



Nippon Chemiphar Co., Ltd.

(4539)

# Highlights of FY2011 Business Results

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# Summary of Results

# Consolidated Sales, Income

(¥mn)

	FY2010		FY2011			FY2011 Forecasts (Announced Jan. 31, 2012)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Achieved (%)
<b>Total sales</b>	<b>27,361</b>	100	<b>28,513</b>	100	4.2	<b>29,100</b>	98.0
<b>Cost of sales</b>	<b>12,990</b>	47.5	<b>12,871</b>	45.1 (2.4P)	(0.9)		
<b>SG&amp;A expenses</b>	<b>12,371</b>	45.2	<b>12,718</b>	44.6 (0.6P)	2.8		
<b>Operating income</b>	<b>1,999</b>	7.3	<b>2,923</b>	10.3	46.2	<b>2,700</b>	108.3
<b>Ordinary income</b>	<b>1,818</b>	6.6	<b>2,776</b>	9.7	52.7	<b>2,500</b>	111.0
<b>Net income</b>	<b>573</b>	2.1	<b>1,439</b>	5.0	x2.5	<b>1,300</b>	110.7

# Sales of Products (Consolidated)

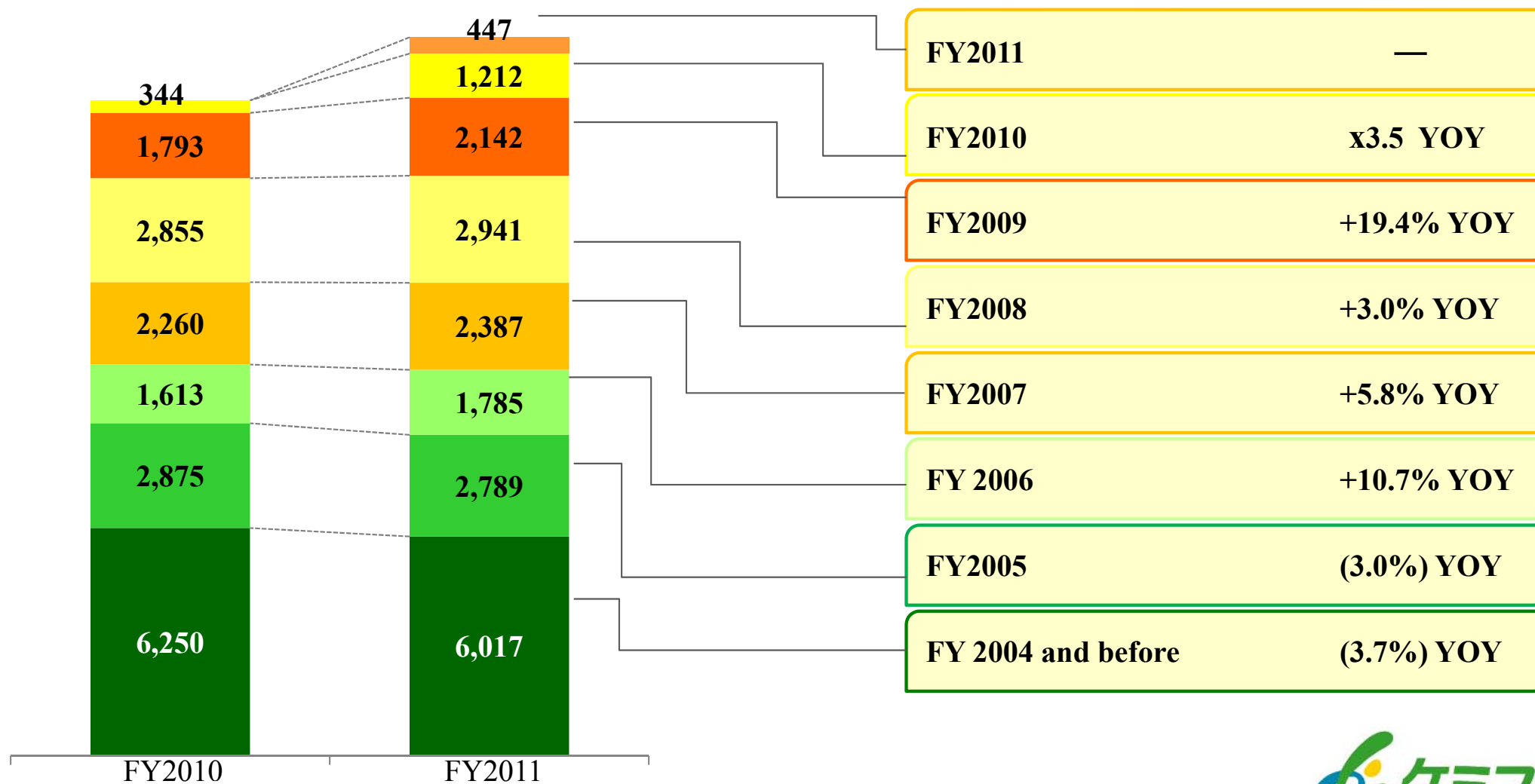
(¥mn)

	FY2010		FY2011		YOY (%)
	Amount	Distrib. (%)	Amount	Distrib. (%)	
<b>Total (① + ②)</b>	24,138	100.0	25,467	100.0	5.5
<b>① Generics</b>	17,990	74.5	19,721	77.4	9.6
Amlodipine	2,690		2,864		6.5
Pravastatin	1,362		1,347		(1.1)
Voglibose	1,148		1,086		(5.4)
Lansoprazole	1,367		1,496		9.4
Others	11,423		12,928		13.2
<b>② Core products</b>	6,148	25.5	5,746	22.6	(6.5)
Uralyt	3,119		3,012		(3.5)
Soleton	2,512		2,273		(9.5)
Calvan	517		461		(10.8)
<b>Generics Business (① + ③)</b>	18,142	—	20,083	—	10.7
① Generics	17,990	—	19,721	—	9.6
③ Generics (ODM)	152	—	362	—	x2.4

