

Clear Strategy, Steady Expansion

February 27, 2012

Takara Holdings Inc.

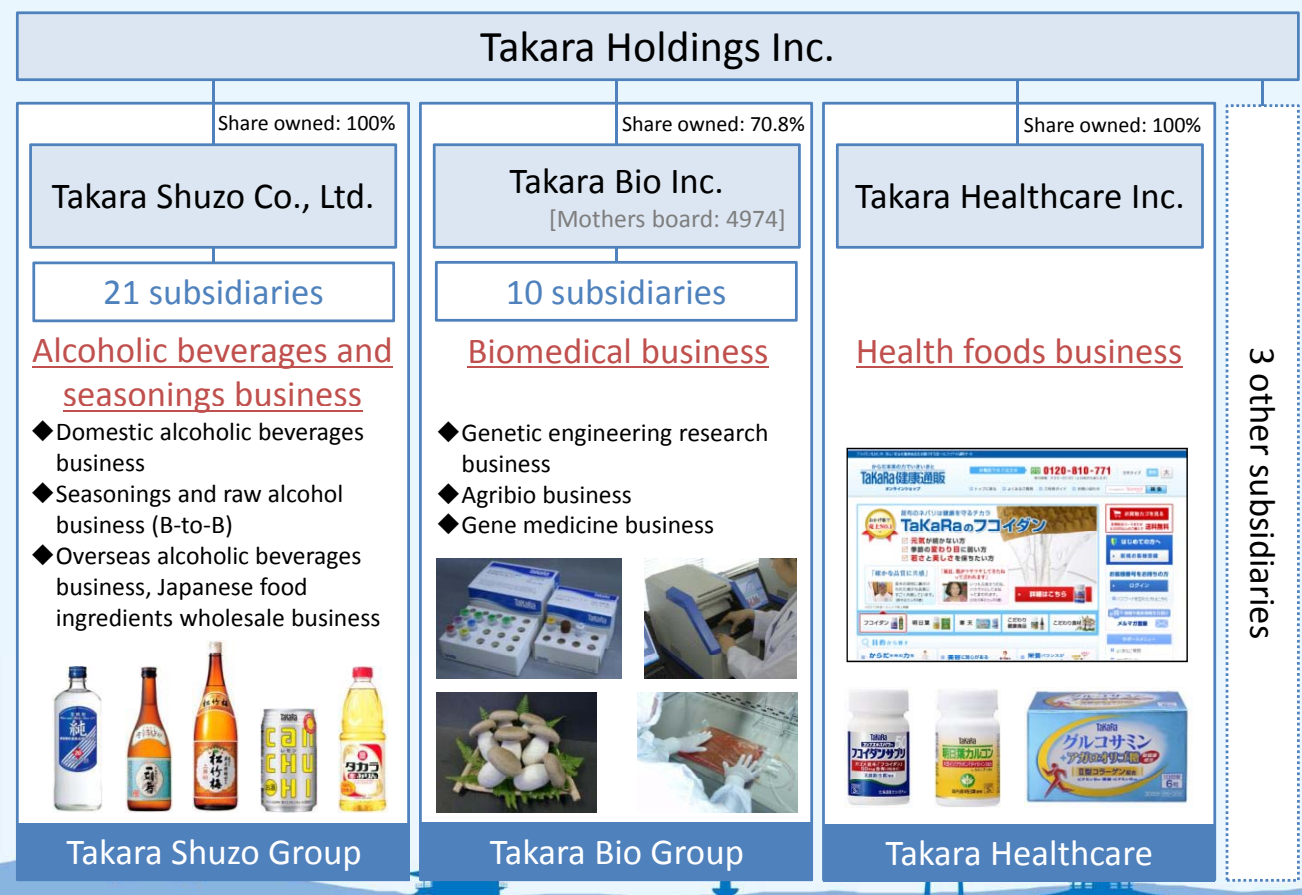
Representative Director, Executive Vice President

