

## Mid-Range Growth Strategy from FY2013

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President & CEO

May 9, 2013

Takeda Pharmaceutical Company Limited

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  - Business Process Innovation (Non-Scientific Innovation)
  - Diversity
- Financial Strategy

## Looking Back on FY2012

## Looking Back on FY2012 Achievements and Next Stage

### Achievements

The steady execution of initiatives in line with our corporate vision of realizing sustainable **growth** through leading **innovation** and an empowered corporate **culture**

#### Innovation

- Progression of our world class pipeline with a high proportion of projects in the late stage
- Steady filing of new drug applications in Japan, the US and EU (eg. Japan: SGN-35, ATL-962, US: Lu AA21004; EU: alogliptin family\*, lurasidone, MLN0002)
- Acquisition of groundbreaking technology and new drug discovery platforms (LigoCyte: innovative vaccine development, Envoy: bacTRAP technology)
- Progress in open innovation (BC Cancer Agency, Advinus, Resolve)

#### Culture

- Strengthening of the newly established business management organizations of CCO and CMSO
  - Enhancement of governance in overseas marketing and R&D organization
- Continued hiring and training of top talent, spread of diversity, invigoration of the global organization

#### Growth

- Sales growth and strategic investment in Emerging Markets (acquisition of Multilab, completion of Yaroslav factory in Russia, strengthening of business organization in China)
- Strengthening of gout franchise in the US: obtained COLCRYS through URL acquisition
- Approval / launch of new products in Japan, US and EU (eg. Japan: AZILVA, LOTRIGA, US: NESINA family; EU: ADCETRIS)
- Expansion into further geographies (eg. Ecuador, Peru)

### Next Stage

- ✓ Recovery of sales after Actos patent expiry
- ✓ Steady progress of late stage pipeline
- ✓ Establishment of a robust and efficient operating model to succeed in competitive environment

\*alogliptin, alogliptin/ACTOS FDC, alogliptin/metformin FDC

## Financial Results of FY2012, Financial Forecasts for FY2013 and Targets for Sustainable Growth

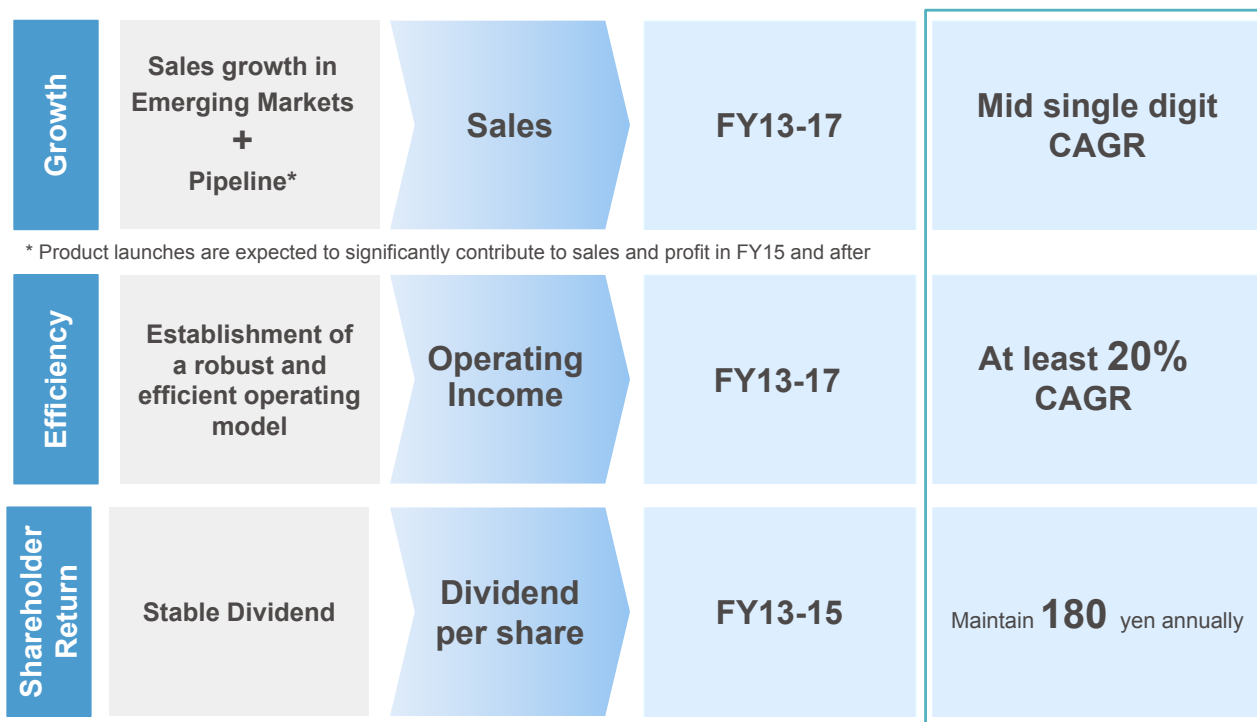
## Financial Results of FY2012 and Financial Forecast for FY2013

(billion yen)			
	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Forecast)
Net Sales	1,508.9	1,557.3	1,590.0
R&D Expenses	281.9	324.3	325.0
Operating Income	265.0	122.5	140.0
Operating Income excl. Special factors*1	414.5	267.5	280.0
Net Income	124.2	131.2	95.0
Net Income excl. Extraordinary Income/Loss & Special factors*2	248.2	184.6	185.0
EBITDA (excl. Special factors ) *3	422.6	323.9	340.0
EPS	157 yen	166 yen	120 yen
EPS excl. Extraordinary Income/Loss & Special factors *2	314 yen	234 yen	234 yen
Foreign Exchange Rate	USD	79 yen	82 yen
	EUR	109 yen	106 yen
		120 yen	

\*1 Special factors affecting Operating Income: amortization of intangible assets and goodwill resulting from corporate acquisitions, and an increase in COGS related to inventory step-up due to revaluation to fair value

\*2 Special factors affecting Net Income, EPS: (In addition to \*1) non-operating expenses related to corporate acquisitions, refund relating to transfer pricing

\*3 EBITDA excl. extraordinary income and loss: calculated by adding the followings to ordinary income; amortization of intangible assets, goodwill and non-operating expenses resulting from corporate acquisitions and others, depreciation and interest expenses.



\* Product launches are expected to significantly contribute to sales and profit in FY15 and after

## Vision 2020: Our Long-term Aspiration

# Better Health, Brighter Future

For more than 230 years, we have been serving society with innovative medicines and helping patients reclaim valuable moments of life from illness. Now, with new healthcare solutions from prevention to care and cure, we are determined to help even more people enjoy their lives to the fullest.

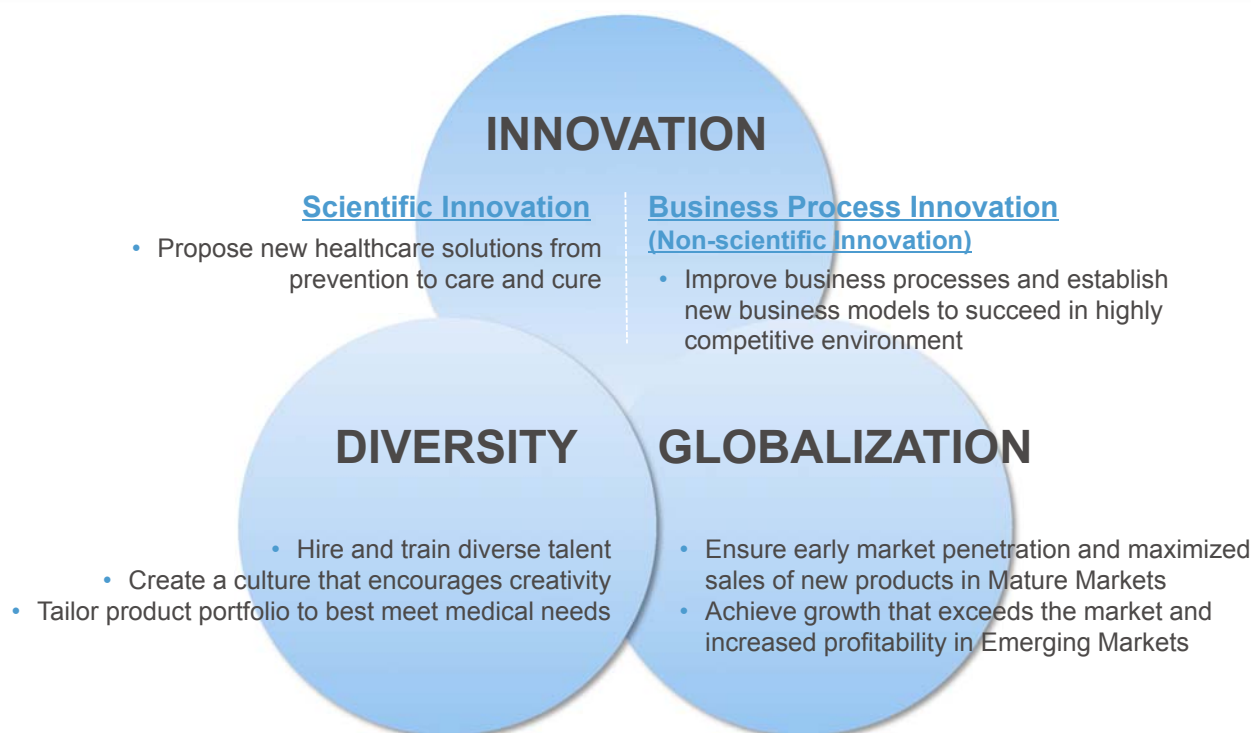
We continue to transform the future of healthcare by unifying our strengths as "Global One Takeda." We are

a diverse organization committed to working with local communities to fully understand their needs and deliver industry-leading solutions with a sense of urgency, dedication and unparalleled efficiency.

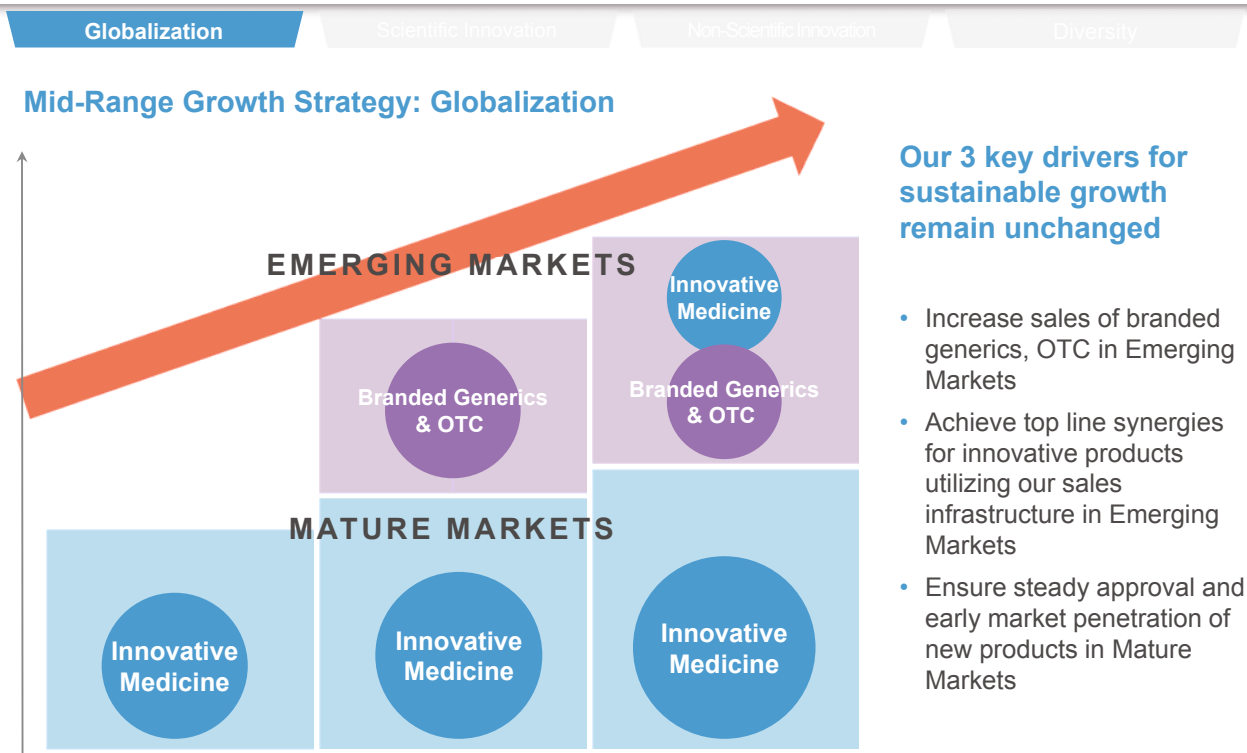
Our passion for healthcare and commitment to improving lives will enable us to make the next 230 years healthier and brighter for people around the world.



