Year Ending March 31, 2019
Results of 3rd Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Dec.31 2018)

February, 2019

Nichi-Iko Pharmaceutical Co., Ltd.

TSE : 4541

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.

Obelisk 2019

THEME

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

FY2018 Q3 Overview

Sales increased both in Japan (+others) and Sagent segment.
Steady performance for profit forecast.

(¥billion)

Sales **127.2**

- (+) Domestic GE Sales Up
- (-) Sagent Sales Up driven by new products and volume growth
- (-) LLP, Others Sales Down

Operating Profit **8.0**

- (+) Cost Reduction Effect of "Profit Management Plan"
- (+) Impairment decrease
- (-) Gross profit decrease due to drug price revision

Quarterly Net Profit **6.9**

- (+) Equity Gains of Affiliated Company

Average rate (JPY/USD)	FY2017	FY2018
Q1	111.09	109.07
Q2	111.03	111.46
Q3	112.98	112.90

IFRS：Results -YOY-

(¥million)

	FY2017 Q3	vs Sales (%)	FY2018 Q3	vs Sales (%)	YOY
Sales	126,017	-	127,224	-	*101.0%*
COGS	95,260	*75.6%*	99,749	*78.4%*	*104.7%*
Gross Profit	30,757	*24.4%*	27,475	*21.6%*	*89.3%*
SG&A	17,591	*14.0%*	17,104	*13.4%*	*97.2%*
R&D Expenses	3,253	*2.6%*	2,598	*2.0%*	*79.9%*
Other Income	660	*0.5%*	463	*0.4%*	*70.2%*
Other Expense	3,061	*2.4%*	234	*0.2%*	*7.6%*
Operating Profit	7,511	*6.0%*	8,001	*6.3%*	*106.5%*
Pretax	7,203	*5.7%*	8,855	*7.0%*	*122.9%*
Net Income Attributable to Parent	6,677	*5.3%*	6,905	*5.4%*	*103.4%*
Capital Expense	8,839		3,663		*41.4%*
R&D Investment	6,122		7,157		*116.9%*
Depreciation	6,326		7,050		*111.4%*

IFRS：Results -vs Forecast-

(¥million)

	FY2018Q3 Forecast	vs Sales (%)	FY2018Q3 Actual	vs Sales (%)	vs Forecast (%)
Sales	170,000	-	127,224	-	*74.8%*
COGS	132,500	*77.9%*	99,749	*78.4%*	*75.3%*
Gross Profit	37,500	*22.1%*	27,475	*21.6%*	*73.3%*
Operating Profit	9,500	*5.6%*	8,001	*6.3%*	*84.2%*
Ordinary Profit	9,300	*5.5%*	8,855	*7.0%*	*95.2%*
Net Profit Attributable to Parent	7,000	*4.1%*	6,905	*5.4%*	*98.6%*
Capital Expense	8,000		3,663		*45.8%*
R&D Investment	11,500		7,157		*62.2%*
Depreciation	9,500		7,050		*74.2%*

IFRS：Results -Segment-

（￥ million）

	Japan + Others			Sagent			Consolidated		
	FY2017 Q3	FY2018 Q3	YOY	FY2017 Q3	FY2018 Q3	YOY	FY2017 Q3	FY2018 Q3	YOY
Sales	98,780	99,229	100.5%	27,236	27,994	102.8%	126,017	127,224	101.0%
COGS	73,469	76,882	104.6%	21,790	22,866	104.9%	95,260	99,749	104.7%
vs Sales	*74.4%*	*77.5%*		*80.0%*	*81.7%*		*75.6%*	*78.4%*	
Gross Profit	25,310	22,346	88.3%	5,446	5,128	94.2%	30,757	27,475	89.3%
vs Sales	*25.6%*	*22.5%*		*20.0%*	*18.3%*		*24.4%*	*21.6%*	
SG&A	12,716	12,472	98.1%	4,875	4,632	95.0%	17,591	17,104	97.2%
R&D Expense	2,110	1,545	73.2%	1,143	1,052	92.0%	3,253	2,598	79.9%
Other Income	679	465	68.5%	0	-	-	660	463	70.2%
Other Expense	85	122	143.5%	2,994	113	3.8%	3,061	234	7.6%
Operating Profit	11,078	8,671	78.3%	-3,566	-669	-	7,511	8,001	106.5%
vs Sales	*11.2%*	*8.7%*		*-13.1%*	*-2.4%*		*6.0%*	*6.3%*	

