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## **Financial Results of Astellas for the First Three Months of FY2015 (IFRS)**

Japan, July 31, 2015 – Astellas Pharma Inc. (hereinafter referred to as “the Company”) today announced the financial results for the first three months of the fiscal year 2015 (FY2015) ending March 31, 2016.

### **Consolidated financial results for the first three months of FY2015 (April 1, 2015 – June 30, 2015) (core basis)**

(Millions of yen)

	First three months of FY2014	<b>First three months of FY2015</b>	Change (%)
Sales	295,157	<b>343,659</b>	+48,502 (+16.4%)
Core operating profit	65,976	<b>67,820</b>	+1,843 (+2.8%)
Core profit for the period	46,409	<b>45,031</b>	-1,378 (-3.0%)
Basic core earnings per share (yen)	20.90	<b>20.57</b>	-0.33 (-1.6%)

#### **Cautionary statement regarding forward-looking information**

*This press release includes forward-looking statements based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. 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 launches, the 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.*

## 1. Qualitative information on consolidated financial results for the first three months of FY2015

### (1) Information on business performance

#### <Consolidated financial results (core basis <sup>(Note)</sup>)>

Consolidated financial results (core basis) in the first three months of FY2015 showed increases in sales and core operating profit and a decrease in core profit for the period, as follows.

#### Consolidated financial results (core basis)

(Millions of yen)

	First three months of FY2014	<b>First three months of FY2015</b>	Change (%)
Sales	295,157	<b>343,659</b>	+48,502 (+16.4%)
Core operating profit	65,976	<b>67,820</b>	+1,843 (+2.8%)
Core profit for the period	46,409	<b>45,031</b>	-1,378 (-3.0%)
Basic core earnings per share (yen)	20.90	<b>20.57</b>	-0.33 (-1.6%)

#### Research and development (R&D) expenses

(Millions of yen)

	First three months of FY2014	<b>First three months of FY2015</b>	Change
R&D expenses	47,643	<b>55,980</b>	+8,337

(Note) The Company discloses financial results on a core basis as an indicator of its recurring profitability.

Certain items reported in financial results on a full basis that are deemed to be non-recurring items by the Company are excluded as non-core items from these financial results on a core basis. These adjusted items include impairment losses, gain/loss on sales of property, plant and equipment, restructuring costs, loss on disaster, a large amount of losses on compensation or settlement of litigations and other legal disputes, and other items that are deemed to be excluded based on the Company's judgment. A reconciliation table between results on a full basis and results on a core basis is provided on page 21 of the "Supplement Documents for Results 1Q/FY2015."

### Impact of exchange rate on financial results

The exchange rates for the yen in the first three months of FY2015 are shown in the table below. The resulting impacts were a ¥17.3 billion increase in sales and a ¥1.8 billion increase in core operating profit.

Average rate	First three months of FY2014	First three months of FY2015	Change
US\$/¥	102	121	¥19 (Weakening of yen)
€/¥	140	134	¥6 (Strengthening of yen)

Change from beginning to end of period	As of June 30, 2014	As of June 30, 2015
US\$/¥	¥2 (Strengthening of yen)	¥2 (Weakening of yen)
€/¥	¥3 (Strengthening of yen)	¥7 (Weakening of yen)

### Sales

Consolidated sales in the first three months of FY2015 increased by 16.4% compared to those in the corresponding period of the previous fiscal year (“year-on-year”) to ¥343.7 billion.

- In addition to a new product, XTANDI for the treatment of prostate cancer, sales of overactive bladder (OAB) treatments Vesicare and Betanis / Myrbetriq / BETMIGA grew. Additionally, sales of products including Prograf, an immunosuppressant, increased.

### Sales by region

\*Sales by region calculated according to locations of sellers.

#### <Japan>

Sales in Japan increased by 11.3% year-on-year to ¥125.6 billion. Sales in the Japanese market increased by 12.1% year-on-year to ¥122.2 billion.

- There was growth in sales of products including Vesicare, Betanis, the anti-inflammatory and anti-pain drug Celecox, Symbicort for the treatment of bronchial asthma, Micardis for the treatment of hypertension and Bonoteo for the treatment of osteoporosis.
- In addition, new products such as XTANDI contributed to increased sales.
- On the other hand, sales of products including Lipitor for the treatment of hypercholesterolemia and Gaster for the treatment of peptic ulcer and gastritis declined, mainly due to the impact of generics.

