

# Takara Holdings Inc.

February 2013

Director, Shuichiro Matsuzaki



TAKARA HOLDINGS INC.

## Business Structure

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### Takara Holdings Inc.

Share owned: 100%

Takara Shuzo Co., Ltd.

22 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: 70.8%

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



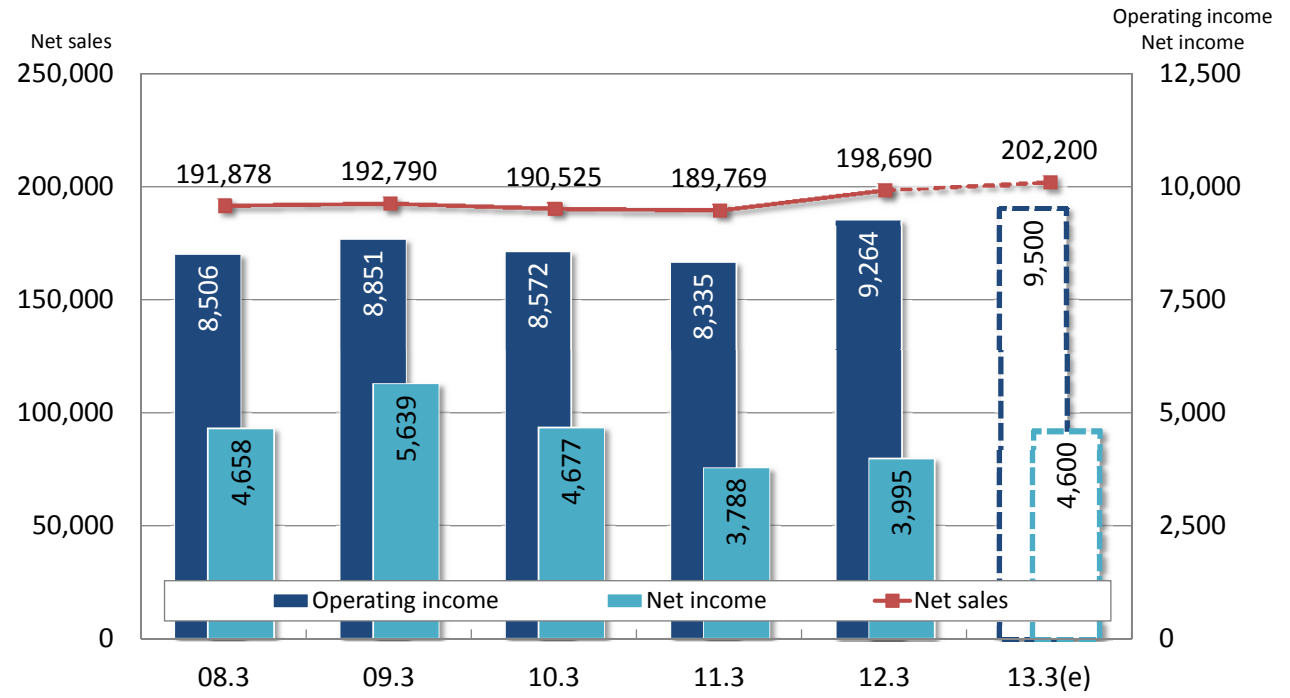
Takara Healthcare

3 other subsidiaries

TAKARA HOLDINGS INC.

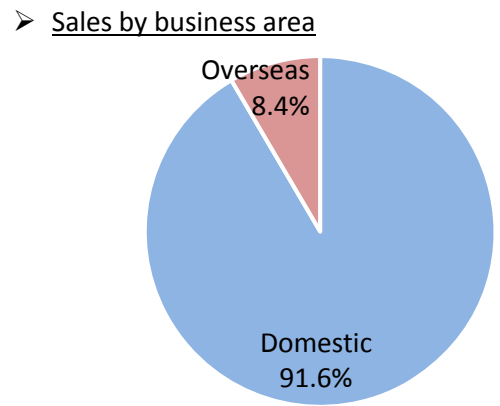
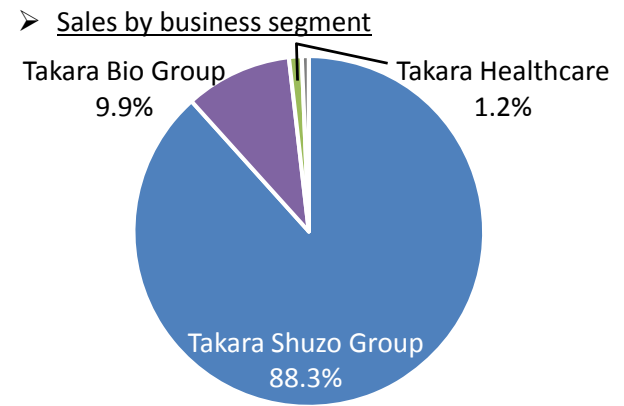
# Financial Summary

