



# **FY2015 1Q Consolidated Financial Overview (IFRS based)**

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Toshiaki Itagaki  
April 22, 2015



## 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



# 1Q Results Summary

## ■ Revenues: 117.1 billion yen (-6.9, -5.6% YoY)

- Domestic sales excl. Tamiflu: steady increase if the impact of last year's temporary demand prior to the consumption tax increase is excluded (-1.3, -1.5%)
- Overseas sales: increase due to yen depreciation and growth in Actemra export (+0.7, +3.2%)
- Royalties and other operating income: decrease due to milestone income in the previous year, etc. (-6.1, -62.2%)

## ■ Cost of sales / Operating expenses (Core basis)

- Cost of sales: the ratio to sales worsened due primarily to yen depreciation (+2.2% points, from 48.4% to 50.6%)
- Operating expenses: increase mainly in research and development expenses and general and administration expenses (+0.9, +2.4%)

## ■ Profits

- IFRS results: operating profit 20.7 billion yen (-10.4, -33.4%)  
net income 14.8 billion yen (-4.3, -22.5%)
- Core results: operating profit 21.5 billion yen (-9.9, -31.5%)  
EPS (JPY) 27.54 (-7.28, -20.9%)



# IFRS and Core Results Jan – Mar

(Billions of JPY)

(Billions of JPY)	IFRS results		Non-core items		Core results
	2015 Jan - Mar		Intangible assets and Business combinations	Other eliminated items	2015 Jan - Mar
<b>Revenues</b>	<b>117.1</b>				<b>117.1</b>
Sales	113.4				113.4
Royalties and other operating income	3.7				3.7
Cost of sales	-57.7	+0.3			-57.4
<b>Gross profit</b>	<b>59.3</b>	<b>+0.3</b>			<b>59.7</b>
<b>Operating expenses</b>	<b>-38.6</b>	<b>+0.4</b>	<b>+0.1</b>		<b>-38.2</b>
Marketing and distribution	-16.6	+0.0			-16.6
Research and development	-19.0	+0.3			-18.6
General and administration	-3.0			+0.1	-3.0
<b>Operating profit</b>	<b>20.7</b>	<b>+0.7</b>	<b>+0.1</b>		<b>21.5</b>
Financing costs	-0.0				-0.0
Other financial income (expense)	0.5				0.5
<b>Profit before taxes</b>	<b>21.2</b>	<b>+0.7</b>	<b>+0.1</b>		<b>21.9</b>
Income taxes	-6.4	-0.2	-0.0		-6.6
<b>Net income</b>	<b>14.8</b>	<b>+0.4</b>	<b>+0.0</b>		<b>15.3</b>
Chugai shareholders	14.6	+0.4	+0.0		15.1
Non-controlling interests	0.2				0.2

## Non-Core items

- Intangible/Business combinations
  - Amortization of intangible assets +0.4
  - Impairment of intangible assets +0.3
  - No business combinations
- Other eliminated items
  - Environmental costs +0.1

Core net income  
attributable to Chugai  
shareholders 15.1 <sup>Ⓐ</sup>

(Millions of shares)

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

 547 <sup>Ⓑ</sup>

(JPY)  
Core EPS 27.54 <sup>Ⓐ/Ⓑ</sup>

## Year on Year (Core)

# Financial Overview Jan – Mar

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(Billions of JPY)	2014		2015		Growth	
	Jan - Mar		Jan - Mar			
	vs. Revenues		vs. Revenues			
<b>Revenues</b>	<b>124.0</b>		<b>117.1</b>		<b>-6.9</b>	<b>-5.6%</b>
Sales	114.2		113.4		-0.8	-0.7%
excl. Tamiflu	107.3		106.7		-0.6	-0.6%
Domestic	85.2		83.9		-1.3	-1.5%
Export to Roche	16.9		18.0		+1.1	+6.5%
Other overseas	5.2		4.8		-0.4	-7.7%
Tamiflu	6.9		6.7		-0.2	-2.9%
Ordinary	6.8		6.7		-0.1	-1.5%
Govt. stockpiles etc.	0.1		0.0		-0.1	-100.0%
Royalties and other operating income	9.8		3.7		-6.1	-62.2%
Cost of sales	-55.3	44.6%	-57.4	49.0%	-2.1	+3.8%
<b>Gross profit</b>	<b>68.8</b>	<b>55.5%</b>	<b>59.7</b>	<b>51.0%</b>	<b>-9.1</b>	<b>-13.2%</b>
Operating expenses	-37.3	30.1%	-38.2	32.6%	-0.9	+2.4%
<b>Operating profit</b>	<b>31.4</b>	<b>25.3%</b>	<b>21.5</b>	<b>18.4%</b>	<b>-9.9</b>	<b>-31.5%</b>
Financing costs	-0.0		-0.0		0.0	0.0%
Other financial income (expense)	0.2		0.5		+0.3	+150.0%
Income taxes	-12.3		-6.6		+5.7	-46.3%
<b>Net income</b>	<b>19.3</b>	<b>15.6%</b>	<b>15.3</b>	<b>13.1%</b>	<b>-4.0</b>	<b>-20.7%</b>
EPS (JPY)	34.82		27.54		-7.28	-20.9%

