



# CONSOLIDATED FINANCIAL RESULTS FOR FY2019 Q1



July 31, 2019

Costa Saroukos  
Chief Financial Officer

Better Health, Brighter Future

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### Financial information

Takeda's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

The Shire acquisition closed on January 8, 2019, and our consolidated results for the fiscal year ended March 31, 2019 include Shire's results from January 8, 2019 to March 31, 2019. References to "Legacy Takeda" businesses are to our businesses held prior to our acquisition of Shire. References to "Legacy Shire" businesses are to those businesses acquired through the Shire acquisition.

This presentation includes certain pro forma information giving effect to the Shire acquisition as if it had occurred on April 1, 2018. This pro forma information has not been prepared in accordance with Article 11 of Regulation S-X. This pro forma information is presented for illustrative purposes and is based on certain assumptions and judgments based on information available to us as of the date hereof, which may not necessarily have been applicable if the Shire acquisition had actually happened as of April 1, 2018. Moreover, this pro forma information gives effect to certain transactions and other events which are not directly attributable to the Shire acquisition and/or which happened subsequently to the Shire acquisition, such as divestitures and the effects of the purchase price allocation for the Shire acquisition, and therefore may not accurately reflect the effect on our financial condition and results of operations if the Shire acquisition had actually been completed on April 1, 2018. Therefore, undue reliance should not be placed on the pro forma information included herein.

## FY2019 Q1 FINANCIAL HIGHLIGHTS



Delivered strong Underlying Core Operating Profit\*<sup>1</sup> margin of 32.4%



De-levered to 4.4x Net debt/adjusted EBITDA from 4.7x at FY2018 end



Raising full year Underlying Guidance (Revenue, Core OP Margin, Core EPS)

2 \*1. Previously called Underlying Core Earnings (no change in definition)



## FROM FY2019 Q1, “CORE EARNINGS” IS TERMED “CORE OPERATING PROFIT”

- From FY2019 Q1, we are renaming “Core Earnings” to “Core Operating Profit” to be more consistent with our peers
- There is **NO CHANGE to the adjustments or the definition, only the terminology**
- All reference to “Core Earnings” in previous guidance can be substituted with “Core Operating Profit”

**FY2019 Guidance Provided on May 14, 2019, updated with new terminology**

### “CORE EARNINGS”

#### FY2019 REPORTED FORECAST (VS. PY)

(BN YEN)	FY2018	FY2019	VS. PY	
	ACTUAL	FORECAST		
	CONSOLIDATED TOTAL	CONSOLIDATED TOTAL (A)		
REVENUE	2,097.2	3,300.0	+1,202.8	+57.4%
OPERATING PROFIT	205.0	-193.0	-398.0	-
NET PROFIT	109.1	-383.0	-492.1	-
EPS	113 yen	-246 yen	-360 yen	-
<b>CORE EARNINGS</b>	<b>459.3</b>	<b>883.0</b>	<b>+423.7</b>	<b>+92.2%</b>



### “CORE OPERATING PROFIT”

#### FY2019 REPORTED FORECAST (VS. PY)

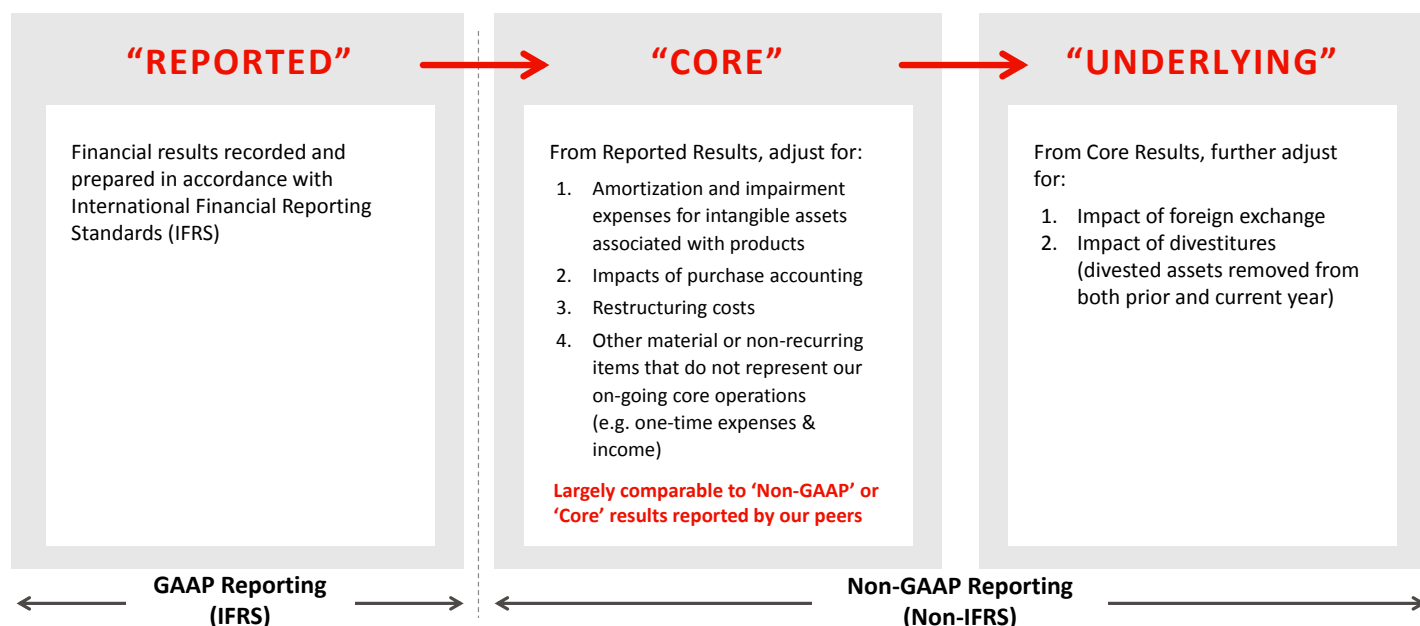
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# TAKEDA'S DISCLOSURE METRICS (DEFINITIONS UNCHANGED)

Takeda encourages analysts to focus on Core P&L, instead of Reported P&L



4 Note: Please refer to slides 31, 34-36 and 41 for a more detailed definition of Core and Underlying measures, and for reconciliation tables.



## DELIVERING ON STRATEGIC PRIORITIES WHILE EXECUTING SHIRE INTEGRATION

### BUSINESS AREA FOCUS



- Strong performance from key products with revenue growth of our 14 global brands +22% in total
- Integration of Shire progressing on track; no major risks identified
- Steady execution of divestiture plan (XIIDRA sale completed on July 1<sup>st</sup>)

### R&D ENGINE



- Currently 19 New Molecular Entity assets in Phases 2 & 3
- Advances in Cell and Gene Therapy platforms (CAR-T Cell Therapy from T-CIRA moves towards clinic; integration of AAV-based process development and manufacturing center in Austria)
- ENTYVIO subcutaneous formulation achieved primary endpoint as maintenance therapy in CD
- Orexin 2 receptor agonist TAK-925 received *Sakigake* Designation in Japan for narcolepsy

### FINANCIAL STRENGTH



- FY2019 Q1 Underlying Core Operating Profit<sup>\*1</sup> margin 32.4%
- Cost synergies on track towards previously communicated targets
- De-levered to 4.4x Net debt/adj EBITDA; reiterating target of 2x in 3 to 5 years
- Raising full-year guidance to reflect divestitures and revised LOE assumption for VELCADE

\*1. Previously called Underlying Core Earnings (no change in definition)  
CAR-T: Chimeric Antigen Receptor T-cells; AAV: Adeno-Associated Virus; CD: Crohn's disease; LOE: Loss of Exclusivity



## FY2019 Q1 FINANCIAL RESULTS (SUMMARY)

Strong start to the year with Core Operating Profit 283 billion yen; Core OP & Underlying Core OP margins ~33%

