Top Management Presentation
Financial Results of FY2014

DAIICHI SANKYO CO., LTD

Joji Nakayama
President and CEO

May 15, 2015
Today’s topics

- FY2014 Results
- FY2015 Forecast
- Mid-term management policy
FY2014 Results
## Overview of FY2014 Results

<table>
<thead>
<tr>
<th></th>
<th>FY2013 Results *1</th>
<th>FY2014 Results *1</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>899.1</td>
<td>919.4</td>
<td>+2.3% +20.2</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>282.9</td>
<td>323.1</td>
<td>+40.2</td>
</tr>
<tr>
<td><strong>R&amp;D Expenses</strong></td>
<td>180.7</td>
<td>190.7</td>
<td>+10.0</td>
</tr>
<tr>
<td><strong>SG&amp;A Expenses</strong></td>
<td>322.7</td>
<td>331.2</td>
<td>+8.5</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>112.9</td>
<td>74.4</td>
<td>-34.1% -38.5</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>113.0</td>
<td>79.9</td>
<td>-33.0</td>
</tr>
<tr>
<td><strong>Profit from continuing operations</strong></td>
<td>65.8</td>
<td>43.6</td>
<td>-33.8% -22.2</td>
</tr>
<tr>
<td><strong>Profit from discontinued operations</strong></td>
<td>-12.4</td>
<td>275.4*2</td>
<td>+287.8</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of the Company</strong></td>
<td>60.9</td>
<td>322.1</td>
<td>+428.6% +261.2</td>
</tr>
</tbody>
</table>

### Currency Rate

<table>
<thead>
<tr>
<th>Currency Rate</th>
<th>USD/JPY (average)</th>
<th>EUR/JPY (average)</th>
<th>INR/JPY (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100.24</td>
<td>134.38</td>
<td>1.68</td>
</tr>
<tr>
<td></td>
<td>109.94</td>
<td>138.78</td>
<td>1.81</td>
</tr>
<tr>
<td></td>
<td>+9.7</td>
<td>+4.4</td>
<td>+0.13</td>
</tr>
</tbody>
</table>

*1 As Ranbaxy is shown as discontinued operations in FY2014, the figures in FY2013 is reclassified

*2 Please refer to P7 for the overview of profit from discontinued operations in FY2014
Decline in Daiichi Sankyo Inc. and Daiichi Sankyo Europe offsetted by growth of Luitopold and ASCA with Forex

**Japan (NHI price revision impact -30.2)**
- **Positive:** Nexium +15.1, Tenelia +6.0, Pralia +4.2, Memary +3.5, Lixana +3.2, Inavir +3.1
- **Negative:** Loxonin -9.8, Cravit -5.7, Mevalotin -5.3, Vaccines Biz. -5.3

**Global (including Forex impact)**
- Daiichi Sankyo Inc.: Olmesartan -5.7, Welchol +5.1
- Luitpold: Venofer +3.7, Injectafer +6.3
- Daiichi Sankyo Europe: Olmesartan -0.4

**FY2013 Results**
- Daiichi Sankyo, Inc. (US): 14.1
- Luitpold (US): 12.7
- Daiichi Sankyo Europe: 3.0
- Asia, South and Central America (ASCA): 4.0
- Forex Impact: 28.5
- **Total:** 899.1

**FY2014 Results**
- **Total:** 919.4

**Positive Factors**
- Nexium +15.1, Tenelia +6.0, Pralia +4.2, Memary +3.5, Lixana +3.2, Inavir +3.1

**Negative Factors**
- Loxonin -9.8, Cravit -5.7, Mevalotin -5.3, Vaccines Biz. -5.3
FY2014 Operating Profit

Special Items; Impairment loss of Zelboraf and Personnel related cost for the Optimization of Business Operation Structure in Japan

