



FY2017 3Q Consolidated Financial Overview (IFRS based)

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October 25, 2017



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 shown in this report are rounded to the nearest 0.1 billion yen
Variance and % are calculated based on the amounts shown.



3Q Results Summary

■ **Revenues: 387.6 billion yen (+26.1, +7.2% YoY)**

- Domestic sales excl. Tamiflu: increase due to growth of main products exceeding impact of HIP revision (+3.8, +1.4%)
- Overseas sales: growth of Alecensa export to Roche, etc. (+12.0, +19.4%)
- Royalties and other operating income: increase in milestone income (+8.9, +63.6%)

■ **Cost of sales / Operating expenses (Core basis)**

- Cost of sales: the ratio to sales improved due to change in product mix, etc. (-1.8% points, from 52.7% to 50.9%)
- Operating expenses: overall increase mainly due to the increase of research and development expenses and general and administration expenses, etc. (-4.4, +3.7%)

■ **Profits**

- IFRS results: operating profit 76.2 billion yen (+17.6, +30.0%)
 net income 57.9 billion yen (+14.2, +32.5%)
- Core results: operating profit 78.7 billion yen (+19.1, +32.0%)
 net income 59.7 billion yen (+15.4, +34.8%)
- Core EPS (JPY): 107.80 (+27.87, +34.9%)



IFRS and Core Results Jan-Sep

(Billion JPY)	IFRS results		Non-core items		Core results 2017 Jan - Sep
	2017 Jan - Sep		Intangible assets	Others	
Revenues	387.6				387.6
Sales	364.8				364.8
Royalties and other operating income	22.9				22.9
Cost of sales	-186.5		+0.9		-185.6
Gross profit	201.1		+0.9		202.1
Operating expenses	-124.9		+2.5	-1.0	-123.4
Marketing and distribution	-49.2				-49.2
Research and development	-65.7		+2.5		-63.2
General and administration	-10.0			-1.0	-11.0
Operating profit	76.2		+3.4	-1.0	78.7
Financing costs	-0.1				-0.1
Other financial income (expense)	-0.2				-0.2
Other expense	-1.1				-1.1
Profit before taxes	74.9		+3.4	-1.0	77.3
Income taxes	-17.0		-0.9	+0.3	-17.6
Net income	57.9		+2.5	-0.7	59.7
Chugai shareholders	57.2		+2.5	-0.7	59.0
Non-controlling interests	0.7				0.7

(Billions of JPY)

Non-Core items

- Intangible assets:
 - Amortization of intangible assets +0.9
 - Impairment +2.5
- Others
 - Legal income and expenses -1.0

Core net income attributable to Chugai shareholders 59.0

(Millions of shares)

Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share

547

Core EPS (JPY) 107.80

Year on Year (Core)

Financial Overview Jan - Sep

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(Billions of JPY)	2016		2017		Growth	
	Jan - Sep		Jan - Sep			
		vs. Revenues		vs. Revenues		
Revenues	361.5		387.6		+26.1	+7.2%
Sales	347.5		364.8		+17.3	+5.0%
excl. Tamiflu	339.1		354.8		+15.7	+4.6%
Domestic	277.2		281.0		+3.8	+1.4%
Export to Roche	49.2		60.6		+11.4	+23.2%
Other overseas	12.6		13.2		+0.6	+4.8%
Tamiflu	8.4		10.0		+1.6	+19.0%
Ordinary	7.3		6.3		-1.0	-13.7%
Govt. stockpiles, etc.	1.2		3.7		+2.5	+208.3%
Royalties and other operating income	14.0		22.9		+8.9	+63.6%
Cost of sales	-183.0	50.6%	-185.6	47.9%	-2.6	+1.4%
Gross profit	178.6	49.4%	202.1	52.1%	+23.5	+13.2%
Operating expenses	-119.0	32.9%	-123.4	31.8%	-4.4	+3.7%
Operating profit	59.6	16.5%	78.7	20.3%	+19.1	+32.0%
Financing costs	-0.1		-0.1		0.0	0.0%
Other financial income (expense)	0.5		-0.2		-0.7	-
Other Expenses	-		-1.1		-1.1	-
Income taxes	-15.7		-17.6		-1.9	+12.1%
Net income	44.3	12.3%	59.7	15.4%	+15.4	+34.8%
EPS (JPY)	79.93		107.80		+27.87	+34.9%

(Billions of JPY)

Royalties and other operating income	+8.9
Increase in milestone income	
Other financial income (expense)	-0.7
Exchange gains/losses	-2.5
Gains/Losses on derivatives (Gains/Losses on foreign exchange forward contracts)	+1.9
Other Expenses	-1.1
Settlement for transfer pricing taxation	

Cost of sales ratio vs. Sales

2016 Jan - Sep	2017 Jan - Sep
52.7%	50.9%

Market average exchange rate (JPY)

