Passion for Innovation.
Compassion for Patients.™

Daiichi-Sankyo

Top Management Presentation

Financial Results for FY2017 (April 1, 2017 – March 31, 2018)

DAIICHI SANKYO CO., LTD

Sunao Manabe
President and COO

April 27, 2018

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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

- FY2017 Financial Results
- Progress of 5-Year Business Plan
- FY2018 Consolidated Forecast

FY2017 Financial Results

Overview of FY2017 Results

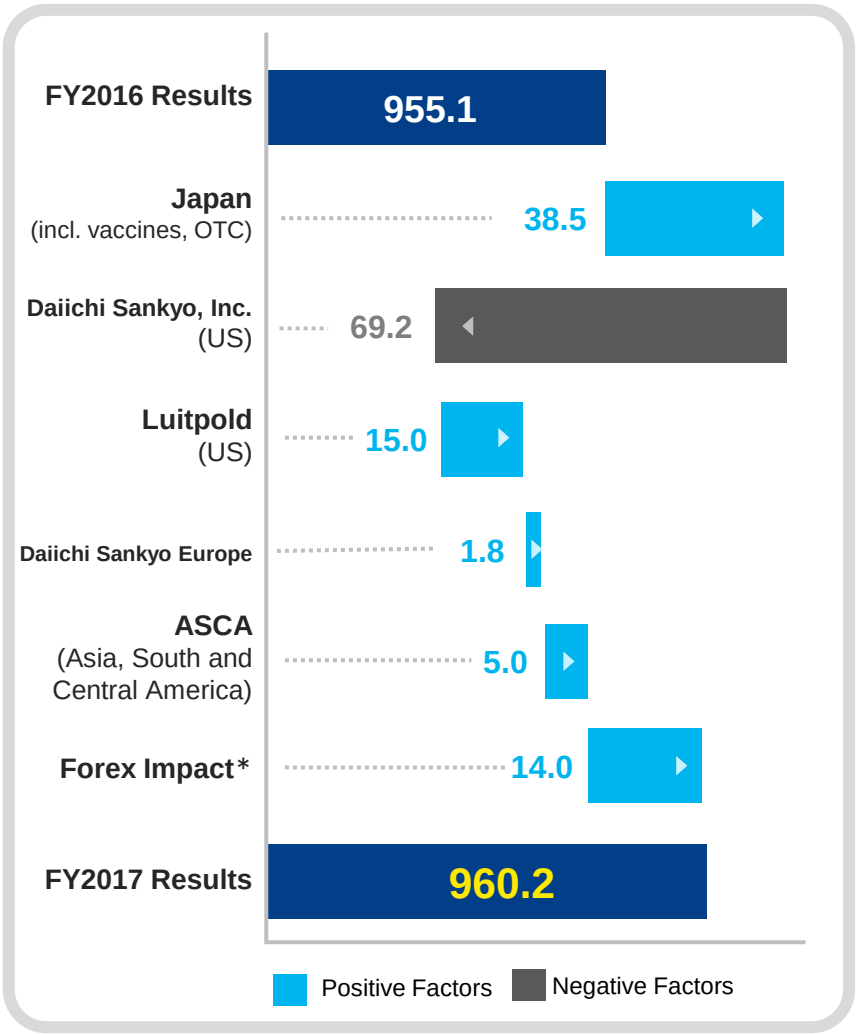
(Bn JPY)

	FY2016 Results	FY2017 Results	YoY
Revenue	955.1	960.2	+0.5% +5.1
Cost of Sales	349.4	346.0	-3.4
SG&A Expenses	302.5	301.8	-0.6
R&D Expenses	214.3	236.0	+21.7
Operating Profit	88.9	76.3	-14.2% -12.6
Profit before Tax	87.8	81.0	-6.8
Profit attributable to owners of the Company	53.5	60.3	+12.7% +6.8

Currency Rate	USD/JPY	108.42	110.86	+2.44
	EUR/JPY	118.84	129.70	+10.86

Revenue

Increased by 5.1 Bn JPY (Decreased by 8.9 Bn JPY excl. forex impact)



(Bn JPY)

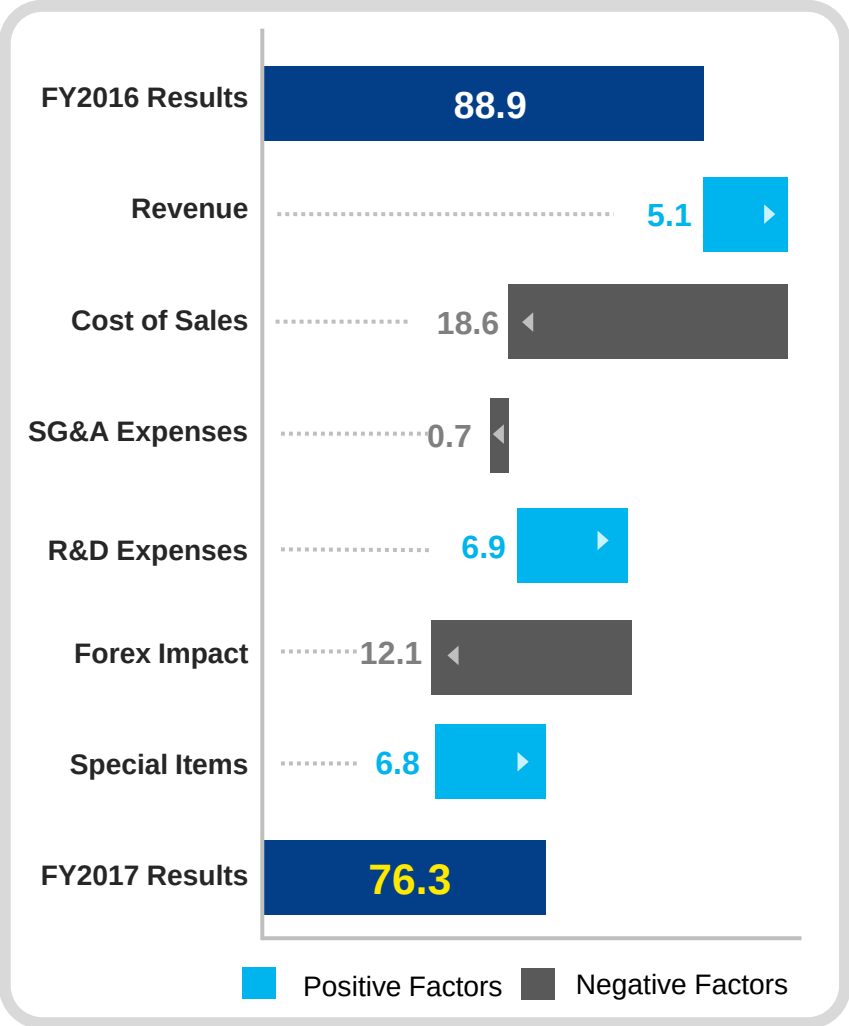
Positive Factors		Negative Factors	
Japan			
Lixiana	+20.3	Olmetec	-24.8
Inavir	+5.7		
Pralia	+5.2		
Daiichi Sankyo Espha (GE)	+26.5		
Telmisartan AG			
Olmesartan AG			
Rosuvastatin AG etc.			
Daiichi Sankyo, Inc.			
		Olmesartan	-45.5
		Welchol	-12.3
		Effient	-11.8
Luitpold			
Injectafer	+9.6		
GE injectables	+5.8		
Daiichi Sankyo Europe			
Lixiana	+15.1	Olmesartan	-12.5

* Forex impact USD: +4.1, EUR : +6.7, ASCA: +3.2

Operating Profit

Decreased by 12.6 Bn JPY

(Decreased by 21.3 Bn JPY excl. forex impact and special items)



(Bn JPY)

Revenue +5.1
incl. forex impact of +14.0

Cost of Sales +18.6 (Cost increased)
Product mix due to impact of olmesartan LOE

R&D Expenses -6.9 (Cost decreased)
Due to completion of Mirogabalin study

Forex Impact +12.1 (Cost increased)
Cost of Sales +3.3
SG&A Expenses +5.9
R&D Expenses +2.9

Special Items -6.8 (Cost decreased)
*See next slide for details

Special Items

(Bn JPY)

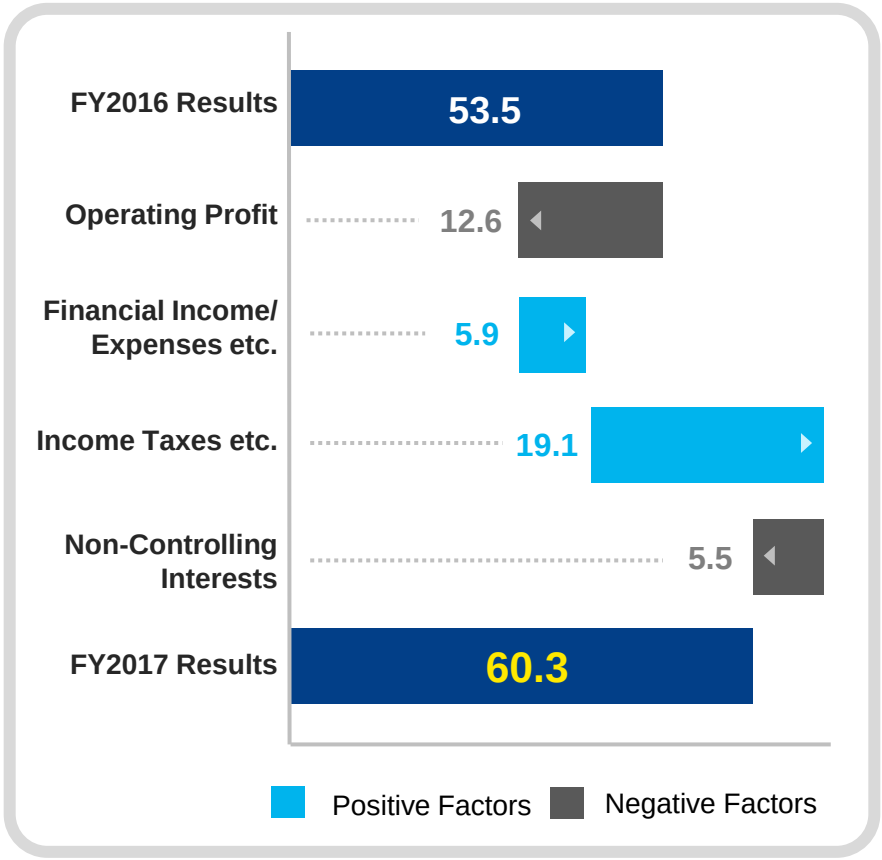
	FY2016 Results		FY2017 Results		YoY
Cost of Sales	Restructuring costs in SC	3.6	Gain on sales of fixed assets	-6.1	-25.2
	Impairment loss (Vaccine)	20.6	Impairment loss (Intangible)	5.1	
SG&A Expenses	Restructuring costs in EU	10.6	Restructuring costs in US	2.8	-7.2
	Impairment loss (Vaccine)	1.0	Litigation fee	1.7	
R&D Expenses	Restructuring costs in R&D	2.5	Impairment loss (Intangible)	30.2	+25.7
	Impairment loss (Vaccine)	0.2			
	Impairment loss (Intangible)	1.8			
Total		40.4		33.6	-6.8

- : Cost decreased items

Booked in Q4

Profit Attributable to Owners of the Company

Increased by 6.8 Bn JPY



(Bn JPY)

Financial Income/ Expenses etc. ····· **-5.9 (Cost decreased)**

Improvement of forex gains/ losses

Income Taxes etc. ····· **-19.1 (Cost decreased)**

FY2016: Tax rate was deteriorated for not being applicable to tax effect due to impairment loss (vaccines) etc.
FY2017: Impact of the tax rate reduction in US

	FY2016	FY2017	YoY
Profit before Tax	87.8	81.0	-6.8
Income Taxes etc.	40.3	21.2	-19.1
Tax rate	45.9%	26.2%	-19.7%

Non-Controlling Interests ····· 5.5

FY2016: Loss of KDSV* attributable to Kitasato Institute
*KDSV: Kitasato Daiichi Sankyo Vaccine

Revenue: Major Business Units (incl. Forex Impact)

(Bn JPY)

	FY2016 Results	FY2017 Results	YoY	vs. Forecast* (%)
Japan	**506.6**	**540.0**	**+33.5**	**100.8%**
Daiichi Sankyo Healthcare	**66.7**	**72.9**	**+6.2**	**102.7%**
Daiichi Sankyo Inc.	**142.3**	**74.8**	**-67.5**	**106.8%**
Olmesartan	66.4	21.3	-45.0	118.5%
Welchol	45.5	33.9	-11.6	102.8%
Effient	22.2	10.7	-11.5	-
Savaysa	1.9	2.2	+0.3	108.4%
Movantik	4.2	4.7	+0.5	-
Luitpold	**88.1**	**105.4**	**+17.3**	**100.4%**
Venofer	28.5	31.0	+2.5	99.9%
Injectafer	24.0	34.3	+10.4	98.1%
GE injectables	30.5	37.1	+6.6	-
Daiichi Sankyo Europe	**71.0**	**79.4**	**+8.5**	**101.9%**
Olmesartan	43.2	33.5	-9.7	104.7%
Efient	7.9	8.0	+0.1	100.2%
Lixiana	9.7	27.0	+17.3	103.8%
ASCA (Asia, South and Central America)	**72.1**	**80.4**	**+8.2**	**101.8%**

Currency Rate	USD/JPY	108.42	110.86	+2.44
	EUR/JPY	118.84	129.70	+10.86

* Calculated based on forecast updated in Jan. 2018

Revenue: Major Products in Japan

(Bn JPY)

		FY2016 Results	FY2017 Results	YoY	vs. Forecast* (%)
Nexium	ulcer treatment	**84.0**	**86.5**	**+2.6**	**104.3%**
Memary	Alzheimer's disease treatment	**46.9**	**48.6**	**+1.7**	**97.1%**
Olmetec	antihypertensive agent	**69.4**	**44.6**	**-24.8**	**94.9%**
Lixiana	anticoagulant	**25.0**	**45.3**	**+20.3**	**100.8%**
Loxonin	anti-inflammatory analgesic	**37.4**	**36.5**	**-1.0**	**101.3%**
Tenelia	type 2 diabetes mellitus treatment	**24.2**	**26.3**	**+2.1**	**101.1%**
Pralia	treatment for osteoporosis/ inhibitor of the progression of bone erosion associated with rheumatoid arthritis	**18.0**	**23.2**	**+5.2**	**100.8%**
Rezaltas	antihypertensive agent	**17.5**	**16.8**	**-0.8**	**104.7%**
Ranmark	treatment for bone complications caused by bone metastases from tumors	**13.9**	**15.4**	**+1.5**	**102.7%**
Efient	antiplatelet agent	**10.4**	**12.8**	**+2.4**	**98.7%**
Inavir	anti-influenza treatment	**19.6**	**25.3**	**+5.7**	**140.4%**
Cravit	synthetic antibacterial agent	**15.1**	**12.7**	**-2.4**	**97.5%**
Urief	treatment for dysuria	**11.4**	**11.1**	**-0.3**	**101.1%**
Omnipaque	contrast medium	**14.2**	**14.0**	**-0.2**	**107.4%**
Mevalotin	antihyperlipidemic agent	**10.4**	**8.6**	**-1.8**	**95.7%**

* Calculated based on forecast updated in Jan. 2018

Progress of 5-Year Business Plan

Progress of 5-Year Business Plan

- 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
- Shareholder Returns

Progress of 5-Year Business Plan

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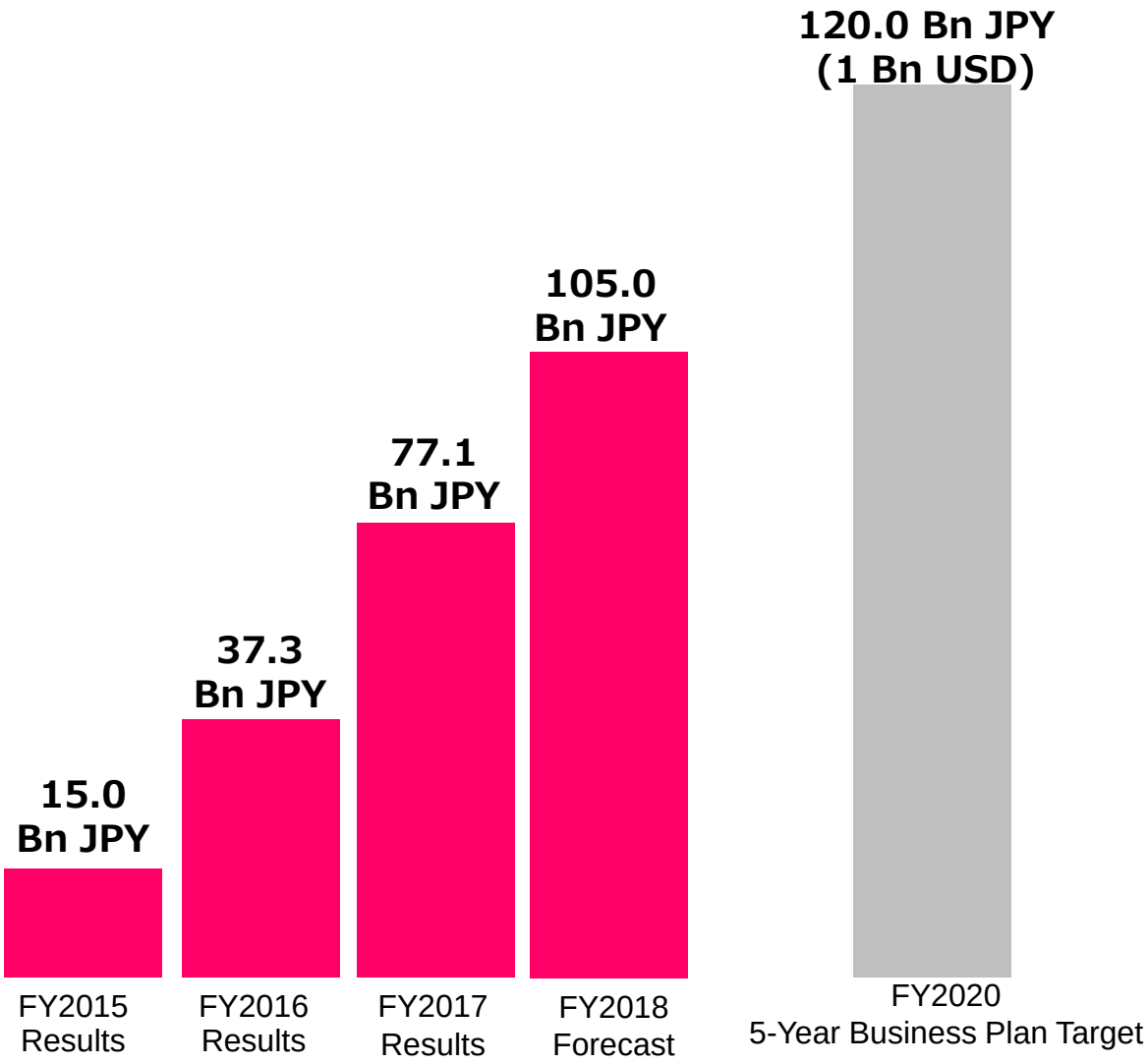
Edoxaban: Target and Progress

