SONG for you!

FY2018 Financial Results

(April 2018 – March 2019)

May 10, 2019

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President and CEO

SHIONOGI

Agenda

1. Overview of FY2018 Financial Results (P.3-19)
2. FY2019 Financial Forecasts（P.20-21）
3. FY2019 Business Plan（P.22-44）
4. Shareholder Return（P.45-47）

Appendix

- Addressing Social Problems and Enhancing Corporate Value - (P.48-56)
- Pipeline Progress – (P.57-67)
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- Strategic Investment - (P.70-71)
- Recognition by External Organizations - (P.72)

1. Overview of FY2018 Financial Results

Highlight (1) : Constant Top-line Growth

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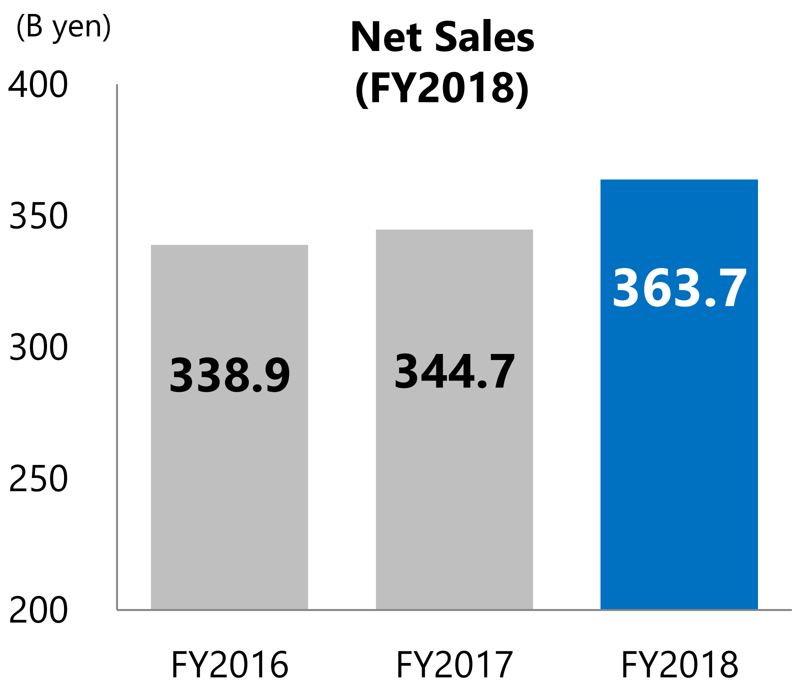
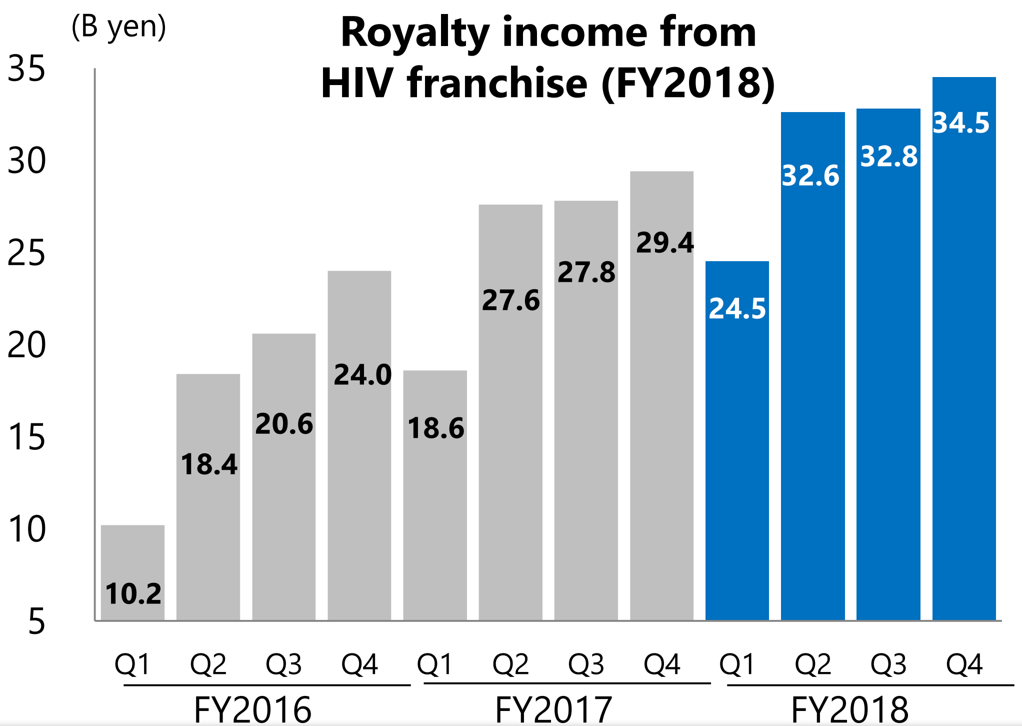
◆ Net sales : **363.7 B yen** vs prior FY (+5.5%)

Increased for 4 consecutive years

◆ Royalty income : **124.4 B yen** vs prior FY (+20.3%)
from HIV franchise





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

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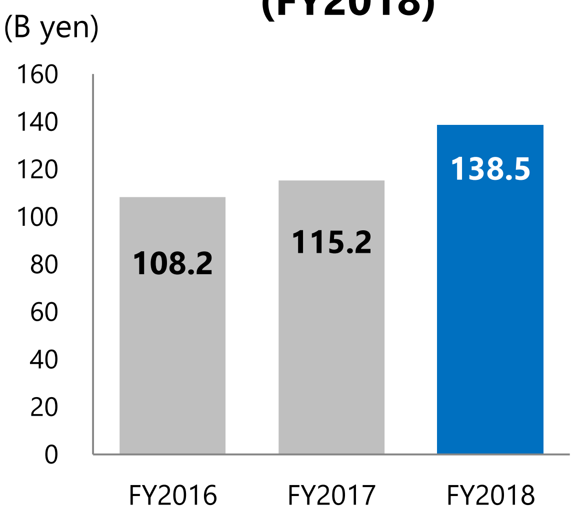
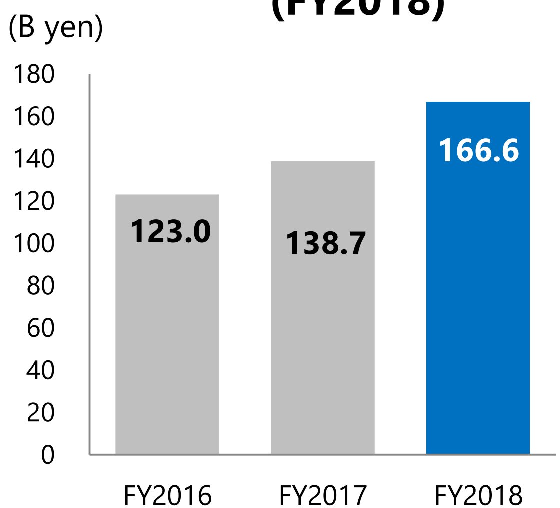
- Operating income: **138.5 B yen** (vs prior FY +20.2%), higher than the levels achieved in prior Fiscal Years for 4 consecutive years
- Ordinary income: **166.6 B yen** (vs prior FY +20.1%), higher than the levels achieved in prior Fiscal Years for 7 consecutive years
- Profit attributable to owners of parent: **132.8 B yen** (vs prior FY +21.9%), higher than the levels achieved in prior Fiscal Years for 3 consecutive years

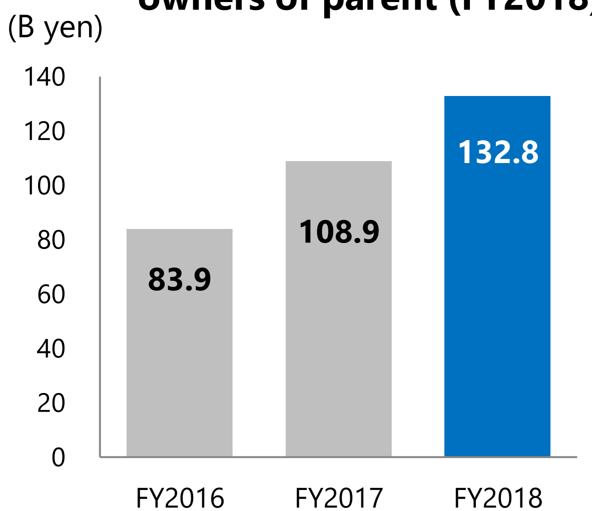
Operating income (FY2018)



Ordinary income (FY2018)



Profit attributable to owners of parent (FY2018)



Highlight (3) : KPIs - Results in FY2018 -

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		FY2020 target	FY2018 target*	FY2018 results	FY2017 results
Growth	Sales of new products**	200 B yen	72.1 B yen	**83.1 B yen**	52.9 B yen
	Ordinary Income	150 B yen	140.0 B yen	**166.6 B yen**	138.7 B yen
Efficiency	ROIC***	Over 13.5%	Over14.5%	**16.5%**	14.9%
	CCC****	5.5 months	6.1 months	**8.9 months**	6.2 months
	Original pipeline ratio	Over 50%	Over 50%	**69%**	74%
Shareholder return	ROE	Over 15.0%	Over17.0%	**20.9%**	19.4%
	DOE	Over 4.0%	4.3%	**4.6% (planned)**	4.6%

* Target set on May 9, 2018 ** New products: See the Appendix
New Products were defined in Updates to SGS2020 issued on October 31, 2016
*** Return on invested capital
**** Cash conversion cycle

Highlight (3) : KPIs - CCC -

		FY2020 Target	FY2018 Target	FY2018 Results	FY2017 Results	FY2016 Results
Efficiency	CCC	5.5 months	6.1 months	**8.9 months**	6.2 months	6.7 months

CCC = Receivables conversion period + Inventory conversion period − Payables conversion period

Main variation factor: **Significant decrease in cost of sales due to changes in the lineup of major products**

- Increase in sales of new products with low cost of sales, decrease in sales of Crestor® and Irbetan® franchise with high cost of sales
- Decrease in cost of sales: 77.8 B yen in FY2016→54.9 B yen in FY2018

We have improved receivables conversion period and payables conversion period addressed to control stock properly, as a results, CCC had been decreasing steadily. However, the recent rapid changes in the lineup of major products has had an impact on CCC.

Considering the current situation, FY2020 Target was changed from 5.5 months to 7.0 months

- **Pursue top-level CCC in the healthcare sector** by controlling stock in cooperation with our manufacturing subsidiary Shionogi Pharma Co., Ltd.

