Strategic Focus & Superior Execution
FY2017 Annual Results

May 14, 2018

Christophe Weber
President & Chief Executive Officer

Costa Saroukos
Chief Financial Officer

Andrew Plump
Chief Medical & Scientific Officer

Masato Iwasaki
President, Japan Pharma Business Unit

Takeda Pharmaceutical Company Limited

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Profit Forecast for Takeda for the year ending March 31, 2019

Takeda is currently in an offer period (as defined in the City Code on Takeovers and Mergers (the "Code")) with respect to Shire plc. Pursuant to Rule 28 of the Code, statements made regarding Takeda's guidance for FY2018 (including statements regarding forecasts for FY2018 revenue, Core Earnings, Operating profit, Profit before income taxes, Net profit attributable to owners of the Company, Basic earnings per share, R&D expenses, Amortisation and impairment and other income/expense, Underlying Revenue, Underlying Core Earnings and Underlying Core EPS) constitute a profit forecast for the year ending March 31, 2019 (the "Takeda Profit Forecast"). For additional information regarding the Takeda Profit Forecast and the required statement by its Directors that such profit forecast is valid and has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with Takeda's accounting policies, please see page 21 of Takeda's Financial Results (Tanshin) for the Fiscal Year Ended March 31, 2018, dated May 14, 2018.
Please see page 40 for the definition of Core Earnings, Core EPS, and an explanation of how Takeda calculates Underlying Growth.

Important Notice regarding TiGenix takeover bid

This communication is for informational purposes only and is neither a recommendation, an offer to purchase nor a solicitation of an offer to sell any securities of TiGenix. Security holders of TiGenix are urged to read the offer documents which are available at www.sec.gov. The voluntary public takeover is comprised of two separate offers — (i) an offer for all ordinary shares (the "Ordinary Shares") and warrants issued by TiGenix in accordance with the applicable law in Belgium, and (ii) an offer to holders of TiGenix's American Depositary Shares issued by Deutsche Bank Trust Company Americas acting as depositary ("ADSs"), wherever located, and to holders of Ordinary Shares who are resident in the U.S. in accordance with applicable U.S. law (the "U.S. Offer").

The U.S. Offer is being made pursuant to an offer to purchase and related materials. Takeda has filed a tender offer statement on Schedule TO with the SEC with respect to the U.S. Offer on April 30, 2018, as amended from time to time. TiGenix has filed a solicitation/recommendation statement on Schedule 14D-9 with the SEC with respect to the U.S. Offer on April 30, 2018, as amended from time to time.

Holders of ADSs and Ordinary Shares subject to the U.S. Offer who wish to participate in the U.S. Offer, are urged to carefully review the documents relating to the U.S. Offer that have been filed by Takeda with the SEC since these documents contain important information, including the terms and conditions of the U.S. Offer. Holders of ADSs and Ordinary Shares subject to the U.S. Offer who wish to participate in the U.S. Offer, are also urged to read the related solicitation/recommendation statement on Schedule 14D-9 that has been filed with the SEC by TiGenix relating to the U.S. Offer since it contains important information. You may obtain a free copy of these documents and other documents filed by TiGenix and Takeda with the SEC, at the SEC's website at www.sec.gov. Investors and security holders may also obtain free copies of the solicitation/recommendation statement on Schedule 14D-9 and other documents filed with the SEC by TiGenix at www.tigenix.com. The Schedule TO, including the offer to purchase and related materials, and the Schedule 14D-9, including the solicitation/recommendation statement, may also be obtained for free by contacting the U.S. information agent for the tender offer. In addition to the offer and certain other tender offer documents, as well as the solicitation/recommendation statement, TiGenix files reports and other information with the SEC. You may read and copy any reports or other information filed by TiGenix at the SEC Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. TiGenix's filings at the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at www.sec.gov.

This communication constitutes communication within the scope of article 31 and 33 of the Belgian Law of April 1, 2007 on public takeover bids.

Prospectus and Response Memorandum

The prospectus and the response memorandum have been approved by the Financial Services and Markets Authority on April 24, 2018. The prospectus (including the acceptance form and the response memorandum) is available free of charge by calling +32 (0)2 433 41 13. An electronic version of the prospectus (including the acceptance form and the response memorandum) is also available on the websites of BNP Paribas Fortis SA/NV (www.bnpparibasfortis.be/epargneretplacer (French and English) and www.bnpparibasfortis.be/sparenenbeleggen (Dutch and English)), Takeda (http://www.takeda.com/newsroom) and TiGenix (http://tigenix.com/takeda-takeover-bid).

Transformation is delivering superior results

- **Focused on strategic priorities to:**

Grow Portfolio	Strengthen Pipeline	Boost Profitability

- **FY2017 results reflect superior execution**
  - ***Reported:*** Revenue +2.2%; Operating Profit +55.1%; EPS +62.7%
  - ***Underlying:*** Revenue +5.5%; Core Earnings +40.2%; Core EPS +44.8%
  - Underlying Core Earnings margin expansion +420bps
- **Committed to 100-200bps margin improvement every year**
- **In FY2018 strong underlying business will offset Velcade decline**
- **Positioned for sustainable growth, underpinned by Values**

Transformation momentum is backed by Takeda's Values and culture

Value Driven: Takeda-ism
- Patient → Trust → Reputation → Business

Global, Agile and Committed to Innovation
- Created global organization and capabilities
- Driving patient-centricity and local empowerment
- Reinventing R&D to drive productivity: Therapeutic area focus, external partnership, performance culture

World-class Governance & Diverse Leadership
- Majority of BOD independent, with Audit & Supervisory committee
- Diverse & seasoned Takeda Executive Team
- Comprehensive talent development programs

Grow Portfolio

Strengthen Pipeline

Boost Profitability

FY2017 results reflect superior execution

Grow Portfolio	• Underlying Revenue +5.5%, led by Growth Drivers +12.8% • Strong results from key products; Entyvio +35.9%, Ninlaro +54.2% • ARIAD integration complete; solid performance from Alunbrig & Iclusig • TiGenix takeover bid to expand GI leadership; Alofisel approved in EU
Strengthen Pipeline	• Reinventing R&D to drive productivity • 17 New Molecular Entity clinical stage-ups since April 2017 • 56 new collaborations with biotech/academia in FY17 • 'Shonan iPark' now operational as an open & innovative ecosystem
Boost Profitability	• Industry-leading revenue / earnings growth exceeded guidance • Underlying CE growth +40.2%, CE margin +420bps • Reported EPS +62.7%; Underlying Core EPS +44.8% • Sale of non-core assets unlocked 164.4bn yen cash

Growth Drivers: GI, Oncology, Neuroscience and Emerging Markets
CE: Core Earnings

Industry-leading growth exceeded guidance

	FY2017 guidance (growth %)		Actual	
	(May 2017)	(Feb 2018)		
Underlying Revenue	Low single digit →	Mid single digit	+5.5%	✓
Underlying Core Earnings	Mid-to-high teen →	High twenties	+40.2%	✓
Underlying Core EPS	Low-to-mid teen →	Mid twenties	+44.8%	✓

Growth Drivers posted strong +12.8% revenue growth

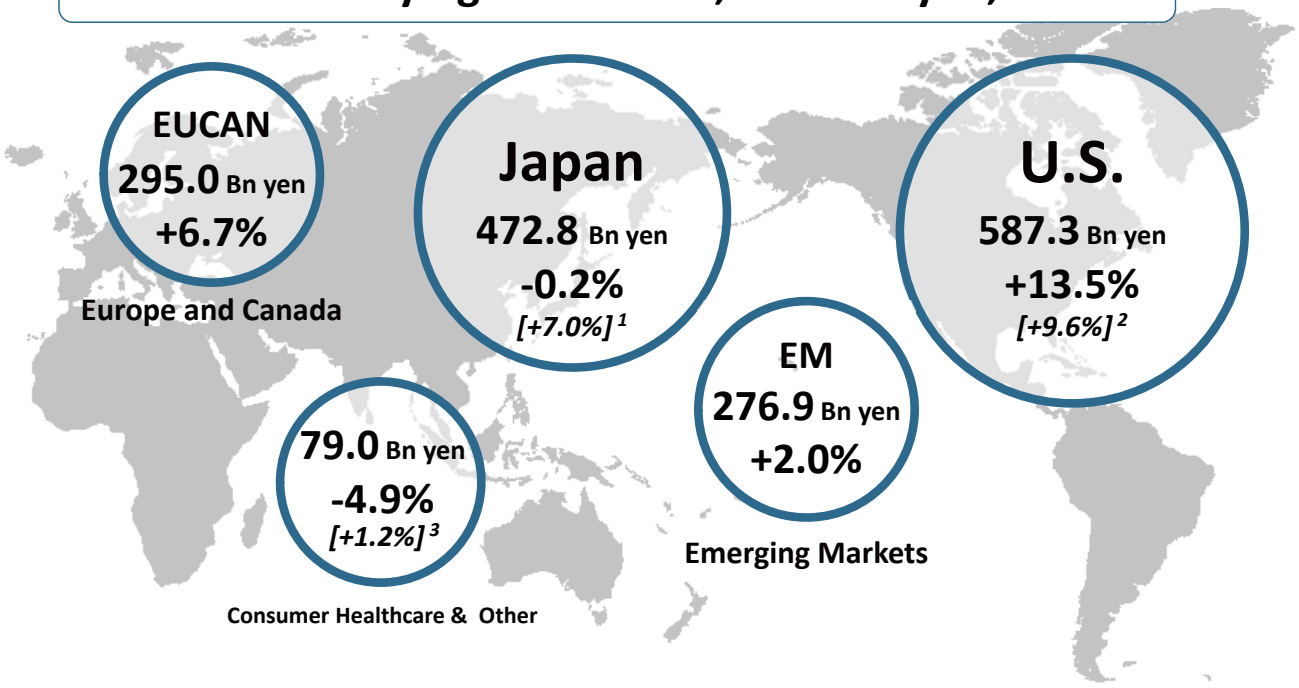
FY2017 Underlying Revenue: 1,711.1 Bn yen, +5.5%

	FY2017 Underlying Revenue (growth %)	
Growth Drivers	Gastroenterology	+21.6%
	Oncology	+12.1%
	Neuroscience	+22.6%
	Emerging Markets	+2.0%
	Total	**+ 12.8%**

Growth Drivers now 62% of total Takeda revenue

Broad based revenue performance led by double digit growth in the U.S.

