

Consolidated Financial Results for the 3rd Quarter of Fiscal Year 2014

François-Xavier Roger
Chief Financial Officer

February 5, 2015

Takeda Pharmaceutical Company Limited

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. 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.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any forward looking statements contained in this presentation. These risks and uncertainties include, but are not limited to, (1) the economic circumstances surrounding the Company's business, including general economic conditions in the US and worldwide; (2) competitive pressures; (3) applicable laws and regulations; (4) the success or failure of product development programs; (5) decisions of regulatory authorities and the timing thereof; (6) changes in exchange rates; (7) claims or concerns regarding the safety or efficacy of marketed products or product candidates; and (8) integration activities with acquired companies.

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

Core Earnings

- Calculated from operating profit by excluding items such as impact from purchase accounting, amortization of intangible assets, impairment loss of intangible assets, restructuring costs and litigation costs (see Appendix 1 for details).

Underlying Revenue Growth & Underlying Core Earnings Growth

- In addition to the adjustment items for Core Earnings listed above, impact of FOREX, product divestments and exceptional items are also excluded.

Please note these terms are non-GAAP items, used for internal evaluation purpose and not audited.

Agenda

■ Key Highlights Q3	p. 4
■ Revenue	p. 5
■ OPEX	p.14
■ Project Summit Update	p.16
■ Income Statement	p.18
■ Cash Flow	p.27
■ Guidance FY2014	p.29
■ Appendix	p.32

Key Highlights Q3



GROWTH

- Q3 Underlying Revenue Growth: +3.7% (YoY)
 - In line with guidance (between 2% and 4%)
 - Driven by US and EU, some headwinds in Japan
- Q3 Underlying Core Earnings Growth: + 5.0 % (YoY)

INNOVATION

- ENTYVIO, US/EU: Sales to date ¥16.4 bln, reflecting its potential
- BRINTELLIX, US: Steady growth faster than any other brand in MDD market
- CONTRAVE, US: Good start, supported by patient programs
- AZILVA, Japan: Strong growth +60% (YoY) in Q3
- TAKECAB, Japan: Approved in December 2014, launch expected by March 2015

EFFICIENCY

- Project Summit savings ¥8 bln in Q3; on track for annual savings of >¥26 bln for FY2014

EXCEPTIONAL ITEMS

- COLCRYL: Limited operational impact to both FY2014 and medium term guidance. Greater impact in FY2015
- Write-off of R&D Credit DTA: Tax treatment of R&D expenses in Japan aligned with industry practice

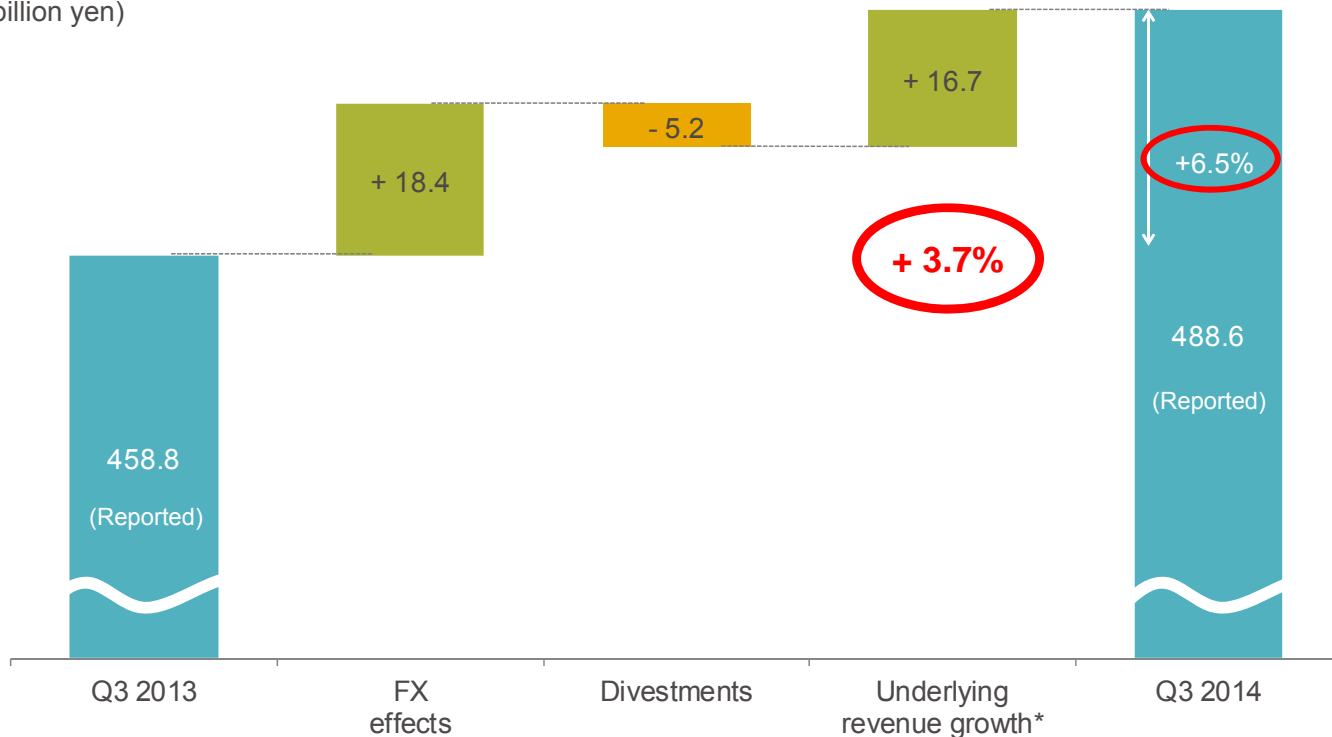


Revenue

Underlying Revenue Growth at +3.7% in Q3



(billion yen)



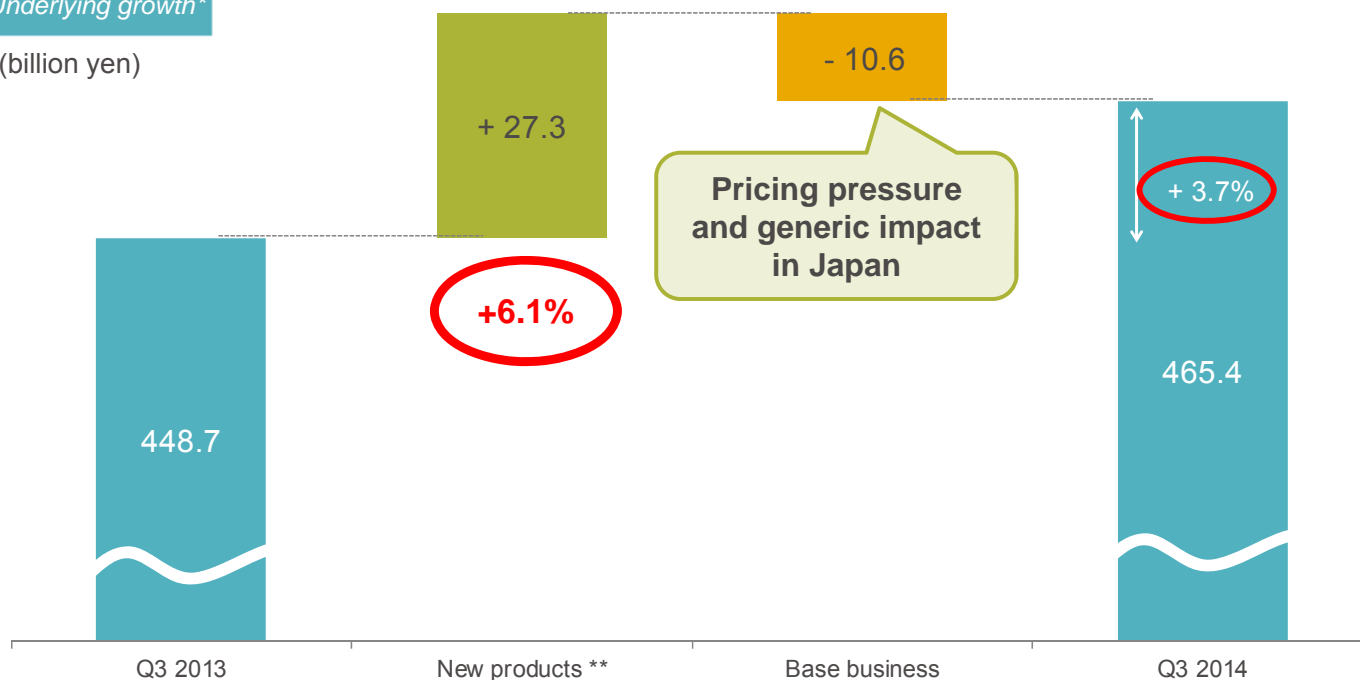
* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Sales momentum of new products driving growth



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

** New products: Represent products launched within 5 years, excluding new formulation or fixed dose combination of existing drugs: DEXILANT, ULORIC, NESINA, AZILVA, ADCETRIS, BRINTELLIX, ENTYVIO, CONTRAVE, etc.