Sagent impairment

(¥ million)

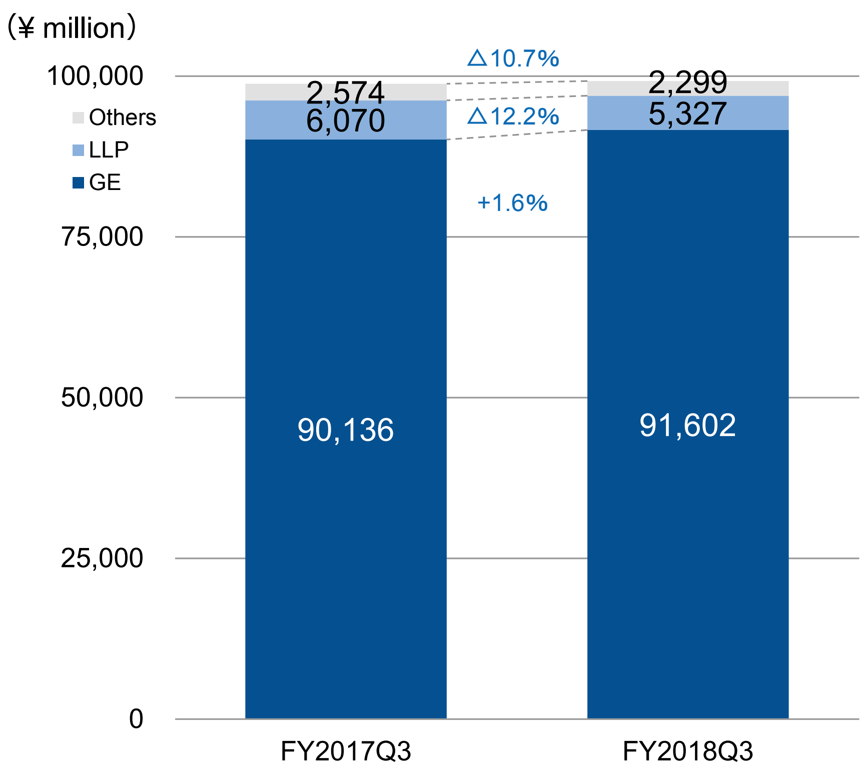
	FY2017 3Q	(Ref.) FY2017 Full Year	FY2018 3Q
COGS	2,753	※ 609	1,588
Other Expense	2,975	3,418	111
Total	5,729	4,027	1,699

