

Hisamitsu Pharmaceutical Co., Inc.

Q2 FY02/2015 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.

Oct. 9th, 2014

Care of People Around the World with Patch

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Agenda

1. Looking back on the Q2 FY02/2015
2. Consolidated PL
3. Non-consolidated PL
4. Noven PL
5. Sales results by product
6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan
7. R&D Pipeline

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1. Looking back on the Q2 FY02/2015

Japan / Developed products	Approval of the additional indication for chronic pain of the Feitos® Tape (development code:HFT-290) in Japan.
Japan / OTC products	Launch of Feitas® Z DICSAS®, Feitas® Z DICSAS®(large size), Feitas® Z cream and Feitas® Zα lotion in Japan.



Feitas® Z DICSAS®



Feitas® Z DICSAS®(large size)



Feitas® Z cream



Feitas® Zα lotion

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2. Consolidated PL (1) - Performance comparison with the previous period -

Unit:¥ million

	Actual performance for FY02/14 (Q1-Q2)	Actual performance for FY02/15 (Q1-Q2)	Change	Percentage change
Net sales	77,382	77,052	-330	-0.4%
CoGS	28,018	27,901	-117	-0.4%
as a % of sales	36.2%	36.2%	-	-
SG&A costs	36,900	38,795	+1,895	+5.1%
Sales promotion costs	7,098	9,248	+2,150	+30.3%
Advertising costs	6,638	5,800	-838	-12.6%
R&D spending	6,570	6,732	+162	+2.5%
Others	16,594	17,015	+421	+2.5%
Operating profits	12,462	10,355	-2,107	-16.9%
Recurring profits	16,856	15,572	-1,284	-7.6%
Net profits	13,681	9,574	-4,107	-30.0%

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2. Consolidated PL (2) - Summary of Profit and Loss -

Unit:¥ million

	Actual performance for FY02/14 (Q1-Q2)	Actual performance for FY02/15 (Q1-Q2)	Change	Main factors
Net sales	77,382	77,052	-330	
Hisamitsu (Non-consolidated)	64,293	61,113	-3,180	•Decrease in sales of Rx Business.
Noven	8,388	10,160	+1,772	•Increase in sales of major products. •Influence of currency exchange rate.
Others *	4,701	5,779	+1,078	•Increase in sales of overseas subsidiaries.
CoGS	28,018	27,901	-117	•Decrease in Net sales.
as a % of sales	36.2%	36.2%	-	•Change of sales mix.
SG&A costs	36,900	38,795	+1,895	•Increase in SG&A costs of Noven. •Influence of currency exchange rate.
Operating profits	12,462	10,355	-2,107	
Non-operating balance	4,393	5,217	+824	•Equity-method investment profits of Noven. •Influence of currency exchange rate.
Recurring profits	16,856	15,572	-1,284	
Extraordinary balance	4,992	10	-4,982	•[Previous year] License revenue.
Net profits	13,681	9,574	-4,107	

* "Others" includes consolidated adjustment. 5

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2. Consolidated PL (3) - Summary of the consolidated revised forecast -

Unit:¥ million

Q2 FY02/15	Previous forecast (A)	Revised forecast (B)	Difference (B)-(A)	Actual
Net Sales	79,900	77,000	-2,900	77,052

Hisamitsu: -2,900 (Rx Business: -2,800, Intl Business: -100)

CoGS	29,500	27,900	-1,600	27,901
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Hisamitsu: -1,000, Noven: -500

SG&A costs	41,400	38,800	-2,600	38,795
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Hisamitsu: -1,600 (Sales promotion costs: -400, Advertising costs: -200, R&D spending: -300, Others: -700)
Noven: -1,300 (Sales promotion costs: -400, Advertising costs: -500, R&D spending: -200, Others: -200)

Operating profits	9,000	10,300	+1,300	10,355
Recurring profits	15,200	15,500	+300	15,572
Net profits	10,100	9,500	-600	9,574
Exchange rate (¥/USD)	¥100.00	¥102.23	—	¥102.23

* There is no change in the consolidated forecast for the full fiscal year.

