



***3rd Quarter of Fiscal 2012
Conference Call***

February 4, 2013

 **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 3rd Quarter FY2012 Results



Financial Results (Consolidated)

(Units: B yen)

	FY2012 forecasts	FY2012 Apr-Dec results	Progress vs. forecasts (%)	FY2011 Apr-Dec results	Y on Y	
					change (%)	change
Sales	283.0	211.4	74.7	198.7	6.4	12.7
Operating income	56.0	43.2	77.2	34.7	24.6	8.5
Ordinary income	54.0	42.6	78.9	34.6	23.2	8.0
Net income	32.0	28.3	88.6	18.6	52.6	9.7

- All income levels from April to December 2012 are higher than the levels achieved in the cumulative 3rd quarter of any prior fiscal year.

* All numerical values are rounded to the nearest unit.

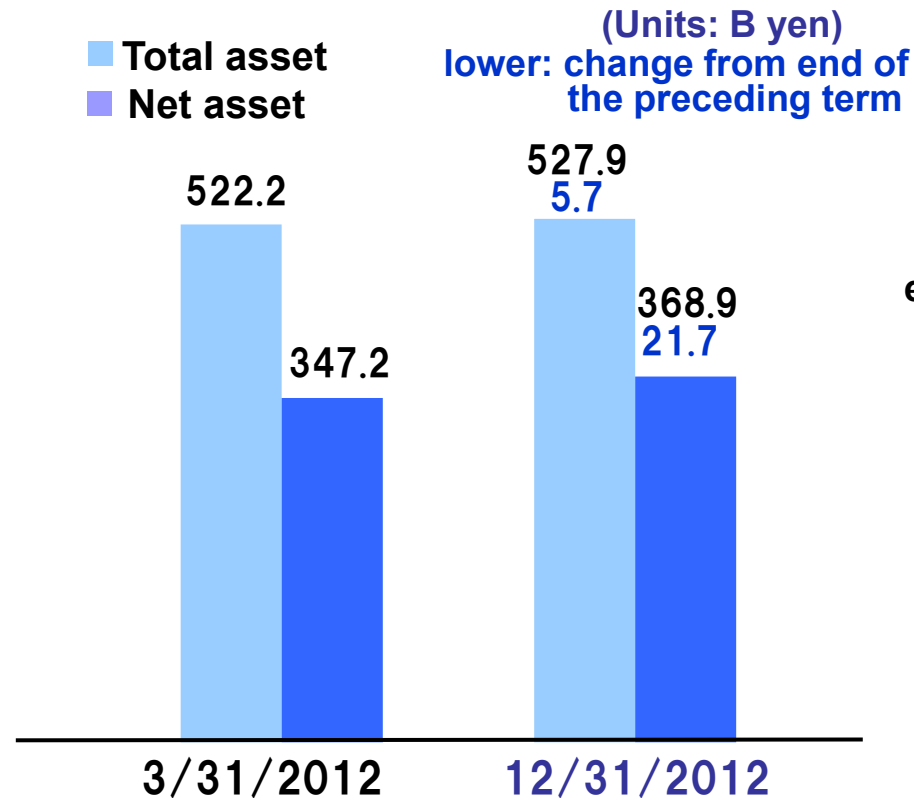
* The depreciation method for tangible fixed assets has been changed from the declining-balance method predominantly used previously to the straight-line method from FY2012. Therefore, operating and ordinary incomes have increased 2.3 and 2.4 billion yen respectively in the cumulative 3rd quarter of FY2012.

Exchange rate (average)	FY2012 forecasts	Apr-Dec results
USD(\$)	80	79.95
EUR(€)	105	102.03



