

# Hisamitsu Pharmaceutical Co., Inc.

## Q3 FY02/2014 Results

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.

Jan. 9<sup>th</sup>, 2014

Patch and Care of People around the World

### Consolidated PL

Unit:¥ million

	Q3 FY02/13	Q3 FY02/14	YoY	Consolidated / Non-consolidated
Net sales	107,357	115,129	+7.2%	1.21
CoGS	38,358	41,112	+7.2%	
as a % of sales	35.7%	35.7%		
SG&A costs	48,226	55,529	+15.1%	
Advertising costs	7,522	9,482	+26.1%	
R&D spending	9,537	10,327	+8.3%	
Others	31,167	35,720	+14.6%	
Operating profits	20,773	18,487	-11.0%	0.78
Recurring profits	26,056	25,513	-2.1%	1.03
Net profits	15,021	19,188	+27.7%	1.01

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# Summary of Profit and Loss

Unit:¥ million

	① Q3 FY02/13	② Q3 FY02/14	②-①	Main factor
<b>Net sales</b>	<b>107,357</b>	<b>115,129</b>	<b>+7,772</b>	
Rx Business	74,822	74,266	-556	•[Last year] Increase in sales of most products as a reaction, before National Health Insurance price reduction.
OTC Business	13,605	15,573	+1,968	•Increase in sales of major products.
Intl Business	4,018	5,495	+1,477	•Increase in sales of major products.
Noven	9,077	12,555	+3,478	•Influence of the exchange. •Increase in sales of major products.
Others	5,835	7,240	+1,405	•Increase in sales of overseas subsidiaries.
CoGS	38,358	41,112	+2,754	•Increase in Net sales.
as a % of sales	35.7%	35.7%	0.0%	•Change of sales structure.
SG&A costs	48,226	55,529	+7,303	•Increase in SG&A costs of Noven. •Influence of the exchange.
<b>Operating profits</b>	<b>20,773</b>	<b>18,487</b>	<b>-2,286</b>	
Non-operating balance	5,283	7,026	+1,743	•Equity-method investment profits of Noven. •Foreign exchange gain.
<b>Recurring profits</b>	<b>26,056</b>	<b>25,513</b>	<b>-543</b>	
Extraordinary balance	-467	5,040	+5,507	•License fee (Distribution agreement).
<b>Net profits</b>	<b>15,021</b>	<b>19,188</b>	<b>+4,167</b>	

2

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# Non-consolidated PL

Unit:¥ million

	Q3 FY02/13	Q3 FY02/14	YoY
<b>Net sales</b>	<b>92,447</b>	<b>95,335</b>	<b>+3.1%</b>
Rx Business	74,822	74,266	-0.7%
OTC Business	13,605	15,573	+14.5%
Intl Business	4,018	5,495	+36.8%
CoGS	30,299	31,114	+2.7%
as a % of sales	32.8%	32.6%	
SG&A costs	39,006	40,460	+3.7%
Advertising costs	6,875	7,147	+4.0%
R&D spending	7,336	7,482	+2.0%
Others	24,795	25,831	+4.2%
<b>Operating profits</b>	<b>23,141</b>	<b>23,761</b>	<b>+2.7%</b>
<b>Recurring profits</b>	<b>23,855</b>	<b>24,765</b>	<b>+3.8%</b>
<b>Net profits</b>	<b>14,091</b>	<b>19,088</b>	<b>+35.5%</b>