ENTYVIO launch supports the \$2 bln peak sales

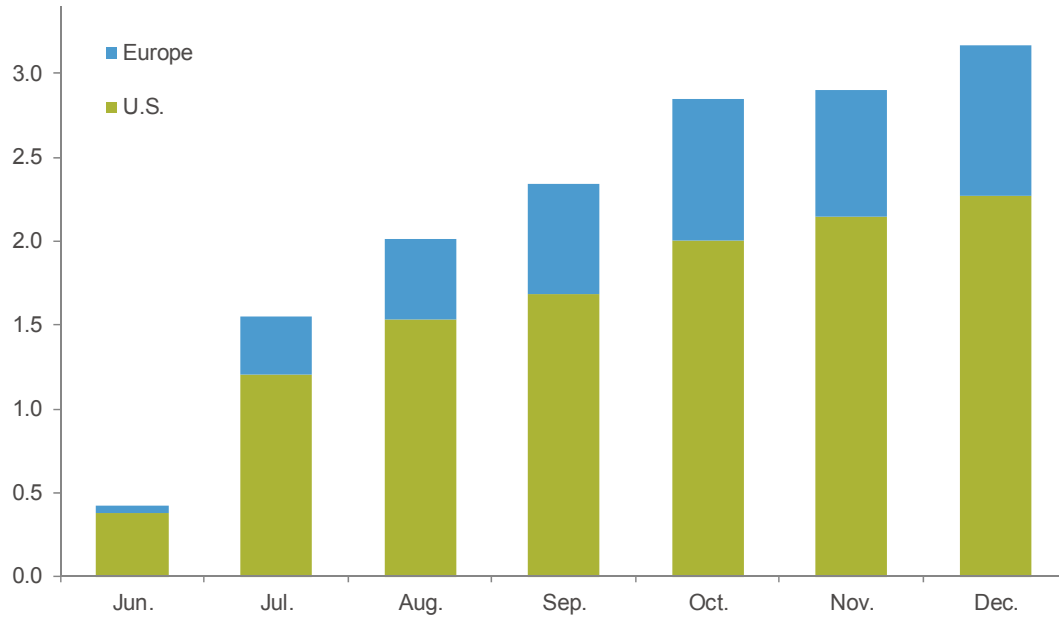


@Constant currency

ENTYVIO®

(Available in 14 countries as of end of December 2014)

Revenue
(billion yen)



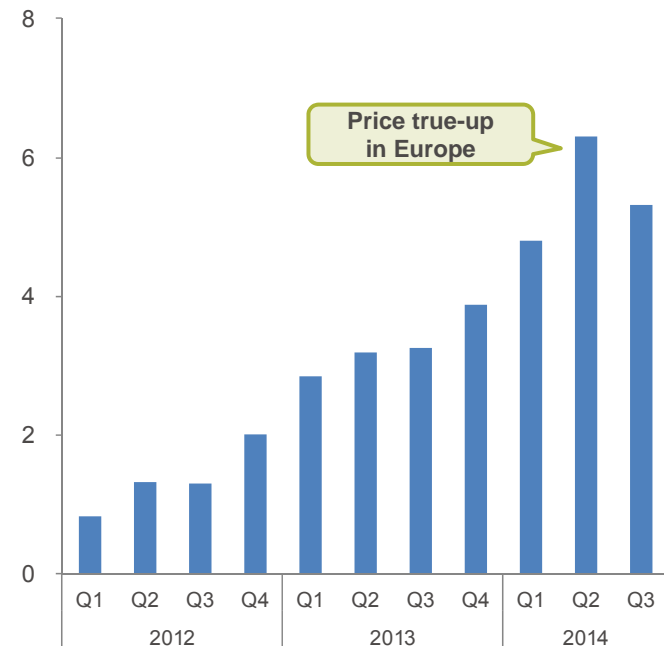
Steady growth of ADCETRIS and BRINTELLIX



@Constant currency

ADCETRIS®* (EU, Japan, EM)

Revenue
(billion yen)

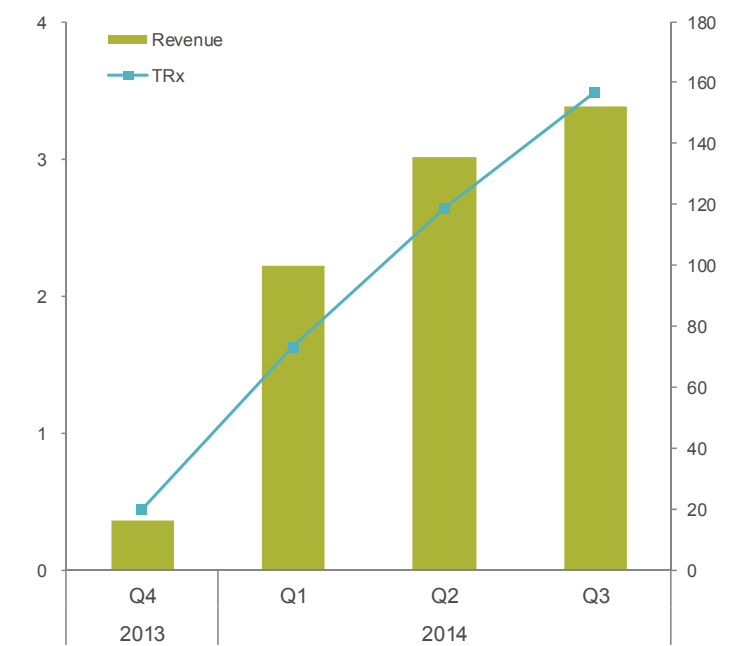


* Including Named Patient Program (NPP) sales

BRINTELLIX® (U.S.)

Revenue
(billion yen)

TRx
(000s)



© IMS2014Health, Based on NPA Jan. to Dec. 2014, Reprinted with permission

TAKECAB[®] tablets (vonoprazan fumarate): a new class of gastric acid secretion inhibitors



Mechanism

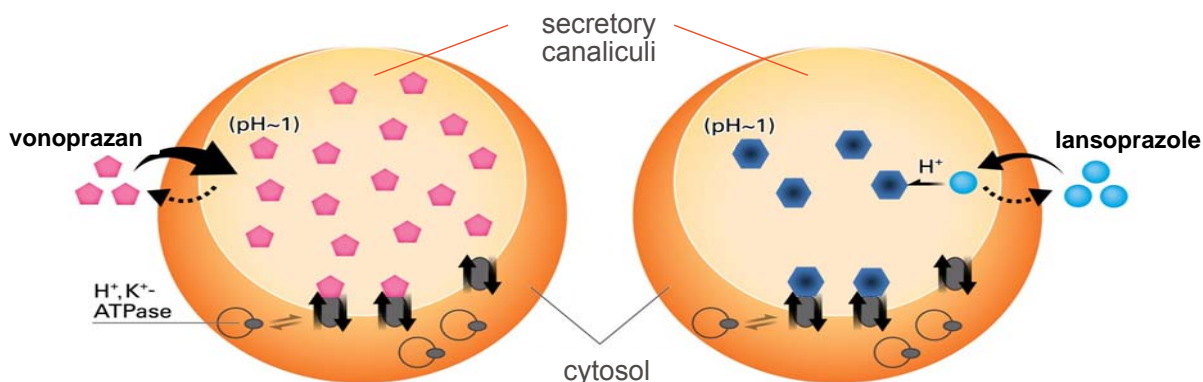
Potassium-competitive acid blocker (P-CAB)

Indications

Acid-related diseases (approved in Japan, December 2014)

- K⁺ competitive antagonist of H⁺, K⁺-ATPase
- Fast-acting, strong and sustained effect
- Co-promotion agreement with Otsuka in Japan

