



Roche Roche Group

Aiming to become a “top pharmaceutical company”

FY2014 1Q Consolidated Financial Overview (IFRS based)

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

April 24, 2014



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: 124.0 billion JPY (+37.2% YoY)**
 - Domestic sales excl. Tamiflu (+23.8%): double-digit increase due to steady growth of mainstay products and new products, and increase in temporary demand before the consumption tax increase
 - Overseas sales (+123.2%): doubled due to growth in Actemra export and weak yen
 - Royalties and other operating income (+188.2%): substantial increase due to an increase in milestone income

- **Cost of sales / Operating expenses**
 - Cost of sales: the ratio to sales worsened due primarily to yen depreciation
 - Core based operating expenses: 7.2% increase in total expenses due to yen depreciation, an increase in R&D expenses resulting primarily from progress in in-house projects and increased activities of CPR, etc

- **Profits**
 - IFRS based profits: operating profit 31.1 billion JPY (+111.6%), net income 19.1 billion JPY (+107.6%)
 - Core operating profit: 31.4 billion JPY (+107.9%)
 - Core EPS: 34.82 JPY (+106.9%)



IFRS and Core Results Jan – Mar

(Billion JPY)	IFRS results		Non-core items		Core results	
	2014 Jan - Mar		Intangible assets and Business combinations	Other eliminated items	2014 Jan - Mar	
Revenues	124.0				124.0	
Sales	114.2				114.2	
Royalties and other operating income	9.8				9.8	
Cost of sales	-55.5	+0.2			-55.3	
Gross profit	68.5	+0.2			68.8	
Operating expenses	-37.5	+0.0	+0.1		-37.3	
Marketing and distribution	-16.6	+0.0			-16.6	
Research and development	-18.3	+0.0	+0.1		-18.2	
General and administration	-2.6		+0.0		-2.6	
Operating profit	31.1	+0.3	+0.1		31.4	
Financing costs	-0.0				-0.0	
Other financial income (expense)	0.2				0.2	
Profit before taxes	31.3	+0.3	+0.1		31.6	
Income taxes	-12.2	-0.1	-0.0		-12.3	
Net income	19.1	+0.2	+0.1		19.3	
Chugai shareholders	18.8	+0.2	+0.1		19.0	
Non-controlling interests	0.3				0.3	

Non-Core items

1. Intangible/Business combinations
Amortization of intangible assets: +0.3bn JPY
No business combinations

2. Other eliminated items
Restructuring: +0.1bn JPY

(Billion JPY)

Core net income attributable to Chugai shareholders 19.0

(Millions of shares)

Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share 546

(JPY)

Core EPS 34.82

Year on Year (Core)

Financial Overview Jan – Mar



(Billion JPY)	2013		2014		Growth	
	Jan - Mar	vs. Rev*	Jan - Mar	vs. Rev*		
Revenues	90.4		124.0		+33.6	+37.2%
Sales	87.0		114.2		+27.2	+31.3%
excl. Tamiflu	78.7		107.3		+28.6	+36.3%
Domestic	68.8		85.2		+16.4	+23.8%
Export to Roche	5.1		16.9		+11.8	+231.4%
Other overseas	4.8		5.2		+0.4	+8.3%
Tamiflu	8.3		6.9		-1.4	-16.9%
Ordinary	7.5		6.8		-0.7	-9.3%
Stockpiling	0.8		0.1		-0.7	-87.5%
Royalties and other operating income	3.4		9.8		+6.4	+188.2%
Cost of sales	-40.6	44.9%	-55.3	44.6%	-14.7	+36.2%
Gross profit	49.9	55.2%	68.8	55.5%	+18.9	+37.9%
Operating expenses	-34.8	38.5%	-37.3	30.1%	-2.5	+7.2%
Operating profit	15.1	16.7%	31.4	25.3%	+16.3	+107.9%
Financing costs	-0.0		-0.0		+0.0	0.0%
Other financial income (expense)	-1.0		0.2		+1.2	-
Income taxes	-4.6		-12.3		-7.7	+167.4%
Net income	9.5	10.5%	19.3	15.6%	+9.8	+103.2%
EPS (JPY)	16.83		34.82		+17.99	+106.9%

