

Financial Results for FY2015

(Apr. 1 to Mar. 31)



Sawai Pharmaceutical Co., Ltd.

Code 4555, First Section of the TSE

May. 12, 2016

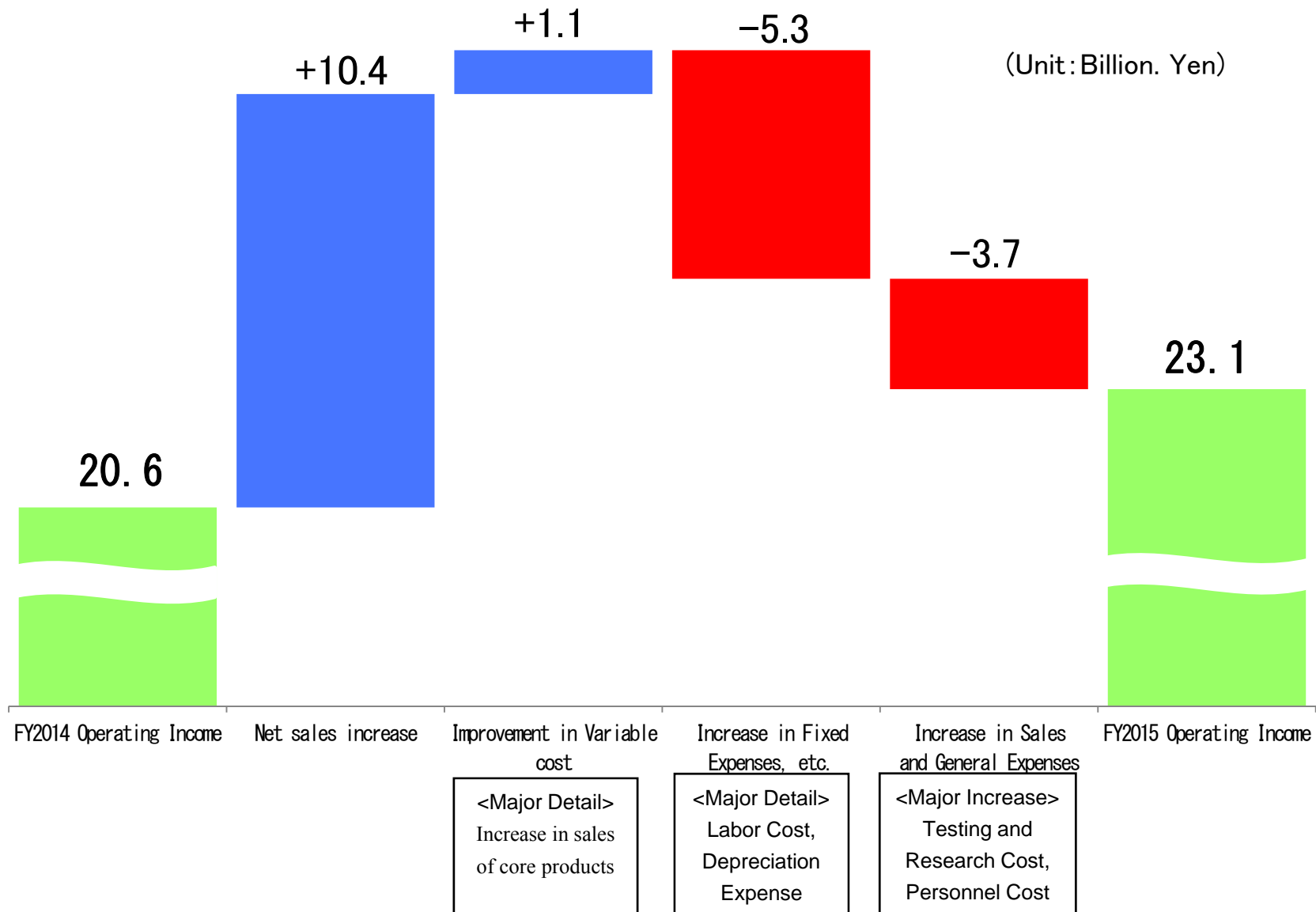
Overview of the Financial Results for FY2015

- ◆ Demand continued to expand as a result of the policy to promote the use of generics. Net sales increased by 17.1% year on year.
- ◆ In addition to increased net sales, operating income increased by 12.1% year on year due to the underspending of SG & A expenses.

