Supplemental material Financial results for the 1st quarter of fiscal year 2016

August 1, 2016

Shionogi & Co., Ltd.

1. Sales by main merchandise and finished goods

(Billions of yen)

	FY2016 1H forecast	FY2016 forecast	FY2016 1Q actual	FY2015 1Q actual	change	Progress % vs. 2016 1H forecast
Prescription drugs	76.3	158.2	39.9	39.7	0.2	52.3
change %	*(2.7)*	*(2.4)*	*0.5*	*2.6*		
CRESTOR	20.9	41.5	11.4	10.6	0.8	54.7
CYMBALTA	8.9	19.3	4.4	3.5	0.9	49.6
IRBETAN Franchise	7.4	15.1	4.2	4.1	0.1	56.7
Total of 3 key products	37.2	75.9	20.0	18.2	1.8	53.9
OXYCONTIN Franchise	5.5	10.5	2.6	2.6	(0.0)	46.8
FINIBAX	2.0	3.9	0.9	1.0	(0.1)	46.0
PIRESPA	3.3	6.3	1.6	1.6	0.0	49.6
RAPIACTA	0.1	2.3	0.1	(0.0)	0.1	124.2
Total of 7 strategic products*	48.1	99.0	25.3	23.3	2.0	52.6
FLOMOX	4.5	9.0	2.2	2.8	(0.6)	48.9
RINDERON	3.7	7.4	2.0	2.2	(0.2)	53.5
CLARITIN	1.5	3.5	0.8	0.8	0.0	54.1
FLUMARIN	2.1	3.7	0.9	1.1	(0.2)	45.8
Export/Overseas subsidiaries	12.4	24.7	6.5	7.2	(0.7)	52.8
change %	*(16.0)*	*(16.8)*	*(8.1)*	*19.3*		
Shionogi Inc.	6.0	12.4	3.6	4.4	(0.8)	60.4
Osphena	2.6	5.3	1.2	1.3	(0.1)	46.4
C&O	3.1	6.4	1.5	1.6	(0.1)	48.3
Contract manufacturing	5.3	10.9	2.6	1.5	1.1	48.7
change %	*44.2*	*28.8*	*71.9*	*(57.6)*		
OTC and quasi-drugs	3.5	7.0	1.7	1.2	0.5	48.6
change %	*36.6*	*42.9*	*37.0*	*12.4*		
Royalty income	46.3	114.9	21.8	13.5	8.3	47.0
change %	*23.7*	*12.8*	*60.8*	*6.9*		
CRESTOR	16.5	33.0	10.5	11.2	(0.7)	63.9
HIV Franchise	26.0	62.0	10.2	1.4	8.8	39.3
Others	1.2	2.4	0.6	0.7	(0.1)	52.8
change %	*(17.1)*	*(20.8)*	*(15.7)*	*(1.1)*		
Total	145.0	318.0	73.2	63.9	9.3	50.5
change %	*4.9*	*2.6*	*14.6*	*1.8*		

Note: Change % shows changes from the same period of the previous fiscal year

Sales of each merchandise and finished goods are shown on non-consolidated basis

** Strategic products were changed from eight to seven because Differin sales right was retuned in July 2016.*

2-1. Quarterly trend for FY2015 and FY2016 (Sales of main merchandise and finished goods)

Fiscal year ended March 31, 2016

(Billions of yen)

