

Supplementary Materials for
Consolidated Financial Results for
the 1st Quarter of Fiscal Year 2016. 12 (IFRS)

Innovation all for the patients



CHUGAI

CHUGAI PHARMACEUTICAL CO., LTD.



A member of the Roche group

- Notes: 1. Portions of this report that refer to performance forecasts or any other future events are believed to be reasonable under information available at the time of the forecasts. Actual results may materially differ from these forecasts due to potential risks and uncertainties.
2. Amounts shown in this report are rounded to the nearest 0.1 billion yen. Variance and % are calculated based on the amounts
3. Exchange rates used for each period are as follows.

QTR

(Yen)

Average		Actual				Actual			
		FY2015				FY2016			
		1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
		QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
CHF		124.98	128.80	126.71	122.62	116.14			
EUR		134.38	134.16	135.94	132.99	127.29			
USD		119.15	121.32	122.20	121.47	115.43			
SGD		87.88	90.33	87.89	86.29	82.22			

YTD

Average	Actual	Actual				Actual				Forecast
	FY2014	FY2015				FY2016				FY2016
	1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12
	Full-year	YTD	YTD	YTD	Full-year	YTD	YTD	YTD	Full-year	Full-year
CHF	115.69	124.98	126.88	126.82	125.74	116.14				127.00
EUR	140.49	134.38	134.27	134.83	134.36	127.29				134.00
USD	105.84	119.15	120.24	120.89	121.03	115.43				120.00
SGD	83.54	87.88	89.10	88.69	88.07	82.22				87.00

Period-end

As of	Actual	Actual				Actual			
	FY2014	FY2015				FY2016			
	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.	31 Mar.	30 Jun.	30 Sep.	31 Dec.
CHF	120.81	124.13	132.49	123.25	121.89	116.50			
EUR	145.26	130.09	137.69	134.69	131.75	127.47			
USD	119.48	120.08	122.54	119.74	120.52	112.43			
SGD	90.41	87.24	91.03	83.85	85.20	83.26			

Financial highlights (YTD)

(Billions of yen)

	Actual	Actual				Actual							
	FY2014	FY2015				FY2016							
	1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)
	YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD	
Revenues	461.1	117.1	240.2	367.8	498.8	119.9	+2.4						
Sales	436.9	113.4	232.6	353.3	468.4	115.6	+1.9						
excl. Tamiflu	423.8	106.7	225.9	346.5	460.2	108.6	+1.8						
Domestic	349.5	83.9	179.1	275.4	378.0	87.8	+4.6						
Sales to Roche	55.1	18.0	37.2	56.3	63.1	16.5	(8.3)						
Overseas	19.3	4.8	9.6	14.7	19.1	4.3	(10.4)						
Tamiflu sales	13.0	6.7	6.7	6.7	8.2	7.0	+4.5						
Ordinary use	12.9	6.7	6.7	6.7	8.2	7.0	+4.5						
Govt. stockpiles etc.	0.2	0.0	0.0	0.0	0.0	0.0	0.0						
Royalties and other operating income	24.2	3.7	7.5	14.5	30.4	4.3	+16.2						
Cost of sales	(218.1)	(57.7)	(117.2)	(178.7)	(240.2)	(61.2)	+6.1						
(% of Sales)	49.9	50.9	50.4	50.6	51.3	52.9	–						
Gross profit	243.0	59.3	122.9	189.0	258.6	58.7	(1.0)						
(% of Revenues)	52.7	50.6	51.2	51.4	51.8	49.0	–						
Operating expenses	(167.2)	(38.6)	(79.7)	(122.0)	(171.8)	(38.7)	+0.3						
(% of Revenues)	36.3	33.0	33.2	33.2	34.4	32.3	–						
Marketing and distribution	(71.7)	(16.6)	(34.7)	(52.1)	(74.8)	(16.6)	0.0						
(% of Revenues)	15.5	14.2	14.4	14.2	15.0	13.8	–						
Research and development	(80.8)	(19.0)	(39.2)	(60.7)	(83.8)	(19.3)	+1.6						
(% of Revenues)	17.5	16.2	16.3	16.5	16.8	16.1	–						
General and administration	(14.6)	(3.0)	(5.9)	(9.1)	(13.2)	(2.8)	(6.7)						
(% of Revenues)	3.2	2.6	2.5	2.5	2.6	2.3	–						
Operating profit	75.9	20.7	43.2	67.1	86.8	20.1	(2.9)						
(% of Revenues)	16.5	17.7	18.0	18.2	17.4	16.8	–						
Financing costs	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0						
Other financial income (expense)	0.3	0.5	0.7	0.4	0.6	0.1	(80.0)						
Profit before taxes	76.2	21.2	43.9	67.4	87.3	20.1	(5.2)						
(% of Revenues)	16.5	18.1	18.3	18.3	17.5	16.8	–						
Income taxes	(24.1)	(6.4)	(13.1)	(18.8)	(24.9)	(5.4)	(15.6)						
Net income	52.1	14.8	30.8	48.6	62.4	14.7	(0.7)						
(% of Revenues)	11.3	12.6	12.8	13.2	12.5	12.3	–						
Attributable to													
Chugai shareholders	51.0	14.6	30.1	47.6	61.1	14.5	(0.7)						
Non-controlling interests	1.1	0.2	0.7	0.9	1.2	0.2	0.0						
Earnings per share													
Basic (yen)	93.53	26.73	55.24	87.31	112.00	26.55	(0.7)						
Diluted (yen)	93.38	26.68	55.13	87.15	111.79	26.51	(0.6)						

Other financial income (expense) includes net amount of FX related gains/losses.

