Business Results for the First Quarter of the Fiscal Year Ending September 30, 2018 (1Q FY9/18)

February 9, 2018

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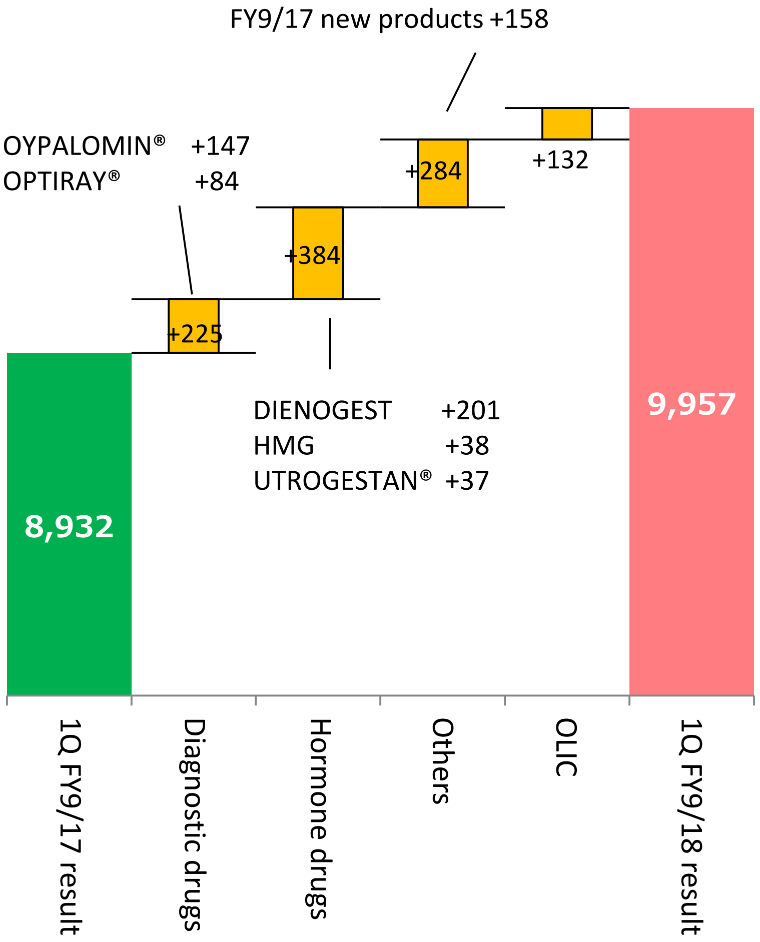
Summary of 1Q FY9/18 Consolidated Financial Results

- Strong performance in line with the initial forecast

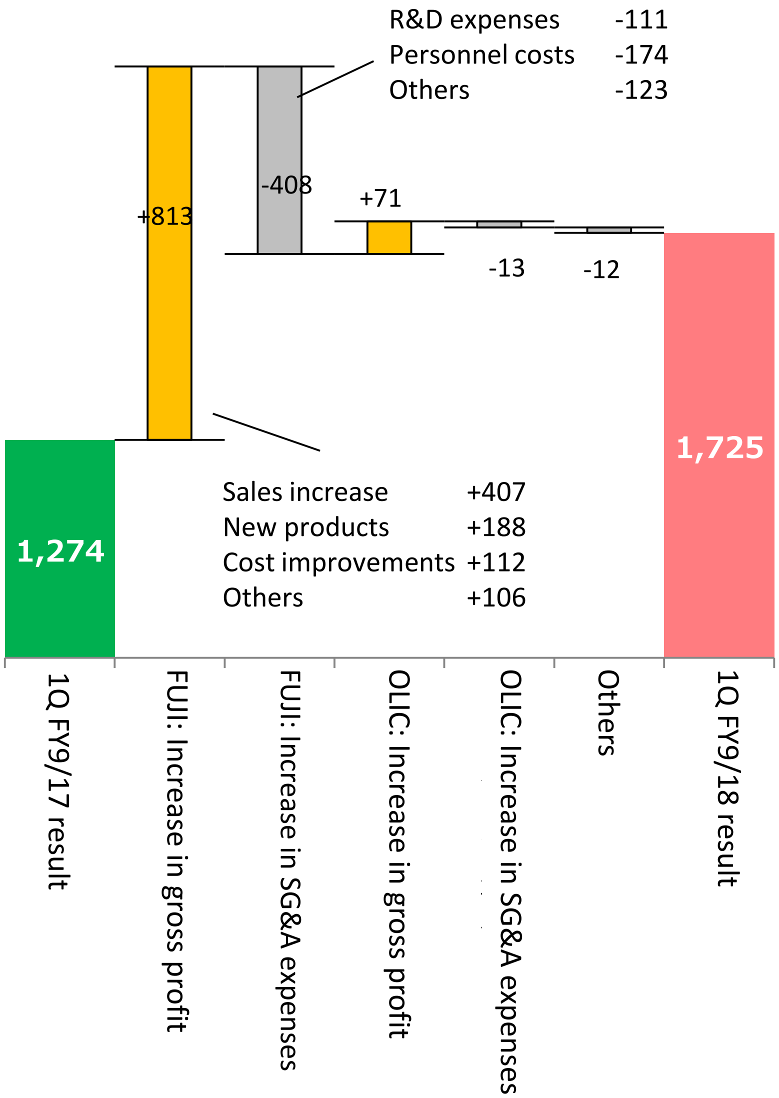
(¥million)	FY9/17	**FY9/18**	YoY Change		FY9/18	
	1Q	**1Q**	Amount	Ratio	Full-year Fcst	vs Fcst (%)
Net Sales	8,932	**9,957**	1,025	11.5%	38,139	26.1%
Gross Profit	3,691	**4,581**	890	24.1%		
Gross Margin	41.3%	**46.0%**				
SG&A Expenses	2,417	**2,855**	438	18.1%		
SG&A Margin	27.1%	**28.7%**				
Operating Profit	1,274	**1,725**	451	35.4%	4,850	35.6%
Operating Margin	14.3%	**17.3%**				
Ordinary Profit	1,521	**1,824**	303	19.9%	4,710	38.7%
Ordinary Margin	17.0%	**18.3%**				
Profit Attributable to Owners of Parent	1,077	**1,301**	224	20.7%	3,345	38.9%
Profit Margin	12.1%	**13.1%**				
R&D Expenses	324	**435**	111	34.3%	1,921	22.6%
R&D Expenses Ratio	3.6%	**4.4%**				

