



Roche Roche Group

FY2012 2Q Consolidated Financial Overview

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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.

Summary

- **Revenues 185.3 billion JPY (+1.9%)**
 - Tamiflu: approx. 1.8 times higher, reflecting a large flu season
 - Domestic sales excl. Tamiflu: flat YoY growth as new product sales offset by decline of Epogin/HCV product sales and the impact of NHI price revision
 - Overseas sales: double-digit growth led by Actemra export
 - Other operating revenues: approx. 30% decline due to a YoY decrease in one-time income

- **Operating Income 34.3 billion JPY (-2.6%):**
 - Drop in gross profit associated with an unfavorable product mix outweighed cost containment

- **Net Income 20.9 billion JPY (+22.2%)**
 - Extraordinary loss of 6.5 billion JPY recorded last year due to the earthquake

Financial Overview Jan - Jun

(Billion JPY)

(Billion JPY)	2011		2012		Growth	
	Jan-Jun	As % of Revenues	Jan-Jun	As % of Revenues		%
Revenues	181.9		185.3		+3.4	+1.9
Sales	174.8		180.0		+5.2	+3.0
excl. Tamiflu	170.2		171.9		+1.7	+1.0
Tamiflu	4.6		8.1		+3.5	+76.1
Other Operating Revenues	7.2		5.3		-1.9	-26.4
Operating Income	35.2	19.4	34.3	18.5	-0.9	-2.6
Non-operating Income	1.3		1.0		-0.3	-23.1
Non-operating Expenses	0.4		1.0		+0.6	+150.0
Ordinary Income	36.2	19.9	34.3	18.5	-1.9	-5.2
Extraordinary Gain	-		0.0		+0.0	-
Extraordinary Loss	7.6		0.0		-7.6	-100.0
Net Income	17.1	9.4	20.9	11.3	+3.8	+22.2

- Sales excl. Tamiflu
 - Domestic -0.5
 - Overseas +2.2
- Sales of Tamiflu* +3.5
- Other Operating Revenues -1.9
 - Decline in one-time income
- Operating Income -0.9
- Non-operating Inc./Exp. -1.0
- Extraordinary Gain/Loss +7.6
 - Decline in Extraordinary Loss
 - Loss on disaster -6.5
 - Asset retirement obligations -1.0

Average exchange rate (JPY)

