

# Opportunities and Challenges for Sustainable Growth

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**President, Sawai Pharmaceutical Co.,Ltd.**

**July 1, 2016**

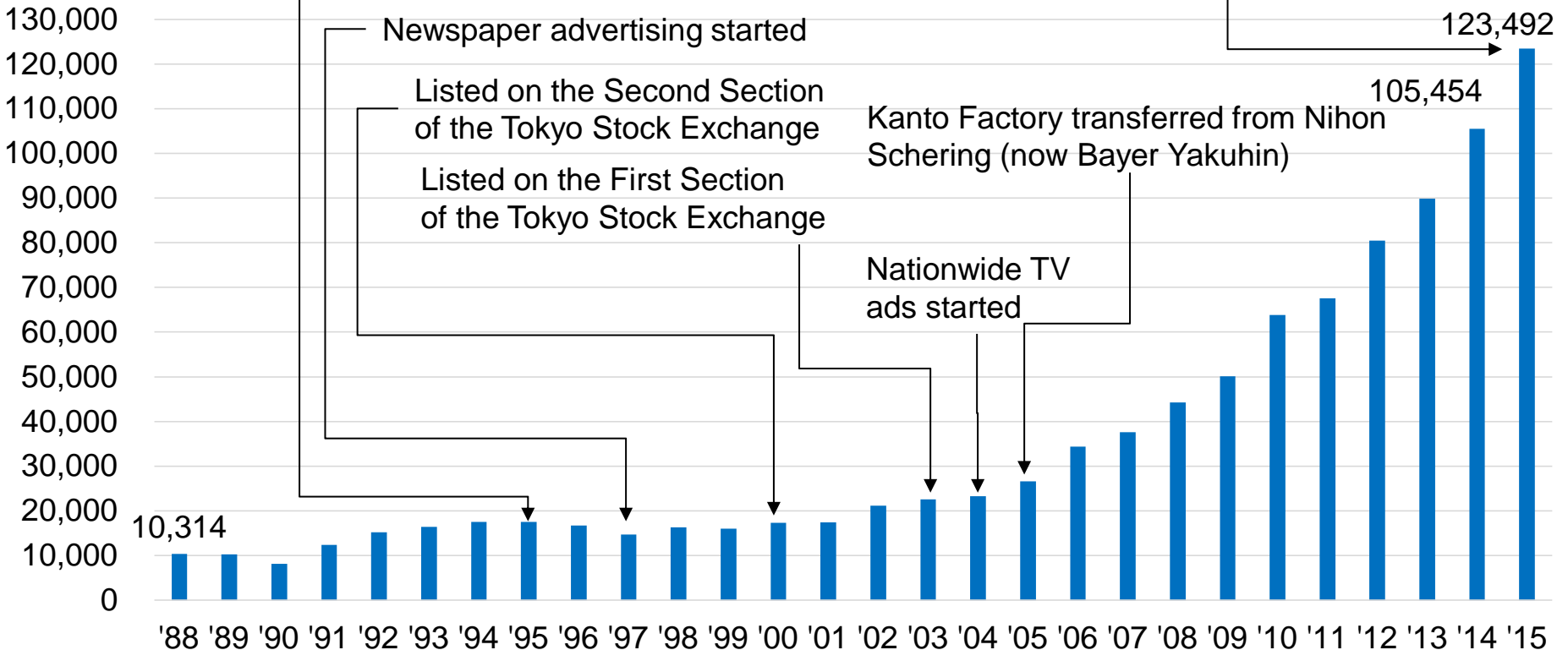


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# Sawai History

Net Sales  
(million Yen)



Kashima Factory absorbed through a spin-off process from Mitsubishi Tanabe Pharmaceutical Development Center completed

Kanto Factory transferred from Nihon Schering (now Bayer Yakuhiin)

Nationwide TV ads started



Implementation of the generic use incentives into the Japanese healthcare insurance scheme

