



TOWA PHARMACEUTICAL CO., LTD.

Supplementary material of financial results for the 1Q of the year ending March 2016

August, 2015

(stock ticker number : 4553)

Summary

- Sales increased by 17.9% year-on-year. The sales was in line with the plan.
- COGS rate decreased by 0.9 point year-on-year due to decrease of manufacturing cost by increasing volume with no NHI price revision.
- SGA increased by 12.0% year-on-year. Increase in R&D cost due to increase of products to be developed, labor cost by increase of employees, advertisement cost is impacted a lot. On the other hand, compared with the budget, labor cost and R&D cost are behind.
- OP income increased by 43.5% year-on-year. OP income is over the plan due to SGA behind the budget, but will be in line with the plan by the end of this financial year.
- 2Q and the full year forecast for 16/3 was not revised.

Outline of the financial results for the 1Q of the year ending March 2016

Period	16/3 1Q			15/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Net sales	19,430	100.0	+ 17.9	16,486	100.0
COGS	9,611	49.5	+ 15.7	8,309	50.4
SGA	6,805	35.0	+ 12.0	6,078	36.9
Operating income	3,012	15.5	+ 43.5	2,099	12.7
Ordinary income	3,338	17.2	+ 65.2	2,021	12.3
Profit attributable to owners of parent	2,240	11.5	+ 74.6	1,282	7.8

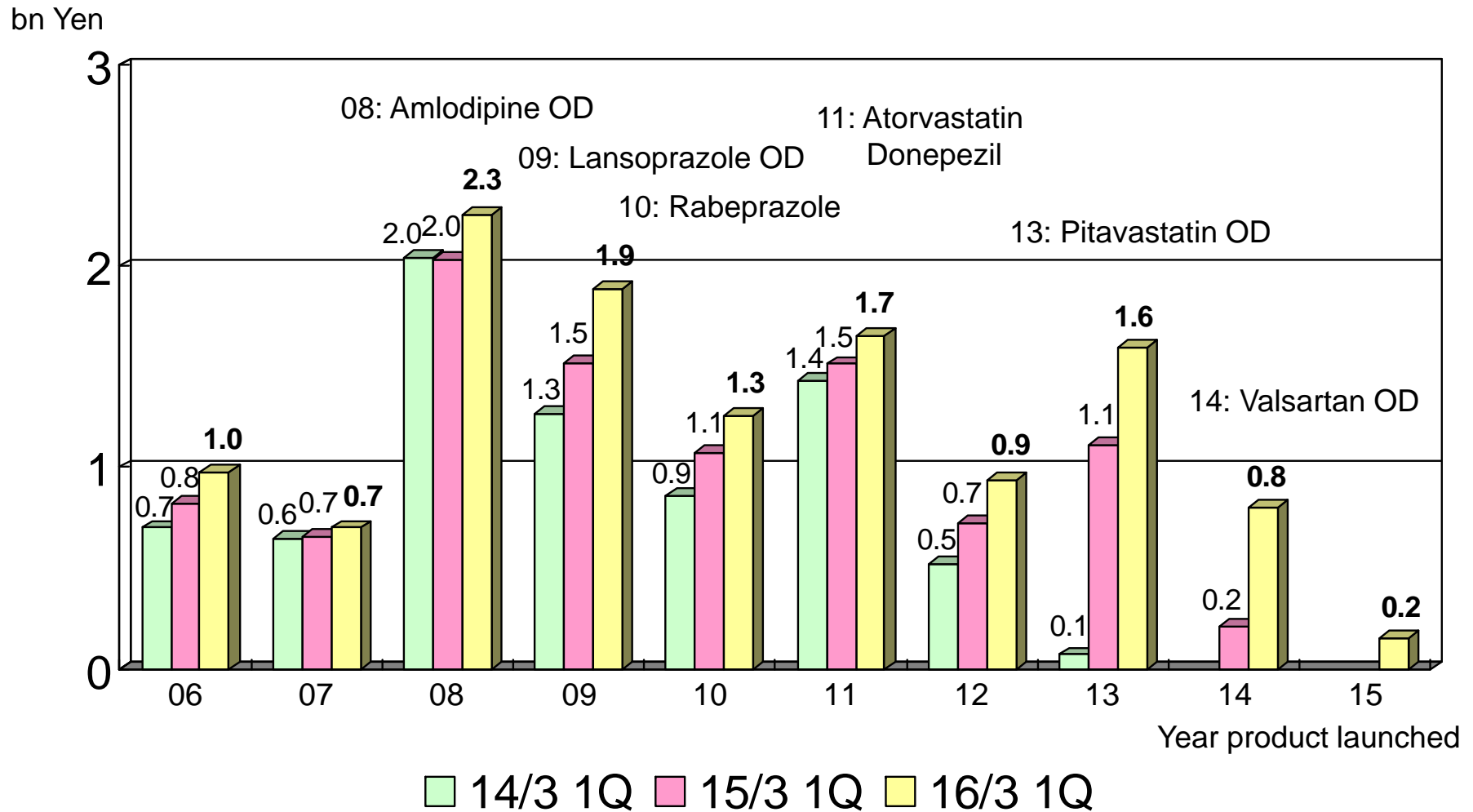
Exchange rate	2015/6	2015/3	2014/6	2014/3
US\$1.00	121.45 yen	119.17 yen	100.36 yen	101.92 yen

