



Financial Results

- For the Fiscal Year ended March 31, 2014 -

May 20, 2014

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

Initial Targets

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

(billions of yen)

		FYE March 2013	FYE March 2014		
		Results	Initial plan	Revised plan	YOY change
Meiji HD [Consolidated]	Net sales	1,126.5	1,140.0	1,128.0	+0.1%
	Operating income	25.8	29.0	34.0	+31.5%
	Ordinary income	29.1	30.0	35.5	+21.9%
	Net income	16.6	16.5	19.0	+14.1%
Food	Net sales	1,001.5	1,007.2	996.0	-0.6%
	Operating income	19.3	21.5	26.5	+36.7%
Pharma- ceuticals	Net sales	127.3	135.0	133.7	+5.0%
	Operating income	6.4	7.6	7.6	+17.6%

- Strategic investments in growth and priority businesses
 - Restructuring to improve profitability
- ↓
- Revised the initial plan as of November, based on the 1st half results

(billions of yen)

		FYE March 2013	FYE March 2014					
			Results	Revised plan	Results	YoY change		vs. plan
		(Rate)				(Amount)	(Rate)	(Amount)
Meiji HD [Consolidated]	Net sales	1,126.5	1,128.0	1,148.0	+1.9%	+21.5	+1.8%	+20.0
	Operating income	25.8	34.0	36.4	+41.1%	+10.6	+7.3%	+2.4
	Ordinary income	29.1	35.5	39.0	+34.2%	+9.9	+10.1%	+3.5
	Net income	16.6	19.0	19.0	+14.5%	+2.4	+0.3%	+0.0
Food	Net sales	1,001.5	996.0	1,015.2	+1.4%	+13.7	+1.9%	+19.2
	Operating income	19.3	26.5	28.1	+45.4%	+8.8	+6.6%	+1.6
Pharmaceuticals	Net sales	127.3	133.7	135.1	+6.1%	+7.8	+1.1%	+1.4
	Operating income	6.4	7.6	8.3	+29.3%	+1.9	+10.0%	+0.7

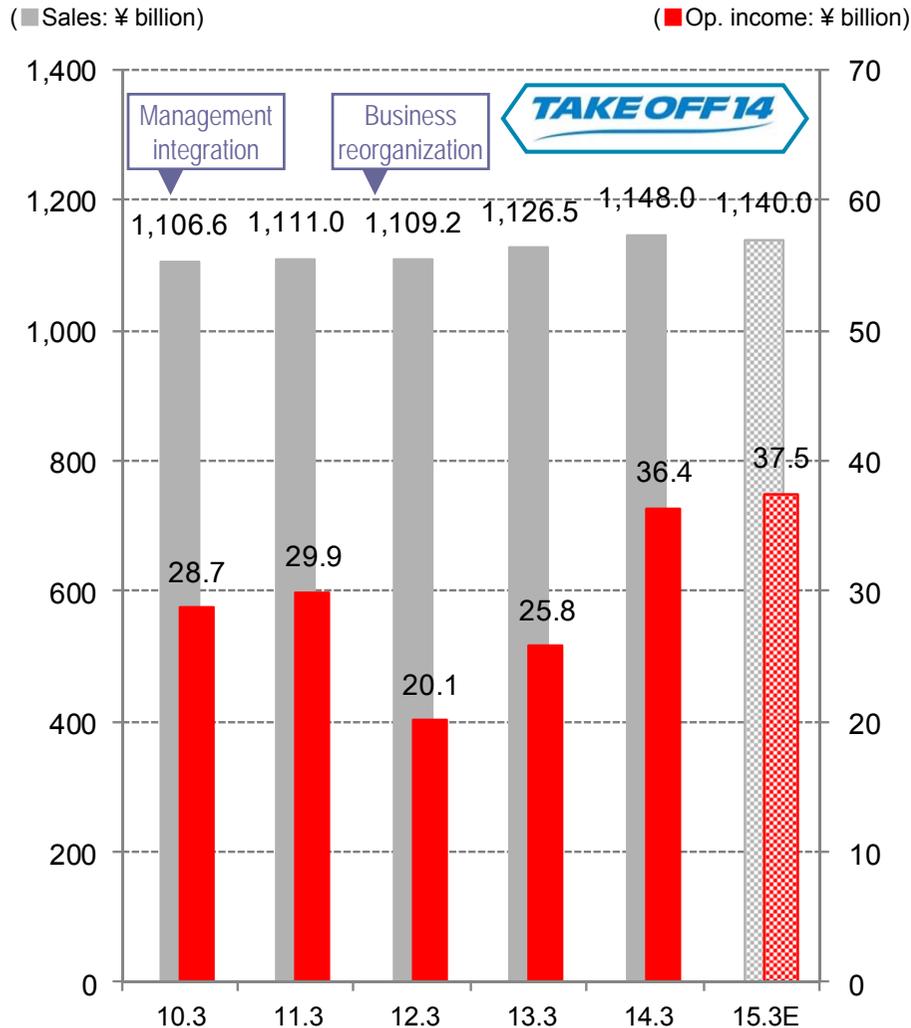
- Consolidated earnings exceeded previous period and forecasts
 - **Food** Increased income from Dairy, Confectionery, and Healthcare and Nutritionals businesses
 - **Pharma** Increased income due to increased revenue from domestic ethical pharmaceuticals and low-cost operations

Food segment

- Implemented organizational reforms in April 2013 to promote structural reform across all businesses
 - Probiotics yogurt remained strong and significantly improved product mix in Dairy business
 - In Confectionary and Healthcare and Nutritionals businesses, strategy to focus on long-selling and mainstay products contributed to increased income
 - Reevaluated business structures of all companies, including subsidiaries
- Structural reform and measures against cost increases to offset the impact of yen depreciation and rising raw material costs
- New consolidation of overseas subsidiaries

Pharma segment

- Sales growth for domestic ethical pharmaceuticals is steady. The anti-depressant drug REFLEX and generic drugs (GE) significantly outperformed both previous year figures and forecasts
- R&D budget was applied effectively throughout the progress of the R&D stage
- Agricultural chemical were on par with the previous period while veterinary drug revenue declined due to market changes and increased competition



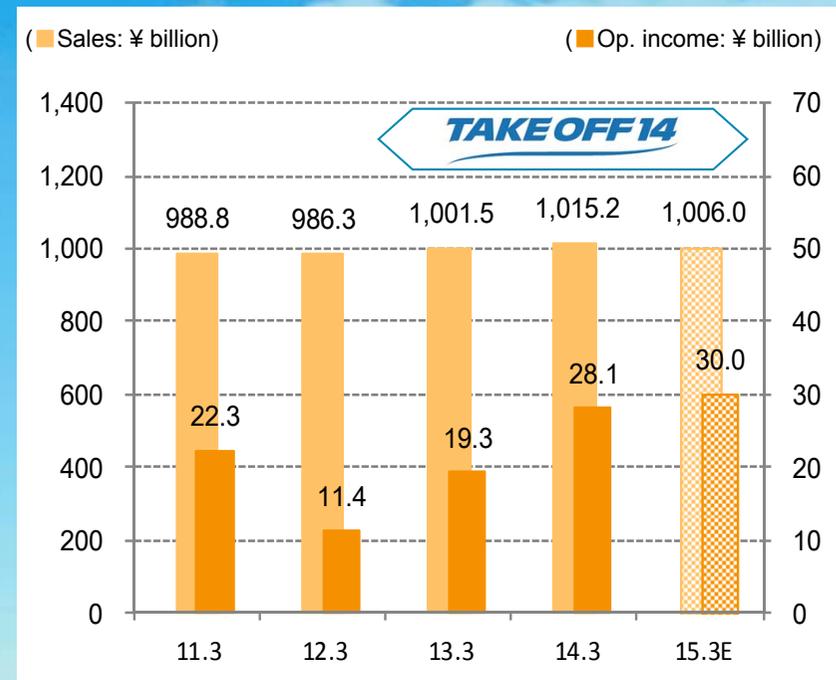
	Initial Targets	15.3 (Forecast)
Net sales	1.19 trillion yen	1.14 trillion yen
Op. income	40.0 billion yen	37.5 billion yen
Food	30.0 billion yen	30.0 billion yen
Pharma	10.0 billion yen	7.6 billion yen
ROE	7%	6.6%

