



1st Half of Fiscal 2012 Financial Results

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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.
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Overview of 1st Half FY2012 Financial Results



(Units: B yen)

Financial Results (Consolidated)

	FY2012 forecasts	FY2012		Achievement (%)	FY2011 1H results	Y on Y	
		1H forecasts	1H results			change (%)	change
Sales	289.0	138.0	137.3	99.5	124.0	10.7	13.3
Operating income	56.0	24.5	26.1	106.6	18.2	43.1	7.9
Ordinary income	54.0	23.5	25.1	106.8	18.4	36.2	6.7
Net income	32.0	14.0	14.9	106.2	8.2	81.2	6.7

- All income levels from April to September 2012 are higher than the levels achieved in the first half of any prior fiscal year.

* All numerical values are rounded to the nearest unit.

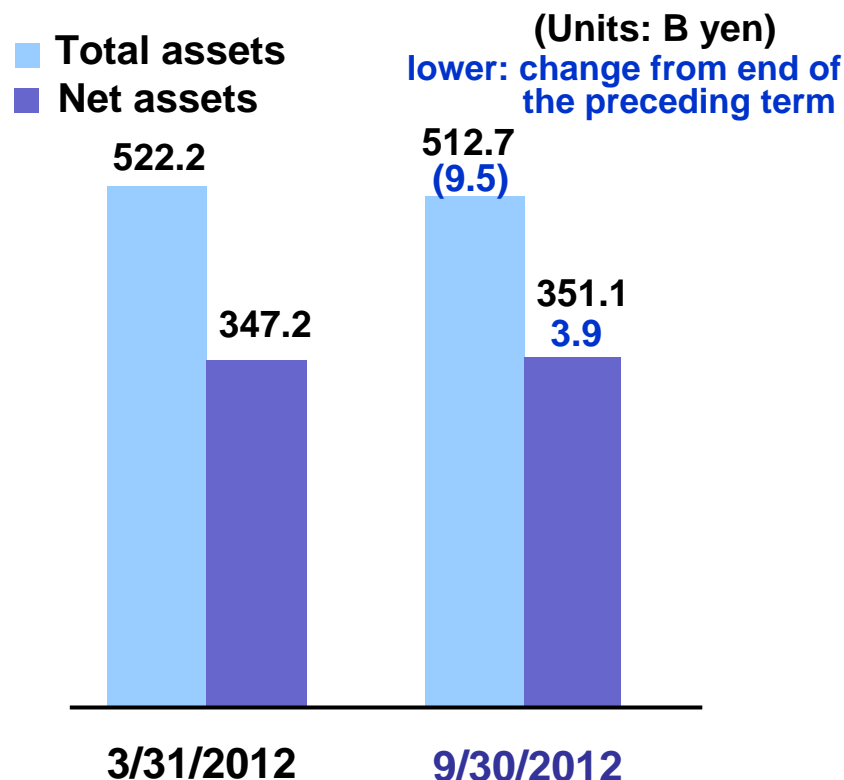
* The depreciation method for tangible fixed assets has been changed from the declining-balance method predominantly used previously to the straight-line method from FY2012. With this change, operating and ordinary incomes have each increased by 1.4 billion yen in the 1st half of FY2012.

Exchange rate (average)	FY2012 forecasts	FY2012 1H results
USD(\$)	80	79.39
EUR(€)	105	100.49



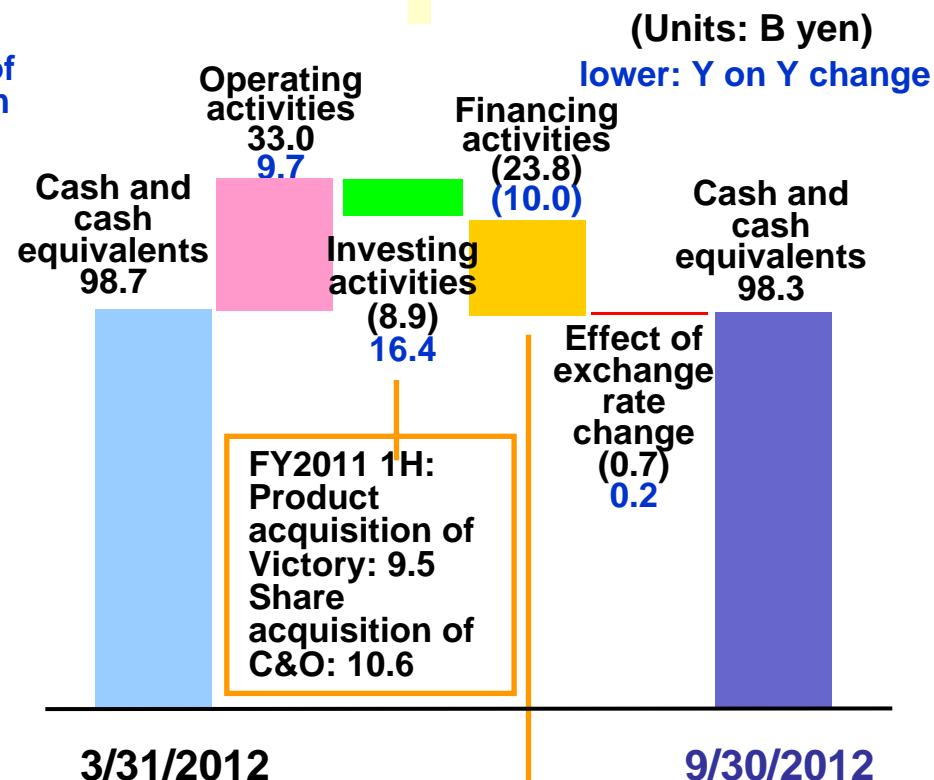
Financial Position and Cash Flow (Consolidated)

◆ Financial Position



	3/31/2012	9/30/2012
Equity ratio	65.9%	67.9%

◆ Cash Flow



FY2011 1H:
Product acquisition of Victory: 9.5
Share acquisition of C&O: 10.6

FY2012 June:
Redemption of debenture: 10.0

1st Half FY2012 Results



Statements of Income (Consolidated)

(Units: B yen)

	FY2012		Achievement (%)	FY2011	Y on Y	
	1H forecasts	1H results		1H results	change(%)	change
Sales	138.0	137.3	99.5	124.0	10.7	13.3
[Royalty income]	34.5	33.4	96.8	34.3	(2.7)	(0.9)
Cost of sales	29.0 [38.6]	29.3 [38.7]		30.3 [41.8]		
	40.0	40.2	100.5	37.5	7.2	2.7
Gross profit	98.0	97.1	99.1	86.5	12.3	10.6
SG&A expenses	53.3	51.7		55.0		
	73.5	71.0	96.6	68.2	4.1	2.8
Selling & general expenses	47.0	46.0	97.9	42.5	8.2	3.5
R&D expenses	26.5	25.0	94.3	25.7	(2.8)	(0.7)
Operating income	17.8	19.0		14.7		
	24.5	26.1	106.6	18.2	43.1	7.9

* Small numbers in red are percent of sales, and numbers in red provided in parentheses are percent of sales excluding royalty income.

