



Roche Roche Group

FY2009 3Q Consolidated Financial Overview

CHUGAI PHARMACEUTICAL CO., LTD.
General Manager
Finance & Accounting Dept.
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October 27, 2009

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.

Note: Amounts are rounded to the nearest 0.1 billion yen.

Variance and % are calculated based on amounts shown.

Summary

- Significant increase in both Revenues and Profits (Year on Year)
 - Revenues: +34.8%, Sales excl. Tamiflu: +10.9%
 - Solid domestic sales
 - Oncology sales: +25.6% (#1 share in the domestic market*)
 - Overseas sales: -4.8% due to the impact of strong yen
 - Operating Income : +47.7%
 - Gross Profit: +17.1% due to increase in Revenues
 - SG&A expenses: +5.3 %
 - Recurring Profit: +54.6% , Net Income: +35.9%
 - Accelerated by Non-operating income from exchange forward contract
- Full year forecast revised from Sales and SG&A trends and Fx impact (released on Oct 7, 2009)

*The scope of the market is defined by Chugai and its share is calculated based on IMS Data.

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Financial Overview Jan-Sep

(Billion JPY)	2008		2009		Variance	
	Jan-Sep	As % of Revenues	Jan-Sep	As % of Revenues		(%)
Revenues	229.7		309.7		+80.0	+34.8
Sales	224.9		303.4		+78.5	+34.9
excl. Tamiflu	223.2		247.6		+24.4	+10.9
Tamiflu	1.7		55.8		+54.1	-
Other Operating Revenues	4.8		6.3		+1.5	+31.3
Operating Income	39.8	17.3	58.8	19.0	+19.0	+47.7
Non-operating Income	4.3		7.8		+3.5	+81.4
Non-operating Expenses	1.4		0.5		-0.9	-64.3
Recurring Profit	42.7	18.6	66.0	21.3	+23.3	+54.6
Extraordinary Gain	7.3		0.3		-7.0	-95.9
Extraordinary Loss	0.4		0.1		-0.3	-75.0
Net Income	30.1	13.1	40.9	13.2	+10.8	+35.9

(Billion JPY)

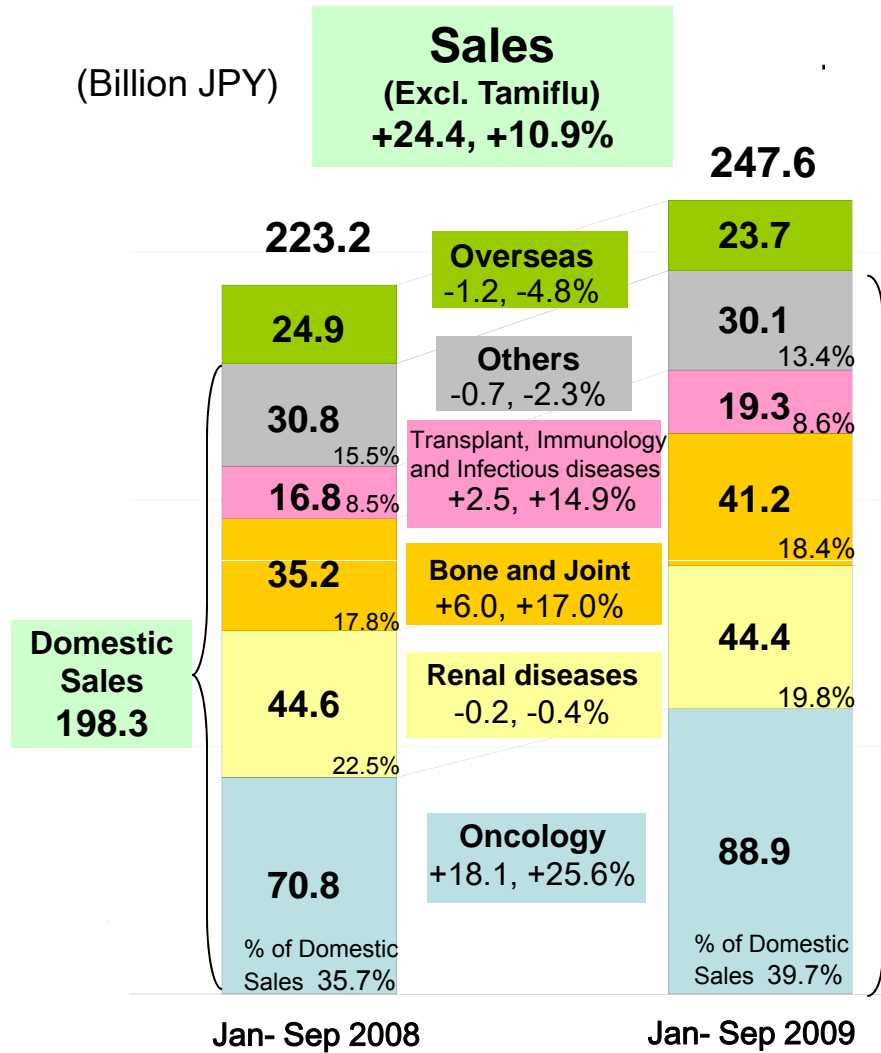
- Sales excl. Tamiflu +24.4
- Sales of Tamiflu* +54.1
- Other Operating Revenues +1.5
 - Milestone Income
 - Co-promotion income
- Operating Income +19.0
- Non-operating Inc. / Exp. +4.4
 - Gain on exchange forward contract
- Extraordinary Gain / Loss -6.7
 - Gain on settlement of co-development costs for Actemra (April 2008)

