



Roche Roche Group

Aiming to become a “top pharmaceutical company”

New Mid-Term Business Plan

“ACCEL 15*”

CHUGAI PHARMACEUTICAL CO., LTD.
President & COO
Tatsuro Kosaka

2013.1.30/31

* ACCEL15: Accelerate Continuous Creation and
Evolution Leading to “Top Pharmaceutical Company”

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.

Sunrise 2012 Results



JGAAP (Japan Generally Accepted Accounting Principal)

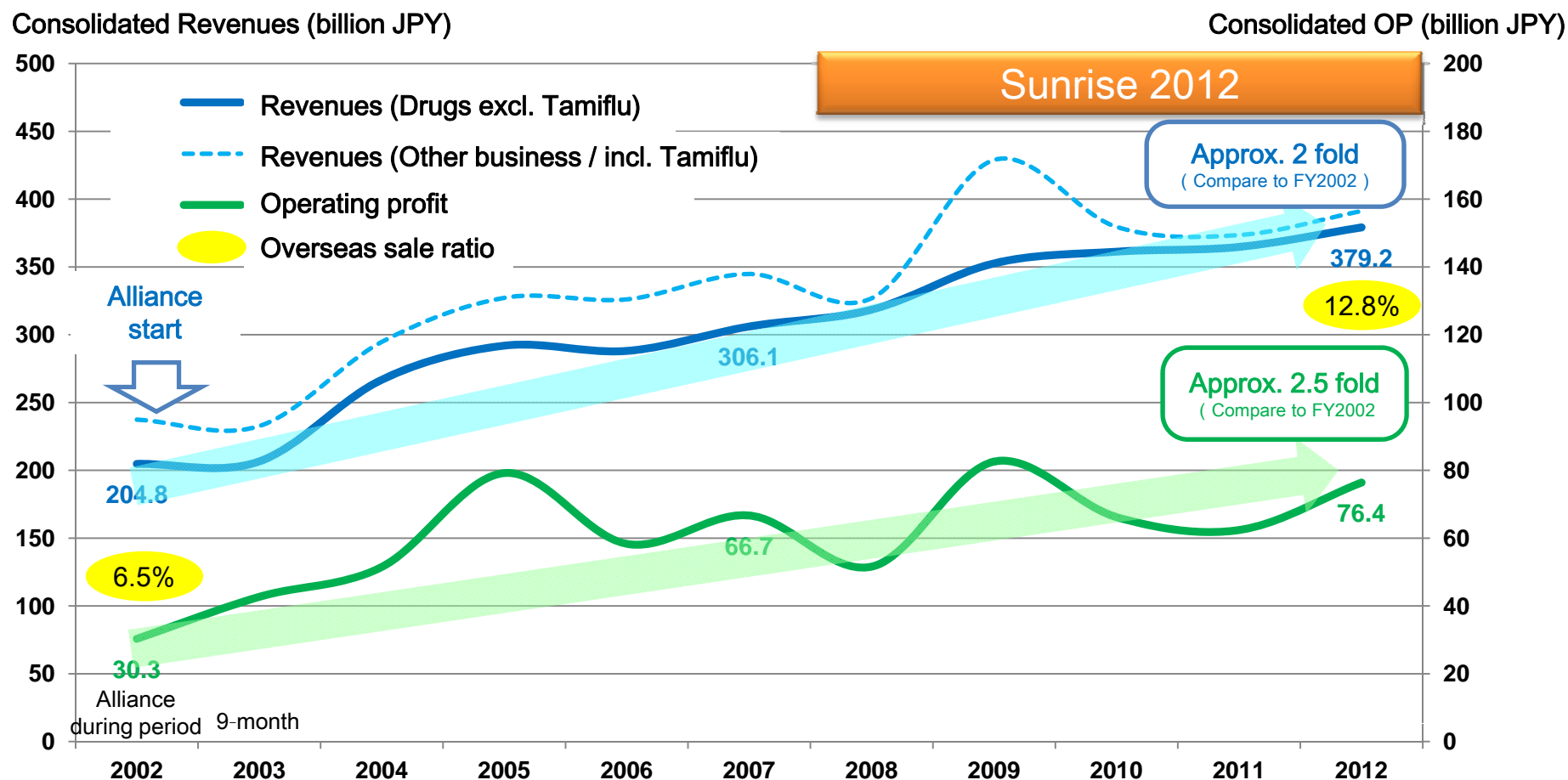
	Targets in Sunrise 2012 final year	Comparison with FY 2012
Revenues	460.0 billion JPY	391.2 billion JPY [-68.8 billion JPY] <ul style="list-style-type: none"> • Delay of Actemra launch in U.S. market • Shrinkage of interferon market • Delay of Mircera launch and penetration • Great East Japan Earthquake
Operating profit (Profit margin)	80.0 billion JPY (17.4%)	76.4 billion JPY [-3.6 billion JPY] (19.5%) [+2.1%pts] <ul style="list-style-type: none"> • Gross profit decreased due to above • Modified adjustment rate with Roche at NHI price revisions • Maintained NHI price by implementation of Premium to promote the development of new drugs • Cost reduction efforts by BPR, etc

Business Results During 10 Years of Strategic Alliance



JGAAP (Japan Generally Accepted Accounting Principal)

- ✓ Performance has been growing steadily since the start of the strategic alliance
- ✓ Achieved record-high revenues and operating profit (excluding Tamiflu) in 2012

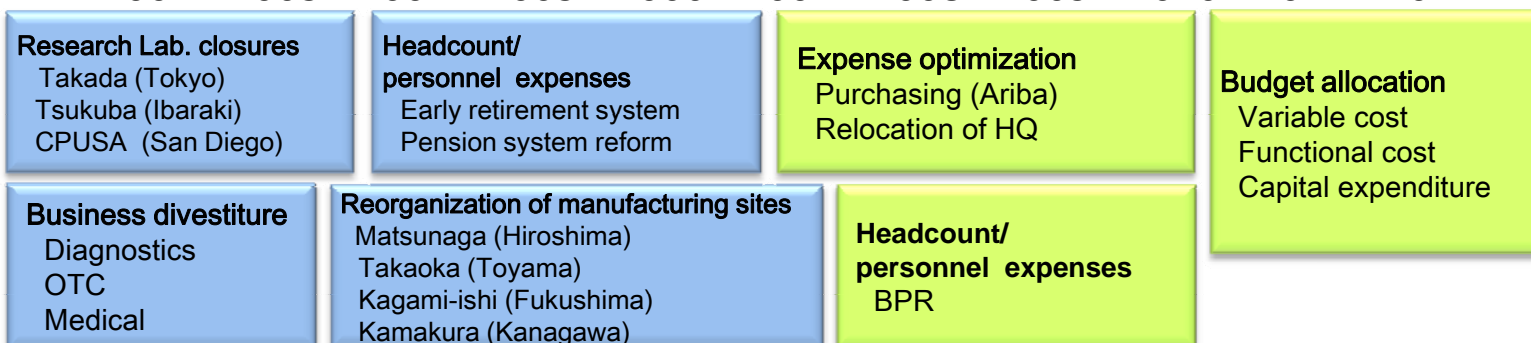
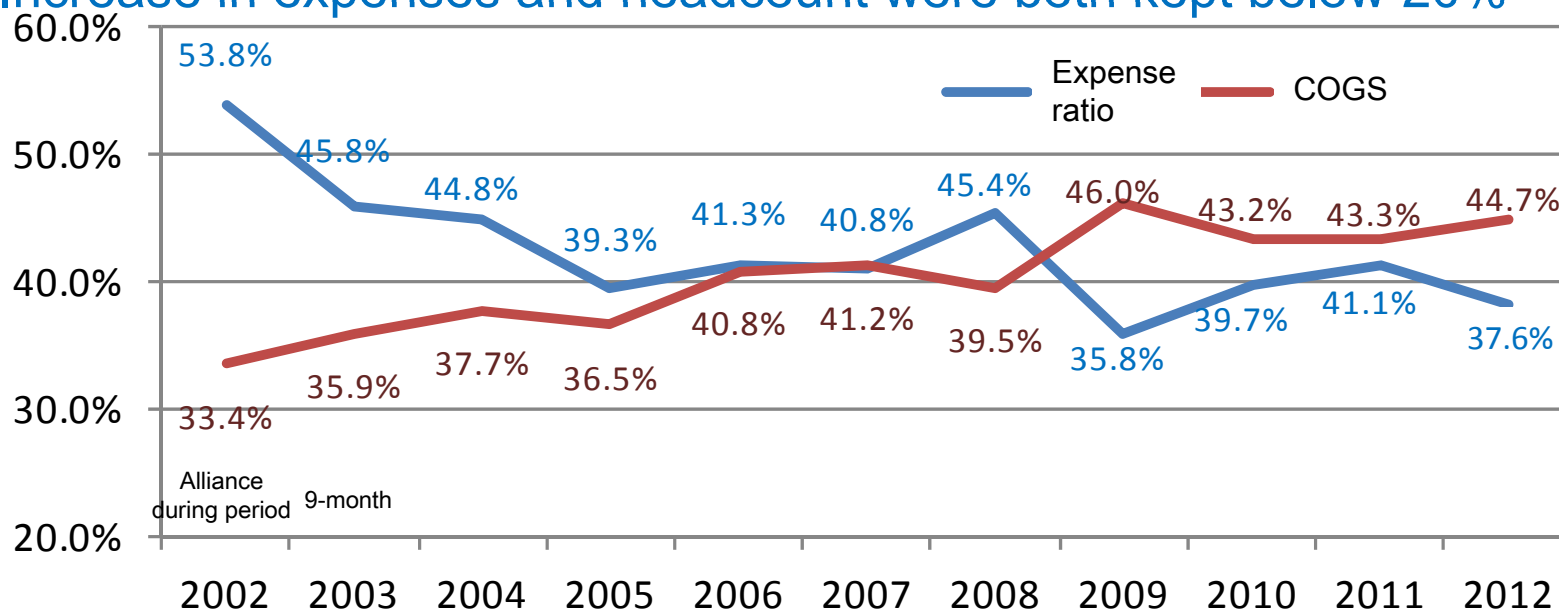




Cost Structure Since the Alliance

JGAAP (Japan Generally Accepted Accounting Principal)

- ✓ Reduction of expense ratio in response to increasing COGs
- ✓ Increase in expenses and headcount were both kept below 20%



Achievements from Strategic Alliance(R&D)



	Annual sales over 20 billion JPY (FY2012)	P3~Application (NMEs)
Oncology area	<u>Avastin</u> <u>Herceptin</u> <u>Rituxan</u> <u>Neutrogin</u> (Granocyte)	<u>Perjeta*</u> (filed) <u>T-DM1</u> (filed) <u>GA101</u> <u>RG3638</u>
Non-oncology area	<u>Actemra</u>	<u>Bonviva*</u> (filed) <u>RG1678</u> <u>CSG452</u>

