



FY2018 1Q Consolidated Financial Overview (IFRS based)

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President and CFO
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April 24, 2018



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: 147.4 billion yen (+21.9, +17.5% YoY)

- Domestic sales excl. Tamiflu: slight overall decrease despite continuous sales growth of mainstay products (-0.6, -0.7%)
- Overseas sales: growth of Actemra export to Roche, etc. (+6.3, +24.6%)
- Royalties and other operating income: one-time income from transfer of long-listed products on HIP list, etc. (+15.4, +211.0%)

■ Cost of sales / Operating expenses (Core basis)

- Cost of sales: the ratio to sales improved due to FX impact, etc. (-0.7% points, from 51.6% to 50.9%)
- Operating expenses: overall increase mainly due to the increase of research and development expenses (-3.2, +8.4%)

■ Profits

- IFRS results: operating profit 38.4 billion yen (+12.1, +46.0%)
net income 28.2 billion yen (+9.5, +50.8%)
- Core results: operating profit 42.8 billion yen (+16.1, +60.3%)
net income 31.2 billion yen (+12.3, +65.1%)
- Core EPS (JPY): 56.52 (+22.30, +65.2%)



IFRS and Core Results Jan-Mar

(Billion JPY)	IFRS results		Non-core items		Core results
	2018 Jan. - Mar.		Intangible assets	Others	
Revenues	147.4				147.4
Sales	124.7				124.7
Royalties and other operating income	22.7				22.7
Cost of sales	-63.8		+0.3		-63.5
Gross profit	83.6		+0.3		83.9
Operating expenses	-45.2		+4.1		-41.1
Marketing and distribution	-15.9				-15.9
Research and development	-25.1		+4.1		-20.9
General and administration	-4.3				-4.3
Operating profit	38.4		+4.4		42.8
Financing costs	-0.0				-0.0
Other financial income (expense)	-0.1				-0.1
Other expense	-0.6				-0.6
Profit before taxes	37.7		+4.4		42.1
Income taxes	-9.5		-1.4		-10.9
Net income	28.2		+3.1		31.2
Chugai shareholders	27.9		+3.1		31.0
Non-controlling interests	0.3				0.3

(Billions of JPY)

Non-Core items

Intangible assets:

Amortization of intangible assets	+0.4
Impairment	+4.1

Others:

none

Core net income

attributable to Chugai shareholders	31.0
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(Millions of shares)

Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share	548
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(JPY)

Core EPS

56.52

Year on Year (Core)

Financial Overview Jan - Mar

Innovation all for the patients



Roche A member of the Roche group

(Billions of JPY)	2017		2018		Growth	
	Jan - Mar		Jan - Mar			
	vs. Revenues		vs. Revenues			
Revenues	125.5		147.4		+21.9	+17.5%
Sales	118.1		124.7		+6.6	+5.6%
excl. Tamiflu	110.8		116.3		+5.5	+5.0%
Domestic	85.1		84.5		-0.6	-0.7%
Export to Roche	21.3		27.4		+6.1	+28.6%
Other overseas	4.3		4.5		+0.2	+4.7%
Tamiflu	7.4		8.4		+1.0	+13.5%
Ordinary	6.1		8.3		+2.2	+36.1%
Govt. stockpiles, etc.	1.3		0.1		-1.2	-92.3%
Royalties and other operating income	7.3		22.7		+15.4	+211.0%
Cost of sales	-60.9	48.5%	-63.5	43.1%	-2.6	+4.3%
Gross profit	64.6	51.5%	83.9	56.9%	+19.3	+29.9%
Operating expenses	-37.9	30.2%	-41.1	27.9%	-3.2	+8.4%
Operating profit	26.7	21.3%	42.8	29.0%	+16.1	+60.3%
Financing costs	-0.0		-0.0		0.0	0.0%
Other financial income (expense)	-0.3		-0.1		+0.2	-66.7%
Other Expenses	-1.1		-0.6		+0.5	-45.5%
Income taxes	-6.3		-10.9		-4.6	+73.0%
Net income	18.9	15.1%	31.2	21.2%	+12.3	+65.1%
EPS (JPY)	34.22		56.52		+22.30	+65.2%

(Billions of JPY)

Royalties and other operating income	+15.4
one-time income from transfer of long-listed products on HIP list, etc.	
Other financial income (expense)	+0.2
Exchange gains/losses	+0.2
Gains/Losses on derivatives (Gains/Losses on foreign exchange forward contracts)	-0.0
Other Expenses	+0.5
Settlement for transfer pricing taxation	

Cost of sales ratio vs. Sales

2017 Jan - Mar	2018 Jan - Mar
51.6%	50.9%

Market average exchange rate (JPY)

