

Revised Target for 5-Year Business Plan

**Excerpt from Top Management Presentation, Financial Results of FY2018 Q2
(April 1 – September 30, 2018) on October 31, 2018.**

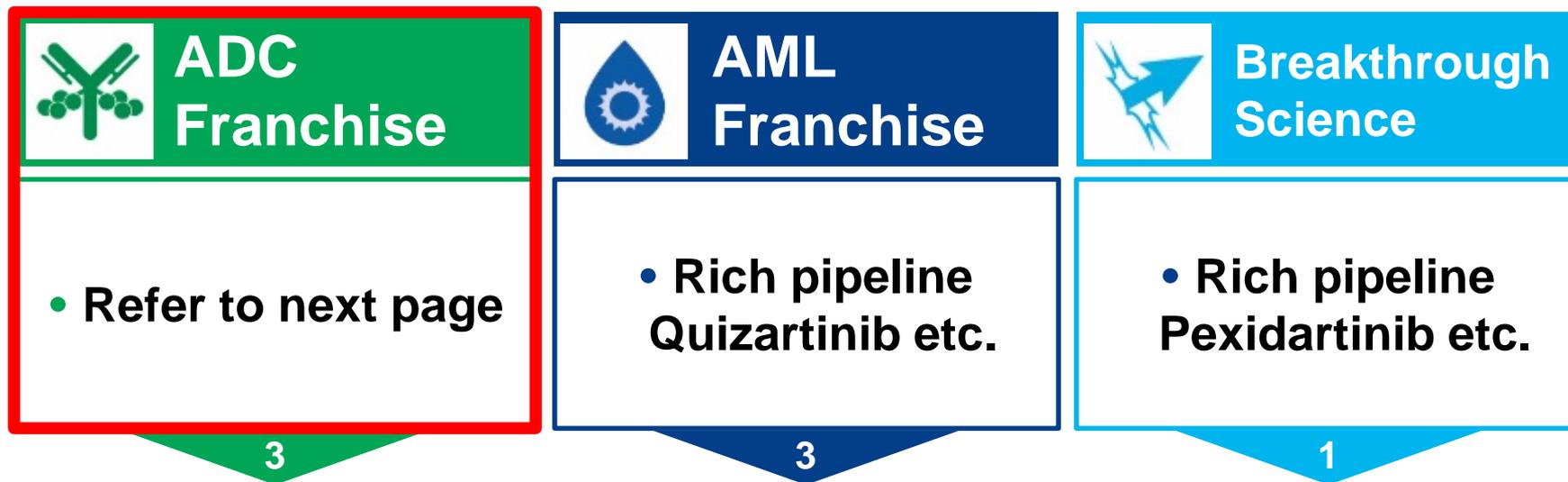
Current Progress of 5-Year Business Plan

- ◆ **Edoxaban: Growing** in momentum beyond the initial target
- ◆ **Luitpold (US): Maintaining** a high level **growth**
- ◆ **Oncology: Enriching our pipeline value** including DS-8201
NDA submission & launch preparation of
Quizartinib and Pexidartinib are underway
- ◆ **Pain Business (US):** Difficult to achieve the initial target
- ◆ **Japan Business:** Future business environment getting severe



Difficult to achieve the FY2020 Target : OP 165.0 Bn JPY

- ◆ Built 3 pillars of oncology business, ADC Franchise, AML Franchise and Breakthrough Science, and focus investments on the pillars



Cancer Enterprise
2025 Vision

7 new molecular entitles in 8 years

- ◆ Established ADC technology as a platform technology
 - DS-8201: Accumulated promising clinical data
 - U3-1402: Disclosed good clinical data
 - Increasing expectation on other ADCs



ADC Franchise

TA-MUC1

DS-7300
B7-H3

U3-1402
HER3

DS-8201
HER2

DS-6000

DS-6157
GPR20

DS-1062
TROP2

Next-
Gen
ADC

- ◆ Identify a highly promising investment opportunity for a huge future return, as the value of ADC franchise (DS-8201, U3-1402, etc.) is increasing
- ◆ Prioritize investments to maximize the ADC franchise's potential



**Rather than stick to the original profit target,
increase investments in oncology,
and **accelerate the future growth****

