



Financial Results

- For the First Half of FYE March 2014 -

2013.11.19

Meiji Holdings Co., Ltd.

1. Our Initiatives for Achieving **TAKE OFF 14**
2. Overview of Financial Results and Forecasts

- 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

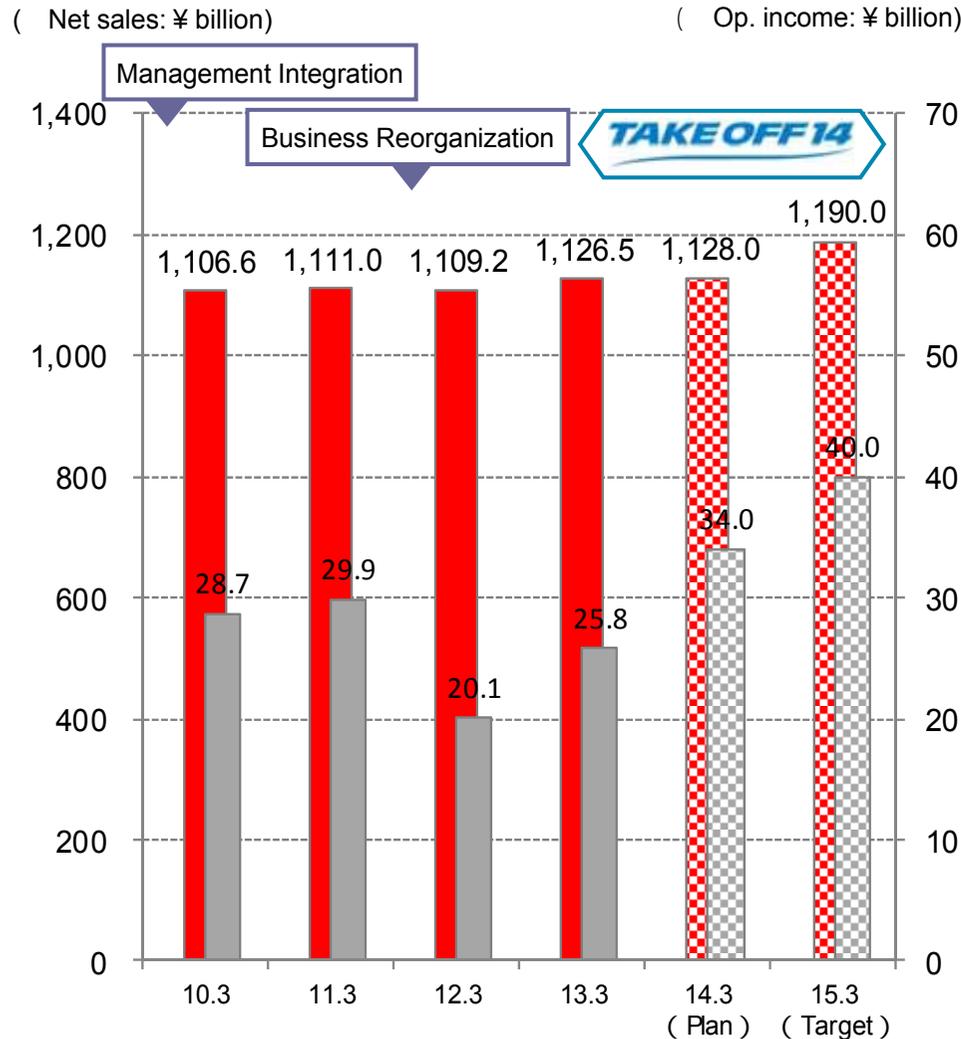
Basic policies

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

Targets

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



- Strategic investments in priority and growth businesses
- Restructuring to improve profitability



- Consolidated results for 1st half:

(YoY)	Net sales	+0.3%
	Op. income	+58.2%
(vs. Plan)	Net sales	-0.4%
	Op. income	+32.5%

- Revision of full-year plan

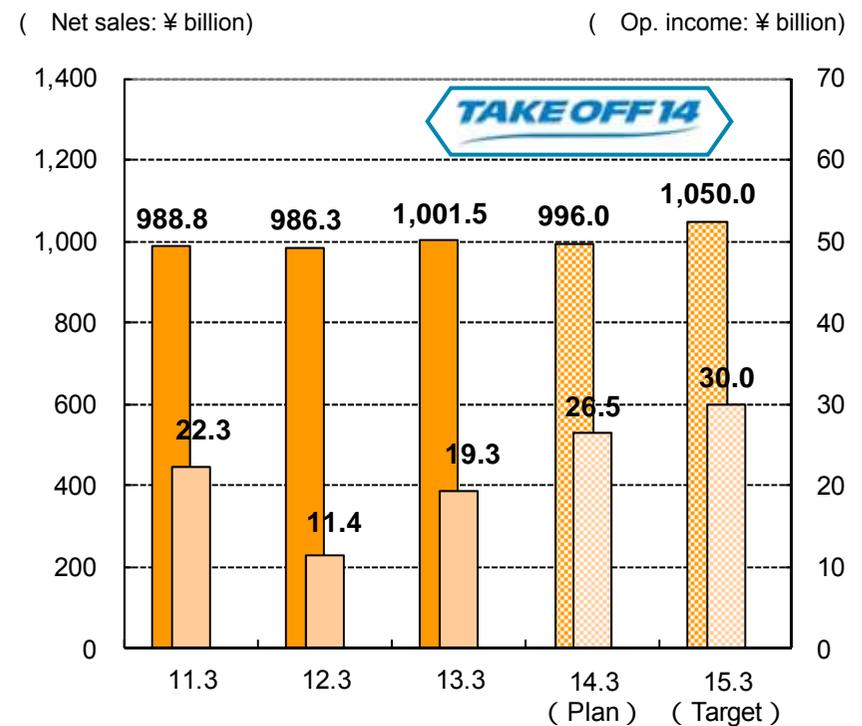
(Note1) Due to changes in our management structure of our real estate business resulting from a Group reorganization, changes in presentation method for income and expenses related to real estate rentals were applied beginning in FYE March 2012.

