

FY2016 1Q Consolidated Financial Overview (IFRS based)

CHUGAI PHARMACEUTICAL CO., LTD.

Vice President

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April 22, 2016



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



1Q Results Summary

■ Revenues: 119.9 billion yen (+2.8, +2.4% YoY)

- Domestic sales excl. Tamiflu: increase due to steady growth of new products and mainstay products (+3.9, +4.6%)
- Overseas sales: decrease due to impact of supply price reduction, etc on Actemra export (-2.0, -8.8%)
- Royalties and other operating income: increase due to Actemra-related revenues, etc. (+0.6, +16.2%)

■ Cost of sales / Operating expenses (Core basis)

- Cost of sales: the ratio to sales worsened due to yen depreciation and impact of supply price reduction on Actemra export (+2.1% points, from 50.6% to 52.7%)
- Operating expenses: slight increase mainly due to increase of research and development expenses with progress of projects (+0.4, +1.0%)

■ Profits

- IFRS results: operating profit 20.1 billion yen (-0.6, -2.9%)
net income 14.7 billion yen (-0.1, -0.7%)
- Core results: operating profit 20.4 billion yen (-1.1, -5.1%)
net income 14.9 billion yen (-0.4, -2.6%)
- Core EPS (JPY): 26.94 (-0.60, -2.2%)



IFRS and Core Results Jan - Mar

(Billions of JPY)

(Billion JPY)	IFRS results	Non-core items		Core results
	2016 Jan - Mar	Intangible assets	Others	2016 Jan - Mar
Revenues	119.9			119.9
Sales	115.6			115.6
Royalties and other operating income	4.3			4.3
Cost of sales	-61.2	+0.3		-60.9
Gross profit	58.7	+0.3		59.0
Operating expenses	-38.7	+0.1		-38.6
Marketing and distribution	-16.6	+0.0		-16.5
Research and development	-19.3	+0.0		-19.2
General and administration	-2.8			-2.8
Operating profit	20.1	+0.4		20.4
Financing costs	-0.0			-0.0
Other financial income (expense)	0.1			0.1
Profit before taxes	20.1	+0.4		20.5
Income taxes	-5.4	-0.1		-5.6
Net income	14.7	+0.2		14.9
Chugai shareholders	14.5	+0.2		14.7
Non-controlling interests	0.2			0.2

Non-Core items

- Intangible assets
 - Amortization of intangible assets +0.4
 - Impairment non
- Others
 - Environmental costs non

Core net income attributable to Chugai shareholders

14.7 ①

(Millions of shares)

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

547 ②

(JPY)

Core EPS

26.94 ③/④

Year on Year (Core)

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Financial Overview Jan - Mar

(Billions of JPY)	2015 Jan - Mar vs. Revenues		2016 Jan - Mar vs. Revenues		Growth	
Revenues	117.1		119.9		+2.8	+2.4%
Sales	113.4		115.6		+2.2	+1.9%
excl. Tamiflu	106.7		108.6		+1.9	+1.8%
Domestic	83.9		87.8		+3.9	+4.6%
Export to Roche	18.0		16.5		-1.5	-8.3%
Other overseas	4.8		4.3		-0.5	-10.4%
Tamiflu	6.7		7.0		+0.3	+4.5%
Ordinary	6.7		7.0		+0.3	+4.5%
Govt. stockpiles etc.	0.0		0.0		+0.0	0.0%
Royalties and other operating income	3.7		4.3		+0.6	+16.2%
Cost of sales	-57.4	49.0%	-60.9	50.8%	-3.5	+6.1%
Gross profit	59.7	51.0%	59.0	49.2%	-0.7	-1.2%
Operating expenses	-38.2	32.6%	-38.6	32.2%	-0.4	+1.0%
Operating profit	21.5	18.4%	20.4	17.0%	-1.1	-5.1%
Financing costs	-0.0		-0.0		0.0	0.0%
Other financial income (expense)	0.5		0.1		-0.4	-80.0%
Income taxes	-6.6		-5.6		+1.0	-15.2%
Net income	15.3	13.1%	14.9	12.4%	-0.4	-2.6%
EPS (JPY)	27.54		26.94		-0.60	-2.2%

(Billions of JPY)

Royalties and other operating income +0.6

Actemra-related revenues increased, etc.