Expanding mainly in Japan, EU and Asia

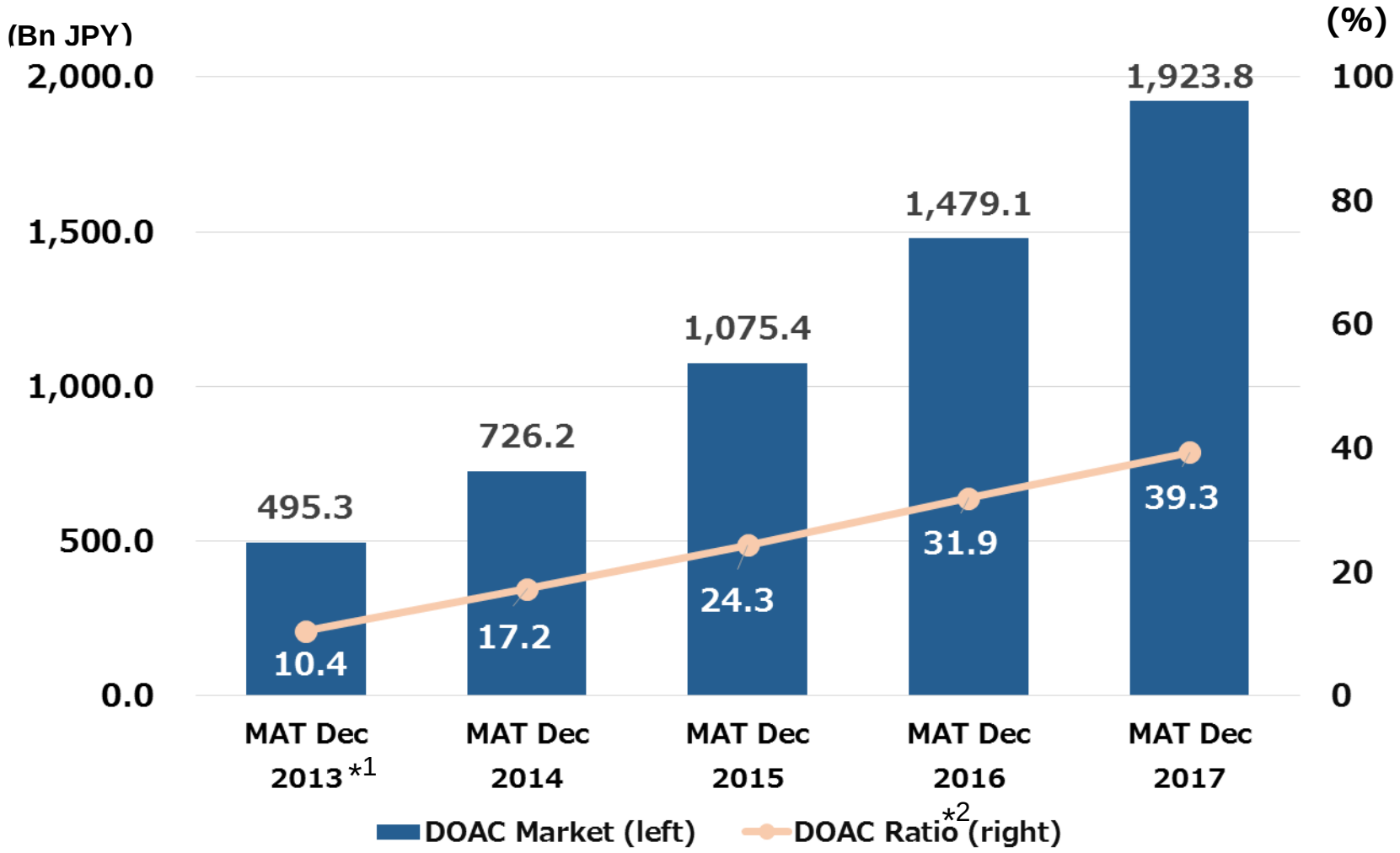


Global DOAC Market

Sales

Daiichi-Sankyo

Global DOAC market value was grown up to about $20 Bn



Currency Rate USD/JPY : 110

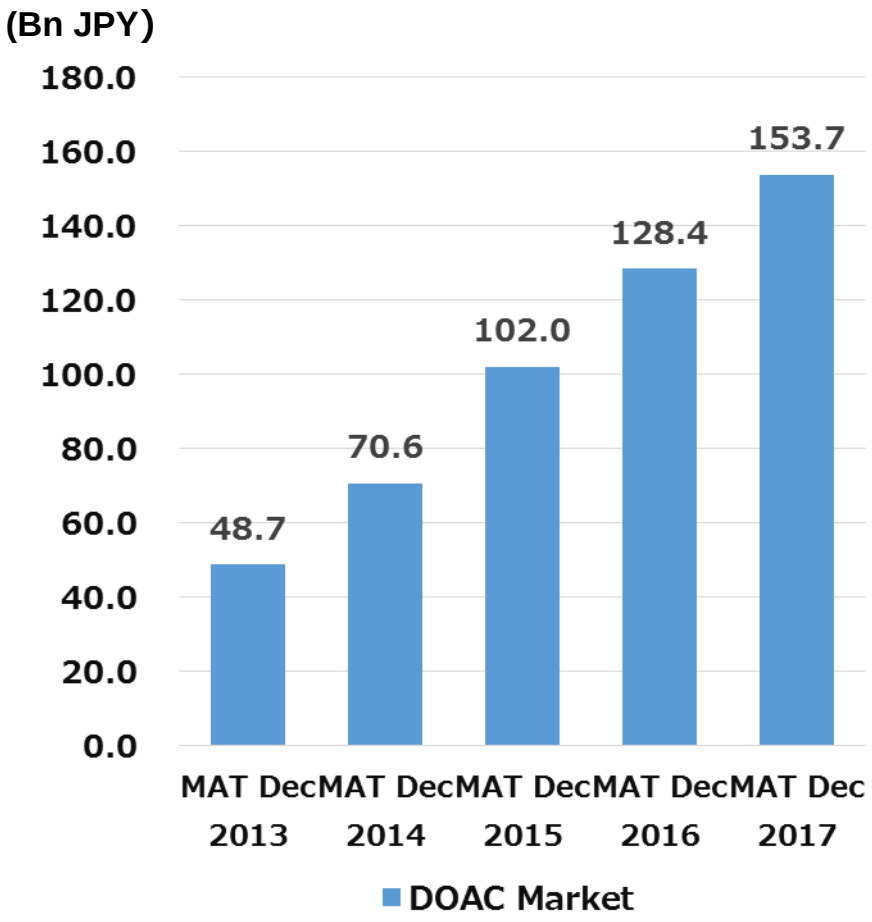
*1: Jan. 2013 – Dec. 2013
*2: Percentage of DOAC Days of Therapy (DOT) counts to total DOT of warfarin and DOAC

DOAC Market in Japan and Germany

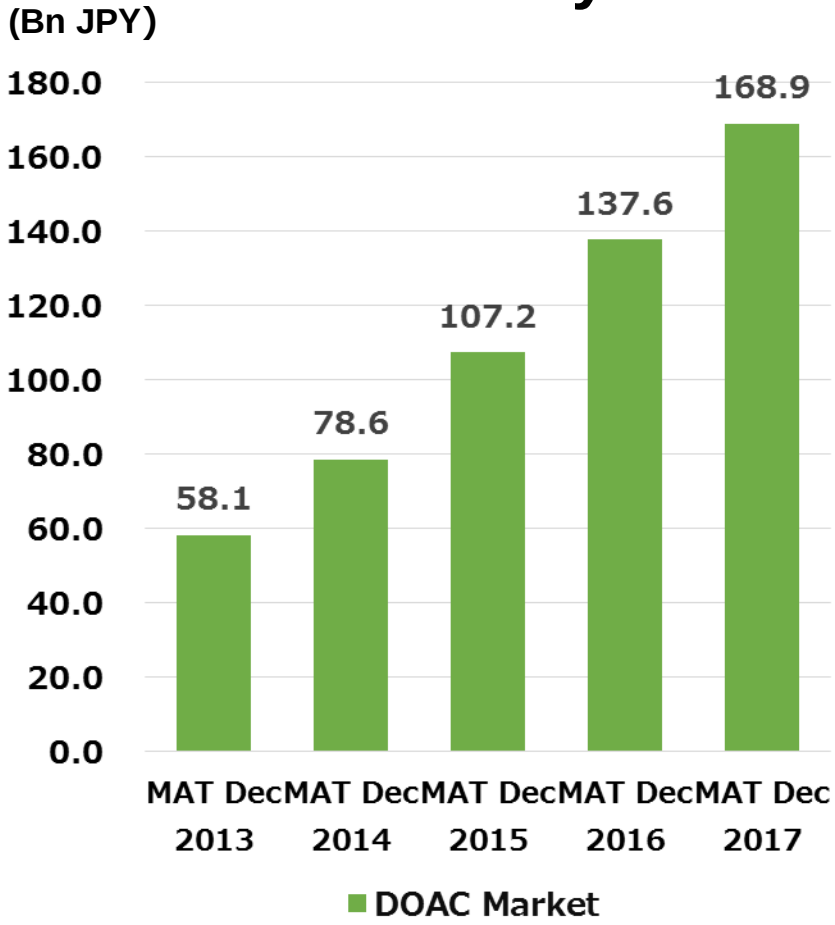
Sales

Daiichi-Sankyo

Japan



Germany



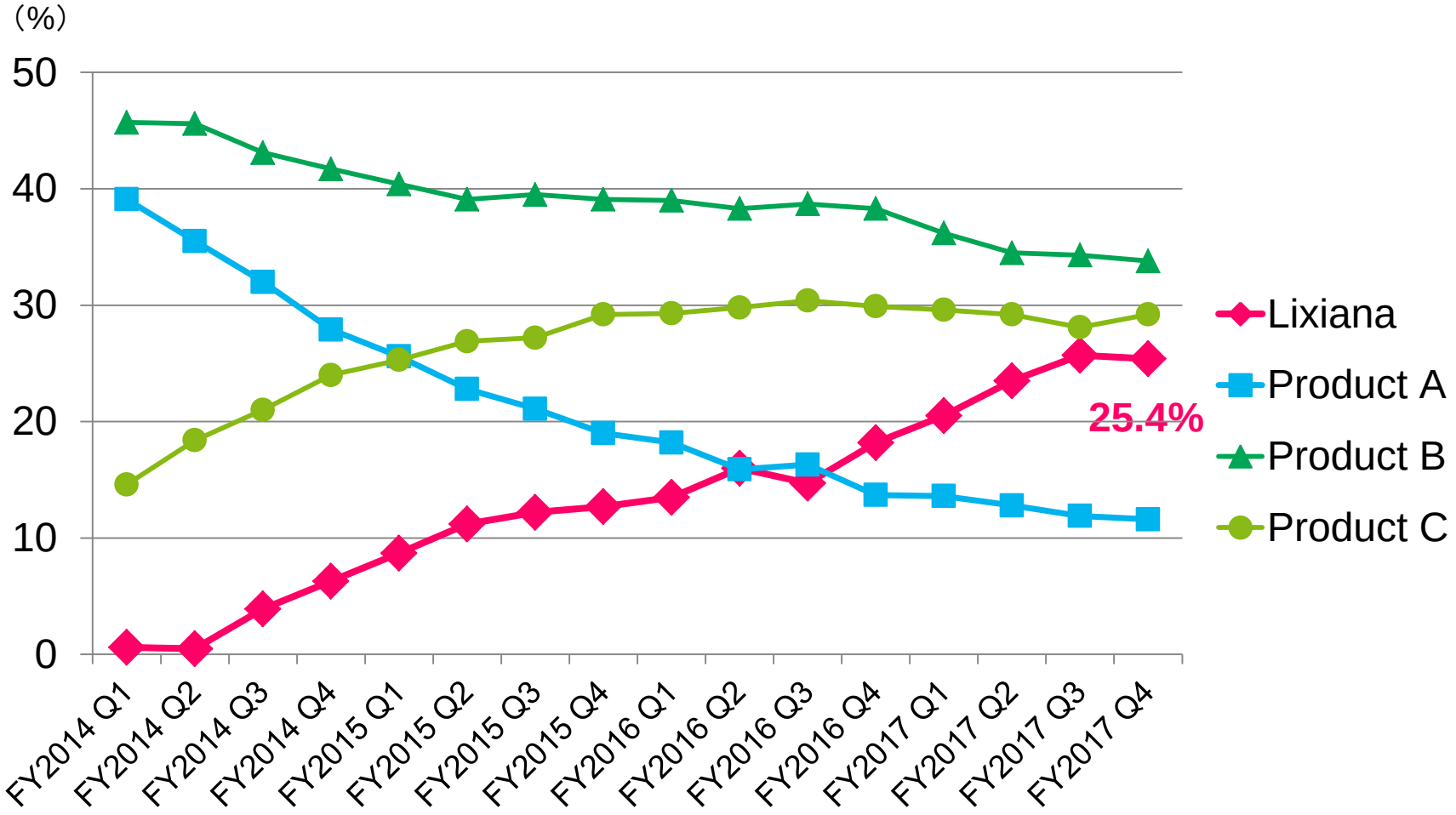
Currency Rate USD/JPY : 110

Lixiana: Growth in Japan

Sales

Daiichi-Sankyo

As of FY2017 Q4, Lixiana increased its sales share to **25.4%**.

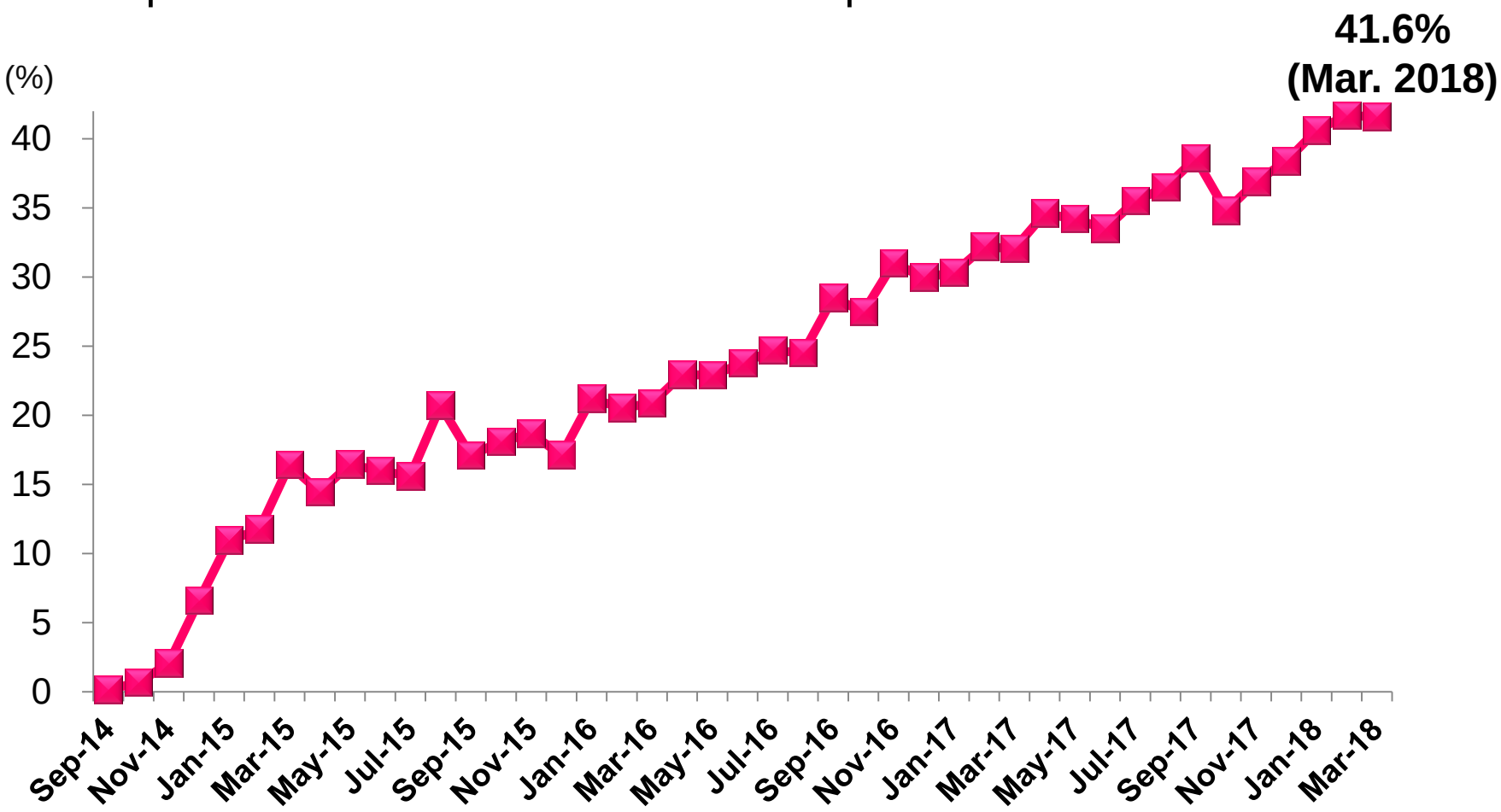


Lixiana: Growth in Japan

Volume

Daiichi-Sankyo

Lixiana has reached top Rxs share since Mar. 2017 in prescription number of new patients for AF+VTE. The share expanded to **41.6%** in Mar 2018.



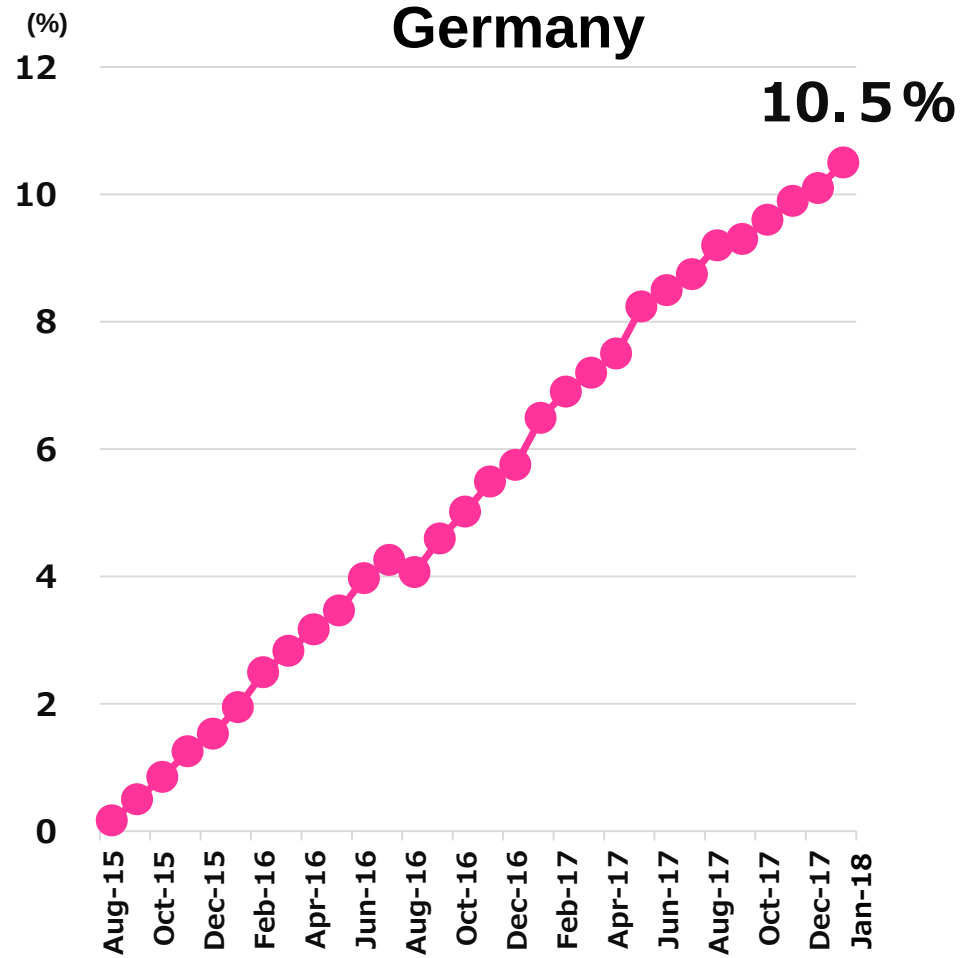
Source : Medi-trend

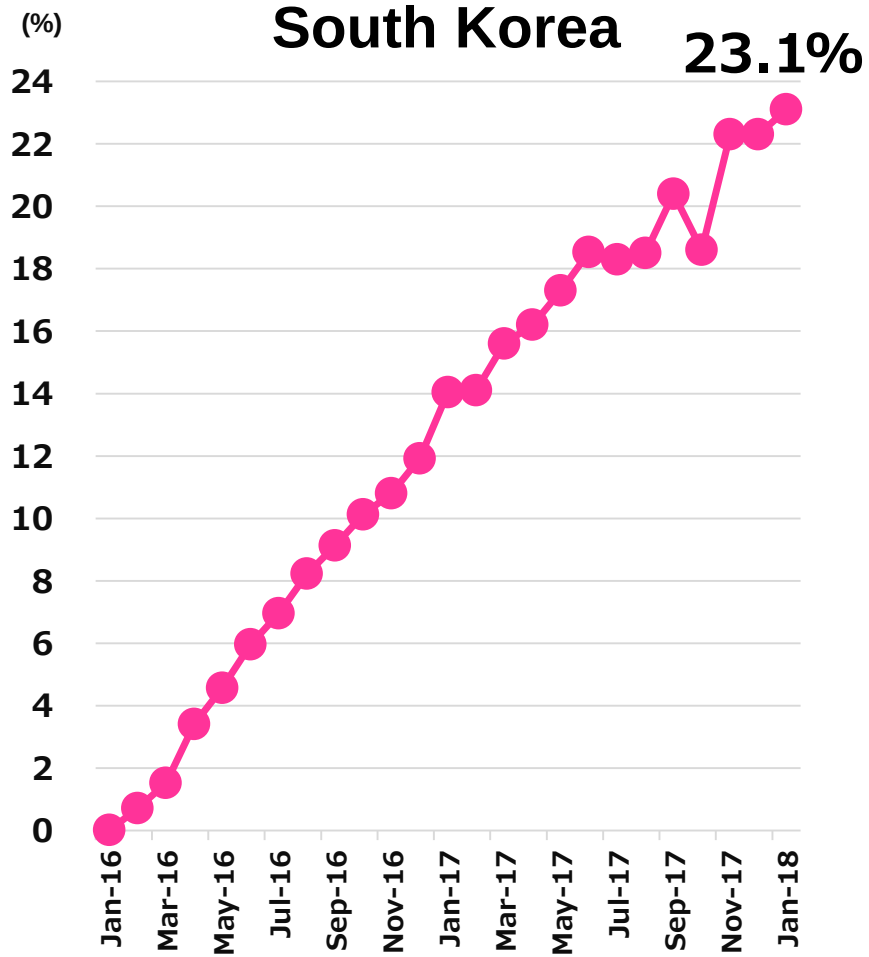
Lixiana : Growth in Germany and South Korea

