



## Consolidated Financial Results FY2016 Q2

October 28, 2016

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## Strategic focus driving strong first half performance: Underlying Revenue +7.4%, Core Earnings +12.7% and Core EPS +49.3%

### First half reported results show strong profit performance

- H1 revenue declined -5.9% due to currency (-8.6pt) and divestitures (-4.7pt)
- Operating Profit increased +46.7% with strong underlying growth and a one-time Teva JV gain partly offset by divestitures and impairment impacts
- EPS more than doubled: from 69 yen in H1 FY2015 to 159 yen in H1 FY2016
- Operating Free Cash Flow increased from 56 Bn yen to 75 Bn yen

### Strong H1 underlying performance ahead of our expectations

- Underlying Revenue grew +7.4% with Growth Drivers accelerating to +15.3% growth from +9.5% in FY2015
- Underlying Core Earnings increased +12.7% with margin up +0.7pt
- Underlying Core EPS was up +49.3% reflecting strong Core Earnings growth and a lower tax rate

## Strong H1 performance underpins an increase in both management and reported profit guidance

### Management Guidance

- Strength of performance allows us to increase full year profit guidance
- Underlying Core Earnings revised upwards to "mid- to high-teen growth"
- Underlying Core EPS trending to high end of "low- to mid-teen growth" range

### Reported Forecast

- Revenue reduced to 1,670 Bn yen, with adverse currency impact partially offset by stronger underlying growth
- Increasing full year net profit/EPS forecasts by 3.4% vs May forecast
- Operating profit confirmed, despite accelerated R&D transformation costs (15 Bn yen from FY2017 to FY2016\*) and adverse currency impact
- Strongly committed to shareholder returns with dividend as a key component

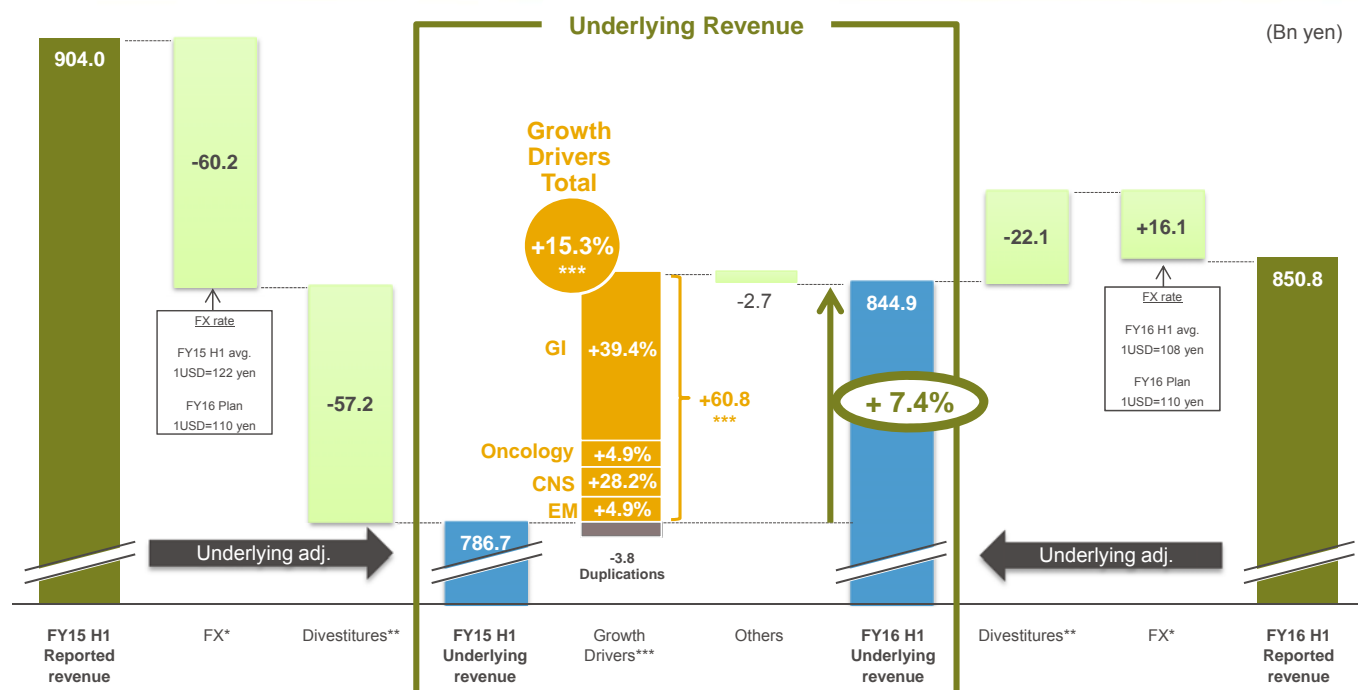
## Reported income statement: H1 EPS more than doubled to 159 yen and Core EPS is above prior year

| (Bn yen)                                   | FY15 H1        | FY16 H1        | Change         |                 |
|--|----------------|----------------|----------------|-----------------|
| <b>Revenue</b>                             | <b>904.0</b>   | <b>850.8</b>   | <b>-53.2</b>   | <b>- 5.9%</b>   |
| <b>Gross profit</b>                        | <b>646.6</b>   | <b>573.9</b>   | <b>-72.7</b>   | <b>- 11.2%</b>  |
| % Revenue                                  | 71.5%          | 67.5%          |                | -4.1pt          |
| SG&A                                       | -313.5         | -290.9         | +22.6          | - 7.2%          |
| R&D  | -158.2         | -152.0         | +6.3           | - 4.0%          |
| <b>Core Earnings</b>                       | <b>174.9</b>   | <b>131.0</b>   | <b>-43.9</b>   | <b>- 25.1%</b>  |
| Amortization and impairment of intangibles | -64.6          | -75.7          | -11.0          | + 17.1%         |
| Other income/expenses                      | 0.2            | 106.7          | +106.6         | NA              |
| <b>Operating profit</b>                    | <b>110.4</b>   | <b>162.1</b>   | <b>+51.6</b>   | <b>+ 46.7%</b>  |
| % Revenue                                  | 12.2%          | 19.0%          |                | +6.8pt          |
| Financial income/expenses                  | -9.4           | -6.2           | +3.2           | - 33.8%         |
| Equity income                              | 1.0            | -0.9           | -1.8           | NA              |
| <b>Profit before tax</b>                   | <b>102.0</b>   | <b>155.0</b>   | <b>+53.0</b>   | <b>+ 51.9%</b>  |
| Income tax                                 | -46.1          | -29.4          | +16.6          | - 36.1%         |
| Non-controlling interests                  | -1.6           | -1.3           | +0.3           | - 18.4%         |
| <b>Net profit</b>                          | <b>54.4</b>    | <b>124.3</b>   | <b>+69.9</b>   | <b>+ 128.6%</b> |
| <b>EPS</b>                                 | <b>69 yen</b>  | <b>159 yen</b> | <b>+90 yen</b> | <b>+ 129.4%</b> |
| <b>Core EPS</b>                            | <b>138 yen</b> | <b>139 yen</b> | <b>+2 yen</b>  | <b>+ 1.2%</b>   |

## Underlying income statement: revenue +7.4%, Core Earnings +12.7%, Core EPS +49.3%

| (Bn yen)                                 | FY15 H1       | FY16 H1        | Change         |                |
|--|---------------|----------------|----------------|----------------|
| <b>Underlying Revenue</b>                | <b>786.7</b>  | <b>844.9</b>   | <b>+58.1</b>   | <b>+ 7.4%</b>  |
| <b>Underlying Gross profit</b>           | <b>546.2</b>  | <b>576.7</b>   | <b>+30.5</b>   | <b>+ 5.6%</b>  |
| % Revenue                                | 69.4%         | 68.3%          |                | -1.2pt         |
| SG&A                                     | -288.9        | -298.1         | -9.2           | + 3.2%         |
| R&D                                      | -147.7        | -155.1         | -7.4           | + 5.0%         |
| <b>Underlying Core Earnings</b>          | <b>109.6</b>  | <b>123.5</b>   | <b>+13.9</b>   | <b>+ 12.7%</b> |
| % Revenue                                | 13.9%         | 14.6%          |                | +0.7pt         |
| Financial income/expenses                | 0.9           | -2.2           | -3.2           | NA             |
| Equity income                            | 0.9           | 0.5            | -0.4           | - 44.7%        |
| <b>Underlying Core Profit before tax</b> | <b>111.4</b>  | <b>121.8</b>   | <b>+10.4</b>   | <b>+ 9.3%</b>  |
| Income tax                               | -41.9         | -19.0          | +22.9          | - 54.7%        |
| Non-controlling interests                | -1.5          | -1.3           | +0.2           | - 15.2%        |
| <b>Underlying Core Net profit</b>        | <b>68.0</b>   | <b>101.5</b>   | <b>+33.5</b>   | <b>+ 49.3%</b> |
| <b>Underlying Core EPS</b>               | <b>87 yen</b> | <b>130 yen</b> | <b>+43 yen</b> | <b>+ 49.3%</b> |

## Underlying Revenue increased +7.4% in H1, led by +15.3% from Growth Drivers



\* Adjustment applying a constant currency at 1USD=110 yen, 1EUR=125 yen and etc., i.e. FY16 plan rate

\*\* Primarily, divestitures' impact of LLP products in Japan, obesity treatment CONTRAVE, and respiratory products. See Appendix for details.

