Obelisk 2019

FY 3/2018 Presentation

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President & CEO
Yuichi Tamura

Nichi-Iko Pharmaceutical Co.,Ltd.

FY 3/2018 Financial Summary (IFRS)

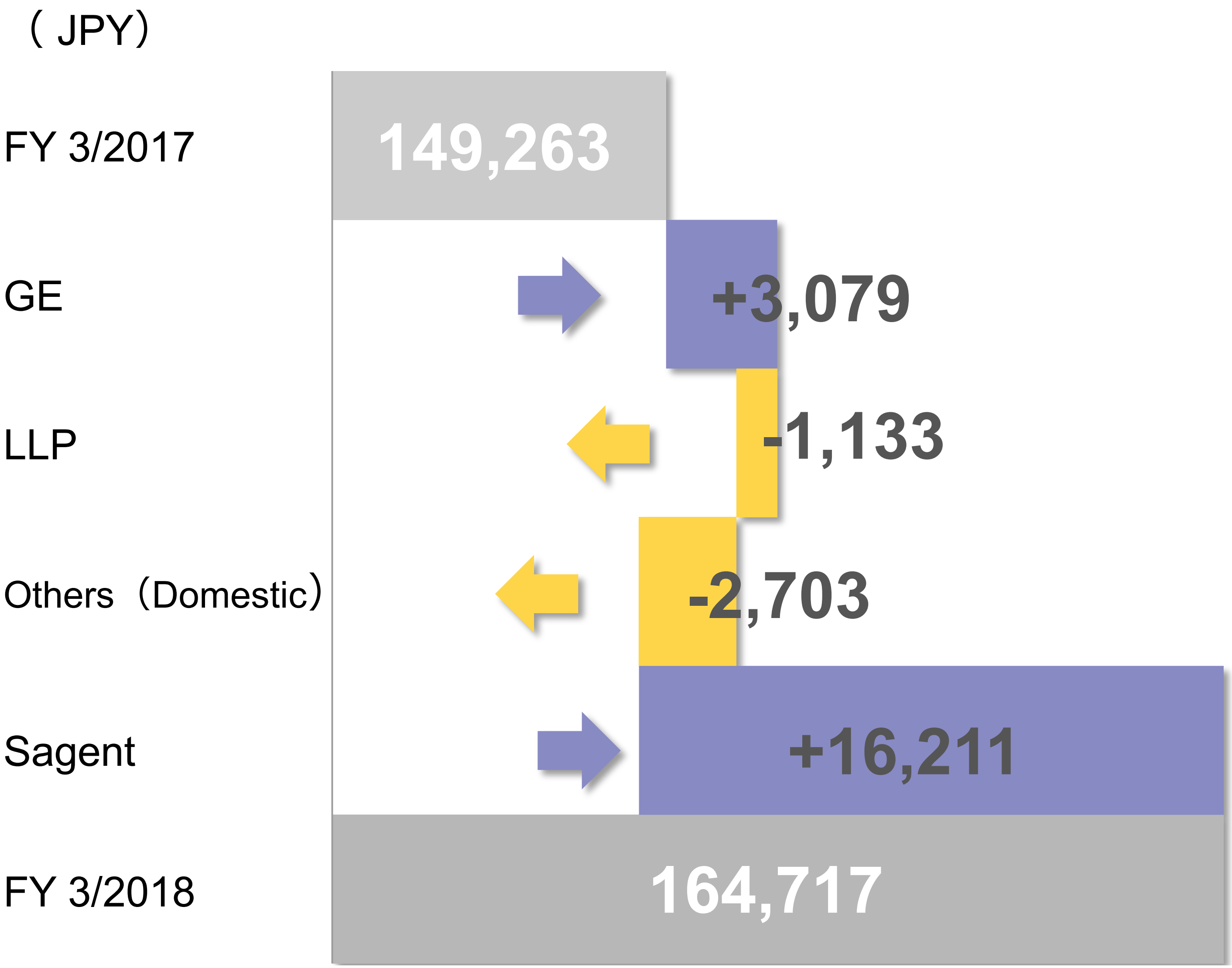
Optional Application of IFRS(From FY 3/2018)
Sagent Sales UP & Domestic Generic Sales UP
⇒Increase in Revenue & Profit

