

Meiji Holdings Co., Ltd.  
FYE March 2016 Results Briefing for Analysts and Institutional Investors  
Q&A Summary

Date and time: May 13, 2016, 9:30-11:00 am

Presenters: Mr. Masahiko Masao, President and Representative Director  
Mr. Takashi Hirahara, Member of the Board and Senior Managing Executive Officer  
Mr. Kazuo Kawamura, President and Representative Director, Meiji  
Mr. Daikichiro Kobayashi, President and Representative Director, Meiji Seika Pharma

**1) The target figures outlined in STEP UP 17, the Group's Medium-Term Business Plan for FY2015-2017, of operating income of 64 billion yen and an ROE of 8% were already achieved in FY2015. Do you plan to announce revised targets?**

A) We will not announce revised target figures for STEP UP 17. Still we will implement the basic policies outlined in STEP UP 17 for the stable growth and development of the Meiji Group. On the other hand we are working on outlining a long-term vision to replace the Meiji Group 2020 Vision, posted in FY2010. We will announce the new vision in May next year when we publish financial earnings for FY2016.

**2) Both income and cash flows from operating activities grew significantly. Tell us your thoughts on shareholder returns.**

A) Our basic policy concerning profit dividends shall be consolidated dividend payout ratio of around 30% as a benchmark for stable and sustainable shareholder returns. If the extraordinary factors influence on net income significantly, that influence may be removed from the determination of the dividend amount.  
On October 1, 2015, we conducted a two-for-one split of common stock. In accordance with our basic policy, the FY2015 annual dividend amount increased to 180.00 yen, 100.00 yen in FY2014, based on the pre-split conversion. There was an increased income and cash inflow from sale of real estate, Solid Square Bldg. in Kawasaki city. Excluding this impact, the consolidated dividend payout ratio was 25.8%.

**3) Functional yogurts grew significantly in FY2015. What growth are you expecting to see in the future?**

A) Functional yogurts are consumed more frequently and regularly as compared to plain yogurt products. Data suggest that the rate of market penetration for *Meiji Probio Yogurt R-1* is one-fourth that of *Meiji Bulgaria Yogurt*. Thus we believe there is still significant room for the growth potential in sales of functional yogurt. Although it is hard to predict future growth potential, we will expand product sales as much as we can.

**4) Explain about the current status of fresh dairy business in China?**

A) The main sales areas for the fresh dairy business in China are Shanghai and other areas in the East China. Chinese and European companies occupy the majority of the market in the East China. Although pricing for our products is high, we are receiving high praise from customers regarding the quality and taste. Thus, we believe we can expand our market share in the East

China. In addition we are expanding sales routes to Beijing, Guangzhou, as well as cities in inland China.

**5) Explain the growth potential for US confectionary businesses?**

- A) For US confectionary businesses, our policy is to focus on profitability. In addition to *Animal Crackers*, we are promoting highly profitable Meiji brand products such as *Hello Panda* and *Chocorooms*. Our goal is to expand sales of these products and achieve a profit margin of 10%.

**6) In the Pharmaceuticals segment your plan for FY2016 is to achieve operating income of 10.0 billion yen despite of NHI drug price revisions. Explain how you achieve it.**

- A) Revenues will decline by 9.2 billion yen in FY2016 due to NHI drug price revisions. We will expand sales of brand name drugs such as *REFLEX* and other mainstay products. For generics, we will increase sales of existing products and enhance our product lineup. In May of FY2016, we will release the schizophrenia drug *SYCREST* and launch products in fields such as allergy medications and Chronic Obstructive Pulmonary Disease (COPD). We will conduct aggressive promotional activities to maximize sales. These combined initiatives will cover the impact of the NHI drug price revisions.

**7) Meiji Seika Pharma acquired Medreich (India) a year ago. How does Medreich contribute to Pharma business?**

Medreich's main businesses are CMO and CDMO. The company is receiving high praise from global mega-pharma companies and the results are strong.

The generic drug business in Japan has been greatly impacted by government initiatives to promote the use of generic drugs. This increases the demand for generics and results in major price decline. Thus we should improve cost structure. Our plan is to manufacture generics at Medreich, import and start selling them in Japan by FY2017.

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