2% +12.4
	Operating income	24.1	+22.7% +4.4
Nutrition	Net sales	117.4	+39.6% +33.3
	Operating income	20.2	+62.6% +7.7
Overseas	Net sales	90.0	+107.0% +46.5
	Operating income	3.0	+325.1% +2.2

		FYE March 2021 Plan	vs. FYE March 2018
Other Domestic Subsidiaries	Net sales	261.0	-12.3% -36.7
	Operating income	5.9	+38.8% +1.6
Corporate expenses	Net sales	—	—
	Operating income	-15.2	— -2.7

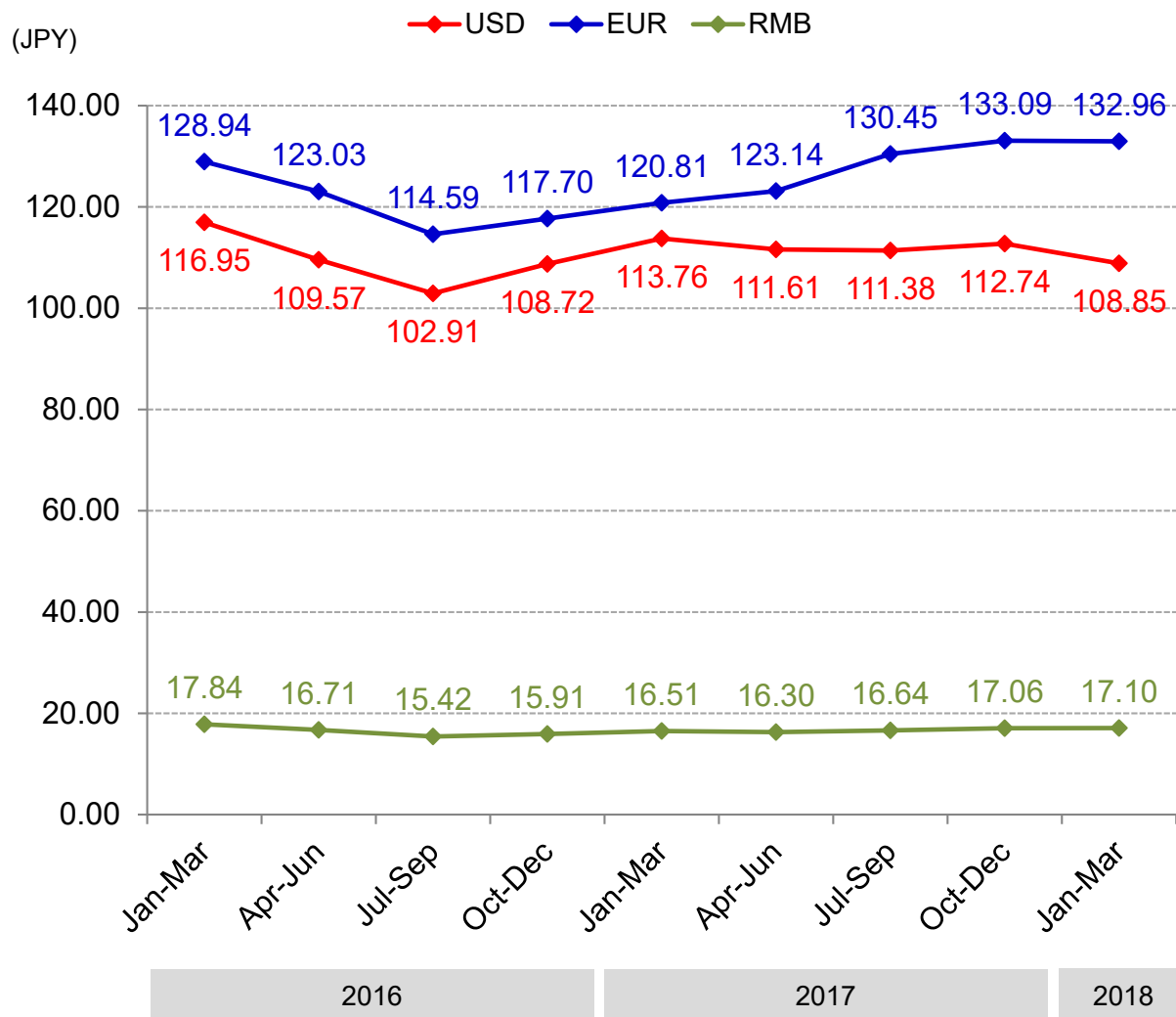
[Pharmaceutical Segment]

Japan	Net sales	138.0	+7.0% +9.0
	Operating income	8.5	+28.3% +1.8
Overseas	Net sales	52.0	+31.7% +12.5
	Operating income	6.5	+47.7% +2.1

