

Financial Results

the First Quarter of FY2016

(Apr. 1 to Jun. 30)

Sawai Pharmaceutical Co., Ltd.

Code 4555, First Section of the TSE

Aug. 8, 2016

Overview of the Financial Results for the 1Q of FY2016

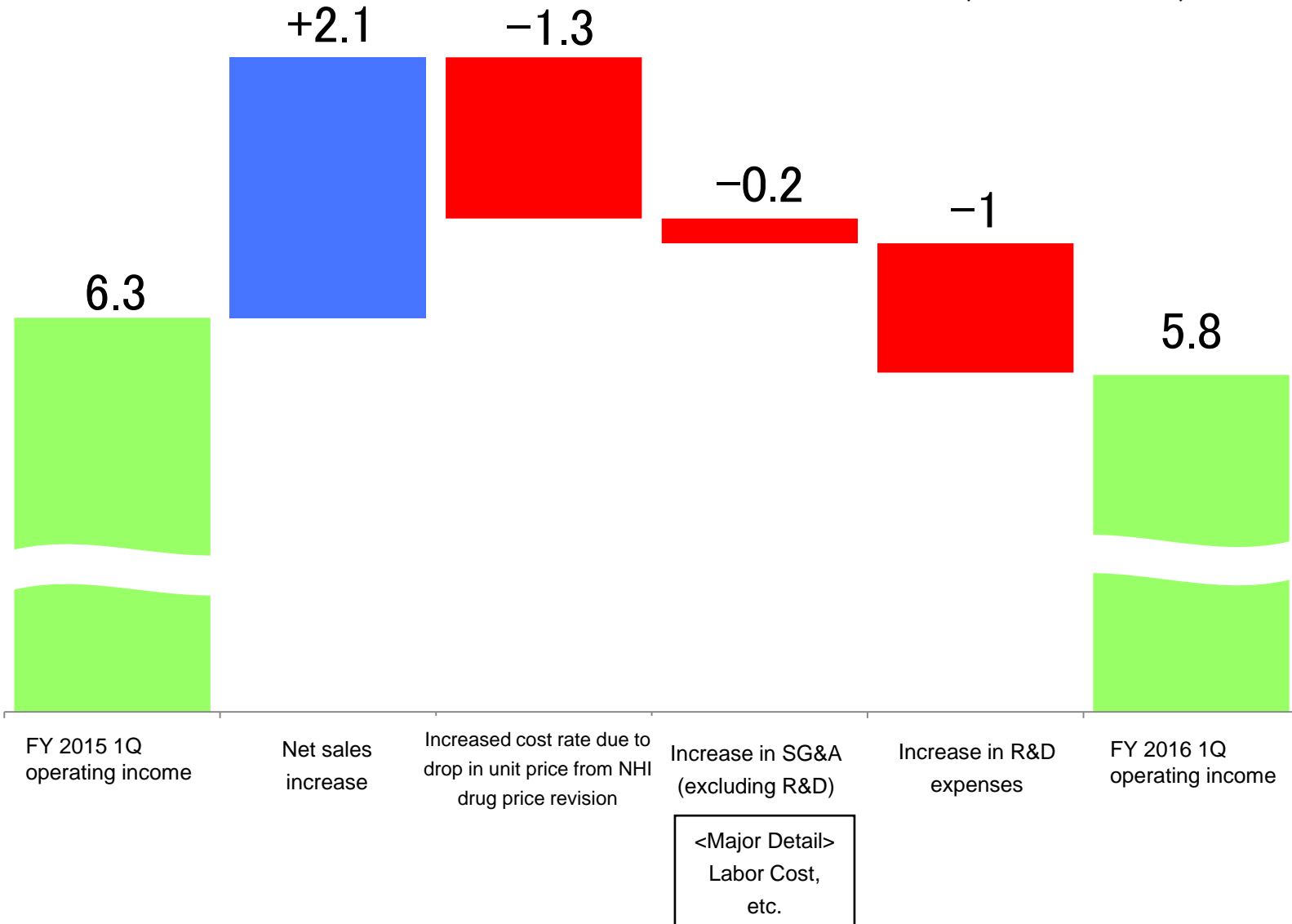
- ◆ Though there was impact from the drop in unit price due to the NHI drug price revision, expansion in the generic pharmaceuticals market has increased revenues by 12.1% YoY.
- ◆ Operating income has decreased by 7.3% YoY mainly due to increased R&D costs for products aimed at the US market.

