



First Quarter of Fiscal 2012 Consolidated Financial Results

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Senior Vice President
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July 30, 2012

Takeda Pharmaceutical Company Limited

Consolidated Financial Results for the First Quarter of Fiscal 2012



	FY11 Apr-Jun (billion yen)	FY12 Apr-Jun (billion yen)	Year-on-year change		excl. Currency Translation Effect (billion yen)
			(billion yen)	(%)	
Net Sales	357.2	398.3	+ 41.1	< + 11.5	+ 45.8
Gross Profit	278.3	295.0	+ 16.7	< + 6.0	+ 21.2
excl. Extraordinary factors *1	278.3	295.6	+ 17.2	< + 6.2	+ 21.7
SG&A Expenses	104.4	153.5	+ 49.1	< + 47.1	+ 51.6
excl. Extraordinary factors *2	88.5	121.0	+ 32.5	< + 36.7	+ 34.6
R&D Expenses	57.7	78.9	+ 21.2	< + 36.7	+ 21.8
Operating Income	116.2	62.6	- 53.6	< - 46.2	- 52.3
excl. Extraordinary factors *3	132.2	95.8	- 36.4	< - 27.5	- 34.7
Ordinary Income	119.2	66.2	- 53.0	< - 44.5	- 52.0
Extraordinary Income/Loss	—	9.5	+ 9.5	—	+ 9.5
Net Income	75.6	87.6	+ 12.0	< + 15.8	+ 12.5
excl. Extraordinary Income/Loss & Extraordinary factors *4	86.9	61.1	- 25.8	< - 29.7	- 25.1
EBITDA(excl. Extraordinary Income/Loss)	147.6	114.4	- 33.2	< - 22.5	
E P S	96 yen	111 yen	+ 15 yen	< + 15.8	
excl. Extraordinary Income/Loss & Extraordinary factors *4	110 yen	77 yen	- 33 yen	< - 29.7	
Exchange Rate					
USD	82 yen	80 yen	- 2 yen		
EUR	117 yen	103 yen	- 15 yen		

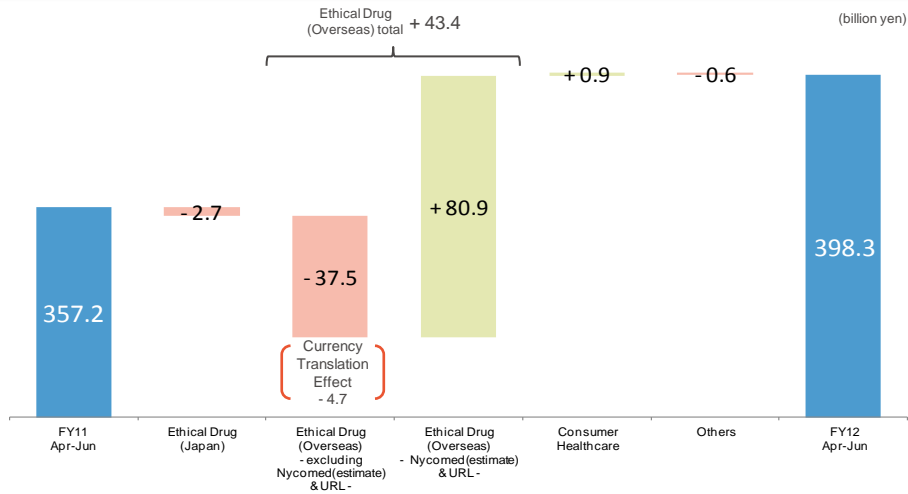
*1 Extraordinary factors in Gross Profit: an increase in COGS related to inventory step-up due to revaluation to fair value resulting from corporate acquisition

*2 Extraordinary factors in SG&A expenses: amortization of intangible assets and goodwill resulting from corporate acquisition

*3 Extraordinary factors in Operating Income: *1 and *2

*4 Extraordinary factors in Net Income and EPS: in addition to *1 and *2, expenses due to value fluctuation of contingent consideration related to URL acquisition and transfer price tax refund (a refund and interest on the refund)

