



Year Ended March 31, 2014

Results of Full year

Settlement of accounts supplementary material  
(Apr.1 2013 to Mar.31 2014)

**Pyramid**

**Challenge to global market through  
the Power of Creation**

June ,2014

Nichi-Iko Pharmaceutical Co., Ltd.

(Code No. 4541 1<sup>st</sup> section of TSE)





- We, Nichi-Iko, provide value-added, high quality generic products which meet various requirements from patients, doctors, pharmacists, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic company in the world.

**Pyramid**

Furthering Our Mission Statement

**Vision** → **Global Top 10 Generic Maker**





# Consolidated Fiscal Year YOY

Years ended March 31, 2013 and 2014

(¥ million)

	2013	/Sales(%)	2014	/Sales(%)	YOY
Sales	93,926	-	103,622	-	110.3%
COGs	57,260	61.0%	63,947	61.7%	111.7%
Gross Profit	36,645	39.0%	39,666	38.3%	108.2%
SG&A Expenses	28,416	30.3%	32,282	31.2%	113.6%
Labor Expenses	4,810	5.1%	5,147	5.0%	107.0%
R&D Expenses	3,250	3.5%	4,441	4.3%	136.6%
Sales Promotion cost	12,187	13.0%	13,705	13.2%	112.5%
Others	8,168	8.7%	8,988	8.7%	110.0%
Operating Income	8,229	8.8%	7,383	7.1%	89.7%
Ordinary Income	8,470	9.0%	7,085	6.8%	83.6%
Net Income	5,129	5.5%	4,588	4.4%	89.5%
Capital Expenses	10,709		4,586		42.8%
Depreciation expense	4,592		5,797		126.2%

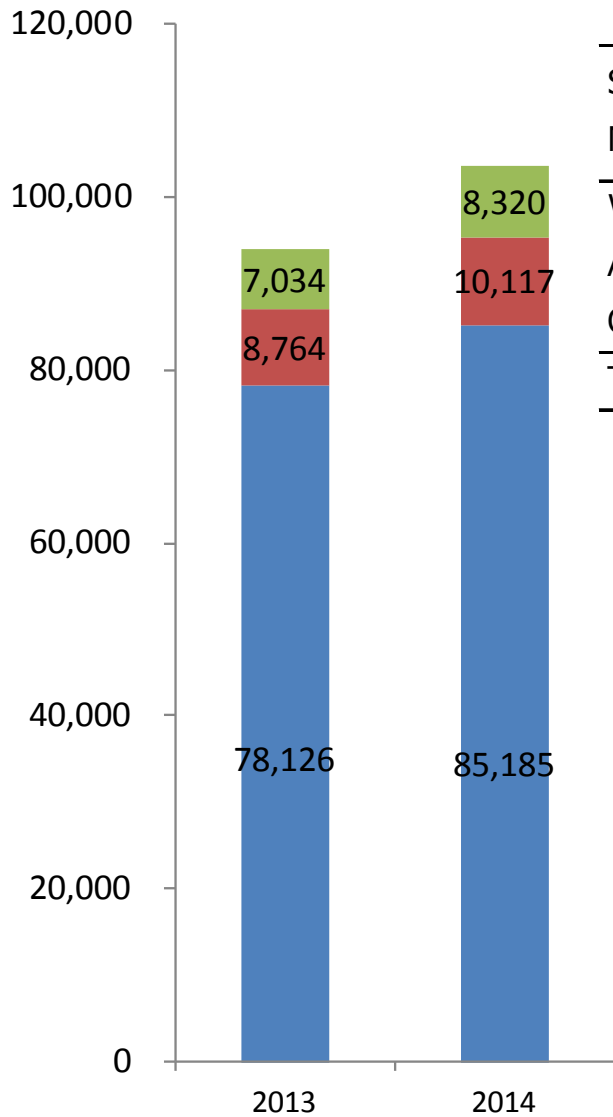
Year ended March 31, 2014

(¥ million)

	Forecasts for 2014	/Sales(%)	2014	/Sales(%)	YOY
Sales	103,000	-	103,622	-	100.6%
COGs	62,100	60.3%	63,947	61.7%	103.0%
Gross Profit	40,900	39.7%	39,666	38.3%	97.0%
SG&A Expenses	32,600	31.7%	32,282	31.2%	99.0%
Operating Income	8,300	8.1%	7,383	7.1%	89.0%
Ordinary Income	8,000	7.8%	7,085	6.8%	88.6%
Net Income	5,200	5.0%	4,588	4.4%	88.2%
Capital Expenses	5,400		4,586		84.9%
R&D Expenses	5,700		4,441		77.9%
Depreciation expense	5,900		5,797		98.3%



# Sales Performance by Distribution Channel



Years ended March 31, 2013 and 2014 (¥ million)

