



Consolidated Financial Results for the Fiscal Year 2013 and Guidance for Sustainable Growth

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Takeda Pharmaceutical Company Limited

Agenda



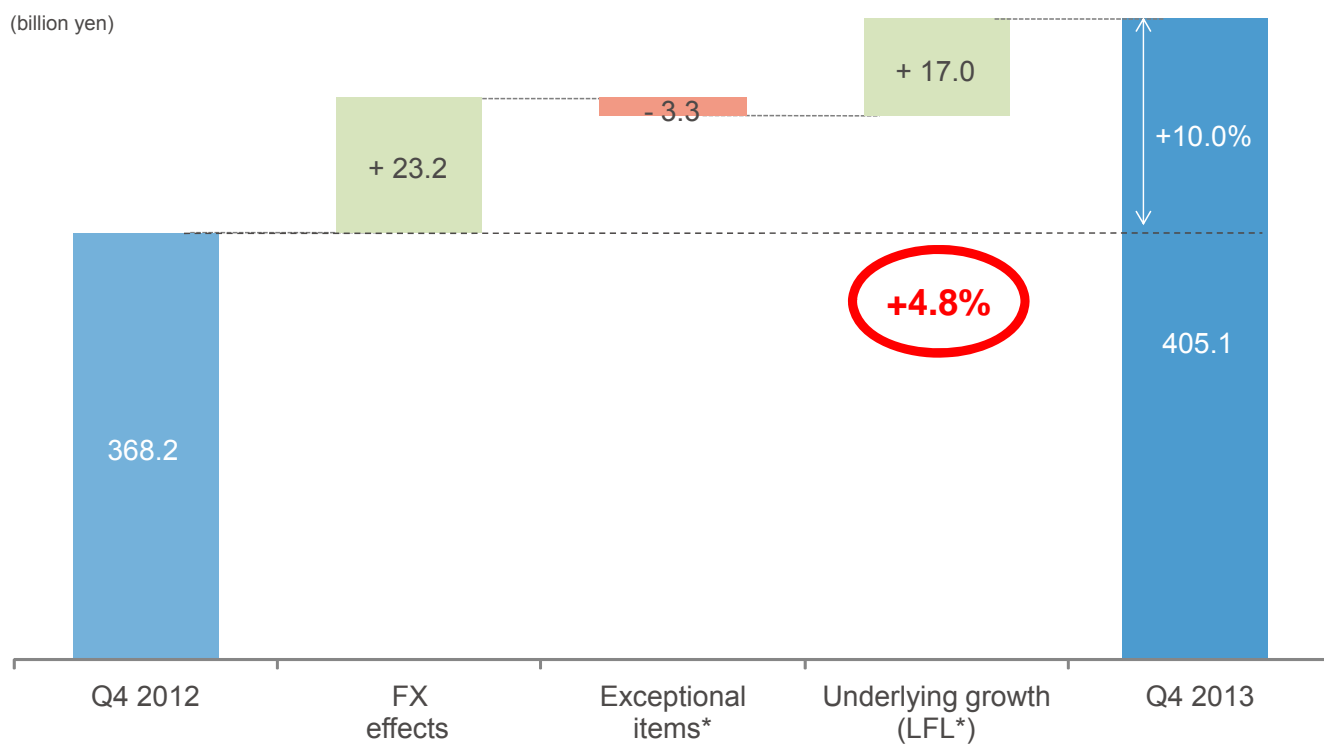
- Key highlights
- Revenue
- Income statement
- Balance sheet and cash flow
- Project Summit update
- Outlook
- Appendix

- Underlying revenue growth in Q4 at +4.8%*, full year FY2013 at +5.1%* in line with mid-range guidance
- Strong takeoff of project Summit with 34 billion yen savings in first year
- Profit improvement with +10% of growth in Core Earnings in FY2013
- Strong balance sheet, net cash surplus
- FY2014 will be a year of investment, mainly in the United States, with launches of Entyvio and Contrave and further support of recent launches like Brintellix and Nesina

*Like-for-like: See Appendix P.45, 46

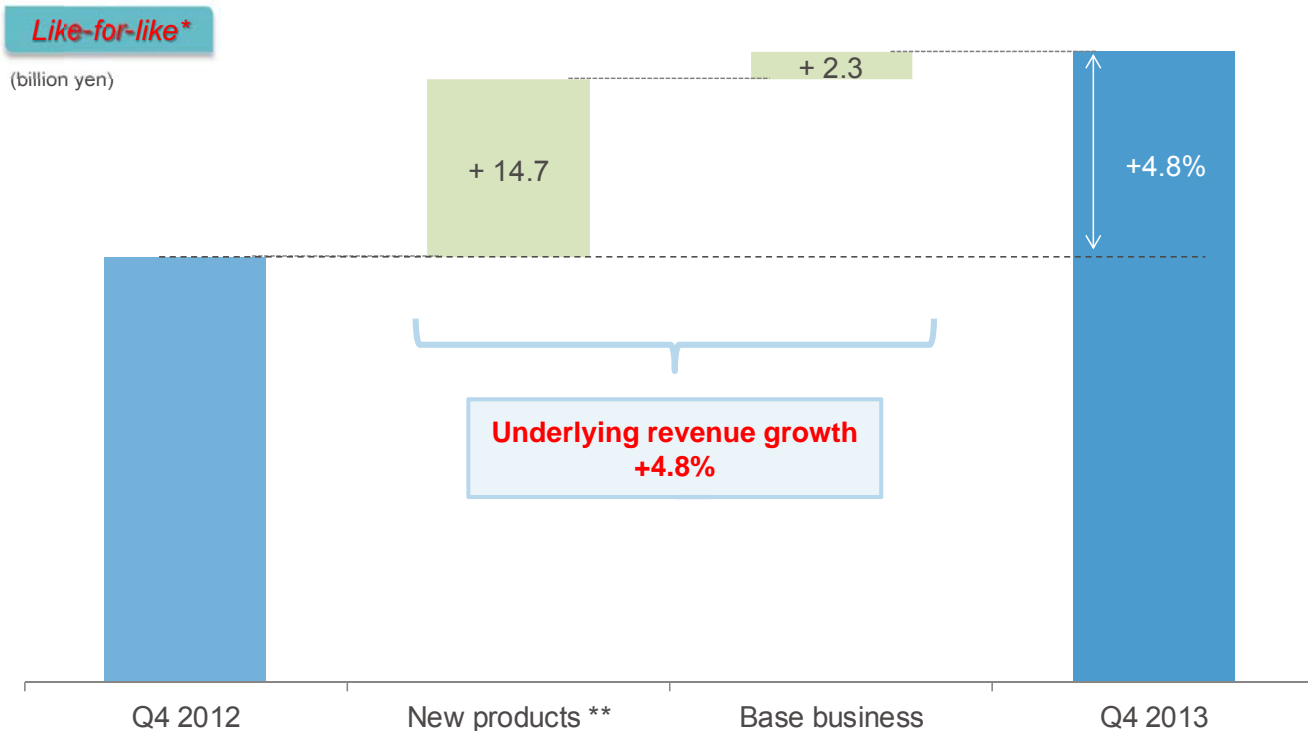
Revenue

Reported Q4 revenue growth at +10.0% driven by underlying growth and supported by forex