(BN YEN)	REPORTED		CORE		UNDERLYING
	FY2019 Q1	VS. PRIOR YEAR	FY2019 Q1	VS. PRIOR YEAR	
REVENUE	849.1	+88.8%	849.1	+88.8%	-0.8% (YoY pro-forma) <sup>*1</sup>
OPERATING PROFIT	9.9	-90.0%	283.0 <sup>*2</sup>	+142.3%	
Margin	1.2%	-20.8pp	33.3%	+7.4pp	32.4%
NET PROFIT	-20.7	N/M <sup>*3</sup>	198.4	+103.0%	
EPS (JPY)	-13 yen	-113 yen	128 yen	+3 yen	124 yen
FREE CASH FLOW	89.3	+199.6%			

\*1. Represents change in underlying revenue between FY2018 Apr-Jun (on a pro-forma basis) and FY2019 Apr-Jun. The FY2018 Q1 (Apr-Jun) pro-forma represents the sum of Takeda revenue for FY2018 Q1 (adjusted for divestitures) plus Shire revenue from the same period (adjusted for divestitures), converted to JPY at the rate of \$1 = 111 JPY, and converted from US GAAP to IFRS.  
\*2. Previously called Core Earnings (no change in definition)  
\*3. Not Meaningful



## FY2019 Q1 FINANCIAL RESULTS (REPORTED)

Reported profit impacted by significant non-cash purchase accounting expenses

(BN YEN)	FY2018 Q1	FY2019 Q1	VS. PRIOR YEAR
REVENUE	449.8	849.1	+88.8%
Gross Margin	73.2%	64.6%	-8.6pp
OPERATING EXPENSES	-217.0	-356.1	-64.1%
% of Revenue	48.2%	41.9%	-6.3pp
AMORTIZATION & IMPAIRMENT	-24.0	-148.3	-517.2%
OTHER OPERATING INCOME/EXPENSE	10.7	-34.3	N/M <sup>*1</sup>
OPERATING PROFIT	98.9	9.9	-90.0%
Operating Profit Margin	22.0%	1.2%	-20.8pp
TAX RATE	16.8%	18.1%	
NET PROFIT	78.2	-20.7	N/M <sup>*1</sup>
EPS (JPY)	100 yen	-13 yen	-113 yen

\*1. Not Meaningful



# FY2019 Q1 FINANCIAL RESULTS (CORE)

Core Operating Profit margin improved +7.4pp, demonstrating the strong earnings power of Takeda after the Shire acquisition

(BN YEN)	FY2018 Q1	FY2019 Q1	VS. PRIOR YEAR
<b>REVENUE</b>	<b>449.8</b>	<b>849.1</b>	<b>+88.8%</b>
Gross Margin	73.2%	74.5%	+1.4pp
OPERATING EXPENSES	-212.4	-350.0	-64.8%
% of Revenue	47.2%	41.2%	-6.0pp
<b>CORE OPERATING PROFIT<sup>*1</sup></b>	<b>116.8</b>	<b>283.0</b>	<b>+142.3%</b>
Core Operating Profit Margin	26.0%	33.3%	+7.4pp
TAX RATE	18.3%	21.7%	+3.4pp
<b>CORE NET PROFIT</b>	<b>97.7</b>	<b>198.4</b>	<b>+103.0%</b>
<b>CORE EPS (JPY)</b>	<b>125 yen</b>	<b>128 yen</b>	<b>+3 yen</b>

\*1. Previously called Core Earnings (no change in definition)

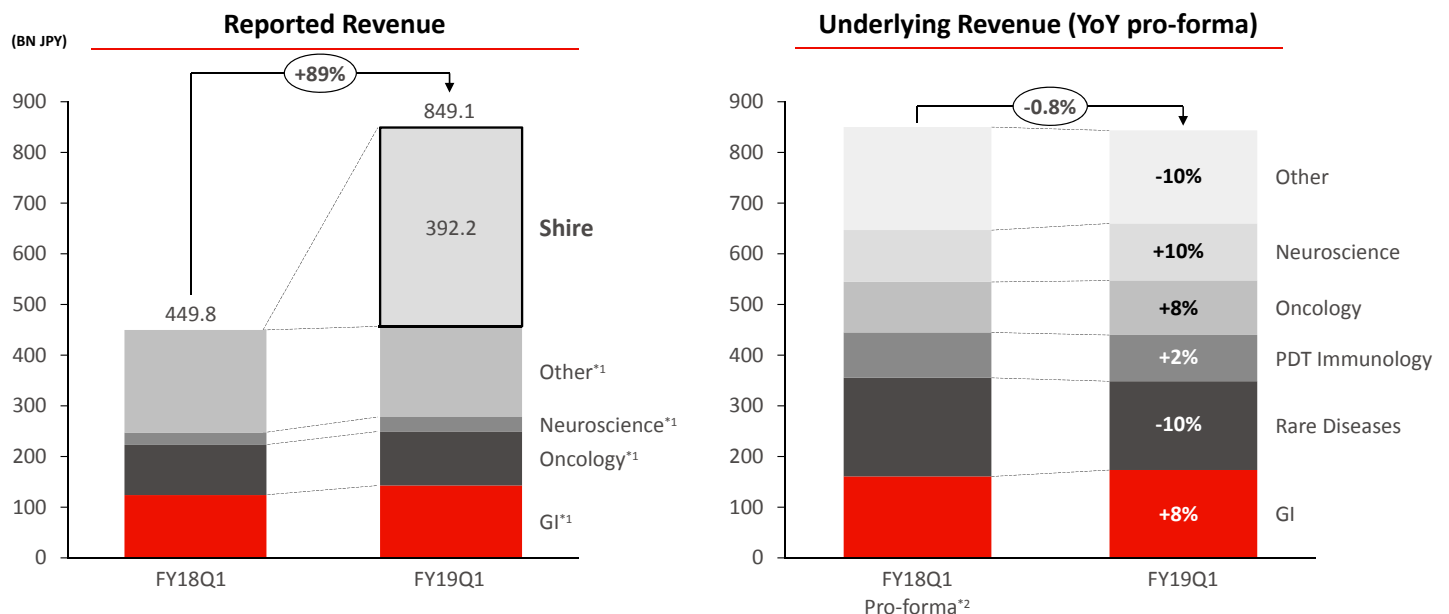
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# FY2019 Q1 REVENUE YEAR-ON-YEAR (REPORTED & PRO-FORMA)

Reported revenue +89% with contribution of Shire;

Underlying Revenue (Pro-forma) -0.8%, impacted by shipment phasing in FY2019 Q1 and stocking in FY2018 Q1



\*1. These categories show revenue for Legacy Takeda products only, and do not include products obtained through the acquisition of Shire

\*2. The FY2018 Q1 (Apr-Jun) pro-forma represents the sum of Takeda revenue for FY2018 Q1 (Apr-Jun) plus Shire revenue for the same period (not including the Legacy Shire oncology business, which was sold in August 2018), converted to JPY at the rate of \$1 = 111 JPY, and converted from US GAAP to IFRS. Note: Absolute values are at actual exchange rates; year-on-year changes are underlying growth (versus pro-forma FY2018 Apr-Jun Legacy Takeda plus Legacy Shire)

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# INVENTORY HARMONIZATION AND PHASING IMPACT IN Q1

## INVENTORY HARMONIZATION

- Inventory harmonization to Takeda's distribution channel policies was completed in FY2018 Q4

## PHASING IMPACT

- In FY2019 Q1, year-on-year revenue growth was impacted by stocking in the prior year, in particular for Hereditary Angioedema products CINRYZE and FIRAZYR in the U.S., as highlighted in Shire's 2018 Q2 (Apr-Jun) Press Release:

Immunology product sales were \$1,150 million in Q2 2018 [...] HAE product sales were up 9% driven by stocking for both CINRYZE and FIRAZYR, as well as FIRAZYR demand growth, partially offset by a decline in CINRYZE demand due to a competitor launch.

