



Financial Results for FYE March 2015
and New Medium-term Management Plan

May 18, 2015

Meiji Holdings Co., Ltd.

1. Overview of TAKE OFF 14, the medium-term management plan ended March 2015
2. Outline of STEP UP 17, the medium-term management plan ending March 2018
3. Outlook for FYE March 2016

- 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.

Medium-Term Management Plan

TAKE OFF 14



Basic Policies

Higher profitability and strategic investments for future growth

1. Strengthen and expand existing businesses
(growth and priority businesses)
2. Foster growth businesses
(new and international businesses)
3. Improve profitability

Overview of TAKE OFF 14

(billion yen)

		TAKE OFF 14 Initial Targets	TAKE OFF 14 Results
Meiji HD [Consolidated]	Net sales	1,190.0	1,161.1
	Op. income	40.0	51.5
	Op. income ratio	3.4%	4.4%
	ROE	7%	8.9%
Food	Net sales	1,050.0	1,021.8
	Op. income	30.0	41.6
Pharma	Net sales	140.0	141.3
	Op. income	10.0	10.0
Total overseas sales		81.0	83.3
(Cumulative 3-year total)			
Capital expenditures*		161.7	149.0
R&D expenses		73.5	78.3

- Focused on increasing profitability
- Achieved the profit target and boosted ROE
- Steadily implemented strategic investments

*Not include the amount invested in the Medreich buyout

31.2 billion yen

(Note 1) Initial targets announced in May 2012.

(Note 2) ROE = Net income / Average shareholders' equity

(Note 3) Total overseas sales also includes sales for companies accounted for under the equity method and non-consolidated companies.

(Note 4) Capital expenditures including the investment amount for intangible assets are based on consolidated statements of cash flows.

(Note 5) Investment relating to the Medreich buyout is based on consolidated statements of cash flows.

	Results Achieved	Issues
Food	<ul style="list-style-type: none"> ● Priority businesses of probiotics and chocolate led growth ● Established business foundation for future growth of the enteral formula business ● Expanded and pursued higher profitability in international business as planned ● Achieved income growth that covered raw materials costs hike, larger than anticipated, as a results of reducing costs and improving product mix 	<ul style="list-style-type: none"> ● Develop the next growth drivers ● Continue structural reforms to offset the increasing costs of raw materials and energy ● Accelerate international business growth
Pharmaceuticals	<ul style="list-style-type: none"> ● Achieved strong growth in sales of central nervous system agents and generic drugs ● Advanced R&D effectively and realized an income from an out-license product ● Acquired Medreich Limited for the further growth 	<ul style="list-style-type: none"> ● Increase the profitability in the ethical pharmaceuticals business amid global efforts to curb rising health care expenses ● Need structural reform of the agricultural chemicals and veterinary drugs business, which is struggling with the increase in the bulk drugs costs and stiffer competition, among other difficulties.

2. Outline of STEP UP 17, the medium-term management plan ending March 2018

Accelerate growth and achieve further improvement in profitability to realize the 2020 Vision

Business Environment

1. Changes in the market brought about by the decline in the population and an aging society with a lower birth rate
2. Uncertainty about supply and demand or price of raw materials
3. Food and pharmaceutical companies accelerate expanding to global market
4. Reform of the drug pricing system and stiffening competition in the generic drug market



TAKE OFF 14

STEP UP 17

- Growth of existing businesses
- Pursuit of integration synergies
- Develop an organizational structure for growth

Higher profitability and strategic investments for future growth

Accelerate growth and achieve further improvement in profitability

Development into a global company

	FY2014 (FYE March 2015)	FY2017 (FYE March 2018)	2020 Vision Initial Targets
Op. income (Op. income ratio)	51.5 billion yen (4.4%)	64.0 billion yen (5%)	75.0 billion yen (More than 5%)
ROE	8.9%	more than 8%	Achieve ahead of schedule 10%

STEP UP¹⁷



Basic Policies

Accelerate growth and achieve further improvement in profitability

1. Strengthen priority businesses and take on the challenge of future growth
2. Improve profitability to withstand harsh economic environment
3. Pursue global expansion
4. Evolve the management system

STEP UP 17 Numerical Targets

(billion yen)

		TAKE OFF 14 Results	STEP UP 17 Targets		Change from TAKE OFF 14	
				Rate	Amount	
Meiji HD	Net sales	1,161.1	1,260.0	+8.5%	+98.8	
	Op. income	51.5	64.0	+24.2%	+12.4	
	Op. income ratio	4.4%	5%	—	+0.6pts	
	ROE	8.9%	More than 8%	—	—	
Food	Net sales	1,021.8	1,080.0	+5.7%	+58.1	
	Op. income	41.6	50.0	+20.0%	+8.3	
Pharma	Net sales	141.3	180.0	+27.4%	+38.6	
	Op. income	10.0	14.0	+38.9%	+3.9	
Consolidated overseas sales		53.3	104.0	+94.9%	+50.6	
(Cumulative 3-year total)						
Investment amounts		180.3	188.0	+4.3%	+7.7	
R&D expenses		78.3	81.7	+4.3%	+3.3	

(Note 1) The “consolidated overseas sales” noted above is the sum of export sales business and consolidated overseas subsidiary sales.

(Note 2) The investment amount is the payment-based figure, including intangible assets and strategic investments.

(Note 3) The investment amount for TAKE OFF 14 includes the amount invested in the Medreich buyout on a cash-flow basis in addition to the capital expenditures stated on Page 4.

Financial strategy aimed at sustained improvement in corporate value

STEP UP¹⁷

- Op. income (ratio) ¥64.0 bn (5%)
- ROE More than 8%

Stabilizing the financial base

- Improve the equity ratio: $\geq 45\%$
- Maintain an issuer rating of A+

Operating cash flows

(Cum. 3-year total) ¥200.0 bn

- Expand operating cash flows by improving profitability
- Improve efficiency by reducing inventory etc.

Investing cash flows

(Cum. 3-year total) ¥140.0 bn

- Investments to realize the 2020 Vision
- Keep investments within funds on hand
- Improve asset liquidity

Returns to shareholders

Consolidated dividend payout ratio target: approx. 30%

- Steady and continuous return of profits based on the medium to long-term business forecast

Interest bearing debt

- Debt financing
- Debt-to-equity ratio: Around 0.5 times

1

Strengthen priority businesses and take on the challenge of new growth

2

Improve profitability to withstand harsh economic environment

3

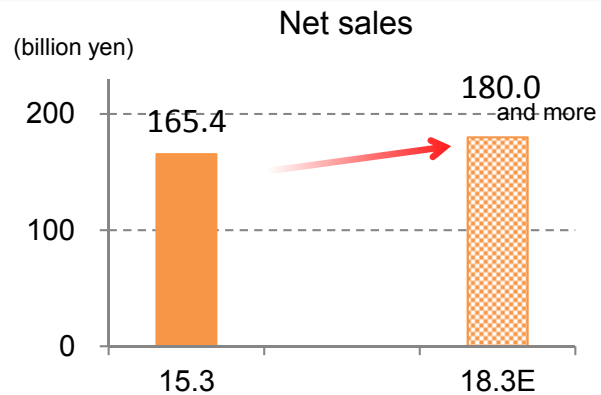
Pursue global expansion

4

Evolve the management system



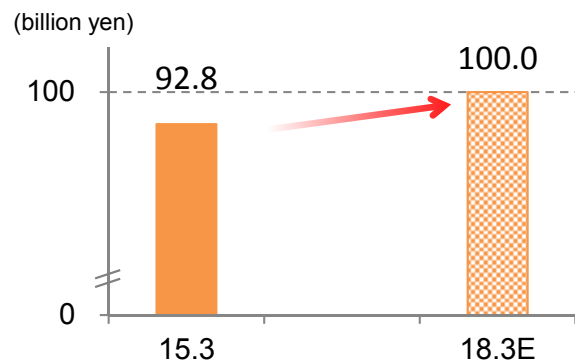
Probiotics and yogurt



Achieve a greater edge based on research into the functions of lactobacillus

- Achieve ongoing growth for *R-1* and *LG21* and establish *PA-3* on the market
- Promote benefit of *Meiji Bulgaria yogurt*
- Launch novel high value-added products