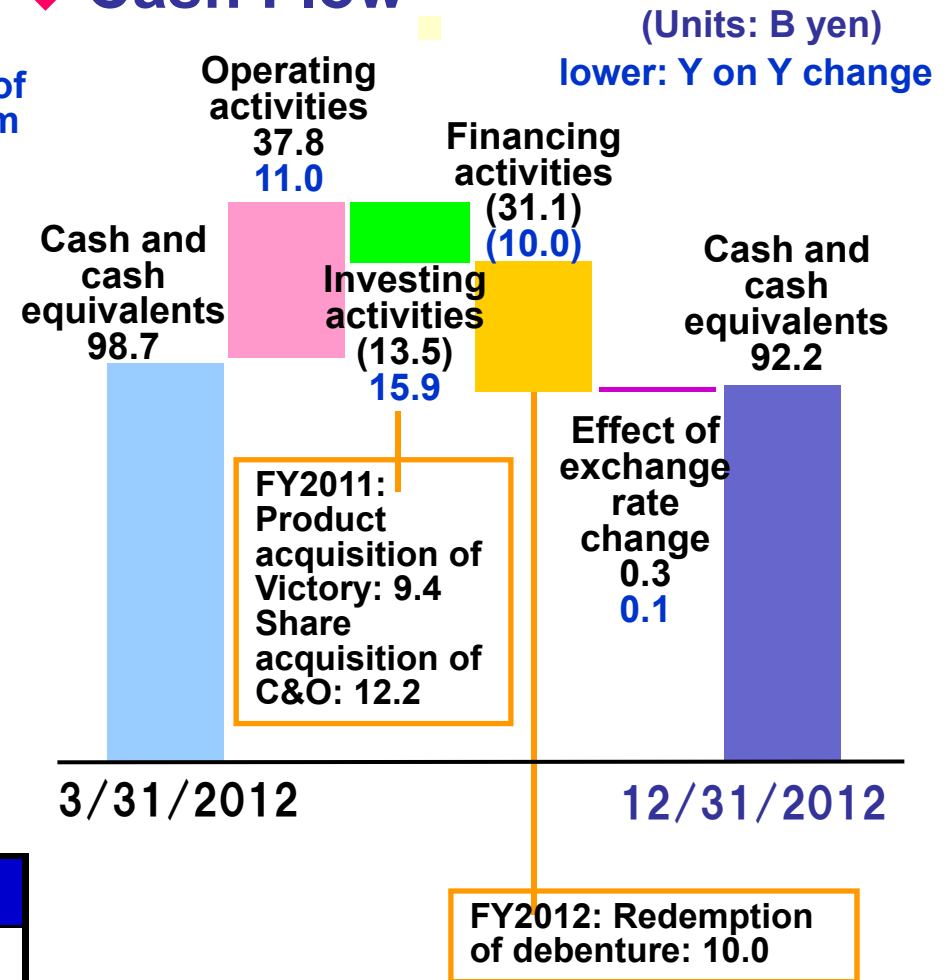
Financial Position and Cash Flow (Consolidated)

◆ Financial Position



	3/31/2012	12/31/2012
Equity ratio	65.9%	69.3%

◆ Cash Flow



3rd Quarter FY2012 Results



Statements of Income (Consolidated)

(Units: B yen)

	FY2012		Progress vs. forecasts (%)	FY2011	Y on Y		FY2012	FY2011	Y on Y change (%)
	2H forecasts	Oct-Dec results		Oct-Dec results	change (%)	change	Apr-Dec results	Apr-Dec results	
Sales	145.7	74.1	50.9	74.7	(0.8)	(0.6)	211.4	198.7	6.4
[Royalty income]	35.7	18.8	52.6	16.7	12.2	2.1	52.2	51.0	2.2
	27.3 [36.2]	26.4 [35.4]		29.6 [38.1]			28.3 [37.6]	30.0 [40.4]	
Cost of sales	39.8	19.6	49.3	22.1	(11.2)	(2.5)	59.8	59.6	0.3
Gross profit	105.9	54.5	51.5	52.6	3.6	1.9	151.6	139.1	9.0
	52.2	50.5		48.4			51.3	52.5	
SG&A expenses	76.0	37.4	49.2	36.2	3.4	1.2	108.4	104.4	3.8
Selling & general expenses	48.0	22.7	47.3	23.6	(3.6)	(0.9)	68.7	66.1	4.0
R&D expenses	28.0	14.7	52.5	12.6	16.5	2.1	39.7	38.3	3.5
	20.5	23.1		22.0			20.4	17.5	
Operating income	29.9	17.1	57.2	16.4	4.0	0.7	43.2	34.7	24.6
Extraordinary income and loss	-	P2.6	-	L0.8	-	-	P2.3	L4.6	-

**Extraordinary income and loss (Consolidated):
Apr-Dec results; P2.3**

<New agreement with ViiV Healthcare> P1.8

- **Extraordinary income**
- **Gain on exchange of investment securities** P41.1
 (Shionogi became a 10% shareholder of ViiV)

- **Extraordinary loss** L39.4
- **Impairment loss (goodwill)** L25.4
- **Impairment loss (sales rights)** L13.9

<Others> P0.5

- **Extraordinary income**
- **Gains on sales of noncurrent assets**
 and investment securities P1.2