Financial highlights (QTR)

(Billions of yen)

	Actual				Actual							
	FY2015				FY2016							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Revenues	117.1	123.1	127.6	131.1	119.9	+2.4						
Sales	113.4	119.2	120.6	115.2	115.6	+1.9						
excl. Tamiflu	106.7	119.2	120.6	113.7	108.6	+1.8						
Domestic	83.9	95.2	96.3	102.6	87.8	+4.6						
Sales to Roche	18.0	19.2	19.1	6.7	16.5	(8.3)						
Overseas	4.8	4.8	5.2	4.4	4.3	(10.4)						
Tamiflu sales	6.7	0.0	0.0	1.5	7.0	+4.5						
Ordinary use	6.7	0.0	0.0	1.5	7.0	+4.5						
Govt. stockpiles etc.	0.0	-	-	0.0	0.0	0.0						
Royalties and other operating income	3.7	3.9	7.0	15.9	4.3	+16.2						
Cost of sales	(57.7)	(59.5)	(61.5)	(61.5)	(61.2)	+6.1						
(% of Sales)	50.9	49.9	51.0	53.4	52.9	-						
Gross profit	59.3	63.6	66.1	69.6	58.7	(1.0)						
(% of Revenues)	50.6	51.7	51.8	53.1	49.0	-						
Operating expenses	(38.6)	(41.1)	(42.3)	(49.8)	(38.7)	+0.3						
(% of Revenues)	33.0	33.4	33.2	38.0	32.3	-						
Marketing and distribution	(16.6)	(18.1)	(17.5)	(22.7)	(16.6)	0.0						
(% of Revenues)	14.2	14.7	13.7	17.3	13.8	-						
Research and development	(19.0)	(20.2)	(21.5)	(23.1)	(19.3)	+1.6						
(% of Revenues)	16.2	16.4	16.8	17.6	16.1	-						
General and administration	(3.0)	(2.9)	(3.3)	(4.1)	(2.8)	(6.7)						
(% of Revenues)	2.6	2.4	2.6	3.1	2.3	-						
Operating profit	20.7	22.5	23.8	19.7	20.1	(2.9)						
(% of Revenues)	17.7	18.3	18.7	15.0	16.8	-						
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0						
Other financial income (expense)	0.5	0.2	(0.3)	0.2	0.1	(80.0)						
Profit before taxes	21.2	22.7	23.5	19.9	20.1	(5.2)						
(% of Revenues)	18.1	18.4	18.4	15.2	16.8	-						
Income taxes	(6.4)	(6.7)	(5.7)	(6.1)	(5.4)	(15.6)						
Net income	14.8	16.0	17.8	13.8	14.7	(0.7)						
(% of Revenues)	12.6	13.0	13.9	10.5	12.3	-						
Attributable to												
Chugai shareholders	14.6	15.6	17.5	13.5	14.5	(0.7)						
Non-controlling interests	0.2	0.4	0.3	0.3	0.2	0.0						
Earnings per share												
Basic (yen)	26.73	28.51	32.07	24.69	26.55	(0.7)						
Diluted (yen)	26.68	28.45	32.01	24.65	26.51	(0.6)						

Other financial income (expense) includes net amount of FX related gains/losses.

Financial highlights (Core results YTD)

(Billions of yen)

	Actual	Actual				Actual								Forecast (Jan 28th Announced)	
	FY2014	FY2015				FY2016								FY2016	
	1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12	Change (%)
	YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		YTD	
Revenues	461.1	117.1	240.2	367.8	498.8	119.9	+2.4							495.0	(0.8)
Sales	436.9	113.4	232.6	353.3	468.4	115.6	+1.9							475.4	+1.5
excl. Tamiflu	423.8	106.7	225.9	346.5	460.2	108.6	+1.8							466.8	+1.4
Domestic	349.5	83.9	179.1	275.4	378.0	87.8	+4.6							379.0	+0.3
Sales to Roche	55.1	18.0	37.2	56.3	63.1	16.5	(8.3)							70.5	+11.7
Overseas	19.3	4.8	9.6	14.7	19.1	4.3	(10.4)							17.3	(9.4)
Tamiflu sales	13.0	6.7	6.7	6.7	8.2	7.0	+4.5							8.6	+4.9
Ordinary use	12.9	6.7	6.7	6.7	8.2	7.0	+4.5							7.6	(7.3)
Govt. stockpiles etc.	0.2	0.0	0.0	0.0	0.0	0.0	0.0							1.0	-
Royalties and other operating income	24.2	3.7	7.5	14.5	30.4	4.3	+16.2							19.6	(35.5)
Cost of sales	(217.0)	(57.4)	(116.6)	(177.7)	(238.9)	(60.9)	+6.1							(254.0)	+6.3
(% of Sales)	49.7	50.6	50.1	50.3	51.0	52.7	-							53.4	-
Gross profit	244.2	59.7	123.6	190.1	260.0	59.0	(1.2)							241.0	(7.3)
(% of Revenues)	53.0	51.0	51.5	51.7	52.1	49.2	-							48.7	-
Operating expenses	(166.8)	(38.2)	(77.7)	(119.8)	(169.3)	(38.6)	+1.0							(170.0)	+0.4
(% of Revenues)	36.2	32.6	32.3	32.6	33.9	32.2	-							34.3	-
Marketing and distribution	(71.7)	(16.6)	(34.6)	(52.0)	(74.7)	(16.5)	(0.6)								
(% of Revenues)	15.5	14.2	14.4	14.1	15.0	13.8	-								
Research and development	(80.6)	(18.6)	(37.3)	(58.8)	(81.9)	(19.2)	+3.2								
(% of Revenues)	17.5	15.9	15.5	16.0	16.4	16.0	-								
General and administration	(14.6)	(3.0)	(5.8)	(8.9)	(12.8)	(2.8)	(6.7)								
(% of Revenues)	3.2	2.6	2.4	2.4	2.6	2.3	-								
Operating profit	77.3	21.5	45.9	70.3	90.7	20.4	(5.1)							71.0	(21.7)
(% of Revenues)	16.8	18.4	19.1	19.1	18.2	17.0	-							14.3	-
Financing costs	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0								
Other financial income (expense)	0.3	0.5	0.7	0.4	0.6	0.1	(80.0)								
Profit before taxes	77.6	21.9	46.5	70.6	91.2	20.5	(6.4)								
(% of Revenues)	16.8	18.7	19.4	19.2	18.3	17.1	-								
Income taxes	(24.6)	(6.6)	(14.0)	(20.0)	(26.3)	(5.6)	(15.2)								
Net income	53.0	15.3	32.5	50.7	64.9	14.9	(2.6)								
(% of Revenues)	11.5	13.1	13.5	13.8	13.0	12.4	-								
Attributable to															
Chugai shareholders	51.9	15.1	31.9	49.8	63.7	14.7	(2.6)								
Non-controlling interests	1.1	0.2	0.7	0.9	1.2	0.2	0.0								
Weighted average number of shares in issue used to calculate diluted earnings per share (Millions of shares)	546	547	547	547	547	547	0.0								
Core earnings per share (diluted) (yen)	95.04	27.54	58.30	91.01	116.42	26.94	(2.2)							92.54	(20.5)
Core payout ratio (%)	50.5				49.8									56.2	-
Dividend per share (Full year) (yen)	48				58									52	-
Dividend per share (Half year) (yen)	22				26									26	-

