



Financial Results
- For the Q1 of FYE March 2021 (FY2020) -

(From April 1, 2020 to June 30, 2020)

August 12, 2020

Meiji Holdings Co., Ltd.

Summary – Q1 FY2020



(JPY bn)	FY2019 Q1 Results	FY2020 Q1 Results	YoY Change	vs. Full-year Plan	FY2020 Full-year Plan
Net sales	298.9	281.1	-5.9% -17.7	22.4%	1,253.0
Operating profit	20.6	23.1	+12.2% +2.5	21.1%	110.0
Op. profit margin	6.9%	8.2%	+1.3pt	—	8.8%
Profit attributable to owners of parent	14.5	13.3	-7.8% -1.1	19.2%	69.5
EPS (JPY)	99.98	92.17	-7.81	—	479.08

- Q1 results: Decreased net sales, increased profit
 - Net sales: Food and pharmaceutical both decreased
 - Operating profit: Food increased significantly,
Pharmaceutical decreased (recorded operating loss)
 - Profit attributable to owners of parent:
Profit decreased. Recorded extraordinary losses for allowance for doubtful accounts

Positive factors	<ul style="list-style-type: none">● Yogurt and Functional yogurt <i>R-1</i> Favorable due to increasing health consciousness● Dairy products for consumers (<i>Meiji Oishii Gyunyu</i>, cheese, butter, etc.) Increased due to demand from stay-at-home● Sports protein <i>SAVAS</i> Increased significantly as consumers looking to address lack of exercise following end of stay-at-home orders
Negative factors	<ul style="list-style-type: none">● Products for professional use Decreased significantly due to stay-at-home orders Recovering gradually● Chocolate Decreased due to decline in customers visiting convenience stores and decreased office demand● Ethical pharmaceuticals* (Japan) Decreased significantly. Patients stayed at home to avoid the risk of COVID-19 in hospitals

	Sales YoY Change			Notes
	Apr.	May	Jun.	
Fresh and Fermented Dairy	+5.8%	+0.2%	+1.6%	<ul style="list-style-type: none"> • Yogurt and Functional yogurt: Favorable • Drinking milk: Decreased YoY overall <i>Meiji Oishii Gyunu</i> favorable but discontinued sales of unprofitable products such as <i>Meiji Milk</i> • <i>SAVAS Milk</i>: Grew since June following end of stay-at-home orders
Processed foods	-6.6%	-9.7%	+5.9%	<ul style="list-style-type: none"> • Cheese and Ice cream : Products for consumers favorable Products for professional use decreased • Products for professional use: Decreased significantly YoY but on recovery trend since June
Confectionery	-14.6%	-7.7%	-10.0%	<ul style="list-style-type: none"> • Chocolate: Decreased YoY overall Healthy chocolate grew YoY since May • Gummy and gum: Decreased significantly YoY
Nutrition	-6.9%	-8.3%	+16.7%	<ul style="list-style-type: none"> • Nutritional products: Infant formula and enteral formula both favorable • Sports nutritional drink <i>VAAM</i>: Decreased • Sports protein <i>SAVAS</i>: Exceeded YoY since May, increased significantly following end of stay-at-home orders in June

	Sales YoY Change			Notes
	Apr.	May	Jun.	
Brand name drugs (excluding human vaccines)	-26.1%	-37.9%	-40.9%	<ul style="list-style-type: none"> Decreased significantly NHI price revisions Patients stayed at home to avoid the risk of COVID-19 in hospitals <i>REFLEX</i> decreased significantly Lost <i>Premium to promote the development of new drugs</i> due to NHI pricing system revisions
Generic drugs	-15.3%	-30.3%	-32.2%	<ul style="list-style-type: none"> Decreased significantly overall NHI price revisions Patients stayed at home to avoid the risk of COVID-19 in hospitals Decrease in systemic antibacterial drugs Decrease in surgeries, excluding emergency
Human vaccine	—	+771.3%	+209.8%	<ul style="list-style-type: none"> Increased significantly Began selling in April last year but actual shipments started from June

Status of Net Sales (Overseas)