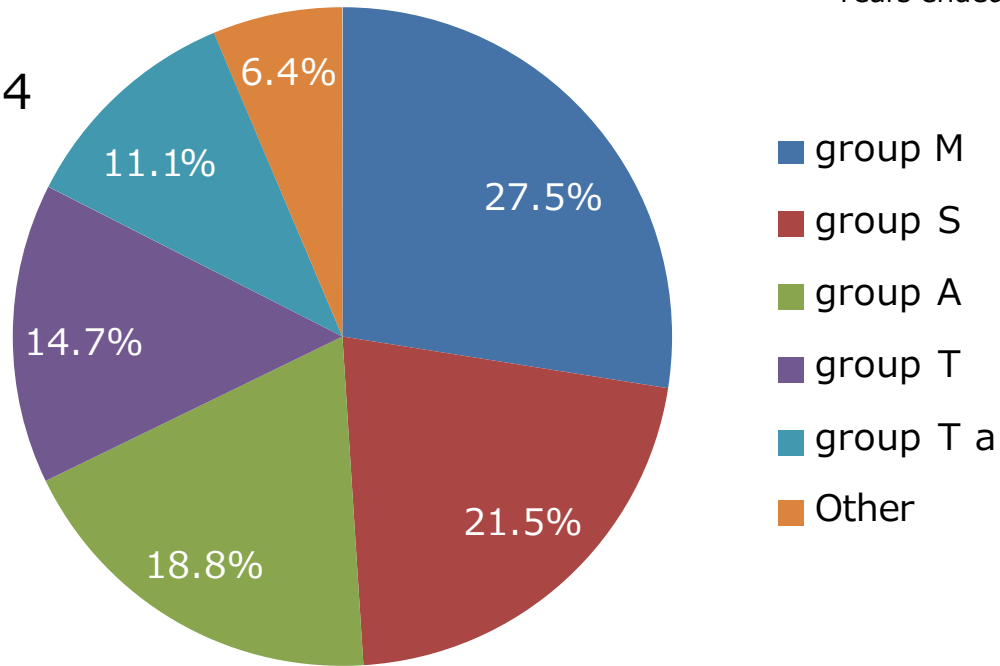
Sales by Marketing Channel	2013	2014	Sales Growth	YOY
Wholesalers	78,126	85,185	7,059	109.0%
Agencies	8,764	10,117	1,353	115.4%
Others	7,034	8,320	1,286	118.3%
<b>Total</b>	<b>93,926</b>	<b>103,622</b>	<b>9,696</b>	<b>110.3%</b>



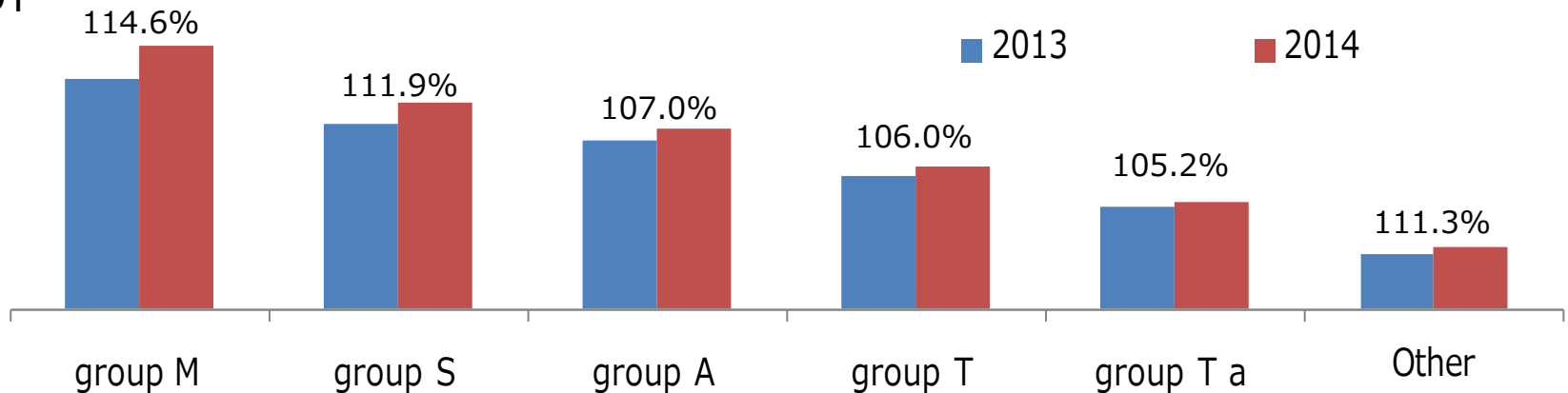
# Comparison of Performance by Wholesalers