Other financial income (expense) -0.4

Exchange gains/losses +1.8

Gains/Losses on derivatives -2.1
(Gains/Losses on foreign exchange forward contracts)

Cost of sales ratio vs. Sales

2015 Jan - Mar	2016 Jan - Mar
50.6%	52.7%

Average exchange rate (JPY)

	2015 Jan - Mar	2016 Jan - Mar
CHF	124.98	116.14
EUR	134.38	127.29
USD	119.15	115.43
SGD	87.88	82.22

Year on Year

Sales (excl. Tamiflu) Jan - Mar

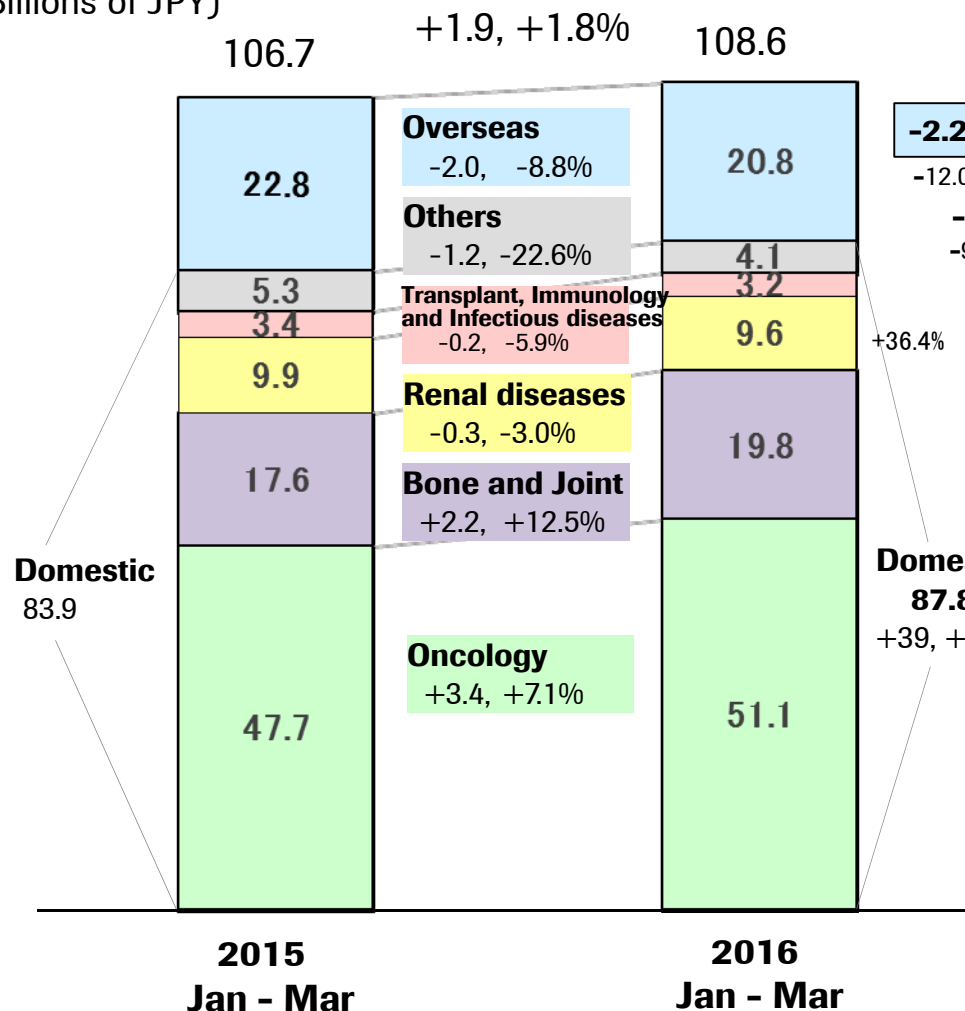
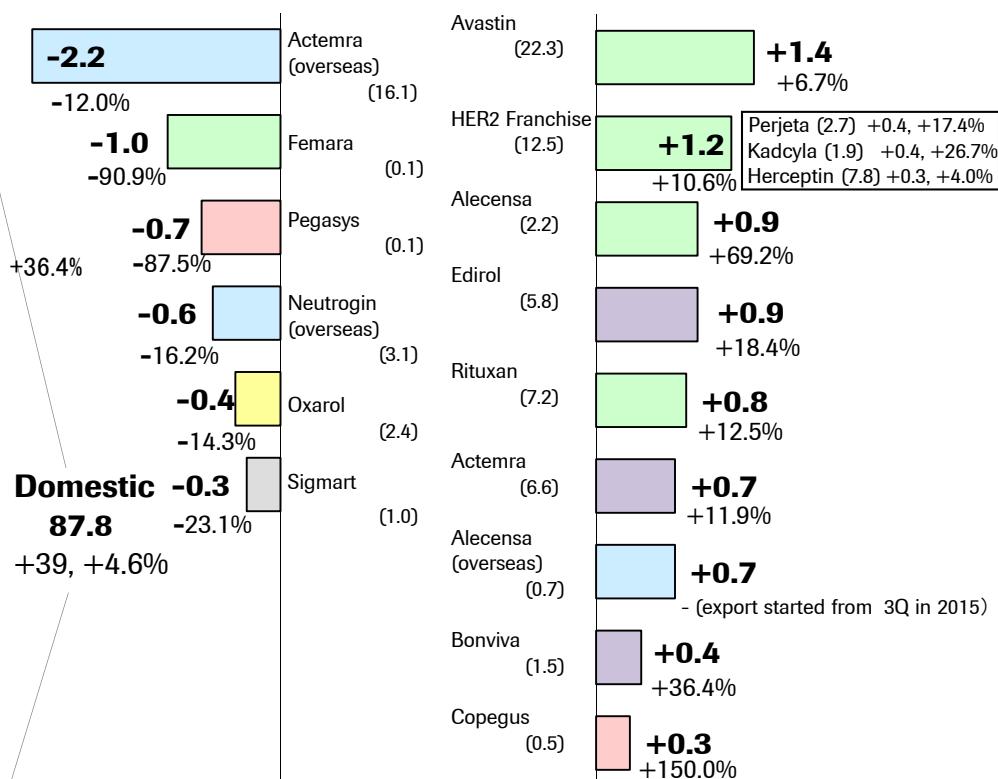
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Sales by Disease Area,
Year on Year Comparisons

