



Nippon Chemiphar Co., Ltd.

(TSE 4539)

Highlights of FY2014 Business Results

(Year ended March 31, 2015)

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I. Summary of FY2014 Results

Sales, Income (Consolidated)

(¥mn)

	FY2013		FY2014				FY2014 (Forecast)*	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY Amount	YOY Change (%)	Amount	Achieved (%)
Net Sales	31,893	100.0	35,118	100.0	3,225	10.1	35,300	99.5
Cost of sales	15,128	47.4	18,352	52.3	3,224	21.3		
SG&A expenses	13,437	42.1	13,480	38.4 (3.7p)	42	0.3		
Operating income	3,327	10.4	3,285	9.4	(42)	(1.3)	2,600	126.4
Ordinary income	3,206	10.1	3,217	9.2	11	0.4	2,450	131.3
Net income	1,887	5.9	1,899	5.4	12	0.7	1,500	126.6

* As of October 31, 2014

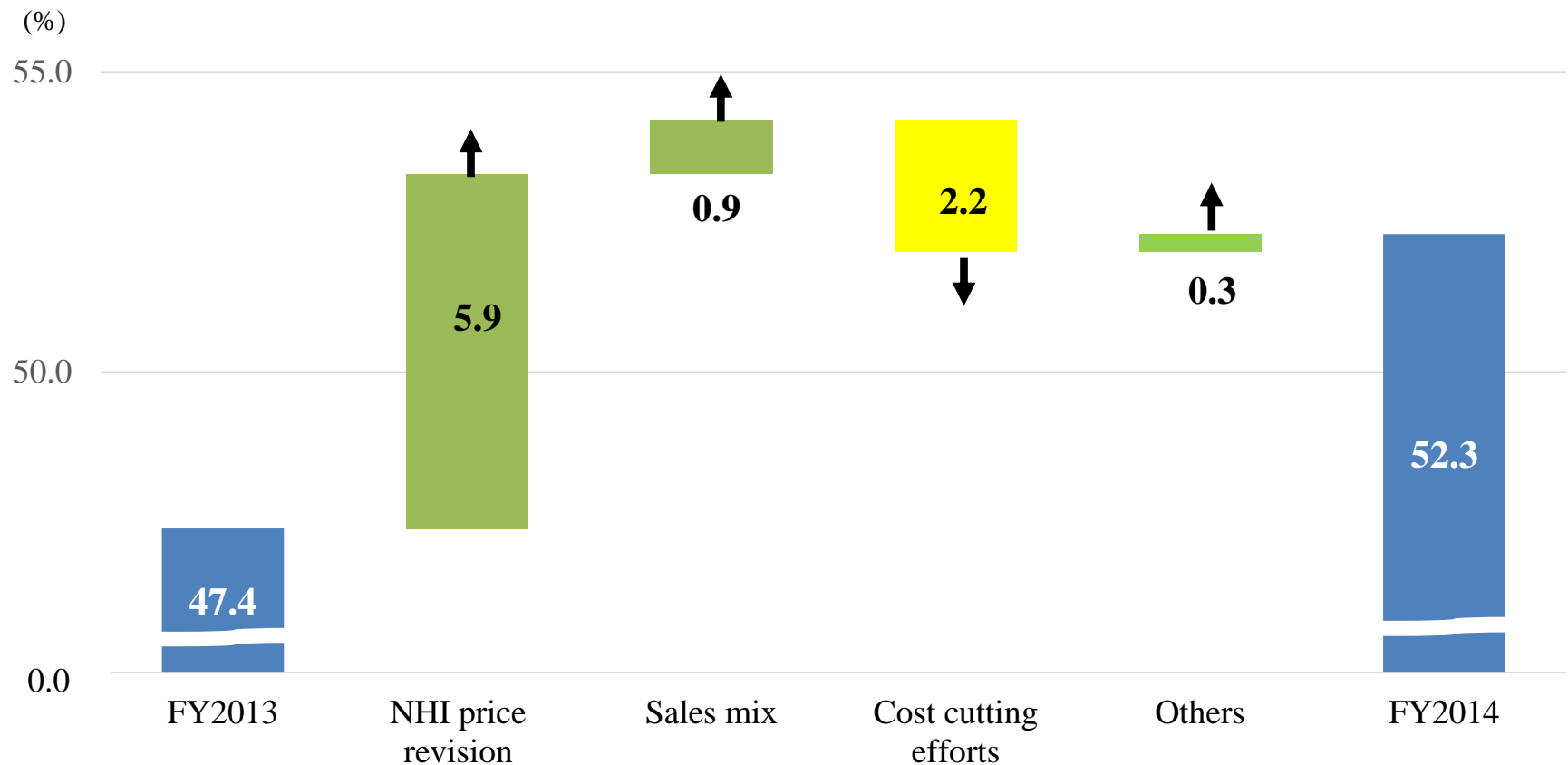
Pharmaceutical Sales (Consolidated)

