



Takara Holdings Inc.

February 2014



TAKARA HOLDINGS INC.

Business Structure

Takara Holdings Inc.

Share owned: 100%

Takara Shuzo Co., Ltd.

25 subsidiaries

Alcoholic Beverages and Seasonings Business

- ◆ Domestic Alcoholic Beverages Business
- ◆ Seasonings and Raw Alcohol Business (B-to-B)
- ◆ Overseas Alcoholic Beverages Business, Japanese Food Ingredients Wholesale Business



Takara Shuzo Group

Share owned: 60.9%

Takara Bio Inc.

[Mothers board: 4974]

10 subsidiaries

Biomedical Business

- ◆ Genetic Engineering Research Business
- ◆ Agribio Business
- ◆ Gene Medicine Business



Takara Bio Group

Share owned: 100%

Takara Healthcare Inc.

Health Foods Business



Takara Healthcare

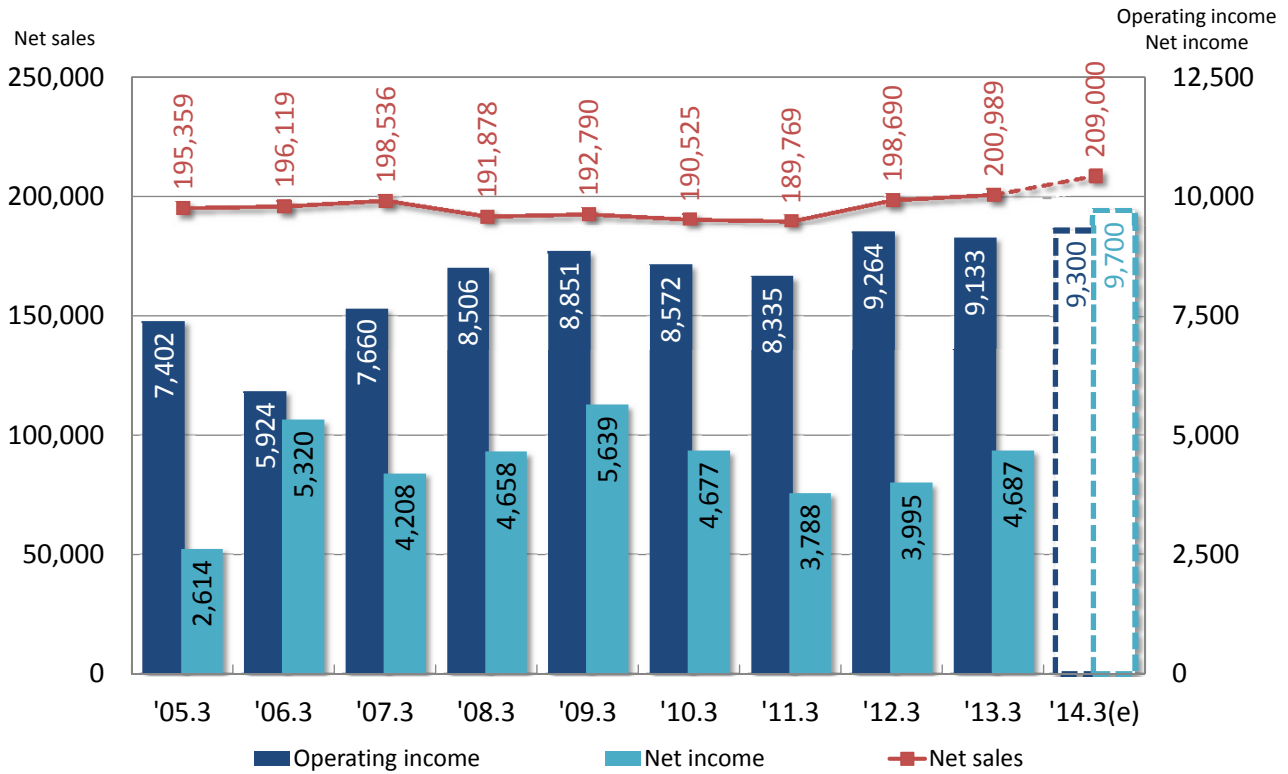
3 other subsidiaries

TAKARA HOLDINGS INC.

Financial Summary

◆ Ten-Year Financial Summary

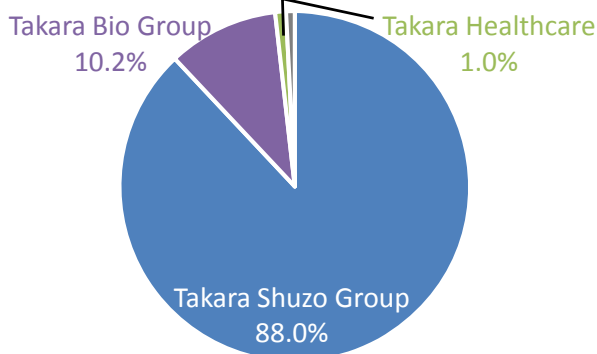
(millions of yen)



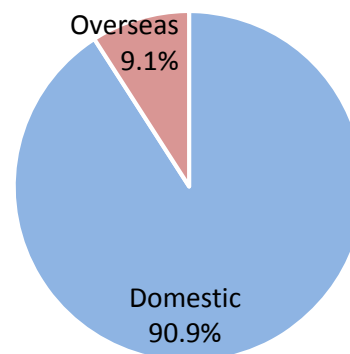
Business Performance (FY2013)