# Generics Sales by Launch Year

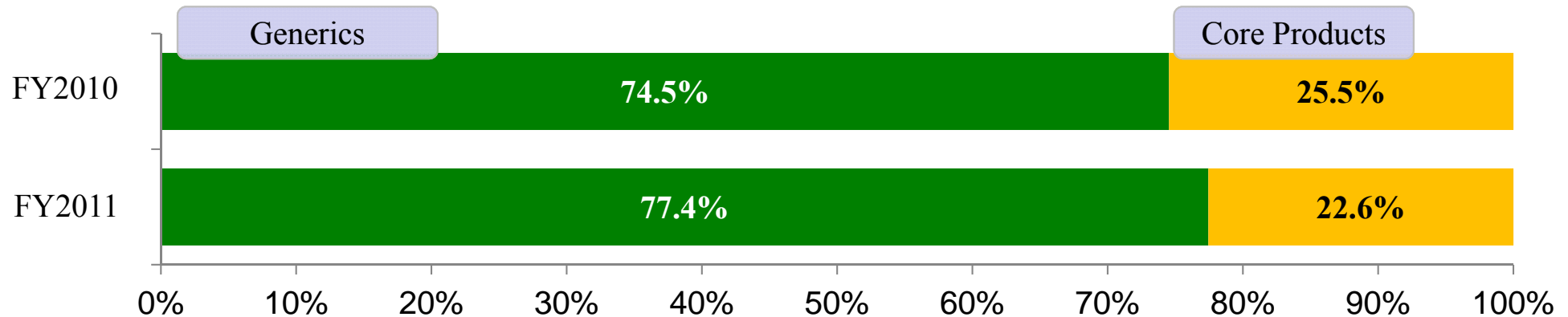
## (Consolidated)

(¥mn)

