FY2015 3Q Consolidated Financial Overview (IFRS based)

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October 22, 2015

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Forward-Looking Statements

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.

Note: Amounts shown in this report are rounded to the nearest 0.1 billion yen
Variance and % are calculated based on the amounts shown

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3Q Results Summary

- **Revenues: 367.8 billion yen (+34.4, +10.3% YoY)**
  - Domestic sales excl. Tamiflu: increase due to steady growth of mainstay products and new products (+21.2, +8.3%)
  - Overseas sales: increase due to growth in Actemra export driven by both yen depreciation and volume expansion (+17.4, +32.4%)
  - Royalties and other operating income: decrease due to milestone income in the previous year, etc. (-3.8, -20.8%)
- **Cost of sales / Operating expenses (Core basis)**
  - Cost of sales: the ratio to sales worsened due primarily to yen depreciation (+0.6% point, from 49.7% to 50.3%)
  - Operating expenses: increase mainly in research and development expenses (+2.9, +2.5%)
- **Profits**

• IFRS results:	operating profit	67.1 billion yen (+8.0, +13.5%)
	net income	48.6 billion yen (+8.0, +19.7%)
• Core results:	operating profit	70.3 billion yen (+10.2, +17.0%)
	EPS	91.01 yen (+17.16, +23.2%)

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IFRS and Core Results Jan – Sep

(Billions of JPY)	IFRS results 2015 Jan - Sep	Non-core items: Intangible assets and Business combinations	Non-core items: Other eliminated items	Core results 2015 Jan - Sep
Revenues	**367.8**			**367.8**
Sales	353.3			353.3
Royalties and other operating income	14.5			14.5
Cost of sales	-178.7	+1.0		-177.7
Gross profit	**189.0**	**+1.0**		**190.1**
Operating expenses	**-122.0**	**+2.0**	**+0.2**	**-119.8**
Marketing and distribution	-52.1	+0.1		-52.0
Research and development	-60.7	+1.9		-58.8
General and administration	-9.1		+0.2	-8.9
Operating profit	**67.1**	**+3.0**	**+0.2**	**70.3**
Financing costs	-0.1			-0.1
Other financial income (expense)	0.4			0.4
Profit before taxes	**67.4**	**+3.0**	**+0.2**	**70.6**
Income taxes	-18.8	-1.1	-0.1	-20.0
Net income	**48.6**	**+2.0**	**+0.1**	**50.7**
Chugai shareholders	47.6	+2.0	+0.1	49.8
Non-controlling interests	0.9			0.9

(Billions of JPY)

Non-Core items

1. Intangible/Business combinations
   - Amortization of intangible assets +1.2
   - Impairment of intangible assets +1.9
   - No business combinations
2. Other eliminated items
   - Environmental costs +0.2

Core net income attributable to Chugai shareholders 49.8 Ⓐ

(Millions of shares)

Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share 547 Ⓑ

(JPY)

Core EPS 91.01 Ⓐ/Ⓑ

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Year on Year (Core)

Financial Overview Jan – Sep

(Billions of JPY)	2014 Jan - Sep	vs. Revenues	2015 Jan - Sep	vs. Revenues	Growth	
Revenues	**333.4**		**367.8**		**+34.4**	**+10.3%**
Sales	315.1		353.3		+38.2	+12.1%
excl. Tamiflu	308.0		346.5		+38.5	+12.5%
Domestic	254.2		275.4		+21.2	+8.3%
Export to Roche	39.5		56.3		+16.8	+42.5%
Other overseas	14.3		14.7		+0.4	+2.8%
Tamiflu	7.2		6.7		-0.5	-6.9%
Ordinary	7.0		6.7		-0.3	-4.3%
Govt. stockpiles etc.	0.2		0.0		-0.2	-100.0%
Royalties and other operating income	18.3		14.5		-3.8	-20.8%
Cost of sales	-156.5	46.9%	-177.7	48.3%	-21.2	+13.5%
Gross profit	**176.9**	**53.1%**	**190.1**	**51.7%**	**+13.2**	**+7.5%**
Operating expenses	-116.9	35.1%	-119.8	32.6%	-2.9	+2.5%
Operating profit	**60.1**	**18.0%**	**70.3**	**19.1%**	**+10.2**	**+17.0%**
Financing costs	-0.0		-0.1		-0.1	-
Other financial income (expense)	0.3		0.4		+0.1	+33.3%
Income taxes	-19.2		-20.0		-0.8	+4.2%
Net income	**41.2**	**12.4%**	**50.7**	**13.8%**	**+9.5**	**+23.1%**
EPS (JPY)	73.85		91.01		+17.16	+23.2%

