

# **Financial Results for the First Quarter of FY2011**

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**Sawai Pharmaceutical Co.,Ltd.**

Code 4555, First Section of the TSE

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## Overview of the Financial Results for the 1Q of FY2011

- ◆ Compared with the 1Q of FY2010 results which was significantly boosted up by the revision of the additional fee system for generic drugs, Net Sales in 1Q of FY 2011 results increase slightly, due to the Great East Japan earthquake
- ◆ Operating income slightly decreases, however Sawai keeps operating margin above 20%
- ◆ Ordinary income and net income increase

(Unit: Millions of yen, %)

	FY2010 1Q		FY2011 1Q		Year on Year	
	Millions of yen	/Sales (%)	Millions of yen	/Sales (%)	Mil. yen	Growth (%)
<b>Net Sales</b>	15,792	100.0%	<b>15,878</b>	<b>100.0%</b>	86	0.5%
<b>Operating Income</b>	3,489	22.1%	<b>3,382</b>	<b>21.3%</b>	-107	-3.1%
<b>Ordinary Income</b>	3,443	21.8%	<b>3,522</b>	<b>22.2%</b>	79	2.3%
<b>Net Income</b>	1,914	12.1%	<b>2,238</b>	<b>14.1%</b>	324	17.0%

# Sales per Medical Institution Types

- ◆ Total results of delivery to Medical Institutions increase approximately 10% (value basis)
- ◆ Among them, delivery to Pharmacies steadily increases approximately 14% (value basis)

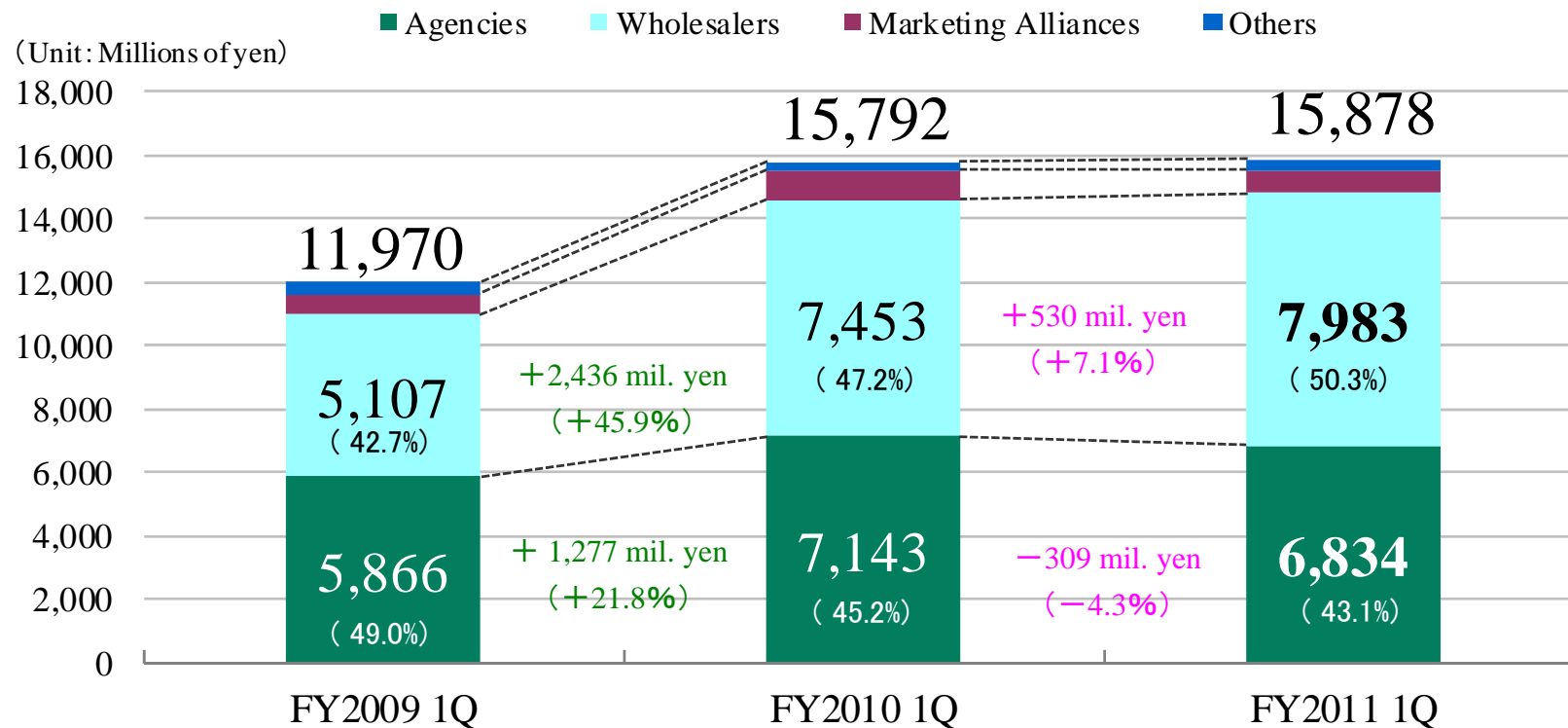
## The Track Record of SAWAI's Products Delivered to Medical Institutions by Distribution Companies