(Billions of JPY)

Royalties and other operating income	-6.1
milestone income decreased, etc.	
Other financial income (expense)	+0.3
Exchange gains/losses	-1.0
Gains/Losses on derivatives	+1.4
(Gains/Losses on foreign exchange forward contracts)	

## Cost of sales ratio vs. Sales

2014 Jan - Mar	2015 Jan - Mar
48.4%	50.6%

## Average exchange rate (JPY)

	2014 Jan - Mar	2015 Jan - Mar
CHF	115.17	124.98
EUR	140.90	134.38
USD	102.81	119.15
SGD	81.03	87.88

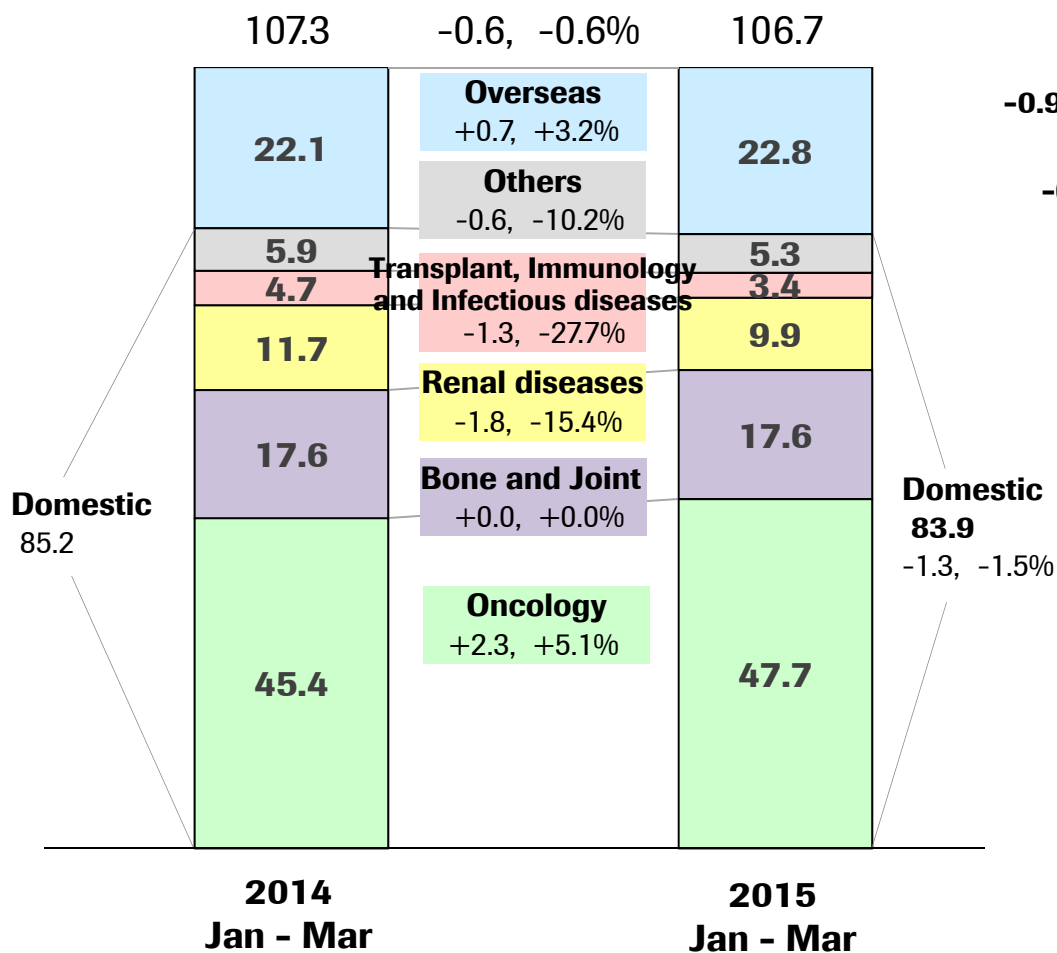


Year on Year

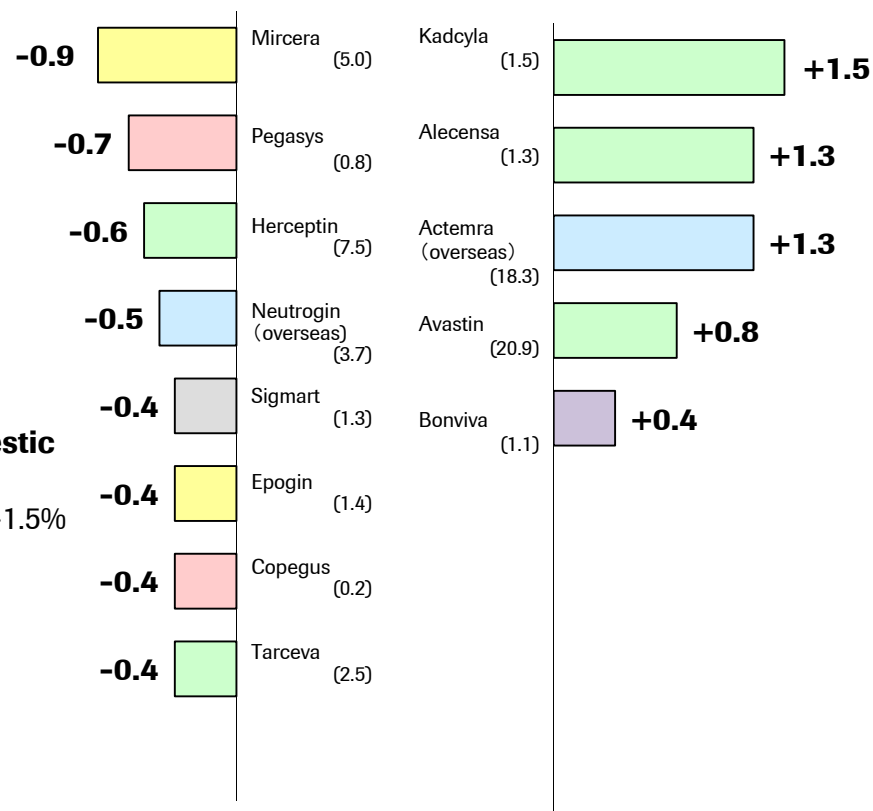
# Sales (excl. Tamiflu) Jan - Mar

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)		Fiscal Term Sales														Forecast	
		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12		FY2014.12		FY2015.12		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-Mar	Apr-Dec		
Ordinary	2008-09	11.0														<b>16.7</b>	<b>1.27</b>
	2009-10		25.2	1.4												<b>26.6</b>	<b>2.02</b>
	2010-11				0.2	4.1										<b>4.3</b>	<b>1.26</b>
	2011-12						1.3	7.8								<b>9.1</b>	<b>1.63</b>
	2012-13								2.4	8.2						<b>10.6</b>	<b>1.11</b>