(Billions of JPY)

Royalties and other operating income	-3.8
Decrease in milestone income, etc.	
Other financial income (expense)	+0.1
Exchange gains/losses	-0.9
Gains/Losses on derivatives	+1.1
(Gains/Losses on foreign exchange forward contracts)	

Cost of sales ratio vs. Sales

2014 Jan – Sep	2015 Jan – Sep
49.7%	50.3%

Average exchange rate (JPY)

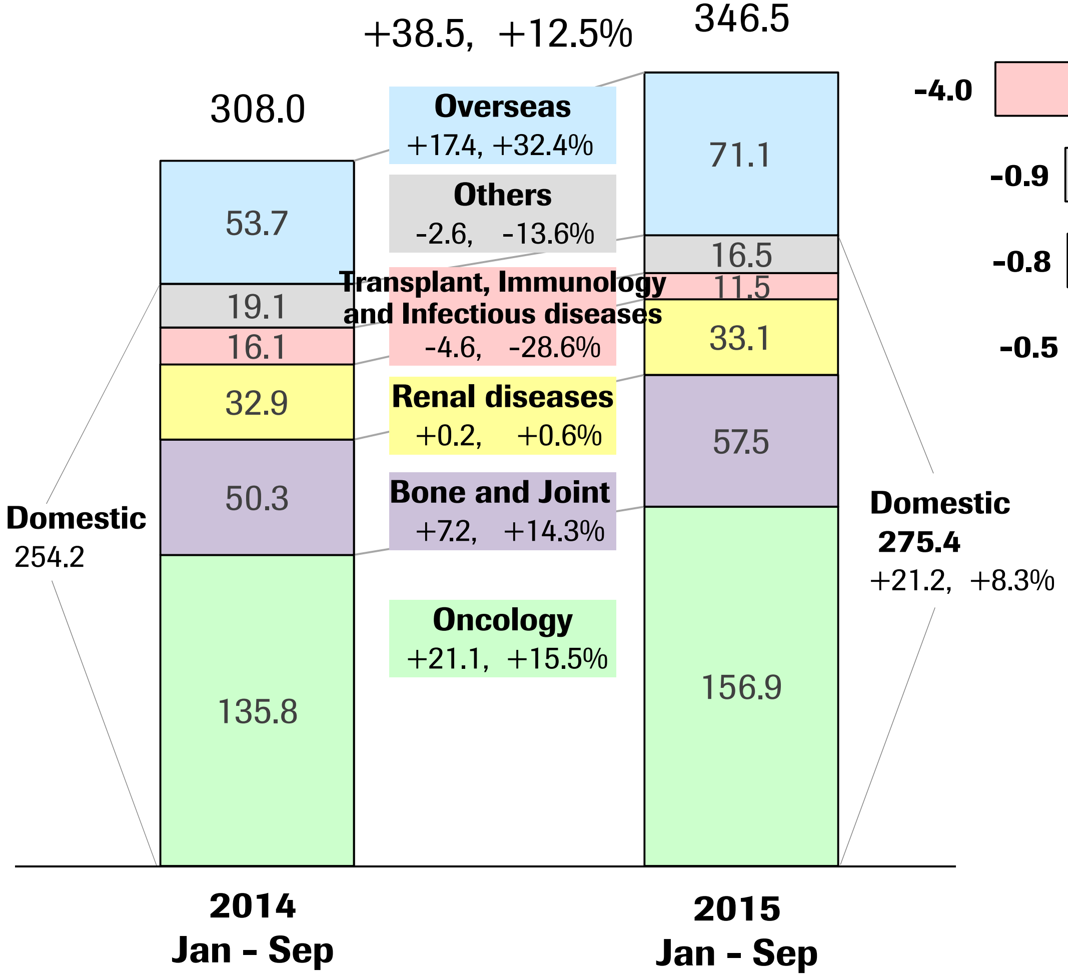
	2014 Jan – Sep	2015 Jan - Sep
1CHF	114.59	126.82
1EUR	139.58	134.83
1USD	102.96	120.89
1SGD	81.87	88.69

