



## *First Quarter Financial Results for Fiscal 2008*

*Conference Call July 31, 2008*



**Takeda Pharmaceutical Company Limited**

Takeda Pharmaceutical Company Limited



## *Consolidated Results First Quarter of Fiscal 2008 Outlook for Consolidated Results Fiscal 2008*

Hiroshi Takahara  
Corporate Officer, General Manager  
Finance & Accounting Department



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## Consolidated Results Summary

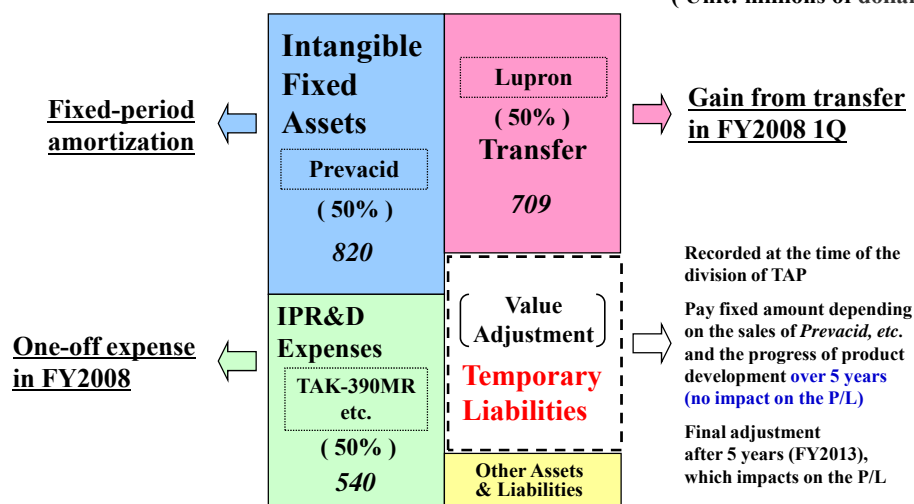
	FY07 1Q	FY08 1Q	Year-on-year change	
	billions of yen	billions of yen	billions of yen	<%>
Net sales	366.3	396.9	30.5	8.3%
Operating income / loss	153.1	-27.2	-180.3	—
Ordinary income / loss	190.4	-6.4	-196.8	—
Net income	131.0	2.5	-128.5	-98.1%
R&D expenses	47.3	234.8	187.6	—
EPS	152.74yen	3.01yen	-149.73yen	-98.0%
EPS excluding the effects of extraordinary profit/loss and other special factors	132.43yen	127.25yen	-5.18yen	-3.9%

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## Value Allocation of TAP

(Unit: millions of dollar)



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## Purchase Price Allocation of Millennium

( Unit: millions of dollar )

<b>Acquisition Cost</b>  <b>8,800 → 8,866</b>  ( \$25 Per Share )	Intangible Fixed Assets 4,400 → 4,440	→ <u>Amortize each product over a independently determined fixed periods</u>
	Deferred Tax Liabilities - 2,400 → - 1,554	
	Deferred Assets 2,400 → 887	
	IPR&D Expenses 1,200 → 1,050	→ <u>One-off expense in FY2008</u>
	Goodwill 2,300 → 3,086	→ <u>Amortize over 20 years</u>
	Other Assets & Liabilities 900 → 957	→ <u>Recognize as Assets &amp; Liabilities</u>

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## Effects from the Business Combination on FY2008 1Q

( Unit: millions of dollar )

(-) negative effects    (+) positive effects

Profit/Loss from the Business Combination	TAP	Millennium	Total	Account Title
Intangible Fixed Assets Amortization Cost	-47	-69	-116	SG&A expenses
Goodwill Amortization Cost	-	-26	-26	
IPR&D Expenses	-540	-1,050	-1,590	R&D expenses
The Effects on Operating Income	-587	-1,145	-1,732	
Gain from transfer of the Lupron business	+709	-	+709	Extraordinary Gain
Income Taxes Deferred on Intangible Fixed Assets Amortization Cost	+17	+24	+42	Income Taxes Deferred
The Effects on Net Income	+139	-1,121	-981	

