



# A COMPETITIVE, VALUES-BASED, R&D-DRIVEN, GLOBAL BIOPHARMACEUTICAL LEADER

## FY2018 Earnings Announcement

May 14<sup>th</sup>, 2019



Better Health, Brighter Future

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## Certain Non-IFRS Financial Measures

This presentation includes certain non-IFRS financial measures and targets. Takeda’s management evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this presentation. Non-IFRS results exclude certain income and cost items which are included in IFRS results. By including these non-IFRS measures, management intends to provide investors with additional information to further analyze Takeda’s performance, core results and underlying trends. Non-IFRS results are not prepared in accordance with IFRS and non-IFRS information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with IFRS. Investors are encouraged to review the reconciliation of non-IFRS financial measures to their most directly comparable IFRS measures, which are on slides 63, 64, 66-70, and 74.

## Medical information

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## Financial information

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards (“**IFRS**”). The financial statements of Shire plc (“**Shire**”) are presented in accordance with accounting principles generally accepted in the United States (“**U.S. GAAP**”). Therefore, the respective financial information of Takeda and Shire are not directly comparable.

The Shire acquisition closed on January 8, 2019, and our consolidated results for the fiscal year ended March 31, 2019 include Shire’s results from January 8, 2019 to March 31, 2019. References to “Legacy Takeda” businesses are to our businesses held prior to our acquisition of Shire. References to “Legacy Shire” businesses are to those businesses acquired through the Shire acquisition.

Furthermore, this presentation refers to Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA. Takeda’s Adjusted EBITDA is not a measure presented in accordance with IFRS, and Shire’s Non-GAAP EBITDA is not a measure presented in accordance with U.S. GAAP. The most closely comparable measure presented in accordance with IFRS (for Takeda) is net profit for the year and in accordance with U.S. GAAP (for Shire) is net income. Please see slides 58 and 74 for a further description of Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA and a reconciliation to the respective most closely comparable measures presented in accordance with IFRS and U.S. GAAP. Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA are not directly comparable, because (1) Takeda’s results are based on IFRS and Shire’s results are based on U.S. GAAP and (2) Takeda’s Adjusted EBITDA and Shire’s Non-GAAP EBITDA are defined differently.

# CLEAR STRATEGIC PRIORITIES AS A COMPETITIVE, VALUES-BASED, R&D-DRIVEN, GLOBAL BIOPHARMACEUTICAL LEADER

## BUSINESS AREA FOCUS



**5 key business areas**  
of GI, Rare Diseases, Plasma-Derived Therapies, Oncology, and Neuroscience

## R&D ENGINE



**Therapeutic Area focus, partnership model, and patient-centric, science-driven culture of innovation**

## FINANCIAL STRENGTH



**Driving margin expansion and generating substantial cash flow** to invest in the business, de-leverage rapidly, and return cash to shareholders

## TAKEDA'S VALUES AND CULTURE

Patient-Trust-Reputation-Business  
Best-in-class Employer

# DIVERSE AND EXPERIENCED TAKEDA EXECUTIVE TEAM

JAPAN



**CHRISTOPHE WEBER**  
President & CEO



**COSTA SAROUKOS**  
Chief Financial Officer



**MASATO IWASAKI**  
President, Japan Pharma Business Unit



**HARUHIKO HIRATE**  
Corporate Communications & Public Affairs Officer



**YOSHIHIRO NAKAGAWA**  
Global General Counsel



**PADMA THIRUVENGADAM**  
Chief Human Resources Officer



**MILANO FURUTA**  
Corporate Strategy Officer & Chief of Staff

US



**ANDY PLUMP**  
President, Research & Development



**RAMONA SEQUEIRA**  
President, US Business Unit



**TERESA BITETTI**  
President, Global Oncology Business Unit



**RAJEEV VENKAYYA**  
President, Global Vaccine Business Unit



**GERARD (JERRY) GRECO**  
Global Quality Officer





**MARCELLO AGOSTI**  
Global Business Development Officer





**HELEN GIZA**  
Chief Integration & Divestiture Management Officer



SWITZERLAND





**GILES PLATFORD**  
President, Europe & Canada Business Unit





**CAMILLA SOENDERBY**  
Chief Patient Value & Product Strategy Officer



**JULIE KIM**  
President, Plasma-Derived Therapies Business Unit



**THOMAS WOZNIOWSKI**  
Global Manufacturing & Supply Officer



**MWANA LUGOGO**  
Chief Ethics & Compliance Officer

SINGAPORE



**RICARDO MAREK**  
President, Growth & Emerging Markets Business Unit





# BOARD COMPOSITION FOR BEST IN CLASS GOVERNANCE

## INTERNAL DIRECTORS



NC

**Christophe Weber**  
Representative Director,  
President & CEO



**Masato Iwasaki**  
Director, President,  
Japan Pharma Business Unit



**Andrew Plump**  
Director, President,  
Research & Development

## AUDIT & SUPERVISORY COMMITTEE (A&SC)



CC

**Yasuhiko Yamanaka**  
Director,  
A&SC member

## INDEPENDENT DIRECTORS\*1



CB

NC

**Masahiro Sakane**  
Independent Director  
Chair of the Board meeting  
Chair of Nomination Committee



**Michel Orsinger**  
Independent Director



CC

**Toshiyuki Shiga**  
Independent Director  
Chair of Compensation Committee



NC

**Emiko Higashi**  
Independent Director



CC

**Yoshiaki Fujimori**  
Independent Director



**Ian Clark**  
Independent Director



**Olivier Bohuon**  
Independent Director



**Steven Gillis**  
Independent Director



NC

**Shiro Kuniya**  
Independent Director,  
Chair A&SC



**Koji Hatsukawa**  
Independent Director,  
A&SC member



**Jean-Luc Butel**  
Independent Director,  
A&SC member



CHAIR OF THE BOARD MEETING



INDEPENDENT DIRECTOR



NOMINATION COMMITTEE



COMPENSATION COMMITTEE

\*1 As defined by Tokyo Stock Exchange listing rules



































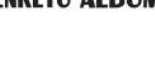












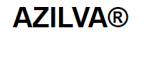





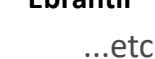
# 5 KEY BUSINESS AREAS

Focused portfolio in 5 key business areas representing ~75% of total revenue<sup>\*1</sup>

<sup>\*1</sup>. Percentages on this slide refer to percentage of pro-forma April 2018-March 2019 combined revenue of Legacy Takeda and Legacy Shire, converted at April 2018-March 2019 average exchange rate of 111 JPY/USD

<sup>\*2</sup>. ~11% excluding Plasma Derived Therapies in Hereditary Angioedema and Rare Hematology (Cinryze, Feiba, Immunate, Hemofil M, Immune and Immuseven).  
~14% includes these products.