## Principles of our Mid-Range Growth Strategy



## Mid-Range Growth Strategy: Globalization



# Mid-Range Growth Strategy: Emerging Markets



## Globalization

## Scientific Innovation

## Non-Scientific Innovation

## Diversity

Continue to penetrate each market with a diverse product portfolio tailored to local needs, implementing a sales strategy that pursues effective investment to improve profitability, realizing top line growth that exceeds the growth of the market

### 【Maintain and Expand Sales of Main Products】

< FY2012 sales >

(billion yen)

Product	Indication	Sales
Pantoprazole	Acid-related gastrointestinal disorders	30.7
Actovegin	Cerebral vascular disorders, Stroke	19.1
Concor	Hypertension	11.3
Magnyl	CV disease prophylaxis	7.9
Neosaldina	Headache	6.6

### 【Launch and Penetration of New Products】

< New launches expected in FY2013 >

#### New Launches

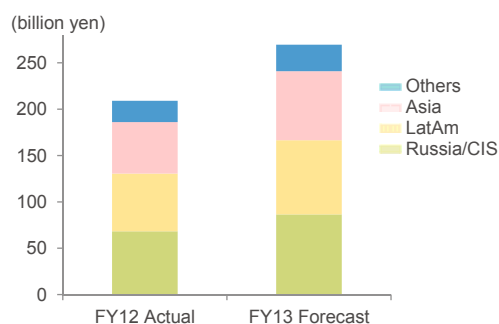
alogliptin  
azilsartan medoxomil  
dexlansoprazole  
ADCETRIS  
Mepact etc.

- Ensure launch and realize market penetration of growth-driving new products, while implementing efficient sales strategy
- Consider business development opportunities at local level

Operating margin ratio in emerging market before allocation of corporate expense  
Around 30% now ⇒ around 40% after FY17

#### Emerging Markets Sales Forecasts\*

Takeda 13-17 CAGR At least 15%  
Market 13-17 CAGR Approx. 12%\*\*



\* Excluding royalty and service income.

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# Mid-Range Growth Strategy: Emerging Markets



## Globalization

## Scientific Innovation

## Non-Scientific Innovation

## Diversity

### China



**Net Sales 13-17 CAGR: At least 25%\* Market 13-17 CAGR: approx. 19%\*\***

- Launch of alogliptin, DAXAS
- Maximize sales of existing products (ULINASTATIN, pantoprazole, leuprorelin)
- Develop highly profitable business organization by establishing new initiatives for distribution and sales channels

### Russia/CIS



**Net Sales 13-17 CAGR: At least 13%\* Market 13-17 CAGR: approx. 12%\*\***

- Build a balanced portfolio between reimbursed and non-reimbursed drugs
- Maximize sales of existing products and launch new drugs (TAK-491, ADCETRIS, etc.)

### Brazil



**Net Sales 13-17 CAGR: At least 13%\* Market 13-17 CAGR: approx. 10%\*\***

- Maximize the potential of Multilab's product portfolio and sales infrastructure
- Launch new products (TAK-491, alogliptin, etc.)
- Increase competitiveness in rural areas with strong economic growth, while maintaining our competitiveness in major cities

\* Excluding royalty and service income.

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## Mid-Range Growth Strategy: Japan



### Globalization

### Scientific Innovation

### Non-Scientific Innovation

### Diversity

Maintain No.1 share position in Japan by building a new commercial model that enables accelerating growth of new products

#### <Quickly maximize sales of strategic products>

- Enhance marketing of new products in lifestyle related diseases (NESINA family, AZILVA, LOTRIGA)
- New value creation through diverse product line-up from reduction of CV events to prevention of cognitive disorders

#### <Build a new commercial model>

- Promote sales force structure that can further increase MR productivity by utilizing Takeda's strengths
- Establish sales model that can accelerate successful early product promotion in the market
- Establish hybrid sales force model from general sales force structure base

#### <Accelerate growth due to enhanced pipeline>

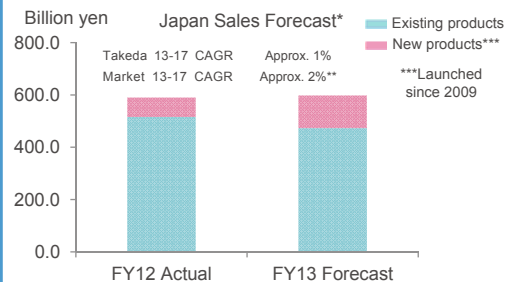
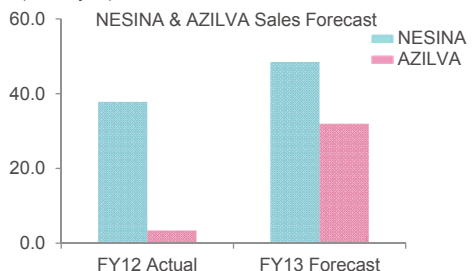
- Pipeline that meet market needs : ATL-962, TAK-438, SYR-472 etc.
- Global pipeline: Lu AA21004, TAK-875, TAK-700 etc.

#### <Strengthen partnerships as a leading company in Japan>

- Promote a new disease enlightenment collaboration with regulatory bodies and academia
- Enhance partnership with new alliances
- Enhance promotional activities based on partnership with wholesalers



(billion yen)



\* Excluding royalty and service income.

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## Mid-Range Growth Strategy: US



### Globalization

### Scientific Innovation

### Non-Scientific Innovation

### Diversity

Strengthen therapeutic area franchises through enhancing product portfolio and formulating and executing an optimal commercial strategy

#### <Enhancement of product portfolio>

##### - major existing products and future products

Metabolic	Cardiovascular	Gastrointestinal	Oncology
Nesina Family	Edarbi Family		Velcade
Uloric	CNS	Dexilant	TAK-700
Colcrys	Rozorem	Amitiza	MLN9708
Contrave	Lu AA21004	MLN0002	MLN8237
TAK-875			

#### <Planning and implementing optimal commercial strategy>

##### TPUSA

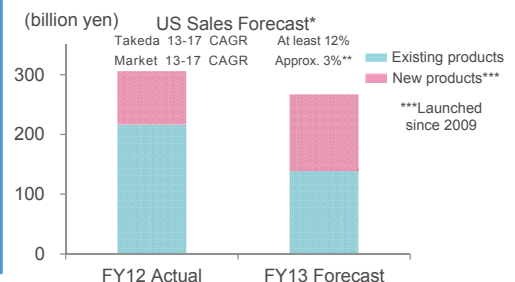
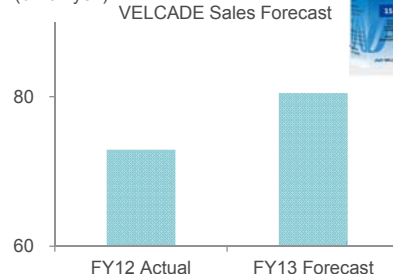
- Evaluation and testing of alternate commercial approaches: secure initial penetration of NESINA family, achieve ULORIC/COLCRYS synergies, expand sales of DEXILANT and lead to sales of future new products such as Lu AA21004, CONTRAVE, MLN0002 and TAK-875.

##### Millennium

- Increase sales of Velcade and formulate and execute sales strategies in preparation for global launches of TAK-700 and MLN8237 and accelerate development of MLN9708 and maximize sales of our proteasome inhibitor franchise



(billion yen)



\* TPUSA and Millennium combined. Excluding royalty and service income.

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# Mid-Range Growth Strategy: Europe



## Globalization

## Scientific Innovation

## Non-Scientific Innovation

## Diversity

**Maintain and expand branded generics that contribute to steady sales, and realize a more profitable post-Nycomed integration organization with strength in primary and specialty care**

### 【Maintain and expand sales with Branded Generics etc.】

- Continue to benefit from contribution of mature products with considerable sales such as pantoprazole and leuporelin

### 【Strengthen foundations in primary care】

#### New Products / pipeline

alogliptin family  
azilsartan medoxomil family  
dexlansoprazole  
TAK-875 etc.

- Launch alogliptin, alogliptin/ACTOS FDC, alogliptin/metformin FDC, dexlansoprazole, etc. and implement efficient sales strategies

### 【Accelerate presence in specialty care】

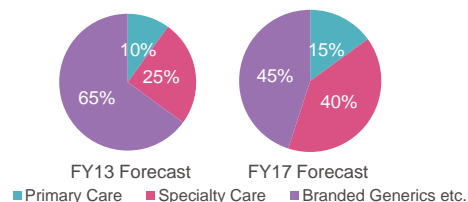
#### New Products / pipeline

ADCETRIS  
MEPACT  
MLN9708  
TAK-700  
lurasidone  
MLN0002  
DAXAS etc.

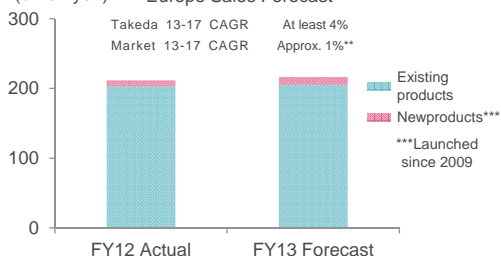
- Revise DAXAS sales strategy
- Work closely with Millennium to realize early market penetration of oncology products such as ADCETRIS

→ **Create a more profitable business structure and adjust product portfolio in each region to suit the market environment**

Europe Sales Forecast (by area)



(billion yen) Europe Sales Forecast\*



\* Excluding royalty and service income, and Russia/CIS sales

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# R&D Strategy

## Core Therapeutic Areas and Number of Late Stage Pipelines



## Globalization

## Scientific Innovation

## Non-Scientific Innovation

## Diversity

### Cardiovascular & Metabolic

**Phase III : 2**  
**Filed : 8**

### Oncology

**Phase III : 13**  
**Filed : 2**

### Central Nervous System

**Phase III : 5**  
**Filed : 2**

### General Medicine

**Phase III : 1**  
**Filed : 5**

### Vaccine

**Phase III : 1**  
**Filed : 1**

### Immunology & Respiratory

**Phase III : -**  
**Filed : 1**

Includes Life-Cycle Management and fixed-dose combinations

## R&D Strategy

### Approval Schedule of Key Pipelines



	Globalization	Scientific Innovation	Non-Scientific Innovation	Diversity
	FY13	FY14	FY15	FY16-17
JP	ATL-962 SGN-35 AG-1749/LDA BLB-750 TAK-536/CCB	SYR-472 LuAA21004 TAK-438	TAK-875 MLN9708 TAK-700 TAK-816 TAP-144SR/6M	MLN0002 TAK-385
US	Lu AA21004	TAK-700 MLN0002	MLN9708 MLN8237	TAK-875 TAK-375SL
EU	SYR-322 family* lurasidone TAK-390MR	TAK-491/CLD MLN0002	MLN9708 TAK-700	TAK-875
EM	SYR-322, TAK-491, SGN-35, mifamurtide, TAK-375, TAK-390MR, roflumilast, etc.			

## Initiatives in Business Process Innovation

### Non-Scientific Innovation



Globalization

Scientific Innovation

Non-Scientific Innovation

Diversity

Takeda is pursuing business process innovation to constantly improve business processes and establish new business models suitable to a global pharmaceutical company.

