



Financial Results for the First Half of FYE 2013/3

2012.11.20

Meiji Holdings Co., Ltd.

1. FYE 2013/3 (First Half):
Outline of Consolidated Financial Results
2. FYE 2013/3 (Full Year):
Consolidated Financial Forecasts
3. For Achieving “**TAKE OFF 14**”

- The forward-looking statements described in this material, such as business forecasts, 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.



1. FYE 2013/3 (First Half):
Outline of Consolidated Financial Results

(billions of yen)

		FYE 2012/3	FYE 2013/3
		Results	Initial plan
Meiji HD [consolidated]	Net sales	1,109.2	1,125.0
	Operating income	20.1	24.0
	Ordinary income	21.8	24.0
	Net income	6.8	11.8

Food	Net sales	986.3	1,000.0
	Operating income	11.4	18.4

Pharmaceuticals	Net sales	125.2	128.3
	Operating income	8.1	5.4

(Note) Net sales and operating income for each segment do not include elimination or corporate.

Initial plan assumptions

●Food Segment:

Business recovery (especially profits) from FYE 2012/3, which was damaged by the Great East Japan Earthquake

●Pharmaceuticals Segment:

Take into account NHI drug price revisions in FYE 2013/3

→ Start the first year of the medium-term management plan “TAKE OFF 14” by executing the plan’s strategies steadily

- Consolidated net sales increased 2.4% YoY, in line with our plan
- Food segment sales grew, as brisk sales in the dairy business offset declines in the healthcare and nutritionals business
- Domestic ethical pharmaceuticals business grew YoY despite the impact of NHI drug price revisions
- Consolidated operating income exceeded both the initial plan and the year-earlier level

(billions of yen)

	1H of FYE 2013/3				
	Results	YoY change		Change vs. plan ^{*1}	
		(Rate)	(Amount)	(Rate)	(Amount)
Net sales	561.2	+2.4%	+13.1	+0.2%	+1.2
Operating income	10.0	+35.5%	+2.6	+25.6%	+2.0
Ordinary income	11.7	+36.1%	+3.1	+31.1%	+2.7
Net income	5.2	+123.2%	+2.9	+22.5%	+0.9

*1: The initial plan announced on May 14, 2012.

- Sales and profits increased YoY and the operating margin improved by 0.4% points
- Attained our initial plan; sharp outperformance versus plan in the pharmaceuticals segment boosted operating income
- Overall 1H FYE 2013/3 results were in line with our plan

HD (4) Results by Segment



(billions of yen)

		1H of FYE 2013/3				
		Results	YoY change		Change vs. plan ^{*1}	
			(Rate)	(Amount)	(Rate)	(Amount)
Food	Net sales	503.9	+2.7%	+13.3	+0.2%	+0.8
	Op. income	6.5	+147.0%	+3.9	+2.8%	+0.1
Pharma	Net sales	58.4	-0.2%	-0.1	-0.4%	-0.2
	Op. income	3.3	-23.4%	-1.0	+136.4%	+1.9

- Food:
 - Sales and operating income were led by strong growth of yogurt products in dairy business
 - Exceeded both our initial plan and the year-earlier level
- Pharma:
 - Domestic sales of ethical pharmaceuticals grew despite the impact of NHI drug price revisions, therefore overall segment sales remained flat
 - Operating income declined, but sharply outpaced the initial plan due to the delayed booking of some costs

(billions of yen)

		1H of FYE 2013/3				
		Results	YoY change		Change vs. plan ^{*1}	
			(Rate)	(Amount)	(Rate)	(Amount)
Dairy	Net sales	314.8	+7.7%	+22.4	+2.9%	+8.7
	Op. income	9.2	+256.7%	+6.6	+39.9%	+2.6

(Dairy: Drinking milk, yogurt, beverages, cheese, butter, dairy products for professional use business, etc.)

Results – main points

<Net sales>

- Fresh dairy: Yogurt sales jumped due to active sales promotion amid growing health consciousness, and a recovery in market share since 2H FYE 2012/3
- Processed dairy products: Mainstay natural cheese for the fresh dairy market and margarine grew steadily; “Meiji Hunwarimoothsoft Creamy Smooth” launched in March also contributed to overall sales

<Operating income>

Profits rose sharply mainly due to strong sales of fresh dairy products (probiotic yogurts)

*1: The initial plan announced on May 14, 2012.

*2: The initial plan targets and the results are both the simple additions before elimination.

* The above notes are common to all pages up to page 10.

(billions of yen)

		1H of FYE 2013/3				
		Results	YoY change		Change vs. plan	
			(Rate)	(Amount)	(Rate)	(Amount)
Confectionery	Net sales	144.5	+1.4%	+1.9	+0.7%	+0.9
	Op. income	0.6	-50.7%	-0.6	-31.4%	-0.3

(Confectionery: Chocolate, chewing gum, candy, imported confectioneries, ice cream, institutional foodstuffs, such as confectioneries and other food products, etc.)

