

# Hisamitsu Pharmaceutical Co., Inc.

## Q1 FY02/2018 Results

This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in material circumstances.

Hisamitsu Pharmaceutical Co., Inc.

Jul. 7<sup>th</sup>, 2017

## Agenda

- 1. Looking back on the Q1 FY02/2018**
- 2. Consolidated PL**
- 3. Non Consolidated PL**
- 4. Noven PL**
- 5. Sales results by product**
- 6. Trends of 2nd-generation non-steroidal anti-inflammatory patch in Japan**
- 7. R&D Pipeline**

**Additional data**

# 1. Looking back on the FY02/2018

OTC products      Salonpas® has been acknowledged as world's No.1 OTC topical analgesics patch brand



By Euromonitor International

Others

- Establishment of Nomination and Compensation Committee
- Dispatch of Hisamitsu's board director to Noven
- Abolition of takeover defense measures
- FIVB Volleyball Women's Club World Championship KOBE 2017 presented by Salonpas ranked at 8th
- 2017 Asian Women's Club Volleyball Championship ranked at 2nd

# 2. Consolidated PL (1) - Comparison with the previous period performance

Unit:¥ million

	Actual performance for FY02/17 (Q1)	Actual performance for FY02/18 (Q1)	Change	Percentage Change
<b>Net sales</b>	<b>38,153</b>	<b>36,081</b>	<b>-2,072</b>	<b>-5.4%</b>
CoGS	13,539	14,004	+465	+3.4%
as a % of sales	35.5%	38.8%	-	-
SG&A costs	18,870	16,987	-1,883	-10.0%
Sales promotion costs	3,393	3,068	-324	-9.6%
Advertising costs	3,236	2,861	-374	-11.6%
R&D spending	4,093	4,436	+343	+8.4%
Others	8,148	6,619	-1,528	-18.8%
<b>Operating profits</b>	<b>5,744</b>	<b>5,090</b>	<b>-654</b>	<b>-11.4%</b>
<b>Recurring profits</b>	<b>5,561</b>	<b>4,941</b>	<b>-620</b>	<b>-11.2%</b>
<b>Net profits</b>	<b>4,529</b>	<b>3,674</b>	<b>-855</b>	<b>-18.9%</b>

## 2. Consolidated PL (2) - Summary of Profit and Loss -

Unit:¥ million

	Actual performance for FY02/17 (Q1)	Actual performance for FY02/18 (Q1)	Change	Main factor
<b>Net sales</b>	<b>38,153</b>	<b>36,081</b>	<b>-2,072</b>	
Hisamitsu (Non consolidated)	28,436	25,997	-2,438	•Decrease in sales of Rx Business.
Noven	6,606	5,900	-706	•Decrease in sales of major products.
Others *	3,111	4,183	+1,073	•Increase in sales of Hisamitsu America.
CoGS	13,539	14,004	+465	•Increase in CoGS of Noven and Others.
as a % of sales	35.5%	38.8%	-	•Change of sales mix.
SG&A costs	18,870	16,987	-1,883	•Decrease in SG&A costs of Noven.
<b>Operating profits</b>	<b>5,744</b>	<b>5,090</b>	<b>-654</b>	
Non-operating balance	-182	-149	+33	
<b>Recurring profits</b>	<b>5,561</b>	<b>4,941</b>	<b>-620</b>	
Extraordinary balance	1,297	486	-811	•[FY02/17] Termination of joint marketing contract.
<b>Net profits</b>	<b>4,529</b>	<b>3,674</b>	<b>-855</b>	

\* "Others" includes consolidated adjustment.

## 3. Non Consolidated PL - Comparison with the previous period performance

Unit:¥ million

	Actual performance for FY02/17 (Q1)	Actual performance for FY02/18 (Q1)	Change	Percentage Change
<b>Net sales</b>	<b>28,436</b>	<b>25,997</b>	<b>-2,438</b>	<b>-8.6%</b>
Rx Business	19,130	16,863	-2,267	-11.9%
OTC Business	7,549	7,477	-73	-1.0%
Intl Business	1,755	1,656	-99	-5.6%
CoGS	9,943	9,478	-466	-4.7%
as a % of sales	35.0%	36.5%		
SG&A costs	13,893	13,671	-222	-1.6%
Sales promotion costs	2,411	2,467	+56	+2.3%
Advertising costs	2,856	2,178	-678	-23.7%
R&D spending	3,169	3,768	+599	+18.9%
Others	5,456	5,257	-199	-3.6%
<b>Operating profits</b>	<b>4,598</b>	<b>2,847</b>	<b>-1,751</b>	<b>-38.1%</b>
<b>Recurring profits</b>	<b>4,656</b>	<b>3,168</b>	<b>-1,488</b>	<b>-32.0%</b>
<b>Net profits</b>	<b>4,195</b>	<b>2,699</b>	<b>-1,495</b>	<b>-35.6%</b>