(Billions of JPY)

Sales by Products,
Year on Year Changes

(): FY2016 Actual

%: Year-on-year percentage change



Tamiflu Sales Performance

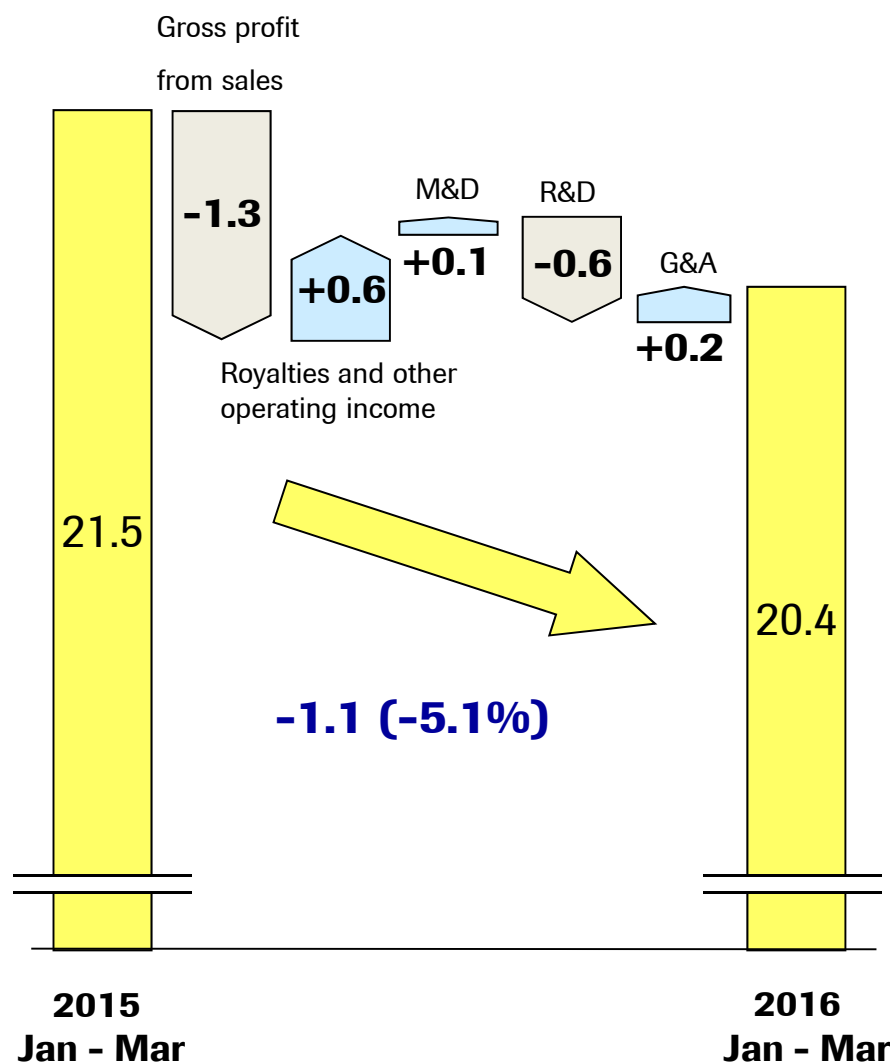
(Billions of JPY)		Fiscal Term Sales														Forecast	Seasonal Sales
		FY2010.12		FY2011.12		FY2012.12		FY2013.12		FY2014.12		FY2015.12		FY2016.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Mar	Apr-Dec		
Ordinary	2009-10	1.4														26.6	
	2010-11		0.2	4.1												4.3	
	2011-12				1.3	7.8										9.1	
	2012-13						2.4	8.2								10.6	
	2013-14								1.9	7.0						9.0	
	2014-15										5.8	6.7				12.6	
	2015-16												1.5	7.0		8.5	
	2016-17														0.6	-	
Ordinary		1.6	(-34.6)	5.4	(+3.8)	10.2	(+4.8)	10.1	(-0.1)	12.9	(+2.8)	8.2	(-4.7)	7.6	(-0.6)		
Govt. Stockpiles etc.	2009-10	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										0.1	0.0				0.1	
	2015-16												0.0	0.0		0.0	
	2016-17														1.0	-	
Govt. Stockpile etc.		16.6	(-23.4)	3.3	(-13.3)	1.9	(-1.4)	0.9	(-1.0)	0.2	(-0.7)	0.0	(-0.2)	1.0	(+1.0)		
Total		12.0	6.1	4.6	4.1	8.1	3.9	9.0	2.0	7.1	5.9	6.7	1.5	7.0	1.6		
		18.2	(-58.0)	8.7	(-9.5)	12.0	(+3.3)	11.0	(-1.0)	13.0	(+2.0)	8.2	(-4.8)	8.6	(+0.4)		