Year on Year

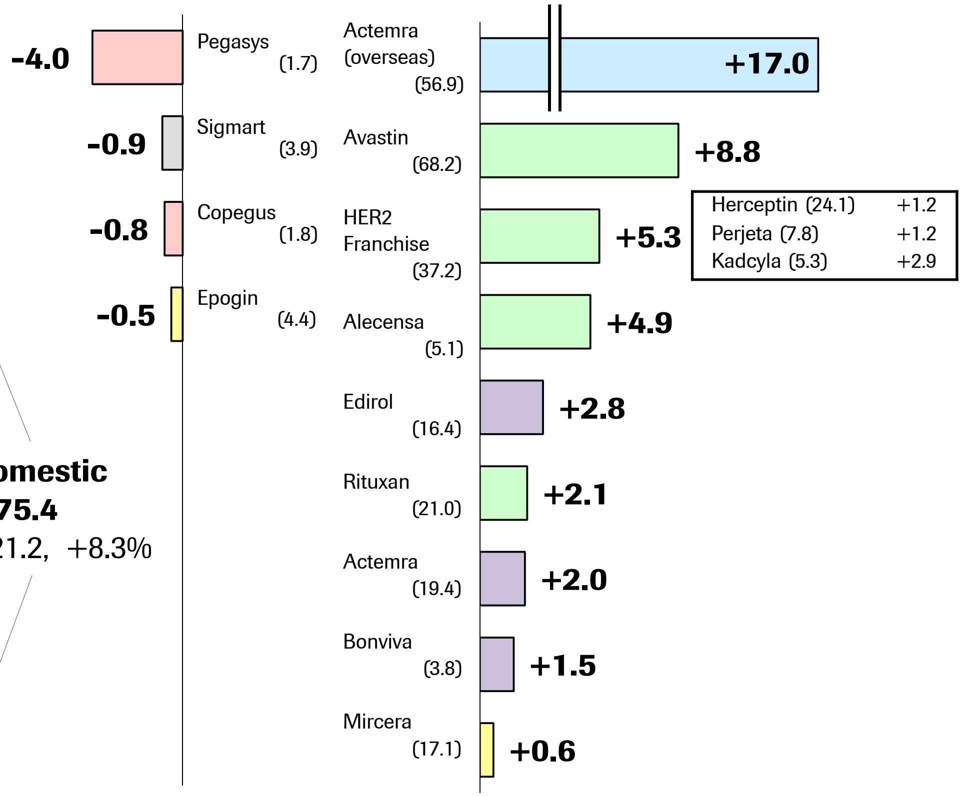
Sales (excl. Tamiflu) Jan – Sep

Sales by Disease Area, Year on Year Comparisons

(Billions of JPY)



