

# Hisamitsu Pharmaceutical Co., Inc.

## Q3 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.

Jan. 12<sup>th</sup>, 2018

## Agenda

1. Looking back on the Q3 FY02/2018
2. Summary of Financial Results for Q3 FY02/2018
3. Consolidated PL
4. Non Consolidated PL
5. Noven PL
6. Sales results by product
7. Trends of 2nd-generation non-steroidal anti-inflammatory patch in Japan
8. R&D Pipeline

Additional data

# 1. Looking back on the Q3 FY02/2018

Domestic/ OTC products	<ul style="list-style-type: none"> <li>•Launch of NobiNobi<sup>®</sup> Salonship<sup>®</sup> FH</li> <li>•Launch of Allegra<sup>®</sup> FX Junior</li> </ul>
US/ Ethical products	<ul style="list-style-type: none"> <li>•The commencement of the Phase II clinical study of Investigational HP-5000 in the USA (an analgesic transdermal drug)</li> </ul>
Others	<ul style="list-style-type: none"> <li>•Became champion at the National Sports Festival held in Ehime prefecture for 7<sup>th</sup> time in 5 years, representing Saga prefecture.</li> </ul>



# 2. Summary of Financial Results for Q3 FY02/2018

## Consolidated

Unit:¥ million

	Q3 FY02/2018		FY02/2018	
	Actual	Change	Forecast	Progress rate
<b>Net sales</b>	109,553	99.8%	147,000	74.5%
<b>Operating profits</b>	20,687	94.1%	24,100	85.8%
<b>Recurring profits</b>	22,043	96.3%	25,600	86.1%
<b>Net profits</b>	15,840	86.4%	18,500	85.6%

※No change is made on forecast.

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

Unit:¥ million

	Actual performance for FY02/17 (Q3)	Actual performance for FY02/18 (Q3)	Change	Percentage Change
<b>Net sales</b>	<b>109,729</b>	<b>109,553</b>	<b>-176</b>	<b>-0.2%</b>
CoGS	38,778	40,267	+1,489	+3.8%
as a % of sales	35.3%	36.8%	-	-
SG&A costs	48,955	48,598	-357	-0.7%
Sales promotion costs	9,643	9,364	-279	-2.9%
Advertising costs	7,224	8,162	+937	+13.0%
R&D spending	10,224	11,561	+1,337	+13.1%
Others	21,863	19,510	-2,353	-10.8%
<b>Operating profits</b>	<b>21,995</b>	<b>20,687</b>	<b>-1,308</b>	<b>-5.9%</b>
<b>Recurring profits</b>	<b>22,885</b>	<b>22,043</b>	<b>-841</b>	<b>-3.7%</b>
<b>Net profits</b>	<b>18,340</b>	<b>15,840</b>	<b>-2,500</b>	<b>-13.6%</b>

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

Unit:¥ million

	Actual performance for FY02/17 (Q3)	Actual performance for FY02/18 (Q3)	Change	Main factor
<b>Net sales</b>	<b>109,729</b>	<b>109,553</b>	<b>-176</b>	
Hisamitsu (Non consolidated)	83,187	83,540	+352	•Increase in sales of OTC/Intl Business.
Noven	18,062	15,193	-2,868	•Decrease in sales of major products.
Others *	8,480	10,820	+2,340	•Increase in sales of Hisamitsu America.
CoGS	38,778	40,267	+1,489	•Increase in CoGS of Noven and Others.
as a % of sales	35.3%	36.8%	-	•Change of sales mix.
SG&A costs	48,955	48,598	-357	•Decrease in SG&A costs of Noven. •Increase in R&D spending of Hisamitsu.
<b>Operating profits</b>	<b>21,995</b>	<b>20,687</b>	<b>-1,308</b>	
Non-operating balance	890	1,356	+466	
<b>Recurring profits</b>	<b>22,885</b>	<b>22,043</b>	<b>-841</b>	
Extraordinary balance	4,146	481	-3,665	[FY02/17] •Termination of joint marketing contract. •Profit from assignment of rights of Noven.
<b>Net profits</b>	<b>18,340</b>	<b>15,840</b>	<b>-2,500</b>	

\* "Others" includes consolidated adjustment.