Key Currencies and Our Average Exchange Rates



Key Currencies and Our Average Exchange Rates



Foreign exchange target

For FYE March 2019

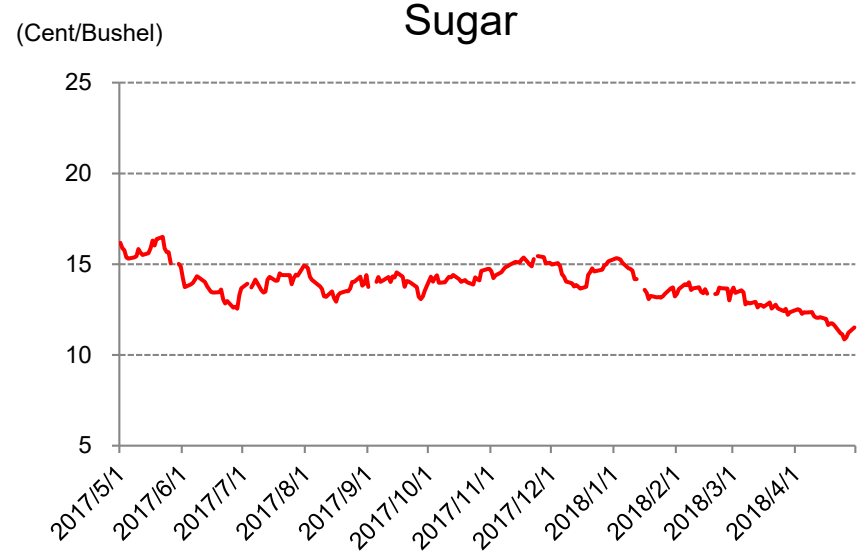
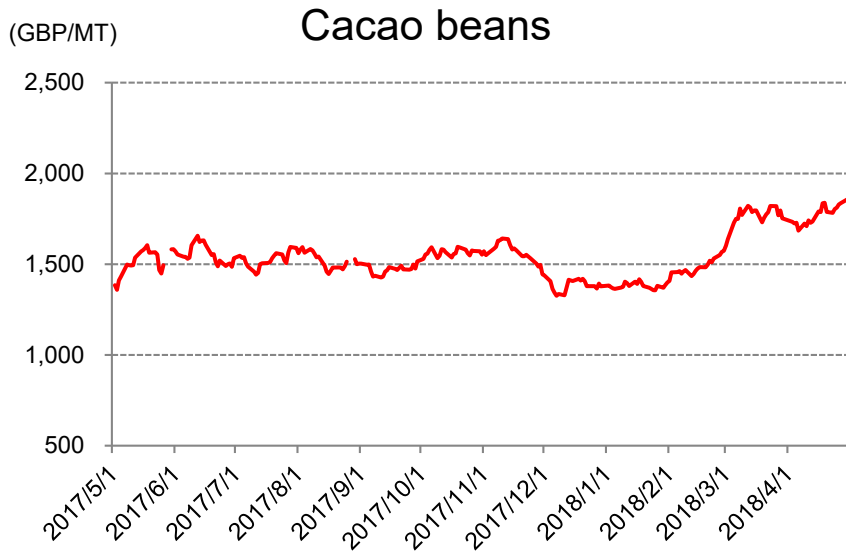
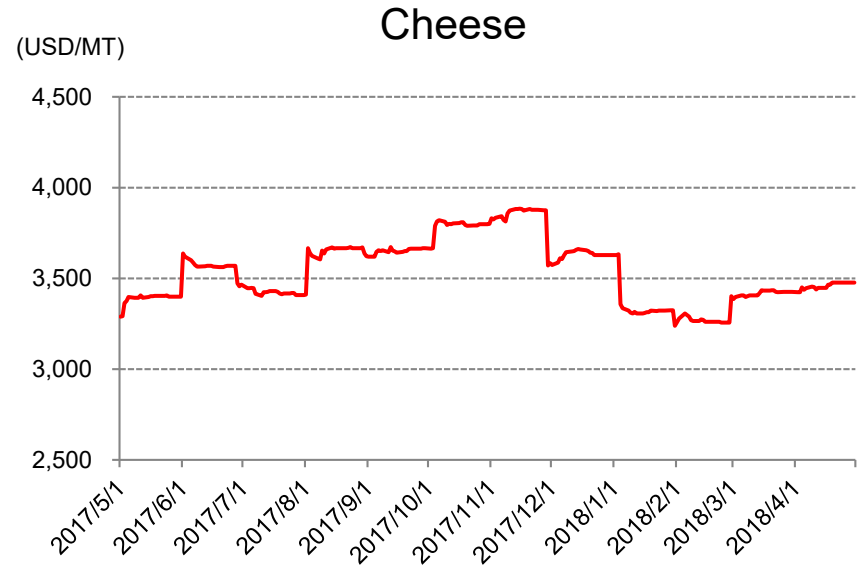
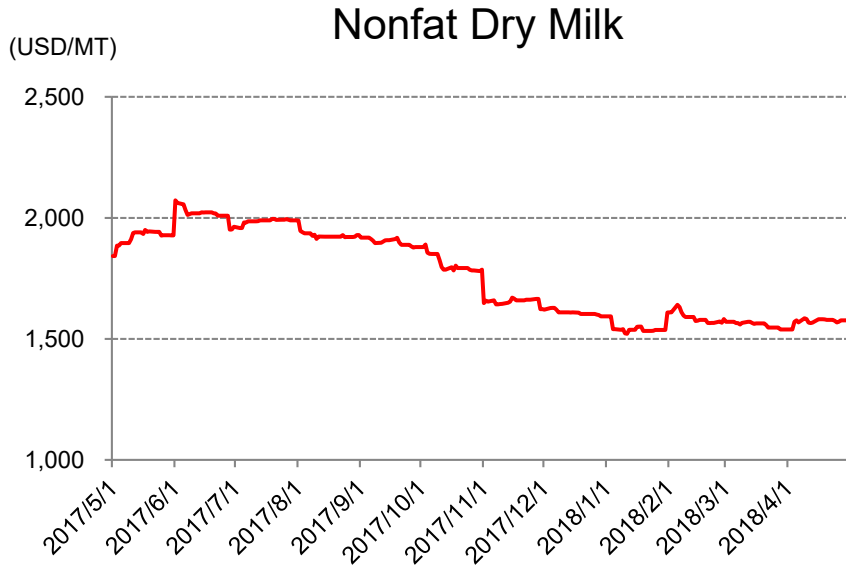
USD	Food: JPY 115 Pharma: JPY 110
EUR	Food: JPY 135 Pharma: JPY 130
RMB	Food: JPY 18 Pharma: JPY 16