	2016 Jan - Sep	2017 Jan - Sep
1 CHF	110.88	113.73
1 EUR	121.28	124.33
1 USD	108.68	111.92
1 SGD	79.25	80.52



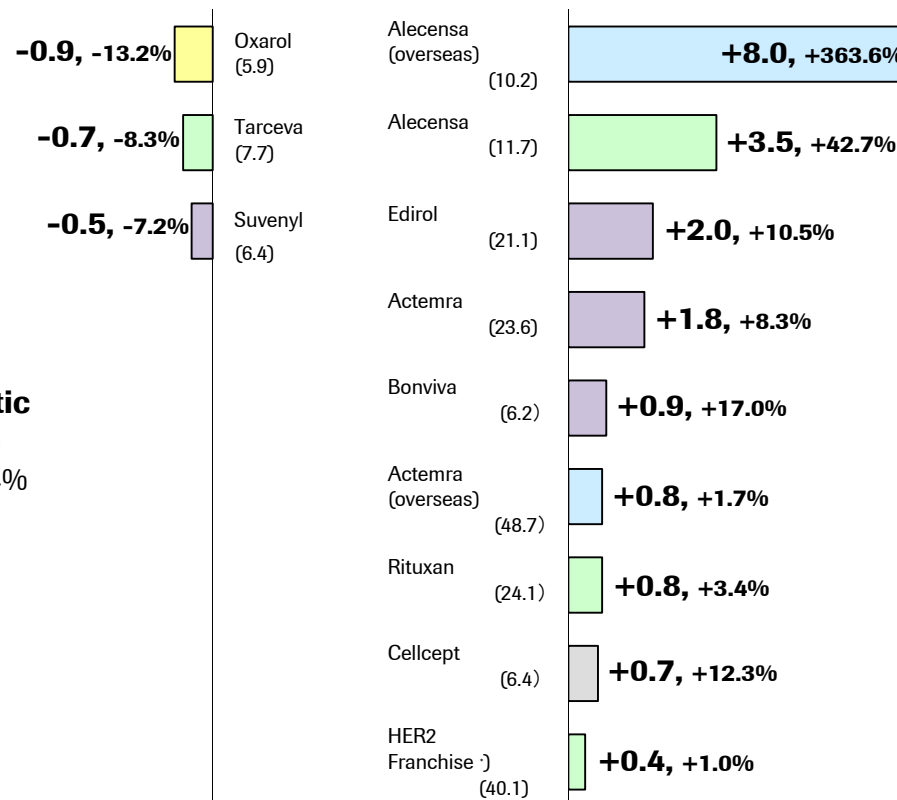
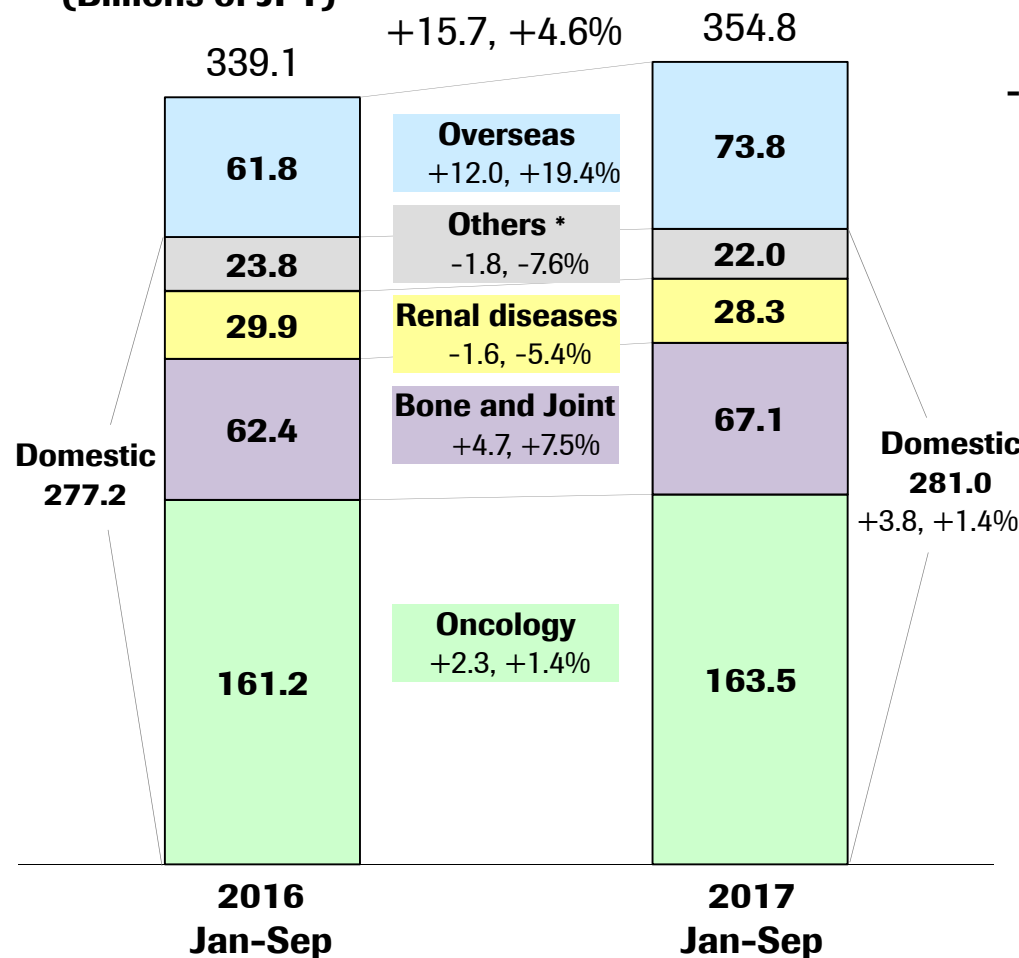
Year on Year