Years ended March 31, 2013 and 2014

### Share of 2014

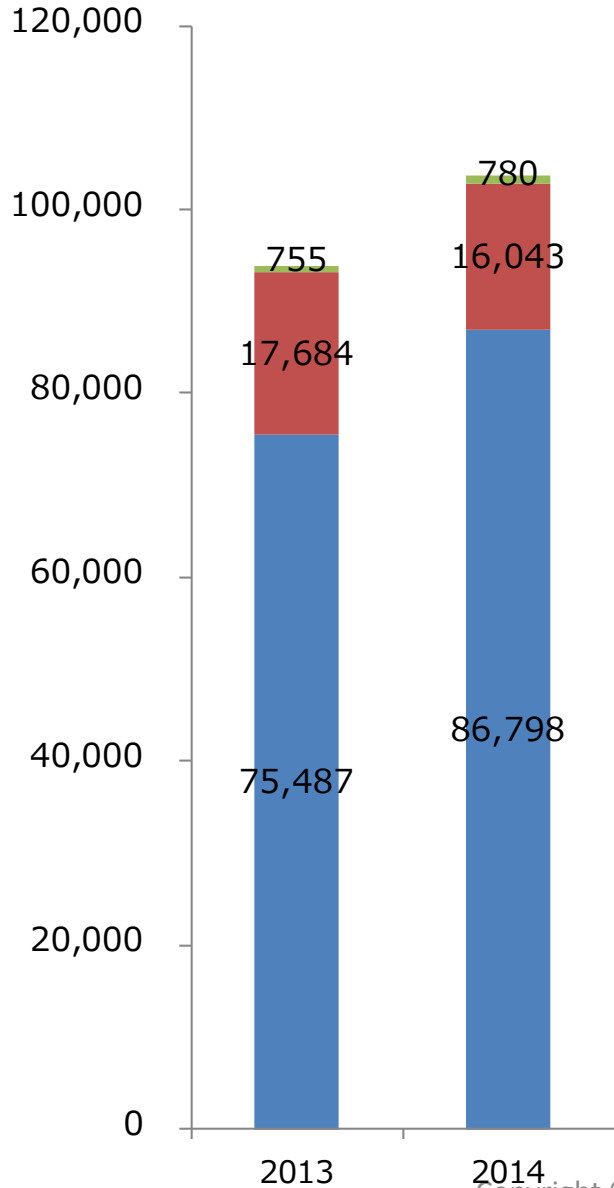


### YOY





# Sales Performance by Category of the Products



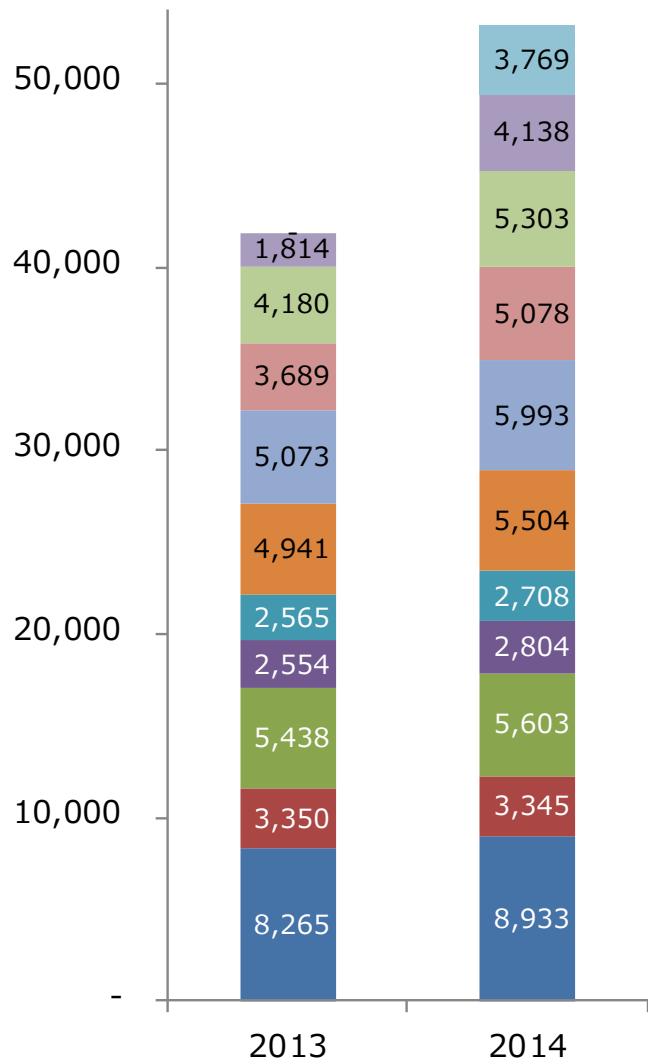
Years ended March 31, 2013 and 2014

	2013	2014	Sales Growth	YOY
G E	75,487	86,798	11,311	115.0%
LLP	17,684	16,043	-1,641	90.7%
Other	755	780	25	103.3%
Total	93,926	103,622	9,695	110.3%

- Other
- LLP
- G E

# Sales Performance of Generic Products by NHI Drug Price Listed Year

( ¥ million )



