

September 7, 2017

Dear Mitsubishi Tanabe Pharma Corporation Shareholders,

Mitsubishi Tanabe has the opportunity to re-evaluate a poor deal which would add to Japan Inc.'s long history of financially disastrous acquisitions.

In light of Viceroy's substantial research on Neuroderm, Mitsubishi Tanabe Pharma Corporation appear to be preferring silence instead of proactively mitigating a deal which would put at risk ~\$1bn of shareholder value.

Mitsubishi Tanabe has the opportunity to rethink an acquisition that is similar to other poor **international acquisitions & investments.**

Examples are¹:

- 1989-1990 – Mitsubishi Estate Co.'s \$1.4bn investment in Rockefeller Centre
- 2000's – NTT DoCoMo wrote down billions of international investments
- 2006 - Toshiba Corp's (6502.JP) acquisition of Westinghouse Electric Co.
- 2008 – Nomura Holdings Inc's acquisition of Lehman Brothers' European and Asian business
- 2008 – Daiichi Snakyo Co.'s acquisition of Ranbaxy Laboratories
- 2009 & 2011 – Kirin Holdings' Australian & Brazilian beverage portfolios
- 2013 - SoftBank's Masayoshi Son's controlling stake purchase of Sprint
- 2015 – Japan Post Holdings Co's acquisition of Australian logistics company Toll Holdings Ltd

In many of the above examples, the excess risk assumed by Japanese businesses - or the ridiculous multiples paid for international assets - was highlighted in advance.

Viceroy do not believe of Mitsubishi Tanabe's Neuroderm acquisition is set in stone.

Mitsubishi Tanabe should be taking proactive steps to put on hold this deal.

Viceroy does value Mitsubishi Tanabe, however Viceroy values Neuroderm at its most recent book value of ~\$4.87 per share, representing an EV of \$0.

A full copy of Viceroy's analysis of Neuroderm can be found [here](#). A Japanese translation of the summary can be found [here](#).

Should you have any queries, please direct them to viceroyresearch@gmail.com.

Yours faithfully,

Viceroy Research Group

¹ <https://www.japantimes.co.jp/news/2015/07/24/business/long-history-money-losers-japan-inc/#.Watx7Mig-Uk>