



143rd Ordinary General Meeting of Shareholders

Consolidated Financial Results for FY2018 and Guidance for FY2019



June 27th, 2019

Better Health, Brighter Future

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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. 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 is posted on Takeda’s investor relations website at <https://www.takeda.com/investors/reports/quarterly-announcements/quarterly-announcements-2018/>.

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.





FY2018 FINANCIAL RESULTS

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

FY2018 LEGACY TAKEDA RESULTS^{*1}

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 FY2017 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

FY2018 CONSOLIDATED RESULTS^{*2}

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

*1. 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

*2. 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

FY2018 LEGACY TAKEDA UNDERLYING GROWTH GREATLY EXCEEDED ORIGINAL AND REVISED GUIDANCE

FY2018 LEGACY TAKEDA^{*1} UNDERLYING GROWTH (VS. PY)

	ORIGINAL GUIDANCE MAY 14, 2018	REVISED GUIDANCE 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 +100-200bps	Higher-end of +100-200bps	+540bps 
UNDERLYING CORE EPS	Low teens	Mid twenties	+29.0% 

*1. 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

Note: This slide does not include the revised guidance published on April 25, 2019

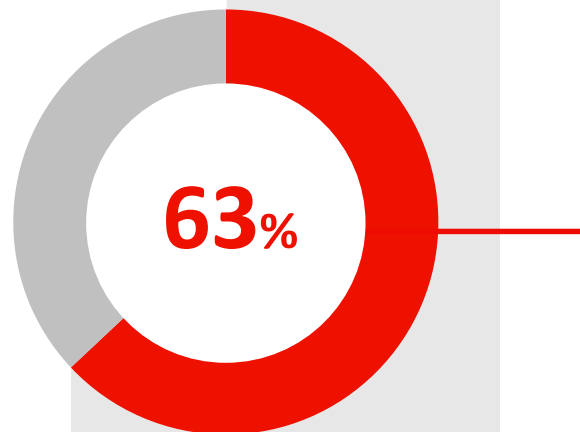
FY2018 LEGACY TAKEDA UNDERLYING RESULTS

FY2018 LEGACY TAKEDA^{*1} UNDERLYING RESULTS (VS. PY)

(Bn yen)	FY2017	FY2018	vs. PY
Revenue	1,673.2	1,762.3	+5.3%
Gross Profit	1,201.1	1,290.2	+7.4%
% of revenue	71.8%	73.2%	+1.4pp
OPEX	-917.9	-897.5	+2.2%
% of revenue	-54.9%	-50.9%	+4.0pp
Core Earnings	283.2	392.7	+38.7%
% of revenue	16.9%	22.3%	+5.4pp
Core Net Profit	209.7	270.6	+29.0%
Core EPS	268 yen	346 yen	+29.0%

*1. 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

FY2018 LEGACY TAKEDA'S GROWTH DRIVERS



TOTAL
LEGACY
TAKEDA
REVENUE

FY2018 LEGACY TAKEDA^{*1} UNDERLYING RESULTS (VS. PY)