## ◆ Six-Year Financial Summary (millions of yen)

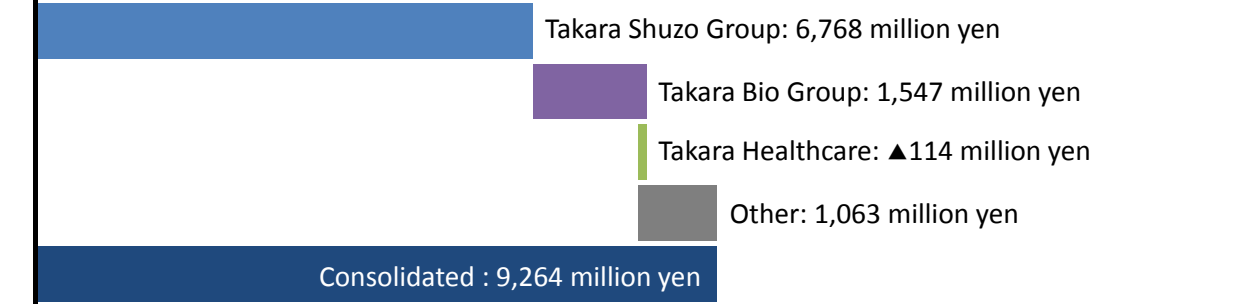


# Business Performance (FY2012)

## ◆ Consolidated Net Sales: 198,690 million yen



## ◆ Consolidated Operating Income: 9,264 million yen

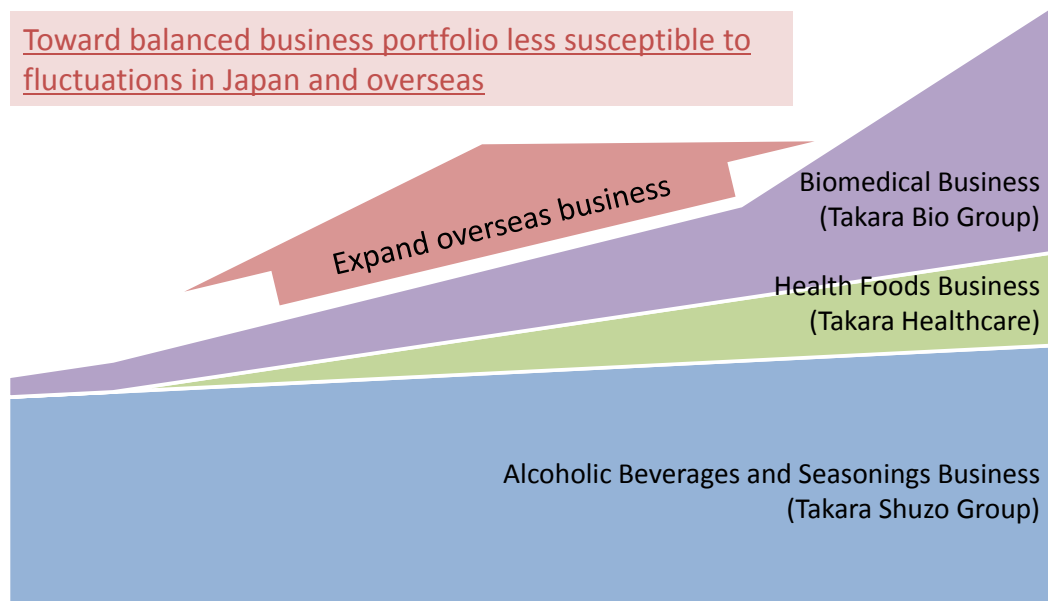


## ◆ Takara Group Vision 2020 (10 years from April 2011)

### 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

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



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

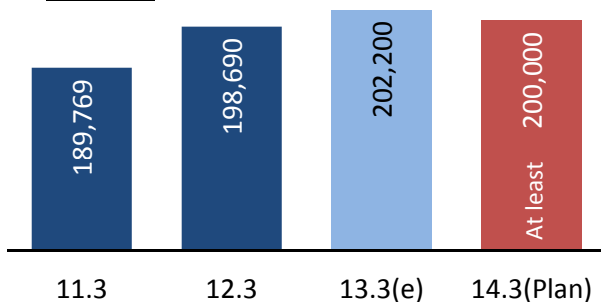
## ◆ Basic Policy

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

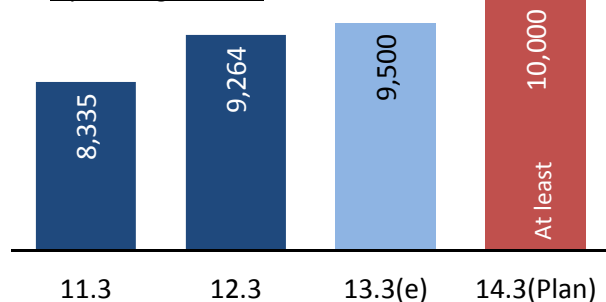
## ◆ Tangible Goals

(millions of yen)

### ➤ Net sales



### ➤ Operating income



## ◆ Financial Policy

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\*\*

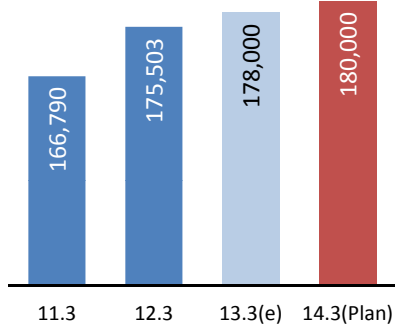
\*\*Deemed consolidated net income = (Consolidated ordinary income – Interest income and dividends + Interest payments) x (1 - Effective tax rate)