(Source: Shire 2018 Second Quarter (Apr-Jun 2018) Press Release, July 31, 2018)

- In FY2019 Q1, Immunoglobulin revenue in the U.S. was impacted by phasing of IVIG shipments



# 5 KEY BUSINESS AREAS

Focused portfolio in 5 key business areas representing ~78% of FY2019 Q1 revenue

GI	RARE DISEASES			PLASMA-DERIVED THERAPIES (PDT)	ONCOLOGY	NEUROSCIENCE	OTHERS
% of Sales: 21% Growth: +8%	% of Sales: 21% Growth: -10%			% of Sales: 11% Growth: +2%	% of Sales: 13% Growth: +8%	% of Sales: 13% Growth: +10%	% of Sales: 22% Growth: -10%
	RARE METABOLIC	RARE HEMATOLOGY	HEREDITARY ANGIOEDEMA	PDT IMMUNOLOGY			
	% of Sales: 6% Growth: +4%	% of Sales: 11% Growth: -13%	% of Sales: 4% Growth: -20%	% of Sales: 11% Growth: +2%			
Entyvio <i>vedolizumab</i>	elaprase <i>(idursulfase)</i>	ADVATE <i>(Antihemophilic Factor (Recombinant))</i>	TAKHZYRO <i>(Immunoglobulin S10 factor)</i>	GAMMAGARD Luvo <i>(Immune Globulin Intravenous (Human))</i> 10%	NINLARO <i>(Nintedanib)</i>	Vyvanse	AZILVA®
Takecab®	REPLAGAL <i>(agalsidase alfa)</i>	ADYNOVATE <i>(Antihemophilic Factor VIII)</i>	firazyr <i>(fexofenadine)</i>	HyQvia <i>(Human Normal Immoglobulin (HNI))</i> <i>(Recombinant Human IgG)</i>	ALUNBRIG <i>(Alectinib)</i>	Trintellix <i>(vortioxetine)</i>	Nesina®
ALOFISEL	VPRIV	vonvendi <i>(von Willebrand factor (Recombinant))</i>	KALBITOR <i>(Kalsiretinib)</i>	Cuvitru <i>(Human Octaplasma (Human))</i> 20%	VELCADE <i>(Vandetanib)</i>	Mydayis® <i>(mefenorex)</i>	Uloric®
Gattex <i>(Tadalafil (Tadalafil) for Injection)</i>	Natpara®	Obizur <i>(Antihemophilic Factor (Recombinant), Porcine Sequence)</i>	RIXUBIS <i>(COAGULATION FACTOR IX (RECOMBINANT))</i>	Flexbumin <i>(Human Albumin)</i>	ADACETRIS <i>(Ezetimibe, ezetimibe)</i>	AZILECT	Colcrys <i>(Colchicine, LEPT 100)</i>
DEXILANT <i>(dexlansoprazole)</i>		AGRYLIN <i>(antegrastat hydrochloride)</i> <i>(antegrastat hydrochloride)</i>	AGRYLIN <i>(antegrastat hydrochloride)</i> <i>(antegrastat hydrochloride)</i>	HUMAN ALBUMIN	ICLUSIG®	intuniv®	Neosaldina®
Liolda <i>(lisdexamfetamine) 12g</i>		PDT RARE HEMATOLOGY	PDT HEREDITARY ANGIOEDEMA	Glassia			Magnyl
amitiza <i>(lisdexamfetamine)</i>		FEIBA	CINRYZE <i>(C1 esther human)</i>	Aralast NP <i>(beta-2-glycanase human)</i>			Xefo
motegrity® <i>(procalcitonin) tablets 1mg, 2mg</i>		IMMUNATE		kenketu glovenin-1		BUCCOLAM®	Ebrantil
		HEMOPIL M		KENKETU NONTHRON			etc.
		IMMUNINE		KENKETU ALBUMIN			
		IMMUSEVEN					

Note: Year-on-year changes are underlying pro-forma growth. The FY2018 Q1 (Apr-Jun) pro-forma represents the sum of Takeda revenue for FY2018 Q1 (Apr-Jun) plus Shire revenue for the same period (not including Legacy Shire oncology business, which was sold in August 2018), converted to JPY at the rate of \$1 = 111 JPY, and converted from US GAAP to IFRS.

# REVENUE OF KEY PRODUCTS IN 5 BUSINESS AREAS

14 global brands growing +22% in total versus pro-forma FY18Q1

		FY2019 Q1 REVENUE			GLOBAL BRAND
(as reported)		(BN JPY)	(MM USD)	versus PY (underlying)	
GI	<b>Entyvio</b> vedolizumab	83.9	758	+36.8%	Globe
	<b>Takecab</b>	18.3	165	+28.1%	
	<b>Gattex</b> Gallatec (Gallatec) for injection	15.1	137	+3.3%	
	<b>ALOFISEL</b>	-	-	N/A (commercial launch August 2018)	
RARE DISEASES	<b>TAKHZYRO</b> TAKHZYRO (TAKHZYRO) injection	14.5	131	N/A (commercial launch August 2018)	Globe
	<b>ADYNOVATE</b> ADYNOVATE (ADYNOVATE) injection	16.7	151	+25.9%	
	<b>Natpara</b>	7.9	71	+10.2%	
	<b>elaprased</b> (elaprased)	18.8	170	+3.6%	
	<b>REPLAGAL</b> REPLAGAL (REPLAGAL) injection	12.9	117	+3.5%	
	<b>VPRIV</b>	9.3	84	+0.6%	
PDT IMMUNOLOGY	<b>IMMUNOGLOBULIN</b>	68.0	615	-1.9%	Globe
	<b>GAMMAGARD LIQUID</b> GAMMAGARD LIQUID (GAMMAGARD LIQUID) 10% <b>Kiovig</b> Kiovig (Kiovig) injection			-10.3%	
	<b>HyQvia</b> HyQvia (HyQvia) injection			+25.2%	
	<b>Cuvitru</b> Cuvitru (Cuvitru) injection			+4.1%	
	<b>ALBUMIN/FLEXBUMIN*1</b>	16.1	145	+28.1%	Globe
ONCOLOGY	<b>NINLARO</b> NINLARO (NINLARO) capsules	18.3	165	+29.8%	Globe
	<b>Acetris</b> Acetris (Acetris) tablets	12.7	115	+26.6%	
	<b>ALUNBRIG</b> ALUNBRIG (ALUNBRIG) tablets	1.7	15	+51.1%	
NEURO-SCIENCE	<b>Vyvanse</b>	68.8	622	+12.8%	Globe
	<b>Tintellix</b> Tintellix (Tintellix) tablets	17.4	157	+20.7%	

**14 GLOBAL BRANDS TOTAL: JPY 270.2 B (US\$2.4B) (+22% GROWTH)**

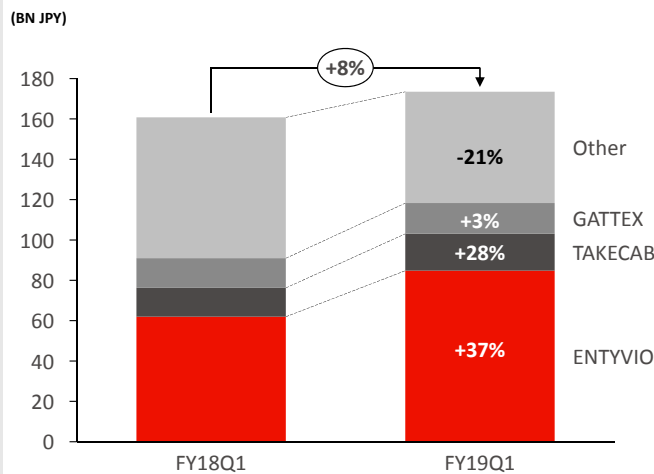
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## GASTROENTEROLOGY (GI)

