

Year Ending March 31, 2020
Results of 1st Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Jun.30 2019)

August, 2019



Nichi-Iko Pharmaceutical Co., Ltd.

TSE : 4541

- Sales and profit increased YOY due to contribution of Elmed.
- Intensified competition in US market.
- Steady performance for core operating profit forecast.

(¥ billion)

Sales**46.5**

- (+) GE Sales in Japan increased YOY by 24.2%
- (-) Sagent sales decreased YOY by 30.7%

Core Operating Profit**1.8**

- (+) Profit increased with sales growth in Japan
- (-) Supply issues with certain CMOs
- (-) Accelerating CAPEX for in-house manufacturing

Quarterly Net Profit**1.8**

(¥ million)

	FY2018 Q1	vs Sales (%)	FY2019 Q1	vs Sales (%)	YOY
Sales	42,278	-	46,523	-	110.0%
COGS	33,359	78.9%	36,830	79.2%	110.4%
Gross Profit	8,918	21.1%	9,693	20.8%	108.7%
SG&A	5,869	13.9%	6,698	14.4%	114.1%
R&D Expenses	1,220	2.9%	1,288	2.8%	105.6%
Other Income	224	0.5%	223	0.5%	99.6%
Other Expense	16	0.0%	195	0.4%	1218.8%
Core Operating Profit	2,144	5.1%	1,871	4.0%	87.3%
Operating Profit	2,036	4.8%	1,733	3.7%	85.1%
Pretax	2,897	6.9%	2,868	6.2%	99.0%
Net Income Attributable to Parent	2,461	5.8%	1,813	3.9%	73.7%
Capital Expense	1,050		2,509		239.0%
R&D Investment	2,722		4,061		149.2%
Depreciation	2,334		2,844		121.9%

※ Core Operating Profit means Operating Profit excluding Impairment of intangible assets, temporary impact of M&A and restructuring expense

Reported
P&L

(¥ million)

	Nichi-Iko			Sagent			Consolidated		
	FY2018 Q1	FY2019 Q1	YOY	FY2018 Q1	FY2019 Q1	YOY	FY2018 Q1	FY2019 Q1	YOY
Sales	32,518	39,761	122.3%	9,759	6,761	69.3%	42,278	46,523	110.0%
COGS	25,537	31,397	122.9%	7,822	5,433	69.5%	33,359	36,830	110.4%
<i>vs Sales</i>	<i>78.5%</i>	<i>79.0%</i>		<i>80.2%</i>	<i>80.4%</i>		<i>78.9%</i>	<i>79.2%</i>	
Gross Profit	6,980	8,364	119.8%	1,937	1,328	68.6%	8,918	9,693	108.7%
<i>vs Sales</i>	<i>21.5%</i>	<i>21.0%</i>		<i>19.8%</i>	<i>19.6%</i>		<i>21.1%</i>	<i>20.8%</i>	
SG&A	4,368	5,165	118.2%	1,501	1,532	102.1%	5,869	6,698	114.1%
R&D Expense	897	778	86.7%	322	510	158.4%	1,220	1,288	105.6%
Other Income	225	134	59.6%	-0	88	-	224	223	99.6%
Other Expense	16	195	1218.8%	-	-0	-	16	195	1218.8%
Operating Profit	1,923	2,359	122.7%	113	-625	-	2,036	1,733	85.1%
<i>vs Sales</i>	<i>5.9%</i>	<i>5.9%</i>		<i>1.2%</i>	<i>-9.2%</i>		<i>4.8%</i>	<i>3.7%</i>	

<Exchange Rate>

(JPY Per \$)

	FY2018	FY2019
Q1	109.07	109.90

Core based
P&L

(¥ million)

