



Roche Roche Group

# Information Meeting

*~Aiming to Become a Top  
Japanese Pharmaceutical Company  
with Global-Level Capabilities~*

CHUGAI PHARMACEUTICAL CO.,LTD.  
President and CEO  
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2009.3.27

# Forward-Looking Statements

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This presentation may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the “Company”). These statements reflect the Company’s current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company’s businesses.

- Chugai Business Model
  - Advantages and Achievements from Strategic Alliance with Roche -
  
- Aiming to Become a Top Japanese Pharmaceutical Company
  - Sunrise 2012 and Further Growth -

# Strategies of Chugai vs Other Companies to Cope with Environmental Changes

## Environmental changes surrounding the industry

- ◆ Y2010 Problem: Significant impact due to patent expiration of current block busters
- ◆ Low R&D efficiency: Skyrocketing R&D costs vs. decreasing research productivity, tighter safety requirements for new drug reviews (late phase suspension, delay of approval)
- ◆ Stagnant market/structural change: Medical cost containments in major markets, expansion of generic market, rapid market growth in developing countries
- ◆ Influence of stakeholders: diverse needs, demands on rapid supply of information and social responsibilities


## Peer trends

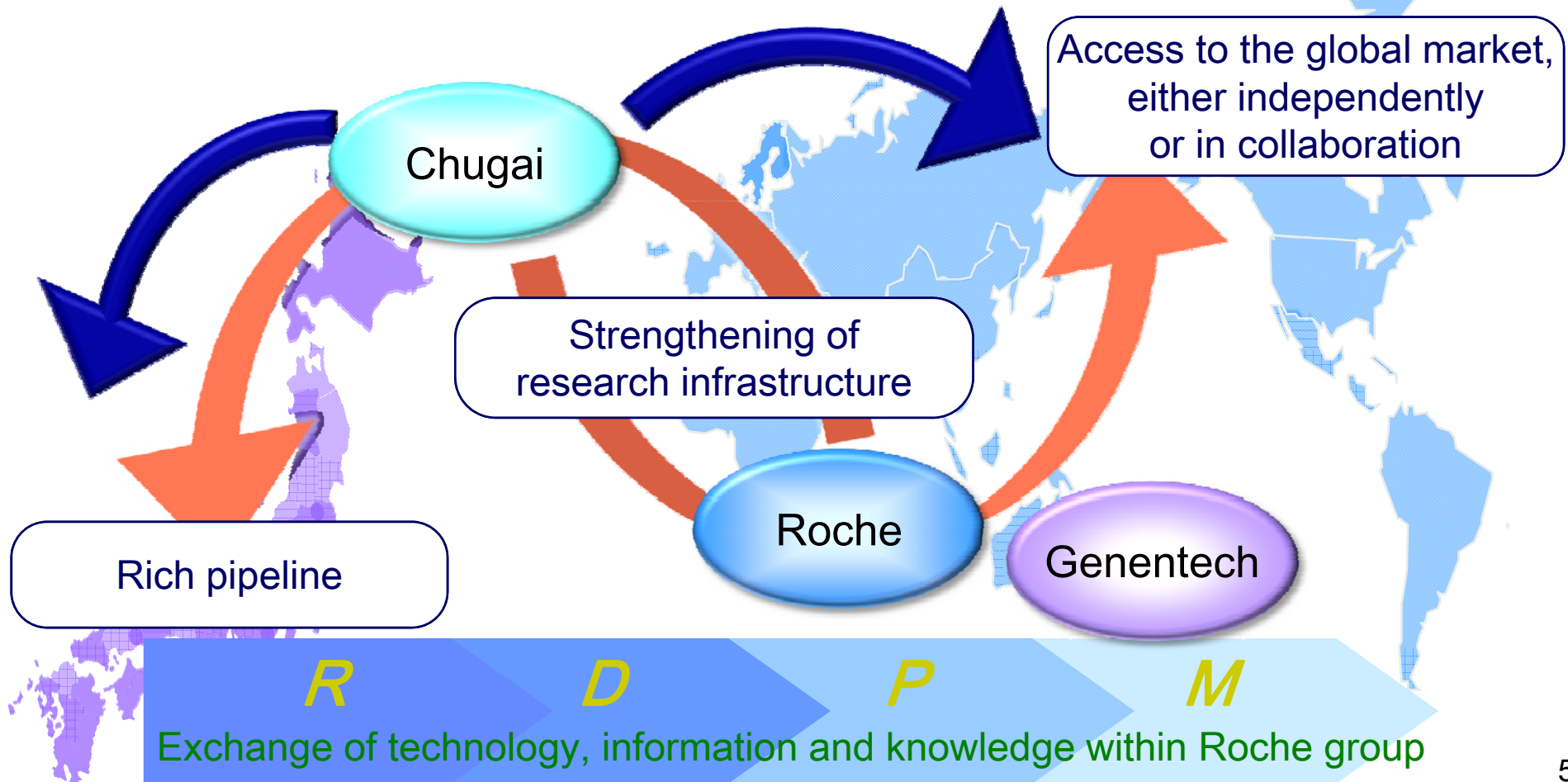
- ◆ Enrichment of pipeline and diversification by M&A activities
- ◆ Challenge unmet medical needs such as cancer, acquisition of biologic products/technologies

## Chugai's status

- ◆ Accumulation of bio-technologies since 1980's. Global launch of the first Japan-originated antibody drug; Actemra
- ◆ Strengthened franchise such as oncology by the alliance with Roche

# Establishment of Global Competitiveness

- ◆ Securing **diversity & creativity** through autonomous management
  - ◆ Enhancing **efficiency & productivity** through mutual collaboration
  - ◆ Competitiveness as the **top bio-pharmaceutical group**
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- ◆ Continuous drug creation by leveraging **bio-technology**
  - ◆ Satisfying unmet medical needs, with a focus on **cancer**



# Utilization of the Strategic Alliance with Roche

## Establishment of cooperative systems through whole product life-cycles

### Collaboration in small molecule drug discovery

- Mutual access/utilization of research resources (Chemical bank, database etc.)