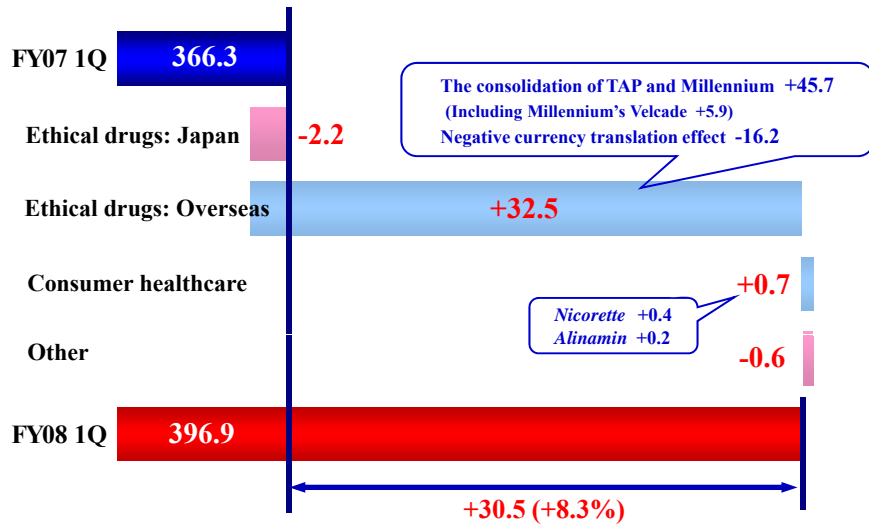
**Note:** Amounts in the slide are for the two months of May and June, which is the period since TAP and Millennium were consolidated.

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## Breakdown of Sales Increase/Decrease

(Unit: billions of yen)



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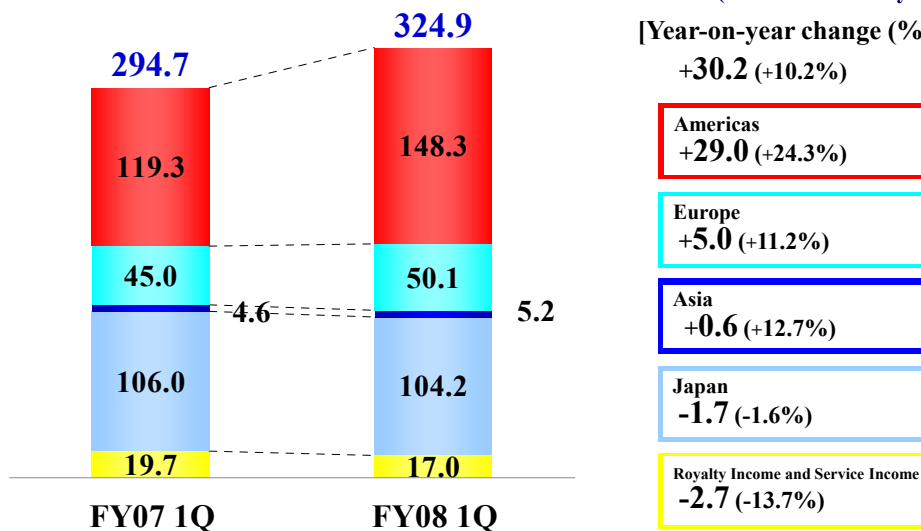
## Ethical Drugs Sales (Consolidated Basis)

<Excluding sales of products for which Takeda acts as a distributor to wholesalers>

(Unit: billions of yen)

[Year-on-year change (%)]

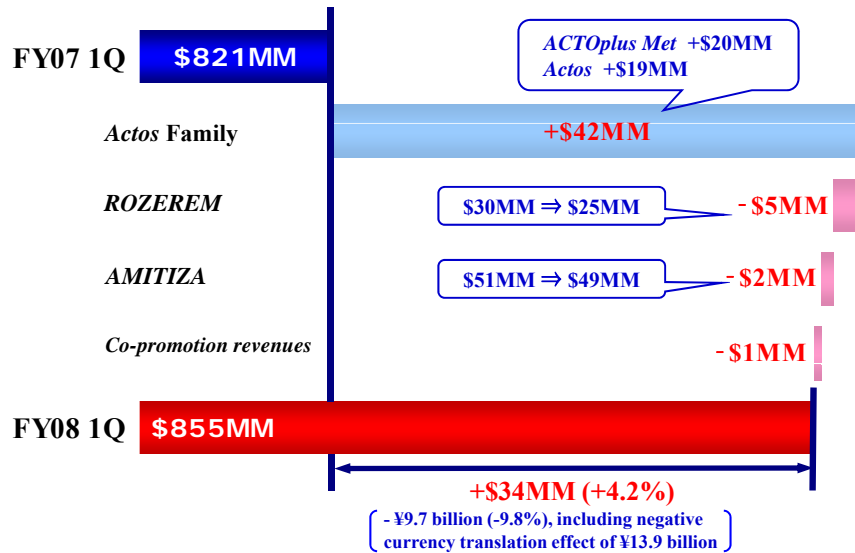
+30.2 (+10.2%)



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## Breakdown of Sales Increase/Decrease at TPNA