Outline of the financial results for the 1Q of the year ending March 2016 (progress rate)

Period	16/3							
	1Q		2Q plan			Full-year plan		
	(million Yen)	Ratio to sales (%)	(million Yen)	Ratio to sales (%)	Progress rate in %	(million Yen)	Ratio to sales (%)	Progress rate in %
Net sales	19,430	100.0	38,500	100.0	50.5	82,000	100.0	23.7
COGS	9,611	49.5	19,000	49.4	50.6	40,500	49.4	23.7
SGA	6,805	35.0	14,800	38.4	46.0	30,000	36.6	22.7
Operating income	3,012	15.5	4,700	12.2	64.1	11,500	14.0	26.2
Ordinary income	3,338	17.2	4,600	11.9	72.6	11,500	14.0	29.0
Profit attributable to owners of parent	2,240	11.5	3,200	8.3	70.0	8,200	10.0	27.3

Sales of products by launched year

Products launched after 09 increased steadily.

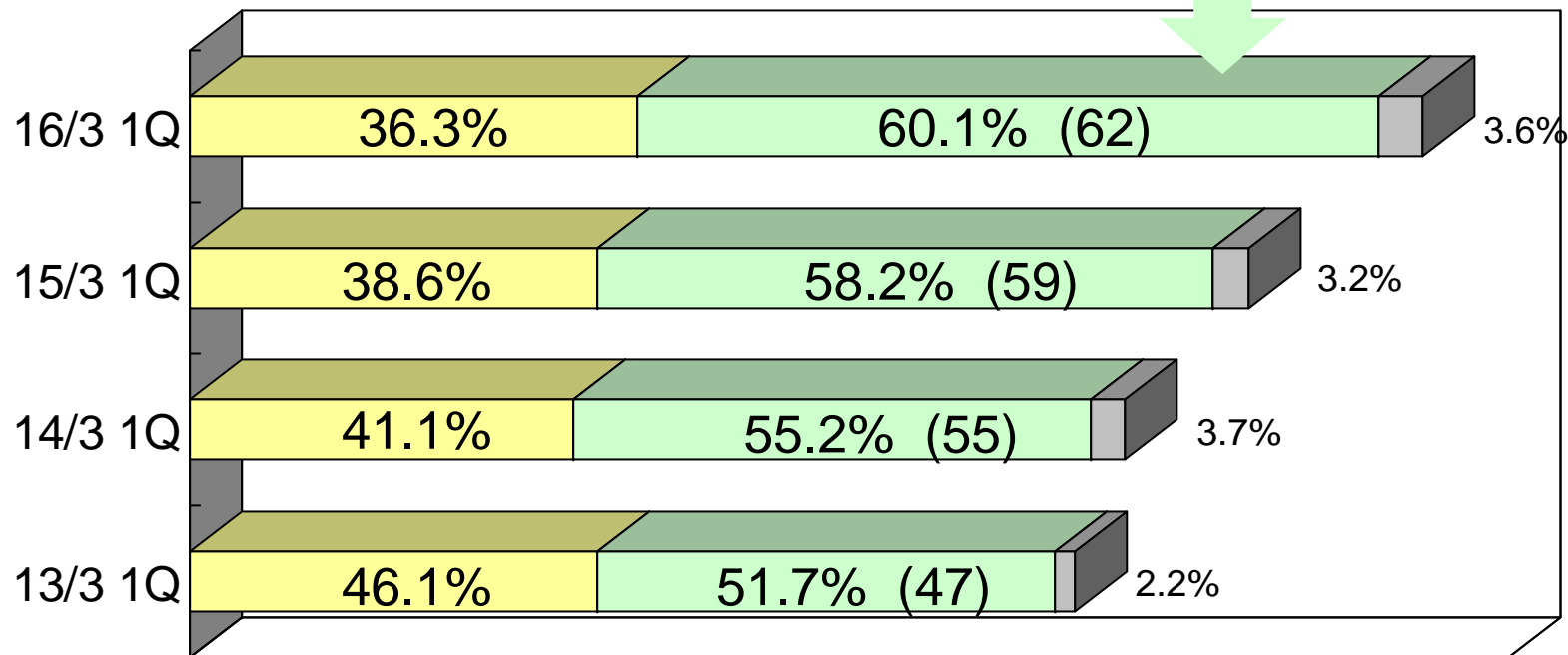


Sales of channels

(non-consolidated)

Ratio of direct sales increased due to changing sales agent to sales office and opening new offices, and increased headquarter transaction.

() is the number of sales offices.

