

Financial Results for the 1st Half of FY2009

Sawai Pharmaceutical Co.,Ltd.

Code 4555, First Section of the TSE

November 9, 2009

Overview of Financial Results for the 1H of FY2009

- ◆ Increase in both Sales and Profits in spite of slow GE market expansion
- ◆ Drastic profit increase, in addition to the Sales growth, due to the improvement of Cost of Sales and the control of SG&A Expenses

	1H of FY2008	1H of FY2009	Year on Year		1H of FY2009 (Forecast on May 11,2009)	
	Millions of yen	Millions of yen	Mil. yen	Growth (%)	Millions of yen	Difference
Net Sales	21,367	23,972	2,605	12.2	23,200	772
Operating Income	1,800	3,529	1,729	96.1	2,150	1,379
Ordinary Income	1,727	3,485	1,758	101.8	2,000	1,485
Net Income	920	2,000	1,080	117.5	1,100	900

Business Policy of FY2009

Basic Policy of Medium-term Business plan (09-11) — *M1 TRUST*

- I. Sales growth far exceeding market growth rate
- II. Further strengthening of management structure by thorough cost control and effective strategic investment
- III. Establish robust SAWAI brand

Business plan and its progress for the 1H of FY2009

1. Sure launch of big marketable products
 - 34 products (launched on May) and 29 products (scheduled on November)
 - Our products' composition is No.1 in this industry
2. Improvement of "sales quality" by strengthening the marketing function
 - Increase of adoption volume by hospitals and sales of focused products (for lifestyle related diseases drugs, etc)
3. Thorough cost control
 - Control the cost of sales and SG&A expenses by cost saving campaign

Sales per Medical Institution Types

- ◆ Sales growth to the hospitals, especially expanding sales to the existing customers
- ◆ DPC hospitals increased to 1,283 hospitals: 335 hospitals and 232 hospitals introduced DPC in April and July in 2009
- ◆ Steady sales growth to the dispensing pharmacies

The Track Record of SAWAI's Products Delivered to Medical Institutions by Distribution Companies (Non-consolidated)

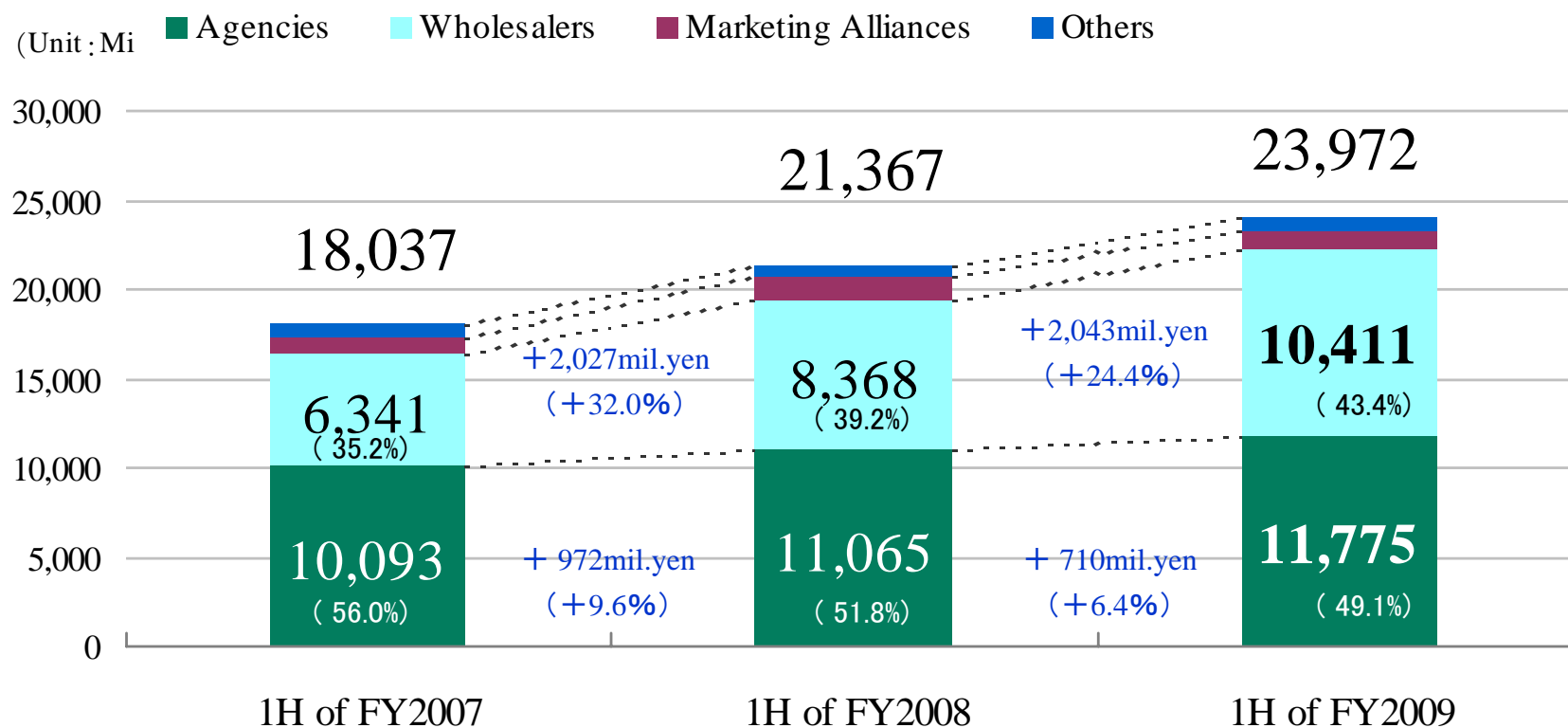
Institution Type	b) Nationwide Total Number	1H of FY2008		1H of FY2009			Year on Year	
		a) Number of Customers	Sales Share	a) Number of Customers	a/b (Coverage Rate)	Sales Share	Changes in Number of Customers	Sales Growth
Hospital	8,856	6,757	18.1%	6,960	(78.6%)	19.8%	203	24.5%
DPC Hospital	*1	359	2.9%	333	(92.8%)	3.1%	3	22.0%
	*2	357	1.9%	311	(87.1%)	2.5%	5	47.6%
	*3	567	1.5%	504	(88.9%)	3.0%	53	117.4%
Clinic	103,500	28,850	30.5%	29,398	(28.4%)	29.0%	548	8.4%
Dispensing Pharmacy	63,000	43,063	51.3%	44,696	(70.9%)	50.6%	1,633	12.6%
Others	-	-	0.1%	-	-	0.6%	-	1138.9%
Total	175,356	78,670	100.0%	81,054	(46.2%)	100.0%	2,384	14.1%