* Exceptional items and LFL (Like-for-like): See appendix P.45

Solid underlying Q4 revenue growth at +4.8% driven mainly by new products



* Like-for-like: See appendix P.45

** New products: Represent products launched within 5 years and include new products in acquired companies, but excludes fixed dose drugs with existing drugs and formulation change drugs

Top 10 products : Resilience of base business and growth of new products



billion yen	Q4			LFL*
	FY2012	FY2013	Growth	
Candesartan	36.7	32.1	- 12.7%	- 15.3%
Leuprorelin	28.8	28.5	- 1.3%	- 6.8%
Lansoprazole	24.6	28.3	+ 15.0%	+ 7.2%
Pantoprazole	21.5	25.8	+ 20.4%	+ 7.9%
Velcade	19.0	23.7	+ 25.0%	+ 6.2%
<u>Dexilant</u>	9.2	14.1	+ 52.1%	+ 31.9%
<u>Colcrys</u>	10.7	13.8	+ 29.4%	+ 10.8%
Enbrel	9.8	11.0	+ 12.1%	+ 10.1%
<u>Azilva</u>	1.3	9.4	-	-
<u>Nesina</u>	12.0	9.3	- 22.2%	- 24.3%
Other products	194.6	209.1	+ 7.5%	+ 4.9%
Total Revenue	368.2	405.1	+ 10.0%	+ 4.8%

Underlines indicate new products

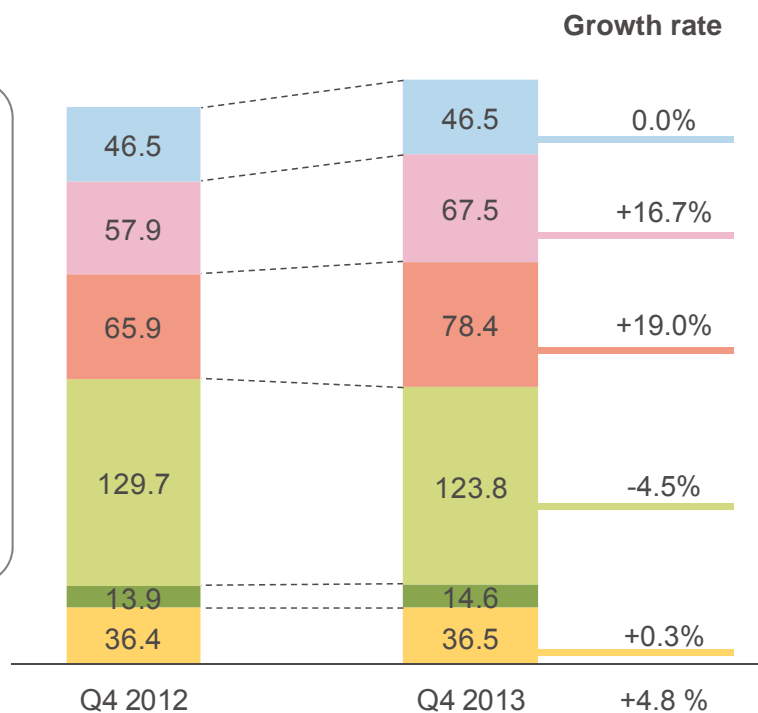
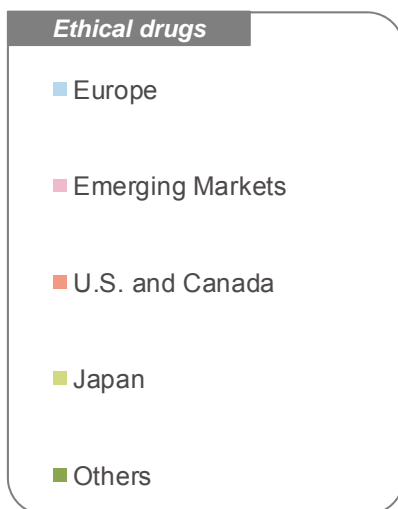
* LFL (Like-for-like): See appendix P.45

Slow down in Japan, acceleration in U.S. growth



Like-for-like*

(billion yen)



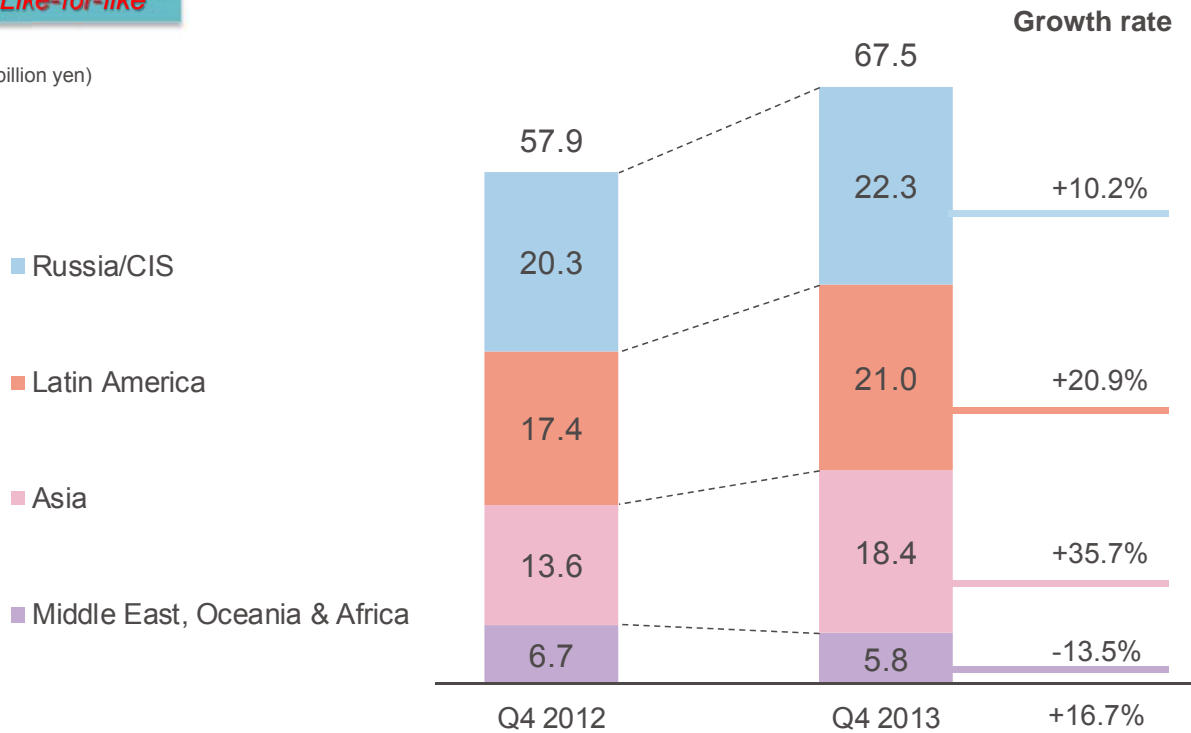
* Like-for-like: See appendix P.45

Emerging Markets: Attractive growth driver



Like-for-like*

(billion yen)