\*\*\* Total GI/Oncology/CNS/EM, eliminated duplications (e.g. ADCETRIS in EM and in Oncology). See Appendix for details.

## Growth drivers posted strong +15.3% growth in revenue

Underlying revenue growth

|                   | FY16 H1<br>(Bn yen) | vs.<br>previous year |  |
|-------------------|---------------------|----------------------|--|
| GI*               | 153.5               | +39.4%               |  |
| Oncology**        | 167.7               | +4.9%                |  |
| CNS               | 32.8                | +28.2%               |  |
| Emerging Markets* | 130.8               | +4.9%                |  |
| Growth Drivers*** | 458.3               | +15.3%               | Growth Drivers % of total sales <b>54%</b> |

\* Sales of pantoprazole in Emerging Markets (EM) is included in EM, but not in GI (Gastrointestinal), as it is a key driver in EM.

Sales of pantoprazole in other regions is not included in this slide.

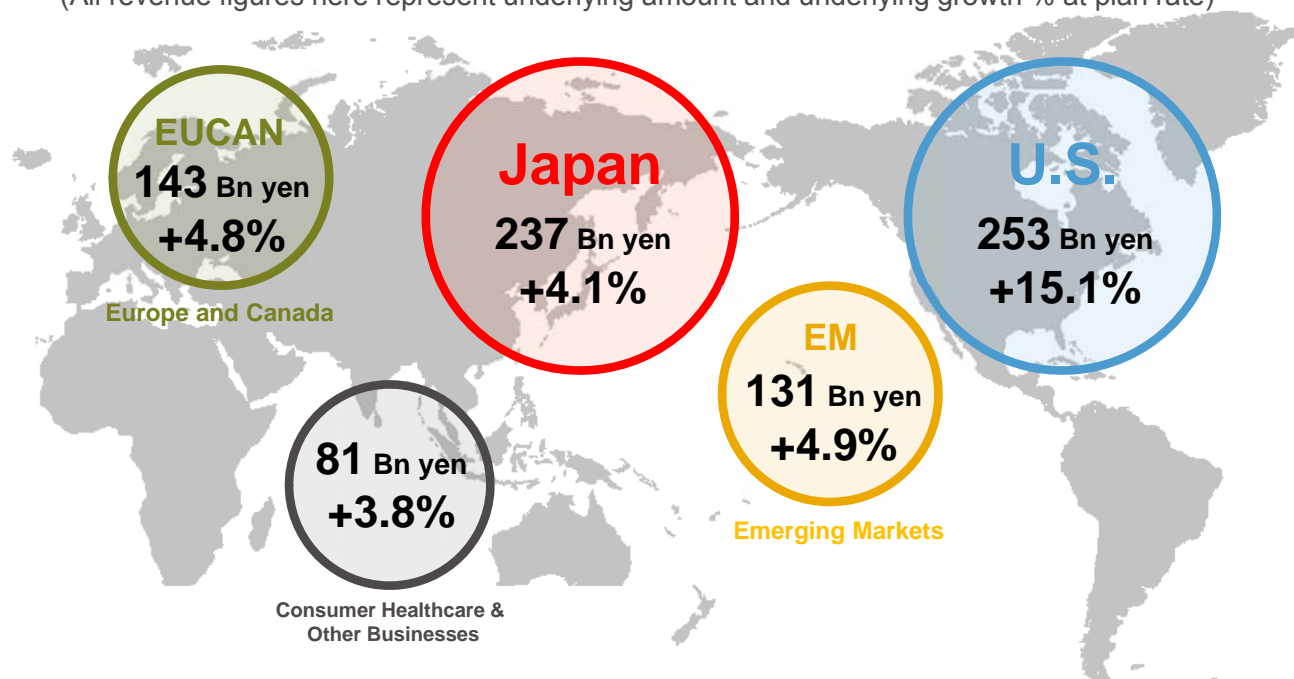
\*\* Underlying growth of Oncology excluding VELCADE royalties and other income is +6.4%

\*\*\* Total GI/Oncology/CNS/EM, eliminated duplications (e.g. ADCETRIS in EM and in Oncology)

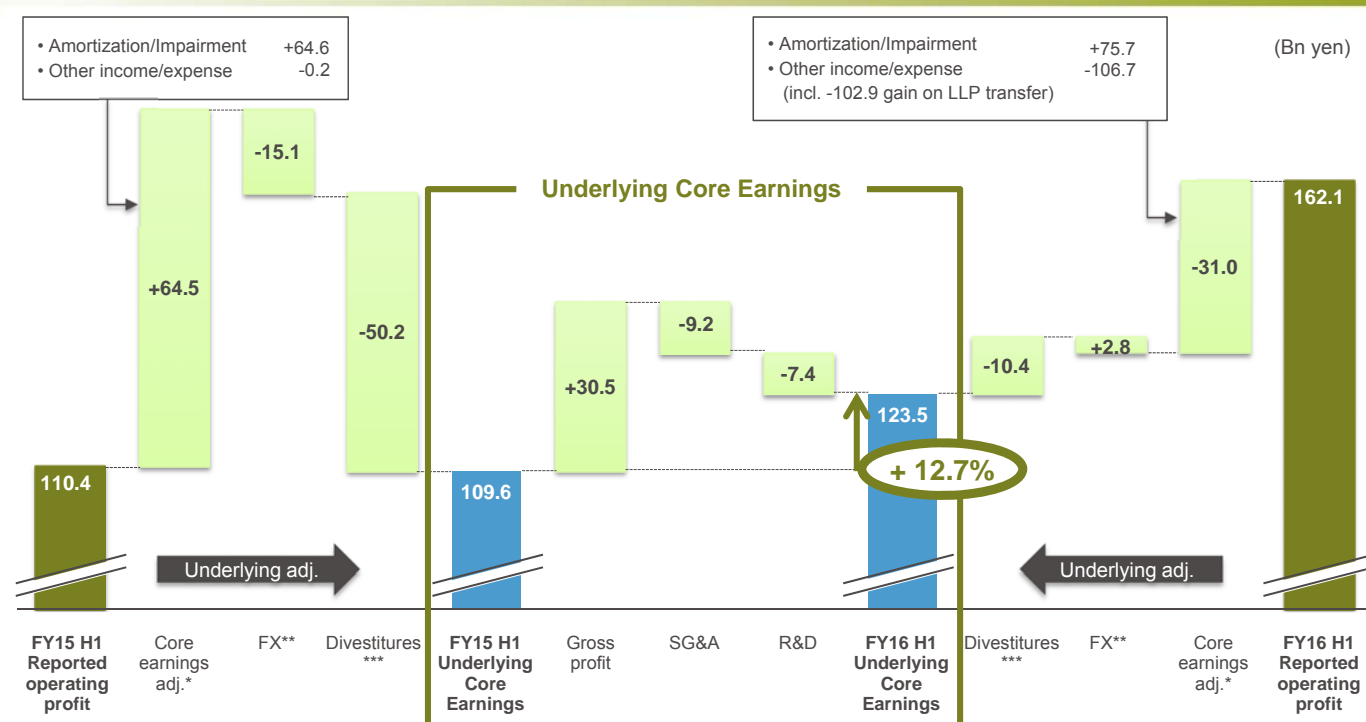
## Revenue growth across all regions, led by continued double-digit performance in the US