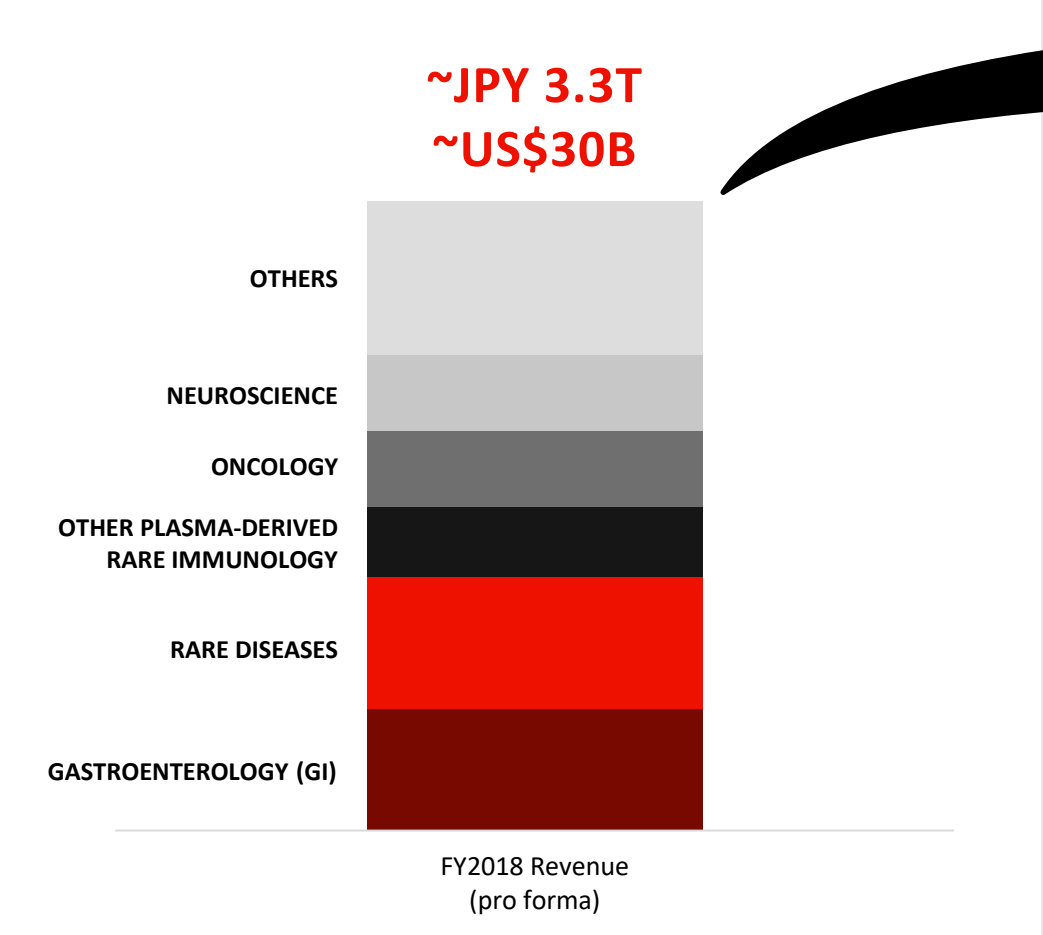
<sup>\*3</sup>. On May 8th 2019, Takeda announced agreement to divest XIIDRA

| <br><b>GI</b><br>(~19% of total revenue) <sup>*1</sup>   | <br><b>RARE DISEASES</b><br>(~21%)   |  |   | <br><b>PLASMA-DERIVED THERAPIES</b><br>(~11%) <sup>*2</sup>  | <br><b>ONCOLOGY</b><br>(~12%)   | <br><b>NEUROSCIENCE</b><br>(~12%)  | <b>OTHERS</b><br>(~25%)  |
|--|--|--|---|--|---|--|--|
|  | <b>RARE METABOLIC</b><br>(~6%)   | <b>RARE HEMATOLOGY</b><br>(~11%)   | <b>HEREDITARY ANGIOEDEMA</b><br>(~4%)   | <b>RARE IMMUNOLOGY</b>   |   |  |  |
|  |  |  |   |  |   |  |  |
| <br><br><br><br><br><br><br> | <br><br><br> | <br><br><br><br><br> | <br><br> | <br><br><br><br><br><br><br><br><br> | <br><br><br><br> | <br><br><br><br><br> | <br><br><br><br><br><br><br>...etc. |

~14%<sup>\*2</sup>

# BALANCED PORTFOLIO OF 14 GLOBAL BRANDS IN OUR KEY BUSINESS AREAS EXPECTED TO DRIVE REVENUE GROWTH IN THE MID-TERM WHILE THE R&D PIPELINE ADVANCES

