



Goldman Sachs Healthcare Conference in 2007

 **SHIONOGI & CO., LTD.**

Director and Senior Executive Officer
Isao Teshirogi, Ph.D.





Establishment of the 2nd Medium-Term Business Plan

◆ The 1st Medium-Term Business Plan

(April, 2000 — March, 2005)

→ Built the infrastructure to concentrate on the prescription drug business

◆ The 2nd Medium-Term Business Plan

(April, 2005 — March, 2010)

→ Entering a stage to accelerate toward significant strides

- ◆ by a full contribution of Crestor[®]
(royalty income and domestic sales)**
- ◆ by activating R&D activities**
- ◆ by launching the new products in domestic market
(10 products in total)**



The Goals of the 2nd Medium-Term Business Plan

Research & Development

- ◆ **Focus R&D disease areas**
 - **Infectious diseases, MS*, Pain and Frontier areas**
- ◆ **Set the goal in output from research**
 - **Move at least 5 new chemical entities to phase II or more advanced stages by the end of FY2009**
- ◆ **Increase transparency of the development process**
 - **Products in phase II/III in Japan → File NDA and launch**
 - **Promote global development for compounds discovered in-house**
- ◆ **Aim for a company of “Partner of Choice”**
 - **Both license-in and license-out**

* Metabolic Syndromes



The Goals of the 2nd Medium-Term Business Plan

Sales and Marketing

- ◆ **Restore strong competitiveness of sales force by focusing disease areas**
 - **Infectious diseases: Finibax[®] and Avelox[®] in addition to Flomox[®]**
 - **MS: Crestor[®]**
 - **Pain: OxyContin[®] and OxiNorm[®]**
 - **Frontier area: Dermatological area (Claritin[®])**

- ◆ **Develop systematic sales and marketing activities**



Evaluation of the past 2 years in the 2nd Medium-term Business Plan

Research & Development

- ◆ **Direction of reforms is fully understood and accepted by the people in R&D**
- ◆ **Research: Only 2 in-house compounds advanced to FTIH
→ Recognize as issues to be challenged**
- ◆ **Development : Domestic → well-controlled / Global → progressing**
 - Launched 5 new products
 - 4 products are presently under NDA review
 - Made a major progress in global development: S-2367 advanced to phase IIb



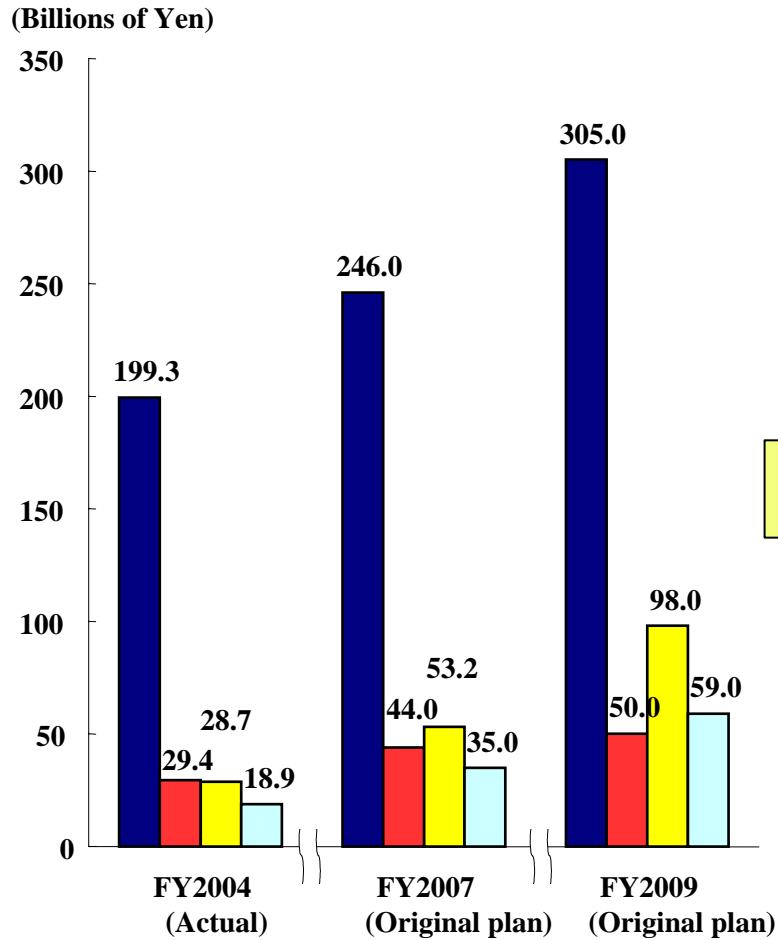
Evaluation of the past 2 years in the 2nd Medium-term Business Plan

