

KAITEKI Value for Tomorrow

Briefing regarding Acquisition of Mitsubishi Tanabe Pharma Corporation

November 18, 2019

Sustainability

Health

Comfort

1. Overview of Transaction

2. Transaction Purpose and Rationale

3. Overview of MTPC

4. Financial Impact

Mitsubishi Chemical Holdings Corporation (“MCHC”) to make Mitsubishi Tanabe Pharma Corporation (“MTPC”) its wholly owned subsidiary through tender offer, commencing November 19, 2019

■ Target Company : MTPC

- Number of shares held by MCHC before the transaction 316,320,069 shares; shareholding ratio of 56.39%

■ Transaction Scheme : Tender Offer

- Tender offer price : ¥ 2,010 per share of common stock
(Premium of 53.08% on 1,313, the closing price as of November 15, 2019)

■ Number of Shares to be Purchased: 244,666,211 Shares

- All except for shares held by MCHC and treasury shares held by MTPC
- Minimum number of shares to be purchased: 57,670,731 shares (two-thirds)
(There is no maximum number of shares to be purchased)

■ Transaction Value : c. ¥ 491.8 billion

(Assuming acquisition of all shares to be purchased)

■ Schedule of Tender Offer

- November 18, 2019: announcement of tender offer
- November 19, 2019: commencement of tender offer period
- January 7, 2020: end of tender offer period

Agenda

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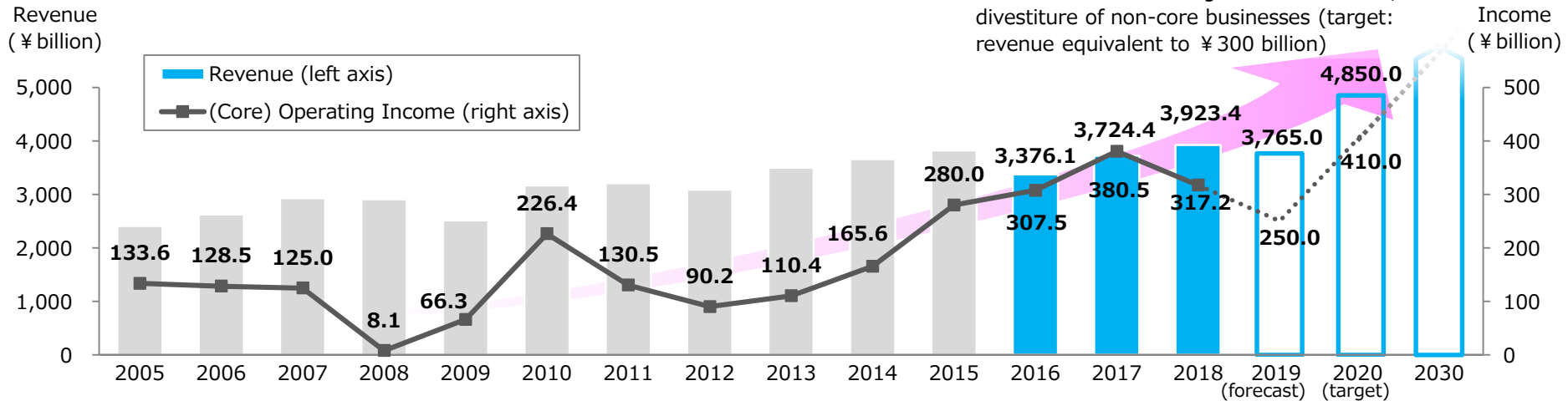
4. Financial Impact

MCHC Group's Transition of Portfolio Transformation

Accelerating transformation to establish the resilient foundations and realize sustainable growth of the MCHC Group

APTSIS 20
Medium-Term Management Plan (FY2016-FY2020)

Acceleration of portfolio transformation: select and concentrate growth businesses / divestiture of non-core businesses (target: revenue equivalent to ¥ 300 billion) (Core) Operating Income (¥ billion)



