

Financial Results for FY2017

(Apr. 1 to Mar. 31)

Sawai Pharmaceutical Co.,Ltd.

Code 4555, First Section of the TSE

May. 15, 2018

Overview of the Financial Results for FY 2017

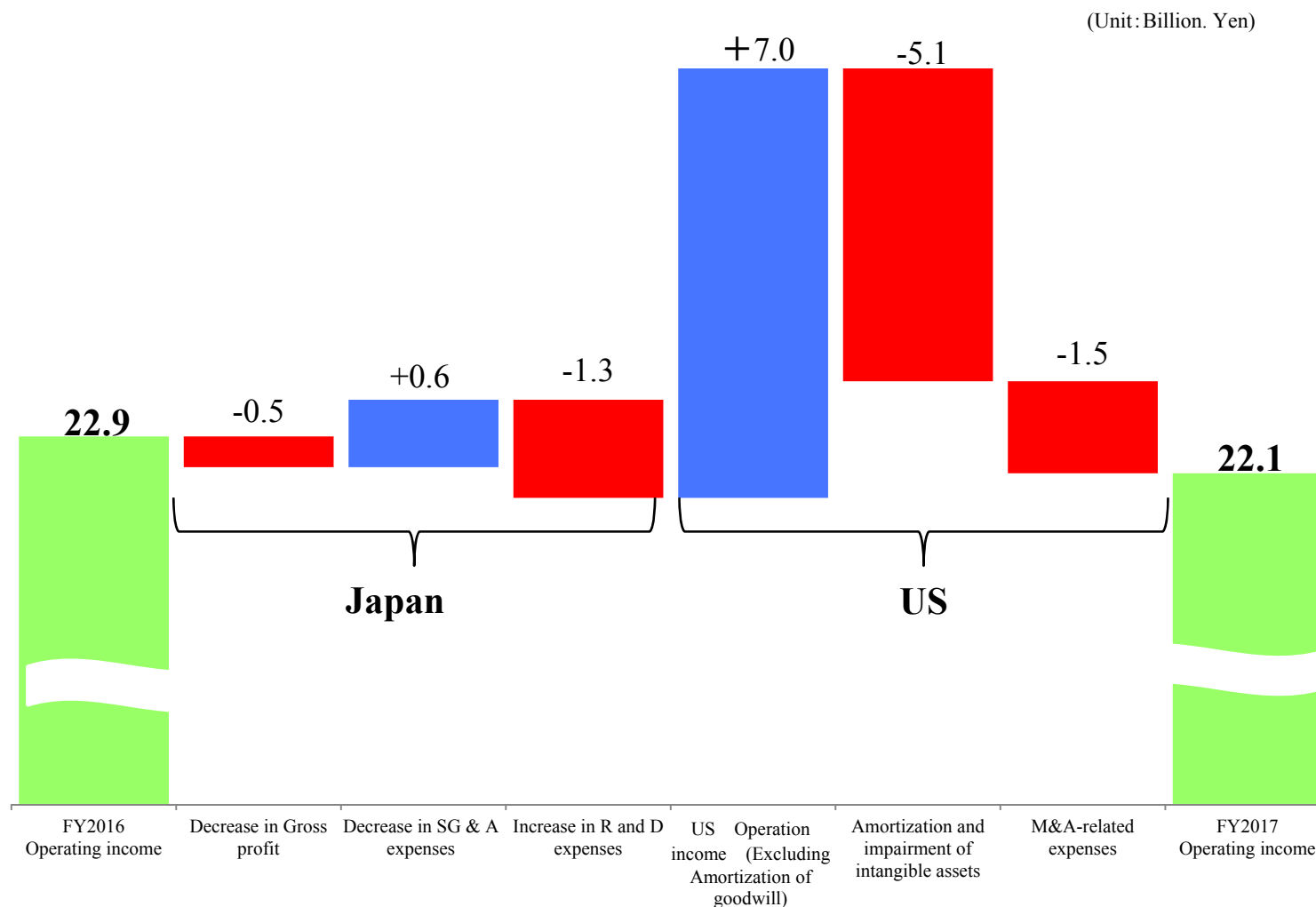
- ◆ Sales in the Japanese market fell short of our target, due to growth in the generic market slowing more than expected, but sales at US subsidiary Upsher-Smith Laboratories (USL) exceeded our target
- ◆ Overall, sales were generally in line with our forecast
- ◆ Core Operating Income rose due to USL's results exceeding the target, but Operating Income fell short of the forecast by 6.3% due to factors including an impairment loss