Average rate (JPY)

	2008 Jan-Sep	2009 Jan-Sep
CHF	100.08	85.68
EUR	160.93	129.32

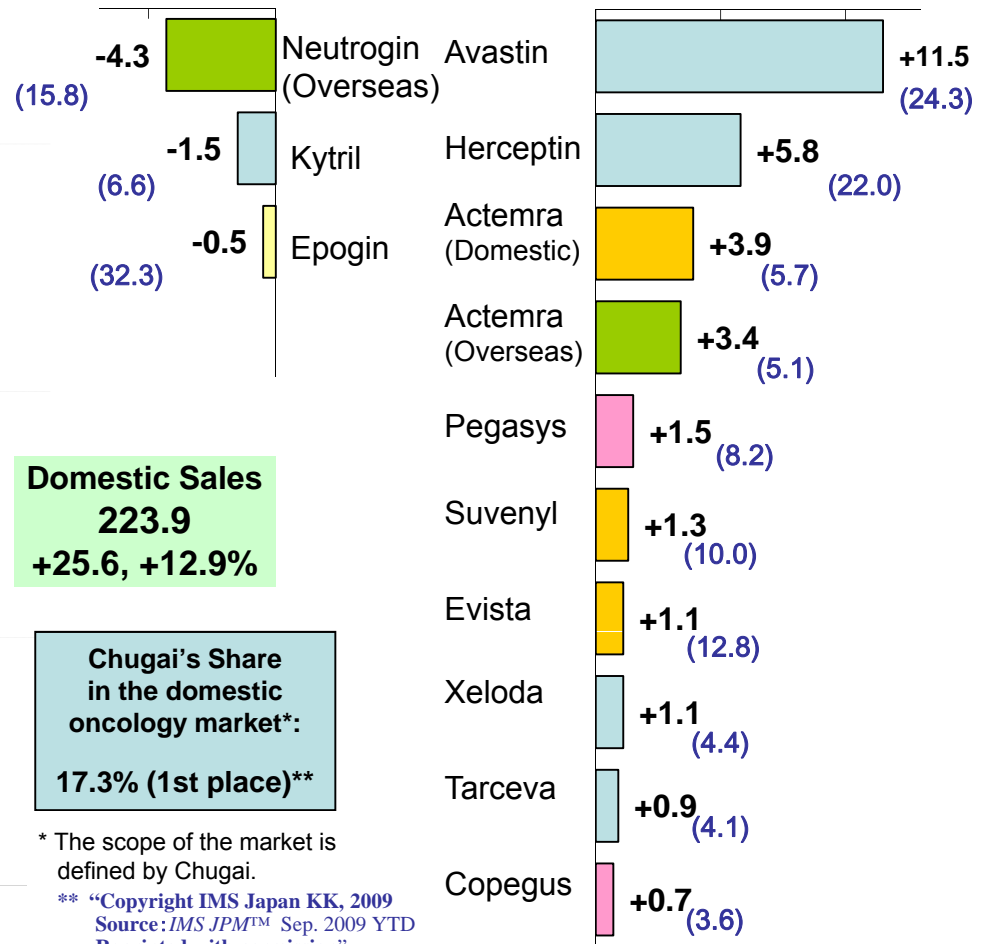
* Tamiflu	2008 Jan-Sep	2009 Jan-Sep	Variance
Ordinary	1.5	18.5	+17.0
Govt. Stockpile etc.	0.2	37.3	+37.1

Sales (Excl. Tamiflu) Jan-Sep



Major Products Sales, Variance Year on Year

() : FY2009 Actual



Domestic Sales
223.9
+25.6, +12.9%

Chugai's Share in the domestic oncology market*:
17.3% (1st place)**

* The scope of the market is defined by Chugai.