## TAKEDA TOTAL REVENUE OUTLOOK OVER MID-TERM



## INCREMENTAL GROWTH

### GROWTH DRIVERS

- ⊕ Key Growth Products in 5 Key Business Areas
- ⊕ New launches

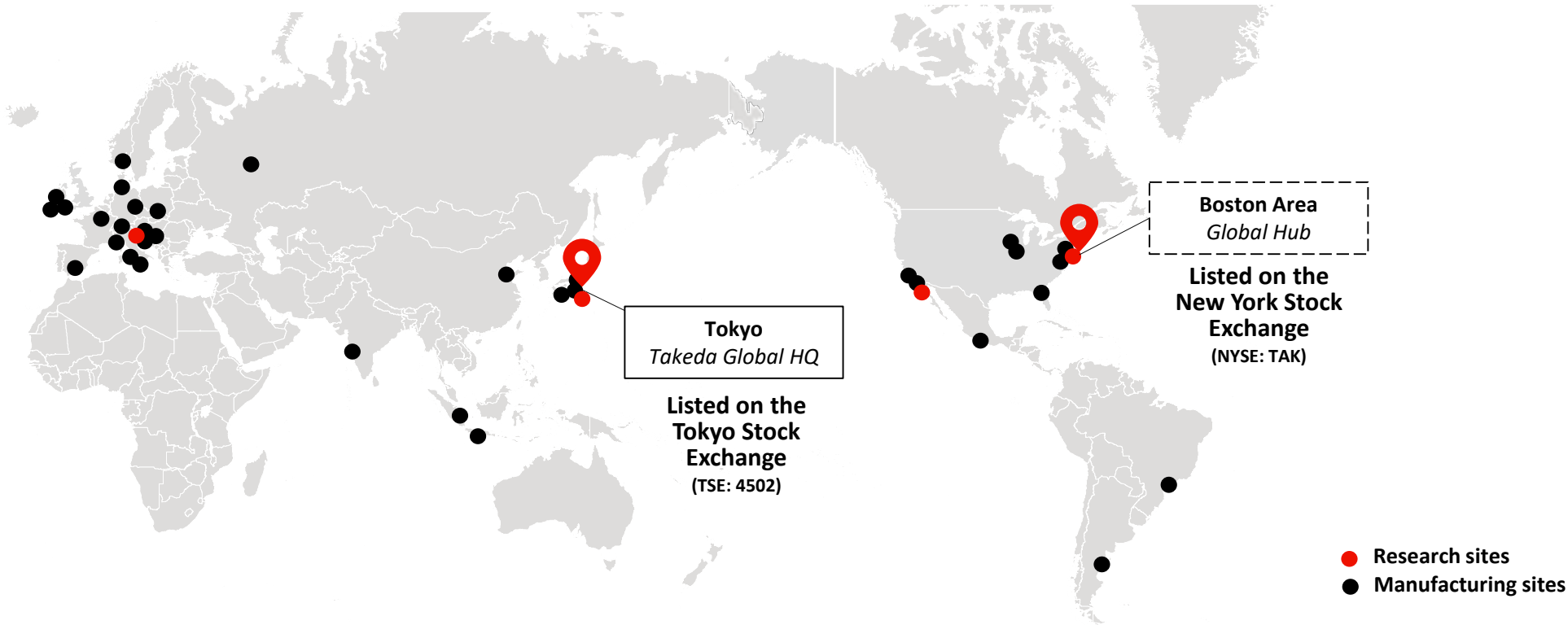
### HEADWINDS

- ⊖ Loss of Exclusivity
- ⊖ Competitive pressure
- ⊖ Pricing pressure

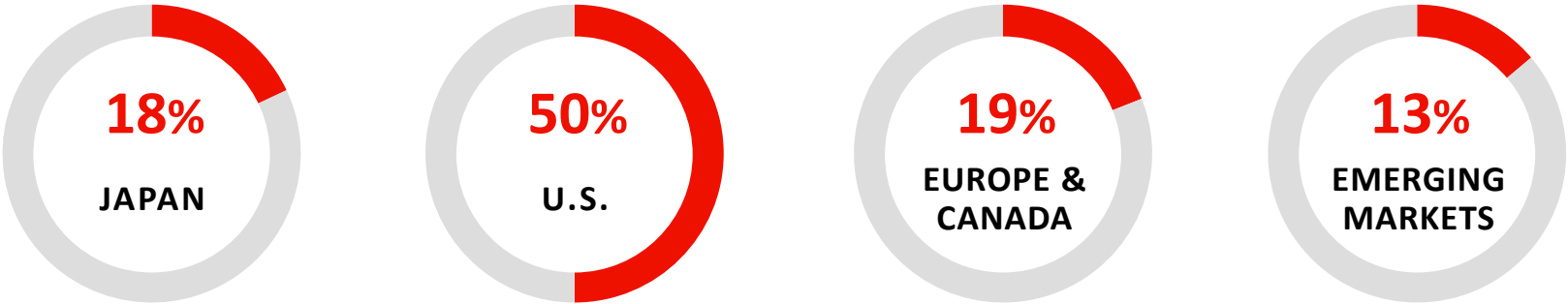
# A COMPETITIVE VALUES-BASED, R&D-DRIVEN, GLOBAL BIOPHARMACEUTICAL LEADER

~JPY 3.3T  
~US\$30B

PRO-FORMA  
REVENUE\*1



APPROX. NET SALES  
BREAKDOWN BY REGION



\*1. Pro-forma April 2018-March 2019 combined revenue of Legacy Takeda and Legacy Shire, converted at April 2018-March 2019 average exchange rate of 111 JPY/USD