Years ended March 31, 2013 and 2014 ( ¥ million )

	2013	2014	Sales Growth	YOY
Listed in 2013	-	3,769	3,769	-
Listed in 2012	1,814	4,138	2,325	228.1%
Listed in 2011	4,180	5,303	1,124	126.9%
Listed in 2010	3,689	5,078	1,389	137.6%
Listed in 2009	5,073	5,993	920	118.1%
Listed in 2008	4,941	5,504	562	111.4%
Listed in 2007	2,565	2,708	143	105.6%
Listed in 2006	2,554	2,804	249	109.8%
Listed in 2005	5,438	5,603	164	103.0%
Listed in 2004	3,350	3,345	-5	99.9%
Listed in 2003	8,265	8,933	668	108.1%



Years ended March 31, 2013 and 2014

Institution	Total No. of Institutions in Japan	2013		2014			YOY	
		Sales composition	No. of Clients	Sales composition	No. of Clients	Ratio	Sales Growth	No. of Clients
ALL	-	100.0%	133,077	100.0%	134,623	-	111.5%	101.2%
Hospitals	6,873	8.8%	6,709	8.2%	6,720	97.8%	103.7%	100.2%
DPC Hospitals	1585	11.8%	1,556	11.1%	1,559	98.4%	104.5%	100.2%
Hospitals Under DPC Preperation	146	0.3%	142	0.3%	142	97.3%	100.9%	100.0%
Clinic	102,098	16.0%	65,816	15.2%	65,776	64.4%	106.3%	99.9%
Pharmacy	56,639	55.9%	52,865	57.8%	54,464	96.2%	115.4%	103.0%
Others	-	7.2%	-	7.4%	-	-	114.4%	-



# Generic drugs to be launched in Jun. and Dec. 2014

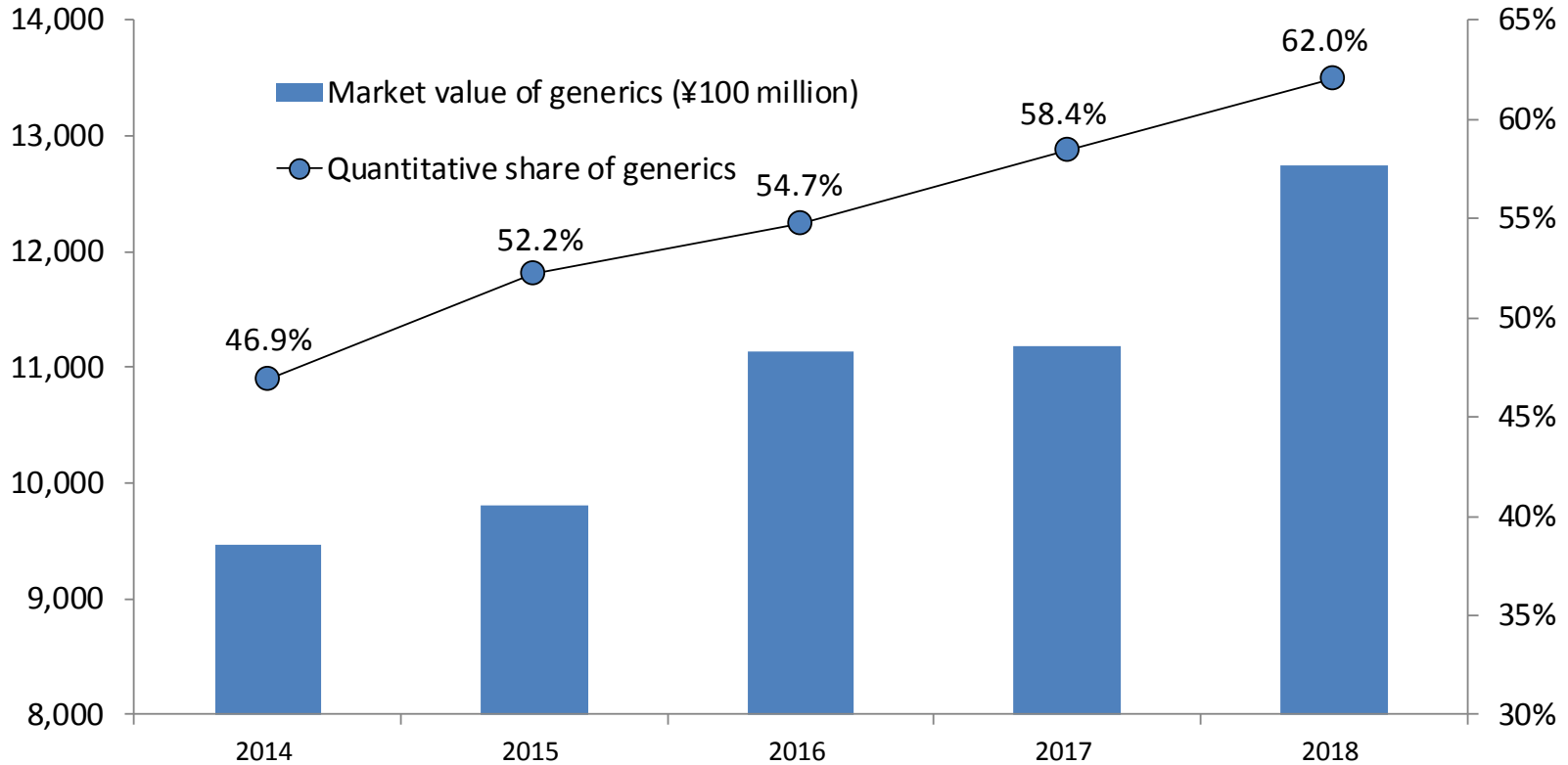
Supplementary Product List Schedule(Supplement plan for 2013 to 2016)  
Years ended March 31,2013 , 2014 , 2015 and 2016.