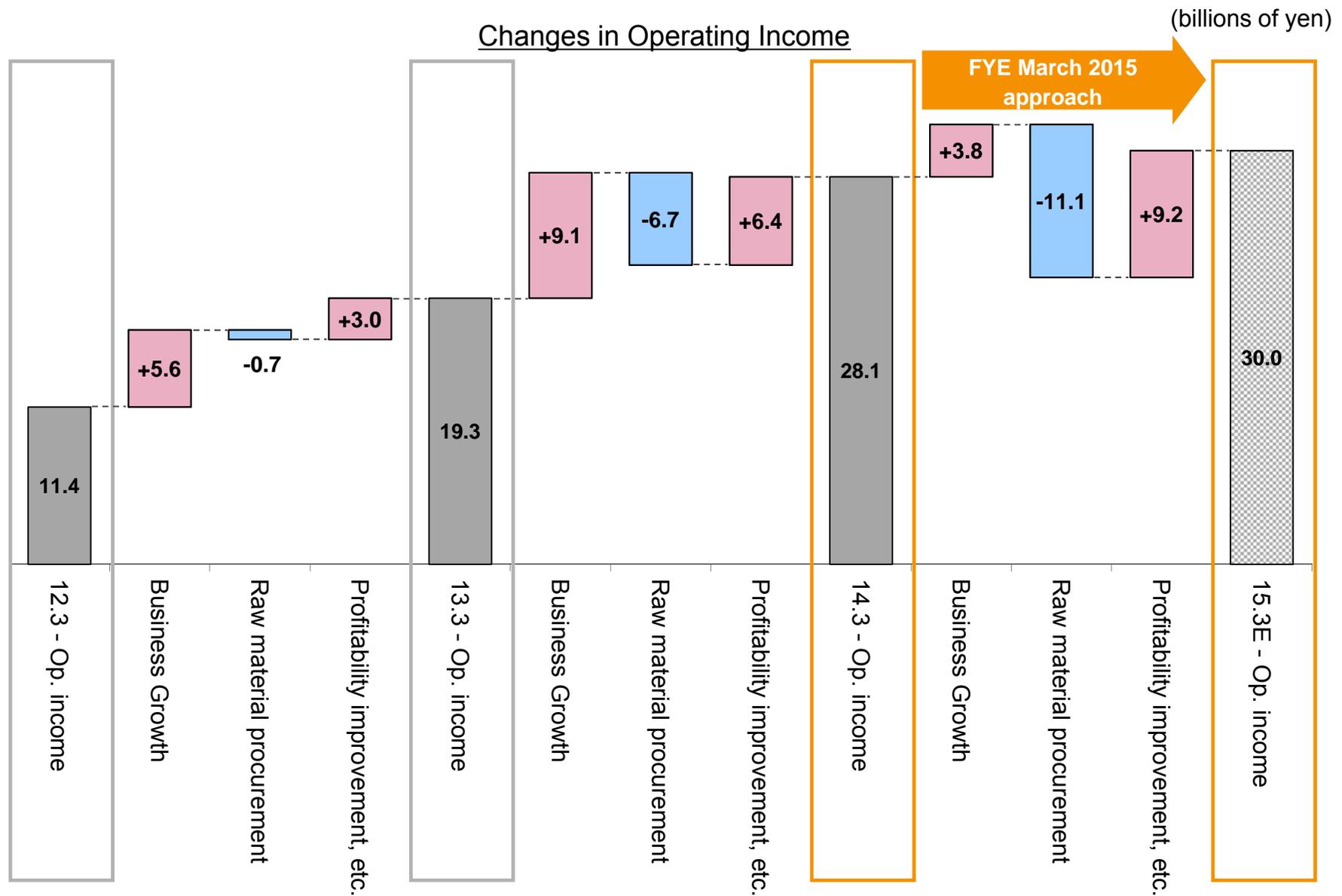
- Impact of raw material cost increases and NHI price revisions that exceeded initial assumptions
 - **Food** Structural reforms and cost reductions to achieve initial targets
 - **Pharma** The impact of NHI revisions is significant but mainstay products and GE are growing
- Need to observe post-tax rate hike consumer trends and market conditions while trying hard to achieve profit targets

Food

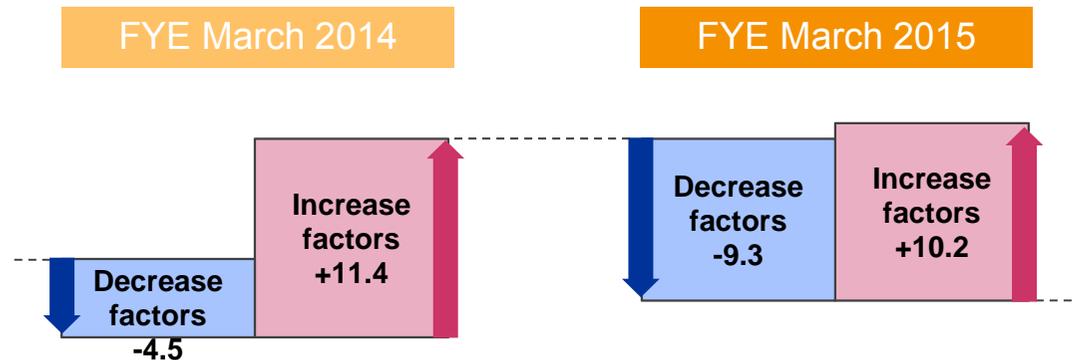
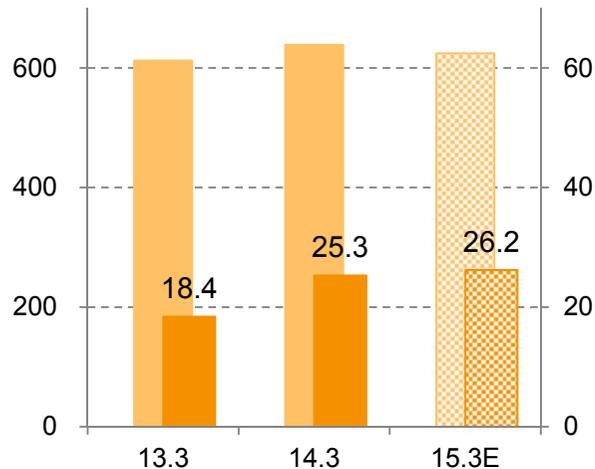
Strategies in Food Segment

- Continue structural reforms and cost reductions
- Enhance competitiveness of winning brands
- Absorb impact of rising raw material costs