() Year on year

Year on Year (Core)

Operating Profit Jan - Mar

(Billion of JPY)



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(Billions of JPY)	2015 Jan - Mar	2016 Jan - Mar	Growth
Revenues	117.1	119.9	+2.8
Cost of sales	-57.4	-60.9	-3.5
Gross profit	59.7	59.0	-0.7
of which Sales	56.0	54.7	-1.3
Royalties, etc.	3.7	4.3	+0.6
Marketing and distribution	-16.6	-16.5	+0.1
Research and development	-18.6	-19.2	-0.6
General and administration	-3.0	-2.8	+0.2
Operating profit	21.5	20.4	-1.1

Decrease in gross profit from sales	-1.3
The ratio to sales worsened due to yen depreciation and supply price reduction for Actemra export	
Increase in royalties and other operating income	+0.6
Decrease in marketing and distribution	+0.1
Increase in research and development expenses	-0.6
Progress in in-house projects, etc.	
Decrease in general and administration	+0.2

vs. Forecast (Core)

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Financial Progress Jan - Mar

(Billions of JPY)	Actual	Forecast on Jan 28		2015 Progress*
	2016 Jan - Mar	2016 Jan - Dec	Progress	
Revenues	119.9	495.0	24.2%	23.5%
Sales	115.6	475.4	24.3%	24.2%
excl. Tamiflu	108.6	466.8	23.3%	23.2%
Domestic	87.8	379.0	23.2%	22.2%
Export to Roche	16.5	70.5	23.4%	28.5%
Other overseas	4.3	17.3	24.9%	25.1%
Tamiflu	7.0	8.6	81.4%	81.7%
Royalties and other operating income	4.3	19.6	21.9%	12.2%
Cost of sales	-60.9	-254.0	24.0%	24.0%
Gross profit	59.0	241.0	24.5%	23.0%
Operating expenses	-38.6	-170.0	22.7%	22.6%
Operating profit	20.4	71.0	28.7%	23.7%
EPS (JPY)	26.94	92.54	29.1%	23.7%

* Jan - Mar progress versus Jan - Dec.

vs. Forecast (Core)

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Sales Progress (excl. Tamiflu) Jan - Mar

