



Aiming to Become a Top Pharmaceutical Company - 2014 Results and 2015 Outlook -

CHUGAI PHARMACEUTICAL CO., LTD.
President, COO
Tatsuro Kosaka

January 28/29, 2015

Aiming to Become a Top Pharmaceutical Company
- 2014 Results and 2015 Outlook -



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.

Although this presentation includes information regarding pharmaceuticals (including products under development), the information is not intended as any advertisement and/or medical advice.

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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2014 Results

Revenues: 8.8% YoY increase led by steady growth of new products

Core Operating Profit: Target achievement rate 108.9%, with a minimal YoY decline

billion JPY	2013 Jan -Dec actual	2014 Jan - Dec actual	Growth	2014年 Jan - Dec forecast	achiev. (%)
Revenues	423.7	461.1	+37.4 +8.8%	451.0	102.2%
Sales	401.3	436.9	+35.6 +8.9%	427.0	102.3%
Royalties and other operating income	22.4	24.2	+1.8 +8.0%	24.0	100.8%
Core Operating Profit	79.9	77.3	-2.6 -3.3%	71.0	108.9%
Core EPS (yen)	94.69	95.04	+0.35 +0.4%	82.62	115.0%

Overview of 2014

- Revenues: 461.1 billion yen (YoY +8.8%)
- Product launch: 2 new products, Kadcyła, Alecensa
- Approval: new formulation of RoActemra (SC, EU)
- Filing: 2 projects, Zelboraf, Xeloda
- Clinical development: initiation of 7 new projects

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Mid-term Business Plan "ACCEL 15"

<Strategic Policies>

1. Increase of Marketing Productivity
2. Acceleration of Global Development
3. Continuous Generation of Innovative Projects
4. Further Strengthening of Management Infrastructure

ACCEL 15
(2013-15)

Realization of
"A Top
Pharmaceutical
Company"
(Late 2010s)

Sunrise
2012
(2008-12)

*CAGR: Compound Annual Growth Rate

** Constant Exchange Rates (avg. full year 2012)

Quantitative guidance

- ✓ Core EPS CAGR* (2012-15)
 - Mid to high single-digit growth**
- ✓ Core EPS payout ratio
 - Approx. average 50%



Progress of ACCEL 15 in 2014

Increase of Marketing Productivity

- Fast penetration of new products
 - HER2 franchise
 - Alecensa
- Enhancement of area promotion strategy
- Utilization of e-promotion

Acceleration of Global Development

- Started P3 multinational study of Alecensa (NSCLC)
- Progress of in-house antibody projects (ACE910, CIM331, SA237)
- Amendment of Chugai – Roche out-licensing arrangements

Continuous Generation of Innovative Projects

- Progress of CPR-related research
- Enrichment of preclinical projects
- Initiated development of 7 new projects

Further Strengthening of Management Infrastructure

- Capital investment
 - Expansion of CPR
 - Expansion of production facilities of investigational drugs
- In-licensing of products in EU
 - PharmaMar, Helsinn Group
- Acceleration of diversity

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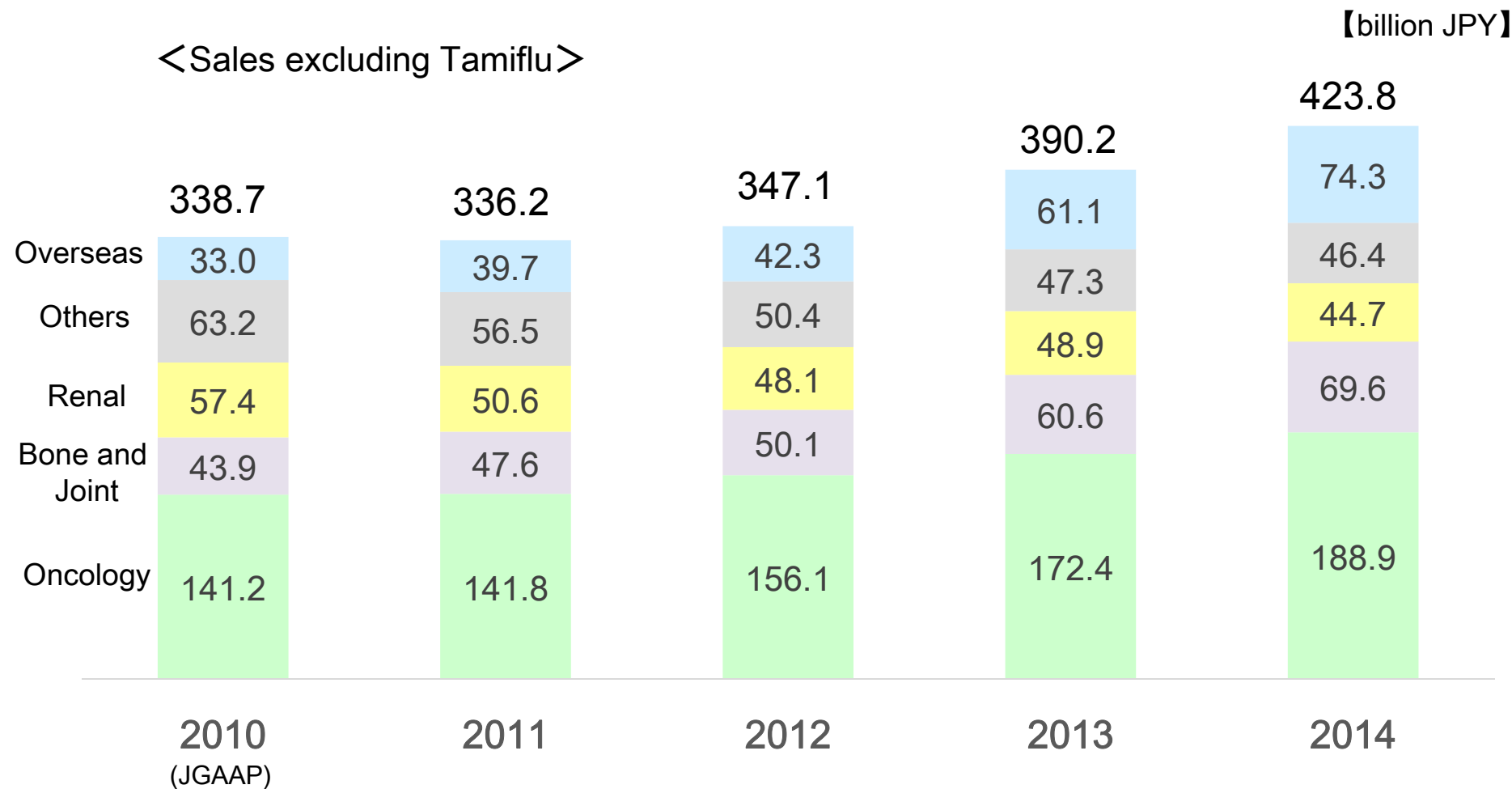
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Sales Performance up to 2014

Sustainable sales growth driven by steady growth of
mainstay products and fast penetration of new products