◆ Consolidated Net Sales: 200,989 million yen

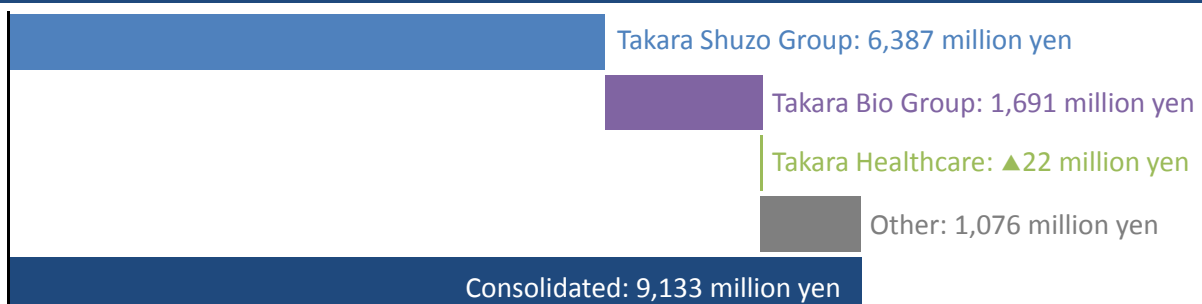
➤ Sales by business segment



➤ Sales by business area

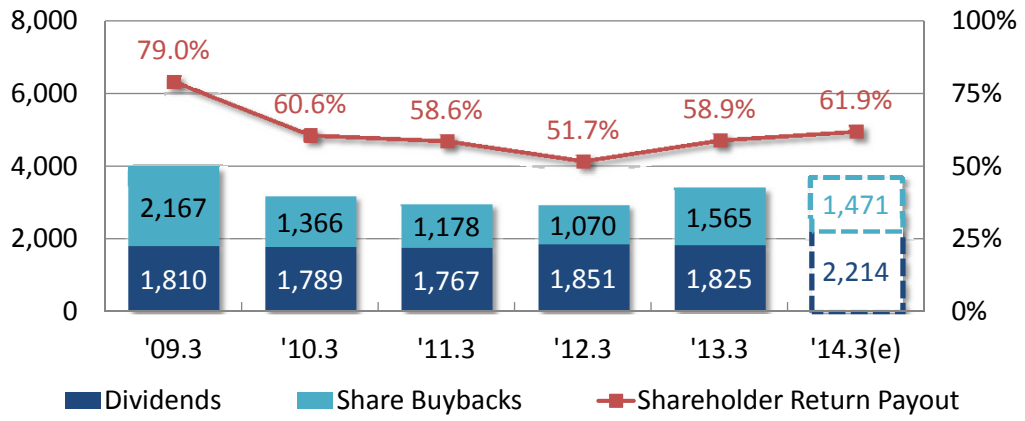


◆ Consolidated Operating Income: 9,133 million yen



Shareholders Returns

◆ Shareholder Return Amounts and Shareholder Return Payout (millions of yen)



◆ Financial Policy (Takara Group Medium-Term Management Plan 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).

➤ Returns to shareholders

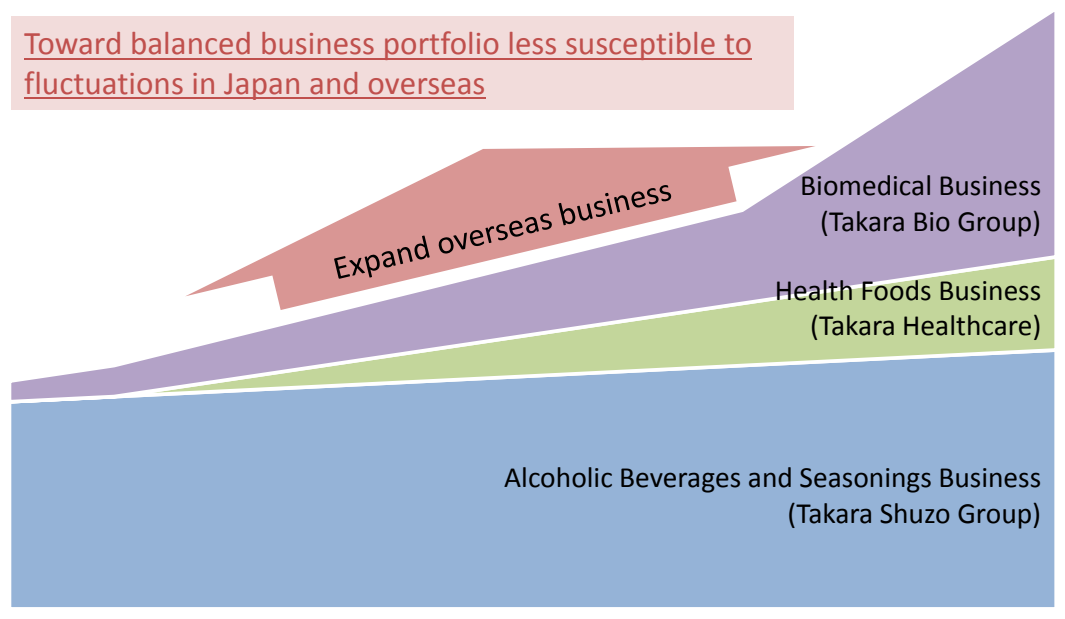
Realize a shareholder return payout* of at least **50%** by combining dividends and share buybacks

* Shareholder return payout = (Total dividends + Amounts 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)

Long-Term Management Vision

◆ Takara Group Vision 2020 (10 years from April 2011)

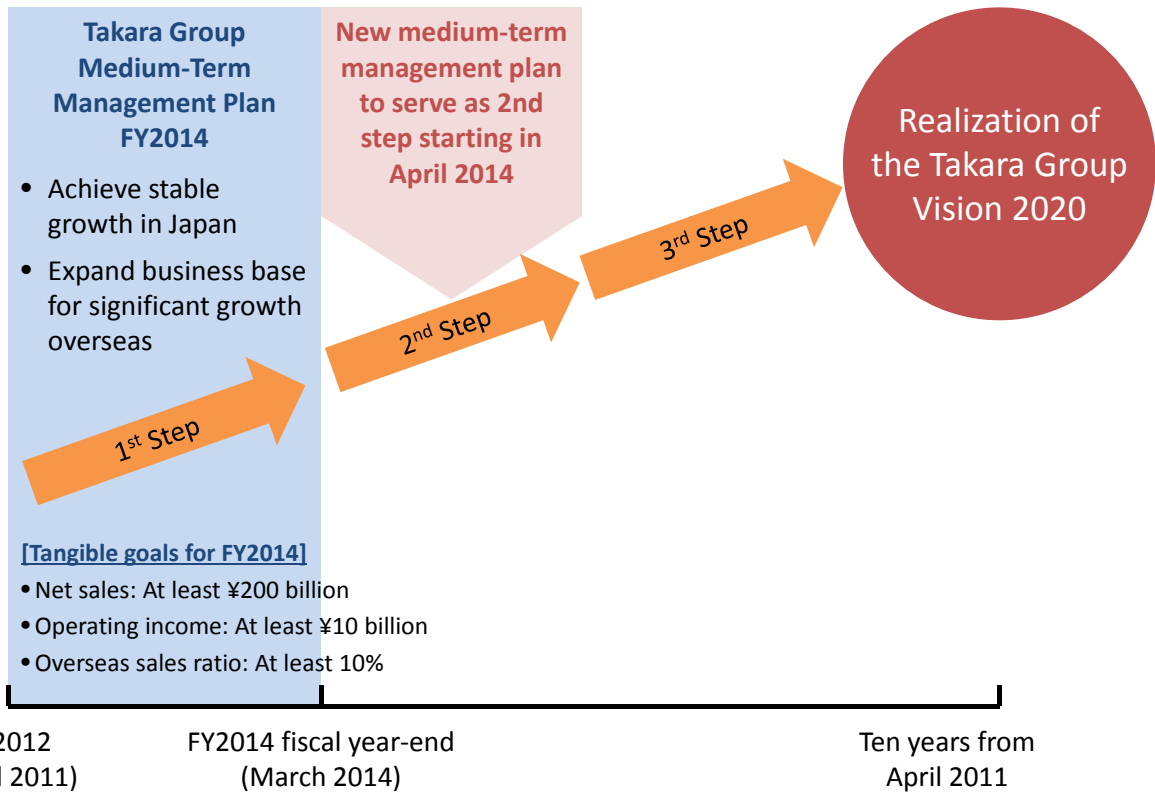
Management Goal Grow businesses in market in Japan and overseas in which the Group can leverage its strength, establish a balanced business structure that is readily adaptable to changing conditions



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

Path Toward Realization of the Takara Group Vision 2020

◆ Roadmap for Realizing the Takara Group Vision 2020



Takara Shuzo Group

- Alcoholic Beverages and Seasonings Business

About Takara Shuzo Group

◆ Domestic Alcoholic Beverages Business

Manufacture and sale of shochu, sake, RTD, and seasonings, etc.



