

Year Ending March 31, 2020
Results of 3rd Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Dec.31 2019)

February, 2020



Nichi-Iko Pharmaceutical Co., Ltd.

TSE : 4541

Nichi-Iko increased in sales & decreased in profits

-Sales growth from Elmed acquisition, although profitability reduced due to NHI Drug Price Revision

Sagent decreased in sales & increased in profits

-Sales reduction due to supply issues with certain CMOs, although profitability improved by contribution from newly launched US products

(billion JPY)

Sales

142.1

(+) Domestic generic sales growth 120.9%

(+) US market sales growth 86.6%

Core Operating Profit

7.0

(-) Effect of NHI Drug Price Revision(domestic)

(+) Performance of newly launched US products

Net Income

5.5

(million JPY)

	FY2018 Q3	vs Sales (%)	FY2019 Q3	vs Sales (%)	YOY
Sales	127,224	-	142,162	-	111.7%
COGS	99,749	78.4%	113,334	79.7%	113.6%
Gross Profit	27,475	21.6%	28,827	20.3%	104.9%
SG&A	17,104	13.4%	18,773	13.2%	109.8%
R&D Expenses	2,598	2.0%	2,954	2.1%	113.7%
Other Income	463	0.4%	232	0.2%	50.1%
Other Expense	234	0.2%	440	0.3%	188.0%
Core Operating Profit	9,808	7.7%	7,046	5.0%	71.8%
Operating Profit	8,001	6.3%	6,891	4.8%	86.1%
Pretax	8,855	7.0%	7,832	5.5%	88.4%
Net Income Attributable to Parent	6,905	5.4%	5,523	3.9%	80.0%
Capital Expenditure	3,663		5,550		151.5%
R&D Investment	7,157		10,639		148.7%
Depreciation	7,050		8,623		122.3%

(million JPY)

	FY2019Q3 Forecast	vs Sales (%)	FY2019Q3 Actual	vs Sales (%)	VS Forecast (%)
Sales	194,000	-	142,162	-	73.3%
COGS	156,000	80.4%	113,334	79.7%	72.7%
Gross Profit	38,000	19.6%	28,827	20.3%	75.9%
Operating Profit	8,500	4.4%	6,891	4.8%	81.1%
Ordinary Profit	9,000	4.6%	7,832	5.5%	87.0%
Net Profit Attributable to Parent	6,000	3.1%	5,523	3.9%	92.1%
Capital Expenditure	9,000		5,550		61.7%
R&D Investment	10,500		10,639		101.3%
Depreciation	10,900		8,623		79.1%

Reported
P&L

(million JPY)

	Nichi-Iko			Sagent			Consolidated		
	FY2018 Q3	FY2019 Q3	YOY	FY2018 Q3	FY2019 Q3	YOY	FY2018 Q3	FY2019 Q3	YOY
Sales	99,229	117,929	118.8%	27,994	24,232	86.6%	127,224	142,162	111.7%
COGS	76,882	95,066	123.7%	22,866	18,267	79.9%	99,749	113,334	113.6%
<i>vs Sales</i>	<i>77.5%</i>	<i>80.6%</i>		<i>81.7%</i>	<i>75.4%</i>		<i>78.4%</i>	<i>79.7%</i>	
Gross Profit	22,346	22,862	102.3%	5,128	5,964	116.3%	27,475	28,827	104.9%
<i>vs Sales</i>	<i>22.5%</i>	<i>19.4%</i>		<i>18.3%</i>	<i>24.6%</i>		<i>21.6%</i>	<i>20.3%</i>	
SG&A	12,472	14,504	116.3%	4,632	4,269	92.2%	17,104	18,773	109.8%
R&D Expense	1,545	1,567	101.4%	1,052	1,387	131.8%	2,598	2,954	113.7%
Other Income	465	240	51.6%	-2	-7	-	463	232	50.1%
Other Expense	122	440	360.7%	111	0	-	234	440	188.0%
Operating Profit	8,671	6,591	76.0%	-669	300	-	8,001	6,891	86.1%
<i>vs Sales</i>	<i>8.7%</i>	<i>5.6%</i>		<i>-2.4%</i>	<i>1.2%</i>		<i>6.3%</i>	<i>4.8%</i>	