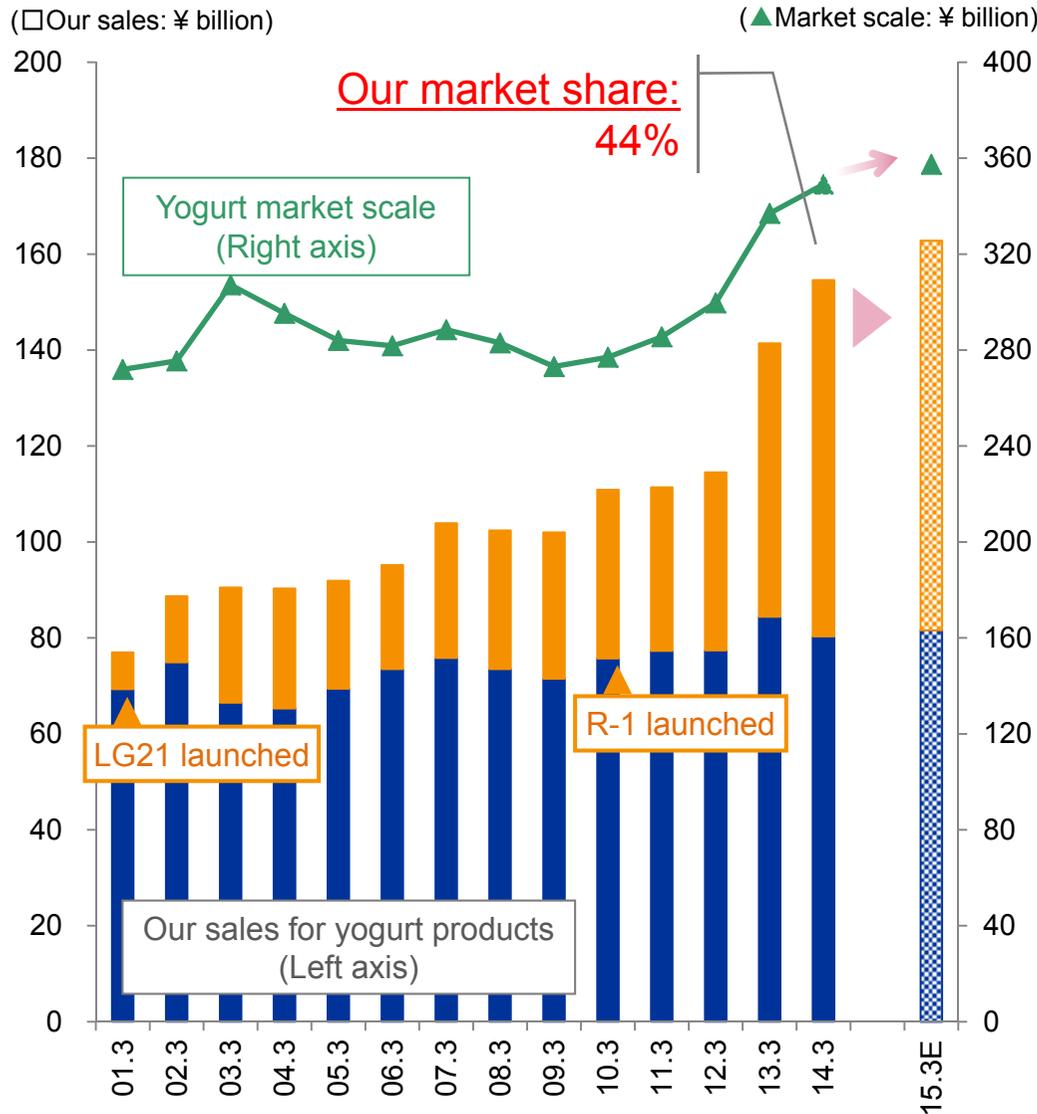




(¥ billion) Trend in Sales and Op. income



- Increase sales of probiotics yogurt, eliminate unprofitable products to improve product mix
- Revise price, reduce net content and change packaging
- Improve production/distribution efficiency to reduce costs
- Reform distributor subsidiaries



Probiotics net sales
 FYE March 2015 (forecast)
 +9% year on year

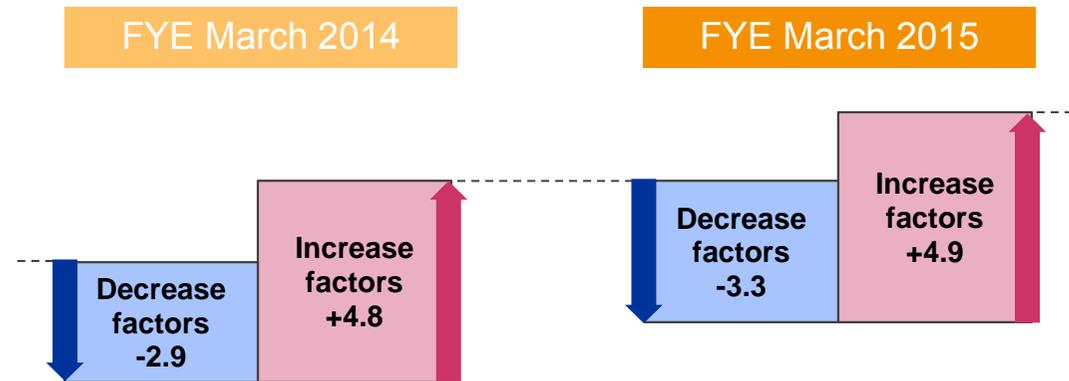
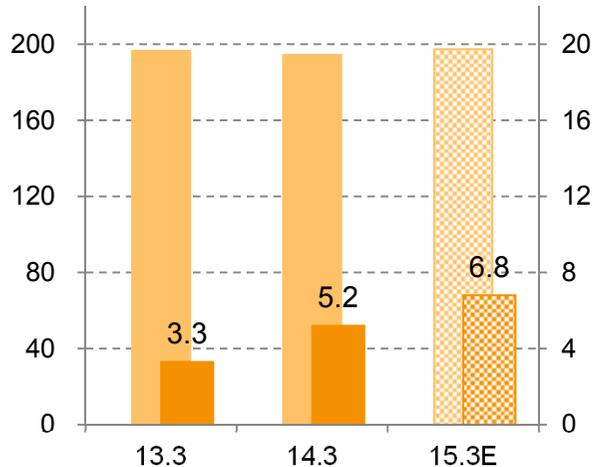
- Aggressive marketing activities to improve brand recognition
- Consider expand production capacity to meet increasing demand



Bulgaria net sales
 FYE March 2015 (forecast)
 +2% year on year

- Provide benefit of yogurt to expand sales
- Provide scientific information about LB81 lactobacillus

(¥ billion) Trend in Sales and Op. income



Chocolate



Nuts chocolate



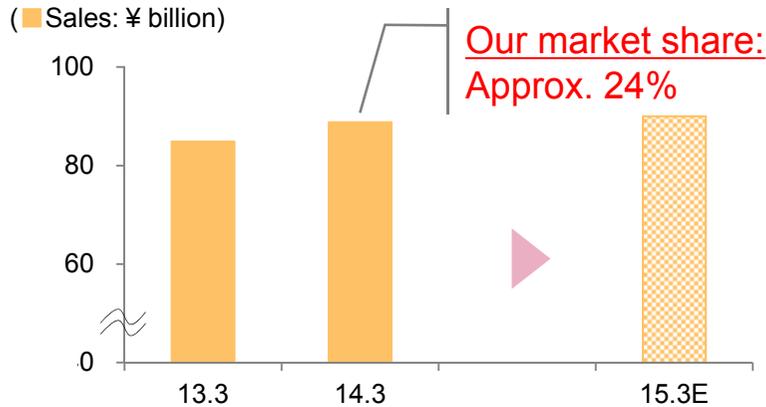
Chocolate snack



Ice cream

- Focus on chocolate and other long-selling products
- Optimize the number of product lineup
- Expand ice cream lineup
- Offset rise in imported raw material prices
- Maximize efficiency related to marketing expenses, production, supply and demand, and distribution

