Otsuka Holdings Co Ltd

Progress in 2\textsuperscript{nd} Mid-term Management Plan and FY2015 Estimate

February 13, 2015

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Agenda

- Progress in Pharmaceutical Business
- Progress in Nutraceutical* Business
- Plans for FY2015

*nutrition + Pharmaceutical
Progress in Pharmaceutical Business
New Drugs - Key Driver for Growth Platform

- 3 global products, 3 next-generation products and new drugs in Japan to contribute to sustainable growth
- 80% of $4.3bn sales (FY2018E) from products already filed or launched
- Investments to enrich pipeline, including in-licensing deals

*New drugs in Japan: products newly launched or to be launched in Japan between 2009 and 2018, excluding 3 global products and 3 next-generation products above.

Foreign currency exchange rate assumptions: US$ 1 = ¥100, Euro 1 = ¥140
Abilify Maintena

- Strong quarterly sales growth
- Good progress of reimbursement and expansion with new launches in Europe
- Future growth expected by strengthening LCM*

<Global sales of Abilify Maintena>

Expected events in 2015

- FY2015 sales estimate: ¥ 40 billion
- Launch dual-chamber syringe
- Approval review for deltoid administration (PDUFA:2015/7)
- Approval review for dual-chamber
- Approval review for deltoid administration
- Approval review for schizophrenia

*Life cycle management
New Drugs - Key Driver for Growth Platform

- 3 global products, 3 next-generation products and new drugs in Japan to contribute to sustainable growth
- 80% of $4.3bn sales (FY2018E) from products already filed or launched
- Investments to enrich pipeline, including in-licensing deals

- New drugs in Japan:
  - Lonsurf
  - Lu AE58054
  - SGI-110

- 3 global products:
  - Abilify Maintena
  - brexpiprazole
  - tolvaptan

- New pipeline:
  - NUEDEXTA
  - AVP-786
  - AVP-825

*New drugs in Japan: products newly launched or to be launched in Japan between 2009 and 2018, excluding 3 global products and 3 next-generation products above.

Foreign currency exchange rate assumptions: US$ 1 = ¥100, Euro 1 = ¥140
NUEDEXTA

- NUEDEXTA sales show solid growth
- Sales expansion expected in 2015

<NUEDEXTA US sales>

Source: Avanir Pharmaceuticals Financial results

Published PRISM II* trial results in Oct 2014

Sales reps 150→300

*PRISM II Trial: P4 trial for PBA with Alzheimer’s disease, stroke and traumatic brain injury
Positive Results in AD Agitation of AVP-923

Positive P2 results in AD agitation\(^1\) were presented at an annual meeting of the American Neurological Association in Baltimore, USA (Oct. 2014)

1) AD agitation: Agitation associated with dementia of the Alzheimer’s type
2) SPCD=Sequential Parallel Comparison Design
3) NPI-AA: Neuropsychiatric Inventory agitation/aggression
4) SPDC Primary endpoint is change in Neuropsychiatric Inventory agitation/aggression domain from baseline to Week 5 (Stage 1) and Stage 2 baseline to Week 10; SPCD analysis

### Efficacy

AVP-923 significantly improved the primary endpoint of AD agitation. (NPI-AA\(^3\))

### Safety

<table>
<thead>
<tr>
<th>Side effects (&gt;3%)</th>
<th>Placebo (n=127)</th>
<th>AVP-923 (n=152)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall</td>
<td>3.9%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Diarrhea</td>
<td>3.1%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Urinary tract infection</td>
<td>3.9%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Dizziness</td>
<td>2.4%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Aggression</td>
<td>4.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Bruise</td>
<td>3.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Low back pain</td>
<td>3.1%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Peripheral edema</td>
<td>3.1%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

**Primary Endpoint\(^4\):** $P=0.00008$
CNS* Business: Evolution through Products

New category creation

- Behavioral disorder
  - Agitation associated with AD

- Anxiety disorder
  - PTSD

- brexpiprazole
  - Schizophrenia
  - MDD adjunctive therapy

- Abilify

Abilify Maintena

- Smart tablet

- Lu AE58054
  - Alzheimer’s disease

- Lu AF20513
  - Amyloid β vaccine

Value-added drug therapy

Solutions for patient needs

* Central nervous system AD: Alzheimer’s disease, PTSD: Posttraumatic stress disorder
Development of CNS Business