◆ Seasonings and Raw Alcohol Business

Seasonings business for food processing and raw alcohol business (B-to-B)



◆ Overseas Business

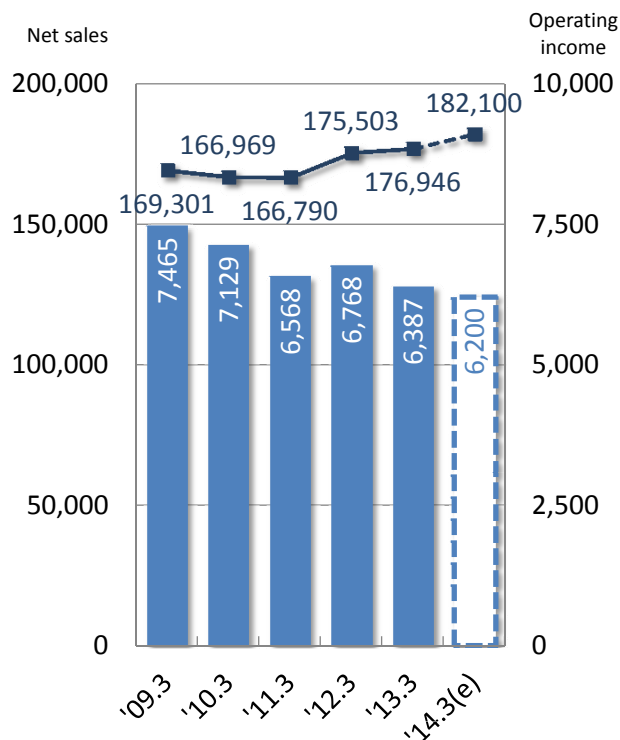
Overseas alcoholic beverages business and Japanese food ingredients wholesale business



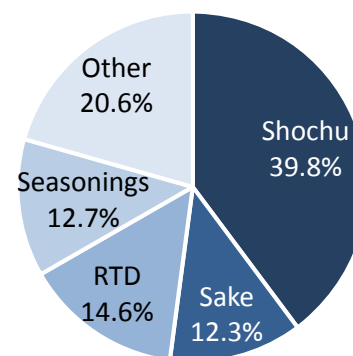
Business Performance (Takara Shuzo Group)

◆ Net Sales and Operating Income

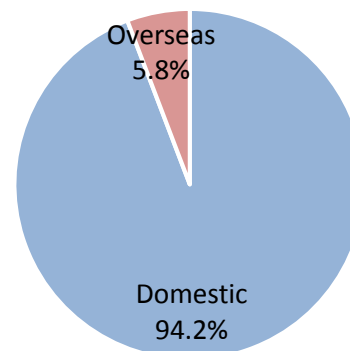
(millions of yen)



➤ Sales by product category (FY2013)

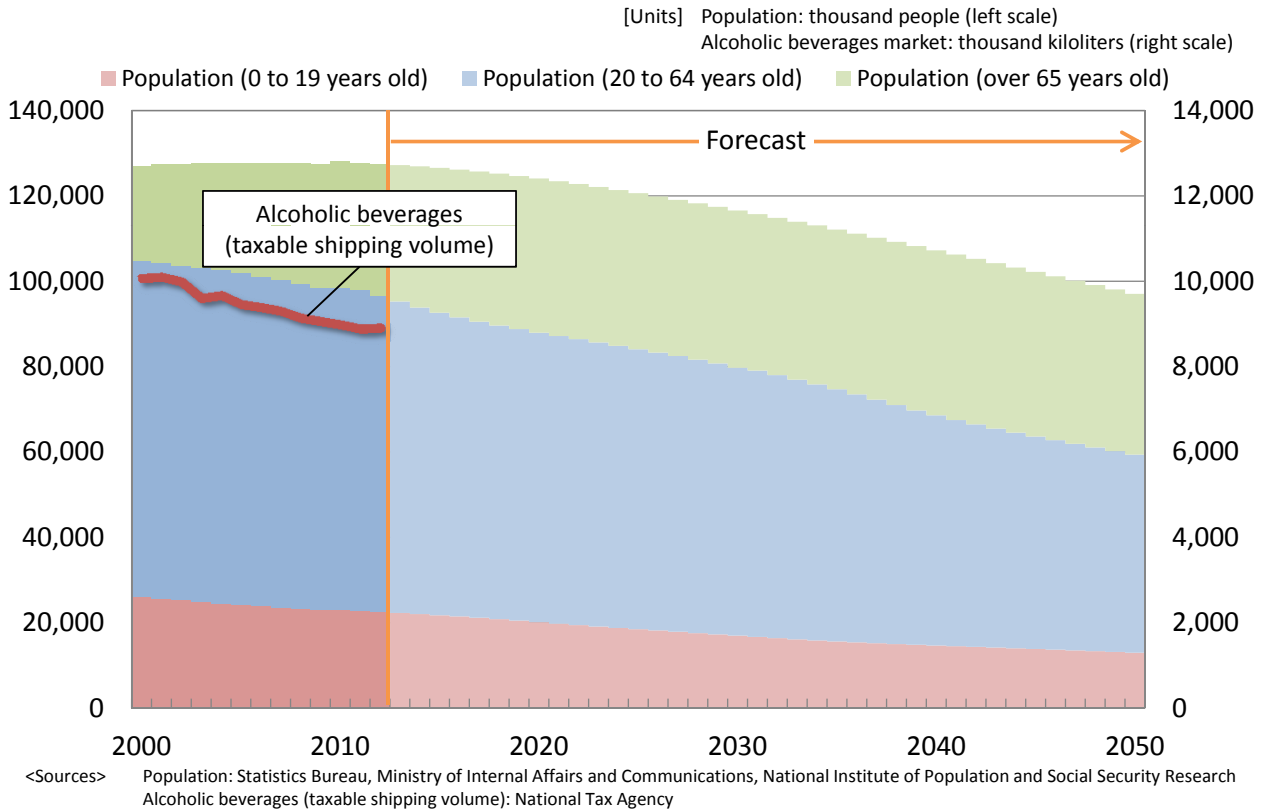


➤ Sales by business area (FY2013)



Domestic Alcoholic Beverages Market Condition (1)