# A UNIQUE R&D ENGINE DRIVING INNOVATION

## HIGHLY FOCUSED



ONCOLOGY



GI



RARE DISEASES



NEUROSCIENCE

### THERAPEUTIC AREAS



PLASMA DERIVED  
THERAPIES



VACCINE

## LEADING PARTNERSHIP MODEL

## CULTURE OF INNOVATION

## UNIQUE R&D ENGINE







**Agile and lean**  
organization, freeing up  
resources to be invested  
into pipeline development

**Dynamic and sustainable**  
research and early  
development engine with  
key capabilities

**Transformative advances**  
via reciprocally  
advantageous partnerships

**Laser-focused on**  
purposeful execution

# INNOVATIVE PIPELINE HAS DELIVERED 15 NEW MOLECULAR ENTITY CLINICAL STAGE-UPS SINCE APRIL 2018

|  | PHASE 1  | PHASE 2  | PHASE 3/FILED   | APPROVED*   |
|--|--|--|---|---|
|  <b>ONCOLOGY</b>                   | <div> <div>TAK-252<br/><i>Shattuck</i><br/>Agonist Redirected Checkpoint<br/>Solid tumors</div> <div>TAK-573<br/><i>Teva</i><br/>Anti-CD38-antennukine<br/>R/R MM</div> <div>TAK-079<br/>Anti-CD38 mAb<br/>R/R MM, SLE</div> </div> <div> <div>TAK-164<br/><i>ImmunoGen</i><br/>GCC IGN ADC<br/>GI malignancies</div> <div>TAK-981<br/>SUMO inhibitor<br/>Multiple cancers</div> </div>  | <div> <div>TAK-228<br/>(sapanisertib)<br/>mTORC 1/2 inhibitor<br/>Endometrial cancer</div> <div>TAK-788<br/>EGFR/HER2 inhibitor<br/>NSCLC</div> </div> <div> <div>TAK-659<br/>SYK/FLT-3 inhibitor<br/>Hematologic malignancies, NHL</div> <div>TAK-931<br/>CDC7 inhibitor<br/>ESCC, sqNSCLC</div> </div> | <div> <div>TAK-385<br/>(relugolix)<br/><i>Myovant</i><br/>GnRH antagonist<br/>Prostate Cancer (JP)</div> </div> <div> <div>TAK-924<br/>(pevonedistat)<br/>NAE inhibitor<br/>HR-MDS/CMML</div> </div>          | <div> <div>NINLARO®<br/>Proteasome inhibitor</div> <div>ADCESTRIS®<br/><i>Seattle Genetics</i><br/>CD30 ADC</div> <div>ICLUSIG®<br/>BCR-ABL inhibitor</div> </div> <div> <div>ALUNBRIG®<br/>ALK inhibitor</div> <div>Cabozantinib<br/><i>Exelixis</i><br/>VEGFR/RTK inhibitor</div> <div>Niraparib<br/><i>GlaxoSmithKline</i><br/>PARP 1/2 inhibitor</div> </div> |
|  <b>GASTRO-ENTEROLOGY</b>          | <div> <div>TAK-951<br/>Peptide agonist<br/>Nausea &amp; vomiting</div> <div>Kuma062<br/><i>Pvp Biologics</i><br/>Glutenase<br/>Celiac Disease</div> <div>TAK-018<br/><i>Enterome</i><br/>FimH antagonist<br/>Crohn's Disease</div> </div> <div> <div>TAK-681<br/>(SHP-681)<br/>GLP2r long-acting<br/>Short Bowel Syndrome</div> <div>TAK-671<br/><i>Samsung Bioepis</i><br/>Protease inhibitor<br/>Acute Pancreatitis</div> </div>   | <div> <div>TAK-906<br/>D2/D3R antagonist<br/>Gastroparesis</div> <div>TAK-954<br/><i>Theravance</i><br/>5-HT4R agonist<br/>POGD</div> </div> <div> <div>TIMP-Gliadin<br/><i>Cour</i><br/>Imm Tol Induction<br/>Celiac Disease</div> </div>   | <div> <div>TAK-721<br/>(SHP621)<br/><i>UCSD/Fortis</i><br/>Oral anti-inflammatory<br/>EoE</div> </div>  | <div> <div>ENTYVIO®<br/>α4β7 mAb</div> <div>Vonoprazan<br/>PCAB</div> <div>ALOFISEL<br/>mesenchymal stem cells</div> </div> <div> <div>GATTEX®<br/>GLP-2R agonist</div> </div>  |
|  <b>RARE DISEASES</b>              | <div> <div>TAK-611<br/>(SHP611)<br/>ERT<br/>MLD</div> <div>TAK-531<br/>(SHP631)<br/><i>ArmaGen</i><br/>I2S replacement<br/>Hunter CNS</div> <div>TAK-754<br/>(SHP654)<br/><i>Asklepios Biopharm.</i><br/>Gene therapy HemA</div> </div>  | <div> <div>TAK-607<br/>(SHP607)<br/>IGF-1/ IGFBP3<br/>Chronic Lung Disease</div> <div>TAK-609<br/>(SHP609)<br/>I2S replacement<br/>Hunter CNS (IT)</div> </div>  | <div> <div>TAK-755<br/>(SHP655)<br/><i>KM Biologics</i><br/>ERT/ ADAMTS-13<br/>cTTP</div> <div>TAK-620<br/>(SHP620)<br/><i>GlaxoSmithKline</i><br/>UL97 kinase inh<br/>CMV infect. in transplant</div> </div> | <div> <div>OBIZUR<br/><i>Ipsen</i><br/>FVIII replacement</div> <div>VONVENDI<br/>vWF replacement</div> <div>NATPARA<br/>PTH replacement</div> </div> <div> <div>ADYNOVATE<br/>FVIII replacement</div> <div>TAKHZYRO<br/>Anti-kallikrein mAb</div> </div>  |
|  <b>NEUROSCIENCE</b>              | <div> <div>TAK-653<br/>AMPA potentiator<br/>TRD</div> <div>TAK-418<br/>LSD1 inhibitor<br/>Kabuki Syndrome</div> <div>TAK-041<br/>GPR139 agonist<br/>CIAS NS</div> </div> <div> <div>MEDI-1341<br/><i>AstraZeneca</i><br/>Alpha-syn mAb<br/>Parkinson's Disease</div> <div>TAK-925<br/>Orexin 2R agonist<br/>Narcolepsy</div> </div> <div> <div>WVE-120101<br/><i>Wave Life Sciences</i><br/>mHTT SNP1 ASO<br/>Huntington's Disease</div> <div>WVE-120102<br/><i>Wave Life Sciences</i><br/>mHTT SNP2 ASO<br/>Huntington's Disease</div> </div> | <div> <div>TAK-935<br/><i>Ovid Therapeutics</i><br/>CH24H inhibitor<br/>Rare Pediatric Epilepsies</div> <div>TAK-831<br/>DAAO inhibitor<br/>CIAS NS</div> </div>   |   | <div> <div>TRINTELLIX™<br/><i>Lundbeck</i><br/>Multimodal anti-depressant</div> <div>BUCCOLAM<br/>GABA Allosteric Modulator</div> </div>  |
|  <b>PLASMA-DERIVED THERAPIES</b> |  |  |   | <div> <div>HYQVIA<br/><i>Halozyme</i><br/>IgG 10% + Recombinant<br/>Human<br/>Hyaluronidase</div> <div>CINRYZE<br/>C1 inhibitor</div> </div>  |
|  <b>VACCINES</b>                 | <div> <div>TAK-021<br/><i>BARDA</i><br/>EV71 Vaccine</div> <div>TAK-426<br/><i>BARDA</i><br/>Zika Vaccine</div> </div>   | <div> <div>TAK-214<br/>Norovirus Vaccine</div> </div>  | <div> <div>TAK-003<br/>Dengue Vaccine</div> </div>  |   |

\*With ongoing significant clinical development activities; Pipeline as of May 14, 2019

Pipeline not all inclusive; programs also ongoing in other Therapeutic Areas. For glossary of disease abbreviations please refer to appendix.

