



Year Ending March 31, 2018
Results of 2nd Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Sep.30 2017)

November, 2017

Nichi-Iko Pharmaceutical Co., Ltd.

(Code No. 4541 1st section of TSE)



Mission Statement: The 7th Medium-term Business Plan

Our mission is to provide value-added, high quality generic products which meet the needs of patients, doctors, pharmacists, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies in the world.



Obelisk
2019

THEME

Use our creativity to establish a commanding presence and expand in the global marketplace

Results -YOY-

(¥million)

	FY2016 H1	vs Sales (%)	FY2017 H1	vs Sales (%)	YOY
Sales	75,151	-	94,297	-	125.5%
COGS	47,870	63.7%	62,221	66.0%	130.0%
Gross Profit	27,289	36.3%	31,914	33.8%	116.9%
SG&A	23,249	30.9%	26,992	28.6%	116.1%
Labor Expense	3,137	4.2%	5,145	5.5%	164.0%
R&D Expense	3,516	4.7%	3,866	4.1%	110.0%
Sales Promotion	10,008	13.3%	10,639	11.3%	106.3%
Others	6,588	8.8%	7,342	7.8%	111.4%
Operating Profit	4,039	5.4%	4,922	5.2%	121.9%
Ordinary Profit	3,314	4.4%	5,103	5.4%	154.0%
Quarterly Net Profit Attributable to Parent	2,178	2.9%	2,449	2.6%	112.4%
Capital Expense	6,804		5,823		85.6%
Depreciation	2,866		5,412		188.8%

Results -vs Forecast-

(¥million)

	FY2017 Forecast	vs Sales (%)	FY2017 H1 Forecast	vs Sales (%)	FY2017 H1 Actual	vs Sales (%)	vs Forecast Full Year	H1
Sales	206,000	-	99,000	-	94,297	-	45.8%	95.2%
COGS	136,500	66.3%	65,600	66.3%	62,221	66.0%	45.6%	94.8%
Gross Profit	69,500	33.7%	33,400	33.7%	31,914	33.8%	45.9%	95.6%
SG&A	60,500	29.4%	29,000	29.3%	26,992	28.6%	44.6%	93.1%
Operating Profit	9,000	4.4%	4,400	4.4%	4,922	5.2%	54.7%	111.9%
Ordinary Profit	8,600	4.2%	4,200	4.2%	5,103	5.4%	59.3%	121.5%
Quarterly Net Profit Attributable to Parent	5,500	2.7%	2,700	2.7%	2,449	2.6%	44.5%	90.7%
Capital Expense	10,568				5,823		55.1%	
R&D Expense	10,626				3,866		36.4%	
Depreciation	10,985				5,412		49.3%	

Results -Segment-

(¥ million)

	FY2017 H1									
	Japan			Oversea			Adjustment	Consolidated		
	FY2016 H1	FY2017 H1	YOY	FY2016 H1	FY2017 H1	YOY	FY2017 H1	FY2016 H1	FY2017 H1	YOY
Sales	75,151	75,424	100.4%	-	18,873	-	-	75,151	94,297	125.5%
COGS	47,870	48,922	102.2%	-	13,298	-	-	47,870	62,221	130.0%
vs Sales	63.7%	64.9%			70.5%			63.7%	66.0%	
Gross Profit	27,289	26,340	96.5%	-	5,574	-	-	27,289	31,914	116.9%
vs Sales	36.3%	34.9%			29.5%		Δ	36.3%	33.8%	
SG&A	23,249	22,905	98.5%	-	4,092	-	6	23,249	26,992	116.1%
vs Sales	30.9%	30.4%			21.7%			30.9%	28.6%	
R&D Expense	3,516	3,008	85.6%	-	858	-	-	3,516	3,866	110.0%
Sales Promotion	10,008	10,460	104.5%	-	179	-	-	10,008	10,639	106.3%
Labor Expense	3,137	3,235	103.1%	-	1,910	-	-	3,137	5,145	164.0%
Depreciation	486	579	119.1%	-	207	-	-	486	786	161.7%
Amortization	86	1,076	1251.2%	-	0	-	Δ -	86	1,076	1251.2%
Others	6,016	4,547	75.6%	-	938	-	6	6,016	5,480	91.1%
Operating Profit	4,039	3,434	85.0%	-	1,481	-	6	4,039	4,922	121.9%
vs Sales	5.4%	4.6%			7.8%			5.4%	5.2%	