	2017 Jan - Mar	2018 Jan - Mar
1 CHF	113.21	114.33
1 EUR	121.09	133.17
1 USD	113.69	108.40
1 SGD	80.25	82.16



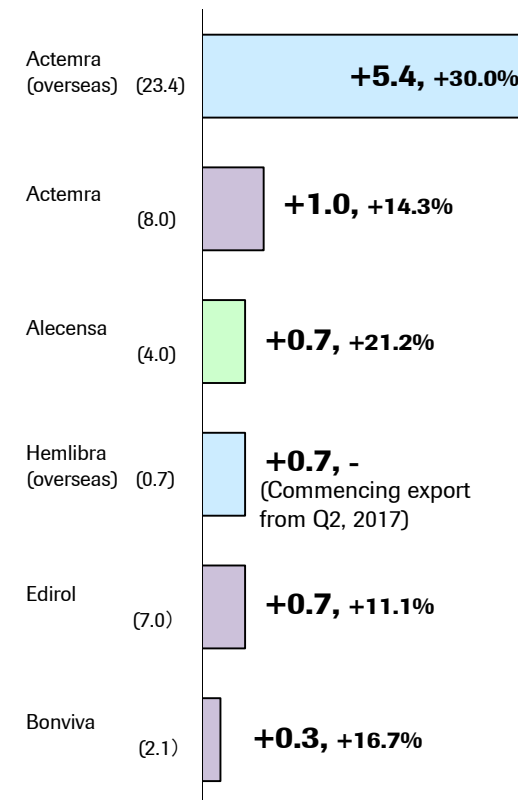
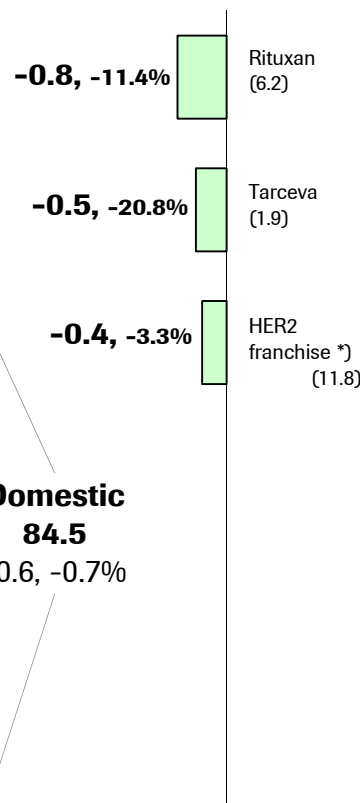
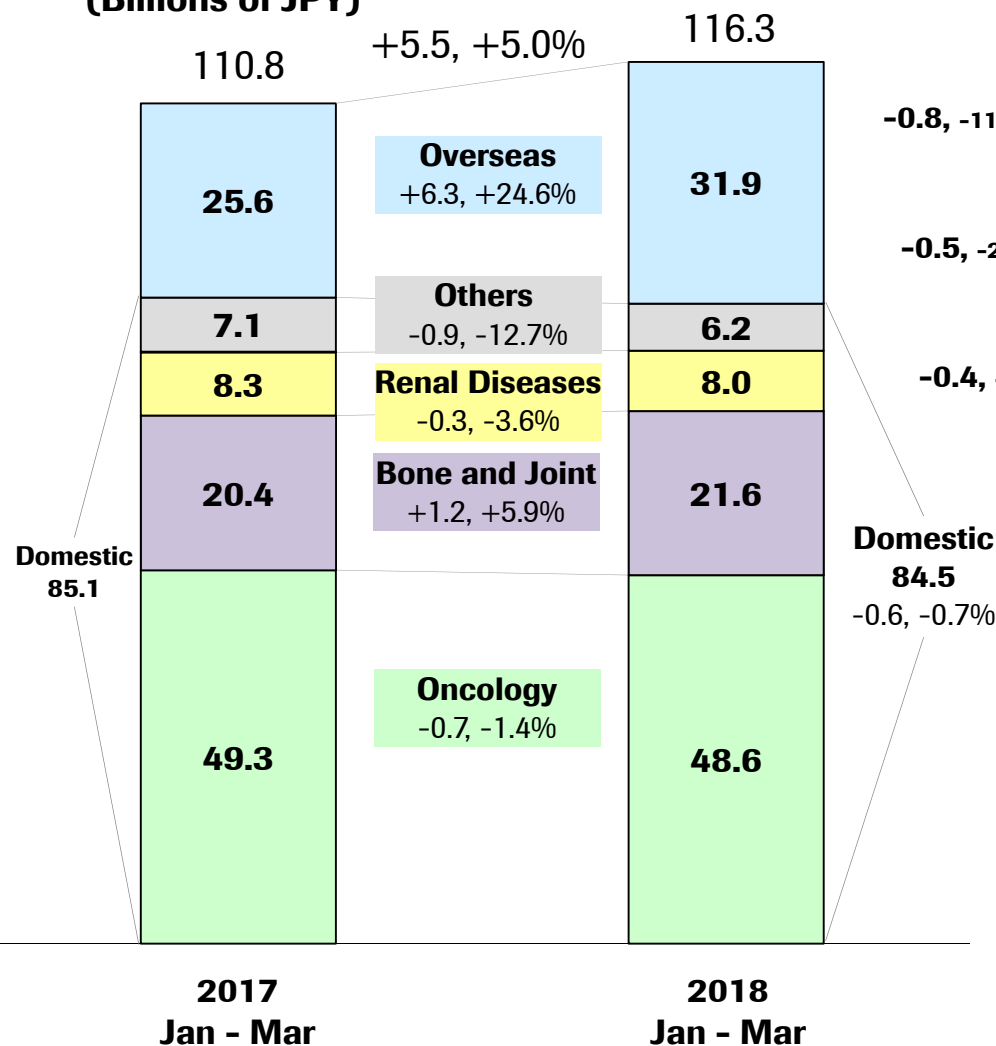
Year on Year