### Collaboration in Biopharmaceutical Research

### Co-development/marketing of Actemra

- Global collaborative development, co-marketing in UK, France and Germany
- Utilization of Roche infrastructures to access to India, Brazil, Mexico and other territories



### *Research*

- ◆ Strengthen research basis
- ◆ Mutual utilization of research information
- ◆ Improve research efficiency

### *Development/Production*

- ◆ Accelerate Development
- ◆ Participation in global collaborative clinical trials
- ◆ Cooperation in bio-production

### *Marketing*

- ◆ Product life-cycle management
- ◆ Rich evidences on products in global experiences
- ◆ Global access of Chugai product



### Licensing of products under development

- Out: Actemra and three others (cancer & diabetes)
- In: Roche/Genentech products such as Avastin

### Marketing activities

- Introduction of “strategic marketing system”
- Cooperative working in “life-cycle teams” between Chugai and Roche

# Higher Productivity Established in Research

- ◆ Number of projects increased by mutual utilization of research resources through the research agreement on drug discovery
- ◆ 17 Chugai in-house projects, all first-in-class or best-in-class, advanced to late pre-clinical stage from 2004 until end of 2008
- ◆ 6 projects, TP300, NA808, CIF, CKI27, CSG452 and GC33 already entered clinical phase

## Projects moved into R3 stage

2004	2005	2006	2007	2008
NA808	CIF	X	CKI27	oncology
TP300	CSG452	X	X	immune
GC33	X		X	oncology
X	X			immune
4	4	2	3	4

First-in-class	15
Best-in-class	2

X : Development suspended after moving the stage

\*R3: in this stage, best candidate for clinical development will be selected from several compounds based on the results of pharmacology, DMPK (drug metabolism and pharmacokinetics) and pre-safety evaluation

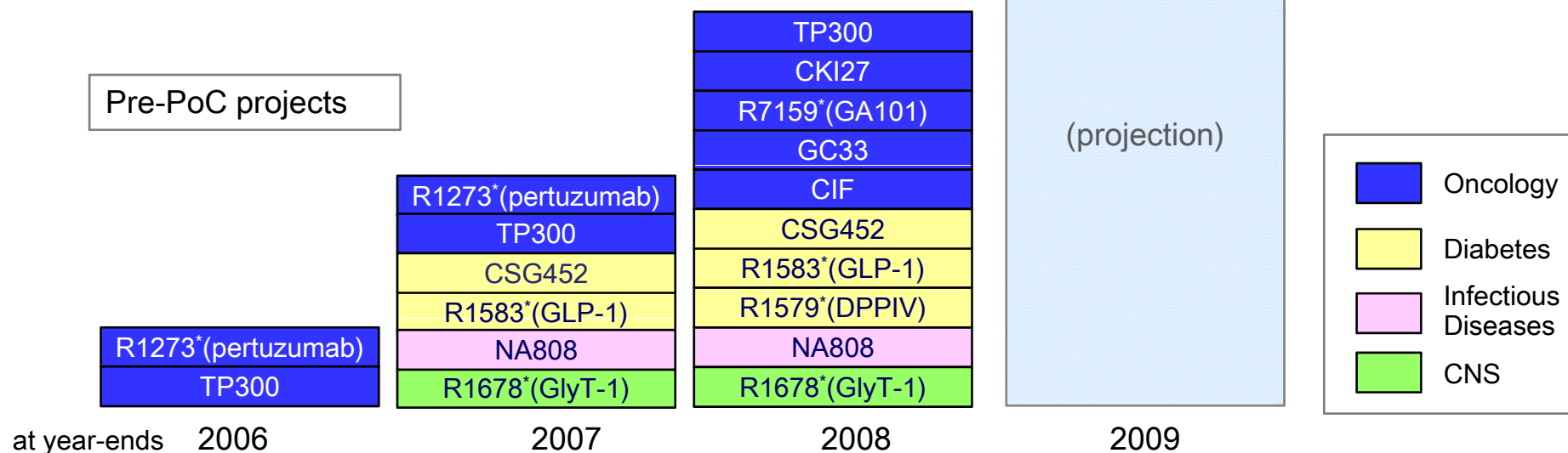
# Pipeline Further Enhanced with Projects from Roche

Oncology, diabetes, infectious and immune diseases are common areas of research between Chugai and Roche,  
CNS area also added from Roche to enrich the pre-PoC portfolio

Chugai R&D spending:  
approx. 60 billion yen

+

Roche Group R&D spending:  
approx. 700 billion yen



PoC = Proof of Concept : Demonstrating in clinical studies that the perceived benefits in the research stage of a drug will be effective when applied to humans. This usually takes place upon the completion of first part of phase II clinical trials.