1st Half FY2012 Results



Breakdown of Sales (Consolidated)

(Units: B yen)

	FY2012		Achievement (%)	FY2011	Y on Y	
	1H forecasts	1H results		1H results	change (%)	change
Prescription drugs	79.5	79.7	100.3	78.7	1.2	1.0
Total of 3 key products	28.7	28.0	97.5	24.3	15.2	3.7
Total of 8 strategic products	40.4	39.8	98.4	34.3	15.9	5.5
Overseas subsidiaries/export	* 14.6	* 14.8	101.4	2.0	607.8	12.8
Shionogi Inc.	7.0	7.5	106.7	(2.4)	-	9.9
C&O	2.9	2.9	100.8	-	-	2.9
Doripenem	1.8	1.4	77.1	1.9	(25.2)	(0.5)
Contract manufacturing	4.7	4.5	94.8	3.7	17.3	0.8
OTC and quasi-drugs	2.7	2.8	103.6	2.7	3.6	0.1
Diagnostics	1.0	1.1	110.2	1.3	(18.6)	(0.2)
Royalty income	34.5	33.4	96.8	34.3	(2.7)	(0.9)
Crestor	32.7	30.7	93.9	32.3	(5.0)	(1.6)
Others	1.0	1.0	105.0	0.9	10.5	0.1
Total	138.0	137.3	99.5	124.0	10.7	13.3

Eight strategic products: Crestor, Irbetan, Cymbalta (3 key products), and OxyContin, Finibax, Differin, Pirespa, Rapiacta

*Taiwan Shionogi has changed its accounting period since Jan. 2012, and 1H results include 9 months from Jan. to Sep. C&O has been consolidated since Oct. 2011, and 1H results include 6 months from Jan. to Jun. **6**

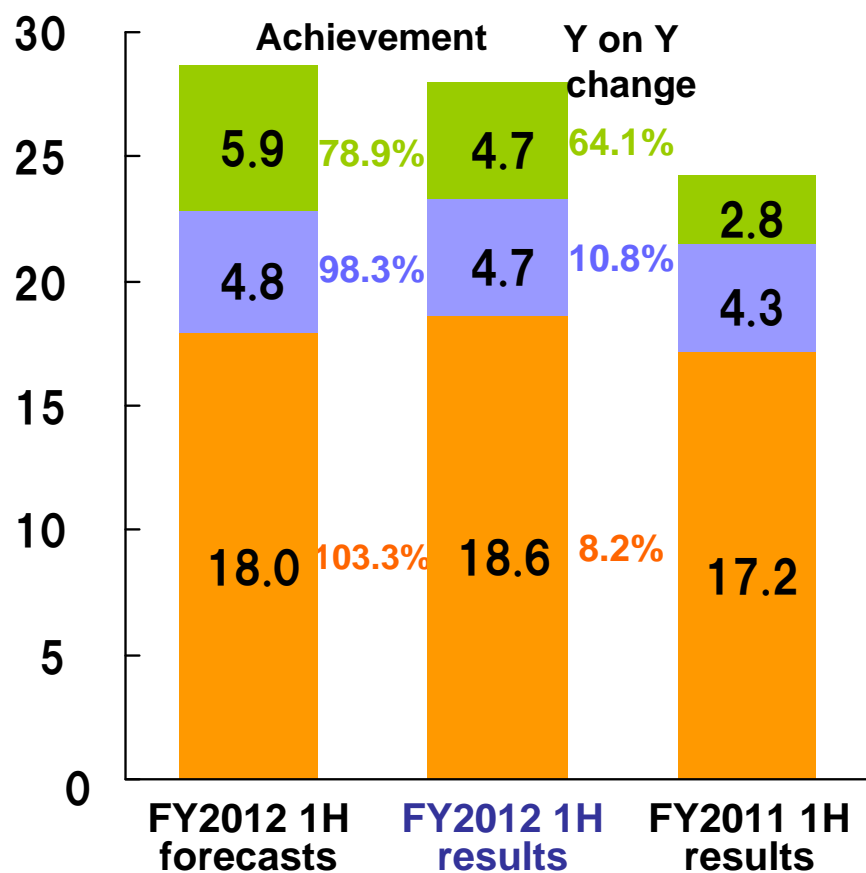


Domestic: Sales of 8 Strategic Products

(Units: B yen)

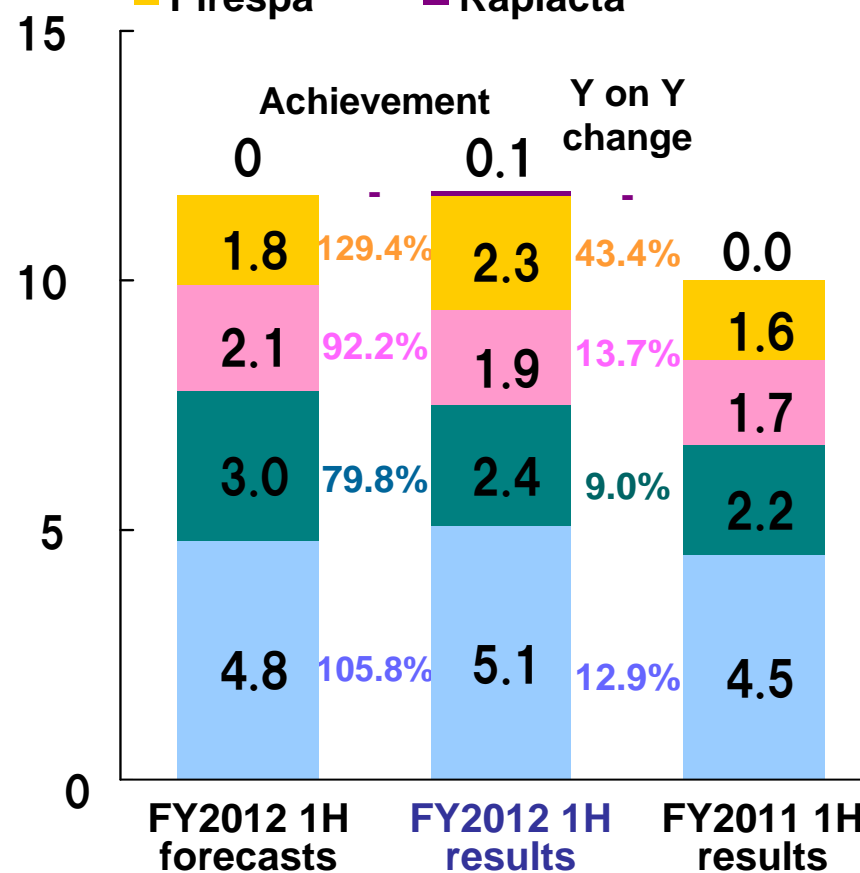
◆ 3 Key Products

■ Crestor
 ■ Irbetan
 ■ Cymbalta



◆ 5 Strategic Products

■ OxyContin
 ■ Finibax
 ■ Differin
 ■ Pirespa
 ■ Rapiacta



1st Half FY2012 Results



Financial Results of Shionogi Inc.