For Medium-term plan

USD	Food: JPY 115 Pharma: JPY 110
EUR	Food: JPY 125 Pharma: JPY 120
RMB	Food and Pharma: JPY 16

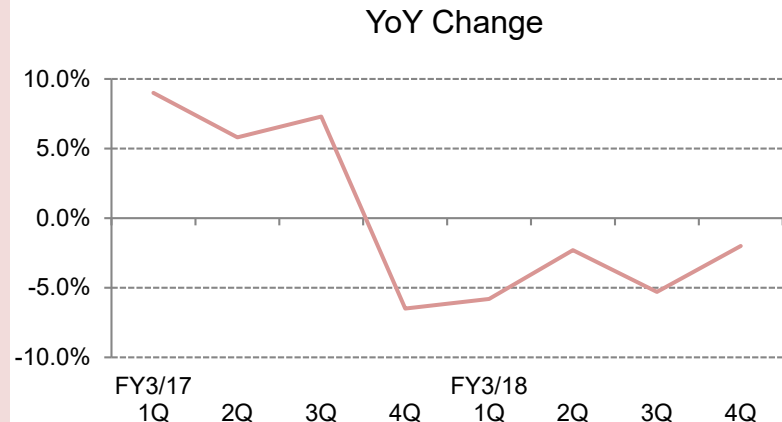
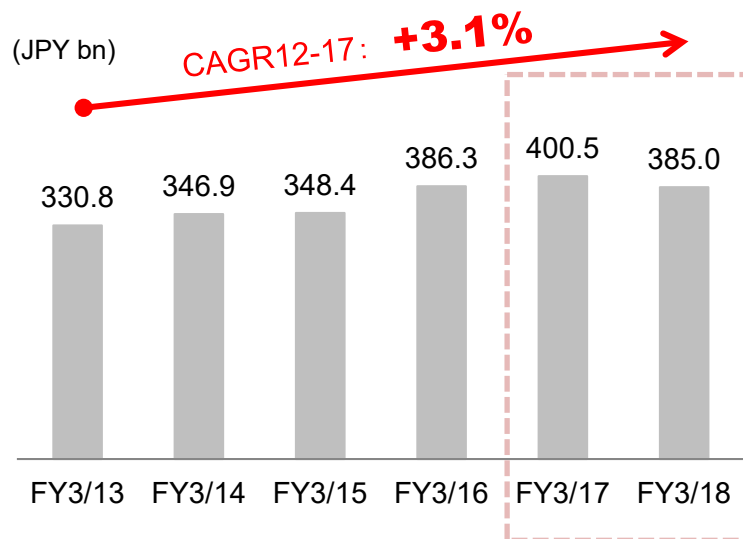
Appendix: Topics