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3. Non-consolidated PL - Performance comparison with the previous period -

Unit:¥ million

	Actual performance for FY02/14 (Q1-Q2)	Actual performance for FY02/15 (Q1-Q2)	Change	Percentage change
Net sales	64,293	61,113	-3,180	-4.9%
Rx Business	49,696	46,192	-3,504	-7.1%
OTC Business	10,889	11,534	+645	+5.9%
Intl Business	3,708	3,386	-322	-8.7%
CoGS	21,484	20,013	-1,471	-6.8%
as a % of sales	33.4%	32.7%	-	-
SG&A costs	27,214	27,215	+1	+0.0%
Sales promotion costs	5,727	5,654	-73	-1.3%
Advertising costs	5,234	5,044	-190	-3.6%
R&D spending	4,679	5,021	+342	+7.3%
Others	11,574	11,496	-78	-0.7%
Operating profits	15,594	13,885	-1,709	-11.0%
Recurring profits	16,298	14,533	-1,765	-10.8%
Net profits	13,620	9,345	-4,275	-31.4%

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4. Noven PL - Performance comparison with the previous period -

Unit:¥ million

Unit:\$ thousand

	Actual performance for FY02/14 (Q1-Q2)	Actual performance for FY02/15 (Q1-Q2)	Change	Percentage change	Actual performance for FY02/14 (Q1-Q2)	Actual performance for FY02/15 (Q1-Q2)	Change	Percentage change
Net sales *	8,388	10,160	+1,772	+21.1%	87,475	99,384	+11,909	+13.6%
Noven Women's Health	3,808	5,893	+2,085	+54.8%	39,723	57,663	+17,940	+45.2%
Noven Others	4,580	4,267	-313	-6.8%	47,752	41,721	-6,031	-12.6%
CoGS	4,548	5,592	+1,044	+23.0%	47,427	54,702	+7,275	+15.3%
as a % of sales	54.2%	55.0%	-	-	54.2%	55.0%	-	-
SG&A costs	7,290	8,677	+1,387	+19.0%	76,026	84,883	+8,857	+11.6%
Sales promotion costs	914	2,723	+1,809	+197.9%	9,540	26,641	+17,101	+179.3%
Advertising costs	1,068	30	-1,038	-97.2%	11,140	301	-10,839	-97.3%
R&D spending	1,899	1,715	-184	-9.7%	19,805	16,785	-3,020	-15.2%
Others	3,409	4,207	+798	+23.4%	35,540	41,156	+5,616	+15.8%
Operating profits	-3,450	-4,109	-659	-	-35,978	-40,201	-4,223	-
Nonoperating balance	3,996	4,912	+916	+22.9%	41,672	48,056	+6,384	+15.3%
Equity in earnings of Novogyne	5,555	5,860	+305	+5.5%	57,934	57,330	-604	-1.0%
Amortization of fair value adjustment to investment in Novogyne	-1,712	-945	+767	-	-17,855	-9,250	+8,605	-
Recurring profits	546	803	+257	+47.1%	5,693	7,854	+2,161	+38.0%
Net profits	475	499	+24	+5.1%	4,962	4,884	-78	-1.6%
Exchange rate (¥/USD)	¥95.90	¥102.23						

* Results before consolidated adjustment.

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5. Sales results by product (1) Rx Business / Performance comparison with the previous period

Unit:¥ million

	Actual performance for FY02/14 (Q1-Q2)			Actual performance for FY02/15 (Q1-Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	58,360	49,693	8,667	56,354	46,189	10,165
New products	3,359	3,359	-	3,655	3,655	-
Fentos [®] Tape	1,757	1,757	-	1,973	1,973	-
Norspan [®] Tape	903	903	-	1,039	1,039	-
Neoxy [®] Tape	493	493	-	367	367	-
Other new products	206	206	-	276	276	-
Mohrus[®] products+Others	46,733	46,334	399	42,673	42,534	139
Mohrus [®] Tape	38,939	38,853	86	35,665	35,614	51
Mohrus [®] Pap	3,679	3,679	-	3,274	3,274	-
Others	4,115	3,802	313	3,734	3,646	88
Noven Women's Health	3,808	-	3,808	5,893	-	5,893
Minivelle [®]	783	-	783	3,436	-	3,436
Vivelle-Dot [®] products	2,547	-	2,547	1,795	-	1,795
CombiPatch [®] products	478	-	478	365	-	365
Brisdelle [®]	-	-	-	297	-	297
Noven Others	4,460	-	4,460	4,133	-	4,133
Daytrana [®]	3,240	-	3,240	3,478	-	3,478
Other Noven products	1,220	-	1,220	655	-	655

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5. Sales results by product (2) Rx Business / Performance comparison with the previous period

