Financial Results for FY2013

Ended March 31, 2014

May 12, 2014
Yoshihiko Hatanaka
President and CEO
Astellas Pharma Inc.

Cautionary Statement Regarding Forward-Looking Information

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties.

Actual financial results may differ materially depending on a number of factors including adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing and product initiatives of competitors, the inability of the company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

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Financial Results for FY2013 (J-GAAP)

J-GAAP

Fiscal year: From April through March

(Billion YEN)

	FY2012 Results	FY2013 Results	Change %	FY2013 Forecasts#	Achievement %
Net Sales	1,005.6	1,164.5	+15.8%	1,155.0	100.8%
COGs as % of Sales	324.1 32.2%	345.6 29.7%	-		
R&D Expenses as % of Sales	182.0 18.1%	214.6 18.4%	+18.0%	212.0	101.2%
Other SG&A	345.7	427.0	+23.5%		
Operating Income	153.9	177.3	+15.2%	170.0	104.3%
Ordinary Income	157.2	170.8	+8.7%	170.0	100.5%
Net Income	82.9	92.4	+11.6%	95.0	97.3%

#Revised forecasts announced with 3Q/FY2013 financial results in Feb. 2014

Special gains and losses (net): -39.1
-Restructuring costs (reshaping research framework, succession of Fuji Plant)
-Impairment loss of patents etc.

Depreciation and amortisation
-FY2013: 61.7
-FY2012: 47.4

Amortisation of goodwill
-FY2013: 5.9
-FY2012: 10.3

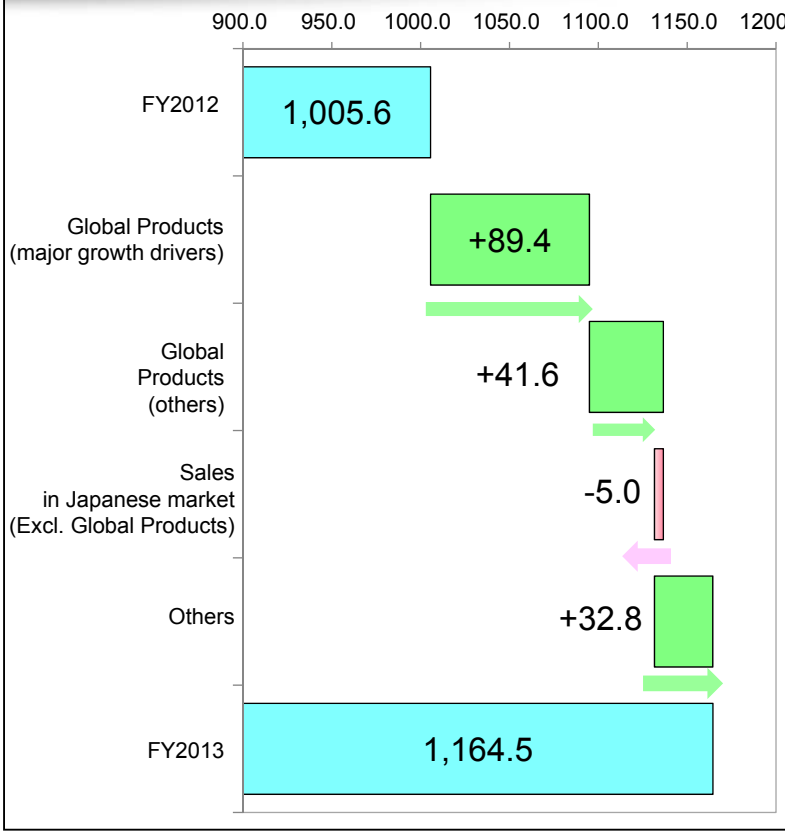
◆ Exchange Rates (YEN)

[Average for terms]	FY2012	FY2013	Change	FY2013 Forecasts
USD	83	100	17 weakening of YEN	99
EUR	107	134	27 weakening of YEN	130

[Change from beginning to end of terms]	FY2012	FY2013
USD	12 weakening of YEN	9 weakening of YEN
EUR	11 weakening of YEN	21 weakening of YEN

Results of FY2013 (J-GAAP): Analysis of Change in Sales (vs. Previous Year)

J-GAAP



Sales: +158.9

Forex impact: +113.9

Vesicare + Mirabegron +47.0 / XTANDI +42.4

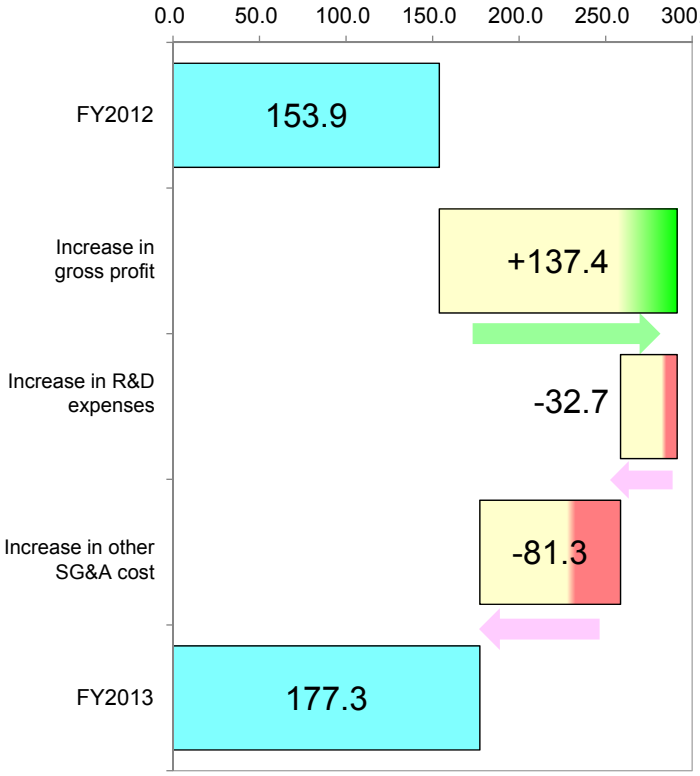
Prograf +19.6 / Harnal +5.6 / Funguard +5.5 / Protopic +7.1 / Eligard +3.7

New Products and Growing Products +24.3 / Micardis +7.9 / Lipitor -8.2 / Gaster -4.5 / Myslee -4.0 / Seroquel -8.9

Scan +8.7 / Tarceva +8.2 / Other European products: +17.5

Results of FY2013 (J-GAAP): Analysis of Change in Operating Income (vs. Previous Year)

J-GAAP



Operating Income: +23.4

Forex impact: +24.6

Increase in sales: +158.9
Increase in COGs: -21.5
Decrease in COGs ratio: -2.6ppt (32.2%→29.7%)
-Change in product mix etc.: -2.7ppt
-Forex impact on elimination of unrealized gain: +0.2ppt

-Mainly forex impact
-R&D expenses related to alliance with Amgen etc.

-Mainly forex impact
-Cost for oncology business in US/Europe
-Cost for strengthening sales force in emerging markets
-Cost for product launches

Sales by Region (Local Currency Basis)

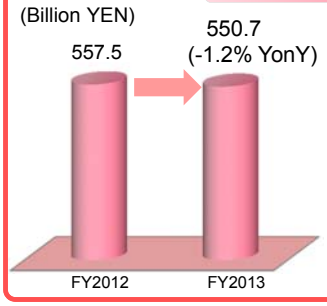
J-GAAP

Calculated based on the location of the seller

Solid increase in Americas, Europe and Asia/Oceania and slight decrease in Japan

Japan

(Billion YEN)



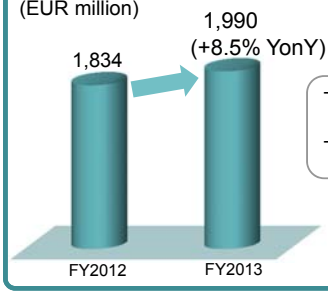
Sales in Japanese market:
535.6 bn YEN (-0.0%)
- Remain almost the same as the previous year because of expansion in major growing products and new products in spite of generic impact



Europe

Incl. Middle and Near East / Africa

(EUR million)



-Growth of new products (XTANDI and BETMIGA)
-Expansion of Vesicare and Mycamine



Americas

(USD million)

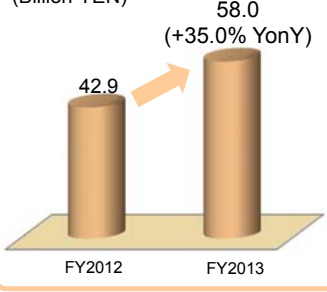


-Contribution of new products (XTANDI and Myrbetriq)
-Growth of VESIcare and Tarceva



