Better Health, Brighter Future

Third Quarter of Fiscal 2013
Updates Related to R&D Activities

Tsudoi Miyoshi
Senior Vice President, Head of CMSO Office

February 5, 2014

Takeda Pharmaceutical Company Limited

R&D Pipeline Stage-ups
(since October 31, 2013)

			Ph-1	Ph-2	Ph-3	Filing	Approval
ADCETRIS® (brentuximab vedotin)	Relapsed or refractory Hodgkin lymphoma Relapsed or refractory anaplastic large cell lymphoma	JP				→	
CONTRAVE® (naltrexone SR / bupropion SR)	Obesity	US			→		
fomepizole	Ethylene glycol and methanol poisonings	JP			→		
MLN9708 (ixazomib)	Relapsed or refractory multiple myeloma	JP		→			
MLN0002 (vedolizumab)	Ulcerative colitis Crohn's disease	JP		→			
AMITIZA® (lubiprostone)	Pediatric functional constipation	US		→			
TAK-659	Solid tumors Hematological malignancies	-	→				

Takeda Pharmaceutical Company Limited

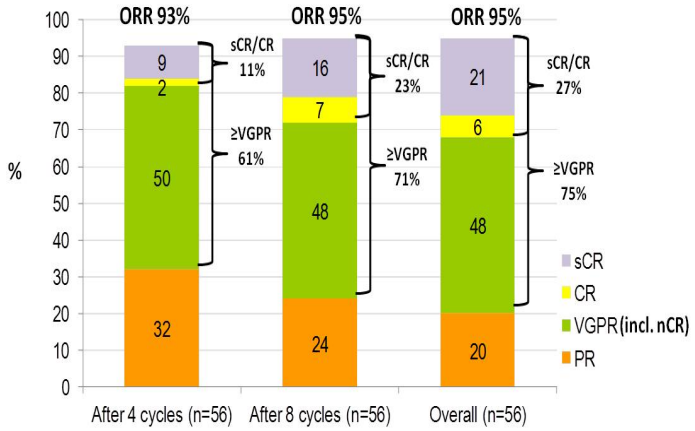
MLN9708 (ixazomib citrate)
Data presented at ASH 2013

Program Status

- First oral proteasome inhibitor in global Ph-3
- Developing the first all-oral triplet regimen which includes a proteasome inhibitor and an immunomodulator in Multiple Myeloma (MM)
- Single oral weekly dose
- On-going registration supportive clinical trials include ongoing Phase 3 trials in front line MM, R/R MM and R/R AL Amyloidosis
- Single agent efficacy, low peripheral neuropathy, and convenient oral route of administration are ideal for extended (maintenance) therapy
- Potential in a broad range of hematological and solid tumors
- Takeda has global marketing rights
- Projected approval in FY2015 (JPN/US/EU)

Ph- 1 Results and Ph-2 Data in Patients with Previously Untreated Multiple Myeloma

Preliminary response data show deepening responses over course of treatment (pts treated at RP2D)



- Administered twice a week with lenalidomide and dexamethasone in patients with previously untreated multiple myeloma
- Drug-related AEs, all grades (≥20% of total) included rash, peripheral neuropathy, fatigue, peripheral edema, dysgeusia, diarrhea, insomnia, constipation, nausea, and dizziness

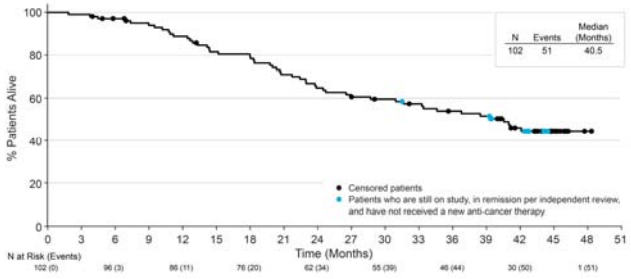
ADCETRIS (brentuximab vedotin)
Data presented at ASH 2013

Program Status

- Breakthrough ADC targeting CD30
- Successful initial launch
  - Approved globally in over 35 countries including in Europe, Emerging Markets and North Asia
  - Approved in Japan in January 2014
- Robust clinical development program
  - Broad lifecycle plan to expand indications and diseases

Three-year Follow-up Data in Patients with R/R Hodgkin Lymphoma

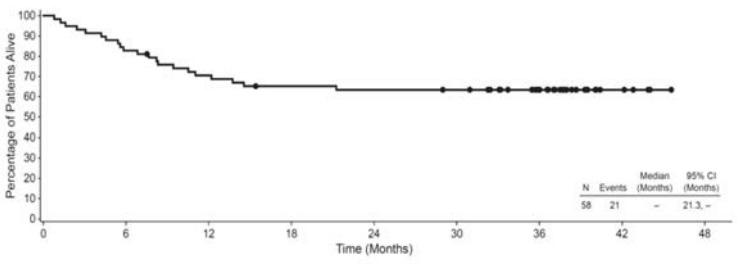
Overall Survival



- After a median observation time of ~3 years from first dose of brentuximab vedotin, 50% of patients with relapsed/refractory HL remain alive at the time of last follow-up
- The median overall survival was 40.5 mos (95% CI: 28.7, [range, 1.8 to 48.3 mos]).)

Three-year Survival in Patients with R/R Systemic Anaplastic Large Cell Lymphoma

Overall Survival



- 37 of 58 patients (64%) were alive at time of last follow-up
- Estimated OS rate at 3 years = 63% (95% CI: 51%, 76%)
- 12 patients were retreated with brentuximab vedotin (N=8) or received extended treatment (>16 cycles) with brentuximab vedotin (N=4)

Natura-alpha
Exclusive License and Option Agreement with Natrogen

Terms of Agreement

- Takeda gains an exclusive license for worldwide development of Natura-alpha in all indications, and an option to acquire Natrogen
- Takeda makes an up-front payment and potential future payments upon the exercise of the option to acquire Natrogen
- Takeda will fund and execute all additional clinical development

Natrogen Therapeutics International Inc.

Program Status

- A synthetic small molecule that is believed to inhibit expression of pro-inflammatory cytokines which can increase inflammation
- Stimulates the production of cytokine IL-10 that can repress pro-inflammatory responses and limit unnecessary tissue disruptions caused by inflammation
- Currently in Ph-2 development for the treatment of ulcerative colitis
- A strategic fit with Takeda's gastrointestinal portfolio, which also includes vedolizumab

Ensuring Steady Pipeline Approval

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

Already approved products in red.

[1] Calcium Channel Blocker (amlodipine), [2] Low Dose Aspirin, [3] Metformin, [4] Pioglitazone (ACTOS),
[5] Emerging Markets + North Asia

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

Projected timeline is currently under evaluation

In-house | In-license

Better Health, Brighter Future

Consolidated Financial Results for the 3rd Quarter of Fiscal Year 2013

François-Xavier Roger
Chief Financial Officer

February 05, 2014

Takeda Pharmaceutical Company Limited

Agenda

- Key highlights
- Net sales [Q3 Oct.-Dec. 2013]
- Income statement [Q3 Oct.-Dec. 2013]
- Balance sheet and cash flow
- Full year FY2013 outlook
- Appendix
  - Financial results [YTD Apr.-Dec. 2013]
  - IFRS
  - Supplemental information

Key Highlights

- Underlying sales growth in Q3 at +5.0% on a like-for-like* basis, in line with mid-range guidance
- Good start of new products (Adcetris in Europe, Nesina in Japan and U.S.); Launch of Brintellix in U.S. in Q4
- Termination of TAK-875 has no material impact in mid-range guidance; Positive recommendation of FDA advisory committee for Entyvio (MLN0002) for both ulcerative colitis and Crohn's disease indications
- Strong takeoff of Project Summit deliveries in 2013; Sustainable improvement of cost base
- Strong balance sheet, low net debt
- Upgrade sales and operating income guidance for FY2013