※Reversed in impairment test in Jan. 2018

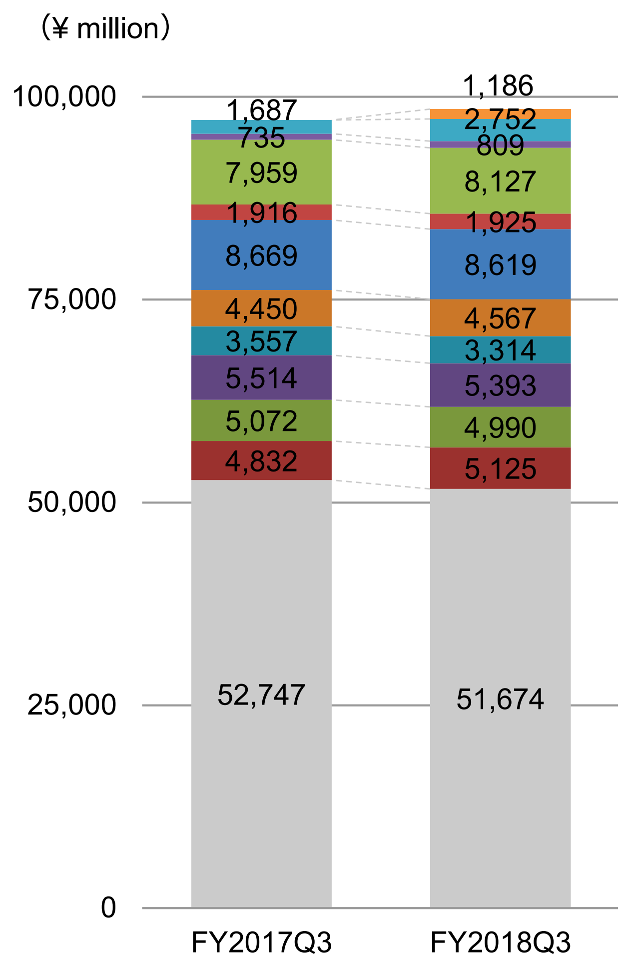
IFRS： Sales Performance by Category of Products

(￥million)

	FY2017Q3 Actual	FY2018Q3 Actual	YOY Variance	YOY %
GE	90,136	91,602	1,466	*101.6%*
LLP	6,070	5,327	-743	*87.8%*
Others	2,574	2,299	-274	*89.3%*
Total	98,780	99,229	448	*100.5%*



IFRS : Sales Performance by NHI Listed Year



(¥ million)

	FY2017 Q3	FY2018 Q3	Variance	YOY
Listed in 2018	-	1,186	1,186	-
Listed in 2017	1,687	2,752	1,065	163.1%
Listed in 2016	735	809	74	110.1%
Listed in 2015	7,959	8,127	168	102.1%
Listed in 2014	1,916	1,925	9	100.5%
Listed in 2013	8,669	8,619	-50	99.4%
Listed in 2012	4,450	4,567	117	102.6%
Listed in 2011	3,557	3,314	-243	93.2%
Listed in 2010	5,514	5,393	-121	97.8%
Listed in 2009	5,072	4,990	-82	98.4%
Listed in 2008	4,832	5,125	293	106.1%
Others	52,747	51,674	-1,073	98.0%
Total	97,144	98,485	1,343	101.4%

Sales Performance by Medical Institutions

GE	FY2017Q3 No. of Clients	FY2017Q3 YOY Sales	FY2017Q3 YOY No. of Clients	FY2018Q3 No. of Clients	FY2018Q3 YOY Sales	FY2018Q3 YOY No. of Clients
All	110,940	*108.9%*	*100.7%*	111,866	*100.4%*	*100.8%*
DPC Hospital	1,711	*108.8%*	*99.9%*	1,713	*97.5%*	*100.1%*
Pharmacy	56,862	*110.3%*	*101.3%*	57,860	*101.5%*	*101.8%*

All Products	Total No. of Institutions in Japan	FY2017Q3 Sales Composition	FY2017Q3 No. of Clients	FY2018Q3 Sales Composition	FY2018Q3 No. of Clients	FY2018Q3 Covered Ratio	YOY Sales	YOY No. of Clients
All	-	*100.0%*	128,905	*100.0%*	129,336	-	*99.5%*	*100.3%*
Hospital	8,436	*17.4%*	8,279	*16.9%*	8,290	*98.3%*	*96.6%*	*100.1%*
DPC Hospital	1,742	*11.3%*	1,713	*11.0%*	1,714	*98.4%*	*97.0%*	*100.1%*
Clinic	103,762	*10.2%*	63,404	*9.6%*	62,885	*60.6%*	*93.7%*	*99.2%*
Pharmacy	59,891	*65.4%*	57,222	*66.1%*	58,161	*97.1%*	*100.6%*	*101.6%*
Others	-	*7.1%*	-	*7.4%*	-	-	*104.3%*	-

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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