Press Release

Notice of Revisions to Earnings Forecasts

Osaka, Japan, July 23, 2018 - Shionogi & Co., Ltd. (Head Office: Osaka; President & CEO: Isao Teshirogi, Ph.D.; hereafter "Shionogi") today announced that it has made the following revisions to its consolidated earnings forecasts for the first half of fiscal year ending March 31, 2019 and consolidated earnings forecasts for the fiscal year ending March 31, 2019. The earnings forecasts were previously announced on May 9, 2018.

1. Revisions to consolidated earnings forecasts

1.1 Revisions to consolidated earnings forecasts for the first half of fiscal year ending March 31, 2019 (April 1, 2018 – September 30, 2018)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (yen)
Previous forecast (A)	164,000	44,500	54,500	43,100	137.11
Revised forecast (B)	168,000	48,000	61,000	48,600	154.60
Change (B-A)	4,000	3,500	6,500	5,500	-
Change (%)	2.4	7.9	11.9	12.8	-

1.2 Revisions to consolidated earnings forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (yen)
Previous forecast (A)	346,500	119,000	140,000	111,000	353.10
Revised forecast (B)	348,000	120,000	144,000	114,500	364.24
Change (B-A)	1,500	1,000	4,000	3,500	-
Change (%)	0.4	0.8	2.9	3.2	-

2. Reasons for revisions to consolidated earnings forecasts

Shionogi has been focusing on developing its anti-flu drug Xofluza®. Its phase III study (CAPSTONE-2) proceeded smoothly and Xofluza® met the primary objective of the study, as Shionogi announced on July 17, 2018. Consequently, Shionogi anticipates that certain milestone payments related to this achievement will be received from F. Hoffmann-La Roche Ltd. in the second quarter of the fiscal year ending March 31, 2019, ahead of schedule. Additionally, Shionogi received a

one-time payment from Purdue Pharma L.P. as part of the termination of the prior alliance for the US co-commercialization of Symproic®, as Shionogi announced on July 9, 2018. As a result, net sales and operating income are expected to exceed the original forecasts. Furthermore, Shionogi received dividends from ViiV Healthcare in the first quarter at a level above the original forecasts. The ordinary income and profit attributable to owners of parent are also projected to exceed the original forecasts, and all categories of profit are projected to reach record highs.

Note: The forecasts shown in the material herein are based on currently available information as of July 23, 2018. Actual performance may differ materially from these forecasted figures due to various factors in the future.

Forward-looking Statements

This announcement contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, inavailability of raw materials and entry of competitive products. The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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