**FY16 H1 Consolidated Underlying Revenue: 845 Bn yen, +7.4%**

(All revenue figures here represent underlying amount and underlying growth % at plan rate)



## Underlying Core Earnings growth of +12.7%

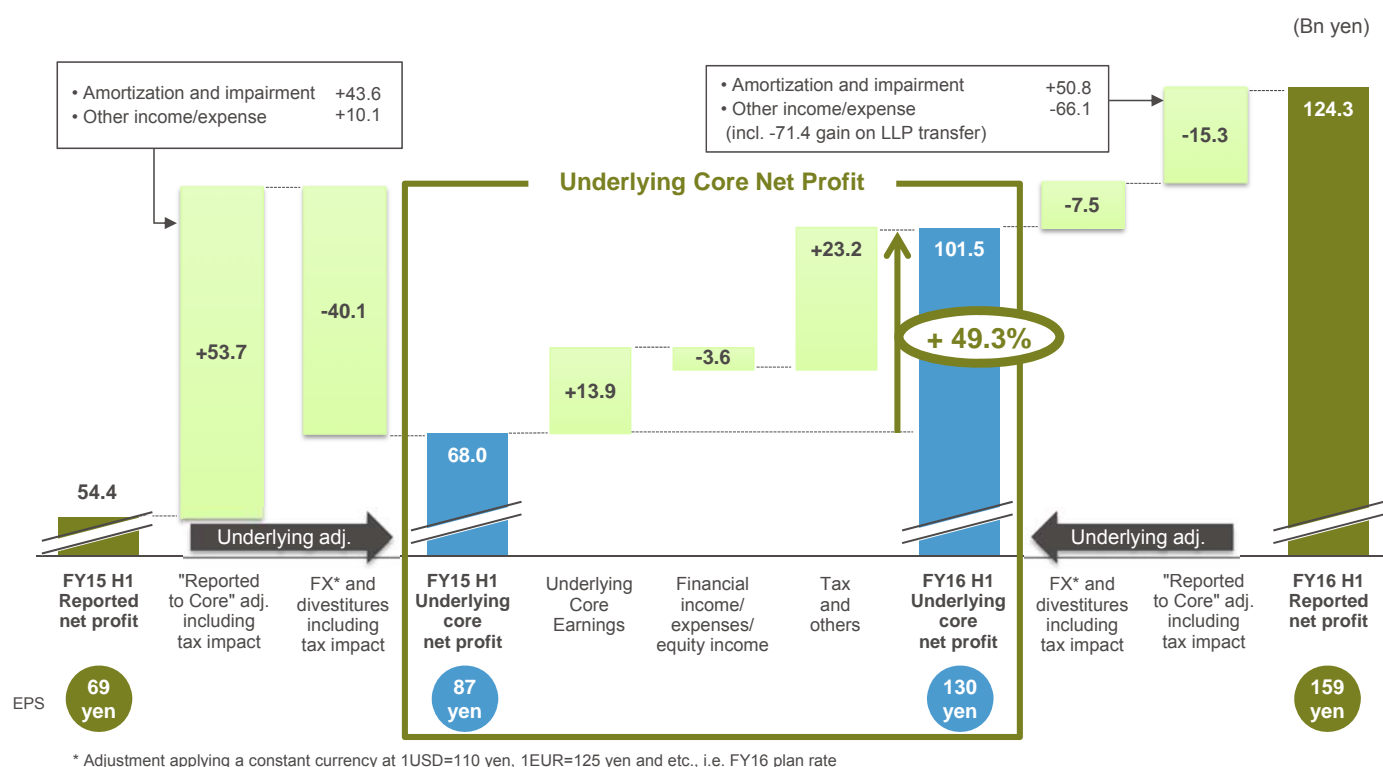


\* See reported to core, core to underlying reconciliation sheet uploaded onto the website.

10 \*\* Adjustment applying a constant currency at 1USD=110 yen, 1EUR=125 yen and etc., i.e. FY16 plan rate

\*\*\* Primarily, divestitures' impact of LLP products in Japan, obesity treatment CONTRAVE, and respiratory products.

## Underlying Core Net Profit/EPS up +49.3% driven by Core Earnings and lower taxes (mostly timing benefits)



## Operating Free Cash Flow increased from 55.7 Bn yen in H1 FY2015 to 74.6 Bn yen in H1 FY2016

(Bn yen)

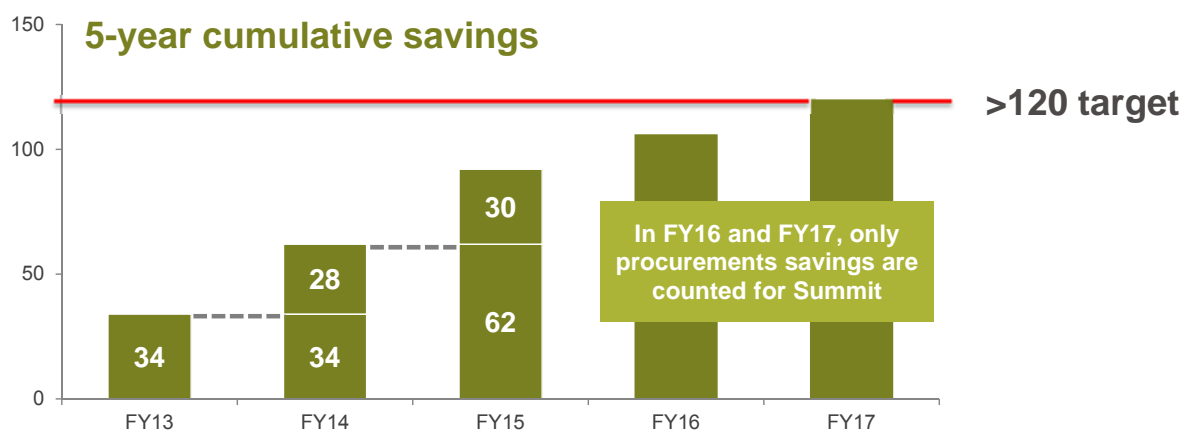
|  | FY15 H1 | FY16 H1 | Change  |         |
|--|---------|---------|---------|---------|
| <b>Net profit</b>                              | 56.0    | 125.6   | +69.6   | +124.4% |
| Depreciation, amortization and impairment loss | 95.0    | 106.3   | +11.3   |         |
| Decrease (increase) in trade working capital   | -58.3   | -28.2   | +30.1   |         |
| Income taxes paid                              | -13.9   | -4.7    | +9.2    |         |
| Other  | 16.1    | -87.3   | - 103.4 |         |
| <b>Net cash from operating activities</b>      | 95.0    | 111.8   | +16.8   | +17.7%  |
| Acquisition of tangible assets                 | -23.8   | -27.3   | - 3.5   |         |
| Acquisition of intangible assets               | -15.5   | -9.9    | +5.6    |         |
| <b>Operating Free Cash Flow</b>                | 55.7    | 74.6    | +18.9   | +34.0%  |



## Project Summit tracking ahead of plan

|                      | FY13-15<br>(cumulative) | FY16 H1<br>(result) | FY13-17<br>(cumulative target) (Bn yen) |
|----------------------|-------------------------|---------------------|---|
| Cost savings         | 92                      | 8*                  | >120                                    |
| Implementation costs | 69                      | 6                   | Up to 100                               |

\* FY16 H1 savings breakdown: 20% Commercial, 37% R&D, 18% Production & Supply, and 26% G&A



## Increasing guidance for Underlying Core Earnings; Underlying Core EPS trending to high end of range

### FY2016 Management Guidance

|                           | Previous Guidance<br>May 10, 2016 | Revised Guidance<br>Oct 28, 2016    |
|---------------------------|-----------------------------------|-------------------------------------|
| Underlying Revenue        | Mid single digit growth (%)       | Mid single digit growth (%)         |
| Underlying Core Earnings  | Low- to mid-teen growth (%)       | <b>Mid- to high-teen growth (%)</b> |
| Underlying Core EPS       | Low- to mid-teen growth (%)       | Low- to <b>mid-teen</b> growth (%)  |
| Annual dividend per share | 180 yen                           | 180 yen                             |