<Exchange Rate>

(JPY Per \$)

	Q1	Q2	Q3
FY2018	109.07	111.46	112.90
FY2019	109.90	107.35	108.76

Core based
P&L

(million JPY)

	Nichi-Iko			Sagent			Consolidated		
	FY2018 Q3	FY2019 Q3	YOY	FY2018 Q3	FY2019 Q3	YOY	FY2018 Q3	FY2019 Q3	YOY
Sales	99,229	117,929	118.8%	27,994	24,232	86.6%	127,224	142,162	111.7%
COGS	76,882	95,066	123.7%	21,278	18,267	85.8%	98,160	113,334	115.5%
<i>vs Sales</i>	<i>77.5%</i>	<i>80.6%</i>		<i>76.0%</i>	<i>75.4%</i>		<i>77.2%</i>	<i>79.7%</i>	
Gross Profit	22,346	22,862	102.3%	6,716	5,964	88.8%	29,063	28,827	99.2%
<i>vs Sales</i>	<i>22.5%</i>	<i>19.4%</i>		<i>24.0%</i>	<i>24.6%</i>		<i>22.8%</i>	<i>20.3%</i>	
SG&A	12,364	14,504	117.3%	4,632	4,269	92.2%	16,996	18,773	110.5%
R&D Expense	1,545	1,567	101.4%	1,052	1,387	131.8%	2,598	2,954	113.7%
Other Income	465	240	51.6%	-2	-7	-	463	232	50.1%
Other Expense	122	285	233.6%	0	0	-	122	285	233.6%
Core Operating Profit	8,778	6,746	76.9%	1,030	300	29.1%	9,808	7,046	71.8%
<i>vs Sales</i>	<i>8.8%</i>	<i>5.7%</i>		<i>3.7%</i>	<i>1.2%</i>		<i>7.7%</i>	<i>5.0%</i>	

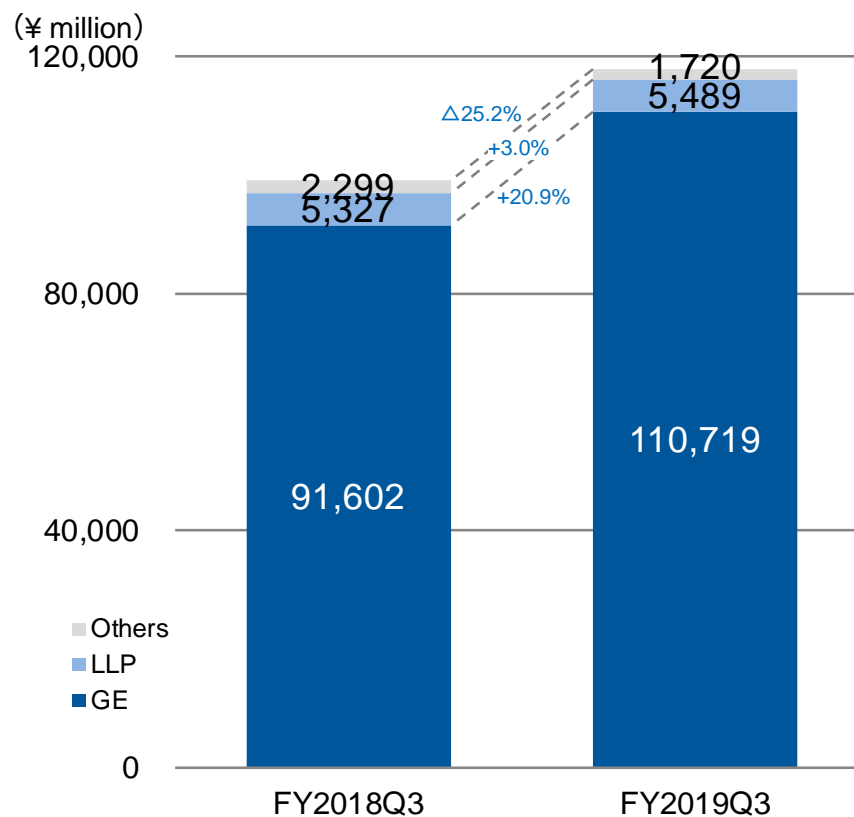
<Excluded following items from Reported P&L>