Please see page 5 "Reconciliation of IFRS results to Core results" for the detail of the adjustments.

Core earnings per share (diluted) (yen) : Net income attributable to Chugai shareholders / Weighted average number of shares in issue used to calculate diluted earnings per share.

Other financial income (expense) includes net amount of FX related gains/losses.

Financial highlights (Core results QTR)

(Billions of yen)

	Actual				Actual							
	FY2015				FY2016							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Revenues	117.1	123.1	127.6	131.1	119.9	+2.4						
Sales	113.4	119.2	120.6	115.2	115.6	+1.9						
excl. Tamiflu	106.7	119.2	120.6	113.7	108.6	+1.8						
Domestic	83.9	95.2	96.3	102.6	87.8	+4.6						
Sales to Roche	18.0	19.2	19.1	6.7	16.5	(8.3)						
Overseas	4.8	4.8	5.2	4.4	4.3	(10.4)						
Tamiflu sales	6.7	0.0	0.0	1.5	7.0	+4.5						
Ordinary use	6.7	0.0	0.0	1.5	7.0	+4.5						
Govt. stockpiles etc.	0.0	–	–	0.0	0.0	0.0						
Royalties and other operating income	3.7	3.9	7.0	15.9	4.3	+16.2						
Cost of sales	(57.4)	(59.1)	(61.1)	(61.2)	(60.9)	+6.1						
(% of Sales)	50.6	49.6	50.7	53.1	52.7	–						
Gross profit	59.7	63.9	66.5	69.9	59.0	(1.2)						
(% of Revenues)	51.0	51.9	52.1	53.3	49.2	–						
Operating expenses	(38.2)	(39.5)	(42.0)	(49.5)	(38.6)	+1.0						
(% of Revenues)	32.6	32.1	32.9	37.8	32.2	–						
Marketing and distribution	(16.6)	(18.0)	(17.4)	(22.6)	(16.5)	(0.6)						
(% of Revenues)	14.2	14.6	13.6	17.2	13.8	–						
Research and development	(18.6)	(18.7)	(21.5)	(23.1)	(19.2)	+3.2						
(% of Revenues)	15.9	15.2	16.8	17.6	16.0	–						
General and administration	(3.0)	(2.8)	(3.1)	(3.8)	(2.8)	(6.7)						
(% of Revenues)	2.6	2.3	2.4	2.9	2.3	–						
Operating profit	21.5	24.4	24.4	20.4	20.4	(5.1)						
(% of Revenues)	18.4	19.8	19.1	15.6	17.0	–						
Financing costs	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0						
Other financial income (expense)	0.5	0.2	(0.3)	0.2	0.1	(80.0)						
Profit before taxes	21.9	24.6	24.1	20.5	20.5	(6.4)						
(% of Revenues)	18.7	20.0	18.9	15.6	17.1	–						
Income taxes	(6.6)	(7.4)	(6.0)	(6.3)	(5.6)	(15.2)						
Net income	15.3	17.2	18.2	14.2	14.9	(2.6)						
(% of Revenues)	13.1	14.0	14.3	10.8	12.4	–						
Attributable to												
Chugai shareholders	15.1	16.8	17.9	13.9	14.7	(2.6)						
Non-controlling interests	0.2	0.4	0.3	0.3	0.2	0.0						
Core earnings per share (diluted) (yen)	27.54	30.76	32.71	25.42	26.94	(2.2)						

Other financial income (expense) includes net amount of FX related gains/losses.

Reconciliation of IFRS results to Core results

(Billions of yen)

	FY2015				FY2016			
	1-3				1-3			
	IFRS results	Intangible assets	Others	Core results	IFRS results	Intangible assets	Others	Core results
Revenues	117.1	–	–	117.1	119.9	–	–	119.9
Sales	113.4	–	–	113.4	115.6	–	–	115.6
Royalties and other operating income	3.7	–	–	3.7	4.3	–	–	4.3
Cost of sales	(57.7)	0.3	–	(57.4)	(61.2)	0.3	–	(60.9)
Gross profit	59.3	0.3	–	59.7	58.7	0.3	–	59.0
Operating expenses	(38.6)	0.4	0.1	(38.2)	(38.7)	0.1	–	(38.6)
Marketing and distribution	(16.6)	0.0	–	(16.6)	(16.6)	0.0	–	(16.5)
Research and development	(19.0)	0.3	–	(18.6)	(19.3)	0.0	–	(19.2)
General and administration	(3.0)	–	0.1	(3.0)	(2.8)	–	–	(2.8)
Operating profit	20.7	0.7	0.1	21.5	20.1	0.4	–	20.4
Financing costs	(0.0)	–	–	(0.0)	(0.0)	–	–	(0.0)
Other financial income (expense)	0.5	–	–	0.5	0.1	–	–	0.1
Profit before taxes	21.2	0.7	0.1	21.9	20.1	0.4	–	20.5
Income taxes	(6.4)	(0.2)	(0.0)	(6.6)	(5.4)	(0.1)	–	(5.6)
Net income	14.8	0.4	0.0	15.3	14.7	0.2	–	14.9
Attributable to								
Chugai shareholders	14.6	0.4	0.0	15.1	14.5	0.2	–	14.7
Non-controlling interests	0.2	–	–	0.2	0.2	–	–	0.2

Core results

Chugai discloses its results on a Core basis from 2013 in conjunction with its decision to apply IFRS. Core results are the results after adjusting non-Core items to IFRS results, and are consistent with the Core concept disclosed by Roche. Core results are used by Chugai as an internal performance indicator, for explaining the underlying business performance both internally and externally, and as the basis for payment-by-results such as a return to shareholders.