### **<The Americas>**

Sales in the Americas increased by 36.9% year-on-year to ¥114.8 billion. The sales on a U.S. dollar basis increased by 15.2% year-on-year to US\$946 million.

- In addition to the sales of XTANDI, overall sales of OAB treatments VESicare and Myrbetriq grew.
- On the other hand, there were decreases in sales of Prograf and income from anticancer drug Tarceva.

### **<EMEA\*>**

Sales in EMEA decreased by 0.8% year-on-year to ¥81.7 billion. The sales on a euro basis increased by 3.5% year-on-year to €609 million.

- In addition to XTANDI and overall OAB treatments Vesicare and BETMIGA, sales of Prograf and others grew.

\* EMEA: Europe, the Middle East and Africa

### **<Asia and Oceania>**

Sales in Asia and Oceania increased by 34.0% year-on-year to ¥21.5 billion.

- Products such as Prograf and Harnal showed growth in sales, resulting in an increase in revenue.
- In addition, XTANDI contributed to increased sales.

### **Core operating profit / Core profit for the period**

- The increase in sales resulted in a gross profit of ¥253.6 billion, up 15.7% year-on-year. The cost-to-sales ratio rose 0.5 percentage points year-on-year to 26.2%, owing to the foreign exchange rate impact from the elimination of unrealized gains in intra-group transactions and other factors.
- Selling, general and administrative expenses increased by 22.4% year-on-year to ¥118.7 billion, which in addition to increased expenditures for co-promotion of XTANDI in the US, was partly due to the foreign exchange rate impact.
- Research and development (R&D) expenses were ¥56.0 billion, up 17.5% year-on-year, which in addition to increased expenses related to progress of development projects, was partly due to the foreign exchange rate impact. The R&D cost-to-sales ratio was up 0.1 percentage points year-on-year to 16.3%.
- Amortisation of intangible assets was ¥10.9 billion, up 22.8% year-on-year.

As a result of the above, core operating profit increased by 2.8% year-on-year to ¥67.8 billion.

Core profit for the period decreased by 3.0% to ¥45.0 billion due to the year-on-year rise in the income tax burden rate owing to the impact of deferred tax, which was caused by temporary fluctuations of unrealized gains in inventory in the US/EMEA subsidiaries. Basic core earnings per share decreased by 1.6% to ¥20.57.

### <Consolidated financial results (full basis)>

Consolidated financial results on a full basis in the first three months of FY2015 are shown in the table below. Sales, operating profit, profit before tax and profit for the period increased.

Items at a total of ¥7.2 billion including impairment losses for property, plant and equipment, which are excluded from results on a core basis, were recorded in “other expense.” In addition, gain on sales of available-for-sale financial assets at a total of ¥5.5 billion was recorded in “finance income.” “Other expense” and gain on sales of available-for-sale financial assets in the same period of the previous fiscal year were ¥18.1 billion and ¥0.9 billion, respectively.

### Consolidated financial results (full basis)

(Millions of yen)

	First three months of FY2014	<b>First three months of FY2015</b>	Change (%)
Sales	295,157	<b>343,659</b>	+48,502 (+16.4%)
Operating profit	50,565	<b>61,911</b>	+11,346 (+22.4%)
Profit before tax	50,278	<b>67,664</b>	+17,386 (+34.6%)
Profit for the period	35,861	<b>44,622</b>	+8,760 (+24.4%)
Basic earnings per share (yen)	16.15	<b>20.38</b>	+4.23 (+26.2%)
Comprehensive income	22,519	<b>71,834</b>	+49,315 (+219.0%)

## (2) Information on financial position

### 1) Assets, equity and liabilities

An overview of the consolidated statement of financial position as of June 30, 2015 and the main changes from the end of the previous fiscal year are shown below.

#### Assets

Total assets as of June 30, 2015 saw a decrease of ¥13.6 billion compared to the end of the previous fiscal year to ¥1,780.0 billion.

<Non-current assets> ¥824.8 billion (a decrease of ¥2.8 billion)

- Other intangible assets decreased by ¥7.6 billion compared to the end of the previous fiscal year to ¥288.2 billion.

<Current assets> ¥955.2 billion (a decrease of ¥10.7 billion)

- Cash and cash equivalents decreased by ¥24.9 billion compared to the end of the previous fiscal year to ¥371.5 billion.

#### Equity

Total equity as of June 30, 2015 saw an increase of ¥15.9 billion compared to the end of the previous fiscal year to ¥1,333.8 billion, making the ratio of owners' equity to gross assets 74.9%.