5-Year Business Plan (Original)

- ◆ Grow beyond FY2017 LOE of olmesartan
- ◆ Establish a foundation of sustainable growth

2025 Vision

**Global Pharma Innovator
with Competitive
Advantage in Oncology**

Revenue
910.0
Bn JPY

Revenue
1,100.0
Bn JPY

OP
165.0
Bn JPY

OP
78.0
Bn JPY

FY2018
Forecast

FY2020
Target

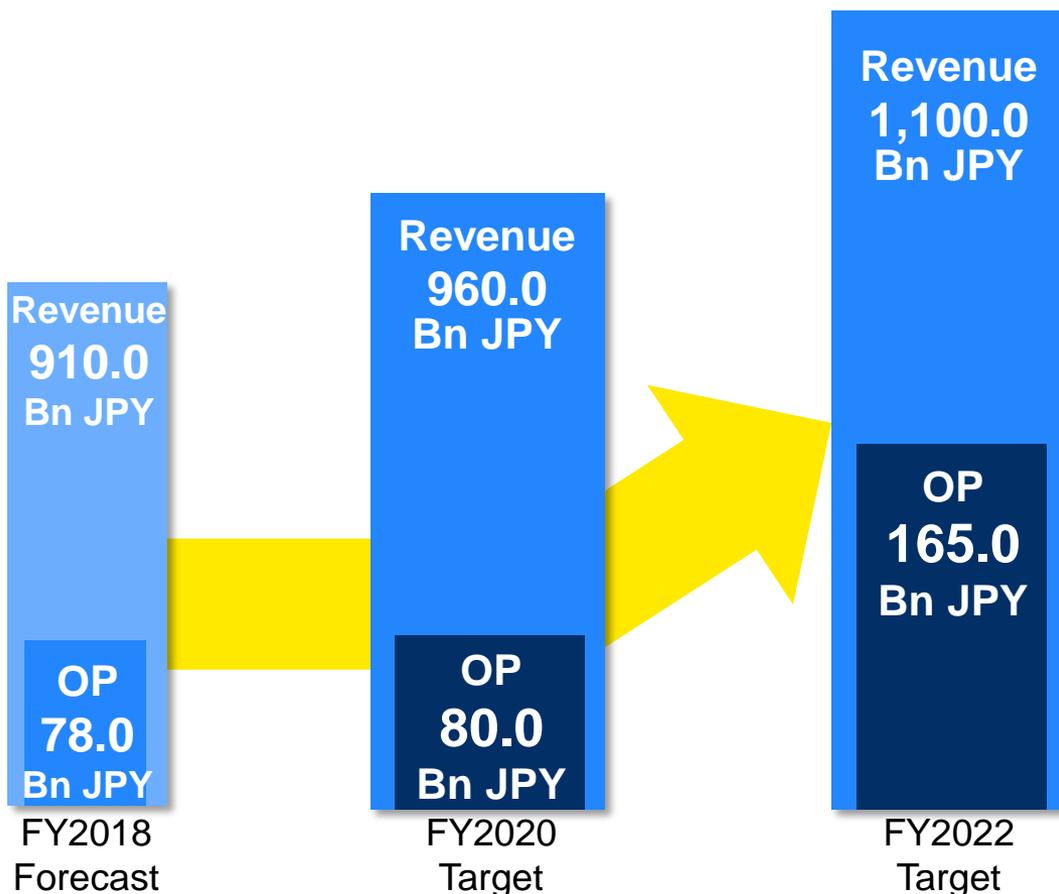
- Increase value of late-stage pipeline
3-5 products with peak-sales of more than 100.0 Bn JPY each
- ROE: 8% or more
- Shareholder Returns
(FY2016 - FY2020)
 - Annual ordinary dividends : 70 JPY or more
 - Flexible acquisition of own shares
 - Total return ratio: 100% or more

