



Year Ending March 31, 2018
Results of 3rd Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Dec.31 2017)

February, 2018

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.

Obe**visk**
2019

The logo for Obevisk 2019. The word "Obevisk" is written in a bold, blue, italicized sans-serif font. A stylized, 3D-rendered yellow and gold pen nib is positioned vertically between the "e" and "v". Below "Obevisk", the year "2019" is written in a bold, blue, sans-serif font.

THEME

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



FY2017 Q3 Overview



Steady performance for profit plan

(¥billion)

Sales

143.4 ◆ Good sales condition in new products
◆ Reduction in domestic CMO sales

Operating
Profit

8.2 ◆ Favorable Gross profit ratio in Sagent
◆ Unused R&D

Quarterly
Net Profit

5.6 ◆ Effect of US Tax reform (¥1.25 billion)

Results -YOY-



(¥million)

	FY2016 3Q	vs Sales (%)	FY2017 3Q	vs Sales (%)	YOY
Sales	117,582	-	143,466	-	122.0%
COGS	75,422	64.1%	93,749	65.3%	124.3%
Gross Profit	42,167	35.9%	49,430	34.5%	117.2%
SG&A	35,154	29.9%	41,221	28.7%	117.3%
Labor Expense	4,867	4.1%	7,586	5.3%	155.9%
R&D Expense	5,545	4.7%	6,051	4.2%	109.1%
Sales Promotion	15,347	13.1%	16,569	11.5%	108.0%
Others	9,395	8.0%	11,014	7.7%	117.2%
Operating Profit	7,013	6.0%	8,208	5.7%	117.0%
Ordinary Profit	6,701	5.7%	8,178	5.7%	122.0%
Quarterly Net Profit Attributable to Parent	3,168	2.7%	5,658	3.9%	178.6%
Capital Expense	9,202		8,797		95.6%
Depreciation	4,832		8,164		169.0%

Results -vs Forecast-

(¥million)

	FY2017 Forecast	vs Sales (%)	FY2017 Q3 Actual	vs Sales (%)	vs Forecast (%)
Sales	200,000	-	143,466	-	71.7%
COGS	134,000	67.0%	93,749	65.3%	70.0%
Gross Profit	66,000	33.0%	49,430	34.5%	74.9%
SG&A	57,000	28.5%	41,221	28.7%	72.3%
Operating Profit	9,000	4.5%	8,208	5.7%	91.2%
Ordinary Profit	8,600	4.3%	8,178	5.7%	95.1%
Net Profit Attributable to Parent	5,500	2.8%	5,658	3.9%	102.9%
Capital Expense	11,000		8,797		80.0%
R&D Expense	10,000		6,051		60.5%
Depreciation	11,000		8,164		74.2%

Results -Segment-



(¥ million)

	FY2017 Q3								
	Japan			Oversea			Consolidated		
	FY2016 Q3	FY2017 Q3	YOY	FY2016 Q3	FY2017 Q3	YOY	FY2016 Q3	FY2017 Q3	YOY
Sales	114,898	116,229	101.2%	2,683	27,236	1014.9%	117,582	143,466	122.0%
COGS	73,572	74,787	101.7%	1,849	18,962	1025.1%	75,422	93,749	124.3%
<i>vs Sales</i>	<i>64.0%</i>	<i>64.3%</i>		<i>68.9%</i>	<i>69.6%</i>		<i>64.1%</i>	<i>65.3%</i>	
Gross Profit	41,334	41,155	99.6%	833	8,274	992.4%	42,167	49,430	117.2%
<i>vs Sales</i>	<i>36.0%</i>	<i>35.4%</i>		<i>31.0%</i>	<i>30.4%</i>		<i>35.9%</i>	<i>34.5%</i>	
SG&A	34,229	34,952	102.1%	924	6,269	678.3%	35,154	41,221	117.3%
<i>vs Sales</i>	<i>29.8%</i>	<i>30.1%</i>		<i>34.4%</i>	<i>23.0%</i>		<i>29.9%</i>	<i>28.7%</i>	
R&D Expense	5,061	4,686	92.6%	483	1,364	282.4%	5,545	6,051	109.1%
Sales Promotion	15,324	16,284	106.3%	23	284	1202.6%	15,347	16,569	108.0%
Labor Expense	4,658	4,747	101.9%	208	2,838	1358.5%	4,867	7,586	155.8%
Depreciation	772	881	114.1%	28	310	1093.3%	800	1,191	148.8%
Amortization	280	1,623	578.2%	-	-	-	280	1,623	578.2%
Others	8,134	6,731	82.7%	182	1,473	816.9%	8,311	8,199	98.7%
Operating Profit	7,104	6,203	87.3%	-90	2,005	-	7,013	8,208	117.0%
<i>vs Sales</i>	<i>6.2%</i>	<i>5.3%</i>		<i>-3.4%</i>	<i>7.4%</i>		<i>6.0%</i>	<i>5.7%</i>	

