

Financial Results for the 1st Half of FY2016 (Apr. 1 to Sep. 30)



Sawai Pharmaceutical Co., Ltd.

Code 4555, First Section of the TSE

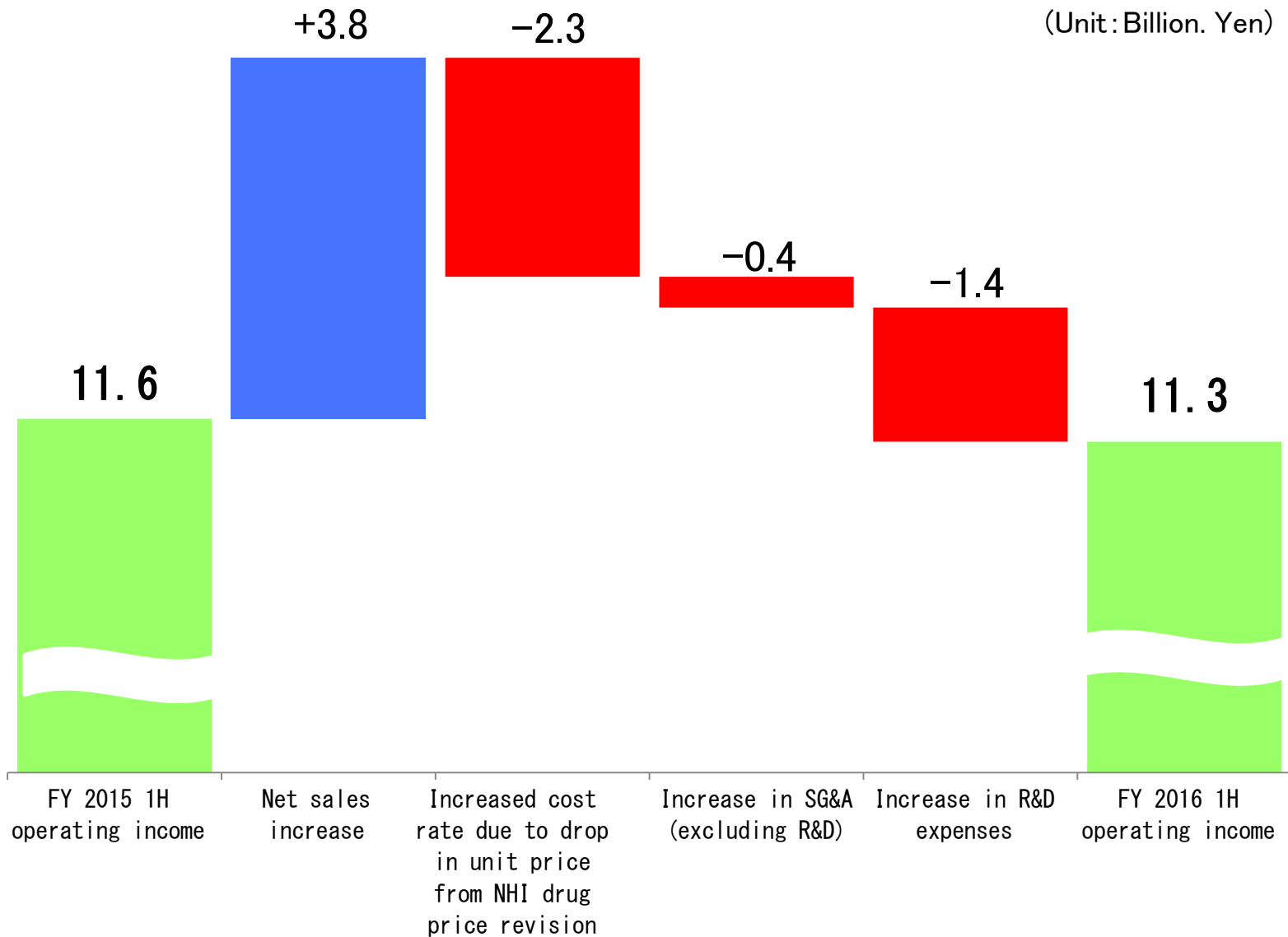
Overview of the Financial Results for the 1st Half of FY2016

- ◆ Net sales increased by only at 11.0% YoY due to the fact that market movements associated with measures to promote generic drugs have been weaker than anticipated.
- ◆ Operating income decreased by 2.1% YoY due to increased R&D costs associated with, among other things, the development of products aimed at the US market, in addition to the factors mentioned above.