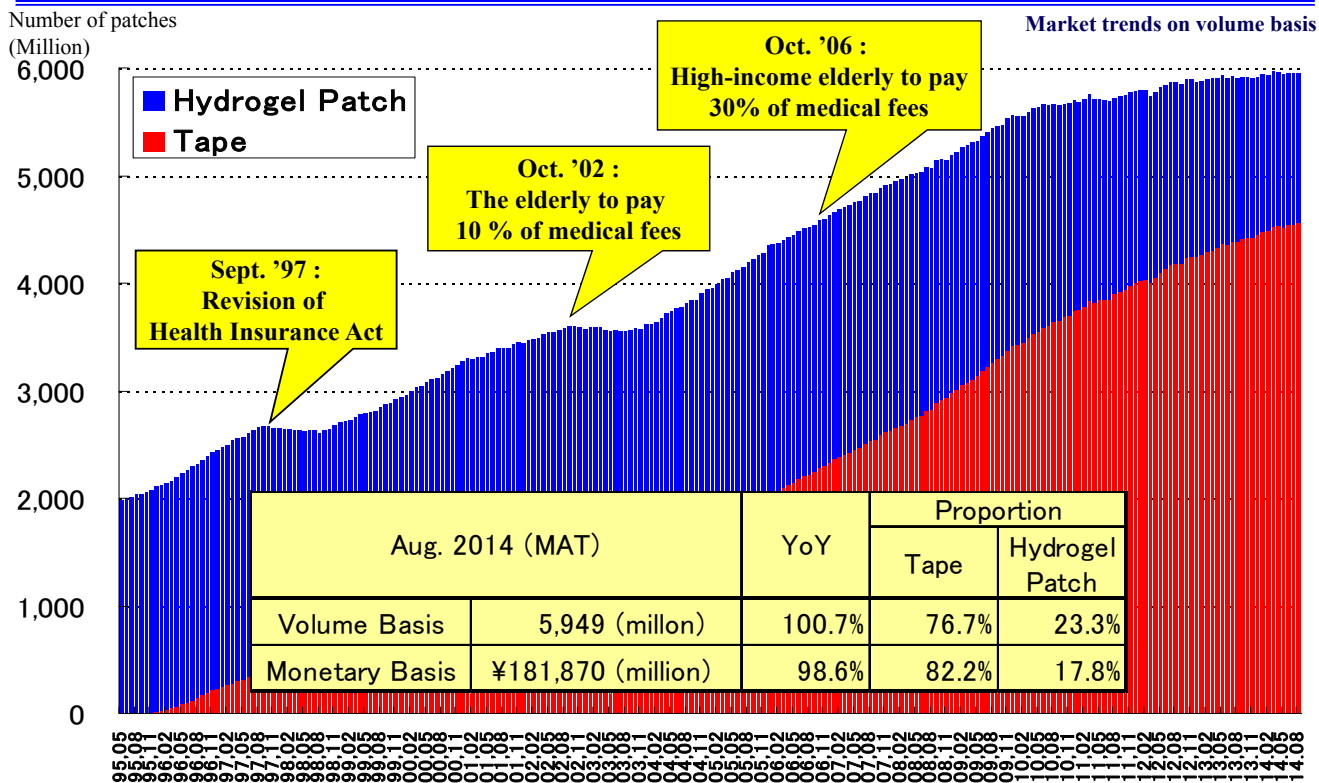
Unit:¥ million

	Actual performance for FY02/14 (Q1-Q2)			Actual performance for FY02/15 (Q1-Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	17,415	10,886	6,529	19,129	11,531	7,598
Salonpas [®] products	8,312	3,473	4,839	9,685	3,730	5,955
Salonsip [®] products	2,389	1,615	774	2,567	1,728	839
Air [®] Salonpas [®] products	1,277	923	354	1,235	843	392
Feitas [®] products	1,602	1,602	-	2,247	2,247	-
Butenolock [®] products	1,407	1,407	-	1,557	1,557	-
Allegra [®] FX	1,186	1,186	-	774	774	-
Others	1,242	680	562	1,064	652	412

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6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (1)