### SOLID GROWTH OF GI FRANCHISE SPEARHEADED BY ENTYVIO

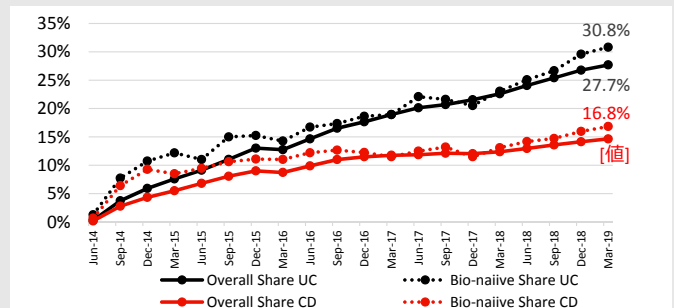
GI PORTFOLIO Q1 UNDERLYING REVENUE GROWTH



**CONTINUES ON EXCELLENT GROWTH TRACK FIVE YEARS AFTER FIRST LAUNCH**

- Market share growth driven by further penetration of bio-naïve segment in UC and CD
- Expanding in Japan with newly approved CD indication; China NDA submitted ahead of plan
- Subcutaneous formulation currently under review in EU (UC and CD) and U.S. (UC only; CD submission planned)

#### EXPANDING U.S. MARKET SHARE



Source: SHA Medical and Pharmacy Claims data, Apr 2019, reporting through FQ4 2018

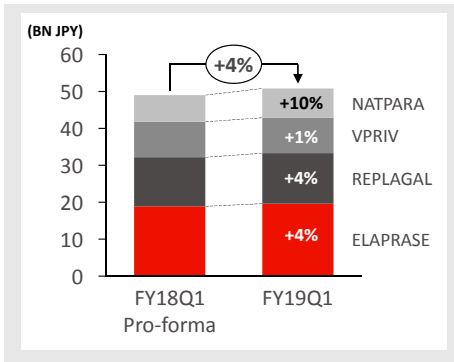
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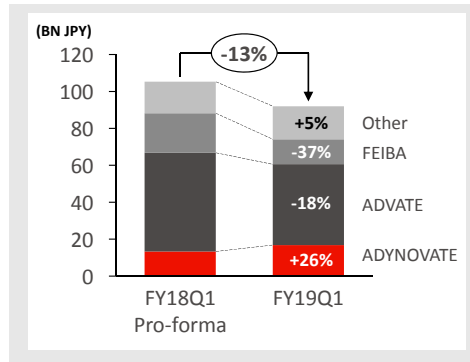
RARE DISEASES

RARE DISEASES IMPACTED BY PRIOR YEAR STOCKING IN HAE;  
RARE HEMATOLOGY COMPETITIVE LANDSCAPE IN LINE WITH EXPECTATIONS

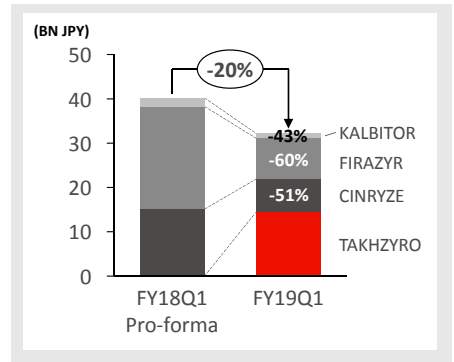
RARE METABOLIC  
Q1 UNDERLYING REVENUE GROWTH



RARE HEMATOLOGY  
Q1 UNDERLYING REVENUE GROWTH



HEREDITARY ANGIOEDEMA  
Q1 UNDERLYING REVENUE GROWTH



- Continued single-digit growth in lysosomal storage disorders
- NATPARA continues on strong launch path in the U.S. and Europe

- Strong ADYNOVATE growth driven by new launches; PROPEL study data reinforces importance of personalized prophylaxis
- ADVATE decline partially driven by ADYNOVATE uptake and increasing price pressure in short half-life segment
- FEIBA decline driven by erosion of prophylaxis segment to competition, and phasing in Brazil

- TAKHZYRO strong launch (U.S., Germany, Austria), capturing patients on existing prophylaxis therapies and those new to prophylaxis
- Decline of FIRAZYR and CINRYZE due to stocking in FY18 Q1, fewer patients on CINRYZE, and less utilization of FIRAZYR

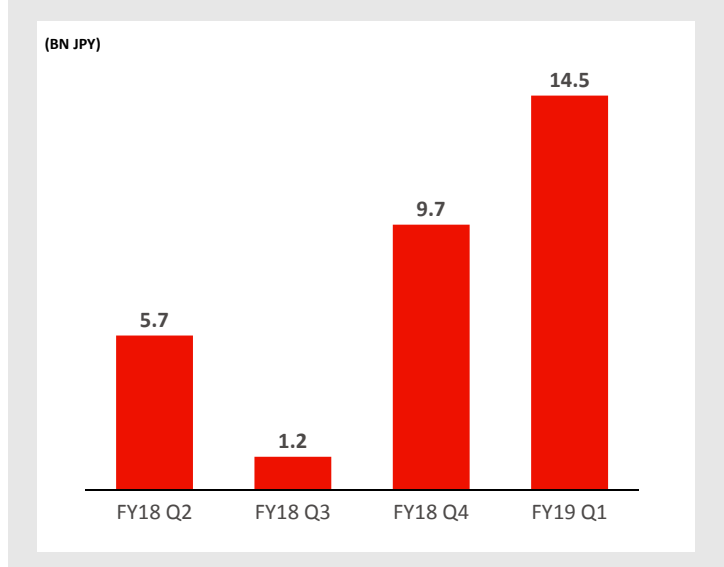
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RARE DISEASES

TAKHZYRO STRONG LAUNCH PERFORMANCE

TAKHZYRO GLOBAL REVENUE SINCE LAUNCH



CONTINUED STRONG LAUNCH PERFORMANCE WITH >1,500 PATIENTS RECEIVING TAKHZYRO GLOBALLY

U.S.:

- Strong uptake across all prescribers; particularly among high prescribers
- Diversified adoption: ~1/3 patients are new to prophylaxis, ~1/3 patients are upgrading prophylaxis, and ~1/3 patients are new to Takeda

Other regions:

- Strong launches in Germany, Austria
- Early access programs in France and Greece

AIMING TO TRANSFORM STANDARD OF CARE

- Patients new to prophylaxis from acute therapies are growing the size of the prophylaxis market

RECONFIRMING PRODUCT PROFILE

- Real world clinical experience and interim ad hoc analysis from an open-label study (study HELP 004) support the efficacy and safety of TAKHZYRO demonstrated in the pivotal study

15 Note: Includes revenue from Legacy Shire, converted from USD to JPY using actual rate for the period, and converted from US GAAP to IFRS.