Sales (excl. Tamiflu) Jan - Mar

Sales by Disease Area,
Year on Year Comparisons

Sales by Products,
Year on Year Changes

(Billions of JPY)



*) Details of HER2 franchise

Herceptin (6.8)	-0.7	-9.3%
Perjeta (3.2)	+0.3	+10.3%
Kadcyla (1.8)	0.0	0.0%

(): Actual sales in FY2018

#: Year-on-year percentage change



Tamiflu Sales Trends

(Billions of JPY)	Fiscal Term Sales											
	FY2013		FY2014		FY2015		FY2016		FY2017		FY2018	
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Mar	
Ordinary	8.2											
		1.9	7.0									
				5.8	6.7							
						1.5	7.3					
								4.7	6.3			
										5.6	8.3	
		10.1	(-0.1)	12.9	(+2.8)	8.2	(-4.7)	12.0	(+3.8)	11.9	(-0.1)	8.3
Govt. Stockpiles etc.	0.8	0.1	0.1	0.1	0.0	0.0	0.0	1.5	1.9	3.1	0.1	
	0.9	(-1.0)	0.2	(-0.7)	0.0	(-0.2)	1.5	(+1.5)	5.0	(+3.5)	0.1	(-1.2)
Total	9.0	2.0	7.1	5.9	6.7	1.5	7.3	6.2	8.2	8.7	8.4	
	11.0	(-1.0)	13.0	(+2.0)	8.2	(-4.8)	13.5	(+5.3)	16.9	(+3.4)	8.4	(+1.0)

Season	
(from the second half of FY to the first half of the next FY)	
2012	10.6
2013	9.0
2014	12.6
2015	8.7
2016	11.0
2017 *	13.9

* from Jul. 2017 to Mar. 2018

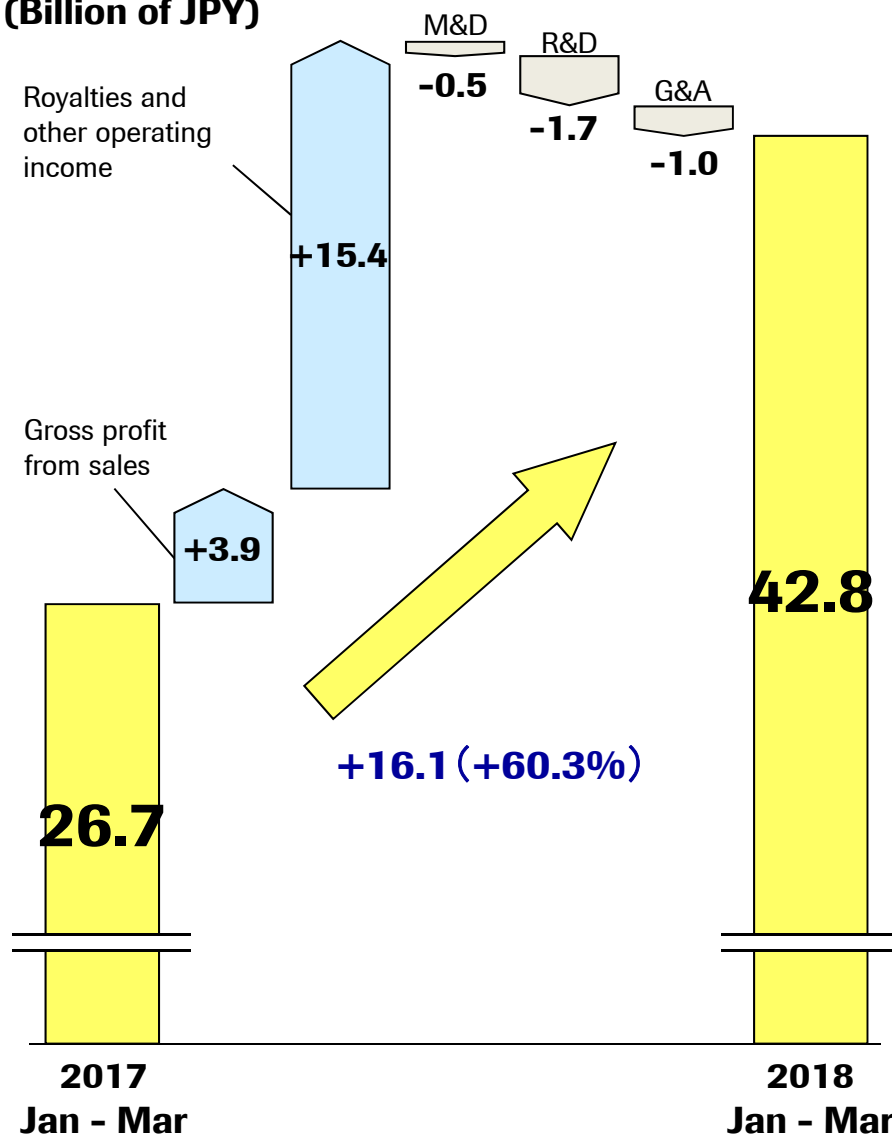
() Year on year



Year on Year (Core)