3

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# Noven PL

	Unit: ¥ million			Unit: \$ thousand		
	Q3 FY02/13	Q3 FY02/14	YoY	Q3 FY02/13	Q3 FY02/14	YoY
<b>Net sales</b>	<b>9,077</b>	<b>12,555</b>	<b>+38.3%</b>	<b>114,572</b>	<b>129,942</b>	<b>+13.4%</b>
Daytrana®	3,514	4,561	+29.8%	44,355	47,208	+6.4%
Vivelle-Dot®	3,145	3,837	+22.0%	39,699	39,716	0.0%
Minivelle®	-	1,689	-	-	17,484	-
Noven Therapeutics	1,188	1,194	+0.5%	15,005	12,364	-17.6%
Others	1,230	1,274	+3.6%	15,513	13,170	-15.1%
CoGS	5,284	7,109	+34.5%	66,700	73,582	+10.3%
as a % of sales	58.2%	56.6%		58.2%	56.6%	
SG&A costs	6,446	11,347	+76.0%	81,364	117,439	+44.3%
R&D spending	2,211	2,851	+28.9%	27,917	29,515	+5.7%
Others	4,234	8,495	+100.6%	53,446	87,924	+64.5%
<b>Operating profits</b>	<b>-2,653</b>	<b>-5,901</b>	<b>-</b>	<b>-33,492</b>	<b>-61,079</b>	<b>-</b>
Nonoperating balance	4,610	6,353	+37.8%	58,193	65,755	+13.0%
Equity in earnings of Novogyne	5,810	8,791	+51.3%	73,331	90,987	+24.1%
Amortization of fair value adjustment to investment in Novogyne	-1,215	-2,587	-	-15,335	-26,783	-
<b>Recurring profits</b>	<b>1,957</b>	<b>451</b>	<b>-77.0%</b>	<b>24,701</b>	<b>4,676</b>	<b>-81.1%</b>
<b>Net profits</b>	<b>1,369</b>	<b>422</b>	<b>-69.2%</b>	<b>17,291</b>	<b>4,370</b>	<b>-74.7%</b>
Exchange rate (¥/USD)	79.23	96.62				

\*Noven Therapeutics:Pexeva®, Lithobid®, Stavzor®

4

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## Sales results of major products