# Tangible Goals by Business Segment

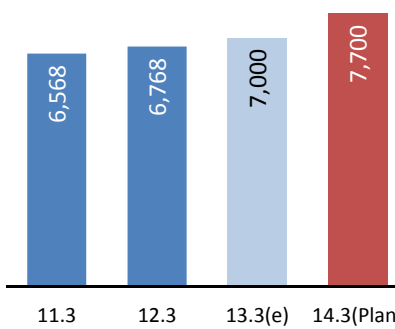
(millions of yen) 7

## Takara Shuzo Group

### Net sales

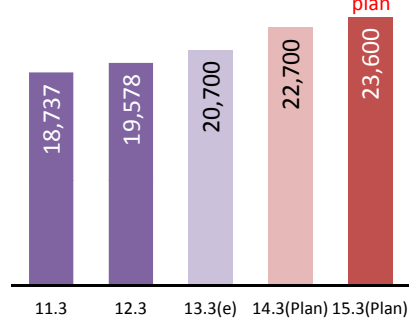


### Operating income

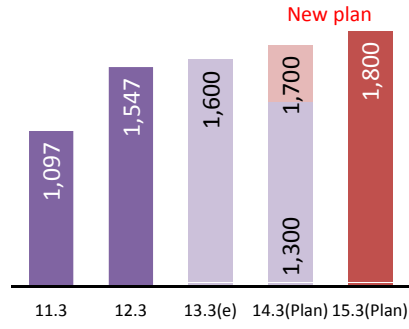


## Takara Bio Group

### Net sales

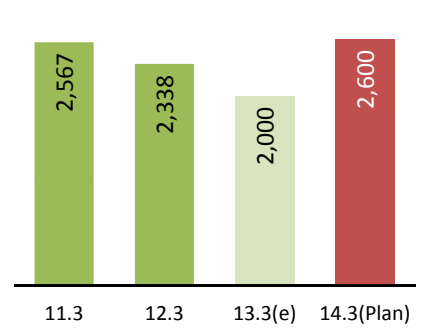


### Operating income

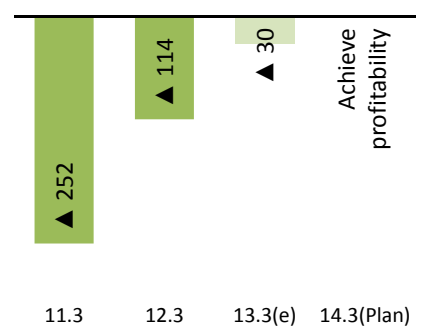


## Takara Healthcare

### Net sales



### Operating income



# 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 Business

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



◆ Seasonings and Raw Alcohol Business

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



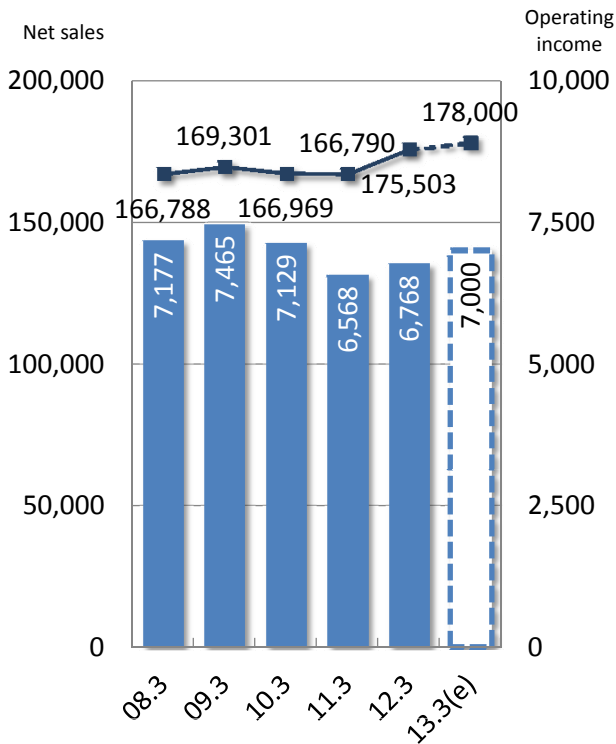
◆ Overseas Business

Overseas alcoholic beverages business and Japanese food ingredients wholesale business

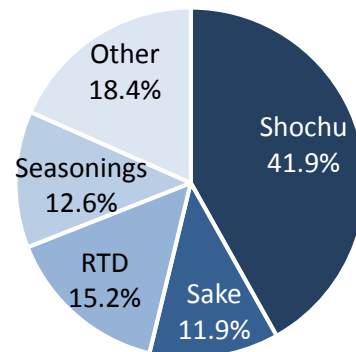


◆ Business Performance

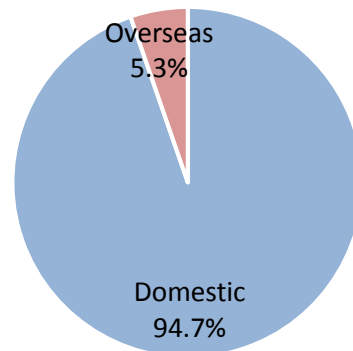
(millions of yen)



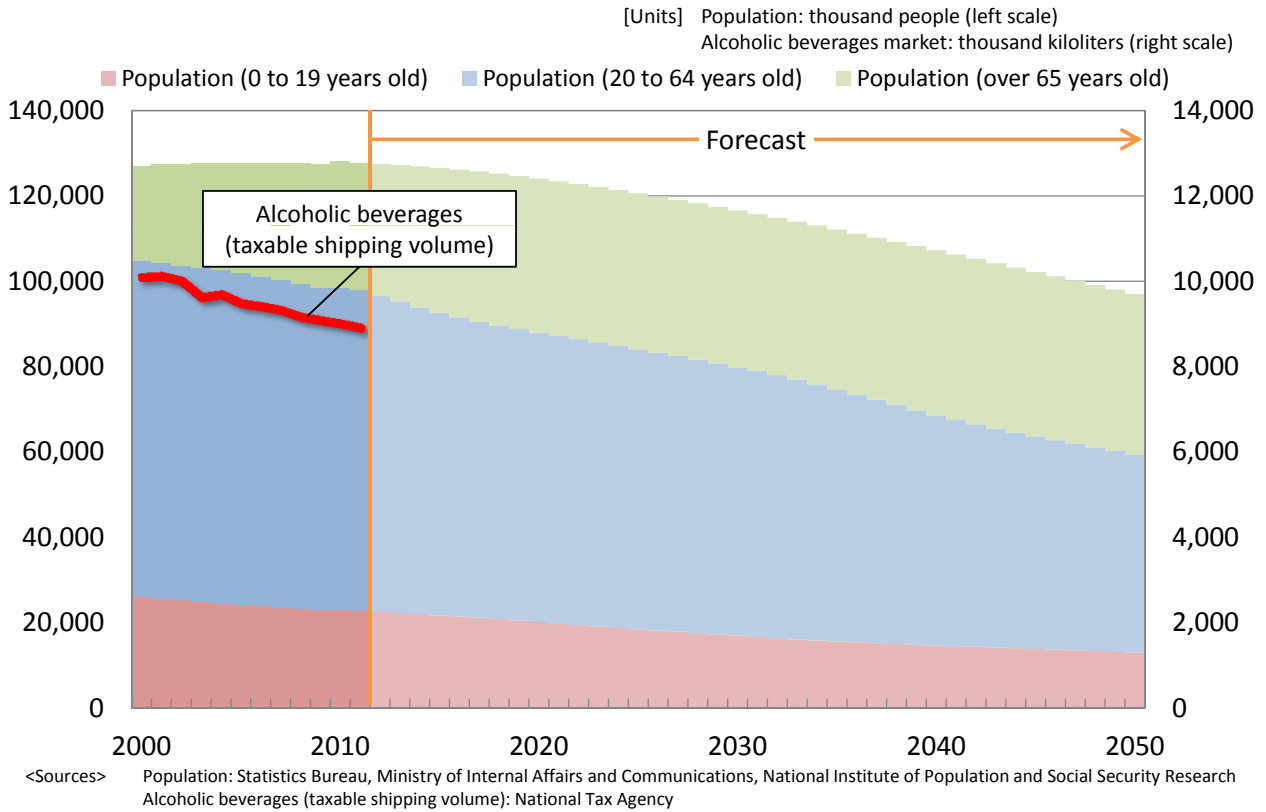
➤ Sales by product category (FY2012)