Sales and Marketing

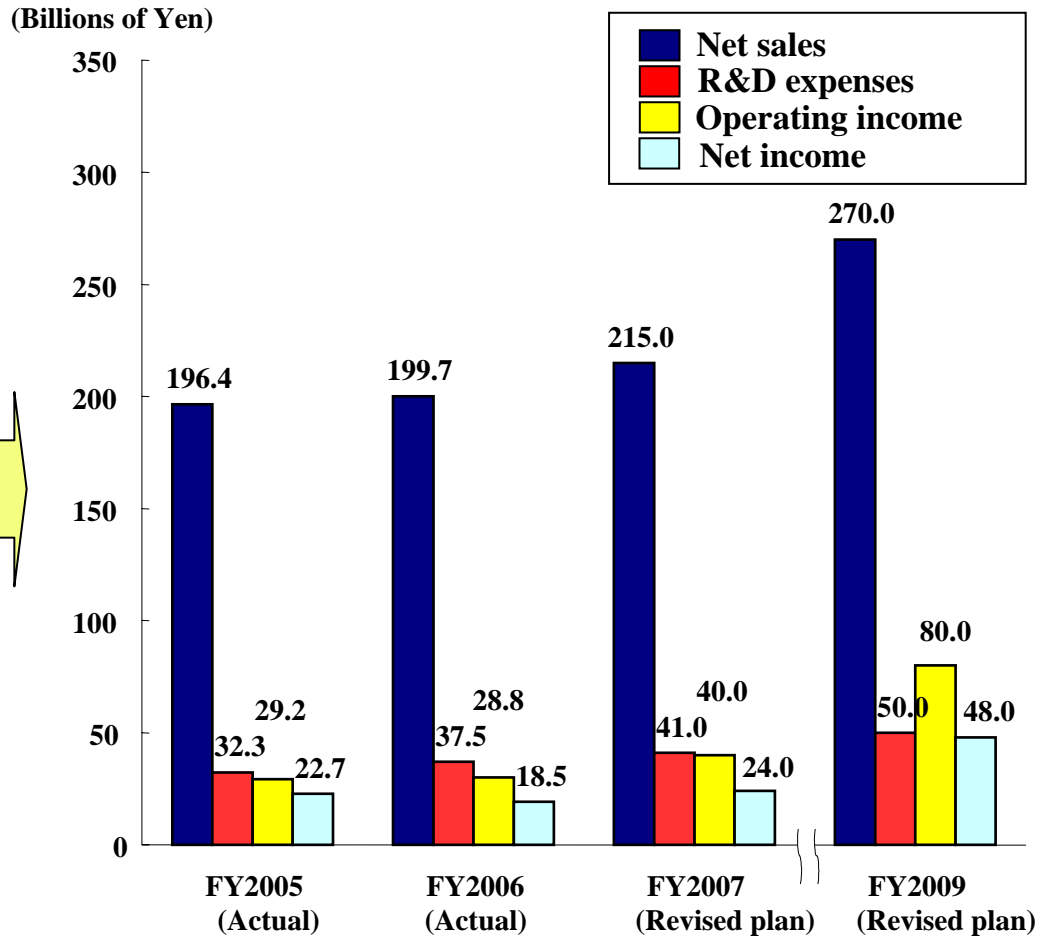
- ◆ **Sales of the existing products decreased more and quicker than we had forecasted: Health care reforms**
- ◆ **Unsatisfactory sales growth of the new products (Finibax[®] and Avelox[®] in particular) — Delay in systematic development of sales and marketing activity**
- ◆ **Conducted successful PMS for Crestor[®] in Japan**
— **The results were excellent → Great expectations for the future**



Revised Consolidated Financial Targets for the 2nd Medium-Term Business Plan



<Initial Plan>



<Revised Plan>



Outline of Revised Medium-Term Business Plan -1-

Research & Development

- ◆ **Continuously discover innovative compounds**
 - **Ensure FTIH for 2 or more new drug candidates per year for the coming three consecutive years**

- ◆ **Launch 4 new products presently under NDA reviews**

- ◆ **Ensure NDA filing for Duloxetine**
 - **Launch it during the period of the 2nd Medium-Term Business Plan**

- ◆ **Develop strategic products globally to more advanced stages**
 - **S-2367, S-777469, Anti-HIV (S-364735/FU)**



Outline of Revised Medium-Term Business Plan -2-

Sales and Marketing

- ◆ Focus resources on the new products
 - Crestor[®], Finibax[®], Avelox[®]
 - Made a drastic change on evaluation system for MR
- ◆ Increase strategic sales and promotion expenses
- ◆ Increase the number of MR (1400 → 1500)



Aggressive investments

Strengthen drug discovery research for drug “seeds”

Develop aggressive in-licensing activity to establish unbroken pipeline stream

60 billion yen investment during the period from FY2007 to FY2009

Aggressive investment focused on manufacturing and R&D

Establish a system for overseas business development



- “Growth” is our main focus -

Absorb the increasing R&D expenses by domestic sales increase



Strategically invest increasing revenue (mainly from royalty income) for future activities

Build a strong presence as a pharmaceutical company with high growth potential



For Further Inquiries

These presentation materials contain forward-looking statements regarding the Company's plans, outlook, strategies and results for the future. All forward-looking statements are based on judgements derived from the information available to the Company at the time of publication.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in these presentation materials.

**SHIONOGI & CO., LTD.
Public Relations Unit**

Head office

TEL : +81-6-6209-7885

FAX : +81-6-6229-9596

Tokyo branch office

TEL : +81-3-3406-8164

FAX : +81-3-3406-8099