FY2017 Underlying Revenue: 1,711.1 Bn yen, +5.5%



1. Excluding returned portfolio (Prevenar, Benefix): +7.0%
2. U.S. growth excluding ARIAD portfolio (Alunbrig, Iclusig): +9.6%
3. Excluding returned portfolio (OTC Biofermin): +1.2%

Revenue and earnings growth momentum maintained in FY2018 despite Velcade decline

	FY2018 guidance (growth %)
Underlying Revenue	Low single digit
Underlying Core Earnings	High single digit
Underlying Core EPS	Low-teens
Annual dividend per share	180 yen (irrespective of any potential transaction)

Key priorities for the mid-term: Grow Portfolio

Grow Portfolio | Strengthen Pipeline | Boost Profitability

Mid-term priorities

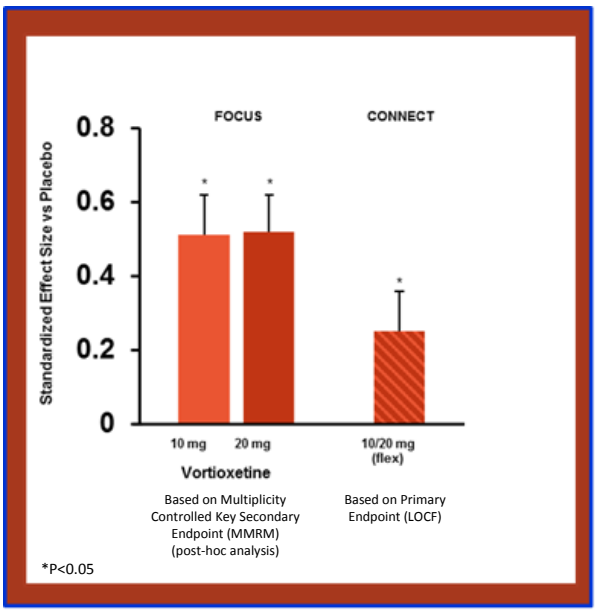
- Focus on key growth products
- Reinforce specialty capabilities
- Pursue opportunities to divest or acquire assets

Strong performance from key growth products

		FY2017 Underlying Revenue Bn yen	vs. PY	
GI	Entyvio vedolizumab	196.6	+35.9%	• Expect to reach $3bn MAT revenue within FY2019 • Reinforcing IBD leadership position with additional data generation (VICTORY consortium)
GI	Takecab	55.1	+61.7%	• In Japan, volume growth will offset price cut impact in FY2018 • NDA submitted in several emerging markets, incl. China & Brazil
Oncology	NINLARO (ixazomib) capsules	45.7	+54.2%	• Approved in 55+ countries, continued global rollout • 1st Interim Analysis of frontline MM study conducted; per IDMC recommendation, blinded study will continue to next interim analysis • Data expected in H1 FY2018 in maintenance treatment setting
Oncology	ADCETRIS brentuximab vedotin	37.7	+23.2%	• Approved in 70+ countries, AETHERA driving EU growth • CTCL approval obtained in EU, FL HL submission complete in EU
Oncology	ALUNBRIG BRIGATINIB	2.8	Launched May 2017	• Encouraging uptake since U.S. launch; preparing for EU launch • Data expected in H1 FY2018 in frontline setting
Neuro-science	Trintellix vortioxetine	47.8	+47.9%	• Efficacy & tolerability profile driving earlier switch to Trintellix • Label updated to include data showing improvement in processing speed, an important aspect of cognitive function in acute MDD

MAT: Moving Annual Total; NDA: New Drug Application; IDMC: Independent Data Monitoring Committee;
For glossary of disease abbreviations please refer to p.56

TRINTELLIX® is the first MDD treatment with approved U.S. FDA labeling which includes an improvement in processing speed, an important aspect of cognitive function



- Two studies, FOCUS[1] and CONNECT[2] were conducted to assess TRINTELLIX effect on aspects of cognitive function in adult patients with acute Major Depressive Disorder by utilizing DSST (Digit Symbol Substitution Test), an established objective neuropsychological test
- In both studies, patients in the TRINTELLIX group showed a statistically significantly greater improvement in the number of correct responses on the DSST vs placebo

1. **FOCUS**: McIntyre RS, Lophaven S, Olsen CK. Int J Neuropsychopharmacol. 2014;17(10):1557-1567.
2. **CONNECT:** Mahableshwarkar AR, Zajecka J, Jacobson W, Chen Y, Keefe RS. Neuropsychopharmacology. 2015;40(8):2025-2037.

Note: Trintellix U.S. labeling updated May 2, 2018
MDD: Major Depressive Disorder; MMRM: Mixed Model for Repeated Measures
LOCF: Last Observation Carried Forward

Preparing for European launch of Alofisel®, an innovative stem cell therapy for complex perianal fistulas

Approved by European Commission in March 2018[1]

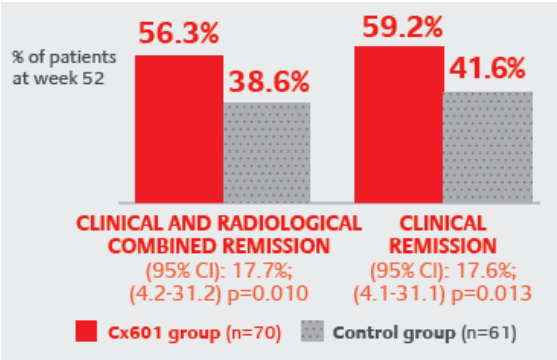
- The first allogeneic stem cell therapy to receive central marketing authorization approval in Europe
- First European country launches expected within 2018
- Takeda launched potential acquisition of TiGenix to expand late-stage pipeline and leadership in GI
  - Official tender offer launched in April to purchase all outstanding shares of TiGenix – deal expected to close in July

Complex perianal fistulas have high medical need

- Severe complication of Crohn's disease, affecting approx. 5% of the estimated 1.1m patients with CD in Europe
- Causes intense pain and swelling, infection and incontinence
- Few pharmacological treatments exist
- Usually requires repeated invasive surgical procedures, which can lead to permanent incontinence

Superior to control in achieving Combined Remission (52 Wk)[2]

Patients were randomized to a single administration of Alofisel cells or saline placebo (control), both added to standard of care



Cx601 = Alofisel (darvadstrocel)
20.4% of patients in the Cx601 group vs 26.5% in the control group experienced treatment related adverse events. Please refer to publication for full details.[2]

1. Please refer to Summary of Product Characteristics for full indication.
2. Panés J, et al., 2017. *Gastroenterology*. Published online 18th December 2017.

Key priorities for the mid-term: Strengthen Pipeline

Grow Portfolio | **Strengthen Pipeline** | Boost Profitability

Mid-term priorities

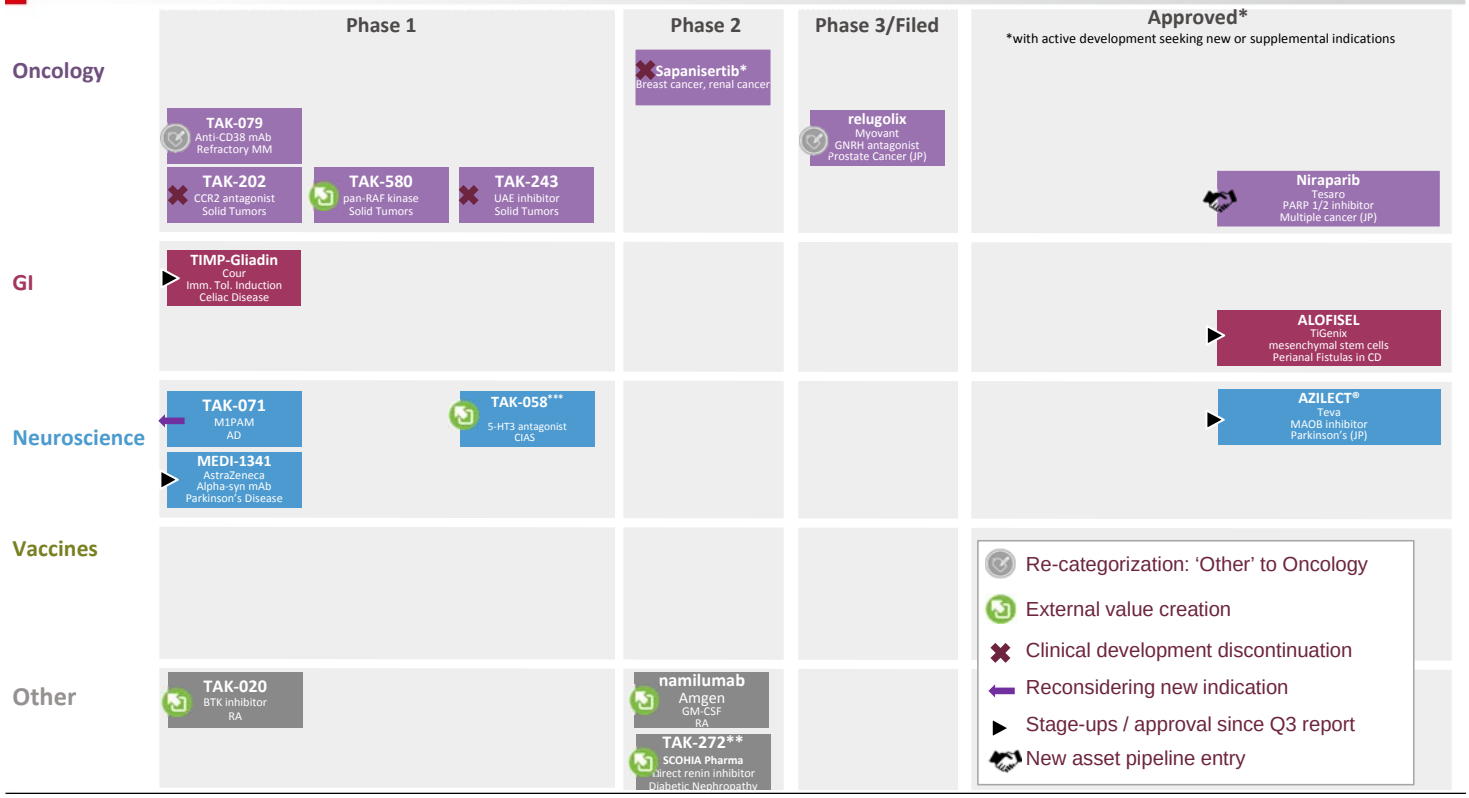
- Leverage therapeutic area expertise to progress innovative assets
- Enhance capabilities internally and through external collaborations
- Strengthen R&D operational effectiveness and culture