	2011 Jan-Jun	2012 Jan-Jun
CHF	90.38	85.82
EUR	114.86	103.39

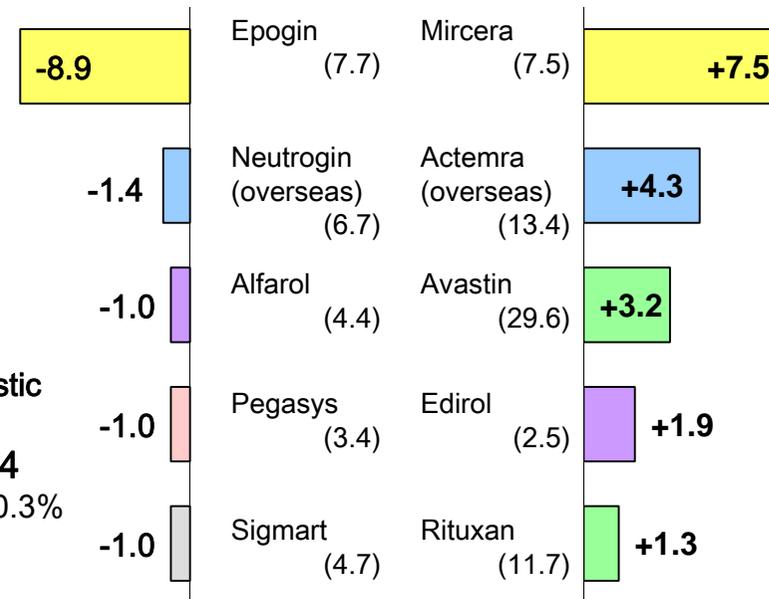
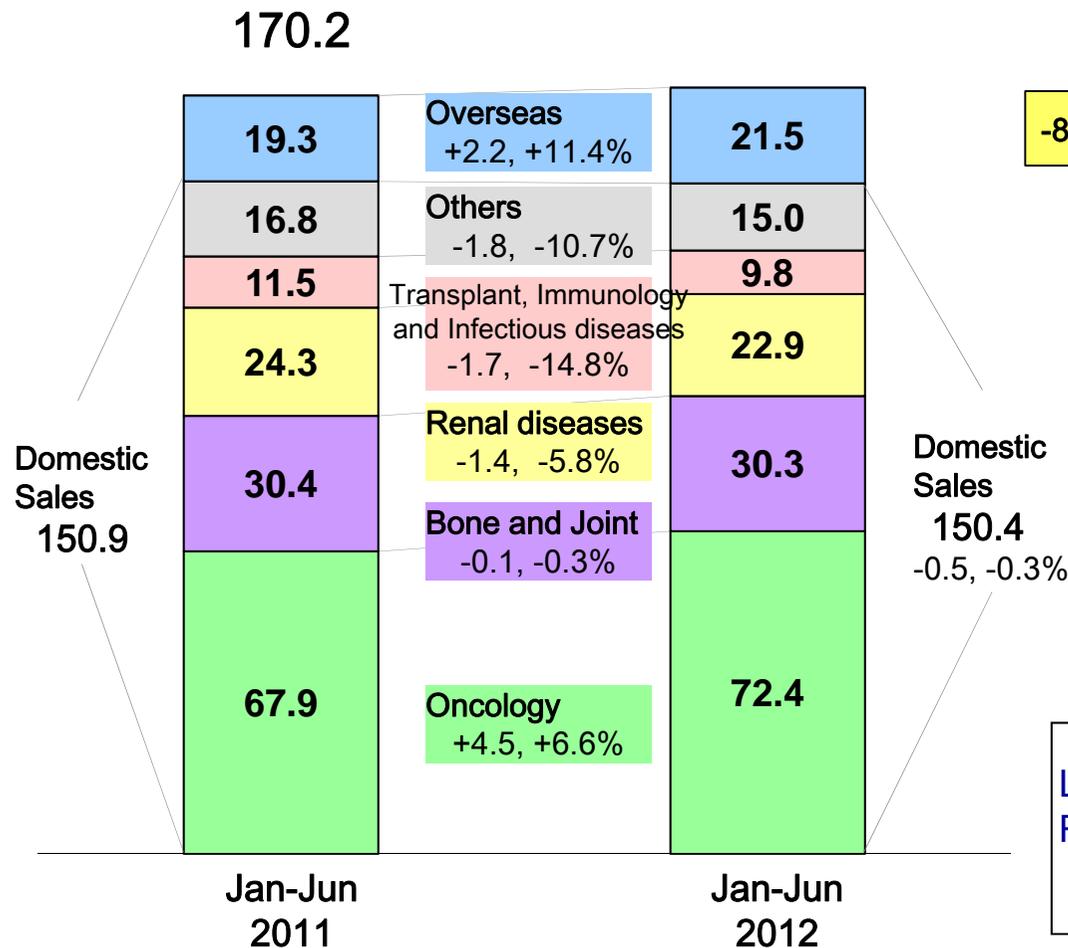
* Tamiflu

	2011 Jan-Jun	2012 Jan-Jun	Growth
Ordinary	4.1	7.8	+3.7
Govt. Stockpile etc.	0.5	0.4	-0.1

Sales (excl. Tamiflu) Jan - Jun

(Billion JPY)

Sales (excl. Tamiflu)
171.9 (+1.7, +1.0%)



Left : Sales by Disease Field
Right : Sales by Product, Variance Year on Year
(): FY2012 Actual