(Unit: Millions of yen)

	FY2015 1H		FY2016 1H		Year on Year	
	Millions of yen	/Sales (%)	Millions of yen	/Sales (%)	Mil. yen	Growth (%)
Net Sales	58,958	100.0%	65,416	100.0%	6,458	11.0%
Operating Income	11,606	19.7%	11,360	17.4%	-245	-2.1%
Ordinary Income	11,438	19.4%	11,326	17.3%	-111	-1.0%
profit attributable to owners of parent	8,498	14.4%	8,565	13.1%	66	0.8%

Analysis of Factors Causing Changes in Operating Income



Sales per Medical Institution Types (non-consolidated)

- ◆ There has been an overall increase in adoption amounts, although these were less than anticipated.
- ◆ Those for insurance pharmacies have maintained double digit growth.

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

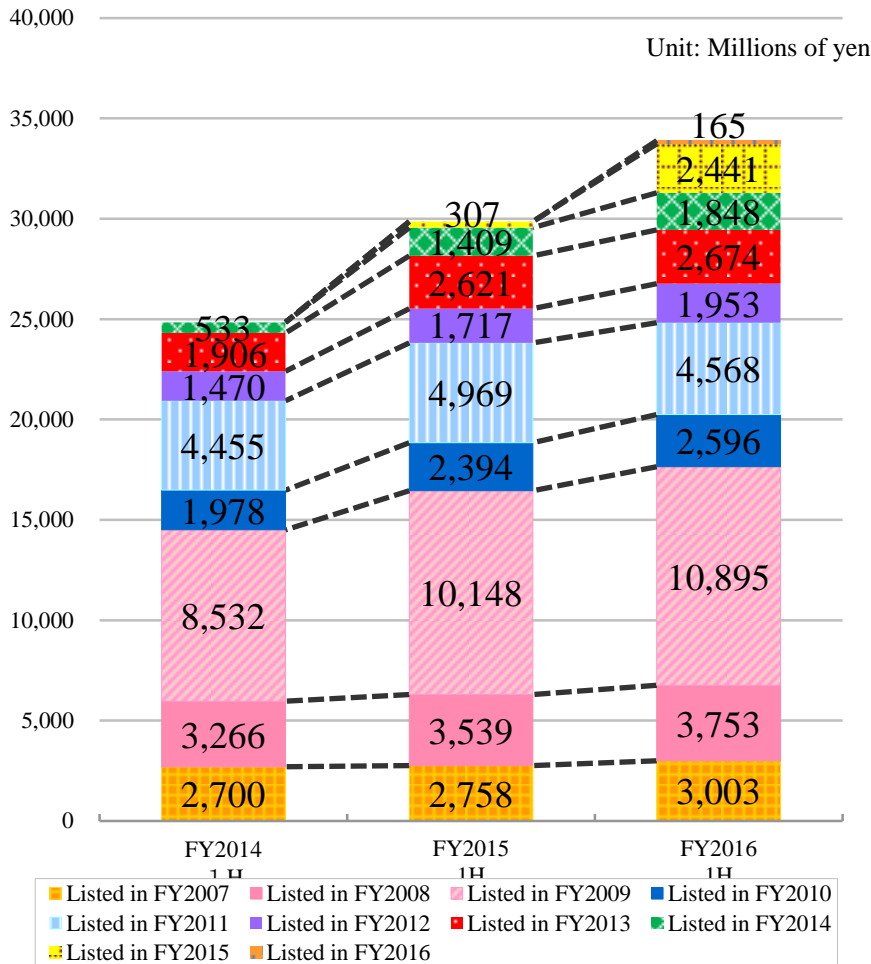
(Unit: Number of Medical Institution)