- **Extraordinary loss**
- **Loss on sales of noncurrent assets, and**
 loss on valuation of investment securities, etc. L0.7

3rd Quarter FY2012 Results



Breakdown of Sales (Consolidated)

(Units: B yen)

	FY2012		Progress vs. forecasts (%)	FY2011	Y on Y		FY2012	FY2011	Y on Y change (%)
	2H forecasts	Oct-Dec results		Oct-Dec results	change (%)	change	Apr-Dec results	Apr-Dec results	
Prescription drugs	88.9	45.2	50.9	45.9	(1.3)	(0.7)	124.9	124.6	0.3
Total of 3 key products	29.8	15.8	53.1	13.8	14.4	2.0	43.8	38.1	14.9
Total of 8 strategic products	44.7	22.8	51.1	20.1	13.8	2.7	62.6	54.4	15.1
Overseas subsidiaries/export	13.5	6.6	48.6	7.8	(15.1)	(1.2)	※ 21.4	9.8	117.7
Shionogi Inc.	8.0	4.2	52.9	4.1	2.5	0.1	11.7	1.7	596.4
C&O	2.7	1.3	48.4	0.9	40.1	0.4	4.2	0.9	356.6
Doripenem	0.4	(0.0)	-	1.6	(100.4)	(1.6)	1.4	3.5	(60.3)
Contract manufacturing	3.1	1.3	42.3	2.1	(35.2)	(0.8)	5.8	5.8	(1.1)
OTC and quasi-drugs	2.3	1.2	52.0	1.3	(4.8)	(0.1)	4.0	4.0	0.9
Diagnostics	1.3	0.5	40.0	0.7	(23.8)	(0.2)	1.6	2.0	(20.3)
Royalty income	35.7	18.8	52.6	16.7	12.2	2.1	52.2	51.0	2.2
Crestor	32.3	15.7	48.7	16.0	(2.0)	(0.3)	46.4	48.3	(4.0)
Others	0.9	0.6	63.9	0.5	10.4	0.1	1.6	1.4	10.4
Total	145.7	74.1	50.9	74.7	(0.8)	(0.6)	211.4	198.7	6.4

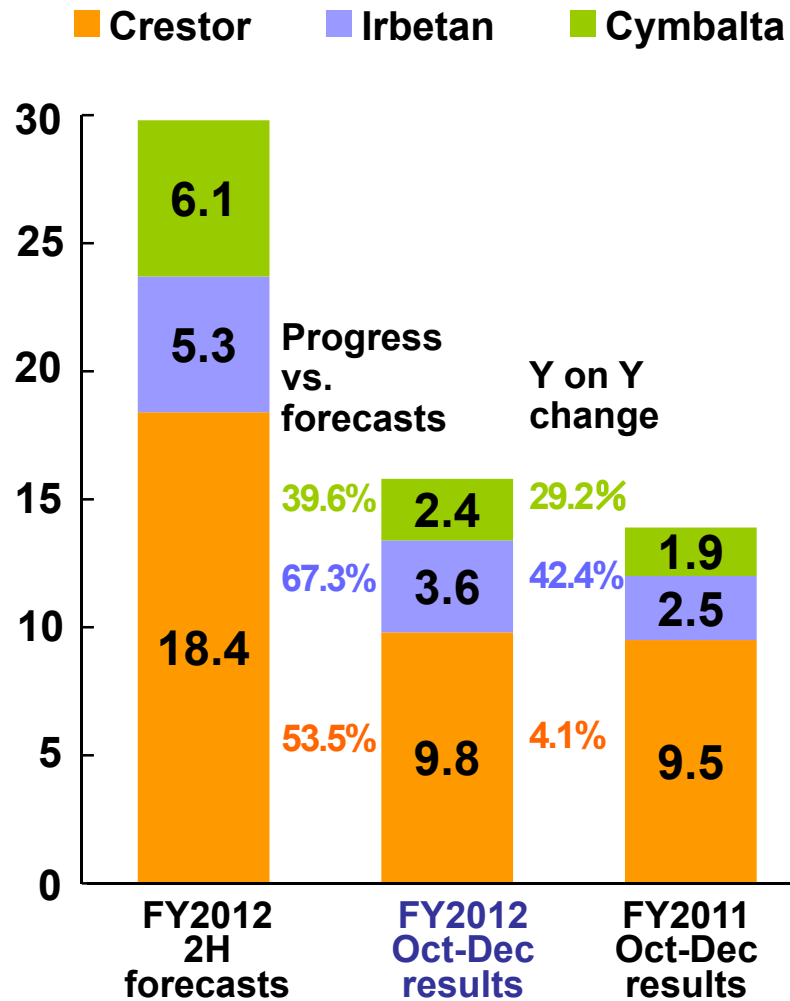
- Three key products: Crestor, Irbetan and Cymbalta
- Eight strategic products: above 3 key products plus OxyContin, Finibax, Differin, Pirespa and Rapiacta