(Billion JPY)

Royalties and other operating income +6.4

Milestone income increased

Other financial income (exp.) +1.2

Exchange gains/losses +2.0

Gains/Losses on derivatives -0.9

Cost of sales ratio vs. Sales

2013 Jan– Mar	2014 Jan–Mar
46.7%	48.4%

Average exchange rate (JPY)

	2013 Jan–Mar	2014 Jan–Mar
CHF	99.19	115.17
EUR	121.80	140.90

*Revenues

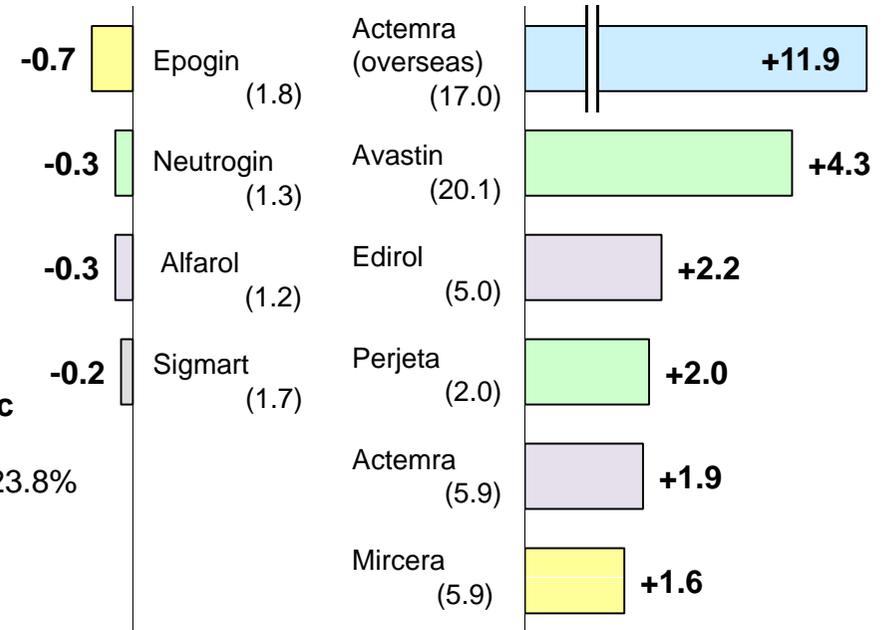
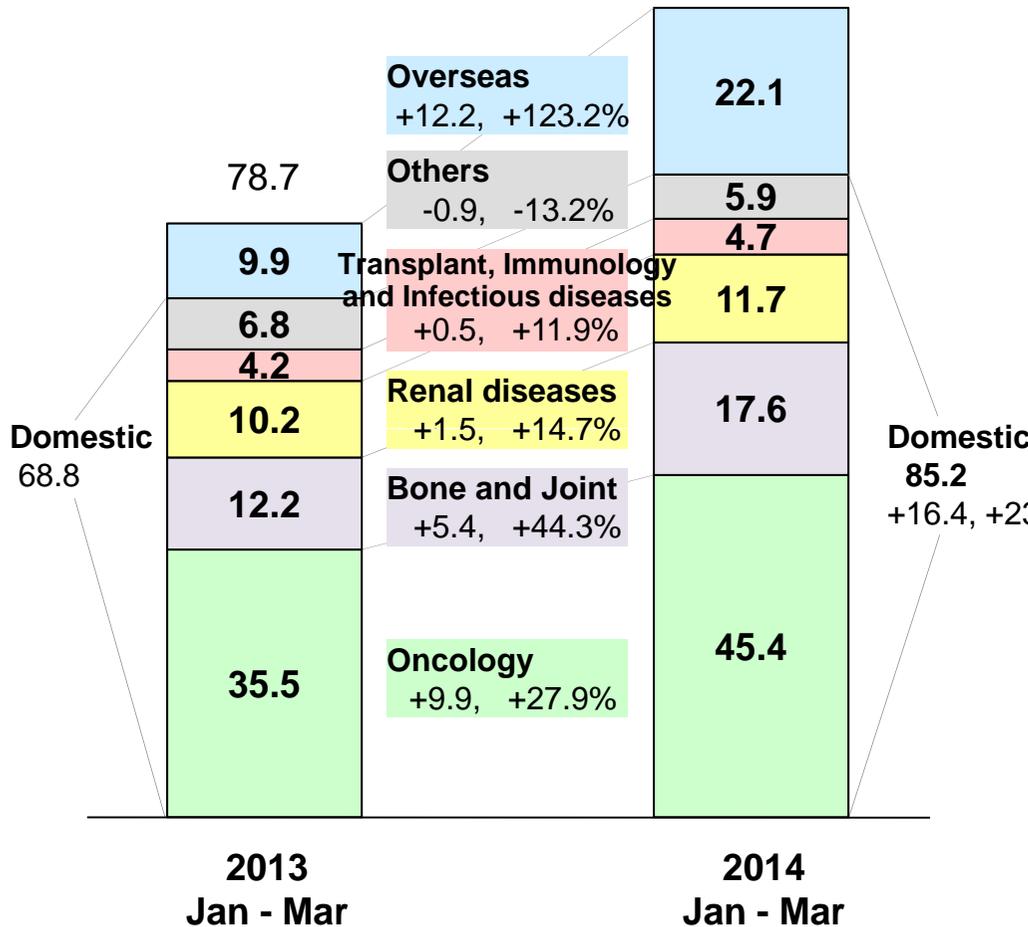
Year on Year