(Unit: Millions of yen)

	FY 2016	FY 2017			Year on Year		FY 2017 Forecasts
		Sale and Profit by Region		Mil. yen	Growth (%)		
		Japan	US				
Net Sales	132,392	168,068	134,720	33,347	35,676	26.9%	168,800
Core Operating Income	23,558	31,118	24,349	6,730	7,560	32.1%	30,500
Operating Income	22,943	22,209	21,903	303	-733	-3.2%	23,700
Profit before tax	22,757	20,251	—	—	-2,505	-11.0%	23,300
Profit attributable to owners of the parent	17,969	14,017	—	—	-3,952	-22.0%	12,800

*1 Financial Results for FY2017 (IFRS): Financial Results for 12 months of Japan operations + 10 months of US operations (June 2017 to March 2018)

Analysis of Factors Causing Changes in Operating Income

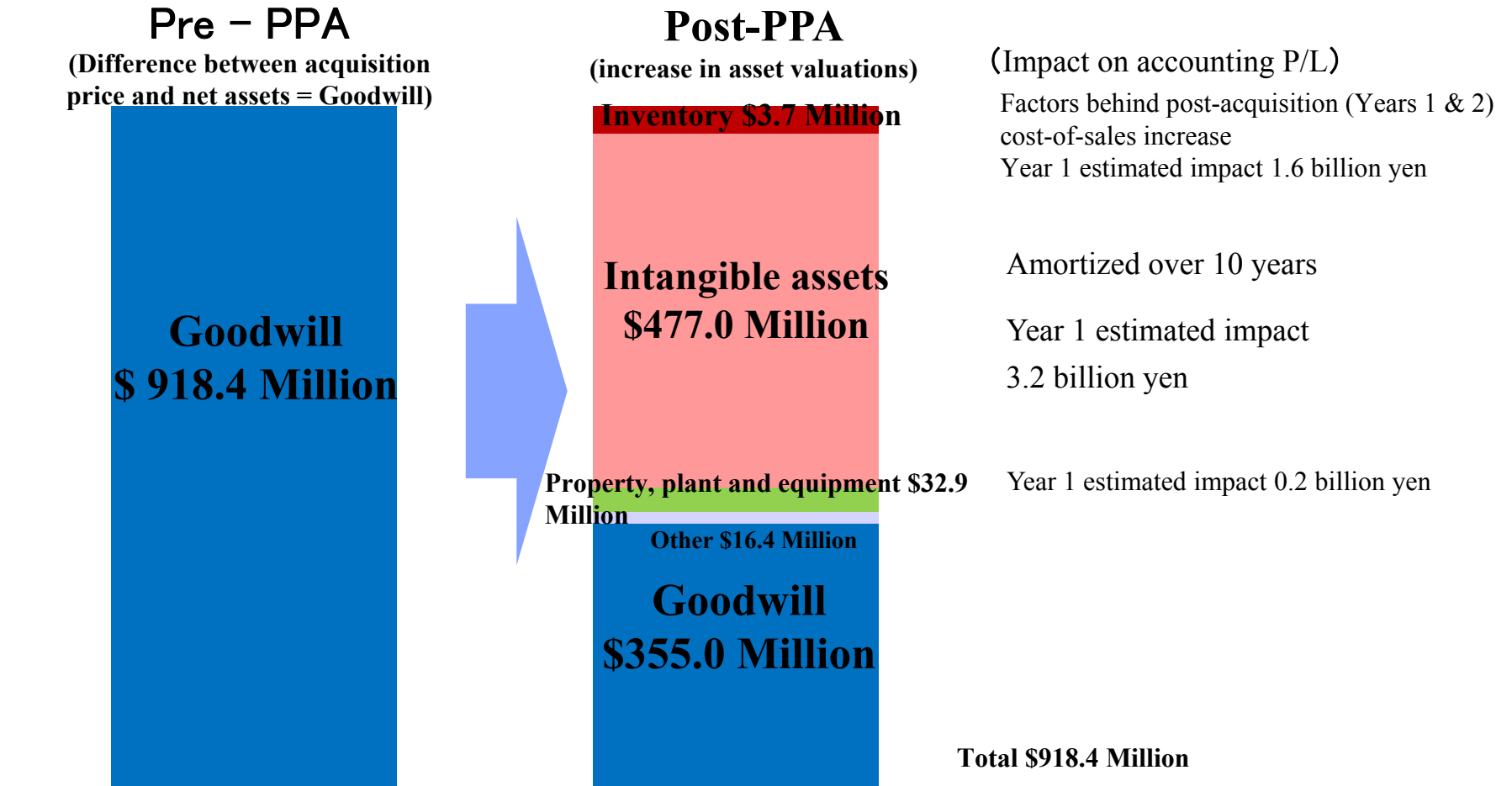


FY2017 Earnings Forecasts (Adjusted from Full basis to Core basis)

(Unit: Millions of yen)

IFRS	FY2017 Actual			
	Full basis	Mil. yen	Core basis	
Net Sales	168,068	—	168,068	⇒ (1) Cost-of-sales increase due to inventory step-up > 1.6 billion yen
Cost of Sales	-98,628	-1,609	-97,019	
Gross Profit	69,440	1,609	71,049	
SG&A Expenses	-32,731	3,484	-29,247	⇒ (2) Amortization of intangible assets >3.5 billion yen (3.2 billion yen for USL)
Amortization of intangible assets	3,484	-3,484	0	
R&D Expenses	-14,533	3,849	-10,684	⇒ Impairment loss etc.> 3.8 billion yen
Other income(expenses)	33	-33	0	
Operating Income	22,209	8,909	31,118	

PPA Relating



FY2018 Earnings Forecasts

