

Hisamitsu Pharmaceutical Co., Inc.

FY02/2016 Results

and Outlook for the FY02/2017

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.

Apr. 8th, 2016

Care of People Around the World with Patch

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Agenda

FY02/2016 Results

1. Looking back on the FY02/2016
2. MOHRUS[®] PAP XR 120mg
3. Hisamitsu Springs
4. Regarding Disposition and Acquisition of Treasury Share through Third-Party Allotment
5. Consolidated PL
6. Non Consolidated PL
7. Noven PL
8. Sales results by product
9. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan
10. R&D Pipeline

Outlook for the FY02/2017

11. Forecast of Consolidated PL
12. Forecast of Non Consolidated PL
13. Forecast of Noven PL
14. The future Noven prospects
15. Forecast of Sales results by product
16. Forecast of dividends

Additional data

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1. Looking back on the FY02/2016

Domestic/ Ethical products	<p>The commencement of a Phase III clinical study of HP-3000 in Japan</p> <p>The commencement of the Phase II / III clinical study of HP-3150 in Japan</p> <p>The commencement of the Phase III clinical study of HP-3060 in Japan</p> <p>Launch of Mohrus Pap XR 120mg a topical analgesic and anti-inflammatory product</p>
Domestic • US/ OTC products	<p>Launch of Salonpas® (Japan-U.S. simultaneous release)</p> <p>Launch of Feitas® MEDICAL SUPPORTER (for knee, for low back, for elbow, for calf and for ankle)</p> <p>Launch of Jikabari®</p>
US/ Noven	<p>Noven files patent infringement lawsuit against ACTAVIS</p> <p>Noven announces favorable decisions in the inter partes reviews challenging NOVARTIS' Exelon® Patch patents</p>
Others	<p>The replacement of president</p> <p>2015 the award for intellectual property「Minister Prize of Economic, Trade and Industry」</p> <p>Finalization of Details of Issuance of Stock Options as Compensation</p> <p>The acquisition company's own shares (1,000,000 stocks)</p> <p>“Hisamitsu Springs” The Empress cup all-Japan volleyball championship 4 straight victories</p>

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2. MOHRUS® PAP XR120mg

	Conventional Pap products (include MOHRUS®PAP 30mg)		MOHRUS®PAP XR120mg
dose	Twice a day		Once a day
Indication	<ol style="list-style-type: none"> 1. osteoarthritis 2. humeroscapular periarthritis 3. tendinitis/tendovaginitis 4. peritendinitis 5. humeral epicondylitis (e.g., tennis elbow) 6. myalgia 7. post-traumatic swelling/pain 		<ol style="list-style-type: none"> 1. osteoarthritis 2. humeroscapular periarthritis 3. tendinitis/tendovaginitis 4. peritendinitis 5. humeral epicondylitis (e.g., tennis elbow) 6. myalgia 7. post-traumatic swelling/pain 8. lumbago (muscular and fascial lumbago, spondylosis deformans, discopathy, and sprain of lumbar spine) 9. Relief of local joint pain in rheumatoid arthritis

【Good point of MOHRUS®PAP XR120mg in comparison with the conventional Pap products】
Improvement of the adhesive strength (It is hard to come off), Indicated for the topical treatment of 9 different symptoms
 ⇒We perform reshuffling from a conventional Pap products positively

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3. Hisamitsu Springs

□ V-Premier league of ladies 2015/16

⇒The fifth championship that it is two years since then



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4. Regarding Disposition and Acquisition of Treasury Share through Third-Party Allotment

【General meeting of stockholders special bill】

- ・ Disposition of Treasury Share through Third-party allotment
 - Publication favored in 1 million stocks to the Nakatomi Memorial Foundation (Public interest incorporated foundation)

【After approval of the Company's annual meeting of shareholders】

- ・ The acquisition of Treasury Share
 - When approval is provided in the Company's annual meeting of shareholders about advantageous publication, We acquire Treasury Share in the upper limit in 2 million stocks (Evasion of being diluted)



