



1st Half of Fiscal 2018 Financial Results

October 29, 2018

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President and CEO

Agenda



- 1. 1st Half FY2018 Financial Results (P.3-11)**
- 2. FY2018 Financial Forecasts (P.12-17)**
- 3. Shareholder Return (P.18-19)**

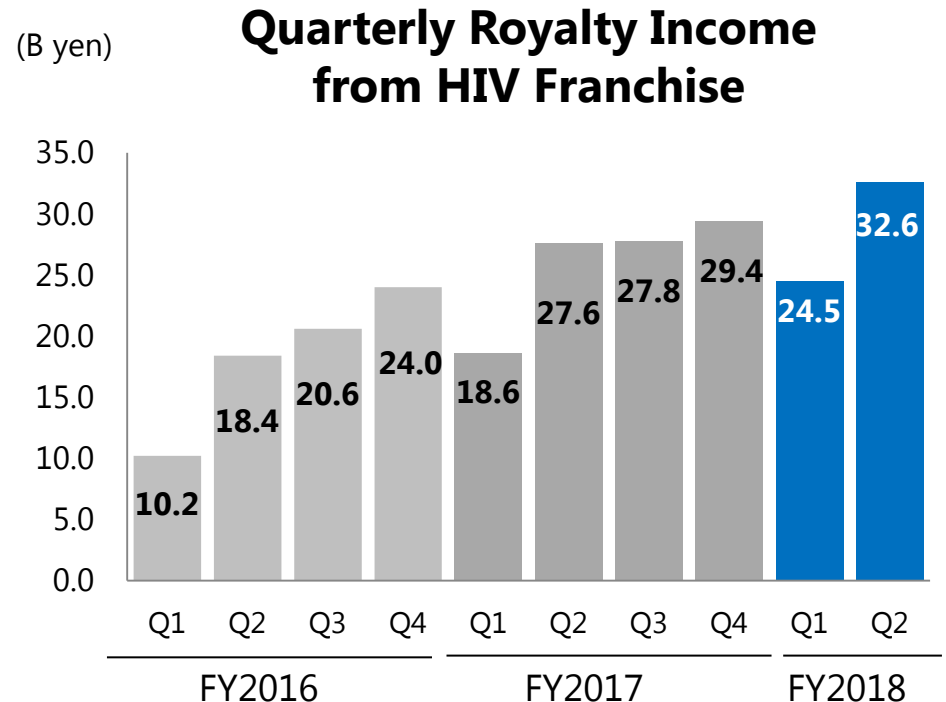
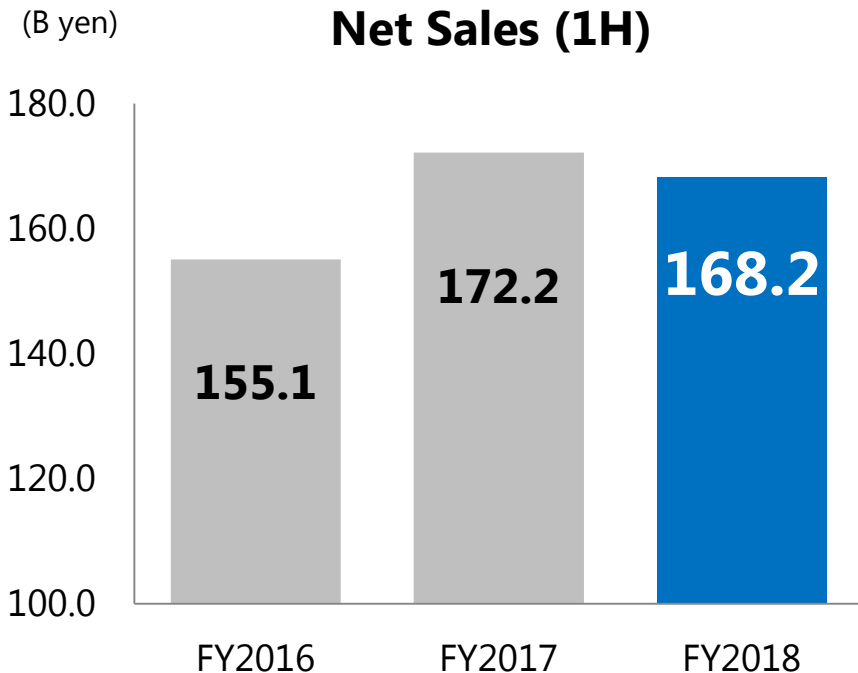
1. 1st Half FY2018 Financial Results

Highlight (1): Top-line Growth vs Forecasts



◆ Net Sales : **168.2 B yen** (-2.3%, +0.1%)
vs. 1H FY2017 vs. 1H Forecasts*

◆ Royalty Income: **57.1 B yen** (+23.5%)
from HIV franchise vs. 1H FY2017



Highlight (2): All Profit Measures were Higher Than the Levels Achieved in Prior Years



◆ Operating income: **57.3 B yen** ^{vs 1H FY2017} (+2.8%)

Record-high levels
for 4 consecutive years

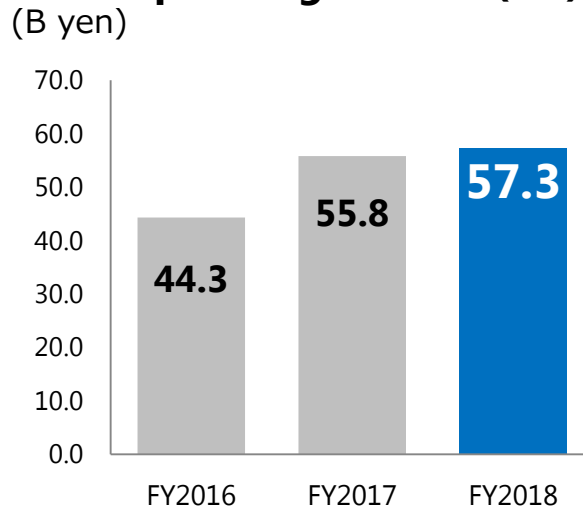
◆ Ordinary income: **70.1 B yen** ^{vs 1H FY2017} (+6.8%)