# Sawai Corporate Profile

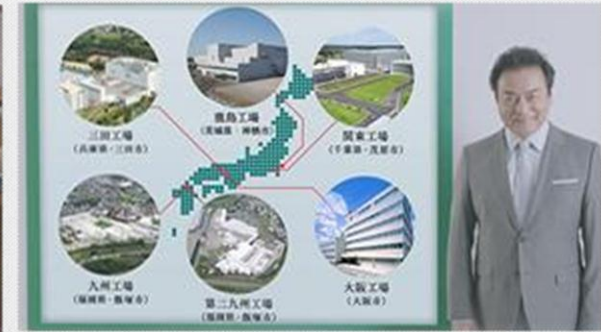
Founded	April 1, 1929 (started as a pharmacy)
Incorporated	July 1, 1948
Head Office	Yodogawa Ward, Osaka, Japan
Paid-In Capital	27.1 billion Yen
Employees	1,490 (as of March 31, 2016)
Net Sales	123.4 billion Yen (FY2015)
Products	Around 670 ethical pharmaceuticals, such as cardiovascular drugs, antihyperlipidemic agents, diabetes drugs, anticancer drugs, and OTC drugs
Manufacturing Sites	6 sites (Kashima, Kanto, Osaka, Sanda, Kyushu, Daini Kyushu)
MRs	About 500 MRs (9 branches / 12 area offices)
Customers	About 7,800 hospitals such as national hospital throughout the country / about 34,000 general practitioners / about 55,000 dispensing pharmacies
Generics Campaigns	Newspaper ads (1997-) / TV ads (2004-) <u>Sawai has tried for the enlightenment of the generics as a GE leading company in Japan.</u>