Project Summit is a company-wide strategic initiative to optimize efficiency launched as the next phase of our global transformation. This approach is required to become a world-class pharmaceutical company serving the variety of needs of people.

#### SCOPE

Includes world-wide efforts focused on: sales and marketing; production and supply chain; research and development; and general and administrative

#### GOALS

- To achieve a robust and efficient operating model, enhancing productivity and improving profitability
- To ensure ability to execute on investments toward sustainable growth
- To reach 25% core earnings to sales ratio by FY17

Our diversity goal is to drive innovation with employees of different nationalities, ages, genders, cultures, thoughts and backgrounds through day-to-day work and communication under Vision 2020. We strive to improve our organizational strength and global competitiveness through employee mutual understanding and respect.

*Encourage a corporate culture with creative thinking and new values reflected in management*

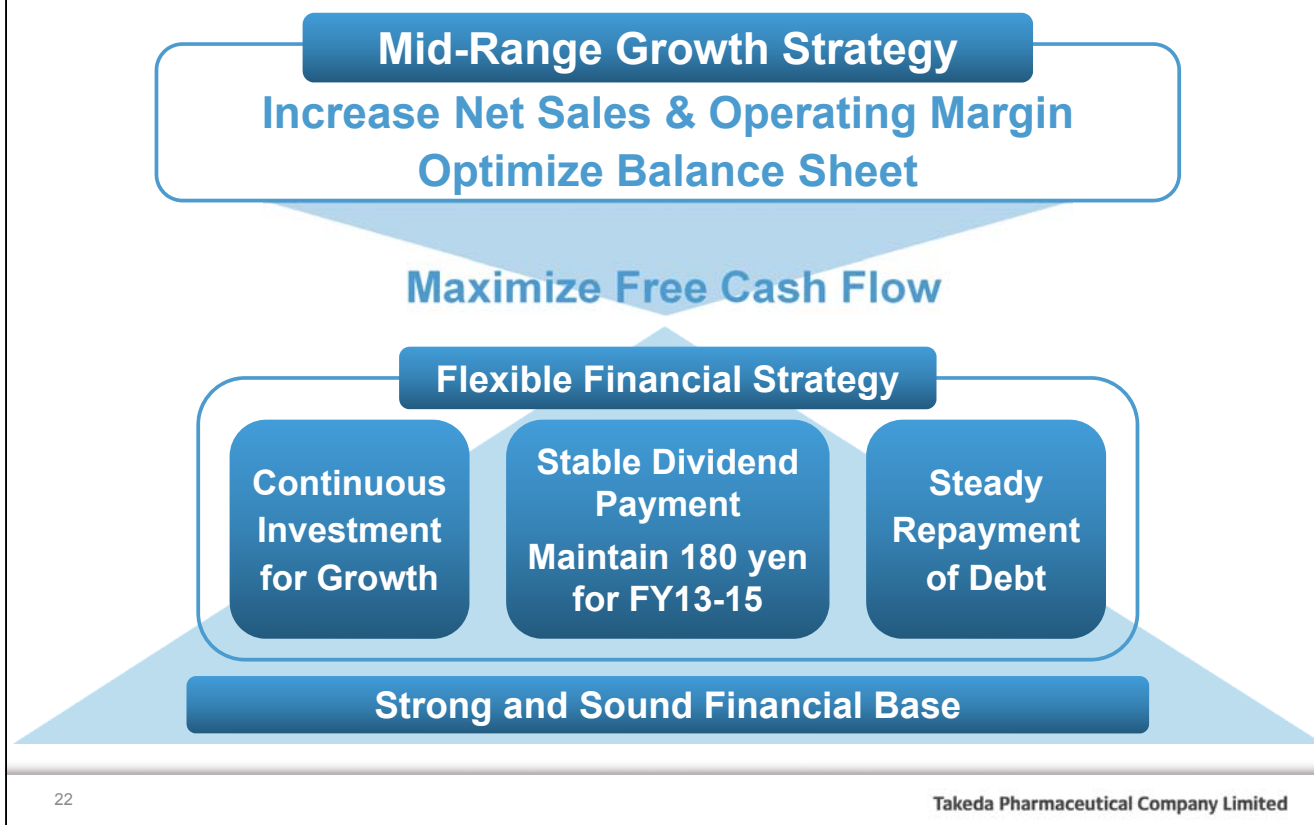
*Compete globally*

*Create innovative ideas consistently*

*Foster diversity for competitive advantage,  
Develop global employees*

Achieve **Greater Diversity**  
as a Global Pharmaceutical Company

## Financial Strategy



***Better Health,  
Brighter Future***



## **Consolidated Financial Results of FY2012, Consolidated Financial Forecasts for FY2013 and Guidance for Sustainable Growth**

Iwaaki Taniguchi  
Senior Vice President  
Corporate Finance & Controlling Department

May 9, 2013

## **Consolidated Financial Results of FY2012**

# Consolidated Financial Results of FY2012



	FY2011 Actual (billion yen)	FY2012 Actual (billion yen)	Year-on-year change		excl. Fx effect (billion yen)
			(billion yen)	(%)	
<b>Net Sales</b>	<b>1,508.9</b>	<b>1,557.3</b>	<b>+ 48.3</b>	<b>&lt;+ 3.2&gt;</b>	<b>+ 40.0</b>
<b>Gross Profit</b>	<b>1,075.7</b>	<b>1,109.6</b>	<b>+ 33.9</b>	<b>&lt;+ 3.2&gt;</b>	<b>+ 26.7</b>
excl. Special factors *1	1,131.3	1,117.1	- 14.1	<- 1.3>	- 21.4
<b>SG&amp;A Expenses</b>	<b>528.8</b>	<b>662.8</b>	<b>+ 134.0</b>	<b>&lt;+ 25.3&gt;</b>	<b>+ 128.2</b>
excl. Special factors *2	435.1	525.7	+ 90.6	<+ 20.8>	+ 86.8
<b>R&amp;D Expenses</b>	<b>281.9</b>	<b>324.3</b>	<b>+ 42.4</b>	<b>&lt;+ 15.0&gt;</b>	<b>+ 35.7</b>
<b>Operating Income</b>	<b>265.0</b>	<b>122.5</b>	<b>- 142.5</b>	<b>&lt;- 53.8&gt;</b>	<b>- 137.2</b>
excl. Special factors *3	414.5	267.5	- 147.0	<- 35.5>	- 143.8
<b>Ordinary Income</b>	<b>270.3</b>	<b>113.2</b>	<b>- 157.2</b>	<b>&lt;- 58.1&gt;</b>	<b>- 151.6</b>
<b>Extraordinary Income/Loss</b>	<b>-17.9</b>	<b>16.5</b>	<b>+ 34.4</b>	<b>&lt;- &gt;</b>	<b>+ 34.4</b>
<b>Net Income</b>	<b>124.2</b>	<b>131.2</b>	<b>+ 7.1</b>	<b>&lt;+ 5.7&gt;</b>	<b>+ 9.1</b>
excl. Extraordinary Income/Loss & Special factors *4	248.2	184.6	- 63.6	<- 25.6>	- 63.0
<b>EBITDA (excl. Extraordinary Income/Loss)</b>	<b>422.6</b>	<b>323.9</b>	<b>- 98.8</b>	<b>&lt;- 23.4&gt;</b>	
<b>EPS</b>	<b>157 yen</b>	<b>166 yen</b>	<b>+ 9 yen</b>	<b>&lt;+ 5.7&gt;</b>	
excl. Extraordinary Income/Loss & Special factors *4	314 yen	234 yen	- 81 yen	<- 25.6>	
<b>Exchange Rate</b>	<b>USD</b>	<b>79 yen</b>	<b>82 yen</b>	<b>+ 3 yen</b>	
	<b>EUR</b>	<b>109 yen</b>	<b>106 yen</b>	<b>- 3 yen</b>	

\*1: Special factors in Gross Profit: an increase in COGS related to inventory step-up due to revaluation to fair value resulting from corporate acquisitions

\*2: Special factors in SG&A Expenses: amortization of intangible assets and goodwill resulting from corporate acquisitions

\*3: Special factors in Operating Income: \*1 and \*2

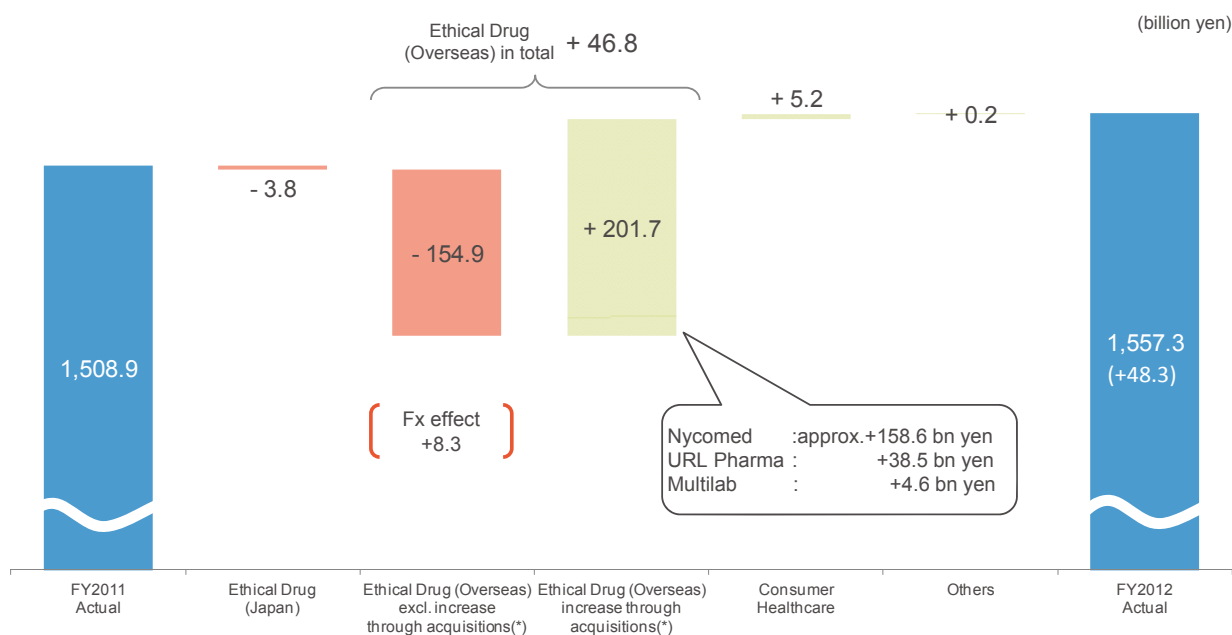
\*4: Special factors in Net Income and EPS: in addition to \*1 and \*2, non-operating expenses resulting from corporate acquisitions and transfer price tax refund

## Breakdown of Change in Net Sales by Business Segment



Ethical Drug (Overseas) in total increased by 46.8 billion yen

Increase in net sales through acquisitions including Nycomed is approximately 201.7 billion yen



(\*) : Increase in Net Sales related to acquisitions in and after FY2011, i.e. Nycomed (acquired at the end of Sep 2011), URL Pharma (June 2012) and Multilab (July 2012).

