

Hisamitsu Pharmaceutical Co., Inc. FY02/2018 Results and Outlook for the FY02/2019

This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in material circumstances.

Hisamitsu Pharmaceutical Co., Inc.
Apr. 10th, 2018

Promoting Patch Treatment Culture Worldwide

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Agenda

FY02/2018 Results

- 1. Looking back on the FY02/2018**
- 2. Hisamitsu Springs**
- 3. Consolidated PL**
- 4. Non Consolidated PL**
- 5. Noven PL**
- 6. Sales results by product**
- 7. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan**
- 8. R&D Pipeline**

Outlook for the FY02/2019

- 9. Forecast of Consolidated PL**
- 10. Forecast of Non Consolidated PL**
- 11. Forecast of Sales by product**
- 12. Forecast of dividends**

Additional data

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1. Looking back on the FY02/2018 (1)

Domestic/ Ethical products	<ul style="list-style-type: none"> •The commencement of the Phase III clinical study of HP-3150 (an analgesic transdermal drug containing NSAIDs) in Japan for “carcinomatous pain” •Submission of supplemental new drug application (NDA) for the addition of a new dosage (0.5mg) of the, sustainable pain relief transdermal patch “FENTOS® TAPE (development code: HFT-290)” •Received approval for manufacturing and marketing of HP-3060 (a transdermal drug for treating allergic rhinitis) in Japan •Completion of Phase II Clinical Study in Japan for HP-3000 (a transdermal drug for treating Parkinson’s disease)
US/ Ethical products	<ul style="list-style-type: none"> •The commencement of the Phase II clinical study of HP-5000 (an analgesic transdermal drug) in the USA •Completion of Phase II Clinical Study in the United States for HP-3070 (a transdermal patch for treating schizophrenia)
Domestic -Overseas/ OTC products	<ul style="list-style-type: none"> •Salonpas® was acknowledged as world’s No.1 OTC topical analgesics patch brand •Establishment of new company in China •Launch of NobiNobi® Salonship® FH •Launch of Allegra® FX Junior •Launch of MSM + Glucosamine EX •Establishment of new company in Hong Kong
Others	<ul style="list-style-type: none"> •Discontinuation (Abolition) of Countermeasures on the Large-scale Purchase of Hisamitsu Shares, etc. (Takeover Defense Measures) •Concluded partnership agreement with Saga prefecture (Partnership with Saga prefecture through the activities of “Hisamitsu Springs”) •”Hisamitsu Springs” became champion at the National Sports Festival held in Ehime prefecture for the 7th time in 5 years, representing Saga prefecture. •Became an Official Partner (External Pain Relief Products) of the Olympic and Paralympic Games Tokyo 2020