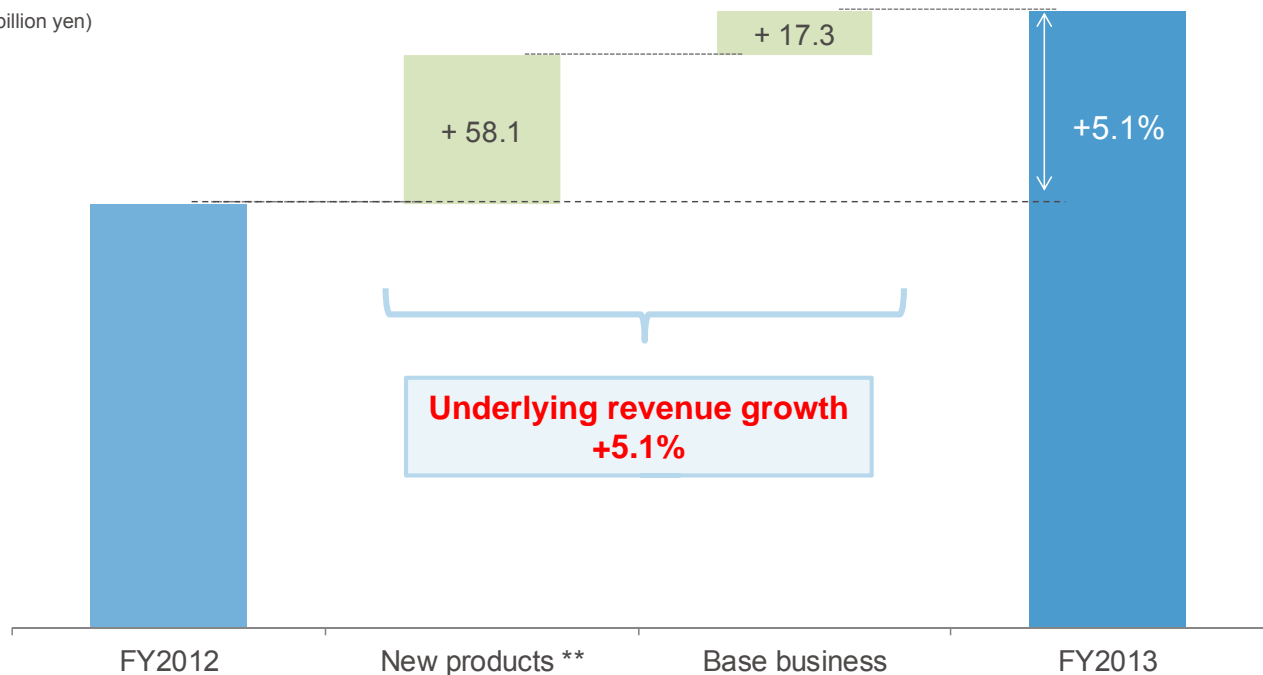
* Like-for-like: See appendix P.45

Full year underlying growth at +5.1%



Like-for-like*

(billion yen)

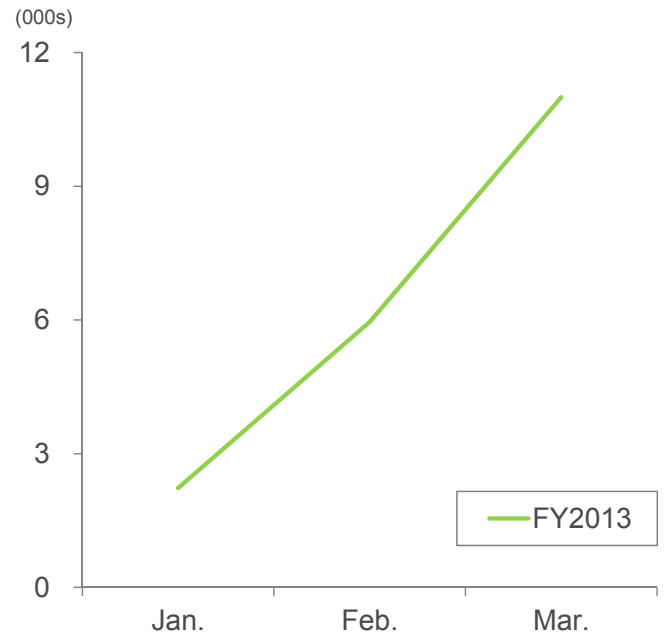
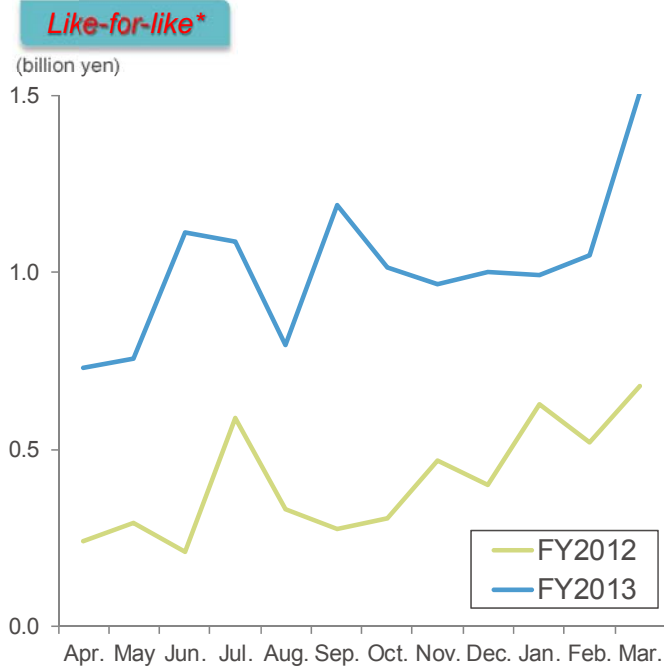


* Like-for-like: See appendix P.46

** New products: Represent products launched within 5 years and include new products in acquired companies, but excludes fixed dose drugs with existing drugs and formulation change drugs

Adcetris (Mainly Europe)