Tashiro over-the-counter drug connection document (Nakatomi Memorial Foundation possession) appoints it in Saga important materiality folk cultural assets (plan)

The photograph is Left: A peddling tool and medicine Right: Nakatomi memory medicine Museum



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

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q4)	Actual performance for FY02/16 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/16 (Q1-Q4) *
Net sales	156,743	161,852	+5,109	+3.3%	164,300
CoGS	57,063	58,319	+1,256	+2.2%	57,900
as a % of sales	36.4%	36.0%	-	-	35.2%
SG&A costs	79,153	75,802	-3,351	-4.2%	79,000
Sales promotion costs	18,411	17,648	-763	-4.1%	17,900
Advertising costs	13,134	10,005	-3,129	-23.8%	11,300
R&D spending	13,718	14,965	+1,247	+9.1%	17,100
Others	33,889	33,181	-708	-2.1%	32,700
Operating profits	20,527	27,730	+7,203	+35.1%	27,400
Recurring profits	28,489	28,008	-481	-1.7%	28,500
Net profits	18,784	17,784	-1,000	-5.3%	18,300

* As of Apr 8, 2015

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

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q4)	Actual performance for FY02/16 (Q1-Q4)	Change	Main factor
Net sales	156,743	161,852	+5,109	
Hisamitsu (Non consolidated)	119,971	119,305	-666	•Decrease in sales of Rx Business(1Q). •Increase in sales of OTC and Intl Business.
Noven	24,892	30,489	+5,597	•Increase in sales of major products. •Influence of the currency exchange.
Others *	11,880	12,058	+178	
CoGS	57,063	58,319	+1,256	•Increase in Net sales.
as a % of sales	36.4%	36.0%	-	•Decrease in royalty payment.
SG&A costs	79,153	75,802	-3,351	•Increase in R&D spending of Hisamitsu. •Decrease in Advertising costs of Hisamitsu. •Decrease in Sales promotion and Advertising costs of Noven.
Operating profits	20,527	27,730	+7,203	
Non-operating balance	7,962	278	-7,684	•Decrease in Equity-method investment profits of Noven.
Recurring profits	28,489	28,008	-481	
Extraordinary balance	988	-87	-1,075	•[Previous year]assigns rights for Lithobid*
Net profits	18,784	17,784	-1,000	

* "Others" includes consolidated adjustment. 9

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6. Non Consolidated PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q4)	Actual performance for FY02/16 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/16 (Q1-Q4) *
Net sales	119,971	119,305	-666	-0.6%	122,400
Rx Business	90,379	86,778	-3,601	-4.0%	90,900
OTC Business	21,379	22,906	+1,527	+7.1%	22,000
Intl Business	8,212	9,619	+1,407	+17.1%	9,500
CoGS	40,756	40,902	+146	+0.4%	40,600
as a % of sales	34.0%	34.3%	-	-	33.2%
SG&A costs	52,903	52,716	-187	-0.4%	55,800
Sales promotion costs	11,447	11,615	+168	+1.5%	12,000
Advertising costs	8,612	7,578	-1,034	-12.0%	8,700
R&D spending	10,113	11,316	+1,203	+11.9%	12,800
Others	22,728	22,205	-523	-2.3%	22,300
Operating profits	26,311	25,686	-625	-2.4%	26,000
Recurring profits	27,836	26,295	-1,541	-5.5%	27,100
Net profits	18,413	16,928	-1,485	-8.1%	18,000