FY2015	FY2015 1Q actual	Y on Y change %	FY2015 2Q actual	Y on Y change %	FY2015 3Q actual	Y on Y change %	FY2015 4Q actual	Y on Y change %
Prescription drugs	39.7	2.6	38.7	1.2	45.0	2.7	38.7	(4.7)
CRESTOR	10.6	(1.8)	9.8	(4.4)	13.2	18.8	10.1	(11.5)
CYMBALTA	3.5	36.2	3.7	27.5	4.3	44.0	3.7	49.6
IRBETAN Franchise	4.1	9.4	4.2	11.6	3.7	(4.0)	3.6	(2.2)
Total of 3 key products	18.2	6.3	17.7	4.7	21.2	18.1	17.5	(0.9)
OXYCONTIN Franchise	2.6	(4.2)	2.6	(0.5)	2.8	(2.7)	2.0	(1.4)
FINIBAX	1.0	11.7	1.1	6.6	0.9	(17.5)	0.8	(18.1)
DIFFERIN	0.9	(2.6)	0.7	(24.0)	0.7	(33.3)	0.7	(32.0)
PIRESPA	1.6	24.1	1.2	(11.2)	1.9	35.1	1.4	(0.4)
RAPIACTA	(0.0)	-	(0.0)	-	0.5	(58.3)	1.6	4.3
Total of 8 strategic products	24.2	5.7	23.3	2.1	28.0	9.7	23.9	(2.6)
FLOMOX	2.8	(9.4)	2.9	9.9	3.1	(17.3)	2.4	(19.3)
RINDERON	2.2	4.3	2.1	0.5	2.1	1.4	1.7	(4.2)
CLARITIN	0.8	(11.1)	0.8	15.9	1.0	13.3	1.7	(2.2)
FLUMARIN	1.1	4.3	1.2	(5.3)	1.0	(14.1)	0.8	(15.9)
Export/Overseas subsidiaries	7.2	19.3	7.6	(2.9)	8.0	6.5	7.0	(5.0)
Shionogi Inc.	4.4	53.8	4.0	(11.6)	4.8	5.1	3.4	(13.8)
Osphena	1.3	66.4	1.3	41.8	1.2	(16.8)	1.0	(27.7)
C&O	1.6	(11.9)	1.8	18.2	1.3	(24.1)	2.0	7.0
Contract manufacturing	1.5	(57.6)	2.2	(33.7)	1.6	(45.4)	3.1	(46.0)
OTC and quasi-drugs	1.2	12.4	1.3	(1.4)	1.2	5.2	1.1	13.3
Royalty income	13.5	6.9	23.9	53.0	30.9	120.0	33.5	82.6
CRESTOR	11.2	(4.5)	12.4	(1.6)	12.0	12.0	11.9	(3.0)
HIV Franchise	1.4	-	10.0	-	13.7	945.2	15.5	241.5
Others	0.7	(1.1)	0.7	(10.5)	0.9	1.9	0.7	0.7
Total	63.9	1.8	74.4	10.9	87.6	24.4	84.0	14.0

Fiscal year ending March 31, 2017

FY2016	FY2016 1Q actual	Y on Y change %
Prescription drugs	39.9	0.5
CRESTOR	11.4	7.5
CYMBALTA	4.4	27.0
IRBETAN Franchise	4.2	3.1
Total of 3 key products	20.0	10.2
OXYCONTIN Franchise	2.6	(0.1)
FINIBAX	0.9	(5.6)
PIRESPA	1.6	3.9
RAPIACTA	0.1	-
Total of 7 strategic products *	25.3	8.5
FLOMOX	2.2	(22.9)
RINDERON	2.0	(8.3)
CLARITIN	0.8	5.9
FLUMARIN	0.9	(16.3)
Export/Overseas subsidiaries	6.5	(8.1)
Shionogi Inc.	3.6	(17.4)
Osphena	1.2	(5.4)
C&O	1.5	(4.8)
Contract manufacturing	2.6	71.9
OTC and quasi-drugs	1.7	37.0
Royalty income	21.8	60.8
CRESTOR	10.5	(6.2)
HIV Franchise	10.2	637.5
Others	0.6	(15.7)
Total	73.2	14.6

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

** Strategic products were changed from eight to seven because Differin sales right was retuned in July 2016.*

2-2. Quarterly trend for FY2015 and FY2016 (Consolidated statements of income)

Fiscal year ended March 31, 2016

(Billions of yen)

FY2015	FY2015 1Q actual	Y on Y change %	FY2015 2Q actual	Y on Y change %	FY2015 3Q actual	Y on Y change %	FY2015 4Q actual	Y on Y change %
Net sales	**63.9**	**1.8**	**74.4**	**10.9**	**87.6**	**24.4**	**84.0**	**14.0**
Cost of sales	28.3 18.0	(9.0)	24.7 18.4	0.5	21.4 18.7	(9.2)	23.3 19.6	(16.4)
Gross profit	45.8	6.8	56.0	14.8	68.9	38.4	64.5	28.2
SG & A expenses	52.1 33.3	(4.5)	46.5 34.6	1.4	42.7 37.4	2.6	45.8 38.5	7.0
Selling & general expenses	22.7	(1.9)	23.4	3.2	23.9	(0.5)	24.0	5.7
R & D expenses	10.6	(9.5)	11.2	(2.1)	13.5	8.6	14.5	9.1
Operating income	**19.6** **12.5**	**55.7**	**28.8** **21.4**	**45.9**	**36.0** **31.5**	**136.2**	**30.9** **25.9**	**81.5**
Non-operating income & expenses	2.1		(1.2)		0.2		8.4	
Ordinary income	**22.9** **14.6**	**7.1**	**27.1** **20.2**	**13.5**	**36.2** **31.8**	**56.4**	**40.8** **34.3**	**31.2**
Extraordinary income & loss	-		(0.1)		(1.1)		(2.1)	
Income before income taxes	14.6		20.0		30.6		32.2	
Income taxes and profit attributable to non-controlling interests	4.9		8.3		10.3		7.2	
Profit attributable to owners of parent	**15.1** **9.7**	**(6.4)**	**15.8** **11.7**	**-**	**23.1** **20.3**	**22.5**	**29.8** **25.0**	**40.6**