*Sales of Evista are excluded from numbers in 2012 and before 6

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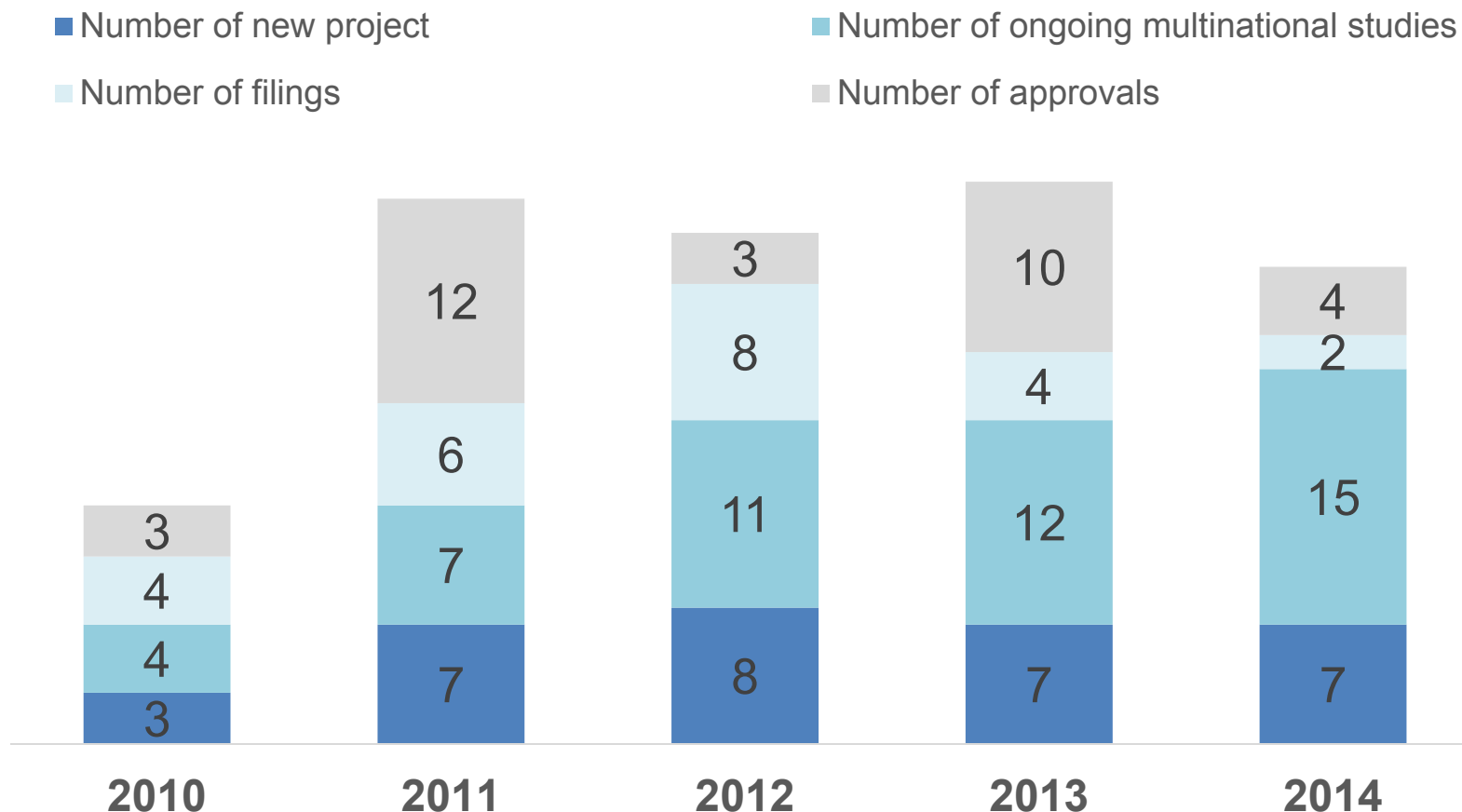
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R&D Performance up to 2014

Seamless development and launch of innovative drugs



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A Top Pharmaceutical Company

FY2014 Achievement of Quantitative Target

Target: Gain a position among the top 3 major Japanese pharmaceutical companies

		2014	2013
Domestic sales share		Ranked 4th	5th
Consolidated operating profit rate		Ranked 2nd	2nd
Consolidated operating profit rate per employee		Ranked 1st	1st
Domestic sales per MR		Ranked 2nd	3rd

[Financial Results] Chugai: FY2014/12, Other companies: FY2013/12 or FY2014/3
[Domestic sales per MR]: Calculated by Chugai, based on data from Fuji-Keizai

Target: Gain the top share in our strategic therapeutic areas in Japan

Oncology	Ranked 1st	Renal(ESA) : 2nd Osteoporosis : 3rd RA : 3rd
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Target: Increase overseas sales ratio

Overseas sales ratio	+1.9%pts	2014: 19.1% ← 2013: 17.2%
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Source: JPM 2014. Reprinted with permission. Copyright 2015 IMS Japan K.K. The scope of the market is defined by Chugai.

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2015 Outlook

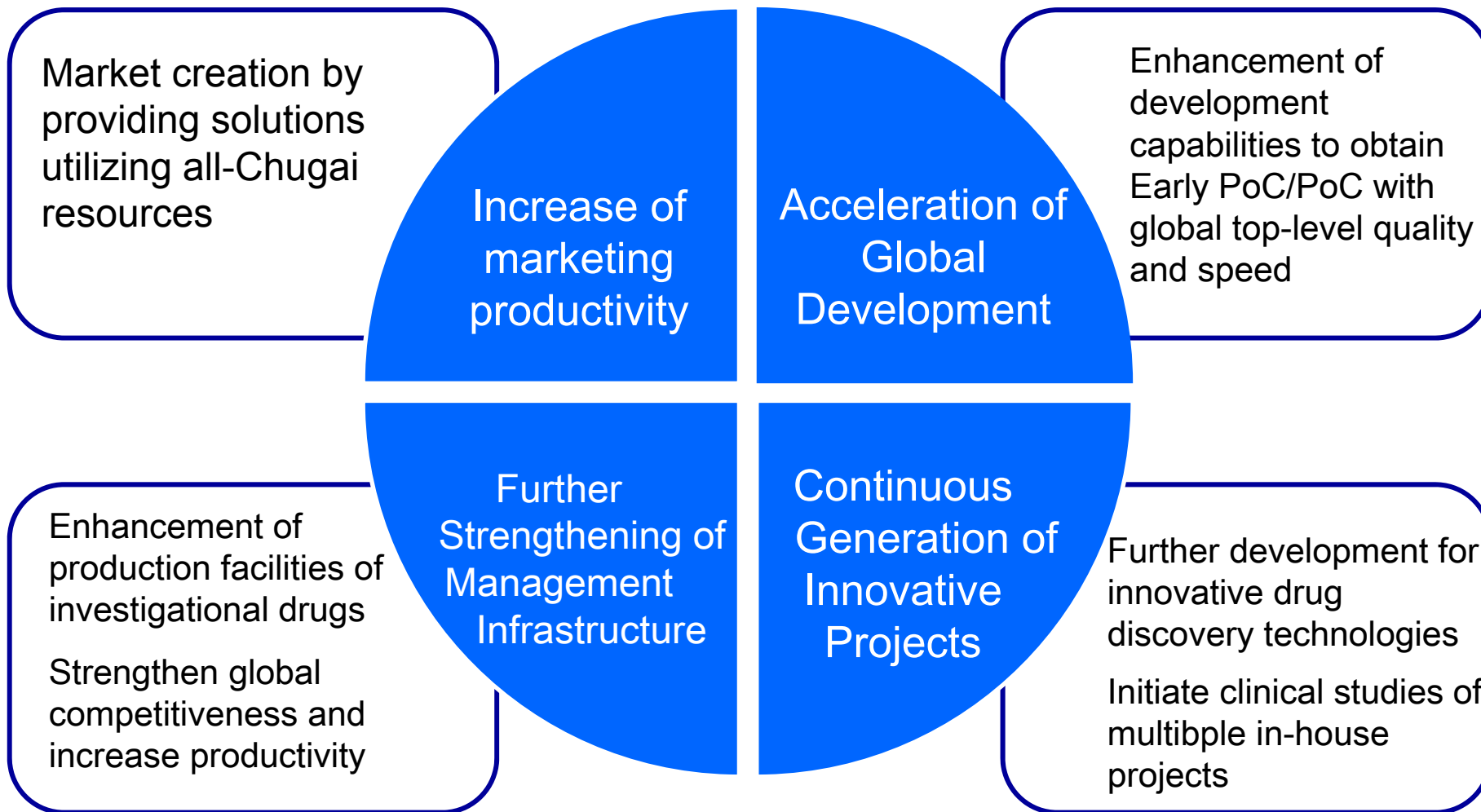
Increase in revenues and profit led by mainstay and new products

billion JPY	2014 Jan - Dec	2015 Jan - Dec forecast	Growth	
Revenues	461.1	486.5	+25.4	+5.5%
Sales	436.9	460.8	+23.9	+5.5%
Royalties and other operating income	24.2	25.6	+1.4	+5.8%
Core Operating Profit	77.3	85.0	+7.7	+10.0%
Core EPS (yen)	95.04	104.42	+9.38	+9.9%



Realizing the High Level Achievement of ACCEL 15

Focus for 2015





FY2014 Consolidated Financial Overview (IFRS based)

**CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President, CFO
Yoshio Itaya**

January 28/29, 2015



Full Year Results Summary

- **Revenues: 461.1 billion JPY (+37.4, +8.8% YoY)**
 - Domestic sales excl. Tamiflu (+20.3, +6.2%): increase due to steady growth of mainstay products and new products
 - Overseas sales (+13.2, +21.6%): increase due to yen depreciation and growth in Actemra export
 - Royalties and other operating income (+1.8, +8.0%): increase due to Actemra-related income

- **Cost of sales / Operating expenses (Core basis)**
 - Cost of sales: the ratio to sales worsened due primarily to yen depreciation (+3.3% points, from 46.4% to 49.7%)
 - Operating expenses: 9.1 billion JPY (+5.8%) increase in total expenses due to yen depreciation, an increase in research and development expenses resulting primarily from progress in in-house projects and increased activities at CPR, etc.