High accumulation and long retention in the gastric parietal cell



10

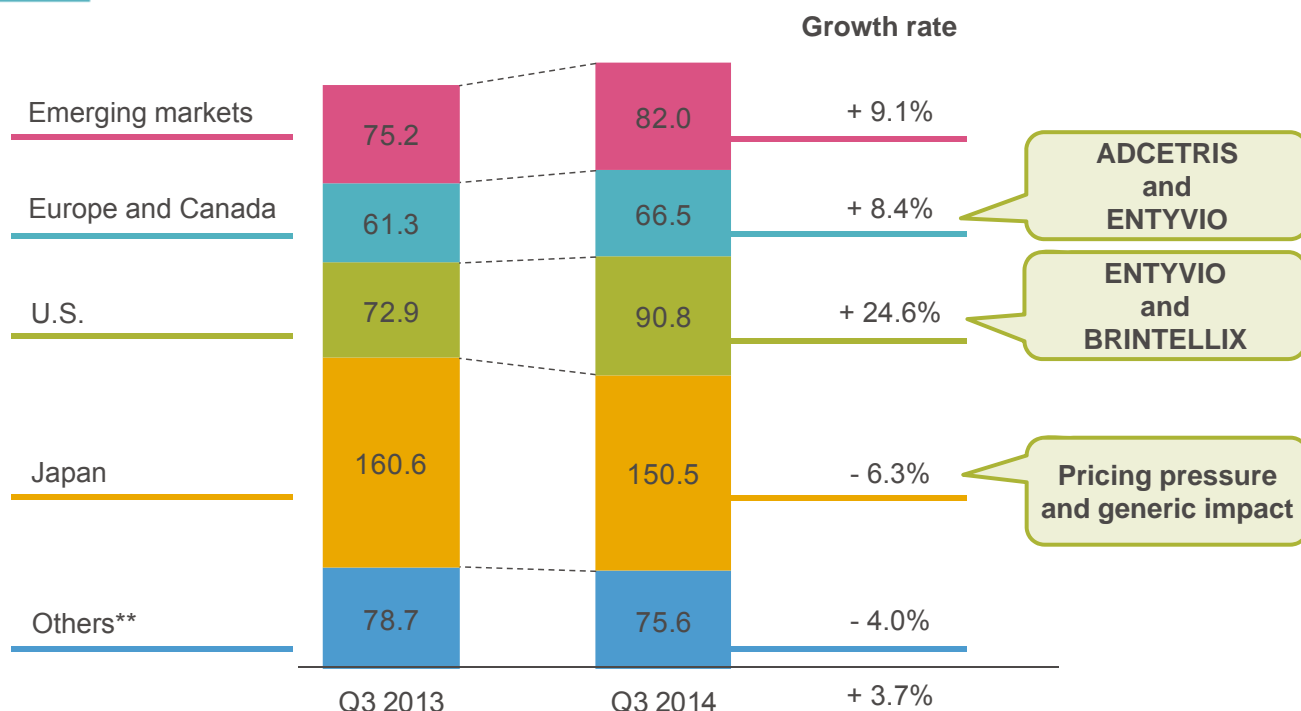
Takeda Pharmaceutical Company Limited

Good growth in U.S. and Europe driven by new product sales



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

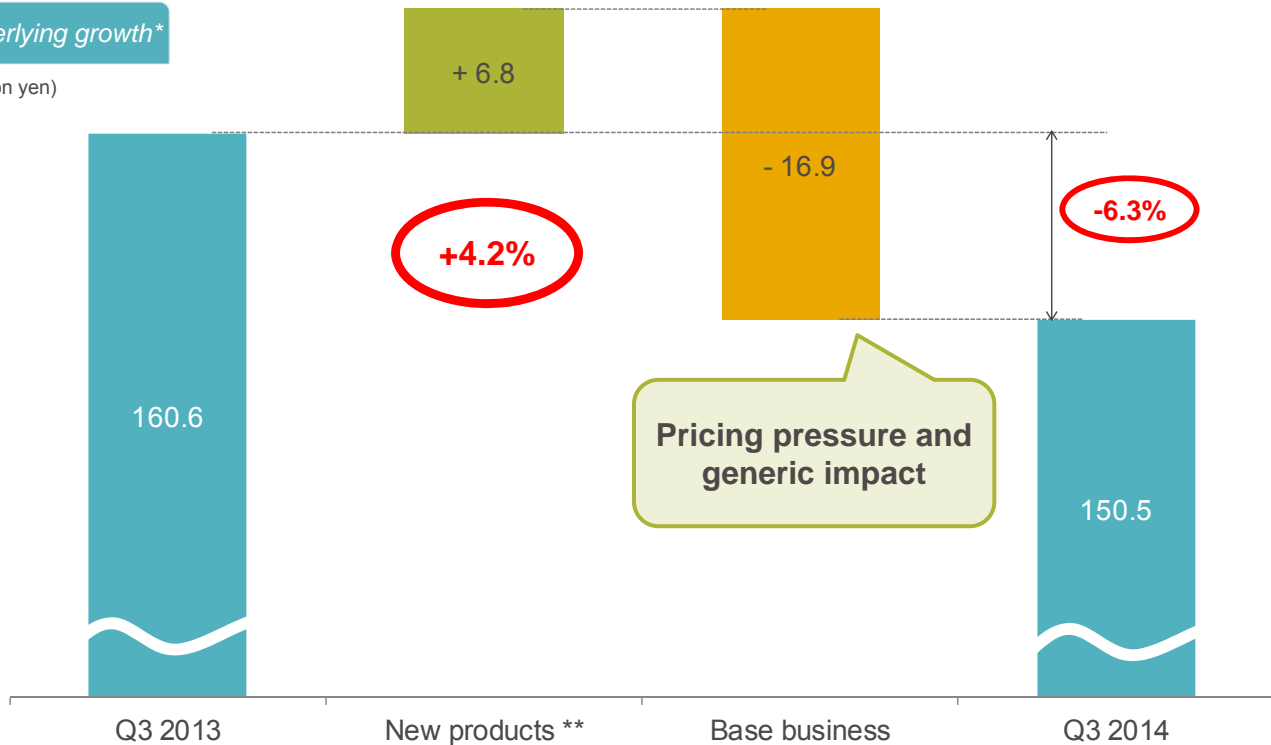
** Others: Representing licensees business and Consumer Healthcare business, etc.

Japan: new products growth not yet offsetting pricing pressure and generic impact



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

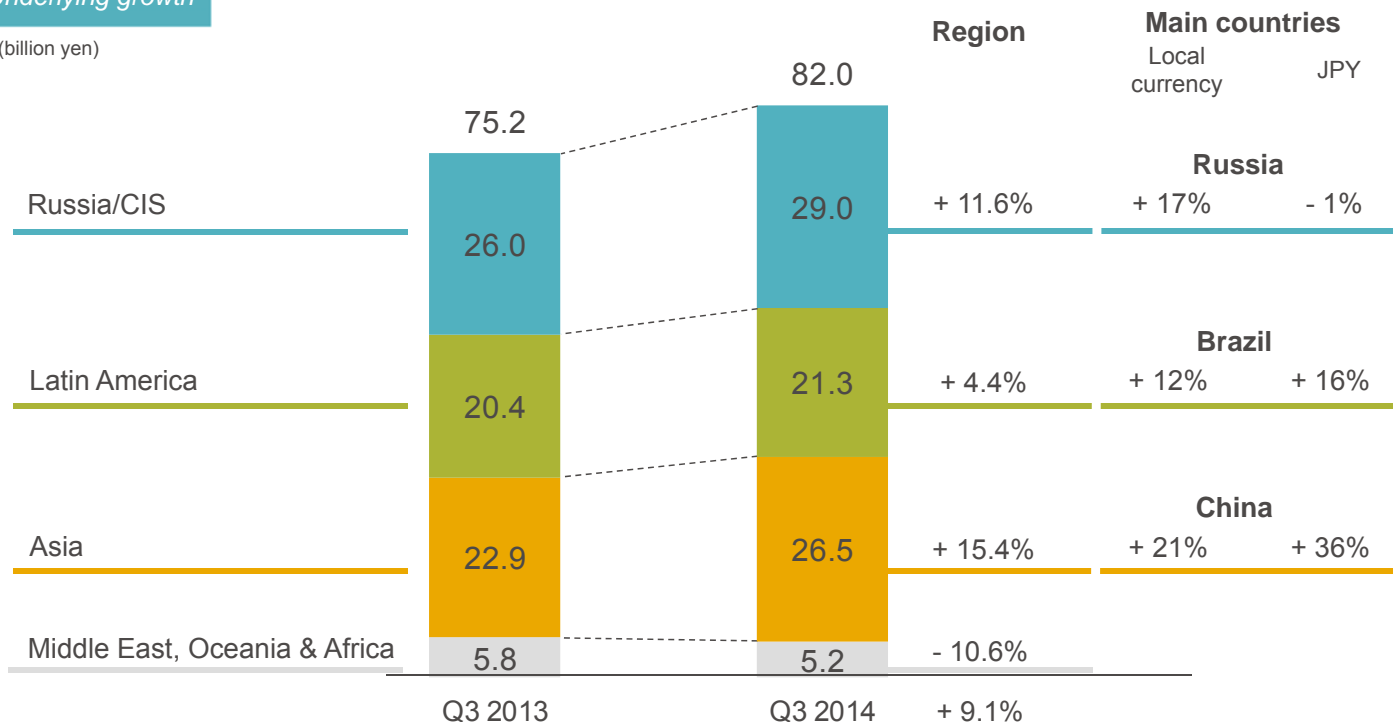
** New products: Represent products launched within 5 years, excluding new formulation or fixed dose combination of existing drugs: NESINA, AZILVA, ADCETRIS, etc.