(Unit: Millions of yen)

	FY2014 Full Year	FY2015 Full Year			
	Full Year Results	Forecasts	Full Year Results	Forecasts Ratio	Difference
Net Sales	105,454	124,000	123,492	-0.4%	17.1%
Operating Income	20,688	22,000	23,185	5.4%	12.1%
Ordinary Income	20,619	21,700	23,025	6.1%	11.7%
Profit attributable	14,053	15,500	17,155	10.7%	22.1%

Analysis of Factors Causing Changes in Operating Income



Sales per Medical Institution Types (non-consolidated)



- ◆ In general, the adopted amount increased
- ◆ In particular, deliveries to DPC hospitals significantly grew by 27.7%

The Track Record of SAWAI's Products Delivered to Medical Institutions by Distribution Companies

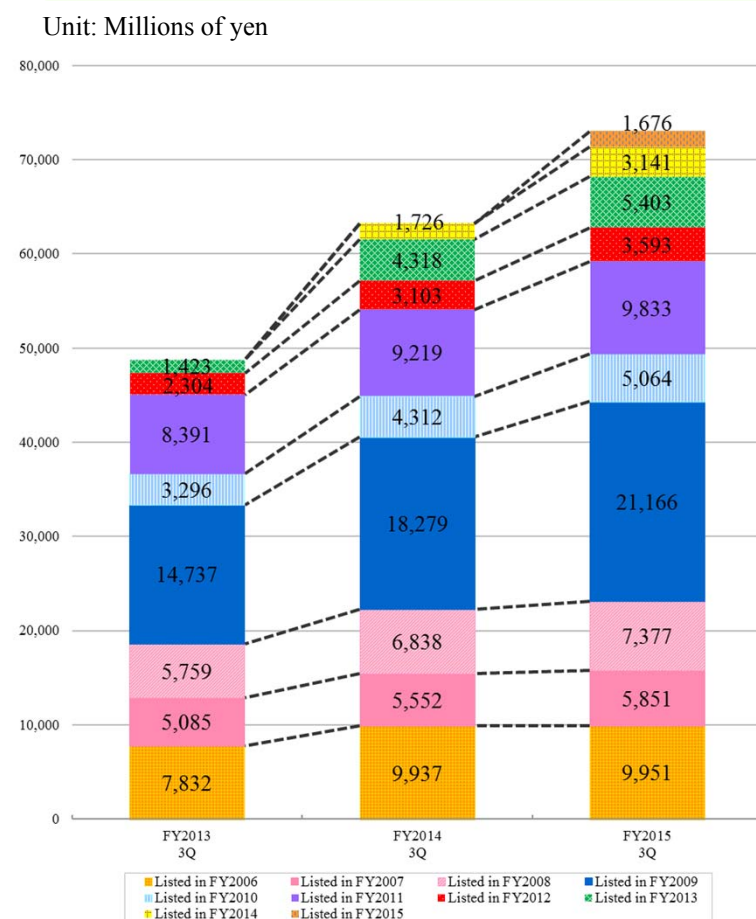
(Unit: Number of Medical Institution)