Sales

Daiichi-Sankyo

- Steady growth since launch
- Reached 3rd share in Germany and South Korea





Growth in Each Country (Summary)

Volume

Daiichi-Sankyo

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

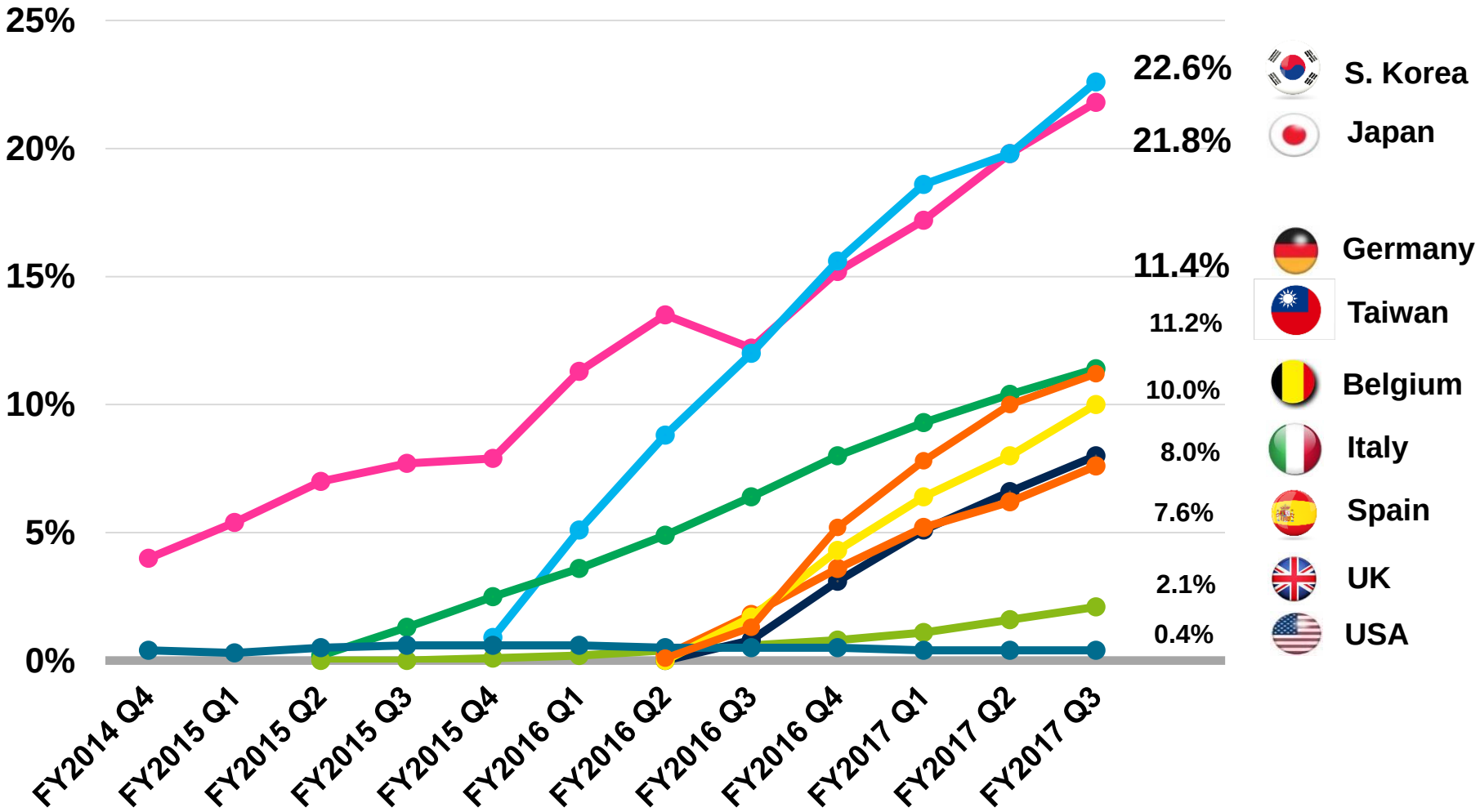


Image for future growth

Launch Strategy

Launched and approved in over 20 countries

Covered about 95% of DOAC market potential

- Launched: Portugal, Canada, Slovakia, Czech Republic, Turkey, Thailand
- Approved: Brazil, Indonesia, Saudi Arabia
- Submitted: China

Countries launched by FY2016: Japan, US, Switzerland, UK, Germany, Ireland, Netherlands, S. Korea, Italy, Spain, Taiwan, Belgium, Hong Kong, Denmark, Hungary, Finland, Norway, Austria etc.

Life Cycle Management (LCM)

- Many clinical trials ongoing to maximize product value

EDOSURE
Edoxaban Clinical Research Program
more than 10 studies, more than 100,000 patients worldwide

- Launched anticoagulant Lixiana OD tablets in Japan

Red: Update or new

Edoxaban Life Cycle Management

Edoxaban Clinical Research Program

EDOSURE
Edoxaban Clinical Research Program
more than 10 studies, more than 100,000 patients worldwide

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Edoxaban Life Cycle Management

Edoxaban Clinical Research Program

EDOSURE
Edoxaban Clinical Research Program
more than 10 studies, more than 100,000 patients worldwide

Daiichi-Sankyo

Ongoing randomized controlled trials in various clinical settings in AF and VTE

FY2017 Results

Study Name	Clinical Setting (Comparator)	Primary Completion
ENSURE-AF	Cardioversion (enoxaparin/ warfarin)	Presented at ESC 2016
ENTRUST-AF PCI	PCI (VKA)	November 2018
ELIMINATE-AF	Cardiac ablation (VKA)	December 2018
ENVISAGE-TAVI AF	Transcatheter aortic valve implantation (VKA)	May 2020
ELDERCARE-AF	80 years or older who are ineligible for current OAC therapy (placebo)	December 2019
Hokusai VTE CANCER	VTE associated with cancer (dalteparin)	Presented at ASH 2017

- Following the positive opinion of European CHMP for LIXIANA in patients with NVAF undergoing cardioversion, SmPC of LIXIANA was updated
  - Physicians now use LIXIANA for NVAF patients undergoing cardioversion with more confidence than ever.

- Met primary endpoint against the standard of care in US/EU dalteparin (injectable)
  - The 1st DOAC to show non-inferiority against dalteparin
  - Presented in late breaking session at ASH 2017

Edoxaban Life Cycle Management

Edoxaban Clinical Research Program

EDOSURE
Edoxaban Clinical Research Program
more than 10 studies, more than 100,000 patients worldwide

Daiichi-Sankyo

Non-interventional studies and registries to generate real-world data including completed, ongoing and future research

FY2017 Results

Red: Update or new

Study Name	Clinical Setting
ETNA-AF Global	Edoxaban Treatment in routine clinical practice in AF
ETNA-VTE Global	Edoxaban Treatment in routine clinical practice in VTE
EMIT-AF/VTE	Edoxaban Management In diagnostic and Therapeutic procedures–AF/VTE
PREFER in AF Prolongation	Prolongation PREFER in AF, European Registry
ANAFIE	All Nippon AF In Elderly Registry (in more than 75 years in Japan)
Cancer–VTE Registry Venous Thromboembolism in Cancer Patients	Multicenter Prospective Registry in VTE patients associated with cancer

- Patient enrollment is ongoing
  - **Baseline data will be disclosed in FY2018 (Plan)**

- Patient enrollment is ongoing
  - **Baseline data will be presented at Japanese College of cardiology (JCC) in Sep. 2018. (Plan)**

Progress of 5-Year Business Plan

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Major Products in Japan: Target and Progress

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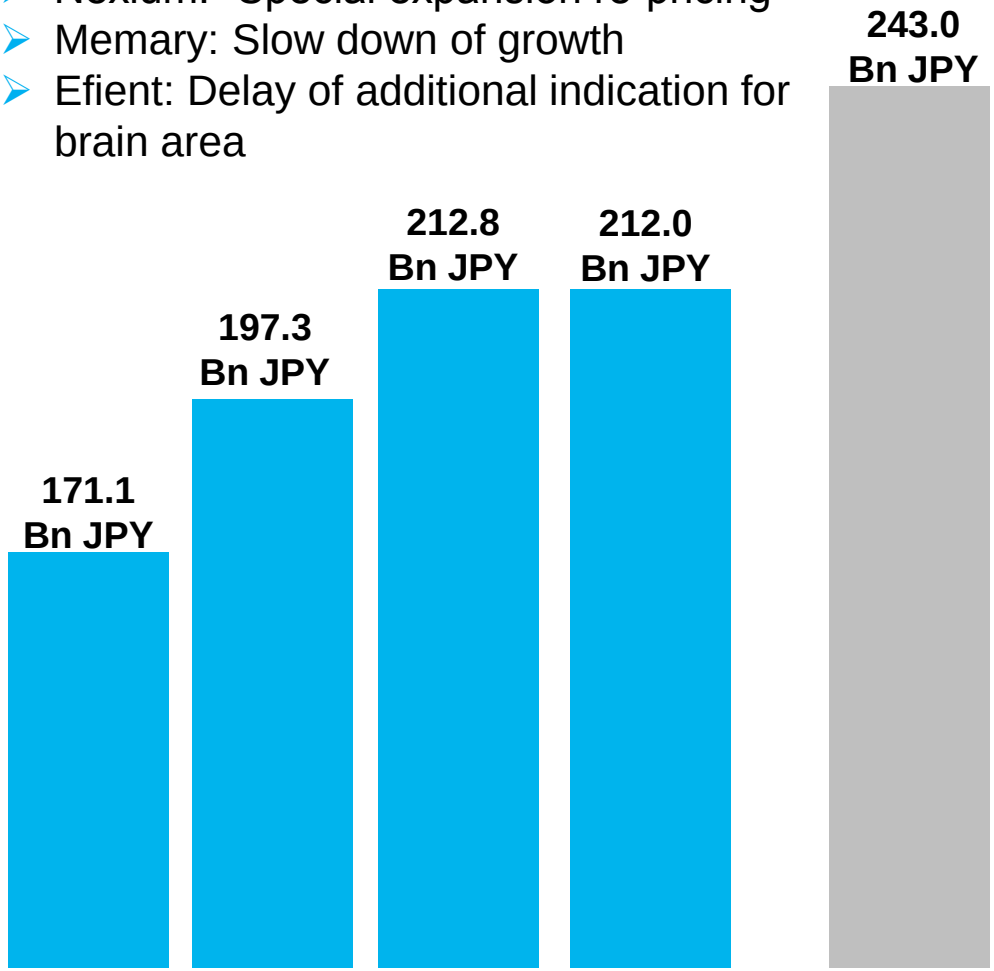
Major factors changed from original assumption

- Nexium: “Special expansion re-pricing”
- Memary: Slow down of growth
- Efient: Delay of additional indication for brain area



*In the market for Bone resorption inhibitors

Total of 6 products in right column (excl. Lixiana), Including the impact of mandated price revisions

Innovative Business : Results in FY2017

Sustain growth momentum built in FY2017

FY2017 Results

Red: Update or new

Continuous launch & sales growth of own products

- NDA submissions for Mirogabalin for PNP and Esaxerenone for hypertension
- Approval for PRALIA for additional indication for RA
- Launch of Narurapid and Narusus for cancer pain treatment

Growth of Japan Business

- No.1 in Japanese pharmaceutical market (FY2016)

No.1

Fine-tuned sales capabilities

- No.1 on MR activities by external survey <ANTERIO Inc.>

No.1 In 6 yrs.

Top class sales capabilities in quantity and quality

Sales growth of acquired products

- Approval for VIMPAT (UCB Japan) for additional indication for monotherapy in epilepsy patients
- Launch of CANALIA Combination Tablet (Mitsubishi Tanabe Pharma Corporation) for type 2 diabetes mellitus treatment

Acquire valuable new products

For Continuous launch of Own Products

Daiichi-Sankyo

- **Mirogabalin**
  - NDA submission in Feb. 2018
  - For peripheral neuropathic pain (PNP)
  - PNP is caused by damage or functional abnormality of peripheral nerves due to various causes. Typical PNPs are diabetic PNP (DPNP*) and postherpetic neuralgia (PHN*).

- **Esaxerenone**
  - NDA submission in Feb. 2018
  - For hypertension
  - Hypertensive population estimated to be about 43 million in Japan.

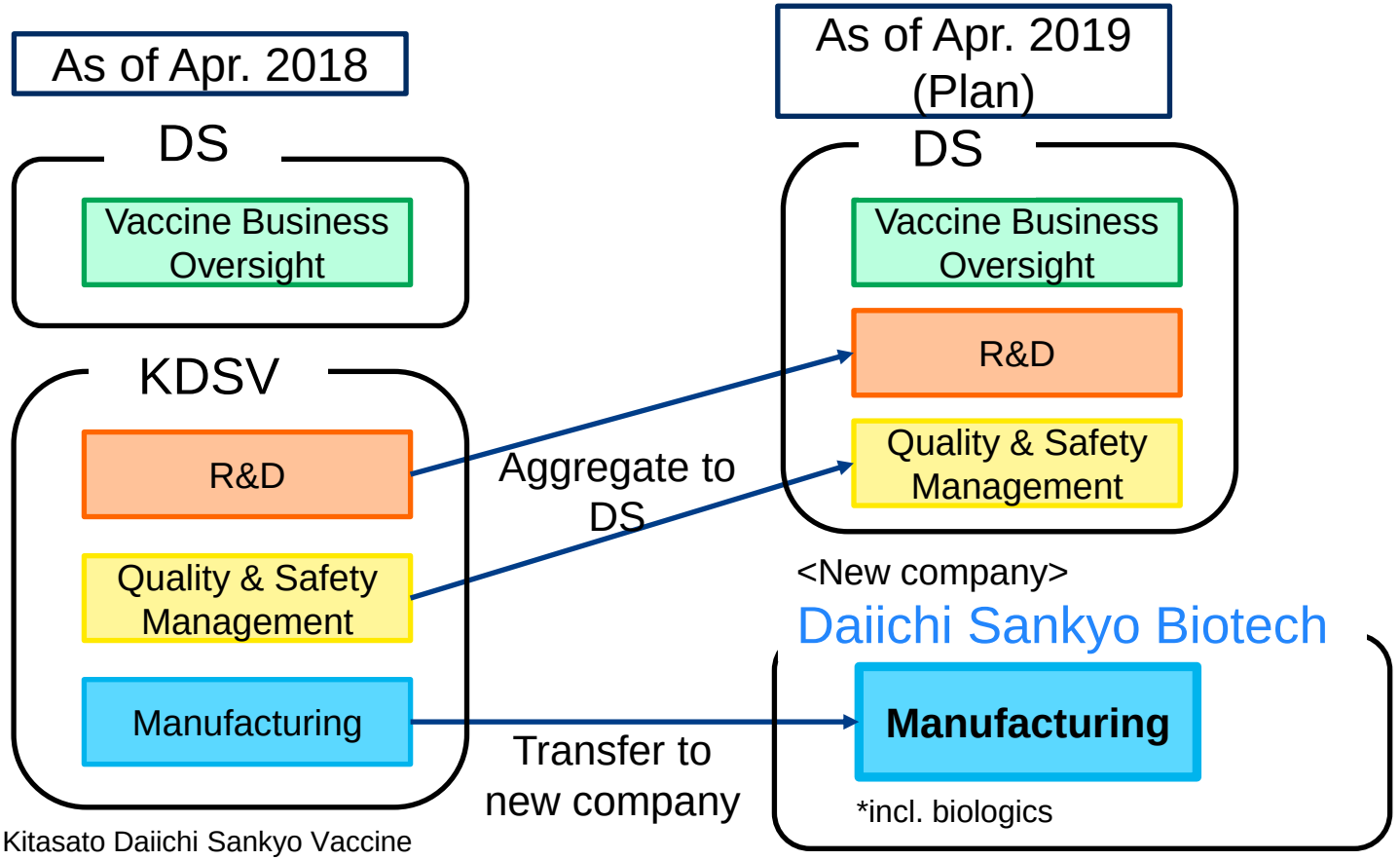
*Of the diabetic population estimated to exceed 10 million in Japan, 9-22% of the patients are reported to suffer DPNP.
Of the 500-600 thousand patients who develop herpes zoster annually in Japan, 10-25% patients are reported to be PNH.