Double digit growth in Russia, Brazil and China Strong market demand mostly mitigating FX impact in Russia



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

OPEX

Resource reallocation to support growth: less G&A, more S&M



	Growth FY2014 vs FY2013	
	YTD	
	Reported	Underlying growth*
S&M	+ 12.2%	+ 7.0%
% of Revenue (vs Py)		23.8% (+1.0 pts)
G&A	+ 3.9% **	- 1.4% **
% of Revenue (vs Py)		8.1% (-0.3 pts)
R&D	+ 4.3%	- 1.5%
% of Revenue (vs Py)		18.1% (-0.7 pts)
Total OPEX	+ 7.7%	+ 2.4%
% of Revenue (vs Py)		50.0% (-0.0 pts)

Investment for new product launches (ENTYVIO, BRINTELLIX and CONTRAVE)
Positive impact of project Summit for G&A

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

** IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

Project Summit Update

Project Summit - strong results with good execution



Savings

- Q3 : ¥8 bln
- YTD : ¥19.5 bln
- On track for annual savings of >¥26 bln for FY2014

Cumulative Savings vs. FY2012 Actual

- Expected to exceed ¥60 bln for the first 2 years (2013-2014), i.e. above 50% of 5 - year target*

Restructuring costs

- YTD : ¥12.5 bln

*Target of ¥120 bln savings against FY2012 cost baseline

Income Statement

Core Earnings flat, in line with guidance Operating profit positively impacted by one-off items



billion yen	YTD Reported P/L			Underlying growth*
	2013	2014	Growth	
Revenue	1,286.9	1,340.0	+ 4.1%	+ 2.4%
Gross profit	917.3	953.6	+ 4.0%	
% of Revenue	71.3%	71.2%	- 0.1 pts	
OPEX	(637.9)	(687.3)	+ 7.7% **	+ 2.4% **
Other income	14.5	94.7	-	
Other expenses (incl. Amortization and impairment associated with products)	(117.2)	(161.9)	+ 38.1%	
Operating profit	176.7	199.1	+ 12.6%	
% of Revenue	13.7%	14.9%	+ 1.1 pts	
Adjustment items (b/w OP and CE)	112.2	76.3		
Core Earnings	288.9	275.4	- 4.7%	+ 0.9%
% of Revenue	22.5%	20.6%	- 1.9 pts	

- Disposal of unused real estate +25.4
- COLCRYS +56.4

COLCRYS -36.0

See P.25

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

** IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

Net profit / EPS impacted by one-off items



billion yen	YTD Reported P/L			
	2013	2014	Change	
Operating profit	176.7	199.1	+ 22.3	+ 12.6%
% of Revenue	13.7%	14.9%	+ 1.1 pts	
Profit before tax	199.0	187.6	- 11.4	- 5.8%
Income tax expenses	(62.2)	(105.2)	- 43.0	+ 69.2%
Net profit for the period	133.3	79.7	- 53.5	- 40.2%
EPS	169 yen	101 yen	- 67 yen	-39.9%

Gain on sales of securities -27.7

DTA write-off -42.7

Core EPS



billion yen	YTD Reported P/L			Underlying growth*
	2013	2014	Growth	
Core Earnings	288.9	275.4	-4.7%	+0.9%
% of Revenue	22.5%	20.6%	-1.9 pts	
Core tax rate	30.5%	37.0%	+ 6.5 pts	
Core net profit	194.0	168.0	-13.4%	-1.2%
Core EPS	246 yen	214 yen	-13.1%	-0.8%

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Main exceptional items in Q3



- Impact on Core Earnings is minimal

billion yen	COLCRYS*	R&D Credit DTA**	Total
Core Earnings	(1.9)	—	(1.9)
Operating profit	18.5	—	18.5
Net profit	28.0	(42.7)	(14.7)

*An impairment loss of intangible asset and a reversal of the contingent consideration for COLCRYS have been recognized, which lead to a positive net effect to profit in total

**Write-off of R&D Credit DTA following change in tax treatment of R&D expenses in Japan

COLCRYS Update



- Launch of another colchicine product in the U.S., competing with COLCRYS
- Authorized Generics launched for both COLCRYS and competitor
- FY2014**
 - ✓ Some negative impact expected on sales in Q4, linked to volume loss and pricing adjustments for inventory in the trade
 - ✓ Takeda's guidance to revenue and Core Earnings for FY2014 is unchanged as the impact can be absorbed by performance of other products
- FY2015**
 - ✓ Sales and margin could go down by 30~60% as a combination of volume loss and price decrease
 - ✓ Mitigation plans under review to offset part of the 2015 impact
 - ✓ Takeda Core Earnings is still expected to grow in 2015. Update will be provided in May

Write-off of R&D Credit DTA following change in tax treatment of R&D expenses in Japan



- Historically, Takeda capitalized its R&D expenses and tax credits in Japan through the recognition of a DTA. R&D expenses and tax credits were recognized upfront in the P/L under IFRS, while the tax cash benefit was realized upon completion of the clinical trial.
- From now on, Takeda will no longer capitalize R&D expenses and credits in Japan, but will recognize them in the year incurred. We will therefore have the same treatment from an accounting and tax point of view.
- This will align our tax methodology with practices commonly used in the industry.
- As a result, Takeda had a write-off of R&D Credit DTA by ¥42.7 bln in Q3.
- Financial impact:

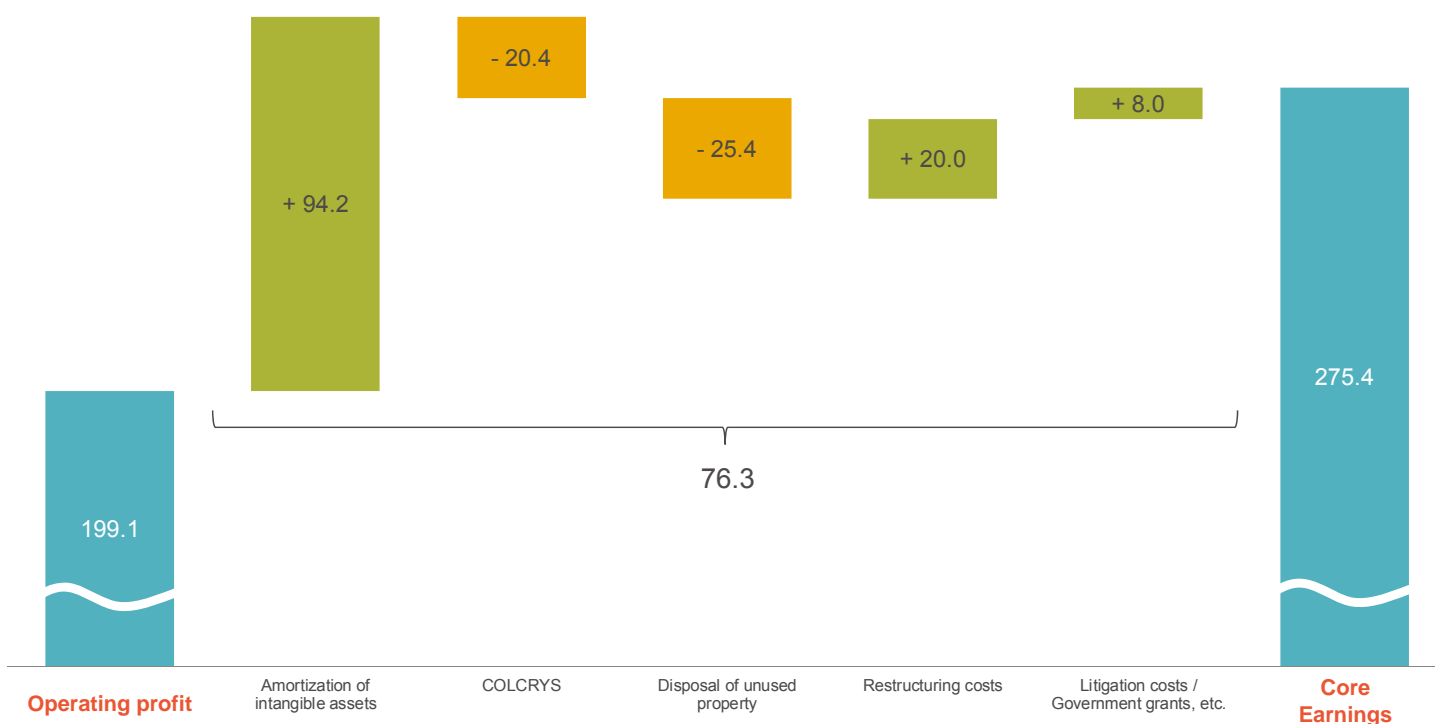
Operating profit:	None
Net profit:	- ¥42.7 bln (non cash)
Cash flow improvement:	around + ¥30.0 bln (cash)

Note: This impact is excluded from Core EPS

From Operating profit to Core Earnings (YTD)



(billion yen)



Reported vs Underlying growth bridge (YTD)



	YTD FY2014 vs FY2013							
	Reported	Adjustment items		Core P/L base	Fx effect	Divestments	Exceptional items (Pharma fee*)	Underlying growth
		Intangibles related to acquisition and in-licensing	Disposal and restructuring, etc.					
Revenue	+4.1%			+4.1%	-2.7%	+1.0%		+2.4%
S&M	+12.2%			+12.2%	-5.2%			+7.0%
G&A	+3.9%		+0.1%	+4.0%	-1.0%		-4.5%	-1.4%
R&D	+4.3%	-0.7%		+3.6%	-5.1%			-1.5%
Operating profit	+12.6%	+17.0%	-34.3%	-4.7%	+0.2%	+3.7%	+1.7%	+0.9%
				Core Earnings				

* IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.