Sales (excl. Tamiflu) Jan – Mar



(Billion JPY)

Sales excl. Tamiflu
107.3 (+28.6, +36.3%)



Left : Sales by Disease Field
Right: Sales by Product, Variance Year on Year
(): FY2014 Actual



Tamiflu Sales Performance

(Billion JPY)		Fiscal Term Sales											Forecast		Seasonal Sales	Cases per sentinel* (millions)	
		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12		FY2014.12					
		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	2008-09	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	8.2						10.6	1.11
	2013-14										1.9	6.8				8.8	-
	2014-15												1.9			-	-
Ordinary		36.2	(+29.1)	1.6	(-34.6)	5.4	(+3.8)	10.2	(+4.8)	10.1	(-0.1)	8.8	(-1.3)				
Govt. Stockpile etc.	2008-09	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										0.1	0.1				0.2	
	2014-15												0.0			-	
Govt. Stockpile etc.		40.0	(+38.7)	16.6	(-23.4)	3.3	(-13.3)	1.9	(-1.4)	0.9	(-1.0)	0.1	(-0.8)				
Total		25.4	50.8	12.0	6.1	4.6	4.1	8.1	3.9	9.0	2.0	6.9	1.9				
		76.2	(+67.8)	18.2	(-58.0)	8.7	(-9.5)	12.0	(+3.3)	11.0	(-1.0)	8.8	(-2.2)				