- ▶ Stage-ups/additions after Q3 FY18
- ▶ Stage-ups/additions since April 1, 2018
- Orphan Drug Designation (in any region / indication for a given asset)
- Registration enabling Ph-2 study
- Assets shown in Phases 1-3 explicitly refer to new molecular entities

# DELIVERING ON STRATEGIC PRIORITIES IN FY2018

## BUSINESS AREA FOCUS



- Key growth products continued to deliver strong revenue momentum (e.g. ENTYVIO +34.8%, NINLARO +36.1%, TRINTELLIX +19.4%)
- Successful completion of Shire and TiGenix acquisitions
- Acquired 10 new plasma collection centers since Shire acquisition close
- Divested non-core assets Multilab and Techpool
- Entered into agreements to divest XIIDRA and TACHOSIL

## R&D ENGINE



- ENTYVIO demonstrated superior efficacy vs adalimumab in UC head-to-head VARSITY study; submitted regulatory applications<sup>\*1</sup> for subcutaneous formulation in the U.S. and EU
- Approvals: TAKHZYRO (U.S./EU), ALUNBRIG (EU); label expansions: ADCETRIS (EU/JP), TRINTELLIX (U.S.)
- 15 New Molecular Entity clinical stage-ups since April 2018
- 44 new collaborations with biotech/academia in FY18; announced 3 leading edge cell-therapy partnerships





## FINANCIAL STRENGTH



- Legacy Takeda Underlying Core Earnings margin +540bps driven by business momentum & Global OPEX initiative
- Strong Legacy Takeda performance entirely absorbed Shire acquisition related costs
- Unlocked JPY 200.9 billion cash from sale of real estate, securities and non-core businesses
- Secured investment grade rating; net debt/adjusted EBITDA at 4.7x as of March 31, 2019

# FY2018 LEGACY TAKEDA UNDERLYING GROWTH GREATLY EXCEEDED ORIGINAL AND REVISED GUIDANCE

## FY2018 LEGACY TAKEDA<sup>\*1</sup> UNDERLYING GROWTH (VS. PY)

|                                 | ORIGINAL GUIDANCE<br>MAY 14, 2018 | REVISED GUIDANCE<br>OCT 31, 2018 | FY2018 ACTUAL   |
|---------------------------------|-----------------------------------|----------------------------------|---|
| UNDERLYING REVENUE              | Low single digit                  | Low single digit                 | +5.3%    |
| UNDERLYING CORE EARNINGS        | High single digit                 | High teens                       | +38.7%   |
| UNDERLYING CORE EARNINGS MARGIN | Lower-end of<br>+100-200bps       | Higher-end of<br>+100-200bps     | +540bps  |
| UNDERLYING CORE EPS             | Low teens                         | Mid twenties                     | +29.0%   |

# FY2018 STRONG LEGACY TAKEDA PERFORMANCE WITH OPERATING PROFIT +70.3%

## FY2018 LEGACY TAKEDA<sup>\*1</sup> REPORTED RESULTS (VS. PY)

| (BN YEN)          | FY2017  | FY2018         | VS. PY |
|-------------------|---------|----------------|--------|
| REVENUE           | 1,770.5 | <b>1,788.0</b> | +1.0%  |
| OPERATING PROFIT  | 241.8   | <b>411.8</b>   | +70.3% |
| NET PROFIT        | 186.9   | <b>312.9</b>   | +67.4% |
| EPS <sup>*2</sup> | 239 yen | <b>399 yen</b> | +66.6% |
| JPY/USD           | 111 yen | <b>111 yen</b> | -0.4%  |
| JPY/EUR           | 129 yen | <b>129 yen</b> | -0.4%  |
| CORE EARNINGS     | 322.5   | <b>393.3</b>   | +21.9% |
| FREE CASH FLOW    | 361.5   | <b>384.2</b>   | +6.3%  |

Legacy Takeda Operating Profit increased +70.3% (JPY 170.0B) year-on-year mainly driven by business momentum; large one-time gains in FY2017 from Wako divestiture and Teva JV product transfer were largely offset by sales of real estate in FY2018



# FY2018 CONSOLIDATED REPORTED RESULTS REFLECT 3-MONTHS LEGACY SHIRE CONTRIBUTION

## FY2018 REPORTED RESULTS (VS. PY)

| (BN YEN)             | FY2017  | FY2018*1 | VS. PY |
|----------------------|---------|----------|--------|
| REVENUE              | 1,770.5 | 2,097.2  | +18.5% |
| OPERATING PROFIT     | 241.8   | 205.0    | -15.2% |
| NET PROFIT           | 186.9   | 109.1    | -41.6% |
| EPS*2                | 239 yen | 113 yen  | -52.6% |
| CORE EARNINGS        | 322.5   | 459.3    | +42.4% |
| CORE EARNINGS MARGIN | 18.2%   | 21.9%    | +3.7pp |
| CORE EPS             | 302 yen | 334 yen  | +36.4% |
| FREE CASH FLOW       | 361.5   | 378.1    | +4.6%  |

\*1. Includes Legacy Shire financials (from January 8, 2019 to March 31, 2019), costs incurred by Legacy Takeda and Legacy Shire related to the acquisition, and financial impact from purchase accounting

\*2. Number of shares used for FY2018 EPS calculation: 961,476,993 shares (April 2018 - March 2019 average)

# FY2018 EXCELLENT RESULTS DRIVEN BY KEY GROWTH PRODUCTS AND STRICT OPEX DISCIPLINE

## FY18 LEGACY TAKEDA RESULTS<sup>\*1</sup>

GREATLY EXCEEDED ORIGINAL GUIDANCE

### REPORTED RESULTS

- **REVENUE +1.0%**  
despite impact of divestitures and FX
- **OPERATING PROFIT +70.3%**  
driven by business momentum, with sale of real estate offsetting one-time FY17 gain on Wako divestiture

### UNDERLYING RESULTS

- **REVENUE +5.3%**  
with significant contributions from ENTYVIO (+34.8%) & NINLARO (+36.1%)
- **CORE EARNINGS +38.7%**  
with margin expansion +540bps of which 3/4 driven by OPEX

## FY18 CONSOLIDATED RESULTS<sup>\*2</sup>

STRONG LEGACY TAKEDA ABSORBED DEAL COSTS

### REPORTED RESULTS

- **REVENUE +18.5%**  
with one-time negative impact from applying Takeda distribution channel policies to Legacy Shire products
- **EPS -52.6% TO 113 YEN**  
strong Legacy Takeda performance absorbed acquisition-related costs; significant impact of non-cash purchase accounting expenses

### CASH FLOW

- **FREE CASH FLOW +4.6%**  
unlocking cash through asset sales
- **NET DEBT/ADJ. EBITDA AT 4.7X**  
Secured investment grade rating; starting with lower than expected leverage ratio

