Supplemental material for financial results for the 3rd quarter of fiscal year 2014

February 2, 2015

Shionogi & Co., Ltd.

1. Sales of main merchandise and finished goods

(Billions of yen)

	FY2014 2H forecast	FY2014 forecast	FY2014 3Q actual	FY2013 3Q actual	FY2014 1Q-3Q actual	FY2013 1Q-3Q actual	Progress % vs. FY2014 forecast
Prescription drugs	86.5	163.5	43.8	46.5	120.8	127.4	73.9
change %	*(1.0)*	*(2.8)*	*(5.8)*	*2.9*	*(5.2)*	*2.0*	
CRESTOR	21.5	42.6	11.1	10.6	32.1	31.2	75.4
IRBETAN Franchise	9.0	16.5	3.9	3.9	11.4	10.6	69.0
CYMBALTA	7.4	12.9	3.0	3.1	8.5	8.4	65.6
Total of 3 key products	38.0	72.0	17.9	17.6	52.0	50.1	72.2
OXYCONTIN Franchise	5.4	10.7	2.9	3.1	8.2	8.5	76.7
FINIBAX	2.3	4.2	1.1	1.3	3.0	3.6	72.1
DIFFERIN	2.6	4.4	1.1	1.2	2.9	3.1	65.0
PIRESPA	2.9	5.5	1.4	1.4	4.0	3.7	72.8
RAPIACTA	2.4	2.5	1.1	0.4	1.1	0.5	45.3
Total of 8 strategic products	53.6	99.3	25.5	25.1	71.2	69.5	71.7
FLOMOX	6.5	12.3	3.7	4.6	9.5	12.1	77.6
RINDERON	4.2	8.4	2.1	2.2	6.2	6.9	74.1
CLARITIN	2.4	4.0	0.9	1.2	2.5	3.0	62.6
FLUMARIN	2.3	4.7	1.2	1.5	3.6	4.3	76.1
Export/Overseas subsidiaries	16.7	31.3	8.1	12.0	22.6	27.3	72.2
change %	*(10.3)*	*(8.0)*	*(32.7)*	*82.4*	*(17.3)*	*27.9*	
Shionogi Inc.	10.3	17.7	4.6	8.3	12.0	17.9	67.8
Osphena	5.3	7.0	1.4	0.4	3.1	0.5	44.7
C&O	4.2	7.5	1.7	1.3	5.0	4.2	67.0
Contract manufacturing	5.3	11.4	2.5	0.8	8.6	5.8	75.2
change %	*58.3*	*36.1*	*223.2*	*(41.8)*	*48.1*	*(0.0)*	
OTC and quasi-drugs	2.1	4.6	1.2	1.1	3.6	3.4	79.0
change %	*(2.2)*	*1.9*	*7.5*	*(8.3)*	*6.3*	*(14.4)*	
Royalty income	31.7	60.0	14.0	18.1	42.3	51.5	70.6
change %	*(15.0)*	*(15.1)*	*(22.4)*	*(3.6)*	*(17.8)*	*(1.3)*	
CRESTOR	24.6	49.0	10.7	16.7	35.1	47.9	71.6
Others *	1.2	2.7	0.8	1.0	2.3	2.7	86.7
change %	*(42.6)*	*(29.2)*	*(11.1)*	*(10.4)*	*(12.2)*	*(17.0)*	
Total	143.7	273.5	70.4	79.4	200.3	218.1	73.2
change %	*(4.9)*	*(5.6)*	*(11.3)*	*7.1*	*(8.2)*	*3.1*	

Note: Change % shows changes from the same period of the previous fiscal year
Sales of each product are shown on non-consolidated basis

* *From FY2014, "Diagunostics" is included in the "Other" item.*

2-1. Quarterly trend for FY2013 and FY2014 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2014

(Billions of yen)