(Unit: Millions of yen)

	FY2015 1Q		FY2016 1Q		Year on Year	
	Millions of yen	/Sales (%)	Millions of yen	/Sales (%)	Mil. yen	Growth (%)
Net Sales	29,386	100.0%	32,948	100.0%	3,561	12.1%
Operating Income	6,352	21.6%	5,891	17.9%	-460	-7.3%
Ordinary Income	6,268	21.3%	5,914	17.9%	-354	-5.6%
profit attributable to owners of parent	5,091	17.3%	4,357	13.2%	-734	-14.4%

Analysis of Factors Causing Changes in Operating Income

(Unit: Billion. Yen)



Sales per Medical Institution Types (non-consolidated)

- ◆ Overall, adoption amounts have increased
- ◆ Especially, those aimed at Dispensing pharmacies have increased by 14.9%

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

(Unit: Number of Medical Institution)

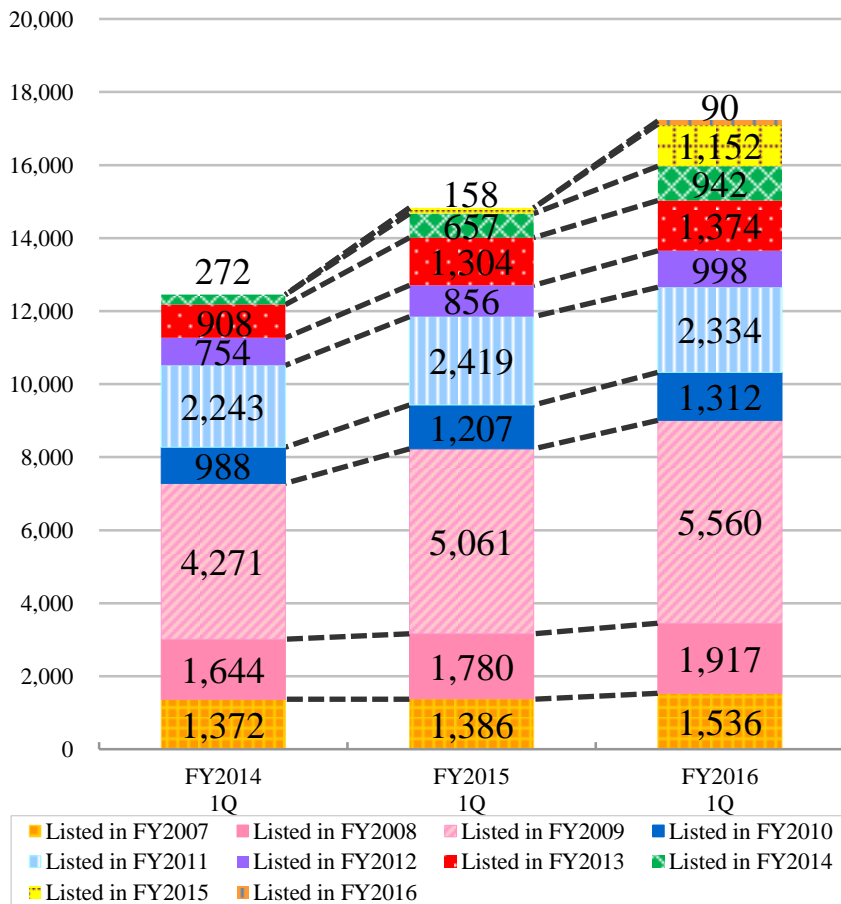
Institution Type	a) Nationwide Total Number	FY2015 IO		FY2016 IO			Year on Year	
		Number of Customers	Sales Share	b) Number of Customers	Coverage Rate (b/a)	Sales Share	Changes in Number of Customers	Sales Growth
Hospital	8,505	7,544	13.7%	7,698	(90.5%)	12.8%	154	5.0%
DPC Hospital	1,667	1,544	8.4%	1,643	(98.6%)	7.9%	99	5.1%
Clinic	104,960	27,376	11.0%	28,570	(27.2%)	10.3%	1,194	5.1%
Pharmacy	86,900	54,097	74.2%	55,165	(63.5%)	75.8%	1,068	15.0%
Dispensing Pharmacy	60,100	53,793	73.7%	54,854	(91.3%)	75.2%	1,061	14.9%
Drug Stores, etc.	26,800	304	0.5%	311	(1.2%)	0.5%	7	22.5%
Others	-	-	1.1%	-	-	1.1%	-	21.1%
Total	200,365	89,017	100.0%	91,433	(45.6%)	100.0%	2,416	12.6%

