

FY2017 Consolidated Financial Results

(Fiscal Year Ended December 31, 2017)
【IFRS】

February 14, 2018
Otsuka Holdings Co., Ltd.

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- 1 FY2017 Consolidated Financial Results**
- 2 FY2017 Operating Profit (Forecast as of November, 2017 vs Actual)**
- 3 Business Segment Analysis**
- 4 Pharmaceutical Segment Analysis**
- 5 Sales of Key Growth Drivers**
- 6 Nutraceutical Segment Analysis**
- 7 FY2018 Forecast**

1. FY2017 Consolidated Financial Results

■ Increase in sales and profit.

Pharmaceutical segment is on the growth track, NC segment contributing to sustainable profitability.

- Sales of global products & new drugs in Japan showed robust growth, achieving the initial plan
- NC segment continued to achieve a segment operating margin of 12% (over 10%) due to sustainable growth of overseas business

■ Operating profit excluding impairment loss was 133 billion yen, outperforming the initial plan by 13 billion yen.

■ R&D investment as planned for establishing solid growth, almost as R&D investment forecast.

(100 million yen)	FY2016 Jan – Dec	FY2017 Jan – Dec	Change
Net Sales	11,955	12,400	+444
(Sales of Global Products & New Drugs in Japan)	2,713	3,424	+711
(Sales of ABILIFY)	954	673	▲281
Operating Profit (Excl. Impairment Loss)	1,337	1,330	▲7
Less : Impairment Loss (SGA + R&D)	326	288	▲37
Operating Profit (Incl. Impairment Loss)	1,011	1,042	+30
(Equity income)	160	193	+33
Income tax expenses	233	▲107	▲340
Profit attributable to owners of the Company	926	1,125	+199
R&D Expenses*	1,688	1,756	+67
(Impairment Loss related to R&D intangible assets)	162	16	▲146

Forecast as of November	% Achievement
12,600	98.4%
3,380	101.3%
660	100.9%
1,200	110.9%
1,200	86.8%
850	132.3%
1,800	97.5%

【Foreign Exchange Impact】 (100 million yen)

Net Sales	approx. +160
Operating Profit	approx. +5

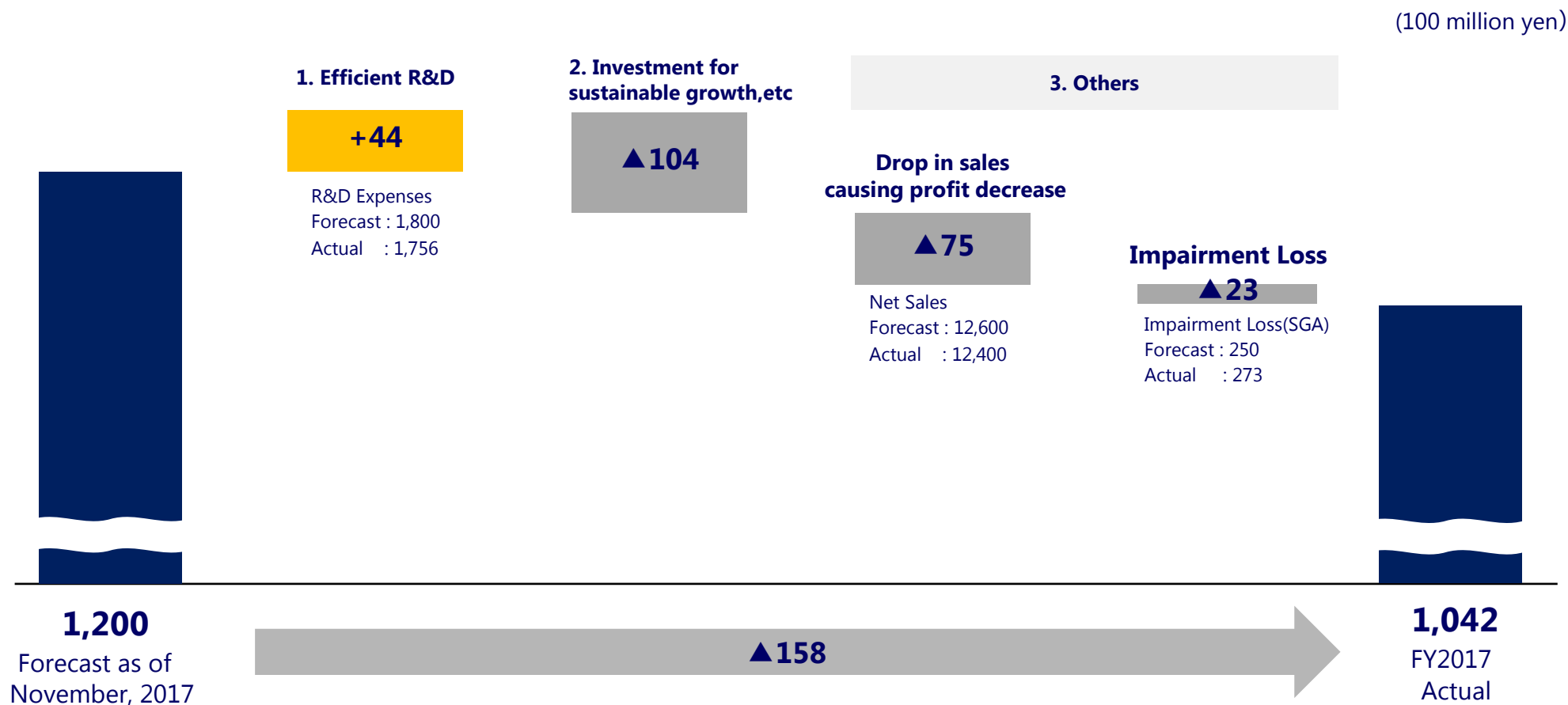
Average Rate	FY2016	FY2017
1USD	¥108.77	¥112.16
1EUR	¥120.25	¥126.69

