

Hisamitsu Pharmaceutical Co., Inc.

Q1 FY02/2017 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. 8th, 2016

Care of People Around the World with Patch

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Agenda

1. Looking back on the Q1 FY02/2017
2. Consolidated PL
3. Influence of the currency exchange
4. Non Consolidated PL
5. Noven PL
6. Sales results by product
7. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan
8. R&D Pipeline

Additional data

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1. Looking back on the Q1 FY02/2017

Domestic/ Ethical products	Termination of joint marketing of NEOXY [®] Tape 73.5mg, a transdermal overactive bladder treatment medication
Domestic/ OTC products	Launch of Feitas [®] Z α DICSAS [®] , Feitas [®] Z α DICSAS [®] (large size) Launch of NobiNobi [®] Salonship [®] F
Others	2016 the award for Minister of Education, Culture, Sports, Science and Technology commendation “Technology prize(Development section)” “Hisamitsu Springs” 2015–16 season V•Premium League(for women) ranked at 1st



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

Unit:¥ million

	Actual performance for FY02/16 (Q1)	Actual performance for FY02/17 (Q)	Change	Percentage Change
Net sales	39,680	38,153	-1,527	-3.8%
CoGS	14,512	13,539	-973	-6.7%
as a % of sales	36.6%	35.5%	-	-
SG&A costs	19,430	18,870	-560	-2.9%
Sales promotion costs	4,047	3,393	-654	-16.2%
Advertising costs	3,581	3,236	-345	-9.6%
R&D spending	3,421	4,093	+672	+19.6%
Others	8,379	8,148	-231	-2.8%
Operating profits	5,737	5,744	+7	+0.1%
Recurring profits	5,663	5,561	-102	-1.8%
Net profits	3,535	4,529	+994	+28.1%

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

Unit: ¥ million

	Actual performance for FY02/16 (Q1)	Actual performance for FY02/17 (Q1)	Change	Main factor
Net sales	39,680	38,153	-1,527	
Hisamitsu (Non consolidated)	28,867	28,436	-431	• Decrease in sales of Rx Business(1Q). • Increase in sales of OTC Business.
Noven	7,871	6,606	-1,265	• Decrease in sales of major products. • Influence of the currency exchange.
Others *	2,942	3,111	+169	
CoGS	14,512	13,539	-973	• Decrease in Net sales. • Change of Noven's sales composition ratio.
as a % of sales	36.6%	35.5%	-	
SG&A costs	19,430	18,870	-560	• Increase in R&D spending of Hisamitsu. • Decrease in Sales promotion and Advertising costs of Noven.
Operating profits	5,737	5,744	+7	
Non-operating balance	-75	-182	-107	
Recurring profits	5,663	5,561	-102	
Extraordinary balance	-24	1,297	+1,321	• Termination of joint marketing contract .
Net profits	3,535	4,529	+994	

* "Others" includes consolidated adjustment. 5

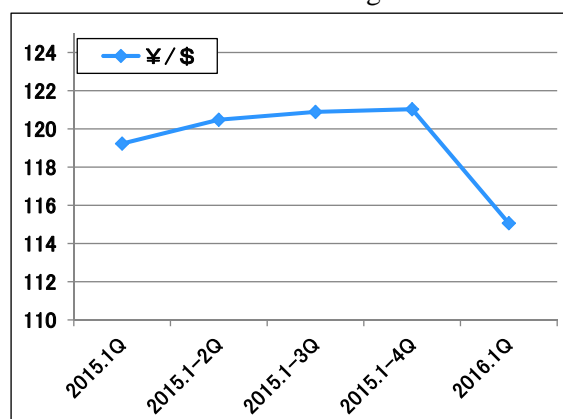
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3. Influence of the currency exchange

< Consolidated PL, FY02/2017 currency effects (YoY) >

(Unit: ¥ million)	1 yen appreciation of the yen against the dollar, currency effects
Net sales	▲ 275
CoGS	+ 85
SG&A costs	+ 150
Operating profits	▲ 40

Reference: Historical exchange rate to the JPY



< currency exchange >

Actual/Forecast rate	Q1 FY02/2016	Q1 FY02/2017	Forecast FY02/2017
¥/\$	¥119.23	¥115.06	¥115.00