Tamiflu Sales Performance

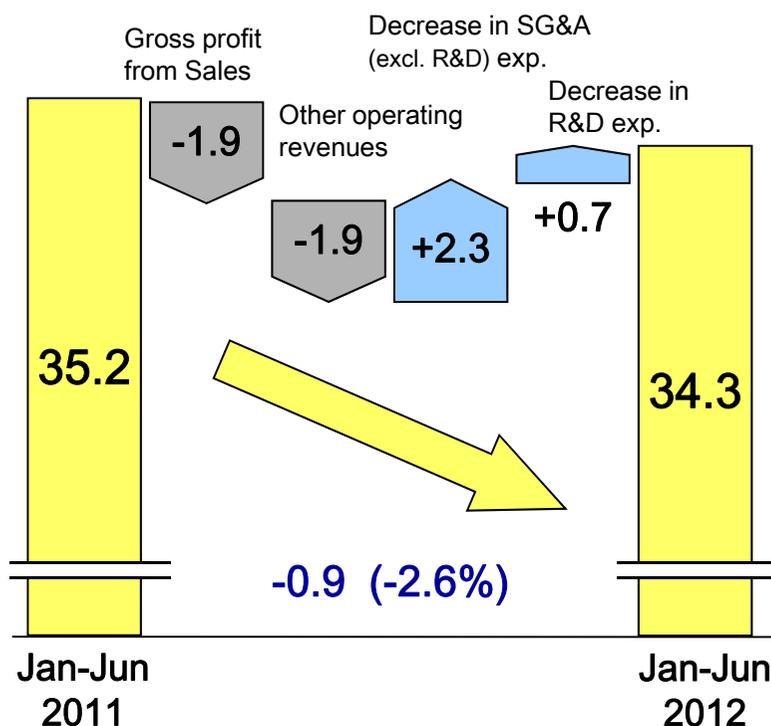
(Billion JPY)		Fiscal Term Sales																Seasonal Sales	Cases per sentinel* (millions)
		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12		FY2010.12		FY2011.12		FY2012.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec		
Ordinary	2004-05	23.2																24.6	1.47
	2005-06		11.9	9.9														21.8	0.92
	2006-07				3.7	5.0												8.7	1.01
	2007-08						5.2	1.4										6.6	0.66
	2008-09								5.7	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																1.5	-	-
Ordinary		35.1	(+26.5)	13.6	(-21.5)	10.2	(-3.4)	7.1	(-3.1)	36.2	(+29.1)	1.6	(-34.6)	5.4	(+3.8)	9.3	(+3.9)		
Govt. Stockpile etc.	2005-06		0.2	6.5														6.7	
	2006-07				17.9	18.9												36.8	
	2007-08						9.6	0.2										9.8	
	2008-09								1.1	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																0.0		
Govt. Stockpile etc.		0.2	(+0.2)	24.4	(+24.2)	28.5	(+4.1)	1.3	(-27.2)	40.0	(+38.7)	16.6	(-23.4)	3.3	(-13.3)	0.4	(-2.9)		
Total		23.2	12.0	16.3	21.6	23.8	14.8	1.6	6.8	25.4	50.8	12.0	6.1	4.6	4.1	8.1	1.5		
		35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	76.2	(+67.8)	18.2	(-58.0)	8.7	(-9.5)	9.7	(+1.0)		

*Total patients 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.

Company forecast
 () Year on year

Operating Income Jan - Jun

(Billion JPY)



(Billion JPY)	2011 Jan-Jun	2012 Jan-Jun	Growth	
				(%)
Revenues	181.9	185.3	+3.4	+1.9
Cost of Sales	74.5	81.7	+7.2	+9.7
Gross Profit	107.4	103.5	-3.9	-3.6
Sales	100.2	98.3	-1.9	-1.9
Other Operating Revenues	7.2	5.3	-1.9	-26.4
SG&A (excl. R&D) exp.	45.3	43.0	-2.3	-5.1
R&D exp.	26.9	26.2	-0.7	-2.6
Operating Income	35.2	34.3	-0.9	-2.6

- Decrease in Gross Profit from Sales -1.9
- Decrease in Other Operating Revenues -1.9
Decrease in one-time income
- Decrease in SG&A (excl. R&D) exp. +2.3
Cost containment
- Decrease in R&D exp. +0.7
Completion of late stage projects

