Takeda to Acquire Shire: 
Accelerating Takeda’s Transformation to Deliver More for Patients

May 8, 2018

Takeda Pharmaceutical Company Limited

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Recommended Offer for Shire

- Agreement to acquire Shire for equivalent value of £46bn

- Shire shareholders entitled to receive, per Shire share
  - $30.33 cash; and either
  - 0.839 in new Takeda shares; or
  - 1.678 Takeda ADSs

- Compelling strategic rationale
  - Strong strategic fit
  - Complementary pipelines
  - Attractive footprint
  - Significant financial benefits

Notes: 1. Based on the closing price of ¥4,923 per Takeda share and converted using the £:¥ exchange rate of 1:151.51 and £:¥ of 1:1.3945 on April 23, 2018 (being the day prior to the extension of the Offer Period).

Creating a Global, Values-Based, R&D-Driven Biopharmaceutical Leader

- Creates a global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan with an attractive geographic footprint and provides the scale to drive future development

- Fosters an environment that inspires and enables people to collaborate and move the organization forward, guided by Takeda’s values and unwavering patient focus

- Strengthens two of our three core therapeutic areas in GI and neuroscience. Generates leading positions in rare diseases and plasma derived therapies to complement strength in oncology and focused efforts in vaccines

- Creates a highly complementary, robust, modality-diverse pipeline and a strengthened R&D engine focused on breakthrough innovation

- Will be significantly accretive to underlying EPS from first full fiscal year following completion, with pre-tax cost synergies of at least $1.4 billion annually and will produce strong combined cash flows

- ROIC expected to exceed Takeda’s cost of capital within first full fiscal year following completion

- Maintain well-established dividend policy and investment grade credit rating, with a target net debt to EBITDA ratio of 2.0x or less in the medium term

Notes: 1. The statement that the Acquisition is underlyng earnings accretive is not intended as a profit forecast and should not be construed as such, and is therefore not subject to the requirements of Rule 26 of the Takeover Code. The statement should not be interpreted to mean that the earnings per share in any future fiscal period will necessarily match or be greater than those for the relevant preceding financial period. 2. The Takeda Directors expect netting pre-tax cost synergies for the Combined Group to reach a run-rate of at least £1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Reported under Rule 26.1 of the Takeover Code, related reports can be found in the Rule 2.7 Announcement made by Takeda on May 8, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies.
Takeda’s Transformation Journey

**Takeda founded: 1781**

*Takeda is well-positioned to deliver innovative and transformative care to patients around the world*

### Values-Driven
- **Takeda-ism:** Integrity, Fairness, Honesty and Perseverance
- **Patient > Trust > Reputation > Business**
- **Access** to Medicine
- **Active CSR**

### Global, Agile, Innovative
- A leading company in Japan
- Created **global organization and capabilities**
- Driving **patient-centricity** and local empowerment
- Revitalizing R&D to drive productivity

### World-class Governance & Diverse Leadership
- Board with majority of external directors
- Diverse leadership team
- Prioritizing talent development

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Takeda: Agile, Global, R&D-driven, Headquartered in Japan

### Agile & R&D-Driven Transformation
- Delivering on an ambitious **company-wide and R&D-focused transformation**
- Growth through **organic transformation and acquisitions**
- Led by a **highly experienced and diverse executive team** with a proven track record
- Diverse board with majority of external directors

### Global Footprint
- **Presence in 70+ markets**
- Approximately **30,000 employees** worldwide
- Incorporated and headquartered in Japan
- Successful global launches (**e.g. launch of ENTYVIO, NINLARO and ALUNBRIG**)

### R&D Engine
- Pipeline progression is accelerating (17 stage-ups in FY17) toward late stage
- **180 active partnerships** in R&D across GI, oncology, neuroscience, plus vaccines
- Focus on highly innovative medicine: **36 ongoing clinical R&D programs**, of which more than one third have orphan drug designation indications