GROWTH DRIVERS



GASTROENTEROLOGY

+19.4%



ONCOLOGY

+7.3%



NEUROSCIENCE

+15.5%



EMERGING MARKETS

+6.2%

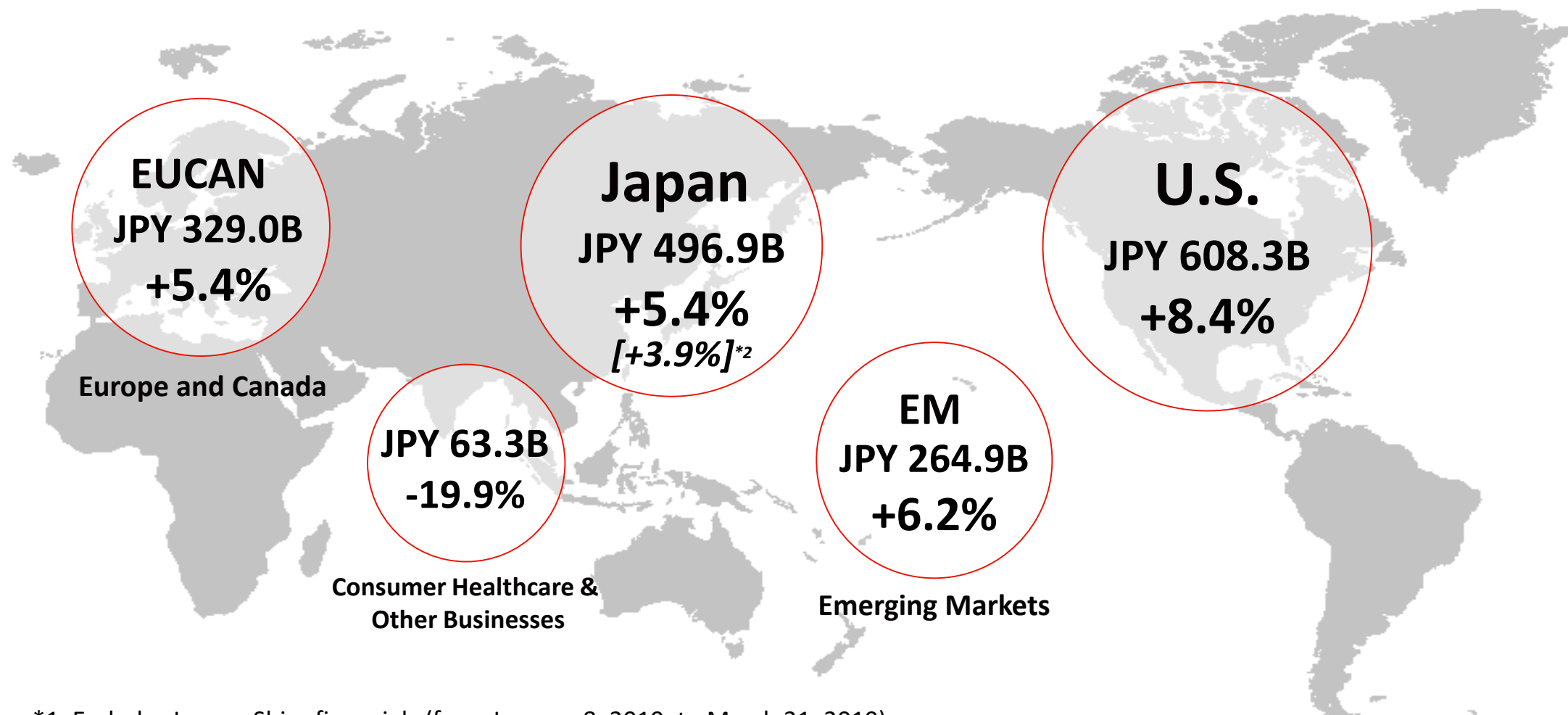
TOTAL

+11.1%

*1. Excludes Legacy Shire financials (from January 8, 2019, to March 31, 2019).

FY2018 LEGACY TAKEDA UNDERLYING REVENUE GROWTH BY REGION

FY2018 Legacy Takeda^{*1} Underlying Revenue: JPY 1,762.3B, +5.3%



*1. Excludes Legacy Shire financials (from January 8, 2019, to March 31, 2019).