Asia/Oceania

(Billion YEN)



+10.9%
(Excl. forex impact)

-Growth in all major products



Overactive Bladder Franchise in Urology

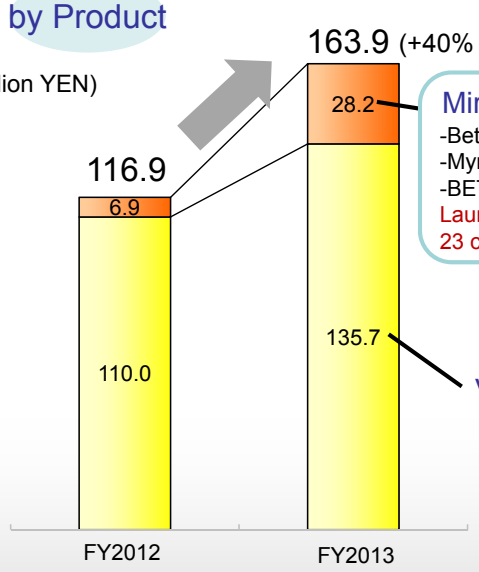
J-GAAP

Sales expansion driven by Vesicare growth and Mirabegron contribution

Total sales of Vesicare and Mirabegron

by Product

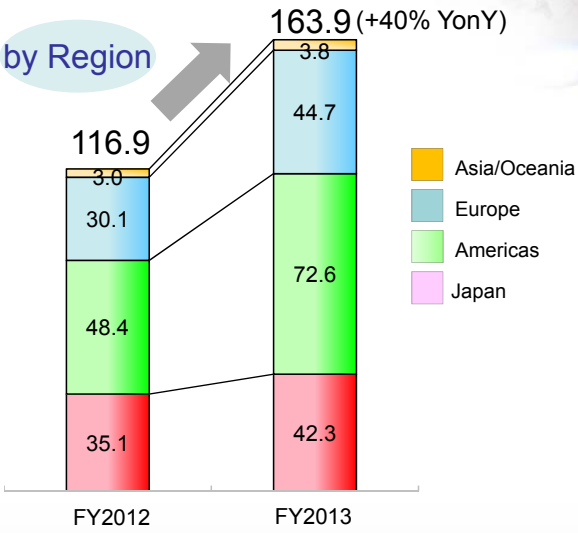
(Billion YEN)



Mirabegron
-Betanis (Japan)
-Myrbetriq (Americas)
-BETMIGA (Europe)
Launched in
23 countries/areas

Vesicare

by Region



Growth rate in total sales of Vesicare and Mirabegron [YonY]

- Japan: +20%
- Americas: +24% (USD basis)
- Europe: +18% (EUR basis)
- Asia/Oceania: +16% (Excl. forex impact)

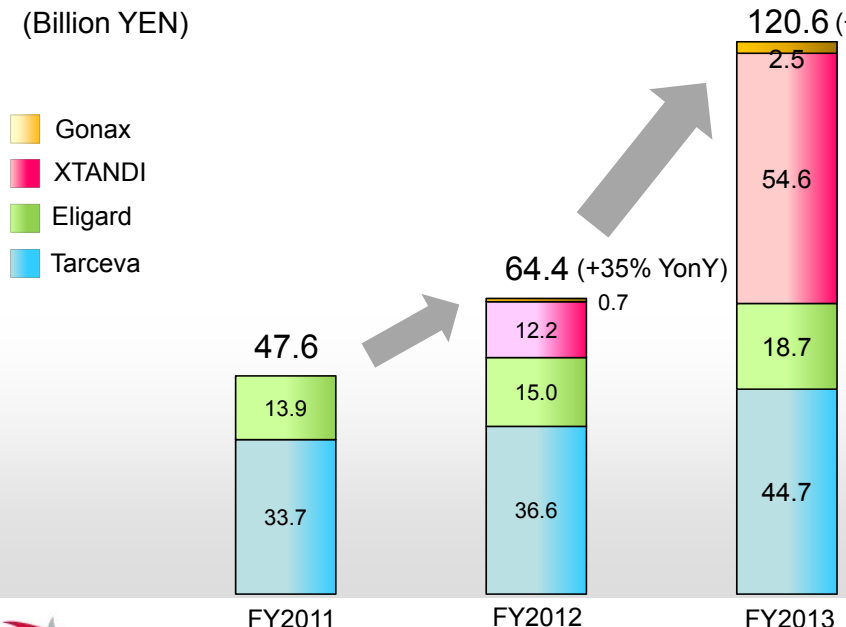
Oncology Franchise

J-GAAP

Expansion of oncology franchise driven by contribution of XTANDI

Total sales of XTANDI, Tarceva, Eligard and Gonax

(Billion YEN)



- XTANDI
  -Americas: USD 450 million
  -Europe: EUR 71 million
  Launched in 23 countries/areas
- Eligard
  Europe: EUR 139 million
  -1% Yon Y (EUR basis)
- Tarceva-related revenues
  USD 446 million
  +1% YonY (USD basis)

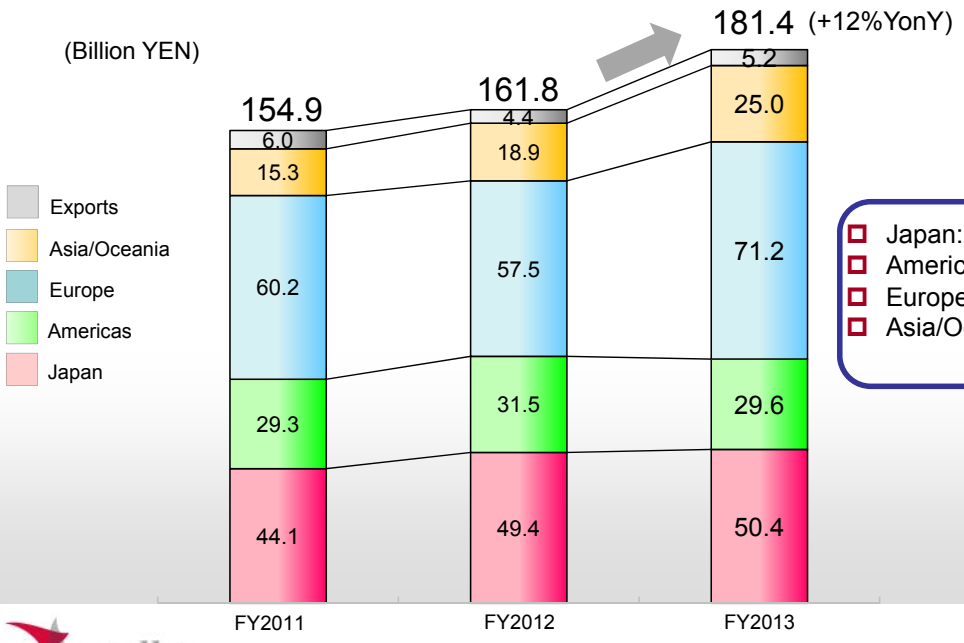
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Transplantation Franchise

J-GAAP

Maintaining global sales by continuous growth in Asia/Oceania

Total sales of Prograf and Advagraf/Graceptor/ASTAGRAF XL



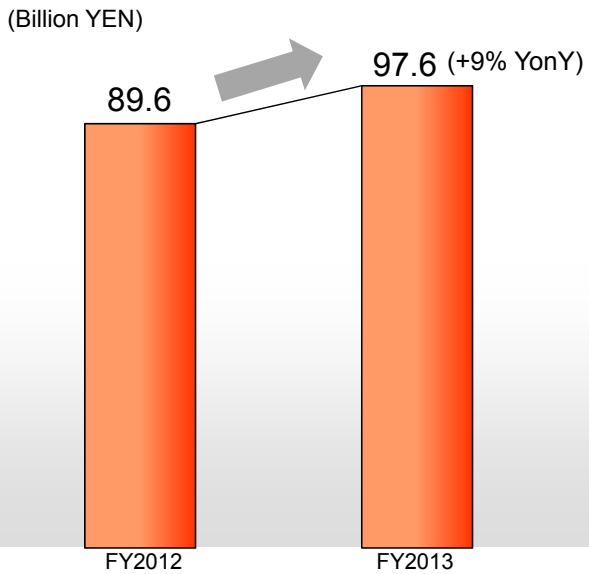
[YonY]
- Japan: +2%
- Americas: -22% (USD basis)
- Europe: -1% (EUR basis)
- Asia/Oceania: +8% (Excl. forex impact)