* Taiwan Shionogi has changed its accounting period since Jan 2012, and Apr-Dec results include 12 months from Jan to Dec. Regarding C&O, it has been consolidated since Oct 2011, Oct-Dec results include 3 months from Jul to Sep, and Apr-Dec results include 9 months from Jan-Sep.

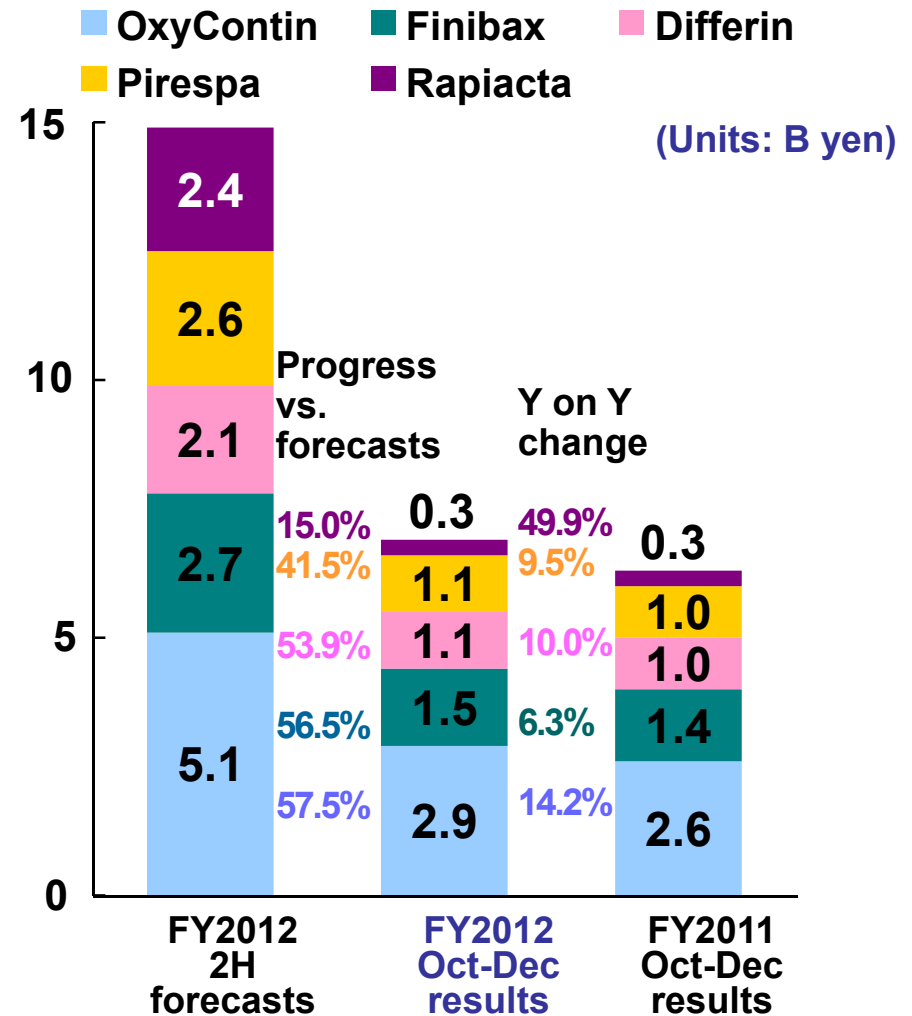


Domestic: Sales of 8 Strategic Products (Oct-Dec)