(Units: upper/M-dollar,
lower/B yen)

	FY2012			Achievement (%)
	Full year forecasts	1H forecasts	1H results	
Sales	194 15.5	87 7.0	94 7.5	107.9
Cost of sales	21 1.6	10 0.8	16 1.2	153.2
SG&A expenses	211 16.9	107 8.5	106 8.4	99.2
Operating income	(38) (3.0)	(30) (2.4)	(27) (2.2)	-

* Y on Y changes (%) are calculated in US\$ and are different from those calculated in Japanese yen.

Financial Results of C&O

(Units: B yen)

	FY2012			Achievement (%)
	Full year forecasts	1H forecasts	1H results	
Sales	5.6	2.9	2.9	100.8
Operating income	0.5	0.3	0.3	96.4

* C&O: C&O Pharmaceutical Technology (Holdings) Limited

* C&O has been consolidated since Oct. 2011, and 1H results in FY2012 include 6 months from Jan.-Jun. results in 2012.



Review of 1st Half FY2012

◆ Japanese Domestic Sales

- Sales increase in eight strategic products of 16% Y on Y
- Eight strategic products reached 50% of total net sales

◆ Cost Control

- Cost of sales level consistent with plan
- Continued focus on cost containment via budgetary control and prioritization

◆ Overseas Business Operations

- Shionogi Inc. (US): Stable business operations and increased sales ⇒ Targets met for four consecutive quarters
- C&O (China): Continued stable business operation

◆ R&D

- Each pipeline compound, including dolutegravir, showed steady progress toward its milestone targets for FY2012

◆ Crestor Royalty

- Global sales of Crestor by AstraZeneca in the 1st half of 2012 were down 3% Y on Y



FY2012 Financial Forecasts



Revision of FY2012 Financial Forecasts (Consolidated)

(Units: B yen)

	FY2012							FY2011	Y on Y change (%)
	Full Year forecasts			1H results	2H forecasts				
	original	revised	change		original	revised	change		
Sales	289.0	283.0	(6.0)	137.3	151.0	145.7	(5.3)	267.3	5.9
Operating income	56.0	56.0	-	26.1	31.5	29.9	(1.6)	47.0	19.1
Ordinary income	54.0	54.0	-	25.1	30.5	28.9	(1.6)	46.1	17.2
Net income	32.0	32.0	-	14.9	18.0	17.1	(0.9)	27.1	18.1

FY2012 Forecasts



Revision of Sales by Segments (Consolidated)

(Units: B yen)

	FY2012							FY2011 results	Y on Y change (%)
	Full year forecasts			1H	2H forecasts				
	original	revised	change	results	original	revised	change		
Prescription drugs	168.6	168.6	-	79.7	89.1	88.9	(0.2)	164.4	2.6
Crestor	37.0	37.0	-	18.6	19.0	18.4	(0.6)	35.7	3.6
Irbetan	10.0	10.0	-	4.7	5.2	5.3	0.1	8.9	12.0
Cymbalta	13.8	10.8	(3.0)	4.7	7.9	6.1	(1.8)	6.6	63.3
Total of 3 key products	60.8	57.8	(3.0)	28.0	32.1	29.8	(2.3)	51.3	12.7
OxyContin	9.7	10.2	0.5	5.1	4.9	5.1	0.2	8.9	15.1
Finibax	6.1	5.1	(1.0)	2.4	3.1	2.7	(0.4)	4.7	8.5
Differin	4.5	4.0	(0.5)	1.9	2.4	2.1	(0.3)	3.7	9.5
Pirespa	3.9	4.9	1.0	2.3	2.1	2.6	0.5	3.4	45.4
Rapiacta	2.5	2.5	-	0.1	2.5	2.4	(0.1)	1.4	83.6
Total of 8 strategic products	87.5	84.5	(3.0)	39.8	47.1	44.7	(2.4)	73.2	15.4
Overseas subsidiaries/export	29.7	28.3	(1.4)	14.8	15.1	13.5	(1.6)	17.0	66.6
Shionogi Inc.	15.5	15.5	-	7.5	8.5	8.0	(0.5)	5.8	165.0
C&O	5.6	5.6	-	2.9	2.7	2.7	-	1.9	190.1
Doripenem	3.4	1.8	(1.6)	1.4	1.6	0.4	(1.2)	4.2	(57.5)
Contract manufacturing	10.1	7.6	(2.5)	4.5	5.4	3.1	(2.3)	7.6	(0.0)
OTC and quasi-drugs	5.1	5.1	-	2.8	2.4	2.3	(0.1)	5.0	1.5
Diagnostics	2.4	2.4	-	1.1	1.4	1.3	(0.1)	2.7	(11.4)
Royalty income	71.2	69.1	(2.1)	33.4	36.7	35.7	(1.0)	68.7	(0.6)
Crestor	68.0	63.0	(5.0)	30.7	35.3	32.3	(3.0)	64.7	(2.7)
Others	1.9	1.9	-	1.0	0.9	0.9	-	1.9	(1.0)
Total	289.0	283.0	(6.0)	137.3	151.0	145.7	(5.3)	267.3	5.9



Details of Revised Sales (Consolidated)

(Units: B yen)

Breakdown of sales		Change from original forecasts		
		1H results	2H revised forecasts	Full year forecasts
Prescription drugs		0.2	(0.2)	-
To be achieved the original plan	Crestor, Irbetan, Rapiacta	0.6	(0.6)	-
Upward revision based on 1H results	OxyContin	0.3	0.2	0.5
	Pirespa	0.5	0.5	1.0
	Flumarin	0.2	0.2	0.4
Downward revision based on 1H results	Cymbalta	(1.2)	(1.8)	(3.0)
	Finibax	(0.6)	(0.4)	(1.0)
	Differin	(0.2)	(0.3)	(0.5)
Downward revision based on market situation	Vancomycin, Imunace	(0.6)	(0.3)	(0.9)
Upward revision based on 1H trend	Others	1.7	1.8	3.5
Overseas subsidiaries/export		0.2	(1.6)	(1.4)
Focus on improvement of earnings	Shionogi Inc.	0.5	(0.5)	-
Downward revision based on global market situation	Doripenem	(0.4)	(1.2)	(1.6)
Contract manufacturing (Cymbalta)		(0.2)	(2.3)	(2.5)
Royalty income		(1.1)	(1.0)	(2.1)
Crestor		(2.0)	(3.0)	(5.0)
Other royalty, up-front payment, etc.		0.9	2.0	2.9
OTC and quasi-drugs/Diagnostics		0.2	(0.2)	-
Total		(0.7)	(5.3)	(6.0)

Revision of Statements of Income (Consolidated)

	FY2012							FY2011 results	Y on Y Change (%)
	Full year forecasts			1H	2H forecasts				
	Original	Revised	Change	results	Original	Revised	Change		
Sales	289.0	283.0	(6.0)	137.3	151.0	145.7	(5.3)	267.3	5.9
[Royalty income]	71.2	69.1	(2.1)	33.4	36.7	35.7	(1.0)	68.7	0.6
	28.5 [37.8]	28.3 [37.4]		29.3 [38.7]	28.1 [37.1]	27.3 [36.2]		29.1 [39.1]	
Cost of sales	82.4	80.0	(2.4)	40.2	42.4	39.8	(2.6)	77.8	2.9
Gross profit	206.6	203.0	(3.6)	97.1	108.6	105.9	(2.7)	189.5	7.1
SG&A expenses	52.1 150.6	51.9 147.0	(3.6)	51.7 71.0	51.1 77.1	52.2 76.0	(1.1)	53.3 142.5	3.1
Selling & general expenses	94.0	94.0	-	46.0	47.0	48.0	1.0	88.9	5.7
R&D expenses	56.6	53.0	(3.6)	25.0	30.1	28.0	(2.1)	53.6	(1.1)
Operating income	19.4 56.0	19.8 56.0	-	19.0 26.1	20.9 31.5	20.5 29.9	(1.6)	17.6 47.0	19.1

* Small numbers in red are percent of sales, and numbers in red provided in percent of sales excluding royalty income



New Agreement for HIV Integrase Inhibitors with ViiV Healthcare Ltd.