	2013-14										1.9	7.0				<b>9.0</b>	<b>1.44</b>
	2014-15												5.8	6.7		<b>12.6</b>	<b>1.37</b>
	2015-16														0.7	-	-
<b>Ordinary</b>		<b>36.2 (+29.1)</b>	<b>1.6 (-34.6)</b>	<b>5.4 (+3.8)</b>	<b>10.2 (+4.8)</b>	<b>10.1 (-0.1)</b>	<b>12.9 (+2.8)</b>	<b>7.4 (-5.5)</b>									
Govt. Stockpiles etc.	2008-09	14.4														<b>15.5</b>	
	2009-10		25.6	10.6												<b>36.2</b>	
	2010-11				5.9	0.5										<b>6.4</b>	
	2011-12						2.8	0.4								<b>3.2</b>	
	2012-13								1.5	0.8						<b>2.3</b>	
	2013-14										0.1	0.1				<b>0.2</b>	
	2014-15												0.1	0.0		<b>0.1</b>	
	2015-16														-	-	
<b>Govt. Stockpile etc.</b>		<b>40.0 (+38.7)</b>	<b>16.6 (-23.4)</b>	<b>3.3 (-13.3)</b>	<b>1.9 (-1.4)</b>	<b>0.9 (-1.0)</b>	<b>0.2 (-0.7)</b>	<b>0.0 (-0.2)</b>									
<b>Total</b>		<b>25.4</b>	<b>50.8</b>	<b>12.0</b>	<b>6.1</b>	<b>4.6</b>	<b>4.1</b>	<b>8.1</b>	<b>3.9</b>	<b>9.0</b>	<b>2.0</b>	<b>7.1</b>	<b>5.9</b>	<b>6.7</b>	<b>0.7</b>		
		<b>76.2 (+67.8)</b>	<b>18.2 (-58.0)</b>	<b>8.7 (-9.5)</b>	<b>12.0 (+3.3)</b>	<b>11.0 (-1.0)</b>	<b>13.0 (+2.0)</b>	<b>7.4 (-5.6)</b>									