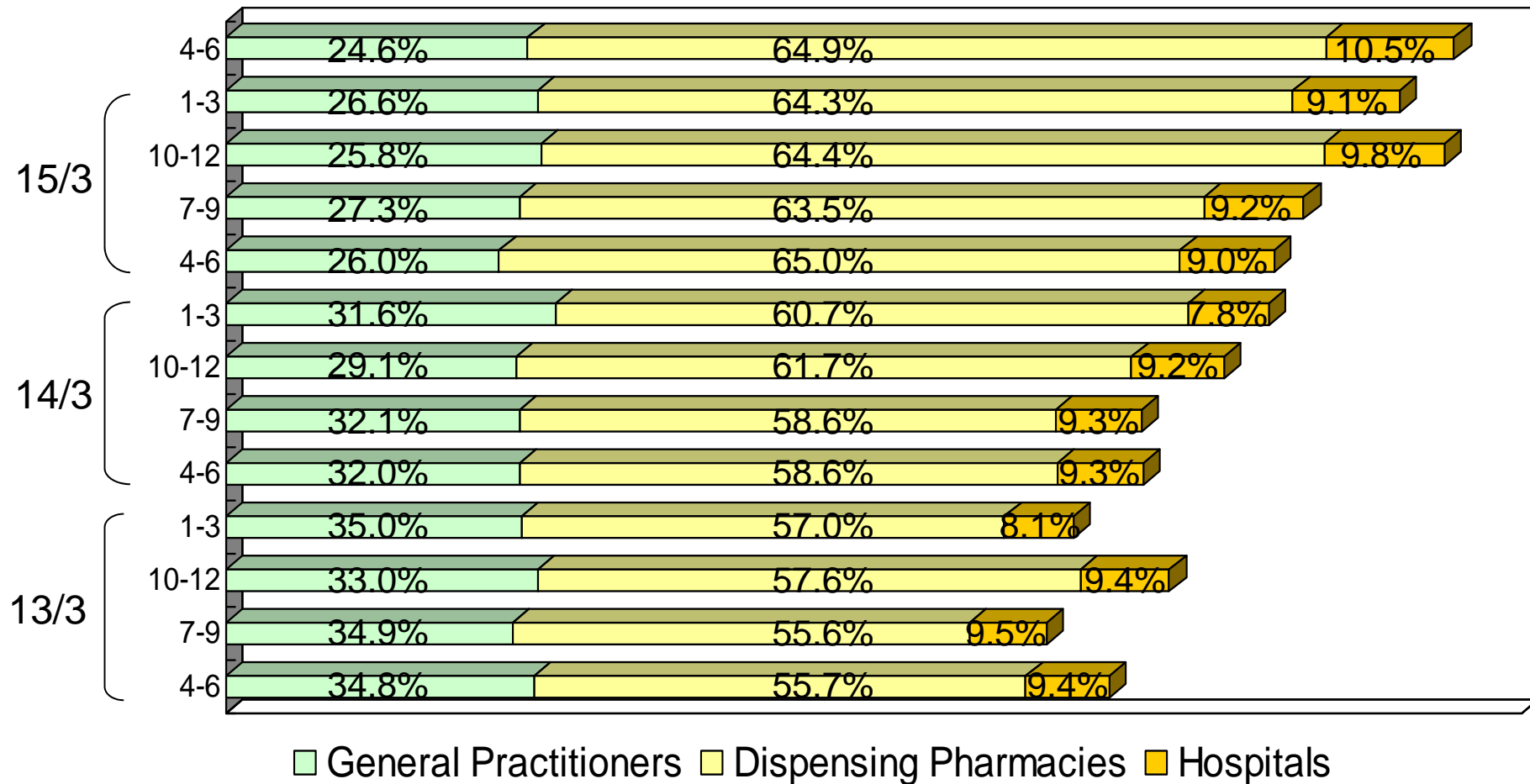


■ Sales agent ■ Direct sales ■ Others

Sales of medical institutions

(non-consolidated)

Sales rate of dispensing pharmacies keeps well under good sales growth.



Excluding sales by other companies.

Assuming sales of general practitioners, dispensing pharmacies and hospitals is 100%.

SGA

Period	16/3 1Q			15/3 1Q	
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)
Labor	2,978	15.3	+ 11.8	2,664	16.2
R&D	1,568	8.1	+ 20.3	1,303	7.9
Packing and freight	360	1.9	+ 15.2	312	1.9
Ad.	285	1.5	+ 22.0	234	1.4
Depreciation cost	221	1.1	+ 3.5	213	1.3
Commission	255	1.3	+ 12.3	227	1.4
Others	1,136	5.8	+ 1.3	1,121	6.8
SGA	6,805	35.0	+ 12.0	6,078	36.9

SGA increased by 12.0% year-on-year. Increase in R&D cost due to increase of products to be developed, labor cost by increase of employees, advertisement cost is impacted a lot. On the other hand, compared with the budget, labor cost and R&D cost are behind. Depreciation cost for R&D is excluded from the above figure of depreciation cost.