## 4. Noven PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/17 (Q1)	Actual performance for FY02/18 (Q1)	Change	Percentage Change
<b>Net sales *</b>	<b>6,606</b>	<b>5,900</b>	<b>-706</b>	<b>-10.7%</b>
CoGS	2,704	2,959	+255	+9.4%
as a % of sales	40.9%	50.2%	-	-
SG&A costs	3,416	1,678	-1,738	-50.9%
Sales promotion costs	555	79	-476	-85.7%
Advertising costs	11	1	-10	-84.6%
R&D spending	922	669	-253	-27.3%
Others	1,926	927	-999	-51.9%
<b>Operating profits</b>	<b>485</b>	<b>1,262</b>	<b>+777</b>	<b>+160.1%</b>
Nonoperating balance	10	57	+46	+423.7%
<b>Pretax profits</b>	<b>496</b>	<b>1,319</b>	<b>+823</b>	<b>+165.9%</b>
<b>Net profits</b>	<b>347</b>	<b>857</b>	<b>+510</b>	<b>+146.9%</b>

Exchange rate (¥/USD)	¥115.06	¥112.85
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\* Results before consolidated adjustment.

## 5. Sales results by product (1) - Rx Business -

Unit:¥ million

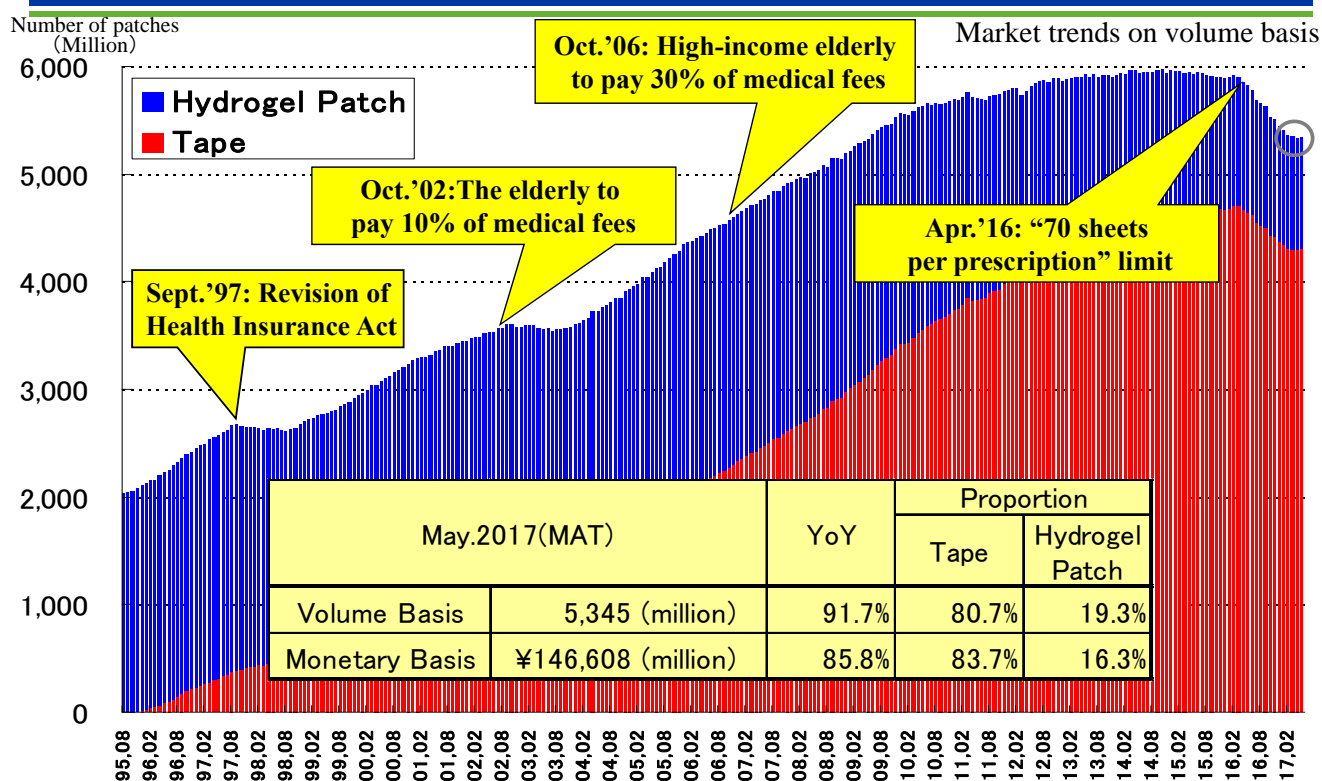
