



Roche Roche Group

FY2011 3Q Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
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October 21, 2011

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 276.0 billion JPY (-0.1 billion JPY):
flat growth due to reduced Tamiflu sales**
 - Tamiflu: stockpiling sales closing out
 - Sales excl. Tamiflu:
 - Overseas sales: 28% growth led by strong Actemra export
 - Domestic sales: negative growth due to decline in Renal and Others
 - Other Operating Revenues: substantial increase from one-time events
- **Operating Income 50.0 billion JPY (+10.9%):**
 - Increase in Other Operating Revenues
 - Decline in SG&A expenses due to the impact of the earthquake
- **Net Income 27.1 billion JPY (-3.6%):**
 - Extraordinary Loss 9.1 billion JPY (7.4 billion JPY earthquake related)

Financial Overview Jan - Sep

(Billion JPY)	2010		2011		Growth	
	Jan-Sep	As % of Revenues	Jan-Sep	As % of Revenues		%
Revenues	276.1		276.0		-0.1	-0.0
Sales	273.3		267.5		-5.8	-2.1
excl. Tamiflu	257.4		261.2		+3.8	+1.5
Tamiflu	15.8		6.3		-9.5	-60.1
Other Operating Revenues	2.8		8.5		+5.7	+203.6
Operating Income	45.1	16.3	50.0	18.1	+4.9	+10.9
Non-operating Income	2.2		3.3		+1.1	+50.0
Non-operating Expenses	3.0		2.2		-0.8	-26.7
Ordinary Income	44.3	16.0	51.1	18.5	+6.8	+15.3
Extraordinary Gain	0.1		0.0		-0.1	-100.0
Extraordinary Loss	0.1		9.1		+9.0	91 times
Net Income	28.1	10.2	27.1	9.8	-1.0	-3.6

(Billion JPY)

- Sales excl. Tamiflu
 - Domestic -3.5
 - Overseas +7.3
- Sales of Tamiflu* -9.5
- Other Operating Revenues +5.7
 - GC33 upfront income
 - Income related to Actemra etc.
- Operating Income +4.9
- Non-operating Inc./Exp. +1.9
- Extraordinary Loss +9.0
 - Loss on disaster +7.4
 - Asset retirement obligations +1.0

Average exchange rate (JPY)