Important R&D milestones in FY2017

Therapeutic Area	Compound	Expected Event		
Oncology	Ninlaro	Relapsed/Refractory Multiple Myeloma OS interim readout (H2)	✓ Q3	Interim analysis was conducted; Per IDMC recommendation this blinded study will continue to final analysis
	Adcetris	Relapsed cutaneous T-cell lymphoma EU submission (H1)	✓	
		Relapsed cutaneous T-cell lymphoma EU approval (H2)	✓ Q3	
		Front-Line Hodgkin's Lymphoma EU submission (H2)	✓ Q3	
	Alunbrig	ALK+ metastatic NSCLC (2L post-crizotinib) US approval (H1)	✓	
	Pevonedistat	HR-MDS/CMML/LB AML Ph-2 interim analysis results (H1)	✓	
		HR-MDS/CMML/LB AML Pivotal Ph 3 study initiation (FPI Dec 18 2017)	✓ Q3	
Gastroenterology (GI)	Entyvio	Ulcerative Colitis Japan Ph-3 Results (H2)	✓	
	Cx601 (Alofisel)	Complex Perianal Fistulas in Crohn's Disease EU approval (H2)	✓ Q4	
	TAK-954	Enteral Feeding Intolerance Ph-2b study initiation (H2)	→	FY2018 H1
Neuroscience	Trintellix	Speed of processing data in label	✓	2 May 2018
	Rasagiline	Parkinson's Disease Japan NDA approval	✓ Q4	
Vaccines	TAK-003	Dengue Virus Vaccine Ph-3 TIDES study enrollment completed (H1)	✓	
	TAK-214	Norovirus Vaccine Ph-2b results (in adults) (H2)	→	FY2018 H1
	TAK-426	Zika Vaccine Ph-1 start (H2)	✓ Q3	

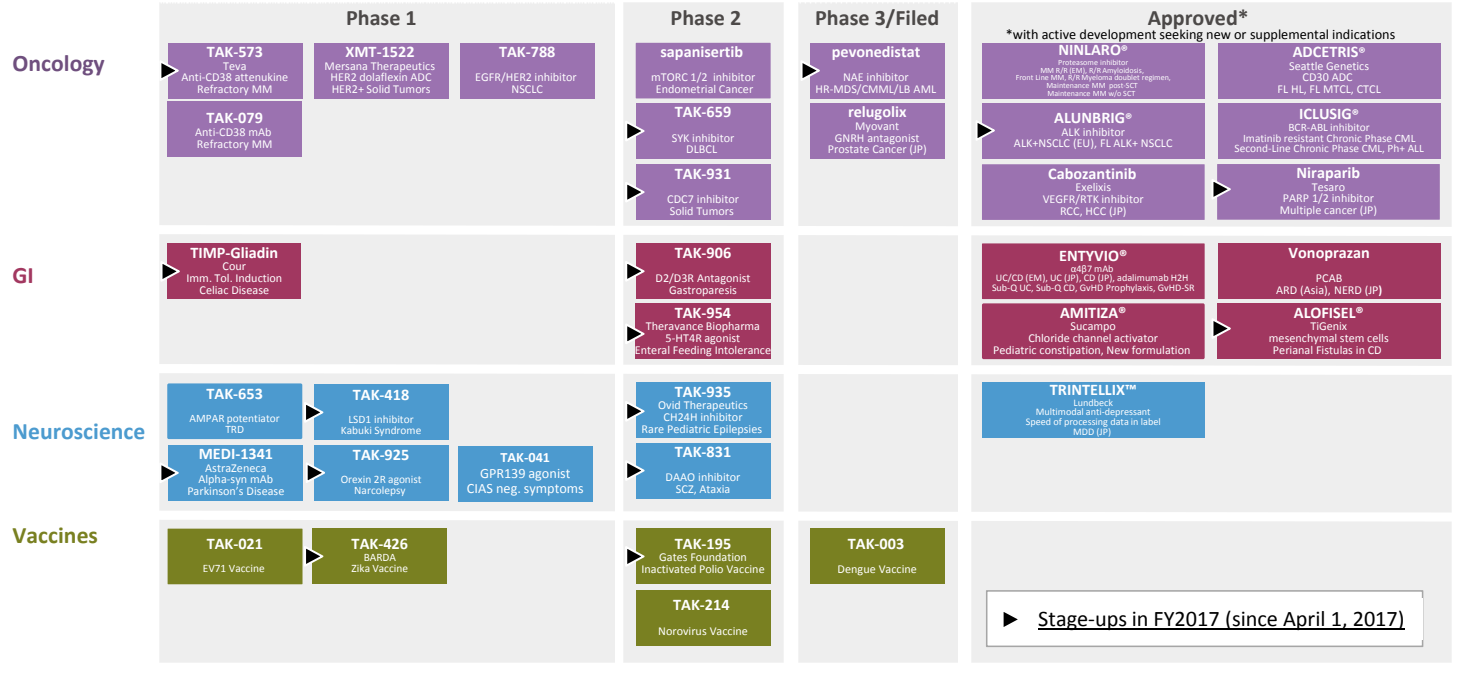
Table only shows select R&D milestones, and is not comprehensive. All timelines are current assumptions and subject to change

Changes to pipeline since Q3



* Sapanisertib studies stopped for breast and renal cancer, continuing with Endometrial indication only
** Development out-licensed to SCOHIA in 2017
*** Out-licensed to a partner 2017

Significant progress in FY2017 with 17 NME stage-ups, compared with 5 in FY2016



Developing assets for orphan diseases with high unmet needs across our therapeutic areas

	Phase 1	Phase 2	Phase 3/Filed	Approved* (*with active development seeking new or supplemental indications)
Oncology	TAK-573 Teva Anti-CD38 attenukine Refractory MM XMT-1522 Mersana Therapeutics HER2 dolaflexin ADC HER2+ Solid Tumors TAK-788 EGFR/HER2 inhibitor NSCLC TAK-079 Anti-CD38 mAb Refractory MM	sapanisertib mTORC 1/2 inhibitor Endometrial Cancer TAK-659 SYK inhibitor DLBCL TAK-931 CDC7 inhibitor Solid Tumors	pevonedistat NAE inhibitor HR-MDS/CMML/LB AML relugolix Myovant GNRH antagonist Prostate Cancer (JP)	NINLARO® Proteasome inhibitor MM R/R (EM), R/R Amyloidosis, Front Line MM, R/R Myeloma doublet regimen, Maintenance MM post-SCT Maintenance MM w/o SCT ADCETRIS® Seattle Genetics CD30 ADC FL HL, FL MTCL, CTCL ALUNBRIG® ALK inhibitor ALK+NSCLC (EU), FL ALK+ NSCLC ICLUSIG® BCR-ABL inhibitor Imatinib resistant Chronic Phase CML Second-Line Chronic Phase CML, Ph+ ALL Cabozantinib Exelixis VEGFR/RTK inhibitor RCC, HCC (JP) Niraparib Tesaro PARP 1/2 inhibitor Multiple cancer (JP)
GI	TIMP-Gliadin Cour Imm. Tol. Induction Celiac Disease	TAK-906 D2/D3R Antagonist Gastroparesis TAK-954 Theravance Biopharma 5-HT4R agonist Enteral Feeding Intolerance		ENTYVIO® α4β7 mAb UC/CD (EM), UC (JP), CD (JP), adalimumab H2H Sub-Q UC, Sub-Q CD, GvHD Prophylaxis, GvHD-SR Vonoprazan PCAB ARD (Asia), NERD (JP) AMITIZA® Sucampo Chloride channel activator Pediatric constipation, New formulation ALOFISEL® TiGenix mesenchymal stem cells Perianal Fistulas in CD
Neuroscience	TAK-653 AMPAR potentiator TRD TAK-418 LSD1 inhibitor Kabuki Syndrome MEDI-1341 AstraZeneca Alpha-syn mAb Parkinson's Disease TAK-925 Orexin 2R agonist Narcolepsy TAK-041 GPR139 agonist CIAS neg. symptoms	TAK-935 Ovid Therapeutics CH24H inhibitor Rare Pediatric Epilepsies TAK-831 DAAO inhibitor SCZ, Ataxia		TRINTELLIX™ Lundbeck Multimodal anti-depressant Speed of processing data in label MDD (JP)
Vaccines	TAK-021 EV71 Vaccine TAK-426 BARDA Zika Vaccine	TAK-195 Gates Foundation Inactivated Polio Vaccine TAK-214 Norovirus Vaccine	TAK-003 Dengue Vaccine	

▶ Stage-ups in FY2017 (since April 1, 2017)

Highlights orphan disease designation in any region / indication for a given asset

Pipeline as of March 31, 2018. Not all regions are listed. Refer to page 56 for glossary of abbreviations.