2005: Establishment of MCHC	2007: Establishment of MTPC	2008: Integrated MPI, MCC's functional products business, and three affiliate companies	2009: Conversion of Quadrant, high-performance engineering plastic business, into a consolidated subsidiary	2010: Conversion of MRC into a consolidated subsidiary	2011: Conversion of Qualicaps into a consolidated subsidiary	2014: Establishment of LSII	2014: Conversion of TNSC into a consolidated subsidiary	2017: Establishment of the New-MCC by integrating three chemical operating companies (MCC, MPI and MRC)	2018: Started new MMA plants in the Middle East
Raised the ratio of the pharma business and strengthened earnings less affected by economic fluctuations	Strengthened the pharma business	Expanded the Performance Products domain	Shifted to a higher value-added business portfolio	Stabilized profitability of the Industrial Materials domain from conversion of TNSC into a consolidated subsidiary	Accelerated growth of performance product groups through integrations	Reinforced the foundations of fundamental materials and invested in future growth areas			

2010: Withdrawal from nylon chain business	2014: Production optimization of polyolefin	2019: Expanded the global share in the industrial gases business by M&A
2011: Withdrawal from PVC chain business and SM chain business	2014: Reduction of one naphtha cracker at Kashima Plant	2019: Divested storage media business
	2016: Formed a JV to operate the naphtha cracker at Mizushima Plant	
	2016: Divested the terephthalic acid business in India and China	

New-MCC: Mitsubishi Chemical Corporation (Apr. 2017-)
MCC: Mitsubishi Chemical Corporation
MPI: Mitsubishi Plastics, Inc.
MRC: Mitsubishi Rayon Co., Ltd.
LSII: Life Science Institute, Inc.
TNSC: Taiyo Nippon Sanso Corporation

※Numbers are in accordance with JGAAP until FY2015 and IFRS after FY2016

Key Management Plans in APTSIS 20

Aiming to remain a high growth/high profit-model company through businesses in Performance Products, Industrial Materials and Healthcare domains

Performance Products

Reinforcing portfolio management

- Accelerating portfolio reforms
- Promoting growth strategies for focus markets

Generating integration effects and synergy due to establishment of the new MCC

Intensifying marketing and access to the global market (Establishment of RHQs, etc.)

Early commercialization of the seeds of next-generation businesses (R&D, Open innovation, DX)

Deepening KAITEKI Management, promotion of workstyle reform

Industrial Materials

Reinforcing business foundation

- MMA, Industrial gases: Maintaining /expanding global share
- Petrochemicals: Shifting to high-performance materials, optimizing productivity

Healthcare

Ethical Pharmaceuticals

- Intensify the pipeline
- Expand businesses in the U.S.

Life Science

- Regenerative medicine (Muse cells)
- Promoting healthcare and medical ICT businesses

Major Measures in Healthcare domain

- Achieve 10 late-stage pipelines
- Maintain ¥ 300 billion for domestic ethical pharmaceuticals revenue
- Progress development of 3 key pipelines in the U.S.
- Cost reduction of ¥ 30 billion through improvement of operational efficiency
- Started clinical trials of regenerative medical products using Muse cells for acute myocardial infarction and cerebral infarction
- Started operation of a manufacturing facility for Muse cells
- Strategic capital alliance with PHC Holdings

Realizing synergies by deepening collaboration among operating companies and maximizing MTPC's potential growth

"KAITEKI" = The sustainable well-being of people, society and our planet Earth

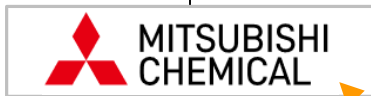
Sustainability

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- Supporting R&D and investment in new medicines and medical care
- MTPC to utilize MCHC's overseas corporate functions

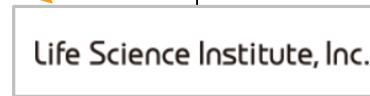


56%→100%

- Promotion of clinical development of Muse cells (Aiming for filing in FY2020 and approval in FY2021)



100%



51%



- Efficient MCHC Group Operation (collaboration in global human resources and logistics network / efficient group cash management)

- Creation of new solutions in medical, food, bio products
- Development of materials for functional alternative medical devices

- Building healthcare platform (sharing healthcare-related human resources and technologies)
- Strengthening initiatives in regenerative medicine, disease prevention, and disease management

- Development of pharmaceuticals and diagnostics using gas and stable isotopes

Strengthening growth areas such as digital medicine, biotechnology, and microbiome

