

# **FY2015 Third Quarter Business Summary**

(Year Ending March 31, 2016)

# Sales, Income

(¥mn)

	FY2014			FY2015				
	3Q Amount	% of Sales	Full Year Amount	3Q Amount	% of Sales	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Net Sales</b>	<b>27,125</b>	<b>100.0</b>	<b>35,118</b>	<b>26,914</b>	<b>100.0</b>	<b>(0.8)</b>	<b>36,600</b>	<b>73.5</b>
Pharmaceuticals	26,465	97.6	34,168	26,241	97.5	(0.8)	—	—
Others	660	2.4	949	673	2.5	2.0	—	—
Cost of sales	14,065	51.9	18,352	14,189	52.7	0.9	—	—
SG&A expenses	10,178	37.5	13,480	10,273	38.2	0.9	—	—
R&D expenses	1,272	4.7	1,755	1,357	5.0	6.7	2,100	64.6
<b>Operating income</b>	<b>2,880</b>	<b>10.6</b>	<b>3,285</b>	<b>2,451</b>	<b>9.1</b>	<b>(14.9)</b>	<b>2,800</b>	<b>87.6</b>
<b>Net income</b>	<b>1,791</b>	<b>6.6</b>	<b>1,899</b>	<b>1,612</b>	<b>6.0</b>	<b>(10.0)</b>	—	—
<b>Net income attributable to owners of the parent</b>	<b>1,791</b>	<b>6.6</b>	<b>1,899</b>	<b>1,612</b>	<b>6.0</b>	<b>(10.0)</b>	<b>1,700</b>	<b>94.8</b>

## Highlights

### Sales

Generics sales rose as demand continued to expand into the third quarter, centered on pharmacies and DPC hospitals. Sales to medical institutions thus rose 9.7% YOY. Sales to other makers slid 50.1% YOY, reflecting favorable orders due to NHI price revisions in the preceding fiscal year.

Accordingly, sales of generics, including ODM products, rose 1.7% YOY to ¥22.5 billion.

Meanwhile, sales of proprietary products decreased 12.6% YOY, due to the shift to generics. As a result, sales of pharmaceuticals were down

0.8% YOY, to ¥26.2 billion, while consolidated net sales (including Others) slipped 0.8% YOY to ¥26.9 billion.

In terms of sales to other makers and ODM product sales, progress in achieving our full fiscal year forecasts was slightly slower than initially had been anticipated.

### Operating income

In comparison with favorable figures for the preceding fiscal year, operating income declined 14.9% YOY, to ¥2.4 billion, owing to the decrease

in sales to other makers and sales of ODM products. Although we are now progressing more quickly toward our forecasts for the full fiscal year, our forecast for the period remains unchanged. This is due to such initially anticipated expenditures as R&D expenses in the fourth quarter.

# Pharmaceutical Sales

## Generics, Proprietary Products

(¥mn)

	FY2014			FY2015				
	3Q Amount	Distrib. (%)	Full Year Amount	3Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Total</b>	<b>23,534</b>	<b>100.0</b>	<b>30,800</b>	<b>23,998</b>	<b>100.0</b>	<b>2.0</b>	<b>32,510</b>	<b>73.8</b>
<b>Generics</b>	<b>20,903</b>	<b>88.8</b>	<b>27,400</b>	<b>21,697</b>	<b>90.4</b>	<b>3.8</b>	<b>29,730</b>	<b>73.0</b>
Sales to medical institutions	18,840		25,079	20,668		9.7	28,250	73.2
Sales to other makers*	2,062		2,321	1,028		(50.1)	1,480	69.5
Amlodipine	2,273		3,011	2,400		5.6	3,210	74.8
Lansoprazole	1,452		1,935	1,642		13.1	2,230	73.7
Limaprost Alfadex	1,158		1,509	1,133		(2.2)	1,500	75.6
Rabeprazole	1,199		1,595	1,318		9.9	1,850	71.2
Donepezil	1,322		1,704	1,305		(1.3)	1,720	75.9
Pravastatine	973		1,273	968		(0.5)	1,230	78.7
Voglibose	770		1,013	770		(0.1)	1,030	74.8
Others	11,752		15,357	12,159		3.5	16,960	71.7
<b>Proprietary products</b>	<b>2,631</b>	<b>11.2</b>	<b>3,400</b>	<b>2,301</b>	<b>9.6</b>	<b>(12.6)</b>	<b>2,780</b>	<b>82.8</b>
Uralyt	1,526		1,975	1,357		(11.1)	1,660	81.8
Soleton	876		1,134	745		(14.9)	870	85.7
Calvan	228		290	198		(13.3)	250	79.3