FY2013	FY2013 1Q actual	Y on Y change %	FY2013 2Q actual	Y on Y change %	FY2013 3Q actual	Y on Y change %	FY2013 4Q actual	Y on Y change %
Prescription drugs	40.4	1.9	40.5	1.1	46.5	2.9	40.9	0.2
CRESTOR	10.0	16.7	10.6	5.4	10.6	7.9	9.9	2.5
IRBETAN Franchise	2.9	23.7	3.8	58.2	3.9	9.6	3.3	35.1
CYMBALTA	2.6	19.4	2.6	6.8	3.1	28.3	3.1	17.1
Total of 3 key products	15.5	18.4	17.0	14.1	17.6	11.4	16.2	10.5
OXYCONTIN Franchise	2.7	5.9	2.7	5.4	3.1	6.4	2.1	(0.5)
FINIBAX	1.1	(7.1)	1.2	(3.4)	1.3	(12.2)	1.1	(2.1)
DIFFERIN	0.9	7.2	1.0	(9.4)	1.2	11.1	1.3	30.1
PIRESPA	1.2	15.1	1.2	(10.8)	1.4	26.8	1.0	(1.1)
RAPIACTA	0.1	36.0	0.0	(83.4)	0.4	8.1	1.5	(1.9)
Total of 8 strategic products	21.6	14.4	22.8	9.4	25.1	9.8	23.4	8.1
FLOMOX	3.9	(11.9)	3.6	(11.0)	4.6	(14.0)	3.7	(10.8)
RINDERON	2.4	(0.4)	2.3	(2.3)	2.2	(1.6)	1.9	2.0
CLARITIN	0.9	(26.0)	0.9	(9.4)	1.2	(10.6)	1.9	(31.6)
FLUMARIN	1.4	(7.9)	1.4	(17.4)	1.5	(1.5)	1.1	(12.2)
Export/Overseas subsidiaries	8.4	13.3	7.0	(5.8)	12.0	82.4	6.6	(27.5)
Shionogi Inc.	5.4	53.0	4.1	4.9	8.3	96.0	3.6	(32.9)
Osphena	-	-	0.1	-	0.4	-	0.6	-
C&O	1.3	(14.2)	1.6	13.5	1.3	2.7	1.7	2.8
Contract manufacturing	2.4	1.4	2.6	24.6	0.8	(41.8)	2.6	76.8
OTC and quasi-drugs	1.0	(25.2)	1.3	(9.6)	1.1	(8.3)	1.1	(6.2)
Diagnostics	0.4	(22.6)	0.4	(34.7)	0.5	(6.8)	0.7	25.3
Royalty income	14.0	(12.5)	19.4	11.6	18.1	(3.6)	19.2	8.5
CRESTOR	13.1	(10.9)	18.1	13.1	16.7	6.0	17.8	7.7
Others	0.6	33.2	0.3	(46.2)	0.5	(13.8)	0.4	(13.9)
Total	67.3	(0.8)	71.4	2.8	79.4	7.1	71.6	0.2