Sales (excl. Tamiflu) Jan - Sep

Sales by Disease Area,
Year on Year Comparisons

Sales by Products,
Year on Year Changes

(Billions of JPY)



*) Details of HER2 franchise

Herceptin	(24.6)	-0.4	-1.6%
Perjeta	(9.8)	+1.2	+14.0%
Kadcyla	(5.8)	-0.3	-4.9%

*Sales in transplant, immunology and infectious diseases area, which was disclosed separately until the end of FY2016, has been included in "Others" from FY2017 1Q results.

(): Actual sales in FY2017

%: Year-on-year percentage change



Tamiflu Sales Trends

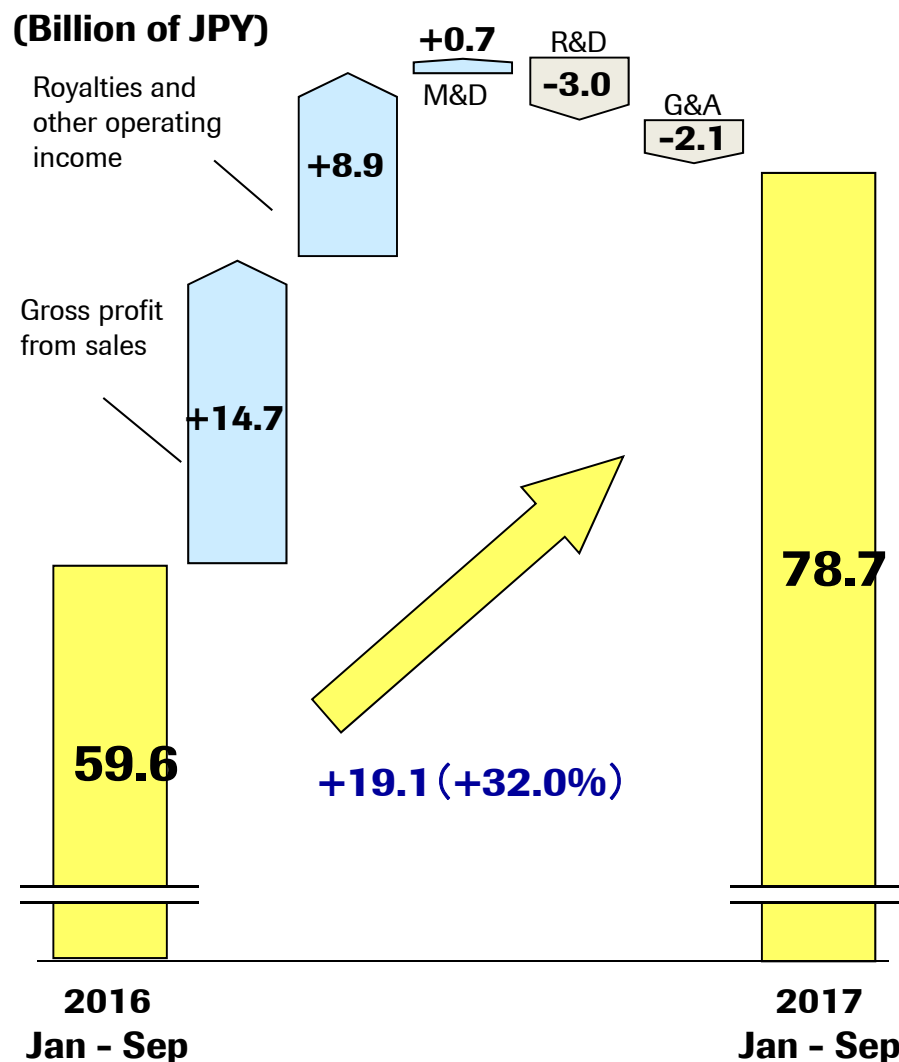
(Billions of JPY)	Fiscal Term Sales												Season		
	FY2012		FY2013		FY2014		FY2015		FY2016		FY2017		(from the second half of FY to the first half of the next FY)		
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Sep			
Ordinary	7.8													2011	9.1
		2.4	8.2											2012	10.6
				1.9	7.0									2013	9.0
						5.8	6.7							2014	12.6
								1.5	7.3					2015	8.7
										4.7	6.3			2016	11.0
													0.0		
	10.2	(+4.8)	10.1	(-0.1)	12.9	(+2.8)	8.2	(-4.7)	12.0	(+3.8)	6.3	(-1.0)			
Govt. Stockpiles etc.	0.4	1.5	0.8	0.1	0.1	0.1	0.0	0.0	0.0	1.5	1.9	1.8			
	1.9	(-1.4)	0.9	(-1.0)	0.2	(-0.7)	0.0	(-0.2)	1.5	(+1.5)	3.7	(+2.5)			
Total	8.1	3.9	9.0	2.0	7.1	5.9	6.7	1.5	7.3	6.2	8.2	1.9			
	12.0	(+3.3)	11.0	(-1.0)	13.0	(+2.0)	8.2	(-4.8)	13.5	(+5.3)	10.0	(+1.6)			