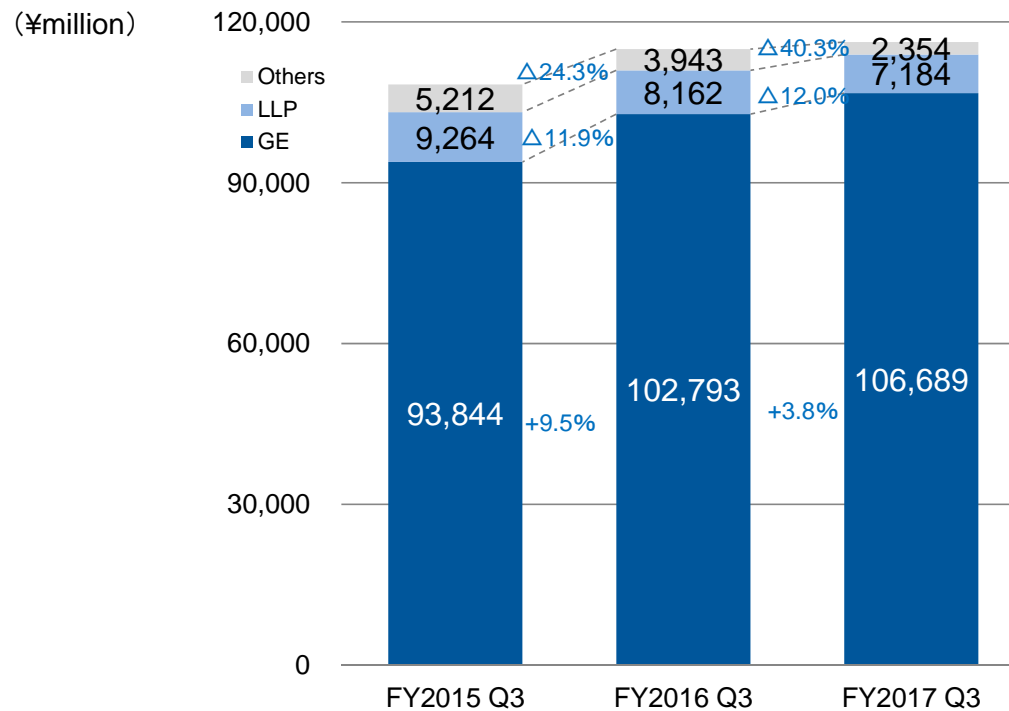
Sales Performance by Category of Products

Japan



(¥ million)

	FY2015 Q3	FY2016 Q3		FY2017 Q3	
	Actual	Actual	YOY	Actual	YOY
GE	93,844	102,793	109.5%	106,689	103.8%
LLP	9,264	8,162	88.1%	7,184	88.0%
Others	5,212	3,943	75.7%	2,354	59.7%
Total	108,320	114,898	106.1%	116,229	101.2%