Results – main points

<Net sales>

- Confectionery: Of the mainstay chocolate products, “Almond Chocolate” sold well, but the overall confectionery business fell YoY affected by the long-lasting summer heat wave
- Desserts: Strong sales of “Meiji Essel Super Cup” and “Meiji Crispy’s Choco & Vanilla” launched in March 2012 contributed to sales growth
- Institutional Food Products: Mainstays of confectioneries and food ingredients expanded

<Operating income>

Sales grew, but increased sales promotion/advertising costs and a worsened product mix pushed down profits

(billions of yen)

		1H of FYE 2013/3				
		Results	YoY change		Change vs. plan	
			(Rate)	(Amount)	(Rate)	(Amount)
Healthcare & Nutritionals	Net sales	57.6	-3.3%	-1.9	-4.8%	-2.8
	Op. income	-1.0	—	-0.9	—	-1.0

(Healthcare & Nutritionals: Sports nutrition, functional healthcare products, food, OTC drugs, enteral formula, nursing care foods, infant formula, etc.)

Results – main points

<Net sales>

- Healthcare products: “SAVAS” performed well, but “Amino Collagen” fell YoY
- Nutritional products:
 - Enteral formula grew due to growth in new institutional customers and new product launches
 - Infant formula fell YoY. Renewed products, launched in September, have been actively promoted.

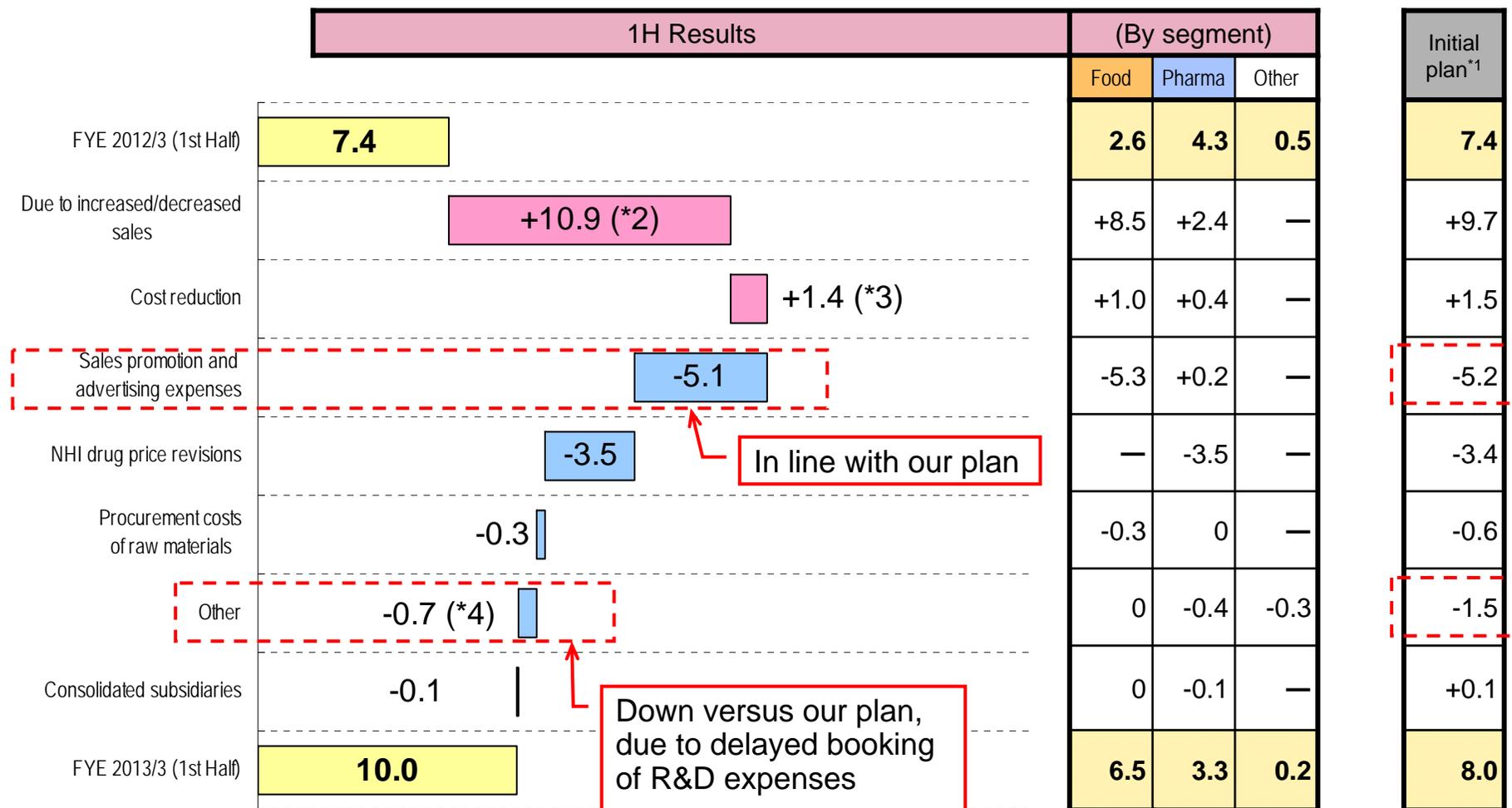
<Operating income>

Profits declined due to weaker sales of infant formula and healthcare products

HD (6) Analysis of Operating Income (1H)



(billions of yen)



*1: The initial plan announced on May 14, 2012.