Letters in blue: Biologics

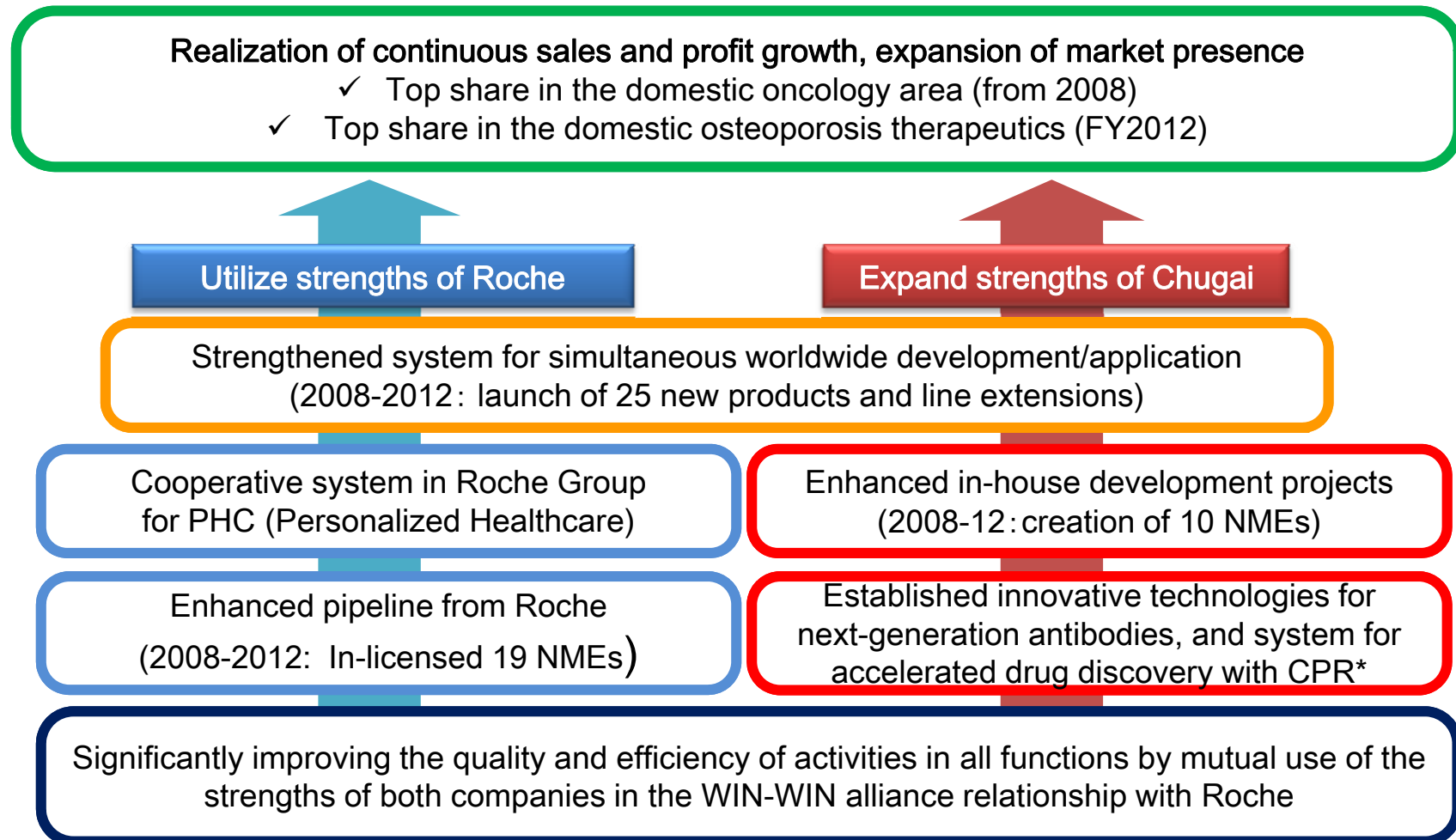
Underline: PHC (Personalized Healthcare) based projects

*Overseas brand name



Chugai's Current Strength

- ✓ Establishment of a platform that creates seamless generation and efficient delivery of innovative drugs, based on the strategic alliance with Roche



Positioning of New Mid-Term Business Plan



IFRS (International Financial Reporting Standards)

✓ Period of major change for early realization of "A Top Japanese Pharmaceutical Company"

<Strategic Policies>

1. Increase of marketing productivity
2. Acceleration of Global Development
3. Continuous Generation of Innovative Projects
4. Further Strengthening of Management Infrastructure

ACCEL 15
(2013-15)

Realization of "A
Top Japanese
Pharmaceutical
Company"
(Late 2010s)

Sunrise
2012
(2008-12)

*CAGR: Compound Annual Growth Rate

** Constant Exchange Rates (avg. full year 2012)

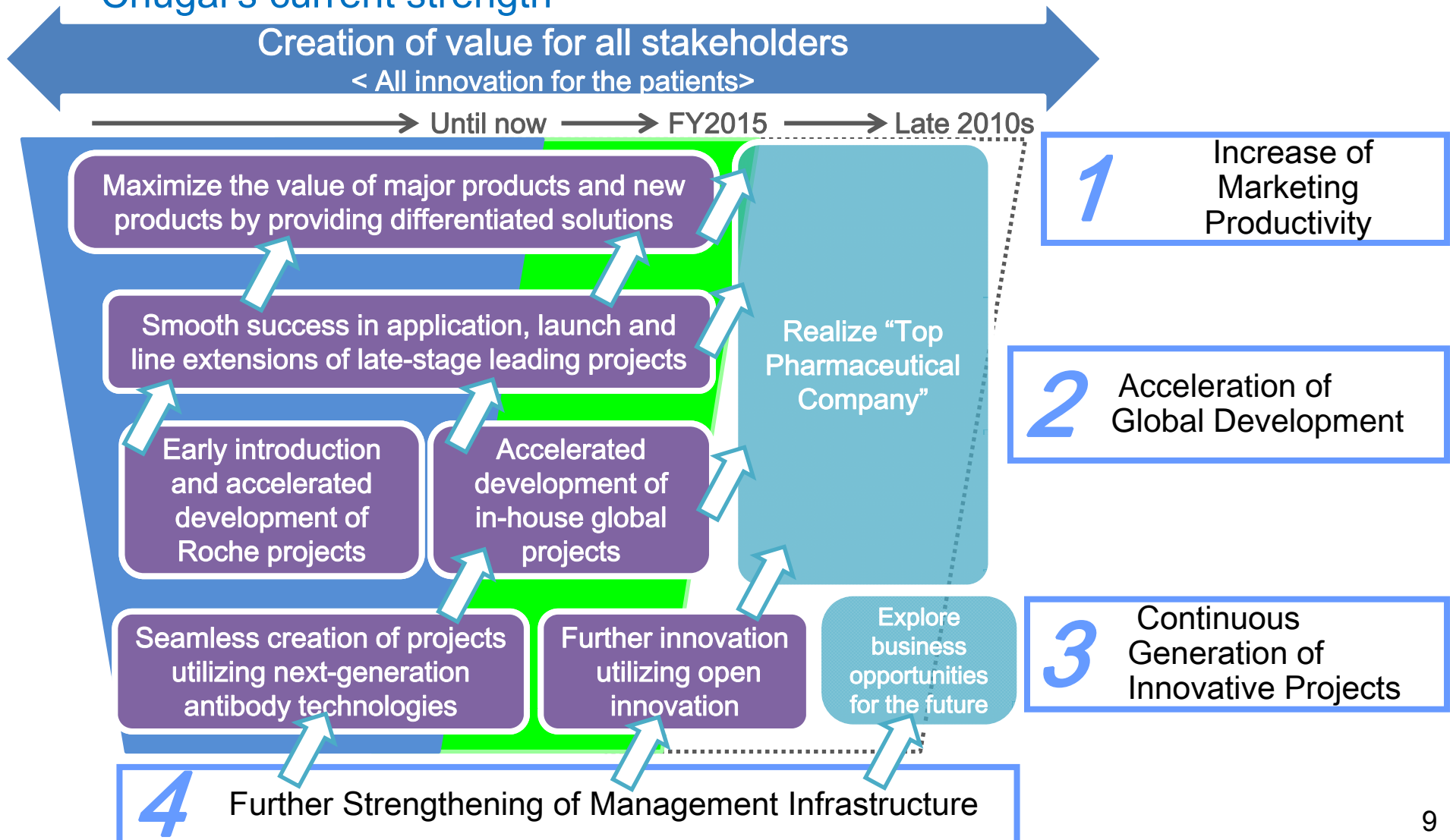
Quantitative guidance

- ✓ Core EPS CAGR* (2012-15)
 - Mid to high single-digit growth**
- ✓ Core EPS payout ratio
 - Approx. average 50%



Agenda in ACCEL 15 for Value Creation

- ✓ Further enhancing the flow of value creation by evolving and linking Chugai's current strength



Strategic Policy 1: Increase of Marketing Productivity



【Current Strengths】

High market share in strategic areas within Japanese market

- Oncology area:
 - ✓ Dominant market leader
 - ✓ Provider of multiple "standard of care" drugs
 - ✓ Consulting-based promotion
 - ✓ Contribution to team care approach
- Renal / Bone & Joint disease area:
 - ✓ Trusted partner as a pioneer in dialysis and osteoporosis markets
- Quality / Safety:
 - ✓ Top-class bio-production technology
 - ✓ Accumulation and provision of patient oriented safety information

Cooperation with Roche in overseas Actemra business

- Global approvals exceeding 100 countries
- Co-promotion in UK/Germany/France



【Strengths to be Further Enhanced】

+ α value addition to product potential

- Seamless launch of first-in-class/best-in-class drugs such as next-generation antibody drugs
- Promotion of PHC (personalized healthcare)
- Further accumulation/provision of evidence
- Acceleration of consulting-based promotion in all strategic areas
- Further contribution for "standard of care" and regional medical care

Efficient marketing system responding to change


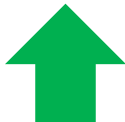



- Creation of flexible/efficient MR structure
- Strengthen back-office function
- Utilization of ICT

Increase of global share by further cooperation

- Acceleration of growth based on line extension and new formulations

Main Growth Drivers during ACCEL 15



	Actemra	<ul style="list-style-type: none"> • Demonstration of superiority by ADACTA study • Approval for 1st line indication (DMARDs-IR) for RA in US • Filed for subcutaneous injection (RA)
	Avastin	<ul style="list-style-type: none"> • Established as "standard of care" • Penetration in pre-existing indications (CRC, NSCLC, BC) • Filed for GBM, OC
	Mircera	<ul style="list-style-type: none"> • Convenience of administration once every four weeks • Accumulated clinical data
	Edirol	<ul style="list-style-type: none"> • First & only Vitamin D₃ with Grade A recommendation by Osteoporosis Treatment Guideline • Strong Evidence • Accumulation of actual clinical data
	New Products	<ul style="list-style-type: none"> • Filed : Perjeta*, T-DM1, Bonviva* etc. • P3 : CSG452 (Licensed out in Japan) etc.

