

For Immediate Release

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Daiichi Sankyo Announces New 5-year Business Plan

Tokyo, Japan (March 22, 2013) – Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) today announced a new 5-year Business Plan, which will span from April 1, 2013 through March 31, 2018.

Overview of new 5-year Business Plan

1. Management Goals for FY2017

Within the period of the new 5-year plan, we will work toward two major objectives in order to realize sustainable growth and overcome the “patent cliff” owing to expiration of the exclusive patent rights to Olmesartan, our mainstay anti-hypertensive agent, in the US and Europe.

Sustainable revenue growth with improved profitability

We will achieve sustainable growth by maximum utilization of the business foundation created during the 1st and 2nd Mid-term Plans and improve profitability.

- Over 5% revenue CAGR (FY2012 to FY2017).
- Over 15% operating profit margin by FY2017.
- Over 10% ROE.
- EPS of 150 yen.
- Stable dividends and increased shareholder value.

Enhancement and growth of Group business centering on Daiichi Sankyo and Ranbaxy (creation of synergy)

In addition to Daiichi Sankyo and Ranbaxy achieving high growth and improved profitability in their respective businesses, we aim to create additional synergies between the two companies, not only in the areas of sales and production where initiatives have already begun, but across the various processes of the value chain, including the opening of new markets and the creation of high added-value products.

- Strengthen business in key markets (Japan, India, and USA) and emerging markets.
- Establish flexible corporate structure to navigate changes in business environment.

2. Core Strategies

Strengthen innovative pharmaceutical portfolio and R&D pipeline

- Maximize cash flows from olmesartan.
- Maximize sales potential for antiplatelet agent prasugrel and oral direct factor Xa inhibitor edoxaban.
- Grow high potential products in Japan.
- Enhance pipeline following launch of edoxaban.
- Expand presence in biologics/biosimilar business.
- Acquire external assets.

Develop competitive businesses to address diverse local needs

- Expand business in emerging countries through Ranbaxy and the Daiichi Sankyo business in ASCA.*
- Maintain top share in the injectable iron business in the USA through launch of Injectafer.
- Increase profitability of generic and vaccine businesses in Japan.

Transition to a low-cost operating framework

- Establish organizational structure to address diverse needs in each region.
- Establish global supply chain system for continuous cost reduction.
- Strengthen revenue management at business unit and regional levels.

3. Numerical Targets for FY2017

	FY 2017 (Target)	FY2012 (Latest Estimate)
Net Sales	1.3 trillion yen	990 billion yen
Cost of Goods	37%	31%
SG&A Expenses (R&D expenses)	48% (14%)	59% (19%)
Operating Income	200 billion yen (15%)	100 billion yen (10%)
Profit After Tax	110 billion yen	50 billion yen

FY2017 forecasted exchange rate: 1 USD = 90 yen; 1 EUR = 120 yen

*ASCA: Refers to Daiichi Sankyo Group companies in Asia, South and Central America

For more information, please see the presentation materials for the announcement of the new 5-year Business Plan on our website, http://www.daiichisankyo.com/ir/archive/imm/year/list_2012.html

Daiichi Sankyo Group 5-year Business Plan (Fiscal 2013 - 2017)

Friday, March 22, 2013

Joji Nakayama, President and CEO

The Long View: Planning Background

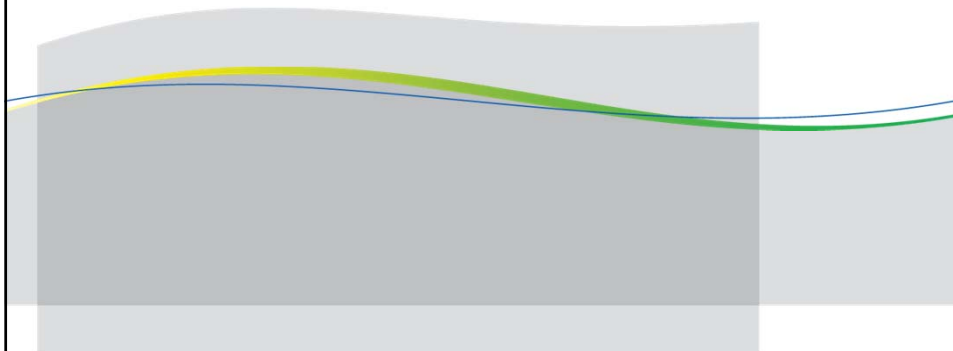


- **The rapid growth and shift of populations and economic disparity in emerging countries/regions like China, India and Africa**
- **Further aging of populations in developed countries**

