

5-Year Business Plan Overview and Progress: Grow as the No.1 Company in Japan

Strategic Target

Grow as the No.1 Company in Japan

Japan is an important market for the Daiichi Sankyo Group in terms of its revenue generated on a regional basis. We aim to grow as the No.1 company in Japan in name and substance alike. To such ends, we will leverage the strengths of our innovative pharmaceuticals* business, while precisely addressing various social and medical needs such as prevention, self-medication and medical treatment, with the innovative business as well as our vaccines, generics and OTC drug businesses.

* Pharmaceuticals still protected by the exclusivity period granted by patents

1 5-Year business plan

In addition to *LIXIANA*, an anticoagulant developed for the global market, the innovative pharmaceuticals business is developing its operations centered around six major products: *NEXIUM*, an ulcer treatment; *Memary*, an Alzheimer's disease treatment; *PRALIA*, a treatment for osteoporosis that prevents the progression of bone erosion associated with rheumatoid arthritis; *RANMARK*, a treatment for bone complications caused by bone metastasis from tumors; *Efient*, an antiplatelet agent; and *TENELIA*, a type 2 diabetes mellitus treatment.

Of these, *NEXIUM*, *Memary*, *PRALIA** and *RANMARK* have achieved the No.1 shares in their respective markets.

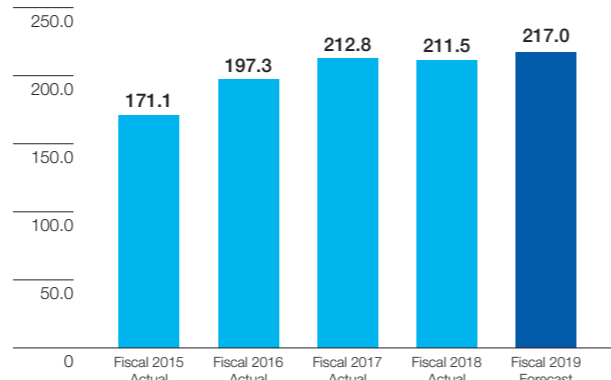
* No.1 in the bone resorption inhibitor market

Total revenue from the six major products has steadily expanded, from ¥197.3 billion in fiscal 2016 to ¥212.8 billion in fiscal 2017. However, in fiscal 2018, revenue remained almost unchanged at ¥211.5 billion, due to factors such as significant reduction in the drug price of *NEXIUM*, which are more severe than expected at the time of the 4th mid-term business plan announcement.

In fiscal 2019, revenue are expected to increase y-o-y to ¥217.0 billion, despite the impact of the drug price revision. Although the market environment is becoming increasingly challenging, we will leverage our extensive product portfolio and excellent sales capabilities to achieve our fiscal 2020 target of ¥243 billion in revenue.



Results to date (Billions of yen)



(Total of the 6 products above, including the impact of NHI drug price revisions.)