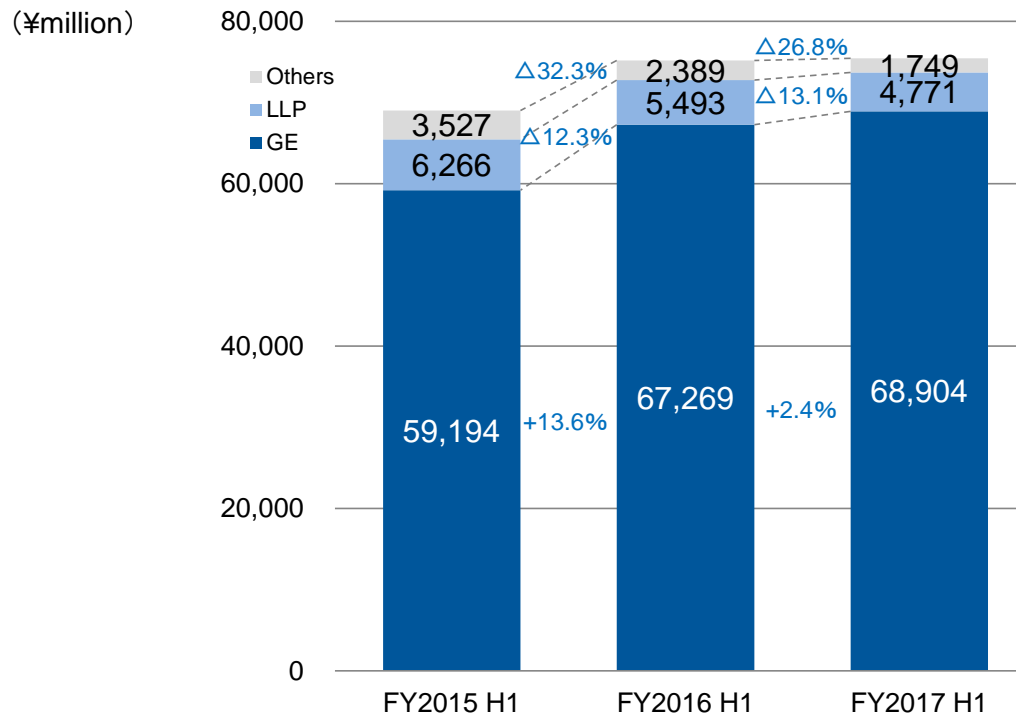
Sales Performance by Category of Products

Japan



(¥ million)

	FY2015 H1		FY2016 H1		FY2017 H1	
	Actual		Actual	YOY	Actual	YOY
GE	59,194		67,269	113.6%	68,904	102.4%
LLP	6,266		5,493	87.7%	4,771	86.9%
Others	3,527		2,389	67.7%	1,749	73.2%
Total	68,987		75,151	108.9%	75,424	100.4%



Sales Performance by Distribution Channel

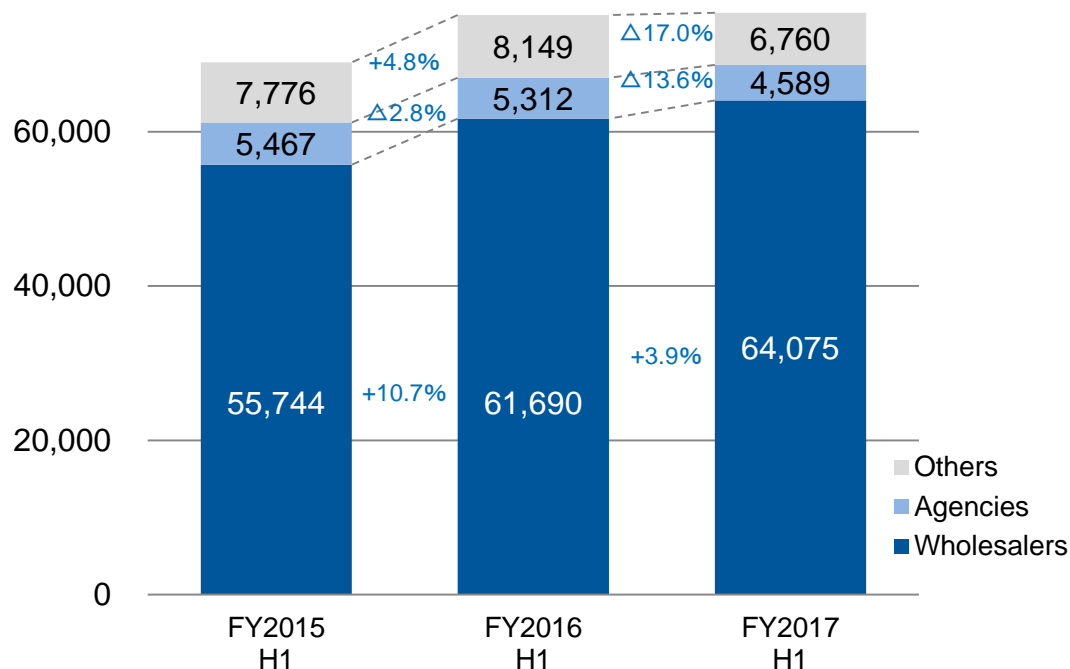
Japan



(¥million)