Revised Target for 5-Year Business Plan

- ◆ Revised FY2020 Target
- ◆ Achieve original OP target two years behind

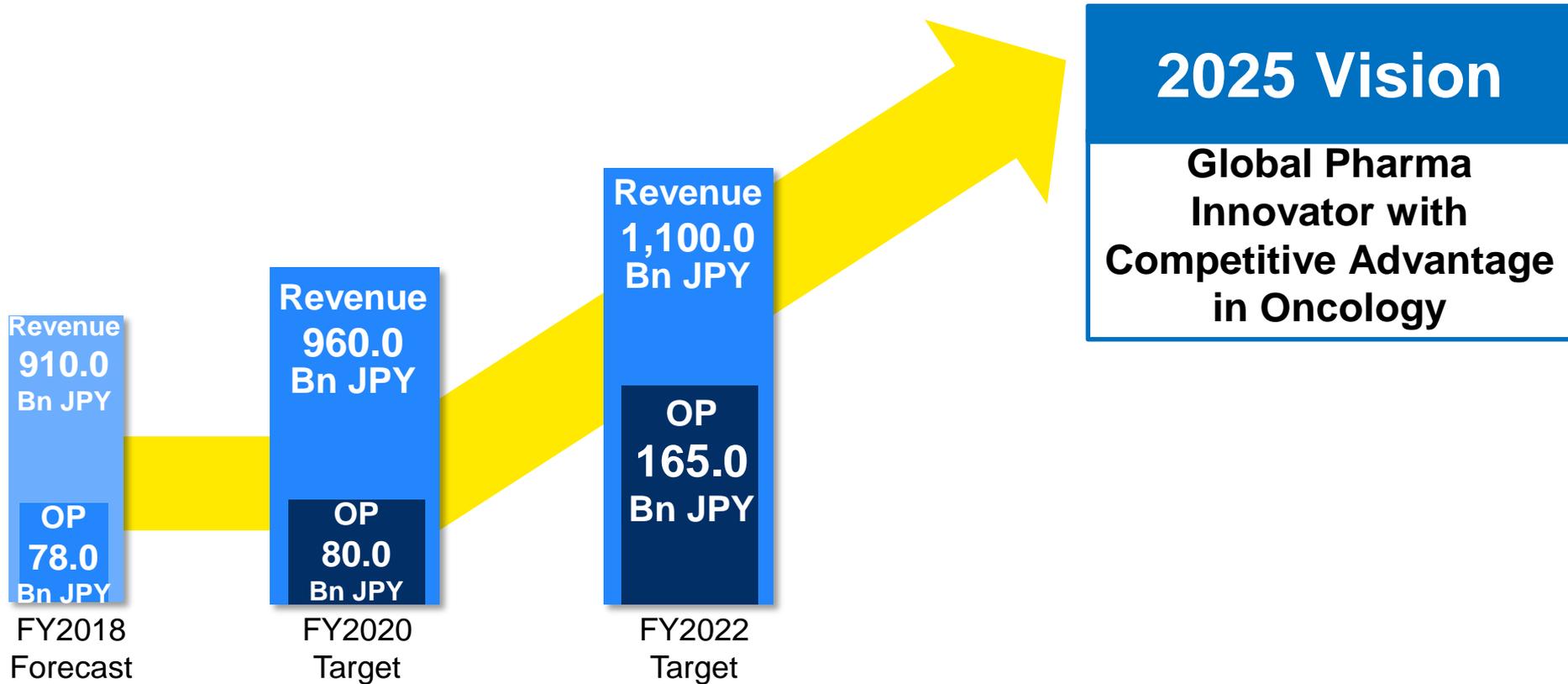
2025 Vision

**Global Pharma Innovator
with Competitive
Advantage in Oncology**



- Increase value of late-stage pipeline
Total expected revenue at peak
: **500.0 Bn JPY or more**
- ROE: 8% or more
- Shareholder Returns
(FY2016 - FY2022)
 - Annual ordinary dividends
: **70 JPY or more**
 - **Flexible** acquisition of own shares
 - Total return ratio: **100% or more**

Toward 2025 Vision



Establish a Foundation of Sustainable Growth: Six Strategic Targets

Grow
Edoxaban

Grow as
No.1
Company
in Japan

Expand
US
Businesses

Establish
Oncology
Business

Continuously
Generate
Innovative
Medicine
Changing SOC

Enhance
Profit
Generation
Capabilities

◆ Mid-term measures to accomplish our strategic targets

Focus resources on oncology business

- Increase R&D and capital expenditures
- Promote partnering (to maximize pipeline value)
- Make the best use of BD investments
- Transform to oncology centered business portfolio

