Passion for Innovation.
Compassion for Patients.™

Daiichi-Sankyo

Vision, Business Plan and Progress

DAIICHI SANKYO CO., LTD.

Junichi Onuma
Senior Director, IR Group

November, 15 2018

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.

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Agenda

- **About Daiichi Sankyo**
- **2025 Vision and 5-Year Business Plan (5YBP)**
- **Revised Target for 5YBP**

About Daiichi Sankyo

About Daiichi Sankyo

A Japanese Pharmaceutical Company

- Headquarters: Nihonbashi, Tokyo, Japan
- Chairman & CEO: Mr. George Nakayama
- President & COO: Dr. Sunao Manabe

- Revenue: US $8.73 Bn (JPY 960.2 Bn)
- Operating profit: US $694 Mn (JPY 76.3 Bn)*
- Listed on Tokyo Stock Exchange (Ticker code 4568)
  (ADR code DSNKY)
- Number of shares issued: 709 Mn
- Market cap: around US$28Bn (@US$39～40)

*FY2017 results converted @ JPY/USD=110

Our History – Road after the Merger

Sankyo

1899~

pravastatin

(Mevalotin/Pravachol)

antihyperlipidemic agent

1989

Daiichi Sankyo

2005~

Olmesartan

(Olmetec/Benicar)

antihypertensive agent

Daiichi

1915~

levofloxacin

(*Cravit/Levaquin*)

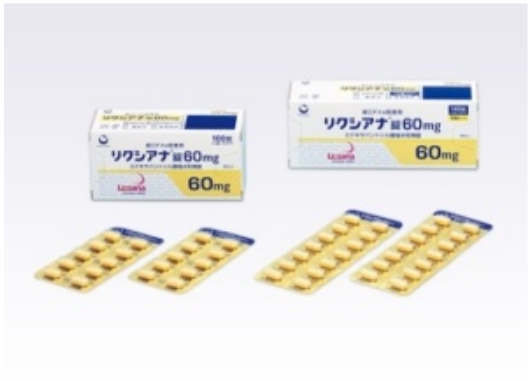
synthetic antibacterial agent

1993

Edoxaban

(Lixiana/Savaysa)

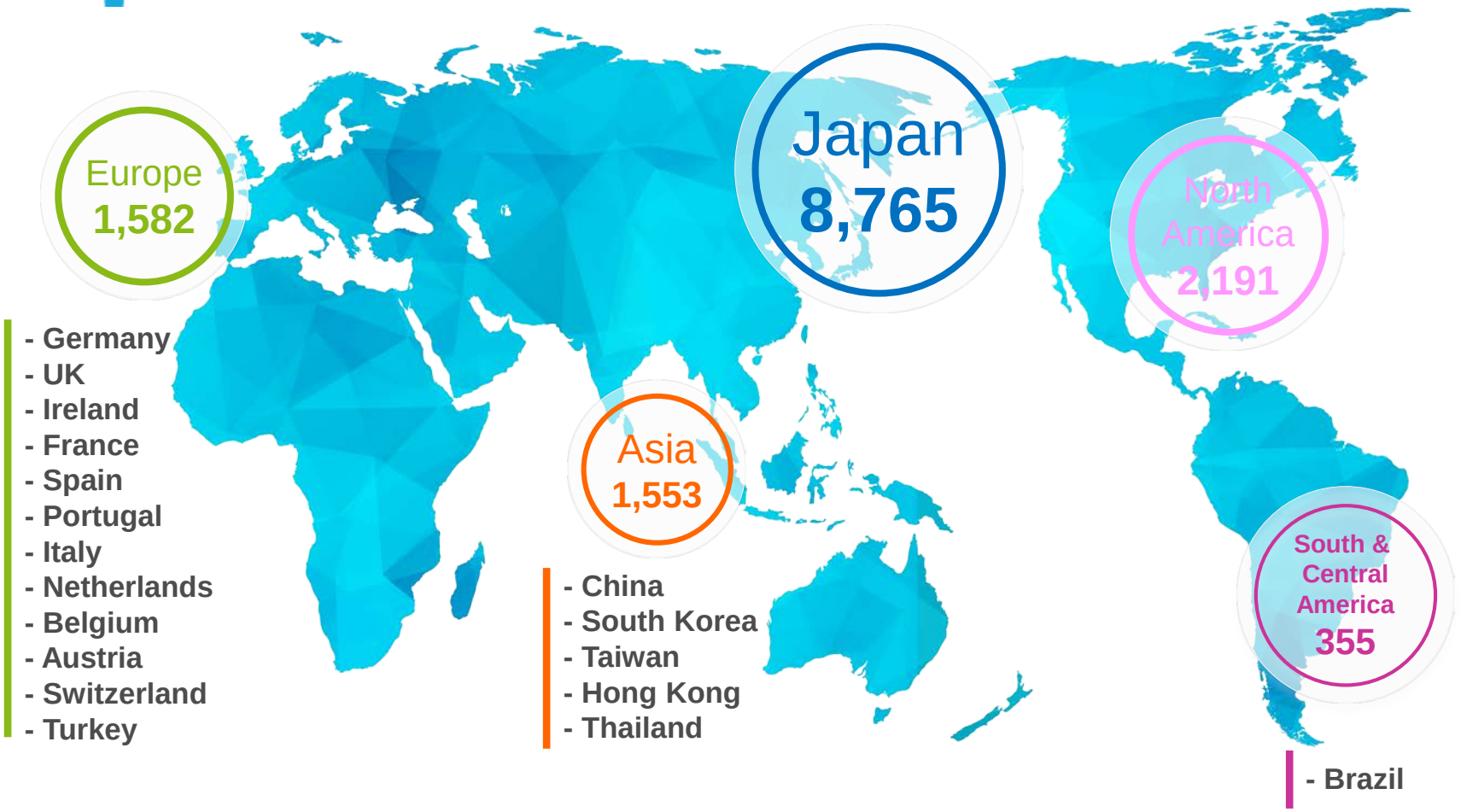
anticoagulant agent



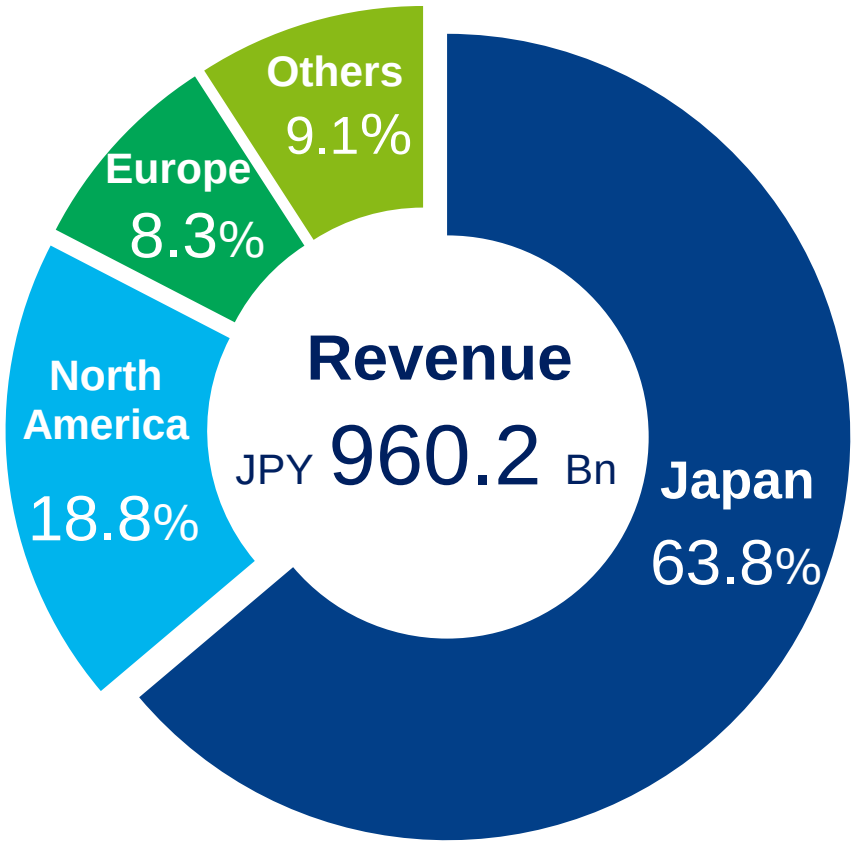
Employees and Bases

As of Mar. 2018

14,446 Worldwide Employees



FY2017 Financial Results



(Bn JPY)

Revenue	960.2	100.0%
Cost of Sales	346.0	36.0%
SG&A Expenses	301.8	31.4%
R&D Expenses	236.0	24.6%
Operating Profit	76.3	7.9%
Profit before Tax	81.0	8.4%
Profit attributable to owners of the Company	60.3	6.3%

Equity attributable to owners of the Company	1,133.0
Total assets	1,897.8
Ratio of equity attributable to owners of the Company to total assets	59.7%
ROE	5.2%

2025 Vision and 5-Year Business Plan (5YBP)

Global Pharma Innovator with Competitive Advantage in Oncology

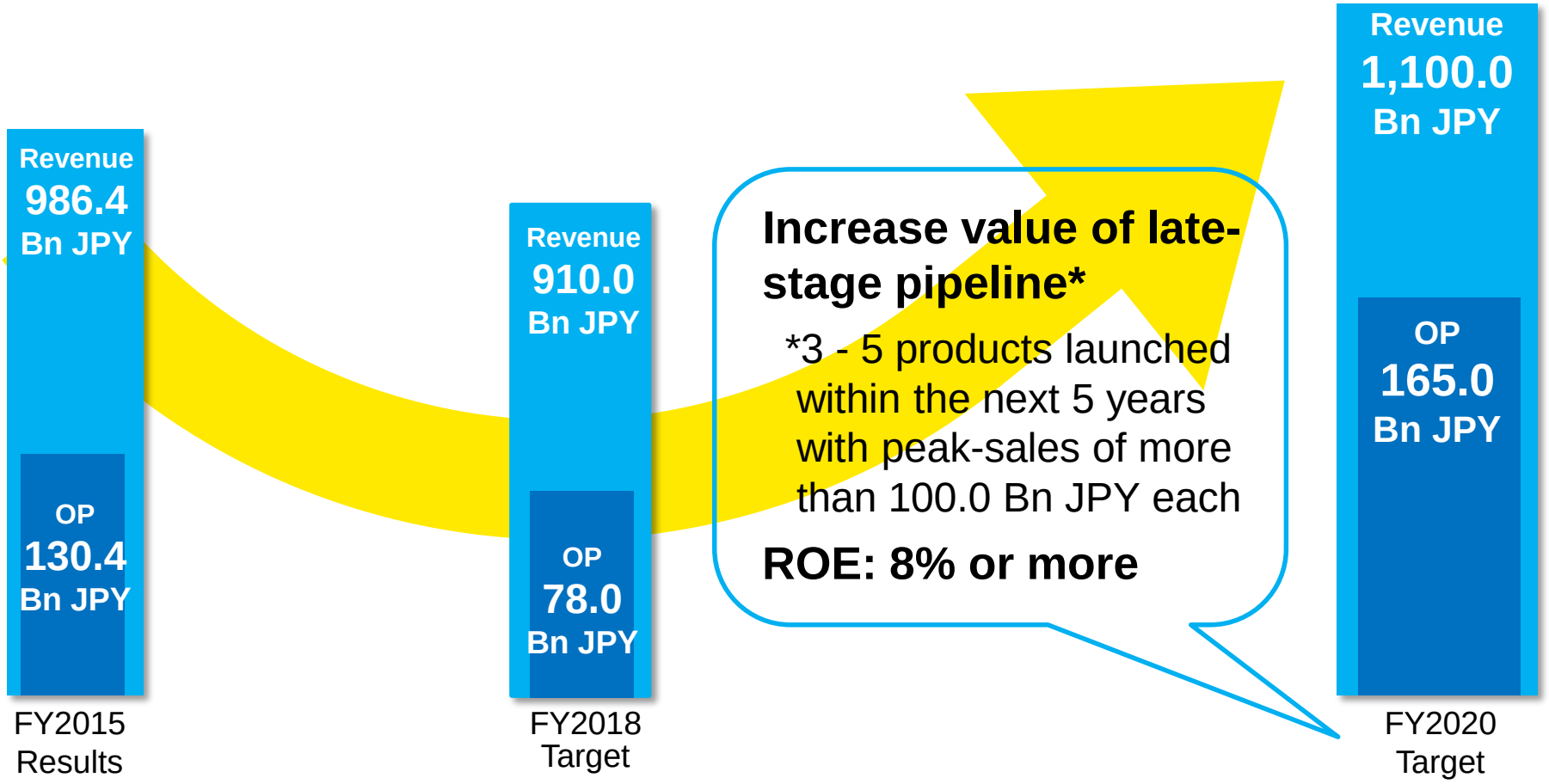
- *Build a specialty area* centered on oncology as the core business*
- *Enrich regional value aligned with market needs*
- *Create innovative products*
  – change SOC (Standard of Care)
- *Realize shareholder value through highly efficient management*

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

5-Year Business Plan (FY2016 - FY2020)

Challenge 1:
Grow beyond the LOE of *olmesartan*

Challenge 2:
Establish a foundation of sustainable growth



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

Strategic Targets

~For establishing foundation of sustainable growth～

- **Grow Edoxaban**
- **Grow as No.1 company in Japan**
- **Expand US Businesses**
- **Establish Oncology Business**
- **Continuously Generate Innovative Medicine Changing SOC (Standard of Care)**
- **Enhance Profit Generation Capabilities**