* New products: See the Appendix, defined in Updates to SGS2020 issued on October 31, 2016
Sales of new products: 43.9 B yen in FY2016→83.1 B yen in FY2018
Sales of Crestor® and Irbetan® franchise: 58.4 B yen in FY2016→ 15.3 B yen in FY2018

Financial Results (Consolidated)

(Unit: B yen)

	FY2018				FY2017	Y on Y	
	Forecasts (May 9)	Forecasts (Revised on Oct. 29)	Results	Achievement	Results	Change (%)	Change (B yen)
Sales	346.5	354.0	363.7	102.7%	344.7	5.5%	19.1
Operating income	119.0	124.5	138.5	111.3%	115.2	20.2%	23.3
Ordinary income	140.0	148.5	166.6	112.2%	138.7	20.1%	27.9
Profit attributable to owners of parent	111.0	118.5	132.8	112.0%	108.9	21.9%	23.9

- Sales and each profit measure were higher than FY2017
- Each profit measure was higher than the levels achieved in prior fiscal years
  - Operating income: for 4 consecutive years
  - Ordinary income: for 7 consecutive years
  - Profit attributable to owners of parent: for 3 consecutive years

Exchange rate (average)	FY2018 forecasts	FY2018 results
USD ($) – JPY (¥)	105	110.93
GBP (£) – JPY (¥)	145	145.72
EUR (€) – JPY(¥)	130	128.45

Statement of Income (Consolidated)

SONG for you!

(Unit: B yen)

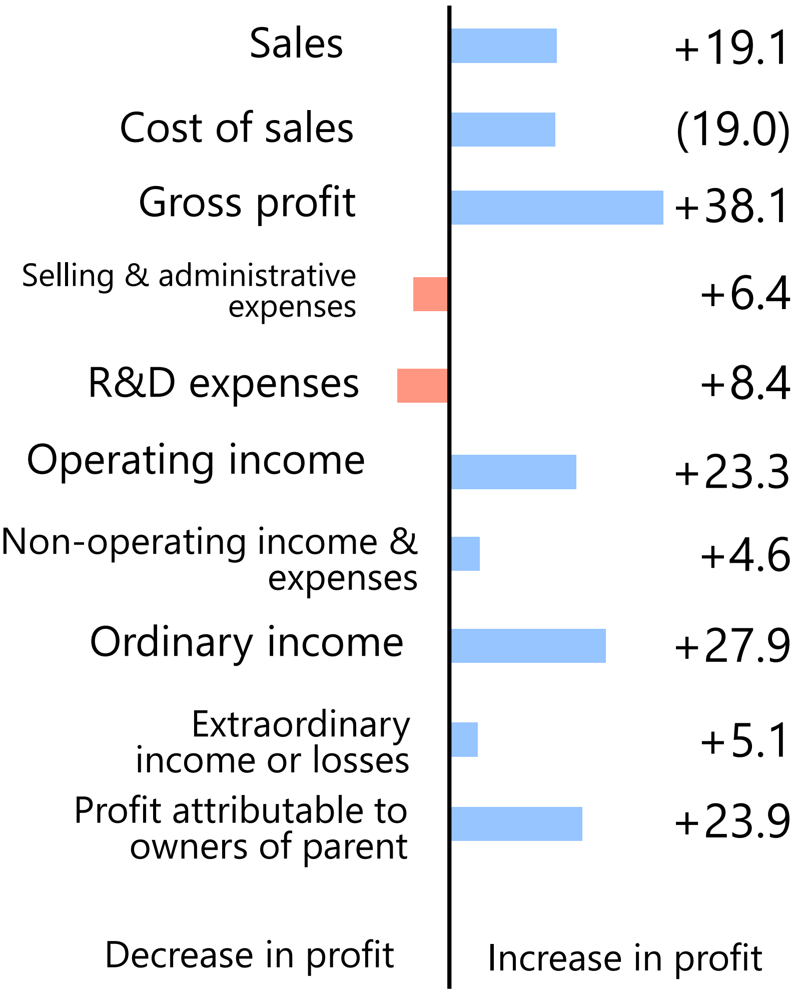
	FY2018				FY2017	Y on Y	
	Forecasts (May 9)	Forecasts (Revised on Oct. 29)	Results	Achievement (%)	Results	Change (%)	Change (B yen)
Sales	346.5	354.0	**363.7**	102.7	344.7	5.5	19.1
	16.7	16.1	15.1		21.4		
Cost of sales	58.0	57.0	**54.9**	96.3	73.9	(25.7)	(19.0)
Gross profit	288.5	297.0	**308.8**	104.0	270.8	14.1	38.1
	48.9	48.7	46.8		45.1		
SG&A expenses	169.5	172.5	**170.3**	98.7	155.5	9.5	14.8
	29.6	29.4	28.0		27.7		
Selling & administrative expenses	102.5	104.0	**102.0**	98.1	95.6	6.7	6.4
	19.3	19.4	18.8		17.4		
R&D expenses	67.0	68.5	**68.3**	99.7	59.9	14.0	8.4
Ordinary R&D expenses*	47.0	50.4	**51.4**	102.0	59.9	(14.2)	(8.5)
Strategic investment	20.0	18.1	**16.9**	93.5	-	-	16.9
	34.3	35.2	38.1		33.4		
Operating income	119.0	124.5	**138.5**	111.3	115.2	20.2	23.3
Non-operating income & expenses	21.0	24.0	**28.0**	116.8	23.5	19.4	4.6
	40.4	41.9	45.8		40.2		
Ordinary income	140.0	148.5	**166.6**	112.2	138.7	20.1	27.9
Profit attributable to owners of parent	111.0	118.5	**132.8**	112.0	108.9	21.9	23.9

* 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)



Main Variation Factors (Y on Y)

- **Sales**
  - Increase in royalty income from HIV franchise
  - Income from Roche for Xofluza™
  - One-time payment from Purdue upon the termination of previous 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.)
  - **R&D expenses**
    - Ordinary R&D expenses: decreased due to early completion of HR* study for Xofluza®
    - Strategic investment: net increase (16.9 B yen)
- **Non-operating income & expenses**
  - Increase in ordinary dividend due to sales growth of HIV franchise, including one-time event
- **Extraordinary income or loss**
  - Profit on sale of investment securities
  - Sale of the Nanjing Factory of C&O in China
  - Impairment of goodwill in Shionogi Inc.: Environmental change for Fortamet® Authorized Generic

* HR: High risk (patients at high risk for influenza-related complications)

Sales by Segment

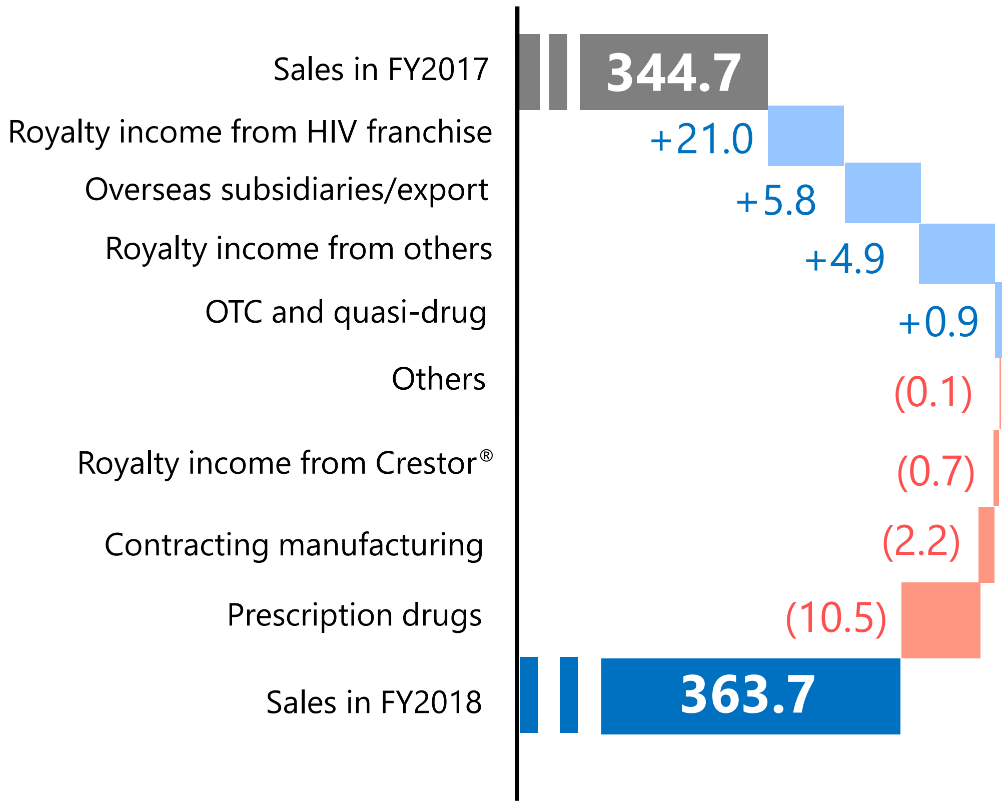
(Unit: B yen)

	FY2018				FY2017	Y on Y	
	Forecasts (May 9)	Forecasts (Revised on Oct. 29)	Results	Achievement (%)	Results	Change (%)	Change (B yen)
Prescription drugs	119.3	119.3	**128.7**	107.9	139.2	(7.6)	(10.5)
Overseas subsidiaries/export	29.8	31.3	**29.4**	94.0	23.6	24.6	5.8
Shionogi Inc.	10.9	12.4	**11.8**	95.0	10.6	11.2	1.2
Osphena®	4.1	4.1	**3.0**	72.7	3.7	(18.5)	(0.7)
C&O	12.4	12.4	**11.5**	92.8	6.9	67.2	4.6
Contract manufacturing	12.1	12.9	**14.8**	114.4	16.9	(12.8)	(2.2)
OTC and quasi-drug	7.4	7.4	**8.1**	110.1	7.2	12.0	0.9
Royalty income	175.5	180.6	**180.3**	99.8	155.0	16.3	25.2
HIV franchise	124.9	124.9	**124.4**	99.6	103.5	20.3	21.0
Crestor®	21.1	21.1	**22.0**	104.0	22.6	(2.9)	(0.7)
Others	29.5	34.6	**33.9**	97.8	29.0	16.9	4.9
Others	2.5	2.5	**2.5**	98.9	2.6	(5.6)	(0.1)
Total	**346.5**	**354.0**	**363.7**	**102.7**	**344.7**	**5.5**	**19.1**

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

- ## Y on Y comparison

(Unit: B yen)



Main Variation Factors (Y on Y change)

- **Royalty income**
  - Sales growth of HIV franchise
  - Income from Roche for Xofluza™
- **Overseas subsidiaries/export**
  - **US business**
    - One-time payment from Purdue upon the termination of the prior alliance for Symproic®
    - Decrease in royalty income from an Fortamet® Authorized Generic
- **Contract manufacturing**
  - API* export of dolutegravir in FY2017 partially included requirements for FY2018
- **Prescription drugs**
  - Sales growth of strategic products
  - Sales decrease due to NHI price revision
  - Sales decrease of Crestor® and Irbetan® due to share capture by generic drugs

* API: active pharmaceutical ingredient

Sales of Prescription Drugs in Japan

(Unit: B yen)