*Like-for-like: See Appendix P.40

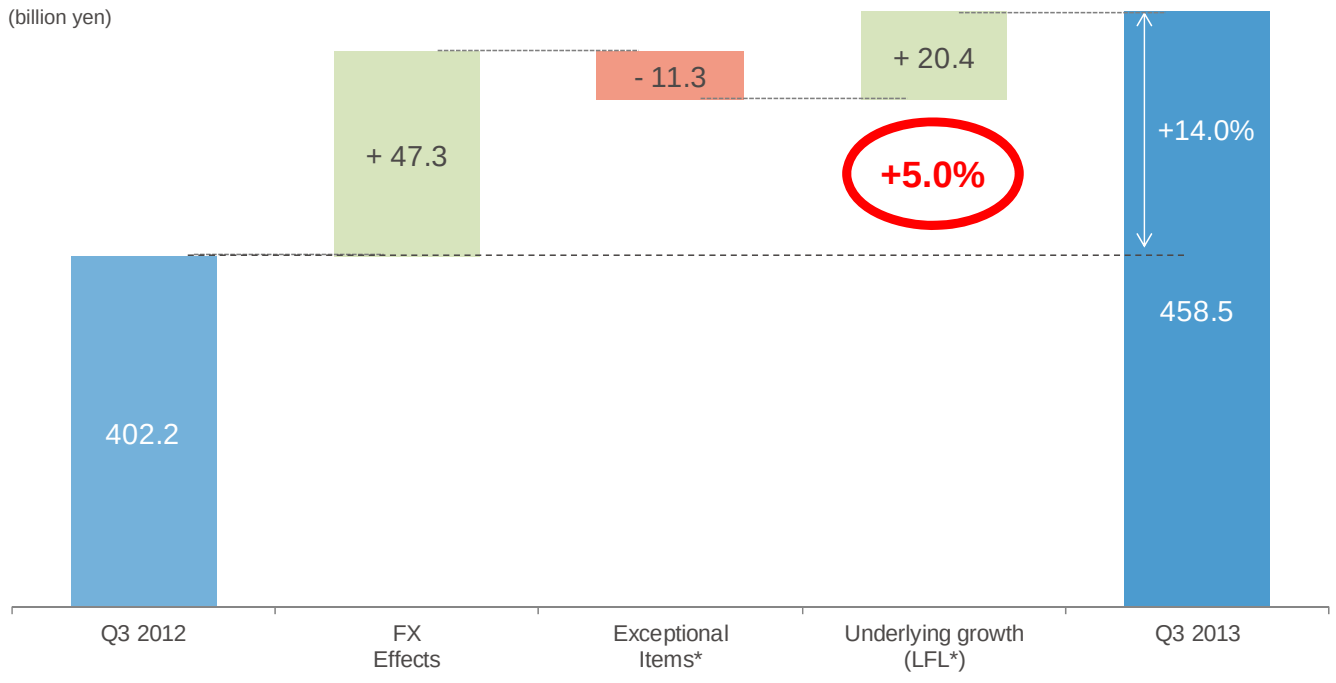
Sustainable Growth Guidance

Growth	Sales growth in Emerging Markets Mature Markets + Pipeline	Sales	FY13-17	Mid single digit CAGR
Efficiency	Robust and efficient operating model	Operating Income	FY13-17	At least 20% CAGR
Shareholder Return	Attractive shareholder remuneration policy	Dividend per share	FY13-15	¥180 annually

Note: The termination of TAK-875 is reflected in all guidance contained in this presentation

Net sales [Q3 Oct.-Dec. 2013]

Reported sales growth at +14.0% supported by forex and underlying growth (J-GAAP statutory basis)

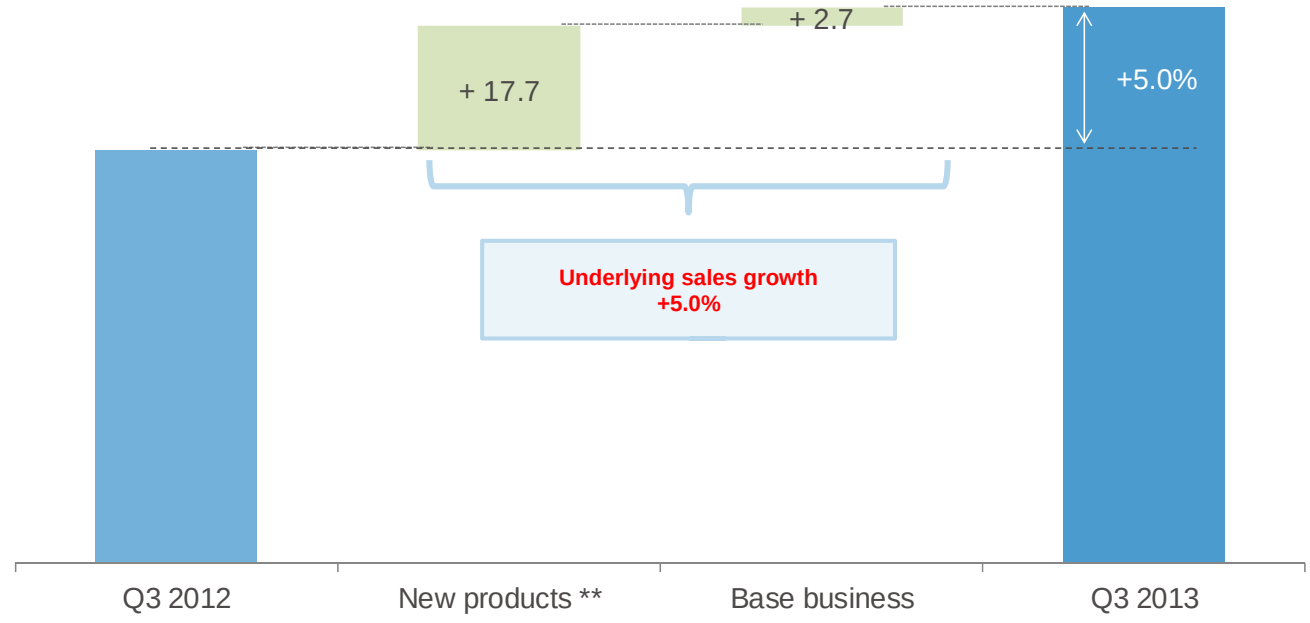


* Exceptional items and LFL (Like-for-like): See appendix P.40

Solid underlying sales growth at +5.0% supported by new products

*Like-for-like**

(billion yen)



* Like-for-like: See appendix P.40

** New products: Represent products launched within 5 years, i.e. in and after 2009 and includes new products in acquired companies, but excluding fixed dose drugs with existing drugs and formulation change drugs

Resilience of base business and growth of new products

Top 10 products billion yen	Q3			LFL*
	FY2012	FY2013	Change	
Candesartan	43.7	40.6	- 7.0%	- 5.8%
Leuprorelin	30.3	31.8	+ 4.8%	- 1.5%
Lansoprazole	29.8	30.2	+ 1.4%	- 5.6%
Pantoprazole	19.7	29.3	+ 48.6%	+ 21.6%
Velcade	18.2	24.1	+ 32.3%	+ 6.8%
Nesina	10.5	12.6	+ 20.9%	+ 21.1%
Dexilant	8.4	12.6	+ 50.8%	+ 21.2%
Colcrys	10.5	12.4	+ 18.0%	- 4.8%
Enbrel	11.5	11.9	+ 3.6%	+ 4.5%
Actos	17.2	9.5	- 44.7%	- 11.1%
Others	202.5	243.5	+ 20.2%	+ 7.2%
Total Net Sales	**402.2**	**458.5**	**+ 14.0%**	**+ 5.0%**

