



*Aiming to become a “top pharmaceutical company”*

# **FY2013 3Q Consolidated Financial Overview (IFRS based)**

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

October 25, 2013



# 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.



# Summary

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## ■ Revenues: 306.5 billion JPY (+11.2% YoY)

- Domestic sales excl. TAM (+2.0%) : continued strong growth in oncology and new products outweighed the impact from termination of Evista and the NHI price revision
- Overseas sales: approx. 50% increase due to weak yen and growth in Actemra export
- Royalties and other operating income: more than doubled due to an increase in milestone income

## ■ Cost of sales / Operating expenses

- Cost of sales : increased costs were partially offset as the revised allocation method of cost variance more properly reflects the impact of yen depreciation
- Operating expenses: double-digit increase in expenses due to a negative foreign exchange impact and an increase in costs associated with renewal of facilities

## ■ Profits

- IFRS based profits: operating profit 58.2 billion JPY (+14.6%), net income 39.0 billion JPY (+24.2%)
- Core operating profit: 59.0 billion JPY (+14.6%), Core EPS: 70.99 JPY (+24.0%)



# IFRS and Core Results Jan – Sep

Billions of JPY	IFRS results		Non-core items		Core results 2013 Jan - Sep	<b>Non-Core items</b> 1. Intangible/Business combinations Amortization of intangible assets: +0.7bn JPY No impairment of intangible assets No business combinations  2. Other eliminated items Restructuring: +0.2bn JPY Environmental costs: -0.1 bn JPY Legal costs: immaterial
	2013 Jan - Sep		Intangible assets and Business combinations	Other eliminated items		
<b>Revenues</b>	<b>306.5</b>				<b>306.5</b>	
Sales	288.8				288.8	
Royalties and other operating income	17.8				17.8	
Cost of sales	-133.2		+0.7		-132.5	
<b>Gross profit</b>	<b>173.3</b>		<b>+0.7</b>		<b>174.0</b>	
<b>Operating expenses</b>	<b>-115.2</b>		<b>+0.0</b>	<b>+0.1</b>	<b>-115.0</b>	
Marketing and distribution	-52.0		+0.0	+0.1	-51.9	
Research and development	-54.4		+0.0	+0.1	-54.3	
General and administration	-8.8			-0.1	-8.9	
<b>Operating profit</b>	<b>58.2</b>		<b>+0.7</b>	<b>+0.1</b>	<b>59.0</b>	(Billions of JPY)
Financing costs	-0.0				-0.0	
<b>Other financial income (expense)</b>	<b>-1.4</b>				<b>-1.4</b>	
<b>Profit before taxes</b>	<b>56.7</b>		<b>+0.7</b>	<b>+0.1</b>	<b>57.6</b>	
Income taxes	-17.7		-0.3	-0.0	-18.1	
<b>Net income</b>	<b>39.0</b>		<b>+0.5</b>	<b>+0.1</b>	<b>39.5</b>	
Chugai shareholders	38.2		+0.5	+0.1	38.7	
Non-controlling interests	0.8				0.8	
						(Millions of shares)
						Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share 545
						Core net income attributable to Chugai shareholders 38.7
						(JPY)
						Core EPS 70.99