Sales	(FY3/2017 149.2B JPY) **164.7B JPY**	(+) Sagent Sales Up (+) GE Sales Up (-) LLP, Others Sales Down
Operating Profit	(FY3/2017 6.3B JPY) **10.3B JPY**	(+) Gross Profit Up (+) R&D Capitalization
Net Income	(FY3/2017 4.7B JPY) **8B JPY**	

FY 3/2018 Results （IFRS）

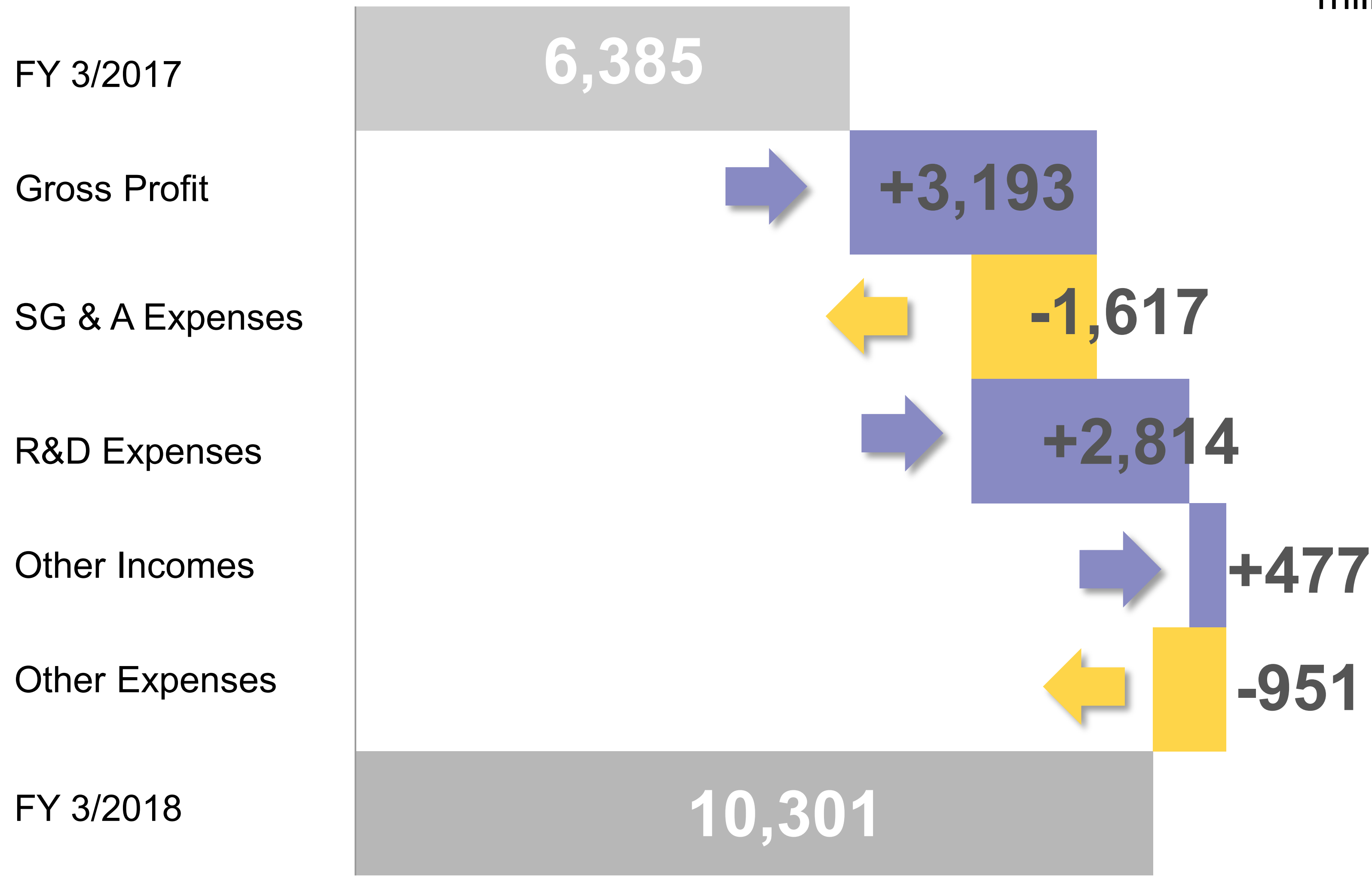
(million JPY)	Japan + Others			Sagent			Consolidated		
	FY 3/2017	**FY 3/2018**	YOY	FY 3/2017	**FY 3/2018**	YOY	FY 3/2017	**FY 3/2018**	YOY
Sales	129,415	**128,659**	99.4%	19,847	**36,058**	181.7%	149,263	**164,717**	110.4%
COGS	95,882	**97,816**	102.0%	15,769	**26,097**	165.5%	111,652	**123,914**	111.0%
Gross Profit	33,533	**30,842**	92.0%	4,077	**9,961**	244.3%	37,610	**40,803**	108.5%
SG&A	17,952	**16,584**	92.4%	3,566	**6,551**	183.7%	21,519	**23,136**	107.5%
R&D Expenses	6,360	**2,766**	43.5%	921	**1,701**	184.6%	7,281	**4,467**	61.4%
Other Income	471	**947**	200.9%	0	**0**	-	471	**948**	201.0%
Other Expense	676	**404**	59.8%	2,219	**3,441**	155.1%	2,895	**3,845**	132.8%
Operating Profit	9,015	**12,035**	133.5%	-2,629	**-1,733**	65.9%	6,385	**10,301**	161.3%