* Impairment Loss related to R&D intangible assets is included in R&D Expenses

2. FY2017 Operating Profit (Forecast as of November, 2017 vs Actual)

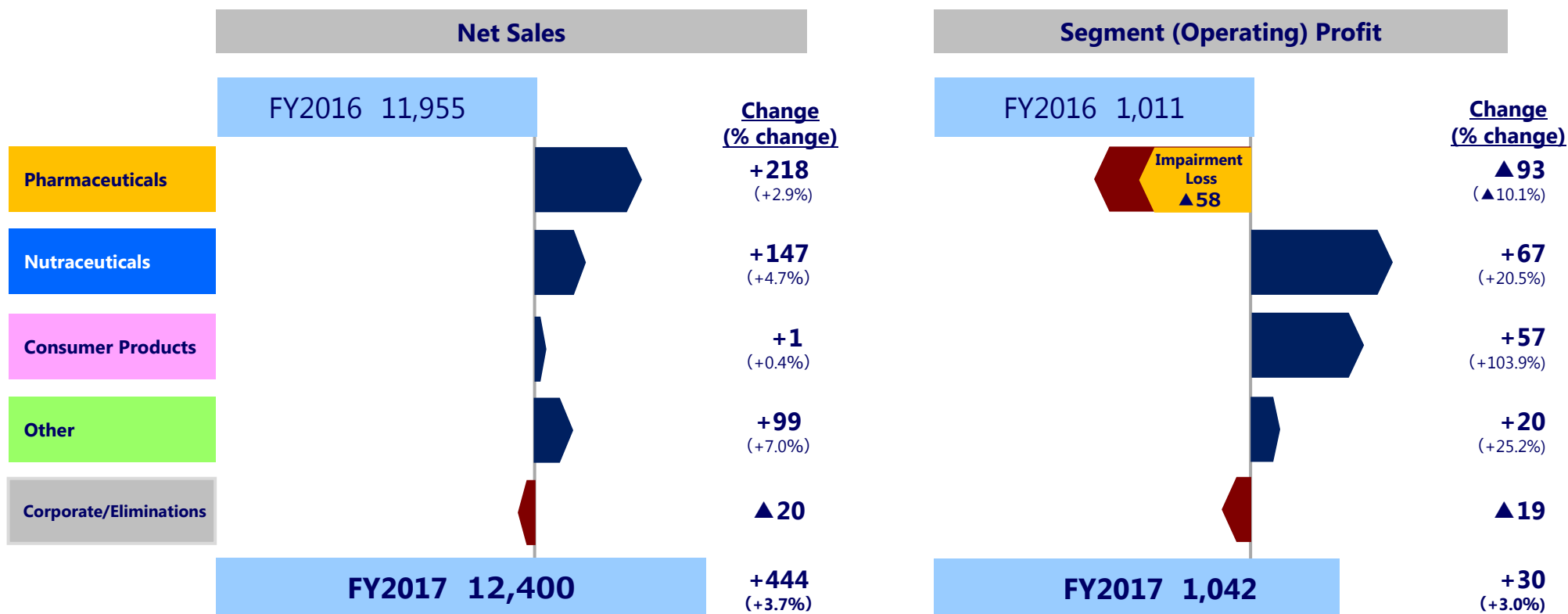
Q4 action items,

1. **Efficient R&D** : Optimization of R&D cost
2. **Investment for sustainable growth,etc** : Aggressive investments for sustainable growth in 2018 and beyond
3. **Others** : Drop in sales causing profit decrease, additional recognition of impairment loss



3. Business Segment Analysis

(100 million yen)