Sales by Products, Year on Year Changes



( ): FY2015 Actual

Tamiflu Sales Performance

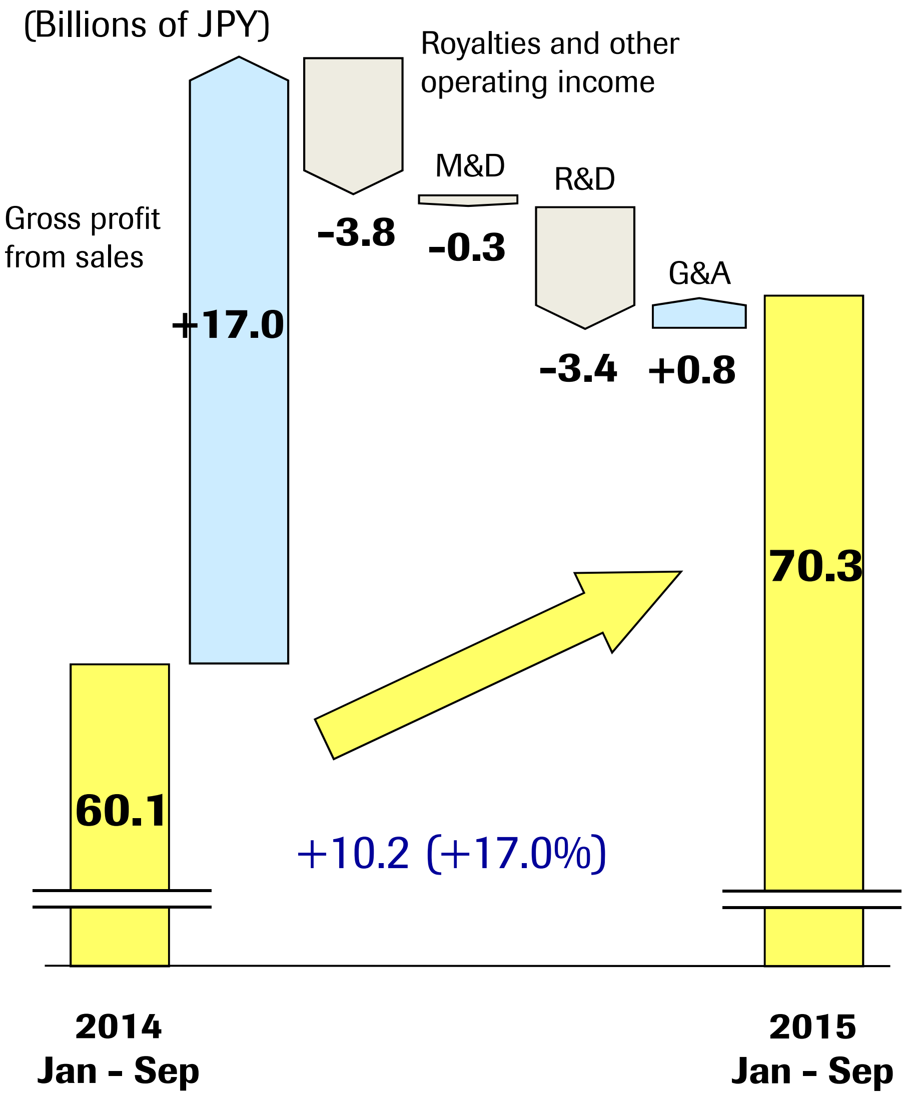
(Billions of JPY)		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12		FY2014.12		FY2015.12	Forecast	Seasonal Sales	Cases per sentinel* (millions)
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Sep	Oct-Dec		
Ordinary	2008-09	11.0														**16.7**	**1.27**
	2009-10		25.2	1.4												**26.6**	**2.02**
	2010-11				0.2	4.1										**4.3**	**1.26**
	2011-12						1.3	7.8								**9.1**	**1.63**
	2012-13								2.4	8.2						**10.6**	**1.11**
	2013-14										1.9	7.0				**9.0**	**1.44**
	2014-15												5.8	6.7		**12.6**	**1.39**
	2015-16														0.7	**-**	**-**
Ordinary		**36.2 (+29.1)**		**1.6 (-34.6)**		**5.4 (+3.8)**		**10.2 (+4.8)**		**10.1 (-0.1)**		**12.9 (+2.8)**		**7.4 (-5.5)**			
Govt. Stockpiles etc.	2008-09	14.4														**15.5**	
	2009-10		25.6	10.6												**36.2**	
	2010-11				5.9	0.5										**6.4**	
	2011-12						2.8	0.4								**3.2**	
	2012-13								1.5	0.8						**2.3**	
	2013-14										0.1	0.1				**0.2**	
	2014-15												0.1	0.0		**0.1**	
	2015-16														-	**-**	
Govt. Stockpile etc.		**40.0 (+38.7)**		**16.6 (-23.4)**		**3.3 (-13.3)**		**1.9 (-1.4)**		**0.9 (-1.0)**		**0.2 (-0.7)**		**0.0**	**(-0.2)**		
Total		**25.4**	**50.8**	**12.0**	**6.1**	**4.6**	**4.1**	**8.1**	**3.9**	**9.0**	**2.0**	**7.1**	**5.9**	**6.7**	**0.7**		
		76.2 (+67.8)		**18.2 (-58.0)**		**8.7 (-9.5)**		**12.0 (+3.3)**		**11.0 (-1.0)**		**13.0 (+2.0)**		**7.4 (-5.6)**			

( ) Year on year

* Total number of patients of the controlled samples in the "Infectious Diseases Weekly Report" (IDWR) for the period from late October to mid-April (from the 44th week of every year to the 16th week of the next year; from early July 2009 and mid-March 2010 for 2009/2010). IDWR is published by Japan's National Institute of Infectious Diseases.