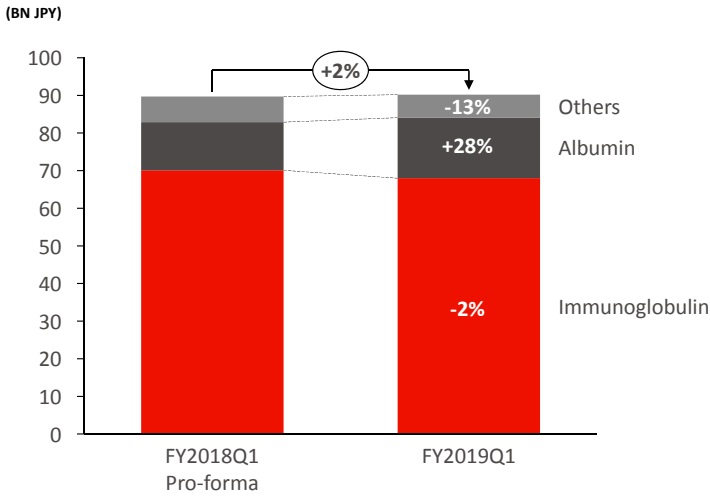




PLASMA-DERIVED THERAPIES

PDT IMMUNOLOGY IMPACTED BY PHASING

PDT IMMUNOLOGY PORTFOLIO Q1 UNDERLYING REVENUE GROWTH



- Immunoglobulin products declined by 2% due to phasing of IVIG shipments, partially offset by continued growth of SCIG
- Expect to deliver high single-digit underlying revenue growth for remainder of the year

CONTINUING TO INVEST IN PLASMA COLLECTION

- Current footprint of 111 centers in the U.S. and 30 ex-U.S., an increase of 16 centers since acquisition close
- Intend to continue to invest in increasing plasma collection footprint, aiming for double-digit increase in number of new centers each year

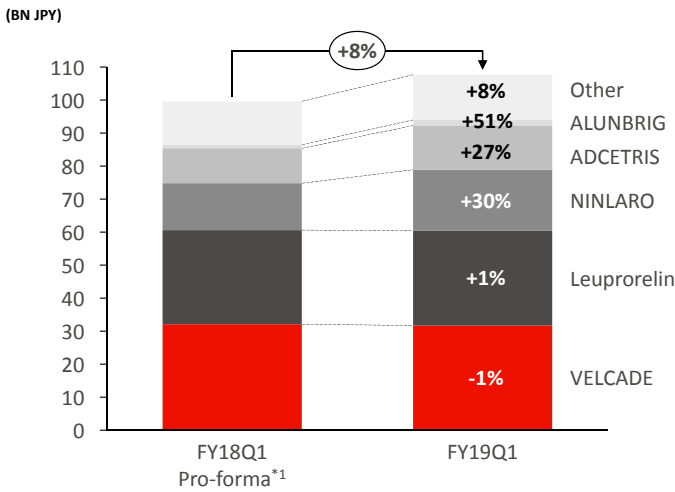
SCIG: Subcutaneous Immunoglobulin; IVIG: Intravenous Immunoglobulin  
 Note: Absolute values are at actual exchange rates; year-on-year changes are underlying pro-forma growth. The FY2018 Q1 (Apr-Jun) pro-forma represents the sum of Takeda revenue for FY2018 Q1 (Apr-Jun) plus Shire revenue for the same period, converted to JPY at the rate of \$1 = 111 JPY, and converted from US GAAP to IFRS.



ONCOLOGY

SOLID GROWTH OF ONCOLOGY PORTFOLIO LED BY NINLARO

ONCOLOGY PORTFOLIO Q1 UNDERLYING REVENUE GROWTH\*1



- Expansion into new geographies; now launched in Italy and France, and 3,400 patients treated to date in China
- Filed in Japan for post-SCT MM maintenance (TOURMALINE-MM3)
- TOURMALINE-MM4 data expected FY2019 and AL1 data presentation at an upcoming medical meeting



- Now approved in Europe and Japan for previously untreated HL; undergoing review in Europe for previously untreated CD30+ PTCL
- Filed in China with Priority Review for relapsed/refractory HL and sALCL



- Now reimbursed in 9 European countries
- Anticipate ALTA-1L (frontline ALK+ NSCLC) data readout in 2H FY2019

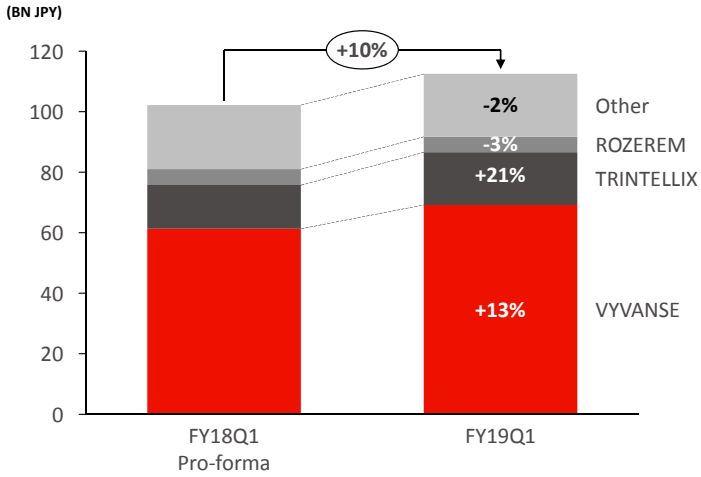
Note: Absolute values are at actual exchange rates; year-on-year changes are underlying growth  
 ADCETRIS is in-licensed from Seattle Genetics; Takeda has development and marketing rights outside of the U.S. and Canada  
 \*1. Legacy Shire's oncology revenue excluded

SCT: stem cell transplant; MM: Multiple myeloma; HL: Hodgkin lymphoma; PTCL: Peripheral T-cell lymphoma; sALCL: systemic anaplastic large cell lymphoma; NSCLC: Non small-cell lung cancer



# NEUROSCIENCE DRIVEN BY U.S. BUSINESS UNDER NEW COMMERCIAL STRUCTURE

## NEUROSCIENCE PORTFOLIO Q1 UNDERLYING REVENUE GROWTH



## DOUBLE DIGIT GROWTH DUE TO PROMOTIONAL OPTIMIZATION

- New sales force structure provides improved customer coverage, and optimized media investment focused on adult segment (U.S.)
- Growth driven by higher demand in the adult market
- Additional growth from Canada and launch of Elvanse Adult in Germany



## >20% GROWTH DRIVEN BY INCREASE IN NEW PATIENTS AND IMPROVED PERSISTENCE ON THERAPY

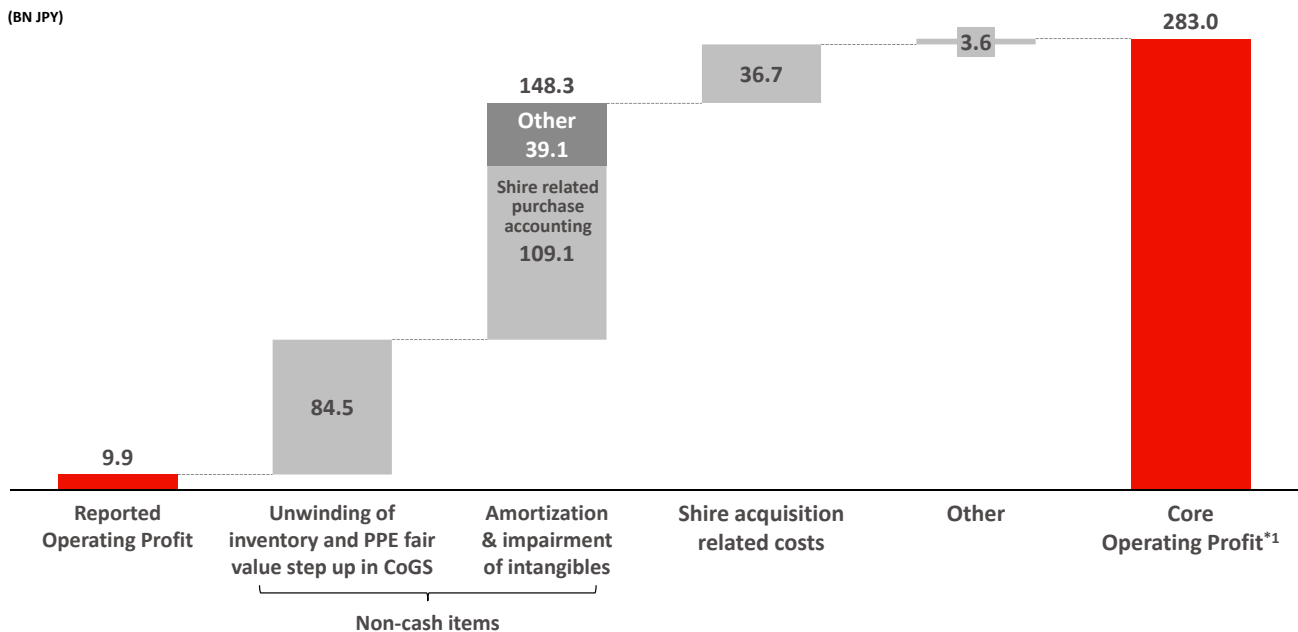
- Positive label updates for speed of processing and Treatment Emergent Sexual Dysfunction encouraging switch from SSRIs
- New DTC advertising campaign driving new patient requests
- Growth in patient support program enrollment increasing Trintellix average length of therapy

