

Results Briefing

Results for Q3 FY2010

(April 1 – December 31, 2010)

January 31, 2011

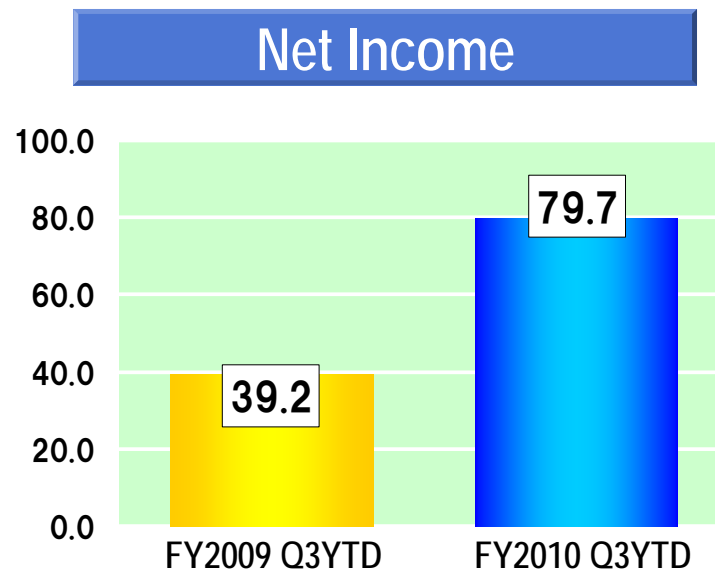
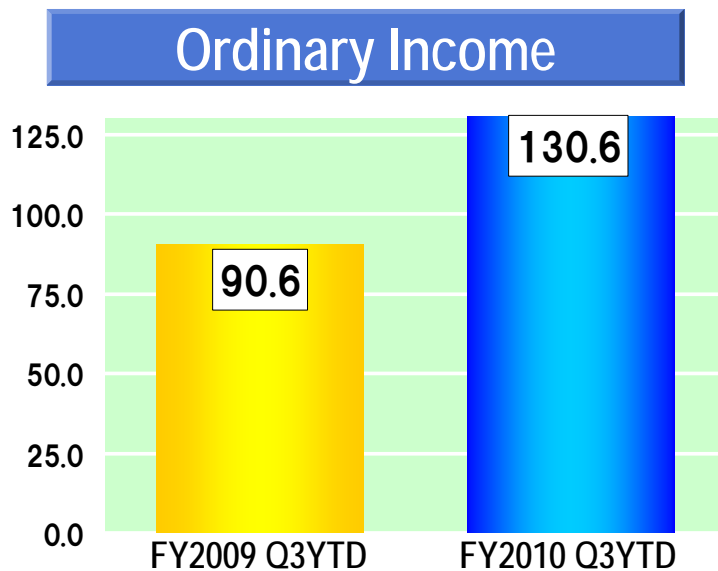
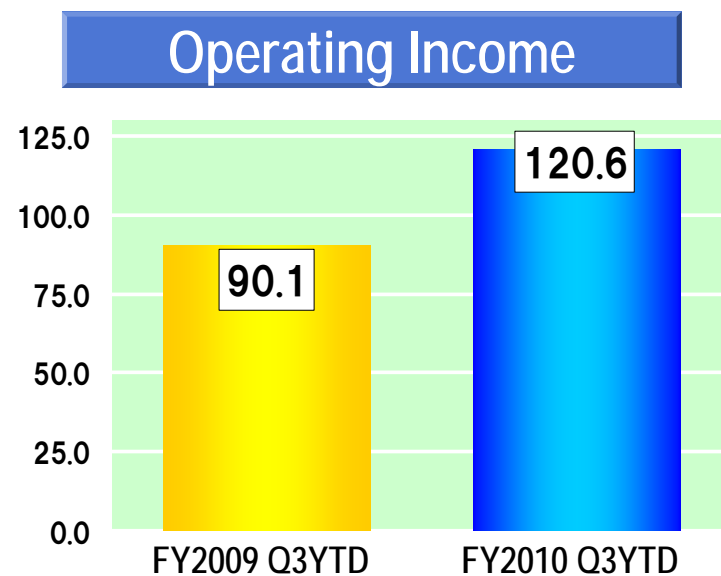
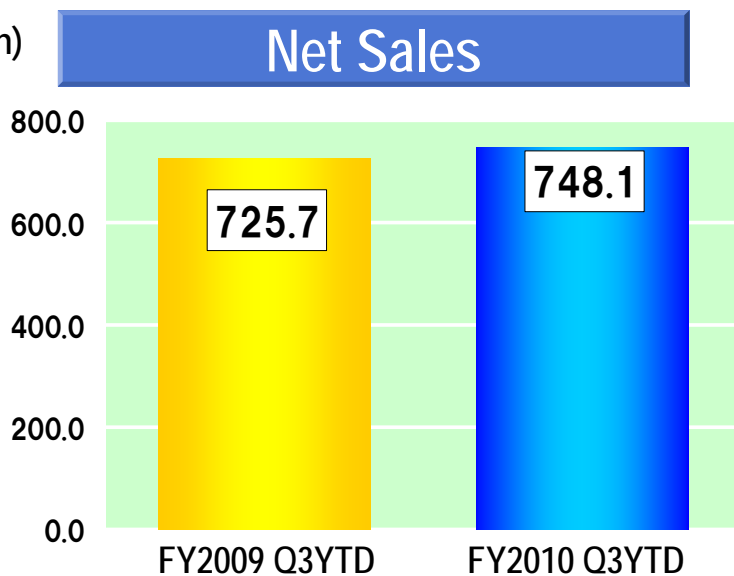
Manabu Sakai, Executive Officer



