



A COMPETITIVE, VALUES-BASED, R&D-DRIVEN, GLOBAL BIOPHARMACEUTICAL LEADER

FY2019 Q2 Earnings Announcement

October 31st, 2019



Better Health, Brighter Future

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Financial information

Takeda’s financial statements are prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

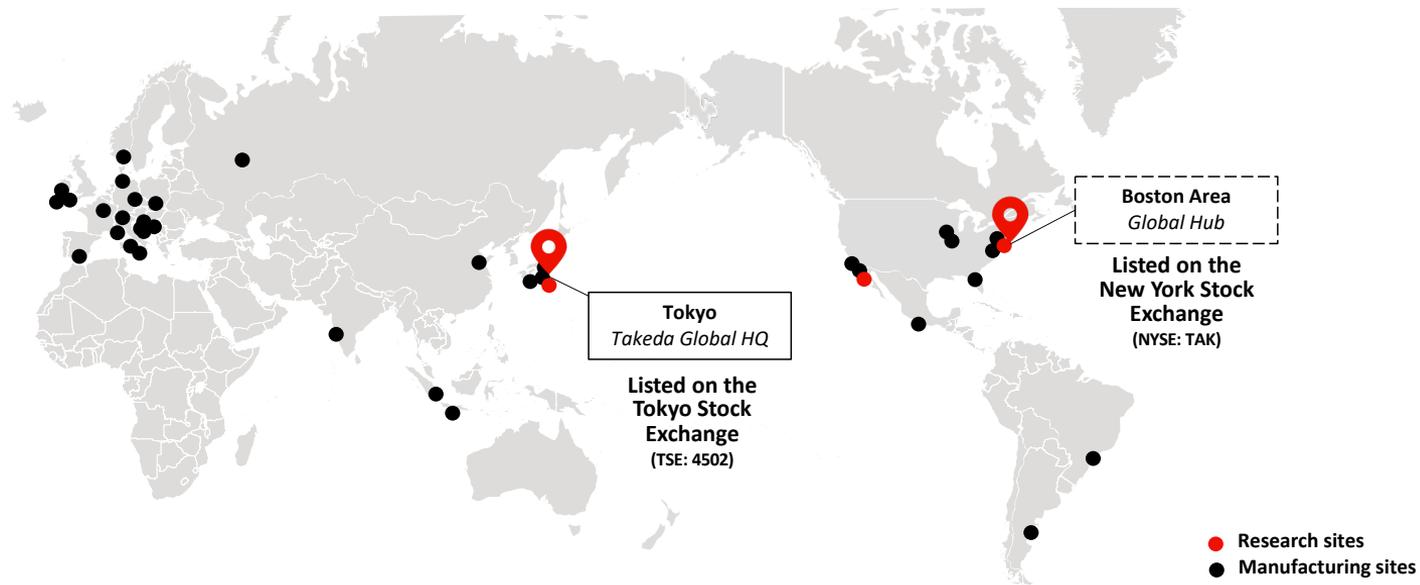
The Shire acquisition closed on January 8, 2019, and our consolidated results for the fiscal year ended March 31, 2019 include Shire’s results from January 8, 2019 to March 31, 2019. References to “Legacy Takeda” businesses are to our businesses held prior to our acquisition of Shire. References to “Legacy Shire” businesses are to those businesses acquired through the Shire acquisition.

This presentation includes certain pro forma information giving effect to the Shire acquisition as if it had occurred on April 1, 2018. This pro forma information has not been prepared in accordance with Article 11 of Regulation S-X. This pro forma information is presented for illustrative purposes and is based on certain assumptions and judgments based on information available to us as of the date hereof, which may not necessarily have been applicable if the Shire acquisition had actually happened as of April 1, 2018. Moreover, this pro forma information gives effect to certain transactions and other events which are not directly attributable to the Shire acquisition and/or which happened subsequently to the Shire acquisition, such as divestitures and the effects of the purchase price allocation for the Shire acquisition, and therefore may not accurately reflect the effect on our financial condition and results of operations if the Shire acquisition had actually been completed on April 1, 2018. Therefore, undue reliance should not be placed on the pro forma information included herein.

