Passion for Innovation.
Compassion for Patients.™

Daiichi-Sankyo

Daiichi Sankyo Vision:

To Be a Global Pharma Innovator with a Competitive Advantage in Oncology

George Nakayama

President and CEO, Daiichi Sankyo Co., LTD.

JP Morgan Healthcare Conference 2017

Forward-Looking Statements

Management strategies and plans, financial forecasts, future projections and policies, and R&D information that Daiichi Sankyo discloses in this material are all classified as Daiichi Sankyo's future prospects. These forward looking statements were determined by Daiichi Sankyo based on information obtained as of today with certain assumptions, premises and future forecasts, and thus, there are various inherent risks as well as uncertainties involved. As such, please note that actual results of Daiichi Sankyo may diverge materially from Daiichi Sankyo's outlook or the content of this material. Furthermore, there is no assurance that any forward-looking statements in this material will be realized. Regardless of the actual results or facts, Daiichi Sankyo is not obliged and does not have in its policy the duty to update the content of this material from the date of this material onward.

Compounds under discussion are investigational agents and are not approved by the FDA or any other regulatory agency worldwide as a treatment for indications under investigation. Efficacy and safety have not been established in areas under investigation. There are no guarantee that these compounds will become commercially available in indications under investigation.

Daiichi Sankyo takes reasonable care to ensure the accuracy of the content of this material, but shall not be obliged to guarantee the absolute accuracy, appropriateness, completeness and feasibility, etc. of the information described in this material. Furthermore, any information regarding companies, organizations or any other matters outside the Daiichi Sankyo Group that is described within this material has been compiled or cited using publicly available information or other information, and Daiichi Sankyo has not performed in-house inspection of the accuracy, appropriateness, completeness and feasibility, etc. of such information, and does not guarantee the accuracy thereof.

The information described in this material may be changed hereafter without notice. Accordingly, this material or the information described herein should be used at your own judgment, together with any other information you may otherwise obtain.

This material does not constitute a solicitation of application to acquire or an offer to sell any security in the United States, Japan or elsewhere.

This material disclosed here is for reference purposes only. Final investment decisions should be made at your own discretion.

Daiichi Sankyo assumes no responsibility for any damages resulting from the use of this material or its content, including without limitation damages related to the use of erroneous information

Agenda

- 2025 Vision and 5-Year Business Plan (5YBP)
- Progress of 5-Year Business Plan
- Oncology R&D

Agenda

- **2025 Vision and 5-Year Business Plan (5YBP)**
- Progress of 5-Year Business Plan
- Oncology R&D

2025 Vision

Global Pharma Innovator with a Competitive Advantage in Oncology

- **Build a specialty* area centered on *oncology as the core business***
- **Enrich regional value aligned with market needs**
- **Create innovative products – *change the standard of care***
- **Realize shareholder value through highly efficient management**

* Specialty area: Drugs mainly prescribed at hospital and/or by specialty practitioners

Management Policy Transformation

Global Pharma Innovator
with a Competitive Advantage in Oncology

Until 2015

- CVM area
- PCP focus
- Global products
- In-house
- Sales volume

2016 - 2020
5-Year Business Plan

Transformation toward 2025 Vision

2025 Vision

- Oncology area
- Specialty area
- Regional value
- Alliance
- Sustainable profit growth

To Achieve Our 5-Year Business Plan, We Must...

1) Grow beyond FY2017 LOE

2) Establish Foundation of Sustainable Growth

Key Targets

	FY2015 (Forecast)	FY2017 (Target)	FY2020 (Target)
Revenue (Bn JPY)	**980.0**	**940.0**	**1,100.0**
Operating Profit (Bn JPY)	**130.0**	**100.0**	**165.0**

- ROE: 8% or more (FY2020)
- Increase value of late-stage pipeline
  3 - 5 products launched within the next 5 years with peak-sales of more than 100.0 Bn JPY each
- Total return ratio: 100% or more (during 5YBP)
- Annual ordinary dividends: more than 70 JPY (during 5YBP)
- Flexible acquisition of own shares

Assumption: Exchange rate of 1USD=120JPY, 1EUR=130JPY

6 Strategic Targets

1) Grow Edoxaban
2) Grow as No.1 Company in Japan
3) Expand US Business
4) Continuously Generate Innovative Medicine: Change Standard of Care (SOC)
5) Establish Oncology Business
6) Enhance Profit Generation Capabilities

Agenda

- 2025 Vision and 5-Year Business Plan (5YBP)
- **Progress of 5-Year Business Plan**
- Oncology R&D

Progress of 5-Year Business Plan

1) **Grow Edoxaban**

2) Grow as No.1 Company in Japan

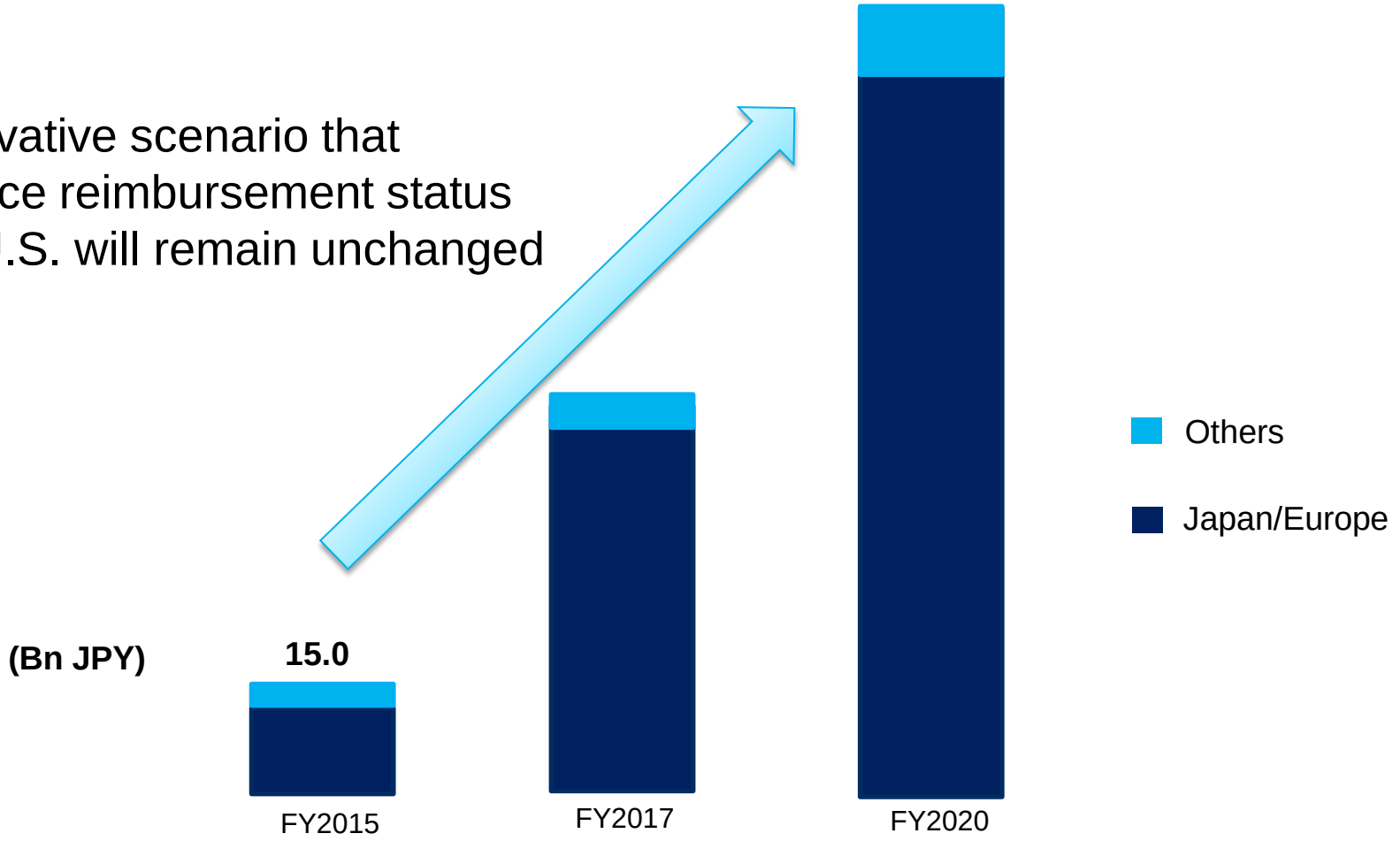
3) Expand US Business

4) Continuously Generate Innovative Medicine: Change Standard of Care (SOC)

Global Target for Edoxaban

Over 120.0 Bn JPY
(1 Bn USD) in FY2020

Conservative scenario that insurance reimbursement status in the U.S. will remain unchanged



Assumption: Exchange rate of 1USD=120JPY, 1EUR=130JPY

New Launches & Alliances

◆ **Product launches & alliances as of FY2015**

Japan, the U.S, Switzerland, the U.K, Germany, Ireland, the Netherlands, South Korea

Partner with MSD* in EU

◆ **New market launches**

Italy, Spain, Taiwan (Sep. 2016)

Belgium, Hong Kong (Oct. 2016)