- ◆ In the domestic market, while selling unit prices have fallen due to the impact of drug price revision, we forecast a certain level of continued growth in sales volume due to measures by the government to promote the use of generic pharmaceuticals
- ◆ Although competition remains fierce in the US market, we forecast increased revenue and profit for USL due to its first full-year (12-month) contribution to consolidated earnings and the launch of new products

(Unit: Millions of yen)

IFRS	FY2018 Forecast			FY2017 Actual
		Sale and Profit by Region		
		Japan	US	
Net Sales	172,500	136,600	35,900	168,068
Gross Profit	69,600	49,300	20,300	69,440
Core Operating Income	29,700	22,400	7,300	31,118
Operating Income	24,000	21,300	2,700	22,209
Profit before tax	23,700	—	—	20,251
Net profit	17,400	—	—	14,017

- Assumed exchange rate: 105.0 yen/dollar

Dividends of surplus

- ◆ Year-end dividends are 65 yen as initially forecast
The annual dividends are 130

	Resolved amount	Previous dividend forecast (announced May 15, 2017)	Actual dividends of the previous fiscal year (ended March 31,2017)
Record date	March 31,2018	Same as left	March 31,2017
Dividend per share	65.00 Yen	65.00 Yen	65.00 Yen
Total amount of dividends	2,845 million yen	—	2,396million yen
Effective date	June 27, 2018	—	June 28, 2017

Sales per Medical Institution Types (Japan) (non-consolidated)



Although growth in adoption amounts was somewhat weak for both hospitals and pharmacies, the adoption amount increased overall