* As of Apr 8, 2015

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7. Noven PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q4)	Actual performance for FY02/16 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/16 (Q1-Q4) *1
Net sales *2	24,892	30,489	+5,597	+22.5%	28,700
Noven Women's Health	17,109	23,390	+6,281	+36.7%	217,500
Noven Others	7,782	7,098	-684	-8.8%	6,950
CoGS	11,635	13,206	+1,571	+13.5%	12,400
as a % of sales	46.7%	43.3%	-	-	43.2%
SG&A costs	20,043	15,994	-4,049	-20.2%	16,100
Sales promotion costs	4,817	3,371	-1,446	-30.0%	3,550
Advertising costs	3,162	646	-2,516	-79.6%	750
R&D spending	3,608	3,646	+38	+1.1%	4,300
Others	8,455	8,330	-125	-1.5%	7,500
Operating profits	-6,786	1,288	+8,074	-	200
Nonoperating balance	7,270	-184	-7,454	-102.5%	0
Equity in earnings of Novogyne	-1,230	0	+1,230	-	-
Amortization of fair value adjustment to investment in Novogyne	316	1,157	+841	+266.1%	-
Pretax profits	28	853	+825	+2946%	200
Net profits					100

Exchange rate (¥/USD)	¥106.46	¥121.03
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¥115.00

*1 As of Apr 8, 2015

*2 Results before consolidated adjustment. 11

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8. Sales results by product (1) - Rx Business -

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q4)			Actual performance for FY02/16 (Q1-Q4)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	116,002	90,379	25,622	118,140	86,778	31,361
New products	7,744	7,744	+1.8%	9,368	9,368	-
Fentos [®] Tape	4,577	4,577	-	5,978	5,978	-
Norspan [®] Tape	2,087	2,087	-	2,229	2,229	-
Neoxy [®] Tape	913	913	-	966	966	-
Abstral [®]	165	165	-	194	194	-
Mohrus[®] products+Others	83,636	82,635	1,001	78,575	77,409	1,165
Mohrus [®] Tape	69,292	69,209	82	64,508	64,398	109
Mohrus [®] Pap	6,141	6,141	-	6,019	6,019	-
Others	8,202	7,284	918	8,047	6,991	1,056
Noven Women's Health	17,109	-	17,109	23,390	-	23,390
Minivelle [®]	9,083	-	9,083	11,059	-	11,059
Vivelle-Dot [®] products	4,942	-	4,942	5,012	-	5,012
CombiPatch [®] products	2,009	-	2,009	5,194	-	5,194
Brisdelle [®]	1,074	-	1,074	2,124	-	2,124
Noven Others	7,511	-	7,511	6,805	-	6,805
Daytrana [®]	6,509	-	6,509	6,149	-	6,149
Others of Noven products	1,002	-	1,002	655	-	655

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8. Sales results by product (2) - OTC Business -