Brintellix (U.S.) – Number of prescription



* Like-for-like: See appendix P.46

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Income statement

Increase of operating profitability by +13.2 pts



billion yen	J-GAAP			LFL*
	Q4		Change	
	2012	2013		
Revenue	368.2	405.1	+ 10.0%	+ 4.8%
Gross Profit	252.4	286.1	+ 13.3%	+ 10.7%
% of Revenue	68.6%	70.6%	+2.1 pts	+2.2 pts
SG&A Expenses	187.9	194.5	+ 3.6%	- 15.4%
% of Revenue	51.0%	48.0%	-3.0 pts	-9.8 pts
R&D Expenses	92.7	105.1	+ 13.4%	+ 2.4%
% of Revenue	25.2%	26.0%	+0.8 pts	-1.2 pts
Operating Profit	-28.2	-13.6	-	-
% of Revenue	-7.7%	-3.4%	+4.3 pts	+13.2 pts

- Improving gross margin by +2.2 pt (LFL)
- Costs under control
- Flat R&D

* LFL (Like-for-like): See appendix P.45

Sustainable improvement in cost base



Like-for-like*	FY2013 vs FY2012	
	Q4	Full year
SG&A Expenses	-15.4%	-8.1%
R&D Expenses	+ 2.4%	-4.2%
Total	-9.0%	-6.7%

Positive impact of project Summit in first year with significant cost reduction without any impact on top-line growth

* Like-for-like: See appendix P.45,46

billion yen	IFRS		
	FY2012	FY2013	Change
Revenue	1,557	1,692	+ 8.6%
R&D Expenses	321	342	+ 6.3%
Operating Profit	65	139	+ 114.3%
Net Profit for the Year*	149	107	- 28.2%
EPS	188 yen	135 yen	- 53 yen
Core Earnings**	286	314	+ 10.1%
% of Revenue	18.3%	18.6%	+ 0.2 pts

* Net Profit for the Year under IFRS represents Net Profit for the Year attributable to owners of the Company.

** Calculated by deducting any temporary factors such as impacts from business combination accounting and from amortization/impairment loss of intangible assets etc., from operating profit

Balance sheet and cash flow

Strong balance sheet



billion yen	IFRS		
	Mar. 2013	Mar. 2014	Change
Non-current Assets	2,821	2,977	+ 155
Intangible Assets	1,096	1,136	+ 40
Goodwill	714	815	+ 101
Current Assets	1,231	1,593	+ 361
Cash and cash equivalents*	548	806	+ 258
Total Assets	4,053	4,569	+ 517
Non-current Liabilities	1,080	1,226	+ 145
Bonds and loans	583	705	+ 122
Current Liabilities	634	803	+ 169
Bonds and loans	2	155	+ 153
Total Liabilities	1,714	2,029	+ 314
Equity	2,338	2,541	+ 202
Equity ratio**	56.1%	54.1%	-2.0 pts

* Cash and cash equivalents: Includes short-term investments which mature or become due within one year from the reporting date

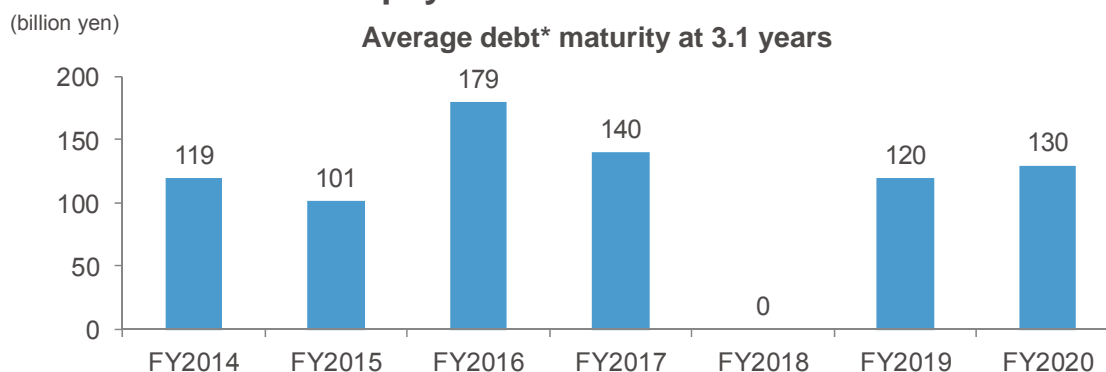
** Equity ratio: Represents Ratio of equity attributable to owners of the Company to total assets

Net cash surplus with liquidity secured



billion yen	IFRS	
	Mar. 2013	Mar. 2014
Gross debt*	-542.1	-790.3
Cash and cash equivalents**	547.7	805.7
Net cash	5.6	15.4
Net debt / EBITDA ratio	0.0	0.0

Repayment schedule of debt



* Debt figures in this slide represent Bonds and Loans FX rate hedged basis

** Cash and cash equivalents: Includes short-term investments which mature or become due within one year from the reporting date

billion yen	IFRS	
	FY2012	FY2013
EBITDA	389.9	392.3
Net working capital	13.4	-32.6
Capital expenditures	-112.3	-78.5
Income taxes paid * (normalized)	-93.3	-92.7
Operating FCF (normalized)	197.7	188.4

Improvements expected for working capital in 2014

* Income taxes paid does not include exceptional items, i.e. Tax refund related to Prevacid transactions and Tax received/payments related to advance pricing agreement (APA). (FY2012 127.8 bil yen, FY2013 -74.6 bil yen)

Project Summit update

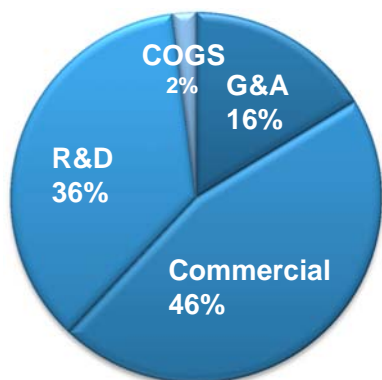
Project Summit

- Driving sales and profit growth through Takeda-wide strategic initiatives optimizing the effectiveness and efficiency of our entire operations
- Transforming into a truly globalized organization leveraging scale to create a “Global One Takeda”
- Reviewing and addressing business models across the organization to operate better and more efficiently
- Raising global competitiveness in every aspect of our business

Takeda has taken a strong first step to deliver real savings and begin its global transformation



Summit Savings by Function



■ G&A ■ Commercial ■ R&D ■ COGs

FY2013 savings: **34** billion yen

Delivery in first year of **33%** of our initial 5-year target of >100 billion yen

