Performance in fiscal 2018

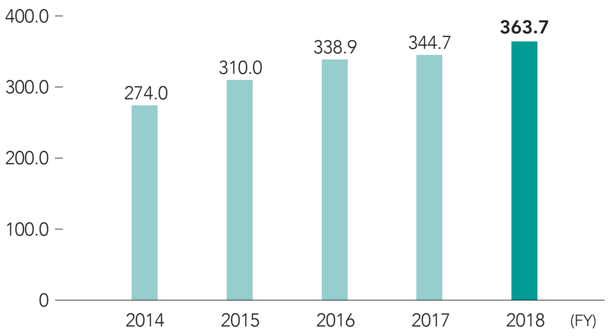
Sustained growth in sales and profits

- Net sales: ¥363.7 billion, for fourth consecutive year of growth

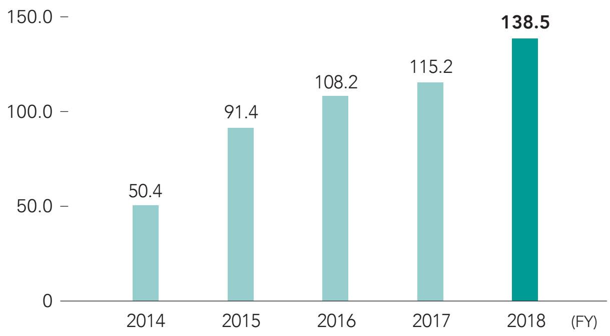
⇒ In fiscal 2018, growth in royalty income and milestone revenues outweighed a decrease in domestic sales of prescription pharmaceuticals, causing net sales to rise for the fourth time in as many years

- Record-high operating income (fourth consecutive year), ordinary income (seventh consecutive year), and profit attributable to owners of parent (third consecutive year)

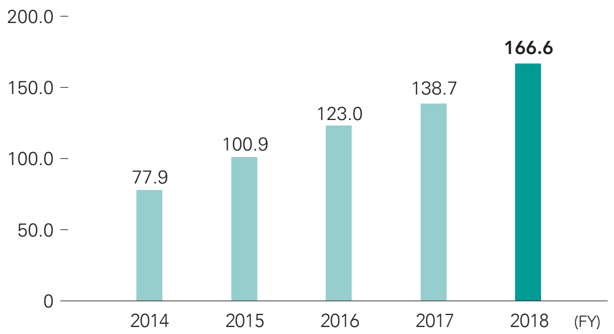
Net sales
(Billions of yen)



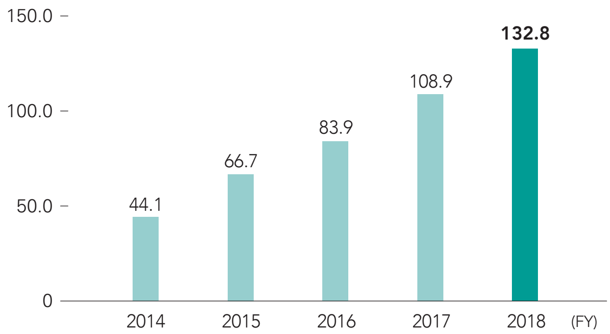
Operating income
(Billions of yen)



Ordinary income
(Billions of yen)



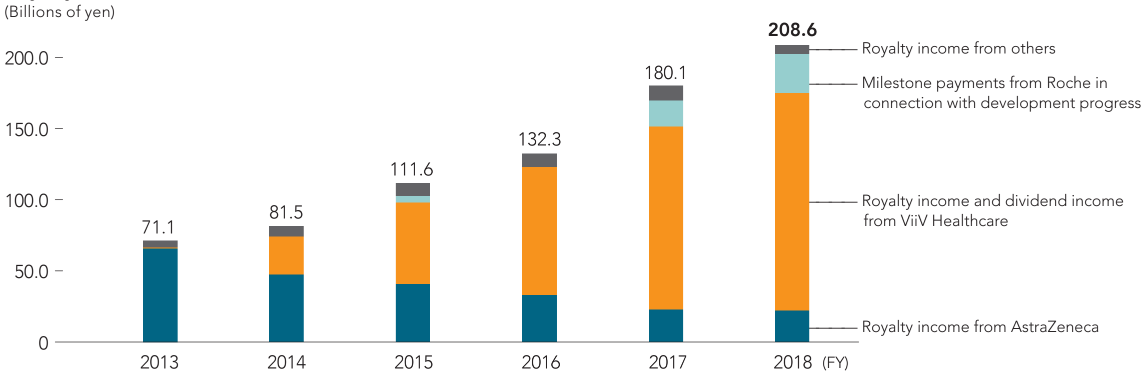
Profit attributable to owners of parent
(Billions of yen)