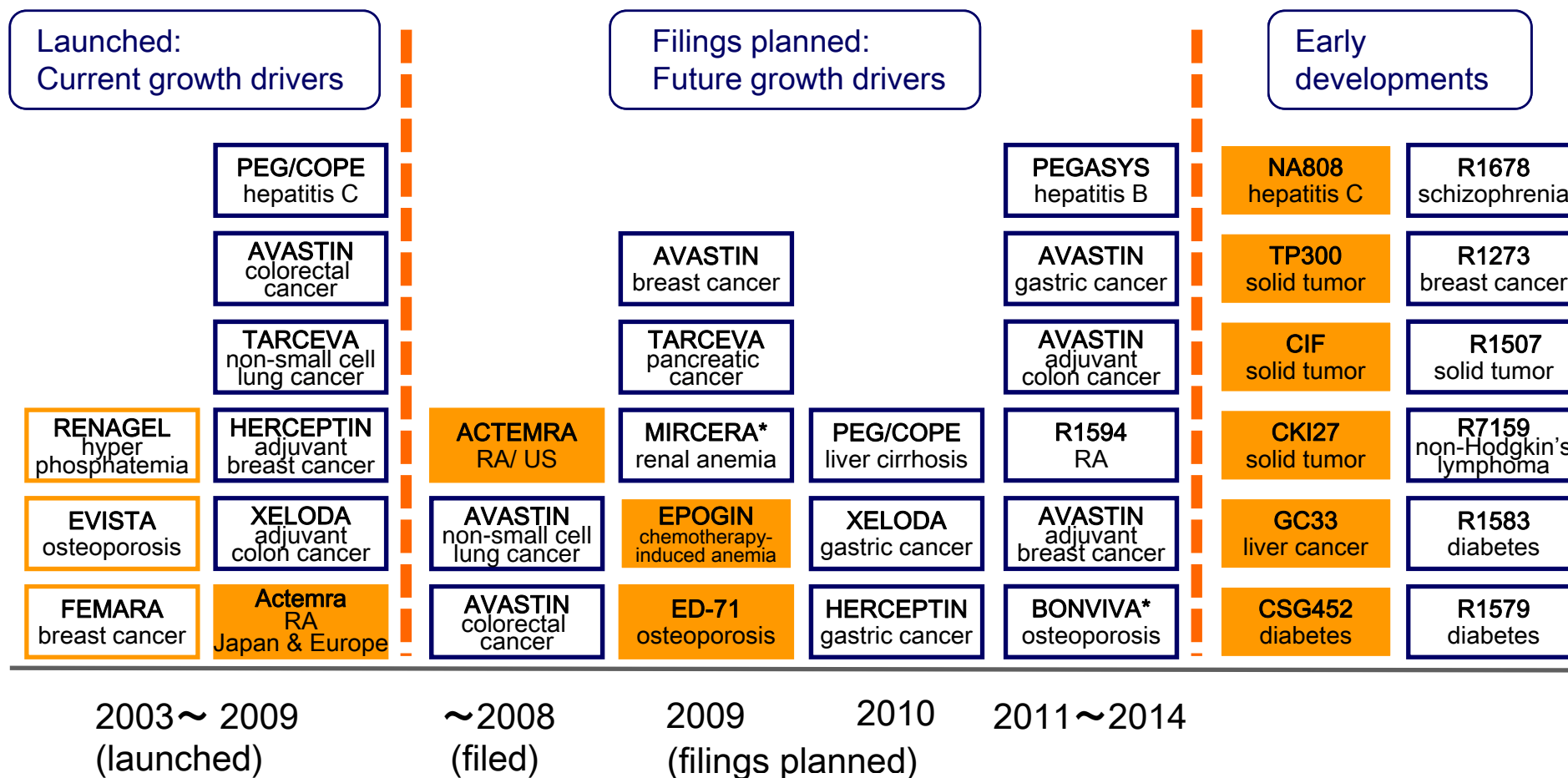
\* Projects in-licensed from Roche



# Richest Pipeline in Domestic Pharmaceutical Industry

Developments on track

Multiple in-house projects in early development stage – future long-term source of profit