Major Products in Japan (Excluding Global Products)

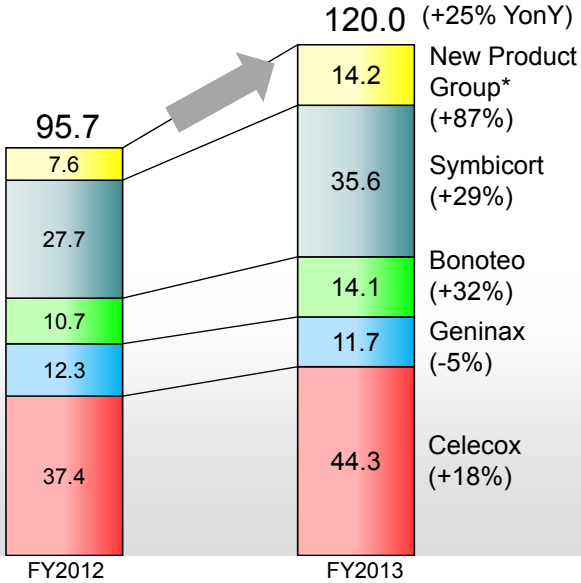
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Solid sales expansion in major Growing Products and New Product Group

Micardis [family]



New Product Group and Growing Product Group

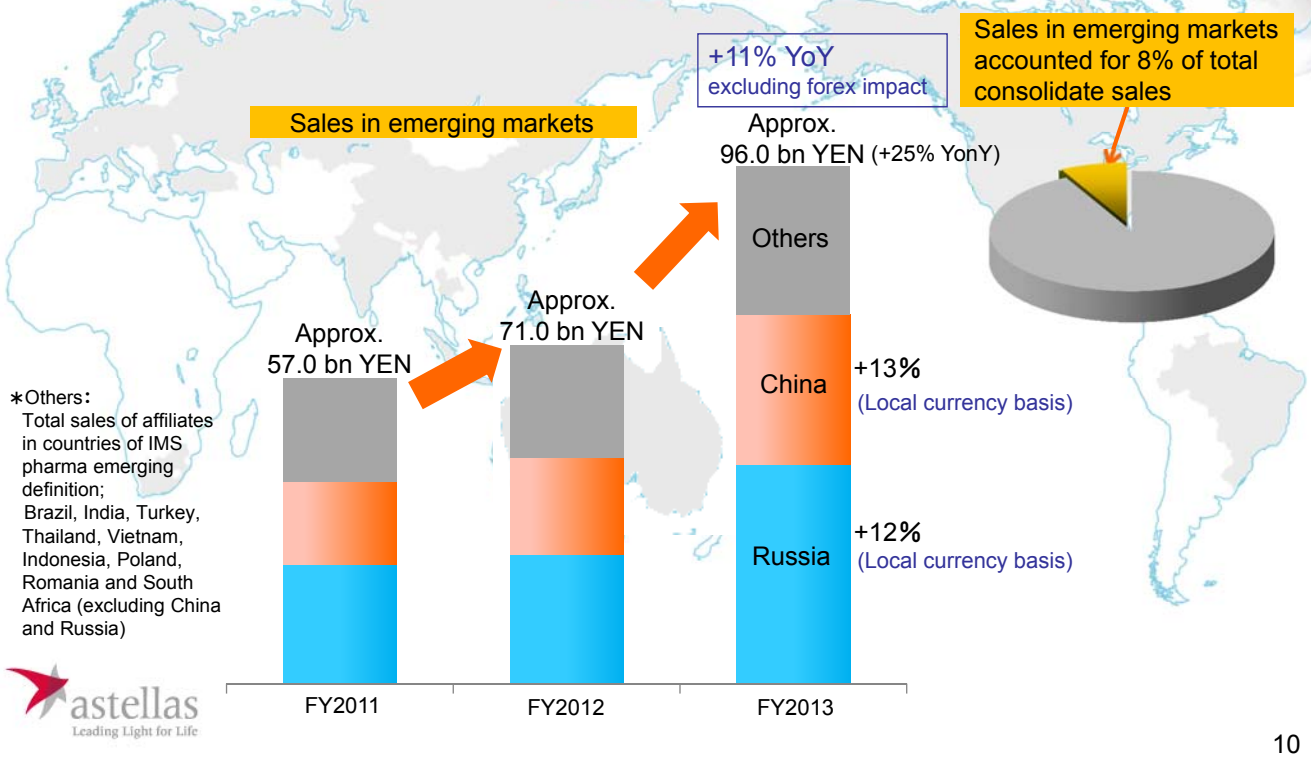


*New Product Group: Total sales of products launched within the last 3 years (Argamate, Kiklin, Regnite, Gonax, Cimzia and Acofide)

Growing Business in Emerging Markets

J-GAAP

Double-digit growth rate in emerging markets, led by China and Russia



*Others:
Total sales of affiliates in countries of IMS pharma emerging definition;
Brazil, India, Turkey, Thailand, Vietnam, Indonesia, Poland, Romania and South Africa (excluding China and Russia)

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Financial Results for FY2013 (IFRS)

IFRS

(Billion YEN)

	Core basis*			Full basis (non-adjustment)		
	FY2012	FY2013	Change %	FY2012	FY2013	Change %
Sales	981.9	1,139.9	+16.1%	981.9	1,139.9	+16.1%
COGs as % of sales	308.7 31.4%	330.6 29.0%	-	308.7 31.4%	330.6 29.0%	-
SG&A expenses	318.9	397.0	+24.5%	318.9	397.0	+24.5%
R&D expenses as % of sales	159.1 16.2%	191.5 16.8%	+20.3%	159.1 16.2%	191.5 16.8%	+20.3%
Amortisation of intangible assets	28.3	36.0	+27.4%	28.3	36.0	+27.4%
Share of profits of associates and joint venture	1.1	1.5	+27.5%	1.1	1.5	+27.5%
Other income	-	-	-	2.9	11.6	+304.7%
Other expense	-	-	-	49.3	81.0	+64.4%
Operating profit	168.0	186.3	+10.9%	121.6	116.8	-3.9%
Income before income tax expense	169.5	187.5	+10.6%	127.1	122.0	-4.0%
Profit for the year	118.8	132.8	+11.8%	92.5	90.9	-1.7%

*Core results: Disclosed as Non-GAAP financial indicator demonstrating operating profitability from ordinary business. Calculated by excluding non-recurring items from IFRS results as non-core items. See p42 for details.

Forecasts for FY2014 (Core Basis)

IFRS

(Billion YEN)

	FY2013	FY2014 Forecasts	Change
Net sales	1,139.9	1,192.0	+4.6%
R&D Expenses as % of sales	191.5 16.8%	198.0 16.6%	+3.4%
Operating profit	186.3	208.0	+11.7%
Profit for the year	132.8	154.0	+16.0%
EPS (YEN)	59.11	69.02	+16.8%

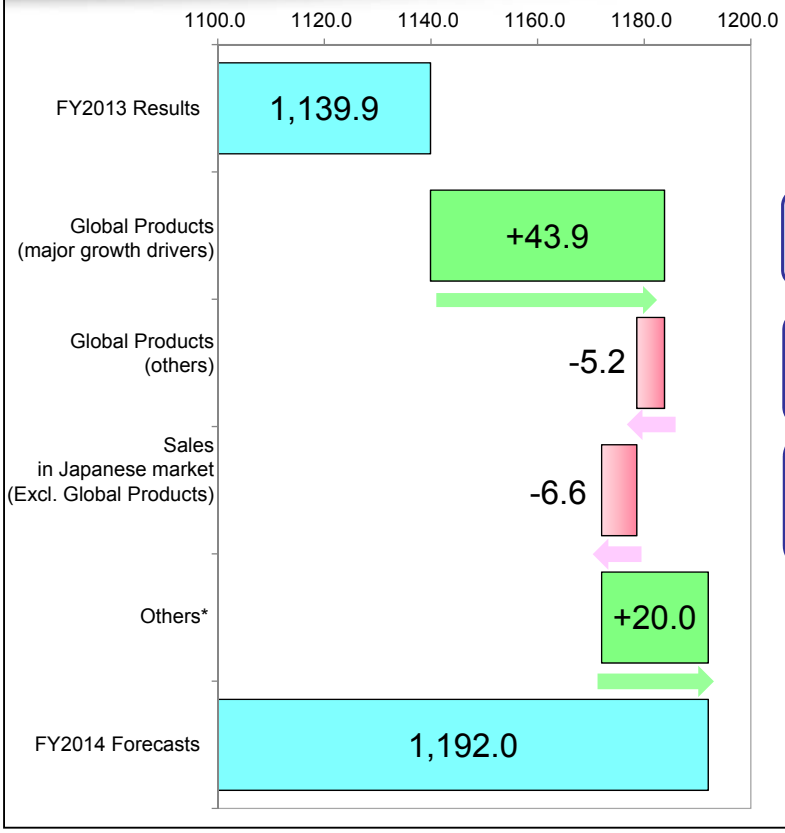
◆ Exchange Rate (YEN)