Operating Profit Jan - Mar

(Billion of JPY)



(Billions of JPY)	2017 Jan - Mar	2018 Jan - Mar	Growth
Revenues	125.5	147.4	+21.9
Cost of sales	-60.9	-63.5	-2.6
Gross profit	64.6	83.9	+19.3
<i>of which</i> Sales	57.3	61.2	+3.9
Royalties, etc.	7.3	22.7	+15.4
Marketing and distribution	-15.4	-15.9	-0.5
Research and development	-19.2	-20.9	-1.7
General and administration	-3.3	-4.3	-1.0
Operating profit	26.7	42.8	+16.1

- Increase in gross profit from sales +3.9
 - Increase in export to Roche and improvement of cost of sales ratio to sales due to FX impact, etc.
- Increase in royalties and other operating income +15.4
- Increase in marketing and distribution expenses -0.5
 - FX impact, etc.
- Increase in research and development expenses -1.7
 - Progress of projects, etc.
- Increase in general and administration expenses, etc. -1.0
 - Increase in various expenses, including corporate enterprise tax (pro forma standard taxation)

vs. Forecast (Core)

FY2018 1Q Consolidated Financial Overview

Innovation all for the patients



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Financial Progress Jan - Mar

(Billions of JPY)	Actual		Forecast on Feb. 1		2017 Progress *
	2018 Jan - Mar	2018 Jan - Dec	Progress		
Revenues	147.4	541.5	27.2%		23.5%
Sales	124.7	498.5	25.0%		23.7%
excl. Tamiflu	116.3	492.9	23.6%		23.0%
Domestic	84.5	374.8	22.5%		21.9%
Export to Roche	27.4	99.6	27.5%		27.9%
Other overseas	4.5	18.5	24.3%		24.3%
Tamiflu	8.4	5.6	150.0%		43.8%
Royalties and other operating income	22.7	43.0	52.8%		20.9%
Cost of sales	-63.5	-252.0	25.2%		24.1%
Gross profit	83.9	289.5	29.0%		23.0%
Operating expenses	-41.1	-181.5	22.6%		21.3%
Operating profit	42.8	108.0	39.6%		25.9%
EPS (JPY)	56.52	147.00	38.4%		24.7%

* Jan - Mar progress versus Jan - Dec

Cost of sales ratio vs. Sales

2018 Jan - Mar Actual	2018 Jan - Dec Forecast
50.9%	50.6%

Exchange rate (JPY)

	2018 Jan - Mar Actual*	2018 Jan - Dec Assumption
1CHF	114.33	115.00
1EUR	133.17	133.00
1USD	108.40	111.00
1SGD	82.16	84.00

* Market average exchange rate for the period of Jan - Mar.

vs. Forecast (Core)

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Innovation all for the patients



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Sales Progress (excl. Tamiflu) Jan – Mar

(Billions of JPY)	Actual		Forecast		2017 Progress *1	(Billions of JPY)	Actual		Forecast		2017 Progress *1
	2018 Jan - Mar	2018 Jan - Mar	2018 Jan - Dec	Progress			2018 Jan - Mar	2018 Jan - Dec	Progress		
Sales excl. Tamiflu	116.3	492.9	23.6%	23.0%		Renal	8.0	35.3	22.7%	21.1%	
Domestic	84.5	374.8	22.5%	21.9%		Mircera	4.9	23.5	20.9%	20.5%	
Oncology	48.6	217.6	22.3%	21.8%		Oxarol	1.7	5.8	29.3%	20.7%	
Avastin	21.0	92.0	22.8%	22.0%		Others	6.2	24.8	25.0%	23.7%	
HER2 Franchise	11.8	49.5	23.8%	22.1%		CellCept	2.0	8.5	23.5%	21.3%	
Herceptin	6.8	26.6	25.6%	22.3%		Overseas	31.9	118.1	27.0%	27.2%	
Perjeta	3.2	14.6	21.9%	21.3%		Actemra	23.4	73.0	32.1%	29.6%	
Kadcyla	1.8	8.3	21.7%	22.5%		Export to Roche	23.0	71.4	32.2%	29.8%	
Rituxan	6.2	23.4	26.5%	21.0%		Alecensa	3.8	26.4	14.4%	25.9%	
Alecensa	4.0	22.7	17.6%	19.8%		Export to Roche	3.7	26.3	14.1%	25.9%	
Xeloda	2.8	12.6	22.2%	23.0%		Neutrogen	3.0	12.0	25.0%	23.6%	
Tarceva	1.9	9.8	19.4%	22.9%		Hemlibra	0.7	2.0	35.0%	-	
Tecentriq *2	-	3.1	-	-							
Alaglio	0.1	0.7	14.3%	-							
Zelboraf	0.0	0.1	0.0%	0.0%							
Bone and Joint	21.6	97.1	22.2%	21.9%							
Actemra	8.0	35.2	22.7%	21.1%							
Edirol	7.0	31.7	22.1%	21.3%							
Bonviva	2.1	9.9	21.2%	20.7%							
Suvenyl	1.7	8.3	20.5%	21.6%							

*1 Jan - Mar progress versus Jan - Dec.

