

Year Ended March 31, 2015
Results of 2nd Quarter
Settlement of Accounts Supplementary Material
(Apr.1 to Sep.30 2014)

Pyramid

Challenge Globally with Power of Creation

November, 2014

Nichi-Iko Pharmaceutical Co., Ltd.

(Code No. 4541 1st section of TSE)





- We, Nichi-Iko, make great efforts by ourselves to be sustainable for providing value-added, high quality generic products which meet various requirements from patients, pharmacists, doctors, wholesalers and pharmaceutical companies in the global market as one of the most respected, well established generic companies in the world.

Pyramid

Furthering Our Mission Statement

Vision → **Global Top 10 Generic Maker**





Consolidated Fiscal Year YOY

Year ended March 31, 2014 and 2015

(¥ million)

	2014 2Q	VS Sales (%)	2015 2Q	VS Sales (%)	YOY
Sales	49,526	-	60,949	-	123.1%
COGS	30,455	61.5%	38,469	63.1%	126.3%
Gross Profit	19,055	38.5%	22,491	36.9%	118.0%
SG&A Expenses	15,337	31.0%	18,081	29.7%	117.9%
Labor Expenses	2,513	5.1%	2,821	4.6%	112.3%
R&D Expenses	1,797	3.6%	2,226	3.7%	123.9%
Sales Promotion Cost	6,520	13.2%	7,617	12.5%	116.8%
Others	4,507	9.1%	5,417	8.9%	120.2%
Operating Profit	3,718	7.5%	4,410	7.2%	118.6%
Ordinary Profit	3,613	7.3%	4,370	7.2%	121.0%
Net Profit	2,244	4.5%	3,007	4.9%	134.0%
Capital Expenses	2,335		2,744		117.5%
Depreciation Expense	2,811		2,393		85.1%

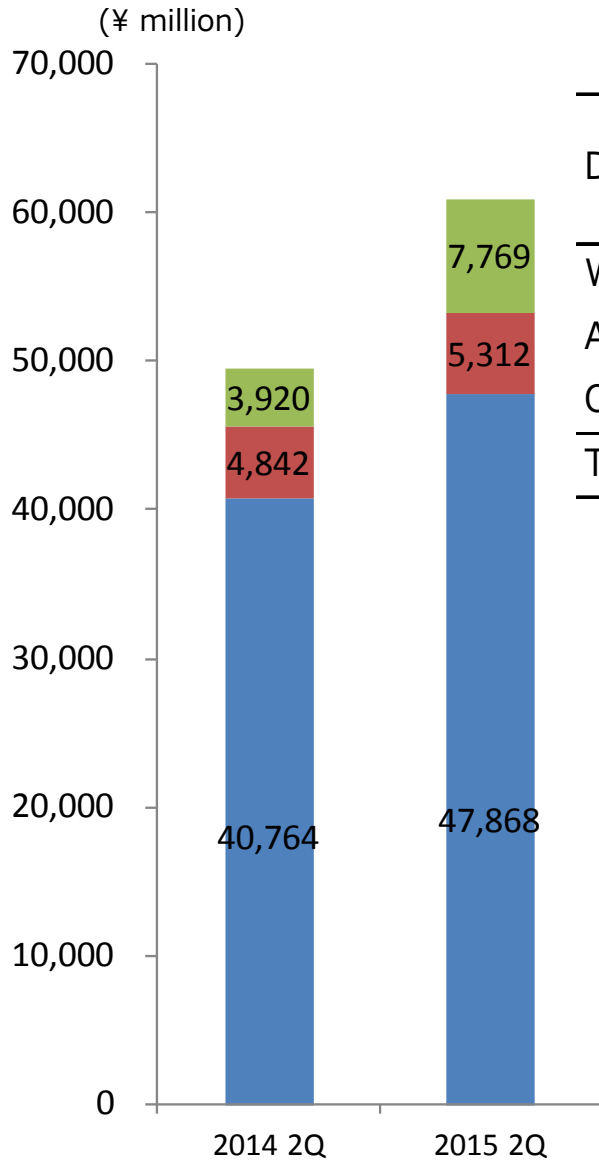
Year ended March 31, 2015

(¥ million)