Summary of 1Q FY9/18 Consolidated Financial Results

Net Sales



Operating Profit



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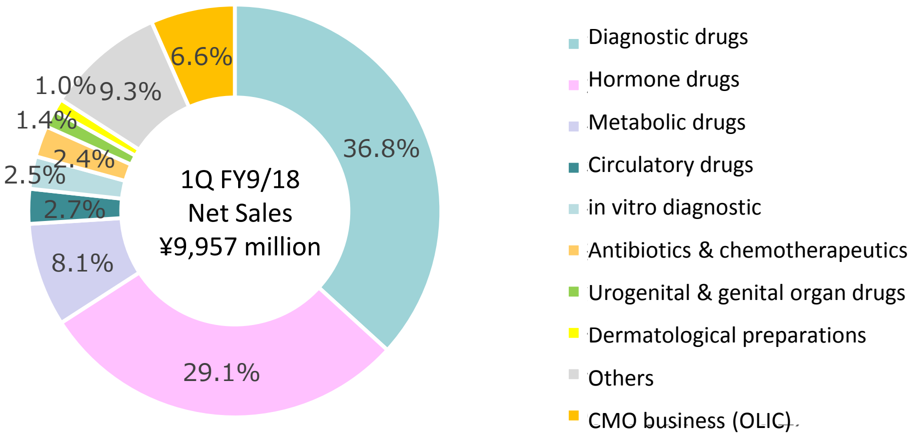
Sales by Therapeutic Category

(¥million)	FY9/17 1Q	**FY9/18 1Q**	YoY Change Amount	 Ratio
Diagnostic Drugs	3,435	**3,660**	225	6.6%
Hormone Drugs	2,514	**2,898**	384	15.3%
Metabolic Drugs	798	**808**	10	1.3%
Circulatory Drugs	248	**271**	23	9.3%
in vitro Diagnostics	241	**253**	12	5.0%
Antibiotics & Chemotherapeutics	246	**243**	-3	-1.2%
Urogenital & Genital Organ Drugs	133	**137**	4	3.0%
Dermatological Preparations	92	**99**	7	7.6%
Others	634	**927**	293	46.2%
CMO Business (OLIC)	618	**750**	132	21.4%
Total	8,932	**9,957**	1,024	11.5%

*Total amounts are after consolidation adjustments.


Sales Breakdown by Therapeutic Category

Sales of Major Products

Product Name	Therapeutic Category	FY9/17	**FY9/18**	YoY Change		FY9/18	
(¥million)		1Q	**1Q**	Amount	Ratio	Full-year Fcst	vs Fcst (%)
OYPALOMIN® injection	Diagnostic drugs	1,674	**1,821**	147	8.8%	6,775	26.9%
LUNABELL® tablets (LD/ULD)	Hormone drugs	690	**696**	6	0.9%	2,910	23.9%
IOPAQUE® injection	Diagnostic drugs	537	**565**	28	5.2%	2,560	22.1%
OPTIRAY® injection	Diagnostic drugs	481	**565**	84	17.5%	2,075	27.2%
Filgrastim BS injection	Metabolic drugs	495	**466**	-29	-5.9%	1,725	27.0%
MAGNESCOPE® intravenous injection	Diagnostic drugs	346	**412**	66	19.1%	1,535	26.8%
HMG intramuscular injection	Hormone drugs	213	**251**	38	17.8%	910	27.6%
DEXART® injection	Hormone drugs	235	**245**	10	4.3%	866	28.3%
DIENOGEST tablets	Hormone drugs	-	**201**	201	-	690	29.1%
LIPIODOL® injection	Diagnostic drugs	225	**194**	-31	-13.8%	660	29.4%
LIMAPROST ALFADEX tablets	Metabolic drugs	146	**180**	34	23.3%	580	31.0%
FAVOIR® tablets	Hormone drugs	144	**177**	33	22.9%	640	27.7%
SOL-MELCORT for injection	Hormone drugs	176	**174**	-2	-1.1%	600	29.0%
UTROGESTAN® Vaginal Capsules	Hormone drugs	133	**170**	37	27.8%	830	20.5%
FOLYRMON®-P injection	Hormone drugs	138	**161**	23	16.7%	575	28.0%
Total Top 15 Sales		5,633	**6,278**	645	11.5%	23,974	26.2%
Pct. of Total Sales		63.1%	63.1%				
New Products		503	**707**	204	40.6%	2,950	24.0%
Other Products		2,210	**2,315**	105	4.8%	8,675	26.7%
CMO Business (OLIC)		618	**750**	132	21.4%	2,450	30.6%
Total		8,932	**9,957**	1,024	11.5%	38,139	26.1%

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 from original drug manufacturers) and biosimilars.

* Total amounts are after consolidation adjustments.

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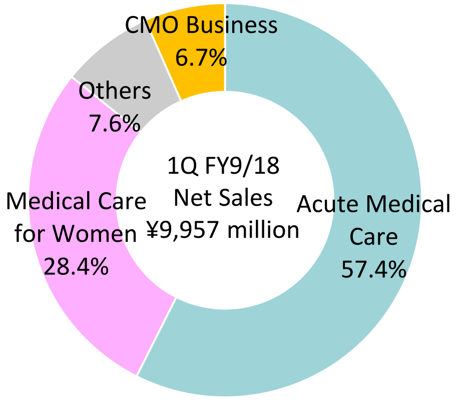
Sales by Medical Field and Drug Form Category

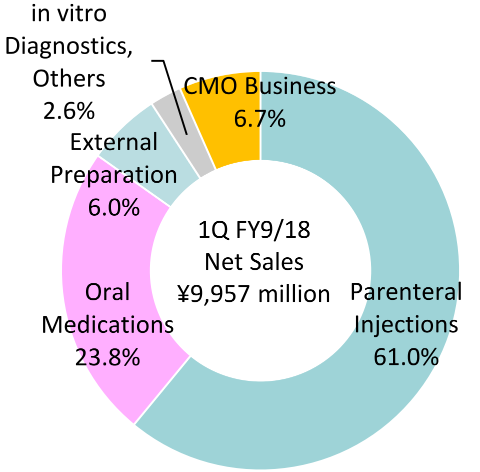
(¥million)	FY9/17 1Q	**FY9/18 1Q**	YoY Change Amount	YoY Change Ratio
Acute Medical Care	5,228	**5,689**	461	8.8%
Medical Care for Women	2,437	**2,810**	373	15.3%
Others	681	**752**	71	10.4%
CMO Business (OLIC)	618	**750**	132	21.4%
Total	8,932	**9,957**	1,024	11.5%