[Average for terms]	FY2013	FY2014 Forecasts	Change
USD	100	100	-
EUR	134	140	6 weakening of YEN

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Forecasts for FY2014 (Core Basis): Analysis of Change in Sales (vs. Previous Year)

IFRS



(Billion YEN)

Sales: +52.1

Forex impact: +11.8

Vesicare + Mirabegron +15.0
XTANDI (US, Europe)* +28.9

Prograf +0.3 / Harnal -3.6 /
Funguard +0.7 / Protopic -5.3 / Eligard +2.6

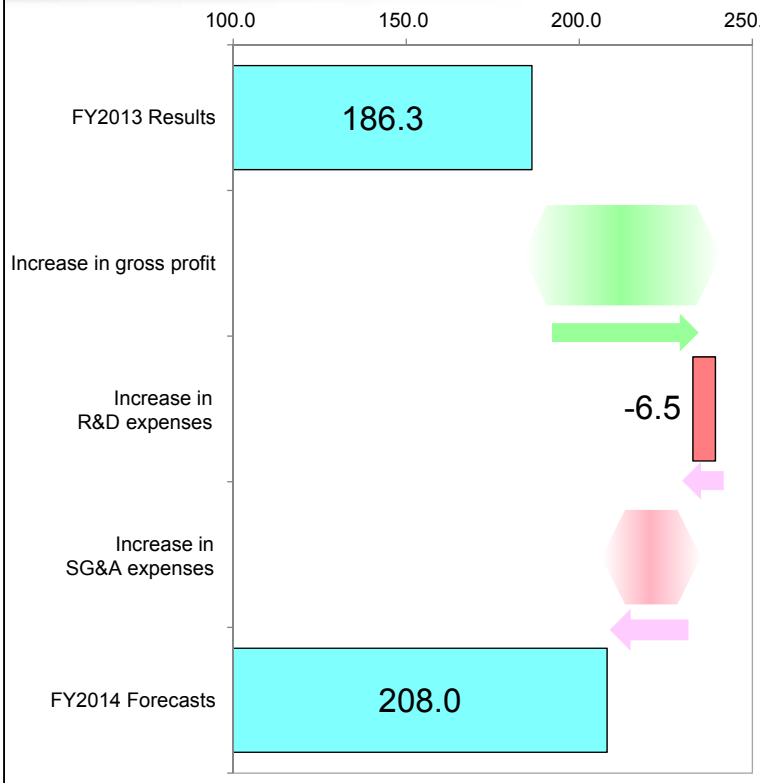
New Products and Growing Products +23.2 /
Micardis -0.1 / Lipitor -9.8 / Gaster -6.2 /
Myslee -8.0 / Seroquel -7.0

Other European product group Approx. +12.0 /
Scan -8.5

*Forecast for XTANDI sales outside US and Europe is included in 'Others'.

Forecasts for FY2014 (Core Basis): Analysis of Change in Operating Profit (vs. Previous Year)

IFRS



Operating profit: +21.8

Forex impact: +13.2

Increase in sales
Decrease in COGs ratio
- Change in product mix
- Forex impact on elimination of unrealized gain

[OP decreasing factor]
- R&D expense ratio per sales: -0.2ppt
  Maintaining the same level as previous year in absolute value

[OP decreasing factor]
- Cost for oncology business in US/Europe
- Cost to strengthen sales force in emerging markets
- Cost for product launches

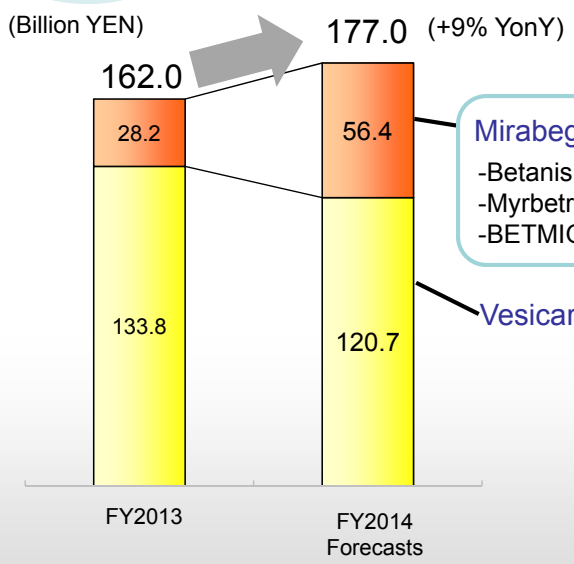
OAB Franchise in Urology Forecasts for FY2014

IFRS

Further strengthening OAB franchise with both Vesicare and Mirabegron

Total sales of Vesicare and Mirabegron

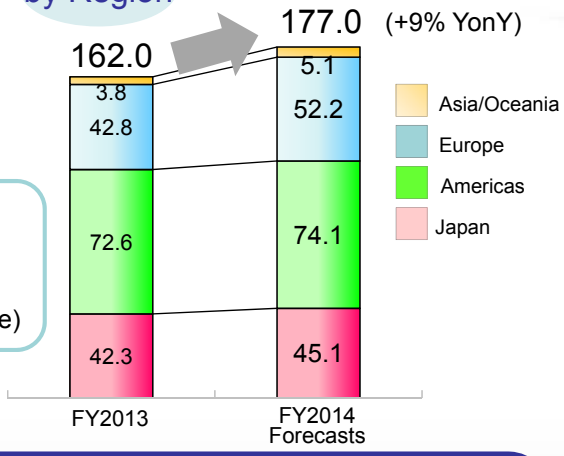
by Product



Mirabegron
-Betanis (Japan)
-Myrbetriq (US)
-BETMIGA (Europe)

Vesicare

by Region



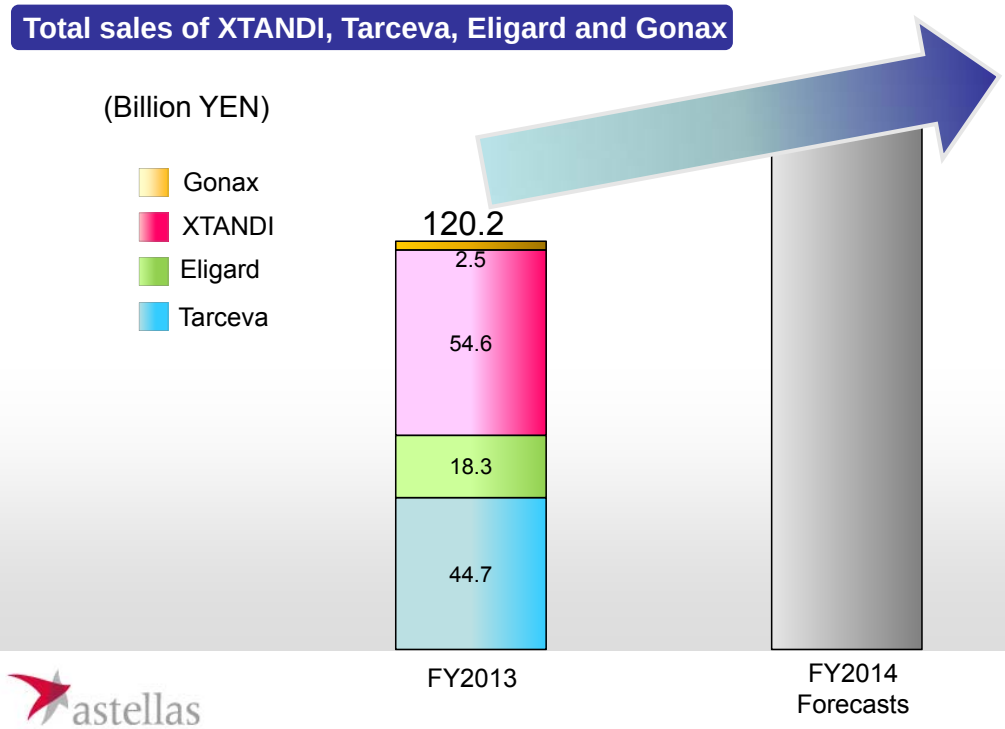
Growth rate in total sales of Vesicare and Mirabegron [YonY]
- Japan: +7%
- Americas: +2% (USD basis)
- Europe: +17% (EUR basis)
- Asia/Oceania: +26% (Excl. forex impact)