The table above shows the reconciliation of IFRS results into Core results. The detail is as below.

Intangible assets

Amortization of intangible assets (0.4 billion yen in 2015 and 0.4 billion yen in 2016)

Impairment of intangible assets (0.3 billion yen in 2015 and none in 2016)

Others

Restructuring expenses (none in 2015 and 2016)

Environmental costs (0.1 billion yen in 2015 and none in 2016)

Statements of revenues (YTD)

(Billions of yen)																	
		Actual	Actual				Actual								Forecast		
		FY2014	FY2015					FY2016								FY2016	
		1-12	1-3	1-6	1-9	1-12	1-3	Change (%)	1-6	Change (%)	1-9	Change (%)	1-12	Change (%)	1-12	Change (%)	
		YTD	YTD	YTD	YTD	YTD	YTD		YTD		YTD		YTD		Full-year		
Sales		436.9	113.4	232.6	353.3	468.4	115.6	+1.9							475.4	+1.5	
Excl. Tamiflu		423.8	106.7	225.9	346.5	460.2	108.6	+1.8							466.8	+1.4	
Domestic		349.5	83.9	179.1	275.4	378.0	87.8	+4.6							379.0	+0.3	
Oncology		188.9	47.7	101.8	156.9	215.7	51.1	+7.1							220.3	+2.1	
Avastin		82.3	20.9	44.3	68.2	93.8	22.3	+6.7							93.4	(0.4)	
Herceptin		31.2	7.5	15.8	24.1	32.7	7.8	+4.0							34.9	+6.7	
Rituxan		26.2	6.4	13.6	21.0	29.0	7.2	+12.5							32.9	+13.4	
Xeloda		10.4	2.6	5.3	8.1	11.1	2.9	+11.5							12.6	+13.5	
Tarceva		11.5	2.5	5.5	8.6	11.6	2.5	0.0							12.5	+7.8	
Perjeta		9.1	2.3	5.0	7.8	10.6	2.7	+17.4							11.3	+6.6	
Alecensa		1.4	1.3	3.1	5.1	8.0	2.2	+69.2							9.6	+20.0	
Kadcyla		4.0	1.5	3.4	5.3	7.3	1.9	+26.7							7.6	+4.1	
Neutrogin		5.9	1.0	2.3	3.6	4.9	0.8	(20.0)							2.9	(40.8)	
Zelboraf		-	0.1	0.2	0.3	0.5	0.1	0.0							0.7	+40.0	
Other products		6.9	1.6	3.3	4.7	6.1	0.5	(68.8)							1.8	(70.5)	
Bone and joint diseases		69.6	17.6	37.5	57.5	79.4	19.8	+12.5							85.8	+8.1	
Actemra		24.1	5.9	12.6	19.4	26.8	6.6	+11.9							29.7	+10.8	
Edirol		19.2	4.9	10.6	16.4	23.1	5.8	+18.4							25.6	+10.8	
Suvenyl		10.7	2.3	5.1	7.7	10.5	2.2	(4.3)							9.5	(9.5)	
Bonviva		3.4	1.1	2.4	3.8	5.4	1.5	+36.4							7.7	+42.6	
Alfarol		4.9	1.0	2.1	3.1	4.2	0.8	(20.0)							3.1	(26.2)	
Other products		7.4	2.4	4.7	7.0	9.5	2.9	+20.8							10.2	+7.4	
Renal diseases		44.7	9.9	21.4	33.1	45.4	9.6	(3.0)							40.8	(10.1)	
Mircera		22.6	5.0	11.0	17.1	23.8	5.3	+6.0							23.7	(0.4)	
Oxarol		12.2	2.8	6.0	9.4	12.9	2.4	(14.3)							9.2	(28.7)	
Epogin		6.6	1.4	2.9	4.4	5.9	1.2	(14.3)							5.3	(10.2)	
Other products		3.4	0.7	1.4	2.1	2.8	0.6	(14.3)							2.5	(10.7)	
Transplant, Immunology, and Infectious diseases		20.8	3.4	7.1	11.5	15.9	3.2	(5.9)							14.1	(11.3)	
CellCept		6.5	1.6	3.3	5.0	7.0	1.7	+6.3							8.1	+15.7	
Copegus		3.1	0.2	0.6	1.8	2.9	0.5	+150.0							1.5	(48.3)	
Pegasys		7.0	0.8	1.3	1.7	1.9	0.1	(87.5)							0.9	(52.6)	
Other products		4.2	0.9	2.0	3.0	4.0	0.8	(11.1)							3.6	(10.0)	
Others		25.6	5.3	11.4	16.5	21.7	4.1	(22.6)							18.0	(17.1)	
Sigmart		6.4	1.3	2.6	3.9	5.2	1.0	(23.1)							4.0	(23.1)	
Other products		19.2	4.0	8.8	12.6	16.6	3.2	(20.0)							14.0	(15.7)	
Overseas		74.3	22.8	46.8	71.1	82.2	20.8	(8.8)							87.8	+6.8	
Actemra		55.7	18.3	37.7	56.9	63.6	16.1	(12.0)							69.3	+9.0	
To Roche		55.1	18.0	37.2	56.1	62.6	15.8	(12.2)							68.0	+8.6	
Neutrogin		15.7	3.7	7.4	11.4	14.8	3.1	(16.2)							13.1	(11.5)	
Alecensa		-	-	-	0.2	0.5	0.7	-							2.5	+400.0	
Akynzeo		-	-	-	0.0	0.0	0.0	-							0.2	-	
Aloxi		-	0.1	0.1	0.2	0.3	0.1	0.0							0.1	(66.7)	
Other products		2.9	0.8	1.6	2.4	3.0	0.8	0.0							2.6	(13.3)	
Tamiflu		13.0	6.7	6.7	6.7	8.2	7.0	+4.5							8.6	+4.9	
Ordinary use		12.9	6.7	6.7	6.7	8.2	7.0	+4.5							7.6	(7.3)	
Govt. stockpiles etc.		0.2	0.0	0.0	0.0	0.0	0.0	0.0							1.0	-	
Royalties and other operating income		24.2	3.7	7.5	14.5	30.4	4.3	+16.2							19.6	(35.5)	
Revenues		461.1	117.1	240.2	367.8	498.8	119.9	+2.4							495.0	(0.8)	
Domestic		372.9	90.8	186.2	282.6	390.0	95.2	+4.8							389.5	(0.1)	
Overseas		88.2	26.2	53.9	85.1	108.8	24.7	(5.7)							105.5	(3.0)	