◆ **New Alliance Scheme for DTG (announced on Oct. 29)**

- JV's rights to the integrase inhibitor franchise products are transferred to ViiV Healthcare Ltd. (VHC), and Shionogi becomes a 10% shareholder in VHC with Board representation*
- Shionogi Limited receives dividends from VHC in the UK
- Shionogi receives royalty on net sales of integrase inhibitor portfolio, averaging in high teens

◆ **Financial Impact for FY2012**

- Difference between book value of equity interest in JV and value of equity share in VHC will be allocated as extraordinary income
- Income and losses may be allocated on the reevaluation of other assets such as goodwill
- JV development costs will not be incurred after the new agreement

◆ **Financial Impact after FY2013**

- Royalty income and a proportional share of dividends from VHC
- Development costs and amortization of goodwill and other intangible assets may be reduced



Dividend Forecast

	Dividends per Share		
	Half-year	Year-end	Annual
	Yen	Yen (Forecast)	Yen (Forecast)
FY2012	20 . 00	20 . 00	40 . 00
FY2011	20 . 00	20 . 00	40 . 00

- FY2012 forecast: 40 yen as planned




Pipeline

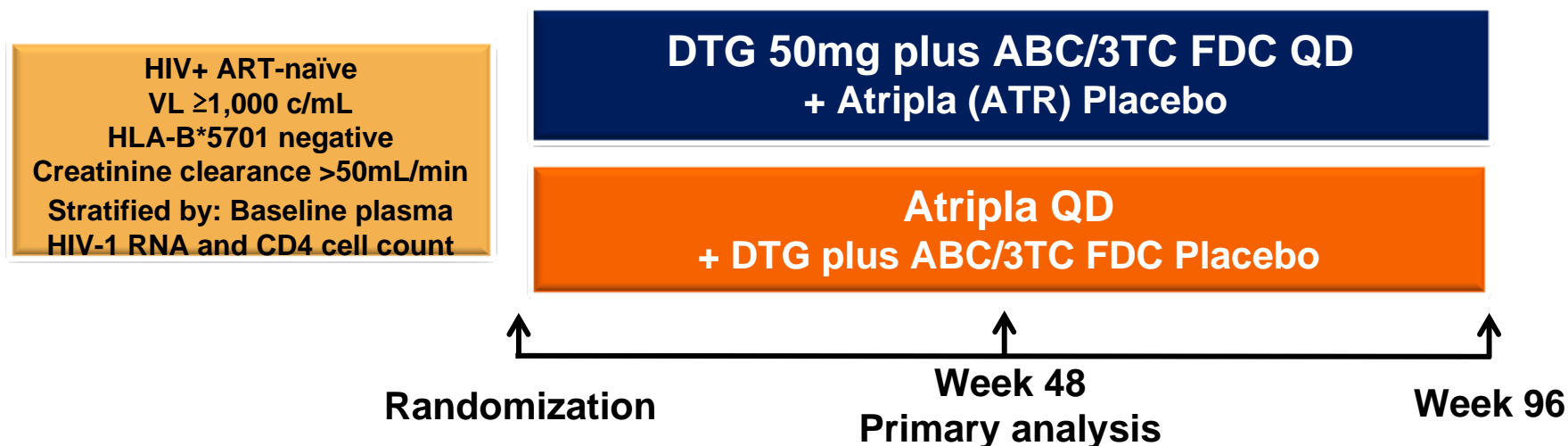
Pipeline



Core Global Development Products		As of 3/31/2012	Target Milestones for FY2012 Current status (Achieved in 1Q and 2Q)
Ospemifene	Post-menopausal vaginal atrophy	US: NDA submission in preparation	US: NDA submission <i>US: NDA submission (Apr.)</i> <i>EU: NDA submission in preparation</i>
S/GSK1349572* (Dolutegravir)	HIV infection	Global: Phase III	Global: NDA submission <i>Global: NDA submission in preparation</i>
S-297995 (Naldemedine)	Alleviation of opioid-induced adverse effect	US/Japan: Phase IIb	US/Japan: Phase IIb LPO, code-break, meeting with each regulatory agency <i>Japan: Phase IIb</i> <i>US: Phase IIb, code-break, meeting with each regulatory agency in preparation</i>
S-555739	Allergic disease	Japan: Phase IIb US: Phase I	Japan: Phase IIb LPO, code-break US: Phase IIa FPI <i>Japan: Phase IIb LPO, code-break</i> <i>US: Phase IIa registration completion</i>
S-888711 (Lusutrombopag)	Thrombocytopenia	Japan: Phase IIa	Japan: Phase IIb initiation <i>Japan: Phase IIb initiation</i>
S-288310	Bladder cancer	Asia: Phase I/II	Japan: Go/No-go decision based on Phase I/II results <i>Japan: ongoing</i>
S-488410	Esophageal cancer	Japan: Phase I/II	Japan: Go/No-go decision based on Phase I/II <i>Japan: ongoing</i>
S-488210	Head and neck squamous cell carcinoma	EU: Phase I/II IND	EU: Phase I/II FPI <i>EU: screening initiation</i>
S-646240	Age-related macular degeneration	Japan: Phase IIa IND	Japan: Phase IIa FPI <i>Japan: Phase IIa FPI</i>