in-house projects

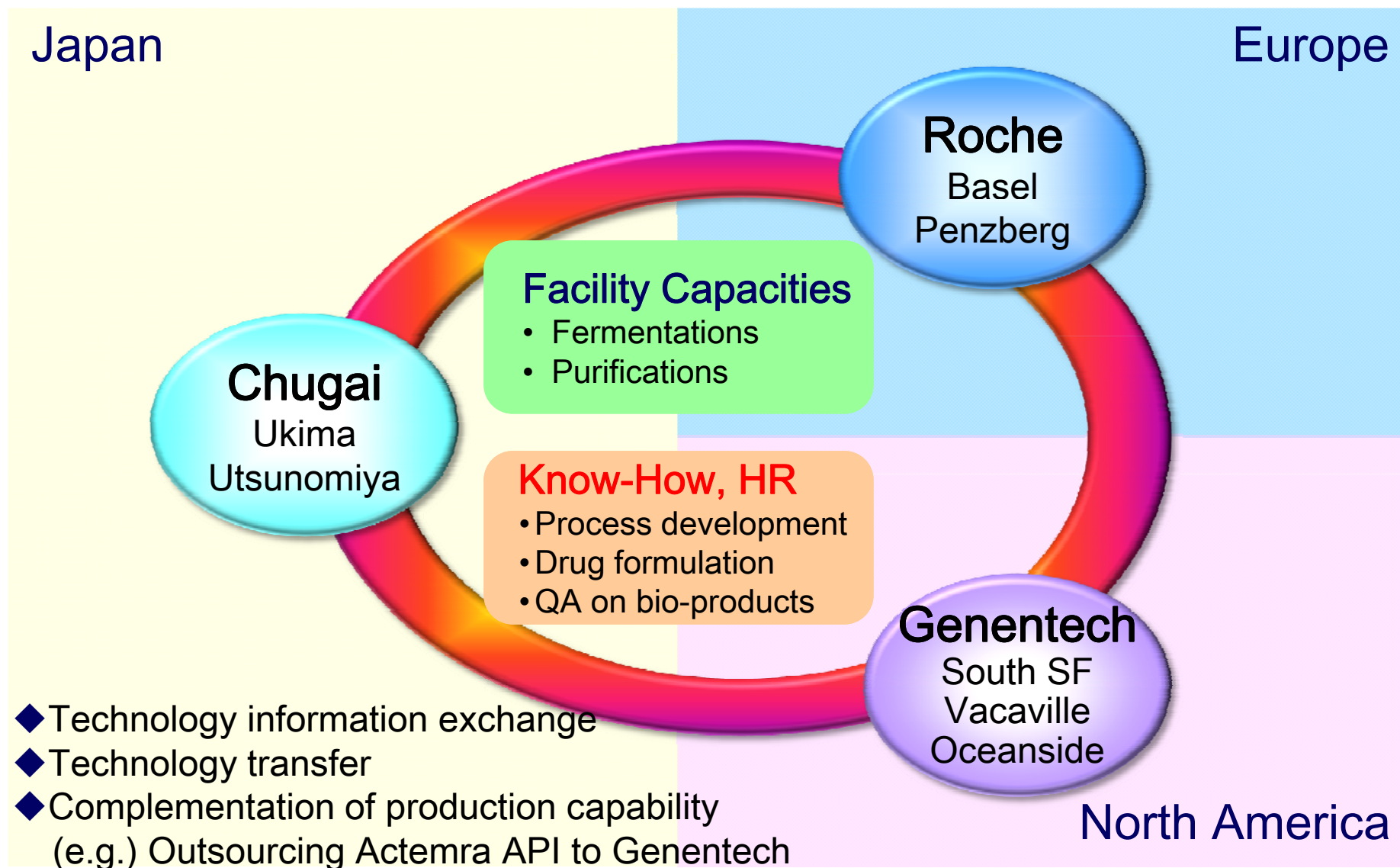
in-licensed from parties other than Roche

in-licensed from Roche

\* overseas product name

# No.1 Positions in Bio-Production in the Tripartite

## The Roche group

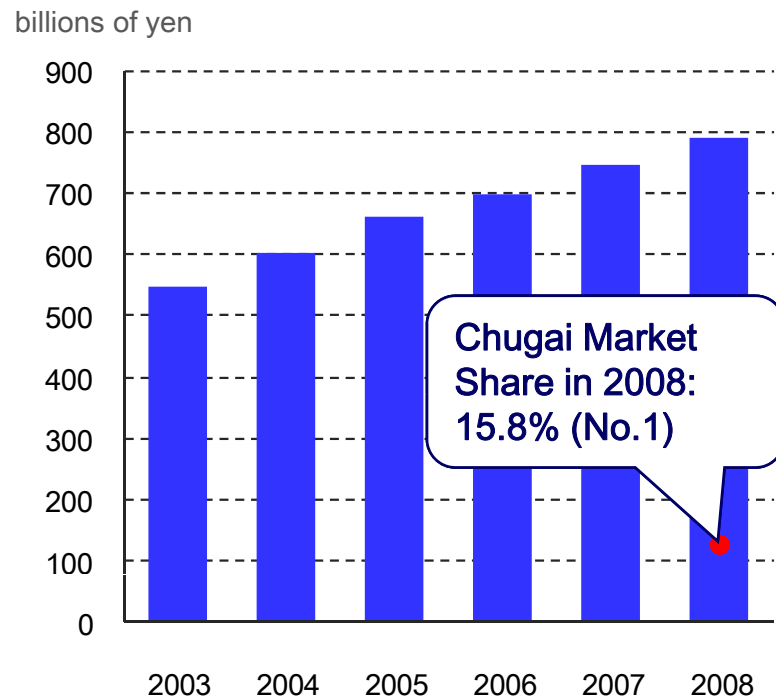


# No. 1 Share Achieved in the Domestic Oncology Field



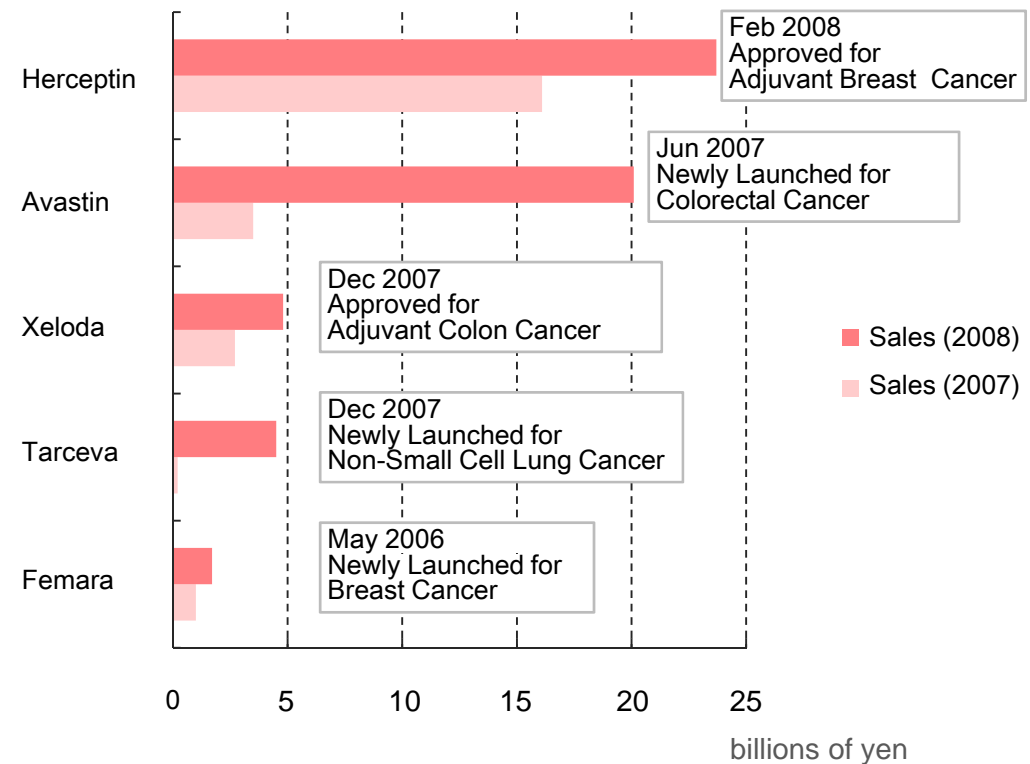
## Launch of Innovative Products by Successful Utilization of Strategic Marketing Functions