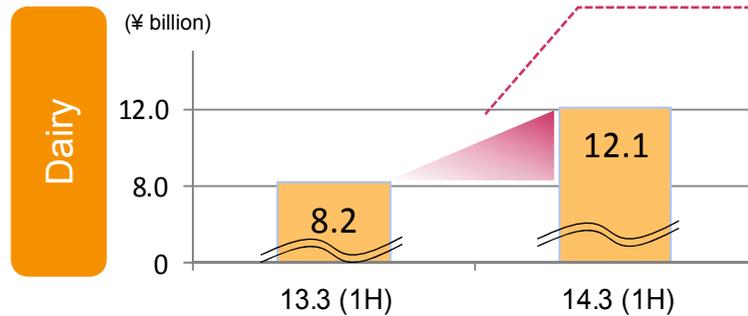
(Note2) Plan for FYE March 2014 revised on November 12, 2013

Food

Key Points of Strategies

- Structural reforms in April 2013 as follow-up to business reorganization conducted in April 2011
- Restructuring to improve profitability in all businesses





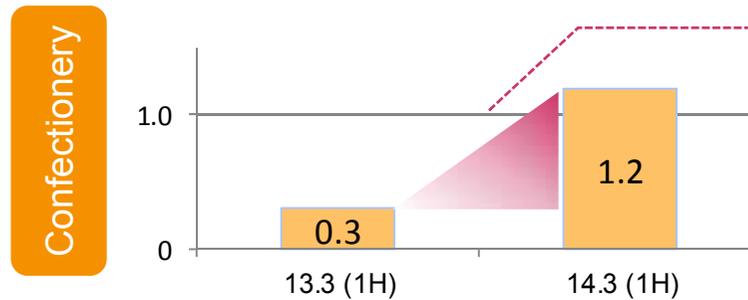
Up ¥3.8bn

[Factors for increase]

- Sales growth
- Cost reduction

[Factors for decrease]

- High cost of raw materials



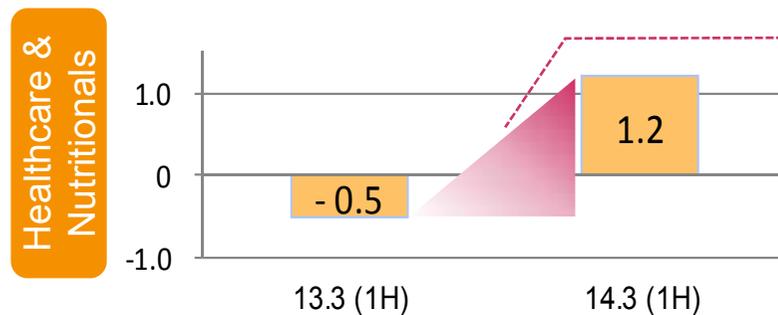
Up ¥0.9bn

[Factors for increase]

- Cost reduction

[Factors for decrease]

- Decreased Sales
- High cost of raw materials



Up ¥1.8bn

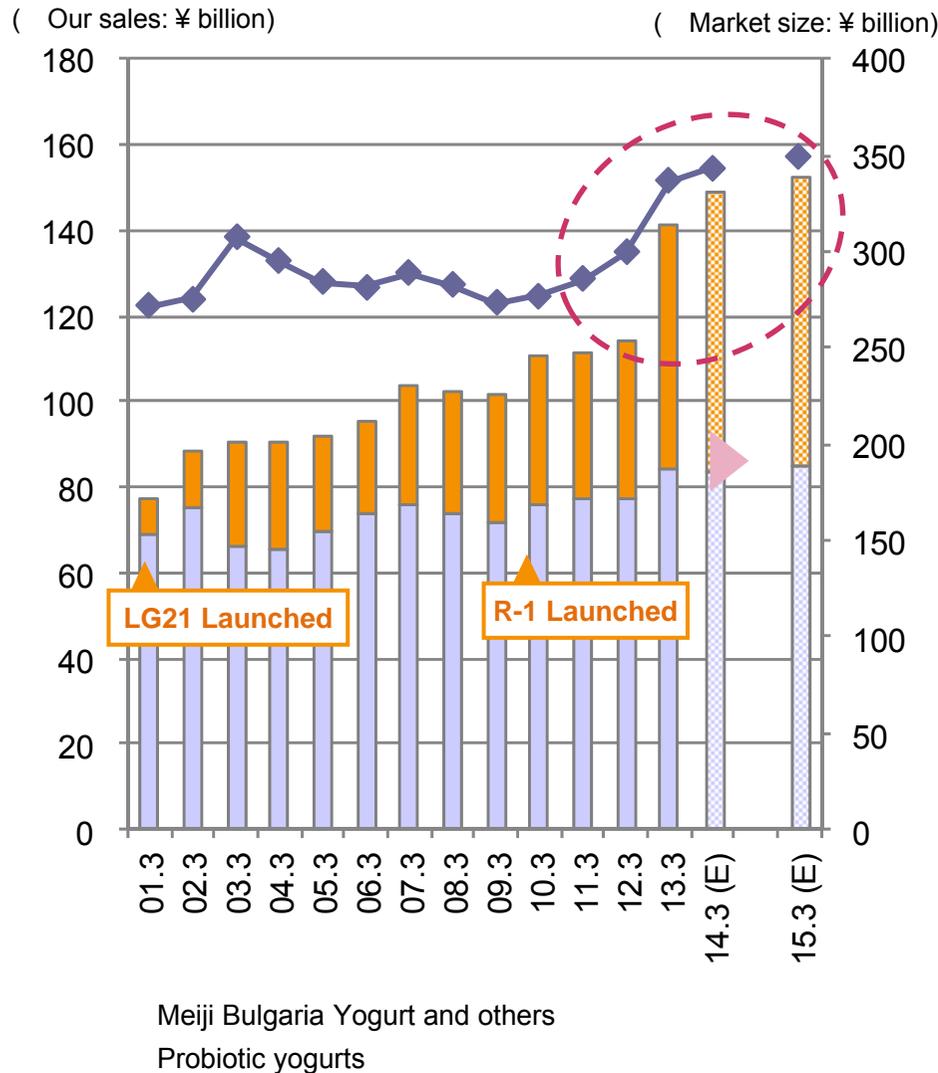
[Factors for increase]

