

Outline of Consolidated Financial Results for the 3rd Quarter Ended December 31, 2016

February 8, 2017
NIPPON SHINYAKU CO., LTD.



Operating Results

(Million yen)

	3Q FY2015		3Q FY2016		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Net sales	63,463	100.0%	76,260	100.0%	12,796	20.2%
Operating income	6,907	10.9%	17,496	22.9%	10,588	153.3%
Ordinary income	7,267	11.5%	18,792	24.6%	11,525	158.6%
Net income attributable to owners of the parent	5,017	7.9%	13,275	17.4%	8,258	164.6%



Segmental Review

-Pharmaceuticals-

(Million yen)

	3Q FY2015		3Q FY2016		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Ethical drugs	49,639	93.8%	51,373	78.0%	1,733	3.5%
Profit in co-promotion	147	0.3%	2,014	3.1%	1,867	1,266.2%
Revenues from the licensing of industrial property rights	2,576	4.9%	5,414	8.2%	2,838	110.2%
Active Pharmaceutical Ingredients	511	1.0%	7,065	10.7%	6,554	1,282.5%
Net sales	52,874	100.0%	65,868	100.0%	12,993	24.6%

Increase in sales:

- **Zalutia (+2,283 million yen, +57.3%)**
(urinary disorder caused by benign prostatic hyperplasia)
- **Vidaza (+1,641 million yen, +17.7%)**
(myelodysplastic syndromes)
- **Tramal, Onetram (+1,190 million yen, +36.7%)**
(cancer pain, chronic pain)
- **Contribution of a milestone payment on marketing approval in Europe and royalty income based on overseas sales as well as income from sales of active ingredient regarding selexipag, our original product**

Decrease in sales:

- **Lunabell (-1,103 million yen, -20.2%)**
(dysmenorrhea)
- **Eviprostat (-660 million yen, -20.0%)**
(benign prostatic hyperplasia)