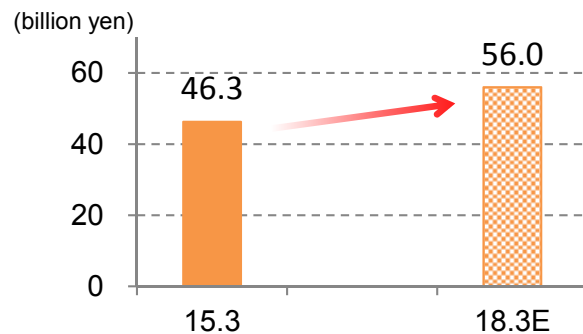
Chocolate



Expand market share along the growth vectors of “health” and “premium”

- Promote health benefits based on extensive research on cocoa
- Generate demand through innovative products
- Concentrate on long-selling products

Nutritional products (Enteral formula /infant formula)



Increase sales of high value-added products using expertise on nutrition engineering technology

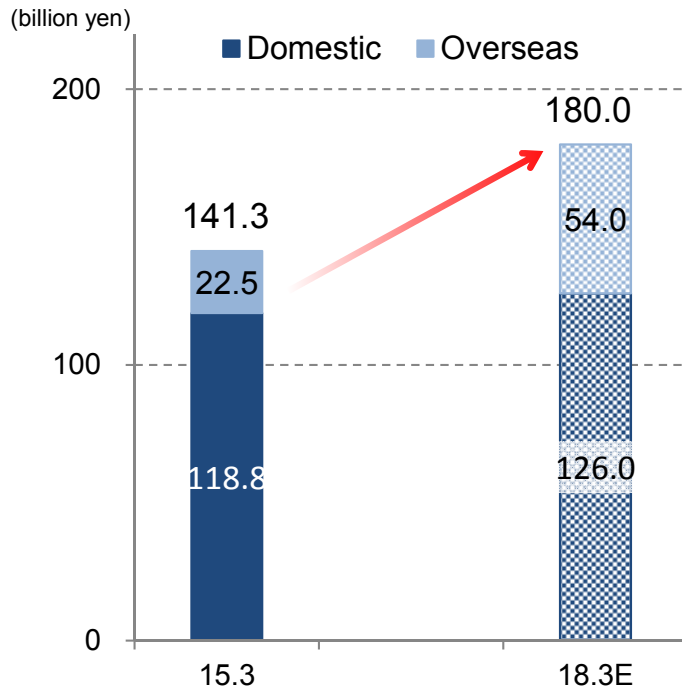
- Enteral formula: Generate a market for commercially available products taking opportunities for growth
- Infant formula: Focus on our original cube-shaped products

Inter-national

- Expand business with innovative products in key areas, China, Asia, and the U.S.

(Explained in detail in Strategy No. 3)

Consolidated net sales



Infectious diseases

Share in systemic antibacterial drug market: #3 → #2

- Expand the drug line-up
- R&D activities considering overseas markets

Central nervous system disorders (CNS)

Share in antidepressant drug market: #2 → #1

- Maximize sales of *REFLEX*
- Increase presence through a CNS dedicated organization and increase the number of MRs

	15.3	→	18.3E
Number of medical representatives (MRs)	846		900
Of this, the number of MRs assigned exclusively to CNS	206		250

Generic drugs

Sales of generic drugs:

Maintain #1 manufacturers among brand-name drug companies in Japan

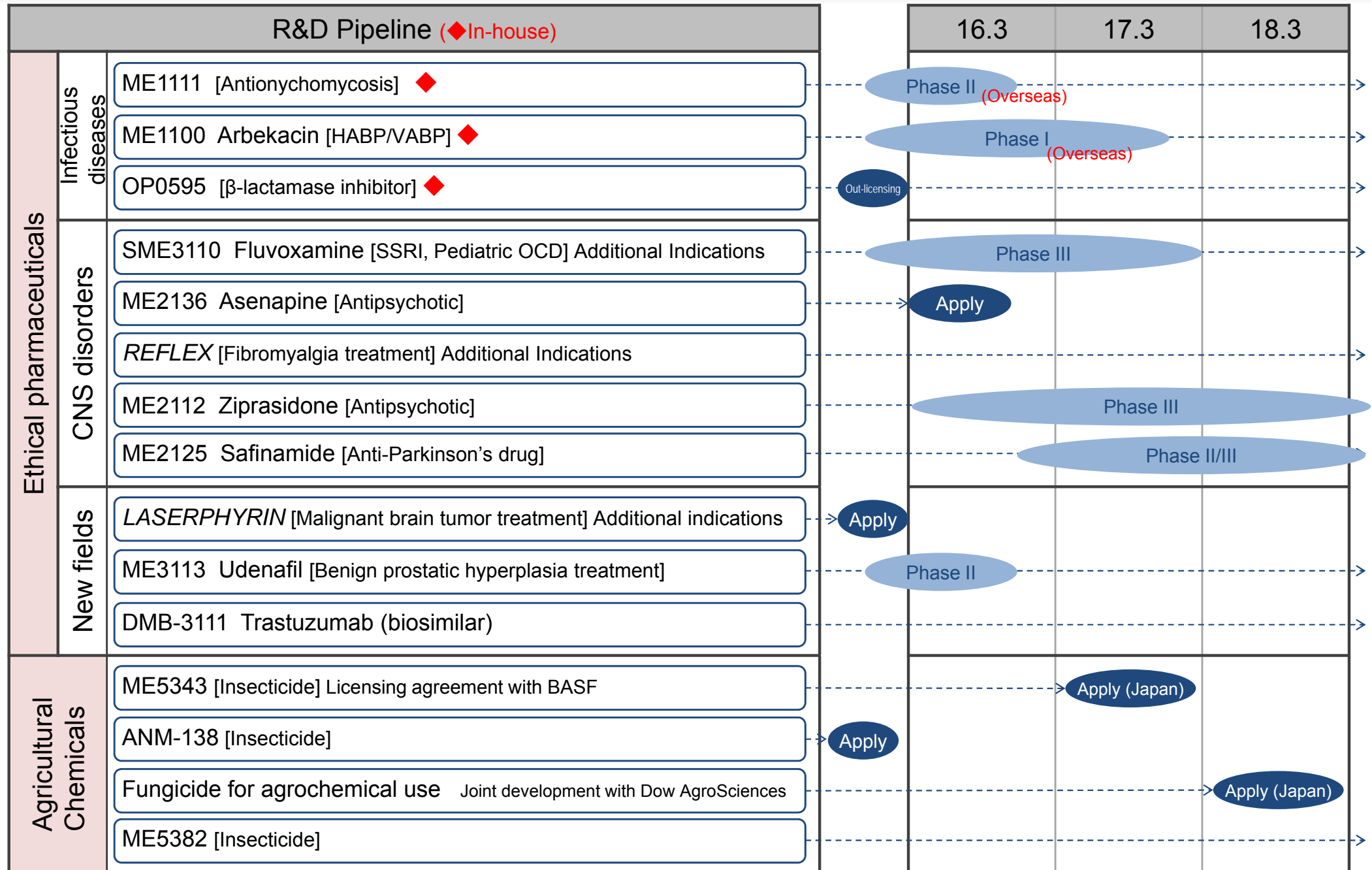
- Enhance formulation development
- Our key strengths: quality assurance, distribution, provision of information, and cost competitiveness resulting a rock-solid advantage

