



Financial Results for the 3rd Quarter of FY3/09

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Sawai Pharmaceutical Co., Ltd.

First Section of the Tokyo Stock Exchange, TSE Code 4555

Overview of Financial Results for the 3Q of FY3/09

Increased in both Sales and Profits despite decreasing patients' visit under the recession and fierce market competition
 Ordinary income margin improved as decreased gross margin was recovered by SG&A expenses control, etc.

	3Q of FY3/08		3Q of FY3/09		Year on Year	
	Millions of Yen	/Sales	Millions of Yen	/Sales	Millions of Yen	RC
Net Sales	28,709	100.0%	33,419	100.0%	4,710	16.4%
Operating Income	3,326	11.6%	3,869	11.6%	543	16.4%
Ordinary Income	2,934	10.2%	3,789	11.3%	855	29.2%
Net Income	1,575	5.5%	2,092	6.3%	517	32.8%

Sales by Marketing Channels

Robust sales increase through wholesalers due to GE diffusion

	3Q of FY3/08		3Q of FY3/09		Year on Year	
	Millions of Yen	/Sales	Millions of Yen	/Sales	Millions of Yen	RC
Agencies	16,057	55.9%	17,356	51.9%	1, 299	8.1%
Wholesalers	10,234	35.7%	13,219	39.6%	2,985	29.2%
Others	2,418	8.4%	2,844	8.5%	426	17.7%
Total	28,709	100.0%	33,419	100.0%	4,710	16.4%

Sales per Medical Institution Types

Sales to the pharmacies and to the DPC hospitals increased due to medical system reform

- Pharmacies: Introduction of new prescription form
- Hospitals: Increase of the number of DPC * hospitals

The track record of SAWAI's products delivered to medical institutions by distribution companies

Institution Type	Nationwide Total Number	FY3/07		FY3/08	
		Sales Share	Number of Customers	Sales Share	Number of Customers
Hospitals	8,898	21.2%	6,760	20.6%	6,960
DPC Hospitals	*1 360	3.2%	304	3.5%	309
	*2 358	-	-	1.6%	297
Clinics	104,500	37.9%	30,400	35.6%	31,200
Dispensing Pharmacies	61,700	37.8%	39,000	40.4%	42,000
Others	-	3.1%	-	3.3%	-
Total		100%	76,160	100%	80,160

3Q of FY3/09			Year on Year
Sales Share	Number of Customers	Coverage Rate	Growth Rate
18.9%	6,998	78.6%	5.3%
3.2%	336	93.3%	4.6%
2.1%	314	87.7%	48.7%
30.8%	30,500	29.2%	1.4%
49.5%	44,200	71.6%	45.6%
0.8%	-	-	19.8%
100%	81,698		20.4%

*DPC, Diagnosis Procedure Combination, means fixed payment system for inpatient.

1: These hospitals introduced DPC before FY3/08. 2: These hospitals introduced DPC in FY3/09.

Sales by Listed Years of Drugs

Increase in the sales of life style related drugs listed last 3 years
Although new products' sales are still low, it will go up from FY3/10

	3Q of FY3/08	3Q of FY3/09	Year on Year		FY3/09 Forecast	
	Millions of Yen	Millions of Yen	Millions of Yen	RC	Millions of Yen	Progress
Existing Drugs	13,147	13,701	554	4.2%	17,200	79.7%
Listed in FY 3/03	3,151	3,136	-15	-0.5%	4,200	74.7%
Listed in FY3/04	2,665	2,662	-3	-0.1%	4,600	57.9%
Listed in FY3/05	1,444	1,711	267	18.5%	2,600	65.8%
Listed in FY3/06	4,144	4,877	733	17.7%	6,800	71.7%
Listed in FY3/07	1,773	2,851	1,078	60.8%	3,500	81.5%
Listed in FY3/08	1,179	2,311	1,132	96.0%	2,400	96.3%
Listed in FY3/09	0	1,029	1,029	-	2,200	46.8%
Transferred Drug, etc.	1,202	1,138	-64	-5.3%	1,500	75.9%
Total	28,709	33,419	4,710	16.4%	45,000	74.3%

Analysis of Income Statements

	3Q of FY3/08		3Q of FY3/09		Year on Year	
	Mil. Yen	/Sales	Mil. Yen	/Sales	Mil. Yen	RC
Net Sales	28,709	100.0%	33,419	100.0%	4,710	16.4%
Cost of Sales	15,258	53.1%	18,758	56.1%	3,500	22.9%
Gross Profit	13,450	46.9%	14,661	43.9%	1,211	9.0%
SG&A Expenses	10,124	35.3%	10,791	32.3%	667	6.6%
Operating Income	3,326	11.6%	3,869	11.6%	543	16.4%
Non-Operating Income and Expenditure	-392	-1.4%	-80	-0.3%	312	
Ordinary Income	2,934	10.2%	3,789	11.3%	855	29.2%
Extraordinary Gain and Loss	-222	-0.8%	-104	-0.3%	118	
Net Income	1,575	5.5%	2,092	6.3%	517	32.8%

Major Reasons of YOY changes (Billions of Yen)

Sales increase : + 1.8
Loss on disposal and reevaluation of inventories : 0.6

Personnel Cost : + 0.3
Advertising Cost : + 0.2
Business Consignment Expenses : + 0.2

(FY3/08)
Loss on disposal of inventories : + 0.3

Analysis of Cash Flows Statement

Major Reasons of YOY changes (Billions of Yen)

(Unit: Millions of Yen)	3Q of FY3/08	3Q of FY3/09
Income before Income Taxes and Minority Interests	2,711	3,684
Depreciation and Amortization	1,920	1,984
Working Capitals	-10	-4,085
Other, net	-1,333	-1,388
Cash Flows from Operating Activities	3,287	195
Capital Expenditure	-4,143	-2,053
Other, net	-180	-21
Cash Flows from Investing Activities	-4,323	-2,074
Net Increase/Decrease of Short-and Long-term Bank Loans	-1,552	-1,597
Dividends, etc.	-941	-881
Cash Flows from Financing Activities	-2,494	715
Net Increase in Cash and Cash Equivalents	-3,530	-1,163

Increase in notes and accounts receivables : 3.6
 Increase in inventories : 0.8
 Increase in accounts payable : + 0.3

Income taxes paid : 1.4

Payment for expansion project of Sanda Factory : 0.7

Payment for Dividends : 0.9

FY3/09 Earnings Forecasts

Forecasts as of August 8, 2008 unchanged
Both Sales and Profits increase

Since sales in 4Q of FY3/08 were depressed ahead of the drug price revision, we expect higher sales growth in 4Q of FY3/09 than last year

	FY3/08		FY3/09		Year on Year	
	Millions of Yen	/Sales	Millions of Yen	/Sales	Millions of Yen	RC
Net Sales	37,631	100.0%	45,000	100.0%	7,369	19.6%
Cost of Sales	20,130	53.5%	25,000	55.6%	4,870	24.2%
Gross Profit	17,501	46.5%	20,000	44.4%	2,499	14.3%
SG&A Expenses	13,452	35.7%	15,500	34.4%	2,048	15.2%
Operating Income	4,048	10.8%	4,500	10.0%	452	11.2%
Ordinary Income	3,412	9.1%	4,200	9.3%	788	23.1%
Net Income	1,738	4.6%	2,300	5.1%	562	32.3%