



Nippon Chemiphar Co., Ltd.

(TSE 4539)

FY2015 Second Quarter Business Summary

(Year Ending March 31, 2016)

Sales, Income (Consolidated)

(¥mn)

	FY2014			FY2015			FY2015			
	2Q Amount	% of sales	Full Year Amount	2Q Amount	% of sales	YOY (%)	2Q (Forecast)	Progress Rate (%)	Full Year (Forecast)	Progress Rate (%)
Net Sales	17,472	100.0	35,118	17,428	100.0	(0.3)	17,500	99.6	36,600	47.6
Pharmaceuticals	17,079	97.7	34,168	16,901	97.0	(1.0)	—	—	—	—
Others	393	2.3	949	527	3.0	34.0	—	—	—	—
Cost of sales	9,118	52.2	18,352	9,304	53.4	2.0	—	—	—	—
SG&A expenses	6,635	38.0	13,480	6,779	38.9	2.2	—	—	—	—
R&D expenses	839	4.8	1,755	918	5.3	9.4	—	—	2,100	43.7
Operating income	1,719	9.8	3,285	1,344	7.7	(21.8)	1,200	112.0	2,800	48.0
Net income	1,045	6.0	1,899	878	5.0	(16.0)	—	—	—	—
Net income attributable to owners of the parent	1,045	6.0	1,899	878	5.0	(16.0)	750	117.2	1,700	51.7

Highlights

Sales

Generics sales rose as demand continued to expand, centered on pharmacies and DPC hospitals. Sales to medical institutions thus rose 10.4% YOY, although to other makers they slid 60.3% YOY, reflecting a concentration of orders in the first half of the preceding fiscal year. Accordingly, sales of generics, including ODM products, rose 2.0% YOY to ¥14.6 billion.

Meanwhile, sales of proprietary products decreased 13.3% YOY, due to a shift to generics. As a result, sales of pharmaceuticals came to

¥16.9 billion, down 1.0% YOY; and consolidated net sales (including Others) slipped 0.3% YOY to ¥17.4 billion. But as we had allowed for these factors, our first half performance was essentially in line with our forecasts.

Income

Income decreased year on year due to a change in the sales mix during the period under review, which caused to cost of sales ratio to rise 1.2 percentage points, and a 0.9-percentage-point rise in the ratio of SG&A expenses to net sales,

stemming from such factors as higher R&D expenses. However, these factors had been incorporated into our initial forecast. Although income was slightly above our consolidated performance forecast for the first half, our forecast for the full fiscal year is unchanged.

Pharmaceutical Sales (Consolidated)

Generics, Proprietary Products

(¥mn)

	FY2014			FY2015				
	2Q Amount	Distrib. (%)	Full Year Amount	2Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
Total	15,482	100.0	30,800	15,528	100.0	0.3	32,510	47.8
Generics	13,723	88.6	27,400	14,002	90.2	2.0	29,730	47.1
Sales to medical institutions	12,095		25,079	13,356		10.4	28,250	47.3
Sales to other makers*	1,627		2,321	645		(60.3)	1,480	43.6
Amlodipine	1,474		3,011	1,560		5.9	3,210	48.6
Lansoprazole	930		1,935	1,060		13.9	2,230	47.6
Limaprost Alfadex	764		1,509	743		(2.8)	1,500	49.5
Rabeprazole	771		1,595	851		10.4	1,850	46.0
Donepezil	803		1,704	855		6.5	1,720	49.7
Pravastatine	637		1,273	637		0.1	1,230	51.8
Voglibose	503		1,013	508		0.9	1,030	49.4
Others	7,838		15,357	7,785		(0.7)	16,960	45.9
Proprietary products	1,759	11.4	3,400	1,525	9.8	(13.3)	2,780	54.9
Uralyt	1,014		1,975	906		(10.6)	1,660	54.6
Soleton	590		1,134	483		(18.2)	870	55.5
Calvan	154		290	135		(12.1)	250	54.4

Chemiphar, ODM Generics

(¥mn)

	FY2014			FY2015				
	2Q Amount	Distrib. (%)	Full Year Amount	2Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
Total	14,337	100.0	28,918	14,623	100.0	2.0	31,660	46.2
Generics	13,723	95.7	27,400	14,002	95.8	2.0	29,730	47.1
Generics (ODM)	614	4.3	1,518	620	4.2	1.1	1,930	32.2

* Includes exports.



Sales Distribution

By Launch Year (¥mn)

Year	FY2014		FY2015		YOY (%)
	2Q Amount	Distrib. (%)	2Q Amount	Distrib. (%)	
FY2008 and before	7,792	56.8	7,381	52.7	(5.3)
FY2009	1,205	8.8	1,326	9.5	10.0
FY2010	1,231	9.0	1,251	8.9	1.6
FY2011	1,037	7.6	1,130	8.1	9.0
FY2012	760	5.5	736	5.3	(3.2)
FY2013	965	7.0	1,297	9.3	34.4
FY2014	729	5.3	676	4.8	(7.3)
FY2015	—	—	202	1.4	—
Total	13,723	100.0	14,002	100.0	2.0

By Main Therapeutic Categories (%)

	FY2014	FY2015
	2Q	2Q
Cardiovascular and respiratory drugs	31.5	31.1
Digestive organ drugs	17.4	21.5
Agents affecting metabolism	18.2	16.6
Drugs for nervous system, sensory organs	11.7	11.1
Antibiotics and chemotherapeutic drugs	6.9	6.6
Antineoplastic agents	1.8	2.3
Others	12.5	10.8

Balance Sheet, per Share Information

Balance Sheet Data (¥mn)

	March 31, 2015	September 30, 2015	
	Amount	Amount	Change
Total assets	41,428	41,925	497
Net assets	15,626	15,758	132
Owned capital	15,620	15,447	(172)
Capital-to-asset ratio (%)	37.7	36.8	(0.9)
Current assets	24,844	26,083	1,238
Current liabilities	13,939	14,292	353
Current ratio (x)	1.78	1.82	0.04

Per Share Information (¥)

	FY2014		FY2015	
	2Q Amount	Full Year Amount	2Q Amount	Full Year (Forecast)
Earnings per share	26.12	47.45	22.26	42.46
	September 30, 2014	March 31, 2015	September 30, 2015	Full Year (Forecast)
Book value per share	356.01	390.01	394.95	—
Dividend per share	—	10.00	—	10.00
Dividend Payout Ratio (%)	—	21.1	—	23.6

Cash Flow, Expenditure

Cash Flow Statements (¥mn)

	FY2014 2Q Amount	FY2015 2Q Amount
Cash flow from:		
Operating activities	208	193
Investing activities	(1,001)	(267)
Financing activities	602	224
Cash and cash equivalents	5,373	5,942
Free cash flow	(792)	(74)

Capital Expenditure and Other (¥mn)

Items	FY2014		FY2015			
	2Q Amount	Full Year Amount	2Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	1,014	1,710	286	(71.7)	1,700	16.9
Depreciation and amortization	536	1,200	573	7.0	1,200	47.8