	2010 Jan-Sep	2011 Jan-Sep
CHF	84.00	91.62
EUR	117.66	113.25

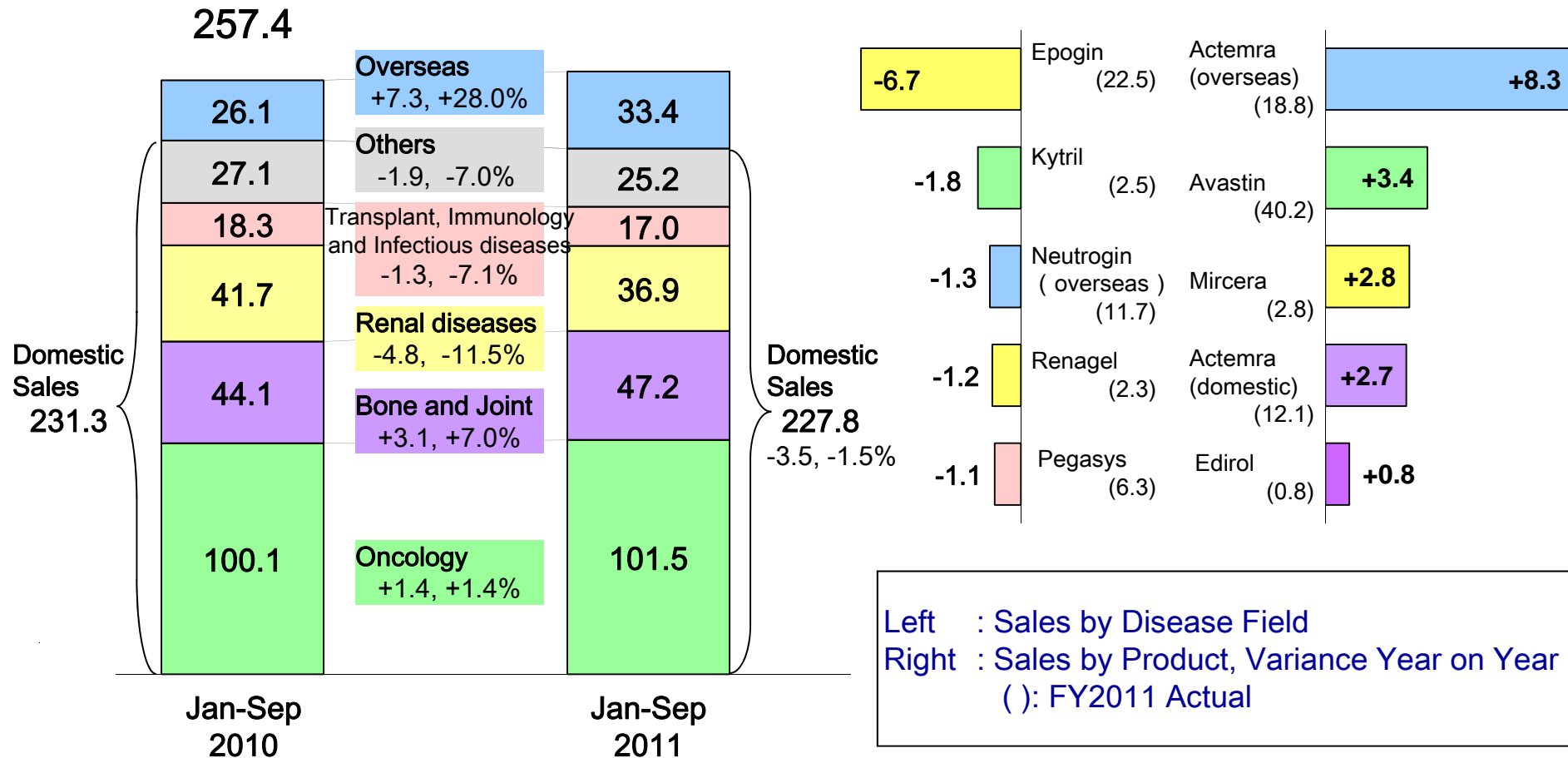
* Tamiflu

	2010 Jan-Sep	2011 Jan-Sep	Variance
Ordinary	1.4	4.1	+2.7
Govt. Stockpile etc.	14.4	2.2	-12.2

Sales (excl. Tamiflu) Jan - Sep

(Billion JPY)

Sales (excl. Tamiflu)
261.2 (+3.8, +1.5%)



Tamiflu Sales Performance

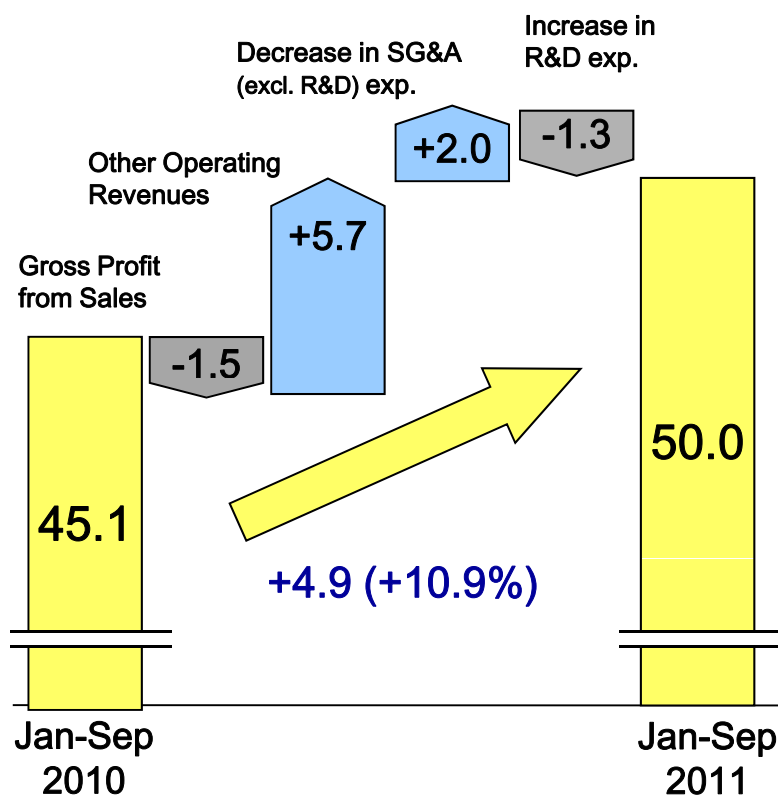
(Billion JPY)		Fiscal Term Sales														Seasonal Sales	Cases per sentinel* (millions)
		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12		FY2010.12		FY2011.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec		
Ordinary	2004-05	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													2.6			
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)	6.7	(+5.1)		
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													3.0			
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)	3.5	(-13.1)		
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	5.6		
		35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	76.2	(+67.8)	18.2	(-58.0)	10.2	(-8.0)		