### Strategy Driving Financial Performance
- Growing through GI, oncology and neuroscience growth drivers
- **390 bps CE margin improvement** YTD Q3
- Strong underlying business positioned for **sustainable growth**

### Shareholder Returns
- Delivered strong shareholder returns over the past four years, with **45.3% EPS growth** in the nine months to December 2017
- **Well-established dividend policy** as a key component of shareholder returns

Notes: 1. Underlying Core Earnings growth reported in the Takeda Consolidated Financial Statements for the Nine Month Period Ended December 31, 2017. 2. Diluted earnings per share growth calculated by reference to Takeda’s reported diluted earnings per share of ¥306.51 for the nine month period ending on December 31, 2017 vs. the reported diluted earnings per share of ¥211.01 for the nine month period ended December 31, 2016.
Shire: A Global Leader in Rare Diseases

**Rare Diseases Leader**
- Innovative, rare diseases-focused leader committed to differentiated and high patient-impact medicines
- Biotech profile – majority of 2017 sales from rare diseases

**Strong Portfolio**
- 5 franchises deliver $1bn+ annual revenues
- Multiple leading brands in neuroscience and rare diseases

**Late-Stage Pipeline**
- Rich, modality-diverse, clinical development pipeline
- One third of programs in late phases of development

**Geographic Footprint**
- 65% of revenue in U.S. and commercial presence in more than 60 countries
- Global company headquartered in Ireland with R&D hub in Boston and International hub in Switzerland
- 23,000 employees worldwide

**Financial Strength**
- 8% pro forma product sales growth; 16% Non GAAP EPS growth in FY2017
- >40% EBITDA margins

Source: Shire plc Annual Report 2017, Shire plc First Quarter 2018 Results
Notes: \(1\) Each of the Immunology, Hematology, Neuroscience, Internal Medicine and Genetic Disease franchises reported revenues in excess of $1 billion in the 2017 financial year. \(2\) Shire FY17 Non GAAP diluted EPS of $15.15 as compared to Shire’s FY10 Non-GAAP diluted EPS of $13.10. \(3\) Non-GAAP EBITDA margin was 43% in 2017, 41% in 2016.

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Acquisition of Shire Will Accelerate Takeda’s Transformation

**Commitment to putting patients first, building trust with society, reinforcing the reputation of Takeda, and delivering superior business performance**

**STRATEGIC FIT**
- Strengthens two of our three core therapeutic areas in gastroenterology (GI) and neuroscience. Provides leading positions in rare diseases and plasma-derived therapies to complement strength in oncology and focused efforts in vaccines

**COMPLEMENTARY PIPELINES**
- Creates a complementary early and late-stage pipeline focused on highly innovative medicines
  - A modality-diverse pipeline
  - Leverages Boston area R&D hub

**ATTRACTIVE FOOTPRINT**
- Creates a global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan, with an attractive geographic footprint and provides the scale to drive future development

**FINANCIAL BENEFITS**
- Will be significantly accretive to underlying EPS from first full fiscal year following completion and will produce strong combined cash flows
- ROIC expected to exceed Takeda’s cost of capital within first full fiscal year following completion
- Intention to maintain investment grade credit rating and well-established dividend policy as a key component of shareholder return
- Expected recurring pre-tax cost synergies to reach run-rate of at least $1.4 billion annually by the end of the third fiscal year following completion

Notes: \(1\) The statement that the Acquisition is underlying earnings accretive is not intended as a profit forecast and should not be construed as such, and is not subject to the requirements of Rule 26 of the Takeover Code. The statement should not be interpreted to mean that the earnings per share in any future fiscal period will necessarily match or be greater than those for the relevant preceding financial period. \(2\) Reported under Rule 28.1 of the Takeover Code, related reports can be found in the Rule 2.7 Announcement made by Takeda on May 8, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies.
~75% of Total Sales Concentrated in Five Areas\(^1\)