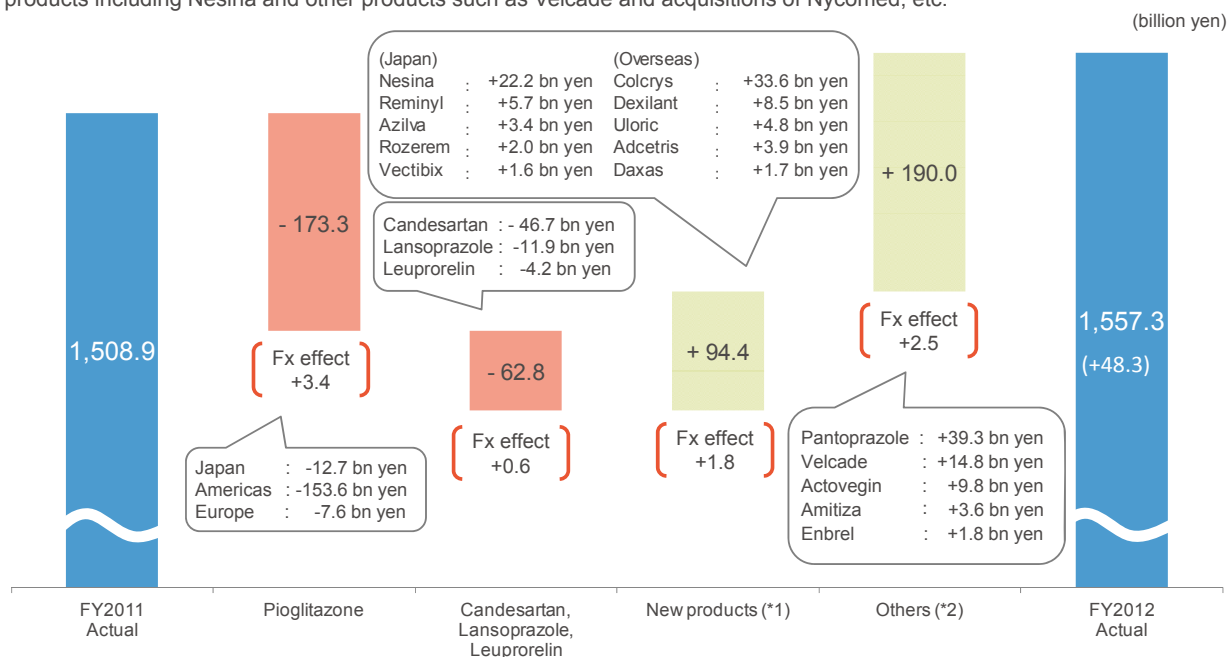
It consists of Nycomed sales (Apr - Sep 2012), URL Pharma sales (Jun - Dec 2012) and Multilab sales (Jul - Dec 2012).

Nycomed sales (Apr - Sep 2012) is regarded as the increase through acquisition because the same period in previous year was not consolidated.

## Breakdown of Change in Net Sales by Product



Despite sales decrease of mature products such as Pioglitazone and Candesartan, sales increased due to growth of new products including Nesina and other products such as Velcade and acquisitions of Nycomed, etc.

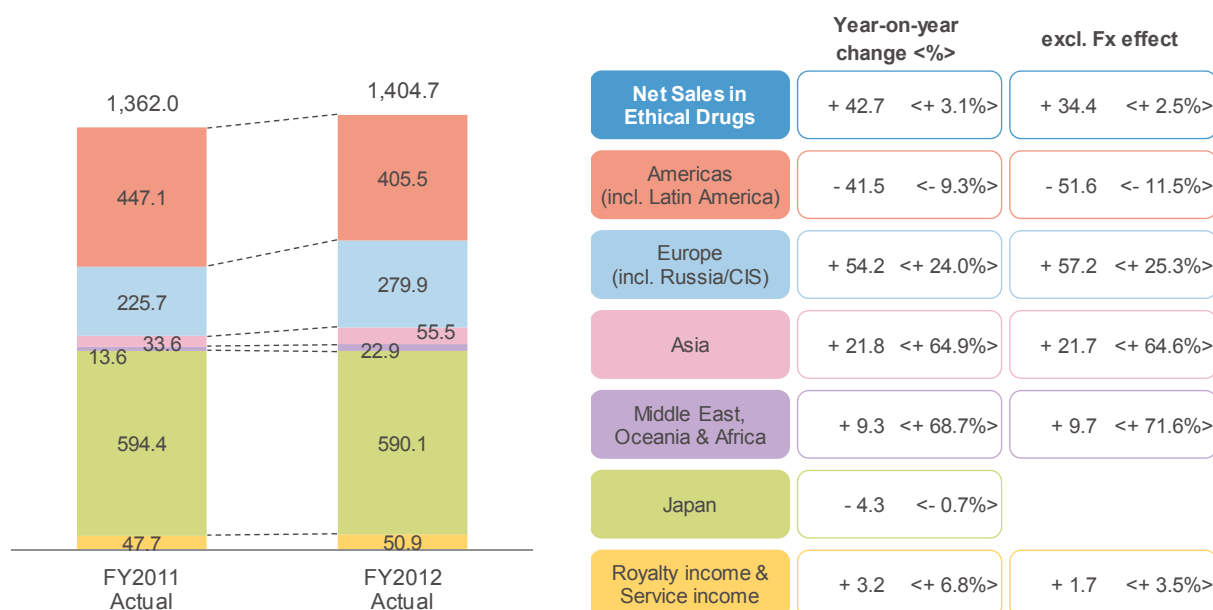


## Net Sales in Ethical Drugs by Region



Europe and Asia: Growth drivers in net sales

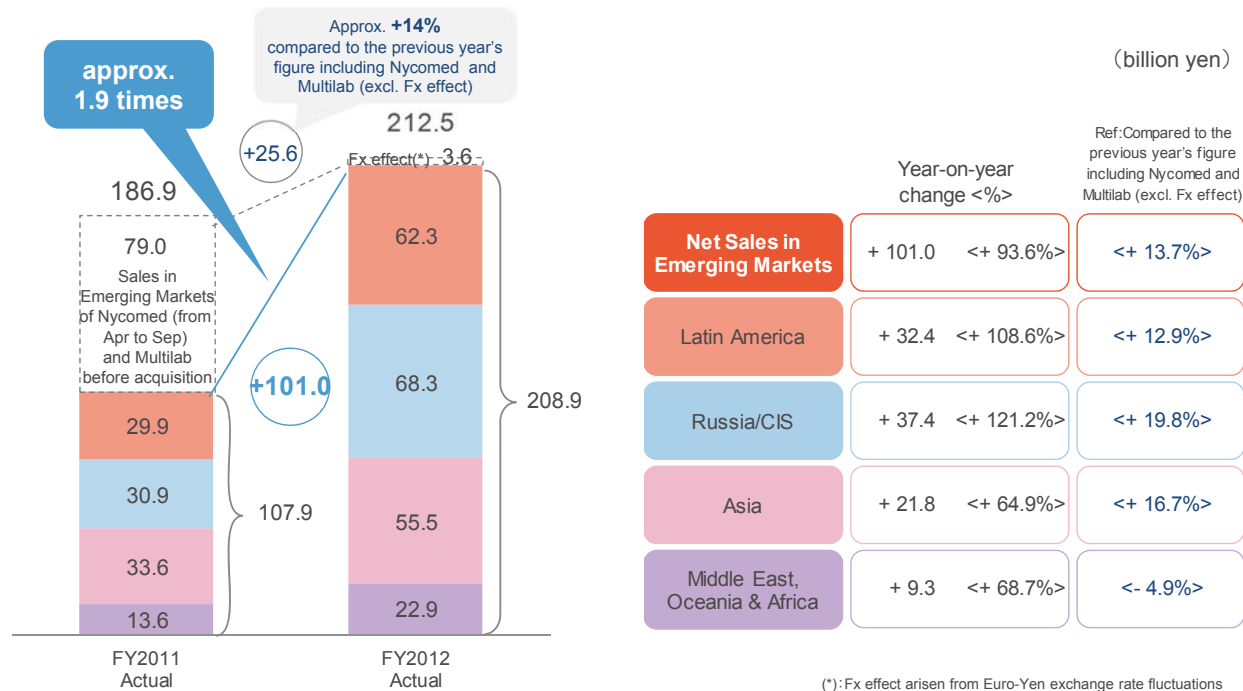
(billion yen)



## Net Sales in Ethical Drugs Emerging Markets



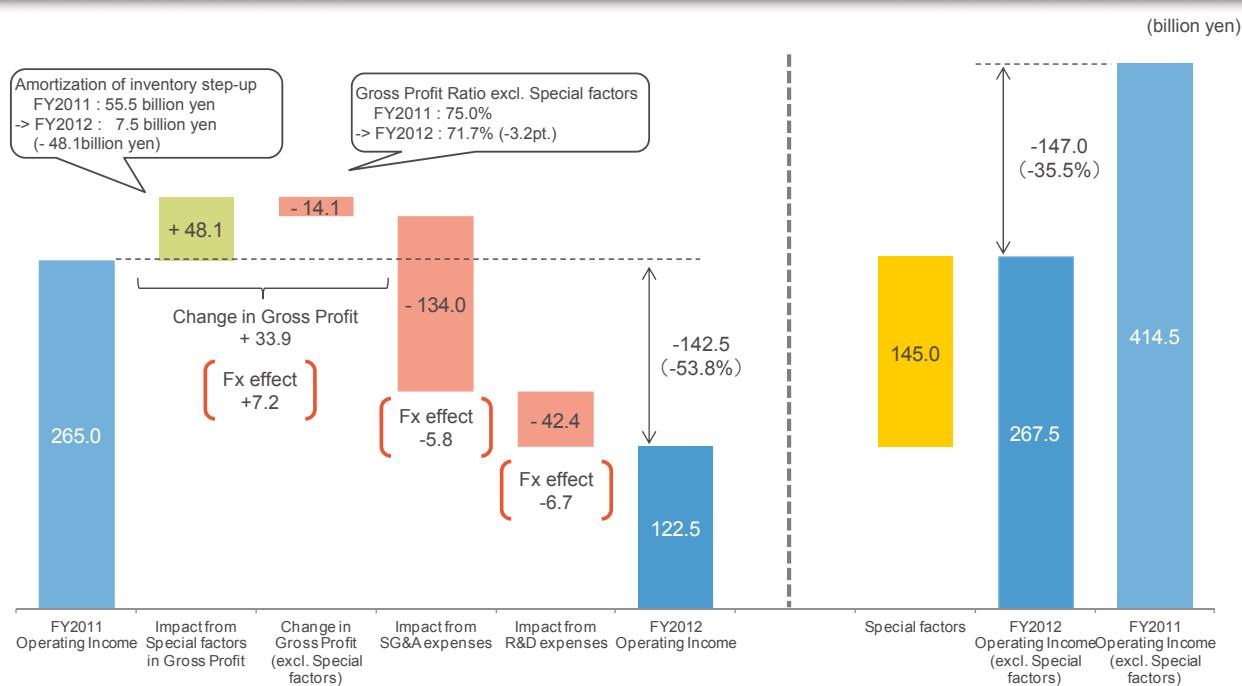
Net sales in emerging markets substantially increased by approximately 1.9 times over the same period of the previous year due to the Nycomed and Multilab acquisitions



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## Breakdown of Change in Operating Income



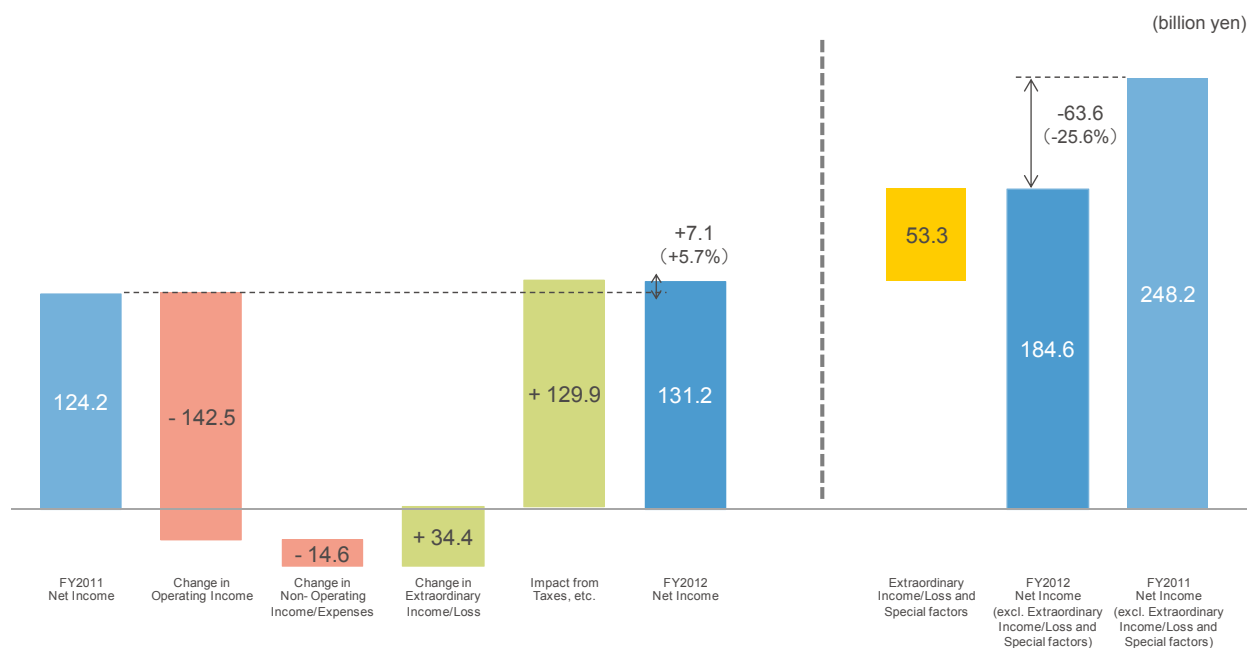
- Impact from SG&A expenses -134.0 billion yen : increased expenses and increased amortization of intangible assets and goodwill resulting from the acquisitions
- Impact from R&D expenses - 42.4 billion yen : increased development costs by steady progression of the late-stage pipeline