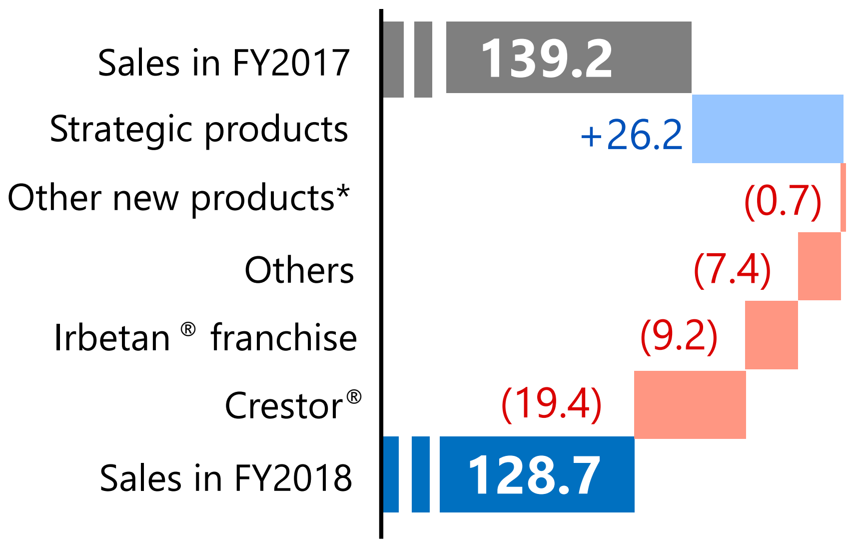
	FY2018				FY2017	Y on Y	
	Forecasts (May 9)	Forecasts (Revised on Oct. 29)	Results	Achievement (%)	Results	Change (%)	Change (B yen)
Cymbalta®	26.0	26.0	**24.1**	92.7	23.5	2.4	0.6
Intuniv®	5.0	6.1	**5.3**	86.4	1.9	179.2	3.4
Xofluza®	13.0	13.0	**26.3**	202.3	2.4	N/A*	23.9
Rapiacta®	1.1	1.1	**2.0**	181.6	3.3	(38.9)	(1.3)
Brightpoc® Flu	1.1	1.3	**1.2**	93.3	1.1	4.3	0.0
OxyContin® franchise	9.1	8.7	**7.3**	84.1	8.7	(15.9)	(1.4)
Symproic®	1.2	1.6	**1.6**	100.4	0.6	163.5	1.0
Total of strategic products	56.4	57.7	**67.8**	117.4	41.6	63.1	26.2
Actair®	0.15	0.18	**0.19**	105.2	0.12	56.0	0.1
Mulpleta®	0.23	0.19	**0.15**	80.1	0.16	(4.6)	(0.0)
Pirespa®	6.0	5.9	**5.7**	96.7	6.5	(12.2)	(0.8)
Total of new products	62.8	64.0	**73.8**	115.3	48.3	52.8	25.5
Crestor®	9.7	9.7	**9.9**	102.2	29.3	(66.3)	(19.4)
Irbetan® franchise	6.4	6.0	**5.4**	89.5	14.6	(63.1)	(9.2)
Others	40.4	39.6	**39.6**	100.0	47.0	(15.7)	(7.4)
Prescription drugs	**119.3**	**119.3**	**128.7**	**107.9**	**139.2**	**(7.6)**	**(10.5)**

* N/A: Not applicable because Xofluza® was sold only for 2 weeks in FY2017.

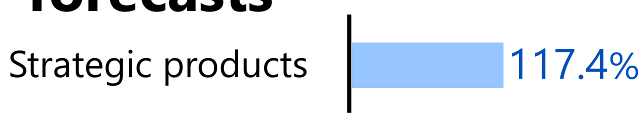
Y on Y Comparison and Main Variation Factors (Sales of Prescription Drugs in Japan)

- **Y on Y comparison**

(Unit: B yen)



- **Progress vs Revised forecasts****



Main Variation Factors (Y on Y change)

- Strategic products
  - Sales increases of Cymbalta®, Intuniv® and Symproic® compared with FY2017
  - Contribution of Xofluza®
- Others
  - Sales decrease due to NHI price revision
- Crestor®, Irbetan® franchise
  - Sales decrease due to share capture by generic drugs

Main Variation Factors (vs. Revised forecasts**)

- Strategic products
  - Cymbalta® and Intuniv®: slower growth
  - Oxycontin® franchise: sales decrease due to share capture by generic drugs
  - Influenza family: relatively smooth sales growth due to seasonal flu epidemic

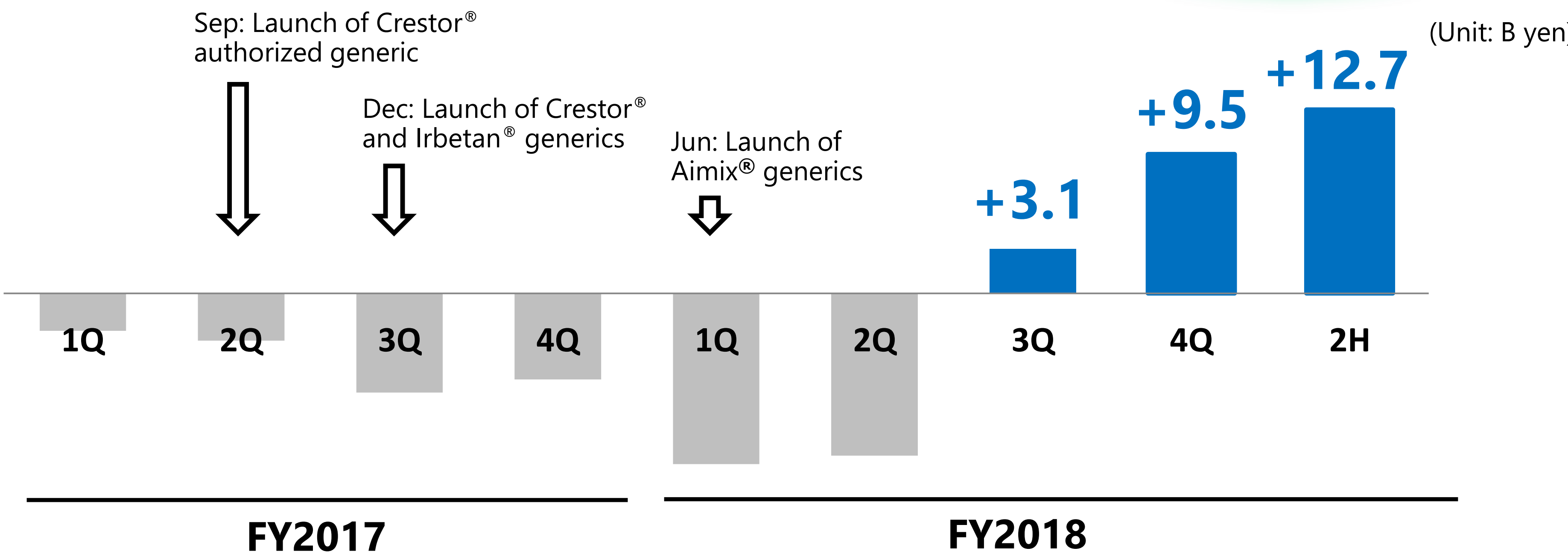
* Other New Products: Actair®, Mulpleta®, Pirespa®, OxyContin® franchise, Rapiacta®, Brightpoc®Flu
** Forecasts revised on Oct. 29, 2018

Japanese Business:
Driving Sales Growth by Our Own Earning Power

Sales of prescription drugs in Japan (Y on Y comparison)

The impact of share capture by generic competitors hit a plateau in 1H FY2018

Sales-growth phase by our own earning power



Achieved profit increase for two consecutive quarters

Key Actions in FY2018 – Towards FY2019 (1/3)

Japanese Business

- **Cymbalta®:**
  - Increased prescriptions by 15% or more from the previous year
  - Share capture in chronic low back pain with large market size was lower than expected, due to need to shift physicians' perception that Cymbalta® should be used for the treatment of refractory pain and psychogenetic pain
- **Intuniv®:**
  - Attained top share in the non-stimulant market for pediatric ADHD
  - Sales were lower than expected, because Intuniv® was mainly used in combination therapy, and the dose level was lower than expected
- **Influenza family:**
  - Sales grew compared to the previous year due to seasonal flu epidemic and exceeded the forecasts
- **Opioid family:**
  - Sales decrease due to share capture by generic drugs
  - Switching to Oxycontin®TR

Achieved sales growth of new products by focusing resources on strategic products

Key Actions in FY2018 – Towards FY2019 (2/3)

US Business

- **Cefiderocol: Progressed towards approval in FY2019 (QIDP* designation)**
- **Symproic®:**
  - Sustained and then grew sales after transition from Purdue by market access efforts and efficient promotion with contract sales reps
  - Alliance with BioDelivery Sciences International（BDSI）in Apr. 2019
- **Mulpleta®**: Initiated full-scale promotion in Dec. 2018
- **Osphena®**: Supplemental indication "moderate to severe vaginal dryness, a symptom of vulvar and vaginal atrophy": approved

EU Business

- **Cefiderocol：MAA submission acceptance**
  - "Accelerated Assessment" designation
- **Rizmoic®: Approval**
  - Alliance with Sandoz in Mar. 2019
- **Mulpleta® : Approval**
- **Sales increase of prescription drugs (Y on Y change: +0.5 B yen)**

China & Taiwan Business

- **Mulpleta®:**
  - Preparation for NDA submission in China
- **C&O®:**
  - Sales increase of Rabeprazole
- **Baloxavir marboxil:**
  - NDA submitted for OwH** patients in Taiwan

Progressed development of pipeline for further growth of overseas business and achieved breakeven in US business by total cost management

* Qualified infectious disease product: designated priority review and provided 5 years of additional market exclusivity upon approval
** OwH: Otherwise healthy

Key Actions in FY2018 – Towards FY2019 (3/3)

R&D: Investment to discover next growth drivers to prepare for continuous success for beyond 2020

- **Steady progress of R&D especially for 8 high-priority projects***
- **Defined goal to pursue of strategic investments and concluded 10 new alliances for beyond 2020**
  - ✓ Hsiri, Nemesis, SAGE, Rohto, Vast, Ube, Tetra, PeptiDream, Nagasaki Univ., Akili

(See appendix p. 71 for details)

- **Steady progress of HIV franchise**
  - Further contribution for HIV treatment/prophylaxis by DTG/CAB franchise

Further strengthen, expand, and accelerate drug-discovery both on our own and through external collaboration

* 1: Novel HIV drug, 2: S-004992 (Tuberculosis), 3: S-600918 (Refractory/unexplained chronic cough, Neuropathic pain), 4: S-637880 (Neuropathic pain), 5: S-812217 (Depression), 6: Adjuvant for vaccine, 7: S-770108 (Idiopathic pulmonary fibrosis), 8: Peptide drug   DTG: dolutegravir, CAB: cabotegravir

Challenges for Mid- to Long-Term Growth

Japanese/Overseas business	**Strengthen Japanese business and establish a global presence**
R&D	**Develop next growth drivers**
Business Innovation	**Create new value and reinforce management foundation**

2. FY2019 Financial Forecasts

Financial Forecasts

(Unit: B yen)

	FY2019 forecasts		FY2018	Y on Y	
	Full year	1H	Results	Change (%)	Change (B yen)
Sales	365.5	159.0	363.7	0.5	1.8
Operating income	147.0	52.0	138.5	6.1	8.5
Ordinary income	170.5	63.0	166.6	2.4	3.9
Profit attributable to owners of parent	133.0	49.0	132.8	0.2	0.2

Achieve income and profit growth by sales growth of new products, and continue to achieve record-high profits