FY17 major achievements in building our innovation network, entering into 56 new collaborations

Therapeutic Areas

Oncology — 7 new partnerships

GAMMADELTA THERAPEUTICS · NEKTAR · SHATTUCK LABS · NOILE-IMMUNE BIOTECH · Heidelberg PHARMA · tem · TESARO

GI — 12 new deals/partnerships

BEACON DISCOVERY · BioSurfaces · HEMOSHEAR THERAPEUTICS · HiFiBiO · Karolinska Institutet · NUBIYOTA · PillCam · Portal Instruments · PRANA BIOTECHNOLOGY · TiGENIX · The University of Vermont

Neuroscience — 5 new partnerships

AstraZeneca · DENALI · mindstrong · WAVE

Capabilities

Value Creation through Externalization — 5 products externalized

CARDURION PHARMA · IZANA BIOSCIENCE · SCOHIA · SAMSUNG BIOEPIS · rhythm

8 NewCos launched (Entrepreneurship Venture Program)

Aikomi · ChromaJean Co. · Chordia Therapeutics · FIMECS · GenAhead Bio · GEXVal · SEEDSUPPLY · RebaAIA

Platforms — 6 new partnerships

FUJIFILM Value from Innovation · HITGEN 先导药物 · isogenica · Numerate · SELEXIS · SCHRÖDINGER

TAKcelerator *Rare disease engine* — 2 rare disease initiatives

Harrington Discovery Institute University Hospitals | Cleveland Ohio · RECURSION pharmaceuticals

Academic Alliances — 2 new strategic academic alliances

FRED HUTCH UNIVERSITY of WASHINGTON CANCER CONSORTIUM · Leland Stanford Jr. University

Takeda Ventures — 1 new investment initiated

OBSIDIAN

Not all-inclusive of 56 deals: Only includes disclosed partnerships / collaborations

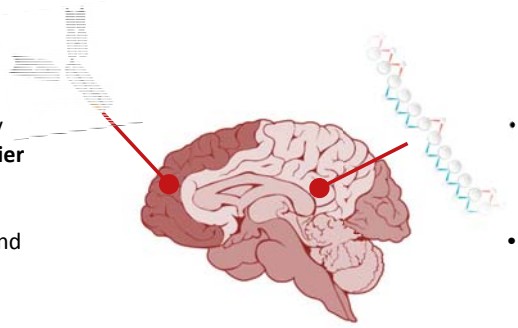
All trademarks and registered trademarks are the property of their respective owners

Two recent Neuroscience partnerships to access technologies for targeted patient populations

Collaborations support our Neuroscience strategy by providing access to new modalities for targeting genetically-defined neurological diseases

DENALI THERAPEUTICS

- Antibody Transport Vehicle technology platform to **enhance blood-brain barrier penetration**
- Collaboration agreement to develop and commercialize up to three specified therapeutic candidates for neurodegenerative diseases
- Each program is directed to a **genetically validated target for neurodegenerative disorders**, including Alzheimer's disease and other indications.



WAVE LIFE SCIENCES

- Chemistry platform to develop **nucleic acid therapies** that target historically-difficult-to-treat diseases
- Wave partnership includes an option on three programs for targeted neurological diseases, such as **Huntington's Disease (with 2 assets in Phase 1b/2a)** ALS and Ataxia, and an exclusive license to research, develop and commercialize multiple additional targets in CNS indications

ALS: Amyotrophic lateral sclerosis

Important R&D milestones expected in FY2018

Therapeutic Area	Compound	Expected Event
Oncology	**Adcetris**	Front-Line Hodgkin's Lymphoma EU approval decision (H2)
	Alunbrig	ALTA-1L Front-line ALK+ NSCLC 1st Interim Analysis (H1) 2nd-line ALK+ NSCLC EU approval decision (H2)
	Cabozantinib	Hepatocellular carcinoma Japan pivotal study start (H2)
	Iclusig	Ph+ Acute Lymphoblastic Leukemia Global pivotal study start (H1)
	Ninlaro	Newly Diagnosed Multiple Myeloma 1st Interim Analysis (H1) Multiple Myeloma Maintenance Post-Transplant 1st Interim Analysis (H1) ✓ 1st Interim Analysis was conducted; Per IDMC recommendation this blinded study will continue to 2nd Interim Analysis
	Pevonedistat	HR-MDS/CMML/LB AML Ph-2 final analysis (H2)
	TAK-788	First patient dosed in registration enabling Ph-2 NSCLC study (H2)
Gastroenterology (GI)	**Entyvio**	Crohn's Disease Japan submission (H1) Ulcerative Colitis Japan approval decision (H1) Subcutaneous administration Ulcerative Colitis submission (H2)
	TAK-954	Enteral Feeding Intolerance Ph-2b study initiation (H1) Postoperative Ileus Ph-2b initiation (H2)
	TAK-906	Gastroparesis Ph-2b initiation (H2)
Neuroscience	**Trintellix**	Major Depressive Disorder Japan submission (H2) TESD label update approval decision (H2)
	TAK-925	Proof of concept in narcolepsy patients (H2)
Vaccines	**TAK-003**	Dengue Virus Vaccine Ph-3 primary analysis (H2)
	TAK-214	Norovirus Vaccine Ph-2b final analysis (in adults) (H1)

Table only shows select R&D milestones, and is not comprehensive. All timelines are current assumptions and subject to change
IDMC: Independent Data Monitoring Committee;
For glossary of disease abbreviations please refer to page56

Key priorities for the mid-term: Boost Profitability

Grow Portfolio	Strengthen Pipeline	**Boost Profitability**

Mid-term priorities

- Increase Underlying CE margin 100-200bps per year
- Execute Global Opex Initiative
- Unlock cash and invest for profitable growth

Costa Saroukos: Background

- CFO and Takeda Executive Team member since April 1
- Joined Takeda in May 2015 as CFO of Europe and Canada
- 18 years experience in the pharma sector, having held financial leadership positions at Allergan and Merck & Co with responsibility for businesses in over 100 countries across Asia-Pacific, Europe, Africa and the Middle East
- Has spent extended periods in Asia, living and working in Korea (5 years) and Singapore (2 years)
- Born and raised in Sydney, Australia

Stellar FY2017 performance reflects superior execution

- **Strong reported results with EPS +62.7%**
  - Revenue +2.2% with underlying growth +5.5% and favourable FX +2.5pp partially offset by divestitures -5.8pp
  - Operating profit +55.1%, with 90% driven by robust Core Earnings growth
  - Tax rate from 19.4% in FY2016 to 14.0% in FY2017 due to DTL re-measurement
- **Industry-leading underlying results with EPS +44.8% vs prior year**
  - Underlying Revenue +5.5% with Growth Drivers up +12.8%
  - Underlying CE increased +40.2% with CE margin up 420bps
  - Global Opex Initiative exceeded target
- **Exiting FY2017 in a sound financial position**
  - Substantial increase of Operating Free Cash Flow by +52.9% to 242.9 Bn yen
  - Net debt / EBITDA reduced from 2.7x in FY2016 to 1.8x in FY2017

Reported EPS up 62.7% reflecting strong CE growth

Reported P&L – Full Year FY2017

(Bn yen)	FY2016	FY2017	vs. PY	
Revenue	1,732.1	1,770.5	+38.5	+2.2%
Core Earnings	245.1	322.5	+77.4	+31.6%
Operating Profit	155.9	241.8	+85.9	+55.1%
Net Profit	114.9	186.9	+71.9	+62.6%
EPS	147 yen	239 yen	+92 yen	+62.7%
ROE	6.0%	9.6%		+3.6pp
JPY/USD	109 yen	111 yen	+2 yen	+2.0%
JPY/EUR	120 yen	129 yen	+10 yen	+8.2%

Underlying CE growth of 40.2% reflects strong revenue growth & significant margin step up

Underlying P&L – Full Year FY2017

(Bn yen)	FY2016	FY2017	vs. PY	
Revenue	1,622.1	1,711.1	+88.9	+5.5%
Gross Profit	1,120.8	1,229.3	+108.5	+9.7%
% of revenue	69.1%	71.8%		+2.8pp
OPEX	-916.3	-942.6	-26.3	-2.9%
% of revenue	56.5%	55.1%		+1.4pp
Core Earnings	204.4	286.7	+82.3	+40.2%
% of revenue	12.6%	16.8%		+4.2pp
Core Net Profit	150.3	217.5	+67.3	+44.8%
Core EPS	192 yen	279 yen	+86 yen	+44.8%