Cash Flow

Operating free cash flow



billion yen	YTD		
	FY2013	FY2014	Change
EBITDA	325.4	305.8	- 6.0%
Net trade working capital	- 98.8	- 98.4	- 0.3%
Capital expenditures	- 37.2	- 46.2	+ 24.5%
Acquisition of intangible assets (Milestone payments)	- 18.6	- 39.6	+ 112.7%
Income taxes paid *	- 83.5	- 62.8	- 24.8%
Operating free cash flow	87.4	58.7	- 32.8%

* Income taxes paid does not include exceptional items, i.e. Tax refund related to Prevacid transactions and tax payments related to advance pricing agreement (APA). (FY2013 74.7 bil yen)



Guidance FY2014

Business performance guidance confirmed (Revenue/Core Earnings) Guidance for Operating profit, Net profit updated to reflect Q3 one-offs



billion yen	FY2014			Underlying growth*
	Previous Guidance	Updated Guidance	Change	
Revenue	1,725.0	1,725.0	—	Between 2 and 4%
R&D expenses	(350.0)	(350.0)	—	
Operating profit	150.0	170.0	20.0	
Profit before tax	140.0	160.0	20.0	
Net profit for the year	85.0	65.0	-20.0	
EPS	108 yen	83 yen	- 25 yen	
Core Earnings	280.0	280.0	—	
% of Revenue	16.2%	16.2%	—	
Core net profit	180.0	180.0	—	
Core EPS	228 yen	228 yen	—	
Exchange Rate	Yen per USD	105	109	4%
	Yen per EUR	140	141	1%

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

IR communications going forward



Future IR events planned

- GI franchise seminar with a specific focus on ENTYVIO® on March 9 in New York
- Earnings announcements for FY2014 full fiscal year on May 15 in Tokyo
- Investor day on June 18 in Tokyo
- Annual general meeting of shareholders on June 26 in Osaka

Appendix

Appendix 1. Core Earnings and Underlying Growth Details

Adjustment items of Core Earnings

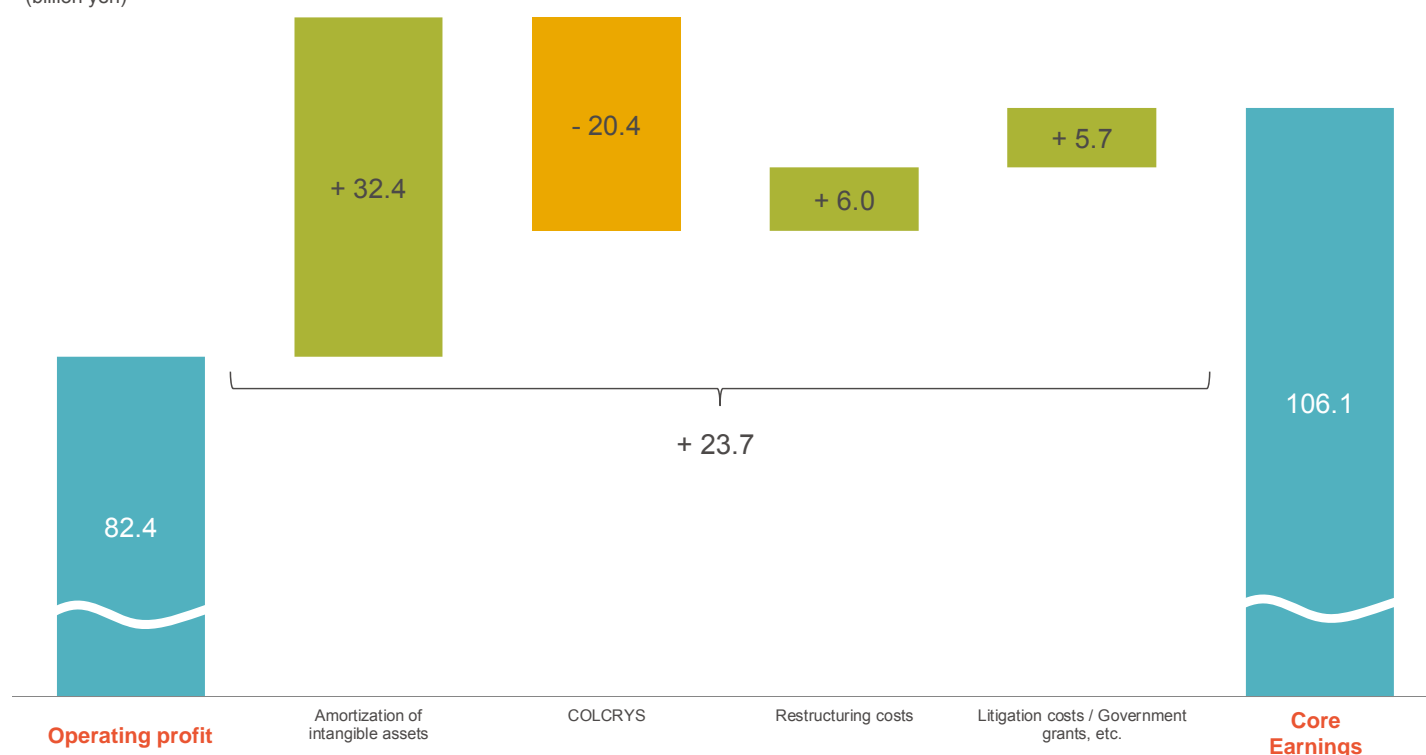


Adjustment items from Operating profit	Note
1 Amortization of intangibles recognized through acquisition and in-licensing	Amortization costs of <ul style="list-style-type: none"> • Intangibles of launched product derived from corporate acquisition • Intangibles of upfront payments and any milestone payment (e.g. stage-up, NDA, approval) derived from in-licensing contract • Intangibles of platform technology
2 Impairments of intangibles recognized through acquisition and in-licensing	Impairments of <ul style="list-style-type: none"> • Intangibles (launched products and R&D pipeline) derived from corporate acquisition and in-licensing contract • Goodwill
3 Other purchase accounting effects	<ul style="list-style-type: none"> • Inventory step-up amortization • Fair value adjustment of contingent consideration
4 Profits and losses from the disposal of affiliates, business and others	<ul style="list-style-type: none"> • Disposal of businesses, affiliates, real estate and securities* * Adjustment item of Core net profit
5 Costs of major restructuring programs	<ul style="list-style-type: none"> • Integration costs • Implementation costs
6 Gains and charges from large sized legal settlements/judgments/fines and large sized litigation expense (payment to lawyer)	<ul style="list-style-type: none"> • e.g. Actos litigation expense (payment to lawyer) etc.
7 Gains and losses not related to underlying business performance which the company deems exceptional	<ul style="list-style-type: none"> • Global issues outside the healthcare sector beyond the Group's control (ex. disaster, etc.) • Expense caused by product recall • Government grants • Tax refund/ dispute, etc.

From Operating profit to Core Earnings (Q3 2014)



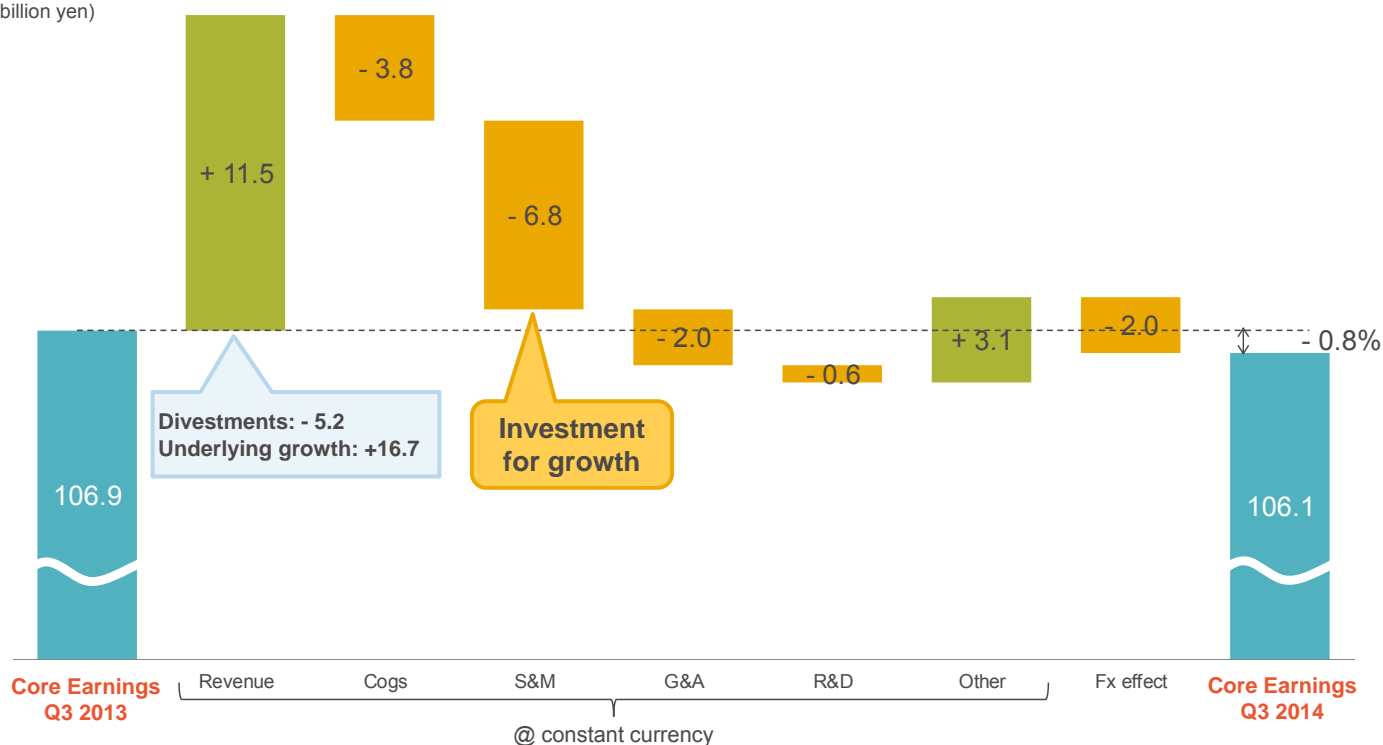
(billion yen)



