



Results Briefing

Performance Overview

Financial Results for the 3Q of FY2008
(Apr 1, 2008 – Dec 31, 2008)

Jan 30, 2009

Takashi Shoda, President & CEO



■ Inclusion of Ranbaxy into Daiichi Sankyo consolidated financial results

Transaction Closing Date	2008.11.07
Purchase date of record on consolidated accounting basis (Inclusion into B/S)	2008.10.01 (After capital investment on 2008.10.20)
Impact on B/S•P/L	B/S: Accounting of Goodwill P/L: Goodwill Write-down B/S•P/L: Goodwill Write-down

Daiichi Sankyo is currently conducting purchase price allocation of our investment in Ranbaxy based on fair value appraisal which will form the basis of the valuations included in our audited full-year FY2008 financial results.

Overview of Consolidated Financial Results for 3Q FY2008 (compared with 3Q FY2007)

(Billions of yen, ratio to sales)

	FY2007 3Q YTD Results (Apr-Dec)				FY2008 3Q YTD Results (Apr-Dec)			
	(1)	Non-Pharma Business	Impact of change in the accounting period (EU)	* Special Factors Excluded (2)	(3)	Goodwill Write-down on Ranbaxy	exc. Ranbaxy (4)	Real term Comparison (4)-(2)
Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	
	695.8	25.4	14.1	656.3	627.6		627.6	-28.7
Cost of Sales	26.1%	89.2%	25.7%	23.7%	24.0%		24.0%	
	181.7	22.7	3.6	155.5	150.8		150.8	-4.7
SG&A expenses	34.5%	11.5%	58.7%	34.9%	39.8%	5.5	38.9%	15.0
	240.3	2.9	8.3	229.1	249.6		244.1	
R&D expenses	16.8%	2.7%	2.3%	17.7%	20.6%		20.6%	
	117.0	0.7	0.3	116.0	129.2		129.2	13.2
Total Expense	51.4%	14.3%	61.0%	52.6%	60.4%	5.5	59.5%	28.2
	357.3	3.6	8.6	345.1	378.8		373.3	
Operating Income	22.5%	-3.4%	13.3%	23.7%	15.6%	-5.5	16.5%	-52.2
	156.8	-0.9	1.9	155.8	98.1		103.5	
Ordinary Income	23.9%	-3.4%	15.4%	25.1%	14.8%	-5.5	15.7%	-66.1
	166.0	-0.9	2.2	164.8	93.2		98.7	
Net Income	13.9%	-6.3%	14.3%	14.6%	-47.5%	-359.5	9.8%	-34.3
	96.4	-1.6	2.0	96.0	-297.8		61.7	

* Figures of non-pharmaceutical subsidiaries spun off, and the effect of change in the accounting periods of EU subsidiaries are considered as special factors. In order to compare the results in the real term, figures excluding such factors are shown as "Special Factors Excluded."

3

 Daichi-Sankyo

Consolidated Financial Results for 3Q FY2008 (YOY real term comparisons)

1. Net Sales **¥627.6B** (-4.4%, -¥28.7B)

- Increase in sales volumes centering on Olmesartan was offset by impact of yen appreciation, NHI drug price revision and return of rights, etc
 - Olmesartan (+¥17.9B)
 - Evista (+¥6.9B)
 - Loxonin (+¥4.2B)
 - Venofer (+¥2.2B)
 - Pravastatin (-¥11.8B)
 - Levofloxacin (-¥10.0B)
 - Ofloxacin (-¥5.7B)
 - Panaldine (-¥4.3B)
 - Return of rights (-¥11.0B)
 - Others

2. Operating Income **¥103.5B** (-33.5%, -¥52.2B)

- Reflecting ¥28.7B fall in net sales, gross profit declined by ¥24.0B (Cost-to-sales ratio 23.7→24.0%)
- SG&A (+¥15.0B)
 - Expansion of overseas sales & marketing bases (+¥9.6B)
 - Pension costs (parent) (+¥5.5B)
 - U3 Pharma goodwill amortization (+¥2.5B)
- R&D Expenses (+¥13.2B)
 - Higher alliance expense (ArQule)
 - Progress in development (Denosumab, CS-8958 etc)

3. Ordinary Income **¥98.7B** (-40.1%, -¥66.1B)

- Ordinary income decline ¥13.9B wider than operating income
 - Decrease in average balance of securities investments & in rate of return from investments at overseas subsidiaries (-¥2.7B)
 - Non-operating expenses rise (+¥12.2B) valuation loss on US subsidiary synthetic stock options, forex losses

4

 Daichi-Sankyo

Overview of Consolidated Forecasts for FY2008

(Billions of yen, ratio to sales)

