

FY2012 BUSINESS SUMMARY

(Year ended March 31, 2013)

Nippon Chemiphar Co., Ltd. (4539)

May 10, 2013

Highlights

Generics Push Up Consolidated Sales 12.0% YOY

Chemiphar's sales of generics are up 19.8% YOY, mainly due to the government's promotional measures in effect since April 2012, and growing sales of recently launched products. The company's sales of generics to other pharmaceutical makers also played a part.

Meanwhile, the NHI price revision and fierce competition have depressed sales of our core products, causing them to decline 16.5% YOY—in line with our expectations.

Income Rises Sharply, Due to Reduced SG&A Expenses Ratio

Operating income is up 32.5% YOY, ordinary income 33.8% YOY and net income 47.6%. This is mainly because the Group's SG&A expenses ratio were kept lower than its sales growth.

Rise in Sales and Income Expected

We see sales of our generics rising, and total sales reaching ¥32,800 million (up 2.7% YOY). Accordingly, we anticipate that operating income will be ¥4,000 million (up 3.3% YOY), ordinary income ¥3,800 million (up 2.3%) and net income ¥2,200 million (up 3.5% YOY).

Sales and Income (Consolidated)

(¥mn)

	FY2011		FY2012			FY2013 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Total Sales	28,513	100.0	31,944	100.0	12.0	32,800	2.7
Pharmaceuticals	27,325	95.8	30,864	96.6	13.0		
Others	1,188	4.2	1,079	3.4	(9.2)		
Cost of sales	12,871	45.1	14,922	46.7	15.9		
				+1.6P			
SG&A expenses	12,718	44.6	13,147	41.2	3.4		
				(3.4P)			
Operating income	2,923	10.3	3,873	12.1	32.5	4,000	3.3
Ordinary income	2,776	9.7	3,714	11.6	33.8	3,800	2.3
Net income	1,439	5.0	2,125	6.7	47.6	2,200	3.5

Sales of Pharmaceuticals (Consolidated)

(¥mn)

	FY2011		FY2012			FY2013 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	YOY (%)
Total	25,467	100.0	28,425	100.0	11.6	29,350	3.3
Generics	19,721	77.4	23,630	83.1	19.8	24,860	5.2
Sales to other makers	220		1,742		X7.9	730	(58.1)
Amlodipine	2,864		3,128		9.2	3,360	7.4
Lansoprazole	1,496		1,791		19.7	2,050	14.4
Pravastatine	1,347		1,319		(2.1)	1,330	0.8
Rabeprazole	842		1,313		55.9	1,480	12.7
Limaprost Alfadex	1,034		1,274		23.2	1,400	9.8
Voglibose	1,086		1,079		(0.6)	1,070	(0.9)
Others	11,052		13,723		24.2	14,170	3.3
Core products	5,746	22.6	4,795	16.9	(16.5)	4,490	(6.4)
Uralyt	3,012		2,661		(11.6)	2,670	0.3
Soleton	2,273		1,745		(23.2)	1,460	(16.3)
Calvan	461		389		(15.6)	360	(7.6)

Sales of Generics Business (Consolidated)

(¥mn)

	FY2011	FY2012		FY2013 (Forecast)	
	Amount	Amount	YOY (%)	Amount	YOY (%)
Generics (ODM*)	362	576	58.8	600	4.1
Generics	19,721	23,630	19.8	24,860	5.2
Total	20,083	24,206	20.5	25,460	5.2

* Original design, manufacture

Expenditure (Consolidated)

(¥mn)

	FY2011		FY2012			FY2013 (Forecast)	
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)	Amount	Distrib. (%)
R&D expenses	1,790	6.3	1,936	6.1	8.2	2,000	6.1
Depreciation expenses	747	2.6	840	2.6	12.3	900	2.7
Capital expenditure	1,014	3.6	1,153	3.6	13.7	3,300	10.1

Main Financial Figures (Consolidated)

	FY2011	FY2012		FY2013 (Forecast)	
			Change		Change
Gross margin to sales (%)	54.9	53.3	(1.6P)	-	-
SG&A to sales (%)	44.6	41.2	(3.4P)	-	-
Operating income to sales (%)	10.3	12.1	+1.8P	12.2	+0.1P
EPS (¥)	34.62	51.77	+17.15	53.59	+1.82

Balance Sheet Summary

	FY2011	FY2012	
			Change
Total assets (¥mn)	33,790	35,488	1,697
Net assets (¥mn)	10,230	12,408	2,177
Owned capital (¥mn)	10,223	12,399	2,175
Capital-to-asset ratio (%)	30.3	34.9	+4.6P
Current assets (¥mn)	20,561	21,655	1,094
Current debt (¥mn)	12,871	12,785	(86)
Current ratio (x)	1.60	1.69	+0.09P
Net assets per share (¥)	248.92	302.28	53.36

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.