Over-seas

- Expand business comparable to the domestic business

(Explained in detail in Strategy No. 3)

Domestic GE sales	¥37.6 bn	→	¥50.0 bn and more
Overseas sales ratio	16%	→	30%



1

Strengthen priority businesses and take on the challenge of new growth

2

Improve profitability to withstand harsh economic environment

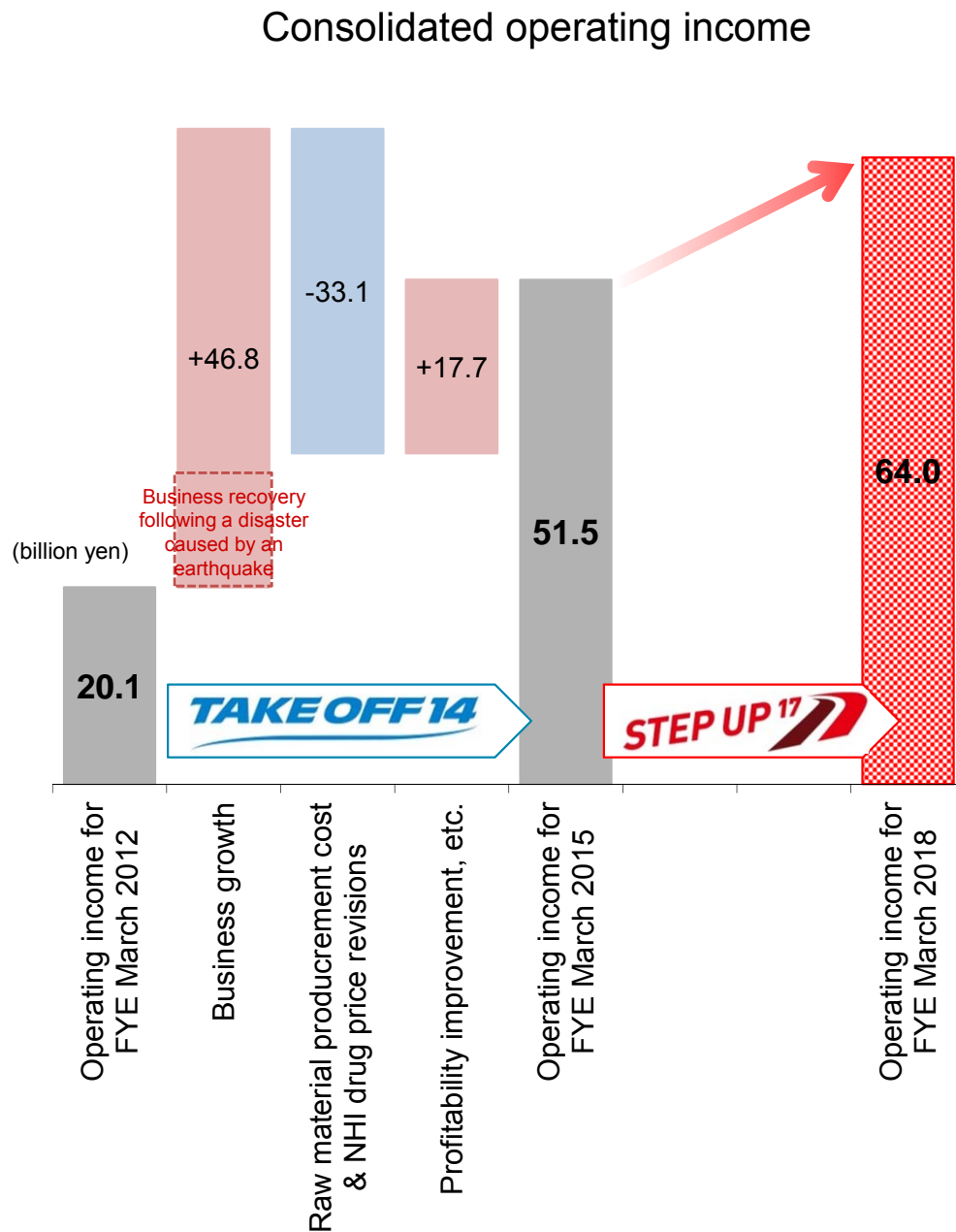
3

Pursue global expansion

4

Evolve the management system

Address to cost increases of raw materials and drug price revisions **meiji**



Main factors in profit decline

- Increase in cost of raw materials (exchange rates, market prices)
- Increase in the cost of energy
- Drug price revisions
- Increase in expenses by strategic investments etc.