	Actual performance for FY02/18 (Q1)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>22,851</b>	<b>16,863</b>	<b>5,987</b>	<b>-2,973</b>	<b>-2,267</b>	<b>-706</b>	<b>-11.5%</b>	<b>-11.9%</b>	<b>-10.6%</b>
Fentos <sup>®</sup> Tape	1,014	1,014	-	+95	+95	-	+10.3%	+10.3%	-
Norspan <sup>®</sup> Tape	500	500	-	-72	-72	-	-12.6%	-12.6%	-
Neoxy <sup>®</sup> Tape	227	227	-	-42	-42	-	-15.6%	-15.6%	-
Abstral <sup>®</sup>	55	55	-	+9	+9	-	+19.6%	+19.6%	-
Mohrus <sup>®</sup> Tape	11,536	11,515	20	-2,408	-2,399	-9	-17.3%	-17.2%	-31.0%
Mohrus <sup>®</sup> Pap	1,800	1,800	-	+40	+40	-	+2.3%	+2.3%	-
(Mohrus <sup>®</sup> Pap XR)	1,113	1,113	-	+386	+386	-	+53.1%	+53.1%	-
Others	1,907	1,748	159	+150	+101	+50	+8.5%	+6.1%	+45.9%
Minivelle <sup>®</sup>	2,648	-	2,648	-46	-	-46	-1.7%	-	-1.7%
Vivelle-Dot <sup>®</sup> products	1,253	-	1,253	+406	-	+406	+47.9%	-	+47.9%
CombiPatch <sup>®</sup> products	1,132	-	1,132	-194	-	-194	-14.6%	-	-14.6%
Brisdelle <sup>®</sup>	-10	-	-10	-496	-	-496	-	-	-
Daytrana <sup>®</sup>	784	-	784	-231	-	-231	-22.8%	-	-22.8%
Others of Noven products	0	-	0	-184	-	-184	-100.0%	-	-100.0%