- Sales growth
- Cost reduction

[Factors for decrease]

- High cost of raw materials

Sales and market size for yogurt products



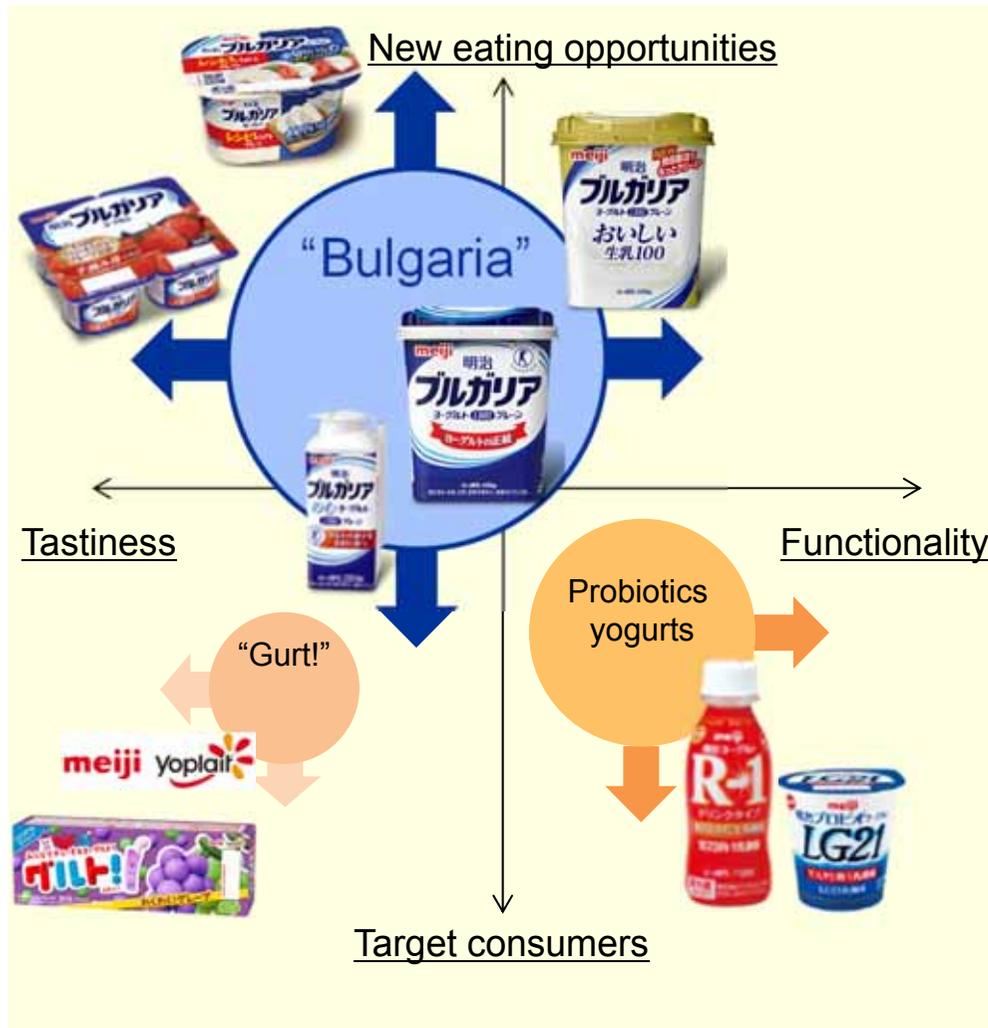
- Expanding business with increased health awareness among customers
- Sales of R-1 exceeding a strong FYE March 2013, improved product mix for Dairy business
- Aggressive marketing campaign to increase brand recognition
- Increasing our production capacity to meet expanding demand

Probiotic yogurts

"Meiji Probio Yogurt LG21"- Left

"Meiji Yogurt R-1"- Right





- October 2012: Renewal of plain yogurt product lineup and aggressive marketing promotion
- Expand eating opportunities and target consumers



Meiji Bulgaria Yogurt Plain Type for Lots of Fun Recipes



Meiji Bulgaria Yogurt Drink LB81 (900g)

- Brand value initiatives
 - 40th anniversary of product launch
 - Joint research with the Pasteur Institute in France

- “Notice Concerning Revision to Manufacturer's Distribution Price” (released July 23, 2013)

Beginning October 1, prices revised to reflect increase in raw milk transaction prices (approx. 1 - 4%)

- Aggressive marketing activities (storefront marketing, TV commercial, etc.)
- Continue promotions in the second half

“In a competitive environment with increasing demand for lower price, we will focus on brand value”



Meiji Oishii Gyunyu
(Drinking Milk)



TV commercial example

- Cost reduction and low-cost operations, to offset rising raw material costs

- Maximization of production / demand / distribution efficiency
- Efficient utilization of sales promotion and advertising budgets
- Reduction of fixed expenses

- Product development with focus on chocolate and other best sellers



- Expansion of Essel product line and promote the Chocolate Ice Cream series and Gran brands



Meiji Essel Super Cup



the Meiji chocolate ice cream series



Meiji The Premium Gran

Expand share of mainstay brands

- Sports nutrition / beauty supplements:
Increase users through promotional activities
(Nutrition seminars, storefront sampling, etc.)
- Infant formula: Focus on our original cube-shaped products
- Enteral formula / Food Products for the Elderly:
Expand sales channels and increase production capacity

Higher profitability

- Improve sales and productivity
(organization, personnel, and sales efficiency)
- Revise budgets for sales promotion and advertising



Sports nutrition



Beauty Supplements



Infant formula and Baby foods



Enteral formula and Foods for the elderly

China

Dairy business [Non-consolidated]

- ✓ From December 2013, manufacture and sales of chilled milk and yogurt products in Shanghai area
- ✓ Expansion at volume retailer and CVS



Asia

CP-Meiji (Thailand) [Equity Method Applied]