(¥mn)

	FY2013		FY2014		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (① + ②)	28,718	100.0	30,800	100.0	7.3
① Generics	24,405	85.0	27,400	89.0	12.3
Sales to medical institutions	23,579		25,079		6.4
Sales to other makers	826		2,321		180.9
Amlodipine	3,333		3,011		(9.6)
Lansoprazole	1,988		1,935		(2.7)
Limaprost Alfadex	1,417		1,509		6.5
Rabeprazole	1,533		1,595		4.1
Donepezil	1,301		1,704		31.0
Pravastatine	1,317		1,273		(3.3)
Voglibose	1,083		1,013		(6.4)
Others	12,432		15,357		23.5
② Proprietary products	4,312	15.0	3,400	11.0	(21.2)
Uralyt	2,414		1,975		(18.2)
Soleton	1,547		1,134		(26.7)
Calvan	351		290		(17.3)
Total (① + ③)	25,079	—	28,918	—	15.3
③ Generics (ODM)*	674	—	1,518	—	125.1

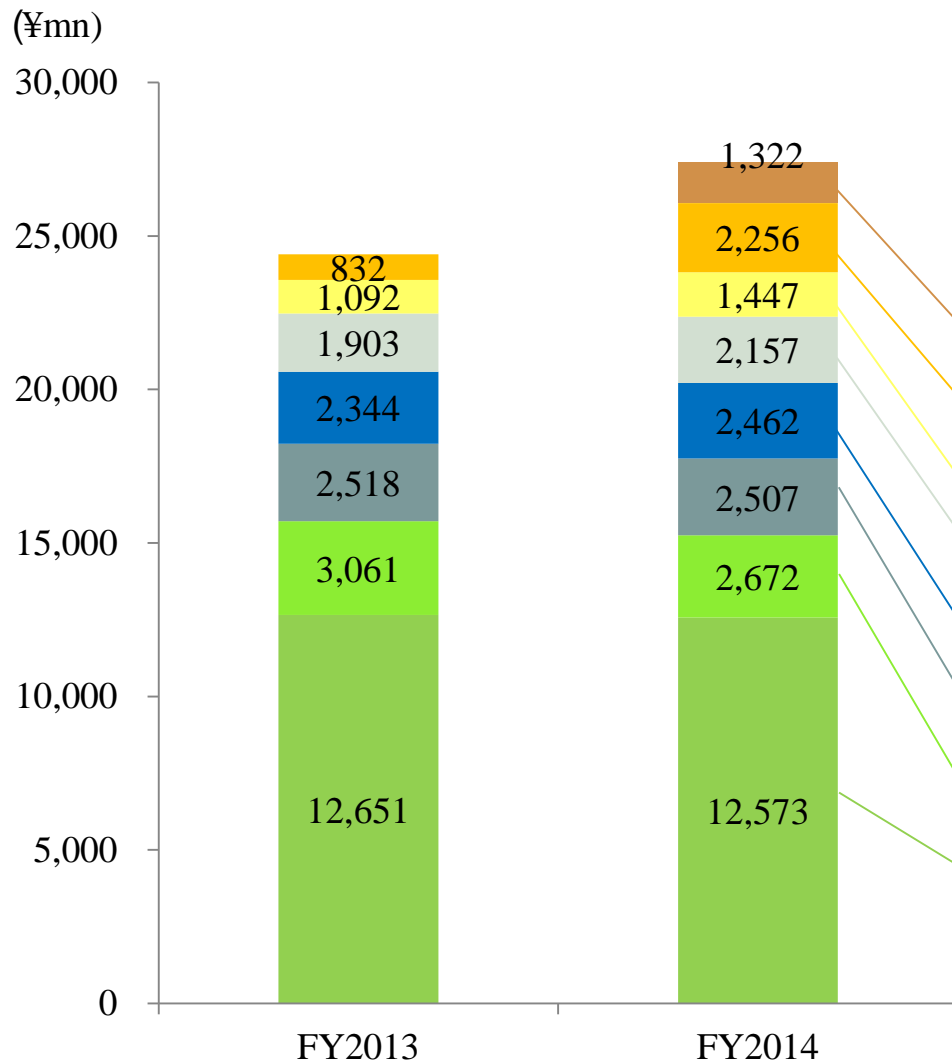
* Original design manufacturing

Cost of Sales Ratio Rising



Sales mix: Increase of sales to other makers, decrease of core product sales.

Generics Sales by Launch Year (Consolidated)

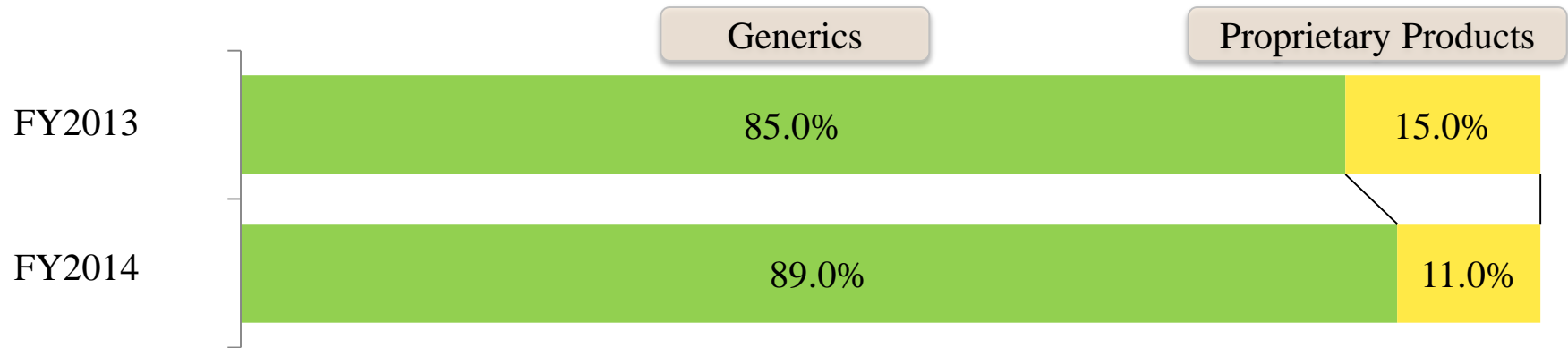


Comparison YOY (%)

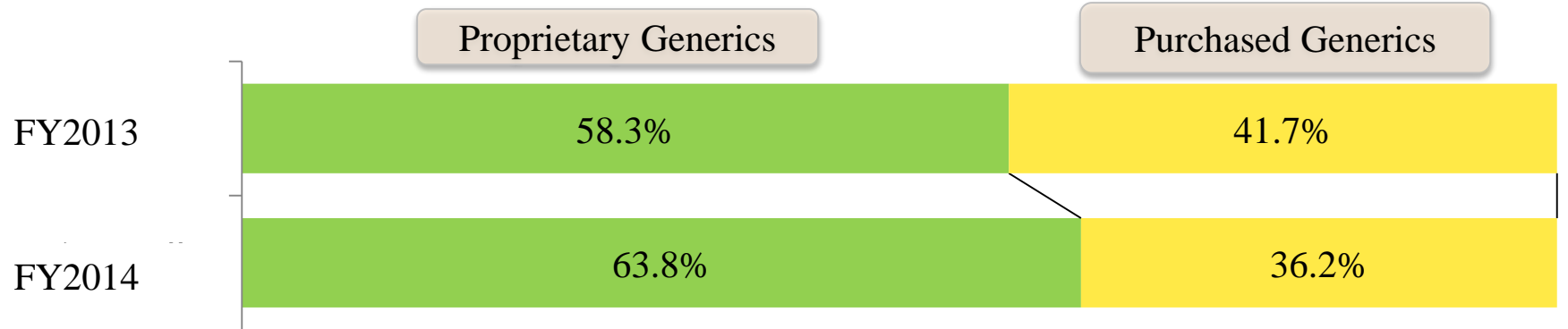
Launch Year	Total	Sales to Medical Institutions
FY2014	—	—
FY2013	171.0	198.3
FY2012	32.4	38.1
FY2011	13.4	3.6
FY2010	5.0	4.3
FY2009	(0.4)	(0.4)
FY2008	(12.7)	(14.9)
FY2007 and before	(0.6)	(5.1)