◆ **New alliances**

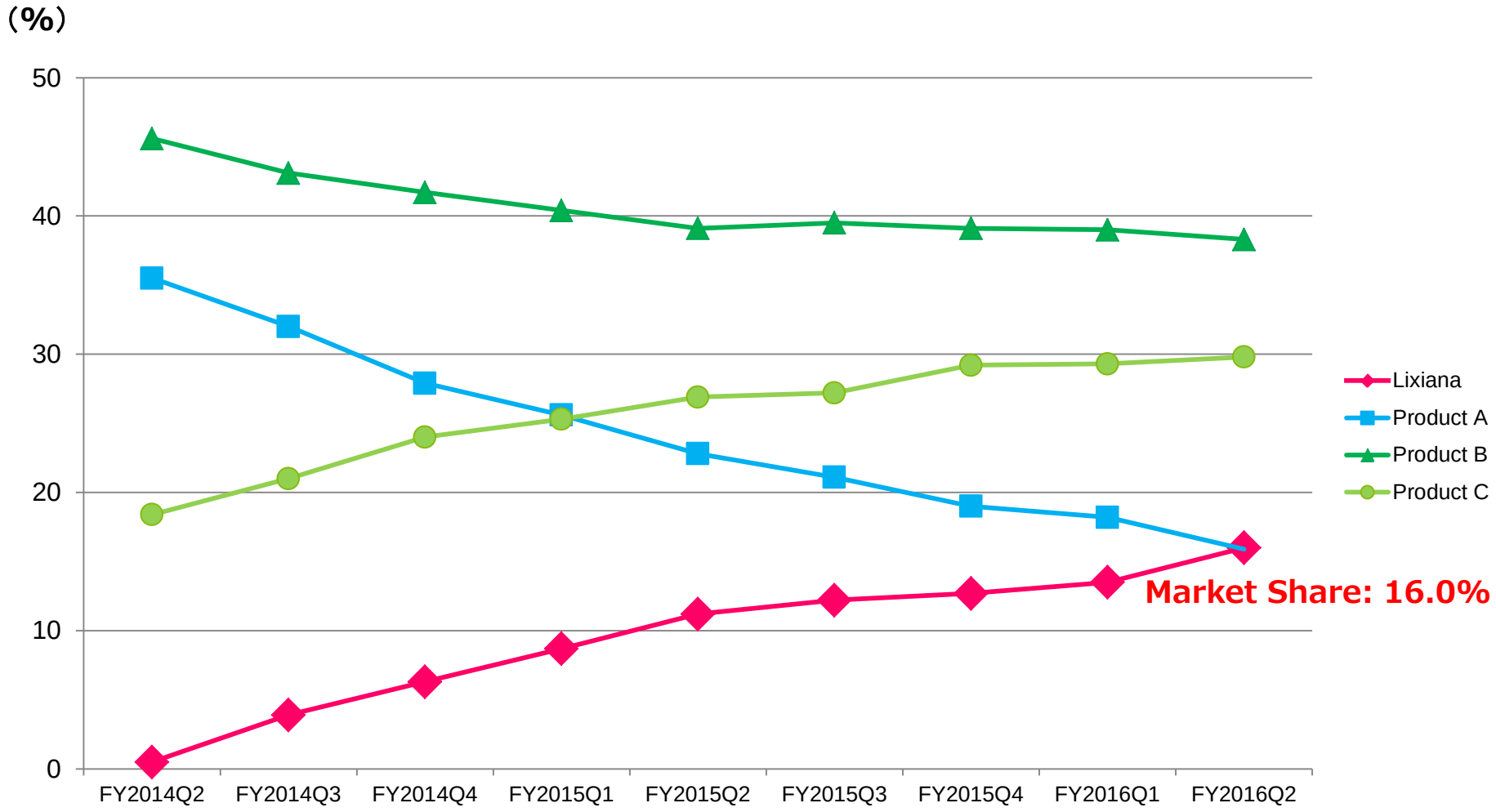
Partner with Servier Canada inc.** in Canada (Jun. 2016)

*MSD: Merck Sharp and Dohme European Subsidiary of Merck & Co., Inc.

**Canadian Subsidiary of LES LABORATOIRES SERVIER

Growth in Japan

Latest market share reached: 16.0% (Jul. 2016 - Sep. 2016)



Edoxaban Clinical Research Program (1)

Daiichi-Sankyo

Ongoing randomized controlled trials in various clinical settings

	Clinical Setting (Comparator)	Primary Outcome	Primary Completion
ENSURE-AF	Cardioversion (enoxaparin/warfarin)	• Stroke, SEE, MI, CV mortality • Major and CRNM bleeding	Presented at ESC 2016
ENTRUST-AF PCI	PCI (VKA)	• Major and CRNM bleeding	Nov. 2018
ELIMINATE-AF	Cardiac ablation (VKA)	• Composite of All cause mortality, Stroke and Major bleeding • Major bleeding	Dec. 2018
ENVISAGE-TAVI AF	Transcatheter aortic valve implantation (VKA)	• Net adverse clinical events • Major bleeding	May 2020
ELDERCARE-AF	80 years or older who are ineligible for current OAC therapy (placebo)	• Stroke, SEE	Dec. 2019
Hokusai VTE CANCER	VTE associated with cancer (dalteparin)	• Recurrent VTE • Clinically relevant bleeding	Dec. 2017

Edoxaban Clinical Research Program (2)

Daiichi-Sankyo

Ongoing non-interventional studies to generate real-world data with more than 60,000 patients

ETNA-AF Global	Edoxaban Treatment in routiNe clinical prActice in Patients with non valvular Atrial Fibrillation
ETNA-VTE Global	Edoxaban Treatment in routiNe clinical prActice in Patients with Venous ThromboEmbolism
EMIT-AF/VTE	Edoxaban Management In diagnostic and Therapeutic procedures–AF/VTE
PREFER in AF Prolongation	Prolongation PREFER in AF PREvention oF thromboembolic events-European Registry in Atrial Fibrillation
ANAFIE	All Nippon AF In Elderly registry in Japan to study NVAF in elderly patients aged 75 years and older

Progress of 5-Year Business Plan

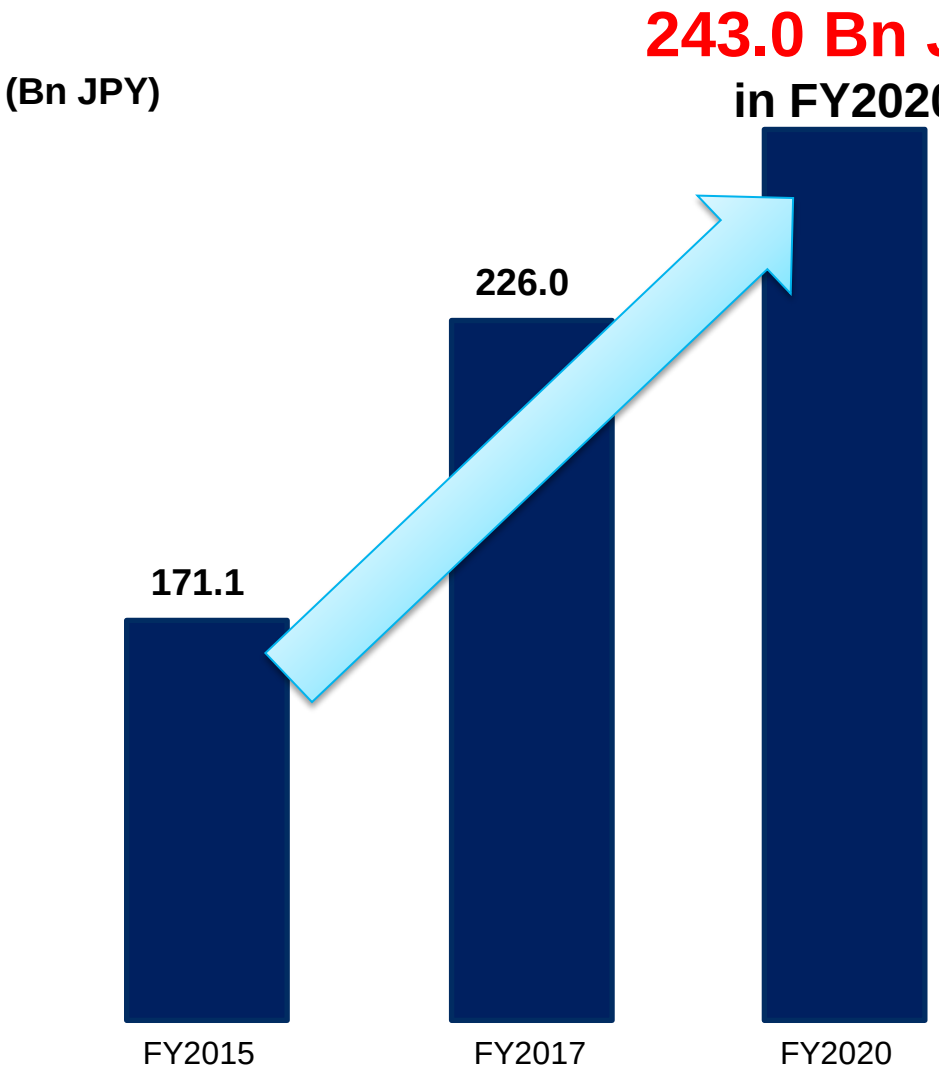
1) Grow Edoxaban

2) Grow as No.1 Company in Japan

3) Expand US Business

4) Continuously Generate Innovative Medicine: Change Standard of Care (SOC)

Target for Major 6 Products

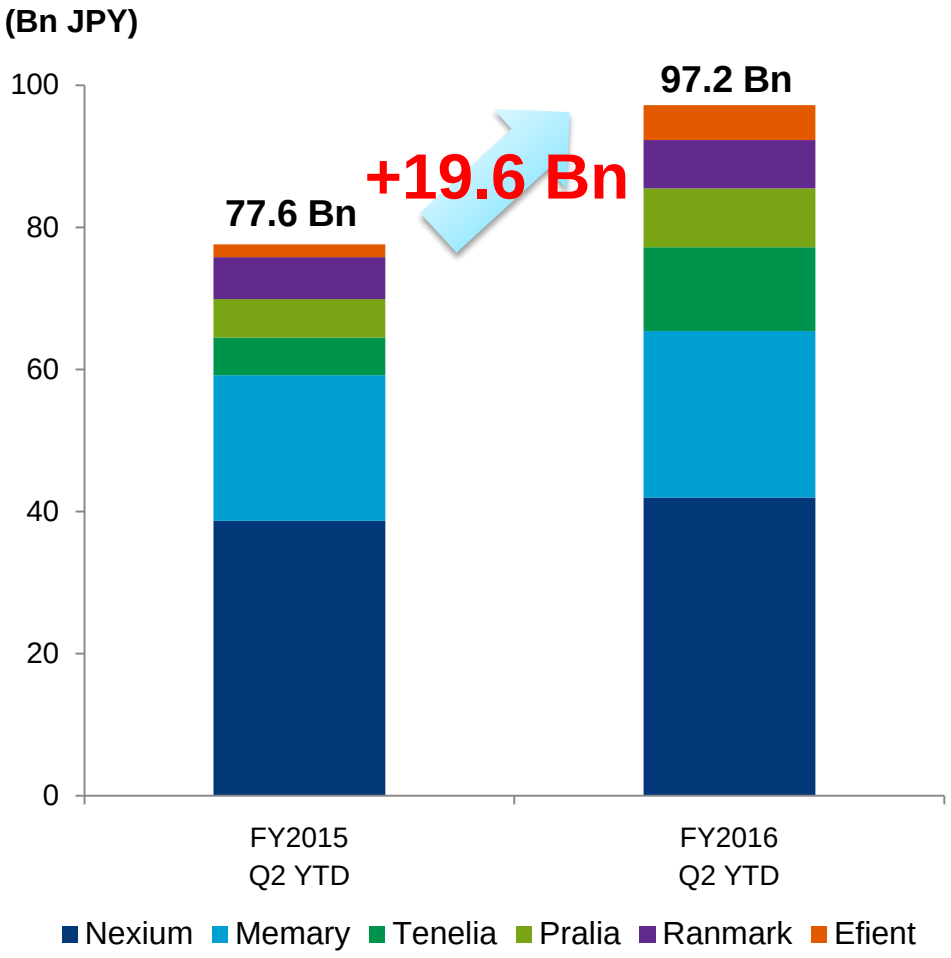


- **Nexium** (ulcer treatment)
- **Memary** (Alzheimer's disease treatment)
- **Pralia** (treatment for osteoporosis)
- **Ranmark** (treatment for bone complications caused by bone metastases from tumors)
- **Efient** (antiplatelet agent)
- **Teneria** (type 2 diabetes mellitus inhibitor)