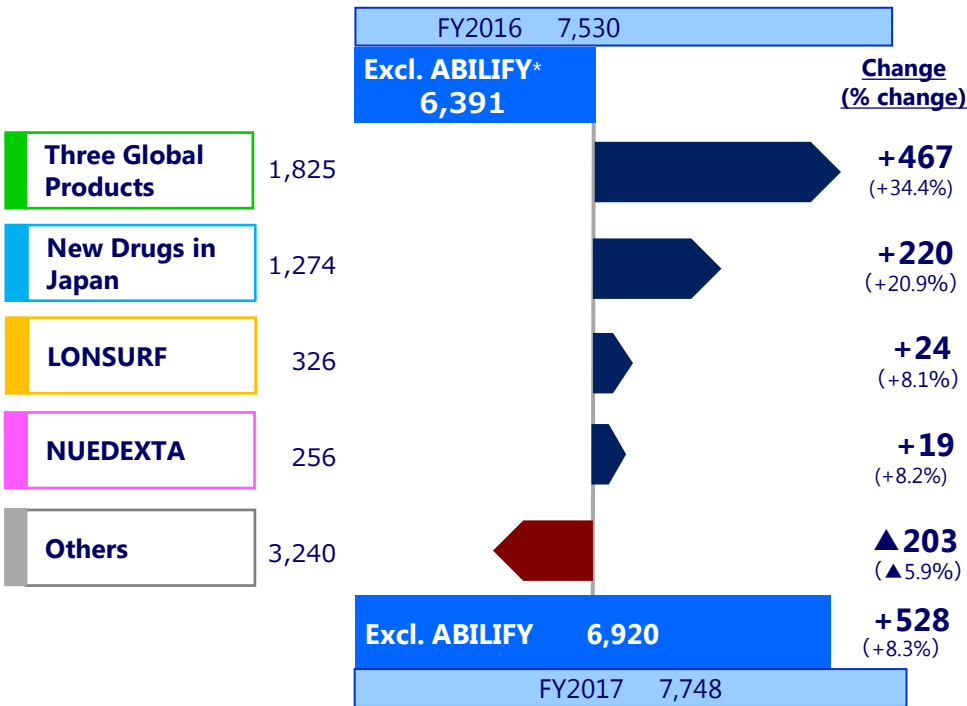


	Net Sales		Operating Profit		Operating Margin (%)		Equity income		Impairment Loss(SGA+R&D)	
	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016	FY2017
Pharmaceuticals	7,530	7,748	920	827	12.2%	10.7%	18	31	211	268
Nutraceuticals	3,116	3,262	325	392	10.4%	12.0%	5	6	60	17
Consumer Products	355	356	55	111	15.4%	31.2%	115	133	46	3
Other	1,413	1,511	78	97	5.5%	6.4%	21	24	9	1
Corporate/Eliminations	(457)	(478)	(366)	(385)	-	-	-	-	0	0
Consolidated	11,955	12,400	1,011	1,042	8.5%	8.4%	160	193	326	288