Fiscal year ending March 31, 2015

FY2014	FY2014 1Q actual	Y on Y change %	FY2014 2Q actual	Y on Y change %	FY2014 3Q actual	Y on Y change %
Prescription drugs	38.7	(4.3)	38.3	(5.5)	43.8	(5.8)
CRESTOR	10.8	8.2	10.3	(3.2)	11.1	4.4
IRBETAN Franchise	3.7	30.4	3.8	(0.1)	3.9	(0.8)
CYMBALTA	2.5	(2.5)	3.0	10.9	3.0	(4.2)
Total of 3 key products	17.1	10.5	16.9	(0.4)	17.9	1.7
OXYCONTIN Franchise	2.7	(1.7)	2.6	(1.7)	2.9	(6.6)
FINIBAX	0.9	(22.0)	1.0	(7.8)	1.1	(18.4)
DIFFERIN	0.9	(5.8)	0.9	(5.1)	1.1	(13.9)
PIRESPA	1.3	2.9	1.3	19.4	1.4	3.3
RAPIACTA	0.1	(30.7)	(0.0)	-	1.1	172.9
Total of 8 strategic products	22.9	6.0	22.8	(0.1)	25.5	1.6
FLOMOX	3.1	(19.6)	2.7	(25.3)	3.7	(19.2)
RINDERON	2.1	(13.2)	2.1	(8.8)	2.1	(8.2)
CLARITIN	0.9	(7.8)	0.7	(16.7)	0.9	(21.0)
FLUMARIN	1.1	(21.0)	1.3	(6.3)	1.2	(21.8)
Export/Overseas subsidiaries	6.7	(19.6)	7.9	11.9	8.1	(32.7)
Shionogi Inc.	2.8	(47.0)	4.6	9.9	4.6	(44.9)
Osphena	0.8	-	0.9	833.0	1.4	227.2
C&O	1.8	37.6	1.5	(6.8)	1.7	31.4
Contract manufacturing	2.8	17.2	3.3	24.6	2.5	223.2
OTC and quasi-drugs	1.1	11.3	1.4	1.4	1.2	7.5
Royalty income	12.7	(9.8)	15.6	(19.3)	14.0	(22.4)
CRESTOR	11.8	(10.1)	12.6	(30.2)	10.7	(35.7)
Others *	0.7	(29.9)	0.8	14.2	0.8	(11.1)
Total	62.7	(6.7)	67.1	(6.1)	70.4	(11.3)

Note: Sales of each product are shown on non-consolidated basis

** From FY2014, "Diagunostics" is included in the "Other" item.*

2-2. Quarterly trend for FY2013 and FY2014 (Consolidated statements of income)

Fiscal year ended March 31, 2014

(Billions of yen)

FY2013	FY2013 1Q actual	Y on Y change %	FY2013 2Q actual	Y on Y change %	FY2013 3Q actual	Y on Y change %	FY2013 4Q actual	Y on Y change %
Net sales	**67.3**	**(0.8)**	**71.4**	**2.8**	**79.4**	**7.1**	**71.6**	**0.2**
Cost of sales	27.3 18.4	(10.8)	26.4 18.9	(3.8)	25.4 20.2	3.0	28.7 20.6	9.6
Gross profit	48.9	3.5	52.6	5.4	59.2	8.6	51.1	(3.1)
SG & A expenses	54.7 36.8	-	51.4 36.7	-	48.3 38.4	-	53.0 38.0	-
Selling & general expenses	23.6	2.2	23.8	5.4	24.8	9.9	24.0	2.4
R & D expenses	13.2	-	12.9	-	13.6	-	13.9	-
Operating income	**18.0** **12.1**	-	**22.2** **15.8**	-	**26.3** **20.8**	-	**18.3** **13.1**	-
Non-operating income & expenses	0.5		(1.1)		1.8		(0.8)	
Ordinary income	**18.7** **12.6**	-	**20.6** **14.7**	-	**28.5** **22.7**	-	**17.1** **12.2**	-
Extraordinary income & loss	0.6		3.8		-		(3.3)	
Income before income taxes and minority interests	13.1		18.5		22.7		8.9	
Income taxes and minority interests	2.3		8.2		7.6		4.4	
Net income	**16.1** **10.8**	-	**14.4** **10.3**	-	**19.0** **15.1**	-	**6.2** **4.5**	-