(Billions of JPY)	Actual	Forecast on Jan 28		2015 Progress*
	2016 Jan - Mar	2016 Jan - Dec	Progress	
Sales excl. Tamiflu	108.6	466.8	23.3%	23.2%
Domestic	87.8	379.0	23.2%	22.2%
Oncology	51.1	220.3	23.2%	22.1%
Avastin	22.3	93.4	23.9%	22.3%
HER2 Franchise	12.5	53.9	23.2%	22.3%
Herceptin	7.8	34.9	22.3%	22.9%
Perjeta	2.7	11.3	23.9%	21.7%
Kadcyla	1.9	7.6	25.0%	20.5%
Xeloda	2.9	12.6	23.0%	23.4%
Tarceva	2.5	12.5	20.0%	21.6%
Alecensa	2.2	9.6	22.9%	16.3%
Bone and Joint	19.8	85.8	23.1%	22.2%
Actemra	6.6	29.7	22.2%	22.0%
Edirol	5.8	25.6	22.7%	21.2%
Bonviva	1.5	7.7	19.5%	20.4%
Renal	9.6	40.8	23.5%	21.8%
Mircera	5.3	23.7	22.4%	21.0%
Oxarol	2.4	9.2	26.1%	21.7%
Epogin	1.2	5.3	22.6%	23.7%
Transp., Immun., Infectious	3.2	14.1	22.7%	21.4%
CellCept	1.7	8.1	21.0%	22.9%
Copegus	0.5	1.5	33.3%	6.9%
Pegasys	0.1	0.9	11.1%	42.1%
Others	4.1	18.0	22.8%	24.4%
Overseas	20.8	87.8	23.7%	27.7%
Export to Roche	16.5	70.5	23.4%	28.5%
Actemra	15.8	68.0	23.2%	28.8%
Alecensa	0.7	2.5	28.0%	-
Other overseas	4.3	17.3	24.9%	25.1%

* Jan - Mar progress versus Jan - Dec.


vs. Forecast (Core)

Impact from Foreign Exchange

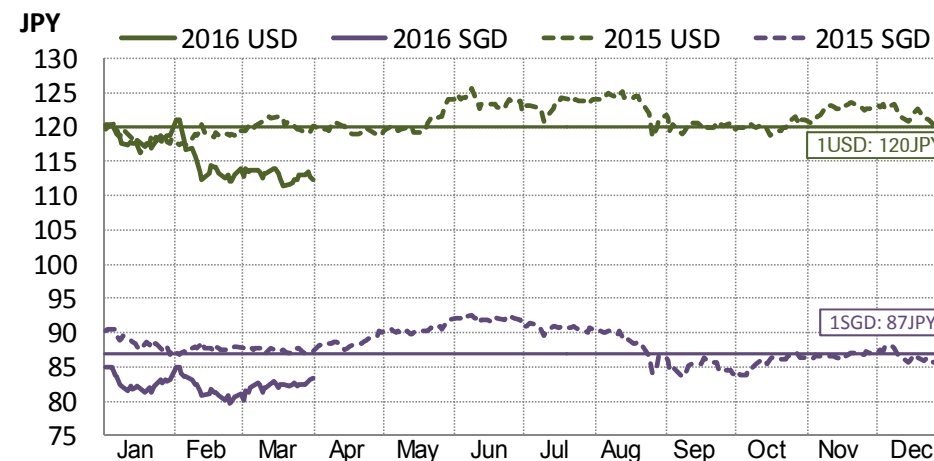
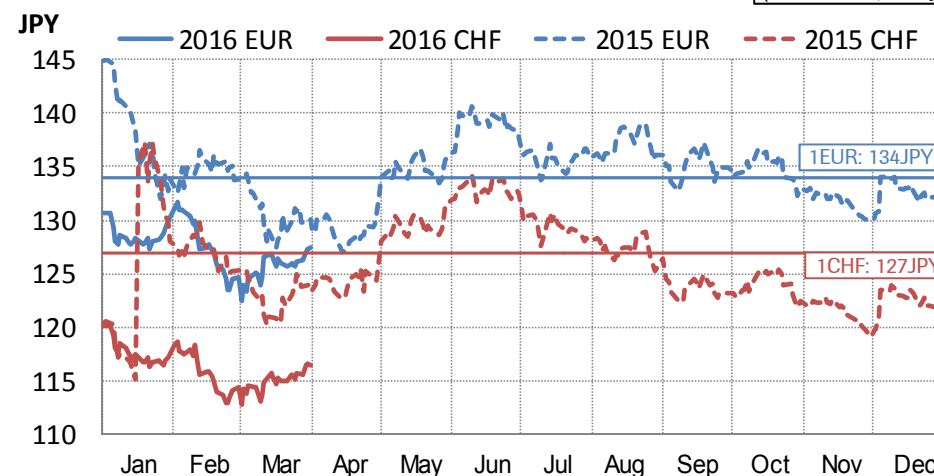
(Billions of JPY)	2016 Jan - Mar (FX impact vs. Forecast rate)	
Revenues	-0.4	
	Sales	-0.2
	Royalties and other operating income	-0.2
Cost of sales	Cost of sales	+0.3
Operating expenses	Expenses	+0.3
Operating profit	+0.2	