<sup>\*1</sup>. Excludes Legacy Shire financials (from January 8, 2019 to March 31, 2019), costs incurred by Legacy Takeda and Legacy Shire related to the acquisition, and financial impact from purchase accounting

<sup>\*2</sup>. Includes Legacy Shire financials (from January 8, 2019 to March 31, 2019), costs incurred by Legacy Takeda and Legacy Shire related to the acquisition, and financial impact from purchase accounting

# INTEGRATION PROGRESSING WELL; INCREASING COST SYNERGY TARGET TO ~US\$2B

## INTEGRATION HIGHLIGHTS



Five months into integration, overall progress is on track



Increasing annual recurring pre-tax cost synergy target to ~\$2B by end of FY2021, with cumulative one-time implementation costs of \$3B



Executing on divestment strategy, with announced divestitures of XIIDRA and TACHOSIL

### PRE-CLOSE

### POST-CLOSE

#### PEOPLE & CULTURE

- Appointed new Takeda Executive Team (TET)
- Appointed “TET-1” layer of top 200 leaders

- First leadership meeting held 2 days after close
- Identified “TET-2” and “TET-3” layers of management
- Key policies harmonized

#### ORGANIZATION/ LOCATIONS

- Announced new operating model to leverage Takeda and Shire know-how, with 4 regional business units and 3 global specialty business units
- Decision made to consolidate U.S. operations in Boston

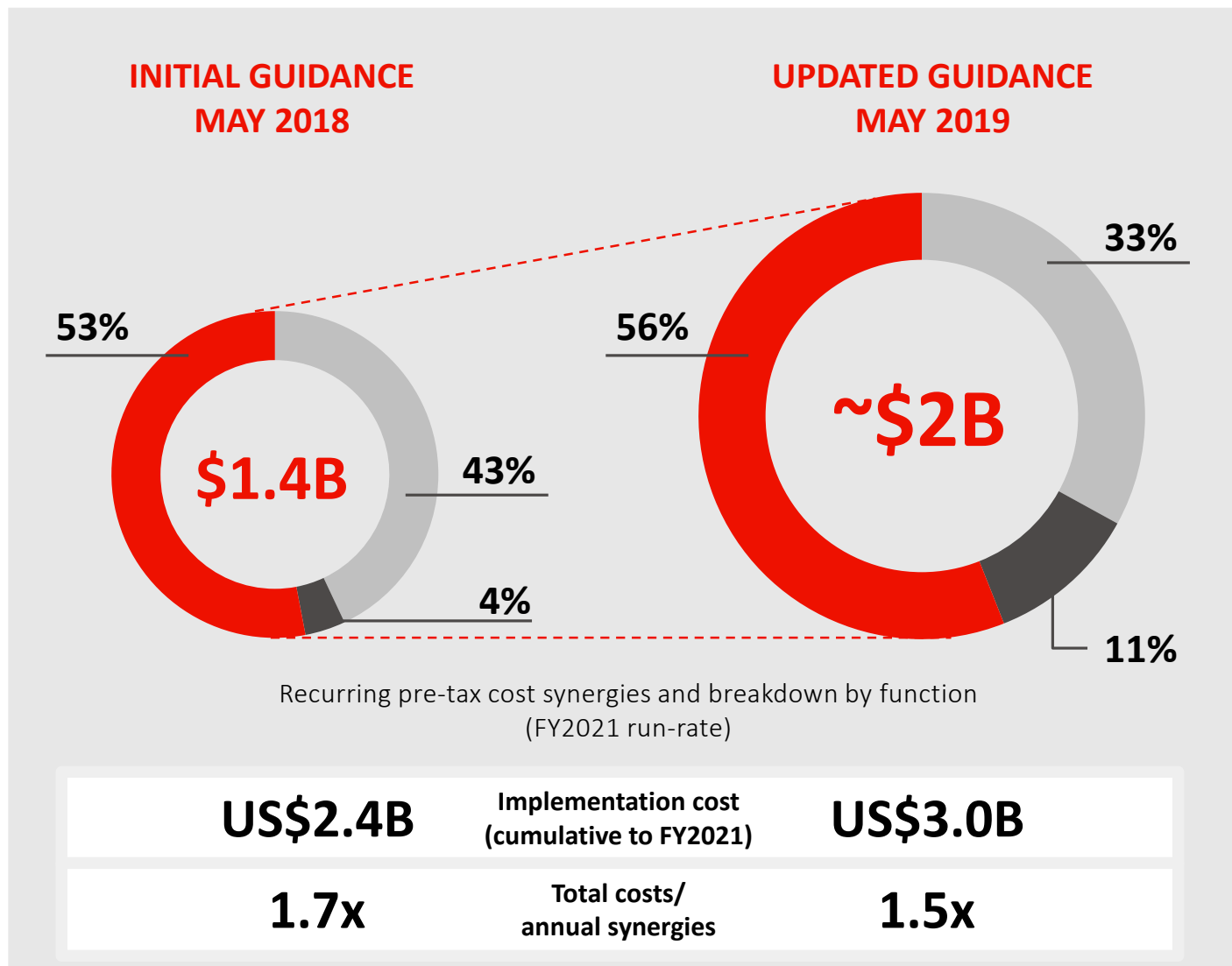
- Zurich chosen as regional HQ in Europe
- UK site consolidation announced
- Reduced U.S. field-based employees; rolled out new footprint for primary care and neuroscience specialty salesforce

#### SYSTEMS/IT

- Extensive planning for seamless operations (e.g. emails) on Day 1

- Integrated platform to track OPEX and synergy targets, implementation costs, and FTEs for the whole company

# INCREASING EXPECTED COST SYNERGY TARGET FROM US\$1.4B TO ~US\$2B AFTER DEEP DIVE BOTTOM-UP REVIEW



## SG&A

- Sales and marketing efficiencies
- Consolidation of overlapping office locations
- Elimination of duplicate IT systems
- Reduction of duplicate costs across central support functions