Head Office /Research Labs,  
Osaka

# Wide-Ranging Publicity Activities

A variety of TV commercials



Booklets



A website for medical professionals



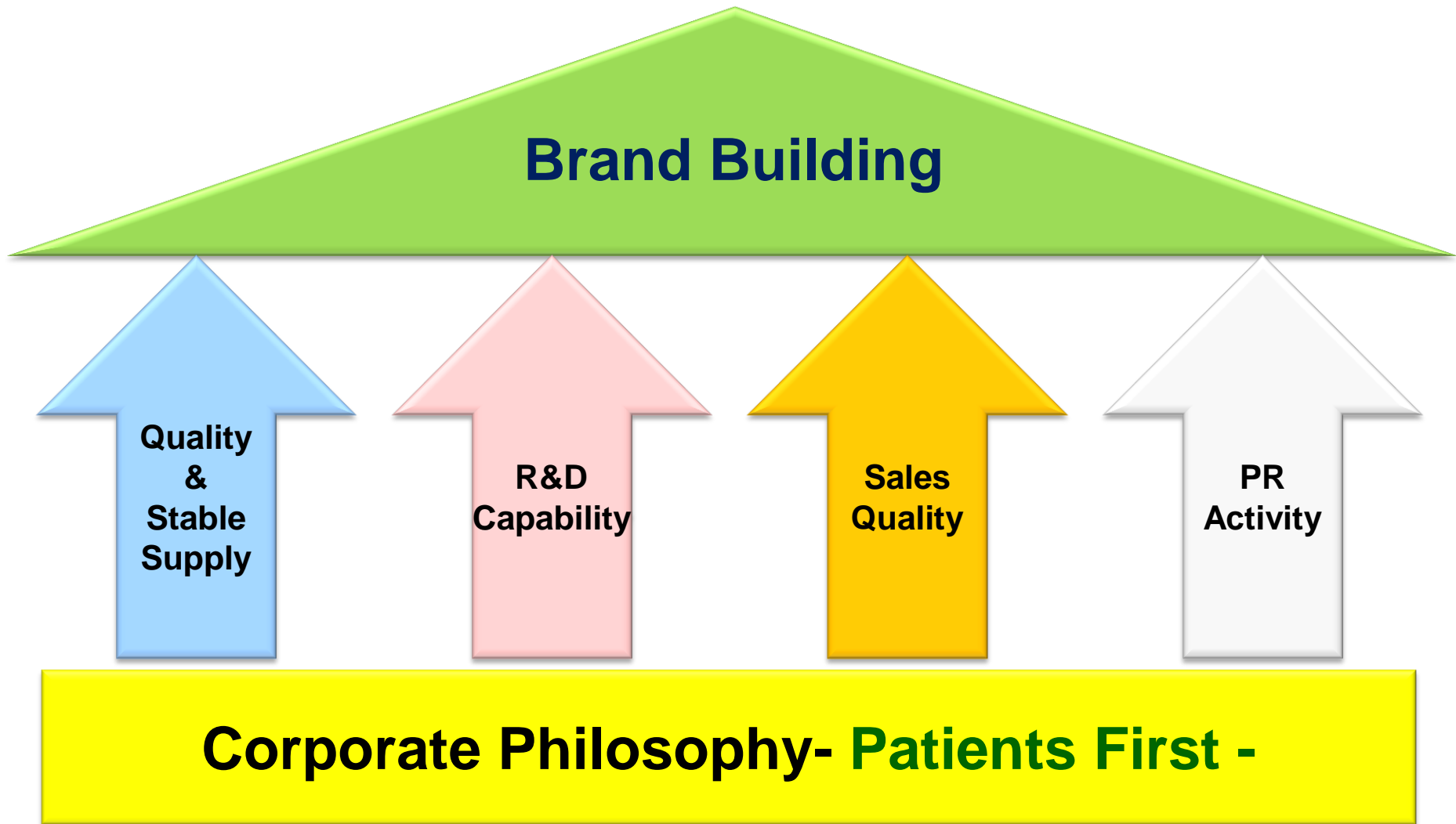
A website for the general public



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# Essential Elements for Long-term Growth



# Sawai Pharmaceutical Value-added Technologies

## Design of products easily taken by patients

Change of dosage form	Reformulation of large, hard-to-swallow capsules into tablets
Miniaturized tablets	Miniaturization of large, hard-to-swallow tablets
ODTs	Development of Orally Disintegrating Tablets (ODTs)

## Enhancements that facilitate prescription and dispensing for healthcare providers

Easy to split	Scored tablets easy to split
Improved stability	Improved stability against humidity, temperature, light etc.

## Improvements of safe medication practices based on reducing medical errors

Better containers	New, high-safety containers that protect against breakage
Pre-filled syringes/ Pre-mixed bags	Switch to ready-to-use medical products
Clear displays	Clear descriptions of drug names, standards and effects included in packaging