Substantial increase of Operating Free Cash Flow by +52.9% to 242.9 Bn yen

Cash Flow Statement – Full Year FY2017

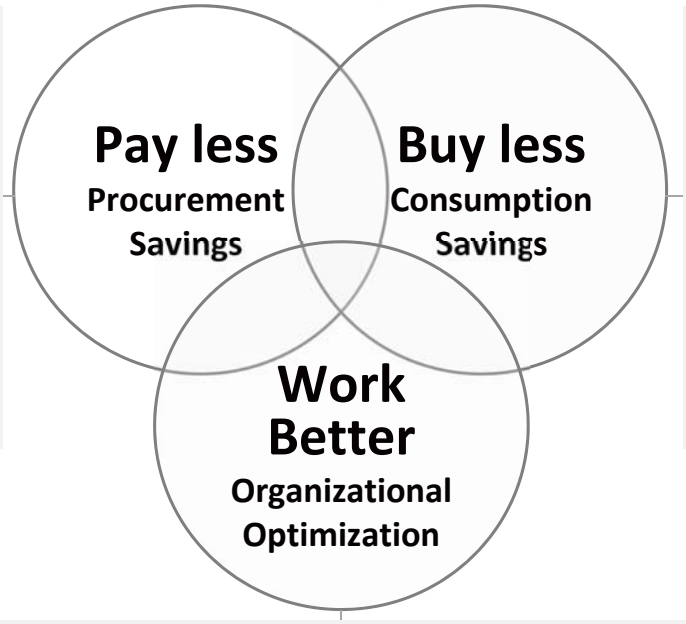
(Bn yen)	FY2016	FY2017	vs. PY	
Net profit	115.5	186.7	+71.2	+61.6%
Depreciation, amortization and impairment loss	222.8	195.7	-27.1	
Decrease (increase) in trade working capital	9.1	19.9	+10.8	
Income taxes paid	-40.8	-29.9	+10.9	
Other*	-54.5	-21.4	+33.2	
Net cash from operating activities	252.1	351.1	+98.9	+39.2%
Acquisition of tangible assets (net)**	-58.7	-63.6	-4.9	
Acquisition of intangible assets***	-34.7	-44.6	-9.9	
Operating Free Cash Flow	158.8	242.9	+84.1	+52.9%

- Sale of non-core assets generated an additional 164.4 Bn yen of cash
- Net debt / EBITDA reduced from 2.7x in FY2016 to 1.8x in FY2017

The following items have been excluded from the above cash flow statement:
* (FY2016) 40.8 Bn yen payment into escrow in association with the Unipharm transaction and 50.0 Bn yen insurance proceeds related to the ACTOS settlement.
(FY2017) 26.8 Bn yen of cash benefit with a payment from escrow regarding the Unipharm transaction (offset by an outflow entry in "investing activities").
** (FY2017) 31.9 Bn yen proceeds of the sale of real estate.
*** (FY2016) Payment of 15.7 Bn yen to buy back future royalties. (FY2017) Payment of 16.6 Bn yen to buy back future royalties.

Global Opex Initiative tracking ahead of target

- FY2017 savings 29.1 Bn Yen (+2% vs. PY) & exceeded internal plans
- Price management initiatives for all 11 cost packages in place.



- Exceeded FY2017 cost package goal by 26%
- Policy and Guideline rollout complete
- Significant consumption behavior changes in major spend areas
- Completed cost package budgeting process (zero-based)

- Opportunities for optimization identified; functional transformations initiated
- Takeda Business Services formed with HR, Finance and Procurement in scope

FY2018 Underlying revenue continues to grow despite impact of Velcade decline

	pp impact on Takeda revenue growth
Business momentum	**+5-6%**
Velcade Loss of Exclusivity	**-3.5pp**
Portfolio changes	**-0.9pp**
Acquisitions	+0.3pp
Returned portfolio*	-1.2pp
Underlying revenue growth	**Low single digit**

- U.S. Velcade financial assumption is one additional therapeutically non-equivalent competitor with IV and SC administration launching in September 2018 [Global revenue: FY17 129.6 Bn yen; FY18 75.5 Bn yen]**
- Less favorable price environment (especially in Japan)

*Expiry of distribution agreement: OTC Biofermin in Japan and other products in EM
** Applying constant currency based on FY2018 plan rate

IV: intravenous, SC: subcutaneous

Underlying Core Earnings margin expanding over 500bps in 2 years

	Underlying CE margin YoY change
FY2017	**+420bps**
FY2018	**+100-200bps**
2 year margin expansion	**+520-620bps**

- Continued product mix improvement (slower pace in FY2018 due to Velcade)
- Global Opex Initiative underpins margin improvement

Global Opex will underpin our margin ambitions well into the future

FY2018 Global Opex Priorities

Buy Less / Pay Less
(Zero Based Budgeting "ZBB")

- **Second cycle of ZBB for 11 cost packages**
  - Addressing 170bn yen of spend
- **Continued procurement savings exploiting cost transparency**
- **Control & monitoring rollout**

Work Better
(Organizational optimization & Takeda Business Services "TBS")

- **Functional transformations ongoing**
  - Finance, HR, Procurement
- **TBS is a key enabler**
  - Enabling margin ambitions
  - Simplifying processes
  - Leveraging scale

Revenue and earnings growth momentum maintained in FY2018 despite Velcade decline

	FY2018 guidance (growth %)
Underlying Revenue	Low single digit
Underlying Core Earnings	High single digit
Underlying Core EPS	Low-teens
Annual dividend per share	180 yen (irrespective of any potential transaction)

FY2018 underlying business strength lessens the impact of a significant decline in one-time income

Reported Forecast – Full Year FY2018

(Bn yen)	FY2017 Actual	FY2018 Forecast	Fav/(unfav)	
Revenue	1,770.5	1,737.0	-33.5	-1.9%
R&D expenses	-325.4	-311.0	+14.4	+4.4%
Core Earnings	322.5	309.5	-13.0	-4.0%
Amortization & impairment	-122.1	-108.0	+14.1	+11.6%
Other income/expense*	41.4	-0.5	-41.9	-101.2%
Operating profit	241.8	201.0	-40.8	-16.9%
Profit before tax	217.2	183.0	-34.2	-15.7%
Net profit	186.9	139.0	-47.9	-25.6%
EPS	239 yen	178 yen	-61 yen	-25.7%
USD/JPY	111 yen	108 yen	-3 yen	-2.5%
EUR/JPY	129 yen	133 yen	+4 yen	+2.9%

Impact of FX and divestitures on growth

Revenue -1.9%	
• FX	~-1.0pp
• Divestitures	~-2.0pp
Core Earnings -4.0%	
• FX	~-3.0pp
• Divestitures	~-7.0pp

Key items (Bn yen)	FY2017	FY2018
Amortization	**-126.1**	**-96.0**
Impairment	**4.0**	**-12.0**
Other income	**169.4**	**65.0**
• Sale of Wako shares	106.3	-
• Sale of real estate	18.8	55.5
• LLP transfer gain	27.5	4.5
Other expense	**-126.6**	**-65.5**
• Restructuring	-44.7	-40.5
• CTA	-41.7	-

* Includes non-recurring items

This financial outlook does not include any estimated financial impact related to the proposed acquisition of Shire plc by Takeda.
A financial outlook that does include the estimated financial impact of the deal will be announced by Takeda once a reasonable assumption has been confirmed.

Raising our objectives for non-core asset disposals by the end of FY2018

(Bn yen)

	Progress in FY2017	May 2017 Guidance		Revised Objective by end of FY2018
Real estate disposals	39.3	60		
Sale of securities	40.6	70		
Total	79.9	130	→	190

Real estate: 44.5 Bn yen for Tokyo HQ* in FY2018

Securities: no P&L gain after March 31, 2018 (IFRS 9)

* 49.5 Bn yen sale price, 5.0 Bn yen received in FY2017

Takeda maintains strong and strict investment criteria with a clear dividend commitment

Capital allocation priorities

1. Internal investment in R&D and product launches
2. Dividend as key component of shareholder returns
3. Maintain investment grade credit rating
4. Disciplined and focused partnerships / acquisitions

Dividend commitment

Strongly committed to shareholder returns with the dividend as a key component

Strategic focus & superior execution is driving strong results

- **FY2017 results reflect superior execution**
  - ***Reported:*** Revenue +2.2%; Operating Profit +55.1%; EPS +62.7%
  - ***Underlying:*** Revenue +5.5%; Core Earnings +40.2%; Core EPS +44.8%
    Underlying Core Earnings margin expansion +420bps
- **In FY2018 strong underlying business will offset Velcade decline**
  - Low-single digit Underlying Revenue growth, despite -4.4pp of headwinds
  - Underlying CE margin at the lower end of +100-200bps range
  - Underlying Core EPS growth projected at "Low-teens"
- **Confident in outlook for continued profitable growth**

My commitment

- Relentless focus on strategic priority of boosting profitability
- Committed to execution of the Global Opex Initiative
- Committed to 100-200bps/year underlying Core Earnings margin improvement
- Confirming existing dividend policy
- Confirming capital allocation priorities and commitment to investment grade
- Strict financial discipline
- Effective and transparent communication with investors & analysts

Appendix

Definition of Core and Underlying Growth

Core Results Concept

Core Earnings is calculated by taking Gross Profit and deducting SG&A expenses and R&D expenses.
In addition, certain other items that are non-core in nature and significant in value may also be adjusted. This may include items such as the impact of natural disasters, purchase accounting effects, major litigation costs, integration costs and government actions, amongst others. The threshold for adjustments is set deliberately high at 1 Bn yen to ensure accountability and credibility.