*2: Breakdown: [Food] Increase in income due to increased sales: +6.1
Improvement of the product mix: +2.4

*3: Breakdown: [Food] Cost reduction in distribution: +0.9

Cost reduction in production of confectioneries: +0.4
Increase in general expenses and other: -0.3

*4: Breakdown: [Food] Depreciation: +0.3 Other expenses: -0.3

[Pharma] Increase in general expenses: -0.3 Depreciation: -0.1
Increase in R&D expenses: -0.1



2. FYE 2013/3 (Full Year): Consolidated Financial Forecasts

- Consolidated full year forecasts unchanged from our initial plan
- Food Segment:
 - Revised the dairy business up and the healthcare & nutritionals business down
 - Overall food segment sales exceeded our initial plan by ¥800 million, and operating income by ¥200 million
- Pharmaceuticals Segment:
 - Domestic ethical pharmaceuticals continue to be strong
 - Revised sales for overall segment down by ¥1,400 million and operating income by ¥100 million from our initial plan, in view of expected increase in R&D and marketing costs in 2H

HD (1) Forecasts (2H/Full year)



(billions of yen)

	FYE 2013/3								
	1H			2H			Full year		
		YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}		YoY change	Change vs. initial plan ^{*1}
Net sales	561.2	+2.4% (+13.1)	+0.2% (+1.2)	563.7	+0.5% (+2.6)	-0.2% (-1.2)	1,125.0	+1.4% (+15.7)	No change
Operating income	10.0	+35.5% (+2.6)	+25.6% (+2.0)	14.0	+9.8% (+1.2)	-12.4% (-2.0)	24.0	+18.9% (+3.8)	
Ordinary income	11.7	+36.1% (+3.1)	+31.1% (+2.7)	12.2	-7.5% (-0.9)	-18.5% (-2.8)	24.0	+9.7% (+2.1)	
Net income	5.2	+123.2% (+2.9)	+22.5% (+0.9)	6.5	+47.4% (+2.1)	-12.6% (-0.9)	11.8	+73.4% (+5.0)	

*1: The initial plan announced on May 14, 2012.

*2: The revised plan announced on November 13, 2012.

HD (2) Forecasts by Segment (2H/Full year)



(billions of yen)

		FYE 2013/3								
		1H			2H			Full year		
			YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}
Food	Net sales	503.9	+2.7% (+13.3)	+0.2% (+0.8)	496.8	+0.2% (+1.1)	0% (-0.1)	1,000.8	+1.5% (+14.4)	+0.1% (+0.8)
	Op. income	6.5	+147.0% (+3.9)	+2.8% (+0.1)	12.0	+36.2% (+3.1)	0% (0)	18.6	+61.9% (+7.1)	+1.1% (+0.2)
Pharma	Net sales	58.4	-0.2% (-0.1)	-0.4% (-0.2)	68.3	+2.5% (+1.6)	-1.7% (-1.2)	126.8	+1.3% (+1.5)	-1.2% (-1.4)
	Op. income	3.3	-23.4% (-1.0)	+136.4% (+1.9)	2.0	-46.0% (-1.7)	-47.8% (-1.9)	5.3	-34.1% (-2.7)	-1.9% (-0.1)

*1: The initial plan announced on May 14, 2012.

*2: The revised plan announced on November 13, 2012.

Food (3) Food Segment: Plan (2H/Full year)



(billions of yen)

		FYE 2013/3								
		1H			2H			Full year		
			YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}
Food	Net sales	503.9	+2.7% (+13.3)	+0.2% (+0.8)	496.8	+0.2% (+1.1)	0% (-0.1)	1,000.8	+1.5% (+14.4)	+0.1% (+0.8)
	Op. income	6.5	+147.0% (+3.9)	+2.8% (+0.1)	12.0	+36.2% (+3.1)	0% (0)	18.6	+61.9% (+7.1)	+1.1% (+0.2)

*1: The initial plan announced on May 14, 2012.

*2: The revised plan announced on November 13, 2012.

Business plan – main points

- Revised up our plan for the strong dairy business and revised down our plan for the healthcare and nutritionals business
- Low-cost operations based on “TAKE OFF 14” with the aim of improving profit margins

(billions of yen)

	FYE 2013/3								
	1H			2H			Full year		
		YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}
Net Sales	314.8	+7.7% (+22.4)	+2.9% (+8.7)	292.0	-1.8% (-5.2)	+1.0% (+2.8)	606.9	+2.9% (+17.2)	+2.0% (+11.6)
Op. income	9.2	+256.7% (+6.6)	+39.9% (+2.6)	6.5	-11.0% (-0.8)	+13.2% (+0.7)	15.8	+58.7% (+5.8)	+27.6% (+3.4)

(Dairy: Drinking milk, yogurt, beverages, cheese, butter, dairy products for professional use business, etc.)

2H initiatives

- Strengthen production capacity for probiotic yogurt products
- Promote the “Bulgaria Yogurt” series, which was renewed in October
- Steady development of the strong-selling margarine products



*1: The initial plan announced on May 14, 2012.

*2: The revised plan announced on November 13, 2012

*3: The plan targets and the results are both the simple additions before elimination.