() Year on year



Year on Year (Core)

Operating Profit Jan - Sep



(Billions of JPY)	2016 Jan - Sep	2017 Jan - Sep	Growth
Revenues	361.5	387.6	+26.1
Cost of sales	-183.0	-185.6	-2.6
Gross profit	178.6	202.1	+23.5
<i>of which</i> Sales	164.5	179.2	+14.7
Royalties, etc.	14.0	22.9	+8.9
Marketing and distribution	-49.9	-49.2	+0.7
Research and development	-60.2	-63.2	-3.0
General and administration	-8.9	-11.0	-2.1
Operating profit	59.6	78.7	+19.1

Increase in gross profit from sales +14.7

- Increase in export to Roche and improvement of cost of sales ratio to sales due to change in product mix, etc.

Increase in royalties and other operating income +8.9

Decrease in marketing and distribution expenses +0.7

- Reclassification of some expenses due to organizational changes, etc.

Increase in research and development expenses -3.0

- Progress of projects and reclassification of some expenses due to organizational changes, etc.

Increase in general and administration expenses, etc. -2.1

- Increase in various expenses, including corporate enterprise tax (pro forma standard taxation)

Year on Year (Core)

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Financial Overview Jul - Sep

(Billions of JPY)	2016		2017		Growth	
	Jul - Sep		Jul - Sep			
	vs. Revenues		vs. Revenues			
Revenues	114.0		134.9		+20.9	+18.3%
Sales	110.2		127.9		+17.7	+16.1%
excl. Tamiflu	109.1		126.1		+17.0	+15.6%
Domestic	93.0		97.9		+4.9	+5.3%
Export to Roche	11.8		23.7		+11.9	+100.8%
Other overseas	4.3		4.4		+0.1	+2.3%
Tamiflu	1.1		1.9		+0.8	+72.7%
Ordinary	-0.0		0.0		0.0	-
Govt. stockpiles, etc.	1.2		1.8		+0.6	+50.0%
Royalties and other operating income	3.8		6.9		+3.1	+81.6%
Cost of sales	-58.5	51.3%	-64.8	48.0%	-6.3	+10.8%
Gross profit	55.5	48.7%	70.1	52.0%	+14.6	+26.3%
Operating expenses	-40.0	35.1%	-41.7	30.9%	-1.7	+4.3%
Operating profit	15.4	13.5%	28.5	21.1%	+13.1	+85.1%
Financing costs	-0.0		-0.0		0.0	0.0%
Other financial income (expense)	0.2		0.0		-0.2	-100.0%
Other Expenses	-		-0.7		-0.7	-
Income taxes	-3.7		-6.9		-3.2	+86.5%
Net income	11.9	10.4%	20.9	15.5%	+9.0	+75.6%
EPS (JPY)	21.49		37.70		+16.21	+75.4%

Increase in gross profit from sales +11.5

Increase in export to Roche and improvement of cost of sales ratio to sales

Increase in royalties and other operating income +3.1

Increase in milestone income

Increase in operating expenses -1.7

Increase in marketing and distribution -0.2

Increase in research and development Progress of projects, etc. -0.7

Increase in general and administration Increase in various expenses -0.8

Cost of sales ratio vs. Sales

2016 Jul - Sep	2017 Jul - Sep
53.1%	50.7%

Market average exchange rate for the period of Jul - Sep

	2016 Jul-Sep	2017 Jul-Sep
1CHF	104.97	115.33
1EUR	114.31	130.36
1USD	102.44	111.01
1SGD	75.75	81.57

vs. Forecast (Core)

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Financial Progress Jan - Sep

(Billions of JPY)	Actual		Forecast on Feb. 1		2016 Progress *
	2017 Jan - Sep	2017 Jan - Dec	Progress		
Revenues	387.6	520.5	74.5%		73.5%
Sales	364.8	490.4	74.4%		73.5%
excl. Tamiflu	354.8	482.2	73.6%		73.8%
Domestic	281.0	393.9	71.3%		73.0%
Export to Roche	60.6	67.4	89.9%		78.3%
Other overseas	13.2	20.9	63.2%		75.0%
Tamiflu	10.0	8.2	122.0%		62.2%
Royalties and other operating income	22.9	30.0	76.3%		73.3%
Cost of sales	-185.6	-252.0	73.7%		74.2%
Gross profit	202.1	268.5	75.3%		72.9%
Operating expenses	-123.4	-176.5	69.9%		72.3%
Operating profit	78.7	92.0	85.5%		73.9%
EPS (JPY)	107.80	124.11	86.9%		78.0%

Cost of sales ratio vs. Sales

2017 Jan - Sep Actual	2017 Jan - Dec Forecast
50.9%	51.4%

Exchange rate (JPY)

	2017 Jan - Sep Actual *	2017 Jan - Dec Assumption
1CHF	113.73	106.00
1EUR	124.33	122.00
1USD	111.92	115.00
1SGD	80.52	80.00

* Market average exchange rate for the period of Jan - Sep.