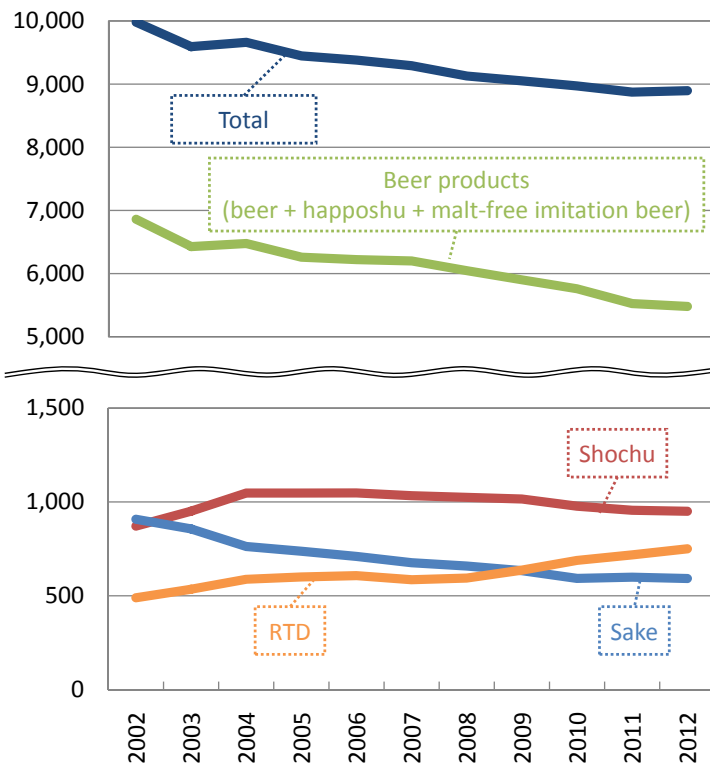
◆ Trends in Japan's Population and Alcoholic Beverages Market Scale



Domestic Alcoholic Beverages Market Condition (2)

◆ Trend in Taxed Shipments of Alcoholic Beverages in Japan

(thousand kiloliters)



➤ Domestic market share

Categories	Domestic market share	Position
Shochu	13.7%	1 st
Ko-type	30.0%	1 st
Sake	8.4%	2 nd
For gift use (1.8 liter bottle sake)		1 st
Light-alcohol refreshers (RTD)	12.1%	3 rd
Mirin (Type-1)	54.4%	1 st

* Shochu, Mirin: CY2012
Sake, RTD: CY2013

<Sources> National Tax Agency, Jozou Sangyo Newspaper; Nikkan Keizai Tsushinsha, Inc.; National Mirin Association

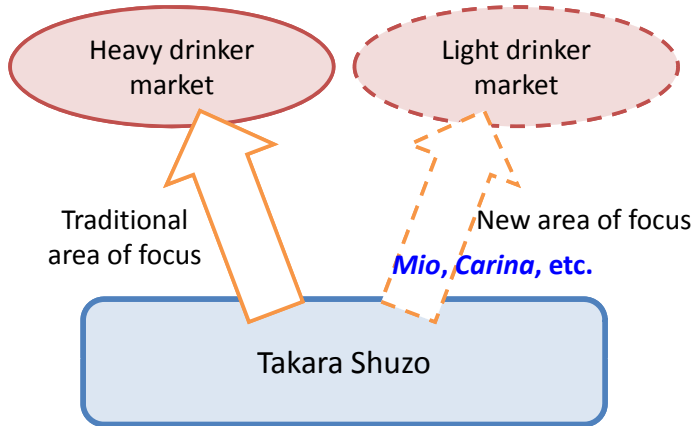
Domestic Alcoholic Beverages Business

◆ Business Strategy

New product development	Brand nurturing	Strengthen profitability
Develop highly original new products with differentiated quality	Foster array of powerful brands for premium-range and mid-range products	Strengthen profit management and promote operational efficiency

Generate stable cash flows and support the Group's growth

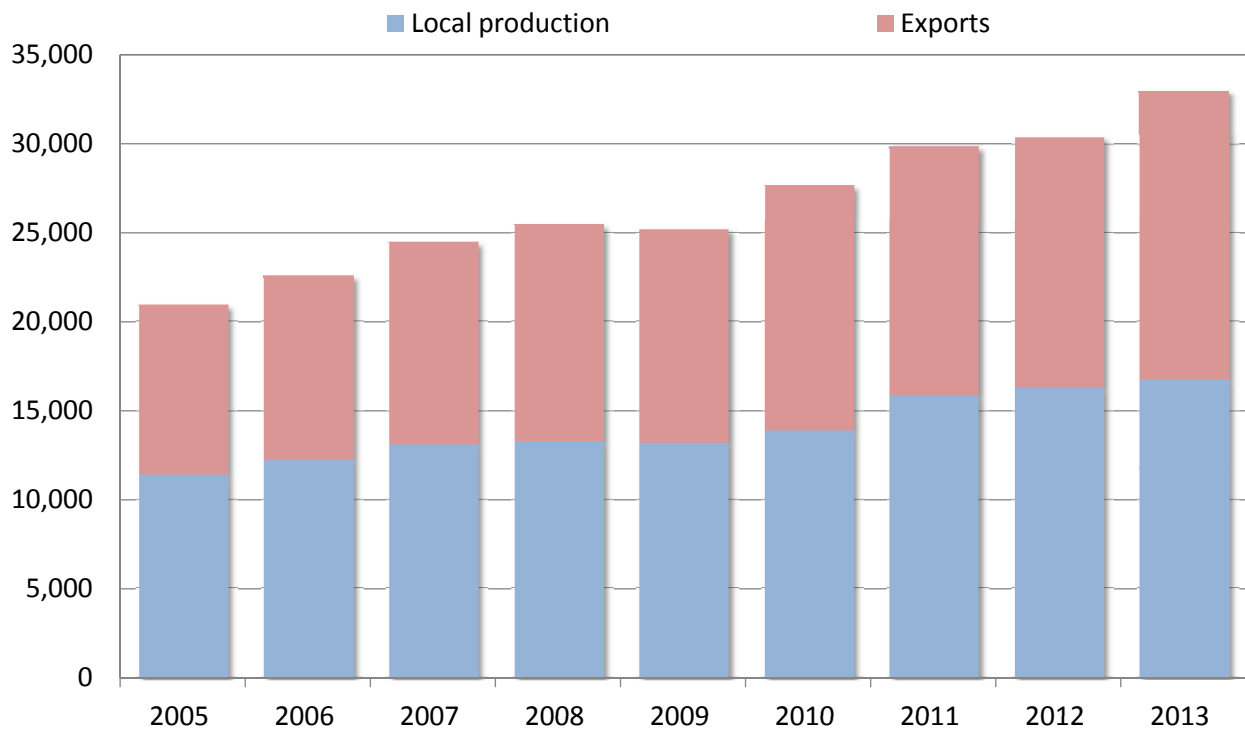
● Priority Measures for FY2014



Overseas Market Condition (1)

◆ Trend in Scale of Global Sake Market

(kiloliters)