	Nichi-Iko			Sagent			Consolidated		
	FY2018 Q1	FY2019 Q1	YOY	FY2018 Q1	FY2019 Q1	YOY	FY2018 Q1	FY2019 Q1	YOY
Sales	32,518	39,761	122.3%	9,759	6,761	69.3%	42,278	46,523	110.0%
COGS	25,537	31,397	122.9%	7,822	5,433	69.5%	33,359	36,830	110.4%
<i>vs Sales</i>	<i>78.5%</i>	<i>79.0%</i>		<i>80.2%</i>	<i>80.4%</i>		<i>78.9%</i>	<i>79.2%</i>	
Gross Profit	6,980	8,364	119.8%	1,937	1,328	68.6%	8,918	9,693	108.7%
<i>vs Sales</i>	<i>21.5%</i>	<i>21.0%</i>		<i>19.8%</i>	<i>19.6%</i>		<i>21.1%</i>	<i>20.8%</i>	
SG&A	4,260	5,028	118.0%	1,501	1,532	102.1%	5,762	6,561	113.9%
R&D Expense	897	778	86.7%	322	510	158.4%	1,220	1,288	105.6%
Other Income	225	134	59.6%	-0	88	-	224	223	99.6%
Other Expense	16	194	1212.5%	-	-0	-	16	194	1212.5%
Core Operating Profit	2,031	2,496	122.9%	113	-625	-	2,144	1,871	87.3%
<i>vs Sales</i>	<i>6.2%</i>	<i>6.3%</i>		<i>1.2%</i>	<i>-9.2%</i>		<i>5.1%</i>	<i>4.0%</i>	

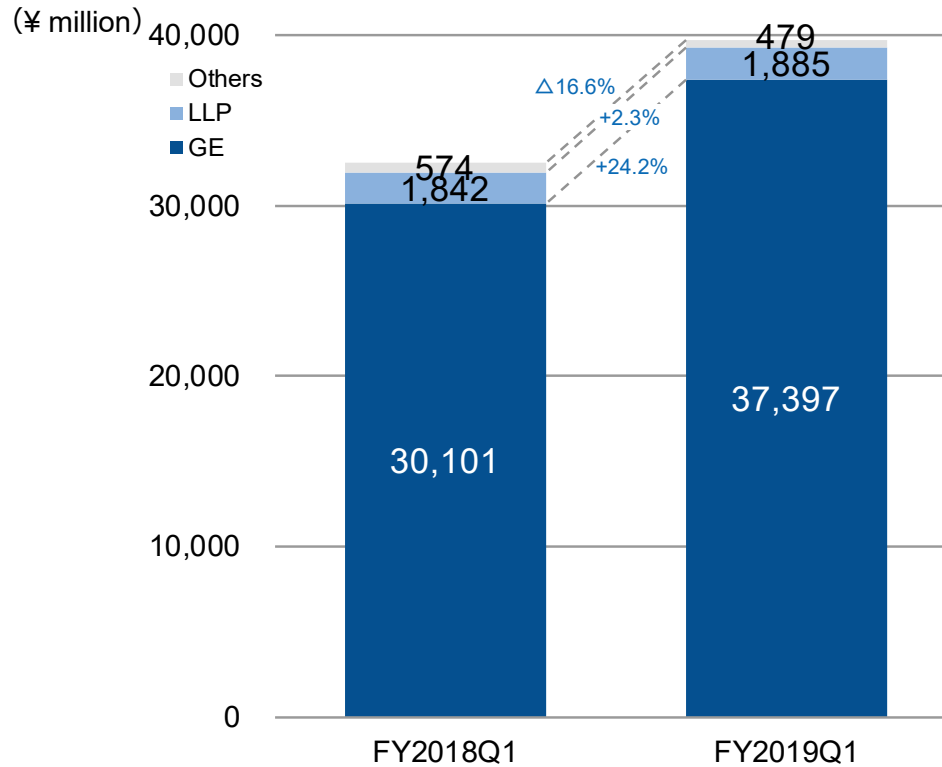
<Excluded following items from Reported P&L>

	Nichi-Iko		Sagent		Note
	FY2018	FY2019	FY2018	FY2019	
SG&A	107	137	-	-	Integration cost, etc.