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JPY 1.660T
(USD 15.2B)¹

**FY2019 H1
REPORTED
REVENUE**



**FY2019 H1 REVENUE
BREAKDOWN
BY REGION**



TAKEDA IS DELIVERING ON ITS STRATEGIC PRIORITIES

-  Integration progressing on track while maintaining strong business momentum
-  Solid H1 financial performance driven by 14 global brands, synergies and OPEX
-  Raising full-year profit and margin guidance
-  R&D engine delivering pipeline to support long-term revenue growth

FY2019 Q2 KEY TAKE-AWAYS

BUSINESS AREA FOCUS



- 14 global brands' underlying growth +21%, driving strong performance across the business
- Steady execution of divestitures to optimize portfolio and accelerate de-leveraging; announced agreement to divest a portfolio of select OTC and non-core assets in NEMEA
- Working closely with U.S. FDA to resume NATPARA supply as soon as possible

R&D ENGINE



- 8 potential best-in-class or first-in-class NMEs in pivotal studies
- Data at World Sleep Congress demonstrate early evidence of efficacy for TAK-925 in Narcolepsy T1
- ENTYVIO head-to-head study and TAK-620 Ph-2 data in *New England Journal of Medicine*
- TRINTELLIX approved in Japan for the treatment of depression and depressed state

FINANCIAL STRENGTH



- FY2019 H1 Reported Revenue +88.5%; Underlying Revenue (pro forma¹) -0.2%
- FY2019 H1 Core Operating Profit² JPY 541.6B; Underlying Core OP margin 32.2%
- De-levered to 3.9x Net debt/adj EBITDA³; paid down JPY 584.5B of debt in Q2
- Raising full-year profit and margin guidance with business momentum expected to more than offset significant FX impact and NATPARA recall

1. Year-on-year underlying pro-forma revenue growth. The FY2018 H1 pro-forma baseline represents the sum of Takeda revenue for FY2018 H1 (Apr-Sep) plus Shire revenue for the same period, both adjusted to remove the revenue from divested assets, converted to JPY at the rate of \$1 = 111 JPY (average FX rate for FY2018), and converted from US GAAP to IFRS with no material differences. Please refer slide 49 for reconciliation.

2. Previously called Core Earnings (no change in definition). Please refer slide 42 for its definition.

3. Please refer to IR slides 56-57 for reconciliation.

OTC: Over-the-counter products; NEMEA: Near East, Middle East & Africa; FDA: Food & Drug Administration; NME: New Molecular Entity

5 KEY BUSINESS AREAS REPRESENT ~79% OF FY2019 H1 REVENUE

 <p>GI % of Sales: 21% Growth: +9%</p>	 <p>RARE DISEASES % of Sales: 20% Growth: -11%</p>			 <p>PLASMA-DERIVED THERAPIES (PDT)</p>	 <p>ONCOLOGY % of Sales: 13% Growth: +11%</p>	 <p>NEUROSCIENCE % of Sales: 13% Growth: +6%</p>	<p>OTHERS % of Sales: 21% Growth: -8%</p>
	<p>RARE METABOLIC % of Sales: 6% Growth: +1%</p>	<p>RARE HEMATOLOGY % of Sales: 11% Growth: -13%</p>	<p>HEREDITARY ANGIOEDEMA % of Sales: 4% Growth: -19%</p>	<p>PDT IMMUNOLOGY % of Sales: 12% Growth: +4%</p>			
       	   	     	  	      	    	     	<p>AZILVA®</p> <p>Nesina® (alogliptin)</p> <p>Colcrys (colchicine, USP) tablets</p> <p>Neosaldina®</p> <p>Magnyl</p> <p>Xefo</p> <p>Ebrantil</p> <p>etc.</p>
		<p>PDT RARE HEMATOLOGY</p>     	<p>PDT HEREDITARY ANGIOEDEMA</p> 	<p>kenketu glovenin-I</p> <p>KENKETU NONTHRON®</p> <p>KENKETU ALBUMIN</p>			

Note: Year-on-year changes are underlying pro-forma growth. The FY2018 H1 pro-forma baseline represents the sum of Takeda revenue for FY2018 H1 (Apr-Sep) plus Shire revenue for the same period, both adjusted to remove the revenue from divested assets, converted to JPY at the rate of \$1 = 111 JPY (average FX rate for FY2018), and converted from US GAAP to IFRS with no material differences.