FY2013 Results: 112.9

FY2014 Results: 74.4

Positive Factors

- Cost of Sales: +4.5
- R&D Expenses: +5.1
- SG&A Expenses: +14.1
- Forex Impact: +23.7

Negative Factors

- Cost of Sales: -1.5
- R&D Expenses: +0.5
- SG&A Expenses: -17.6
- Special Items: +53.6
- Impairment loss of Zelboraf: +35.0
- Personnel related cost: +13.9
- Settlement expenses with US DOJ: +4.7

Decrease in Co-promotion fee for Olmesartan etc.
**FY2014 Profit from continuing operations**

- **Positive Factors**
  - **Financial Income / Expenses** +5.8
  - **Foreign exchange gain etc.**
  - **Reversal of deferred tax asset by changing tax rate**
  - **Dividend received from U3 Pharma was considered as devaluation of book value resulted in tax benefit in FY2013**

- **Negative Factors**
  - **Income Taxes etc.** -10.8
  - **Decrease by net loss from impairment loss of Zelboraf**

**FY2013 Results**

- **Operating Profit** 38.5
- **Financial Income / Expenses** 5.8
- **Share of loss of investments** 0.3
- **Income Taxes etc.** 10.8

**FY2014 Results**

- **Operating Profit** 43.6

**Factors**

- **Financial Income / Expenses**: +5.8
- **Foreign exchange gain etc.**: 
- **Income Taxes etc.**: -10.8
- **Decrease by net loss from impairment loss of Zelboraf**: 

**Notes**

- *Impact: impairment loss of Zelboraf*
  - **Impairment loss**: 35.0
  - **Reversal of Deferred Tax Liability**: 13.0
  - **Net loss**: 22.0

*Dividend received from U3 Pharma was considered as devaluation of book value resulted in tax benefit in FY2013*
During FY2014, Ranbaxy was absorbed by Sun Pharma through a merger and became discontinued operations in Daiichi Sankyo Consolidated results and is shown as discontinued operations.

Profit from discontinued operations in FY2014 includes a gain on the merger, merger fees, Ranbaxy business profit/loss, consolidated adjustments and intercompany transactions.

Overview of FY2014 Profit from discontinued operations

<table>
<thead>
<tr>
<th></th>
<th>Before tax</th>
<th>After tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on merger of subsidiary</td>
<td>360.2</td>
<td>278.7</td>
</tr>
<tr>
<td>Merger fees</td>
<td>5.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Ranbaxy Business Profit</td>
<td>1.8</td>
<td>-0.05</td>
</tr>
<tr>
<td>Profit from discontinued operations</td>
<td>275.4</td>
<td></td>
</tr>
</tbody>
</table>
Sale of Sun Pharma shares

◆ March 2015
Obtained the shares (approx. 215 million shares) of Sun Pharma following the completion of Sun Pharma’s merger with Ranbaxy

◆ April 2015
Sold out entire Sun Pharma shares in Indian stock market
(Sale value: 378.4 JPY Bn)

Forecast of Impact on Financial Results in FY2015

• There will be no impact on profit attributable to owners of the Company in consolidated financial results for FY2015
• The loss of 45.8 JPY Bn will be recorded under “other comprehensive income”
Progress of Operational Restructuring

Downsizing approx. 1,500 people by Optimization of Business Operation Structure in Japan/US/EU

Reform Sales organization in US
- Downsize mainly sales/HQ structure by the end of FY2014 (approx. 500 people)

Renovate Sales organization in EU
- Renovate sales organization from SOV model to Access model by the end of FY2013 (approx. 500 people)