Total of 6 products (excl. Lixiana), including the impact of mandated price revisions

Growth of Major Products

Many of innovative major products reached No. 1 share and continue to expand market share



Nexium

Reached No. 1 share in Jan. 2014 with rapid expansion and continue to expand market share

Memary

Reached No. 1 share in Jan. 2016 catching up with Aricept

Pralia

In highly competitive market, reached No. 1 share in Feb. 2016 and continue to expand market share

Ranmark

Reached No. 1 share in May 2014 and continue to expand market share promoting appropriate use

Progress of 5-Year Business Plan

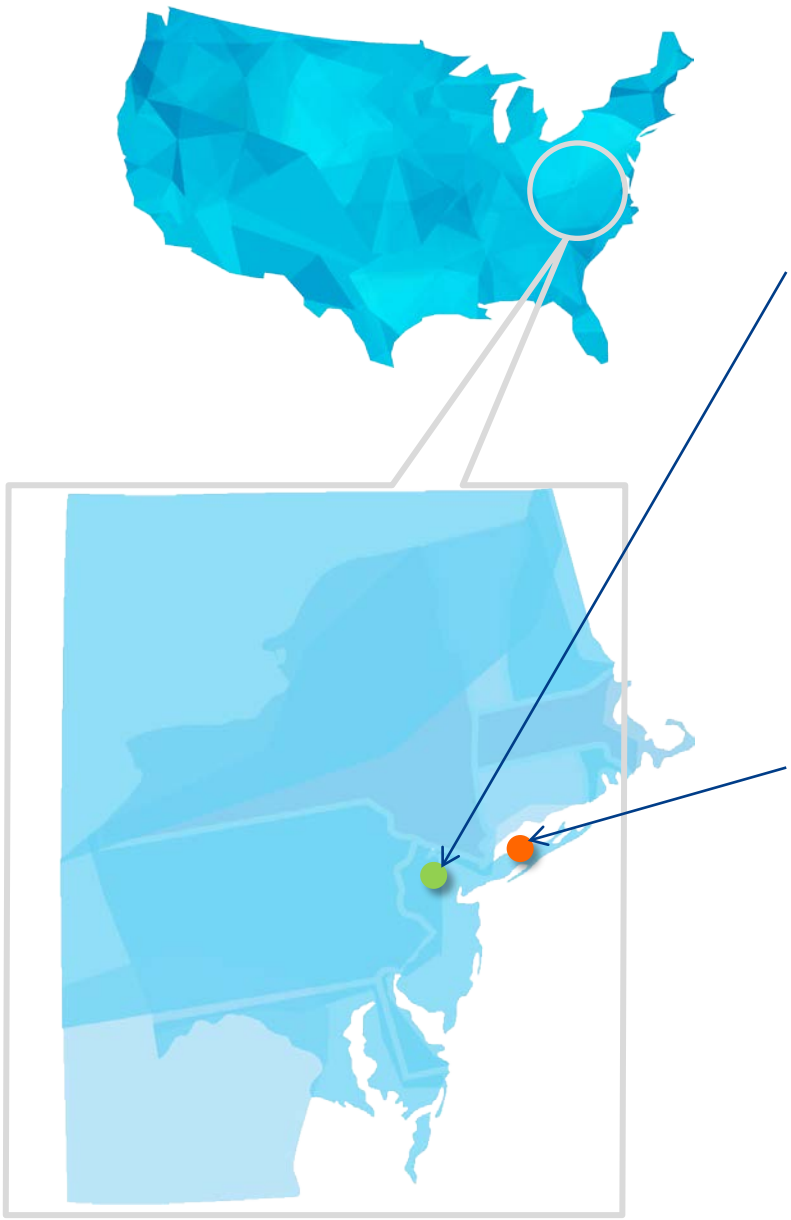
1) Grow Edoxaban

2) Grow as No.1 Company in Japan

3) Expand US Business

4) Continuously Generate Innovative Medicine: Change Standard of Care (SOC)

Our US Businesses



Daiichi Sankyo, Inc. (DSI) (Parsippany, NJ)

FY2016 revenue target
US$ 1.2 Billion

Core business: Pain and Oncology

Luitpold Pharmaceuticals, Inc., (LPI) (Shirley, NY)

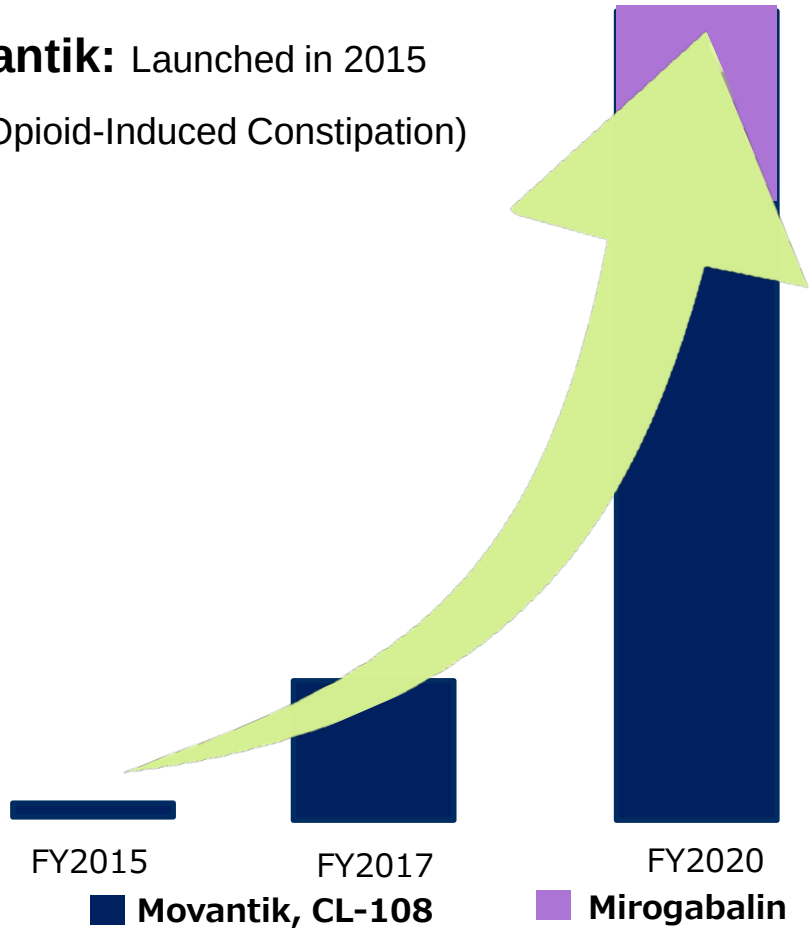
FY2016 revenue target
US$ 808 Million

Core business: Iron injectable and Generic injectable

Target for DSI Pain Franchise

100 Bn JPY
business in FY2020

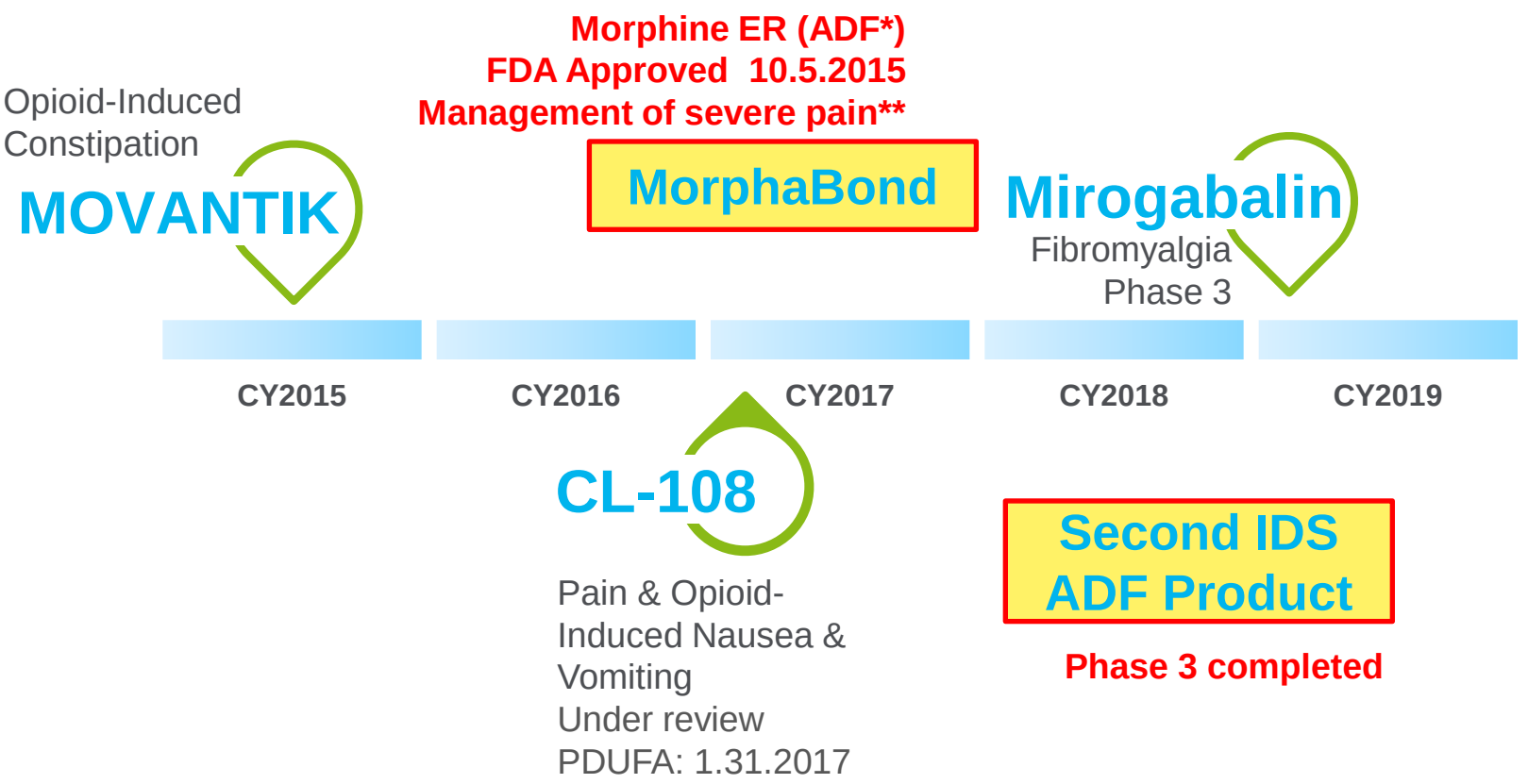
- **Movantik:** Launched in 2015
  (OIC: Opioid-Induced Constipation)
- **CL-108:** Targeted launch in FY 2017
  (OINV: Pain & Opioid-Induced Nausea & Vomiting)
- **Mirogabalin** Targeted launch in FY 2019
  (Fibromyalgia)