Sales Increase/Decrease & Cause Analysis（IFRS）



Operating Profit Increase/Decrease & Cause Analysis (IFRS)

million JPY



FY 3/2019 Forecast（IFRS）

(million JPY)	FY 3/2018 Consolidated Result		FY 3/2019 First Half Forecast		FY 3/2019 Second Half Forecast		FY 3/2019 Full Year Forecast		YOY
	Consolidated	Sagent	**Consolidated**	Sagent	**Consolidated**	Sagent	**Consolidated**	Sagent	
Sales	**164,717**	36,058	**82,000**	17,000	**90,000**	18,000	**172,000**	35,000	104.4%
COGS	**123,914**	26,097	**65,500**	13,000	**70,500**	13,500	**136,000**	26,500	109.8%
Gross Profit	**40,803**	9,961	**16,500**	4,000	**19,500**	4,500	**36,000**	8,500	88.2%
Operating Profit	**10,301**	-1,733	**2,500**	100	**5,500**	100	**8,000**	200	77.7%
Pretax	**9,067**	-2,241	**2,400**	100	**5,300**	100	**7,700**	200	84.9%
Net Income	**8,070**	-211	**1,600**	75	**3,400**	75	**5,000**	150	62.0%

Annual Dividend 30 JPY / Share (Planned)	Capital Investment 8B JPY (FY 3/2018 Result 12.7B JPY)	R&D Investment 11.5B JPY (FY 3/2018 Result 9B JPY)	Depreciation Expenses 9.5B JPY (FY 3/2018 Result 8.9B JPY)

Strategic Alliance Agreement with Eisai Co., Ltd

2018/3/28 Released

Purpose of the Alliance with Eisai

- Expand Generic Pharmaceutical Business
- Strategic Alliance Agreement to bring about growth and enhanced profit for both companies

API

・Procurement of superior price competitive API from Eisai

・Promotion of sustainable cost reduction measures under Profit Management Plan 2019

・Leverage Eisai's API development capability and manufacturing techniques for new products as well

・Contract manufacturing at Vizag Plant in India with low costs and advanced technology

Total Inclusive Ecosystem

・Provide products and other services from Nichi-Iko's wide range of line-up.

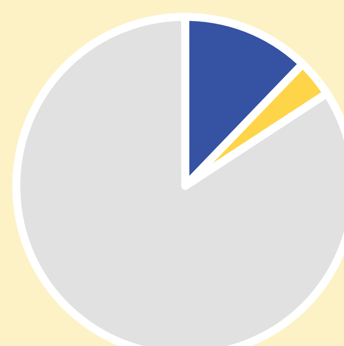
・Enhance "Power of Development" for new markets such as Primary care

GE business Integration

・Enhance cost competitiveness by increasing market share

・Value Added Drugs to product line-up

・Capture 15% share of Japanese domestic generic market



(at FY 3/2018)
Nichi-Iko 11.8%
Elmed 3.5%

Total 15.3%

Integration of Elmed Products

Enhance lineup and market share

NICHI-IKO

1,007products

Nichi-Iko only products

873 products

Overlapping products between companies

134 products

Domestic GE Market Share	**Number of Products**
50% or over	11
Between 30% and 50%	18
Between 10% and 30%	79