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## Breakdown of Change in Net Income



- > Changes in Extraordinary Income/Loss +34.4 billion yen :  
 FY2011: Net Extraordinary Income/Loss 17.9 billion yen (loss) (Extraordinary Income 17.6 billion yen, Extraordinary Loss 35.5 billion yen)  
 FY2012: Net Extraordinary Income/Loss 16.5 billion yen (gain) (Extraordinary Income 95.0 billion yen, Extraordinary Loss 78.5 billion yen)
- > Impact from Taxes, etc. +129.9 billion yen:  
 FY2012: Transfer price tax refund related to Prevacid 57.4 billion yen (gain)

## FY2012 Details of Extraordinary Income/Loss



Item	Amount (billion yen)	Detail
<b>&lt;Extraordinary Income&gt;</b>		
	<b>95.0</b>	
Gain on sales of investment securities	53.1	Sales of securities
Governmental subsidy	22.8	The Japanese governmental subsidy for the development and production of new influenza vaccines
Interest on tax refund	15.1	The accumulated interest on the tax refund related to Prevacid (the tax refund 57.4 billion yen is included in income taxes as negative amounts)
Gain on sales of noncurrent assets	4.0	Mainly sales of underutilized assets such as land, buildings and others
<b>&lt;Extraordinary Loss&gt;</b>		
	<b>78.5</b>	
Impairment loss	43.6	Intangible assets (Daxas) : Decrease of value assessment due to downward revision of the sales expectation Land, buildings and other : underutilized etc.
Restructuring costs	25.2	Expenses related to the overseas restructuring
Loss on voluntary recall of products	9.6	Loss on voluntary recall of Omontys in U.S.
<b>Total Extraordinary Income/Loss</b>	<b>Gain 16.5</b>	

# Cash Flow Statement



	FY2011 Actual (billion yen)	FY2012 Actual (billion yen)
<b>Net cash provided by (used in) operating activities</b>	<b>336.6</b>	<b>307.7</b>
Income before income taxes and minority interests	252.5	129.7
Depreciation and amortization	128.0	166.7
Impairment loss (Extraordinary loss)	-	43.6
Amortization of goodwill	22.2	34.4
Increase/decrease in working capital	64.7	12.3
Income tax paid (incl. tax refund and interest on tax refund)	- 152.1	34.5
<b>Net cash provided by (used in) investing activities</b>	<b>- 1,094.0</b>	<b>- 111.4</b>
Payment for purchases of property, plant and equipment	- 61.9	- 78.2
Proceeds from sales and redemption of investment securities	0.1	58.6
Payment for acquisition of subsidiaries' shares	- 1,040.0	- 86.3
<b>Net cash provided by (used in) financing activities</b>	<b>393.8</b>	<b>- 150.6</b>
Net increase (decrease) in short-term loans	239.8	- 242.9
Proceeds from long-term loans payable	110.0	0.3
Proceeds from issuance of bonds	189.6	238.0
Dividends paid	- 142.0	- 142.1
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>- 54.9</b>	<b>45.6</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>- 418.5</b>	<b>91.3</b>
<b>Cash and cash equivalents, end of period</b>	<b>454.2</b>	<b>545.6</b>

## FY2012 Consolidated Financial Results [compared to published forecast]



	Forecasts Announced in Feb. (billion yen)	Actual (billion yen)	Actual vs. Forecasts (billion yen) < % >		excl. Fx effect (billion yen)
<b>Net Sales</b>	<b>1,550.0</b>	<b>1,557.3</b>	<b>+ 7.3</b>	<b>&lt;+ 0.5&gt;</b>	<b>- 1.5</b>
<b>R&amp;D Expenses</b>	<b>310.0</b>	<b>324.3</b>	<b>+ 14.3</b>	<b>&lt;+ 4.6&gt;</b>	<b>+ 11.2</b>
<b>Operating Income</b>	<b>160.0</b>	<b>122.5</b>	<b>- 37.5</b>	<b>&lt;- 23.4&gt;</b>	<b>- 34.6</b>
excl. Special factors *1	305.0	267.5	- 37.5	<- 12.3>	- 35.5
<b>Ordinary Income</b>	<b>150.0</b>	<b>113.2</b>	<b>- 36.8</b>	<b>&lt;- 24.6&gt;</b>	<b>- 33.7</b>
<b>Extraordinary Income/Loss</b>	<b>55.0</b>	<b>16.5</b>	<b>- 38.5</b>	<b>&lt;- 69.9&gt;</b>	<b>- 38.5</b>
<b>Net Income</b>	<b>155.0</b>	<b>131.2</b>	<b>- 23.8</b>	<b>&lt;- 15.3&gt;</b>	<b>- 23.1</b>
excl. Extraordinary Income/Loss & Special factors *2	190.0	184.6	- 5.4	<- 2.9>	- 5.5
<b>EBITDA (excl. Extraordinary Income/Loss)</b>	<b>345.0</b>	<b>323.9</b>	<b>- 21.1</b>	<b>&lt;- 6.1&gt;</b>	
<b>EPS</b>	<b>196 yen</b>	<b>166 yen</b>	<b>- 30 yen</b>	<b>&lt;- 15.3&gt;</b>	
excl. Extraordinary Income/Loss & Special factors *2	241 yen	234 yen	- 7 yen	<- 2.9>	
<b>Exchange Rate</b>	<b>USD</b>	<b>82 yen</b>	<b>82 yen</b>	<b>+ 1 yen</b>	
	<b>EUR</b>	<b>105 yen</b>	<b>106 yen</b>	<b>+ 1 yen</b>	

\*1: Special factors in Operating Income: amortization of intangible assets and goodwill resulting from corporate acquisitions, and an increase in COGS related to inventory step-up due to revaluation to fair value also resulting from corporate acquisitions

\*2: Special factors in Net Income and EPS: in addition to \*1, non-operating expenses resulting from corporate acquisitions and transfer price tax refund

## Consolidated Financial Forecasts for FY2013 and Guidance for Sustainable Growth

## FY2013 Financial Forecast

Operating Income will be increased by 17.5 billion yen versus previous FY due to increase in gross profit coming from sales growth absorbing increase in SG&A expenses in emerging markets

	FY2012 Actual (billion yen)	FY2013 Forecast (billion yen)	Year-on-year change (billion yen)	<%>
<b>Net sales</b>	1,557.3	1,590.0	+ 32.7	<+ 2.1>
<b>R&amp;D expenses</b>	324.3	325.0	+ 0.7	<+ 0.2>
<b>Operating income</b>	122.5	140.0	+ 17.5	<+ 14.3>
excl. Special factors *1	267.5	280.0	+ 12.5	<+ 4.7>
<b>Net income</b>	131.2	95.0	- 36.2	<- 27.6>
excl. Extraordinary income/loss & Special factors *2	184.6	185.0	+ 0.4	<+ 0.2>
<b>EBITDA(excl. Extraordinary Income/Loss)</b>	323.9	340.0	+ 16.1	<+ 5.0>
<b>EPS</b>	166 yen	120 yen	- 46 yen	<- 27.6>
excl. Extraordinary income/loss & Special factors *2	234 yen	234 yen	+ 1 yen	<+ 0.2>
<b>Exchange Rate</b>				
USD	82 yen	90 yen	+ 8 yen	
EUR	106 yen	120 yen	+ 14 yen	

Reference: Impact of 1 yen change in the foreign exchange rate	FY2012 (billion yen)	
	USD	EUR
Net Sales	3.7	4.2
Operating Income	- 0.9	0.2
Net Income	- 0.7	0.0

\*1: Special factors in Operating Income: amortization of intangible assets and goodwill resulting from corporate acquisitions, and an increase in COGS related to inventory step-up due to revaluation to fair value also resulting from corporate acquisitions

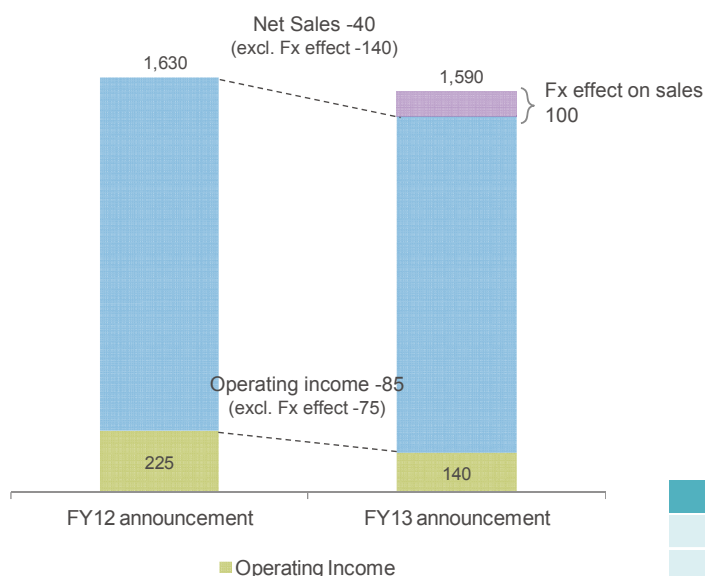
\*2: Special factors in Net Income and EPS: in addition to \*1, non-operating expenses resulting from corporate acquisitions and transfer price tax refund

## FY2013 Financial Forecast - Comparison with forecast in FY12-14 MRP



FY13

(billion yen)



### Net Sales

Decreased by 40 billion yen due to generics penetration in Japan and EU as well as voluntary recall of Omontys in US (-50 billion yen)

### Operating Income

Decreased by 85 billion yen due to sustained R&D investment (300 billion yen level) and investment on emerging markets and new products

Exchange Rate (Yen)	USD	EUR
FY 12 announcement	80	105
FY 13 announcement	90	120

## (Reference) IFRS Voluntary adoption



Voluntary adoption of IFRS as of the fiscal year ending March 2014 (FY2013 4thQ)

### Objective of IFRS adoption

- Ensure easier comparison of financial information with peers at the global level
- Enhance quality of financial information by unifying accounting procedure across Takeda group
- Increase funding options

### ▼ FY2013 Forecast under IFRS

(billion yen)	J-GAAP	IFRS	Differences
Net sales	1,590	1,590	—
R&D expenses < % of Net sales >	325 20.4%	335 21.1%	+ 10 +0.6pt
<b>Operating Income</b> < % of Net sales >	<b>140</b> 8.8%	<b>155</b> 9.7%	<b>+15</b> +0.9pt
Net Income < % of Net sales >	95 6.0%	115 7.2%	+ 20 +1.3pt
EBITDA	340	370	+ 30
<b>Core Earnings*</b> < % of Net sales >	—	<b>280</b> 17.6%	—

### 15 billion yen of differences in operating income between under J-GAAP and IFRS

- Due to impact by non-amortized goodwill, operating income under IFRS will increase by 15 billion yen compared to J-GAAP. (Refer to Appendix as for details)

### \* What is "Core Earnings"?

- It is a profit based on companies' regular business, which excludes temporary factors such as impacts from business combination accounting and from amortization/ impairment loss of intangible assets etc., from operating income under IFRS.
- It has been widely utilized and disclosed by companies mainly in the US and Europe as major index, which indicates corporate performance in regular business.