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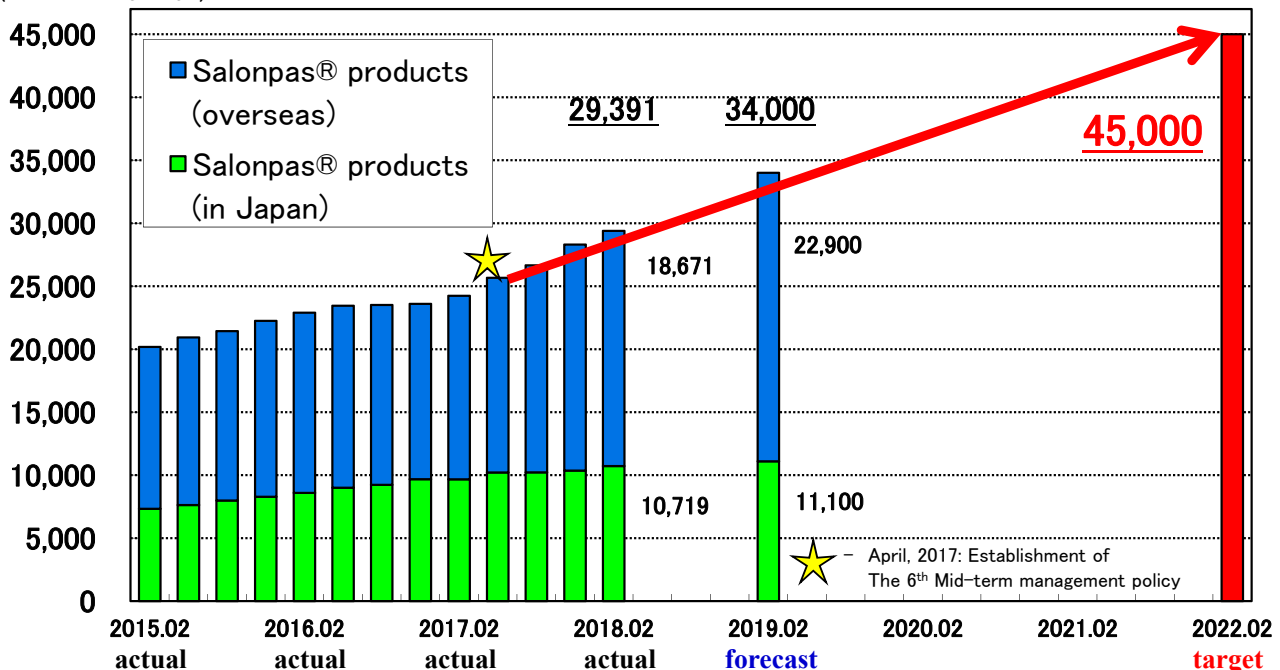
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1. Looking back on the FY02/2018 (2)

<Sales transition of Salonpas® products>

Target: annual sales of 45 billion yen (at FY02/22)

(MAT: Million Yen)



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1. Looking back on the FY02/2018 (3)

Became an Official Partner (External Pain Relief Products) of the Olympic and Paralympic Games Tokyo 2020

Patch, moving into the future.



Tokyo 2020 Official Partner (External Pain Relief Products)



For muscle ache, muscle fatigue
Third-class OTC drugs

For stiff shoulders, backache, muscle ache
Third-class OTC drugs

For stiff shoulders, shoulderache, backache
Second-class OTC drugs

For muscle ache, muscle fatigue
Third-class OTC drugs

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2. Hisamitsu Springs

V. Premier league of women 2017/18



Thank you for supporting "Hisamitsu Springs"! We were **the champion** of V. premier league for the 6th time in 2 years.

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2. Consolidated PL (1) - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/17 (Q1-Q4)	Actual performance for FY02/18 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/18 (Q1-Q4) *
Net sales	145,925	147,870	+1,945	+1.3%	147,000
CoGS	53,155	55,688	+2,533	+4.8%	55,700
as a % of sales	36.4%	37.7%	-	-	37.9%
SG&A costs	66,464	65,836	-627	-0.9%	67,200
Sales promotion costs	13,740	13,227	-512	-3.7%	13,000
Advertising costs	9,661	10,987	+1,325	+13.7%	10,900
R&D spending	14,378	15,076	+698	+4.9%	15,100
Others	28,684	26,545	-2,138	-7.5%	28,200
Operating profits	26,306	26,345	+39	+0.2%	24,100
Recurring profits	28,179	28,245	+66	+0.2%	25,600
Net profits	20,395	19,119	-1,275	-6.3%	18,500

* As of Apr 7, 2017

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2. Consolidated PL (2) - Summary of Profit and Loss -

Unit:¥ million

	Actual performance for FY02/17 (Q1-Q4)	Actual performance for FY02/18 (Q1-Q4)	Change	Main factor
Net sales	145,925	147,870	+1,945	
Hisamitsu (Non consolidated)	112,671	112,391	-280	•Decrease in sales of Rx Business. •Increase in sales of OTC/Intl Business.
Noven	22,265	20,257	-2,008	•Decrease in sales of major products.
Others *	10,989	15,222	+4,233	•Increase in sales of Hisamitsu America.
CoGS	53,155	55,688	+2,533	•Increase in CoGS of Noven and Others.
as a % of sales	36.4%	37.7%	-	•Change of sales mix.
SG&A costs	66,464	65,836	-627	•Increase in R&D spending of Hisamitsu. •Decrease in SG&A costs of Noven.
Operating profits	26,306	26,345	+39	
Nonoperating balance	1,873	1,900	+27	
Recurring profits	28,179	28,245	+66	
Extraordinary balance	1,805	-551	-2,356	[FY02/17] •Termination of joint marketing contract. •Profit from assignment of rights of Noven. [FY02/18] •Impairment loss of Hisamitsu.
Net profits	20,395	19,119	-1,275	

* "Others" includes consolidated adjustment.

