

Passion for Innovation.
Compassion for Patients.™



Daiichi-Sankyo

Results Briefing

Results for 3Q FY2014 (April 1 – December 31, 2014)

DAIICHI SANKYO CO., LTD

Manabu Sakai

**Representative Director, Vice President
Head of Corporate Management Division**

Friday, January 30, 2015 14:00 ~ 14:45

- ◆ **FY2014 3Q Results**
- ◆ **Business Update**
- ◆ **Status of Projects**
 - **Edoxaban**
 - **R&D Update**
 - **Optimization of Business Operation Structure in Japan**
 - **Merger of Ranbaxy with Sun Pharma**

Overview of FY2014 3Q Results



Consolidated Statement of Profit or Loss

JPY Bn

	FY2013 3Q Result	FY2014 3Q Result	YoY
Revenue	805.5	838.2	+4.1% +32.6
Cost of sales	276.5	291.6	+15.1
R&D expenses	137.1	142.2	+5.1
SG&A expenses	286.7	294.1	+7.4
(Loss on restructuring/ General expenses)	(9.8)	(15.2)	(+5.4)
Operating Profit	105.3	110.3	+4.7% +5.0
Profit before tax	93.7	106.9	+14.2% +13.3
Profit attributable to owners of the Company	71.4	102.2	+43.1% +30.8

Daiichi Sankyo Group

JPY Bn

	FY2013 3Q Result	FY2014 3Q Result	YoY	Plan*
Revenue	673.8	694.4	+3.1% +20.6	900.0
Cost of sales	206.4	220.9	+14.5	280.0
R&D expenses	130.4	135.7	+5.4	182.0
SG&A expenses	232.9	239.5	+6.6	338.0
(Loss on restructuring/ General expenses)	(5.5)	(11.3)	(+5.8)	-
Operating Profit	104.1	98.3	-5.6% -5.9	100.0
Profit before tax	107.4	105.8	-1.5% -1.7	100.0
Profit attributable to owners of the Company	77.1	67.8	-12.1% -9.3	65.0

Currency Rate	USD/JPY	99.39	106.88
	EUR/JPY	132.24	140.31
	INR/JPY	1.69	1.77

*Figures do not include Ranbaxy, which will not be consolidated, post its merger with Sun Pharma.

FY2014 3Q Revenue (JPY Bn)