Sales Breakdown: Pharmaceuticals (Consolidated)

Proprietary Products, Generics as Ratio of Pharmaceutical Sales

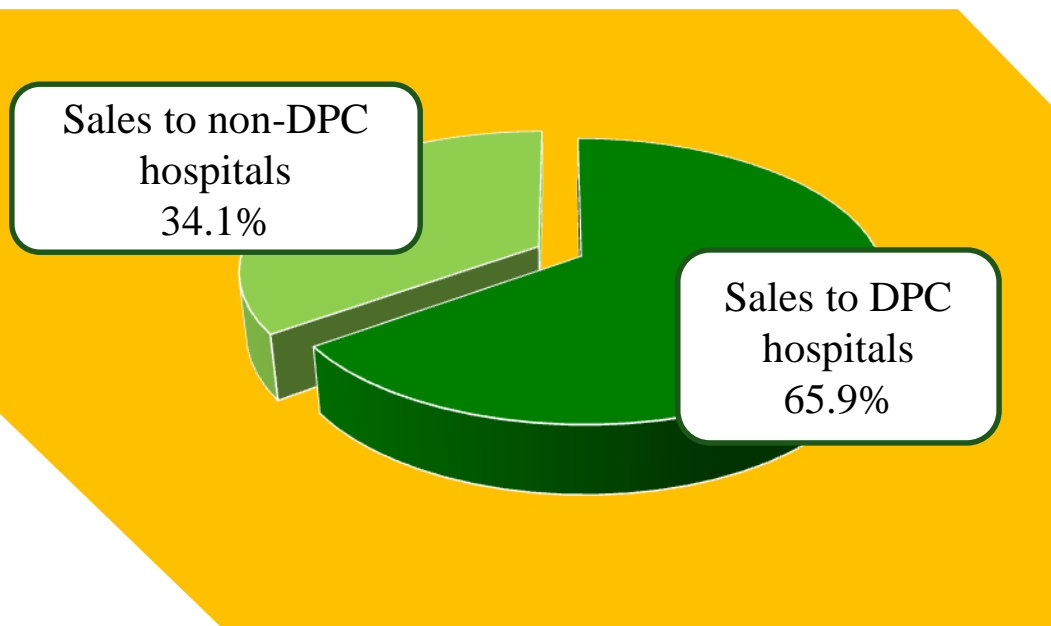


Proprietary Generics, Purchased Generics as Ratio of Generics Sales

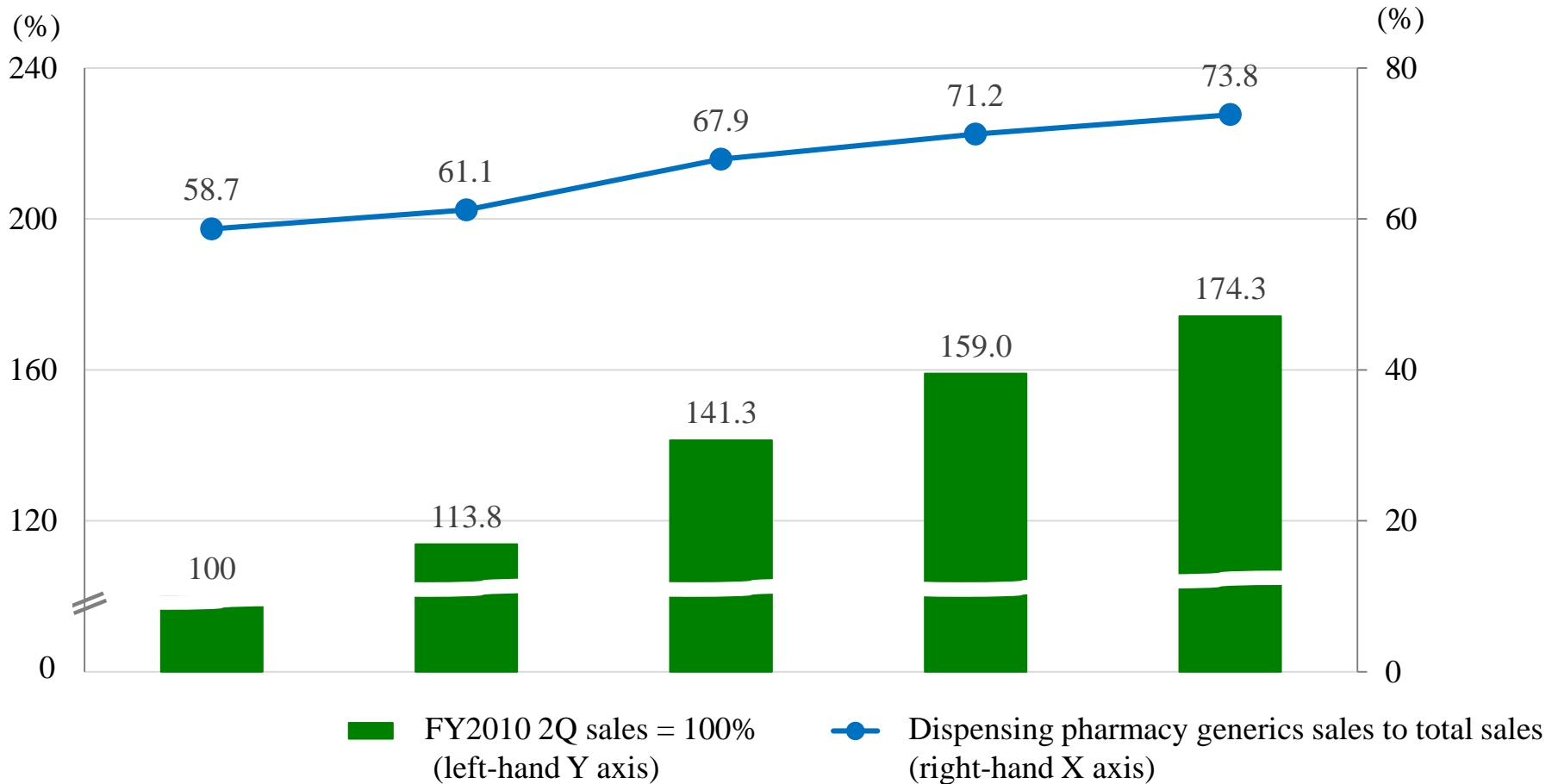


Generics Sales to Hospitals, Clinics (Non-consolidated)

	YOY (%)	Distrib. (%)
All hospitals	4.2	31.9
Clinics	6.5	68.1
Total	5.7	100.0



Generics Sales to Pharmacies (Non-consolidated)