Record-high levels
for 7 consecutive years

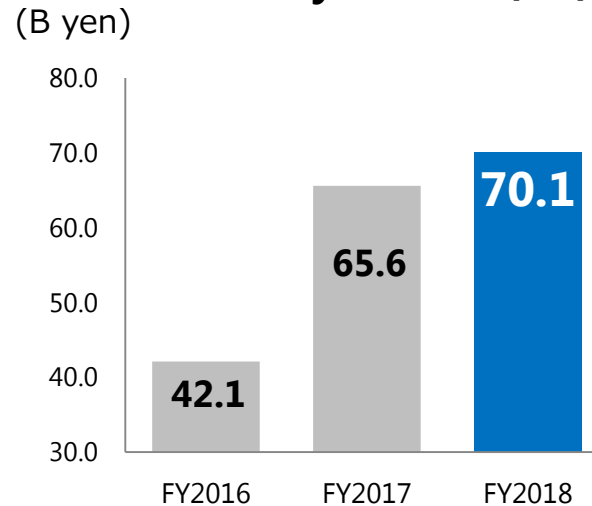
◆ Profit attributable to owners of parent: **57.9 B yen** ^{vs 1H FY2017} (+15.0%)

Record-high levels
for 4 consecutive years

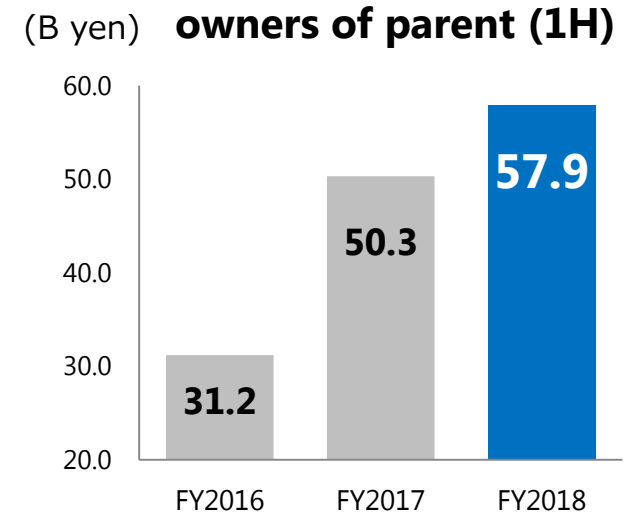
Operating income (1H)



Ordinary income (1H)



Profit attributable to owners of parent (1H)



Financial Results (Consolidated)



(Unit: B yen)

	FY2018			Progress vs 1H forecasts	FY2017	Y on Y	
	Full year forecasts*	1H forecasts**	1H results		1H results	Change (%)	Change (B yen)
Sales	348.0	168.0	168.2	100.1%	172.2	(2.3)	(4.0)
Operating income	120.0	48.0	57.3	119.4%	55.8	2.8	1.5
Ordinary income	144.0	61.0	70.1	114.9%	65.6	6.8	4.5
Profit attributable to owners of parent	114.5	48.6	57.9	119.1%	50.3	15.0	7.6

- Sales and each profit measure are progressing smoothly toward 1H forecasts**
- Operating income increased from the previous year, though it had been forecast to decrease
- Each profit measure was higher than the levels achieved in prior 1H results

Exchange Rate (average)	FY2018 Forecasts	FY2018 1H Results
USD (\$) – JPY (¥)	105.0	110.27
GBP (£) – JPY (¥)	145.0	146.84
EUR (€) – JPY (¥)	130.0	129.80

Statement of Income



(Unit: B yen)

	FY2018			Achievement (%)	FY2017	Y on Y	
	Forecasts		1H results		1H results	Change (%)	Change (B yen)
	Full year*	1H**					
Sales	348.0	168.0	168.2	100.1	172.2	(2.3)	(4.0)
	16.5	15.8	14.7		23.0		
Cost of sales	57.5	26.5	24.7	93.3	39.7	(37.7)	(14.9)
Gross profit	290.5	141.5	143.5	101.4	132.5	8.3	11.0
	49.0	55.7	51.2		44.6		
SG&A expenses	170.5	93.5	86.2	92.2	76.7	12.3	9.4
Selling & administrative expenses	29.3	31.0	28.3		27.1		
	102.0	52.0	47.5	91.4	46.6	1.9	0.9
	19.7	24.7	23.0		17.5		
R&D expenses	68.5	41.5	38.6	93.1	30.1	28.4	8.5
Ordinary R&D expenses***	48.5	26.5	25.6	96.6	30.1	(15.0)	(4.5)
Strategic investment	20.0	15.0	13.1	87.0	-	-	13.1
	34.5	28.6	34.1		32.4		
Operating income	120.0	48.0	57.3	119.4	55.8	2.8	1.5
Non-operating income & expenses	24.0	13.0	12.8	98.3	9.8	29.9	2.9
	41.4	36.3	41.7		38.1		
Ordinary income	144.0	61.0	70.1	114.9	65.6	6.8	4.5
Profit attributable to owners of parent	114.5	48.6	57.9	119.1	50.3	15.0	7.6

*Forecasts announced on Jul 23, 2018 (Revision was announced on Oct 29, 2018)

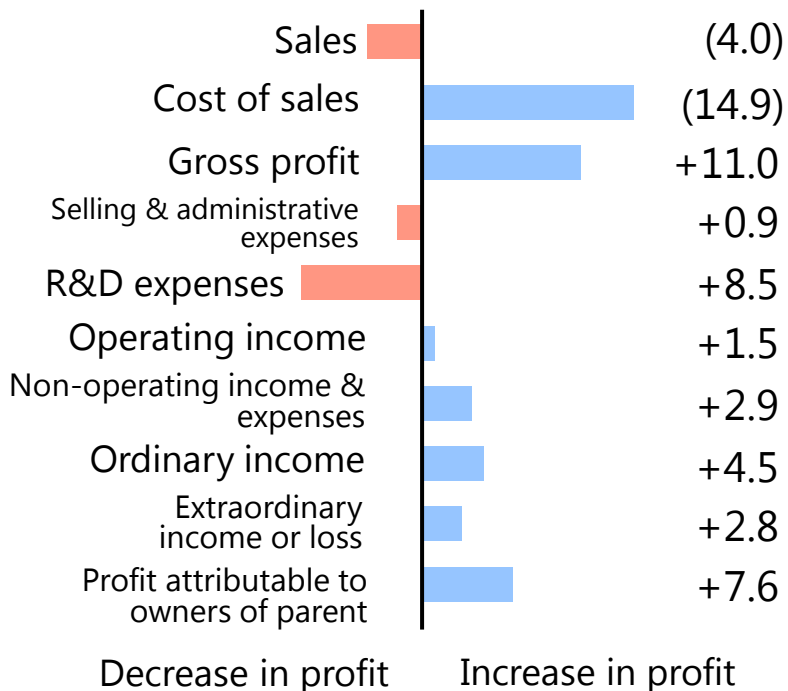
** Forecasts revised on Jul 23, 2018

*** Ordinary R&D expenses: Total R&D expenses excluding strategic investment

Y on Y Comparison and Main Variation Factors (Statements of Income)

