FY2012 1Q Consolidated Financial Overview

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

April 24, 2012
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** 90.3 billion JPY (+5.4%)
  - Tamiflu: sales almost doubled reflecting a large flu season
  - Domestic sales excl. Tamiflu: growth of new products offset by decline in Epogen/HCV products and the impact of NHI price revision
  - Overseas sales: approx. fivefold increase of Actemra export due to the impact of the earthquake
  - Other operating revenues: approx. 30% decline due to decrease in one-time income

- **Operating Income** 16.6 billion JPY (+6.4%):
  - Flat year-on-year gross profit
  - SG&A declined due to cost containment efforts

- **Net Income** 9.3 billion JPY (+86.0%)
  - Extraordinary loss of 6.1 billion JPY recorded last year due to the earthquake
**Financial Overview Jan-Mar**

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>2011 Jan-Mar</th>
<th>2012 Jan-Mar</th>
<th>Growth</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>85.7</td>
<td>90.3</td>
<td>+4.6</td>
<td>+5.4</td>
</tr>
<tr>
<td>Sales</td>
<td>80.4</td>
<td>86.8</td>
<td>+6.4</td>
<td>+8.0</td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>76.2</td>
<td>79.0</td>
<td>+2.8</td>
<td>+3.7</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>4.2</td>
<td>7.8</td>
<td>+3.6</td>
<td>+85.7</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>5.3</td>
<td>3.5</td>
<td>-1.8</td>
<td>-34.0</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>15.6</td>
<td>16.6</td>
<td>+1.0</td>
<td>+6.4</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>2.1</td>
<td>1.1</td>
<td>-1.0</td>
<td>-47.6</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>1.0</td>
<td>1.5</td>
<td>+0.5</td>
<td>+50.0</td>
</tr>
<tr>
<td><strong>Ordinary Income</strong></td>
<td>16.7</td>
<td>16.3</td>
<td>-0.4</td>
<td>-2.4</td>
</tr>
<tr>
<td>Extraordinary Gain</td>
<td>0.0</td>
<td>0.0</td>
<td>+0.0</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary Loss</td>
<td>7.1</td>
<td>0.0</td>
<td>-7.1</td>
<td>-100.0</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>5.0</td>
<td>9.3</td>
<td>+4.3</td>
<td>+86.0</td>
</tr>
</tbody>
</table>

**Average exchange rate (JPY)**

<table>
<thead>
<tr>
<th>2011 Jan-Mar</th>
<th>2012 Jan-Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHF 87.30</td>
<td>86.01</td>
</tr>
<tr>
<td>EUR 112.36</td>
<td>103.91</td>
</tr>
</tbody>
</table>

**Variance**

- **Sales excl. Tamiflu**
  - Domestic: -2.1
  - Overseas: +5.0
- **Sales of Tamiflu**: +3.6
- **Other Operating Revenues**: -1.8
- Decline in one-time income
- **Operating Income**: +1.0
- Non-operating Inc./Exp.: -1.5
- **Extraordinary Gain/Loss**: +7.1
- Decline in Extraordinary Loss
  - Loss on disaster: -6.1
  - Asset retirement obligations: -1.0

* Tamiflu
Sales (excl. Tamiflu) Jan-Mar

(Billion JPY)