Chocolate



Chocolate net sales
 FYE March 2015 (forecast)
 +1.3% year on year

- Focus on long-selling products
- Enhance product strengths
 - For adults
 - Focusing on health benefits of Polyphenol



Ice cream

- Expand Essel Super Cup
- Expand Chocolate Ice Cream series lineup
- Promote The Premium Gran

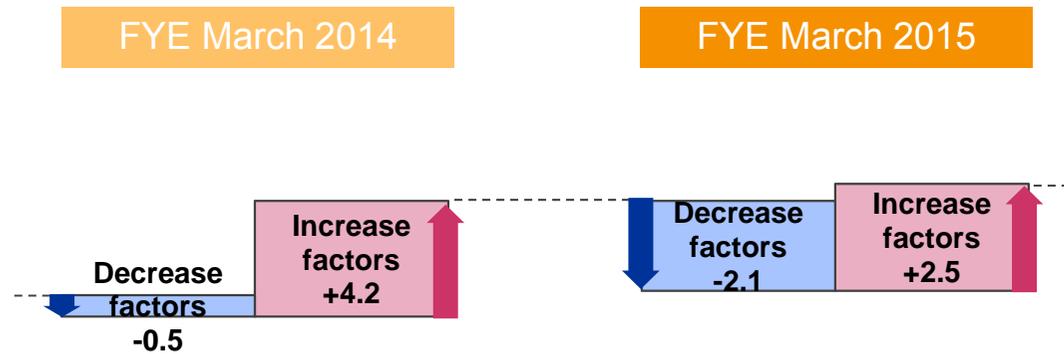
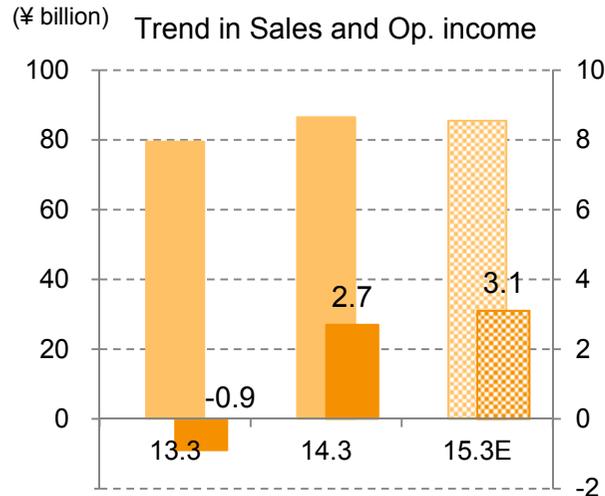


“Meiji Essel Super Cup” “Meiji The Premium Gran”



The Meiji chocolate ice cream series





- Sports nutrition: Promotional activities with focus on communication
- Infant formula: Promotion of proprietary cube-shaped product
- Enteral formulas: Launch of new plant to expand business
- Reevaluate sales system, maximize efficiency of sales and advertisement expenses
- Offset rise in imported dairy ingredient prices

Overseas: Key Areas are China, Asia, and the U.S. **meiji**



China



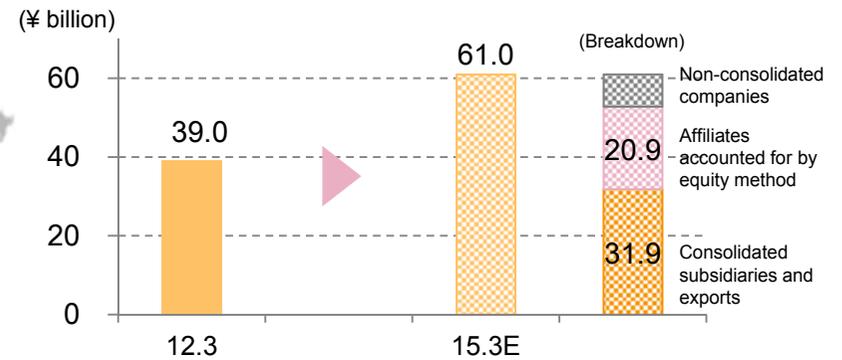
The U.S.



Asia



● Sales of Overseas business





- Thailand: Enhance fresh dairy business
- CP-Meiji Co., Ltd.(equity method applied)



- Sales and exports of chilled milk and yogurt products are steady
- Increase production capacity
- From August 2013, Bulgaria yogurt products sold at CVS, and develop plain yogurt market
- Net sales target for 2015: 20 billion yen



- China: Launch of fresh dairy business

- Meiji Dairies(Suzhou) Co., Ltd.,
Meiji Dairies Trading(Shanghai) Co., Ltd. (both newly consolidated)

Meiji Bulgaria Yogurt advertisements



- Procure high-quality dairy ingredients locally. Utilize proprietary manufacturing technology and R&D strengths
- Since December 2013, distribute chilled milk and Bulgaria yogurt products to our target city, Shanghai
- Expand volume retailers and CVS as main distribution channel
- Net sales target for 2016: 2 billion yen



- Asia/the U.S.: Expansion of chocolate snacks business
 - Meiji Seika (Singapore) Pte. Ltd., Meiji America Inc., etc. (consolidated)

- Consolidated net sales of 20 billion yen with focus on chocolate snacks
- Utilize production and sales sites in Singapore, Indonesia, Thailand, etc.
- Mainstay products, Hello Panda and other, are exported from Singapore to over 50 countries



- China: structural reform of confectionery business
 - Meiji Seika (Shanghai) Co., Ltd., Meiji Seika Food Industry (Shanghai) Co., Ltd.

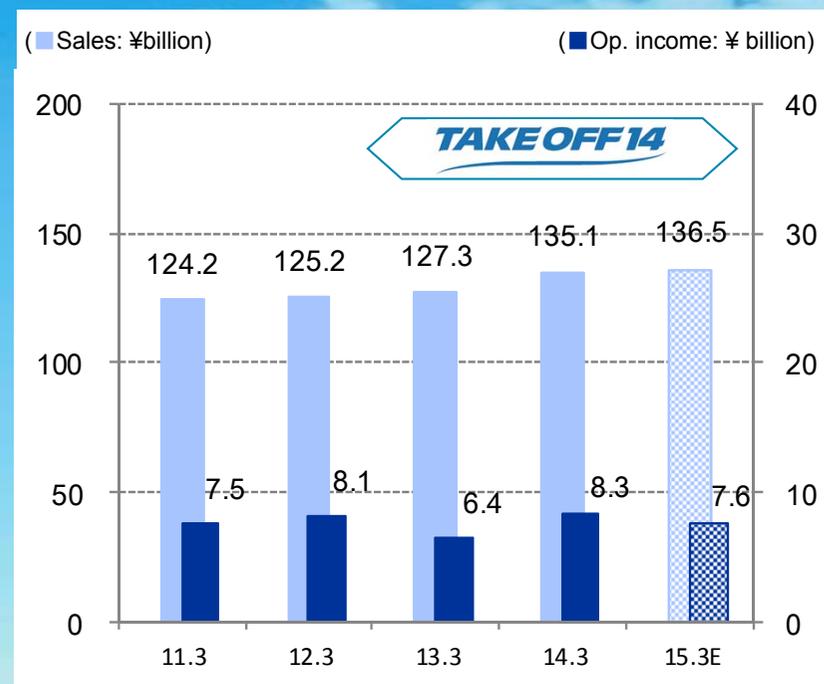


- Improve revenues during TAKE OFF 14 period
- Review product strategies and promote low-cost operations
 - Enhance product lineup
 - Maximize production / supply & demand / distribution efficiency, and allocate marketing expenses