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

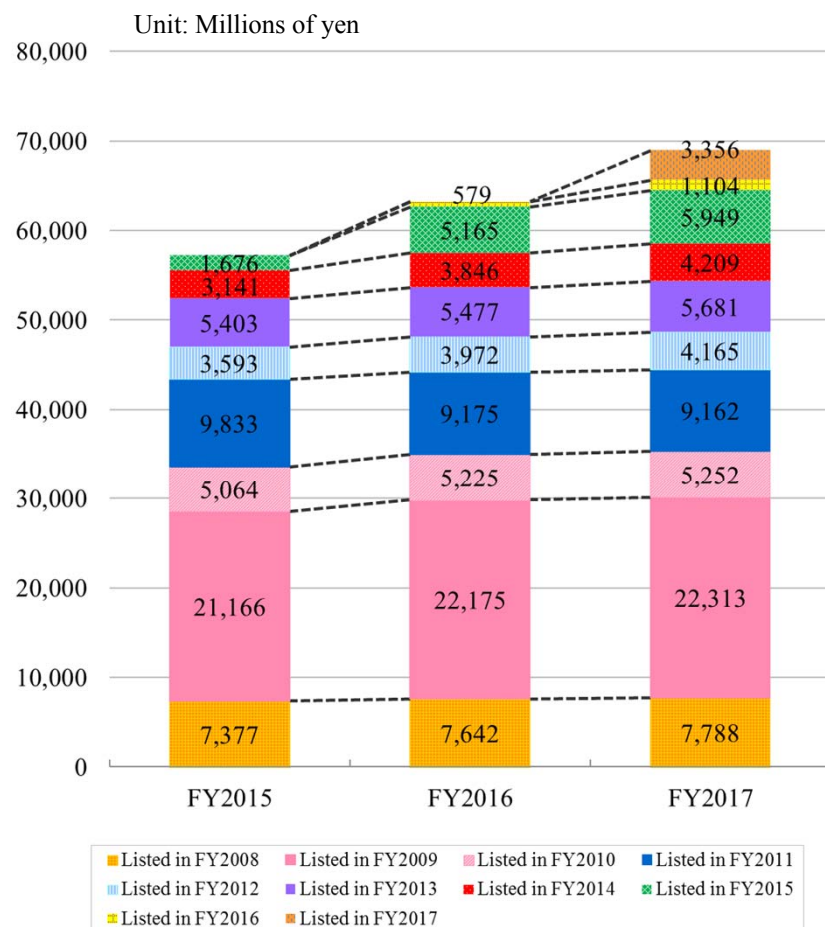
(Unit: Number of Medical Institution)

Institution Type	a) Nationwide Total Number	FY2016 Full Year Result		FY2017 Full Year Result			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	8,433	7,961	12.8%	8,007	(94.9%)	12.7%	46	6.6%
DPC Hospital	1,667	1,647	7.9%	1,652	(99.1%)	7.8%	5	5.3%
Clinic	105,616	35,682	10.4%	36,501	(34.6%)	10.0%	819	3.2%
Pharmacy	87,707	57,064	75.5%	57,706	(65.8%)	75.3%	642	7.2%
Dispensing Pharmacy	60,770	56,671	75.0%	57,367	(94.4%)	75.0%	696	7.3%
Drug Stores, etc.	26,937	393	0.5%	339	(1.3%)	0.4%	-54	-7.5%
Others	-	-	1.3%	-	-	1.9%	-	45.2%
Total	201,756	100,707	100.0%	102,214	(50.7%)	100.0%	1,507	7.2%

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

Sales by Listed Year of Drugs (Japan)

