

# First Quarter of FY2019

(March 2020)

## Earnings Results



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# Results for the 1st Quarter of FY2019

( ¥ bn)

	FY2018 1Q	FY2019 1Q	YOY Change	
Net sales	61.7	60.3	-1.5	-2.4%
Self-Medication	42.5	42.9	+0.4	+1.0%
Rx Pharmaceutical	19.3	17.3	-1.9	-10.0%
Operating profit	8.2	8.3	+0.2	+2.0%
Ordinary profit	12.2	7.6	-4.6	-37.3%
Profit attributable to owners of parents	13.7	11.0	-2.7	-19.6%

Note: Fractions of 0.1 billion are rounded down.  
Changes are calculated in millions of yen.



# Overview of each business

## 【Self-Medication Operation Group in Japan】

34.4 billion yen (YOY +0.4billion yen, +1.2%)

- Sales of the main products generally remained at the level of a year earlier.
- Sales rose in the mail-order business.

## 【Self-Medication Overseas Business】

7.8 billion yen (YOY +0.1billion yen, +1.0%)

- Sales of Energy drinks decreased, but sales of OTC drugs increased.
- The impact of change in exchange rates was immaterial.

## 【Prescription Pharmaceutical Operation Group】

17.3 billion yen (YOY -1.9billion yen, -10.0%)

- Sales decreased by the amount that would have been recorded by Toyama Chemical Co., Ltd.
- Sales increased for the Company's own products.

# Sales of Leading Brands

## (Self-Medication Operation Group in Japan)



- Sales of the *Lipovitan* series decreased due to the weather.
- On the other hand, sales of the *Pabron* series rose due to the spread of colds.

(¥ bn)

	FY2018 1Q	FY2019 1Q	YOY change	
<i>Lipovitan</i> series	13.3	12.8	-0.5	-4.0%
<i>Pabron</i> series	5.1	5.8	+0.7	+12.8%
<i>RiUP</i> series	3.4	3.6	+0.2	+5.9%
<i>Biofermin</i> series	2.4	2.5	+0.1	+6.2%
<i>VICKS</i> series	0.6	0.7	0	+8.0%

Note: Fractions of 0.1 billion are rounded down.

<For reference: Market conditions>

OTC drugs market FY2019 1Q(Apr.-Jun): -0.4% YOY  
(INTAGE SDI/SRI data on a value basis)

# Sales of Self-Medication (Overseas Business)



- Sales of OTC drugs rose, reflecting market growth in major countries and a reaction to a temporary decline in shipments a year ago.
- Sales of Energy drinks decreased temporarily due to a decline in shipments caused by a production line failure.

(¥ bn)

	FY2018 1Q	FY2019 1Q	YOY change	
Self-Medication Overseas business	7.7	7.8	+0.1	+1.0%
Energy drinks	3.0	2.6	-0.4	-12.9%
OTC drugs	4.2	5.0	+0.9	+21.3%
Asia	3.9	4.6	+0.7	+18.8%
Other	0.3	0.5	+0.2	+54.9%

Note: Fractions of 0.1 billion are rounded down.

# Sales of Leading Products

## (Rx Pharmaceutical Operation Group)



- Almost in line with the plan
- Sales increase of *Lusefi* and *Geninax* includes an increase in shipments attributable to delivery timings.

(¥ bn)

	FY2018 1Q	FY2019 1Q	YOY change	
<i>Edirol</i>	5.9	6.5	+0.6	+10.1%
<i>Bonviva</i>	1.4	1.6	+0.2	+10.4%
<i>Lusefi</i>	1.1	1.9	+0.7	+65.8%
<i>LOQOA</i>	0.8	0.9	+0.1	+16.4%
<i>Geninax</i>	0.2	0.8	+0.6	+250.5%

Note: Fractions of 0.1 billion are rounded down.

<For reference: Market conditions> YOY

The prescription pharmaceutical market +2.3%

The market for SGLT2 inhibitor :+18.6%    The market for antibacterial products : -9.8%

The market for bisphosphonate agents for osteoporosis and related diseases : -13.6%

The market for active vitamin D<sub>3</sub> derivatives : +6.8%

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# Factors Affecting FY2019 1st Quarter: Net Sales and Profits



( Year-on-Year change )

Net sales (down ¥1.5bn)	<b>Self-Medication</b> (up ¥0.4bn)	<b>Prescription Pharmaceutical</b> (down ¥1.9bn)
Operating income (up ¥0.2bn)	Gross profit* up ¥0.8bn (Gross margin* FY2018 1Q: 65.7%, FY2019 1Q: 68.5%)	
	SG&A expenses	up ¥0.6bn
	(Main factors behind changes)	
	▪ R&D expenses	up ¥0.6bn TS-152; Phase up
	▪ Advertising expenses	up ¥0.5bn New products, Measures to gain a competitive advantage
	▪ Sales promotion expenses	down ¥0.7bn Reductions linked to sales
	▪ Personnel expenses	down ¥1.8bn Impact of early retirement
	▪ Other	up ¥2.0bn M&A-related expenses

\*After provision/reversal of reserve for returned unsold goods

Note: Fractions of 0.1 billion are rounded down. Changes are calculated in millions of yen.