Year on Year (Core)

Operating Profit Jan – Sep



(Billions of JPY)		2014 Jan - Sep	2015 Jan - Sep	Growth
Revenues		**333.4**	**367.8**	**+34.4**
Cost of sales		-156.5	-177.7	-21.2
Gross profit		176.9	190.1	+13.2
of which	Sales	158.6	175.6	+17.0
	Royalties, etc.	18.3	14.5	-3.8
Marketing and distribution		-51.7	-52.0	-0.3
Research and development		-55.4	-58.8	-3.4
General and administration		-9.7	-8.9	+0.8
Operating profit		**60.1**	**70.3**	**+10.2**

Increase in gross profit from sales +17.0

Steady growth of mainstay products and new products

Decrease in royalties and other operating income -3.8

Increase in Marketing and distribution -0.3

Increase in research and development -3.4

Increased activity in research and development with the advance of projects, negative foreign exchange impact, etc.

Decrease in general and administration +0.8

One-time increase in the previous year (Buildings, etc.)

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Year on Year (Core)

Financial Overview Jul – Sep

(Billions of JPY)	2014 Jul - Sep	vs. Revenues	2015 Jul - Sep	vs. Revenues	Growth	
Revenues	**111.4**		**127.6**		**+16.2**	**+14.5%**
Sales	107.0		120.6		+13.6	+12.7%
excl. Tamiflu	106.9		120.6		+13.7	+12.8%
Domestic	88.9		96.3		+7.4	+8.3%
Export to Roche	13.2		19.1		+5.9	+44.7%
Other overseas	4.8		5.2		+0.4	+8.3%
Tamiflu	0.1		0.0		-0.1	-100.0%
Ordinary	0.0		0.0		0.0	0.0%
Govt. stockpiles etc.	0.1		-		-0.1	-100.0%
Royalties and other operating income	4.4		7.0		+2.6	+59.1%
Cost of sales	-54.4	48.8%	-61.1	47.9%	-6.7	+12.3%
Gross profit	**57.0**	**51.2%**	**66.5**	**52.1%**	**+9.5**	**+16.7%**
Operating expenses	-40.7	36.5%	-42.0	32.9%	-1.3	+3.2%
Operating profit	**16.3**	**14.6%**	**24.4**	**19.1%**	**+8.1**	**+49.7%**
Financing costs	0.0		-0.0		0.0	-
Other financial income (expense)	-0.0		-0.3		-0.3	-
Income taxes	-5.0		-6.0		-1.0	+20.0%
Net income	**11.3**	**10.1%**	**18.2**	**14.3%**	**+6.9**	**61.1%**
EPS (JPY)	20.19		32.71		+12.52	+62.0%

(Billions of JPY)

Increase in gross profit from sales	+6.9
Increase in sales	
Increase in royalties and other operating income	+2.6
Increase in milestone income, etc.	
Increase in operating expenses	-1.3
Change in marketing and distribution	0.0
Increase in research and development	-2.7
Increased activity in research and development with the advance of projects, negative foreign exchange impact, etc.	
Decrease in general and administration	+1.4
One-time increase in the previous year (Buildings, etc.)	

Cost of sales ratio vs. Sales

2014 Jul – Sep	2015 Jul – Sep
50.8%	50.7%

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vs. Forecast (Core)

Financial Progress Jan – Sep

(Billions of JPY)	Actual 2015 Jan - Sep	Full-year forecast 2015 Jan - Dec	Full-year forecast Progress	2014 Progress*1
Revenues	**367.8**	**486.5**	**75.6%**	**72.3%**
Sales	353.3	460.8	76.7%	72.1%
excl. Tamiflu	346.5	453.4	76.4%	72.7%
Domestic	275.4	360.9	76.3%	72.7%
Export to Roche *2	56.3	74.9	75.2%	71.7%
Other overseas	14.7	17.6	83.5%	74.1%
Tamiflu	6.7	7.4	90.5%	55.4%
Royalties and other operating income	14.5	25.6	56.6%	75.6%
Cost of sales	-177.7	-230.2	77.2%	72.1%
Gross profit	**190.1**	**256.3**	**74.2%**	**72.4%**
Operating expenses	-119.8	-171.3	69.9%	70.1%
Operating profit	**70.3**	**85.0**	**82.7%**	**77.7%**
EPS (JPY)	91.01	104.42	87.2%	77.7%

*1 Jan - Sep progress versus Jan – Dec.
*2 Including Alecensa (Actual 2015 Jan – Sep: 0.2 billion yen, Full-year forecast 2015 Jan – Dec: 0.2 billion yen)