EMEC

188products

Elmed only products

54 products

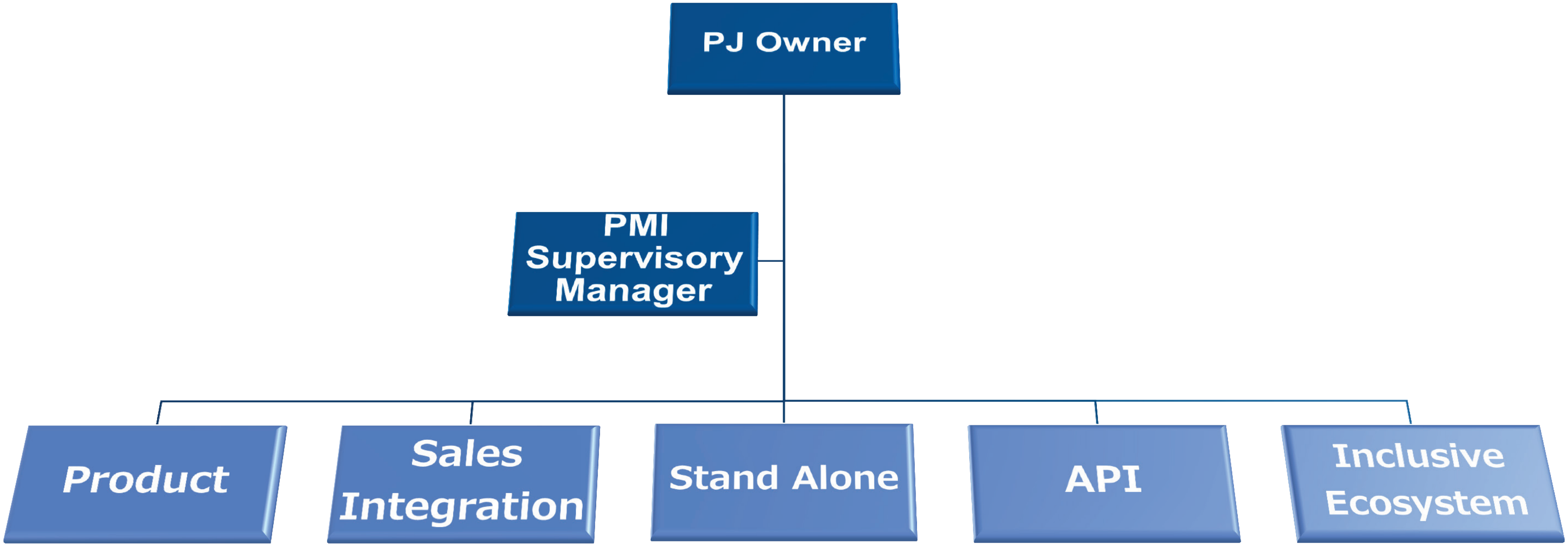
Consider co-promotion with Eisai from Oct.1,2018(planned)

