

Business Results for the First Half of the Fiscal Year Ending September 30, 2017 (1H FY9/17)

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FujiPharma



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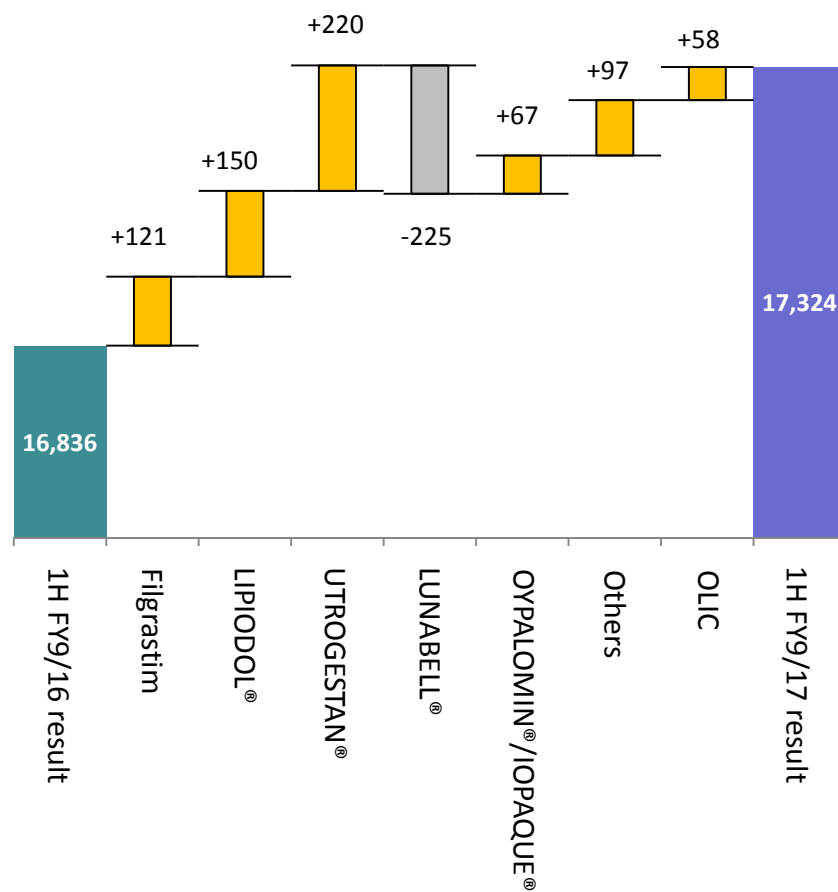
Summary of 1H FY9/17 Consolidated Financial Results

- Net sales increased by 2.9%, or ¥487 million YoY, due to the contribution from branded drugs
- Operating income increased by 25.0%, or ¥455 million, mainly because the recognition of some R&D expenses was pushed back to the second half of the fiscal year
- Ordinary income increased by 46.9%, or ¥810 million, due in part to a foreign exchange valuation gain on a loan to a subsidiary

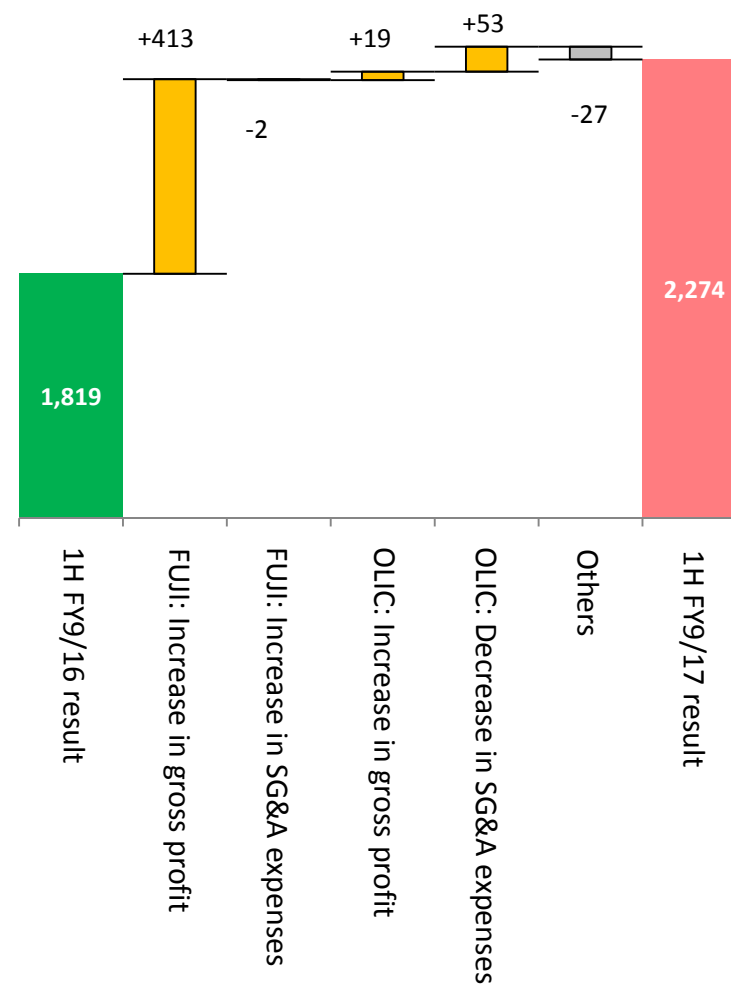
(¥million)	FY9/16	FY9/17	YoY Change		1H FY9/17	
	1H	1H	Amount	Ratio	Plan	Vs. plan
Net Sales	16,836	17,324	487	2.9%	17,470	99.2%
Gross Profit	6,751	7,134	383	5.7%	-	-
Gross Margin	40.1%	41.2%			-	-
SG&A Expenses	4,931	4,859	-71	-1.5%	-	-
SG&A Margin	29.3%	28.1%			-	-
Operating Income	1,819	2,274	455	25.0%	2,060	110.4%
Operating Income Margin	10.8%	13.1%			11.8%	
Ordinary Income	1,725	2,535	810	46.9%	1,960	129.4%
Ordinary Income Margin	10.2%	14.6%			11.2%	
Profit Attributable to Owners of Parent	1,072	1,789	716	66.8%	1,310	136.6%
Profit Margin	6.4%	10.3%			7.5%	
Capital Expenditure	1,460	998	-462	-31.6%		
Depreciation	833	825	-8	-1.0%		
Leased Equipment	139	54	-85	-61.2%		
R&D Expenses	867	663	-204	-23.5%		
R&D Expenses Ratio	5.1%	3.8%				