	Forecasts for 2015	VS Sales (%)	2015 2Q	VS Sales (%)	VS Forecats
Sales	123,000	-	60,949	-	49.6%
COGS	76,500	62.2%	38,469	63.1%	50.3%
Gross Profit	46,500	37.8%	22,491	36.9%	48.4%
SG&A Expenses	37,200	30.2%	18,081	29.7%	48.6%
Operating Profit	9,300	7.6%	4,410	7.2%	47.4%
Ordinary Profit	9,000	7.3%	4,370	7.2%	48.6%
Net Profit	5,900	4.8%	3,007	4.9%	51.0%
Capital Expenses	6,800		2,744		40.4%
R&D Expenses	5,800		2,226		38.4%
Depreciation	5,000		2,393		47.9%



Sales Performance by Distribution Channel



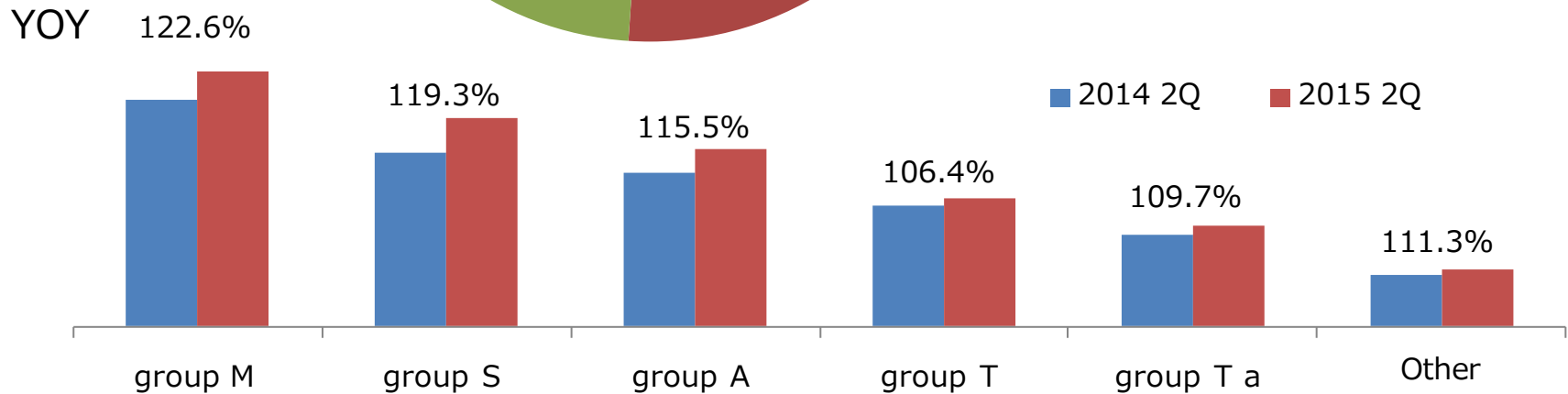
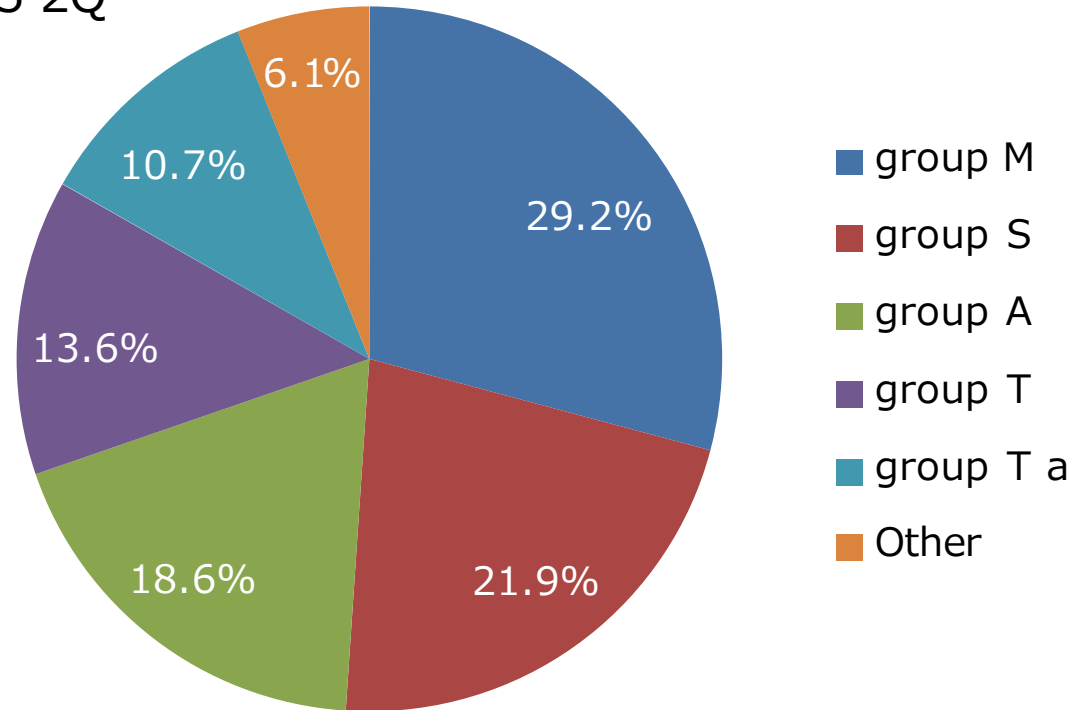
Years ended March 31, 2014 and 2015 (¥ million)