Launching Date of Products	2013	2014	2015	2016
Number of Products to be launched	21 ingredients 37 product listing	20 ingredients 39 product listing	(16 ingredients 30 product listing)	(19 ingredients)
Sales for 2013 original drug (hundred million yen)	approx. 2,400	approx. 3,370	approx. 2,630	approx. 3,840
Main products	Nu-lotan Paxil Myslee	Livalo Calblock Valtrex	Diovan Blopress Preminent	Plavix Glivec (Gleevec) J Zoloft

- Scheduled generic drugs to be launched for Jun.2015 7 ingredients 11 standards
  - Valsartan Tablets 20mg / 40mg / 80mg / 160mg (Diovan ® Generic)
  - Losar H Combination Tablets LD (Preminent ® Generic)
  - Zoledronic acid i.v. infusion 4mg/5mL (Zometa ® Generic)
  - Zoledronic acid i.v. infusion 4mg/100mL bag (Zometa ® Generic)
  - Atorvastatin Tablets 20mg
  - Decadron Tablets 4mg
  - Pranlukast Capsules 225mg
- Scheduled supplement articles for Dec.2015 9 ingredients 19 standards



- Expansion expected with increases in volume share and patent expiry of blockbuster products



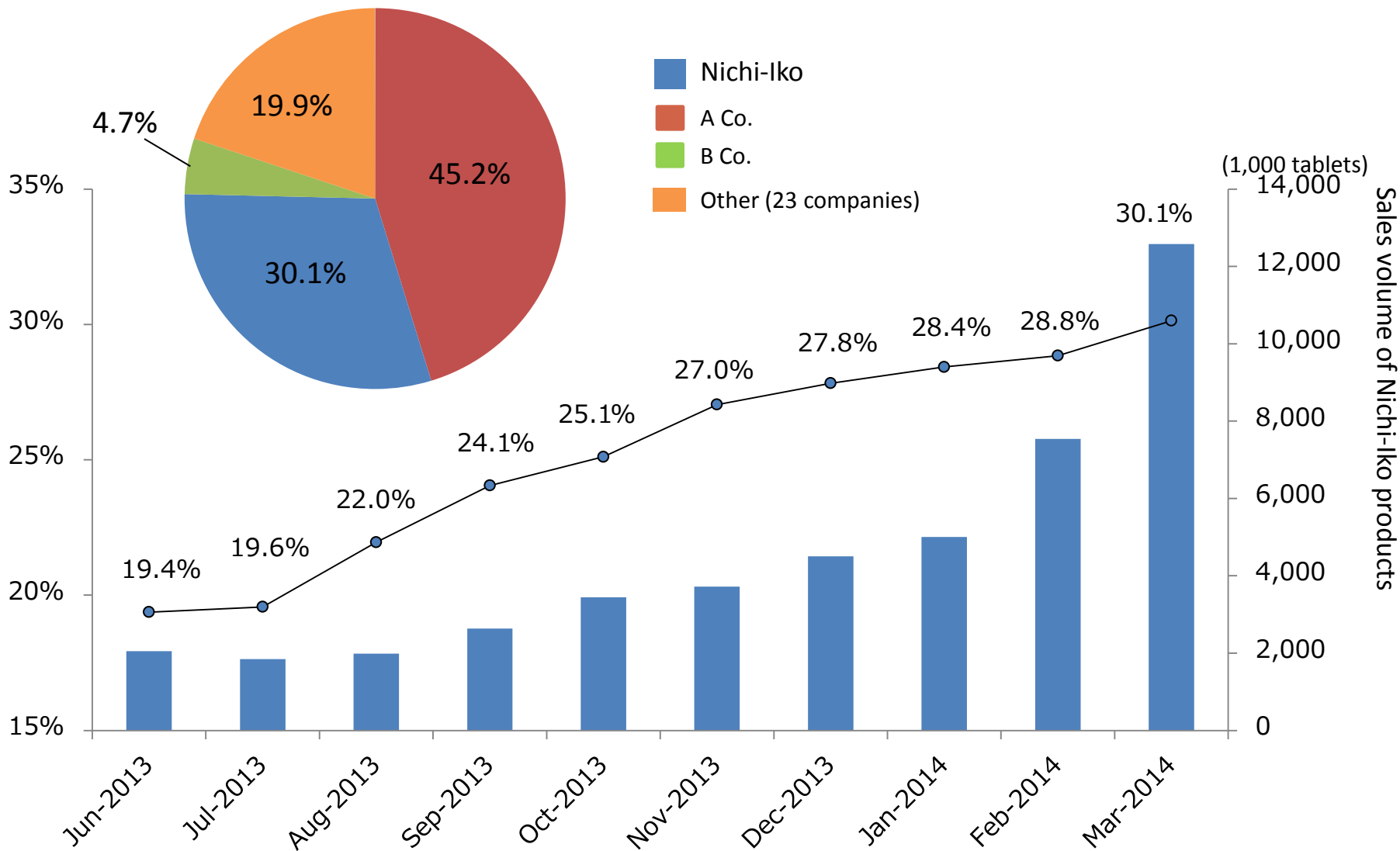
Years ended March 31, 2014, 2015, 2016, 2017 and 2018  
 Estimates by Nichi-Iko Medical Practice Institute (MPI)