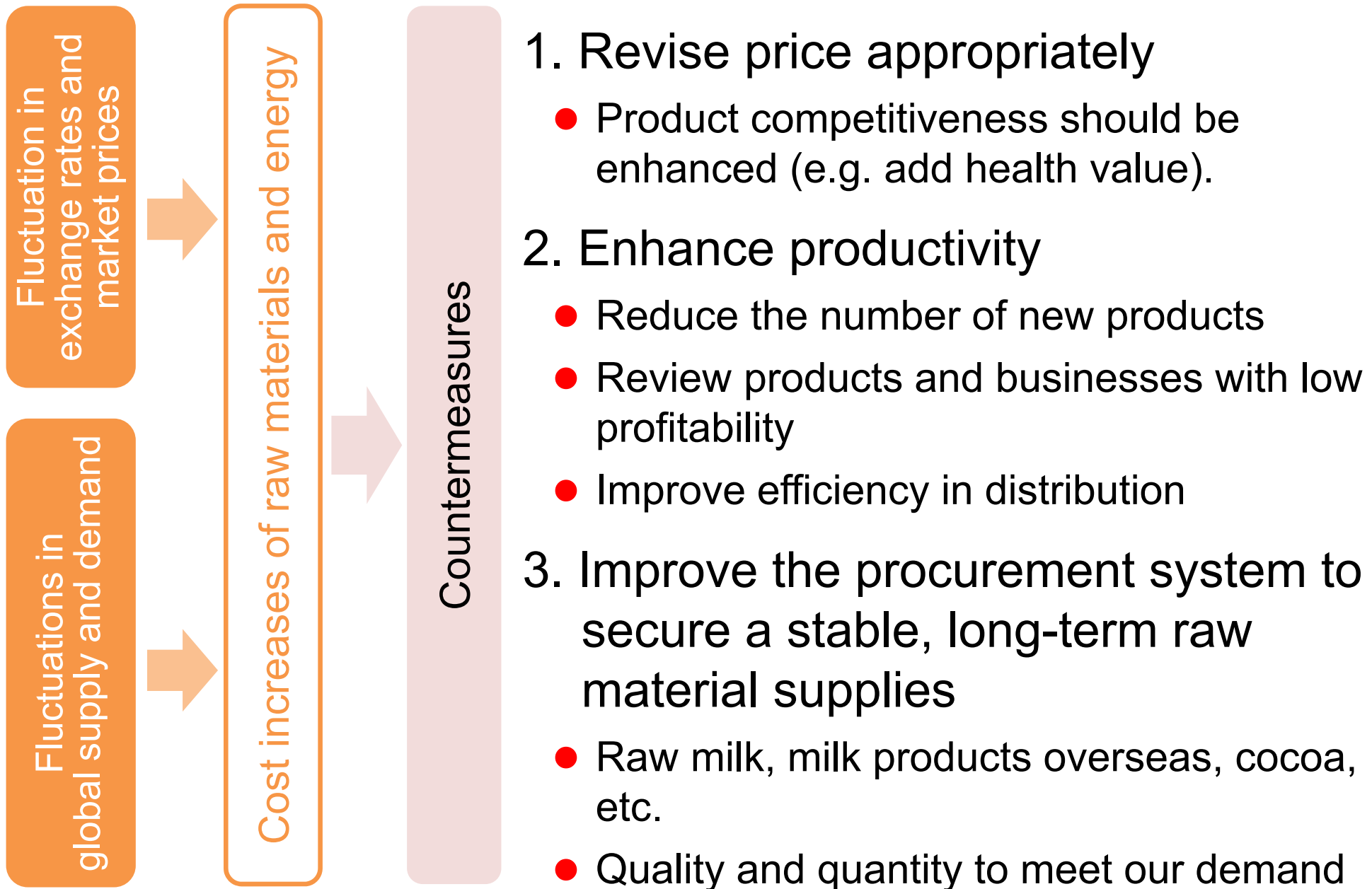
Initiatives for profit growth

1. Business growth

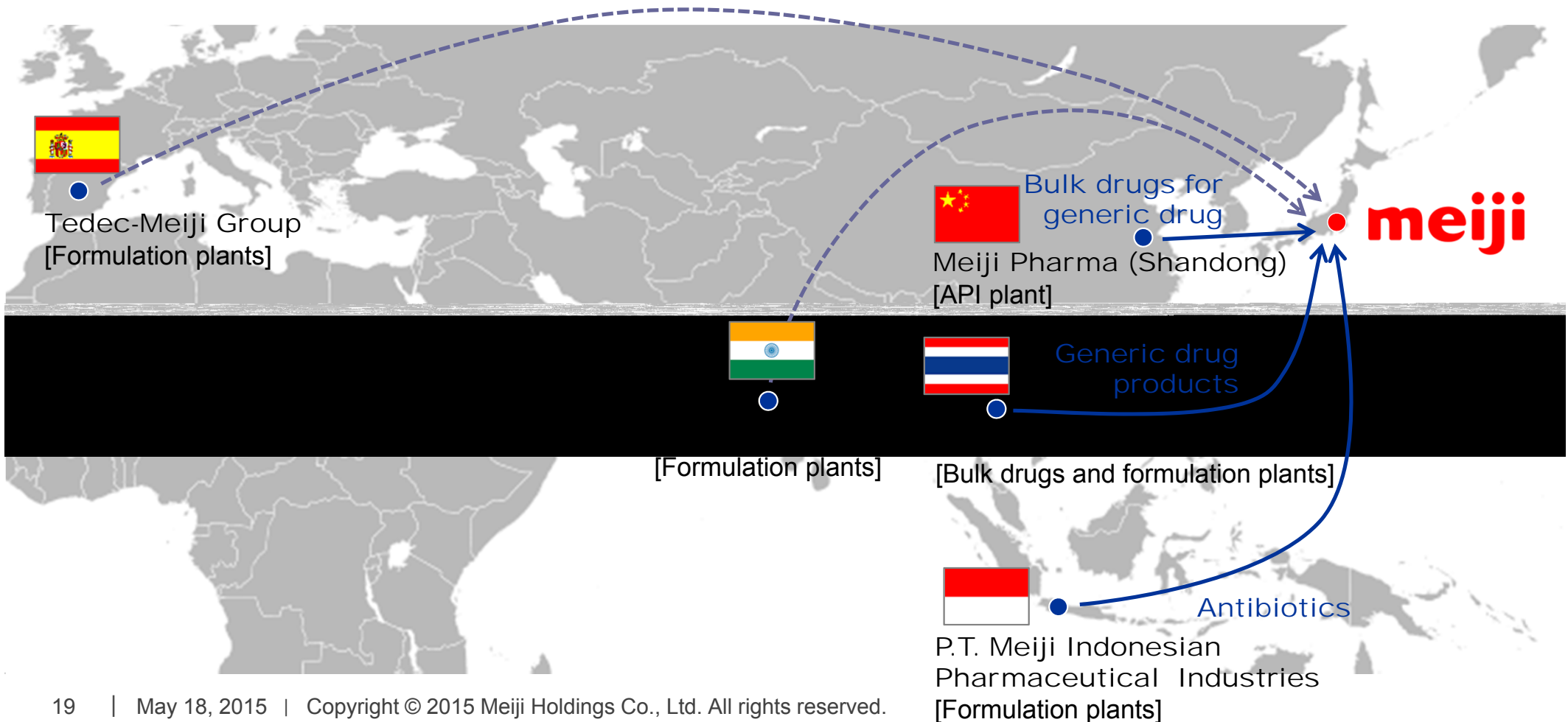
- Increase sales in priority businesses
- Improve the product mix

2. Profitability improvement

- Pricing, net weight reduction, and specification change
- Cost reduction
- Improve efficiency



1. Achieve efficient production using our production facilities in Japan and overseas and alliances with partners
2. Build a production system in India for drugs for Japanese market
3. Establish an optimal procurement system from global perspective