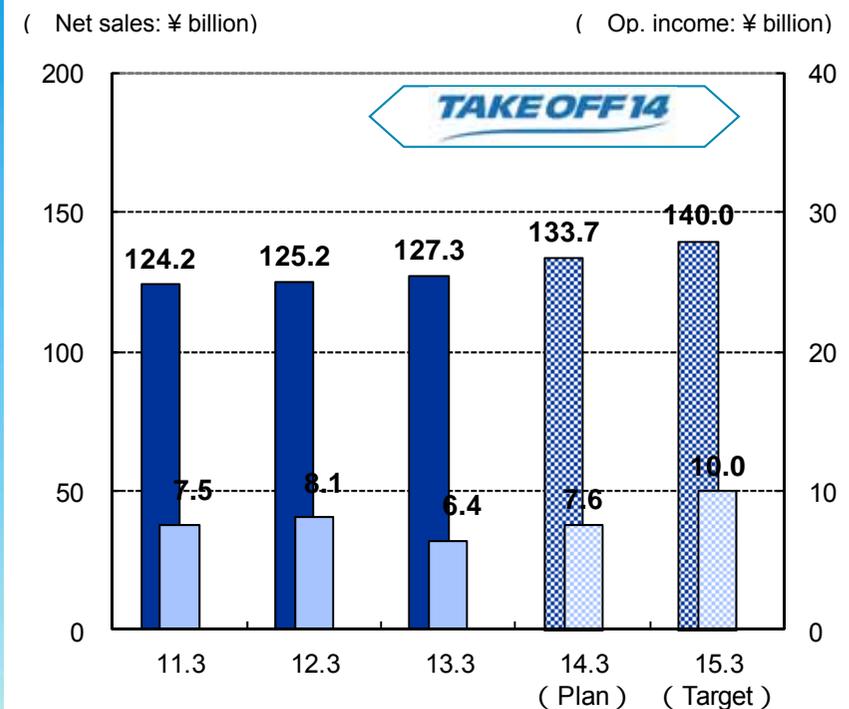
- ✓ Production & sales of drinking milk and yogurt
Exports to Singapore and nearby countries are strong
- ✓ Upgraded production capacity to aim for net sales of 20 billion yen in 2015
- ✓ Sales of Bulgaria products set to launch August 2013

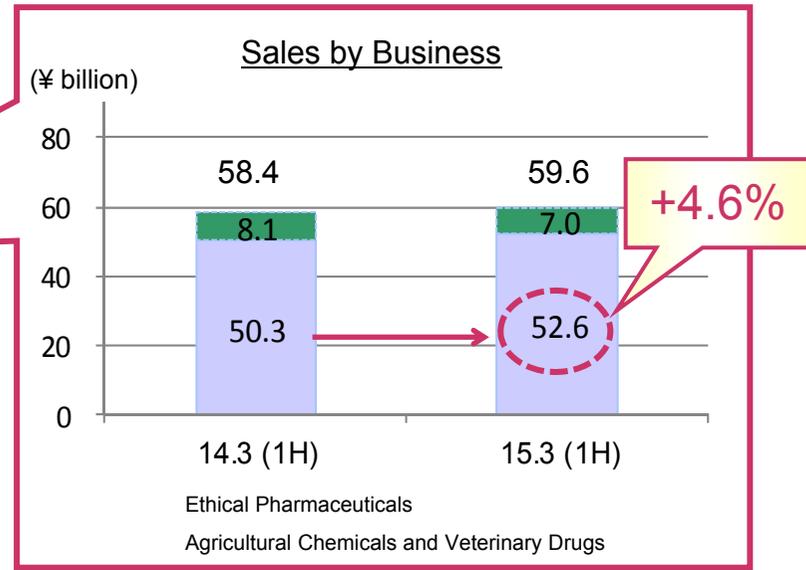
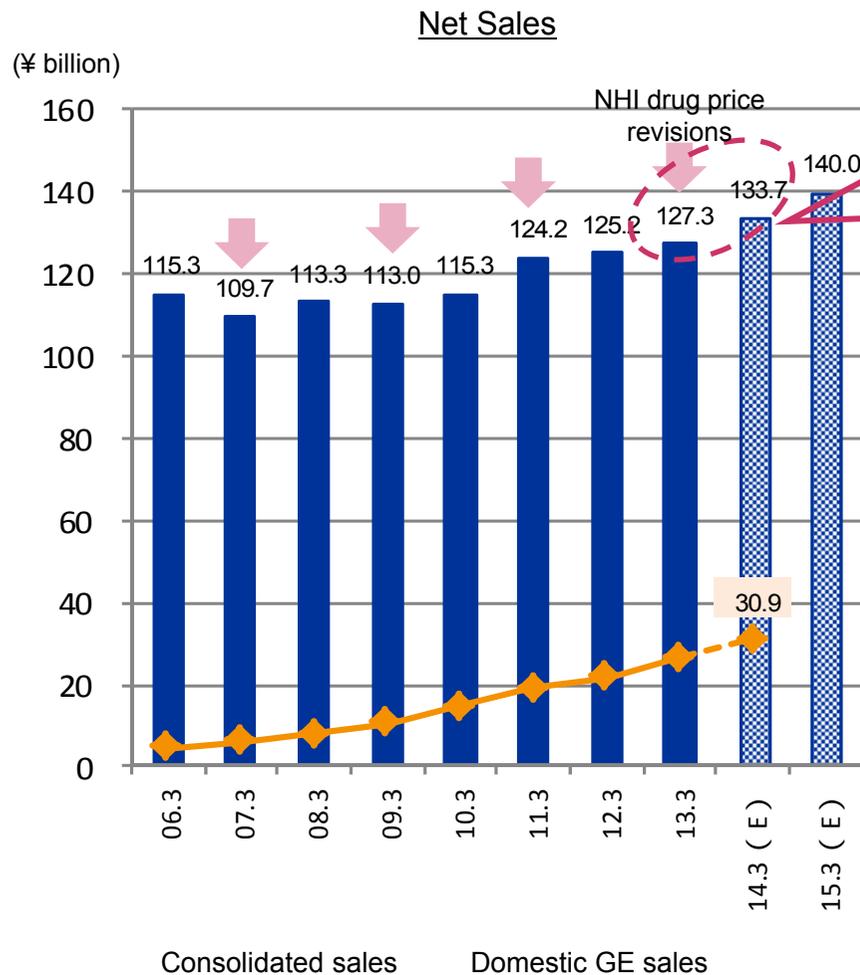
Develop confectionery business in Asia