* The above notes are common to all pages up to page 19.

(billions of yen)

	FYE 2013/3								
	1H			2H			Full year		
		YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}
Net Sales	144.5	+1.4% (+1.9)	+0.7% (+0.9)	152.8	+1.3% (+1.9)	-0.7% (-1.1)	297.3	+1.3% (+3.8)	0% (0)
Op. income	0.6	-50.7% (-0.6)	-31.4% (-0.3)	4.6	+20.4% (+0.7)	0% (0)	5.2	+1.8% (0)	-4.0% (-0.2)

(Confectionery: Chocolate, chewing gum, candy, imported confectioneries, ice cream, institutional foodstuffs, such as confectioneries and other food products, etc.)

2H initiatives

- Achieve sales in the peak demand, fall & winter season (confectionery and institutional food products)
- Expand desserts business including ice cream
- Promote continued initiatives to improve profitability:

Effective use of promotional funds, higher operating rate of efficient production lines



(billions of yen)

	FYE 2013/3								
	1H			2H			Full year		
		YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}
Net Sales	57.6	-3.3% (-1.9)	-4.8% (-2.8)	62.1	+6.9% (+4.0)	-3.8% (-2.4)	119.7	+1.7% (+2.0)	-4.3% (-5.3)
Op. income	-1.0	— (-0.9)	— (-1.0)	1.4	— (+2.3)	-26.2% (-0.5)	0.3	— (+1.4)	-81.1% (-1.5)

(Healthcare & Nutritionals: Sports nutrition, functional healthcare products, food, OTC drugs, enteral formula, nursing care foods, infant formula, etc.)

2H initiatives

- Strengthen promotions and exposures of “Amino Collagen,” “SAVAS” and “VAAM”
- Stimulate market demand for renewed infant formula launched in September, and expand enteral formula and nursing care foods businesses
- Enhance overall profitability of the business



(billions of yen)

		FYE 2013/3								
		1H			2H			Full year		
			YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}	(Revised plan ^{*2})	YoY change	Change vs. initial plan ^{*1}
Pharma	Net sales	58.4	-0.2% (-0.1)	-0.4% (-0.2)	68.3	+2.5% (+1.6)	-1.7% (-1.2)	126.8	+1.3% (+1.5)	-1.2% (-1.4)
	Op. income	3.3	-23.4% (-1.0)	+136.4% (+1.9)	2.0	-46.0% (-1.7)	-47.8% (-1.9)	5.3	-34.1% (-2.7)	-1.9% (-0.1)

*1: The initial plan announced on May 14, 2012.

*2: The revised plan announced on November 13, 2012.

Business plan – main points

- Continue to deal with NHI drug price revisions
- Continue efforts to maintain the briskness of the domestic ethical pharmaceuticals (specialty drugs and generics)
- Take into account delayed booking of R&D expenses

2H initiatives

1. Ethical pharmaceuticals

- Maintain favorable performance of “REFLEX” and “ORAPENEM”
- Ensure solid traction of “OXIS TURBUHALER” for chronic obstructive pulmonary disease (COPD), which was launched in September
- Expect strong growth of generic drugs launched in June and those to be launched in December

2. Agricultural chemicals and veterinary drugs

- Expand sales of “ORYZEMATE” and raise awareness of the effect of liquid formula “ZAXA”
- Enhance promotion activities for companion animals (pets) drugs



(billions of yen)

	Full year revised plan ^{*2}	(By segment)			Initial plan ^{*1}
		Food	Pharma	Other	
FYE 2012/3	20.1	11.4	8.1	0.6	20.1
Due to increased/decreased sales	+17.9	+12.0	+5.9	—	+21.9
Cost reduction	+3.3	+1.5	+1.8	—	+1.1
Sales promotion and advertising expenses	-7.0	-6.6	-0.4	—	-8.9
NHI drug price revisions	-7.2	—	-7.2	—	-7.1
Procurement costs of raw materials	-0.5	-0.5	0	—	-1.8
Other	-3.4	+0.3	-3.1	-0.6	-2.0
Consolidated subsidiaries	+0.7	+0.5	+0.2	—	+0.7
FYE 2013/3 (Plan)	24.0	18.6	5.3	0	24.0

- In view of 1H progress, we revised our estimates of the factors affecting operating income versus our initial plan (e.g. due to increased/decreased sales)
- However, our consolidated full-year operating income forecast is unchanged at ¥24.0 billion yen.