14 GLOBAL BRANDS DRIVING TAKEDA'S STRONG PERFORMANCE

FY2019 H1 REVENUE

(as reported)		(BN JPY)	(MM USD)	versus PY (underlying)	GLOBAL BRAND
GI	 Entyvio vedolizumab	168.4	1,544	+33.9%	
	 Takecab	35.0	321	+28.3%	
	 Gattex Cefepime for Injection	29.3	268	+17.0%	
	 ALOFISEL	0.1	1	N/A (commercial launch August 2018)	
RARE DISEASES	 TAKHZYRO (saraluma-b-lyc) injection	30.7	281	+450%	
	 ADYNOVATE Ritidacalcin oral granules (Recombinant Coagulation Factor VIII)	29.8	273	+5.4%	
	 Natpara	12.4	114	-2.2%	
	 elapraxe (dursulfase)	35.5	326	-0.6%	
	 REPLAGAL agalsidase alfa CHANGING THE FACE OF FABRY DISEASE	25.5	233	+3.1%	
	 VPRIV	18.7	171	+3.1%	

FY2019 H1 REVENUE

	(BN JPY)	(MM USD)	versus PY (underlying)	GLOBAL BRAND
IMMUNOGLOBULIN	146.5	1,343	+3.0%	
 GAMMAGARD LIQUIB [Immune Globulin Intravenous (Human)] 10%			-2.2%	
 Kiovig Human Normal Immunglobulin G (10% Solution)			+23.9%	
 HyQvia Human Normal Immunglobulin (20% Recombinant Human Hyaluronidase)			+4.9%	
 Cuvitru [Immune Globulin Subcutaneous (Human)] 20%			+16.9%	
ALBUMIN/FLEXBUMIN¹	34.1	312		
ONCOLOGY				
 NINLARO (ixazomib) capsules	38.3	351	+32.7%	
 ADCESTRIS brentuximab vedotin	25.8	236	+32.7%	
 ALUNBRIG BIBR-1098 ORAL TABLETS	3.4	31	+50.7%	
NEURO-SCIENCE				
 Vyvanse	131.5	1,205	+5.4%	
 Trintellix vortioxetine	34.6	317	+28.1%	

14 GLOBAL BRANDS H1 TOTAL: JPY 547.0 B (US\$5.0B) (+21% GROWTH)

Note: Absolute values are presented on an IFRS (reported) basis; year-on-year changes are underlying pro-forma growth. The FY2018 H1 pro-forma baseline represents the sum of Takeda revenue for FY2018 H1 (Apr-Sep) plus Shire revenue for the same period, both adjusted to remove the revenue from divested assets, converted to JPY at the rate of \$1 = 111 JPY (average FX rate for FY2018), and converted from US GAAP to IFRS with no material differences. USD included for reference calculated at JPY/USD of 109 yen.