Market Trends in Imported Raw Materials Prices

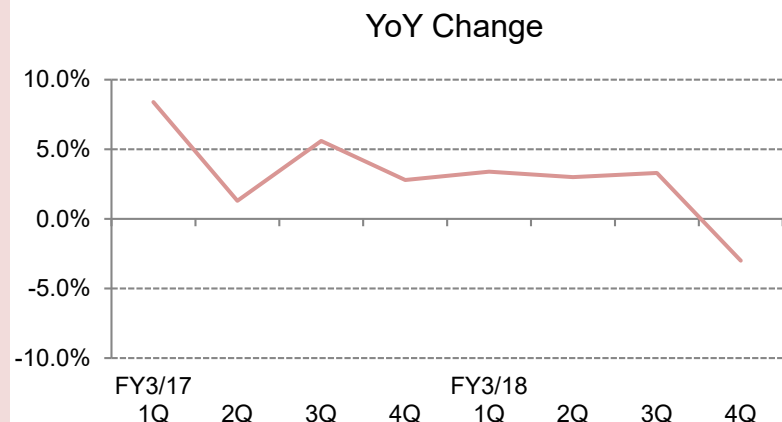
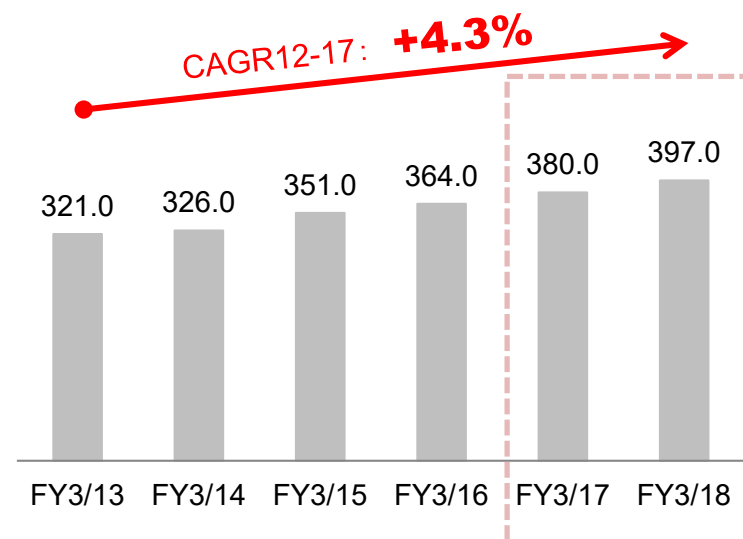


Yogurt and Chocolate Market Trends in Japan

Yogurt

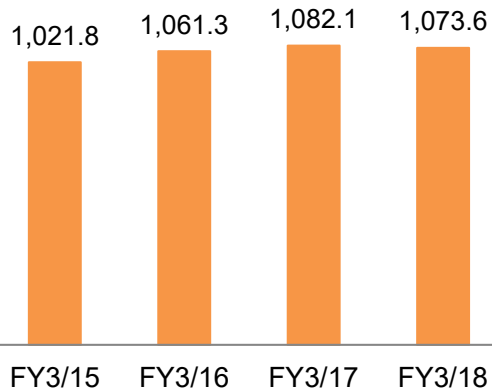


Chocolate

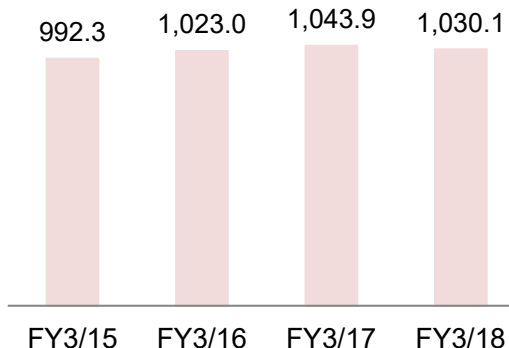


(JPY bn)

<Net sales of Food segment>

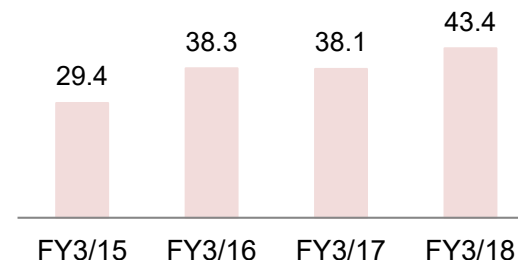


[Sales of domestic business]

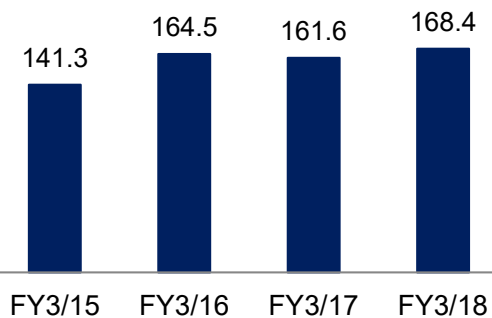


[Sales of overseas business]

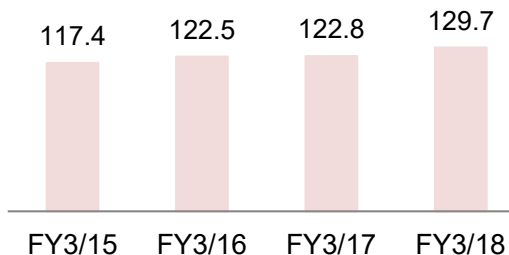
Ratio to net sales: 4%



<Net sales of Pharmaceuticals segment>

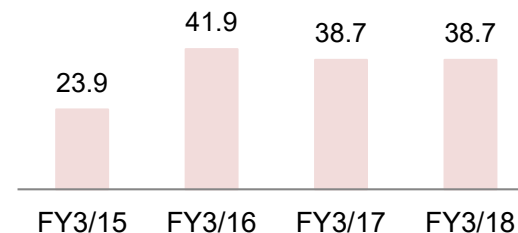


[Sales of domestic business]