4. Pharmaceutical Segment Analysis

(100 million yen)

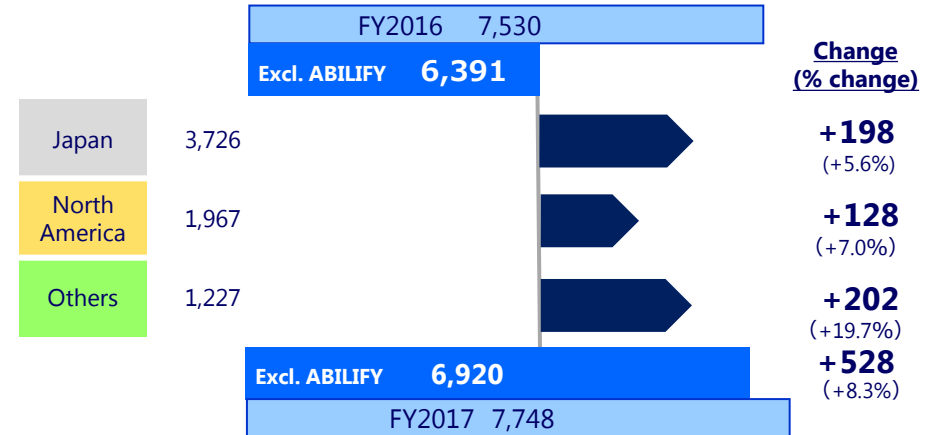
Net Sales



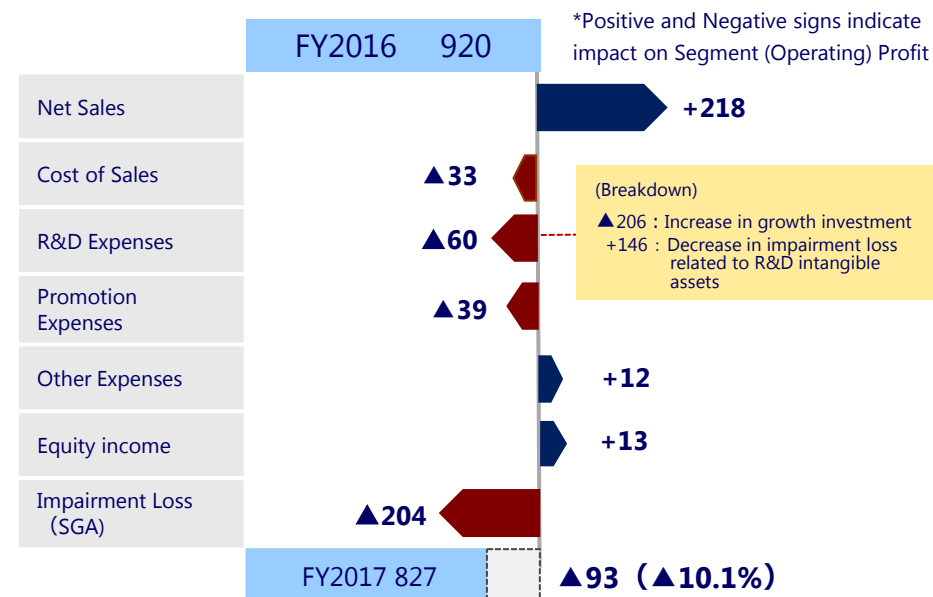
Products	FY2016	FY2017	Change	% Change
ABILIFY	954	673	▲ 281	▲ 29.4%
Milestone/Upfront revenue	185	155	▲ 30	▲ 16.3%
Abilify Maintena	572	709	+138	+24.1%
Samsca/JINARC	489	642	+154	+31.4%
REXULTI	298	473	+175	+58.8%
New Drugs in Japan	1,054	1,274	+220	+20.9%
LONSURF	301	326	+24	+8.1%
NUEDEXTA	236	256	+19	+8.2%
Others	3,442	3,240	▲ 202	▲ 5.9%
(Pletaal/Mucosta)	361	323	▲ 38	▲ 10.5%
Total excluding ABILIFY	6,391	6,920	+528	+8.3%
Pharma Total	7,530	7,748	+218	+2.9%

*"Excluding ABILIFY" in this material represents Net sales excluding ABILIFY and Milestone/Upfront revenue.