Institution Type	a) Nationwide Total Number	FY2010 1Q		FY2011 1Q			Year on Year	
		Number of Customers	Sales Share	b) Number of Customers	b/a (Coverage Rate)	Sales Share	Changes in Number of Customers	Sales Growth
Hospital	8,742	6,927	16.7%	7,062	80.8%	16.5%	135	8.4%
DPC Hospital	1,449	1,316	8.0%	1,331	91.9%	8.2%	15	12.6%
Clinic	103,000	26,678	23.3%	26,770	26.0%	21.2%	92	0.1%
Pharmacy	81,500	45,708	59.5%	47,363	58.1%	61.7%	1,655	13.9%
Dispensing Pharmacy	55,600	45,347	58.7%	47,032	84.6%	61.0%	1,685	14.1%
Drug stores, etc.	25,900	361	0.8%	331	1.3%	0.7%	-30	-1.2%
Others	-	-	0.5%	-	-	0.6%	-	24.2%
<b>Total</b>	<b>193,242</b>	<b>79,313</b>	<b>100.0%</b>	<b>81,195</b>	<b>(42.0%)</b>	<b>100.0%</b>	<b>1,882</b>	<b>9.8%</b>

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

# Sales by Distribution Channels

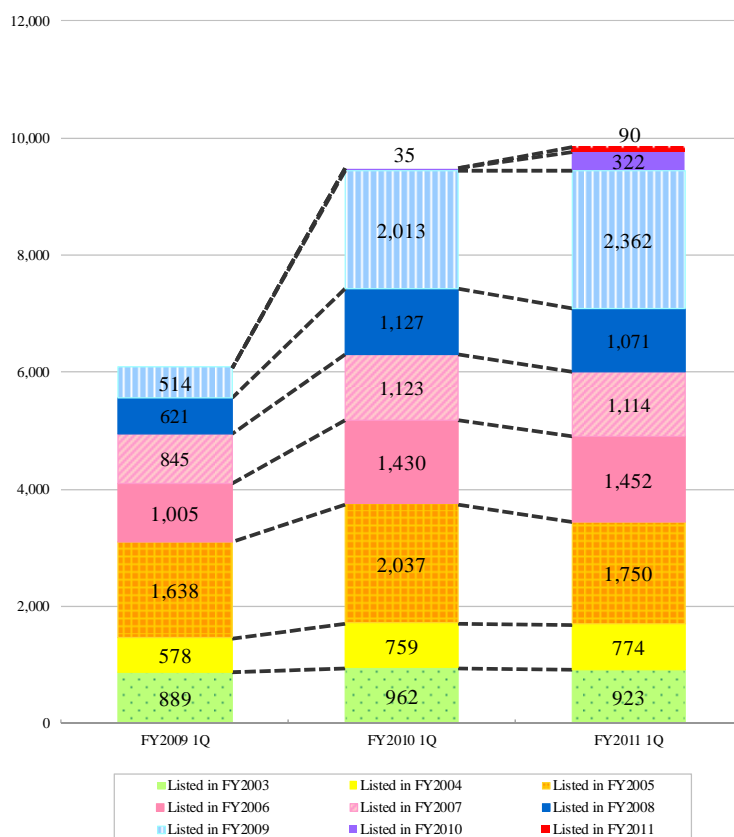
- ◆ Sales through wholesalers increase, however sales through agencies slightly decrease
- ◆ Sales ratio through wholesalers relatively increase



# Sales by Listed Year of Drugs

◆ Drugs listed after FY2009 grow steadily

Unit: Millions of yen



	FY2010 1Q	FY2011 1Q	Y on Y	Rate of achievement
	Mil. yen	Mil. yen	Growth	
Listed in FY2011	-	<b>90</b>	-	4.5%
Listed in FY2010	35	<b>322</b>	816.7%	14.6%
Listed in FY2009	2,013	<b>2,362</b>	17.3%	20.5%
Listed in FY2008	1,127	<b>1,071</b>	-4.9%	19.8%
Listed in FY2007	1,123	<b>1,114</b>	-0.8%	22.7%
Listed in FY2006	1,430	<b>1,452</b>	1.6%	23.0%
Listed in FY2005	2,037	<b>1,750</b>	-14.1%	21.9%
Listed in FY2004	759	<b>774</b>	2.0%	21.5%
Listed in FY2003	962	<b>923</b>	-4.0%	24.3%
Transferred Drug, etc.	368	<b>314</b>	-14.8%	24.2%
Existing Drugs	5,933	<b>5,701</b>	-3.9%	24.3%
<b>Total</b>	<b>15,792</b>	<b>15,878</b>	<b>0.5%</b>	<b>21.9%</b>