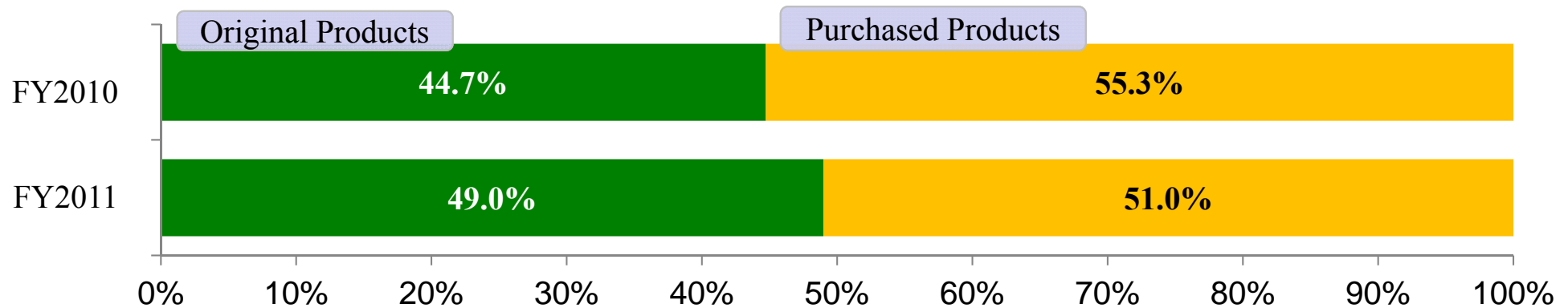


# Breakdown of Generics (Consolidated)

## Core Products, Generics as Ratio of Pharmaceutical Sales



## Original Products, Purchased Products as Ratio of Generics Sales

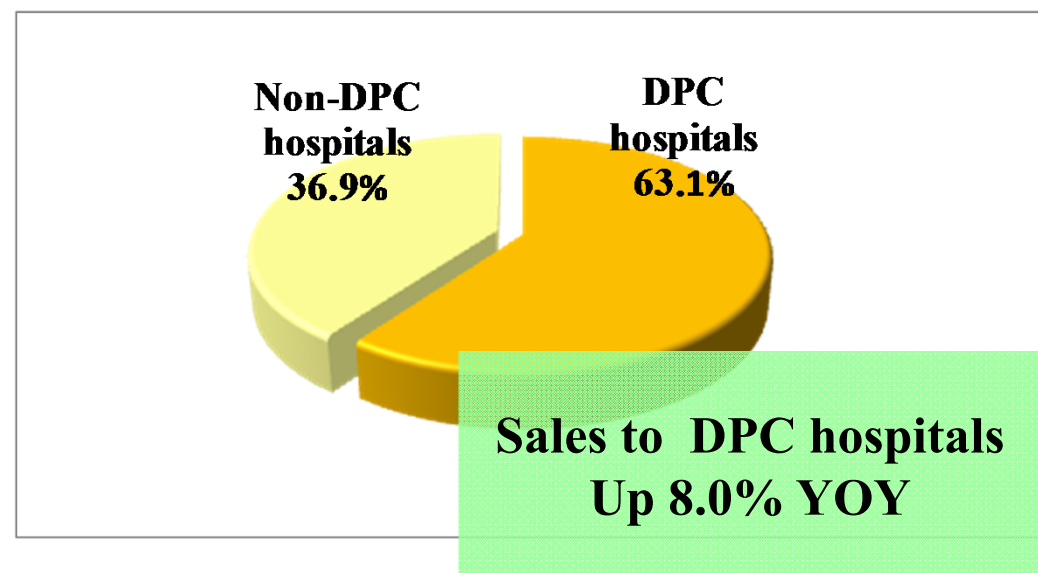


# Breakdown of Generics (Non-consolidated)

Sales of Generics to Hospitals, Clinics

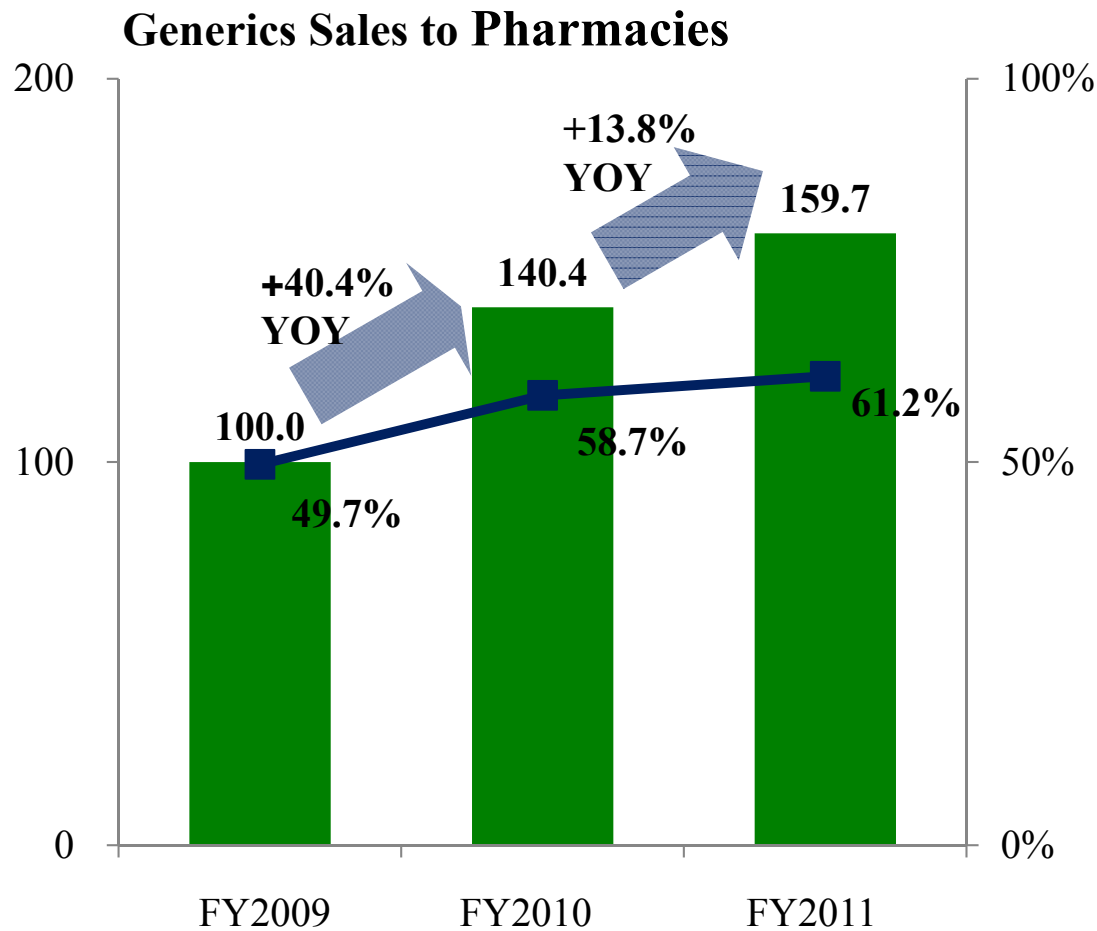
	YOY (%)	Distrib. (%)
Hospitals	+7.5	40.0
Clinics	+10.1	60.0
<b>Total</b>	<b>+9.1</b>	<b>100.0</b>

Sales of Generics to Hospitals

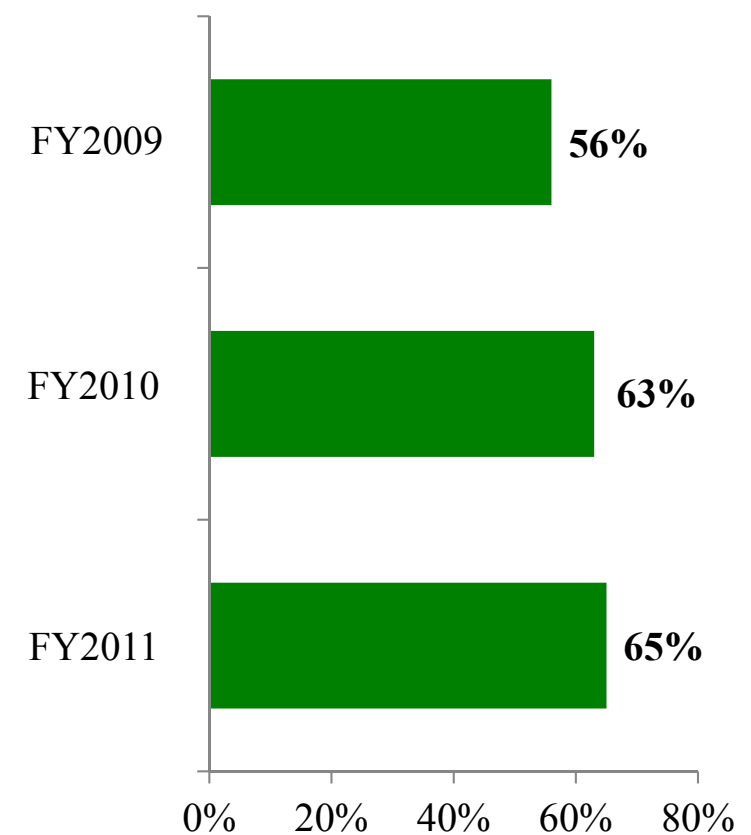




# Breakdown of Generics(Non-consolidated)



### Chemiphar's Generics in Pharmacies



■ FY2009 sales are counted as 100.