Red: Update or new

Reorganization of KDSV

KDSV's manufacturing will be transferred to newly established Daiichi Sankyo Biotech

Leveraging expertise and technology related to biologics which KDSV has experienced,
Daiichi Sankyo Biotech will manufacture not only vaccine but biologics

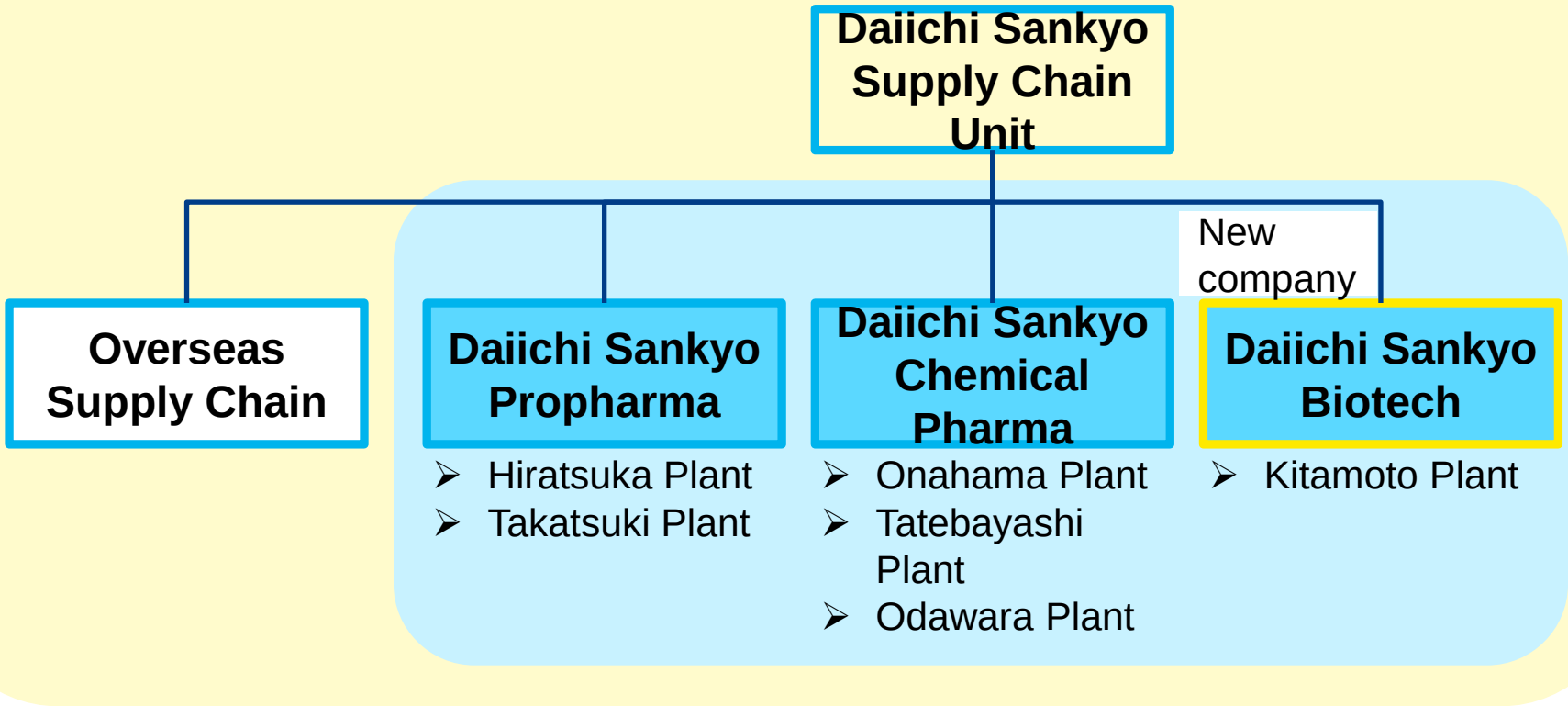


*KDSV: Kitasato Daiichi Sankyo Vaccine

Position of Daiichi Sankyo Biotech

Daiichi Sankyo Biotech:

Improving stable production and quality level by strengthening GMP system as one of Daiichi Sankyo Supply Chain Unit



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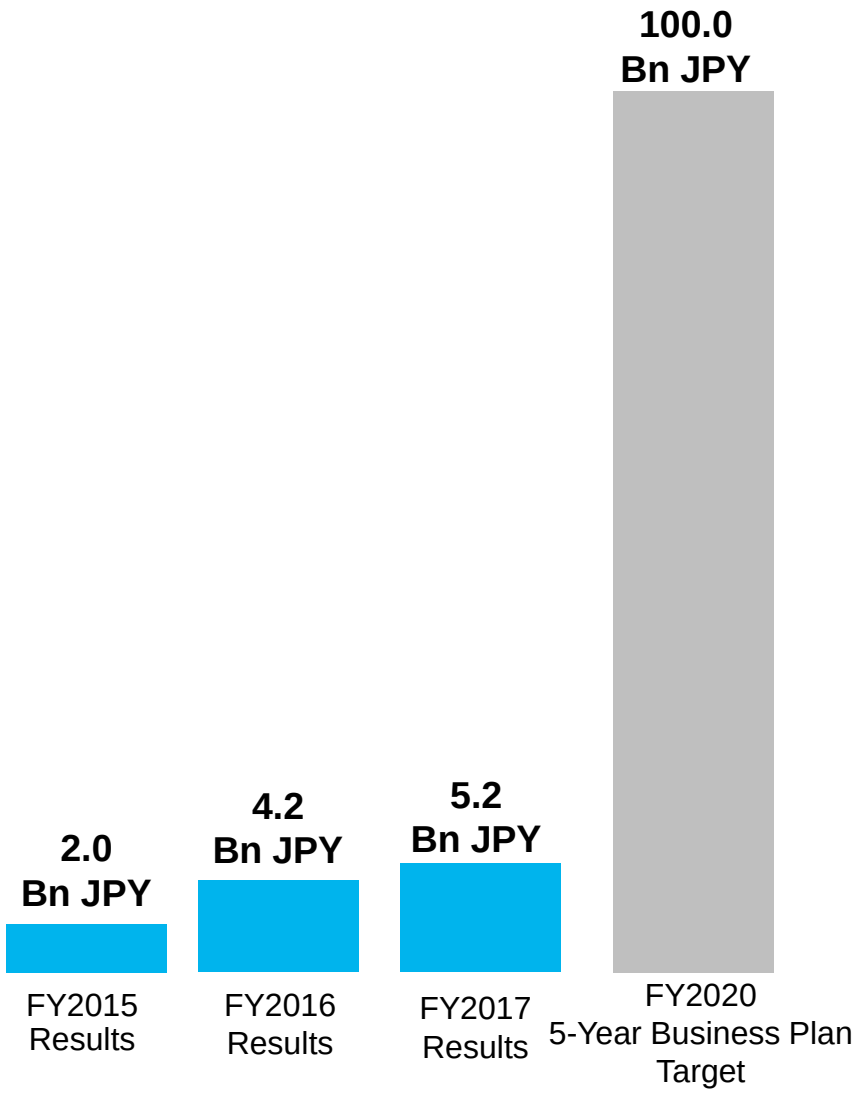
Pain Business of Daiichi Sankyo, Inc. : Target and Progress



Major factors happened in FY2017

- Returned development and commercialization right of CL-108 to Charleston Labs, Inc.
- The Ph3 trials of Mirogabalin for fibromyalgia failed

Revisit pain business of Daiichi Sankyo, Inc.

Revisit pain business of Daiichi Sankyo, Inc.

- We take the complex issues surrounding the US opioid market very seriously. We are committed to marketing our three pain care medicines, Movantik, MorphaBond ER and RoxyBond, in a responsible manner while responding to patient needs.

movantik™

MORPHABOND™ ER
(morphine sulfate) extended-release tablets CII
15 mg • 30 mg • 60 mg • 100 mg

- **Launched October 2017**

ROXYBOND™
(oxycodone hydrochloride)
immediate release tablets CII
5 mg • 15 mg • 30 mg

- **Launch expected FY2018**

- We have established Commitments in Pain Care – a program dedicated to awareness and education around responsible pain management.

Commitments
IN PAIN CARE

For more information, please visit www.CommitmentsinPainCare.com.

Reorganization of US Commercial Organization

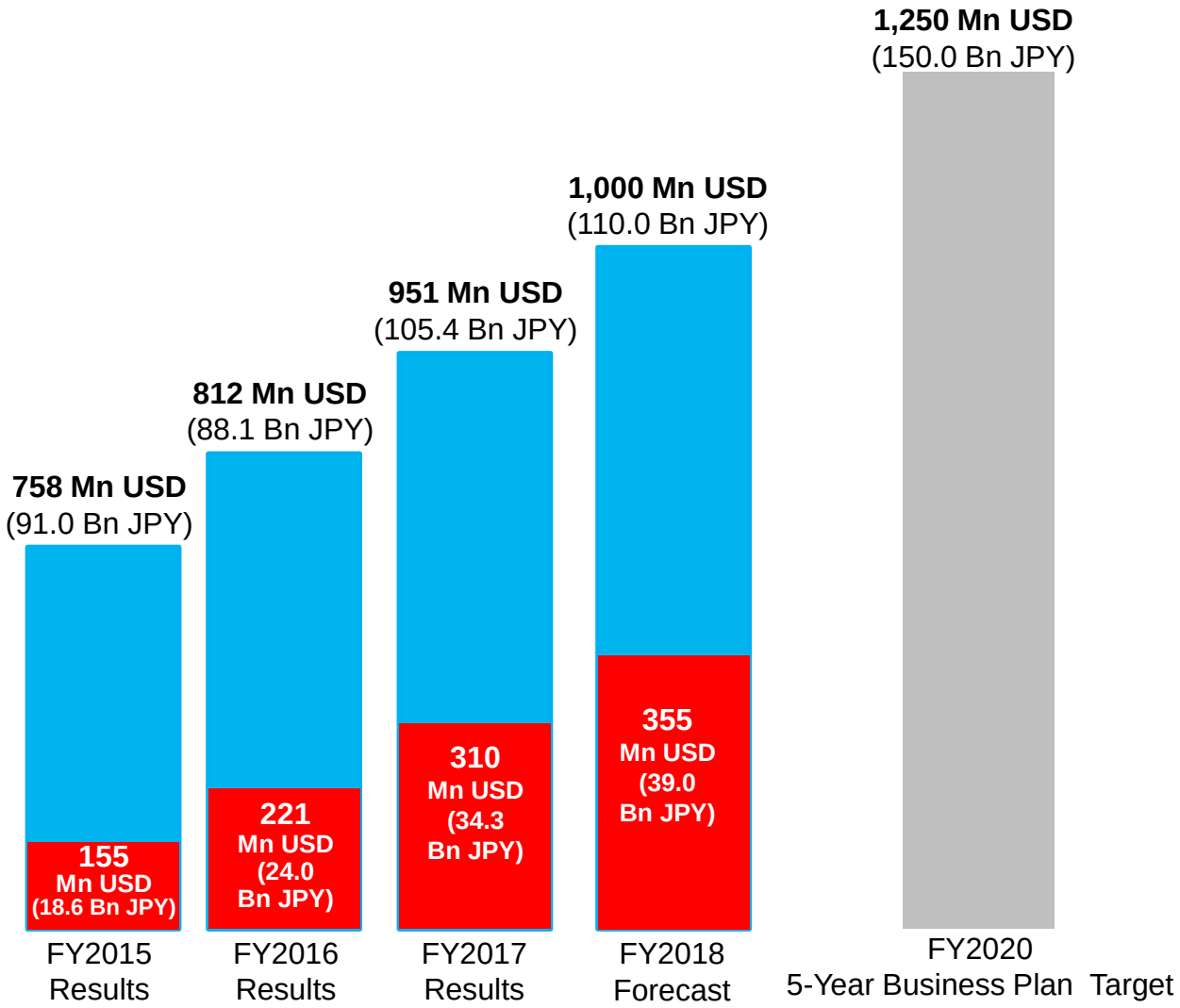
FY2017 Results

We reorganized US commercial organization to align with current portfolio and prepare for upcoming oncology pipeline.

(Reduced headcount by approximately 280 employees, one fourth in U.S. commercial organization including sales force and home office)

Luitpold Business: Target and Progress

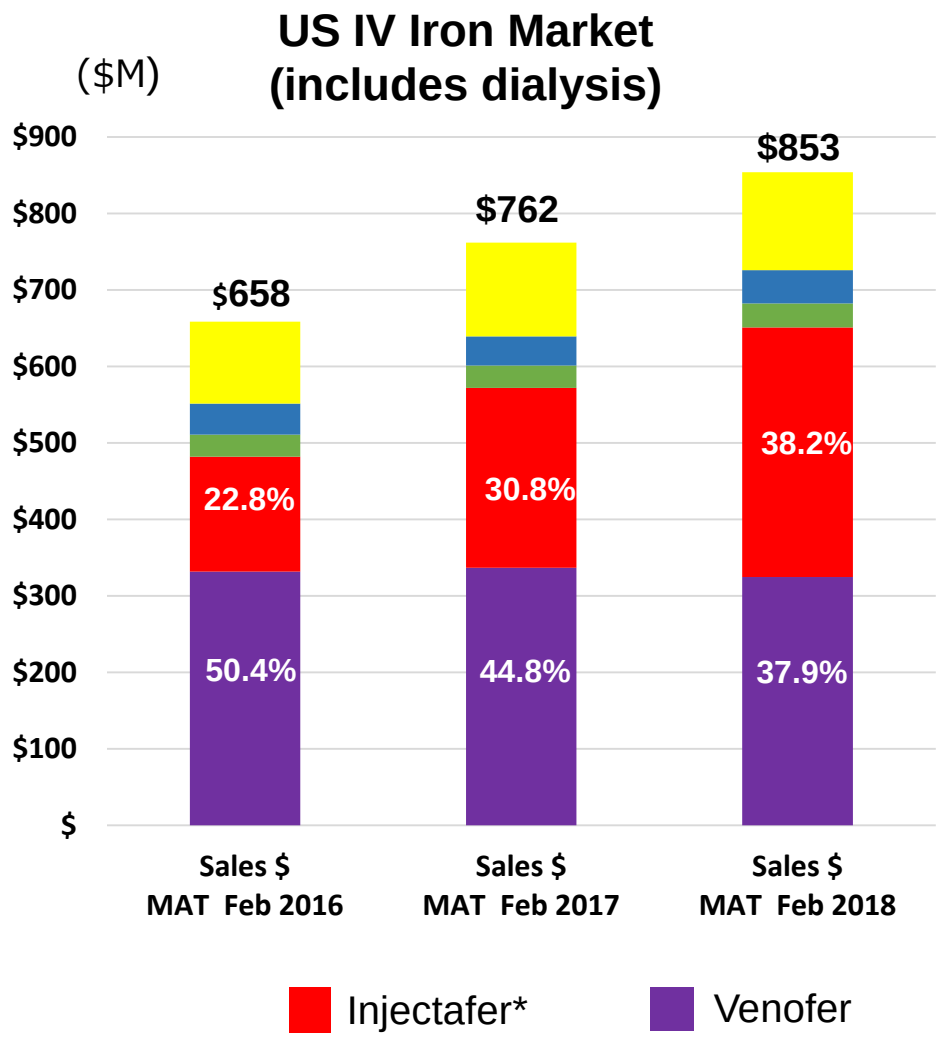
Realize rapid and sustainable growth with
Iron Franchise and Generic injectable franchise



Venofer®
iron sucrose injection, USP

injectafer®
ferric carboxymaltose injection

Growth of Iron Franchise



Maintain Venofer and Injectafer Market Leadership

Venofer® iron sucrose injection, USP

injectafer® ferric carboxymaltose injection

Source: IMS National Sales Perspectives NOV 2017
(includes all US IV Iron sales in all channels including dialysis chains)

*Injectafer is not indicated for patients who are dialysis dependent

Value Maximization for Injectafer

Daiichi-Sankyo

◆ Integrated sales team (Daiichi Sankyo, Inc. and Luitpold)

- ➢ Accelerated sales growth (continue double digit growth)
- ➢ Sales promotion is expanding into new area

OBGYN | **Cardiologist** | **Gastro** | **Nephrologist** | **Oncologist**

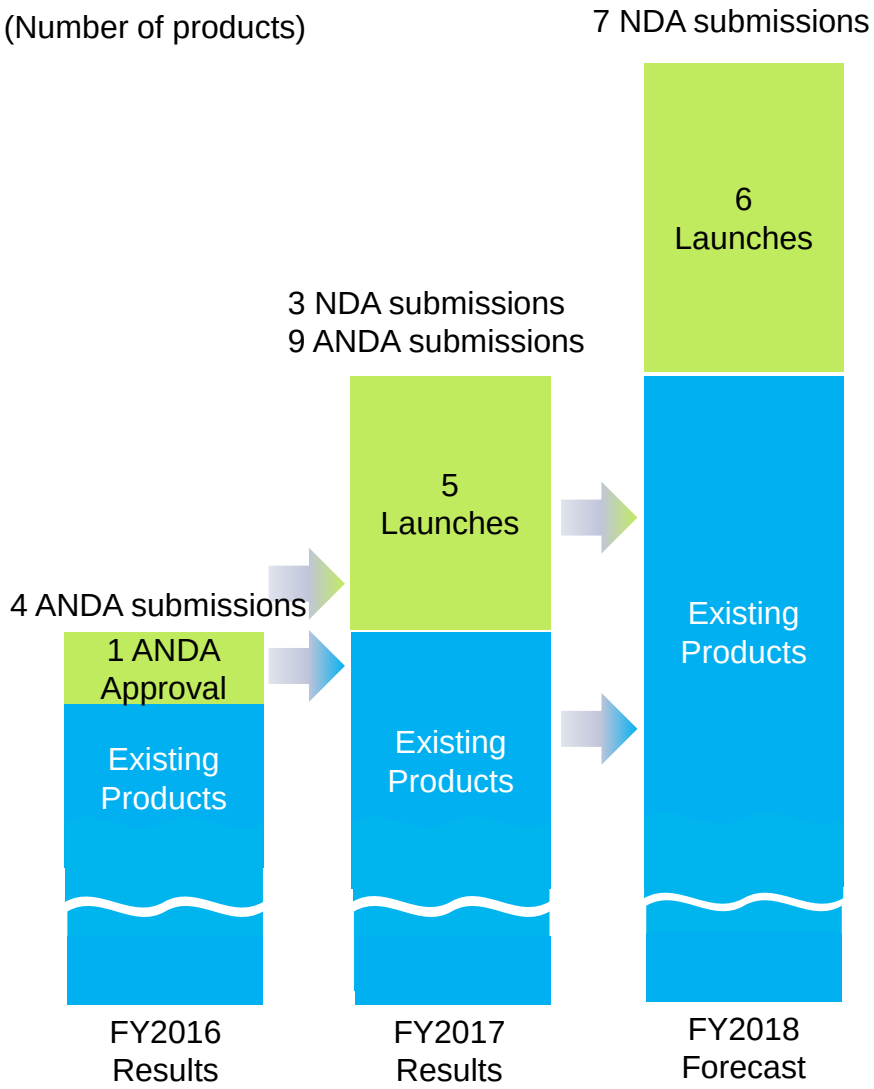
◆ HEART-FID (Ph3 study)*

- ➢ For patients in heart failure from reduced ejection fraction (HFrEF) with iron deficiency (ID)
- ➢ Started MAR 2017, expected completion in 2022
- ➢ HF prevalence 5.8 million** Americans ≥ 20 years of age ; 50% of HF patients have ID

＊: Injectafer is not currently approved for heart failure with reduced ejection fraction in patients with iron deficiency.
＊＊: https://www.cdc.gov/dhdsp/data_statistics/fact_sheets/fs_heart_failure.htm

Growth of Generic Injectable Franchise

Increase of product by continuous launch of new products



Submission and Launch

- **FY2017 Results**

  3 NDA submissions, 9 ANDA submissions

  5 Launches

- **FY2018 Targets**

  7 NDA submissions

  6 Launches

Progress of 5-Year Business Plan

- 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
- Shareholder Returns

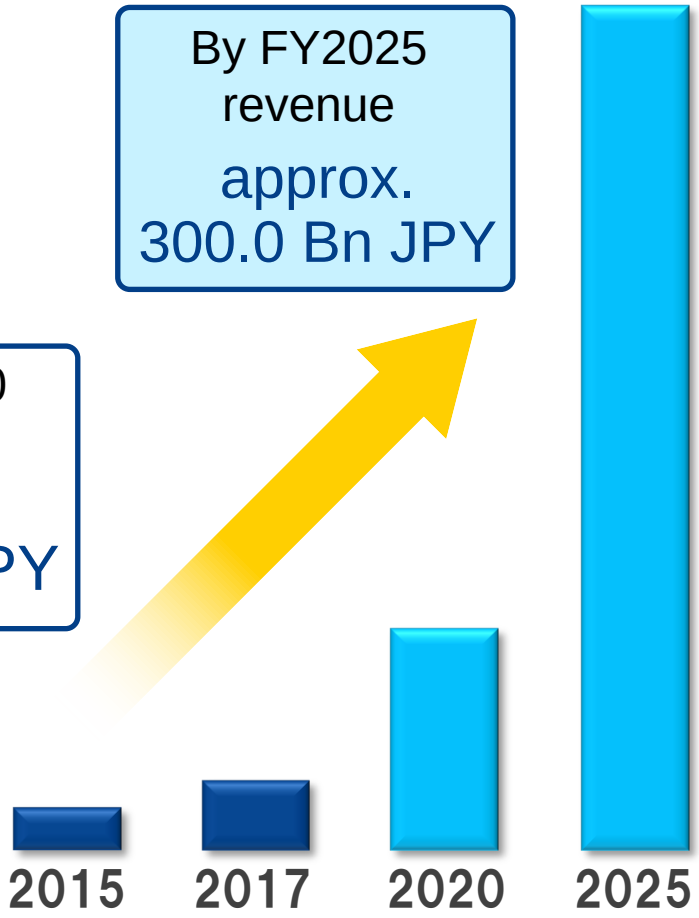
Establish Oncology Business: 5-Year Business Plan

- Steadily drive development of early-stage pipeline
- Accelerate oncology R&D through new R&D organization

Going well

By FY2025 revenue approx. 300.0 Bn JPY

By FY2020 revenue over 40.0 Bn JPY



Daiichi-Sankyo cancerenterprise

Consolidating Internal Structure for Launch

Daiichi-Sankyo

Restructured organization and hired top oncology talent to accelerate development and launch

Accelerate Development
Shift resources to achieve “7 in 8” target

Strengthen Manufacturing
15.0 Bn JPY investment to enhance ADC manufacturing capabilities

Global Oncology Marketing
Positioning assets to meet customers’ need through competitive differentiation