Actual / Forecast rate* (JPY)	2015 Jan - Mar Actual	2016 Jan - Dec Forecast	2016 Jan - Mar Actual
1CHF	124.98	127.00	116.14
1EUR	134.38	134.00	127.29
1USD	119.15	120.00	115.43
1SGD	87.88	87.00	82.22

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

[Reference]
Historical exchange rate to the JPY

Forecast rate
(as of Jan. 28, 2016)



Foreign Exchange Impact on Cost of Sales

FY2016 1Q Consolidated Financial Overview

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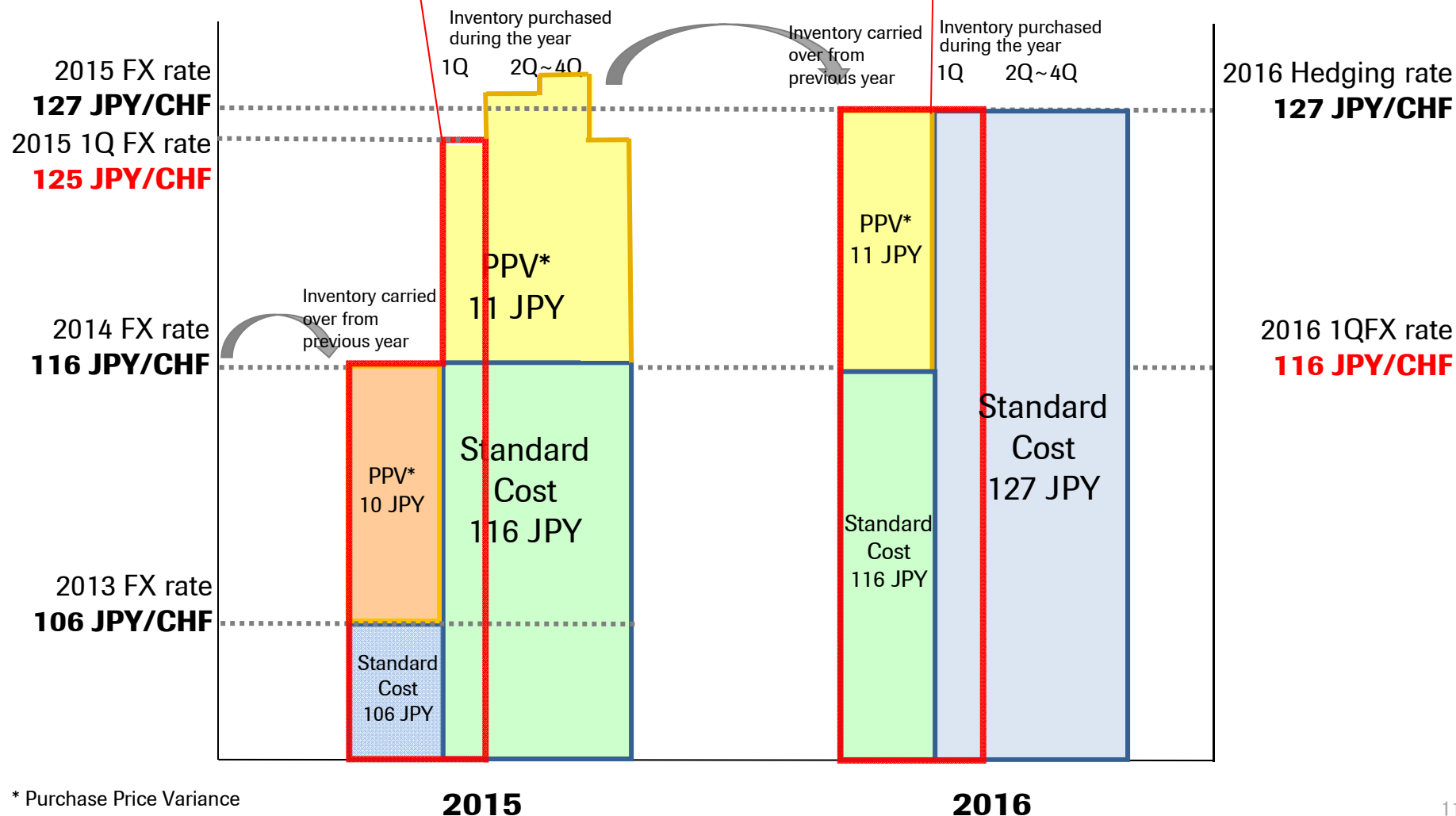
Note: Figure and numbers below are for illustrative purposes