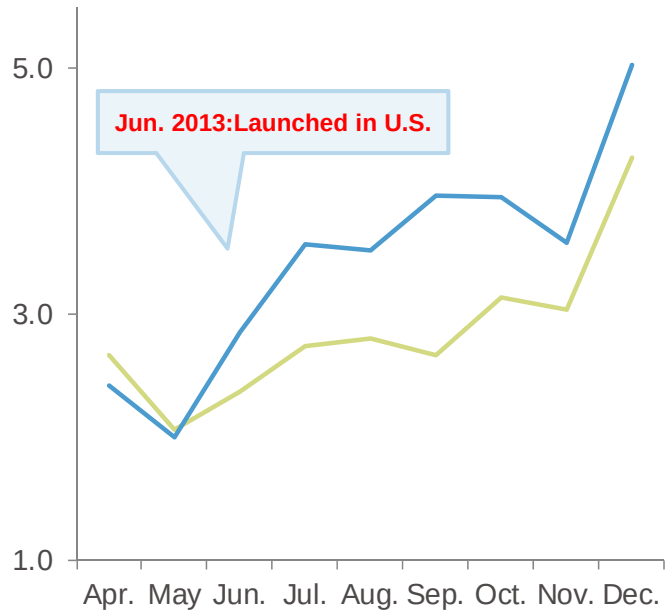
* LFL (Like-for-like): See appendix P.40

New products contributing to growth

*Like-for-like**

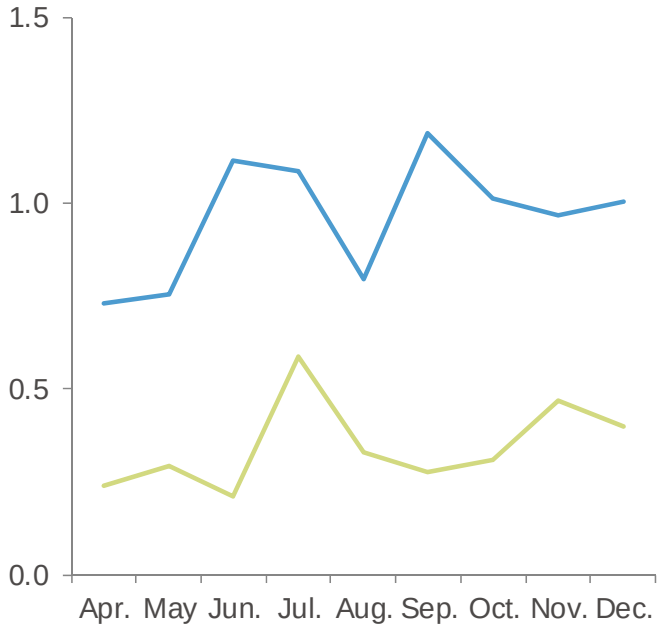
(billion yen)

Nesina (Japan and U.S.)



(billion yen)

Adcetris (EU)



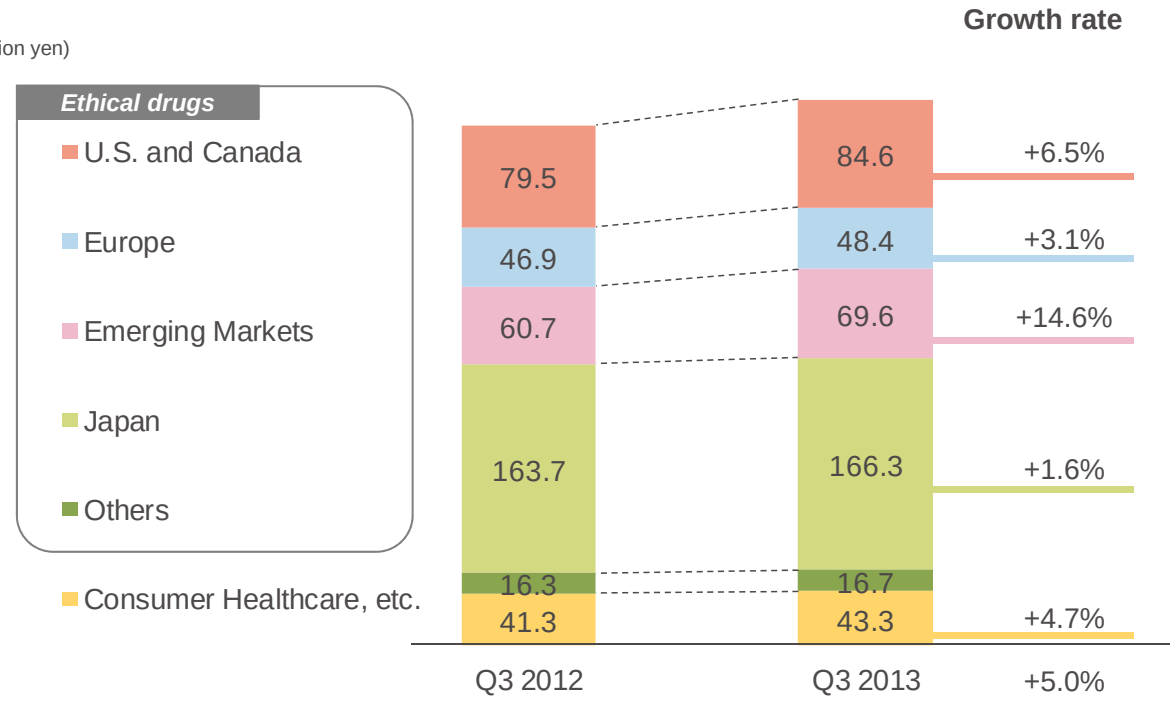
FY2012 FY2013

* Like-for-like: See appendix P.40

All regions delivering positive underlying growth

*Like-for-like**

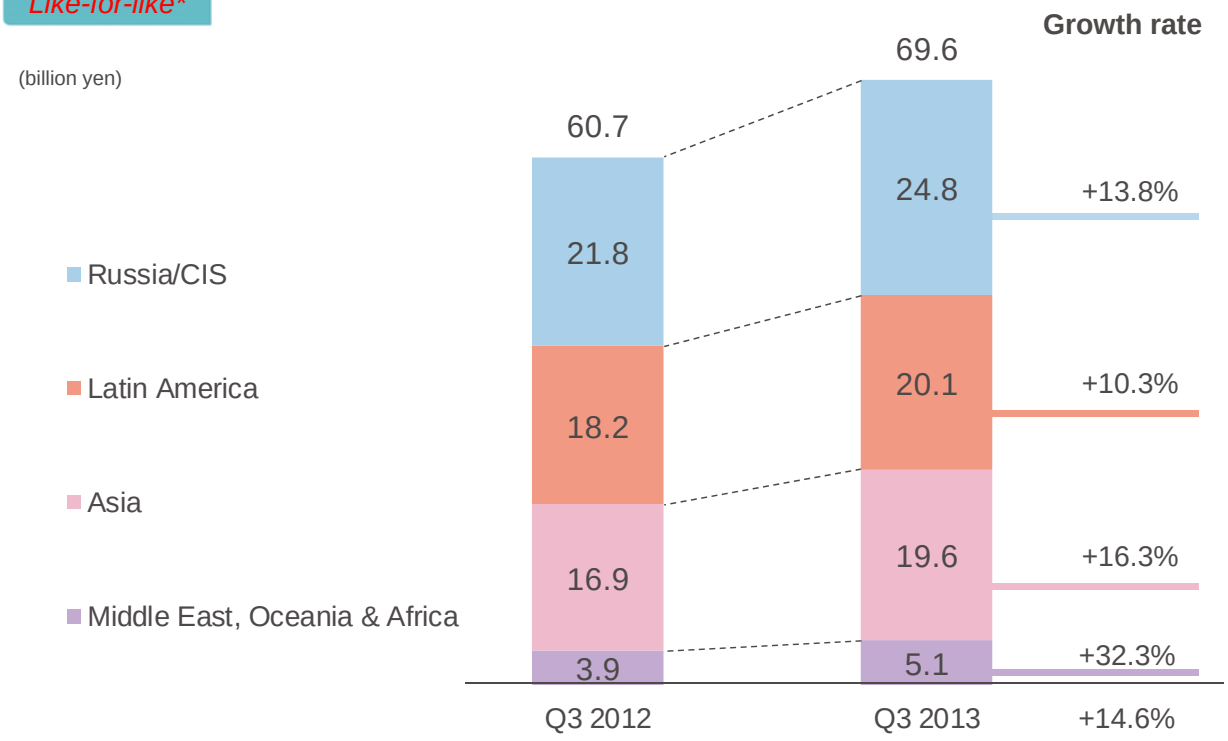
(billion yen)