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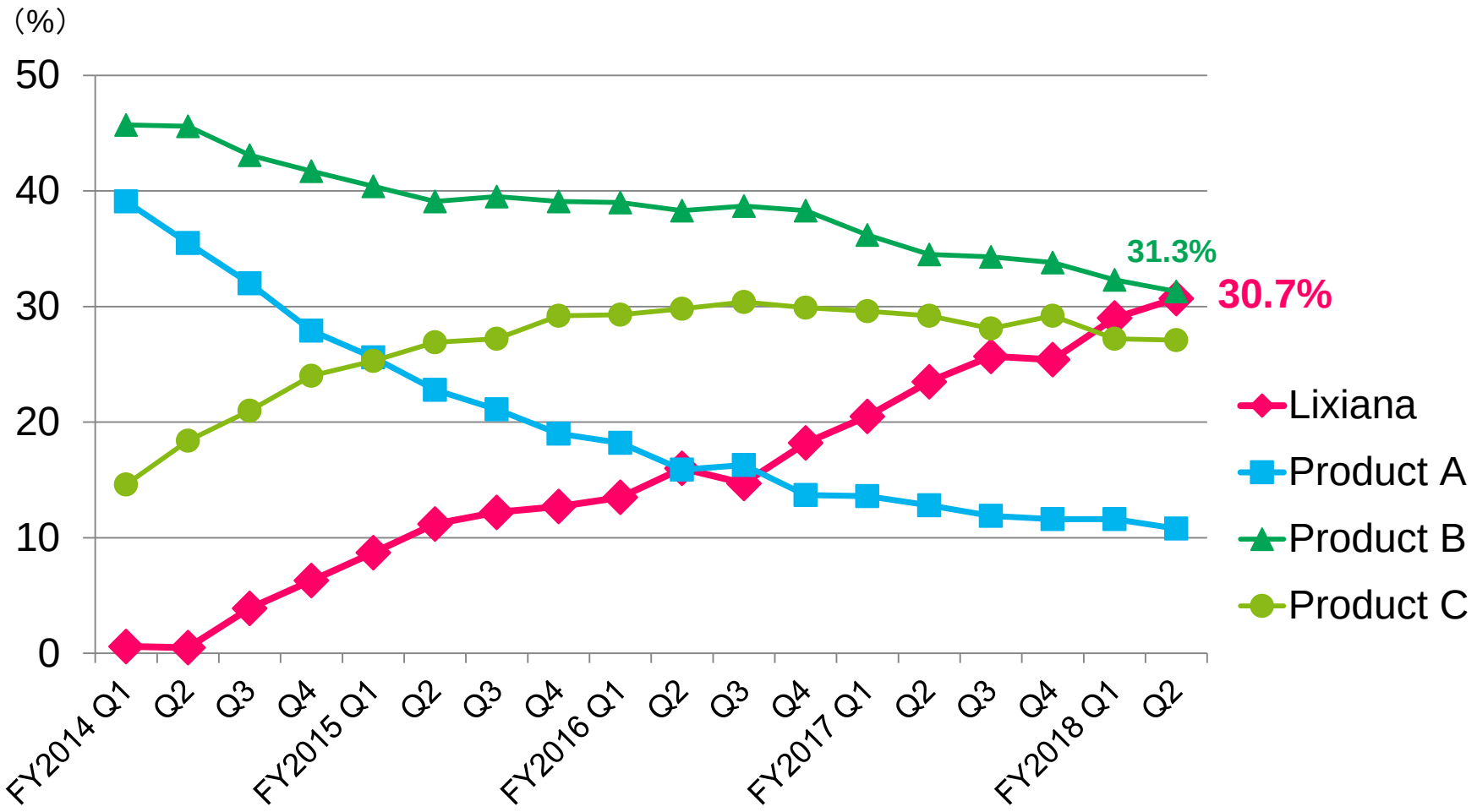
Edoxaban: Growth in Japan

Sales

Daiichi-Sankyo

- As of FY2018 Q2, Edoxaban (brand name in JP: Lixiana) closed in on No.1 sales share



Calculated based on JPM FY2014 Q1 - FY2018 Q2

Edoxaban: Growth in Each Country

Volume

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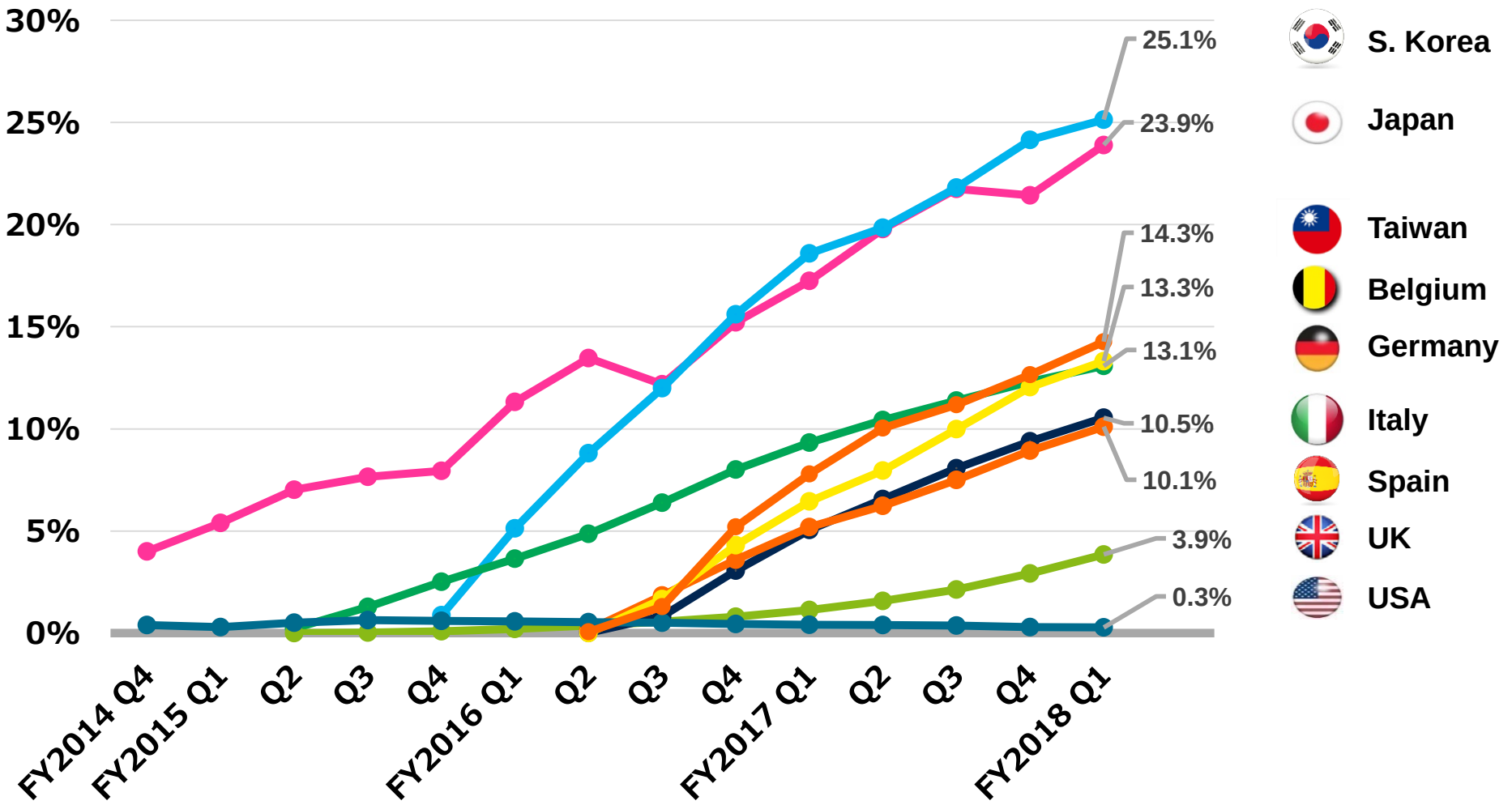
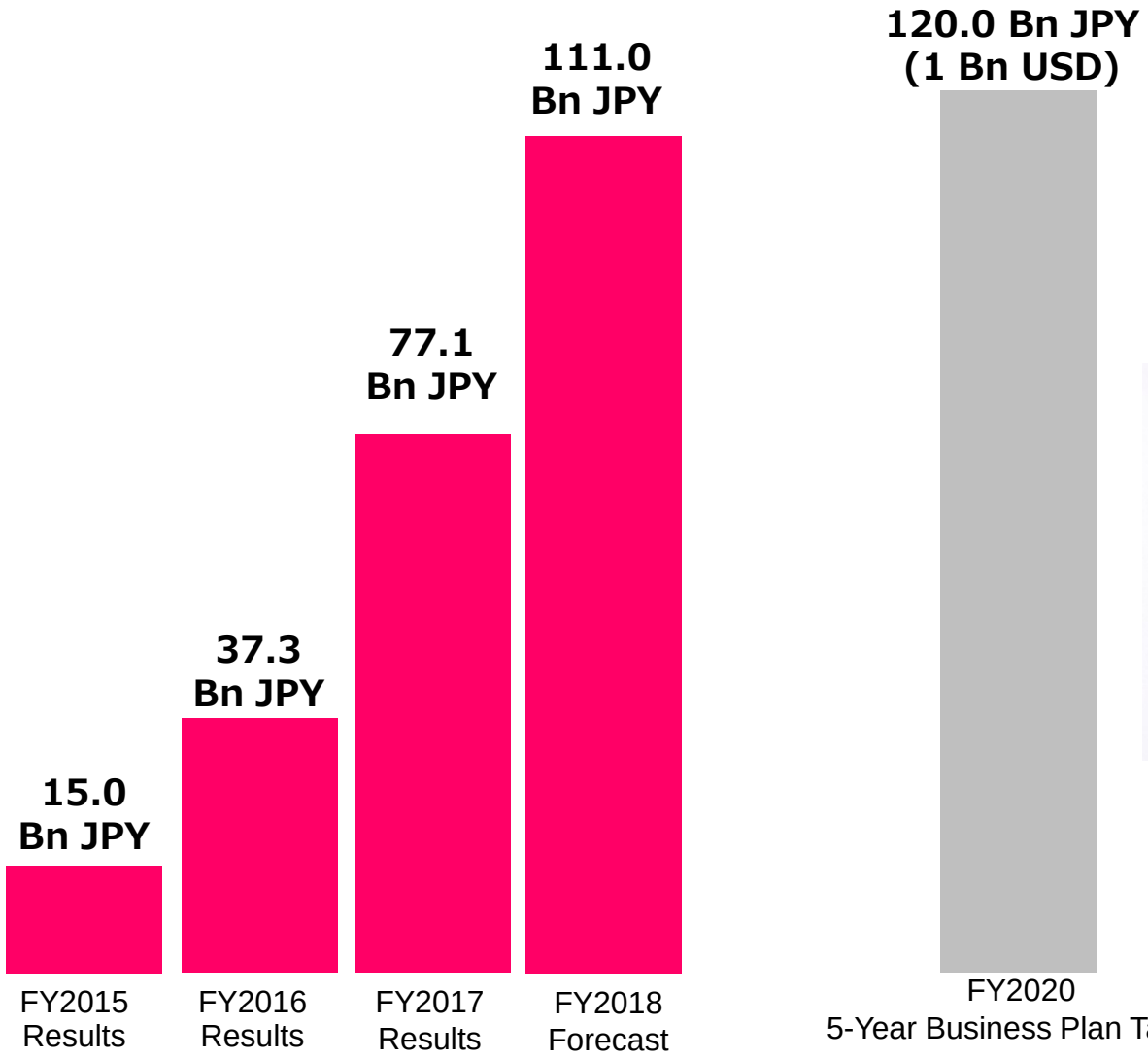
Edoxaban volume (DoT) % share of DOAC markets over time



Brazil: Launched in Aug. 2018

Edoxaban: FY2020 Target

Expanding mainly in Japan, EU and Asia



anticoagulant agent

Edoxaban

(Lixiana/Savaysa)

Conservative assumption that insurance reimbursement status in United States will remain unchanged

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Japan Business: 6 Major Products