Revise regional strategy

US

- Grow LPI
- Accelerate oncology business establishment

Japan
EU
ASCA

- Maximize edoxaban
- Grow base business (incl. acquisition of new products)
- Accelerate oncology business establishment

Enhance profit generation capabilities

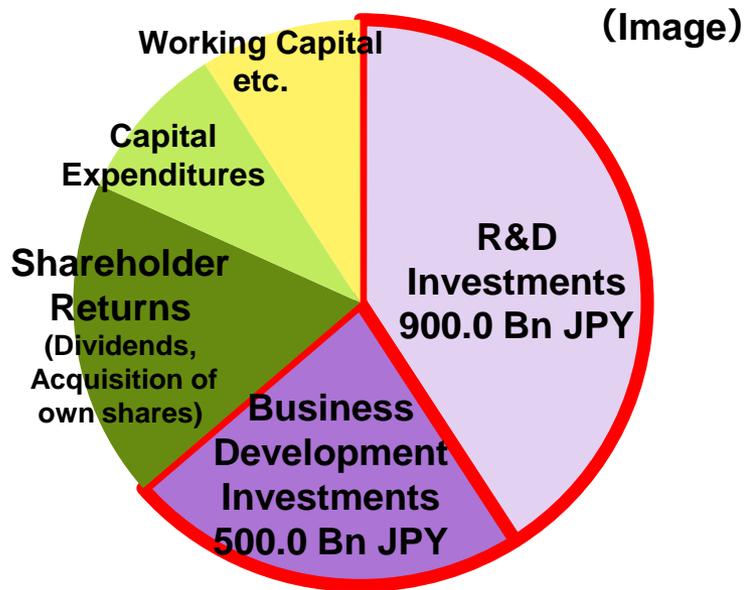
- Reduce investments in non oncology
- Promote further cost reduction initiatives
- Sell non-core assets and cross-shareholdings

Cash Allocation Image

<Original>

**FY2016 - FY2020 (5 Years)
cash allocation funds**

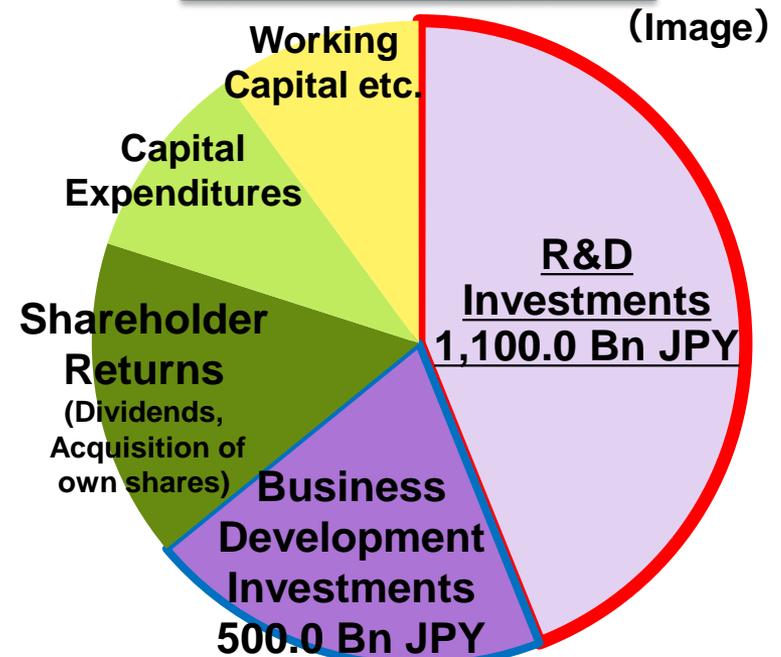
2,200.0 Bn JPY



< After Revision >

**FY2018 - FY2022 (5 Years)
cash allocation funds**

2,500.0 Bn JPY



- ◆ Increase R&D Investments and allocate more to oncology
- ◆ Make the best use of Business Development Investments to enhance oncology business

