



## *Goldman Sachs Healthcare Conference in 2007*

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## ***Establishment of the 2<sup>nd</sup> Medium-Term Business Plan***

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### **◆ The 1<sup>st</sup> Medium-Term Business Plan**

**(April, 2000 — March, 2005)**

**→ Built the infrastructure to concentrate on the prescription drug business**

### **◆ The 2<sup>nd</sup> Medium-Term Business Plan**

**(April, 2005 — March, 2010)**

**→ Entering a stage to accelerate toward significant strides**

- ◆ by a full contribution of Crestor<sup>®</sup>  
(royalty income and domestic sales )**
- ◆ by activating R&D activities**
- ◆ by launching the new products in domestic market  
( 10 products in total)**



## *The Goals of the 2<sup>nd</sup> Medium-Term Business Plan*

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### **Research & Development**

- ◆ **Focus R&D disease areas**
  - **Infectious diseases, MS\*, Pain and Frontier areas**
- ◆ **Set the goal in output from research**
  - **Move at least 5 new chemical entities to phase II or more advanced stages by the end of FY2009**
- ◆ **Increase transparency of the development process**
  - **Products in phase II/III in Japan → File NDA and launch**
  - **Promote global development for compounds discovered in-house**
- ◆ **Aim for a company of “Partner of Choice”**
  - **Both license-in and license-out**

\* Metabolic Syndromes



## *The Goals of the 2<sup>nd</sup> Medium-Term Business Plan*

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### Sales and Marketing

- ◆ **Restore strong competitiveness of sales force by focusing disease areas**
  - **Infectious diseases: Finibax<sup>®</sup> and Avelox<sup>®</sup> in addition to Flomox<sup>®</sup>**
  - **MS: Crestor<sup>®</sup>**
  - **Pain: OxyContin<sup>®</sup> and OxiNorm<sup>®</sup>**
  - **Frontier area: Dermatological area (Claritin<sup>®</sup>)**
  
- ◆ **Develop systematic sales and marketing activities**



## *Evaluation of the past 2 years in the 2<sup>nd</sup> Medium-term Business Plan*

### **Research & Development**

- ◆ **Direction of reforms is fully understood and accepted by the people in R&D**
- ◆ **Research: Only 2 in-house compounds advanced to FTIH  
→ Recognize as issues to be challenged**
- ◆ **Development : Domestic → well-controlled / Global → progressing**
  - Launched 5 new products
  - 4 products are presently under NDA review
  - Made a major progress in global development: S-2367 advanced to phase IIb



## *Evaluation of the past 2 years in the 2<sup>nd</sup> Medium-term Business Plan*

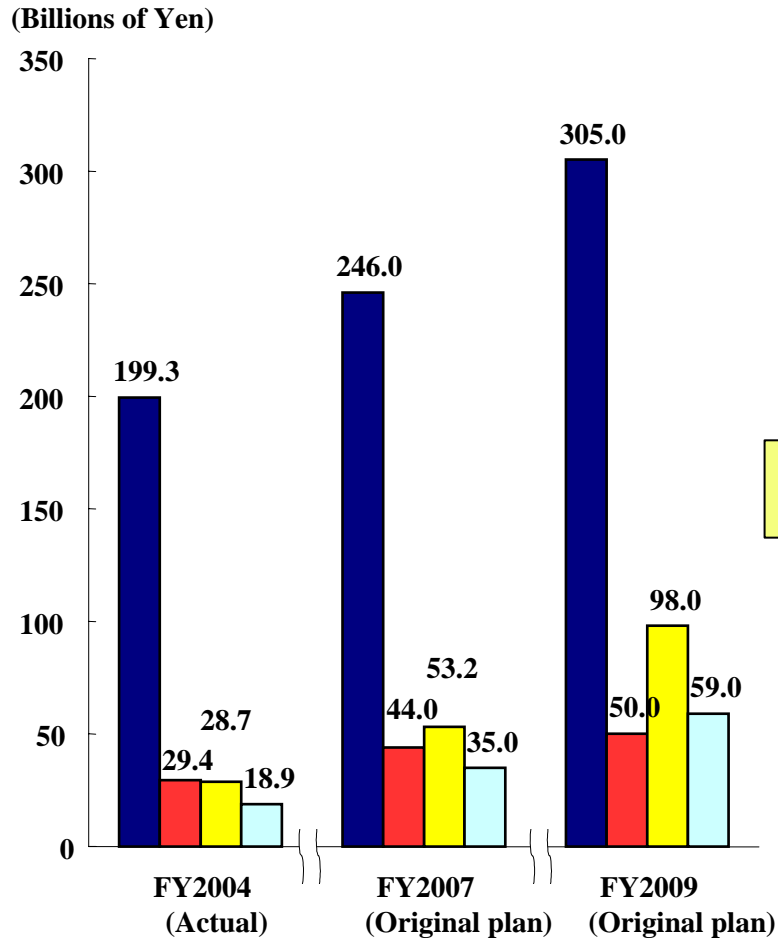
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### **Sales and Marketing**

