



Chugai Announces 2019 Half Year Results

- Record-high Core operating profit and Core net income for two consecutive quarters
- Revenues increased to ¥320.3 billion (+12.3%) driven by contribution of new products and strong growth of mainstay products both in Japan and overseas
- Core operating profit saw a 40% growth to ¥103.5 billion (+44.6%) with increases in sales and a lower cost to sales ratio

TOKYO, July 25, 2019 -- [Chugai Pharmaceutical Co., Ltd.](#) (TOKYO: 4519) announced its financial results for the first half of the fiscal year ended December 31, 2019.

Chugai reported record high revenues, operating profit and net income for the second consecutive quarter. Revenues increased by 12.3% due to a double-digit sales growth driven by the contribution of new products, mainstay products and strong exports as well as increases in royalties and other operating income related to Hemlibra[®]. Operating profit increased by 44.6% due to a better cost to sales ratio as the proportion of in-house products increased in the total product mix.

Billion JPY	2019 Jan-June	2018 Jan-June	% change
Core results			
Revenues	320.3	285.1	+12.3%
Sales	282.4	255.6	+10.5%
Royalties and other operating income	37.9	29.5	+28.5%
Operating profit	103.5	71.6	+44.6%
Net income	75.1	52.6	+42.8%
IFRS results			
Revenues	320.3	285.1	+12.3%
Operating profit	95.1	66.6	+42.8%
Net income	69.3	49.0	+41.4%

[Revenues]

- Domestic sales increased to ¥210.0 billion (+9.9%) driven by contribution from new products including the hemophilia A treatment Hemlibra created by Chugai and the immune checkpoint inhibitor Tecentriq as well as the strong growth of mainstay products chiefly in oncology area and bone and joint diseases area, despite the negative impact from generic competition and the NHI drug price revisions last year.
 - Oncology: Sales increased driven by the contribution of new product Tecentriq and Gazyva[®], as well as solid growth of Perjeta[®] and Alecensa[®], despite the negative impact from generic competition facing Rituxan[®].
 - Bone and joint diseases: Sales recorded a double-digit increase due to steady growth of mainstay products such as 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 by about 20% due to steady market penetration of the new hemophilia A treatment Hemlibra, despite the negative impact from the transfer of long-term listed products last year.
- Overseas sales increased to ¥72.4 billion (+12.2%) due to increase in exports of Alecensa to Roche.
- Royalties and other operating income increased to ¥37.9 billion (+28.5%) due to increase in royalties and profit sharing income relating to Hemlibra.

Billion JPY	2019 Jan-Jun	2018 Jan-Jun	% change
Sales	282.4	255.6	+10.5%
Domestic sales	210.0	191.1	+9.9%
Oncology	114.6	105.7	+8.4%
Bone and joint diseases	52.0	47.0	+10.6%
Renal diseases	17.2	17.0	+1.2%
Others	26.2	21.5	+21.9%
Overseas sales	72.4	64.5	+12.2%

[Core operating profit]

- Core gross profit increased to ¥192.7 billion (+23.1%) due to sales growth and the better cost to sales ratio with a high proportion of in-house products in the total product mix.
- Core operating expenses grew by a single-digit percentage to ¥89.2 billion (+5.1%), more modestly than the growth in Core gross profit. As a result, Core operating profit totaled ¥103.5 billion (+44.6%).

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 the basis for payment-by-results such as a return to shareholders.

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