Exchange rate (average)	FY2019 forecasts	FY2018 results
USD ($) – JPY (¥)	110	110.93
GBP (£) – JPY (¥)	145	145.72
EUR (€) – JPY(¥)	130	128.45

3. FY2019 Business Plan

Changes in Shionogi's Business Environment in FY2019

- **Sales**
  - Plan for revision of drug prices along with consumption tax increase (Oct.)
  - Additional indication of Intuniv® for adults, launch of Vyvanse®
- **Investment**
  - Designate highest-priority projects from the current high-priority projects (8 projects at present), and actively invest in these projects
  - Invest in cefiderocol prior to approval and launch
- **Business innovation**
  - Application of international accounting standards (IFRS) from FY2019
    - Disclosure under IFRS from FY2020
  - Shionogi Pharma operations commenced

Basic Strategy in FY2019

- **Sales**
  - Achieve increases in sales and profits by "**expanding sales of new products**" and "**further increasing management efficiency**"
- **Investment**
  - Advance pipeline assets that will become growth drivers beyond 2020
  - Establish a global presence in priority areas
- **Business innovation**
  - Improve operating process through the introduction of International Financial Reporting Standards (IFRS)
  - Create new value in healthcare by using IT
  - Advance business of group companies including Shionogi Pharma
  - Promote diversity & inclusion to create innovation
  - Promote activities related to ESG* for sustainable growth

Aggressive year to drive for sustainable growth beyond 2020, while exercising our "own earning power generate during SGS2020

* ESG (Environment, Society, Governance) : Non-financial information to evaluate corporate sustainability and risk

Statement of Income Forecasts

(Unit: B yen)

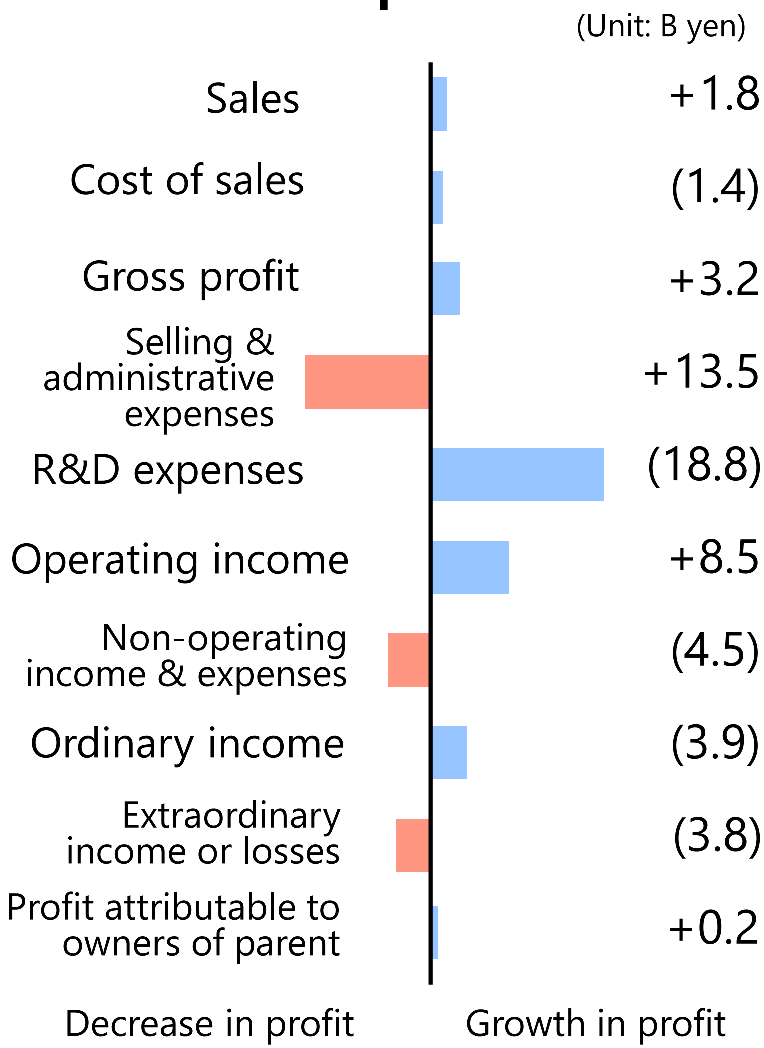
	FY2019		FY2018	Y on Y	
	Full year	1H	Results	Change (%)	Change (B yen)
Sales	**365.5**	**159.0**	363.7	0.5	1.8
Cost of sales	14.6 **53.5**	16.0 **25.5**	15.1 54.9	(2.5)	(1.4)
Gross profit	**312.0**	**133.5**	308.8	1.0	3.2
SG&A expenses	45.1 **165.0**	51.3 **81.5**	46.8 170.3	(3.1)	(5.3)
Selling & administrative expenses	31.6 **115.5**	35.5 **56.4**	28.0 102.0	13.3	13.5
R&D expenses	13.5 **49.5**	15.8 **25.1**	18.8 68.3	(27.6)	(18.8)
Ordinary R&D expenses*	**49.5**	**25.1**	51.4	(3.7)	(1.9)
Strategic investment	**-**	**-**	16.9	-	(16.9)
Operating income	40.2 **147.0**	32.7 **52.0**	38.1 138.5	6.1	8.5
Non-operating income & expenses	**23.5**	**11.0**	28.0	(16.2)	(4.5)
Ordinary income	46.6 **170.5**	39.6 **63.0**	45.8 166.6	2.4	3.9
Profit attributable to owners of parent	**133.0**	**49.0**	132.8	0.2	0.2

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

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

S O N G for you!

- **Y on Y comparison**



Main Variation Factors (Y on Y)

- **Sales (+1.8 B yen)**
  - Sales growth of prescription drugs in Japan
  - Decrease in milestone income from Roche for Xofluza™
- **SG & A expenses (-5.3 B yen)**
  - Selling & administrative expenses (+13.5 B yen)
    - Japanese business: Increase in expenses due to sales increase of strategic products especially for Cymbalta and Intuniv
    - Overseas business: Investment in launch marketing activities in US and EU
  - R&D (-18.8 B yen)
    - Elimination of category of strategic investment (16.9 B yen in FY2018)
- **Extraordinary income or losses (-3.8 B yen)**
  - Profit on sale of investment securities in FY2018

Sales by Segment Forecasts

(Unit: B yen)

	FY2019		FY2018	Y on Y	
	Full year	1H	Results	Change (%)	Change (B yen)
Prescription drugs	**144.1**	**53.7**	**128.7**	12.0	15.4
Overseas subsidiaries/export	**31.4**	**16.0**	**29.4**	6.6	2.0
Shionogi Inc.	**9.9**	**6.3**	**11.8**	(16.2)	(1.9)
Mulpleta®	**1.0**	**0.25**	**0.08**	N/A*	0.9
C&O	**14.6**	**6.8**	**11.5**	27.0	3.1
Contract manufacturing	**14.3**	**9.1**	**14.8**	(3.0)	(0.4)
OTC and quasi-drugs	**9.7**	**4.6**	**8.1**	19.7	1.6
Royalty income	**163.6**	**74.3**	**180.3**	(9.2)	(16.7)
HIV franchise	**126.5**	**61.3**	**124.4**	1.6	2.0
Crestor®	**22.0**	**11.0**	**22.0**	0.2	0.0
Others	**15.1**	**2.1**	**33.9**	(55.4)	(18.8)
Others	**2.4**	**1.2**	**2.5**	(3.2)	(0.1)
Total	**365.5**	**159.0**	**363.7**	**0.5**	**1.8**

* N/A: Not applicable because Mulpleta® was sold only for 7 months in FY2018.

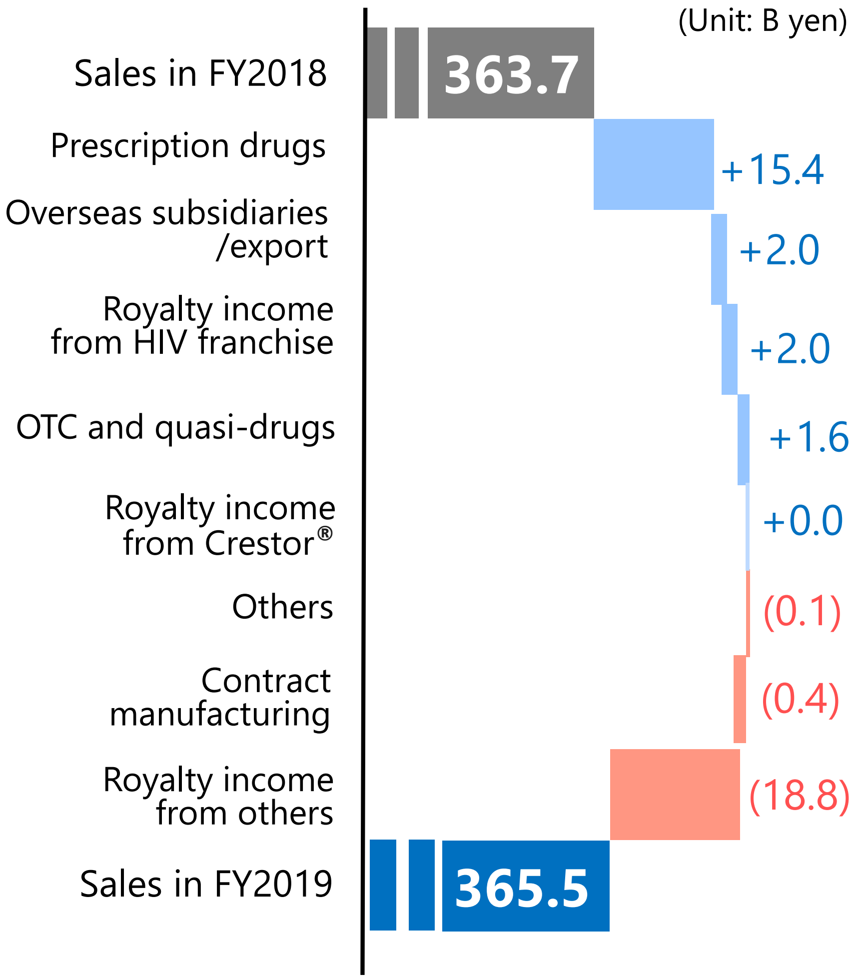
Sales Forecasts for Prescription Drugs in Japan

(Unit: B yen)

	FY2019		FY2018	Y on Y	
	Full year	1H	Results	Change (%)	Change (B yen)
Cymbalta®	**29.3**	**13.0**	24.1	21.6	5.2
Intuniv®	**13.6**	**4.6**	5.3	157.2	8.3
Xofluza®	**28.0**	**0.28**	26.3	6.5	1.7
Rapiacta®	**2.6**	**0.05**	2.0	27.7	0.6
Brightpoc® Flu	**1.8**	**0.18**	1.2	56.2	0.7
Strategic products total	**75.7**	**18.2**	58.9	28.6	16.8
OxyContin® franchise	**6.7**	**3.6**	7.3	(7.4)	(0.5)
Symproic®	**2.3**	**1.1**	1.6	43.8	0.7
Actair®	**0.27**	**0.12**	0.19	38.3	0.1
Mulpleta®	**0.33**	**0.17**	0.15	115.4	0.2
Pirespa®	**6.9**	**3.5**	5.7	21.0	1.2
New products total	**92.2**	**26.7**	73.8	25.0	18.4
Crestor®	**10.0**	**5.2**	9.9	1.3	0.1
Irbetan® franchise	**4.9**	**2.6**	5.4	(8.3)	(0.4)
Others	**36.9**	**19.2**	39.6	(6.8)	(2.7)
Prescription drugs	**144.1**	**53.7**	**128.7**	**12.0**	**15.4**