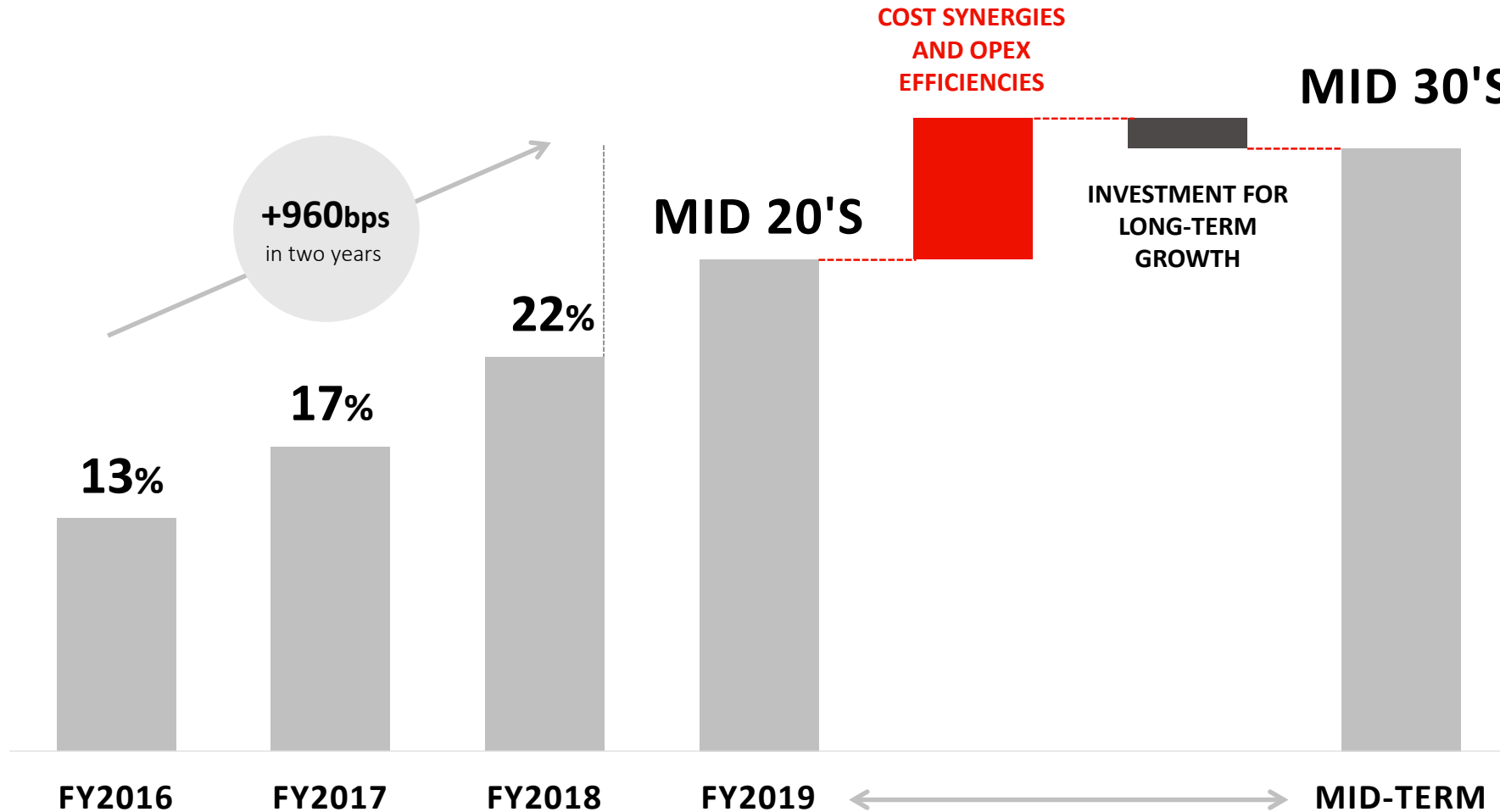
## R&D

- Rationalizing ongoing research and early stage pipeline programs
- Reducing overlapping resources
- Procurement savings on clinical trial materials

## Manufacturing & Supply

- Operational procurement spend efficiencies
- Operational efficiencies through productivity improvements
- Supply chain optimization
- Reducing overlapping resources and right-sizing organization

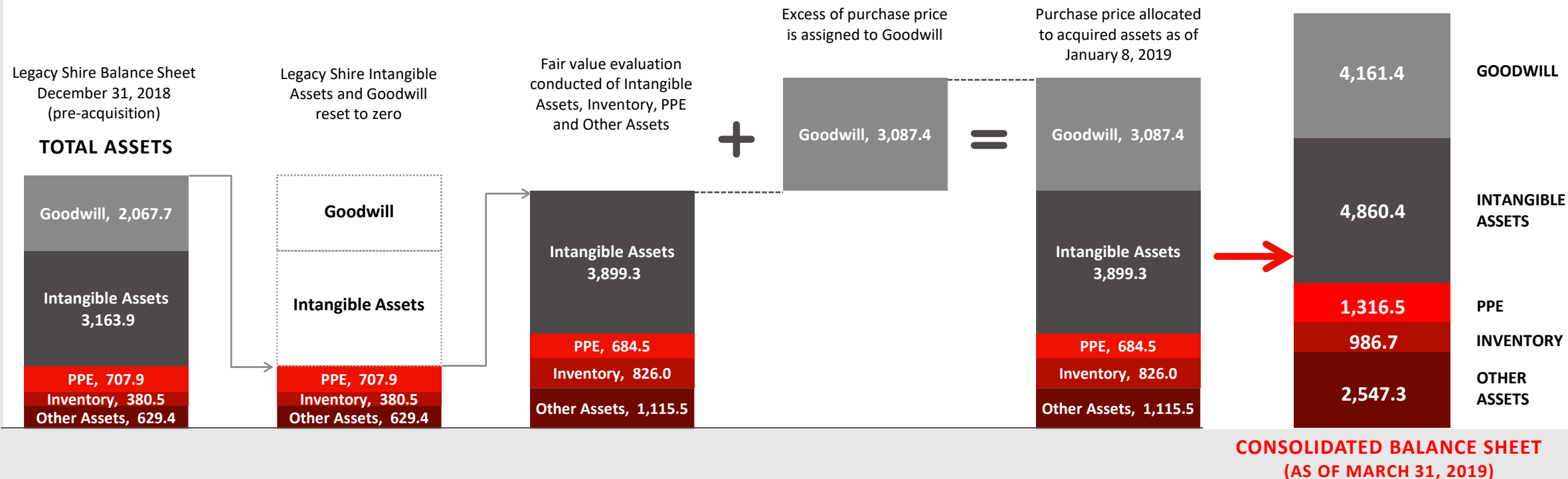
# TARGETING UNDERLYING CORE EARNINGS MARGIN COMPARABLE TO TOP-TIER INDUSTRY LEVELS DRIVEN BY COST SYNERGIES AND THE GLOBAL OPEX INITIATIVE