Sales Breakdown by Medical Field



(¥million)	FY9/17 1Q	**FY9/18 1Q**	YoY Change Amount	YoY Change Ratio
Parenteral Injections	5,565	**6,041**	476	8.6%
Oral Medications	2,004	**2,361**	357	17.8%
External Preparation	534	**595**	61	11.4%
in vitro Diagnostics, Others	243	**255**	12	4.9%
CMO Business (OLIC)	618	**750**	132	21.4%
Total	8,932	**9,957**	1,024	11.5%

Sales Breakdown by Drug Form Category



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	● Female hormone drugs/ New administration route drugs	● Female hormone drugs ● Antihormonal drugs	[Toyama plant/OLIC] A dedicated plant for female hormone drugs
Acute Medical Care	● Diagnostic drugs/Sales right ● Diagnostic drugs/Drugs with new indications and new dosages	● 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

■ Contrast Media Business

Summary of Timely Disclosure on February 2, 2018

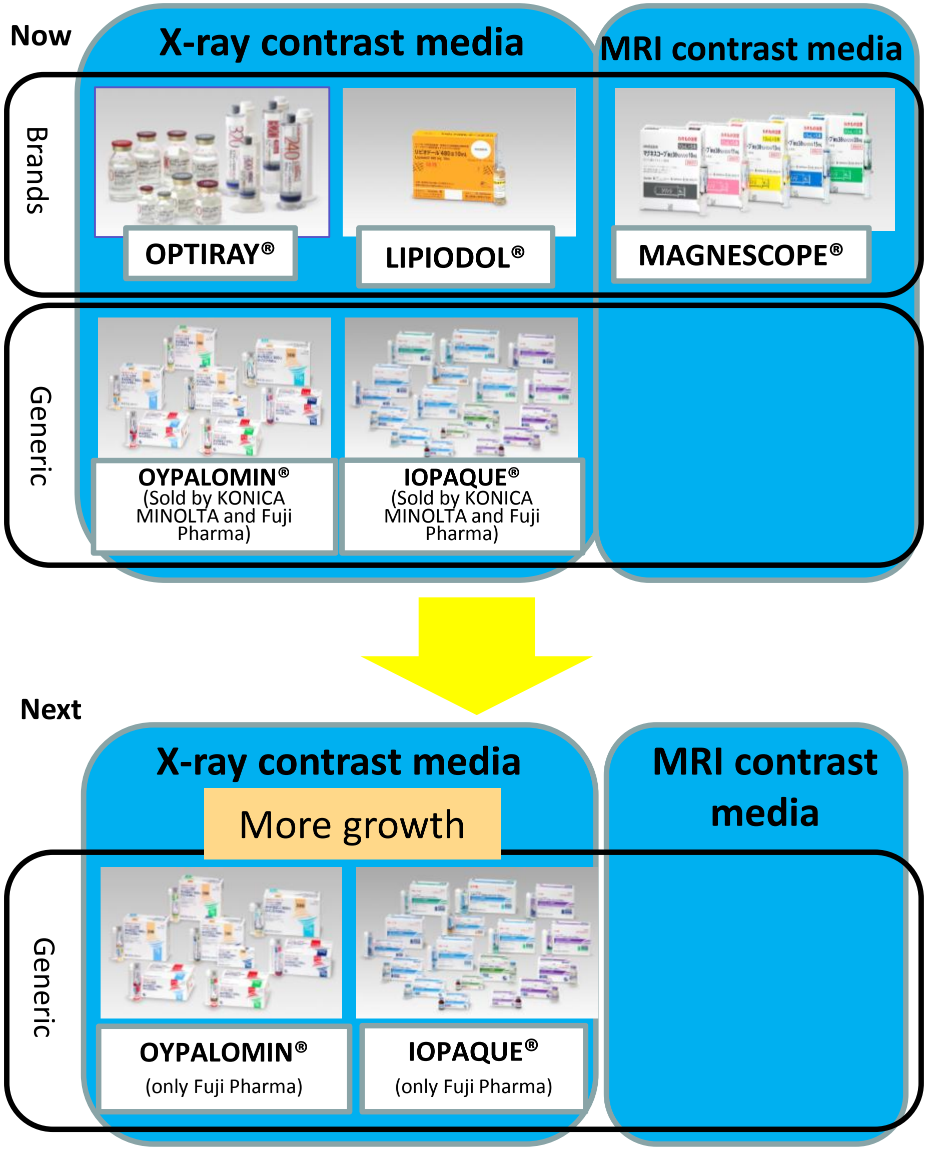
1. Unification of sales of generic contrast media

- An agreement was reached for Fuji Pharma to be the sole distributor of three products, including OYPALOMIN® Injection and IOPAQUE® Injection, that were also sold by KONICA MINOLTA JAPAN. (Fuji Pharma produces all three products and had supplied them to KONICA MINOLTA JAPAN.)
- KONICA MINOLTA JAPAN will stop selling the three products at the end of March 2018 and transfer its entire customer base to Fuji Pharma in April.

2. End of sale of Guerbet Japan contrast media

- Fuji Pharma announced an agreement to end a licensing agreement with Guerbet Japan that allowed Fuji Pharma to sell MAGNESCOPE® intravenous injection , LIPIODOL® injection and OPTIRAY® injection in Japan.
- Fuji Pharma will stop selling MAGNESCOPE® intravenous injection and LIPIODOL® injection on October 1, 2018 and OPTIRAY® injection on December 31, 2018.
- Fuji Pharma will continue to manufacture OPTIRAY® injection until the end of 2019. Subsequent production will be determined by a mutual agreement.

Strategy for the Contrast Media Business



Now

X-ray contrast media

MRI contrast media

Brands

OPTIRAY®

LIPIODOL®

MAGNESCOPE®

Generic

OYPALOMIN®
(Sold by KONICA MINOLTA and Fuji Pharma)

IOPAQUE®
(Sold by KONICA MINOLTA and Fuji Pharma)

Next

X-ray contrast media

More growth

MRI contrast media

Generic

OYPALOMIN®
(only Fuji Pharma)

IOPAQUE®
(only Fuji Pharma)

- Products also sold by KONICA MINOLTA JAPAN will be sold only by Fuji Pharma
- Fuji Pharma will stop selling Guerbet Japan branded products
- Fuji Pharma will stop selling generic MRI contrast media

  (due to problems involving the safety of active ingredients, which are also included in original products)

<Strategic goals>

1. Target opportunities for new businesses and alliances by using physician relationships created from sales of branded contrast media and the high market share captured by selling generic contrast media.
2. Develop generic contrast media with added value, such as new dosages and applications, including product line expansions.
3. Use alliances with overseas companies to become the world’s largest supplier of generic contrast media.

