

January 31, 2019

Name of listed company: Chugai Pharmaceutical Co., Ltd.
Code number: 4519 (1st Section of Tokyo Stock Exchange)
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Notice of Distribution of Retained Earnings

Chugai Pharmaceutical Co., Ltd. announced that the Company resolved at the meeting of its Board of Directors held today to distribute retained earnings with the record date being December 31, 2018, as described below.

1. Contents of Dividends

	Amount decided	Latest forecast for dividend (February 1, 2018)	Actual in the previous fiscal year (ended Dec. 31, 2017)
Record date	December 31, 2018	December 31, 2018	December 31, 2017
Dividends per share	JPY55.00	JPY31.00	JPY33.00
Total dividends	JPY30,097 million	—	JPY18,044 million
Effective date	March 29, 2019	—	March 23, 2018
Dividend resource	Accumulated profit	—	Accumulated profit

2. Reasons for the Revision

Regarding income distribution, taking into account the strategic funding needs and earnings prospects, Chugai aims for a consolidated dividend payout ratio of 50% on average in comparison with Core EPS to provide a stable allocation of profit to all shareholders. In addition, internal reserves will be used to increase corporate value through investments to attain further growth in existing strategic domains and to identify future business opportunities.

In the fiscal year ended December 31, 2018, which is the final year of the medium-term business plan “IBI 18,” Chugai achieved the highest results in the past, which resulted in Core EPS increasing by 27.2% year-on-year and exceeding the officially announced forecast by 20.0%. At the same time, in comparison to the quantitative guidance of “IBI 18” — “achieving average annual growth in Core EPS (at the average constant exchange rate) at a low single digit (below 3% level),” Chugai achieved a result of 17.1% far above the goal. As it turned out, the group realized our goal of “becoming a “top pharmaceutical company.””

Reflecting the favorable results and based on our principles of “aiming a consolidated dividend payout ratio of 50% on average in comparison with Core EPS to provide a stable allocation of profit,” year-end dividends for the fiscal year ended December 31, 2018 are planned to be JPY55 per share, which is higher by JPY10 as increased regular dividend and JPY14 as special dividends than the forecast at the beginning of the fiscal year. As a result, total dividends for the fiscal year under review will be JPY86 per share, and the Core dividend payout ratio is 48.7% (an average of 48.6% for the past five years).

(For reference) Contents of annual dividends:

	Dividend per share		
	End of second quarter	End of fiscal year	Total
Fiscal year ended Dec. 2018	JPY31.00	JPY55.00	JPY86.00
Fiscal year ended Dec. 2017	JPY29.00	JPY33.00	JPY62.00

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