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## International Strategic Products Sales (Consolidated Basis)

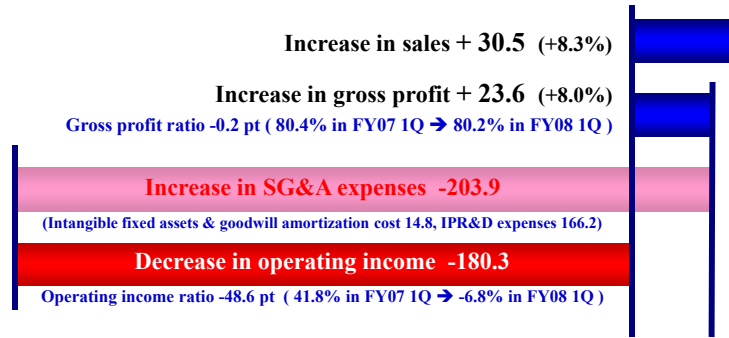
	FY07 1Q	FY08 1Q	Year-on-year change		Regional Increase/Decrease			
	billions of yen	billions of yen	billions of yen	(%)	Japan	Americas	Europe	Asia
Pioglitazone	106.6	103.3	-3.4	-3.1%	1.7	-7.5	2.0	0.4
Lansoprazole	40.8	72.4	31.5	77.2%	1.3	32.6	-2.3	-0.0
Candesartan	55.4	59.9	4.5	8.2%	-1.3	Overseas total		5.8
Leuprorelin	33.8	32.7	-1.2	-3.4%	-1.0	-1.1	1.1	-0.2
Four international strategic products	236.7	268.2	31.6	13.3%	0.8	Overseas total		30.8

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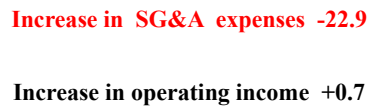
## Consolidated Operating Income Key Factors

(Unit: billions of yen)



### Change excluding the effects\* of TAP & Millennium

\* The sum of Intangible fixed assets, goodwill amortization costs, and IPR&D expenses related to TAP & Millennium (181.0 billion yen)

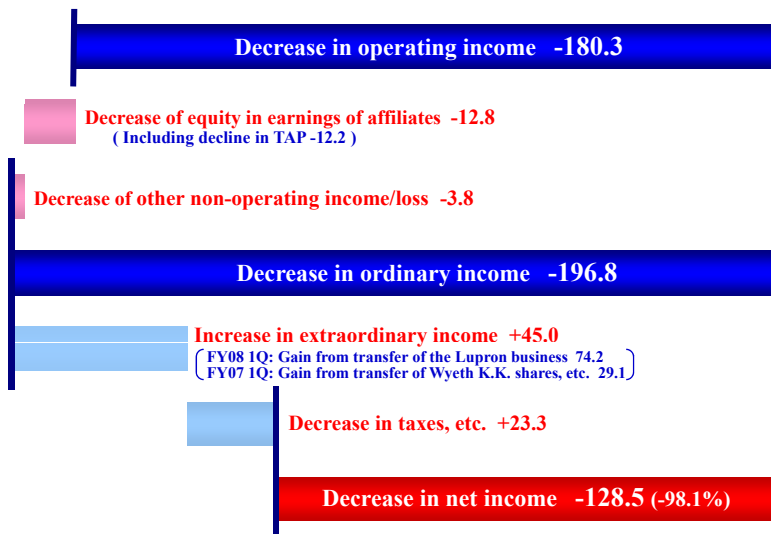


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## Consolidated Net Income Key Factors

(Unit: billions of yen)



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## Effects from the Business Combination on FY2008

( Unit: millions of dollar )

(-) negative effects (+) positive effects

Profit/Loss from the Business Combination	FY2008 (Original forecast)			FY2008 (Updated forecast)			Increase / Decrease		
	TAP	Millennium	Total	TAP	Millennium	Total	TAP	Millennium	Total
Intangible Fixed Assets Amortization Cost	-300	-700	-1,000	-250	-420	-670	+50	+280	+330
Goodwill Amortization Cost	-	-100	-100	-	-140	-140	-	-40	-40
IPR&D Expenses	-500	-1,200	-1,700	-540	-1,050	-1,590	-40	+150	+110
The Effects on Operating Income	-800	-2,000	-2,800	-790	-1,610	-2,400	+10	+390	+400
Gain from transfer of the Lapron business	+600	-	+600	+710	-	+710	+110	-	+110
Income Taxes Deferred on Intangible Fixed Assets Amortization Cost	+100	+250	+350	+80	+160	+240	-20	-90	-110
The Effects on Net Income	-100	-1,750	-1,850	+0	-1,450	-1,450	+100	+300	+400

**Note:** Amounts in the slide are for the eleven months of May and March 2009, which is the period since TAP and Millennium were consolidated.