RAISING FULL-YEAR GUIDANCE AFTER SOLID H1 PERFORMANCE



Raising full-year profit and margin guidance with strong business momentum more than offsetting significant FX impact and NATPARA recall



H1 Underlying Core Operating Profit¹ margin 32.2%² driven by cost synergies, OPEX discipline, and improved product mix



Paid down JPY 584.5B (\$5.5B) of debt & de-levered from 4.7x to 3.9x Net debt/adj EBITDA³



Announced three divestitures to date, totaling ~\$4.0B upfront and up to \$1.9B in potential milestones

1. Previously called Underlying Core Earnings (no change in definition). Please refer slide 42 for its definition.

2. Please refer IR slide 51 for reconciliation.

3. Please refer IR slide 56-57 for reconciliation.

DELIVERED STRONG MARGINS AND CASH FLOW IN H1

FY2019 H1 FINANCIAL RESULTS (SUMMARY)

(BN YEN)	REPORTED		CORE ²		UNDERLYING
	FY2019 H1	VS. PRIOR YEAR	FY2019 H1	VS. PRIOR YEAR	
REVENUE	1,660.2	+88.5%	1,660.2	+88.5%	-0.2% (YoY pro-forma) ¹
OPERATING PROFIT	50.3	-70.7%	541.6	+155.5%	
Margin	3.0%	-16.5pp	32.6%	+8.6pp	32.2%
NET PROFIT	33.2	-73.8%	380.4	+130.3%	
EPS (JPY)	21 yen	-140 yen	244 yen	+33 yen	249 yen
FREE CASH FLOW ³	676.9	+461.5%			

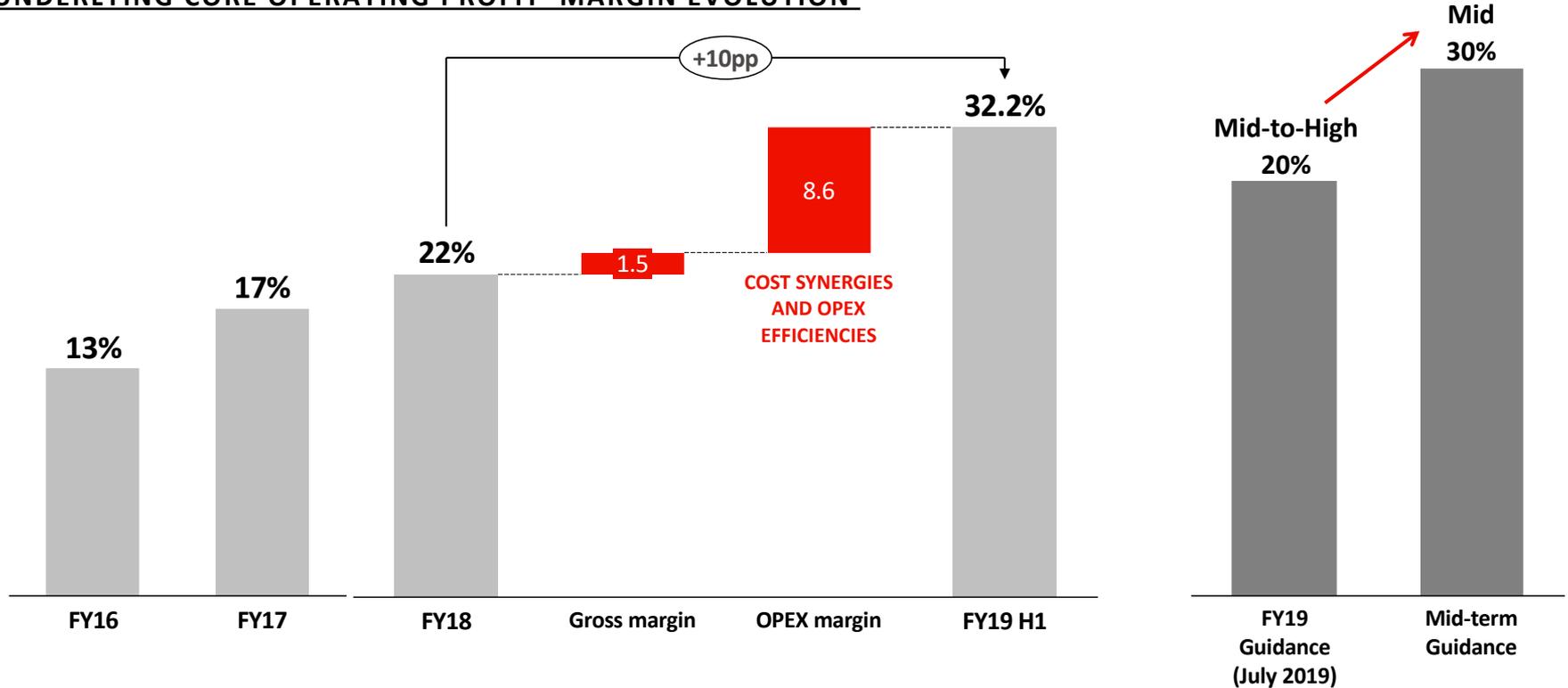
1. Represents change in underlying revenue between FY2018 Apr-Sep (on a pro-forma basis) and FY2019 Apr-Sep. The FY2018 H1 pro-forma baseline represents the sum of Takeda revenue for FY2018 H1 (Apr-Sep) plus Shire revenue for the same period, both adjusted to remove the revenue from divested assets, converted to JPY at the rate of \$1 = 111 JPY (average FX rate for FY2018), and converted from US GAAP to IFRS with no material differences. Please refer slide 49 for reconciliation.