Financial Overview Apr - Jun

(Billion JPY)	2011		2012		Growth	
	Apr-Jun	As % of Revenues	Apr-Jun	As % of Revenues		%
Revenues	96.2		95.0		-1.2	-1.2
Sales	94.4		93.2		-1.2	-1.3
excl. Tamiflu	94.0		92.9		-1.1	-1.2
Tamiflu	0.4		0.3		-0.1	-25.0
Other Operating Revenues	1.8		1.8		+0.0	+0.0
Cost of Sales	39.4		42.1		+2.7	+6.9
Gross Profit	56.8	59.0	52.9	55.7	-3.9	-6.9
SG&A (excl. R&D) exp.	23.2		22.0		-1.2	-5.2
R&D exp.	13.9		13.2		-0.7	-5.0
Operating Income	19.6	20.4	17.7	18.6	-1.9	-9.7
Non-operating Income	1.2		1.5		+0.3	+25.0
Non-operating Expenses	1.4		1.2		-0.2	-14.3
Ordinary Income	19.5	20.3	18.0	18.9	-1.5	-7.7
Extraordinary Gain	-		0.0		+0.0	-
Extraordinary Loss	0.5		0.0		-0.5	-100.0
Net Income	12.1	12.6	11.5	12.1	-0.6	-5.0

(Billion JPY)

➤ Sales excl. Tamiflu	-1.1
Mircera	+4.5
Avastin	+2.2
Edirol	+1.3
Rituxan	+0.8
Epogin	-5.3
Neutrogin (overseas)	-1.3
Actemra (overseas)	-1.1
➤ Sales of Tamiflu*	-0.1
➤ Other Operating Revenues	
Non-operating Income	+0.0
Non-operating Expenses	
➤ Operating Income	-1.9

* Tamiflu

	2011 Apr-Jun	2012 Apr-Jun	Growth
Ordinary	0.4	0.3	-0.1
Govt. Stockpile etc.	-	-	-

Financial Overview Jan - Jun

(Billion JPY)	Actual	Forecast on Feb. 1	
	2012 Jan-Jun	2012 Jan-Jun	Achiev. (%)
Revenues	185.3	195.5	94.8
Sales	180.0	189.5	95.0
excl. Tamiflu	171.9	181.2	94.9
Tamiflu	8.1	8.3	97.6
Other Operating Revenues	5.3	6.0	88.3
Operating Income	34.3	36.5	94.0
Ordinary Income	34.3	37.0	92.7
Net Income	20.9	22.0	95.0

(Billion JPY)	Actual	Forecast on Feb. 1	
	2012 Jan-Jun	2012 Jan-Jun	Achiev. (%)
Sales excl. Tamiflu	171.9	181.2	94.9
Oncology	72.4	74.4	97.3
Avastin	29.6	30.7	96.4
Herceptin	13.5	12.7	106.3
Rituxan	11.7	11.3	103.5
Xeloda	5.2	7.3	71.2
Tarceva	4.5	3.6	125.0
Bone and Joint	30.3	31.4	96.5
Actemra	7.9	7.8	101.3
Evista	7.6	8.0	95.0
Svenyl	5.9	6.8	86.8
Edirol	2.5	2.7	92.6
Renal	22.9	28.3	80.9
Epogin	7.7	8.7	88.5
Mircera	7.5	12.1	62.0
Transp., Immun., Infectious	9.8	11.9	82.4
Pegasys	3.4	5.6	60.7
Copegus	1.0	1.2	83.3
Others	15.0	14.8	101.4
Overseas	21.5	20.4	105.4
Actemra	13.4	12.3	108.9
Neutrogin	6.7	6.5	103.1

