

October 21, 2019

Sumitomo Dainippon Pharma Co., Ltd.

Sumitomo Dainippon Pharma Announces Revisions to Its Financial Forecasts for the half-year period ending September 30, 2019

Sumitomo Dainippon Pharma Co., Ltd. (Head Office: Osaka, Japan; Representative Director, President and CEO: Hiroshi Nomura; Securities Code: 4506, First Section of TSE) announced today that it has revised the consolidated financial forecasts that were announced on July 29, 2019 for the half-year period ending September 30, 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)	228,500	39,500	56,000	22,000	22,000	¥55.37
Revised Forecasts (B)	230,600	44,800	66,800	30,300	30,300	¥76.27
Variance in amount (B – A)	2,100	5,300	10,800	8,300	8,300	
Variance in percent (%)	0.9	13.4	19.3	37.7	37.7	
[Reference] Year-on-year (Half-Year ended September 30, 2018)	226,155	37,151	29,607	27,869	27,869	¥70.15

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.

2. Reasons for the revisions

Revenue is now forecasted to be 230.6 billion yen, an increase of 2.1 billion yen from the previous forecast, as each segment remains solid. Core operating profit is now expected to exceed the previous forecast by 5.3 billion yen, as gross profit increased due to increased revenue and selling, general and administrative expenses did not increase as fast as we expected.

Operating profit is now forecasted to be 66.8 billion yen, an increase of 10.8 billion yen from the previous forecast, as we expect reversal of expenses due to a substantial decrease in the fair value of contingent consideration related to the acquisitions of Boston Biomedical, Inc. and Tolero Pharmaceuticals, Inc., to exceed impairment losses anticipated on in-process research and development, which is intangible assets pertaining to business in the oncology area,

following the modifications of business plans, including a review of development plans, in that area.

We have revised our earlier forecasts of both net profit and net profit attributable to owners of the parent to 30.3 billion yen, an increase of 8.3 billion yen from the previous forecast, due to the substantial increase in operating profit despite an anticipated increase in financial costs resulting from foreign exchange losses.

Earlier forecasts on full-year earnings results remain unchanged.

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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