

FY2013 1Q Consolidated Financial Overview (IFRS based)

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President CFO
Yoshio Itaya

April 25, 2013



Forward-Looking Statements

This presentation may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the "Company"). These statements reflect the Company's current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company's businesses.



Summary

■ Revenues: 90.4 billion JPY (+0.1% YoY)

- Domestic sales excl. TAM: continued strong growth in oncology and new products more than offset the impact from termination of Evista and the NHI price revision (+1.0%)
- Overseas sales: Actemra export decreased by 25% due to difference in shipment timing
- Royalties and other operating income: flat year-on-year growth

■ Profits

IFRS based profits

- Operating profit 14.7 billion JPY (-17.9%), net income 9.2 billion JPY (-15.6%)

Core operating profit: 15.1 billion JPY (-16.6%)

- Double-digit decrease due to increase in operating expenses and decrease in gross profit associated with yen depreciation and change in product mix



IFRS and Core Results

Billions of JPY	IFRS results	Non-core items		Core results	Non-Core items 1. Intangible/Business combinations Amortization of intangible assets: 0.2bn JPY No impairment of intangible assets No business combinations 2. Other eliminated items Restructuring: 0.2bn JPY Legal costs: small Environmental costs: small (Billions of JPY) Core net income attribute to Chugai shareholders 9.2 (Millions of shares) Weighted average number of shares and equity securities in issue used to calculate diluted earnings per share 545 (JPY) Core EPS 16.83
	2013 Jan - Mar	Intangible assets and Business combinations	Other eliminated items	2013 Jan - Mar	
Revenues	90.4			90.4	
Sales	87.0			87.0	
Royalties and other operating income	3.4			3.4	
Cost of sales	-40.8	+0.2		-40.6	
Gross profit	49.6	+0.2		49.9	
Marketing and distribution	-16.1	+0.0	+0.1	-16.1	
Research and development	-16.5	+0.0	+0.1	-16.4	
General and administration	-2.3		+0.0	-2.3	
Operating profit	14.7	+0.2	+0.2	15.1	
Financing costs	-0.0			-0.0	
Other financial income (expense)	-1.0			-1.0	
Profit before taxes	13.7	+0.2	+0.2	14.1	
Income taxes	-4.5	-0.1	-0.0	-4.6	
Net income	9.2	+0.1	+0.1	9.5	
Chugai shareholders	8.9	+0.1	+0.1	9.2	
Non-controlling interests	0.3			0.3	

Year on Year (Core)



Financial Overview Jan - Mar

(Billion JPY)	2012 Jan - Mar vs. Rev*		2013 Jan - Mar vs. Rev*		Growth	
Revenues	90.3		90.4		+0.1	+0.1%
Sales	86.8		87.0		+0.2	+0.2%
excl. Tamiflu	79.0		78.7		-0.3	-0.4%
Domestic	68.1		68.8		+0.7	+1.0%
Export to Roche	6.8		5.1		-1.7	-25.0%
Other overseas	4.1		4.8		+0.7	+17.1%
Tamiflu	7.8		8.3		+0.5	+6.4%
Ordinary	7.5		7.5		+0.0	0.0%
Stockpiling	0.4		0.8		+0.4	+100.0%
Royalties and other operating income	3.5		3.4		-0.1	-2.9%
Cost of sales	-39.4	43.6%	-40.6	44.9%	-1.2	+3.0%
Gross profit	50.9	56.4%	49.9	55.2%	-1.0	-2.0%
Operating expenses	-32.8	36.3%	-34.8	38.5%	-2.0	+6.1%
Operating profit	18.1	20.0%	15.1	16.7%	-3.0	-16.6%
Financial costs	-0.0		-0.0		+0.0	0.0%
Other financial income (expense)	-0.4		-1.0		-0.6	+150.0%
Taxes	-6.6		-4.6		+2.0	-30.3%
Net income	11.1	12.3%	9.5	10.5%	-1.6	-14.4%

(Billion JPY)

Royalties and other operating income

-0.1

Financial costs

+0.0

Other financial income (exp.)