Organic Synthesis / Biotechnology

Cryogenic / Freezing

Pharmacological Efficacy & Safety Evaluation

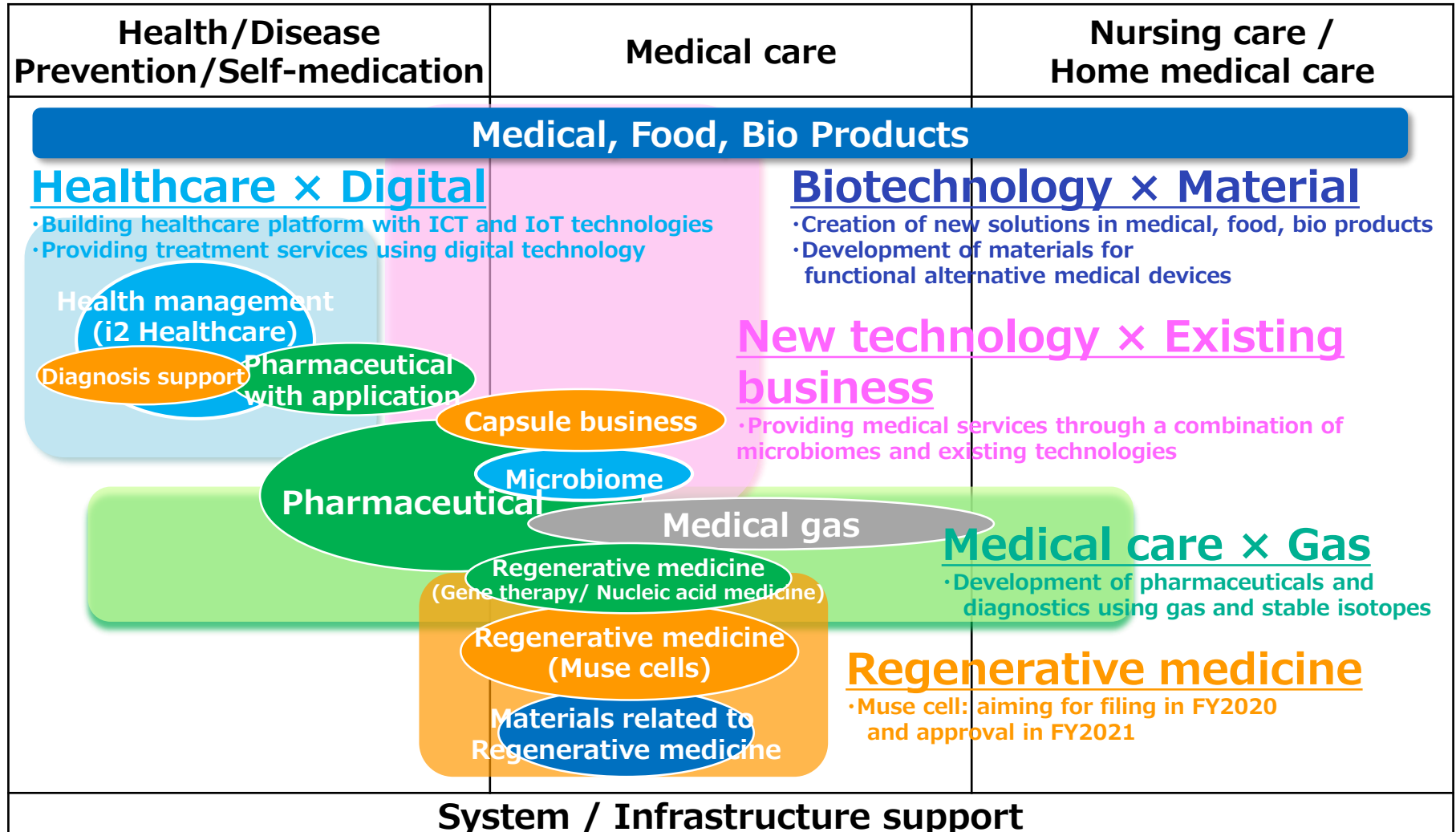
Absorptive Separation

Analytical Technology / Computational Science & Simulation

Group Synergies in Growth Businesses

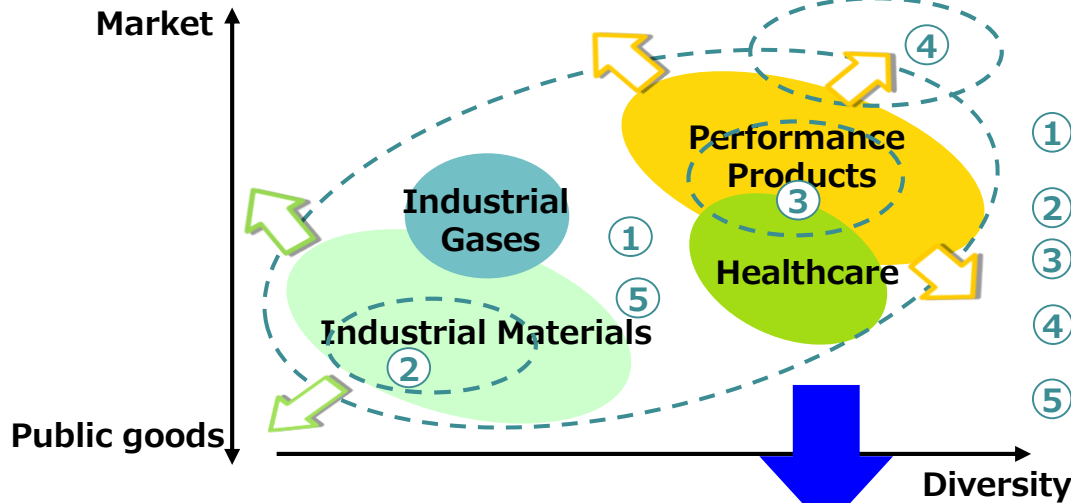
Creating synergies by combining unique materials and technology platforms