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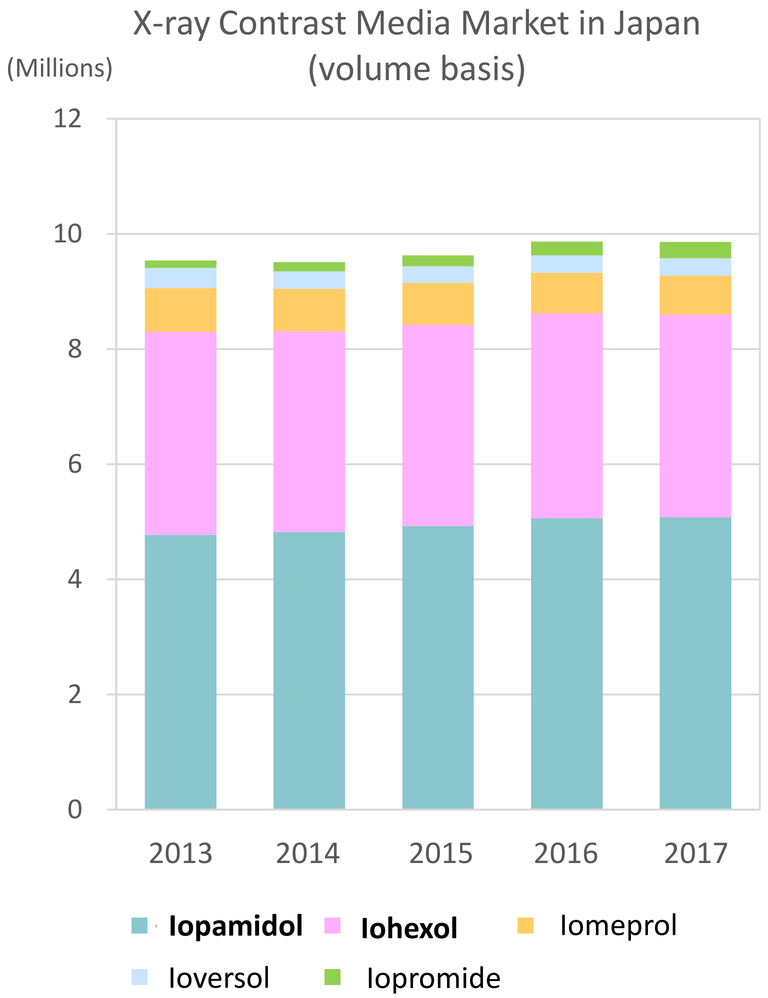
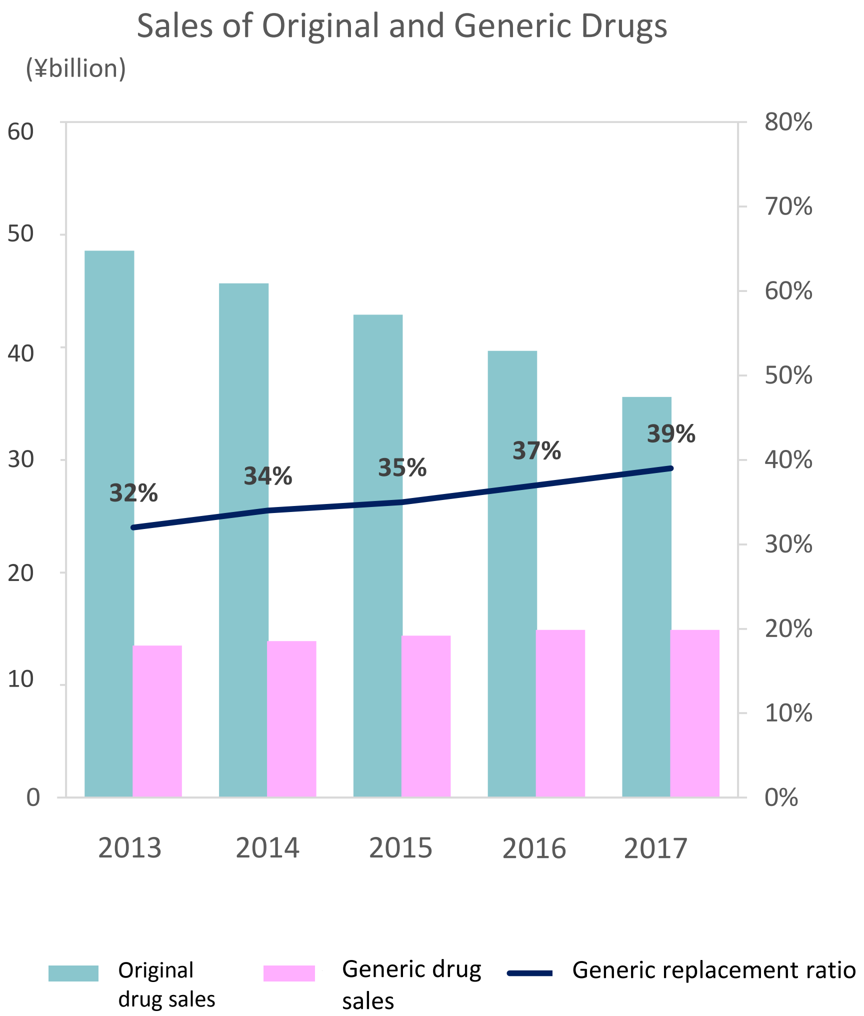
The X-ray Contrast Media Market in Japan

- Iopamidol and Iohexol account for most sales



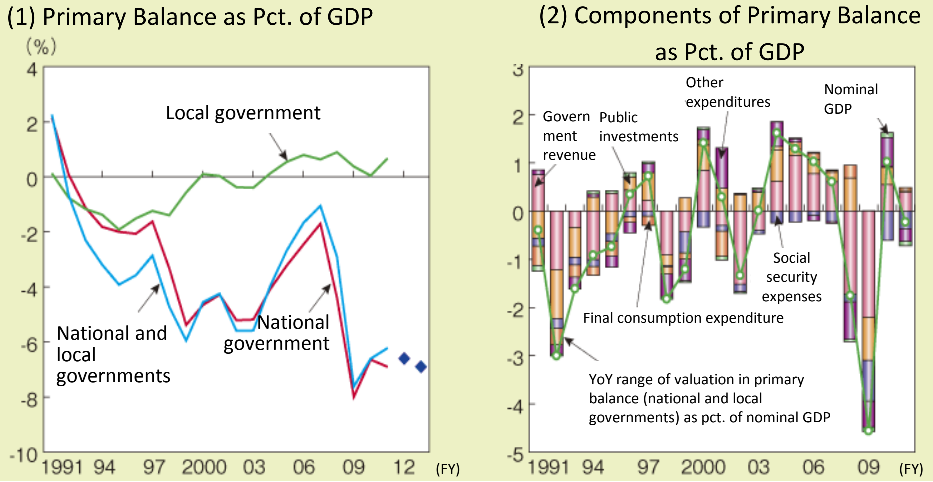
- Share of generic drugs is increasing



Data based on Fuji Pharma research

Reasons for More Growth in Generic Drug Use

- Rising social security expenses are a big reason for Japan’s government deficit.