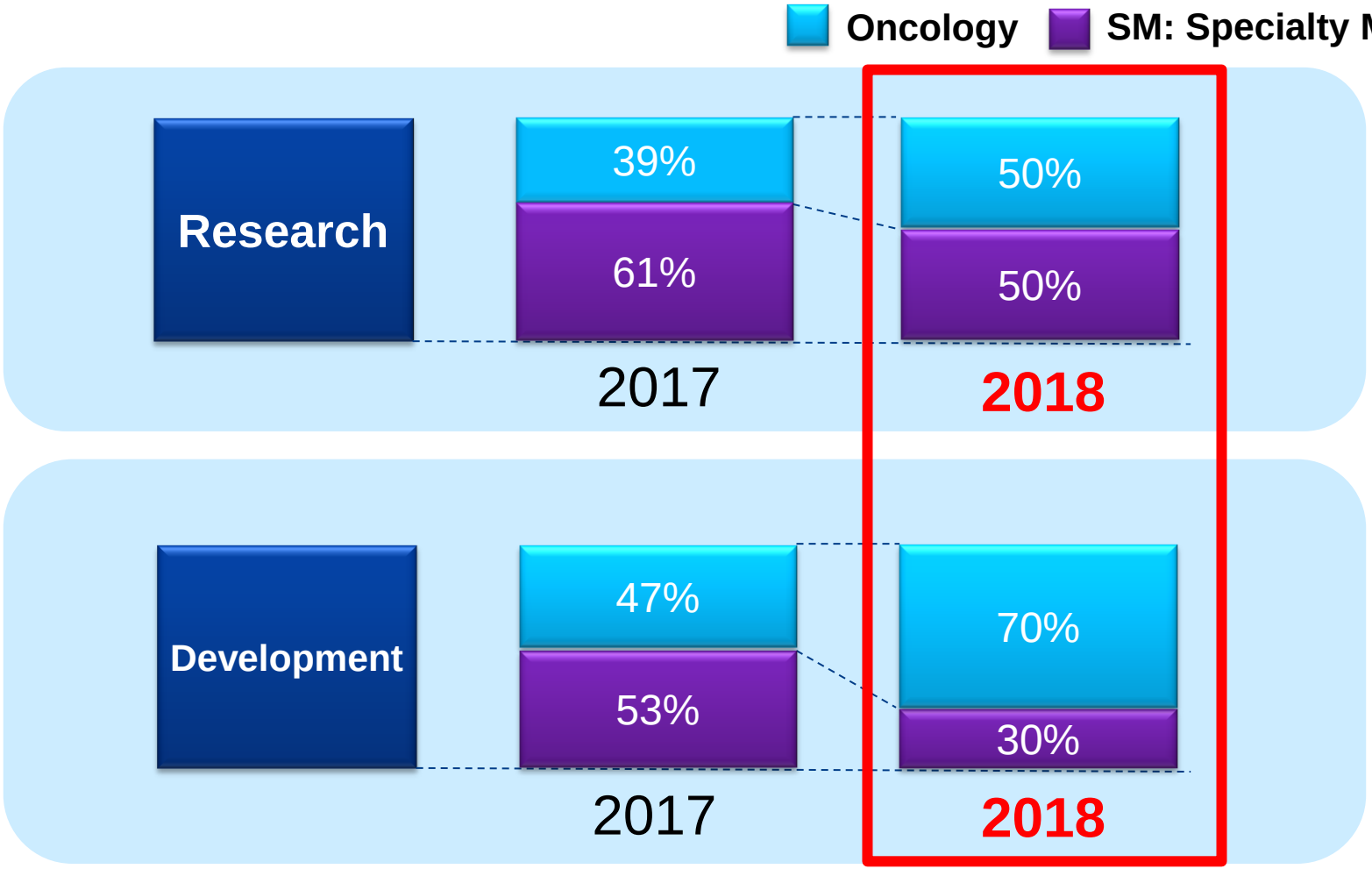
Global Medical Affairs
Delivering innovative solutions to patients, through creation and communication of medical value

Global Market Access & Pricing
Defining and communicating the “Value” of our assets to stakeholders

Launch Excellence

Cross functional efforts to be prepared for launch

Shifting Internal Resources to Oncology



Development budget allocation is done **ahead of schedule**

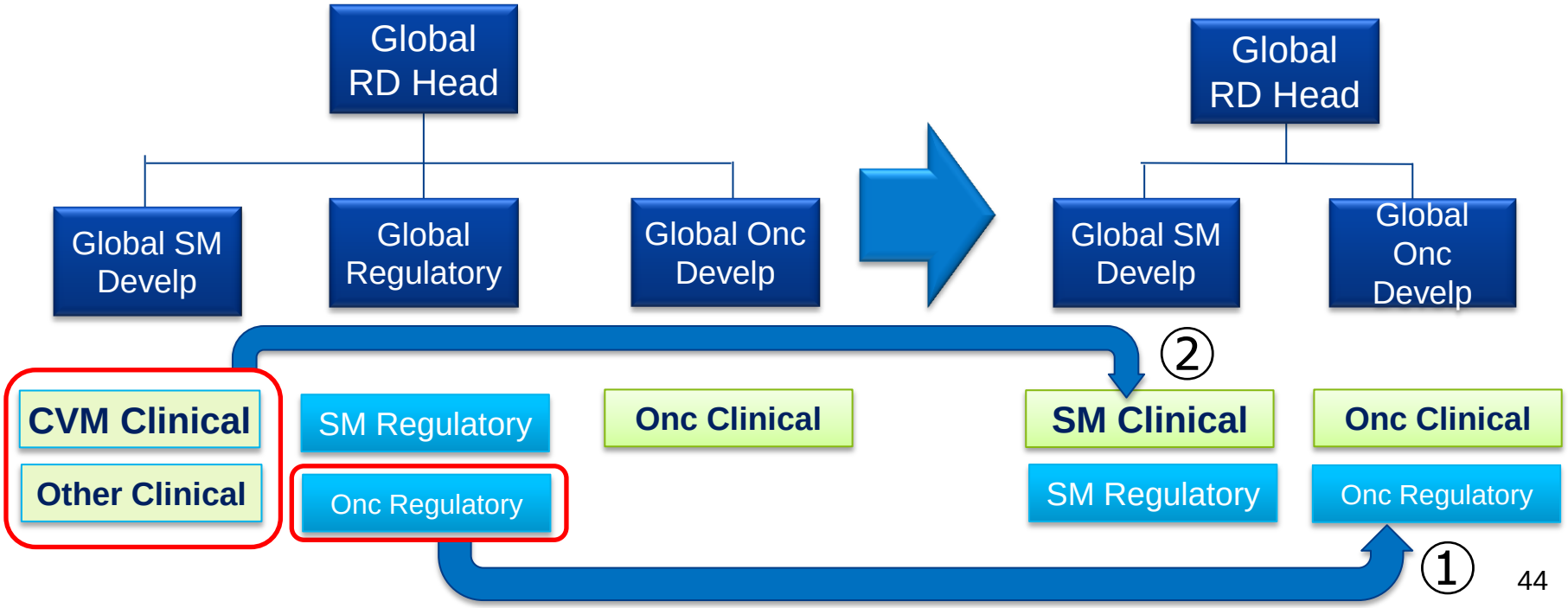
*Other than oncology. Including CVM, pain, CNS disease, heart-kidney disease, and rare diseases.

Restructuring to Strengthen Oncology

① **Oncology regulatory** placed under global oncology development function (SM* regulatory under SM development)
- ➢ Regulatory focusing only on oncology provides **acceleration of oncology development**

② Consolidate CVM** and Other Clinical functions to one function
- ➢ A smaller SM function provides more resources for **oncology development**

*SM: Specialtyy medicine
**CVM: cardiovascular medicine



Cancer Enterprise 2025 Vision

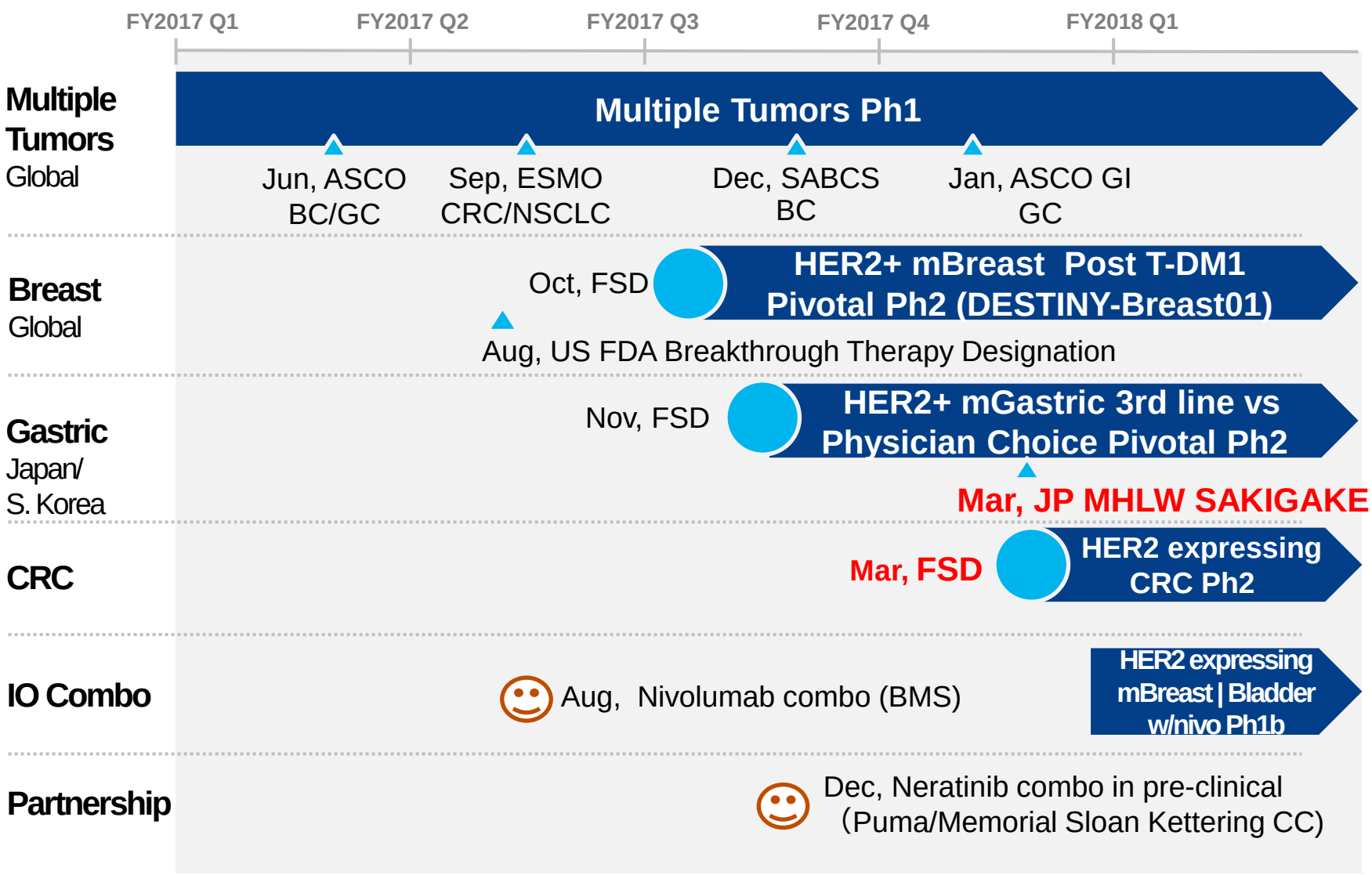
- By 2025, Cancer Enterprise will be a leading world-class science organization built on 3 pillars aiming to deliver 7 valuable, distinct NME*s
- Establish Investigative ADC and AML franchises and Breakthrough Science as 3 pillars

*NME: new molecular entity

ADC Franchise	AML Franchise	Breakthrough Science
• **Lead in Smart-Treatment with best-in-class & first-in-class ADC**	• **Establish a Competitive Hematology Franchise**	• **Lead with Breakthrough Science**
3	3	1