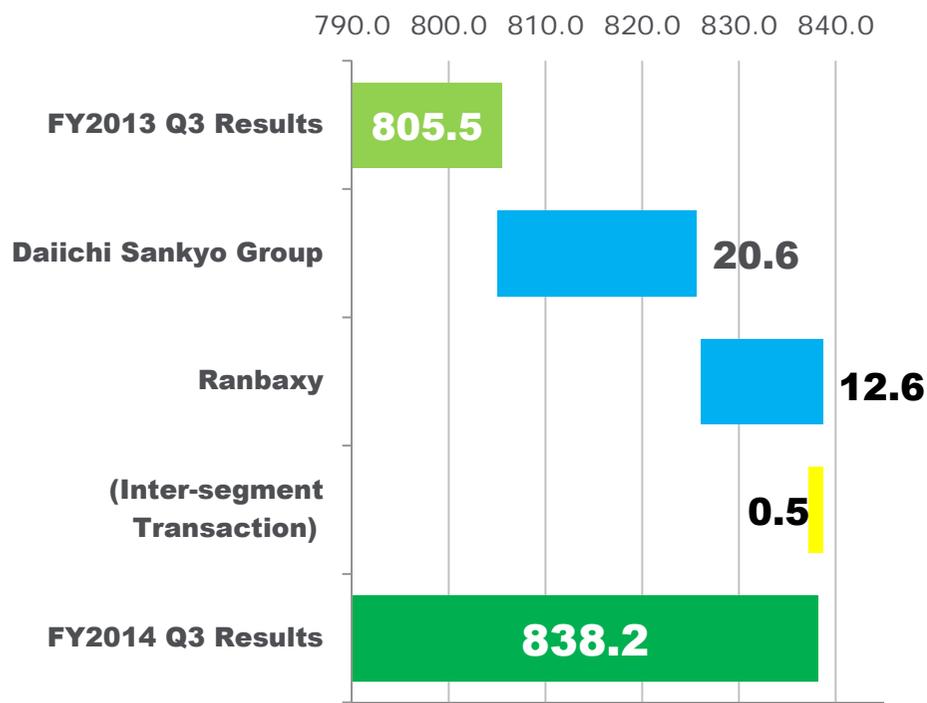
Positive Factors

Negative Factors

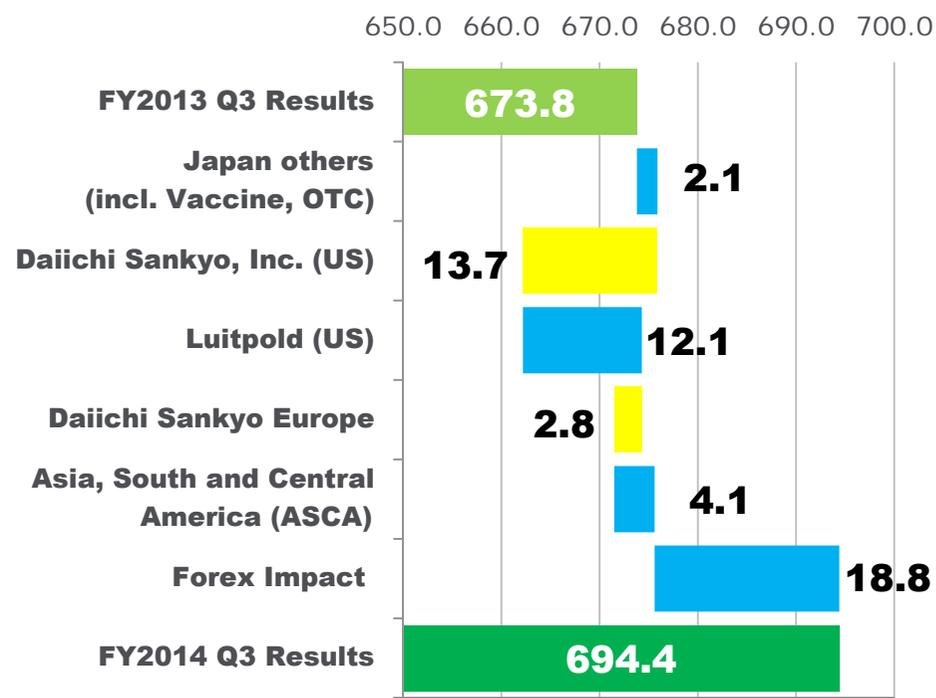


Decline in Daiichi Sankyo Inc. offsetted by growth of Luitopold and ASCA with Forex profit

Consolidated Statement of Profit or Loss



Daiichi Sankyo Group



Japan

Positive: Nexium +15.5 Memary +3.7 Pralia +3.4 Inavir +6.1
 Negative: Loxonin -8.2 Cravit -2.9 Mevalotin -4.4
 Vaccines Business -5.8

Global (including Forex impact)

Daiichi Sankyo Inc. : Olmesartan -8.5
 Luitpold : Venofer +4.7 Injectafer +4.5
 Daiichi Sankyo Europe : Olmesartan +0.3

FY2014 3Q Operating Profit

(JPY Bn)