## Year on Year (Core)

## Financial Overview Jan – Sep



(Billion JPY)	2012		2013		Growth	
	Jan - Sep	vs. Rev*	Jan - Sep	vs. Rev*		
<b>Revenues</b>	<b>275.6</b>		<b>306.5</b>		<b>+30.9</b>	<b>+11.2%</b>
Sales	268.6		288.8		+20.2	+7.5%
excl. Tamiflu	260.4		279.7		+19.3	+7.4%
Domestic	229.9		234.4		+4.5	+2.0%
Export to Roche	18.2		31.3		+13.1	+72.0%
Other overseas	12.3		14.0		+1.7	+13.8%
Tamiflu	8.2		9.0		+0.8	+9.8%
Ordinary	7.9		8.2		+0.3	+3.8%
Stockpiling	0.4		0.8		+0.4	+100.0%
Royalties and other operating income	7.0		17.8		+10.8	+154.3%
Cost of sales	-120.6	43.8%	-132.5	43.2%	-11.9	+9.9%
<b>Gross profit</b>	<b>155.0</b>	<b>56.2%</b>	<b>174.0</b>	<b>56.8%</b>	<b>+19.0</b>	<b>+12.3%</b>
Operating expenses	-103.5	37.6%	-115.0	37.5%	-11.5	+11.1%
<b>Operating profit</b>	<b>51.5</b>	<b>18.7%</b>	<b>59.0</b>	<b>19.2%</b>	<b>+7.5</b>	<b>+14.6%</b>
Financing costs	-0.0		-0.0		+0.0	0.0%
Other financial income (expense)	-1.3		-1.4		-0.1	+7.7%
Taxes	-18.4		-18.1		+0.3	-1.6%
<b>Net income</b>	<b>31.8</b>	<b>11.5%</b>	<b>39.5</b>	<b>12.9%</b>	<b>+7.7</b>	<b>24.2%</b>

(Billion JPY)

Royalties and other operating income	+10.8
Milestone income increased	
Financing costs	+0.0
Other financial income (exp.)	-0.1
Exchange gains/losses	-3.7
Gains/Losses on derivatives	+3.5

