



# *Fiscal 2010 Financial Results*

*May 9, 2011*

 **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 FY2010 Results*

## FY2010 Results



### *Financial Results (Consolidated)*

(Units: billion yen)

<Consolidated>	FY2010 Forecasts	FY2010 Results	Achievement (%)	Forecasting Variance	FY2009 Results	Y on Y Change (%)	Y on Y Change
Sales	283.0	282.3	99.8	(0.7)	278.5	1.4	3.8
Operating income	54.0	46.8	86.8	(7.2)	52.4	(10.6)	(5.6)
Ordinary income	51.5	45.1	87.7	(6.4)	50.5	(10.6)	(5.4)
Net income	30.0	20.0	66.8	(10.0)	38.6	(48.2)	(18.6)

Due to change in the accounting periods, results in FY2010 include 15 months from Jan. 2010 to Mar. 2011 for the U.S. subsidiaries.



*Financial Position and Cash Flows (Consolidated)*

(\* Units: billion yen)

<Financial position>	3/31/2011	3/31/2010	Y on Y Change
Total assets*	523.2	540.7	(17.5)
Net assets*	328.0	341.9	(13.9)
Equity ratio (%)	62.7	63.2	(0.5)
Net assets per share (yen)	979	1,019	(40)

(Units: billion yen)

<Cash flows>	FY2010 Results	FY2009 Results	Y on Y Change
Net cash provided by operating activities	56.5	52.9	3.6
Net cash provided by investing activities	(13.9)	(0.8)	(13.1)
Net cash provided by financing activities	(27.0)	(4.9)	(22.1)
Net increase (decrease)	13.0	46.1	(33.1)
Cash and cash equivalents at end of period	110.6	97.6	13.0

## FY2010 Results



### *Sales by Segments (Consolidated)*

(Units: billion yen)

	FY2010 Forecasts	FY2010 Results	Achievement (%)	Forecasting Variance	FY2009 Results	Y on Y Change (%)	Y on Y Change
<b>Prescription drugs</b>	<b>155.4</b>	<b>158.9</b>	<b>102.3</b>	<b>3.5</b>	<b>152.5</b>	<b>4.2</b>	<b>6.4</b>
Crestor	29.2	29.0	99.2	(0.2)	24.2	19.8	4.8
Irbetan	7.8	7.3	93.1	(0.5)	3.8	93.2	3.5
Cymbalta	2.6	2.7	102.3	0.1	–	–	2.7
<b>Total of 3 key products</b>	<b>39.6</b>	<b>38.9</b>	<b>98.2</b>	<b>(0.7)</b>	<b>27.9</b>	<b>39.2</b>	<b>11.0</b>
OxyContin	9.8	9.6	98.3	(0.2)	8.5	13.2	1.1
Finibax	4.0	3.6	89.1	(0.4)	3.4	6.0	0.2
Differin	3.0	3.2	106.3	0.2	2.2	46.4	1.0
Pirespa	3.0	2.8	91.8	(0.2)	1.5	80.9	1.3
Rapiacta	1.8	0.3	15.6	(1.5)	0.6	(49.1)	(0.3)
<b>Total of 8 strategic products</b>	<b>61.2</b>	<b>58.3</b>	<b>95.3</b>	<b>(2.9)</b>	<b>44.1</b>	<b>32.3</b>	<b>14.2</b>
Flomox	20.1	21.9	108.9	1.8	24.0	(8.8)	(2.1)
Claritin	8.2	10.0	121.7	1.8	9.0	10.5	1.0
Rinderon	9.1	9.5	104.6	0.4	9.5	0.5	0
Flumarin	6.9	7.5	109.0	0.6	8.7	(13.6)	(1.2)
<b>Export/Overseas subsidiaries</b>	<b>43.2</b>	<b>37.4</b>	<b>86.6</b>	<b>(5.8)</b>	<b>49.1</b>	<b>(23.7)</b>	<b>(11.7)</b>
Shionogi Inc.	32.9	27.0	82.2	(5.9)	38.6	(30.0)	(11.6)
Doripenem	5.4	4.7	86.6	(0.7)	5.2	(10.7)	(0.5)
<b>Contract manufacturing</b>	<b>4.4</b>	<b>5.4</b>	<b>123.0</b>	<b>1.0</b>	<b>7.4</b>	<b>(27.1)</b>	<b>(2.0)</b>
<b>OTC and quasi-drugs</b>	<b>5.5</b>	<b>5.2</b>	<b>94.1</b>	<b>(0.3)</b>	<b>5.4</b>	<b>(4.9)</b>	<b>(0.2)</b>
<b>Diagnostics</b>	<b>2.8</b>	<b>2.9</b>	<b>102.1</b>	<b>0.1</b>	<b>2.9</b>	<b>(2.9)</b>	<b>(0)</b>
<b>Royalty income</b>	<b>68.3</b>	<b>68.9</b>	<b>100.9</b>	<b>0.6</b>	<b>57.0</b>	<b>20.9</b>	<b>11.9</b>
Crestor	63.5	64.2	101.2	0.7	50.0	28.5	14.2
<b>Others</b>	<b>3.4</b>	<b>3.6</b>	<b>107.0</b>	<b>0.2</b>	<b>4.1</b>	<b>(10.5)</b>	<b>(0.5)</b>
<b>Total</b>	<b>283.0</b>	<b>282.3</b>	<b>99.8</b>	<b>(0.7)</b>	<b>278.5</b>	<b>1.4</b>	<b>3.8</b>