Consider co-promotion with Nichi-Iko from Oct.1,2018

PMI Progression

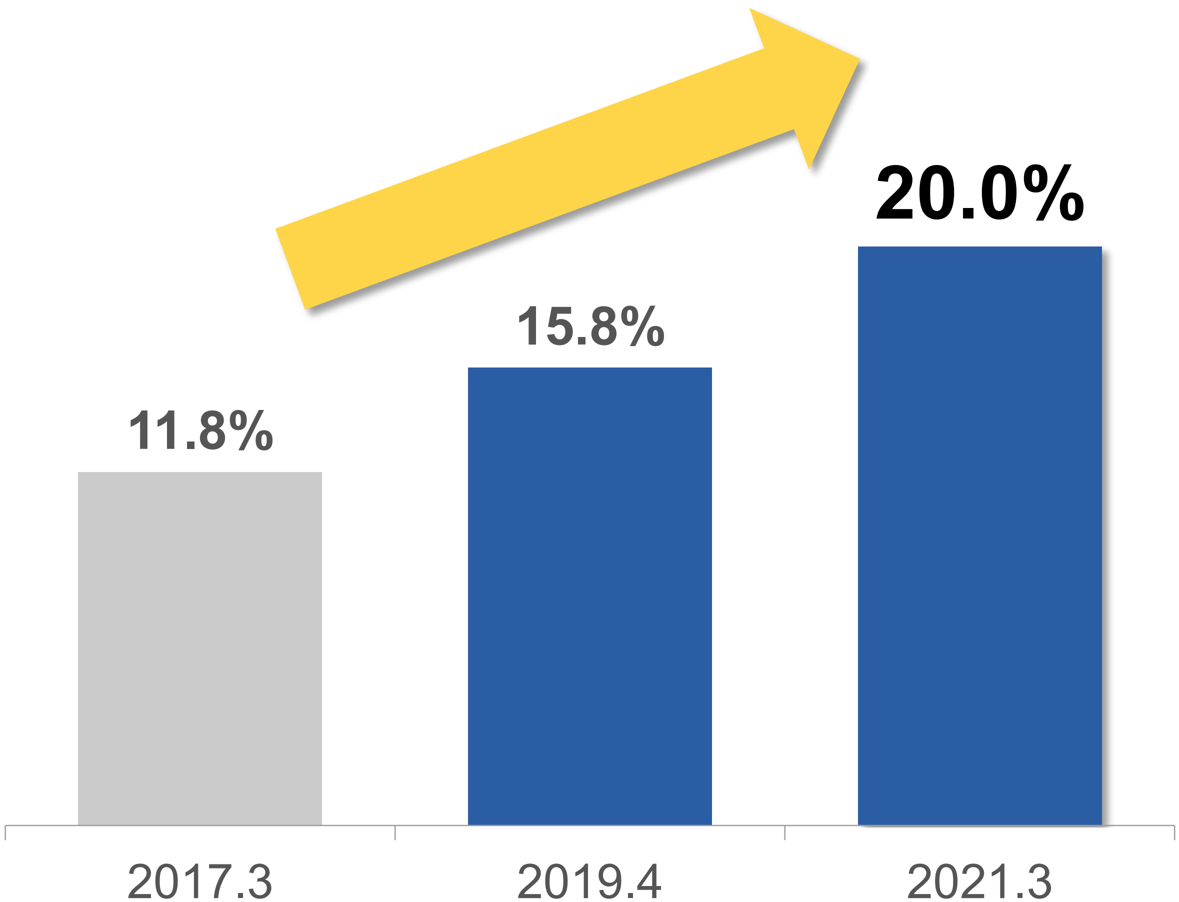
PMI Progression_1 Project Organization

Appointing PMI General Manager under direct control of **CEO to realize smooth integration and accelerate synergy effects.**



PMI Progress_2 Numerical Goal (Share Up)

- Inclusive Ecosystem
- "Elmed" Brand & Sales Power
- Co-Promotion
- Lineup of Value Added Formulation



