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# *Management Policy*

*Establishing a Foundation for  
Next Medium-Term Management Plan*

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# 2001-2005 Medium-Term Management Plan

## <Basic Initiatives> <Numerical Targets>

### Basic Initiatives

Realize **1 trillion yen in sales of in-house ethical drugs**

**Create sources of growth** to make Takeda a world-class pharmaceutical company

**Promote total independence** of non-pharmaceutical businesses

**Build systems and a framework** as a world-class pharmaceutical company

*Market share in regions entered*

**$\geq 3\%$**

*Operating margin*

**35%**

*Consolidated earnings per share* (excluding extraordinary gain and loss)

**average increase  $\geq 10\%$  p.a.**

*Consolidated return on equity*

**17%**

# Summary of FY2004 Results and Outlook for FY2005

## FY2004 Results




Net sales	¥1,123.0 billion	(+3.4%)	14 years consecutive growth
Operating income	¥385.3 billion	(+3.7%)	13 years consecutive growth
Ordinary income	¥442.1 billion	(-0.9%)	First decline in these 13 years
Net income	¥277.4 billion	(-2.7%)	First decline in these 11 years

## Outlook for FY2005

Net sales	¥1,155.0 billion
Operating income	¥370.0 billion
Ordinary income	¥445.0 billion
Net income	¥295.0 billion