- ✓ Expand chocolate snacks in Singapore, Indonesia, Thailand, etc.
- ✓ Export to around 50 countries including North American and Asian regions

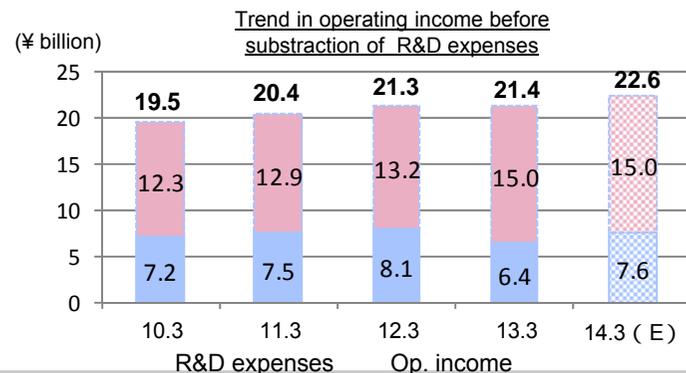
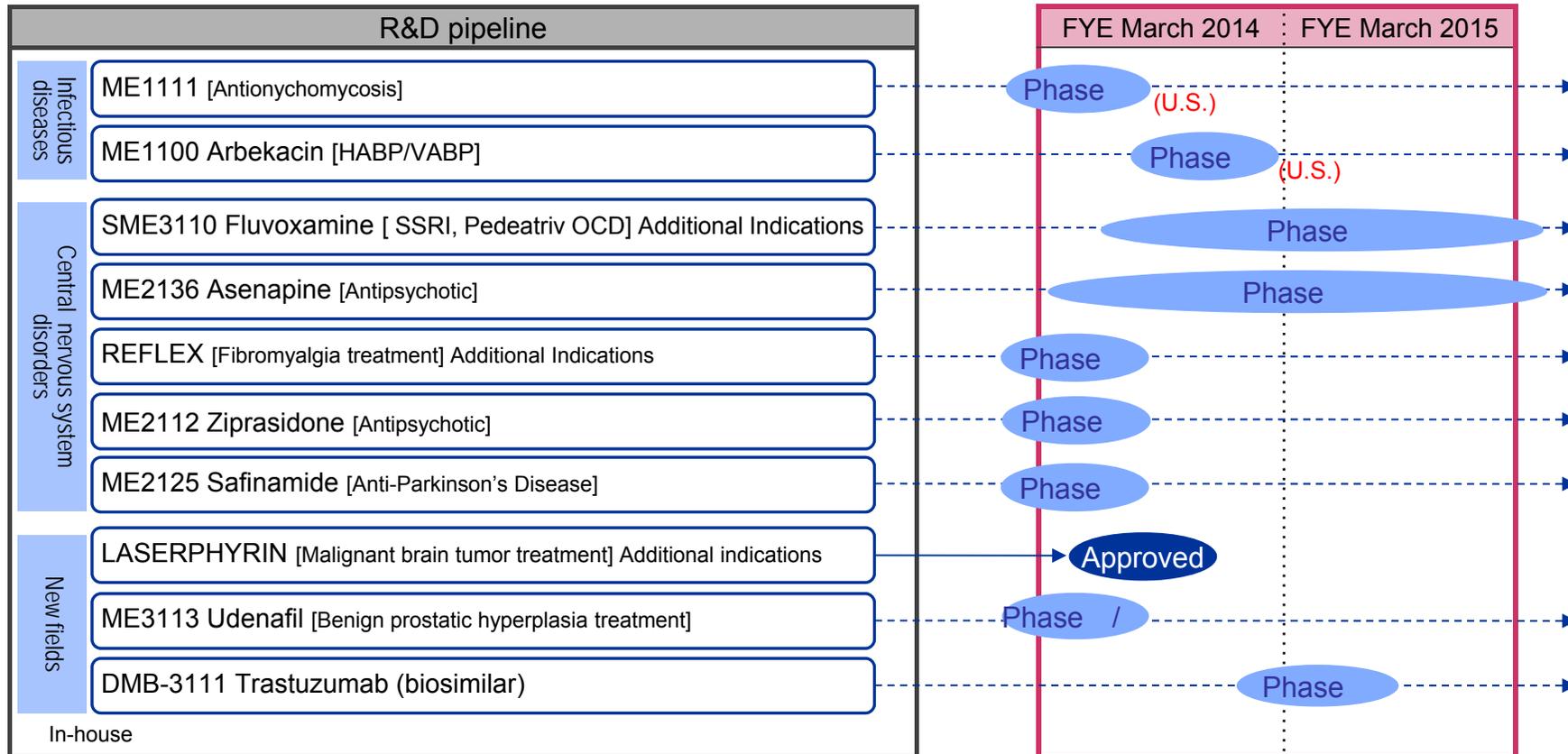
Key Points of Strategies

- Expansion of “specialty & generic” domestic Ethical Pharmaceuticals business
- Accelerating R&D