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

Unit:¥ million

	Actual performance for FY02/16 (Q1)	Actual performance for FY02/17 (Q1)	Change	Percentage Change
Net sales	28,867	28,436	-431	-1.5%
Rx Business	20,753	19,130	-1,623	-7.8%
OTC Business	6,289	7,549	+1,260	+20.0%
Intl Business	1,824	1,755	-69	-3.8%
CoGS	9,627	9,943	+316	+3.3%
as a % of sales	33.3%	35.0%	-	-
SG&A costs	13,544	13,893	+349	+2.6%
Sales promotion costs	2,578	2,411	-167	-6.5%
Advertising costs	2,736	2,856	+120	+4.4%
R&D spending	2,555	3,169	+614	+24.0%
Others	5,674	5,456	-218	-3.8%
Operating profits	5,695	4,598	-1,097	-19.3%
Recurring profits	6,108	4,656	-1,452	-23.8%
Net profits	4,069	4,195	+126	+3.1%

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

Unit:¥ million

	Actual performance for FY02/16 (Q1)	Actual performance for FY02/17 (Q1)	Change	Percentage Change
Net sales *	7,871	6,606	-1,265	-16.1%
Noven Women's Health	5,687	5,354	-333	-5.9%
Noven Others	2,183	1,252	-931	-42.6%
CoGS	3,755	2,704	-1,051	-28.0%
as a % of sales	47.7%	40.9%	-	-
SG&A costs	4,329	3,416	-913	-21.1%
Sales promotion costs	817	555	-262	-32.1%
Advertising costs	525	11	-514	-97.9%
R&D spending	868	922	+54	+6.2%
Others	2,118	1,926	-192	-9.1%
Operating profits	-213	485	+698	-
Nonoperating balance	7	10	+3	+42.9%
Pretax profits	-205	496	+701	-
Net profits	-127	347	+474	-

Exchange rate (¥/USD)	¥119.23	¥115.06
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* Results before consolidated adjustment.

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

Unit:¥ million

	Actual performance for FY02/16 (Q1)			Actual performance for FY02/17 (Q1)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	28,682	20,753	7,928	25,824	19,130	6,694
New products	2,255	2,255	-	1,808	1,808	-
Fentos [®] Tape	1,462	1,462	-	919	919	-
Norspan [®] Tape	523	523	-	572	572	-
Neoxy [®] Tape	224	224	-	269	269	-
Abstral [®]	45	45	-	46	46	-
Mohrus[®] products+Others	18,631	18,497	133	17,461	17,322	138
Mohrus [®] Tape	15,549	15,525	23	13,944	13,914	29
Mohrus [®] Pap	1,307	1,307	-	1,760	1,760	-
Others	1,773	1,664	109	1,757	1,647	109
Noven Women's Health	5,687	-	5,687	5,354	-	5,354
Minivelle [®]	2,433	-	2,433	2,694	-	2,694
Vivelle-Dot [®] products	1,597	-	1,597	847	-	847
CombiPatch [®] products	1,218	-	1,218	1,326	-	1,326
Brisdelle [®]	437	-	437	486	-	486
Noven Others	2,107	-	2,107	1,200	-	1,200
Daytrana [®]	1,955	-	1,955	1,015	-	1,015
Others of Noven products	152	-	152	184	-	184