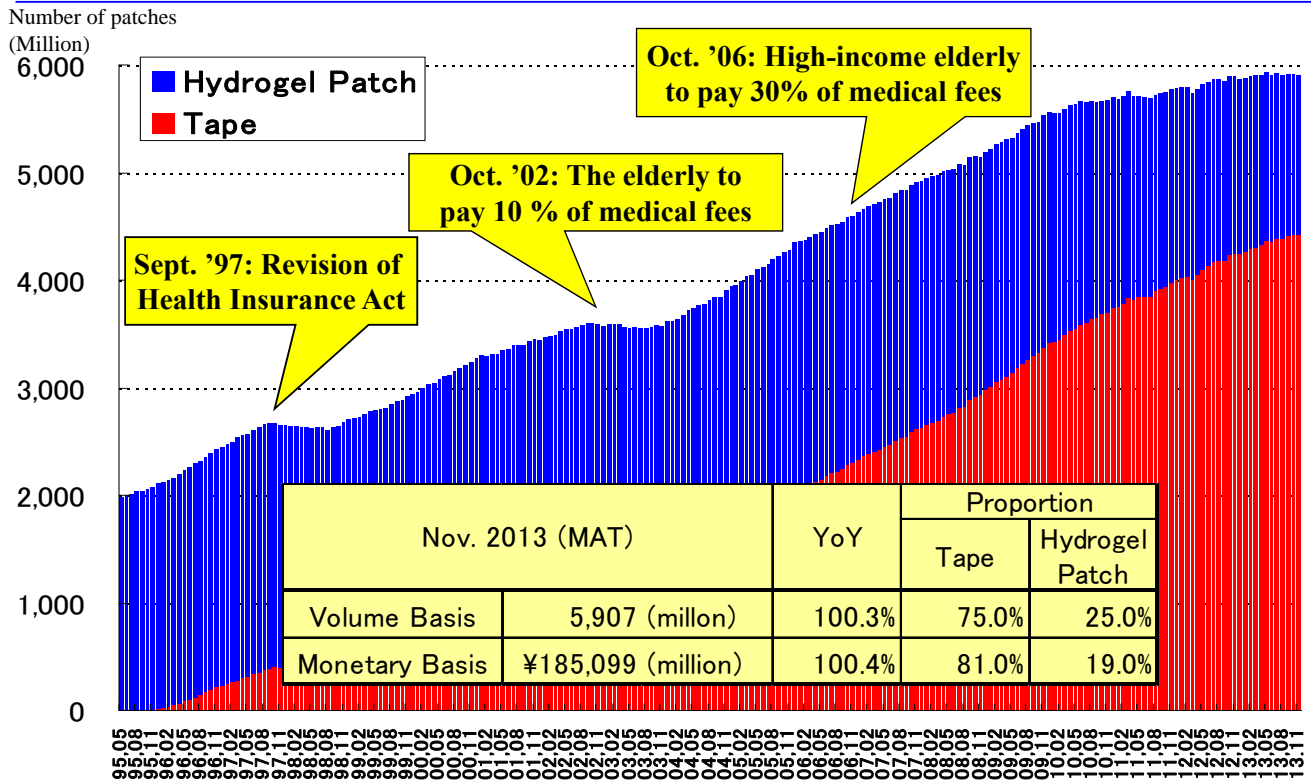
Unit:¥ million

		Q3 FY02/13	Q3 FY02/14	YoY
Ethical drugs	Mohrus® Tape	59,206	58,292	-1.5%
	Mohrus® Pap	6,166	5,500	-10.8%
	Fentos® Tape	2,734	2,867	+4.9%
	Norspan® Tape	937	1,355	+44.6%
	Naboal®	1,360	1,076	-20.9%
	Estrana® Tape	951	991	+4.2%
	Neoxy® Tape	-	643	-
	Daytrana®	3,514	4,561	+29.8%
	Vivelle-Dot®	3,145	3,837	+22.0%
	Minivelle®	-	1,689	-
	Noven Therapeutics	1,188	1,194	+0.5%
OTC drugs	Salonpas® products	4,915	5,819	+18.4%
	Salonship® products	2,863	3,043	+6.3%
	Feitas® products	2,659	2,879	+8.3%
	Butenlock® products	1,055	1,481	+40.4%
	Air® Salonpas® products	1,457	1,439	-1.2%
	Allegra® FX	200	1,323	+561.5%