- Strengthening drug discovery research and development in neurological diseases

Expertise in psychiatric diseases
- Abilify
- Abilify Maintena
- brexpiprazole

AD agitation

CNS pharmaceutical business

Neurological diseases
- NUEDEXTA
- AVP-786

<Development for AD* related indications>
- Lu AE58054
- Lu AF20513

<Strengthening drug discovery research and development in neurological diseases>

*Alzheimer’s disease
Firm Commitment to Alzheimer’s Disease

**Group 1**
- Improvement in agitation
  - brexipiprazole
    - D₂ and 5-HT₁A receptor partial agonist
    - 5-HT₂A receptor antagonist
  - AVP-786
    - NMDA receptor antagonist
    - Sigma-1 receptor agonist

**Group 2**
- Suppression of cognitive decline
  - Lu AE58054
    - 5-HT₆ receptor antagonist

**Group 3**
- Prevention of disease progression
  - Lu AF20513
    - Prevention of aggregation and removal of amyloid β deposits
Evolution of Oncology Business

- Broad therapeutic coverage from hematological & solid cancers to cancer supportive care
- Lonsurf – a growth driver in the 2nd mid-term plan

Hematologic cancer
- Busulfex: Conditioning regimen prior to BMT
- Dacogen: AML, MDS
- Sprycel: CML
- Ponatinib: CML
- Abraxane: Breast, others

Solid tumor
- Lonsurf: Colorectal cancer

Evolution of anti-metabolite franchise
- UFT: Colorectal, others
- TS-1: Gastric, others
- TAS-118: Pancreatic, others
- TAS-114: Solid cancer

molecular targeted drug
- OCV-501: AML
- SGI-110: AML, MDS
- ASTX-727
- TAS-115: Solid tumor
- AT13387: Prostate, NSCLC
- TAS-116: Solid tumor
- AT7519: Multiple Myeloma

Supportive care
- Aloxi: Nausea, vomiting
- E-fen: Cancerous breakthrough pain
- Samsca: Carcinomatous edema
- SATIVEX: Cancerous pain
- rebamipide: Oral Mucositis


* BMT: bone marrow transplant
TAS-102 (RE COURSE Trial)

- TAS-102 demonstrated statistically significant improvements in OS/ PFS for patients with metastatic colorectal cancer
- NDA submission completed in Dec 2014

**<P3 RE COURSE Trial>**

![Graph showing PFS and OS improvements](image)

- **HR: 0.68** (95%CI: 0.58-0.81)
- **HR: 0.48** (95%CI: 0.41-0.57)

**< NDA/MAA Timeline >**

- **2014**
  - May 2014 Launched (Lonsurf®)
- **2015**
  - 1Q 2015 MAA (plan)
- **2016**
  - Dec.2014 NDA submission (Fast Track granted)
  - May 2014 Launched (Lonsurf®)
**New Drugs in Japan: Current Status & Future Prospect**

- **Strong sales growth of new drugs**

### Sales of new drugs* in Japan

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<tr>
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<tbody>
<tr>
<td>Sales (100 million yen)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,500</td>
<td>1,500</td>
</tr>
</tbody>
</table>

*New drugs in Japan: drugs launched after 2009.
Company's business year is changed in 2014. 2013A is 12 months ended March 2014, 2014A is 12 months ended December 2014, 2015E is 12 months ended December 2015

#### Events in 2014

- **Lonsurf** • Launched in May 2014
- **Abraxane** • Approved for additional indication of pancreatic cancer in Dec 2014
- **Takecab** • Approved in Dec 2014

#### Expected events in 2015

- **Samsca** • Enforcement of intractable disease law (ADPKD is designated as intractable disease)
- **Takecab** • Launch
- **Abilify depot injection** • Approval review (Filed for schizophrenia)
- **E Keppra** • Approval review (Filed for monotherapy in partial onset seizures)
Progress in Nutraceutical Business
Nutraceutical Business Plan by Area and Net Sales by Market in 2014