MCHC
Mitsubishi Chemical
MTPC
Life Science Institute
Taiyo Nippon Sanso



Healthcare × Digital Synergies

Creating synergies through digital platforms

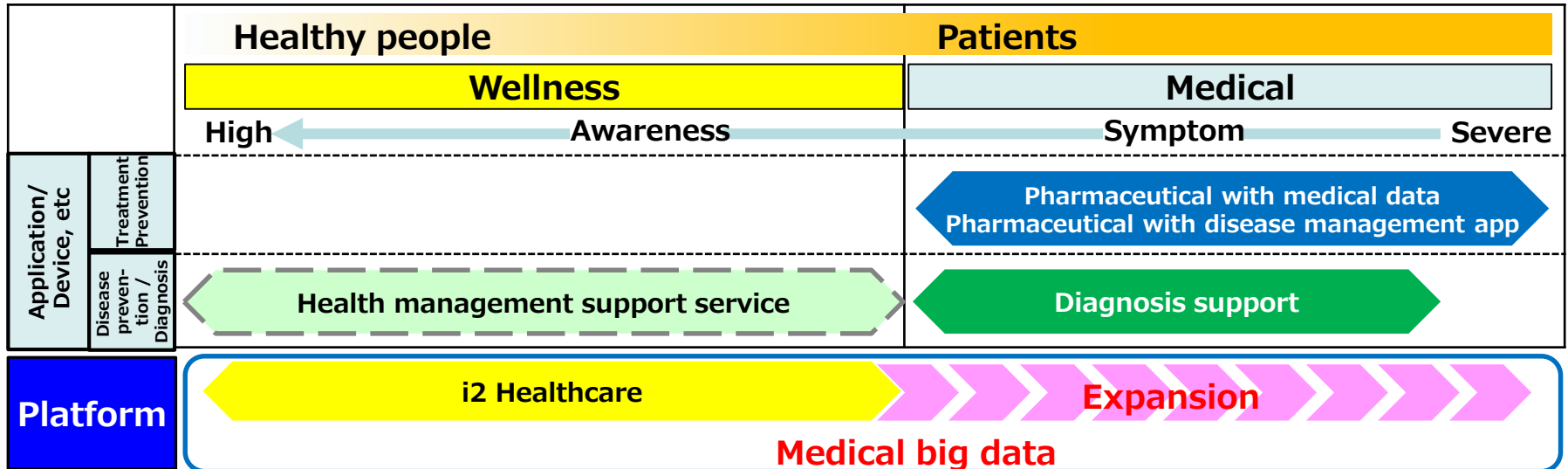


MCHC's Strategy in DX

DX...Digital transformation

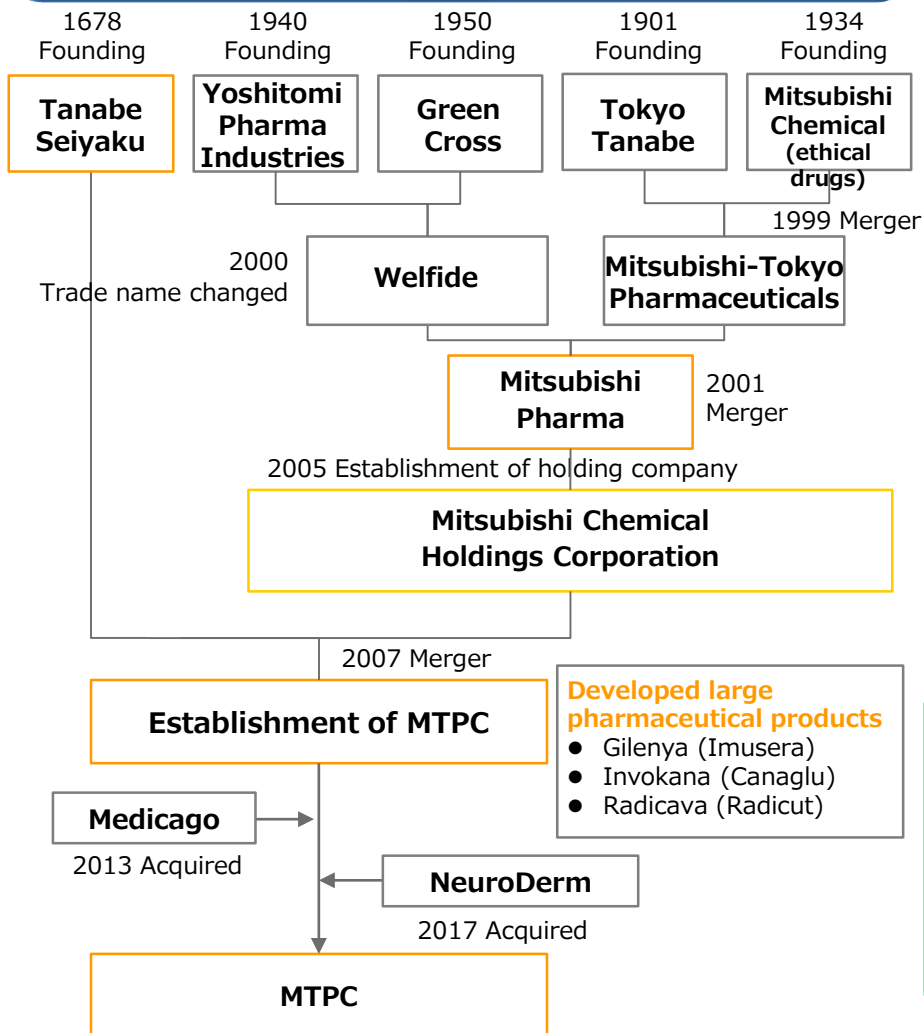
- ① Optimization through digitalization of operation and facility management
- ② Strengthening the role in public goods
- ③ Shortening the time of product launch and strengthening material-informatics
- ④ Development of new framework and valuable product through digitalization to provide various functions
- ⑤ Fostering digital native culture

MCHC's Healthcare Platform (Digital)