- **Innovative business to generate new treatments by advanced science**
- **Generic business to provide quality and affordable pharmaceuticals by excellent technology**
- **Global reach to convey our products across world**

- ▶ **One of the leading companies to provide health/medical solutions globally in the coming decades**
- ▶ **A company to be proud of globally**

1. Review of the Previous 3-year Plan



2nd 3-year Plan (FY2010-2012): Overall Review

Strong platform laid down for future growth Expansion of profitability still a key task

Enhance innovative pharmaceuticals business

Achieved

- Launched New products in Japan (Rezaltas, Inavir, Lixana, Memary, Nexium, Ranmark, etc.)
- Established Global R&D: Plexxikon, RCI (Life Science Research Center in India)

Challenge

- Olmesartan franchise and prasugrel: short of their targets
- Edoxaban: NDA for AF indication in FY2013 (original target: FY2012)

Establish business composition to address diverse needs

Achieved

- Established generic pharmaceutical business: Daiichi Sankyo Espha
- Established vaccine businesses: Kitasato Daiichi Sankyo Vaccine and Japan Vaccine
- OTC business: Launched Loxonin S
- Ranbaxy: Launched FTFs in US; growth globally

Challenge

- Enhance profitability by utilizing business platform

Create synergy by collaboration with Ranbaxy

Achieved

- Shifted sales of DS products in many countries (e.g. Olmesartan, Levofloxacin) to Ranbaxy affiliates
- Established new bases to cover innovative and generic businesses in Mexico and Thailand
- Signed Consent Decree with FDA. Committed to secure data integrity and comply with cGMP.

Challenge

- Enhance profitability by creation of synergy

2nd 3-year Plan: Quantitative Evaluation



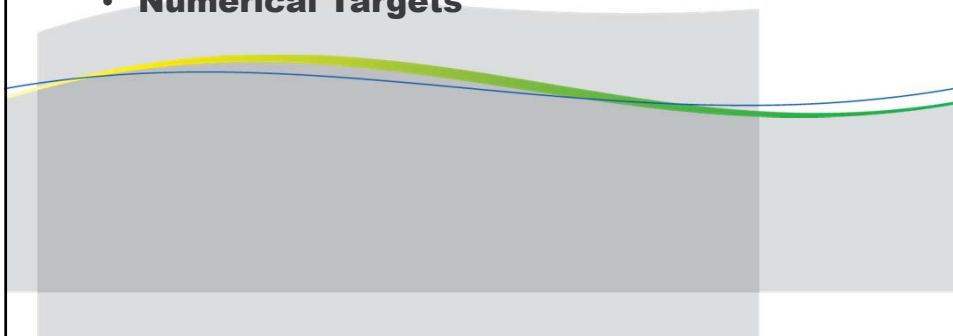
Yen bn

	FY2012 Target under the 2 nd MTP	FY2012 LE	Difference	Main Factors	
Net Sales	1,150	990	-160	Daiichi Sankyo	Olmesartan/Effient in US/EU -31
					Others in US/EU -15
					Japan Business, etc. +12
					Forex impact -43
				Ranbaxy	Impact from FDA issues -52
					Forex impact -31
COGs (/Net Sales)	343 (29.8%)	307 (31.0%)	-36 (1.2%)		
SG&A expenses (/Net Sales)	627 (54.5%)	583 (58.9%)	-44 (4.4%)	Forex impact -38	
R&D expenses (/Net Sales)	200 (17.4%)	188 (19.0%)	-12 (1.6%)		
Operating Income (/Net Sales)	180 (15.7%)	100 (10.1%)	-80 (-5.6%)		
Forex	USD/yen	90	81.26		
	EUR/yen	130	105.39		

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2. New 5-year Business Plan (FY2013 - FY2017)

- General Objectives
- Core Strategies
- Numerical Targets



General Objectives



Overcome Olmesartan LOE (loss of exclusivity) Set course for further growth

1. Achieve sustainable revenue growth and improve profitability

- Over 5% revenue CAGR (FY2012 to FY2017)
- Over 15% operating profit margin
- 10% of ROE or over
- EPS of 150 yen or over
- Stable dividends and flexible shareholder return

2. Transform into a Hybrid Business Powerhouse

- Strengthen business in key markets (Japan, India, and USA) and emerging markets.
- Flexible corporate structure to navigate through changing business environment