* Jan - Sep progress versus Jan - Dec

vs. Forecast (Core)

FY2017 3Q Consolidated Financial Overview

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Sales Progress (excl. Tamiflu) Jan - Sep

(Billions of JPY)	Actual		Forecast on Feb. 1		2016 Progress *
	2017 Jan - Sep	2017 Jan - Dec	Progress	Progress	
Sales excl. Tamiflu	354.8	482.2	73.6%		73.8%
Domestic	281.0	393.9	71.3%		73.0%
Oncology	163.5	230.0	71.1%		73.2%
Avastin	67.6	92.7	72.9%		73.6%
HER2 Franchise	40.1	57.5	69.7%		73.2%
Herceptin	24.6	35.1	70.1%		73.3%
Perjeta	9.8	12.9	76.0%		72.3%
Kadcyla	5.8	9.4	61.7%		73.5%
Rituxan	24.1	34.0	70.9%		72.6%
Alecensa	11.7	15.9	73.6%		68.9%
Xeloda	8.9	13.7	65.0%		74.0%
Tarceva	7.7	11.3	68.1%		73.0%
Zelboraf	0.1	0.4	25.0%		75.0%
Bone and Joint	67.1	94.5	71.0%		72.5%
Actemra	23.6	32.3	73.1%		72.2%
Edirol	21.1	29.5	71.5%		71.5%
Bonviva	6.2	9.2	67.4%		72.6%
Suvenyl	6.4	9.2	69.6%		74.2%

(Billions of JPY)	Actual		Forecast on Feb. 1		2016 Progress *
	2017 Jan - Sep	2017 Jan - Dec	Progress	Progress	
Renal	28.3	39.0	72.6%		72.7%
Mircera	17.2	25.0	68.8%		71.5%
Oxarol	5.9	6.8	86.8%		74.7%
Others	22.0	30.3	72.6%		73.9%
CellCept	6.4	9.0	71.1%		72.2%
Overseas	73.8	88.4	83.5%		77.7%
Actemra	48.7	59.4	82.0%		79.4%
Export to Roche	47.6	58.0	82.1%		79.5%
Neutrogin	9.2	11.6	79.3%		77.9%
Alecensa	10.2	9.5	107.4%		59.5%
Export to Roche	10.2	9.5	107.4%		59.5%

* Jan - Sep progress versus Jan - Dec.



vs. Forecast (Core)

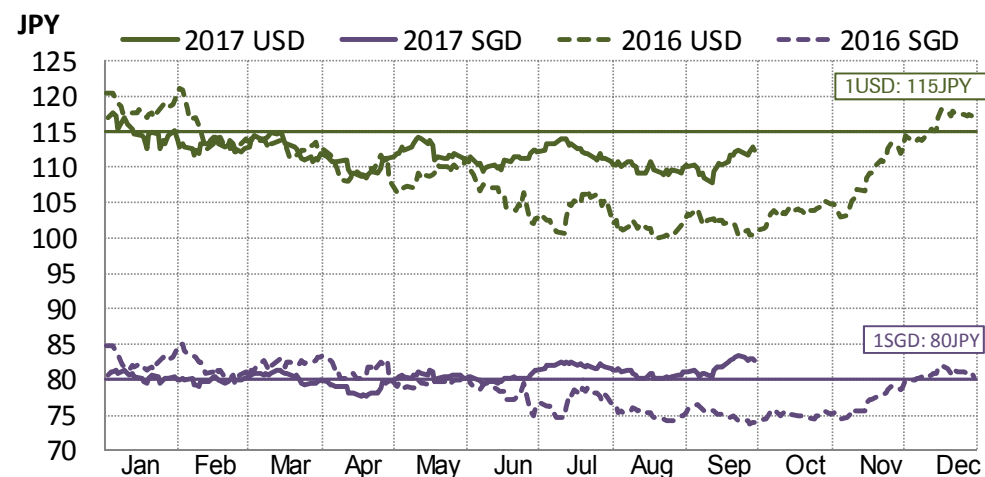
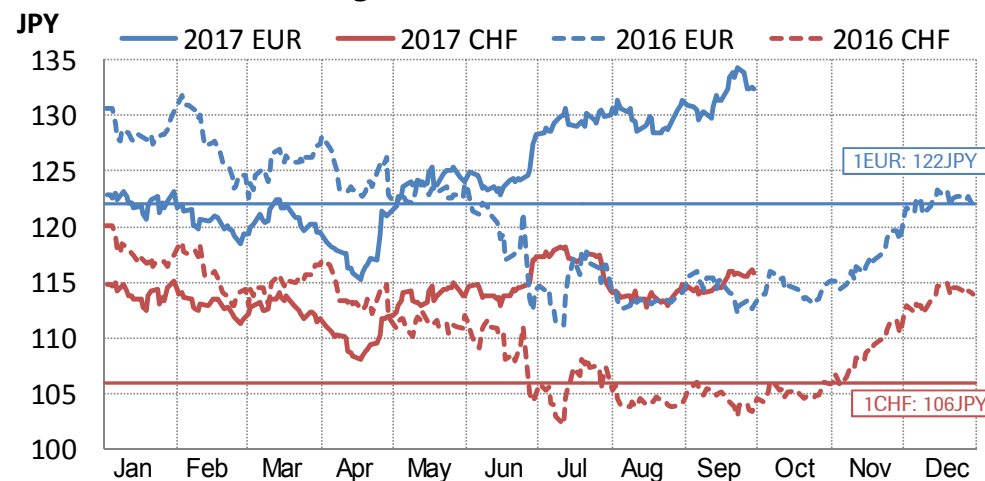
Impact from Foreign Exchange