- **Profits**
 - IFRS results: operating profit 75.9 billion JPY (-2.8, -3.6%)
net income 52.1 billion JPY (+0.2, +0.4%)
 - Core results: operating profit 77.3 billion JPY (-2.6, -3.3%)
 - Core EPS: 95.04 JPY (+0.35 JPY, +0.4%)



IFRS and Core Results Jan – Dec

(Billion JPY)	IFRS results		Non-core items		Core results	(Billion JPY)
	2014					
	Jan - Dec	Intangible assets and Business combinations	Other eliminated items	Jan - Dec		
Revenues	461.1			461.1		
Sales	436.9			436.9		
Royalties and other operating income	24.2			24.2		
Cost of sales	-218.1	+1.1		-217.0		
Gross profit	243.0	+1.1		244.2		
Operating expenses	-167.2	+0.2	+0.1	-166.8		
Marketing and distribution	-71.7	+0.1		-71.7		
Research and development	-80.8	+0.2	+0.1	-80.6		
General and administration	-14.6		+0.0	-14.6		
Operating profit	75.9	+1.4	+0.1	77.3		
Financing costs	-0.0			-0.0		
Other financial income (expense)	0.3			0.3		
Profit before taxes	76.2	+1.4	+0.1	77.6		
Income taxes	-24.1	-0.5	-0.0	-24.6		
Net income	52.1	+0.8	+0.1	53.0		
Chugai shareholders	51.0	+0.8	+0.1	51.9		
Non-controlling interests	1.1			1.1		

(Billion JPY)	
Non-Core items	
1. Intangible/Business combinations	
Amortization of intangible assets	+1.2
Impairment of intangible assets	+0.2
No business combinations	
2. Other eliminated items	
Restructuring	+0.1
Core net income attributable to Chugai shareholders	51.9

(Millions of shares)	
Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share	546

(JPY)	
Core EPS	95.04

Year on Year (Core)

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Financial Overview Jan – Dec

(Billion JPY)	2013		2014		Growth	
	Jan - Dec	vs. Revenues	Jan - Dec	vs. Revenues		
Revenues	423.7		461.1		+37.4	+8.8%
Sales	401.3		436.9		+35.6	+8.9%
excl. Tamiflu	390.2		423.8		+33.6	+8.6%
Domestic	329.2		349.5		+20.3	+6.2%
Export to Roche	42.9		55.1		+12.2	+28.4%
Other overseas	18.1		19.3		+1.2	+6.6%
Tamiflu	11.0		13.0		+2.0	+18.2%
Ordinary	10.1		12.9		+2.8	+27.7%
Stockpiling	0.9		0.2		-0.7	-77.8%
Royalties and other operating income	22.4		24.2		+1.8	+8.0%
Cost of sales	-186.1	43.9%	-217.0	47.1%	-30.9	+16.6%
Gross profit	237.6	56.1%	244.2	53.0%	+6.6	+2.8%
Operating expenses	-157.7	37.2%	-166.8	36.2%	-9.1	+5.8%
Operating profit	79.9	18.9%	77.3	16.8%	-2.6	-3.3%
Financing costs	-0.0		-0.0		0.0	0.0%
Other financial income (expense)	-1.8		0.3		+2.1	-
Income taxes	-25.5		-24.6		+0.9	-3.5%
Net income	52.6	12.4%	53.0	11.5%	+0.4	+0.8%
EPS (JPY)	94.69		95.04		+0.35	+0.4%

(Billion JPY)

Royalties and other operating income +1.8
Actemra-related income increased

Other financial income (expense) +2.1
Exchange gains/losses +5.1
Gains/Losses on derivatives -3.1
(Gains/Losses on foreign exchange forward contracts)

Cost of sales ratio vs. Sales

2013 Jan - Dec	2014 Jan - Dec
46.4%	49.7%

Average exchange rate (JPY)

	2013 Jan - Dec	2014 Jan - Dec
CHF	105.24	115.69
EUR	129.51	140.49
USD	97.54	105.84
SGD	77.97	83.54

Year on Year

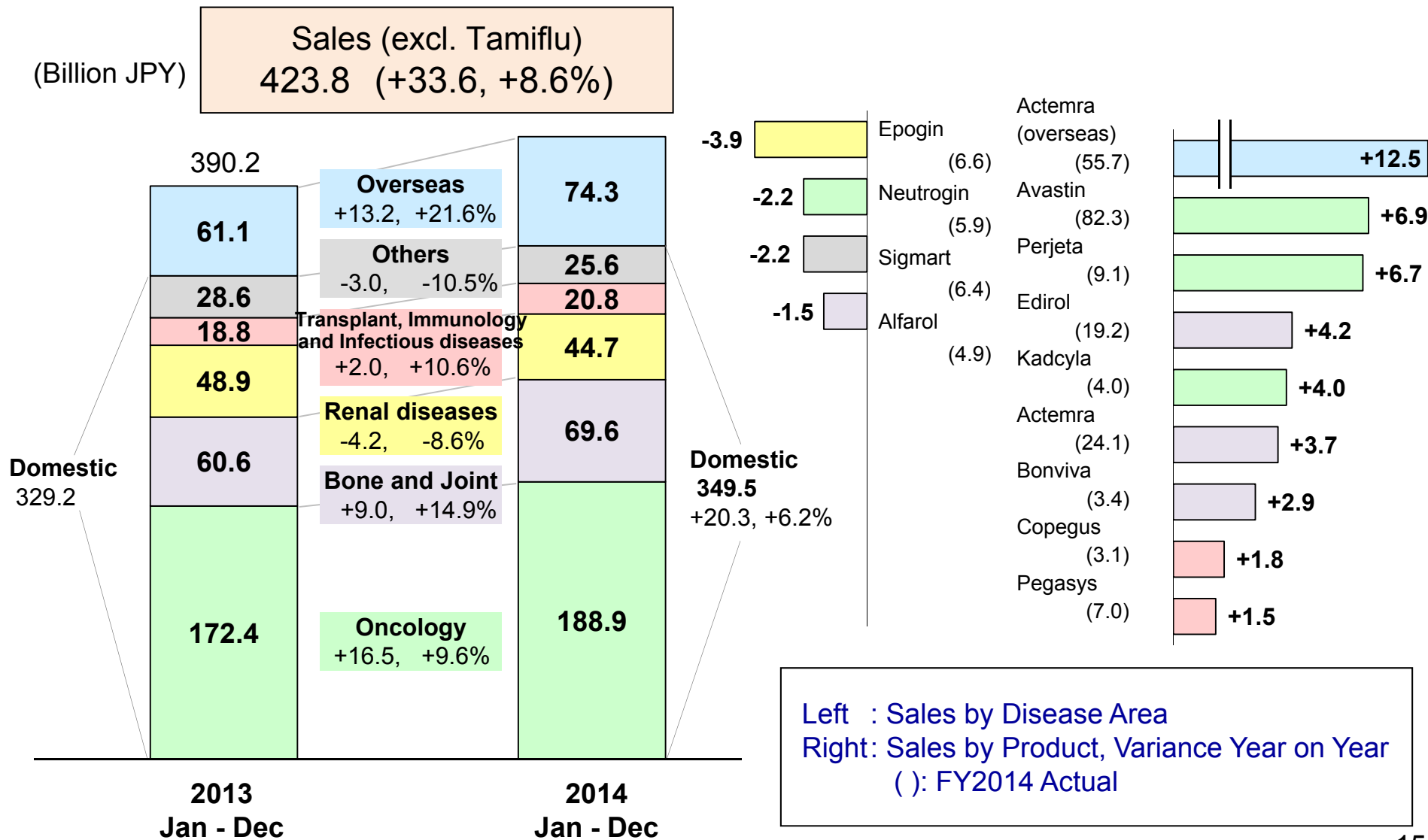
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Sales (excl. Tamiflu) Jan – Dec



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Tamiflu Sales Performance

(Billion JPY)		Fiscal Term Sales												Seasonal Sales	Cases per sentinel* (millions)
		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12		FY2014.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-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	-	-
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)		
Govt. Stockpile 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	0.1	
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)		
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		
		76.2	(+67.8)	18.2	(-58.0)	8.7	(-9.5)	12.0	(+3.3)	11.0	(-1.0)	13.0	(+2.0)		

* Total patient number of the controlled samples in the "Infectious Diseases Weekly Report," period between late October and mid-April (between early July 2009 and mid-March 2010 for 2009/2010), published by Japan's National Institute of Infectious Diseases.