1-3-1 Primary Balance of National and Local Governments (Pct. of GDP)

Sustained Large Deficit in the Primary Balance

Source: Cabinet Office website

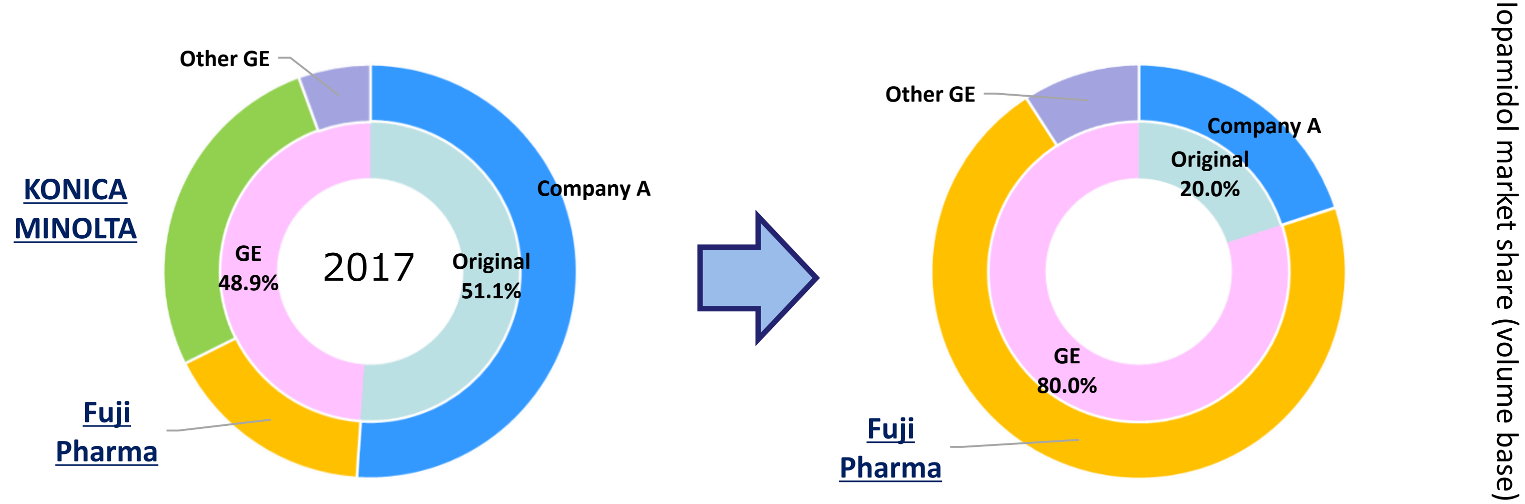
- The Japanese government promotes a switch to generic drugs to hold down the growth in social security expenses.
- A Cabinet decision has established the goal of a generic utilization share of at least 80% by the end of FY2022 or as soon as possible before then.

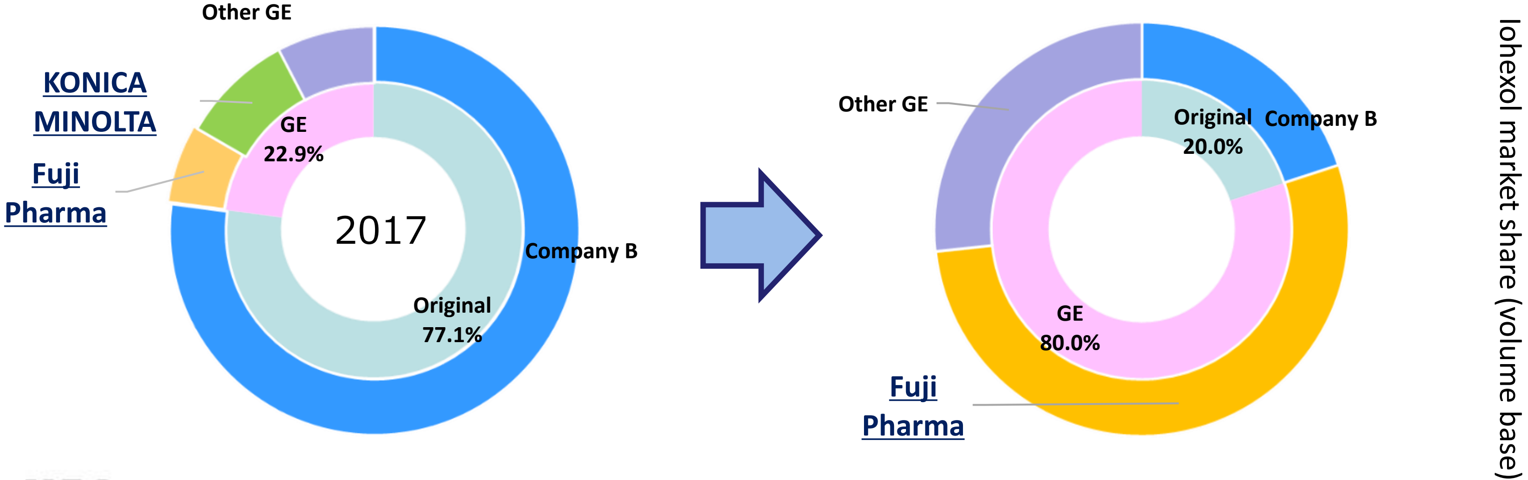
- Switch to quality generic drugs that have earned a reputation for trust.
- Many issues involving flat-rate outpatient payments remain, but there are significant social benefits from reducing expenses for patients and the national government.

