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Press Release

Daiichi Sankyo remains on growth course in Europe

Pharmaceutical company intends to generate turnover of €1.2 billion in 2012 - extensive investment in research is to yield an array of promising new active agents

Frankfurt, 22 June 2010. The Japanese pharmaceutical group DAIICHI SANKYO sees high growth potential in Europe in future years. By the end of fiscal year 2012 (concluding on 31 March 2013), turnover is forecasted to rise to about €1.2 billion. This figure includes the revenues of the company?s Indian subsidiary, Ranbaxy Laboratories Ltd., in which DAIICHI SANKYO acquired a majority stake at the end of 2008. This represents an increase of more than 50 percent compared with the level of fiscal year 2009. DAIICHI SANKYO EUROPE concluded this year with turnover of €574 million1 (a gain of 17 percent compared with the previous year?s period) and with contributions from other European subsidiaries of DAIICHI SANKYO, mostly Ranbaxy, totalling the equivalent of €183 million.

Operating profit is to rise even higher than turnover. "We are expecting an above-average increase in our profit," Reinhard Bauer, Managing Director and CEO of DAIICHI SANKYO EUROPE GmbH, said today at a press conference in Frankfurt. Bauer said the reason for this development was that fixed costs would remain nearly the same in coming years whilst turnover would climb. After adding a large number of employees in recent years, the company has now reached a size that will enable it to manage growth in future years, Bauer noted. In 2009/2010, the DAIICHI SANKYO Group in Europe posted an operating profit of €69.7 million.

DAIICHI SANKYOS strategic goal is to generate, by 2015, more than 60 percent of global turnover of over €11 billion produced outside Japan at that point. The rate currently totals about 45 percent. As a result, Europe is playing an ever increasing role within the Group.

Another strategic goal is the systematic implementation of a so-called hybrid business model. This model is based on the marketing of innovative medications produced by DAIICHI SANKYO and the generic drugs made by Ranbaxy. Bauer said: "Romania shows how this model can work in Europe. In the country last year, Ranbaxy began to market the osteoporosis medication EVISTA®. In future, we will increasingly see such activities in European markets where DAIICHI SANKYO does not yet have its own organisation."

This effort will be associated with a regional expansion of DAIICHI SANKYO in Europe. "We are looking closely at eastern Europe," Bauer said. "This region has several markets where we are not represented or have insufficient representation." As an example, he cited Hungary, where the Group is planning to enter the

market. Other countries in eastern Europe are being examined, he added.

The main sales drivers in Europe are the anti-hypertensive medication in the Olmesartan family. During the past fiscal year, OLMETEC® and OLMETEC PLUS® generated sales of €304 million. This year, turnover is to rise by 12.5 percent to €342 million. The combination anti-hypertensive medication SEVIKAR® introduced at the beginning of 2009 generated revenue of €48 million last year. In 2010, DAIICHI SANKYO EUROPE is striving to achieve an increase of more than 60 percent with this medication. Worldwide, the Olmesartan franchise most recently produced turnover of €1.8 billion. The new member of this family will be a triple combination made of three active agents that will enter the European market this fiscal year.

DAIICHI SANKYO EUROPE head Bauer expects significant gains in market share to be produced by EFIENT®, an antiplatelet medication introduced last year, in the indication acute coronary syndrome (ACS) with subsequent percutaneous coronary intervention (PCI): "With EFIENT®, we reach new patients in particular and fewer of those who are already being treated. For this reason, we are growing slowly but continuously into the market." EFIENT® was also introduced in France, Italy and Spain in recent months and, with Germany and Great Britain, is now being marketed in the most critical European markets.

The Group is making significant investments in the development of the oral factor Xa inhibitor Edoxaban, a medication designed to treat atrial fibrillation (AF) and venous thrombosis (VTE) that is currently being investigated in phase III clinical studies. Bauer said: "We are investing a significant amount in these two phase III studies. Our goal is to introduce Edoxaban to the market by ourselves and without partners." The AF study involves 20,500 patients and the VTE study 7,500.

Bauer is also optimistic about the developments in oncology. "In the biotech company U3 Pharma that we acquired in 2008, we have a real pearl in our portfolio. The company is providing us with an array of promising anti-cancer molecules. Many projects in this area are already in the pre-clinic or early clinical phases." In its cancer work, DAIICHI SANKYO also is part of several partnerships, including ones with the Munich biotech company Morphosys, the Swedish biotech company BioInvent and the U.S. companies ArQule and Amgen.

With research and development investments of €1.5 billion in fiscal year 2009, DAIICHI SANKYO had an R&D ratio of 20.7 percent. As a result, the company once again was well above the sector average. To ensure that its pipeline of medication candidates remains full, the Group plans to make continuous strong investments in R&D in future years. In Europe, DAIICHI SANKYO conducts its R&D activities in Munich, Pfaffenhofen and London.

At DAIICHI SANKYO?s medication-production facility in the Bavarian city of Pfaffenhofen, Bauer said the capacity would gradually rise from 2 billion to 4 billion tablets a year. The reason for this increase is the facility?s growing significance to the Group. Medications are sent from there to 50 countries around the world. "Our site was recently inspected once again by the U.S. Food and Drug Administration - and got top grades once again. This is unusual and an expression of our high quality standards," Bauer said.