Tadashi Ohmiya



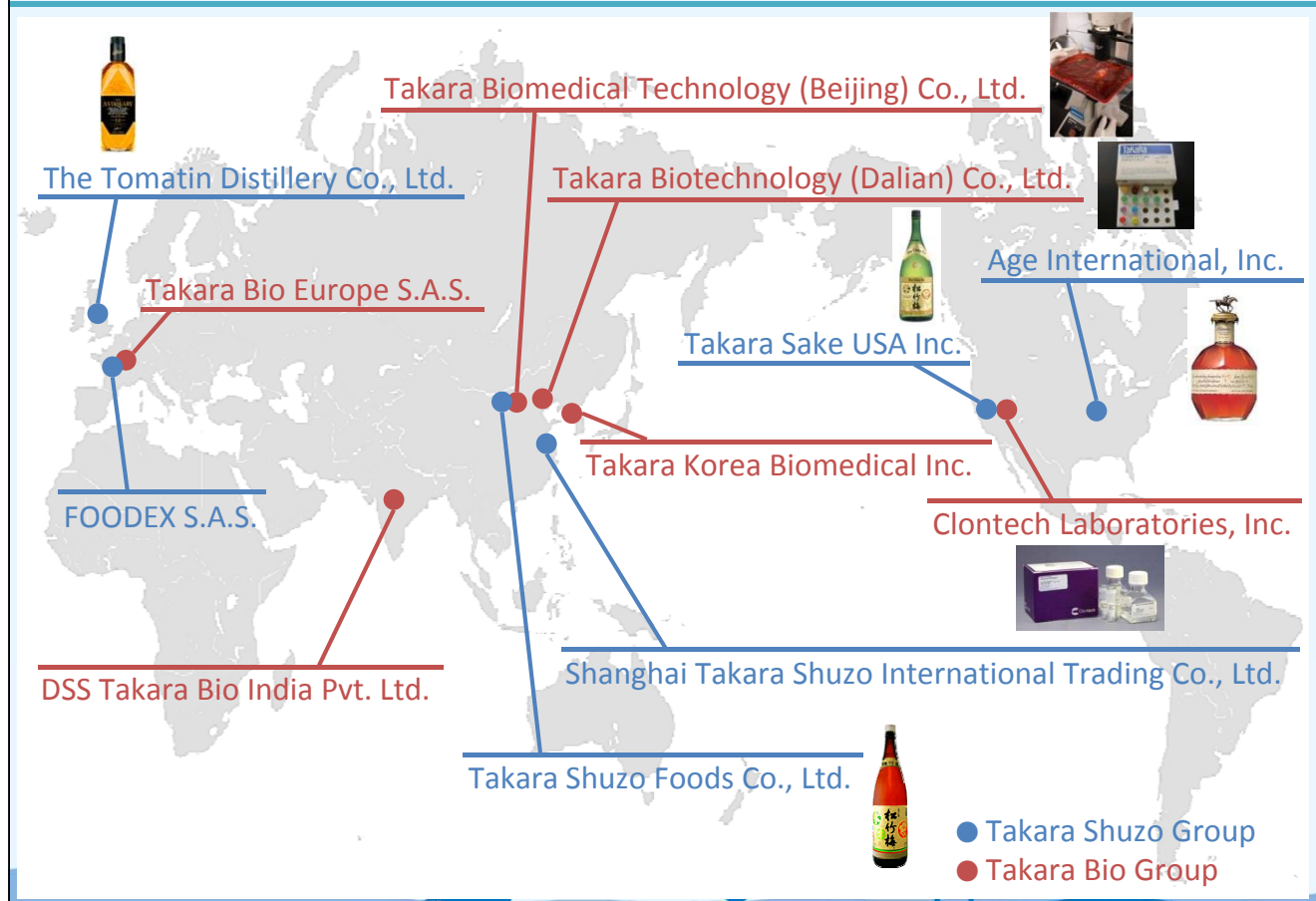
Business Structure

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Major Overseas Subsidiaries

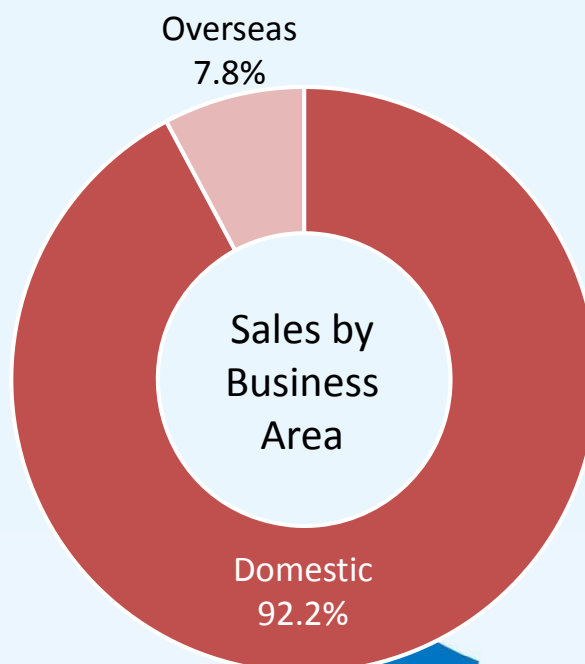
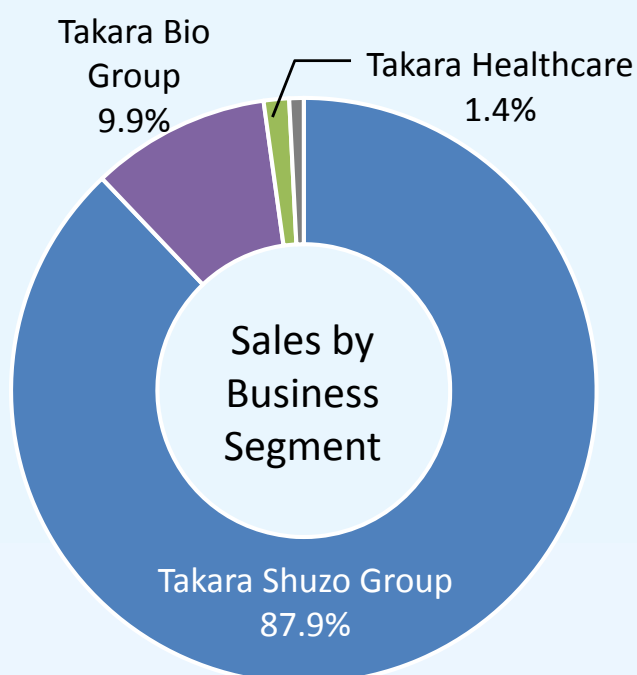
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Consolidated Net Sales

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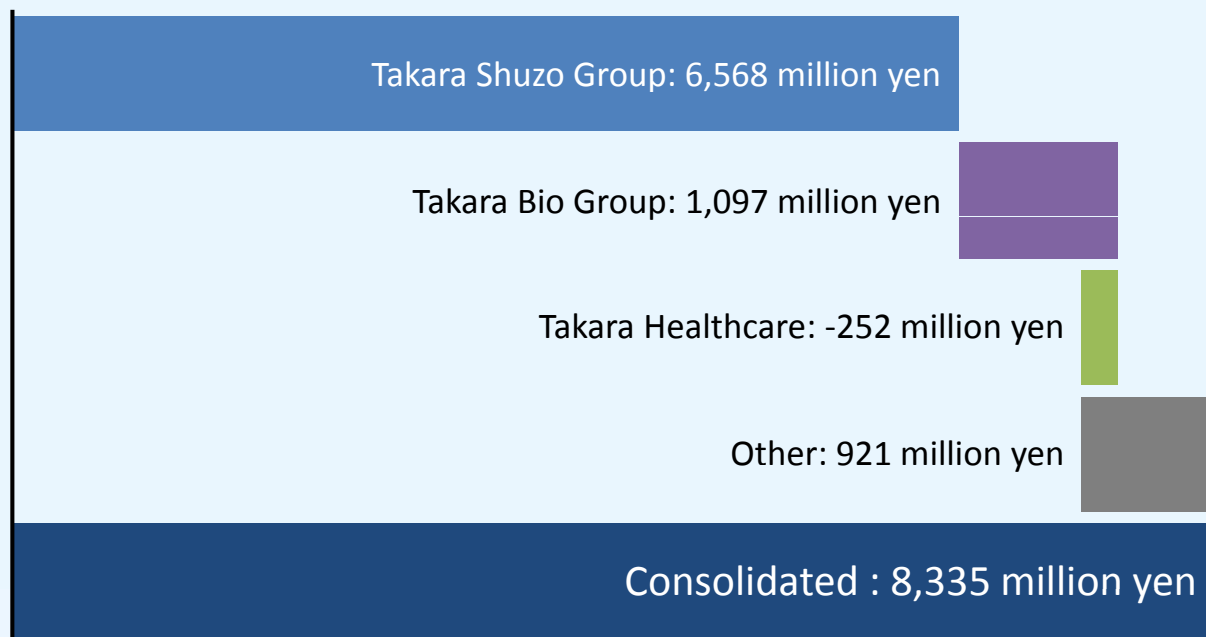
■ Consolidated Net Sales: 189,769 million yen (FY2011)



Consolidated Operating Income

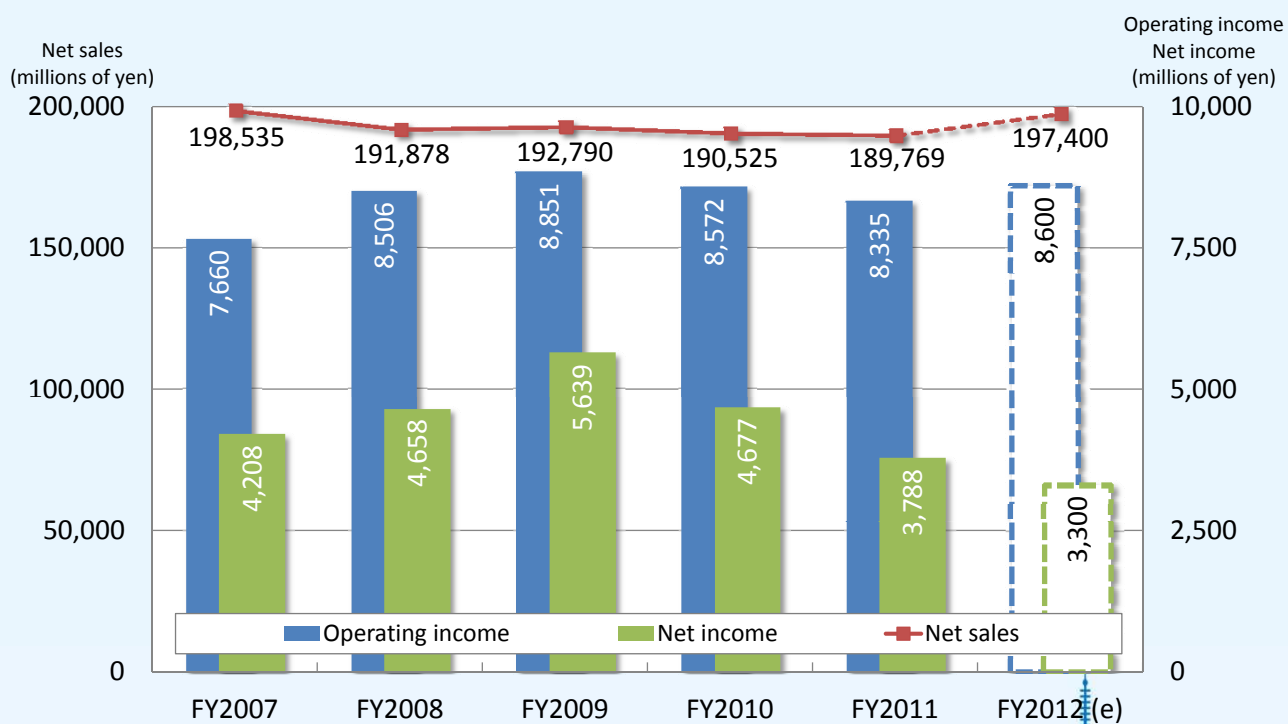
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■ Consolidated Operating Income: 8,335 million yen (FY2011)