(Billions of JPY)	FX impact Jan – Sep 2017 (FX impact vs. Assumption)	
Revenues	+0.9	
	Sales	+0.3
	Royalties and other operating income	+0.5
Cost of sales	Cost of sales	-0.8
Operating expenses	Expenses	-0.6
Operating profit	-0.5	

Actual / Forecast rate* (JPY)	2016 Jan - Sep Actual	2017 Jan -Dec Assumption	2017 Jan - Sep Actual
1CHF	110.88	106.00	113.73
1EUR	121.28	122.00	124.33
1USD	108.68	115.00	111.92
1SGD	79.25	80.00	80.52

* Actual: market average exchange rate for the period of Jan - Sep

[Reference]
Historical exchange rate to the JPY





Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Department Manager of R&D Portfolio
Management Dept., Project & Lifecycle
Management Unit
Minoru Hirose

October 25, 2017

Projects under Development (1) (as of Oct. 25, 2017)

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	Phase I	Phase II	Phase III	Filed
Oncology	<p>CKI27 (Japan / overseas) - solid tumors</p> <p>RG7596 / polatuzumab vedotin - NHL</p> <p>RG7604 / taselisib - solid tumors</p> <p>GC33 (RG7686) / codrituzumab - HCC★</p> <p>ERY974 (overseas) - solid tumors</p> <p>RG7421 / cobimetinib - solid tumors</p>	<p>RG1273 / Perjeta - gastric cancer</p> <p>RG3502 / Kadcyla - breast cancer (adjuvant)</p> <p>RG435 / Avastin - RCC</p> <p>RG7440 / ipatasertib - prostate cancer</p>	<p>RG7446 / atezolizumab - NSCLC (adjuvant) - SCLC - urothelial carcinoma - MIUC (adjuvant) - RCC - RCC (adjuvant) - breast cancer - ovarian cancer - prostate cancer</p>	<p>RG7446 / atezolizumab - NSCLC</p> <p>AF802 (RG7853) / Alecensa (overseas) - NSCLC [1L]</p> <p>GA101 (RG7159) / obinutuzumab - follicular lymphoma ★</p> <p>RG1273 / Perjeta - breast cancer (adjuvant) ★</p>
Bone & Joint			<p>ED-71 / Ediol (China) - osteoporosis</p> <p>NRD101 / Suvenyl (China) - knee osteoarthritis /shoulder peri-arthritis</p>	

In principle, completion of first dose is regarded as the start of clinical studies in each phase.

NHL: non-Hodgkin's lymphoma SCLC: small cell lung cancer
 HCC: hepatocellular carcinoma MIUC: muscle invasive urothelial carcinoma
 NSCLC: non-small cell lung cancer RCC: renal cell carcinoma

Letters in orange: in-house projects

★: Projects with advances in stages since Jul. 27, 2017

★: Multinational study managed by Chugai

Projects under Development (2) (as of Oct. 25, 2017)

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	Phase I	Phase II	Phase III	Filed
Renal	EOS789 (Japan / overseas) - hyperphosphatemia			
Autoimmune	RG7845 - rheumatoid arthritis		MRA / Actemra - systemic sclerosis SA237(RG6168) / satralizumab - neuromyelitis optica★	
CNS	RG7916 - spinal muscular atrophy		RG1450 / gantenerumab - Alzheimer's disease RG7412 / crenezumab - Alzheimer's disease	
Others	PCO371 (overseas) - hypoparathyroidism RG7716 - wAMD / DME★	RG3637 / lebrikizumab - IPF CIM331 / nemolizumab* - pruritus in dialysis patients URC102 (South Korea) - gout SKY59 (RG6107) - paroxysmal nocturnal hemoglobinuria (PI/II)	ACE910 (RG6013) / emicizumab - hemophilia A (non-inhibitor)	ACE910 (RG6013) / emicizumab (Japan / overseas) - hemophilia A (inhibitor)

In principle, completion of first dose is regarded as the start of clinical studies in each phase.

wAMD: wet age-related macular degeneration

DME: diabetic macular edema

IPF: idiopathic pulmonary fibrosis

* Atopic dermatitis is under development by licensees [Galderma (overseas) and Maruho (Japan)]

Letters in orange: in-house projects

★: Projects with advances in stages since Jul. 27, 2017

★: Multinational study managed by Chugai



Development Status

In-house

Actemra®

Takayasu arteritis (TAK) and giant cell arteritis (GCA) that have not responded sufficiently to existing therapies

Approved in August 2017

Giant cell arteritis

Approved in September 2017 (EU)

In-licensed

RG7159 / obinutuzumab

CD20-positive B-cell follicular lymphoma

Filed for marketing approval in August 2017

In-licensed

Perjeta®

Adjuvant therapy for HER2-positive early breast cancer

Filed for marketing approval in October 2017

In-licensed

RG7716 (Anti-VEGF/Ang2 bispecific antibody)