-0.6

Exchange gains/losses

-0.4

Loss/gain on derivatives

-0.2

Cost of sales ratio vs. Sales

	2012 Jan- Mar	2013 Jan- Mar
	45.4%	46.7%

Average exchange rate (JPY)

	2012 Jan- Mar	2013 Jan- Mar
CHF	86.01	99.19
EUR	103.91	121.80

*Revenues

Year on Year

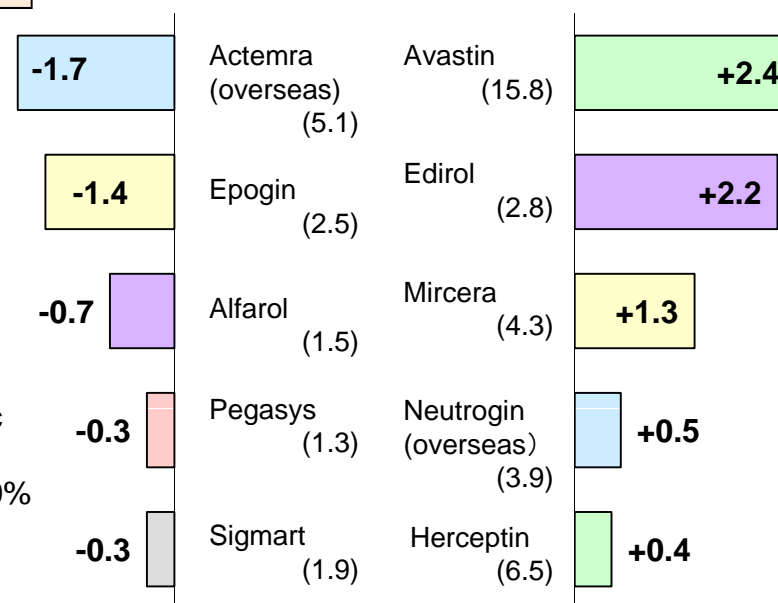
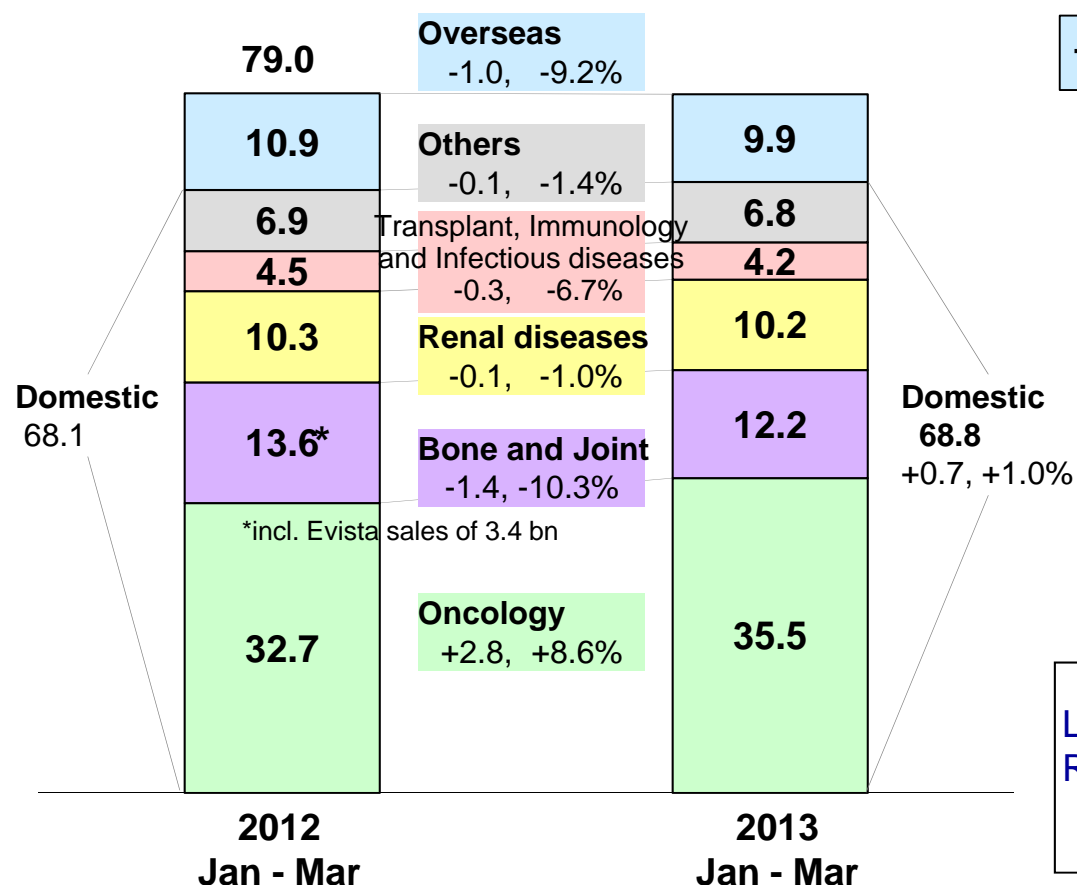
Sales (excl. Tamiflu) Jan - Mar