Positive Factors

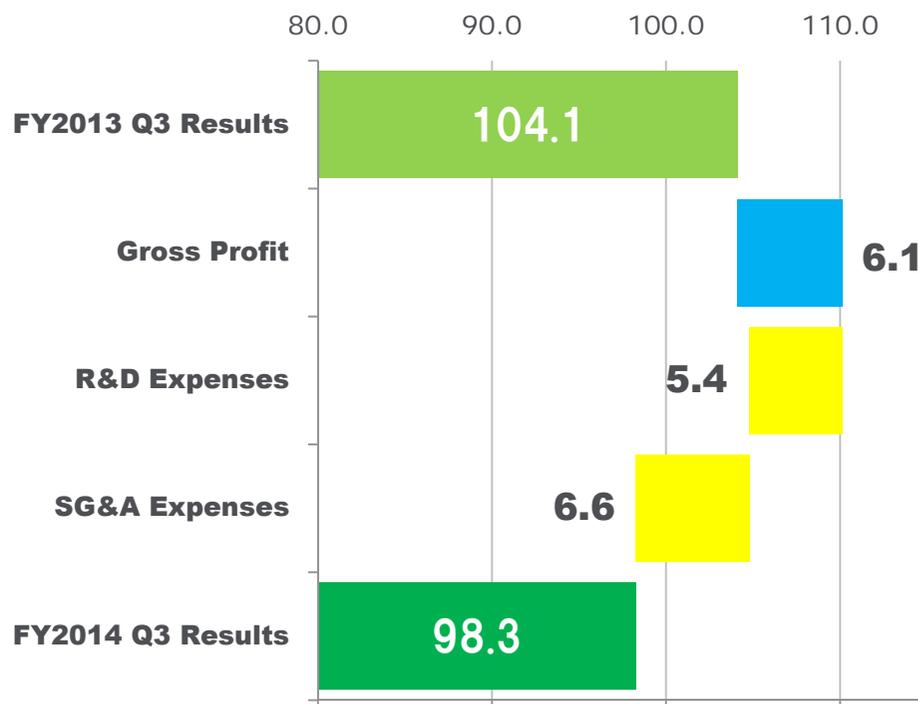
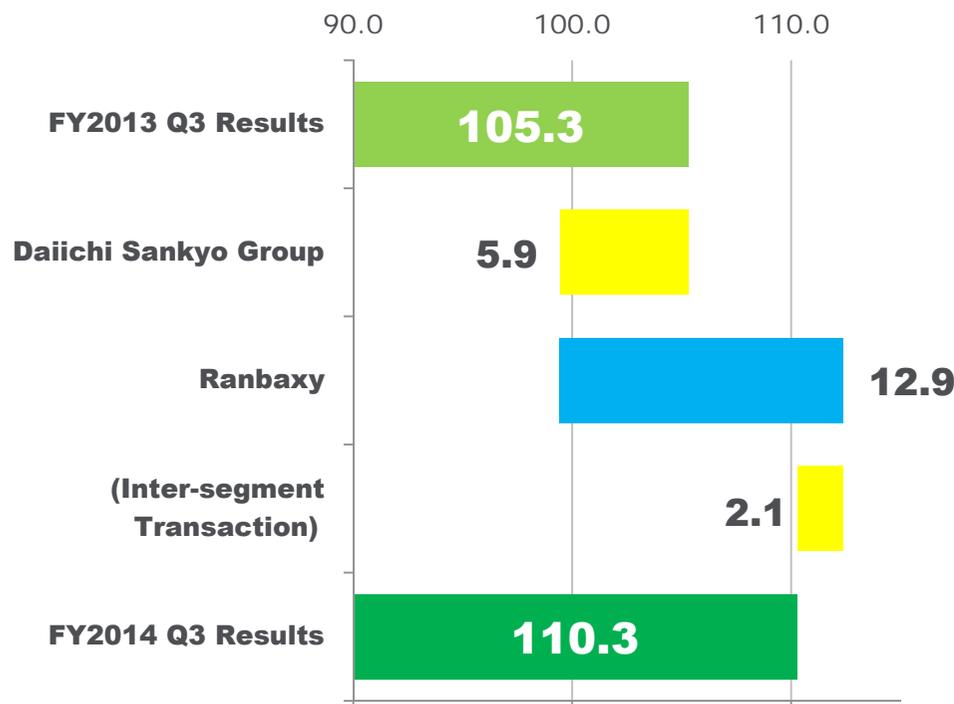
Negative Factors



Increases in expenses associated with Personnel related cost for the Optimization of Business Operation Structure in Japan

Consolidated Statement of Profit or Loss

Daiichi Sankyo Group



R&D Expenses + 5.4 (Forex Impact +3.8)
SG&A Expenses + 6.6 (Forex Impact +8.8)
 Gains from sales of fixed assets -3.4 (※ -14.2 in FY2013 3Q)

Personnel related cost +13.7 (incl. +11.5 as R&D and SG&A expenses)
 (※ -12.8 for loss on restructuring in Daiichi Sankyo Europe in FY2013 3Q)