Net Sales by Market



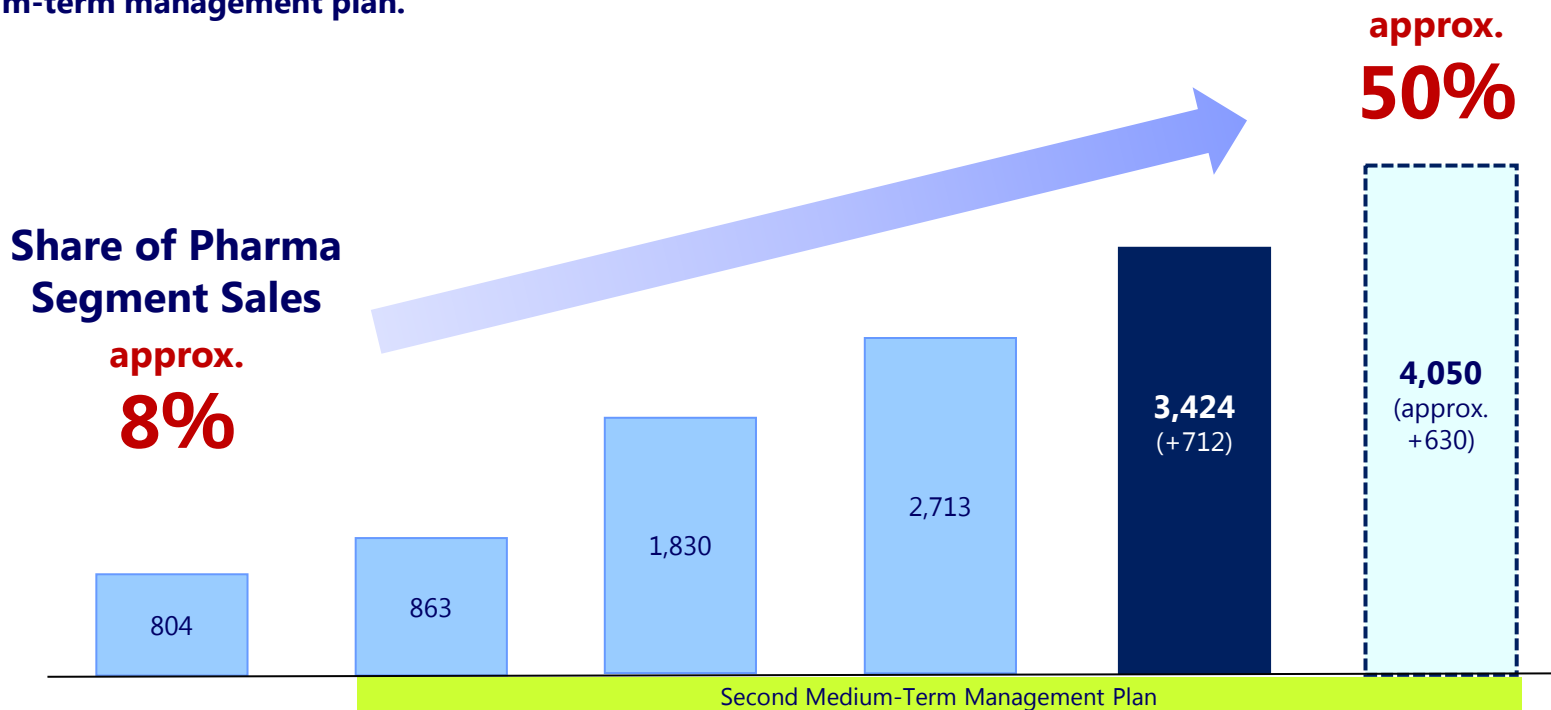
Segment (Operating) Profit



5. Sales of Key Growth Drivers

Accelerated diversification of sales structure steadily contributes to the goal of achieving second medium-term management plan.