Financial Summary

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Takara Group Vision 2020 (Long-Term Management Plan)

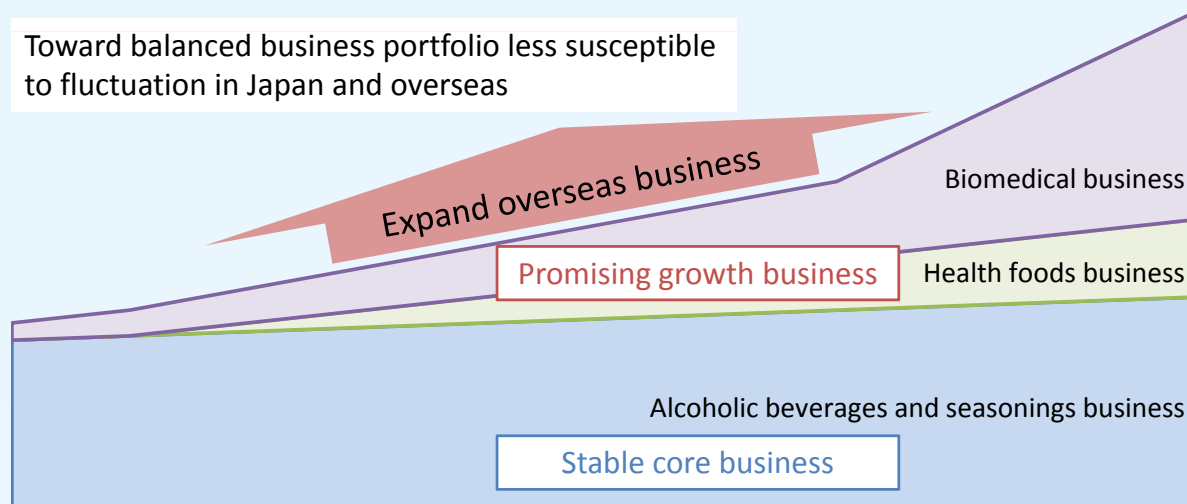
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■ Management Goal

(10 years from April 2011)

Grow businesses in markets in Japan and overseas in which the Group can leverage its strengths, establish a balanced business structure that is readily adaptable to changing conditions

Toward balanced business portfolio less susceptible to fluctuation in Japan and overseas



Unique and robust business portfolio that comprises a stable core business and promising growth businesses

Medium-Term Management Plan FY2014

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■ Basic Policy

(FY2012 ~ FY2014)

Aiming to realize the Takara Group Vision 2020, achieve stable growth in Japan while expanding business base in order to grow significantly overseas

■ Positioning of Businesses and Business Policies

Core business	<ul style="list-style-type: none"> ● Domestic alcoholic beverages business 	Strengthen profitability of core business as foundation of Group's growth
Growth businesses	<ul style="list-style-type: none"> ● Overseas alcoholic beverages business, Japanese food ingredients wholesale business ● Seasonings and raw alcohol business ● Genetic engineering research business 	Expand businesses in markets promising growth, drive the Group's overall growth
Developing businesses	<ul style="list-style-type: none"> ● Health foods business ● Gene medicine business 	Establish operational foundation in growth markets to create the growth businesses for the next plan

Medium-Term Management Plan FY2014

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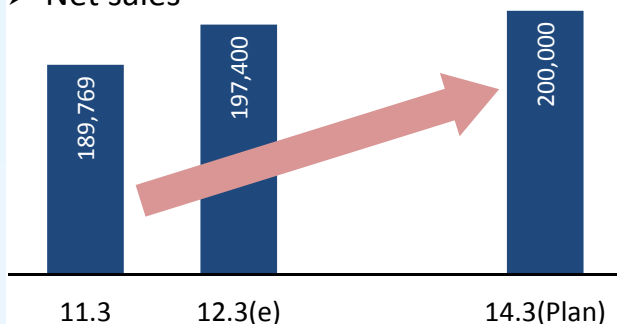
■ Tangible Goals

(FY2012 ~ FY2014)

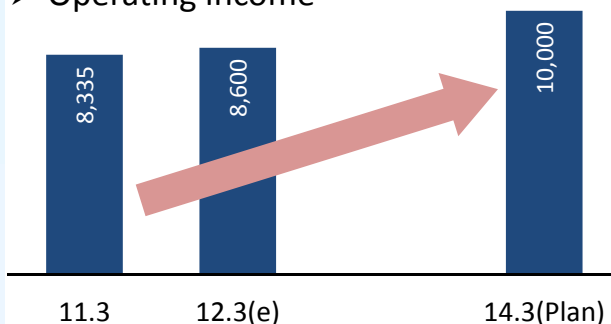
	Net sales	Operating income	Overseas sales as a percentage of net sales	Net sales of growth businesses and developing businesses as a percentage of net sales
FY2014	At least ¥200 billion	At least ¥10 billion	At least 10%	At least 25%
vs. FY2011	Up 5.4%	Up 20.0%	Up 2.2 percentage points	Up 4.0 percentage points

(millions of yen)

➤ Net sales



➤ Operating income



Medium-Term Management Plan FY2014

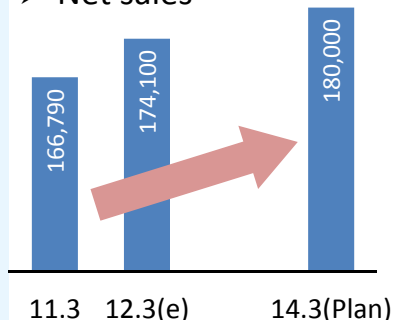
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■ Tangible Goals by Business Segment

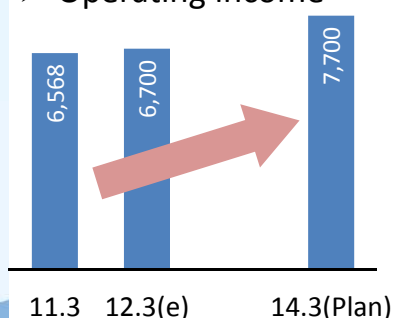
(millions of yen)

Takara Shuzo Group

➤ Net sales

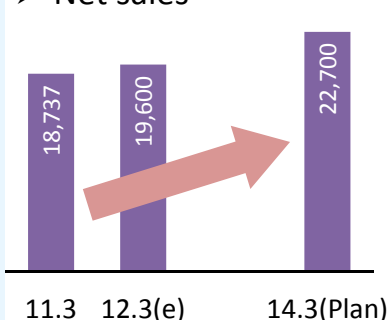


➤ Operating income

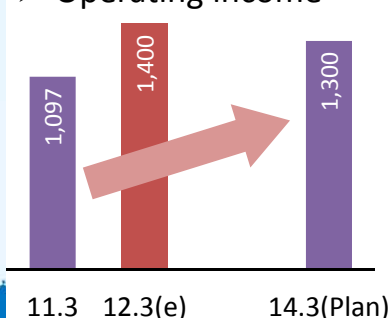


Takara Bio Group

➤ Net sales

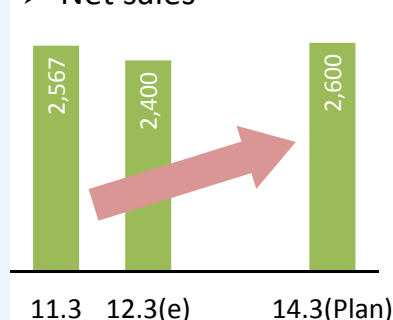


➤ Operating income

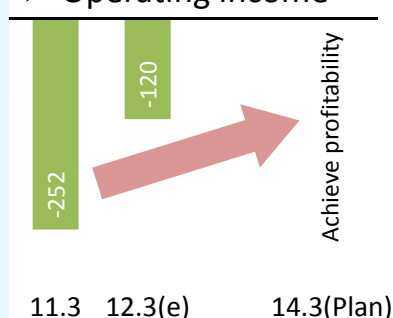


Takara Healthcare

➤ Net sales



➤ Operating income



■ Financial Policy

(FY2012 ~ FY2014)

While maintaining a sound financial position, the Group aims to invest in both growth and developing businesses, return profits to shareholders actively, and increase ROE (return on equity).