- While profit for the period stood at ¥44.6 billion, the Company paid ¥35.1 billion of dividends of surplus and acquired ¥20.9 billion of own shares.
- Cancellation of treasury shares totaling ¥49.6 billion (38 million shares) was carried out on May 29, 2015.
- In addition, the effect of foreign currency translation adjustments increased equity by ¥28.8 billion.

#### Liabilities

Total liabilities decreased by ¥29.5 billion compared to the end of the previous fiscal year to ¥446.2 billion.

<Non-current liabilities> ¥55.0 billion (an increase of ¥0.2 billion)

<Current liabilities> ¥391.2 billion (a decrease of ¥29.7 billion)

## 2) Cash flow

### **Cash flows from operating activities**

Net cash flows from operating activities decreased year-on-year by ¥31.0 billion to ¥29.6 billion.

- Income tax paid was ¥25.9 billion.

### **Cash flows from investing activities**

Net cash flows used in investing activities was ¥8.2 billion, a decrease in outflow of ¥3.9 billion year-on-year.

- Purchases of property, plant and equipment used cash of ¥9.2 billion and purchase of intangible assets used cash of ¥5.9 billion, while proceeds from sales of available-for-sale financial assets provided cash of ¥7.9 billion.

### **Cash flows from financing activities**

Net cash flows used in financing activities was ¥56.2 billion, a decrease in outflow of ¥5.2 billion year-on-year.

- Dividends paid totaled ¥35.1 billion. Other outflow included cash of ¥20.9 billion used for the acquisition of own shares.

As a result of the above, cash and cash equivalents totaled ¥371.5 billion as of June 30, 2015, a decrease of ¥24.9 billion compared to the end of the previous fiscal year.

**(3) Information on consolidated business forecasts for FY2015 and other forward-looking statements**

The Company's business forecasts for FY2015 are presented on a core basis and full basis. The consolidated full-year business forecasts for the fiscal year ending March 31, 2016 (FY2015) are shown below. The Company has chosen to leave its business forecasts unchanged from the consolidated full-year business forecasts announced in May 2015 because it does not expect large deviations from the forecasts.

**Consolidated full-year business forecasts (core basis)**

(Millions of yen – fractions rounded)

	FY2014 Full-year results	<b>FY2015 Full-year forecasts</b>	Change (%)
Sales	1,247,259	<b>1,362,000</b>	+114,741 (+9.2%)
Core operating profit	216,500	<b>238,000</b>	+21,500 (+9.9%)
Core profit for the year	153,244	<b>170,000</b>	+16,756 (+10.9%)
Basic core earnings per share (yen)	69.37	<b>78.08</b>	+8.71 (+12.6%)

**Consolidated full-year business forecasts (full basis)**

(Millions of yen – fractions rounded)

	FY2014 Full-year results	<b>FY2015 Full-year forecasts</b>	Change (%)
Sales	1,247,259	<b>1,362,000</b>	+114,741 (+9.2%)
Operating profit	185,663	<b>238,000</b>	+52,337 (+28.2%)
Profit before tax	189,683	<b>239,000</b>	+49,317 (+26.0%)
Profit for the year	135,856	<b>170,000</b>	+34,144 (+25.1%)
Basic earnings per share (yen)	61.50	<b>78.08</b>	+16.58 (+27.0%)

(Note) The forecasts for basic core earnings per share and basic earnings per share reflect acquisitions of own shares carried out from May 28 to July 10, 2015.



## 2. Matters Related to Summary Information (Notes)

### (1) Changes in Accounting Policies and Accounting Estimates

The significant accounting policies adopted for the condensed interim consolidated financial statements of Astellas Pharma Inc. and its subsidiaries (collectively, the “Group”) for the three months ended 30 June 2015 are the same as those applied for its consolidated financial statements for the fiscal year ended 31 March 2015, except for the new standard listed below.

The Group calculated income tax expense for the three months ended 30 June 2015 based on the estimated average annual effective tax rate.

The following accounting standard is newly applied by the Group from the three months ended 30 June 2015. The standard does not have a material impact on the Group's condensed interim consolidated financial statements.