## R&D transformation acceleration offsetting operating profit increase; raising Net Profit and EPS forecast

### Full Year Reported Forecast

| (Bn yen)                       | FY16<br>Forecast<br>May 10, 2016 | FY16<br>Forecast<br>Oct 28, 2016 | Change |       |  |
|--------------------------------|----------------------------------|----------------------------------|--------|-------|--|
| <b>Revenue</b>                 | 1,720.0                          | 1,670.0                          | -50.0  | -2.9% | ▪ Currency: -68 Bn yen   |
| <b>R&amp;D expenses</b>        | -325.0                           | -310.0                           | 15.0   | -4.6% | ▪ Currency: +14 Bn yen   |
| <b>Operating profit</b>        | 135.0                            | 135.0                            | -      | -     | ▪ R&D transformation costs increased +15 Bn yen, offset by strong underlying performance |
| <b>Profit before tax</b>       | 132.5                            | 132.5                            | -      | -     |  |
| <b>Net profit for the year</b> | 88.0                             | 91.0                             | 3.0    | +3.4% | ▪ Net profit and EPS increased by 3.4%   |
| <b>EPS</b>                     | 112 yen                          | 116 yen                          | 4 yen  | +3.4% |  |
| <i>Exchange Rate</i>           | <i>Yen per USD</i>               | 110                              | 104    | -6    | ▪ Rest of year rate: USD 101 yen, EUR 113 yen  |
| <i>(AVG. annual)</i>           | <i>Yen per EUR</i>               | 125                              | 117    | -8    |  |

- Total estimated costs related to the R&D transformation are unchanged at 75 Bn yen; we now estimate 40 Bn yen in FY2016 and 35 Bn yen in FY2017.
- Amortization and impairment forecast (net of contingent considerations) 130 Bn yen, 10 Bn yen down due to FX.
- Teva JV financial impact in FY2016: Revenue approx. 10 Bn yen, One-time gain on LLP transfer 102.9 Bn yen, Equity income and other income approx. 10 Bn yen, Total profit before tax approx. 120 Bn yen (excluding one-time gain, approx. 20 Bn yen).

## Strategic focus driving strong first half performance and upward revision of full year profit guidance

- **Strong H1 underlying performance ahead of our expectations**
  - Revenue +7.4%
  - Core Earnings +12.7%
  - Core EPS +49.3%
  - Operating Free Cash Flow +34.0%
- **Strong performance underpins upward guidance revision**
  - Underlying Core Earnings to "mid- to high-teen growth", leading to 1-2 pts margin growth
  - Underlying Core EPS trending to high end of range
  - Reported Net Profit/EPS increased by 3.4% despite accelerated R&D transformation costs / adverse currencies



## Appendix

Takeda Pharmaceutical Company Limited

## Definition of Core and Underlying Growth

### **Core Results Concept**

**Core Earnings** is calculated by taking Gross Profit and deducting SG&A expenses and R&D expenses. In addition, certain other items that are significant in value and non-core in nature are adjusted. This may include items such as the impact of natural disasters, purchase accounting effects, major litigation costs, integration costs and government actions, amongst others. The threshold for adjustments is set deliberately high at 1 Bn yen to ensure accountability and credibility.

**Core EPS** is calculated by taking Core Earnings and adjusting for items that are non-core in nature and significant in value (over 1 Bn yen) within each account line below Operating Profit. This includes, amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration. In addition to the tax effects related to these items, the tax effects related to the above adjustments made in Core Earnings are also adjusted for when calculating Core EPS.

### **Underlying Growth**

Underlying growth compares two periods (quarters or years) of financial results under a common basis, showing the ongoing performance of the business. Adjustments are made to place each period on a constant currency and exclude an impact of divestiture.

**Constant Currency:** Takeda operates globally and is exposed to movements in various different foreign exchange rates. Consequently, financial result comparisons between different periods can be, and often are, distorted by differences in the exchange rates at which transactions in foreign currencies are recorded. To enable management and external stakeholders to better understand underlying changes in financial performance, undistorted by the effects of movements in exchange rates, underlying results are prepared using constant exchange rates (CER), typically the budgeted exchange rates for the current year.

## Growth Drivers

Takeda Pharmaceutical Company Limited

## Growth Drivers in GI, Oncology and CNS

(Bn yen)

| Underlying revenue growth | FY15 H1      | FY16 H1      | Underlying growth |               |
|---------------------------|--------------|--------------|-------------------|---------------|
|                           |              |              | Change (Bn yen)   | % Change      |
| ENTYVIO                   | 32.7         | 67.4         | +34.7             | +106.4%       |
| TAKECAB                   | 2.0          | 13.9         | +11.8             | NA            |
| DEXILANT                  | 31.8         | 32.3         | +0.5              | +1.6%         |
| AMITIZA                   | 17.3         | 17.2         | -0.0              | -0.2%         |
| LANSOPRAZOLE*             | 26.3         | 22.6         | -3.7              | -14.0%        |
| <b>GI</b>                 | <b>110.1</b> | <b>153.5</b> | <b>+43.4</b>      | <b>+39.4%</b> |
| NINLARO                   | —            | 13.1         | +13.1             | NA            |
| ADCETRIS                  | 12.6         | 14.9         | +2.4              | +18.7%        |
| VECTIBIX                  | 9.5          | 9.5          | +0.0              | +0.4%         |
| LEUPRORELIN               | 60.4         | 59.3         | -1.1              | -1.9%         |
| VELCADE                   | 77.3         | 70.9         | -6.5              | -8.4%         |
| <b>Oncology</b>           | <b>159.8</b> | <b>167.7</b> | <b>+7.9</b>       | <b>+4.9%</b>  |
| TRINTELLIX**              | 10.1         | 14.6         | +4.5              | +44.2%        |
| ROZEREM                   | 7.5          | 9.2          | +1.7              | +22.7%        |
| REMINYL                   | 7.9          | 8.8          | +0.8              | +10.1%        |
| COPAXONE                  | —            | 0.2          | +0.2              | NA            |
| <b>CNS</b>                | <b>25.6</b>  | <b>32.8</b>  | <b>+7.2</b>       | <b>+28.2%</b> |

\* Sales of LANSOPRAZOLE in Japan, product name TAKEPRON (single agent) is adjusted in FY15 due to transfer of the product to the JV with Teva in FY16.

\*\* TRINTELLIX is the brand name used since June 2016 for the product previously marketed as BRINTELLIX.

## Growth Drivers in GI and Oncology – Product Profile

### Growth Drivers in GI\*

| Brand/Generic Name | Launch** | Drug Class   | Main Indications                    |
|--------------------|----------|--|-------------------------------------|
| 1 LANSOPRAZOLE     | 1992/12  | Proton pump inhibitor  | Peptic ulcers                       |
| 2 AMITIZA          | 2006/4   | Chloride channel activator                                       | Chronic idiopathic constipation     |
| 3 DEXILANT         | 2009/2   | Proton pump inhibitor  | Acid-related diseases               |
| 4 ENTYVIO          | 2014/6   | Humanized monoclonal antibody against $\alpha 4\beta 7$ integrin | Ulcerative colitis, Crohn's disease |
| 5 TAKECAB          | 2015/2   | Potassium-competitive acid blocker                               | Acid-related diseases               |

### Growth Drivers in Oncology

| Brand/Generic Name | Launch** | Drug Class                              | Main Indications                        |
|--------------------|----------|---|---|
| 1 LEUPRORELIN      | 1985/5   | LH-RH agonist                           | Prostate cancer                         |
| 2 VELCADE          | 2008/5   | Proteasome inhibitor                    | Multiple myeloma                        |
| 3 VECTIBIX         | 2010/6   | Anti-EGFR human monoclonal antibody     | Advanced or recurrent colorectal cancer |
| 4 ADCETRIS         | 2012/11  | CD30 monoclonal antibody-drug conjugate | Relapsed or refractory Hodgkin lymphoma |
| 5 NINLARO          | 2015/12  | Proteasome inhibitor – oral             | Multiple myeloma                        |

\* Pantoprazole is included in Emerging Markets (EM), but not in GI (Gastrointestinal), as it is a key driver in EM  
 \*\* Year and month of the first launch by Takeda in any region.