*2 Forecast for Tecentriq has been officially announced on April 24, 2018.



vs. Forecast (Core)

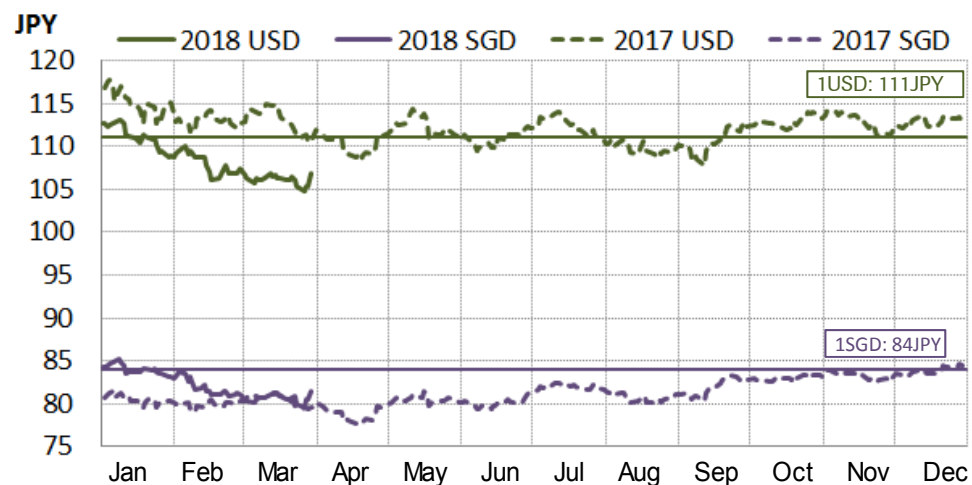
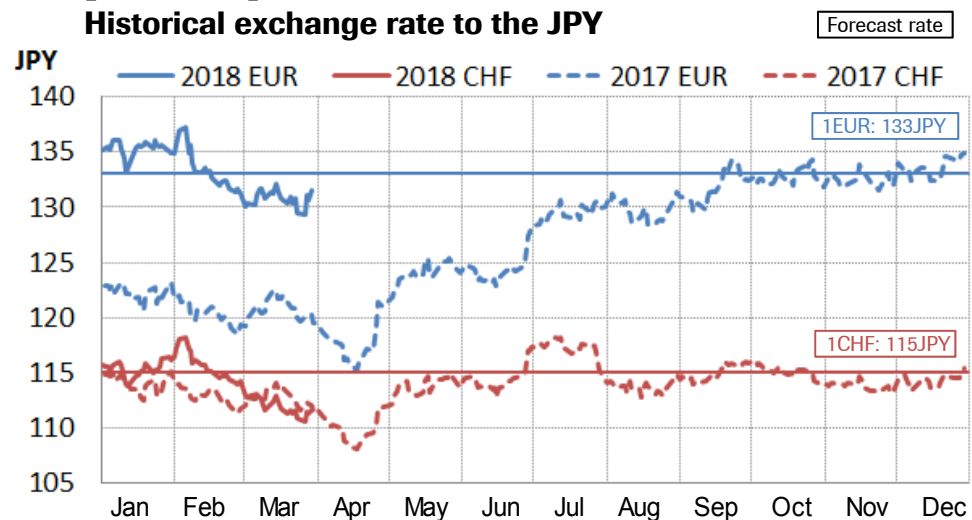
Impact from Foreign Exchange

(Billions of JPY)	FX impact Jan – Mar 2018 (FX impact vs. Assumption)	
Revenues	-0.1	
	Sales	-0.0
	Royalties and other operating income	-0.0
Cost of sales	Cost of sales	+0.1
Operating expenses	Expenses	+0.0
Operating profit	-0.0	

Actual / Forecast rate* (JPY)	2017 Jan - Mar Actual	2018 Jan - Dec Assumption	2018 Jan - Mar Actual
1CHF	113.21	115.00	114.33
1EUR	121.09	133.00	133.17
1USD	113.69	111.00	108.40
1SGD	80.25	84.00	82.16

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

[Reference]
Historical exchange rate to the JPY





Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Department Manager of R&D Portfolio
Management Dept., Project & Lifecycle
Management Unit
Minoru Hirose

April 24, 2018



Projects under Development (1) (as of April 24, 2018)

	Phase I	Phase II	Phase III	Filed	
Oncology	CKI27 (Japan / overseas) - solid tumors		RG3502 / Kadcyla - breast cancer (adjuvant)	RG7446 / Tecentriq - NSCLC (adjuvant) - SCLC - urothelial carcinoma	GA101 (RG7159) / obinutuzumab - follicular lymphoma
	RG7604 / taseleisib - solid tumors		RG435 / Avastin - RCC	- MIUC (adjuvant) - RCC	RG1273 / Perjeta - breast cancer (adjuvant)
	GC33 (RG7686) / codrituzumab - HCC★		RG7440 / ipatasertib - prostate cancer - breast cancer	- RCC (adjuvant) - breast cancer - ovarian cancer	RG7446 / Tecentriq - NSCLC (1L) ★
	ERY974 (overseas) - solid tumors		RG7596 / polatuzumab vedotin - DLBCL	- prostate cancer - HCC★	
	RG7421 / cobimetinib - solid tumors				
	RG7802 - solid tumors★				
	RG7828 - hematologic tumors★				
Bone & Joint			NRD101 / Suvenyl (China) - knee osteoarthritis /shoulder peri-arthritis	ED-71 / Ediolol (China) - osteoporosis★	
Renal	EOS789 (Japan / overseas) - hyperphosphatemia				

In principle, completion of first dose is regarded as the start of clinical studies in each phase.