### Domestic Oncology Field



Source: IMS JPM 2008 Dec. MAT(NHI price base)  
The scope of the market is defined by Chugai

### New Launches & Additions of Indications Contribute to Growth in Sales



## Innovative product line-up contribute to patients' treatment and improvement in Quality of Life

- ◆ Targeted anti-cancer therapies (Avastin, Herceptin, etc.)
- ◆ Adjuvant therapies (Herceptin, Xeloda, etc.)
- ◆ Supportive therapies (Neutrogin, Kytril, etc.)

### To Healthcare Professionals

- ◆ Establishment of Oncology Unit
  - Total 600 personnel dedicated to oncology
  - 500 oncology medical reps to provide info
- ◆ Largest post-marketing surveillance implemented
  - Promotion of appropriate use as a safety measure
  - total of 10,000 patients registered covering six products
- ◆ Publications such as "Oncology Epoch"

### To Patients and Families

- ◆ Educational event
- ◆ Dedicated staff to support patient groups
- ◆ Provision of information: updates on safety on website
- ◆ Educational booklet on oncology, 38,000 prints issued

### Promotion of Standard Therapy

## CHUGAI ONCOLOGY

Chugai contributes to the expansion of standard of care by continuously providing medicines and information that are both innovative and useful. We aim to realise cancer care that gives patients hope for a cure in their battle against the disease.



## Group-wide enhancement through development of in-house products with global potential and mutual utilization of resources

### ◆ Actemra

- Global biologics market for rheumatoid arthritis treatments is expected to grow by 8% per year (currently approx. 700 billion yen)\*
- Novel mechanism of action targeting IL-6 receptor
- Good phase III clinical results and smooth initial launch in Europe

### ◆ Continuous flow of in-house projects to Roche

- CSG452, CIF and CKI27 are licensed-out to Roche and already entered clinical studies

### ◆ Co-promotion activities in Europe

- Actemra(name in Europe: RoActemra) to be co-promoted in UK, Germany and France; already launched in Germany
- Co-promotion of Xeloda and MabThera in Europe

### ◆ Utilization of surplus facilities

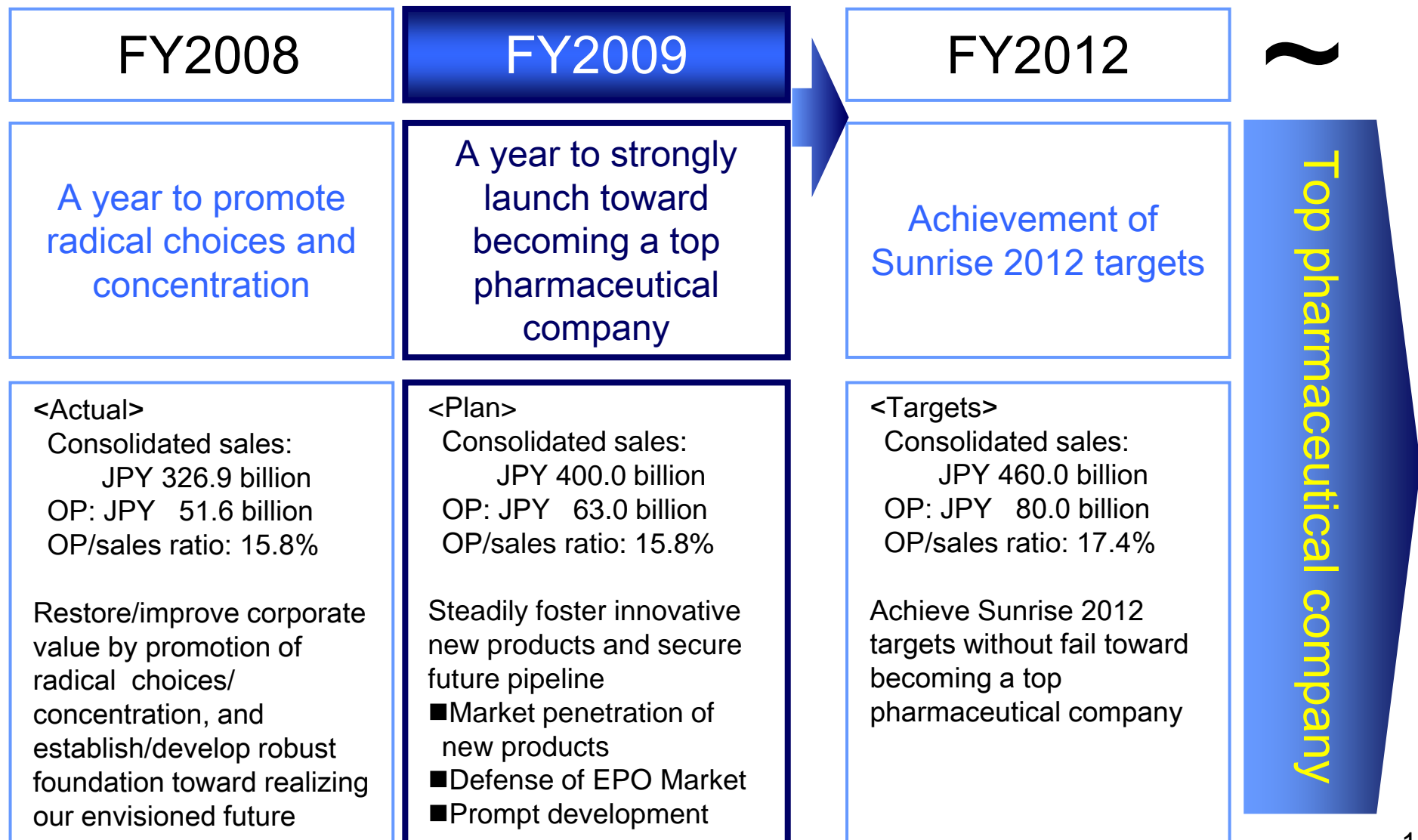
- Toll Manufacturing Agreement with Genentech for the Bulk Drug Substance of Actemra