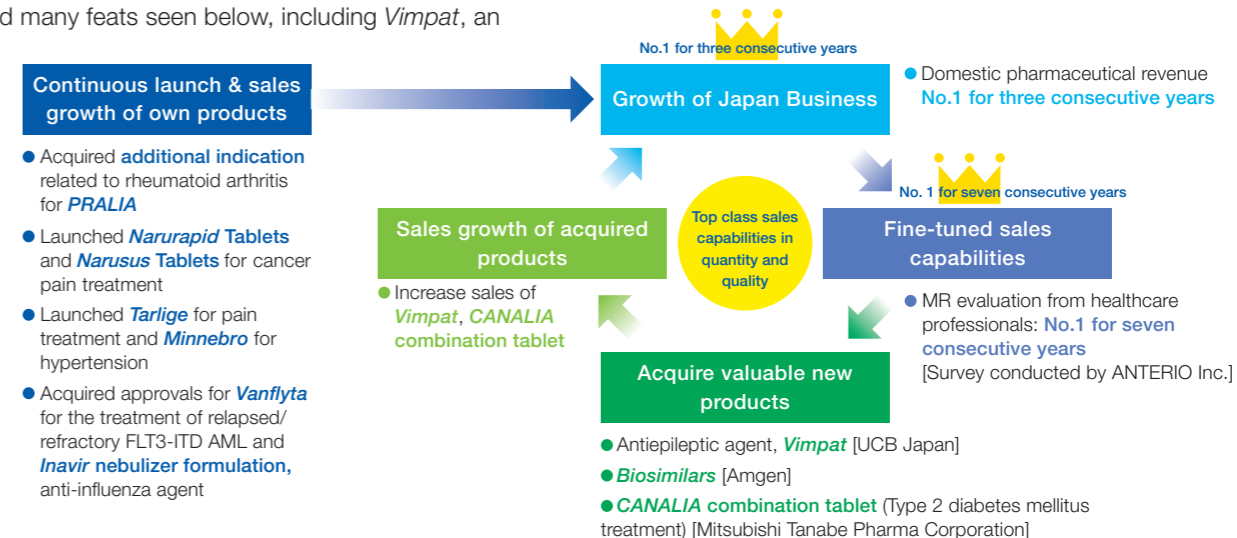
2 Progress to date

By continually launching and expanding sales of proprietary developed products, we grew the innovative pharmaceuticals business. At the same time, we utilize the Company's superb sales capabilities to acquire licenses for promising products in order to sustain a virtuous cycle driving further growth. Through these efforts, we are working to strengthen Daiichi Sankyo's presence in Japan.

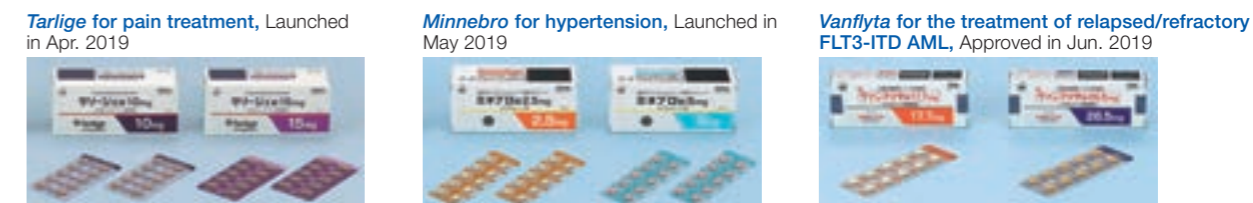
During the 5-year business plan, we have successfully achieved many feats seen below, including *Vimpat*, an

epileptic agent, and *CANALIA* combination tablet, a treatment for type 2 diabetes mellitus, growing with a sales revenue target of ¥10 billion or more for fiscal 2019. Furthermore Daiichi Sankyo has ranked No.1 both in MR evaluation*, which is an important foundation for sustainable growth, for seven consecutive years, and in revenue from pharmaceutical products in Japan for three consecutive years.

* Based on survey conducted by ANTERIO Inc.



In fiscal 2019, we will add to our product portfolio our in-house developed drugs, *Tarlige* for pain treatment and *Minnebro* for hypertension, and *Vanflyta*, a promising new cancer product. We will aim to quickly nurture these new products. Through aggressive in-licensing activities, we will win promising in-licensing products to overcome the challenging market environment.



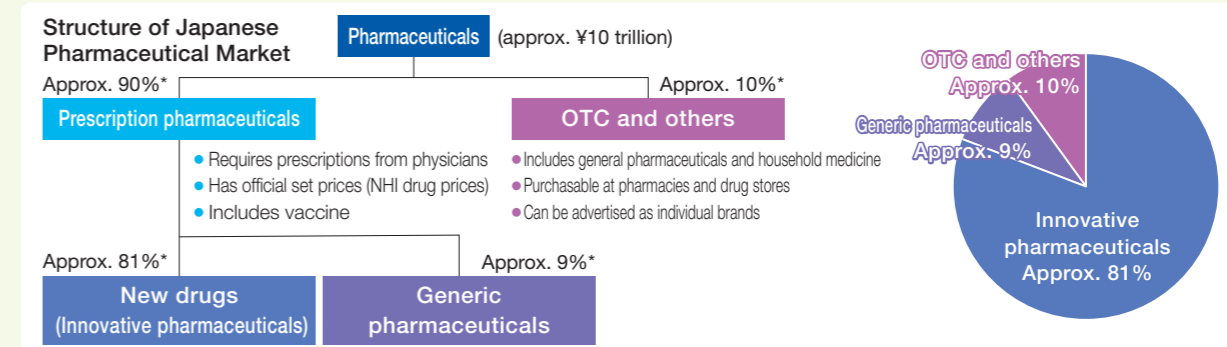
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Pharmaceutical Market in Japan

The pharmaceutical market in Japan is worth approximately ¥10 trillion, of which approximately 90% is comprised of prescription pharmaceuticals that require prescriptions from physicians with the remainder of the market being accounted for by general pharmaceuticals and other over-the-counter (OTC) drugs that can be

freely purchased in pharmacies and drug stores. Moreover, the use of generic drugs has been increasing in the prescription pharmaceutical market, and these drugs have recently come to represent about 73% of the market on a sales-volume basis* in September 2018.

* Generic drugs ÷ (original drugs for which generic drugs have been released + generic drugs)



* Share of market based on monetary value