➤ Sales by business area (FY2012)

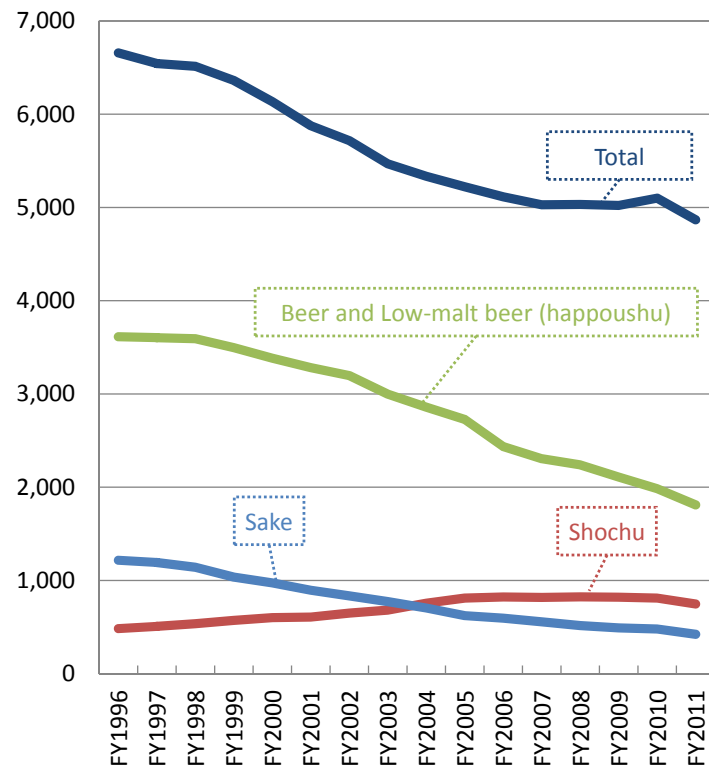


## ◆ Trends in Japan's Population and Alcoholic Beverages Market Scale



## ◆ Trend in the Amount of Alcoholic Beverages Consumption

(billions of yen)



### ➤ Domestic market share (CY2011)

Categories	Domestic market share	Position
Shochu	13.7%	1 <sup>st</sup>
Ko-type	28.3%	1 <sup>st</sup>
Sake	7.7%	3 <sup>rd</sup>
For gift use (1.8 liter bottle sake)		1 <sup>st</sup>
Light-alcohol refreshers (RTD)	13.1%	3 <sup>rd</sup>
Mirin (Type-1)	55.0%	1 <sup>st</sup>

<Sources> Jouzou Sangyo Newspaper; Nikkan Keizai Tsushinsha, Inc.; National Mirin Association

## ◆ Business Strategy

<b>New product development</b> Develop highly original new products with differentiated quality	<b>Brand nurturing</b> Foster array of powerful brands for premium-range and mid-range products	<b>Strengthen profitability</b> Strengthen profit management and promote operational efficiency
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Generate stable cash flows and support the Group's growth