Aiming to Become a Top Japanese  
Pharmaceutical Company

*Sunrise 2012 & Further Growth*

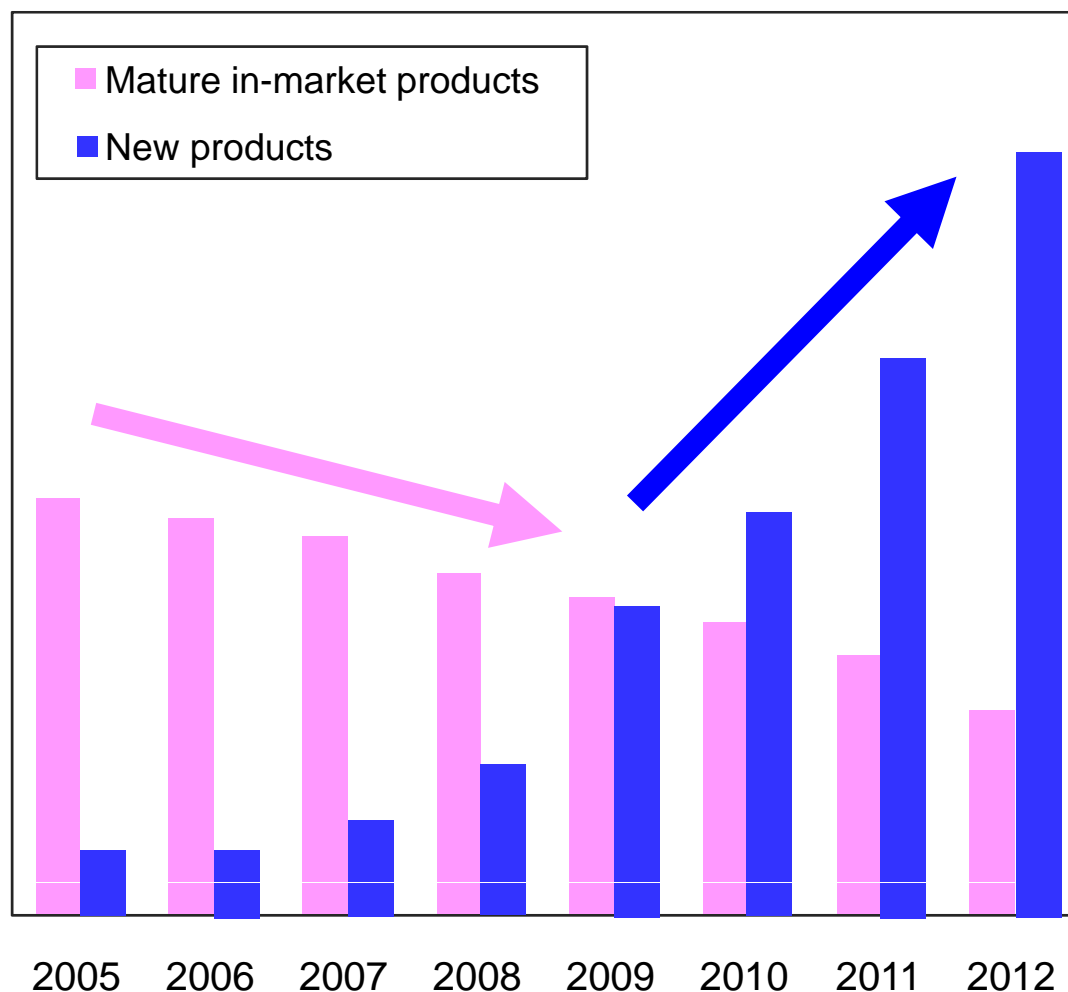
# Steps Toward Achieving Sunrise 2012 Targets and Further Growth

FY2009 is the year to strongly launch toward a top pharmaceutical company



# Growth with Innovative New Drugs

Shift in growth from dependence on mature in-market products to innovative new products



## Mature in-market products

- Epogin
- Neutrogin (Granocyte)
- Alfarol
- Sigmart

## New products

- Actemra (RoActemra)
- Avastin
- Tarceva
- Herceptin
- Xeloda
- Pegasys, Copegus
- Mircera
- ED-71