7 NMEs in 8 years

ADC DS-8201: FY2017 Progress

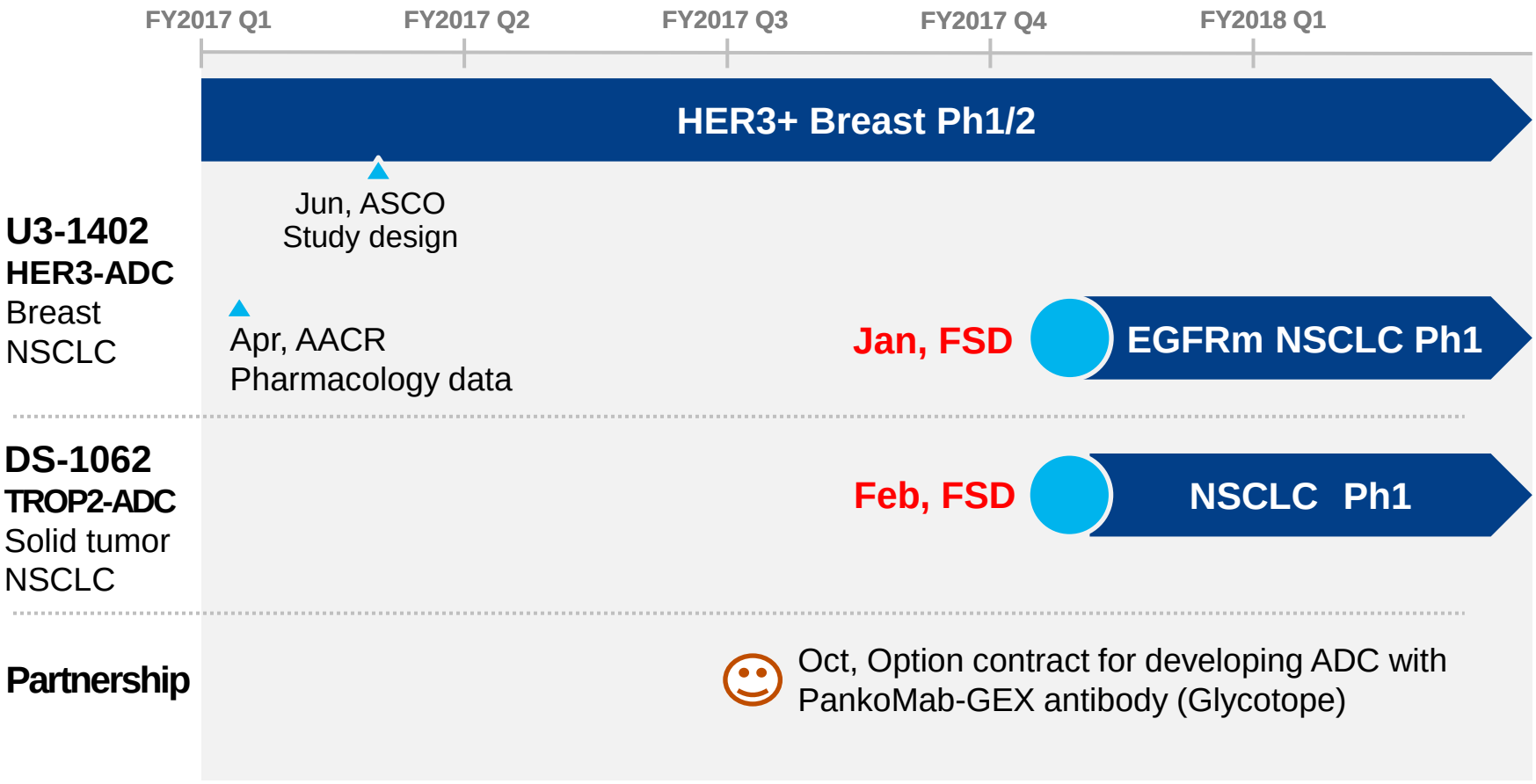


As of Apr 2018

FSD: First subject dosed

Red: New or update

ADC Franchise: FY2017 Progress

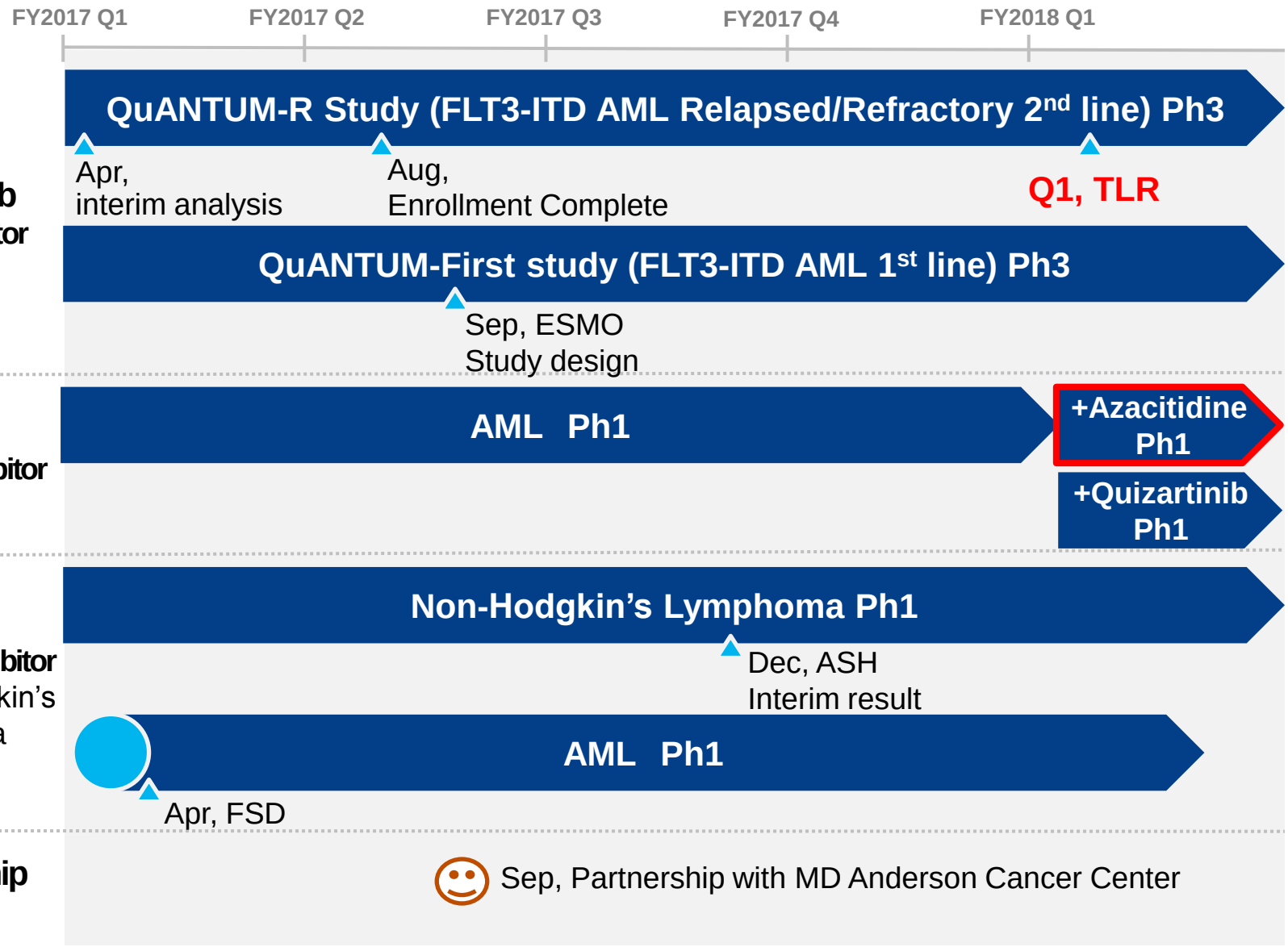


Red: New or update

FSD: First subject dosed

As of Apr 2018

AML Franchise: FY2017 Progress



As of Apr 2018

FSD: First subject dosed

Red: New or update

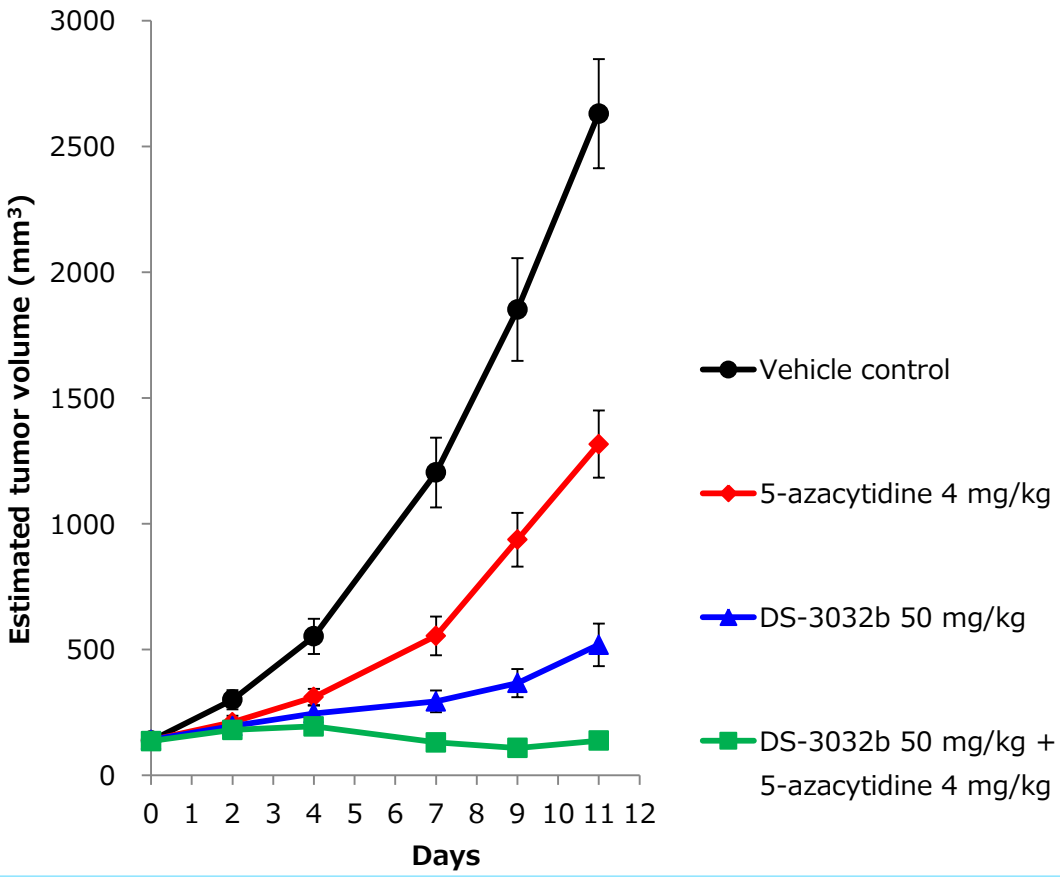
AML DS-3032 + Azacitidine Combo Study

Daiichi-Sankyo

Non-clinical Study Result DS-3032＋Azacitidine

human AML Xenograft model
50 mg/kg DS-3032b + 4 mg/kg Azacitidine

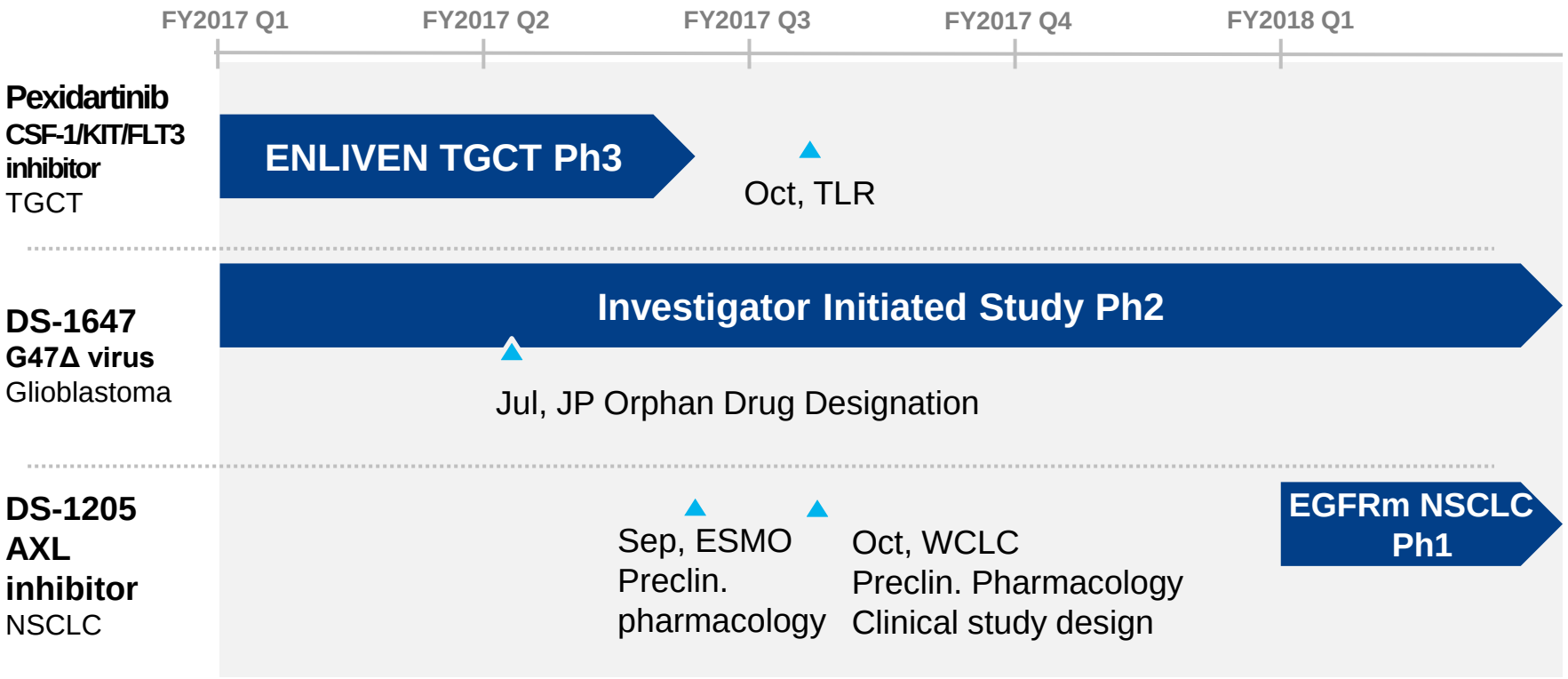
Enhancement of additive efficacy by the combination is indicated



Hypothesis: Combination of drugs with broad activity spectrum will improve efficacy

- Target heterogeneity and complexity of AML including multiple mechanisms of resistant
- Cytotoxic effects with different mechanisms
  - p53 activation by DS-3032
  - Inhibition of protein synthesis and DNA methylation by azacitidine
- DS-3032: Activity and early safety profile in AML patients have been confirmed
- Azacitidine: Approved for MDS, many clinical trials in AML are ongoing

Breakthrough Science: FY2017 Progress

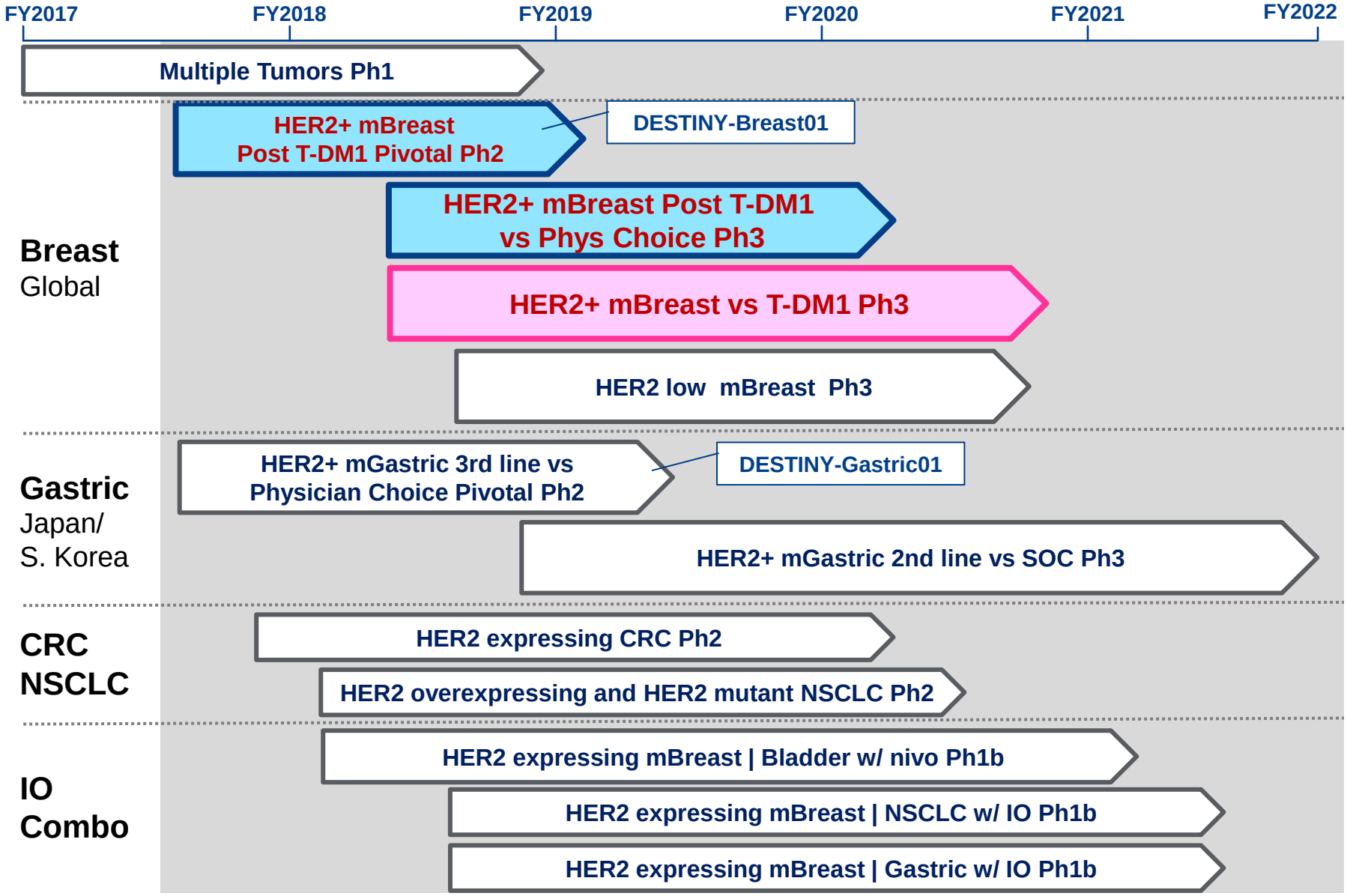


As of Apr 2018

Oncology Project Update

DS-8201: Clinical Program

As of Apr 2018



ADC DS-8201: Expand in mBC

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DESTINY

Ph2

DESTINY-Breast01

HER2+ mBreast

Post T-DM1 Pivotal Ph2

Endpoint: ORR

BLA/MAA filing with results for Accelerated/Conditional approval

Ongoing

Ph3

HER2+ mBreast Post T-DM1 vs Phys Choice Ph3

Primary endpoint: PFS

Secondary endpoint: OS

↓

Confirm overall survival

Plan to start from FY2018 Q2

Ph3

HER2+ mBreast vs T-DM1 Ph3

Endpoint: PFS

↓

Indication seeking in 2nd line

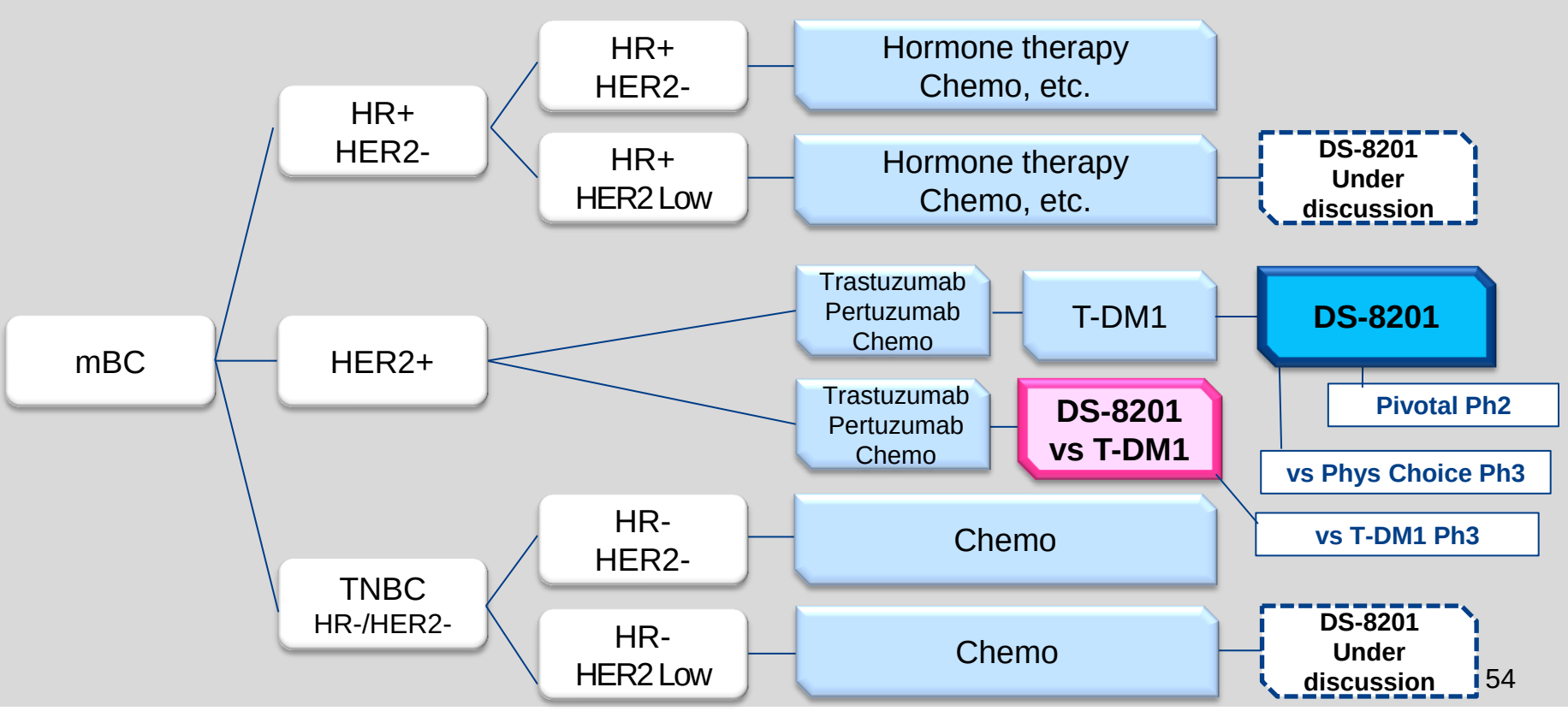
Plan to start from FY2018 Q2

ADC DS-8201: Target of BC Ph3 Under Preparation

Daiichi-Sankyo

	Sub Type	HR Receptor		HER2
		ER	PR	
HR+/HER2-	Luminal A	+	+	-
	Luminal B (HER2-)	+/-	weak+ /-	-
HER2+	Luminal B (HER2+)	+	+/-	+
	HER2	-	-	+
TNBC	Triple negative	-	-	-

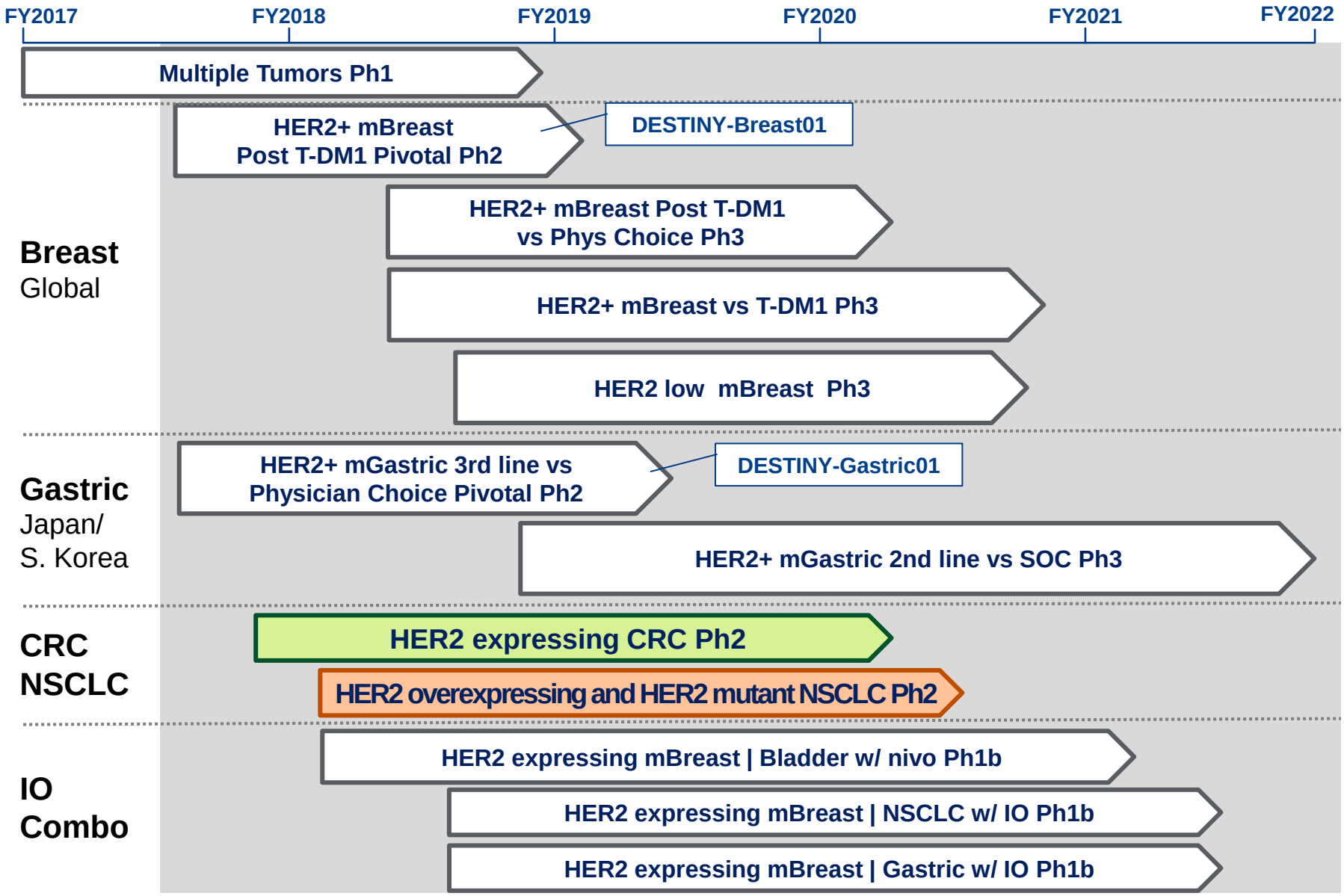
HER2+		IHC3+ IHC2+/FISH＋
HER2-	HER2 Low	IHC2+/FISH- IHC1+/FISH-
	HER2-	IHC0



ADC DS-8201: Clinical Program

As of Apr 2018

Daiichi-Sankyo



ADC DS-8201: Expand to New Indications

Ph2: CRC

HER2 expressing advanced colorectal cancer

Endpoint: ORR

- Cohort A N=50
  IHC 3+ or IHC 2+/ISH +
- Cohort B and C will be opened depending on the result of the program
  - Cohort B N=20
    IHC 2+/ISH -
  - Cohort C N=20
    IHC 1+

Started Mar 2018

Ph2: NSCLC

HER2 overexpressing or HER2 mutated unresectable and/or metastatic non-squamous NSCLC

Endpoint: ORR

- HER2 overexpressing cohort
  N=40
- HER2 mutated cohort
  N=40

Plan to start FY2018 Q1

Oncology Future Data Disclosure

Will hold conference call from ASCO to review details of presentation
June 2, 2018, 9:00~10:00am (JST)

June 2018 American Society of Clinical Oncology

2018 ASCO ANNUAL MEETING
DELIVERING DISCOVERIES: EXPANDING THE REACH OF PRECISION MEDICINE

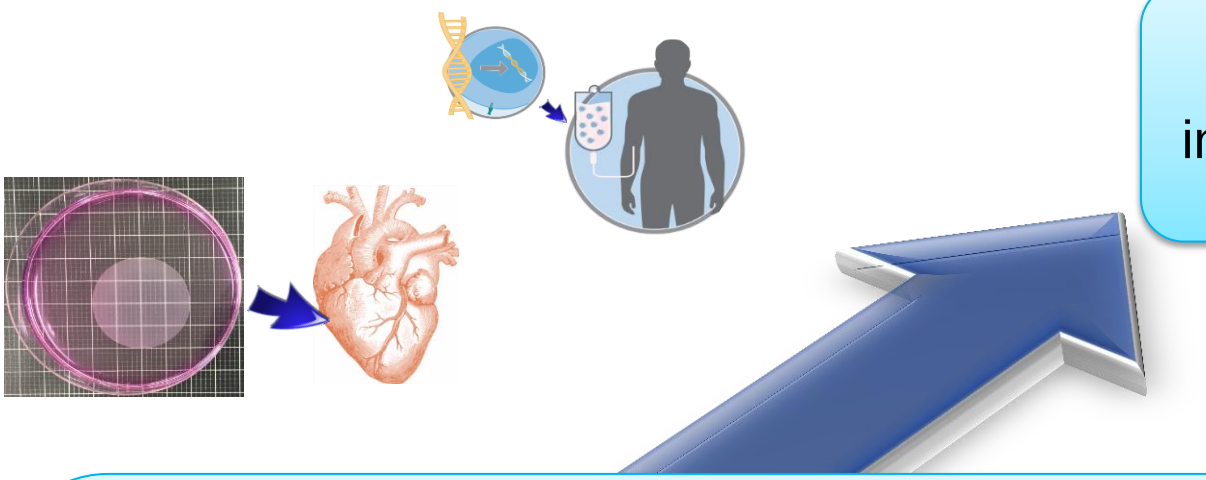
Abstracts available on May 16

- DS-8201
  - **June 1, Oral: Update of Ph1 including HER2 low BC**
    - ✓ Result of ILD adjudication committee assessment will be presented
- U3-1402
  - **June 4, Poster: preliminary result of BC Ph1/2**
- Pexidartinib
  - June 4, Oral: TGCT Ph3 (ENLIVEN) result