() Year on year

Year on Year (Core)

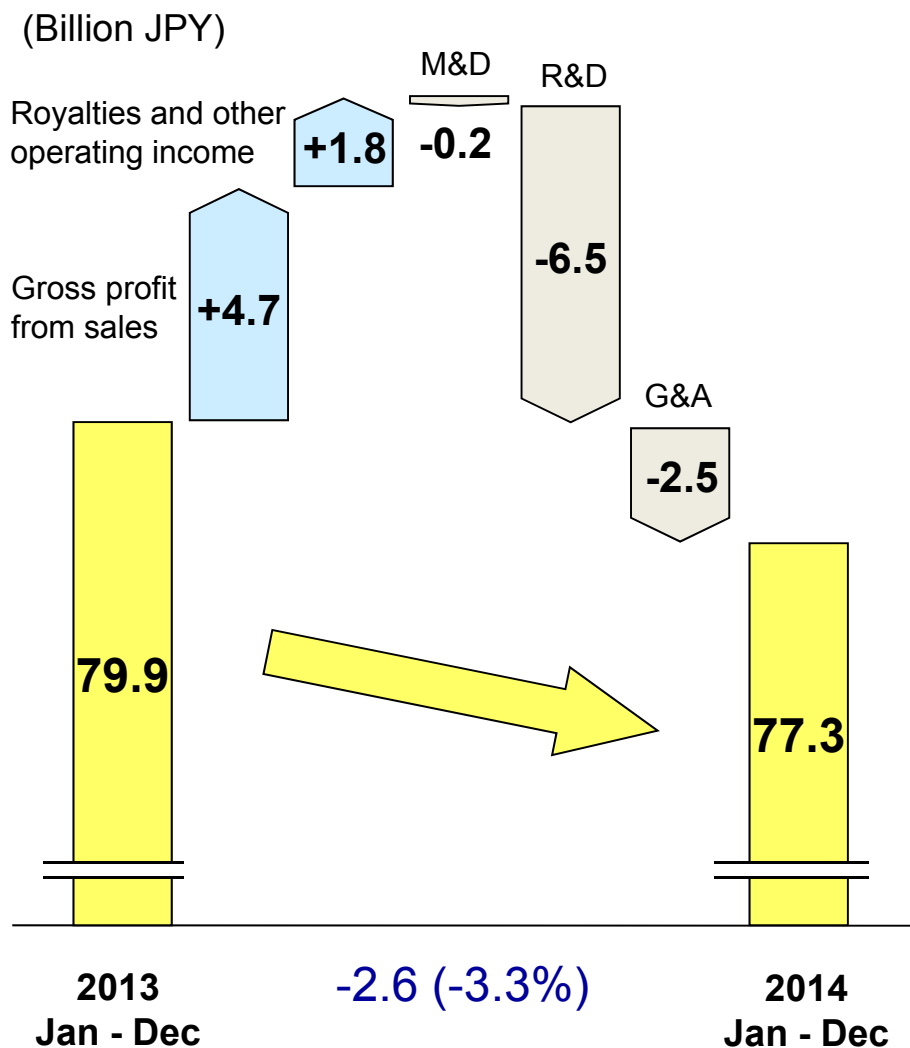
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Operating Profit Jan – Dec



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(Billion JPY)	2013 Jan - Dec	2014 Jan - Dec	Growth
Revenues	423.7	461.1	+37.4
Cost of sales	-186.1	-217.0	-30.9
Gross profit	237.6	244.2	+6.6
<i>of which</i> Sales	215.2	219.9	+4.7
Royalties, etc.	22.4	24.2	+1.8
Marketing and distribution	-71.5	-71.7	-0.2
Research and development	-74.1	-80.6	-6.5
General and administration	-12.1	-14.6	-2.5
Operating profit	79.9	77.3	-2.6

- Increase in gross profit from sales +4.7
 - Increase in mainstay products, new products and Actemra overseas
- Increase in royalties and other operating income +1.8
- Increase in marketing and distribution -0.2
- Increase in research and development -6.5
 - Negative foreign exchange impact, progress in in-house projects, increased activities at CPR*, etc.
- Increase in general and administration -2.5
 - Increase in miscellaneous expenses due primarily to building renewal and communication activities to raise corporate brand awareness

* Chugai Pharmabody Research: antibody research center in Singapore 17

Year on Year (Core)

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Financial Overview Oct – Dec

(Billion JPY)	2013		2014		Growth	
	Oct - Dec vs. Revenues		Oct - Dec vs. Revenues			
Revenues	117.1		127.7		+10.6	+9.1%
Sales	112.5		121.7		+9.2	+8.2%
excl. Tamiflu	110.5		115.9		+5.4	+4.9%
Domestic	94.8		95.3		+0.5	+0.5%
Export to Roche	11.6		15.6		+4.0	+34.5%
Other overseas	4.1		5.0		+0.9	+22.0%
Tamiflu	2.0		5.8		+3.8	+190.0%
Ordinary	1.9		5.8		+3.9	+205.3%
Stockpiling	0.1		0.0		-0.1	-100.0%
Royalties and other operating income	4.6		5.9		+1.3	+28.3%
Cost of sales	-53.6	45.8%	-60.5	47.4%	-6.9	+12.9%
Gross profit	63.6	54.3%	67.2	52.6%	+3.6	+5.7%
Operating expenses	-42.7	36.5%	-50.0	39.2%	-7.3	+17.1%
Operating profit	20.9	17.8%	17.2	13.5%	-3.7	-17.7%
Financing costs	0.0		0.0		0.0	0.0%
Other financial income (expense)	-0.4		0.0		+0.4	-
Income taxes	-7.4		-5.4		+2.0	-27.0%
Net income	13.1	11.2%	11.8	9.2%	-1.3	-9.9%
EPS (JPY)	23.71		21.19		-2.52	-10.6%

(Billion JPY)

Increase in gross profit from sales	+2.3
Increase in sales	
Increase in royalties and other operating income	+1.3
Actemra-related income increased, etc.	
Increase in operating expenses	-7.3
Increase in marketing and distribution	-0.4
Increase in research and development	-5.3
Progress in in-house projects, etc.	
Increase in general and administration	-1.6
Expenses for communication activities to raise corporate brand awareness, etc.	

Cost of sales ratio vs. Sales

2013 Oct - Dec	2014 Oct - Dec
47.6%	49.7%

vs. Forecast (Core)

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Financial Overview Jan – Dec

(Billion JPY)	Actual	Forecast on Jan 30		
	2014 Jan - Dec	2014 Jan - Dec	+/-	Achiev* .
Revenues	461.1	451.0	+10.1	102.2%
Sales	436.9	427.0	+9.9	102.3%
excl. Tamiflu	423.8	418.2	+5.6	101.3%
Domestic	349.5	335.7	+13.8	104.1%
Export to Roche	55.1	64.6	-9.5	85.3%
Other overseas	19.3	17.9	+1.4	107.8%
Tamiflu	13.0	8.8	+4.2	147.7%
Royalties and other operating income	24.2	24.0	+0.2	100.8%
Cost of sales	-217.0	-213.0	-4.0	101.9%
Gross profit	244.2	238.0	+6.2	102.6%
Operating expenses	-166.8	-167.0	+0.2	99.9%
Operating profit	77.3	71.0	+6.3	108.9%
EPS (JPY)	95.04	82.62	+12.42	115.0%

* Achievement of target

vs. Forecast (Core)

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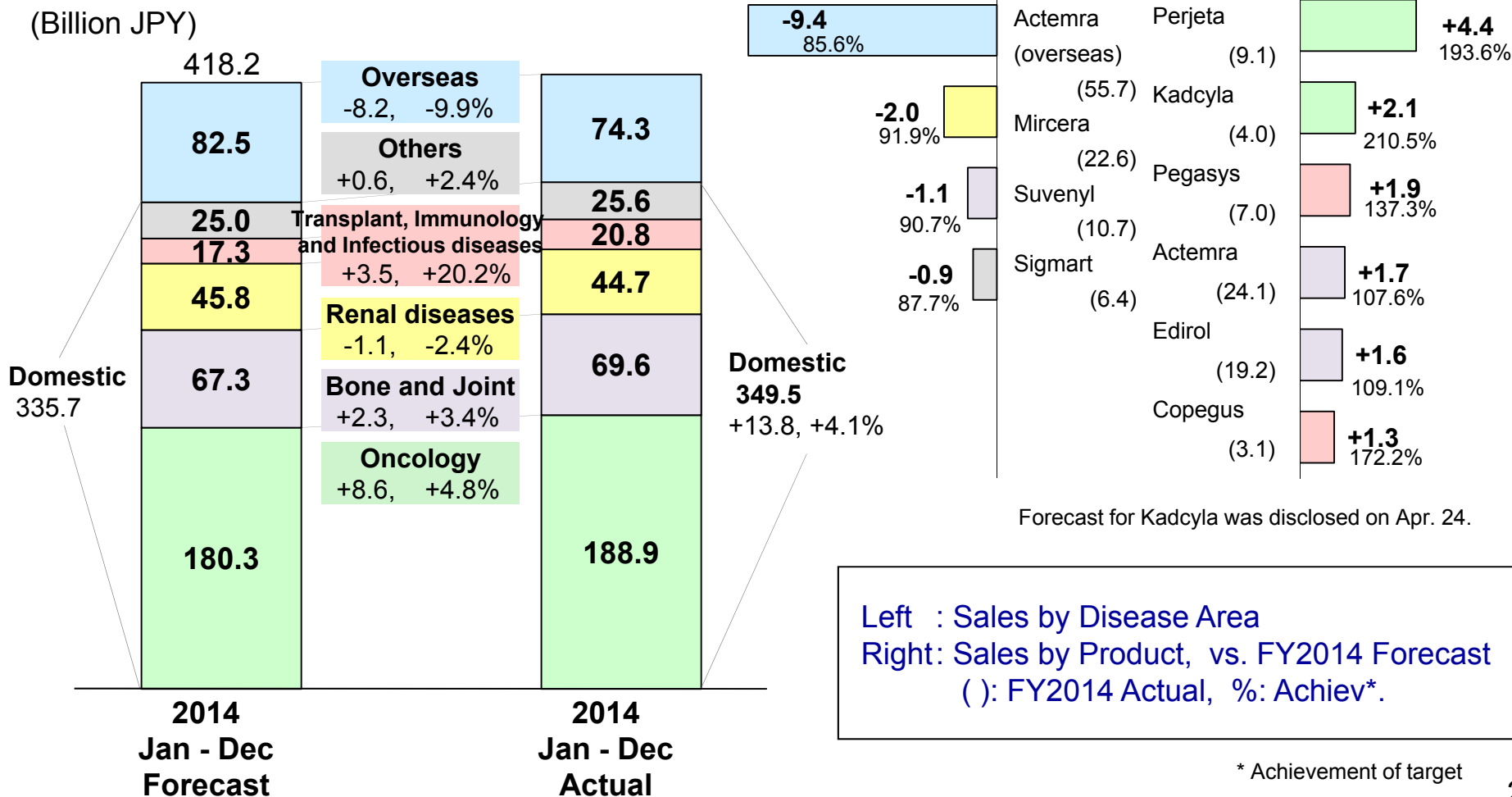
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Sales (excl. Tamiflu) Jan – Dec