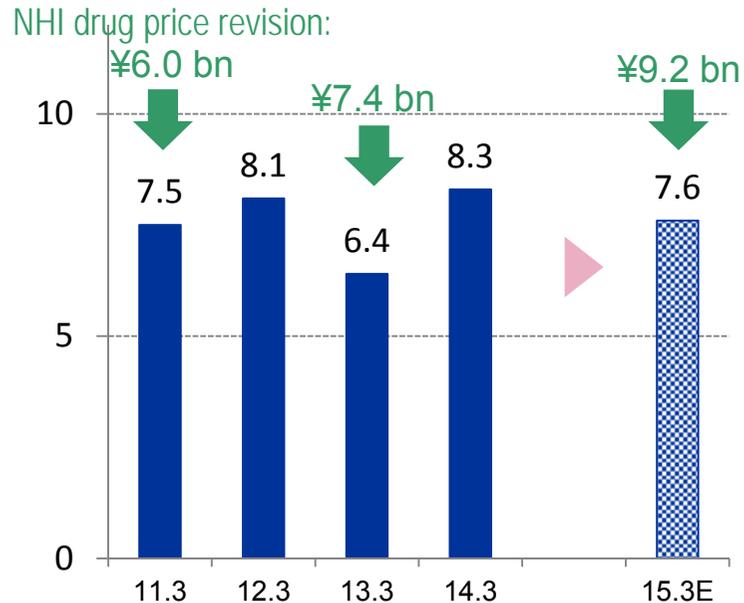
Pharma

Strategies in Pharmaceuticals Segment

- Offset impact of NHI price revisions
- Expand domestic ethical pharmaceuticals business as Specialty & Generic Pharma