( ) 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. 2014/2015 consist of the period from late October (the 44th week) to early April (the 14th week).

Year on Year (Core)

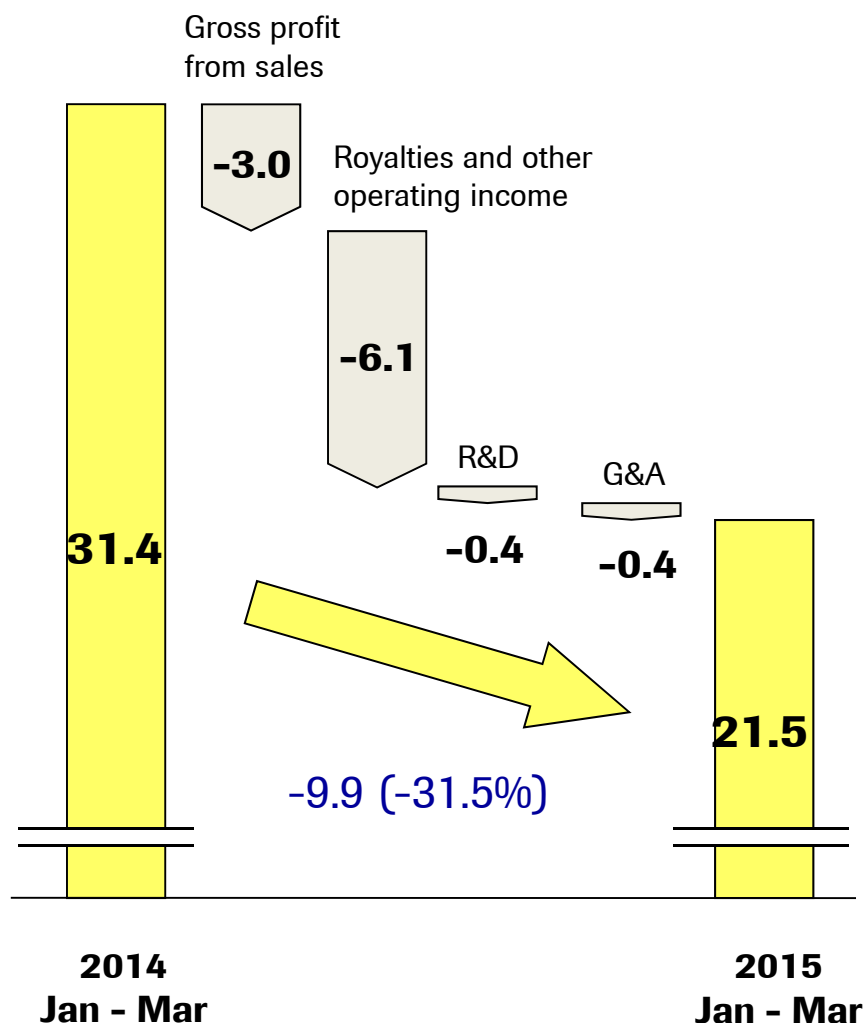
# Operating Profit Jan - Mar

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(Billions of JPY)