Institution Type	a) Nationwide Total Number	FY2015 1H		FY2016 1H			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	8,487	7,710	13.8%	7,831	(92.3%)	12.9%	121	3.3%
DPC Hospital	1,667	1,554	8.5%	1,646	(98.7%)	8.0%	92	2.3%
Clinic	105,122	30,427	10.9%	31,726	(30.2%)	10.4%	1,299	4.9%
Pharmacy	87,348	55,045	74.1%	55,896	(64.0%)	75.6%	851	12.8%
Dispensing Pharmacy	60,291	54,702	73.7%	55,559	(92.2%)	75.0%	857	12.8%
Drug Stores, etc.	27,057	343	0.5%	337	(1.2%)	0.5%	-6	17.5%
Others	-	-	1.2%	-	-	1.1%	-	19.2%
Total	200,957	93,182	100.0%	95,453	(47.5%)	100.0%	2,271	10.7%

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, %)

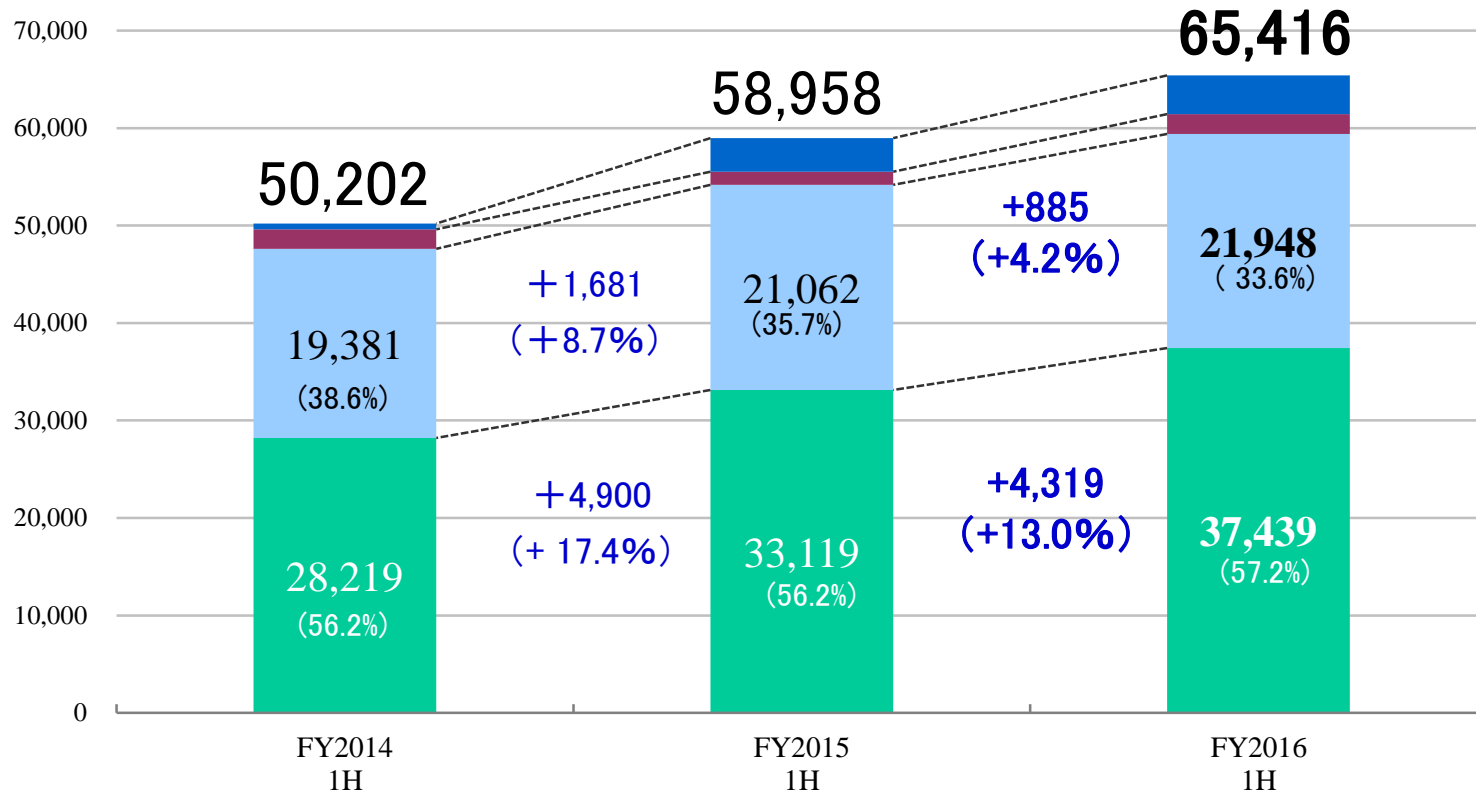
	FY2015 1H	FY2016 1H	Y on Y (%)
	Mil. yen	Mil. yen	Growth
Listed in FY2016	-	165	-
Listed in FY2015	307	2,441	693.6%
Listed in FY2014	1,409	1,848	31.2%
Listed in FY2013	2,621	2,674	2.0%
Listed in FY2012	1,717	1,953	13.7%
Listed in FY2011	4,969	4,568	-8.1%
Listed in FY2010	2,394	2,596	8.4%
Listed in FY2009	10,148	10,895	7.4%
Listed in FY2008	3,539	3,753	6.0%
Listed in FY2007	2,758	3,003	8.9%
Existing Drugs and Transferred Drugs, etc.	29,092	31,516	8.3%
Total	58,958	65,416	11.0%