*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 - Sep

(Billion JPY)



(Billion JPY)	2010 Jan-Sep	2011 Jan-Sep	Variance	
				(%)
Revenues	276.1	276.0	-0.1	-0.0
Cost of Sales	119.6	115.4	-4.2	-3.5
Gross Profit	156.5	160.7	+4.2	+2.7
Sales	153.6	152.1	-1.5	-1.0
Other Operating Revenues	2.8	8.5	+5.7	+203.6
SG&A (excl. R&D) exp.	71.4	69.4	-2.0	-2.8
R&D exp.	39.9	41.2	+1.3	+3.3
Operating Income	45.1	50.0	+4.9	+10.9

- Decrease in Gross Profit from Sales -1.5
Decrease in Tamiflu govt. stockpiling sales
- Increase in Other Operating Revenues +5.7
GC33 upfront income, income related to Actemra etc.
- Decrease in SG&A (excl. R&D) exp. +2.0
Decrease in Marketing expense and IT costs
- Increase in R&D exp. -1.3
Increase in late-stage projects (CSG452, T-DM1 etc.)

Impact of the Great East Japan Earthquake

➤ **Loss on disaster: 7.4 billion JPY (Jan – Sep)**

Fixed costs during shut down increased (Jan-Jun: 6.5 billion JPY)

- Buildings and equipment (costs of retirement, demolition and restoration):
4.2 billion JPY
- Loss on inventories, fixed costs during shut down etc.:
3.2 billion JPY

Full-year forecast 7.5 billion JPY; insurance for buildings and equipment not included

➤ **Impact on operating activities**

- Cancellation of new-launch events and other promotional activities
- Promotional activities disturbed during prolonged shipment control

➤ **Shipment control**

Shipment control to be ended by Oct. 31, and shipment of all product will normalize from Nov. 1

Financial Overview Jul - Sep

(Billion JPY)	2010		2011		Growth	
	Jul-Sep	As % of Revenues	Jul-Sep	As % of Revenues		%
Revenues	93.7		94.1		+0.4	+0.4
Sales	92.6		92.7		+0.1	+0.1
excl. Tamiflu	88.8		91.0		+2.2	+2.5
Tamiflu	3.8		1.7		-2.1	-55.3
Other Operating Revenues	1.1		1.4		+0.3	+27.3
Cost of Sales	39.1		40.8		+1.7	+4.3
Gross Profit	54.6	58.3	53.3	56.6	-1.3	-2.4
SG&A (excl. R&D) exp.	23.7		24.1		+0.4	+1.7
R&D exp.	13.3		14.3		+1.0	+7.5
Operating Income	17.6	18.8	14.8	15.7	-2.8	-15.9
Non-operating Income	1.6		2.1		+0.5	+31.3
Non-operating Expenses	1.1		2.0		+0.9	+81.8
Ordinary Income	18.1	19.3	14.9	15.8	-3.2	-17.7
Extraordinary Gain	0.1		0.0		-0.1	-100.0
Extraordinary Loss	0.0		1.5		+1.5	-
Net Income	11.7	12.5	10.0	10.6	-1.7	-14.5

(Billion JPY)

- Sales excl. Tamiflu +2.2
 - Mircera +2.8
 - Actemra (domestic) +0.9
 - Edirol +0.2
 - Actemra (overseas) +6.6
 - Epogin -4.2
 - Herceptin -1.4
 - Pegasys -0.7
- Sales of Tamiflu* -2.1
- Other Operating Revenues +0.3
Increase in income related to Actemra
- Operating Income -2.8

* Tamiflu	2010 Jul-Sep	2011 Jul-Sep	Variance
Ordinary	0.0	0.0	±0.0
Govt. Stockpile etc.	3.8	1.7	-2.1

Financial Overview Jan - Sep

(Billion JPY)	Actual	Forecast on Jul. 21	
	2011 Jan-Sep	2011 Jan-Dec	Progress (%)
Revenues	276.0	395.2	69.8
Sales	267.5	384.5	69.6
excl. Tamiflu	261.2	374.3	69.8
Tamiflu	6.3	10.2	61.8
Other Operating Revenues	8.5	10.7	79.4
Cost of Sales	115.4	167.2	69.0
Gross Profit	160.7	228.0	70.5
SG&A excl. R&D	69.4	98.0	70.8
R&D exp.	41.2	58.0	71.0
Operating Income	50.0	72.0	69.4
Ordinary Income	51.1	73.1	69.9
Net Income	27.1	37.0	73.2