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

Sales by Listed Year of Drugs

◆ Sales of products listed since FY2014 steadily grow

Unit: Millions of yen



(Unit: Millions of yen, %)

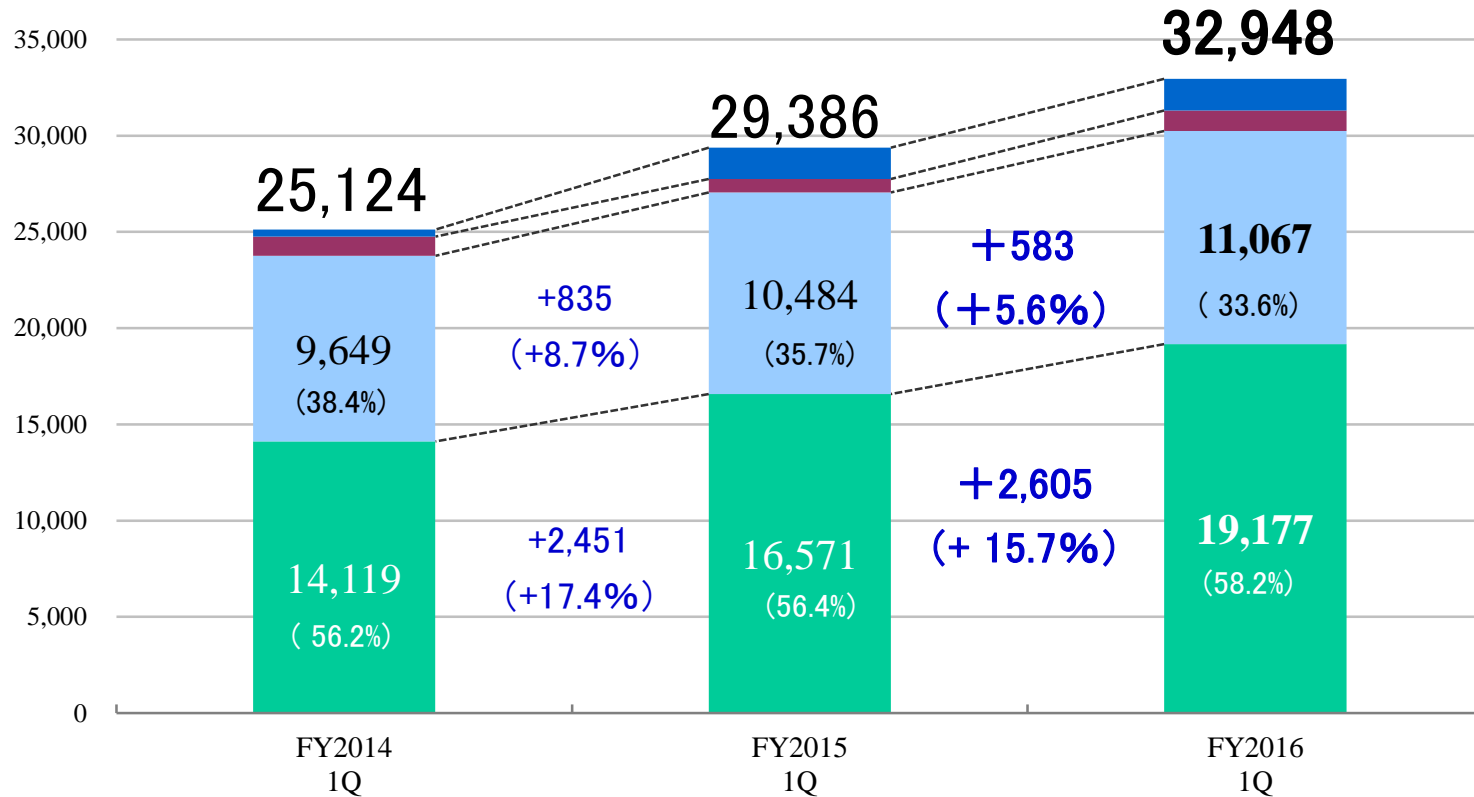
	FY2015 1Q	FY2016 1Q	Y on Y (%)
	Mil. yen	Mil. yen	Growth
Listed in FY2016	-	90	-
Listed in FY2015	158	1,152	625.2%
Listed in FY2014	657	942	43.4%
Listed in FY2013	1,304	1,374	5.4%
Listed in FY2012	856	998	16.5%
Listed in FY2011	2,419	2,334	-3.5%
Listed in FY2010	1,207	1,312	8.7%
Listed in FY2009	5,061	5,560	9.9%
Listed in FY2008	1,780	1,917	7.7%
Listed in FY2007	1,386	1,536	10.8%
Existing Drugs and Transferred Drugs, etc.	14,554	15,728	8.1%
Total	29,386	32,948	12.1%