### ● New product development

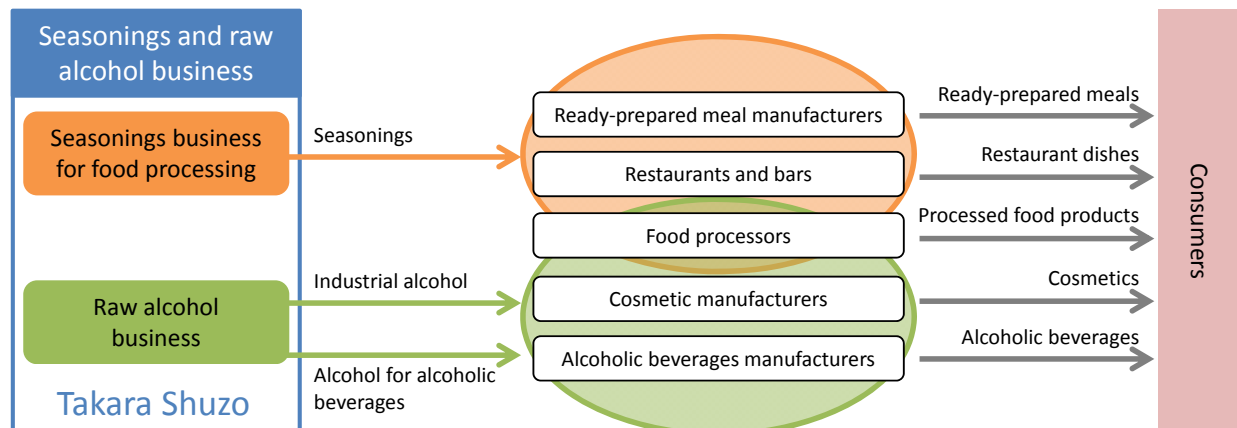


## ◆ Business Strategy

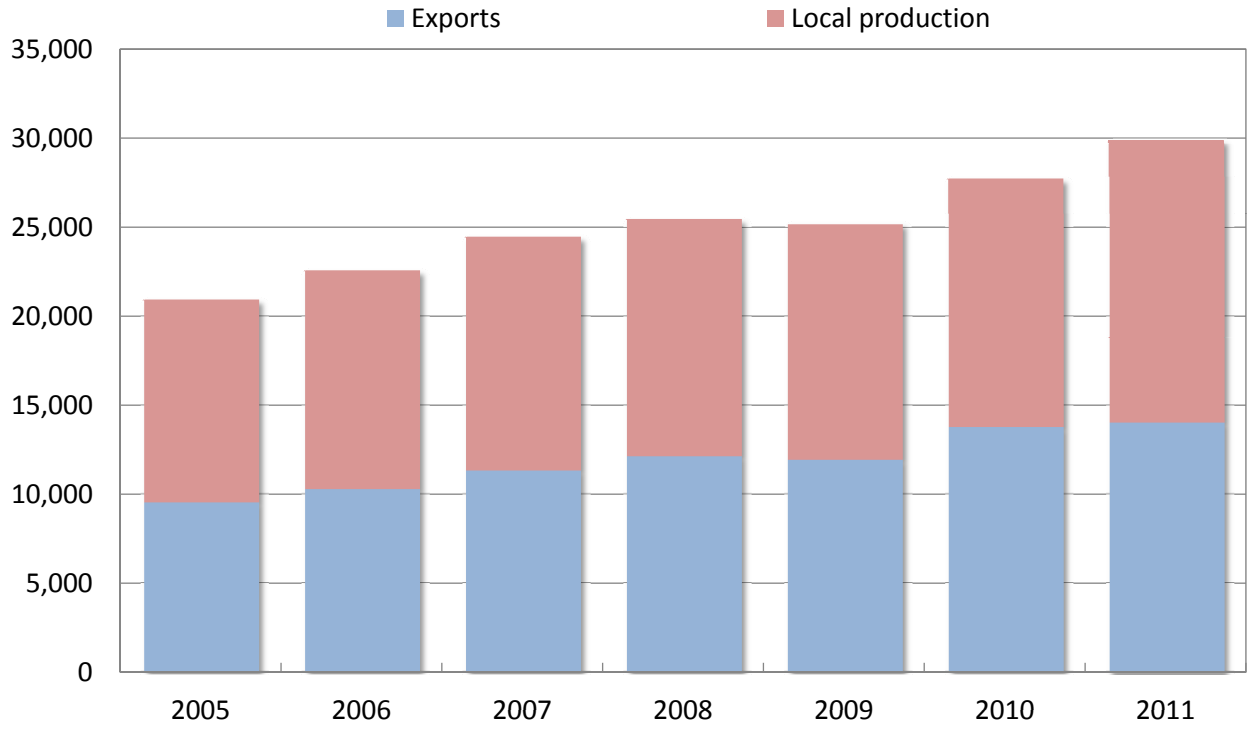
<b>Expand seasonings business for food processing</b> Help customers solve problems by leveraging technological capabilities to develop products and advance solution-based sales efforts	<b>Expand raw alcohol business</b> Grow operations through new business model and increase profitability by establishing competitive superiority
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Exploit synergies between the two arms of the businesses and expand B-to-B business

### ● Business model for seasonings and raw alcohol business (B-to-B)

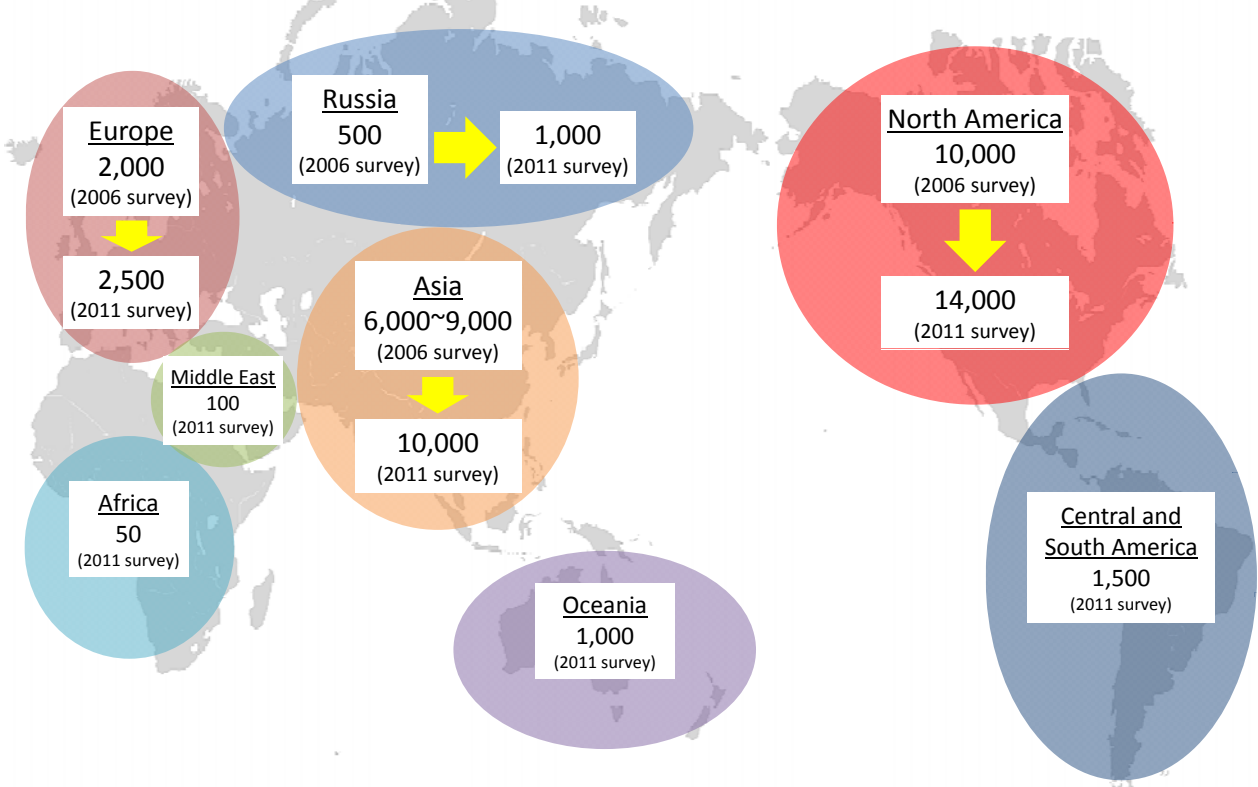


◆ Trend in Scale of Global Sake Market (kiloliters)