Fiscal year ending March 31, 2015

FY2014	FY2014 1Q actual	Y on Y change %	FY2014 2Q actual	Y on Y change %	FY2014 3Q actual	Y on Y change %
Net sales	**62.7**	**(6.7)**	**67.1**	**(6.1)**	**70.4**	**(11.3)**
Cost of sales	31.6 19.8	8.1	27.3 18.3	(3.1)	29.3 20.6	2.2
Gross profit	42.9	(12.3)	48.8	(7.2)	49.8	(15.9)
SG & A expenses	55.6 34.9	(5.3)	50.9 34.1	(7.1)	51.8 36.5	(5.0)
Selling & general expenses	23.1	(2.2)	22.7	(4.7)	24.1	(2.9)
R & D expenses	11.7	(10.7)	11.4	(11.5)	12.4	(8.7)
Operating income	**12.8** **8.0**	**(33.6)**	**21.9** **14.7**	**(7.3)**	**19.0** **13.3**	**(36.0)**
Non-operating income & expenses	5.6		3.1		7.0	
Ordinary income	**21.7** **13.6**	**8.4**	**26.5** **17.8**	**20.7**	**28.8** **20.3**	**(10.4)**
Extraordinary income & loss	-		0.2		4.3	
Income before income taxes and minority interests	13.6		18.0		24.6	
Income taxes and minority interests	3.3		18.6		8.0	
Net income	**16.5** **10.3**	**(4.6)**	**(0.9)** **(0.6)**	**(4.6)**	**23.5** **16.6**	**9.8**

The Company changed its accounting policy for R&D expenses effective April 1, 2014.
SG & A expenses, R&D expenses, Operating income, Ordinary income, Income before income taxes and minority interests, Income taxes and minority interests and Net income for the fiscal year ended March 31, 2014 have been restated to reflect this change. But the Y on Y change % are omitted as they have not been calculated.

3. Pipeline (as of February 2015)

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Infectious disease	S-649266	Cephem antibiotic (Injection)	Infection	Global: Phase II	In-house	In-house
Pain/CNS	LY248686 (Duloxetine hydrochloride) 【Cymbalta®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Chronic low back pain	Japan: NDA submission (Dec. 2014)	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
	LY248686 (Duloxetine hydrochloride) 【Cymbalta®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Osteoarthritis	Japan: Phase III	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
	S-297995 (Naldemedine)	Peripheral opioid receptor antagonist (Oral)	Alleviation of opioid-induced adverse effects	Global: Phase III Japan: Phase III	In-house	In-house
	S-877503 (Guanfacine hydrochloride)	Alpha-2A-adrenergic receptor agonist (Oral)	ADHD	Japan: Phase II/III	Shire (Ireland)	Shionogi/Shire
	S-877489 (Lisdexamfetamine)	DA and NE reuptake inhibitor/Releaser of DA, NE (Oral)	ADHD	Japan: Phase III	Shire (Ireland)	Shionogi/Shire
	S-117957	Analgesic agent for neuropathic pain (Oral)	Neuropathic pain	USA: POM (Proof of Mechanism)	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-120083	Analgesic agent for inflammatory pain (Oral)	Inflammatory pain	Japan: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-010887	Analgesic agent for neuropathic pain (Oral)	Neuropathic pain	Japan: Phase I	In-house	In-house
	S-718632 (Hydrocodone)	Abuse-deterrent extended release hydrocodone (Oral)	Chronic pain	USA: Phase I (in preparation)	Egalet Corporation (USA)	Shionogi/Egalet Corporation
Metabolic disorder	S-556971	Cholesterol absorption inhibitor (Oral)	Dyslipidemia	Japan: Phase II	Kotobuki Pharmaceutical Co., Ltd. (Japan)	Shionogi/Kotobuki Pharmaceutical Co., Ltd.
	S-707106	Insulin sensitizer (Oral)	Type 2 diabetes	USA: Phase IIa	In-house	In-house
	S-237648	Neuropeptide Y Y5 receptor antagonist (Oral)	Obesity	Japan: Phase I	In-house	In-house
Frontier	Ospemifene	Selective estrogen receptor modulator (Oral)	Post-menopausal vaginal atrophy	USA: Approval (Feb. 2013) Europe: Approval (Jan. 2015)	QuatRx Pharmaceuticals Company (USA)	Shionogi/QuatRx Pharmaceuticals Company
	S-524101	Sublingual tablet of house-dust mite allergen extracts for immunotherapy	Allergic rhinitis caused by house-dust mite allergen	Japan: NDA submission (Apr. 2014)	Stallergenes SA (France)	In-house
	S-888711 (Lusutrombopag)	Small molecule TPO receptor agonist (Oral)	Thrombocytopenia	Japan: NDA submission (Dec. 2014) USA, Europe: Phase II	In-house	In-house
	S-555739	Prostaglandin D2 receptor antagonist (Oral)	Allergic rhinitis	Japan: Phase III USA: Phase IIa Europe: POM (Proof of Mechanism)	In-house	In-house
	S-588410	Cancer peptide vaccine (Injection)	Bladder cancer	Japan, Europe: Phase II	OncoTherapy Science, Inc. (Japan)	In-house
	S-488210	Cancer peptide vaccine (Injection)	Head and neck squamous cell carcinoma	Europe: Phase I/II	OncoTherapy Science, Inc. (Japan)	In-house
	S-646240	Peptide vaccine (Injection)	Age-related macular degeneration	Japan: Phase IIa	OncoTherapy Science, Inc. (Japan)	In-house
	S-222611	HER2/EGFR dual inhibitor (Oral)	Malignant tumor	Europe: Phase I/II	In-house	In-house
	S-525606	Sublingual tablet of Japanese cedar allergen extracts for immunotherapy	Allergic rhinitis caused by Japanese cedar allergen	Japan: Phase I	Stallergenes SA (France)	In-house