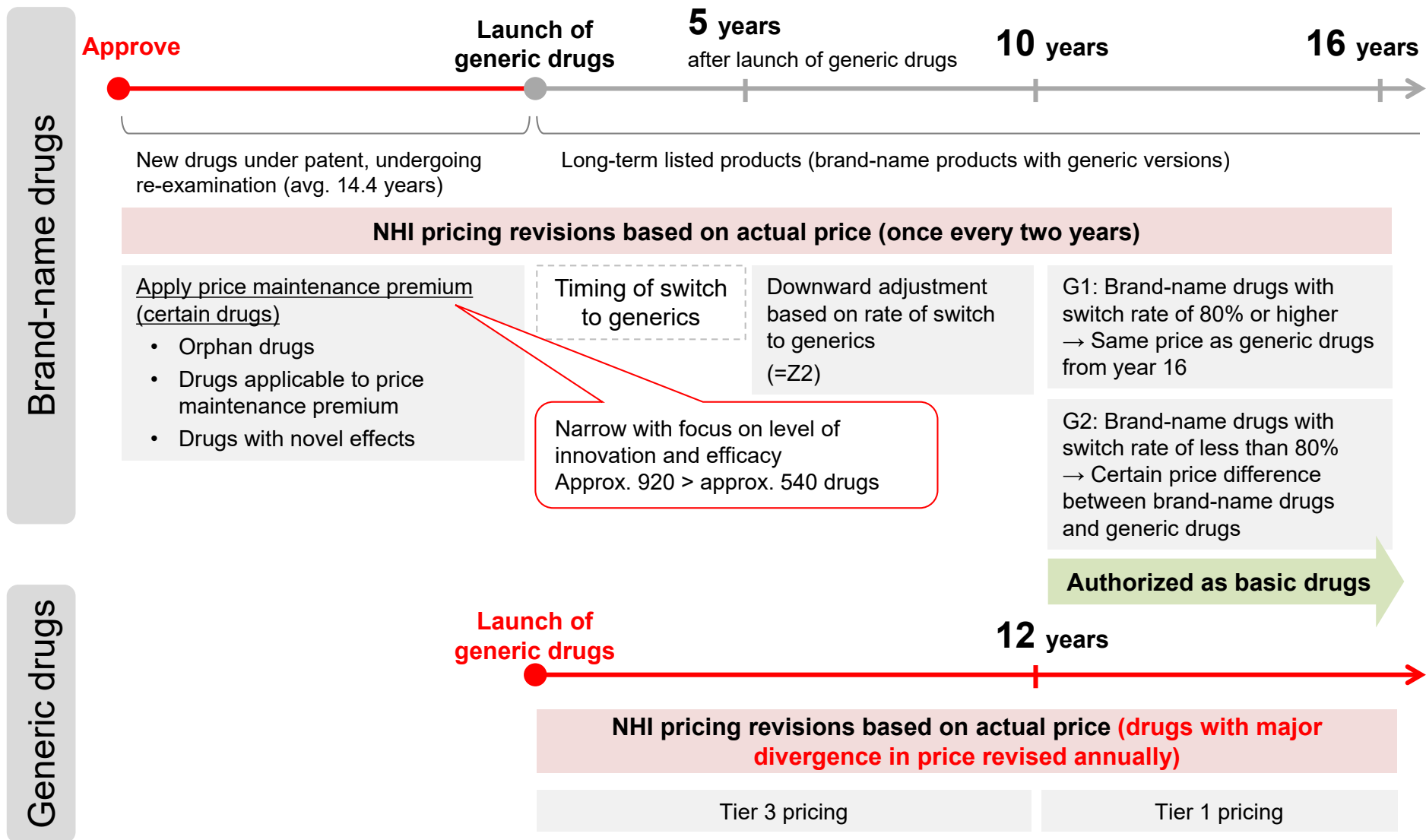
[Sales of overseas business]

Ratio to net sales: 23%



(Note) Net sales based on the former classifications 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.

General Image of NHI Pricing Reform in 2018



- Global Vaccine Market

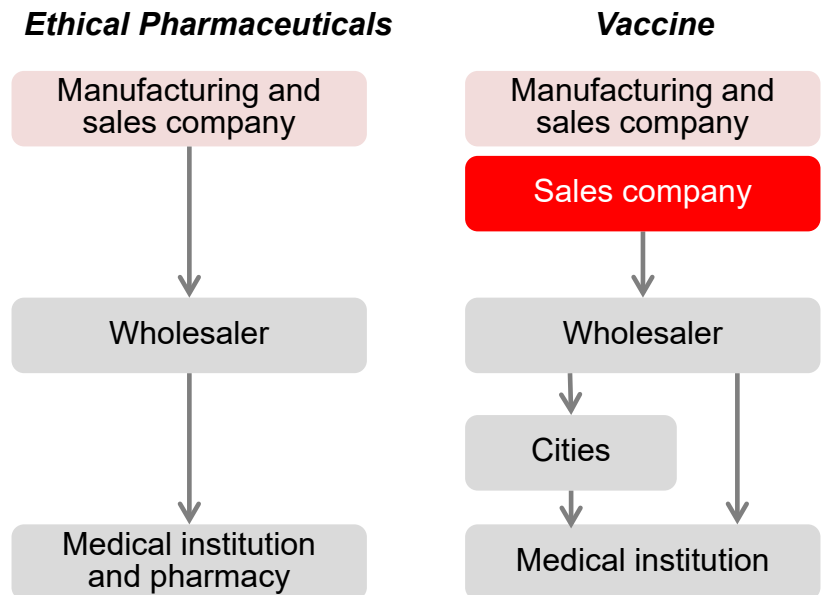
USD 27.5 billion in 2016 → USD 35.2 billion in 2022 (Estimate)

