



Driving Profitable Growth FY2017 Q2

November 1, 2017

Christophe Weber
President & Chief Executive Officer

Takeda Pharmaceutical Company Limited

Important Notice

Forward-Looking Statements

This presentation contains forward-looking statements regarding Takeda's future business, financial position and results of operations, including estimates, forecasts, targets and plans. These forward-looking statements may be identified by the use of forward-looking words such as "aim," "anticipate," "assume," "believe," "continue," "endeavor," "estimate," "expect," "forecast," "initiative," "intend," "may," "outlook," "plan," "potential," "probability," "pro-forma," "project," "risk," "seek," "should," "strive," "target," "will" or similar words, or expressions of the negative thereof, or by discussions of strategy, plans or intentions.

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 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 product 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.

Any forward looking statements herein speak only as of the date of this document, and Takeda and its management undertake 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.

Medical Information

This presentation 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 drug including the ones under development.

Transformation is driving profitable growth in H1

- **Solid progress against key priorities**
 - Grow Portfolio, Rebuild Pipeline, Boost Profitability
- **Strong growth of both revenue and profitability**
 - Underlying revenue +6.7%
 - Underlying Core Earnings +44.4%
- **Double-digit EPS growth**
 - Underlying Core EPS +29.9%
 - Reported EPS +39.2%
- **Raising full-year outlook despite headwinds in H2**

Solid progress against key priorities in H1

Grow Portfolio

- Underlying Revenue +6.7%, led by Growth Drivers +14.9%
- Strong performance from key growth products
- ARIAD acquisition delivering ahead of expectations

Rebuild Pipeline

- Progressed innovative assets (TAK-935, TAK-906 & TAK-659 initiated P-2; vedolizumab UC filed in Japan)
- R&D Transformation well-advanced with organizational changes largely completed
- 28 new collaborations with biotech/academia in FY2017

Boost Profitability

- Underlying CE growth +44.4%, CE margin +500bps vs prior year
- Reported EPS +39.2%; Underlying Core EPS +29.9%
- Raising outlook for full year FY2017

Key priorities for the mid-term: Grow Portfolio

**Grow
Portfolio**

**Rebuild
Pipeline**

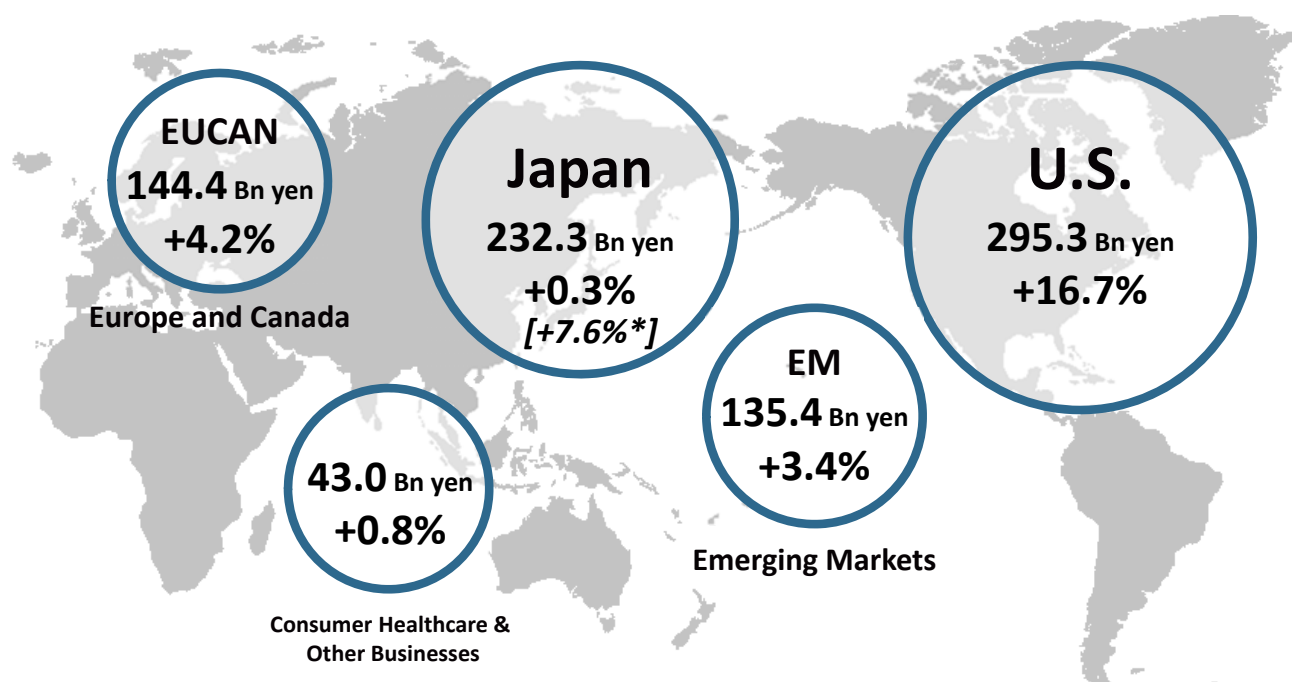
**Boost
Profitability**

Mid-term priorities

- Focus on key products of Growth Drivers
- Reinforce specialty capabilities
- Pursue opportunities to divest or acquire assets