(Billions of JPY)	2014 Jan - Mar	2015 Jan - Mar	Growth
<b>Revenues</b>	<b>124.0</b>	<b>117.1</b>	<b>-6.9</b>
Cost of sales	-55.3	-57.4	-2.1
<b>Gross profit</b>	<b>68.8</b>	<b>59.7</b>	<b>-9.1</b>
<i>of which</i> Sales	59.0	56.0	-3.0
Royalties, etc.	9.8	3.7	-6.1
Marketing and distribution	-16.6	-16.6	0.0
Research and development	-18.2	-18.6	-0.4
General and administration	-2.6	-3.0	-0.4
<b>Operating profit</b>	<b>31.4</b>	<b>21.5</b>	<b>-9.9</b>

Decrease in gross profit from sales	-3.0
Cost of sales ratio to sales worsened due to yen depreciation, etc.	
Decrease in royalties and other operating income	-6.1
Change in Marketing and distribution	0.0
Increase in research and development	-0.4
Negative foreign exchange impact, etc.	
Increase in general and administration	-0.4
Increase in miscellaneous expenses due primarily to communication activities to raise corporate brand awareness	



vs. Forecast (Core)

# Financial Progress Jan – Mar

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(Billions of JPY)	Actual	Forecast on Jan 28		2014
	2015 Jan - Mar	2015 Jan - Dec	Progress	Progress*
<b>Revenues</b>	<b>117.1</b>	<b>486.5</b>	<b>24.1%</b>	<b>26.9%</b>
Sales	113.4	460.8	24.6%	26.1%
excl. Tamiflu	106.7	453.4	23.5%	25.3%
Domestic	83.9	360.9	23.2%	24.4%
Export to Roche	18.0	74.7	24.1%	30.7%
Other overseas	4.8	17.8	27.0%	26.9%
Tamiflu	6.7	7.4	90.5%	53.1%
Royalties and other operating income	3.7	25.6	14.5%	40.5%
Cost of sales	-57.4	-230.2	24.9%	25.5%
<b>Gross profit</b>	<b>59.7</b>	<b>256.3</b>	<b>23.3%</b>	<b>28.2%</b>
Operating expenses	-38.2	-171.3	22.3%	22.4%
<b>Operating profit</b>	<b>21.5</b>	<b>85.0</b>	<b>25.3%</b>	<b>40.6%</b>
EPS (JPY)	27.54	104.42	26.4%	36.6%

\* Jan - Mar progress versus Jan - Dec.

vs. Forecast (Core)

Innovation all for the patients



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# Sales Progress (excl. Tamiflu) Jan – Mar

(Billions of JPY)	Actual	Full-year forecast		2014
	2015 Jan - Mar	2015 Jan - Dec	Progress	Progress*
<b>Sales excl. Tamiflu</b>	<b>106.7</b>	<b>453.4</b>	<b>23.5%</b>	<b>25.3%</b>
<b>Domestic</b>	<b>83.9</b>	<b>360.9</b>	<b>23.2%</b>	<b>24.4%</b>
<b>Oncology</b>	<b>47.7</b>	<b>204.5</b>	<b>23.3%</b>	<b>24.0%</b>
Avastin	20.9	88.2	23.7%	24.4%
Herceptin	7.5	29.6	25.3%	26.0%
Tarceva	2.5	14.1	17.7%	25.2%
Xeloda	2.6	10.0	26.0%	26.9%
Perjeta	2.3	9.9	23.2%	22.0%
Kadcyla	1.5	8.8	17.0%	-
Alecensa	1.3	5.2	25.0%	-
Zelboraf **	0.1	0.2	50.0%	-
<b>Bone and Joint</b>	<b>17.6</b>	<b>75.9</b>	<b>23.2%</b>	<b>25.3%</b>
Actemra	5.9	26.3	22.4%	24.5%
Edirol	4.9	21.2	23.1%	26.0%
Bonviva	1.1	4.9	22.4%	20.6%
<b>Renal</b>	<b>9.9</b>	<b>44.3</b>	<b>22.3%</b>	<b>26.2%</b>
Mircera	5.0	24.5	20.4%	26.1%
Epogin	1.4	5.2	26.9%	27.3%
<b>Transp., Immun., Infectious</b>	<b>3.4</b>	<b>13.0</b>	<b>26.2%</b>	<b>22.6%</b>
Pegasys	0.8	2.1	38.1%	21.4%
Copegus	0.2	1.1	18.2%	19.4%
<b>Others</b>	<b>5.3</b>	<b>23.2</b>	<b>22.8%</b>	<b>23.0%</b>
<b>Overseas</b>	<b>22.8</b>	<b>92.5</b>	<b>24.6%</b>	<b>29.7%</b>
Export to Roche	<b>18.0</b>	<b>74.7</b>	<b>24.1%</b>	<b>30.7%</b>
Other overseas	<b>4.8</b>	<b>17.8</b>	<b>27.0%</b>	<b>26.9%</b>