Progress of 5-Year Business Plan

- 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
- Shareholder Returns

DS Advancing in Regenerative Medicine / Cell Therapy



2025 Vision
Fulfill pipeline with innovative projects that change SOC*

*SOC: standard of care

Activities in 2016-2017

- Strengthen our RD structure (established Cell Therapy Lab.)
- Explore seeds utilizing alliances and move forward to commercialization
  - In-license KTE-C19 (CAR-T)
  - In-license Heartcel for severe ischemic heart failure
  - Open innovation research of capillary stem cells(“CapSCs”)
  - Research collaboration of iPS-derived Cardiomyocyte Sheet

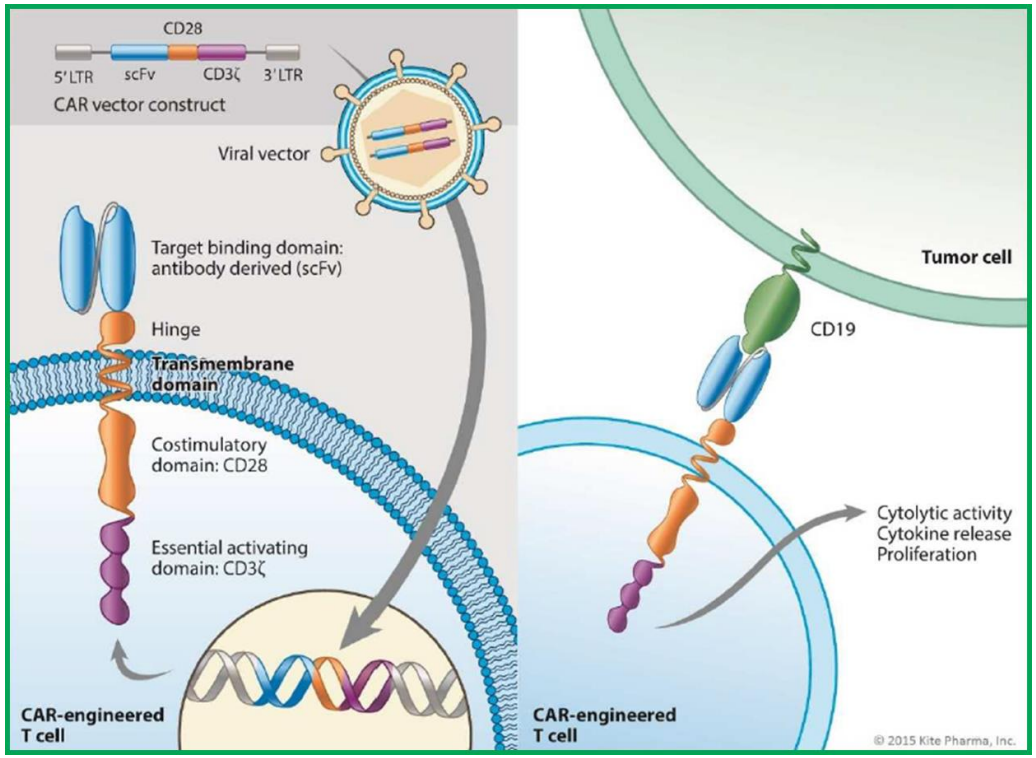
KTE-C19: MOA and Japan Ph2 Study

Daiichi-Sankyo

MOA

- Engineered T cells express antigen-specific CAR* on the cell surface.
- When CAR molecules recognize CD19 antigen on tumor cells, they transmit activation signals to T cells.
- Activated T cells release cytokines and show cytolytic activity against tumor cells.

*CAR: Chimeric Antigen Receptor

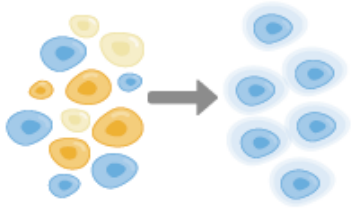
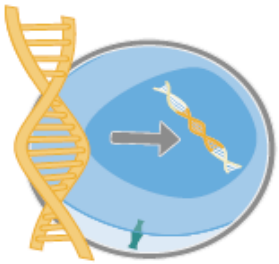
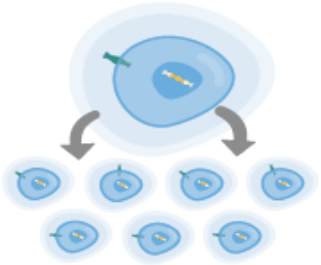


Japan Ph2 study

- Target: Refractory or Relapsed Large B Cell Lymphoma
- Endpoint: ORR
- JapicCTI-183914

Red box: new

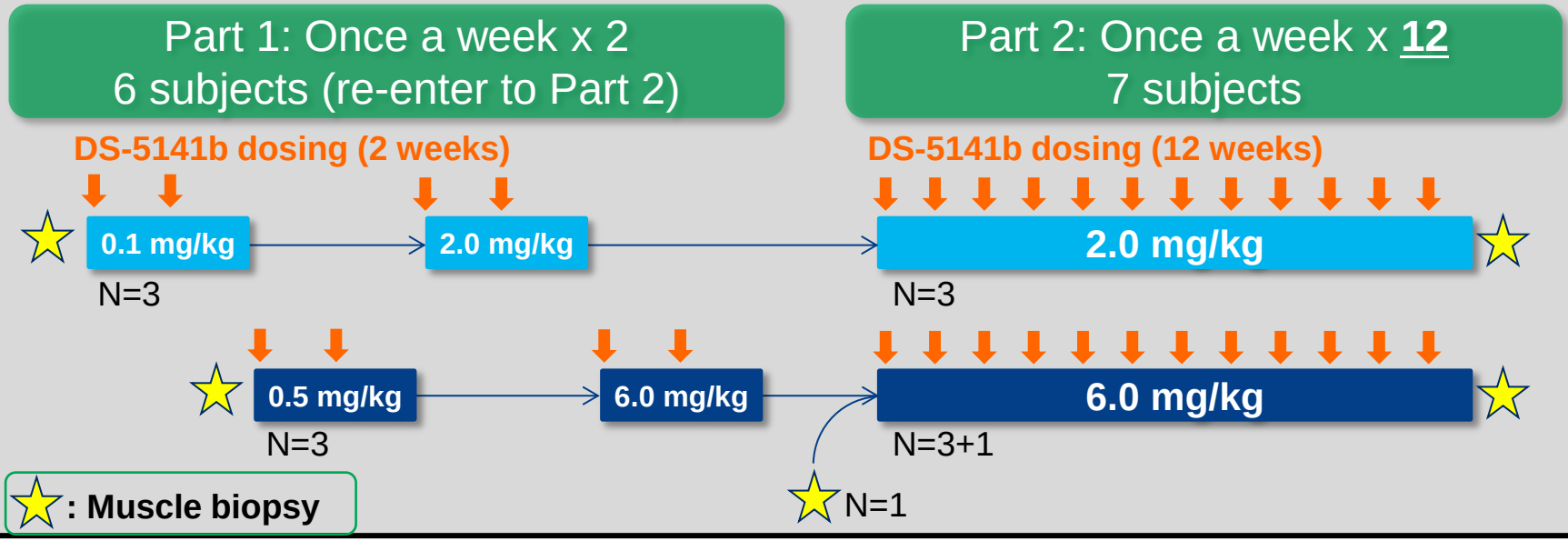
KTE-C19: Establishing Manufacturing Process for Launch

Apheresis	Manufacturing Process			Infusion
Collect patient's white blood cells	Isolate and activate T cells	Engineer T cell	Grow and expand	Infuse patient with engineered T cell
				

- PMDA consultation to initiate clinical study in Japan has been completed
- Currently under preparation to construct logistic process in Japan which is traceable and fastest to dosing
- Contract out manufacturing of clinical materials to Hitachi Chemical as part of establishing manufacturing and supply platform in Japan

DS-5141: Ph1/2 Design and Summary of Result

- Efficacy primary endpoint
  - Dystrophin protein expression in muscle tissue（WB,IHC）
- Efficacy secondary endpoint
  - Production of exon 45-skipped dystrophin mRNA in muscle tissue



Summary of result

- No safety concerns were observed
- After 12-week treatment, skipping of exon 45 was clearly confirmed in all patients
- Expression of dystrophin protein was partially identified, but was not be clearly detected as a whole

Ph1/2 extension study will be re-started soon

Progress of 5-Year Business Plan

- 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**
- Shareholder Returns

Enhance Profit Generation Capabilities

Realize "Process Excellence": Further cost reductions and streamlining

	FY2016	FY2017
Enhancement of procurement Target during 5YBP – 50.0 Bn JPY cost reductions for indirect materials*1	13.2 Bn JPY cost reductions	18.2 Bn JPY cost reductions
Optimization in SC	Sale of Bethlehem Plant in US	Close Hiratsuka Plant in DSCP*2
Optimization in M&S	Restructuring in EU	Restructuring in US
Optimization in RD	Close U3 in Germany	Close DSIN*3 Close ASB*4

*1 indirect materias: materials excluding direct materials (raw materials, packaging materials and finished products)

*2 DSCP: Daiichi Sankyo Chemical Pharma in Japan

*3 DSIN: Daiichi Sankyo India Pharma Private Limited

*4 ASB: Asubio Pharma Co., Ltd in Japan

Enhance Cash Flow Generation Capabilities: Streamlining of Assets

Daiichi-Sankyo

Reduce Cross-Shareholding shares

Reduce to the appropriate level from the point of view of capital efficiency

	FY2016 Results	FY2017 Results	Total
Number of stocks	**14 stocks**	**9 stocks**	**23 stocks**
Sales proceeds	**17.3 Bn JPY**	**14.4 Bn JPY**	**31.7 Bn JPY**
Gain on sales*	**9.3 Bn JPY**	**9.8 Bn JPY**	**19.1 Bn JPY**

* Booked in other comprehensive income

Progress of 5-Year Business Plan

- 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
- **Shareholder Returns**

Shareholder Returns

Shareholder Returns Policy during 5YBP*

* 5YBP: 5-year Business Plan (FY2016 - FY2020)

	FY2016 Results	FY2017 Results	FY2018 Plan	(Target during 5YBP)
Dividend	**70 JPY**	**70 JPY**	**70 JPY**	**more than 70 JPY**
Acquisition of own shares	**50.0 Bn JPY**	**50.0 Bn JPY**	**Flexible**	**Flexible**
Total return ratio	**180.7%**	**159.1%**	**-**	**100% or more**
	169.2%			

FY2018 Consolidated Forecast

FY2018 Consolidated Forecast

(Bn JPY)

	FY2017 Results	FY2018 Forecast	YoY
Revenue	960.2	910.0	-5.2% -50.2
Cost of Sales	346.0	330.0	-16.0
SG&A Expenses	301.8	292.0	-9.8
R&D Expenses	236.0	210.0	-26.0
Operating Profit	76.3	78.0	+2.3% +1.7
Profit before Tax	81.0	78.0	-3.0
Profit attributable to owners of the Company	60.3	55.0	-8.8% -5.3

Currency Rate	USD/JPY	110.86	110.00
	EUR/JPY	129.70	130.00

FY2018 Consolidated Forecast

(Bn JPY)

	FY2017 Results (excl. special items)	FY2018 Forecast	YoY
Revenue	960.2	910.0	-5.2% -50.2
Cost of Sales	36.1% 347.0	36.3% 330.0	-17.0
SG&A Expenses	297.4	292.0	-5.4
R&D Expenses	205.9	210.0	+4.1
Operating Profit	109.9	78.0	-29.0% -31.9

- Impacts of patent cliff
- Impact of price revision in Japan

- Decrease due to revenue decrease

- Optimization in US sales operation
- Continuous cost reduction

- Investments in DS-8201, U3-1402 etc.

Currency Rate	USD/JPY	110.86	110.00
	EUR/JPY	129.70	130.00

Current Review of 5-Year Business Plan

Current Review of 5-Year Business Plan

- **Edoxaban**: **Growing** in momentum beyond the initial target
- **Oncology**: **Accelerating** toward 2025 Vison
  - **DS-8201**, other **ADCs** and **AMLs** clinical trials are **steadily progressing**
- **US Pain Business**: Difficult to achieve the initial target
- **Japan Business**: Daunting business environment in the future
- **FY2018 Forecast**: Below 5YBP target of OP 100.0 Bn JPY

Internal/External changes negatively affect business profitability

Examining initiatives to support business profitability

Upon finalization, new financial targets **will be announced**

Appendix

- R&D Milestone Events
- Major R&D Pipeline
- Out-licensing Projects
- DS-8201 summary of conference presentation
- Abbreviations

R&D Milestone Events

As of Apr 2018

Daiichi-Sankyo

Project	Indication / Study	FY2017	FY2018			
		Q4	Q1	Q2	Q3	Q4
Pexidartinib	Ph3: TGCT (US)				Submission	
Quizartinib	Ph3: QuANTUM-R AML2nd line treatment		TLR			
DS-3032	Ph1: AML with Quizartinib		Study initiation			
	Ph1: AML with Azacitidine		Study initiation			
DS-8201	Ph3: HER2+ Breast Post T-DM1 vs Phys Choice			Study initiation		
	Ph3: HER2+ Breast vs T-DM1			Study initiation		
	Ph3: HER2 low Breast				Study initiation	
	Ph2: HER2 expressing CRC	Study initiation				
	Ph2: HER2 overexpressing/HER2 mutant NSCLC		Study initiation			
	Ph1b: HER2 expressing Breast/Bladder with nivolumab		Study initiation			
	Ph1b: HER2 expressing Breast/NSCLC with IO				Study initiation	
	Ph1b: HER2 expressing Breast/Gastric with IO				Study initiation	
U3-1402	Ph1/2: HER3+ Breast		P2 part Study initiation			
	Ph1: EGFRm NSCLC	Study initiation				
DS-1062	Ph1: Solid tumor (NSCLC)	Study initiation				
DS-1205	Ph1: EGFRm NSCLC with osimertinib		Study initiation			
KTE-C19	**Ph2：Refractory or Relapsed Large B Cell Lymphoma**			Study initiation		
Hydromorphone	Ph3: Cancer pain (injection formulation) (JP)	Approved				
Mirogabalin	Ph3: DPNP/PHN (JP)	Submission				Approval
Esaxerenone	Ph3: Essential hypertension (JP)	Submission				Approval
Laninamivir	Ph3: Anti-influenza (nebulizer formulation) (JP)			Submission		
DS-5141	Ph1/2: Duchenne Muscular Dystrophy (JP)		TLR			

Red: New or update from FY2017 Q3　Underline: achieved

TLR: Top Line Results

Major R&D Pipeline

As of Apr 2018

Daiichi-Sankyo

	Phase 1	Phase 2	Phase 3	Application
Oncology	■ DS-3032 (US/JP) (MDM2 inhibitor) ■ PLX7486 (US) (FMS / TRK inhibitor) ■ PLX8394 (US) (BRAF inhibitor) ■ PLX9486 (US) (KIT inhibitor) ■ DS-3201 (JP/US) (EZH1/2 inhibitor) ■ PLX73086 (US) (CSF-1R inhibitor) ■ PLX51107 (US) (BRD4 inhibitor) ■ U3-1402 (JP/US) (Anti-HER3 ADC) ■ DS-1001 (JP) （IDH1m inhibitor） ■ DS-1205 (US) （AXL inhibitor） ■ PLX2853 (US) (BRD4 inhibitor) ■ DS-1062 (US/JP) （Anti-TROP2 ADC）	■ Patritumab (EU) (U3-1287 / H&N cancer / Anti-HER3 antibody) ■ DS-1647 (JP) (Glioblastoma / G47Δ virus) ■ Quizartinib (JP) (AC220 / AML-2nd / FLT3 inhibitor) ■ DS-8201 (JP/US/EU) (Breast cancer/anti-HER2 ADC） ■ DS-8201 (JP/Asia) (Gastric cancer/anti-HER2 ADC） ■ DS-8201 (JP/US/EU) (CRC/anti-HER2 ADC） ■ DS-8201 (JP/US/EU) (NSCLC/anti-HER2 ADC） ■ KTE-C19(JP) (Large B Cell Lymphoma/ anti-CD19 CAR T cells）	■ Denosumab (JP) (AMG 162 / Breast cancer adjuvant/ Anti-RANKL antibody) ■ Quizartinib (US/EU/Asia) (AC220 / AML-2nd / FLT3 inhibitor) ■ Quizartinib (US/EU/Asia) (AC220 / AML-1st / FLT3 inhibitor) ■ Pexidartinib (US/EU) (PLX3397 / TGCT / CSF-1R/KIT/FLT3 inhibitor)	
Specialty Medicine	■ DS-1040 (US/EU/JP) (Acute ischemic stroke, acute pulmonary embolism / TAFIa inhibitor) ■ DS-2330 (Hyperphosphatemia) ■ DS-1501 (US) (Osteoporosis / Anti-Siglec-15 antibody) ■ DS-7080 (US) (AMD / Angiogenesis inhibitor) ■ DS-5141 (JP) (DMD / ENA oligonucleotide) ■ DS-1211 (US) (TNAP inhibitor) ■ VN-0102/JVC-001 (JP) (MMR vaccine)		■ Edoxaban (JP) (DU-176b / AF (very elderly) / FXa inhibitor) ■ Prasugrel (JP) (CS-747 / Ischemic stroke / Anti-platelet agent) ■ Esaxerenone (JP) (CS-3150 / DM nephropathy / MR antagonist) ■ Laninamivir (JP) (CS-8958 / Anti-influenza / nebulizer) ■ VN-0105 (JP) (DPT-IPV / Hib vaccine) ■ Intradermal Seasonal Influenza Vaccine (JP) (VN-100 / prefilled i.d. vaccine for seasonal flu)	■ Edoxaban (ASCA) (DU-176b / AF / FXa inhibitor) ■ Edoxaban (ASCA) (DU-176b / VTE / FXa inhibitor) ■ Mirogabalin (JP) (DS-5565 / DPNP/PHN/ α2δ ligand) ■ Esaxerenone (JP) (CS-3150/Hypertension/ MR antagonist) ■ VN-0107/MEDI3250 (JP) (Nasal spray flu vaccine)