FY2014 3Q Profit attributable to owners of the Company

(JPY Bn)

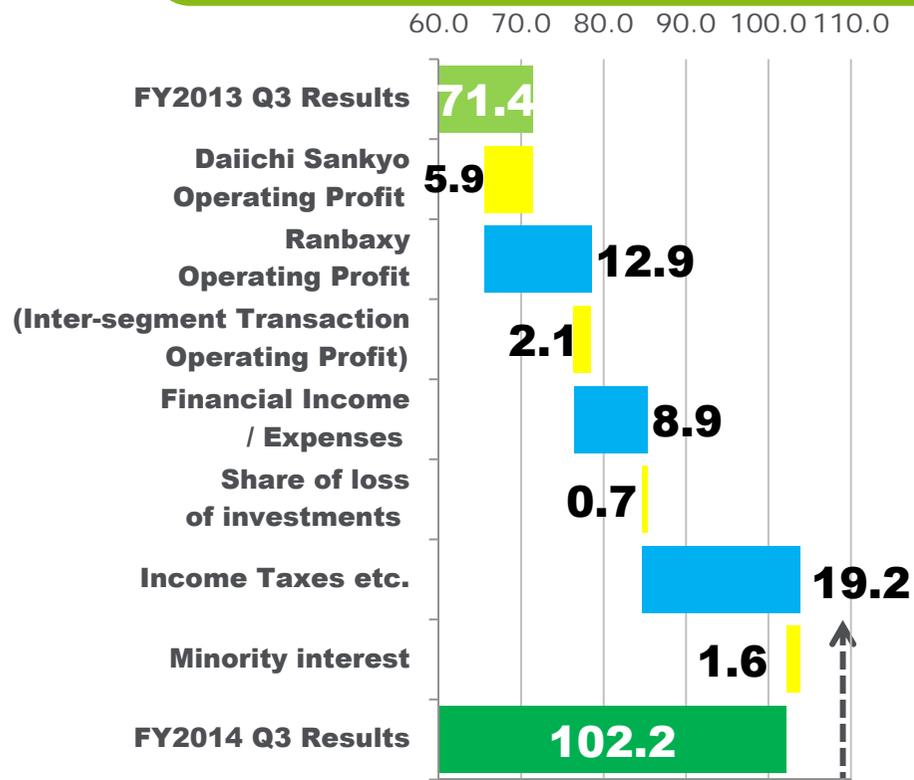
Positive Factors

Negative Factors



Operating Profit Loss and Income Taxes impact on Profit for Daiichi Sankyo

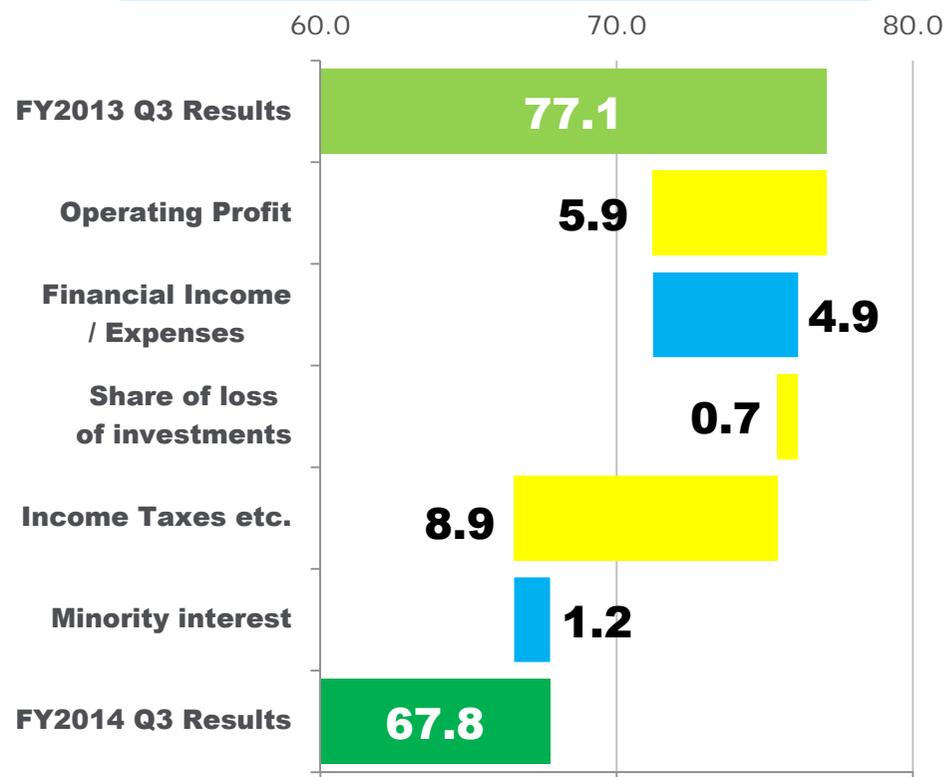
Consolidated Statement of Profit or Loss