Core EPS is calculated by taking Core Earnings and adjusting for items that are non-core in nature and significant in value (over 1 Bn yen) within each account line below Operating Profit. This includes, amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration. In addition to the tax effects related to these items, the tax effects related to the above adjustments made in Core Earnings are also adjusted for when calculating Core EPS.

Underlying Growth

Underlying growth compares two periods (quarters or years) of financial results on a common basis, showing the ongoing performance of the business excluding the impact of foreign exchange and divestitures from both periods.

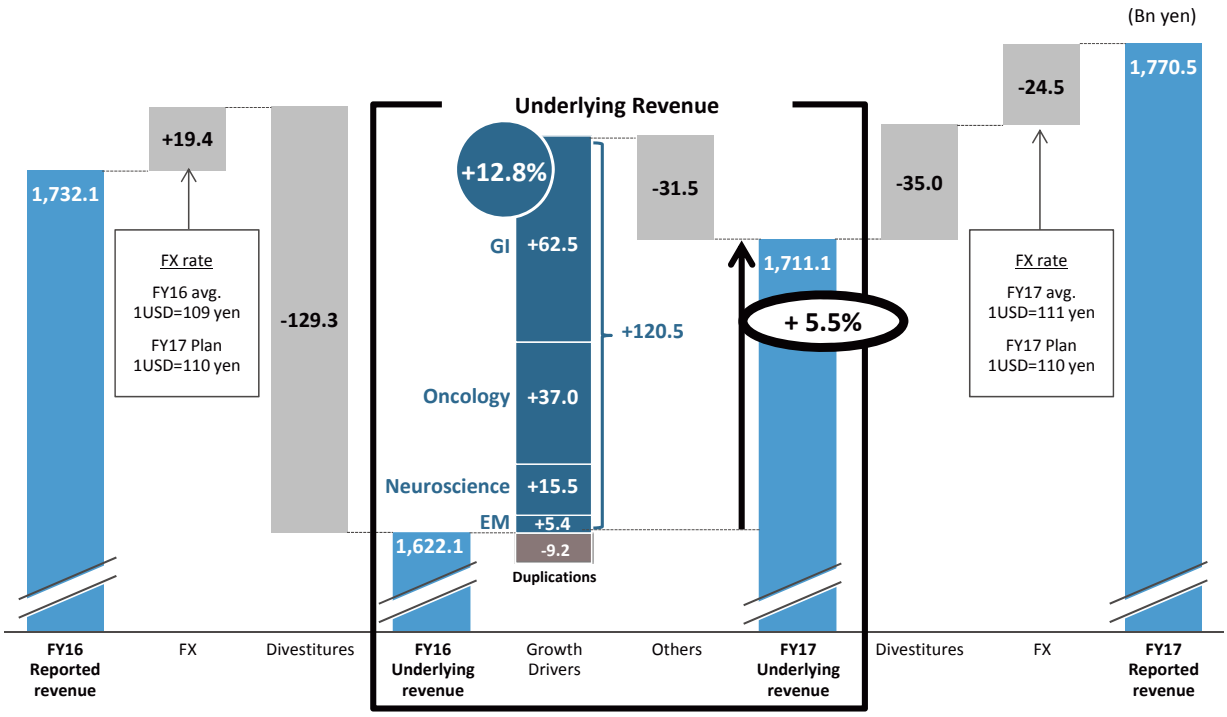
Constant Currency: Takeda operates globally and is exposed to movements in various different foreign exchange rates. Consequently, financial result comparisons between different periods can be, and often are, distorted by differences in the exchange rates at which transactions in foreign currencies are recorded. To enable management and external stakeholders to better understand underlying changes in financial performance, undistorted by the effects of movements in exchange rates, underlying results are prepared using constant exchange rates (CER), typically the budgeted exchange rates for the current year.

Underlying revenue of Growth Drivers

(Bn yen)	FY2016	FY2017	vs. PY	
ENTYVIO	144.7	196.6	+51.9	+35.9%
TAKECAB	34.1	55.1	+21.0	+61.7%
DEXILANT	63.5	64.9	+1.4	+2.2%
AMITIZA	34.1	33.5	-0.7	-2.0%
LANSOPRAZOLE	39.5	34.1	-5.3	-13.5%
GI*	**316.0**	**384.3**	**+68.3**	**+21.6%**
ICLUSIG	2.8	22.9	+20.1	NA
NINLARO	29.6	45.7	+16.1	+54.2%
ADCETRIS	30.6	37.7	+7.1	+23.2%
ALUNBRIG	—	2.8	+2.8	NA
VECTIBIX	18.8	18.9	+0.2	+0.9%
LEUPRORELIN	114.7	112.4	-2.3	-2.0%
VELCADE	139.1	135.8	-3.3	-2.4%
Oncology	**335.6**	**376.2**	**+40.6**	**+12.1%**
TRINTELLIX	32.3	47.8	+15.5	+47.9%
REMINYL	17.4	17.8	+0.4	+2.6%
COPAXONE	0.6	0.9	+0.2	+33.8%
ROZEREM	18.3	17.6	-0.7	-3.8%
Neuroscience	**68.6**	**84.1**	**+15.5**	**+22.6%**

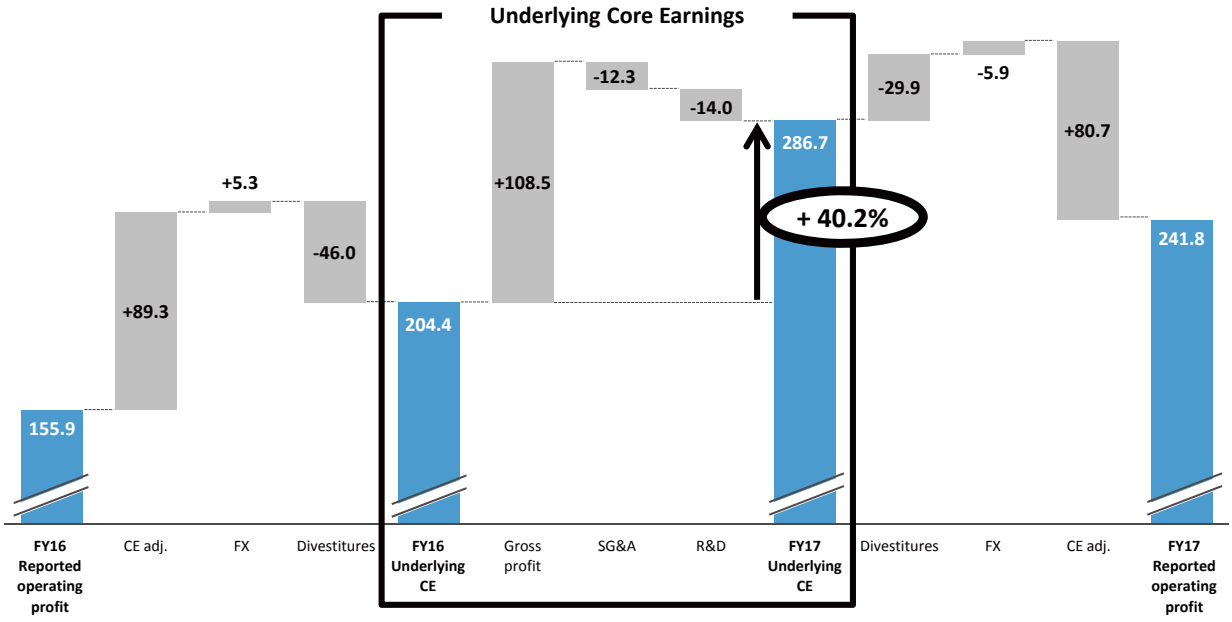
* Sales of pantoprazole is not included in GI (Gastroenterology). As it is a key driver in emerging markets, its sales is included in the 4th Growth Driver, EM.

Underlying revenue increased +5.5% led by Growth Drivers



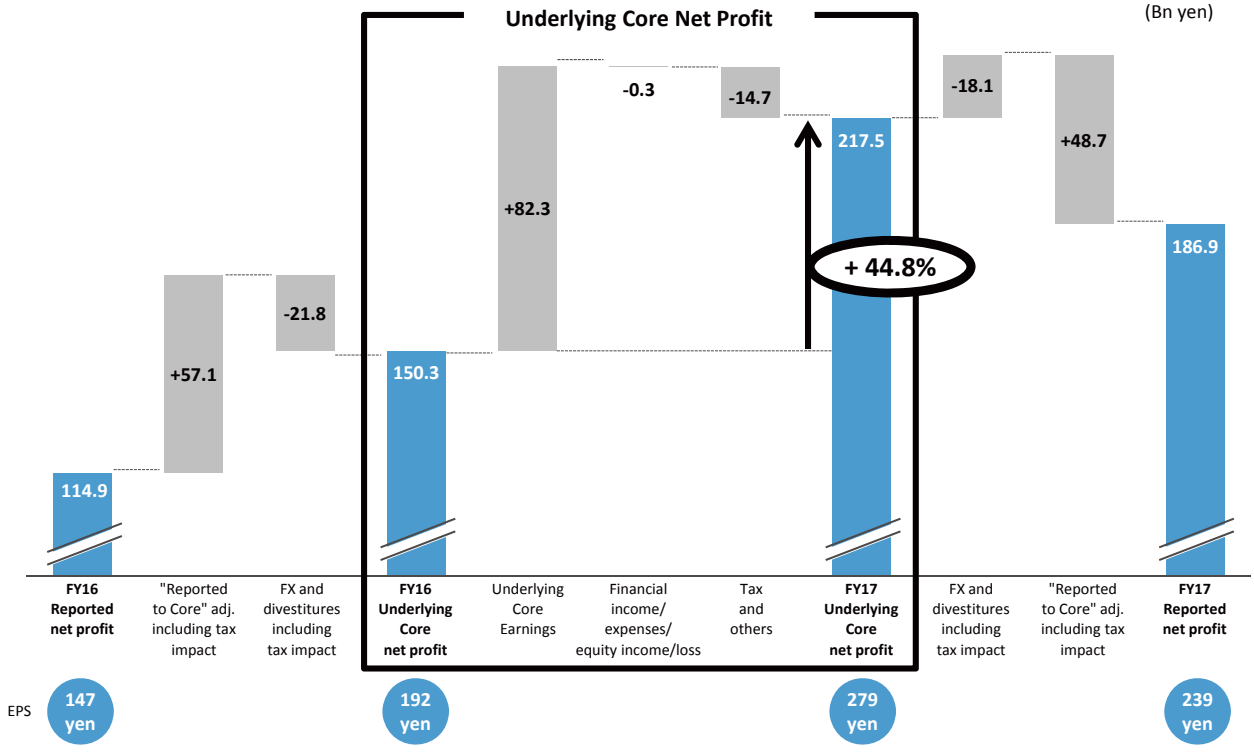
Underlying Core Earnings up +40.2% driven by volume/mix