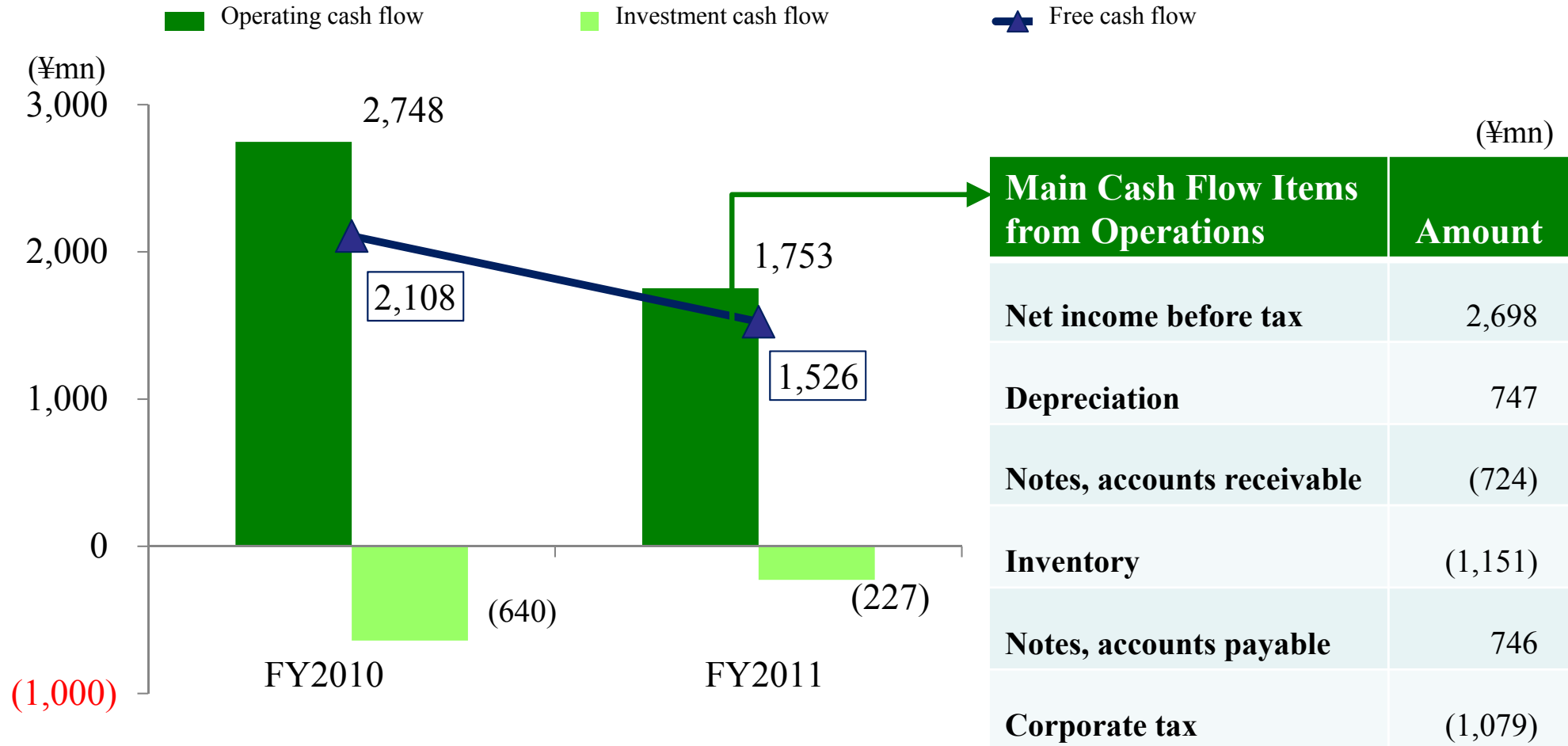
■ Generics to total sales

# Balance Sheet (Consolidated)

(¥mn)

	FY2010	FY2011	YOY		
<b>Current assets</b>	17,098	20,561	3,462	<b>Cash, deposits</b>	1,609
				<b>Notes, accounts receivable</b>	724
				<b>Inventories</b>	1,151
<b>Fixed assets</b>	13,667	13,215	(452)	<b>PPE</b>	89
				<b>Intangible assets</b>	(101)
				<b>Investments, other assets</b>	(439)
<b>Assets</b>	30,786	33,790	3,004		
<b>Liabilities</b>	21,821	23,560	1,738	<b>Notes, accounts payable</b>	746
				<b>Loans payable, bonds</b>	604
<b>Net assets</b>	8,964	10,230	1,265	<b>Accumulated earnings</b>	1,312
<b>(Capital ratio)</b>	(29.1%)	(30.3%)	1.2 (P)	<b>Treasury stocks</b>	(306)
<b>Liabilities, net assets</b>	30,786	33,790	3,004		

# Cash Flow (Consolidated)



# For Shareholders

## Purchase of Treasury Stocks

Capital efficiency was boosted by the acquisition of treasury stocks

Acquired: 1 million shares (¥304,432,000)

Period: August 25, 2011 – November 25, 2011

## Dividends

FY2010 — ¥3/share

FY2011 — ¥5/share (forecast)

FY2012 — ¥8/share (forecast)

# FY2012 Business Forecasts

# FY2012 Forecasts

(¥mn)

	FY2011		FY2012 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
<b>Total sales</b>	28,513	100.0	32,000	100.0	12.2
<b>Pharmaceuticals</b>	25,467		29,275		15.0
<b>(Generics)</b>	19,721		24,235		22.9
<b>(Core products)</b>	5,746		5,040		(12.3)
<b>Operating income</b>	2,923	10.3	3,500	10.9	19.7
<b>Ordinary income</b>	2,776	9.7	3,300	10.3	18.9
<b>Net income</b>	1,439	5.0	1,800	5.6	25.1

# Sales of Products

## (Consolidated)

(¥mn)

	FY2011		FY2012 (Forecasts)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
<b>Total</b>	25,467	100.0	29,275	100.0	15.0
<b>Generics</b>	19,721	77.4	24,235	82.8	22.9
<b>Amlodipine</b>	2,864		3,100		8.2
<b>Pravastatin</b>	1,347		1,410		4.7
<b>Voglibose</b>	1,086		1,160		6.8
<b>Lansoprazole</b>	1,496		1,830		22.3
<b>Others</b>	12,928		16,735		29.4
<b>Core products</b>	5,746	22.6	5,040	17.2	( 12.3)
<b>Uralyt</b>	3,012		2,870		( 4.7)
<b>Soleton</b>	2,273		1,790		( 21.2)
<b>Calvan</b>	461		380		( 17.6)

# FY2012 Products, Activities

## ■ New Products

June		Items	December		Items
Losartan Potassium		3	Anastrozole		1
Paroxetine		3	Mosapride Citrate		2
Zolpidem		2	Olopatadine Hydrochloride		2
Pioglitazone		2	Additions to existing lineup		2
Pioglitazone OD*		2		<b>December</b>	<b>7</b>
	<b>June</b>	<b>12</b>	<b>FY 2012</b>		<b>19</b>

\* Oral dissolving

## ■ R&D and Investment

	Activities	Outlay (¥mn)
<b>R&amp;D</b>	Generics; Phase 1 development of NC-2500 <sup>1</sup>	<b>2,200</b>
<b>Investment</b>	Remodeling to boost production by NPI <sup>2</sup> , improve laboratories' earthquake resistance	<b>1,100</b>

1. NC-2500: anti-gout agent.

2. NPI: Nihon Pharmaceutical Industry Co., Ltd.



# Medium-term Business Plan

(FY2012–2014)