Institution Type	a) Nationwide Total Number	FY2014 Full Year Results		FY2015 Full Year Results			Year on Year	
		Number of Customers	Sales Share	b) Number of Customers	Coverage Rate (b/a)	Sales Share	Changes in Number of Customers	Sales Growth
Hospital	8,518	7,754	12.6%	7,889	(92.6%)	13.6%	135	23.0%
DPC Hospital	1,585	1,552	7.6%	1,559	(98.4%)	8.4%	7	27.7%
Clinic	104,800	33,640	11.8%	34,301	(32.7%)	10.7%	661	4.0%
Pharmacy	87,100	55,537	74.5%	56,366	(64.7%)	74.6%	829	14.6%
Dispensing Pharmacy	60,100	55,070	74.0%	55,974	(93.1%)	74.1%	904	14.7%
Drug Stores, etc.	27,000	467	0.5%	392	(1.5%)	0.5%	-75	6.3%
Others	-	-	1.1%	-	-	1.1%	-	16.1%
Total	200,418	96,931	100.0%	98,556	(49.2%)	100.0%	1,625	14.5%

DPC: Diagnosis Procedure Combination, means fixed payment system for inpatients

Sales by Listed Year of Drugs

◆ Sales of products listed since FY2009 steadily grow

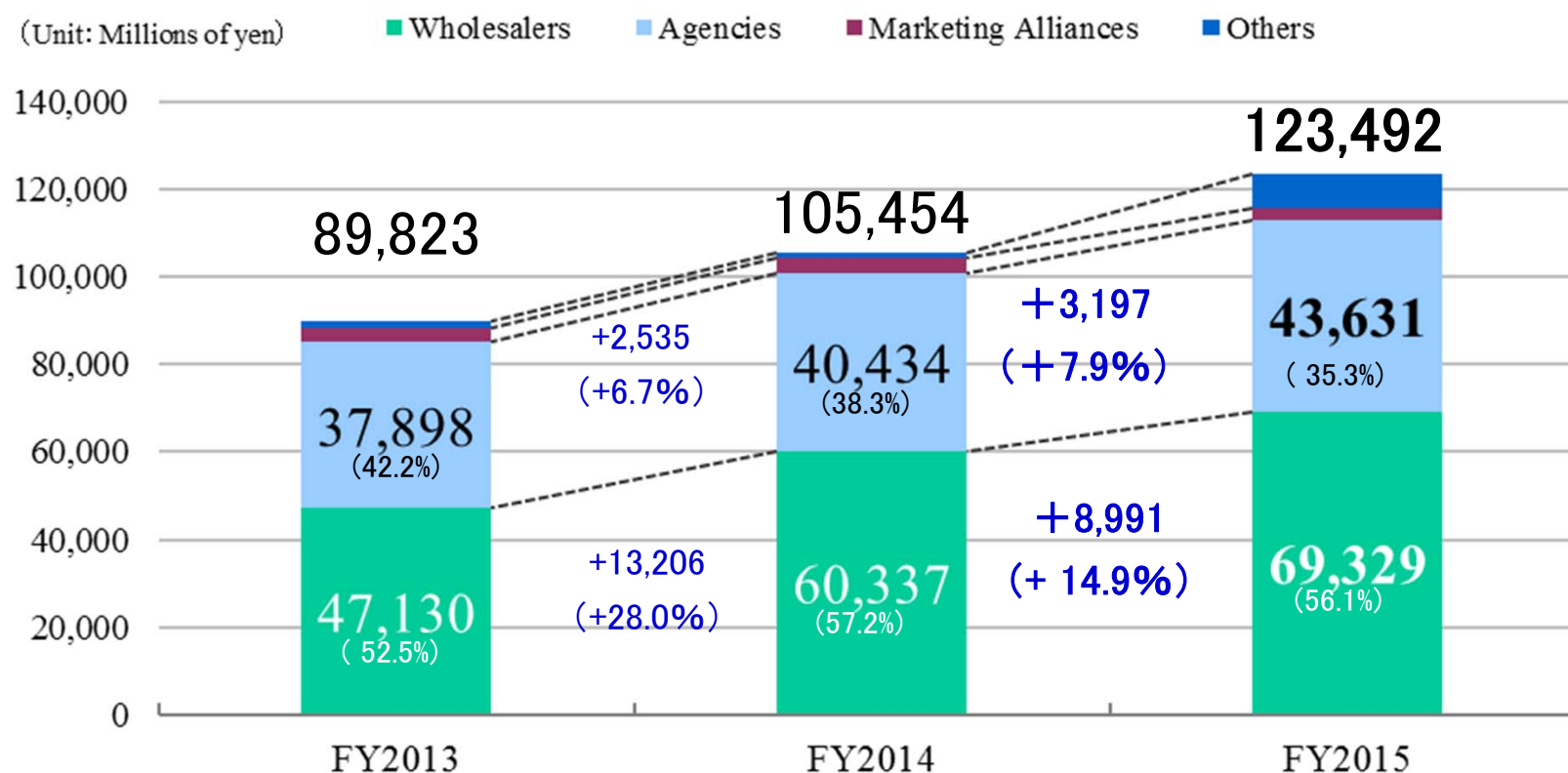


(Unit: Millions of yen)

	FY2014 3Q	FY2015 3Q	Y on Y (%)
	Mil. yen	Mil. yen	Growth
Listed in FY2015	-	1,676	-
Listed in FY2014	1,726	3,141	82.0%
Listed in FY2013	4,318	5,403	25.1%
Listed in FY2012	3,103	3,593	15.8%
Listed in FY2011	9,219	9,833	6.7%
Listed in FY2010	4,312	5,064	17.4%
Listed in FY2009	18,279	21,166	15.8%
Listed in FY2008	6,838	7,377	7.9%
Listed in FY2007	5,552	5,851	5.4%
Listed in FY2006	9,937	9,951	0.1%
Existing Drugs and Transferred Drugs, etc.	42,166	50,430	19.6%
Total	105,454	123,492	17.1%

Sales by Distribution Channels

- ◆ Sales through wholesalers expanded, with nationwide distribution network in the area of pharmacy and hospital markets



Comparison of Sales Volume