Assumption: Exchange rate of 1USD=120JPY

Expand DSI Pain Franchise

Two ADF products are complementary and require no additional headcount



*ADF: Abuse-Deterrent Formulation

**indicated for the management of pain severe enough to require daily, around-the-clock, long-term opioid treatment and for which alternative options are inadequate

DSI Commitments in Pain Care

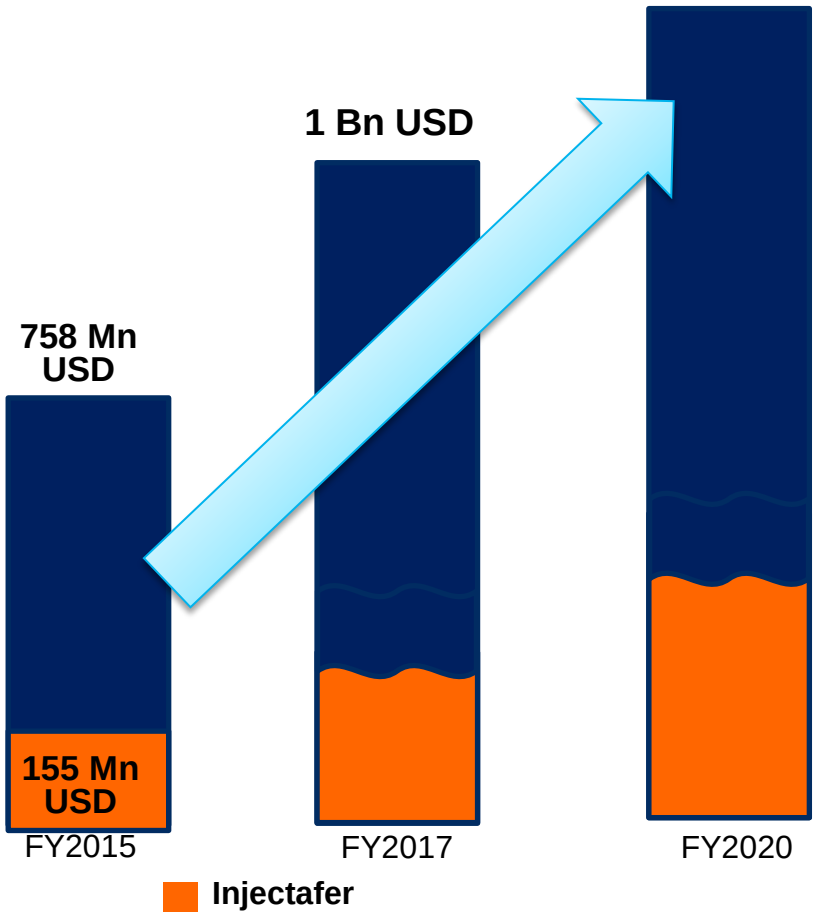
Inappropriate usage of opioids (diversion, misuse, abuse, addiction, or overdose) has become an epidemic in the US

DSI launched www.CommitmentsinPainCare.com, which hosts an overview of our company's approach to responsible pain management and our dedication to being part of the solution to controlled substance abuse as we prepare to enter the opioid marketplace.

Target for Luitpold Business

Realize rapid and sustainable growth with iron franchise and generic injectable franchise

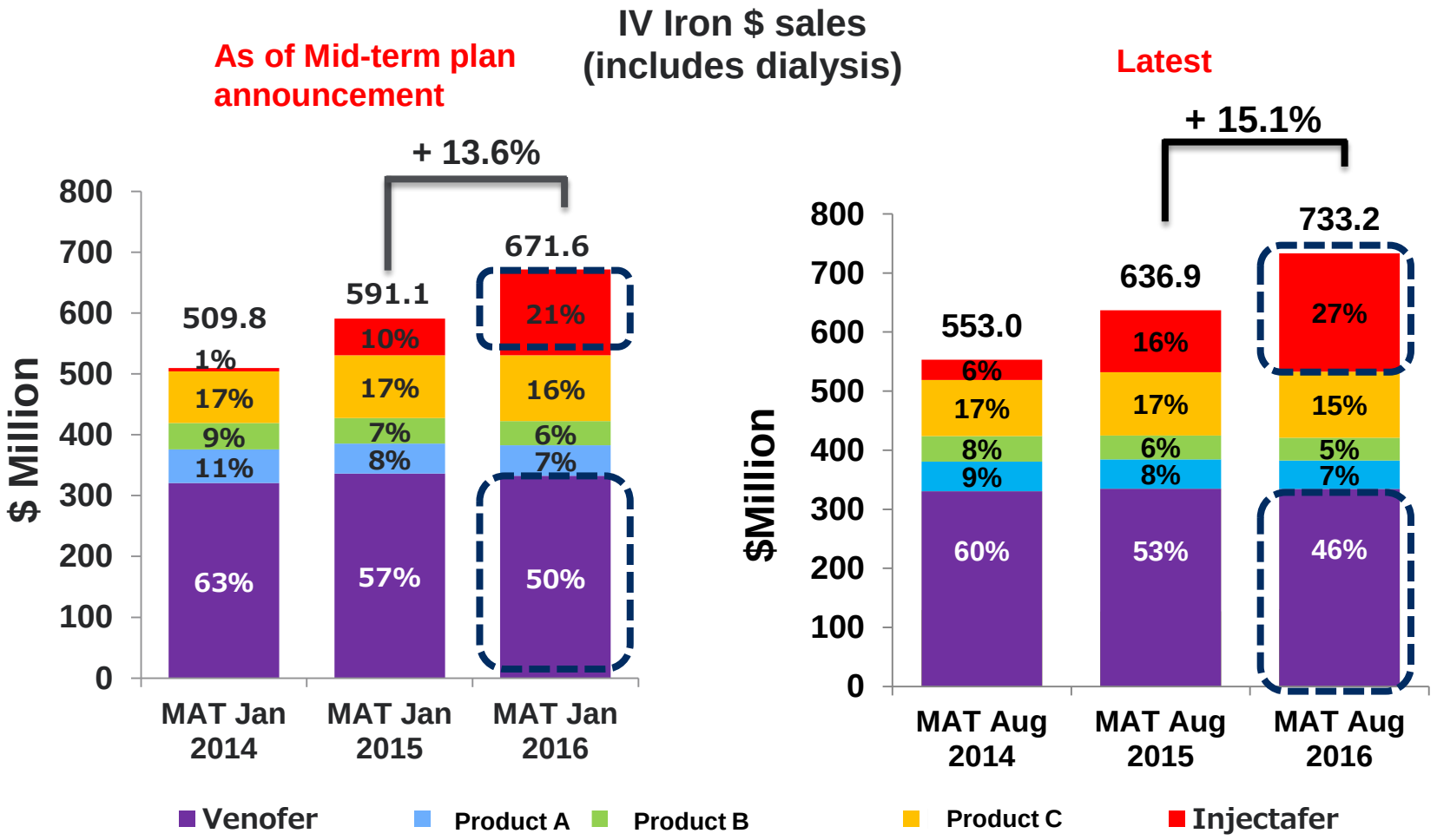
1.25 Bn USD
business in FY2020



- **Iron injectable franchise**
  - **Venofer**
  - **Injectafer**
- **Generic injectable franchise**

Growth of Injectafer

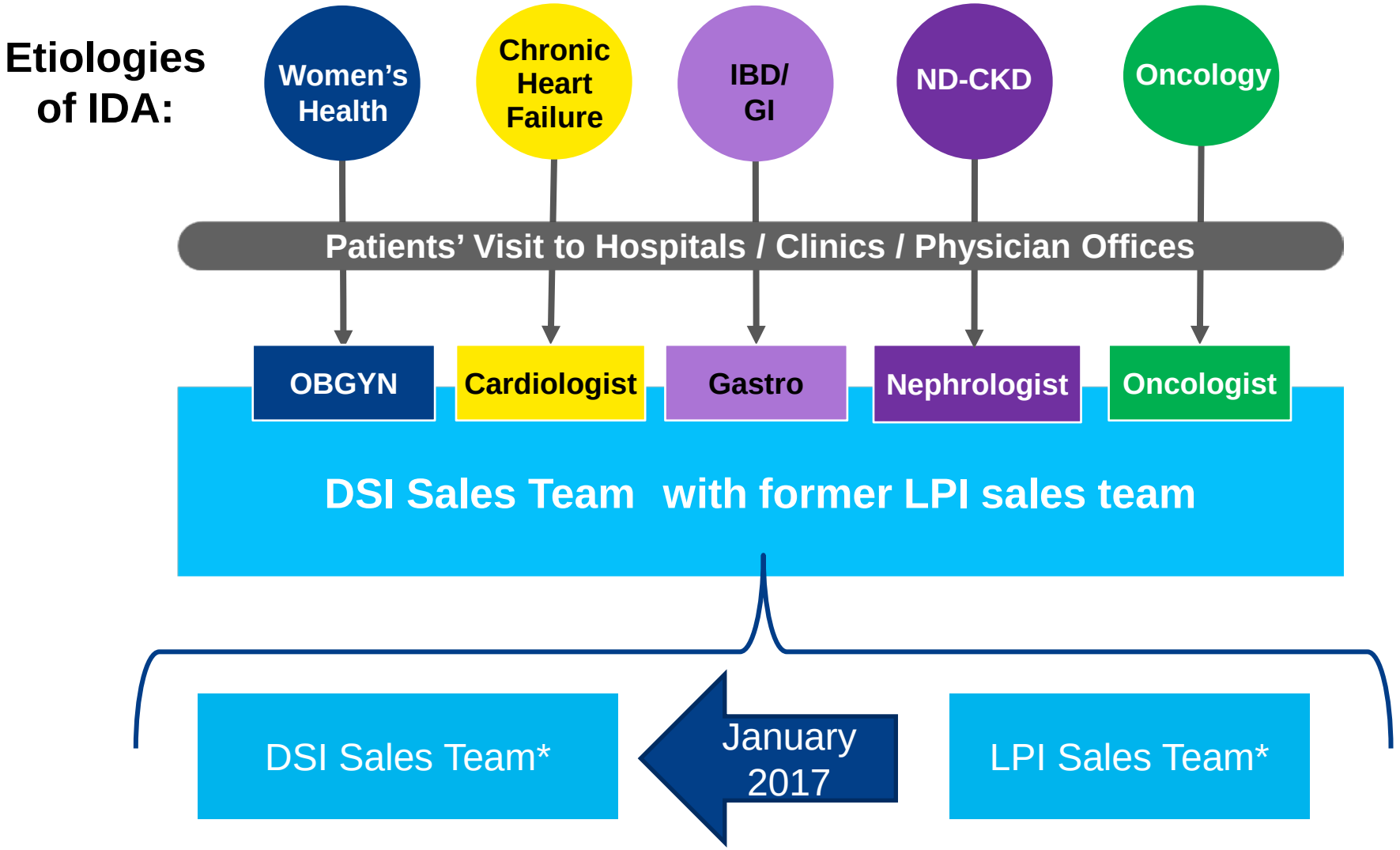
Injectafer* drives the growth of US IV Iron Market
Market share has reached 27% in terms of MAT



*Injectafer is not indicated for patients who are dialysis dependent . Copyright © 2016 QuintilesIMS. Reprinted with permission

Source: IMS National Sales Perspectives Jan 2016, Aug 2016 (includes all US IV Iron sales in all channels including dialysis chains)

New Promotion for Injectafer



*As of January 1, 2017, LPI sales teams has become DSI employees.