◆ 3 Key Products



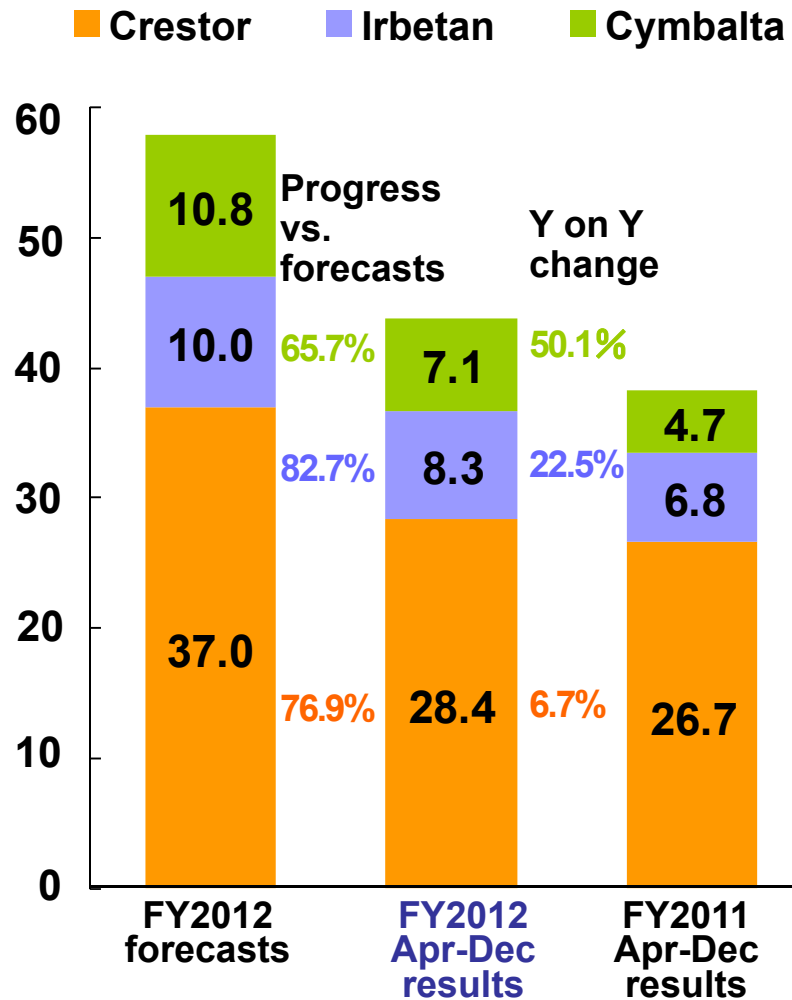
◆ 5 Strategic Products



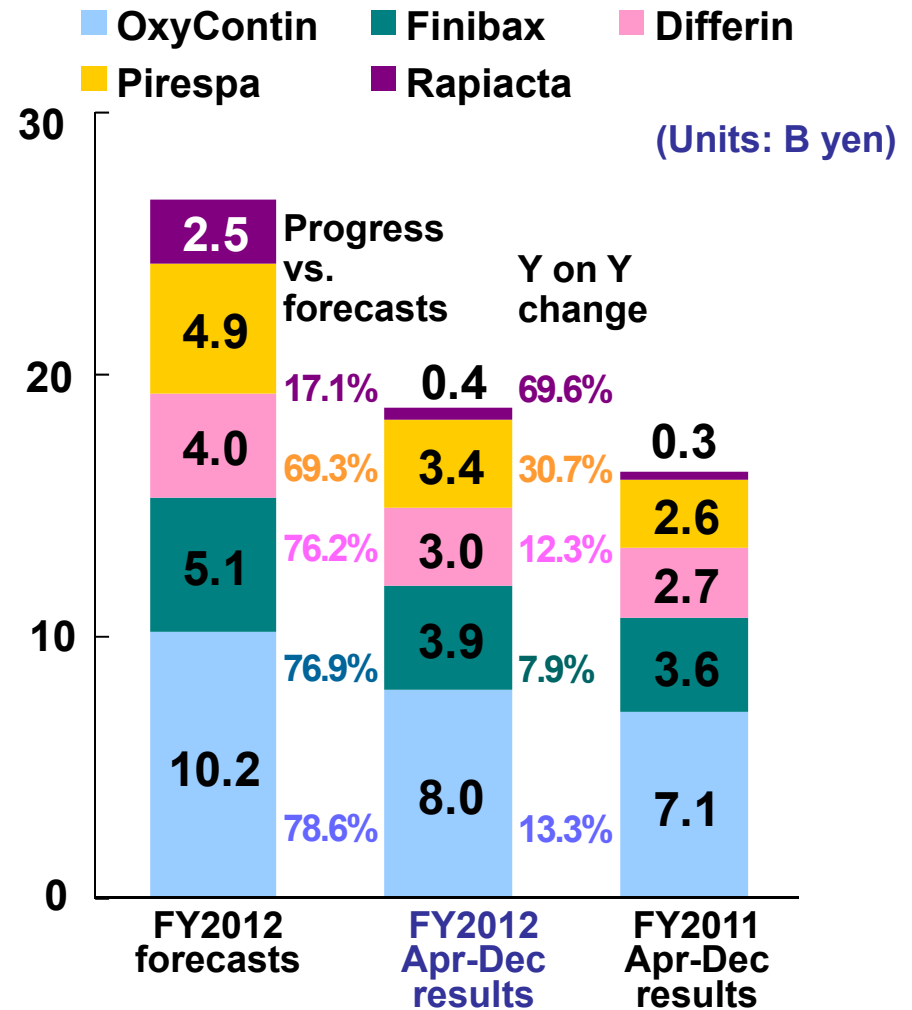


Domestic: Sales of 8 Strategic Products (Apr-Dec)

◆ 3 Key Products



◆ 5 Strategic Products



3rd Quarter FY2012 Results



Financial Results of Shionogi Inc.

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

	FY2012			Progress vs. forecasts (%)
	1H results	2H forecasts	Oct-Dec results	
Sales	94 7.5	100 8.0	52 4.2	52.7
Cost of sales	16 1.2	10 0.8	4 0.4	43.5
SG&A expenses	106 8.4	101 8.1	36 3.0	36.3
Operating income	(27) (2.2)	(11) (0.9)	12 0.9	-

* The numbers of progress vs. forecasts (%) shown here are calculated in US\$, and they are not the same as the numbers calculated in Japanese yen.

Current Intangible assets of Shionogi Inc.

	Impairment loss ^{a)}	Book value ^{b)} (as of 12/31/2012)	Note
Goodwill	318 25.4	340 29.4	Amortization/year: \$42M→\$22M
Sales rights	174 13.9	212 18.3	Primarily relates to Naprelan, Ulesfia and Sular



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Exchange rate (Yen/US\$): a) 79.95 (average), b) 86.56 (as of 12/31/2012) 10



Pipeline

Pipeline



Core Global Development Products		As of 3/31/2012	Target Milestones for FY2012 Current status (Achieved in 1Q, 2Q and 3Q)
Ospemifene	Post-menopausal vaginal atrophy	US: NDA submission in preparation	US: NDA submission <i>US: NDA submission (Apr 2012)</i> <i>EU: NDA submission in preparation</i>
S/GSK1349572* (Dolutegravir)	HIV infection	Global: Phase III	Global: NDA submission <i>EU/US/Canada: NDA submission (Dec 2012)</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 LPO</i> <i>Global: Phase III 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 III initiation</i> <i>US: Phase IIa LPO</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 results <i>Japan: ongoing</i>