Wet age-related macular degeneration/diabetic macular edema

Started Phase 1 study in September 2017

Other Progress (1)

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In-house

Actemra®

CAR T cell-induced cytokine release syndrome
Approved in August 2017 (US)

In-house

Alecensa®

ALK positive NSCLC [1st line]
Recommendation for approval in October 2017 (EU)
Priority review designation in August 2017 (US)

In-house

ACE910 / emicizumab

Hemophilia A (inhibitor)
Accelerated assessment designation (EU)
Priority review designation in August 2017 (US)



Other Progress (2)

In-house

SKY59 (Anti-C5 recycling antibody)

Paroxysmal nocturnal hemoglobinuria

Orphan Drug Designation in September 2017 (US)

In-house

CIM331 / nemolizumab

Prurigo nodularis

Phase 2 study started by Galderma in August 2017
(overseas)

In-licensed

Alaglio[®] divided granules 1.5g (photodynamic diagnostic agent)

Diagnostic agent to visualize non-muscle invasive bladder cancer at the operation of its transurethral resection

Approved in September 2017

Results of Clinical Trials / Publication

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In-
licensed

Perjeta®

HER2+ advanced gastric cancer

Primary endpoint not achieved in global Phase 3 study (JACOB)
Statistically significant improvement in overall survival with the addition of Perjeta to Herceptin + chemotherapy was not demonstrated

In-
house

ERY974 (Anti-gliptican3/CD3 bispecific antibody)

Results of preclinical study published in Science Translational Medicine in October 2017

Wet Age-related Macular Degeneration (wAMD) and Diabetic Macular Edema (DME)

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wet Age-related Macular Degeneration (wAMD)

- The 4th largest reason for visual impairment in Japan (macular degeneration) ¹⁾
- Abnormal blood vessel (neovascular vessel) growth under the retina, causing damage to the retina with a gradual reduction of visual acuity
- Prevalence of wAMD in Japanese population aged ≥ 50 years is approximately 1.5% ²⁾

Diabetic Macular Edema (DME)

- Associated with diabetic retinopathy which is the 2nd largest reason for visual impairment in Japan ¹⁾
- Macular edema caused by increasing vascular permeability or ischemic changes due to an occlusion of retinal vessels
- Prevalence of DME in diabetic patients is approximately 7.4% ³⁾

1) Health Labor Sciences Research Grant, Research for Chorioretinal or Optic nerve atrophy in 2016.

2) Atarashii-Ganka 2011; 28: 25-29.

3) Diabetes Care. 2012; 35: 556-64.



RG7716 and its MOA

RG7716

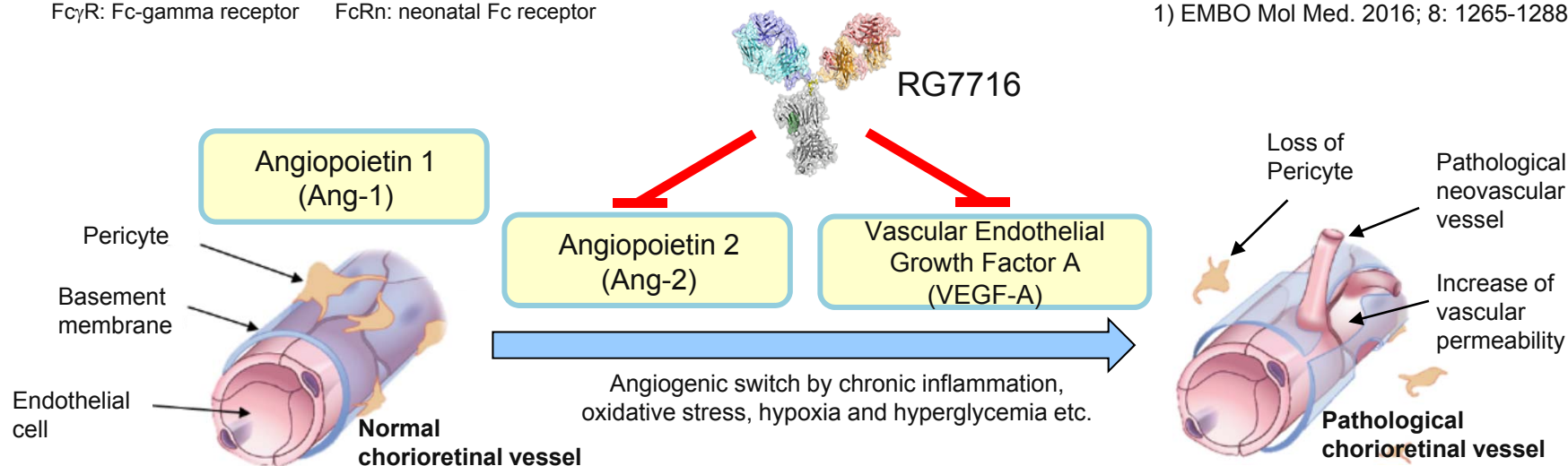
- The first human bispecific antibody for Ophthalmology diseases that selectively binds VEGF-A and Ang-2
- Modified Fc domain resulting in Fc γ R and FcRn deficient binding to remove platelet aggregation via Fc γ and reduce systemic exposure for improved safety ¹⁾