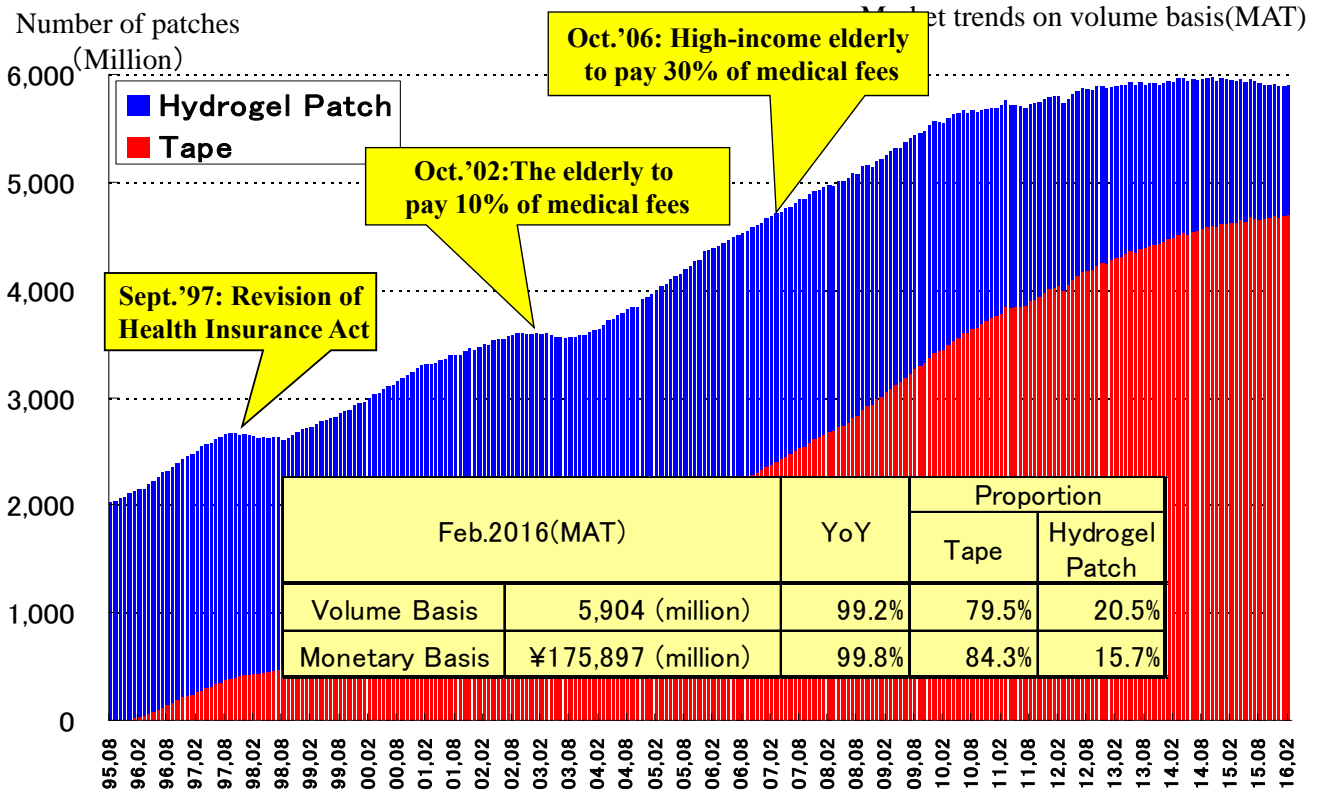
Unit:¥ million

	Actual performance for FY02/15 (Q1-Q4)			Actual performance for FY02/16 (Q1-Q4)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	37,597	21,379	16,218	40,439	22,906	17,533
Salonpas [®] products	19,780	7,331	+7.7% 2,446	22,407	8,589	13,817
Salonsip [®] products	4,919	3,127	1,792	4,949	3,113	1,836
Air [®] Salonpas [®] products	2,097	1,239	857	2,017	1,248	769
Feitas [®] products	4,104	4,104	0	4,482	4,482	0
Butenalock [®] products	1,766	1,766	0	1,662	1,662	0
Allegra [®] FX	2,409	2,409	0	2,007	2,007	0
Others	2,519	1,397	1,122	2,912	1,803	1,109