Allocation of resources	Give priority to allocating resources to growth businesses and developing businesses in order to accelerate their growth
Returns to shareholders	Realize a shareholder return payout of at least 50% by combining dividends and share buybacks
Capital efficiency	Aim to heighten return on equity by increasing earnings and returns to shareholders

Returns to shareholders

Realize a shareholder return payout* of at least **50%** by combining dividends and share buybacks

* Shareholder return payout = (Total dividends + Amount of share buybacks) / Deemed consolidated net income**

**Deemed consolidated net income = (Consolidated ordinary income – Interest income and dividends + Interest payments) x (1 – Effective tax rate)

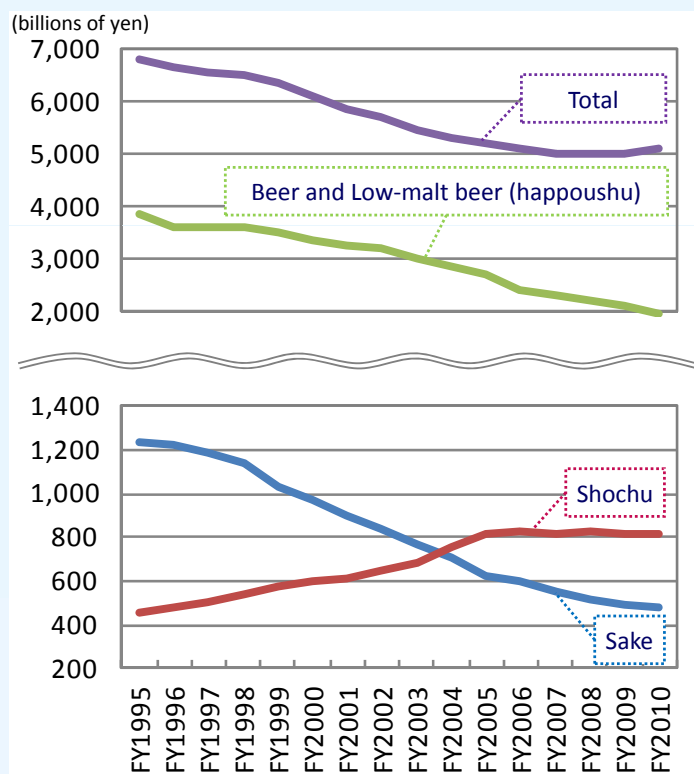
Takara Shuzo Group

- Domestic alcoholic beverages business
- Seasonings and raw alcohol business (B-to-B)
- Overseas alcoholic beverages business,
Japanese food ingredients wholesale business

Domestic Alcoholic Beverages Market Condition

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■ Trend in the Amount of Alcoholic Beverages Consumption



➤ Domestic market share (CY2010)

Categories	Domestic Market Share	Position
Shochu	13.8%	1 st
Ko-type	28.3%	1 st
Sake	7.8%	3 rd
For gift use (1.8 liter bottle sake)		1 st
Light-alcohol refreshers	11.3%	4 th
Mirin (Type-1)	53.1%	1 st

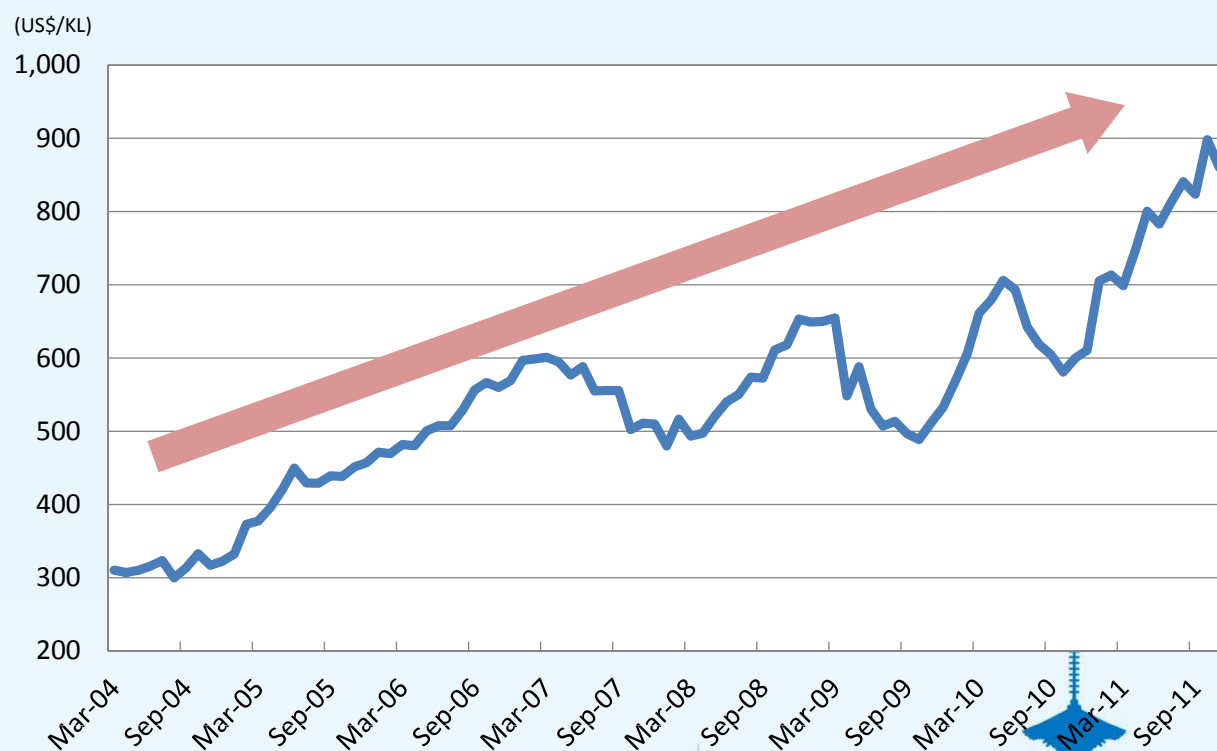
Sources: Nikkan Jouzou Sangyo Bulletin;
Alcohol and Foods Monthly Statistics
of Nikkan keizai tsushinsya, Inc., Takara's sales data

Source: Shuham News (Jouzou Sangyo Newspaper)