Impact from Foreign Exchange

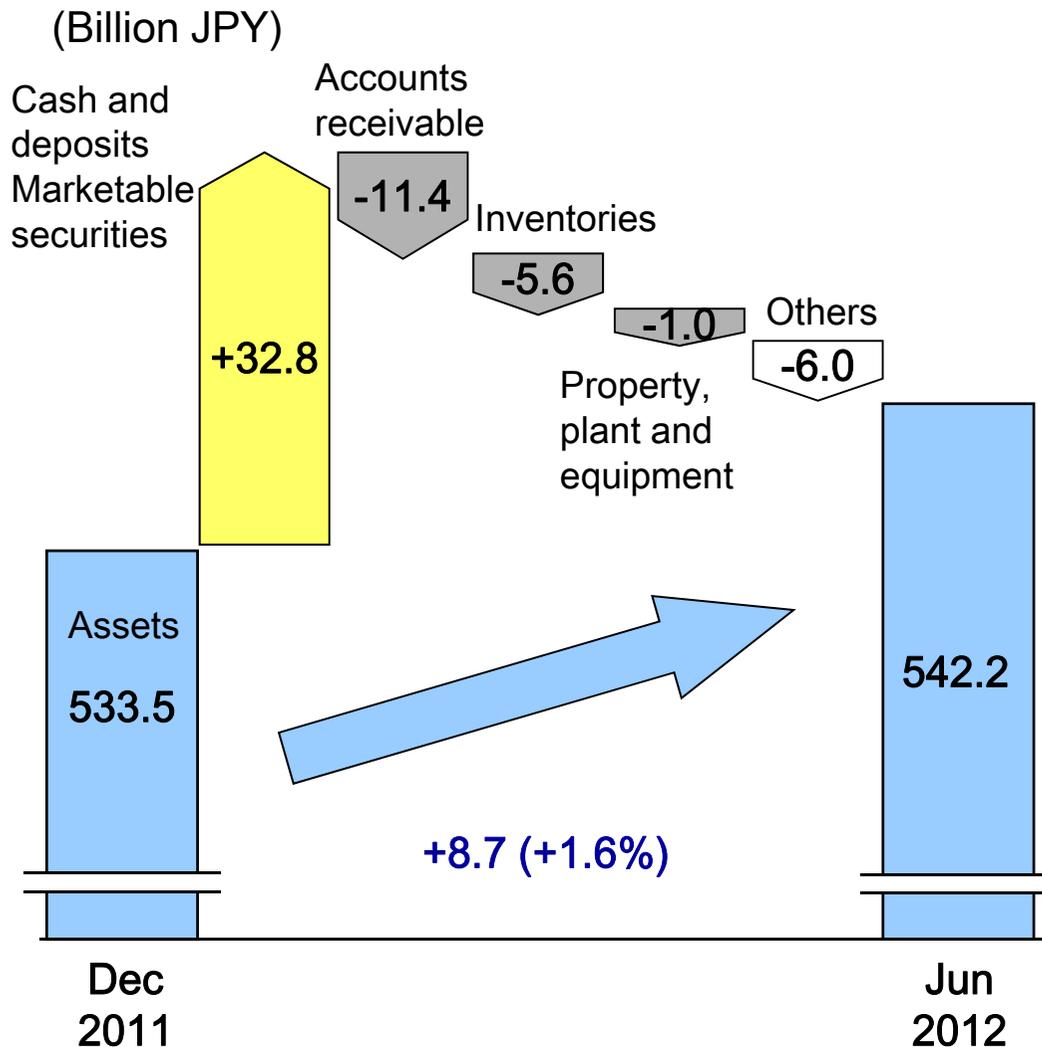
(Billion JPY)	FX impacts Jan-Jun (vs. Forecast on Feb. 1)	
Revenues	-0.3	
	Neutrogin (Overseas)	-0.3
	Actemra (Export)	+0.2
	Other Operating Revenues	-0.2
Cost of sales SG&A expenses	Cost of Roche products	-0.1
	Overseas SG&A exp., etc.	+0.1
Operating Income	-0.3	
Non-operating Inc./Exp.	Gain/loss on foreign exchanges and exchange forward contracts	-0.6
Ordinary Income	-0.9	

FX rate to the JPY	1CHF	1EUR
Assumption as of Feb 1 (Jan – Dec)	85.00	109.00
Actual Jan – Jun avg.	85.82	103.39