(Billion JPY)

Sales excl. Tamiflu

78.7 (-0.3, -0.4%)



Left : Sales by Disease Field
 Right : Sales by Product, Variance Year on Year
 (): FY2013 Actual



Tamiflu Sales Performance

(Billion JPY)		Fiscal Term Sales										Seasonal Sales	Cases per sentinel* (millions)
		FY2009.12		FY2010.12		FY2011.12		FY2012.12		FY2013.12			
		Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Mar	Apr-Dec		
Ordinary	2008-09	11.0										16.7	1.27
	2009-10		25.2	1.4								26.6	2.02
	2010-11				0.2	4.1						4.3	1.26
	2011-12						1.3	7.8				9.1	1.63
	2012-13								2.4	7.5		9.9	-
	2013-14										0.6	-	-
Ordinary		36.2 (+29.1)		1.6 (-34.6)		5.4 (+3.8)		10.2 (+4.8)		8.1 (-2.1)			

Govt. Stockpile etc.	2008-09	14.4										15.5	
	2009-10		25.6	10.6								36.2	
	2010-11				5.9	0.5						6.4	
	2011-12						2.8	0.4				3.2	
	2012-13								1.5	0.8		2.3	
	2013-14										0.0		
Govt. Stockpile etc.		40.0 (+38.7)		16.6 (-23.4)		3.3 (-13.3)		1.9 (-1.4)		0.8 (-1.1)			

Total		25.4	50.8	12.0	6.1	4.6	4.1	8.1	3.9	8.3	0.6		
		76.2 (+67.8)		18.2 (-58.0)		8.7 (-9.5)		12.0 (+3.3)		8.8 (-3.2)			

*Total patient number of the controlled samples in the infectious Diseases Weekly Report, period between late October and mid-April (between early July 2009 and mid-March 2010 for 2009/2010), published by Japan's National Institute of Infectious Diseases.

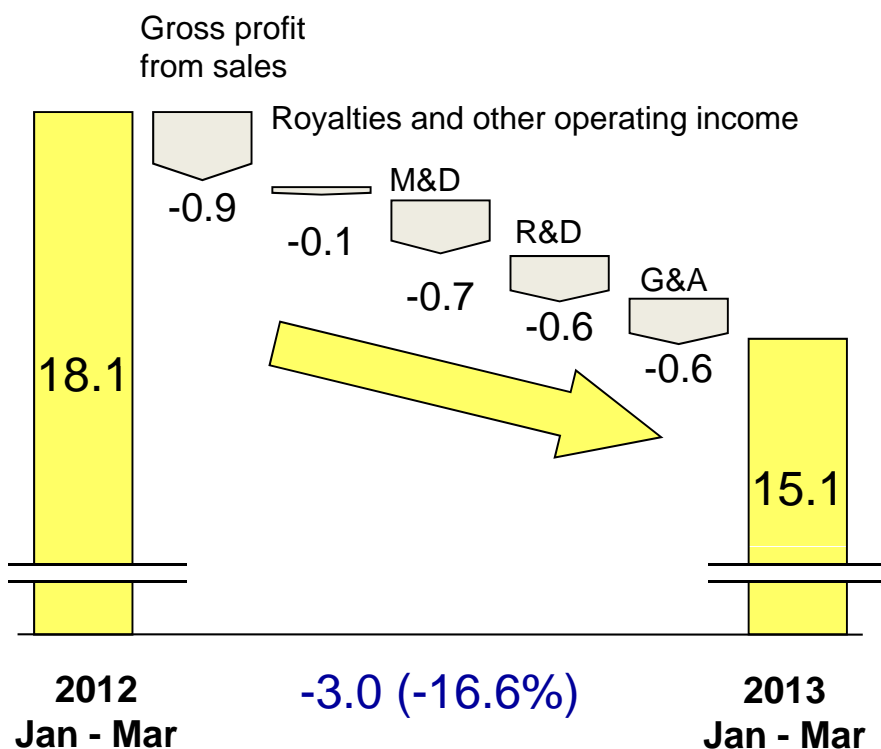
Company forecast
() Year on year

Year on Year (Core)