	FY2008 Full year forecast						from Oct. forecast
	Revised Forecast (October) (1)	Latest Forecast (2009-Jan)				Change	
			Ranbaxy Oct-Dec Forecast (US GAAP)	Goodwill Write-down on Ranbaxy	exc. Ranbaxy (2)		
Net Sales	100.0% 840.0	100.0% 850.0	100.0% 40.0		100.0% 810.0	-24.0	-30.0
Cost of Sales	24.4% 205.0	25.5% 217.0	52.5% 21.0		24.2% 196.0	-7.0	-9.0
SG&A expenses	39.9% 335.0	41.7% 354.5	38.8% 15.5	11.0	40.5% 328.0	14.5	-7.0
R&D expenses	21.4% 180.0	21.0% 178.5	6.3% 2.5		21.7% 176.0	13.6	-4.0
Total Expense	61.3% 515.0	62.7% 533.0	45.0% 18.0	11.0	62.2% 504.0	28.2	-11.0
Operating Income	14.3% 120.0	11.8% 100.0	2.5% 1.0	-11.0	13.6% 110.0	-45.1	-10.0
Ordinary Income	13.5% 113.0	8.1% 69.0	-62.5% -25.0	-11.0	13.0% 105.0	-62.1	-8.0
Net Income	7.7% 65.0	-37.2% -316.0	-27.5% -11.0	-365.0	7.4% 60.0	-35.1	-5.0

* Year on year rates are real term comparison excluding the extra 3 months of EU subsidiaries in FY2007.

5

 Daiichi-Sankyo

MEMO

6

 Daiichi-Sankyo

Trend of Major Products

(Billions of yen)

		FY2007 3Q YTD Results	FY2008 Forecasts			FY2008 3Q YTD Results (Apr-Dec)			
			Revised Forecast (Oct.)	Latest Forecast	from Oct. Forecast	3Q Results		Change	
						Proceed	simple comparison	Real term Comparison	
GLOBAL	Olmesartan antihypertensive	150.7	218.0	212.5	-5.5	162.2	76.3%	11.5	17.9
	Levofloxacin synthetic antibacterial agent	85.1	102.0	99.5	-2.5	75.1	75.5%	-10.0	-10.0
	Pravastatin antihyperlipidemic agent	61.9	60.5	60.5	0.0	48.5	80.2%	-13.4	-11.8
Japan	Calblock antihypertensive	7.8	14.0	13.0	-1.0	9.4	72.1%	1.5	1.5
	Artist antihypertensive	16.5	22.0	23.0	1.0	17.0	73.9%	0.5	0.5
	Kremezin treatment for chronic renal failure	9.7	14.0	14.0	0.0	9.9	70.9%	0.2	0.2
	Loxonin anti-inflammatory analgesic	26.2	40.0	41.0	1.0	30.4	74.1%	4.2	4.2
	Omnipaque contrast agent	25.1	29.0	29.0	0.0	22.6	77.9%	-2.6	-2.6
	Urief treatment for dysuria	4.0	8.5	8.5	0.0	5.7	66.9%	1.7	1.7
	Venofer treatment for iron deficiency anemia	23.0	30.5	31.5	1.0	25.2	79.9%	2.2	2.2
U.S.	Welchol antihyperlipidemic agent / treatment for type 2 diabetes	17.6	26.0	25.0	-1.0	19.2	76.7%	1.5	1.5

* Accounting period of European subsidiaries in FY2007 3Q were 12 months from Jan-07 to Dec-07 following the change in fiscal year-end.
Figures excluding the extra three months sales are shown for Real term Comparison.

7

 Daiichi-Sankyo

Trend of Major Products (Local Currency Basis)

		FY2007 3Q YTD Results	FY2008 3Q YTD Results		
			3Q YTD Results	Change	
				Real term Comparison	Real term Comparison
Daiichi Sankyo, Inc. <US> (Mil \$)	Benicar/Benicar HCT	585	659	74	12.7%
	Azor	16	62	46	288.0%
	Welchol	150	186	36	24.0%
Daiichi Sankyo Europe GmbH (Mil euro)	Olmetec/Olmetec Plus	190	184	35	23.3%
	Sevikar	0	9	9	-
Luitpold Pharmaceuticals, Inc. <US> (Mil \$)	Venofer	196	245	49	25.0%

* Accounting period of European subsidiaries in FY2007 3Q were 12 months from Jan-07 to Dec-07 following the change in fiscal year-end.
Figures excluding the extra three months sales are shown for Real term Comparison.