Summary of 1H FY9/17 Consolidated Financial Results

YoY Changes in Net Sales



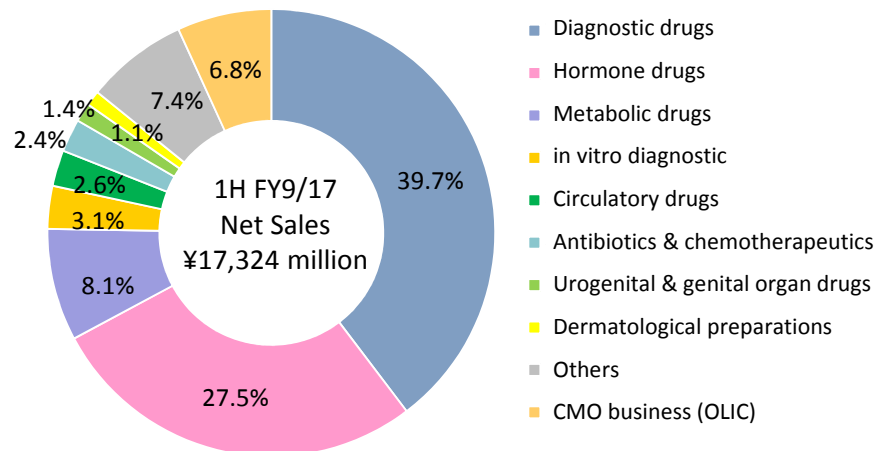
YoY Changes in Operating Income



Sales by Therapeutic Category

(¥million)	FY9/16	FY9/17	YoY Change	
	1H	1H	Amount	Ratio
Diagnostic Drugs	6,826	6,871	45	0.7%
Hormone Drugs	4,718	4,764	46	1.0%
Metabolic Drugs	1,347	1,405	58	4.3%
in vitro Diagnostics	411	536	125	30.4%
Circulatory Drugs	482	450	-32	-6.6%
Antibiotics & Chemotherapeutics	430	413	-17	-4.0%
Urogenital & Genital Organ Drugs	231	237	6	2.6%
Dermatological Preparations	156	189	33	21.2%
Others	1,112	1,276	164	14.7%
CMO Busines (OLIC)	1,121	1,179	58	5.2%
Total	16,836	17,324	487	2.9%

Sales Breakdown by Therapeutic Category



Sales of Major Products

Product Name (¥million)	Therapeutic Category	FY9/16 1H	FY9/17 1H	YoY Change	
				Amount	Ratio
OYPALOMIN® injection	Diagnostic drugs	3,484	3,508	24	0.7%
<u>LUNABELL® tablets (LD/ULD)</u>	<u>Hormone drugs</u>	<u>1,547</u>	<u>1,322</u>	<u>-225</u>	<u>-14.5%</u>
IOPAQUE® injection	Diagnostic drugs	1,062	1,105	43	4.0%
<u>OPTIRAY® injection</u>	<u>Diagnostic drugs</u>	<u>945</u>	<u>891</u>	<u>-54</u>	<u>-5.7%</u>
Filgrastim BS injection	Metabolic drugs	718	839	121	16.9%
<u>MAGNESCOPE® intravenous injection</u>	<u>Diagnostic drugs</u>	<u>667</u>	<u>642</u>	<u>-25</u>	<u>-3.7%</u>
<u>LIPIODOL® injection</u>	<u>Diagnostic drugs</u>	<u>295</u>	<u>445</u>	<u>150</u>	<u>50.8%</u>
DEXART® injection	Hormone drugs	393	427	34	8.7%
HMG intramuscular injection	Hormone drugs	433	422	-11	-2.5%
SOL-MELCORT for injection	Hormone drugs	311	306	-5	-1.6%
FAVOIR® tablets	Hormone drugs	250	283	33	13.2%
LIMAPROST ALFADEX tablets	Metabolic drugs	309	275	-34	-11.0%
FOLYRMON®-P injection	Hormone drugs	248	271	23	9.3%
<u>UTROGESTAN® Vaginal Capsules</u>	<u>Hormone drugs</u>	<u>40</u>	<u>260</u>	<u>220</u>	<u>550.0%</u>
ALYPROST® injection	Circulatory drugs	277	244	-33	-11.9%
Total Top 15 Sales		10,979	11,240	261	2.4%
Pct. of Total Sales		65.2%	64.9%		
New Products		709	930	221	31.2%
Other Products		4,018	3,975	-43	-1.1%
CMO Business (OLIC)		1,121	1,179	58	5.2%
Total		16,836	17,324	487	2.9%

Acute Medical Care

Medical Care for Women

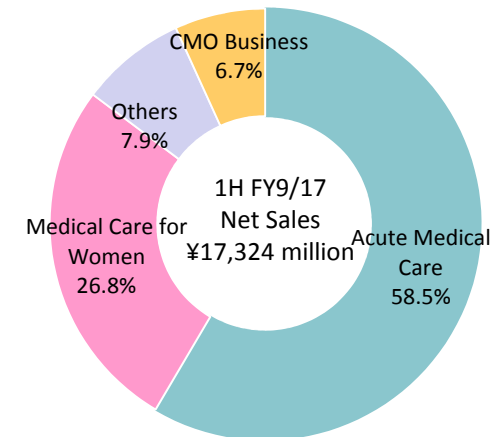
* New Products: products launched in FY9/14 or afterward (excluding the top 15)

* Underlined products are the Fuji Pharma branded drugs, branded generic drugs (with receipt of marketing approval) and biosimilars.