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

- ## Y on Y comparison



Main Variation Factors (Y on Y change)

- **Prescription drugs (+15.4 B yen)**
  - Sales growth of Cymbalta®, Intuniv®, and influenza family
- **Overseas subsidiaries/export (+2.0 B yen)**
  - US/EU: One-time payment from alliance partners for Symproic®/Rizmoic®
  - C&O: Sales increase of Rabeprazole
- **Royalty income (-16.7 B yen)**
  - Sales growth of HIV franchise
  - Decrease of milestone payment from Roche for Xofluza™

Same as P.21

Financial Forecasts

(Unit: B yen)

	FY2019 forecasts		FY2018	Y on Y	
	Full year	1H	Results	Change (%)	Change (B yne)
Sales	365.5	159.0	363.7	0.5	1.8
Operating income	147.0	52.0	138.5	6.1	8.5
Ordinary income	170.5	63.0	166.6	2.4	3.9
Profit attributable to owners of parent	133.0	49.0	132.8	0.2	0.2

Achieve income and profit growth by sales growth of new products, and continue to achieve record-high profits

Exchange rate (average)	FY2019 forecasts	FY2018 results
USD ($) – JPY (¥)	110	110.93
GBP (£) – JPY (¥)	145	145.72
EUR (€) – JPY(¥)	130	128.45

Financial Forecasts for FY2019

(Unit: B yen)

- **Net Sales (363.7 to 365.5)**

	1H	2H
FY2018 Results	1H Results 168.2	2H Results 195.5
FY2019 Forecasts	1H Forecasts 159.0	2H Forecasts 206.5

+1.8

Decrease in milestone payment from Roche

Sales growth of new products

- **Operating Income (138.5 to 147.0)**

	1H	2H
FY2018 Results	1H Results 57.3	2H Results 81.2
FY2019 Forecasts	1H Forecasts 52.0	2H Forecasts 95.0

+8.5

Strategic investment (16.9 B yen in FY2018)

Marketing activities in overseas business

- **Ordinary Income (166.6 to 170.5)**

	1H	2H
FY2018 Results	1H Results 70.1	2H Results 96.5
FY2019 Forecasts	1H Forecasts 63.0	2H Forecasts 107.5

+3.9

- **Profit attributable to owners of parent (132.8 to 133.0)**

	1H	2H
FY2018 Results	1H Results 57.9	2H Results 74.9
FY2019 Forecasts	1H Forecasts 49.0	2H Forecasts 84.0

+0.2

Income and profit growth will be achieved in the full-year, although decreases in income and profit are forecasted in 1H

KPIs - Target for FY2019 -

		FY2020 target	FY2019 target	FY2018 Results	FY2017 results
Growth	Sales of new products*	200 B yen	100.6 B yen	83.1 B yen	52.9 B yen
	Ordinary Income	150 B yen	170.5 B yen	166.6 B yen	138.7 B yen
Efficiency	ROIC**	Over 13.5%	Over 15.0%	16.5%	14.9%
	CCC***	5.5 months →7.0 months	Below 7.6 months	8.9 months	6.2 months
	Original pipeline ratio	Over 50%	Over 50%	69%	74%
Shareholder return	ROE	Over 15.0%	Over 18.0%	20.9%	19.4%
	DOE	Over 4.0%	Over 4.3%	4.6% (planned)	4.6%

* New products: See the Appendix
New Products were defined in Updates to SGS2020 issued on October 31, 2016

** Return on invested capital
*** Cash conversion cycle

Action Plans for Each Division

1. Japanese and Overseas Business
2. R&D
3. Business Innovation

Japanese Business - Cymbalta® -

Maximizing its value in the pain area

- **Steady increase of prescriptions in the pain area**
  - Over 15% increase in volume from the previous year
- **On the other hand, Cymbalta® is mainly used for the treatment of chronic low back pain due to psychogenic causes**

- **Make the superior analgesic effects of Cymbalta®, not only based on antidepressant effects, fully understood**
  - Mechanism of Cymbalta® addressing the underlying pathology of chronic pain

<Chronic Pain Treatment Guidelines (issued in March 2018)>
Only drug ranked at the highest level (1A) in both categories of Musculoskeletal pain (CLBP, OA, etc.) and Neuropathic pain (DNP, etc.)

Establish a presence in the pain area in addition to the depression area

Japanese Business - ADHD family -

To maximize value in the ADHD area

Intuniv® (non-stimulant)

- Prepare for approval of supplemental indication in adults
- Pediatric patients: Gain top market share in naïve patients
- Adult patients: Capture market share in naïve and switch patients based on foundation achieved in pediatric patients

Vyvanse®* (stimulant)

- Proper indication for patients in need based with strict control of distribution management in collaboration with medical specialists

SDT-001 (digital treatment app)

- Innovative to offer treatment based on digital technology
- Start Phase II study in FY2019

By offering multiple treatment options, enable patients to receive appropriate treatment along with appropriate information

*Approved on Mar. 26, 2019

Xofluza®
-Life Cycle Management & Further Insights Into PA/I38 Variants

Status	Clinical assessments	(★) Data to be shown prior to 2019/2020 flu season
Ongoing	**Additional analysis for the completed clinical studies** • Including next generation sequencing	Additional analysis on PA/I38 variants for the completed clinical studies Additional analysis (CAPSTONE-1, CAPSTONE-2, pediatric studies) (★)
Ongoing	**Post exposure prophylaxis**	Assessing prophylactic efficacy of baloxavir and the risk of transmission of PA/I38 variants. (★)
Ongoing	**Drug susceptibility surveillance**	Resistance monitoring in the clinical setting. (★)
Ongoing	**Pediatric studies at higher doses**	Assesses safety, PK and efficacy at higher dose.
Ongoing	**Severely ill & hospitalized patients**	Explores combination therapy with NAIs and multiple dosing in hospitalized patients.
Planned	**Reduced transmission**	Clinical assessment for reduced transmission to household contacts from patients treated with baloxavir and possible risk of transmission of PA/I38 variants.

Status	Non-clinical assessment	(★) Data to be shown prior to 2019/2020 flu season
Ongoing	**Combination with NAI & Multiple Dosing Regimens**	Explores combination with NAI & multiple dosing regiments for severely ill model in mice. (★)
Ongoing	**Transmission study in ferret models**	Explores effect of baloxavir on transmission and assess risk of transmission of I38 variants in ferrets

Continue a robust development plan that includes surveillance, clinical and non-clinical assessments and report the data through medical meetings and scientific papers

Overseas Business

	US	EU, China, Taiwan etc.
Cefiderocol	・Approval ・Pre-launch activities	<EU>Approval, pre-launch activities
Baloxavir Marboxil	・Commercialization by Roche group, maximize its value through collaboration	<Taiwan>Approval is panned in FY2019, pre-launch activities
Lustrombopag (Product name in US: Mulpleta®)	・Keep our own promotion and make efforts for market uptake supported by 'Mulpleta Assist' program	<EU>Launch is planned in FY2019 <China>Preparations for submission
Naldemedine (Product name in U.S.: Symproic®, Product name in EU: Rizmoic®)	・Apr. 2019: Partnering with BioDelivery Sciences International （BDSI） for OIC commercialization →Market uptake through Sandoz's commercial expertise in the field of opioid analgesics	<EU>Mar. 2019: Partnering with Sandoz for commercialization in Germany, England, and the Netherlands →Market uptake through Sandoz's commercial expertise in the field of opioid analgesics
Cefcapene Pivoxil*		・China: Approval is planned in FY2019 (granule product for children)

A highly efficient operation through combination of our own promotion and collaboration with business partners

* Product name in Japan: Flomox®

Acceleration of R&D - Targets for FY2019 1/2 -

Infectious disease

- **Xofluza®**
  - Approval in Taiwan
  - Approval of granule product in Japan (patients: <20 kg)
  - sNDA submission for prophylaxis in Japan
- **Cefiderocol**
  - Approval in US and EU
  - Completion of Phase III studies
    ① infections caused by CR gram-negative pathogens, ② HAP/VAP/HCAP
  - Start of pediatric Phase III study
- **S-004992**
  - Go/no-go decision based on the results of ongoing non-clinical studies
- **Novel HIV drug**
  - Start of Phase I study in US

Acceleration of R&D - Targets for FY2019 2/2 -

Pain/CNS

S-812217 (Depression)	Completion of Phase I study→Start of Phase III study (Japan)
S-600918 (Refractory/unexplained chronic cough)	Completion of Phase IIa study (Japan)→Start of Phase IIb study (global)
S-637880 (Neuropathic pain)	Start of Phase I MAD study (Japan)→Start of Phase II study (global)
SDT-001 (ADHD)	Start of Phase II study (Japan)

Frontier

S-540956 (Nucleic acid adjuvant)	Acceleration of non-clinical studies for start of Phase I study in FY2020
S-770108 (Idiopathic pulmonary fibrosis)	Start of lung deposition study (UK)
ADR-001 (Decompensated liver cirrhosis)	Progress of Phase I/II study by Rohto, preparation for NDA submission (Japan)

Peptide

Peptide	Start of late phase research programs utilizing PDPS* technology for finding pre-clinical candidates in FY2020

* PDPS: Peptide Discovery Platform System

DTG/CAB Franchise - HIV Treatment Platform *(update with most recent ViiV disclosures)*

SONG for you!

Tivicay®, Triumeq® **Launch: 2013~**
- **Key drug for 3-drug regimen**

Juluca® (DTG/RPV) **Launch: 2017~**
- **First 2-drug regimen for maintenance therapy**

DTG/3TC **Launch: 2019~**
- **First 2-drug regimen for naïve patients**
- Sep. 2018: MAA submission in EU (naïve patients)
- **Apr. 2019: Approved by Apr. 2019 (naïve patients) (Product name: Dovato®)**
- **In FY2019: Positive opinion from CHMP, planned to be approved in EU**
  : GEMINI 96-week results (naïve patients)
  : TANGO 48-week results, Start SALSA (switch patients)

CAB+RPV **Launch: 2019～**
- **First long acting injection** (monthly or bimonthly)
- **Apr. 2019: NDA submission in US (monthly injection)**
- **In FY2019: MAA submission in EU (monthly injection)**
  : ATLAS 2M results (bimonthly injection for switch patients)

CAB prophylaxis **Launch: 2021~**
- **First long-acting injectable for prophylaxis** (bimonthly injection)

Continued excellent progress in expanding the platform and its value

SHIONOGI

Progress from Feb. 1, 2019 to May 9, 2019

DTG: Dolutegravir, CAB: Cabotegravir, RPV: Rilpivirine, 3TC: Lamivudine

Business Innovation
- Sophistication of business management, use of IT -

Sophistication of business management

- **Improve sophistication of business management by introducing the international accounting standards (IFRS)**
  - Introduce IFRS from FY2019 (Disclosure under IFRS from FY2020)
  - Control global finance and integrate accounting standards among group companies
    - > Decision making based on rapid analysis and forecast of financial conditions and forecasts

Use of IT for greater contribution to health care and improved work efficiency

- **Contribute to health care through non-pharmacological approach**
  - Promote the development of potential digital treatment products (SDT-001)
  - Visualize patient conditions to help physicians have a better understanding
- **Improve productivity and predictive capability**
  - Efforts to reform sales activities
  - Use of AI to reform and improve the efficiency of operations
    - > product shipment prediction/planning, etc

Business Innovation
- Shionogi Pharma Operations Commenced -

SONG for you!