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

Unit:¥ million

	Actual performance for FY02/17 (Q3)	Actual performance for FY02/18 (Q3)	Change	Percentage Change
<b>Net sales</b>	<b>83,187</b>	<b>83,540</b>	<b>+352</b>	<b>+0.4%</b>
Rx Business	57,055	55,581	-1,473	-2.6%
OTC Business	19,608	19,875	+266	+1.4%
Intl Business	6,523	8,083	+1,559	+23.9%
CoGS	28,653	29,040	+387	+1.4%
as a % of sales	34.4%	34.8%	-	-
SG&A costs	36,647	38,561	+1,914	+5.2%
Sales promotion costs	7,462	7,691	+228	+3.1%
Advertising costs	6,004	6,138	+134	+2.2%
R&D spending	7,317	9,355	+2,038	+27.9%
Others	15,862	15,375	-486	-3.1%
<b>Operating profits</b>	<b>17,887</b>	<b>15,937</b>	<b>-1,949</b>	<b>-10.9%</b>
<b>Recurring profits</b>	<b>18,800</b>	<b>16,863</b>	<b>-1,936</b>	<b>-10.3%</b>
<b>Net profits</b>	<b>14,145</b>	<b>12,377</b>	<b>-1,767</b>	<b>-12.5%</b>

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

Unit:¥ million

	Actual performance for FY02/17 (Q3)	Actual performance for FY02/18 (Q3)	Change	Percentage Change
<b>Net sales *</b>	<b>18,062</b>	<b>15,193</b>	<b>-2,868</b>	<b>-15.9%</b>
CoGS	7,707	7,933	+226	+2.9%
as a % of sales	42.7%	52.2%	-	-
SG&A costs	7,917	4,943	-2,974	-37.6%
Sales promotion costs	933	223	-709	-76.0%
Advertising costs	13	58	+44	+323.8%
R&D spending	2,902	2,163	-739	-25.5%
Others	4,067	2,497	-1,569	-38.6%
<b>Operating profits</b>	<b>2,437</b>	<b>2,316</b>	<b>-121</b>	<b>-5.0%</b>
Nonoperating balance	1,801	773	-1,028	-57.1%