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4. Non Consolidated PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/17 (Q1-Q4)	Actual performance for FY02/18 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/18 (Q1-Q4) *
Net sales	112,671	112,391	-280	-0.2%	115,500
Rx Business	75,854	73,509	-2,345	-3.1%	76,000
OTC Business	25,867	26,865	+997	+3.9%	26,700
Intl Business	10,949	12,015	+1,066	+9.7%	12,800
CoGS	40,560	40,238	-321	-0.8%	41,900
as a % of sales	36.0%	35.8%	-	-	36.3%
SG&A costs	50,567	51,636	+1,068	+2.1%	52,600
Sales promotion costs	10,707	10,532	-175	-1.6%	11,200
Advertising costs	7,426	7,729	+302	+4.1%	7,800
R&D spending	11,371	12,213	+841	+7.4%	11,800
Others	21,062	21,161	+99	+0.5%	21,800
Operating profits	21,543	20,516	-1,026	-4.8%	21,000
Non-operating balance	1,163	852	-310	-26.7%	1,000
Recurring profits	22,706	21,369	-1,337	-5.9%	22,000
Extraordinary balance	1,269	-547	-1,816	-	900
Net profits	16,741	14,621	-2,119	-12.7%	16,000

* As of Apr 7, 2017

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5. Noven PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/17 (Q1-Q4)	Actual performance for FY02/18 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/18 (Q1-Q4) *1
Net sales *2	22,265	20,257	-2,008	-9.0%	16,100
Noven Women's Health	17,973	16,528	-1,445	-8.0%	13,400
Noven Others	4,291	3,729	-562	-13.1%	2,700
CoGS	9,787	10,699	+912	+9.3%	8,700
as a % of sales	44.0%	52.8%	-	-	54.0%
SG&A costs	9,048	6,450	-2,597	-28.7%	7,000
Sales promotion costs	1,102	305	-797	-72.3%	300
Advertising costs	14	24	+10	+71.4%	0
R&D spending	2,999	2,860	-139	-4.6%	3,200
Others	4,932	3,260	-1,671	-33.9%	3,500
Operating profits	3,430	3,106	-323	-9.4%	400
Nonoperating balance	-7,577	852	+8,429	-	700
Pretax profits	-4,147	3,958	+8,105	-	1,100
Net profits	-5,838	2,498	+8,336	-	700

Exchange rate (¥/USD)	¥109.27	¥112.04
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¥110.00

*1 As of Apr 7, 2017

*2 Results before consolidated adjustment.

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6. Sales results by product (1) - Rx Business -

Unit:¥ million

	Actual performance for FY02/18 (Q1-Q4)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	94,461	73,509	20,951	-4,383	-2,345	-2,038	-4.4%	-3.1%	-8.9%
Fentos [®] Tape	4,917	4,917	-	-398	-398	-	-7.5%	-7.5%	-
Norspan [®] Tape	2,079	2,079	-	-138	-138	-	-6.2%	-6.2%	-
Neoxy [®] Tape	834	834	-	-400	-400	-	-32.4%	-32.4%	-
Abstral [®]	217	217	-	+13	+13	-	+6.4%	+6.4%	-
Mohrus [®] Tape	49,736	49,552	183	-2,995	-3,053	+57	-5.7%	-5.8%	+45.2%
Mohrus [®] Pap	8,399	8,399	-	+716	+716	-	+9.3%	+9.3%	-
(Mohrus [®] Pap XR)	5,592	5,592	-	+1,588	+1,588	-	+39.6%	+39.6%	-
Others	8,450	7,508	942	+931	+915	+17	+12.4%	+13.9%	+1.8%
Minivelle [®]	7,628	-	7,628	-1,857	-	-1,857	-19.6%	-	-19.6%
Vivelle-Dot [®] products	4,839	-	4,839	+1,139	-	+1,139	+30.8%	-	+30.8%
CombiPatch [®] products	4,176	-	4,176	+355	-	+355	+9.3%	-	+9.3%
Brisdelle [®]	-116	-	-116	-1,082	-	-1,082	-	-	-
Daytrana [®]	3,170	-	3,170	-502	-	-502	-13.7%	-	-13.7%
Others of Noven products	127	-	127	-164	-	-164	-56.4%	-	-56.4%