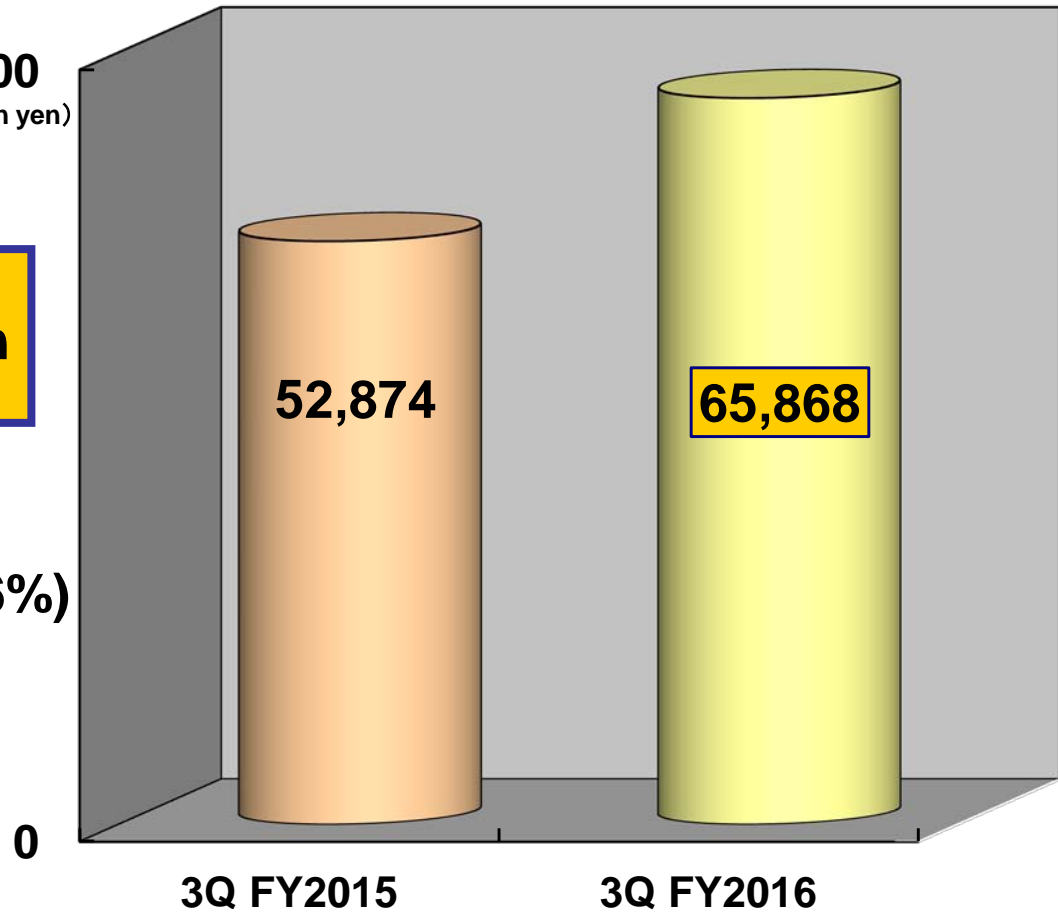
Segmental Review

-Pharmaceuticals-

Net sales 65,868 million yen

Year-on-Year change
+ 12,993 million yen (+24.6%)

70,000
(Million yen)





Segmental Review

-Functional Food-

(Million yen)

	3Q FY2015		3Q FY2016		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Health food ingredients	593	5.6%	613	5.9%	19	3.3%
Preservatives	1,464	13.8%	1,700	16.4%	236	16.1%
Protein preparations	5,730	54.1%	5,705	54.9%	-25	-0.4%
Nutritional ingredients	1,731	16.3%	1,318	12.7%	-412	-23.8%
Others	1,069	10.2%	1,053	10.1%	-15	-1.5%
Net sales	10,588	100.0%	10,391	100.0%	-197	-1.9%