Breakdown of Change in Net Sales by Business Segment



- Ethical Drug (Overseas) total increased by 43.4 billion yen
- Increase in Net sales through Nycomed acquisition is approx. 77.0 billion yen (estimate) and 3.9 billion yen for URL

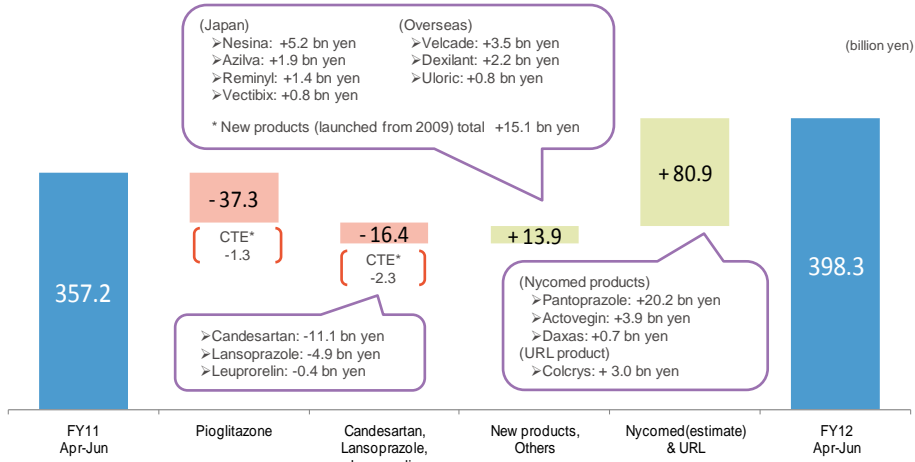
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Breakdown of Change in Net Sales by Product



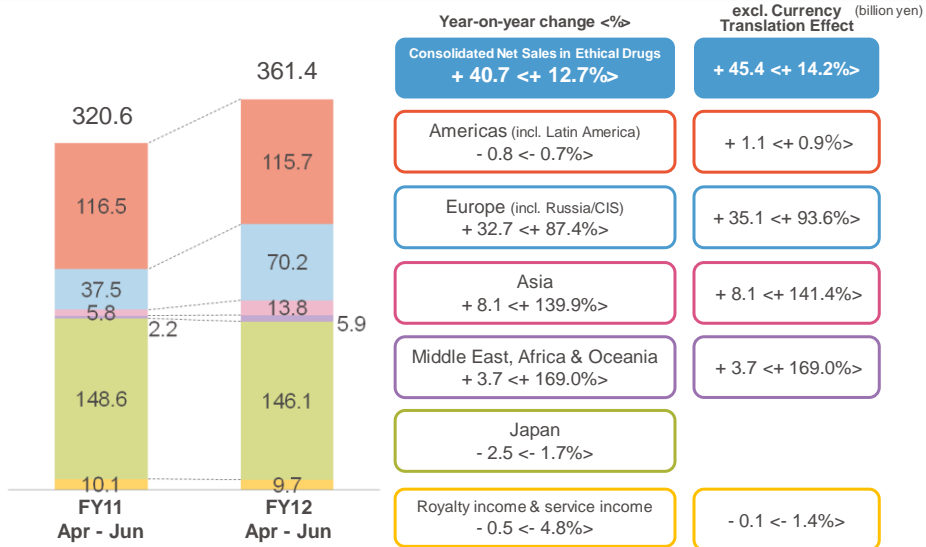
Net Sales increased by 41.1 billion yen due to an increase in Velcade (+3.5 bn yen), an increase in new products such as Nesina (total +15.1 bn yen) and an increase through the Nycomed and URL acquisitions (+80.9 bn yen), which absorbed the decline in matured products such as Pioglitazone and Candesartan.