Share No.1

Nexium

ulcer treatment

Share No.1

Memary

Alzheimer's disease treatment

Share No.1*

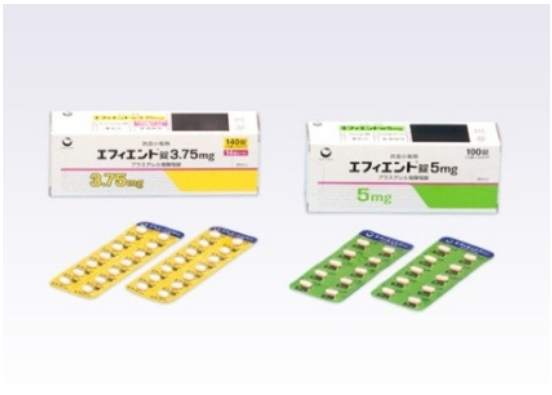
Pralia

treatment for osteoporosis

Share No.1

Ranmark

treatment for bone complication caused by bone metastases from tumors



Efient

antiplatelet agent

Tenelia

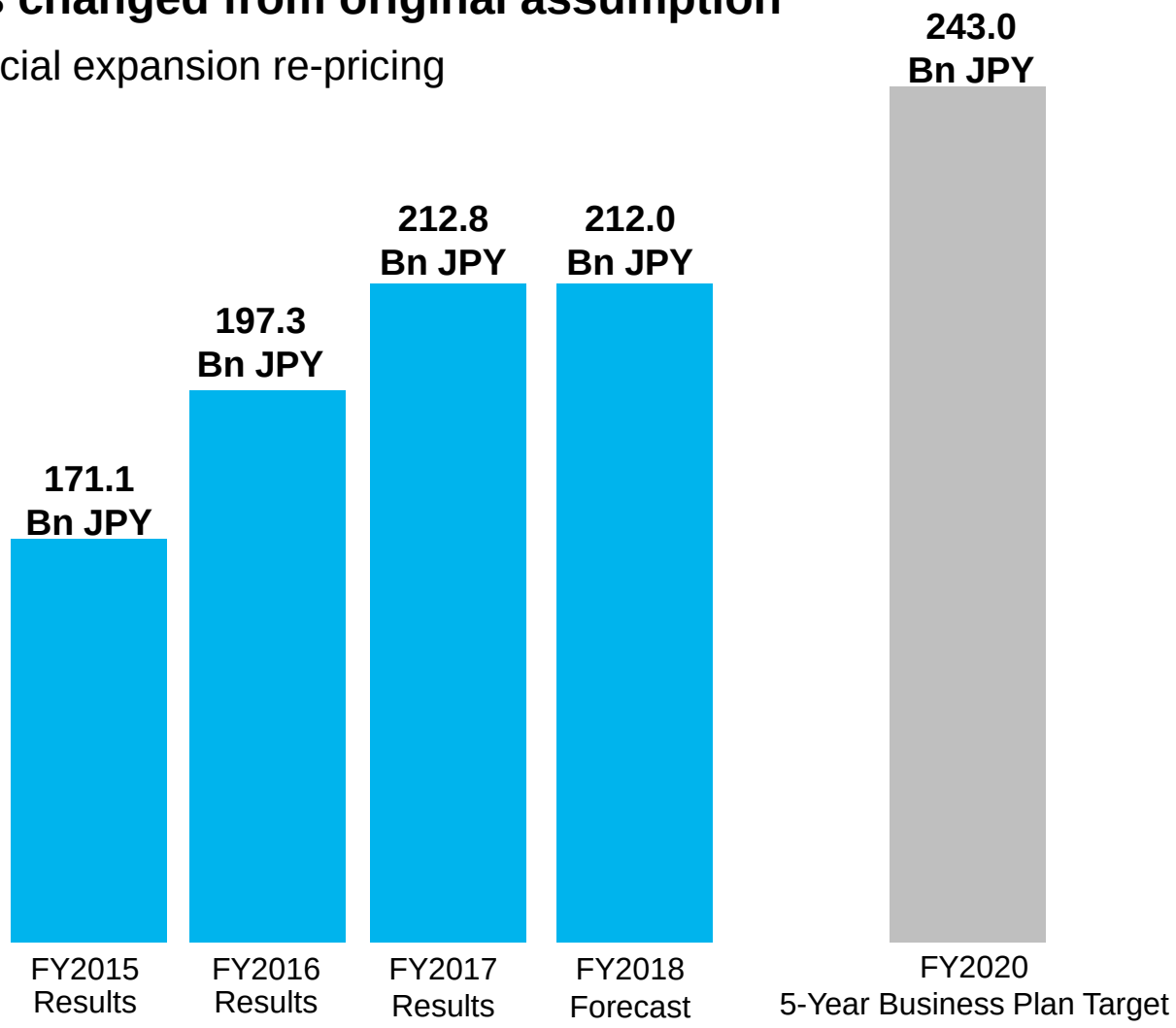
type 2 diabetes mellitus inhibitor

Headwind of Drug Pricing System in JP

- Introduced Special expansion re-pricing
- Limited application of Price Maintenance Premium (PMP)
- Further price pressure on long-listed drugs
- Price revision may occur every year

Japan Business: 6 Major Products FY2020 Target

- **Major factors changed from original assumption**
  - Nexium: Special expansion re-pricing



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Two Business Units in US

Daiichi Sankyo, Inc. (DSI) (Basking Ridge, NJ)

FY2018 revenue forecast: US$ 281 Mn

With the LOE of key products, Daiichi Sankyo, Inc. will transition from a mature primary care company to one with a differentiated specialty portfolio centered on Pain and Oncology

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

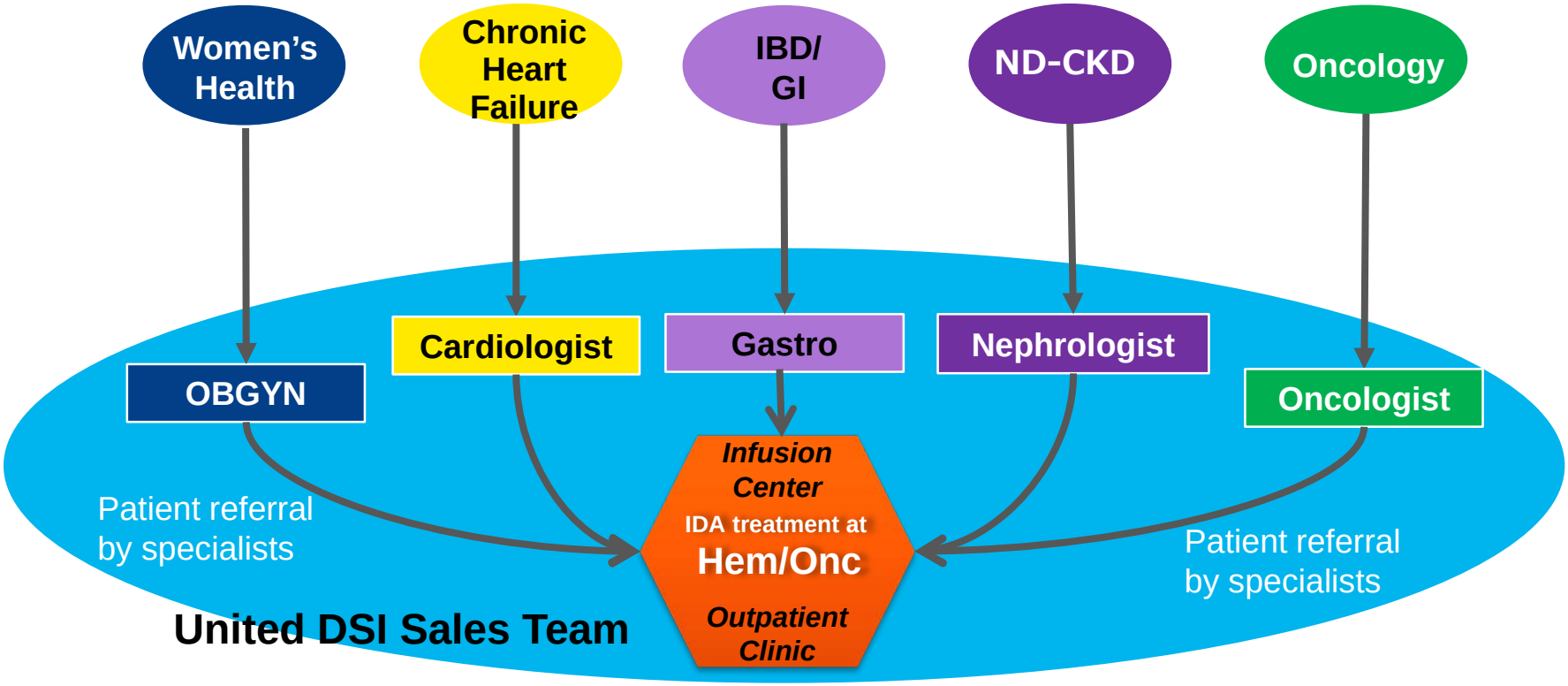
FY2018 revenue forecast: US$ 1,026 Mn

LPI successfully competes in high value specialty branded & generic injectable market segments with following franchises

- Iron Injectable Franchise
- Generic Injectable Franchise

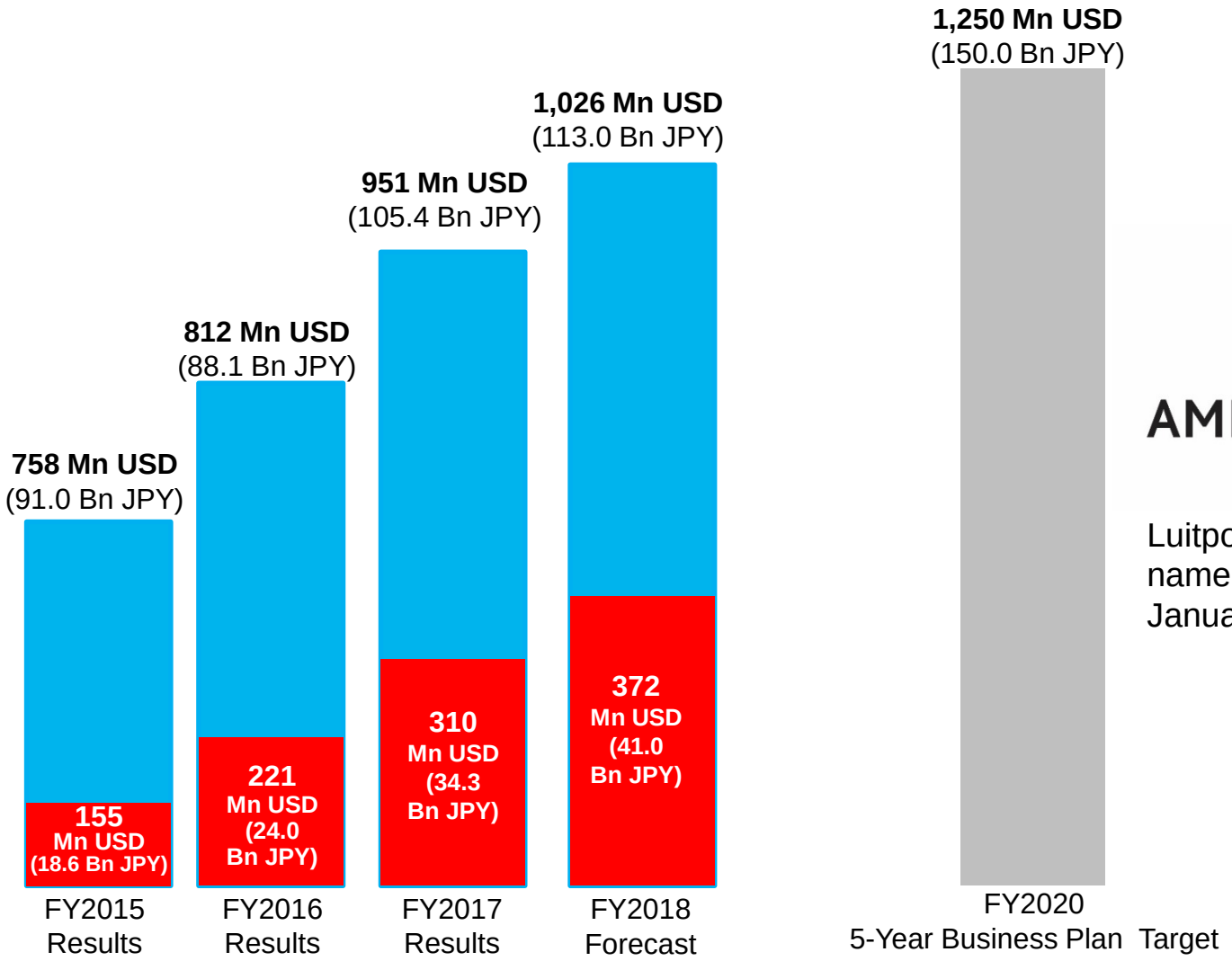
Injectafer: Sales Team

In Jan. 2017, LPI sales team for Injectafer became DSI employees:
Now DSI and LPI are a united sales team for Injectafer



Luitpold Business: FY2020 Target

Realize rapid and sustainable growth with Iron franchise and Generic injectable franchise

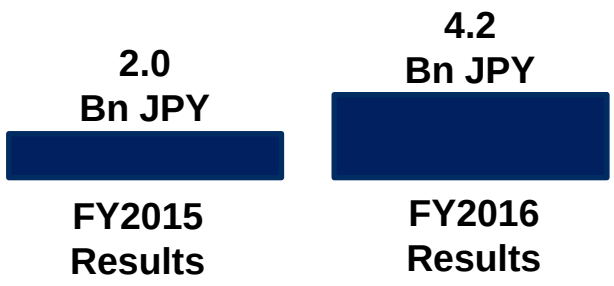


AMERICAN REGENT™
Reliable. Responsive. Respected.

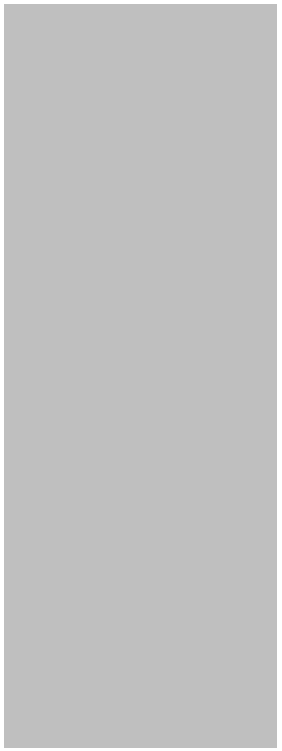
Luitpold will change the company name to “American Regent” in January 2019.