		Q1 net sales* YoY change (local currencies)	Notes
Food	Mainland China	Milk, yogurt: -13.6% Confectionery: -19.7% Ice cream: +21.8%	<ul style="list-style-type: none"> Milk and Yogurt: Drinking milk for consumers was favorable, but for professional use decreased significantly – Forecasting gradual recovery from April Confectionery: Decreased promotional opportunities at retailers. E-Commerce favorable but products for wedding gift market decreased Ice cream: Multipack/assortment increased significantly due to stay-at-home demand
	The US	+12.0%	<ul style="list-style-type: none"> Stauffer's products (Biscuits) favorable due to stockpiling demand Meiji products (<i>Yan Yan</i>, <i>Hello PANDA</i>, <i>Chocorooms</i>) also increased YoY Forecasting decrease due to stay-at-home orders, store entry limits, and store shutdown from April
Pharma	India	-5.6%	<ul style="list-style-type: none"> Decreased but forecasting gradual recovery Lockdown had limited impact on manufacturing Delayed shipment to overseas
	Other	—	<ul style="list-style-type: none"> Spain: <i>Meiact</i> remained favorable Indonesia, Thailand: Expanded shipments of antibacterial drugs to Japan to ensure stable supply Favorable domestic sales in each country

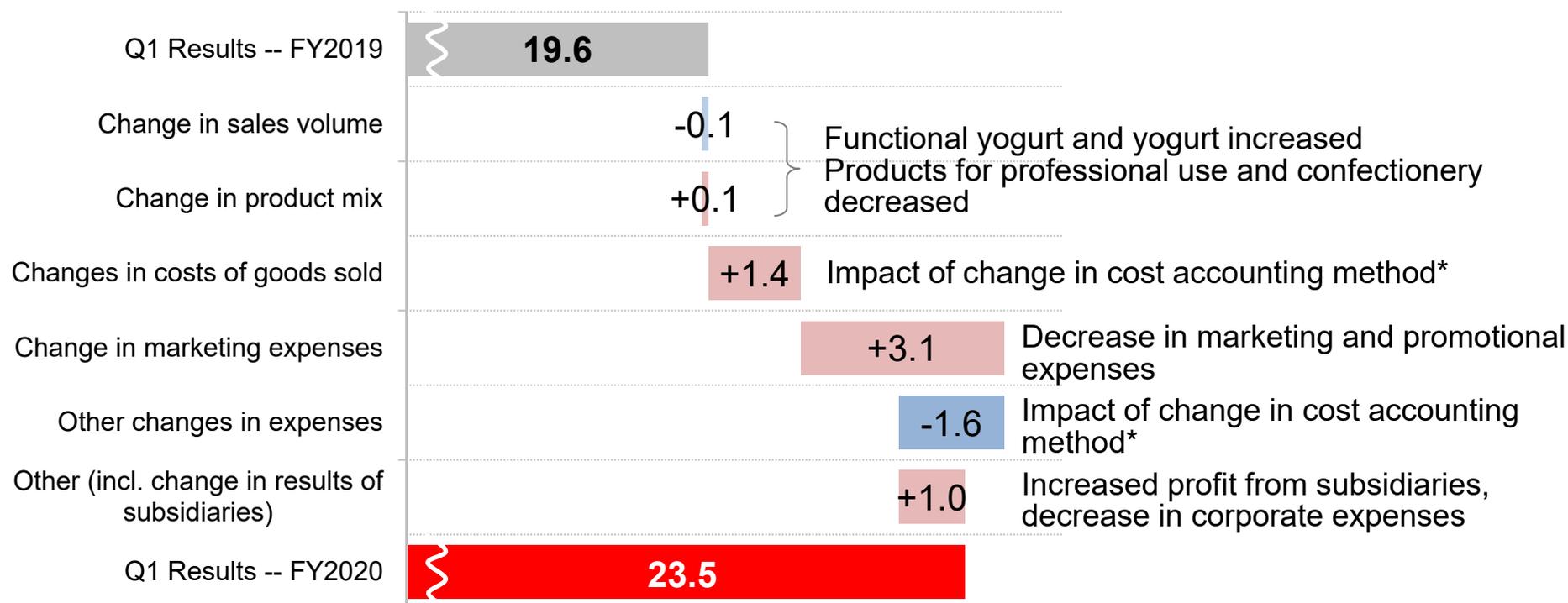
Revised: Components for Operating Profit Change Analysis