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

◆ The Number of Japanese Restaurants

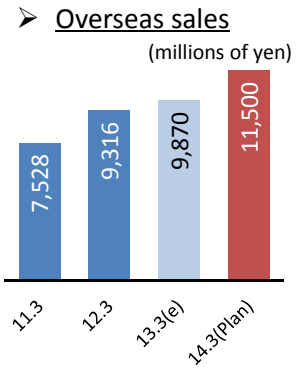


<Source> Ministry of Agriculture, Forestry and Fisheries



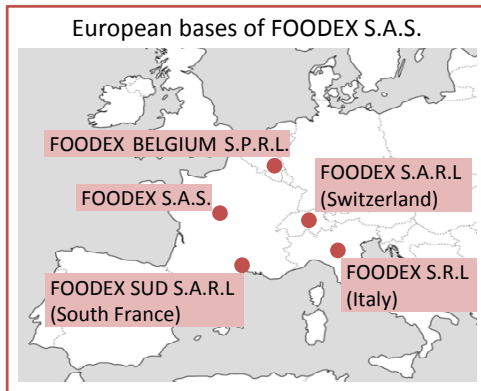
◆ Business Strategy

Expand overseas alcoholic beverages business	Create a Japanese food ingredients wholesale network
Build foundation for overwhelming No.1 position in overseas sake market	Build and extend sales network and accelerate expansion of business in European market



Spread Japanese food culture and expand overseas business

● Overseas bases of the Takara Shuzo Group



# Takara Bio Group

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

◆ 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

◆ Basic Business Strategy

Performance by business category: FY2012 (millions of yen)

Research reagents



Genetic engineering research (Stable cash-generating business)

Net sales: 16,300  
Operating income: 4,447  
R&D expenses: 843



Scientific instruments



Contract research services

Gene medicine (Future growth business)

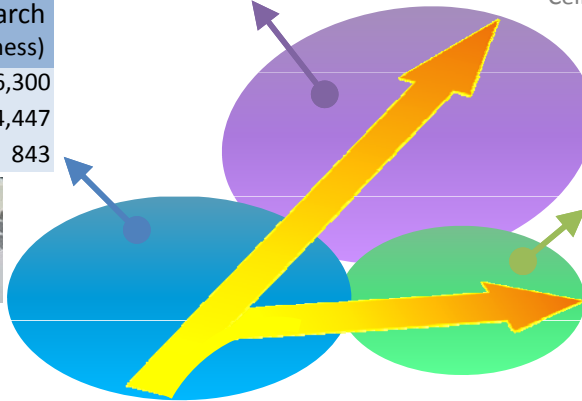
Net sales: 842  
Operating loss: ▲1,186  
R&D expenses: 1,374



RetroNectin®



Cell therapy-related products



Agribio (Secondary income business)

Net sales: 2,435  
Operating loss: ▲253  
R&D expenses: 244



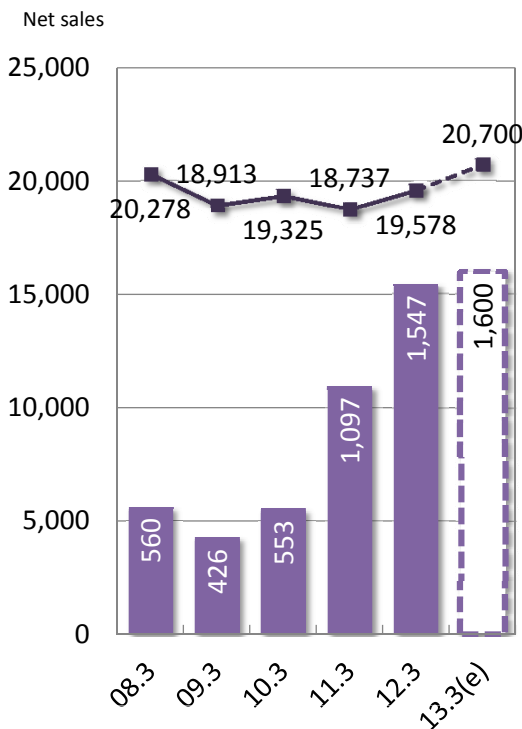
Mushrooms



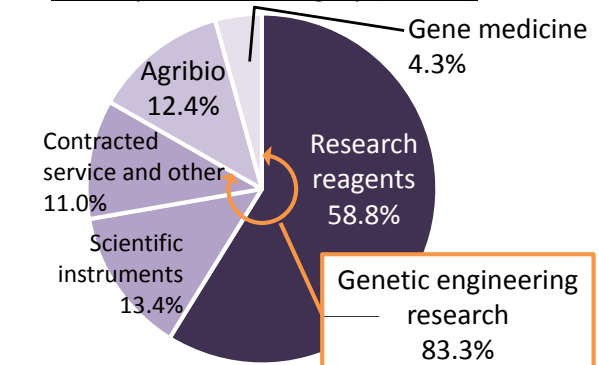
Health foods

◆ Business Performance

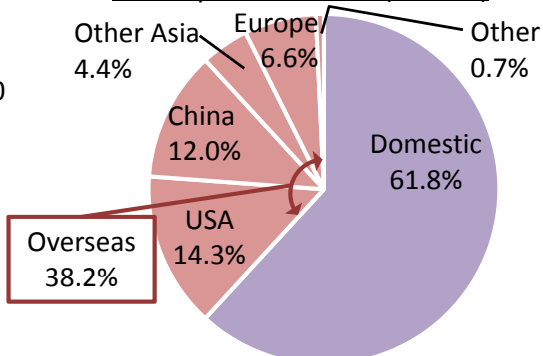
(millions of yen)



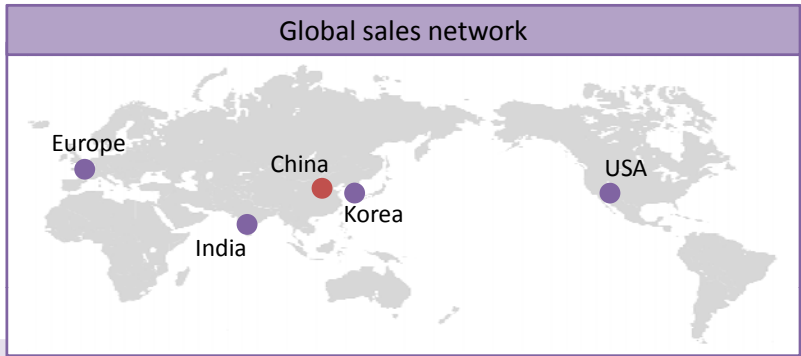
➤ Sales by business category (FY2012)