\* Jan - Mar progress versus Jan - Dec. \*\* Forecast for Zelboraf was disclosed on Apr. 22.



vs. Forecast (Core)

# Impact from Foreign Exchange

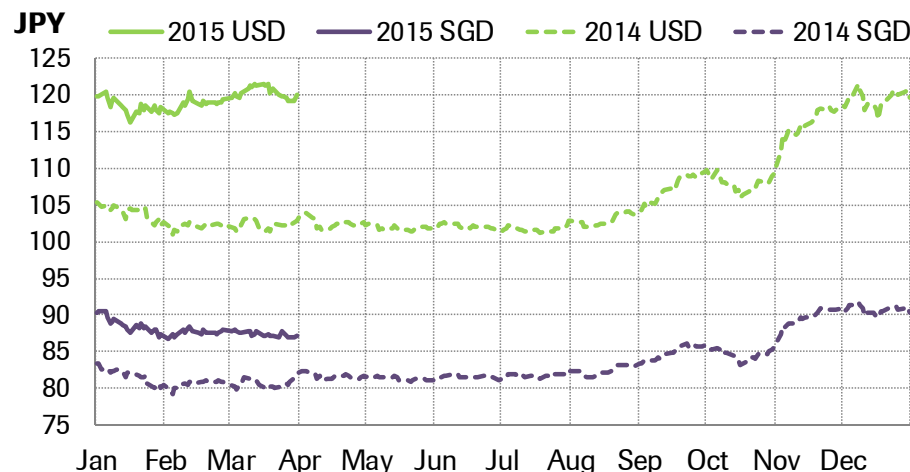
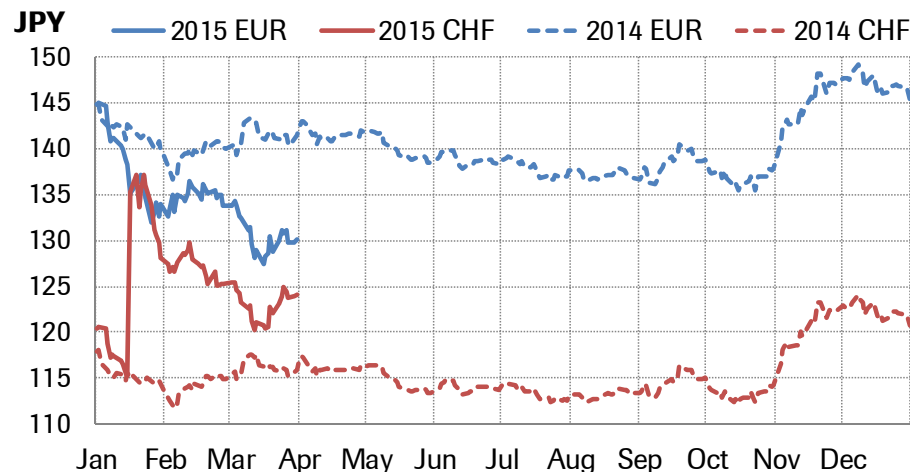
(Billions of JPY)	FX impact Jan - Mar (vs. Forecast on Jan. 28)	
<b>Revenues</b>	<b>+0.6</b>	
	Sales	+0.7
	Royalties and other operating income	-0.1
Cost of sales	Cost of sales	-0.2
Operating expenses	Expenses	+0.1
<b>Operating profit</b>	<b>+0.5</b>	

FX rate to the JPY*	Actual Jan - Mar avg. (2014)	Assumption Jan - Dec (as of Jan. 28)	Actual Jan - Mar avg. (2015)
1CHF	115.17	116.00	124.98
1EUR	140.90	142.00	134.38
1USD	102.81	119.00	119.15
1SGD	81.03	91.00	87.88

\* Actual: average exchange rate for the period of Jan - Mar

[Reference]