Underlying revenue growth across all regions

FY2017 H1 Underlying Revenue: 850.3 Bn yen, +6.7%



Growth Drivers posted strong +14.9% revenue growth

FY2017 H1 Underlying Revenue growth		
Growth Drivers	GI	+24.8%
	Oncology	+13.2%
	CNS	+26.7%
	Emerging Markets	+3.4%
	Total	+ 14.9%

Growth Drivers now 62% of total Takeda revenue

Strong performance from our key growth products

FY2017 H1 Underlying Revenue

		<u>Bn yen</u>	<u>vs. PY</u>	<u>Product Update</u>
GI		95.5	+43.4%	<ul style="list-style-type: none"> Continued share gains & new country launches fuel growth Now approved in 62 countries; launched in 53
		25.3	+83.0%	<ul style="list-style-type: none"> Gaining share in anti-acid market in Japan Cannot exclude possibility of Japan price pressure in 2018
Oncology		21.4	+63.8%	<ul style="list-style-type: none"> Approved in 49 countries, continued global rollout Pivotal data expected in FY2018 in new treatment settings
		18.7	+28.4%	<ul style="list-style-type: none"> Continued geographical expansion and growth Frontline HL submission & rCTCL approval decision upcoming in EU
		0.8	N/A (launch May 2017)	<ul style="list-style-type: none"> Encouraging uptake since U.S. launch; preparing for EU launch Enrollment in frontline NSCLC study completed
CNS		23.2	+58.7%	<ul style="list-style-type: none"> Capturing >60% of U.S. patients starting 1st branded antidepressant Multi-channel patient engagement

ARIAD acquisition delivering ahead of expectations

- Integration is essentially complete
- R&D expenses completely absorbed
- Synergies tracking ahead of plan
- Strong performance of both ALUNBRIG & ICLUSIG

Key priorities for the mid-term: Rebuild Pipeline

Grow
Portfolio

Rebuild
Pipeline

Boost
Profitability

Mid-term priorities

- Leverage therapeutic area expertise to progress innovative assets
- Enhance capabilities internally and through external collaborations
- Strengthen R&D performance and culture