Statements of revenues (QTR)

(Billions of yen)

	Actual				Actual							
	FY2015				FY2016							
	1-3	4-6	7-9	10-12	1-3	Change (%)	4-6	Change (%)	7-9	Change (%)	10-12	Change (%)
	QTR	QTR	QTR	QTR	QTR		QTR		QTR		QTR	
Sales	113.4	119.2	120.6	115.2	115.6	+1.9						
Excl. Tamiflu	106.7	119.2	120.6	113.7	108.6	+1.8						
Domestic	83.9	95.2	96.3	102.6	87.8	+4.6						
Oncology	47.7	54.1	55.1	58.8	51.1	+7.1						
Avastin	20.9	23.4	23.9	25.6	22.3	+6.7						
Herceptin	7.5	8.4	8.3	8.6	7.8	+4.0						
Rituxan	6.4	7.2	7.4	7.9	7.2	+12.5						
Xeloda	2.6	2.8	2.8	3.0	2.9	+11.5						
Tarceva	2.5	3.0	3.1	3.0	2.5	0.0						
Perjeta	2.3	2.7	2.8	2.8	2.7	+17.4						
Alecensa	1.3	1.7	2.1	2.8	2.2	+69.2						
Kadcyla	1.5	1.9	1.9	2.0	1.9	+26.7						
Neutrogen	1.0	1.3	1.3	1.3	0.8	(20.0)						
Zelboraf	0.1	0.1	0.2	0.2	0.1	0.0						
Other products	1.6	1.7	1.4	1.4	0.5	(68.8)						
Bone and joint diseases	17.6	19.8	20.1	21.8	19.8	+12.5						
Actemra	5.9	6.7	6.8	7.4	6.6	+11.9						
Edirol	4.9	5.7	5.8	6.6	5.8	+18.4						
Suvenyl	2.3	2.7	2.6	2.8	2.2	(4.3)						
Bonviva	1.1	1.3	1.4	1.6	1.5	+36.4						
Alfarol	1.0	1.1	1.0	1.1	0.8	(20.0)						
Other products	2.4	2.3	2.3	2.4	2.9	+20.8						
Renal diseases	9.9	11.5	11.7	12.3	9.6	(3.0)						
Mircera	5.0	6.0	6.1	6.7	5.3	+6.0						
Oxarol	2.8	3.2	3.4	3.5	2.4	(14.3)						
Epogin	1.4	1.5	1.5	1.5	1.2	(14.3)						
Other products	0.7	0.7	0.7	0.7	0.6	(14.3)						
Transplant, Immunology, and Infectious diseases	3.4	3.7	4.3	4.4	3.2	(5.9)						
CellCept	1.6	1.7	1.8	1.9	1.7	+6.3						
Copegus	0.2	0.4	1.2	1.2	0.5	+150.0						
Pegasys	0.8	0.6	0.4	0.2	0.1	(87.5)						
Other products	0.9	1.0	1.0	1.1	0.8	(11.1)						
Others	5.3	6.1	5.1	5.2	4.1	(22.6)						
Sigmart	1.3	1.3	1.3	1.3	1.0	(23.1)						
Other products	4.0	4.8	3.8	3.9	3.2	(20.0)						
Overseas	22.8	24.0	24.3	11.1	20.8	(8.8)						
Actemra	18.3	19.4	19.2	6.7	16.1	(12.0)						
To Roche	18.0	19.2	18.9	6.5	15.8	(12.2)						
Neutrogen	3.7	3.7	4.0	3.5	3.1	(16.2)						
Alecensa	–	–	0.2	0.3	0.7	–						
Akynzeo	–	–	0.0	0.0	0.0	–						
Aloxi	0.1	0.0	0.1	0.1	0.1	0.0						
Other products	0.8	0.9	0.8	0.6	0.8	0.0						
Tamiflu	6.7	0.0	0.0	1.5	7.0	+4.5						
Ordinary use	6.7	0.0	0.0	1.5	7.0	+4.5						
Govt. stockpiles etc.	0.0	–	–	0.0	0.0	0.0						
Royalties and other operating income	3.7	3.9	7.0	15.9	4.3	+16.2						
Revenues	117.1	123.1	127.6	131.1	119.9	+2.4						
Domestic	90.8	95.4	96.4	107.4	95.2	+4.8						
Overseas	26.2	27.7	31.2	23.7	24.7	(5.7)						

Movements of assets and liabilities (Assets, Liabilities, and Net Assets)

(Billions of yen)