Strategic Policy 2: Acceleration of Global Development



【Current Strengths】

Rich Pipelines at Chugai & Roche

- Number of NMEs after P1
 - ✓ Chugai: 11 NMEs
 - ✓ Roche: 12 NMEs
- Number of NMEs with PHC activities
 - ✓ 14 NMEs

Simultaneous Global Development and Application

- Several multinational studies ongoing

Collaboration with Roche Group on Development and Production

- Number of licensing projects to Roche
- Bio-product production cooperating scheme



【Strengths to be Further Enhanced】

Global Development Capability

- Fortify the clinical science capabilities
- Build own global development system
- Improve CMC development system
- Early proof of clinical and business values
- Realize rapid application/launch of major late-stage development projects

Further Enhance Collaboration with Roche Group

- Proactive in /out licensing with Roche
- Promote multinational studies
- Strengthen mutual cooperation to optimize development

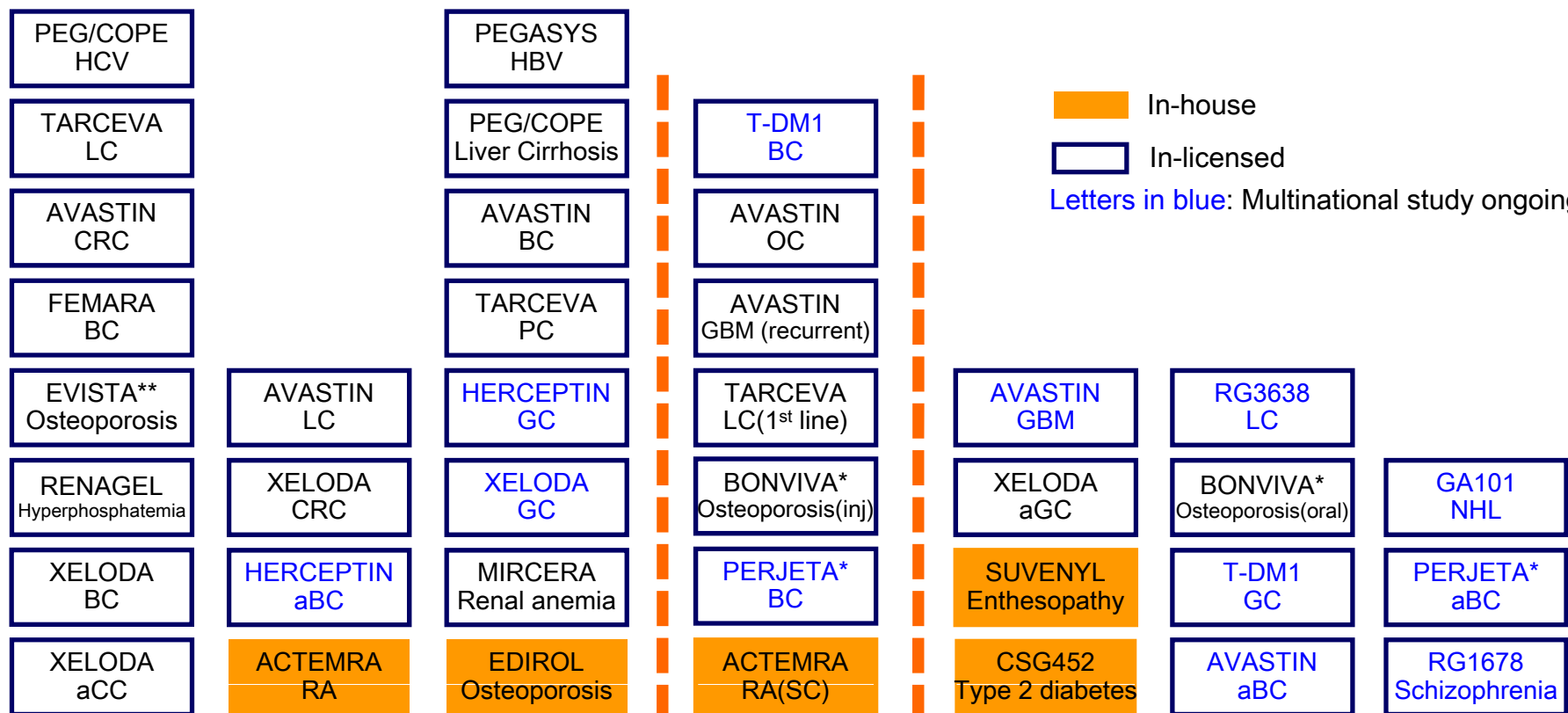
Smooth Progress in Both Development and Submissions



- ✓ Development and submissions for approval progressing smoothly
- ✓ Accelerated global development by multiple multinational studies

Launched:
Current growth driver

Projected submissions
(Post PoC projects):
Future growth driver



2003 ~ 2007

2008 ~ 2010
(Launched)

2011 ~ 2012

(Filed)

2013 ~

*Overseas brand name **Co-Marketing Terminated (as of December 31, 2012)



Strategic Policy 3: Continuous Generation of Innovative Projects

【Current Strengths】

World Class Innovative Drug Discovery Technology

- Next-generation antibody technologies
 - ✓ Recycling antibody
 - ✓ Sweeping antibody
 - ✓ Bispecific antibody
- Establishment of stable cancer stem cell lines
- Enhancement of drug discovery by establishment of CPR

Network with Japanese Academia

- Proven success record of industry-academia collaborations in innovative drug discovery / development such as Actemra



【Strengths to be Further Enhanced】

Focus Resources on Early Stage Clinical Projects

- Continuous generation of innovative projects focusing on next-generation antibody technologies at CPR
- Acceleration of development by close coordination among research, CMC and clinical function, and early stage collaboration with Roche, etc

Enhance Open Innovation Activities

- Strengthen global research network utilizing our next-generation antibody technology
- Explore further technology innovation

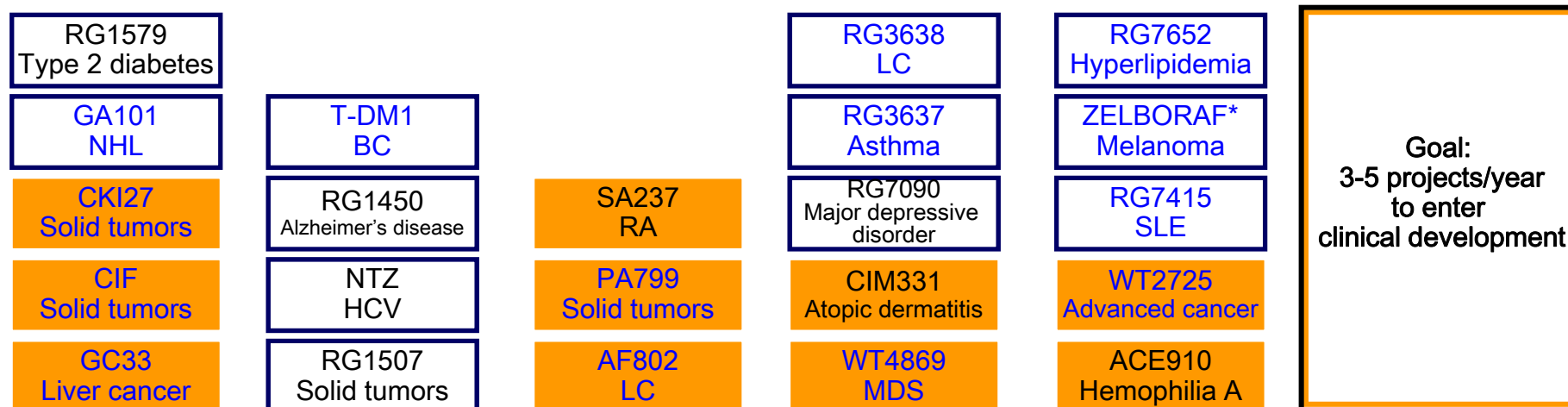
High Productivity in Research Activities



- ✓ Balanced portfolio between in-house and Roche originated projects
 - Majority of projects based on PHC concept
 - Two projects utilizing innovative technologies have entered clinical stage
 - ◆ Recycling antibody - SA237
 - ◆ Bispecific antibody - ACE910

Projects Newly Entered in Clinical Stage
(excluding line extensions)

In-house projects
 Licensed-in projects
 Letters in blue : PHC projects



2008

2009

2010

2011

2012

After 2013

*Overseas brand name

Strategic Policy 4 : Further Strengthening of Management Infrastructure



【Current Strengths】

Top-Class Efficiency Among Peers

- Maintain High operating margin
 - ✓ Balanced and solid risk & return through the collaboration with Roche
 - ✓ Positive impact from "Premium to promote the development of new drugs" for our major innovative products
 - ✓ Low percentage of long listed drugs
 - ✓ Consistent cost reduction effort such as BPR

Penetration of "Chugai Style"

- Core Mission: Innovation all for the patients
- Ideal person of talent: Trusted by patients, health-care professionals, and society and chosen continuously



【Strengths to be Further Enhanced】

More Efficient and Flexible Cost Structure

- Reduction of fixed costs by control of headcount and capital expenditure
- Effective use of external resources

Strategic and Flexible Advance Investments

- In-license third party products to strengthen strategic areas
- Flexible investment to maximize growth opportunities and secure future business opportunities

Accelerate Diversity

- Accelerate diversity such as nationality and gender
- Promote innovation based on broad views and diverse expertise

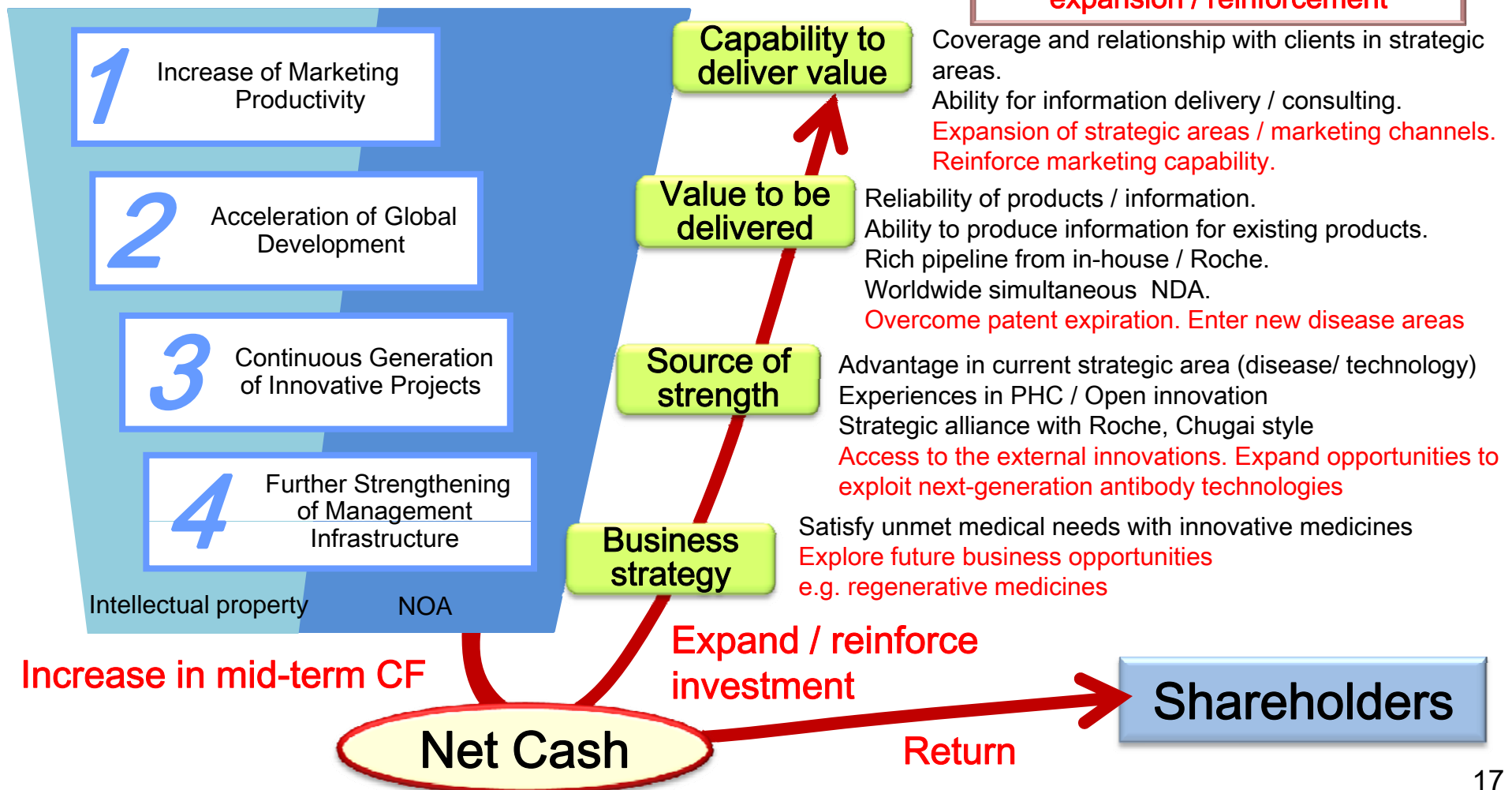
Strategic CF management (Investment)