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
Dolutegravir/Abacavir/Lamivudine	Integrase inhibitor/Nucleoside reverse transcriptase inhibitor (Oral)	HIV infection	USA: Approval (Aug. 2014) Europe: Approval (Sep. 2014) Japan: NDA submission (Dec. 2014) Other: Approval in 4 countries	Shionogi-ViiV Healthcare LLC	ViiV Healthcare Ltd. (UK)
S/GSK1265744 LAP*	Integrase inhibitor (Injection)	HIV infection	USA: Phase II	Shionogi-ViiV Healthcare LLC	ViiV Healthcare Ltd. (UK)
S-0373	Non-peptide mimetic of TRH (Oral)	Spinocerebellar ataxia	Japan: Phase III	In-house	Kissei Pharmaceutical Co., Ltd. (Japan)
Janssen/Shionogi BACE inhibitor	BACE inhibitor (Oral)	Alzheimer's disease	Europe: Phase IIa	In-house	Janssen Pharmaceuticals, Inc. (USA)

*: Long acting parenteral formulation

<Drugs to acquire new indication requested by the Ministry of Health, Labour and Welfare>

Generic name 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Oxycodone hydrochloride hydrate 【OxyContin®】	Natural opium alkaloids (Oral)	For the treatment of moderate to severe chronic pain	Japan: Phase III	Napp Pharmaceuticals Limited (UK)	In-house
Duloxetine hydrochloride 【Cymbalta®】	SNRI (Serotonin & noradrenaline reuptake inhibitor) (Oral)	Fibromyalgia	Japan: NDA submission (Jun. 2014)	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.

Since October 2014

Change of phase	LY248686 (Duloxetine hydrochloride)【Cymbalta®】Chronic low back pain: Japan: NDA submission (in preparation) → Japan: NDA submission (Dec. 2014)
	Ospemifene: Europe: NDA submission (Mar. 2013) → Europe: Approval (Jan. 2015)
	S-888711 (Lusutrombopag): Japan: NDA submission (in preparation) → Japan: NDA submission (Dec. 2014)
	Dolutegravir/Abacavir/Lamivudine: Japan: NDA submission (Dec. 2014)
	Janssen/Shionogi BACE inhibitor: Europe: Phase I → Europe: Phase IIa
Compound added to the list	S-718632 (Hydrocodone): USA: Phase I (in preparation)
Compound erased from the list	S/GSK1349572 (Dolutegravir): Approval