## Maintain/expand core products

### U.S. (April-March, in US\$)

- TPNA - Actos  More than 10% growth
- TAP - Prevacid  Plateau
- Lupron  Plateau

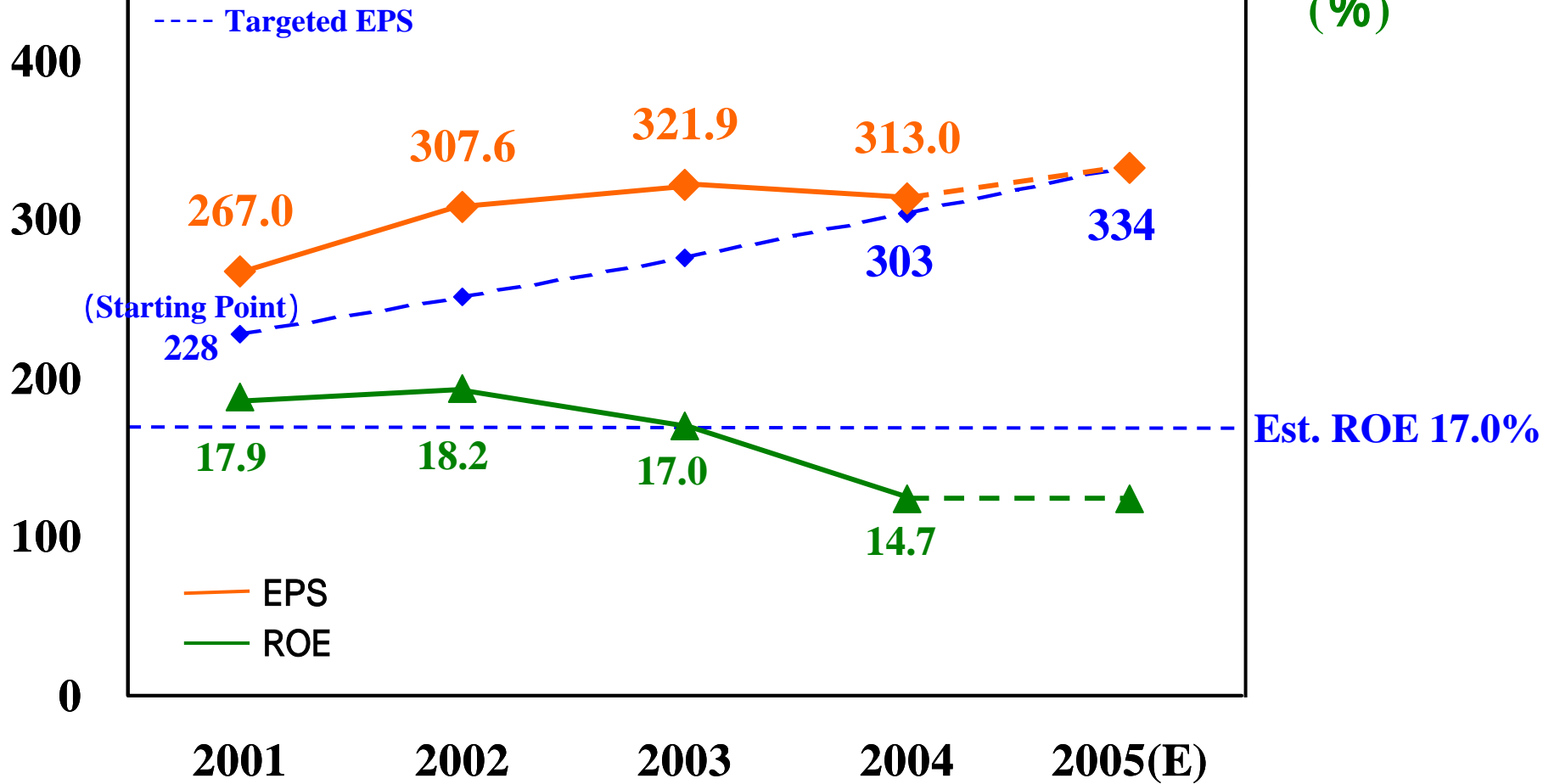
### Japan

- Stable growth of Blopress, Takepron  More than 10% growth
- Basen, Actos, Glufast  Continued strengthening franchise for diabetes

# EPS & ROE

EPS  
(Yen)

ROE  
(%)



# Dividend Policy

## *Fundamental Policy:*

*Our policy is to return profits to shareholders according to consolidated results for each accounting period. The Company seeks to increase distribution of profits, taking into overall consideration its financial condition and medium- to long-term capital requirements for business investments to increase the value of the Company.*

*FY2000      ¥50*

*FY2001      ¥60 (+¥10 year-on-year)*

*FY2002      ¥65 (+¥5 year-on-year)*

*FY2003      ¥77 (+¥12 year-on-year)*

*FY2004 interim      ¥44 (+¥8 year-on-year)*

*full-year      ¥88 (+¥11 year-on-year)*

*FY2005      ¥100 (+¥12 year-on-year): Payout ratio=30%*

# Fiscal 2005 Tasks

*Final year of 200-05 Medium-Term Management Plan*

*Step board for next 5 years*

- Thoroughly strengthen **research and development pipeline**
- **Maintaining growth potential and expanding market share of existing core products**
- Building global **operating infrastructure and scheme**
- Establishing a **solid business structure free from influence by environmental changes**

# Thoroughly strengthening pipeline

## Strengthening pipeline in North America in FY2005

Launch of Ramelteon (TAK-375)

Launch of Lubiprostone (for chronic constipation)

## Strategies for strengthening pipeline

Establishing further efficient research management scheme

Building a global development management scheme

Building a “Global One Team” for in-licensing/alliances

Promotion of Life Cycle Management

# In-licensing and Alliance

Product Name	Licensed from	Action or class indication	Territory	Stage
Glufast®	Kissei (Japan)	short-acting insulin secretagogue	Japan	Launched (April 2004)
Enbrel®	Wyeth (US)	rheumatoid arthritis	Japan	Launched (March 2005)
LY333531	Eli Lilly (US)	diabetic complications (microvascular)	Japan	Phase II
ATL-962	Alizyme (UK)	obesity	Japan	Phase I
Actos®+Fortamet®	Andrx (US)	diabetes	US	Under preparation of clinical trials
Niaspan®	Kos (US)	hyperlipemia	US	Co-promotion started (January 2004)
Advicort®	Kos (US)	hyperlipemia	US	Co-promotion started (January 2004)
Dimesna (generic name)	BioNumerik (US)	chemotherapy supportive	North America	Phase III
Lubiprostone (generic name)	Sucampo (US)	chronic constipation c-IBS	North America	Filed Phase II
R-851	3M	human papillomavirus (HPV) infection	US, EU	Phase I
TAK-363	Toray	Frequent Urination Urinary Incontinence	US, EU	Under preparation of Phase I

# Takeda San Diego, Inc. (former Syrrx, Inc.)



- Takeda's first discovery research presence in the US; **"IND engine"**
- Leading edge **high-throughput X-ray crystallography capabilities**
- **Excellent pipeline** (cancer and diabetic fields)
- **Synergy effects** with domestic research centers (Tsukuba, Osaka)