### Historical exchange rate to the JPY





## Overview of Development Pipeline

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Minoru Watanabe

2015.4.22

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



	Phase I	Phase II	Phase III	Filed
Oncology	<p><b>CKI27 / RG7304</b> (Japan / overseas) - solid tumors</p> <p><b>RG7321 / pictilisib</b> - solid tumors</p> <p><b>RG7596 / polatuzumab vedotin</b> - NHL</p> <p><b>RG7604 / taselesib</b> - solid tumors</p>	<p><b>RG435 / Avastin</b> - cervical cancer</p> <p><b>GC33 / RG7686</b> - hepatocellular carcinoma</p>	<p><b>AF802 (RG7853) / Alecensa (overseas)</b> - NSCLC</p> <p><b>RG1273 / Perjeta</b> - breast cancer (adjuvant) - gastric cancer</p> <p><b>RG3502 / Kadcyca</b> - breast cancer (adjuvant) - gastric cancer (PII/III)</p> <p><b>GA101 (RG7159) / obinutuzumab</b> - aggressive NHL - indolent NHL</p> <p><b>RG7446 / MPDL3280A</b> - NSCLC - bladder cancer</p>	<p><b>RG340 / Xeloda</b> - gastric cancer (adjuvant)</p>

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 28 January, 2015**

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



	Phase I	Phase II	Phase III	Filed
Bone & Joint				<b>RG484 / Bonviva (oral)</b> - osteoporosis★
Autoimmune		<b>MRA / Actemra (overseas)</b> - systemic sclerosis	<b>MRA / Actemra</b> - large-vessel vasculitis <b>MRA / Actemra (overseas)</b> - giant cell arteritis <b>SA237</b> - neuromyelitis optica★	
CNS	<b>RG1577</b> - Alzheimer's disease <b>RG1662</b> - improvement of intellectual ability in individuals with Down syndrome	<b>RG7090 / basimglurant</b> - major depressive disorder	<b>RG1450 / gantenerumab</b> - Alzheimer's disease	
Others		<b>RG3637 / lebrikizumab</b> - IPF <b>CIM331</b> - atopic dermatitis★ <b>URC102 (South Korea)</b> - gout <b>ACE910 / RG6013</b> - hemophilia A (PI/II)	<b>RG3637 / lebrikizumab</b> - 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 28 January, 2015**

★: **Multinational study managed by Chugai**



# Development Status

In-  
licensed

## **RG7204 / Zelboraf<sup>®</sup>**

Unresectable melanoma with BRAF mutation  
Launched in February 2015

In-  
licensed

## **RG484 / Bonviva<sup>®</sup> (oral)**

Osteoporosis  
Filed in February 2015

In-  
house

## **MRA / Actemra<sup>®</sup>**

Subcutaneous injection formulation for rheumatoid arthritis  
Approved in Taiwan in April 2015

In-  
licensed

## **Copegus<sup>®</sup>**

Improvement of viraemia associated with Serogroup 2 chronic hepatitis C or compensated cirrhosis related to hepatitis C, when administered in combination with sofosbuvir  
Approved in March 2015 [additional indication]

# Other Progress



In-  
licensed

## **RG7446 / MPDL3280A (Engineered anti-PDL1 antibody)**

Non-small cell lung cancer (1<sup>st</sup> line)

Decided to participate in 3 multinational studies

February 2015

U.S. FDA grants Breakthrough Therapy Designation  
in non-small cell lung cancer (Roche)

In-  
licensed

## **RG435 / Avastin<sup>®</sup>**

Primary endpoint achieved in P3 study (MERiDiAN Study)  
for HER2- metastatic breast cancer (Roche)





## Upcoming Events (Planned)

In-  
licensed

### **RG484 / Bonviva<sup>®</sup> (oral):** March 2015

Results of Japanese P3 study for osteoporosis presented at the World Congress on Osteoporosis, Osteoarthritis and Musculoskeletal Diseases

- Primary endpoint achieved by demonstrating a non-inferiority to ibandronate injection
- RG484 was well tolerated with no new safety signals

In-  
licensed

### **MultiStem<sup>®</sup> (Cell therapy):** April 2015

Results of overseas P2 study for ischemic stroke presented at The European Stroke Organisation Conference

In-  
house

### **Alecensa<sup>®</sup>:** May 2015

Updates of overseas P1/2 studies and a Japanese P1/2 study for non-small cell lung cancer will be presented at ASCO 2015