Core Earnings vs previous year: Q3 2014 vs 2013



(billion yen)



Reported vs Underlying growth bridge (Q3)

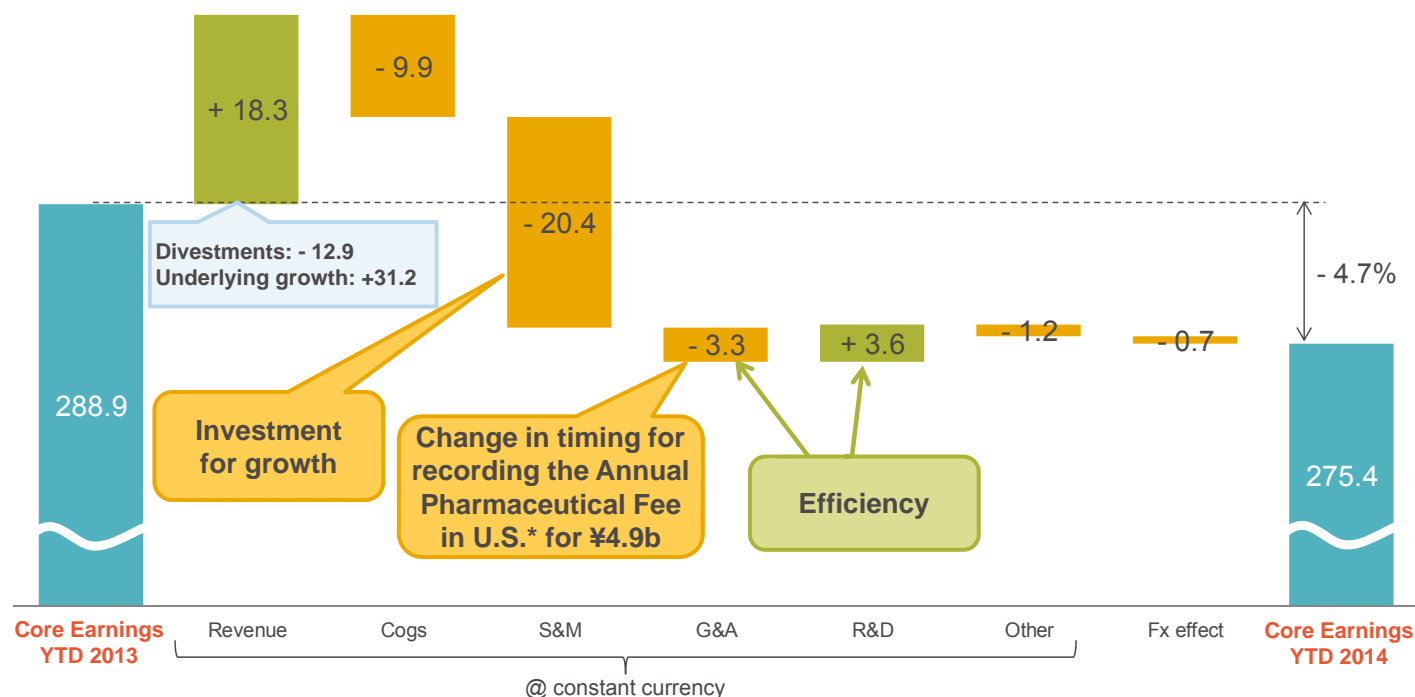


	Q3 FY2014 vs FY2013						
	Reported	Adjustment items		Core P/L base	Fx effect	Divestments	Underlying growth
		Intangibles related to acquisition and in-licensing	Disposal and restructuring, etc.				
Revenue	+6.5%			+6.5%	-3.9%	+1.2%	+3.7%
S&M	+14.1%			+14.1%	-7.3%		+6.9%
G&A	+6.8%		+0.2%	+7.0%	-1.5%		+5.4%
R&D	+11.6%	-2.4%		+9.2%	-8.4%		+0.8%
Operating profit	+23.3%	+39.8%	-63.9%	-0.8%	+2.2%	+3.6%	+5.0%
				Core Earnings			

Core Earnings vs previous year: YTD 2014 vs 2013



(billion yen)



*G&A in Q2 2014 includes Pharmaceutical Fee based on regulations that provide guidance on the annual fee imposed by the Patient Protection and Affordable Care Act (ACA) in U.S. issued by IRS on July 28, 2014. An extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item.

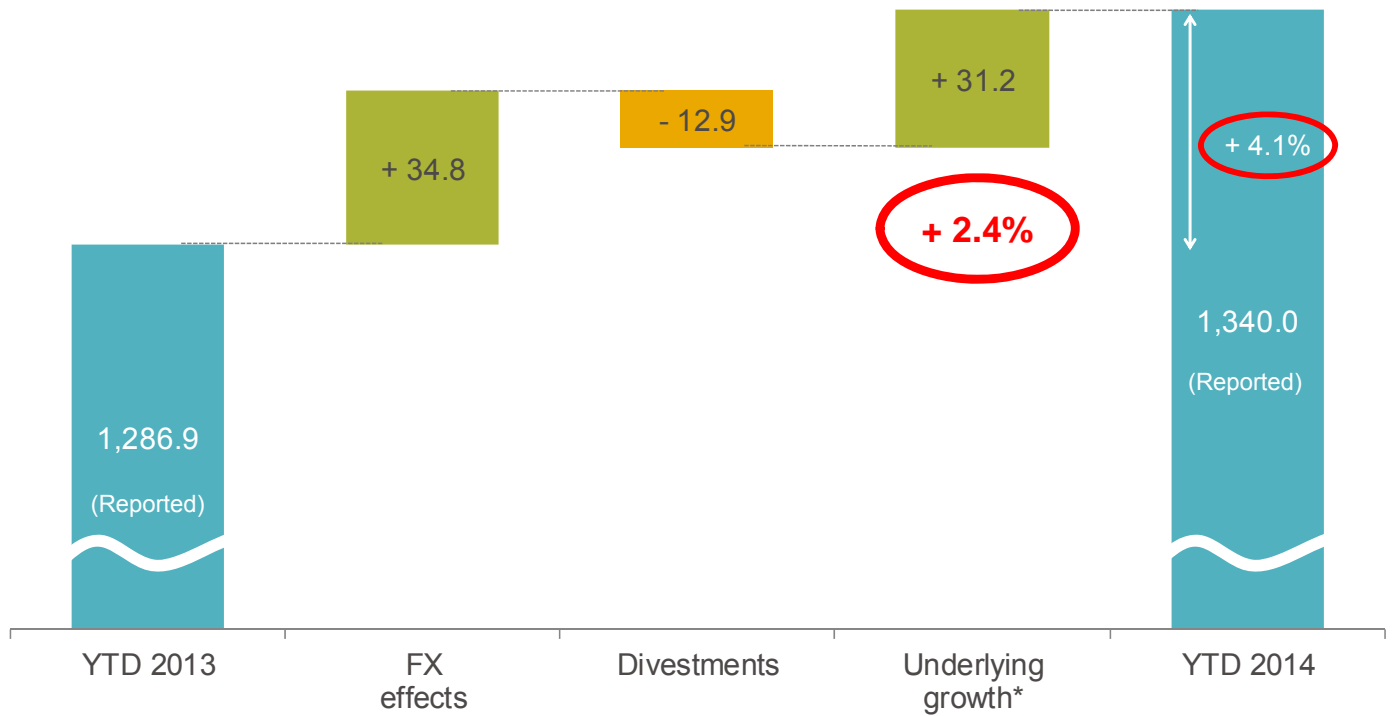


Appendix 2. Financial Results [YTD 2014]

Underlying revenue growth at + 2.4%



(billion yen)