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6. Sales results by product (2) - OTC Business -

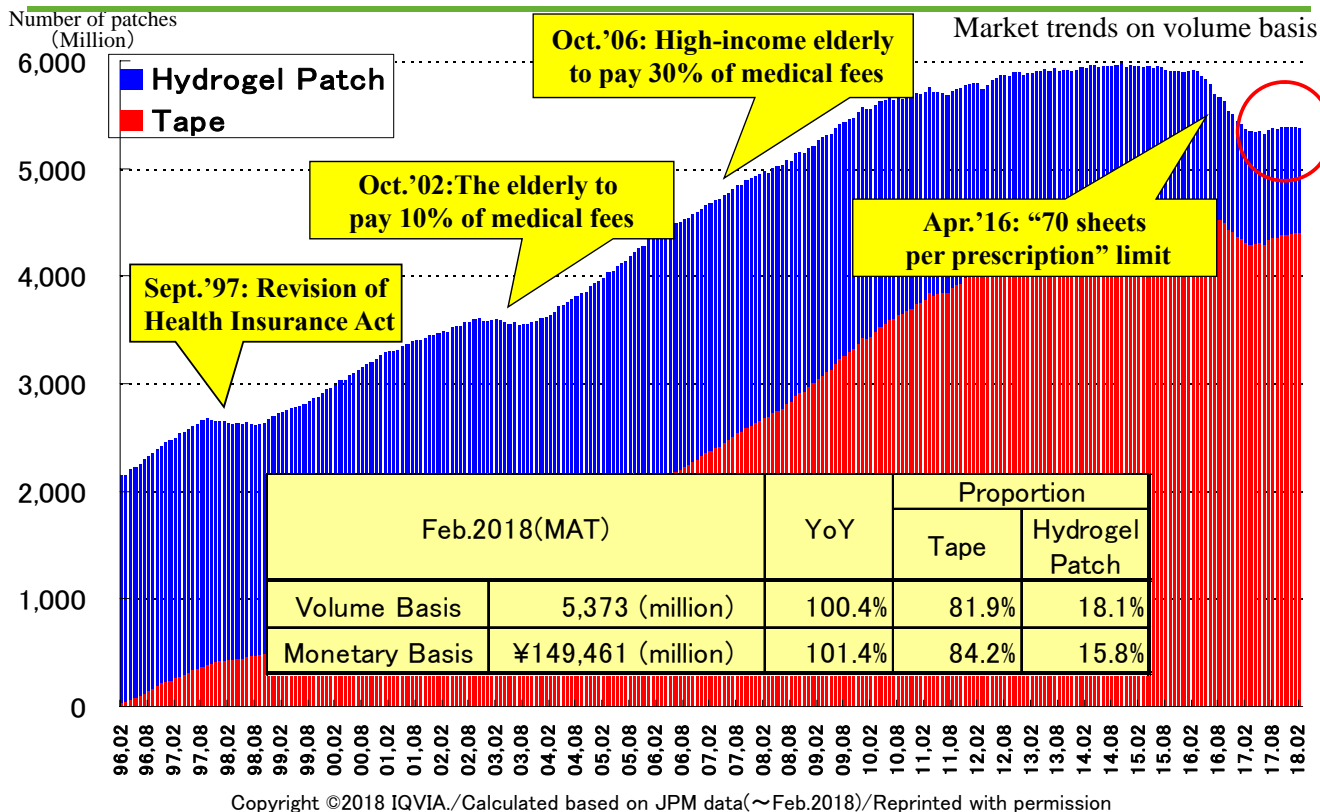
Unit:¥ million

	Actual performance for FY02/18 (Q1-Q4)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	50,019	26,865	23,153	+6,174	+998	+5,176	+14.1%	+3.9%	+28.8%
Salonpas [®] products	29,391	10,719	18,671	+5,152	+1,048	+4,103	+21.3%	+10.8%	+28.2%
Salonsip [®] products	4,674	3,240	1,433	+241	+47	+194	+5.4%	+1.5%	+15.7%