## Cost of sales ratio vs. Sales

2012	2013
Jan– Sep	Jan– Sep
44.9%	45.9%

## Average exchange rate (JPY)

	2012	2013
	Jan– Sep	Jan– Sep
CHF	84.43	103.34
EUR	101.69	127.21

\*Revenues

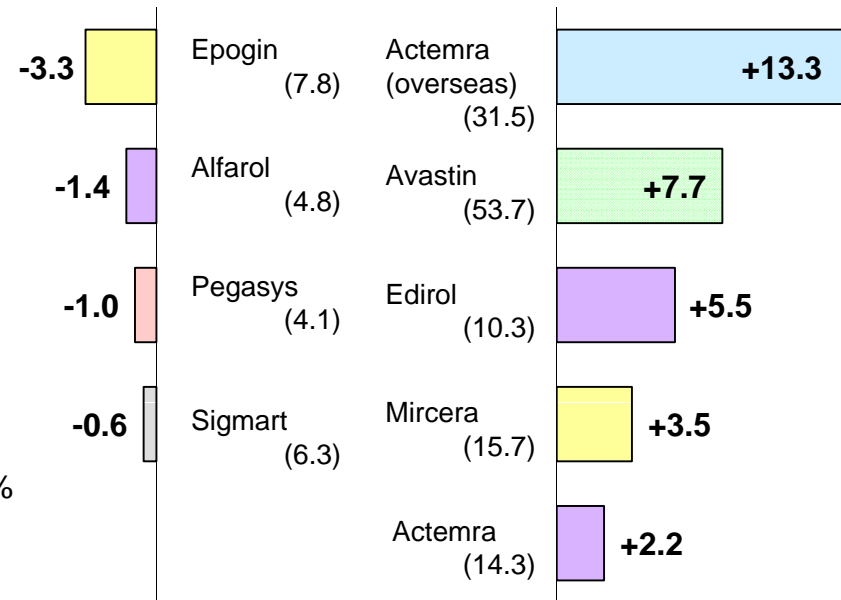
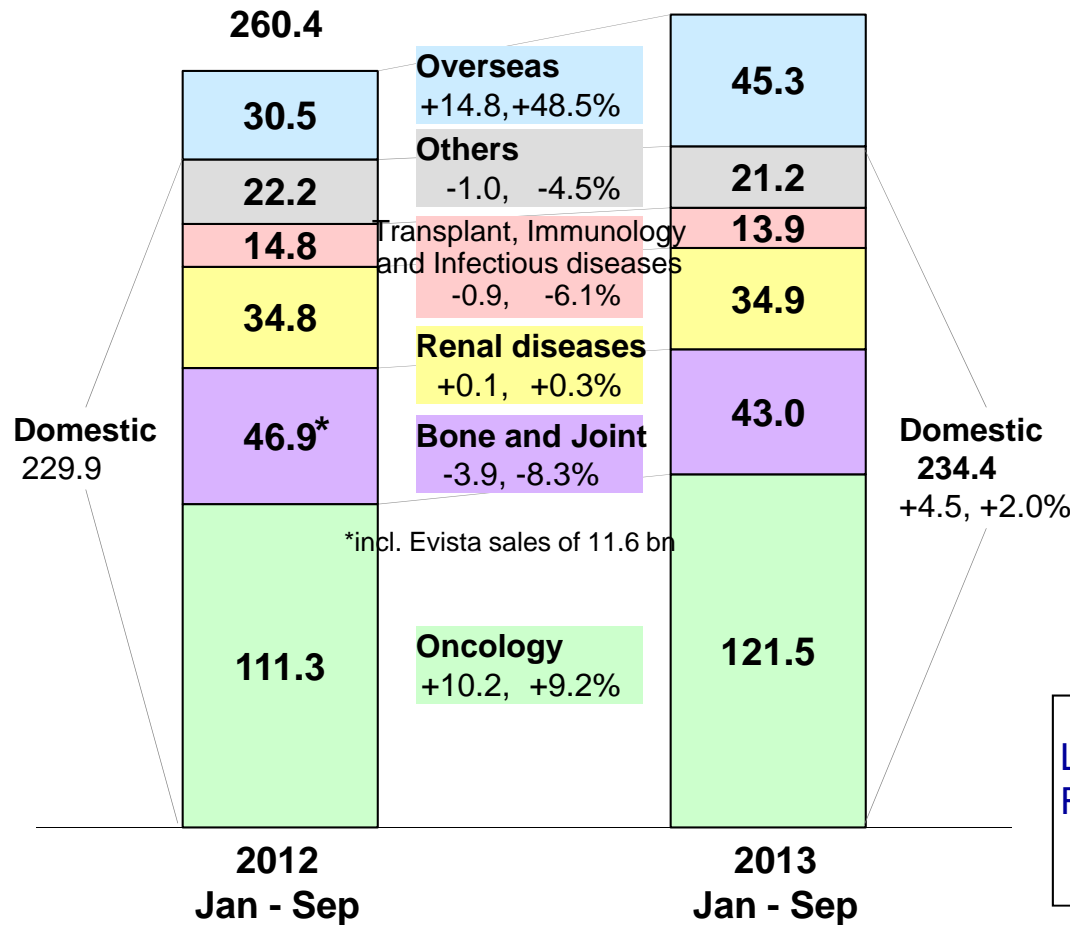
Year on Year

# Sales (excl. Tamiflu) Jan – Sep



(Billion JPY)

Sales excl. Tamiflu  
279.7 (+19.3, +7.4%)



Left : Sales by Disease Field  
Right : Sales by Product, Variance Year on Year  
( ): FY2013 Actual



# Tamiflu Sales Performance

(Billion JPY)		Fiscal Term Sales									Seasonal Sales	Cases per sentinel* (millions)
		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12		
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Sep		
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>
<b>Ordinary</b>		<b>36.2</b>	<b>(+29.1)</b>	<b>1.6</b>	<b>(-34.6)</b>	<b>5.4</b>	<b>(+3.8)</b>	<b>10.2</b>	<b>(+4.8)</b>			
Govt. Stockpile 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>	
<b>Govt. Stockpile etc.</b>		<b>40.0</b>	<b>(+38.7)</b>	<b>16.6</b>	<b>(-23.4)</b>	<b>3.3</b>	<b>(-13.3)</b>	<b>1.9</b>	<b>(-1.4)</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>76.2</b>	<b>(+67.8)</b>	<b>18.2</b>	<b>(-58.0)</b>	<b>8.7</b>	<b>(-9.5)</b>	<b>12.0</b>	<b>(+3.3)</b>			

\*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.