Ranbaxy

A tax effect caused by impairment of Ranbaxy's goodwill assets in past fiscal years

Daiichi Sankyo Group



Financial income / expenses +4.9

Foreign exchange gain etc.

Income Taxes etc. +8.9

※ Dividend received from U3 Pharma was considered as devaluation of book value resulted in tax benefit in FY2013 2Q

Major Products in Japan



JPY Bn

		2013Q3 Result	2014Q3 Result	YoY	Forecast	To Plan
Olmotec	anti-hypertension	60.4	58.4	-2.0	79.0	74%
Nexium	anti-ulcer (Proton Pump Inhibitor)	40.2	55.7	+15.5	67.0	83%
Loxonin	analgesic and anti-inflammatory	46.8	38.7	-8.2	48.0	81%
Memary	treatment for Alzheimer	23.9	27.5	+3.7	39.0	71%
Cravit	antibacterial	25.9	23.0	-2.9	27.0	85%
Rezaltas	anti-hypertension	14.1	14.1	-0.1	18.0	78%
Artist	anti-hypertension	17.1	14.1	-3.0	18.0	79%
Omnipaque	contrast medium	15.5	13.3	-2.2	17.0	79%
Mevalotin	anti-hyperlipidemia	17.0	12.6	-4.4	16.0	79%
Inavir	anti-influenza	2.0	8.2	+6.1	13.0	63%
Ranmark	treatment for bone metastasis	5.8	7.6	+1.8	10.0	76%
Pralia	osteoporosis	1.7	5.1	+3.4	7.0	73%

Major Business Units



JPY Bn

	FY2013Q3 Result	FY2014Q3 Result	YoY	Forecast	To plan
Japan Company + Vaccine business	367.1	367.8	+0.7	480.0	77%
Daiichi Sankyo Healthcare	37.0	37.0	-0	48.0	77%
Daiichi Sankyo Inc.	131.1	126.2	-4.9	161.0	78%
Olmesartan	85.5	76.9	-8.5	98.0	79%
Welchol	32.7	35.1	+2.5	44.0	80%
Effient (alliance revenue)	11.4	13.1	+1.7	-	-
Luitpold	27.8	42.9	+15.1	53.0	81%
Venofer	18.1	22.8	+4.7	26.0	88%
Injectafer	0.5	5.1	+4.5	7.0	73%
Daiichi Sankyo Europe	63.7	64.6	+0.9	84.0	77%
Olmesartan	49.9	50.2	+0.3	66.0	76%
Efient (alliance revenue)	3.5	3.7	+0.2	-	-
Asia, South and Central America (ASCA)	41.9	48.9	+7.0	64.0	76%
Ranbaxy Group	132.9	145.1	+12.2	-	-

