

Otsuka Holdings Co., Ltd.

Financial Results Presentation Q2 FY2013 (Six Months Ending September 30, 2013)

Q&A

November 13, 2013

Q1: Can we have an update on the additional indication of ADPKD for SAMSCA?

A1: Right now we are conferring with the FDA about it.

Q2: What is the status of Abilify Maintena sales?

A2: Sales from the time of launch until September were \$21 million based on IMS data. However, the IMS data don't cover some hospital prescriptions, and so that figure is about 20-30% lower than actual total sales. Since launch through June, sales went according to our plan. They were a little behind from July to September, so we reinforced sales promotion starting in October.

Q3: When will you announce the Phase 3 trial results for brexpiprazole?

A3: We plan to make an announcement in 2014.

Q4: Why did you change your fiscal year to January to December?

A4: We decided that January to December would be better, since 80% of our 110 consolidated companies are operating companies outside Japan. We plan to disclose information in a fact book and other means regarding the effects of changing the fiscal year.

Q5: What is the filing status of TAS-102 in Japan?

A5: We expect to receive comments from the authorities by the end of fiscal 2013.

Q6: Based on the Phase 2 trial results for Lu AE58054 on Alzheimer-type dementia, can a sustained improvement of cognitive function be expected over the long-term?

A6: We have no way of telling, since the duration of Lu AE58054 administration was short in the Phase 2 trial.

Q7: Will you also combine Lu AE58054 with memantine in the Phase 3 trial?

A7: We are now considering that.

Q8: What are your accounting policy and employee retention plan after Astex acquisition?

A8: We plan to disclose the goodwill amortization and other effects at the fiscal 2013 third quarter results briefing. We will consolidate the results in the P/L statement from the fiscal 2013 fourth quarter. As for employee retention, we are considering the issue carefully, as we regard human resources as important corporate assets. At present, we are moving ahead shared goals with Astex's researchers. We have obtained the support of many researchers on our future plans, including the retention plan.

Q9: Are you taking Astex into account in the operating profit full-year forecast for fiscal 2013?

A9: We have factored that in, but it doesn't have a large impact.

Q10: There is talk that ex-employees have been selling their Otsuka stock. One can infer that ex-employees have sold stock, since the number of individual shareholders has gone up while the number of shares has not changed. What do you think about this?

A10: It is a fact that the number of general individual shareholders has increased. It is difficult to make predictions on the sell-off of stock, since each individual situation is different.

Q11: Will you consolidate next year's financial results as April to December for Japan and January to December for the U.S.?

A11: Based on consultation with the auditor Deloitte Touche Tohmatsu, we plan to consolidate all the results for the nine months from April to December. We plan to reflect the January to March portion for companies outside Japan, including those in the U.S., as a surplus on the BS.

Q12: What is your thinking, as president, at the moment about the next medium-term plan?

A12: I am thinking about a period of five years for the next medium-term plan. The plan, which should look ahead to 2020, will be to diversify our businesses. We will continue investments as a continuous strategy.

Q13: Do you envision business diversification to include medical devices and nutraceuticals?

A13: Yes, that is the plan. We would like to broaden our opportunities, with the goal of lifelong health.

Q14: How much income did you record from the lump-sum payment from Lundbeck in the first half of 2013?

A14: We recorded about 3 billion yen in the first half of 2013. We recorded about 8 billion yen in the first half of 2012, so this is a decrease of about 5 billion yen year on year. Our forecast is to record about 16 billion yen for a full year.

Q15: Calculating from the full-year plan, you will have to achieve an 18% increase in sales and a 36% increase in operating income in the second half of the year, which seems like a high hurdle. What is the situation for October and November?

A15: I cannot talk about October and November situation, but we anticipate the pharmaceuticals business to remain in excellent condition as a result of expanding prescriptions of ABILIFY and the impact of forex, so we revised up our full-year plan.