- ✓ Making aggressive investments to explore future business opportunities while aiming to grow existing strategic areas

Chugai's business infrastructure and strategic policies

Current strength
Abundant outlets of investment for expansion / reinforcement



Strategic cash flow management (Return to shareholders)



IFRS (International Financial Reporting Standards)

- ✓ Execute active investment, while increasing shareholder return
- ✓ Proper management of net cash balance
- Dividend policy
 - ✓ Maintain stable dividend policy (no reduction in principle)
 - ✓ Core EPS based payout ratio raised to "approx. 50% on average" from "over 40% on average"
- Dividends for FY 2013 (forecast)
 - ✓ Annual 45 JPY (Interim 22 JPY, year end 23 JPY)
Core EPS ratio (forecast): 48.6%
(annual average of 2011-2013: 47.8%)



Aiming to become a “top pharmaceutical company”

FY2012 Consolidated Financial Overview

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

January 30/31, 2013

Summary



■ Increase in Revenues and Profits

- Revenues 391.2 billion JPY (+4.7%), Operating Income 76.4 billion JPY (+22.4%)
- Domestic sales increased offsetting the NHI price revision impact mainly due to volume growth from new products
- Large increase in Other Operating Revenues (+61.6%) led by out-licensing of four projects (AF802, CSG452, GA101, FF284)
- SG&A expenses decreased due to improved cost efficiencies (-4.2%)

■ Achievement ratio vs. Forecast on Feb. 1, 2012

- Revenues: 93.5%. Operating Income: 95.5%

■ Year-end dividend 20 JPY per share (40 JPY annual dividend), achieving a payout ratio of 45.2 %

Year on Year

Financial Overview Jan - Dec



(Billion JPY)	2011 Jan-Dec	As % of Revenues	2012 Jan-Dec	As % of Revenues	Growth	%
Revenues	373.5		391.2		+17.7	+4.7
Sales	363.6		375.2		+11.6	+3.2
excl. Tamiflu	354.9		363.2		+8.3	+2.3
Tamiflu	8.7		12.0		+3.3	+37.9
Other Operating Revenues	9.9		16.0		+6.1	+61.6
Operating Income	62.4	16.7	76.4	19.5	+14.0	+22.4
Non-operating Income	2.3		3.0		+0.7	+30.4
Non-operating Expenses	1.2		4.0		+2.8	+233.3
Ordinary Income	63.6	17.0	75.4	19.3	+11.8	+18.6
Extraordinary Gain	0.0		0.0		+0.0	-
Extraordinary Loss	6.5		0.1		-6.4	-98.5
Net Income	35.2	9.4	48.2	12.3	+13.0	+36.9

(Billion JPY)

- Sales excl. Tamiflu
 - Domestic +5.6
 - Overseas +2.7
- Sales of Tamiflu* +3.3
- Other Operating Revenues +6.1
 - Increase in out-licensing income (AF802, CSG452, GA101, FF284)
- Operating Income +14.0
- Non-operating Inc./Exp. -2.2
- Extraordinary Gain/Loss +6.4
 - Decline in Extraordinary Loss
 - Loss on disaster +4.7
 - Asset retirement obligations +1.0

Average exchange rate (JPY)

	2011 Jan-Dec	2012 Jan-Dec
CHF	89.86	85.12
EUR	110.92	102.59

*Tamiflu

	2011 Jan-Dec	2012 Jan-Dec	Growth
Ordinary	5.4	10.2	+4.8
Govt. Stockpile etc.	3.3	1.9	-1.4

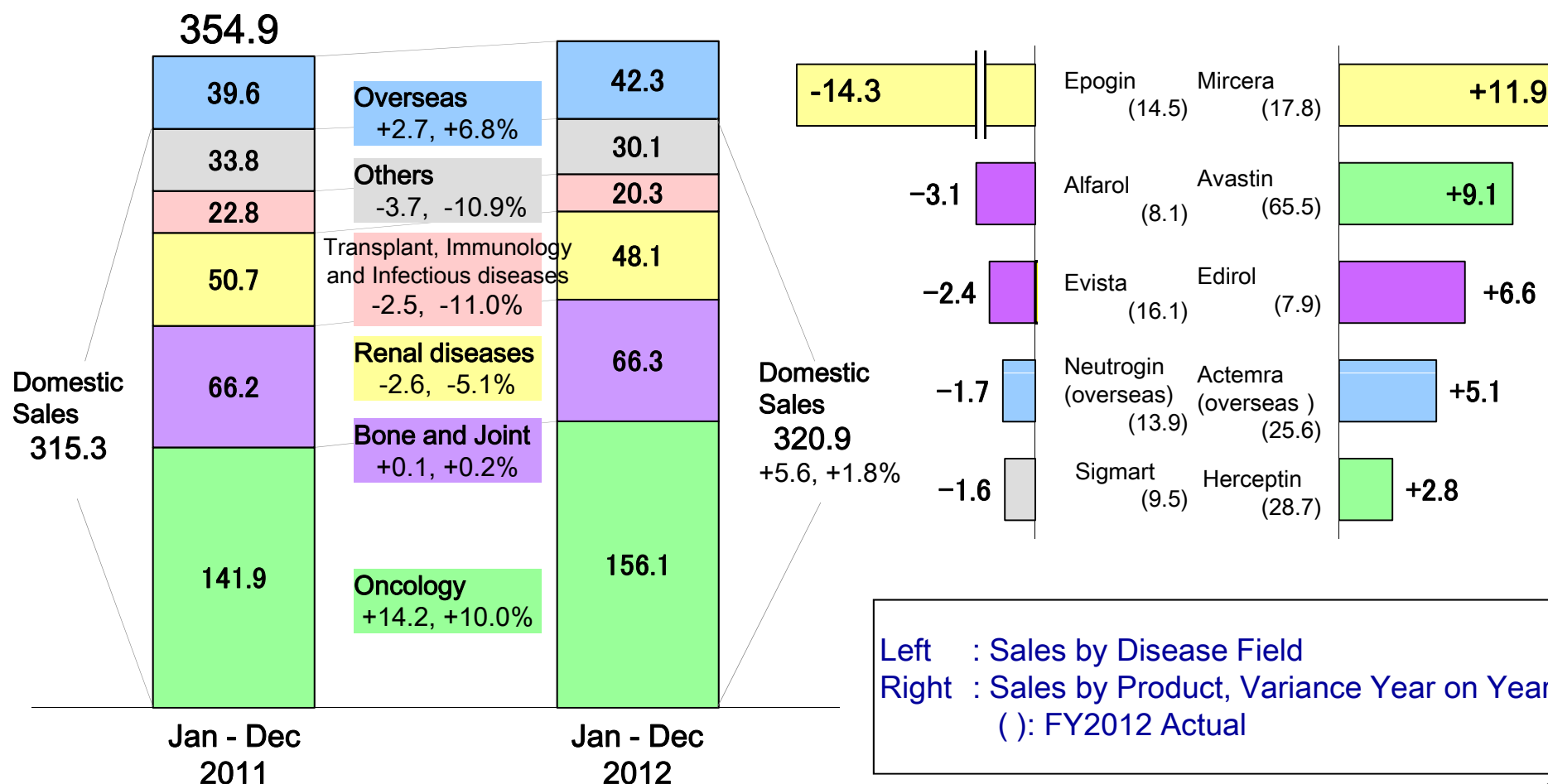
Year on Year

Sales (excl. Tamiflu) Jan - Dec



(Billion JPY)

Sales (excl. Tamiflu)
363.2 (+8.3, +2.3%)





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		FY2012.12		FY2013.12			
		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	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														1.3	7.8				9.1	1.63
	2012-13																2.4	7.3		9.7	-
	2013-14																		0.8	-	-
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)		5.4 (+3.8)		10.2 (+4.8)		8.1 (-2.1)			

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														2.8	0.4				3.2	
	2012-13																1.5	0.8		2.3	
	2013-14																		0.0		
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)		3.3 (-13.3)		1.9 (-1.4)		0.8 (-1.1)			

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	4.1	8.1	3.9	8.1	0.8		
		35.2 (+26.6)		38.0 (+2.8)		38.7 (+0.7)		8.4 (-30.3)		76.2 (+67.8)		18.2 (-58.0)		8.7 (-9.5)		12.0 (+3.3)		8.8 (-3.2)			

*Total patient 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.

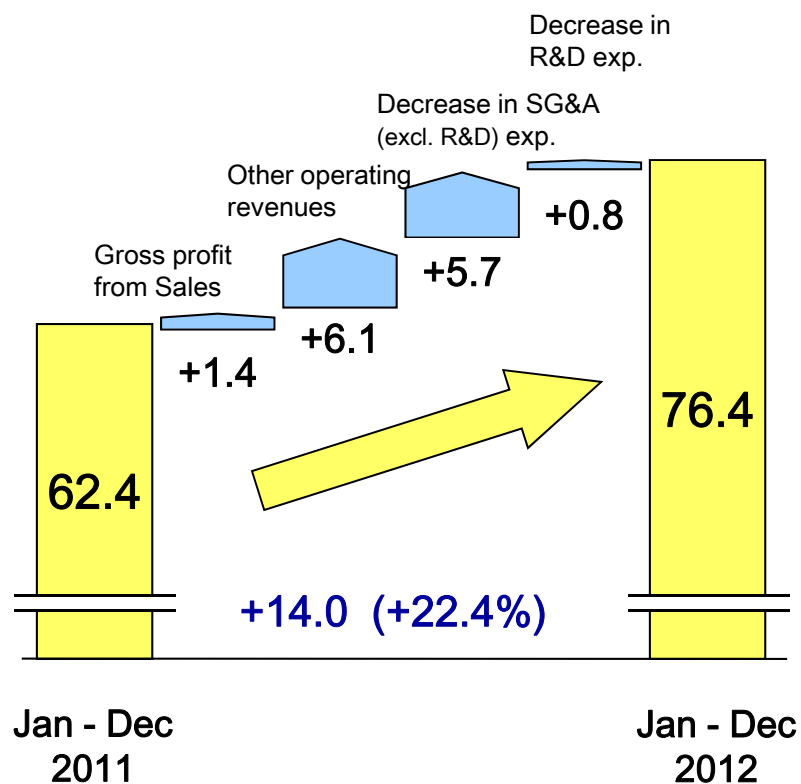
Company forecast
() Year on year

Year on Year

Operating Income Jan - Dec



(Billion JPY)



(Billion JPY)	2011 Jan-Dec	2012 Jan-Dec	Growth	%
Revenues	373.5	391.2	+17.7	+4.7
Cost of Sales	157.5	167.7	+10.2	+6.5
Gross Profit	216.0	223.5	+7.5	+3.5
Sales	206.1	207.5	+1.4	+0.7
Other Operating Revenues	9.9	16.0	+6.1	+61.6
SG&A (excl. R&D) exp.	97.7	92.0	-5.7	-5.8
R&D exp.	55.9	55.1	-0.8	-1.4
Operating Income	62.4	76.4	+14.0	+22.4

- Increase in Gross Profit from Sales +1.4
Growth in Oncology, Actemra export
- Increase in Other Operating Revenues +6.1
Growth in out-licensing and Actemra related income
- Decrease in SG&A (excl. R&D) exp. +5.7
Cost containment
- Decrease in R&D exp. +0.8
Completion of late-stage projects