Edoxaban



 **JPN: Net Sales 2.1bn yen in FY2014 3Q
(Brand name: Lixiana)**

 **US: Approved on January 8th 2015
Plan to launch in early February
(Brand name: Savaysa)**

 **EU: Regulatory review in progress**

**Others: Submitted NDAs in Korea, Taiwan and Brazil
Explore partners**

Progress in R&D pipeline



Major changes from FY2014 Q2 financial announcement

Generic Name Dev. Code	Target indication	Region	Ph-1	Ph-2		Ph-3	Filed	Appro ved
				2a	2b			
Edoxaban	Reduction of risk of stroke and systemic embolism in patients with NVAF	US					→ ●	
	Treatment of DVT and PE	US					→ ●	
Levofloxacin Injection	Infectious disease (additional indication)	JP					→ ●	
Quizartinib AC220	Acute myeloid leukemia	US·EU				→ ★		
Mirogabalin DS-5565	<ul style="list-style-type: none"> Diabetic peripheral neuropathic pain (DPNP) Postherpetic neuralgia (PHN) 	JP·Asia					→ ●	
CS-3150	<ul style="list-style-type: none"> Hypertension Diabetic nephropathy 	JP					→ ●	
DS-5573 (Anti-B7-H3 antibody)	Solid cancer	JP	→ ★					
DS-1501 (Anti-Siglec-15 antibody)	Osteoporosis	-	→ ★					

● : Stage-up
★ : New pipeline

Major R&D Pipeline

As of January 2015



Therapeutic area	Phase 1	Phase 2	Phase 3	Application
Cardiovascular- Metabolics	<ul style="list-style-type: none"> ■ DS-1040 (Acute ischemic stroke / TAF1a inhibitor) 	<ul style="list-style-type: none"> ■ CS-3150 (JP) (Hypertension · DM nephropathy / MR antagonist) ■ DS-8500 (JP) (Diabetes / GPR119 agonist) 	<ul style="list-style-type: none"> ■ Prasugrel (JP) (CS-747 / ischemic stroke / anti-platelet agent) ■ Prasugrel (US) (CS-747 / sickle Cell Disease / anti-platelet agent) 	<ul style="list-style-type: none"> ■ Edoxaban (EU/Others) (DU-176b / AF / oral factor Xa inhibitor) ■ Edoxaban (EU/Others) (DU-176b / VTE / oral factor Xa inhibitor)
Oncology	<ul style="list-style-type: none"> ■ U3-1565 (US/JP) (Anti-HB-EGF antibody) ■ DS-7423 (US/JP) (PI3K / mTOR inhibitor) ■ DS-3078 (US/EU) (mTOR inhibitor) ■ DS-3032 (US/JP) (MDM2 inhibitor) ■ PLX7486 (US) (Fms / Trk inhibitor) ■ DS-8895 (JP) (Anti-EPHA2 antibody) ■ DS-8273 (US) (Anti-DR5 antibody) ■ PLX8394 (US) (BRAF inhibitor) ■ DS-6051 (US) (NTRK / ROS1 inhibitor) ■ DS-5573 (JP) (Ani-B7-H3 antibody) 	<ul style="list-style-type: none"> ■ Patritumab (US/EU) (U3-1287 / anti-HER3 antibody) ■ Vemurafenib (US/EU) (PLX4032 / BRAF inhibitor) ■ PLX3397 (US) (Fms / Kit/Flt3-ITD inhibitor) 	<ul style="list-style-type: none"> ■ Tivantinib (US/EU) (ARQ 197 / HCC / Met inhibitor) ■ Denosumab (JP) (AMG 162 / breast cancer adjuvant / anti-RANKL antibody) ■ Nimotuzumab (JP) (DE-766 / gastric cancer / anti-EGFR antibody) ■ Vemurafenib (US) (PLX4032 / melanoma adjuvant / BRAF inhibitor) ■ Quizartinib (US/EU) (AC220 / AML / FLT3 inhibitor) 	
Others	<ul style="list-style-type: none"> ■ PLX5622 (Rheumatoid arthritis / FMS kinase inhibitor) ■ DS-1093 (Anemia of chronic kidney disease / HIF-PH inhibitor) ■ DS-3801 (Chronic obstipation / GPR 38 agonist) ■ DS-1971 (Chronic pain) ■ DS-1501 (Osteoporosis / Ani-siglec-15 antibody) 	<ul style="list-style-type: none"> ■ SUN13837 (US/EU) (Spinal cord injury / modulator of bFGF signaling system) ■ Laninamivir (US/EU) (CS-8958 / anti-influenza / out-licensing with Biota) ■ loforminol (JP) (GE-145 / X-ray contrast media / angiography) 	<ul style="list-style-type: none"> ■ Mirogabalin (US/EU) (DS-5565 / Fibromyalgia / $\alpha 2\delta$ ligand) ■ Mirogabalin (JP/Asia) (DS-5565 / DPNP / $\alpha 2\delta$ ligand) ■ Mirogabalin (JP/Asia) (DS-5565 / PHN / $\alpha 2\delta$ ligand) ■ Denosumab (JP) (AMG 162 / rheumatoid arthritis / anti-RANKL anti-body) ■ Hydromorphone (JP) (DS-7113 / narcotic analgesic / opioid μ-receptor regulator) ■ CHS-0214 (JP) (Etanercept BS / rheumatoid arthritis / TNFα inhibitor) ■ CL-108 (US) (Acute pain / opioid μ-receptor regulator) 	<ul style="list-style-type: none"> ■ Levofloxacin (JP) (DR-3355 / anti-infection / New quinolone)

