



Roche Roche Group

FY2011 1Q Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
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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 85.7 billion JPY: slight decline due to Tamiflu (-1.6%)**
 - Tamiflu: stockpiling sales closing out
 - Domestic sales excl. Tamiflu: strong growth in Oncology and Bone & Joint >7%
 - Overseas sales: >20% decrease due to stronger JPY and impact of the Great East Japan Earthquake
 - Other Operating Revenues: substantial increase due to one-time events including GC33 upfront income

- **Operating Income 15.6 billion JPY: >40% increase due to growth in gross profit**
 - Double-digit growth in gross profit driven by increase in Other Operating Revenues
 - Flat year-on-year SG&A expenses

- **Net Income 5.0 billion JPY: >40% decline due to impact of the earthquake**
 - Extraordinary Loss 7.1 billion JPY (6.1 billion JPY earthquake related)

Financial Overview Jan-Mar

(Billion JPY)	2010		2011		Variance		(Billion JPY)
	Jan-Mar	As % of Revenues	Jan-Mar	As % of Revenues		%	
Revenues	87.1		85.7		-1.4	-1.6	➤ Sales excl. Tamiflu
Sales	86.2		80.4		-5.8	-6.7	Domestic +2.2
excl. Tamiflu	75.4		76.2		+0.8	+1.1	Overseas -1.5
Tamiflu	10.8		4.2		-6.6	-61.1	➤ Sales of Tamiflu* -6.6
Other Operating Revenues	0.9		5.3		+4.4	+488.9	➤ Other Operating Revenues +4.4
							GC33 upfront income
Operating Income	11.1	12.7	15.6	18.2	+4.5	+40.5	Income related to Actemra etc.
Non-operating Income	1.3		2.1		+0.8	+61.5	➤ Operating Income +4.5
Non-operating Expenses	0.3		1.0		+0.7	+233.3	➤ Non-operating Inc./Exp. +0.1
Ordinary Income	12.1	13.9	16.7	19.5	+4.6	+38.0	
Extraordinary Gain	0.1		0.0		-0.1	-100.0	➤ Extraordinary Loss
Extraordinary Loss	0.0		7.1		+7.1	-	Loss on disaster +6.1
							Asset retirement obligations +1.0
Net Income	7.9	9.1	5.0	5.8	-2.9	-36.7	

Average exchange rate (JPY)

	2010 Jan-Mar	2011 Jan-Mar
CHF	85.80	87.30
EUR	125.58	112.36

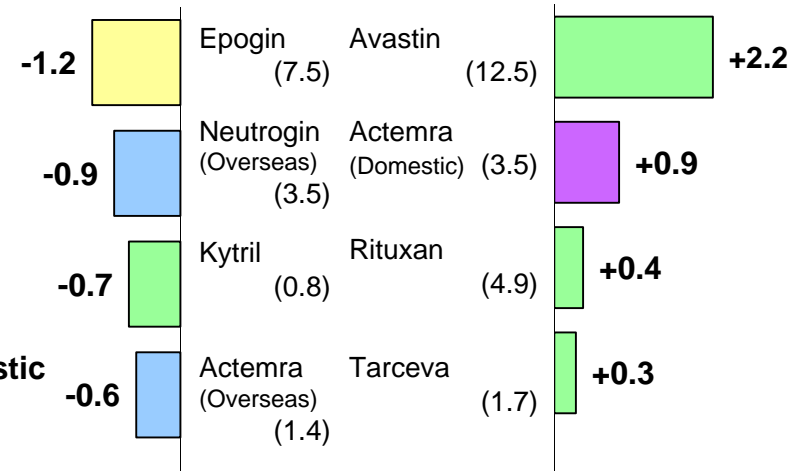
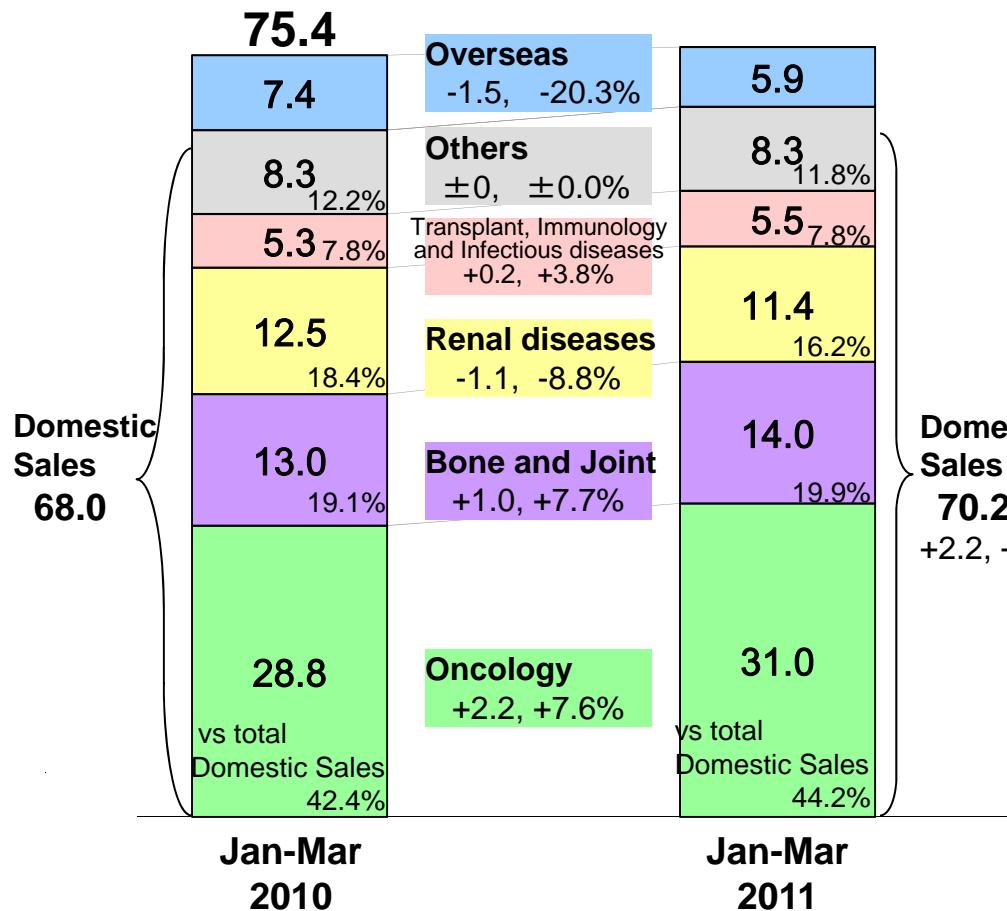
* Tamiflu