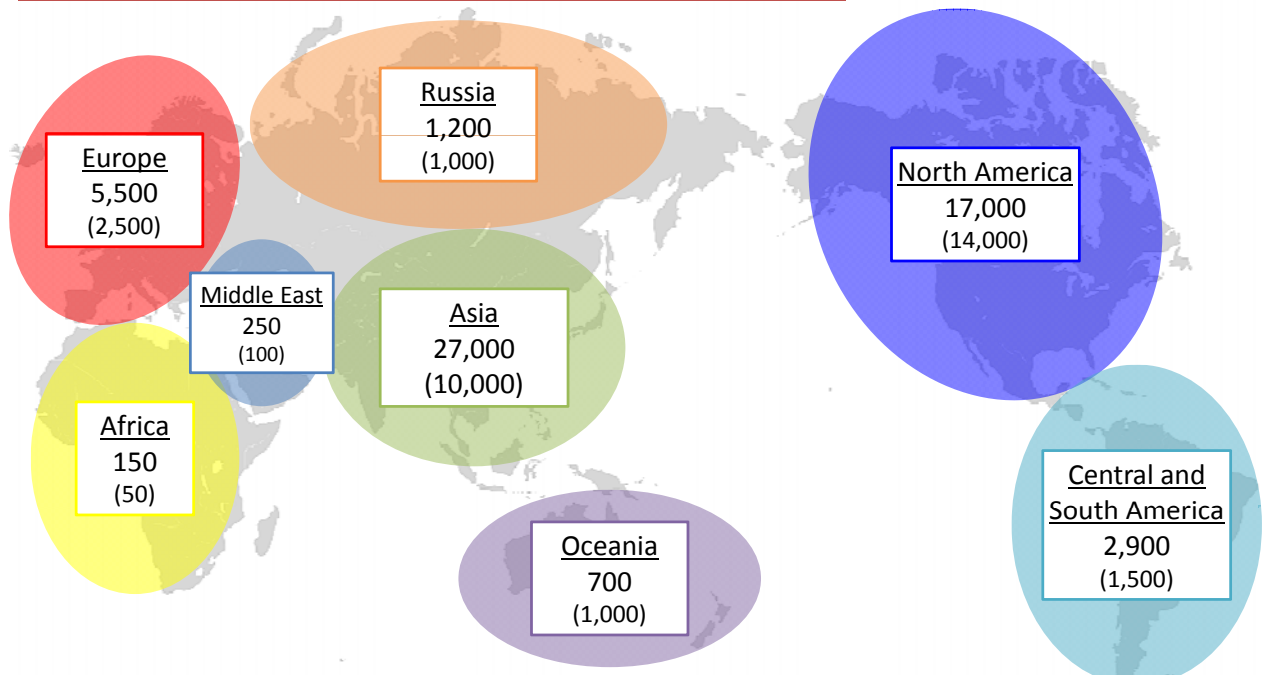
<Sources> Exports: Trade Statistics of Japan, Ministry of Finance
Local production: Jozo Sangyo Newspaper (total of local production for nine major sake companies)

Overseas Market Condition (2)

◆ Number of Japanese Cuisine Restaurants Worldwide

2006 → 2010 → 2013
 Approx. 24,000 → Approx. 30,000 → Approx. 55,000

*Upper numbers are from 2013, lower numbers in parentheses are from 2010.



<Source> Ministry of Agriculture, Forestry and Fisheries

'Washoku' (Japanese Cuisine) Added to UNESCO Intangible Heritage List

Japanese cuisine wins cultural heritage status
 Honor by UNESCO expected to boost foreign tourist numbers, exports of food overseas

"Washoku" traditional Japanese cuisine has been added to UNESCO's Intangible Cultural Heritage list, raising the government's hopes of enhancing its global recognition, attracting more foreign tourists and boosting exports of the country's agricultural products.

The government's proposal was formally approved Wednesday at a meeting of the UNESCO Intergovernmental Committee in Baku, the Cultural Affairs Agency said, adding that the panel valued the spiritual tradition of respecting nature associated with washoku.

The move comes as the country faces a low food self-sufficiency rate of around 40 percent on a calorie intake basis as well as the spread of Western eating habits. Washoku became the 22nd Japanese asset to be listed on UNESCO's Intangible Cultural Heritage list, which also includes kabuki, ikebana and bunraku.

Overseas Business

◆ Business Strategy

Overseas alcoholic beverages business

Build foundation for overwhelming NO.1 position in overseas sake market

Japanese food ingredients wholesale business

Construct and expand sales networks in European and U.S. markets

Synergies between two businesses

Expand product portfolio and strengthen sales network
 → Acquire new sales channels and expand business domain

We will expand overseas businesses by spreading Japanese cuisine around the world through the overseas alcoholic beverage business and the Japanese food ingredients wholesale business.

● Recent Activities

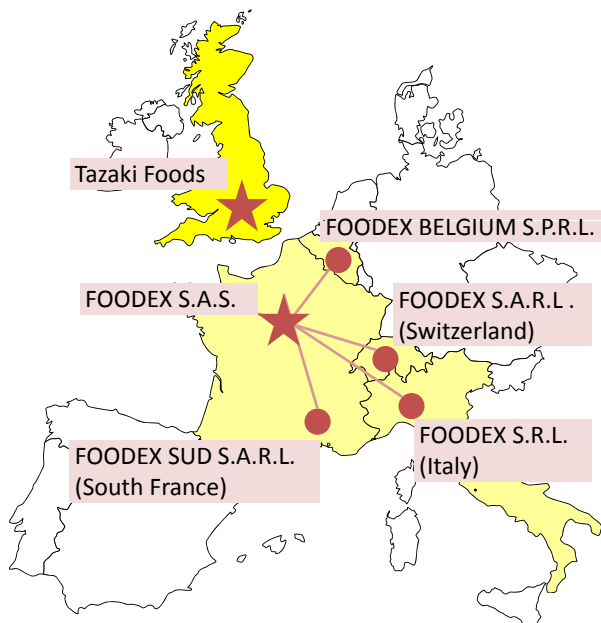
Timing	Details	Purpose
Apr. 2010	Acquired stock in FOODEX (France)	Entering the Japanese food ingredients wholesale business
Nov. 2012	Received third-party allocation of shares from Japanese food ingredients wholesaler Mutual Trading (U.S.)	Strengthening partnership in North America * Percentage of voting rights held: 24.2% → 45.0%
Jul. 2013	Established Takara Europe Holdings (the Netherlands)	Preparing for expansion of operations in Europe
Sep. 2013	Acquired management rights in Tazaki Foods (U.K.)	Expanding Japanese food ingredients wholesale business