[Reference]
Historical exchange rates to the JPY (Jan-Jun)

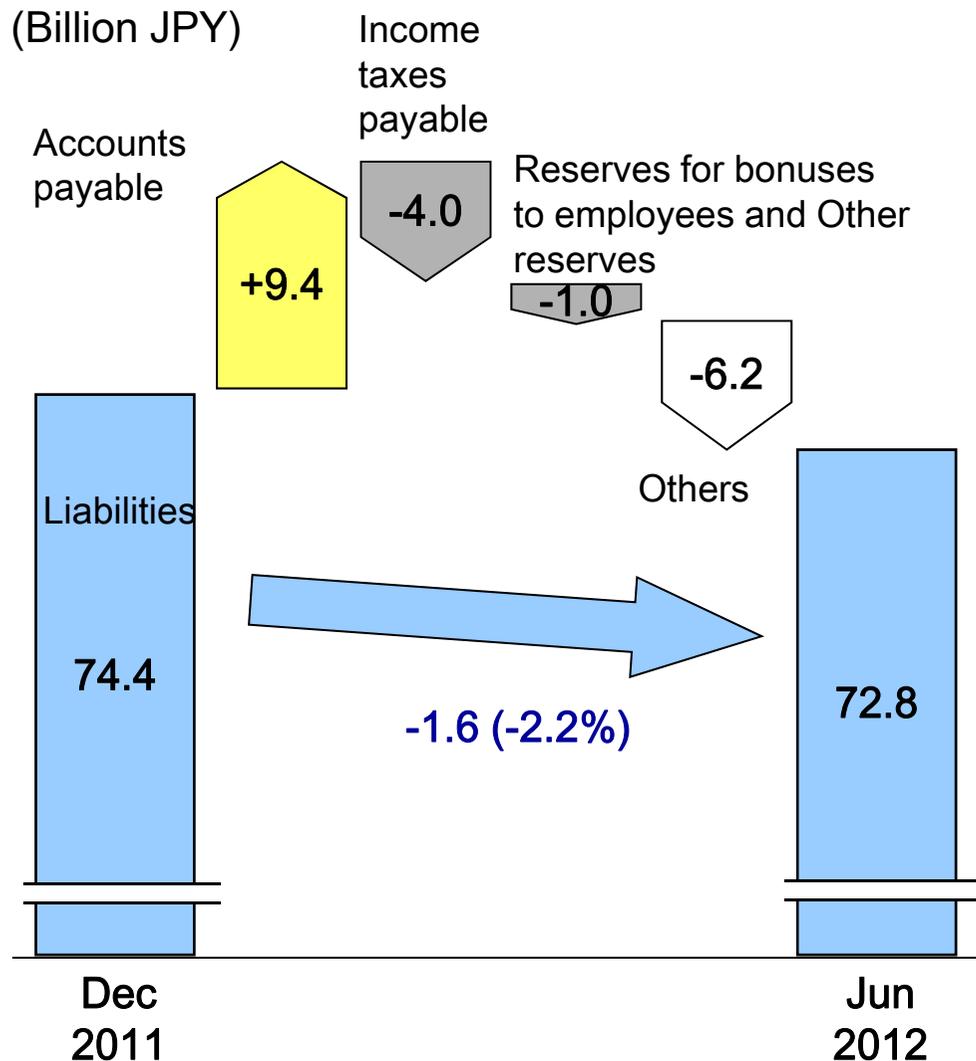


Balance Sheet Items (Assets)



- Cash and deposits +22.8
- Marketable securities +10.0
- Accounts receivable -11.4
- Seasonal change
- Inventories -5.6
- Property, plant and equipment -1.0
- Others -6.0
- Decrease in account receivables - other and deferred tax assets