(million JPY)

Note		Nichi-Iko		Sagent	
		FY 2018	FY 2019	FY 2018	FY 2019
Impairment of Currently Marketed Products	COGS	-	-	1,588	-
Elmed Integration Cost	SG&A expense	107	-	-	-
Elmed Restructuring Cost	Other expense	-	140	-	-
Impairment of IPR&D	Other expense	-	14	111	-

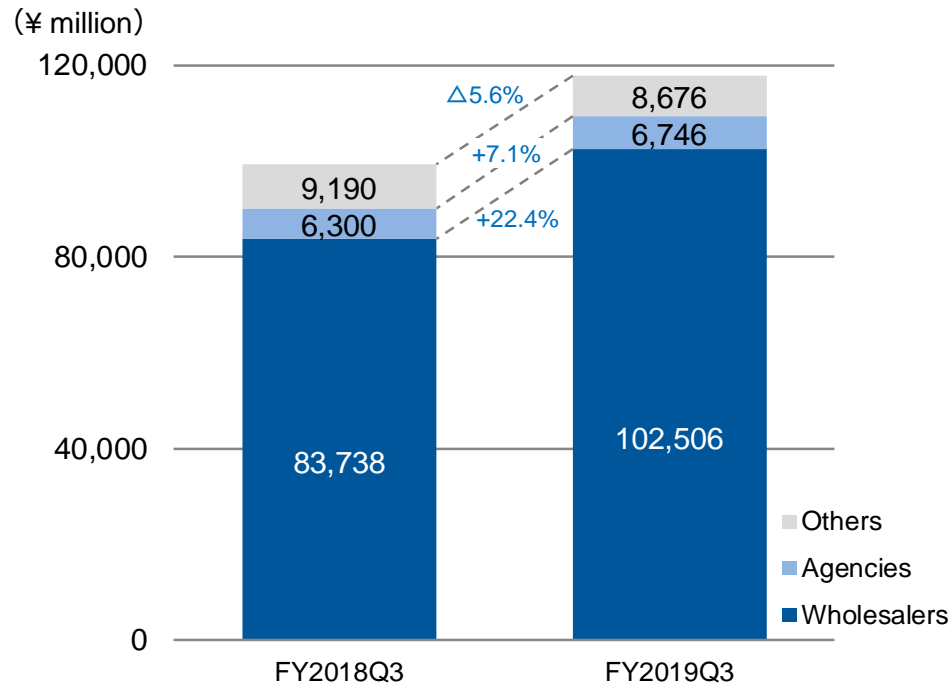
(million JPY)

	FY2018Q3	FY2019Q3	YOY	
	Actual	Actual	Variance	%
GE	91,602	110,719	19,116	120.9%
LLP	5,327	5,489	162	103.0%
Others	2,299	1,720	-578	74.8%
Total	99,229	117,929	18,700	118.8%



