

August 26, 2014

**For Immediate Release**

Company name Otsuka Holdings Co., Ltd.  
 Representative Tatsuo Higuchi  
 President and Representative Director, CEO  
 Code number 4578 First Section , Tokyo Stock Exchange  
 Inquiries Yuji Kogure  
 Director, Investors Relations Department

**Otsuka announces the Second Medium-Term Management Plan**

Tokyo Japan – Otsuka Holdings Co., Ltd. (Head office: Chiyoda-ku, Tokyo, Japan; President and Representative Director, CEO: Tatsuo Higuchi, "Otsuka Holdings") announces the second medium-term management plan (“the Plan”), a five-year road map that commences in fiscal 2014, the fiscal year ending December 31, 2014. The underlying strategies of the Plan are outlined briefly as follows.

Otsuka Group (“the Group”) has seen an expansion of business opportunities by creating unique and innovative products, building new category markets and global business development. In the Plan, the Group lays sustained investment and structural reform as its fundamental policy and will keep striving to contribute to people’s health worldwide.

**Positioning of the Second Medium-Term Management Plan**

Otsuka Holdings has positioned the Plan as a five-year road map, overcoming the antipsychotics *Abilify*’s patent expiry, to establish diversified business portfolio. The company has identified three principal measures, presented briefly as follows.

- Strengthen core therapeutic areas in pharmaceutical business
- Structural reform, evolution and growth of nutraceutical<sup>(\*)</sup> business
- Active investment in new growth areas and shareholder return

(\*) nutraceuticals = nutrition + pharmaceuticals

**Performance Targets**

¥ billion	2013A <sup>1)</sup> Actual	2016E <sup>1)</sup> Target	2018E <sup>1)</sup> Target
Net Sales	1,452.8	1,190	1,440
R&D expense	249	170	170
Operating Income	198.7	100	200
vs. net sales (%)	13.7	8.4	13.9
Net Income	151	70	140
ROE (%)	10.8	4 - 5	8 - 10

1) FY 2013 is 12 months ended March 2014. FY 2016 and 2018 are calendar year due to change in business year from 2014.

Note: -Foreign currency exchange rate assumptions: US\$ 1=¥100, Euro 1=¥ 140

-Excluding external growth

## **Outline of the Second Medium-Term Management Plan**

Otsuka Holdings has positioned pharmaceutical business (therapeutic drug business, clinical nutrition business and medical devices business) and nutraceutical business as focusing business segment for Group's medium to long-term growth. Outline of each business segments strategy is presented as below.

### Pharmaceutical business strategy

- Strengthen core therapeutic areas
  - Maximize product values
  - Aggressive R&D investments in core therapeutic areas (CNS and oncology)

### Nutraceutical business strategy

- Structural reform and evolution to achieve growth
  - Review of business assets that support value-chain
  - Acceleration of global expansion
  - Improved profitability

## **Investment and Shareholder Return Policy**

As well as returning profit stably to shareholders, earned by implementing each measure in each business steadily, the Company is to invest in research and development and strategic alliances for further growth to maximize the sustainable corporate value.

## **Presentation Material**

Presentation material of the Plan is available on the website below:

<http://www.otsuka.com/en/ir/library/presentation.html>

The Group strives to contribute to people's health worldwide based on the corporate philosophy,  
**Otsuka-people creating new products for better health worldwide**

### **Disclaimer:**

- This material contains forward-looking statements regarding the financial conditions, results of operations and business activities of Otsuka and its subsidiaries (collectively the "Otsuka Group"). All forward-looking statements, due to their inherent nature, will be influenced by future events and developments for which the occurrence is uncertain, and therefore involve risks and uncertainties. Otsuka cautions you in advance that actual financial conditions, results of operations and business activities could differ materially from those discussed in the forward-looking statements.
- Otsuka disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, further events, or otherwise.