Sales by Medical Field and Drug Form Category

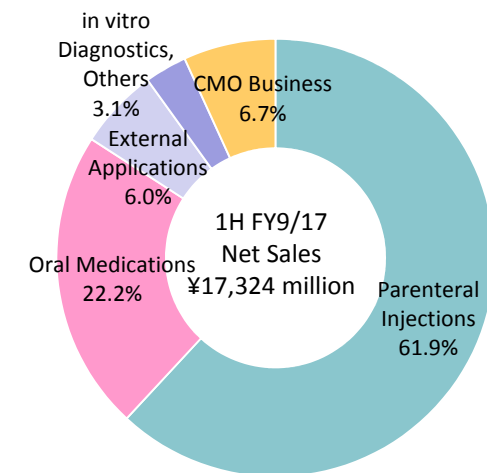
(¥million)	FY9/16 1H	FY9/17 1H	YoY Change	
			Amount	Ratio
Acute Medical Care	9,866	10,131	265	2.7%
Medical Care for Women	4,591	4,639	48	1.0%
Others	1,256	1,374	118	9.4%
CMO Business (OLIC)	1,121	1,179	58	5.2%
Total	16,836	17,324	487	2.9%

Sales Breakdown by Medical Field



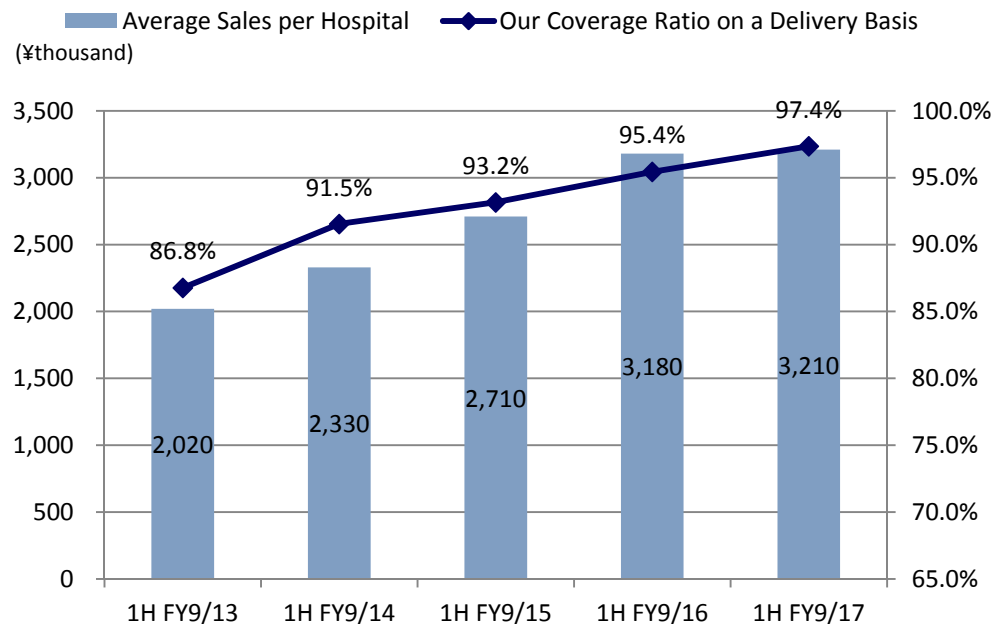
(¥million)	FY9/16 1H	FY9/17 1H	YoY Change	
			Amount	Ratio
Parenteral Injections	10,552	10,722	170	1.6%
Oral Medications	3,972	3,850	-122	-3.1%
External Applications	775	1,033	258	33.3%
in vitro Diagnostics, Others	414	539	125	30.2%
CMO Business (OLIC)	1,121	1,179	58	5.2%
Total	16,836	17,324	487	2.9%

Sales Breakdown by Drug Form Category



Acute Medical Care: Sales Trendline for DPC-based Hospitals

	FY9/13	FY9/14	FY9/15	FY9/16	FY9/17	YoY Change	
	1H	1H	1H	1H	1H	Amount	Ratio
No. of Hospitals Adopting DPC System	1,496	1,585	1,580	1,580	1,664	84	5.3%
No. of DPC Hospitals with Our Coverage	1,298	1,451	1,472	1,508	1,620	112	7.4%
Coverage Ratio	86.8%	91.5%	93.2%	95.4%	97.4%		
Average Sales per Hospital (¥thousand)	2,020	2,330	2,710	3,180	3,210	30	0.9%



- Major products used at DPC-based hospitals
- DEXART® injection
 - SOL-MELCORT for injection
 - OYPALOMIN® injection
 - IOPAQUE® injection
 - DOBUTAMINE intravenous infusion
 - VECURONIUM for intravenous injection
 - MIDAZOLAM injection
 - FLUMAZENIL injection
 - APISTANDIN for injection
 - Filgrastim BS injection