- To respond to future generics market:
  - Increase market share to ensure sales growth
  - Produce at low-cost to ensure profitability



# Authorized Generic Drug (Fexofenadine)

Quantitative share among Nichi-Iko generics

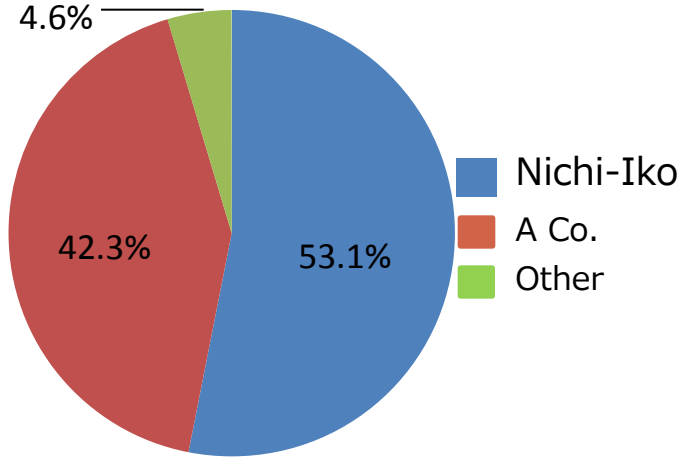


Based on JPM Fexofenadine (4/2013 – 4/2014) by IMS Health, ©2014. All rights reserved.