Air [®] Salonpas [®] products	1,716	993	722	-352	-259	-93	-17.0%	-20.7%	-11.4%
Feitas [®] products	5,178	5,178	-	+584	+584	-	+12.7%	+12.7%	-
Butenlock [®] products	1,568	1,568	-	-165	-165	-	-9.5%	-9.5%	-
Allegra [®] FX	3,365	3,365	-	-242	-242	-	-6.7%	-6.7%	-
Others	4,125	1,799	2,325	+957	-15	+972	+30.2%	-0.8%	+71.8%

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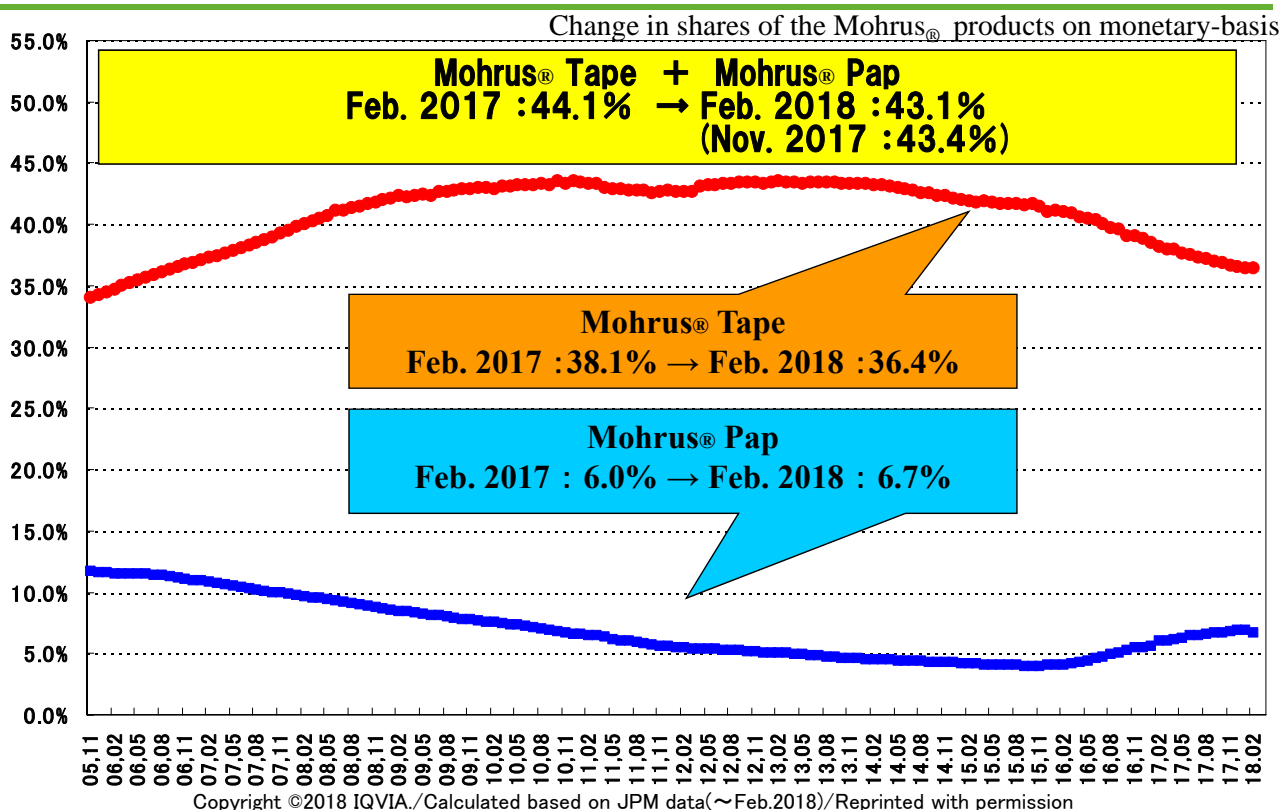
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7. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (1)