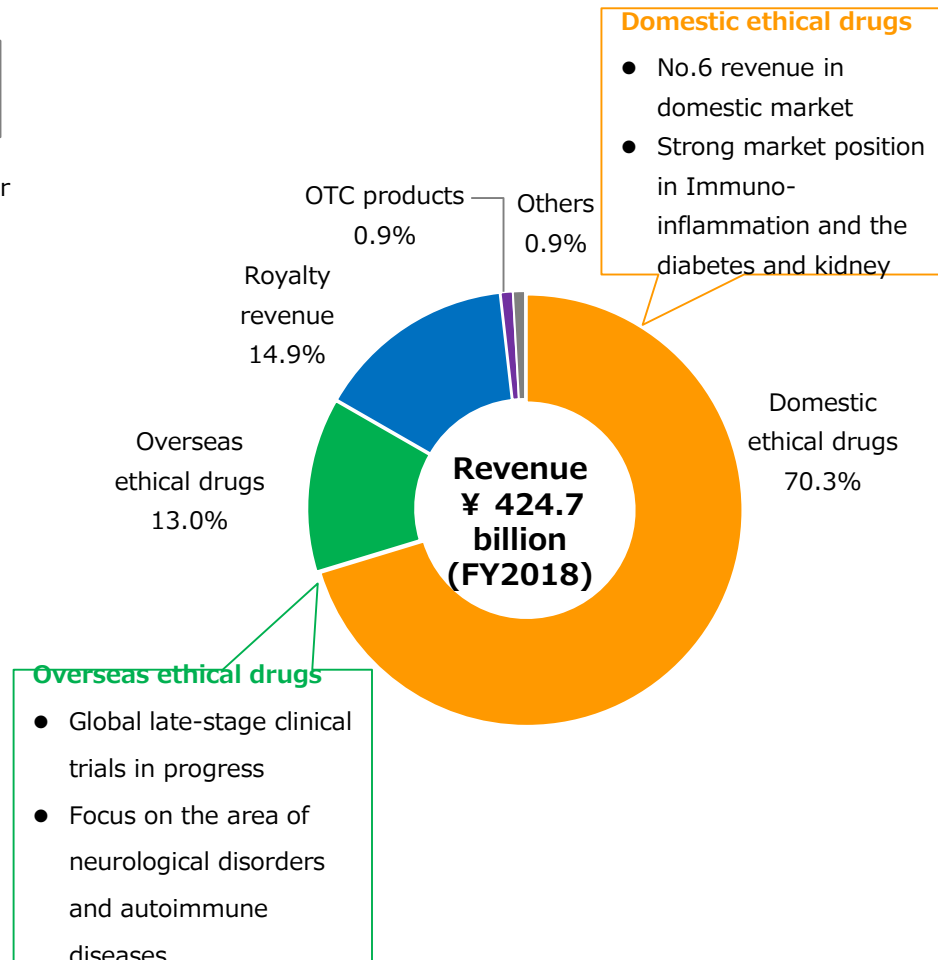


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Corporate History



Business Portfolio (FY2018)



Overview of Late-stage Development Pipelines to Drive Mid-term Growth

	MT-1186 (Radicava oral suspension)	ND0612	MT-2271
Indication	Amyotrophic lateral sclerosis	Parkinson's disease	Seasonal influenza vaccine (Elderly and adults)
Sales potential	¥ 70 billion ~ 100 billion	¥ 50 billion ~ 80 billion	¥ 40 billion ~ 60 billion
API	Edaravone	Levodopa/Carbidopa	Plant-based VLP vaccine
Formulation	IV infusion/Oral suspension	Continuous SC pump	Subcutaneous injection
Development stage	P3 preparing (oral suspension)	P3	P3 (US)
Estimated launch timing	FY2021 (oral suspension)	FY2022	FY2021

Major Development Pipelines of 4 Priority Areas Supporting Long-term Growth

Priority areas	Item	Development area	Indication	P1	P2	P3	Filed	Approved
Central nervous system	MCI-186	Global	ALS					China
	MT-1186*1	Global	ALS/Oral suspension			Preparing		
	ND0612*1	Global	Parkinson's disease					
	MT-8554	Global	Vasomotor symptoms associated with menopause			Preparing		
	MT-3921	Global	Spinal cord injury					
	MT-0551 (Inebilizumab)	Japan	Neuromyelitis optica spectrum disorder				Preparing	
	MT-5199	Japan	Tardive dyskinesia					
Immuno-inflammation	MT-7117	Global	Erythropoietic protoporphyria					
	MT-2990	Global	Endometriosis					
	MT-5547	Japan	Osteoarthritis					
Diabetes and kidney	MT-3995	Global	Non-alcoholic steatohepatitis (NASH)					
	MT-6548	Japan	Renal anemia					
	TA-7284	Japan	Diabetic nephropathy					
	MP-513	China	Type 2 diabetes mellitus					
Vaccines	MT-2271*1	Global	Seasonal influenza / VLP vaccine*2				Canada	
	MT-2355	Japan	5 combined vaccine*3					

*1 Includes the pipelines on the previous page

*2 US; Under internal analysis of elderly and adults P3 study data

*3 Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

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Financing

- Necessary cash for the tender offer will be funded by bank loans
- Refinancing to longer-term funding to be considered (No new shares are expected to be issued)

Financial metrics

- While financial leverage (Net D/E) will temporarily deteriorate, we aim to improve the Net D/E ratio to under 1.0x within the next 3 years

Shareholders return

- The policy of 30% of medium-term dividend payout ratio and stable dividend payments to be maintained

The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond Company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: Group companies execute businesses in many different fields, such as information and electronics, displays, advanced moldings and composites, advanced polymers, MMA, petrochemicals, carbon products, industrial gases, pharmaceuticals, etc. and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trends in market prices, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws, and regulations.