Steep increase in the cost of raw materials

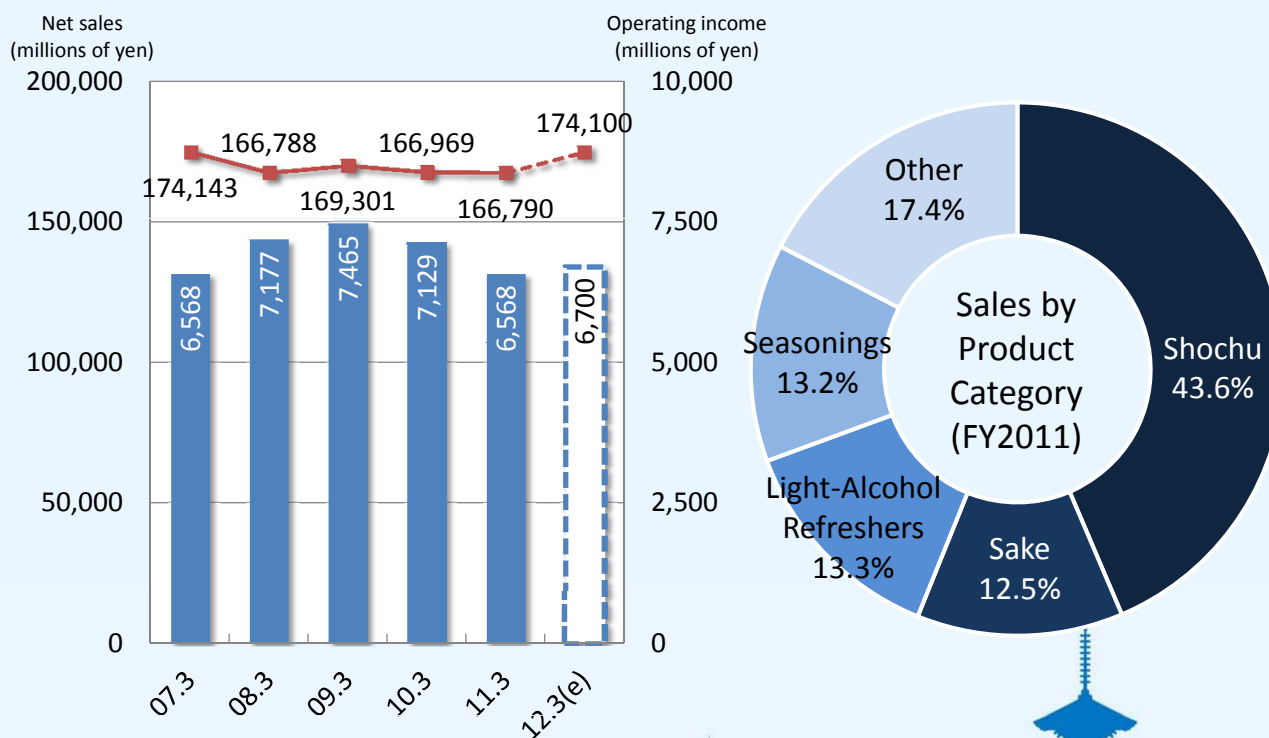
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■ CIF Price of Raw Alcohol



Source: Trade statistics, Japan Ministry of Finance

■ Maintain Stable Performance



Domestic Alcoholic Beverages Business

■ Overview of Business Development

New product development

Develop highly original new products with differentiated quality

- ✓ Step up the pace of new product development, thereby grow sales
- ✓ Cater to changing consumer behavior, create demand in new areas



Brand nurturing

Foster array of powerful brands for premium-range and mid-range products

- ✓ Premium-range products
"Ikkomon" 100% sweet-potato-based shochu,
"Shirashinken" honkaku barley shochu,
"Sho-Chiku-Bai Shirakabe-Gura Kimoto Junmai" sake, etc.
- ✓ Mid-range products
"Gokujo Takara Shochu" ko-type shochu,
"Takara Shochu High Ball" canned chu-hi,
"Sho-Chiku-Bai Gokai" sake, etc.



Strengthen profitability

Strengthen profit management and promote operational efficiency

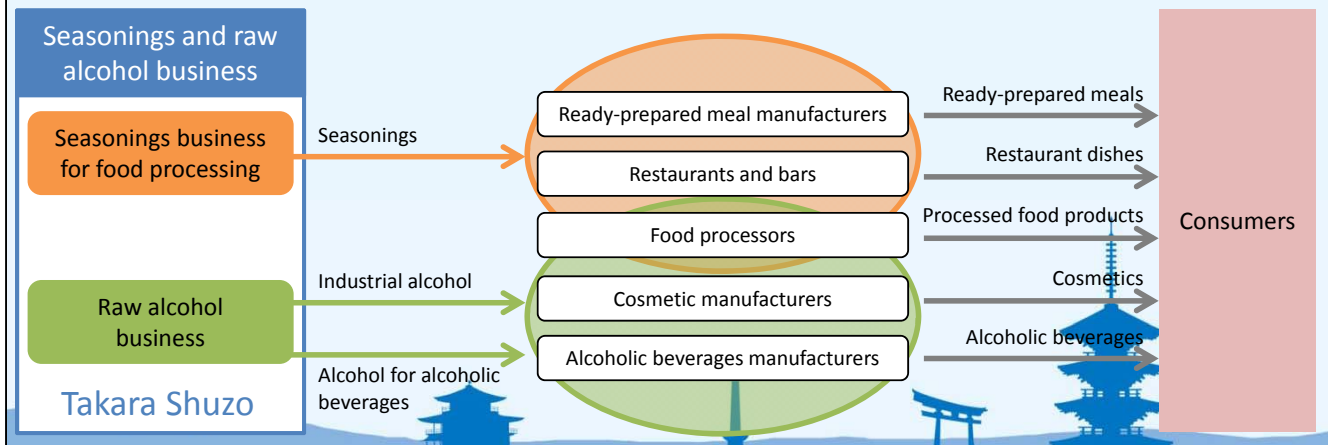
Expand seasonings business for food processing

Expand raw alcohol business

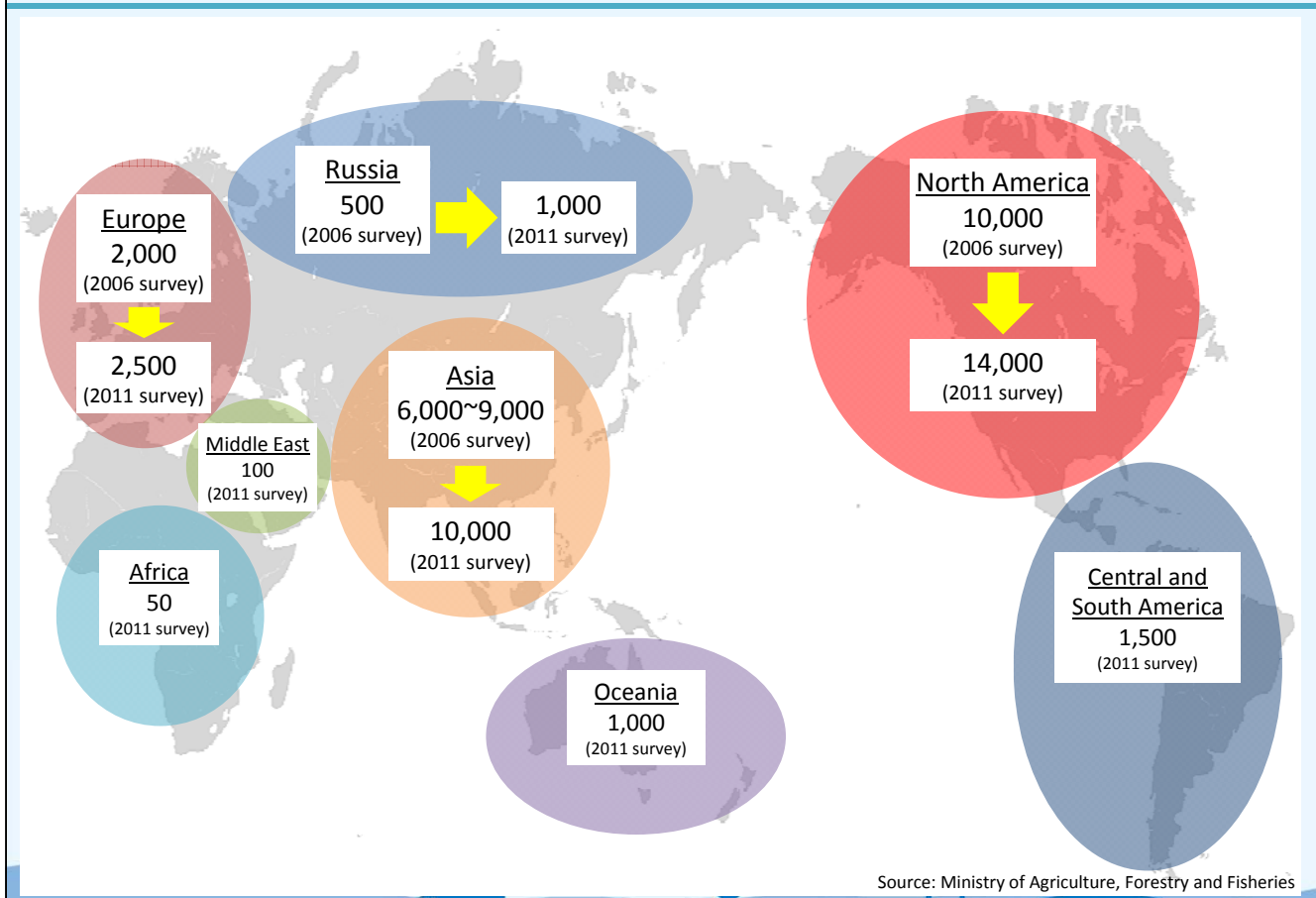
Exploit synergies between the two arms of the businesses