1

Strengthen priority businesses and take on the challenge of new growth

2

Improve profitability to withstand harsh economic environment

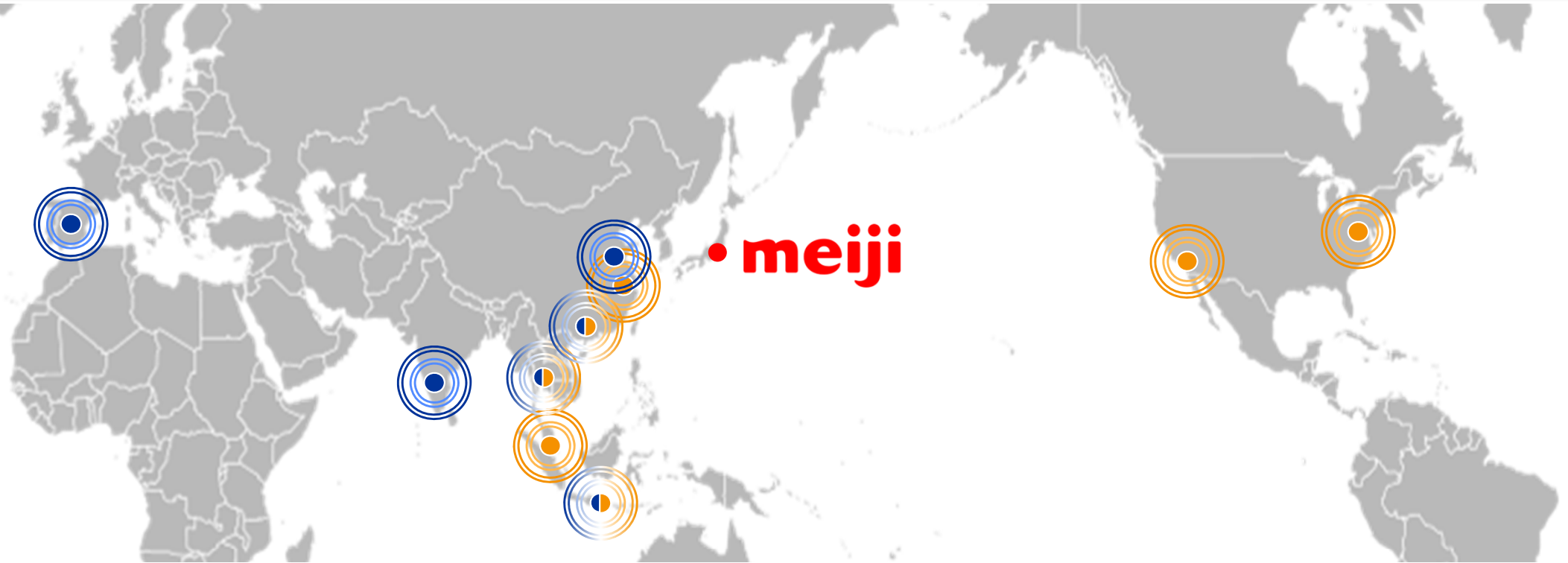
3

Pursue global expansion

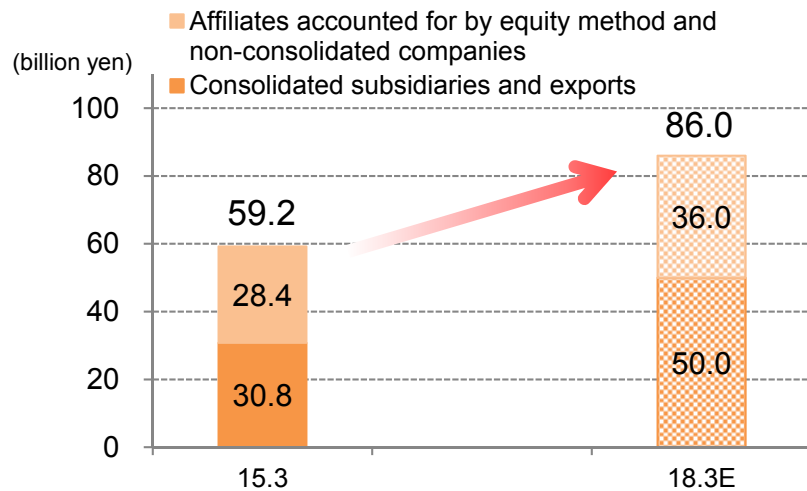
4

Evolve the management system

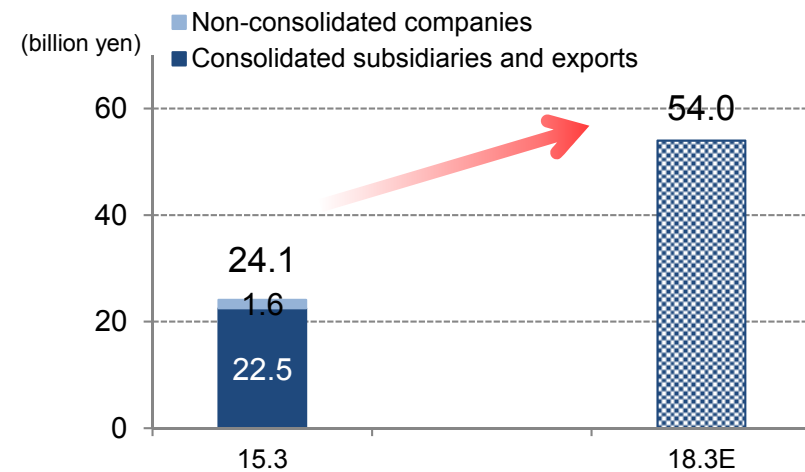
Expand business in growing overseas markets and improve profitability



● Overseas sales of Food segment



● Overseas sales of Pharmaceuticals segment



China



- Yogurt and drinking milk:
Expand the sales area and extend product line-up
- Chocolate and chocolate snacks:
Conduct effective marketing activities and expand sales channels
- Ice cream: * Began production at fully owned plant in January 2015
- Increase production capacity with start-up of a new plant
- Expand the sales area in growing markets

Asia



- Chocolate snacks:
Increase the presence of *Hello Panda* and *Yan Yan*, which are currently being sold in more than 50 countries
- Yogurt and drinking milk:
Enhance sales in Thailand and promote exports to neighboring countries

The U.S.



- Chocolate snacks:
Expand sales of Meiji brand products

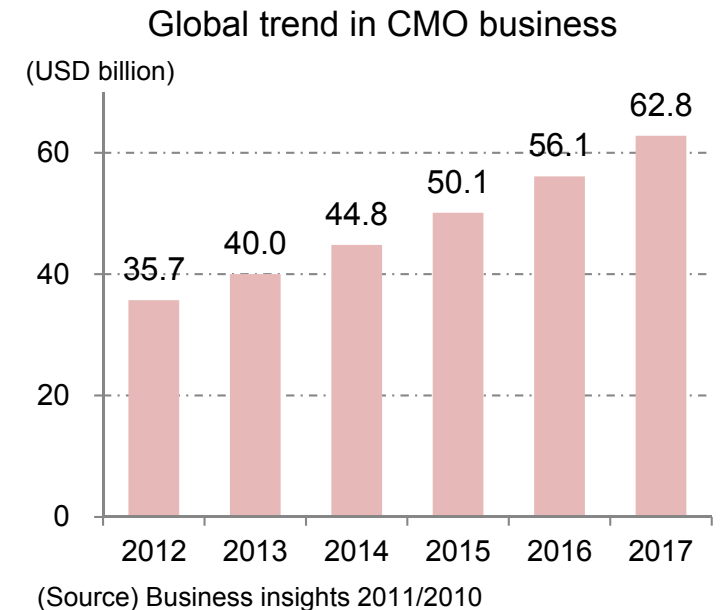
1. Increase presence in Asia and emerging countries

- Expand sales of core products, *MEIACT* and *ADANT*
- Promote “Specialty and Generic drugs” strategy utilizing the strength of the Meiji brand
- Pursue synergies among group companies

2. Expand CMO and CDMO business

- Position CMO and CDMO businesses in Medreich as new core business for the group and achieve steady growth

(Note) CMO: Contract Manufacturing Organization
CDMO: Contract Development and Manufacturing Organization



3. Pursue licensing-out to the European and/or the US market

- In-house drug development
(ethical pharmaceuticals, agricultural chemicals)

1

Strengthen priority businesses and take on the challenge of new growth

2

Improve profitability to withstand harsh economic environment

3

Pursue global expansion

4

Evolve the management system

1. Improve the level of governance

- Comply with the Corporate Governance Code
- Manage with capital productivity
- Disclose information in a timely and appropriate manner, increase transparency, and improve dialog with stakeholders

2. Improve the quality assurance system

- Strengthen approach to heightened interest in food safety and reassurance
- Strengthen the system in the pharmaceutical business, which is undergoing global expansion

3. Develop global human resources and pursue diversity



3. Outlook for FYE March 2016


Full-year Forecasts for FYE March 2016



(billion yen)

		15.3 Results	16.3 Plan	YoY Change	
				Rate	Amount
Meiji HD	Net sales	1,161.1	1,194.0	+2.8%	+32.8
	Operating income	51.5	52.0	+0.9%	+0.4
	Op. income ratio	4.4%	4.4%	—	-0pts
	Ordinary income	53.5	52.3	-2.4%	-1.2
	Net income	30.8	41.7	+35.0%	+10.8
	ROE	8.9%	10.8%	—	+1.9pts
Food	Net sales	1,021.8	1,030.0	+0.8%	+8.1
	Operating income	41.6	42.0	+0.8%	+0.3
Pharma	Net sales	141.3	166.4	+17.7%	+25.0
	Operating income	10.0	10.0	-0.8%	-0.0
Consolidated overseas sales		53.3	81.1	+52.2%	+27.8
Capital expenditures		64.3	50.8	-21.1%	-13.5
R&D expenses		26.1	27.0	+3.7%	+0.9

* Announced March 10, 2015.
Includes the assumption of
¥17.1 billion in extraordinary
income from the transfer of
fixed assets.