IFRS: Sales Performance by Category of Products

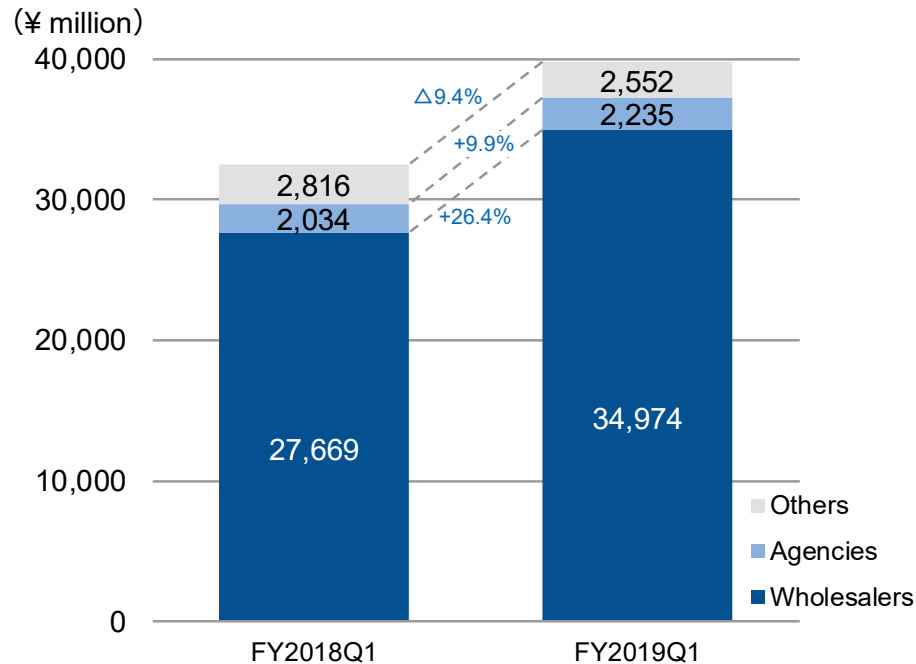
(¥ million)

	FY2018Q1	FY2019Q1	YOY	
	Actual	Actual	Variance	%
GE	30,101	37,397	7,295	124.2%
LLP	1,842	1,885	42	102.3%
Others	574	479	-95	83.4%
Total	32,518	39,761	7,243	122.3%