## Guidance for sustainable growth



Guidance for sustainable growth from FY2013 [J-GAAP basis]

<b>Sales</b>	<b>Mid single digit CAGR</b>	FY13-17
<b>Operating Income</b>	<b>At least 20% CAGR</b>	
<b>Dividend per share</b>	<b>Maintain 180 yen annually</b>	FY13-15

Aggressive investment which enables sustainable growth for innovation

Maintain Approx. 300 billion yen level for R&D expenses hereafter

## Initiatives for sustainable growth “Project Summit”



- Aiming for establishment of robust and efficient operating model -

Globalization

<b>Sales &amp; Marketing</b>	<b>Drive product strategy, performance and support</b> <ul style="list-style-type: none"> <li>➢ Move to integrated brand marketing</li> <li>➢ Streamline global, regional and local marketing</li> <li>➢ Improve sales force effectiveness</li> <li>➢ Strengthen other customer-facing resources to enhance launch capabilities</li> </ul>	<div>Core Earnings to sales ratio:</div> <div><b>25%</b></div> <div>by FY17</div> <div>▲</div> <div>FY13 Forecast 17.6%</div>
<b>Production &amp; Supply chain</b>	<b>Leverage our broad post-Nycomed infrastructure and capabilities to drive down cost and increase efficiency</b> <ul style="list-style-type: none"> <li>➢ Optimize our global manufacturing network</li> <li>➢ Increase global direct procurement savings</li> <li>➢ Integrate supply chain</li> </ul>	
<b>Research &amp; Development</b>	<b>Maintain optimal investment in innovative programs, supported by increased efficiencies in infrastructure and services</b> <ul style="list-style-type: none"> <li>➢ Optimize research and development capabilities to maximize operational efficiency</li> <li>➢ Leverage internal resources and expertise across Takeda worldwide for better efficiency</li> </ul>	
<b>General &amp; Administrative</b>	<b>Move from decentralized G&amp;A functions to global, efficient and targeted G&amp;A</b> <ul style="list-style-type: none"> <li>➢ Create globally integrated functions with focused corporate strategy</li> <li>➢ Increase global indirect procurement savings in all functions and business areas</li> <li>➢ Standardize global processes</li> <li>➢ Implement global IT systems</li> </ul>	

# APPENDIX

## Changes of Net Sales in Ethical Drugs by Major Products

	Major Sales Region	FY2009 Actual (billion yen)	FY2010 Actual (billion yen)	FY2011 Actual (billion yen)	FY2012 Actual (billion yen)	Year-on-year Change (billion yen) <%>	
Leuprorelin	Worldwide	120.4	116.4	120.7	116.5	-4.2	<- 3.5>
Lansoprazole	Worldwide	216.1	133.6	122.1	110.2	-11.9	<- 9.7>
Candesartan	Worldwide	218.3	218.0	216.3	169.6	-46.7	<- 21.6>
Pioglitazone	Worldwide	383.3	387.9	296.2	122.9	-173.3	<- 58.5>
Enbrel	Japan	32.3	38.4	41.4	43.2	1.8	<+ 4.3>
Nesina	Japan	-	1.6	15.5	37.8	22.2	<+ 143.4>
Vectibix	Japan	-	9.4	17.2	18.8	1.6	<+ 9.5>
Amitiza	U.S.	19.8	18.6	18.7	22.3	3.6	<+ 19.4>
Velcade	U.S.	46.2	50.8	58.1	72.9	14.8	<+ 25.4>
Uloric	U.S.	4.4	9.1	12.9	17.7	4.8	<+ 37.3>
Dexilant	U.S.	8.5	18.1	24.2	32.7	8.5	<+ 35.3>
Colcrys (*1)	U.S.	0.9	12.6	36.8	40.7	3.9	<+ 10.5>
Pantoprazole (*2)	Europe/ Emerging Market	158.3	105.6	82.6	78.0	-4.6	<- 5.6>
Actovegin (*2)	Europe/ Emerging Market	14.2	16.9	18.6	19.6	1.0	<+ 5.4>
Calcium (*2)	Europe/ Emerging Market	14.1	14.9	15.7	15.4	-0.3	<- 1.9>
Tachosil (*2)	Europe/ Emerging Market	12.8	12.9	13.8	13.2	-0.6	<- 4.1>
Daxas (*2)	Europe/ Emerging Market	-	0.4	2.4	3.0	0.6	<+ 24.3>
Ref: Nycomed Products in Total (approx.) (*2) (Million EUR)	Europe/ Emerging Market	2,918	2,838	2,984	3,126	142	<+ 4.8>
Exchange Rate	USD	93 yen	86 yen	79 yen	82 yen	+ 3 yen	
	EUR	131 yen	113 yen	109 yen	106 yen	- 3 yen	
	Ref: EUR (fiscal year ended Dec.)	130 yen	116 yen	-	-	-	

\*1: Colcrys is a product of URL Pharma, Inc. acquired in June 2012. The sales until May 2012 represent the amount before acquisition. Each amount before acquisition is reclassified to Takeda fiscal year (Apr to Mar).

\*2: Those are products of Nycomed acquired at the end of Sep 2011. The sales until Sep 2011 represent the amount before acquisition. The sales in FY2009 and FY2010 show calendar year sales, but in FY2011, the sales are reclassified to Takeda fiscal year (Apr to Mar).

## Breakdown of Special factors and Extraordinary Income/Loss



(billion yen)  
(negative amount represents gain)

Breakdown of Special factors and Extraordinary Income/Loss	FY2011 Actual	FY2012 Actual
<COGS> Increase in COGS related to inventory step-up due to revaluation to fair value	55.5	7.5
URL Pharma acquisition and Multilab acquisition	-	7.5
<SG&A, R&D> Amortization of intangible assets	71.7	103.0
TAP integration	9.9	6.9 Amortize until 2012
Millennium acquisition	37.5	39.0 Amortize until 2018
Nycomed acquisition	23.4	47.8 Amortize until 2026
URL Pharma acquisition	-	8.2 Amortize until 2029
<SG&A> Amortization of goodwill	22.2	34.4
Millennium acquisition	12.0	12.5 Amortize until 2028
Nycomed acquisition	9.1	18.5 Amortize until 2031
URL Pharma acquisition	-	1.9 Amortize until 2028
Impact of Special factors on Operating Income	149.5	145.0
<Non-Operating Expenses> Non-Operating Expenses resulting from corporate acquisitions	-	6.3
<Extraordinary Income/Loss>	17.9	-16.5
Gain on sales of investment securities	-	-53.1
Governmental subsidy	-	-22.8
Interest on tax refund	-	-15.1
Gain on sales of noncurrent assets	-17.6	-4.0
Impairment loss	-	43.6
Restructuring costs	35.5	25.2
Loss on voluntary recall of products	-	9.6
Impact of Special factors and Extraordinary Income/Loss on Income before Income Taxes and Minority Interests	167.3	134.7
Income Taxes and Deferred Income Taxes relating to impact described above	-43.3	-24.0
Tax refund related to Prevacid	-	-57.4
Impact of Special factors and Extraordinary Income/Loss on Net Income	124.0	53.3

Nycomed: 66.3

## Breakdown of EBITDA



(billion yen)

Breakdown of EBITDA	FY2011 Actual	FY2012 Actual
Ordinary Income	270.3	113.2
+ Amortization of intangible assets resulting from corporate acquisitions	71.7	103.0
+ Amortization of goodwill resulting from corporate acquisitions	22.2	34.4
+ Depreciation and Amortization (other than those listed above)	56.5	63.6
+ Interest paid	1.9	3.3
+ Others	-	6.3
EBITDA (excl. Extraordinary Income/Loss)	422.6	323.9

# Summary of Acquisitions of FY2012



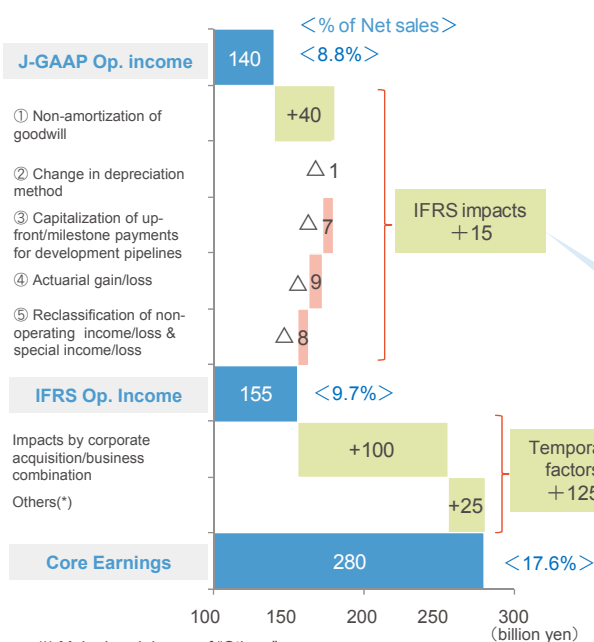
Month Year	Corporate Name	Corporate Profile at the Acquisition Date and Acquisition Amount	Benefit
Jun.2012	URL Pharma	Common Stock : US\$ 1 thousand Capital surplus : US\$ 1,870 thousand Location : Philadelphia, Pennsylvania, U.S. Acquisition Amount : US\$800 MM upfront and future performance-based contingent earn out payments beginning in 2015.	<b>【Strengthening Takeda's franchise in gout treatment in the U.S.】</b> - Acquired its leading product Colcrys (a drug for treatment of acute gout) - Realizing synergy with its existing product Colcrys and Uloric (a drug for hyperuricemia for adult patients with chronic gout) - URL generic business was sold to Caraco Pharmaceutical Laboratories, Ltd. in Feb. 2013.
Jul. 2012	Multilab	Common Stock : BRL 41,750 thousand Location : São Jerônimo, Rio Grande do Sul, Brazil Acquisition Amount : BRL 500 MM upfront and up to BRL 40 MM in additional future milestone payments	<b>【Enhancing sales structure in Brazil】</b> - Acquired Multilab's own branded generic drugs and OTC products including Multigrip, the country's best-selling OTC product for cold and flu treatment - Acquired well established distribution network in high growth developing regions of the country - Positions Takeda as one of the top ten pharmaceutical companies in the country in terms of revenues (Based on IMS), and enables Takeda to meet diverse medical needs in the country
Oct. 2012	LigoCyte (present name Takeda vaccines (Montana), Inc.)	Common Stock : US\$ 10 thousand Capital surplus : US\$ 1,372 thousand Location : Bozeman, Montana, U.S. Acquisition Amount : \$60 MM upfront, with future contingent consideration based on the progress of development projects	<b>【Advancing global vaccine business】</b> - Acquired the only norovirus vaccine in clinical trials - Introduced LigoCyte's virus-like particle platform (VLP) technology - Acquired preclinical development of vaccines against respiratory syncytial virus, influenza and rotavirus (LigoCyte was renamed to Takeda vaccines (Montana), Inc. in Mar. 2013.)
Nov. 2012	Envoy	Common Stock : US\$ 8 MM Location : Jupiter, Florida, U.S. Acquisition Amount : Up to US\$ 140MM, including upfront and contingent payments	<b>【Advancing innovative drug discovery】</b> - Acquired bacTRAP technology® that enables the identification of novel targets expressed in disease-relevant cell - Acquired Envoy's pre-clinical central nervous system (CNS) assets including programs for Parkinson's disease and Cognitive Impairment Associated with Schizophrenia (CIAS).