Progress of 5-Year Business Plan

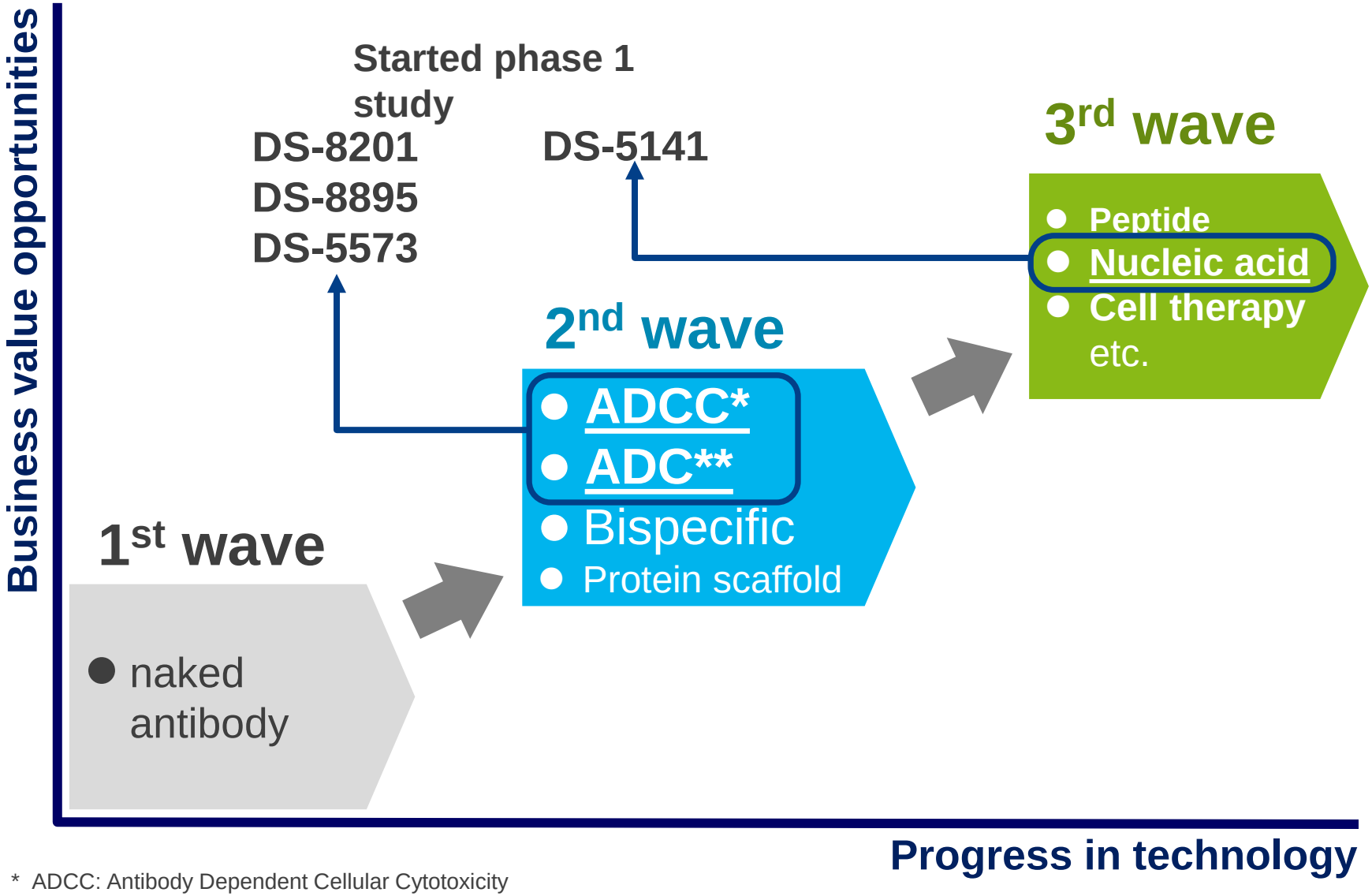
1) Grow Edoxaban

2) Grow as No.1 Company in Japan

3) Expand US Business

4) Continuously Generate Innovative Medicine: Change Standard of Care (SOC)

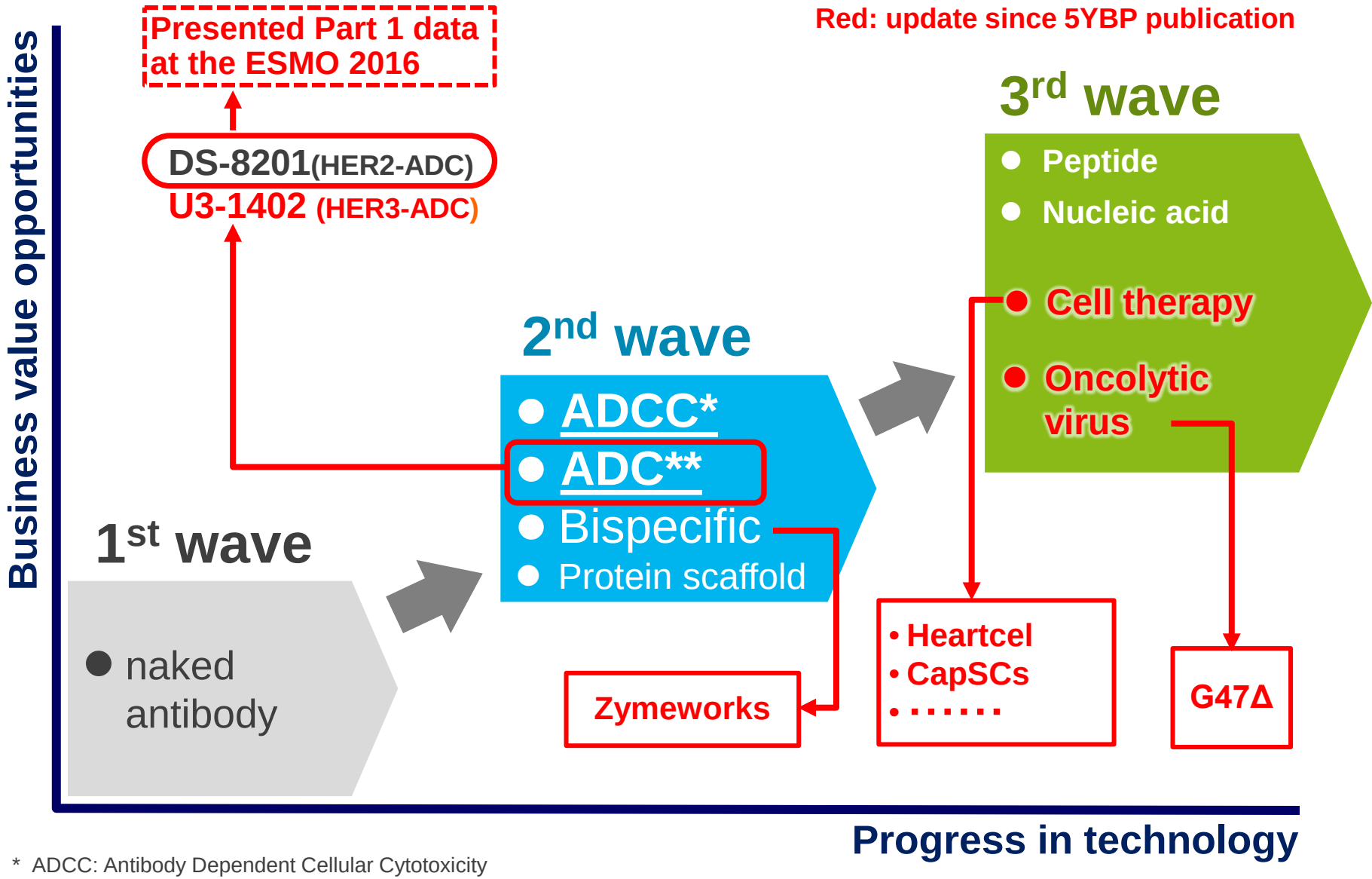
Scope for Innovative Technology



* ADCC: Antibody Dependent Cellular Cytotoxicity

**ADC: Antibody Drug Conjugate

Progress towards Clinical Application



* ADCC: Antibody Dependent Cellular Cytotoxicity

**ADC: Antibody Drug Conjugate

Agenda

- 2025 Vision and 5-Year Business Plan (5YBP)
- Progress of 5-Year Business Plan
- **Oncology R&D (Establish Oncology Business)**