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

*1: These hospitals introduced DPC before FY2007 *2: These hospitals introduced DPC in FY2008 *3: These hospitals introduced DPC in FY2009

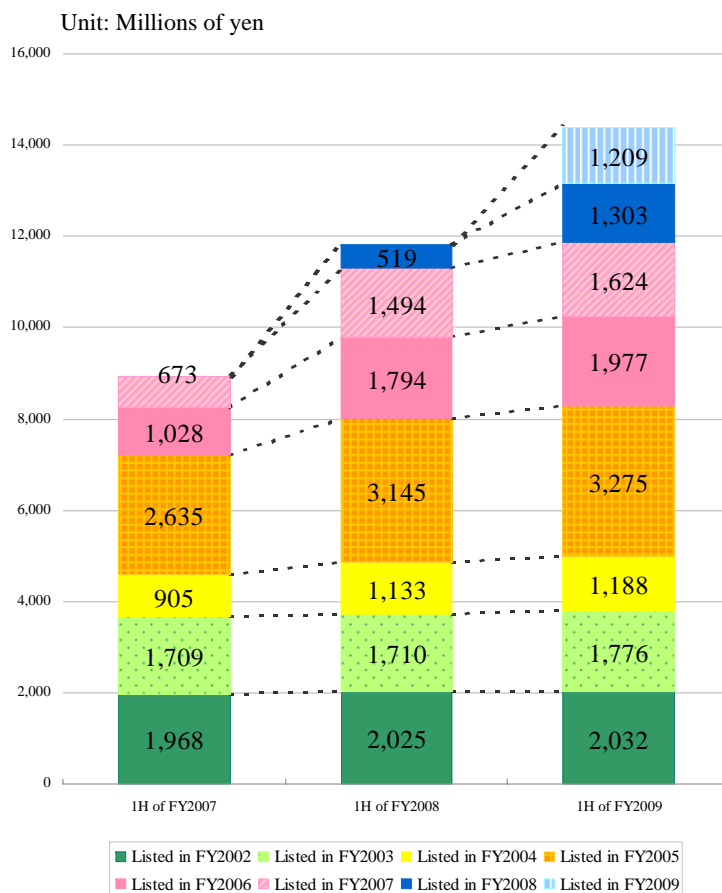
Sales by Marketing Channels

◆ Steady sales growth through wholesalers due to expanding sales to pharmacies and hospitals



Sales by Listed Year of Drugs

- ◆ Increase in the sales of life style related disease drugs listed in FY2005 through FY2007
- ◆ New products listed in 2008 and 2009 lead sales growth