Pain Franchise: FY2020 Target

- **CL-108**
  - Decided to return all of rights regarding CL-108
- **Mirogabalin**
  - Did not meet the primary efficacy endpoint



~~> 100 Bn JPY~~
~~in FY2020~~



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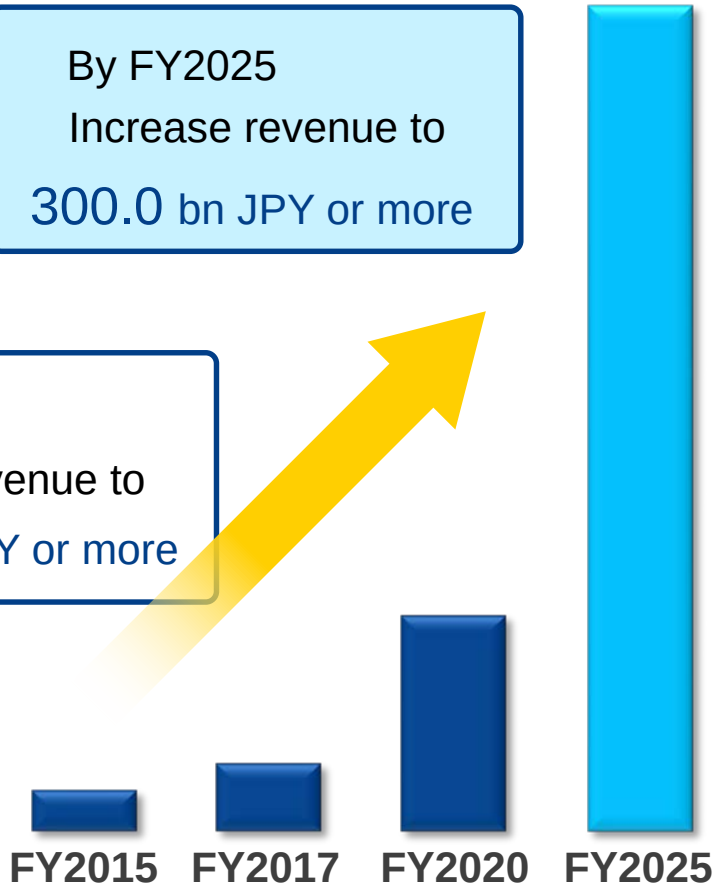
Oncology Business: FY2020 Target

By FY2025
Increase revenue to
300.0 bn JPY or more

By FY2020
Increase revenue to
40.0 Bn JPY or more



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cancerenterprise

Current Progress of 5-Year Business Plan: Oncology Business

◆ Built 3 pillars of oncology business, ADC Franchise, AML Franchise and Breakthrough Science, and focus investments on the pillars

ADC Franchise

- **Highly promising pipeline DS-8201, U3-1402 etc.**

3

AML Franchise

- **Rich pipeline Quizartinib etc.**

3

Breakthrough Science

- **Rich pipeline Pexidartinib etc.**

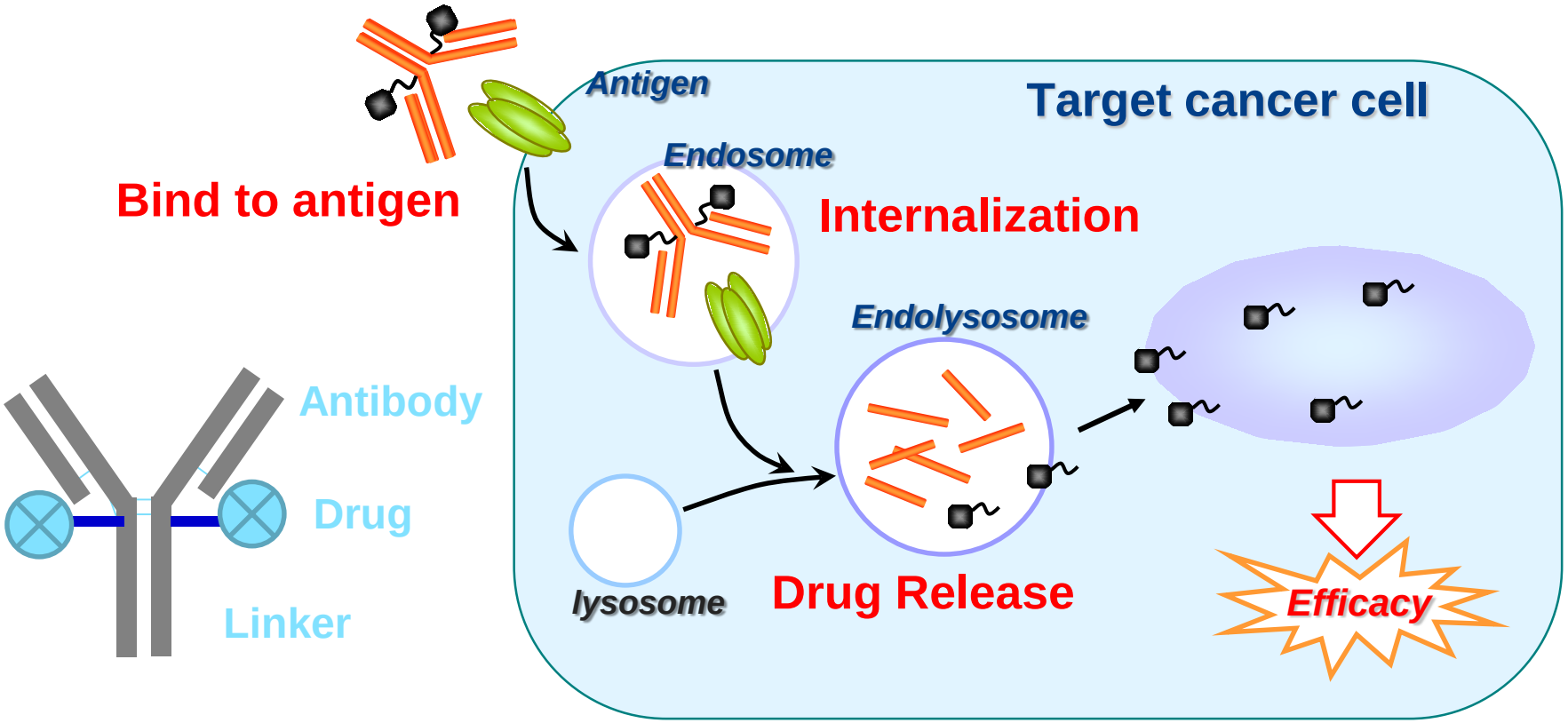
1

Cancer Enterprise 2025 Vision

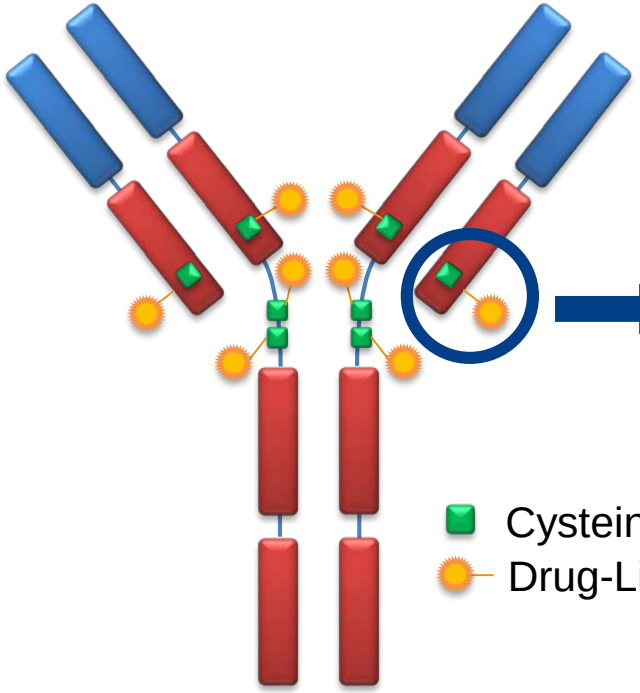
7 new molecular entitles by 2025

ADC technology: Mode of Action (MOA)

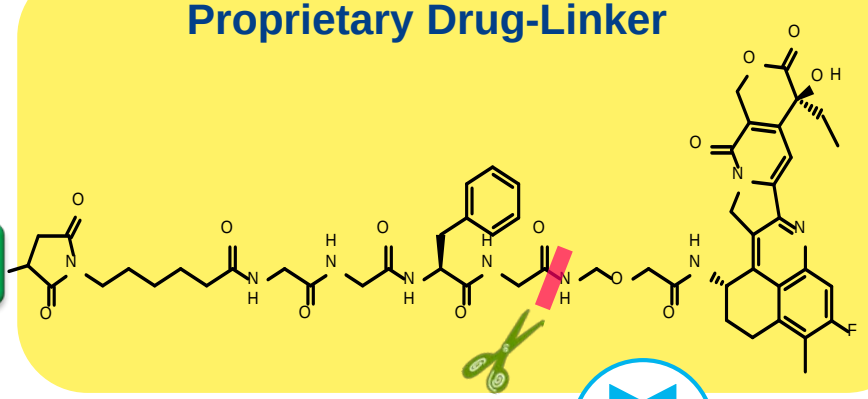
- ADC technology has broad application across multiple types of cancer
- Designed to deliver enhanced cancer cell destruction with less systemic exposure to chemotherapy



DS's Proprietary ADC technology

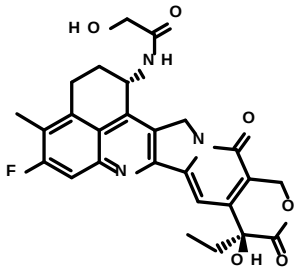


Cys



Cysteine residue
Drug-Linker

Conjugation chemistry
The linker is connected to cysteine residue of the antibody

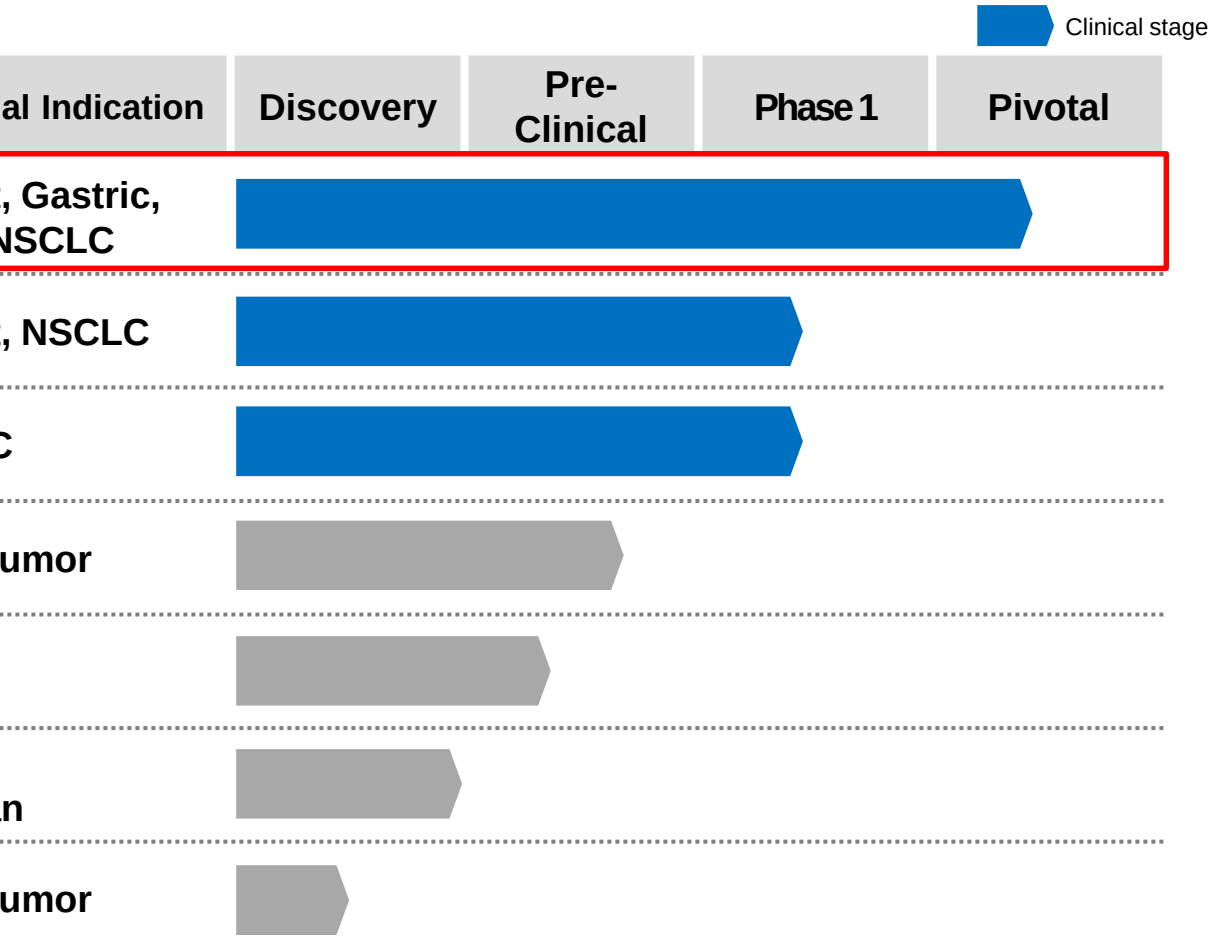


Proprietary payload (DXd)
Exatecan derivative

Broad platform potential

ADC Franchise

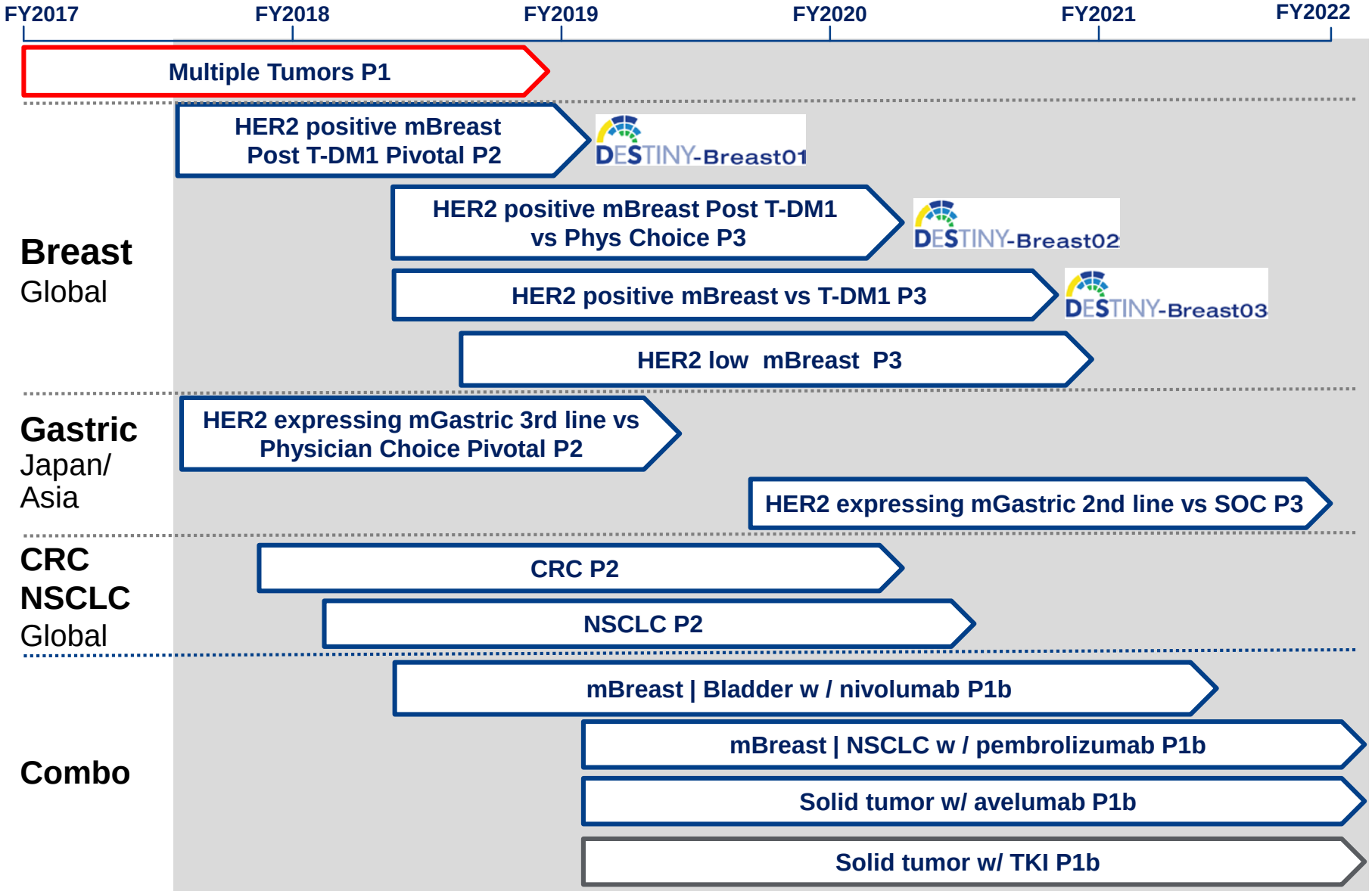
ADC Franchise



	Project (Target)	Potential Indication
1	DS-8201 (HER2)	Breast, Gastric, CRC, NSCLC
2	U3-1402 (HER3)	Breast, NSCLC
3	DS-1062 (TROP2)	NSCLC
4	DS-7300 (B7-H3)	Solid tumor
5	DS-6157 (GPR20)	GIST
6	DS-6000 (undisclosed)	Renal, Ovarian
7	(TA-MUC1)	Solid tumor