S-488210	Head and neck squamous cell carcinoma	EU: Phase I/II IND	EU: Phase I/II FPI <i>EU: Phase I/II FPI</i>
S-646240	Age-related macular degeneration	Japan: Phase IIa IND	Japan: Phase IIa FPI <i>Japan: Phase IIa FPI</i>

* Transferred to ViiV Healthcare Ltd.



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NDA: New drug application, LPO: Last patient out, FPI: First patient in
IND: Investigational new drug

S-297995, S-555739 and Cancer peptide vaccine

◆ S-297995

- Preparing for discussions with each regulatory agency about Phase III studies in the US and in Japan

◆ S-555739

- Phase III initiation in Japan

◆ Cancer peptide vaccines (S-288310, S-488410 and S-488210)

- S-288310 (Bladder cancer) and S-488410 (Esophageal cancer): Phase I/II is ongoing in Japan ⇒ Go/No Go decisions in FY2012



**Accelerate the global clinical development
as our growth driver**

Change of Phases (since November 2012)

Code No. 【Product name】	Category (Administration)	Indication	Change of Phase
S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic disease	Japan: Phase IIb ⇒Phase III
S-556971	Cholesterol absorption inhibitor (Oral)	Dyslipidemia	Japan: Phase IIa ⇒Phase IIb
S-877503	Alpha-2A-adrenergic receptor agonist (Oral)	ADHD	Japan: Phase II in preparation ⇒Phase II/III in preparation
S/GSK1349572* (Dolutegravir)	Integrase inhibitor (Oral)	HIV infection	Global: NDA submission in preparation ⇒NDA submission (Dec 2012)
S/GSK1265744 LAP*	Integrase inhibitor (Injection)	HIV infection	US: Phase I ⇒Phase II

ADHD: Attention deficit hyperactivity disorder

* Transferred to ViiV Healthcare Ltd.