3. For Achieving “***TAKE OFF 14***”

Medium-Term Management Plan

TAKE OFF 14

Basic policies

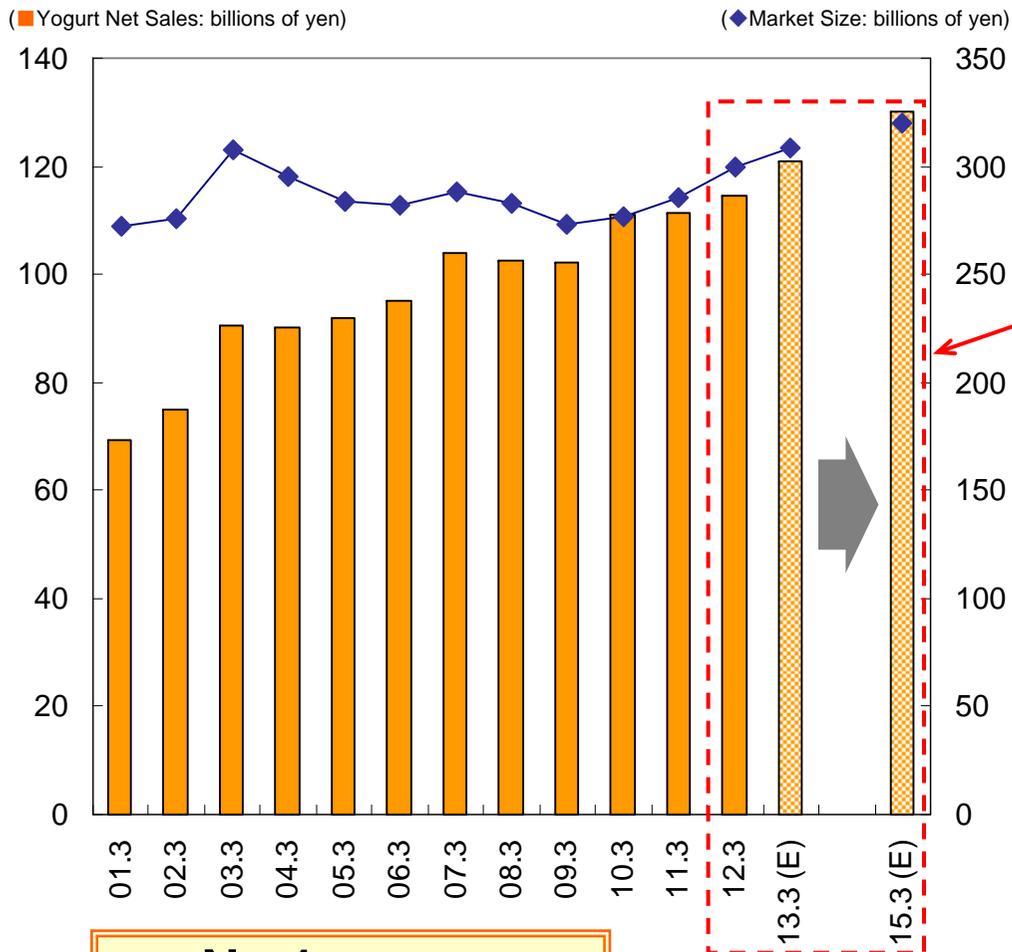
Higher profitability and strategic investments for future growth

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

Targets

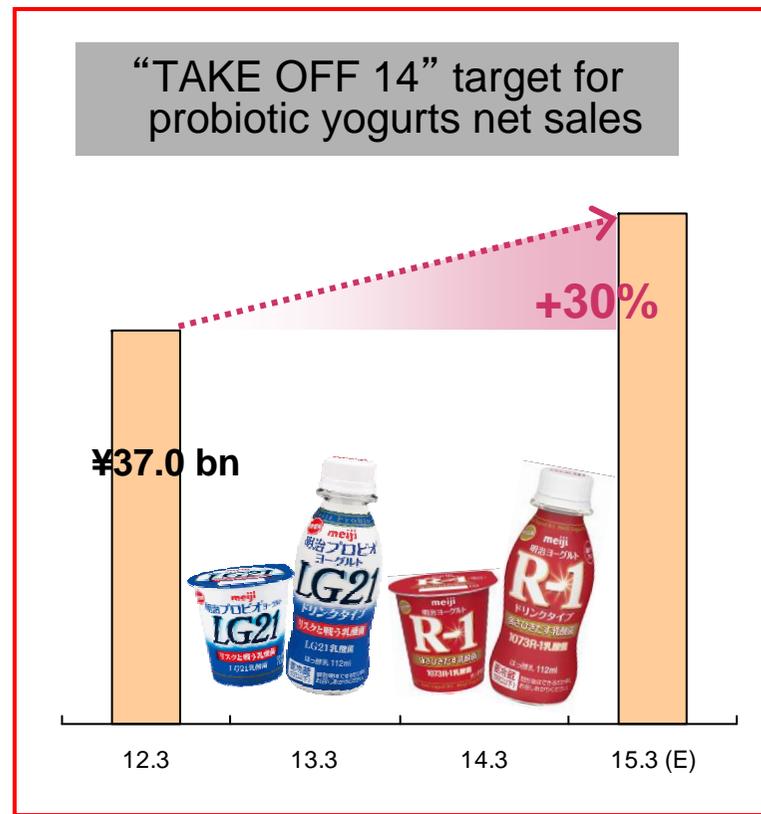
	FYE 2015/3
Net sales	1.19 trillion yen
Op. income	40.0 billion yen
ROE	7%

Yogurt Net Sales and Market Size



No.1 in industry
Market share: **42%**

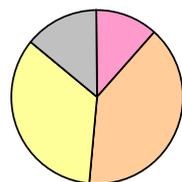
- The market is expected to continuously grow as people pay increasing attention to their health
- We look forward sales of probiotic yogurt products to grow further