## Growth Drivers in CNS – Product Profile

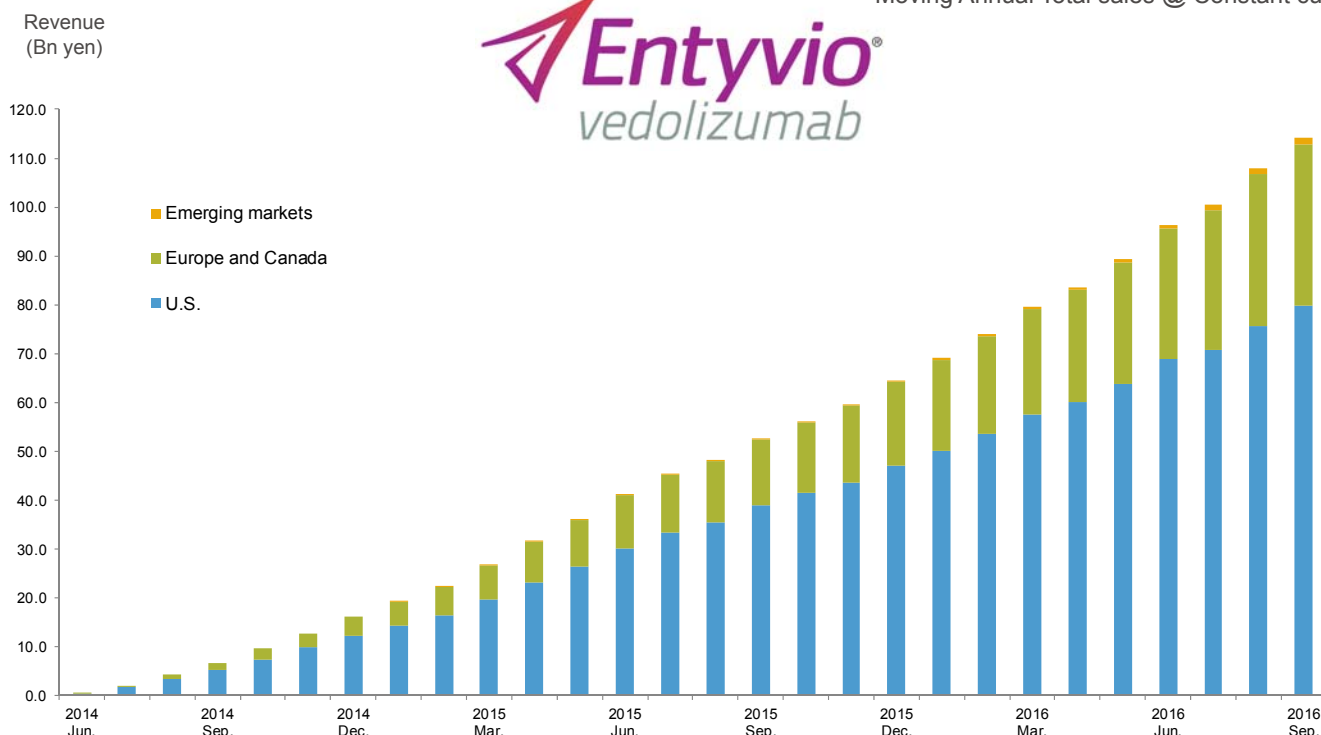
### Growth Drivers in CNS

| Brand/Generic Name | Launch** | Drug Class   | Main Indications                         |
|--------------------|----------|--|--|
| 1 ROZEREM          | 2005/9   | MT <sub>1</sub> /MT <sub>2</sub> receptor agonist                            | Insomnia                                 |
| 2 REMINYL          | 2011/3   | Acetylcholinesterase inhibitor and nicotinic acetylcholine receptor enhancer | Alzheimer-type dementia                  |
| 3 TRINTELLIX*      | 2014/1   | Multimodal anti-depressant   | Major depressive disorder                |
| 4 COPAXONE         | 2015/11  | Immunomodulator  | Relapse prevention of multiple sclerosis |

\* TRINTELLIX is the brand name used since June 2016 for the product previously marketed as BRINTELLIX  
 \*\* Year and month of the first launch by Takeda in any region.

# ENTYVIO<sup>®</sup> achieved \$1Bn MAT Sales and is on track to exceed \$2Bn MAT Sales within FY2018

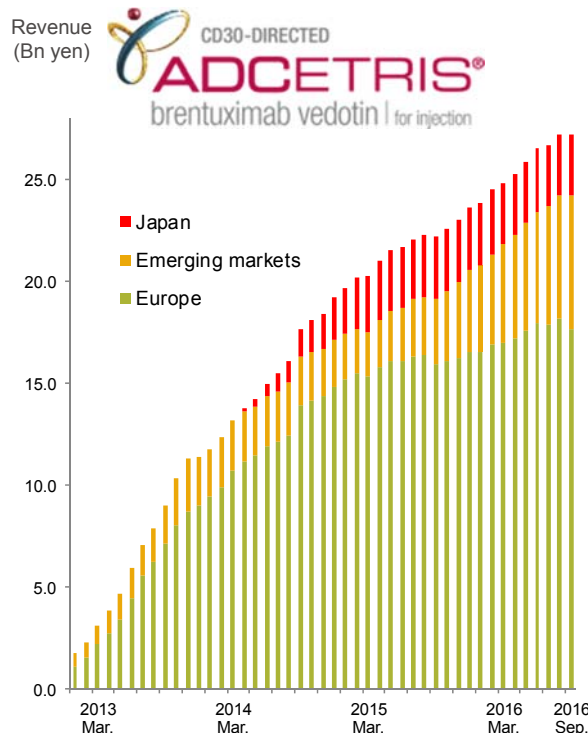
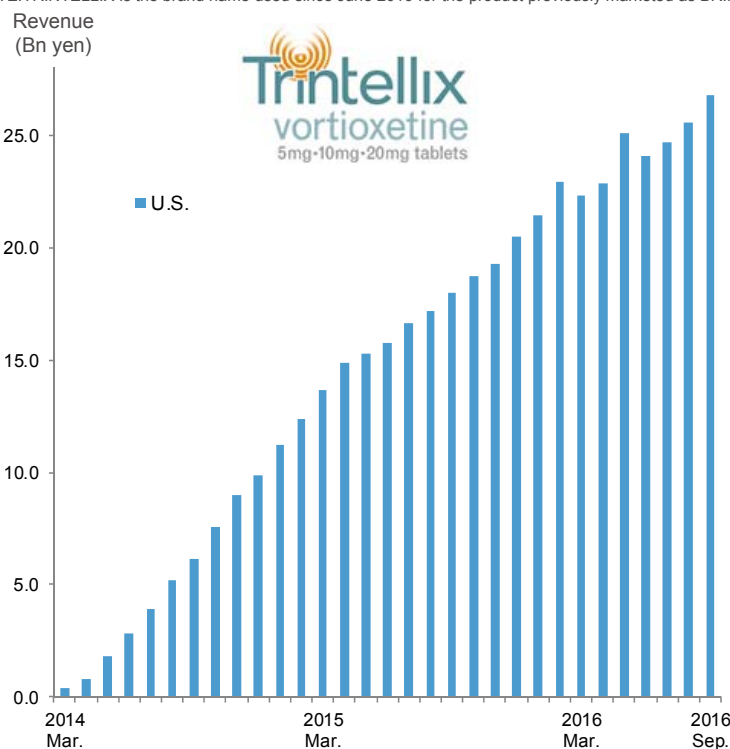
Moving Annual Total sales @ Constant currency



# Continued strong performance of TRINTELLIX<sup>®</sup> and ADCETRIS<sup>®</sup>

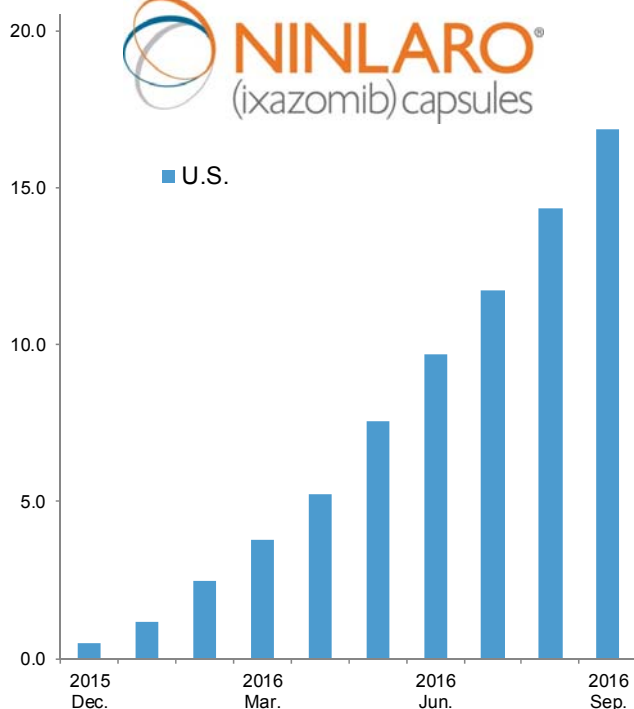
NOTE: TRINTELLIX is the brand name used since June 2016 for the product previously marketed as BRINTELLIX.