- ✓ Strengthen its ability to offer solutions to customers that both parts of the business share
- ✓ Expand the B-to-B business as a future pillar of the business

■ Business Model for Seasonings and Raw Alcohol Business



The Number of Japanese Restaurants

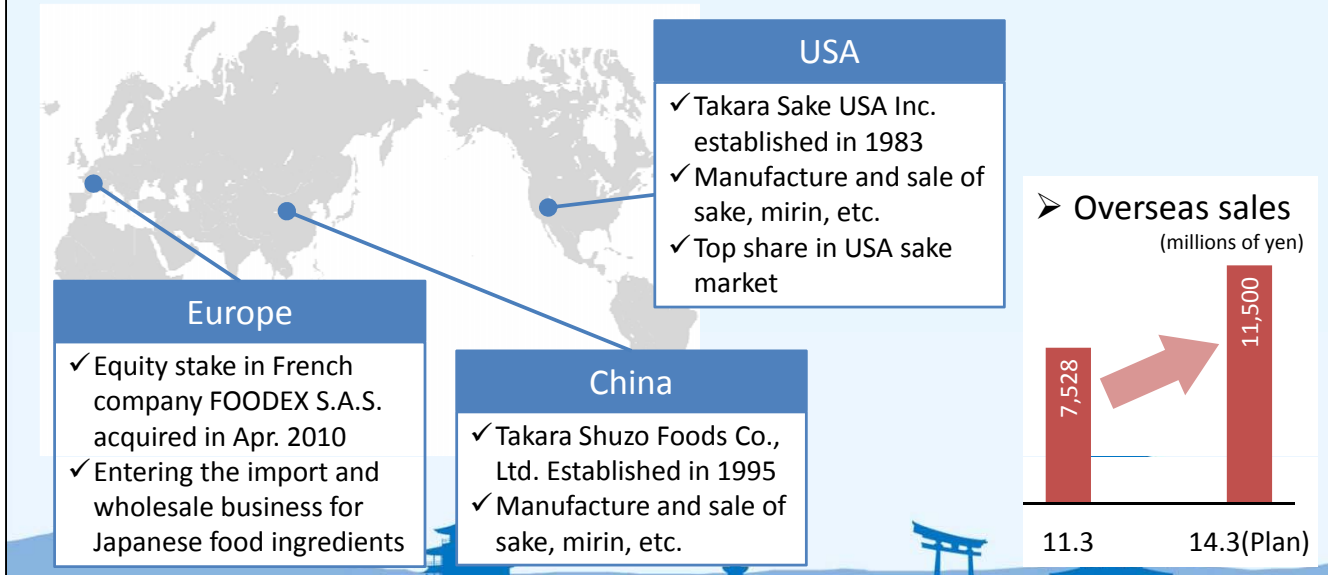


Increase overseas sales of sake, mirin, etc.

Create a Japanese food ingredients wholesale network

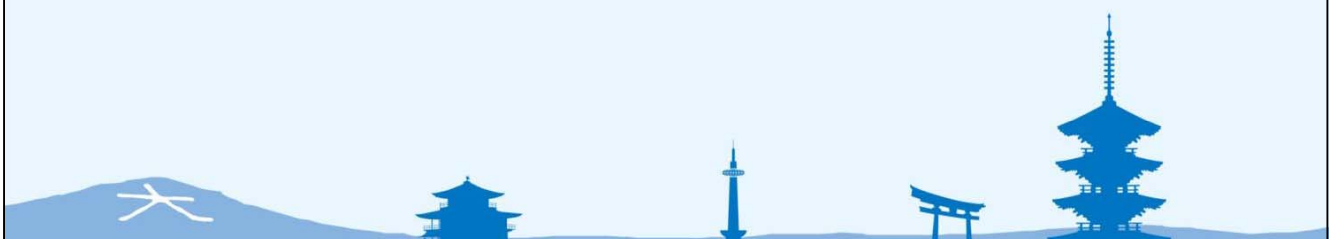
Spread Japanese food culture and expand overseas business