* Like-for-like: See appendix P.40

Emerging Markets: Some deceleration of growth

*Like-for-like**



* Like-for-like: See appendix P.40

Income statement [Q3 Oct.-Dec. 2013]

Increase of operating profitability by 7.7 pts (LFL)

billion yen	J-GAAP Q3 (Oct.-Dec.) 2012	J-GAAP Q3 (Oct.-Dec.) 2013	Change	LFL*
Net Sales	**402.2**	**458.5**	**+ 14.0%**	**+ 5.0%**
Gross Profit	**281.7**	**330.5**	**+ 17.3%**	**+ 6.5%**
% of Net Sales	70.0%	72.1%	+2.0 pts	+1.0 pts
SG&A Expenses	**162.7**	**178.1**	**+ 9.5%**	**- 8.4%**
% of Net Sales	40.5%	38.8%	-1.6 pts	-4.4 pts
R&D Expenses	**76.9**	**83.0**	**+ 8.0%**	**- 7.6%**
% of Net Sales	19.1%	18.1%	-1.0 pts	-2.3 pts
Operating Income	**42.1**	**69.4**	**+ 64.8%**	**+ 54.0%**
% of Net Sales	10.5%	15.1%	+4.7 pts	+7.7 pts

- Improving gross margin by 1 pt (LFL)
- Costs under control
- R&D expenses positively impacted by phasing (higher Q4 expected)

* LFL (Like-for-like): See appendix P.40

EPS up

billion yen	J-GAAP Q3 (Oct.-Dec.) 2012	J-GAAP Q3 (Oct.-Dec.) 2013	Change	LFL*
Operating Income	**42.1**	**69.4**	**+ 64.8%**	**+ 54.0%**
% of Net Sales	10.5%	15.1%	+4.7 pts	+7.7 pts
Ordinary Income	**38.2**	**60.2**	**+ 57.6%**	**+ 49.5%**
Extraordinary Income/Loss	**-2.6**	**11.8**	**-**	**-**
Net Income	**19.1**	**46.3**	**+ 142.1%**	**+ 30.8%**
EBITDA (excl. Extraordinary Income/Loss)	**90.3**	**120.3**	**+ 33.3%**	**+ 39.6%**
% of Net Sales	22.4%	26.2%	+3.8 pts	+6.7 pts
EPS	**24 yen**	**59 yen**	**+ 34 yen**	**+ 21 yen**

* LFL (Like-for-like): See appendix P.40

Sustainable improvement in cost base

*Like-for-like**

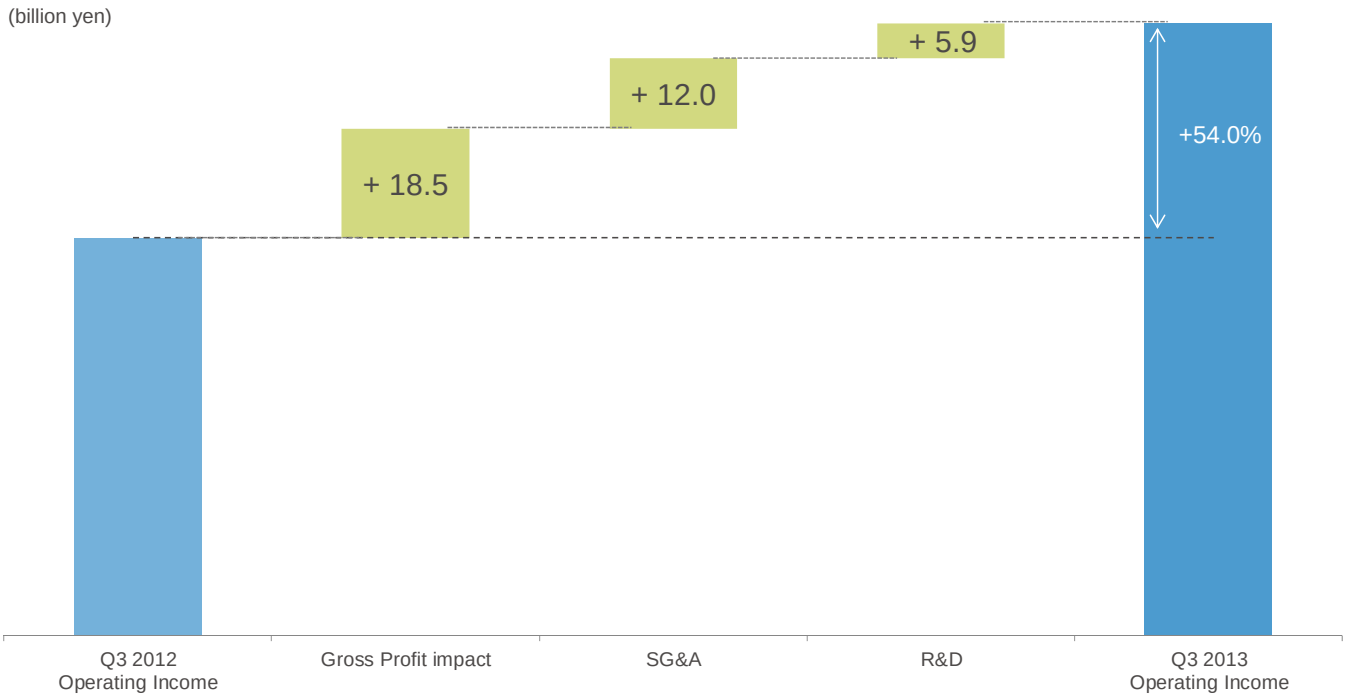
	FY2012 vs FY2013	
	Q3	YTD
SG&A Expenses	-8.4%	-5.3%
R&D Expenses	-7.6%	-10.3%
Total	-8.2%	-7.1%

- Timing of expenses contributed somewhat to the decline and costs are expected to be higher in Q4, especially in R&D.

* Like-for-like: See appendix P.40

Strong profit improvement driven by better product mix, Summit cost savings and some favorable phasing

*Like-for-like**



* Like-for-like: See appendix P.40

Fast execution of Project Summit

- Summit savings progressing well, over 30 billion yen expected in first year (FY13)
- Initiatives are diverse across the company and around the world, mitigating implementation risk
- Savings deliveries include procurement (advertising, CROs, market research, etc.), G&A, as well as consolidation initiatives in both commercial and R&D
- Anticipated FY13 implementation costs: 14 billion yen
- Additional details on Project Summit, including FY13 actuals and FY14 savings estimates to be disclosed at Q4 earnings announcement (May 2014)

Targets

Annual cost savings (recurring)

new disclosure

FY13

>30
billion yen

Savings compared to actual FY12

previous guidance from 10/31

FY15	FY17
>80 billion yen	**>100** billion yen

Savings compared to company plans prior to Project Summit

Balance sheet and cash flow

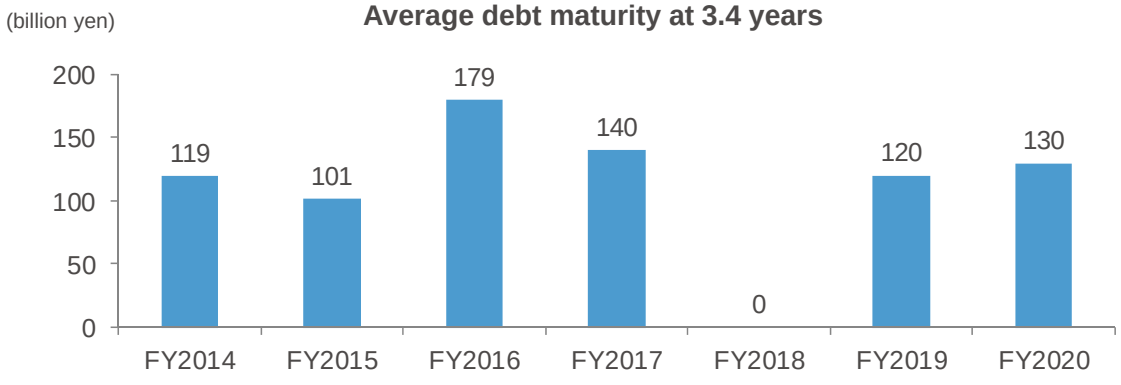
Strong balance sheet

billion yen	Mar. 2013	Dec. 2013	Change
Current Assets	**1,455**	**1,784**	**+ 329**
Cash and cash equivalents*	548	733	+ 185
Noncurrent Assets	**2,501**	**2,641**	**+ 141**
Intangible Assets excl. Goodwill	1,014	1,108	+ 93
Goodwill	675	749	+ 73
Total Assets	**3,956**	**4,426**	**+ 470**
Current Liabilities	**614**	**581**	**- 33**
Noncurrent Liabilities	**1,119**	**1,391**	**+ 273**
Borrowings	540	790	+ 250
Total Liabilities	**1,732**	**1,973**	**+ 240**
Equity	**2,223**	**2,453**	**+ 230**
Shareholders' Equity Ratio	**54.6%**	**53.8%**	**-0.8 pts**