Moving Annual Total sales @ Constant currency



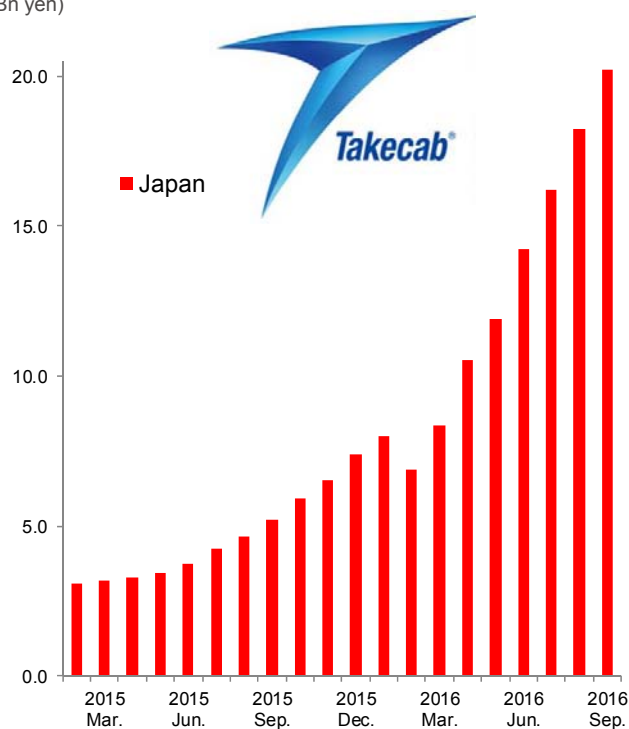
## Encouraging uptake of NINLARO® and TAKECAB®

Revenue  
(Bn yen)



Revenue  
(Bn yen)

Moving Annual Total sales @ Constant currency



## Income Statement

## H1 Reported income statement

| (Bn yen)                                   | FY15 H1        | FY16 H1           | Change         |                  |
|--|----------------|-------------------|----------------|------------------|
| <b>Revenue</b>                             | <b>904.0</b>   | <b>850.8</b>      | <b>-53.2</b>   | <b>- 5.9%</b> *1 |
| <b>Gross profit</b>                        | <b>646.6</b>   | <b>573.9</b>      | <b>-72.7</b>   | <b>- 11.2%</b>   |
| % Revenue                                  | 71.5%          | 67.5%             |                | <b>-4.1pt</b> *2 |
| SG&A                                       | -313.5         | -290.9            | +22.6          | - 7.2%           |
| R&D  | -158.2         | -152.0            | +6.3           | - 4.0%           |
| <b>Core Earnings</b>                       | <b>174.9</b>   | <b>131.0</b>      | <b>-43.9</b>   | <b>- 25.1%</b>   |
| Amortization and impairment of intangibles | -64.6          | <b>-75.7</b> *3   | -11.0          | + 17.1%          |
| Other income/expenses                      | 0.2            | <b>106.7</b> *3,4 | +106.6         | NA               |
| <b>Operating profit</b>                    | <b>110.4</b>   | <b>162.1</b>      | <b>+51.6</b>   | <b>+ 46.7%</b>   |
| % Revenue                                  | 12.2%          | 19.0%             |                | +6.8pt           |
| Financial income/expenses                  | -9.4           | -6.2              | +3.2           | - 33.8%          |
| Equity income                              | 1.0            | -0.9              | -1.8           | NA               |
| <b>Profit before tax</b>                   | <b>102.0</b>   | <b>155.0</b>      | <b>+53.0</b>   | <b>+ 51.9%</b>   |
| Income tax                                 | -46.1          | <b>-29.4</b> *5   | +16.6          | - 36.1%          |
| Non-controlling interests                  | -1.6           | -1.3              | +0.3           | - 18.4%          |
| <b>Net profit</b>                          | <b>54.4</b>    | <b>124.3</b>      | <b>+69.9</b>   | <b>+ 128.6%</b>  |
| <b>EPS</b>                                 | <b>69 yen</b>  | <b>159 yen</b>    | <b>+90 yen</b> | <b>+ 129.4%</b>  |
| <b>Core EPS</b>                            | <b>138 yen</b> | <b>139 yen</b>    | <b>+2 yen</b>  | <b>+ 1.2%</b>    |

\*1 Primarily due to FX (-8.6pt) and divestitures (-4.7pt), partially offset by strong underlying growth

\*2 Gross margin down 4.1pt due to FX (-1.3pt), divestitures (-1.6pt) and price/mix (-1.2pt)

\*3 Impairment loss (14 Bn yen) and reversal of contingent consideration (9.7 Bn yen) of Colcry

\*4 Mainly gain on transfer of LLP business to Teva JV (102.9 Bn yen)

\*5 More favorable effective tax rate due to Japan tax reform, a subsidiary capital redemption, favorable statutory earnings mix, and release of tax provision

## Q2 Reported income statement

| (Bn yen)                                   | FY15 Q2       | FY16 Q2       | Change         |                |
|--|---------------|---------------|----------------|----------------|
| <b>Revenue</b>                             | <b>457.8</b>  | <b>416.8</b>  | <b>-41.0</b>   | <b>- 8.9%</b>  |
| <b>Gross profit</b>                        | <b>321.5</b>  | <b>275.3</b>  | <b>-46.1</b>   | <b>- 14.4%</b> |
| % Revenue                                  | 70.2%         | 66.1%         |                | -4.2pt         |
| SG&A                                       | -151.8        | -146.0        | +5.8           | - 3.8%         |
| R&D  | -78.4         | -75.4         | +3.0           | - 3.8%         |
| <b>Core Earnings</b>                       | <b>91.2</b>   | <b>53.9</b>   | <b>-37.3</b>   | <b>- 40.9%</b> |
| Amortization and impairment of intangibles | -30.8         | -47.2         | -16.3          | + 53.0%        |
| Other income/expenses                      | 0.5           | 2.4           | +1.9           | NA             |
| <b>Operating profit</b>                    | <b>60.9</b>   | <b>9.1</b>    | <b>-51.7</b>   | <b>- 85.0%</b> |
| % Revenue                                  | 13.3%         | 2.2%          |                | -11.1pt        |
| Financial income/expenses                  | -7.7          | -3.3          | +4.4           | - 57.2%        |
| Equity income                              | 0.2           | -0.5          | -0.6           | NA             |
| <b>Profit before tax</b>                   | <b>53.3</b>   | <b>5.3</b>    | <b>-48.0</b>   | <b>- 90.0%</b> |
| Income tax                                 | -22.8         | 19.9          | +42.7          | NA             |
| Non-controlling interests                  | -0.8          | -0.5          | +0.3           | - 35.0%        |
| <b>Net profit</b>                          | <b>29.8</b>   | <b>24.8</b>   | <b>-5.0</b>    | <b>- 16.9%</b> |
| <b>EPS</b>                                 | <b>38 yen</b> | <b>32 yen</b> | <b>- 6 yen</b> | <b>- 16.6%</b> |
| <b>Core EPS</b>                            | <b>73 yen</b> | <b>68 yen</b> | <b>- 4 yen</b> | <b>- 5.8%</b>  |