Operating Profit Jan - Mar



(Billion JPY)



(Billion JPY)	2012 Jan - Mar	2013 Jan - Mar	Growth
Revenues	90.3	90.4	+0.1
Cost of sales	-39.4	-40.6	-1.2
Gross profit	50.9	49.9	-1.0
Sales	47.4	46.5	-0.9
Royalties, etc.	3.5	3.4	-0.1
Marketing and distribution	-15.4	-16.1	-0.7
Research and development	-15.8	-16.4	-0.6
General and administration	-1.7	-2.3	-0.6
Operating profit	18.1	15.1	-3.0

Decrease in gross profit from sales -0.9
JPY depreciation and decrease in Actemra overseas sales

Decrease in royalties and other operating income -0.1

Increase in marketing and distribution -0.7
Performance based bonuses increased

Increase in research and development -0.6
Full-fledged operation of Chugai Pharmabody Research

Increase in general and administration -0.6

vs. Forecast (Core)



Financial Overview Jan - Mar

(Billion JPY)	Actual	Forecast on Jan 30		2012
	2013 Jan - Mar	2013 Jan - Dec	Progress	Progress*
Revenues	90.4	416.0	21.7%	23.4%
Sales	87.0	394.3	22.1%	23.1%
excl. Tamiflu	78.7	385.5	20.4%	21.8%
Domestic	68.8	329.3	20.9%	21.2%
Export to Roche	5.1	40.6	12.6%	26.6%
Other overseas	4.8	15.6	30.8%	24.6%
Tamiflu	8.3	8.8	94.3%	65.0%
Royalties and other operating income	3.4	21.7	15.7%	31.0%
Cost of sales	-40.6	-183.2	22.2%	23.6%
Gross profit	49.9	232.8	21.4%	23.2%
Operating expenses	-34.8	-155.3	22.4%	22.8%
Operating profit	15.1	77.5	19.5%	23.9%
EPS (JPY)	16.83	92.57	18.2%	23.3%

*Jan - Mar progress versus Jan - Dec

vs. Forecast



Domestic Sales (excl. Tamiflu) Jan - Mar

(Billion JPY)	Actual	Forecast on Jan 30		2012
	2013 Jan - Mar	2013 Jan - Dec	Progress	Progress*
Domestic sales excl. Tamiflu	68.8	329.3	20.9%	21.2%
Oncology	35.5	175.4	20.2%	20.9%
Avastin	15.8	76.6	20.6%	20.5%
Herceptin	6.5	30.4	21.4%	21.3%
Xeloda	2.6	13.9	18.7%	22.0%
Tarceva	2.0	11.0	18.2%	20.0%
Bone and Joint	12.2	54.3	22.5%	20.5%
Actemra	4.0	19.1	20.9%	22.2%
Edirol	2.8	11.0	25.5%	7.6%
Renal	10.2	52.0	19.6%	21.4%
Mircera	4.3	28.2	15.2%	16.9%
Epogin	2.5	8.6	29.1%	26.9%
Transp., Immun., Infectious	4.2	18.1	23.2%	22.2%
Pegasys	1.3	5.7	22.8%	23.2%
Copegus	0.3	1.2	25.0%	25.0%
Others	6.8	29.6	23.0%	22.9%

*Jan - Mar progress versus Jan - Dec

vs. Forecast (Core)