- International sales drive NC* business growth

<table>
<thead>
<tr>
<th>Area</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>&lt;driver : Pocari Sweat&gt; • Focused investments in Indonesia and China</td>
</tr>
<tr>
<td>EU</td>
<td>&lt;driver : N&amp;S products&gt; • Active investment in growing areas such as gluten-free and soy products</td>
</tr>
<tr>
<td>US</td>
<td>&lt;driver : Nature Made&gt; • Nurturing products in new category</td>
</tr>
<tr>
<td>Japan</td>
<td>• Reviewing business assets through fostering new products</td>
</tr>
</tbody>
</table>

<Net Sales by Area in 2014>

- FY2013 2,338
  - Asia・EU (696) +16.8%
  - US (555) +11.4%
  - Japan (1,128) ▲9.7%
- FY2014 2,382 +1.9%

<Sales Plan by Area> (¥ 100 mil)

- 2013A
  - Asia 739
  - EU 598
  - US 1,475
- 2018E
  - Asia
    - Japan 1,128
  - EU
  - US

2013-2018 CAGR

- 11%
- 6%
- 5%
- 1%
Acceleration of Global Expansion

- Promote growth through brand-building in established markets
- Expansion to new markets capitalizing on regional network

Areas where Otsuka group companies have operations

Core brands* international sales

* Core brands: SOYJOY, Pocari Sweat, Nature Made, N&S products

CAGR 7%

2013A 2018E

¥100 mil

1,000

2,000
Jasmine

- First business expansion to South American market
- Cultivation of South American market with the introduction of N&S products and newly developed products utilizing expertise of Jasmine and N&S
- Great growth potential of health & functional food market

![Gluten-free products](image1)
![Organic food products](image2)
![Foods for diabetic patients](image3)
Acquired 3 assets (2 brands, new sales channel and proprietary production technology) contribute to Pharmavite’s supplement business

- Natural food-based supplement brand marketed since 1983
- With the concept of “Fresh from Farm to Tablet”, supplements sourced from fresh and high quality farm goods are produced
- Natural food-based supplement brand marketed since 2003
- Natural food-based supplements for practitioners are unique

<US supplement market by channel>

- Natural and specialty: 37%
- Practitioner: 9%
- Multi-Level-Marketing: 14%
- Web: 5%
- Mail Order: 6%

<US supplement market>

- Existing channel: Mass market: 29%
- New channels


*2014E-2018E

Natural and specialty CAGR* 6.6%

Mass market CAGR* 4.7%
Global Expansion of Pocari Sweat

- Global sales volume shows solid growth
- Sales volume growth in Indonesia and China contributes to business performance

<Pocari Sweat sales volume>

- 2009: 45.08 mil cases (Japan 58%, International 42%)
- 2014: 51.89 mil cases (Japan 47%, International 53%)

Activities to promote benefit of the product

*CSource: company FACTBOOK*
Plans for FY2015
## FY2015 Estimate

### Year to prepare for FY2016 and invest for future growth
- Preparation for launches and approvals of additional indications for global products and strengthening of sales infrastructure
- Focused on maximizing values of new drugs in Japan
- Enhanced cost efficiency and cost optimization

<table>
<thead>
<tr>
<th>(100 millions yen)</th>
<th>FY2013 Apr-Mar</th>
<th>FY2014 Jan-Dec &lt;unaudited&gt;</th>
<th>FY2015 Estimate</th>
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<tbody>
<tr>
<td>Net Sales</td>
<td>14,528</td>
<td>15,718</td>
<td>13,700</td>
</tr>
<tr>
<td>Operating income</td>
<td>1,987</td>
<td>2,138</td>
<td>1,100</td>
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<tr>
<td>R&amp;D Expenses</td>
<td>2,490</td>
<td>2,498</td>
<td>2,300</td>
</tr>
<tr>
<td>Net Income</td>
<td>1,510</td>
<td>1,551</td>
<td>800</td>
</tr>
<tr>
<td>Dividends per share (yen)</td>
<td>65</td>
<td>75</td>
<td>100 (plan)</td>
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