*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

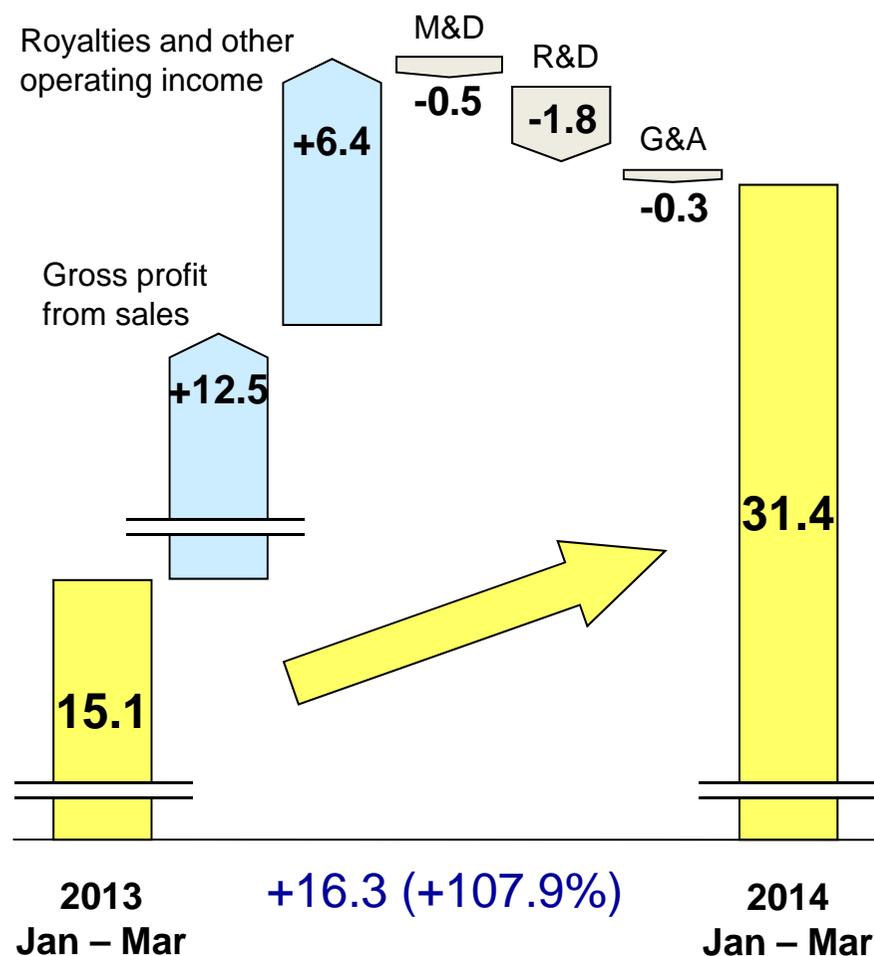
() Year on year

Year on Year (Core)

Operating Profit Jan – Mar



(Billion JPY)



(Billion JPY)	2013 Jan - Mar	2014 Jan - Mar	Growth
Revenues	90.4	124.0	+33.6
Cost of sales	-40.6	-55.3	-14.7
Gross profit	49.9	68.8	+18.9
Sales	46.5	59.0	+12.5
Royalties, etc.	3.4	9.8	+6.4
Marketing and distribution	-16.1	-16.6	-0.5
Research and development	-16.4	-18.2	-1.8
General and administration	-2.3	-2.6	-0.3
Operating profit	15.1	31.4	+16.3

Increase in gross profit from sales	+12.5
Increase in mainstay products, new products and Actemra overseas	
Increased demand due to the consumption tax increase	
Increase in royalties and other operating income	+6.4
Increase in marketing and distribution	-0.5
Negative foreign exchange impact on expenses of overseas sales subsidiaries, etc	
Increase in research and development	-1.8
Negative foreign exchange impact, progress in in-house projects, increased activities of CPR*, etc	
Increase in general and administration	-0.3

*Chugai Pharmabody Research: antibody research center in Singapore

vs. Forecast (Core)



Financial Overview Jan – Mar

(Billion JPY)	Actual	Forecast on Jan 30		2013
	2014 Jan - Mar	2014 Jan - Dec	Progress	Progress*
Revenues	124.0	451.0	27.5%	21.3%
Sales	114.2	427.0	26.7%	21.7%
excl. Tamiflu	107.3	418.2	25.7%	20.2%
Domestic	85.2	335.7	25.4%	20.9%
Export to Roche	16.9	64.6	26.2%	11.9%
Other overseas	5.2	17.9	29.1%	26.5%
Tamiflu	6.9	8.8	78.4%	75.5%
Royalties and other operating income	9.8	24.0	40.8%	15.2%
Cost of sales	-55.3	-213.0	26.0%	21.8%
Gross profit	68.8	238.0	28.9%	21.0%
Operating expenses	-37.3	-167.0	22.3%	22.1%
Operating profit	31.4	71.0	44.2%	18.9%
EPS (JPY)	34.82	82.62	42.1%	17.8%