## FY2010 Results



### *Statements of Income (Consolidated)*

(Units: billion yen)

	FY2010 Forecasts	FY2010 Results	Achievement (%)	Forecasting Variance	FY2009 Results	Y on Y Change (%)	Y on Y Change
Sales	283.0	282.3	99.8	(0.7)	278.5	1.4	3.8
[Royalty income]	[68.3]	[68.9]	[100.9]	[0.6]	[57.0]	[20.9]	[11.9]
Cost of sales	27.0 [35.5] 76.3	28.9 [38.3] 81.7	107.1	5.4	27.4 [34.4] 76.2	7.2	5.5
Gross profit	206.7	200.6	97.1	(6.1)	202.2	(0.8)	(1.6)
SG&A expenses	54.0 152.7	54.4 153.7	100.7	1.0	53.8 149.8	2.6	3.9
Selling & general expenses	99.2	102.8	103.6	3.6	97.9	4.9	4.9
R&D expenses	53.5	50.9	95.2	(2.6)	51.8	(1.7)	(0.9)
Operating income	19.1 54.0	16.6 46.8	86.8	(7.2)	18.8 52.4	(10.6)	(5.6)
Non-operating income and expenses	L2.5	L1.7		0.8	L1.9		
Ordinary income	18.2 51.5	16.0 45.1	87.7	(6.4)	18.1 50.5	(10.6)	(5.4)
Extraordinary income and loss	L4.2	L12.0		(7.8)	P8.0		
Income before income taxes	47.3	33.1		(14.2)	58.5		
Total income taxes	17.3	13.1	75.8	(4.2)	19.9	(34.2)	(6.8)
Net income	30.0	20.0	66.8	(10.0)	38.6	(48.2)	(18.6)

Small numbers in red are percentages of sales, and numbers in red provided in parentheses are percentages of royalty excluded sales.

## FY2010 Results



# *Financial Results of U.S. Operations (Shionogi Inc.)*

(Units: upper/million dollar, lower/billion yen)

	FY2010 Forecasts	FY2010 Results	Achievement (%)	Forecasting Variance	FY2010 Results *				
					Jan-Mar 2010	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar 2011
Sales	382 32.9	312 27.0	81.7	(70) (5.9)	110 10.1	56 5.1	69 5.8	68 5.6	9 0.4
Cost of sales	82 7.1	79 6.8	96.3	(3) (0.3)	18 1.6	23 2.1	15 1.3	12 1.0	10 0.8
SG&A expenses	324 27.9	312 27.0	96.2	(12) (0.8)	76 7.0	83 7.6	54 4.6	55 4.5	44 3.5
Operating income	(24) (2.1)	(80) (6.9)	—	(56) (4.8)	16 1.5	(51) (4.6)	(1) (0)	1 0.1	(46) (3.9)
Extraordinary loss	L144 L12.4	L173 L15.0	—	(29) (2.6)	— —	L25 L2.3	L47 L4.2	L62 L5.4	L38 L3.2

\*: Due to change in the accounting periods, results in FY2010 include 15 months for the U.S. subsidiaries.

### *<Reasons for business under performance from Jan. to Mar. 2011>*

- Decrease of sales by the end of sales contraction of some products for the Primary Care
- Increase of allowance for the revenue deductions
- Additional extraordinary loss of about 1.8 billion yen relating to uncertain collection of claims in addition to anticipated business restructuring costs and impairment loss





# *FY2011 Financial Forecasts*

## FY2011 Forecasts



### *Financial Forecasts (Consolidated)*

(Units: billion yen)

<b>&lt;Consolidated&gt;</b>	<b>FY2011 Forecasts</b>	<b>1st Half FY2011 Forecasts</b>	<b>FY2010 Results</b>	<b>Y on Y Change (%)</b>	<b>Y on Y Change</b>
<b>Sales</b>	<b>286.0</b>	<b>137.5</b>	<b>282.3</b>	<b>1.3</b>	<b>3.7</b>
<b>Operating income</b>	<b>58.0</b>	<b>24.5</b>	<b>46.8</b>	<b>23.7</b>	<b>11.2</b>
<b>Ordinary income</b>	<b>56.0</b>	<b>23.5</b>	<b>45.1</b>	<b>24.0</b>	<b>10.9</b>
<b>Net income</b>	<b>37.0</b>	<b>15.5</b>	<b>20.0</b>	<b>84.8</b>	<b>17.0</b>

Due to change in the accounting periods, results in FY2010 include 15 months for the U.S. subsidiaries.