Optimize business operation structure in Japan
- Renovated the organizational structures and personnel assignment of each Group company in November 2014
- Implemented special career transition assistance measure in December 2014 (513 people)
- Reorganize three of Japanese supply chain subsidiaries into two companies (DSCP with API production function, and DSPP with dosage forms production and logistics function) in April 2015
<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td></td>
<td>December 2013: Filed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>September 2014: Approved (additional indication)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>December 2014: Launch 60mg</td>
</tr>
<tr>
<td>North America</td>
<td>US</td>
<td>January 2014: Filed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>January 2015: Approved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>February 2015: Launch</td>
</tr>
<tr>
<td>Europe</td>
<td>EU</td>
<td>January 2014: Filed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>April 2015: Received positive CHMP opinion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>June – July 2015: Looking forward to receiving approval decision by EC</td>
</tr>
<tr>
<td></td>
<td>Switzerland</td>
<td>January 2014: Filed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>March 2015: Approved</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May 2015: Launch</td>
</tr>
<tr>
<td>ASCA - Asia</td>
<td>Taiwan</td>
<td>July 2014: Filed</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>September 2014: Filed</td>
</tr>
<tr>
<td></td>
<td>Brazil</td>
<td>June 2014: Filed</td>
</tr>
</tbody>
</table>

FY2015: Plan to file in Asia countries (China etc.)
## Progress in R&D pipeline

### Major changes from FY2014 3Q financial announcement

<table>
<thead>
<tr>
<th>Generic Name</th>
<th>Target indication</th>
<th>Region</th>
<th>Ph-1</th>
<th>Ph-2</th>
<th>Ph-3</th>
<th>Filed</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>VN-100</td>
<td>intradermal vaccine for seasonal flu</td>
<td>JP</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td></td>
</tr>
<tr>
<td>PLX3397</td>
<td>Tenosynovial Giant Cell Tumor (TGCT)</td>
<td>US/EU</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>DS-8312</td>
<td>Hypertriglyceridemia</td>
<td>-</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
<tr>
<td>PLX9486</td>
<td>Solid tumor</td>
<td>US</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
<td>•</td>
</tr>
</tbody>
</table>

- Stage-up
- New pipeline

### Other major progress

<table>
<thead>
<tr>
<th>Generic Name</th>
<th>Target Indication</th>
<th>Region</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLX5622</td>
<td>Rheumatoid arthritis</td>
<td></td>
<td>Decided to discontinue based on results of the phase 1 study</td>
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</tbody>
</table>
# Major R&D pipeline