CRC: colorectal cancer, GIST: gastrointestinal stromal tumor, NSCLC: non-small cell lung cancer

DS-8201: Clinical Program



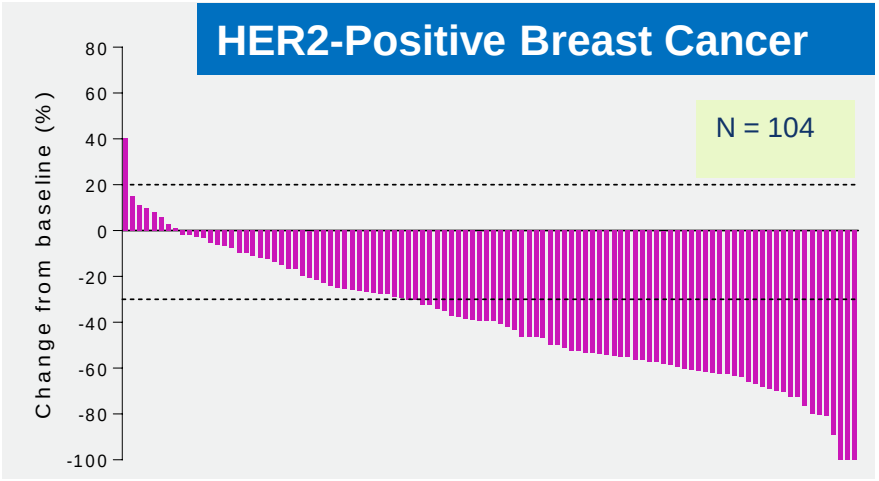
Red studies will be discussed in later pages

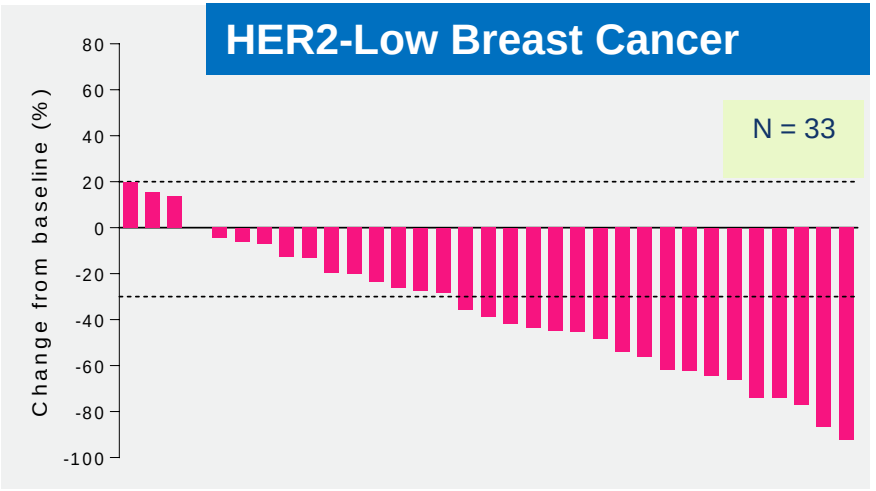
DS-8201: P1 Study Efficacy

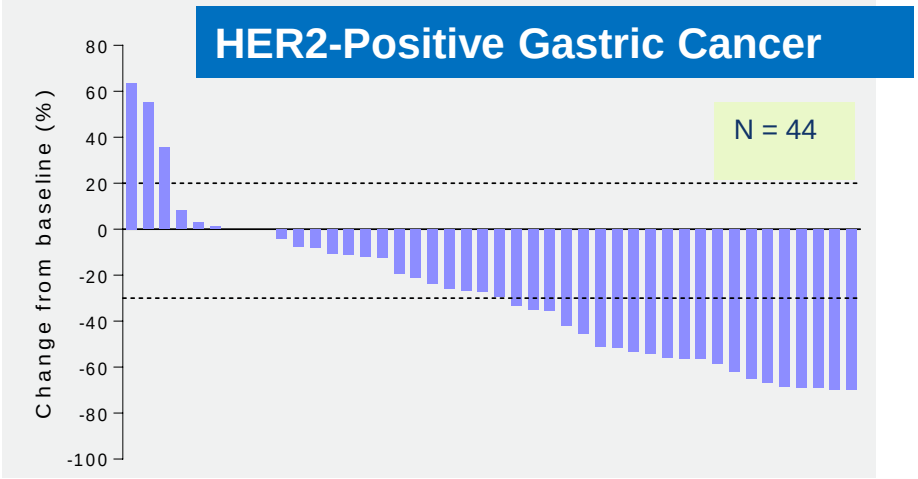
ASCO 2018 Presentation

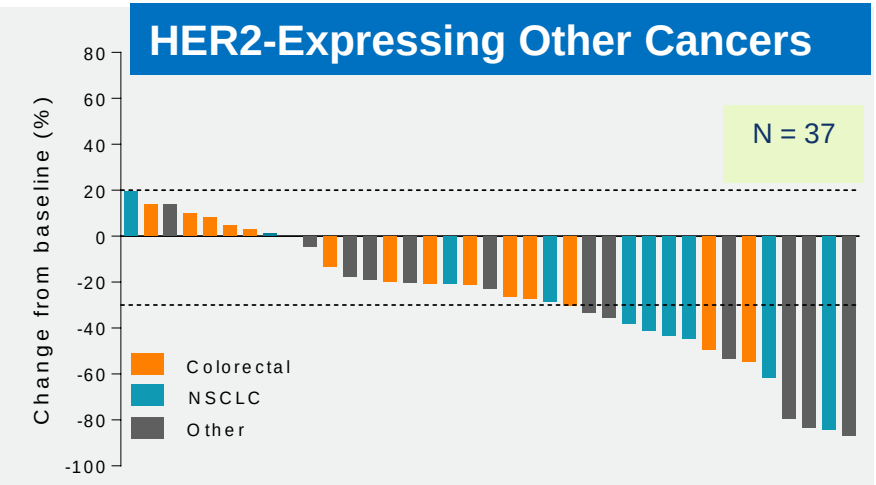
Daiichi-Sankyo

Tumor Shrinkage by Tumor Types: (5.4 or 6.4 mg/kg)









Includes subjects who had ≥1 postbaseline scan. Dotted lines denote 20% increase and 30% reduction in tumor size, respectively.
*Confirmed response includes subjects who had ≥2 postbaseline scans, progressive disease, or discontinued treatment for any reason prior to second postbaseline scan.
Data cutoff is April 18, 2018.

DS-8201: P1 Study Efficacy

ASCO 2018 Presentation

Daiichi-Sankyo

Efficacy Outcomes by Tumor Type (5.4 or 6.4 mg/kg)

	HER2-Positive BC N = 111	HER2-Low BC N = 34	HER2-Positive GC N = 44	HER2-Expressing Other Cancers N = 51
Confirmed ORR* % (n/N)	**54.5%** (54/99)	**50.0%** (17/34)	**43.2%** (19/44)	**38.7%** (12/31)
DCR % (n/N)	**93.9%** (93/99)	**85.3%** (29/34)	**79.5%** (35/44)	**83.9%** (26/31)
ORR in modified ITT, %** (n/N)	**48.6%** (54/111)	**50.0%** (17/34)	**43.2%** (19/44)	**23.5%** (12/51)
DOR				
Median (95% CI), months	**NR**	**11.0** (NA)	**7.0** (NA)	**12.9** (2.8, 12.9)
PFS				
Median, (95% CI), months	**NR**	**12.9** (NA)	**5.6** (3.0, 8.3)	**12.1** (2.7, 14.1)
Min, max	1.0, 22.2+	0.5, 19.6+	1.2, 19.6+	0.7, 14.1+

* Confirmed response includes subjects who had ≥2 postbaseline scans, had progressive disease, or discontinued treatment for any reason prior to second postbaseline scan.
** Modified ITT population included all subjects who received ≥1 dose of DS-8201a at either 5.4 or 6.4 mg/kg, including those subjects who were too early to assess, but are ongoing on study.
+ after value indicates censoring.
BC, breast cancer; CI, confidence interval; DCR, disease control rate; DOR, duration of response; GC, gastric/gastroesophageal junction cancer; HER2, human epidermal growth factor receptor 2; ITT, intent-to-treat; NA, not available; NR, not reached; ORR, overall response rate; PFS, progression-free survival.
Data cutoff for this analysis is April 18, 2018.

- ORR of HER2-Low BC was 50%, similar to HER2-positive BC, 54.5%
- ORR of GC was 43.2%
- ORR of other Cancer (NSCLC, CRC, etc.) was 38.7%

DS-**8201: Frequent TEAEs (≥20%)**
(all tumor types from part 1 and part 2)

All tumor types from P1 study part 1 and part 2; 5.4 or 6.4 mg/kg[a] (N = 259)		
	Any Grade, n (%)	Grade ≥3, n (%)
Nausea	192 (74.1)	9 (3.5)
Decreased appetite	147 (56.8)	12 (4.6)
Vomiting	113 (43.6)	6 (2.3)
Anemia	98 (37.8)	50 (19.3)
Alopecia	97 (37.5)	0
Fatigue	88 (34.0)	6 (2.3)
Diarrhea	87 (33.6)	6 (2.3)
Constipation	85 (32.8)	2 (0.8)
Platelet count decreased	73 (28.2)	27 (10.4)
Neutrophil count decreased	66 (25.5)	40 (15.4)
White blood cell count decreased	66 (25.5)	32 (12.4)
Malaise	58 (22.4)	1 (0.4)
Pyrexia	53 (20.5)	2 (0.8)
Aspartate aminotransferase increased	53 (20.5)	4 (1.5)

Data cutoff, August 10, 2018. A subject was counted once if the same AE was reported more than once.
[a]All subjects from Part 1 and Part 2 receiving ≥1 dose of [fam-] trastuzumab deruxtecan 5.4 mg/kg or 6.4 mg/kg regardless of tumor type.
AE, adverse event; TEAE, treatment-emergent adverse event.

- Adverse events were generally of low grade
- The most frequent AEs Grade ≥ 3 were hematologic in nature

Data Presented @ WCLC 2018 Data presented @ ESMO 2018

DS-8201: Adverse Events of Special Interest (all tumor types from part 1 and part 2)

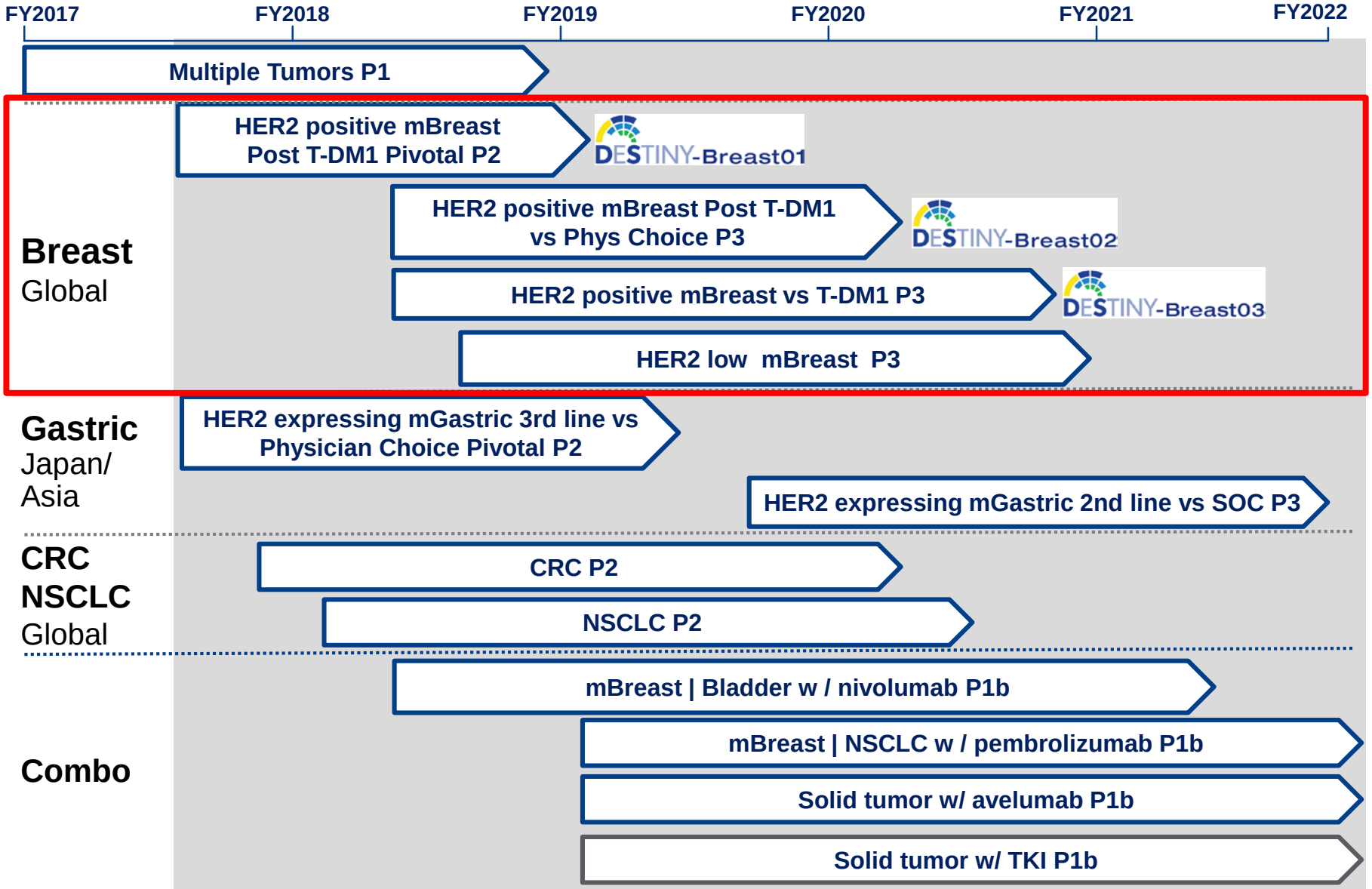
All tumor types from P1 study part 1 and part 2; 5.4 or 6.4 mg/kg[a] (N = 259)		
	Any Grade, n (%)	Grade ≥3, n (%)
AST increased	53 (20.5)	4 (1.5)
ALT increased	40 (15.4)	2 (0.8)
Blood bilirubin increased	6 (2.3)	1 (0.4)
Ejection fraction decreased	2 (0.8)	0
Electrocardiogram QT prolonged	13 (5.0)	1 (0.4)
Interstitial lung disease (ILD)	10 (3.9)	2 (0.8)
Pneumonitis	22 (8.5)	6 (2.3)
Infusion-related reactions	4 (1.5)	0