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Consolidated Net Sales in Ethical Drugs by Region



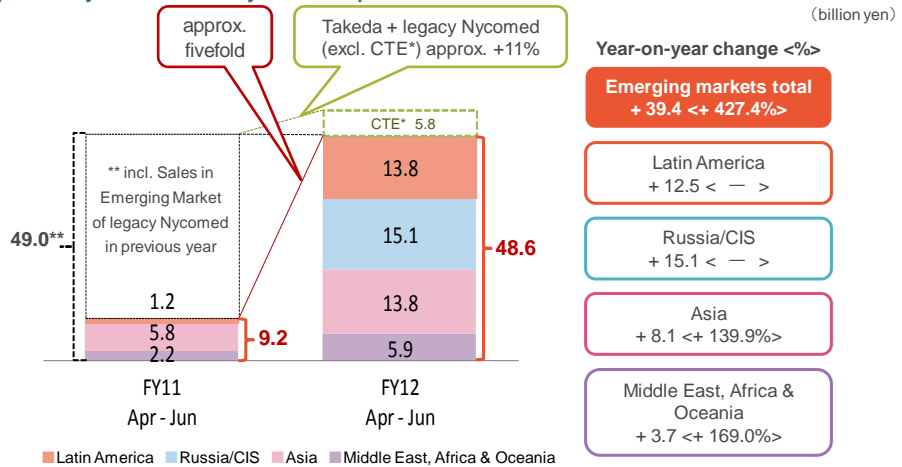
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Consolidated Net Sales in Ethical Drugs Emerging markets



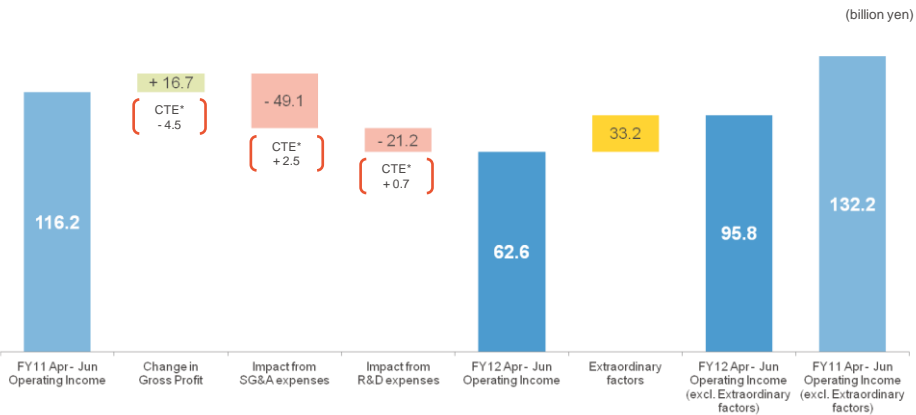
Sales in Emerging markets increased approximately fivefold over the same quarter of the previous year due to the Nycomed acquisition



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Breakdown of Change in Operating Income



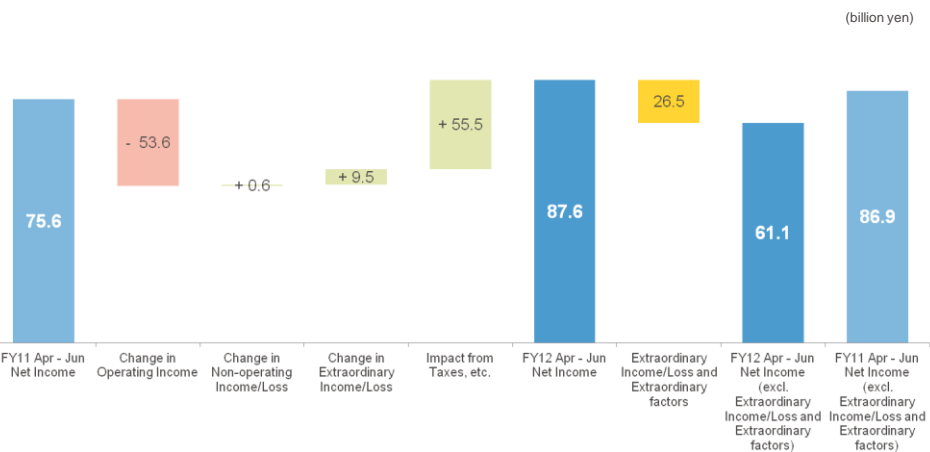
- Increase of Gross Profit +16.7 billion yen: increased Net Sales (+41.1 billion yen), lower gross profit ratio (-3.9pt: [FY11Q1] 77.9% → [FY12Q1] 74.1%)
- Increase of SG&A expenses (loss) 49.1 billion yen: increased amortization of intangible assets and goodwill (loss) 16.7 billion yen, increased expenses in Europe and Emerging markets
- Increase of R&D expenses (loss) 21.2 billion yen: steady progression of the late-stage pipelines