Results Overview

Overview of FY2010 Q3 YTD Results

(Billions of yen)



Overview of FY2010 Q3 YTD Results - compared with FY2009 Q3 YTD -

(Billions of yen, ratio to sales)

	FY2009 Q3 YTD Results (1)	FY2010 Q3 YTD Results (2)	YoY (2)-(1)
Net Sales	100.0% 725.7	100.0% 748.1	22.4
Cost of Sales	29.3% 212.7	28.5% 213.1	0.4
SG&A expenses	38.8% 281.2	36.4% 272.0	-9.2
R&D expenses	19.5% 141.7	19.0% 142.3	0.6
Total Expense	58.3% 422.9	55.4% 414.4	-8.6
Operating Income	12.4% 90.1	16.1% 120.6	30.6
Ordinary Income	12.5% 90.6	17.5% 130.6	40.0
Net Income	5.4% 39.2	10.6% 79.7	40.4

Ranbaxy		YoY (4)-(3)
2009 Jan-Sep Results (3)	2010 Jan-Sep Results (4)	
100.0% 102.2	100.0% 134.2	32.0
56.2% 57.4	43.8% 58.7	1.4
38.0% 38.8	29.6% 39.7	0.9
6.7% 6.8	6.9% 9.2	2.4
44.6% 45.6	36.4% 48.9	3.3
-0.8% -0.8	19.8% 26.6	27.4
-2.1% -2.1	25.9% 34.7	36.8
-2.9% -2.9	19.9% 26.7	29.6

Note: Figures of Ranbaxy are pre-adjusted before consolidation

Year-on-Year Comparisons

1. Net Sales ¥748.1 billion (+¥22.4 billion, +3.1%)

■ Positive factors

- Ranbaxy contribution centering on Valacyclovir (+¥31.8 billion)
- Olmesartan (+¥6.8 billion)
- Loxonin (+¥4.5 billion)
- Milestone payment received on the approval of Denosumab in Europe

■ Negative factors (including forex impact of around ¥23.0 billion)

- Levofloxacin (-¥13.5 billion)
- Pravastatin (-¥9.3 billion)

2. Operating Income ¥120.6 billion (+¥30.6 billion, +33.9%)

■ Factors

- Ranbaxy (+¥27.4 billion)
Sales boost contributed to growth in operating income
- Daiichi Sankyo (+¥2.1 billion)
SGA reduction off-set de-growth in sales

3. Ordinary Income ¥130.6 billion (+¥40.0 billion, +44.1%)

- Factors: ¥9.4 billion improvement in Ranbaxy-related non-operating items
 - Non-operating income (-¥1.5 billion)
 - Non-operating expenses (-¥10.9 billion)
 - Ranbaxy-related (-¥9.9 billion) forex losses, etc.

4. Net Income ¥79.7 billion (¥40.4 billion, +103.0%)

- Extraordinary income (+¥4.7 billion)
 - Gains on sales of non-current assets and investment securities, etc.
- Extraordinary losses (+¥4.8 billion)
 - Loss on valuation of investment securities and stocks of subsidiaries / affiliates, etc.
- Income taxes (-¥10.1 billion)
 - FY2009: High tax-rate from non-application of R&D tax credits and amendment of income taxes for FY08
 - FY2010: Deferred tax accounting applied to loss carried forward taken over through Asubio reorganization
- Minority interests (+¥9.5 billion) Ranbaxy-related

FY2010 Revised Forecast

(Billions of yen, ratio to sales)