TRINTELLIX is in-licensed from Lundbeck; Takeda has co-marketing rights in the U.S. and Japan. SSRIs: Selective Serotonin Reuptake Inhibitors; DTC: Direct to Consumer  
 Note: Absolute values are at actual exchange rates; year-on-year changes are underlying pro-forma growth. The FY2018 Q1 (Apr-Jun) pro-forma represents the sum of Takeda revenue for FY2018 Q1 (Apr-Jun) plus Shire revenue for the same period, converted to JPY at the rate of \$1 = 111 JPY, and converted from US GAAP to IFRS.



## BRIDGE FROM REPORTED TO CORE OPERATING PROFIT

Reported Operating Profit largely impacted by non-cash purchase accounting expenses and one-time integration costs



\*1. Previously called Core Earnings (no change in definition)



# SHIRE INTEGRATION AND SYNERGY CAPTURE ON TRACK; CONFIRMING ANNUAL SYNERGY TARGET OF US\$2B BY END OF FY2021

## DAY 90 INTEGRATION PLANS EXECUTED AS PLANNED, NO MAJOR RISKS IDENTIFIED

☑ Talent selection completed for 79% of all employees, with minimal turnover in nominated employees

☑ Employee integration survey results (March) showed 78% of employees believe the combined company will better serve patients' needs; follow-up survey launched in July

## CONTINUE TO PURSUE NON-CORE DIVESTITURES UP TO US\$10B

☑ Completed divestiture of XIIDRA; TACHOSIL sale expected to close in second half of calendar year

☑ Negotiations ongoing for further potential divestments

## CONFIRMING ANNUAL RECURRING PRE-TAX COST SYNERGY TARGET OF ~\$2B BY END OF FY2021










### PARTNER VALUE SUMMIT BOSTON, 3-7 JUNE



- Gathered 40 of our largest suppliers to accelerate and amplify value derived from partnerships
- ~\$200mn synergy confirmed (incorporated in the total ~\$2B target)
- Releasing ~\$200mn of free cash flow by extending payment terms
- Automating transactions through e-catalogs, e-invoices and e-signatures
- Ensuring all key suppliers are committed to Takeda's values and Supplier Code of Conduct

# SYNERGY & OPEX TRACKING PLATFORM ALREADY OPERATIONAL TO ENSURE RELENTLESS EXECUTION AGAINST TARGETS

## SYNERGY PACKAGE OPERATIONAL KPI REPORTS

 Compensation & Benefits	 Contactors & Consultants
 Research & Development	 Events & Sponsorships
 Sales Support & Resources	 Technology
 Facilities & Related Services	 Recruitment & Development
 Travel	 Company Vehicles

## COMPENSATION & BENEFITS

- FTE reductions as planned
- New footprint for U.S. sales force effective April 1st

## RESEARCH & DEVELOPMENT

- R&D pipeline prioritized and progressing
- Focusing R&D footprint in U.S. and Japan; decision made to transfer research operations out of Austria<sup>\*1</sup>

## FACILITIES & RELATED SERVICES

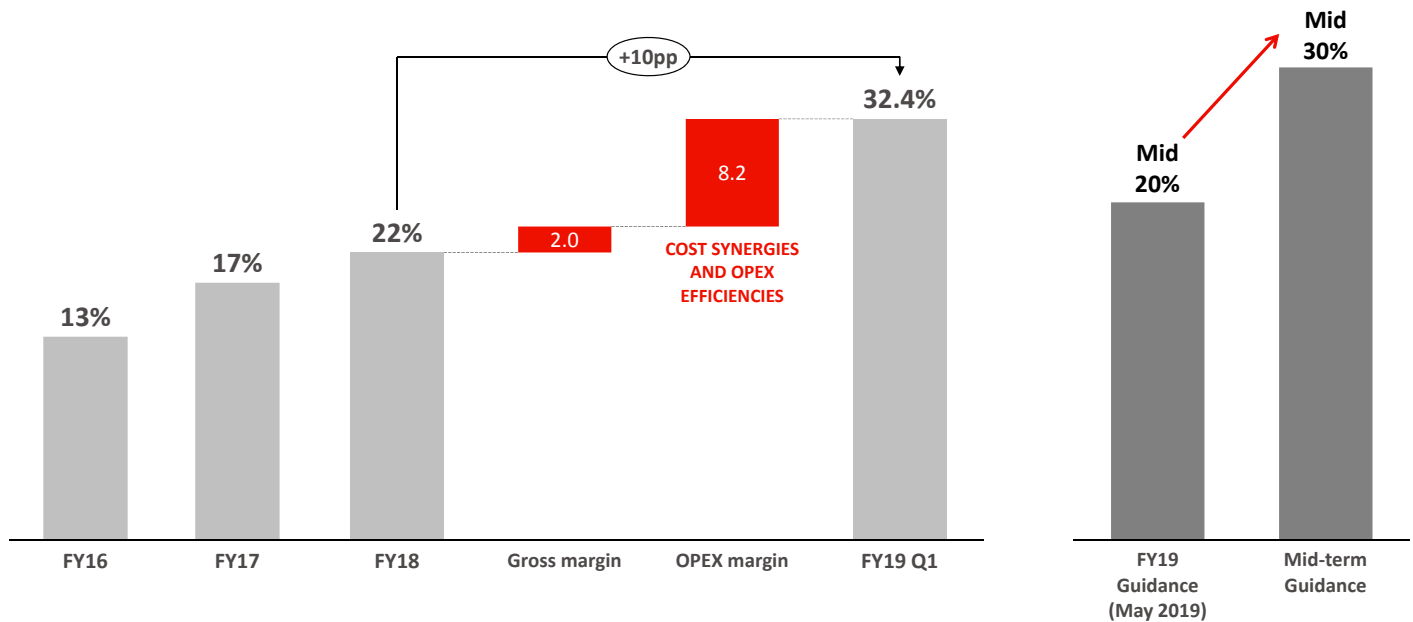
- All major site decisions communicated, and execution well underway in these locations (e.g. Zug, Deerfield, London)
- 81% of commercial office location decisions made across 66 countries (117 / 144 sites)
- Finance shared service decisions made for U.S. and Europe

## TECHNOLOGY

- All core global integration-related IT programs have been identified, with focus on speed to implementation

# COST SYNERGY & OPEX INITIATIVE ON TRACK TO MEET MARGIN TARGETS

Significant improvement of FY2019 Q1 Underlying Core Operating Profit\*<sup>1</sup> margin to 32.4%