Summary of 1H FY9/17 Consolidated Balance Sheet

(¥million)	FY9/16	FY9/17	YoY Change	
	Year-end	1H	Amount	Ratio
Assets				
Current Assets	32,309	30,994	-1,315	-4.1%
Cash and Deposits	6,815	5,497	-1,318	-19.3%
Notes and Accounts Receivable-Trade	13,072	13,057	-15	-0.1%
Inventories	11,569	11,699	130	1.1%
Accounts Receivable-Other	70	2	-68	-97.1%
Other	782	737	-45	-5.8%
Non-current Assets	15,838	16,528	690	4.4%
Property, Plant and Equipment	11,016	11,768	752	6.8%
Intangible Assets	3,060	2,981	-79	-2.6%
Investments and Other Assets	1,762	1,779	17	1.0%
Total Assets	48,147	47,523	-624	-1.3%
Liabilities				
Current Liabilities	12,739	10,468	-2,271	-17.8%
Notes and Accounts Payable-Trade	6,291	5,800	-491	-7.8%
Other	6,448	4,668	-1,780	-27.6%
Non-current Liabilities	6,181	5,799	-382	-6.2%
Total Liabilities	18,921	16,268	-2,653	-14.0%
Net Assets				
Shareholders' Equity	29,278	30,720	1,442	4.9%
Capital Stock	3,799	3,799	0	0.0%
Capital Surplus	5,023	5,023	0	0.0%
Retained Earnings	21,944	23,374	1,430	6.5%
Treasury Shares	-1,488	-1,476	12	-0.8%
Accumulated Other Comprehensive Income	-53	532	585	1103.8%
Total Net Assets	29,226	31,254	2,028	6.9%
Total Liabilities and Net Assets	48,147	47,523	-624	-1.3%

- Increased due to updates of Toyama plant equipment and construction of a new parenteral injection plant at subsidiary OLIC

- Decrease due to repayments of loans payable

Summary of 1H FY9/17 Consolidated Statement of Cash Flows

(¥million)	FY9/16	FY9/17	YoY Change	
	1H	1H	Amount	Ratio
Cash Flows from Operating Activities	1,822	1,451	-371	-20.4%
(Major Breakdown)				
Profit Before Income Taxes	1,600	2,534	934	58.4%
Depreciation	833	825	-8	-1.0%
Amortization of Goodwill	135	126	-9	-6.7%
Decrease (Increase) in Notes and Accounts Receivable-Trade	-188	75	263	-139.9%
Decrease (Increase) in Inventories	-655	-60	595	-90.8%
Increase (Decrease) in Notes and Accounts Payable-Trade	729	-544	-1,273	-174.6%
Income Taxes Paid	-528	-662	-134	25.4%
Cash Flows from Investing Activities	-1,577	-780	797	-50.5%
(Major Breakdown)				
Purchase of Property, Plant and Equipment	-1,477	-720	757	-51.3%
Proceeds from Sales of Property, Plant and Equipment	163	0	-163	-100.0%
Purchase of Intangible Assets	-208	-59	149	-71.6%
Cash Flows from Financing Activities	1,026	-2,003	-3,029	-295.2%
(Major Breakdown)				
Proceeds from Long-term Loans Payable	2,000	-	-2,000	-
Repayments of Long-term Loans Payable	-460	-1,460	-1,000	217.4%
Cash Dividends Paid	-359	-359	0	0.0%
Repayments of lease obligations	-153	-182	-29	19.0%
Cash and Cash Equivalents at Beginning of Period	5,664	6,815	1,151	20.3%
Cash and Cash Equivalents at End of Period	6,906	5,497	-1,409	-20.4%
Free Cash Flows	245	671	426	173.9%

- Expenditures for updates of Toyama plant equipment and construction of a new parenteral injection plant at subsidiary OLIC

FY9/17 Consolidated Forecast

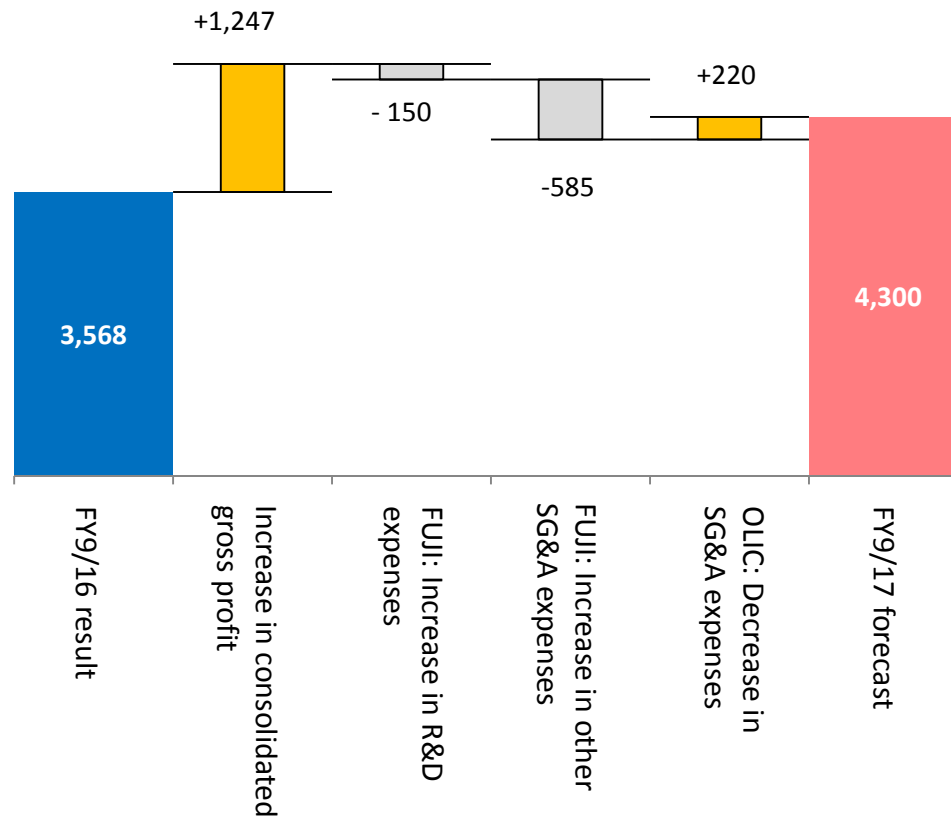
- Expect the launch of three generic drug ingredients and efficacy and additional standards for OPTIRAY® injection to contribute to second half sales
- Higher operating income attributable partially to holding down the cost of sales and SG&A expenses, primarily due to timing of the recognition of R&D expenses
- No change in forecasts for ordinary income and profit attributable to owners of parent because of foreign exchange rate movements and other reasons