	FY2010 Forecast (Oct-2010)	FY2010 Forecast (Jan-2011)	Change	Remarks
Net Sales	100.0% 980.0	100.0% 965.0	-15.0	Performance of certain overseas subsidiaries and OTC business below expectation
Cost of Sales	29.8% 292.0	29.0% 280.0	-12.0	
SG&A expenses	38.6% 378.0	38.4% 371.0	-7.0	
R&D expenses	21.4% 210.0	20.1% 194.0	-16.0	
Total Expense	60.0% 588.0	58.5% 565.0	-23.0	Delay in R&D expense implementation
Operating Income	10.2% 100.0	12.4% 120.0	20.0	
Ordinary Income	10.2% 100.0	13.0% 125.0	25.0	
Net Income	5.6% 55.0	7.3% 70.0	15.0	

Status of Major Business Units

(Billions of yen)

	FY2010 Sales		
	Q3 YTD Results	Full Year Forecast	Progress
Daiichi Sankyo Co., Ltd. Total Net Sales of Ethical Pharmaceuticals	325.1	415.0	78.3%
Daiichi Sankyo Healthcare Co., Ltd. (DSHC)	34.2	48.5	70.5%
Daiichi Sankyo, Inc. (DSI)	102.1	145.0	70.4%
Luitpold Pharmaceuticals, Inc. (LPI)	39.9	47.0	84.9%
Daiichi Sankyo Europe GmbH (DSE)	49.5	75.5	65.6%
Asia, South and Central America (ASCA)	19.8	28.0	70.7%
Ranbaxy Laboratories Limited (RLL)	134.0	165.0	81.2%

Note: We do not revise forecast by specific business units.

Sales of Major Products

(Billions of yen)

			FY2010 Sales				
			Q3 YTD Results	Progress *1	YoY	Full Year Forecast	YoY
GLOBAL	Olmesartan	antihypertensive	186.8	75.0%	6.8	260.0	21.7
	Levofloxacin	synthetic antibacterial agent	51.9	75.7%	-13.5	70.0	-17.2
	Pravastatin	antihyperlipidemic agent	35.3	81.0%	-9.3	44.0	-11.0
	Prasugrel	antiplatelet alliance revenue *2	3.3	-	-	-	-
Japan	Calblock	antihypertensive	11.0	78.7%	0.2	14.0	0.3
	Artist	antihypertensive	18.3	81.2%	0.0	22.5	-0.8
	Kremezin	treatment for chronic renal failure	10.7	82.0%	0.1	13.0	-0.3
	Loxonin	anti-inflammatory analgesic	41.5	81.4%	4.5	51.0	4.0
	Omnipaque	contrast agent	19.5	85.0%	-2.3	23.0	-4.3
	Urief	treatment for dysuria	7.7	67.1%	0.7	11.5	2.5
U.S.	Venofer	treatment for iron deficiency anemia	22.0	84.6%	-2.1	27.0	-5.2
	Welchol	antihyperlipidemic agent / treatment for type 2 diabetes	22.2	81.2%	1.5	28.5	1.0

Note: We do not revise forecast by product line.

*1 We have excluded forex factors from progress rates for global and overseas products.

*2 We do not disclose forecast of prasugrel.

R&D Pipeline Update

Movement since October 2010 update

■ Stage progress

● Application → Approval

- SUN Y7017: Memantine, alzheimer's type dementia (JPN)
 - Brand name: Mema[®] tablets
- CS-8635: Triple combo antihypertensive (Olmesartan, Amlodipine, and Hydrochlorothiazide) (EU)
 - Brand name: Sevika[®] HCT

● Phase II → Phase III

- ARQ 197: c-Met inhibitor (US/EU)
- CS-747: Prasugrel, ACS-PCI (JPN)

■ Newly added

● Phase II

- AMG 162: Denosumab, rheumatoid arthritis (JPN)

● Phase I

- CS-3150: Antihypertensive
- U3-1565: Anti-HB-EGF antibody (US)
- U3-1287: Anti-HER3 antibody (JPN)

Development Pipeline (January 2011)

	Phase 1	Phase 2	Phase 3	Application
Cardiovascular diseases	- CS-3150		- Prasugrel (ACS-MM) - Prasugrel (# ACS-PCI) - Edoxaban (AF/VTE)	- Edoxaban (JPN)
Diabetes mellitus		- CS-1036		
Malignant neoplasm	- U3-1565	- U3-1287 - Tigatuzumab - Efatutazone - Nimotuzumab (#)	- ARQ 197	
Infectious diseases	- CS-4771 - DS-8587		- Laninamivir	
Bone / joint diseases				- Denosumab (JPN)
Immunological allergic diseases	- CS-0777	- SUN 13834		
Others	- DS-5565		- Human ghrelin - Perflubutane (#)	- Silodosin (China)

- Only the most advanced stages are described for the projects under global development
- # : Developed only in JPN

	Date (JST)
Ranbaxy 2010 Financial Results	Feb 22, 2011 Announcement
2010 Financial Results	May 12, 2011 Announcement May 13, 2011 Media/Investors Conference



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