Shareholder Returns Policy: FY2016 - FY2022



- ◆ Annual ordinary dividends: 70 JPY dividend in FY2016 and FY2017
- ◆ Acquisition of own shares: 50.0 Bn JPY in both FY2016 and FY2017
- ◆ Total return ratio : 100% or more (extended to FY2022)

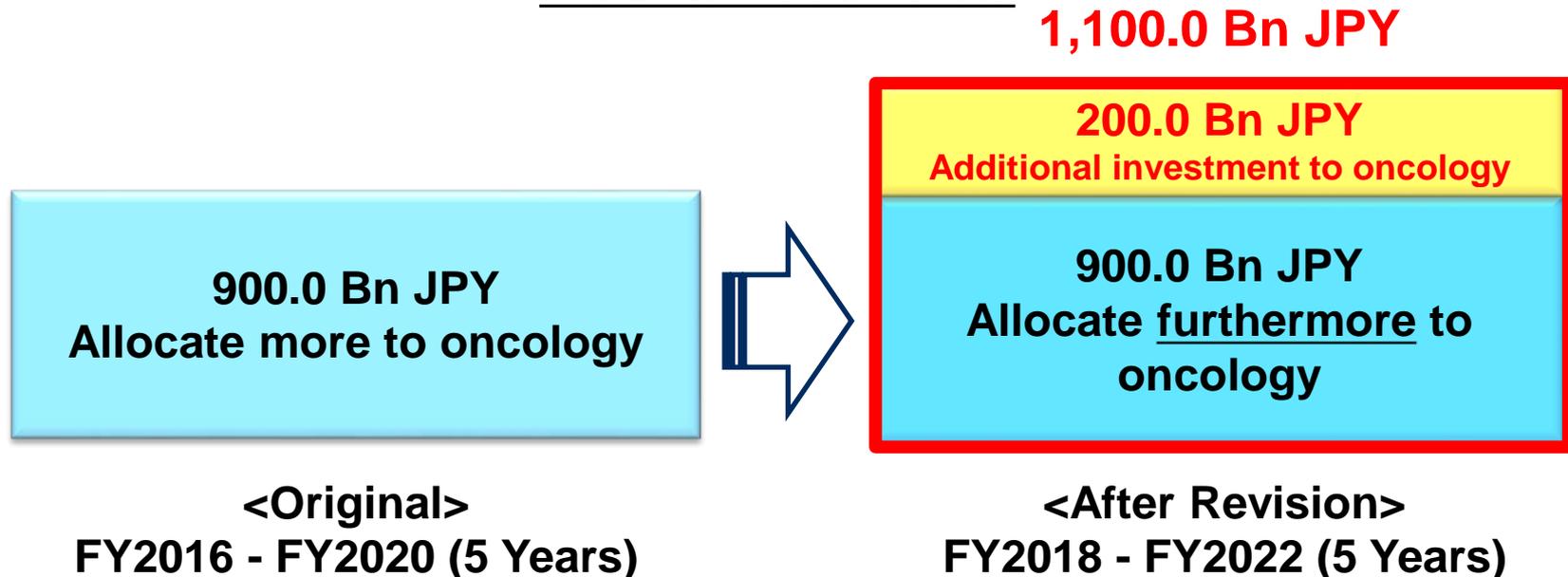
*Total return ratio = (Dividends + Total acquisition costs of own shares) / Profit attributable to owners of the company

Oncology Business: Increase Investments

FY2018 - FY2022 (5 Years)

- ◆ R&D Investments: 1,100.0 Bn JPY
 - Prioritize the investments to maximize the potential of ADC franchise
- ◆ Capital Exp. to enhance oncology: 25.0 Bn JPY or more

R&D Investments



Oncology Business: Revenue Target

◆ Expand the future oncology revenue by accelerating and enhancing the investments