Japanese Food Ingredients Wholesale Business

◆ Bases of the Japanese Food Ingredients Wholesale Business

● Europe

➤ Bases of Tazaki Foods and FOODEX



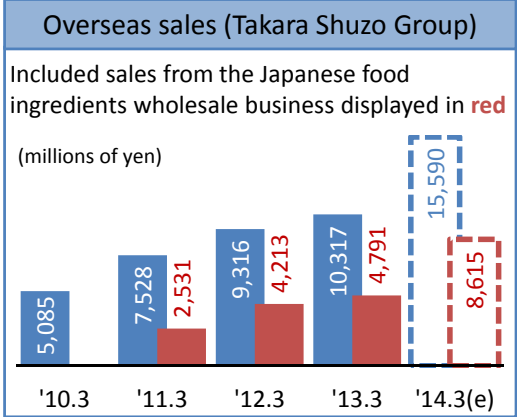
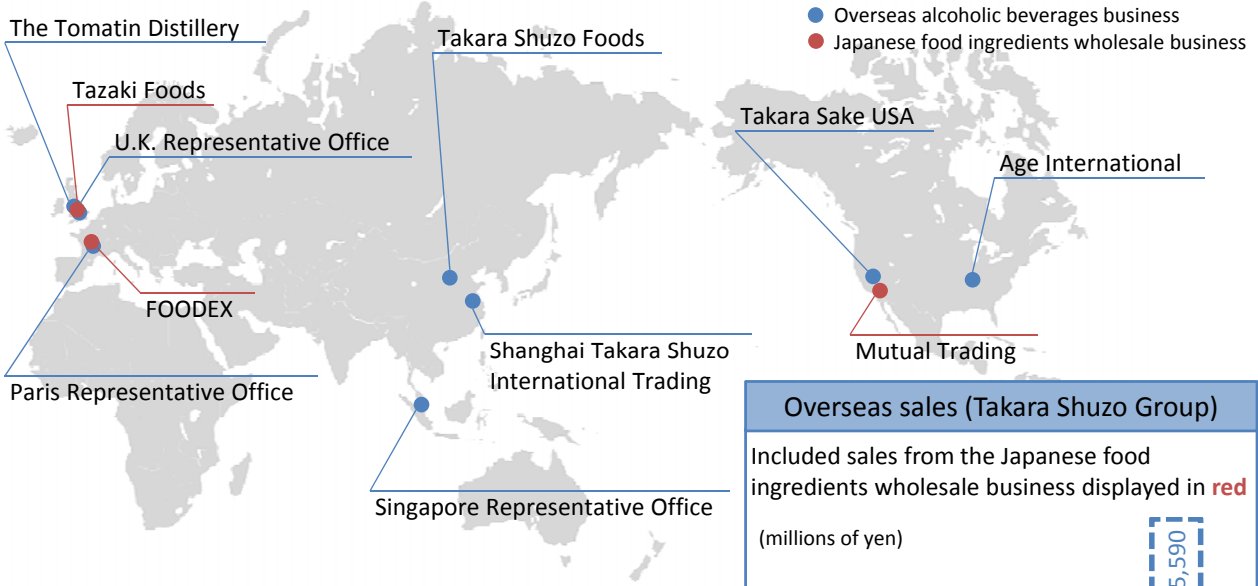
● United States

➤ Bases of Mutual Trading (equity method affiliate)



Overseas Activities

◆ Overseas Basis of the Takara Shuzo Group



Takara Bio Group

➤ Biomedical Business

About Takara Bio Group

◆ Takara Bio Group Highlights

Takara Shuzo Co., Ltd. (now, Takara Holdings Inc.) started the biomedical business.

April 2002
Takara Bio Inc. was established as a result of a corporate separation through incorporation of a new company.

December 2004
Takara Bio Inc. was listed on the Mothers section of the Tokyo Stock Exchange

◆ Genetic Engineering Research Business

Manufacture and sale of research reagents and scientific instruments, contract research services

Research reagents



Scientific instruments



Contract research services



◆ Agribio Business

Manufacture and sale of health foods and mushroom products



◆ Gene Medicine Business

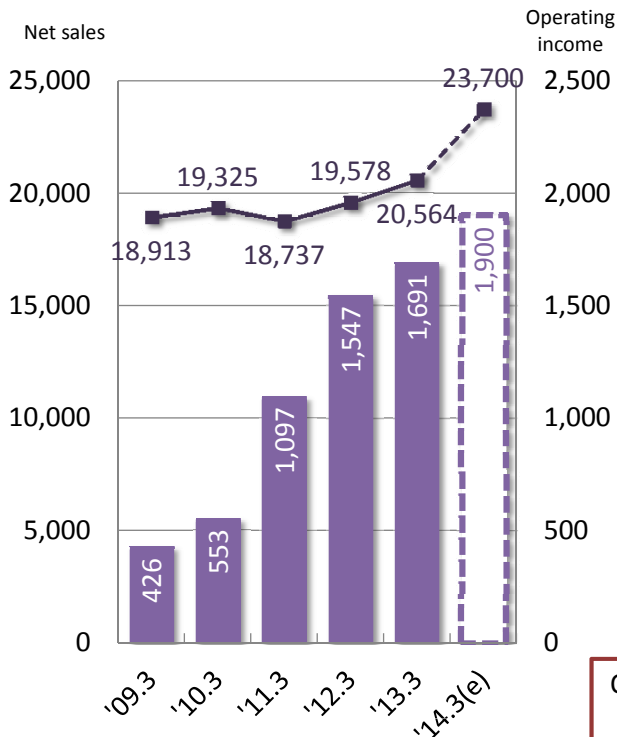
Commercialization of gene therapy and cell therapy



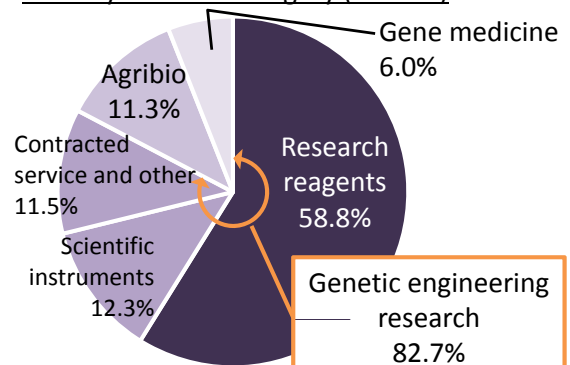
Business Performance (Takara Bio Group)

◆ Net Sales and Operating Income

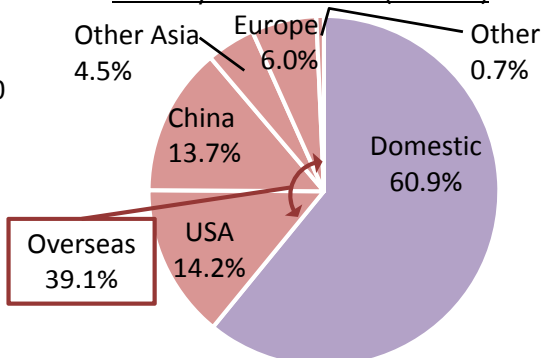
(millions of yen)



➤ Sales by business category (FY2013)



➤ Sales by business area (FY2013)



Basic Business Strategy

◆ Business Performance by Business Category (FY2013)

(millions of yen)

	Net sales	Operating income (loss)	R&D expenses
Genetic engineering research	16,997	4,831	724
Agribio	2,326	▲304	129
Gene Medicine	1,240	▲1,112	1,458
Reconciliation	-	▲1,722	402
Total	20,564	1,691	2,715

◆ Takara Bio Group's Business Strategy

In order to pursue continuous growth in the future,
Takara Bio will invest the stable income generated by two business divisions
(the Genetic engineering research business and the Agribio business)
in the Gene medicine business, which is the group's platform for future growth.