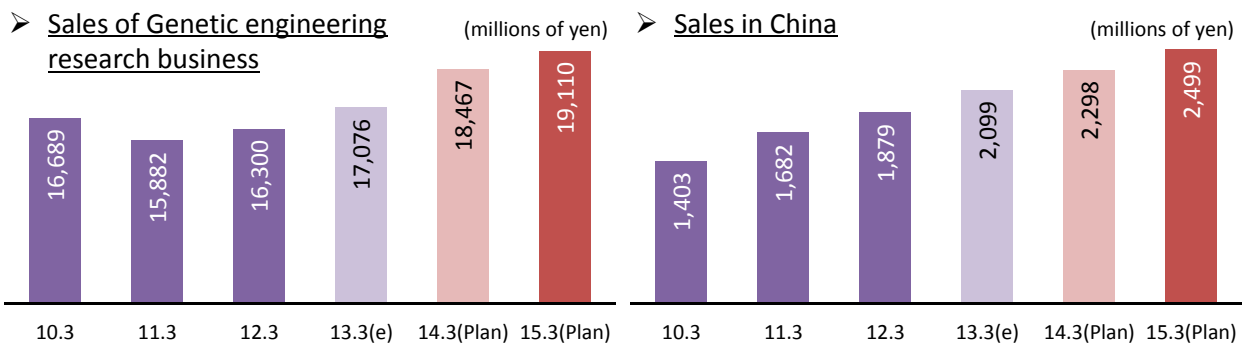
➤ Sales by business area (FY2012)



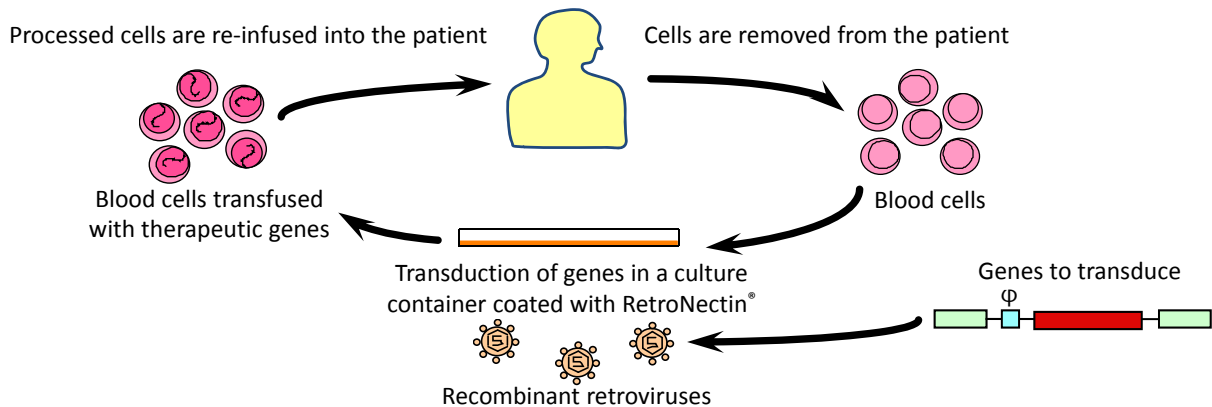
- Expanded lineup of research reagents
- Acquired the Clontech unit of BD Biosciences in 2005
- Highly cost competitive research reagents
- Manufacturing the most of research reagents in Dalian, China



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



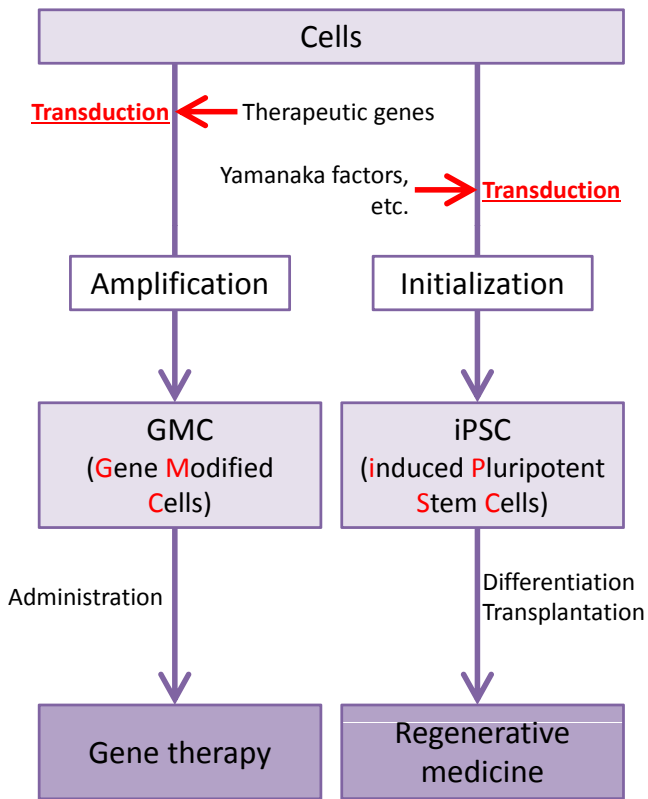
## Gene Therapy Protocol Using the RetroNectin® Method



## Schedule for Clinical Trials of Gene Medicine

Cure	Target disease	Current status and future schedule
HSV-TK gene therapy	Donor lymphocyte infusion: Relapsed leukemia Haplo add-back: Hematological malignancies	Phase I clinical trials underway in Japan FY2018 Commercialization
HF10	Head and neck cancer, etc.	Phase I clinical trials underway in the U.S. FY2019 Commercialization
MazF gene therapy	HIV	Phase I clinical trials underway in the U.S. FY2023 Commercialization
TCR gene therapy	Esophageal cancer, etc.	Scheduled to commence Phase I clinical trials in Japan in FY2014