Shionogi Company Policy: Evolve "research, produce, and promote"

Shionogi Pharma founded

Taking over Shionogi's production technologies and quality
Moving toward further advancement

シオノギファーマ株式会社

Produce at affordable prices

Proactively introduce new technologies

Aspire to become top-level CDMO* in Japan

Flexibly respond to changes in product LCM**

Ensure stable supply for the global market

Aiming to improve product value through technology development, Shionogi group will continue to produce pharmaceuticals and healthcare products, and contribute to the maintenance and promotion of people's health

* CDMO: Contract Development Manufacturing Organization
** LCM: Life Cycle Management

Business Innovation
- Diversity & Inclusion -

Promote diversity & inclusion throughout the company

Diversity & inclusion is crucial for the creation of innovation

- Establish a vision to be shared by all employees in working for the promotion of diversity & inclusion
- Deepen the understanding of employees through efforts in each organization on relevant themes, including promoting women's participation and diverse workstyles.
- Joined "Diversity Western-Japan Study Group*" in 2017, using a collaborative approach to working-from-home, understanding LGBT**, and unconscious bias***

Diversity Vision

Understand yourself and others, and celebrate individual diversity.
Allow the wide variety of unique qualities to inspire creativity and innovation.

We will
have an unbiased understanding of others, knowing that everyone has a different perspective; connect and resonate with diverse personalities to foster a inclusive spirit and generate abundant ideas; and, driven by such spirit and ideas, create new value and grow with society for our collective future.

*Founded in 2004 by companies in Kansai area to share knowledges and experiences with each other. Now there are 48 corporation members (as of Mar. 2019)
**LGBT is an acronym that stands for lesbian, gay, bisexual, and transgender
***Learned stereotypes that are automatic, unintentional, deeply engrained, universal, and influence behavior

Business Innovation
- Promote Activities Related to ESG (Action Plans) -

SONG for you!

Go back to the core purpose of business, to grow sustainably with society

Remember that our activities are based on SDGs*,
and further promote activities related to ESG**

FY2019	FY2020	FY2021~
Define value creation strategy considering social challenges commencing with SDGs		Reflect on the next mid-term business plan
Set materiality and prioritization	Define action plans and KPIs, Construct framework for PDCA cycle	Reflect on reward of supervisory board members
Continuous engagement with stakeholders and feedback to operations		
Set disclosure and framework	Disclosure through an integrated report etc., Recognize external evaluation	Further disclosure of non-financial information
Respond to ECG questionnaires and rating surveys, and receive feedback from them		Reflect activities on answers to questionnaires continuously

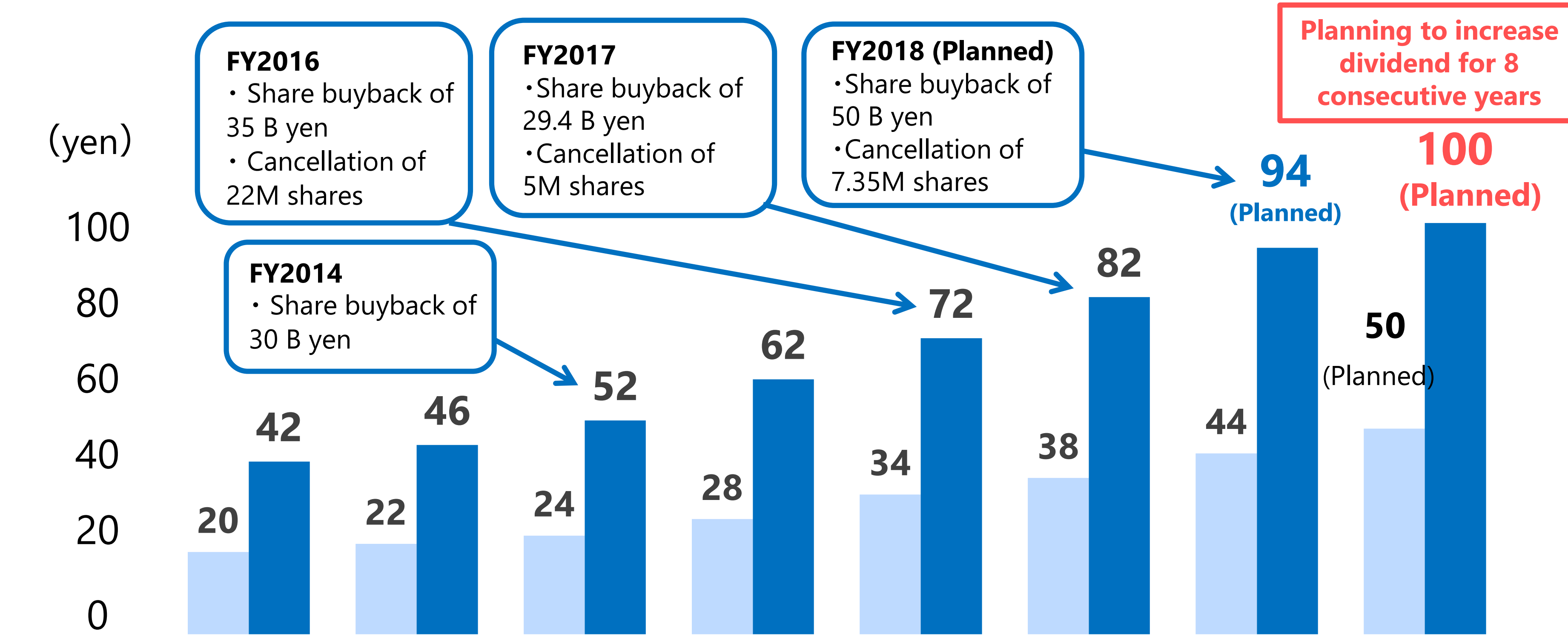
Help to realize a sustainable society as a company which can provide corporate value and social value

* SDGs: Sustainable Development Goals
** ESG: Environment, Society, and Governance

4. Shareholder Return

Shareholder Return Policy Through Which Shareholders Can Feel Our Growth

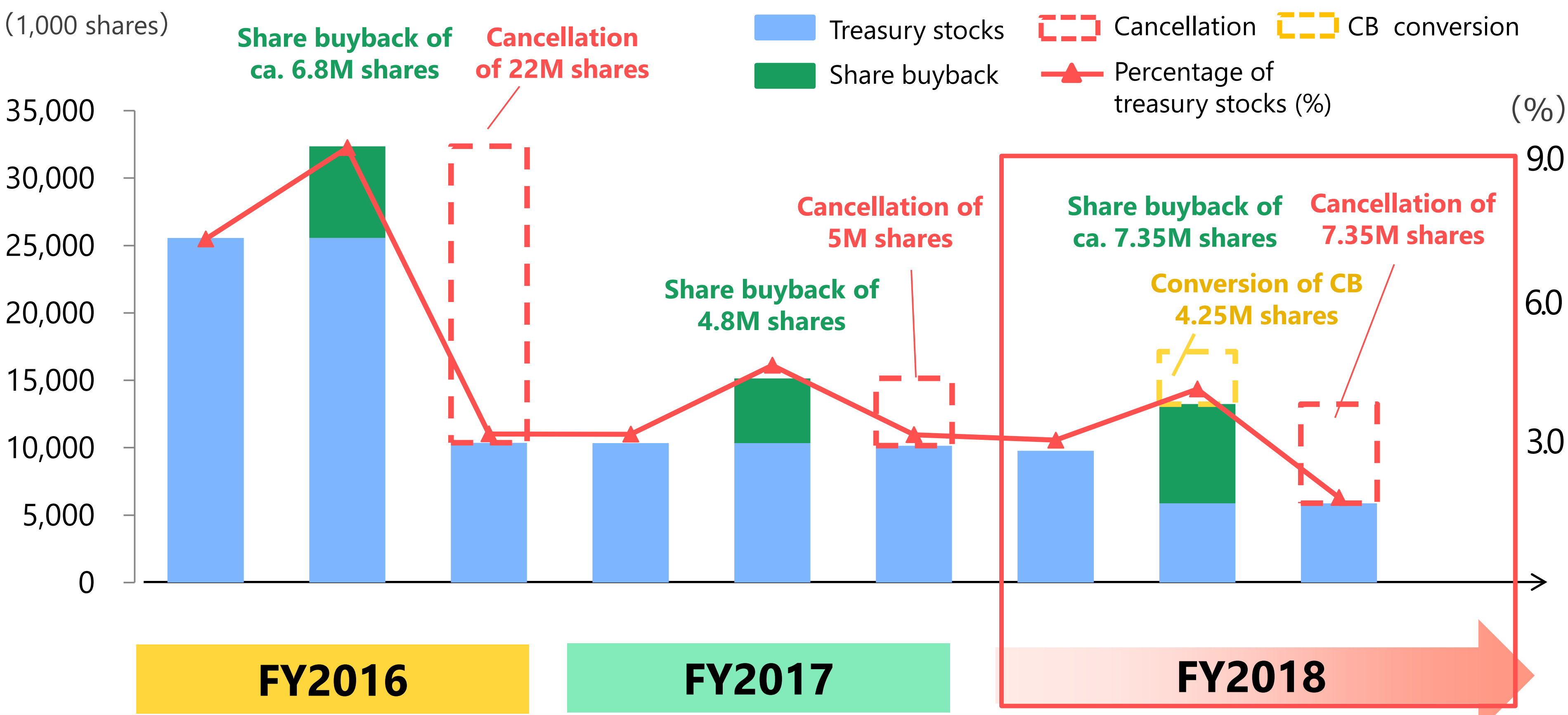
- Plan to **increase dividend for 8 consecutive years and reach 100 yen in FY2019**
- Continuously increase dividend according to our growth



FY	12	13	14	15	16	17	18	19
DOE	3.7	3.5	3.7	4.1	4.5	4.6	4.6 (planned)	Over 4.3 (planned)
ROE	17.5	9.2	9.4	13.6	16.3	19.4	20.9	Over 18.0 (planned)

Flexible and Prompt Capital Policy

Proceed to the shareholder return policy for which shareholders can feel mid- to long-term profit growth, including buyback and cancellation shares and reducing cross-shareholdings



CB: Convertible Bond

Appendix
- Addressing Social Problems and Enhancing Corporate Value -

SHIONOGI

Addressing Social Problems and Enhancing Corporate Value

Further focus on addressing social problems by a CSR department

~Grow sustainably contributing to a more vigorous society and become a company whose contribution is recognized by society~

[Efforts by CSR department]

- Remind that our activities are based on SDGs, and select and address social problems to be solved

Mother to Mother SHIONOGI Project

EHS* initiatives

Promote proper use of medicine

Projects for barrier-free communication

Support children's bright future

* EHS：Environment, Health and Safety

Mother to Mother SHIONOGI Project

SONG for you!