# FY2019 Full-year Forecasts

Revisions to the forecast of consolidated operating results most recently announced: Yes

(¥ bn)

	Full-year E (new)	YOY Change		Full-year E (previous)	Vs. previous E*
Net sales	293.5	+31.9	+12.2%	253.5	+40.0
Self-Medication	225.5	+45.4	+25.2%	185.5	+40.0
Rx Pharmaceutical	68.0	-13.4	-16.5%	68.0	-
Operating profit	33.0	+1.8	+5.7%	35.5	-2.5
Ordinary profit	37.0	-3.9	-9.4%	42.5	-5.5
Profit attributable to owners of parents	29.5	-19.1	-39.3%	28.5	+1.0
EPS (Yen)	369.64	-	-	357.11	-

E: Estimates

Note: Fractions of 0.1 billion are rounded down. Changes are calculated in millions of yen.

\*Comparison with forecasts of May 13, 2019



# FY2019 Full-year Forecasts

## (Self-Medication Overseas Business)



(¥ bn)

	Full-year E (New)	YOY change		Full- year E (Previous)	Vs. previous E*
Self-Medication overseas business	72.3	+41.4	+134.2%	32.3	+40.0
Asia	42.9	+15.3	+55.3%	28.9	+14.0
Europe and America	28.2	+26.3	-	2.2	+26.0

E: Estimates

Note: Fractions of 0.1 billion are rounded down. Changes are calculated in millions of yen.

\*Comparison with forecasts of May 13, 2019

# Factors Affecting FY2019 Full-year Forecasts

## Net Sales and Profits



(Year-on-Year change)

Net sales (up ¥31.9bn)	Self-Medication (up ¥45.4bn)	Prescription Pharmaceutical (down ¥13.4bn)
Operating income (up ¥1.8bn)	Gross profit* down ¥19.8bn (Gross margin* FY2018: 65.1% → FY2019: 64.7%)	
	SG&A expenses up ¥18.0bn	
	(Main factors behind changes)	
	▪ R&D expenses	up ¥1.8bn
	▪ Advertising expenses	up ¥3.9bn
	▪ Sales promotion expenses	up ¥2.7bn
	▪ Personnel expenses	down ¥0.1bn
	▪ Other	up ¥9.8bn

\*After provision/reversal of reserve for returned unsold goods

Note: Fractions of 0.1 billion are rounded down. Changes are calculated in millions of yen.

# Prescription Pharmaceuticals: New Drug Pipeline (1)



Drugs under development by Taisho Pharmaceutical Co., Ltd.: From Phase 2  
(As of July 29, 2019)

	<u>Description</u> Planned application	Development with	In Japan/ Overseas
Phase 3			
TS-152 (Injection)	Rheumatoid arthritis Anti-TNF(Tumor Necrosis Factor)- $\alpha$ antibody <u>In-license (Licensor: Ablynx)</u> <u>Generic name: Ozoralizumab</u>	In-house	In Japan
Phase 2			
TS-091 (Oral)	Central disorders of hypersomnolence	In-house	In Japan
TS-141 (Oral)	Childhood Attention-Deficit/Hyperactivity Disorder	In-house	In Japan
TS-133 (Topical)	Alopecia	In-house	In Japan
TS-142 (Oral)	Insomnia	In-house	In Japan
TS-121 (Oral)	Depression	In-house	Overseas

# Prescription Pharmaceuticals: New Drug Pipeline (2)



Drugs under development by Taisho Pharmaceutical Co., Ltd.: From Phase 1

(As of July 29, 2019)

	<u>Description</u> Planned application	In-house/ Licensed-in	In Japan/ Overseas
Phase 1			
TS-091 (Oral)	Central disorders of hypersomnolence	In-house	Overseas
TS-134 (Oral)	Schizophrenia	In-house	Overseas
TS-161 (Oral)	Depression	In-house	Overseas