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 18.8% 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 1H	FY2016 1H		
Cardiovascular drugs	26.1%	26.8%	22.3%	5.8%
Gastro-intestinal drugs	24.5%	23.3%	13.3%	11.6%
Central nervous system drugs	12.0%	12.1%	19.6%	9.3%
Blood/body fluid pharmaceutical products	7.1%	8.0%	34.6%	16.9%
Other metabolic drugs	7.6%	7.4%	15.1%	23.6%
Respiratory organ agents	6.2%	6.4%	23.1%	19.4%
Antibiotics drugs	2.7%	2.7%	18.2%	8.7%
Antiallergic drugs	1.9%	2.0%	30.7%	11.0%
Urogenital and anal organ agents	1.3%	1.3%	23.9%	16.3%
Others	10.6%	10.0%	9.3%	11.5%
Total	100.0%	100.0%	18.8%	11.2%

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 lower than the level anticipated and we predict that it will be difficult to recover in the second half; consequently we are revising the full-year earnings forecast downwards.

(Unit: Millions of yen, %)

	FY2016			Y o Y
	Initial Forecasts	Revised Forecasts	Change [%]	
Net Sales	143,000	134,500	-8,500 [-5.9%]	8.9%
Operating Income	25,000	23,500	-1,500 [-6.0%]	1.4%
Ordinary Income	24,700	23,300	-1,400 [-5.7%]	1.2%
profit attributable to owners of parent	18,500	17,500	-1,000 [-5.4%]	2.0%

New Products (Planned)

◆ The following products are planned to be listed in December

Major Products	Brand Drugs	Therapeutic Category
Montelukast Tablets	Kipres/Singulair	leukotriene receptor antagonist/Treatment of allergic rhinitis
Bosentan Tablets	Tracleer	Endothelin receptor antagonist
Valhydio Combination Tablets	Co-DIO® Combination Tablets	AngiotensinII Type1 Receptor Blocker/Diuretic medication
Pramipexole Hydrochloride LA	Mirapex-LA Tablets	Non-ergot dopamine agonist indicated for the treatment of Parkinson's disease