## Chemiphar, ODM Generics

(¥mn)

	FY2014			FY2015				
	3Q Amount	Distrib. (%)	Full Year Amount	3Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Total</b>	<b>22,169</b>	<b>100.0</b>	<b>28,918</b>	<b>22,553</b>	<b>100.0</b>	<b>1.7</b>	<b>31,660</b>	<b>71.2</b>
Generics	20,903	94.3	27,400	21,697	96.2	3.8	29,730	73.0
Generics (ODM)	1,266	5.7	1,518	856	3.8	(32.3)	1,930	44.4

\* Includes exports.

# Sales Distribution

**By Launch Year** (¥mn)

Year	FY2014		FY2015		YOY (%)
	3Q Amount	Distrib. (%)	3Q Amount	Distrib. (%)	
FY2008 and before	11,856	56.7	11,389	52.5	(3.9)
FY2009	1,887	9.0	2,051	9.5	8.7
FY2010	1,784	8.5	1,960	9.0	9.9
FY2011	1,651	7.9	1,744	8.0	5.7
FY2012	1,096	5.2	1,121	5.2	2.3
FY2013	1,589	7.6	2,015	9.3	26.8
FY2014	1,038	5.0	1,080	5.0	4.1
FY2015	—	—	333	1.5	—
<b>Total</b>	<b>20,903</b>	<b>100.0</b>	<b>21,697</b>	<b>100.0</b>	<b>3.8</b>

**By Main Therapeutic Categories** (%)

	FY2014	FY2015
	3Q	3Q
Cardiovascular and respiratory drugs	31.7	31.9
Digestive organ drugs	17.7	19.4
Agents affecting metabolism	17.6	16.6
Drugs for nervous system, sensory organs	11.9	11.1
Antibiotics and chemotherapeutic drugs	7.4	7.1
Antineoplastic agents	1.8	2.4
Others	11.9	11.5

# Balance Sheet, per Share Information

## Balance Sheet Data (¥mn)

	March 31, 2015	December 31, 2015	
	Amount	Amount	Change
<b>Total assets</b>	<b>41,428</b>	<b>43,549</b>	<b>2,121</b>
<b>Net assets</b>	<b>15,626</b>	<b>16,411</b>	<b>784</b>
Owned capital	15,620	16,403	783
Capital-to-asset ratio (%)	37.7	37.7	—
<b>Current assets</b>	<b>24,844</b>	<b>27,423</b>	<b>2,578</b>
<b>Current liabilities</b>	<b>13,939</b>	<b>15,356</b>	<b>1,417</b>
Current ratio (x)	1.78	1.79	0.01

## Per Share Information (¥)

	FY2014		FY2015	
	3Q Amount	Full Year Amount	3Q Amount	Full Year (Forecast)
Earnings per share	44.74	47.45	40.97	42.46
	December 31, 2014	March 31, 2015	December 31, 2015	Full Year (Forecast)
Book value per share	374.61	390.01	419.43	—
Dividend per share	—	10.00	—	10.00
Dividend Payout Ratio (%)	—	21.1	—	23.6

## Capital Expenditure and Other (¥mn)

Items	FY2014		FY2015			
	3Q Amount	Full Year Amount	3Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	1,347	1,710	536	(60.2)	1,000	53.6
Depreciation and amortization	862	1,200	873	1.2	1,200	72.8

### Reasons for revision of capital expenditure forecast

We have revised our capital expenditure forecast for the full fiscal year from ¥1.7 billion to ¥1.0 billion. This revision stems from a shift of some planned capital expenditure from the fourth quarter of the current fiscal year to next fiscal year. It reflects a schedule modification in the wake of a shift to full ownership of a venture in Vietnam where a factory will be constructed. However, the change does not affect either our full-year profit forecast or our factory construction schedule.