Oncology Franchise Forecasts for FY2014

IFRS

Further expansion of oncology franchise driven by XTANDI global sales

Total sales of XTANDI, Tarceva, Eligard and Gonax

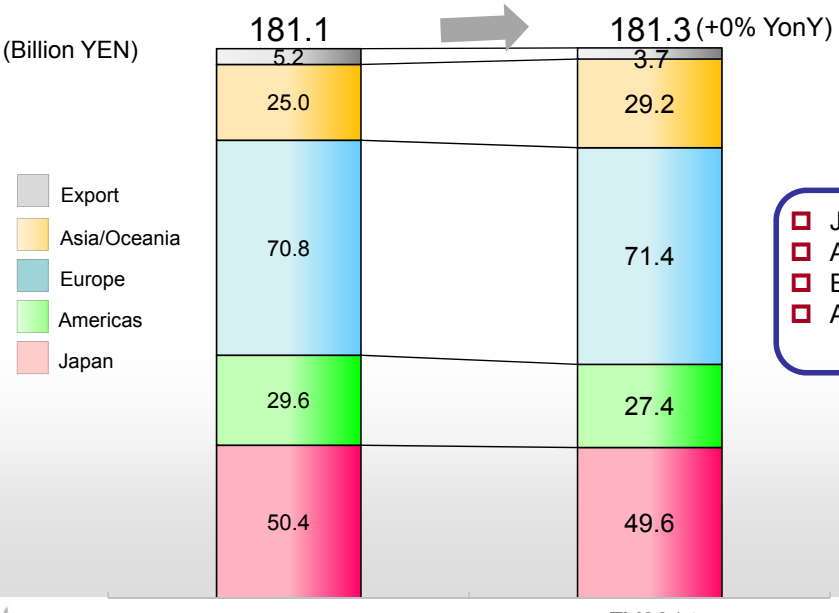


Transplantation Franchise Forecasts for FY2014

IFRS

Continuous growth in Asia/Oceania and maintaining global sales

Total sales of Prograf and Advagraf/Graceptor/ASTAGRAF XL

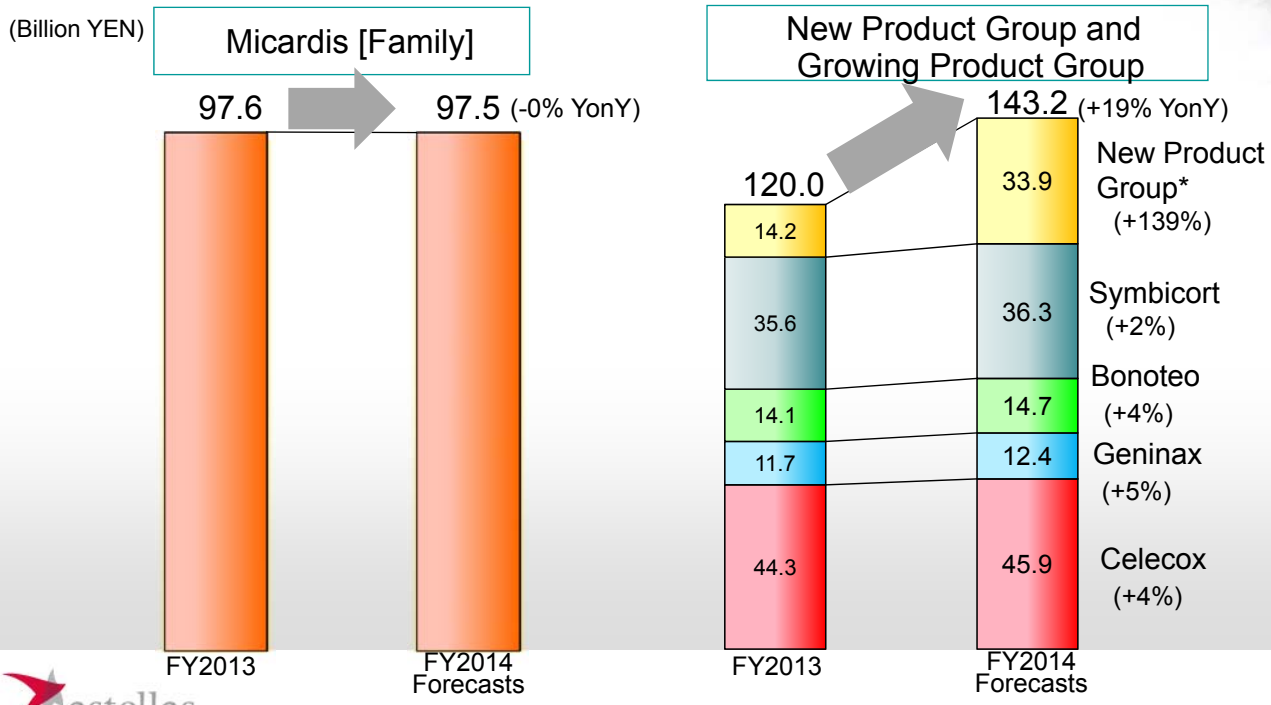


[YonY]
- Japan: -2%
- Americas: -7% (USD basis)
- Europe: -5% (EUR basis)
- Asia/Oceania: +16% (Excl. forex impact)

Major Products in Japan (Excluding Global Products) Forecasts for FY2014

IFRS

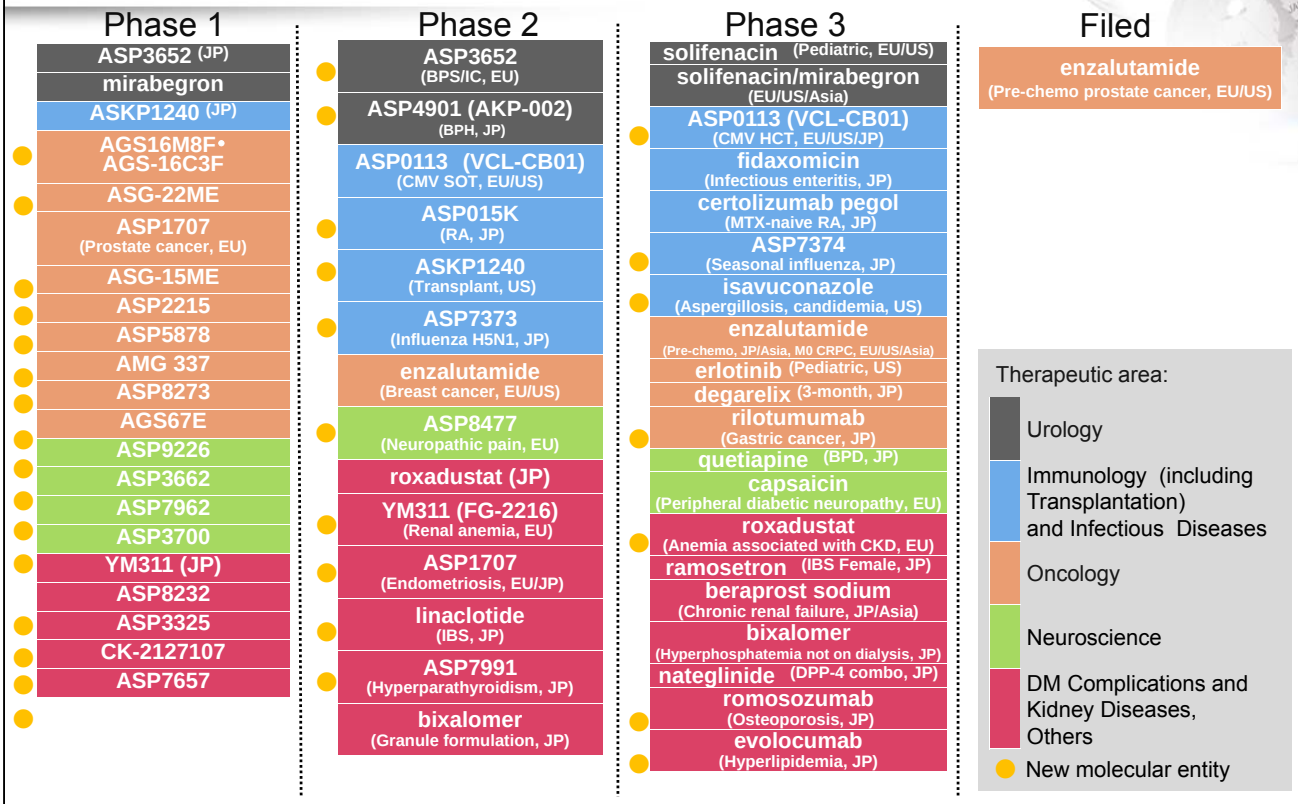
Solid growth of Major Growing Products and New Product Group