**As of May 2015**

<table>
<thead>
<tr>
<th>Therapeutic area</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cardiovascular-Metabolics</strong></td>
<td><strong>DS-1040</strong> (Acute ischemic stroke / TAFIa inhibitor)</td>
<td><strong>CS-3150 (JP)</strong> (Hypertension - DM nephropathy / MR antagonist)</td>
<td><strong>Prasugrel (JP)</strong> (CS-747 / ischemic stroke / anti-platelet agent)</td>
<td>Edoxaban (EU/Others) (DU-176b / AF / oral factor Xa inhibitor)</td>
</tr>
<tr>
<td></td>
<td><strong>DS-8312</strong> (Hypertriglyceridemia)</td>
<td><strong>DS-8500 (JP)</strong> (Diabetes / GPR119 agonist)</td>
<td><strong>Prasugrel (US)</strong> (CS-747 / sickle cell disease / anti-platelet agent)</td>
<td>Edoxaban (EU/Others) (DU-176b / VTE / oral factor Xa inhibitor)</td>
</tr>
<tr>
<td><strong>Oncology</strong></td>
<td><strong>U3-1565 (US/JP)</strong> (Anti-HB-EGF antibody)</td>
<td><strong>Patritumab (US/EU)</strong> (U1287 / anti-HER3 antibody)</td>
<td><strong>Tivantinib (US/EU)</strong> (ARQ 197 / HCC / MET inhibitor)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-7423 (US/JP)</strong> (P13K / mTOR inhibitor)</td>
<td><strong>Vemurafenib (US/EU)</strong> (PLX4032 / BRAF inhibitor)</td>
<td><strong>Denosumab (JP)</strong> (AMG 162 / breast cancer adjuvant / anti-RANKL antibody)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-3078 (US/EU)</strong> (mTOR inhibitor)</td>
<td><strong>PLX3397 (US)</strong> (FMS/KIT/FLT3-ITD inhibitor)</td>
<td><strong>Nimotuzumab (JP)</strong> (DE-766 / gastric cancer / anti-EGFR antibody)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-3032 (US/JP)</strong> (MDM2 inhibitor)</td>
<td></td>
<td><strong>Vemurafenib (US/EU)</strong> (PLX4032 / melanoma adjuvant / BRAF inhibitor)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>PLX7486 (US)</strong> (FMS / TRK inhibitor)</td>
<td></td>
<td><strong>Quizartinib (US/EU)</strong> (AC220 / AML / FLT3-ITD inhibitor)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-8895 (JP)</strong> (Anti-EPHA2 antibody)</td>
<td></td>
<td><strong>PLX3397 (US/EU)</strong> (TGCT / FMS/KIT/FLT3-ITD inhibitor)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-8273 (US)</strong> (Anti-DR5 antibody)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td><strong>PLX8394 (US)</strong> (BRAF inhibitor)</td>
<td></td>
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<tr>
<td></td>
<td><strong>DS-6051 (US)</strong> (NTRK / RO31 inhibitor)</td>
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<tr>
<td></td>
<td><strong>DS-5573 (JP)</strong> (Anti-B7-H3 antibody)</td>
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<tr>
<td></td>
<td><strong>PLX9486 (US)</strong> (KIT inhibitor)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td><strong>DS-1093</strong> (Anemia of chronic kidney disease / HIF-PH inhibitor)</td>
<td><strong>SUN13837 (US/EU)</strong> (Spinal cord injury / modulator of bFGF signaling system)</td>
<td><strong>Mirogabalin (US/EU)</strong> (DS-5565 / fibromyalgia / a25 ligand)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-3801</strong> (Chronic constipation / GPR38 agonist)</td>
<td><strong>Laninamivir (US/EU)</strong> (CS-8958 / anti-influenza / out-licensing with Biota)</td>
<td><strong>Mirogabalin (JP/Asia)</strong> (DS-5565 / DPNP / a25 ligand)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-1971</strong> (Chronic pain)</td>
<td><strong>Inofirminol (JP)</strong> (GE-145 / X-ray contrast media / angiography)</td>
<td><strong>Mirogabalin (JP/Asia)</strong> (DS-5565 / PHN / a25 ligand)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>DS-1501</strong> (Osteoporosis / Anti-Siglec-15 antibody)</td>
<td></td>
<td><strong>Denosumab (JP)</strong> (AMG 162 / rheumatoid arthritis / anti-RANKL anti-body)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Hydromorphone (JP)</strong> (DS-7113 / cancer pain / opioid μ-receptor regulator)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>CHS-0214 (JP)</strong> (Etanercept BS / rheumatoid arthritis / TNFα inhibitor)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>CL-108 (US)</strong> (Acute pain / opioid μ-receptor regulator)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>Levofloxac in (JP)</strong> (DR-3355 / anti-infection / New quinolone)</td>
</tr>
</tbody>
</table>

*Red: Change from FY2014 Q3 financial announcement*
Forecast of FY2015
FY2015 Major Objectives

◆ Edoxaban: Secure flawless entry in every market and maximize its potential as flag-ship product following olmesartan with Group-wide effort

◆ Achieve 920.0 JPY Bn in revenue and exceed 100.0 JPY Bn in operating profit by maximizing cash flows from olmesartan, expanding growth-products at top-speed, and driving low-cost operations throughout the Group

◆ Establish business foundation to improve corporate value sustainably as a fresh start
## Forecast of FY2015