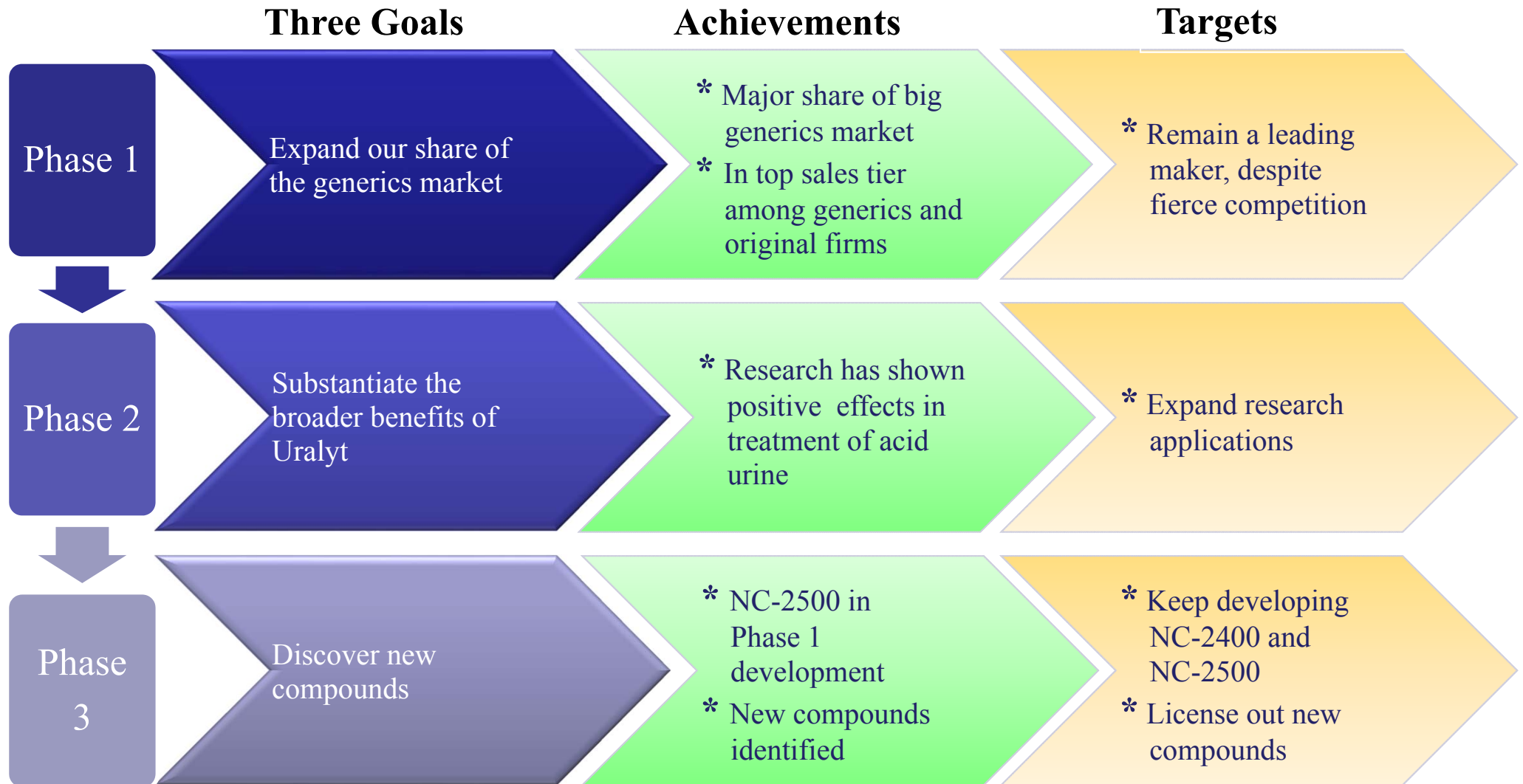
# 1. Results of Previous Plan

(¥bn)