A collage of various Meiji products including chocolate, ice cream, pizza, coffee, and candies. The background is a light, textured surface. In the top left, there's a wooden bowl with butter and a glass of milk. Next to it is a chocolate bar. In the top center, a bowl of oatmeal. To the right, a pizza. In the bottom left, a cup of coffee. In the bottom center, a bowl of ice cream. In the bottom right, a slice of toast with butter. Scattered throughout are various candies and chocolates.

***The Meiji Group brightens customers' daily lives
by providing customers of all ages,
from infants to the elderly,
with foods that offer tastiness and enjoyment,
as well as products that contribute to
customers' physical and emotional well-being.***

meiji



Appendix

15.3 Full-year: Consolidated Earnings



(billion yen)

		Revised Plan	Results	YoY Change		Change vs. Plan	
				Rate	Amount	Rate	Amount
Meiji HD	Net sales	1,141.0	1,161.1	+1.1%	+13.0	+1.8%	+20.1
	Operating income	41.5	51.5	+41.2%	+15.0	+24.2%	+10.0
	Ordinary income	42.5	53.5	+37.1%	+14.4	+26.1%	+11.0
	Net income	26.5	30.8	+62.1%	+11.8	+16.6%	+4.3
Food	Net sales	1,011.8	1,021.8	+0.6%	+6.5	+1.0%	+10.0
	Operating income	34.0	41.6	+47.8%	+13.4	+22.5%	+7.6
Pharma	Net sales	131.6	141.3	+4.6%	+6.2	+7.4%	+9.7
	Operating income	7.6	10.0	+20.6%	+1.7	+32.6%	+2.4

15.3 Full-year: Analysis of Consolidated Op. Income



(billion yen)

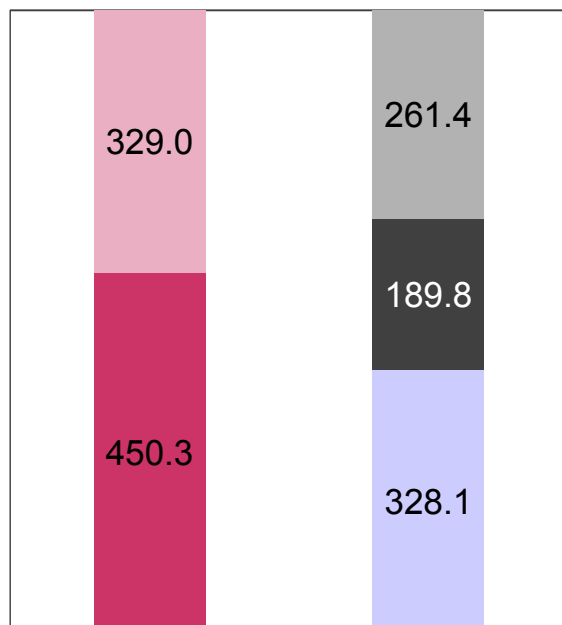
	Full-year Results	(By Segment)		
		Food	Pharma	Other
Results - FYE March 2014	36.4	28.1	8.3	0.0
Due to increased/decreased sales	+19.7	+10.7	+9.0	—
NHI drug price revision	-9.2	—	-9.2	—
Procurement costs of raw materials	-9.1	-9.1	0.0	—
Cost increase	-2.8	-2.8	0.0	—
Structural reforms and cost reduction	+13.5 ^(*1)	+12.3	+1.2	—
Other (incl. change in results of subsidiaries)	+2.9	+2.3	+0.7	-0.1
Results - FYE March 2015	51.5	41.6	10.0	-0.1

*1: Breakdown

- [Food] Cost reduction by price revision or net content reduction of dairy products: +4.6
- Cost reduction in production of confectioneries: +1.8
- Reduction in sales promotion expenses in Healthcare and Nutritionals business: +0.9
- [Pharma] Decrease in R&D expenses: +1.3
- Other: -0.1