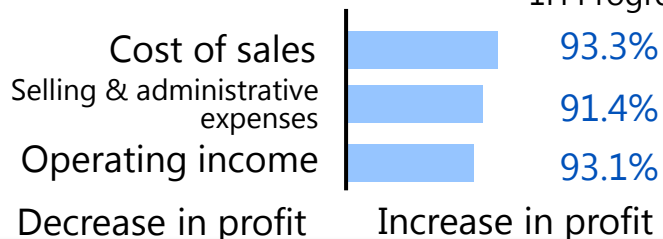


Y on Y comparison (Unit: B yen)



Progress vs 1H Forecasts*

1H Progress



Main Variation Factors (Y on Y)

- **Sales**
 - Increase in royalty income for HIV franchise
 - Income from Roche for Xofluza®
 - One-time payment from Purdue for the termination of the prior alliance for Symproic®
 - Decrease in sales of prescription drugs in Japan
- **Cost of sales**
 - Japan business: sales decline and changes in the lineup of major products
- **SG & A expenses**
 - **Selling & administrative expenses**
 - > Investment in new products (preparation for launch etc.)
 - > Upfront investment in IT
 - **R&D expenses**
 - > Ordinary R&D expenses: decreased due to early completion of Xofluza® HR study
 - > Strategic investment: net increase (13.1 B yen)
- **Non-operating income & expenses**
 - Increase in ordinary dividend due to sales growth of HIV franchise plus impact of one-time change
- **Extraordinary income or loss**
 - Sale of the Nanjing factory of C&O in China

Main Variation Factors (vs 1H Forecasts*)

- **Cost of sales**
 - Sales decline and changes in the lineup of major products
- **SG&A expenses**
 - Termination of a contract with Purdue regarding Symproic®
- **R&D expenses**
 - Decrease in strategic investment by negotiating contract

Sales by Segment



(Unit: B yen)

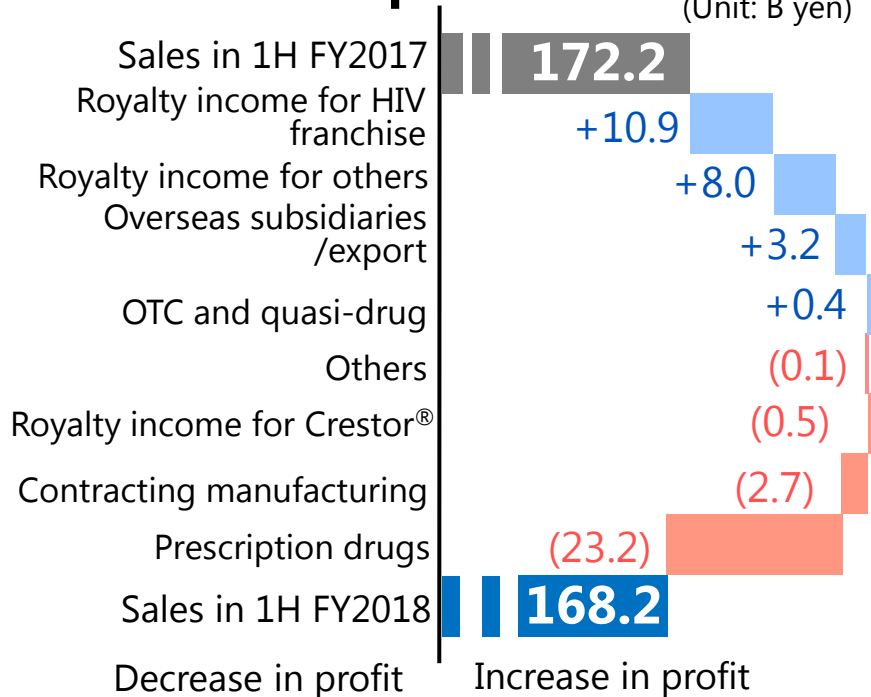
	FY2018			Achievement (%)	FY2017	Y on Y	
	Forecasts		1H results		1H results	Change (%)	Change (B yen)
	Full year*	1H**					
Prescription drugs	119.3	52.3	50.0	95.5	73.2	(31.7)	(23.2)
Overseas subsidiaries/export	31.3	15.1	15.4	101.8	12.2	26.2	3.2
Shionogi Inc.	12.4	6.5	7.4	112.9	6.0	22.3	1.3
Osphena®	4.1	2.1	1.4	69.3	2.0	(27.8)	(0.6)
C&O	12.4	5.8	5.0	86.7	3.4	49.0	1.6
Contract manufacturing	12.1	5.6	5.7	103.1	8.4	(31.9)	(2.7)
OTC and quasi-drug	7.4	3.4	3.8	111.0	3.4	12.3	0.4
Royalty income	175.5	90.3	92.2	102.1	73.8	24.9	18.4
HIV franchise	124.9	58.7	57.1	97.2	46.2	23.5	10.9
Crestor®	21.1	10.6	10.9	102.8	11.4	(4.1)	(0.5)
Others	29.5	21.0	24.2	115.2	16.2	49.2	8.0
Others	2.5	1.3	1.1	90.6	1.2	(7.0)	(0.1)
Total	348.0	168.0	168.2	100.1	172.2	(2.3)	(4.0)

Y on Y Comparison and Main Variation Factors (Sales by Segment)