70% of 57,000 dispensing pharmacies sell Chemiphar generics

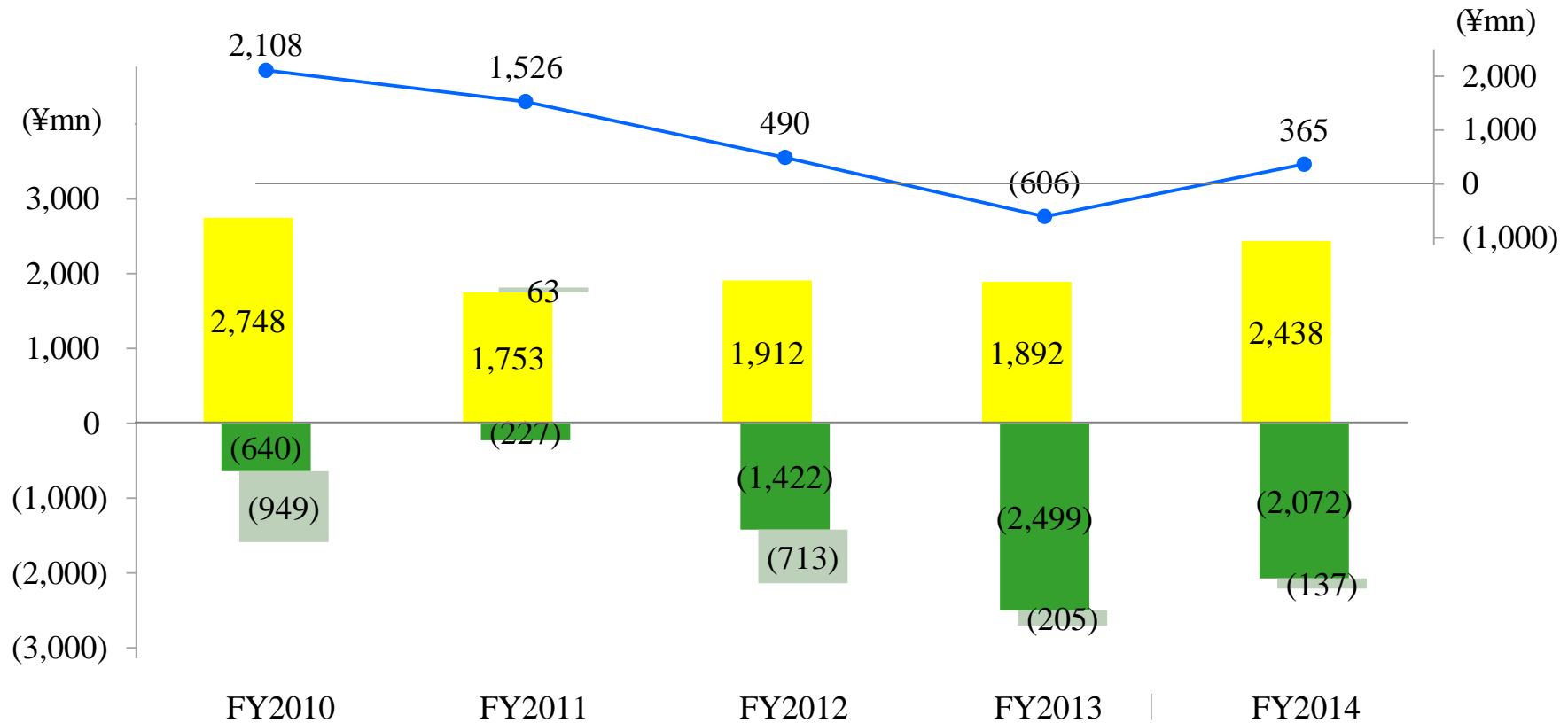


Balance Sheet (Consolidated)

(¥mn)

	FY2013	FY2014	Change	Components	
	23,800	24,844	1,044	Cash, deposits	213
				Notes, accounts receivable—trade	1,075
Current assets				Inventories	(85)
	16,302	16,583	280	Buildings	(267)
				Machinery, equipment, vehicles	795
Fixed assets				Investments	460
Deferred asset	3	0	(2)		
Total assets	40,106	41,428	1,322		
	26,604	25,801	(802)	Notes, accounts payable—trade	(822)
Liabilities				Loans payable	678
Net assets	13,501	15,626	2,125	Retained earnings	1,469
Equity ratio (%)	33.6	37.7	(4.1)		
Liabilities, net assets	40,106	41,428	1,322		

Cash Flow



■ Operating cash flow
 ■ Investment cash flow
 ■ Financing cash flow
 ● Free cash flow

II. FY2015 Forecasts

Sales, Income (Consolidated)

(¥mn)

	FY2014		FY2015 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Net Sales	35,118	100.0	36,600	100.0	4.2
Pharmaceuticals	30,800		32,510		5.5
Generics	27,400		29,730		8.5
Proprietary products	3,400		2,780		(18.2)
Operating income	3,285	9.4	2,800	7.7	(14.8)
Ordinary income	3,217	9.2	2,700	7.4	(16.1)
Net income	1,899	5.4	1,700	4.6	(10.5)