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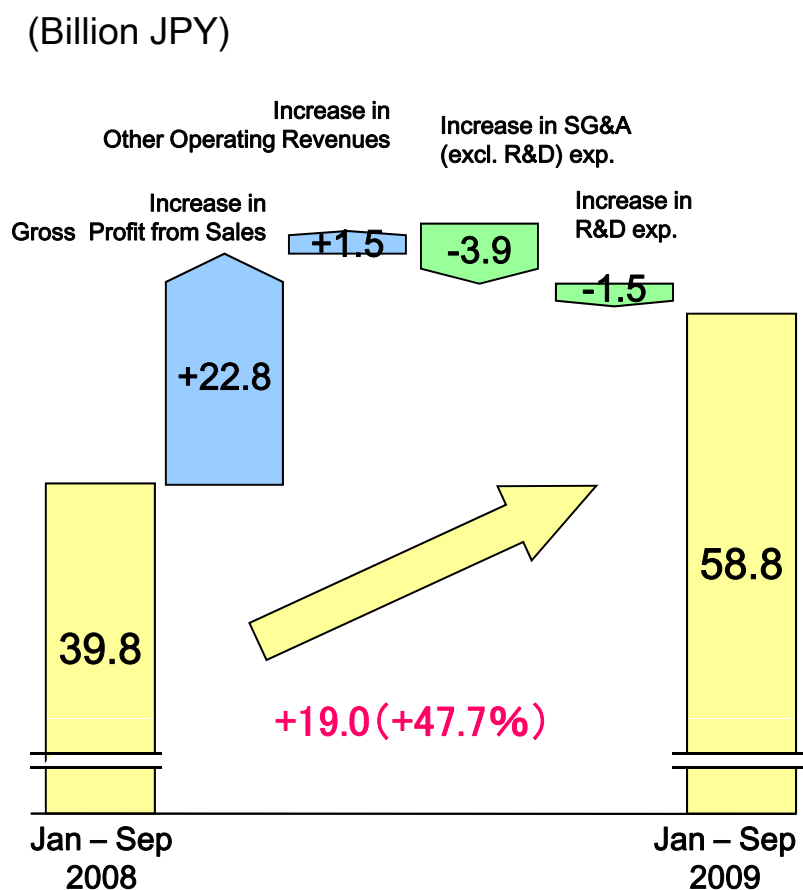
Tamiflu sales performance

(Billion JPY)		Fiscal Term Sales											Seasonal Sales	Number of Patients* (millions)
		FY2005.12		FY2006.12		FY2007.12		FY2008.12		FY2009.12				
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Sep	Oct-Dec		
Ordinary	2004/2005	23.2											24.6	1.47
	2005/2006		11.9	9.9									21.8	0.92
	2006/2007				3.7	5.0							8.7	1.01
	2007/2008						5.2	1.4					6.6	0.66
	2008/2009								5.7	11.0			16.7	1.27
	2009/2010										7.6	n.a.		
Ordinary		35.1	(+26.5)	13.6	(-21.5)	10.2	(-3.4)	7.1	(-3.1)					
Govt. Stockpile etc.	2005/2006		0.2	6.5									6.7	
	2006/2007				17.9	18.9							36.8	
	2007/2008						9.6	0.2					9.8	
	2008/2009								1.1	14.4			15.5	
	2009/2010										22.9	n.a.		
Govt. Stockpile etc.		0.2	(+0.2)	24.4	(+24.2)	28.5	(+4.1)	1.3	(-27.2)					
Total		23.2	12.0	16.3	21.6	23.8	14.8	1.6	6.8	25.4	30.4	9.1		
		35.2	(+26.6)	38.0	(+2.8)	38.7	(+0.7)	8.4	(-30.3)	64.9 **			(+56.5)	

*Total patients number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April, published by Japan's National Institute of Infectious Diseases.