Balance Sheets

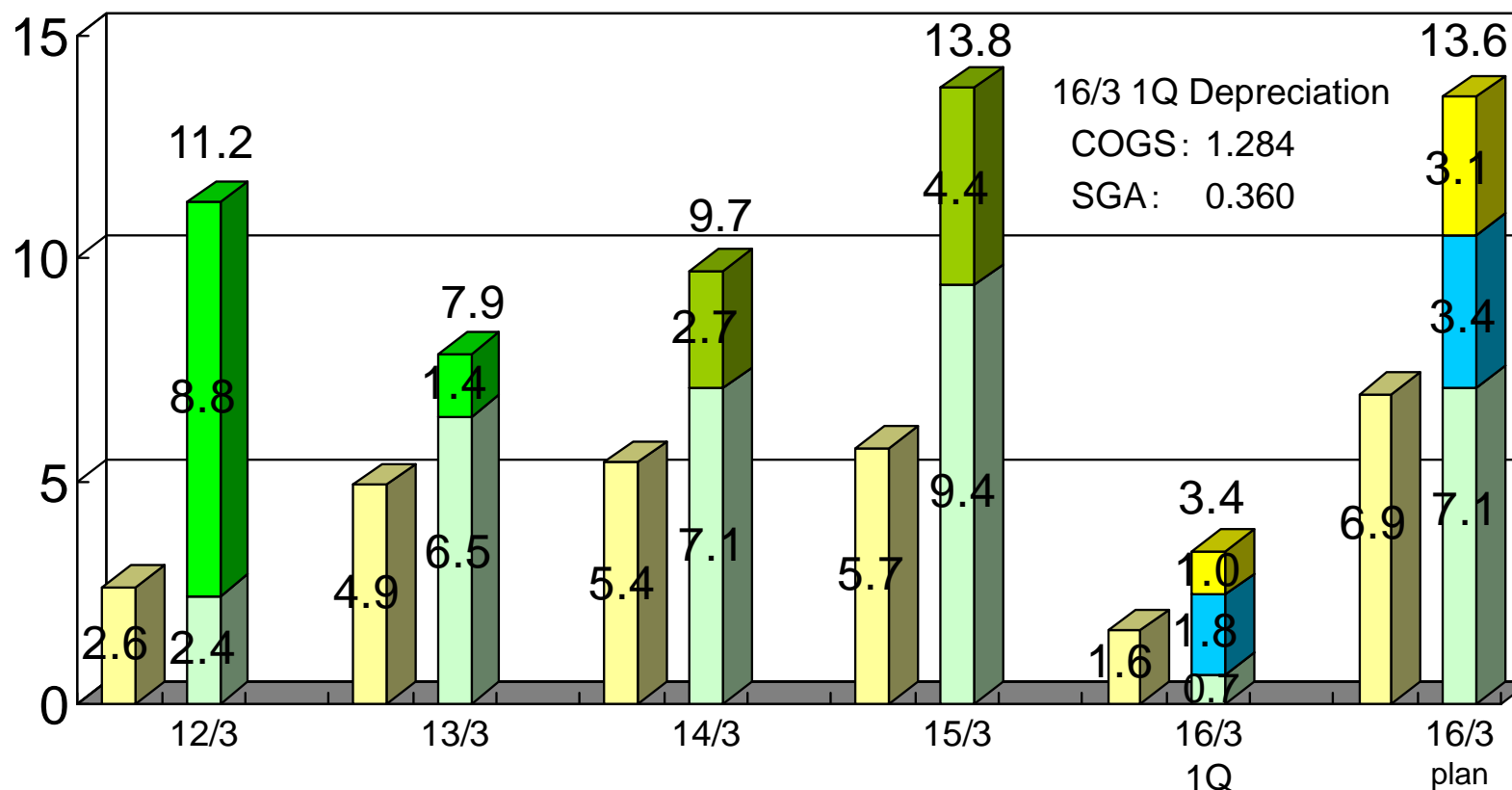
(million Yen)

	15/6	15/3	Change
Cash and deposits	9,872	3,009	+ 6,862
Trade notes and accounts receivable	22,887	22,669	+ 217
Marketable securities	2,000	3,198	- 1,198
Finished products	17,793	16,677	1,115
Other current assets	21,360	21,086	+ 273
Total current assets	73,913	66,642	+ 7,270
Buildings and structures	24,373	24,750	- 376
Machineries, equipments and carriers	13,213	12,433	+ 779
Other fixed assets	18,141	17,360	+ 781
Total fixed assets	55,728	54,544	+ 1,184
Total assets	129,642	121,187	+ 8,454

	15/6	15/3	Change
Trade notes and accounts payable	12,276	12,577	- 300
Current portion of long-term debt	2,255	2,505	- 250
Income taxes payable	537	3,366	- 2,828
Other current liabilities	13,382	12,605	+ 777
Total current liabilities	28,452	31,054	- 2,602
Long-term debt	28,311	18,468	+ 9,842
Other long-term liabilities	1,528	1,616	- 87
Total long-term liabilities	29,840	20,085	+ 9,754
Total liabilities	58,292	51,139	+ 7,152
Total net assets	71,350	70,048	+ 1,302
Total liabilities and net assets	129,642	121,187	+ 8,454