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

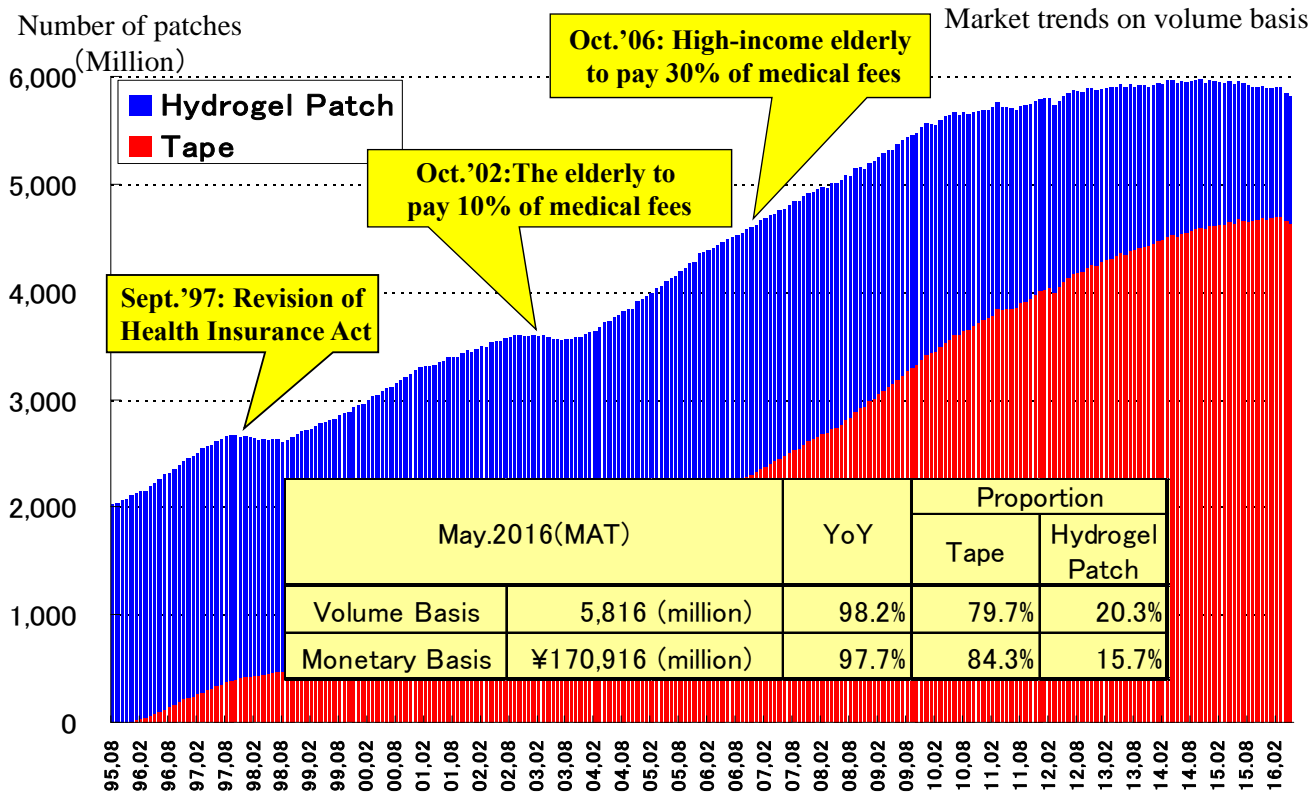
Unit:¥ million

	Actual performance for FY02/16 (Q1)			Actual performance for FY02/17 (Q1)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	10,205	6,289	3,915	11,517	7,549	3,967
Salonpas [®] products	5,106	2,024	3,082	5,674	2,436	3,238
Salonsip [®] products	1,179	764	414	1,220	848	372
Air [®] Salonpas [®] products	501	363	137	539	380	159
Feitas [®] products	1,066	1,066	-	1,399	1,399	-
Butenalock [®] products	1,013	1,013	-	1,001	1,001	-
Allegra [®] FX	657	657	-	1,038	1,038	-
Others	680	399	281	642	445	197

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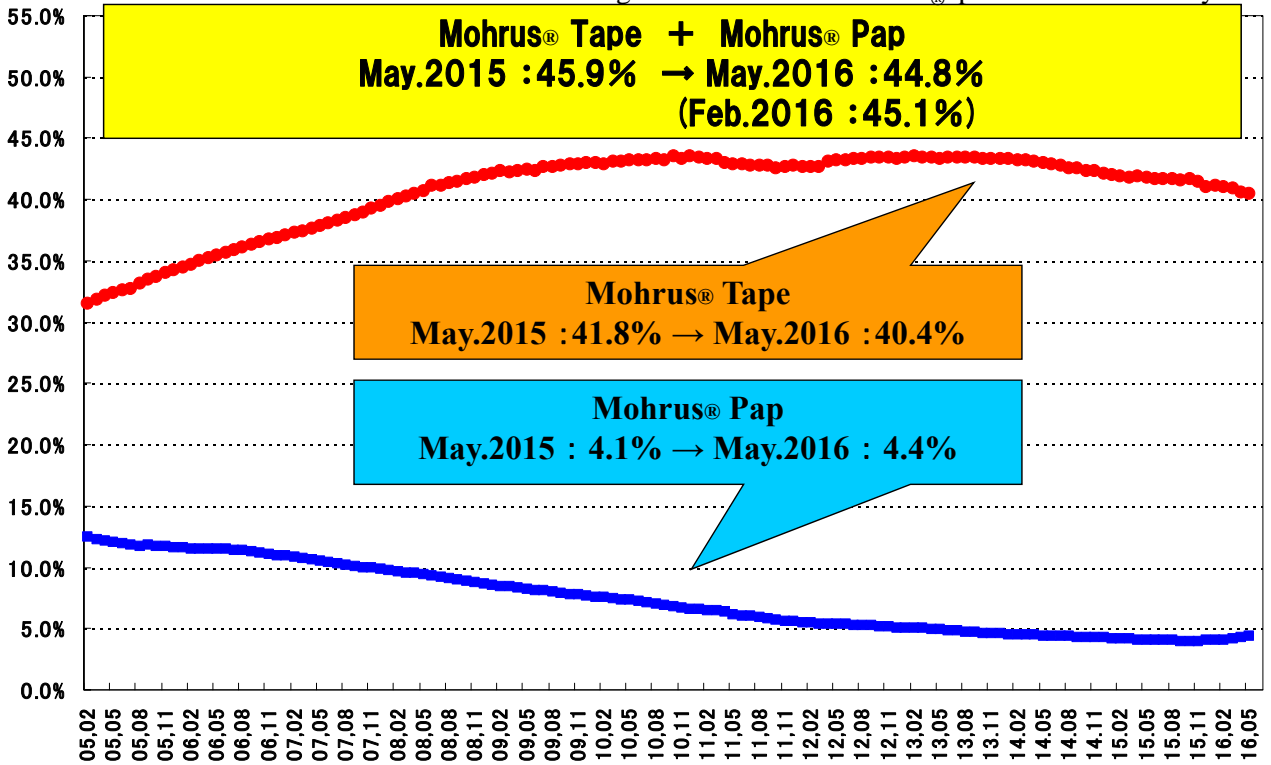
7. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (1)