	Actual	Actual				Actual										
	FY2014	FY2015				FY2016										
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31	vs. Mar. 31, 2015	vs. Dec. 31, 2015	Jun. 30	vs. Jun. 30, 2015	vs. Dec. 31, 2015	Sep. 30	vs. Sep. 30, 2015	vs. Dec. 31, 2015	Dec. 31	vs. Dec. 31, 2015
Trade accounts receivable	141.3	120.6	128.3	126.1	134.5	121.5	0.9	(13.0)								
Inventories	139.6	147.8	145.9	154.3	161.1	167.3	19.5	6.2								
Trade accounts payable	(35.4)	(49.2)	(43.4)	(46.2)	(41.2)	(48.7)	0.5	(7.5)								
Other net working capital	(36.2)	(30.1)	(26.2)	(31.5)	(39.8)	(26.3)	3.8	13.5								
Net working capital	209.4	189.0	204.6	202.7	214.6	213.8	24.8	(0.8)								
Property, plant and equipment	140.2	140.7	141.9	142.8	153.5	159.4	18.7	5.9								
Intangible assets	11.3	11.8	10.9	13.3	13.5	13.8	2.0	0.3								
Other long-term assets – net	(3.2)	(3.1)	(2.1)	(2.7)	(1.3)	(0.2)	2.9	1.1								
Long-term net operating assets	148.4	149.4	150.7	153.4	165.8	173.0	23.6	7.2								
Net operating assets	357.7	338.4	355.3	356.2	380.4	386.8	48.4	6.4								
Debt	(0.2)	(0.2)	(0.2)	(0.8)	(0.7)	(0.7)	(0.5)	0.0								
Marketable securities	116.0	114.3	120.0	121.7	134.4	112.9	(1.4)	(21.5)								
Cash and cash equivalents	114.0	123.6	126.6	121.6	101.7	106.8	(16.8)	5.1								
Net cash	229.9	237.8	246.4	242.5	235.4	219.0	(18.8)	(16.4)								
Other non-operating assets – net	10.2	18.8	11.7	16.4	11.5	14.0	(4.8)	2.5								
Net non-operating assets	240.0	256.6	258.2	258.9	246.8	233.0	(23.6)	(13.8)								
Total net assets	597.8	594.9	613.4	615.1	627.3	619.8	24.9	(7.5)								
Total net assets																
Total assets	739.5	727.3	744.3	753.5	787.4	762.4	35.1	(25.0)								
Total liabilities	(141.8)	(132.3)	(130.9)	(138.4)	(160.1)	(142.7)	(10.4)	17.4								
Attributable to																
Chugai shareholders	596.1	593.8	612.6	613.9	625.9	618.7	24.9	(7.2)								
Non-controlling interests	1.7	1.2	0.9	1.1	1.4	1.1	(0.1)	(0.3)								

Trade accounts receivable: trade receivable and notes receivable

Trade accounts payable: trade payable and notes payable

Other net working capital: accrued receivable (other receivable), accrued payable (other payable), accrued expenses (other current liabilities) etc.

Other long-term assets-net: long-term prepaid expenses, long-term provisions etc.

Other non-operating assets-net: deferred income tax assets, current income tax liabilities etc.

Movements of assets and liabilities

The consolidated balance sheet has been prepared in accordance with the IAS No. 1, "Presentation of Financial Statements." On the other hand, "Movements of assets and liabilities" including net operating assets (NOA) are a reconfiguration of the consolidated balance sheet as internal indicators and are identical to the indicators disclosed by Roche. Furthermore, no items from the assets and liabilities of IFRS have been excluded, as the Core results concept only applies to the income statement.

Movements of free cash flows

(Billions of yen)

	Actual	Actual					Actual			
	FY2014	FY2015					FY2016			
	1-12	1-3	1-6	1-9	1-12		1-3	1-6	1-9	1-12
	YTD	YTD	YTD	YTD	YTD		YTD	YTD	YTD	YTD
Operating profit – IFRS basis	75.9	20.7	43.2	67.1	86.8		20.1			
Depreciation and impairment of property, plant and equipment	15.5	3.5	7.0	10.5	14.2		3.6			
Amortization and impairment of intangible assets	1.4	0.7	2.6	3.0	3.5		0.4			
Other cash adjustment on operating profit	3.7	0.2	(0.7)	(0.0)	1.0		1.0			
Operating profit, net of operating cash adjustments	96.4	25.0	52.1	80.6	105.4		25.0			
(Increase) decrease in trade accounts receivable	(30.2)	20.6	13.0	15.1	6.7		12.9			
(Increase) decrease in inventories	(12.2)	(8.5)	(6.7)	(15.5)	(23.3)		(7.0)			
Increase (decrease) in trade accounts payable	(0.6)	13.9	8.0	10.9	5.9		7.5			
Change in other net working capital etc.	9.7	(4.5)	(7.3)	(1.1)	(5.2)		(7.1)			
Total (increase) decrease in net working capital etc.	(33.3)	21.4	7.0	9.4	(15.9)		6.3			
Investment in property, plant and equipment	(16.2)	(5.1)	(10.9)	(15.5)	(18.4)		(17.1)			
Investment in intangible assets	(2.9)	(2.1)	(2.9)	(5.9)	(6.5)		(0.8)			
Operating free cash flow	43.9	39.2	45.3	68.6	64.6		13.5			
as % of revenues	9.5%	33.5%	18.9%	18.7%	13.0%		11.3%			
Treasury activities (interest income/expenses, foreign exchange gains/losses etc.)	0.3	1.7	2.6	3.0	1.6		1.3			
Tax paid	(25.2)	(15.5)	(16.0)	(28.2)	(29.1)		(12.3)			
Dividends paid	(25.5)	(14.6)	(14.8)	(29.3)	(29.4)		(17.8)			
Free cash flow	(6.5)	10.8	17.2	14.2	7.6		(15.3)			
Transaction in own equity instruments	1.2	0.4	0.8	1.3	1.4		0.2			
Net effect of currency translation on net cash	0.7	(3.2)	(1.4)	(2.8)	(3.5)		(1.3)			
Net change in net cash	(4.5)	7.9	16.5	12.6	5.5		(16.4)			

Other cash adjustment on operating profit: adjustments for all non-cash income and expense items other than amortization expenses and impairment included in operating profit (such as loss on inventory differences, reserve for doubtful accounts, stock option expenses, loss on asset retirement, and increase/decrease in reserves) as well as all non-operating income and expense cash flows relating to net operating assets (NOA) (including proceeds from the sales of assets and reserve payments)

Operating free cash flow (FCF): pretax cash flow after adjusting changes in working capital and operating investments in assets (tangible and intangible) to "operating profit, net of operating cash adjustments," which shows the company's cash generation ability from operating activities.