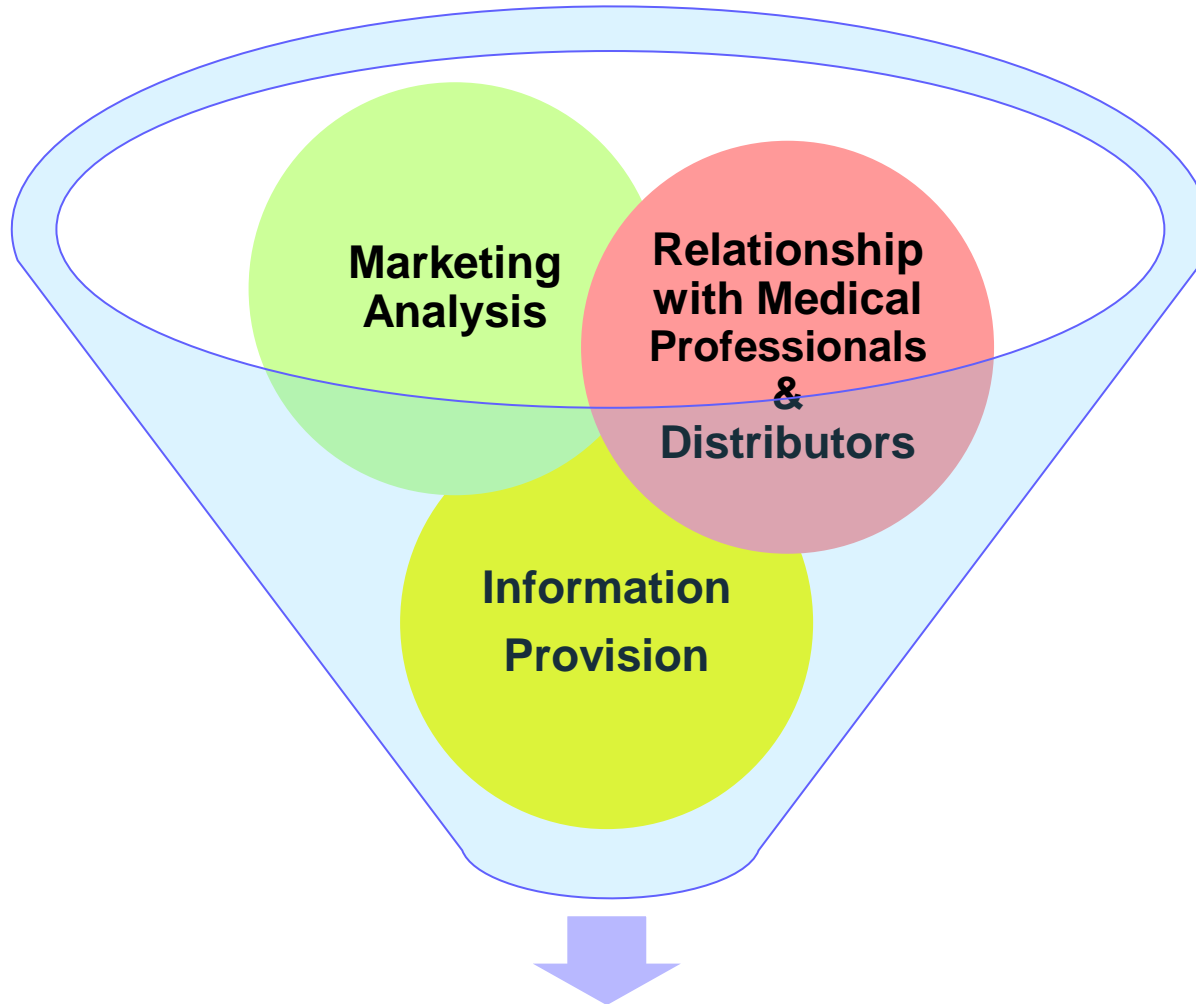


Candesartan orally disintegrating (OD) tablets  
Available in dosages of 2mg, 4mg, 8mg, and 12mg

These tablets are printed on both sides with the name of the ingredients and specifications in indelible, edible green ink for ease of identification.



# Sales Quality



Upgrade the Sales Quality

# Continuous PR Activities



Television Commercial



News Paper Ads

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# Government Promotion of Generics in Japan