MOA

- Inhibits both VEGF-A, a key mediator of angiogenesis and vascular permeability, and Ang-2 (antagonist of Ang-1 which contributes to the stability of mature vessels), a destabilizer of chorioretinal vessels and inducer of vascular permeability

Fc γ R: Fc-gamma receptor FcRn: neonatal Fc receptor

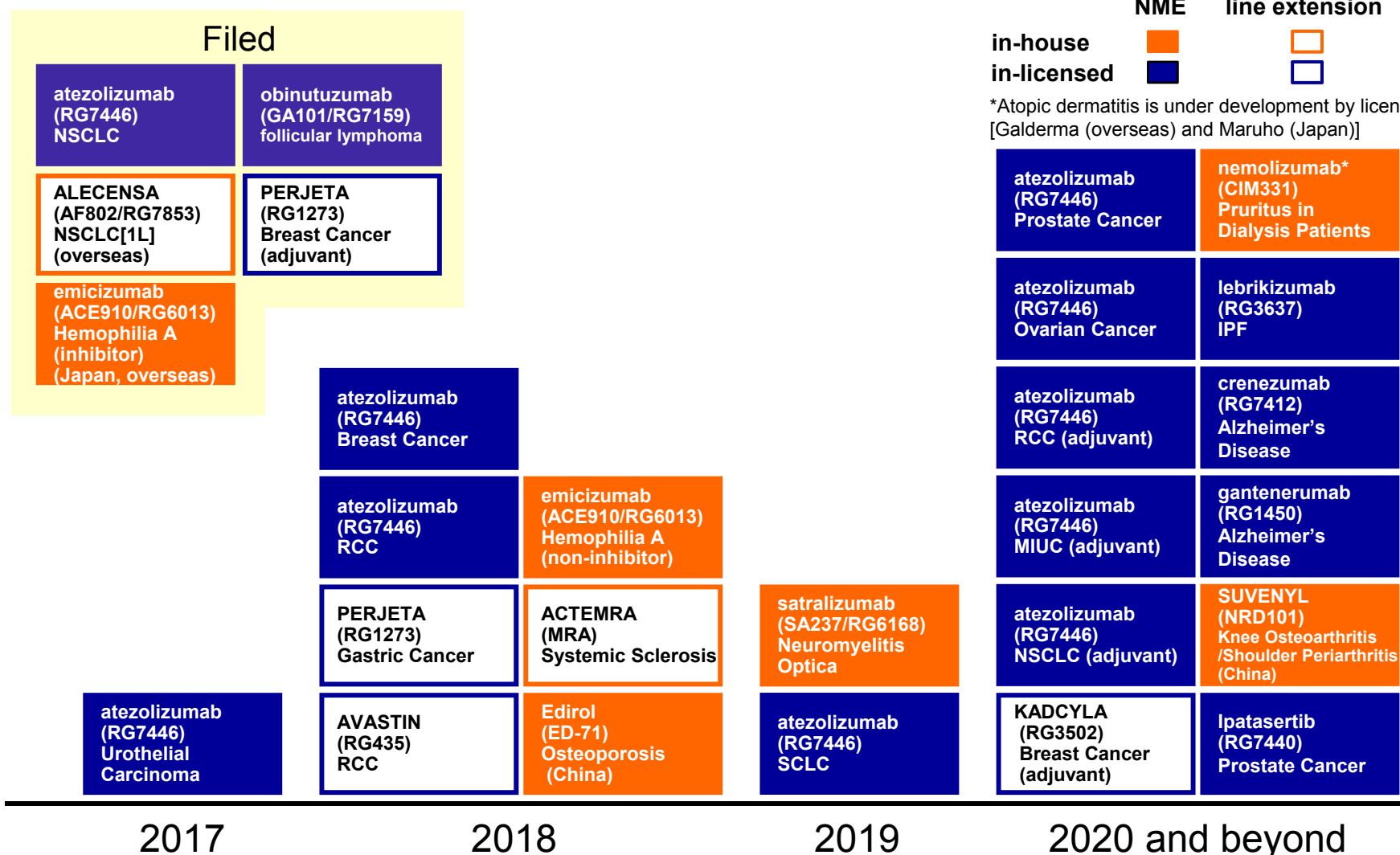
1) EMBO Mol Med. 2016; 8: 1265-1288.



It is anticipated that neutralization of both VEGF-A and Ang-2 by intravitreal injection of RG7716 will improve efficacy and durability over existing anti-VEGF therapies for patients with wet age-related macular degeneration (wAMD) and diabetic macular edema (DME)



Projected Submissions (Post PoC NMEs and Products)



NME **line extension**
in-house ■
in-licensed ■

*Atopic dermatitis is under development by licensees [Galderma (overseas) and Maruho (Japan)]

NSCLC: non-small cell lung cancer RCC: renal cell carcinoma SCLC: small cell lung cancer
 MIUC: muscle invasive urothelial carcinoma IPF: idiopathic pulmonary fibrosis

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