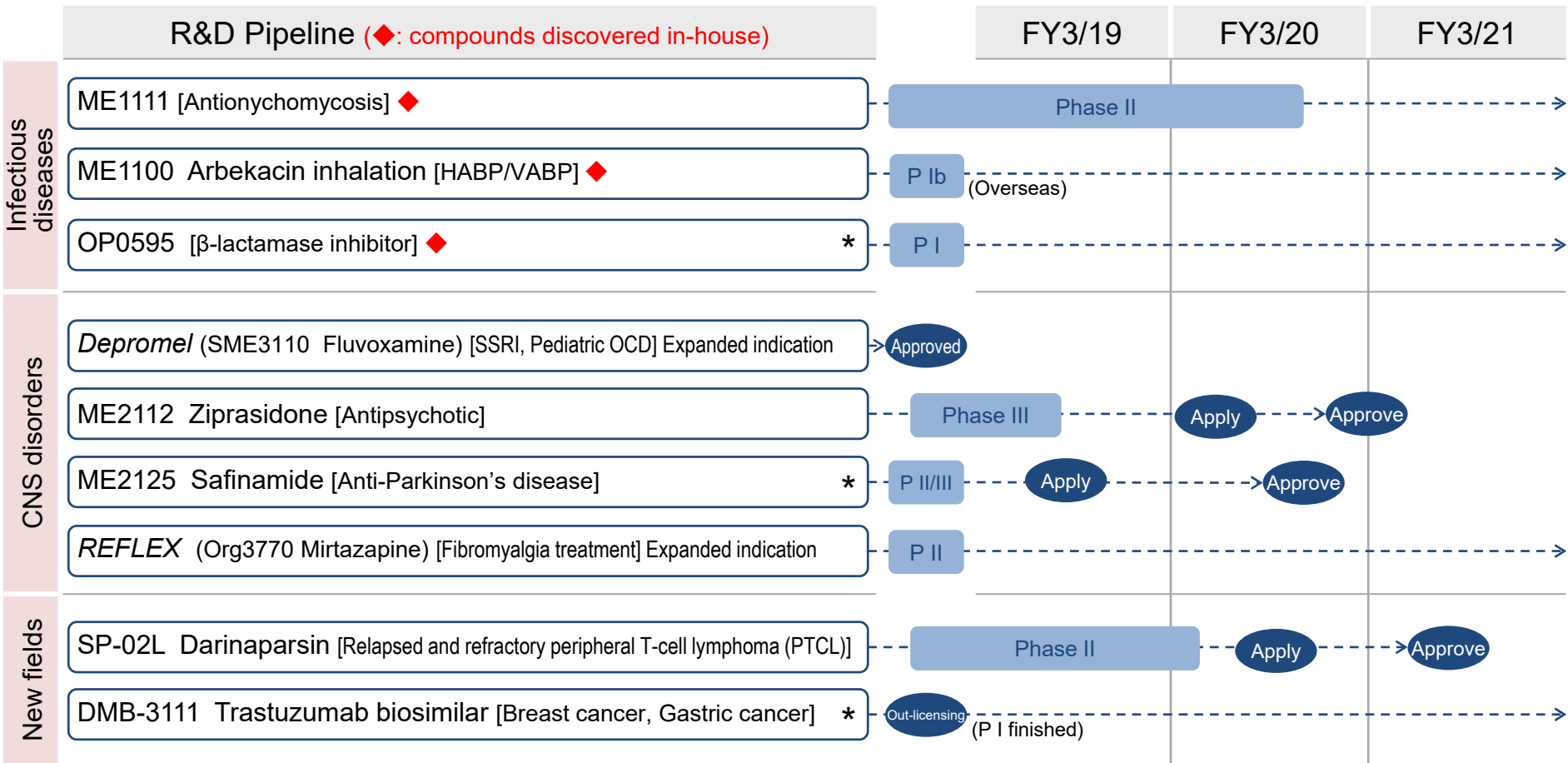
- Market is expected to grow in both advanced and emerging countries because importance of preventive medicine is increasing
- 4 major companies have 80% share of global vaccine market
→ High entry barrier: Development, manufacturing and sales are challenging