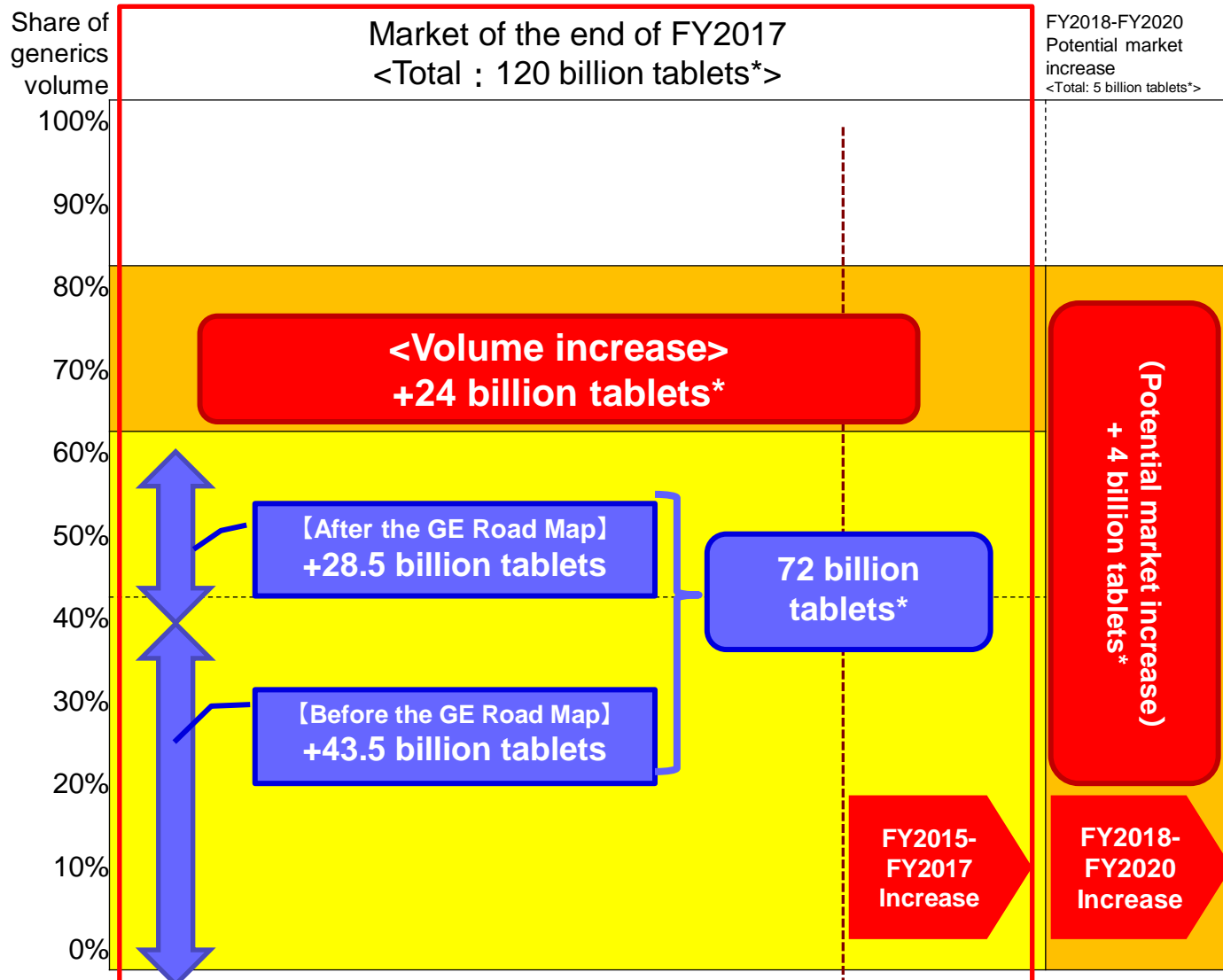
## 2015 economic and fiscal policy guidelines

Japan has set the penetration rate of generics in Japan “to 70% or more by mid-2017 and to 80% or more at the earliest possible date between FY2018 and the end of FY2020”.

## Promotion of generic prescriptions by the government and insurers

Volume of generics will rapidly increase until FY2020.

# Necessary Increase in Production of Generics (Image)



Based on FY2014 estimation (partly IMS data was used), volumes estimated for FY2017 and FY 2020 by JGA were used.