X-ray Contrast Media Market Share in Japan

- Theoretical Fuji Pharma market share when generic products reach 80%

<Volume-based share of generic Iopamidol and Iohexol climbs to 80%>



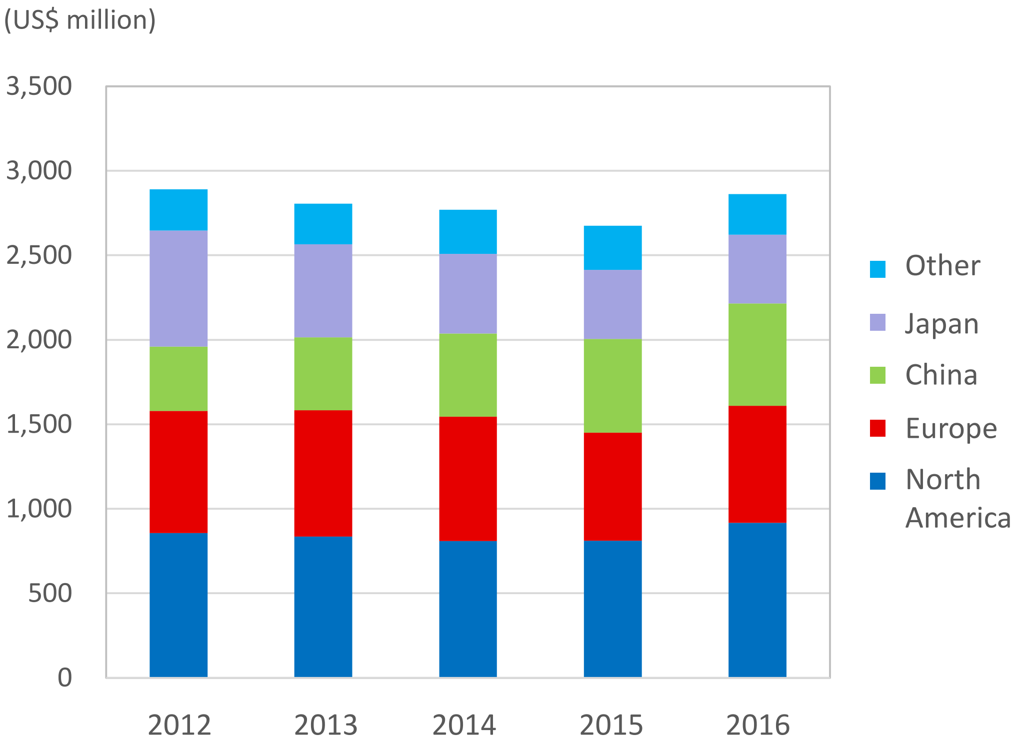


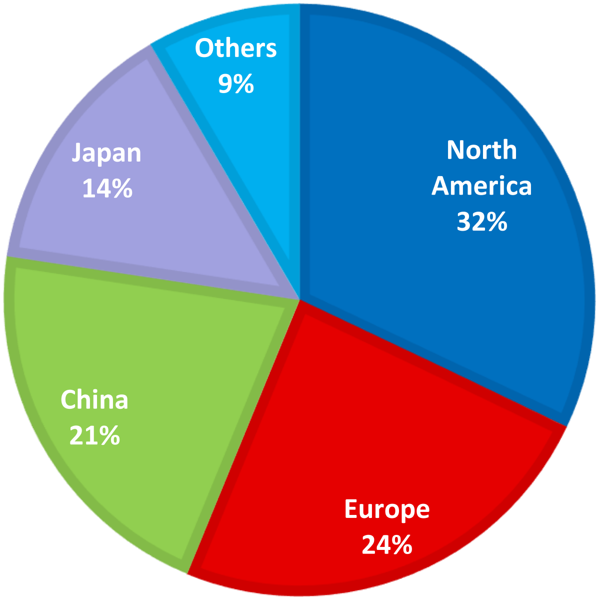
Data based on Fuji Pharma research

The Global Contrast Media Market

Worldwide sales of x-ray contrast media are ¥315.0 billion *(¥110/USD)

This includes $658 million (¥72.4 billion) for Iopamidol and $1,110 million (¥122.1 billion) for Iohexol.