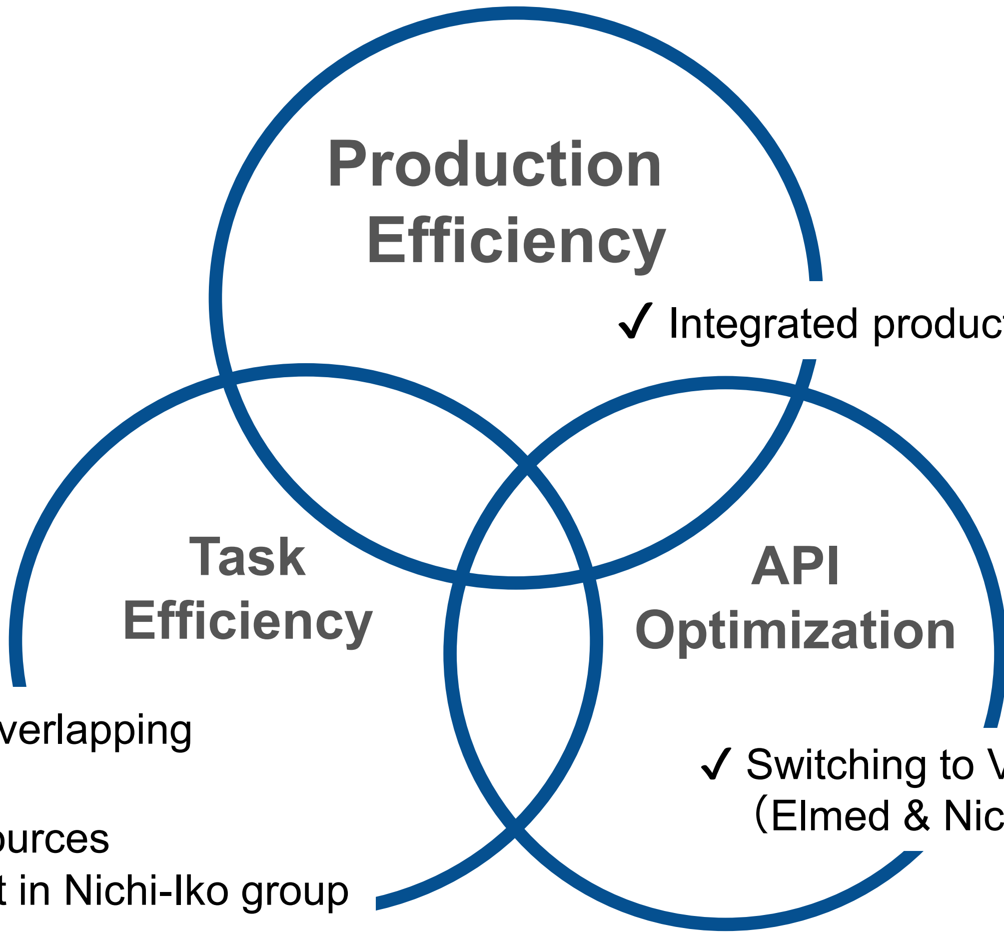
Share UP

11.8%
(FY 3/2018)

20%
(FY 3/2021)

MI Progression_2 Numerical Goal (Cost Synergy)

Cost Synergy 2B JPY/year



✓ Integrated product effect

✓ Managing overlapping business
✓ Human resources Replenishment in Nichi-Iko group

✓ Switching to Visag API (Elmed & Nichi-Iko products)

PMI Progress_3 Timeline

2018.3.28	2018.4.2	2018.10.1	2019.4.1

- "Strategic Alliance Agreement" & "Share Purchase Agreement"
- **New Corporate Name "Elmed Co., Ltd." (Tentative name)**

Promotion of Strategic Alliance

Co-Promotion start

- Eisai co-promotes Nichi-Iko products
- Nichi-Iko co-promotes Elmed products

- 1st Transfer Share
- 2nd Transfer Share
- 3rd Transfer Share

Invest Ratio : 20%

Invest Ratio : 33.4%

Invest Ratio : 100%

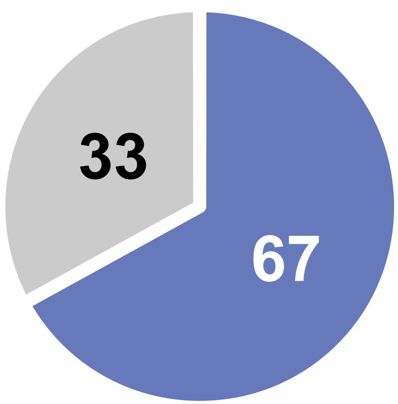
Apply the equity method

- US Market Conditions
- Biosimilars
- Profit Management Plan 2019
- 7th Mid-Term Business Plan "Obelisk"

US Market Conditions & Pipeline Progress

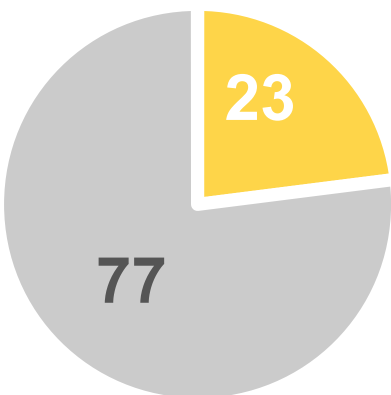
Current	Increased number of low cost players in market as ANDA approvals accelerate Continued strong price pressure from GPO
Action	Launching products on schedule to cope with competitive market Considering Omega (Sagent subsidiary) in-house development and production for cost efficiency & faster approvals