	1H of FY2008	1H of FY2009	Full Year of FY 2009 (Forecast)	
	Mil. yen	Mil. yen	Planned Sales	Progress
Listed in FY2009	-	1,209	3,000	40.3%
Listed in FY2008	519	1,303	2,600	50.1%
Listed in FY2007	1,494	1,624	3,200	50.8%
Listed in FY2006	1,794	1,977	3,900	50.7%
Listed in FY2005	3,145	3,275	6,500	50.4%
Listed in FY2004	1,133	1,188	2,200	54.0%
Listed in FY2003	1,710	1,776	3,700	48.0%
Listed in FY2002	2,025	2,032	4,300	47.3%
Transferred Drug, etc.	731	738	1,500	49.2%
Existing Drugs	8,811	8,845	18,100	48.9%
Total	21,367	23,972	49,000	48.9%

Analysis of Income Statements

	1H of FY2008		1H of FY2009		Year on Year	
	Mil. yen	/Sales (%)	Mil. yen	/Sales (%)	Mil. yen	Growth (%)
Net Sales	21,367	100.0%	23,972	100.0%	2,605	12.2%
Cost of Sales	12,170	57.0%	12,910	53.9%	740	6.1%
Gross Profit	9,197	43.0%	11,062	46.1%	1,864	20.3%
SG&A Expenses	7,397	34.6%	7,532	31.4%	135	1.8%
Operating Income	1,800	8.4%	3,529	14.7%	1,729	96.1%
Non-operating Income and Expenses	-72	-0.3%	-43	-0.2%	29	
Ordinary Income	1,727	8.1%	3,485	14.5%	1,758	101.8%
Extraordinary Gain and Loss	-73	-0.3%	-33	-0.1%	40	
Income Taxes and Enterprise Taxes, Minority Interests, etc.	733	3.4%	1,451	6.1%	718	
Net Income	920	4.3%	2,000	8.3%	1,080	117.5%

Major Factors of YOY Changes (Unit: Millions of yen)

- Sales increase : +1400
- Loss on disposal and reevaluation of inventories : +300

- Advertising Cost : -200
- Personnel Cost : + 200

Analysis of Cash Flows Statement

(Unit: Millions of yen)

	1H of FY2008	1H of FY2009
Income before Income Taxes and Minority Interests	1,653	3,452
Depreciation and Amortization	1,325	1,497
Working Capital	-895	-255
Income Taxes Paid	-833	-1,396
Other, net	-227	346
Cash Flows from Operating Activities	1,022	3,643
Capital Expenditure	-1,622	-3,767
Other, net	-153	-78
Cash Flows from Investing Activities	-1,776	-3,846
Net Increase/Decrease of Short- and Long-term Bank Loans	-54	1,454
Dividends	-392	-392
Other, net	-17	-6
Cash Flows from Financing Activities	-465	1,055
Net Increase in Cash and Cash Equivalents	-1,219	852

Major Factors of YOY Changes

(Unit: Millions of yen)

- Increase in notes and accounts receivables: -900
- Increase in inventories: -1,800
- Increase in accounts payable: +2,400

- Payment for the 3rd stage expansion project of the Sanda Factory: -2,300

- Increase in long-term debt: +1,100

Approach in next half of FY2009

1. Sure launch of big marketable products

- Get sure approval for the drugs scheduled to be listed after next year
- Development of value-added products corresponding market needs

2. Improvement of “sales quality” by strengthening the marketing function

- Strengthen of sales power for hospital’s adoption and sales growth of focused products

3. Thorough cost control

- Further spread of cost saving campaign and cost effective activities

FY2009 Earnings Forecasts

- ◆ Profit: Revise positively due to 1H progress
- ◆ Net Sales: Forecasts as of May 11, 2009 unchanged

(Unit: Millions of yen, %)

	FY2008		FY2009 Forecast (revised)		Year on Year	FY2009 Forecast (original)	
	Mil. yen	/Sales (%)	Mil. yen	/Sales (%)	Growth (%)	Mil. yen	Differences
Net Sales	44,284	100.0%	49,000	100.0%	10.6%	49,000	0
Cost of Sales	25,156	56.8%	26,300	53.7%	4.5%	26,800	-500
Gross Profit	19,128	43.2%	22,700	46.3%	18.7%	22,200	500
SG&A Expenses	14,460	32.7%	15,900	32.4%	10.0%	16,400	-500
Operating Income	4,667	10.5%	6,800	13.9%	45.7%	5,800	1,000
Ordinary Income	4,479	10.1%	6,700	13.7%	49.6%	5,600	1,100
Net Income	2,438	5.5%	3,800	7.8%	55.8%	3,150	650

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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