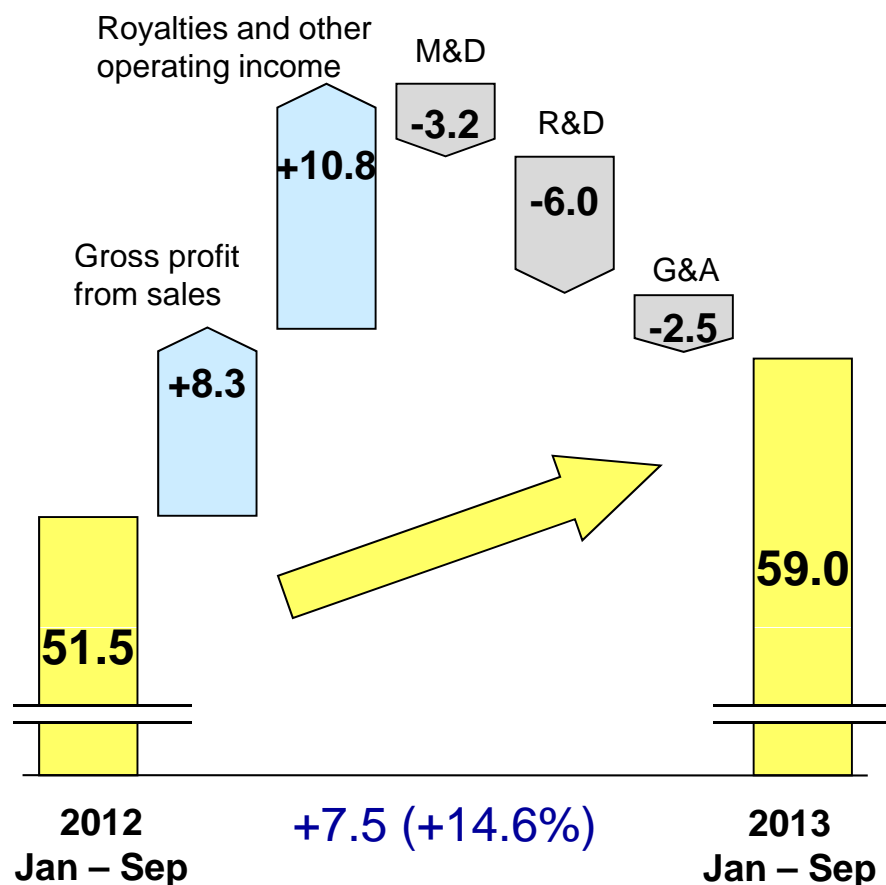
( ) Year on year

Year on Year (Core)

# Operating Profit Jan – Sep



(Billion JPY)



(Billion JPY)	2012 Jan - Sep	2013 Jan - Sep	Growth
<b>Revenues</b>	<b>275.6</b>	<b>306.5</b>	<b>+30.9</b>
Cost of sales	-120.6	-132.5	-11.9
<b>Gross profit</b>	<b>155.0</b>	<b>174.0</b>	<b>+19.0</b>
Sales	148.0	156.3	+8.3
Royalties, etc.	7.0	17.8	+10.8
Marketing and distribution	-48.7	-51.9	-3.2
Research and development	-48.3	-54.3	-6.0
General and administration	-6.4	-8.9	-2.5
<b>Operating profit</b>	<b>51.5</b>	<b>59.0</b>	<b>+7.5</b>
Increase in gross profit from sales			+8.3
Increase in new products and Actemra overseas			
Increase in royalties and other operating income			+10.8
Increase in marketing and distribution			-3.2
Increased promotion activities for new products, negative foreign exchange impact on expenses of overseas sales subsidiaries, etc			
Increase in research and development			-6.0
Negative foreign exchange impact, full-fledged operation of CPR*, renewal of facilities etc			
Increase in general and administration			-2.5

\*Chugai Pharmabody Research: antibody research center in Singapore



Year on Year (Core)