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

Low net debt

billion yen	Dec. 2012	Dec. 2013
Gross debt	**542**	**792**
Cash and cash equivalents*	**422**	**733**
Net debt	**120**	**59**
Net debt / EBITDA ratio **	**0.3**	**0.1**
Net debt / equity ratio	**5.8%**	**2.5%**



* Cash and cash equivalents: Includes short-term investments which mature or become due within one year from the reporting date
** Net debt / EBITDA ratio: Calculated by annualizing YTD EBITDA

Strong cash flow generation

billion yen	YTD (Apr.-Dec.)	
	2012	2013
EBITDA	**303.7**	**331.8**
Net working capital	-36.8	-73.8
Capital expenditures	-64.0	-49.0
Income taxes paid *	-85.1	-83.6
Operating FCF	**117.9**	**125.4**

- Improvements expected for working capital in 2014.

* Income taxes paid does not include Special Tax matters, i.e. Tax refund related to Prevacid transactions and Tax received/payments related to advance pricing agreement (APA). (FY2012 123.9 bn yen, FY2013 -74.7 bn yen)

Full year FY2013 outlook

Guidance raised for FY2013

- Q4 sales growth in line with YTD with slow-down in Japan and higher growth in the U.S.
- Higher R&D and commercial investment expected in Q4 to support product launches and strong pipeline

billion yen		FY2012	FY2013 Guidance		Comparison with Outlook in Oct.	Comparison with Previous year
		Actual	Oct.	Updated		
Net Sales		1,557	1,680	1,690	+ 10	+ 133
R&D expenses		324	340	340	-	+ 16
Operating Income		123	140	150	+ 10	+ 27
Ordinary Income		113	125	135	+ 10	+ 22
Net Income		131	95	100	+ 5	- 31
EBITDA (excl. Extraordinary Income/Loss)		324	355	360	+ 5	+ 36
EPS		166 yen	120 yen	127 yen	+ 6 yen	- 40 yen
Exchange Rate	Yen per USD	82	99	100	+ 1	+ 18
	Yen per EUR	106	129	133	+ 4	+ 27

Guidance based on current forex; share price at 5,000 yen (may impact long-term incentive program (LTIP)); and excludes business development projects

Consolidated financial results in IFRS
- Provisional figures

- Core earnings ratio: Significant earnings deterioration caused by the Actos patent expiry and forex (-7.1pts) was successfully offset by cost savings and contribution of new products etc. (+6.7pts) in FY13; core earnings maintained

billion yen	IFRS provisional figures		
	FY2012 Full year	FY2013 YTD (Apr.-Dec.)	FY2013 Full year
	Actual	Actual	Updated guidance
Net Sales	1,557	1,287	1,690
Operating Income	65	178	160
<% of Net Sales>	4.2%	13.8%	9.5%
Core Earnings*	286	292	305
<% of Net Sales>	18.3%	22.7%	18.0%

* 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

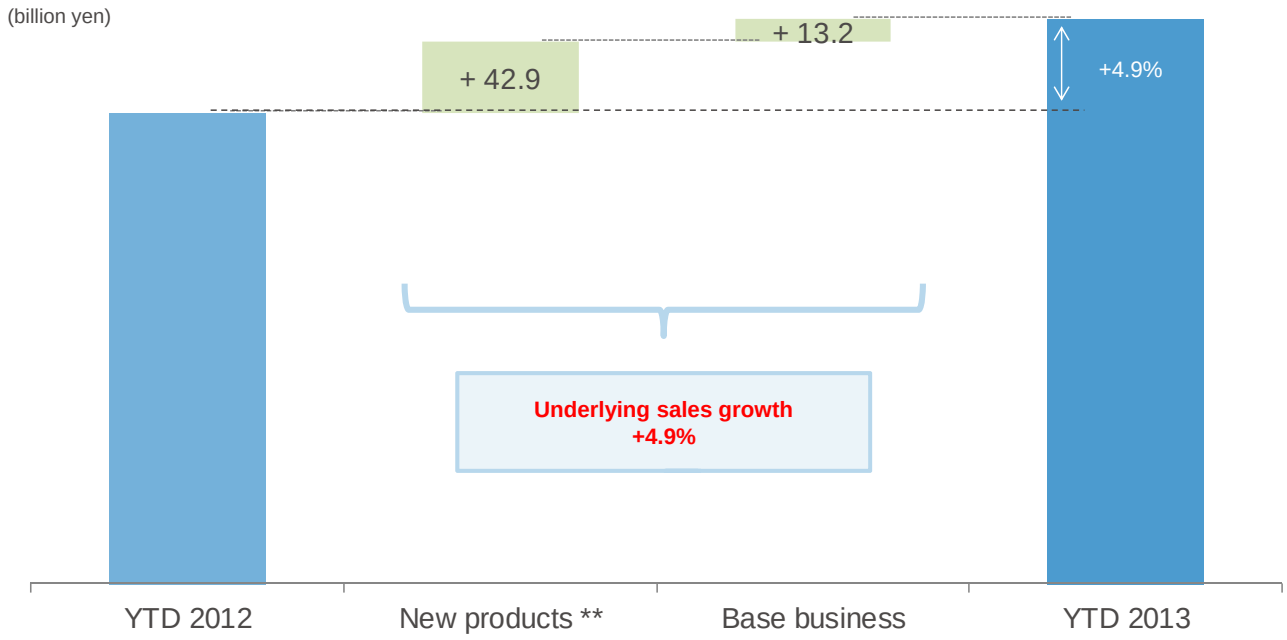
Please note it is possible that "FY2012 Full year Actual" and "FY2013 YTD (Apr.-Dec.) Actual", which are provisional and unaudited, would differ from those finally defined through audit in May 2014.

APPENDIX

Financial results [YTD Apr.-Dec. 2013]

Net sales

*Like-for-like**



* Like-for-like: See appendix P.41
** New products: Represent products launched within 5 years, i.e. in and after 2009 and includes new products in acquired companies, but excluding fixed dose drugs with existing drugs and formulation change drugs

