

July 28, 2017

Sumitomo Dainippon Pharma Co., Ltd.

Sumitomo Dainippon Pharma Announces Revisions to Its Financial Forecasts

Osaka, Japan, July 28, 2017 --- Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Japan; President: Masayo Tada; Securities Code: 4506, First Section of TSE) announced today that it has revised the consolidated financial forecasts that were announced on May 11, 2017 for both the half-year period ending September 30, 2017 and the full-year period ending March 31, 2018 (fiscal 2017), as summarized below, taking the Company's recent business performance trends into consideration.

1. Revisions to the Forecasts of Consolidated Financial Results for the Half-year ending September 30, 2017 (April 1, 2017 to September 30, 2017)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
Previous Forecasts (A)	220,000	26,500	26,500	18,000	¥45.31
Revised Forecasts (B)	234,500	41,000	41,000	28,500	¥71.73
Variance in amount (B) – (A)	14,500	14,500	14,500	10,500	
Variance in percent (%)	6.6	54.7	54.7	58.3	
[Reference] Year-on-year (Half-Year ended September 30, 2016)	198,088	26,731	23,881	10,922	¥27.49

2. Revisions to the Forecasts of Consolidated Financial Results for the Year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Earnings per share
Previous Forecasts (A)	450,000	55,000	55,000	36,000	¥90.61
Revised Forecasts (B)	464,000	65,000	65,000	44,000	¥110.75
Variance in amount (B) – (A)	14,000	10,000	10,000	8,000	
Variance in percent (%)	3.1	18.2	18.2	22.2	
[Reference] Year-on-year (Year ended March 31, 2017)	411,638	52,759	54,341	28,991	¥72.97

3. Reasons for the revisions

Net sales for the half-year period ending September 30, 2017 is projected to exceed the previous forecasts, as the Company now expects to record income from the divestiture of three ciclesonide products in the North America segment in the second quarter of fiscal 2017, which was originally expected to occur in the second half of fiscal 2017.

In the North America segment, sales of the atypical antipsychotic LATUDA[®], one of the growth drivers of the Company, continue to increase steadily and the Company is now projecting the product's full-year sales of US\$1,540 million, an increase of US\$100 million from the previous forecast. Because of this, the Company now expects its full-year consolidated net sales to exceed the previous forecast.

While selling, general, and administrative expenses are expected to be in line with the previous forecasts for the half-year period ending September 30, 2017, research and development costs for the full-year is expected to increase by 3,000 million yen from the previous forecast.

Consequently, for the half-year period ending September 30, 2017, the Company is now projecting net sales of 234,500 million yen, operating income of 41,000 million yen, ordinary income of 41,000 million yen and net income attributable to owners of the parent of 28,500 million yen, an increase of 14,500 million yen, 14,500 million yen, 14,500 million yen and 10,500 million yen, respectively, compared to the forecasts announced on May 11, 2017.

Similarly, for the full-year period ending March 31, 2018, the Company is now projecting net sales of 464,000 million yen, operating income of 65,000 million yen, ordinary income of 65,000 million yen, and net income attributable to owners of the parent of 44,000 million yen, an increase of 14,000 million yen, 10,000 million yen, 10,000 million yen and 8,000 million yen, respectively, compared to the previous forecasts.

Cautionary statement:

Forecasts shown above are based on management's assumptions and beliefs in light of the information currently available, and involve risks and uncertainties. Actual financial results may differ materially depending on a number of factors, including economic conditions.

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