Otsuka Holdings
FY2012 Principal Measures

May 11, 2012

Tatsuo Higuchi
President and Representative Director, CEO
Otsuka Holdings Co., Ltd
Agenda

1. FY2012 Principal Measures
   - Pharmaceutical Business
   - Nutraceutical Business

2. Measures for Growth
   - Alliance Cycle and Track Record

3. FY2012 Estimates
   - Performances
   - Shareholders’ Return Policy
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Cycle of Trust with Stakeholders

Management Driver: Fund, Human Resource, Technology

[ True Contribution to Stakeholders ]
FY2012 Measures

Investments for growth

Front-load investment for growth

Acceleration

Profits

Achieve steady profit growth

Steadiness
FY2012 Measures

Investments for growth

Return

Profits

Achieve steady profit growth

Steadiness

Execution

front-load investment for growth

Acceleration
Measures FY2012

- Investment Strategy and Profit Growth aiming for next generation
  - New business segment: Plant seedlings of growth
  - Development cost: Accelerate next generation growth by front-loading investment
  - Operating Profit: Achieve steady growth by improving profitability structure

<table>
<thead>
<tr>
<th>FY2010~FY2012 CAGR</th>
<th>Sales</th>
<th>R&amp;D expense</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.2%</td>
<td>1.6%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Sales
R&D expense
Operating profit

¥ bn

Sales | R&D ratio | Operating profit ratio | R&D ratio + Operating profit ratio

FY2010
FY2011
FY2012 estimate

Sales
R&D ratio
Operating profit
R&D ratio + Operating profit ratio

25.8%
26.7%
28.0%
14.6%
13.8%
14.2%
11.2%
12.9%
13.8%
Steady Growth in Pharmaceutical Business

- **R&D strategies**
  - Accelerate new drug development and product life cycle management
  - Identify next target therapeutic area

- **Marketing structure**
  - Promote EU business and expand to emerging markets

**Europe**

- **CNS area**
  - Reinforce marketing structure through collaboration with Lundbeck

- **Oncology area**
  - Market own products

**Japan**

- **Enhance sales capability**
  - Focus on specialty area
  - Develop multiple new products

**Asia and other**

- **Oncology area**
  - Access to emerging markets
- **Clinical nutrition**
  - Expand in emerging markets

**USA**

- **Next specialty area marketing structure**
  - Reinforce own sales force
  - New marketing alliance

**Country Sales**

- **US ABILIFY**
  - $3,960 M in 2011, $4,100 M in 2012 (3.5% growth)

<table>
<thead>
<tr>
<th>Region</th>
<th>2011 (¥bn)</th>
<th>2012 (¥bn)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU &amp; Asia</td>
<td>94.7</td>
<td>110.5</td>
<td>16.7%</td>
</tr>
<tr>
<td>Japan</td>
<td>326.5</td>
<td>337.0</td>
<td>3.2%</td>
</tr>
<tr>
<td>Japan (¥bn)</td>
<td>326.5</td>
<td>337.0</td>
<td>3.2%</td>
</tr>
<tr>
<td>US ABILIFY</td>
<td>3,960</td>
<td>4,100</td>
<td>3.5%</td>
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</tbody>
</table>

Countries with Otsuka operation
Total Healthcare Company

- Total healthcare from diagnostics to treatment of diseases
- Offer treatment method using medical devices in addition to medicines and diagnostic products
- Business development focusing on China and Asia

Pharmaceutical Business

- Treatment by medicines

Medical Device Business

- Treatment by diagnostics

KiSCO
- (orthopedics)
- Acquired in 2011

Era
- (GI)
- Capital participation in 2011

JIMRO
- (GI, dermatology)

MicroPort
- (cardiovascular)
- Capital participation in 2004
Nutraceutical Business

Improvement in profitability structure

1. Continued optimization of operating expenses in Japan
2. Topline increase in overseas markets with higher profitability
3. Market expansion in overseas new markets

Operating profit ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>EU FY2011 (Actual)</th>
<th>EU FY2012 (Est.)</th>
<th>Asia FY2011 (Actual)</th>
<th>Asia FY2012 (Est.)</th>
<th>USA FY2011 (Actual)</th>
<th>USA FY2012 (Est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.9%</td>
<td>5%</td>
<td>10%</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>7.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>8.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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Note: CAGR calculated based on local currency

New formulation of SOY, to the world

1. New products introduction
2. Customer education
3. New markets expansion
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Alliance Track Record

With the Best Partner through the Best Approach

- Flexible approach and respect for partners have created Win-Win relationships.