Before the revision		After the revision		
Disclosure item	Structural components	Disclosure item	Structural components	
Due to increased/decreased sales	<ul style="list-style-type: none"> ● Volume differences ● Unit price differences ● Product composition ● Selling expenses, Logistics expenses (volume slide) ● Indirect manufacturing costs 	Due to increased/decreased sales	<ul style="list-style-type: none"> ● Volume differences ● Unit price differences ● Product composition ● Cost variances (Pharmaceutical only) 	<ul style="list-style-type: none"> Change in sales volume* Change in product mix*
Impact of drug price revision		Impact of drug price revision		
Changes in costs of goods sold	<ul style="list-style-type: none"> ● Direct expense unit cost difference, etc. ● Cost variances (Pharmaceutical only) 	Changes in costs of goods sold	<ul style="list-style-type: none"> ● Direct expense unit cost difference, etc. 	<ul style="list-style-type: none"> Change in marketing expenses Other changes in expenses (R&D expenses)
Changes in other SG&A expenses	<ul style="list-style-type: none"> ● Selling expenses (excluding volume slide) ● Advertising expenses, Marketing expenses ● Selling indirect expenses ● Logistics expenses (excluding volume slide) ● R&D expenses ● General and administrative expenses, etc. 	Changes in other SG&A expenses	<ul style="list-style-type: none"> ● Selling expenses, Logistics expenses (volume slide) ● Selling expenses (excluding volume slide) ● Advertising expenses, Marketing expenses ● Selling indirect expenses ● Logistics expenses (excluding volume slide) ● Indirect manufacturing costs ● R&D expenses ● General and administrative expenses, etc. 	
Other (incl. change in results of subsidiaries)	<ul style="list-style-type: none"> ● Subsidiary profit/losses ● Consolidated accounting 	Other (incl. change in results of subsidiaries)	<ul style="list-style-type: none"> ● Subsidiary profit/losses ● Consolidated accounting 	

(JPY bn)	FY2019 Q1 Results	FY2020 Q1 Results	YoY Change	vs. Full-year Plan	FY2020 Full-year Plan
Net sales	259.0	244.4	-5.7% -14.6	23.5%	1,041.4
Operating profit	19.6	23.5	+19.6% +3.8	25.3%	93.0

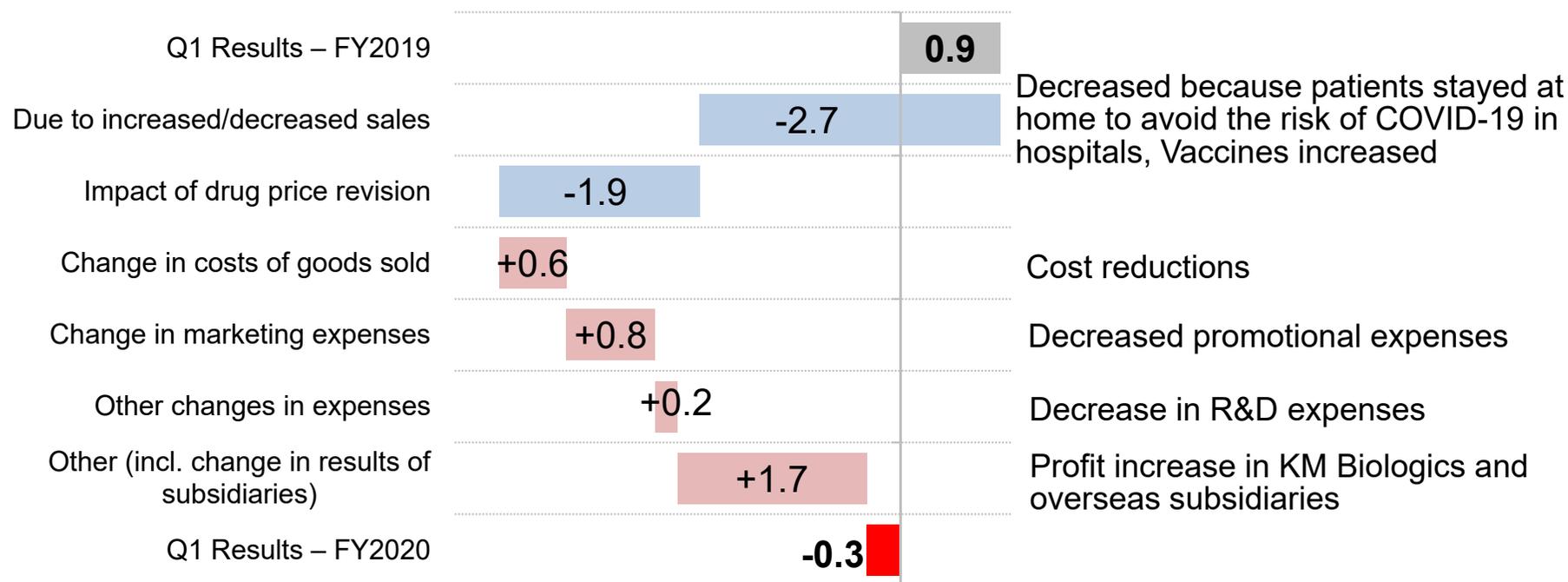
YoY Change in Operating Profit (JPY bn)