◆ Sales of products listed since FY2014 steadily grow



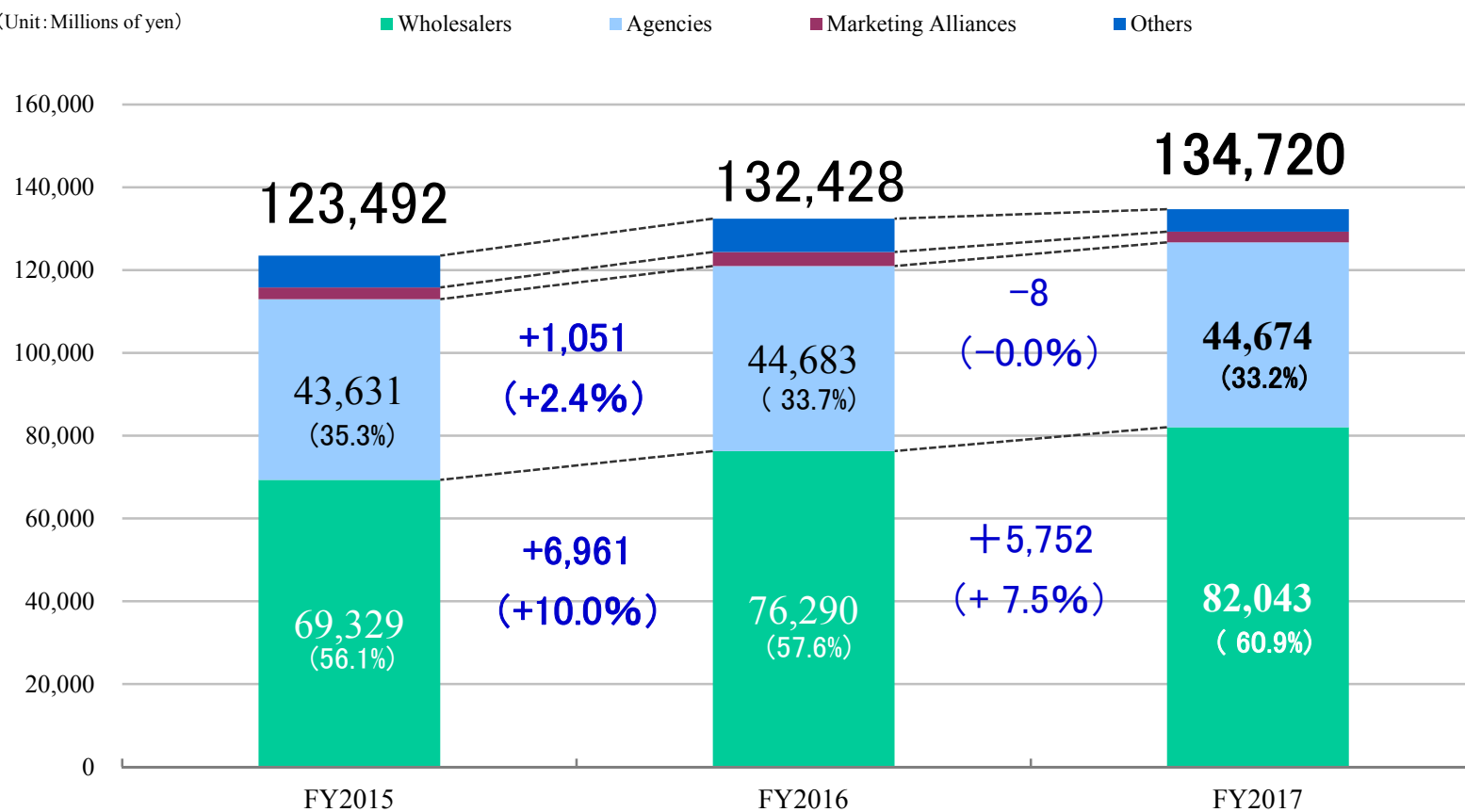
(Unit: Millions of yen, %)

	FY2016	FY2017	Y on Y (%)
	Mil. yen	Mil. yen	Growth
Listed in FY2017	-	3,356	-
Listed in FY2016	579	1,104	90.8%
Listed in FY2015	5,165	5,949	15.2%
Listed in FY2014	3,846	4,209	9.4%
Listed in FY2013	5,477	5,681	3.7%
Listed in FY2012	3,972	4,165	4.9%
Listed in FY2011	9,175	9,162	-0.1%
Listed in FY2010	5,225	5,252	0.5%
Listed in FY2009	22,175	22,313	0.6%
Listed in FY2008	7,642	7,788	1.9%
Existing Drugs and Transferred Drugs, etc.	69,169	65,736	-5.0%
Total	132,428	134,720	1.7%

Sales by Distribution Channels

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

(Unit: Millions of yen)



Comparison of Sales Volume (Japan)