Global Targets

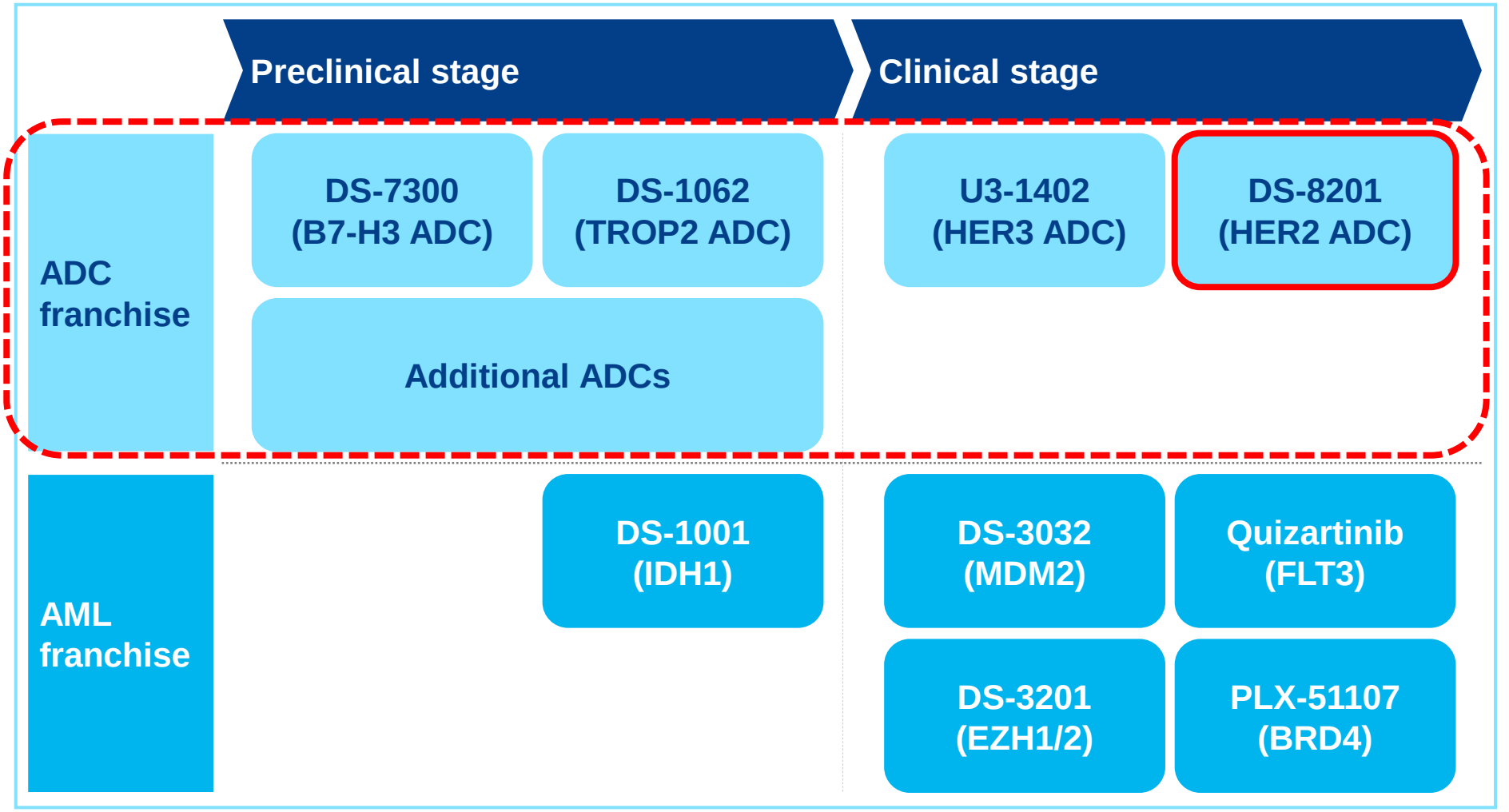
Revenue

FY2020: over 40.0 Bn JPY

FY2025: approx. 300.0 Bn JPY

- Establish oncology business by launching current late-stage pipeline
- Steadily drive development of early-stage pipeline
- Enrich pipeline by acquisition of external assets
- Accelerate oncology R&D through new R&D organization

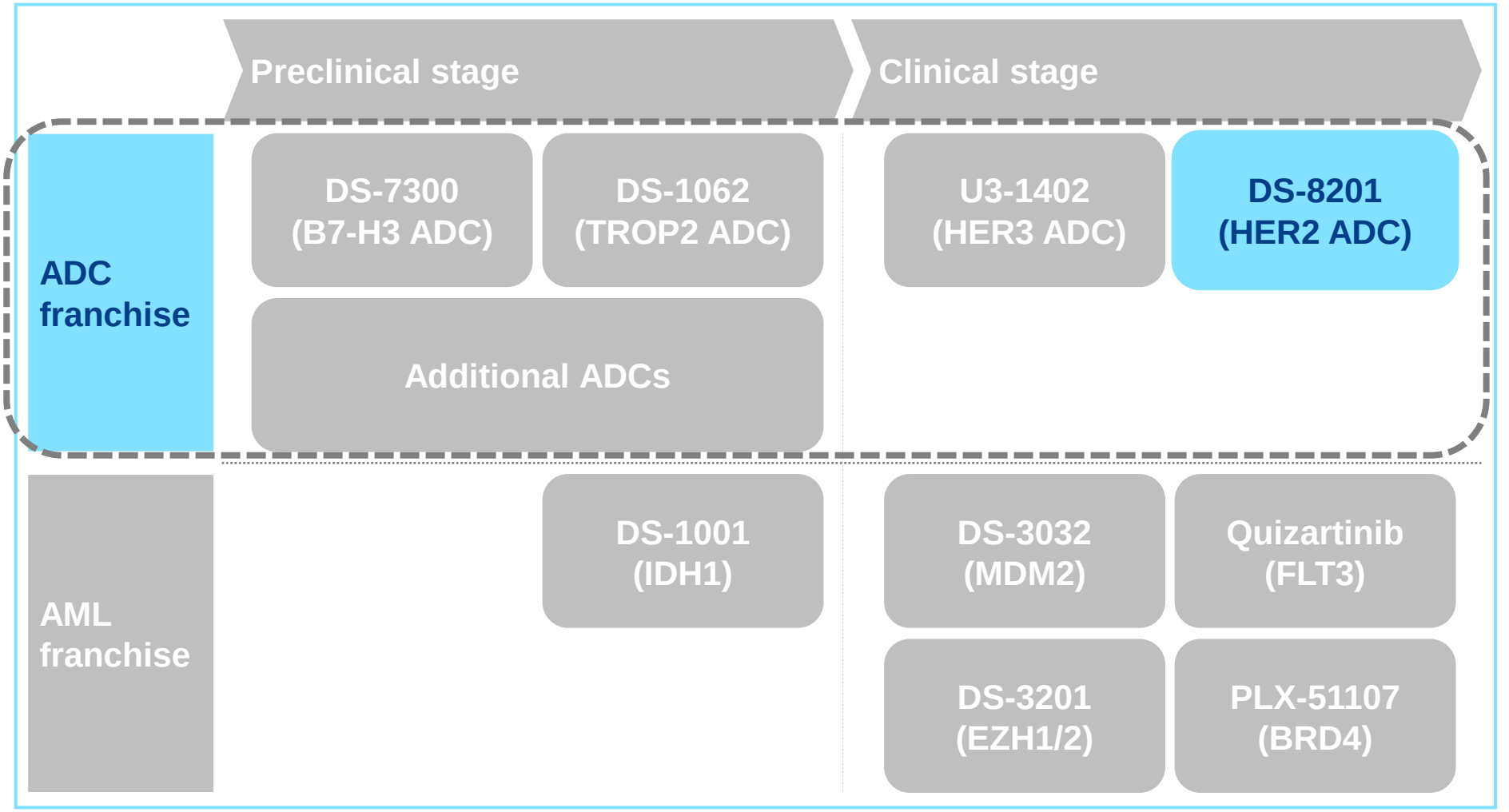
Two Oncology Franchises



As of December 2016

Note: Compounds under discussion are investigational agents and are not approved by the FDA or any other regulatory agency worldwide as a treatment for indications under investigation. Efficacy and safety have not been established in areas under investigation. There are no guarantee that these compounds will become commercially available in indications under investigation.

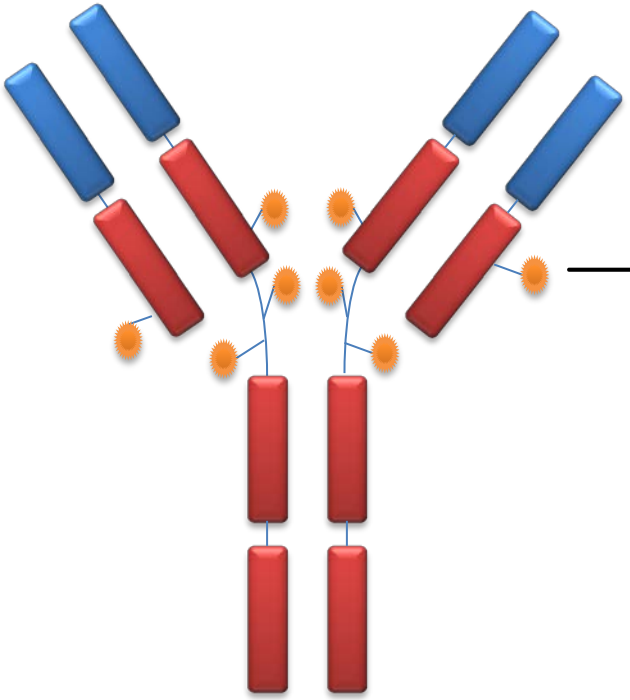
DS-8201 / ADC Franchise



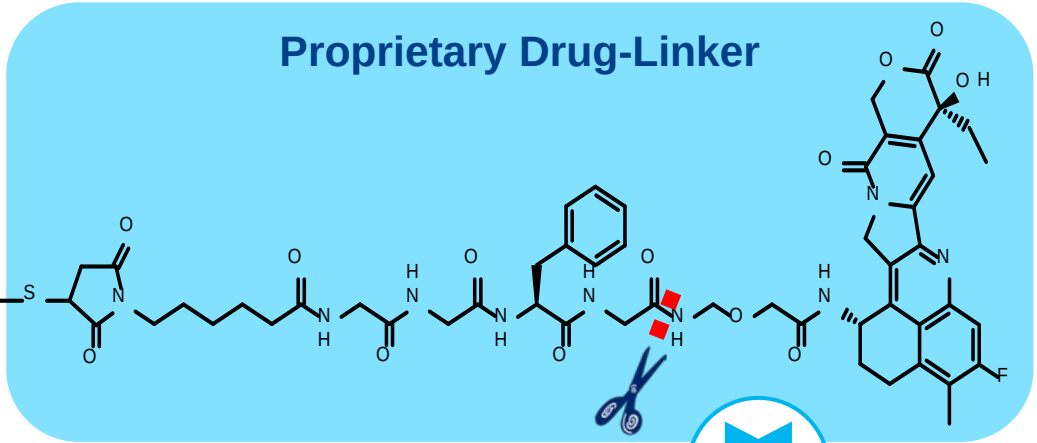
As of December 2016

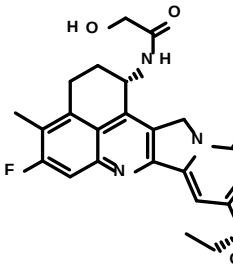
Note: Compounds under discussion are investigational agents and are not approved by the FDA or any other regulatory agency worldwide as a treatment for indications under investigation. Efficacy and safety have not been established in areas under investigation. There are no guarantee that these compounds will become commercially available in indications under investigation.