(¥million)	FY9/16	FY9/17 (Forecast)	YoY Change	
			Amount	Ratio
Net Sales	34,229	36,300	2,071	6.0%
Operating Income	3,568	4,300	732	20.5%
Operating Income Margin	10.4%	11.8%	-	-
Ordinary Income	3,251	4,180	929	28.5%
Ordinary Income Margin	9.5%	11.5%	-	-
Profit Attributable to Owners of Parent	2,118	2,800	682	32.2%
Profit Margin	6.2%	7.7%	-	-
Capital Expenditure	2,427	1,550	-877	-36.1%
Depreciation	1,667	1,850	183	11.0%
Leased Equipment	274	100	-174	-63.5%
R&D Expenses	1,840	1,990	150	8.2%
R&D Expenses Ratio	5.4%	5.5%	-	-

FY9/17 Consolidated Forecast

YoY Changes in FY9/17 Operating Income Forecast

- Expect growth in gross profit resulting from new branded drugs and generic drugs
- Holding down expenses with R&D expense timing shift and measures to limit personnel costs and promotion and other expenses
- Decline in SG&A expenses at OLIC



Sales Forecast by Therapeutic Category and Medical Field

(¥million)	FY9/16	FY9/17 (Forecast)	YoY Change	
			Amount	Ratio
Diagnostic Drugs	13,808	14,430	622	4.5%
Hormone Drugs	9,709	10,350	641	6.6%
Metabolic Drugs	2,706	3,010	304	11.2%
Circulatory Drugs	1,008	1,030	22	2.2%
Antibiotics & Chemotherapeutics	812	820	8	1.0%
in vitro Diagnostics	695	740	45	6.5%
Urogenital & Genital Organ Drugs	486	460	-26	-5.3%
Detmetological Preparations	352	400	48	13.6%
Others	2,414	2,790	376	15.6%
CMO Business (OLIC)	2,236	2,270	34	1.5%
Total	34,229	36,300	2,071	6.0%

(¥million)	FY9/16	FY9/17 (Forecast)	YoY Change	
			Amount	Ratio
Acute Medical Care	19,997	21,500	1,503	7.5%
Medical Care for Women	9,582	10,160	578	6.0%
Others	2,413	2,370	-43	-1.8%
CMO Business (OLIC)	2,236	2,270	34	1.5%
Total	34,229	36,300	2,071	6.0%

Sales Forecast for Major Products

Product Name (¥million)	Therapeutic Category	FY9/16	FY9/17 (Forecast)	YoY Change	
				Amount	Ratio
OYPALOMIN® injection	Diagnostic drugs	7,029	7,100	71	1.0%
<u>LUNABELL® tablets (LD/ULD)</u>	<u>Hormone drugs</u>	<u>3,017</u>	<u>2,850</u>	<u>-167</u>	<u>-5.5%</u>
IOPAQUE® injection	Diagnostic drugs	2,133	2,230	97	4.5%
<u>OPTIRAY® injection</u>	<u>Diagnostic drugs</u>	<u>1,927</u>	<u>2,000</u>	<u>73</u>	<u>3.8%</u>
<u>Filgrastim BS injection</u>	<u>Metabolic drugs</u>	<u>1,481</u>	<u>1,730</u>	<u>249</u>	<u>16.8%</u>
<u>MAGNESCOPE® intravenous injection</u>	<u>Diagnostic drugs</u>	<u>1,310</u>	<u>1,420</u>	<u>110</u>	<u>8.4%</u>
HMG intramuscular injection	Hormone drugs	917	940	23	2.5%
DEXART® injection	Hormone drugs	813	850	37	4.6%
<u>LIPIODOL® injection</u>	<u>Diagnostic drugs</u>	<u>722</u>	<u>800</u>	<u>78</u>	<u>10.8%</u>
<u>UTROGESTAN® Vaginal Capsules</u>	<u>Hormone drugs</u>	<u>254</u>	<u>650</u>	<u>396</u>	<u>155.9%</u>
ALYPROST® injection	Circulatory drugs	593	620	27	4.6%
LIMAPROST ALFADEX tablets	Metabolic drugs	588	600	12	2.0%
FAVOIR® tablets	Hormone drugs	537	600	63	11.7%
SOL-MELCORT for injection	Hormone drugs	598	600	2	0.3%
FOLYRMON®-P injection	Hormone drugs	512	540	28	5.5%
Total Top 15 Sales		22,431	23,530	1,099	4.9%
Pct. of Total Sales		64.6%	64.8%		
New Products		1,487	2,300	813	54.7%
Other Products		8,075	8,200	125	1.5%
CMO Business (OLIC)		2,236	2,270	34	1.5%
Total		34,229	36,300	2,071	6.1%
Acute Medical Care					
Medical Care for Women					

*New products are products launched in FY9/14 or afterward (excluding the top 15)

*Underlined products are the Fuji Pharma branded drugs, branded generic drugs (with receipt of marketing approval) and biosimilars.