IFRS		Summary of new standard
IAS 19	Employee Benefits	Clarification of accounting for contributions by employees or third parties

3. Condensed Interim Consolidated Financial Statements  
(1) Condensed Interim Consolidated Statements of Income

(Millions of Yen)

	Three months ended 30 June 2014	Three months ended 30 June 2015
Sales	295,157	343,659
Cost of sales	(75,983)	(90,079)
Gross profit	<u>219,174</u>	<u>253,581</u>
Selling, general and administrative expenses	(96,908)	(118,662)
Research and development expenses	(47,643)	(55,980)
Amortisation of intangible assets	(8,864)	(10,882)
Share of profits (losses) of associates and joint ventures	218	(236)
Other income	2,700	1,262
Other expense	(18,111)	(7,171)
Operating profit	<u>50,565</u>	<u>61,911</u>
Finance income	1,825	6,029
Finance expense	(2,112)	(277)
Profit before tax	<u>50,278</u>	<u>67,664</u>
Income tax expense	(14,417)	(23,042)
Profit for the period	<u><u>35,861</u></u>	<u><u>44,622</u></u>
Profit attributable to:		
Owners of the parent	35,861	44,622
Earnings per share		
Basic (Yen)	16.15	20.38
Diluted (Yen)	16.13	20.35

## (2) Condensed Interim Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three months ended 30 June 2014	Three months ended 30 June 2015
Profit for the period	35,861	44,622
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans	537	1,254
Subtotal	537	1,254
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	(12,792)	28,762
Fair value movements on available-for-sale financial assets	(1,087)	(2,803)
Subtotal	(13,879)	25,959
Other comprehensive income, net of tax	(13,342)	27,213
Total comprehensive income	22,519	71,834
Total comprehensive income attributable to:		
Owners of the parent	22,519	71,834

### (3) Condensed Interim Consolidated Statements of Financial Position

(Millions of Yen)

	As of 31 March 2015	As of 30 June 2015
Assets		
Non-current assets		
Property, plant and equipment	202,869	205,520
Goodwill	136,337	138,924
Other intangible assets	295,844	288,245
Trade and other receivables	15,588	18,732
Investments in associates and joint ventures	2,007	2,228
Deferred tax assets	51,199	51,972
Other financial assets	110,091	103,860
Other non-current assets	13,685	15,291
Total non-current assets	827,621	824,772
Current assets		
Inventories	156,907	157,687
Trade and other receivables	332,923	360,568
Income tax receivable	6,918	3,672
Other financial assets	59,908	44,135
Other current assets	12,732	17,261
Cash and cash equivalents	396,430	371,537
Sub total	965,819	954,861
Assets held for sale	139	370
Total current assets	965,958	955,231
Total assets	1,793,578	1,780,003

(Millions of Yen)

	As of 31 March 2015	As of 30 June 2015
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	103,001	103,001
Capital surplus	176,822	176,822
Treasury shares	(86,997)	(58,281)
Retained earnings	905,083	866,255
Other components of equity	220,007	246,000
Total equity attributable to owners of the parent	1,317,916	1,333,796
Total equity	1,317,916	1,333,796
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Trade and other payables	90	925
Deferred tax liabilities	38	—
Retirement benefit liabilities	30,059	30,040
Provisions	4,817	6,446
Other financial liabilities	626	805
Other non-current liabilities	19,142	16,766
Total non-current liabilities	54,771	54,982
<b>Current liabilities</b>		
Trade and other payables	226,602	199,513
Income tax payable	14,124	7,069
Provisions	85,423	88,877
Other financial liabilities	1,339	2,860
Other current liabilities	93,403	92,906
Total current liabilities	420,890	391,225
Total liabilities	475,662	446,207
Total equity and liabilities	1,793,578	1,780,003