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

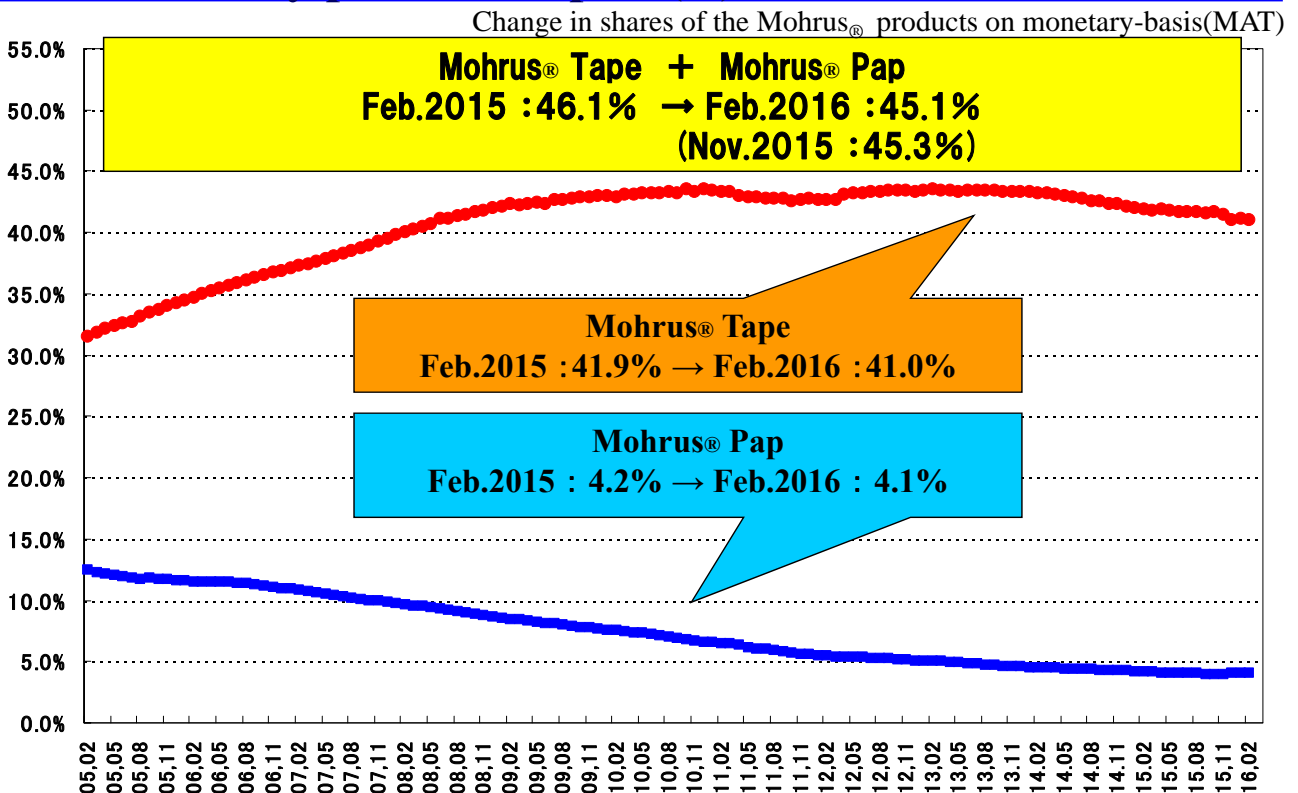


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9. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)



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10. 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	To be approved in FY16
2	Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
3	Phase3	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	To be filed in FY18
4	Phase3	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	To be filed in FY16
5	Phase2/3	HP-3150	JPN	Adhesive skin patch	Cancer pain	To be filed in FY16
6	Phase3 being prepared	HP-3070	USA	Adhesive skin patch	Schizophrenia	Phase3 in FY16
7	Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY16
8	Phase3 being prepared	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Phase3 in FY18
9	Phase2	HP-3150	JPN	Adhesive skin patch	Lowback pain	Phase3 in FY17

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Outlook for the FY02/2017

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11. Forecast of Consolidated PL

Unit:¥ million

	Actual performance for FY02/16 (Q1-Q4)	Full-year earnings forecast for FY02/17 (Q1-Q4)	Change	Percentage Change
Net sales	161,852	155,000	-6,852	-4.2%
CoGS	58,319	55,300	-3,019	-5.2%
as a % of sales	36.0%	35.7%	-	-
SG&A costs	75,802	71,700	-4,102	-5.4%
Sales promotion costs	17,648	15,200	-2,448	-13.9%
Advertising costs	10,005	9,800	-205	-2.0%
R&D spending	14,965	16,100	+1,135	+7.6%
Others	33,181	30,600	-2,581	-7.8%
Operating profits	27,730	28,000	+270	+1.0%
Recurring profits	28,008	29,000	+992	+3.5%
Net profits	17,784	19,400	+1,616	+9.1%

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12. Forecast of Non-consolidated PL