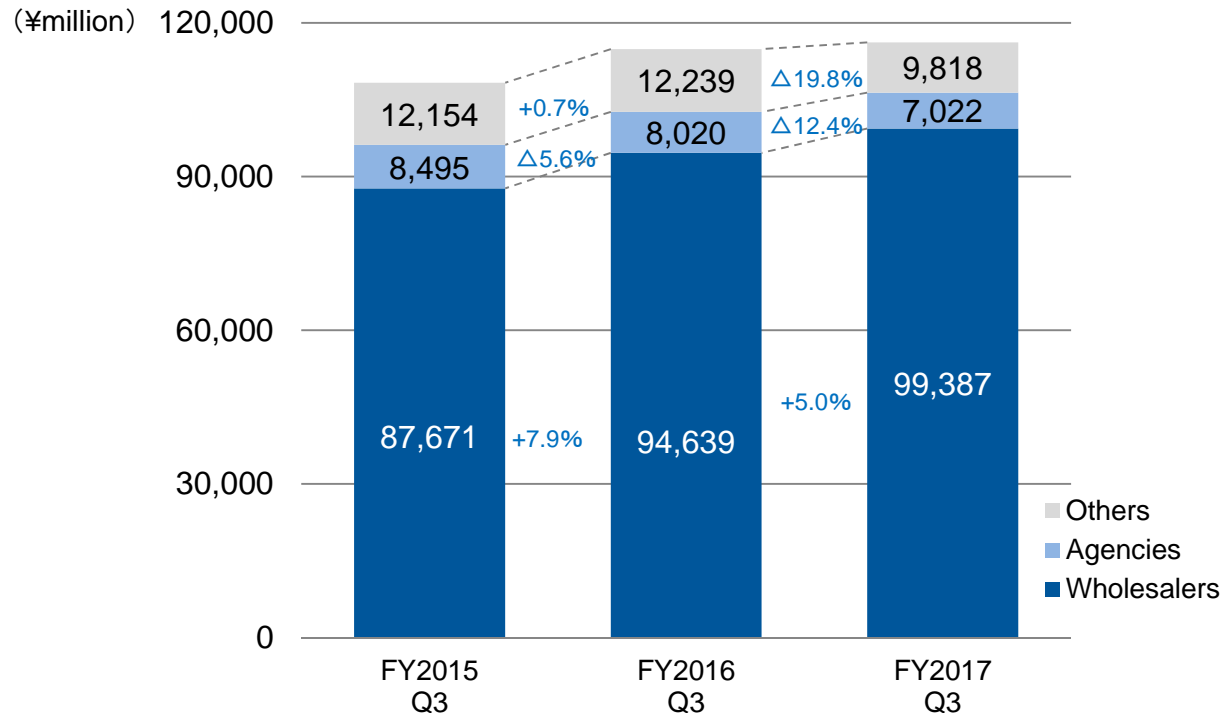
Sales Performance by Distribution Channel

Japan



(¥million)

Distribution Channel	FY2015 Q3		FY2016 Q3				FY2017 Q3			
	Actual		Actual		YOY		Actual		YOY	
	Sales	%	Sales	%	Variance	%	Sales	%	Variance	%
Wholesalers	87,671	80.9%	94,639	82.4%	6,968	107.9%	99,387	85.5%	4,748	105.0%
Agencies	8,495	7.8%	8,020	7.0%	-475	94.4%	7,022	6.0%	-998	87.6%
Others	12,154	11.2%	12,239	10.7%	85	100.7%	9,818	8.4%	-2,421	80.2%
Total	108,320	100.0%	114,898	100.0%	6,578	106.1%	116,229	100.0%	1,331	101.2%