Free cash flow: the ability to generate net cash from a management perspective after deducting tax, dividends, and other payments from operating FCF.

Net change in net cash: increases and decreases in marketable securities and interest-bearing debt are included.

Movements of free cash flows:

The consolidated statement of cash flows has been prepared in accordance with the IAS No. 7, "Statement of Cash Flows." The FCF is a reconfiguration of the consolidated statement of cash flows as internal indicators and is identical to the indicators disclosed by Roche. Furthermore, no items from the FCF have been excluded, as the Core results concept only applies to the income statement.

The concepts of operating profit, operating FCF and movements of assets and liabilities including NOA presented in the previous page are mutually consistent.

Performance indicators

	Units	Actual	Actual					Actual				Forecast (Jan 28th announced)
		FY2014	FY2015					FY2016				FY2016
		1-12	1-3	1-6	1-9	1-12	1-3	1-6	1-9	1-12	1-12	1-12
		As of Dec. 31	As of Mar. 31	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Mar. 31	As of Jun. 30	As of Sep. 30	As of Dec. 31	As of Dec. 31	As of Dec. 31
Ratio of net income to equity attributable to Chugai shareholders (ROE)	%	8.7	2.5	5.0	7.9	10.0	2.3					
Ratio of profit before taxes to total assets (ROA)	%	10.6	2.9	5.9	9.0	11.4	2.6					
Ratio of equity attributable to Chugai shareholders	%	80.6	81.6	82.3	81.5	79.5	81.1					
Equity per share attributable to Chugai shareholders (BPS)	Yen	1,092.90	1,088.25	1,122.33	1,124.39	1,146.17	1,132.81					
Ratio of dividends to equity attributable to Chugai shareholders (DOE)	%	4.5	5.2									
Core return on net operating assets (Core RONO)	%	14.8	4.5	9.2	14.2	17.1	3.9					
Cash conversion cycle (CCC)	Months	9.6	8.3	8.6	8.7	9.4	9.0					
Net cash turnover period	Months	6.0	6.1	6.2	5.9	5.7	5.5					
Number of employees		7,023	7,009	7,196	7,177	7,169	7,137					
Investment on property, plant and equipment	Billions of yen	16.3	4.0	7.8	13.5	28.7	9.7					19.0
Depreciation	Billions of yen	13.7	3.4	6.9	10.4	14.0	3.5					14.5
Investment on intangible assets	Billions of yen	3.1				5.8						
Amortization	Billions of yen	1.2				1.6						

Core RONO: Core operating profit / Net operating assets

CCC: [Trade accounts receivable/Sales + (Inventories - Trade accounts payable)/Cost of sales]* passed months

Net cash turnover period: Net cash/Revenue* passed months

Ratio of net income to equity attributable to Chugai shareholders (ROE), Ratio of profit before taxes to total assets (ROA), and Core return on net operating assets (Core RONO) are not annualized.

Development pipeline (as of April 22, 2016)

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Oncology</u>					
RG340 (Ro09-1978)	Gastric cancer (adjuvant) #	Approved (15/11)	capecitabine Xeloda Oral	Roche Xeloda (Yakult Honsha)	Antimetabolite, 5-FU derivative
AF802 / RG7853 (CH5424802/RO5424802)	Non-small cell lung cancer (NSCLC) [post-crizotinib]	Approved (15/12) US	alectinib Alecensa Oral	In-house Alecensa (Roche)	ALK inhibitor
		Filed (15/09) Europe			
	NSCLC [1st line]	Phase III Overseas			
RG435 (RO4876646)	Cervical Cancer #	Filed (15/09)	bevacizumab Avastin Injection	Roche Avastin	Anti-VEGF (Vascular Endothelial Growth Factor) humanized monoclonal antibody
	Renal cell carcinoma #	Phase III Multinational study			
RG1273 (RO4368451)	Breast cancer (adjuvant) #	Phase III Multinational study	pertuzumab Perjeta Injection	Roche Perjeta	HER2 dimerization inhibitory humanized monoclonal antibody
	Gastric cancer #	Phase III Multinational study			
RG3502 (RO5304020)	Breast cancer (adjuvant) #	Phase III Multinational study	trastuzumab emtansine Kadcyla Injection	Roche Kadcyla	Anti-HER2 antibody-tubulin polymerization inhibitor conjugate
GA101 / RG7159 (RO5072759)	Aggressive non-Hodgkin's lymphoma (NHL)	Phase III Multinational study	obinutuzumab Injection	Roche Gazyva/Gazyvaro (EU) (Nippon Shinyaku)	Glycoengineered type II anti-CD20 monoclonal antibody
	Indolent NHL	Phase III Multinational study			

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
RG7446 (MPDL3280A)	NSCLC	Phase III Multinational study	atezolizumab Injection	Roche Tecentriq	Engineered anti-PDL1 monoclonal antibody
	NSCLC (adjuvant)	Phase III Multinational study			
	Bladder cancer	Phase III Multinational study			
	Muscle Invasive bladder Cancer (adjuvant)	Phase III Multinational study			
	Renal cell carcinoma	Phase III Multinational study			
GC33 / RG7686 (GC33/RO5137382)	Hepatocellular carcinoma	Phase II Multinational study	codrituzumab Injection	In-house (Roche)	Anti-Glypican-3 humanized monoclonal antibody
CKI27 / RG7304 (RO5126766)	Solid tumors	Phase I	Oral	In-house	Raf and MEK dual inhibitor
		Phase I Overseas		(Roche)	
RG7596 (RO5541077)	NHL	Phase I	polatuzumab vedotin Injection	Roche	Anti-CD79b antibody-drug conjugate
RG7604 (GDC-0032)	Solid tumors	Phase I	taselisib Oral	Roche	PI3K inhibitor
RG7440 (GDC-0068)	Solid tumors	Phase I	ipatasertib Oral	Roche/Array BioPharma	AKT inhibitor
<u>Bone and Joint Diseases</u>					
RG484 (Ro200-5450po)	Osteoporosis	Launched (16/04)	ibandronic acid Bonviva Oral	Roche Bonviva/Boniva (US) (Taisho Pharmaceutical)	Bisphosphonate
ED-71 (ED-71)	Osteoporosis	Phase III China	eldecalcitol Edirol Oral	In-house	Activated vitamin D ₃ agent

