



Nippon Chemiphar Co., Ltd.

(TSE 4539)

# **FY2015 First Quarter Business Summary**

(Year Ending March 31, 2016)

# Sales, Income (Consolidated)

Sales and Income											(¥mn)
	FY2014			FY2015			FY2015				
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	2Q (Forecast)	Progress Rate (%)	Full Year (Forecast)	Progress Rate (%)	
<b>Net Sales</b>	<b>8,810</b>	<b>100.0</b>	<b>35,118</b>	<b>8,629</b>	<b>100.0</b>	<b>(2.1)</b>	<b>17,500</b>	<b>49.3</b>	<b>36,600</b>	<b>23.6</b>	
Pharmaceuticals	8,745	99.3	34,168	8,469	98.1	(3.2)	—	—	—	—	
Others	65	0.7	949	160	1.9	146.0	—	—	—	—	
Cost of sales	4,463	50.7	18,352	4,635	53.7	3.8	—	—	—	—	
SG&A expenses	3,329	37.8	13,480	3,405	39.5	2.3	—	—	—	—	
R&D expenses	359	4.1	1,755	392	4.5	9.1	—	—	2,100	18.7	
<b>Operating Income</b>	<b>1,016</b>	<b>11.5</b>	<b>3,285</b>	<b>588</b>	<b>6.8</b>	<b>(42.1)</b>	<b>1,200</b>	<b>49.1</b>	<b>2,800</b>	<b>21.0</b>	
<b>Net Income</b>	<b>627</b>	<b>7.1</b>	<b>1,899</b>	<b>415</b>	<b>4.8</b>	<b>(33.8)</b>	<b>750</b>	<b>55.4</b>	<b>1,700</b>	<b>24.5</b>	
<b>Net income attributable to owners of the parent</b>	<b>627</b>	<b>7.1</b>	<b>1,899</b>	<b>415</b>	<b>4.8</b>	<b>(33.8)</b>	<b>750</b>	<b>55.4</b>	<b>1,700</b>	<b>24.5</b>	

## Highlights

Generics sales to medical institutions are up 10.8% YOY, thanks to government promotion of generics since the start of FY2014. After last year's first-quarter order concentration, sales of generics to other makers dropped 65.7%, thus sales of generics, including ODM products, edged up to ¥7,317 million (up 0.6% YOY).

The switch to generics pushed down proprietary drug sales 10.4% YOY. Consolidated pharmaceutical sales thus slipped to ¥8,469 million (down 3.2% YOY), and consolidated net sales to ¥8,629 million (down 2.1 % YOY). This is in line with our second-quarter sales forecasts.

Cuts in factory operations and our sales mix hefted the cost of sales ratio 3.0 percentage points YOY, while higher R&D expenses raised the SG&A expenses ratio 1.7 percentage points YOY. In line with our second-quarter sales forecasts, our income declined.



# Pharmaceutical Sales (Consolidated)

## Generics, Proprietary Products

(¥mn)

	FY2014			FY2015				
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Total</b>	<b>7,805</b>	<b>100.0</b>	<b>30,800</b>	<b>7,753</b>	<b>100.0</b>	<b>(0.7)</b>	<b>32,510</b>	<b>23.9</b>
<b>Generics</b>	<b>6,929</b>	<b>88.8</b>	<b>27,400</b>	<b>6,969</b>	<b>89.9</b>	<b>0.6</b>	<b>29,730</b>	<b>23.4</b>
Sales to medical institutions	6,001		25,079	6,650		10.8	28,250	23.5
Sales to other makers*	928		2,321	318		(65.7)	1,480	21.5
Amlodipine	736		3,011	784		6.6	3,210	24.4
Lansoprazole	462		1,935	526		13.9	2,230	23.6
Limaprost Alfadex	379		1,509	368		(2.9)	1,500	24.6
Rabeprazole	375		1,595	420		11.8	1,850	22.7
Donepezil	362		1,704	402		11.0	1,720	23.4
Pravastatine	321		1,273	317		(1.1)	1,230	25.8
Voglibose	252		1,013	256		1.6	1,030	24.9
Others	4,039		15,357	3,892		(3.6)	16,960	23.0
<b>Proprietary products</b>	<b>875</b>	<b>11.2</b>	<b>3,400</b>	<b>784</b>	<b>10.1</b>	<b>(10.4)</b>	<b>2,780</b>	<b>28.2</b>
Uralyt	518		1,975	455		(12.2)	1,660	27.4
Soleton	279		1,134	251		(10.0)	870	29.0
Calvan	76		290	77		0.8	250	31.0