## Q2 Underlying income statement

| (Bn yen)                                 | FY15 Q2       | FY16 Q2       | Change         |                |
|--|---------------|---------------|----------------|----------------|
| <b>Underlying Revenue</b>                | <b>398.6</b>  | <b>421.3</b>  | <b>+22.7</b>   | <b>+ 5.7%</b>  |
| <b>Underlying Gross profit</b>           | <b>271.6</b>  | <b>284.3</b>  | <b>+12.6</b>   | <b>+ 4.7%</b>  |
| % Revenue                                | 68.2%         | 67.5%         |                | -0.7pt         |
| SG&A                                     | -140.3        | -153.6        | -13.3          | + 9.5%         |
| R&D                                      | -73.1         | -79.1         | -6.1           | + 8.3%         |
| <b>Underlying Core Earnings</b>          | <b>58.3</b>   | <b>51.5</b>   | <b>-6.8</b>    | <b>- 11.6%</b> |
| % Revenue                                | 14.6%         | 12.2%         |                | -2.4pt         |
| Financial income/expenses                | 0.3           | -1.6          | -1.9           | NA             |
| Equity income                            | 0.1           | 0.3           | +0.2           | NA             |
| <b>Underlying Core Profit before tax</b> | <b>58.6</b>   | <b>50.2</b>   | <b>-8.4</b>    | <b>- 14.4%</b> |
| Income tax                               | -22.1         | 2.2           | +24.2          | NA             |
| Non-controlling interests                | -0.7          | -0.5          | +0.2           | - 31.9%        |
| <b>Underlying Core Net profit</b>        | <b>35.8</b>   | <b>51.9</b>   | <b>+16.1</b>   | <b>+ 44.9%</b> |
| <b>Underlying Core EPS</b>               | <b>46 yen</b> | <b>66 yen</b> | <b>+20 yen</b> | <b>+ 44.9%</b> |

## Reported to Underlying Bridge

## Bridge from Reported Revenue to Underlying Revenue

(Bn yen)

|                                      | FY15 Q2      | FY16 Q2      | Change       |               | FY15 H1      | FY16 H1      | Change       |               |
|--------------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|---------------|
| <b>Revenue</b>                       | <b>457.8</b> | <b>416.8</b> | <b>-41.0</b> | <b>- 8.9%</b> | <b>904.0</b> | <b>850.8</b> | <b>-53.2</b> | <b>- 5.9%</b> |
| FX effects*                          | -31.4        | 17.9         |              | +10.9pt       | -60.2        | 16.1         |              | +8.6pt        |
| <b>Revenue excluding FX effects*</b> | <b>426.3</b> | <b>434.7</b> | <b>+8.4</b>  | <b>+ 2.0%</b> | <b>843.9</b> | <b>866.9</b> | <b>+23.0</b> | <b>+ 2.7%</b> |
| Divestitures**                       | -27.8        | -13.5        |              | +3.7pt        | -57.2        | -22.1        |              | +4.7pt        |
| <b>Underlying Revenue</b>            | <b>398.6</b> | <b>421.3</b> | <b>+22.7</b> | <b>+ 5.7%</b> | <b>786.7</b> | <b>844.9</b> | <b>+58.1</b> | <b>+ 7.4%</b> |

\* Adjustment applying a constant currency at 1USD=110 yen, 1EUR=125 yen and etc., i.e. FY16 plan rate

\*\* Primarily, divestitures' impact of LLP products in Japan, obesity treatment CONTRAVE, and respiratory products.  
Note: See reported to core, core to underlying reconciliation sheet uploaded onto the website.

## Bridge from Operating Profit to Underlying Core Earnings

(Bn yen)

|  | FY15 Q2     | FY16 Q2     | Change       |                | FY15 H1      | FY16 H1      | Change       |                |
|--|-------------|-------------|--------------|----------------|--------------|--------------|--------------|----------------|
| <b>Operating profit</b>                    | <b>60.9</b> | <b>9.1</b>  | <b>-51.7</b> | <b>- 85.0%</b> | <b>110.4</b> | <b>162.1</b> | <b>+51.6</b> | <b>+ 46.7%</b> |
| Amortization and impairment of intangibles | 30.8        | 47.2        | +16.3        |                | 64.6         | 75.7         | +11.0        |                |
| Other income/expenses                      | -0.5        | -2.4        | -1.9         |                | -0.2         | -106.7       | -106.6       |                |
| <b>Core Earnings</b>                       | <b>91.2</b> | <b>53.9</b> | <b>-37.3</b> | <b>- 40.9%</b> | <b>174.9</b> | <b>131.0</b> | <b>-43.9</b> | <b>- 25.1%</b> |
| FX effects*                                | -8.8        | 2.3         | +11.1        |                | -15.1        | 2.8          | +18.0        |                |
| Divestitures**                             | -24.2       | -4.7        | +19.5        |                | -50.2        | -10.4        | +39.9        |                |
| <b>Underlying Core Earnings</b>            | <b>58.3</b> | <b>51.5</b> | <b>-6.8</b>  | <b>- 11.6%</b> | <b>109.6</b> | <b>123.5</b> | <b>+13.9</b> | <b>+ 12.7%</b> |

\* Adjustment applying a constant currency at 1USD=110 yen, 1EUR=125 yen and etc., i.e. FY16 plan rate

\*\* Primarily, divestitures' impact of LLP products in Japan, obesity treatment CONTRAVE, and respiratory products.  
Note: See reported to core, core to underlying reconciliation sheet uploaded onto the website.

## Bridge from Net Profit to Underlying Core Net Profit

(Bn yen)

|  | FY15 Q2       | FY16 Q2       | Change          |                | FY15 H1        | FY16 H1        | Change          |                 |
|--|---------------|---------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|
| <b>Net profit</b>                          | <b>29.8</b>   | <b>24.8</b>   | <b>-5.0</b>     | <b>- 16.9%</b> | <b>54.4</b>    | <b>124.3</b>   | <b>+69.9</b>    | <b>+ 128.6%</b> |
| <b>EPS</b>                                 | <b>38 yen</b> | <b>32 yen</b> | <b>- 6 yen</b>  | <b>- 16.6%</b> | <b>69 yen</b>  | <b>159 yen</b> | <b>+ 90 yen</b> | <b>+ 129.4%</b> |
| Amortization and impairment of intangibles | 20.8          | 31.2          | +10.4           |                | 43.6           | 50.8           | +7.2            |                 |
| Other income/expenses                      | 1.6           | -4.1          | -5.7            |                | 2.2            | -72.4          | -74.6           |                 |
| Purchase accounting adj.                   | 3.8           | 1.5           | -2.3            |                | 4.3            | 6.3            | +2.0            |                 |
| Other exceptional gains and losses         | 0.9           | 0.0           | -0.9            |                | 3.6            | 0.0            | -3.6            |                 |
| <b>Core net profit</b>                     | <b>56.8</b>   | <b>53.4</b>   | <b>-3.5</b>     | <b>- 6.1%</b>  | <b>108.1</b>   | <b>109.0</b>   | <b>+0.9</b>     | <b>+ 0.8%</b>   |
| <b>Core EPS</b>                            | <b>73 yen</b> | <b>68 yen</b> | <b>- 4 yen</b>  | <b>- 5.8%</b>  | <b>138 yen</b> | <b>139 yen</b> | <b>+ 2 yen</b>  | <b>+ 1.2%</b>   |
| FX effects*                                | -3.8          | 2.4           | +6.2            |                | -4.3           | 3.4            | +7.7            |                 |
| Divestitures**                             | -17.3         | -3.9          | +13.4           |                | -35.8          | -10.9          | +25.0           |                 |
| <b>Underlying Core net profit</b>          | <b>35.8</b>   | <b>51.9</b>   | <b>+16.1</b>    | <b>+ 44.9%</b> | <b>68.0</b>    | <b>101.5</b>   | <b>+33.5</b>    | <b>+ 49.3%</b>  |
| <b>Underlying Core EPS</b>                 | <b>46 yen</b> | <b>66 yen</b> | <b>+ 20 yen</b> | <b>+ 44.9%</b> | <b>87 yen</b>  | <b>130 yen</b> | <b>+ 43 yen</b> | <b>+ 49.3%</b>  |

\* Adjustment applying a constant currency at 1USD=110 yen, 1EUR=125 yen and etc., i.e. FY16 plan rate

\*\* Primarily, divestitures' impact of LLP products in Japan, obesity treatment CONTRAVE, and respiratory products.  
Note: See reported to core, core to underlying reconciliation sheet uploaded onto the website.