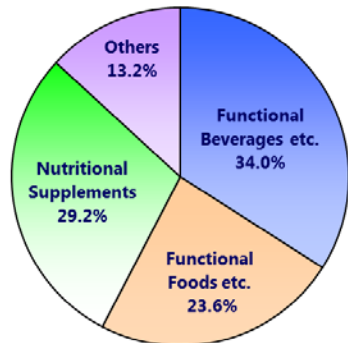
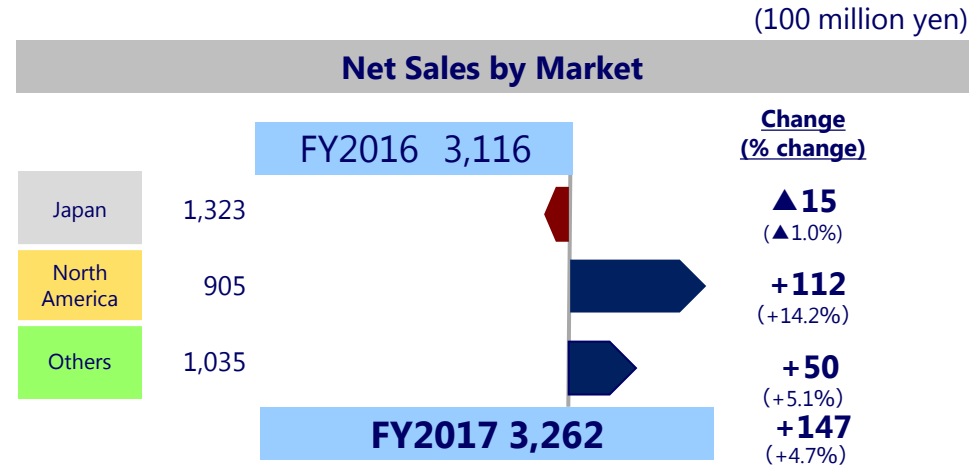
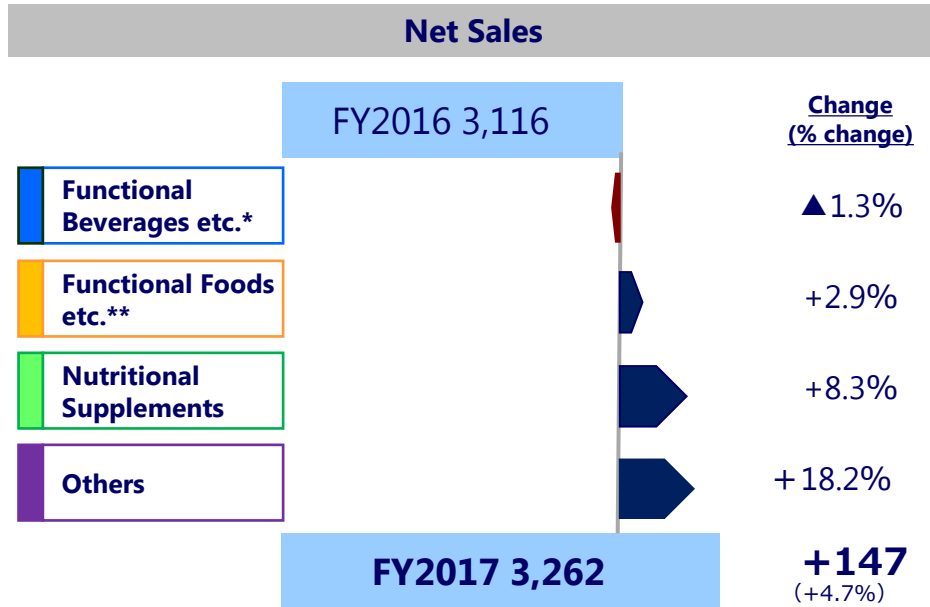
(100 million yen)