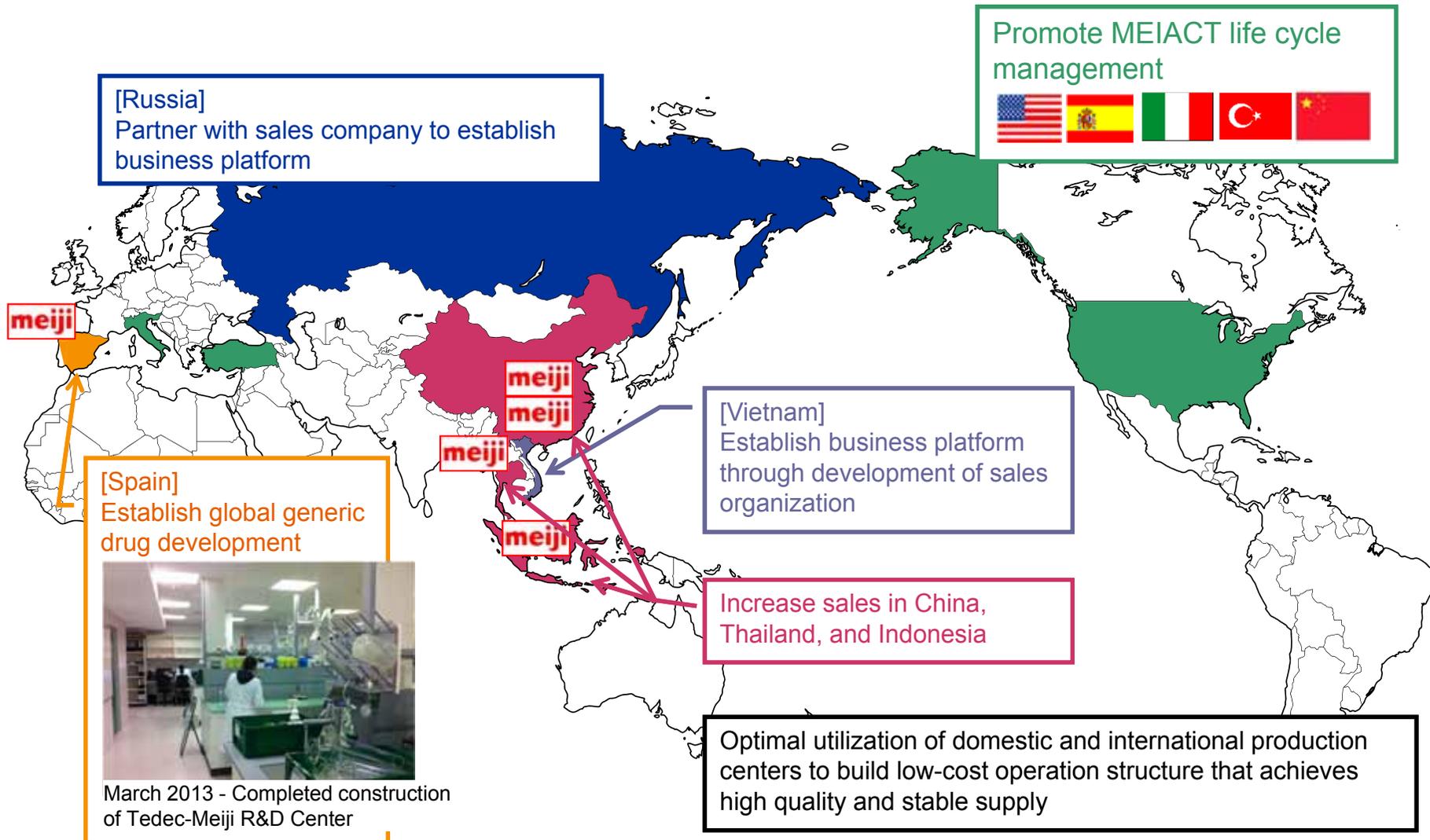


- Fusion strategy
- Brand name drugs:
MEIACT, REFLEX, ORAPENEM
- GE: Expansion of existing products, continuous roll-out of new products
- Enhance sales force
 - October 2013 - Establish new CNS sales offices
 - Dedicated MR - Approx. 190 people



- R&D expenses are increasing as products under development progress to the next phase
- Improve R&D productivity and control budgets appropriately

Establish a global production structure and increase overseas sales



Medium-Term Management Plan

TAKE OFF 14

- Focus on higher profitability and strategic investments for future growth
- Minimize impact on profits by coping flexibly with economic environment
- Achieve operating income of 34 billion yen in FYE March 2014, and the goal of TAKE OFF 14



2. Overview of Financial Results and Forecasts

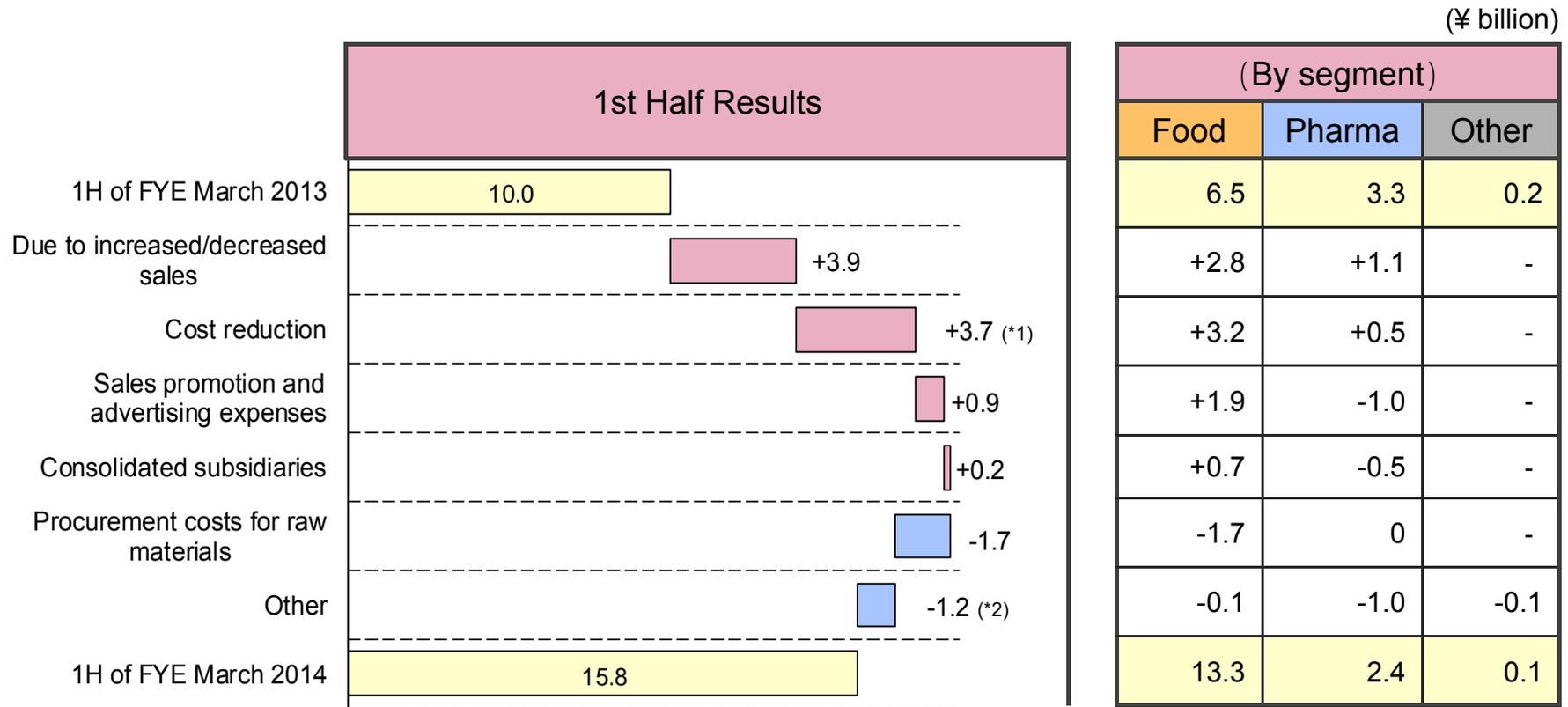
HD Consolidated Results: 1st Half of FYE March 2014 **meiji**

