

Notice of Revisions to Earnings Forecasts

Osaka, Japan, October 23, 2017 - 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 the fiscal year ending March 31, 2018. The earnings forecasts were previously announced on May 10, 2017.

1. Revisions to consolidated earnings forecasts for the first half of the fiscal year ending March 31, 2018 (April 1, 2017 – September 30, 2017)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share (yen)
Previous forecast (A)	162,500	46,000	51,500	38,500	120.77
Revised forecast (B)	172,000	55,500	65,500	50,200	157.47
Change (B-A)	+9,500	+9,500	+14,000	+11,700	-
Change (%)	5.8	20.7	27.2	30.4	-
[Reference]					
Results for the first half of the fiscal year ended March 31, 2017	155,101	44,288	42,147	31,198	95.82
Y on Y change (%)	10.9	25.3	55.4	60.9	-

2. Reasons for revisions to consolidated earnings forecasts

Shionogi has been developing its original influenza infection treatment drug candidate S-033188 and its progress has been quite smooth. After obtaining positive results from one of its phase 3 studies, Shionogi and F. Hoffmann-La Roche Ltd. (Head Office: Basel, Switzerland; CEO: Severin Schwan, L.L.D.; hereafter “Roche”) have revised the original financial scheme to a new one, with a revised milestone structure that includes payments both for development progression events (such as study initiation/phase progression) and for obtaining successful results, therefore more comprehensively reflecting Shionogi’s contribution to the research and development of S-033188. As a result of the aforementioned contract change, Shionogi received the first payment from Roche in the second quarter of the fiscal year ended March 31, 2018, and, therefore, net sales and operating income are expected to exceed the amounts forecast previously. Shionogi also received dividends from ViiV Healthcare in the second quarter at a level that exceeded the company’s forecast. Therefore, the ordinary income and profit attributable to owners of parent are also projected to exceed their previous forecasts, and all categories of income and profit reached record highs.

A revision of the forecast for the full year ending March 31, 2018 will be discussed during the financial results announcement for the second quarter of fiscal year 2017, scheduled for October 30, 2017.

Note: The forecasts shown in the material herein are based on currently available information as of October 23, 2017. 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, unavailability 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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