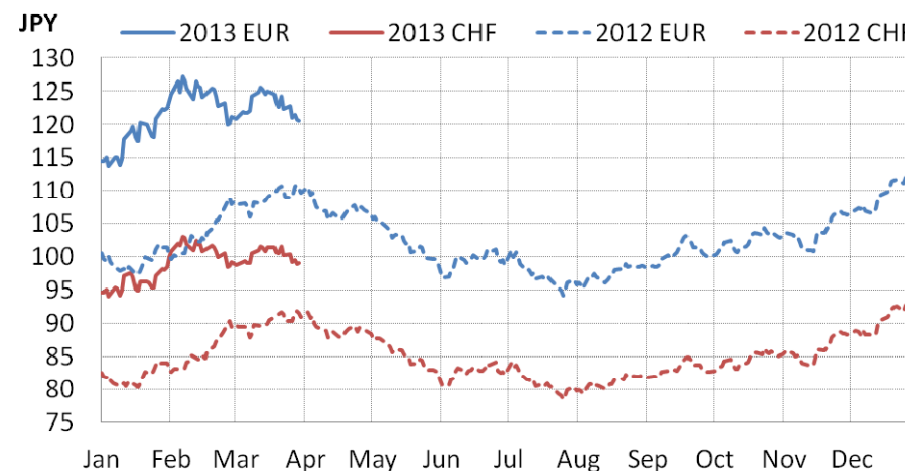


Impact from Foreign Exchange

(Billion JPY)	FX impact Jan - Mar (vs. Forecast on Jan. 30)	
Revenues	+0.5	
	Neutrogen (Overseas)	+0.2
	Actemra (Export)	+0.2
	Royalties, etc	+0.1
Cost of sales	Cost of Roche products	-0.4
Operating expenses	Overseas operating exp., etc.	-0.2
Operating Profit	-0.1	

FX rate to the JPY	1CHF	1EUR
Assumption Jan – Dec (as of Jan. 30)	95.00	115.00
Actual Jan – Mar avg.	99.19	121.80
Reference Actual Jan – Mar avg. (2012)	86.01	103.91

[Reference]
Historical exchange rates to the JPY (Jan - Mar)



Overview of Development Pipeline

CHUGAI PHARMACEUTICAL CO., LTD.
Department Manager of
Project Planning & Coordination Dept.
Hisanori Takanashi

April 25, 2013



Development Status - Oncology

In-
licensed

RG597 / Herceptin®:

Expected Indication:

Weekly Dosage with Chemo-Therapy for HER2

Positive Adjuvant Breast Cancer

Filed in February 2013

In-
licensed

EGFL7 (RG7414) / parsatuzumab:

Expected Indication: Solid Tumor

Started P1 in March 2013

In-
house

WT4869 / WT2725:

Terminate Joint Development with Dainippon

Sumitomo Pharma

(Expected indication: Myelodysplastic Syndromes and
Solid Tumor, Advanced Cancer)



Development Status - Autoimmune

In-
house

MRA / Actemra® (sc):

Indication: Rheumatoid Arthritis

Approved in March 2013

Actemra® Subcutaneous Formulation

Actemra® 162 mg Auto-Injector for SC Injection



✓ Date of Approval:
March 25, 2013

✓ Indications:
Rheumatoid arthritis that does not respond sufficiently to existing therapies (including inhibition of structural joint damage)

Actemra® 162 mg Syringe for SC Injection

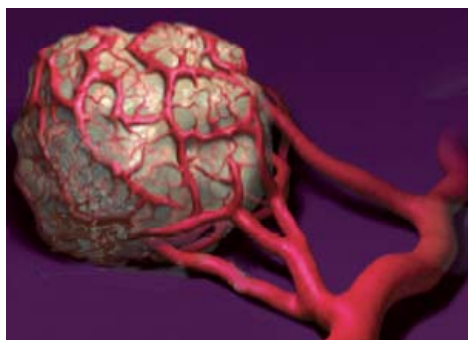


✓ Dosage and Administration:
The recommended dose of tocilizumab (genetical recombination) for adults is 162 mg as a single subcutaneous injection administered at 2-week intervals