Attractive results from low-hanging fruit in the first year

• FY2013 implementation costs **17** billion yen

All savings figures are compared to actual FY2012 cost base

Summit achieving savings across all functions



Function	Activity
R&D	<ul style="list-style-type: none"> Created one Global Takeda R&D organization <ul style="list-style-type: none"> Integrated Oncology into Global R&D Consolidated Development in Japan (biologics and small molecules centers) & Europe (Denmark/ Switzerland/ UK site optimization) Optimized Research organization in Shonan Globalized R&D functions (Pharmacovigilance, Medical, Regulatory) Consolidated CRO usage, thereby reducing addressable spending by 10.4% in FY13, with further reduction of spend to 18% in FY14 on new contracts Reached agreement to transfer Takeda Analytical Research Laboratories business in Japan
Commercial	<ul style="list-style-type: none"> Realigned European sales & marketing (Multi-Country Organizations and key individual countries) First steps of consolidation in Brazil following Multilab acquisition Established global brand marketing approach for top brands (consistent strategy, branding, materials etc.); eliminate duplication of marketing activities across locations to reduce advertising & promotion spend; limited investment in tail products without damaging bottom line Created media agency networks and consolidated agencies, thereby reducing marketing spend and better managing demand (savings potential ~20% for future work in base case, with upside depending on volume)

Summit achieving savings across all functions (cont.)



Function	Activity
G&A	<ul style="list-style-type: none"> Procurement: leveraged scale by buying globally with one team by category, not by geography Unified global functions in Finance, IT, and HR (formerly groups of separate regional teams with duplications and inefficiencies) HR: established global Centers of Expertise for talent management, benefits/compensation and systems/operations; streamlined business partner support IT: launched the first phase of global unification project, starting with consolidation of Enterprise Resource Planning solutions in the U.S.
COGS	<ul style="list-style-type: none"> Consolidated production sites in Denmark & Norway* Optimized European distribution warehouses and transportation

*Longer lead times are required in this area for regulatory and quality purposes; savings contributions to be recognized in outer years

- Over the next five years, while continuing implementation of existing initiatives, we will **generate new initiatives** for greater effectiveness and efficiency
- Meanwhile, we are launching a multi-year program to **redesign core business processes** as global, unified and best in class – for example:

✓ R&D	Faster to IND
✓ Commercial	Global brand development process
➤ R&D	Faster IND to proof of concept/competitiveness
➤ G&A/Finance	Faster consolidation & financial reporting
➤ G&A/HR	Optimize global talent management
➤ G&A/Procurement	Globalize category management process
➤ G&A/IT	Business partner support/project prioritization

Blue = completed; black = in process

Summit guidance raised



- >120 billion yen cumulative recurring savings in FY2017
Increased from our original target of >100 billion yen
- > 20 billion yen on average in new recurring savings each year FY2014-17
- Implementation cost estimate is up to 100 billion yen

All savings figures are compared to actual FY2012 cost base

Outlook

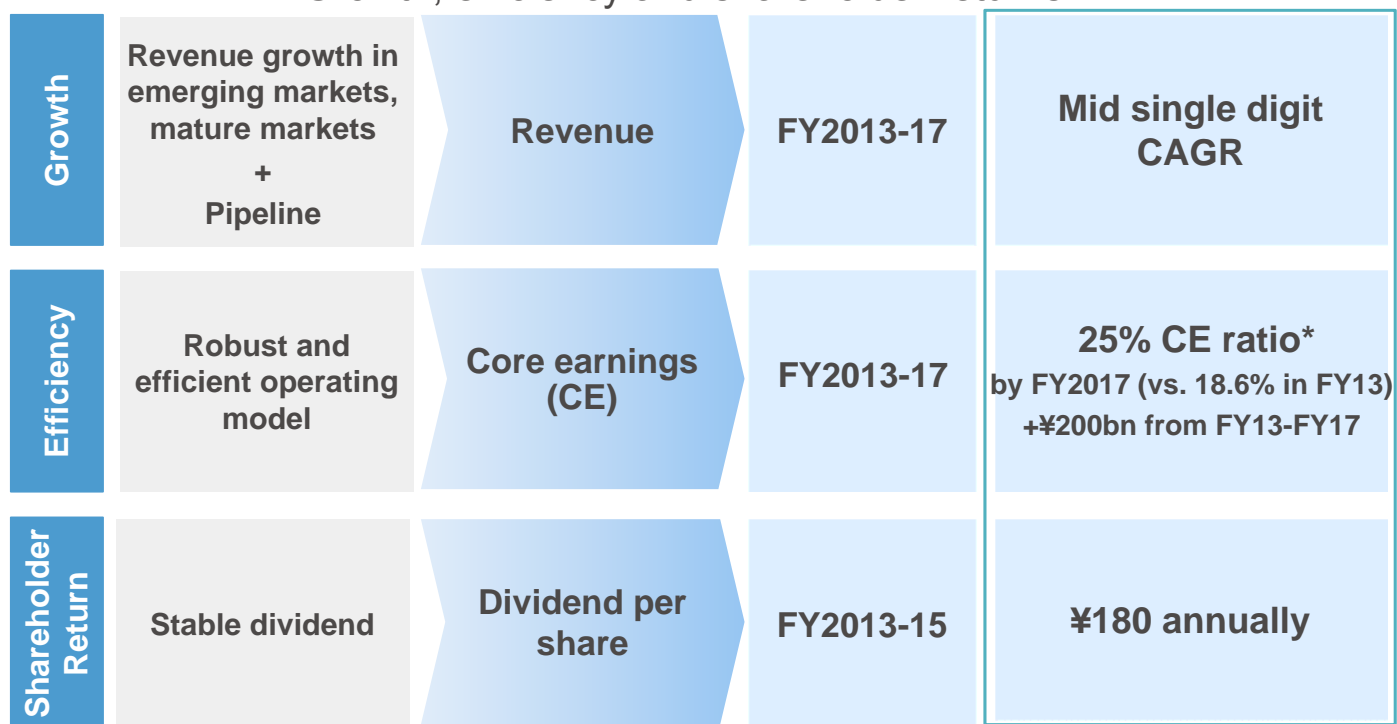
Guidance FY2014: A year of investment for growth



- Revenue growth between 3 and 5% LFL
 - Slightly less than in FY2013 because of small LOEs* (licensee business in EU and EM – Lansoprazole / Candesartan and Candesartan in Japan)
- Commercial investments will increase exceptionally in 2014 by about 1 pt of sales vs. prior year to support launches
 - Brintellix, Entyvio, Contrave
- Flat R&D spending
- Summit to deliver incremental savings of more than 20 billion yen
- Flat to slightly declining Core Earnings (CE) in LFL absolute value as savings do not fully offset increased sales & marketing investments