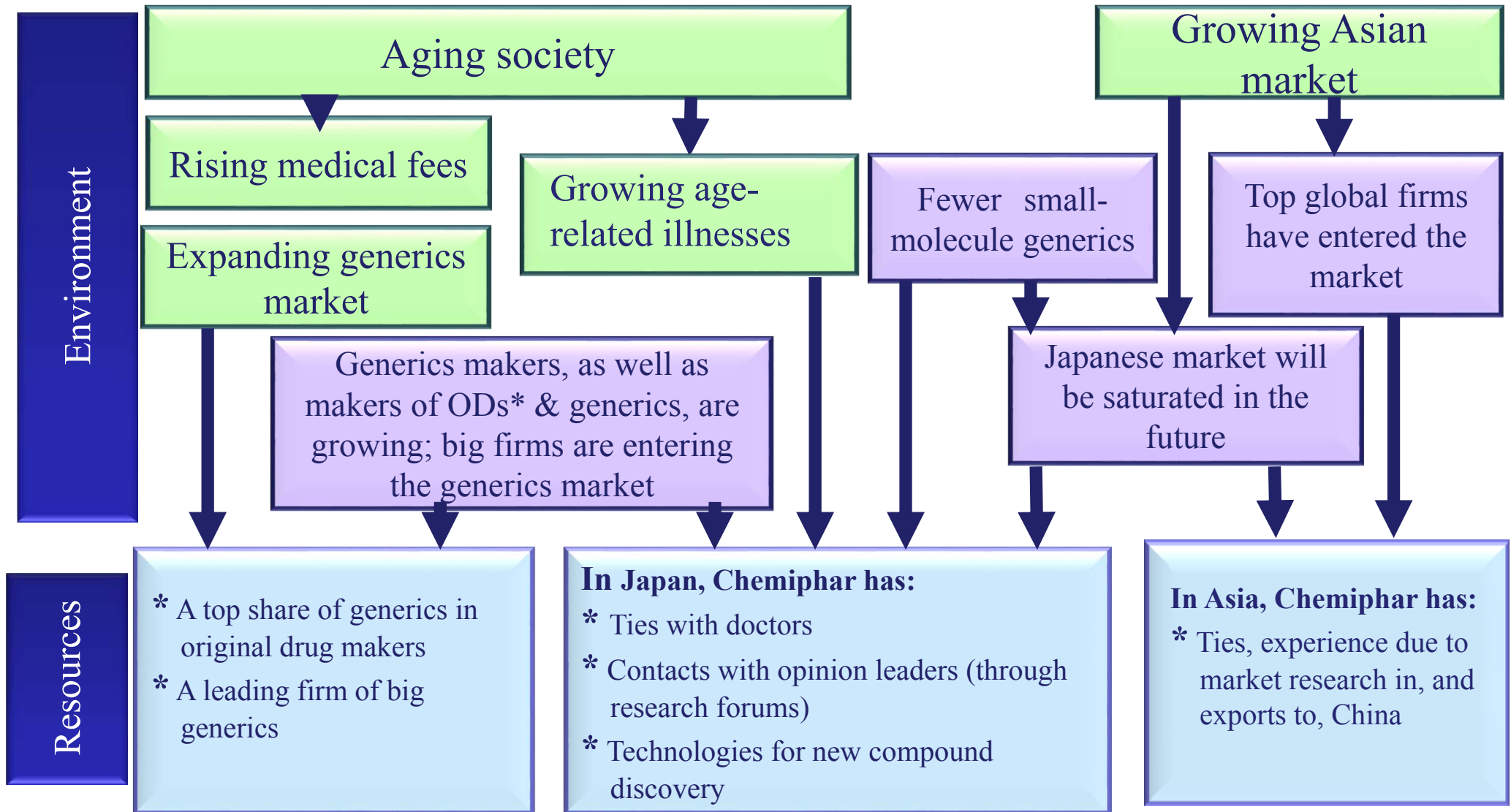
	FY2006		FY2011		FY2011 Plan*			
	Amount	Distrib. (%)	Amount	Disrib (%)	Amount	Distrib. (%)	Achieved (%)	
<b>Consolidated</b>	<b>Sales</b>	21.0	100.0	<b>28.5</b>	100.0	34.2	100.0	83.4
	<b>YOY</b>	2.3%		<b>4.2%</b>		18.8%		
	<b>Operating income</b>	1.4	6.7	<b>2.9</b>	10.3	3.8	11.1	76.9
	<b>Ordinary income</b>	1.1	5.5	<b>2.8</b>	9.7	3.5	10.2	79.3
	<b>Net income</b>	0.4	1.7	<b>1.4</b>	5.0	2.0	5.8	72.0
<b>Non-consolidated</b>	<b>Pharmaceuticals</b>	17.0	100.0	<b>24.5</b>	100.0	29.7	100.0	82.4
	<b>Generics</b>	9.0	53.1	<b>18.7</b>	76.5	23.7	79.8	79.0
	<b>YOY</b>	15.0%		<b>9.1%</b>		27.0%		
	<b>Core products</b>	8.0	46.9	<b>5.7</b>	23.5	6.0	20.2	95.8
	<b>Uralyt</b>	3.1	18.2	<b>3.0</b>	12.3	3.1	10.4	97.2

\* The numbers were revised in FY2009 because of the changed business environment.

## 2. FY2007—FY2011



# 3. Business Environment



\* Original drugs

# 4. Management Vision

## Chemiphar's Business Area

Business model focuses on growing domestic generics market and Asian markets

### Long-term Vision (2011–2020)

Chemiphar's three business goals

Overseas expansion

Special treatment areas

Generic business

#### First

(FY2012 - 2014)

- \* Strengthen finances
- \* Expand business development

#### Second

(FY2015 - 2017)