<table>
<thead>
<tr>
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<th>FY2014 Results</th>
<th>FY2015 Forecast</th>
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</tr>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<tr>
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<td>300.0</td>
<td>-23.1</td>
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<td>190.7</td>
<td>190.0</td>
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<td><strong>SG&amp;A Expenses</strong></td>
<td>331.2</td>
<td>330.0</td>
<td>-1.2</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>74.4</td>
<td>100.0</td>
<td>+25.6</td>
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<td><strong>Profit before tax</strong></td>
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<td>95.0</td>
<td>+15.1</td>
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<td><strong>Profit attributable to owners of the Company</strong></td>
<td>322.1</td>
<td>60.0</td>
<td>-262.1</td>
</tr>
<tr>
<td>(of which continuing operations)</td>
<td>46.5</td>
<td>60.0</td>
<td>+13.5</td>
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<td>109.94</td>
<td>138.78</td>
</tr>
<tr>
<td></td>
<td>120.00</td>
<td>130.00</td>
</tr>
<tr>
<td></td>
<td>+10.06</td>
<td>-8.78</td>
</tr>
</tbody>
</table>
Return to shareholders

◆ Commemorative dividend
• Marking the 10th anniversary since DS foundation, plan to pay a commemorative dividend of 10 yen per share in addition to a ordinary dividend of 30 yen per share at the end of second quarter
• Intend to pay annual dividends of 70 yen per share for the fiscal year ending March 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Second quarter</th>
<th>Fiscal year-end</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015 Forecast</td>
<td>40</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>(ordinary dividend: 30)</td>
<td>(commemorative dividend: 10)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2014 Results</td>
<td>30</td>
<td>30</td>
<td>60</td>
</tr>
</tbody>
</table>

◆ Acquisition of own shares
• Acquisition cost: 50.0 JPY Bn (maximum)
• Number of shares: 28 million shares (maximum)
• Acquisition period: From May 15, 2015, to August 31, 2015
## Major Products in Japan
### FY2015 Revenue Forecast

<table>
<thead>
<tr>
<th>Product</th>
<th>Category</th>
<th>FY2014 Results</th>
<th>FY2015 Forecast</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olmetec</td>
<td>anti-hypertension</td>
<td>76.3</td>
<td>80.0</td>
<td>+3.7</td>
</tr>
<tr>
<td>Nexium</td>
<td>anti-ulcer (Proton Pump Inhibitor)</td>
<td>69.3</td>
<td>74.0</td>
<td>+4.7</td>
</tr>
<tr>
<td>Memory</td>
<td>treatment for Alzheimer</td>
<td>36.8</td>
<td>47.0</td>
<td>+10.2</td>
</tr>
<tr>
<td>Loxonin</td>
<td>analgesic and anti-inflammatory</td>
<td>49.5</td>
<td>44.0</td>
<td>-5.5</td>
</tr>
<tr>
<td>Cravit</td>
<td>antibacterial</td>
<td>27.8</td>
<td>21.0</td>
<td>-6.8</td>
</tr>
<tr>
<td>Rezaltas</td>
<td>anti-hypertension</td>
<td>18.4</td>
<td>19.0</td>
<td>+0.6</td>
</tr>
<tr>
<td>Artist</td>
<td>anti-hypertension</td>
<td>18.1</td>
<td>17.0</td>
<td>-1.1</td>
</tr>
<tr>
<td>Omnianque</td>
<td>contrast medium</td>
<td>17.2</td>
<td>16.0</td>
<td>-1.2</td>
</tr>
<tr>
<td>Mevalotin</td>
<td>anti-hyperlipidemia</td>
<td>16.2</td>
<td>14.0</td>
<td>-2.2</td>
</tr>
<tr>
<td>Ranmark</td>
<td>treatment for bone metastasis</td>
<td>10.2</td>
<td>13.0</td>
<td>+2.8</td>
</tr>
<tr>
<td>Pralia</td>
<td>osteoporosis</td>
<td>7.3</td>
<td>10.0</td>
<td>+2.7</td>
</tr>
<tr>
<td>Lixiana</td>
<td>Anticoagulant Direct Oral Factor Xa Inhibitor</td>
<td>3.6</td>
<td>5.0</td>
<td>+1.4</td>
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<tr>
<td>Efient</td>
<td>antiplatelet</td>
<td>0.7</td>
<td>5.0</td>
<td>+4.3</td>
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</table>
Strategies to overcome Olmesartan LOE