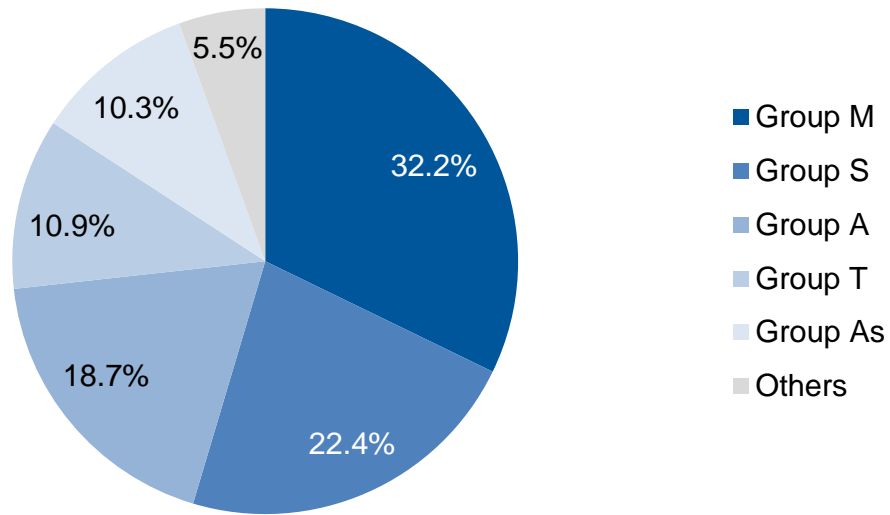


Comparison of Performance by Wholesalers

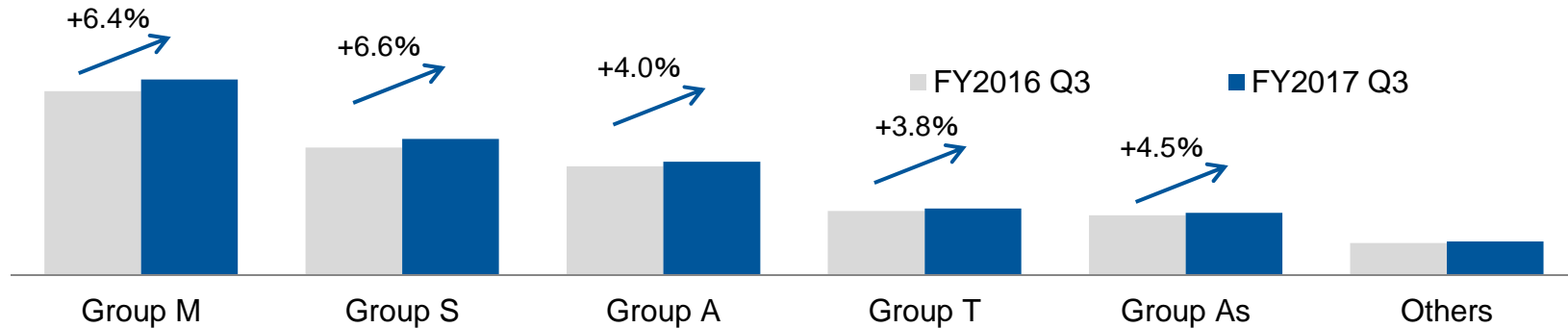
Japan



Share of FY2017 Q3

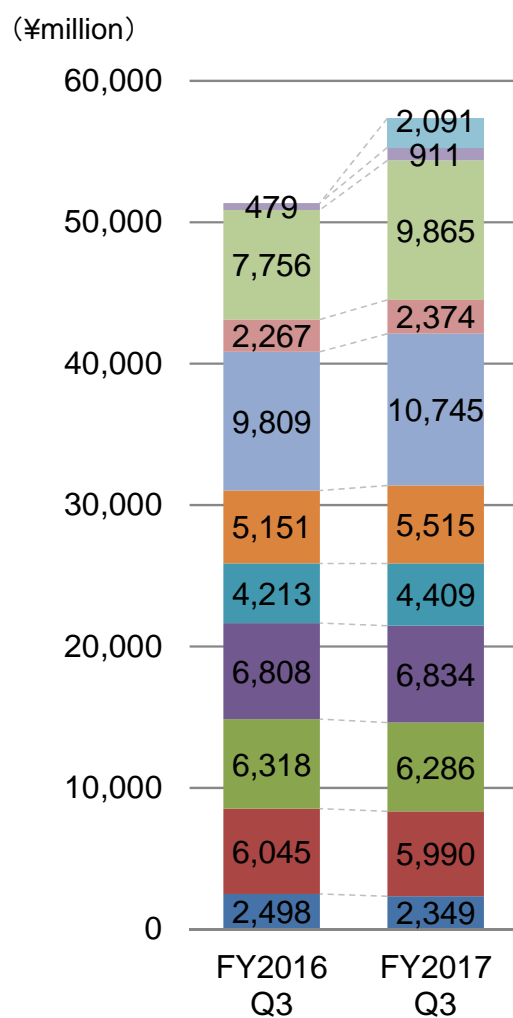


YOY



Sales Performance of Generic Products by NHI Listed Year

Japan



(¥ million)

	FY2016 Q3	FY2017 Q3	Variance	YOY
Listed in 2017	-	2,091	2,091	-
Listed in 2016	479	911	432	190.2%
Listed in 2015	7,756	9,865	2,109	127.2%
Listed in 2014	2,267	2,374	107	104.7%
Listed in 2013	9,809	10,745	936	109.5%
Listed in 2012	5,151	5,515	364	107.1%
Listed in 2011	4,213	4,409	196	104.7%
Listed in 2010	6,808	6,834	26	100.4%
Listed in 2009	6,318	6,286	-32	99.5%
Listed in 2008	6,045	5,990	-55	99.1%
Listed in 2007	2,498	2,349	-149	94.0%
Total	51,344	57,369	6,025	111.7%

Sales Performance by Medical Institutions

Japan



GE	FY2016 Q3			FY2017 Q3				
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients		
All	110,321	108.0%	101.5%	111,287	108.9%	100.9%		
DPC Hospital	1,654	105.0%	100.7%	1,651	108.7%	99.8%		
Pharmacy	56,302	110.7%	101.8%	57,241	110.2%	101.7%		
All Products	Total No. of Institutions in Japan	FY2016 Q3		FY2017 Q3			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	128,578	100.0%	129,301	-	107.4%	100.6%
Hospital	8,496	17.5%	8,332	17.4%	8,323	98.0%	106.3%	99.9%
DPC Hospital	1,674	11.1%	1,655	11.2%	1,653	98.7%	108.1%	99.9%
Clinic	103,488	10.7%	63,502	10.2%	63,342	61.2%	101.6%	99.7%
Pharmacy	59,407	64.1%	56,744	65.0%	57,636	97.0%	108.8%	101.6%
Others	-	7.6%	-	7.5%	-	-	106.6%	-

Forward-Looking Statements



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