\*Volume measured in units equivalent to number of tablets

# Opportunities/Threats

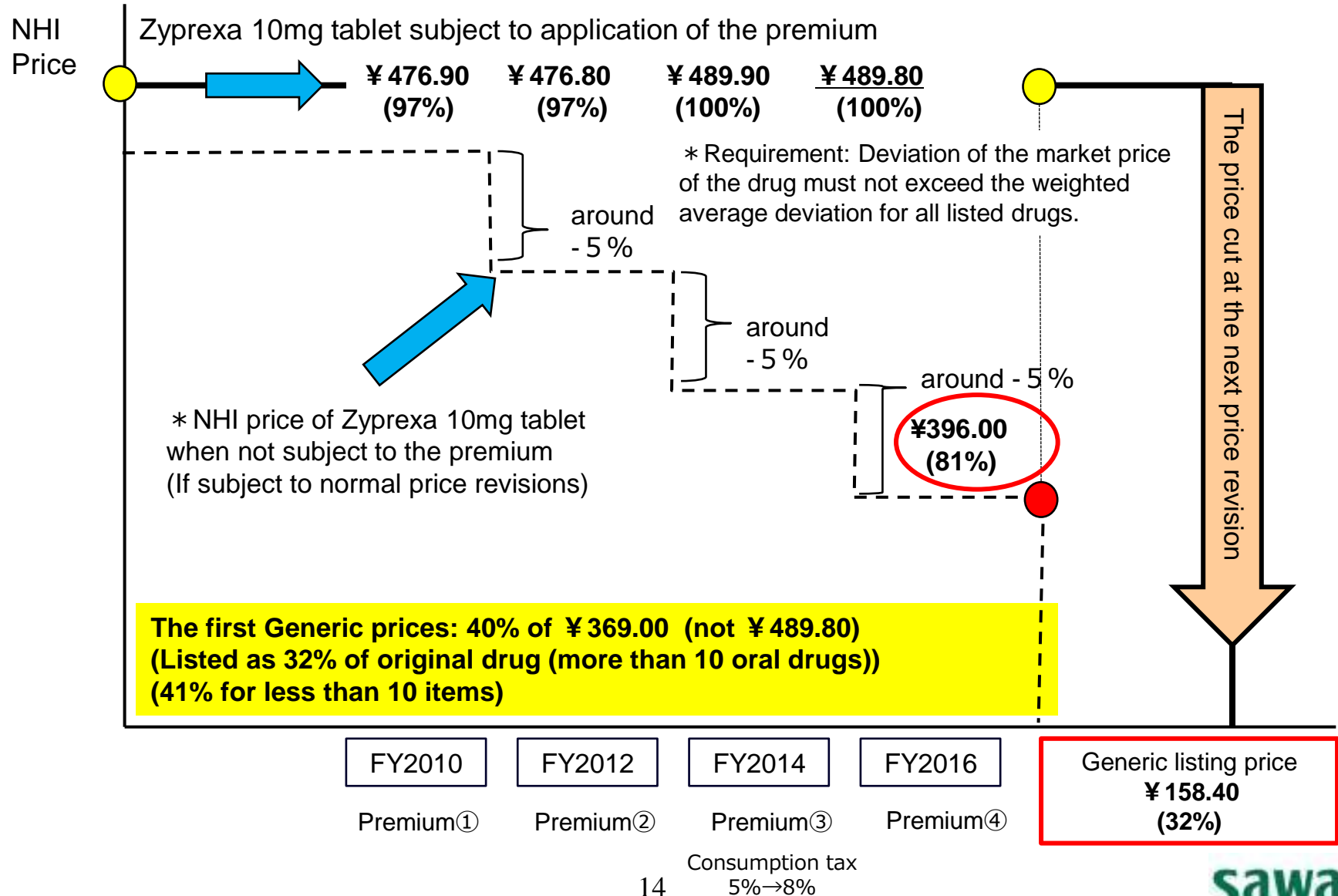
## Opportunities

- Thanks to the promotion of generic penetration by the government, the increasing trend in the volume of the generics will continue.
- Other than cardiovascular products, patent expiry of blockbuster drugs of expensive bio-pharmaceuticals and low molecular anticancer agents will continue.

## Threats

- We need increased large investment in production capacity but, on the other hand, increased reductions on NHI prices is anticipated.
- Due to launching AG prior to standard generics, the share of standard GEs will decrease.
- Group purchasing will become more widespread and the demand for lower prices will be strengthened.