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Sales (excl. Tamiflu)
423.8 (+5.6, Achiev*.101.3%)



* Achievement of target

vs. Forecast (Core)

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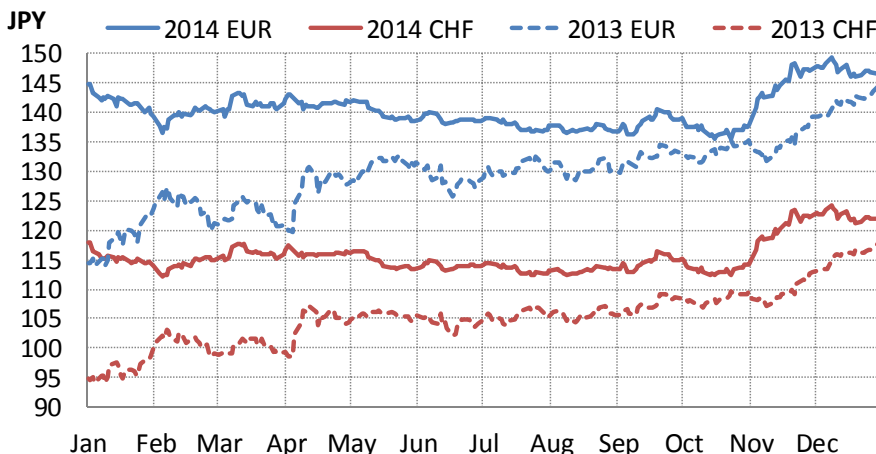
Impact from Foreign Exchange

(Billion JPY)	FX impact Jan - Dec (vs. Forecast on Jan. 30)
Revenues	-0.5
	Sales -0.3
	Royalties and other operating income -0.1
Cost of sales	Cost of sales +0.2
Operating expenses	Expenses +0.0
Operating profit	-0.3

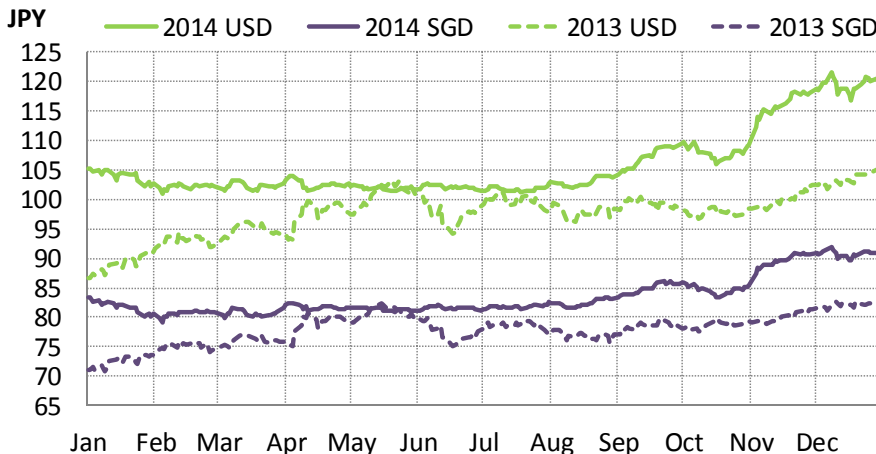
FX rate to the JPY*	Assumption Jan - Dec (as of Jan. 30)	Actual Jan - Dec avg.	Reference Actual Jan - Dec avg. (2013)
1CHF	116.00	115.69	105.24
1EUR	142.00	140.49	129.51
1USD	104.00	105.84	97.54
1SGD	82.00	83.54	77.97

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

[Reference]
Historical exchange rates to the JPY (CHF, EUR)



Historical exchange rates to the JPY (USD, SGD)



vs. 2013 Year End

Balance Sheet Items

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< Assets, Liabilities, and Net Assets >

(Billion JPY)	2013 Dec	2014 Dec	Change
Trade accounts receivable	111.1	141.3	+ 30.2
Inventories	128.5	139.6	+ 11.1
Trade accounts payable	-35.9	-35.4	+ 0.5
Other net working capital	-26.6	-36.2	- 9.6
Net working capital	177.1	209.4	+ 32.3
Property, plant and equipment	140.4	140.2	- 0.2
Intangible assets	9.5	11.3	+ 1.8
Other long-term assets - net	-1.8	-3.2	- 1.4
Long-term net operating assets	148.1	148.4	+ 0.3
Net operating assets	325.2	357.7	+ 32.5
Debt	-0.2	-0.2	0.0
Marketable securities	119.6	116.0	- 3.6
Cash and cash equivalents	115.1	114.0	- 1.1
Net cash	234.4	229.9	- 4.5
Other non-operating assets - net	13.6	10.2	- 3.4
Net non-operating assets	248.0	240.0	- 8.0
Total net assets	573.2	597.8	+ 24.6
Total net assets	573.2	597.8	+ 24.6
Total assets	697.2	739.5	+ 42.3
Total liabilities	-124.0	-141.8	- 17.8

Other net working capital: accrued receivable, accrued payable, accrued expenses, etc.
 Other long-term assets - net: long term prepaid expenses, long-term provisions, etc.
 Other non-operating assets - net: deferred income tax assets, accrued corporate tax, etc.

Net working capital	+32.3
Trade accounts receivable	+30.2
Increase in sales and the advance received from some domestic wholesalers at end of last year because of bank holiday in first week of current year	
Inventories	+11.1
Preparations for initial shipment of new products, increased demand for new products, increase in safety stocks to ensure stable supply, etc.	
Other net working capital	-9.6
Long-term net operating assets	+0.3
Net cash	-4.5
Other non-operating assets - net	-3.4
Equity ratio attributable to Chugai shareholders	-1.4%pts
2014 Dec	80.6%
2013 Dec	82.0%

FX rate to the JPY (end of period)