Geographic Strategy

Alliance

NORDIC GROUP

Business Strategy

UCB

Capital Participation

VV GROUP

Endotics

M&A

NS nutrition & sante

PHARMAVITE

MicroPort

KISCO

PDL BioPharma
Cycle Alliances

Diversified alliance

Creativity

Management Driver

Execution

Advanced alliance

Progress and Outcome
(Fund, Human Resource, Technology)
Alliance Policy

Diversified alliance

Innovating phase

Developing phase

Creativity

Progress made through Alliance (Fund, HR, Technology)

Growth phase

Nurturing phase

Management Driver

Advanced alliance

Advanced alliance

Executive
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Consolidated Financial Results and Forecast

【Net Sales】

<table>
<thead>
<tr>
<th></th>
<th>FY2010 Actual</th>
<th>FY2011 Actual</th>
<th>FY2012 Estimate</th>
<th>FY2013 Mid-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11,276</td>
<td>11,546</td>
<td>12,000</td>
<td>13,300</td>
</tr>
</tbody>
</table>

【Operating Income】

<table>
<thead>
<tr>
<th></th>
<th>FY2010 Actual</th>
<th>FY2011 Actual</th>
<th>FY2012 Estimate</th>
<th>FY2013 Mid-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,263</td>
<td>1,487</td>
<td>1,650</td>
<td>2,000</td>
</tr>
</tbody>
</table>

【R&D Expenses】

<table>
<thead>
<tr>
<th></th>
<th>FY2010 Actual</th>
<th>FY2011 Actual</th>
<th>FY2012 Estimate</th>
<th>FY2013 Mid-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,647</td>
<td>1,592</td>
<td>1,700</td>
<td>2,000</td>
</tr>
</tbody>
</table>

【Net Income】

<table>
<thead>
<tr>
<th></th>
<th>FY2010 Actual</th>
<th>FY2011 Actual</th>
<th>FY2012 Estimate</th>
<th>FY2013 Mid-term Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>824</td>
<td>922</td>
<td>1,080</td>
<td>1,300</td>
</tr>
</tbody>
</table>

87.79yen(USD) 116.27yen(EUR)
79.79yen(USD) 111.12yen(EUR)
75yen(USD) 102yen(EUR)
85yen(USD) 115yen(EUR)
## Shareholders’ Return Policy

**Shareholders’ return**

- **● Planned dividend for FY2012: ¥58 per share**

  1. **Growth of Business (invest and achieve profit growth)**
  2. **Stable dividend in line with profit growth**

<table>
<thead>
<tr>
<th>(¥ billion)</th>
<th>FY2010 actual</th>
<th>FY2011 actual</th>
<th>FY2012 estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,127.6</td>
<td>1,154.6</td>
<td>1,200.0</td>
</tr>
<tr>
<td>(Ratio of overseas sales to net sales)</td>
<td>49.0%</td>
<td>50.2%</td>
<td>49.0%</td>
</tr>
<tr>
<td><strong>R&amp;D expenses</strong></td>
<td>164.7</td>
<td>159.2</td>
<td>170.0</td>
</tr>
<tr>
<td>vs. net sales</td>
<td>14.6%</td>
<td>13.8%</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>126.3</td>
<td>148.7</td>
<td>165.0</td>
</tr>
<tr>
<td>vs. net sales</td>
<td>11.2%</td>
<td>12.9%</td>
<td>13.8%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>82.4</td>
<td>92.2</td>
<td>1,080.0</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>164.5 yen</td>
<td>165.2 yen</td>
<td>193.6 yen</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>28 yen</td>
<td>45 yen</td>
<td>58 yen</td>
</tr>
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</table>
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