Distribution Channel	FY2015 H1		FY2016 H1				FY2017 H1			
	Actual		Actual		YOY		Actual		YOY	
	Sales	%	Sales	%	Variance	%	Sales	%	Variance	%
Wholesalers	55,744	80.8%	61,690	82.1%	5,946	110.7%	64,075	85.0%	2,385	103.9%
Agencies	5,467	7.9%	5,312	7.1%	-155	97.2%	4,589	6.1%	-723	86.4%
Others	7,776	11.3%	8,149	10.8%	373	104.8%	6,760	9.0%	-1,389	83.0%
Total	68,987	100.0%	75,151	100.0%	6,164	108.9%	75,424	100.0%	273	100.4%

(¥million) 80,000

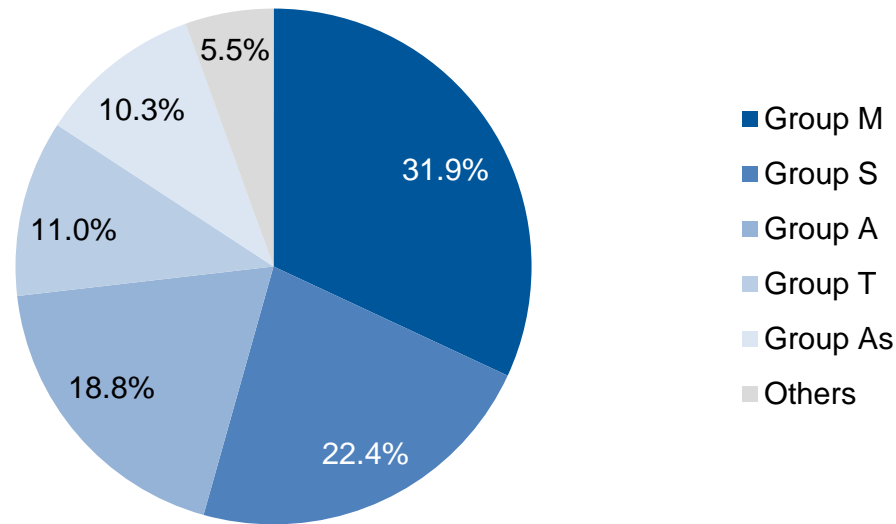


Comparison of Performance by Wholesalers

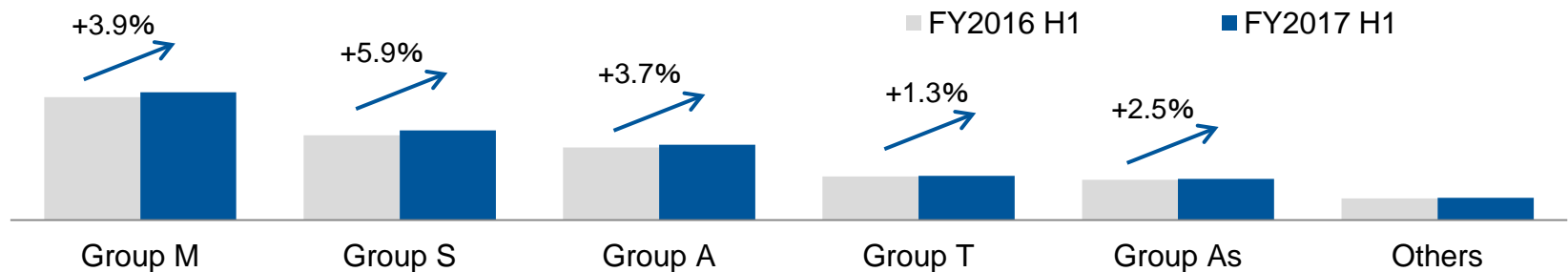
Japan



Share of FY2017 H1

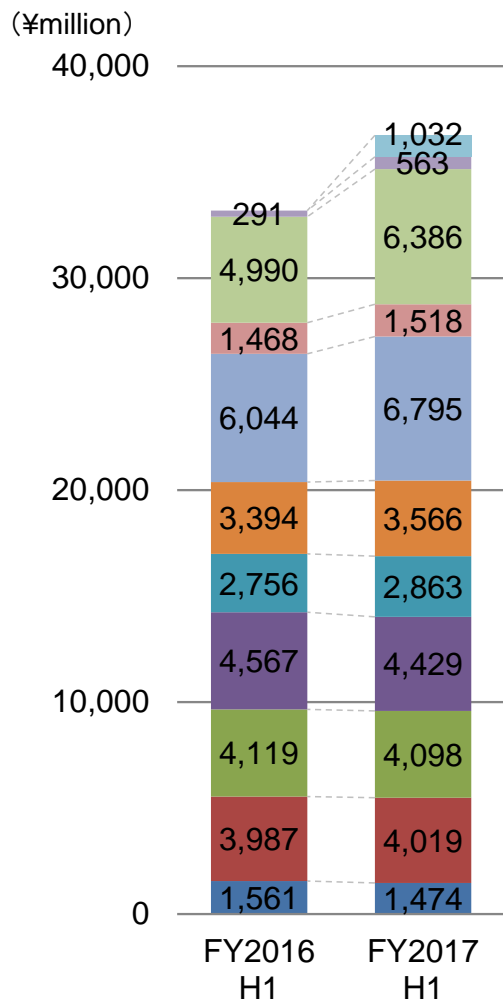


YOY



Sales Performance of Generic Products by NHI Listed Year

Japan



(¥ million)

	FY2016 H1	FY2017 H1	Variance	YOY
Listed in 2017	-	1,032	1,032	-
Listed in 2016	291	563	272	193.5%
Listed in 2015	4,990	6,386	1,396	128.0%
Listed in 2014	1,468	1,518	50	103.4%
Listed in 2013	6,044	6,795	751	112.4%
Listed in 2012	3,394	3,566	172	105.1%
Listed in 2011	2,756	2,863	107	103.9%
Listed in 2010	4,567	4,429	-138	97.0%
Listed in 2009	4,119	4,098	-21	99.5%
Listed in 2008	3,987	4,019	32	100.8%
Listed in 2007	1,561	1,474	-87	94.4%
Total	33,177	36,743	3,566	110.7%

Sales Performance by Medical Institutions

Japan



GE	FY2016 H1			FY2017 H1					
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients			
All	106,188	110.0%	101.2%	107,344	108.0%	101.1%			
DPC Hospital	1,652	106.1%	100.7%	1,652	108.9%	100.0%			