(¥ billion)

		Plan	Results	YoY change		Change vs. plan	
				(Rate)	(Amount)	(Rate)	(Amount)
Meiji HD [consolidated]	Net sales	565.0	562.9	+0.3%	+1.7	-0.4%	-2.1
	Operating income	12.0	15.8	+58.2%	+5.8	+32.5%	+3.8
	Ordinary income	13.0	17.9	+51.8%	+6.2	+37.7%	+4.9
	Net income	6.5	9.7	+85.9%	+4.5	+50.6%	+3.2
Food	Net sales	507.3	504.1	+0.1%	+0.2	-0.6%	-3.2
	Operating income	8.5	13.3	+103.3%	+6.8	+57.3%	+4.8
Pharma	Net sales	59.6	59.6	+2.0%	+1.2	+0.1%	0
	Operating income	3.2	2.4	-26.4%	-0.9	-23.9%	-0.8



Analysis of Consolidated Op. Income: 1st Half



- (Note 1) [Food] Cost reduction in production of dairy products: +0.7
 Cost reduction in production of confectioneries: +0.7
 Cost reduction in Healthcare and Nutritionals business: +0.7
 Cost reduction in distribution of Confectionery business: +0.3
- (Note 2) [Pharma] Increase in R&D expenses: -0.5
 Increase in general expenses: -0.5

HD Consolidated Results and Forecasts: FYE March 2014 **meiji**

(¥ billion)

		1st half		2nd half			Full-year		
		Results	YoY change	Initial Plan (As of May 14)	Revised Plan (As of Nov. 12)	YoY change	Initial Plan (As of May 14)	Revised Plan (As of Nov. 12)	YoY change
Meiji HD [consolidated]	Net sales	562.9	+0.3% +1.7	575.0	565.0	-0.0% -0.1	1140.0	1128.0	+0.1% +1.5
	Operating income	15.8	+58.2% +5.8	17.0	18.1	+14.5% +2.3	29.0	34.0	+31.5% +8.2
	Ordinary income	17.9	+51.8% +6.1	17.0	17.5	+1.5% +0.2	30.0	35.5	+21.9% +6.4
	Net income	9.7	+85.9% +4.5	10.0	9.2	-19.1% -2.1	16.5	19.0	+14.1% +2.3
Food	Net sales	504.1	+0.1% +0.2	499.9	491.8	-1.2% -5.8	1007.2	996.0	-0.6% -5.5
	Operating income	13.3	+103.3% +6.7	12.9	13.1	+2.5% +0.3	21.5	26.5	+36.7% +7.1
Pharma	Net sales	59.6	+2.0% +1.1	75.4	74.0	+7.5% +5.2	135.0	133.7	+5.0% +6.4
	Operating income	2.4	-26.4% -0.8	4.3	5.1	+63.8% +2.0	7.6	7.6	+17.6% +1.1

Points

- **Food** : Upward revision to full-year operating income to reflect first-half increase
- **Pharma** : No revision to full-year operating income



Results and Forecasts by Business in Food Segment : FYE March 2014 **meiji**

(¥ billion)

		1st half		2nd half			Full-year		
		Results	YoY change	Initial Plan (As of May 14)	Revised Plan (As of Nov. 12)	YoY change	Initial Plan (As of May 14)	Revised Plan (As of Nov. 12)	YoY change
Dairy	Net sales	321.2	+3.5% +10.8	300.7	308.3	+2.1% +6.3	609.1	629.6	+2.8% +17.2
	Operating income	12.1	+46.6% +3.8	9.4	9.4	-7.3% -0.6	18.4	21.6	+17.1% +3.1
Confectionery	Net sales	92.8	-4.6% -4.4	100.0	95.6	-3.7% -3.5	195.6	188.5	-4.1% -8.0
	Operating income	1.2	+302.1% +0.9	3.9	3.6	+21.1% +0.6	4.5	4.9	+46.6% +1.5
Healthcare and Nutritional	Net sales	43.0	+4.9% +1.9	40.2	39.0	+1.5% +0.5	82.5	82.1	+3.2% +2.5
	Operating income	1.2	— +1.8	0	0.3	— +0.7	0.3	1.6	— +2.5
Other	Net sales	163.2	+3.6% +5.6	161.6	160.4	-0.9% -1.3	325.1	323.7	+1.3% +4.2
	Operating income	0.3	+2.2% +0	1.2	1.1	-38.7% -0.6	1.8	1.5	-32.1% -0.6
Adjustments	Net sales	-116.2	—	-102.7	-111.6	—	-205.2	-227.9	—
	Operating income	-1.5	—	-1.5	-1.5	—	-3.2	-3.1	—

(Note 1) As reference information for the Food segment, we have included results for each business category (simple calculation figures prior to elimination).