◆ Takara Bio Technologies in iPS Cell Research

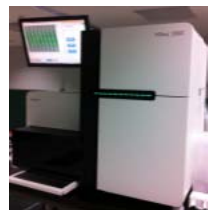


● Technologies related to gene therapy

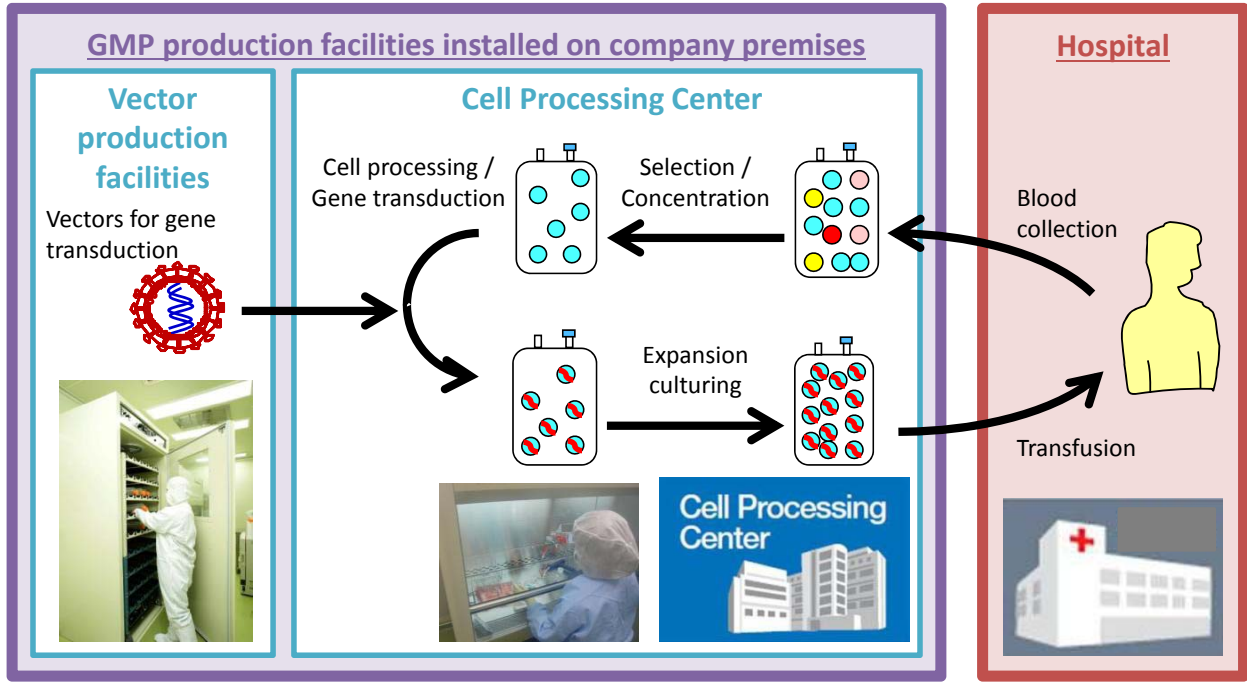
- Gene transduction
  - ✓ Vector development
  - ✓ RetroNectin® method
  - ✓ GMP production of plasmid vectors and retroviral vectors
- Cell processing
  - ✓ GMP production of gene transduction cells

● Technologies related to genome sequence analysis

- Cell characteristic analysis
  - ✓ Use of high-throughput sequencing technologies
  - ✓ Epigenetic analysis
  - ✓ Genome sequence analysis
  - ✓ Gene Expression analysis



New Business Model for Gene Therapy



● New facility for the research and manufacturing of pharmaceutical products for cell and gene therapies

Aug. 9, 2012 – Takara Bio announced that it has entered into an agreement with a third party to purchase its land and buildings, and the company will build a new facility for the research and manufacturing of pharmaceutical products for cell and gene therapies. The role of the new facility will be to manufacture gene modified cells or viruses in compliance with GMP (Good Manufacturing Practice) as well as vectors for gene transduction.

# Takara Healthcare

➤ Health Foods Business

## Takara Healthcare

### ◆ Business Strategy

Takara Bio's unique, cutting-edge technologies

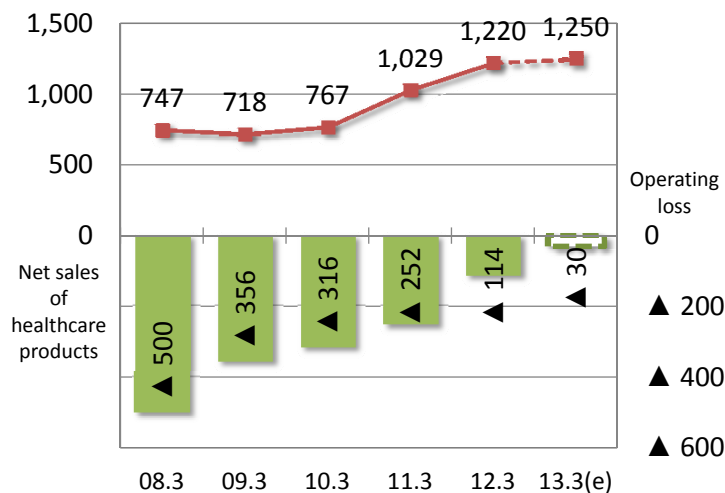
Takara Shuzo's marketing expertise

Sell health foods through direct marketing channels

### ◆ Business Performance

(millions of yen)

➤ Net sales of healthcare products and operating loss



### ◆ Main Products



Fucoidan Supplement 50

Gagome kombu (kelp)



Ashitaba Chalcone

Ashitaba (angelica herb)



## Our Policy

## Our Policy

**Developing and nurturing products and services  
that are differentiated with original technologies  
and offer the safety and high-quality desired by customers**

### Takara Shuzo Group

- Secure stable profits in Japan
- Expand business overseas



### Takara Bio Group

- Grow profits from genetic engineering research
- Achieve commercialization of gene therapy



### Takara Healthcare

- Accelerate growth of health foods business

## **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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