Top 10 products

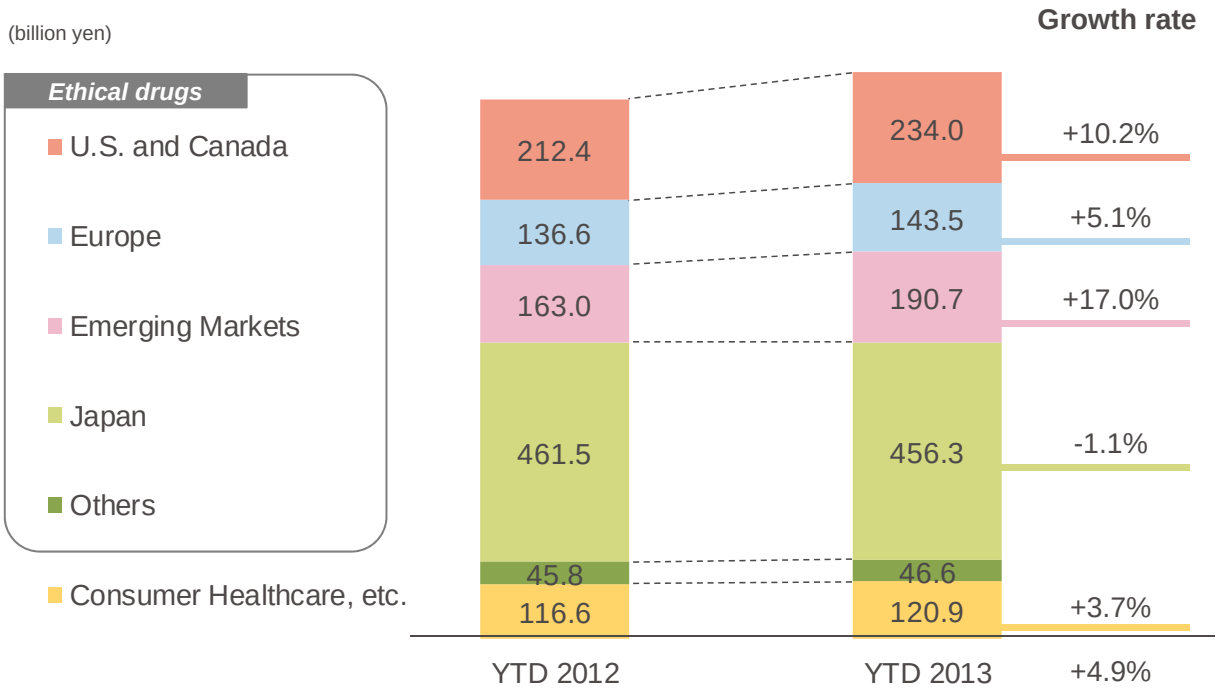
Top 10 products billion yen	YTD (Apr.-Dec.)			LFL*
	FY2012	FY2013	Change	
Candesartan	132.9	122.9	- 7.5%	- 3.7%
Leuprorelin	87.7	95.9	+ 9.4%	+ 2.6%
Lansoprazole	85.6	90.1	+ 5.2%	- 2.8%
Pantoprazole	56.5	77.2	+ 36.7%	+ 12.9%
Velcade	53.9	71.4	+ 32.5%	+ 7.1%
Colcrys	22.9	38.1	+ 66.7%	+ 2.1%
Dexilant	23.5	36.2	+ 54.2%	+ 24.3%
Enbrel	33.3	34.4	+ 3.1%	+ 3.1%
Nesina	25.8	31.0	+ 20.4%	+ 19.9%
Actos	109.2	29.5	- 73.0%	- 16.1%
Others	557.9	660.1	+ 18.3%	+ 6.6%
Total Net Sales	**1,189.1**	**1,286.9**	**+ 8.2%**	**+ 4.9%**

* LFL (Like-for-like): See appendix P.41

Net sales by region

*Like-for-like**

(billion yen)

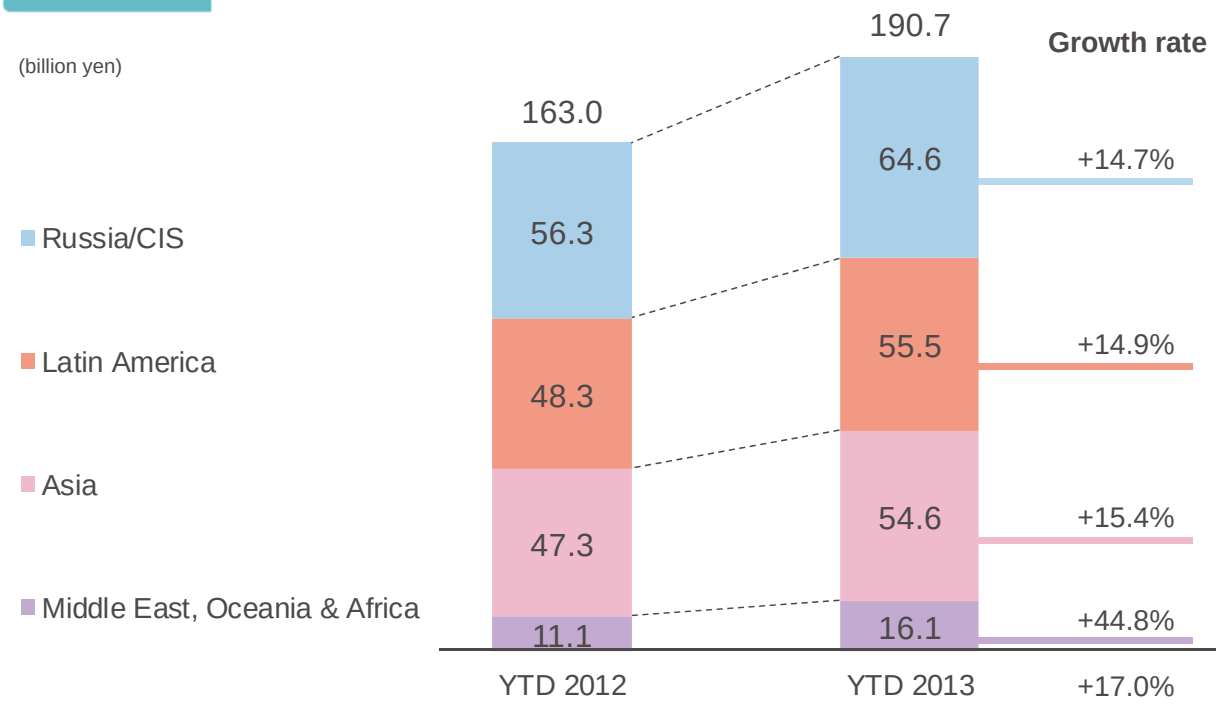


* Like-for-like: See appendix P.41

Net sales in ethical drugs in Emerging Markets

*Like-for-like**

(billion yen)



* Like-for-like: See appendix P.41

Income statement 1/2

billion yen	J-GAAP YTD (Apr.-Dec.) 2012	J-GAAP YTD (Apr.-Dec.) 2013	Change	LFL*
Net Sales	**1,189.1**	**1,286.9**	**+ 8.2%**	**+ 4.9%**
Gross Profit	**852.6**	**927.6**	**+ 8.8%**	**+ 6.9%**
% of Net Sales	71.7%	72.1%	+0.4 pts	+1.3 pts
SG&A Expenses	**470.3**	**520.0**	**+ 10.6%**	**- 5.3%**
% of Net Sales	39.6%	40.4%	+0.9 pts	-3.5 pts
R&D Expenses	**231.6**	**238.2**	**+ 2.9%**	**- 10.3%**
% of Net Sales	19.5%	18.5%	-1.0 pts	-3.1 pts
Operating Income	**150.7**	**169.4**	**+ 12.4%**	**+ 69.2%**
% of Net Sales	12.7%	13.2%	+0.5 pts	+7.9 pts