<table>
<thead>
<tr>
<th>Oncology</th>
<th>Gastroenterology</th>
<th>Neuroscience</th>
<th>Rare diseases</th>
<th>Plasma derived therapies</th>
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<tr>
<td>Takeda key products</td>
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<td>Takeda key products</td>
<td>Takeda key products</td>
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</tbody>
</table>

Source: Shire plc Annual Report 2017, Shire plc First Quarter 2018 Results, Management Data
Notes: *Pro forma percentage estimated using Shire product sales (excluding royalties) for the 12 month period ending on March 31, 2018 converted at an exchange rate of $1:£1.1 and Takeda management estimates for FY2017.
*Hereditary Angioedema

Takeda Pharmaceutical Company Limited

A Robust, Modality-Diverse Pipeline

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3/Filed</th>
<th>Approved(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oncology</td>
<td>Gastroenterology</td>
<td>Neuroscience</td>
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Note: SHP562 and Natpara classified as "other" and not shown here. \(^1\)With ongoing clinical development activities

Pipeline as of February 1, 2018. Refer to slide 21 for glossary of abbreviations.

Takeda Pharmaceutical Company Limited
Attractive Footprint Aligned with Market Opportunity

Emerging Markets 16%

Europe & Canada 17%

Japan 34%

International 34%

U.S. 34%

International 33%

U.S. 64%

Japan 19%

Combined


Notes: Percentages calculated using (a) the revenue by geography for the 12 month period ending on December 31, 2017 (the final quarter of FY2016 and the first three quarters of FY2017) and converted using the £/¥ of 1.132.65 as at that date (in the case of Takeda) and (b) the revenue by geography for the 12 month period ending on December 31, 2017 (in the case of Shire). Percentages for the combined group are calculated by aggregating the revenue by geography for Takeda and Shire.

Takeda Pharmaceutical Company Limited

Transaction Overview

Consideration
- Shire shareholders entitled to receive, per Shire share:
  - £30.33 cash; and either
  - 0.839 in new Takeda shares; or
  - Equivalent 1.678 Takeda ADSs
- An equivalent value of approximately £49 per Shire share and approximately £46bn in total as at April 23, 2018
- Premium of 66.4% to Shire’s share price prior to rumors of a possible transaction

Financing
- Cash portion funded through new fully underwritten bank facility
- Expected to de-lever quickly after closing, with the target net debt to EBITDA ratio of 2.0x or less in the medium term

Value Creation
- Expected to be significantly accretive to underlying earnings per Takeda Share from the first full fiscal year following completion
- Expected recurring pre-tax cost synergies to reach run-rate of at least $1.4 billion annually by the end of the third fiscal year following completion, with potential for additional revenue synergies
- ROIC expected to exceed Takeda’s cost of capital within the first full fiscal year following completion

Transaction Execution
- Transaction recommended by the boards of both companies
- To be implemented by a scheme of arrangement
- Subject to Shire and Takeda shareholder approval and certain customary closing conditions, including regulatory approvals
- Expected to close in first half of calendar year 2019
- Takeda to trade on TSE and NYSE

Notes: 
1. Based on the closing price of $4.523 per Takeda Share and converted using the £/¥ exchange rate of 1.151.51 and £/¥ of 1.3949 on April 23, 2018 (being the day prior to the extension of the Offer Period). 
2. Based on an equivalent offer value of approximately £49 per Shire share, calculated pursuant to footnote 1 above, and the closing price of £45.81 per Shire Share on March 29, 2018, being the last business day prior to rumors of Takeda’s possible interest in an offer for Shire. The statement that the Acquisition is underlying earnings accretive is not intended as a profit forecast and should not be construed as such, and is not subject to the requirements of Rule 28 of the Takeover Code. The statement should not be interpreted to mean that the earnings per share in any future fiscal period will necessarily match or be greater than those for the relevant preceding financial period.
3. The Takeda Directors expect recurring pre-tax cost synergies for the Combined Group to reach a run-rate of at least $1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Reported under Rule 28.1 of the Takeover Code, related reports can be found in the Rule 2.7 Announcement made by Takeda on May 8, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies.