RG7414 (parsatuzumab) - Augmenting Anti-VEGF Therapy

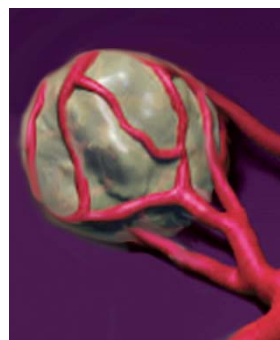
Tumor Growth



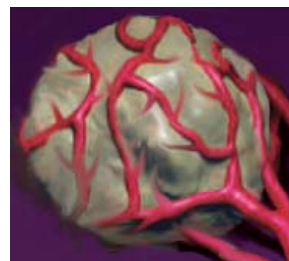
Anti-Angiogenic
& Anti-Vascular
Effects

Bevacizumab

Anti-Tumor Activity



Tumor Vascular
Re-growth



Sensitize Tumor
Vasculature to
Bevacizumab

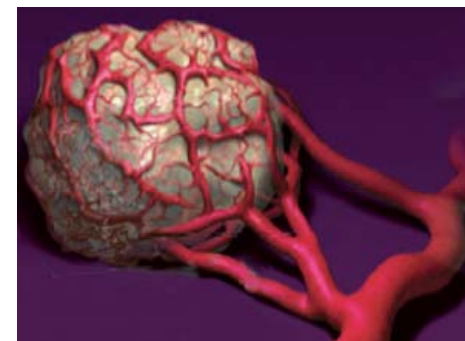
New therapy

Inhibit Tumor
Vascular
Re-growth

Increased &
Prolonged
Anti-Tumor
Activity



Re-growth



RG7414 (parsatuzumab) - Mode of Action

EGFL7

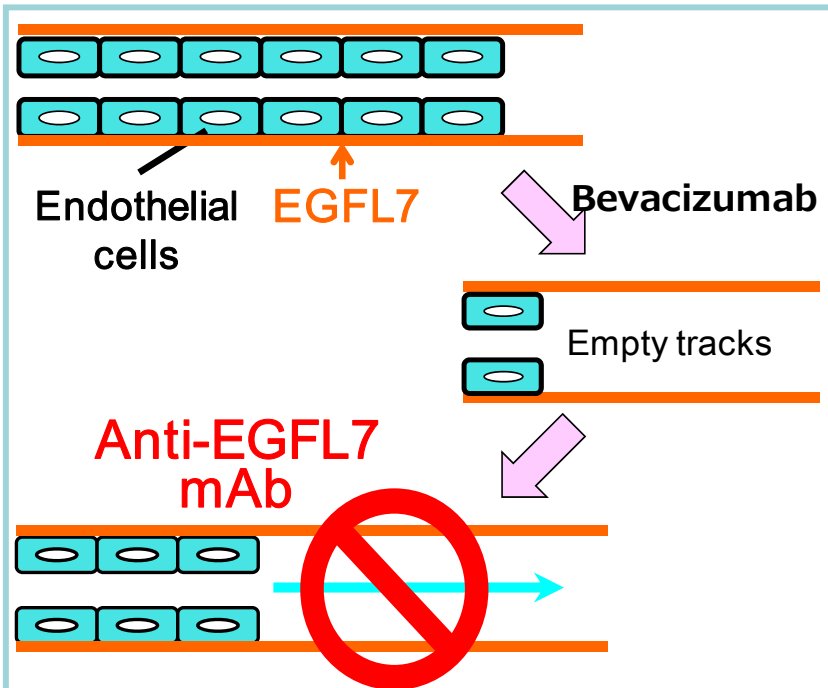
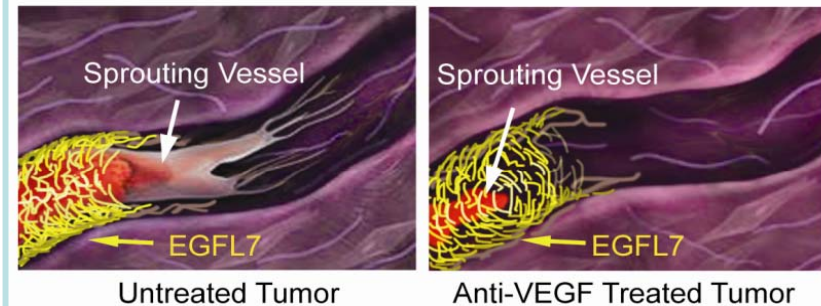
(Epidermal Growth Factor-like domain 7)

- Tumor-enriched vascular extracellular matrix (ECM) protein that supports endothelial cell survival, particularly under stress
- Forms peri-vascular tracks that persist along tumor blood vessels damaged by anti-angiogenic therapy

RG7414 (parsatuzumab)

- Human IgG1 anti-EGFL7 monoclonal antibody
- Blocks interaction between endothelial cells and EGFL7
- Demonstrates tumor-selective anti-vascular and anti-angiogenic activity
- Inhibits tumor vascular re-growth following anti-VEGF treatment

EGFL7 Tracks Support Tumor Endothelial Cell Survival and Regrowth



Contacts: Corporate Communications Dept.

Corporate Communications Group

Tel: +81 (0)3-3273-0881 Fax: +81 (0)3-3281-6607
e-mail: pr@chugai-pharm.co.jp

Hitoshi Aikawa, Koichi Kawahara, Hiroshi Araki,
Sachiyo Yoshimura

Investor Relations Group

Tel: +81 (0)3-3273-0554 Fax: +81 (0)3-3281-6607
e-mail: ir@chugai-pharm.co.jp

Mac Uchida, Kae Miyata, Takayuki Sakurai, Yusuke Tokita,
Yuka Minoshima