*New Product Group: Total sales of products launched within the last 3 years (Suglat, Argamate, Kiklin, Regnite, Gonax, Cimzia and Acofide)

R&D Pipeline

Status of Astellas' Pipeline



BPH: Benign prostatic hyperplasia, BPS/IC: Bladder pain syndrome/Interstitial cystitis, RA: Rheumatoid arthritis, CMV: Cytomegalovirus, SOT: Solid organ transplant, IBS: Irritable bowel syndrome, MTX: Methotrexate, HCT: Hematopoietic cell transplant, M0 CRPC: Non-metastatic castration-resistant prostate cancer, BPD: Bipolar disorders, CKD: Chronic kidney disease,

Changes in Pipeline Status Since February 2014 <Approval and Filing>

■ Approval

Product Name (Generic Name)	Target Disease	Area	Stage	Changes
XTANDI (enzalutamide)	Castration-resistant prostate cancer*	Japan	Approved	Approved in Japan in Mar. 2014.

*Precautions regarding indication include the description that the efficacy and safety of the drug have not been established in patients with prostate cancer who have not received chemotherapy.

■ Filing

Code No. Generic Name	Target Disease	Area	Stage	Changes
MDV3100 enzalutamide	Metastatic castration-resistant prostate cancer in patients who have not received chemotherapy	US Europe	Filed	Submitted an sNDA in the US in Mar. 2014 and a variation to amend the MAA in Europe in Apr. 2014 (new indication). Priority review granted in the US with a PDUFA review date of Sep. 18, 2014.

sNDA: Supplemental new drug application, MAA: Marketing authorization application
PDUFA: Prescription Drug User Fee Act

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Changes in Pipeline Status Since February 2014 <Progress of the Stage, Agreement Amendment>

■ Progress of the Stage

Code No. Generic Name	Target Disease	Area	Stage	Changes
ASP0113 (VCL-CB01)	Cytomegalovirus reactivation in hematopoietic cell transplant recipients	US/ Europe/ Japan	P3	Entered into P3 in Japan.
ASP1585 (AMG 223) bixalomer	Hyperphosphatemia in patients on dialysis with chronic kidney disease (granule formulation)	Japan	Bioequivalence study	Initiated bioequivalence study for new formulation in Japan.

■ Amendment of License Agreement

Generic Name	Target Disease	Area	Stage	Changes
Isavuconazole	Invasive aspergillosis	US*/ ~~Europe~~	P3	Changed the description of area in accordance with the amended license agreement. Preparing for NDA filing for invasive aspergillosis in the US.
	Candidemia / Invasive candidiasis			

*The territories after amendment are the US and Canada.

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Changes in Pipeline Status Since February 2014 <New P1>

Code No. Generic Name	Target Disease	Stage	Changes
YM178 mirabegron	Neurogenic detrusor overactivity and idiopathic overactive bladder in pediatric patients	P1	Entered into P1 in US/Europe.
ASP7657	Diabetic nephropathy	P1	Entered into P1.
ASP3700	Osteoarthritis	P1	Entered into P1.
AGS67E	Cancer (ADC technology)	P1	Entered into P1.

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Changes in Pipeline Status Since February 2014 <Deletion from the Pipeline List>

Code No. Generic Name	Target Disease	Area	Stage	Remarks
ASP4130 tivozanib	Colorectal cancer, Breast cancer	US/ Europe	P2	-Discontinued the P2 clinical trials for colorectal cancer and breast cancer. -Exercised the right to terminate the license agreement for strategic reasons, based on the clinical status of the three indications studied (renal cell carcinoma, colorectal cancer, breast cancer). The termination will be effective Aug. 11, 2014, at which time tivozanib rights will be returned to AVEO.
erlotinib	Non-small cell lung cancer (combination with MetMAb)	US	P3	-Deleted this indication from the pipeline list because Roche, who conducted the studies for it, terminated the studies.

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Changes in Pipeline Status Since February 2014 <Discontinuation>

Code No. Generic Name	Target Disease	Area	Stage	Reason for Discontinuation
ASP7487 (OSI-906) linsitinib	Ovarian cancer	US	P2	Discontinued the development, as the P2 study did not demonstrate the expected efficacy.
ASP0306	Lower urinary tract symptoms associated with benign prostatic hyperplasia	-	P1	Discontinued for strategic reasons.
ASP6432	Lower urinary tract symptoms associated with benign prostatic hyperplasia	-	P1	Discontinued for strategic reasons.
ASP9853	Cancer	-	P1	Discontinued for strategic reasons.

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Oncology Pipeline

Stage in the most advanced territory

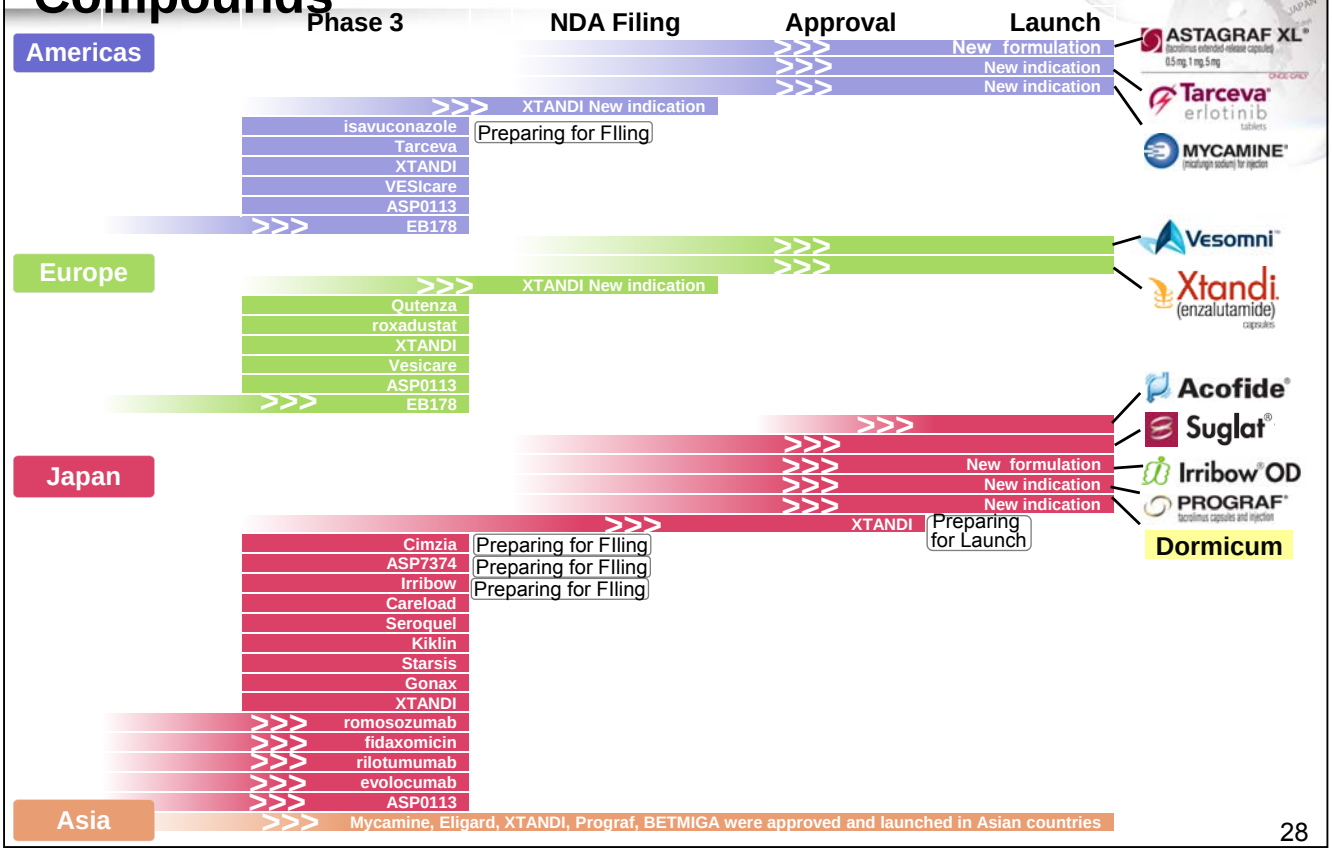
	Project	Target Cancer	Characteristics	P1	P2	P3	Filed
Small molecule	Enzalutamide (XTANDI)	Prostate cancer (pre-chemo, non-metastatic), Breast cancer (BC)	Androgen receptor inhibitor	CRPC: Japan			Approved
				Pre-chemo: EU/US/JP/Asia			Filed in US/Europe
				Non-Metastatic: EU/US/Asia			
				BC:US/EU			
	Erlotinib (Tarceva)	Pediatric ependymoma	HER1/EGFR tyrosine kinase inhibitor	US			
	Degarelix (Gonax)	Prostate cancer	1st GnRH antagonist in Japan	3-month: JP			
	ASP1707	Prostate cancer*	Oral GnRH antagonist				
	ASP2215	Acute myeloid leukemia	FLT3/AXL inhibitor				
	ASP5878	Cancer					
	AMG 337	Gastric cancer	MET inhibitor	JP			
	ASP8273	Non-small cell lung cancer	EGFR T790M inhibitor				
Antibody	Rilotumumab AMG 102	Gastric cancer	Anti-HGF monoclonal antibody	JP			
	AGS-16M8F/ AGS-16C3F	Renal cancer	Antibody utilizing ADC (target: ENPP3)				
	ASG-22ME	Solid tumors	Antibody utilizing ADC (target: Nectin-4)				
	ASG-15ME	Bladder cancer	Antibody utilizing ADC (target: SLITRK6)				
	AGS67E	Lymphoid malignancy	Antibody utilizing ADC (target: CD37)				