Y on Y comparison

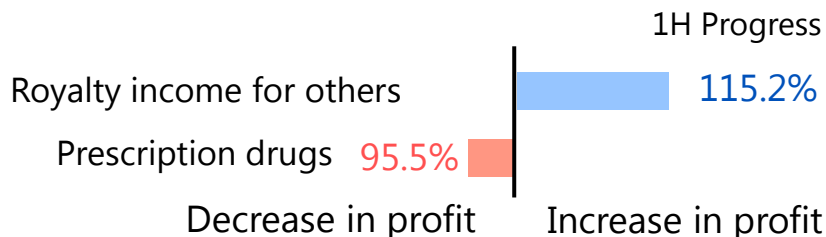
(Unit: B yen)



Main Variation Factors (Y on Y)

- **Royalty income**
 - Sales growth of HIV franchise
 - Income from Roche for Xofluza®
- **Overseas subsidiaries/export**
 - **US business**
 - One-time payment from Purdue for the termination of the prior alliance for Symproic®
 - Decrease in royalty income from an authorized generic
- **Prescription drugs**
 - Sales growth of strategic products
 - Sales decrease of Crestor® and Irbetan® due to share capture by generic competitors
 - Sales decrease due to NHI price revision

Progress vs 1H Forecasts*



Main Variation Factors (vs 1H forecasts*)

- **Royalty income (Others)**
 - Income from Roche for Xofluza®
- **Prescription drugs in Japan**
 - Xofluza®: The influenza outbreak was brought under control promptly
 - Other prescription drugs: Sales decrease due to share capture of generic drugs

Sales of Prescription Drugs in Japan



(Unit: B yen)

	FY2018			Achieve ment (%)	FY2017	Y on Y	
	Forecasts		1H results		1H results	Change (%)	Change (B yen)
	Full year*	1H**					
Cymbalta [®]	26.0	12.1	11.9	98.4	11.7	1.9	0.2
Intuniv [®]	5.0	1.9	2.4	123.0	0.69	246	1.7
Xofluza [®]	13.0	1.3	0.46	35.8	-	-	0.5
Rapiacta [®]	1.1	0.06	0.01	11.4	0.07	(91.2)	(0.1)
Brightpoc [®] Flu	1.1	0.11	0.23	221.3	0.14	73.2	0.1
OxyContin [®] franchise	9.1	4.2	3.8	90.1	4.6	(16.0)	(0.7)
Symproic [®]	1.2	0.48	0.72	150.5	0.16	339	0.6
Total of strategic products	56.4	20.3	19.6	96.6	17.3	12.9	2.2
Actair [®]	0.15	0.06	0.09	144.8	0.06	55.4	0
Mulpleta [®]	0.23	0.12	0.08	69.2	0.08	1.6	0
Pirespa [®]	6.0	3.1	2.9	93.7	3.1	(8.0)	(0.2)
Total of new products	62.8	23.5	22.6	96.2	20.6	9.8	2.0
Crestor [®]	9.7	5.3	5.2	97.0	22.0	(76.5)	(16.8)
Irbetan [®] franchise	6.4	3.6	3.1	86.1	7.8	(60.4)	(4.7)
Others	40.4	19.9	19.1	96.0	22.9	(16.2)	(3.7)
Prescription drugs	119.3	52.3	50.0	95.5	73.2	(31.7)	(23.2)

2. FY2018 Financial Forecasts

Major Factors Driving Forecast Changes Since the Beginning of FY2018



Announced on Jul 23, 2018

- **Acceleration of Xofluza™ HR* study completion**
 - Prospect for income from Roche to be received ahead of schedule(2H → 2Q)
 - Increase in R&D expenses (1H)
- **US business**
 - Income from Purdue for the termination of the prior alliance for the co-commercialization of Symproic® in US
 - Decrease in royalty income from an authorized generic
- **HIV franchise: Increase in dividend from ViiV, including one-time event (1Q)**

Revised on Oct 29, 2018

- **Xofluza™ was approved in the U.S. on Oct 24, 2018 ahead of schedule**
 - Income from Roche and export to the U.S. is planned to come in ahead of schedule
- **Increase in selling expenses to strengthen domestic and overseas sales**
 - Japan: Additional investment to promote new products
 - Overseas: Additional investment to promote Symproic®
- **Increase in ordinary R&D expenses: Additional investment in prioritized pipelines**



Revise upward forecasts for the full year with increases in sales and profit to the level exceeding the revised forecasts in 1Q FY2018, in parallel with strengthening sales force for new products and expanding investment in the next growth-drivers

Upward Revision of Forecasts (Announced on Oct 29, 2018)



(Unit: B yen)

	FY2018 Forecasts				FY2017	Y on Y	
	Original (May 9)	Revised (Jul 23)	Revised (Oct 29)	Change* (B yen)	Results	Change (%)	Change (B yen)
Sales	346.5	348.0	354.0	6.0	344.7	2.7	9.3
Operating income	119.0	120.0	124.5	4.5	115.2	8.1	9.3
Ordinary income	140.0	144.0	148.5	4.5	138.7	7.1	9.8
Profit attributable to owners of parent	111.0	114.5	118.5	4.0	108.9	8.8	9.6

Increase in sales and profit over the forecasts revised in 1Q FY2018

◆ Y on Y change (B yen)

- Sales: 3.3 → **9.3**
- Ordinary income: 5.3 → **9.8**
- Operating income: 4.8 → **9.3**
- Net Profit: 5.6 → **9.6**

Exchange rate (average)	FY2018 forecasts	1H FY2018 results
USD (\$) – JPY (¥)	105.0	110.27
GBP (£) – JPY (¥)	145.0	146.84
EUR (€) – JPY(¥)	130.0	129.80

Revision of Statement of Income



(Unit: B yen)

	FY2018 Forecasts				FY2017	Y on Y	
	Original (May 9)	Revised (Jul 23)	Revised (Oct 29)	Change*	Results	Change (%)	Change (B yen)
Sales	346.5	348.0	354.0	6.0	344.7	2.7	9.3
	16.7	16.5	16.1		21.4		
Cost of sales	58.0	57.5	57.0	(0.5)	73.9	(22.9)	(16.9)
Gross profit	288.5	290.5	297.0	6.5	270.8	9.7	26.2
	48.9	49.0	48.7		45.1		
SG&A expenses	169.5	170.5	172.5	2.0	155.5	10.9	17.0
Selling & administrative expenses	102.5	102.0	104.0	2.0	95.6	8.8	8.4
	29.6	29.3	29.4		27.7		
R&D expenses	67.0	68.5	68.5	0	59.9	14.3	8.6
Ordinary R&D expenses**	47.0	48.5	50.4	1.9	59.9	(15.9)	(9.5)
Strategic investment	20.0	20.0	18.1	(1.9)	-	-	18.1
	19.3	19.7	19.4		17.4		
Operating income	119.0	120.0	124.5	4.5	115.2	8.1	9.3
	34.3	34.5	35.2		33.4		
Non-operating income & expenses	21.0	24.0	24.0	0	23.5	2.2	0.5
	40.4	41.4	41.9		40.2		
Ordinary income	140.0	144.0	148.5	4.5	138.7	7.1	9.8
Profit attributable to owners of parent	111.0	114.5	118.5	4.0	108.9	8.8	9.6