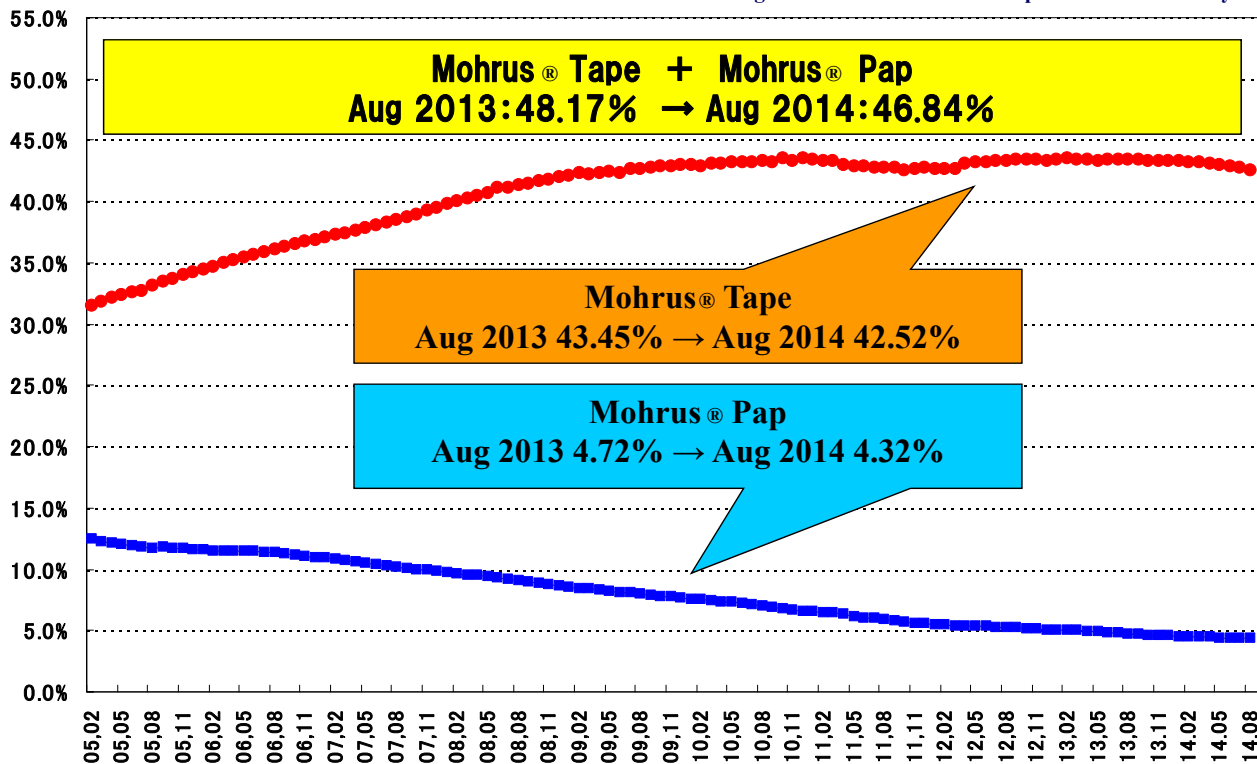
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6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)

Change in shares of the Mohrus® products on monetary basis



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7. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Filed (ANDA)	HP-1010	USA	Adhesive skin patch	Relief of pain associated with post-herpetic neuralgia	To be approved in FY15
2	Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
3	Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY14
4	Phase3 being prepared	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	Phase3 in FY14
5	Phase3 being prepared	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	Phase3 in FY15
6	Phase2	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Phase3 in FY15
7	Phase1	HP-3070	USA	Adhesive skin patch	Schizophrenia	Phase2 in FY15

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Improving Quality of Life Around the World



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Additional data

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Forecast of Consolidated PL

Unit:¥ million

	Earnings forecast for FY02/15 (Q1-Q4)* ¹	Actual performance for FY02/15 (Q1-Q2)	Percentage
Net sales	161,900	77,052	47.6%
CoGS	59,500	27,903	46.9%
as a % of sales	36.8%	36.2%	
SG&A costs * ²	82,000	38,795	47.3%
Sales promotion costs	18,700	9,248	49.5%
Advertising costs	13,000	5,800	44.6%
R&D spending	14,000	6,732	48.1%
Others	36,300	17,015	46.9%
Operating profits	20,400	10,355	50.8%
Recurring profits	27,800	15,572	56.0%
Net profits	18,000	9,574	53.2%

*1 Disclose of earnings forecast for FY02/15 as of Apr 10, 2014.

*2 Detail of "Sales promotion costs" & "Others" for SG&A costs have been changed for FY02/15 as of Jul 10, 2014.

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Forecast of Non-consolidated PL

Unit: ¥ million

	Earnings forecast for FY02/15 (Q1-Q4)*	Actual performance for FY02/15 (Q1-Q2)	Percentage
Net sales	127,300	61,113	48.0%
Rx Business	97,700	46,192	47.3%
OTC Business	21,200	11,534	54.4%
Intl Business	8,400	3,386	40.3%
CoGS	44,000	20,013	45.5%
as a % of sales	34.6%	32.7%	
SG&A costs	56,200	27,215	48.4%
Sales promotion costs	12,500	5,654	45.2%
Advertising costs	8,400	5,044	60.0%
R&D spending	10,300	5,021	48.7%
Others	25,000	11,496	46.0%
Operating profits	27,100	13,885	51.2%
Recurring profits	27,800	14,533	52.3%
Net profits	18,200	9,345	51.3%

* Change of earnings forecast for FY02/15 as of Oct 9, 2014.