5

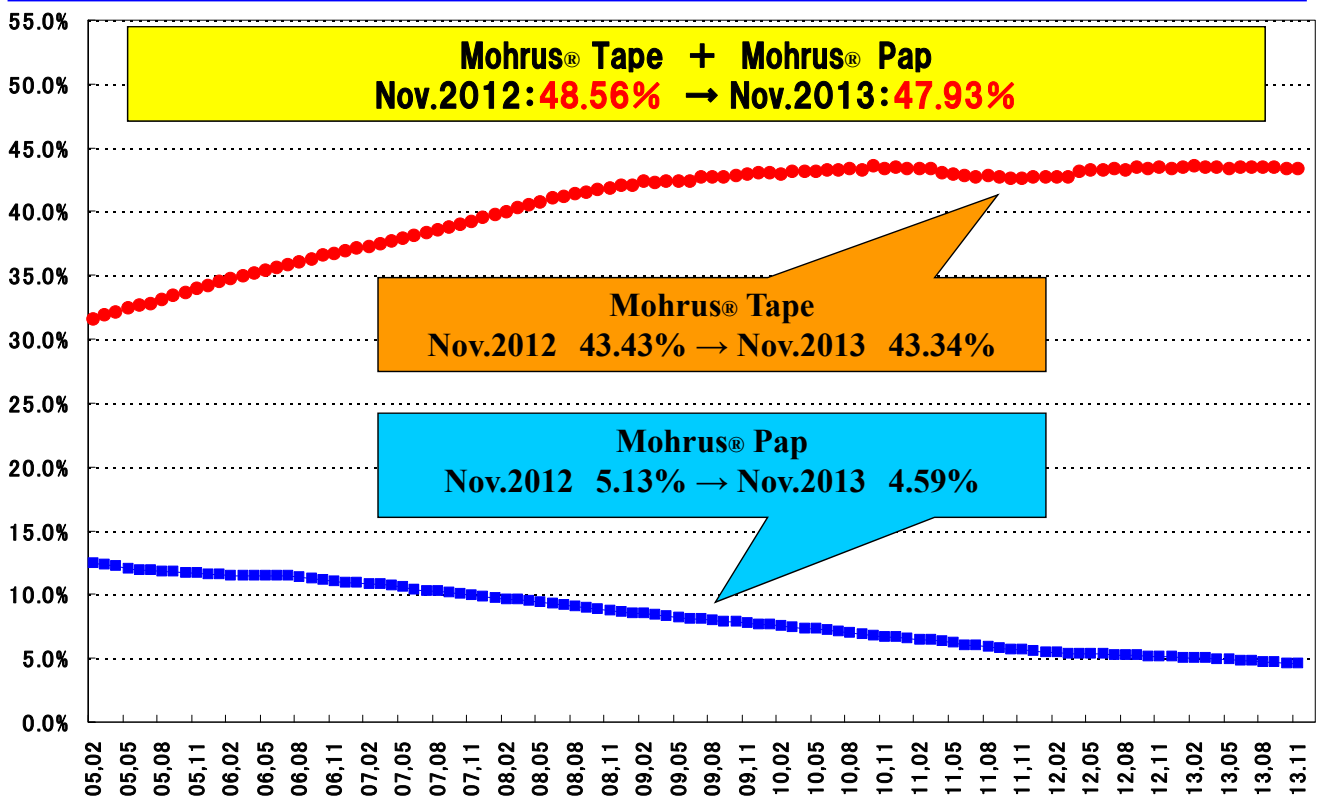
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# Trends of second-generation non-steroidal anti-inflammatory patch market (volume-basis)



Source: IMS, JPM data (~Nov. 2013) \*No reproduction or republication without written permission. 6

## Changes in shares of second-generation non-steroidal anti-inflammatory patch



Source: IMS, JPM data (~Nov. 2013) \*No reproduction or republication without written permission. 7

# Brisdelle™ Update

## Commercial Coverage

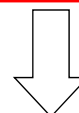
### Strategy

- Tier3 Unrestricted Status
- Benefit of Tier3 (vs Tier2)
  - Lower load in negotiation with insurance companies
  - Cost effective to Noven.
  - Similar to Tier2 Co-payment for patients by using Co-Pay card.



### ★Goal

- Tier3
- To cover 80% of insured persons in our targeted plans. (Approximately 120 million persons)



### ★To Date

- The above goal has been achieved.
- We have covered 86.7% of insured persons in our targeted plan. (Approximately 130 million persons) (Approximately 1% among the above is Tier2)

We will make continuous efforts to steadily expand prescriptions of Brisdelle™ and we will continuously study potential of changing status to Tier2.

8

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## R&D Pipeline

Stage	Theme	Target	Dosage Form	Characteristics	Next Step
Filed (ANDA)	HP-1010	USA	Adhesive skin patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
Filed	Estrana® Tape 0.72mg (Additional Indication, dosage and administration)	JPN	Adhesive skin patch	Hypoestrogenism due to causes, such as hypogonadism	To be approved in FY13
Filed	HFT-290 (Additional Indication of FENTOS® Tape)	JPN	Adhesive skin patch	Relief of non-malignant chronic pain	To be approved in FY14
Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY14
Phase2	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	Phase3 in FY14
Phase2	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	Phase3 in FY15
Phase2	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Phase3 in FY15

※Yellow-highlighted parts are changes from the previous announcement made on Oct.9<sup>th</sup>, 2013

9

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# **Aiming at improving the QOL of people around the world**

Q3 FY02/2014 Results

Jan. 9th, 2014

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