8

 Daiichi-Sankyo

For Reference: Ranbaxy Results (Based on Indian GAAP)

(Millions of US dollars, ratio to sales)

	2007 Results audited		2008 Results non-audited	
	Oct-Dec	Jan-Dec '07	Oct-Dec	Jan-Dec '08
Net Sales	100.0%	100.0%	100.0%	100.0%
	451	1,619	387	1,667
EBT (Earnings Before Taxes)	13.1%	14.9%	-62.5%	-19.2%
	59	242	-242	-320
EBT without special factors				
	36	112	41	131

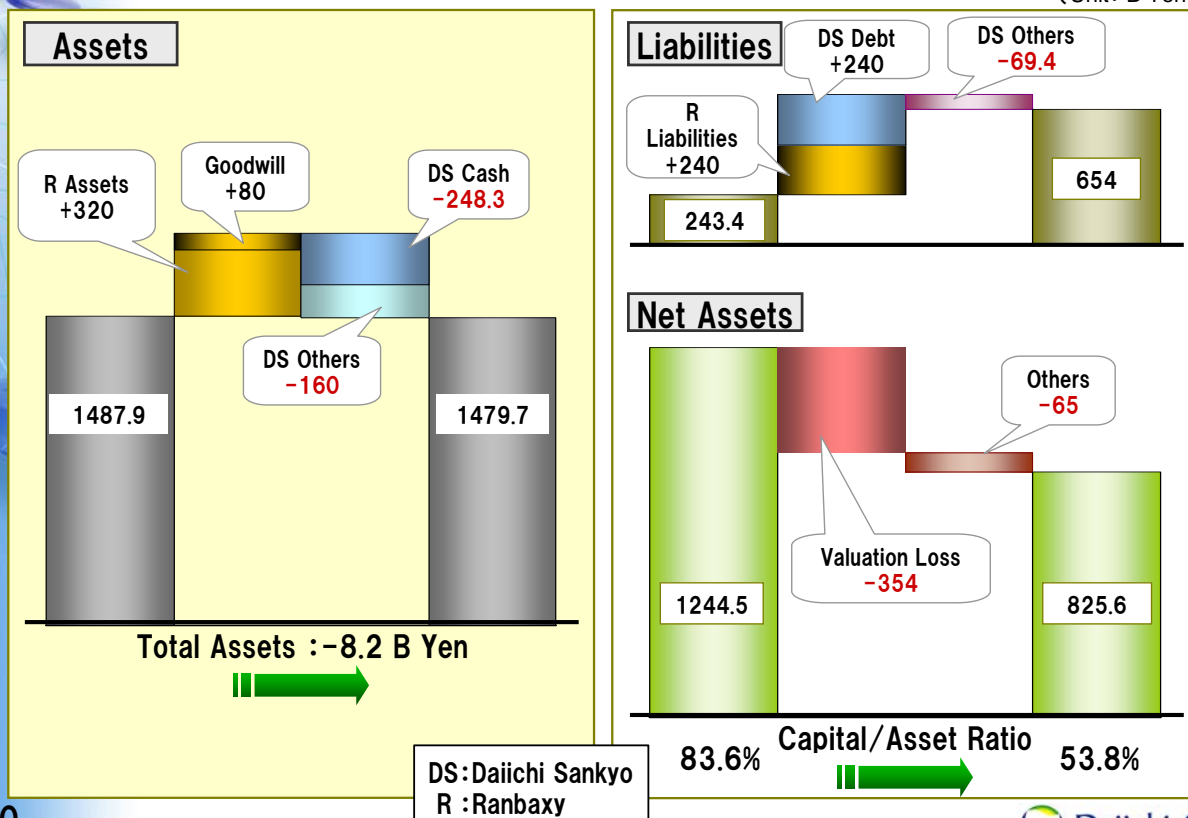
- Excluding special factors such as currency fluctuations, Ranbaxy maintained earnings growth

9

 Daichi-Sankyo

Balance Sheet Analysis

(Unit: B Yen)



10

 Daichi-Sankyo

R&D Pipeline (Update from October 2008)

■ New additions

- ARQ 197
- ▶ c-Met Inhibitor (P2)

■ Progress on Development Phases

- Sevikar (Eur)
- ▶ Olmesartan/Amlodipine combination (Submission→launched)
- CS-866AZ (Japan)
- ▶ Olmesartan/Azelinidipine combination (P3→Submission)
- Silodosin (China)
- ▶ Treatment for dysuria (P3→Submission)
- DU-176b (Global)
- ▶ Blood coagulation factor Xa inhibitor (P2→P3)
- CS-8958 (Japan)
- ▶ Anti-influenza (P2→P3)
- CS-7017 (US)
- ▶ Anti-tumor PPAR gamma activator (P1→P2)
- Act-Hib (Japan)
- ▶ Act-Hib (Approval→launched)
- Kuban (Eur)
- ▶ Sapropterin (BioMarine: Submission→Approval)