* LFL (Like-for-like): See appendix P.41

Income statement 2/2

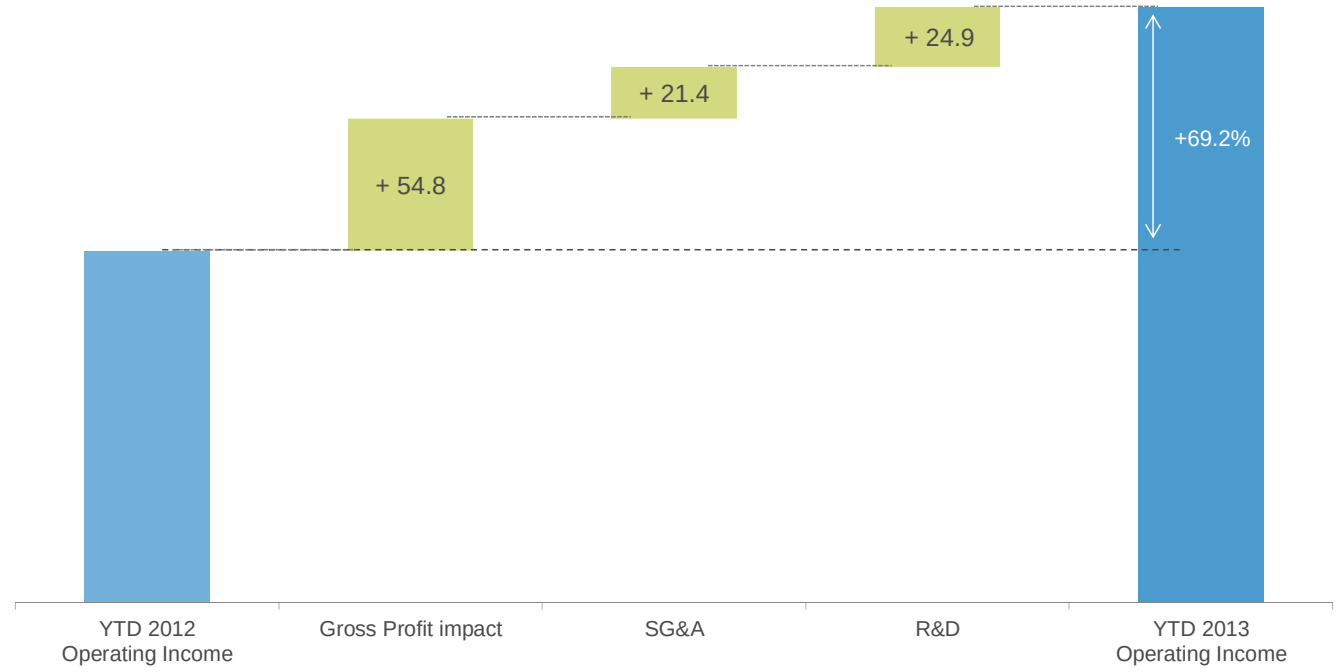
billion yen		J-GAAP YTD (Apr.-Dec.) 2012	J-GAAP YTD (Apr.-Dec.) 2013	Change	LFL*
Operating Income		**150.7**	**169.4**	**+ 12.4%**	**+ 69.2%**
% of Net Sales		12.7%	13.2%	+0.5 pts	+7.9 pts
Ordinary Income		**151.3**	**156.9**	**+ 3.7%**	**+ 61.4%**
Extraordinary Income/Loss		**14.7**	**23.3**	**+ 59.1%**	**-**
Net Income		**138.9**	**111.0**	**- 20.1%**	**+ 54.2%**
EBITDA (excl. Extraordinary Income/Loss)		**303.7**	**331.8**	**+ 9.3%**	**+ 46.9%**
% of Net Sales		25.5%	25.8%	+0.2 pts	+7.1 pts
EPS		**176 yen**	**141 yen**	**- 35 yen**	**+ 76 yen**
Exchange Rate	Yen per USD	80	99	+ 19	
	Yen per EUR	102	131	+ 29	

* LFL (Like-for-like): See appendix P.41

Operating income

*Like-for-like**

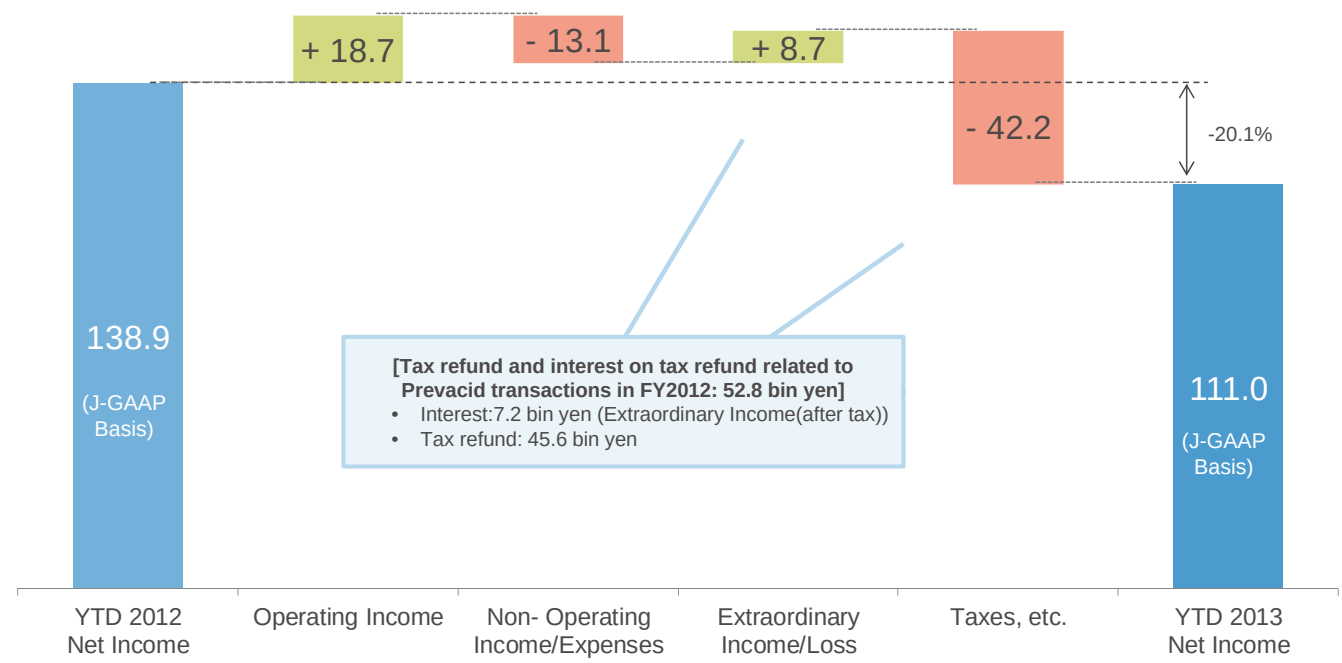
(billion yen)



* Like-for-like: See appendix P.41

Net income

(billion yen)



Breakdown of EBITDA

billion yen	YTD (Apr.-Dec.)	
	2012	2013
Ordinary Income	**151.3**	**156.9**
+ Amortization of intangible assets resulting from corporate acquisitions	75.9	81.5
+ Amortization of goodwill resulting from corporate acquisitions	24.6	32.1
+ Depreciation and Amortization (other than those listed above)	45.5	50.3
+ Interest expenses	2.3	3.2
+ Others	4.1	7.9
EBITDA (excl. Extraordinary Income/Loss)	**303.7**	**331.8**

Changes of net sales in ethical drugs by major products

Major products billion yen		FY2011	FY2012	YTD (Apr.-Dec.) FY2012	FY2013	Change	LFL*
Candesartan		216.3	169.6	132.9	122.9	- 7.5%	- 3.7%
Leuprorelin		120.7	116.5	87.7	95.9	+ 9.4%	+ 2.6%
Lansoprazole		122.1	110.2	85.6	90.1	+ 5.2%	- 2.8%
Velcade		58.1	72.9	53.9	71.4	+ 32.5%	+ 7.1%
Colcrys **		36.8	40.7	29.8	38.1	+ 28.0%	+ 2.1%
Dexilant		24.2	32.7	23.5	36.2	+ 54.2%	+ 24.3%
Enbrel		41.4	43.2	33.3	34.4	+ 3.1%	+ 3.1%
Nesina		15.5	37.8	25.8	31.0	+ 20.4%	+ 19.9%
Actos		296.2	122.9	109.2	29.5	- 73.0%	- 16.1%
Uloric		12.9	17.7	12.8	19.4	+ 52.1%	+ 22.9%
Amitiza		18.7	22.3	16.5	18.5	+ 12.2%	- 9.3%
Azilva		-	3.4	2.1	15.9	+ 638.8%	+ 638.8%
Vectibix		17.2	18.8	14.7	14.8	+ 0.8%	+ 0.8%
Adcetris		0.6	4.5	2.8	9.5	+ 243.7%	+ 177.8%
Pantoprazole ***		82.6	78.0	56.5	77.2	+ 36.7%	+ 12.9%
Actovegin ***		18.6	19.6	14.2	20.6	+ 44.8%	+ 18.7%
Calcium ***		15.7	15.4	11.0	13.8	+ 25.4%	- 0.4%
Tachosil ***		13.8	13.2	10.1	12.7	+ 26.2%	+ 5.9%
Daxas ***		2.4	3.0	2.2	2.9	+ 35.4%	+ 7.3%
Ref: Nycomed Products in Total (approx.) *** (Million EUR)		2,984	3,126	2,333	2,430	+ 4.2%	
Exchange Rate	Yen per USD	79	82	80	99	+19	
	Yen per EUR	109	106	102	131	+29	

