

Pharmaceuticals and Bio-chemicals Businesses

Kyowa Hakko Kirin

Pharmaceuticals Business

- ➔ Strengths in therapeutic antibodies that leverage its leading-edge, unique biotechnologies
- ➔ Integrated range of capabilities extending from R&D to manufacturing and sales



Bio-chemicals Business

- ➔ Providing customers around the world with substances related to amino acids and nucleic acids in the fields of pharmaceuticals, medicine, and healthcare



2016 MTBP Basic Strategy

Aiming to make a leap forward to become a global specialty pharmaceutical company, Kyowa Hakko Kirin plans to achieve core operating income* of ¥100 billion or more in 2020. To that end, Kyowa Hakko Kirin will launch global strategic products in Europe and the United States. Accordingly, Kyowa Hakko Kirin will continue to invest in R&D for new product development and will move forward with the development of an overseas sales system.

* Core operating income (pre-consolidation) = Operating income + Amortization of goodwill + Equity in earnings of affiliated companies

Realize solid growth as a global specialty pharmaceutical company

2020 Guidance

- ➔ Core operating income* of ¥100 billion or more (pre-consolidation)

Invest to Achieve Outstanding Growth

- ➔ Improve global competitiveness
 - Launch global products in Europe and the United States
 - Build a global sales framework and organization

Fiscal 2016 Business Report and Fiscal 2017 Business Plan

In the Pharmaceuticals Business, sales decreased year on year due to the market penetration of generic drugs as well as the impact of the domestic drug price revisions enacted in April. In Japan, however, favorable sales were recorded by core drug NESP® as well as by new drugs. In research and development, KRN23, a key product under development that will lead to exceptional growth for Kyowa Hakko Kirin, quickly received

approval and progress is being made toward its launch. With a continued focus on global strategic drugs, Kyowa Hakko Kirin will advance initiatives to rapidly launch products and to maximize their value.

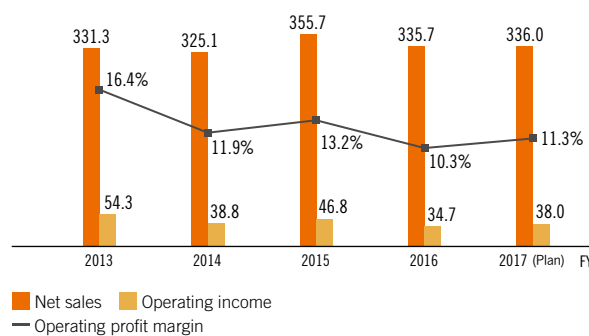
Progress Made in Fiscal 2016

➔ Improved global competitiveness

- Kyowa Hakko Kirin has been working with Ultragenyx to jointly develop KRN23. In June, KRN23 received breakthrough therapy designation from the U.S. Food and Drug Administration (FDA), while at the end of the year the European Medicines Agency (EMA) accepted the application for approval for this drug.

Sales and Operating Income

(¥ Billion)



Sales **+¥0.2 billion +0.1%**

- ➔ Growth in new products in the domestic and overseas Pharmaceuticals Business
- ➔ Drop in the sales of patent-expired products due to the increased market penetration of generics
- ➔ Increased licensing revenue from overseas

Operating income **+¥3.2 billion +9.4%**

- ➔ Increase gross profit through increased licensing revenue
- ➔ Lower R&D expenses following the completion of the trials for pharmaceuticals in late-stage development in Japan
- ➔ In the Bio-chemicals Business, increase sales in highly profitable businesses (online sales, overseas, etc.) year on year

Three Global Strategic Products for Which Approval is Expected by 2020

Development Code	Indication / Target Disease
KW-6002	Parkinson's disease
KRN23	X-linked hypophosphatemia
KW-0761	Adult T-cell leukemia/lymphoma (ATL), Cutaneous T-cell lymphoma (CTCL)