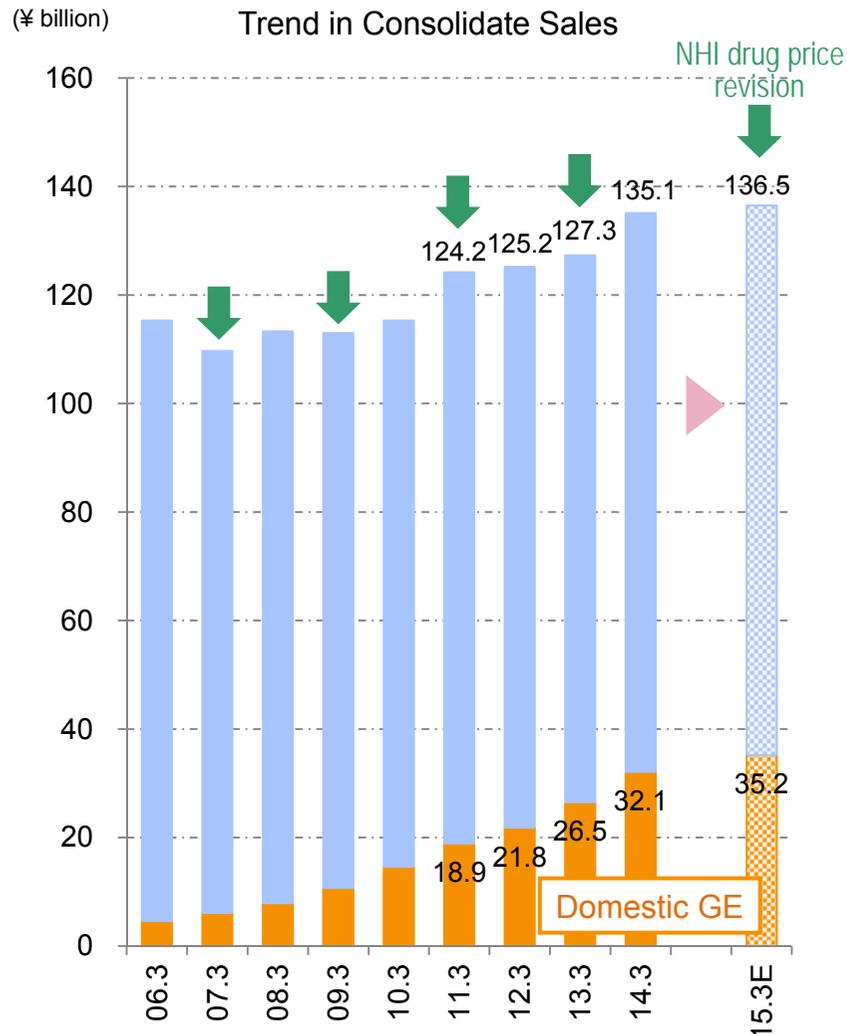


(¥ billion) Trend in Consolidated Op. Income

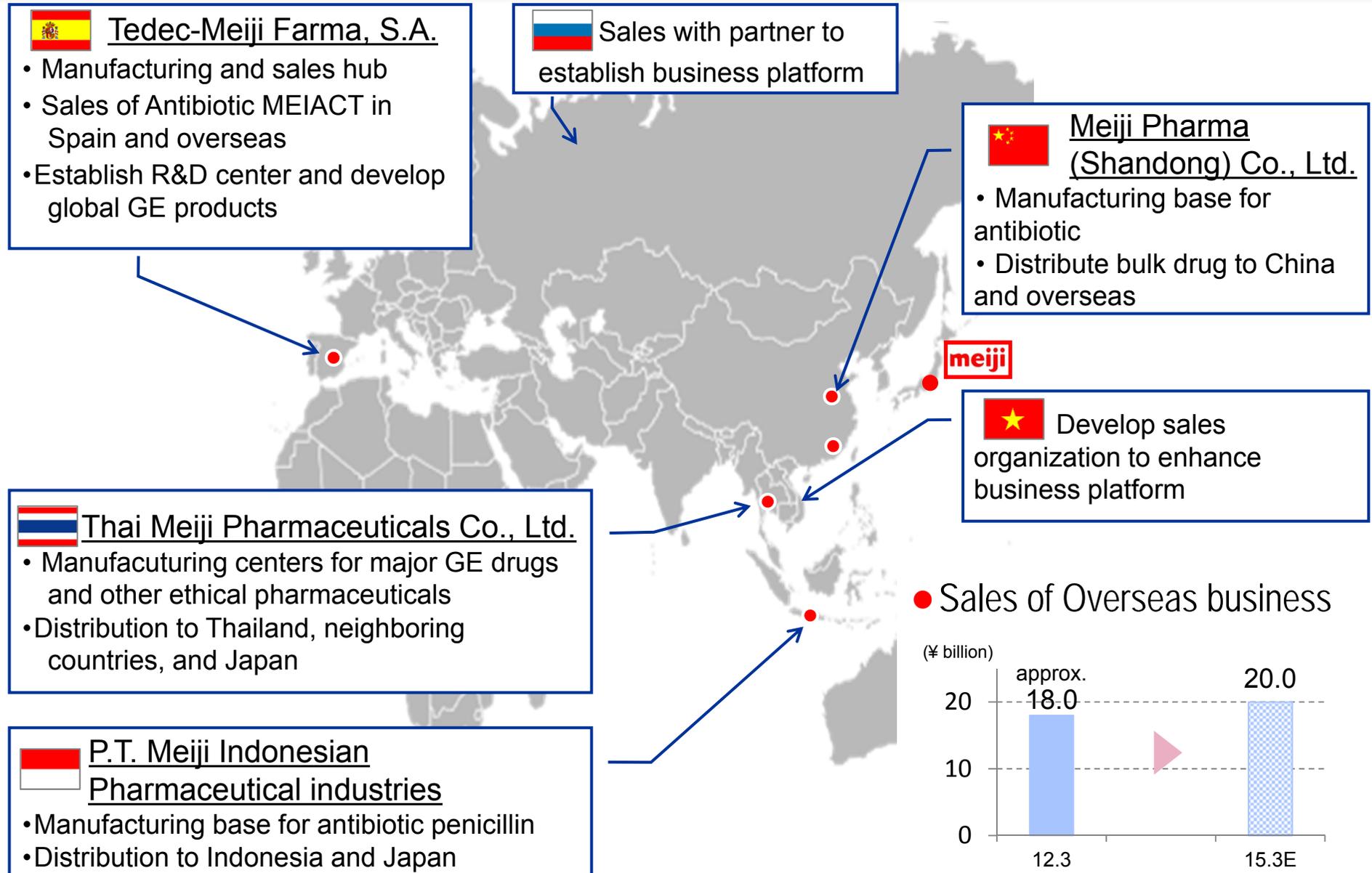


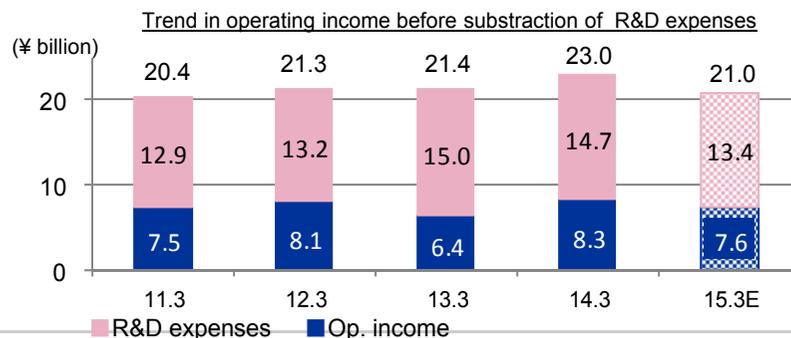
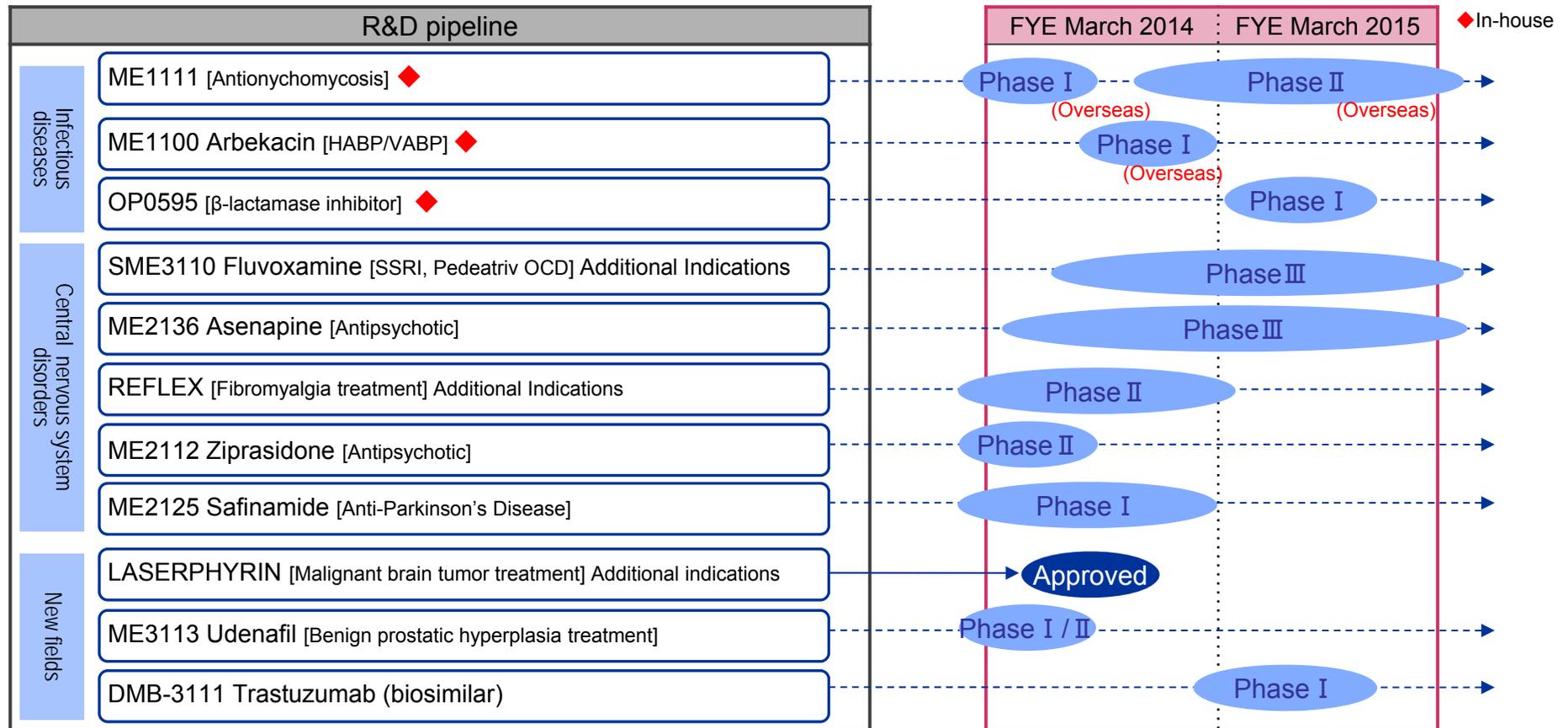
- Increase domestic sales of ethical pharmaceuticals and GE
- Exploit global production system to improve production capacity and reduce costs

Market conditions and background	<ul style="list-style-type: none"> ● National policy to reduce social insurance and medical costs ● Government-outlined GE usage goals: <u>60% and higher</u> by the end of March 2018
Impact of NHI price revisions	<ul style="list-style-type: none"> ● Additional price reductions on long-term listed drugs ● Categorize GE prices into three tiers, Also lower initial listing rate
Factors for GE market expansion	<ul style="list-style-type: none"> ● Increase pharmacy compensation ● Promote GE use at DPC hospitals



- Expansion of domestic ethical pharmaceuticals
 - Promote the anti-depressant drug REFLEX and other mainstay products
- GE product lineup (54 ingredients, 63 formulations)
 - Major domains: anti-infection, CNS
 - Major fields: internal medicine, psychosomatic medicine, otolaryngology, psychiatry
 - Market size and medical needs
- Our strengths in GE business: quality assurance, distribution, and information provision





- Progress development stage
- Increase R&D productivity, FYE March 2015 R&D budget to reduce to approx. 13 billion yen

Medium-Term Management Plan

TAKE OFF 14

- Continue profitability improvement and strategic investment initiatives
- Flexible response to market changes
- Successful completion of TAKE OFF 14

2. Overview of Financial Results and Forecasts

(billions of yen)