## Financial Overview Jul - Sep



(Billion JPY)	2012		2013		Growth	
	Jul - Sep		Jul - Sep			
		vs. Rev*.		vs. Rev*.		
<b>Revenues</b>	<b>90.1</b>		<b>105.5</b>		<b>+15.4</b>	<b>+17.1%</b>
Sales	88.5		99.9		+11.4	+12.9%
excl. Tamiflu	88.4		99.9		+11.5	+13.0%
Domestic	79.4		82.4		+3.0	+3.8%
Export to Roche	4.8		12.9		+8.1	+168.8%
Other overseas	4.2		4.6		+0.4	+9.5%
Tamiflu	0.1		0.0		-0.1	-100.0%
Ordinary	0.1		0.0		-0.1	-100.0%
Stockpiling	-		-		-	-
Royalties and other operating income	1.6		5.6		+4.0	+250.0%
Cost of sales	-39.3	43.6%	-44.6	42.3%	-5.3	+13.5%
<b>Gross profit</b>	<b>50.8</b>	<b>56.4%</b>	<b>60.9</b>	<b>57.7%</b>	<b>+10.1</b>	<b>+19.9%</b>
Operating expenses	-36.2	40.2%	-40.6	38.5%	-4.4	+12.2%
<b>Operating profit</b>	<b>14.7</b>	<b>16.3%</b>	<b>20.3</b>	<b>19.2%</b>	<b>+5.6</b>	<b>+38.1%</b>
Financing costs	-0.0		-0.0		+0.0	-
Other financial income (expense)	-0.1		-0.3		-0.2	+200.0%
Taxes	-5.1		-6.2		-1.1	+21.6%
<b>Net income</b>	<b>9.5</b>	<b>10.5%</b>	<b>13.9</b>	<b>13.2%</b>	<b>+4.4</b>	<b>46.3%</b>

(Billion JPY)

Royalties and other operating income	
	+4.0
Milestone income increased	
Operating expenses	-4.4
M&D	-1.3
FX impact, promotions for new products, etc	
R&D	-2.4
FX impact, CPR, facility-related expenses, etc	
G&A	-0.8
Increase in activities	

Cost of sales ratio vs. Sales

2012	2013
Jul - Sep	Jul - Sep
44.4%	44.6%

\*Revenues

vs. Forecast (Core)

# Financial Overview Jan – Sep



(Billion JPY)	Actual	Forecast on Jan 30		2012
	2013 Jan - Sep	2013 Jan - Dec	Progress	Progress*
<b>Revenues</b>	<b>306.5</b>	<b>416.0</b>	<b>73.7%</b>	<b>71.3%</b>
Sales	288.8	394.3	73.2%	71.6%
excl. Tamiflu	279.7	385.5	72.6%	71.7%
Domestic	234.4	329.3	71.2%	71.6%
Export to Roche	31.3	40.6	77.1%	71.1%
Other overseas	14.0	15.6	89.7%	73.7%
Tamiflu	9.0	8.8	102.3%	68.3%
Royalties and other operating income	17.8	21.7	82.0%	61.9%
Cost of sales	-132.5	-183.2	72.3%	72.1%
<b>Gross profit</b>	<b>174.0</b>	<b>232.8</b>	<b>74.7%</b>	<b>70.7%</b>
Operating expenses	-115.0	-155.3	74.1%	72.0%
<b>Operating profit</b>	<b>59.0</b>	<b>77.5</b>	<b>76.1%</b>	<b>68.1%</b>
EPS (JPY)	70.99	92.57	76.7%	66.8%

