



Shionogi Inc.'s New Business Strategy

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Isao Teshirogi, Ph.D.

President and CEO, Shionogi & Co., Ltd.



Growth Strategy for 2020



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

Regions for growth

Japan/US

Development in EU/Asia

**Infectious disease
Pain/CNS**



Keys for growth

**Addressing society's
needs**

**Balance of innovation
and health economic
efficiency**

Shionogi's US Business Deployment



2001 Establishment of Shionogi USA, Inc. (NJ)

- Global development of compounds discovered by Shionogi

2008 Acquisition of Sciele Pharma, Inc. (Atlanta)

- Foothold for the US commercial business

2010 Integration into Shionogi Inc. (NJ)

- Reshaping to integrate and enhance US operations

2013 Launch of Osphe[®]

- Shionogi's first NCE* approved by the FDA

Dec. 2016 Joint US launch and commercialization of Symproic[®] (naldemedine) with Purdue Pharma L.P.

- Achieve a strong launch of naldemedine while controlling our costs and utilize the product as a part of care for patients treated with opioids

Mar. 2017 Strategic business alliance with Duchesnay Inc. for Osphe[®]

- Maximize the value of Osphe[®] with Duchesnay Inc., a specialty pharmaceutical company with a long-standing commitment to women's health
- Shionogi Inc. will continue to book sales for Osphe[®] in the US through Mar. 31, 2021, with certain minimum payments quarterly over a period of 8 years

New Business Partners of Shionogi Inc.



Purdue Pharma L.P.

- Headquarters: Connecticut, US (Private company)
- Business: Leader in pioneering research in chronic pain and opioids with abuse-deterrent properties and in the pain treatment market
- Products: OxyContin[®], Hysingla[®], Butrans[®], etc.



Duchesnay Inc.

- Headquarters: Quebec, Canada (Private company)
- Sales areas: US and Canada
- Business: Specialty company focused on Women's Health
- Products: Diclegis[®] (nausea and vomiting in pregnancy), prenatal vitamins, etc.



New Growth Strategy in the US



- **World-class science at our core**
- **A unique assembly of development, partnering, and commercial skills to create the greatest value from focused investment**
- **An enviably strong and sustained portfolio:**
 - **Entry into pain field with Symproic[®], positioned for a strong collaborative launch with Purdue**
 - **Maximize the value of the Osphena[®] brand with Duchesnay**
 - **Entry into anti-infective field with cefiderocol (S-649266) and S-033188 (co-promotion with Roche)**
 - **Entry into hospital/highly specialized business with cefiderocol, Symproic[®] and Lusutrombopag**

Global Pipeline (as of Mar. 2017)



Preclinical	Phase I	Phase II	Phase III	NDA submission
Antibody drug candidate against pseudomonas	S-117957 Insomnia	Cefiderocol Multidrug-resistant Gram-negative bacterial infections	S-033188 Influenza virus infection	Naldemedine Opioid-induced constipation
Central neuropathic pain	S-237648 Obesity	S-120083 Inflammatory pain	Cefiderocol Multidrug-resistant Gram-negative bacterial infections	
Obesity		S-707106 Type2 diabetes	Lusutrombopag Thrombocytopenia	
LCM inhalation		S-488210 Head and neck squamous cell carcinoma	Osphena® Vaginal dryness associated with postmenopausal VVA	
		S-222611 Malignant tumor	Core therapeutic areas	Infectious diseases
		S-588410 Bladder cancer		Pain/CNS
				Metabolic disorder
				Frontier

Milestones to Achieve SGS2020 in the US



FY2017 Business model change

- Strengthening the business base through strategic alliances with Purdue and Duchesnay

FY2018 Breakeven

- Productive business operation launching Shionogi-discovered products into hospital/highly-specialized markets

FY2019 Positive operating income

- Contributing to the achievement of SGS2020

KPIs for SGS2020

Growth

- Sales of new products: 200 B yen
- Ordinary income: 150 B yen

Efficiency

- ROIC: Over 13.5%
- CCC: 5.5 months
- Original pipeline ratio: Over 50%

Shareholder return

- ROE: Over 15%
- DOE: Over 4.0%

Forward-Looking Statements



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