



Chugai Announces 2019 1st Quarter Results

- Revenues increased to ¥154.3 billion (+4.7%) driven by contribution of new products and strong growth of mainstay products both in Japan and overseas
- Core operating profit saw a double-digit growth to ¥47.9 billion (+11.9%) with increases in sales and a lower cost to sales ratio
- Record-high Core operating profit and Core net income in the first quarter

TOKYO, April 24, 2019 -- [Chugai Pharmaceutical Co., Ltd.](#) (TOKYO: 4519) announced its financial results for the first quarter of the fiscal year ended December 31, 2019.

Chugai reported record high revenues and profits for the first quarter of 2019 driven by contribution from new products including the hemophilia A treatment Hemlibra[®] and the immune checkpoint inhibitor Tecentriq[®], and strong growth of mainstay products in Japan and overseas. Revenues increased by a little less than 5% as the double-digit sales growth driven mainly by the contribution of new products and strong exports outweighed the remarkable decrease in royalties and other operating income in the absence of one-time income from the transfer of long-term listed products reported last year. Operating profit achieved a double-digit increase due to a better cost to sales ratio as the proportion of in-house products increased in the total product mix.

Billion JPY	Q1 2019	Q1 2018	% change
Core results			
Revenues	154.3	147.4	+4.7%
Sales	137.7	124.7	+10.4%
Royalties and other operating income	16.6	22.7	-26.9%
Operating profit	47.9	42.8	+11.9%
Net income	36.3	31.2	+16.3%
IFRS results			
Revenues	154.3	147.4	+4.7%
Operating profit	46.1	38.4	+20.1%
Net income	35.0	28.2	+24.1%

[Revenues]

- Domestic sales increased to ¥99.3 billion (+6.9%). Contribution from new products including the hemophilia A treatment Hemlibra created by Chugai and the immune checkpoint inhibitor Tecentriq, and the strong growth of mainstay products chiefly in bone and joint diseases area have exceeded the negative impact from the NHI drug price revisions last year and generic competition.

- Oncology: Sales increased driven by the contribution from new products such as Tecentriq and Gazayva® as well as solid growth of Perjeta® and Alecensa®, despite the negative impact from last year's NHI drug price revisions and generic competition facing Rituxan®.
 - Bone and joint diseases: Sales recorded a double-digit growth due to strong sales of mainstay products such as the anti-rheumatic agent Actemra® and the osteoporosis agent Edirof®.
 - Renal diseases: Sales were almost flat while sales of the renal anemia agent Mircera® and the secondary hyperparathyroidism treatment Oxarol® approximated the previous year's level.
 - Others: Sales increased primarily due to favorable market penetration of new products such as the hemophilia A treatment Hemlibra, despite the negative impact from the transfer of long-term listed products last year.
- Overseas sales increased to ¥38.4 billion (+20.4%) due to increase in exports of Alecensa and Actemra to Roche.
 - Royalties and other operating income decreased to ¥16.6 billion (-26.9%) due to a decrease in other operating income in the absence of one-time income from the transfer of long-term listed products reported last year, despite royalties and profit sharing income related to Hemlibra increased.

Billion JPY	Q1 2019	Q1 2018	% change
Sales	137.7	124.7	+10.4%
Domestic sales	99.3	92.9	+6.9%
Oncology	52.0	48.6	+7.0%
Bone and joint diseases	24.2	21.6	+12.0%
Renal diseases	7.9	8.0	-1.3%
Others	15.2	14.6	+4.1%
Overseas sales	38.4	31.9	+20.4%

[Core operating profit]

- Core gross profit increased to ¥90.6 billion (+8.0%) due to sales growth and the better cost to sales with a higher proportion of in-house products in the total product mix, despite the remarkable decrease in royalties and other operating income.
- Core operating expenses grew by a low single-digit percentage to ¥42.7 billion (+3.9%), more modestly than the growth in Core gross profit. As a result, Core operating profit totaled ¥47.9 billion (+11.9%).

About Core results

Chugai discloses its results on a Core basis from 2013 in conjunction with its decision to apply IFRS. Core results are the results after adjusting non-Core items to IFRS results, and are consistent with the Core concept disclosed by Roche. Core results are used by Chugai as an internal performance indicator, for explaining the underlying business performance both internally and externally, and as the basis for payment-by-results such as a return to shareholders.

Trademarks used or mentioned in this release are protected by law.

###