* CTE: Currency Translation Effect

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Breakdown of Change in Net Income



- Increase of Extraordinary Income/loss +9.5 billion yen: interest on the refund related to transfer price tax (income) 11.6 billion yen, expenses related to the overseas restructuring (loss) 2.1 billion yen
- Decrease of Taxes, etc. (income) 55.5 billion yen: a refund related to transfer price tax 45.6 billion yen

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Cash Flow Statement



	FY11		FY12		Ref: FY11
	(billion yen)		Apr-Jun	Apr-Jun	Apr-Mar
Net cash provided by (used in) operating activities	51.6		104.1	336.6	
Income before income taxes and minority interests	119.2		75.7	252.5	
Depreciation and amortization	24.7		39.0	128.0	
Amortization of goodwill	3.4		7.8	22.2	
Increase/decrease in working capital	- 18.6		- 11.6	64.7	
Income taxes paid	- 58.5		17.7	- 152.1	
Net cash provided by (used in) investing activities	- 22.8		- 99.0	- 1,094.0	
Payment for acquisition of tangible assets	- 14.8		- 28.2	- 61.9	
Payment for acquisition of subsidiaries' shares	—		- 60.9	- 1,040.0	
Net cash provided by (used in) financing activities	- 63.3		- 62.3	393.8	
Net increase (decrease) in short-term loans	- 0.1		0.1	239.8	
Proceeds from long-term loans payable	—		—	110.0	
Proceeds from issuance of bonds	—		- 0.0	189.6	
Dividends paid	- 62.3		- 61.0	- 142.0	
Effect of exchange rate changes on cash and cash equivalents	- 18.3		- 17.3	- 54.9	
Net increase (decrease) in cash and cash equivalents	- 52.8		- 74.4	- 418.5	
Cash and cash equivalents at the end of period	819.9		379.8	454.2	

>Takeda will maintain 300 billion yen level of R&D investment, ensure steady repayment of debts and maintain stable dividend payment.

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FY2012 Financial Forecasts

No change from the Forecasts announced in May



	FY11 Actual		FY12 Forecasts		Year-on-year change			
	1st half (billion yen)	Annual (billion yen)	1st half (billion yen)	Annual (billion yen)	1st half (billion yen)	<%>	Annual (billion yen)	<%>
Net sales	702.5	1,508.9	780.0	1,550.0	+ 77.5	(+ 11.0)	+ 41.1	(+ 2.7)
R&D expenses	119.0	281.9	140.0	310.0	+ 21.0	(+ 17.6)	+ 28.1	(+ 10.0)
Operating income	211.0	265.0	100.0	160.0	- 111.0	(- 52.6)	- 105.0	(- 39.6)
excl. Extraordinary factors *1	242.1	414.5	170.0	305.0	- 72.1	(- 29.8)	- 109.5	(- 26.4)
Ordinary income	209.6	270.3	95.0	150.0	- 114.6	(- 54.7)	- 120.3	(- 44.5)
Extraordinary Income/Loss	—	-17.9	20.0	55.0	+ 20.0	—	+ 72.9	—
Net income	135.7	124.2	105.0	155.0	- 30.7	(- 22.6)	+ 30.8	(+ 24.8)
excl. Extraordinary income/loss & Extraordinary factors *2	157.6	248.2	105.0	190.0	- 52.6	(- 33.4)	- 58.2	(- 23.4)
EBITDA(excl. Extraordinary Income/Loss)	266.7	422.6	194.0	345.0	- 72.7	(- 27.3)	- 77.6	(- 18.4)
E P S	172 yen	157 yen	133 yen	196 yen	- 39yen	(- 22.6)	+ 39yen	(+ 24.8)
excl. Extraordinary income/loss & Extraordinary factors *2	200 yen	314 yen	133 yen	241 yen	- 67yen	(- 33.4)	- 74yen	(- 23.4)
Exchange Rate	USD	80 yen	79 yen	80 yen	80 yen	+ 0 yen	+ 1 yen	
	EUR	114 yen	109 yen	105 yen⇒ 101 yen	105 yen⇒ 100 yen	- 13 yen	- 9 yen	