Revision of Sales by Segment



(Unit: B yen)

	FY2018 Forecasts				FY2017 Results	Y on Y	
	Original (May 9)	Revised (Jul 23)	Revised (Oct 29)	Change*		Change (%)	Change (B yen)
Prescription drugs	119.3	119.3	119.3	0	139.2	(14.3)	(19.9)
Overseas subsidiaries/export	29.8	31.3	31.3	0	23.6	32.5	7.7
Shionogi Inc.	10.9	12.4	12.4	0	10.6	17.0	1.8
Osphena [®]	4.1	4.1	4.1	0	3.7	12.0	0.4
C&O	12.4	12.4	12.4	0	6.9	80.1	5.5
Contracting manufacturing	12.1	12.1	12.9	0.8	16.9	(23.8)	(4.0)
OTC and quasi-drug	7.4	7.4	7.4	0	7.2	1.7	0.1
Royalty income	175.5	175.5	180.6	5.2	155.0	16.5	25.6
HIV franchise	124.9	124.9	124.9	0	103.5	20.7	21.4
Crestor [®]	21.1	21.1	21.1	0	22.6	(6.6)	(1.5)
Others	29.5	29.5	34.6	5.2	29.0	19.5	5.7
Others	2.5	2.5	2.5	0	2.6	(4.5)	(0.1)
Total	346.5	348.0	354.0	6.0	344.7	2.7	9.3

Revision of Sales Forecasts for Prescription Drugs in Japan



(Unit: B yen)

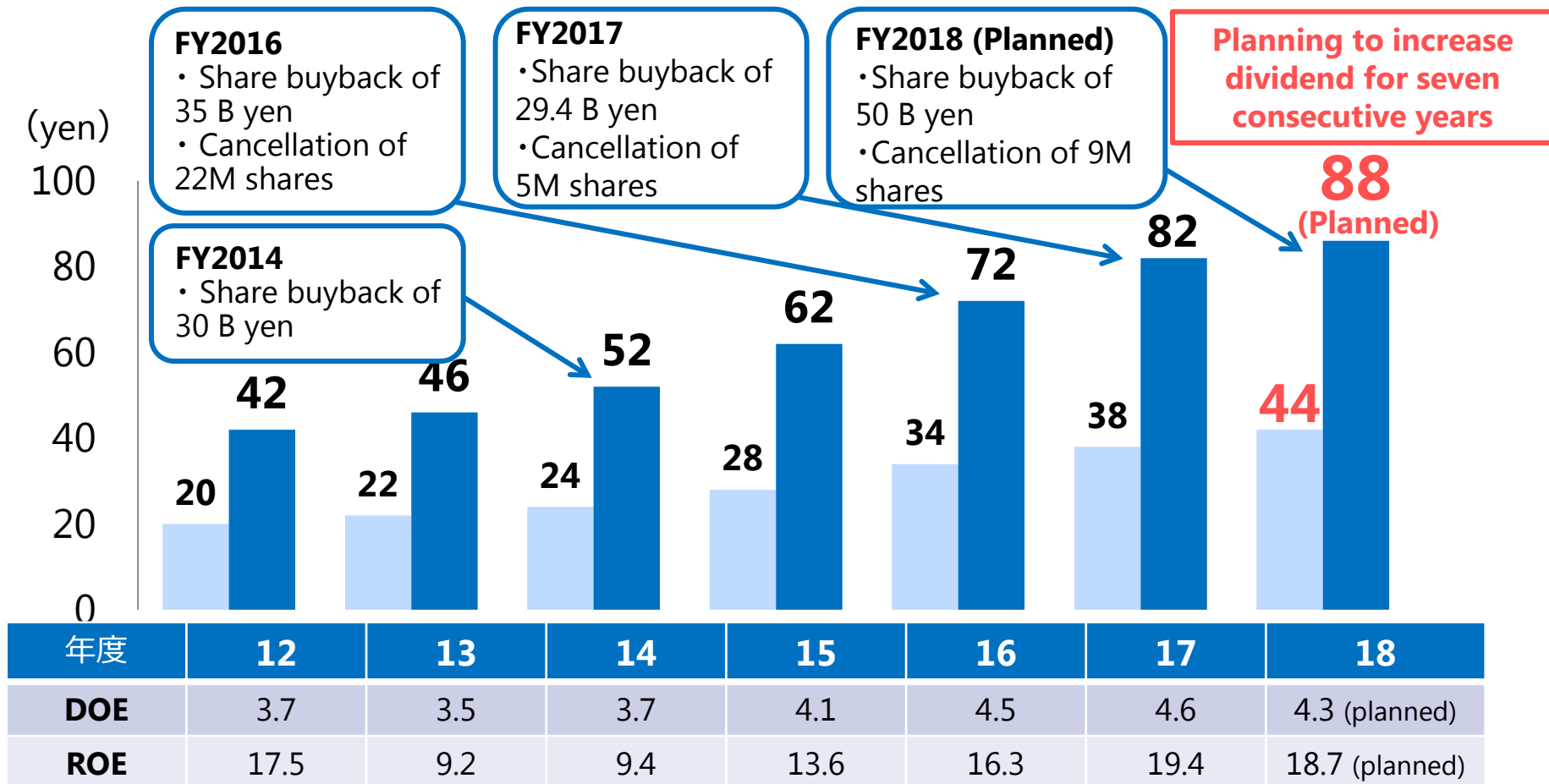
	FY2018 Forecasts						FY2017	Y on Y	
	Full year			2H			Results	Change (%)	Change (B yen)
	Revised (Jul 23)	Revised (Oct 29)	Change*	Revised (Jul 23)	Revised (Oct 29)	Change*			
Cymbalta [®]	26.0	26.0	0	13.8	14.0	0.2	23.5	10.5	2.5
Intuniv [®]	5.0	6.1	1.1	3.1	3.8	0.7	1.9	223.1	4.2
Xofluza [®]	13.0	13.0	0	11.7	12.5	0.8	2.4	439.1	10.6
Rapiacta [®]	1.1	1.1	0	1.1	1.1	0	3.3	(66.4)	(2.2)
Brightpoc [®] Flu	1.1	1.3	0.2	1.0	1.0	0.1	1.1	11.8	0.1
OxyContin [®] franchise	9.1	8.7	(0.4)	4.8	4.8	0	8.7	0	0
Symproic [®]	1.2	1.6	0.4	0.69	0.85	0.2	0.60	162.5	1.0
Total of strategic products	56.4	57.7	1.3	36.2	38.2	2.0	41.6	38.9	16.2
Actair [®]	0.15	0.18	0	0.09	0.10	0	0.12	48.3	0.1
Mulpleta [®]	0.23	0.19	(0)	0.11	0.11	(0)	0.16	19.1	0
Pirespa [®]	6.0	5.9	(0.1)	2.9	3.0	0.1	6.5	(9.2)	(0.6)
Total of new products	62.8	64.0	1.2	39.3	41.4	2.1	48.3	32.5	15.7
Crestor [®]	9.7	9.7	0	4.3	4.5	0.2	29.3	(67.0)	(19.6)
Irbetan [®] franchise	6.4	6.0	(0.4)	2.8	2.9	0.1	14.6	(58.8)	(8.6)
Others	40.4	39.6	(0.8)	20.5	20.5	0	47.0	(15.8)	(7.4)
Total	119.3	119.3	0	67.0	69.3	2.3	139.2	(14.3)	(19.9)
Y on Y	(19.9)	(19.9)	-	0.9	3.3	-	-	-	-