# Sunrise 2012 Targets

Sales: 460 billion yen, Operating Profit: 80 billion yen

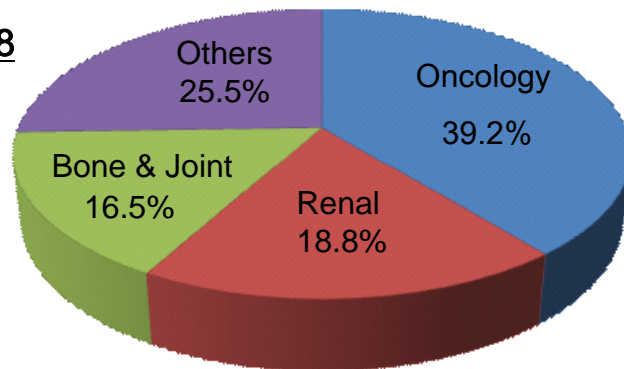
Sales ratio of strategic therapeutic areas

Expansion: bone & joint

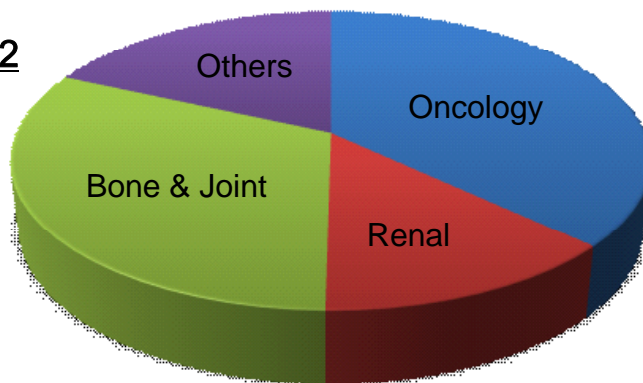
Flat: oncology

Shrinkage: renal

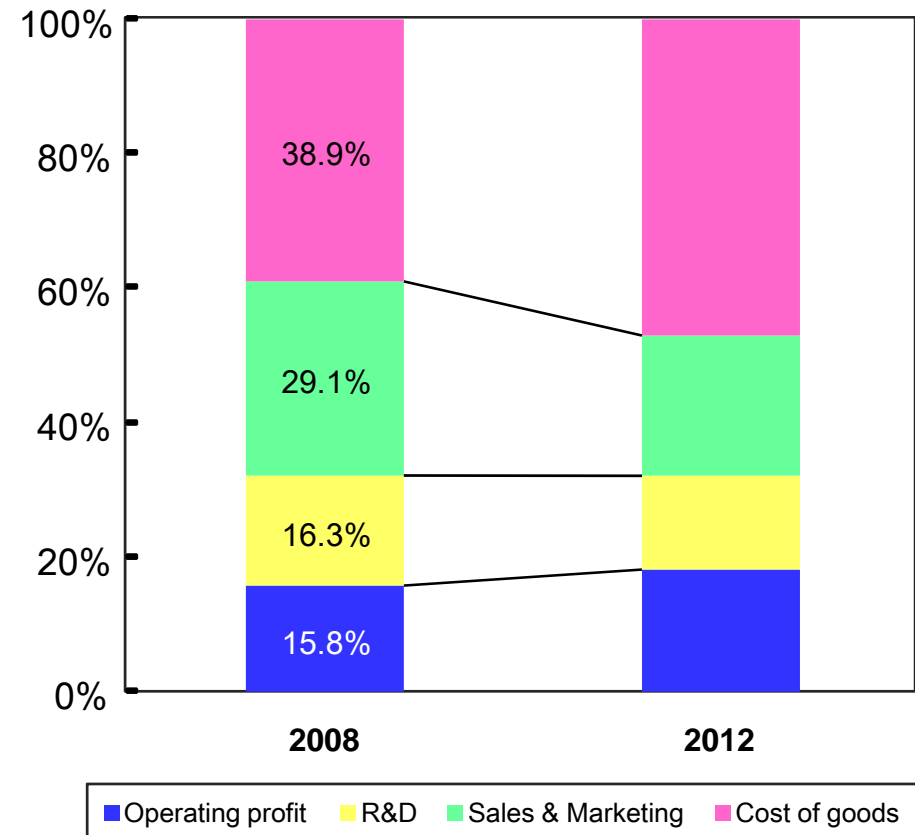
FY2008



FY2012



Improve OP margin by decreasing ratios of sales & marketing and R&D costs



# Picture of the Top Pharmaceutical Company (Quantitative)

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1. Gain a position among the top 3 major Japanese pharmaceutical companies in terms of:
  - ◆ Domestic share
  - ◆ Consolidated operating profit margin
  - ◆ Consolidated operating profit per employee
  - ◆ Domestic sales per MR
2. Gain the top share in our strategic therapeutic areas in Japan
- 3 Increase overseas sales ratio
  - ◆ Actemra/RoActemra
  - ◆ Future global products