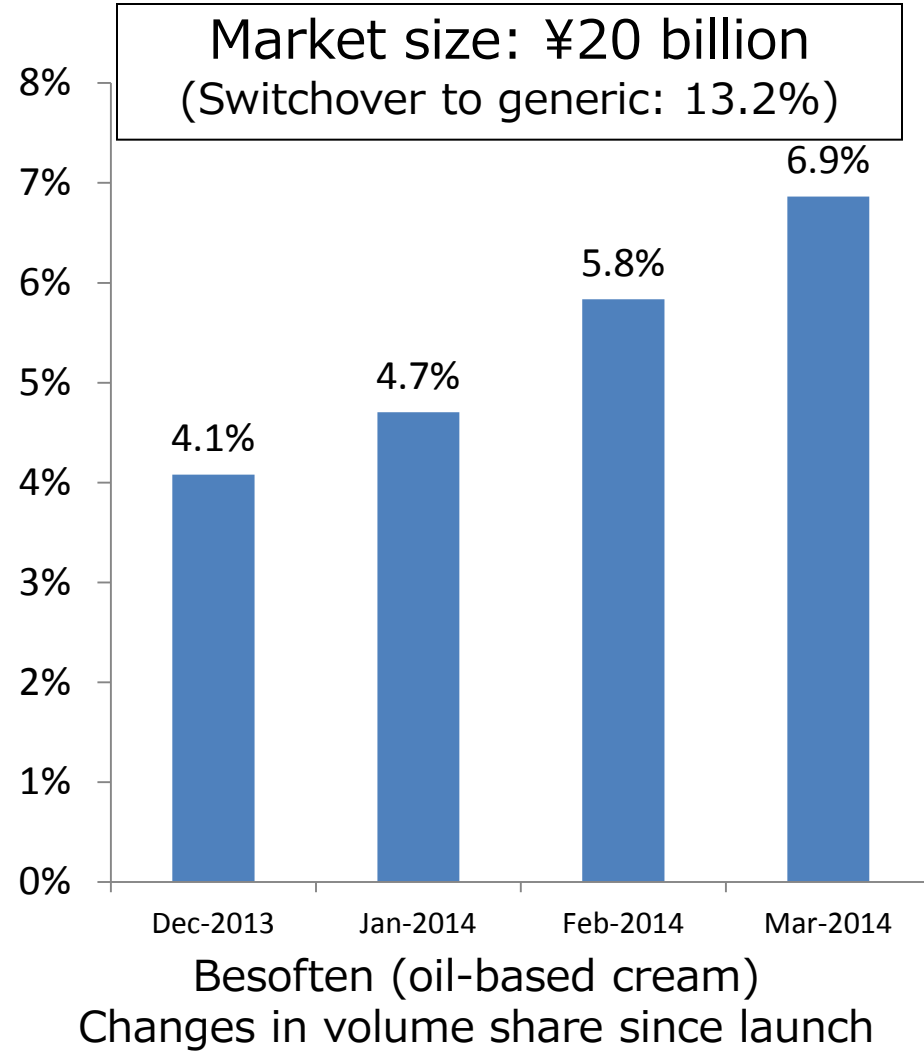
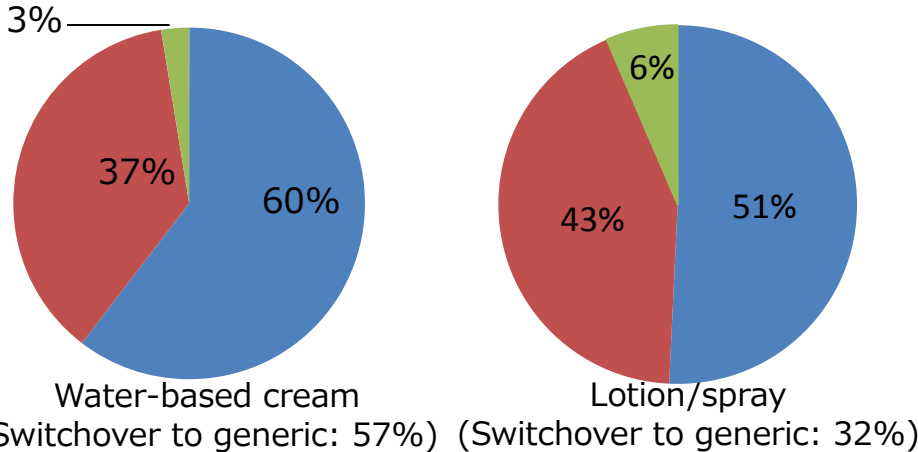
# Heparin Analog "Nichi-Iko" Series

## Share of generic heparin analog



## All dosage forms

(Switchover to generic: 25.9%)



Based on JPM Heparin Analog (4/2013 - 4/2014) by IMS Health, ©2014. All rights reserved.



# Nichi-Iko Pharma Tech Shizuoka Plant Now Operating



- Overview
  - Location: Fuji-shi, Shizuoka
  - Site area: 101,875 m<sup>2</sup>; Floor area: 57,789 m<sup>2</sup>
  - Employees: 370
  - Types of materials produced: Tablets, capsules, powdered drugs, granules, injections
  - Production performance: Approx. 3 billion tablets; 10 million injections
- Benefits from synergy
  - Strengthens stable supply system
  - Cost reduction benefits (mass production, move to in-house production)
  - Succession of excellent technological strength and outstanding quality control
- Future business plans
  - Move to in-house production of injections
  - Transfer mass production product lines from Toyama Plant





# Largest Production Capacity Among Domestic Generics Manufacturers

- Established production capacity for 10 billion tablets and 90 million injections

YAKUHAN Pharmaceutical Co., Ltd.