*Exceptional items

Growth, efficiency and shareholder returns



* Achieve with at least 20% FY2013-17 CAGR of operating profit

APPENDIX

Financial results

Income statement [FY2013 Jan.-Mar.] - Operating Profit to Net Profit for the Period and EPS

billion yen	J-GAAP			LFL [*]
	Q4		Change	
	2012	2013		
Operating Profit	-28.2	-13.6	-	-
% of Revenue	-7.7%	-3.4%	+4.3 pts	+13.2 pts
Ordinary Profit	-38.1	-26.3	-	-
Extraordinary Income/Loss	1.9	3.0	-	-
Net Profit for the Period	-7.7	-20.7	-	-
EPS	- 10 yen	- 26 yen	- 16 yen	+ 29 yen

* LFL (Like-for-like): See appendix P.45

Income statement [FY2013 Apr.-Mar.] 1/2



billion yen	J-GAAP			LFL*
	FY2012	FY2013	Change	
Revenue	1,557.3	1,691.9	+ 8.6%	+ 5.1%
Gross Profit	1,096.6	1,202.9	+ 9.7%	+ 7.2%
% of Revenue	70.4%	71.1%	+0.7 pts	+1.1 pts
SG&A Expenses	649.8	703.9	+ 8.3%	- 8.1%
% of Revenue	41.7%	41.6%	-0.1 pts	-4.8 pts
R&D Expenses	324.3	343.3	+ 5.9%	- 4.2%
% of Revenue	20.8%	20.3%	-0.5 pts	-2.0 pts
Operating Profit	122.5	155.7	+ 27.1%	+ 94.6%
% of Revenue	7.9%	9.2%	+1.3 pts	+8.0 pts

* LFL (Like-for-like): See appendix P.46

Income statement [FY2013 Apr.-Mar.] 2/2



billion yen	J-GAAP			LFL*
	FY2012	FY2013	Change	
Operating Profit	122.5	155.7	+ 27.1%	+ 94.6%
% of Revenue	7.9%	9.2%	+1.3 pts	+8.0 pts
Ordinary Profit	113.2	130.7	+ 15.5%	+ 91.4%
Extraordinary Income/Loss	16.5	26.3	+ 59.0%	-
Net Profit for the Year	131.2	90.3	- 31.2%	+ 63.5%
EPS	166 yen	114 yen	- 52 yen	+ 92 yen
Exchange Rate	Yen per USD	82	100	+ 18
	Yen per EUR	106	133	+ 27

* LFL (Like-for-like): See appendix P.46

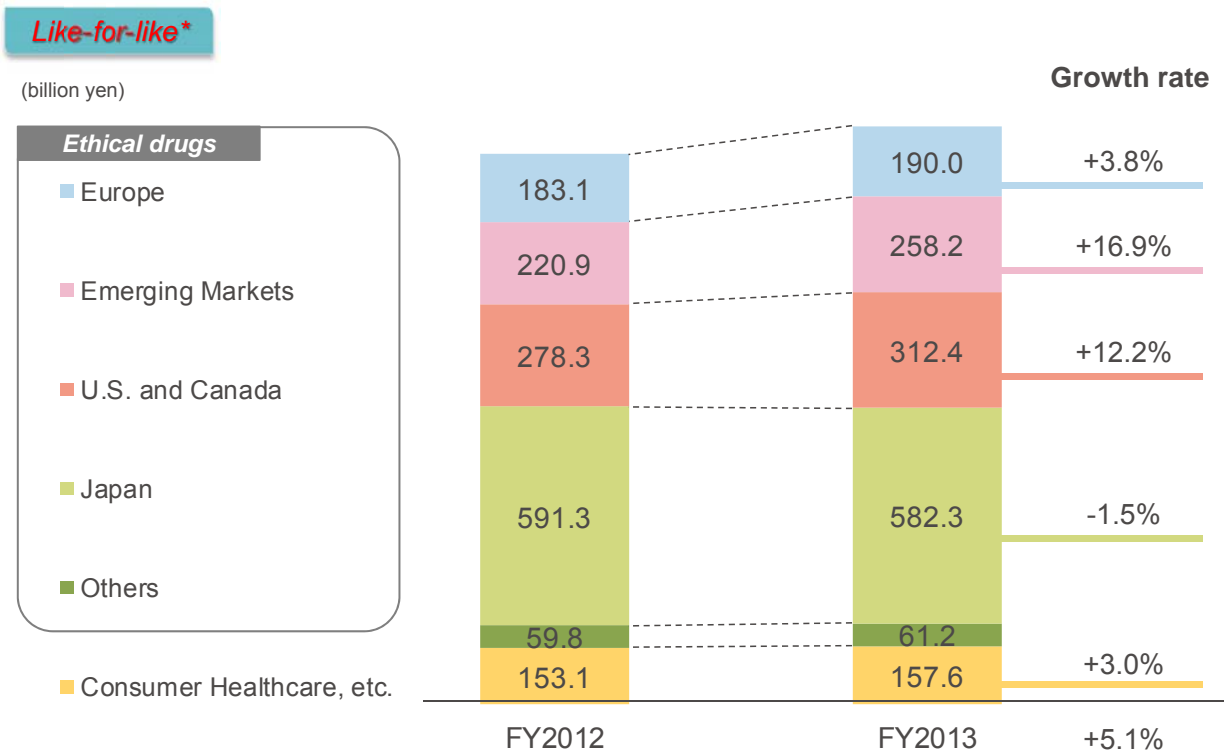
Top 10 products [FY2013 Apr.-Mar.]



Top 10 products billion yen	FY2012	FY2013	Growth	LFL*
Candesartan	169.6	155.0	- 8.6%	- 6.6%
Leuprorelin	116.5	124.3	+ 6.8%	+ 0.4%
Lansoprazole	110.2	118.4	+ 7.4%	- 0.4%
Pantoprazole	78.0	103.1	+ 32.2%	+ 11.8%
Velcade	72.9	95.1	+ 30.5%	+ 9.9%
<u>Colcrys</u>	33.6	51.9	+ 54.8%	+ 4.6%
<u>Dexilant</u>	32.7	50.3	+ 53.6%	+ 26.3%
Enbrel	43.2	45.4	+ 5.1%	+ 5.1%
<u>Nesina</u>	37.8	40.4	+ 6.8%	+ 6.2%
Actos	122.9	36.6	- 70.2%	- 16.4%
Other products	740.0	871.4	+ 17.8%	+ 7.4%
Total Revenue	1,557.3	1,691.9	+ 8.6%	+ 5.1%

Underlines indicate new products
 * LFL (Like-for-like): See appendix P.46

Revenue by region [FY2013 Apr.-Mar.]