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Core Strategies



Enhance innovative product portfolio and R&D pipeline

- Maximize cash flows from Olmesartan
- Maximize sales potential for prasugrel and edoxaban
- Grow high potential products in Japan
- Enhance pipeline following launch of edoxaban
- Expand presence in biologics / biosimilar business
- Acquire external assets

Develop competitive businesses to address diverse local needs

- Expand business in emerging countries through Ranbaxy and the Daichi Sankyo business in ASCA*
- Maintain leadership in the US injectable iron market through launch of Injectafer
- Increase profitability of generic and vaccine businesses in Japan

Transition to a low-cost operating framework

- Establish organizational structure to address diverse needs in each region
- Establish global supply chain system for continuous cost reduction
- Strengthen revenue management at business unit and regional levels

*ASCA: Internal business unit covering Asia and South, Central America

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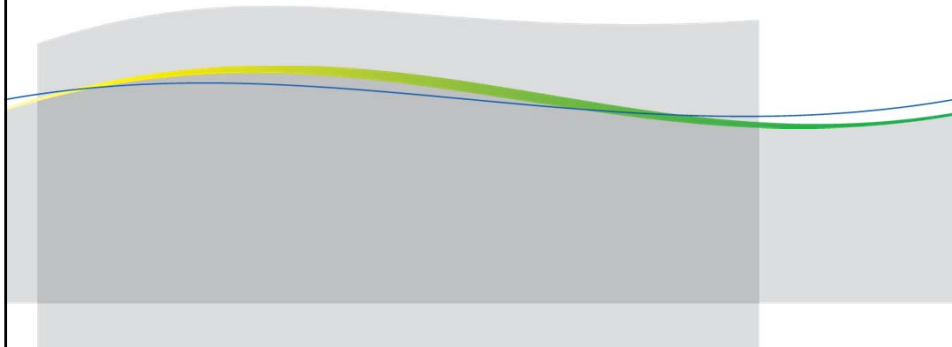
Numerical Targets



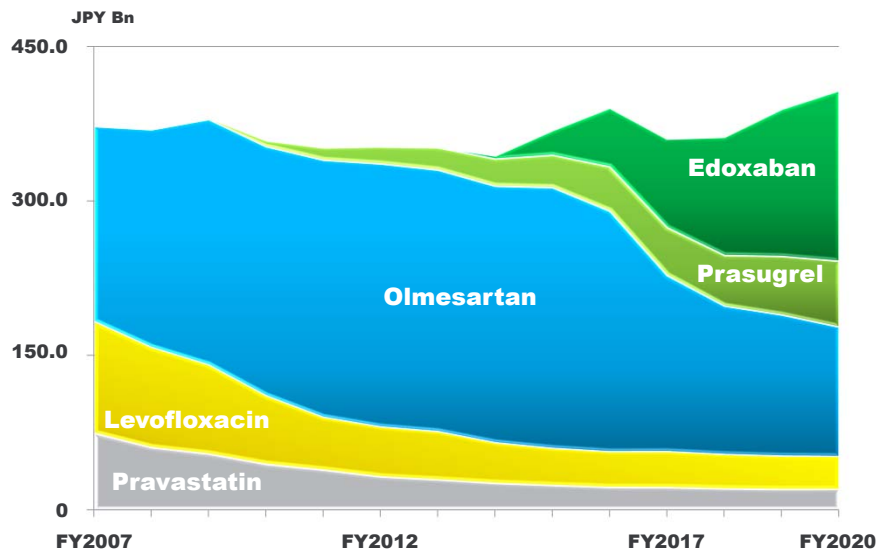
	FY2012 LE	FY2017 (Target)
Net Sales	Yen 990 bn	Yen 1,300 bn
COGs	31%	37%
SG&A expenses (R&D expenses)	59% (19%)	48% (14%)
Operating Income (/Net Sales)	Yen 100 bn (10%)	Yen 200 bn (15%)
Profit after Tax	Yen 50 bn	Yen 110 bn
Forex	USD/Yen	90
	EUR/Yen	130

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3. Innovative Pharmaceuticals



Sustainable Growth with Smooth Transition of Key Drivers



*The above figures do not include partner sales

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Brand Strategy: Olmesartan



The best selling ARB brand globally

Japan

- “Best in class” product
 - Strong efficacy and long acting; protective effect on heart/kidneys
 - Wide range of dosing options