Sagent Top 10 Products

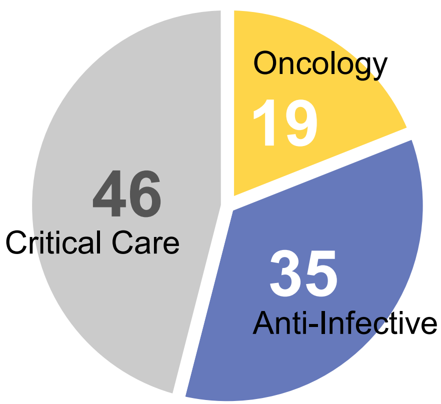


(%)

Sagent FY 3/2018 Launched Product



Sagent Product Split



	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020	Total
Launch Result & Forecast Products	5	13	11-16	8-12	33-42

Biosimilars

NICHI-IKO

Production	Development	Sales
Aprogen	**Sagent**	**Sagent**
Binex	**Nichi-Iko**	

- **Infliximab BS**
  - 2017/11 Launched in Japan
  - Currently in Phase 3 to obtain an Interchangeability Approval
  - Assign main clinical development to Sagent for faster and quicker approval
- **Trastuzumab BS**
  Currently preparing for Phase 1 in US
- **Aprogen Inc.** （Development & Production Partner）
  2018/4 Completion of new production facility by Aprogen Biologies Inc.

EU	Japan	US
Trastuzumab	**Infliximab (launched)** **Trastuzumab**	**Infliximab** **Trastuzumab**

7th Mid-Term Business Plan Obelisk

NICHI-IKO

Expansion

Grow domestic market share to 15%

2018/3
Strategic Alliance Agreement with Eisai Co., Ltd.
GE amount share goes over 15%(forecast) by synergy effect

Production

Lift annual production capacity to 18.5B premium quality tablets.

2018/1
New Building “Obelisk”
18.5B tablets production capacity

✓ **Completed**

Development

Turn to the U.S. market to develop the new business field of biosimilar products.

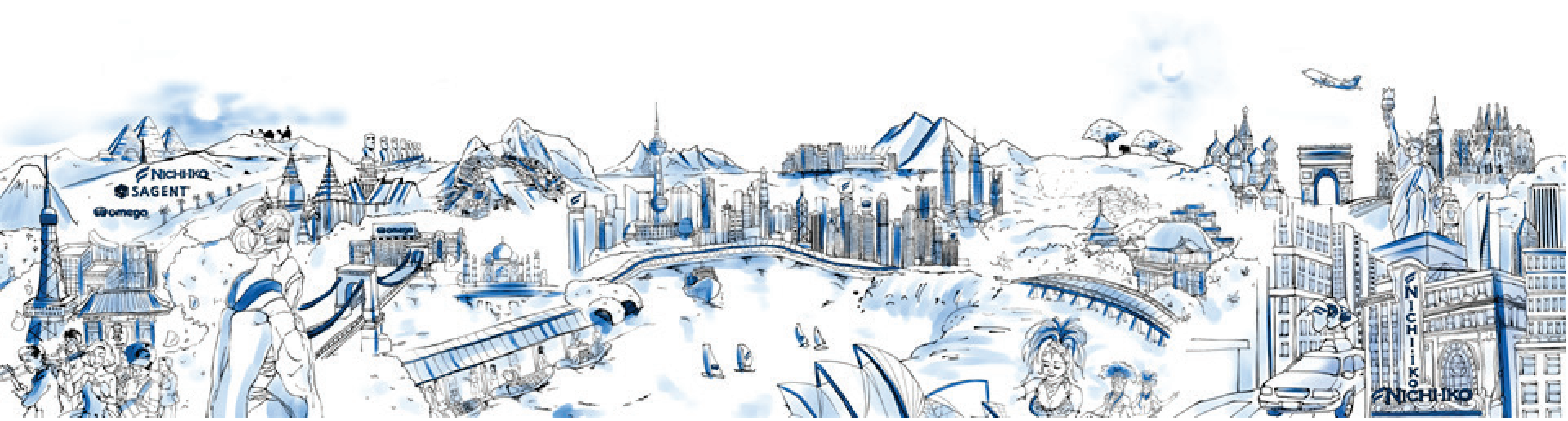
2017/11
Launch of Infliximab BS

2016/8
Acquisition of Sagent & Entering US Market

✓ **Completed**

Mission Statement

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



Forward-Looking Statements

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