HCC: hepatocellular carcinoma
 NSCLC: non-small cell lung cancer
 SCLC: small cell lung cancer

MIUC: muscle invasive urothelial carcinoma
 RCC: renal cell carcinoma
 DLBCL: diffuse large B-cell lymphoma

Letters in orange: in-house projects

★: **Projects with advances in stages since Feb. 1, 2018**

★: **Multinational study managed by Chugai**



Projects under Development (2) (as of April 24, 2018)

	Phase I	Phase II	Phase III	Filed
Autoimmune	RG7845 - rheumatoid arthritis		MRA / Actemra - systemic sclerosis SA237(RG6168) / satralizumab - neuromyelitis optica★	
Neurology	RG7935 - Parkinson's disease★	RG7916 - spinal muscular atrophy	RG1450 / gantenerumab - Alzheimer's disease RG7412 / crenezumab - Alzheimer's disease RG6206 - DMD (PII/III)	
Others	PCO371 (overseas) - hypoparathyroidism RG7716 - wAMD / DME AMY109 - endometriosis★	CIM331 / nemolizumab* - pruritus in dialysis patients URC102 (South Korea) - gout SKY59 (RG6107) - paroxysmal nocturnal hemoglobinuria (PI/II)	ACE910 (RG6013) / Hemlibra - hemophilia A (non-inhibitor)	

In principle, completion of first dose is regarded as the start of clinical studies in each phase.

wAMD: wet age-related macular degeneration

DME: diabetic macular edema

DMD: Duchenne muscular dystrophy

* Atopic dermatitis is under development by licensees [Galderma (overseas) and Maruho (Japan)]

Letters in orange: in-house projects

★: Projects with advances in stages since Feb. 1, 2018

★: Multinational study managed by Chugai

Development Status (1)

Innovation all for the patients



Roche A member of the Roche group

In-
licensed

RG7446 / Tecentriq®

Unresectable advanced or recurrent NSCLC*

Launched in April 2018

Unresectable advanced or recurrent NSCLC, in combination with other anti-tumor drugs [1st line]

Filed in March 2018

HCC

Started global Phase 3 study in April 2018

* Efficacy and safety of Tecentriq® in chemotherapy-naive patients have not been established.



Development Status (2)

In-
house

ACE910 / Hemlibra®

Routine prophylaxis to prevent or reduce the frequency of bleeding episodes in adult and pediatric patients with hemophilia A with factor VIII inhibitors

Approved in March 2018 (JP)

Approved in February 2018 (EU)

Hemophilia A without factor VIII inhibitors

Breakthrough Therapy Designation granted by US FDA

In-
house

ED-71 / Ediol®

Osteoporosis

Filed in February 2018 (China)



Development Status (3)

In-
licensed

RG7802 (CEA TCB)

Solid tumors

Started Phase 1 study in January 2018

In-
licensed

RG7828 (CD20 TDB)

Hematologic tumors

Started Phase 1 study in March 2018

In-
licensed

RG7935 (Anti- α -synuclein antibody)

Parkinson's disease

Started Phase 1 study in February 2018

Development Status (4)

Innovation all for the patients



Roche A member of the Roche group

In-
house

AMY109

Endometriosis

Started Phase 1 study in February 2018

In-
licensed

RG3637 / lebrikizumab

Idiopathic pulmonary fibrosis

Development discontinued

FMI
business

Activities towards commercialization of Foundation Medicine's products in Japan

Entered into a sub-license agreement with Roche for exclusive commercialization rights in Japan

"FoundationOne CDx™" filed in March 2018

Results of Clinical Trials / Conference (1)



In-
licensed

RG7446 / Tecentriq[®]

NSCLC 1st line: global Phase 3 study (IMpower150)

- One of the primary endpoints, overall survival (OS) was achieved in March 2018
 - Statistically significant improvement in OS with the addition of Tecentriq[®] versus Avastin[®] + chemotherapy was demonstrated
- Detailed data regarding progression-free survival (PFS) was presented in April 2018
 - Results of sub-group analysis for PFS with the addition of Tecentriq[®] versus Avastin[®] + chemotherapy was presented at the American Association for Cancer Research (AACR) congress

Results of Clinical Trials / Conference (2)



In-
licensed

RG7446 / Tecentriq[®]

NSCLC 1st line: global Phase 3 study (IMpower131)