Year on Year

Financial Overview Oct - Dec



(Billion JPY)	2011 Oct-Dec	As % of Revenues	2012 Oct-Dec	As % of Revenues	Growth	%
Revenues	97.5		115.8		+18.3	+18.8
Sales	96.2		106.6		+10.4	+10.8
excl. Tamiflu	93.7		102.8		+9.1	+9.7
Tamiflu	2.4		3.8		+1.4	+58.3
Other Operating Revenues	1.3		9.2		+7.9	+607.7
Cost of Sales	42.1		46.7		+4.6	+10.9
Gross Profit	55.4	56.8	69.1	59.7	+13.7	+24.7
SG&A (excl. R&D) exp.	28.3		25.9		-2.4	-8.5
R&D exp.	14.6		15.1		+0.5	+3.4
Operating Income	12.4	12.7	28.2	24.4	+15.8	+127.4
Non-operating Income	1.9		1.7		-0.2	-10.5
Non-operating Expenses	1.8		2.6		+0.8	+44.4
Ordinary Income	12.5	12.8	27.3	23.6	+14.8	+118.4
Extraordinary Gain	0.0		0.0		+0.0	-
Extraordinary Loss	-2.6		0.1		+2.7	-
Net Income	8.1	8.3	18.4	15.9	+10.3	+127.2

(Billion JPY)

➤ Sales excl. Tamiflu +9.1

Actemra (overseas) +5.7

Avastin +3.2

Edirol +2.6

Mircera +2.5

Epogin -2.9

Alfarol -1.1

➤ Sales of Tamiflu* +1.4

➤ Other Operating Revenues
out-licensing income etc. +7.9

➤ Operating Income +15.8

*Tamiflu

Ordinary
Govt. Stockpile etc.2011
Oct-Dec1.3
1.12012
Oct-Dec2.3
1.5

Growth

+1.0
+0.4

vs. Forecast

Financial Overview Jan - Dec



(Billion JPY)	Actual	Forecast on Feb. 1		
	2012 Jan-Dec	2012 Jan-Dec	+/-	Achiev. %
Revenues	391.2	418.5	-27.3	93.5
Sales	375.2	403.7	-28.5	92.9
excl. Tamiflu	363.2	394.1	-30.9	92.2
Tamiflu	12.0	9.6	+2.4	125.0
Other Operating Revenues	16.0	14.8	+1.2	108.1
Cost of Sales	167.7	178.5	-10.8	93.9
Gross Profit	223.5	240.0	-16.5	93.1
SG&A (excl. R&D) exp.	92.0	100.0	-8.0	92.0
R&D exp.	55.1	60.0	-4.9	91.8
Operating Income	76.4	80.0	-3.6	95.5
Ordinary Income	75.4	80.5	-5.1	93.7
Net Income	48.2	49.0	-0.8	98.4

(Billion JPY)	Actual	Forecast on Feb. 1		
	2012 Jan-Dec	2012 Jan-Dec	+/-	Achiev. %
Sales excl. Tamiflu	363.2	394.1	-30.9	92.2
Domestic	320.9	353.9	-33.0	90.7
Oncology	156.1	165.4	-9.3	94.4
Avastin	65.5	68.8	-3.3	95.2
Herceptin	28.7	27.3	+1.4	105.1
Rituxan	24.7	25.3	-0.6	97.6
Xeloda	10.9	16.8	-5.9	64.9
Tarceva	9.5	8.2	+1.3	115.9
Bone and Joint	66.3	70.3	-4.0	94.3
Actemra	17.1	18.3	-1.2	93.4
Evista	16.1	16.9	-0.8	95.3
Suvenyl	12.3	14.7	-2.4	83.7
Alfarol	8.1	8.0	+0.1	101.3
Edirol	7.9	7.8	+0.1	101.3
Renal	48.1	62.7	-14.6	76.7
Mircera	17.8	29.6	-11.8	60.1
Epogin	14.5	16.8	-2.3	86.3
Transp., Immun., Infectious	20.3	25.6	-5.3	79.3
Pegasys	6.9	12.1	-5.2	57.0
Copegus	2.0	2.7	-0.7	74.1
Others	30.1	30.0	+0.1	100.3
Overseas	42.3	40.2	+2.1	105.2
Actemra	25.6	24.1	+1.5	106.2
Neutrogin	13.9	13.1	+0.8	106.1

vs. Forecast



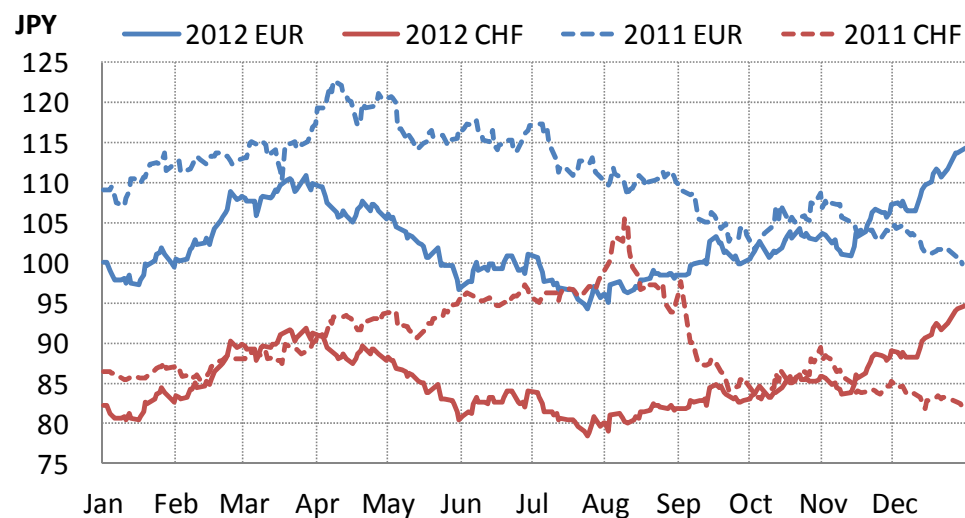
Impact from Foreign Exchange

(Billion JPY)	FX impact Jan - Dec (vs. Forecast on Feb. 1)	
Revenues	-1.1	
	Neutrogin (Overseas)	-0.8
	Actemra (Export)	+0.1
	Other Operating Revenues	-0.4
Cost of sales SG&A expenses	Cost of Roche products	-0.2
	Overseas SG&A exp., etc.	+0.5
Operating Income	-0.8	
Non-operating Inc./Exp.	Gain/loss on foreign exchange and exchange forward contracts	-1.9
Ordinary Income	-2.7	

FX rate to the JPY	1CHF	1EUR
Assumption Jan - Dec (as of Feb 1)	85.00	109.00
Actual Jan - Dec avg.	85.12	102.59

[Reference]

Historical exchange rates to the JPY (Jan - Dec)

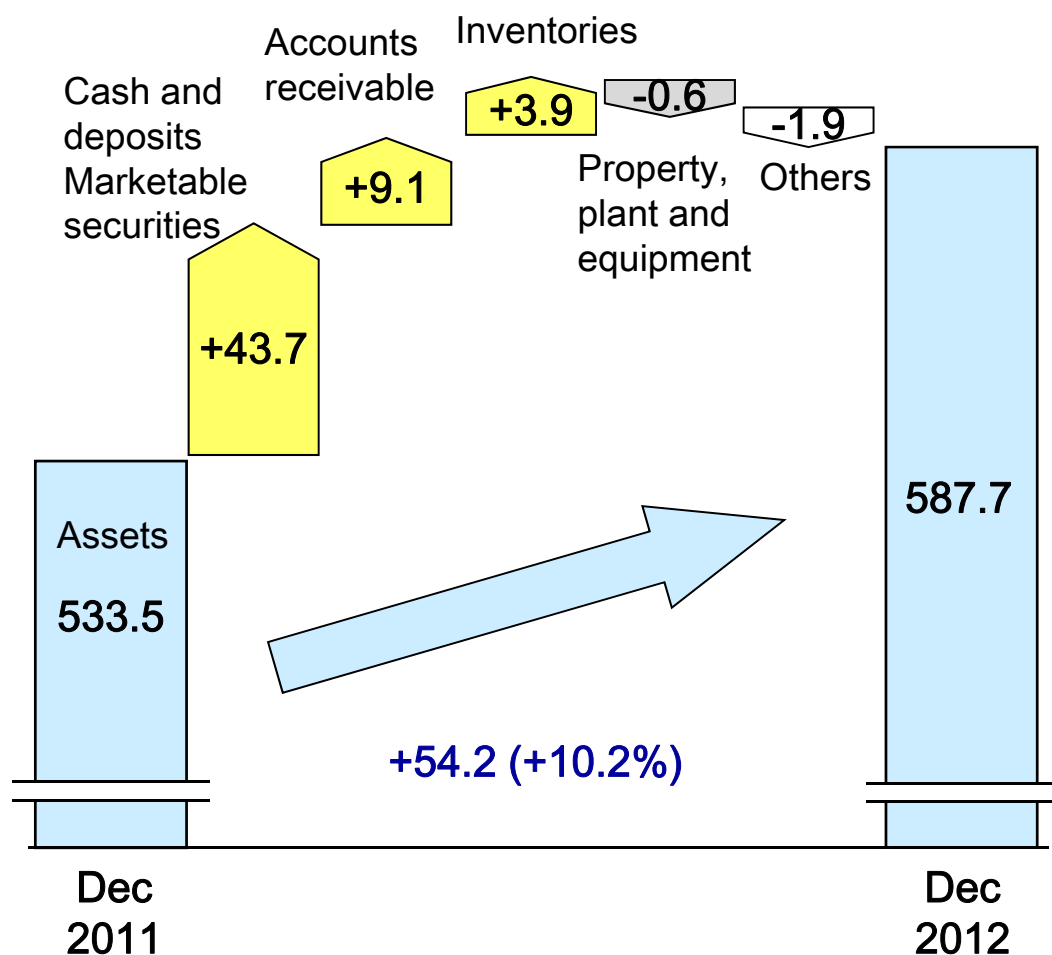


Actual 2012



Balance Sheet Items (Assets)

(Billion JPY)



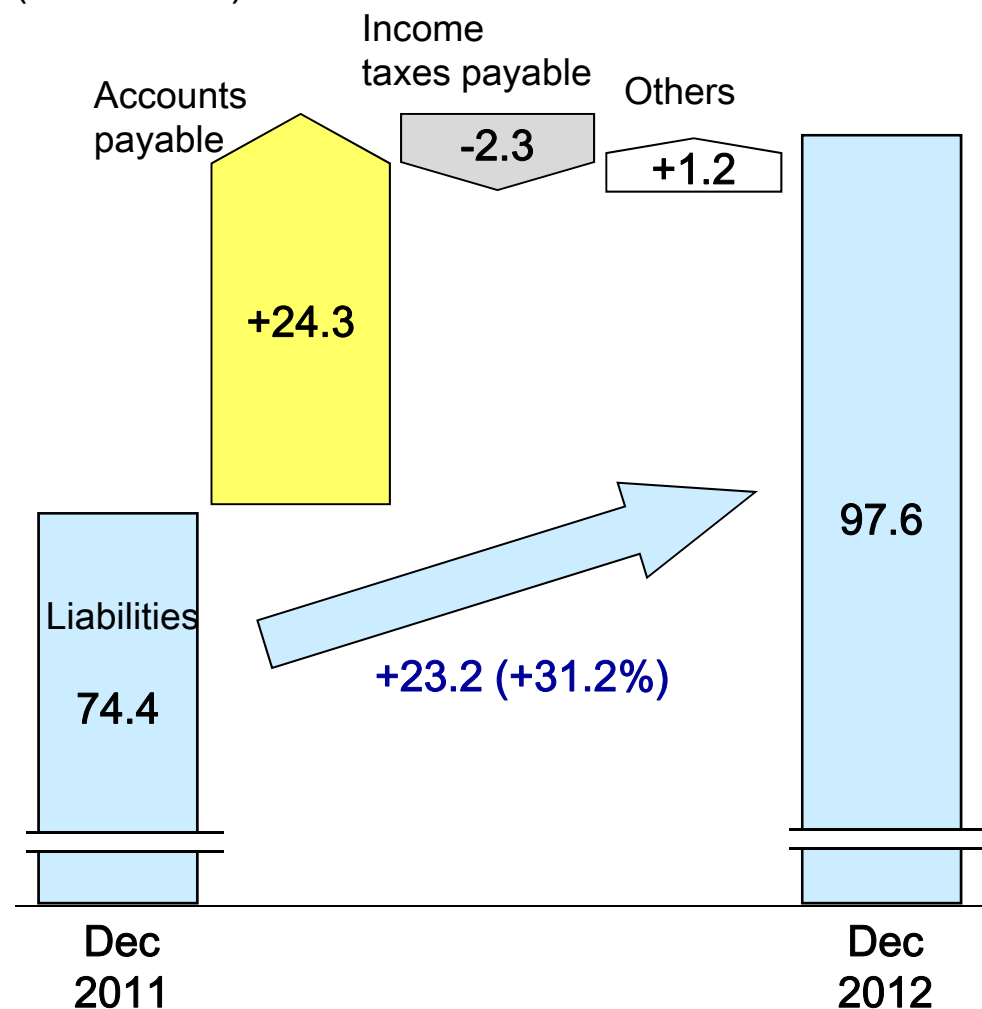
- Cash and deposits +3.7
- Marketable securities +40.0
Increase in NCD
- Accounts receivable +9.1
- Inventories +3.9
- Property, plant and equipment -0.6
- Others -1.9
Decrease in deferred tax assets