Takeda Pharmaceutical Company Limited
Preserving Balance Sheet Strength

Transaction Financing

- **$30.85Bn** fully underwritten bridge facility
- Arranged by J.P. Morgan Chase Bank N.A., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.
- Commitment to maintain investment grade credit rating

Medium-Term

- De-lever quickly following completion
- Medium-term target of net debt / EBITDA **2.0x or less**

Significant EBITDA Expansion (pre synergies)

<table>
<thead>
<tr>
<th></th>
<th>Takeda</th>
<th>Shire</th>
<th>Combined</th>
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<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>¥1,732bn / $15.5bn</td>
<td>¥1,699bn / $15.1bn</td>
<td>¥3,431bn / $30.6bn</td>
</tr>
<tr>
<td><strong>EBITDA (excl. Synergies)</strong></td>
<td>¥302bn / $2.7bn</td>
<td>¥731bn / $6.5bn</td>
<td>¥1,033bn / $9.2bn</td>
</tr>
<tr>
<td><strong>R&amp;D SPEND (excl. Synergies)</strong></td>
<td>¥312bn / $2.8bn</td>
<td>¥176bn / $1.6bn</td>
<td>¥489bn / $4.4bn</td>
</tr>
</tbody>
</table>

**Year to Mar 31, 2017**

**Year to Dec 31, 2017**

**~2x**

**~3x**

**~1.5x**


Notes: The historical revenue, EBITDA and R&D figures of the combined group represent the aggregate consolidated revenue, EBITDA and R&D of (a) the amount for the 12 month period ending on March 31, 2017 and converted using the $/¥ of 1:111.43 as at that date (in the case of Takeda) and (b) the amount for the 12 month period ending on 31 December 2017 and converted using the $/¥ of 1:112.65 as at that date (in the case of Shire). These results are historic and do not take into account any dispositions or other events that may have occurred since these dates. The aggregate revenue figure comprises the aggregate of Takeda’s reported revenue and Shire’s Non GAAP revenue. The aggregate EBITDA figure comprises the aggregate of Takeda’s EBITDA (Operating Profit adjusted for other operating income and expense, DBA and impairment losses, including deductions for impairments of PPE, goodwill, intangibles and investment property depreciation in other operating expenses) and Shire’s Non GAAP EBITDA. The aggregate R&D figure comprises the aggregate of Takeda’s reported R&D spend and Shire’s Non GAAP R&D spend.
Compelling Financial Benefits

Estimated $1.4 bn p.a. in cost synergies\(^1\), with c. $2.4 bn one-off cost of realization

Realized by end of 3\(^{rd}\) fiscal year post completion

Expected potential for additional revenue synergies from combined infrastructure, market presence and development capabilities

- Intention to maintain well established dividend policy as a key component of shareholder returns
- ROIC expected to exceed Takeda’s cost of capital within the first full fiscal year after completion

Notes: \(^1\)The Takeda Directors expect recurring pre-tax cost synergies for the Combined Group to reach a run-rate of at least $1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Reported under Rule 26.1 of the Takeover Code, related reports can be found in the Rule 2.7 Announcement made by Takeda on May 9, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies. The statement that the Acquisition is underlying earnings accretive is not intended as a profit forecast and should not be construed as such, and is therefore not subject to the requirements of Rule 28 of the Takeover Code. The statement should not be interpreted to mean that the earnings per share in any future fiscal period will necessarily match or be greater than those for the relevant preceding financial period.