Genetic Engineering Research Business

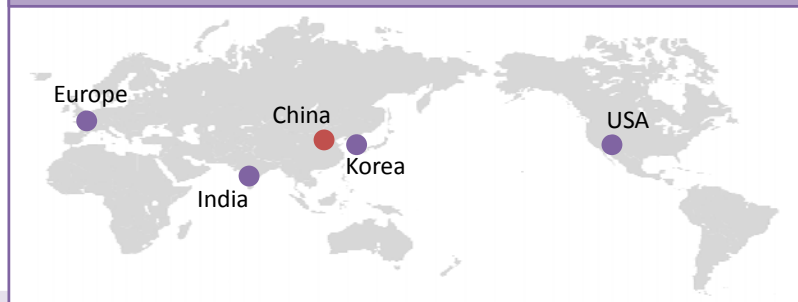
Expanded lineup of research reagents

Acquired the Clontech unit of BD Biosciences in 2005

Highly cost competitive research reagents

Manufacturing the most of research reagents in Dalian, China

Global sales network



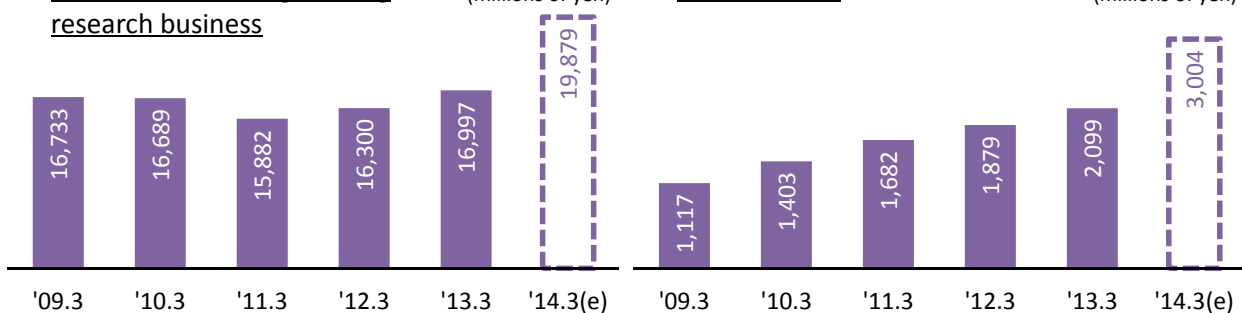
Open up markets in Japan and overseas, including emerging countries,
and increase sales and strengthen profitability further

➤ Sales of Genetic engineering research business

(millions of yen)

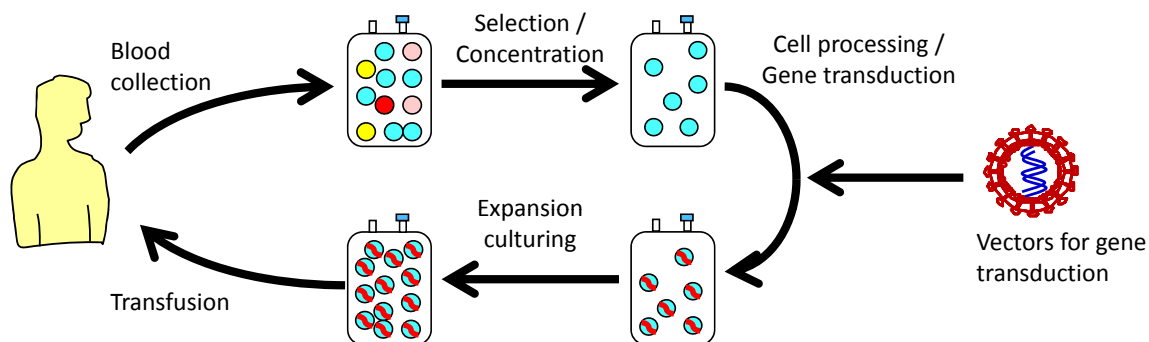
➤ Sales in China

(millions of yen)



Gene Medicine Business

◆ Gene Therapy Protocol



◆ Schedule for Clinical Development of Gene Medicine

Cure	Target disease	Current status and future schedule	Commercialization
HF10 (anti-cancer therapy)	Solid tumors	Phase I clinical trials in the U.S. (completion in FY2014)	FY2019
HSV-TK gene therapy	Hematological malignancies	Phase I/II joint clinical trials in Japan and South Korea (commence in FY2016)	FY2020
TCR gene therapy	Esophageal cancer, etc.	Phase I clinical trials in Japan (commence in FY2014)	FY2022
MazF gene therapy	HIV	Phase I clinical trials in the U.S. (completion in FY2016)	FY2023

Changes in Operating Environment for Gene Medicine Business

◆ Government Policies

Measures and system revisions being instituted by Japanese government to facilitate spread of regenerative medicine and cell therapy

- A) Regenerative Medicine Promotion Act (Act for Promotion of Comprehensive Measures to Realize the Quick and Safe Provision of Regenerative Medicine Treatments)
 - Enacted on May 10, 2013
- B) Partial revision to the Pharmaceutical Affairs Act, Act on Ensuring the Safety of Regenerative Medicine
 - Draft finalized on November 20, 2013

Anticipated measures

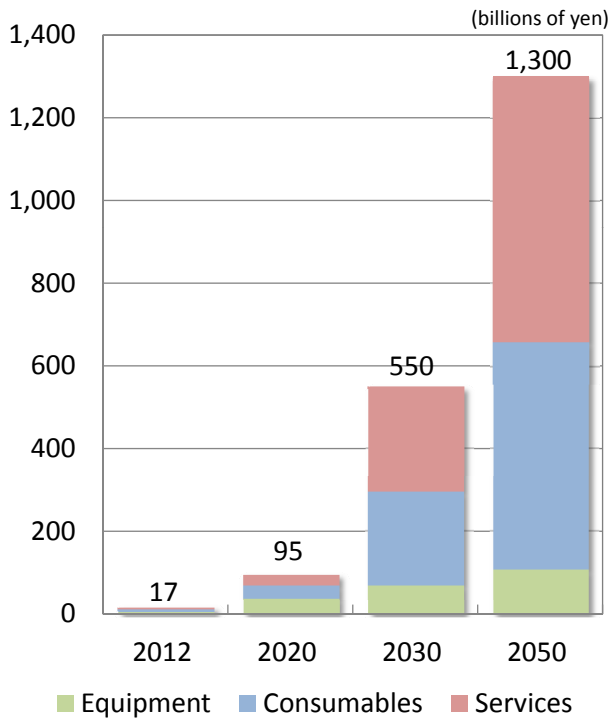
- Increased R&D activity in the regenerative medicine and cell therapy field
- Institution of systems enabling outsourcing of cell processing
- Development of systematic framework for ensuring safety based on risks of advanced medicine
- Establishment of a quick approval system for new drugs