<Original>

Oncology Business:
Revenue

FY2020: 40.0 Bn JPY
FY2025: 300.0 Bn JPY

Value of late-stage pipeline

FY2020:
3-5 products
with peak-sales of more
than 100.0 Bn JPY each

40.0
Bn JPY

FY2020

Oncology
Revenue
150.0
Bn JPY

FY2022

Value of late-stage
pipeline

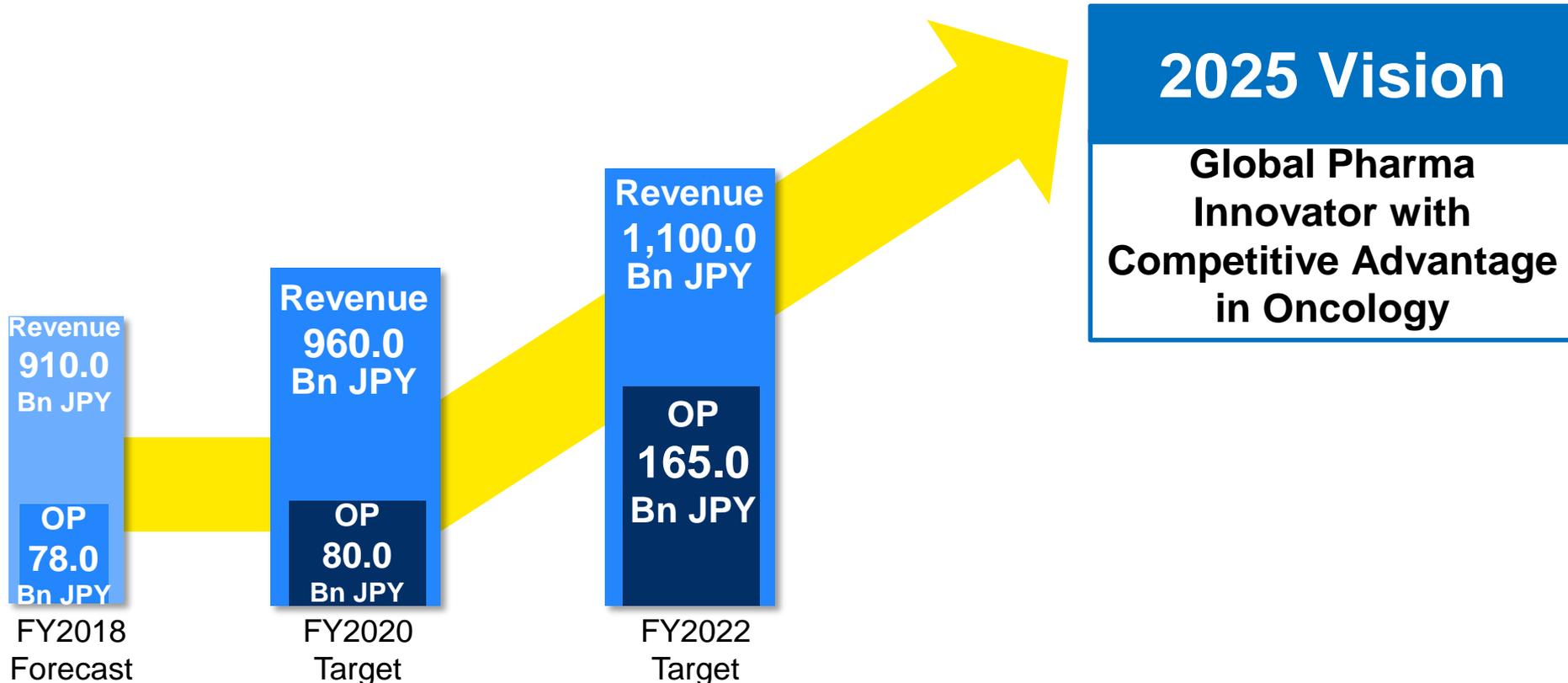
FY2022:

Total expected
revenue at peak
: 500.0 Bn JPY
or more

Oncology
Revenue
500.0
Bn JPY

FY2025

Toward 2025 Vision



2025 Vision

Global Pharma Innovator with Competitive Advantage in Oncology

- ◆ Enhance investments and maximize oncology business
R&D investments: **1,100 Bn JPY**, Oncology revenue: **500 Bn JPY** in FY2025
- ◆ Commitment of FY2022
OP **165 Bn JPY**, ROE **8%** or more, Value of late-stage pipeline* **500 Bn JPY** or more, Total return ratio **100%** or more

* Total expected revenue at peak