Unique Antibody-Drug Conjugate (ADC) Technology From our Japan Research Labs



Proprietary Drug-Linker





Proprietary payload (DXd)
Exatecan derivative

Broad platform potential

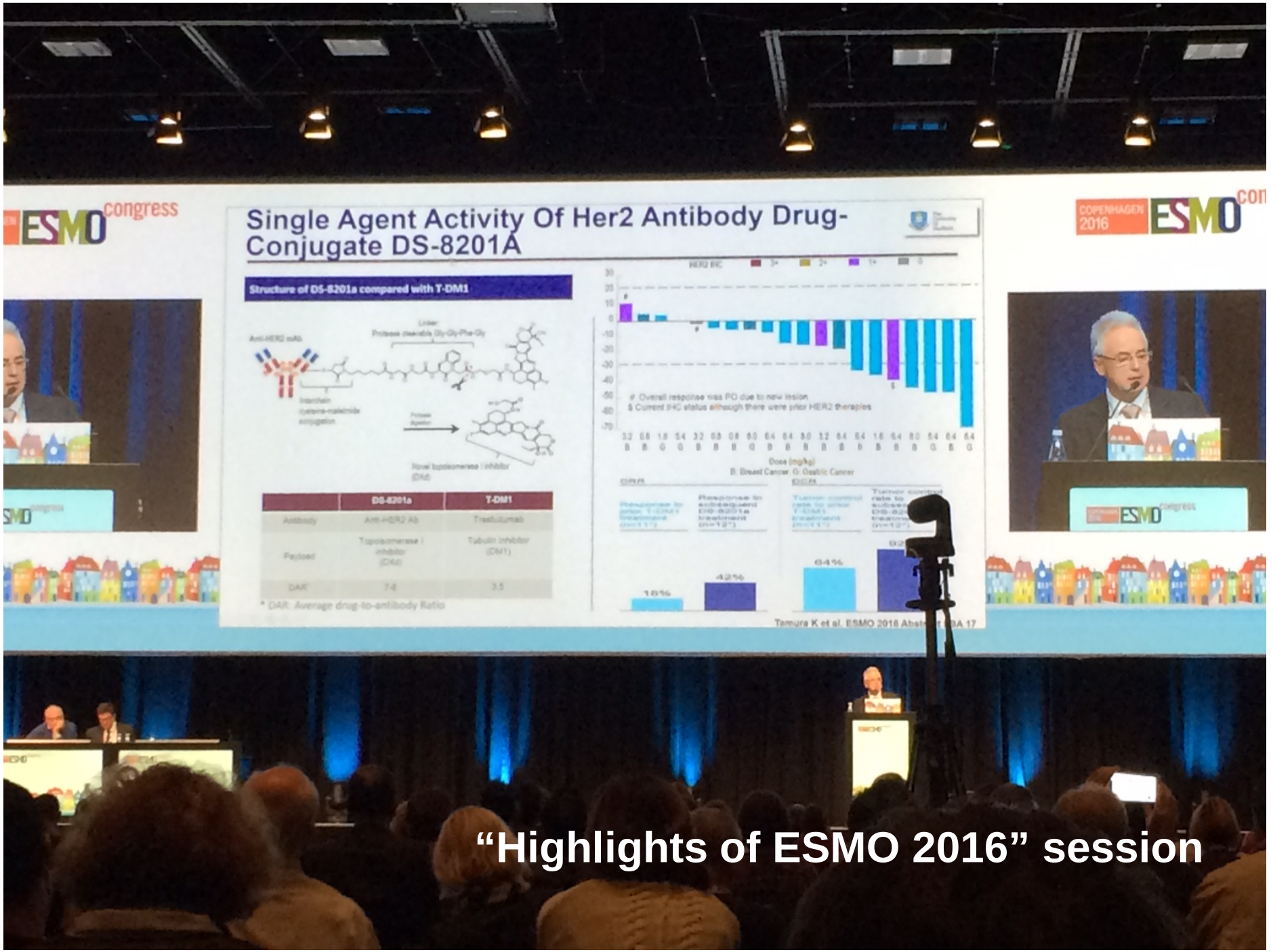
ADC Technology: Engineered to Improve on Prior Generation ADCs

Prior generation ADCs

- Limited drug-to-antibody ratio *(3.5-4)*
- Linker instability and lack of tumoral specificity result in toxicity
- Payload related to typical chemotherapy previously received

Our ADC technology

- Doubled drug-to-antibody ratio *(7-8)*
- High linker stability and more cancer-cell selective linker release
- Novel differentiated payload
  - Potent DNA topoisomerase I inhibitor
  - Effective in heterogeneous tumor microenvironment (bystander effect)
  - Very short systemic half-life



“Highlights of ESMO 2016” session

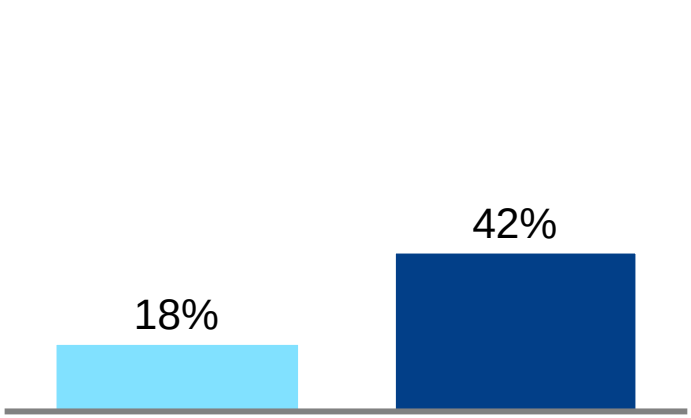
DS-8201: ESMO 2016 Data (1/2)

Response rate in T-DM1 resistant breast cancer patients (Phase 1)

ORR[1]

Prior T-DM1 treatment (n=11*)

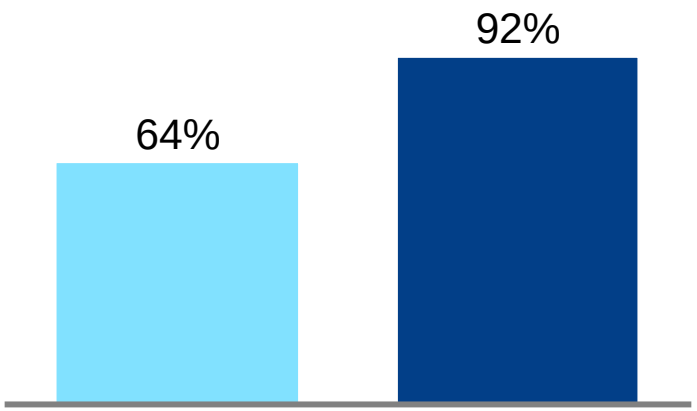
Subsequent DS-8201 treatment (n=12*)



DCR[2]

Prior T-DM1 treatment (n=11*)

Subsequent DS-8201 treatment (n=12*)



*1/12 subjects with no information of the best response on prior T-DM1 treatment

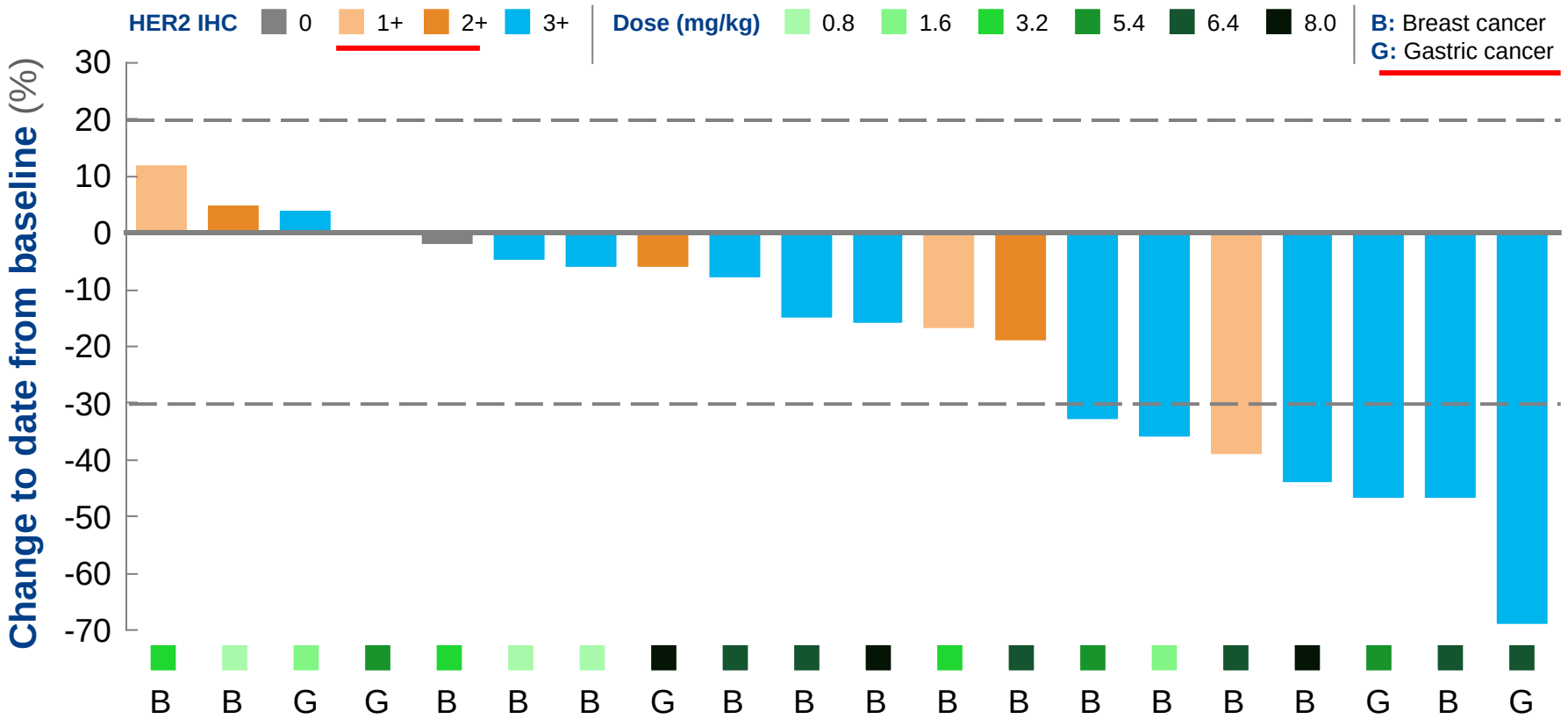
Strong response in ≥ 3rd line HER2+ breast cancer

1 Overall Response Rate = [Complete Response (CR) + Partial response (PR)]
2 Disease Control Rate = [Complete Response (CR) + Partial response (PR) + Stable Disease (SD)]

Source: Tamura-K *et al.*, abstract 4585 (LBA17), ESMO 2016

DS-8201: ESMO 2016 Data (2/2)

Best response to DS-8201 therapy, (Phase 1)



Potential across doses, HER2 status, and both breast and gastric cancers

Source: Tamura-K *et al.*, abstract 4585 (LBA17), ESMO 2016

DS-8201: Promising First-in-Human Trial Data

Daiichi-Sankyo cancerenterprise

Highlights
Presented at ESMO, October 2016

Well tolerated;
Maximum Tolerated Dose (MTD) not reached
No grade 4 AE

Robust anti-tumor activity in T-DM1 pre-treated breast cancer patients, gastric cancer, and HER2 low expression tumors