	2013 Dec	2014 Dec
CHF	118.42	120.81
EUR	145.16	145.26
USD	105.16	119.48
SGD	82.96	90.41

vs. 2013 Year End

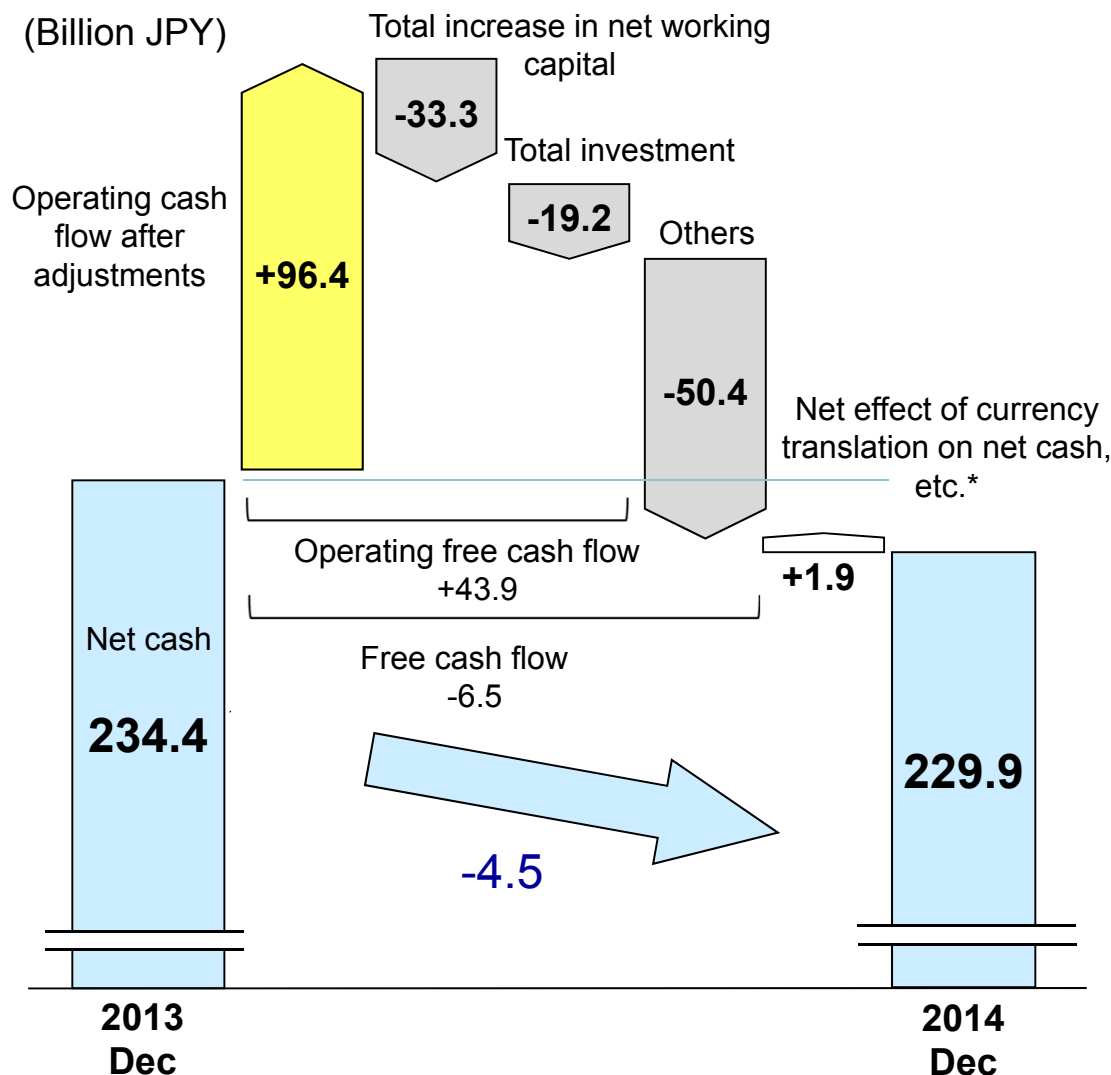
Net Cash

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Operating cash flow after adjustments	+96.4
Operating profit	+75.9
Depreciation and amortization, etc.	+20.5
Total increase in net working capital	-33.3
Increase in trade accounts receivable	-30.2
Increase in inventories	-12.2
Change in other net working capital	+9.7
Total investment	-19.2
Investment in property, plant and equipment	-16.2
Mainly maintenance expenditures for R&D equipment and plant production machinery	
Investment in intangible assets	-2.9
Operating free cash flow	+43.9
Others	-50.4
Tax paid	-25.2
Dividends paid	-25.5
Free cash flow	-6.5

* Net effect of currency translation on net cash, etc.: Transaction in own equity instruments + Net effect of currency translation on net cash

Year on Year

Free Cash Flow Jan - Dec

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(Billion JPY)	2013 Jan-Dec	2014 Jan-Dec	Change	
Operating profit - IFRS basis	78.7	75.9	-2.8	Operating profit, net of operating cash adjustments -0.9
Depreciation and impairment of property, plant and equipment	15.2	15.5	+0.3	Total increase (-) / decrease in net working capital etc. -13.6
Amortization and impairment of intangible assets	1.1	1.4	+0.3	Increase (-) / decrease in trade accounts receivable -35.1
Other cash adjustment on operating profit	2.3	3.7	+1.4	Increase in sales and the advance received from some domestic wholesalers at end of last year because of bank holiday in first week of current year
Operating profit, net of operating cash adjustments	97.3	96.4	-0.9	Increase (-) / decrease in inventories +8.3
Increase (-) / decrease in trade accounts receivable	4.9	-30.2	-35.1	Increase / decrease (-) in trade accounts payable +5.4
Increase (-) / decrease in inventories	-20.5	-12.2	+8.3	Change in other net working capital etc. +7.8
Increase / decrease (-) in trade accounts payable	-6.0	-0.6	+5.4	Total investment -4.5
Change in other net working capital etc.	1.9	9.7	+7.8	Operating free cash flow -19.1
Total increase (-) / decrease in net working capital etc.	-19.7	-33.3	-13.6	Decreased because of higher increase of net working capital and investment compared with the same period of the previous year
Investment in property, plant and equipment	-11.3	-16.2	-4.9	Operating free cash flow as % of revenues -5.4%pts
Investment in intangible assets	-3.4	-2.9	+0.5	Revenues +37.4
Total investment	-14.7	-19.2	-4.5	Average exchange rate (JPY)
Operating free cash flow	63.0	43.9	-19.1	
as % of revenues	14.9%	9.5%	-5.4%pts	
Treasury activities	-0.2	0.3	+0.5	
Tax paid	-23.8	-25.2	-1.4	
Dividends paid	-23.9	-25.5	-1.6	
Free cash flow	15.0	-6.5	-21.5	
Transaction in own equity instruments	0.8	1.2	+0.4	
Net effect of currency translation on net cash	6.9	0.7	-6.2	
Net change in net cash	22.7	-4.5	-27.2	

Average exchange rate (JPY)

	2013 Jan - Dec	2014 Jan - Dec
CHF	105.24	115.69
EUR	129.51	140.49
USD	97.54	105.84
SGD	77.97	83.54

* Net effect of currency translation on net cash, etc.: Transaction in own equity instruments + Net effect of currency translation on net cash

2015 Forecast (Core)

FY2014 Consolidated Financial Overview

Innovation all for the patients



Roche A member of the Roche group

2015 Forecast Jan - Dec

(Billion JPY)	Actual		Forecast		Growth	
	2014 Jan-Dec		2015 Jan-Dec			(%)
		vs. Revenues		vs. Revenues		
Revenues	461.1		486.5		+25.4	+5.5%
Sales	436.9		460.8		+23.9	+5.5%
excl. Tamiflu	423.8		453.4		+29.6	+7.0%
Domestic	349.5		360.9		+11.4	+3.3%
Export to Roche	55.1		74.7		+19.6	+35.6%
Other overseas	19.3		17.8		-1.5	-7.8%
Tamiflu	13.0		7.4		-5.6	-43.1%
Ordinary	12.9		7.4		-5.5	-42.6%
Stockpiling	0.2		-		-0.2	-100.0%
Royalties and other operating income	24.2		25.6		+1.4	+5.8%
Cost of Sales	-217.0		-230.2		-13.2	+6.1%
Gross Profit	244.2	53.0%	256.3	52.7%	+12.1	+5.0%
Operating Expenses	-166.8	36.2%	-171.3	35.2%	-4.5	+2.7%
Operating Profit	77.3	16.8%	85.0	17.5%	+7.7	+10.0%
EPS (JPY)	95.04		104.42		+9.38	+9.9%

Cost of sales ratio vs. Sales

2014 Jan - Dec	2015 Jan - Dec
49.7%	50.0%

Exchange rate (JPY)