(Bn yen)



Underlying Core net profit/EPS up +44.8% driven by Core Earnings

(Bn yen)



FY2017 reported income statement

(Bn yen)	FY2016	FY2017	vs. PY	
Revenue	**1,732.1**	**1,770.5**	**+38.5**	**+ 2.2%**
Gross Profit	**1,173.3**	**1,274.6**	**+101.3**	**+ 8.6%**
% of revenue	67.7%	72.0%		+4.3pp
SG&A	-619.1	-628.1	-9.0	- 1.5%
R&D	-312.3	-325.4	-13.1	- 4.2%
Non-recurring Items	***3.2***	***1.4***		
Core Earnings	***245.1***	***322.5***	***+77.4***	***+ 31.6%***
Amortization and impairment of intangibles	-156.7	-122.1	+34.6	+ 22.1%
Other income/expenses	70.7	42.9	-27.8	- 39.3%
Non-recurring Items (reversal)	***-3.2***	***-1.4***		
Operating Profit	**155.9**	**241.8**	**+85.9**	**+ 55.1%**
% of revenue	9.0%	13.7%		+4.7pp
Financial income/expenses	-11.0	7.6	+18.6	NA
Equity income/loss	-1.5	-32.2	-30.7	NA
Profit Before Tax	**143.3**	**217.2**	**+73.9**	**+ 51.5%**
Income tax	-27.8	-30.5	-2.7	- 9.6%
Non-controlling interests	-0.6	0.2	+0.8	NA
Net Profit	**114.9**	**186.9**	**+71.9**	**+ 62.6%**
EPS	**147 yen**	**239 yen**	**+92 yen**	**+ 62.7%**

FY2017 Q4 reported income statement

(Bn yen)	FY2016 Q4	FY2017 Q4	vs. PY	
Revenue	**416.2**	**401.0**	**-15.2**	**- 3.7%**
Gross Profit	**281.8**	**290.1**	**+8.3**	**+ 2.9%**
% of revenue	67.7%	72.3%		+4.6pp
SG&A	-179.7	-171.8	+7.9	+ 4.4%
R&D	-88.5	-88.8	-0.3	- 0.3%
Non-recurring Items	***3.2***	***0.3***		
Core Earnings	***16.8***	***29.8***	***+13.0***	***+ 77.4%***
Amortization and impairment of intangibles	-54.6	-35.8	+18.8	+ 34.4%
Other income/expenses	-20.6	-74.2	-53.6	NA
Non-recurring Items (reversal)	***-3.2***	***-0.3***		
Operating Profit	**-61.6**	**-80.5**	**-18.9**	**- 30.8%**
% of revenue	-14.8%	-20.1%		-5.3pp
Financial income/expenses	-2.7	8.7	+11.4	NA
Equity income/loss	-1.2	1.1	+2.3	NA
Profit Before Tax	**-65.5**	**-70.7**	**-5.2**	**- 8.0%**
Income tax	13.0	16.7	+3.8	+ 29.0%
Non-controlling interests	1.8	-0.0	-1.8	NA
Net Profit	**-50.7**	**-54.0**	**-3.3**	**- 6.5%**
EPS	**- 65 yen**	**- 69 yen**	**- 4 yen**	**- 6.4%**

Bridge from Reported Revenue to Underlying Revenue

(Bn yen)	Q4 FY2016	Q4 FY2017	Q4 vs. PY		Full year FY2016	Full year FY2017	Full year vs. PY	
Revenue	**416.2**	**401.0**	**-15.2**	**- 3.7%**	**1,732.1**	**1,770.5**	**+38.5**	**+ 2.2%**
FX effects*	-6.3	-6.2		*-0.0pp*	19.4	-24.5		*-2.5pp*
Revenue excluding FX effects*	409.9	394.8	-15.1	- 3.7%	1,751.4	1,746.0	-5.4	- 0.3%
Divestitures**	-28.1	-6.7		*+5.3pp*	-129.3	-35.0		*+5.8pp*
Wako	-20.7	—			-79.1	—		
LLPs sold to Teva JV	-4.6	-1.1			-24.2	-24.0		
Respiratory business	-0.9	0.0			-6.2	-1.8		
Contrave	-1.6	—			-11.1	—		
TAK-935	—	—			—	-3.5		
TAK 385 (relugolix)	—	—			-6.4	—		
Others	-0.3	-5.6			-2.3	-5.6		
Underlying Revenue	**381.8**	**388.0**	**+6.2**	**+ 1.6%**	**1,622.1**	**1,711.1**	**+88.9**	**+ 5.5%**

* FX adjustment applies FY2017 plan rate to both years (1USD=110 yen, 1EUR=120 yen)
** Divestitures adjustments in FY2016, mainly include Wako 's revenue and sales of LLPs sold to the JV with Teva in May 2017, and in FY2017, mainly include one-time gain of those LLPs.
Note: See reported to core, core to underlying reconciliation Excel sheet uploaded onto the website.

Bridge from Operating Profit to Underlying Core Earnings

(Bn yen)	Q4 FY2016	Q4 FY2017	Q4 vs. PY		Full year FY2016	Full year FY2017	Full year vs. PY	
Operating Profit	**-61.6**	**-80.5**	**-18.9**	**- 30.8%**	**155.9**	**241.8**	**+85.9**	**+ 55.1%**
Amortization and impairment of intangibles	54.6	35.8	-18.8		156.7	122.1	-34.6	
Other income/expenses	20.6	74.2	+53.6		-70.7	-42.9	+27.8	
Non-recurring items	3.2	0.3	-2.9		3.2	1.4	-1.8	
Core Earnings	**16.8**	**29.8**	**+13.0**	**+ 77.4%**	**245.1**	**322.5**	**+77.4**	**+ 31.6%**
FX effects*	-0.7	-1.3	-0.6		5.3	-5.9	-11.2	
Divestitures**	-9.4	-4.4	+5.0		-46.0	-29.9	+16.1	
Wako	-1.8	—	+1.8		-7.2	—	+7.2	
LLPs sold to Teva JV	-4.4	-0.9	+3.5		-23.3	-21.2	+2.1	
Respiratory business	-1.6	0.0	+1.6		-3.8	-1.7	+2.1	
Contrave	-1.6	—	+1.6		-4.5	—	+4.5	
TAK-935	—	—	—		—	-3.5	-3.5	
TAK 385 (relugolix)	—	—	—		-6.4	—	+6.4	
Others	0.0	-3.6	-3.6		-0.8	-3.6	-2.7	
Underlying Core Earnings	**6.6**	**24.1**	**+17.4**	**NA**	**204.4**	**286.7**	**+82.3**	**+ 40.2%**

* FX adjustment applies FY2017 plan rate to both years (1USD=110 yen, 1EUR=120 yen)
** Divestitures adjustments in FY2016, mainly include Wako 's profits and profits of LLPs sold to the JV with Teva in May 2017, and in FY2017, mainly include one-time gain of those LLPs.
Note: See reported to core, core to underlying reconciliation Excel sheet uploaded onto the website.

Bridge from Net Profit to Underlying Core Net Profit

(Bn yen)	Q4 FY2016	Q4 FY2017	Q4 vs. PY		Full year FY2016	Full year FY2017	Full year vs. PY	
Net Profit	**-50.7**	**-54.0**	**-3.3**	**- 6.5%**	**114.9**	**186.9**	**+71.9**	**+ 62.6%**
EPS	***- 65 yen***	***- 69 yen***	***- 4 yen***	***- 6.4%***	***147 yen***	***239 yen***	***+ 92 yen***	***+ 62.7%***
Amortization and impairment of intangibles	32.9	24.9	-8.0		101.2	86.2	-15.0	
Other income/expenses	8.6	56.9	+48.3		-53.1	-21.7	+31.4	
Gain on sales of securities	-1.9	-9.9	-8.0		-1.9	-20.9	-19.0	
Other exceptional gains and losses	4.1	0.3	-3.8		10.9	5.2	-5.7	
Core Net Profit	**-7.1**	**18.2**	**+25.3**	**NA**	**172.1**	**235.6**	**+63.6**	**+ 37.0%**
FX effects*	2.7	0.2	-2.5		10.0	2.7	-7.4	
Divestitures**	-6.2	-3.1	+3.1		-31.8	-20.8	+11.1	
Underlying Core Net Profit	**-10.6**	**15.3**	**+25.9**	**NA**	**150.3**	**217.5**	**+67.3**	**+ 44.8%**
Underlying Core EPS	***- 14 yen***	***20 yen***	***+ 33 yen***	***NA***	***192 yen***	***279 yen***	***+ 86 yen***	***+ 44.8%***

* FX adjustment applies FY2017 plan rate to both years (1USD=110 yen, 1EUR=120 yen)
** Divestitures adjustments in FY2016, mainly include Wako 's profits and profits of LLPs sold to the JV with Teva in May 2017, and in FY2017, mainly include one-time gain of those LLPs.
Note: See reported to core, core to underlying reconciliation Excel sheet uploaded onto the website.