Red: New or update

Out-licensing Projects

As of Apr 2018

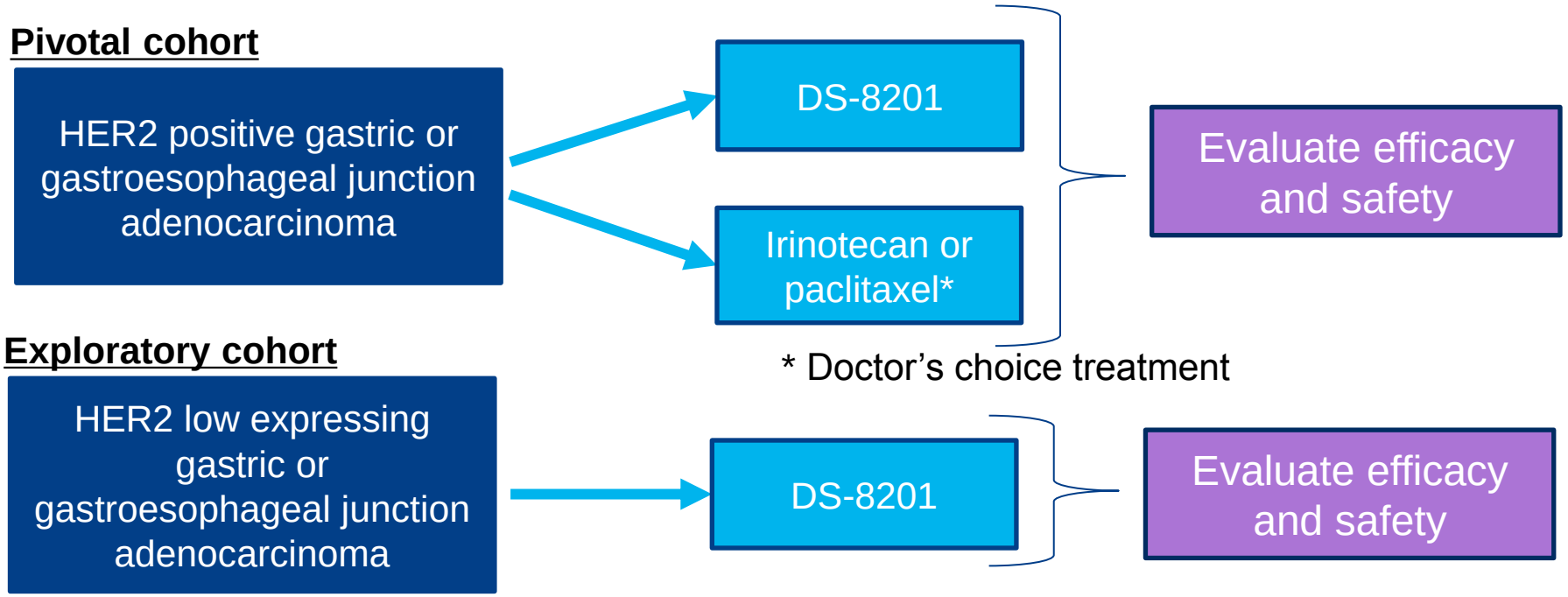
Daiichi-Sankyo

	Pre-clinical	Phase1	Phase 2	Phase 3
Oncology		■ DS-6051 （NTRK/ROS1 inhibitor）		
Specialty Medicine	■ DS-1515 （Inflammatory disease/PI3Kδ inhibitor） ■ DS-1039 （Cystic fibrosis / new MOA （CFTR independent fluid secretion）） ■ DS-7411 （Hemophilia A and B / antibody）	■ DS-2969 （Clostridium difficile infection / GyrB inhibitor） ■ DS-1093 （inflammatory bowel disease (IBD)/ HIF-PH inhibitor）	■ Laninamivir (CS-8958/Anti-influenza/ Out-licensing with Vaxart Inc)	

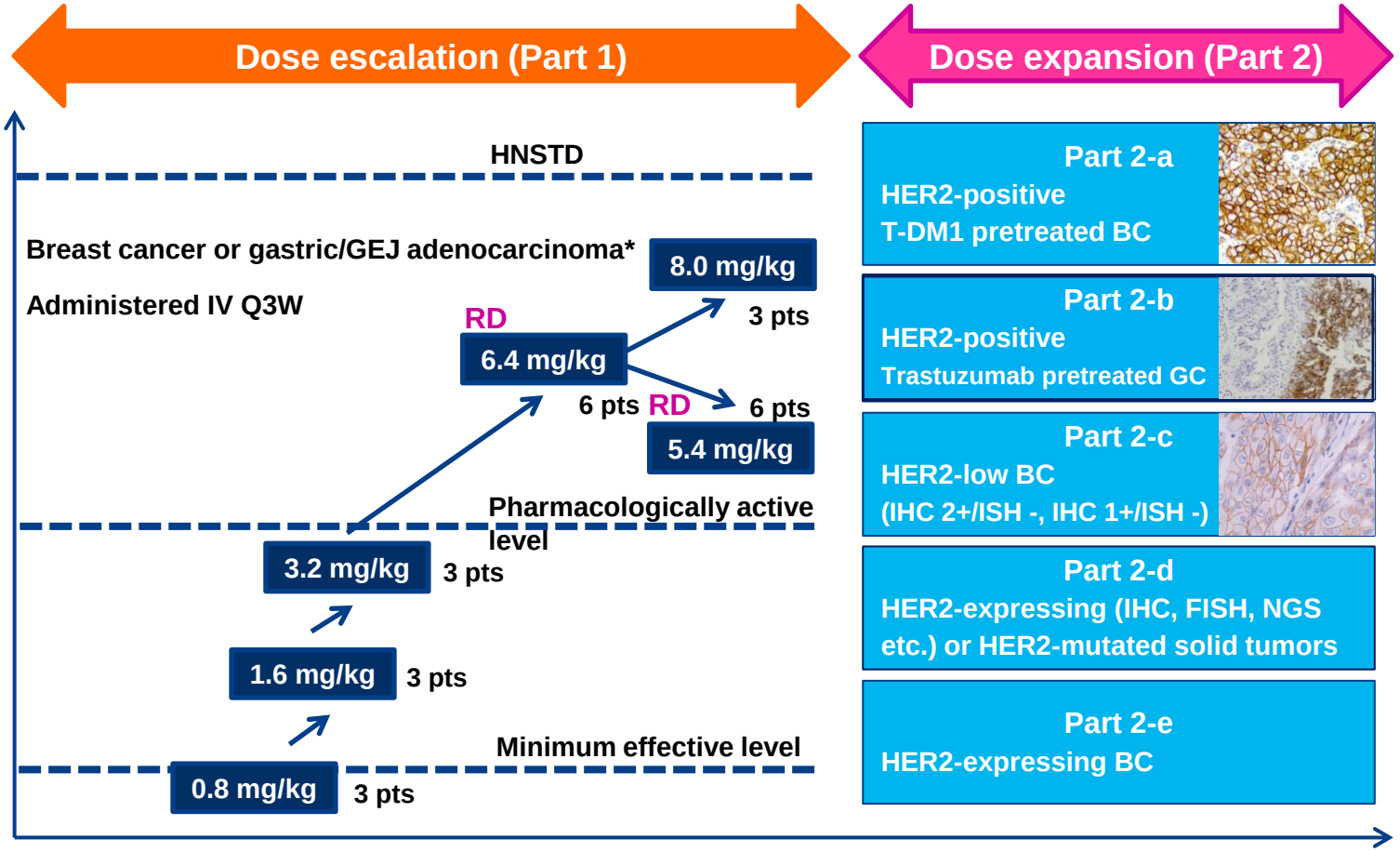
Red: New or update

DS-8201: HER2+ GC SAKIGAKE Designation

- SAKIGAKE designation in Mar 2018
  - For the treatment of HER2-positive advanced gastric or gastroesophageal junction cancer by the MHLW
  - Gastric cancer treatment in Japan has high unmet medical needs and SAKIGAKE designation will help us accelerate the development
- Following pivotal Ph2 study is on-going （DESTINY-Gastric01 Study）



DS-8201: Ph1 Study Design

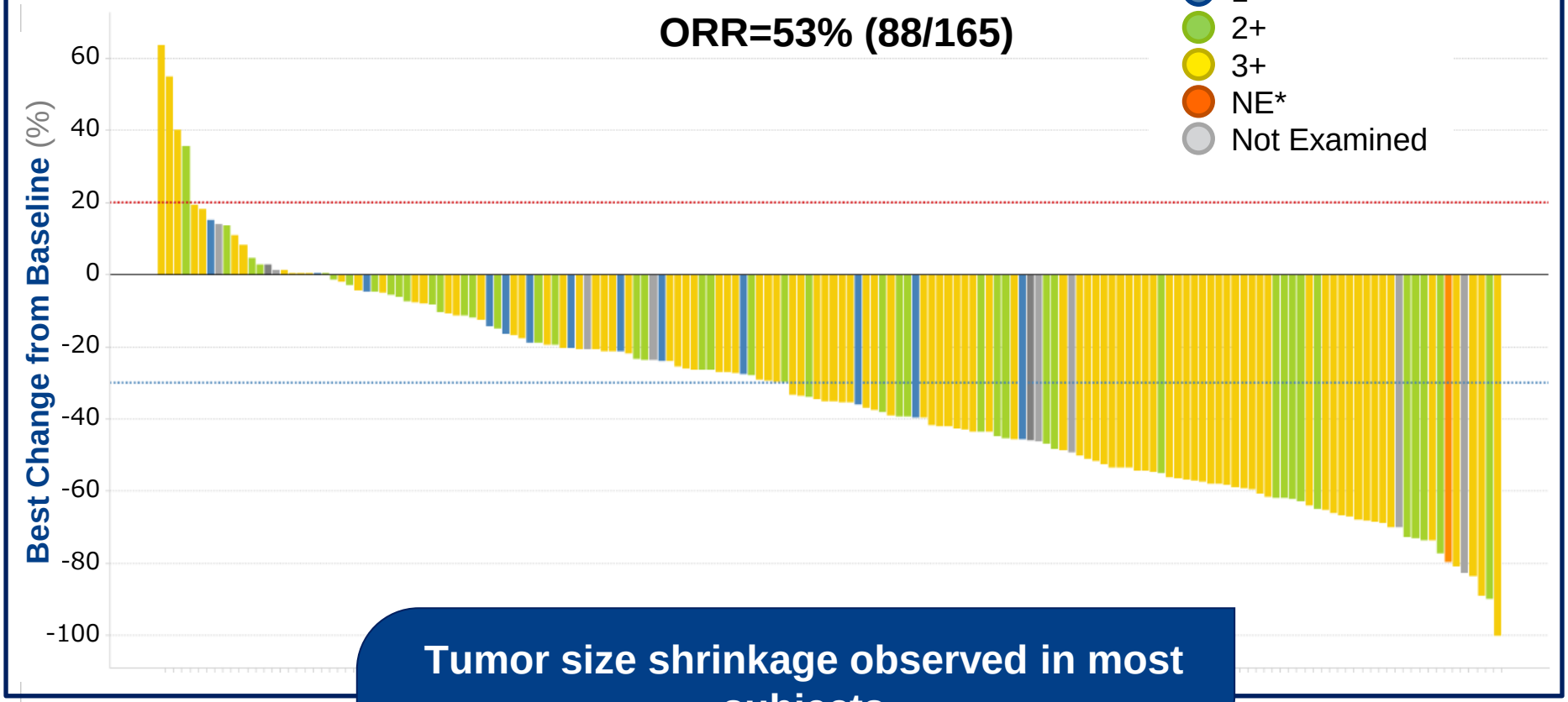


*Subjects in part 1 are not required to have HER2-positive (IHC 3+ or IHC2+/ISH-positive) tumors.
BC, breast cancer; EWOC, escalation with overdose control; FISH, fluorescent in situ hybridization; GC, gastric cancer; GEJ, gastroesophageal junction; HER2, human epidermal growth factor receptor 2; HNSTD, highest non-severely toxic dose; IHC, immunohistochemistry; ISH, in situ hybridization; IV, intravenous; mCRM, modified continuous reassessment method; NGS, next-generation sequencing; Q3W, once every 3 weeks; RD, recommended dose for dose expansion; T-DM1, trastuzumab emtansine.

ADC DS-8201: Ph1 Efficacy

Daiichi-Sankyo

Phase 1 | Any HER2-expressing tumor (n=165)
5.4 + 6.4 mg/kg



Tumor size shrinkage observed in most subjects

As of Dec 2017

*NE: Not Evaluated（Same as Not Examined）

ADC DS-8201: Ph1 Preliminary Efficacy

Daiichi-Sankyo

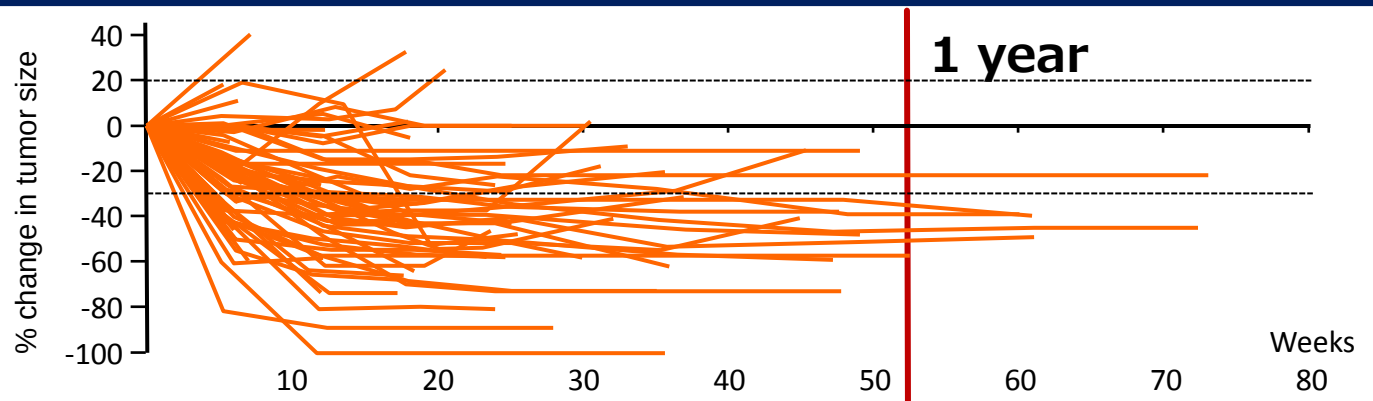
Breast (SABCS、Dec 2017)	ORR	Disease Control Rate	PFS Median (months) - range
HER2 positive			
All	61% (35/57)	95% (54/57)	10.4 (1.2+, 16.8+)
HR Positive	56% (22/39)	92% (36/39)	NR (1.2+, 16.8+)
HR Negative	75% (12/16)	100% (16/16)	10.4 (1.2+, 14.1+)
Prior pertuzumab	62% (31/50)	94% (47/50)	10.3 (1.2+, 16.8+)
HER2 Low			
All	32% (6/19)	84% (16/19)	NR (0.5, 12.2+)
HR Positive	31% (5/16)	88% (14/16)	NR (1.2+, 12.2+)
HR Negative	0% (0/2)	50% (1/2)	7.6 (0.5, 7.6)
Gastric (ASCO GI、Jan 2018)	**ORR**	**Disease Control Rate**	**PFS Median (months) - range**
HER2 positive			
All	45.5%（20/44）	81.8%（36/44）	5.8（3.0+, 8.3+）
Prior CPT-11 (irinotecan)	43.5%（10/23）	82.6%（19/23）	4.1（2.5+, 8.3+）
CRC, NSCLC (ESMO、Sep 2017)	**ORR**	**Disease Control Rate**	**PFS Median (months) - range**
Colorectal	20%（2/10）	80%（8/10）	–
NSCLC	20%（1/5）	60%（3/5）	–

ADC DS-8201: Ph1 Efficacy BC&GC

Daiichi-Sankyo

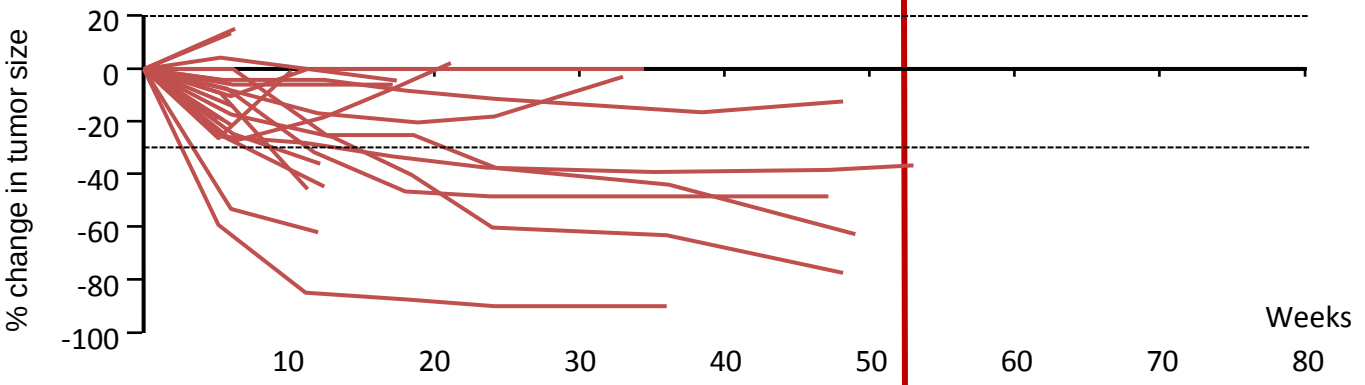
Breast HER2+

(SABCS, Dec 2017)



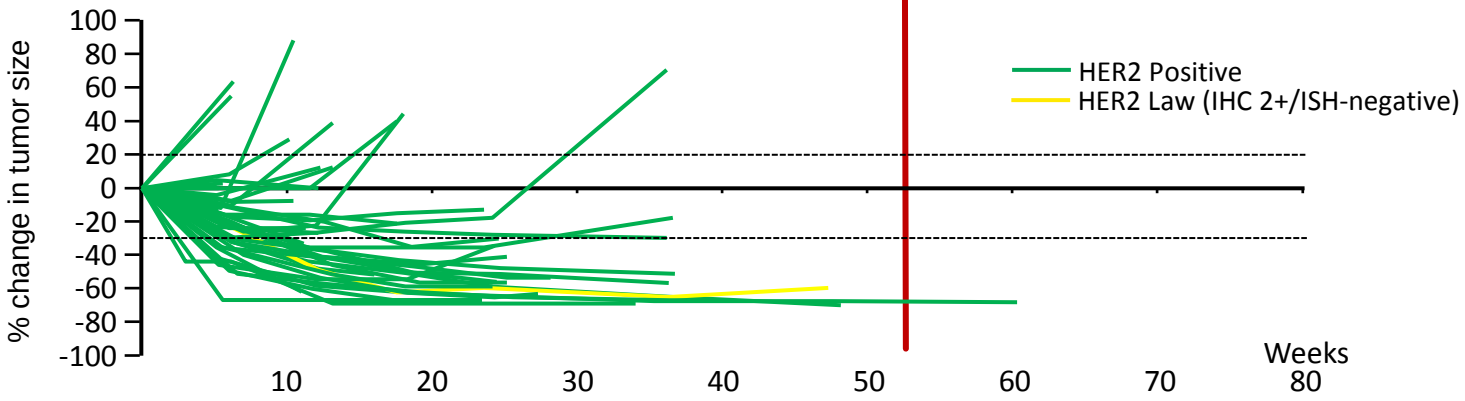
Breast HER2 Low

(SABCS, Dec 2017)



GC HER2+ /Low

(ASCO GI, Jan 2018)



DS-8201: Ph1 Preliminary Safety

Treatment-emergent events, any grade (>20%)
All subjects with 5.4 or 6.4 mg/kg (N = 185, as of 15 Oct 2017)

	n (%)				
Preferred Term (MedDRA v18.0.)	Grade 1	Grade 2	Grade 3	Grade 4	Any
Hematologic					
Anaemia	14 (7.6)	22 (11.9)	25 (13.5)	2 (1.1)	63 (34.1)
Platelet count decreased	27 (14.6)	14 (7.6)	13 (7.0)	6 (3.2)	60 (32.4)
Neutrophil count decreased	1 (0.5)	17 (9.2)	23 (12.4)	8 (4.3)	49 (26.5)
White blood cell count decreased	5 (2.7)	17 (9.2)	21 (11.4)	3 (1.6)	46 (24.9)
Gastrointestinal disorders					
Nausea	99 (53.5)	25 (13.5)	7 (3.8)	0 (0.0)	131 (70.8)
Decreased appetite	64 (34.6)	34 (18.4)	9 (4.9)	0 (0.0)	107 (57.8)
Vomiting	51 (27.6)	9 (4.9)	3 (1.6)	0 (0.0)	63 (34.1)
Diarrhea	43 (23.2)	11 (5.9)	3 (1.6)	0 (0.0)	57 (30.8)
Constipation	45 (24.3)	6 (3.2)	1 (0.5)	0 (0.0)	52 (28.1)
Others					
Alopecia	51 (27.6)	10 (5.4)	0 (0.0)	0 (0.0)	61 (33.0)
Malaise	31 (16.8)	12 (6.5)	2 (1.1)	0 (0.0)	45 (24.3)
Fatigue	26 (14.1)	11 (5.9)	1 (0.5)	0 (0.0)	38 (20.5)

- Pneumonitis: Two cases from Breast (both grade 5) and two cases in GC (grade 1 and grade 3)

Abbreviations

Abbreviation	
BTD	Breakthrough therapy designation
CR	Complete response
DCR	Disease control rate
DLT	Dose limiting toxicity
DOR	Duration of response
EGFR	Epidermal growth factor receptor
MTD	Maximum tolerated dose
NSCLC	Non-small-cell lung cancer
ORR	Overall response rate Objective response rate
OS	Overall survival
PD	Progress disease
PFS	Progression-free survival
PR	Partial response

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