Unit:¥ million

	Actual performance for FY02/16 (Q1-Q4)	Full-year earnings forecast for FY02/17 (Q1-Q4)	Change	Percentage Change
Net sales	119,305	119,500	+195	+0.2%
Rx Business	86,778	84,500	-2,278	-2.6%
OTC Business	22,906	24,000	+1,094	+4.8%
Intl Business	9,619	11,000	+1,381	+14.4%
CoGS	40,902	42,000	+1,098	+2.7%
as a % of sales	34.3%	35.1%	-	-
SG&A costs	52,716	53,000	+284	+0.5%
Sales promotion costs	11,615	12,200	+585	+5.0%
Advertising costs	7,578	7,600	+22	+0.3%
R&D spending	11,316	10,800	-516	-4.6%
Others	22,205	22,400	+195	+0.9%
Operating profits	25,686	24,500	-1,186	-4.6%
Recurring profits	26,295	25,500	-795	-3.0%
Net profits	16,928	18,000	+1,072	+6.3%

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13. Forecast of Noven PL

Unit:¥ million

	Actual performance for FY02/16 (Q1-Q4)	Full-year earnings forecast for FY02/17 (Q1-Q4)	Change	Percentage Change
Net sales	30,489	23,400	-7,089	-23.3%
Noven Women's Health	23,390	20,600	-2,790	-11.9%
Noven Others	7,098	2,800	-4,298	-60.6%
CoGS	13,206	9,400	-3,806	-28.8%
as a % of sales	43.3%	40.2%	-	-
SG&A costs	15,994	11,600	-4,394	-27.5%
Sales promotion costs	3,371	1,300	-2,071	-61.4%
Advertising costs	646	0	-646	-100.0%
R&D spending	3,646	5,200	+1,554	+42.6%
Others	8,330	5,100	-3,230	-38.8%
Operating profits	1,288	2,400	+1,112	+86.3%
Nonoperating balance	-131	100	+231	-
Equity in earnings of Novogyne	-184	-	+184	-
Amortization of fair value adjustment to investment in Novogyne	0	-	+0	-
Recurring profits	1,157	2,500	+1,343	+116.1%
Net profits	853	1,300	+447	+52.4%
Exchange rate (¥/USD)	¥121.03	115.00円		20

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14. The future Noven prospects

Unit:\$ thousand

<Net sales>

FY02/2016	→	FY02/2017
251,917		203,000

<Operating profits>

FY02/2016	→	FY02/2017
10,644		21,000

<development products>

Theme	Present state	Prospects for the future
HP-1010	Under FDA inquiry matter correspondence	To be approved in FY02/2017
HP-1030	Under a patent dispute	On the progress of the patent dispute
HP-3070	Under phase 3 preparations	Phase 3 in FY02/2017
ATS	Under phase 3 preparations	Phase 3 in FY02/2017

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15. Forecast of Sales results of major products①

Unit:¥ million

	Actual performance for FY02/16 (Q1-Q4)			Earnings forecast for FY02/17 (Q1-Q4)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	118,140	86,778	31,361	108,900	84,500	24,400
New products	9,368	9,368	-	10,200	10,200	-
Fentos® Tape	5,978	5,978	-	6,100	6,100	-
Norspan® Tape	2,229	2,229	-	2,600	2,600	-
Neoxy® Tape	966	966	-	1,300	1,300	-
Abstral®	194	194	-	200	200	-
Mohrus®products+Others	78,575	77,409	1,165	75,500	74,300	1,200
Mohrus® Tape	64,508	64,398	109	58,000	57,900	100
Mohrus® Pap	6,019	6,019	-	8,400	8,400	-
Others	8,047	6,991	1,056	9,100	8,000	1,100
Noven Women's Health	23,390	-	23,390	20,600	-	20,600
Minivelle®	11,059	-	11,059	10,900	-	10,900
Vivelle-Dot® products	5,012	-	5,012	2,900	-	2,900
CombiPatch® products	5,194	-	5,194	4,600	-	4,600
Brisdelle®	2,124	-	2,124	2,200	-	2,200
Noven Others	6,805	-	6,805	2,600	-	2,600
Daytrana®	6,149	-	6,149	2,000	-	2,000
Others	655	-	655	600	-	600

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15. Forecast of Sales results of major products②