*1 Extraordinary factors in Operating Income: amortization of intangible assets and goodwill and an increase in COGS related to inventory step-up due to revaluation to fair value resulting from corporate acquisition

*2 Extraordinary factors in Net Income and EPS: in addition to *1, expenses due to value fluctuation of contingent consideration related to URL acquisition and transfer price tax refund (a refund and interest on the refund)

Reference: Impact of 1 yen change in the foreign exchange rate	FY12 (billion yen)	
	USD	EUR
Net sales	4.4	4.0
Operating Income	-0.9	0.0
Net Income	-0.6	-0.3

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Breakdown of Extraordinary Factors and EBITDA



Breakdown of Extraordinary factors (Operating Income)	FY11 Apr-Jun	FY12 Apr-Jun	(billion yen)
Increase in COGS related to inventory step-up due to revaluation to fair value <COGS>	—	0.6	Nycomed: 16.0
URL acquisition	—	0.6	until 2021 for Daxas
Amortization of intangible assets <SG&A>	12.5	24.8	Amortize until 2012
TAP integration	2.6	2.5	Amortize until 2018
Millennium acquisition	9.7	9.5	Amortize until 2026
Nycomed acquisition	—	11.5	Amortize until 2030
URL acquisition	—	1.0	
Amortization of goodwill <SG&A>	3.4	7.8	Amortize until 2028
Millennium acquisition	3.1	3.0	Amortize until 2031
Nycomed acquisition	—	4.4	Amortize until 2028
URL acquisition	—	0.2	
Extraordinary factors total	15.9	33.2	until 2029 for Colcris
Breakdown of EBITDA	FY11 Apr-Jun	FY12 Apr-Jun	
Ordinary Income	119.2	66.2	
+ Extraordinary factors in Operating Income (excl. COGS related to inventory step-up: 0.6 billion yen)	15.9	32.6	
+ Expenses due to value fluctuation of contingent consideration related to URL acquisition <SG&A>	—	0.6	
+ Depreciation	12.2	14.2	
+ Interest paid	0.3	0.8	
EBITDA (excl. Extraordinary Income/Loss)	147.6	114.4	

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First Quarter of Fiscal 2012 Updates Related to R&D Activities

Tsudoi Miyoshi
Head of Chief Medical & Scientific Officer Office

July 30, 2012

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AGENDA



- Recent stage-ups
- Progress in Oncology
- Progress in CNS

R&D Pipeline Stage-Ups (since May 11, 2012)



			P-1	P-2	P-3	Filing	Approval
Rienso	Iron deficiency anaemia in adult patients with chronic kidney disease	EU					→
SYR-322	Diabetes mellitus	EU			→		
SYR-322	Diabetes mellitus (FDC with Actos)	EU			→		
SYR-322	Diabetes mellitus (FDC with metformin)	EU			→		
MLN9708	Multiple myeloma	US/EU		→			
TAK-375SL	Bipolar disorder	US		→			
MLN0264	Advanced gastrointestinal malignancies	—	→				
TAK-357	Alzheimer's disease	—	→				
TAK-063	Schizophrenia	—	→				
ITI-214	Cognitive impairment associated with schizophrenia	—	→				

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Progress in Oncology

- Promising Late-Stage Pipeline Data Presented at ASCO -



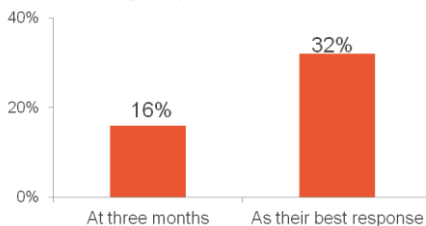
TAK-700 (orteronel)

Program Status

- Targeting FY2013 filing – US/EU/Japan
- Ongoing two Ph-3 global trials in mCRPC

Key Data

The percentage of patients with non-mCRPC achieving a PSA reduction to \leq 0.2 ng/mL (undetectable levels)