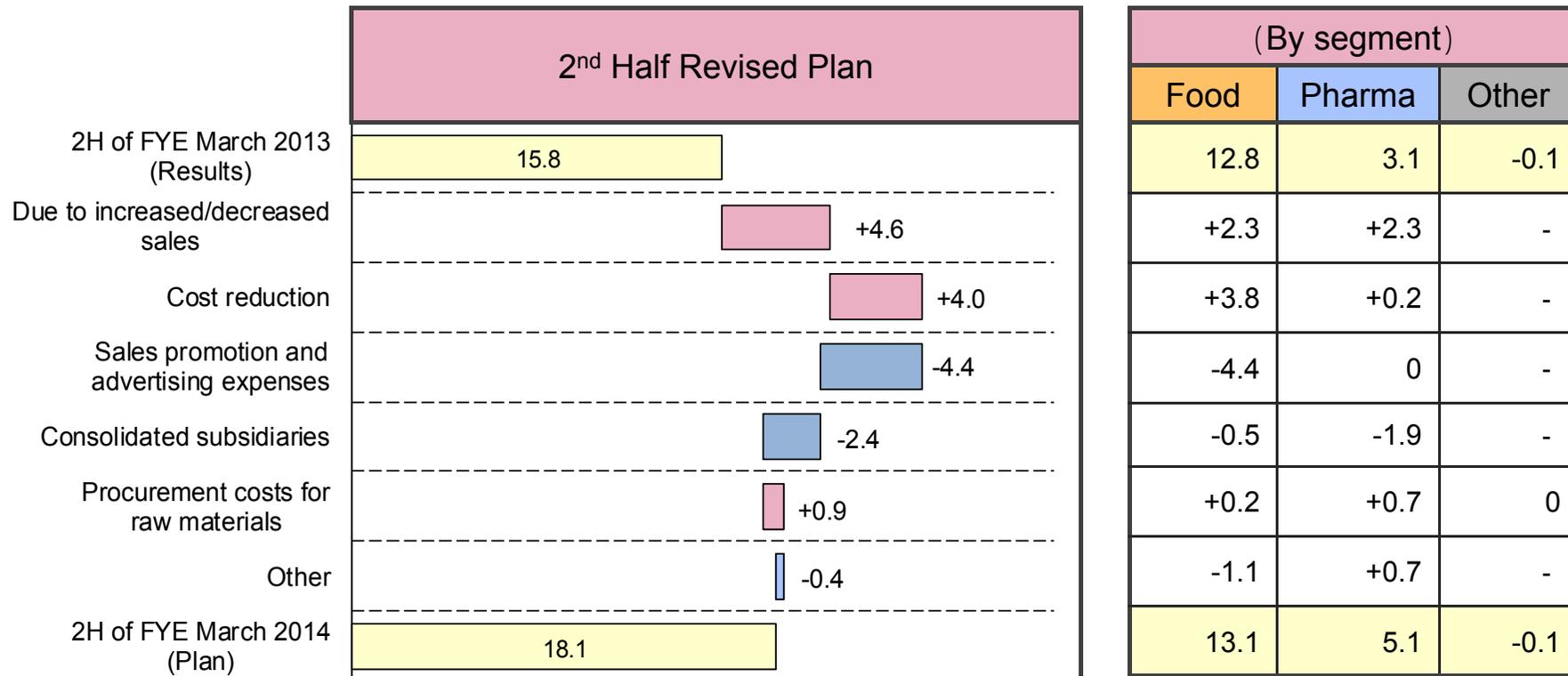
(Note 2) Eliminations within the Food segment include eliminations within each business category and between business categories.

Also, general corporate expenses refer to expenses not allocated to any specific business.

(Note 3) Partial reclassifications of business divisions within the Food segment take effect from the fiscal year ending March 31, 2014.

HD Analysis of Consolidated Op. Income: 2nd Half **meiji**

(¥ billion)



Food

- Will respond to raw material procurement cost increases with adjustments to milk prices and further cost reductions

Pharma

- Growth in domestic Ethical Pharmaceuticals business
- Adjustment of R&D expenses to reflect heavier budget use during first half



Analysis of Consolidated Op. Income: FYE March 2014



(¥ billion)

	Full-year Revised Plan			(By segment)		
	Food	Pharma	Other			
FYE March 2013 (Results)	25.8			19.3	6.4	0
Due to increased/decreased sales	+8.5			+5.1	+3.4	-
Cost reduction	+7.7			+7.0	+0.7	-
Sales promotion and advertising expenses	-6.1			-6.1	0	-
Consolidated subsidiaries	-1.5			+1.4	-2.9	-
Procurement costs for raw materials	-0.3			+0.1	-0.3	-0.1
Other	-0.2			-0.4	+0.2	-
FYE March 2014 (Plan)	34.0			26.5	7.6	-0.1

(¥ billion)

	FYE March 2012	FYE March 2013	FYE March 2014		FYE March 2013-2015
	Results	Results	1st Half Results	Full-year Revised Plan	TAKE OFF 14
Capital expenditures	38.3	37.6	21.8	51.1	161.7
Depreciation and amortization	40.8	40.8	19.8	41.0	126.5
R&D expenses	23.8	26.2	12.3	26.3	73.5
Free cash flows	-13.7	11.1	3.6	7.8	15.3
(operating cash flow portion)	30.5	50.6	25.8	68.3	170.5
Interest bearing debt	205.3	205.4	205.6	204.0	210.0~ 230.0
ROE	2.3%	5.5%	—	5.5%	7%
Dividends (yen)	80	80	40	80	—

(Note 1) The figures for capital expenditures includes the investment amount for intangible assets

(Note 2) Free cash flows = cash flows from operating activities + cash flows from investing activities

Points of Capital Expenditures

- Primarily investments in Food segment. Due to the fact that payments for some projects are behind schedule, the original plan has been revised from 61.3 billion yen to 51.1 billion yen.