(JPY bn)	Food Segment Total	Fresh and Fermented Dairy	Processed foods	Confectionery	Nutrition	Overseas	Other Domestic Subsidiaries	Corporate Expenses	
Q1 Operating Profit – FY2019	19.6	10.4	1.8	4.0	4.1	0.2	0.8	-2.0	
Amounts of YoY change	<i>Due to increased/decreased sales</i>	-0.0	+2.1	-0.4	-1.8	+0.0	—	+0.0	
	<i>Change in sales volume</i>	-0.1	+1.9	-0.5	-1.7	+0.1	—	+0.0	
	<i>Change in product mix</i>	+0.1	+0.3	+0.1	-0.1	-0.1	—	+0.0	
	<i>Changes in COGS</i>	+1.4	+0.4	+0.2	+0.6	+0.3	—	-0.1	
	<i>Changes in other SG&A expenses</i>	+1.5	+2.7	+0.2	-0.3	-0.5	—	-0.5	
	<i>Change in marketing expenses</i>	+3.1	+2.1	+0.5	+0.6	+0.2	-0.1	-0.3	
	<i>Change in other expenses (R&D expenses)</i>	-1.6 (-0.0)	+0.5	-0.3	-0.9	-0.7	-0.0	—	-0.3
	<i>Other (incl. change in results of subsidiaries)</i>	+1.0	+0.5	+0.1	-0.3	-0.1	+0.2	-0.1	+0.7
Total YoY change	+3.8	+5.8	+0.1	-1.8	-0.2	+0.1	-0.1	-0.0	
Q1 Operating Profit – FY2020	23.5	16.2	1.9	2.3	3.9	0.2	0.7	-2.0	

(JPY bn)	FY2019 Q1 Results	FY2020 Q1 Results	YoY Change	vs. Full-year Plan	FY2020 Full-year Plan
Net sales	40.0	37.1	-7.3% -2.9	17.5%	212.3
Operating profit	0.9	-0.3	— -1.3	—	18.0

YoY Change in Operating Profit (JPY bn)



- Business Climate

- COVID-19 pandemic may cause serious damage for long time
- A challenging economic environment persist throughout FY2020 all over the world – Should live With-Coronavirus

- Management Principle

- Effective marketing/sales activities
- Create/stimulate consumer demand
- Stringent cost control/reduction
- Flexible decision making on investment considering cash flows