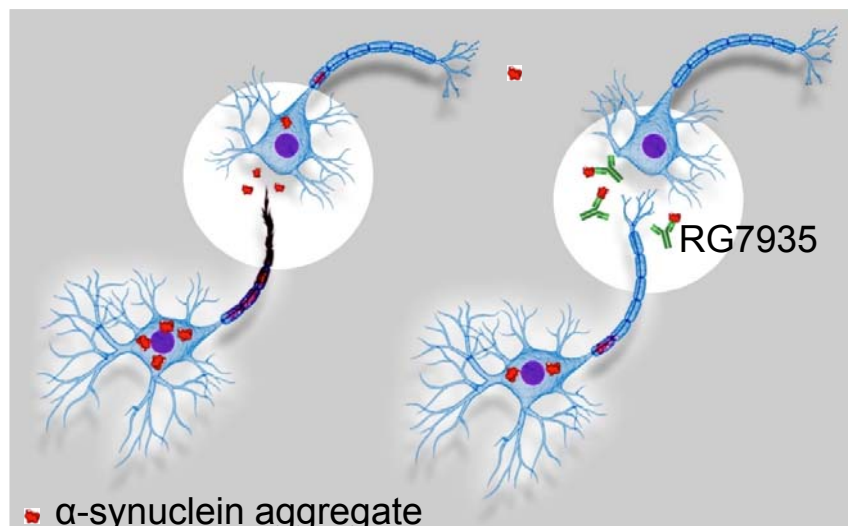
- One of the primary endpoints, PFS was achieved in March 2018
 - Statistically significant improvement in PFS with the addition of Tecentriq[®] versus chemotherapy was demonstrated

RCC 1st line: global Phase 3 study (IMmotion151)

- Detailed data was presented in February 2018
 - Tecentriq[®] + Avastin[®] reduced the risk of disease progression or death by 26% compared to sunitinib (PD-L1 expression \geq 1%, Investigator's assessment)



RG7935(anti- α -synuclein antibody) and its Mode of Action



Source: Prothena document

Reference:

Chan DKY, et al. Transl Neurodegener. 2017

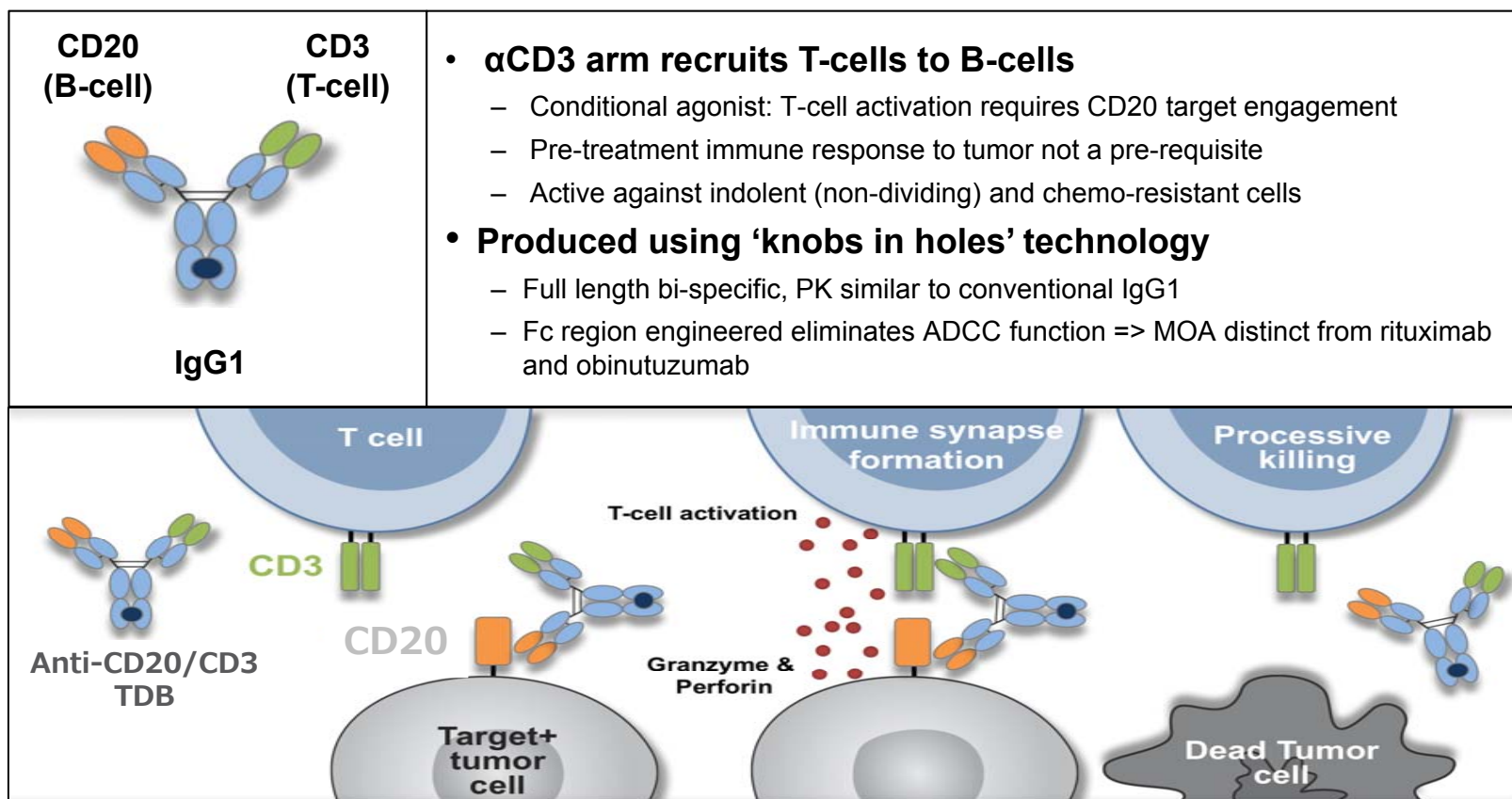
Schenk DB, et al. Mov Disord. 2017

- Parkinson's disease is a progressive neurodegenerative disorder with a wide spectrum of progressive motor and non-motor symptoms.
- Aggregated pathogenic forms of α -synuclein can be transferred from cell to cell, resulting in spreading neuronal death in the brain of patients.
- RG7935 is a monoclonal IgG1 specifically targeting to aggregated α -synuclein.
- RG7935 is hoped to bind and clear α -synuclein aggregates, protect neurons and delay/stop the disease progression.



RG7828 (CD20 TDB) and its Mode of Action

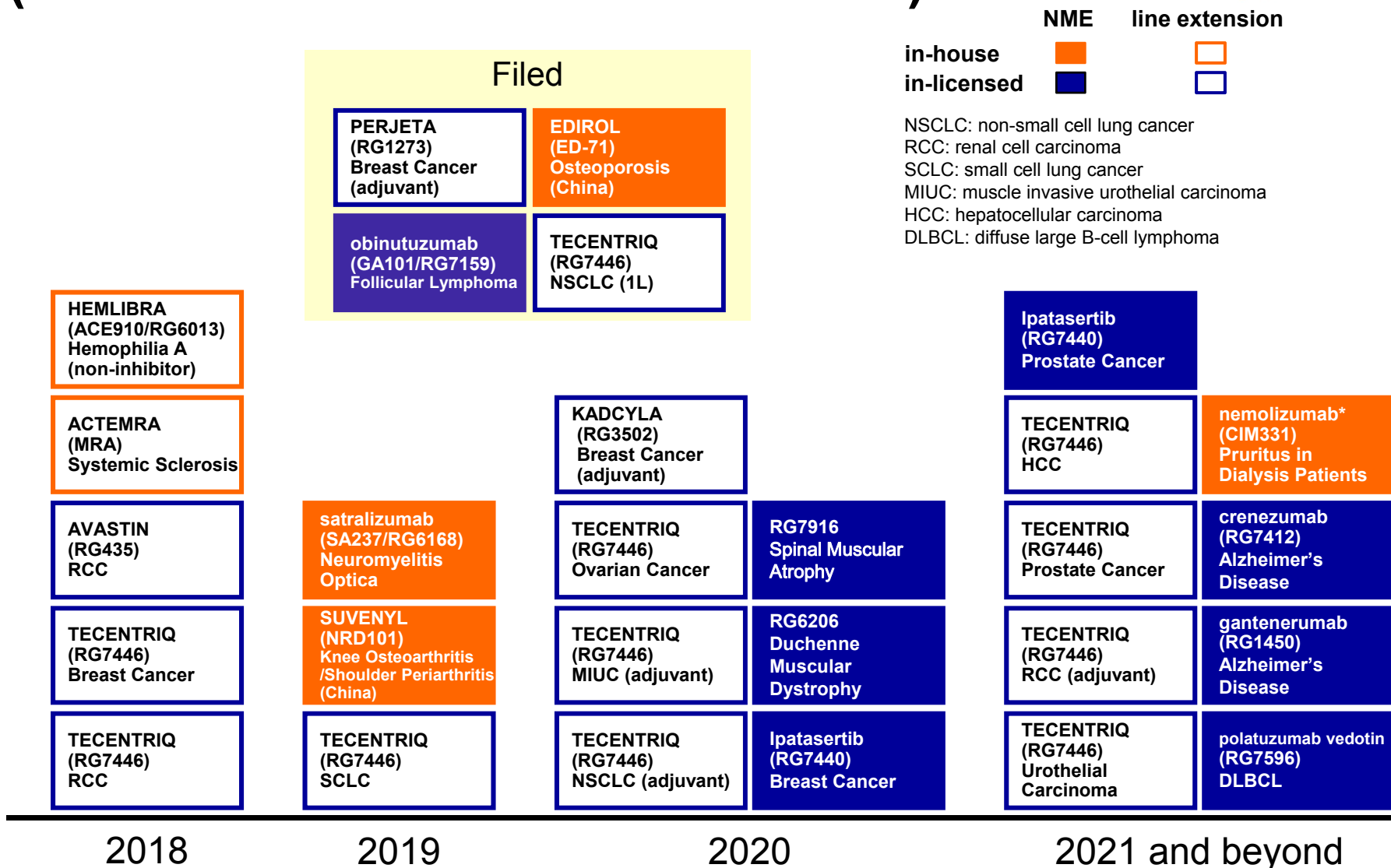
Anti-CD20/CD3 T-cell Dependent Bispecific (TDB) antibody
Highly potent and selective targeted B-cell killing by T-cells



Source: Roche document



Projected Submissions (Post PoC NMEs and Products)



*Atopic dermatitis is under development by licensees [Galderma (overseas) and Maruho (Japan)]

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