◆ **CL-108**: opioid and antiemetic combination
  - Entered into license agreement with Charleston Laboratories for development and commercialization in August 2014
  - Phase 3 trial to confirm the effects of CL-108 as a treatment for moderate to severe acute pain and the reduction of OINV (Plan to launch in 2016)

◆ **Movantik**: a treatment for opioid-induced constipation
  - a first-in-class, once-daily, oral, peripherally-acting mu-opioid receptor antagonist (PAMORA) for the treatment of opioid-induced constipation (OIC) in adults with chronic non-cancer pain
  - Started co-promotion with AstraZeneca in April 2015

◆ **Quizartinib**: FLT3-ITD inhibitor
  - Obtained the development right of quizartinib, currently in Phase 3 for the treatment of acute myeloid leukemia by acquiring in October 2014 Ambit Biosciences, a biotechnology company focused on the discovery and development of kinase inhibitors

◆ **PLX3397**: FMS/KIT/FLT3-ITD inhibitor
  - Started Phase 3 study for Tenosynovial Giant Cell Tumor, TGCT, in May 2015
  - Announced a collaborative clinical trial to evaluate the combination of PLX3397 and pembrolizumab (Merck’s anti-PD-1 antibody) in May 2015
Targets for Approval and Launch

**Japan**
- **FY2015**
  - Levofloxacin Injection
  - Additional indication
  - Squarekids® (DPT-IPV)
- **FY2016**
  - Lacosamide
  - Epilepsy
  - VN-100
  - ID vaccine for seasonal flu
- **FY2017**
  - Denosumab
  - BC adj.
  - Etanercept
  - BS RA
- **FY2018**
  - Mirogabalin
  - DPNP & PHN
- **> FY2018**
  - Oncology
  - Nimotuzumab
  - Patritumab
  - PLX3397
  - Vemurafenib (LCM)

**US**
- **FY2015**
  - Movantik® OIC
  - CL108 Acute Pain
- **FY2016**
  - Prasugrel CVA
- **FY2017**
  - Hydromorphone Cancer Pain
  - Prasugrel Sickle Cell Disease
- **FY2018**
  - Tivantinib HCC
  - Quizartinib AML
- **> FY2018**
  - CV-M (CVM)
  - CS-3150
  - DS-8500
  - Prasugrel (LCM)
  - Edoxaban (LCM)

**Western Europe**
- **FY2015**
  - Edoxaban AF
  - Edoxaban VTE
- **FY2016**
  - Edoxaban AF
  - VTE
- **FY2017**
  - Tivantinib HCC
  - Quizartinib AML
- **FY2018**
  - Mirogabalin
  - SUN13837
  - GE-145
  - Denosumab (LCM)

**Other Regions**
- **FY2015**
  - Edoxaban AF & VTE (China • LTAM etc.)
- **FY2016**
  - Edoxaban AF
  - VTE
- **FY2017**
  - Tivantinib HCC
  - Quizartinib AML
- **FY2018**
  - Mirogabalin
  - SUN13837
  - GE-145
  - Denosumab (LCM)
Mid-term management policy
◆ Change of “Global Hybrid Business Model”

◆ New management direction

◆ Mid-term issues
  ● Overcome Olmesartan LOE
  ● Leverage the funds from the sale of Sun Pharma shares
  ● Develop new 5-year business plan
Corporate vision

• To provide health/medical solutions continuously all over the world

Objectives of the current 5-year business plan (FY2013 – FY2017)