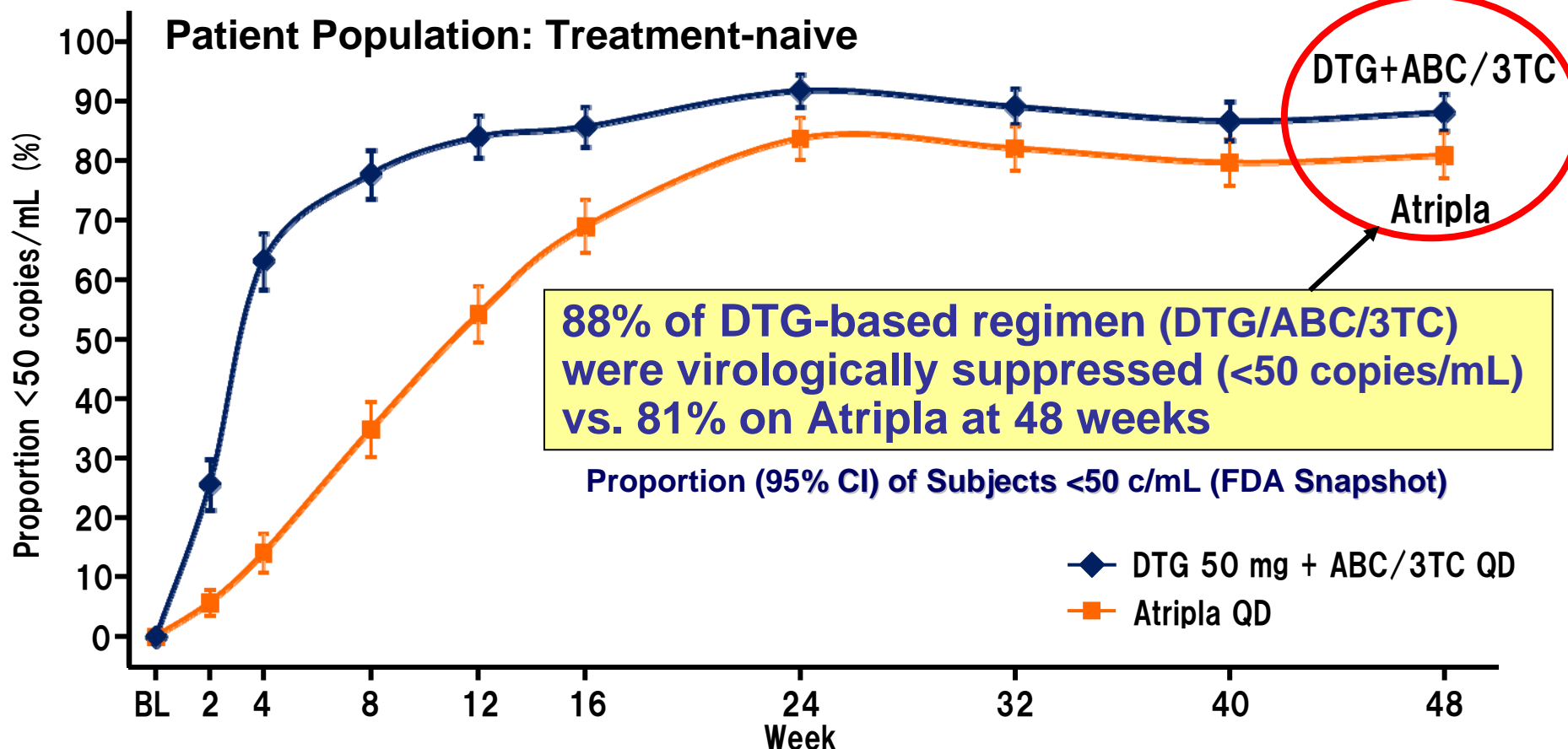
S/GSK1349572 (dolutegravir; DTG): SINGLE Study

Study No.	Patient Population	Study Design
ING114467 	Treatment-naïve	n=833 (non-inferiority design) DTG 50mg/ABC/3TC QD vs. Atripla QD



ABC/3TC: abacavir/lamivudine
Atripla: efavirenz/tenofovir/emtricitabine
FDC: Fixed-dose combo

S/GSK1349572 (dolutegravir; DTG): SINGLE Study



- DTG 50mg +ABC/3TC QD was statistically superior to Atripla at 48 weeks (Differences in efficacy were primarily driven by a higher rate of discontinuation due to adverse events on the Atripla arm)
- Subjects receiving DTG +ABC/3TC achieved virologic suppression faster than Atripla, median time to HIV-1 RNA <50c/mL of 28 days (DTG +ABC/3TC) vs. 84 days (Atripla), P<0.0001

S/GSK1349572 (dolutegravir; DTG): SINGLE Study

	DTG 50mg +ABC/3TC QD (n=411) n (%)	Atripla QD (n=419) n (%)
Subjects withdrawn due to adverse events	10 (2)	42 (10)
Most Common Adverse Events		
Dizziness	37 (9)	148 (35)
Abnormal dreams	30 (7)	72 (17)
Insomnia	64 (15)	43 (10)
Diarrhea	72 (17)	75 (18)
Nasopharyngitis	62 (15)	60 (14)
Subjects with Protocol-defined virologic failure	18 (4)	17 (4)
NRTI treatment-emergent major mutations	0	1
NNRTI treatment-emergent major mutations	0	4
INI-r treatment-emergent major substitution	0	0

- DTG +ABC/3TC safety and tolerability generally favorable vs. Atripla
- No integrase inhibitor (INI) mutations nor NRTI mutations were detected through 48 weeks on DTG +ABC/3TC



S-297995: Product Profile

◆ Mechanism

- Orally active peripheral opioid receptor antagonist

◆ Indication

- Relief of opioid-induced constipation (OIC)