\*Jan - Sep progress versus Jan - Dec

vs. Forecast

## Domestic Sales (excl. Tamiflu) Jan – Sep



(Billion JPY)	Actual	Forecast on 30 Jan		2012
	2013 Jan - Sep	2013 Jan - Dec	Progress	Progress*
<b>Domestic sales excl. Tamiflu</b>	<b>234.4</b>	<b>329.3</b>	<b>71.2%</b>	<b>71.6%</b>
<b>Oncology</b>	<b>121.5</b>	<b>176.7</b>	<b>68.8%</b>	<b>71.3%</b>
Avastin	53.7	76.6	70.1%	70.2%
Herceptin	21.9	30.4	72.0%	71.8%
Xeloda	8.3	13.9	59.7%	72.5%
Tarceva	7.2	11.0	65.5%	72.6%
Perjeta	0.5	1.3	38.5%	-
<b>Bone and Joint</b>	<b>43.0</b>	<b>54.8</b>	<b>78.5%</b>	<b>70.7%</b>
Actemra	14.3	19.1	74.9%	70.8%
Edirol	10.3	11.0	93.6%	60.8%
Bonviva	0.2	0.5	40.0%	-
<b>Renal</b>	<b>34.9</b>	<b>52.0</b>	<b>67.1%</b>	<b>72.3%</b>
Mircera	15.7	28.2	55.7%	68.5%
Epogin	7.8	8.6	90.7%	76.6%
<b>Transp., Immun., Infectious</b>	<b>13.9</b>	<b>18.1</b>	<b>76.8%</b>	<b>72.9%</b>
Pegasys	4.1	5.7	71.9%	73.9%
Copegus	1.0	1.2	83.3%	75.0%
<b>Others</b>	<b>21.2</b>	<b>27.7</b>	<b>76.5%</b>	<b>73.8%</b>

\*Jan - Sep progress versus Jan – Dec. Forecasts for Perjeta and Bonviva as disclosed on Oct .25

vs. Forecast (Core)

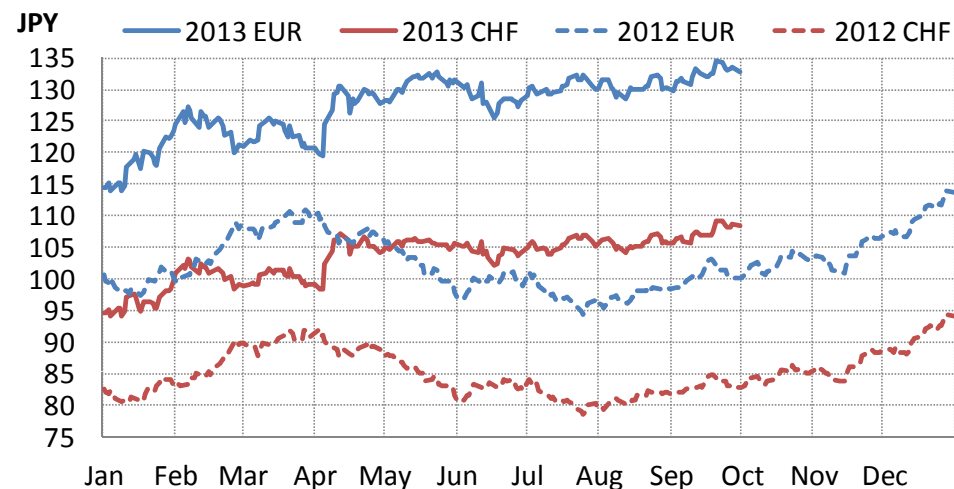
# Impact from Foreign Exchange



(Billion JPY)	FX impact Jan – Sep (vs. Forecast on Jan. 30)
<b>Revenues</b>	<b>+4.9</b>
	Sales +4.1 Royalties and other operating income +0.8
Cost of sales Operating expenses	Cost of sales -4.4 Expenses -1.5
<b>Operating Profit</b>	<b>-1.0</b>

FX rate to the JPY	1CHF	1EUR
Assumption Jan – Dec (as of Jan. 30)	95.00	115.00
Actual Jan –Sep avg.	103.34	127.21
Reference Actual Jan –Sep avg. (2012)	84.43	101.69

[Reference]  
Historical exchange rates to the JPY (Jan – Sep)