# NHI Price of Zyprexa (Olanzapine) Subject to the Premium for New Drug Development and the Price of its Generics

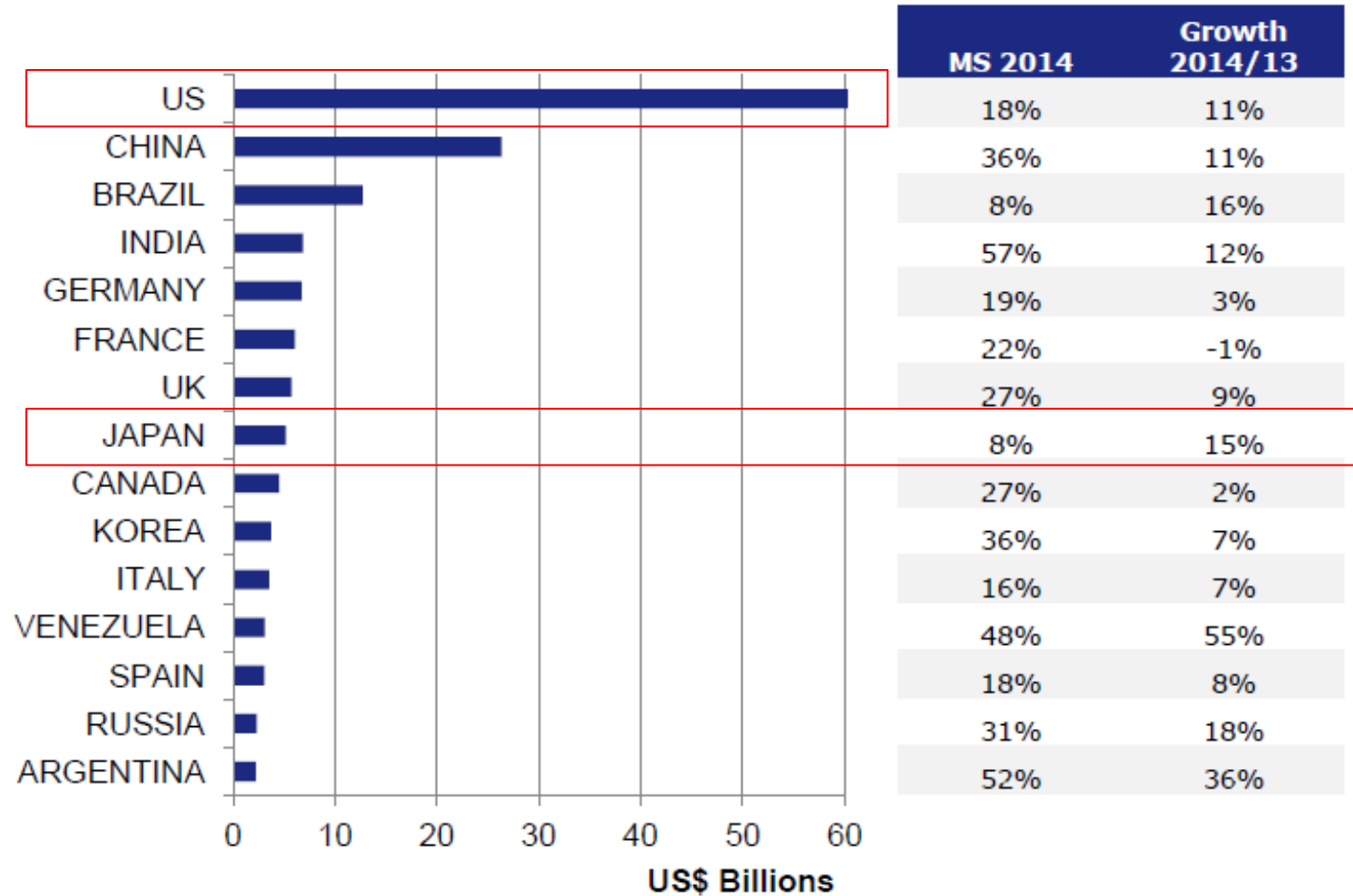


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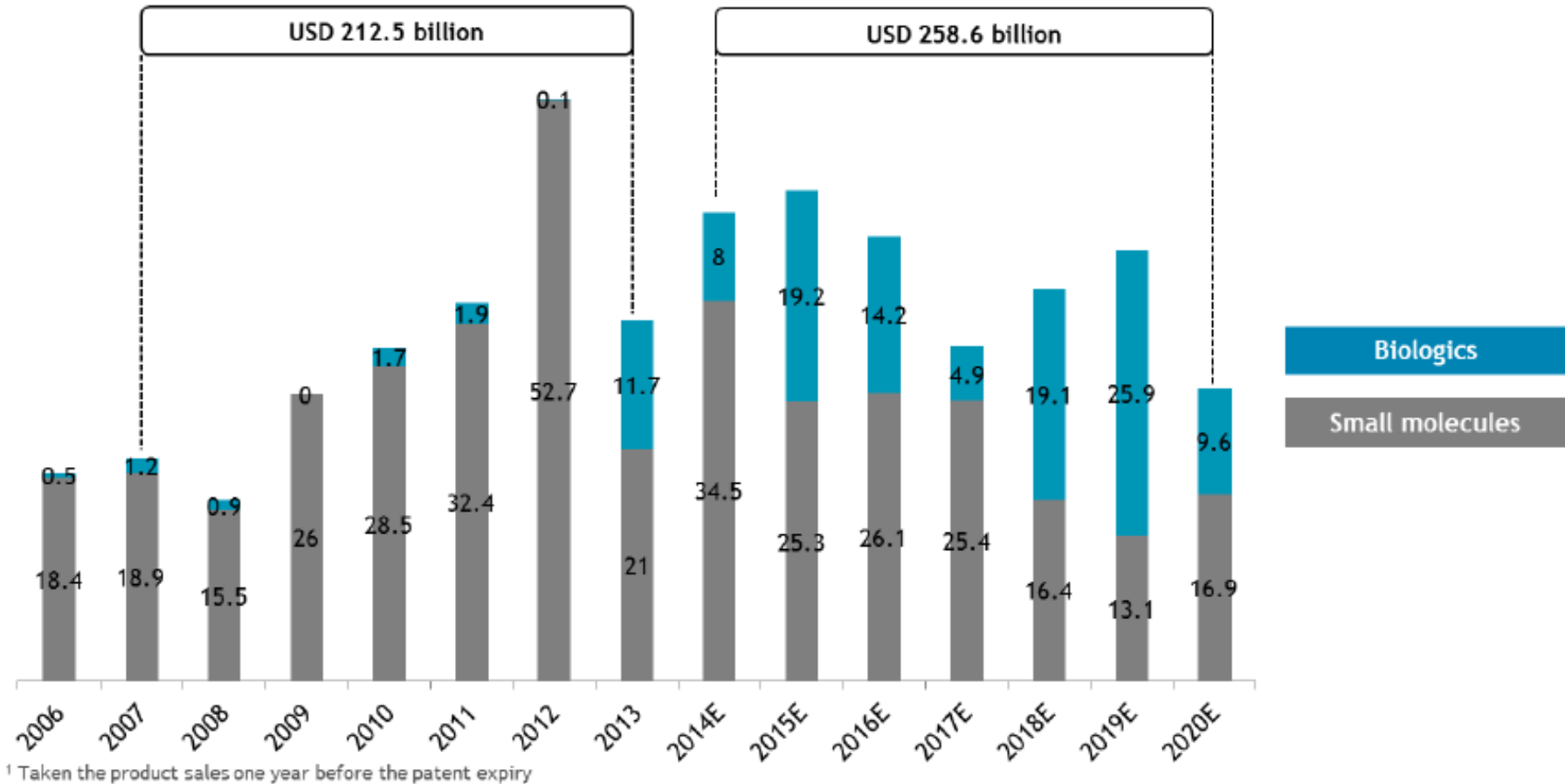
# Top Generic Markets by Value Sales



IMS MIDAS 2014

Source : Alan Sheppard, Principal, IMS Health, IGPA, Toronto, September 17th 2015

# Global Originator Sales in the Year of US Patent Expiry –USD billion



Source : Marc-Alexander Mahl, Fresenius Kabi, IGPA Toronto, September 17th 2015

# Our Basic Policies and Key Strategies

## **Firmly maintain the No. 1 share of the generics market**

- Expand market share by investing resources in line with marketability
- Strengthen coalition with wholesalers and distributors
- Ensure first-to-market status for new, high value-added products

## **Strengthen stable supply and cost control capabilities in response to changing market conditions**

- Boost production capacity and improve reliability to strengthen stable supply system
- Improve productivity through more efficient capacity utilization
- Establish a raw material purchasing system that balances both stable procurement and cost reductions

## **Build an operating foundation for future growth through new business fields**

- Build a foundation for overseas business
- Review potential business models aimed at building the biosimilar business

# THANK YOU FOR YOUR ATTENTION.

