



## News Release

October 31, 2018

### Notice of the Revised Forecast of Consolidated Financials for FY2018 (IFRS)

Osaka, Japan, October 31, 2018 - Takeda Pharmaceutical Company Limited (“Takeda”) announced today, based on the latest business circumstances, the revised forecast of the full year consolidated financials for the fiscal year ending March 31, 2019, as below.

#### 1. Revised Forecast for Full Year Consolidated Financials for the Fiscal Year Ending March 31, 2019

(millions of yen)

	Revenue	Core Earnings	Operating profit	Profit before income taxes	Net profit attributable to owners of the Company	Basic earnings per share
Previous Forecast (A)	1,737,000	309,500	201,000	183,000	139,000	177.91 yen
Revised Forecast (B) *1	1,750,000	330,000	268,900	245,200	189,500	241.82 yen
Discrepancy (B-A)	13,000	20,500	67,900	62,200	50,500	63.91 yen
Change %	+0.7%	+6.6%	+33.8%	+34.0%	+36.3%	+35.9%
Reference: Consolidated Results for the Year Ending March 31, 2018	1,770,531	322,494	241,789	217,205	186,708	239.35 yen

\*1 Costs incurred in the first half of fiscal 2018 related to the proposed acquisition of Shire plc by Takeda are included.

#### (Reference)

(millions of yen)

	Revenue	Core Earnings	Operating profit	Profit before income taxes	Net profit attributable to owners of the Company	Basic earnings per share
Previous Forecast (A)	1,737,000	309,500	201,000	183,000	139,000	177.91 yen
Revised Forecast (B) *2	1,750,000	330,000	280,000	265,000	206,000	262.85 yen
Discrepancy (B-A)	13,000	20,500	79,000	82,000	67,000	84.94 yen
Change %	+0.7%	+6.6%	+39.3%	+44.8%	+48.2%	+47.7%
Reference: Consolidated Results for the Year Ending March 31, 2018	1,770,531	322,494	241,789	217,205	186,708	239.35 yen

\*2 Costs incurred in the first half of fiscal 2018 related to the proposed acquisition of Shire plc by Takeda are excluded.

## 2. Reasons for Revision

### Revised Forecast\*1 (including fiscal 2018 first half Shire related costs)

This revised forecast includes the costs incurred in the first half of fiscal 2018 related to the proposed acquisition of Shire plc by Takeda (Profit before tax impact: 19.8 billion yen, Net profit for the year impact: 16.5 billion yen); however, it does not include any Shire-related costs anticipated to be incurred in the second half of the fiscal year. Furthermore, the forecast does not include any projected earnings from Shire should the closing of the acquisition occur within fiscal 2018.

Takeda estimates a portion of the Shire-related costs to be incurred in fiscal 2018 to be between 40.0 billion yen and 60.0 billion yen. This does not include integration costs, debt interest and other financial expenses, as the amount of these expenses will change depending on the timing of deal closing.

### **(Reference)** Revised Forecast\*2 (excluding fiscal 2018 first half Shire related costs)

This revised forecast excludes the costs incurred in the first half of fiscal 2018 related to the proposed acquisition of Shire plc by Takeda. The previous forecast of May 14, 2018 also does not include any Shire-related expenses. As both forecasts do not include any Shire-related costs throughout the year, like-for-like comparison is as below.

- Revenue projection has been increased by 13.0 billion yen (+0.7%) to 1,750.0 billion yen. The positive revenue impact from a revised outlook on launch timing of additional competitors to multiple myeloma product VELCADE in the U.S. combined with Growth Driver momentum is expected to offset factors including no longer booking revenue from divested former subsidiary Guangdong Techpool Bio-Pharma Co., Ltd. and negative foreign currency effect.
- The Operating Profit forecast has been increased by 79.0 billion yen (+39.3%) to 280.0 billion yen. Although we expect R&D expenses to increase, the Operating Profit margin is expected to improve for reasons such as Takeda's global cost reduction initiatives and Growth Driver momentum. Considering the strong business performance in the first half of the fiscal year, Takeda is also raising its Core Earnings forecast by 20.5 billion yen (+6.6%) to 330.0 billion yen.
- Net profit for the year (attributable to owners of the Company) and EPS forecasts are being increased by 48.2% and 47.7%, respectively.

A forecast that does include the estimated financial impact of the proposed acquisition of Shire will be announced by Takeda once a reasonable assumption has been confirmed.

## **Important Notice**

This release (including any oral briefing and any question-and-answer in connection with it) is not intended to, and does not constitute, represent or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. No shares are being offered to the public by means of this release. This release is being given (together with any further information which may be provided to the recipient) on the condition that it is for use by the recipient for information purposes only (and not for the evaluation of any investment, acquisition, disposal or any other transaction). Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Unless specified otherwise, no statement in this release (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this release should be interpreted to mean that earnings or earnings per share for Takeda for the current or future financial years would necessarily match or exceed the historical published earnings per share for Takeda.

The companies in which Takeda directly and indirectly owns investments are separate entities. In this release, "Takeda" is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

## **Forward-Looking Statements**

This release and any materials distributed in connection with this 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. In particular, this release contains forecasts and management estimates related to the financial and operational performance of Takeda, including statements regarding forecasts for FY2018 revenue, Core Earnings, Operating profit, Profit before income taxes, Net profit attributable to owners of the company, Basic earnings per share, R&D expenses, Amortisation and impairment and other income/expense, Underlying Revenue, Underlying Core Earnings and Underlying Core EPS. 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. 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 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 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 release may not be indicative of, and are not an estimate, forecast or projection of Takeda's future results.

**Medical information**

This release contains information about products that may not be available in all countries, or may be available under different trademarks, for different indications, in different dosages, or in different strengths. Nothing contained herein should be considered a solicitation, promotion or advertisement for any prescription drugs including the ones under development.

**Profit Forecast for Takeda for the year ending March 31, 2019**

Takeda is currently in an offer period (as defined in the City Code on Takeovers and Mergers (the “Code”)) with respect to Shire plc. Pursuant to Rule 28 of the Code, statements made regarding Takeda’s guidance for FY2018 (including statements regarding forecasts for FY2018 revenue, Core Earnings, Operating profit, Profit before income taxes, Net profit attributable to owners of the company, Basic earnings per share, R&D expenses, Amortisation and impairment and other income/expense, Underlying Revenue, Underlying Core Earnings and Underlying Core EPS) constitute a profit forecast for the year ending March 31, 2019 (the “**Takeda Profit Forecast**”).

For additional information regarding the Takeda Profit Forecast and the required statement by its Directors that such profit forecast is valid and has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with Takeda’s accounting policies, please see page 9 of Takeda’s Summary of Financial Statements (Tanshin) for the Six Months Period Ended September 30, 2018.

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