	2010 Jan-Mar	2011 Jan-Mar	Variance
Ordinary	1.4	3.7	+2.3
Govt. Stockpile etc.	9.5	0.5	-9.0

Sales (excl. Tamiflu) Jan-Mar

(Billion JPY)

Sales (excl. Tamiflu)
76.2 (+0.8, +1.1%)



Left : Sales by Disease Field
Right : Sales by Product, Variance Year on Year
(): FY2011 Actual.



Tamiflu Sales Performance

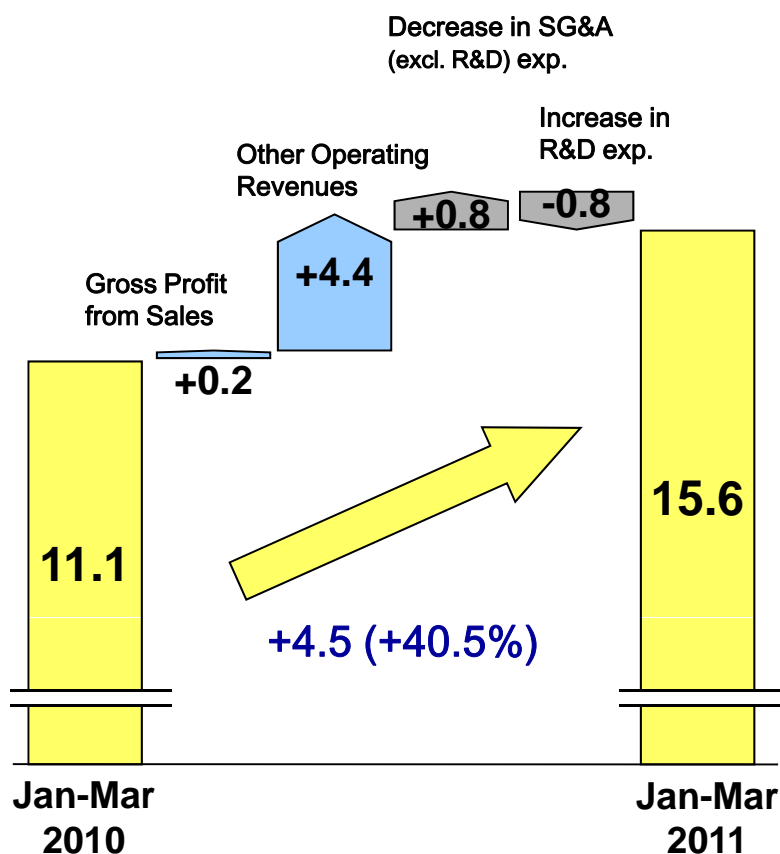
(Billion JPY)		Fiscal Term Sales														Seasonal Sales	Cases per sentinel* (millions)
		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12		FY2010.12		FY2011.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Mar	Apr-Dec		
Ordinary	2004-05	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	3.7		3.9	-
	2011-12														4.1		
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)	7.8	(+6.2)		
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														3.9		
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)	4.4	(-12.2)		
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	4.2	8.0		
		35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	76.2	(+67.8)	18.2	(-58.0)	12.2	(-6.0)		