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vs. Forecast (Core)

Sales Progress (excl. Tamiflu) Jan – Sep

(Billions of JPY)	Actual 2015 Jan - Sep	Full-year forecast 2015 Jan - Dec	Full-year forecast Progress	2014 Progress*1
Sales excl. Tamiflu	**346.5**	**453.4**	**76.4%**	**72.7%**
Domestic	**275.4**	**360.9**	**76.3%**	**72.7%**
Oncology	**156.9**	**204.5**	**76.7%**	**71.9%**
Avastin	68.2	88.2	77.3%	72.2%
HER2 Franchise	37.2	48.3	77.0%	71.8%
Herceptin	24.1	29.6	81.4%	73.4%
Perjeta	7.8	9.9	78.8%	72.5%
Kadcyla	5.3	8.8	60.2%	60.0%
Tarceva	8.6	14.1	61.0%	73.0%
Xeloda	8.1	10.0	81.0%	73.1%
Alecensa	5.1	5.2	98.1%	14.3%
Zelboraf *2	0.3	0.2	150.0%	-
Bone and Joint	**57.5**	**75.9**	**75.8%**	**72.3%**
Actemra	19.4	26.3	73.8%	72.2%
Edirol	16.4	21.2	77.4%	70.8%
Bonviva	3.8	4.9	77.6%	67.6%
Renal	**33.1**	**44.3**	**74.7%**	**73.6%**
Mircera	17.1	24.5	69.8%	73.0%
Epogin	4.4	5.2	84.6%	74.2%
Transp., Immun., Infectious	**11.5**	**13.0**	**88.5%**	**77.4%**
Pegasys	1.7	2.1	81.0%	81.4%
Copegus	1.8	1.1	163.6%	83.9%
Others	**16.5**	**23.2**	**71.1%**	**74.6%**
Overseas	**71.1**	**92.5**	**76.9%**	**72.3%**
Export to Roche	**56.3**	**74.9**	**75.2%**	**71.7%**
Actemra	**56.1**	**74.7**	**75.1%**	**71.7%**
Alecensa *3	**0.2**	**0.2**	**100.0%**	**-**
Other overseas	**14.7**	**17.6**	**83.5%**	**74.1%**

*1 Jan - Sep progress versus Jan - Dec.
*2 Forecast for Zelboraf was disclosed on Apr. 22.
*3 Forecast for Alecensa (overseas) was disclosed on Oct. 22.

vs. Forecast (Core)

Impact from Foreign Exchange

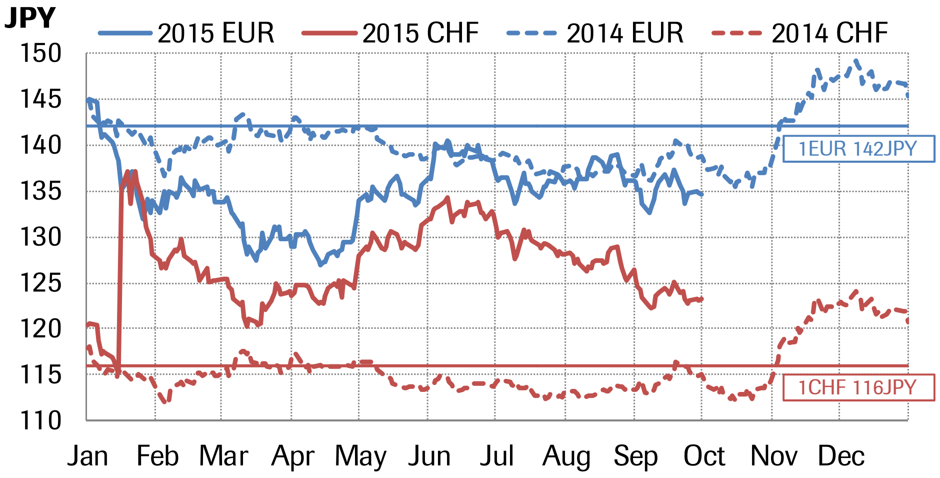
(Billions of JPY)	FX impact Jan - Sep (vs. Forecast on Jan. 28)	
Revenues	**+3.4**	
	Sales	+3.4
	Royalties and other operating income	+0.0
Cost of sales	Cost of sales	-2.8
Operating expenses	Expenses	-0.0
Operating profit	**+0.5**	