## FY2011 Forecasts



### *Sales by Segments (Consolidated)*

(Units: billion yen)

	<b>FY2011 Forecasts</b>	<b>1<sup>st</sup> Half FY2011 Forecasts</b>	<b>FY2010 Results</b>	<b>Y on Y Change (%)</b>	<b>Y on Y Change</b>
<b>Prescription drugs</b>	<b>166.8</b>	<b>80.4</b>	<b>158.9</b>	<b>5.0</b>	<b>7.9</b>
Crestor	37.0	17.6	29.0	27.8	8.0
Irbetan	10.5	4.8	7.3	44.5	3.2
Cymbalta	5.5	2.5	2.7	106.8	2.8
<b>Total of 3 key products</b>	<b>53.0</b>	<b>24.9</b>	<b>38.9</b>	<b>36.3</b>	<b>14.1</b>
OxyContin	10.5	5.1	9.6	9.0	0.9
Finibax	4.2	2.0	3.6	17.9	0.6
Differin	4.1	1.9	3.2	28.6	0.9
Pirespa	3.4	1.6	2.8	23.4	0.6
Rapiacta	1.5	0.1	0.3	435.5	1.2
<b>Total of 8 strategic products</b>	<b>76.7</b>	<b>35.6</b>	<b>58.3</b>	<b>31.6</b>	<b>18.4</b>
Flomox	19.0	9.0	21.9	(13.2)	(2.9)
Claritin	7.5	3.5	10.0	(24.9)	(2.5)
Rinderon	9.2	4.5	9.5	(3.4)	(0.3)
Flumarin	6.2	3.3	7.5	(17.5)	(1.3)
<b>Export/Overseas subsidiaries</b>	<b>33.5</b>	<b>15.8</b>	<b>37.4</b>	<b>(10.5)</b>	<b>(3.9)</b>
Shionogi Inc.	22.4	10.2	27.0	(17.2)	(4.6)
Doripenem	5.0	2.4	4.7	6.9	0.3
<b>Contract manufacturing</b>	<b>5.9</b>	<b>2.6</b>	<b>5.4</b>	<b>9.1</b>	<b>0.5</b>
<b>OTC and quasi-drugs</b>	<b>5.1</b>	<b>2.5</b>	<b>5.2</b>	<b>(1.5)</b>	<b>(0.1)</b>
<b>Diagnostics</b>	<b>2.7</b>	<b>1.2</b>	<b>2.9</b>	<b>(5.6)</b>	<b>(0.2)</b>
<b>Royalty income</b>	<b>70.0</b>	<b>34.0</b>	<b>68.9</b>	<b>1.6</b>	<b>1.1</b>
Crestor	67.0	32.0	64.2	4.3	2.8
Others	2.0	1.0	3.6	(45.0)	(1.6)
<b>Total</b>	<b>286.0</b>	<b>137.5</b>	<b>282.3</b>	<b>1.3</b>	<b>3.7</b>

Due to change in the accounting periods, results in FY2010 include 15 months for the U.S. subsidiaries.

## FY2011 Forecasts



### *Forecasts of Shionogi Inc.*

(Units: upper/million dollar, lower/billion yen)

	<b>FY2011 Forecasts</b>	<b>1st Half FY2011 Forecasts</b>	<b>FY2010 Results</b>	<b>Y on Y Change (%)</b>	<b>Y on Y Change</b>
<b>Sales</b>	<b>280</b> 22.4	<b>128</b> 10.2	<b>312</b> 27.0	<b>(10.3)</b>	<b>(32)</b> (4.6)
<b>Cost of sales</b>	<b>34</b> 2.7	<b>16</b> 1.2	<b>79</b> 6.8	<b>(57.0)</b>	<b>(45)</b> (4.1)
<b>SG&amp;A expenses</b>	<b>244</b> 19.5	<b>122</b> 9.7	<b>312</b> 27.0	<b>(21.8)</b>	<b>(68)</b> (7.5)
<b>Operating income</b>	<b>1</b> 0.1	<b>(10)</b> (0.8)	<b>(80)</b> (6.9)	<b>—</b>	<b>81</b> 7.0

Assumed exchange rates: 87 yen (FY2010) and 80 yen (FY2011) to the dollar

Due to change in the accounting periods, results in FY2010 include 15 months for the U.S. subsidiaries.

## Shareholder Return



### *Dividend Policy*

- **FY2010 forecast: 40 yen as planned**
- **FY2011 forecast: 40 yen**
- **Sustain the consolidated payout ratio of 35% based on the Third Medium-Term Business Plan and return the profit to shareholders in case the financial result exceeds FY2011 forecast through the business activity**