3. Shareholder Return

Shareholder Return Policy



Maximizing corporate value by balancing three key factors : return to shareholders, investment for further growth, and strategic investment



Appendix

- **Progress of 1st Half FY2018**
- **Target Milestones for FY2018**
- **Progress of Pipeline**
- **Launch Plan**
- **Share Buyback and Cancellation**
- **Maximizing Corporate Value Through Group Businesses**

Progress in 1H FY2018* (Pipeline)



Global

Xofluza™

- HR study top-line results
- Taiwan NDA submission
- US Approval

Mulpleta®

- US Approval, Launch

In Japan

S-005151

- Start of PhI study (Acute ischemic stroke)

S-600918

- Start of PhII study (Refractory/unexplained chronic cough)

OxyContin®TR

- Start of PhIII study (Chronic pain)

Intuniv®

- NDA submission (adult)

Brightpoc® Flu·Neo

- Approval, Launch

Xofluza®

- Approval (granule product)

SR-0379

- Start of PhII study (Cutaneous ulcer)

Xofluza®

- Start PhIII study (prophylaxis)

DTG/3TC

- PhIII study top-line results (GEMINI)
- EU/US MAA/NDA submission

Juluca® (DTG/RPV)

- Approval, Launch

CAB+RPV

- PhIII study top-line results(ATLAS)

Out-licensed

Infectious diseases

Pain/CNS

Frontier

2018年度上期の主な成果*（その他）



• May

- Collaboration with Aichi Prefecture for “Prevention of Drug Abuse”
- Collaboration with Iwate Prefecture in “Support for Children’s Bright Future”
- Started Shionogi’s internal use of PDPS**, a drug discovery platform developed by PeptiDream
- Entered into a collaborative licensing, research and development program with Hsiri to discover and develop drugs for mycobacterial diseases

• June

- Collaboration with SAGE to develop and commercialize S-812217
- Investment in the clinical development of Nemesis “Symbiotics[©]”
- Entered into a capital alliance between Shionogi Healthcare and Rohto

• July

- Terminated the prior alliance with Purdue for the co-commercialization of Symproic[®] in the US (Shionogi has regained full rights to Symproic[®])

• September

- Shionogi and Rohto Pharmaceutical Co.,Ltd. Enter into License Agreement regarding “Cellular and Tissue-based Products” Candidate ADR-001
- Agreement regarding acquisition of equity in Takara Healthcare and an absorption-type merger by Shionogi Healthcare, and succession of Takara Bio’s functional food business

• October

- Establishment of Shionogi Pharma Co., Ltd.
- Establishment of “Department of Biostatistics and Data Science” jointly with Osaka University


* Progress from May 10 to Oct 29, 2018

** PDPS (Peptide Discovery Platform System) : Technology to obtain the peptide with high activity and high selectivity

Target Milestones for FY2018 : Approvals and NDA Submission



Product (indication)	Phase I	Phase II	Phase III	NDA submission	Approval
Mulpleta® (Thrombocytopenia associated with chronic liver disease)			Achieved (Aug)	US (2017.12) EU (2018.1)	US
Rizmoic® (Opioid-induced constipation)				EU (2017.3)	EU
Lisdexamfetamine (ADHD [pediatric])				Japan (2017.4)	Japan
Xofluza™ (Influenza virus infection)		Achieved (Oct)	Global: ongoing	US (2018.4)	US
Xofluza™, granule (Influenza virus infection)		Achieved (Sep)	Japan: ongoing	Japan	Japan
Cefiderocol (Multidrug-resistant Gram-negative bacterial infections)			Global: ongoing	US	
Intuniv® (ADHD [adult])			Achieved (Aug)	Japan: Extension study, ongoing	Japan

 Progress from Jul 31 to Oct 29, 2018

Target Milestones for FY2018 : Phase I ~ III



Product (indication)	Phase I	Phase II	Phase III	NDA submission	Approval
Xofluza® (Influenza virus infection [prophylaxis])			Japan: initiated	Achieved (2Q)	
OxyContin®TR (Treatment of moderate to severe chronic pain)			Japan: initiated	Achieved (1Q)	
S-120083 (Inflammatory pain)		US: completed			
S-588410 (Bladder cancer)		Japan, EU: completed			
S-600918 (Refractory/unexpected chronic cough, Neuropathic pain)		Japan: initiated		Achieved (1Q) (Refractory/unexplained chronic cough)	
S-770108 (Idiopathic pulmonary fibrosis)	Japan: completed				
S-637880 (Neuropathic pain)	Japan: completed				
S-005151 (Acute ischemic stroke)	Japan: initiated			Achieved (1Q)	
S-004992 (Tuberculosis)	Asia (China) : initiated				