*P2 for indication of endometriosis CRPC: Castration-resistant prostate cancer, ADC: Antibody-drug conjugate

Enzalutamide: Development Progress

Study	Target	Design	P1	P2	P3	Filed
P3 EU/US/JP/Asia [PREVAIL study]	Pre-chemo Metastatic castration-resistant prostate cancer (CRPC)	Placebo-controlled, n=1,717	US: sNDA on Mar. 17, 2014 Priority review granted PDUFA date: Sep. 18, 2014 Europe: Variation to amend MAA on Apr. 2, 2014			
P3 EU/US/Asia [PROSPER study]	M0 CRPC Non-Metastatic CRPC	Placebo-controlled, n=1,500	First Patient In: Nov. 2013			
P2 EU/US [TERRAIN study]	Pre-chemo Metastatic CRPC	To compare with bicalutamide, n=375	Completed enrollment: Jul. 2013			
P2 US [STRIVE study]	Pre-chemo Metastatic or non-metastatic CRPC	To compare with bicalutamide, n=400	Completed enrollment: Mar. 2014			
P2 US	Neoadjuvant therapy Undergoing prostatectomy	Monotherapy or combo with leuprolide or dutasteride, n=50	Last Patient Out: Nov. 2013			
P2 EU	Hormone-naive Progressive prostate cancer	Open-label, n=67	Completed			
P2 US/EU	Breast Cancer Advanced, androgen receptor-positive, triple-negative breast cancer	Open-label, n=80	First Patient In: Jun. 2013			
P2 US/EU	Breast Cancer Advanced breast cancer that is estrogen receptor positive or progesterone receptor positive and human epidermal growth factor receptor 2 (HER2) normal	Placebo-controlled, in combination with exemestane, n=240	First Patient In: Dec. 2013			
P2 US/EU	Breast Cancer Advanced, HER2 positive breast cancer	Open-label, n=80	Planned First Patient In: 2Q/2014			

FY2013 Progress of Many Late Phase Compounds



Initiatives to Build Resilience for Sustainable Growth

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Review of 2014 Mid-Term Management Plan (MTP14) (Major Initiatives)

Aiming at sustainable growth, steadily promoted Growth strategy/ Efficiency strategy

		Initiatives for Strategic Priorities
Therapeutic area strategy	Further enhancement of Urology/OAB franchise (Growth of Vesicare, Launch of Mirabegron and Vesomni) Creation of oncology business (Launch of XTANDI and Gonax) Development of future GCL area (P3 entry of roxadustat etc.)	**Maximize Value of New Products**
Regional strategy	Continuous launch of new products in each region Strategic alliance with Amgen in Japan Further enhancement of commercial platform in emerging markets (especially in China and Russia)	
R&D innovation strategy	Reshaping research framework and introduction of new initiatives Development of new therapeutic areas and novel technology platform (newly-created Disease Frontier Research Lab., collaboration with Mitokyne etc., and regenerative medicine/ vaccine etc.) Prioritization of projects/ promotion of 'Multi-Track R&D'	**Enhance Innovation**
Efficiency strategy	Further enhancement of global management (medical, marketing and QA & RA) Optimization of production capability (transfer of Fuji Plant*) Business process outsourcing in multiple business areas Consolidation of offices in Japan, transfer of owned assets	**Pursue Operational Excellence**

*Current Shizuoka Plant, Nichi-Iko Pharma Tech, Co. Ltd.

Review of MTP14 (Numerical Targets)

J-GAAP

Returned to growth trend, overcoming patent-cliff, while need to improve profit level further

(Billion YEN)

	FY2014 MTP14 Targets	FY2014 Forecasts*	Major factors for difference
Sales	1,096.0	1,215.6	+119.6 (incl. forex impact of approx. +139.0) <Positive factors> •Launch and growth of XTANDI etc. <Negative factors> •Severer generic erosion •Less than expected sales of new products (excl. global products)
Operating profit	226.0	197.0	-29.0 (incl. forex impact of approx. +35.0) <Negative factors> •Decrease of gross margin due to product mix •Increase of R&D expense (increase of late phase clinical trials etc.) •Increase of SG&A (up-front investment in oncology business) etc.
(R&D expense ratio per sales)	(above 16%)	(mid between 18.0 and 19.0%)	
ROE	over 15%	Expected to undershoot targets, due to profit level shortfall above	
DOE	over 6%		
Expected forex rates	USD: 80 YEN EUR: 110 YEN	USD:100 YEN EUR:140 YEN	USD: 20 weakening of YEN EUR: 30 weakening of YEN

*Converted from forecasts in IFRS

Initiatives for Strategic Priorities

(from February 2014 onward)

Maximize Value of New Products	Enhance further oncology franchise (XTANDI sales growth/additional indications) Maximize OAB franchise (Vesicare and Mirabegron) Introduce continuously new products (Suglat & XTANDI in Japan etc.)
Enhance Innovation	Reshape research framework ● Utilize more external capabilities and resources (open innovation) ● Develop new therapeutic areas and modalities New initiatives ➢ Establish regenerative medicine unit ➢ Execute compound library sharing partnership with Daiichi Sankyo ➢ Participate in LIBD consortium
Pursue Operational Excellence	Optimize resource allocation and utilize external resources New initiatives ➢ Enhance further global functions of regulatory affairs, regulatory assurance and quality assurance

Continuous Introduction of New Products

(Efforts from April 2013 onward)

■ Approvals and launches in 4 regions

(Updates from the previous announcement shown in red)

[Europe]
- ➢Jul. XTANDI launch
- ➢Sep. VESOMNI launch

[Asia and Oceania]
- ➢May Australia Mycamine approval
- ➢Jun. Hong Kong Eligard launch
- ➢Aug. Malaysia Mycamine approval
- ➢Oct. South Korea XTANDI launch
- ➢Oct. Indonesia PROGRAF XL launch
- ➢Nov. Thailand Eligard launch
- ➢Dec. Vietnam Eligard approval
- ➢Dec. Hong Kong/ South Korea BETMIGA approval
- ➢Dec. Singapore Mycamine approval
- ➢Feb. '14 Singapore Eligard approval
- ➢Mar. '14 Taiwan BETMIGA approval
- ➢Apr. '14 Australia BETMIGA launch

[Japan]
- ➢May Micamlo BP launch
- ➢Jun. Acofide launch
- ➢Jun. Prograf new indication
- ➢Sep. Bisono Tape launch
- ➢Dec. Dormicum new indication
- ➢Jan. '14 Irribow OD Tablet launch
- ➢Mar. '14 XTANDI approval
- ➢Apr. '14 Suglat launch

[Americas]
- ➢Apr. Canada Myrbetriq launch
- ➢May US Tarceva new indication
- ➢Jun. US Mycamine new indication for pediatric patients
- ➢Jun. Canada XTANDI launch
- ➢Aug. US ASTAGRAF XL launch (tacrolimus extended release capsules)
- ➢Apr. '14. Argentina XTANDI launch

No. of countries/areas where the following have been launched:
- ➢ **Mirabegron: 23**
- ➢ **XTANDI: 23**

New Products in Japan: Suglat, XTANDI

Suglat
(April 2014 Launched in Japan)

- Selective SGLT2 inhibitor

[Indication]
Type 2 Diabetes



XTANDI
(Preparing for launch in Japan)

- Oral androgen receptor inhibitor

[Indication]
Castration-resistant prostate cancer*



**Precautions regarding indication include the description that the efficacy and safety of the drug have not been established in patients with prostate cancer who have not received chemotherapy.