## Financial Forecasts in FY2013 under IFRS

- Adjustments from Operating Income under J-GAAP to Operating Income under IFRS, and to Core Earnings



### Adjustments to FY13 Operating Income under IFRS, and to Core Earnings



### Major differences between J-GAAP and IFRS that make impacts to our income/loss

Items	J-GAAP	IFRS
① Goodwill amortization	➢ Amortized within 20 years	➢ Non-amortized, and impairment test required every fiscal year
② Depreciation method of property, plant and equipment	➢ Declining balance method except overseas subsidiaries ➢ Expensed "R&D equipment for specific purpose" at once when acquired	➢ Straight-line method ➢ Capitalized "R&D equipment for specific purpose" when acquired, and depreciated after operation
③ Treatments of up-front/milestone payments for development pipelines	➢ Recognized R&D expenses when transactions occurred	➢ Capitalized when transactions occurred and amortized from the timing of launch through approval by authorities ➢ Impairment test required in case of development discontinuation or when future cash flow to be worsen, etc.
④ Actuarial gain/loss	➢ Amortized in 5 years from the year when occurred (Amortized as gain in FY13)	➢ Recognized all amounts as Other Comprehensive Income at once when occurred, not amortized
⑤ Reclassification of non-operating income/loss & special income/loss	➢ Recognized income/loss from other than regular business as non-operating income/loss, and for those recognized temporarily or unexpectedly as special income/loss	➢ Non-operating income/loss to be limited only to financial gain/loss (ex.) Interest paid/received, Gain on securities sales, Dividend income etc. ➢ Most of non-operating income/loss & extraordinary income/loss except financial gain/loss to be reclassified as operating income/loss (Recognized as income/loss above operating income/loss)



## Streamline Balance Sheet

### Sale of securities and unused real estate

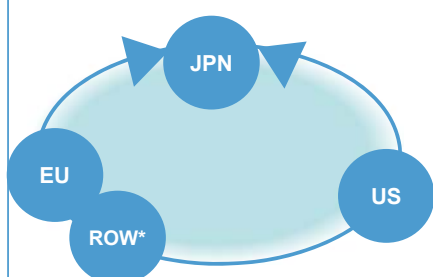
- FY12 Actual: approx. 57 billion yen (before income tax)
- FY13 onwards: sales in an appropriate timing by taking into account cash flow, stock market prices and etc.

### Minimization of net working capital

- Through continual and mid-term efforts, reduce net working capital to a level lower than 3.0 months to reach the average level of global peers.

Maximize Free Cash Flow

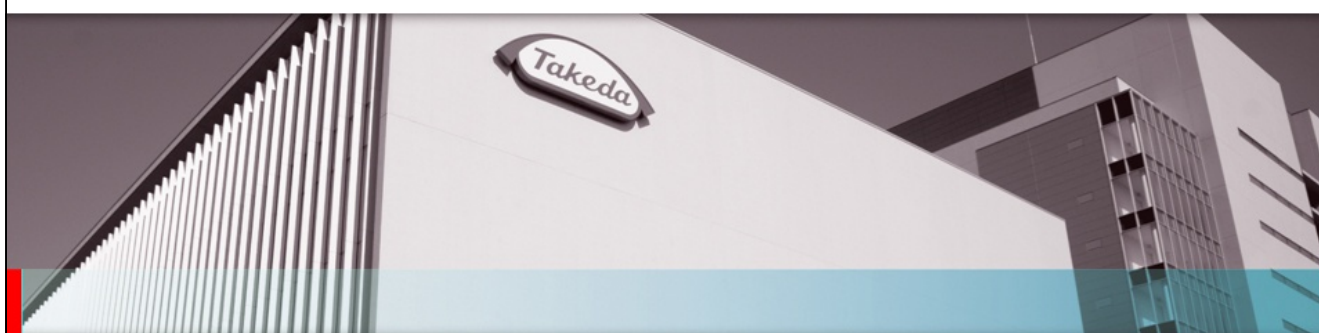
## Enhancement of Cash Management



### Strengthen global cash management structure

- Strengthen global cash management structure through regional treasury centers (Japan, US and EU - including Asia and Latin America)
- Centralize excess cash in each region to Japan HQ in timely manner

\*ROW: rest of the world (Asia and Latin America)



## R&D Activities in FY2012 and R&D Initiatives in the Mid-Range Growth Strategy

Dr. Tadataka Yamada  
Director and Chief Medical & Scientific Officer

May 9, 2013

## Value

Takeda is a pharmaceutical company committed to the discovery and development of innovative solutions addressing unmet medical needs of patients through R&D investment

## Mission

- Meet the future promise of Takeda as a leader in the pharmaceutical industry by providing solutions to patients with unmet medical needs
- Transform the R&D organization to be an engine of growth that is an industry leader in R&D productivity

## Looking Back on FY2012

## Looking Back on FY2012 Approval and Filing Achievements



				Ph-1	Ph-2	Ph-3	Filing	Approval
<b>SYR-322</b> <b>SYR-322/PIO<sup>1</sup></b> <b>SYR-322/MET<sup>2</sup></b>	<b>NESINA<sup>®</sup></b> <b>OSENI<sup>®</sup></b> <b>KAZANO<sup>®</sup></b>	Diabetes mellitus	<b>US</b>					
<b>SGN-35</b>	<b>ADCETRIS<sup>®</sup></b>	Relapsed/Refractory Hodgkin lymphoma Relapsed/Refractory sALCL	<b>EU</b>					
<b>ferumoxytol</b>	<b>RIENSO<sup>®</sup></b>	Iron deficiency anaemia in adult patients with chronic kidney disease	<b>EU</b>					
<b>TAK-085</b>	<b>LOTRIGA<sup>®</sup></b>	Hyperlipidemia	<b>JP</b>					
<b>risedronate</b>	<b>BENET<sup>®</sup></b>	Osteoporosis (once-monthly formulation)	<b>JP</b>					
<b>AG-1749</b>	<b>TAKEPRON<sup>®</sup></b>	H. Pylori gastritis (triple therapy)	<b>JP</b>					
<b>Lu AA21004</b>	<b>BRINTELLIX<sup>®</sup></b>	Major depressive disorder	<b>US</b>					
<b>naltrexone SR/ bupropion SR</b>	<b>CONTRACE<sup>®</sup></b>	Obesity	<b>US</b>					Preparing to file soon
<b>MLN0002</b>		Ulcerative colitis, Crohn's disease	<b>US</b>					Preparing to file soon
<b>MLN0002</b>		Ulcerative colitis, Crohn's disease	<b>EU</b>					
<b>SYR-322</b> <b>SYR-322/PIO<sup>1</sup></b> <b>SYR-322/MET<sup>2</sup></b>		Diabetes mellitus	<b>EU</b>					
<b>lurasidone</b>		Schizophrenia	<b>EU</b>					
<b>ATL-962</b>		Obesity	<b>JP</b>					
<b>AG-1749</b>	<b>TAKEPRON<sup>®</sup></b>	FDC with low-dose aspirin	<b>JP</b>					
<b>BLB-750</b>		Prevention of pandemic influenza	<b>JP</b>					
<b>SGN-35</b>		Relapsed/Refractory Hodgkin lymphoma Relapsed/Refractory sALCL	<b>JP</b>					

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<sup>1</sup> Pioglitazone (Actos), <sup>2</sup> Metformin

Takeda Pharmaceutical Company Limited

## Looking Back on FY2012 Major Ongoing Ph-3 Programs



<b>TAK-875</b> <fasiglifam>	Diabetes mellitus	Ongoing Ph-3 studies include head-to-head with sitagliptin, concomitant use trials (with metformin, SU and DPP4 inhibitor), and CV outcomes study.	<b>Global</b>
<b>TAK-700</b> <orteronel>	Prostate cancer	Ongoing Ph-3 studies include pre-chemo and post-chemo in metastatic, castration-resistant patients. Ph-2 without steroid in non-metastatic, castration resistant patients has been completed, Ph-3 to begin in FY2013.	<b>Global</b>
<b>MLN9708</b> <ixazomib>	Multiple myeloma Relapsed/Refractory AL amyloidosis	Ongoing Ph-3 in multiple myeloma in combination with Revlimid/Dexamethasone for all-oral regimen.	<b>Global</b>
<b>MLN8237</b> <alisertib>	Relapsed/Refractory peripheral T-cell lymphoma	Earlier stage trials also ongoing in variety of hematological malignancies and solid tumors.	<b>US/EU</b>
<b>ADCETRIS<sup>®</sup></b> <brentuximab vedotin>	Post-transplant Hodgkin lymphoma Relapsed cutaneous T-cell lymphoma Front line Hodgkin lymphoma Front line mature T-cell lymphoma	Collaboration with Ventana Medical Systems using companion diagnostic test to identify CD30 expression in patients in Ph-3 studies for CTCL and MTCL.	<b>EU</b>
<b>SYR-472</b> <trelagliptin>	Diabetes mellitus	Ongoing Ph-3 studies of once-weekly SYR-472 compared to a once-daily DPP4 inhibitor.	<b>JP</b>
<b>TAK-438</b> <vonoprazan>	Acid-related diseases (GERD, Peptic ulcer, etc.)	Ongoing Ph-3 studies include head-to-head studies with lansoprazole.	<b>JP</b>

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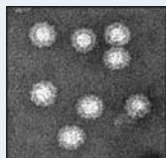
Takeda Pharmaceutical Company Limited

# Looking Back on FY2012 Partnerships & Business Development



## LigoCyte (now Takeda Vaccine (Montana) Inc.)

- Only clinical-stage norovirus vaccine in the world
- Pre-clinical pipeline including vaccines for rotavirus, RSV virus and influenza
- Virus-Like Particle (VLP) technology



LigoCyte's norovirus VLP

## Envoy Therapeutics

- bacTRAP technology to identify proteins produced by specific cell types
- Pre-clinical pipeline including innovative programs for Parkinson's disease, schizophrenia, etc.



Stained protein on mouse brain tissue



Research collaboration with **BC Cancer Agency** to explore new drug targets based on gene analysis



Discovery collaboration with **Advinus Therapeutics** focused on novel targets in inflammation, CNS and metabolic diseases



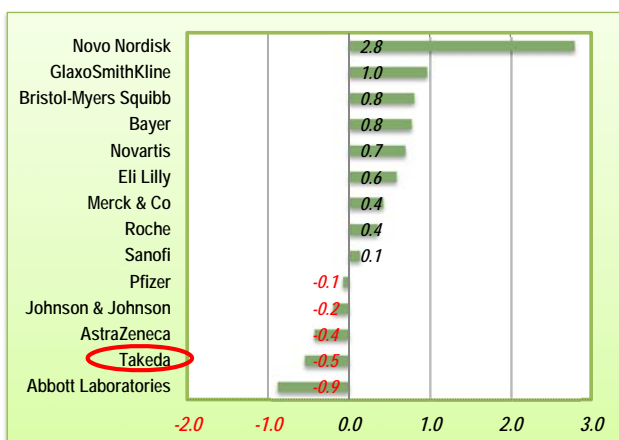
Partnership with **Resolve Therapeutics** to develop compounds for the treatment of Systemic Lupus Erythematosus (SLE) and other autoimmune diseases

# Looking Back on FY2012 R&D Productivity



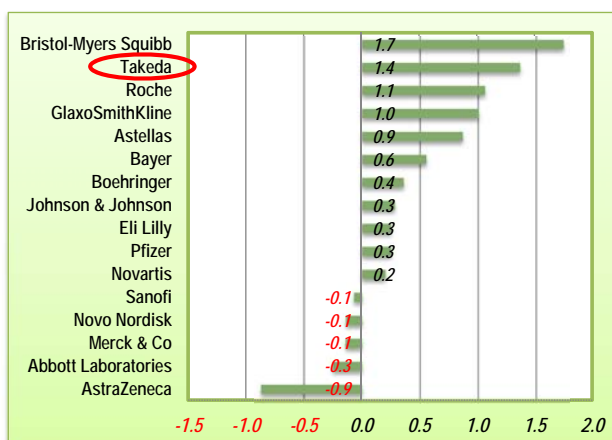
## Criteria to Assess R&D Productivity

2 year period from '08 year end – '10 year end  
data as of Aug 23, 2011,  
Source: Parexel Biopharmaceutical statistical Sourcebook, Evaluate Pharma