Pipeline (as of Oct 29, 2018)



Preclinical	Phase I	Phase II	Phase III	Filed			
Influenza virus infection	Global			Xofluza™ (Taiwan) Influenza virus infection Rizmoic® (EU) Opioid-induced constipation Mulpleta® (EU) Thrombocytopenia			
HIV virus infection							
Bacterial infection					S-004992* Tuberculosis	Cefiderocol Multidrug-resistant Gram-negative bacterial infections	Cefiderocol Multidrug-resistant Gram-negative bacterial infections
Bacterial infection					S-117957 Insomnia	S-120083 Inflammatory pain	
Mycobacterium disease					S-237648 Obesity	S-707106 Type2 diabetes	
Fungus infection						S-488210 Head and neck squamous cell carcinoma	
Fungus infection						epertinib Malignant tumor	
Peptide						S-588410 Bladder cancer	
Vaccine for prevention							
ADHD					In Japan		
Opioid							
Peptide	S-812217* Depression	Cefiderocol Multidrug-resistant Gram-negative bacterial infections	Cefiderocol Multidrug-resistant Gram-negative bacterial infections				
Alzheimer's disease	S-600918 Neuropathic pain	S-600918 Refractory/unexpected chronic cough	Xofluza™ Influenza virus infection (prophylaxis)				
Post-stroke spasticity	S-637880 Neuropathic pain	S-237648 Obesity	Cymbalta® Depression (pediatric)				
Obesity	S-010887 Neuropathic pain	S-525606 Allergic rhinitis caused by Japanese cedar allergen	Oxycodone Moderate to severe chronic pain				
NASH	S-005151 Acute ischemic stroke	S-588410 Bladder cancer	S-588410 Esophageal cancer				
Cancer metastasis	S-770108 Idiopathic pulmonary fibrosis	SR-0379 Cutaneous ulcer					
Adjuvant		ADR-001** Decompensated liver cirrhosis					
Peptide							

Pipeline -Out-licensed (as of Oct 29, 2018)



Preclinical	Phase I	Phase II	Phase III	Filed
	<p>GSK3342830 Multidrug-resistant Gram-negative bacterial infections</p>		<p>DTG/3TC Treatment for HIV infection TANGO study (maintenance)</p> <p>CAB LAP Prevention for HIV infection</p> <p>CAB+RPV LAP Treatment for HIV infection</p> <p>Xofluza™ Severe influenza virus infection</p>	<p>DTG/3TC (EU/US) Treatment for HIV infection</p> <p>Osphena® Vaginal dryness associated with postmenopausal VVA</p> <ul style="list-style-type: none"> • Infectious diseases • Pain/CNS • Others



Target Milestones for Launch of Products



FY2017 (Achieved)	FY2018	FY2019
In Japan		
<p>Symproic® Intuniv® ADHD (pediatric) Oxycodone Tamper resistant formulation Actair® Pediatric allergic rhinitis caused by house-dust mite allergen Xofluza® (adult, pediatric)</p>		<p>Intuniv® ADHD (adult) Lisdexamfetamine ADHD (pediatric) Xofluza® (granule)</p>
Global		
<p>Symproic® (US)</p>	<p>Mulpleta® (US) Launched Rizmoic® (EU)</p>	<p>Cefiderocol (US) Mulpleta® (EU) Baloxavir marboxil (Taiwan)</p>
Out-licensed		
<p>Juluca® (DTG/RPV)(US)</p>	<p>Juluca® (DTG/RPV) (EU) Launched Osphena® (US) Vaginal dryness associated with postmenopausal VVA Xofluza™ (US, OwH*)</p>	<p>DTG/3TC (US, EU) CAB+RPV (US)</p>

Share Buyback and Cancellation



Share buyback

- Share buyback: 8.6M shares (upper limit)
- Total amount of buyback: 50 B yen (upper limit)
- Period: Jul. 31~Dec. 20, 2018