Sales by Distribution Channels

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

(Unit: Millions of yen)

■ Wholesalers
 ■ Agencies
 ■ Marketing Alliances
 ■ Others



Comparison of Sales Volume

- ◆ Impact of generic drug promotion measures have increased sales volume by 20.8% YoY
- ◆ Cardiovascular, central nervous system drugs and blood/body fluid pharmaceutical products have steadily increased

Therapeutic Category	Volume Composition		Y on Y (volume)	Y on Y (value) (Note)
	FY2015 1Q	FY2016 1Q		
Cardiovascular drugs	26.0%	26.8%	24.4%	7.6%
Gastro-intestinal drugs	24.4%	23.3%	15.3%	13.0%
Central nervous system drugs	12.0%	12.0%	20.8%	11.7%
Blood/body fluid pharmaceutical products	6.9%	8.1%	42.9%	22.3%
Other metabolic drugs	7.6%	7.2%	15.1%	22.9%
Respiratory organ agents	6.4%	6.5%	21.4%	17.0%
Antibiotics drugs	2.8%	2.8%	21.8%	11.4%
Antiallergic drugs	1.9%	2.2%	36.6%	15.7%
Urogenital and anal organ agents	1.3%	1.3%	24.9%	12.5%
Others	10.7%	9.8%	10.5%	14.1%
Total	100.0%	100.0%	20.8%	13.1%

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

FY2016 Earnings Forecasts

- ◆ Market movements associated with measures to promote generic drugs have been slower than anticipated, causing sales to progress at a lower rate than previous years. Meanwhile, profits have progressed as anticipated and performance projections are firm.

(Unit: Millions of yen)

	FY2016 1Q		FY2016 Forecast					
			1H Forecast			Full Year Forecast		
	Mil. yen	/Sales (%)	Mil. yen	/Sales (%)	Rate of Achievement	Mil. yen	/Sales (%)	Rate of Achievement
Net Sales	32,948	100.0%	69,700	100.0%	47.3%	143,000	100.0%	23.0%
Operating Income	5,891	17.9%	12,200	17.5%	48.3%	25,000	17.5%	23.6%
Ordinary Income	5,914	17.9%	12,000	17.2%	49.3%	24,700	17.3%	23.9%
profit attributable to owners of parent	4,357	13.2%	8,700	12.5%	50.1%	18,500	12.9%	23.6%

Consolidated Financial Highlights-1

(Unit: Millions of Yen)