Global

- Lifecycle management in US/EU focusing on combination products
- Grow business in China with successful launch of Sevikar
- Enhance position in emerging markets

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Global Brand Strategy: Prasugrel



Rapidly expand Japanese market sales
Maximize global sales potential

Japan

Aim for standard antiplatelet therapy in Japan

- **ACS-PCI*** (**PRASFIT-ACS**)
 - Prasugrel risk reduction 23%
 - No difference in bleeding tendency
- **Elective-PCI** (**PRASFIT-Elective**)
 - Achieved endpoints in efficacy and safety
 - NDA planned in the first half of FY2013
- **Ischemic stroke** (**PRASTRO-I**)
 - Phase 3 study comparing with clopidogrel ongoing
 - Study to be completed in FY2014

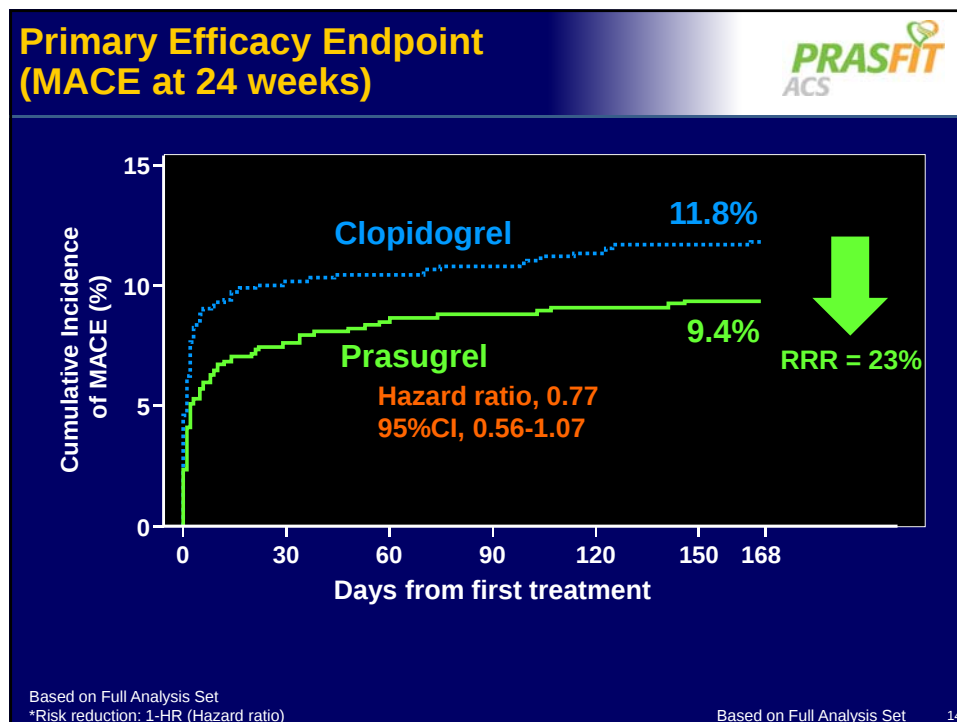
Global

Focus on ACS-PCI patients with high risk of recurrence

- Obtained recommendation for “class 1b” in treatment guidelines of US (AHA/ACCF/SCAI) and EU (ESC)
- Approval in China (target: FY2013)

* ACS: Acute Coronary Syndrome
PCI: Percutaneous Coronary Intervention

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Brand Strategy: Edoxaban



**Launch at earliest timing possible
Promote as a key growth driver**

**Gain a competitive edge as a once daily FXa inhibitor
with superior efficacy and safety profile**

Target Schedule	AF	JPN/US/EU	FY2014	approval•launch
		Asia/LTAM	From FY2015	approval•launch
	VTE	US/EU	FY2014	approval•launch
		JPN	FY2015	approval•launch
		Asia/LTAM	From FY2015	approval•launch

● Expand business in emerging countries through Ranbaxy

AF: Atrial Fibrillation
VTE: Venous Thrombo Embolism

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R&D Strategy



**Competitive pipelines, continuous and rapid generation of
innovative pharmaceuticals**

Initiatives for innovation advancement

- Focus on first-in-class projects
- Explore venture model opportunities for development
 - Asubio, U3 Pharma, Plexxikon
 - Venture Science Laboratory (new)
- Open innovation: TaNeDS
- Enhance biologics R&D/manufacturing capabilities