<table>
<thead>
<tr>
<th>Disease Field</th>
<th>Jan-Mar 2011</th>
<th>Jan-Mar 2012</th>
<th>Variance Year on Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Sales</td>
<td>70.2</td>
<td>68.1</td>
<td>-2.1, -3.0%</td>
</tr>
<tr>
<td>Renal diseases</td>
<td>14.0</td>
<td>13.6</td>
<td>-0.4, -2.9%</td>
</tr>
<tr>
<td>Bone and Joint</td>
<td>31.0</td>
<td>32.7</td>
<td>-0.4, -2.9%</td>
</tr>
<tr>
<td>Oncology</td>
<td>5.9</td>
<td>10.9</td>
<td>+5.0, +84.7%</td>
</tr>
<tr>
<td>Overseas</td>
<td>8.3</td>
<td>6.9</td>
<td>-1.4, -16.9%</td>
</tr>
<tr>
<td>Others</td>
<td>5.5</td>
<td>4.5</td>
<td>-1.1, -9.6%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Fiscal Term Sales</th>
<th>Seasonal Sales</th>
<th>Cases per sentinel* (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY05.12 Jan-Jun</td>
<td>23.2</td>
<td>24.6</td>
</tr>
<tr>
<td>FY05.12 Jul-Dec</td>
<td>9.9</td>
<td>1.47</td>
</tr>
<tr>
<td>FY06.12 Jan-Jun</td>
<td>11.9</td>
<td>21.8</td>
</tr>
<tr>
<td>FY06.12 Jul-Dec</td>
<td>5.0</td>
<td>0.92</td>
</tr>
<tr>
<td>FY07.12 Jan-Jun</td>
<td>3.7</td>
<td>8.7</td>
</tr>
<tr>
<td>FY07.12 Jul-Dec</td>
<td>1.4</td>
<td>1.01</td>
</tr>
<tr>
<td>FY08.12 Jan-Jun</td>
<td>5.2</td>
<td>6.6</td>
</tr>
<tr>
<td>FY08.12 Jul-Dec</td>
<td>1.4</td>
<td>0.66</td>
</tr>
<tr>
<td>FY09.12 Jan-Jun</td>
<td>5.7</td>
<td>16.7</td>
</tr>
<tr>
<td>FY09.12 Jul-Dec</td>
<td>11.0</td>
<td>1.27</td>
</tr>
<tr>
<td>FY10.12 Jan-Jun</td>
<td>25.2</td>
<td>26.6</td>
</tr>
<tr>
<td>FY10.12 Jul-Dec</td>
<td>1.4</td>
<td>2.02</td>
</tr>
<tr>
<td>FY11.12 Jan-Jun</td>
<td>0.2</td>
<td>4.3</td>
</tr>
<tr>
<td>FY11.12 Jul-Dec</td>
<td>4.1</td>
<td>1.26</td>
</tr>
<tr>
<td>FY12.12 Jan-Jun</td>
<td>1.3</td>
<td>8.8</td>
</tr>
<tr>
<td>FY12.12 Jul-Dec</td>
<td>7.5</td>
<td>-</td>
</tr>
<tr>
<td>FY12.12 Jan-Mar</td>
<td>1.6</td>
<td>8.8</td>
</tr>
<tr>
<td>FY12.12 Apr-Dec</td>
<td>5.4</td>
<td>-</td>
</tr>
<tr>
<td>FY12.12 Jul-Dec</td>
<td>9.3</td>
<td>9.3</td>
</tr>
<tr>
<td>FY12.12 Jul-Dec</td>
<td>3.9</td>
<td>+3.9</td>
</tr>
<tr>
<td>Total</td>
<td>35.1 (+26.6)</td>
<td>13.6 (-21.5)</td>
</tr>
<tr>
<td>Total</td>
<td>10.2 (-3.4)</td>
<td>12.0 (-3.1)</td>
</tr>
<tr>
<td>Total</td>
<td>12.0</td>
<td>23.2 (-34.6)</td>
</tr>
<tr>
<td>Total</td>
<td>5.4 (+3.8)</td>
<td>1.6</td>
</tr>
<tr>
<td>Total</td>
<td>9.3</td>
<td>1.8</td>
</tr>
</tbody>
</table>

*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.
Operating Income Jan-Mar

(Billion JPY)

<table>
<thead>
<tr>
<th></th>
<th>2011 Jan-Mar</th>
<th>2012 Jan-Mar</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>85.7</td>
<td>90.3</td>
<td>+5.4</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>35.1</td>
<td>39.6</td>
<td>+12.8</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>50.6</td>
<td>50.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Sales</td>
<td>45.3</td>
<td>47.2</td>
<td>+4.2</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>5.3</td>
<td>3.5</td>
<td>-34.0</td>
</tr>
<tr>
<td>SG&amp;A (excl. R&amp;D) exp.</td>
<td>22.0</td>
<td>21.0</td>
<td>-4.5</td>
</tr>
<tr>
<td>R&amp;D exp.</td>
<td>13.0</td>
<td>13.1</td>
<td>+0.8</td>
</tr>
<tr>
<td>Operating Income</td>
<td>15.6</td>
<td>16.6</td>
<td>+6.4</td>
</tr>
</tbody>
</table>

- Increase in Gross Profit from Sales +1.9
- Increase in sales of Tamiflu and Actemra (overseas)
- Decrease in Other Operating Revenues -1.8
- Decrease in one-time income
- Decrease in SG&A (excl. R&D) exp. +1.0
- Cost containment
- Increase in R&D exp. -0.1
# Overview

## FY2012 1Q Consolidated Financial Overview

### vs. Forecast

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>Actual</th>
<th>Forecast on Feb. 1</th>
<th>2011 Jan-Mar</th>
<th>2010 Jan-Mar</th>
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<tbody>
<tr>
<td></td>
<td>2012 Jan-Mar</td>
<td>2012 Jan-Jun</td>
<td>Progress (%)</td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>90.3</td>
<td>195.5</td>
<td>46.2</td>
<td>47.1</td>
</tr>
<tr>
<td>Sales</td>
<td>86.8</td>
<td>189.5</td>
<td>45.8</td>
<td>46.0</td>
</tr>
<tr>
<td>excl. Tamiflu</td>
<td>79.0</td>
<td>181.2</td>
<td>43.6</td>
<td>44.8</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>7.8</td>
<td>8.3</td>
<td>94.0</td>
<td>91.3</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>3.5</td>
<td>6.0</td>
<td>58.3</td>
<td>73.6</td>
</tr>
<tr>
<td>Operating Income</td>
<td>16.6</td>
<td>36.5</td>
<td>45.5</td>
<td>44.3</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>16.3</td>
<td>37.0</td>
<td>44.1</td>
<td>46.1</td>
</tr>
<tr>
<td>Net Income</td>
<td>9.3</td>
<td>22.0</td>
<td>42.3</td>
<td>29.2</td>
</tr>
</tbody>
</table>
Major Product Update

CHUGAI PHARMACEUTICAL CO., LTD.
Senior Vice President, General Manager of Sales Div.