<b>Pretax profits</b>	<b>4,238</b>	<b>3,089</b>	<b>-1,149</b>	<b>-27.1%</b>
<b>Net profits</b>	<b>2,861</b>	<b>2,316</b>	<b>-544</b>	<b>-19.0%</b>

Exchange rate (¥/USD)	¥108.61	¥111.81
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\* Results before consolidated adjustment.

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

Unit:¥ million

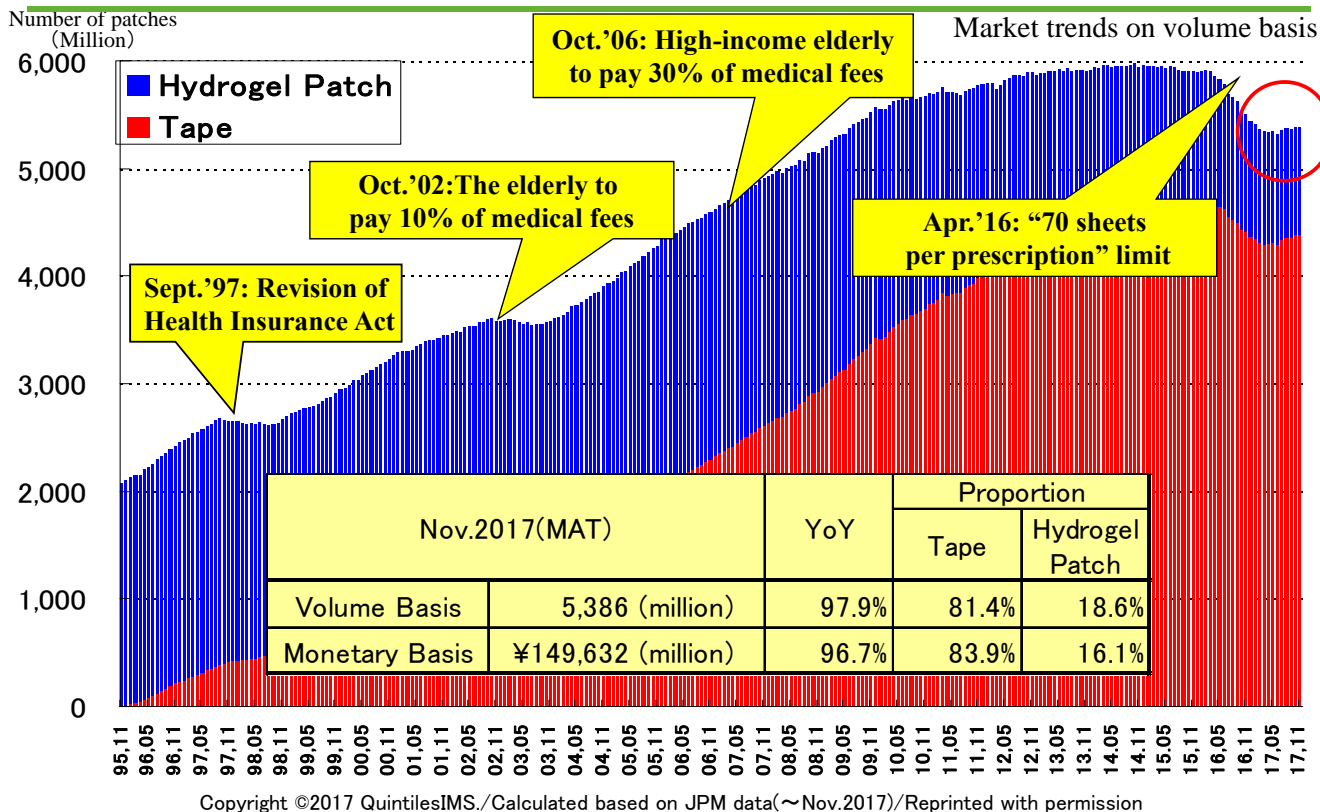
	Actual performance for FY02/18 (Q3)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>71,245</b>	<b>55,581</b>	<b>15,663</b>	<b>-4,407</b>	<b>-1,474</b>	<b>-2,934</b>	<b>-5.8%</b>	<b>-2.6%</b>	<b>-15.8%</b>
Fentos <sup>®</sup> Tape	3,706	3,706	-	-110	-110	-	-2.9%	-2.9%	-
Norspan <sup>®</sup> Tape	1,560	1,560	-	-111	-111	-	-6.6%	-6.6%	-
Neoxy <sup>®</sup> Tape	617	617	-	-344	-344	-	-35.8%	-35.8%	-
Abstral <sup>®</sup>	164	164	-	+14	+14	-	+9.3%	+9.3%	-
Mohrus <sup>®</sup> Tape	37,583	37,485	97	-2,661	-2,670	+9	-6.6%	-6.6%	+10.2%
Mohrus <sup>®</sup> Pap	6,388	6,388	-	+934	+934	-	+17.1%	+17.1%	-
(Mohrus <sup>®</sup> Pap XR)	4,196	4,196	-	+1,638	+1,638	-	+64.0%	+64.0%	-
Others	6,346	5,658	688	+905	+813	+92	+16.6%	+16.8%	+15.4%
Minivelle <sup>®</sup>	5,837	-	5,837	-1,537	-	-1,537	-20.8%	-	-20.8%
Vivelle-Dot <sup>®</sup> products	3,491	-	3,491	+570	-	+570	+19.5%	-	+19.5%
CombiPatch <sup>®</sup> products	2,998	-	2,998	-433	-	-433	-12.6%	-	-12.6%
Brisdelle <sup>®</sup>	-10	-	-10	-988	-	-988	-	-	-
Daytrana <sup>®</sup>	2,447	-	2,447	-494	-	-494	-16.8%	-	-16.8%
Others of Noven products	112	-	112	-153	-	-153	-57.7%	-	-57.7%