	FY2015	FY2016		FY2016 Forecast			
	1Q	1Q	YoY (%)	1H	YoY (%)	Full Year	YoY (%)
Key Income Statements Data							
Net Sales	29,386	32,948	12.1	69,700	18.2	143,000	15.8
Cost of Sales	16,590	19,320	16.5	41,700	23.3	85,000	18.3
Gross Profit	12,796	13,628	6.5	28,000	11.4	58,000	12.3
SG&A Expenses	6,444	7,737	20.1	15,800	16.9	33,000	16.0
Operating Income	6,352	5,891	▲ 7.3	12,200	5.1	25,000	7.8
Ordinary Income	6,268	5,914	▲ 5.6	12,000	4.9	24,700	7.3
profit attributable to owners of parent	5,091	4,357	▲ 14.4	8,700	2.4	18,500	7.8
Key Balance Sheets Data							
Total Assets	206,492 ※	213,702	-	-	-	-	-
Net Assets	125,720 ※	127,565	-	-	-	-	-
Capital Adequacy Ratio(%)	60.8 ※	59.6	▲ 1.2	-	-	-	-

※ Comparison with 4Q of FY2015

Consolidated Financial Highlights-2

(Unit: Millions of Yen)

	FY2015	FY2016		FY2016 Forecast			
	1Q	1Q	YoY(%)	1H	YoY(%)	Full Year	YoY(%)
Profitability & Efficiency Indication							
							(Unit: %)
Gross Profit Ratio	43.5	41.4	▲ 2.1	40.2	▲ 2.4	40.6	▲ 1.2
SG&A Expenses Ratio	21.9	23.5	1.6	22.7	▲ 0.2	23.1	0.1
Operating Income Ratio	21.6	17.9	▲ 3.7	17.5	▲ 2.2	17.5	▲ 1.3
Ordinary Income Ratio	21.3	17.9	▲ 3.4	17.2	▲ 2.2	17.3	▲ 1.3
Return on Sales	17.3	13.2	▲ 4.1	12.5	▲ 1.9	12.9	▲ 1.0
Amounts Per Common Share							
Net Income per Share	138.38	118.19	▲ 14.6	235.98	2.3	501.80	7.8
Diluted Net Income per Share	138.24	118.13	▲ 14.5	-	-	-	-
Shareholders' Equity	3,405.20 ※	3,454.31	1.4	-	-	-	-
Dividend (interim)	-	-	-	(65)	(18.2)	130	8.3

※ Comparison with 4Q of FY2015

Consolidated Financial Data-1

(Unit : Person, Millions of Yen)

Personnel Information	FY2015		FY2016		Year on Year	
	1Q	Comp.(%)	1Q	Comp.(%)	1Q	RC(%)
Number of Employees						
Manufacturing Division	625	(42.1)	727	(45.1)	102	(16.3)
R&D Division	210	(14.2)	220	(13.6)	10	(4.8)
Administration Div. & Business Div.	648	(43.7)	665	(41.3)	17	(2.6)
(MRs)	491		502		11	(2.2)
Total	1,483	(100.0)	1,612	(100.0)	129	(8.7)
Contingent employees (excluded)	1,012	-	1,095	-	83	(8.2)
Personnel Costs						
Total	4,606	(15.7)	4,969	(15.1)	363	(7.9)

Consolidated Financial Data-2

(Unit : Millions of Yen)

Selling, General and Administrative Expenses	FY2015		FY2016		FY2016 Forecast	
	1Q	/Sales(%)	1Q	/Sales(%)	Full Year	/Sales(%)
R&D Expenses	1,540	(5.2)	2,582	(7.8)	9,700	(6.8)
Year on Year changes (%)	(14.1)	(67.7)	(21.0)
Advertisement Expenses	633	(2.2)	599	(1.8)	2,200	(1.5)
Year on Year changes (%)	(▲ 2.8)	(▲ 5.4)	(6.2)

Capital Expenditure & Depreciation and Amortization	FY2015		FY2016		FY2016 Forecast	
	1Q		1Q		Full Year	
Capital Expenditure	6,241		3,219		15,000	
Depreciation and Amortization						
Manufacturing Division	1,310		1,450		6,000	
R&D Division	145		328		1,300	
Administration Div. & Business Div.	196		216		800	
Total	1,653		1,994		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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