Sales Progress

Sales excl. Tamiflu	69.8%
Domestic	67.6%
<u>Oncology</u>	67.4%
Herceptin	76.0%
Avastin	64.4%
<u>Bone and Joint</u>	68.4%
Evista	75.4%
Actemra	60.8%
<u>Renal</u>	62.6%
Epogin	73.8%
Mircera	22.6%
<u>Transplant, immunology and infectious diseases</u>	67.7%
Pegasys	61.2%
<u>Others</u>	75.0%
Overseas	89.8%
Actemra	95.4%
Neutrogin	83.0%

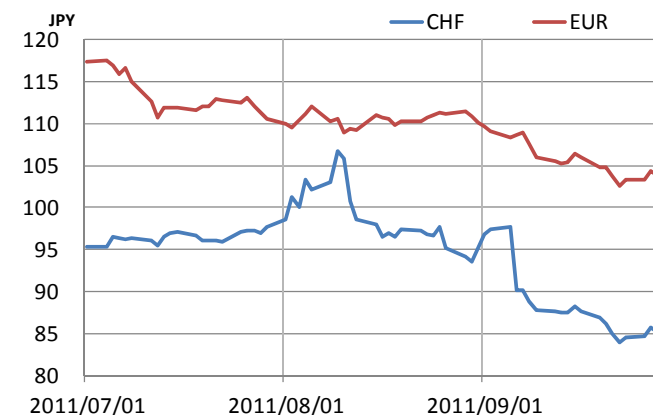
Impact from Foreign Exchange

(Billion JPY)	FX impacts Jan-Jun (vs. forecast on Apr 21)	FX impacts Jul-Sep (vs. forecast on Jul 21)
Revenues	+1.0	+0.1
	Neutrogin (Overseas) +0.3	Actemra (Export) +0.1
	Actemra (Export) +0.5	
	Other Operating Revenues +0.1	
Cost of sales	Cost of Roche products -0.8	Cost of Roche products -0.2
SG&A expenses	Overseas SG&A exp., etc. -0.2	Unrealized profit in Inv., etc. +0.1
Operating Income	-0.1	±0.0
Non-operating Inc./Exp.	Gain/loss on foreign exchanges and exchange forward contracts +0.1	Gain/loss on foreign exchanges and exchange forward contracts +0.5
Ordinary Income	±0.0	+0.5

FX rate to the JPY	1CHF	1EUR
Assumption Jan – Dec as of Apr 21*	85.00	110.00
Actual Jan – Jun avg.	90.38	114.86
Assumption Jul – Dec as of Jul 21	95.00	110.00
Actual Jul – Sep avg.	94.36	110.00
Reference Actual Jan – Sep avg.	91.62	113.25

*No changes from original assumption in Feb.

[Reference]
Historical exchange rates to the JPY (Jul-Sep)





Roche Roche Group

Overview of Development Pipeline

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LTD.

Department Manager
R&D Portfolio Management Dept.
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October 21, 2011

Development Status - Oncology (1)

In-
licensed

Avastin : Breast cancer

Approved in Sep. 2011

In-
licensed

GA101(RG7159) :

Indolent NHL, Aggressive NHL

Decided to participate in P3 multinational study

Development Status - Oncology (2)

In-house

**WT4869 (WT1 peptide cancer vaccine):
Solid tumors**

Started P1 in Sep. 2011

In-licensed

RG3638 (MetMAb) : Non-small cell cancer
Started P1 in Aug. 2011

In-house

Epogin : Chemotherapy-induced anemia

Received unapproval letter from MHLW in Oct. 2011

Development Status -

Bone & Joint, Transplant, Immunology, Infectious diseases and others

In-house

Actemra (EU): sJIA

Approved in Aug. 2011

In-licensed

Pegasys: HBV

Approved in Sep. 2011

In-licensed

RG3637 (lebrikizumab) : Asthma

Started P1 in Aug. 2011

New Projects Focused on PHC

■ MetMAb: Non-small cell lung cancer

- Patient population: 60,000 (Advanced/Recurrent)
- Companion diagnostics: Met diagnostic-positive (>50%)

■ vemurafenib: Melanoma

- Plan to start Japanese P1 study in 2012
- Patient population: newly diagnosed 1,300 -1,400 per year
- Companion diagnostics: BRAF V600E mutation (BRAF V600E mutation positive - 30%)

■ lebrikizumab: Asthma

- Started Japanese P1 study in Aug 2011
- Patient population: 4 mil.
- Companion diagnostics: serum periostin (periostin high expression - 50%)

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