## Criteria to Assess R&D Productivity

2 year period from '09 year end – '11 year end  
data as of Nov 14, 2012,  
Source: Parexel Biopharmaceutical statistical Sourcebook, Evaluate Pharma



Note: Methodology: Expected NPV (eNPV) of products at clinical stage (Phase 1 or later) is used. eNPV at the end of year 2008 is subtracted from eNPV at the end of 2010, followed by addition of NVP of products launched in 2009-2010. The delta eNPV is the divided by the total R&D expenditure of 2009-2010

Note: Methodology: Expected NPV (eNPV) of products at clinical stage (Phase 1 or later) is used. eNPV at the end of year 2009 is subtracted from eNPV at the end of 2011, followed by addition of NVP of products launched in 2010-2011. The delta eNPV is the divided by the total R&D expenditure of 2010-2011

## Looking Back on FY2012 R&D Productivity



**R&D Productivity significantly improved in FY2012**

**1.8-fold**

**NDA/MAA  
approvals**

**1.9-fold**

**POC&C  
achievements**

**2.2-fold**

**Ph-2  
Stage-up**

**2.2-fold**

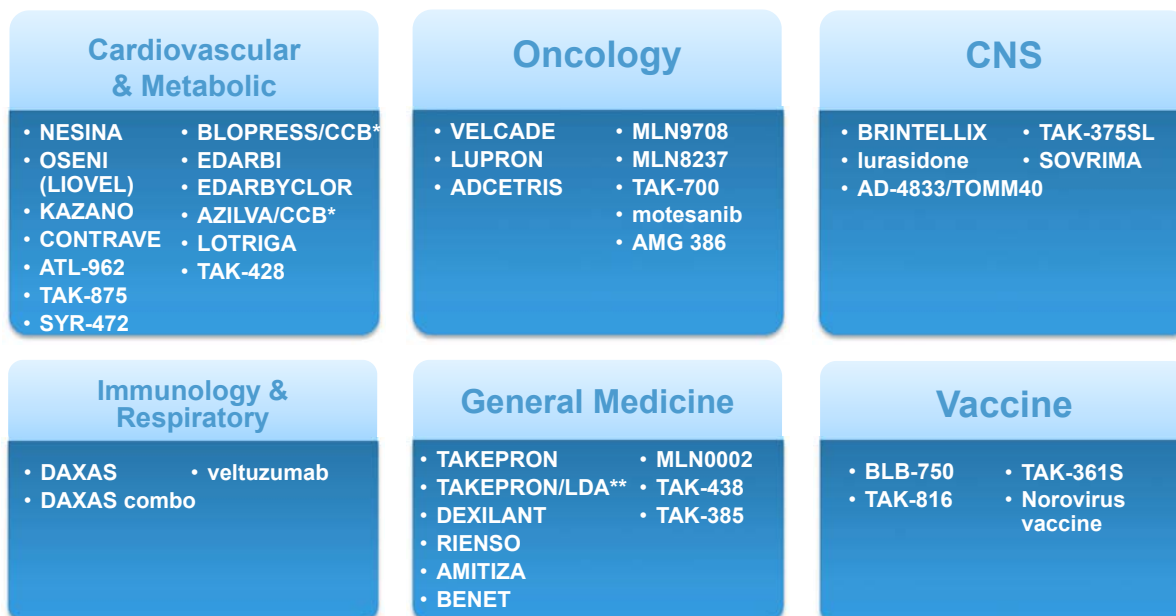
**IND filings**

*Calculated by value creation (expected peak year sales) compared  
to the value goals set at the beginning of FY2012*



## R&D Initiatives in the Mid-Range Growth Strategy

## Pipeline Assets in Ph-2 or Beyond



\*Calcium Channel Blocker  
\*\* Low-dose aspirin

## Focus for Mid-Range Growth Strategy Special Initiatives



**Short term: Leverage our advantage of a rich late-stage pipeline**

### Successful Programs Toward Approvals

**Lu AA21004**  
(vortioxetine)

**Contrave**

**MLN0002**  
(vedolizumab)

**Iurasidone**

### Focus Attentions on Ph-3 Programs

**TAK-875**  
(fasiglifam)

**TAK-438**  
(vonoprazan)

**MLN9708**  
(ixazomib)

**TAK-700**  
(orteronel)

### Progress Valuable Late-stage Assets

**AD-4833/TOMM40**

**Norovirus Vaccine**

**Mid term: Fill the Gap in the Mid-stage Portfolio with 3 Strategies**

### Push Forward Promising Preclinical & Clinical Assets

**TAK-385**

**MLN8237**

**MLN4924**

- AMPA potentiator
- CD38 receptor antibody

### Mono-oki Project: Explore additional uses for existing compounds

Looking at possible indications such as in diabetes, NASH, asthma, Idiopathic pulmonary fibrosis, schizophrenia etc.

### Business Development

Focus on assets that are ready for a POC&C experiment



# Takeda acquires Inviragen



And its vaccine against Dengue, which threatens half of the world's population

## Expands pipeline with vaccines that are high priority in EMs

- Dengue (Ph 2)
- Enterovirus 71 (Ph 1)<sup>1</sup>
- Chikungunya (Preclinical)

## Extends Takeda's vaccine R&D capabilities to inactivated and live viral vaccines, building upon LigoCyte's capabilities



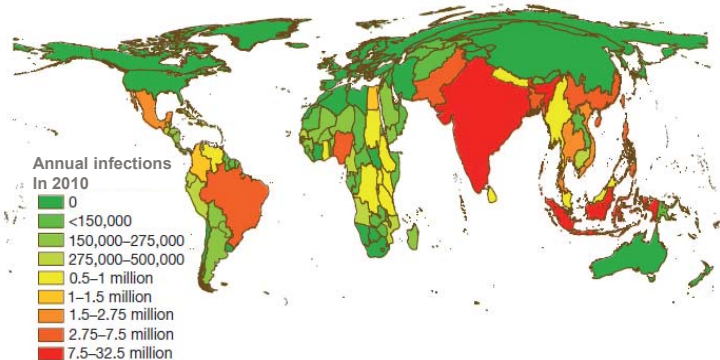
inviragen

<sup>1</sup>Hand, foot and mouth disease caused by Enterovirus 71 (EV71)

<sup>2</sup> <http://www.who.int/csr/disease/dengue/impact/en/>

Source of graphic: Bhatt, S et al. *Nature* Vol. 496, 504-507 (2013)

Dengue is “the most important mosquito-borne viral disease in the world” affecting populations across Asia, Latin America and Africa<sup>2</sup>



### Estimated annual global burden of Dengue

- 400 million people infected
- 100 million develop clinical illness
- 500 thousand hospitalized
- 20 thousand deaths, mostly in children

## Improving R&D Productivity



### Long term: Strengthen Research Competitiveness & Productivity

Great Progress in FY12 to bridge the gap in Productivity required for optimum competitiveness

Decreased research cost per candidate

Fast to IND

Key Initiatives undertaken in FY12 to be progressed to create an environment to enhance further greater competitiveness & productivity

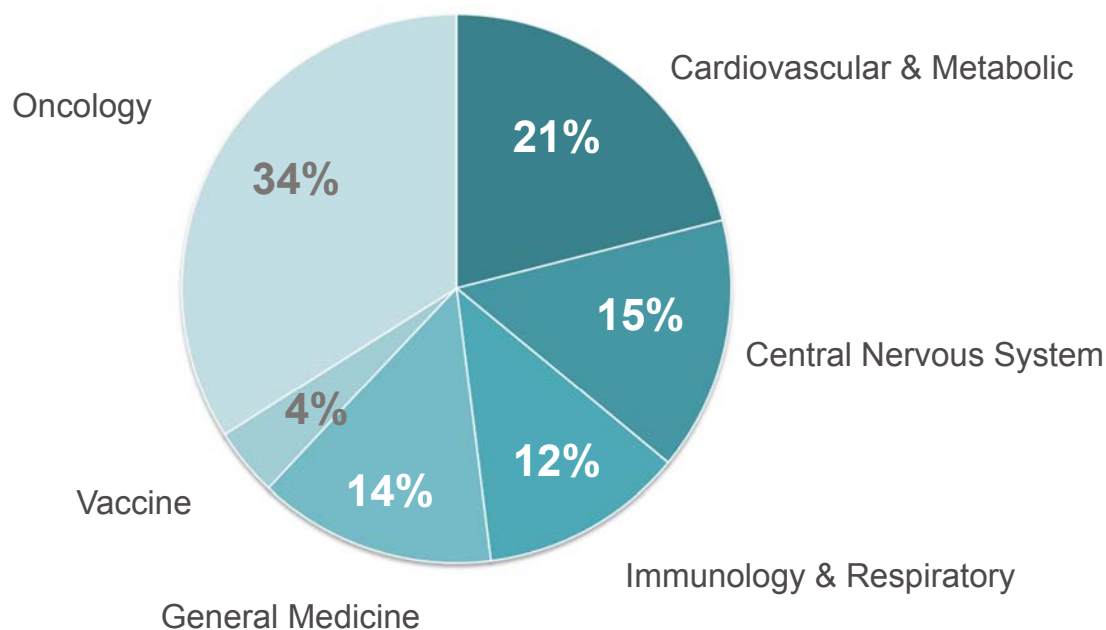
Reinforced Drug Discovery Units (DDUs)

Elaboration of the potential of Envoy, Advinus, Resolve

Fast to Candidate



## R&D Budget in FY2013



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## Ensuring Steady Pipeline Approval



	FY13	FY14	FY15	FY16 - FY17
<b>JP</b>	azilsartan (TAK-536) CCB <sup>1</sup> lansoprazole (AG-1749) LDA <sup>2</sup> cetilistat (ATL-962) influenza vaccine (BLB-750) brentuximab vedotin (SGN-35)	trelagliptin (SYR-472) vonoprazan (TAK-438) vortioxetine (Lu AA21004)	fasiglifam (TAK-875) ixazomib (MLN9708) orteronel (TAK-700) leuporelin 6M (TAP-144-SR) Hib vaccine (TAK-816)	relugolix (TAK-385) vedolizumab (MLN0002)
<b>US</b>	vortioxetine (Lu AA21004)	vedolizumab (MLN0002) orteronel (TAK-700)	ixazomib (MLN9708) alisertib (MLN8237)	fasiglifam (TAK-875) ramelteon (TAK-375) SL
<b>EU</b>	alogliptin (SYR-322) alogliptin MET <sup>3</sup> alogliptin PIO <sup>4</sup> dextansoprazole (TAK-390MR) lurasidone	azilsartan (TAK-491) CLD <sup>5</sup> vedolizumab (MLN0002)	ixazomib (MLN9708) orteronel (TAK-700)	fasiglifam (TAK-875)
<b>EM NA<sup>6</sup></b>	In emerging markets and North Asia, compounds including alogliptin, azilsartan, brentuximab vedotin, MEPACT, ramelteon, dextansoprazole, DAXAS will be launched consecutively.			

Please note that approval timing of several products, including certain in-licensed items, are not disclosed

<sup>1</sup> Calcium Channel Blocker (amlodipine), <sup>2</sup> Low Dose Aspirin, <sup>3</sup> Metformin,  
<sup>4</sup> Pioglitazone (ACTOS), <sup>5</sup> Chlorthalidone, <sup>6</sup> Emerging Market + North Asia,

In-house

In-license

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# Forward-Looking Statements

This presentation contains forward-looking statements regarding the Company's plans, outlook, strategies, and results for the future.

All forward-looking statements are based on judgments derived from the information available to the Company at this time. Forward looking statements can sometimes be identified by the use of forward-looking words such as "may," "believe," "will," "expect," "project," "estimate," "should," "anticipate," "plan," "continue," "seek," "pro forma," "potential," "target," "forecast," or "intend" or other similar words or expressions of the negative thereof.

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