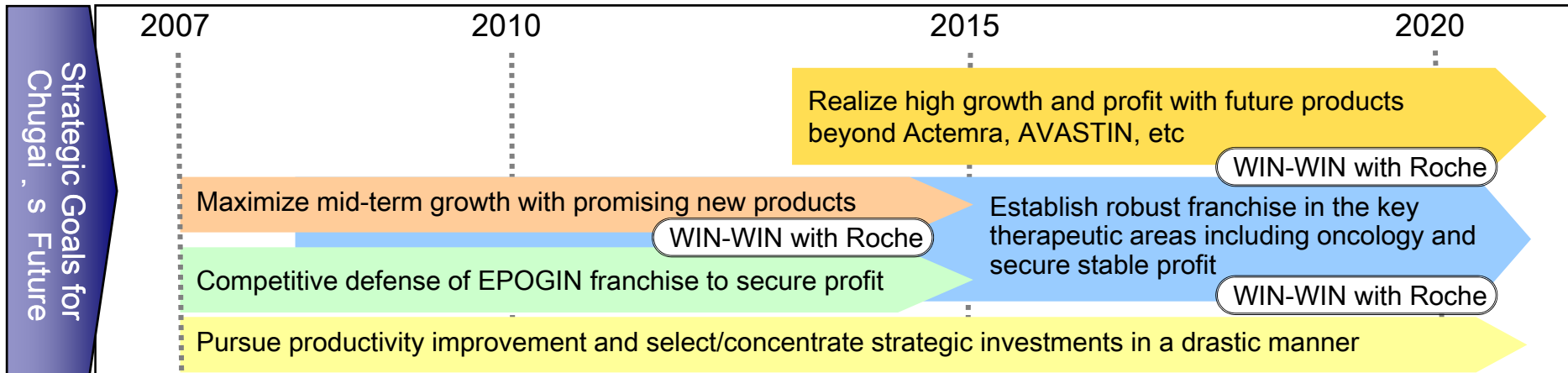
# Picture of the Top Pharmaceutical Company (Qualitative)

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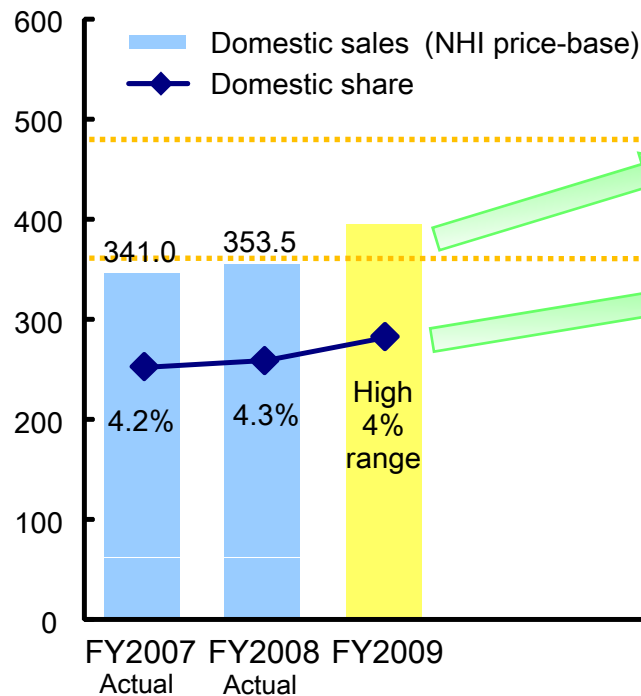


1. A highly reliable company that provides each stakeholder with great satisfaction and receives their support
2. Take global-level initiative
  - ◆ Continuously create/develop clinically competitive products, and launch them inside/outside Japan
  - ◆ Contribute significantly to the business of the Roche Group by appropriately fostering and selling products
  - ◆ Proactively work and lead the pharmaceutical industry
  - ◆ Each employee will recognize his/her own responsibility and feel pride and confidence in the fact that Chugai is a top pharmaceutical company

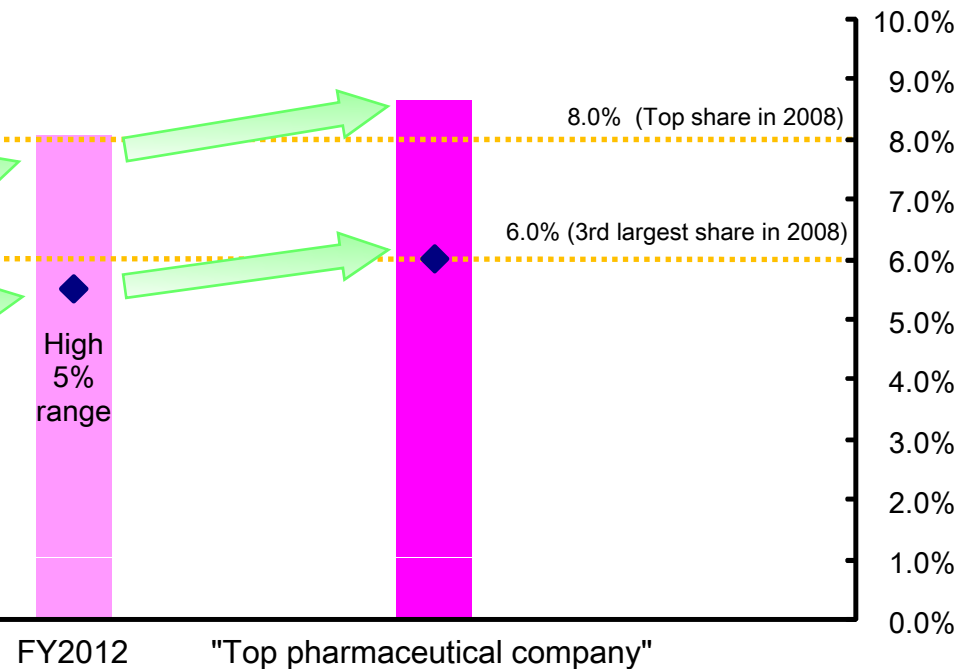
# Strategic Goals, Forecast of Sales and Domestic Share



Domestic sales (JPY bn, NHI price-base)



Domestic share



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