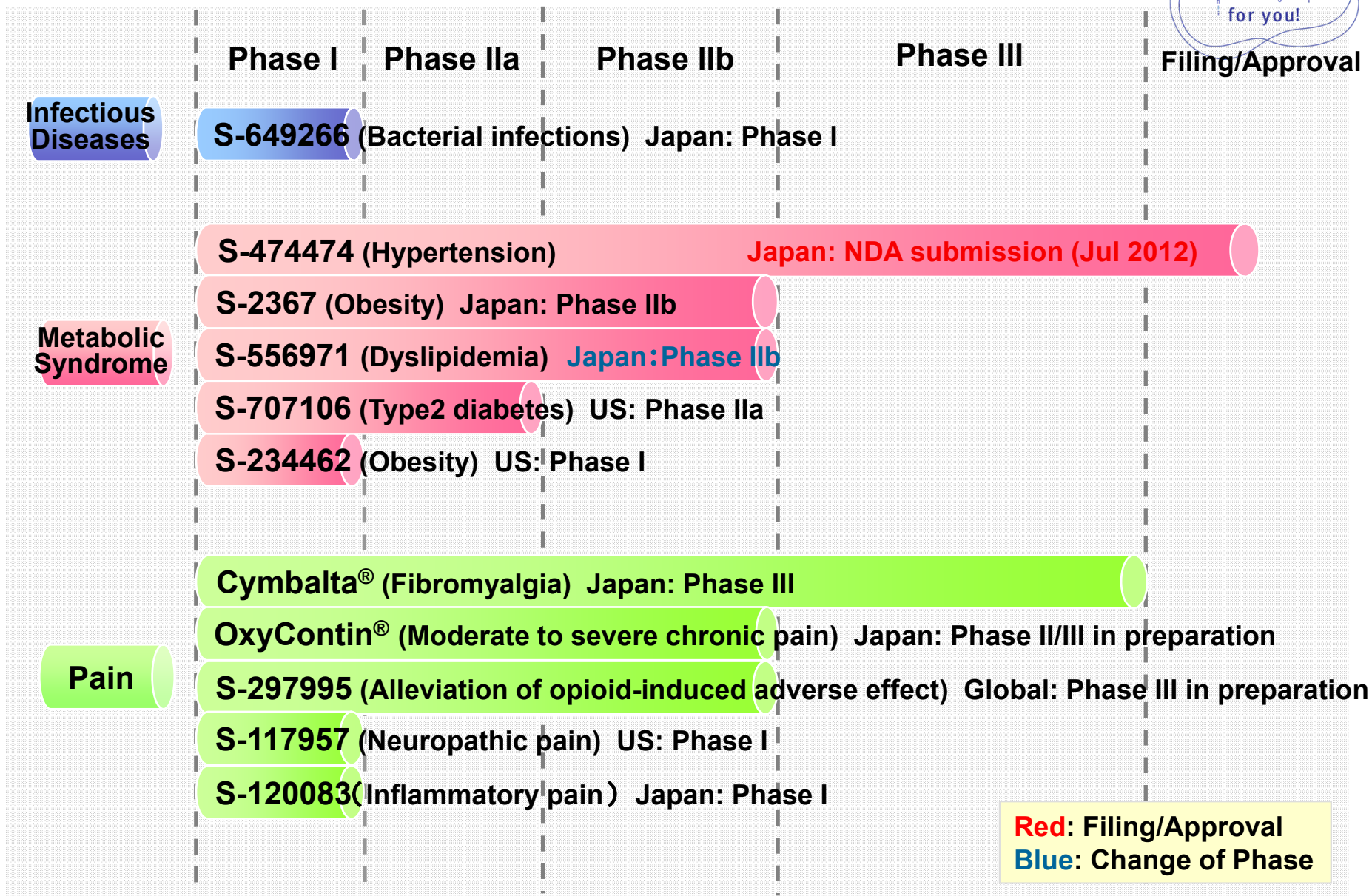
Change of Phases (since November 2012)

Development for new indications with high medical need, requested by Review Committee* or Academies