*Jan - Mar progress versus Jan - Dec

vs. Forecast (Core)

Domestic Sales (excl. Tamiflu) Jan – Mar



(Billion JPY)	Actual	Forecast on Jan 30		2013
	2014 Jan - Mar	2014 Jan - Dec	Progress	Progress*
Domestic sales excl. Tamiflu	85.2	335.7	25.4%	20.9%
Oncology	45.4	178.9	25.4%	20.6%
Avastin	20.1	81.2	24.8%	21.0%
Herceptin	8.1	30.0	27.0%	21.0%
Tarceva	2.9	11.3	25.7%	19.2%
Xeloda	2.8	10.8	25.9%	23.0%
Perjeta	2.0	4.7	42.6%	-
Kadcyla	-	1.9	-	-
Bone and Joint	17.6	67.3	26.2%	20.1%
Actemra	5.9	22.4	26.3%	19.6%
Edirol	5.0	17.6	28.4%	18.7%
Bonviva	0.7	3.9	17.9%	-
Renal	11.7	45.8	25.5%	20.9%
Mircera	5.9	24.6	24.0%	19.1%
Epogin	1.8	6.7	26.9%	23.8%
Transp., Immun., Infectious	4.7	17.3	27.2%	22.3%
Pegasys	1.5	5.1	29.4%	23.6%
Copegus	0.6	1.8	33.3%	23.1%
Others	5.9	26.3	22.4%	23.8%

*Jan - Mar progress versus Jan – Dec. Forecast for Kadcyla as disclosed on Apr. 24

vs. Forecast (Core)

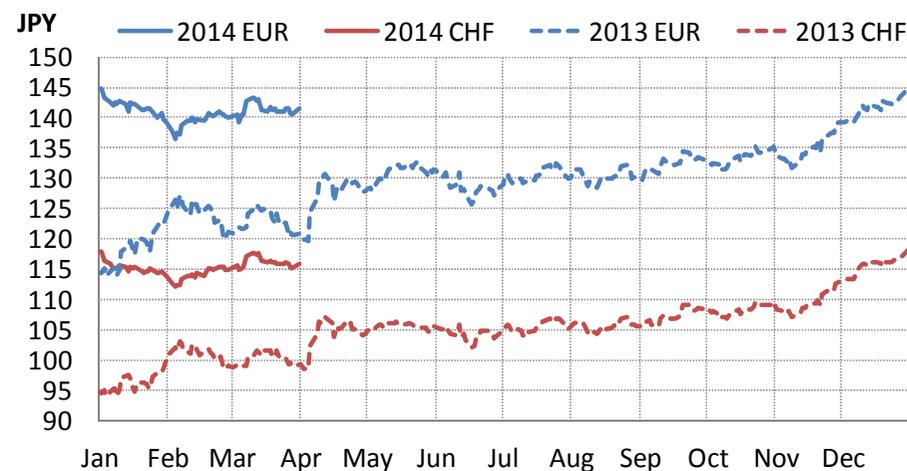
Impact from Foreign Exchange



(Billion JPY)	FX impact Jan - Mar (vs. Forecast on Jan. 30)	
Revenues	-0.1	
	Sales	-0.1
	Royalties and other operating income	-0.0
Cost of sales	Cost of sales	
	Operating expenses	+0.0
	Expenses	-0.0
Operating profit	-0.1	

