



***Presentation of Fiscal 2007
Financial Results***

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 **SHIONOGI & CO., LTD.**

Forward-Looking Statements



- ◆ **This presentation contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements.**
- ◆ **Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials and entry of competitive products.**
- ◆ **The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.**
- ◆ **This material contains information on pharmaceuticals (including compounds under development), but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations nor provide medical advice of any kinds.**



*Overview of Financial Results
for Fiscal 2007*



Financial Results for Fiscal 2007

(Consolidated/Non-consolidated)



(Units: billion yen)			Y on Y	Y on Y
<Consolidated>	FY2007	FY2006	Change (%)	Change
Net sales	214.2	199.7	7.3	14.5
Operating income	40.3	28.8	40.0	11.5
Ordinary income	39.8	28.1	41.9	11.7
Net income	25.0	18.5	34.8	6.5
<Non-consolidated>				
Net sales	201.0	185.6	8.2	15.4
Operating income	36.3	24.8	46.2	11.5
Ordinary income	37.2	25.9	43.3	11.3
Net sales	22.4	17.3	29.8	5.1
year-end dividend per share (yen)	22	16		

Financial Position and Cash Flows (Consolidated)



(Units: billion yen)			
<Financial Position>	3/31/2008	3/31/2007	Y on Y Change
Total assets	413.7	429.5	(15.8)
Net assets	342.2	345.7	(3.5)
Shareholders' equity ratio	82.7%	80.4%	2.3%
Net assets per share (yen)	1,020	1,015	5
(Units: billion yen)			
<Cash Flows>	FY2007	FY2006	
Cash flows from operating activities	15.6	14.1	1.5
Cash flows from investing activities	(5.3)	(8.4)	3.1
Cash flows from financial activities	(17.1)	(7.1)	(10.0)
Total	(6.9)	(1.6)	(5.3)
Cash & cash equivalents at the end of the period	67.6	74.5	(6.9)

Sales by Segment (Consolidated)



(Units: billion yen)	FY2007	FY2006	Y on Y Change (%)	Y on Y Change
Prescription drugs	155.1	151.9	2.1	3.2
Flomox	28.6	30.6	(6.5)	(2.0)
Flumarin	12.2	13.3	(8.6)	(1.1)
Imunace	11.7	11.7	(0.3)	0
Vancomycin	10.6	12.9	(17.6)	(2.3)
Crestor	10.4	2.5	312.6	7.9
Rinderon	10.0	10.1	(1.2)	(0.1)
Claritin	9.0	7.2	25.5	1.8
Oxycontin	6.6	5.2	28.2	1.4
Finibax	2.5	2.0	26.5	0.5
Avelox	1.9	2.4	(21.1)	(0.5)
Export/Overseas operations	6.3	5.3	19.0	1.0
Contract manufacturing	5.8	4.0	47.2	1.8
OTC and quasi-drugs	5.6	6.1	(7.4)	(0.5)
Diagnostics	3.3	3.3	1.8	0
Royalty income	32.0	21.3	50.7	10.7
Crestor	29.8	19.4	54.1	10.4
Real estate & others	5.8	7.8	(25.6)	(2.0)
Total	214.2	199.7	7.3	14.5