Distribution Channel	2014 2Q	2015 2Q	Variance	YOY
Wholesalers	40,764	47,868	7,104	117.4%
Agencies	4,842	5,312	470	109.7%
Others	3,920	7,769	3,849	198.2%
Total	49,526	60,949	11,423	123.1%

- Others
- Agencies
- Wholesalers

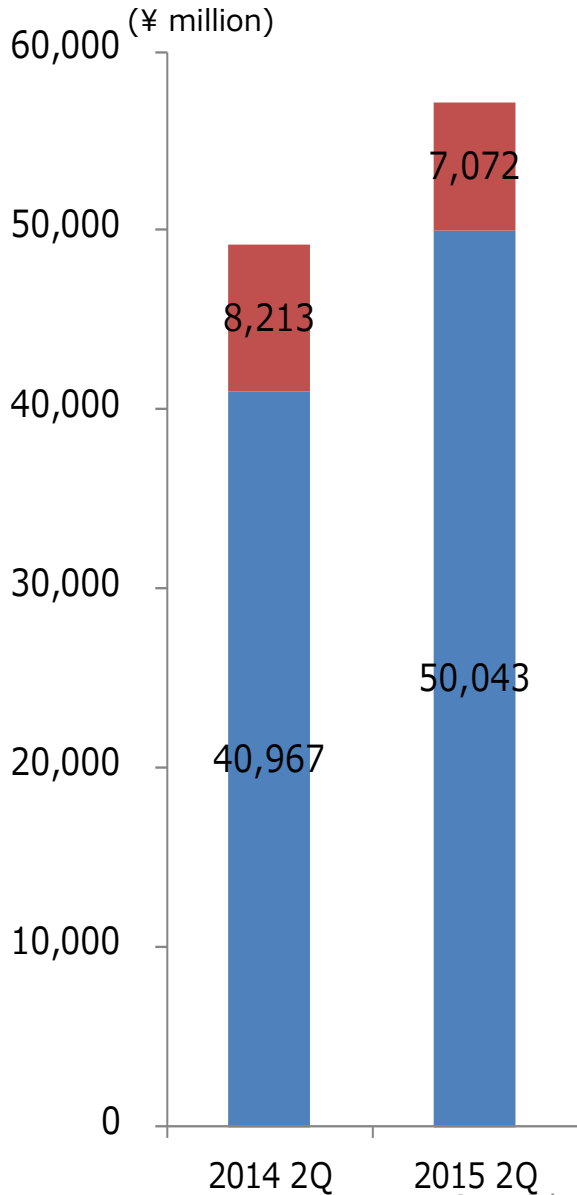
Years ended March 31, 2014 and 2015

Share of 2015 2Q





Sales Performance by Category of Products



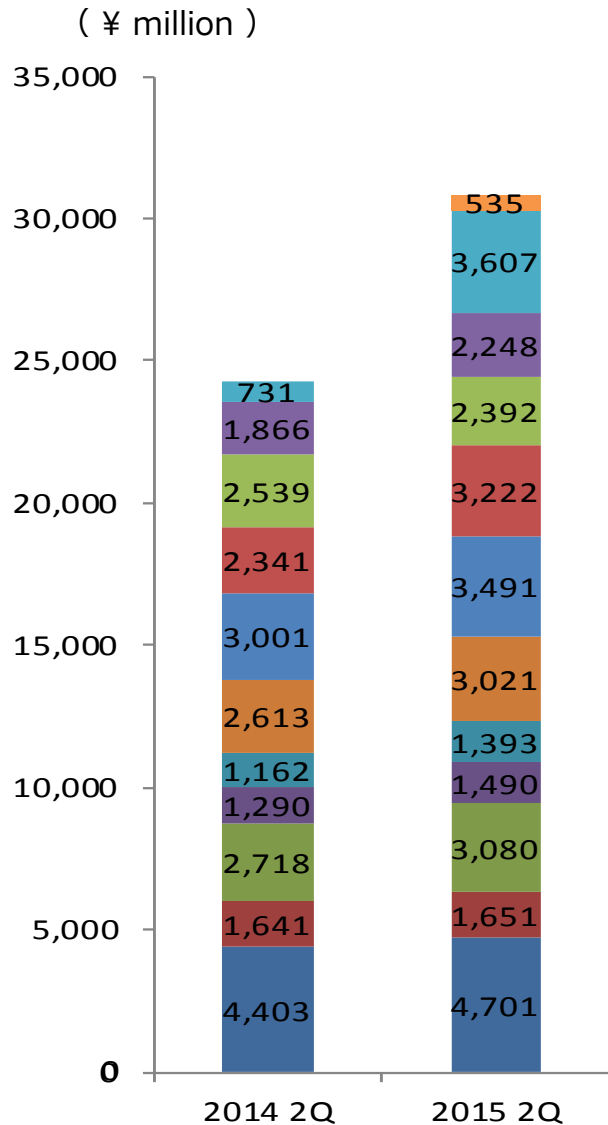
Year ended March 31, 2014 and 2015

(¥ million)

	2014 2Q	2015 2Q	Variance	YOY
G E	40,967	50,043	9,076	122.2%
LLP	8,213	7,072	-1,141	86.1%

LLP : Long-Listed Pharmaceuticals

Sales Performance of Generic Products by NHI Listed Year



Years ended March 31, 2014 and 2015 (¥ million)

	2014 2Q	2015 2Q	Variance	YOY
Listed in 2014	0	535		-
Listed in 2013	731	3,607	2,877	493.6%
Listed in 2012	1,866	2,248	382	120.4%
Listed in 2011	2,539	2,392	-147	94.2%
Listed in 2010	2,341	3,222	881	137.6%
Listed in 2009	3,001	3,491	490	116.3%
Listed in 2008	2,613	3,021	409	115.7%
Listed in 2007	1,162	1,393	232	119.9%
Listed in 2006	1,290	1,490	200	115.5%
Listed in 2005	2,718	3,080	362	113.3%
Listed in 2004	1,641	1,651	10	100.6%
Listed in 2003	4,403	4,701	298	106.8%