Current situation in Africa

- The maternal mortality rate in Africa is 102 times* greater than in Japan
- In Narok、the rate of pregnant women to undergo pregnancy checkup, birth rate in health clinics, and the rate of women with a low birth weight were lower than the average in Kenya**

Activities in Mother to Mother (Shionogi Project)

- A portion of the proceeds from the sales of Popon® series is donated to support the health of mothers and children in Africa.
- Contribute in an effort to reduce infant, child, and maternal mortality rate in Kenya by supporting International NGO, 'World Vision'
  - Provide basic medical services (construct health clinic, conduct regular medical examination)
  - Guidance on sanitation and education about nourishment in local communities, and educate health experts and support income-generating activities
- Proceed epidemiological study by supporting Nagasaki Univ. and International NGO, 'World Vision
  - Contribute to health improvement in Kenya by accumulating data about public sanitation

Support activities to improve access to medications in Africa in order to support maternal and child health

Mother to Mother SHIONOGI Project

SHIONOGI

* WHO 'Trends in Maternal Mortality: 1990 to 2015'
** KDHS 2014

Efforts for proper use of medicine

SONG for you!

"SHIONOGI AMR* position paper"

- **Disclosed our thoughts and efforts for AMR in "SHIONOGI position paper" globally**
  - We will continue to take a leadership role in efforts for AMR throughout R&D, proper use, and distribution of antibiotics in order to ensure that both individual patients and society as a whole will continue to benefit from effective AMR drugs.

SHIONOGI AMR position paper: http://www.shionogi.co.jp/en/company/csr/activities/amr.html

Collaboration with Aichi Prefecture for proper use of narcotic analgesics

- **Business Collaboration Agreement Concerning the Prevention of Drug Abuse**
  - Raise awareness and educate the general public about the prevention of drug abuse
  - Raise awareness and educate the general public about the judicious use of drugs

Aichi Prefecture

×

SHIONOGI

Isao Teshirogi, President and CEO of Shionogi Pharmaceutical, and Omura, Mayor of Aichi Prefecture (in photo from left to right)

Pursuing these efforts by establishing the "Unit for Judicious Use"

*AMR: Antimicrobial Resistance

Support for Children's Bright Future

Create a more vigorous society for patients suffering from ADHD and CNS diseases

Osaka
From Jan, 2017

(from left)
Mr. Matsui, Governor of Osaka; Mr. Teshirogi, President & CEO of Shionogi

Shiga
From Feb, 2018

(from left)
Ms. Sawada, Director, Executive Vice President of Shionogi; Mr. Fujimoto, Manager of Department of Public Health Care and Welfare of Shiga

Kagawa
From Mar, 2018
Sanuki city, Higashikagawa city
Ookawa Medical Association

(from left)
Mr. Miyazaki, President of Ookawa Medical Association; Mr. Teshirogi, President & CEO of Shionogi; Mr. Oyama, Mayor of Sanuki city; Mr. Fujii, Mayor of Higashikagawa city

Hiroshima
From Mar, 2018

(from left)
Mr. Yuzaki, Governor of Hiroshima; Mr. Teshirogi, President & CEO of Shionogi

Iwate
From May 2018

(from left)
Mr. Fukuda, Senior Executive Officer of Shionogi; Mr. Tasso, Governor of Iwate

FY2018

Established by 'Office for Children's Bright Future'
Collaborations with other local governments are under discussion

Communication Barrier-free Project

CBF コミュニケーションバリアフリー
気づきをカタチに、マイナスをプラスに

◆ For elimination of communication barrier in medical institutions

- Held the CBF* Seminar around Japan (11 times in FY2018, 3 times in FY2017) Voices from medical institutions: "I realized so many things I did not know or misunderstood how large the difficulties in hearing are."
- Produced a poster illustrating the flow of a barium stomach examination for people unable to hear audio instructions. (Fig. 1) The poster is used at the Kinki Kenko Kanri (health management) Center.

(Fig. 1)

◆ For elimination of internal communication barriers

- Produce a video showing the project activities to be delivered to all employees
- Promote to utilize tools to compensate information such as a tool to transcribe speech

Promote this project through enlightening employees about barrier free by inviting employees willing to participate in the CBF project

* CBF: Communication Barrier Free

Efforts on EHS

SHIONOGI group EHS policy (excerpt)

In support of Shionogi's mission to supply the best possible medicine to protect the health and well-being of the patients we serve, Shionogi strives to conduct business activities in a manner that gives consideration to protection of the global environment, prevention of pollution, and support of the health and safety of our employees and the local communities in which Shionogi Group companies operate.

Shionogi Group EHS Action Targets

1. Promote energy conservation and global warming control measures
2. Strengthen resource conservation and waste treatment/disposal measures
3. Manage chemical substances appropriately
4. Develop EHS management systems
5. Promote healthy aquatic environments
6. Contribute to biodiversity preservation
7. Eliminate accidents resulting in worktime loss
8. Initiatives covering the supply chain
9. Promote health and productivity management

Efforts to solve social problems and enhance corporate value

Efforts for EHS (Shionogi website)
http://www.shionogi.co.jp/en/company/csr/activities/environment.html

Shionogi joined to the international activity, "AMR Industry Alliance", and set strict effluent standards for antibiotics at Shionogi and manufacturing subcontractor

Company Sport: Shionogi Women's Softball Club

- 70 years since foundation
- Division 1, Japan Women's Softball League

超!ガツガツ行こう

To Address Social Challenges

SONG for you!

Grow sustainably as a drug discovery-based pharmaceutical company contributing to a more vigorous society through improved healthcare

Appendix

- Pipeline Progress -
- Y on Y change in sales of prescription drugs in Japan -
- Definition of New Products -
- Strategic Investment -
- Recognition by External Organizations -

Major Progress in Q4 FY2018* (Pipeline)

Phase I | Phase II | Phase III | Submission | Approval, Launch

Global

Cefiderocol
- NDA/MAA submission acceptance in US/EU

Naldemedine (Rizmoic®)
- Approval in EU

Lusutrombopag
- Approval in EU

In Japan

S-637880
- Completion of Phase I study

S-600918
- PoC was confirmed (Refractory/unexplained chronic cough)

S-005151
- Start of Phase II study

Vyvanse®
- Approval in Japan

Out-licensed

Xofluza™
- sNDA submission acceptance (HR patients)

CAB+RPV
- NDA submission in US (naïve and experienced patients)

DTG/3TC
- Approval in US (naïve patients)
- Positive opinion from CHMP

Infections disease
Pain/CNS
Frontier

* Progress from Feb. 1 to May 9, 2019
DTG: dolutegravir 3TC: lamivudine RPV: rilpivirine

Major Progress in Q4 FY2018* (Others)

SONG for you!

- **February**
  - Comprehensive Cooperation Agreement in the Field of Infectious Disease Focused on Malaria with Nagasaki University
  - Participation in Library-Sharing Program
  - Provided by CAC Croit
- **March**
  - Akili and Shionogi Announce Strategic Partnership to Develop and Commercialize Digital Therapeutics in Key Asian Markets
- **April**
  - Commencement of Operations of Shionogi Pharma Co., Ltd.
  - Licensing of Symproic® (naldemedine) to BioDelivery Sciences International Inc.
  - Licensing of Rizmoic® (naldemedine) in Germany, the UK, and the Netherlands to Sandoz
- **May**
  - Capital investment and business alliance with Aillis Inc., a venture capital of AI medical equipment

* Progress from Feb. 1 to May 9, 2019

Target Milestones for FY2018 : Approvals and Submission

SONG for you!

Product (indication)	Phase I	Phase II	Phase III	Submission	Approval
Mulpleta® (Thrombocytopenia associated with chronic liver disease)			Achieved (US, Aug.) (EU, Feb.)	US (2017.12) EU (2018.1)	US EU
Naldemedine (Rizmoic®) (Opioid-induced constipation)			Achieved (Feb.)	EU (2017.3)	EU
Lisdexamfetamine (ADHD [pediatric])			Achieved (Feb.)	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 (Complicated urinary tract infections, including pyelonephritis)		Achieved (Dec.)	Global: ongoing	US	
Intuniv® (ADHD [adult])		Achieved (Aug.)	Japan: Extension study, ongoing	Japan	

Progress from Feb. 1 to May 9, 2019

Progress from May 10, 2018 to Jan. 31, 2019

Target Milestones for FY2018 : Phase I ～ III

Product (indication)	Phase I	Phase II	Phase III	Submission	Approval
Xofluza® (Influenza virus infection [prophylaxis])			Japan: initiated	Achieved (Q2)	
OxyContin® TR (Treatment of moderate to severe chronic pain)			Japan: initiated	Achieved (Q1)	
S-120083 (Inflammatory pain)		US: completed	Achieved (Q3)		
S-588410 (Bladder cancer)		Japan, EU: completed	Achieved (Q4)		
S-600918 (Refractory/unexpected chronic cough, Neuropathic pain)		Japan: initiated	Achieved (Q1) (Refractory/unexplained chronic cough)		
S-770108 (Idiopathic pulmonary fibrosis)	Japan: completed	Achieved (Q3)			
S-637880 (Neuropathic pain)	Japan: completed	Achieved (Q4)			
S-005151 (Acute ischemic stroke)	Japan: initiated	Achieved (Q1)			
S-004992 (Tuberculosis)	Asia (China): initiated				

Red box: Progress from Feb. 1 to May 9, 2019

Grey box: Progress from May 10, 2018 to Jan. 31, 2019

Pipeline (as of May 9, 2019)

S·O·N·G for you!

Preclinical (target indication*)	Phase I	Phase II	Phase III	Submission
Influenza virus infection	**Global**			
HIV virus infection	**S-004992**** Tuberculosis	**S-120083** Inflammatory pain	**Cefiderocol** Multidrug-resistant Gram-negative bacterial infections	**Cefiderocol (US/EU)** Multidrug-resistant Gram-negative bacterial infections
RS virus infection	**S-117957** Insomnia	**S-707106** Type2 diabetes		**Baloxavir Marboxil (Taiwan)** Influenza virus infection
Bacterial infection	**S-237648** Obesity	**S-488210** Head and neck squamous cell carcinoma		
Mycobacterium disease	**S-588210** Solid tumor	**epertinib** Malignant tumor		
Fungus infection	**Rizmoic®** Opioid-induced constipation (pediatric)	**S-588410** Bladder cancer		
Vaccine for prevention				
Peptide				
ADHD	**In Japan**			
Opioid	**S-812217** Depression	**Cefiderocol** Multidrug-resistant Gram-negative bacterial infections	**Cefiderocol** Multidrug-resistant Gram-negative bacterial infections	**Oxycodone** Moderate to severe chronic pain
Alzheimer's disease	**S-600918** Neuropathic pain	**S-600918** Refractory/unexpected chronic cough	**Xofluza™** Influenza virus infection (prophylaxis)	**Intuniv®** ADHD (adult)
Cognitive and memory deficits	**S-637880** Neuropathic pain	**S-005151** Acute ischemic stroke	**Xofluza™** Influenza virus infection (New dosage for children)	
Post-stroke spasticity	**S-010887** Neuropathic pain	**S-237648** Obesity	**Cymbalta®** Depression (pediatric)	
Peptide	**S-770108** Idiopathic pulmonary fibrosis	**S-525606** Allergic rhinitis caused by Japanese cedar allergen	**Oxycodone** Moderate to severe chronic pain	
Obesity		**S-588410** Bladder cancer	**S-588410** Esophageal cancer	
S-723595 NASH		**SR-0379** Cutaneous ulcer		
Cancer metastasis		**ADR-001***** Decompensated liver cirrhosis		
S-540956 Nucleic acid adjuvant				
Peptide				

- Infectious diseases
- Pain/CNS
- Other

Progress from Feb. 1, 2019 to May 9, 2019 (red box)

* Target indication may include some projects

** In preparation for Phase I

*** In Phase I/II

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Pipeline -Out-licensed (as of May 9, 2019)

SONG for you!