Pharmaceuticals Sales (Consolidated)

(¥mn)

	FY2014		FY2015 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (① + ②)	30,800	100.0	32,510	100.0	5.5
① Generics	27,400	89.0	29,730	91.4	8.5
Sales to medical institutions	25,079		28,250		12.6
Sales to other makers	2,321		1,480		(36.2)
Amlodipine	3,011		3,210		6.6
Lansoprazole	1,935		2,230		15.2
Limaprost Alfadex	1,509		1,500		(0.6)
Rabeprazole	1,595		1,850		15.9
Donepezil	1,704		1,720		0.9
Pravastatine	1,273		1,230		(3.4)
Voglibose	1,013		1,030		1.6
Others	15,357		16,960		10.4
② Proprietary products	3,400	11.0	2,780	8.6	(18.2)
Uralyt	1,975		1,660		(16.0)
Soleton	1,134		870		(23.3)
Calvan	290		250		(13.9)
Total (① + ③)	28,918	—	31,660	—	9.5
③ Generics (ODM)*	1,518	—	1,930	—	27.1

* Original design manufacturing

New Generics

Fifteen products to be launched

	Product	Item
June	Clopidogrel	2
	Naftopidil OD	3
	Letrozole	1
	Pitavastatin calcium	1
	Oxaliplatin	1
December	Valsartan-Amlodipine	1
	Sertraline	2
	Amlodipine-Atorvastatin	4

III. Management Plan

Management Plans – Overview

Three Goals

1. Generics

Greater presence in generics market

Strengthen role of MRs; seek safer, more user-friendly products.