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

Change in shares of the Mohrus® products on monetary-basis



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8. 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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Improving Quality of Life Around the World

Q1 FY02/2017 Results

Jul. 8th, 2016

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Additional data

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Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/16 (Q1)	Actual performance for FY02/17 (Q1)	Change	Percentage Change
Net sales *	66,018	57,418	-8,600	-13.0%
Noven Women's Health	47,702	46,533	-1,168	-2.5%
Noven Others	18,315	10,884	-7,431	-40.6%
CoGS	31,494	23,508	-7,986	-25.4%
as a % of sales	47.7%	40.9%	-	-
SG&A costs	36,311	29,691	-6,620	-18.2%
Sales promotion costs	6,853	4,832	-2,021	-29.5%
Advertising costs	4,407	101	-4,305	-97.7%
R&D spending	7,280	8,013	+732	+10.1%
Others	17,770	16,743	-1,026	-5.8%
Operating profits	-1,787	4,218	+6,006	-
Nonoperating balance	59	94	+35	+58.5%
Pretax profits	-1,727	4,313	+6,041	-
Net profits	-1,070	3,019	+4,090	-

* Results before consolidated adjustment. 16

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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	-2,857	-1,622	-1,234	-10.0%	-7.8%	-15.6%
New products	-446	-446	-	-19.8%	-19.8%	-
Fentos [®] Tape	-542	-542	-	-37.1%	-37.1%	-
Norspan [®] Tape	+49	+49	-	+9.5%	+9.5%	-
Neoxy [®] Tape	+44	+44	-	+20.0%	+20.0%	-
Abstral [®]	+1	+1	-	+2.4%	+2.4%	-
Mohrus[®] products+Others	-1,169	-1,175	+5	-6.3%	-6.4%	+4.1%
Mohrus [®] Tape	-1,605	-1,610	+5	-10.3%	-10.4%	+22.7%
Mohrus [®] Pap	+452	+452	-	+34.6%	+34.6%	-
Others	-16	-16	+0	-0.9%	-1.0%	+0.1%
Noven Women's Health	-333	-	-333	-5.9%	-	-5.9%
Minivelle [®]	+260	-	+260	+10.7%	-	+10.7%
Vivelle-Dot [®] products	-750	-	-750	-47.0%	-	-47.0%
CombiPatch [®] products	+107	-	+107	+8.9%	-	+8.9%
Brisdelle [®]	+48	-	+48	+11.0%	-	+11.0%
Noven Others	-907	-	-907	-43.0%	-	-43.0%
Daytrana [®]	-939	-	-939	-48.0%	-	-48.0%
Others	+32	-	+32	+21.1%	-	+21.1%

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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	+1,312	+1,260	+52	+12.9%	+20.0%	+1.3%
Salonpas [®] products	+568	+412	+156	+11.1%	+20.4%	+5.1%
Salonsip [®] products	+40	+83	-42	+3.5%	+10.9%	-10.1%
Air [®] Salonpas [®] products	+38	+17	+21	+7.7%	+4.8%	+15.5%
Feitas [®] products	+332	+332	-	+31.2%	+31.2%	-
Butenalock [®] products	-12	-12	-	-1.2%	-1.2%	-
Allegra [®] FX	+381	+381	-	+58.0%	+58.0%	-
Others	-37	+46	-83	-5.5%	+11.6%	-29.7%

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