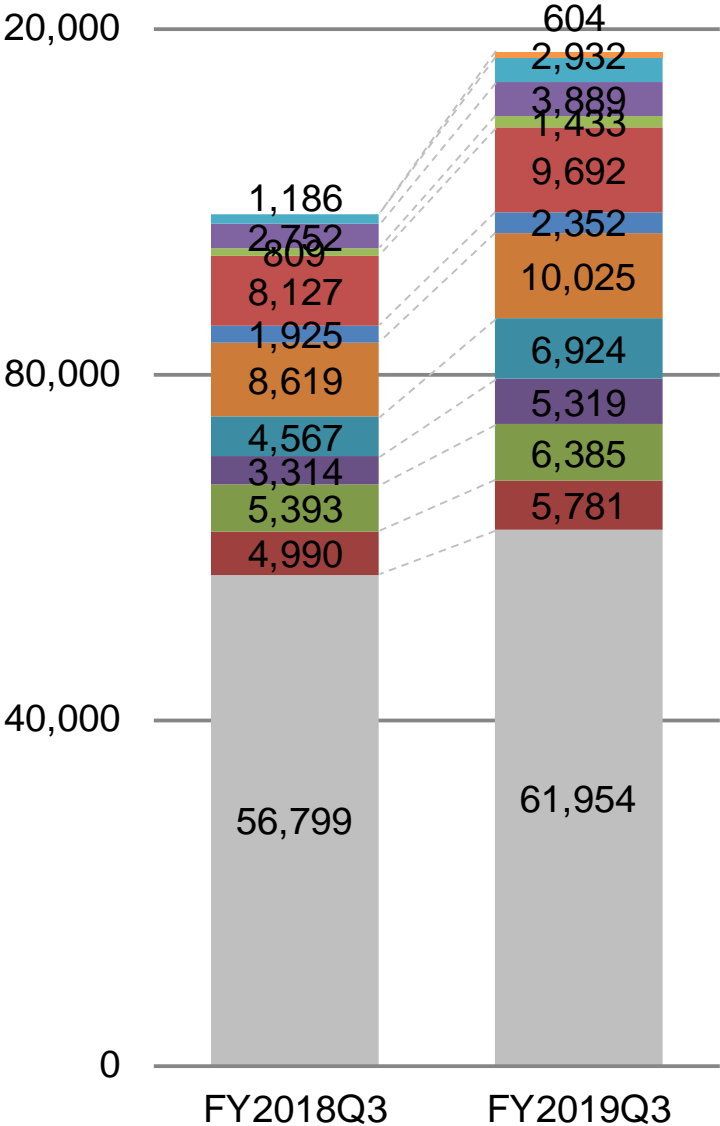
(million JPY)

Distribution Channel	FY2018Q3		FY2019Q3			
	Actual		Actual		YOY	
	Sales	%	Sales	%	Variance	%
Wholesalers	83,738	84.4%	102,506	86.9%	18,768	122.4%
Agencies	6,300	6.3%	6,746	5.7%	446	107.1%
Others	9,190	9.3%	8,676	7.4%	-514	94.4%
Total	99,229	100.0%	117,929	100.0%	18,700	118.8%



IFRS : Sales Performance by NHI Listed Year

(million JPY)



	FY2018 Q3	FY2019 Q3	Variance	YOY
Listed in 2019	-	604	604	-
Listed in 2018	1,186	2,932	1,746	247.2%
Listed in 2017	2,752	3,889	1,137	141.3%
Listed in 2016	809	1,433	624	177.1%
Listed in 2015	8,127	9,692	1,565	119.3%
Listed in 2014	1,925	2,352	427	122.2%
Listed in 2013	8,619	10,025	1,406	116.3%
Listed in 2012	4,567	6,924	2,357	151.6%
Listed in 2011	3,314	5,319	2,005	160.5%
Listed in 2010	5,393	6,385	992	118.4%
Listed in 2009	4,990	5,781	791	115.9%
Others	56,799	61,954	5,155	109.1%
Total	98,485	117,297	18,809	119.1%

IFRS : Sales Performance by Medical Institutions

GE	FY2018Q3			FY2019Q3				
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients		
All	129,336	99.5%	100.3%	130,334	122.7%	100.8%		
DPC Hospital	1,714	97.0%	100.1%	1,717	125.0%	100.2%		
Pharmacy	58,161	100.6%	101.6%	58,809	126.8%	101.1%		
All Products	Total No. of Institutions in Japan	FY2018Q3		FY2019Q3			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	111,866	100.0%	114,612	-	125.0%	102.5%
Hospital	8,360	15.4%	8,181	15.6%	8,171	97.7%	127.1%	99.9%
DPC Hospital	1,750	10.0%	1,713	10.5%	1,717	98.1%	130.0%	100.2%
Clinic	104,013	9.0%	45,825	7.8%	47,787	45.9%	109.1%	104.3%
Pharmacy	60,278	68.3%	57,860	70.1%	58,654	97.3%	128.4%	101.4%
Others	-	7.4%	-	6.4%	-	-	109.0%	-

Forward-Looking Statements

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