2. For Hyperuricemia: urine alkalizer

Stronger position in hyperuricemia market

Enhance group research initiatives, promote R&D in antihyperuricemic agents.

3. Drug discovery

Develop proprietary drugs

Focus on discovery and typically at an early stage on our strong field.

Plus One

4. Overseas Business

Expand sales; manufacture overseas

Apply our three goals to overseas markets.

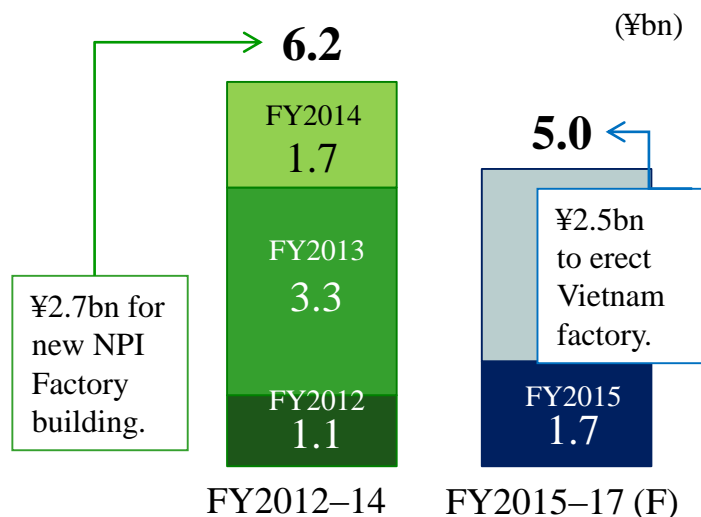
Promote reagents, proprietary device to measure allergen-specific IgE antibodies.

Management Plan 1

1. Generics

- Focus sales on core areas, such as DPC hospitals.
- Expand Oncology Department, enhance oncology lineup.
- Stress role of intellectual property, products with competitive advantage.
- Seek ever higher quality, more user-friendly products.
- Use new NPI Factory building, manufacture abroad to secure production capacity, cut costs.
- Employ high-quality, low-priced APIs produced overseas.

Three-year Capital Expenditure Forecast



Products of Possible Interest to Chemiphar

Patent Expires	FY2015	FY2016	FY2017
Principal products	Clopidogrel Naftopidil OD ¹	Montelukast	Olmesartan Telmisartan Rosuvastatin
Market total ²	¥280bn	¥260bn	¥440bn

1. Oral dissolving tablet
2. As of FY2013

Management Plan 2

2. Hyperuricemia-related, Urine Alkalizer

Enhance group-based research initiatives

- Ongoing clinical study to control CKD (Tohoku University).
- Ongoing clinical studies on link to acidic urine, metabolic syndrome.
- Strengthen awareness regarding urinary tract problems.

New therapeutic agent NC-2500

- Planning to repeat phase 1 of clinical trials using improved pharmaceutical preparation

3. Drug Discovery

P2X4 antagonist NC-2600 (for neuropathic pain)

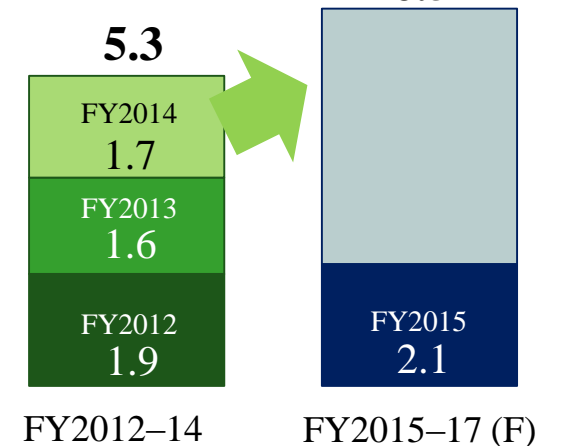
- Have Japan Science and Technology Agency* (JST) R&D funding for five years (October 2012–17) for up to ¥1bn.
- Have started preclinical tests (October 2014); will finish them within one year before conducting phase 2a trials.