		Revised plan	Results	YoY change		vs. plan	
				(Rate)	(Amount)	(Rate)	(Amount)
Meiji HD [Consolidated]	Net sales	1,128.0	1,148.0	+1.9%	+21.5	+1.8%	+20.0
	Operating income	34.0	36.4	+41.1%	+10.6	+7.3%	+2.4
	Ordinary income	35.5	39.0	+34.2%	+9.9	+10.1%	+3.5
	Net income	19.0	19.0	+14.5%	+2.4	+0.3%	+0.0
Food	Net sales	996.0	1,015.2	+1.4%	+13.7	+1.9%	+19.2
	Operating income	26.5	28.1	+45.4%	+8.8	+6.6%	+1.6
Pharma- ceuticals	Net sales	133.7	135.1	+6.1%	+7.8	+1.1%	+1.4
	Operating income	7.6	8.3	+29.3%	+1.9	+10.0%	+0.7

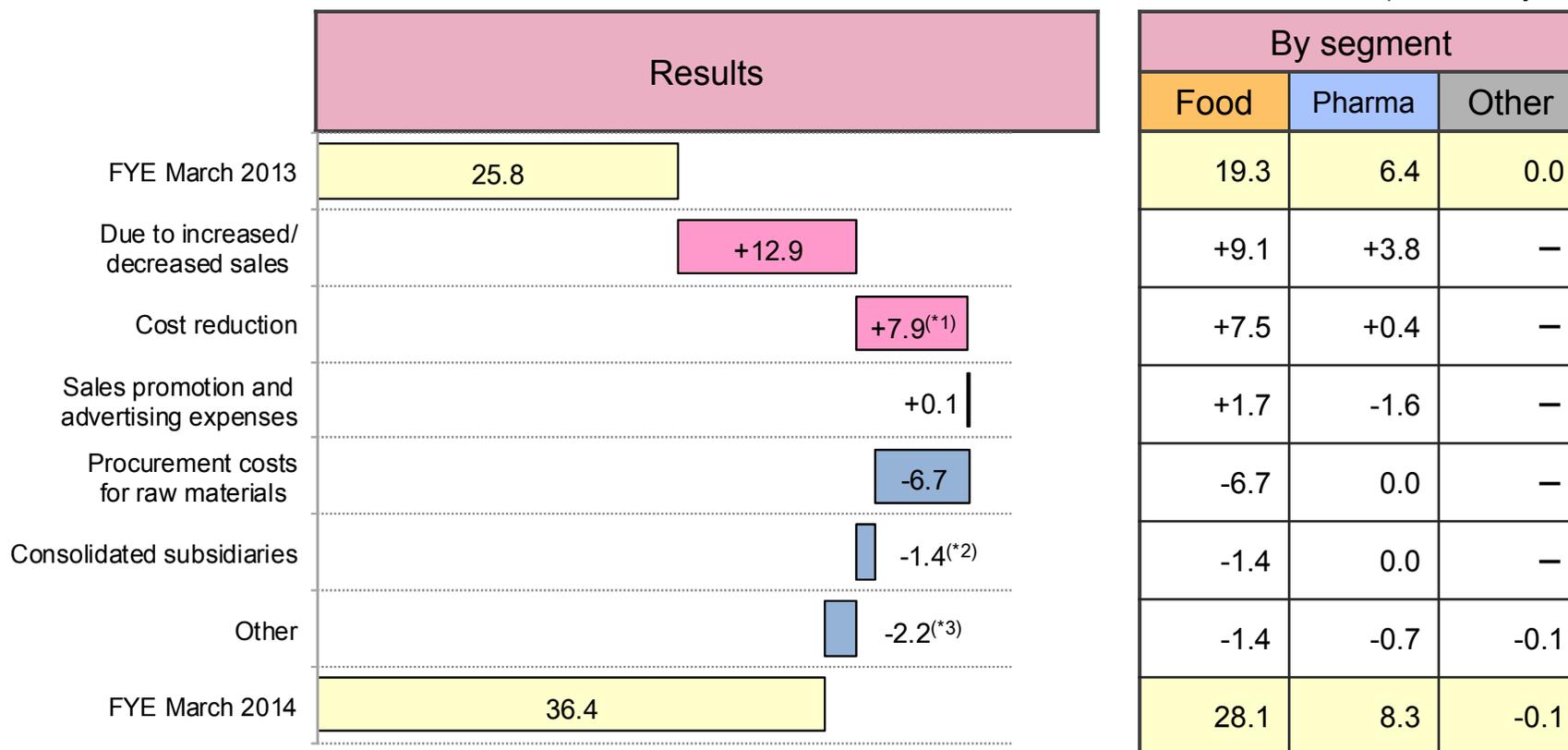
- Consolidated earnings exceeded previous period and forecasts
- Extraordinary losses: 6.9 billion yen
 - > Mainly due to structural reforms in Food segment



FYE March 2014 Consolidated Operating Income



(billions of yen)



(Note1) [Food] Cost reduction in production of dairy products: +1.5 Cost reduction in Dairy business: +1.9
 Cost reduction in production of confectioneries: +1.3 Cost reduction in Confectionery business: +1.1
 Cost reduction in Healthcare and Nutritionals business: +1.6

(Note2) [Food] Consolidation of overseas subsidiaries: -1.7

(Note3) [Food] Loss on valuation of real estate for sale: -1.5

[Pharma] Decrease in R&D expenses: +0.5 Increase in general expenses: -1.2

(billions of yen)

		1st half		2nd half		Full-year	
		Plan	YoY change	Plan	YoY change	Plan	YoY change
Meiji HD [Consolidated]	Net sales	555.0	-1.4% -7.9	585.0	-0.0% -0.1	1,140.0	-0.7% -8.0
	Operating income	14.4	-9.4% -1.4	23.1	+12.1% +2.6	37.5	+2.7% +1.1
	Ordinary income	14.6	-18.5% -3.3	22.9	+8.1% +1.8	37.5	-4.1% -1.5
	Net income	7.6	-22.4% -2.1	13.9	+50.0% +4.7	21.5	+12.8% +2.5
Food	Net sales	497.3	-1.4% -6.8	508.7	-0.5% -2.3	1,006.0	-0.9% -9.2
	Operating income	13.4	+0.2% +0.1	16.6	+12.0% +1.8	30.0	+6.4% +1.9
Pharma- ceuticals	Net sales	58.5	-1.9% -1.1	78.0	+3.4% +2.6	1,36.5	+1.0% +1.4
	Operating income	1.0	-59.0% -1.4	6.6	+11.5% +0.7	7.6	-9.0% -0.7

- Net sales on par with previous period, forecasting increases in operating income and net income
 - **Food** Net sales are comparative with previous period but forecasting increased income
 - **Pharma** Forecast of increased revenue, decreased income

(billions of yen)

		1st half		2nd half		Full-year	
		Plan	YoY change	Plan	YoY change	Plan	YoY change
Dairy	Net sales	313.0	-2.6% -8.2	311.6	-1.8% -5.8	624.6	-2.2% -14.1
	Operating income	12.6	+4.1% +0.5	13.5	+2.8% +0.4	26.2	+3.5% +0.9
Confectionery	Net sales	96.6	+4.1% +3.8	100.8	-0.8% -0.8	197.4	+1.5% +3.0
	Operating income	2.2	+87.7% +1.0	4.5	+14.6% +0.6	6.8	+31.7% +1.6
Healthcare and Nutritionals	Net sales	42.0	-2.3% -1.0	43.4	+0.1% +0.0	85.5	-1.1% -1.0
	Operating income	1.6	+26.8% +0.4	1.4	+1.6% +0.0	3.1	+13.4% +0.4
Other	Net sales	162.5	-0.4% -0.7	166.4	+0.8% +1.2	329.0	+0.2% +0.6
	Operating income	-0.4	— -0.7	0.2	— +2.5	-0.1	— +1.9
Elimination	Net sales	-116.9	— -0.7	-113.7	— +3.0	230.6	— +2.3
	Operating income	-2.8	— -1.3	-3.2	— -1.8	-6.0	— -3.0