Sales Performance by Medical Institutions

Years ended March 31, 2014 and 2015

Institution	Total No. of Institutions in Japan	2014 2Q		2015 2Q			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
ALL	-	100.0%	134,367	100.0%	135,651	-	114.3%	101.0%
Hospitals	6,830	8.7%	6,704	7.4%	6,717	98.3%	97.3%	100.2%
DPC Hospitals	1,585	11.6%	1,559	11.1%	1,565	98.7%	110.1%	100.4%
Pre-DPC Hospitals	148	0.3%	144	0.2%	144	97.3%	96.3%	100.0%
Clinic	104,426	15.7%	66,101	13.1%	65,820	63.0%	95.7%	99.6%
Pharmacy	57,301	57.5%	53,766	61.8%	55,310	96.5%	122.9%	102.9%
Others	-	6.3%	-	6.3%	-	-	113.7%	-

GE	2014 2Q			2015 2Q		
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients
ALL	112,476	114.7%	102.2%	114,990	121.3%	102.2%
DPC Hospitals	1,551	110.7%	100.8%	1,563	119.3%	100.8%
Pharmacy	52,738	117.9%	103.5%	54,602	130.8%	103.5%



Generic products to be Launched in Jun. and Dec. 2014

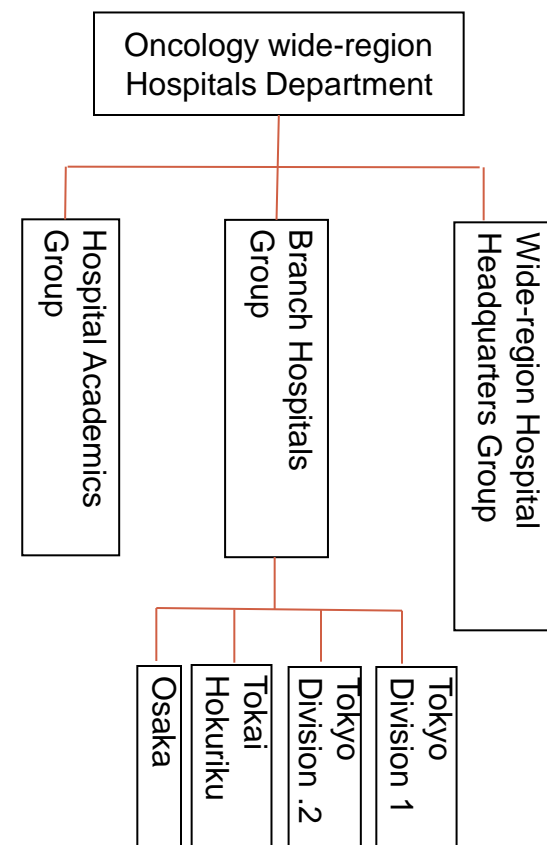
Products between 2014 and 2017

Years ended March 31, 2014, 2015, 2016 and 2017.

Launching Date	2014	2015	2016	2017
Number of products to be launched	20 ingredients 39 product listing	(14 ingredients 30 product listing)	(18 ingredients)	(10 ingredients)
Original products	Livalo [®] Calblock [®] Valtrex [®]	Diovan [®] Blopess [®] Preminent [®]	Plavix [®] Glivec (Gleevec) [®] J Zoloft [®]	Zyprexa [®] Co-DIO [®] (Combination Tablets)

- Scheduled generic products to be launched in Jun. 2015: 7 ingredients 11 products
- Scheduled generic products to be launched in Dec. 2015: 8 ingredients 19 products
 - Candesartan Tablets 2mg / 4mg / 8mg / 12mg (Blopess[®] Generic)
 - Levofloxacin Tablets 250mg/500mg/Ophthalmic Solution 1.5% (Cravit[®] Generic)
 - Pranlukast Tablets 112.5mg/225mg (Onon[®] Generic)
 - Zolpidem tartrate OD Tablets 5mg/10mg (Myslee[®] Generic)
 - Pitavastatin Tablets 4mg (Livalo[®] Generic)
 - Enalapril Maleate Tablets 2.5mg / 5mg / 10mg (Renivace[®] Generic)
 - Oxaliplatin 50mg / 100mg (Elplat[®] Generic)
 - Gemcitabine 200mg / 1g (Gemzar[®] Generic)