# Comparison of Sales Volume

- ◆ Compared with the FY2010 1Q results, sales volume decreases and sales amount increases slightly in FY2011 1Q results
- ◆ Other metabolic drugs are the major factor of sales volume decrease

Therapeutic Category	Volume composition (FY2010 1Q)	Volume composition (FY2011 1Q)	Y on Y (volume)	Y on Y (value)
Gastro-intestinal drugs	23.6%	24.4%	1.0%	7.1%
Cardiovascular drugs	22.3%	22.3%	-2.7%	-1.2%
Central nervous system drugs	13.0%	12.6%	-5.3%	-2.9%
Other metabolic drugs	12.1%	10.4%	-15.8%	-9.3%
Vitamins	8.1%	8.6%	3.7%	1.5%
Blood/body fluid pharmaceutical products	5.1%	5.3%	1.2%	0.8%
Antibiotics	2.6%	2.5%	-4.0%	-4.7%
Antiallergic drugs	1.8%	1.9%	5.6%	11.3%
Chemotherapeutic drugs	0.7%	0.7%	-6.1%	-3.5%
Others	10.8%	11.3%	1.6%	7.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-2.5%</b>	<b>0.5%</b>

# Analysis of Income Statements

(Unit: Millions of yen, %)

	FY2010 1Q		FY2011 1Q		Year on Year	
	Mil. yen	/Sales (%)	Mil. yen	/Sales (%)	Mil. yen	Growth (%)
<b>Net Sales</b>	15,792	100.0%	<b>15,878</b>	100.0%	<b>86</b>	0.5%
Cost of Sales	8,469	53.6%	<b>8,214</b>	51.7%	<b>-255</b>	<b>-3.0%</b>
<b>Gross Profit</b>	7,323	46.4%	<b>7,664</b>	48.3%	<b>341</b>	4.7%
SG&A Expenses	3,833	24.3%	<b>4,282</b>	27.0%	<b>448</b>	11.7%
<b>Operating Income</b>	3,489	22.1%	<b>3,382</b>	21.3%	<b>-107</b>	<b>-3.1%</b>
Non-operating Income and Expenses	<b>-46</b>	-0.3%	<b>140</b>	0.9%	<b>186</b>	
<b>Ordinary Income</b>	3,443	21.8%	<b>3,522</b>	22.2%	<b>79</b>	2.3%
Extraordinary Gain and Loss	<b>-56</b>	-0.3%	<b>-5</b>	0.0%	<b>51</b>	
Income Taxes and Enterprise Taxes, Minority Interests, etc.	1,472	9.3%	<b>1,278</b>	8.1%	<b>-193</b>	
<b>Net Income</b>	1,914	12.1%	<b>2,238</b>	14.1%	<b>324</b>	17.0%

## Major Factors of YOY Changes

(Unit: Millions of yen)

- Variable cost ratio  
(3.3% improve)  
: +500
- Fixed cost increase : - 200

- Personnel Cost : +100
- R&D Expenses : +100
- Others : + 200

# FY2011 Earnings Forecasts

- ◆ Although sales progress is slow, performance after 2Q is expected to recover.
- ◆ Set earnings forecast unchanged

(Unit: Millions of yen, %)

	FY2011 1Q		FY2011 Full Year (Forecast)		
	Mil. yen	/Sales (%)	Mil. yen	/Sales (%)	Rate of Achievement
Net Sales	<b>15,878</b>	100.0%	<b>72,500</b>	100.0%	21.9%
Cost of Sales	<b>8,214</b>	51.7%	<b>38,200</b>	52.7%	21.5%
Gross Profit	<b>7,664</b>	48.3%	<b>34,300</b>	47.3%	22.3%
SG&A Expenses	<b>4,282</b>	27.0%	<b>19,800</b>	27.3%	21.6%
Operating Income	<b>3,382</b>	21.3%	<b>14,500</b>	20.0%	23.3%
Ordinary Income	<b>3,522</b>	22.2%	<b>14,400</b>	19.9%	24.5%
Net Income	<b>2,238</b>	14.1%	<b>8,300</b>	11.4%	27.0%



## Disclaimer

- The plans, forecasts, strategies and other information regarding the Sawai group contained in this presentation involve certain risks and uncertainties, except for historical facts. Therefore, there is no guarantee as to the accuracy of this information.
- 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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