# U.S. Operations

## TAP

- **Lupron**      Steady sales (**plateau**) with slightly increased share
- **Prevacid**      Steady sales (**plateau**)
- **Febuxostat (TMX-67)**      NDA filed in December 2004
- **Asoprisnil (J867)**      NDA submission as early as possible

## TPNA

- **Actos Family** (including Actoplus Met)      **more than 10 in crease**
  - **Differentiation from competitors using GLAI Study**
  - **Conducting outcome studies and utilization of its results**
- **Ramelteon (TAK-375)** **thorough preparation for launch** ← **investment**  
Positioning : **First-line therapy** for insomnia treatment
- **Lubiprostone, Dimesna** preparation for future launch
- **Sales force increase**      **Ramelteon** : additional **500 sales reps.** + **CSO**

# Building systems and a framework

## *Global management structure*

<b>Sales &amp; Marketing</b>	<b>Optimal sales organization by regional/market management</b>
<b>Research</b>	<b>Clear definition of functions in Domestic/Overseas centers</b>
<b>Development</b>	<b>Building a management scheme by HQ's enhanced function</b>
<b>Production</b>	<b>Overall management of production facility of whole Takeda group</b>
<b>Corporate staff</b>	<b>Management system by each function for whole Takeda group</b>

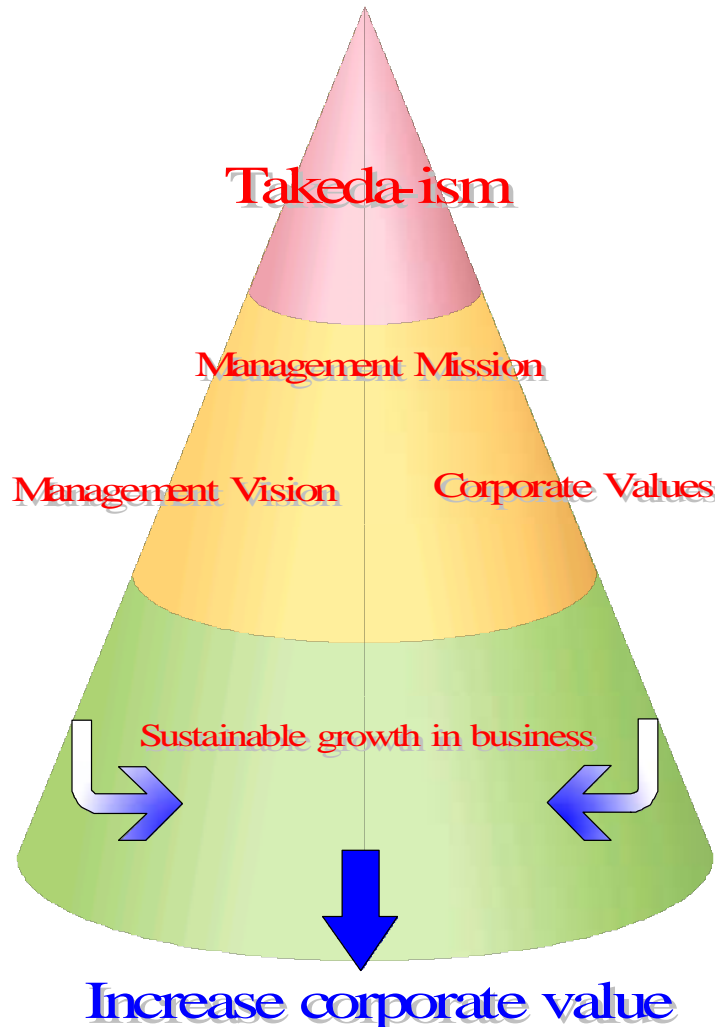
## *Solid business structure free from influence by environmental change*

**Concentration of resources into core functions**

**Fostering and enhancement of human resources**

**Efficient use of expenses and strong cost competitiveness**

# “Takeda-ism”



## [Basic Concept]

Acting with integrity at all times, especially when facing difficulties or challenges. “Integrity” refers to our compliance with the highest ethical standards, our fairness and honesty in conducting every activity, and our perseverance in pursuing the ideal forms for our operations and management. We show our commitment to building trust and confidence in all the people around us, and our determination to continue to expand the business. These empower our progress in our global endeavors to fulfill our Management Mission.

## [Management Mission]

“Strive toward better health for individuals and progress in medicine by developing superior pharmaceutical products.”