	2014 Actual	2015 Forecast
CHF	115.69	116.00
EUR	140.49	142.00
USD	105.84	119.00
SGD	83.54	91.00

2015 Forecast (Core)

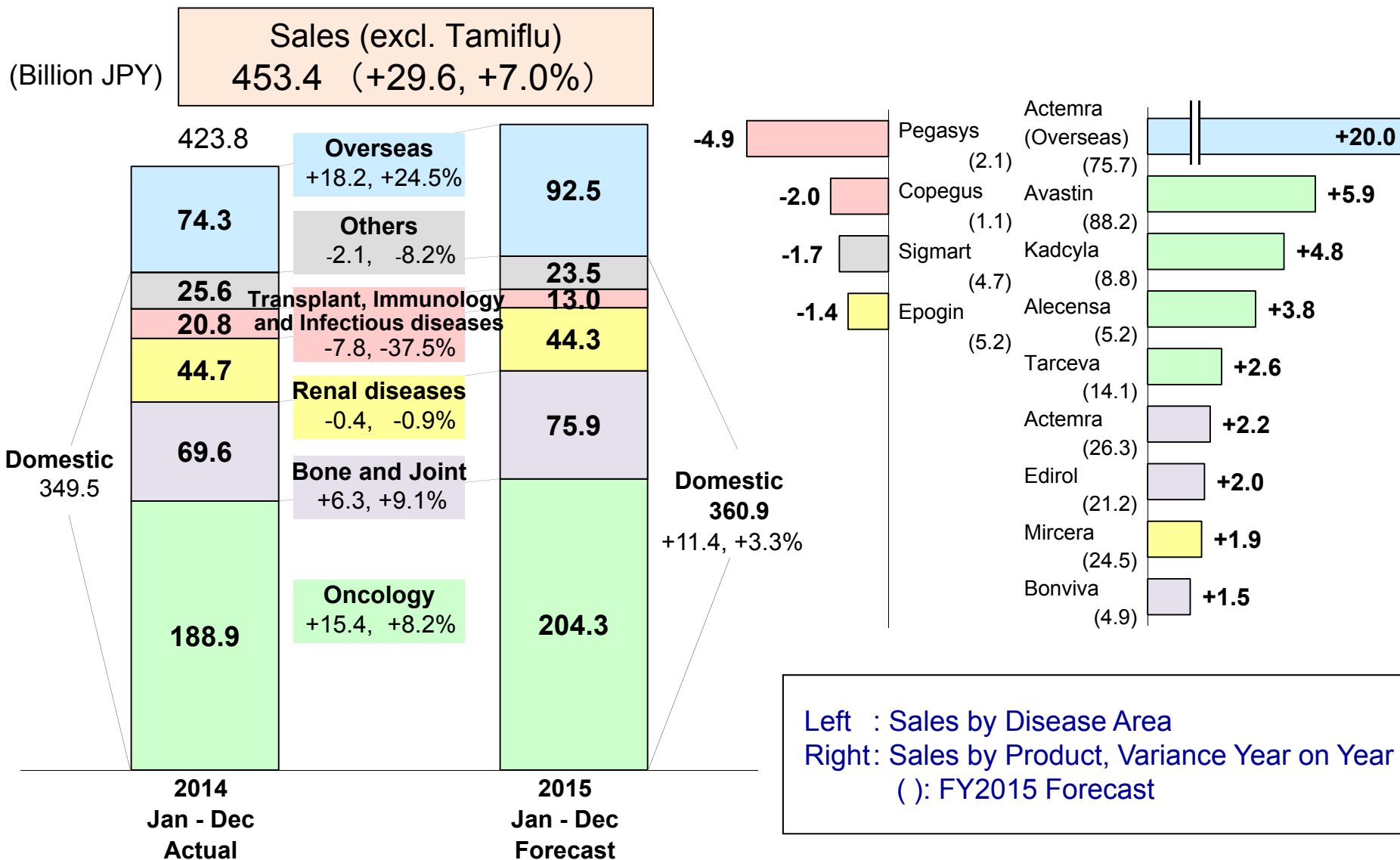
FY2014 Consolidated Financial Overview

Innovation all for the patients

Sales (excl. Tamiflu) vs. 2014 Actual



Roche A member of the Roche group



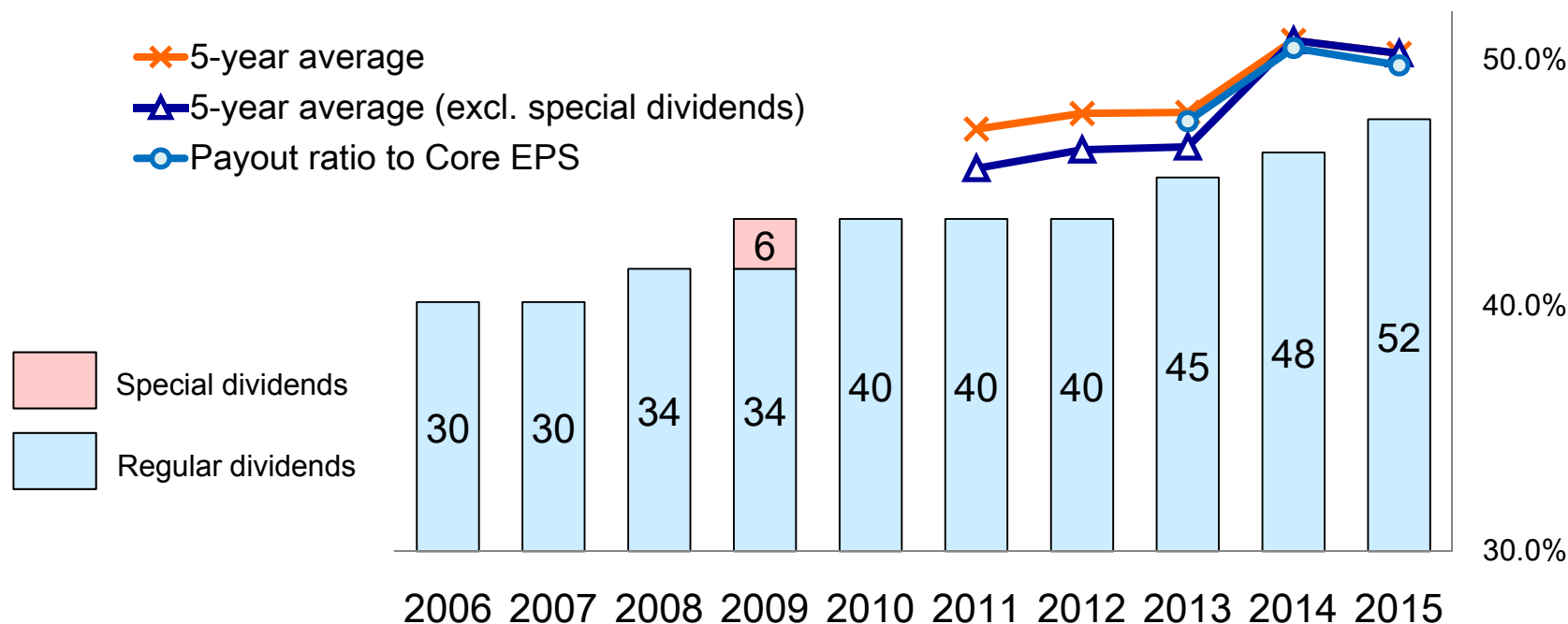


Dividend Policy

➤ Policy

Aiming to ensure stable profit for all shareholders and a consolidated dividend payout ratio of 50% on average to Core EPS, taking account of strategic funding needs and earnings prospects.

- Dividends for FY2014 (Plan) 48 JPY: 22 + 26
- Dividends for FY2015 (Forecast) 52 JPY: 26 + 26

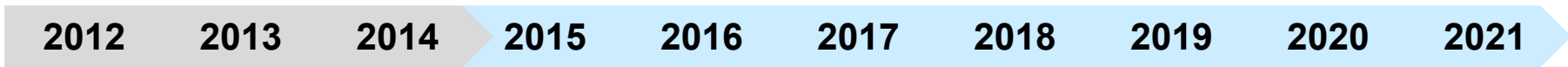




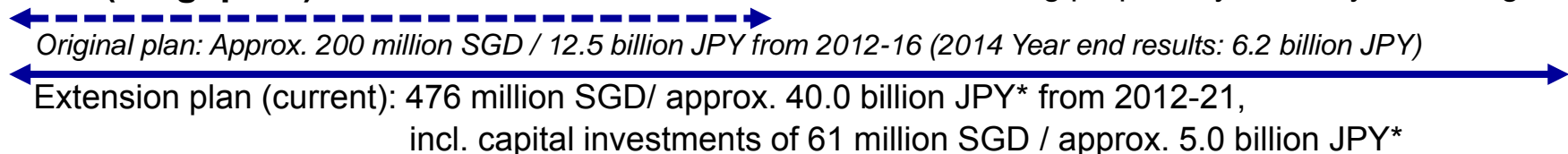
Current Status/Plan for Major Capital Investments

Objective

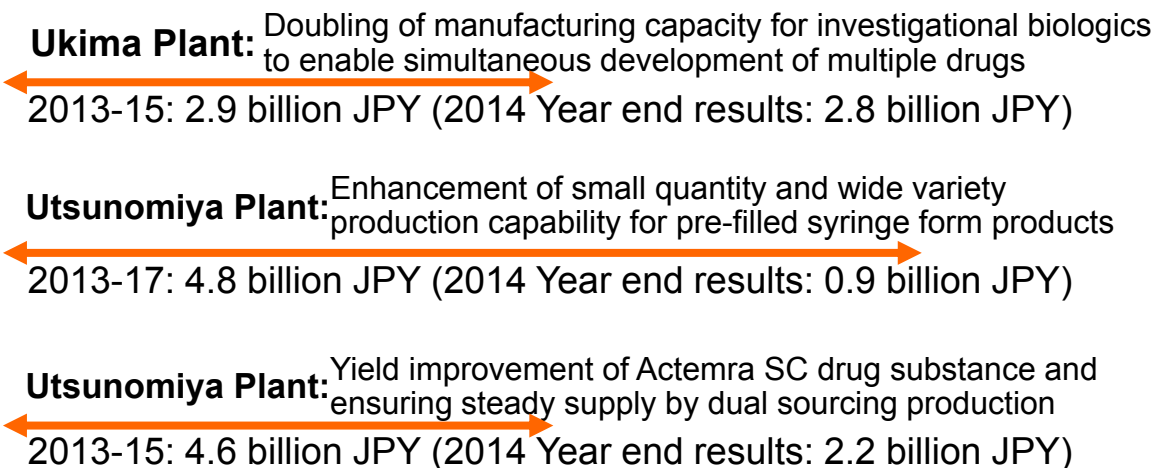
- Simultaneous development and quick launch of therapeutic antibodies
- Reduction of manufacturing costs for in-house products