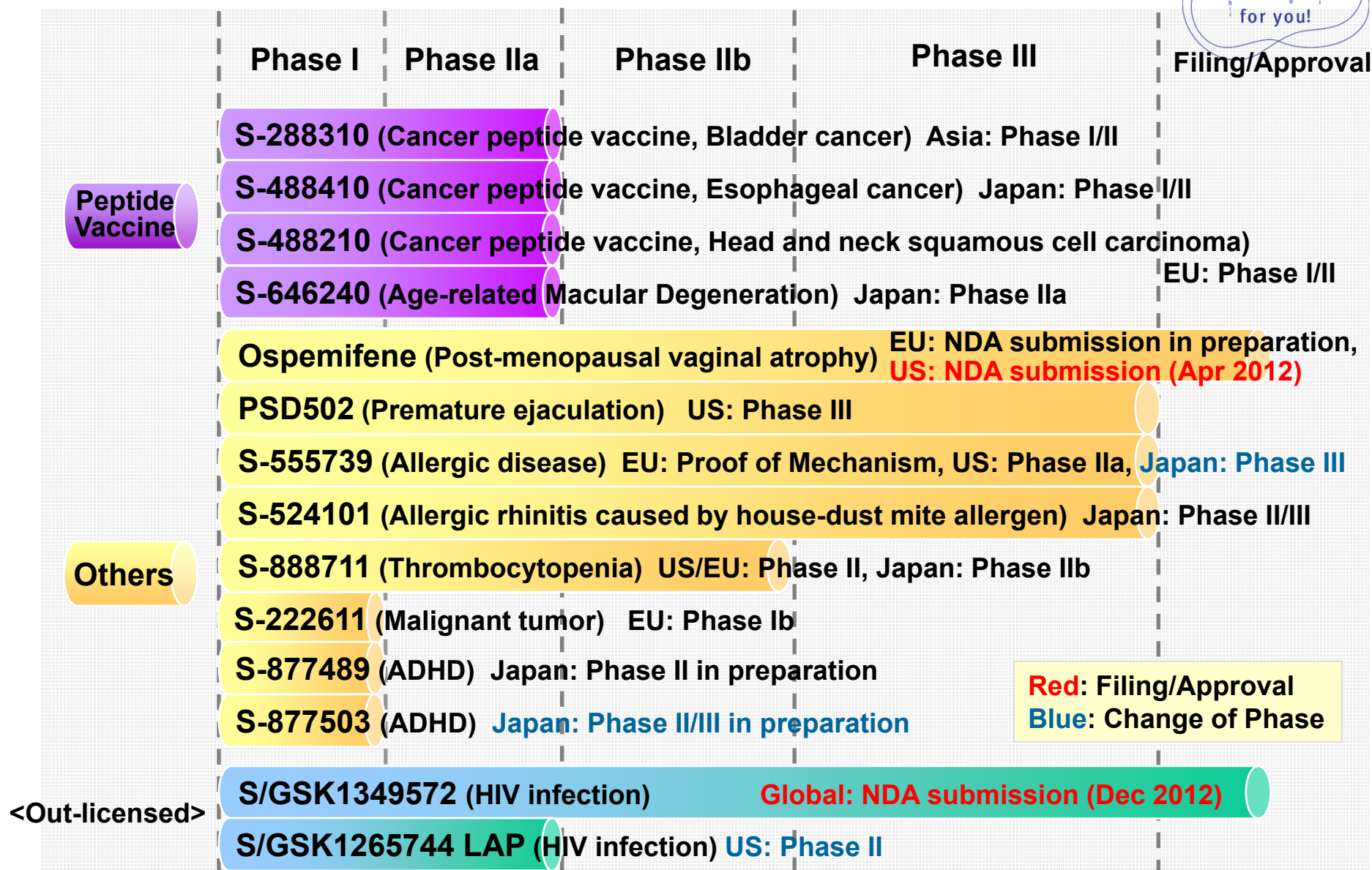
Generic name 【Product name】	Category (Administration)	Indication	Change of Phase
Cyclophosphamide hydrate* 【Endoxan®】	Alkylating agent (Injection)	Pheochromocytoma	Japan: NDA submission (Nov 2012)
Prednisolone* 【Predonine®】	Synthetic corticosteroid (Oral)	Duchenne muscular dystrophy	Japan: NDA submission (in preparation)
Metronidazole 【Fragyl®】	Antiprotozoal agent (Oral)	<i>Helicobacter pylori</i> gastritis	Japan: NDA submission (Aug 2012)
Prednisolone 【Predonine®】	Synthetic corticosteroid (Injection/Oral)	Kawasaki disease (Acute stage)	Japan: NDA submission (Sep 2012)

* A committee convened by the Ministry of Health, Labor and Welfare to promote new development and applications of drugs which have not yet been approved for use in Japan but that have already been approved for use in the US and Europe.

Pipeline (as of February 2013)



Pipeline (as of February 2013)



Red: Filing/Approval
Blue: Change of Phase



End of File