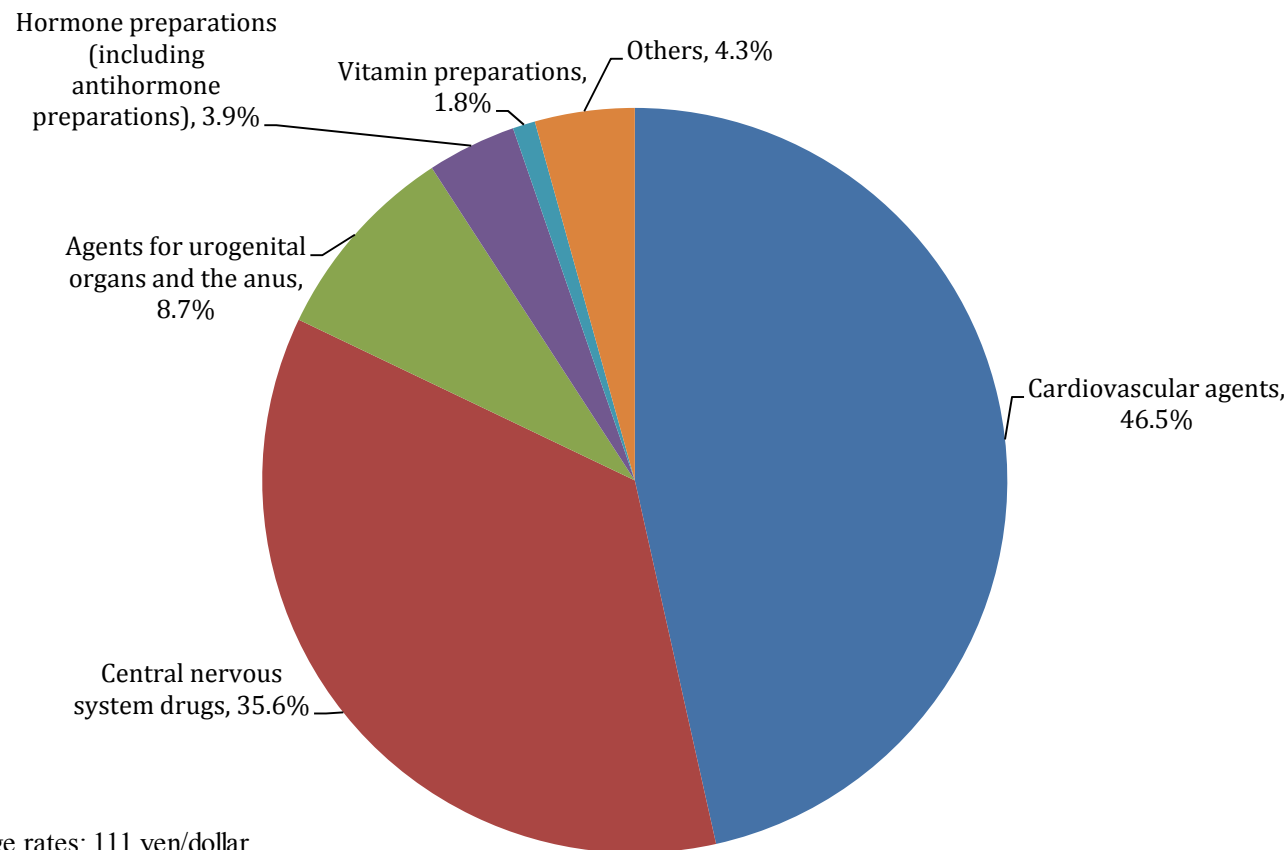
- ◆ Cardiovascular and central nervous system drugs have steadily increased

Therapeutic Category	Volume Composition		Y on Y (volume)	Y on Y (value) (Note)
	FY2016	FY2017		
Cardiovascular drugs	26.8%	28.1%	8.1%	7.8%
Gastro-intestinal drugs	23.3%	22.5%	-0.4%	-0.3%
Central nervous system drugs	12.1%	12.4%	5.8%	7.8%
Blood/body fluid pharmaceutical products	7.8%	7.8%	3.4%	4.7%
Other metabolic drugs	6.9%	6.7%	0.4%	7.6%
Respiratory organ agents	6.6%	6.1%	-3.9%	2.5%
Antibiotics drugs	2.9%	2.7%	-5.5%	-5.0%
Antiallergic drugs	2.5%	2.6%	9.0%	8.9%
Antineoplastic agents	0.2%	0.2%	24.6%	11.4%
Others	10.9%	10.9%	3.1%	5.8%
Total	100.0%	100.0%	3.3%	4.9%

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

Sales breakdown by Therapeutic category (US)

- ◆ The breakdown of sales in North America, totaling 33.3 billion yen, is shown below.
- ◆ Cardiovascular agents and central nervous system drugs account for 82.1% of total sales.



Exchange rates: 111 yen/dollar

New Products (Planned)

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

Major Products	Brand Drugs	Therapeutic Category
ILUAMIX [®] Combination Tablets	AIMIX [®]	Long-acting ARB / Long-acting Ca antagonists
BEPOTASTINE BESILATE Tablets	TALION [®] Tablets	Selective histamine H1 receptor antagonists / Allergic disease treatment
LAMOTRIGINE Tablets	Lamictal [®] Tablets	Antiepileptic therapeutic agents / Bipolar disorder treatment
NALFURAFINE HYDROCHLORIDE Tablets	REMITCH [®] Tablets	Oral pruritus improving agents
LANTHANUM CARBONATE Granules	Fosrenol [®] Granules	Hyperphosphatemia treatment agents
OSELTAMIVIR Capsules OSELTAMIVIR DS	TAMIFLU [®] Capsule TAMIFLU [®] Dry Syrup	Anti-influenza virus agents

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- 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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