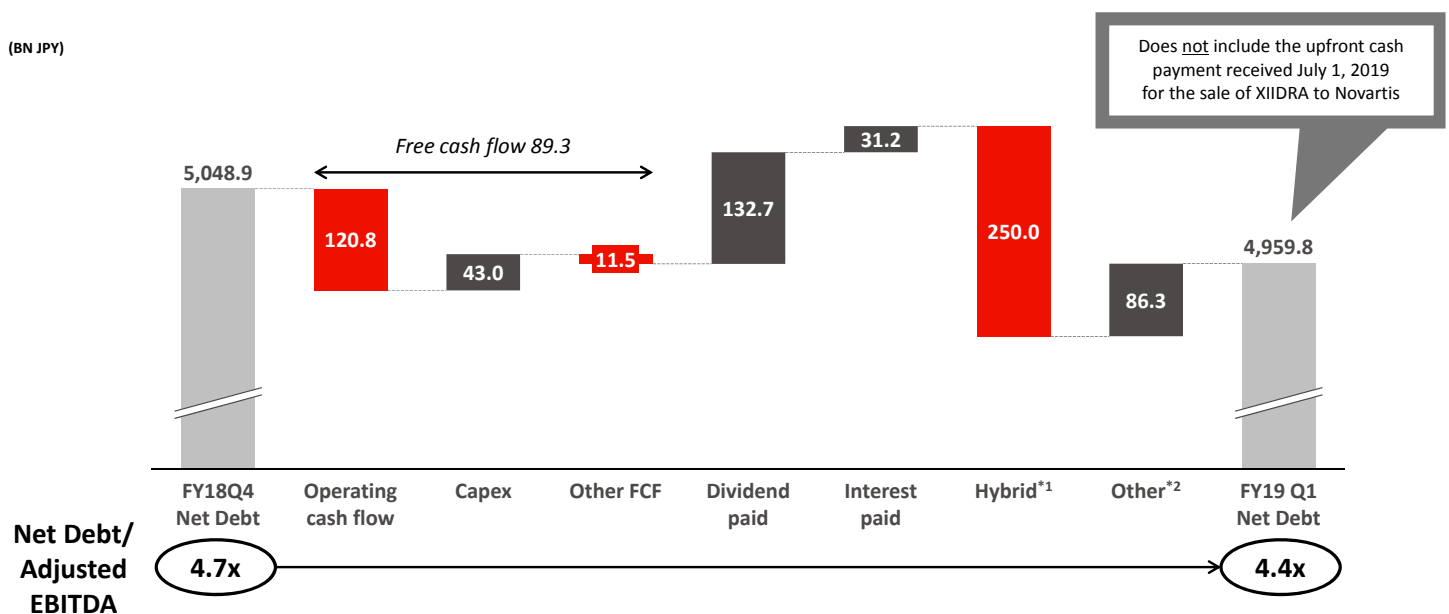
\*1. Previously called Core Earnings (no change in definition)



# ON TRACK TOWARDS DE-LEVERAGING TARGET

Net debt / adjusted EBITDA at 4.4x as of June 2019; remain committed to reach 2x in 3 to 5 years

(BN JPY)



\*1. In June 2019, Takeda priced JPY 500B of hybrid bonds to replace its existing Senior Short-Term Loan, completing the permanent financing process for the Shire acquisition. Net debt includes a 50% equity credit for these bonds (JPY 250B), reflecting the equity credit assigned to them by the ratings agencies.

\*2. Includes cash and non cash adjustments to debt book-value. Non cash adjustments include changes due to debt amortization, FX impact from converting non-JPY debt into JPY.

Note: Please refer to slide 39 for adjusted EBITDA reconciliation



# UPWARD REVISION TO FY2019 MANAGEMENT GUIDANCE

## Assumption changes:

- No longer assumes any additional U.S. competitor for VELCADE within FY2019
- Reflects divestitures of XIIDRA (closed July 1, 2019) and TACHOSIL (expected close by December 2019)

	ORIGINAL MANAGEMENT GUIDANCE (May 14, 2019)	FY2019 Q1 RESULTS	REVISED MANAGEMENT GUIDANCE (July 31, 2019)
UNDERLYING REVENUE GROWTH <sup>*1</sup>	Flat to slightly declining	-0.8%	Flat to slightly <u>increasing</u>
UNDERLYING CORE OPERATING PROFIT <sup>*2</sup> MARGIN	Mid-twenties %	32.4%	<u>Mid-to-high-twenties %</u>
UNDERLYING CORE EPS	350-370 yen	124 yen	<u>360-380 yen</u>
ANNUAL DIVIDEND PER SHARE	180 yen		180 yen

Note: FY2019 Updated Management Guidance does not take into consideration any further divestitures beyond what has already been disclosed

\*1. Constant Exchange Rate growth (applying FY2018 full year average foreign exchange rate of 111 JPY/USD) compared to baseline of JPY 3,300 billion (Rounded pro-forma April 2018-March 2019 combined revenue of Legacy Takeda and Legacy Shire, converted at April 2018-March 2019 average exchange rate of 111 JPY/USD; also adjusted to remove the revenue from divested assets such as Techpool, Multilab, and TACHOSIL from Legacy Takeda, and the oncology portfolio and XIIDRA from Legacy Shire) and converted from US GAAP to IFRS

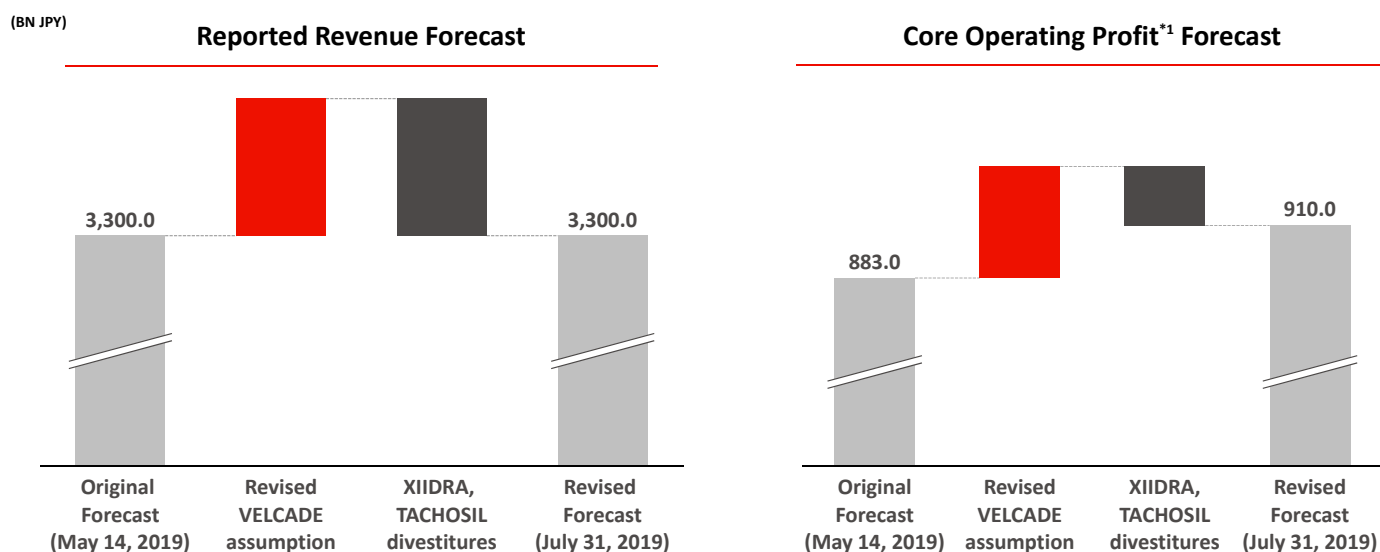
\*2. Previously called Core Earnings (no change in definition)



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# UPWARD REVISION TO FY2019 CORE OPERATING PROFIT FORECAST

Revising VELCADE Loss of Exclusivity assumption, and adjusting for divestitures of XIIDRA and TACHOSIL



Note: Graphs are illustrative

\*1. Previously called Core Earnings (no change in definition)



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## OTHER FY2019 KEY FINANCIAL ASSUMPTIONS