*2. Excluding upfront payment received for product out-licensing in Japan: +3.9%

UNDERLYING CORE EARNINGS MARGIN EXPANDED 960BPS IN 2 YEARS DRIVEN BY KEY GROWTH PRODUCTS AND EXECUTION OF THE GLOBAL OPEX INITIATIVE

LEGACY TAKEDA^{*1} UNDERLYING CORE EARNINGS MARGIN EXPANSION (VS. PY)

	FY2017	FY2018	2 YEAR TOTAL ^{*4}
GROSS PROFIT ^{*2} AS % OF REVENUE	+280bps	+140bps	+420bps
OPEX ^{*3} AS % OF REVENUE	+140bps	+400bps	+540bps
UNDERLYING CORE EARNINGS MARGIN	+420bps 16.9%	+540bps 22.3%	+960bps

Global Opex Initiative underpins margin improvement

- Fully integrated into how we work (KPIs, incentives, zero based budgeting, integrated systems)
- OPEX savings contributed 74% of improvement in FY2018 vs. prior year

*1. 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

*2. Calculated from COGS, less non-recurring items

*3. OPEX = SG&A + R&D expenses, less non-recurring items

*4. Simple addition of FY2017 and FY2018 improvement (vs. PY in bps)

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)



FY2019 GUIDANCE

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.

*1. Constant Exchange Rate growth (applying FY2018 full year average foreign exchange rate)

*2. Compared to baseline of JPY 3,300 billion (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)

FY2019 REVENUE GUIDANCE FLAT TO SLIGHTLY DECLINING ASSUMING SIGNIFICANT LOSS OF EXCLUSIVITY IMPACT

ANTICIPATED IMPACT ON TAKEDA REVENUE GROWTH (PERCENTAGE POINTS)