Clear Plan to Generate Value

<table>
<thead>
<tr>
<th>COST SYNERGIES</th>
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<tbody>
<tr>
<td><strong>SG&amp;A</strong></td>
</tr>
<tr>
<td>Sales and marketing efficiencies</td>
</tr>
<tr>
<td>Consolidation of overlapping office locations</td>
</tr>
<tr>
<td>Elimination of duplicate IT systems</td>
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<tr>
<td>Reduction of duplicate costs across central support functions</td>
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<tr>
<td><strong>R&amp;D</strong></td>
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<tr>
<td>Rationalizing ongoing research and early stage pipeline programs</td>
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<tr>
<td>Reducing overlapping resources</td>
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<td>** Manufacturing &amp; Supply**</td>
</tr>
<tr>
<td>In-sourcing Oral Solid Dose manufacturing through Takeda excess capacity</td>
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<tr>
<td>Operational procurement spend efficiencies</td>
</tr>
<tr>
<td>Reduced overheads</td>
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</table>

$1.4bn\(^1\)

REVENUE SYNERGY UPSIDE

- Leverage market presence (e.g., Japan)
- Enhanced position in key therapeutic areas

Notes: \(^1\)The Takeda Directors expect recurring pre-tax cost synergies for the Combined Group to reach a run-rate of at least $1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Reported under Rule 26.1 of the Takeover Code, related reports can be found in the Rule 2.7 Announcement made by Takeda on May 9, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies.
Next Steps

**Deal Execution**
- Regulatory approvals (including EU, U.S., China, Japan and Brazil)
- Takeda and Shire shareholder approvals
- Closing expected in first half of calendar year 2019
- Takeda to trade on TSE and NYSE

**Effective Integration**
- Integration consistent with Takeda core values
- Leverage both companies’ employee knowledge and expertise
- Compatible geographic locations
- Management experience
- Complementary capabilities

Creating a Global, Values-Based, R&D-Driven Biopharmaceutical Leader

- **Global, values-based, R&D-driven biopharmaceutical leader headquartered in Japan**
- Attractive geographic footprint and scale
- Inspires and enables people to collaborate and move Takeda forward, guided by Takeda’s values and unwavering patient focus
- Strengthens GI and neuroscience. Provides leading positions in rare diseases and plasma derived therapies to complement strength in oncology and focused efforts in vaccines
- Highly complementary, robust, modality-diverse pipeline and a strengthened R&D engine
- Significantly accretive to underlying EPS with strong combined cash flows
- At least $1.4bn annual pre-tax cost synergies
- ROIC expected to exceed Takeda’s cost of capital within first full fiscal year following completion
- Well-established dividend policy and investment grade credit rating

Notes:
1. The statement that the Acquisition is underlying earnings accretive is not intended as a profit forecast and should not be construed as such, and is therefore not subject to the requirements of Rule 29 of the Takeover Code. The statement should not be interpreted to mean that the earnings per share in any future fiscal period will necessarily match or be greater than those for the relevant preceding financial period. The Takeda Directors expect recurring pre-tax cost synergies for the Combined Group to reach a run-rate of at least $1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Reported under Rule 28.1 of the Takeover Code, related reports can be found in the Rule 2.7 Announcement made by Takeda on May 8, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies.
Appendix

New Abbreviations

• AMR= antibody mediated rejection
• HAE=hereditary angioedema
• DED=dry eye disease
• BOS=budesonide oral solution
• EoE=eosinophilic esophagitis
• SBS=short bowel syndrome
• CHAWI=congenital hemophilia A with inhibitors
• HemA=hemophilia A
• MLD=metachromatic leukodystrophy
• ADHD=attention deficit hyperactivity disorder
• PFIC=progressive familial intrahepatic cholestasis
• NASH=non-alcoholic steatohepatitis
• PID=primary immunodeficiency
• CIDP=chronic inflammatory demyelinating polyneuropathy
• cTTP=congenital thrombotic thrombocytopenic purpura
• CIC=chronic idiopathic constipation