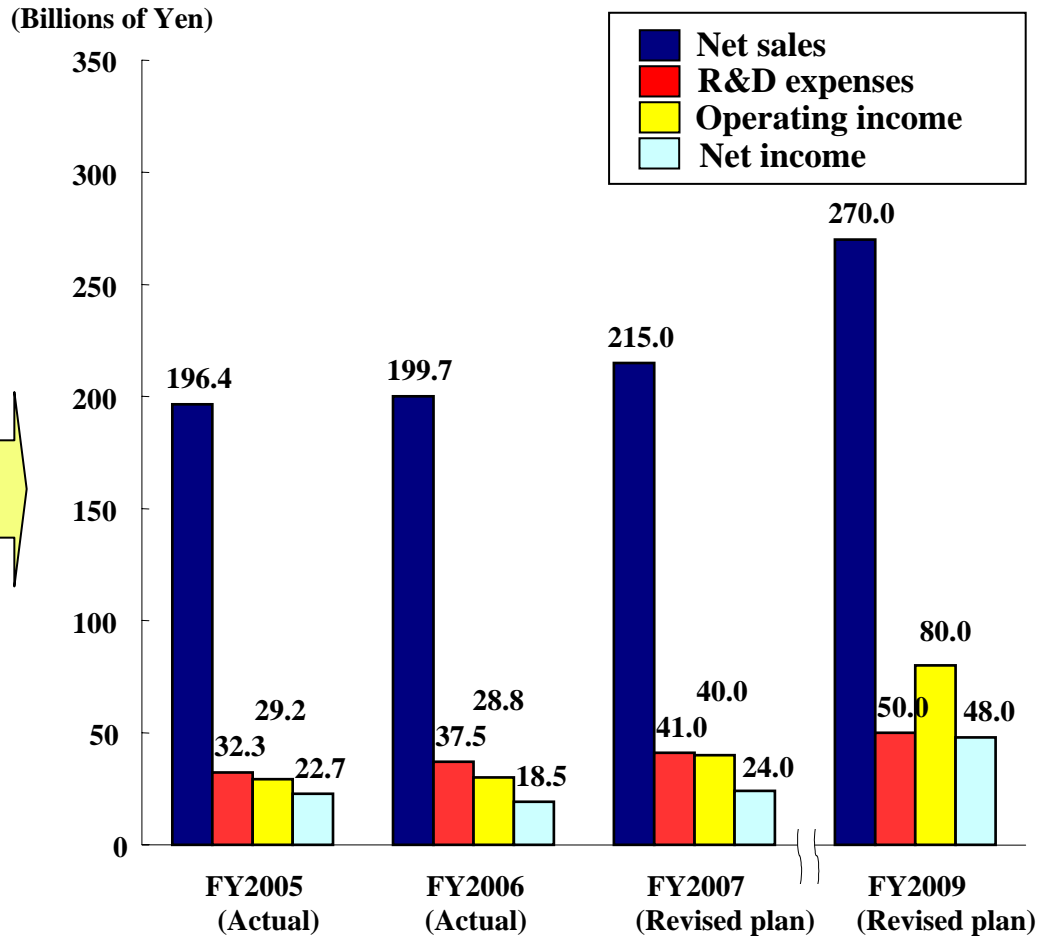
- ◆ **Sales of the existing products decreased more and quicker than we had forecasted: Health care reforms**
- ◆ **Unsatisfactory sales growth of the new products ( Finibax<sup>®</sup> and Avelox<sup>®</sup> in particular) — Delay in systematic development of sales and marketing activity**
- ◆ **Conducted successful PMS for Crestor<sup>®</sup> in Japan**
  - **The results were excellent → Great expectations for the future**



# Revised Consolidated Financial Targets for the 2<sup>nd</sup> Medium-Term Business Plan



<Initial Plan>



<Revised Plan>



## *Outline of Revised Medium-Term Business Plan -1-*

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### **Research & Development**

- ◆ **Continuously discover innovative compounds**
  - **Ensure FTIH for 2 or more new drug candidates per year for the coming three consecutive years**
  
- ◆ **Launch 4 new products presently under NDA reviews**
  
- ◆ **Ensure NDA filing for Duloxetine**
  - **Launch it during the period of the 2<sup>nd</sup> Medium-Term Business Plan**
  
- ◆ **Develop strategic products globally to more advanced stages**
  - **S-2367, S-777469, Anti-HIV (S-364735/FU)**





## *Outline of Revised Medium-Term Business Plan -2-*

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### Sales and Marketing

- ◆ Focus resources on the new products
  - Crestor<sup>®</sup>, Finibax<sup>®</sup>, Avelox<sup>®</sup>
  - Made a drastic change on evaluation system for MR
- ◆ Increase strategic sales and promotion expenses
- ◆ Increase the number of MR (1400 → 1500)



## ***Aggressive investments***

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***Strengthen drug discovery research for drug “seeds”***

***Develop aggressive in-licensing activity to establish unbroken pipeline stream***

**60 billion yen investment during the period from FY2007 to FY2009**

***Aggressive investment focused on manufacturing and R&D***

***Establish a system for overseas business development***



**- “Growth” is our main focus -**

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**Absorb the increasing R&D expenses by domestic sales increase**



**Strategically invest increasing revenue (mainly from royalty income) for future activities**

**Build a strong presence as a pharmaceutical company with high growth potential**



## ***For Further Inquiries***

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**These presentation materials contain forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgements derived from the information available to the Company at the time of publication.**

**Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in these presentation materials.**

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