*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

Operating Income Jan-Mar

(Billion JPY)



(Billion JPY)	2010 Jan-Mar	2011 Jan-Mar	Variance	
				(%)
Revenues	87.1	85.7	-1.4	-1.6
Cost of Sales	41.1	35.1	-6.0	-14.6
Gross Profit	46.0	50.6	+4.6	+10.0
Sales	45.1	45.3	+0.2	+0.4
Other Operating Revenues	0.9	5.3	+4.4	+488.9
SG&A (excl. R&D) exp.	22.8	22.0	-0.8	-3.5
R&D exp.	12.2	13.0	+0.8	+6.6
Operating Income	11.1	15.6	+4.5	+40.5

- Increase in Gross Profit from Sales +0.2
Improved cost of sales ratio due to decline in Tamiflu govt. stockpiling sales
- Decrease in SG&A (excl. R&D) exp. +0.8
Decrease in IT and personnel expenses
- Increase in R&D exp. -0.8
Increase in late-stage projects (CSG452, T-DM1 etc.)

Impact of the Great East Japan Earthquake

➤ Damage

- Utsunomiya Plant (Chugai Pharma Manufacturing Co., LTD.) was severely damaged.
- Minor damage was reported from other plants, logistics centers, R&D labs, Sendai Branch and Koriyama Office.

➤ Loss on disaster (Extraordinary Loss):

approx. 9 billion JPY (full-year estimation)

- Buildings and equipment (costs of retirement, demolition and restoration): approx. 5 billion JPY
- Loss on inventories, etc.: approx. 4 billion JPY

➤ Restoration related Cap-ex: approx. 6 billion JPY (estimation)

- Replacement of quality control and administration & welfare buildings at Utsunomiya Plant (FY2012)
- Repurchase of damaged equipment and machinery including research instruments

Revision of Forecast

➤ Limited to Extraordinary Loss

Sales and Operating Income guidance remains unchanged. While uncertainties remain such as power supply, no major impact on Sales is expected.

- Full-scale production is expected to resume by September.
- Normalization of distribution channel is expected from October.

➤ Revised full year forecast for Extraordinary Loss: approx. 10 billion JPY

1 billion JPY of asset retirement obligations as recorded in 1Q and 9 billion JPY of loss on disaster

➤ Assumption for statutory tax rate

A one-time deterioration of deferred tax assets is reflected in the forecast

- Tax rate reduction reform included in the original forecast is maintained

Overview

(Billion JPY)	Actual	Forecast Jan-Jun 2011			Forecast Jan-Dec 2011		
	2011 Jan-Mar	Original (Feb. 2)	Revised (Apr. 21)	variance	Original (Feb. 2)	Revised (Apr. 21)	variance
Revenues	85.7	190.0	190.0	-	403.0	403.0	-
Sales	80.4	182.5	182.5	-	391.7	391.7	-
excl. Tamiflu	76.2	176.8	176.8	-	379.5	379.5	-
Tamiflu	4.2	5.7	5.7	-	12.2	12.2	-
Other Operating Revenues	5.3	7.5	7.5	-	11.3	11.3	-
Cost of Sales	35.1				167.8	167.8	-
Gross Profit	50.6				235.2	235.2	-
SG&A excl. R&D	22.0				101.0	101.0	-
R&D exp.	13.0				59.2	59.2	-
Operating Income	15.6	34.0	34.0	-	75.0	75.0	-
Ordinary Income	16.7	34.5	34.5	-	75.5	75.5	-
Net Income	5.0	17.0	12.5	-4.5	42.5	37.0	-5.5



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Overview of Development Pipeline

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April 21, 2011

Development Status - Oncology, Bone & Joint

In-house

Edirol (ED-71): Osteoporosis

Launched in Apr. 2011

In-house

Actemra (US): sJIA

Approved in Apr. 2011

In-licensed

Xeloda: Gastric cancer

Approved in Feb. 2011

In-licensed

Herceptin: Gastric cancer

Approved in Mar. 2011

Development Status –

Transplant, Immunology, Infectious diseases and others

In-
licensed

Pegasys: Hepatitis B

Designated as priority review subject in Apr. 2011

In-
licensed

taspeglutide (RG1583): Type II diabetes

Development suspended

* Roche returned development license to Ipsen

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