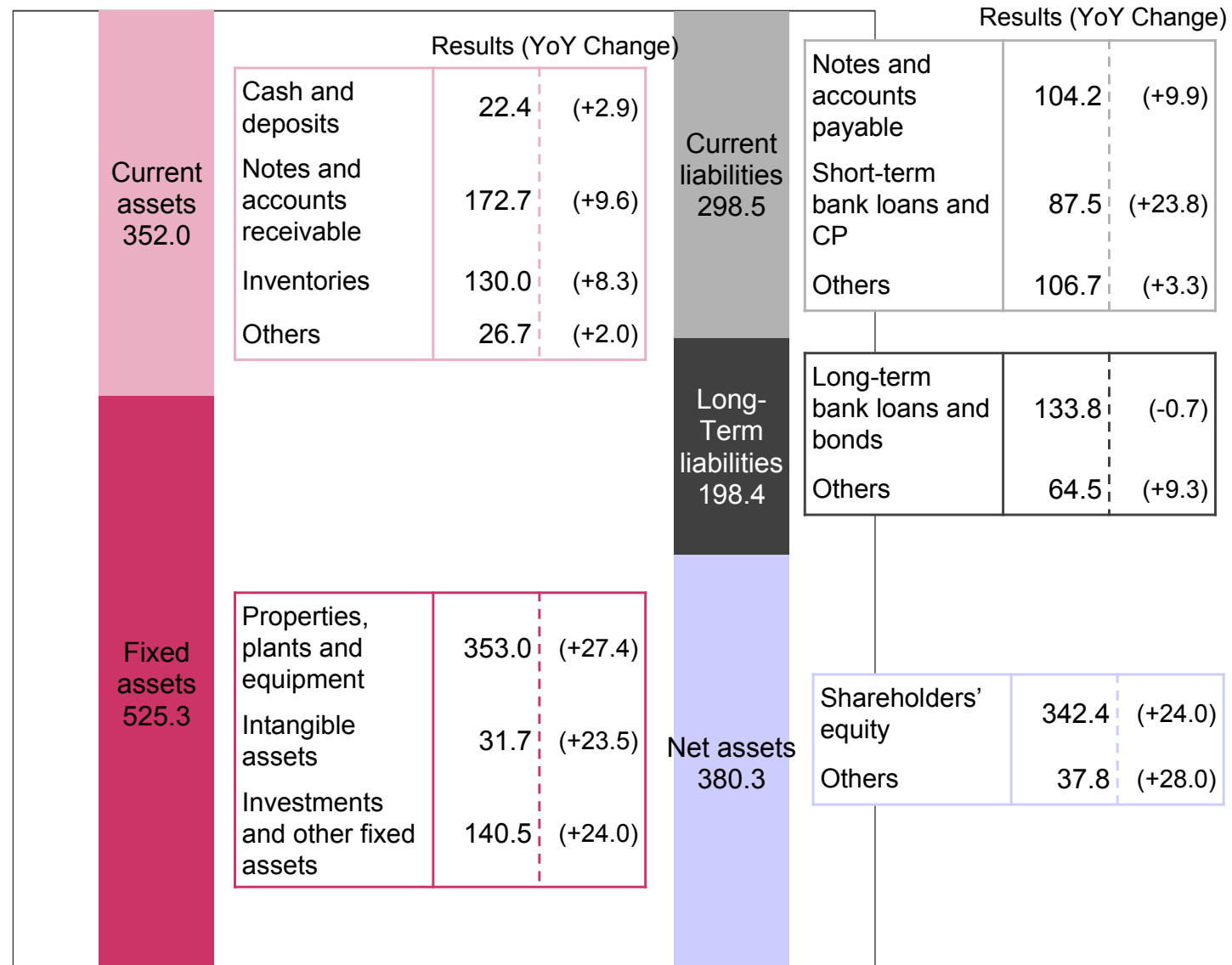
Financial Position as of March 2015

(As of March 2014)
Total Assets: 779.4



Equity Ratio: 41.1%

(As of March 2015)
Total Assets: 877.3



Equity Ratio: 42.2%

15.3 Full-year: CAPEX, Depreciation, Cash Flows, and Returns to Shareholders



(billion yen)

	TAKE OFF 14 (13.3-15.3)				Initial Targets (13.3-15.3)
	13.3	14.3	15.3		
	Results	Results	Results		
Capital expenditures	37.6	47.0	64.3	149.0	161.7
Depreciation and amortization	40.8	40.9	41.8	123.6	126.5
R&D expenses	26.2	26.0	26.1	78.3	73.5
Free cash flows	11.1	16.5	-6.3	21.3	15.3
(Operating cash flow portion)	50.6	63.8	86.4	200.9	170.5
Interest bearing debt	205.3	198.3	221.4	—	210.0~230.0
ROE	5.5%	6.0%	8.9%	—	7%
Dividends (yen)	80	80	100	—	—

(Note 1) Initial targets announced on May 2012.

(Note 2) ROE = Net income / Average shareholders' equity

(Note 3) The figures for capital expenditures includes the investment amount for intangible assets

(Note 4) Free cash flows = cash flows from operating activities + cash flows from investing activities

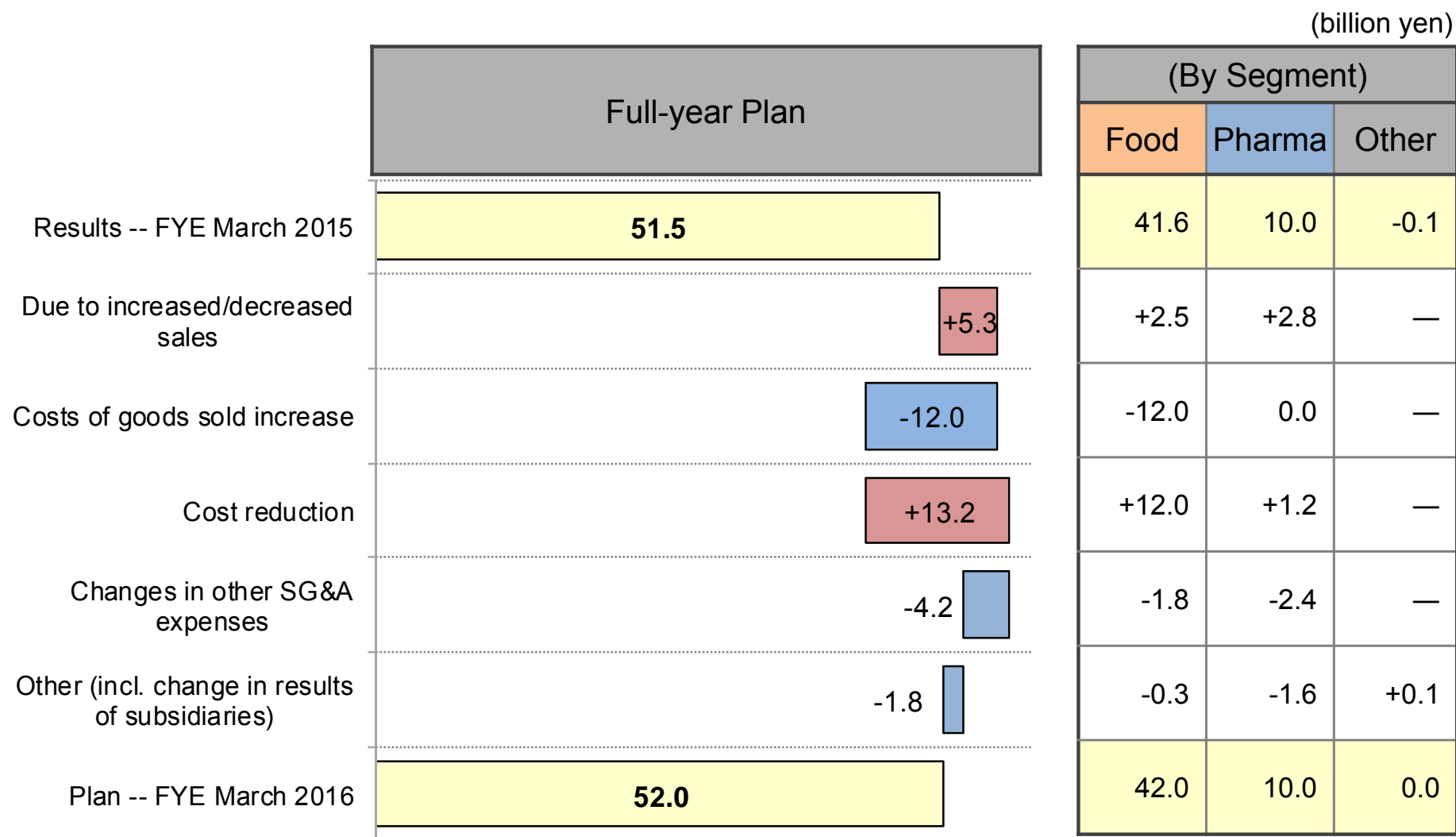
16.3 Full-year: Consolidated Earnings Forecasts



(billion yen)

		H1		H2		Full-year	
		Plan	YoY Change	Plan	YoY Change	Plan	YoY Change
Meiji HD	Net sales	578.0	+3.4% +18.7	616.0	+2.3% +14.0	1,194.0	+2.8% +32.8
	Operating income	19.0	+0.1% +0.0	33.0	+1.3% +0.4	52.0	+0.9% +0.4
	Ordinary income	18.6	-5.5% -1.0	33.7	-0.6% -0.2	52.3	-2.4% -1.2
	Net income attributable to shareholders of parent company	20.8	+65.1% +8.2	20.9	+14.3% +2.6	41.7	+35.0% +10.8
Food	Net sales	502.8	-0.1% -0.5	527.2	+1.7% +8.7	1,030.0	+0.8% +8.1
	Operating income	16.7	-4.2% -0.7	25.3	+4.4% +1.0	42.0	+0.8% +0.3
Pharma	Net sales	76.2	+34.3% +19.4	90.1	+6.6% +5.6	166.4	+17.7% +25.0
	Operating income	2.2	+41.9% +0.6	7.7	-8.7% -0.7	10.0	-0.8% -0.0