■ Overseas Activities

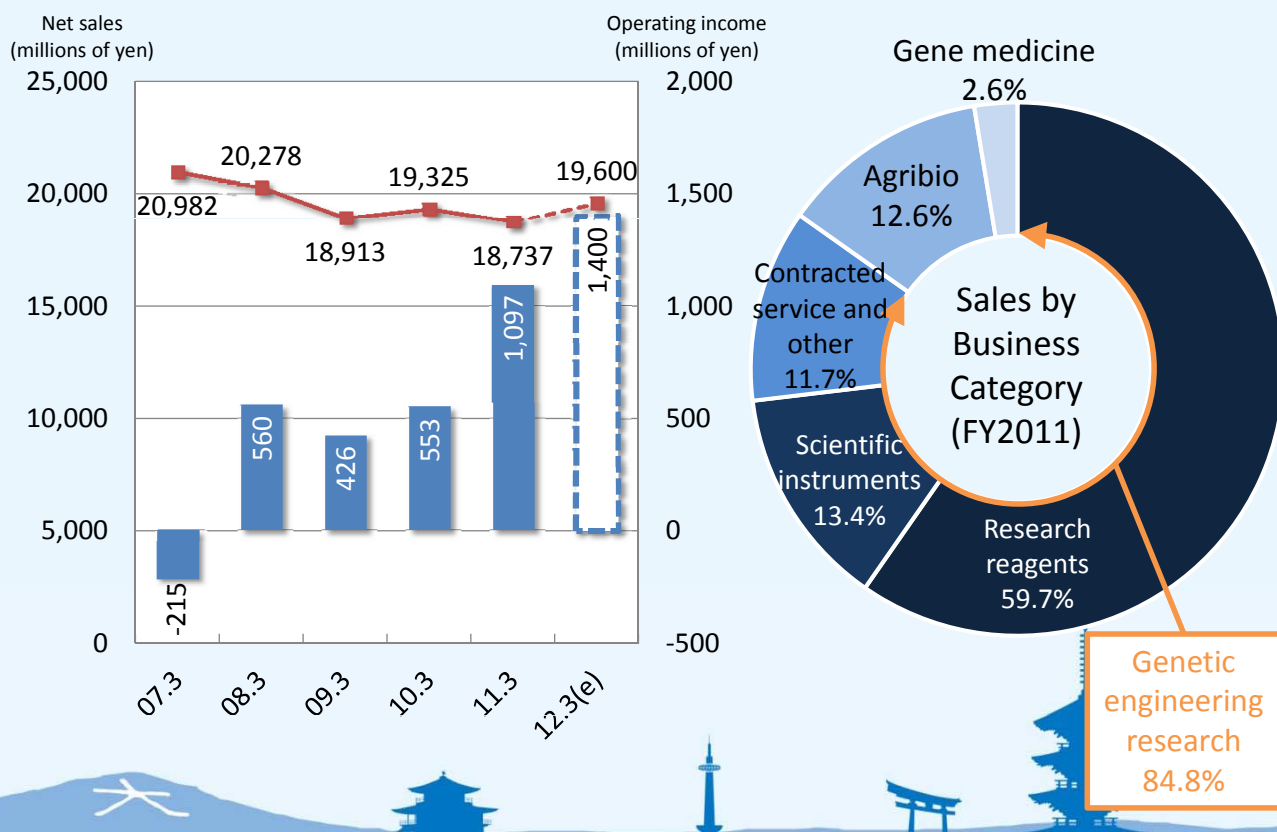


Takara Bio Group

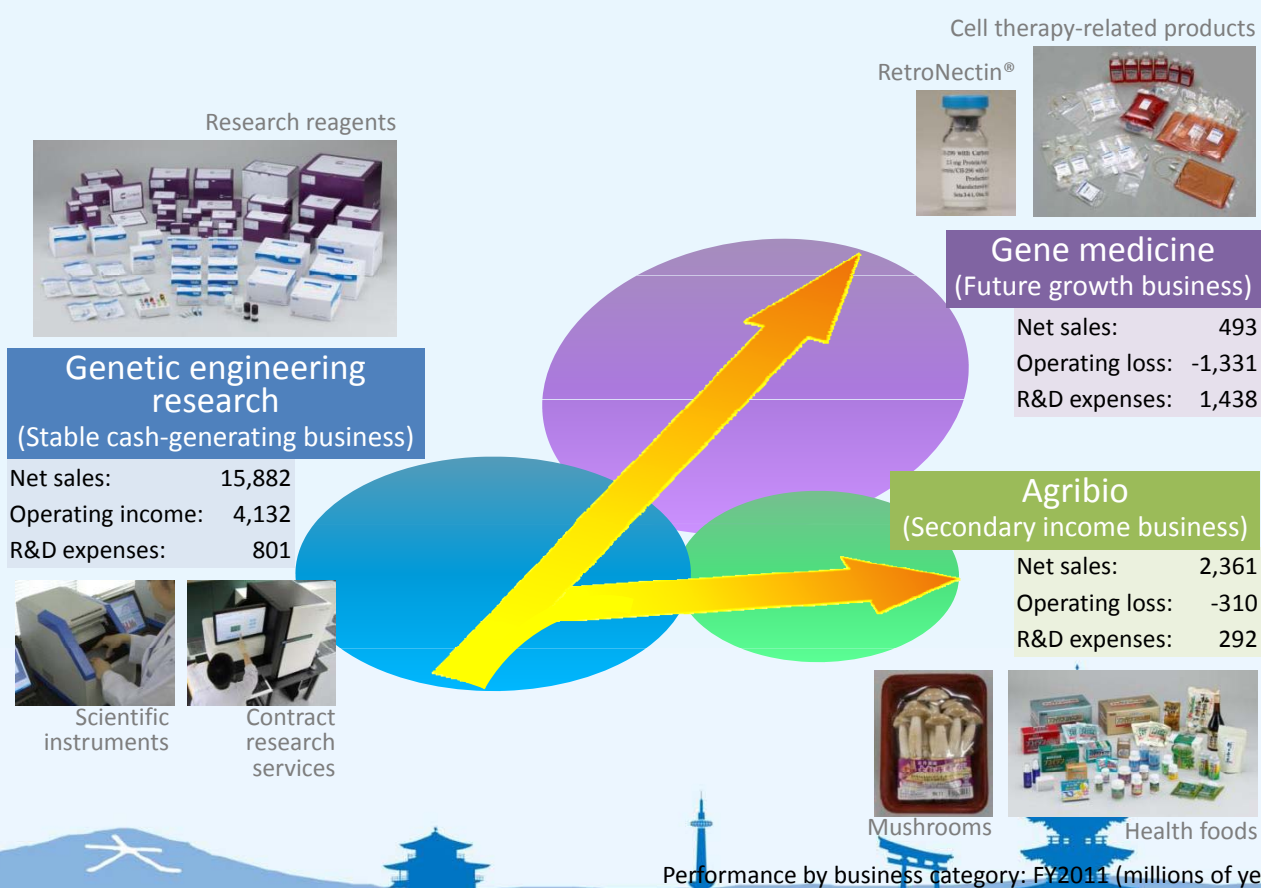
- Genetic engineering research business
- Agribio business
- Gene medicine business



Generate Stable Profits



Basic Strategy



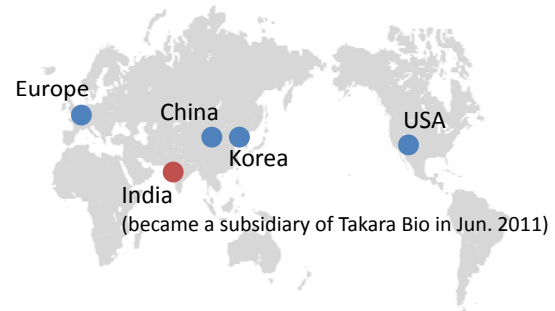
Expanded lineup of research reagents

- ✓ Acquired the Clontech unit of BD Biosciences in 2005

Highly cost competitive products

- ✓ Manufacturing the most of research reagents in Dalian, China

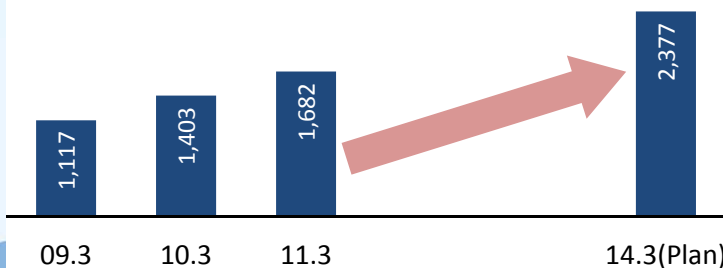
Global sales network



Open up markets in Japan and overseas, including emerging countries, and increase sales and strengthen profitability further

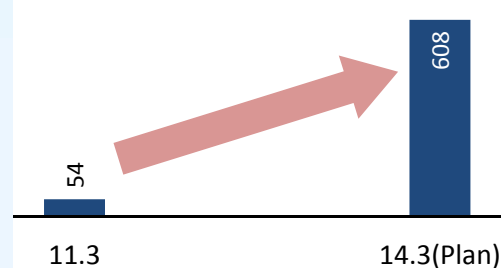
➤ Sales in China

(millions of yen)



➤ Sales in India

(millions of yen)



Agribio Business

Health foods

- ◆ Search for functional components in traditional Japanese food stuffs
- ◆ Use the identified materials to develop and manufacture health food products
- ◆ Sell health foods through Takara Healthcare
 - ✓ Increase sales by strengthening scientific evidence through human interventional studies

Gagome kombu (kelp)
"fucoidan"



Ashitaba (angelica herb)
"chalcone"



Mushrooms

- ◆ License bacterial stains and large-scale production technology for Bunashimeji mushrooms
- ◆ Produce and sell Hatakeslimeji and Honshimeji mushrooms
 - ✓ Reduce costs by enhancing production technology for Hatakeslimeji and Honshimeji mushrooms and increase sales