R&D management with clear targets

- Achieve ≥ 2 new major indication launches for NME*/BS**/S-LCM*** per year*
- Bring 4 major indications to late development stage for NME/BS/S-LCM per year
- Initiate 9 Phase 1 projects per year

☆ Achieve at NME*/BS**/S-LCM***

* NME: New medical entity including new biologics
** BS: Biosimilars
*** S-LCM: Significant life-cycle-management project

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Pipelines: Target for Approval/Launch



Projects to be approved/launched

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018~*
Japan	Denosumab Osteoporosis Laninamivir Prophylactic	Edoxaban AF Prasugrel CAD	Edoxaban VTE Levofloxacin Inj. Additional Indication	Prasugrel CVA Etanercept BS RA	Denosumab BC adj. Denosumab RA Rituximab BS Lymphoma	Oncology CS-1008 DE-766 CS-7017 U3-1287 PLX3397 U3-1565 DS-2248 DS-7423 ARQ 092 DS-3078 Vemurafenib (LCM)
US		Edoxaban AF Edoxaban VTE			Tivantinib HCC DS-5565 DPNP	CV-M (CVM) CS-3150 DS-7250 DS-7309 DS-6930 DS-8500 DS-1442 Prasugrel (LCM) Edoxaban (LCM)
Western Europe		Edoxaban AF Edoxaban VTE			Tivantinib HCC	Frontier DS-5565 SUN13837 ASB17061 DS-8587 CS-4771 PLX5622 DS-7113 CS-0777 Denosumab (LCM)
Others	Prasugrel CAD(China)			Edoxaban AF&VTE (China-LTAM etc.)		

DPNP: Diabetic Peripheral Neuropathic Pain
*Includes projects to be approved/launched before FY2018

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Promising Projects Beyond FY2017

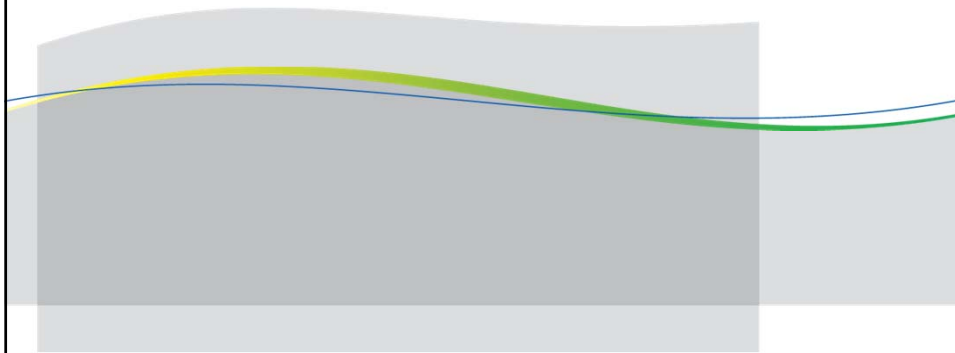


Invest in candidates to be growth drivers for the future

Project	Stage	Indication	Product Profile
Tivantinib	P3	Hepatocellular cancer Colorectal cancer	- Met inhibitor/oral - PFS improved statistically in Ph2 - Co-developed with ArQule
DS-5565	P2	Diabetic peripheral neuropathic pain	$\alpha 2\delta$ ligand/oral - In-house compound
U3-1287	P2	Breast cancer Non small cell lung cancer	- HER3 antibody/iv - Originated by U3 Pharma
PLX-3397	P2	Cancer	- Kinase inhibitor for FMS, Kit and Flt3-ITD/oral - Indications: AML, Glioblastoma, breast cancer, etc.

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4. Ranbaxy



Global Business Strategy

Sustainable growth with high quality and profitability

FRONT END

- **Grow as a leading company in India**
- **Maximize FTF opportunities**
Expand Branded Derma business in US
- **Global expansion of Branded Products**
- **Further expand reach in emerging markets**

BACK END

- **Implement Consent Decree by USFDA; resolution of AIP***
- **Establish organizational structure to support growth strategy**

*AIP: Application Integrity Policy

The Hybrid Business



Evolution of the hybrid business model

FRONT END

- Expand Daiichi Sankyo innovative products in emerging markets through Ranbaxy network
- Expand Ranbaxy's products through Daiichi Sankyo's network
- Secure revenue/income from DS's innovative products post LOE (e.g. through AGs)

BACK END

- Cost Effective manufacturing for DS
- Quality control in collaboration with Daiichi Sankyo
- Develop value-added differentiated products