Weighted average of FX rates applied to inventories carried over from previous year and purchased in 1Q

119 JPY/CHF

Weighted average of FX rates applied to inventories carried over from previous year and purchased in 1Q

127 JPY/CHF



Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.

Associate Vice President

Deputy Head of Project & Lifecycle Management Unit

Department Manager of R&D Portfolio Management Dept.

Minoru Watanabe

April 22, 2016



Oncology Field

Projects under Development (as of 22 April, 2016)

	Phase I	Phase II	Phase III	Filed
Oncology	CKI27 / RG7304 (Japan / overseas) - solid tumors RG7596 / polatuzumab vedotin - NHL RG7604 / taselisib - solid tumors RG7440 / ipatasertib - solid tumors	GC33 (RG7686) / codrituzumab - hepatocellular carcinoma	AF802 (RG7853) / Alecensa (overseas) - NSCLC [1L] RG1273 / Perjeta - breast cancer (adjuvant) - gastric cancer RG3502 / Kadcyla -breast cancer (adjuvant) GA101 (RG7159) / obinutuzumab - aggressive NHL - indolent NHL RG7446 / atezolizumab - NSCLC - NSCLC (adjuvant) - bladder cancer - MIBC (adjuvant) - renal cell carcinoma RG435 / Avastin - renal cell carcinoma	RG435 / Avastin - cervical cancer AF802 (RG7853) / Alecensa (EU) - NSCLC [post-crizotinib]

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

NHL: non-Hodgkin's lymphoma

NSCLC: non-small cell lung cancer

MIBC: muscle invasive bladder cancer

Letters in orange: in-house projects

★: Projects with advances in stages since 28 January, 2016



Primary Field

Projects under Development (as of 22 April, 2016)

	Phase I	Phase II	Phase III	Filed
Bone & Joint			ED-71 / Ediolol (China) - osteoporosis	
Renal	EOS789 - hyperphosphatemia			
Autoimmune			MRA / Actemra - large-vessel vasculitis - giant cell arteritis (overseas) - systemic sclerosis SA237 - neuromyelitis optica★	
CNS	RG1662 / basmisanil - improvement of intellectual ability in individuals with Down syndrome		RG1450 / gantenerumab - Alzheimer's disease	
Others	PCO371 (overseas) - hypoparathyroidism	RG3637 / lebrikizumab - IPF CIM331 / nemolizumab - atopic dermatitis★ - pruritus in dialysis patients URC102 (South Korea) - gout	RG3637 / lebrikizumab - asthma ACE910 (RG6013) / emicizumab - hemophilia A	

In principle, completion of first dose is regarded as the start of clinical studies in each phase.
IPF: idiopathic pulmonary fibrosis

Letters in orange: in-house projects

★: Projects with advances in stages since 28 January, 2016

★: Multinational study managed by Chugai

Development Status

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In-
licensed

RG484 / Bonviva[®] Tablet

Osteoporosis

Launched in April 2016



Other Progress

In-
licensed

RG340 / Xeloda®

Rectal cancer (adjuvant) [public knowledge-based application]

Filed in March 2016

In-
house

MRA / Actemra®

Systemic sclerosis

Designated as Orphan Drug in March 2016

In-
house

Marduox® Ointment

Psoriasis vulgaris (combination topical ointment)

Approved in March 2016



Data Presentation / Results of Clinical Trials

In-house

AF802 / Alecensa®

J-ALEX study (PIII in Japan) stopped early for benefit in February 2016

- Primary endpoint (progression-free survival) was achieved with a statistically significant improvement compared to crizotinib
- Detailed data to be presented at the American Society of Clinical Oncology in June 2016

In-licensed

RG3637 / lebrikizumab

Top-line results of PIII global studies in patients with severe asthma were released in February 2016