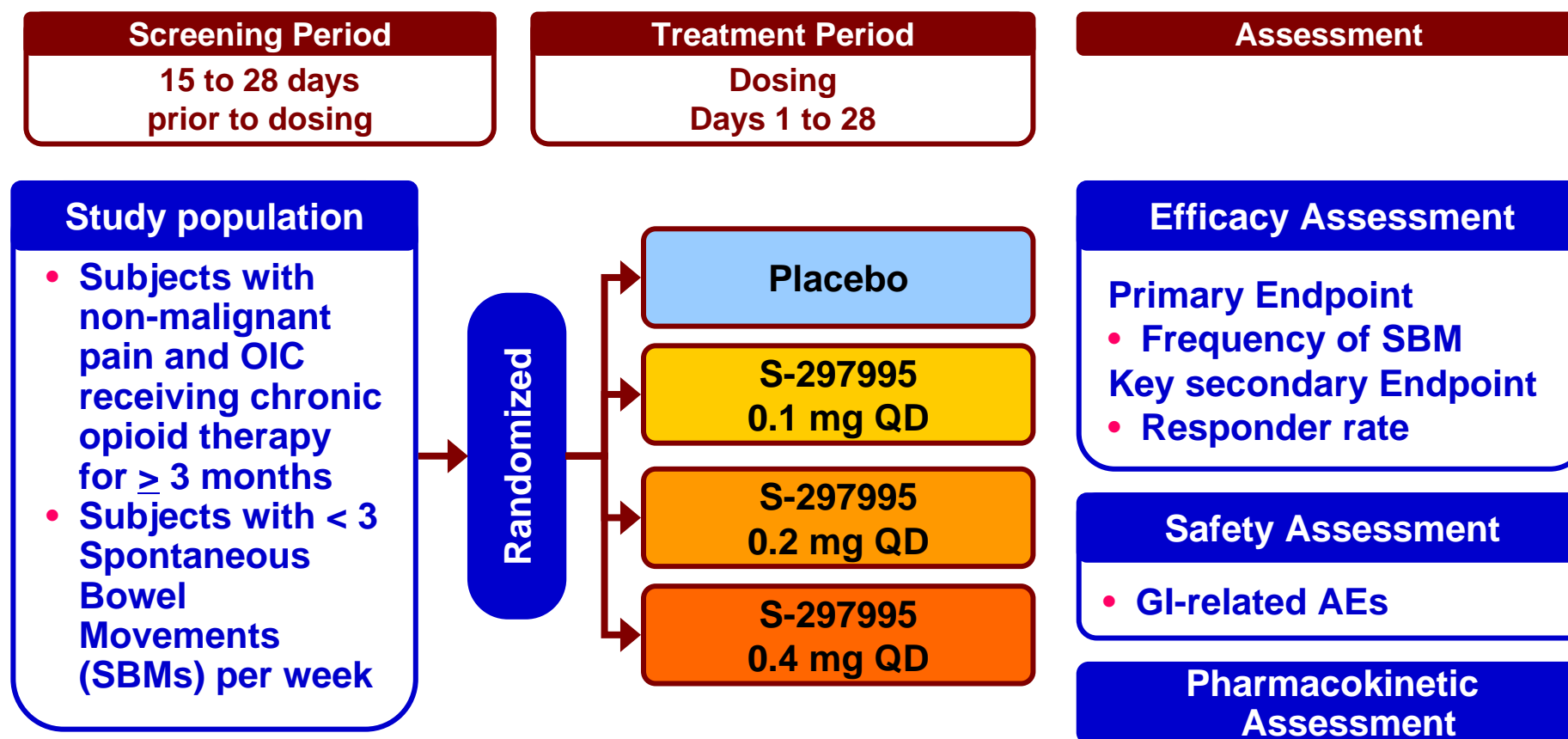
◆ Development stage

- Under preparation for meetings with regulatory agencies about global Phase III studies
- Phase IIb study in Japan is ongoing



S-297995: US Phase IIb OIC Study

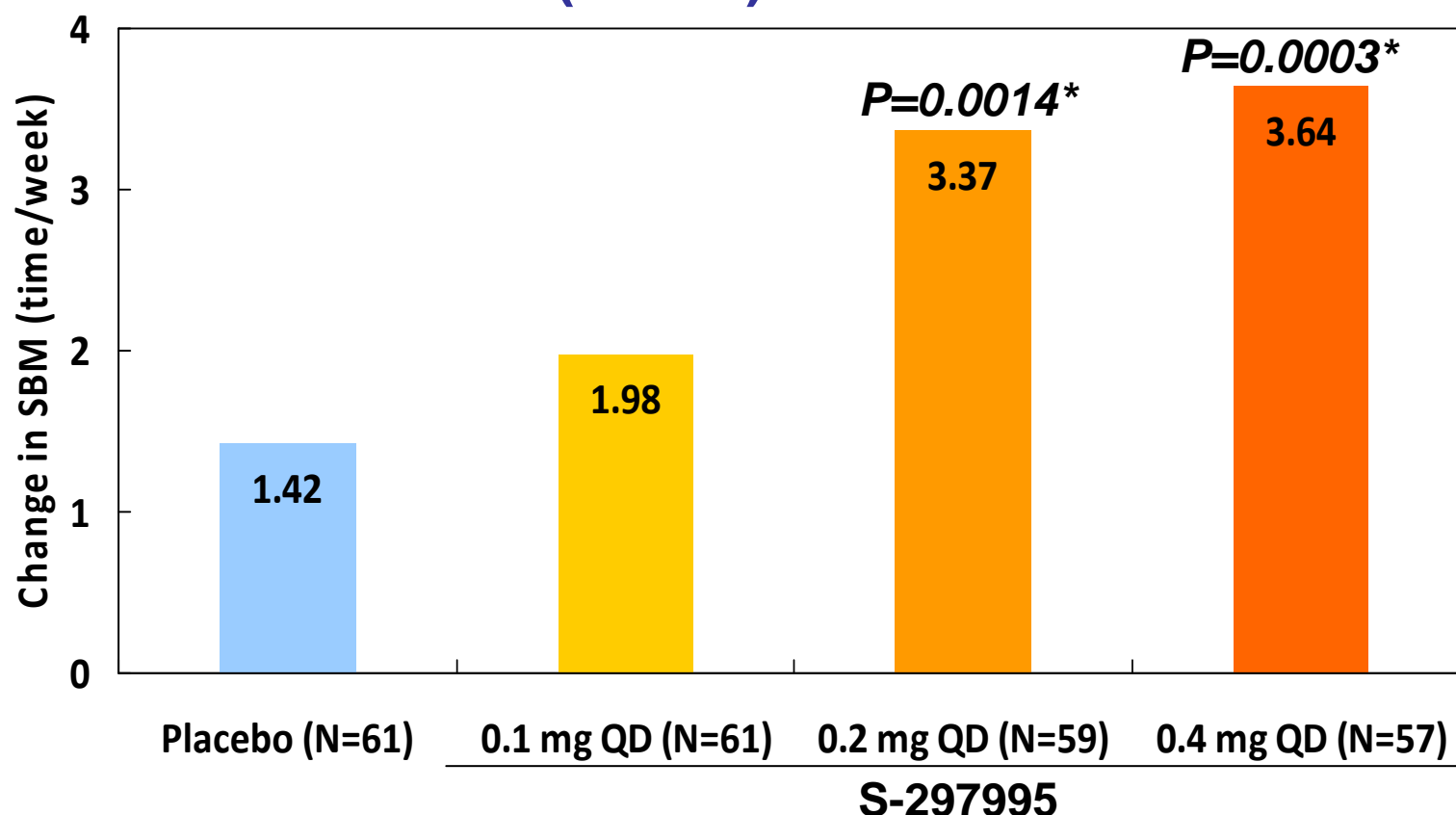
- ◆ Primary objective is to evaluate the efficacy of oral S-297995 in subjects with non-malignant chronic pain and OIC receiving opioid therapy





S-297995: Primary Efficacy Endpoint

- ◆ Change from baseline in the frequency of spontaneous bowel movements (SBMs)