Opioid δ receptor agonist (antidepressant)

- JST R&D funding for two years (December 2013–15)
- Research is ongoing at the universities of Kitasato and Tsukuba, and the National Center of Neurology and Psychiatry.

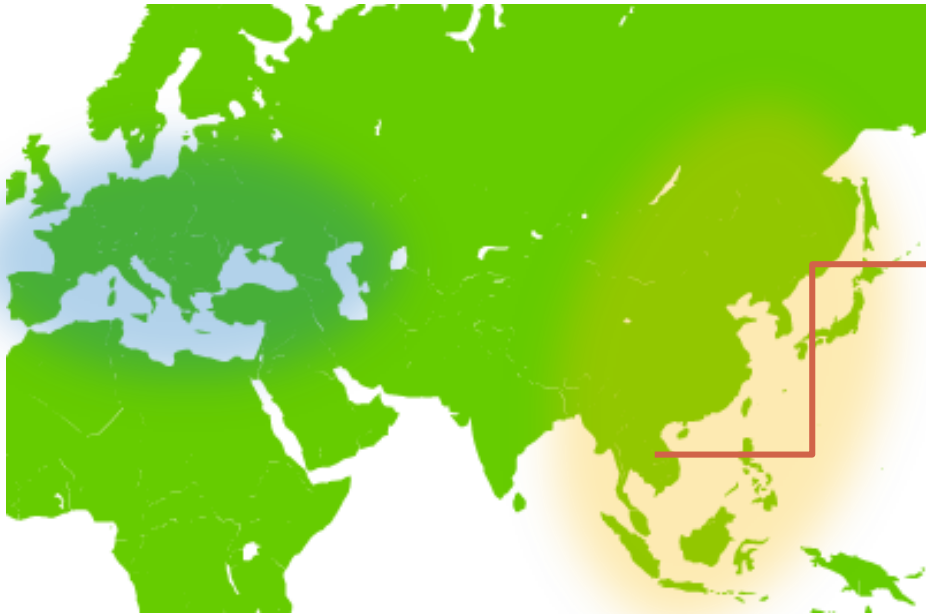
* From April 2015, function of JST moved to the Japan Agency for Medical Research and Development

Three Year R&D Expenses (¥bn)



Management Plan 3

4. Overseas Business



Diagnostics Business

Promote and market abroad, with a partner, our device to measure allergen-specific IgE. The device has the firstest reaction time of any currently in use.

Pharmaceutical Business

Seek opportunities in Asia

- Tap markets through local partners.
- Advance applications for approval (applications for five products lodged)

Market Activities



Vietnam

Manufacturing contract: Commercial production of medication to start in FY2015.

Joint-venture factory: To be completed in FY2016.



China

Calvan goes on sale in FY2015; advancing applications to sell other products.



South Korea

Soleton and Calvan being sold.



Hong Kong

Pioglitazone approved; sales preparation underway.



Thailand

Uralyt being sold.

Management Plan 4

Return to Shareholders

	FY2011	FY2012	FY2013	FY2014	FY2015 (F)
Earnings per share (¥)	34.62	51.77	46.20	47.45	42.46
Dividend per share (¥)	5.0	10.0	10.0	10.0	10.0
Dividend payout ratio (%)	14.4	19.3	21.6	21.1	23.6

Share Buyback	Shares Purchased	Purchase Total
November 1-25, 2011	433,000	¥129 mn
February 3-21, 2014	975,000	¥499 mn

Key Indicators

Divident payout ratio: 21.1% (As of FY2014)

ROE: 13.1% (As of FY2014)

Cash conversion cycle: 113 days (As of FY2014)

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Note about Forward-looking Statements and Forecasts

Statements made in this Highlights of Business Results with respect to current plans, estimates, strategies and beliefs, and other statements of Nippon Chemiphar that are not historical facts are forward-looking statements about the future performance of Nippon Chemiphar.

These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Consequently, undue reliance should not be placed on these statements.

Nippon Chemiphar cautions the reader that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.