CPR (Singapore): Accelerate creation of clinical candidates utilizing proprietary antibody technologies



Capital Investments





Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President
Head of Project & Lifecycle Management Unit
Yutaka Tanaka

January 28/29, 2015



Oncology Field Projects under Development (as of 28 January, 2015)

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

NHL: non-Hodgkin's lymphoma
NSCLC: non-small cell lung cancer

Letters in orange: in-house projects

★: Projects with advances in stages since 24 October, 2014



Primary Field Projects under Development (as of 28 January, 2015)

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

IPF: idiopathic pulmonary fibrosis

Letters in orange: in-house projects

★: Projects with advances in stages since 24 October, 2014

★: Global study managed by Chugai



Development Status

In-
licensed

RG7204 / Zelboraf®

Unresectable melanoma with BRAF mutation
Approved in December 2014

In-
licensed

RG340 / Xeloda®

Gastric cancer (adjuvant) [additional indication]
Filed in December 2014

In-
licensed

RG7446 / MPDL3280A (Engineered anti-PDL1 antibody)

Bladder cancer
Started global P3 in January 2015

In-
licensed

RG435 / Avastin®

Cervical cancer [additional indication]
Started P2 in Japan in January 2015

In-
licensed

RG3637 / lebrikizumab (anti-IL13 antibody)

Idiopathic pulmonary fibrosis
Started global P2 in October 2014



Other Progress

In-
licensed

RG3502 / Kadcyła®

December 2014

Reported top-line results of global P3 (MARIANNE study) for 1st line therapy for breast cancer

- Study met progression-free survival (PFS) non-inferiority endpoint, but did not meet PFS superiority endpoint against control arm

In-
house

PCO371 (PTH1 receptor agonist)

December 2014

Designated as an orphan drug for hypoparathyroidism by U.S. FDA

Major Data Presentations



In-house

Alecensa®

October 2014

- Reported updates from the Japanese P1/2 study for ALK mutation positive non-small cell lung cancer at Chicago Multidisciplinary Symposium in Thoracic Oncology
- 2 year survival rate of 79% (95% CI: 63-89)

In-house

ACE910 (anti-FIXa/FX bispecific antibody)

December 2014

- Reported data of patients with Hemophilia A from the Japanese P1 study at The American Society of Hematology
- Clinically significant reduction in bleeding was observed with ACE910 once-weekly administered for 12 weeks



Hypoparathyroidism and PCO371

Parathyroid hormone (PTH)

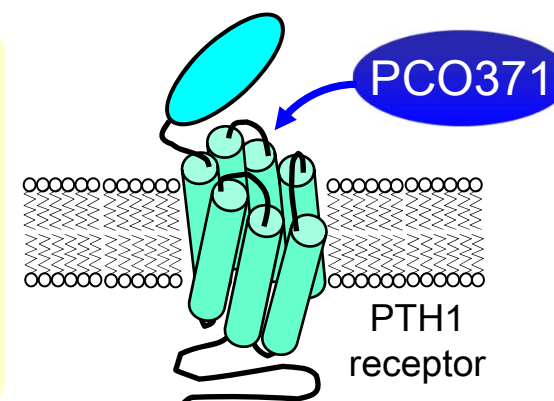
- Increases blood calcium levels through PTH1 receptors in bone and kidney

Hypoparathyroidism

- Caused by hypocalcemia due to underproduction of PTH, associating tetany, seizures, and other symptoms that may disrupt normal daily activities
- Commonly occurs after surgery for thyroid cancer and other diseases which involves removal of thyroid gland
- Standard therapy: oral administration of activated vitamin D and calcium

PCO371

- Aiming to become the 1st orally available small molecule PTH1 receptor agonist
- Expected to stabilize the blood calcium levels without causing hypercalciuria, a major concern in the treatment with oral activated vitamin D and calcium



[conceptual illustration]

Updates on the Development Requests for Unapproved Drugs/Indications



- **Review Committee of Development Requests for Unapproved Drugs/Indication**
 - Ten indications (including additional dosages and administrations) of eight products from the first round requests have been approved
 - Two indications of two products among three indications of three products from the second round requests have been approved

	Product	Indication	Current Situation
2nd round requests	CellCept	Lupus nephritis	Submitted company opinion and waiting for its evaluation by the committee

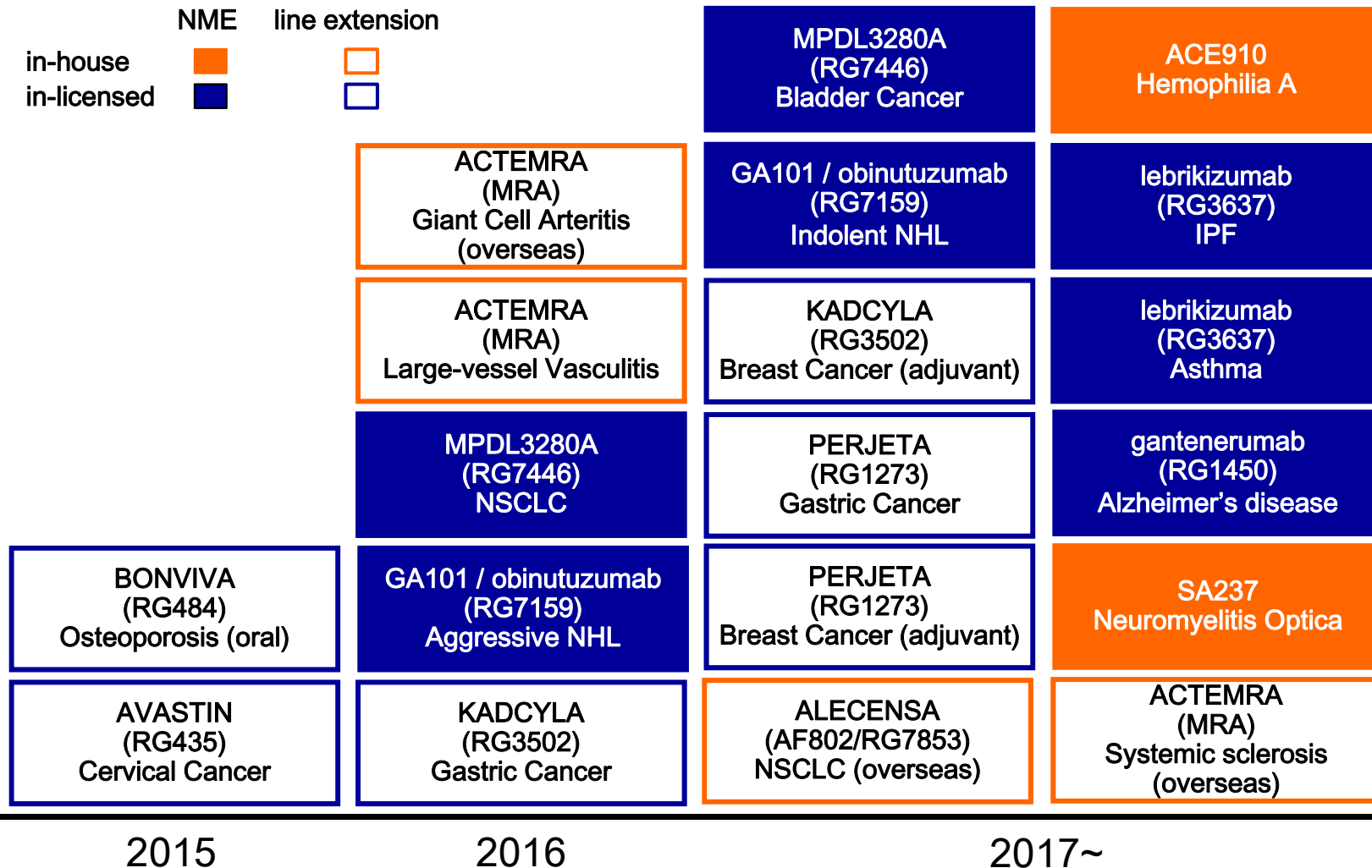
- The third round requests are under evaluation by the committee for details including the medical needs

Letters in red: Projects with change in status since January 30, 2014



Projected Submissions (Post PoC NMEs and products)

Seamless filings every year



Contacts: Corporate Communications Dept.

Media Relations Group

Tel: +81 (0)3-3273-0881 Fax: +81 (0)3-3281-6607

e-mail: pr@chugai-pharm.co.jp

Koki Harada, Hiroshi Araki, Sachiyo Yoshimura, Chisato Miyoshi

Investor Relations Group

Tel: +81 (0)3-3273-0554 Fax: +81 (0)3-3281-6607

e-mail: ir@chugai-pharm.co.jp

Toshiya Sasai, Takayuki Sakurai, Tomoko Shimizu,
Yusuke Tokita, Shingo Kumagai