Impact on Takara Bio Group

- Increased sales of products in the basic and clinical research fields
- Expansion of CDMO business in areas such as GMP manufacturing, cell processing, and genome sequencing analysis contract services
- Shortened period for commercialization of gene therapy treatments

Future Trends in Industries Related to Regenerative Medicine and Cell Therapy

◆ Forecasts for Domestic Markets Related to Regenerative Medicine and Cell Therapy



<Source> Prepared by Takara Bio based on Report on Commercialization and Industrialization of Regenerative Medicine, Ministry of Economy, Trade and Industry

● Products and Services Offered by the Takara Bio Group

➤ Consumables

- ✓ Research reagents
- ✓ Cell culture media and gas-permeable bags



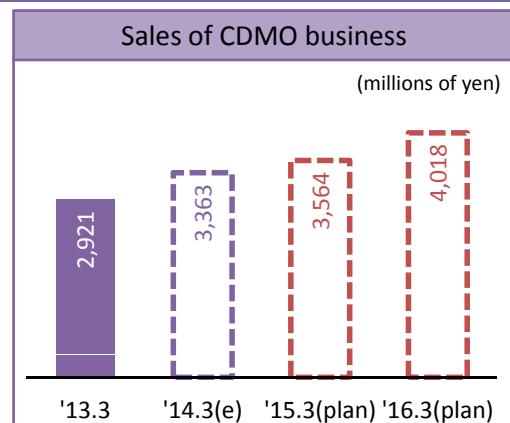
➤ Services

- ✓ Cell processing contract services
- ✓ Cell quality management contract services
- ✓ Contract production of GMP-grade vectors
- ✓ Genome sequencing analysis contract services
- ✓ Contract inspection of cell genes
- ✓ Technical support services

CDMO (Contract Development & Manufacturing Organization) Business

◆ CDMO Business Services

- Non-GMP-compliant manufacturing contract services
Contract development of manufacturing and quality management processes for vectors and cells; contract test manufacturing; cell bank, genetic analysis, and other contract research services
- GMP-compliant manufacturing contract services
Contract production of GMP-grade vectors and cells for clinical trials, safety testing services, etc.
- Technical support services for cancer immunotherapy
- Sale of cell culture media and gas-permeable bags for cell therapy
- Sale of GMP-grade antibodies and proteins

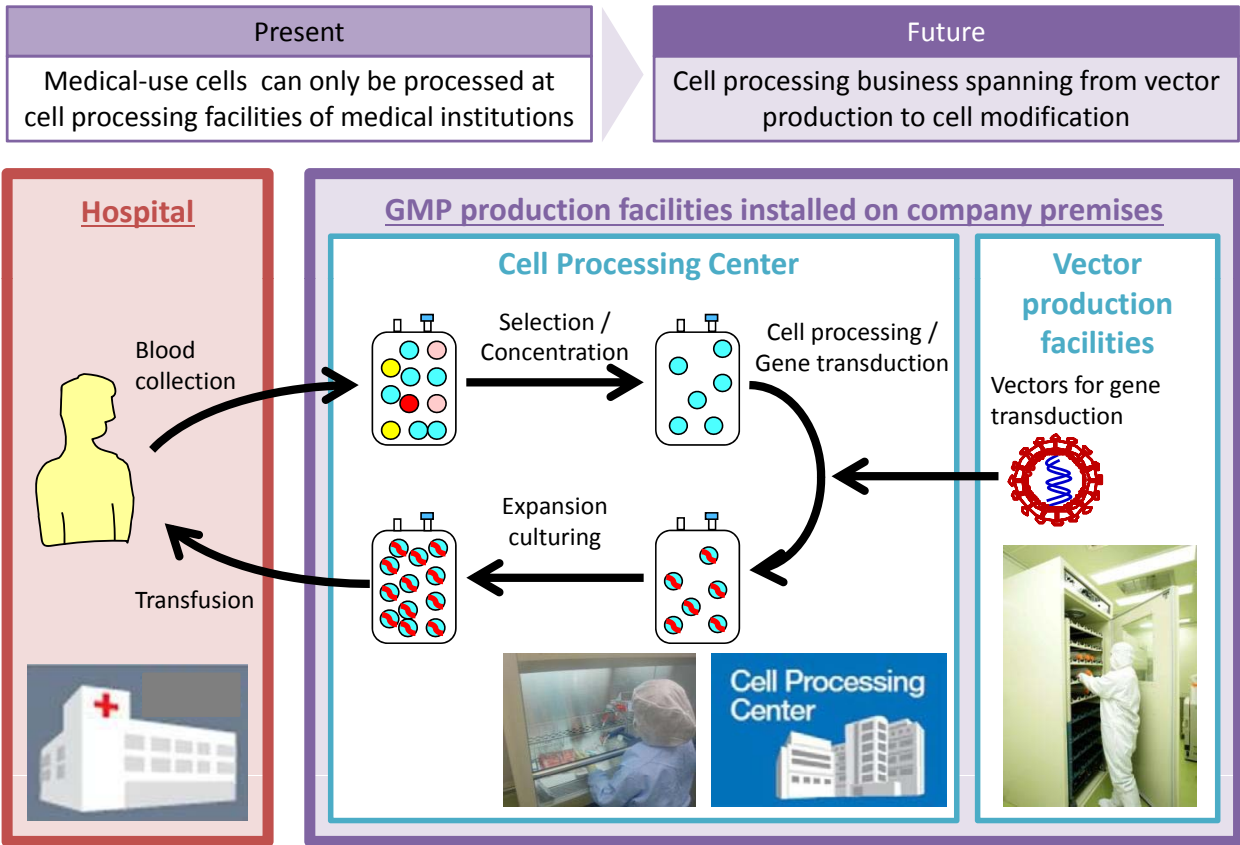


● New Facility for the Research and Manufacturing of Pharmaceutical Products for Cell and Gene Therapies

- Scheduled date of completion
July 2014 (full-fledged operation to commence in October 2014)
- Location
Kusatsu City, Shiga Prefecture
- Purpose
Manufacturing of GMP-grade recombinant proteins such as RetroNectin, manufacturing of GMP-grade gene transduction-use vectors for regenerative medicine and gene therapy applications, processing of GMP-grade gene modified cells, fundamental technology development for gene therapy projects



New Business Model for Cell Processing



Growth Strategy

Growth Strategies by Business Group

◆ Takara Shuzo Group

Japan—strengthen profitability of alcoholic beverages business and expand B-to-B business
Overseas—build networks for the wholesale of Japanese food ingredients

Expansion of global market for Japanese cuisine

Expanding business chances

Conduct investments geared toward expanding the Japanese food ingredients wholesale business overseas

◆ Takara Bio Group

Invest the income generated by the genetic engineering research business and the agribio business in R&D for the gene medicine business, a future growth business

Government policies promoting spread of advanced medicine

Expanding business chances

Conduct investments to expand the CDMO business and advance clinical development projects in the gene medicine business

The Takara Group is a business conglomerate with a clear vision for realizing future growth. Each business group is pursuing their targets, pushing us closer toward realizing the long-term management vision.

Realization of the Takara Group Vision 2020

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.

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