** Revised on October 7 (Original forecast: 53.0 billion JPY).

Operating Income Jan-Sep



(Billion JPY)	2008 Jan-Jun	2009 Jan-Jun	Variance	
				(%)
Revenues	229.7	309.7	+80.0	+34.8
Cost of Sales	87.6	143.3	+55.7	+63.6
Gross Profit	142.1	166.4	+24.3	+17.1
Sales	137.3	160.1	+22.8	+16.6
Other Operating Revenues	4.8	6.3	+1.5	+31.3
SG&A (excl. R&D) exp.	65.9	69.8	+3.9	+5.9
R&D exp.	36.3	37.8	+1.5	+4.1
Operating Income	39.8	58.8	+19.0	+47.7

- Increase in Gross Profit from Sales +22.8
 - Increase in Tamflu, Oncology product sales etc.
- Increase in SG&A (excl. R&D) expenses -3.9
 - Sales promotion and PMS expenses for new products etc. (Avastin, Actemra etc.)
 - Increase in personnel (pension etc.)
- Increase in R&D expenses -1.5
 - Increase in depreciation (Pharmaceutical technology research facilities)

Financial Overview Jul-Sep

(Billion JPY)	2008		2009		Variance	
	Jul-Sep	As % of Revenues	Jul-Sep	As % of Revenues		(%)
Revenues	83.8		118.0		+34.2	+40.8
Sales	80.0		117.5		+37.5	+46.9
excl. Tamiflu	79.9		87.0		+7.1	+8.9
Tamiflu	0.1		30.4		+30.3	-
Other Operating Revenues	3.8		0.5		-3.3	▲86.8
Cost of sales	31.3		59.4		+28.1	+89.8
Gross Profit	52.5	62.6	58.6	49.7	+6.1	+11.6
SG&A (excl. R&D) exp.	23.7		23.7		+0.0	+0.0
R&D exp.	12.1		13.3		+1.2	+9.9
Operating Income	16.7	19.9	21.6	18.3	+4.9	+29.3
Recurring Profit	18.4	22.0	22.6	19.2	+4.2	+22.8
Net Income	11.3	13.5	14.6	12.4	+3.3	+29.2

- Sales excl. Tamiflu +7.1
 - Avastin +3.3
 - Actemra (Overseas) +1.8
 - Actemra (Domestic) +1.1
 - Herceptin +0.9
 - Neutrogen (Overseas) -1.2
- Sales of Tamiflu* +30.3
- Other Operating Revenues -3.3
 - Milestone Income (2008)
- Operating Income +4.9

* Tamiflu	2008 Jul-Sep	2009 Jul-Sep	Variance
Ordinary	0.1	7.6	+7.5
Govt. Stockpile etc.	-	22.9	+22.9

Financial Overview

(Billion JPY)	Actual	Original Forecast Feb 4		Variance	Revised Forecast Oct 7		2008 Jan-Sep /Jan-Dec (%)
	2009 Jan-Sep	2009 Jan-Dec	Prog. (%)		2009 Jan-Dec	Prog. (%)	
Revenues	309.7	400.0	77.4	+20.0	420.0	73.7	70.3
Sales	303.4	390.3	77.7	+19.7	410.0	74.0	69.9
excl. Tamiflu	247.6	337.3	73.4	+7.9	345.2	71.7	71.2
Tamiflu	55.8	53.0	105.3	+11.9	64.9	86.0	20.2
Other Operating Revenues	6.3	9.7	64.9	+0.3	10.0	63.0	94.1
Operating Income	58.8	63.0	93.3	+4.0	67.0	87.8	77.1
Recurring Profit	66.0	63.5	103.9	+10.5	74.0	89.2	74.5
Net Income	40.9	40.0	102.3	+6.0	46.0	88.9	76.6

Sales Outlook (released on Oct 7)

(Billion JPY)

Revised full year forecast (vs. Original Forecast)		53.7		63.8		
		1st half		2nd half		
Oncology	124.2 (+6.7)	57.8		66.5		3Q: 31.1 + 4Q Forecast: 35.3
		28.4		33.5		
Renal	61.9 (±0.0)	28.8		33.1		15.6+17.5
		26.4		32.0		
Bone and Joint	58.9 (+0.4)	26.9		32.0		14.3+17.7
		13.1		17.0		
Transplant, immunology and infectious diseases	28.3 (-1.8)	12.8	15.5			6.5+9.0
		19.7		22.1		
Others	41.7 (±0.0)	20.0		21.7		10.0+11.6
		13.8		13.9		
Overseas	30.0 (+2.3)	14.2	15.8			9.5+6.3
		39.0		14.0		
Tamiful	64.9 (+11.9)	25.4		39.5		30.4+9.1

	vs. Original Forecast	Full Year	(1st Half , 2nd Half)	
Oncology	+6.7	(	+4.1	, +2.7)
Avastin	+4.6	(	+2.4	, +2.2)
Herceptin	+2.5	(	+2.1	, +0.4)
Rituxan	+0.6	(	+0.3	, +0.2)
Kytril	-1.0	(	-0.3	, -0.6)
Neutrogen	-0.6	(	-0.5	, -0.0)
Transplant, immunology and infectious diseases	-1.8	(	-0.3	, -1.5)
Pegasys	-0.7	(	+0.0	, -0.8)
Copegus	-0.6	(	-0.1	, -0.5)
Overseas	+2.3	(	+0.4	, +1.9)
Actemra	+1.1	(	+0.1	, +1.0)
Neutrogen	+0.8	(	-0.2	, +1.0)