Actual 2012



Balance Sheet Items (Liabilities)

(Billion JPY)



- Accounts payable +24.3
- Income taxes payable -2.3
Payment of income taxes
- Others +1.2
Increase in accrued consumption taxes

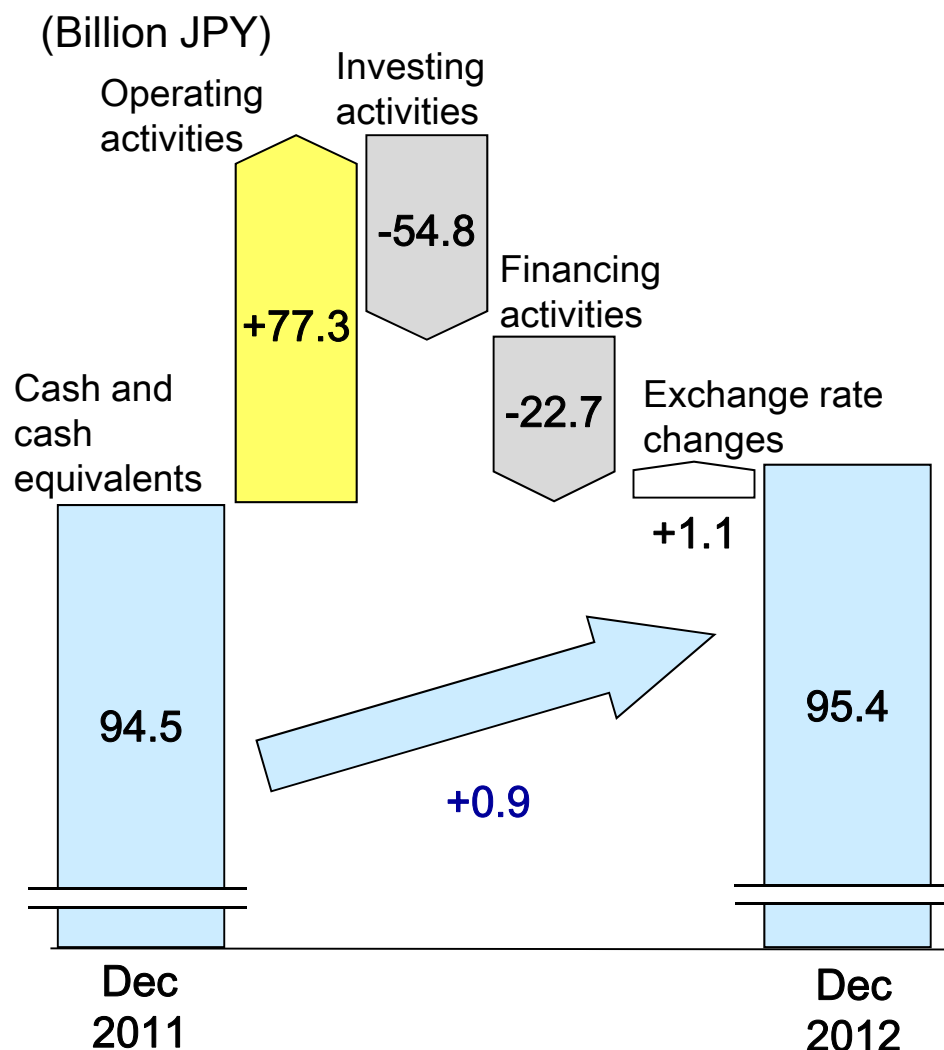
Equity Ratio

Dec. 2011	Dec. 2012	Variance
85.6%	83.0%	-2.6%pts

Actual 2012



Cash Flow Statement Jan - Dec



● Cash flow from operating activities	+77.3
Income before taxes and minority interests	+75.3
Depreciation and amortization	+15.3
Decrease in working capital	+11.7
Increase in trade notes and accounts receivable	-8.9
Increase in inventories	-3.7
Increase in trade notes and accounts payable	+24.3
Payments for loss on disaster	-1.1
Income taxes paid	-25.5
● Cash flow from investing activities	-54.8
Increase in marketable and investment securities	-38.6
Purchases of noncurrent assets	-15.1
● Cash flow from financing activities	-22.7
Cash dividends paid	-21.8

IFRS

<Pro forma>

FY2012 Core Results



(Billion JPY)	2012 JGAAP	Variance	2012 IFRS	Non-Core	2012 Core	(Billion JPY)
Revenues	391.2	-4.6	386.6		386.6	Revenues
Sales	375.2	-	375.2		375.2	Sales
Other Operating Revenues	16.0	-4.7	11.3		11.3	Royalties and Other Operating Income
Cost of Sales	-167.7	-0.5	-168.2	+0.9	-167.3	Cost of Sales
Gross Profit	223.5	-5.1	218.4	+0.9	219.3	Gross Profit
SG&A (excl. R&D) exp.	-92.0	+24.1	-67.9	+0.0	-67.9	M&D
R&D exp.	-55.1	-11.5	-66.6	+0.0	-66.6	R&D
	0.0	-9.2	-9.2	+0.0	-9.2	G&A
Operating Income	76.4	-1.7	74.7	+0.9	75.6	Operating Profit

*The revised IAS19 Employee Benefits is retrospectively applied to FY2012 results

2013 Forecast (IFRS)

2013 Forecast Jan - Dec



(Billion JPY)	Actual (Core)		Forecast (Core)		Growth	
	2012 Jan-Dec	As % of Revenues	2013 Jan-Dec	As % of Revenues		
Revenues	386.6		416.0		+29.4	+7.6
Sales	375.2		394.3		+19.1	+5.1
excl. Tamiflu	363.2		385.5		+22.3	+6.1
Tamiflu	12.0		8.8		-3.2	-26.7
Royalties and Other Operating Income	11.3		21.7		+10.4	+92.0
Cost of Sales	-167.3		-183.2		-15.9	+9.5
Gross Profit	219.3	56.7	232.8	56.0	+13.5	+6.2
Operating Expenses	-143.7	-37.2	-155.3	-37.3	-11.6	+8.1
Operating Profit	75.6	19.6	77.5	18.6	+1.9	+2.5
EPS (JPY)	85.64		92.57		+6.93	+8.1

Exchange rate (JPY)