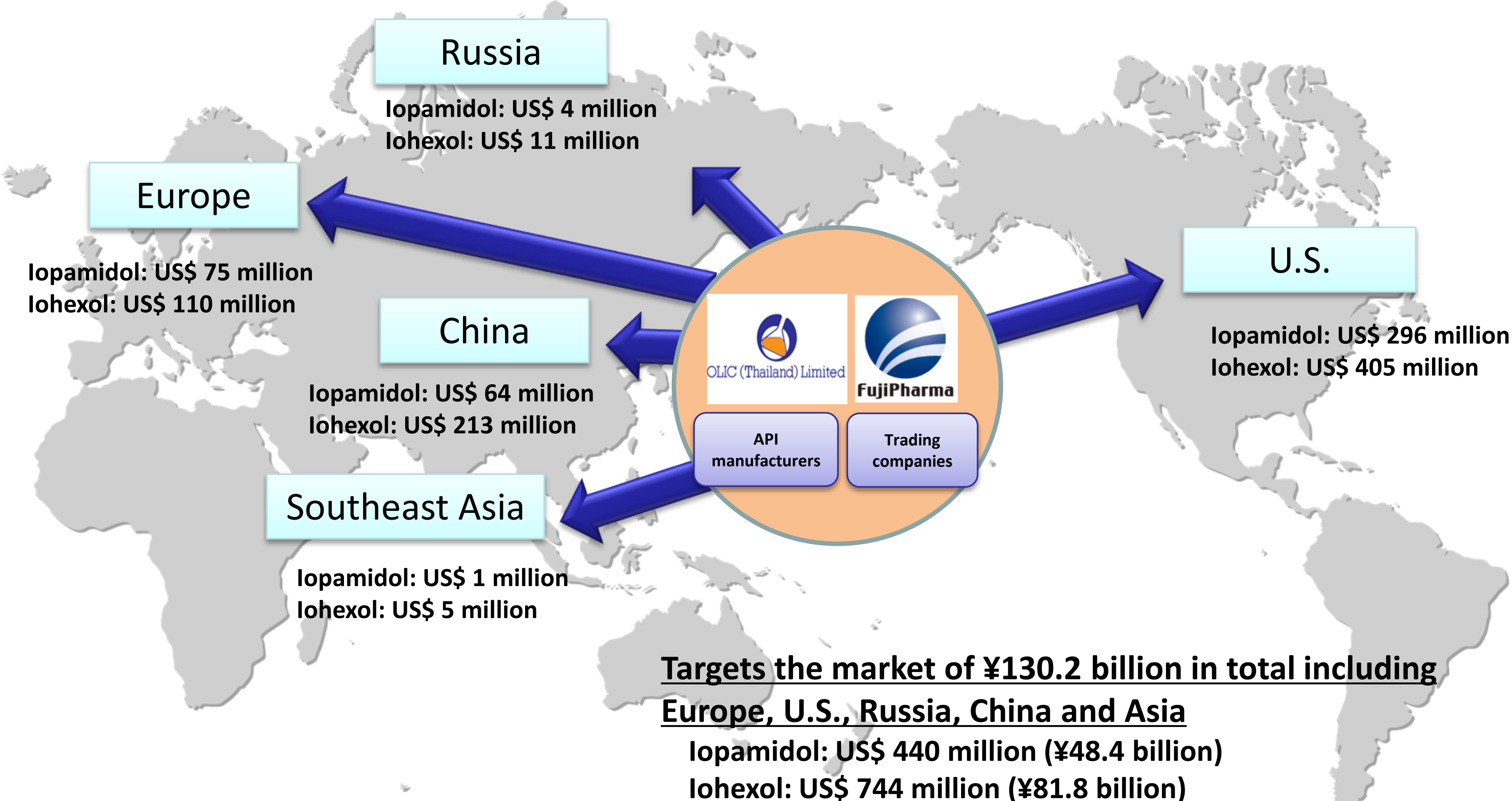




Data based on Fuji Pharma research

The Global Contrast Media Business

By working with overseas API (Active Pharmaceutical Ingredient) manufacturers and trading companies, Fuji Pharma and Thai subsidiary OLIC plan to supply contrast media in the United States, Russia, Europe, China and Southeast Asia.



Russia

Iopamidol: US$ 4 million
Iohexol: US$ 11 million

Europe

Iopamidol: US$ 75 million
Iohexol: US$ 110 million

China

Iopamidol: US$ 64 million
Iohexol: US$ 213 million

Southeast Asia

Iopamidol: US$ 1 million
Iohexol: US$ 5 million

U.S.

Iopamidol: US$ 296 million
Iohexol: US$ 405 million

<u>Targets the market of ¥130.2 billion in total including Europe, U.S., Russia, China and Asia</u>

Iopamidol: US$ 440 million (¥48.4 billion)
Iohexol: US$ 744 million (¥81.8 billion)

*** ¥110/USD**
Data based on Fuji Pharma research

■ New Initiatives Involving Medical Care for Women

Major Drugs in the Pipeline (Excluding infertility/reproductive treatments)

Japan

As of February 2018

Code name / General name Efficacy/ Drug category	**Ph I**	**Ph II**	**Ph III**	**Application**	**Approval**
FSN-011-01 / Progesterone Menopausal disorders / Oral	━	━	▶		
FSN-013 / Estetrol Dysmenorrhea / Oral	▶				
FSN-014 / Estetrol Menopausal disorders / Oral	Under examination				

Overseas (ASEAN Market)

Code name / General name Efficacy/ Drug category	**Ph I**	**Ph II**	**Ph III**	**Application**	**Approval**
FSN-013 / Estetrol Contraception / Oral	━	━	▶		
FSN-014 / Estetrol Menopausal disorders / Oral	━	▶			

Licensors

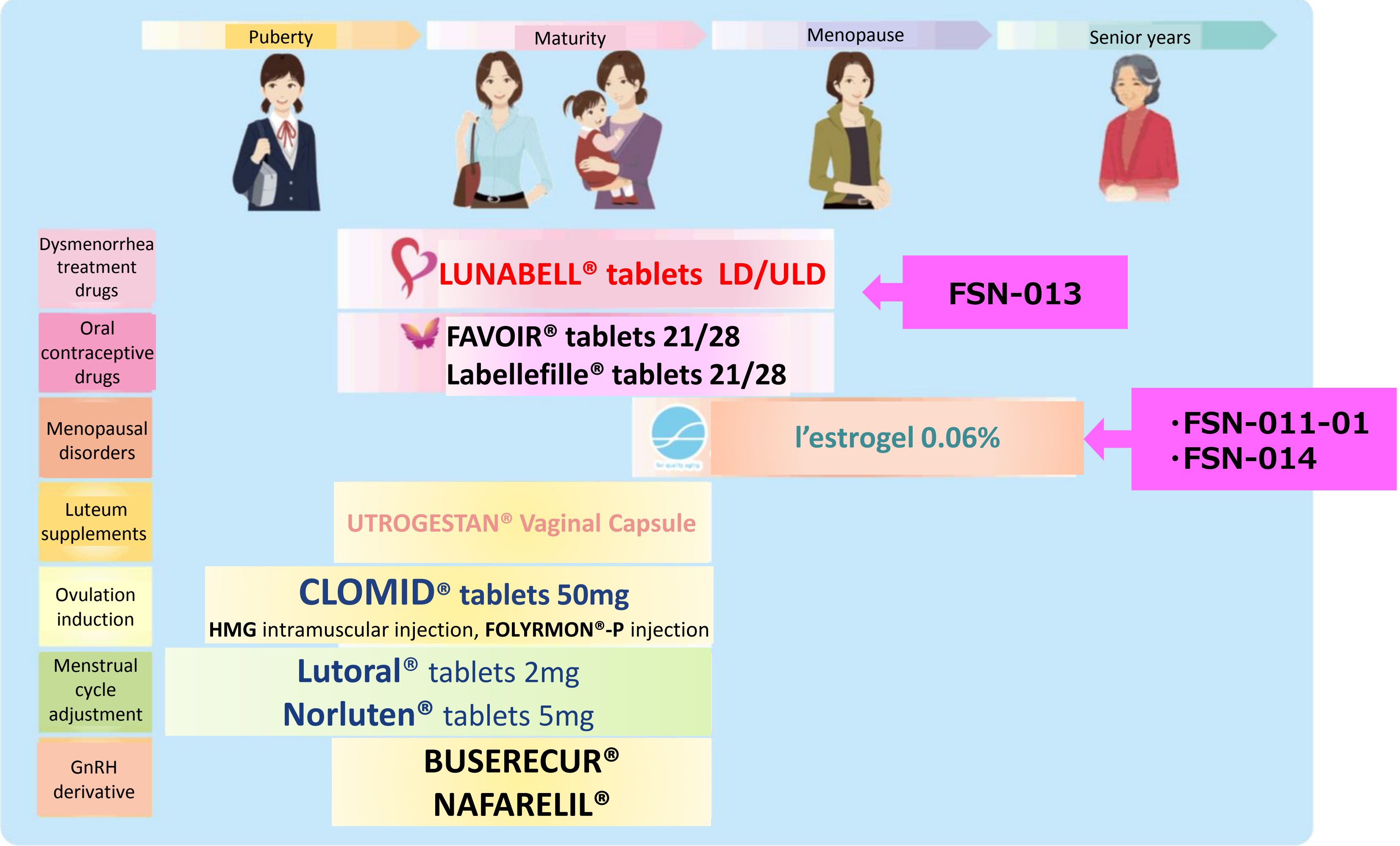
Progesterone:	Besins Healthcare (Fuji Pharma has already licensed UTROGESTAN® Vaginal Capsules 200mg.)
Estetrol:	Mithra Pharmaceuticals