Increase in Sales of Domestic Prescription Drugs

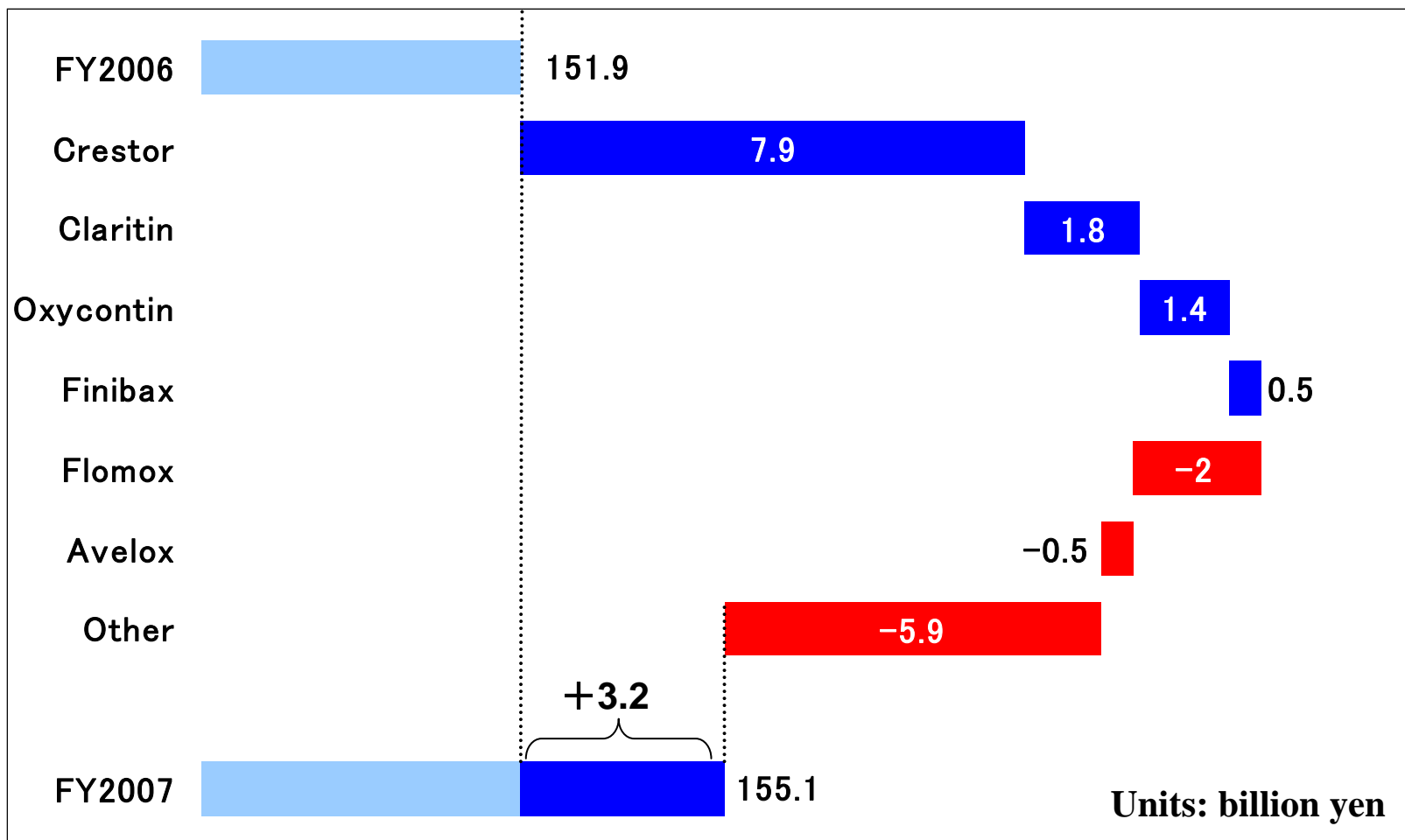


- ◆ Turned to increasing trends in revenue

Prescription Drugs (Domestic Sales)	
FY2007	Y on Y change (%)
1Q (Apr.-Jun.)	-0.1%
2Q (Jul.-Sep.)	+2.4%
3Q (Oct.-Dec.)	+2.6%
4Q (Jan.-Mar.)	+3.6%
FY2007 (Total)	+2.1%

Domestic Prescription Drugs:

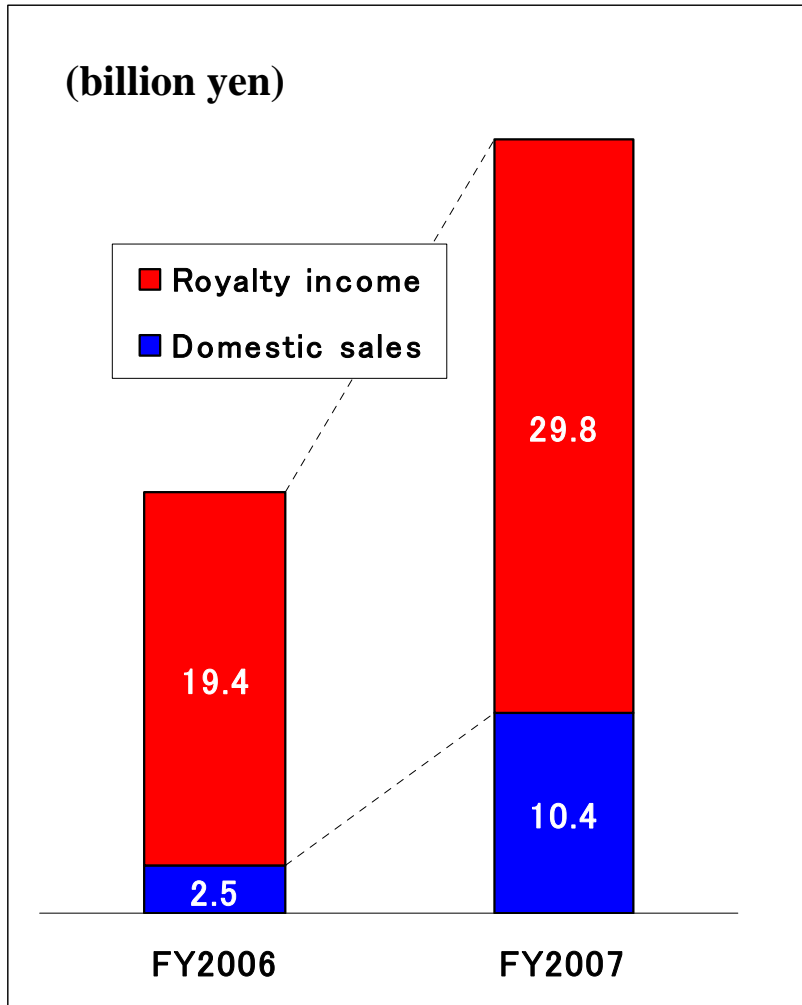
Revenue Increase Driven by Crestor® Growth



Expansion of Crestor[®] Sales



Expansion of royalty income and domestic sales



◆ Royalty income

- Global sales by AstraZeneca increased

2006: 2,028 mil\$



2007: 2,796 mil\$

◆ Domestic sales

- Market share increased smoothly

	2006	2007			
	4Q	1Q	2Q	3Q	4Q
Crestor Total	4.0%	5.3%	7.0%	8.5%	10.5%

(Based on NHI Price)

Crestor[®] : Factors of Sales Growth in the Domestic Market



- ◆ **Focused resources on the new products, centered on Crestor[®]**
 - ⇒ **Introduced a new evaluation system for MRs in accordance with the new marketing strategy**
- ◆ **Enhanced MR training programs ⇒ Utilized outside resources**
- ◆ **Increased frequency of lecture meetings and forums for clinicians**

[Future initiatives for fiscal 2008 and thereafter]

- ◆ **Enhance the Company's presence in circulatory and metabolism disease areas with Crestor[®] and Irbetan[®]**
- ◆ **Expand successful experience of Crestor[®] to strategic products including Finibax[®] and Avelox[®]**
- ◆ **Improve the efficiency of MR activities through the newly established Strategic Sales Planning Dept.**
 - **Strengthen MR activities in advanced treatment hospitals**
 - **Further develop MR training programs for more strategic support to MR activities**

Operating Income (Consolidated)



(Units: billion yen)	FY2007	FY2006	Y on Y Change (%)	Y on Y Change
Net sales	214.2	199.7	7.3	14.5
[Royalty]	[32.0]	[21.3]	[50.7]	[10.7]
	32.0	33.8		
	[37.6]	[37.8]		
Cost of sales	68.5	67.5	1.6	1.0
Gross profit	145.6	132.2	10.2	13.4
	49.1	51.7		
SG & A expenses	105.2	103.3	1.9	1.9
Selling & General expenses	64.9	65.8	(1.4)	(0.9)
R&D expenses	40.2	37.5	7.6	2.7
	18.9	14.5		
Operating income	40.3	28.8	40.0	11.5



Financial Forecast for Fiscal 2008



Financial Forecast for Fiscal 2008

(Consolidated/Non-consolidated)



(Units: billion yen) < Consolidated >	FY2008 Forecast	FY2007 Actual	Y on Y Change (%)	Y on Y Change
Net sales	231.0	214.2	7.8	16.8
Operating income	48.0	40.3	18.8	7.7
Ordinary income	48.0	39.8	20.4	8.2
Net income	30.0	25.0	19.7	5.0
< Non-consolidated >				
Net sales	220.0	201.0	9.5	19.0
Operating income	44.5	36.3	22.3	8.2
Ordinary income	46.0	37.2	23.5	8.8
Net income	29.0	22.4	29.0	6.6
year-end dividend per share (yen)	28	22		