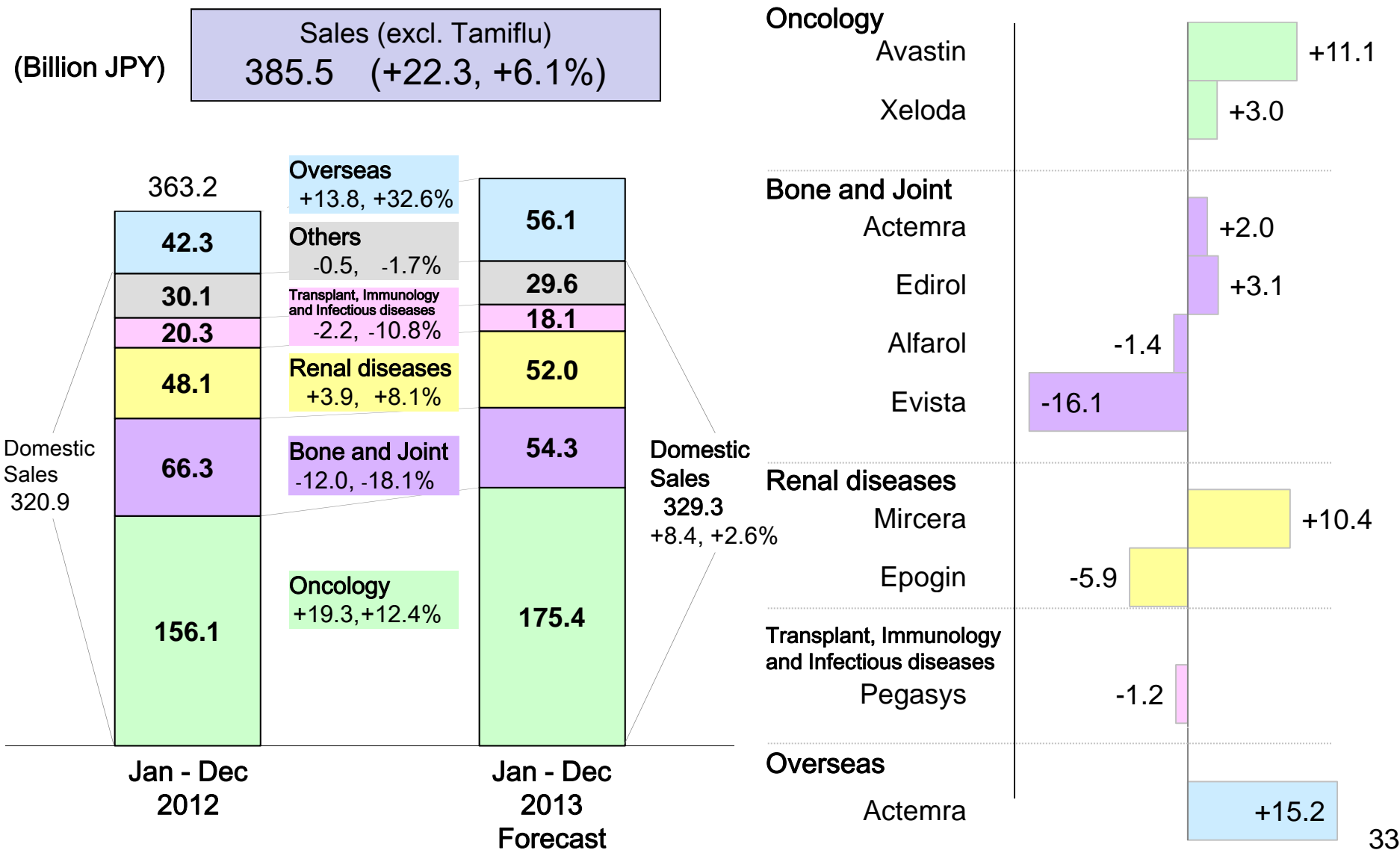
CHF
EUR

2012 Actual	2013 Forecast
85.12	95.00
102.59	115.00

2013 Forecast (IFRS)



Sales (excl. Tamiflu) vs. 2012 Actual



2013 Forecast (IFRS)

FY2012 Consolidated Financial Overview

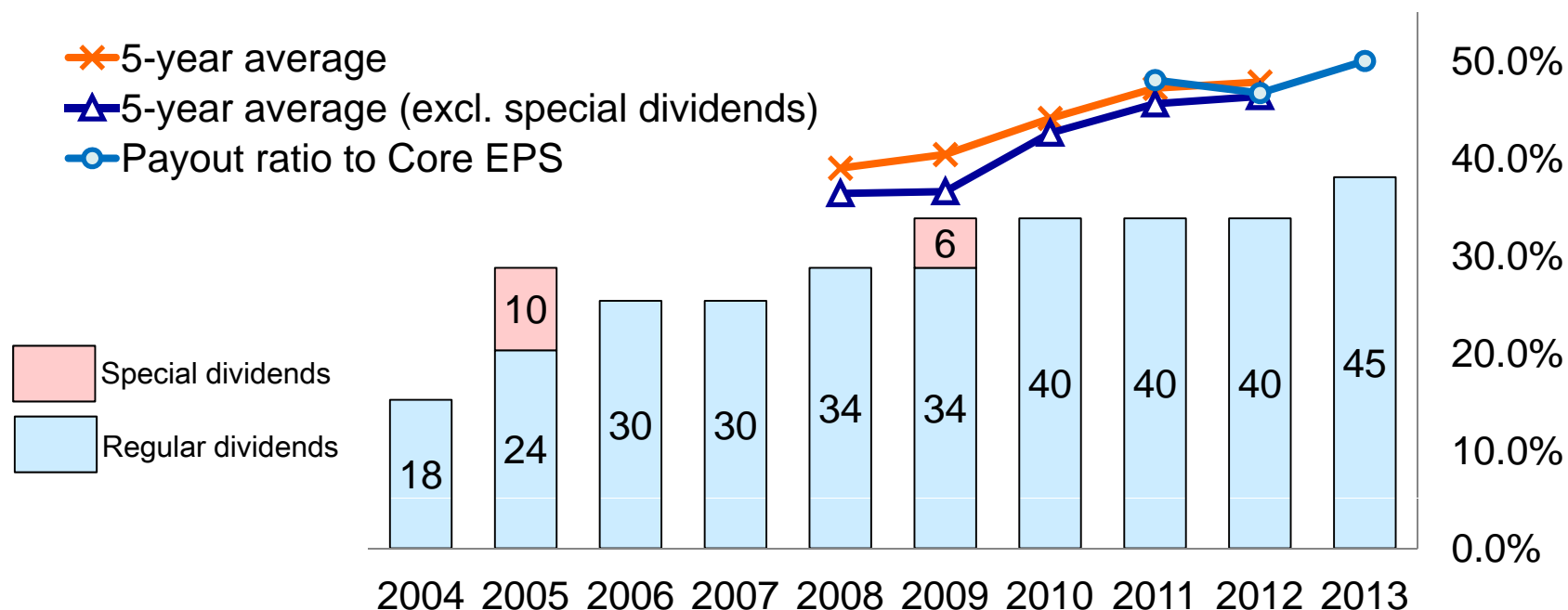


Dividend Policy

■ Policy

Aiming to ensure stable profit for all shareholders and a consolidated dividend payout ratio of 50% on average to Core EPS, taking account of strategic funding needs and earnings prospects.

- Dividends for FY2012 (Plan) 40JPY : 20 + 20
- Dividends for FY2013 (Forecast) 45JPY : 22 + 23



Appendix

<Pro forma>



Differences in FY2012 P/L

FY2012 Operating Profit: IFRS < JGAAP due to up-front income

(Billions of JPY)	IFRS	JGAAP	Diff.	Major causes (Impact on IFRS profit)
Revenues	386.6	391.2	-4.6	
Sales	375.2	375.2	—	
Royalties and other operating income	11.3	16.0	-4.7	Up-front income
Cost of sales	-168.2	-167.7	-0.5	Depreciation (incl. validation assets) /amortization
M&D	-67.9	-92.0	+24.1	Phase 4/post-marketing surveillance, depreciation, SG&A
R&D	-66.6	-55.1	-11.5	Phase 4/post-marketing surveillance, depreciation, product intangible under development
G&A	-9.2	—	-9.2	Separated from SG&A, extraordinary & non-operating items of JGAAP
Operating Profit	74.7	76.4	-1.7	IFRS -2.1 bn JPY excl. extraordinary & non-operating items of JGAAP
Profit before taxes	72.7	75.3	-2.6	Extraordinary & non-operating items of JGAAP
Net income	46.8	48.2	-1.4	Non-controlling interest exemption

*The revised IAS19 Employee Benefits is retrospectively applied to FY2012 results

<Pro forma>



Major Differences in FY2012 P/L -1

①—⑤ : refer to the next page

(Billions of JPY)	IFRS	Diff. in total	Reclassification *1	Measurement & others*2		JGAAP	
Revenues	386.6	-4.6	-0.1	-4.5		391.2	Revenues
Sales	375.2	—	—	—		375.2	Sales
Royalties and other operating income	11.3	-4.7	-0.1	-4.6	①	16.0	Other Operating revenues
Cost of sales	-168.2	-0.5	-1.1	+0.6	②	-167.7	Cost of sales
Gross profit	218.4	-5.1	-1.2	-3.9		223.5	Gross profit
M&D	-67.9	+24.1	+23.4	+0.7	②	-92.0	SG&A excl. R&D
R&D	-66.6	-11.5	-12.8	+1.3	②③	-55.1	R&D
G&A	-9.2	-9.2	-9.0	-0.2			
Operating profit	74.7	-1.7	+0.4	-2.1		76.4	Operating profit
Financial income	-1.9	-4.9	-4.3	-0.6		3.0	Non-op income
Financial costs	-0.0	+4.0	+3.9	+0.1		-4.0	Non-op expenses
		+0.1	+0.1	+0.0		-0.1	Extraordinary gain/loss
Profit before taxes	72.7	-2.6	—	-2.6		75.3	Profit before taxes
Income taxes	-25.8	+0.5	—	+0.5		-26.3	Income taxes
		+0.8	—	+0.8	④	-0.8	Minority interests
Net income	46.8	-1.4	—	-1.4		48.2	Net income

*1 Different account titles between IFRS and JGAAP

*2 Different recognition, timing, or amounts based on GAAP difference 37

<Pro forma>



Major Differences in FY2012 P/L -2

Major reclassification

* Financial income/cost excluded

JGAAP	IFRS	Contents	Impact on IFRS profit (JPY)
Operating expense	R&D	Phase 4/post-marketing surveillance expenses	-9.3bn
	R&D	Expenses from service cost center	-3.5bn
	G&A	Administrative expenses from corporate depts.	-10.0bn
Non-operating income /expenses Extraordinary gains/losses	G&A	Non-op*	+0.4bn

Major measurement /others

No. of the previous page	IFRS	Contents	Impact on IFRS profit (JPY)
①	Royalties and other operating income	Recognition of up-front income	-4.6bn
②	Cost of Sales/M&D/R&D	Depreciation/amortization	+1.2bn
③	R&D	Recognition of product intangible under development	+0.6bn
④	N/A	Different scope of net income	+0.8bn

<Pro forma>



Core Operating Profit in FY2012

(Billions of JPY)	IFRS	Intangible assets & business combinations	Other eliminated items	IFRS Core result
Revenues	386.6			386.6
Sales	375.2			375.2
Royalties and other operating income	11.3			11.3
Cost of sales	-168.2	+0.9		-167.3
Gross profit	218.4	+0.9		219.3
M&D	-67.9	+0.0		-67.9
R&D	-66.6	+0.0		-66.6
G&A	-9.2		+0.0	-9.2
Operating profit	74.7	+0.9	+0.0	75.6
Financial income	-1.9			-1.9
Financial costs	-0.0			-0.0
Profit before taxes	72.7	+0.9	+0.0	73.6
Income taxes	-25.8	-0.3	-0.0	26.2
Net income	46.8	+0.6	+0.0	47.4
Chugai shareholders	46.1	+0.6	+0.0	46.6
Non-controlling interests	0.8			0.8

Non-Core items

1. Intangible/acquisition accounting

Amortization of intangible assets

-0.9 bn JPY

No impairment of intangible assets/No acquisition accounting

2. Other eliminated items

Restructuring

No legal matters

(Billions of JPY)

Core net income attributable to Chugai shareholders	46.6
---	------

(Millions of shares)

Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share	544
---	-----

(JPY)

Core EPS	85.64
----------	-------

<Pro forma>

Opening Balance and Year-end Balance of 2012

IFRS BS - Assets



(Billions of JPY)		1 Jan 2012	31 Dec. 2012	Change
Non-current assets	Property, plant and equipment	143.4	143.1	-0.3
	Intangible assets	6.5	6.5	-0.0
	Financial long-term assets	4.9	6.3	+1.4
	Other long-term assets	11.3	10.9	-0.4
	Deferred income tax assets	24.0	20.7	-3.3
	Post-employment benefit assets	1.0	2.7	+1.7
Total non-current assets		191.2	190.2	-1.0
Current assets	Inventories	102.8	108.4	+5.6
	Accounts receivable	119.5	128.3	+8.8
	Current income tax assets	0.0	0.3	+0.3
	Other current assets	4.0	6.1	+2.1
	Marketable securities	75.2	116.5	+41.3
	Cash and cash equivalents	94.5	95.4	+0.9
Total current assets		396.1	455.1	+59.0
Total assets		587.3	645.3	+58.0

<Pro forma>



Opening Balance and Year-end Balance of 2012

IFRS BS – Liabilities and Net Assets

(Billions of JPY)		1 Jan. 2012	31 Dec. 2012	Change
Non-current liabilities	Long-term debt	-0.2	-0.2	-0.0
	Deferred income tax liabilities	-9.3	-10.0	-0.7
	Post-employment benefit liabilities	-0.7	-0.7	-0.0
	Provisions	-1.9	-1.9	+0.0
	Other non-current liabilities	-4.5	-8.6	-4.1
Total non-current liabilities		-16.6	-21.4	-4.8
Current liabilities	Short-term debt	-0.0	-0.0	-0.0
	Current income tax liabilities	-13.7	-11.4	+2.3
	Provisions	-0.3	-0.0	+0.3
	Accounts payable	-35.9	-60.1	-24.2
	Accrued and other current liabilities	-21.7	-23.1	-1.4
Total current liabilities		-71.7	-94.7	-23.0
Total liabilities		-88.3	-116.2	-27.9
Total net assets		499.0	529.2	+30.2
Equity	Capital and reserves attributable to Chugai shareholders	497.8	528.0	+30.2
	Non-controlling interests	1.2	1.2	-0.0

Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Senior Vice President
Head of Project & Lifecycle Management Unit
Yutaka Tanaka

January 30/31, 2013



Projects under Development (as of 30 Jan. 2013)

	Phase I	Phase II	Phase III	Filed
Oncology	CIF/RG7167 - solid tumors CKI27/RG7304 - solid tumors PA799 - solid tumors WT4869 - MDS (PI/II) - solid tumors WT2725 - advanced cancer RG7204/vemurafenib - melanoma (PI/II)	AF802/RG7853 - NSCLC (PI/II) GC33/RG7686 - LC RG340/Xeloda - aGC RG3502 /trastuzumab emtansine - GC (PII/III)	RG435/Avastin - aBC - GBM RG1273/pertuzumab - aBC GA101 (RG7159) /obinutuzumab - NHL RG3638/onartuzumab - NSCLC	RG435/Avastin - GBM (recurrent) - OC RG1273/pertuzumab - BC RG1415/Tarceva - NSCLC (1 st line) RG3502 /trastuzumab emtansine - BC★
Bone & Joint			NRD101/Suvenyl - enthesopathy RG484/Bonviva (oral) - osteoporosis	RG484/Bonviva (inj) - osteoporosis
Autoimmune	SA237 - RA RG7415/rontalizumab - SLE			MRA/Actemra (Japan) - RA (sc) MRA/Actemra (overseas) - RA (sc)★
CNS	RG1450/gantenerumab - alzheimer's disease	RG7090 - major depressive disorder	RG1678/bitopertin - schizophrenia	
Others	ACE910 - hemophilia A CIM331 - atopic dermatitis RG3637/lebrikizumab - asthma RG7652 - hyperlipidemia★		CSG452/tofogliflozin - Type 2 diabetes	