## FY2015 Baseline for FY2016 Management Guidance

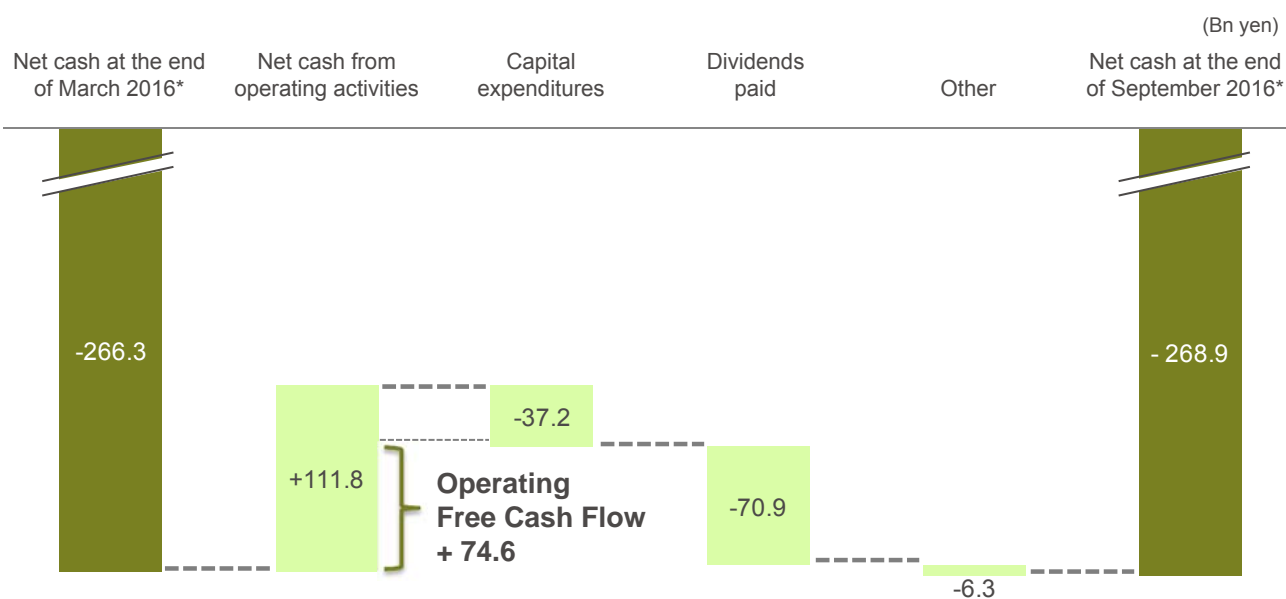
| (Bn yen)  | May 10 | FY15           | Oct 28  | FY15           |
|---|--------|----------------|---|----------------|
| <b>Revenue</b>  |        | <b>1,807.4</b> | <b>Revenue</b>  | <b>1,807.4</b> |
| Fx effects*   |        | -91.3          | Fx effects*   | -91.3          |
| LLP transferred to Teva JV  |        | -81.7          | LLP transferred to Teva JV  | -81.7          |
| Respiratory business divestment   |        | -20.7          | Respiratory business divestment   | -20.7          |
| CONTRAVE transfer back  |        | -2.9           | CONTRAVE transfer back  | -6.3           |
| <b>Underlying Revenue</b>   |        | <b>1,610.9</b> | <b>Underlying Revenue</b>   | <b>1,607.5</b> |
| <b>Operating profit</b>   |        | <b>130.8</b>   | <b>Operating profit</b>   | <b>130.8</b>   |
| Amortization and impairment losses on intangible assets associated with products and pipeline |        | 131.8          | Amortization and impairment losses on intangible assets associated with products and pipeline | 131.8          |
| Other income  |        | -25.1          | Other income  | -20.9          |
| Other expense   |        | 44.4           | Other expense   | 44.4           |
| Others  |        | 6.3            | Others  | 6.3            |
| <b>Core Earnings</b>  |        | <b>288.2</b>   | <b>Core Earnings</b>  | <b>292.4</b>   |
| Fx effects*   |        | -17.0          | Fx effects*   | -17.0          |
| Divestment (Teva, Respiratory, and CONTRAVE)  |        | -93.5          | Divestment (Teva, Respiratory, and CONTRAVE)  | -95.3          |
| <b>Underlying Core Earnings</b>   |        | <b>177.7</b>   | <b>Underlying Core Earnings</b>   | <b>180.1</b>   |

\* Adjustment applying a constant currency at 1USD=110 yen, 1EUR=125 yen and etc., i.e. FY16 plan rate

## Net Cash

Takeda Pharmaceutical Company Limited

## Operating Free Cash Flow covered dividend payment



\* Debt figures in this slide represent bonds and loans FX rate hedged basis.  
Cash and cash equivalents include short-term investments which mature or become due within one year from the reporting date.

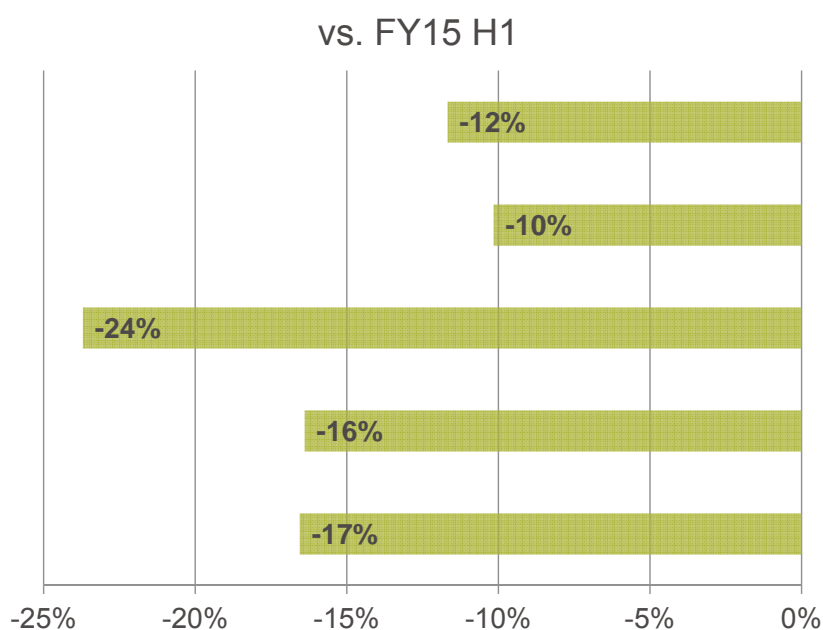
## Foreign Exchange Rates

Takeda Pharmaceutical Company Limited

## Average Exchange Rates for FY16 H1

### Average Exchange Rates (yen)\*

|            | FY15<br>H1 | FY16<br>H1    |
|------------|------------|---------------|
| <b>USD</b> | 121.91     | <b>107.68</b> |
| <b>EUR</b> | 134.16     | <b>120.53</b> |
| <b>RUB</b> | 2.14       | <b>1.64</b>   |
| <b>CNY</b> | 19.54      | <b>16.34</b>  |
| <b>BRL</b> | 37.88      | <b>31.61</b>  |



\*Average of preceding month-end spot rates for each month of the period

## Monthly exchange rates and outlook

(yen)

| Actual* | FY15 |     |     |      |      | FY16 |     |     |      |      |
|---------|------|-----|-----|------|------|------|-----|-----|------|------|
|         | USD  | EUR | RUB | CNY  | BRL  | USD  | EUR | RUB | CNY  | BRL  |
| Apr     | 120  | 130 | 2.1 | 19.3 | 37.2 | 112  | 127 | 1.7 | 17.4 | 31.2 |
| May     | 119  | 130 | 2.3 | 19.1 | 40.8 | 111  | 126 | 1.7 | 17.1 | 31.6 |
| Jun     | 124  | 136 | 2.4 | 20.0 | 39.2 | 111  | 124 | 1.7 | 16.9 | 31.1 |
| Jul     | 123  | 138 | 2.2 | 19.7 | 39.3 | 103  | 114 | 1.6 | 15.5 | 31.9 |
| Aug     | 124  | 136 | 2.1 | 20.0 | 36.8 | 105  | 117 | 1.6 | 15.7 | 32.0 |
| Sep     | 122  | 136 | 1.9 | 19.0 | 34.0 | 103  | 115 | 1.6 | 15.4 | 31.8 |
| Average | 122  | 134 | 2.1 | 19.5 | 37.9 | 108  | 121 | 1.6 | 16.3 | 31.6 |

\*Preceding month-end spot rates applied to each month of the period

(yen)

| Outlook         | FY16 |     |     |      |      |
|-----------------|------|-----|-----|------|------|
|                 | USD  | EUR | RUB | CNY  | BRL  |
| Average Oct-Mar | 101  | 113 | 1.5 | 15.1 | 31.1 |
| Average Apr-Mar | 104  | 117 | 1.6 | 15.7 | 31.3 |

*Better Health, Brighter Future*