Toyama Plant 1



- Tablets, capsules



- Disinfectants

Aichi Plant



- Injections

Toyama Plant 2



- Powders, granules

Yamagata Plant



- External preparations

Nichi-Iko Pharma Tech Shizuoka Plant



- Tablets, injections

Saitama Plant



- Ophthalmic agents, jelly formulations

**Infliximab**  
 (Starter: Remicade®)

Present status:  
 In phase III  
 clinical trials

2015:  
 Application

2016:  
 Approval  
 expected

Sales target:  
 ¥6.5 billion/year

**Darbepoetin α**  
 (Starter: Nesp®)

2015:  
 Clinical trials  
 start

2018: Application  
 2019: Approval expected

**Trastuzumab**  
 (Starter: Herceptin®)

2016:  
 Clinical trials  
 start

2019: Application  
 2020: Approval expected

**Rituximab**  
 (Starter: Rituxan®)

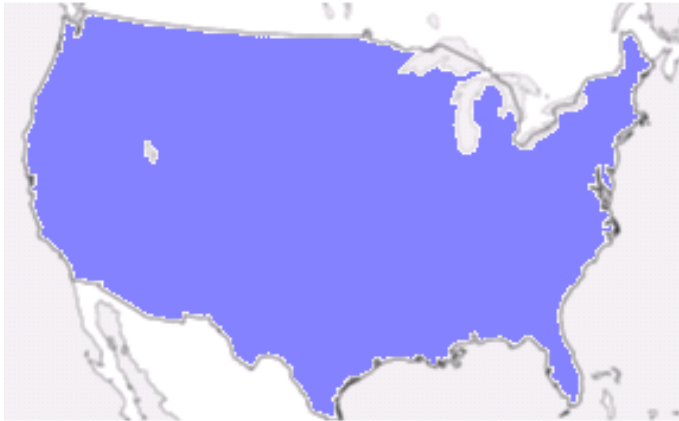
Candidate  
 for  
 development

## Domestic market

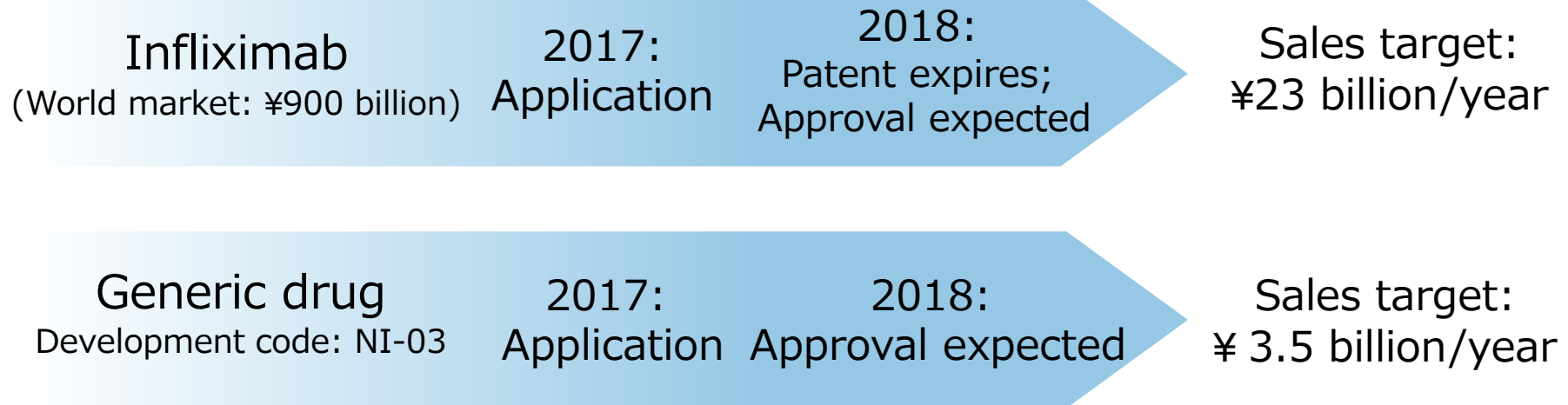
Infliximab: ¥90 billion  
 Darbepoetin α: ¥65 billion  
 Trastuzumab: ¥37 billion  
 Rituximab: ¥35 billion



- To become a global generics manufacturer:



- Accelerate business expansion through NIXS, the US subsidiary
- Expand biosimilars business (infliximab, etc.)
- Expand market for new generic drug (NI-03)



Years ended March 31, 2015 and 2016					(¥ million)
	2015 (※1)	Sales (%)	2015 (※2)	Sales (%)	Against announcement
Sales	115,000	-	123,000	-	107.0%
COGs	70,000	60.9%	76,500	62.2%	109.3%
Gross Profit	45,000	39.1%	46,500	37.8%	103.3%
SG&A expenses	33,500	29.1%	37,200	30.2%	111.0%
Operating income	11,500	10.0%	9,300	7.6%	80.9%
Ordinary income	11,100	9.7%	9,000	7.3%	81.1%
Net income	6,900	6.0%	5,900	4.8%	85.5%
Capital Expenses	5,300		5,400		101.9%
R&D expense	6,000		5,800		96.7%
Depreciation expense	5,300		6,600		124.5%

Years ended March 31, 2015 and 2016					(¥ million)
	2016 (※1)	Sales (%)	2016 (※2)	Sales (%)	Against announcement
Sales	130,000	-	137,200	-	105.5%
COGs	79,800	61.4%	84,100	61.3%	105.4%
Gross Profit	50,200	38.6%	53,100	38.7%	105.8%
SG&A expenses	35,900	27.6%	40,600	29.6%	113.1%
Operating income	14,300	11.0%	12,500	9.1%	87.4%
Ordinary income	14,000	10.8%	12,100	8.8%	86.4%
Net income	9,000	6.9%	8,000	5.8%	88.9%
Capital Expenses	3,100		4,500		145.2%
R&D expense	5,900		5,100		86.4%
Depreciation expense	4,800		6,500		135.4%

※1 at initial announcement of Mid-term plan  
※2 revised Mid-term plan

## Forward-Looking Statements



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Accordingly, actual results may differ from forecasts for a variety of reasons.

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