Unit:¥ million

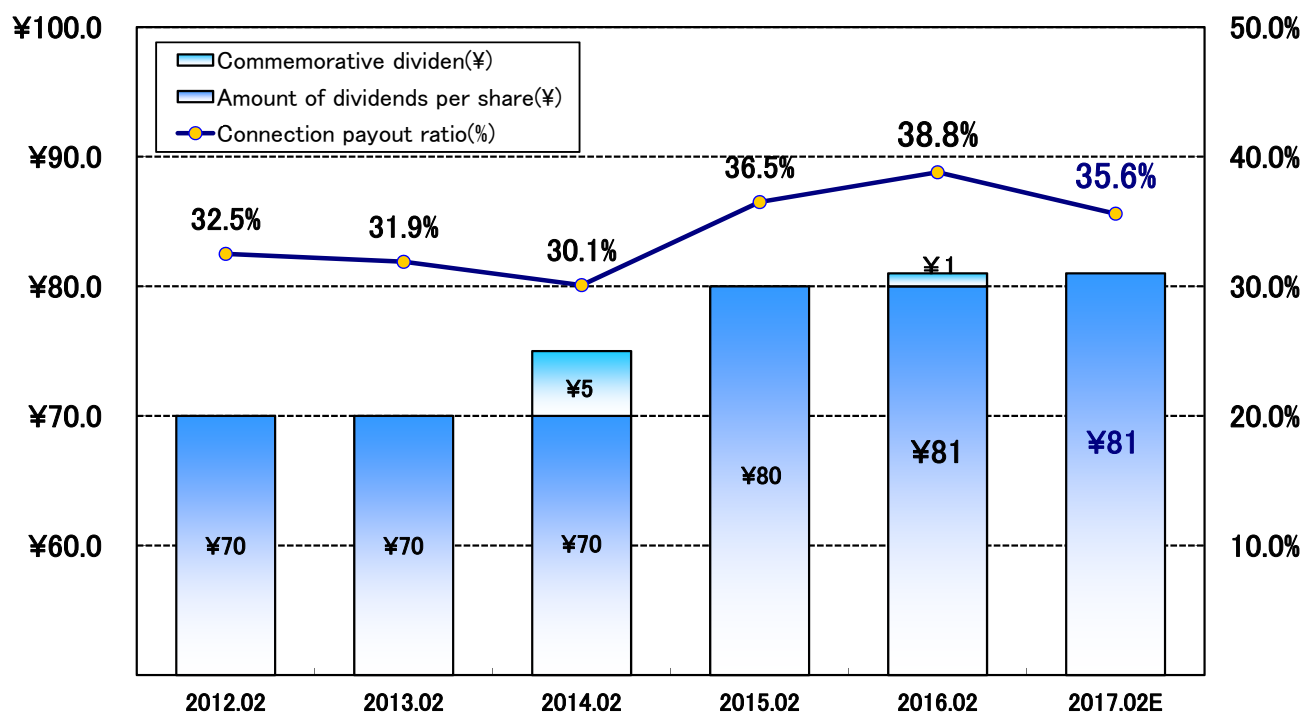
	Actual performance for FY02/16 (Q1-Q4)			Earnings forecast for FY02/17 (Q1-Q4)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business & Others	40,439	22,906	17,533	42,800	24,000	18,800
Salonpas® products	22,407	8,589	13,817	23,700	8,700	15,000
Salonsip® products	4,949	3,113	1,836	5,200	3,200	2,000
Air® Salonpas® products	2,017	1,248	769	2,000	1,300	700
Feitas® products	4,482	4,482	0	4,600	4,600	-
Butenolock® products	1,749	1,749	0	1,700	1,700	-
Allegra® FX	2,007	2,007	0	2,200	2,200	-
Others	2,825	1,716	1,109	3,400	2,300	1,100

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Care of People Around the World with Patch

16. Forecast of dividends

➤For the term ending February 2016, the consolidated dividend payout ratio is predicted to be 38.8% and the payout is expected to be ¥81. (* Midterm dividend ¥40.0 predicted.)