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
<u>Renal Diseases</u>					
EOS789 (EOS789)	Hyperphosphatemia	Phase I	Oral	In-house	-
<u>Autoimmune Diseases</u>					
MRA / RG1569 (RO4877533)	Large-vessel vasculitis #	Phase III	tocilizumab Actemra Injection	In-house Actemra/RoActemra (EU) (Roche)	Humanized anti-human IL-6 receptor monoclonal antibody
	Giant cell arteritis #	Phase III Overseas			
	Systemic sclerosis #	Phase III Multinational study			
SA237 (SA237)	Neuromyelitis optica (NMO)	Phase III Multinational study*	Injection	In-house	Anti-IL-6 receptor humanized monoclonal antibody
<u>Central Nervous System</u>					
RG1450 (RO4909832)	Alzheimer's disease	Phase III Multinational study	gantenerumab Injection	Roche/MorphoSys	Anti-amyloid-beta human monoclonal antibody
RG1662 (RO5186582)	Improvement of intellectual ability in individuals with Down syndrome	Phase I	basmisanil Oral	Roche	GABAAα5 receptor antagonist
<u>Respiratory Diseases</u>					
RG3637 (RO5490255)	Asthma	Phase III Multinational study	lebrikizumab Injection	Roche	Anti-IL-13 humanized monoclonal antibody
	Idiopathic pulmonary fibrosis	Phase II Multinational study			
<u>Others</u>					
ACE910 / RG6013 (RO5534262)	Hemophilia A	Phase III Multinational study	emicizumab Injection	In-house (Roche)	Anti-FIXa/FX bispecific antibody
CIM331 (CIM331)	Atopic dermatitis	Phase II Multinational study*	nemolizumab Injection	In-house	Anti-IL-31 receptor humanized monoclonal antibody
	Pruritus in dialysis patients	Phase II			

Development code (Compound number)	Indication # Additional indication	Stage (Date)	Generic name Product name Dosage form	Origin Overseas name (Collaborator)	Mode of Action
URC102 (URC102)	Gout	Phase II Overseas	Oral	In-house/JW Pharmaceutical (JW Pharmaceutical)	URAT1 inhibitor
PCO371 (PCO371)	Hypoparathyroidism	Phase I Overseas	Oral	In-house	PTH1 receptor agonist

In principle, completion of first dose is regarded as the start of clinical studies in each phase.

* Multinational study managed by Chugai

Changes from the last announcement on January 28, 2016

Bone and Joint Diseases

-RG484 Approved → Launched (Osteoporosis)

R&D Activities (Jan. 1, 2016- Apr. 22, 2016)

As for clinical development activities, Chugai saw progress as described below:

Oncology

- We decided to discontinue development of the anti-HER2 antibody-tubulin polymerization inhibitor conjugate RG3502 for gastric cancer in consideration of the fact that the primary endpoint was not achieved in the Phase III multinational study (the GATSBY study).

Bone and Joint Diseases

- We obtained approval for the indication of osteoporosis for bisphosphonate RG484 (oral) in January, and launched in April, 2016.

Major clinical trials in oncology field currently running in Japan

Theme	Expected Indication	Regimen	Stage	Planned filing year
RG1273 (pertuzumab) Perjeta	Breast cancer (adjuvant)	Herceptin + chemotherapy ± RG1273	APHINITY study Phase III multinational study	2017
	Gastric cancer	Herceptin + chemotherapy ± RG1273	JACOB study Phase III multinational study	2018
RG3502 (trastuzumab emtansine) Kadcyla	Breast cancer (adjuvant)	Kadcyla + Perjeta vs. Herceptin + Perjeta + chemotherapy	KAITLIN study Phase III multinational study	2019 and beyond
GA101/ RG7159 (obinutuzumab)	Aggressive NHL	GA101 + CHOP vs. Rituxan + CHOP (G-CHOP vs. R-CHOP)	GOYA study Phase III multinational study	2017
	Indolent NHL	GA101 + chemotherapy vs. Rituxan + chemotherapy (G-chemo vs. R-chemo)	GALLIUM study Phase III multinational study	2017
RG7446 (atezolizumab)	NSCLC	RG7446 vs. docetaxel	OAK study Phase III multinational study	2017
		RG7446	BIRCH study Phase II multinational study	
		Non-squamous, PD-L1 positive RG7446 vs. chemotherapy	IMpower 110 study Phase III multinational study	
		Non-squamous RG7446 + chemotherapy ± Avastin vs. Chemotherapy + Avastin	IMpower 150 study Phase III multinational study	
		Non-Squamous Chemotherapy ± RG7446	IMpower 132 study Phase III multinational study	
		Squamous Chemotherapy ± RG7446	IMpower 131 study Phase III multinational study	
	NSCLC (adjuvant)	RG7446 vs. best supportive care	IMpower 010 study Phase III multinational study	2019 and beyond
	Bladder cancer	RG7446 vs. chemotherapy	IMvigor 211 study Phase III multinational study	2017
	Muscle invasive bladder cancer (adjuvant)	RG7446 vs. observation	IMvigor 010 study Phase III multinational study	2019 and beyond
	Renal cell carcinoma	RG7446 + Avastin vs. sunitinib	IMmotion 151 study Phase III multinational study	2018
	Cervical cancer	Avastin + chemotherapy	Filed	-
RG435 (bevacizumab) Avastin				