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

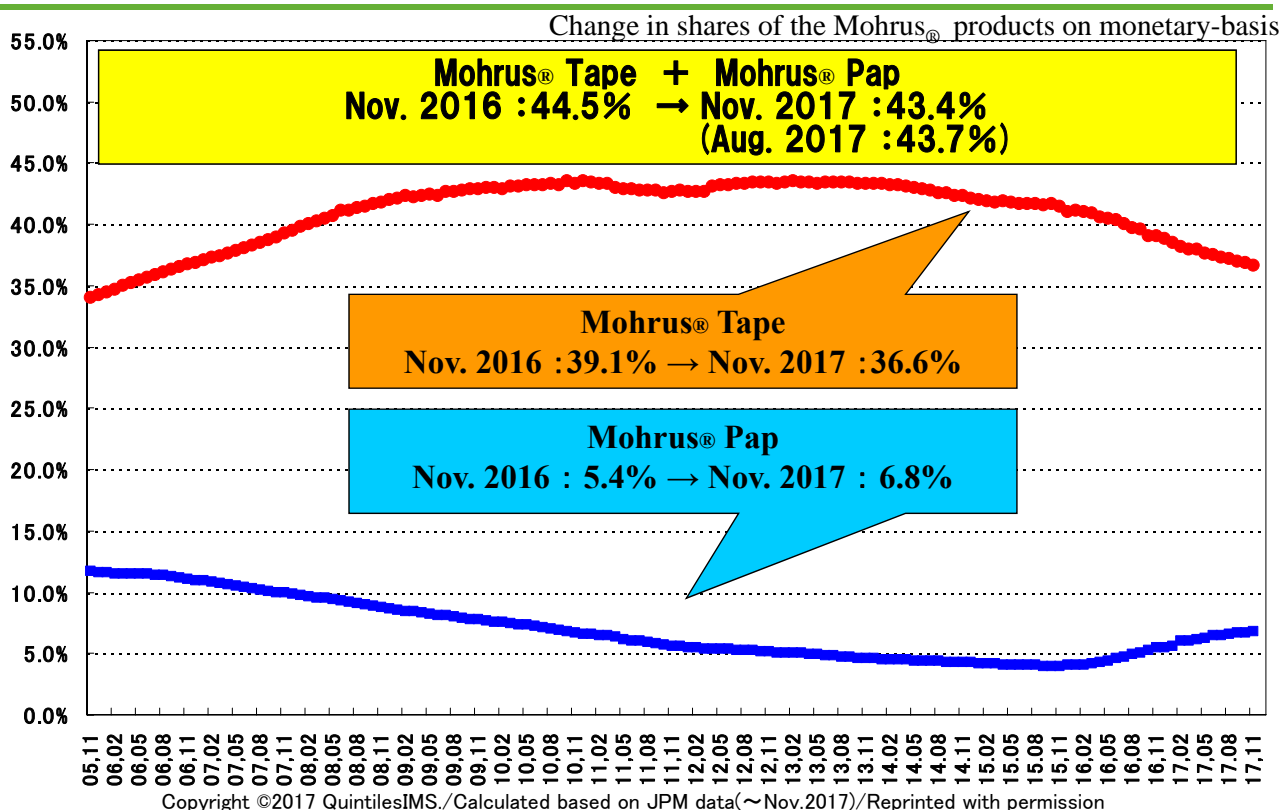
Unit:¥ million

	Actual performance for FY02/18 (Q3)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>35,767</b>	<b>19,875</b>	<b>15,891</b>	<b>+4,106</b>	<b>+267</b>	<b>+3,838</b>	<b>+13.0%</b>	<b>+1.4%</b>	<b>+31.9%</b>
Salonpas <sup>®</sup> products	21,447	8,385	13,061	+4,062	+694	+3,369	+23.4%	+9.0%	+34.8%
Salonsip <sup>®</sup> products	3,502	2,557	944	-54	-77	+23	-1.5%	-2.9%	+2.5%
Air <sup>®</sup> Salonpas <sup>®</sup> products	1,380	878	501	-304	-233	-72	-18.1%	-21.0%	-12.6%
Feitas <sup>®</sup> products	4,055	4,055	-	+441	+441	-	+12.2%	+12.2%	-
Butenalock <sup>®</sup> products	1,366	1,366	-	-127	-127	-	-8.5%	-8.5%	-
Allegra <sup>®</sup> FX	1,292	1,292	-	-390	-390	-	-23.2%	-23.2%	-
Others	2,722	1,338	1,383	+478	-41	+519	+21.3%	-3.0%	+60.1%

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



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



## 8. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Filed (ANDA)	HP-1010	USA	Patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
2	Discontinued	HP-1030	USA	Patch	Alzheimer's disease	No disclosure
3	Filed	HP-3060	JPN	Patch	Allergic rhinitis	To be approved in FY17
4	Filed	HFT-290 (New dose addition)	JPN	Patch	Cancer pain, Chronic pain	To be approved in FY18
5	Phase3	HP-3000	JPN	Patch	Parkinson's disease	To be filed in FY18
6	Phase3	HP-3070	USA	Patch	Schizophrenia	To be filed in FY18
7	Phase3	HP-3150	JPN	Patch	Cancer pain	To be filed in FY20
8	Phase3 being prepared	ATS	USA	Patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 start in FY18
9	Phase3 being prepared	HP-3150	JPN	Patch	Low back pain	Phase3 start in FY19
10	Phase3 being prepared	HP-3000	JPN	Patch	Idiopathic restless legs syndrome	Under consideration
11	Phase2	HP-5000	USA	Patch	Osteoarthritis of the knee	Phase3 start in FY19

# Improving Quality of Life Around the World

Q3 FY02/2018 Results

Jan. 12th, 2018

Hisamitsu Pharmaceutical Co., Inc.

# Additional data

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

Unit:\$ thousand

	Actual performance for FY02/17 (Q3)	Actual performance for FY02/18 (Q3)	Change	Percentage Change
<b>Net sales *</b>	<b>166,305</b>	<b>135,886</b>	<b>-30,418</b>	<b>-18.3%</b>
CoGS	70,964	70,956	-7	-0.0%
as a % of sales	42.7%	52.2%	-	-
SG&A costs	72,901	44,215	-28,685	-39.3%
Sales promotion costs	8,596	2,001	-6,594	-76.7%
Advertising costs	126	522	+395	+311.7%
R&D spending	26,728	19,353	-7,374	-27.6%
Others	37,449	22,337	-15,111	-40.4%
<b>Operating profits</b>	<b>22,439</b>	<b>20,714</b>	<b>-1,725</b>	<b>-7.7%</b>
Nonoperating balance	16,589	6,913	-9,675	-58.3%
<b>Pretax profits</b>	<b>39,028</b>	<b>27,627</b>	<b>-11,400</b>	<b>-29.2%</b>
<b>Net profits</b>	<b>26,344</b>	<b>20,720</b>	<b>-5,623</b>	<b>-21.3%</b>

\* Results before consolidated adjustment.