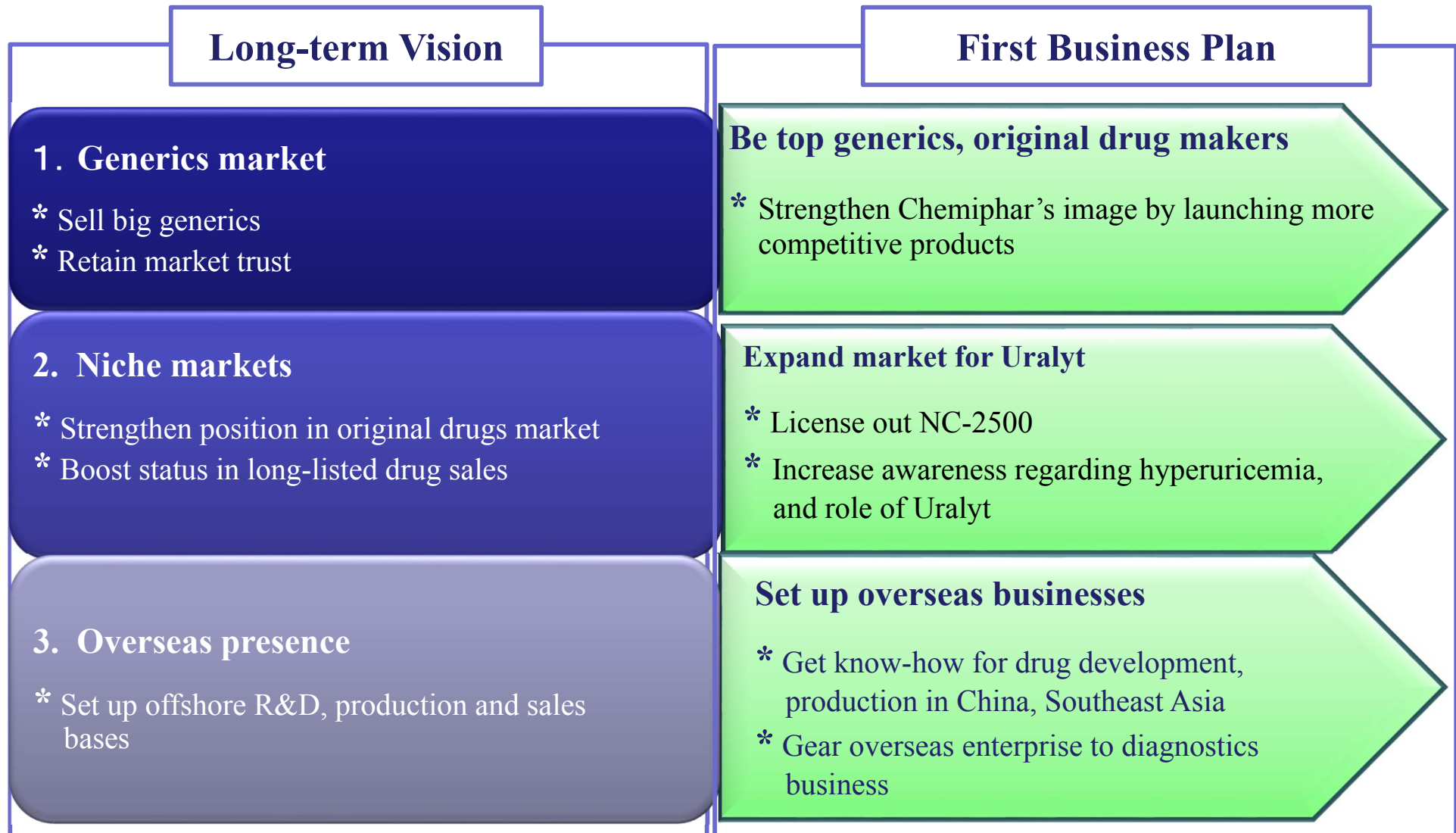
- \* Reap benefits
- \* New investments

#### Third

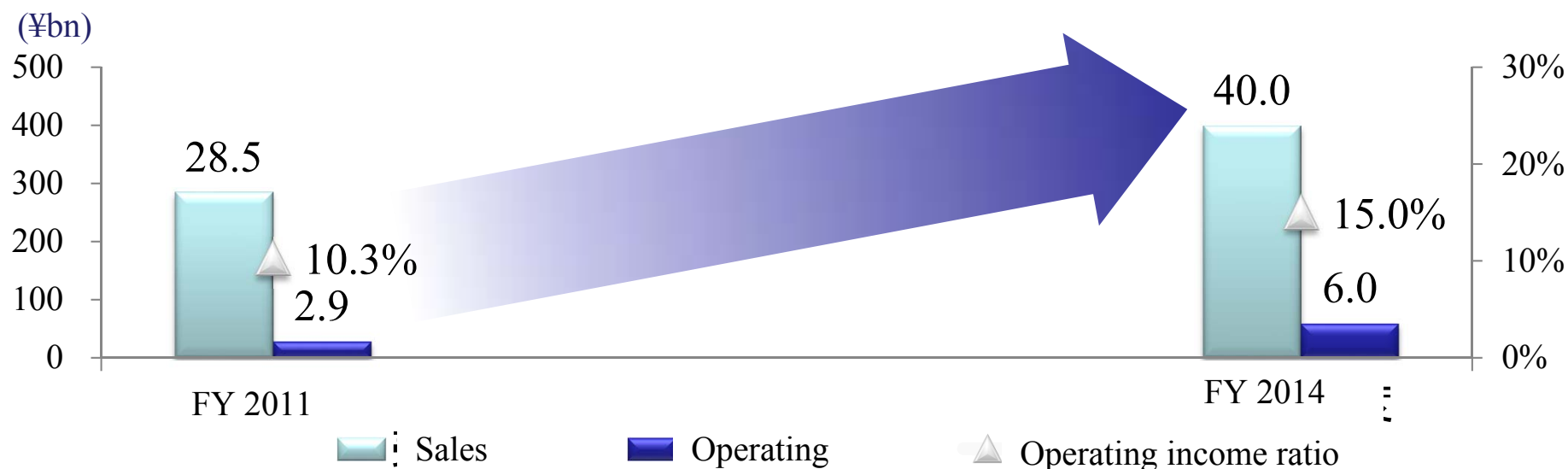
(FY2018 - 2020)

- \* Harvest results of business efforts

# 5-1. Management Targets



# 5-2. Numerical Targets



Numerical targets

**FY2014 consolidated sales seen exceeding ¥40 billion**

- \* Domestic generics sales: over ¥30 bn
- \* Uralyt sales more than ¥3 bn
- Consolidated operating ratio: more than 15%

Investment plans

- \* Total investment: ¥4 billion (NPI investment: ¥3 bn, including new building at Tsukuba factory to be started in 2014)
- \* R&D: ¥7 bn (for generics, new drug development)

# 6-1. Strategies: Generics (1)

## ◆ Launch of competitive products

- \* Integrate company-wide development for efficiency
- \* Set up proprietary technologies
- \* Set up more efficient production facilities, e.g., new Tsukuba factory building
- \* Manufacture high quality, cost-competitive products
- \* Expand FY2011 900-mn-tablet production to 1.4 bn tablets by FY2014

## ■ Plan for New Products

	FY2012	FY2013	FY2014
Items	19 Items	18 Items	18 Items
Main products (patents expiring)	Pioglitazone Losartan Mosapride Paroxetine, others	Fexofenadine Loxoprofen Na tape Others	Valsartan Candesartan Others
	In 2012–2014: produce 55 items; own generics seen representing over 60% of sales		



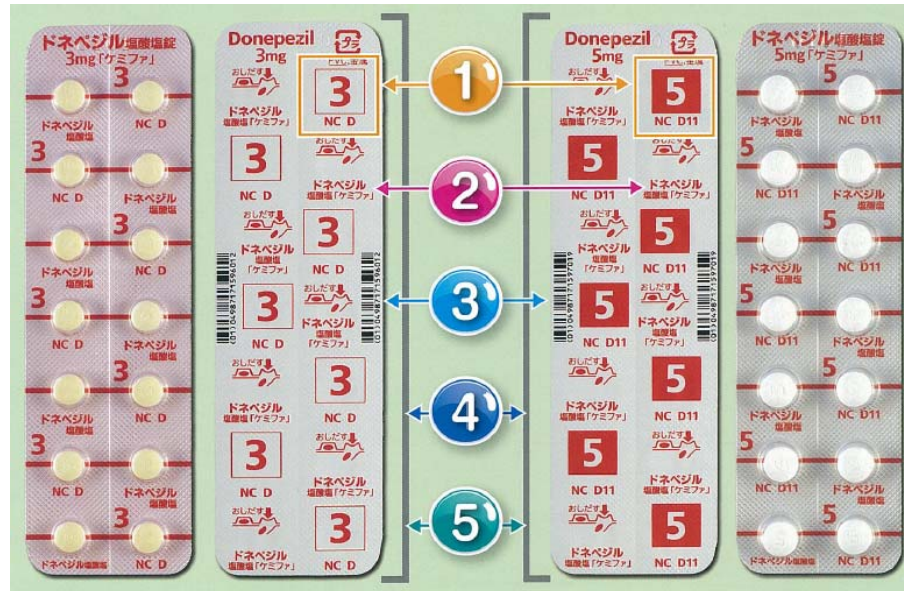
# 6-2. Strategies: Generics (2)