BUSINESS MOMENTUM

+ 6.0 - 7.0 pp

VELCADE LOSS OF EXCLUSIVITY^{*1}

- ~2.0 pp

ADDITIONAL PRODUCTS' LOSS OF EXCLUSIVITY^{*2}

- ~5.0 pp

UNDERLYING REVENUE GROWTH

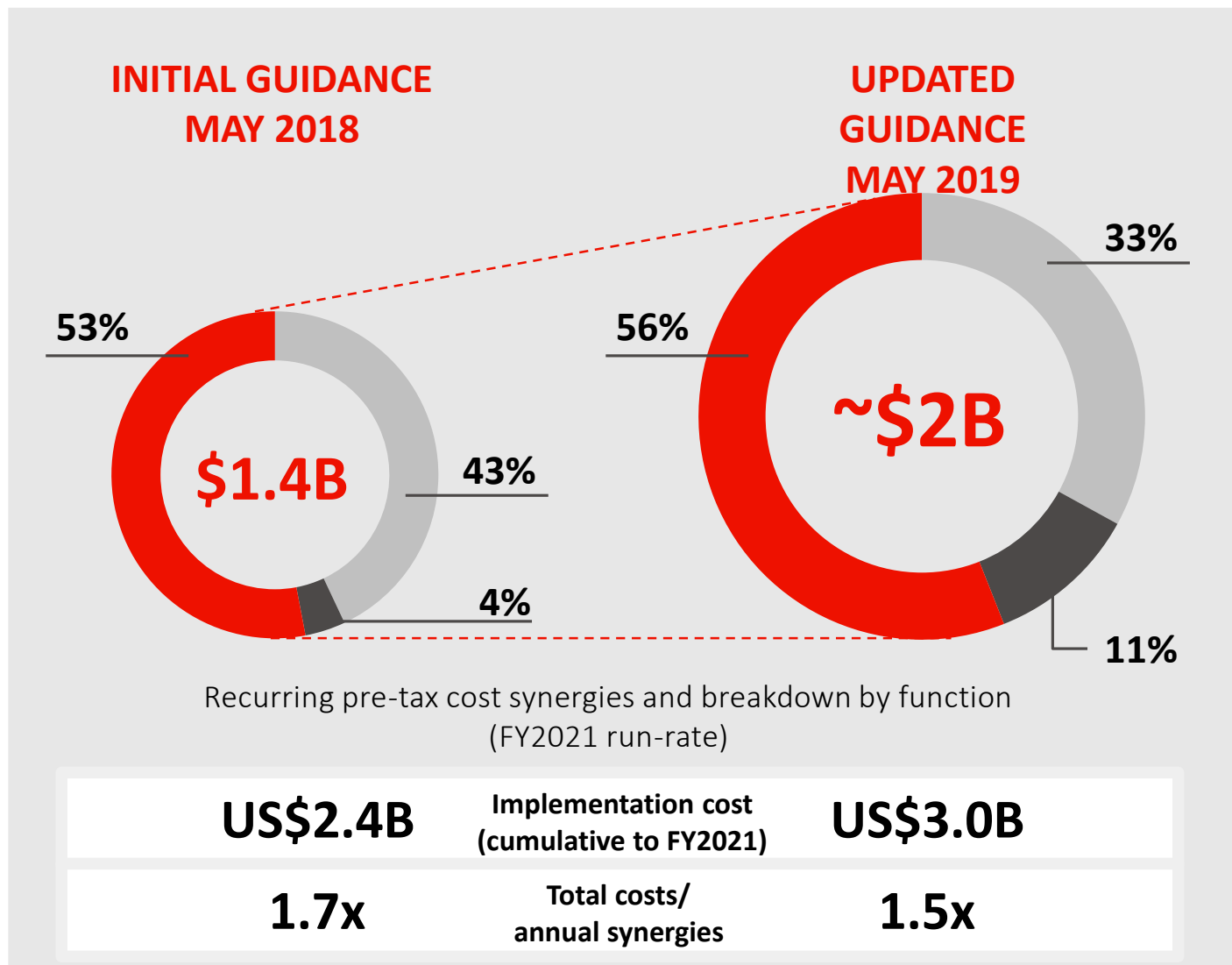
Flat to slightly declining

If no additional VELCADE competitor launches in the U.S., pro-forma underlying revenue growth would be "flat to slightly increasing"

*1. VELCADE financial assumption for the U.S. is one additional therapeutically non-equivalent competitor with intravenous and subcutaneous administration launching in July 2019. Also anticipating lower ex-U.S. royalties in FY2019 due to generic pressure.

*2. Financial assumption is that the following products will also face loss of exclusivity in FY2019:
U.S.: FIRAZYR, ULORIC, ROZEREM, ADDERALL XR; Japan: ENBREL, Leuporelin 12w, BENET monthly