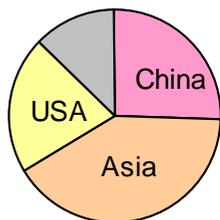
*Source for market shares: our research, FYE 2012/3



[Target: Overseas Net Sales]



FYE 2012/3
¥ 39 billion



FYE 2015/3
¥ 59 billion

Main Areas	China	Asia	The U.S.A
Businesses to be strengthened	Confectioneries Ice cream Infant formula Healthcare products	Confectioneries Dairy products Infant formula Healthcare products	Confectioneries
Businesses to be newly launched	Dairy products	Ice cream	Healthcare products



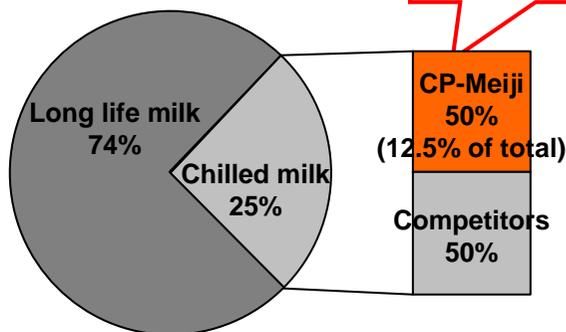
▲Chocolate snacks;
“Hello Panda” and “Yan Yan”

Asia

- CP-Meiji Co., Ltd. (Thailand)
(equity-method affiliate)
 - ✓ 2010 Established five-year plan
 - ✓ 2015 Sales target of ¥20 billion
 - ✓ Now increasing production capacity



Share of Milk Market in Thailand
(Market size: 30 billion yen)

