

This material is an English translation of the press release announced on April 7, 2017 in Japanese, and the Japanese release is given priority about the content and the interpretation.

April 7, 2017

Announcement regarding Establishment of "the 6th Medium-term Management Policy"

Hisamitsu Pharmaceutical Co., Inc. (Head Office: Tosu city, Saga prefecture, Japan; Chairman and CEO: Hirotaka Nakatomi; hereinafter referred to as "Hisamitsu") hereby announces that it has established its "6th Medium-term Management Policy" spanning five years from the year ending February 2018 (FY2017) as follows.

1. Background of "the 6th Medium-term Management Policy"

Hisamitsu has formulated and implemented the 1st through 5th Medium-term Management policies to achieve sustained growth in the future. Meanwhile, as a result of the occurrence of recent radical changes in the external environment or intensification of the competitive environment, the assumptions of the in-progress 5th Medium-term Management Policy have largely changed. Therefore, in order to overcome the newly recognized problems and surely achieve the targets of the final fiscal year of the five-year period (FY2021) starting at the fiscal year ending in February 2018 (FY2017), the 6th Medium-term Management Policy has been newly formulated.

2. Implementation Plan of "the 6th Medium-term Management Policy "

(1) Sales Activities

- Domestic OTC Business
 - ◆ Active advancement into new areas and reinforcement of activities
 - ◆ Continued improvement of products from the customers' perspective
 - ◆ Increase presence in the domestic market of OTC
 - Domestic Rx Business
 - ◆ Concentrate resources on pain area ^{*1}
 - ◆ Reinforcement of license activities
 - ◆ Productivity improvement
- ^{*1} Pain area: orthopedics and pain clinics, etc.
- Overseas OTC Business
 - ◆ Maximization of brand value for Salonpas[®]
 - ◆ Marketing of TDDS by the company and drug fostering
 - ◆ Reinforcement of activities in US and Asia and promoting localization
 - Overseas Rx Business
 - ◆ Full-scale entry into the Asian market
 - ◆ Horizontal rollout of Hisamitsu's TDDS products in Japan and the US
 - ◆ Establishment of a system that allows Noven (US) to achieve continuous profit creation

(2) Research and Development Activities

- ◆ Research and development of TDDS with a clear distinction from existing and competitor products
- ◆ Promoting the unification of development theme across the Hisamitsu Group
- ◆ Development of new foundation technology

(3) Production Activities

- ◆ Pursuing high-efficiency production system
- ◆ To improve manufacturing quality and production technology
- ◆ Expansion of capacity at production bases overseas

(4) Other Activities

- ◆ Increasing operation efficiency
- ◆ Reinforcement of human resource development
- ◆ Promotion of ESG in the Hisamitsu group

3. Management Targets under "the 6th Medium-term Management Policy"

Hisamitsu's management targets in the final year of the five-year period (FY2021) are as follows.

	FY2016 Actual	FY2017 Forecast	FY2021 Target	5-year Average Annual Growth Rate
Sales	¥145.9 billion	¥147.0 billion	¥170.0 billion	3.1%
CoGS	36.4%	37.9%	35.0%	-
SG&A expenses	45.5%	45.7%	45.0%	-
Operating Profits	¥26.3 billion	¥24.1 billion	¥34.0 billion	5.3%
ROE ^{*2}	9.0%	-	8.0% or more	-

^{*2} ROE: Return on Equity



Delivering Patch Culture Hand by Hand

Hisamitsu Pharmaceutical Co., Inc. was established in 1847 and has marked its 170th anniversary since its foundation thanks to the support of many people.