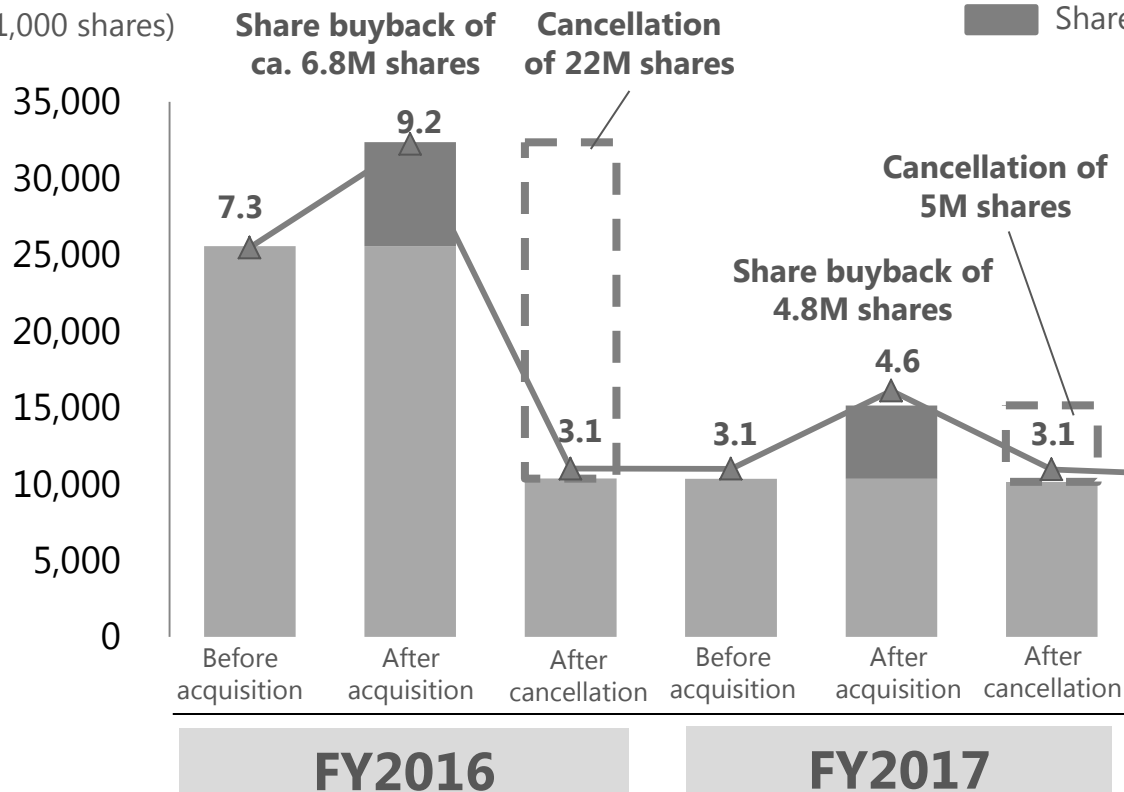
Cancellation of treasury shares

- Total shares to be cancelled: 9M shares
- Date for cancellation: Jan. 31, 2019

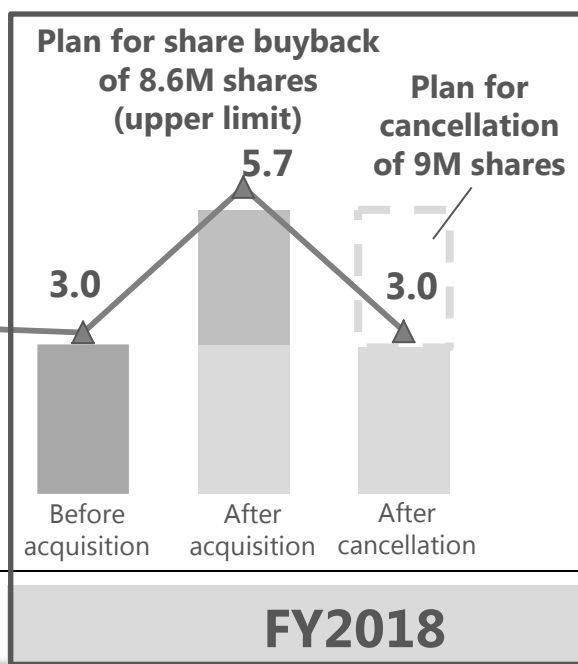
Treasury stocks
 Cancellation

Share buyback
 Percentage of treasury stocks (%)

(1,000 shares)



Today's announcement



Maximizing Corporate Value Through Group Businesses



- Improvement of business operations
- Respond to requests from society (e.g. employment extension, equal pay for equal work)

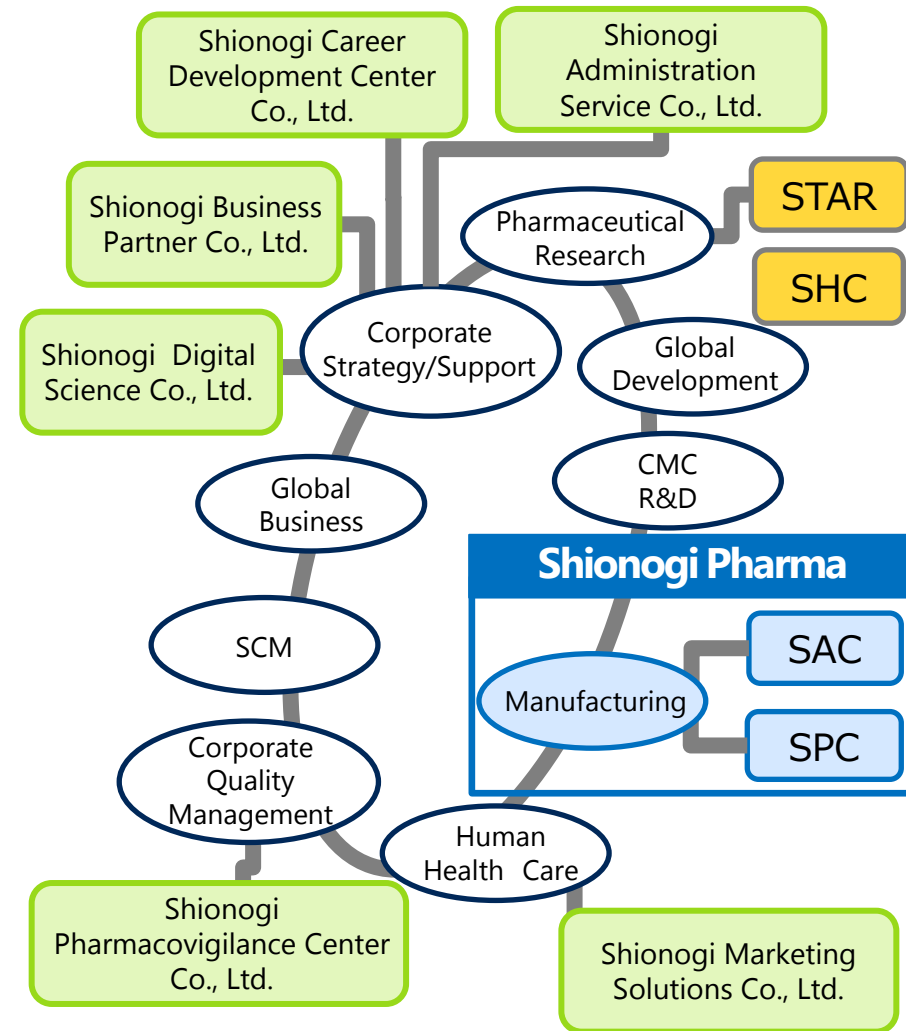
Close communication between senior management of group companies

Refine infrastructure to enhance productivity and build expertise

For further growth

Press release on Oct 1, 2018

Construction of a new manufacturing subsidiary
"Shionogi Pharma Co., Ltd."
(Start business on Apr 1, 2019)



Forward-Looking Statements

- Forecast or target figures in this material are neither official forecasts of earnings and dividends nor guarantee of target, achievement and forecasts, but present the midterm strategies, goals and visions. Official earnings guidance should be referred to in the disclosure of the annual financial report (*kessan tanshin*) in accordance with the rules set by Tokyo Stock Exchange.
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- For products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited to, inability to build production capacity to meet demand, inavailability of raw materials, and failure to gain market acceptance.
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