



## News Release

### **TAKEDA SIMPLIFIES PORTFOLIO AND ACCELERATES DELEVERAGING THROUGH TWO DIVESTITURES**

*Agrees to Sell Xiidra® to Novartis for up to \$5.3 billion  
Company to Also Divest TachoSil® to Ethicon\* for approximately \$400 million*

**OSAKA, JAPAN, May 8, 2019** – Takeda Pharmaceutical Company Limited (TSE:4502/NYSE:TAK) (“Takeda”) today announced that it has entered into agreements to divest its Xiidra® (lifitegrast ophthalmic solution) 5% product (“Xiidra®”) to Novartis and its TachoSil® Fibrin Sealant Patch (“TachoSil®”) to Ethicon as part of its strategy to focus on business areas core to its long-term growth and facilitate rapid deleveraging following its acquisition of Shire.

“These initial divestitures represent important steps in advancing the growth strategy Takeda outlined following our transformational acquisition of Shire earlier this year,” said Christophe Weber, President and Chief Executive Officer of Takeda. “We are working to strategically simplify and optimize our portfolio, while also rapidly deleveraging and continuing to invest in our growth drivers as a global, values-based, R&D-driven biopharmaceutical leader.”

Takeda will focus on its key business areas – Gastroenterology (GI), Rare Diseases, Plasma-Derived Therapies, Oncology and Neuroscience. This focus enables Takeda to continue to deliver highly-innovative medicines and transformative care to patients around the world, creating long-term value for Takeda shareholders.

Takeda will receive \$3.4 billion upfront in cash and up to an additional \$1.9 billion in potential milestone payments from Novartis, and approximately \$400 million upfront in cash from Ethicon. Takeda intends to use the proceeds from these divestitures to reduce its debt and accelerate deleveraging toward its target of 2.0x net debt/adjusted EBITDA in the medium term. Takeda is committed to rapid deleveraging driven by strong cash flow and divestiture proceeds, while also simplifying our portfolio.

At present, Takeda does not expect these divestitures to have a material impact on its FY2019 consolidated earnings forecast, scheduled to be announced on May 14th. The FY2019 forecast will be updated at a later date to reflect these divestitures once a reliable estimate of their impact can be made, which will depend upon the exact timing of transaction close.

*Xiidra® (lifitegrast ophthalmic solution) 5% product*

Takeda has entered into an agreement to sell Xiidra<sup>®</sup> to Novartis for a \$3.4 billion upfront payment and up to an additional \$1.9 billion in potential milestone payments. For the fiscal year ended December 31, 2018 adjusted net sales reported for Xiidra<sup>®</sup> were \$388 million. Following a robust process, Takeda determined that this transaction would create the most value for Takeda shareholders, and ensure the business will continue delivering innovative therapeutics to the patients and professionals who rely on them.

Xiidra<sup>®</sup> is the first and only prescription treatment approved by the U.S. Food and Drug Administration for both signs and symptoms of dry eye disease, with a mechanism of action that targets inflammation. Upon close, approximately 400 employees, who are based primarily in the U.S. and Canada, will transition to Novartis.

The agreement is expected to close in the second half of calendar year 2019, subject to the satisfaction of customary closing conditions, receipt of required regulatory clearances and, where applicable, satisfaction of local works council requirements.

Evercore Group LLC is acting as financial advisor to Takeda and Davis, Polk & Wardwell LLP is acting as Takeda's legal advisor in this transaction.

### ***TachoSil<sup>®</sup> Fibrin Sealant Patch***

Separately, Takeda has entered into an agreement to sell TachoSil<sup>®</sup>, a surgical patch designed to achieve safe, fast and reliable bleeding control, to Ethicon. Upon close, approximately 80 employees will transition to Ethicon. Takeda recorded full year adjusted net sales for TachoSil<sup>®</sup> of approximately \$155 million in the fiscal year ended March 31, 2018.

Under the terms of the agreement, upon close, Ethicon will acquire the assets and licenses that support the manufacturing, licensing and commercialization of TachoSil<sup>®</sup>, while Takeda will maintain ownership of the manufacturing facility in Linz, Austria. Takeda has entered into a long-term manufacturing services agreement, under which it will continue to manufacture TachoSil<sup>®</sup> products and supply them to Ethicon.

The agreement is expected to close in the second half of calendar year 2019, subject to the satisfaction of customary closing conditions, receipt of required regulatory clearances and, where applicable, satisfaction of local works council requirements.

Nomura is acting as financial advisor to Takeda and Linklaters LLP is acting as Takeda's legal advisor in this transaction.

### **About Takeda Pharmaceutical Company Limited**

Takeda Pharmaceutical Company Limited (TSE:4502/NYSE: TAK) is a global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan, committed to bringing Better Health and a Brighter Future to patients by translating science into highly-innovative medicines. Takeda focuses its R&D efforts on four therapeutic areas: Oncology, Gastroenterology (GI), Neuroscience, and Rare Diseases. We also make

targeted R&D investments in Plasma-Derived Therapies and Vaccines. We are focusing on developing highly innovative medicines that contribute to making a difference in people's lives by advancing the frontier of new treatment options and leveraging our enhanced collaborative R&D engine and capabilities to create a robust, modality-diverse pipeline. Our employees are committed to improving quality of life for patients and to working with our partners in health care in approximately 80 countries and regions.

**For more information, visit <https://www.takeda.com>**

\*Ethicon represents the products and services of Medos International S.á.r.l and Sythes GmbH

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**Forward-looking Statements**

This press release and any materials distributed in connection with this press release may contain forward-looking statements, beliefs or opinions regarding Takeda's future business, future position and results of operations, including estimates, forecasts, targets and plans for Takeda. Without limitation, forward looking statements often include the words such as "targets", "plans", "believes", "hopes", "continues", "expects", "aims", "intends", "will", "may", "should", "would", "could" "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof. Any forward-looking statements in this document are based on the current assumptions and beliefs of Takeda in light of the information currently available to it. Such forward-looking statements do not represent any guarantee by Takeda or its management of future performance and involve known and unknown risks, uncertainties and other factors, including but not limited to: the economic circumstances surrounding Takeda's business, including general economic conditions in Japan, the United States and worldwide; competitive pressures and developments; applicable laws and regulations; the success of or failure of product development programs; decisions of regulatory authorities and the timing thereof; changes in exchange rates; claims or concerns regarding the safety or efficacy of marketed products or products candidates; and post-merger integration with acquired companies, any of which may cause Takeda's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by

such forward-looking statements. For more information on these and other factors which may affect Takeda's results, performance, achievements, or financial position, see "Item 3. Key Information—D. Risk Factors" in Takeda's Registration Statement on Form 20-F filed with the U.S. Securities and Exchange Commission, available on Takeda's website at: <https://www.takeda.com/investors/reports/sec-filings/> or at [www.sec.gov](http://www.sec.gov). Neither Takeda nor its management gives any assurances that the expectations expressed in these forward-looking statements will turn out to be correct, and actual results, performance or achievements could materially differ from expectations. Persons receiving this press release should not place undue reliance on forward looking statements. Takeda undertakes no obligation to update any of the forward-looking statements contained in this press release or any other forward-looking statements it may make. Past performance is not an indicator of future results and the results of Takeda in this press release may not be indicative of, and are not an estimate, forecast or projection of Takeda's future results.

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