- Vaccine Market in Japan

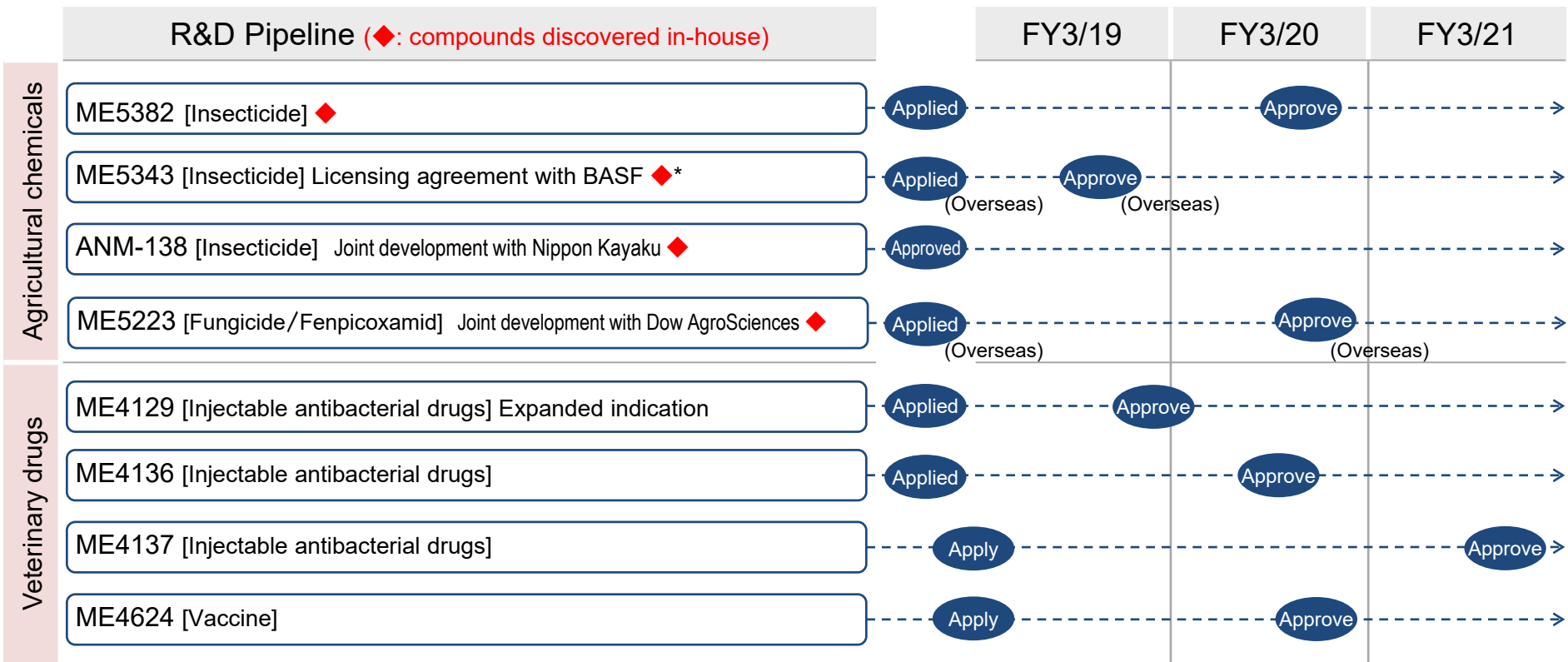
- About 8% of global market
- Oligopoly market by 4 major domestic vaccine companies
- Drug prices generally not listed
→ Not subject to NHI price revisions