- ◆ With the increase in sales of core products, increase rate of total sales value is 11.4%, which is 0.4% greater than that of sales volume
- ◆ Sales volume of Cardiovascular drugs, Gastro-intestinal drugs and Central nervous system drugs steadily grow

Therapeutic Category	Volume Composition		Y on Y (volume)	Y on Y (value) (Note)
	FY2014	FY2015		
Cardiovascular drugs	25.3%	25.9%	13.6%	12.1%
Gastro-intestinal drugs	24.0%	24.0%	10.7%	14.7%
Central nervous system drugs	11.9%	11.8%	10.8%	12.0%
Other metabolic drugs	7.9%	7.5%	5.4%	9.2%
Blood/body fluid pharmaceutical products	7.5%	7.2%	6.7%	9.6%
Respiratory organ agents	6.3%	6.7%	18.6%	19.8%
Antibiotics drugs	2.8%	2.9%	13.3%	13.1%
Antiallergic drugs	2.2%	2.2%	13.2%	10.0%
Urogenital and anal organ agents	1.3%	1.3%	11.3%	10.6%
Others	10.8%	10.5%	7.9%	3.8%
Total	100.0%	100.0%	11.0%	11.4%

Note: The contracted sales of the Kashima factory are excluded from the calculation.

Analysis of Cash Flows Statement

(Unit: Millions of yen)

	FY2014 Full Year Results	FY2015 Full Year Results
Income before Income Taxes and Minority Interests	20,297	23,091
Depreciation and Amortization	5,863	7,044
Working Capital	-9,926	-5,309
Income Taxes Paid	-7,951	-6,127
Others	3,829	1,276
Cash Flows from Operating Activities	12,112	19,975
Capital Expenditure (tangible and intangible)	-13,251	-17,775
Others	-872	-5,162
Cash Flows from Investing Activities	-14,123	-22,937
Net Increase/Decrease of Interest-bearing debt	2,547	17,353
Dividends	-3,674	-4,050
Others	206	171
Cash Flows from Financing Activities	-921	13,473
Net Increase/Decrease in Cash and Cash Equivalents	-2,932	10,492

Major Factors of YOY Changes (Unit: Millions of yen)