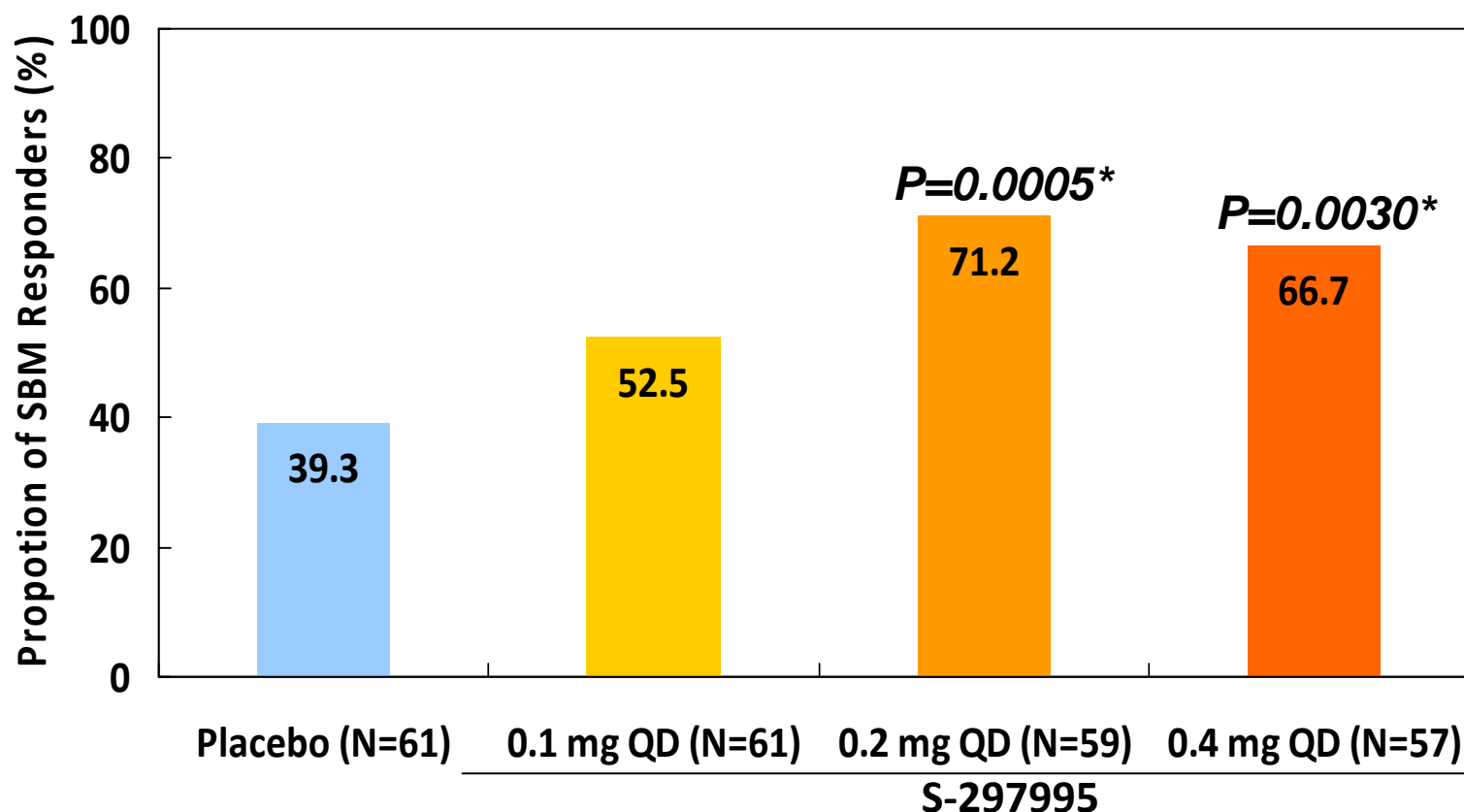
0.2mg and 0.4mg showed statistical significance in change in SBMs as compared to placebo

* Indicates two-sided statistical significance at a 5% level vs. Placebo.
The ANCOVA model has the terms for treatment group and baseline value as fixed effects.



S-297995: Key Secondary Endpoint

◆ SBM responder rates for last 2-weeks of treatment period



0.2mg and 0.4mg showed statistical significance in change in SBM responder rate as compared to placebo



S-297995: Safety Assessment

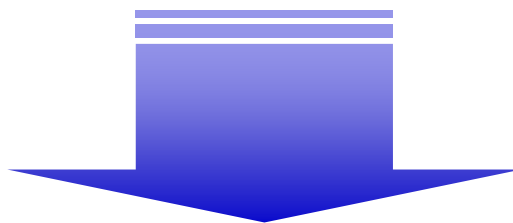
- ◆ The most common adverse events reported were abdominal pain, diarrhea, flatulence, nausea and urinary tract infection (occurred at a rate of at least 5% in any group)
- ◆ Gastrointestinal (GI) adverse events were generally mild to moderate, and the majority of GI-related adverse events were resolved within a few days
- ◆ No evidence of centrally opioid withdrawal and no change in pain intensity or opioid dosage

S-297995 was generally well tolerated



S-297995: Conclusion

- ◆ In the primary endpoint, S-297995 0.2mg and 0.4mg showed statistical significance in change in SBMs as compared to placebo and in the key secondary endpoints such as SBM responder rate
- ◆ Once daily S-297995 showed good safety and tolerability



Expect to initiate Phase III global programs in 1H2013

Change of Phases in Japan (since August 2012)

Code No. 【Product name】	Category (Administration)	Indication	Change of Phase
S-877489	DA and NE reuptake inhibitor/Releaser of DA, NE (Oral)	Attention deficit hyperactivity disorder (ADHD)	Phase I ⇒Phase II in preparation
S-877503	Alpha-2A-adrenergic receptor agonist (Oral)	Attention deficit hyperactivity disorder (ADHD)	Phase I ⇒Phase II in preparation
S-120083*	Analgesic agent for inflammatory pain (Oral)	Inflammatory pain	Phase I initiated
Metronidazole 【Flagyl®】	Antibacterial and antiprotozoal agent (Oral)	Infections caused by anaerobic bacteria, Amebiasis, Giardiasis	NDA submission ⇒Approval (Aug. 2012)
Sulfamethoxazole/ Trimethoprim combination 【Baktar®】	Synthetic folate-antagonist/Anti-infectives combination (Oral)	Prophylaxis and treatment of Pneumocystis pneumonia	NDA submission ⇒Approval (Aug. 2012)



In- and Out-licensing Activities

◆ In-licensing KT6-971, a cholesterol absorption inhibitor

- Licensed in from Kotobuki Pharmaceutical Co., Ltd.
- The worldwide rights of development, manufacturing and commercialization
- Current stage: Japan: Phase IIa completed, EU: Phase I completed