Initiatives for Medical Care for Women

Declining/aging population/Fewer children

More roles for women in society

Provision of outstanding pharmaceuticals to enhance women's Quality of Life and Quality of Working Life



Dysmenorrhea treatment drugs	**LUNABELL® tablets LD/ULD**	**FSN-013**
Oral contraceptive drugs	**FAVOIR® tablets 21/28** **Labellefille® tablets 21/28**	
Menopausal disorders	**l'estrogel 0.06%**	**・FSN-011-01** **・FSN-014**
Luteum supplements	**UTROGESTAN® Vaginal Capsule**	
Ovulation induction	**CLOMID® tablets 50mg** **HMG** intramuscular injection, **FOLYRMON®-P** injection	
Menstrual cycle adjustment	**Lutoral®** tablets 2mg **Norluten®** tablets 5mg	
GnRH derivative	**BUSERECUR®** **NAFARELIL®**	

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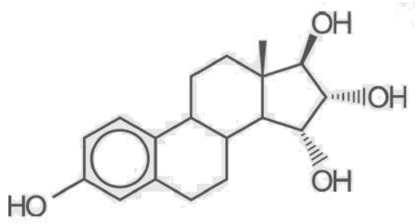
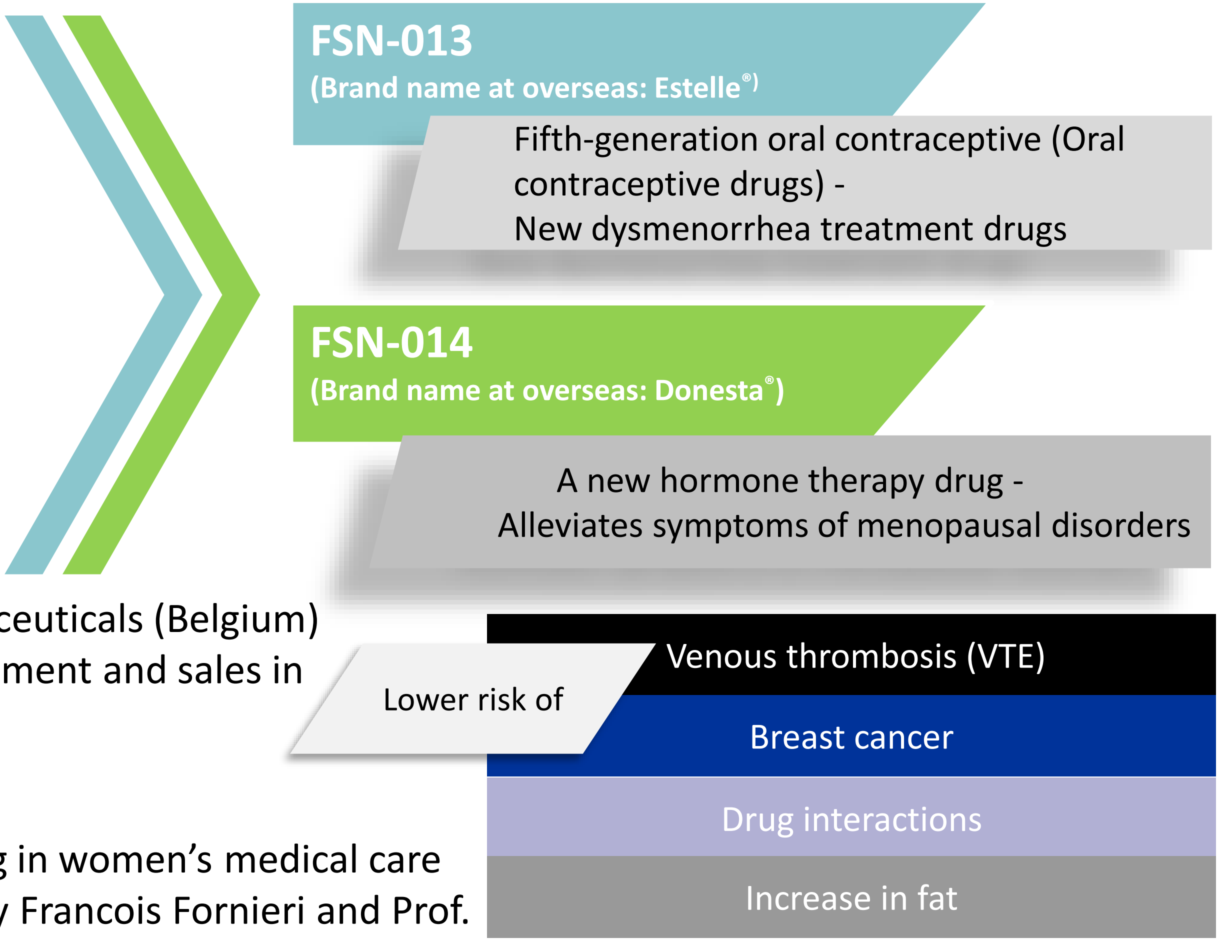
Development of New Hormone Drugs

NEST™ Native Estrogen acting Selectively in Tissue



Estetrol (E4)

A natural estrogen produced by the fetal liver during pregnancy



FSN-013

(Brand name at overseas: Estelle®)

Fifth-generation oral contraceptive (Oral contraceptive drugs) -
New dysmenorrhea treatment drugs

FSN-014

(Brand name at overseas: Donesta®)

A new hormone therapy drug -
Alleviates symptoms of menopausal disorders

Lower risk of

- Venous thrombosis (VTE)
- Breast cancer
- Drug interactions
- Increase in fat

- Licensed by Mithra Pharmaceuticals (Belgium)
- Executive rights for development and sales in Japan and ASEAN

■ Mithra Pharmaceuticals
A spin-off company specializing in women's medical care that was established in 1999 by Francois Fornieri and Prof. Dr. Jean-Michel Foidart of the University of Liege

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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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