Fiscal year ending March 31, 2017

FY2016	FY2016 1Q actual	Y on Y change %
Net sales	**73.2**	**14.6**
Cost of sales	27.1 19.8	9.8
Gross profit	53.3	16.4
SG & A expenses	48.3 35.3	6.1
Selling & general expenses	22.7	0.2
R & D expenses	12.6	18.7
Operating income	**24.7** **18.0**	**43.9**
Non-operating income & expenses	(1.4)	
Ordinary income	**22.8** **16.7**	**14.3**
Extraordinary income & loss	-	
Income before income taxes	16.7	
Income taxes and profit attributable to non-controlling interests	4.1	
Profit attributable to owners of parent	**17.1** **12.5**	**29.8**

3. Pipeline (as of August 2016)

Areas	Code No. (Generic name) 【Product name】	Category (Administration)	Indication	Stage	Origin	Development
Infectious disease	S-649266	Cephem antibiotic (injection)	Multidrug-resistant Gram-negative bacterial infections	Global: Phase II & III	In-house	In-house
	S-033188	Anti-influenza virus infection (oral)	Influenza virus infection	Japan: Phase II US: Phase I	In-house	Shionogi/Roche (Switzerland)
Pain/CNS	S-877503 (guanfacine hydrochloride)	Alpha-2A-adrenergic receptor agonist (oral)	ADHD (pediatric)	Japan: NDA submission (Jan. 2016)	Shire (Ireland)	Shionogi/Shire
	LY248686 (duloxetine hydrochloride) 【Cymbalta®】	SNRI (serotonin & noradrenaline reuptake inhibitor) (oral)	Pain associated with osteoarthritis	Japan: NDA submission (Feb. 2016)	Eli Lilly (USA)	Shionogi/Eli Lilly Japan K.K.
	S-297995 (naldemedine tosilate)	Peripheral opioid receptor antagonist (oral)	Opioid-induced constipation	US, Japan: NDA submission (Mar. 2016)	In-house	In-house
	S-877489 (lisdexamfetamine)	DA and NE reuptake inhibitor/releaser of DA, NE (oral)	ADHD (pediatric)	Japan: Phase III	Shire (Ireland)	Shionogi/Shire
	S-877503 (guanfacine hydrochloride)	Alpha-2A-adrenergic receptor agonist (oral)	ADHD (adult)	Japan: Phase III	Shire (Ireland)	Shionogi/Shire
	S-120083	Analgesic agent for inflammatory pain (oral)	Inflammatory pain	Japan: Phase I US: 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-117957	Agent for insomnia (oral)	Insomnia	USA: Phase I	Shionogi/Purdue Pharma L.P. (USA)	Shionogi/Purdue Pharma L.P.
	S-600918	Analgesic agent for neuropathic pain (oral)	Neuropathic pain	Japan: Phase I	In-house	In-house
Metabolic disorder	S-237648	Neuropeptide Y Y5 receptor antagonist (oral)	Obesity	Japan: Phase II USA: Phase I	In-house	In-house
	S-707106	Insulin sensitizer (oral)	Type 2 diabetes	USA: Phase IIa	In-house	In-house
Frontier	S-888711 (lusutrombopag) 【Japan: Mulpleta®】	Thrombopoetin (TPO) receptor agonist (oral)	Thrombocytopenia associated with chronic liver disease	Japan: Approval (Sep. 2015) Global: Phase III	In-house	In-house
	Ospemifene 【USA: Osphena®】 【Europe: Senshio®】	Selective estrogen receptor modulator (oral)	Vaginal dryness associated with postmenopausal VVA	USA: Phase III	QuatRx (USA)	In-house
	S-524101 【Actair®】	Sublingual tablet of house-dust mite allergen extracts for immunotherapy (sublingual)	Pediatric patients with perennial allergic rhinitis caused by HDM	Japan: Phase III	Stallergenes (France)	In-house
	S-588410	Cancer peptide vaccine (injection)	Esophageal cancer	Japan: Phase III	OncoTherapy Science, Inc. (Japan)	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-525606	Sublingual tablet of Japanese cedar allergen extracts for immunotherapy (sublingual)	Allergic rhinitis caused by Japanese cedar allergen	Japan: Phase II	Stallergenes (France)	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-222611	HER2/EGFR dual inhibitor (oral)	Malignant tumor	Europe: Phase I/II	In-house	In-house

<Out-Licensing Activity>

Code No. (Generic name)	Category (Administration)	Indication	Stage	Origin	Development
S/GSK1265744 LAP* (cabotegravir)	Integrase inhibitor (injection)	For the treatment and prevention for 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	Global: Phase II/III	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

Since May 2016

Compound added to the list	S-600918: Japan: Phase I
Compound erased from the list	LY248686 (pain associated with chronic low back pain) : Japan: Approval (Mar. 2016)
Change of phase	S-237648: Japan: Phase II → Japan: Phase II, US: Phase I