## Chemiphar, ODM Generics

(¥mn)

	FY2014			FY2015				
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Total</b>	<b>7,276</b>	<b>100.0</b>	<b>28,918</b>	<b>7,317</b>	<b>100.0</b>	<b>0.6</b>	<b>31,660</b>	<b>23.1</b>
Generics	6,929	95.2	27,400	6,969	95.2	0.6	29,730	23.4
Generics (ODM)	346	4.8	1,518	348	4.8	0.7	1,930	18.1



# Sales Distribution

**By Launch Year** (¥mn)

Year	FY2014		FY2015		YOY (%)
	1Q Amount	Distrib. (%)	1Q Amount	Distrib. (%)	
FY2008 and before	4,030	58.2	3,691	53.0	(8.4)
FY2009	594	8.6	665	9.6	12.0
FY2010	577	8.3	611	8.8	6.0
FY2011	482	7.0	546	7.8	13.1
FY2012	368	5.3	360	5.2	(2.2)
FY2013	441	6.4	641	9.2	45.2
FY2014	434	6.3	407	5.9	(6.1)
FY2015	—	—	43	0.6	—
<b>Total</b>	<b>6,929</b>	<b>100.0</b>	<b>6,969</b>	<b>100.0</b>	<b>0.6</b>

**By Main Therapeutic Categories** (%)

	FY2014	FY2015
	1Q	1Q
Cardiovascular and respiratory drugs	31.9	32.0
Agents affecting metabolism	18.8	17.8
Digestive organ drugs	17.0	19.0
Drugs for nervous system, sensory organs	10.5	10.9
Antibiotics and chemotherapeutic drugs	6.6	6.8
Antineoplastic agents	1.7	2.3
Others	13.5	11.2

# Balance Sheet, per Share Information

Balance Sheet Data		(¥mn)	
	March 31, 2015	June 30, 2015	
	Amount	Amount	Change
<b>Total assets</b>	<b>41,428</b>	<b>42,734</b>	<b>1,305</b>
<b>Net assets</b>	<b>15,626</b>	<b>15,324</b>	<b>(302)</b>
Owned capital	15,620	15,317	(302)
Capital-to-asset ratio (%)	37.7	35.8	(1.9)
<b>Current assets</b>	<b>24,844</b>	<b>26,208</b>	<b>1,363</b>
<b>Current liabilities</b>	<b>13,939</b>	<b>15,278</b>	<b>1,339</b>
Current ratio (x)	1.78	1.72	(0.06)

Per Share Information		(¥)			
	FY2014		FY2015		
	1Q Amount	Full Year Amount	1Q Amount	YOY (%)	Full Year (Forecast)
Earnings per share	15.68	47.45	10.44	(5.24)	42.46
		March 31, 2015	June 30, 2015	YOY (%)	Full Year (Forecast)
Book value per share		390.01	388.42	—	—
Dividends per share		10.00	—	—	10.00

Capital Expenditure and Other		(¥mn)				
Items	FY2014		FY2015			Usage Rate (%)
	1Q Amount	Full Year Amount	1Q Amount	YOY (%)	Full Year (Forecast)	
Capital expenditure	534	1,710	113	(78.8)	1,700	6.7
Depreciation and amortization	236	1,200	282	19.6	1,200	23.6

Total assets increased ¥1,305 million YOY to ¥42,734 million, mainly as a result of rise in accounts receivable and payable—trade from expanded sales and increased cash equivalents through financing activity.

Meanwhile, the capital-to-asset ratio was 35.8% (down 1.9 percentage points YOY), reflecting higher total assets and lower net assets as a result of our share buyback.