Financial Forecast for Fiscal 2008: Sales by Segment (Consolidated)



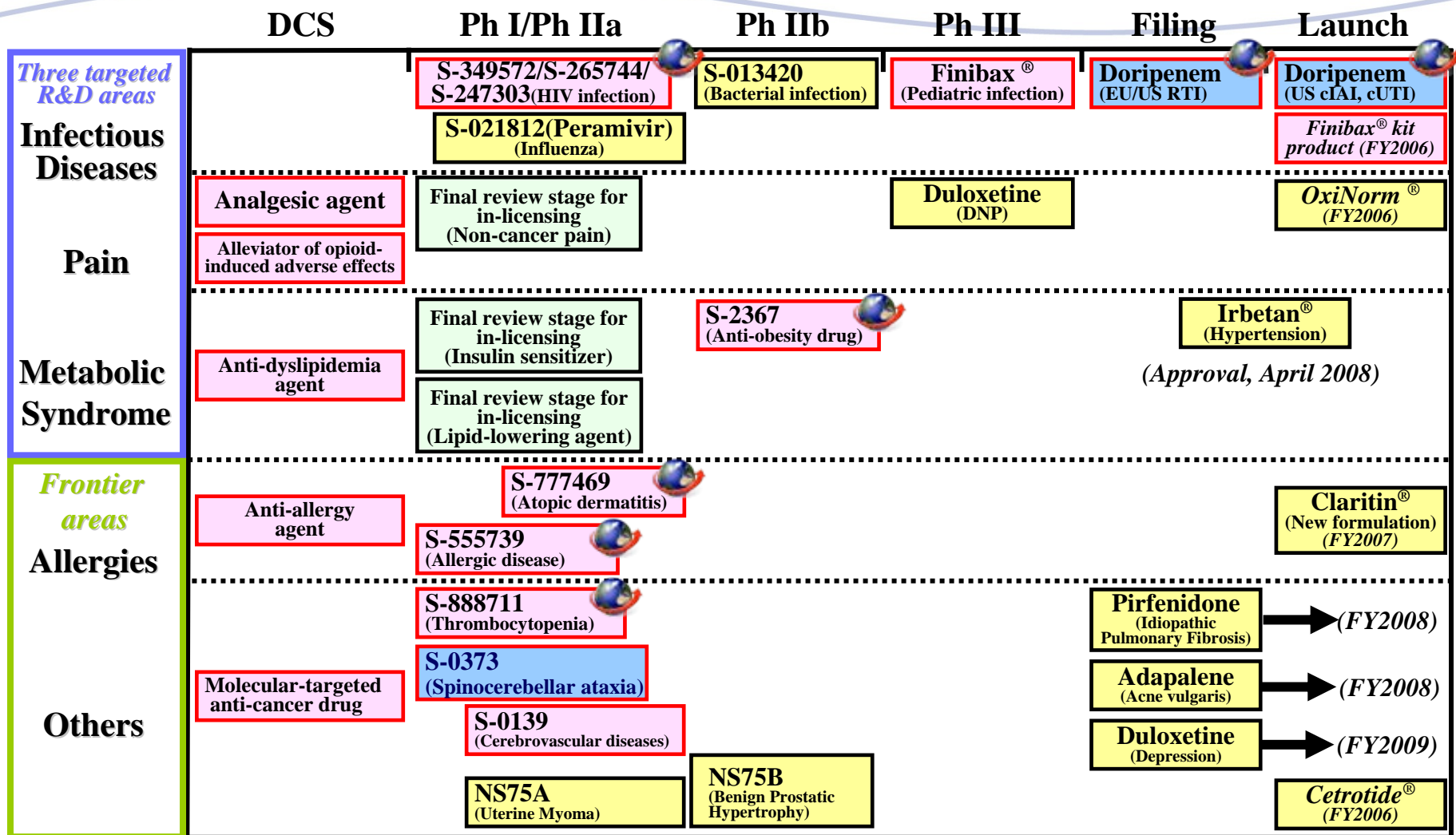
(Units: billion yen)	FY2008 Forecast	FY2007 Actual	Y on Y Change (%)	Y on Y Change
Prescription drugs	162.9	155.1	5.0	7.8
Flomox	27.0	28.6	(5.7)	(1.6)
Crestor	19.0	10.4	82.0	8.6
Flumarin	11.0	12.2	(9.7)	(1.2)
Imunace	10.5	11.7	(10.2)	(1.2)
Rinderon	10.0	10.0	0	0
Vancomycin	9.5	10.6	(10.4)	(1.1)
Claritin	9.5	9.0	5.5	0.5
Oxycontin	8.2	6.6	24.0	1.6
Finibax	3.8	2.5	50.0	1.3
Avelox	2.5	1.9	31.6	0.6
Irbetan	2.0	0	0	2.0
Pirfenidone	0.5	0	0	0.5
Adapalene	0.4	0	0	0.4
Export/Overseas operations	8.1	6.3	28.8	1.8
Contract manufacturing	6.3	5.8	6.9	0.5
OTC and quasi-drugs	5.8	5.6	2.2	0.2
Diagnostics	3.2	3.3	(5.6)	(0.1)
Royalty income	41.0	32.0	28.0	9.0
Crestor	38.8	29.8	30.0	9.0
Real estate & others	3.7	5.8	(36.6)	(2.1)
Total	231.0	214.2	7.8	16.8