■ Discontinued Projects

- CS-8080
- ▶ Treatment for arteriosclerotic disease
(did not meet the expected criteria in clinical trial stage)
- CS-088
- ▶ Olmesartan glaucoma
(did not meet the expected criteria in clinical trial stage)

11

 Daiichi-Sankyo

Prioritized R&D project 1) Effient/Efient

■ ACS-PCI

(Acute Coronary Syndrome-Percutaneous Coronary Intervention)

USA Feb-3th, 2009

Cardiovascular and Renal Drug **Advisory Committee** Meeting

Europe Dec-18th, 2008

CHMP (European Committee for Medicinal Products for Human Use)
recommend approval of Prasugrel NDA

■ ACS-MM

(Medically Managed without a planned artery-opening procedure)

June 2008 Start of Phase3

12

 Daiichi-Sankyo

Prioritized R&D project 2) DU-176b

■ VTE (Prevention of venous thromboembolism)

P2b study: completed

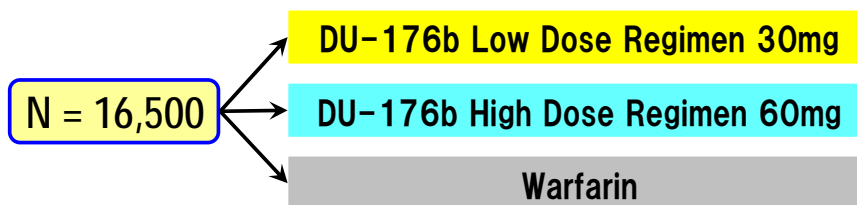
P3 study: planned

■ AF (Prevention of thromboembolic events in patients with non-valvular atrial fibrillation)

Completed strict dose-finding studies and began phase 3 studies from November 2008

➤ comparative drug: Warfarin

➤ once daily



13

Daiichi-Sankyo

Daiichi Sankyo R&D Pipeline

	Phase 1	Phase 2	Phase 3	Application
Cardiovascular diseases	- DB-772d	- Olmetec/diuretic Combo (#)	- <u>DU-176b</u> - <u>Prasugrel (ACS-MM)</u> - <u>CS-8635</u> - Olmetec additional indication (#) <Diabetic nephropathy>	- <u>Prasugrel (ACS-PCI)</u> - Olmetec/Calblock Combo (#)
Glucose metabolic disorders	- CS-1036 (#)		- Rivoglitazone	
Infectious diseases			- Levofloxacin inj (#) - CS-8958	- Levofloxacin high-dose (#)
Malignant neoplasm	- U3-1287	- Nimotuzumab (#) - CS-1008 - ARQ 197 - CS-7017		
Immunological allergic diseases	- CS-0777	- SUN 13834		
Bone / joint diseases			- <u>Denosumab (#)</u> - Loxonin gel (#)	
Others		- Human ghrelin	- Memantine hydrochloride (#)	- Feron/Ribavirin combination therapy (#) - Silodosin
Total	4	7	10	5

- Only the most advanced stages are described for the projects under global development
- Projects with highest priority are underlined (blue)
- # : Developed only in JPN

14

Daiichi-Sankyo

The Potential of India



R & D

- Highly Educated and Trained Researchers
- Government Incentives
- Developed Clinical Research Environment

Market potential

- Advanced IP Standards
- Rapid Economic Growth
- Increasing Population



Cost Advantage

- Leading Manufacturing Technologies
- Highly Skilled Workforce

15

Evolution of hybrid business model

- Hybrid Business Model adding new perspectives to the traditional business model
- **Monolithic governance/independent operation: senior global management**

Opportunity finding through Ranbaxy's eye



RANBAXY
LABORATORIES LIMITED

Opportunity finding through Daiichi Sankyo's eye

16

Daiichi Sankyo Briefings

	Date (JST)
R&D Meeting	March 31, 2009 14:00-16:00 at Keidanren Kaikan
Financial results for FY2008	Filing to TSE: May 12, 13:00 Meeting for Media: May 13, 2009, 13:00 Meeting for Investor/analyst: May 13, 2009, 15:00

MEMO

Contact address regarding this material

DAIICHI SANKYO CO., LTD.
Corporate Communications Department

TEL: +81-3-6225-1126

FAX: +81-3-6225-1132

Each numerical value regarding the future prospect in this material is derived from our judgment and assumptions based on the currently available information and may include risk and uncertainty. For this reason, the actual performance data, etc. may differ from the prospective value.