Development Status - Oncology

In-
licensed

RG3638 / onartuzumab (MetMab) :

Expected Indication: Non-Small Cell Lung Cancer
Started Global P3 in November 2012

In-
licensed

RG3502 / trastuzumab emtansine (T-DM1) :

Expected Indication: Breast Cancer
Filed in January 2013

In-
licensed

GA101 (RG7159) / obinutuzumab :

Entered into an agreement to co-develop and
co-market with Nippon Shinyaku Co., Ltd.,
(Expected indication: Non-Hodgkin's Lymphoma)



Development Status - Autoimmune, Others

In-house

MRA / Actemra (sc) (Overseas) :

Expected Indication: Rheumatoid Arthritis
Filed in December 2012

In-house

CSG452 / tofogliflozin:

Entered into license agreement with
Kowa Company, Ltd. and Sanofi K.K.
(Expected indication: Type 2 diabetes)

In-licensed

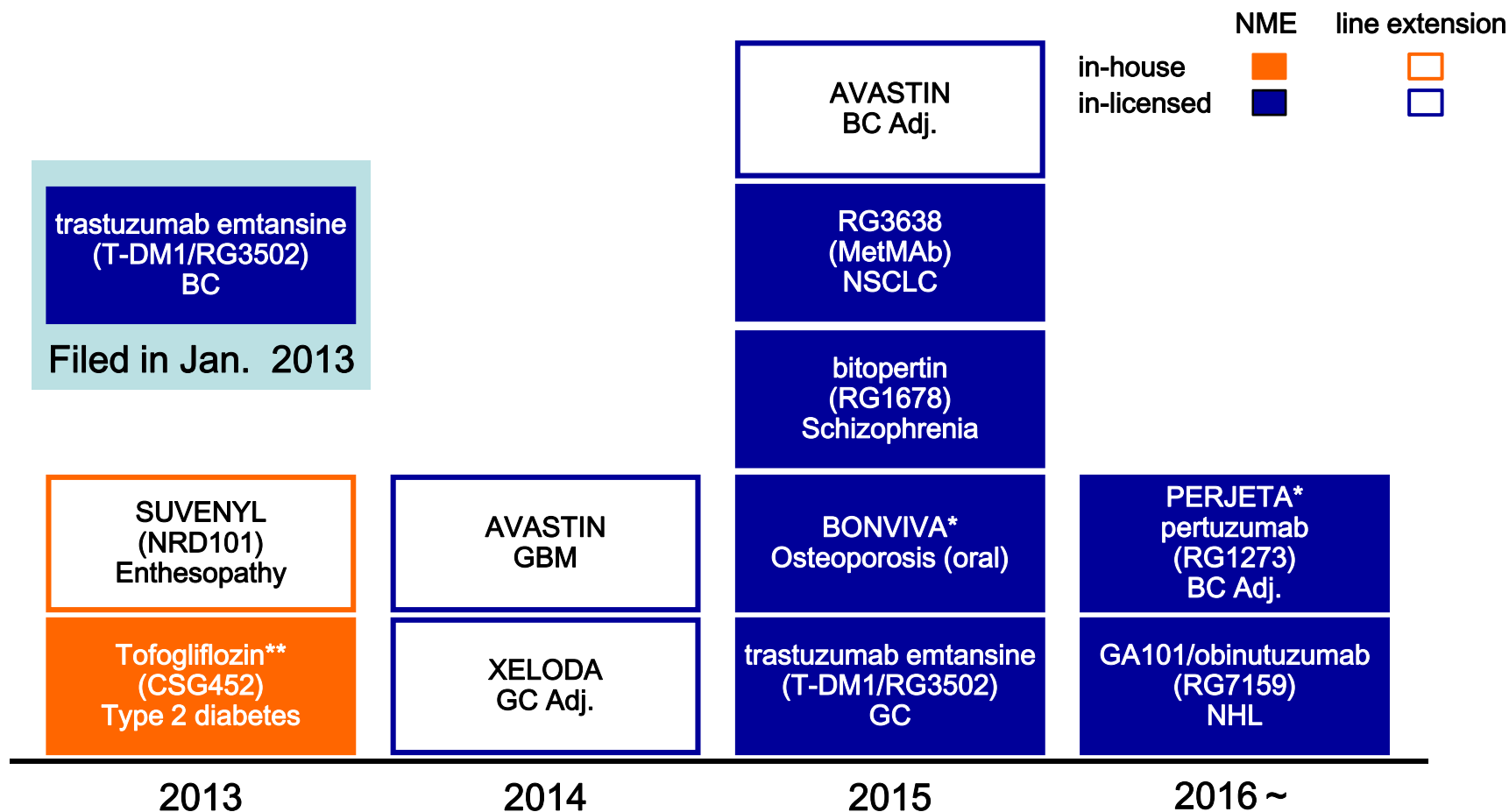
RG7652 :

Expected Indication: Hyperlipidemia
Started P1 in October 2012



Projected Submissions (Post PoC products and NMEs)

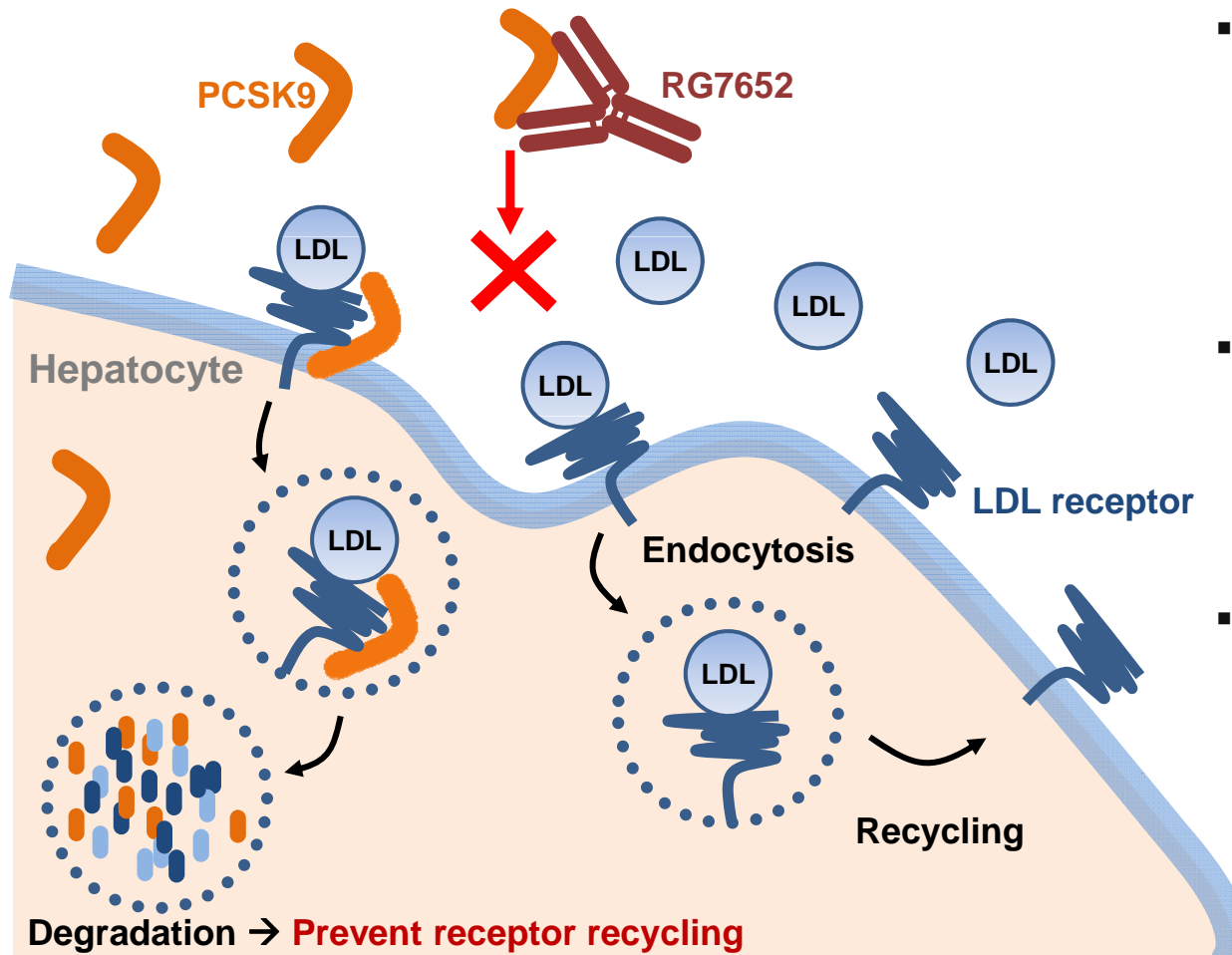
■ Seamless filings every year



* Overseas brand name

** Filed by Kowa and Sanofi

RG7652 - Mode of Action



- RG7652 inhibits the interaction between LDLR and PCSK9, which leads to LDLR degradation and lowers LDL-C level by facilitating LDLR recycling.
- PCSK9 loss of function mutation was associated with sustained lower levels of LDL-C and a reduction in the incidence of coronary disease¹⁾
- Those who completely lacks PCSK9 were otherwise healthy with substantially lower LDL-C levels, which indicates that PCSK9 inhibition might have limited adverse effects²⁾

PCSK9: proprotein convertase subtilisin/kexin type 9

1) Cohen et al., NEJM 2006

2) Zhao Z et al., American J Hum Genet 2006



Update on the Development Requests for Unapproved Drugs/Indications

■ Review Committee of Development Request for Unapproved Drugs/Indication

- ❑ 8 products (9 out of 10 indications including additional dosages and administrations) officially requested by MHLW at the 1st round have been approved.
- ❑ Products remaining from the 1st round [(Avastin (OC) and Bactramin)] and products from the 2nd round [Avastin (rGBM) and Herceptin (dosages and administrations)] are shown below.

	Product	Indication	Current Situation
1st round requests	Avastin	Ovarian cancer	Filed on 5 Oct. 2012
	Bactramin	Treatment and prevention of <i>Pneumocystis</i> pneumonia	Approved on 10 Aug. 2012
2nd round requests	Avastin	Recurrent glioblastoma	Filed on 19 Sep. 2012
	Herceptin	Weekly dosage with chemotherapy for HER2 positive adjuvant breast cancer	Evaluation by the "Review Committee" held on 26 Dec. 2012, an "application based on evidence in the public domain" is applicable.

Letters in red: Projects with change in status since July. 26, 2012

Contacts: Corporate Communications Dept.

Corporate Communications Group

Tel: +81 (0)3-3273-0881 Fax: +81 (0)3-3281-6607

e-mail: pr@chugai-pharm.co.jp

Hitoshi Aikawa, Koichi Kawahara, Kae Miyata, Hiroshi Araki

Investor Relations Group

Tel: +81 (0)3-3273-0554 Fax: +81 (0)3-3281-6607

e-mail: ir@chugai-pharm.co.jp

Mac Uchida, Takayuki Sakurai, Yusuke Tokita, Chisato Kitamura,
Yuka Minoshima