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7. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)



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8. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Approval	HP-3060 (ALLESAGA [®] TAPE)	JPN	Patch	Allergic rhinitis	To be launched in FY18
2	Filed (ANDA)	HP-1010	USA	Patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
3	Filed	HFT-290 (New dose addition)	JPN	Patch	Cancer pain, Chronic pain	To be approved in FY18
4	Filed being prepared	HP-3000	JPN	Patch	Parkinson's disease	To be filed in FY18
5	Filed being prepared	HP-3070	USA	Patch	Schizophrenia	To be filed in FY18
6	Phase3	HP-3150	JPN	Patch	Cancer pain	To be filed in FY20
7	Phase3 being prepared	ATS	USA	Patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 start in FY18
8	Phase3 being prepared	HP-3150	JPN	Patch	Low back pain	Phase3 start in FY19
9	Phase3 being prepared	HP-3000	JPN	Patch	Idiopathic restless legs syndrome	Under consideration
10	Phase2	HP-5000	USA	Patch	Osteoarthritis of the knee	Phase3 start in FY19

※Yellow-highlighted parts are changes from the previous announcement made on Jan. 12th, 2018

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Outlook for the FY02/2019

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9. Forecast of Consolidated PL

Unit:¥ million

	Actual performance for FY02/18 (Q1-Q4)	Full-year earnings forecast for FY02/19 (Q1-Q4)	Change	Percentage Change
Net sales	147,870	148,500	+630	+0.4%
CoGS	55,688	56,000	+312	+0.6%
as a % of sales	37.7%	37.7%	-	-
SG&A costs	65,836	68,500	+2,664	+4.0%
Sales promotion costs	13,227	15,000	+1,773	+13.4%
Advertising costs	10,987	13,700	+2,713	+24.7%
R&D spending	15,076	14,600	-476	-3.2%
Others	26,545	25,200	-1,345	-5.1%
Operating profits	26,345	24,000	-2,345	-8.9%
Recurring profits	28,245	26,300	-1,945	-6.9%
Net profits	19,119	19,200	+81	+0.4%

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10. Forecast of Non-consolidated PL

Unit:¥ million

	Actual performance for FY02/18 (Q1-Q4)	Full-year earnings forecast for FY02/19 (Q1-Q4)	Change	Percentage Change
Net sales	112,391	112,600	+209	+0.2%
Rx Business	73,509	70,900	-2,609	-3.5%
OTC Business	26,865	28,200	+1,335	+5.0%
Intl Business	12,015	13,500	+1,485	+12.4%
CoGS	40,238	40,900	+662	+1.6%
as a % of sales	35.8%	36.3%	-	-
SG&A costs	51,636	53,100	+1,464	+2.8%
Sales promotion costs	10,532	11,400	+868	+8.2%
Advertising costs	7,729	9,900	+2,171	+28.1%
R&D spending	12,213	11,200	-1,013	-8.3%
Others	21,161	20,600	-561	-2.7%
Operating profits	20,516	18,600	-1,916	-9.3%
Recurring profits	21,369	19,800	-1,569	-7.3%
Net profits	14,621	13,800	-821	-5.6%

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11. Forecast of Sales by product (1) - Rx Business -