Masaaki Tohaya

April 24, 2012
Avastin

**Steady uptake in all indications**

**<Q1 Result>**
- H1 sales progression: 43.6%
- CRC: maintained a high market share
- NSCLC and BC: strong sales uptake

**<Action Plan>**
- Focus on the following activities to achieve budget
  - CRC: increase 1st line share with BBP*
  - NSCLC: raise awareness of efficacy and safety profile
  - BC: provide medical information for appropriate use at local scientific meetings

*BBP: Bevacizumab Beyond Progression
Continuous administration of bevacizumab beyond progression of disease for metastatic colorectal cancer patients, who received bevacizumab-containing first-line therapy
Xeloda

Slower than expected progress, especially in mCRC and aCC

<Billion of JPY>

2.3

2.4

+4.3% YoY

2011 Q1

2012 Q1

<Q1 Result>
- H1 sales progression: 32.9%
- mCRC and aCC: delay in recruitment of newly diagnosed aCC patients

<Action Plan>
- Focus on the following activities to promote the CRC treatment guideline in order to achieve budget:
  - e-seminars
  - DVD for patient education
  - Xeloda AE management seminars
Edirol

**Accelerated growth expected from April with the lifting of the restriction on long term prescription**

(Billion of JPY)

### <Q1 Result>
- H1 sales progression: 22.2%
- Expanded No. of accounts to prepare for the lifting of the restriction on long term prescription in April
  - Adoption of targeted accounts progressing as planned
- Conducted seminars and small conferences to penetrate new guideline

### <Action Plan>
- Accelerate adoption and sales growth after lifting of the restriction on long term prescription
- Promote switching from other VD3 products
- Continue to further penetrate new guideline
Actemra (Domestic Sales)

Strong Growth Continues

<Bullet Points>
- **Q1 Result**
  - H1 sales progression: 48.7%
  - Continued appealing high efficacy of IL-6 inhibitor
  - Result of ADACTA study: Positive comments from rheumatologists, but limited impact on sales

- **Action Plan**
  - Maintain sales growth, absorbing the impact of price revision
  - Expect positive clinical data at JCR
    - Highest number of abstracts among biologics
  - Continue to appeal high efficacy, high remission rate and sustained long-term efficacy

*Graph*
- (Billion of JPY)
- 2011 Q1: 3.5
- 2012 Q1: 3.8 (+8.6% YoY)
Epogin / Mircera

Trend expected to change from Q2
Slow progress in Q1

(Billion of JPY)

Epogin Mircera
7.5 3
3.9 -48.0% YoY

<Q1 Result>
- Mircera
  H1 sales progression: 24.8%
  Slower than expected switching to Mircera
- Epogin
  H1 sales progression: 44.8%
  Lost market share instead of switching to Mircera

<Action Plan>
- Appeal unique monthly dosage feature
  ✓ Utilize publications to promote usage:
    7 papers available
  ✓ The Japanese Society for Dialysis Therapy: approx. 100 abstracts
- Further increase market share in pre-dialysis
Pegasys / Copegus

Although slower than expected progress, aim to achieve budget by differentiating from competitors

(Billion of JPY)

<Q1 Result>
- H1 sales progression: Pegasys: 28.6% Copegus: 41.7%
- HCV: Declined sales due to shrinkage of market
- HBV, LC: Growth below plan

<Action Plan>
- HCV: Growth from expanded monotherapy usage
- HBV: Increase usage of peglated interferons
- LC: Focus on patients with high possibility of SVR*

*SVR: Sustained Viral Response
Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Department Manager of R&D Portfolio Management Dept.

Hisanori Takanashi

April 24, 2012
Development Status - Oncology

**RG1273/pertuzumab**: Adjuvant breast cancer
- In-licensed
- Started P3 multinational study in Apr. 2012

**GC33(RG7686)**: Liver cancer
- In-house
- Started P2 multinational study in Mar. 2012
Development Status - Autoimmune, CNS

**Actemra (Korea)**: Rheumatoid arthritis
Approved in Apr. 2012

**Actemra (Japan)**: Rheumatoid arthritis
Filed new formulation (subcutaneous formulation) in Mar. 2012

**RG7090 (mGluR5)**:
Major depressive disorder
Decided to participate in P2 multinational study
Contacts: Corporate Communications Dept.

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