## 5. Sales results by product (2) - OTC Business -

Unit:¥ million

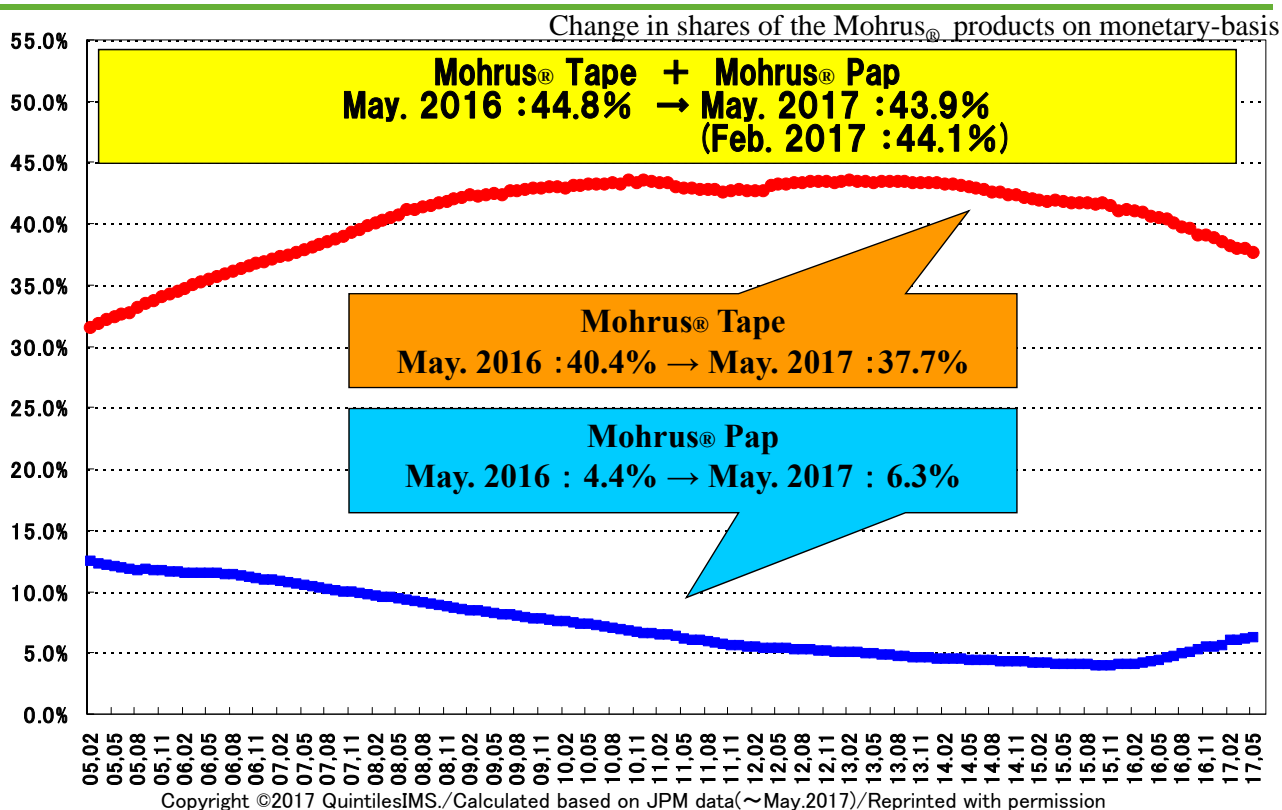
	Actual performance for FY02/18 (Q1)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>12,351</b>	<b>7,477</b>	<b>4,874</b>	<b>+834</b>	<b>-72</b>	<b>+908</b>	<b>+7.2%</b>	<b>-1.0%</b>	<b>+22.9%</b>
Salonpas <sup>®</sup> products	6,670	2,978	3,691	+996	+542	+453	+17.6%	+22.2%	+14.0%
Salonsip <sup>®</sup> products	1,524	751	772	+304	-97	+400	+24.9%	-11.4%	+107.5%
Air <sup>®</sup> Salonpas <sup>®</sup> products	388	275	111	-151	-105	-47	-28.0%	-27.6%	-29.7%
Feitas <sup>®</sup> products	1,252	1,252	-	-147	-147	-	-10.5%	-10.5%	-
Butenalock <sup>®</sup> products	817	817	-	-184	-184	-	-18.4%	-18.4%	-
Allegra <sup>®</sup> FX	941	941	-	-97	-97	-	-9.3%	-9.3%	-
Others	757	459	297	+115	+14	+100	+17.9%	+3.1%	+50.8%

## 6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (1)



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## 6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)



## 7. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Filed (ANDA)	HP-1010	USA	Adhesive skin patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
2	Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
3	Filed	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	To be approved in FY17
4	Phase3	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	To be filed in FY18
5	Phase3	HP-3070	USA	Adhesive skin patch	Schizophrenia	To be filed in FY18
6	Phase3 being prepared	HP-3150	JPN	Adhesive skin patch	Cancer pain	Phase3 in FY17
7	Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY18
8	Phase3 being prepared	HP-3150	JPN	Adhesive skin patch	Lowback pain	Phase3 in FY19
9	Phase3 being prepared	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Under consideration

# Improving Quality of Life Around the World

Q1 FY02/2018 Results

Jul. 7th, 2017

Hisamitsu Pharmaceutical Co., Inc.

## Additional data

## Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/17 (Q1)	Actual performance for FY02/18 (Q1)	Change	Percentage Change
<b>Net sales *</b>	<b>57,418</b>	<b>52,286</b>	<b>-5,132</b>	<b>-8.9%</b>
CoGS	23,508	26,226	+2,718	+11.6%
as a % of sales	40.9%	50.2%	-	-
SG&A costs	29,691	14,871	-14,819	-49.9%
Sales promotion costs	4,832	702	-4,129	-85.5%
Advertising costs	101	15	-85	-84.3%
R&D spending	8,013	5,935	-2,077	-25.9%
Others	16,743	8,216	-8,527	-50.9%
<b>Operating profits</b>	<b>4,218</b>	<b>11,188</b>	<b>+6,969</b>	<b>+165.2%</b>
Nonoperating balance	94	506	+411	+434.0%
<b>Pretax profits</b>	<b>4,313</b>	<b>11,694</b>	<b>+7,380</b>	<b>+171.1%</b>
<b>Net profits</b>	<b>3,019</b>	<b>7,601</b>	<b>+4,582</b>	<b>+151.7%</b>

\* Results before consolidated adjustment.