- Increase in trade notes and accounts receivables: - 2,100
- Increase in inventories: - 8,200
- Decrease in accounts payable: + 5,000

- Acquisition of tangible fixed assets: - 17,400

- Long-term loan repayments: - 2,400
- Proceeds from issuance of bonds: + 2,000

Dividends of surplus

- ◆ Year-end dividend per share will be increased by 15 yen from the initial forecast to 65 yen

	Resolved amount	Previous dividend forecast (announced July 14,2015)	Actual dividends of the previous fiscal year (ended March 31,2015)
Record date	March 31,2016	Same as left	March 31,2015
Dividend per share	65.00 Yen	55.00 Yen	55.00 Yen
Total amount of dividends	2,396 million yen	—	2,023million yen
Effective date	June 27,2016	—	June 26,2015

FY2015 Earnings Forecasts

◆ Earning forecasts revised with environmental changes.

(Unit: Millions of yen)

	FY2015		FY2016 Forecast						
	Full Year Results		Medium-term BP			Full Year Forecasts			
	Mil. yen	/Sales (%)	Mil. yen	/Sales (%)	Differences	Mil. yen	/Sales (%)	Difference	Degree of Progress
Net Sales	123,492	100.0%	134,000	100.0%	8.5%	143,000	100.0%	15.8%	6.7%
Cost of Sales	71,858	58.2%	79,500	59.3%	10.6%	85,000	59.4%	18.3%	6.9%
Gross Profit	51,634	41.8%	54,500	40.7%	5.6%	58,000	40.6%	12.3%	6.4%
SG&A Expenses	28,448	23.0%	31,500	23.5%	10.7%	33,000	23.1%	16.0%	4.8%
Operating Income	23,185	18.8%	23,000	17.2%	-0.8%	25,000	17.5%	7.8%	8.7%
Ordinary Income	23,025	18.6%	22,600	16.9%	-1.8%	24,700	17.3%	7.3%	9.3%
Net Income	17,155	13.9%	15,500	11.6%	-9.6%	18,500	12.9%	7.8%	19.4%

New Products (Planned)

- ◆ The following products are planned to be listed in June

Major Products	Brand Drugs	Therapeutic Category
Olanzapine	Zyprexa	Atypical antipsychotics
Esueewan OD	TS-1 combination OD tablet	Antimetabolic Agent
Bicalutamide OD	Casodex OD tablets	Agent for prostate cancer
Taltirelin	CEREDIST OD tablets	Oral Anti-Spinocerebellar Degeneration Agent

Consolidated Financial Highlights-1

(Unit : Millions of Yen)

	FY2014		FY2015				FY2016 Forecast			
	1H	Full Year	1H	YoY(%)	Full Year	YoY(%)	1H	YoY(%)	Full Year	YoY(%)
Key Income Statements Data										
Net Sales	50,202	105,454	58,958	17.4	123,492	17.1	69,700	18.2	143,000	15.8
Cost of Sales	28,190	60,047	33,831	20.0	71,858	19.7	41,700	23.3	85,000	18.3
Gross Profit	22,012	45,406	25,127	14.2	51,634	13.7	28,000	11.4	58,000	12.3
SG&A Expenses	11,786	24,718	13,520	14.7	28,448	15.1	15,800	16.9	33,000	16.0
Operating Income	10,225	20,688	11,606	13.5	23,185	12.1	12,200	5.1	25,000	7.8
Ordinary Income	10,175	20,619	11,438	12.4	23,025	11.7	12,000	4.9	24,700	7.3
Profit attributable to owners of parent	6,997	14,053	8,498	21.4	17,155	22.1	8,700	2.4	18,500	7.8
Key Balance Sheets Data										
Total Assets	158,086	166,179	186,237	-	206,492	-	-	-	-	-
Net Assets	106,656	112,398	119,114	-	125,720	-	-	-	-	-
Capital Adequacy Ratio(%)	67.4	67.6	63.9	-3.7 ※	60.8	-6.8	-	-	-	-