Data cutoff, August 10, 2018.
[a]All subjects from Part 1 and Part 2 receiving ≥1 dose of [fam-] trastuzumab deruxtecan 5.4 mg/kg or 6.4 mg/kg regardless of tumor type.
ALT, alanine aminotransferase; AST, aspartate aminotransferase; ILD, interstitial lung disease; NSCLC, non-small cell lung cancer; QTc, QT interval corrected for heart rate.

- There were 5 fatal cases of ILD/pneumonitis observed in the overall population
- There was only one grade 5 pneumonitis case in the NSCLC cohort and this case was determined to be unrelated to study drug by the independent adjudication committee

Data Presented @ WCLC 2018 Data presented @ ESMO 2018

DS-8201: Clinical Program



Red studies will be discussed in later pages

DS-8201：HER2 Positive Metastatic Breast Cancer

HER2 **positive** metastatic Breast Cancer

1st line
Herceptin (Trastuzumab) (+ Perjeta (Pertuzumab))

2nd line
Kadcyla (T-DM1)

HER2 positive mBreast vs T-DM1 P3

DESTINY-Breast03

Started

3rd line
Physician's Choice

HER2 positive mBareast Post T-DM1 Pivotal P2

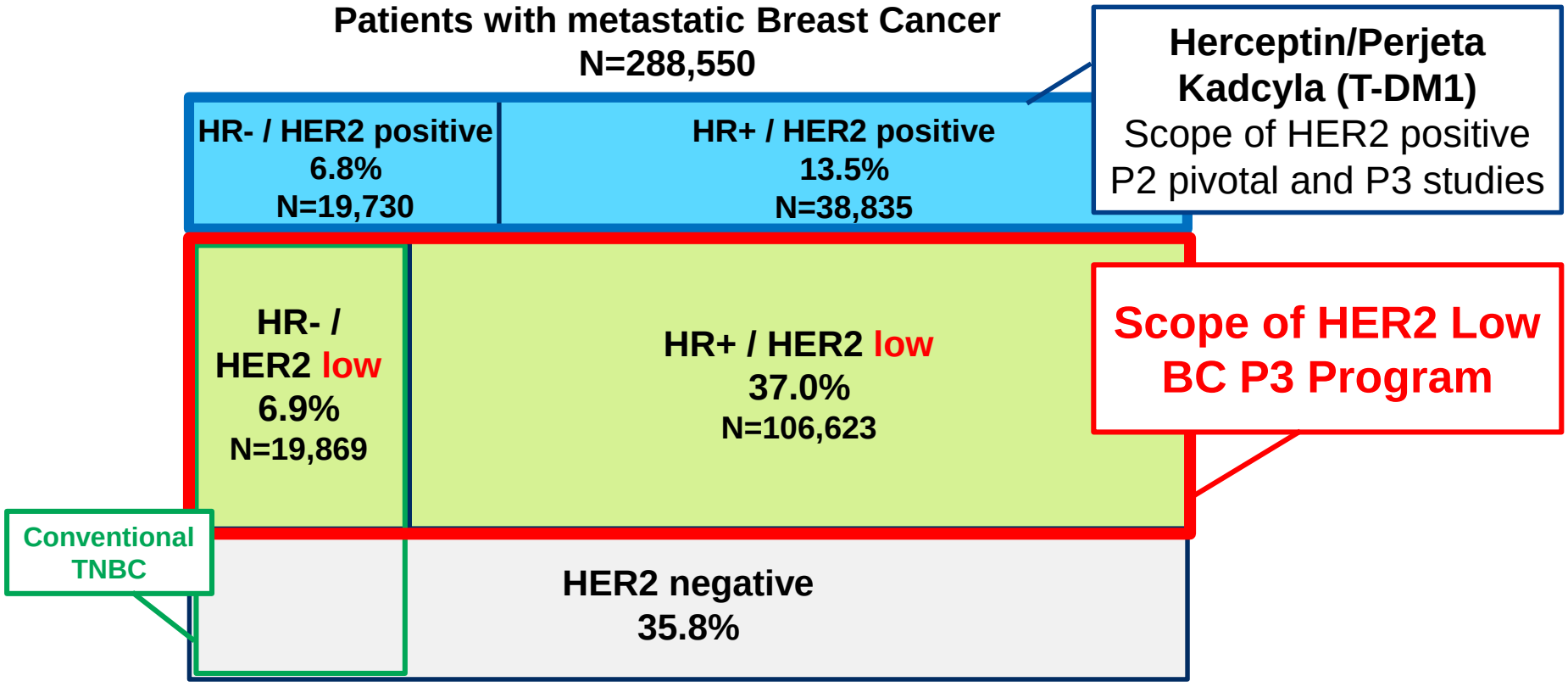
DESTINY-Breast01

Enrollment Completed

HER2 positive mBreast Post T-DM1 vs Phys Choice P3

DESTINY-Breast02

DS-8201：HER2 Low BC Phase 3 Target Population



Treatment Groups
HER2 low (IHC2+/ISH- , IHC1+) with

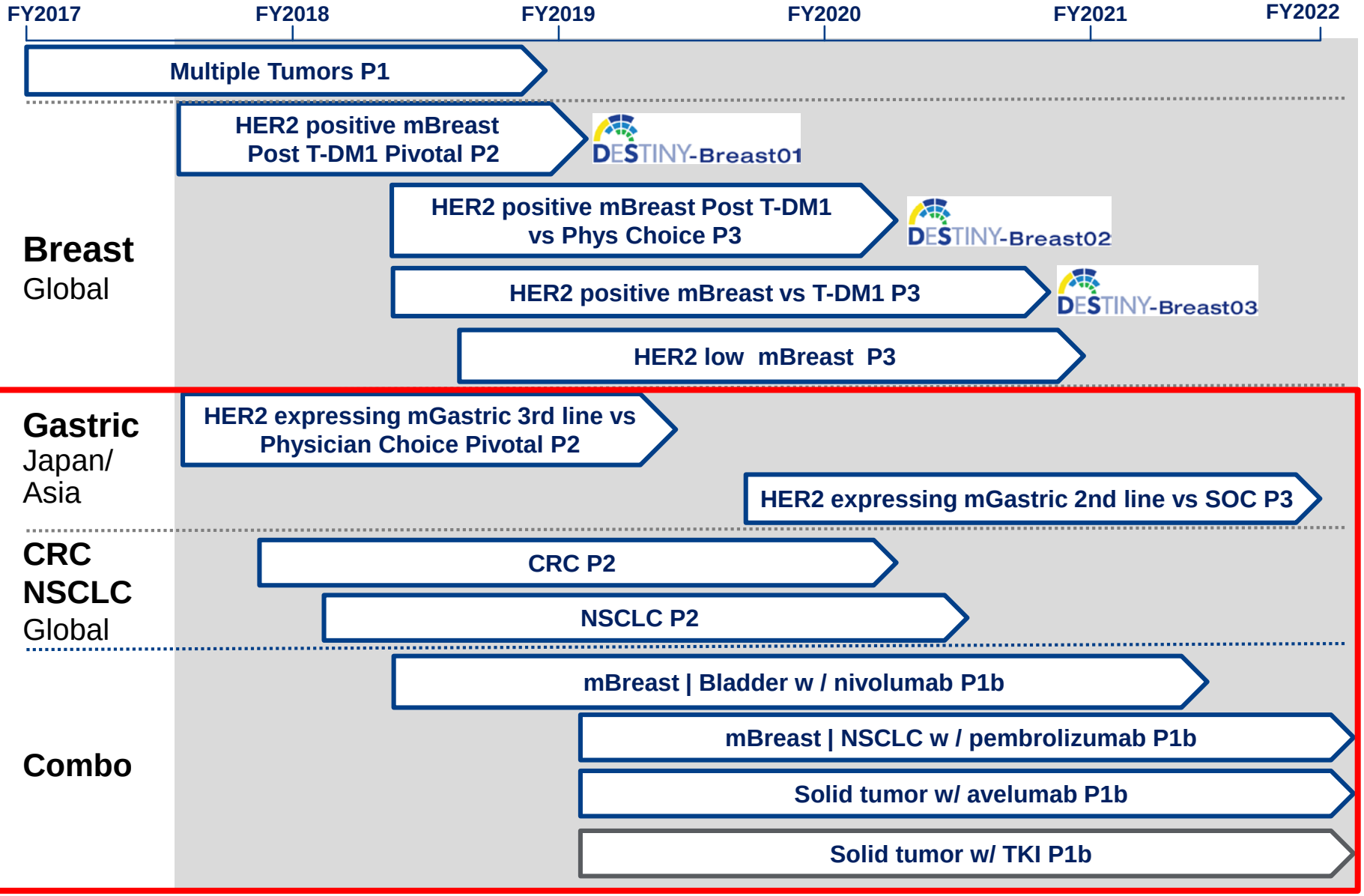
- HR positive/ no prior CDK
- HR positive / prior CDK
- HR negative

HR: hormone receptor; TNBC: triple negative breast cancer
HR-: estrogen-receptor (ER) and progesterone-receptor (PR) negative

DS-8201: Clinical Program

As of Oct 2018

Daiichi-Sankyo



Red studies will be discussed in later pages

DS-8201: Other than Breast Cancer

Gastric

- Pivotal P2 study is on track
- P3 study is under preparation

CRC NSCLC

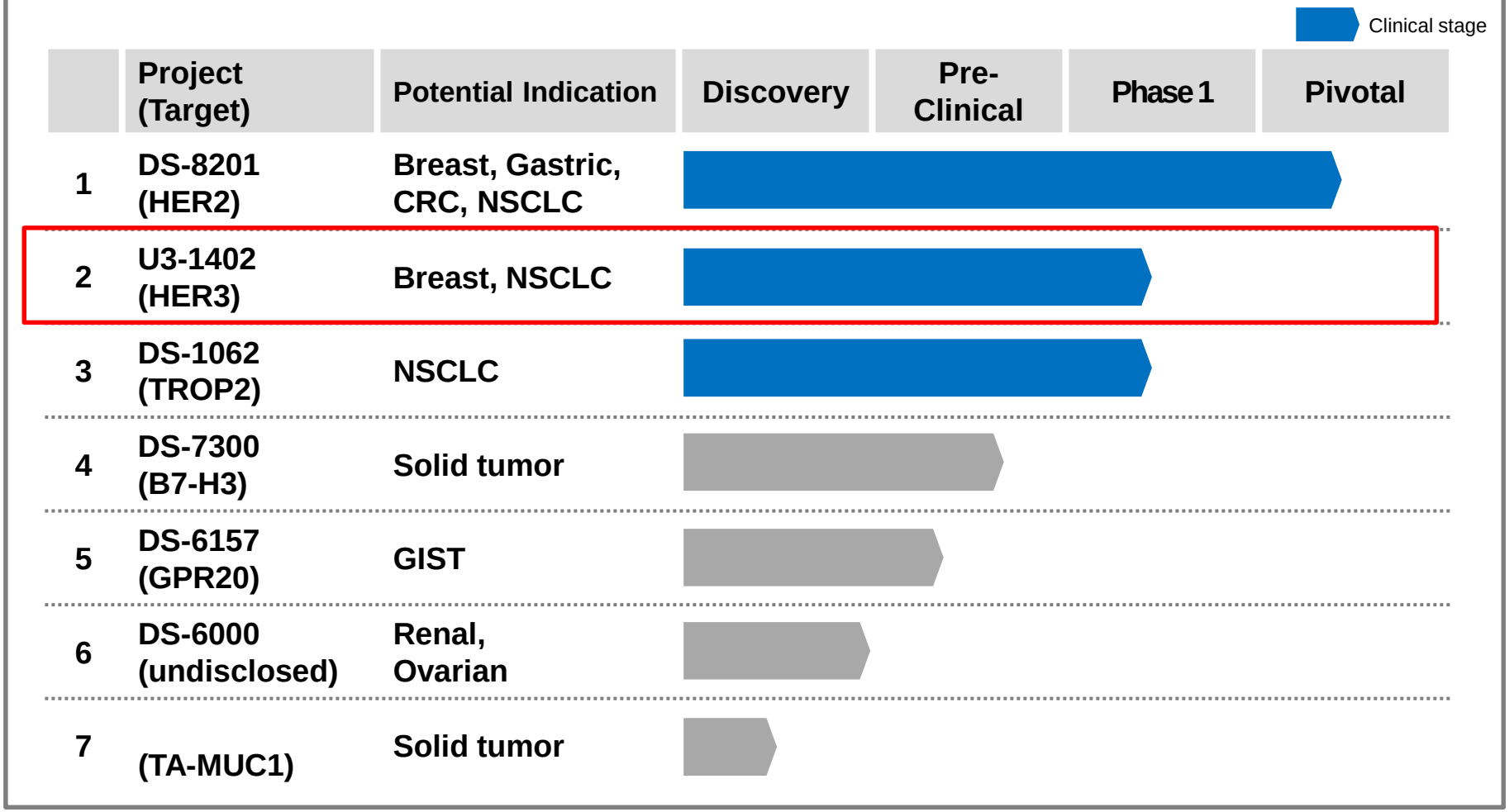
- CRC: P2 study is on track
- NSCLC: P2 study is on track