## (4) Condensed Interim Consolidated Statements of Changes in Equity

(Millions of Yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Subscription rights to shares	Foreign currency translation adjustments
As of 1 April 2014	103,001	176,822	(54,535)	864,830	2,110	147,660
Comprehensive income						
Profit for the period	—	—	—	35,861	—	—
Other comprehensive income	—	—	—	—	—	(12,792)
Total comprehensive income	—	—	—	35,861	—	(12,792)
Transactions with owners of the parent						
Acquisition of treasury shares	—	—	(30,007)	—	—	—
Disposals of treasury shares	—	—	29	(5)	(15)	—
Cancellation of treasury shares	—	—	25,398	(25,398)	—	—
Dividends	—	—	—	(31,236)	—	—
Share-based payments	—	—	—	—	89	—
Transfers	—	—	—	537	—	—
Total transactions with owners of the parent	—	—	(4,581)	(56,102)	74	—
As of 30 June 2014	103,001	176,822	(59,115)	844,590	2,184	134,868
As of 1 April 2015	103,001	176,822	(86,997)	905,083	2,241	177,306
Comprehensive income						
Profit for the period	—	—	—	44,622	—	—
Other comprehensive income	—	—	—	—	—	28,762
Total comprehensive income	—	—	—	44,622	—	28,762
Transactions with owners of the parent						
Acquisition of treasury shares	—	—	(20,937)	—	—	—
Disposals of treasury shares	—	—	76	(37)	(39)	—
Cancellation of treasury shares	—	—	49,577	(49,577)	—	—
Dividends	—	—	—	(35,090)	—	—
Share-based payments	—	—	—	—	73	—
Transfers	—	—	—	1,254	—	—
Total transactions with owners of the parent	—	—	28,716	(83,450)	34	—
As of 30 June 2015	103,001	176,822	(58,281)	866,255	2,274	206,068

(Millions of Yen)

	Equity attributable to owners of the parent				Total equity
	Other components of equity			Total	
	Fair value movements on available-for-sale financial assets	Remeasurements of defined benefit plans	Total		
As of 1 April 2014	28,588	—	178,359	1,268,476	1,268,476
Comprehensive income					
Profit for the period	—	—	—	35,861	35,861
Other comprehensive income	(1,087)	537	(13,342)	(13,342)	(13,342)
Total comprehensive income	(1,087)	537	(13,342)	22,519	22,519
Transactions with owners of the parent					
Acquisition of treasury shares	—	—	—	(30,007)	(30,007)
Disposals of treasury shares	—	—	(15)	8	8
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	—	(31,236)	(31,236)
Share-based payments	—	—	89	89	89
Transfers	—	(537)	(537)	—	—
Total transactions with owners of the parent	—	(537)	(464)	(61,146)	(61,146)
As of 30 June 2014	27,502	—	164,553	1,229,850	1,229,850

As of 1 April 2015	40,461	—	220,007	1,317,916	1,317,916
Comprehensive income					
Profit for the period	—	—	—	44,622	44,622
Other comprehensive income	(2,803)	1,254	27,213	27,213	27,213
Total comprehensive income	(2,803)	1,254	27,213	71,834	71,834
Transactions with owners of the parent					
Acquisition of treasury shares	—	—	—	(20,937)	(20,937)
Disposals of treasury shares	—	—	(39)	0	0
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	—	(35,090)	(35,090)
Share-based payments	—	—	73	73	73
Transfers	—	(1,254)	(1,254)	—	—
Total transactions with owners of the parent	—	(1,254)	(1,220)	(55,954)	(55,954)
As of 30 June 2015	37,658	—	246,000	1,333,796	1,333,796

## (5) Condensed Interim Consolidated Statements of Cash Flows

(Millions of Yen)

	Three months ended 30 June 2014	Three months ended 30 June 2015
Cash flows from operating activities		
Profit before tax	50,278	67,664
Depreciation and amortisation	15,453	17,374
Impairment losses and reversal of impairment losses	8,076	6,357
Finance income and expense	287	(5,752)
(Increase) decrease in inventories	(11,715)	4,174
(Increase) decrease in trade and other receivables	4,551	(23,149)
Increase (decrease) in trade and other payables	4,575	(31,544)
Other	11,542	20,378
Cash generated from operations	83,048	55,501
Income tax paid	(22,396)	(25,859)
Net cash flows from operating activities	60,653	29,642
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,348)	(9,236)
Proceeds from sales of property, plant and equipment	3,327	342
Purchase of intangible assets	(11,519)	(5,924)
Purchase of available-for-sale financial assets	(34)	(8)
Proceeds from sales of available-for-sale financial assets	1,547	7,922
Interest and dividends received	1,211	576
Other	(1,331)	(1,922)
Net cash flows used in investing activities	(12,145)	(8,250)
Cash flows from financing activities		
Acquisition of treasury shares	(30,007)	(20,937)
Dividends paid to owners of the parent	(31,236)	(35,090)
Other	(189)	(196)
Net cash flows used in financing activities	(61,432)	(56,223)
Effect of exchange rate changes on cash and cash equivalents	(5,435)	9,937
Net increase (decrease) in cash and cash equivalents	(18,359)	(24,893)
Cash and cash equivalents at the beginning of the year	391,374	396,430
Cash and cash equivalents at the end of the period	373,015	371,537



(6) Notes on going concern assumption  
Not applicable.