

FOR IMMEDIATE RELEASE

## Kyowa Hakko Kirin Group: Medium-term Business Plan 2013-2015

**Tokyo, January 31, 2013** -- Kyowa Hakko Kirin Co., Ltd. (Kyowa Hakko Kirin Group) today announced its medium-term business plan for the period 2013 to 2015 (January 1, 2013 to December 31, 2015).

### 1. Basic strategy

Kyowa Hakko Kirin Group has established the following three basic strategies for the medium-term business plan, commencing in 2013, which aim to achieve our vision and to assume the challenge of becoming a global specialty pharmaceutical company.

- Further strengthen competitiveness in Japan through our category-based strategy<sup>\*1</sup>
- Expand our business base in the U.S., Europe and Asia and aim to become a global specialty pharmaceutical company
- Strengthen the revenue base of our Bio-Chemicals business

<sup>\*1</sup>: Category-based strategy applies to the following four disease areas: Nephrology; Oncology; Immunology and allergy; and Central Nervous System.

### 2. Targets

Guidance on targets for 2015, the final year of the medium-term business plan, are as follows. Guidance on targets for net sales and operating income for the medium-term business plan will be updated annually.

(¥ bn)

|                                |                          | 2015 guidance | 2013 plan |
|--------------------------------|--------------------------|---------------|-----------|
| Net sales                      | Consolidated             | 358.0         | 338.0     |
|                                | Pharmaceuticals business | 260.0         | 251.0     |
|                                | Bio-Chemicals business   | 91.0          | 81.0      |
| Operating income <sup>*2</sup> | Consolidated             | 60.0          | 55.0      |
|                                | Pharmaceuticals business | 52.0          | 49.0      |
|                                | Bio-Chemicals business   | 8.0           | 5.8       |

<sup>\*2</sup>: Operating income after amortization of goodwill.

### 3. Core strategy by business segment

#### (1) Pharmaceuticals business

1. Further strengthen competitiveness in Japan through our category-based strategy
  - Each category will have its own portfolio management from R&D through to sales
  - Achieve sustained growth while striving to improve productivity
2. Enhance business foundations in Europe, the U.S. and Asia aiming to become a global specialty pharmaceutical company
  - Pursue a One Drug Development Organization<sup>\*3</sup> (ODDO) in Europe and the U.S., supervised by Kyowa Hakko Kirin Pharma
  - Build robust sales structures in Europe and the U.S.
  - Kyowa Hakko Kirin supervises drug development in Asia jointly with local subsidiaries and others

- Create a sales structure in Asia aligned to the healthcare situation of each country, introduce new products

\*3. ODDO is an approach that aims to unify the organization of overseas operations and develop new drugs.

### 3. Create a corporate culture and organization appropriate for a global specialty pharmaceutical company through reform and functional improvements

- Establish a reliability assurance system aligned with the global market and provide a stable supply of superior quality pharmaceuticals
- Ensure strict compliance to international standards and undertake CSR initiatives to meet social expectations
- Create a corporate environment for people from diverse backgrounds and foster staff able to operate on a global stage

## **(2) Bio-Chemicals Business**

### 1. Improve profitability through business reorganization

- Significantly improve profitability through pursuit of active pharmaceutical ingredient business at Daiichi Fine Chemical
- Promote integration of Yamaguchi Production Center and pursue cost reduction through reduced energy consumption and new production technology

### 2. Build an operating foundation that minimizes the impact of exchange rate fluctuations

- Raise awareness of *Ornithine* and launch new products to expand the domestic healthcare business
- Construct a new production facility in Thailand while striving to increase production at existing overseas plants
- Develop the logistics, quality assurance and human resources to support further globalization of the business

## **4. Financial policies**

Kyowa Hakko Kirin regards the return of profits to its shareholders as one of its key priorities. Regarding dividends, we consider the delivery of stable and sustainable dividends to be the basis of our policy, while maintaining fully adequate internal reserves, and considering factors such as our consolidated results, the dividend payout ratio and the dividend return on net assets.

### **(1) Dividend policy**

We aim to achieve a stable consolidated dividend payout ratio of 40% on net income prior to amortization of goodwill

### **(2) Repurchase of own shares**

We plan to improve our capital efficiency by acting flexibly and promptly with regards to the repurchase of shares

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