IO Combo

- Started Opdivo (nivolumab) combo study
- Signed Keytruda (pembrolizumab) combo study alliance
- Signed Bavencio (avelumab) combo study alliance

ADC Franchise

ADC Franchise



	Project (Target)	Potential Indication
1	DS-8201 (HER2)	Breast, Gastric, CRC, NSCLC
2	U3-1402 (HER3)	Breast, NSCLC
3	DS-1062 (TROP2)	NSCLC
4	DS-7300 (B7-H3)	Solid tumor
5	DS-6157 (GPR20)	GIST
6	DS-6000 (undisclosed)	Renal, Ovarian
7	(TA-MUC1)	Solid tumor

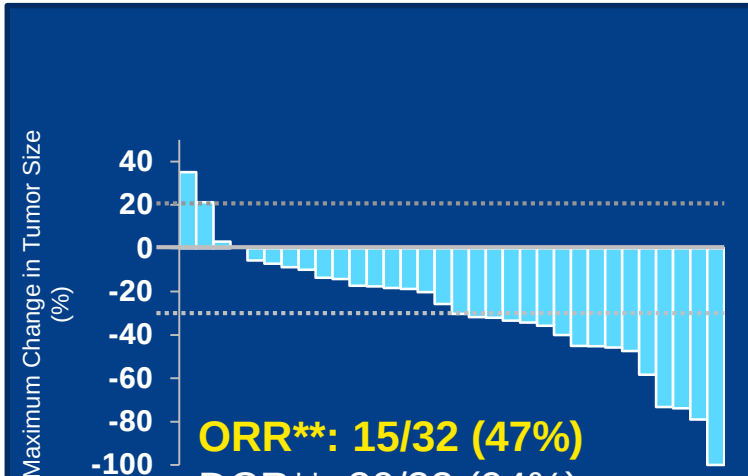
CRC: colorectal cancer, GIST: gastrointestinal stromal tumor, NSCLC: non-small cell lung cancer

U3-1402: BC P1/2 Study Efficacy

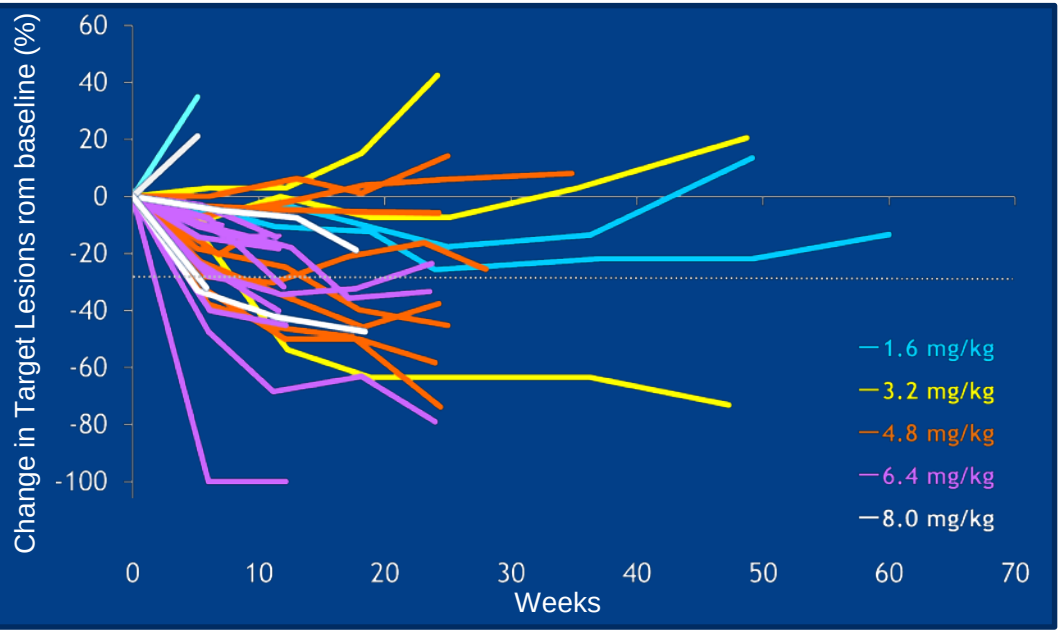
ASCO 2018 Presentation

Daiichi-Sankyo

Best Percentage Change in Sum of Diameters From Baseline in Target Lesions*



Percentage Change in Sum of Longest Diameters



*Analysis set: Efficacy evaluable patients with at least one scan. Baseline is defined as the last measurement taken before the first dose of study drug.
**Investigators assessment. For each patient, the best percent change from baseline in the sum of diameters for all target lesions is represented by a vertical bar.
DCR = disease control rate; ORR = objective response rate.
Based on April 27, 2018 data cutoff.

- U3-1402 data resembles that of early DS-8201 data
  - U3-1402 ASCO 2018 ORR：15/32（47%）
  - DS-8201 ESMO 2016 ORR：7/20（35%）
- Validates portability of ADC technology

U3-1402: BC P1/2 Study Safety

ASCO 2018 Presentation

Daiichi-Sankyo

Treatment-Emergent Blood and Liver related AE in ≥ 15% Patients, Dose Escalation Phase (Total N = 34)*

Preferred Term	All Grades (%)	Grade ≥ 3 (%)
Platelet count decreased/Thrombocytopenia	23 (68)	10 (29)
Neutrophil count decreased/Neutropenia	20 (59)	9 (27)
White blood cell count decreased	18 (53)	6 (18)
Anemia	13 (38)	4 (12)

Preferred Term	All Grades (%)	Grade ≥ 3 (%)
ALT increased	13 (38)	3 (9)
AST increased	13 (38)	3 (9)
Blood alkaline phosphatase increased	6 (18)	0

*Analysis set: Patients who received at least one dose of U3-1402. Percentage is calculated using the number of patients in the column heading as the denominator.
TEAE = treatment-emergent adverse event.
Based on April 27, 2018 data cutoff.

- DLTs consisted of the followings:
  - 4.8 mg/kg: one case of Gr.4 platelet count decreased
  - 6.4 mg/kg: one case of Gr.4 platelet count decreased
  - 8.0 mg/kg: one case of Gr.4 platelet count decreased, Gr.3 AST increased, Gr.3 ALT increased
    one case of Gr.3 ALT increased
- MTD has not been reached
- Serious AE's noted in 11 (32%) of treated patients
- Majority of TEAEs were Grades 1 and 2 and toxicities have so far been manageable

Summary of ADC Franchise 1/2

Daiichi-Sankyo

DS-8201

- Further evaluation in:
  - HER2+ mBC who failed Herceptin and/or Kadcyla
  - HER2 low mBC where there is no approved HER2 targeted therapy
    - ✓ Patient population is twice of HER 2 positive mBC
  - HER2 expressing mGC where Herceptin is only approved HER2 targeted therapy
  - HER2 expressing/mutated NSCLC/CRC where there is no approved HER2 targeted therapy

Summary of ADC Franchise 2/2

U3-1402

- Showed similarity to earlier DS-8201 clinical data in P1 Breast study
- P1 NSCLC study is on track
- 2nd ADC to show clinical activity: proof of DS ADC technology as validated platform

Other ADC

- DS-1062: P1 NSCLC study is on track
- DS-7300: Will start P1 study in FY2019
- DS-6157: disclosed target antigen=> GPR20

Next Data Points and R&D Day

December 1-3, 2018: American Society of Hematology (ASH) @ San Diego

- AML Franchise: Multiple abstracts submitted
  (including Quizartinib QuANTUM-R)

December 4-8, 2018: San Antonio Breast Cancer Symposium (SABCS)

- DS-8201
  - P1 study BC HER2 positive/low update
  - Dose justification for BC P2 and P3 studies
  - Result of ILD Adjudication Committee
- U3-1402
  - BC P1 study update

R&D Day

December 12, 2018 15:00 – 17:00 (plan) @ Daiichi Sankyo Headquarters

Revised Target for 5-Year Business Plan

Current Progress of 5-Year Business Plan

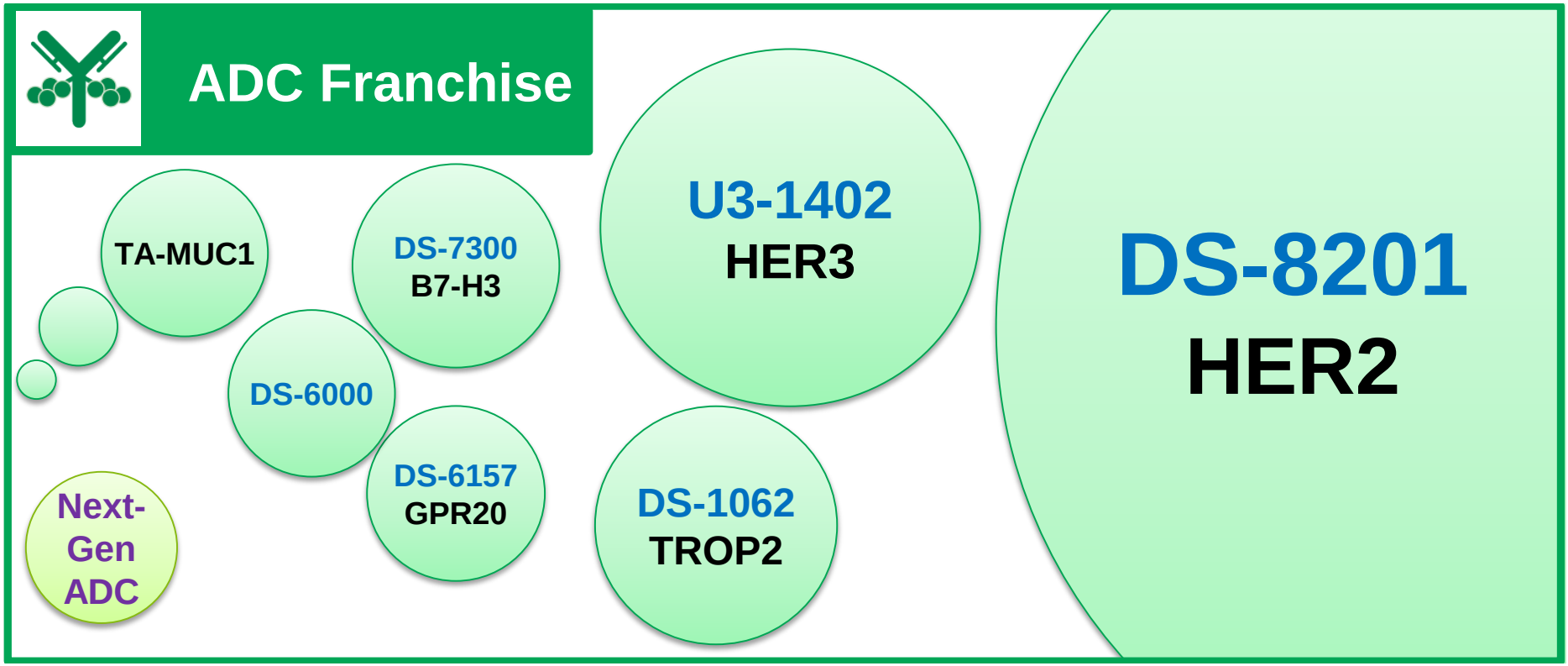
- **Edoxaban: Growing** in momentum beyond the initial target
- **Luitpold (US): Maintaining** a high level **growth**
- **Oncology:** **Enriching our pipeline value** including DS-8201

- **Pain Business (US):** Difficult to achieve the initial target
- **Japan Business:** Future business environment getting severe

Difficult to achieve the FY2020 Target : OP 165.0 Bn JPY

Current Progress of 5-Year Business Plan: ADC Franchise

- Established ADC technology as a platform technology
  - DS-8201: Accumulated promising clinical data
  - U3-1402: Disclosed promising preliminary clinical data
  - Increasing expectation on other ADCs



Oncology Business: Increase Investments

FY2018 - FY2022 (5 Years)

- R&D Investments: 1.1 Tn JPY
  - Prioritize the investments to maximize the potential of ADC franchise
- Capital Exp. to enhance oncology: 25.0 Bn JPY or more

R&D Investments

1,100.0 Bn JPY

200.0 Bn JPY
Additional investment to oncology

900.0 Bn JPY
Allocate more to oncology

900.0 Bn JPY
Allocate furthermore to oncology

<Original>
FY2016 - FY2020 (5 Years)

<After Revision>
FY2018 - FY2022 (5 Years)