New Products in the Second Half of FY9/17

■ New Products (New Drugs) in Second Half of FY9/17

Therapeutic Category	Product Name	Efficacy/Benefits	
Non-ionic contrast media	OPTIRAY® 350 injection Syringe 100mL	Additional efficacy	Contrast media for computerized tomography of the abdomen
	OPTIRAY® 350 injection Syringe 135mL	New standard	

■ New Products (Generic Drugs) for National Health Insurance Listing in June 2017

Therapeutic Category	Product Name	Standard name
Endometriosis treatment drugs	DIENOGEST tablets 1mg 「F」	DINAGEST tablets 1mg
Ulcerative colitis treatment drugs	MESALAZINE enteric-coated tablets 400mg 「F」	ASACOL® tablets 400mg
Non-depolarizing muscle relaxant for anesthesia	ROCURONIUM BROMIDE intravenous solution 25mg/2.5mL 「F」, 50mg/5.0mL 「F」	ESLAX® intravenous 25mg/2.5mL, 50mg/5.0mL

Medium-term Business Plan

Vigorously implement the brand strategy for the people, companies and products of the Fuji Pharma Group

Build a new stage and framework centered on branded drugs

Grow on a global scale

Medium-term Growth Strategy

Build a unique business model that produces synergies in strategic fields by combining brands (new drugs), generic drugs and contract manufacturing

	Brands (new drugs)	Generic drugs	CMO
Medical Care for Women	<ul style="list-style-type: none"> Female hormone drugs/ New administration route drugs 	<ul style="list-style-type: none"> Female hormone drugs Antihormonal drug 	[Toyama plant/OLIC] Plant exclusively for female hormone drugs
Acute Medical Care	<ul style="list-style-type: none"> Diagnostic drugs/Sales right Diagnostic drugs/Drugs with new indications and new dosages 	<ul style="list-style-type: none"> DDS/Liposome Diagnostic drugs Anti-cancer agents Other parenteral injections 	[OLIC] New parenteral injection plant [Toyama plant] New multi-parenteral injection production line
New Strategic Products			[Toyama plant] Production line for biosimilars

Progress Report on Medium-term Business Plan

Vigorously implement the brand strategy for the people, companies and products of the Fuji Pharma Group

Become Japan's leading company in this field with emphasis on hormone drugs

Medical Care for Women

- Increased market share of UTROGESTAN® Vaginal Capsules
- Received regulatory approval for Dienogest Tablets, a treatment for endometriosis
- Activities for creating new drugs

Use generic/branded drug synergies to increase market share

Acute Medical Care

- Contrast agents: Additional efficacy and standard for the OPTIRAY® injection non-ionic contrast media
Increased market share of the MAGNESCOPE® intravenous injection MRI contrast agent
Preparing to start production of a generic contrast agent at OLIC (Thailand)
- Anti-cancer drugs: Joint promotion activities for VESANOID® capsule and Filgrastim BS injection
- Others: Received regulatory approval for ROCURONIUM BROMIDE, a non-depolarizing muscle relaxant for anesthesia

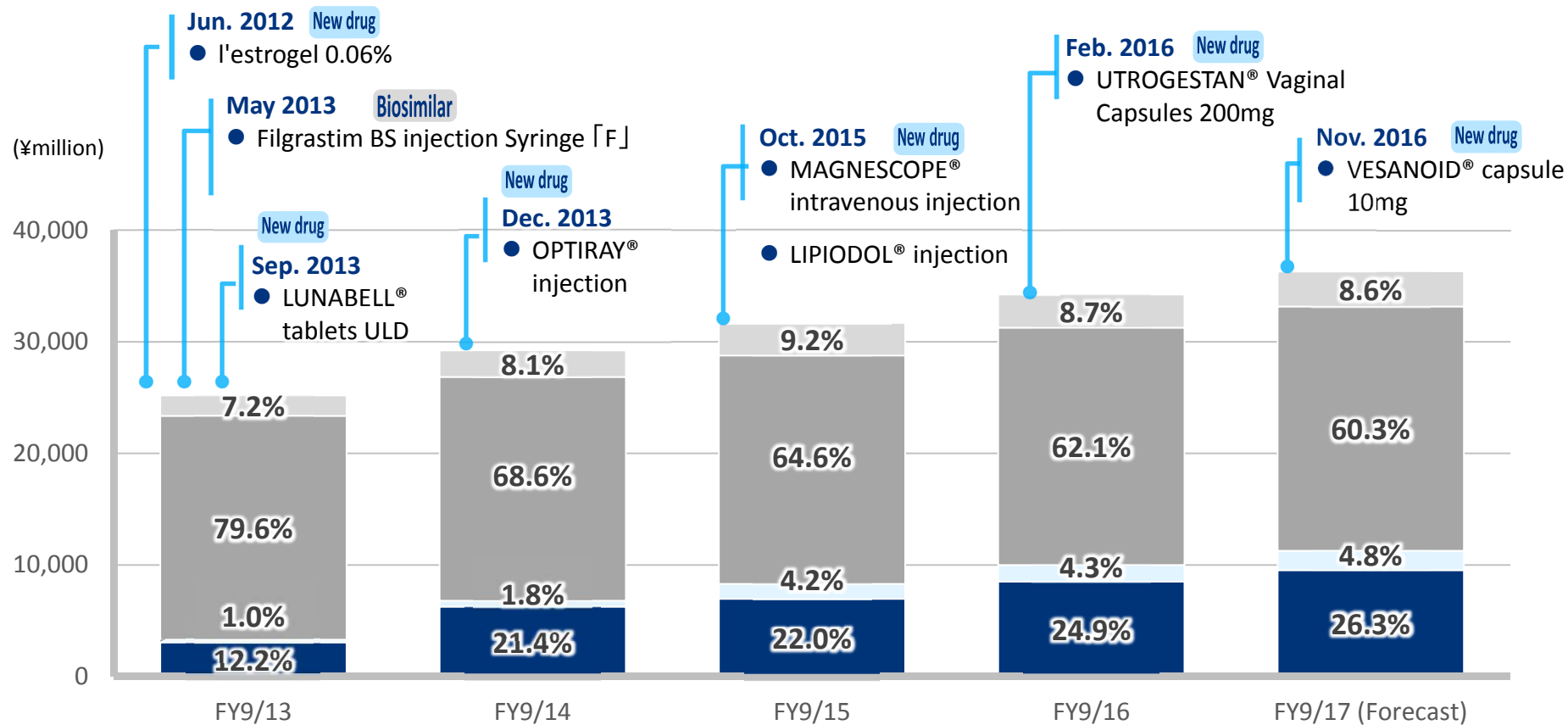
Use complementary strengths of the Toyama plant and OLIC