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Forecast of Noven PL

Unit: ¥ million

Unit: \$ thousand

	Unit: ¥ million			Unit: \$ thousand		
	Earnings forecast for FY02/15 (Q1-Q2)*1	Actual performance for FY02/15 (Q1-Q2)	Percentage	Earnings forecast for FY02/15 (Q1-Q2)*1	Actual performance for FY02/15 (Q1-Q2)	Percentage
Net sales *2	22,900	10,160	44.4%	229,000	99,384	43.4%
Noven Women's Health	15,300	5,893	38.5%	153,000	57,663	37.7%
Noven Others	7,600	4,267	56.1%	76,000	41,721	54.9%
CoGS	11,200	5,592	49.9%	112,000	54,702	48.8%
as a % of sales	48.9%	55.0%	-	48.9%	55.0%	-
SG&A costs	19,400	8,677	44.7%	194,000	84,883	43.8%
Sales promotion costs	4,800	2,723	56.7%	48,000	26,641	55.5%
Advertising costs	3,000	30	1.0%	30,000	301	1.0%
R&D spending	3,700	1,715	46.4%	37,000	16,785	45.4%
Others	7,900	4,207	53.3%	79,000	41,156	52.1%
Operating profits	-7,700	-4,109	-	-77,000	-40,201	-
Nonoperating balance	6,700	4,912	73.3%	67,000	48,056	71.7%
Equity in earnings of Novogyne	7,000	5,860	83.7%	70,000	57,330	81.9%
Amortization of fair value adjustment to investment in Novogyne	-1,100	-945	-	-11,000	-9,250	-
Recurring profits	-1,000	803	-	-10,000	7,854	-
Net profits	-600	499	-	-6,000	4,884	-
Exchange rate (¥/USD)	¥100.00	¥102.23				

* 1 Change of earnings forecast for FY02/15 as of Oct 9, 2014.

* 2 Results before consolidated adjustment.

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Forecast of Sales by product - Rx Business -

Unit: ¥ million

	Earnings forecast for FY02/15(Q1-Q4)*			Actual performance for FY02/15 (Q1-Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	121,550	97,700	23,850	56,354	46,189	10,165
New products	11,100	11,100	-	3,655	3,655	-
Fentos [®] Tape	4,700	4,700	-	1,973	1,973	-
Norspan [®] Tape	4,000	4,000	-	1,039	1,039	-
Neoxy [®] Tape	1,550	1,550	-	367	367	-
Other new products	850	850	-	276	276	-
Mohrus[®] products+Others	87,550	86,600	950	42,673	42,534	139
Mohrus [®] Tape	74,050	73,800	250	35,665	35,614	51
Mohrus [®] Pap	6,100	6,100	-	3,274	3,274	-
Others	7,400	6,700	700	3,734	3,646	88
Noven Women's Health	15,300	-	15,300	5,893	-	5,893
Minivelle [®]	8,400	-	8,400	3,436	-	3,436
Vivelle-Dot [®] products	3,600	-	3,600	1,795	-	1,795
CombiPatch [®] products	2,000	-	2,000	365	-	365
Brisdelle [®]	1,300	-	1,300	297	-	297
Noven Others	7,600	-	7,600	4,133	-	4,133
Daytrana [®]	6,300	-	6,300	3,478	-	3,478
Other Noven products	1,300	-	1,300	655	-	655

* Change of earnings forecast for FY02/15 as of Oct 9, 2014.

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Forecast of Sales by product - OTC Business -

Unit: ¥ million

	Earnings forecast for FY02/15(Q1-Q4)*			Actual performance for FY02/15 (Q1-Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	37,400	21,200	16,200	19,129	11,531	7,598
Salonpas [®] products	19,750	7,300	12,450	9,685	3,730	5,955
Salonsip [®] products	4,950	3,200	1,750	2,567	1,728	839
Air [®] Salonpas [®] products	2,100	1,250	850	1,235	843	392
Feitas [®] products	4,100	4,100	-	2,247	2,247	-
Butenalock [®] products	1,850	1,850	-	1,557	1,557	-
Allegra [®] FX	2,000	2,000	-	774	774	-
Others	2,650	1,500	1,150	1,064	652	412

* Change of earnings forecast for FY02/15 as of Jul 10, 2014.

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