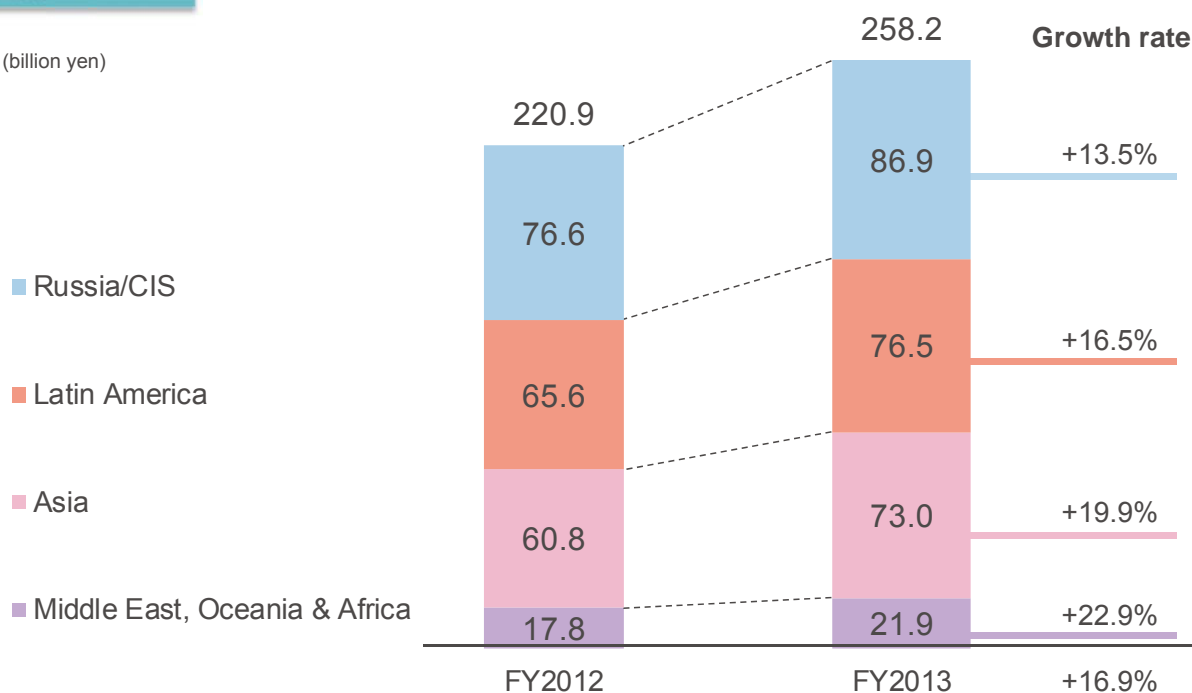
* Like-for-like: See appendix P.46

Revenue in ethical drugs in Emerging Markets [FY2013 Apr.-Mar.]



Like-for-like*

(billion yen)



* Like-for-like: See appendix P.46

Changes of revenue in ethical drugs by major products



Major products billion yen	FY2011	FY2012	FY2013	Change	LFL*
Candesartan	216.3	169.6	155.0	- 8.6%	- 6.6%
Leuprorelin	120.7	116.5	124.3	+ 6.8%	+ 0.4%
Lansoprazole	122.1	110.2	118.4	+ 7.4%	- 0.4%
Velcade	58.1	72.9	95.1	+ 30.5%	+ 9.9%
Colcrys**	36.8	40.7	51.9	+ 27.7%	+ 4.6%
Dexilant	24.2	32.7	50.3	+ 53.6%	+ 26.3%
Enbrel	41.4	43.2	45.4	+ 5.1%	+ 5.1%
Nesina	15.5	37.8	40.4	+ 6.8%	+ 6.2%
Actos	296.2	122.9	36.6	- 70.2%	- 16.4%
Uloric	12.9	17.7	26.9	+ 51.6%	+ 24.9%
Amitiza	18.7	22.3	25.7	+ 15.0%	- 5.4%
Azilva	-	3.4	25.3	-	-
Vectibix	17.2	18.8	19.4	+ 2.8%	+ 2.8%
Adcetris	0.6	4.5	13.6	+ 201.8%	+ 146.6%
Pantoprazole***	82.6	78.0	103.1	+ 32.2%	+ 11.8%
Actovegin***	18.6	19.6	26.4	+ 34.7%	+ 14.9%
Calcium***	15.7	15.4	19.1	+ 24.6%	+ 1.4%
Tachosil***	13.8	13.2	16.9	+ 27.6%	+ 6.3%
Ref: Nycomed Products in Total (approx.)*** (Million EUR)	2,984	3,126	3,183	+ 1.8%	
Exchange Rate	Yen per USD	79	82	100	+18
	Yen per EUR	109	106	133	+27

* LFL (Like-for-like): See appendix P.46

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

*** Legacy Nycomed products acquired at the end of Sep 2011, revenue until Sep 2011 represents amounts before acquisition

IFRS

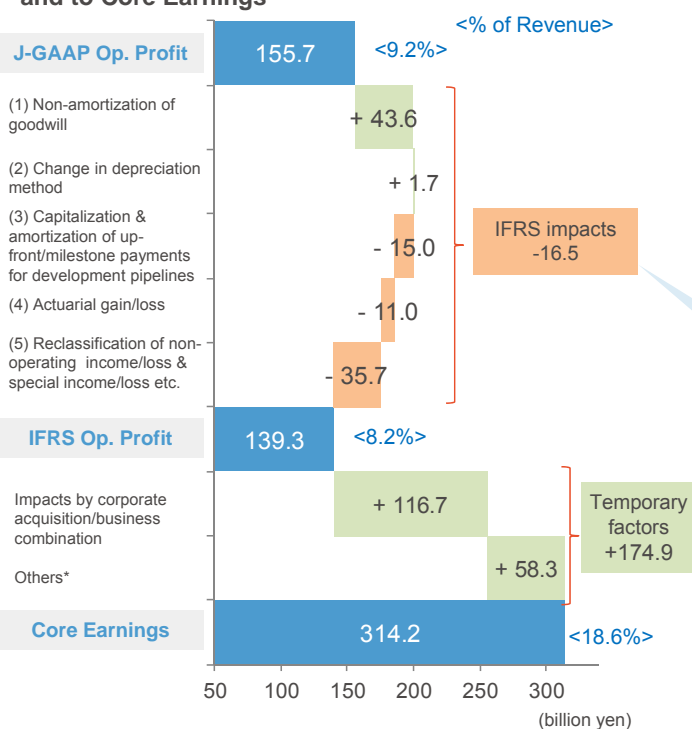
Financial results in IFRS

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



Adjustments to YTD 2013 Operating Profit under IFRS, and to Core Earnings

Major differences between J-GAAP and IFRS that make impacts to our profit/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)

* Major breakdowns of "Others"
...Amortization of intangible assets related to licensed-in compounds etc.