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## FY2008 Outlook Financial Summary

	FY2007 [ Actual ]	FY2008 [ Original forecast ]	FY2008 [ Updated forecast ]	Change		Change
	billions of yen	billions of yen	billions of yen	FY2008 (Updated)	FY2007 (Actual)	FY2008 (Updated) - FY2008 (Original)
				billions of yen	(%)	billions of yen
Net sales	1,374.8	1,570.0	1,570.0	195.2	14.2%	-
Operating income	423.1	240.0	280.0	-143.1	-33.8%	40.0
Ordinary income	536.4	260.0	300.0	-236.4	-44.1%	40.0
Net income	355.5	160.0	200.0	-155.5	-43.7%	40.0
R&D expenses	275.8	485.0	470.0	194.2	70.4%	-15.0
EPS	418.97yen	192.14yen	244.34yen	-174.63yen	-41.7%	52.20yen
EPS excluding the effects of extraordinary profit/loss and other special factors	391.48yen	417.90yen	423.68yen	32.20yen	8.2%	5.78yen
US dollar	114yen	100yen	100yen			
Euro	162yen	155yen	155yen			

**Note:** The number of shares used to compute EPS no longer includes the Company's shares repurchased in May-June; the repurchase of which was not taken into account in the original forecast.

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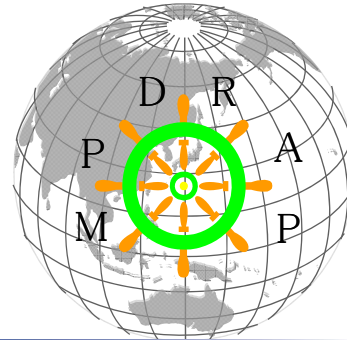
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# *R&D Pipeline Update*

## *First Quarter of Fiscal 2008*

**Masato Iwasaki**  
General Manager  
Strategic Product Planning Dept.



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## **Core therapeutic areas**

**Franchise I: Lifestyle-related diseases**

**Franchise II: Oncology and urological diseases**

**Franchise III: CNS (including bone/joint diseases)**



**Franchise IV: Gastroenterological diseases**

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## Franchise I: Lifestyle-related diseases (1)



Development code	Indications (region)	Ph I	Ph II	Ph III	NDA	Approval
KAD-1229	Concomitant therapy with insulin sensitizer (Japan)				○	
AD-4833	Combination drug of Actos / metformin XR (US)				○	
	Concomitant therapy with metformin (Japan)				○	
	Concomitant therapy with insulin (Japan)				○	
	Delay in progression of atherosclerosis (US)			○		
	Fixed dose combination with SYR-322 (US, Europe)			○		
AO-128	Prevention of onset of type 2 diabetes in patients with impaired glucose tolerance (IGT) (Japan)				○	
SYR-322	Diabetes (US)				○	
	Diabetes (Europe)			○		
	Diabetes (Japan)		○			
SYR-472	Diabetes (US, Europe)		○			
	Diabetes (Japan)	○				
TAK-428	Diabetic neuropathy (US, Europe)		○			

 Progress in stage since release of FY2007 financial results (May 9, 2008)
  Newly listed at release of 1Q results (July 31, 2008) 17

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## Franchise I: Lifestyle-related diseases (2)



Development code	Indications (region)	Ph I	Ph II	Ph III	NDA	Approval
TCV-116	Fixed dose combination with diuretic (Japan)				○	
	Fixed dose combination with diuretic (Europe)				○	
	Fixed dose combination with calcium channel blocker (Japan)					
	High dose (Japan)			○		
	Diabetic retinopathy candesartan trial (Europe)			○		
TAK-491	Hypertension (US, Europe)			○		
TAK-536	Hypertension (US, Europe, Japan)		○			
TAK-085	Hypertriglyceridemia (Japan)		○			
TAK-442	Venous/Arterial thromboembolism (US, Europe)		○			
	Venous/Arterial thromboembolism (Japan)	○				
ATL-962	Obesity (Japan)		○			
TAK-379	Diabetes	○				
TAK-100	Diabetes	○				
TAK-875	Diabetes	○				
TAK-591	Hypertension	○				

 Progress in stage since release of FY2007 financial results (May 9, 2008)
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## Franchise III: CNS, Bone/Joint diseases