Supply Chain in Japan





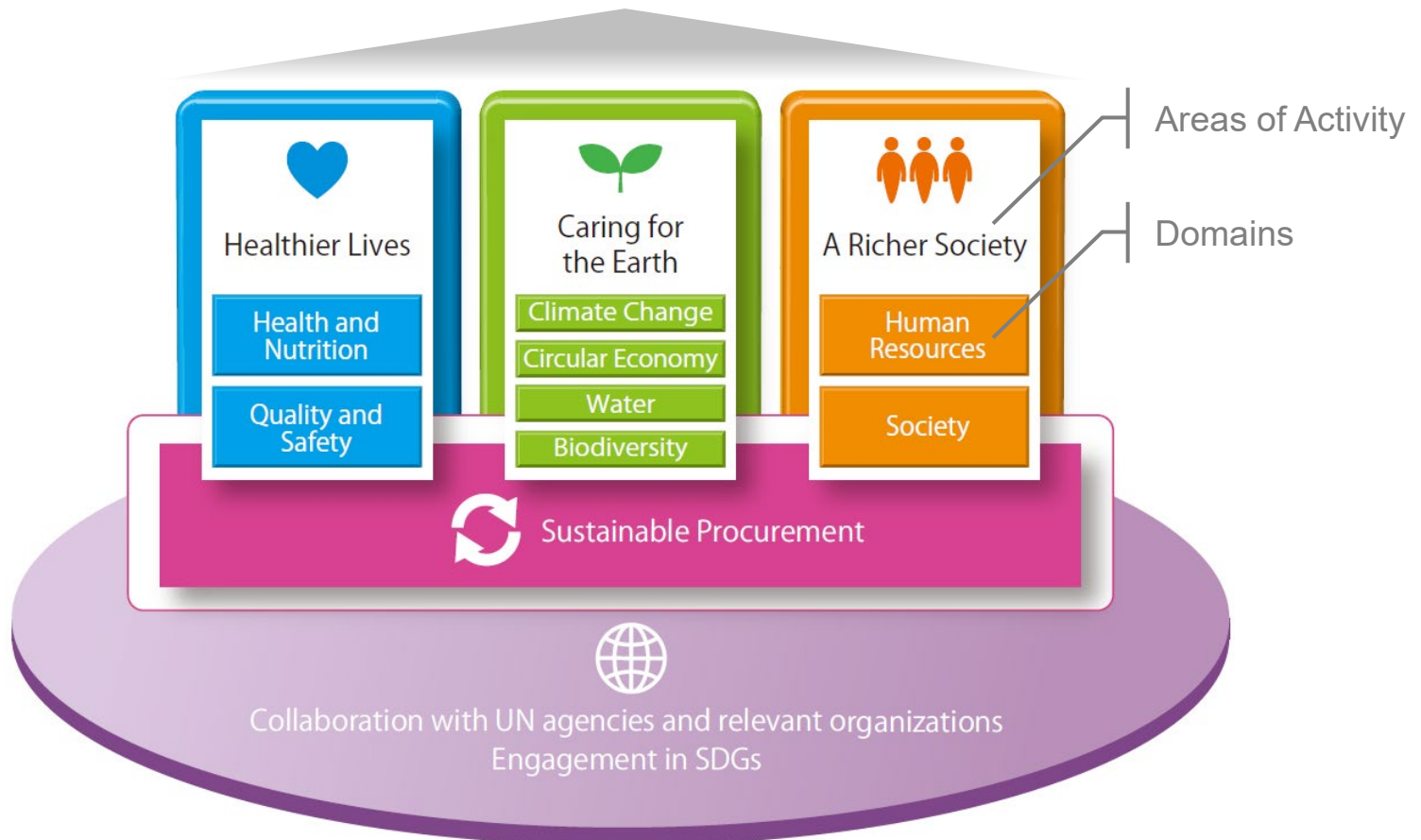
*Out-licensed items. Please refer to our website for details of the companies and areas out-licensed to.



* Discovered in a research collaboration between Meiji Seika Pharma and The Kitasato Institute

Our promise and commitment for CSR 2026 Vision

As Food and Health professionals, we contribute to addressing social issues through our business activities, and to realizing a sustainable society for people to live healthy, peaceful lives.



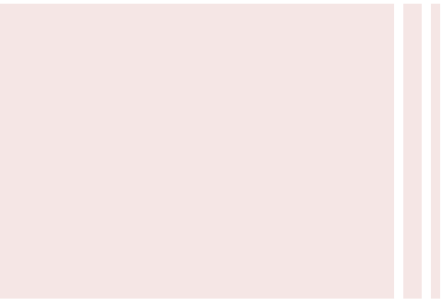
Areas of Activity	Core Policies	KPIs
1 Health and Nutrition	<ul style="list-style-type: none"> - Contribute to healthy diets - Respond to a super-aged society 	<ul style="list-style-type: none"> (1) Develop products that contribute to healthy diets and a super-aged society (2) Enroll a total of 500,000 people into nutrition and healthy diet education (<i>Shokuiku</i>) within three years from FYE March 2019 to FYE March 2021
2 Quality and Safety	Ensure product quality and safety	Obtain GFSI ^(*1) certification for all domestic food plants by FYE March 2021
3 Climate Change	Reduce CO ₂ emissions	Reduce total domestic CO ₂ emissions by more than 15% compared with the FYE March 2014 baseline by FYE March 2031
4 Water	Secure water resources	Aim to reduce domestic water use volume (base units) by more than 20% compared with FYE March 2016 baseline by FYE March 2031
5 Human Resources	<ul style="list-style-type: none"> - Promote diversity and inclusion - Provide training to employees 	<ul style="list-style-type: none"> (1) Aim to raise the ratio of female managers to greater than 10%⁽²⁾ by FYE March 2027. Aim to triple the number of female leaders⁽³⁾ to more than 330 by FYE March 2027 (2) Raise the ratio of employees with disabilities above the statutory employment quota
6 Society	Respect and promote human rights	100% ⁽²⁾ of employees receive training on human rights
7 Sustainable Procurement	Procure raw materials with consideration toward human rights and the environment	<ul style="list-style-type: none"> (1) Improve traceability of cocoa (2) Use 100% of RSPO^(*4)-certified palm oil by FYE March 2024 (3) Use 100% of environmentally friendly paper raw materials by FYE March 2021

*1: Global Food Safety Initiative

*2: Meiji HD, Meiji and Meiji Seika Pharma on a stand-alone basis

*3: Leaders include managers and assistant managers

*4: Roundtable on Sustainable Palm Oil



meiji