Consolidated Financial Highlights-1

(Unit : Millions of Yen)

	FY2015		FY2016		FY2016 Forecast	
	1H	Full Year	1H	YoY(%)	Full Year	YoY(%)
Key Income Statements Data						
Net Sales	58,958	123,492	65,416	11.0	134,500	8.9
Cost of Sales	33,831	71,858	38,794	14.7	79,000	9.9
Gross Profit	25,127	51,634	26,622	5.9	55,500	7.5
SG&A Expenses	13,520	28,448	15,261	12.9	32,000	12.5
Operating Income	11,606	23,185	11,360	-2.1	23,500	1.4
Ordinary Income	11,438	23,025	11,326	-1.0	23,300	1.2
Profit attributable to owners of parent	8,498	17,155	8,565	0.8	17,500	2.0
Key Balance Sheets Data						
Total Assets	186,237	206,492	215,873	-	-	-
Net Assets	119,114	125,720	131,909	-	-	-
Capital Adequacy Ratio(%)	63.9	60.8	61.0	0.2	*	-

※ Comparison with Q4 of FY2015

Consolidated Financial Highlights-2

(Unit: Millions of Yen)

	FY2015		FY2016		FY2016 Forecast	
	1H	Full Year	1H	YoY(%)	Full Year	YoY(%)
Profitability & Efficiency Indication	(Unit: %)					
Gross Profit Ratio	42.6	41.8	40.7	-1.9	41.3	-0.5
SG&A Expenses Ratio	22.9	23.0	23.3	0.4	23.8	0.8
Operating Income Ratio	19.7	18.8	17.4	-2.3	17.5	-1.3
Ordinary Income Ratio	19.4	18.6	17.3	-2.1	17.3	-1.3
Return on Sales	14.4	13.9	13.1	-1.3	13.0	-0.9
Amounts Per Common Share						
Net Income per Share	230.76	465.57	232.33	0.7	474.67	2.0
Diluted Net Income per Share	230.57	465.25	232.20	0.7	-	-
Shareholders' Equity	3,227.88	3,405.20	3,570.31	4.8 ※	-	-
Dividend (interim)	(55)	120	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	
	1H	Comp.(%)	1H	Comp.(%)	1H	RC(%)
Number of Employees						
Manufacturing Division	626	(42.3)	1,460	(62.3)	834	(133.2)
R&D Division	210	(14.2)	224	(9.5)	14	(6.7)
Administration Div. & Business Div.	643	(43.5)	661	(28.2)	18	(2.8)
(MRs)	482		501		19	(3.9)
Total	1,479	(100.0)	2,345	(100.0)	866	(58.6)
Contingent employees (excluded)	1,010	-	752	-	-258	(-25.5)
Personnel Costs						
Total	9,605	(16.3)	9,931	(15.2)	326	(3.4)

Consolidated Financial Data-2

(Unit: Millions of Yen)

Selling, General and Administrative Expenses	FY2015		FY2016		FY2016 Forecast	
	1H	/Sales(%)	1H	/Sales(%)	Full Year	/Sales(%)
R&D Expenses	3,399	(5.8)	4,815	(7.4)	9,700	(7.2)
Year on Year changes (%)		(23.5)		(41.6)		(21.0)
Advertisement Expenses	1119	(1.9)	1061	(1.6)	2,200	(1.6)
Year on Year changes (%)		(12.8)		(-5.2)		(6.2)

Capital Expenditure & Depreciation and Amortization	FY2015		FY2016		FY2016 Forecast	
	1H		1H		Full Year	
Capital Expenditure	13,766		7,776		15,000	
Depreciation and Amortization						
Manufacturing Division	2,599		2,915		6,000	
R&D Division	291		654		1,300	
Administration Div. & Business Div.	417		460		900	
Total	3,308		4,030		8,200	

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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