(Note1) As reference information for the Food segment, we have included results for each business category (simple calculation figures prior to elimination)

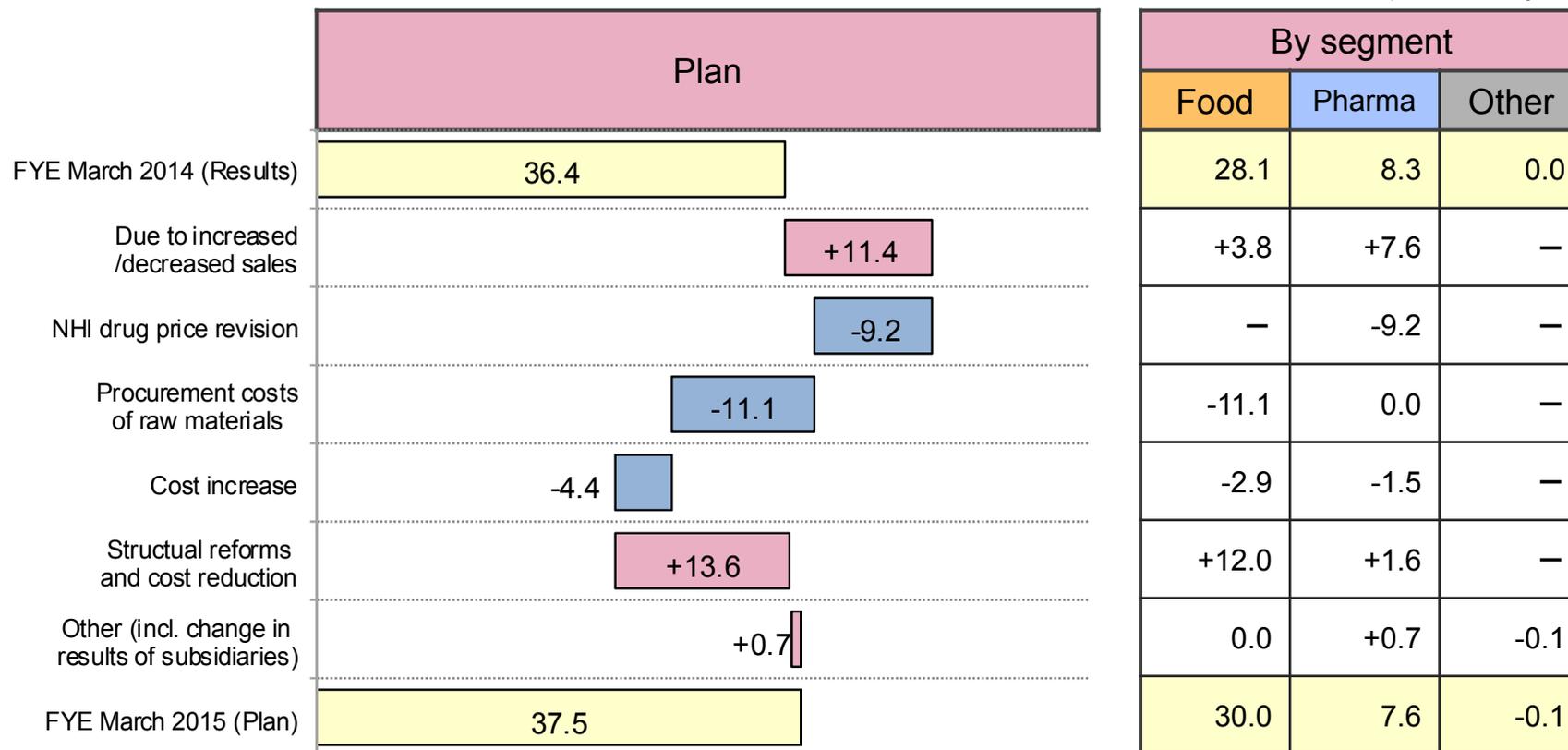
(Note2) Eliminations within the Food segment include eliminations within each business category and between business categories.



FYE March 2015 Consolidated Operating Income



(billions of yen)



- Impact of huge increase in raw material prices in Food segment

Full year	1st half	2nd half
11.1 billion yen	7.0 billion yen	4.1 billion yen

- Dairy: 7.1 billion yen / raw milk prices (for drinking milk + for processed products), imported dairy ingredients and cheese, packaging, etc.
 - Confectionery: 2.4 billion yen / cocoa beans, etc.
 - Healthcare and nutritionals: 1.5 billion yen / imported dairy ingredients, etc.
- 12 billion yen in structural reforms and cost reduction initiatives
 - Cost reductions such as efficiency improvement for production and distribution
 - Reduction in sales promotion and advertisement expenses
 - Reduction of net content and marked-up



Consolidated Financial Position as of March 31, 2014



(billions of yen)

	As of Mar. 31, 2014	YoY change
Current assets	329.0	-12.1
Cash and deposits	19.5	+2.6
Notes and accounts receivable	163.1	-12.6
Inventory	121.6	+0.4
Other	24.6	-2.6
Fixed assets	450.3	+6.0
Property, plants and equipment	325.6	+13.5
Intangible assets	8.1	+0.4
Investments and other fixed assets	116.5	-7.8
Total assets	779.4	-6.0

	As of Mar. 31, 2014	YoY change
Current liabilities	261.4	-48.2
Notes and accounts payable	94.3	-15.1
Short-term bank loans, current portion of bonds, CP	63.7	-33.3
Other	103.3	+0.1
Long-term liabilities	189.8	+34.7
Long-term bank loans, bonds	134.6	+26.3
Other	55.2	+8.3
Total liabilities	451.3	-13.5
Shareholder's equity	318.3	+13.3
Other	9.7	-5.8
Total net assets	328.1	+7.5
Total liabilities and net asset	779.4	-6.0

Shareholder's equity ratio	41.1%
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Capital Expenditures, Depreciation, Cash Flow, Shareholder Returns



(billions of yen)

	FYE March 2012	FYE March 2013	FYE March 2014	FYE March 2015		 Initial plan
	Results	Results	Results	1st half plan	Full-year plan	
Capital expenditures	38.3	37.6	47.0	31.5	55.0	161.7
Depreciation and amortization	40.8	40.8	40.9	20.2	42.1	126.5
R&D expenses	23.8	26.2	26.0	10.9	24.7	73.5
Free cash flows	-13.7	11.1	16.5	—	-4.6	15.3
(Operating cash flow portion)	30.5	50.6	63.8	—	51.7	170.5
Interest bearing debt	205.3	205.4	198.3	—	208.0	210.0~ 230.0
ROE	2.3%	5.5%	6.0%	—	6.6%	7%
Dividends per share	80 yen	80 yen	80 yen	40 yen	80 yen	—

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

- TAKE OFF 14 capital expenditures for 3 years: 139.6 billion yen (projected)
(FYE March 2015 major capital expenditures)
 -  Kansai enteral formula manufacturing plant, new Aichi Plant (fresh dairy), etc.
 -  Capital expenditures at overseas affiliates, etc.

*For the next 100 years,
Contribute to “Tastiness, Enjoyment
Health and Reassurance”*