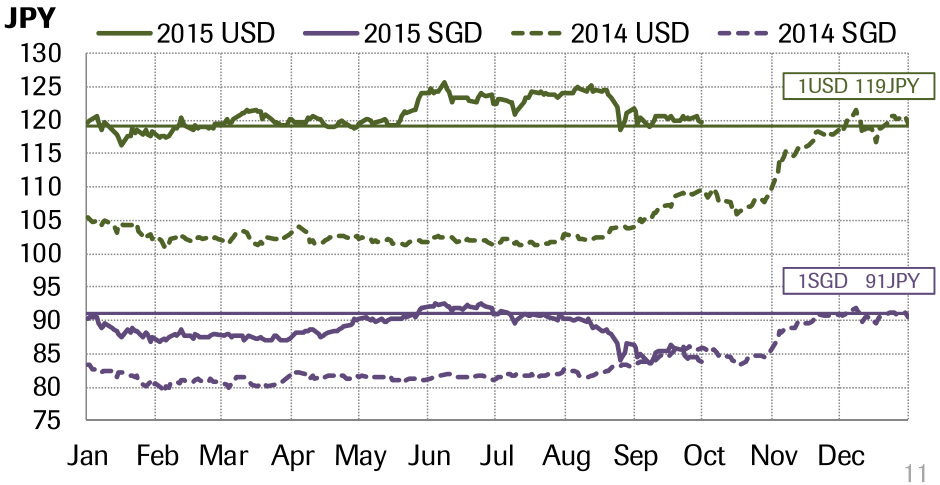
Actual/Assumption rate* (JPY)	Actual Jan - Sep avg. (2014)	Assumption Jan - Dec (as of Jan. 28)	Actual Jan - Sep avg. (2015)
1CHF	114.59	116.00	126.82
1EUR	139.58	142.00	134.83
1USD	102.96	119.00	120.89
1SGD	81.87	91.00	88.69

* Actual: average exchange rate for the period of Jan – Sep.

[Reference]
Historical exchange rate to the JPY

Assumption rate (as of Jan. 28)





Overview of Development Pipeline

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Associate Vice President
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Minoru Watanabe

2015.10.22

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Oncology Field
Projects under Development (as of 22 October, 2015)

	Phase I	Phase II	Phase III	Filed
Oncology	**CKI27 / RG7304 (Japan / overseas)** - solid tumors **RG7596 / polatuzumab vedotin** - NHL **RG7604 / taselisib** - solid tumors **RG7440 / ipatasertib** - solid tumors	**GC33 / RG7686** - hepatocellular carcinoma	**AF802 (RG7853) / Alecensa (overseas)** - NSCLC [1L] **RG1273 / Perjeta** - breast cancer (adjuvant) - gastric cancer **RG3502 / Kadcyla** - breast cancer (adjuvant) - gastric cancer (PII/III) **GA101 (RG7159) / obinutuzumab** - aggressive NHL - indolent NHL **RG7446 / atezolizumab** - NSCLC - bladder cancer - renal cell carcinoma **RG435 / Avastin** - renal cell carcinoma	**RG340 / Xeloda** - gastric cancer (adjuvant) **AF802 (RG7853) / Alecensa (overseas)** - NSCLC [2L] ★ **RG435 / Avastin** - cervical cancer★

In principle, completion of first dose is regarded as the start of clinical studies in each phase.
NHL: non-Hodgkin's lymphoma
NSCLC: non-small cell lung cancer

Letters in orange: in-house projects
★: Projects with advances in stages since 23 July, 2015

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Primary Field
Projects under Development (as of 22 October, 2015)

	Phase I	Phase II	Phase III	Filed
Bone & Joint			ED-71 / Edirol (China) - osteoporosis★	RG484 / Bonviva (oral) - osteoporosis
Renal	EOS789 - hyperphosphatemia★			
Autoimmune		MRA / Actemra (overseas) - systemic sclerosis	MRA / Actemra - large-vessel vasculitis - giant cell arteritis (overseas) SA237 - neuromyelitis optica★	
CNS	RG1662 / basmisanil - improvement of intellectual ability in individuals with Down syndrome		RG1450 / gantenerumab - Alzheimer's disease	
Others	PCO371 (overseas) - hypoparathyroidism	RG3637 / lebrikizumab - IPF CIM331 / nemolizumab - atopic dermatitis★ - pruritus in dialysis patients★ URC102 (South Korea) - gout ACE910 / RG6013 - hemophilia A (PI/II)	RG3637 / lebrikizumab - asthma	