Upper line : Original forecast (Feb 4)
Lower line : Revised forecast (Oct 7)



Roche Roche Group

Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO.,LTD.
Department Manager
Project Management Dept.
Hisanori Takanashi

October 27, 2009

Development Status – Oncology (1)

In-house

Actemra: Pancreatic cancer

Started P1/2 in Sep. 09

⇒ Domestic study in combination with gemcitabine

In-house

TP300: Gastic cancer, etc

Started P2 in Oct. 09

⇒ Topoisomerase I inhibitor, conducted in the UK

Development Status – Oncology (2)

Roche
Product

Avastin: Glioblastoma

- ⇒ Participated in a multinational P3 study by Roche
- Started a domestic P2 study with relapsed patients

Roche
Product

RG1273 (pertuzumab): Breast cancer

Started P3 in Jul. 09

- ⇒ Humanized HER dimerization inhibitory monoclonal antibody, participated in a multinational P3 study by Roche

Development Status – Oncology (3)

Roche
Product

Xeloda: Colorectal cancer

Approval in Sep. 09

- ⇒ Combination therapy with oxaliplatin (XELOX), combination of XELOX and Avastin also approved simultaneously

Roche
Product

Tarceva: Pancreatic cancer

Filed in Sep. 09

- ⇒ 1st line, in combination with gemcitabine

Roche
Product

Avastin: Breast cancer

Filed in Oct. 09

- ⇒ 1st line, in combination with standard chemotherapy

Roche
Product

RG3502: Breast cancer

Started P1 in Oct. 09

- ⇒ Trastuzumab-DM1, HER2 antibody-drug conjugate

Development Status – Bone & Joint(1)

In-house

RoActemra (Europe) :

- Inhibition of joint damage and improvement in physical function in rheumatoid arthritis(RA) patients

Filed in Sep. 09

⇒ Based on positive 2 year data from LITHE study

- NICE issued a negative Appraisal Consultation Document that it does not recommend RoActemra to treat moderate to severe active RA patients, as part of the ongoing Appraisal process

⇒ Roche will respond to NICE before the final conclusion

In-house

ED-71 (eldecalcitol) : Osteoporosis

Filed in Oct. 09

⇒ Activated Vitamin D₃ derivative, jointly developed with Taisho Pharmaceutical

Development Status – Bone & Joint(2), Renal

Roche
Product

RG1594 (ocrelizumab): Rheumatoid arthritis

- Roche has suspended FILM study targeting MTX naïve patients and closed BELONG study in lupus nephritis (risk-benefit evaluation based on incidences of infection)
- New administration to be halted in studies on-going in Japan, following Roche's decision to suspend any new dosage in the Asia-Pacific region in its global development (higher incidence of opportunistic infection reported in this region)
 - ⇒ Future action will be decided upon discussion with Roche and the authorities

Roche
Product

RG744 (C.E.R.A.): Renal anemia

Filed in Jul. 09

- ⇒ stable Hb control with once every-four-week maintenance administration

Development Status – Other diseases

Roche
Product

RG1583/ITM-077 (taspoglutide) : Type II diabetes

Started P2 in Jul. 09

⇒ GLP-1 analog, jointly developed with Teijin

inlicense

NTZ : Chronic hepatitis C

Started P1 in Aug. 09

⇒ Thiazolide compound, inlicensed from Romark
Laboratories

Roche
Product

RG1450: Alzheimer's disease

Started P1 in Oct. 09

⇒ Human anti-amyloid-beta monoclonal antibody

Other changes

Deleted from development pipeline with due consideration for development priorities:

	Project/Indication	Phase	Note
Actemra	Multiple myeloma	P2	
	Crohn's disease	P2	
	Castleman's disease (overseas)	P1	
	Systemic lupus erythematosus (SLE)	P1	
Others	GM-611 (motilin agonist)	P1 P2 (overseas)	Diabetic gastroparesis, irritable bowel syndrome (IBS)
	RG1579 (DPP-IV inhibitor)	P1	Type II diabetes

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