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Generate Differentiated Products (DP)

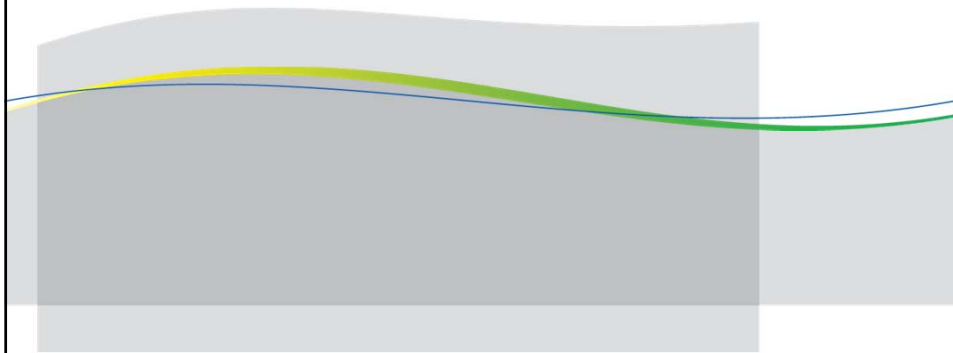


Generate and convey differentiated products by utilizing the technology and network of both companies



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5. Regional Strategy



Growth Strategy in Major Markets

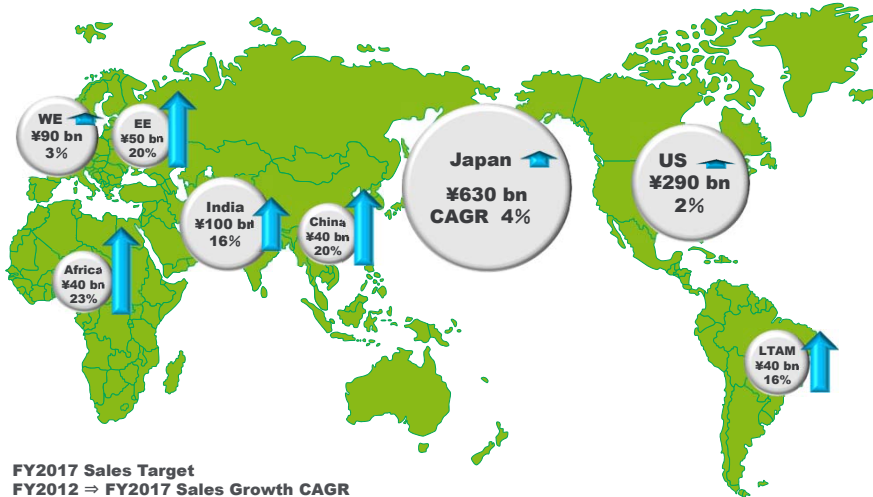
Steady growth in developed markets
Substantial sustainable growth in emerging markets

	CAGR	FY2017 Target(Yen bn)	Mid term growth strategy
Japan	4%	630 bn	- To become No.1 company by sales with focus on innovative products and expanding market share - Achieve long-term sustainable growth through lifecycle management and enhancing the product portfolio
US	2%	290 bn	Expand Business through DSI, Luitpold and Ranbaxy, with each of them excelling in their respective areas
Western Europe	3%	90 bn	- Shift Olmesartan business from mono to combination product - Grow Efient business; successfully launch Edoxaban
Emerging Countries	15%	290 bn	- Further expand business in India, East Europe, CIS and Africa etc. - Expand the Olmesartan business, strengthen presence with Prasugrel and successful launch of edoxaban in China - Maximize the Olmesartan business in ASCA countries and successfully launch Edoxaban

FY2017 Regional Sales Target (image)



Steady growth in developed markets
Substantial growth in emerging markets



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Japan: Innovative Business Growth Strategy



Key products for No.1 company in Japan

	Strategy	Market Size (Yen bn) MAT 2013/2*
1 Olmesartan	Top sales in ARB market with strong efficacy and sustainability backed by Japanese data	590
2 Memary	Top share in mono/combination therapy with the unique MOA of NMDA antagonist	150
3 Nexium	Top share as the best-in-class PPI product cooperating with AstraZeneca	220
4 Prasugrel	Gain market share as a new standard therapy of anti-platelet for Japanese patients in heart/brain area	310**
5 Lixiana	Standard therapy in DVT-OS, Best-in-class drug in AF and VTE	43
6 Ranmark/ denosumab (osteoporosis)	Top share as the first anti-RANKL antibody in world cooperating with AstraZeneca	17
	Expand market share as a new therapy with good efficacy and practicality	200
7 Tenelia/ canagliflozin	Establish strong position in diabetes area cooperating with Mitsubishi Tanabe	320