Enhance pipeline through partnerships and external innovation effort in FY17

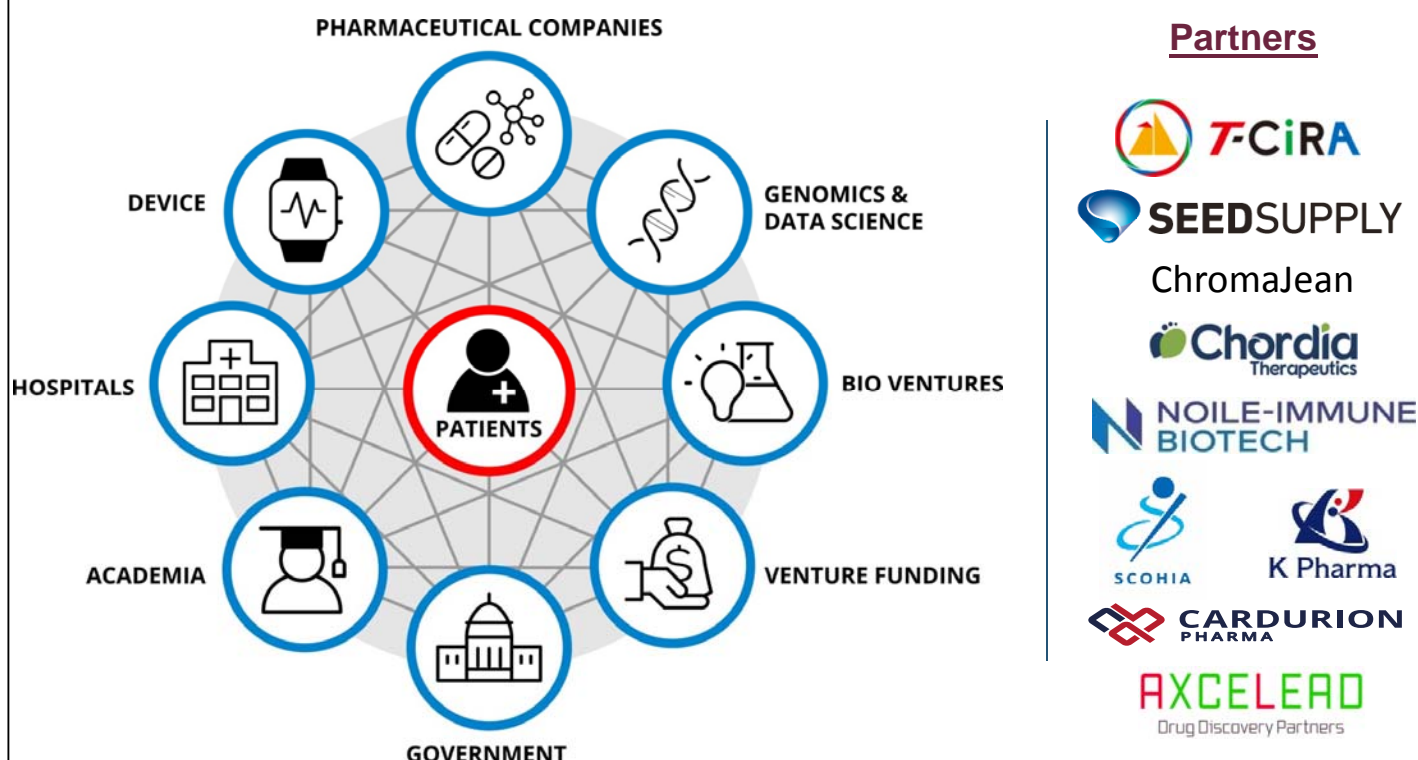
	Research	Early Development	Late Stage / LCM
Oncology			<p>niraparib (Jpn, select EM)</p>
GI			
CNS			
Vaccines			
External Value Creation			
Strategy & Operations			

As of November 1, 2017

11 Not all-inclusive.
All trademarks and registered trademarks are the property of their respective owners

Takeda Pharmaceutical Company Limited

Shonan Health Innovation Park: Japan's first pharma-led open innovation ecosystem



Key priorities for the mid-term: Boost Profitability

Grow
Portfolio

Rebuild
Pipeline

Boost
Profitability

Mid-term priorities

- Increase Underlying CE margin 100-200bps per year
- Execute Global Opex Initiative
- Unlock cash and invest for profitable growth

Increasing Underlying Earnings guidance; full year margin expansion now expected at ~200bps

	FY2017 Full Year Guidance (growth %)	
	Previous Guidance May 10, 2017	Revised Guidance Nov 1, 2017
Underlying Revenue	Low single digit	Low single digit
Underlying Core Earnings	Mid-to-high teen	High teen
Underlying Core EPS	Low-to-mid teen	Mid teen
Annual dividend per share	180 yen	180 yen

Raising profit forecast to reflect year-to-date results; FY2017 Reported EPS to increase by 32% to 195 yen/share vs. FY2016

Revised FY2017 Full Year Forecast vs. FY2016

(Bn yen)	<u>Previous Forecast</u> May 10, 2017	<u>Revised Forecast</u> Nov 1, 2017	<u>vs. FY2016</u>	
Revenue	1,680.0	1,720.0	-12.1	-0.7%
Core Earnings	257.5	267.5	+22.4	+9.1%
Operating profit	180.0	200.0	+44.1	+28.3%
Net profit	138.0	152.0	+37.1	+32.2%
EPS	177 yen	195 yen	+48 yen	+32.3%

Appendix

Takeda's Shonan Health Innovation Park: Japan's first pharma-led open innovation ecosystem

Shonan Health Innovation Park

Designed to:

- Provide access to pharmaceutical expertise and state-of-the-art capabilities and research settings to accelerate true innovation
- Nurture an entrepreneurial culture that encourages creative problem-solving and pushes boundaries
- Catalyze transformative public-private partnerships
- Attract global talent and investment

Recent key events:

- Launch of partnership research engine (Axcelead Drug Discovery Partners)
- Launch of EVP* new companies (SEEDSUPPLY, ChromaJean and Chordia)
- Partnership with Cardurion Pharmaceuticals
- Partnership with Noile-Immune Biotech

Future plans:

- Inviting further partners including K Pharma (bio-venture of Keio University)
- Fully operational in April, 2018

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 non-core in nature and significant in value may also be 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 on a common basis, showing the ongoing performance of the business excluding the impact of foreign exchange and divestitures from both periods.

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.

Better Health, Brighter Future



Takeda Pharmaceutical Company Limited