## ◆ Marketing strategy

- \* Stress existing ties with doctors, wholesalers
- \* Revitalize sales strategy
- \* Boost sales of 10 generics to ¥100 mn each

## ◆ Reinforce corporate brand

- \* Continue building trust among doctors, pharmacists through accurate product information
- \* Retain easy-to-use, easily recognized packaging



## ■ Chemiphar Generics

Donepezil 3mg/5mg Chemiphar

- ① Large fonts indicate dose
- ② Universal design fonts used
- ③ Bar code (RSS code)
- ④ Matte aluminum packs

# 6-3. Strategies: Uralyt, R&D (1)

## ◆ Expand hyperuricemia market

- \* Stress need to treat hyperuricemia to control metabolic syndrome
- \* License out NC-2500 by FY2014 end, once Phase 1 is complete

## ◆ Boost Uralyt market

- \* Propagate efficacy of chronic kidney disease treatment

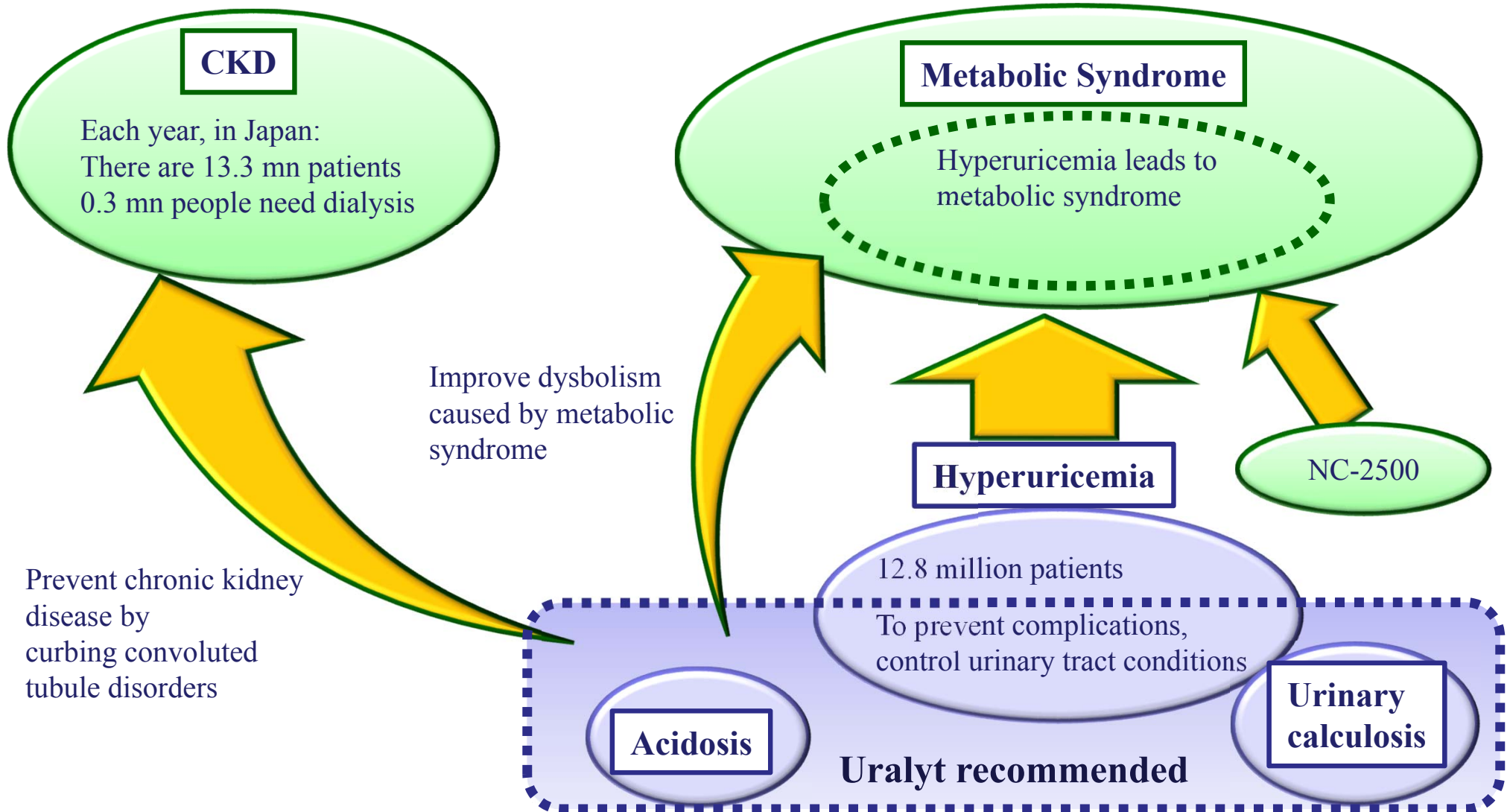
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## ◆ Venture Styled R&D

- \* Goal: license out 5 products
- \* Reinforce R&D capability
- \* Outsource to overseas contract research organizations
- \* Obtain public funding

# 6-4. Strategies: Uralyt, R&D (2)

## ■ Expanding Hyperuricemia/Uralyt Markets (Targets)



# 6-5. Strategies: Overseas

Since growth in the domestic market is expected to slow, Chemiphar plans to expand its business in Asia, where the pharma market is growing rapidly

## ◆ Setting up businesses

### Pharmaceuticals

- \* Gain local business know-how through preparation of applications to launch products in Chinese and ASEAN markets

### Diagnostics

- \* Enter markets by launching new products

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### **Note about Forward-Looking Statements and Forecasts**

Statements made in this summary with respect to current plans, estimates, strategies and beliefs, and other statements of Chemiphar are forecasts about the future performance of Chemiphar. These forecasts are based on information currently available to management. Consequently, our forecasts are subject to known and unknown risks and uncertainties and may differ significantly from actual results. Items that may influence our forward-looking statements and forecasts include changes in the economy, the business and competitive environment surrounding Chemiphar's business, and revisions to the Pharmaceutical Affairs Law and other related legislation, etc., as well as other items not limited to the above.