CMO

- Toyama Plant: Started production of a value-added hormone drug and production of a cancer drug for another company
- OLIC: Strengthen the contract manufacturing business by using the new parenteral injection plant

Progress Report on Medium-term Business Plan

Build a new stage and framework centered on branded drugs



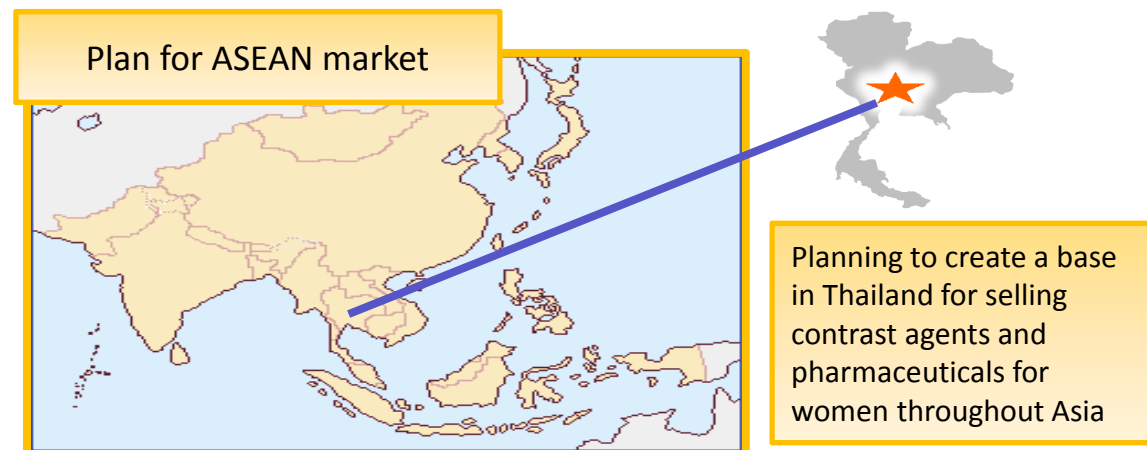
Shift to Branded Drugs

■ New drugs ■ BS ■ GE ■ CMO

Progress Report on Medium-term Business Plan

Grow on a global scale

1. Construction of a new parenteral injection plant and warehouse at subsidiary OLIC (Thailand)
 - Completed in January 2017
 - Started process validation in the first quarter of FY2017 for producing contrast agents for sale in Japan
2. Will use resources of OLIC and/or alliance partners in Thailand to start building an infrastructure for selling OLIC's own products in Thailand
 - Contrast agents: Plan to receive regulatory approval for the first contrast agent in the fourth quarter of FY2017 (8 standards) and for the second contrast agent in the first quarter of FY2018 (4 standards)
 - Drugs for external use: Regulatory approval for three drugs has been received
 - Hormone drugs: Currently performing market surveys in Thailand and nearby countries



Contrast agent
(Distributed in vials)

OYPALOMIN®
injection (8 standards)

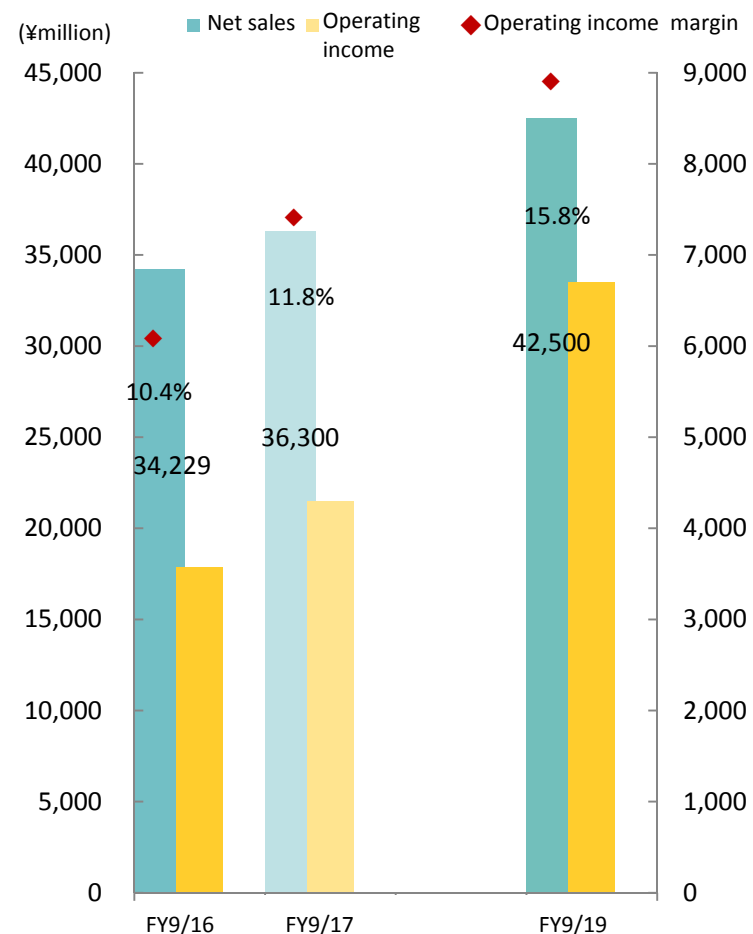
IOPAQUE®
injection (4 standards)