Red: Change from FY2014 Q2 financial announcement

Optimization of Business Operation Structure in Japan

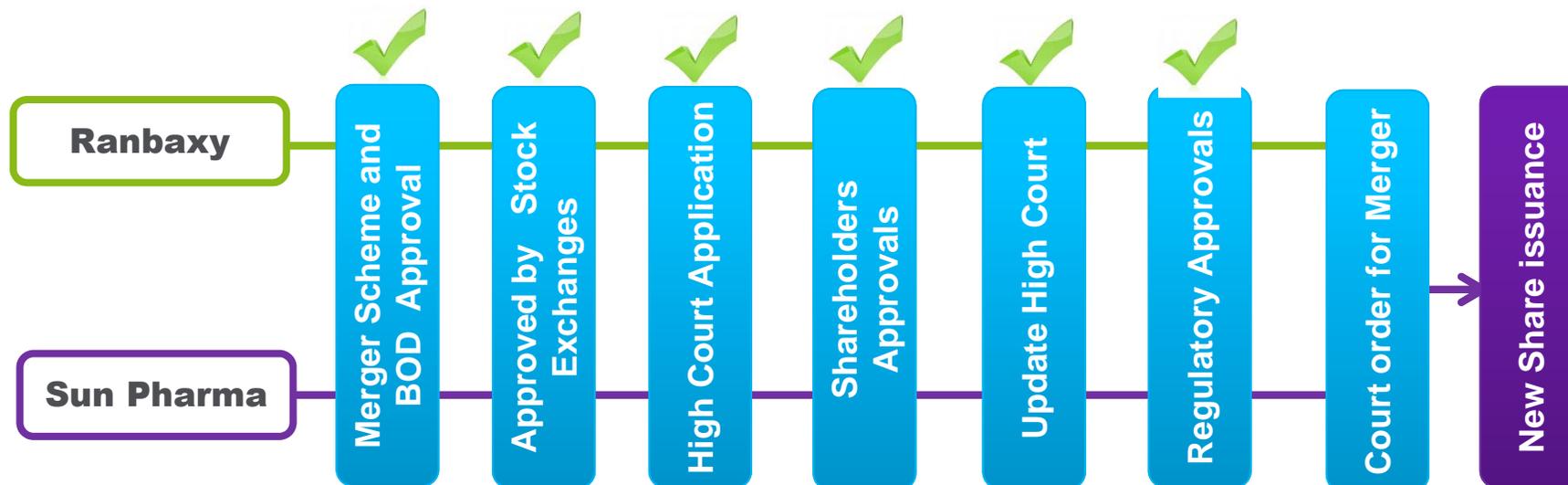


- ◆ **Examined the organizational structures and personnel assignment of each Group company in November 2014.**
- ◆ **Implemented special career transition assistance measure in December 2014.
513 employees applied for this measure.**
- ◆ **Recorded personnel related costs: 13.7 bn yen in FY2014**
- ◆ **Will transit to new organizational structures as of April 1st 2015.**

Merger of Ranbaxy with Sun Pharma



- ◆ **Agreements for a merger of Ranbaxy with Sun Pharma on April 6, 2014.**
- ◆ **Approved by the regulatory authorities in December 2014.**
- ◆ **Hearing of High Court for final approval will be held on February 2, 2015.**
- ◆ **Daiichi Sankyo will obtain an equity stake of approximately 9% in the merged entity via a share swap.**



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