Unit:¥ million

	Earnings forecast for FY02/18 (Q1-Q4)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	88,700	70,900	17,800	-5,761	-2,609	-3,151	-6.1%	-3.5%	-15.0%
Fentos [®] Tape	5,000	5,000	-	+83	+83	-	+1.7%	+1.7%	-
Norspan [®] Tape	2,300	2,300	-	+221	+221	-	+10.6%	+10.6%	-
Neoxy [®] Tape	900	900	-	+66	+66	-	+7.9%	+7.9%	-
Abstral [®]	200	200	-	-17	-17	-	-7.8%	-7.8%	-
Mohrus [®] Tape	46,000	45,900	100	-3,736	-3,652	-83	-7.5%	-7.4%	-45.4%
Mohrus [®] Pap	8,800	8,800	-	+401	+401	-	+4.8%	+4.8%	-
(Mohrus [®] Pap XR)	6,600	6,600	-	+1,008	+1,008	-	+18.0%	+18.0%	-
Others	8,900	7,800	1,100	+450	+292	+158	+5.3%	+3.9%	+16.8%
Minivelle [®]	7,500	-	7,500	-128	-	-128	-1.7%	-	-1.7%
Vivelle-Dot [®] products	3,400	-	3,400	-1,439	-	-1,439	-29.7%	-	-29.7%
CombiPatch [®] products	3,700	-	3,700	-476	-	-476	-11.4%	-	-11.4%
Brisdelle [®]	-	-	-	+116	-	+116	-	-	-
Daytrana [®]	2,000	-	2,000	-1,170	-	-1,170	-36.9%	-	-36.9%
Others of Noven products	-	-	-	-127	-	-127	-	-	-

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11. Forecast of Sales by product (2) - OTC Business -

Unit:¥ million

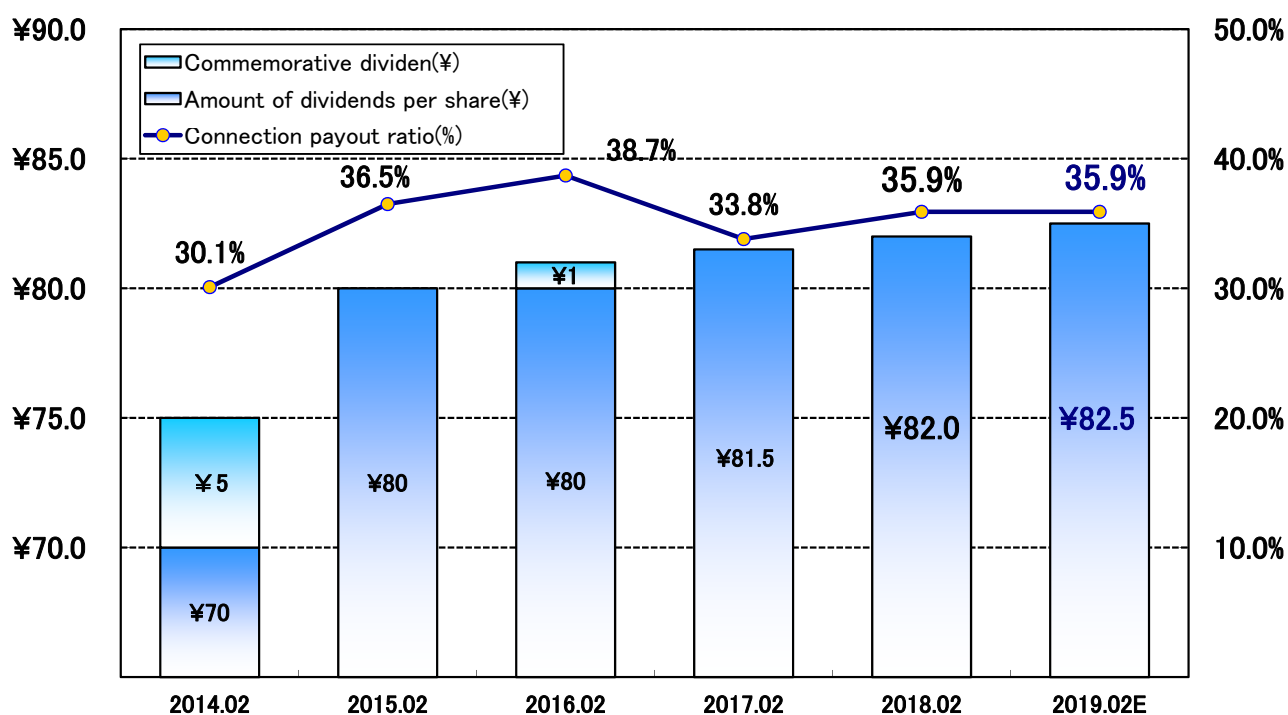
	Earnings forecast for FY02/18 (Q1-Q4)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	56,300	28,200	28,100	+6,281	+1,335	+4,947	+12.6%	+5.0%	+21.4%
Salonpas [®] products	34,000	11,100	22,900	+4,609	+381	+4,229	+15.7%	+3.6%	+22.7%
Salonsip [®] products	5,000	3,400	1,600	+326	+160	+167	+7.0%	+4.9%	+11.7%
Air [®] Salonpas [®] products	1,900	1,100	800	+184	+107	+78	+10.7%	+10.8%	+10.8%
Feitas [®] products	5,500	5,500	-	+322	+322	-	+6.2%	+6.2%	-
Butenalock [®] products	1,800	1,800	-	+232	+232	-	+14.8%	+14.8%	-
Allegra [®] FX	3,500	3,500	-	+135	+135	-	+4.0%	+4.0%	-
Others	4,600	1,800	2,800	+475	+1	+475	+11.5%	+0.1%	+20.4%