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

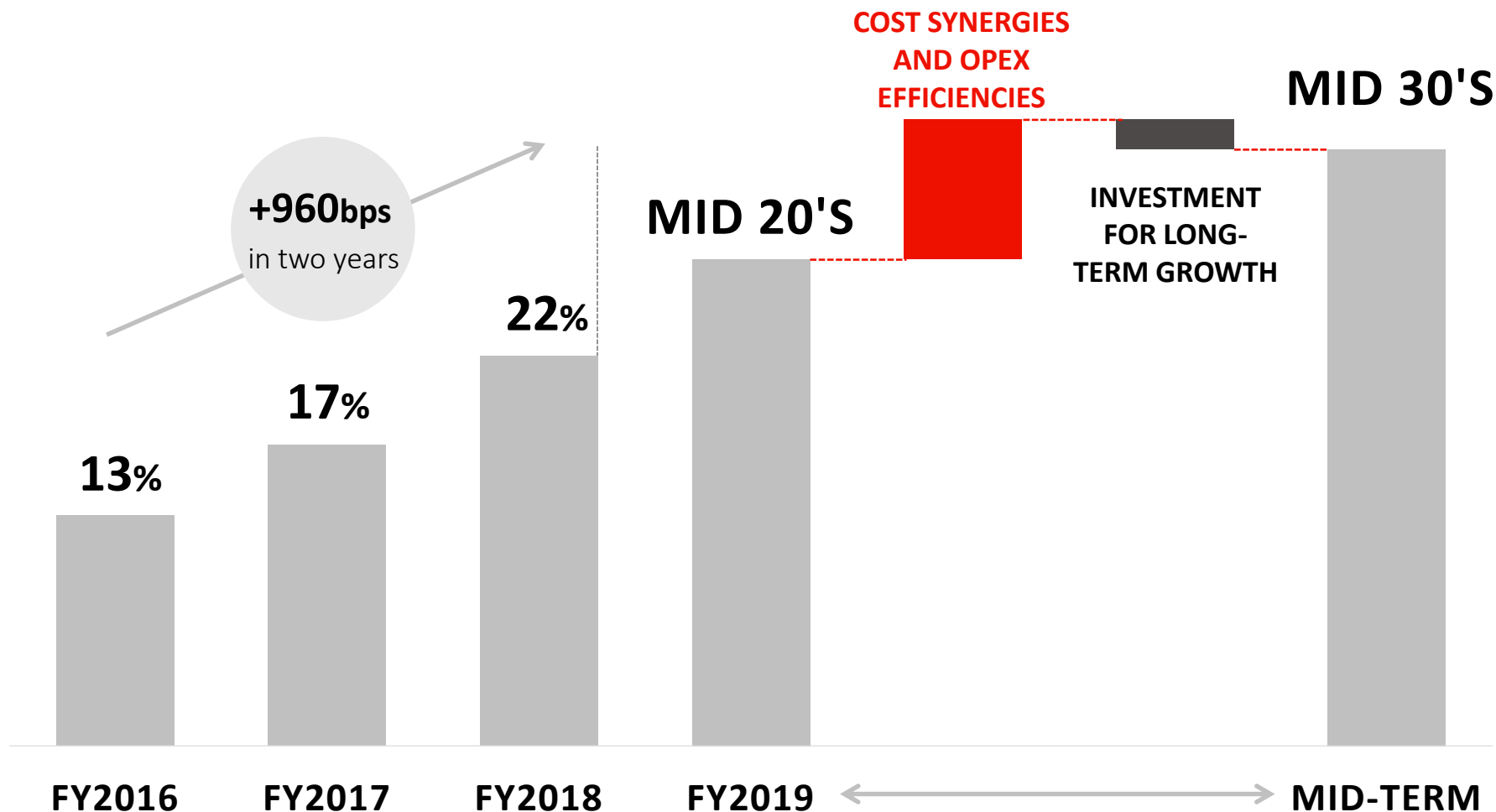
R&D

- 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



STRONG TRACK RECORD OF DISPOSING NON-CORE ASSETS TO GENERATE CASH AND FOCUS THE BUSINESS

FY2017

BN YEN

7 products to Teva JV

28.5

Wako Pure Chemical

84.5

FY2018

BN YEN

Multilab & Techpool

27.5

108.3

65.0

FY2019 TO DATE

Agreement to divest XIIDRA for **US\$3.4B** upfront in cash and up to an additional **US\$1.9B** in potential milestones

Agreement to divest TACHOSIL for **€358M** upfront plus on-going supply margin on long-term manufacturing arrangement

DIVESTITURE OF
NON-CORE
BUSINESSES

DISPOSAL OF
REAL ESTATE

DISPOSAL OF
MARKETABLE
SECURITIES

Note: Divestments of XIIDRA and TACHOSIL expected to close the second half of calendar year 2019, subject to customary closing conditions, including the satisfaction of legal, regulatory and, where applicable, local works council requirements.

CAPITAL ALLOCATION PRIORITIES



FY2019 FORECAST: STRONG INCREASE IN REVENUE +57.4% AND CORE EARNINGS +92.2%

FY2019 REPORTED FORECAST

(BN YEN)	FY2019 Forecast		FY2019 Forecast		FY2019 Forecast
	CONSOLIDATED TOTAL (A)	VS. PY	SHIRE ACQUISITION RELATED COSTS (B)	PURCHASE ACCOUNTING IMPACT (C)	EXCL. SHIRE ACQUISITION RELATED COSTS AND PURCHASE ACCOUNTING IMPACT (A)-(B)-(C)
REVENUE	3,300.0	+57.4%	—	—	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
CORE EARNINGS	883.0	+92.2%	—	—	883.0

- 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

Number of shares used for FY2019 EPS calculation:
1,554,780,063 shares (as of March 31, 2019)

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.

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 FY2018

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**