Preclinical	Phase I	Phase II	Phase III	Submission
	GSK3342830 Multidrug-resistant Gram-negative bacterial infections		**DTG/3TC** Treatment for HIV infection TANGO study (maintenance)	**DTG/3TC (EU)** Treatment for HIV infection
			CAB LAP Prevention for HIV infection	**Xofluza™** Influenza virus infection (High risk patients)
			Xofluza™ Severe influenza virus infection	**CAB+RPV LAP** Treatment for HIV infection
			Xofluza™ Influenza virus infection (pediatric)	

- **Infectious diseases**
- **Pain/CNS**
- **Others**

Stage progression (from Jan. 31, 2019)	Cefiderocol：Phase II→Submission (US), Phase III→Submission (EU) Naldemedine (Rizmoic®) :→Approved (EU) Lustrombopag: Submission→Approved (EU) Lisdexamfetamine: Submission→Approved (Japan) S-005151: Phase I→Phase II (Japan) Xofluza™: Phase III (high risk patients)→sNDA (US) DTG/3TC: Submission→Approved (US) CAB+RPV: Phase III→Submission (US)

Progress from Feb. 1, 2019 to Mar. 14, 2019

DTG: Dolutegravir 3TC: Lamivudine RPV: Rilpivirine CAB：Cabotegravir

Target Milestones for FY2019 : Approval and Submission

Product (indication)	Phase I	Phase II	Phase III	Submission	Approval
Lisdexamfetamine (ADHD(pediatric))				Japan(2017.4)	Japan
Intuniv® (ADHD(adult))				Japan(2018.8)	Japan
Cefiderocol ((US: Complicated urinary tract infections, including pyelonephritis , EU: Multidrug-resistant Gram-negative bacterial infections)			Global: CR study completion Global: HAP/VAP/HCAP study completion	US(2018.12) EU(2019.3)	US EU
Xofluza® (Influenza virus infection) ①granule (weight under 20kg) ②granule (new dosage for children (weight under 20kg) ③prophylaxis			Japan： High-dose study for children completion Prophylaxis study completion	①Japan(2018.8) ②Japan ③Japan	①Japan
OxyContin®TR (Treatment of moderate to severe chronic pain)			Japan：completion	Japan	

Planned Completed

Target Milestones for FY2019 : Phase I~III

Product (indication)	Phase I	Phase II	Phase III	Submission	Approval
S-812217 (Depression)	Japan: Single and multiple dose study completion		Japan: initiate		
Rizmoic®/Naldemedine (Opioid-induced constipation(pediatric))	EU: Phase I/II study Initiate				
Cefiderocol (Multidrug-resistant Gram-negative bacterial infections(pediatric))			Global: Safety and PK study initiate		
S-600918 (Neuropathic pain or Refractory Chronic Cough)		Japan: POC study completion Global: Dose-finding Study initiate			
SR-0379 Skin ulcers(Pressure ulcers, diabetic ulcers, etc))		Japan: POC study completion			
S-770108 (Idiopathic Pulmonary Fibrosis)	UK: Lung deposition study initiate				

* Proof of concept
Planned

Target Milestones for FY2019
: Phase I~III

Product (indication)	Phase I	Phase II	Phase III	Submission	Approval
S-005151 (stroke)	Japan：Study in Healthy adults (Including the elderly) completion	Japan：initiate			
S-637880 (Neuropathic pain)	Japan：Multiple dose study completion	Global：initiate			
Naldemedine (POI*)		Global：initiate			
Novel HIV Drug (HIV virus infection)	US：initiate				
SDT-001 (ADHD)		Japan：initiate			

* Post operative ileus

Planned

Target Milestones for Launch of Products

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

DTG: Dolutegravir, RPV: Rilpivirine, 3TC: Lamivudine
*OwH: Otherwise healthy patients ** HR: High risk (patients at high risk for influenza-related complications)

Japanese Business: Driving Sales Growth by Our Own Earning Power

SONG for you!

(Unit: B yen))

Prescription Drugs in Japan	2H FY2017 Results	2H FY2018 Results	Y on Y comparison
New products (including strategic products)	27.7	51.2	**+23.5**
Crestor®, Irbetan® franchise	14.1	7.0	**(7.1)**
Others	24.2	20.5	**(3.7)**
Total	**66.0**	**78.7**	**+12.7**

Definition of New Products (in Updates to SGS2020)

Pain/ CNS

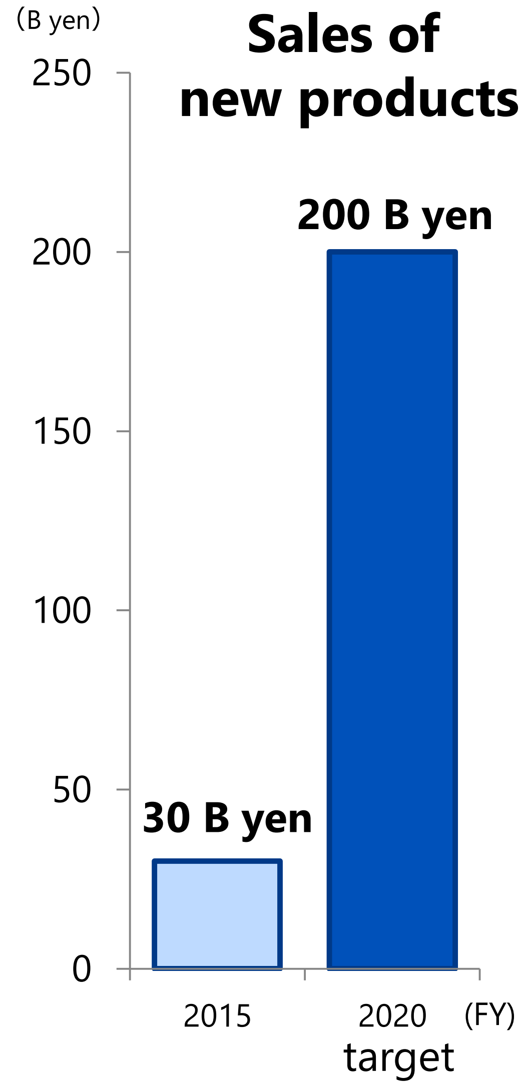
- Cymbalta®
- OxyContin® tamper resistant formulation, OxiNorm®, OxiFast®
- Naldemedine*
- Intuniv®, Vyvanse®

Infectious diseases

- Xofluza®
- Cefiderocol
- Rapiacta®, flu diagnosis kit

Others

- Pirespa®
- Mulpleta®
- Actair®
- Glashvista®
- Osphena® (Senshio®)



* Product name of naldemedine: Symproic® in Japan and US, Rizmoic ® in EU

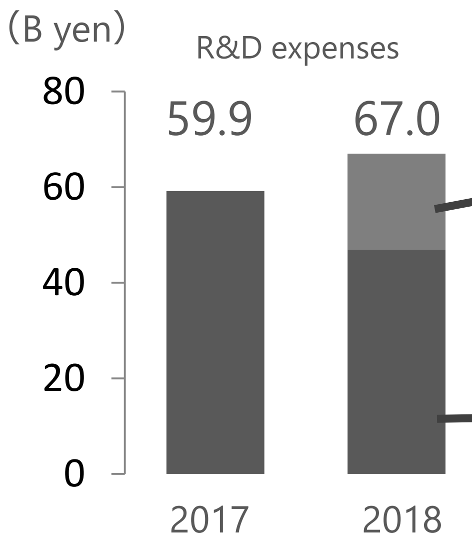
Strategic Investment for Sustainable Growth

SONG for you!

Development of Xofluza^{TM} is in its final stage

Favorable opportunity to invest in other growth drivers

New investment to expand pipeline for sustainable growth



Strategic Investment (ca. 20 B yen)
New investment to **expand pipeline for launches beyond 2020** and to **introduce new technologies**

Focus resources on the 7 high-priority projects* by strengthening total cost management, although ordinary R&D expenses will be lower than in FY2017

Strategic investment (ca. 20 B yen) in R&D is planned for sustainable growth

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* Presentation Material of R&D Meeting on Mar. 15, 2018 http://www.shionogi.co.jp/en/ir/pdf/e_p180315.pdf
1: Novel HIV drug, 2: Peptide drugs, 3: Adjuvant, 4: S-044992, 5: S-600918, 6: S-637880. 7: S-770108

Strategic Investment in FY2018

Obtained pipeline and new technology through strategic investment

Infectious Disease

- Drug candidates for mycobacterial disease (Hsiri)
- Collaborative research on anti-RS virus drug (Ube)
- Collaborative research on prophylaxis and treatment for Malaria (Nagasaki Univ.)
- Nitric Oxide inhaled antimicrobial drug candidates (Vast)
- Technology for Antimicrobial Resistance (Nemesis)

Promote research on the world's top 3 infectious diseases, refractory infectious diseases
⇒**Establish a global presence in infectious disease area**

Pain/CNS

- Anti-depressant candidate, S-812217 (Sage)
- Drug candidate for cognitive and memory deficits, BPN-14770 (Tetra)
- Digital medicine candidate AKL-T01, AKL-T02 (Akili)

Obtained various treatment option
⇒**Provide new treatment options based on novel mechanisms**

Modality

- PDC* technology (PeptiDream)
- Regenerative medicine product candidate, ADR-001 (Rohto)

Obtain new modalities
⇒**Meet unmet needs low molecule drugs cannot solve**

Collaborated with 10 new partners for beyond 2020

* Peptide drug conjugates

Recognition by External Organizations (FY2018)

2007▸2018 IR
IR向上企業
member of Japan Investor Relations Association

ディスクロージャー
2018年度 優良企業

Disclosure

SAAJ 公益社団法人 日本証券アナリスト協会
The Securities Analysts Association of Japan
ディスクロージャー優良企業選定
（医薬品部門1位）

Grow sustainably with society

2018年
第61回
十大新製品賞
「増田賞」
受賞
日刊工業新聞

2019
健康経営銘柄
Health and Productivity

2019
健康経営優良法人
Health and productivity
ホワイト500

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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