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12. Forecast of dividends

➤ For the term ending February 2018, the consolidated dividend payout ratio is predicted to be 35.9% and the payout is expected to be ¥82.0. (* Midterm dividend ¥41.0 predicted.)



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Improving Quality of Life Around the World

FY02/2018 Results

And Outlook for the FY02/2019

Apr. 10th, 2018

Hisamitsu Pharmaceutical Co., Inc.

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Additional data

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Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/17 (Q1-Q4)	Actual performance for FY02/18 (Q1-Q4)	Change	Percentage Change
Net sales *	203,766	180,803	-22,963	-11.3%
Noven Women's Health	164,489	147,519	-16,970	-10.3%
Noven Others	39,276	33,283	-5,992	-15.3%
CoGS	89,568	95,498	+5,930	+6.6%
as a % of sales	44.0%	52.8%	-	-
SG&A costs	82,808	57,599	-25,208	-30.4%
Sales promotion costs	10,090	2,724	-7,366	-73.0%
Advertising costs	129	217	+88	+68.5%
R&D spending	27,449	25,530	-1,919	-7.0%
Others	45,138	29,127	-16,011	-35.5%
Operating profits	31,390	27,705	-3,684	-11.7%
Nonoperating balance	-69,350	7,629	+76,979	-
Pretax profits	-37,959	35,334	+73,294	-
Net profits	-53,434	22,298	+75,733	-

* Results before consolidated adjustment.

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Forecast of Noven PL

Unit:¥ million

	Actual performance for FY02/18 (Q1-Q4)	Full-year earnings forecast for FY02/19 (Q1-Q4)	Change	Percentage Change
Net sales	20,257	16,900	-3,357	-16.6%
Noven Women's Health	16,528	14,600	-1,928	-11.7%
Noven Others	3,729	2,300	-1,429	-38.3%
CoGS	10,699	9,600	-1,099	-10.3%
as a % of sales	52.8%	56.8%	-	-
SG&A costs	6,450	7,700	+1,250	+19.4%
Sales promotion costs	305	1,000	+695	+227.9%
Advertising costs	24	100	+76	+316.7%
R&D spending	2,860	3,300	+440	+15.4%
Others	3,260	3,300	+40	+1.2%
Operating profits	3,106	-400	-3,506	-
Nonoperating balance	852	1,100	+248	+29.1%
Pretax profits	3,958	700	-3,258	-82.3%
Net profits	2,498	700	-1,798	-72.0%
Exchange rate (¥/USD)	112.04円	110.00円		

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