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* Moving average data

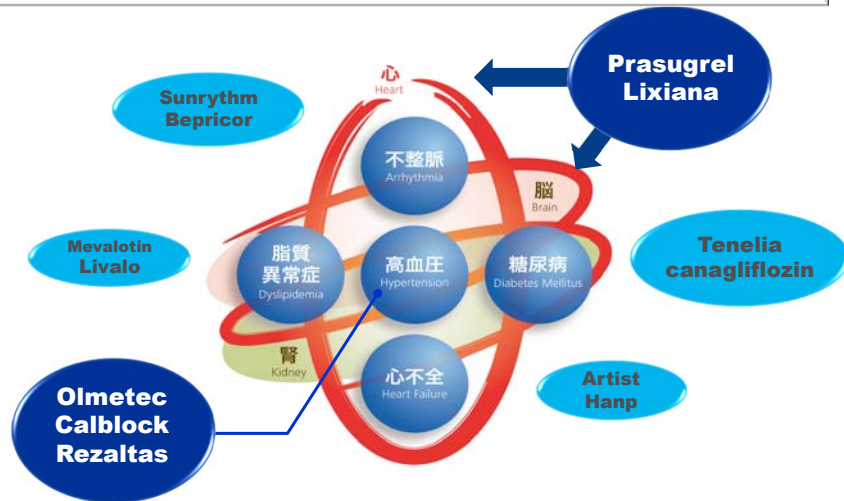
**Total anti-thrombotic drug

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Total Protection for Cardiovascular



Unmatched experience in the therapy area helps to maximize products potential for total protection in CVS



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Generic, Vaccine, and OTC Business in Japan



Pursue sales growth with increased profit contribution

Business Unit	Strategy
Generic Business	- Expand the premium generics* business - Obtain top 3 market share for day-1 launch products - Pursue low cost operations
Vaccine Business	- Establish Daiichi Sankyo as a leading vaccine company - Enhance the manufacturing/CMC structures and improve manufacturing efficiency - Join national plan for human influenza pandemic
OTC Business	- Increase sales and improve P&L structure - Maximize the "Loxonin S" brand - Expand skin care direct marketing business

* Value added generic products to enhance safety and patient compliance through formulation and packaging technologies in addition to trust and confidence for the DS corporate brand

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Regional Strategy: US



Three independent businesses to address diverse needs Growth through flexible operations

DSI

- Cover the LOE of Olmesartan and Welchol as much as possible with Edoxaban
- Maximize potential in Effient ACS-PCI business
- Inorganically enhance product offerings and development pipeline

Luitpold

- Maintain leadership in the injectable iron segment with Injectafer launch in FY2013
- Expand multisource business after commissioning new Pharma-Force manufacturing facility

Ranbaxy

- Successfully monetize FTFs and DS's authorized generics
- Expand branded business in dermatology

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Regional Strategy: India



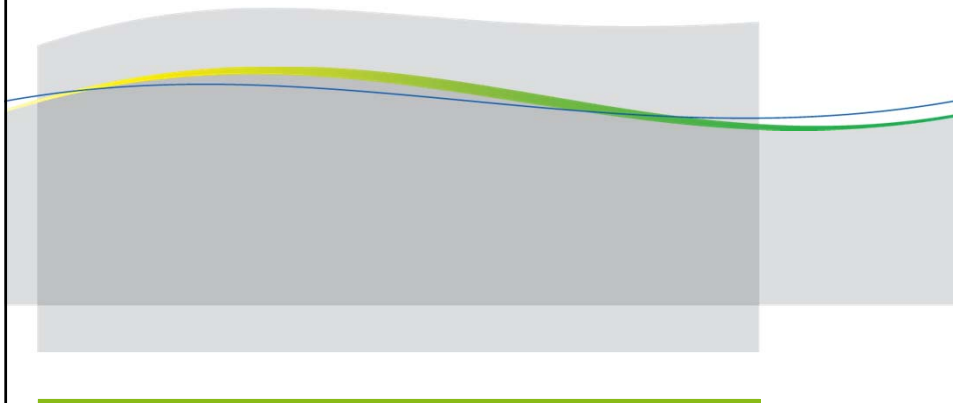
Maintain higher growth rate than Indian pharmaceutical market