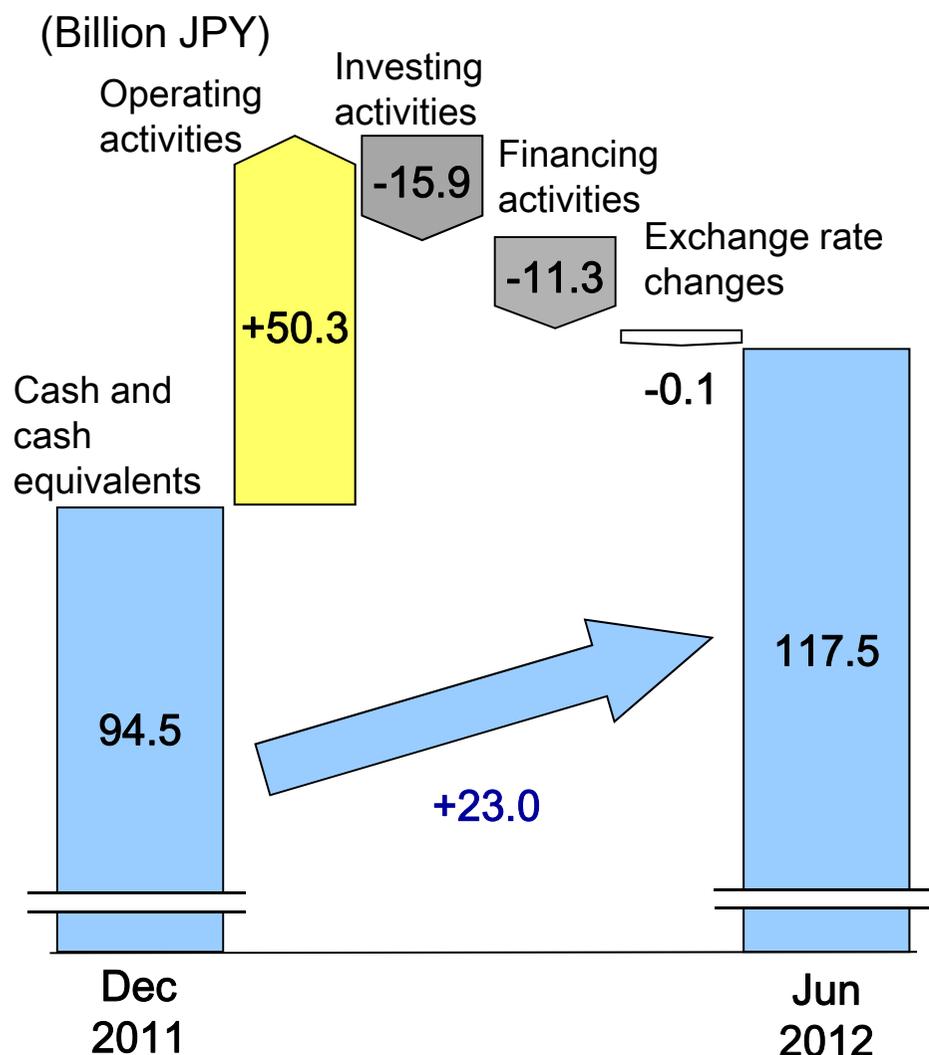
Balance Sheet Items (Liabilities)



- Accounts payable +9.4
- Income taxes payable -4.0
Payment of income taxes
- Reserves for bonuses to employees -0.3
- Other reserves -0.8
- Others -6.2
Decrease in accrued payables and accrued expenses

Equity Ratio		
Dec. 2011	Jun. 2012	Variance
85.6%	86.2%	+0.6%pts

Cash Flow Statement Jan - Jun



➤ Cash flow from operating activities	+50.3
Income before taxes and minority interests	+34.4
Depreciation and amortization	+7.1
Decrease in working capital	+26.4
Decrease in trade notes and accounts receivable	+11.5
Decrease in inventories	+5.5
Increase in trade notes and accounts payable	+9.4
Payments for loss on disaster	-1.1
Income taxes paid	-13.9
➤ Cash flow from investing activities	-15.9
Increase in marketable and investment securities	-8.7
Purchases of noncurrent assets	-7.2
➤ Cash flow from financing activities	-11.3
Cash dividends paid	-10.9
Cash dividends paid to minority interests	-0.4

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