Financial Forecast for Fiscal 2008: Operating income (Consolidated)



(Units: billion yen)	FY2008 Forecast	FY2007 Actual	Y on Y Change (%)	Y on Y change
Net sales	231.0	214.2	7.8	16.8
[Royalty]	[41.0]	[32.0]	[28.0]	[9.0]
	29.9 [36.3]	32.0 [37.6]		
Cost of sales	69.0	68.5	0.6	0.5
Gross profit	162.0	145.6	11.2	16.4
	49.4	49.1		
SG&A expenses	114.0	105.2	8.3	8.8
Selling & General expenses	66.0	64.9	1.6	1.1
R&D expenses	48.0	40.2	19.1	7.8
	20.8	18.9		
Operating income	48.0	40.3	18.8	7.7

Drug Pipeline (As of May 2008)



In-house
Out-licensed
In-licensed



Developing in-house products globally

DCS: Drug candidate selection,
 DNP: Diabetic Neuropathic Pain,
 RTI: Respiratory Tract Infection, cIAI: complicated Intra-Abdominal Infections
 cUTI: complicated Urinary Tract Infections including pyelonephritis

Realization of Targeted Goals for FY2008 (1)



◆ Research

- Advance 2 or more compounds from DCS to FTIH and select 4 or more compounds for DCS
- Promote discovery research for drug seeds and steadily move to drug creation research programs
- Develop researchers who can take on responsibility for innovative drug discovery on a global scale

◆ Development

- Continuously create compounds for global development
- Develop human resources and build a cutting-edge organization
- Continuously promote strategic alliances
- Launch domestic strategic products
(Irbetan[®], Pirfenidone, Adapalene, Duloxetine etc.)
- Make proper Go/No-go decision for development compounds
 - Ph2b: S-2367(USA), NS75B(Japan)
 - Completion of POC: S-021812(Japan), S-777469(Japan & USA), S-349572(USA)
 - Completion of POM: S-555739(EU), S-888711(Japan)

Realization of Targeted Goals for FY2008 (2)



◆ **Manufacturing**

- **Start production of finished dosage forms of Irbetan[®] and Pirfenidone at the new facility in Settsu plant**
 - ⇒ **To respond to increase of manufacturing products and continued efforts to decrease cost of sales**
- **Manufacture Doripenem for export to meet with sales requirements**

◆ **Sales and Marketing**

- **Increase sales in circulatory and metabolism disease areas with Crestor[®] and Irbetan[®]**
- **Increase sales of strategic products including Finibax[®], Avelox[®] and Oxycontin[®]**
- **Ensure smooth start-up of Adapalene and Pirfenidone scheduled for FY2008 launches**

◆ **Costs**

- **Continuously work to decrease cost of sales through more cost-effective production and strategic procurement**
- **Decrease the administrative expenses by measures including streamlining the function of principle office**