2. Please refer IR slide 51-54 for reconciliation.

3. Please refer IR slide 55 for reconciliation.

COST SYNERGIES & OPEX EFFICIENCIES DRIVING MARGINS TOWARDS TARGET

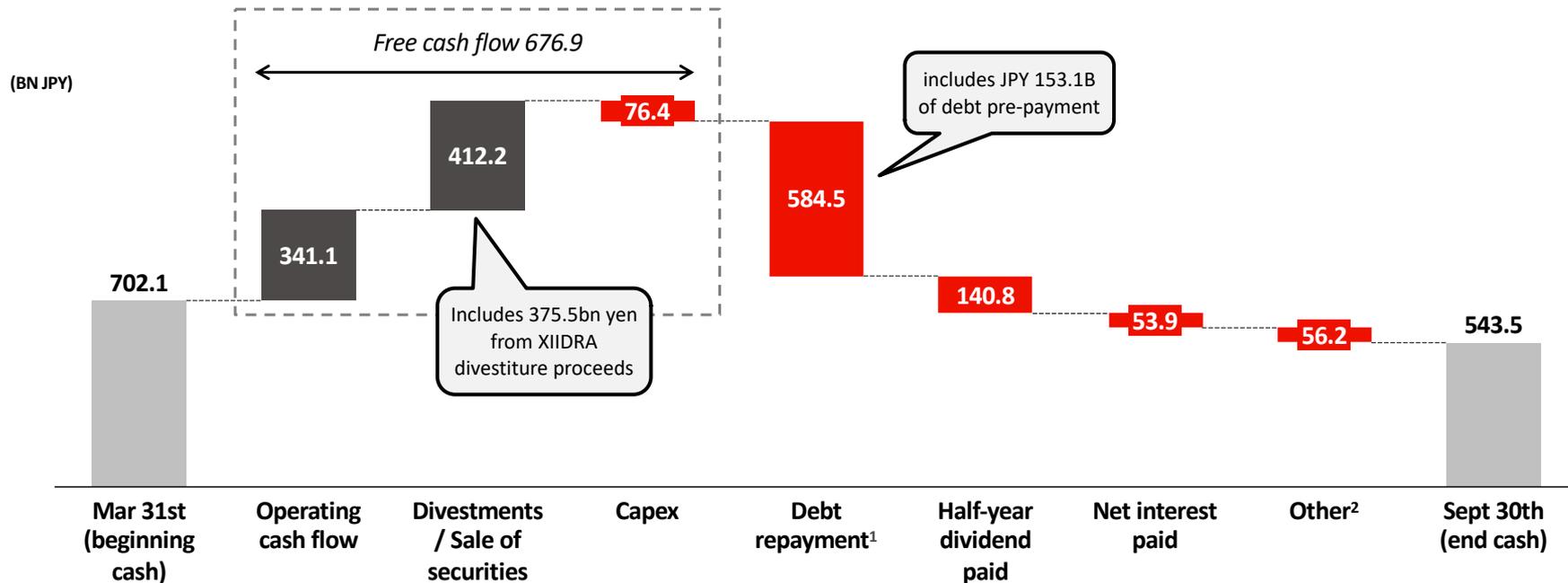
UNDERLYING CORE OPERATING PROFIT¹ MARGIN EVOLUTION²



1. Previously called Core Earnings (no change in definition). Please refer IR slide 42 for its definition.

2. Please refer slide IR 51 for reconciliation.

ABUNDANT CASH FLOW ENABLED JPY 584.5B OF DEBT PAY DOWN IN H1