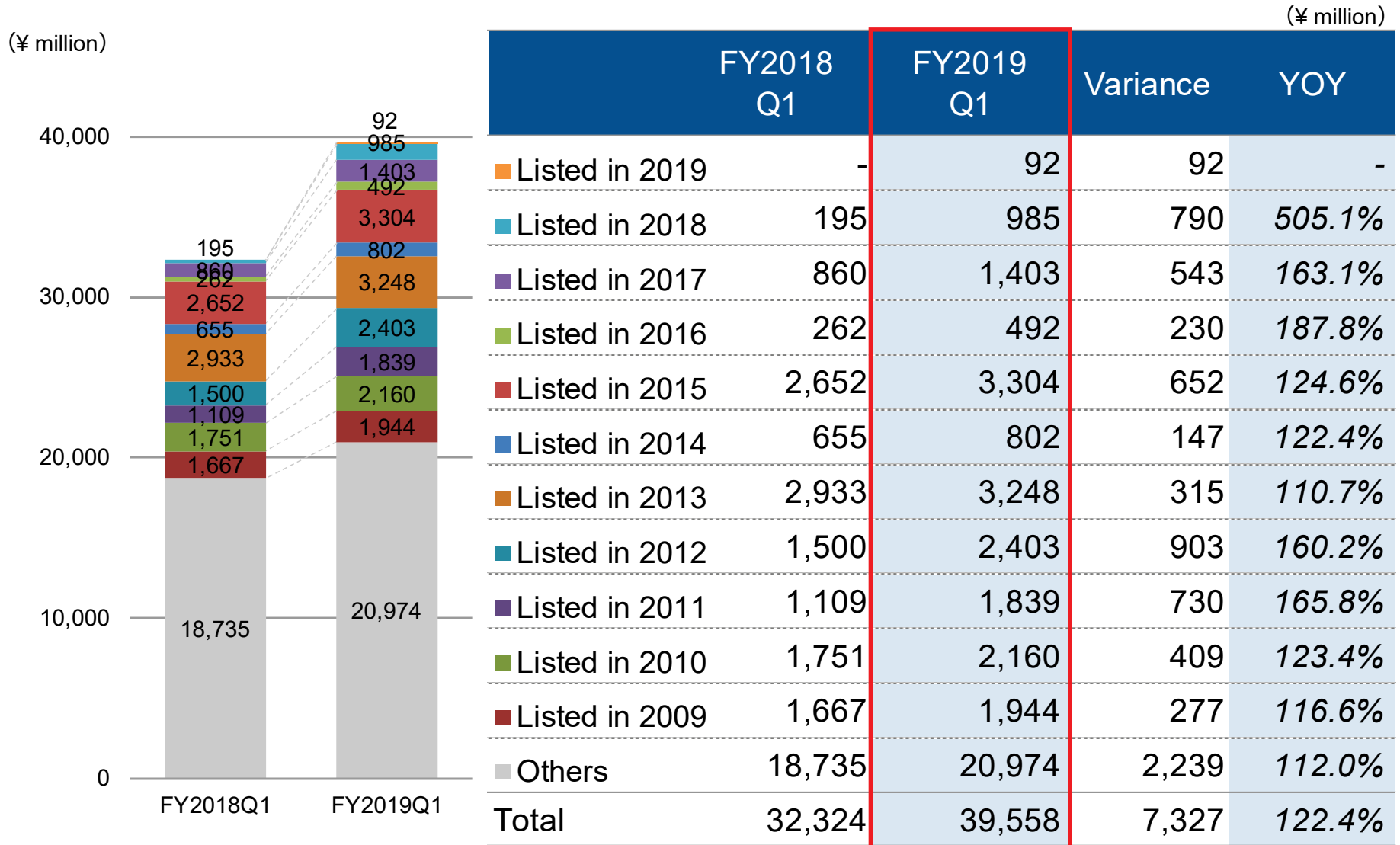


(¥ million)

Distribution Channel	FY2018Q1		FY2019Q1			
	Actual		Actual		YOY	
	Sales	%	Sales	%	Variance	%
Wholesalers	27,669	85.1%	34,974	88.0%	7,305	126.4%
Agencies	2,034	6.3%	2,235	5.6%	201	109.9%
Others	2,816	8.7%	2,552	6.4%	-264	90.6%
Total	32,518	100.0%	39,761	100.0%	7,243	122.3%



IFRS: Sales Performance by NHI Listed Year



Sales Performance by Medical Institutions

GE	FY2018Q1			FY2019Q1				
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients		
All	101,755	103.4%	100.7%	104,013	127.3%	102.2%		
DPC Hospital	1,716	98.5%	100.1%	1,716	130.2%	100.0%		
Pharmacy	56,166	105.0%	101.5%	57,320	130.3%	102.1%		

All Products	Total No. of Institutions in Japan	FY2018Q1			FY2019Q1			YOY	
		Sales Composition	No. of Clients		Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	119,026		100.0%	119,981	-	124.7%	100.8%
Hospital	8,404	16.7%	8,219		16.4%	8,226	97.9%	122.4%	100.1%
DPC Hospital	1,750	10.9%	1,718		10.9%	1,717	98.1%	125.2%	99.9%
Clinic	104,193	9.7%	54,210		8.3%	54,170	52.0%	107.0%	99.9%
Pharmacy	60,333	66.4%	56,597		68.4%	57,585	95.4%	128.5%	101.7%
Others	-	7.2%	-		6.9%	-	-	119.4%	-

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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Accordingly, actual results may differ from forecasts for a variety of reasons.

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