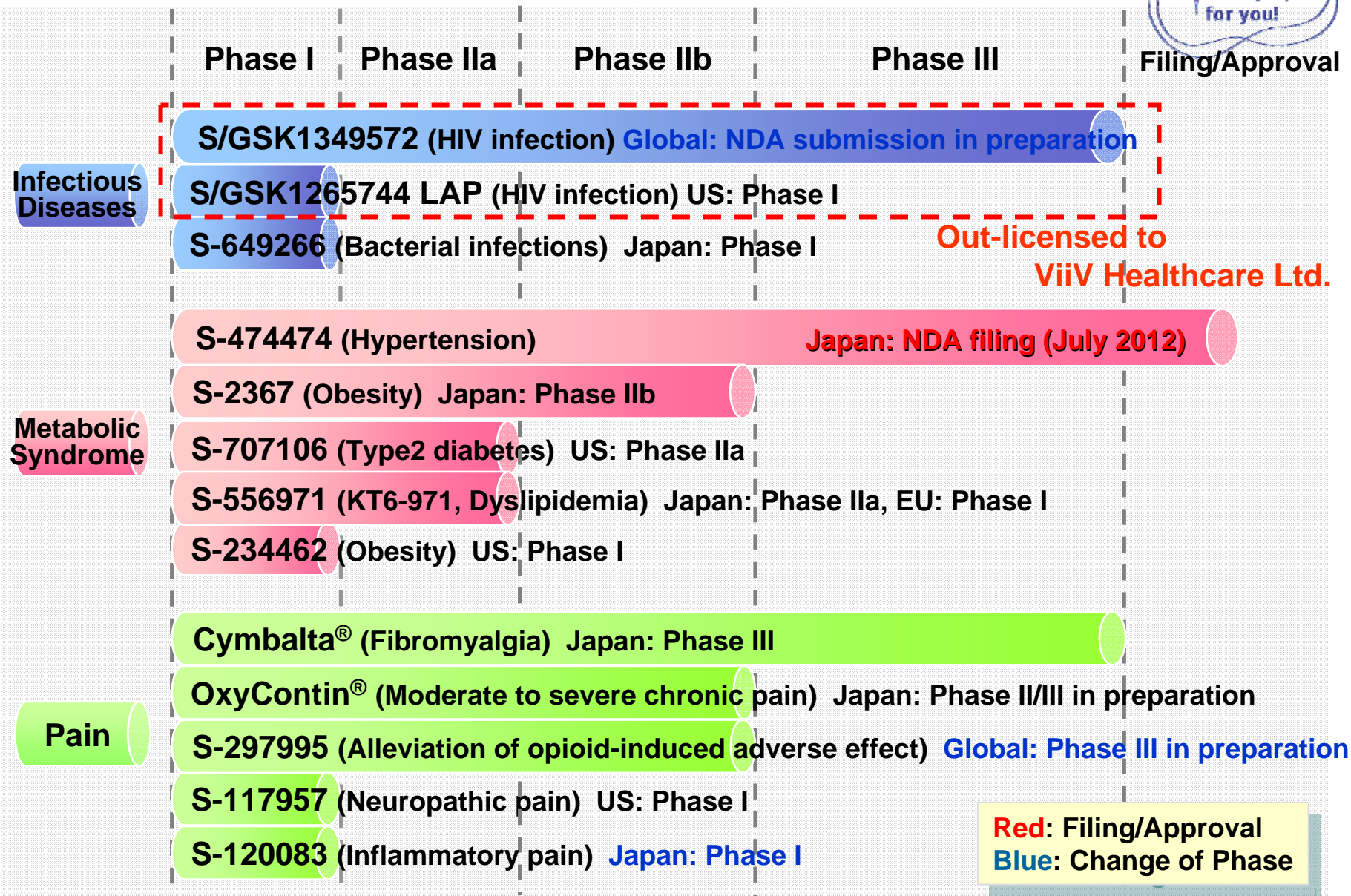
⇒ Providing a novel treatment option to more patients with dyslipidemia, who have poorly-controlled blood cholesterol level or are insufficiently treated with statins

◆ Out-licensing Anti-Alzheimer's disease drug candidates

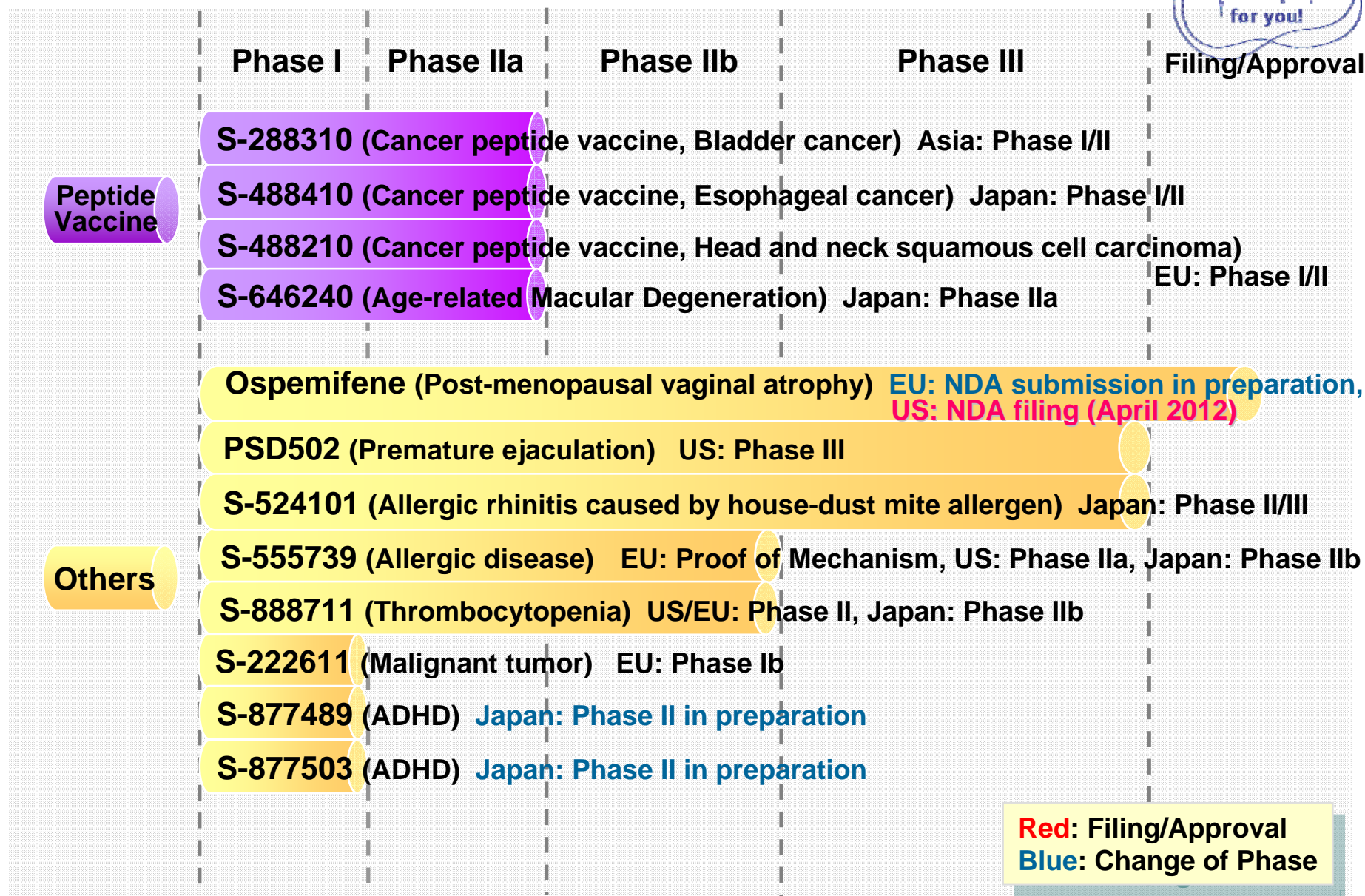
- Licensed out β -secretase inhibitor program to Janssen Pharmaceuticals, Inc.
- Agreements include research collaboration for back-up compounds
- After candidate selection for clinical studies, Janssen conducts development and Shionogi receives milestone payments
- After launch, Janssen promotes, with Shionogi co-promotion right in some territories

⇒ Supply innovative and effective medicines to patients suffering from Alzheimer's disease globally in cooperation with Janssen, which has strong expertise in this therapeutic area

Pipeline (as of November 2012)



Pipeline (as of November 2012)





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