Capital expenditure and depreciation cost

bn Yen

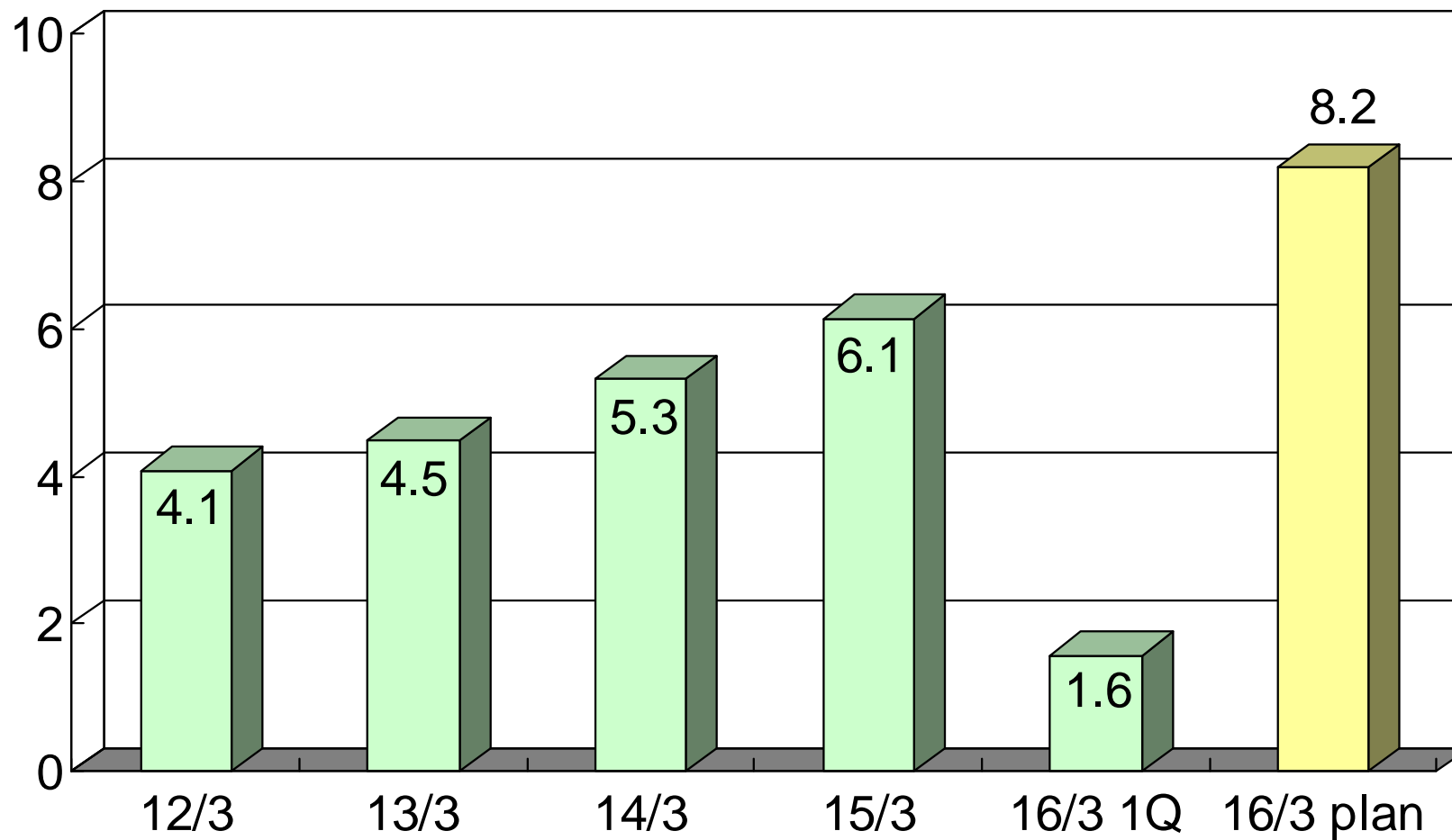


16/3 1Q Depreciation
COGS: 1.284
SGA: 0.360

- Depreciation cost
- Capital expenditure for Yamagata Plant
- Capital expenditure for Okayama Plant extension
- Capital expenditure for others
- Capital expenditure for Daichi Kasei
- Capital expenditure for Yamagata Plant extension

R&D expenditure

bn Yen



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