Plan to start shipments in Japan in the fourth quarter of FY2017

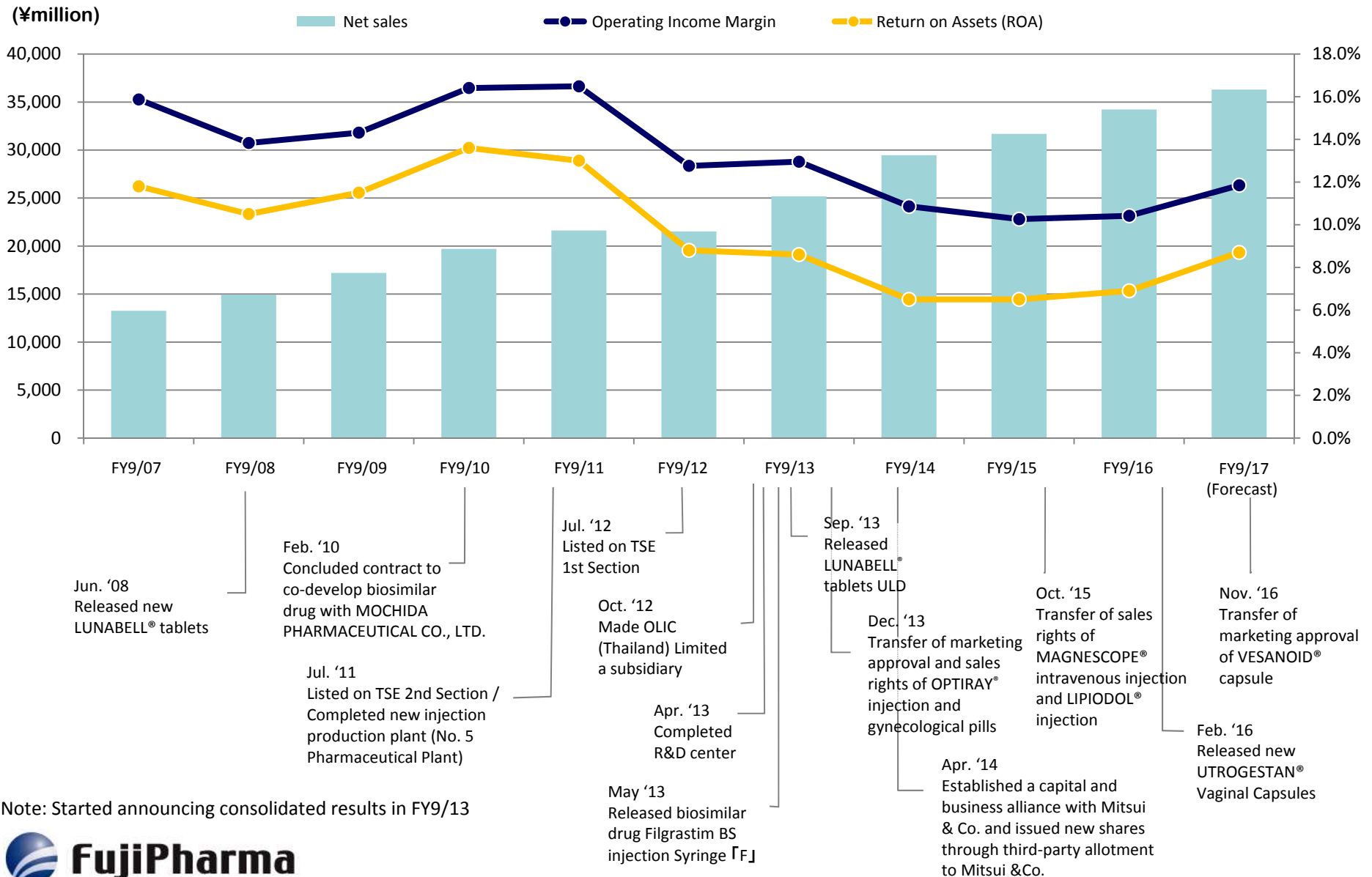
Medium-term Numerical Targets

- Solid benefit from synergies by linkage among branded drugs – generic drugs – CMO business
- More and stronger alliances with companies in Japan and other countries
- Focus on sales of highly profitable products and on contract manufacturing

(¥million)	FY9/16 Result	FY9/17 Plan	FY9/19 Plan
Net Sales	34,229	36,300	42,500
Operating Income	3,568	4,300	6,700
Operating Income Margin	10.4%	11.8%	15.8%
Ordinary Income	3,251	4,180	6,650
Ordinary Income Margin	9.5%	11.5%	15.6%
Profit	2,118	2,800	4,350
Profit Margin	6.2%	7.7%	10.2%
R&D Expenses	1,840	1,990	2,800



Business Outline / Business Performance Trendlines



Memo

Contact Information

The financial forecasts and other projections provided in this presentation are based on information available at the time of its compilation and it therefore contains an element of uncertainty and potential risks.

Actual results may differ significantly from these forecasts for a number of reasons.

It should also be noted that the views and/or facts presented here may be altered or deleted without prior notification.

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