※ Comparison with 4Q of FY2014

Consolidated Financial Highlights-2

(Unit : Millions of Yen)

	FY2014		FY2015				FY2016 Forecast			
	1H	Full Year	1H	YoY (%)	Full Year	YoY (%)	1H	YoY (%)	Full Year	YoY (%)
Profitability & Efficiency Indication										
Gross Profit Ratio	43.8	43.1	42.6	-1.2	41.8	-1.3	40.2	-2.4	40.6	-1.2
SG&A Expenses Ratio	23.5	23.4	22.9	-0.6	23.0	-0.4	22.7	-0.2	23.1	0.1
Operating Income Ratio	20.4	19.6	19.7	-0.7	18.8	-0.8	17.5	-2.2	17.5	-1.3
Ordinary Income Ratio	20.3	19.6	19.4	-0.9	18.6	-1.0	17.2	-2.2	17.3	-1.3
Return on Sales	13.9	13.3	14.4	0.5	13.9	0.6	12.5	-1.9	12.9	-1.0
Return on Equity	-	13.2	-	-	14.4	1.2	-	-	-	-
Amounts Per Common Share										
Net Income per Share	190.40	382.26	380.14	99.6	465.57	21.8	236.10	2.3	502.05	7.8
Diluted Net Income per Share	190.21	381.85	379.87	99.7	465.25	21.8	-	-	-	-
Shareholders' Equity	2,898.80	3,053.29	3,227.88	5.7 ※	3,405.20	11.5	-	-	-	-
Dividend (interim)	50	105	(55)	10.0	120	14.3	(65)	18.2	130	8.3

※ Comparison with 4Q of FY2014

Consolidated Financial Data-1

(Unit : Person, Millions of Yen)

Personnel Information	FY2014		FY2015		Year on Year	
Number of Employees	Full Year	Comp.(%)	Full Year	Comp.(%)	Full Year	RC(%)
Manufacturing Division	414	(33.4)	628	(42.1)	214	(51.7)
R&D Division	185	(14.9)	209	(14.0)	24	(13.0)
Administration Div. & Business Div.	640	(51.7)	653	(43.8)	13	(2.0)
(MRs)	488		499		11	(2.3)
Total	1,239	(100.0)	1,490	(100.0)	251	(20.3)
Contingent employees (excluded)	903	-	1,027	-	124	(13.7)
Personnel Costs	Full Year	Sales(%)	Full Year	Sales(%)	Full Year	RC(%)
Total	16,448	(15.6)	19,987	(16.2)	3,538	(21.5)

Consolidated Financial Data-2

(Unit : Millions of Yen)

Selling, General and Administrative Expenses	FY2014		FY2015		FY2016 Forecast	
	Full Year	/Sales(%)	Full Year	/Sales(%)	Full Year	/Sales(%)
R&D Expenses	6,109	(5.8)	8,019	(6.5)	9,700	(6.8)
Year on Year changes (%)	(18.2)		(31.3)		(21.0)	
Advertisement Expenses	2,102	(2.0)	2,072	(1.7)	2,200	(1.5)
Year on Year changes (%)	(4.3)		(-1.5)		(6.2)	

Capital Expenditure & Depreciation and Amortization	FY2014	FY2015	FY2016 Forecast
	Full Year	Full Year	Full Year
Capital Expenditure	12,452	24,294	23,000
Depreciation and Amortization			
Manufacturing Division	4,571	5,336	6,000
R&D Division	586	834	1,300
Administration Div. & Business Div.	706	873	800
Total	5,863	7,044	8,100

Disclaimer

- The plans, forecasts, strategies and other information regarding the Sawai Group contained in this presentation are based on the Company's assumptions and judgments using information available at the time of publication. Therefore, due to potential risks and uncertainties, there is no guarantee as to the accuracy of this information.
- Potential risks and uncertainties may include, but are not limited to, the economic environment for prescription drugs, which is the main operating domain of the Sawai Group, market competition and services offered by the Group.

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