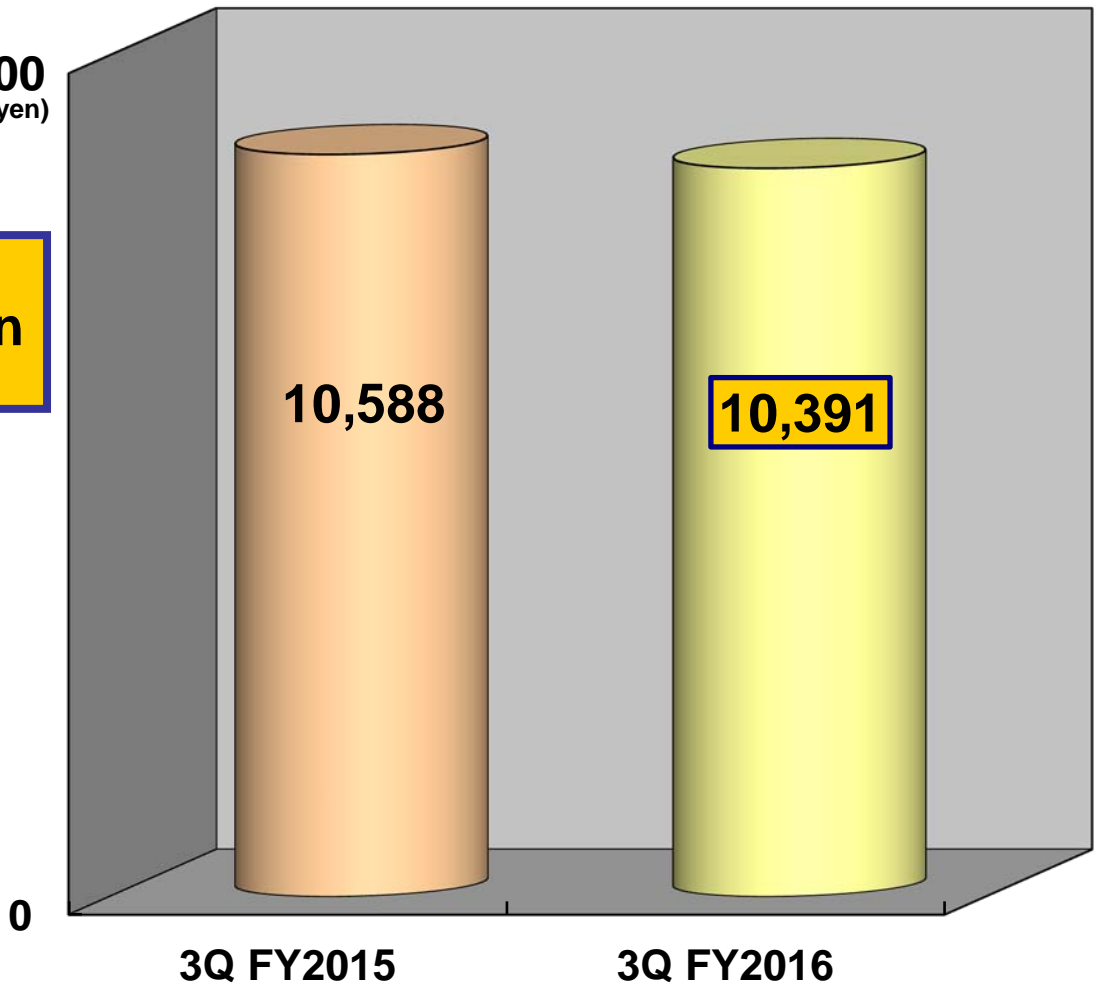
Segmental Review

-Functional Food-

Net sales 10,391 million yen

Year-on-Year change
-197 million yen (-1.9%)

12,000
(Million yen)



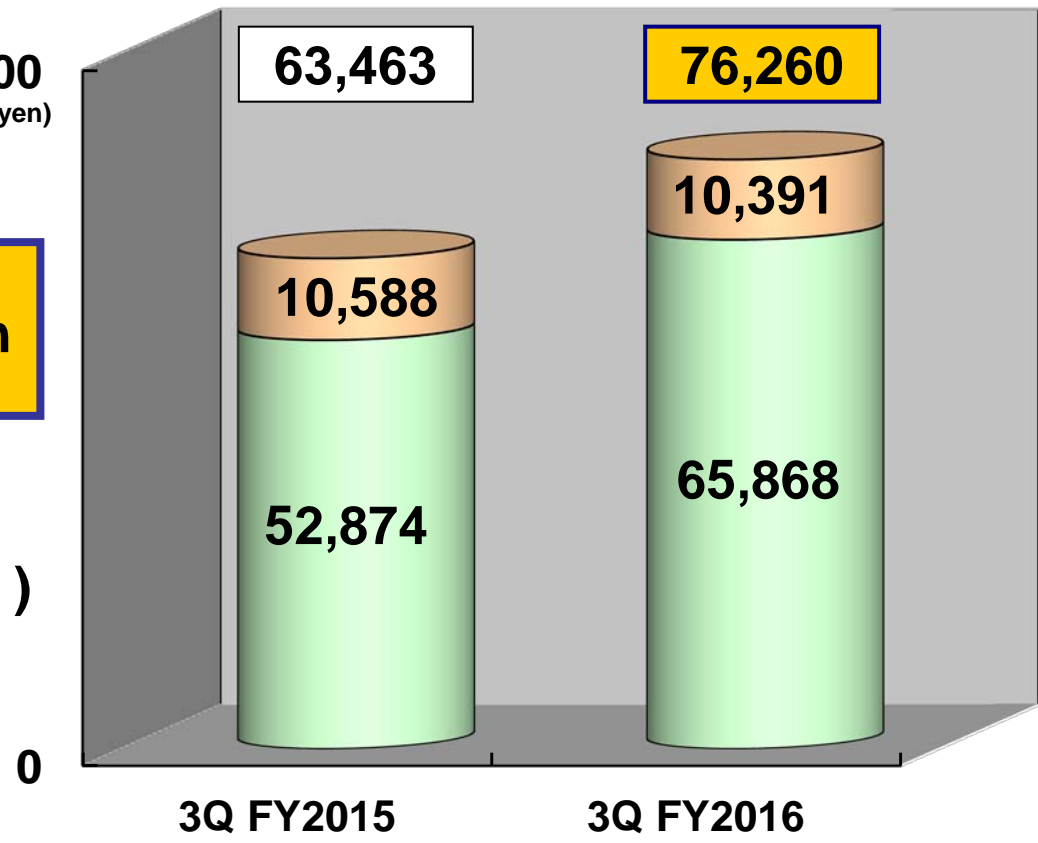


Net Sales

Net sales 76,260 million yen

**Year-on-Year change
+12,796 million yen (+20.2%)**

90,000
(Million yen)