Growth in royalty income

- Royalty income continued to grow (rising 20.3% year on year) on the back of a steady increase in global sales of HIV franchise products
- Dividend income also grew, underpinned by favorable earnings at ViiV Healthcare's global HIV business
- Shionogi received milestone payments from Roche in connection with progress in global development and approval in the US for the flu drug *Xofluza*

Royalty income and dividend income from ViiV Healthcare
(Billions of yen)



ROE, ROIC, and CCC

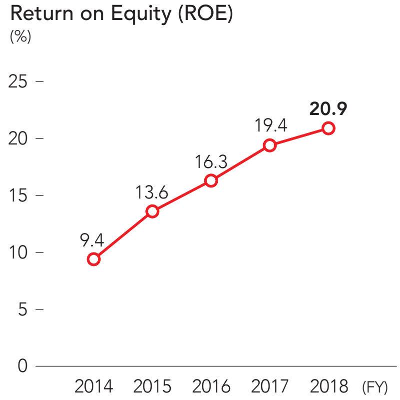
- ROE (return on equity) and ROIC (return on invested capital): Steady improvement

⇒ ROE in particular surpassed 20% for the first time

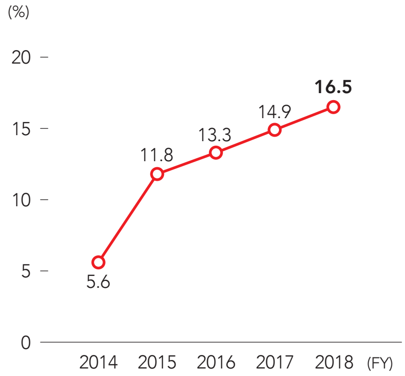
- CCC (cash conversion cycle): Had been decreasing steadily as a result of initiatives to improve conversion periods for receivables and payables and to keep inventories at optimal levels, but recent rapid changes in the product mix saw the CCC extend by 2.7 months to 8.9 months

⇒ Higher sales of new products with a comparatively low cost of sales combined with decreased sales of *Crestor* and the *Irbetan* franchise, which have a high cost of sales, to extend the inventory turnover period and CCC. Based on this change in the product mix, the CCC target for fiscal 2020 was changed from 5.5 months previously to 7.0 months. With cooperation from manufacturing subsidiary Shionogi Pharma Co., Ltd., established in April 2019, the Group is working as one to control inventories and shorten the CCC.

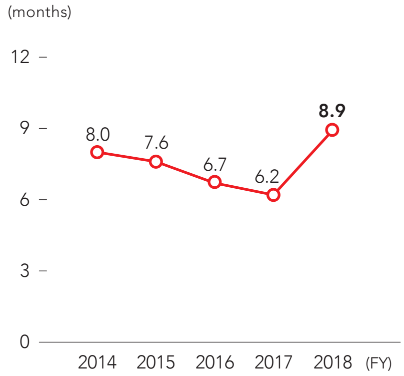
Return on Equity (ROE)



ROIC



CCC



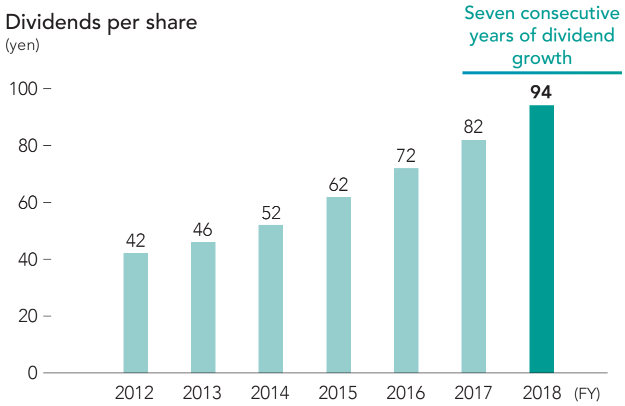
* Return on equity: Profit attributable to owners of parent ÷ (Shareholders' equity + accumulated other comprehensive income) × 100 (%)
* Return on invested capital: After-tax operating income ÷ (Interest bearing debt + Shareholders' equity + Non-controlling interests) × 100 (%)
* Cash conversion cycle: The number of days between investing cash (for raw materials, product purchases, etc.) and the time when that is ultimately converted into cash again. (This indicator is used for capital efficiency.)

Working hard to ensure that shareholders also can experience growth

- Continuous dividend increases
- Flexible share buybacks and retirement of treasury stock

Please refer to page 13 for details of Shionogi's policy on shareholder returns

Dividends per share



FY2014
· Acquired ¥30 billion of common stock

FY2016
· Acquired ¥35 billion of common stock
· Retired 22 million shares

FY2017
· Acquired ¥29.4 billion of common stock
· Retired five million shares

FY2018
· Acquired ¥50.0 billion of common stock
· Retired 7.35 million shares

Treasury stocks