Roche Roche Group

*Aiming to become "Top Pharmaceutical Company"*

# Overview of Development Pipeline

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

**October 25, 2013**

# Oncology Field

## Projects under Development (as of 25 October, 2013)



	Phase I	Phase II	Phase III	Filed
Oncology	<p>CIF/RG7167 (Japan/overseas) - solid tumors</p> <p>CKI27/RG7304 (Japan/overseas) - solid tumors</p> <p>PA799 (overseas) - solid tumors</p> <p>RG7414/parsatuzumab ★ - solid tumors</p> <p>RG7321/picitilisib - solid tumors</p> <p>RG7446/MPDL3280A ★ - solid tumors</p>	<p>RG3502 /trastuzumab emtansine - GC (PII/III)</p> <p>GC33/RG7686 - LC</p> <p>RG340/Xeloda - aGC</p> <p>AF802/RG7853 (overseas) - NSCLC (PI/II)</p> <p>RG7204/vemurafenib - melanoma (PI/II)</p>	<p>RG1273/Perjeta - aBC - GC</p> <p>RG435/Avastin - aBC</p> <p>RG3638/onartuzumab - NSCLC</p> <p>GA101 (RG7159) /obinutuzumab - NHL</p>	<p>RG435/Avastin - OC</p> <p>AF802/RG7853 (Japan) ★ - NSCLC</p>

Letters in orange: in-house projects ★: Projects with advances in stages since 25 July, 2013

★: Roche removed from the pipeline in October, 2013

# Primary Field Projects under Development (as of 25 October, 2013)



	Phase I	Phase II	Phase III	Filed
Bone & Joint			RG484/Bonviva (oral) - osteoporosis NRD101/Suvenyl - enthesopathy	
Autoimmune	SA237 - RA RG7415/rontalizumab ★ - SLE	MRA/Actemra (overseas) - systemic sclerosis	MRA/Actemra (overseas) - giant cell arteritis	MRA/RoActemra (EU) - RA (sc)
CNS	RG1450/gantenerumab - Alzheimer's disease RG1577 - Alzheimer's disease	RG7090 - major depressive disorder	RG1678/bitopertin - schizophrenia	
Others	CIM331 - atopic dermatitis RG7652 (overseas) ★ - hyperlipidemia URC102 (South Korea) - gout	ACE910 ★ - hemophilia A (PI/II)	RG3637/lebrikizumab ★ - asthma	

Letters in orange: in-house projects ★: Projects with advances in stages since 25 July, 2013  
★: Candidate for partnering-out in Roche



## Development Status - Oncology Field

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In-  
licensed

### **RG7446 / MPDL3280A (anti-PD-L1 MAb) :**

Expected Indication: Solid tumors  
Started P1 in September 2013

In-  
licensed

### **RG1273 / Perjeta® :**

Indication: HER2-positive inoperable or recurrent  
breast cancer  
Launched in September 2013

In-  
licensed

### **RG3502 / Kadcyła® :**

Indication: HER2-positive inoperable or recurrent  
breast cancer  
Approved in September 2013

In-  
house

### **AF802 / RG7853:**

Indication: *ALK* fusion gene positive unresectable, recurrent /  
advanced non-small cell lung cancer  
Filed in October 2013





## Development Status - Primary Field

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In-  
licensed

### Lebrikizumab / RG3637 :

Expected Indication: Asthma  
Started Global P3 in July 2013

In-  
licensed

### Cellcept® Powder for Oral Suspension 32% :

Indication:

- Treatment of refractory rejections after kidney transplant
- Suppression of rejections after the following organ transplants:  
kidney, heart, liver, lung and pancreas transplants

Filed in August 2013 (Additional Formulation)

In-  
licensed

### RG484 / Bonviva® Injection :

Indication: Osteoporosis  
Launched in August 2013



## Development Status - Primary Field

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In-  
house

### ACE910 :

Expected Indication: Hemophilia A  
Started P1/2 in August 2013

In-  
house

### MRA / Actemra<sup>®</sup> :

Subcutaneous Injection Formulation

Indication:

Adults with moderately to severely active rheumatoid arthritis,  
who have used one or more disease-modifying antirheumatics  
drugs (DMARDs)

Approved in October 2013 (US)

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