PSA : prostate-specific antigen

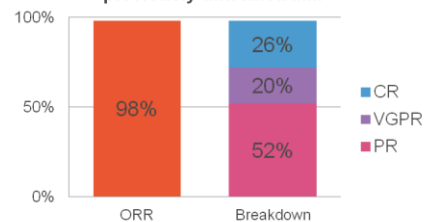
MLN9708 (ixazomib citrate)

Program Status

- Targeting FY2014 filing – US/EU/Japan
- Ph-3 trial initiation in relapsed /refractory multiple myeloma

Key Data

Of the 46 patients who completed \geq 4 cycles of therapy (median 5 cycles) - previously untreated MM-



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Progress in Oncology

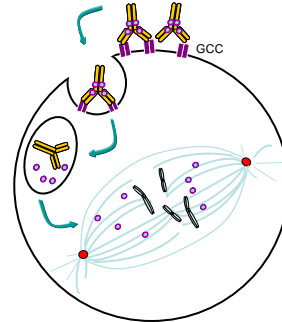
- New Ph-1 Molecule Enriching Oncology Pipeline -



MLN0264

Mechanism of Action

- MLN0264 is an Antibody-Drug Conjugate (ADC) targeting GCC* consisting of a human mAb linked to the potent microtubule inhibitor MMAE via a protease cleavable linker.
- GCC: transmembrane cell surface receptor found on intestinal epithelia.
- Linker technology licensed from Seattle Genetics
- Normal GCC+ epithelial tissues are anatomically inaccessible to MLN0264 treatment. MLN0264 only targets GCC on extra intestinal tumor cells.
- Preclinical evidence suggest that MLN0264 is internalized into GCC expressing cells where the MMAE payload is released by lysosomal proteases leading to cell cycle arrest and apoptosis.



* guanylyl cyclase C

Program Status

- Ph-1 study in patients with GCC expressing advanced GI malignancies ongoing

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Progress in CNS

- New Ph-1 & Ph-3 Molecules Enriching CNS Pipeline -



TAK-375SL (Ph-3)

Bipolar Disorder

- MT₁/MT₂ receptor agonist. Sublingual formulation of Rozerem
- Novel therapy for acute depressive episodes & maintenance treatment by treating abnormalities in circadian rhythms which are prominent in bipolar I disorder
- Clinical study demonstrated high efficacy and favorable safety/tolerability in bipolar maintenance

TAK-357 (Ph-1)

Alzheimer's disease

- Cognitive enhancer
- Reduce the deficits that occur in AD animal models in both brain glucose utilization and in the performance of novel object recognition task*

*a test of object recognition memory

TAK-063 (Ph-1)

Schizophrenia

- PDE10A Inhibitor
- Enhancement of signaling pathway downstream of Dopamine 2(D2) receptor restores positive symptom of schizophrenia

ITI-214 (Ph-1)

Cognitive Impairment Associated with Schizophrenia

- PDE1 Inhibitor
- Amplification of Dopamine 1(D1) signaling restores cognitive impairment
- Restoration of imbalance of D1/D2 signaling ameliorate EPS* caused by antipsychotics

*Extrapyramidal symptoms : various movement disorders

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Expected Pipeline Approval Year By Region



	FY12	FY13	FY14	FY15-FY16
JP	TAK-085	ATL-962	SYR-472 AZILVA/CCB TAK-700 SGN-35	Lu AA21004 TAK-438 MLN9708 MLN0002 TAK-385
				TAK-875 TAK-361S TAK-816
	SYR-322 SYR-322/MET ² SYR-322/ACTOS	Lu AA21004	MLN8237 TAK-700 MLN0002	TAK-875 MLN9708 MLN4924
	ADCESTRIS Revestive Rienso	SYR-322 SYR-322/MET ² SYR-322/ACTOS Lurasidone	TAK-390MR Peginesatide TAK-700 MLN0002	TAK-491/CLD ³ TAK-700 MLN4924
US				
EU CAN				
EM ¹	<p>In emerging markets, compounds including SYR-322, TAK-491, MEPACT, TAK-375, TAK-390MR, DAXAS, SGN-35 will be launched consecutively.</p>			
				In-house In-license

¹ Emerging Market, ² Metformin, ³ Chlorthalidone

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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.

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