FY2017 underlying income statement

(Bn yen)	FY2016	FY2017	vs. PY	
Underlying Revenue	**1,622.1**	**1,711.1**	**+88.9**	**+ 5.5%**
Underlying Gross Profit	**1,120.8**	**1,229.3**	**+108.5**	**+ 9.7%**
% of revenue	69.1%	71.8%		+2.8pp
SG&A	-607.8	-620.1	-12.3	- 2.0%
R&D	-308.5	-322.5	-14.0	- 4.5%
Underlying Core Earnings	**204.4**	**286.7**	**+82.3**	**+ 40.2%**
% of revenue	12.6%	16.8%		+4.2pp
Financial income/expenses	-6.1	-7.9	-1.8	- 29.9%
Equity income/loss	6.2	7.7	+1.5	+ 24.6%
Underlying Core Profit Before Tax	**204.5**	**286.5**	**+82.0**	**+ 40.1%**
Income tax	-53.2	-69.1	-15.9	- 29.9%
Non-controlling interests	-1.1	0.2	+1.2	NA
Underlying Core Net Profit	**150.3**	**217.5**	**+67.3**	**+ 44.8%**
Underlying Core EPS	**192 yen**	**279 yen**	**+86 yen**	**+ 44.8%**

FY2017 Q4 underlying income statement

(Bn yen)	FY2016 Q4	FY2017 Q4	vs. PY	
Underlying Revenue	**381.8**	**388.0**	**+6.2**	**+ 1.6%**
Underlying Gross Profit	**261.6**	**282.1**	**+20.5**	**+ 7.8%**
% of revenue	68.5%	72.7%		+4.2pp
SG&A	-169.6	-169.6	+0.0	+ 0.0%
R&D	-85.4	-88.5	-3.1	- 3.6%
Underlying Core Earnings	**6.6**	**24.1**	**+17.4**	**NA**
% of revenue	1.7%	6.2%		+4.5pp
Financial income/expenses	-2.6	-2.1	+0.6	+ 21.7%
Equity income/loss	-0.2	2.0	+2.2	NA
Underlying Core Profit Before Tax	**3.8**	**24.0**	**+20.2**	**NA**
Income tax	-14.2	-8.7	+5.5	+ 38.7%
Non-controlling interests	-0.2	-0.0	+0.2	+ 80.1%
Underlying Core Net Profit	**-10.6**	**15.3**	**+25.9**	**NA**
Underlying Core EPS	**- 14 yen**	**20 yen**	**+33 yen**	**NA**

FY2017 Teva JV impact

Underlying PBT impact in FY2017: 15.4 Bn yen

- **Equity earnings from JV transaction: 7.4 Bn yen**
- **Profit from supply and distribution services: 8.1 Bn yen**

	JV transaction		Supply & distribution		Total	
(Bn yen)	Reported	Underlying	Reported	Underlying	Reported	Underlying
Revenue	**15.6**		**17.9**	**13.7**	**33.5**	**13.7**
Sale of additional 7 LLPs*	14.5				14.5	
Deferred gain of 7 LLPs*	1.1				1.1	
Supply & distribution			17.9	13.7	17.9	13.7
Core Earnings	**15.6**		**11.4**	**8.1**	**27.0**	**8.1**
Other operating income	**27.5**				**27.5**	
Deferred gain (amortization)**	5.8				5.8	
Deferred gain (impairment)**	21.7				21.7	
Equity earnings	**-32.6**	**7.4**			**-32.6**	**7.4**
Amortization of LLPs	-4.3				-4.3	
Impairment	-35.7				-35.7	
Normal business	7.4	7.4			7.4	7.4
Profit before tax	**10.5**	**7.4**	**11.4**	**8.1**	**21.8**	**15.4**

* Total sales price of 28.5 Bn yen for additional 7 LLPs. 51% (14.5 Bn yen) recognized as revenue in May 2017. Remaining 49% deferred over 12 years.
** 51% (102.9 Bn yen) value of transferred asset recognized as other operating income in April 2016 for the LLP business transfer to Teva JV. Remaining 49% deferred over 15 years.

Amortization and impairment forecast

(Bn Yen)	FY2017	FY2018	future
Amortization	-126.1	-96.0	
Nycomed	-39.3	-39.4	Most assets amortized by FY2026
Millennium	-39.7	-2.4	Velcade fully amortized in FY2017
ARIAD	-19.7	-19.2	Increases by an additional ~13.0 Bn yen, following Alunbrig 1L approval
Impairment	4.0	-12.0	
Amortization & impairment	-122.1	-108.0	

Strong cash generation has allowed rapid de-leveraging from 2.7x in March 2017 to 1.8x in March 2018

Use of Cash – FY2017

(Bn yen)	FY2016	FY2017	vs. PY	
Operating Free Cash Flow	158.8	242.9	+84.1	+52.9%
Real estate disposal*	1.5	39.3		
Sale of Wako shares	—	84.5	164.4	
Sale of other shareholdings**	5.2	40.6		
Payment into restricted deposit of TiGenix	—	-71.8		
Repayment of long term loans and bonds	-191.8	-140.0		
Dividend	-141.7	-141.9		
Others	35.9	-78.6		
Net increase (decrease) in cash	-132.0	-24.9	+107.0	+81.1%
Debt	-1,144.9	-985.7	+159.2	+13.9%
Net cash (debt)	-824.3	-691.1	+133.2	+16.2%
Gross debt/EBITDA ratio	3.7 x	2.6 x	- 1.1	
Net debt/EBITDA ratio	2.7 x	1.8 x	- 0.8	

* Disposal by Takeda Pharmaceutical Company Limited (Takeda) and its real estate subsidiary.
** Sale of shares by Takeda Pharmaceutical Company Limited.

FY2017 baseline for FY2018 Underlying growth guidance

(Bn yen)	FY2017
Revenue	1,770.5
FX effects	-37.5
Divestitures	-41.5
Underlying Revenue	1,691.5
Operating Profit	241.8
Amortization & impairment	+122.1
Other income	-169.4
Other expense	+126.6
Non-recurring items	+1.4
Core Earnings	322.5
FX effects	-12.2
Divestitures	-26.2
Underlying Core Earnings	284.1
% of revenue	16.8%
Underlying Core EPS (yen)	270

NOTE: Events in FY2018 may result in recalculation of the FY2017 baseline.
FY2018 underlying growth guidance is based on FY2018 plan rates (1USD=105 yen, 1EUR=130 yen, etc.)

Glossary of Abbreviations

AD	Alzheimer's disease	GI	gastrointestinal	NDA	new drug application
ADC	antibody drug conjugate	GnRH	gonadotropin-releasing hormone	Neg	negative
ADHD	attention deficit hyperactivity disorder	GvHD	graft versus host disease	NERD	non-erosive reflux disease
ALK	anaplastic lymphoma kinase	H2H	head to head	NSCLC	non-small cell lung cancer
ALS	amyotrophic lateral sclerosis	HER2	human epidermal growth factor receptor 2	PARP	poly (ADP-ribose) polymerase
ARD	acid-related diseases	HL	Hodgkin's lymphoma	Ph+ ALL	Philadelphia chromosome-positive acute lymphoblastic leukemia
BTK	Bruton's tyrosine kinase	HR MDS	high-risk myelodysplastic syndromes	R/R	relapsed/refractory
CD	Crohn's disease	IBD	inflammatory bowel disease	RA	rheumatoid arthritis
CIAS	cognitive impairment associated with schizophrenia	IO	immuno-oncology	RCC	renal cell cancer
CML	chronic myeloid leukemia	iPSC	induced pluripotent stem cells	SCT	stem cell transplant
CMML	chronic myelomonocytic leukemia	LBD	Lewy body dementia	SCZ	schizophrenia
CNS	central nervous system	LB AML	Low-Blast Acute Myeloid Leukemia	SLE	systemic lupus erythematosus
CRL	complete response letter	mAb	monoclonal antibodies	SR	steroid refractory
CTCL	cutaneous T-cell lymphoma	MAOB	monoamine oxidase B	SR-GvHD	steroid refractory acute graft vs host disease
DAAO	D-amino acid oxidase	MCL	mantle cell lymphoma	SubQ	subcutaneous formulation
DLBCL	diffuse large B-cell lymphoma	MDD	major depressive disorder	SYK	spleen tyrosine kinase
EGFR	epidermal growth factor receptor	MM	multiple myeloma	TESD	treatment emergent sexual dysfunction
FL ALK+	front line ALK-positive	MTCL	mature T-cell lymphoma	TRD	treatment resistant depression
FL HL	front line Hodgkin's lymphoma	NAE	NEDD8 activating enzyme	UC	ulcerative colitis

Better Health, Brighter Future

Takeda Pharmaceutical Company Limited