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Care of People Around the World with Patch

Improving Quality of Life Around the World

FY02/2016 Results

And Outlook for the FY02/2017

Apr. 8th, 2016

Hisamitsu Pharmaceutical Co., Inc.

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Additional data

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Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/15 (Q1-Q4)	Actual performance for FY02/16 (Q1-Q4)	Change	Percentage Change
Net sales *	233,819	251,917	+18,098	+7.7%
Noven Women's Health	160,715	193,264	+32,549	+20.3%
Noven Others	73,103	58,653	-14,450	-19.8%
CoGS	109,298	109,117	-180	-0.2%
as a % of sales	46.7%	43.3%	-	-
SG&A costs	188,270	132,155	-56,115	-29.8%
Sales promotion costs	45,252	27,858	-17,394	-38.4%
Advertising costs	29,705	5,341	-24,363	-82.0%
R&D spending	33,892	30,125	-3,767	-11.1%
Others	79,420	68,829	-10,590	-13.3%
Operating profits	-63,750	10,644	+74,395	-
Nonoperating balance	66,724	-1,084	-67,808	-101.6%
Equity in earnings of Novogyne	68,291	-1,524	-69,816	-102.2%
Amortization of fair value adjustment to investment in Novogyne	-11,562	0	+11,562	-
Pretax profits	2,973	9,560	+6,586	+221.5%
Net profits	265	7,049	+6,783	+2550.9%

* Results before consolidated adjustment. 26

Care of People Around the World with Patch

Sales results by product (1)

Rx Business /
Performance comparison with the previous period



Unit:¥ million

	Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	+2,137	-3,601	+5,738	+1.8%	-4.0%	+22.4%
New products	+1,624	+1,624	-	+21.0%	+21.0%	-
Fentos [®] Tape	+1,400	+1,400	-	+30.6%	+30.6%	-
Norspan [®] Tape	+142	+142	-	+6.8%	+6.8%	-
Neoxy [®] Tape	+53	+53	-	+5.8%	+5.8%	-
Abstral [®]	+28	+28	-	+16.9%	+16.9%	-
Mohrus[®] products+Others	-5,060	-5,225	+164	-6.1%	-6.3%	+16.5%
Mohrus [®] Tape	-4,784	-4,811	+27	-6.9%	-7.0%	+32.7%
Mohrus [®] Pap	-121	-121	-	-2.0%	-2.0%	-
Others	-154	-292	+137	-1.9%	-4.0%	+15.0%
Noven Women's Health	+6,281	-	+6,281	+36.7%	-	+36.7%
Minivelle [®]	+1,976	-	+1,976	+21.8%	-	+21.8%
Vivelle-Dot [®] products	+69	-	+69	+1.4%	-	+1.4%
CombiPatch [®] products	+3,184	-	+3,184	+158.4%	-	+158.4%
Brisdelle [®]	+1,050	-	+1,050	+97.8%	-	+97.8%
Noven Others	-706	-	-706	-9.4%	-	-9.4%
Daytrana [®]	-360	-	-360	-5.5%	-	-5.5%
Others	-346	-	-346	-34.6%	-	-34.6%

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Sales results by product (2)

OTC Business & Others /
Performance comparison with the previous period



Unit:¥ million

	Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business & Others	+2,842	+1,527	+1,314	+7.6%	+7.1%	+8.1%
Salonpas [®] products	+2,626	+1,255	+1,371	+13.3%	+17.1%	+11.0%
Salonsip [®] products	+30	-13	+44	+0.6%	-0.4%	+2.5%
Air [®] Salonpas [®] products	-79	+8	-87	-3.8%	+0.7%	-10.2%
Feitas [®] products	+378	+378	-	+9.2%	+9.2%	-
Butenalock [®] products	-104	-104	-	-5.9%	-5.9%	-
Allegra [®] FX	-402	-402	-	-16.7%	-16.7%	-
Others	+392	+406	-13	+15.6%	+29.1%	-1.2%

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