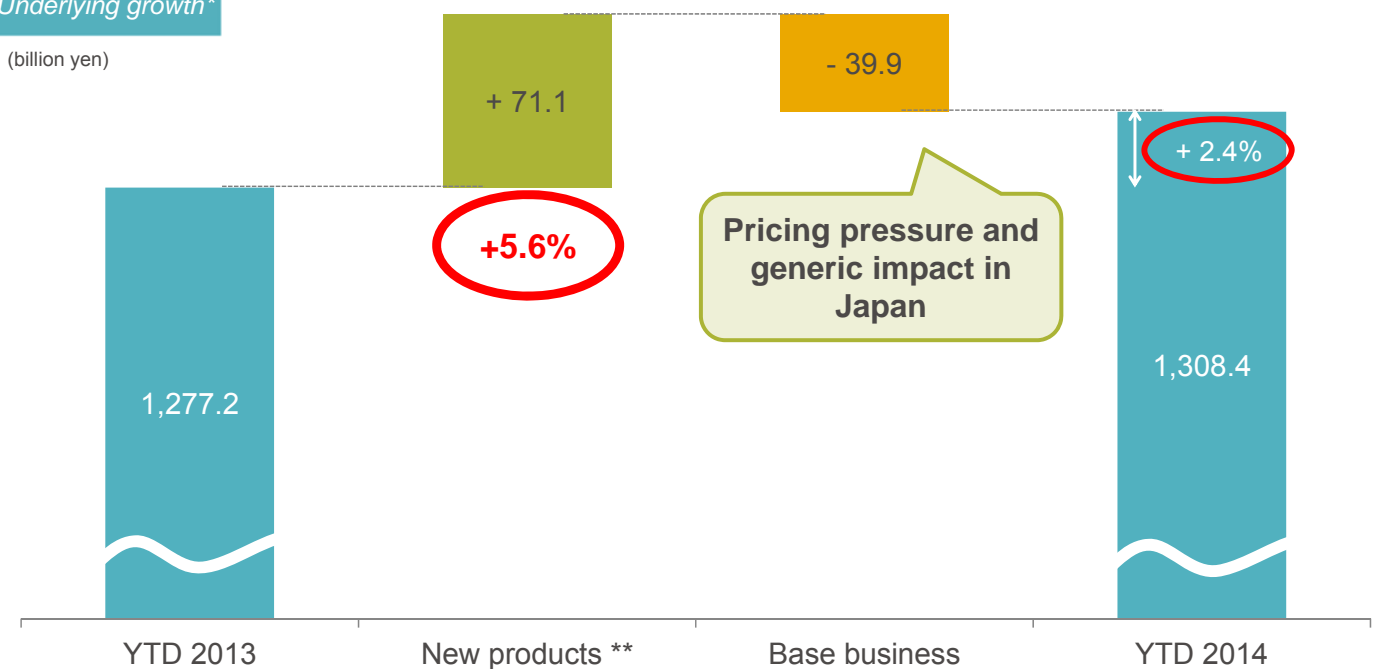
* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Sales momentum of new products driving growth



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

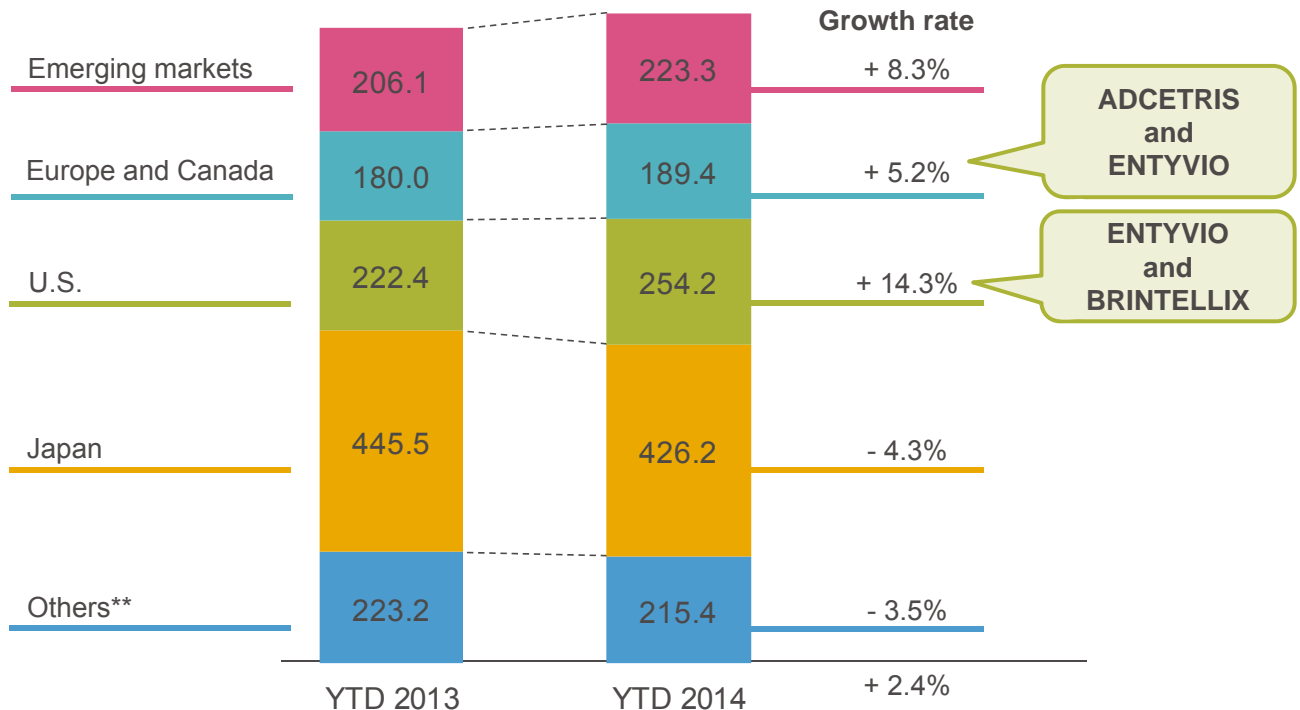
** New products: Represent products launched within 5 years, excluding new formulation or fixed dose combination of existing drugs: DEXILANT, ULORIC, NESINA, AZILVA, COLCRYS, ADCETRIS, BRINTELLIX, ENTYVIO, CONTRAVE, etc.

Steady growth in U.S. and Europe



Underlying growth*

(billion yen)



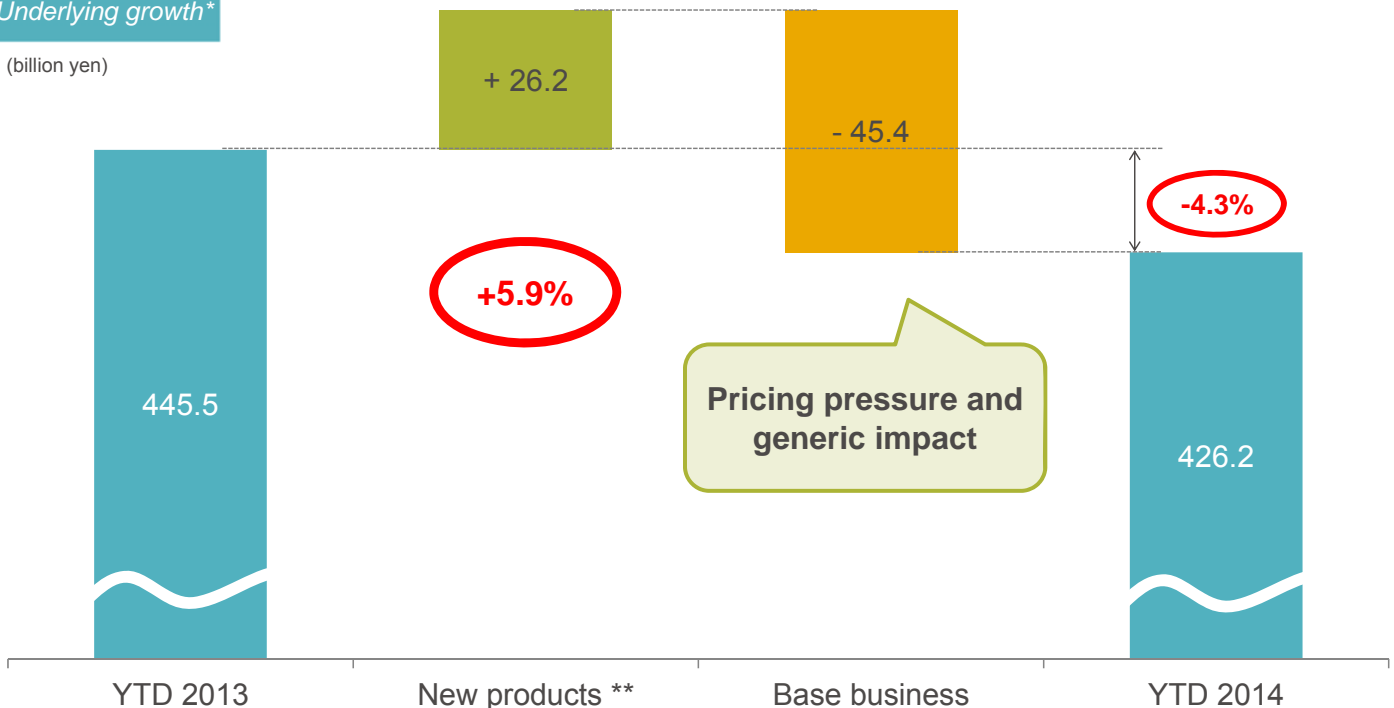
* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.
 ** Others: Representing licensees business and Consumer Healthcare business, etc.