- Within the two identical PIII studies, one study met its primary endpoint while the other study did not

In-house

CIM331 / nemolizumab

Results of PII global study in patients with atopic dermatitis were presented at the American Academy of Dermatology in March 2016

- Efficacy and tolerability for 12 weeks treatment were observed

In-licensed

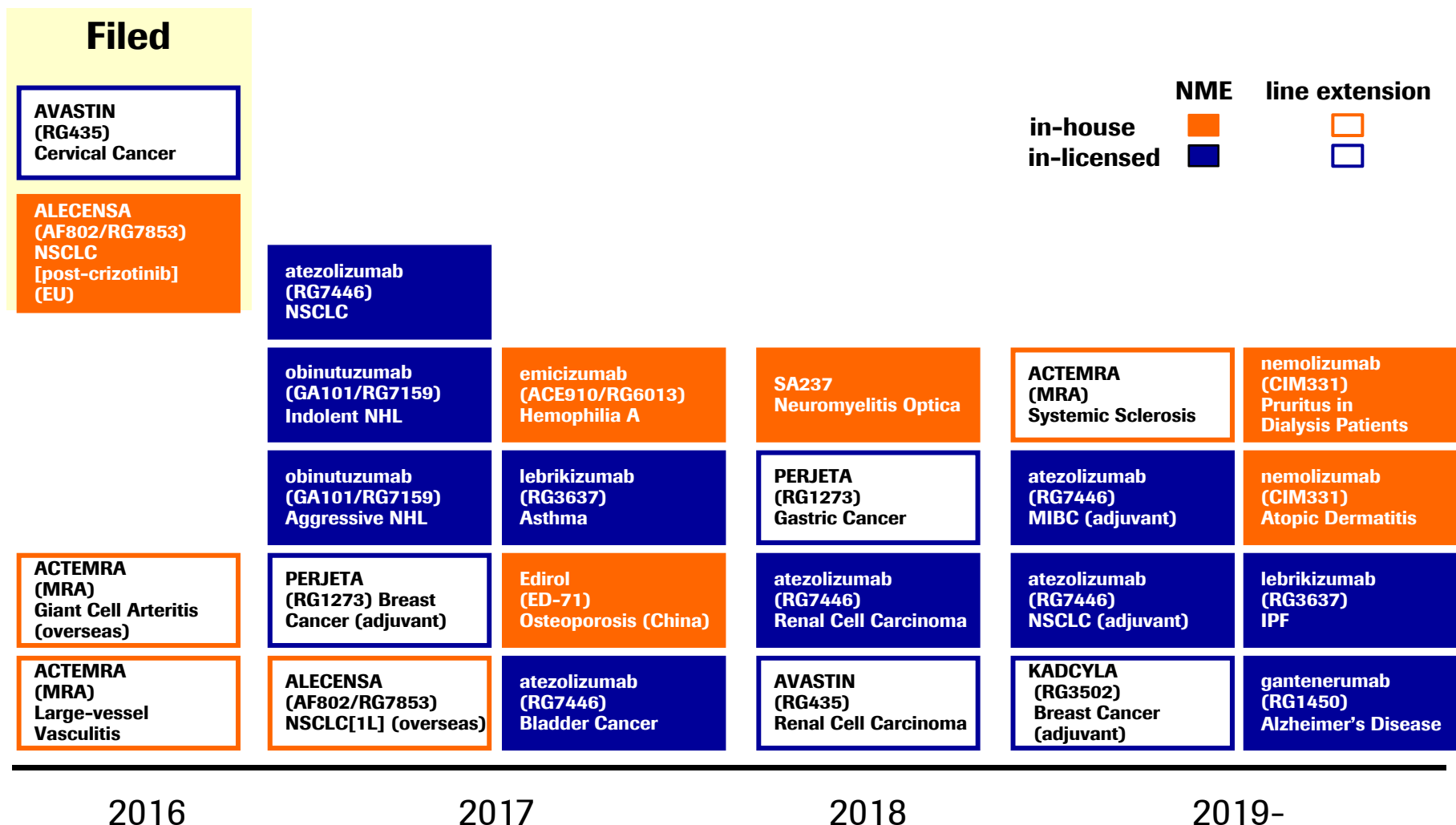
Aplidin® (PharmaMar)

Top-line results of PIII global study in patients with multiple myeloma were released in April 2016

- Study met its primary endpoint



Projected Submissions (Post PoC NMEs and Products)



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