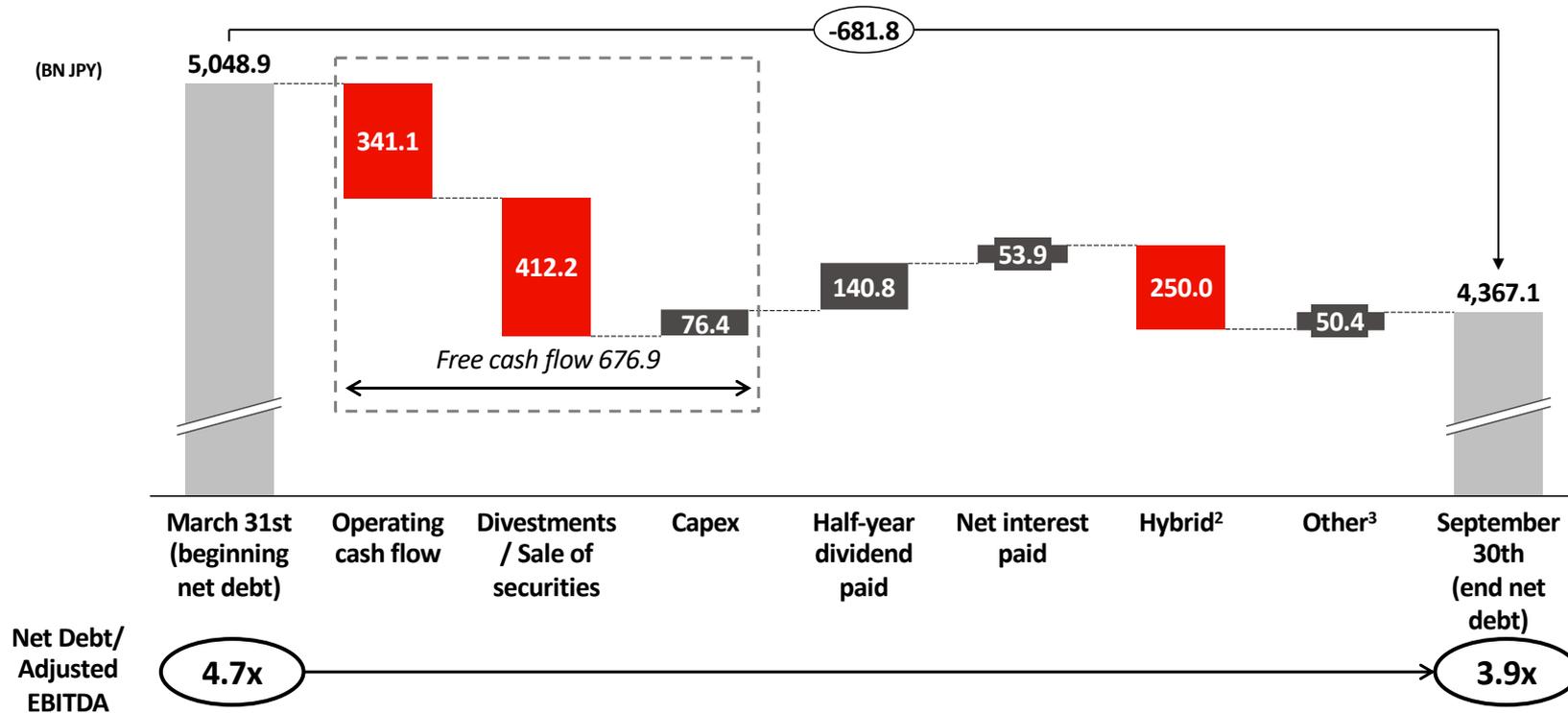


All maturing debt for 2019 paid in FY2019 H1; No more maturities in FY2019 H2

1. Debt repayment represents cash paid.

2. Other indicates FX impact on cash, lease obligations, acquisition of investments and contingent considerations.

RAPID DE-LEVERAGING FROM 4.7x TO 3.9x NET DEBT/ADJUSTED EBITDA¹



1. Please refer to IR slides 56-57 for reconciliation.

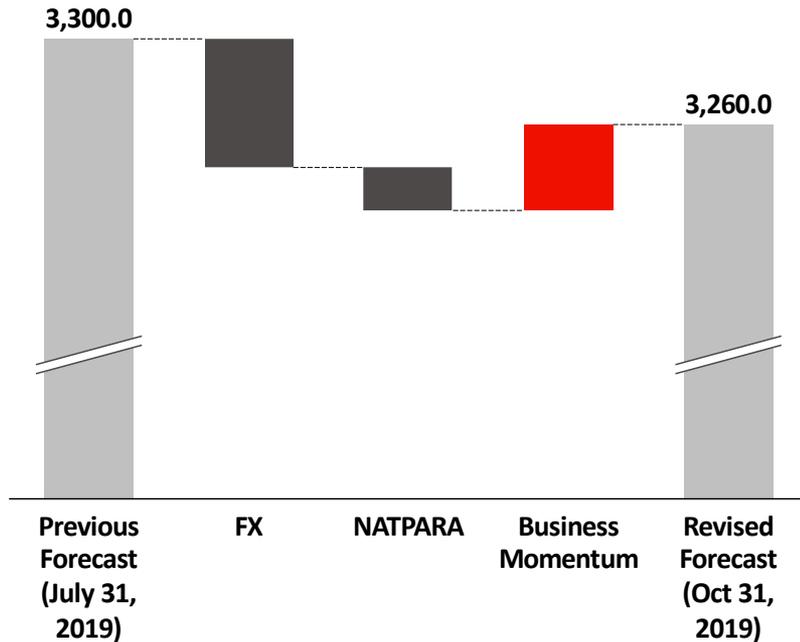
2. In June 2019, Takeda issued JPY 500B of hybrid bonds to replace its existing Senior Short-Term Loan, completing the permanent financing process for the Shire acquisition. Net debt includes a 50% equity credit for these bonds (JPY 250B), reflecting the equity credit assigned to them by the ratings agencies.

3. Includes cash and non cash adjustments to debt book-value. Non cash adjustments include changes due to debt amortization, FX impact from converting non-JPY debt into JPY.