FY2014 outlook [detail]

FY2014 Financial outlook under IFRS [detail]

billion yen	IFRS		Comparison with Previous year
	FY2013 Actual	FY2014 Outlook	
Revenue	1,692	1,725	+ 33
R&D expenses	342	350	+ 8
Operating profit	139	150	+ 11
Net profit for the year	107	85	- 22
EPS	135 yen	108 yen	- 27 yen
Core Earnings*	314	280	- 34
% of Revenue	18.6%	16.2%	- 2.3 pts
Exchange Rate	Yen per USD	100	+ 0
	Yen per EUR	133	+ 7

*Net Profit for the Year under IFRS represents Net Profit for the Year attributable to owners of the Company.

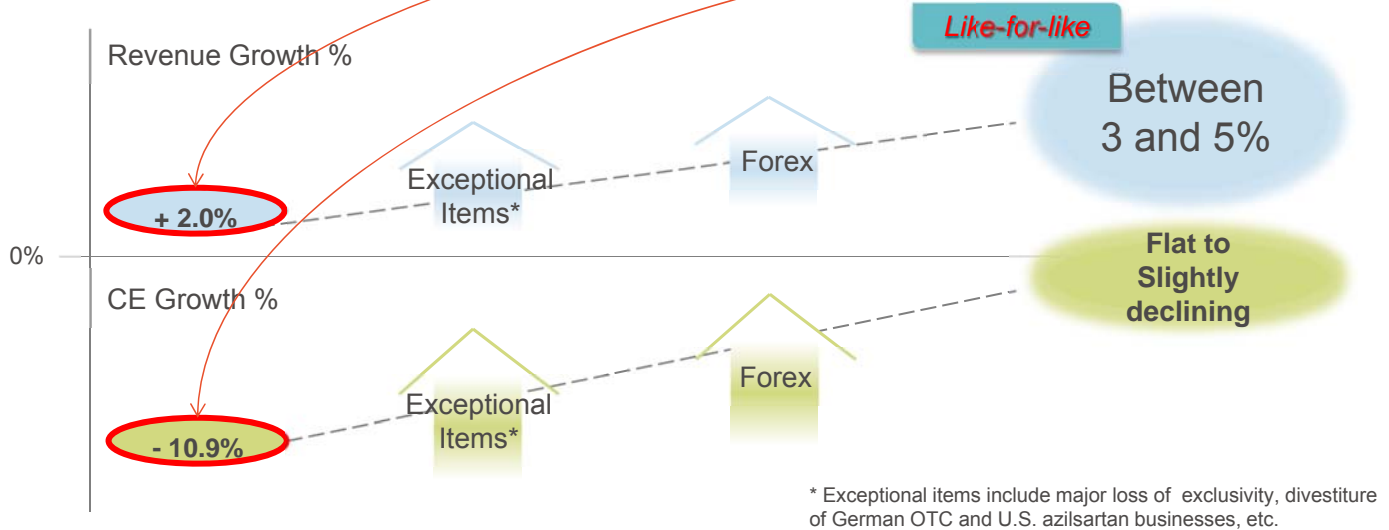
**Calculated by deducting any temporary factors such as impacts from business combination accounting and from amortization/impairment loss of intangible assets etc., from operating profit.

FY2014 Financial outlook

- Impact of exceptional items and forex on guidance



billion yen	IFRS		Comparison with Previous year
	FY2013	FY2014	
	Actual	Outlook	
Revenue	1,692	1,725	+ 33 + 2.0%
Core Earnings	314	280	- 34 - 10.9%



FY2014 Financial outlook

- Impact of 1 yen change in the foreign exchange rate



billion yen	FY2014	
	USD	EUR
Revenue	4.0	4.5
Operating profit	- 0.7	0.7
Net profit for the year	- 0.5	0.4

Supplemental information

Details of LFL 1/2

- **Like-for-like (LFL):** Constant forex and excluding exceptional items
- **Exceptional items:** non-recurring items to be excluded in view of normal business performance such as M&A related transactions, business divestments, patent expirations and working days difference as follows;

billion yen	J-GAAP					
	Q4 (Jan.-Mar.)					
	2012			2013		
	M&A Related	One-time Items and patent expirations etc.	Total	M&A Related	One-time Items and patent expirations etc.	Total
Revenue	-	18	18	-	15	15
U.S. Actos	-	4	4	-	1	1
EU Candesartan	-	7	7	-	5	5
Gross Profit	-4	14	11	-	5	5
SG&A expenses	37	-2	35	36	2	38
Amortization of intangible assets	27	-	27	25	-	25
Amortization of goodwill	10	-	10	10	-	10
R&D expenses	0	2	2	0	3	3
In-license	-	2	2	-	3	3
Operating Profit	-41	14	-27	-36	0	-36
Non-operating Income/Expenses	-2	-	-2	-3	-1	-4
Ordinary Profit	-43	14	-29	-39	-1	-40
Extraordinary Income/Loss	-	2	2	-	3	3
Net Income before Taxes	-43	16	-27	-39	2	-37
Income Taxes, etc.	-6	-1	-7	-8	3	-5
Net Profit for the Period	-37	17	-20	-31	-1	-32

- **Like-for-like (LFL):** Constant forex and excluding exceptional items
- **Exceptional items:** non-recurring items to be excluded in view of normal business performance such as M&A related transactions, business divestments and patent expirations as follows;

billion yen	J-GAAP					
	2012			2013		
	M&A Related	One-time Items and patent expirations	Total	M&A Related	One-time Items and patent expirations	Total
Revenue	-	158	158	-	61	61
German OTC Divestment	-	-	-	-	5	5
U.S. Actos	-	99	99	-	6	6
EU Candesartan	-	39	39	-	25	25
Gross Profit	-8	146	138	-1	49	49
SG&A expenses	152	7	159	140	7	146
Amortization of intangible assets	114	-	114	99	-	99
Amortization of goodwill	38	-	38	39	-	39
R&D expenses	0	15	15	1	7	7
In-license	-	10	10	-	7	7
Operating Profit	-161	125	-36	-141	36	-105
Non-operating Income/Expenses	-7	-	-7	-10	-1	-11
Ordinary Profit	-168	125	-43	-151	34	-116
Extraordinary Income/Loss	-	17	17	-	26	26
Net Income before Taxes	-168	141	-27	-151	61	-90
Income Taxes, etc.	-33	2	-31	-32	24	-8
Net Profit for the Year	-135	139	4	-119	36	-83

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.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any forward looking statements contained in this presentation. These risks and uncertainties include, but are not limited to, (1) the economic circumstances surrounding the Company's business, including general economic conditions in the US and worldwide; (2) competitive pressures; (3) applicable laws and regulations; (4) the success or failure of product development programs; (5) decisions of regulatory authorities and the timing thereof; (6) changes in exchange rates; (7) claims or concerns regarding the safety or efficacy of marketed products or product candidates; and (8) integration activities with acquired companies.

We assume no obligation to update or revise any forward-looking statements or other information contained in this presentation, whether as a result of new information, future events, or otherwise.