In principle, completion of first dose is regarded as the start of clinical studies in each phase.
IPF: idiopathic pulmonary fibrosis

Letters in orange: in-house projects
★: Projects with advances in stages since 23 July, 2015
★: Multinational study managed by Chugai

Development Status

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In-house

AF802 (RG7853) / Alecensa®

Non-small cell lung cancer (crizotinib failure)

Submission for approval in July (US), September (EU) 2015

In-licensed

RG435 / Avastin®

Cervical cancer

Submission for approval in September 2015

In-house

ED-71 / Edirol®

Osteoporosis

Started P3 in August 2015 (China)

In-house

EOS789

Hyperphosphatemia

Started P1 in September 2015

Development Status

In-house

CIM331 / nemolizumab

Pruritus in dialysis patients

Started P2 in August 2015

In-licensed

RG7090 / basimglurant

Major depressive disorder

Development discontinued

In-licensed

RG1577 / sembragiline

Alzheimer's disease

Development discontinued

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Other Progress

In-licensed

RG3502 / Kadcyla®

Breast cancer (1st line)

No-go decision based on global P3 (MARIANNE study)

Gastric cancer

Global P2/3 (GATSBY study) did not meet primary endpoint

In-licensed

RG1450 / gantenerumab

Alzheimer's disease

Ongoing global P3 (Marguerite RoAD study) converted into open label to explore higher doses

In-house

CIM331 / nemolizumab

Atopic dermatitis

Ongoing multinational P2 met primary endpoint (statistically significant improvement in pruritus compared to placebo at week 12)

Other Progress

In-house

ACE910 (RG6013)

Hemophilia A

Breakthrough therapy Designation granted by US FDA in September 2015

In-licensed

Netupitant-Palonosetron Fixed-Dose Combination (NEPA) / Akynzeo®

Prevention of chemotherapy-induced nausea and vomiting

Launched in September 2015 (UK)

In-licensed

MultiStem® (Cell therapy)

Ischemic stroke

Terminated license agreement with Athersys

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ACE910: Phase 3 in Inhibitor Patients

Inhibitor patients receiving bypassing agents (≥12 years old, N=70*)

*Planned

On-demand bypass
(patients on episodic treatment)

Prophylaxis bypass
(patients on scheduled treatment)

A) ACE910
weekly dosing

B) Prior regimen

C) ACE910
weekly dosing

Evaluation period: 24 weeks
Primary endpoint: The efficacy of prophylactic ACE910 compared with no prophylaxis in hemophilia A patients with inhibitors on the basis of number of bleeds over time

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Projected Submissions (Post PoC NMEs and Products)

	NME	line extension
in-house		
in-licensed		

2015

Filed

- BONVIVA (RG484) Osteoporosis (oral)
- AVASTIN (RG435) Cervical Cancer
- ALECENSA (AF802/RG7853) NSCLC[2L] (overseas)

2016

- ACTEMRA (MRA) Giant Cell Arteritis (overseas)
- ACTEMRA (MRA) Large-vessel Vasculitis
- atezolizumab (RG7446) NSCLC

2017

- Edirol (ED-71) Osteoporosis (China)
- ACE910 Hemophilia A
- lebrikizumab (RG3637) Asthma
- atezolizumab (RG7446) Bladder Cancer
- GA101 / obinutuzumab (RG7159) Indolent NHL
- GA101 / obinutuzumab (RG7159) Aggressive NHL
- PERJETA (RG1273) Breast Cancer (adjuvant)
- ALECENSA (AF802/RG7853) NSCLC[1L] (overseas)

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- ACTEMRA (MRA) Systemic Sclerosis (overseas)
- AVASTIN (RG435) Renal Cell Carcinoma
- atezolizumab (RG7446) Renal Cell Carcinoma
- KADCYLA (RG3502) Breast Cancer (adjuvant)
- PERJETA (RG1273) Gastric Cancer
- nemolizumab CIM331 Atopic Dermatitis
- nemolizumab CIM331 Pruritus in Dialysis Patients
- lebrikizumab (RG3637) IPF
- gantenerumab (RG1450) Alzheimer's Disease
- SA237 Neuromyelitis Optica

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