Development code	Indications (region)	Ph I	Ph II	Ph III	NDA	Approval
NE-58095	Paget's disease of bone (Japan)					○
TAK-375	Insomnia (Europe, Japan)				○	
	Circadian rhythm sleep disorder (US)		○			
SNT-MC17	Friedreich's ataxia (Europe)				○	
	Duchenne muscular dystrophy (Europe)		○			
Lu AA21004	Mood and anxiety disorders (US, Europe)			○		
	Mood and anxiety disorders (Japan)		●			
Lu AA24530	Mood and anxiety disorders (Europe)		○			
TAK-783	Rheumatoid arthritis (US, Europe)		○			
	Rheumatoid arthritis (Japan)	○				
TAK-065	Alzheimer disease, Parkinson's disease	○				

 Progress in stage since release of FY2007 financial results (May 9, 2008) ● Newly listed at release of 1Q results (July 31, 2008) 21

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## Franchise IV: Gastroenterological and other diseases

Development code	Indications (region)	Ph I	Ph II	Ph III	NDA	Approval
TAK-390MR	Erosive esophagitis (healing and maintenance) and non-erosive gastro-esophageal reflux disease (US)				○	
	Erosive esophagitis (healing and maintenance) and non-erosive gastro-esophageal reflux disease (Japan)		○			
TMX-67	Hyperuricemia in patients with chronic gout (US)				●	
AG-1749	Risk reduction of NSAID-associated gastric ulcer (Japan)			○		
AMITIZA <sup>®</sup>	Opioid-induced bowel dysfunction (US)			○		
TAK-242	Severe sepsis (US, Europe, Japan)			○		
MLN0002	Ulcerative colitis, Crohn's disease (US)		●			
IY-81149	Acid-related diseases (GERD, Peptic ulcer disease, etc.) (US)		●			
TAK-438	Acid-related diseases (GERD, Peptic ulcer disease, etc.)	○				
MLN0415	Inflammatory diseases	●				

 Progress in stage since release of FY2007 financial results (May 9, 2008) ● Newly listed at release of 1Q results (July 31, 2008) 22

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## Initiatives to Establish a Drug Discovery Platform for Nucleic Acid Therapeutics

### ➤ RNAi Therapeutics (May 2008)

#### Platform Alliance with Alnylam (US):

- Non-exclusive access and enablement to Alnylam's leading RNAi Therapeutics Platform Technologies
- Joint-research to generate RNAi Therapeutics

#### < About RNA Interference (RNAi) >

RNAi therapeutics target the cause of diseases by potently silencing specific messenger RNAs (mRNAs), thereby preventing disease-causing proteins from being made. It is anticipated that RNAi therapeutics will provide a range of new drug targets for drug discovery and empower faster and more efficient research. RNAi therapeutics have the potential to treat disease in a fundamentally new way.

### ➤ Aptamers (June 2007)

#### Archemix Corp. (US): Joint-research to generate Aptamer Therapeutics

#### < Potential of Aptamers >

Applicable to a variety of diseases, shorter R&D period, chemically synthesized, high specificity and affinity, chemical stability, low immunogenicity, adjustable half-life in blood

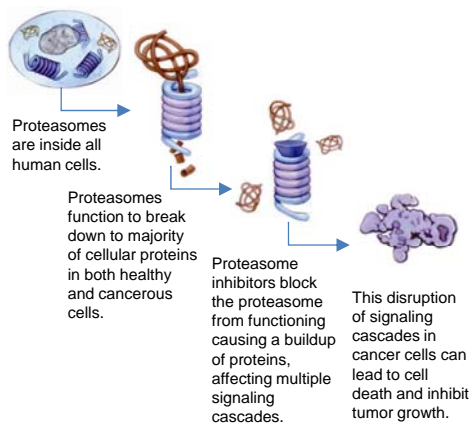
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## VELCADE

Approved as first line treatment for multiple myeloma in June 2008

### Proteasome inhibitor



### VISTA Trial\*

#### < Subjects >

682 subjects with previously untreated multiple myeloma, who cannot receive transplantation of stem cells

#### < Study Design >

A study to assess the safety and efficacy of Melphalan/ Prednisone (MP) therapy Versus VELCADE/Melphalan/Prednisone (VcMP) therapy

#### < Results >

The VISTA trial showed 30% complete remission rate with VcMP therapy compared to 4% for MP therapy. Patients treated with VcMP therapy also experienced a survival benefit.

\*VELCADE as Initial Standard Therapy in multiple myeloma: Assessment with melphalan and prednisone

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## 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.*

*Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this presentation. These risks and uncertainties include, but are not limited to, the economic circumstances surrounding the Company's business; competitive pressure; relative laws and regulations; product development programs; and changes in exchange rates.*

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