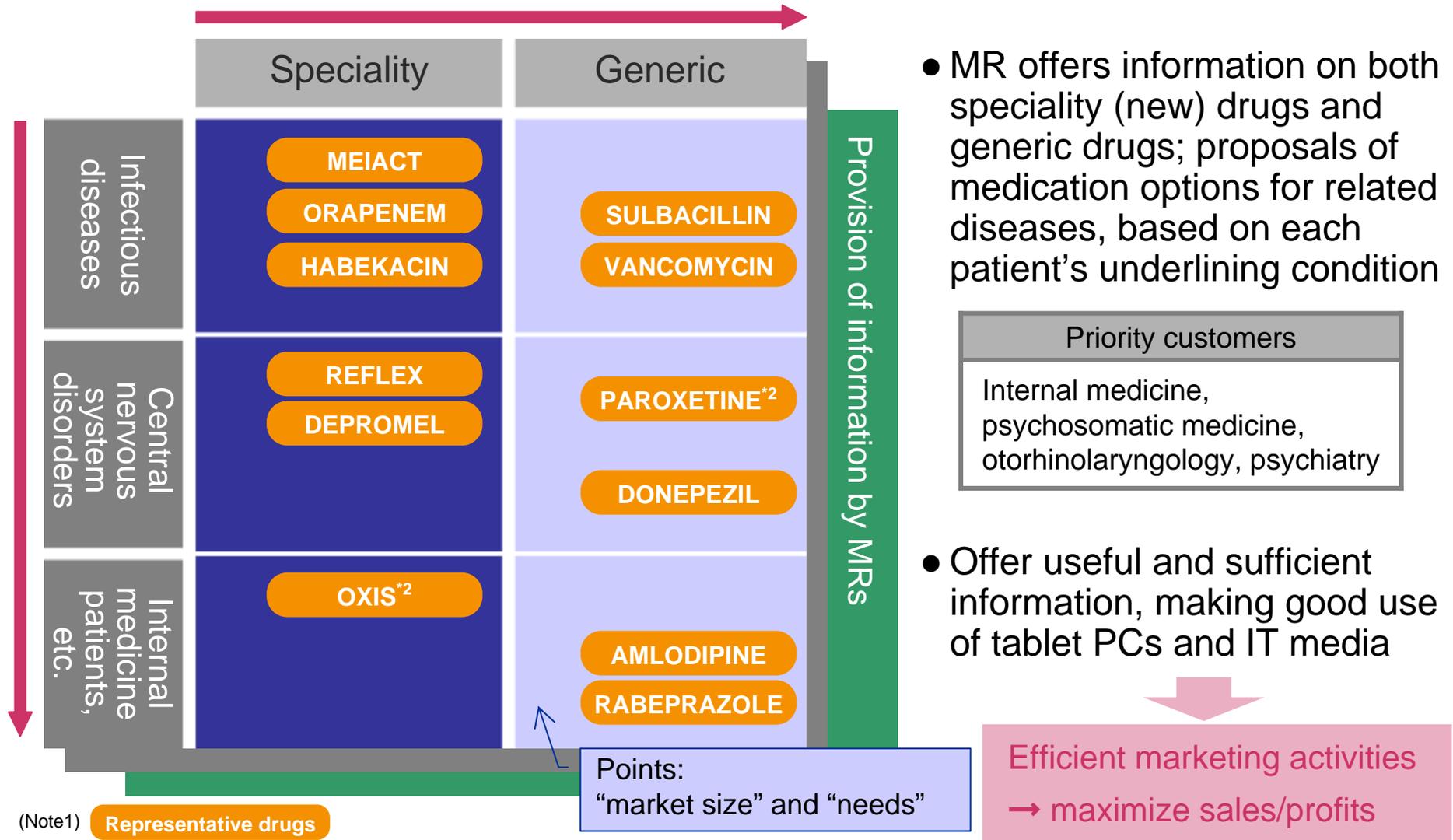


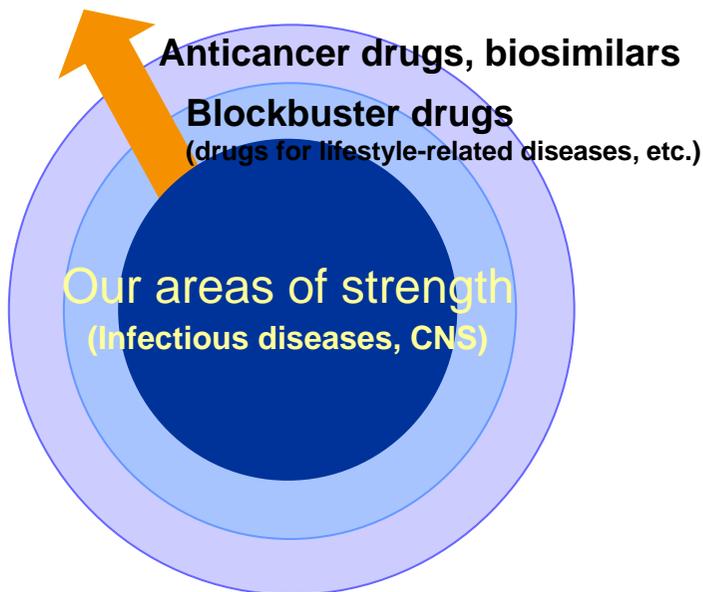
- Meiji Seika (Singapore) Pte. Ltd.
(consolidated)
 - ✓ Produces and sells “Hello Panda” and “Yan Yan” snacks
 - ✓ Exports to over 40 countries
- P.T. Ceres Meiji Indotama
(Indonesia; non-consolidated)
 - ✓ Sales of chocolate snacks expanding in a growing market

China

- Startup of fresh dairy business
 - ✓ Plans to start operations in spring 2013
 - ✓ To produce and sell Meiji-branded chilled milk and yogurts in Shanghai

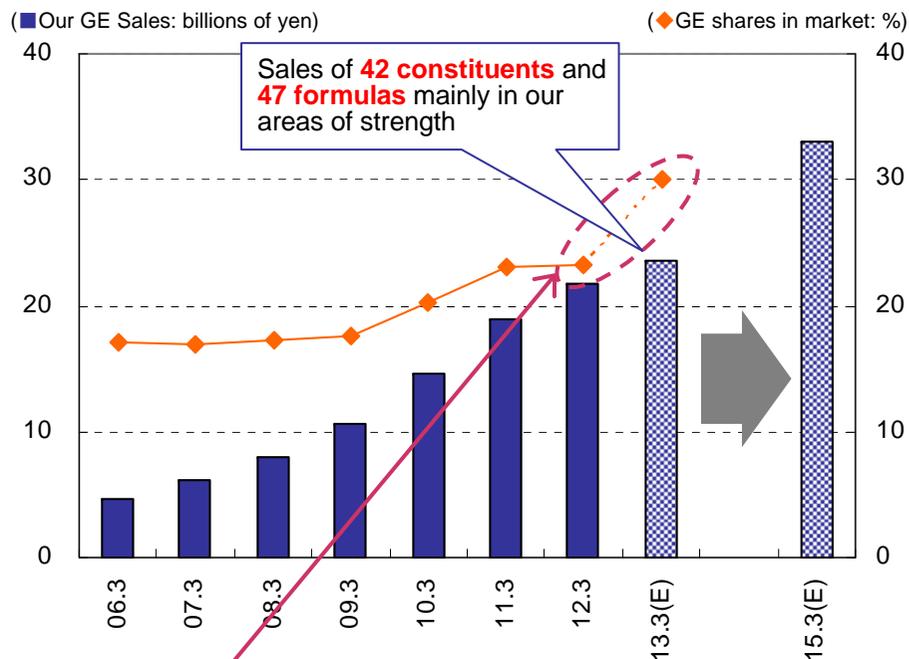
- Marketing strategy: "Fusion strategy" of speciality drugs & generics





- Started generic (GE) business in 1995, full operation in 2005
- Grow a few drugs into strong-selling drugs
 - ✓ Promote and expand sales of major drugs for lifestyle-related diseases
 - ✓ Expand new fields such as anticancer and biosimilars
 - GE for anticancer drugs: Alliance with Fresenius Kabi Japan
 - Biosimilars: Collaboration partnership with Dong-A Pharmaceutical (South Korea)

[GE shares in domestic market / our GE sales]

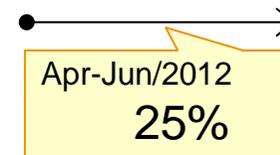


*Source for GE shares: Japan Generic Medicines Association

- Target ratio of GE drugs in use (volume base, Health, Labor and Welfare Ministry)

[FYE 2012/3]