In-  
house

### **ACE910 (anti-FIXa/FX bispecific antibody):** June 2015

Efficacy and safety data from patients treated long-term in the Japanese P1/2 study for Hemophilia A to be presented at The International Society on Thrombosis and Haemostasis

# Projected Submissions (Post PoC NMEs and Products)

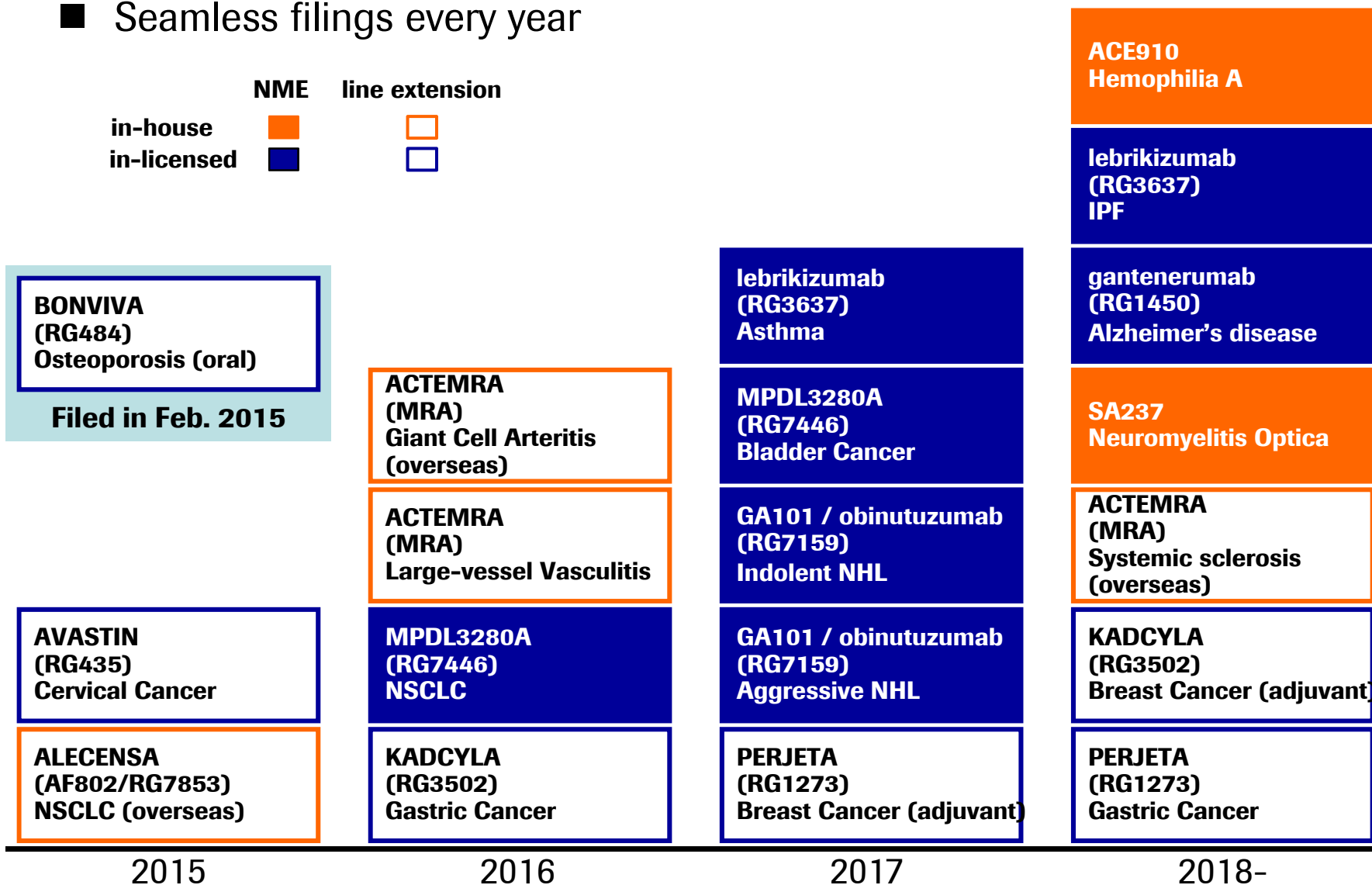
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■ Seamless filings every year

**NME**    **line extension**  
 in-house    ■      
 in-licensed ■   



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