* LFL (Like-for-like): See appendix P.41

** 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.).

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

IFRS

Consolidated financial results in IFRS
- Provisional figures in detail

billion yen	YTD 2013 (Apr.-Dec.) Actual			FY2013 (Apr.-Mar.) Outlook Updated		
	J-GAAP	IFRS provisional figures	Differences	J-GAAP	IFRS provisional figures	Differences
Net Sales	**1,287**	**1,287**	**—**	**1,690**	**1,690**	**—**
R&D Expenses	**238**	**239**	**+1**	**340**	**345**	**+5**
<% of Net Sales>	18.5%	18.6%	+0.1pts	20.1%	20.4%	+0.3pts
Operating Income	**169**	**178**	**+9**	**150**	**160**	**+10**
<% of Net Sales>	13.2%	13.8%	+0.6pts	8.9%	9.5%	+0.6pts
Net Income	**111**	**134**	**+23**	**100**	**130**	**+30**
<% of Net Sales>	8.6%	10.4%	+1.8pts	5.9%	7.7%	+1.8pts
EBITDA**	332	349	+17	360	380	+20
Core Earnings*	**—**	**292**	**—**	**—**	**305**	**—**
<% of Net Sales>		22.7%			18.0%	

* 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

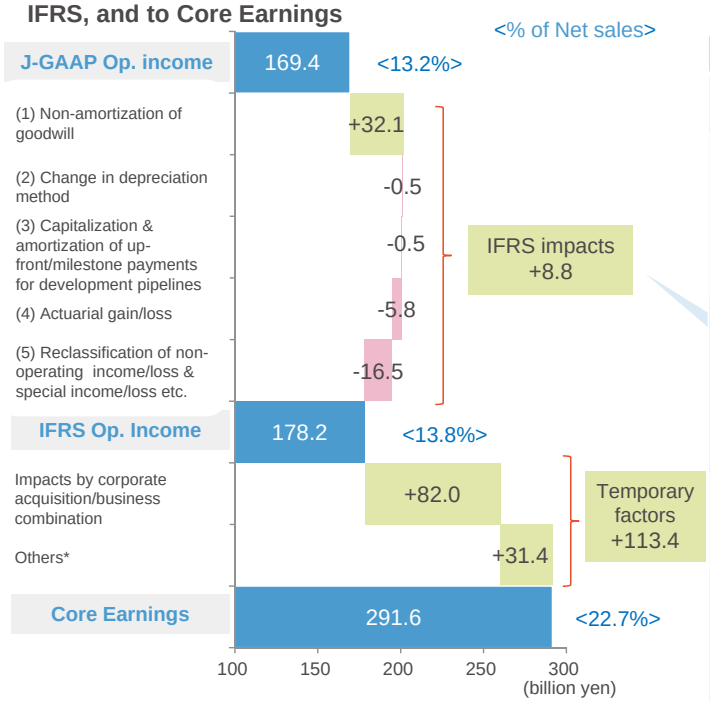
** EBITDA in J-GAAP does not include extraordinary income/loss

Please note it is possible that "Apr.-Dec. Actual under IFRS", which is provisional and unaudited, would differ from figures finally defined through audit in May 2014.

Consolidated financial results in IFRS

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

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



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

Please note it is possible that these actual figures under IFRS, which are provisional and unaudited, would differ from figures finally defined through audit in May 2014.

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)

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	Q3 (Oct.-Dec.)					
	2012			2013		
	M&A Related	One-time Items and patent expirations etc.	Total	M&A Related	One-time Items and patent expirations etc.	Total
Net Sales	**-**	**21**	**21**	**-**	**10**	**10**
U.S. Actos	-	10	10	-	1	1
EU Candesartan	-	7	7	-	5	5
Gross Profit	**-2**	**20**	**17**	**-**	**10**	**10**
SG&A expenses	**38**	**-1**	**37**	**34**	**2**	**36**
Amortization of intangible assets	29	-	29	25	-	25
Amortization of goodwill	10	-	10	10	-	10
R&D expenses	**0**	**5**	**5**	**0**	**6**	**6**
In-license	-	5	5	-	1	1
Operating Income	**-41**	**15**	**-25**	**-35**	**3**	**-32**
Non-operating Income/Expenses	**-2**	**-**	**-2**	**-3**	**-**	**-3**
Ordinary Income	**-43**	**15**	**-27**	**-37**	**3**	**-34**
Extraordinary Income/Loss	**-**	**-3**	**-3**	**-**	**12**	**12**
Net Income before Taxes	**-43**	**13**	**-30**	**-37**	**15**	**-22**
Income Taxes, etc.	**-9**	**5**	**-4**	**-8**	**4**	**-4**
Net Income	**-33**	**8**	**-26**	**-29**	**11**	**-18**

Details of LFL 2/2

- **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 and patent expirations as follows;

billion yen	YTD (Apr.-Dec.)					
	2012			2013		
	M&A Related	One-time Items and patent expirations	Total	M&A Related	One-time Items and patent expirations	Total
Net Sales	**-**	**140**	**140**	**-**	**48**	**48**
German OTC Diverstment	-	-	-	-	5	5
U.S. Actos	-	95	95	-	6	6
EU Candesartan	-	33	33	-	20	20
Gross Profit	**-5**	**132**	**127**	**-1**	**45**	**44**
SG&A expenses	**116**	**1**	**117**	**103**	**5**	**108**
Amortization of intangible assets	87	-	87	74	-	74
Amortization of goodwill	28	-	28	29	-	29
R&D expenses	**0**	**8**	**8**	**0**	**8**	**9**
In-license	-	8	8	-	4	4
Operating Income	**-120**	**122**	**2**	**-104**	**31**	**-73**
Non-operating Income/Expenses	**-5**	**-**	**-5**	**-7**	**-**	**-7**
Ordinary Income	**-125**	**122**	**-3**	**-112**	**31**	**-81**
Extraordinary Income/Loss	**-**	**15**	**15**	**-**	**23**	**23**
Net Income before Taxes	**-125**	**137**	**12**	**-112**	**55**	**-57**
Income Taxes, etc.	**-27**	**7**	**-20**	**-24**	**20**	**-4**
Net Income	**-98**	**130**	**32**	**-88**	**35**	**-53**

FY2013 Financial outlook
- Details

billion yen		FY2012	FY2013 Guidance		Comparison with Outlook in Oct.	Comparison with Previous year
		Actual	Oct.	Updated		
Net Sales		**1,557**	**1,680**	**1,690**	**+ 10**	**+ 133**
R&D expenses		**324**	**340**	**340**	**-**	**+ 16**
Operating Income		**123**	**140**	**150**	**+ 10**	**+ 27**
without Special factors *		267	295	305	+ 10	+ 38
Ordinary Income		**113**	**125**	**135**	**+ 10**	**+ 22**
Net Income		**131**	**95**	**100**	**+ 5**	**- 31**
without Extraordinary Income/Loss & Special factors *		185	195	205	+ 10	+ 20
EBITDA (excl. Extraordinary Income/Loss)		**324**	**355**	**360**	**+ 5**	**+ 36**
EPS		**166 yen**	**120 yen**	**127 yen**	**+ 6 yen**	**- 40 yen**
without Extraordinary Income/Loss & Exceptional items *		234 yen	247 yen	260 yen	+ 13 yen	+ 26 yen
Exchange Rate	Yen per USD	82	99	100	+ 1	+ 18
	Yen per EUR	106	129	133	+ 4	+ 27

* Special factors
: Transactions related to corporate acquisitions
i) in Operating Income :COGS related to inventory step-up due to revaluation to fair value and amortization of intangible assets and goodwill, etc.
ii) in Net Income and EPS; in addition to i), non-operating expenses

FY2013 Financial outlook
- Impact of 1 yen change in the foreign exchange rate

billion yen	FY2013	
	USD	EUR
Net Sales	3.8	4.1
Operating Income	- 0.7	0.3
Net Income	- 0.5	0.2

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

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