Anti-tumor activity at all doses tested

Current trial status

Late-stage HER2+ breast, gastric and other cancer, and low HER2 breast

77 Patients treated

10 Active sites in US & Japan

54 More subjects relative to ESMO data

U.S. FDA Fast Track designation for HER2+ metastatic breast cancer

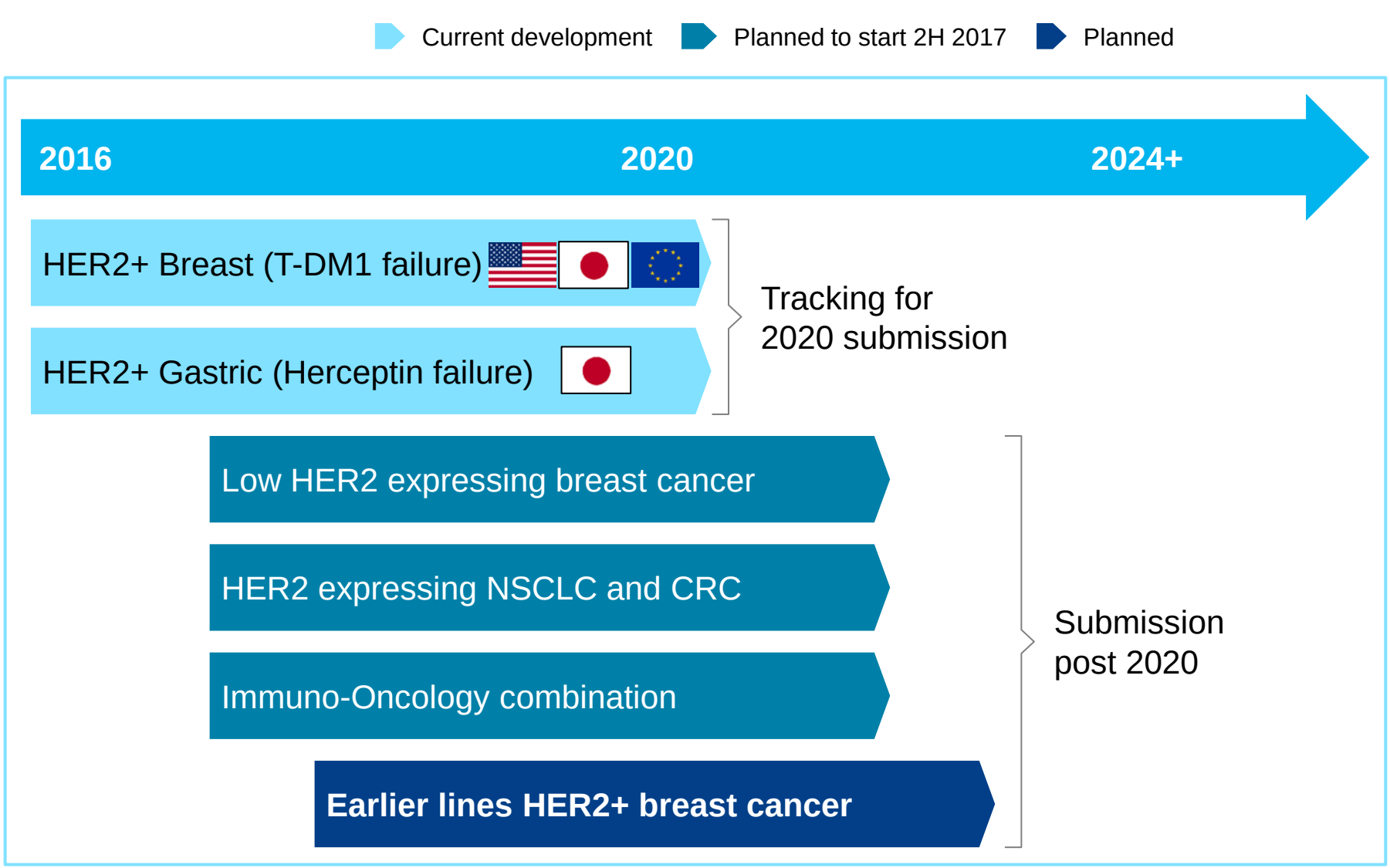
DS-8201: HER2-ADC with Potential to Address Significant Patient Unmet Needs

Unmet need in HER2+ cancers

T-DM1 resistant HER2+ breast cancer	**No**	approved HER2+ directed therapy
Herceptin resistant HER2+ gastric cancer	**No**	approved HER2+ directed therapy
HER2 low[1] expressing tumors	**No**	approved therapy indicated for HER2 low
Insensitivity to **checkpoint inhibitors** as monotherapy	**~20%**	response rate

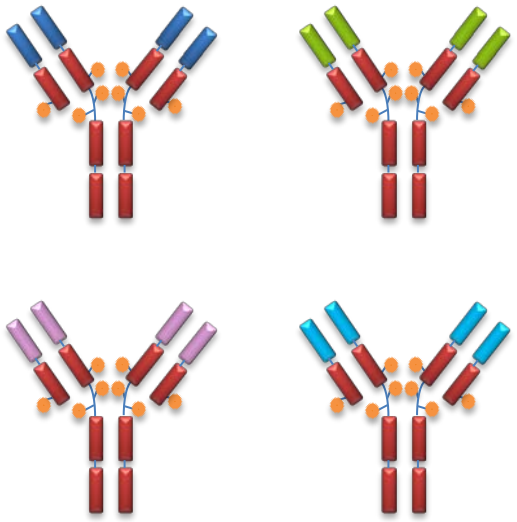
1 IHC1+ or IHC2+/FISH-

DS-8201: Development Scope



ADC Franchise: Expansion Strategy

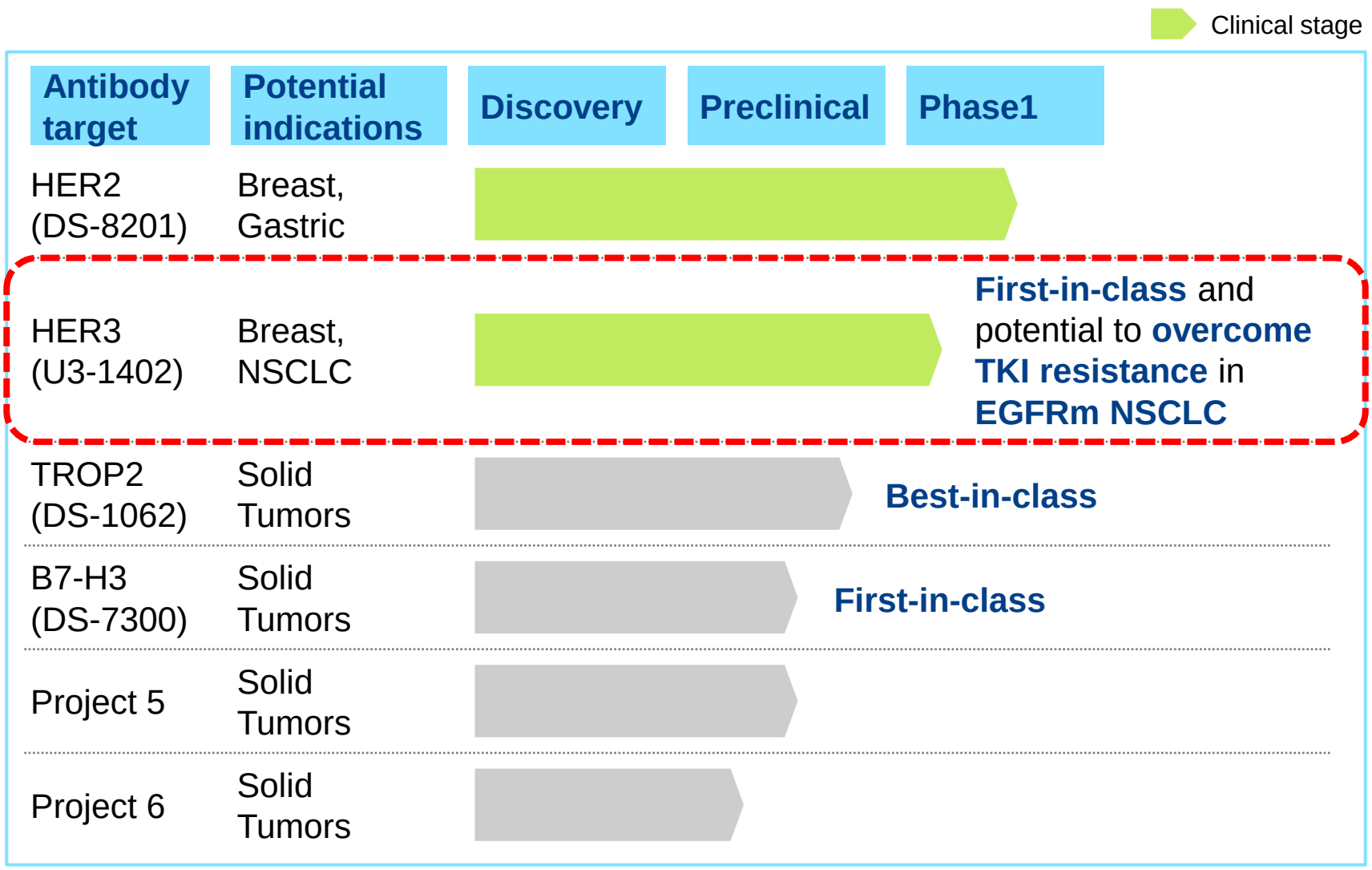
Our pipeline



Partnerships

ADC Franchise: Our Pipeline

Daiichi-Sankyo cancerenterprise



Note: Compounds under discussion are investigational agents and are not approved by the FDA or any other regulatory agency worldwide as a treatment for indications under investigation. Efficacy and safety have not been established in areas under investigation. There are no guarantee that these compounds will become commercially available in indications under investigation.

ADC Franchise: Partnerships

Daiichi-Sankyo cancerenterprise

Immuno-Oncology partnerships with our existing ADC assets

HER2-ADC

HER3-ADC

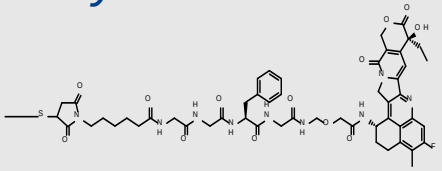
TROP2-ADC

B7-H3-ADC

I/O mechanisms (e.g., checkpoint inhibitors)

Partnerships to apply our ADC technology to **new antibodies and targets**

Our proprietary linker and novel payload



Additional targets

Care. Compassion. Science.
It's Our Obligation.

Contact address regarding this material

Daiichi Sankyo Co., Ltd.

Corporate Communications Department

TEL: +81-3-6225-1126

Email: DaiichiSankyoIR@daiichisankyo.co.jp