• Overcome Olmesartan LOE (loss of exclusivity)
  • Achieve sustainable revenue growth and improve profitability
  • Transform into a Hybrid Business Powerhouse
Expected outcome of Global Hybrid Business Model

Products & Services

Innovative Biz.
(continuous generation of innovative pharmaceuticals)

Global Reach
(to convey our products across the world)

Generic Biz.
in Japan/US/EU

Full-scale entry to emerging market

Developed countries
Emerging countries

Customers & Markets / Mission
Conversion of management policy

Positioned Ranbaxy as one of the main drivers for growth in the current 5-year business plan

Due to quality problem and import alert to US, concluded that it would be difficult to get the expected results during the current 5-year business plan
Divested Ranbaxy from DS Group

Decide to change management policy
• From growth by pursuing scale-up
• To growth by leveraging the strength of DS Group at the maximum
New management direction

✓ Concentration/Returning to innovative business
✓ Prioritized investment in Japan/US/China
✓ Enhance R&D capabilities
DNA in generation of new drugs

- Our capability to invent and develop innovative drugs
  - pravastatin, levofloxacin, olmesartan, edoxaban, mirogabalin

Sales/Marketing strength competing with Mega Pharma

- Success with olmesartan in Japan/US/EU

Growth by further enhancement of our strong innovative business
Prioritized investment in Japan/US/China

**Japan (DS, DSEP, DSHC, KDSV, JVC)**
- Strong brand power and high presence
- Business foundation flexible to wide business areas
- Strong products portfolio with many growing products
- Deep trust from medical practitioners

**US (DSI, LPI)**
- Biggest market
- Source of global standard therapy
- Established business foundation

**China (DSCN)**
- Second biggest market, high growth rate in innovative market
- Established business foundation, geographic advantage

No.1 Pharma company
Growth by establishing core franchises
Enlarge Business foundation 1B$ Business
Enhance R&D capabilities

Enrich pipelines and realize growth driven by the current pipelines

◆ Oncology:
  Enhance R&D capabilities to realize growth driven by the current pipelines rapidly

◆ Cardiovascular-metabolism:
  Increase First-in-class projects

◆ Frontier:
  Enhance research for unique seeds

◆ Challenge for next generation biologics
Mid-term issues
Overcome Olmesartan LOE

◆ Global: Launch of Edoxaban and maximize its potential as flag-ship product

◆ Japan: Achieve No. 1 market share by maximizing new drugs
  ● Efient, Lixana, Memary, Nexium, Denosumab etc.
  ● Lacosamide

◆ US: Rapid growth of new drugs
  Establishment of core franchises
  ● Movantik, CL-108
  ● Injectafer

◆ Challenging low-cost operations continuously; selection and concentration
Leverage the funds from the sale of Sun Pharma shares

◆ Invest in growing areas
  ● Investment to make Edoxaban a flag-ship product
  ● Enhance R&D capabilities in mid/long term
    ○ Enhance oncology area
    ○ Accelerate R&D
    ○ Acquire new pipeline projects

◆ Return to shareholders
  ● Acquisition of own shares etc.
Develop new 5-year business plan

Develop new plan based on the new management direction mentioned today

- **Period**: FY2016 – FY2020
- **Topics**: Strategies for solid growth from FY2018
  - Way to improve profit-generating capability
  - Strategies to enhance R&D
  - Improve shareholder’s value (ROE) etc.
- **Announcement (Plan)**: March 2016

**FY2017; Revenue: 1,000 JPY Bn, Operating Profit: 100 JPY Bn**
Global Pharma Innovator
Addressing Global Diverse Medical Needs
Accompanied With Sustainable Growth Capability
Financial forecasts, future projections and R&D information that Daiichi Sankyo discloses may include information that might be classified as “Forward Looking Statement”. These forward looking statements represent our current assumptions basis on information currently available. Please note that such are subject to a number of known and unknown risk and uncertainties and our future performance may differ from the expectations as expressed in such statements.