Appendix

Financial Position as of June 2020



(JPY bn)	Results as of Jun. 2020	Change	Main Factors for Change
Current assets	451.6	+8.3% +34.8	- Cash and deposits (+38.6) - Merchandise and finished goods (+5.3) - Raw materials and supplies (+3.1) - Notes and accounts receivable-trade (-14.9)
Non-current assets	586.1	+0.7% +4.0	- Investment securities (+4.2)
Total assets	1,037.7	+3.9% +38.8	—
Current liabilities	292.7	+14.1% +36.2	- Commercial papers (+50.0) - Notes and accounts payable-trade (-8.3) - Accrued expenses (-5.9)
Non-current liabilities	146.0	+0.9% +1.2	- Long-term borrowings (+1.0)
Total liabilities	438.8	+9.4% +37.5	—
Shareholders' equity	555.5	+0.3% +1.8	- Retained earnings (+1.6)
Accumulated other comprehensive income	9.2	+2.2% +0.1	- Valuation difference on available-for-sale securities (+2.9) - Foreign currency translation adjustments (-3.3)
Non-controlling interests	34.1	-2.0% -0.6	—
Total net assets	598.9	+0.2% +1.3	—
Interest bearing debt	165.0	+54.6% +58.3	- Commercial papers (+50.0)
Equity ratio	54.4%	-1.9pt	—

Consolidated Cash Flows – Q1 FY2020



(JPY bn)	FY2020 Q1 Results	YoY Change	Main Factors for Change
Cash flows from operating activities	11.9	+8.5	<ul style="list-style-type: none"> - Income taxes paid (+8.3) - Decrease in trade receivables (+5.8) - Increase in inventories (-4.6) - Decrease in trade payables (-1.7)
Cash flows from investing activities	-18.4	-2.2	<ul style="list-style-type: none"> - Purchase of property, plant and equipment (-1.9) - Purchase of investment securities (-1.9) - Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation (+2.1)
Free cash flows	-6.4	+6.3	—

(JPY bn)	FY2019 Q1 Results	FY2020 Q1 Results	YoY Change	vs. Full-year Plan	FY2020 Full-year Plan
Yogurt	21.7	22.5	+3.7%	25.6%	87.9
<i>Meiji Bulgaria Yogurt</i>	19.8	20.6	+4.4%	26.0%	79.7
Functional yogurt	25.8	30.3	+17.6%	25.9%	117.5
Drinking milk	28.1	27.0	-4.1%	25.9%	104.4
<i>Meiji Oishii Gyunu</i>	14.3	15.8	+10.2%	26.8%	58.9
Cheese	9.2	9.2	+0.4%	23.7%	39.0
<i>Meiji Hokkaido Tokachi series</i>	3.5	3.7	+5.8%	23.3%	16.1
Ice cream	12.1	12.0	-1.0%	25.4%	47.3
Chocolate	19.9	19.2	-3.4%	19.3%	100.0
Nutritional products	14.3	14.7	+2.9%	24.4%	60.5
Sports nutrition	5.5	5.7	+3.3%	27.7%	20.6

(JPY bn)	FY2019 Q1 Results	FY2020 Q1 Results	YoY Change	vs. Full-year Plan	FY2020 Full-year Plan
Ethical pharmaceuticals (Japan) (Meiji Seika Pharma non-consolidated results)					
<i>SYCREST</i>	1.0	0.8	-13.3%	17.2%	5.2
<i>BILANOVA</i>	0.9	0.8	-12.4%	8.2%	10.6
<i>REFLEX (includes Mirtazapine “MEIJI”)</i>	2.2	1.4	-32.7%	22.6%	6.6
<i>Meiact (includes Cefditoren “OK”)</i>	1.3	0.4	-66.9%	8.7%	5.2
<i>TAZOPIPE</i>	1.7	1.1	-30.1%	14.9%	8.0
Total human vaccine	0.5	4.1	+597.4%	13.6%	30.2
<i>Influenza HA Vaccine</i>	-0.0	-0.0	—	—	15.1
KM Biologics (non-consolidated results)					
Total human vaccine	1.8	2.5	+40.6%	8.2%	31.0
Total blood plasma products	1.0	1.8	+82.4%	24.2%	7.6

Outlook for FY2020 (No revisions)