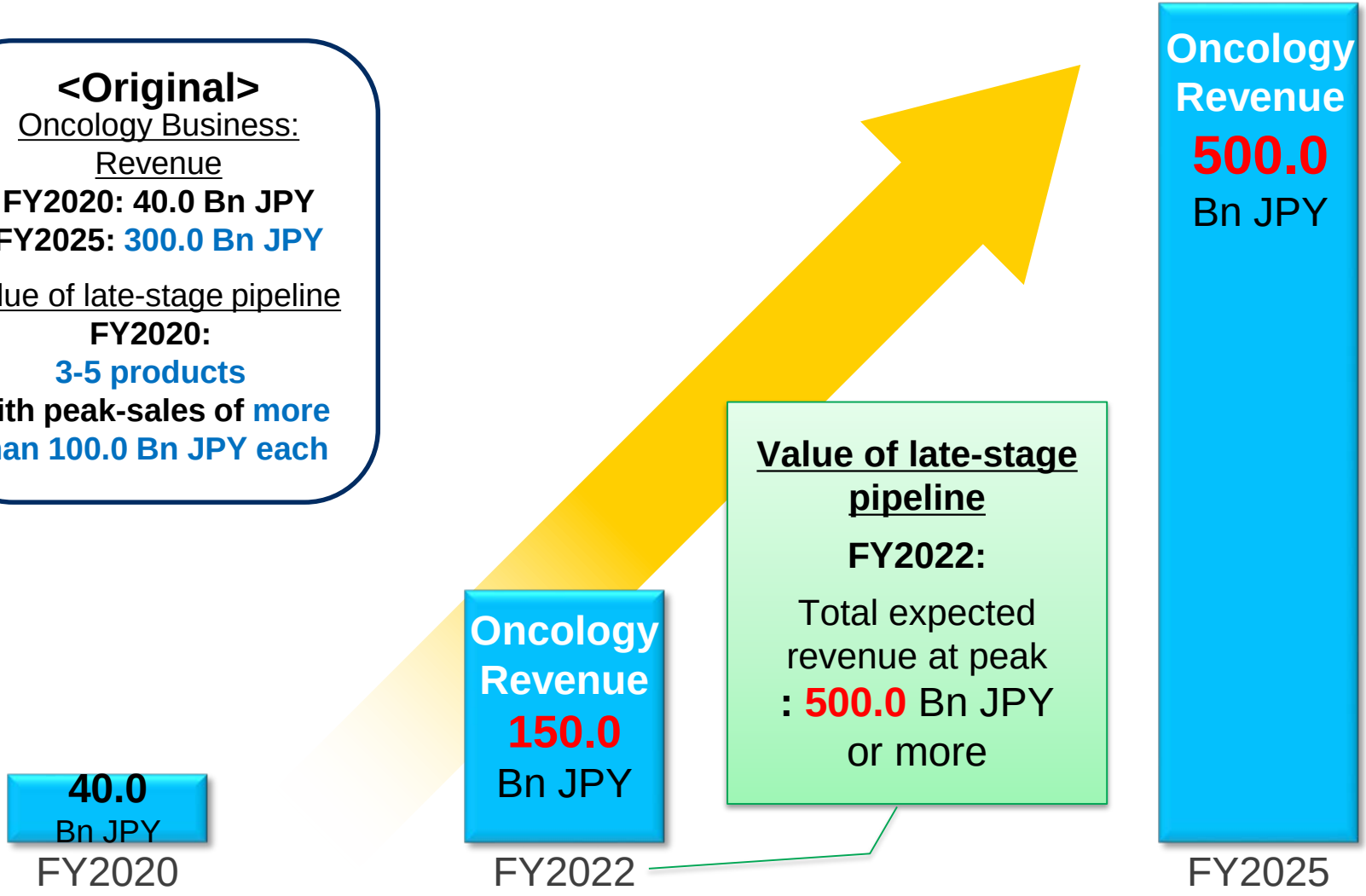
Oncology Business: Revenue Target

◆ Expand the future oncology revenue by accelerating and enhancing the investments

<Original>

Oncology Business:
Revenue
FY2020: 40.0 Bn JPY
FY2025: 300.0 Bn JPY

Value of late-stage pipeline
FY2020:
3-5 products
with peak-sales of more than 100.0 Bn JPY each

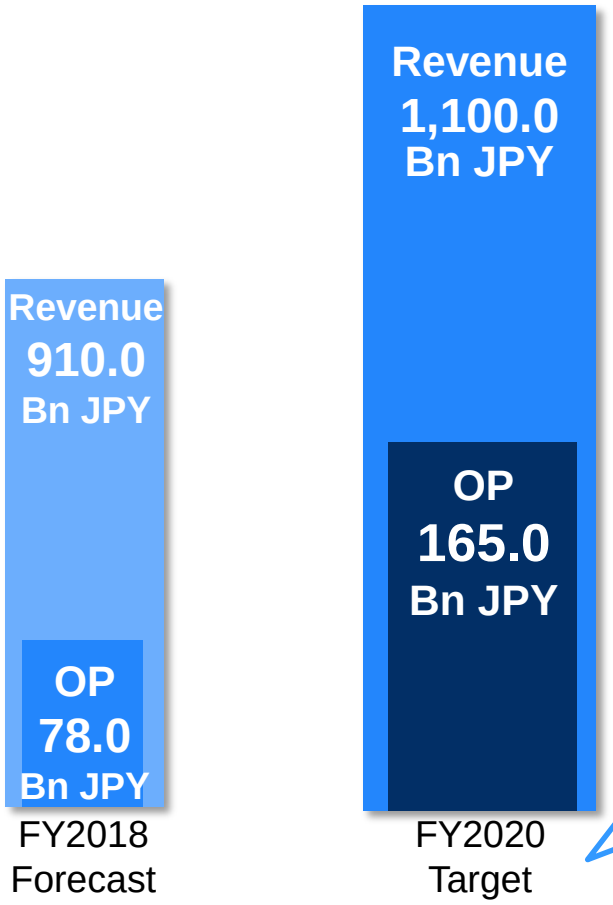


5-Year Business Plan (Original)

- Grow beyond FY2017 LOE of olmesartan
- Establish a foundation of sustainable growth

2025 Vision

Global Pharma Innovator with Competitive Advantage in Oncology



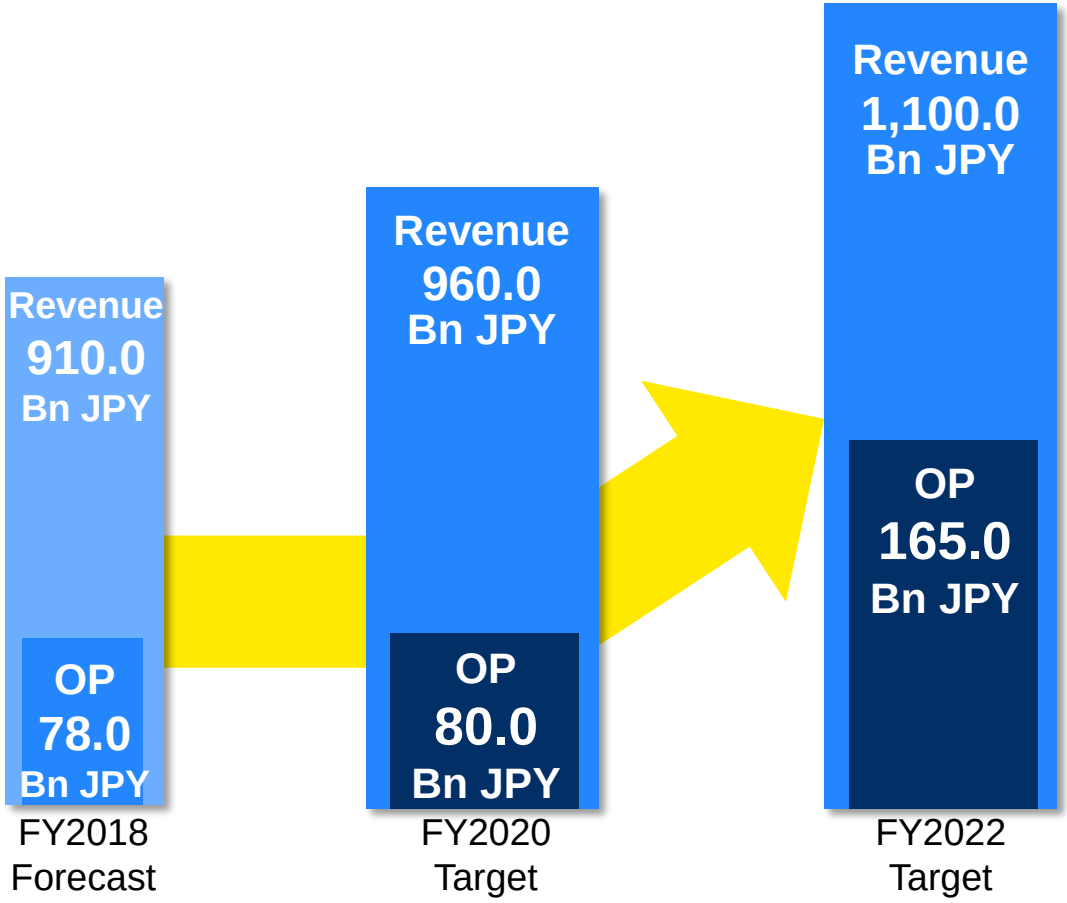
- **Increase value of late-stage pipeline**
  3-5 products with peak-sales of more than 100.0 Bn JPY each
- **ROE: 8% or more**
- **Shareholder Returns**
  (FY2016 - FY2020)
  - **Annual ordinary dividends : 70 JPY or more**
  - **Flexible acquisition of own shares**
  - **Total return ratio: 100% or more**

Revised Target for 5-Year Business Plan

- Revised FY2020 Target
- Achieve original OP target two years behind

2025 Vision

Global Pharma Innovator with Competitive Advantage in Oncology



- **Increase value of late-stage pipeline**
  Total expected revenue at peak
  : 500.0 Bn JPY or more
- **ROE: 8% or more**
- **Shareholder Returns**
  (FY2016 - FY2022)
  - **Annual ordinary dividends**
    : 70 JPY or more
  - **Flexible acquisition of own shares**
  - **Total return ratio: 100% or more**

* The targets excludes the impact of gain on sales of fixed assets, transformation business portfolio and partnering

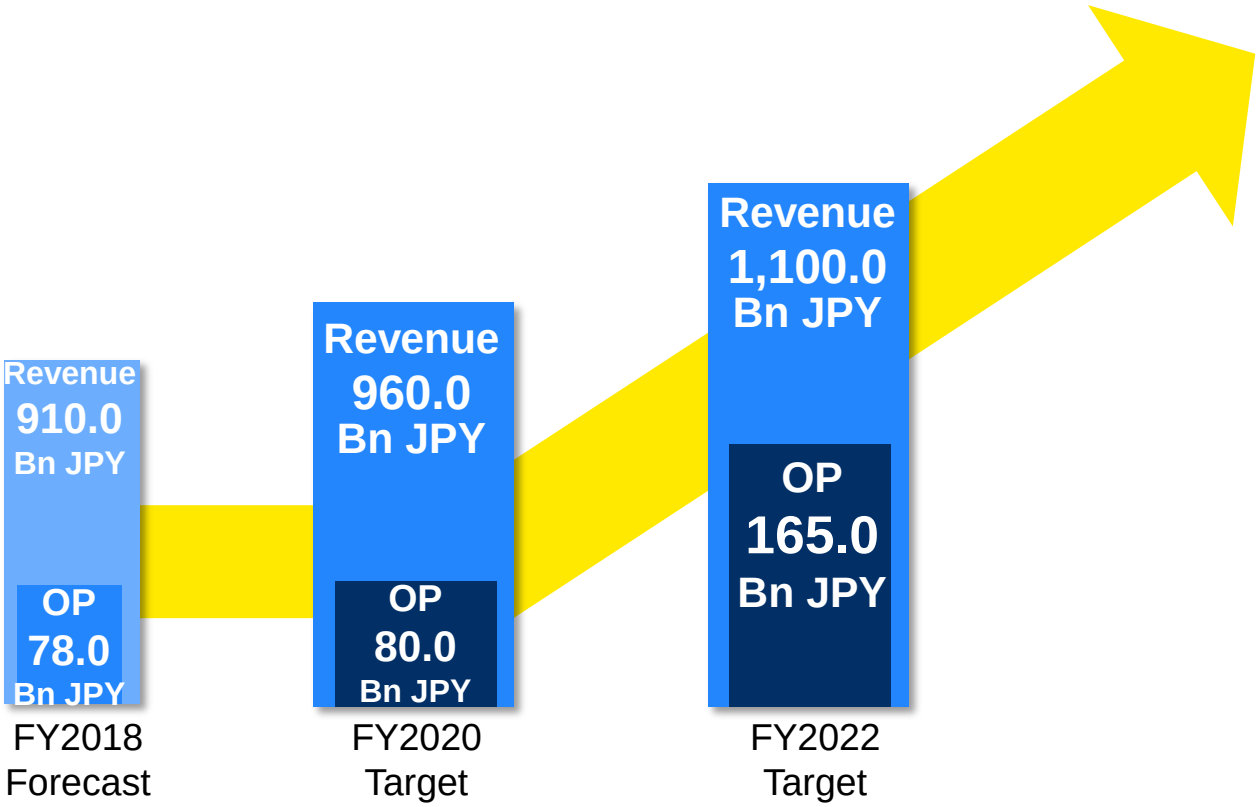
Shareholder Returns

Shareholder Returns Policy: FY2016 - FY2022

- Annual ordinary dividends: 70 JPY dividend in FY2016 and FY2017
- Acquisition of own shares: 50.0 Bn JPY in both FY2016 and FY2017
- Total return ratio : 100% or more (extended to FY2022)

*Total return ratio = (Dividends + Total acquisition costs of own shares) / Profit attributable to owners of the company

Toward 2025 Vision



2025 Vision

Global Pharma Innovator with Competitive Advantage in Oncology

- **Enhance investments and maximize oncology business**
  R&D investments: **1.1 Tn JPY**, Oncology revenue: **500 Bn JPY** in FY2025
- **Commitment of FY2022**
  OP **165 Bn JPY**, ROE **8%** or more, Value of late-stage pipeline* **500 Bn JPY** or more, Total return ratio **100%** or more

* Total expected revenue at peak

Contact address regarding this material

Daiichi Sankyo Co., Ltd.

Corporate Communications Department

TEL: +81-3-6225-1126

Email: DaiichiSankyoIR@daiichisankyo.co.jp