# PURCHASE PRICE ALLOCATION RESETS LEGACY SHIRE BALANCE SHEET; INTANGIBLES LOWER THAN PRE-CLOSE ESTIMATE DUE TO UPDATED SYNERGY ASSUMPTION

All figures in JPY Bn



## PURCHASE PRICE ALLOCATION OUTCOME SUMMARY

- Intangible assets on consolidated balance sheet (JPY 4.9T) lower than pre-close estimate (JPY 6.3-6.7T) due to lower final purchase price, higher synergies, and more synergies allocated to Takeda portfolio.
- Amount of goodwill in line with pre-close estimate, with allocation comparable to other large pharma deals.
- Inventory step-up will unwind over weighted average inventory turnover period of approx. 2 years (non-cash expense). FY2018: JPY 82.2B; FY2019: ~JPY 250B.
- Intangibles amortized over remaining economic life of each product (non-cash expense). Weighted average amortization period of intangibles from Shire acquisition is 10 years. FY19 amortization impact: Intangibles related to the Shire acquisition intangibles ~JPY 430B; Legacy Takeda intangibles ~JPY 100B.
- Low risk of significant impairment to goodwill and intangibles

# FY2019 FORECAST: STRONG INCREASE IN CORE EARNINGS +92.2%

## FY2019 REPORTED FORECAST

| FY2019<br>Forecast |                           | FY2019<br>Forecast                           |   | FY2019<br>Forecast   |
|--------------------|---------------------------|--|---|--|
| (BN YEN)           | CONSOLIDATED TOTAL<br>(A) | SHIRE<br>ACQUISITION<br>RELATED COSTS<br>(B) | PURCHASE<br>ACCOUNTING<br>IMPACT<br>(C) | EXCL. SHIRE ACQUISITION RELATED COSTS AND PURCHASE<br>ACCOUNTING IMPACT<br>(A)-(B)-(C) |
| REVENUE            | 3,300.0                   | —  | —                                       | 3,300.0  |
| OPERATING PROFIT   | -193.0                    | -154.0                                       | -693.0                                  | 654.0  |
| NET PROFIT         | -383.0                    | -226.0                                       | -570.0                                  | 413.0  |
| EPS                | -246 yen                  | -145 yen                                     | -367 yen                                | 266 yen <sup>*1</sup>  |
| CORE EARNINGS      | 883.0                     | —  | —                                       | 883.0  |
| ADJUSTED EPS       |                           |  |   | 430 yen <sup>*2</sup>  |

- Revenue up +57.4% vs. prior year due to full year consolidation of Legacy Shire results
- Operating Profit and EPS significantly impacted by Shire-related integration costs and purchase accounting impact
- Core Earnings strongly increasing +92.2% from Legacy Shire contribution, synergies and continued OPEX discipline
- Adjusted EPS +17.7% excluding Shire acquisition related costs and purchase accounting impact, adjusted to same baseline share count

Adjusted using same baseline number of shares outstanding  
<sup>\*1</sup> Number of shares used for FY2019 EPS calculation: 1,554,780,063 shares (as of March 31, 2019)  
<sup>\*2</sup> Adjusted FY2019 EPS when calculated as the same share count as FY2018, 961,476,993 shares (Apr 2018 – Mar 2019 average)

Note: It is not possible to give full reconciliations of non-IFRS forecasts on a quantitative basis because the Company cannot accurately predict the adjustments.  
This FY2019 Reported Forecast does not take into consideration the recently announced divestitures of XIIDRA and TACHOSIL, but Takeda does not expect these divestitures to have a material impact.  
The FY2019 Reported Forecast will be updated at a later date to reflect these divestitures once a reliable estimate of their impact can be made, which will depend upon the exact timing of transaction close.

# FY2019 BUSINESS MOMENTUM EXPECTED TO LARGELY OFFSET SIGNIFICANT LOSS OF EXCLUSIVITY HEADWINDS

- Momentum of key growth products in our 5 Key Business Areas is expected to largely offset Loss of Exclusivity of VELCADE, FIRAZYR, ULORIC & others
- Full year consolidation of Legacy Shire results, cost synergies and OPEX discipline will contribute to underlying Core EPS of 350-370 yen

## FY2019 MANAGEMENT GUIDANCE (EXCLUDING ANY IMPACT OF DIVESTITURES)

|                                 |                            |
|---------------------------------|----------------------------|
| UNDERLYING REVENUE GROWTH*1,2   | Flat to slightly declining |
| UNDERLYING CORE EARNINGS MARGIN | Mid-twenties %             |
| UNDERLYING CORE EPS             | 350-370 yen                |
| ANNUAL DIVIDEND PER SHARE       | 180 yen                    |

Financial assumption for VELCADE in the U.S. is for one additional non-therapeutically equivalent competitor with intravenous and subcutaneous administration launching in July 2019. If no additional competitor launches, pro-forma underlying revenue growth would be "flat to slightly increasing".

Note: FY2019 Management Guidance does not take into consideration the recently announced divestitures of XIIDRA and TACHOSIL. However, Takeda does not expect these divestitures to have a meaningful impact on its management guidance.

# SOLID DELIVERY AGAINST OUR FINANCIAL COMMITMENTS

## FY2018

Deliver 100-200bps  
underlying Core Earnings  
margin improvement



**+540bps**

Executing and improving the  
Global Opex Initiative



Embedded in  
systems, budgets,  
KPIs

Maintain investment grade  
credit ratings



**Confirmed**

Complete deal financing at  
competitive rates



**2.5%**  
Blended interest rate  
for new debt

Unlock cash through disposal  
of non-core assets



**JPY 200.9B**  
asset sales in FY18

## FY2019 AND BEYOND

Increasing annual cost synergy target from  
\$1.4bn to ~\$2bn by the end of FY2021

Target top-tier margins in the mid-term  
through cost synergies and continued  
OPEX discipline

Target 2.0x Net Debt / Adjusted EBITDA ratio  
in 3 to 5 years

Pursue divestment of non-core assets to  
accelerate deleveraging and focus portfolio

Intend to maintain well established dividend  
policy with 180 yen/share annually



***Better Health, Brighter Future***

**A Global, Values-Based, R&D-Driven  
Biopharmaceuticals Leader**