(JPY bn)	FY2019 Results	FY2020 Plan	YoY Change
Net sales	1,252.7	1,253.0	+0.0% +0.2
Operating profit	102.7	110.0	+7.1% +7.2
Op. profit margin	8.2%	8.8%	+0.6pt
Profit attributable to owners of parent	67.3	69.5	+3.2% +2.1
EPS (JPY)	464.08	479.08	+15.00
Cash dividends per share (JPY)	150	150	—
Dividend payout ratio	32.3%	31.3%	-1.0pt
ROE	12.4%	12.0%	-0.4pt
Capital expenditures	71.1	85.2	+19.9% +14.1
Cash flows from operating activities	114.1	120.9	+6.7
Free cash flows	43.2	1.2	-42.0

Analysis of Consolidated Operating Profit for FY2020 (Revised Structural Components in Aug. 12, 2020)

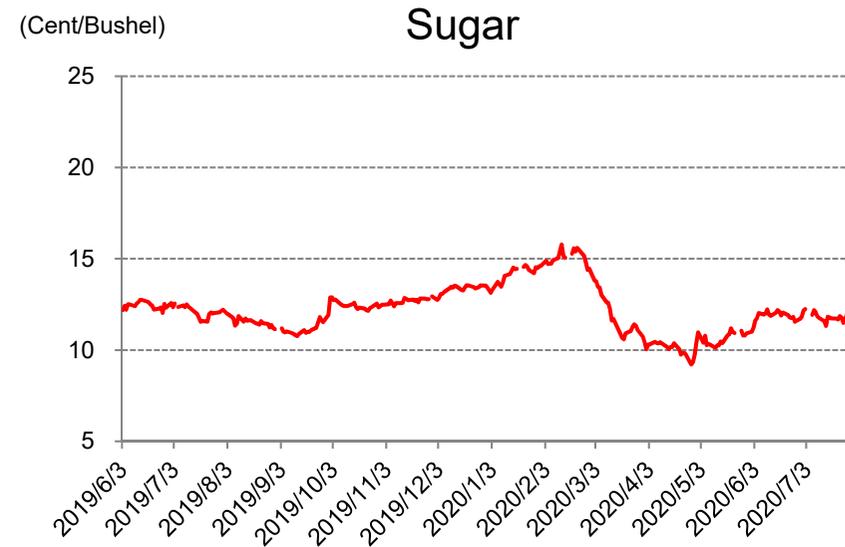
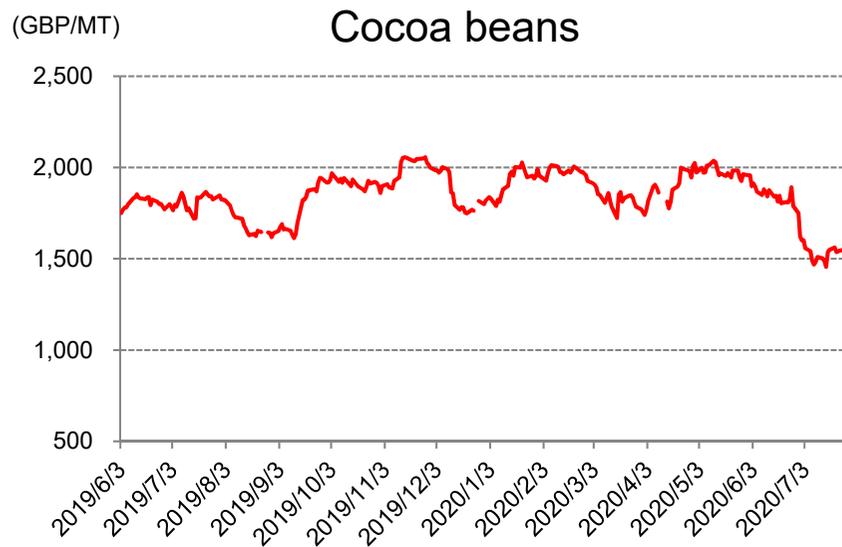
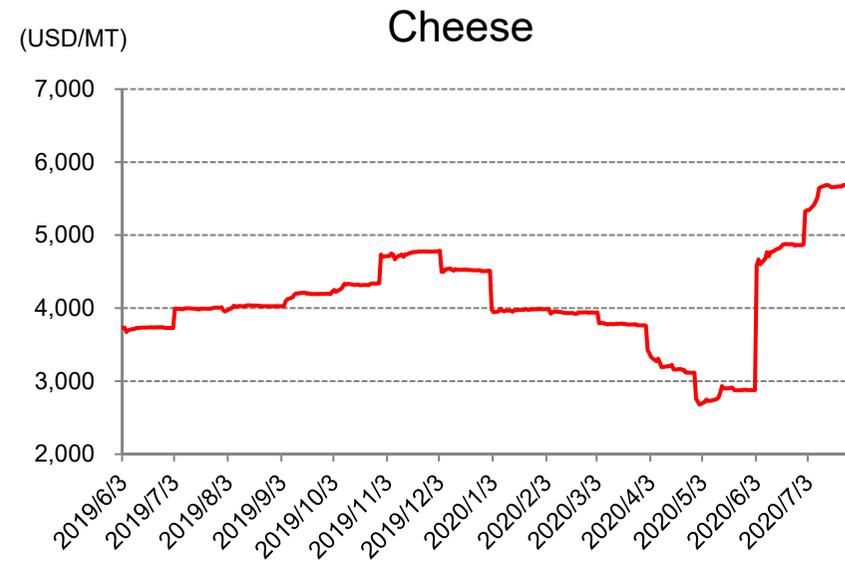
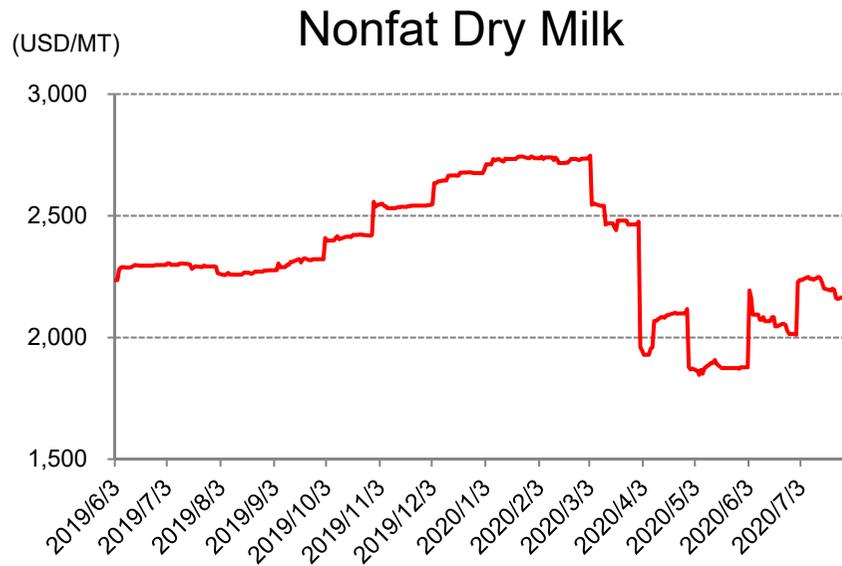


(JPY bn)	Consolidated Results and Plan			Food	Pharma	Other
FY2019 Results	102.7			87.3	15.9	-0.6
Due to increased/decreased sales	+7.3			+5.6	+1.7	—
Decrease due to drug price revision	-5.9			—	-5.9	—
Change in COGS	+7.1 *1			+5.2	+1.9	—
Change in SG&A expenses	-5.0 *2			-6.4	+1.4	—
Other (incl. change in results of subsidiaries)	+3.8			+1.3	+3.0	-0.4
FY2020 Plan	110.0			93.0	18.0	-1.0

(Breakdown)

- *1 **Food** Change in cost accounting method +6.3, raw material procurement costs -2.0, ingredient change and others +0.9
Pharma Cost reductions +1.9
- *2 **Food** Change in cost accounting method -6.3, changes in other expenses -3.4, changes in marketing expenses +3.3
Pharma R&D expenses +0.7, Other +0.7

Market Prices of Main Raw Materials Imported





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