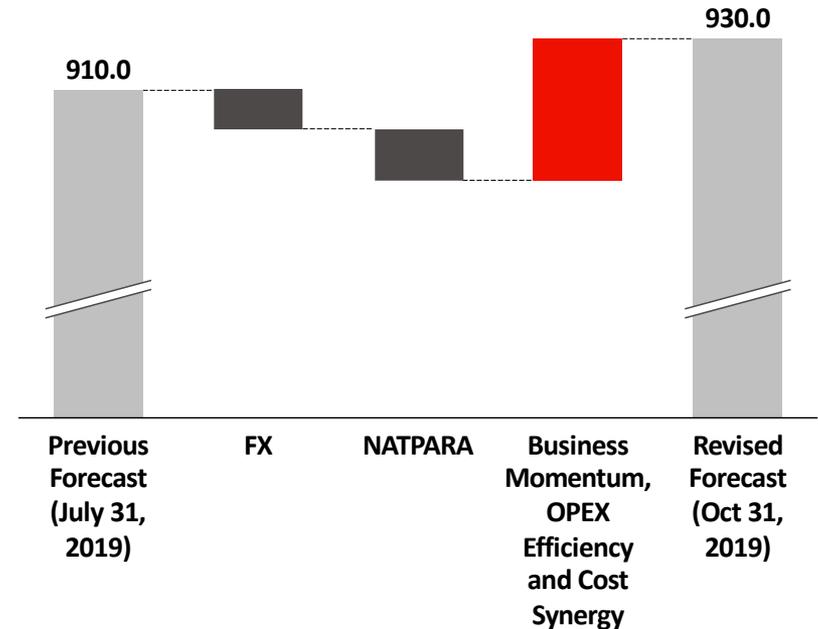
RAISING FULL-YEAR CORE OPERATING PROFIT FORECAST TO JPY 930.0 B

(BN JPY)

FY2019 Reported Revenue Forecast



FY2019 Core Operating Profit¹ Forecast²



Note: Graphs are illustrative

1. Previously called Core Earnings (no change in definition). Please refer IR slide 42 for its definition.

2. Please refer IR slide 60 for reconciliation

FY2019 REVISED REPORTED FORECAST

(BN YEN)	FY2018 Actual	FY2019 Previous Forecast (July 31, 2019)	FY2019 Revised Forecast (October 31, 2019)	vs. PY		vs. Previous Forecast	
Revenue	2,097.2	3,300.0	3,260.0	+1,162.8	+55.4%	-40.0	-1.2%
Operating profit	205.0	-166.0	-110.0	-315.0	-	+56.0	+33.7%
Net profit	109.1	-367.7	-273.0	-382.1	-	+94.7	+25.8%
EPS (yen)	114 yen	-236 yen	-175 yen	-289 yen	-	+61 yen	+25.7%
Core Operating Profit	459.3	910.0	930.0	+470.7	+102.5%	+20.0	+2.2%
USD/JPY	111 yen	111 yen	109 yen	-2 yen		-2 yen	
EUR/JPY	129 yen	124 yen	121 yen	-8 yen		-3 yen	

UPGRADING FY2019 MANAGEMENT GUIDANCE FOR MARGIN AND PROFIT

Raising full-year profit and margin guidance with business momentum expected to more than offset NATPARA recall

	MANAGEMENT GUIDANCE (July 31, 2019)	FY2019 H1 RESULTS	MANAGEMENT GUIDANCE (October 31, 2019)
UNDERLYING REVENUE GROWTH¹	Flat to slightly increasing	-0.2%	Flat to slightly increasing
UNDERLYING CORE OPERATING PROFIT² MARGIN³	Mid-to-high-twenties %	32.2%	<u>High</u> -twenties %
UNDERLYING CORE EPS³	360-380 yen	249 yen	<u>370-390</u> yen
ANNUAL DIVIDEND PER SHARE	180 yen		180 yen

Note: FY2019 Updated Management Guidance does not take into consideration any further divestitures beyond what has already been disclosed

1. Constant Exchange Rate growth (applying FY2018 full year average foreign exchange rate of 111 JPY/USD) compared to baseline of JPY 3,300 billion (Rounded pro-forma April 2018-March 2019 combined revenue of Legacy Takeda and Legacy Shire, converted at April 2018-March 2019 average exchange rate of 111 JPY/USD; also adjusted to remove the revenue from divested assets such as Techpool, Multilab, and TACHOSIL from Legacy

Takeda, and the oncology portfolio and XIIDRA from Legacy Shire) and converted from US GAAP to IFRS with no material differences.

2. Previously called Core Earnings (no change in definition). Please refer IR slide 42 for its definition.

3. Please refer IR slide 51 for reconciliation.

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Better Health, Brighter Future

**A Global, Values-Based, R&D-Driven
Biopharmaceuticals Leader**



Q&A SESSION



Christophe Weber

President & Chief
Executive Officer



Andrew Plump

President, Research &
Development



Costa Saroukos

Chief Financial Officer



Masato Iwasaki

President, Japan Pharma
Business Unit

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Q&A
Session