Hatakeslimeji mushroom



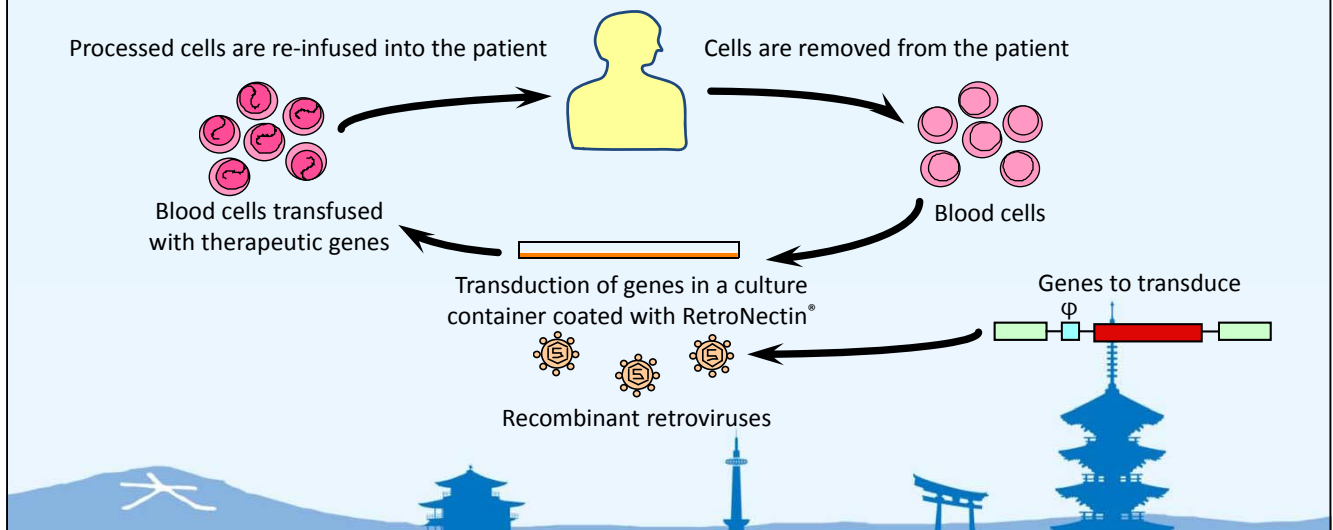
Honshimeji mushroom



■ License the RetroNectin® Method

- ✓ Possess exclusive rights for worldwide use of the RetroNectin® method
- ✓ The RetroNectin® method currently used by public medical institutions over 60 clinical gene therapy studies licensed out to 4 overseas private corporations

➤ Gene therapy protocol using the RetroNectin® method



■ Schedule for Clinical Development of Gene Medicine

Cure (Target disease)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
HSV-TK gene therapy DLI*: (Relapsed leukemia) haplo add-back: (Hematological malignancies)	Phase I clinical trials (DLI) underway in Japan (scheduled for completion FY2013)		(Phase II clinical trials)				Commercialization (FY2018)	
	Clinical research (haplo add-back) underway (scheduled for completion FY2013)							
HF10 anti-cancer therapy (Head and neck cancer, etc.)	Phase I clinical trials underway in U.S. (scheduled for completion FY2013)		(Phase II clinical trials, Phase III clinical trials)				Commercialization (FY2019)	
MazF gene therapy (HIV)	FY2012: Begin Phase I clinical trials in U.S.							
TCR gene therapy (Esophageal cancer, etc.)	Clinical research underway (scheduled for completion FY2013)		FY2014: Begin Phase I clinical trials					
		FY2013: Begin clinical research (next-generation vectors)						

→ Clinical trials
(underway)

→ Clinical trials
(scheduled)

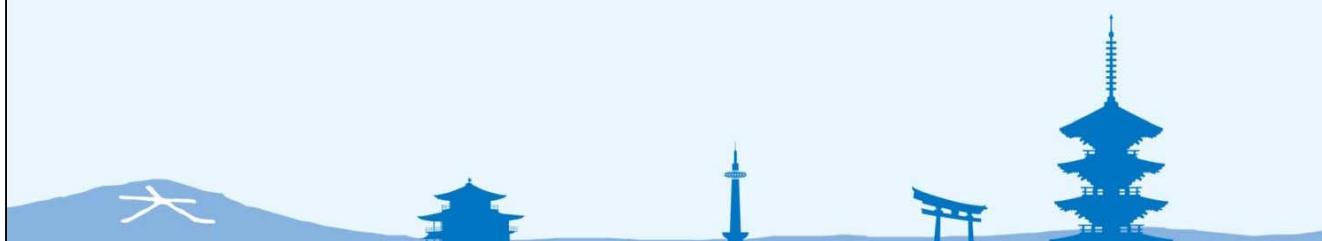
→ Clinical research
(underway)

→ Clinical research
(scheduled)

*DLI: Donor lymphocyte infusion

Takara Healthcare

➤ Health foods business



Takara Healthcare

Takara Bio's unique, cutting-edge technologies

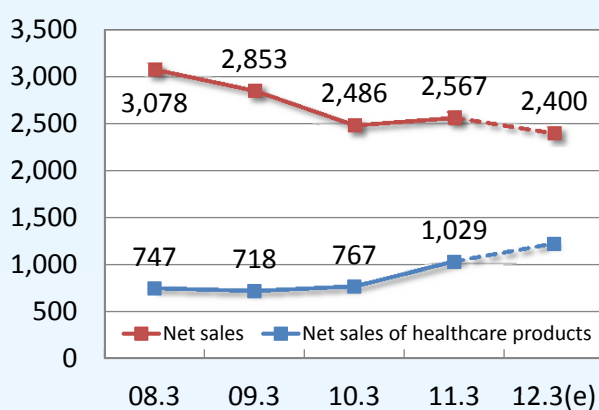
Takara Shuzo's marketing expertise

Sell health foods through direct marketing channels

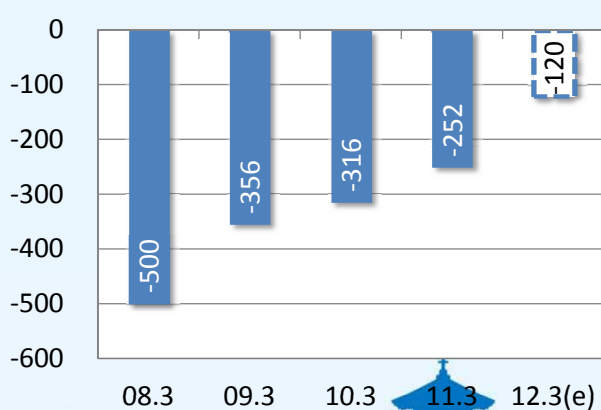
■ Business Performance

(millions of yen)

➤ Net sales



➤ Operating income



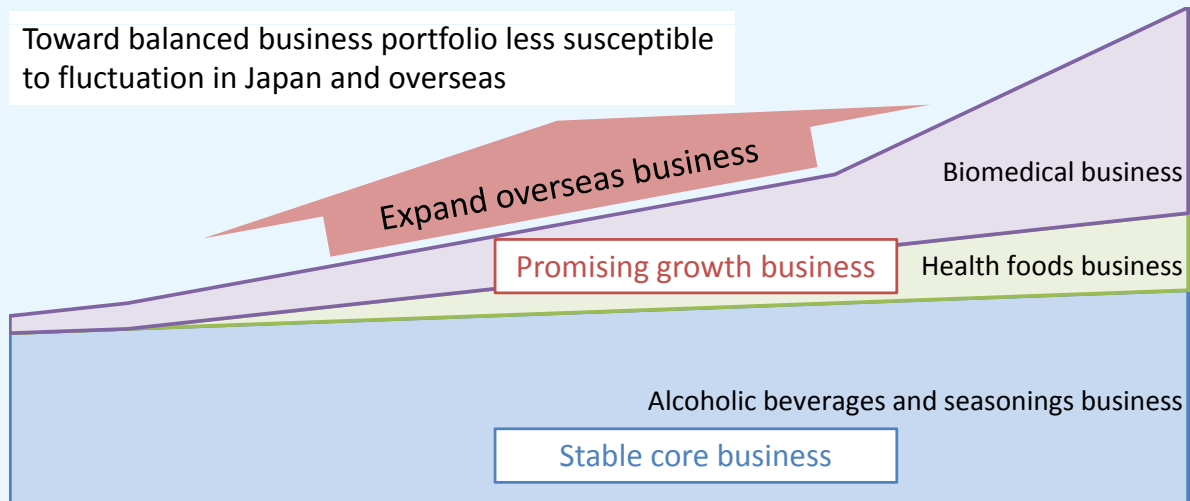
Aim to realize operating profit in FY2013

■ Management Goal

(10 years from April 2011)

Grow businesses in markets in Japan and overseas in which the Group can leverage its strengths, establish a balanced business structure that is readily adaptable to changing conditions

Toward balanced business portfolio less susceptible to fluctuation in Japan and overseas



Unique and robust business portfolio that comprises a stable core business and promising growth businesses

Forward-Looking Statements

Statements in this presentation, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company and its Group represent forecasts of future results. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors.

Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, declines in selling power of the Company's existing and new products, disruptions to production, violations of the Company's intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.