

July 29, 2019

Sumitomo Dainippon Pharma Co., Ltd.

Sumitomo Dainippon Pharma Announces Revisions to Its Financial Forecasts

Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Japan; President: Hiroshi Nomura; Securities Code: 4506, First Section of TSE) announced today that it has revised the consolidated financial forecasts that were announced on May 10, 2019 for both the half-year period ending September 30, 2019 and the full-year period ending March 31, 2020 (fiscal 2019), 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, 2019 (April 1, 2019 to September 30, 2019)

(Millions of yen)

	Revenue	Core operating profit	Operating profit	Net profit	Net profit attributable to owners of the parent	Basic earnings per share
Previous Forecasts (A)	226,500	38,500	34,500	25,000	25,000	¥62.93
Revised Forecasts (B)	228,500	39,500	56,000	22,000	22,000	¥55.37
Variance in amount (B – A)	2,000	1,000	21,500	(3,000)	(3,000)	
Variance in percent (%)	0.9	2.6	62.3	(12.0)	(12.0)	
[Reference] Year-on-year (Half-Year ended September 30, 2018)	226,155	37,151	29,607	27,869	27,869	¥70.15

2. Revisions to the Forecasts of Consolidated Financial Results for the Year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Revenue	Core operating profit	Operating profit	Net profit	Net profit attributable to owners of the parent	Basic earnings per share
Previous Forecasts (A)	460,000	77,000	69,000	49,000	49,000	¥123.33
Revised Forecasts (B)	475,000	77,000	88,000	36,000	49,000	¥90.61
Variance in amount (B – A)	15,000	–	19,000	(13,000)	(13,000)	
Variance in percent (%)	3.3	–	27.5	(26.5)	(26.5)	
[Reference] Previous year (Year ended March 31, 2019)	459,267	77,299	57,884	48,627	48,627	¥122.39

Note: Core operating profit is calculated by deducting from operating profit any gains and losses resulting from nonrecurring factors, including changes in fair value of contingent consideration, impairment losses, and business structure improvement expenses.

3. Reasons for the revisions

Revenue is now forecasted to be 228.5 billion yen for the six-month period ending September 30, 2019, an increase of 2 billion yen from the previous forecast, and 475 billion yen for the full-year period ending March 31, 2020, an increase of 15,000 million yen from the previous forecast. This is partly because we expect revenue to grow in the Japan segment due to the commencement of co-promotion and sales collaboration with Novartis Pharma K.K. (hereinafter, "NPKK") for Equa[®] 50 mg tablets and EquMet[®] combination LD/HD tablets, both of which are type 2 diabetes treatments originally launched by NPKK, and also because the China segment is faring well. Core operating profit is now expected to exceed the previous forecast for the six-month period ending September 30, 2019 by 1 billion yen, but its full-year forecast remains unchanged as we expect cost of sales and sales-related expenses to increase going forward.

Operating profit is now expected to be 56 billion yen for the six-month period ending September 30, 2019, an increase of 21.5 billion yen from the previous forecast, and 88 billion yen for the full-year period ending March 31, 2020, an increase of 19 billion yen from the previous forecast, as reversal of expenses resulting from discontinuation of the Phase 3 study of investigational anti-cancer agent napabucasin in patients with pancreatic cancer will be recorded under the change in fair value of contingent consideration.

We have revised our earlier forecasts of net profit and net profit attributable to owners of the parent to 22 billion yen for the six-month period ending September 30, 2019, a decrease of 3 billion yen, and 36 billion yen for the full-year period ending March 31, 2020, a decrease of 13 billion yen, as income tax expenses are expected to increase primarily owing to the reversal of deferred tax assets that had been reported in the U.S. following the discontinuation of the aforementioned study of napabucasin.

Disclaimer Regarding Forward-looking Statements

The statements made in this press release contain forward-looking statements based on management's assumptions and beliefs in light of information available as of the day of this release, which involve both known and unknown risks and uncertainties. Actual results of those matters covered in the forward-looking statements including financial forecast may differ materially from those contained in this release, due to a number of factors.

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