■ Functional Food
■ Pharmaceuticals



Consolidated Statements of Income (1)

(Million yen)

	3Q FY2015		3Q FY2016		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Revenue						
Net sales	63,463	100.0%	76,260	100.0%	12,796	20.2%
Pharmaceuticals	52,874	83.3%	65,868	86.4%	12,993	24.6%
Functional Food	10,588	16.7%	10,391	13.6%	-197	-1.9%
Operating expenses	56,555	89.1%	58,763	77.1%	2,208	3.9%
Cost of sales	32,986	52.0%	33,921	44.5%	934	
SG&A expenses	16,418	25.8%	16,991	22.3%	573	
R&D expenses	7,150	11.3%	7,850	10.3%	700	
Operating income	6,907	10.9%	17,496	22.9%	10,588	153.3%



Consolidated Statements of Income (2)

(Million yen)

	3Q FY2015		3Q FY2016		YoY Change	
	Results	Ratio	Results	Ratio	Amt	%
Operating income	6,907	10.9%	17,496	22.9%	10,588	153.3%
Non-operating income	757	1.2%	1,671	2.2%	914	120.8%
Non-operating expenses	397	0.6%	375	0.5%	-21	-5.5%
Ordinary income	7,267	11.5%	18,792	24.6%	11,525	158.6%
Extraordinary loss	-	-	766	1.0%	766	-
Income taxes, etc	2,250	3.6%	4,750	6.2%	2,499	111.1%
Net income attributable to owners of the parent	5,017	7.9%	13,275	17.4%	8,258	164.6%



Consolidated Balance Sheet

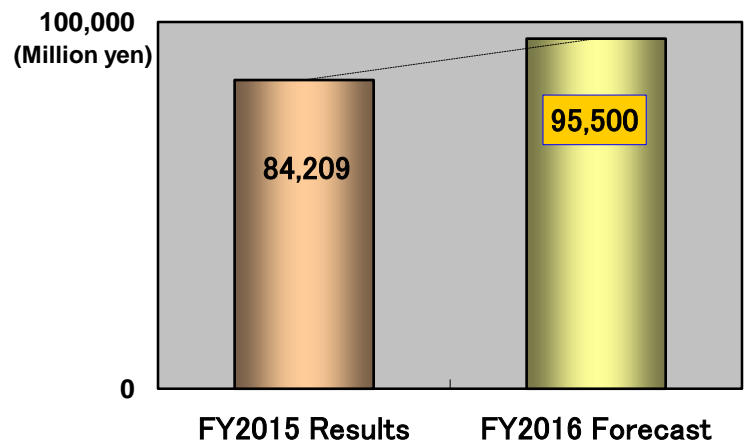
(Million yen)

	FY2015	FY2016	Change		FY2015	FY2016	Change
	4Q Results	3Q Results	Amt		4Q Results	3Q Results	Amt
Assets	135,370	146,794	11,424	Liabilities	32,607	31,603	-1,004
(Current assets)	85,401	95,145	9,744	(Current liabilities)	20,569	19,969	-600
(Fixed assets)	49,968	51,649	1,680	(Long-term liabilities)	12,037	11,633	-404
				Net assets	102,762	115,191	12,429
Total Assets	135,370	146,794	11,424	Total liabilities and net assets	135,370	146,794	11,424