Develop New Therapeutic Areas and Novel Technology Platform

Advance novel therapies for diseases and medical conditions associated with muscle weakness	• Collaboration for R&D and commercialization with Cytokinetics
Discover and develop novel drugs that improve mitochondrial functions	• Collaboration for R&D with Mitokyne (with exclusive right to acquire the company)
Apply recombinant human proteins produced using transgenic silkworms to medicine	• Collaboration for research with Immuno-Biological Laboratories
Develop RSV* vaccine	• Strategic partnership with ClearPath for vaccine technologies from Mymetics
Expand our commitment to regenerative medicine	• **Establishment of regenerative medicine unit**
Discover innovative drugs by diversifying candidate compounds	• **Compound library sharing partnership with Daiichi Sankyo (400 thousand compounds each other)**
Collaborate with academia beyond individual corporate frameworks for discovery of novel CNS drugs	• **Participation in LIBD consortium**

*RSV: Respiratory syncytial virus

Profit Distribution Policy

- Top priority on investment for growth of Rx business
- Dividends to be increased continuously based on mid- and long-term growth
- Share buybacks to be implemented in a flexible manner

	FY2012	FY2013	FY2014 (Forecasts)
Core EPS*	51.73 YEN	59.11 YEN	69.02 YEN
Dividends per Share	26 YEN	27 YEN (Plan)	29 YEN
ROE*	8.0%	7.4%	-
DOE*	5.2%	5.0% (Plan)	-
Share Buybacks**	54 million shares (49.4 billion YEN)	25 million shares (30.0 billion YEN)	Implemented in a flexible manner
Cancellation of Treasury Shares	-	55 million shares	25 million shares (Plan)

*IFRS
**Excluding amounts for the buyback of shares consisting less than one unit

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Figures from FY2012 to FY2013 have been restated in consideration of 5-for-1 stock split on April 1, 2014 for convenience purposes,
Actual amount of dividends per share is 130 YEN in FY2012 and 135 YEN (plan) in FY2013.

Acquisition of Own Shares

Improve capital efficiency and shareholder return

At the meeting of the Board of Directors on May 12, 2014
a resolution was adopted to acquire the Company's own shares.

■Reasons for the acquisition of own shares:

To improve capital efficiency and shareholder return.

■Class of shares to be acquired: Common stock of the Company

■Total number of shares to be acquired: Up to 24 million shares

(The percentage compared to the total number of shares outstanding: 1.08%)

■Aggregate amount of acquisition cost: Up to 30 billion YEN

■Period of acquisition: From May 13, 2014 to June 23, 2014

* The status of treasury shares as of March 31, 2014 (restated in consideration of 5-for-1 stock split for convenience purposes)

Total number of shares outstanding:	2,284,823,175 shares
Number of treasury shares:	53,681,395 shares

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Schedule

July 10 (Thu.), 2014
R&D Meeting

August 1 (Fri.), 2014
Financial Results Announcement
for 1Q/FY2014

Appendix

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FY2013 results: Comparison between IFRS (Full Basis (Non-Adjustment)) and J-GAAP

billion yen

JGAAP	FY13 JGAAP	FY13 IFRS	Diff.	IFRS	Major factors for differences
Net sales	**1,164.5**	**1,139.9**	**-24.6**	**Sales**	Agent transactions are presented at net value (offset against COGS)
Cost of sales	345.6	330.6	-15.0	Cost of sales	Agent transactions Royalty expenses reclassified from SG&A to COGS
Gross profit	**818.9**	**809.3**	**-9.6**	**Gross profit**	
R&D expenses	214.6	191.5	-23.2	R&D expenses	Capitalization of upfront / milestone payments for R&D pipelines, etc. Reclassification of certain PMS cost to SG&A
SG&A excluding R&D expenses	427.0	397.0	-30.0	SG&A expenses	Discontinuation of goodwill amortisation Reclassification of amortisation of intangible assets to SG&A Reclassification of certain PMS cost from R&D
—		36.0	36.0	Amortisation of intangible assets	Reclassification from SG&A
—		1.5	1.5	Share of profits of associates and joint ventures	
—		11.6	11.6	Other income	Mainly reclassification from special gains: gain on sales of PP&E, gain on sales of subsidiaries, etc.
—		81.0	81.0	Other expense	Mainly reclassification from special losses: impairment losses, restructuring cost, etc. Additinal impairment of capitalized in-license R&D payment under IFRS.
Operating income	**177.3**	**116.8**	**-60.5**	**Operating profit**	
Non-Operating income	2.4		-2.4	—	
Non-Operating expenses	8.9		-8.9	—	
Ordinary income	170.8		-170.8	—	
Special gains	15.4		-15.4	—	
Special losses	54.4		-54.4	—	
—		6.8	6.8	Finance income	Gain on sales of available-for-sale financail assets, interest income, dividend income
—		1.7	1.7	Finance expense	Impairment losses of available-for-sale financial assets, other finance expense
Income before income taxes	131.7	122.0	-9.7	**Profit before tax**	
Income taxes	39.3	31.1	-8.2	Income tax expense	Tax effect due to the elmination of unrealised gain/loss Tax effect due to other IFRS adjustments
Net income	**92.4**	**90.9**	**-1.6**	**Profit for the year**	

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Definition of Core Earnings

IFRS

Defined as Non-GAAP financial indicators demonstrating operating profitability from ordinary business.

IFRS(Full basis(non-adjustment))

- Sales
- Cost of Sales
- Gross Profit
- SG&A expenses
- R&D expenses
- Amortization of intangible assets
- Share of profits of associates and joint ventures
- Other income
- Other expense
- Operating profit
- Financial income
- Financial expense
- Profit before tax
- Income tax expense
- Profit for the year

"Other income" and "Other expense" to be excluded.

Impairment losses, restructuring costs, etc. →

Interest income/expense, dividend income, etc. →

Core operating profit

Adjusted financial income/expense (Gain/loss on sale of available-for-sale financial assets ("AFS") and impairment losses of AFS etc. to be excluded)

Core profit for the year → Core EPS*

*Core EPS forecast is calculated based on the number of stock as of the end of the previous fiscal year.

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Reconciliation of Full Basis (Non-Adjustment) to Core Basis

IFRS

Billion yen

Account item	FY2013		
	Full basis	Adjustment	Core basis
Sales	**1,139.9**	**-**	**1,139.9**
Cost of sales	330.6	-	330.6
Gross profit	**809.3**	**-**	**809.3**
SG&A expenses	397.0	-	397.0
R&D expenses	191.5	-	191.5
Amortisation of intangible assets	36.0	-	36.0
Share of profits of associates and joint ventures	1.5	-	1.5
Other income *1	11.6	-11.6	-
Other expense *1	81.0	-81.0	-
Operating profit	**116.8**	**69.4**	**186.3**
Finance income *2	6.8	-5.2	1.6
Finance expense *2	1.7	-1.2	0.4
Profit before tax	**122.0**	**65.5**	**187.5**
Income tax expense	31.1	23.6	54.7
Profit for the year	**90.9**	**41.9**	**132.8**

*1: “Other income” and “Other expense” are excluded from Core results.
“Other income” and “Other expense” include gain/loss on sale and disposal of property, plant and equipment, impairment losses for property, plant and equipment and intangible assets, restructuring costs, and foreign exchange gains/losses etc.

*2: Gain/loss on sale of available-for-sale financial assets (“AFS”) and impairment losses of AFS included in “Finance income” and “Finance expense” are excluded from Core results as non-core items.