23%

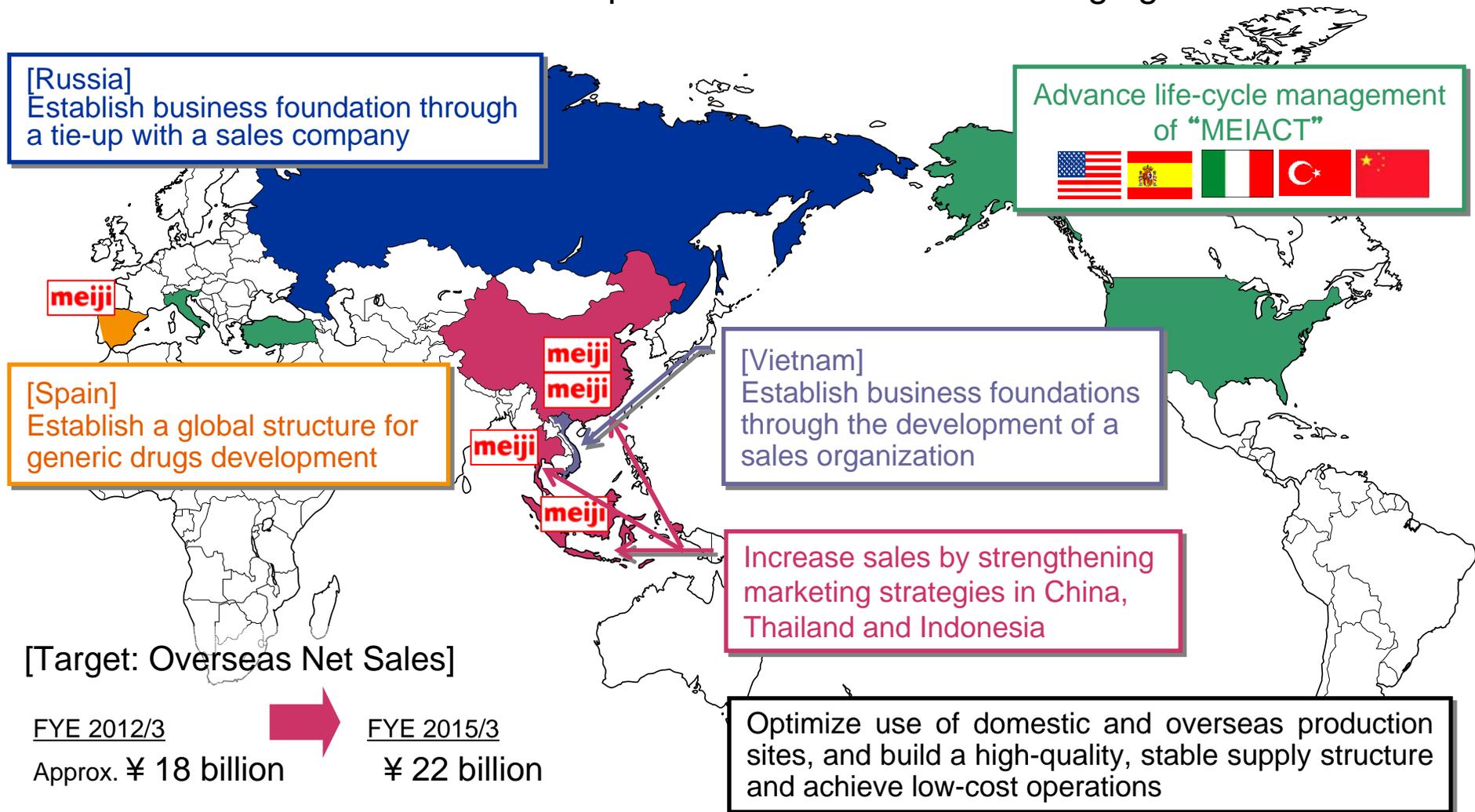


Apr-Jun/2012
25%

[FYE 2013/3]

target 30%

- Achieve a global production structure with high profitability, and expand overseas sales in emerging markets



(billions of yen)

	FYE 2013/3				
	1H	YoY change	Full year		
			(Revised Plan)	YoY change	
Capital expenditures	14.5	-5.4	43.7	+7.7	161.7
Depreciation	18.0	-0.2	38.2	+0.3	126.5
Free cash flows	5.2	+21.7	3.0	+16.7	15.3
(operating cash flow portion)	19.8	+13.5	53.5	+22.9	170.5
Interest bearing debt	204.1	+2.7	210.7	+5.4	210~230
ROE	1.8%	+1pt	4.0%	+1.6pts	7%
Dividends (yen)	40	—	80	—	—

(Note1) Capital expenditures and depreciation are figures for property, plants and equipment (including leases). Capital expenditures for full-year plan and "TAKE OFF 14" are for property, plants and equipment and intangible assets (including leases) based on cash.

(Note2) Free cash flows = Net cash provided by operating activities + Net cash used in investing activities

(Note3) Interest bearing debt excludes discount bills and lease obligations

- While capex is proceeding as planned, we revised our FYE 2013/3 capex plan to ¥43.7 billion versus our initial full-year plan of ¥59.8 billion
- FYE 2013/3 FCF to exceed both initial plan and the year-earlier level



明日をもっとおいしく
meiji