FX rate to the JPY	Assumption Jan - Dec (as of Jan. 30)	Actual Jan - Mar avg.	Reference Actual Jan - Mar avg. (2013)
1CHF	116.00	115.17	99.19
1EUR	142.00	140.90	121.80

[Reference]
Historical exchange rates to the JPY (Jan - Mar)





Aiming to become a “top pharmaceutical company”

Overview of Development Pipeline

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

April 24, 2014

Oncology Field

Projects under Development (as of 24 April, 2014)



	Phase I	Phase II	Phase III	Filed
Oncology	CKI27 / RG7304 (Japan / overseas) - solid tumors RG7321 / pictilisib - solid tumors	GC33 / RG7686 - LC RG340 / Xeloda - aGC AF802 (RG7853) / alectinib (overseas) - NSCLC (PI/II)	RG1273 / Perjeta - aBC - GC RG435 / Avastin - aBC RG3502 / Kadcyła - GC (PII/III) - aBC ★ GA101 (RG7159) / obinutuzumab - NHL RG7446 / MPDL3280A ★ - NSCLC	AF802 (RG7853) / alectinib (Japan) - NSCLC RG7204 / vemurafenib ★ - melanoma

Letters in orange: in-house projects

★: Projects with advances in stages since 30 January, 2014

Primary Field Projects under Development (as of 24 April, 2014)



	Phase I	Phase II	Phase III	Filed
Bone & Joint			RG484 / Bonviva (oral) - osteoporosis NRD101 / Suvenyl - enthesopathy	
Autoimmune	RG7415 / rontalizumab ★ - SLE	MRA / Actemra (overseas) - systemic sclerosis	MRA / Actemra (overseas) - giant cell arteritis SA237 - neuromyelitis optica ★★	MRA / Actemra (EU) - RA (sc)
CNS	RG1450 / gantenerumab - alzheimer's disease RG1577 - alzheimer's disease	RG7090 - major depressive disorder	RG1678 / bitopertin - schizophrenia	
Others	RG7652 (overseas) ★ - hyperlipidemia URC102 (South Korea) - gout	CIM331 ★ - atopic dermatitis ACE910 - hemophilia A (PI/II)	RG3637 / lebrikizumab - asthma	

Letters in orange: in-house projects

★: Projects with advances in stages since 30 January, 2014

★: Candidate for partnering-out in Roche

★: Global study managed by Chugai



Development Status

In-
licensed

RG3502 / Kadcyła® :

- Launched in April 2014 (Indication: Breast Cancer)
 - Expected indication: Breast Cancer (adjuvant)
- Started Global P3 in January 2014

In-
licensed

RG7204 (BRAF inhibitor) :

- Expected indication: Melanoma
- Filed in April 2014

In-
licensed

RG7446 / MPDL3280A (Engineered anti-PDL1 MAb) :

- Expected indication: Non-Small Cell Lung Cancer
- Started Global P3 in February 2014

In-
licensed

RG3638 (MetMAb) :

- Expected indication: Non-Small Cell Lung Cancer
- Recommendation to discontinue Global P3 (the METLung study) in March 2014
 - Development discontinued in April 2014

In-
licensed

RG7414 (anti-EGFL7 MAb) :

- Expected indication: Solid Tumors
- Development discontinued in February 2014



Development Status

In-house

SA237 (anti-IL-6R MAb) :

Expected indication: Neuromyelitis Optica

Started Global P3 in February 2014 (managed by Chugai)

In-house

ACE910 (anti-factor IX × anti-factor X humanized bispecific antibody) :

Expected indication: Hemophilia A

Decided to license-out to Roche in April 2014

Preliminary data from ongoing P1 to be presented in May 2014 (11-15 May, World Federation of Hemophilia 2014)

■ Other changes

Deleted from the pipeline chart with due consideration for development priorities.

Development Code	Mode of Action	Expected indication	Stage
PA799	PI3K inhibitor	Solid tumors	P1
CIF/RG7167	MEK inhibitor	Solid tumors	P1

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