16.3 Full-year: Analysis of Consolidated Op. Income

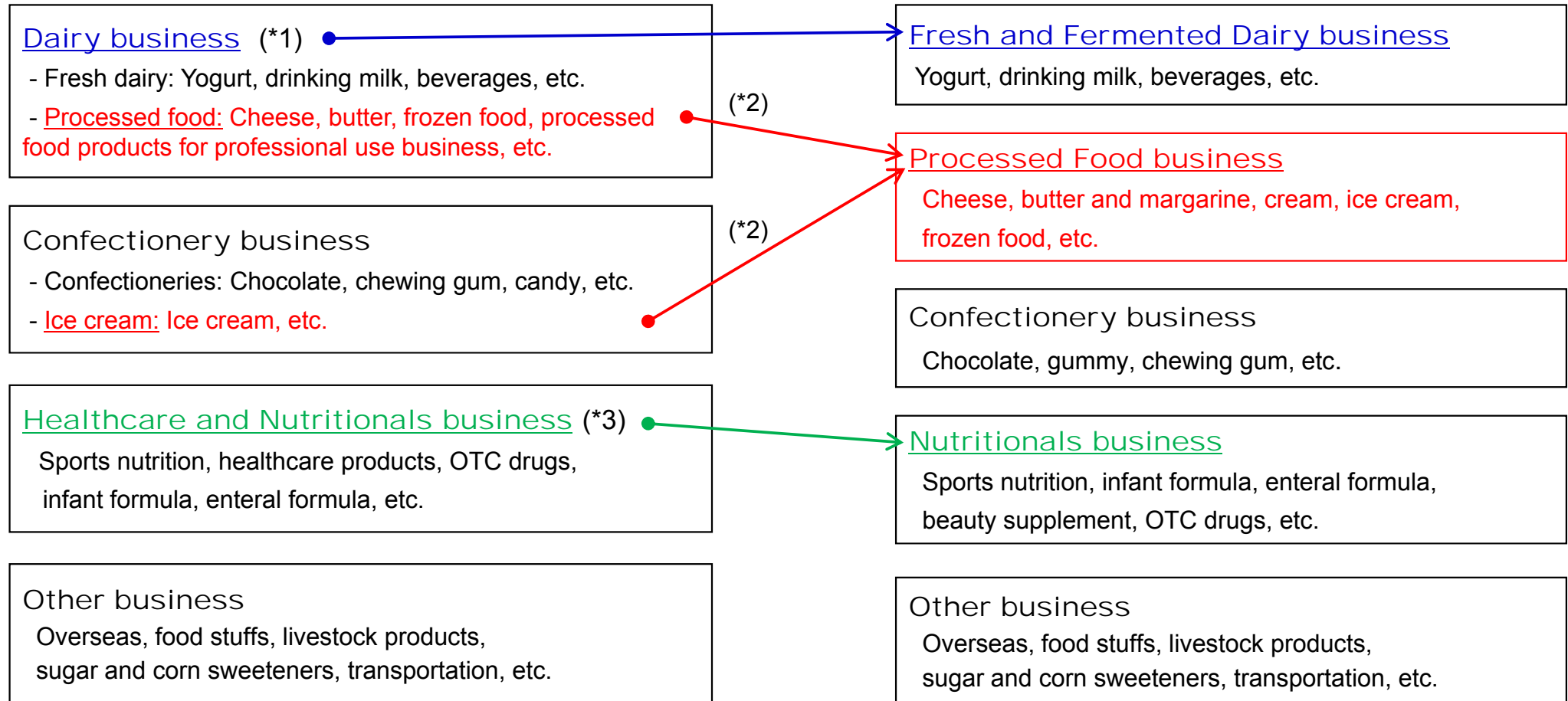


Partial reclassification of the business divisions within Food segment from FYE March 2016



[Former Classification (~ FYE March 2015)]

[New Classification (FYE March 2016 ~)]



(*1) "Fresh dairy" under Dairy Business has been changed to "Fresh and Fermented Dairy Business."

(*2) "Processed food" under Dairy Business and "Ice Cream" under Confectionery Business have been integrated into the newly established Processed Food Business.

(*3) "Health and Nutritionals" has been changed to "Nutritionals."

STEP UP 17: Consolidated Plan



(billion yen)

		15.3	16.3		~	18.3	
		Results	Plan	vs. 15.3		Plan	vs. 15.3
Meiji HD	Net sales	1,161.1	1,194.0	+2.8% +32.8		1,260.0	+8.5% +98.9
	Operating income	51.5	52.0	+0.9% +0.4		64.0	+24.3% +12.5
Food	Net sales	1,021.8	1,030.0	+0.8% +8.1		1,080.0	+5.7% +58.1
	Operating income	41.6	42.0	+0.8% +0.3		50.0	+20.0% +8.3
Pharma	Net sales	141.3	166.4	+17.7% +25.0		180.0	+27.4% +38.7
	Operating income	10.0	10.0	-0.8% -0.0		14.0	+40.0% +4.0

STEP UP 17: Plan by Business in Food Segment



(billion yen)

		15.3	16.3		~	18.3	
		Results	Plan	vs. 15.3		Plan	vs. 15.3
Fresh and Fermented Dairy	Net sales	479.4	465.3	-2.9% -14.1		475.4	-0.9% -4.0
	Operating income	28.3	29.0	+2.3% +0.6		31.7	+11.9% +3.3
Processed Food	Net sales	194.5	191.5	-1.6% -3.0		204.3	+5.0% +9.7
	Operating income	3.5	4.5	+26.6% +0.9		6.9	+94.0% +3.3
Confectionery	Net sales	158.9	158.6	-0.1% -0.2		160.0	+0.7% +1.0
	Operating income	9.5	8.5	-10.6% -1.0		8.5	-10.6% -1.0
Nutritionals	Net sales	85.3	90.4	+6.0% +5.1		109.9	+28.7% +24.5
	Operating income	4.6	5.0	+8.8% +0.4		6.6	+43.5% +1.9

STEP UP 17: Plan by Business in Food Segment



(billion yen)

		15.3	16.3		~	18.3	
		Results	Plan	vs. 15.3		Plan	vs. 15.3
Other	Net sales	340.3	357.2	+5.0% +16.9		380.1	+11.7% +39.7
	Operating income	0.4	1.0	+145.4% +0.5		4.2	+928.0% +3.7
Elimination and Corporate Expenses	Net sales	-236.9	-233.2	— +3.6		-249.7	— -12.7
	Operating income	-4.7	-6.0	— -1.2		-7.9	— -3.1

STEP UP 17: CAPEX, Depreciation, Cash Flows, and Returns to Shareholders **meiji**

(billion yen)

	STEP UP 17 (16.3-18.3)			Change from TAKE OFF 14 (13.3-15.3)
	16.3	~		
	Plan			
Capital expenditures	50.8		188.0	+7.7
Depreciation and amortization	40.8		126.0	+2.4
R&D expenses	27.0		81.7	+3.3
Free cash flows	42.0		60.0	+38.7
(operating cash flow portion)	62.0		200.0	-0.9
(Investing cash flow portion)	20.0		140.0	-39.6
Interest bearing debt	—		Around 200.0	—
ROE	10.8%		More than 8%	—
Dividends (yen) and Payout ratio(%)	110 yen (26.5%)		30%	—

(Note 1) The investment amount is based on the payment-based figure, including intangible assets and strategic investments. The amount is the total of capital expenditures for TAKE OFF 14 and the amount invested in the acquisition of Medreich.

(Note 2) The dividend payout ratio for FY2015 is the amount excluding the impact of non-recurring special factors. It would be 19.4% with the impact of non-recurring special factors included.