RANBAXY

- Gain market share with strengthened MRs
- Maintain the market leader position in Anti-infectives
- Increased contribution from chronic therapies by enhancing product portfolio
- Strengthen and further expand the OTC business
- Develop and launch value added differentiated products (DP)
- Enter the biosimilars market
- Increase marketing competitiveness and improve profitability

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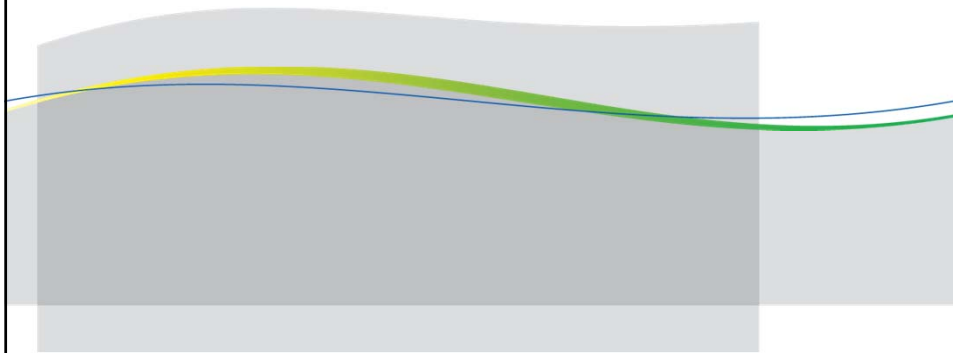
6. Transition to a Low-cost Operating Framework



Transition to a Low-cost Operating Framework

Theme	Mid-term Strategy
Establish organizational structure to address diverse needs in each region	- Optimize organizational structures in every region - Streamline support functions - Substantially reduce SG&A expenses (approx. 10% reduction)
Establish global supply chain system for continuous cost reduction	- Cost reduction in Olmesartan and edoxaban API through collaboration with Ranbaxy - Establish global procurement platform to benefit from scale - Reorganization of API manufacturing facilities in Japan - Overall reduction Target: Over 30 bn yen (cumulative)
Strengthen revenue management	- Strengthen revenue management at business-unit/regional/product level - Strengthen cash flow management

7. CSR



CSR

**Further enhance global CSR activity
Contribute to healthier lives across the world**



**Contribution to
orphan disease
treatment and
global health**

- Disseminate ITB therapy
- Launch a novel Malaria drug, Synriam™ in Africa
- Develop treatment for Duchenne Muscular Dystrophy



**Social contribution
to improve medical
access**

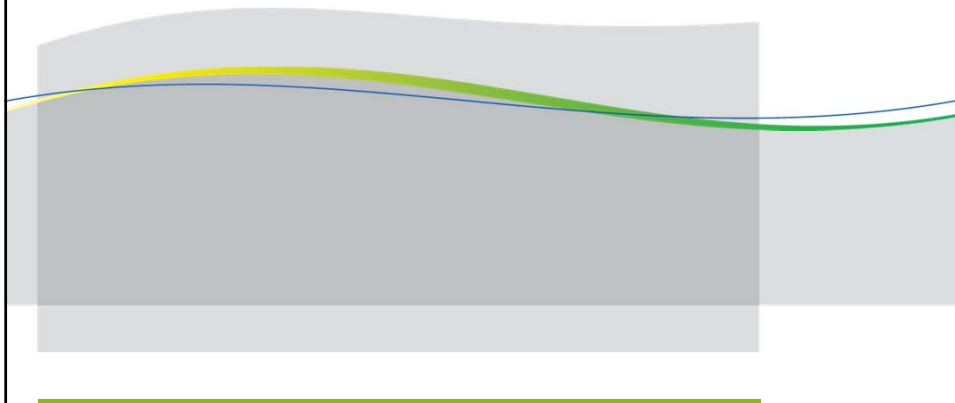
- Provide mobile medical services in rural areas of India, Cameroon and Tanzania



**Social responsibility
for sustainable
society**

- Join The UN Global Compact
- Implement CSR activities according to Group Corporate Conduct Charter

8. Corporate Vision



The Daiichi Sankyo Group 5 Years from Now

Succeeding in a Rapidly Changing Global Market

**Global Pharma Innovator
Addressing Global Diverse Medical Needs
Accompanied With Sustainable Growth Capability**

Contact address regarding this material

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