Japan: new products growth not yet offsetting pricing pressure and generic impact



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

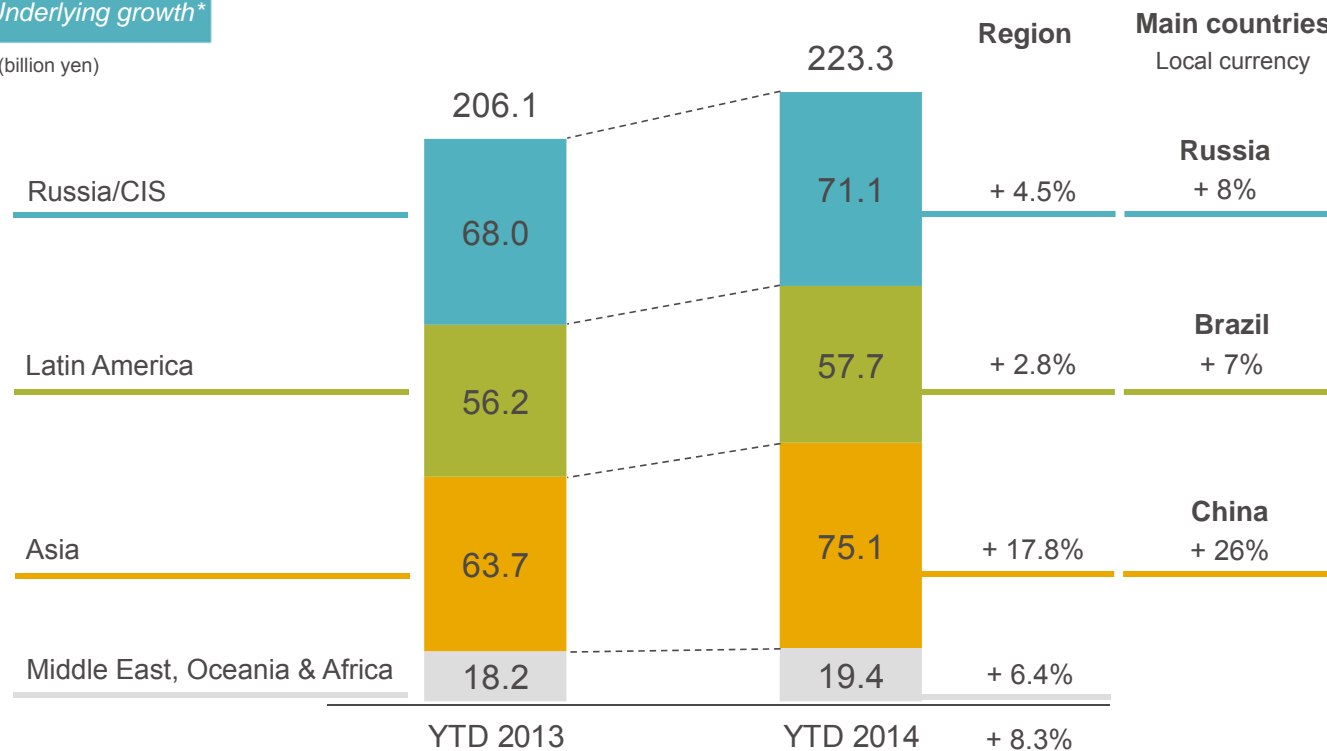
** New products: Represent products launched within 5 years, excluding new formulation or fixed dose combination of existing drugs: NESINA, AZILVA, ADCETRIS, etc.

Emerging markets: Attractive growth driver



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Top 10 products(YTD):



billion yen		YTD			Underlying growth*
Product name	Therapeutic areas	FY2013	FY2014	Reported growth	
VELCADE	Oncology	101.3	114.4	+ 12.8%	+ 5.2%
CANDESARTAN	CVM	124.2	101.8	- 18.0%	- 18.9%
LEUPRORELIN	Oncology	98.1	94.6	- 3.6%	- 6.1%
LANSOPRAZOLE	GI	91.2	78.1	- 14.3%	- 17.0%
PANTOPRAZOLE	GI	77.7	77.6	- 0.2%	- 4.7%
<u>DEXILANT</u>	GI	36.2	45.2	+ 24.7%	+ 16.6%
<u>COLCRYS</u>	CVM	38.1	43.7	+ 14.6%	+ 7.6%
<u>NESINA</u>	CVM	31.0	33.9	+ 9.3%	+ 8.2%
<u>AZILVA</u>	CVM	15.9	33.0	+ 107.9%	+ 107.9%
ACTOS	CVM	29.6	25.3	- 14.5%	- 17.4%
Other products		643.6	692.4	+ 7.6%	+ 8.2%
Total Revenue		1,286.9	1,340.0	+ 4.1%	+ 2.4%

Underlines indicate new products

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Income statement – Reported under IFRS



billion yen	YTD		Change
	2013	2014	
Revenue	1,286.9	1,340.0	+ 4.1%
Gross profit	917.3	953.6	+ 4.0%
% of Revenue	71.3%	71.2%	-0.1 pts
SG&A	(398.9)	(438.0)	+ 9.8%
% of Revenue	31.0%	32.7%	+1.7 pts
R&D	(239.0)	(249.2)	+ 4.3%
% of Revenue	18.6%	18.6%	+0.0 pts
Other income	14.5	94.7	-
Other expenses (incl. Amortization and impairment associated with products)	(117.2)	(161.9)	+ 38.1%
Operating profit	176.7	199.1	+ 12.6%
% of Revenue	13.7%	14.9%	+1.1 pts
Net profit for the period	133.3	79.7	- 40.2%
Core Earnings	288.9	275.4	- 4.7%
% of Revenue	22.5%	20.6%	-1.9 pts
EPS	169 yen	101 yen	-39.9%
Core EPS	246 yen	214 yen	-13.1%

[Exchange rate] FY2013 USD: 99yen, EUR: 131yen FY2014 USD: 106yen, EUR: 140yen

Balance sheet



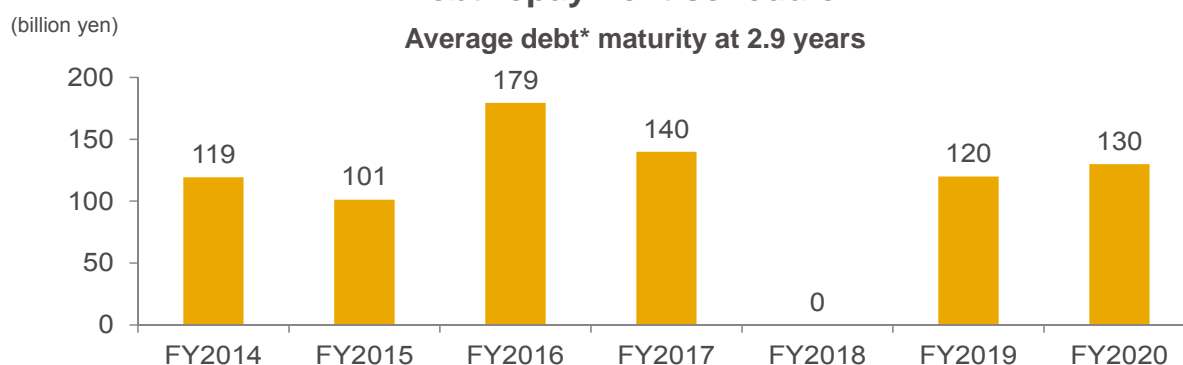
billion yen	Mar. 2014	Dec. 2014	Change
Non-current assets	2,977	2,950	- 27
Intangible assets	1,136	1,058	- 77
Goodwill	815	881	+ 66
Current assets	1,593	1,704	+ 111
Cash and cash equivalents*	806	786	- 20
Total assets	4,569	4,653	+ 84
Non-current liabilities	1,226	1,243	+ 17
Bonds and loans	705	731	+ 27
Current liabilities	803	838	+ 35
Bonds and loans	155	182	+ 26
Total liabilities	2,029	2,081	+ 52
Equity	2,541	2,573	+ 32
Equity ratio**	54.1%	53.8%	-0.3 pts

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

** Equity ratio: Represents Ratio of equity attributable to owners of the Company to Total assets

billion yen	Mar. 2014	Dec. 2014
Gross debt*	- 790	- 791
Cash and cash equivalents**	806	786
Net cash / Net debt	15	- 5
Net debt / EBITDA ratio	0.04	(0.01)

Debt repayment schedule



* Debt figures in this slide represent Bonds and loans FX rate hedged basis

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

COLCRYS financial impact

- Due to the launch of competitor's colchicine products, an impairment loss of intangible asset and a reversal of the contingent consideration* for COLCRYS are recognized, which are off-set to make a positive effect to profit in total.
- Other one-off impacts to operating profit are return reserve and TRO provision**.
 - * Contingent consideration is a fair value liability estimating royalty payments based on the future performance of COLCRYS.
 - ** TRO provision was made to compensate the damages for the delay of the launch of competitor's colchicine product
- Impact excluded from Core Earnings is ¥20.4 bln.
- Impact excluded from Core net profit is ¥29.2 bln.

billion yen	2014 YTD Reported		
	Operating profit	Tax etc.	Net profit for the period
Revenue (return reserve)	(1.9)	0.7	(1.2)
Intangible impairment loss	(30.5)	10.9	(19.7)
Contingent consideration liability*	56.4	(4.0)	52.4
TRO provision**	(5.4)	1.9	(3.5)
Total	18.5	9.4	28.0

Note: Brackets in the original image indicate that the sum of Operating profit and Tax etc. for the contingent consideration liability and TRO provision rows equals 20.4, and the sum of Net profit for the period for those rows equals 29.2.



Takeda Pharmaceutical Company Limited