- Expansion of Marketing Department
 - Formulate a marketing strategy adapted to changes in the market environment
 - Build a product planning system that is integrated through all stages from drug development to product strategy
- Functional Excellence of the Oncology wide-region Hospitals Department
 - Reinforce academic assistance for DPC hospitals and wide-area hospitals
 - Work towards early penetration into the DPC hospital market by strategic products
 - Clarify roles in the hospital market
- Competitiveness in DPC hospitals
 - High coverage rate: 98.4%
 - Largest number of domestic products: 956 items
 - High production capacity to cover volume expansion





“Nichi-Iko” Packaged Products



■ Advantages of “Nichi-Iko” Packaged Products

- 28 tablets in one package **enhances the efficiency** of the pharmacist’s dispensing and confirmation procedure
- The design makes it easier for pharmacists to explain to the patient when giving dosage instructions in the pharmacy
- The aluminum foil package ensures high stability by blocking light and humidity
- The package form makes it easier for caregivers to store and manage the product in a medical care at home

Product counting time
52% reduction

Dispensing and checking
time
59% reduction

User satisfaction
More than 80%

■ Product lineup

- Valsartan Tablets 40mg / 80mg
- Amlodipine Tablets 2.5mg / 5mg
- Amlodipine OD Tablets 2.5mg / 5mg
- Pitavastatin Calcium Tablets 1mg / 2mg
- Simvastatin Tablets 5mg
- Pravastatin Sodium Tablets 5mg / 10mg

Our product lineup focuses on lifestyle disease medication




- Operation started in April 2014
 - Location: Fuji-shi, Shizuoka
 - Site area: 101,875 m²; Floor area: 57,789 m²
 - Employees: 370
 - Manufacturing formulations: tablets, capsules, powders, granules, injections
 - Production capability: Approx. 3 billion tablets; 10 million injections

- Benefits from synergy
 - Strengthening stable supply system
 - Cost reduction based on both transfer of mass-production products and promotion of in-house production
 - Taking over excellent technological strength and outstanding quality control
 - strengthening risk management through dispersion of production sites
 - Full use of antibiotic manufacturing technologies and equipments



- Transferred one product to this plant in September 2014

- Toyama Plant – Utilize additional space
 - Equip the additional space
 - Promote in-house production
- Shizuoka Plant – full use of technologies and equipments
 - Scale up manufacturing
 - Promote in-house production of antibiotics
- Establish CMO Management Department
 - Reinforce order management of outsourced products
 - Reinforce inventory and process and management at contract manufacturing sites
- Establish Profit Management Department
 - Make proposals for promotion of in-house production or substitutional production among plants, and analyze its effects
 - Manufacturing cost analysis



**Stable Supply
&
Cost
Control**

- We have obtained distribution rights for 3 ingredients and 3 products from our partner Biolab Co., Ltd., and started sales from November 2014.
 - Facort Cream[NIKP] : topical steroid
 - Valbet Cream[NIKP] : topical steroid
 - Valbet-N Cream[NIKP] : topical steroid
- An additional 2 ingredients and 2 products are planned to be on sale from December 2014
- File Nichi-Iko's developed products in Japan by March 2015



Signing ceremony between Nichi-Iko and Biolab

Build up the Nichi-Iko's brand name at an early stage, and generate synergies with products that are currently in development or filing.

■ Brand Penetration

- Rebrand drugs that have already been launched in Thailand with Nichi-Iko brand, and achieve early Nichi-Iko's brand penetration into the Thai market.



■ Branded Generics

- Introduce products manufactured in Japan into Thai market, and appeal the high quality products as “ made in Japan ” to middle to high class customers in order to make our branded generics grow in Thai market.



■ Expansion into Asia

- Expand Nichi-Iko drugs into Southeast Asian countries, centering on Thailand.

Forward-Looking Statements



The information contained in this document is not intended as solicitation material for buying or selling the company's shares.

Earnings forecasts and other future forecasts contained herein have been made by the company based on information available at the time the material was compiled and encompass potential risks and uncertainties.

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

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