	FY2013	FY2014 (9 months)	FY2015	FY2016	FY2017	FY2018 (Forecast)
Abilify Maintena	43	144	404	572	709	870
Samsca/JINARC	210	208	416	489	642	810
REXULTI	-	-	46	298	473	645
LONSURF	-	23	94	301	326	340
New Drugs in Japan	551	488	870	1,054	1,274	1,385
Total	804	863	1,830	2,713	3,424	4,050
Share of Pharma Segment Sales	approx.8%	approx.10%	approx.19%	approx.36%	approx.44%	approx.50%

*FY2013~FY2014 is Japanese GAAP

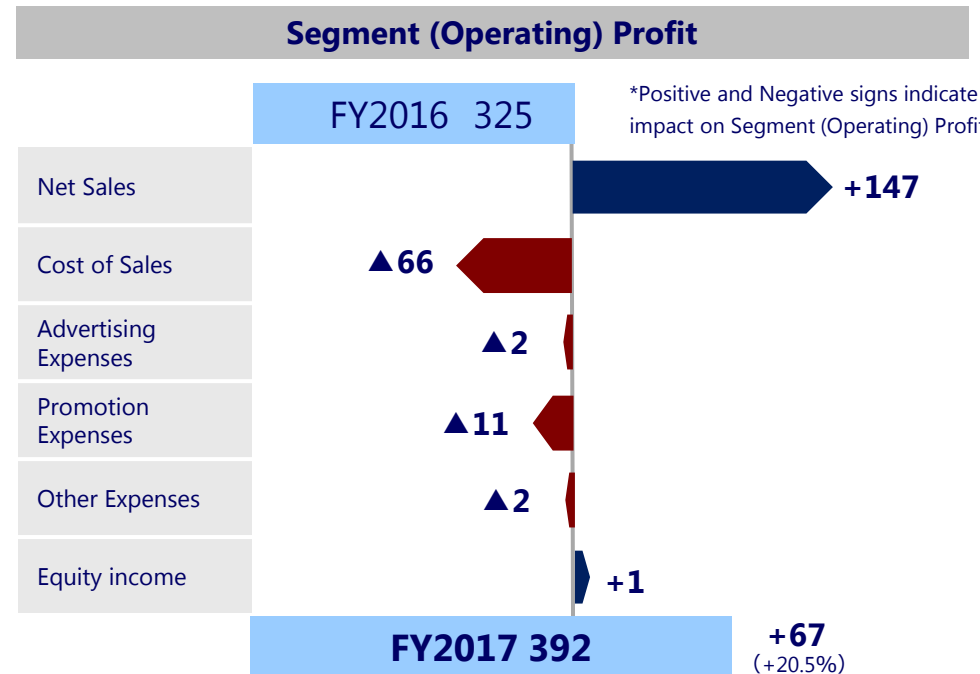
6. Nutraceutical Segment Analysis



***Functional Beverages etc.**
Pocari Sweat, Oronamin C, Tiovita, FIBE-MINI



****Functional Foods etc.**
Nutrition & Sante products, Calorie Mate, SOYJOY



7. FY2018 Forecast

(100 million yen)	FY2017 Actual	FY2018 Forecast	Change	% Change
Net Sales	12,400	13,000	+600	+5%
Operating Profit	1,042	1,400	+358	+34%
Income tax expenses	▲107	300	+407	-
Profit attributable to owners of the Company	1,125	1,050	▲75	▲7%
R&D Expenses	1,756	1,900	+144	+8%
Dividends per share	¥100.0	¥100.0	-	-

Operating Profit + R&D Expenses	2,797	3,300	+503	+18%
Operating Profit excluding Impairment loss + R&D Expenses	3,070	3,300	+230	+7%

【Reference information】 Currency	Exchange rates		Estimated Foreign Exchange Impact of currency fluctuation in FY2018 by 1 yen depreciation	
	FY2017	FY2018 (Estimate)	Net Sales	Operating Profit
1USD	¥112.16	¥110.0	approx. +3,500 million yen	-
1EUR	¥126.69	¥130.0	approx. +900 million yen	-

*IFRS No.15 "Revenue from contracts with customers" will be effective for Otsuka starting from January 1, 2018. It will not have a material impact on Otsuka's results of operations and financial position.