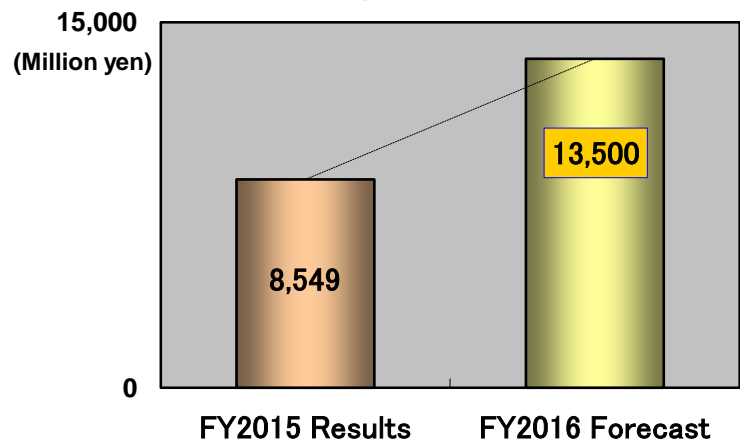


Business Forecast for the Year Ending March 31, 2017

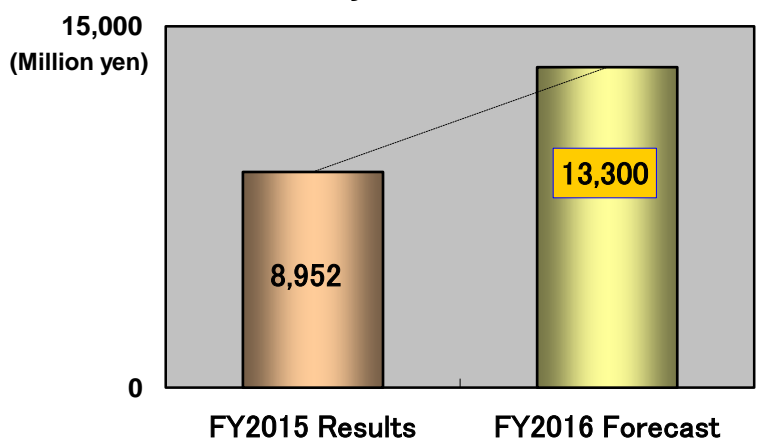
Net sales +13.4%



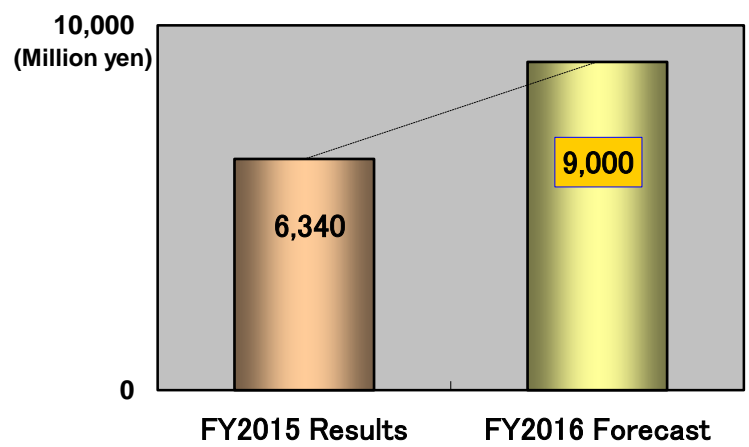
Operating income +57.9%



Ordinary income +48.6%



Net income attributable to owners of the parent +42.0%



Status of Development Pipeline



R&D Pipeline (Domestic)

Code No. (Generic name) <Origin>	Application type	Indications	Stage	FY2014	FY2015	FY2016	FY2017
NS-304 (selexipag) <in-house>	NME	Chronic thromboembolic pulmonary hypertension	P III				
		Arteriosclerosis obliterans	P II				
GA101 (obinutuzumab) <in-license>	NME	Indolent non-Hodgkin's lymphoma	P III				
NS-065/NCNP-01 <in-house>	NME	Duchenne muscular dystrophy	P VII				
NS-580 <in-house>	NME	Endometriosis	P I				
NS-32 <in-license>	NME	iron deficiency anemia	P I				



R&D Pipeline (Overseas)

Code No. <Origin>	Application type	Indications	Stage	FY2014	FY2015	FY2016	FY2017
prulifloxacin <in-house>	NME	Bacterial infections	China Preparation for NDA	Lee's Pharma	NDA Filing		
NS-065/NCNP-01 <in-house>	NME	Duchenne muscular dystrophy	USA PII		PII		
NS-018 <in-house>	NME	Myelofibrosis	USA PI/II	PI/II			



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