Pharmacy	55,607	113.5%	102.0%	56,482	109.1%	101.6%			
All Products	Total No. of Institutions in Japan	FY2016 H1			FY2017 H1			YOY	
		Sales Composition	No. of Clients		Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	124,918	100.0%	125,645	-	106.6%	100.6%	
Hospital	8,491	17.4%	8,315	17.4%	8,309	97.9%	106.8%	99.9%	
DPC Hospital	1,674	11.0%	1,652	11.2%	1,654	98.8%	109.2%	100.1%	
Clinic	103,594	10.9%	60,459	10.3%	60,382	58.3%	101.2%	99.9%	
Pharmacy	59,348	64.3%	56,144	64.8%	56,954	96.0%	107.5%	101.4%	
Others	-	7.5%	-	7.5%	-	-	106.4%	-	

New Products

Japan



	2017	2018	2019
Number of products	12 ingredients 35 product listing	12 ingredients 24 product listing	9 ingredients 20 product listing
Original products	Crestor® Olmetec® Micardis®	Remeron®/Refrex® Recalbon®/Bonoteo® Aimix®	Urief® Lonasen® Teribone®
Original products Market size (¥ billion)	405	220	303

Available in December, 2017 5ingredients 16 product listing

- Olmesartan Tablet 5mg/10mg/20mg/40mg (Olmetec®)
- Olmesartan OD Tablet 10mg/20mg/40mg (Olmetec®)
- Rosuvastatin Tablet 2.5mg/5mg (Crestor®)
- Rosuvastatin OD Tablet 2.5mg/5mg (Crestor®)
- Irbesartan Tablet 50mg/100mg/200mg (Avapro®/Irbetan®)
- Famciclovir Tablet 250mg (Famvir®)
- Olanzapine OD Tablet 2.5mg (Zyprexa®)

Forward-Looking Statements



The information contained in this document is not intended as solicitation material for buying or selling the company's shares.

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