Items (BN JPY)	FY2019 Q1 Actual	FY2019 Forecast (unchanged since May 14)
Unwinding of inventories and PPE step-up (Cost of Goods Sold)	-84.5	-253.0
Reported R&D expenses	-116.9	-491.0
Amortization (Shire-related Purchase Accounting)	-109.1	-439.0
Amortization of Legacy Takeda intangible assets	-23.1	-99.0
Impairment of intangible assets	-16.1	-121.0
Integration costs (Other Operating Expenses)	-36.7	-154.0
Reported Financial Expenses	-46.1	-175.0
CAPEX	N/A	<b>-180 to -230</b>
Cash tax rate on adjusted EBIDTA (excluding divestitures)	N/A	<b>~20-23%</b>

Guidance provided for the first time

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## DELIVERING ON STRATEGIC PRIORITIES WHILE EXECUTING SHIRE INTEGRATION

### BUSINESS AREA FOCUS



- Strong performance from key products with revenue growth of our 14 global brands +22% in total
- Integration of Shire progressing on track; no major risks identified
- Steady execution of divestiture plan (XIIDRA sale completed on July 1<sup>st</sup>)

### R&D ENGINE



- Currently 19 New Molecular Entity assets in Phases 2 & 3
- Advances in Cell and Gene Therapy platforms (CAR-T Cell Therapy from T-CIRA moves towards clinic; integration of AAV-based process development and manufacturing center in Austria)
- ENTYVIO subcutaneous formulation achieved primary endpoint as maintenance therapy in CD
- Orexin 2 receptor agonist TAK-925 received *Sakigake* Designation in Japan for narcolepsy

### FINANCIAL STRENGTH



- FY2019 Q1 Underlying Core Operating Profit<sup>\*1</sup> margin 32.4%
- Cost synergies on track towards previously communicated targets
- De-levered to 4.4x Net debt/adj EBITDA; reiterating target of 2x in 3 to 5 years
- Raising full-year guidance to reflect divestitures and revised LOE assumption for VELCADE

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\*1. Previously called Underlying Core Earnings (no change in definition)  
 CAR-T: Chimeric Antigen Receptor T-cells; AAV: Adeno-Associated Virus; CD: Crohn's disease; LOE: Loss of Exclusivity



## UPCOMING INVESTOR EVENTS

**FY2019 Q2 EARNINGS MEETING**

**OCTOBER 31<sup>ST</sup>, THURSDAY**

**TOKYO**

**R&D DAY**

**NOVEMBER 14<sup>TH</sup>, THURSDAY**

**NEW YORK**

**PLASMA-DERIVED THERAPIES DAY**

**NOVEMBER 15<sup>TH</sup>, FRIDAY**

**COVINGTON, GA**

**R&D AND PLASMA-DERIVED  
THERAPIES DAY**

**NOVEMBER 21<sup>ST</sup>, THURSDAY**

**TOKYO**

**INVITATIONS FORTHCOMING WITH ADDITIONAL DETAILS**



# Q&A SESSION



**Christophe Weber**

President & Chief  
Executive Officer



**Andrew Plump**

President, Research &  
Development



**Costa Saroukos**

Chief Financial Officer

# APPENDIX



## DEFINITION OF CORE AND UNDERLYING GROWTH

Takeda uses the concept of Underlying Growth for internal planning and performance evaluation purposes.

Underlying Growth compares two periods (fiscal quarters or years) of financial results under a common basis and is used by management to assess the business. These financial results are calculated on a constant currency basis and exclude the impacts of divestitures and other amounts that are unusual, non-recurring items or unrelated to our ongoing operations. Although these are not measures defined by IFRS, Takeda believes Underlying Growth is useful to investors as it provides a consistent measure of our performance.

Takeda uses "**Underlying Revenue Growth**", "**Underlying Core Operating Profit Growth**", and "**Underlying Core EPS Growth**" as key financial metrics.

**Underlying Revenue** represents revenue on a constant currency basis and excluding non-recurring items and the impact of divestitures occurred during the reported periods.

**Underlying Core Operating Profit** represents Core Operating Profit\* on a constant currency basis and further adjusted to exclude the impacts of divestitures occurred during the reporting periods presented.

Core Operating Profit\* represents net profit adjusted to exclude income tax expenses, the share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on acquired intangible assets and other items unrelated to Takeda's core operations, such as purchase accounting effects and transaction related costs.

\* From FY2019 Q1, Takeda renamed "Core Earnings" to "Core Operating Profit". Its definition has not changed as described above.

**Underlying Core EPS** represents net profit based on a constant currency basis, adjusted to exclude the impact of divestitures, items excluded in the calculation of Core Operating Profit, and other non-operating items (e.g. amongst other items, fair value adjustments and the imputed financial charge related to contingent consideration) that are unusual, non-recurring in nature or unrelated to Takeda's ongoing operations and the tax effect of each of the adjustments, divided by the outstanding shares (excluding treasury shares) as of the end of the comparative period.



## DEFINITION OF EBITDA/ADJUSTED EBITDA

We present EBITDA and Adjusted EBITDA because we believe that these measures are useful to investors as they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We further believe that Adjusted EBITDA is helpful to investors in identifying trends in its business that could otherwise be obscured by certain items unrelated to ongoing operations because they are highly variable, difficult to predict, may substantially impact our results of operations and may limit the ability to evaluate our performance from one period to another on a consistent basis.

EBITDA and Adjusted EBITDA should not be considered in isolation or construed as alternatives to operating income, net profit for the year or any other measure of performance presented in accordance with IFRS. These non-IFRS measures may not be comparable to similarly-titled measures presented by other companies.

The usefulness of EBITDA and Adjusted EBITDA to investors has limitations including, but not limited to, (i) they may not be comparable to similarly titled measures used by other companies, including those in our industry, (ii) they exclude financial information and events, such as the effects of an acquisition or amortization of intangible assets, that some may consider important in evaluating our performance, value or prospects for the future, (iii) they exclude items or types of items that may continue to occur from period to period in the future and (iv) they may not exclude all items which investors may consider to be unrelated to our long-term operations, such as the results of businesses divested during a period. These non-IFRS measures are not, and should not be viewed as, substitutes for IFRS reported net income (loss). We encourage investors to review our historical financial statements in their entirety and caution investors to use IFRS measures as the primary means of evaluating our performance, value and prospects for the future, and EBITDA and Adjusted EBITDA as supplemental measures.

### EBITDA and Adjusted EBITDA

We define EBITDA as net profit before income tax expenses, depreciation and amortization and net interest expense. We define Adjusted EBITDA as EBITDA further adjusted to exclude impairment losses, other operating expenses and income (excluding depreciation and amortization), finance expenses and income (excluding net interest expense), our share of loss from investments accounted for under the equity method and other items that management believes are unrelated to our core operations such as purchase accounting effects and transaction related costs.

The most closely comparable measure presented in accordance with IFRS is net profit for the year. Please see slide 39 for a reconciliation to the respective most closely comparable measures presented in accordance with IFRS.

## FY2019 Q1 REPORTED RESULTS

(BN YEN)	FY2018 Q1	FY2019 Q1	vs. PY	
Revenue	449.8	849.1	+399.3	+88.8%
Cost of sales	-120.6	-300.6	-180.0	-149.3%
Gross Profit	329.2	548.5	+219.3	+66.6%
Margin	73.2%	64.6%		-8.6pp
SG&A expenses	-145.0	-239.2	-94.2	-64.9%
R&D expenses	-72.0	-116.9	-44.9	-62.4%
Amortization of intangible assets	-23.7	-132.2	-108.5	-458.4%
Impairment losses on intangible assets	-0.4	-16.1	-15.8	-
Other operating income	9.3	6.7	-2.6	-28.2%
Other operating expenses	1.4	-41.0	-42.3	-
Operating profit	98.9	9.9	-89.0	-90.0%
Margin	22.0%	1.2%		-20.8pp
Finance income	6.2	8.7	+2.4	+39.2%
Finance expenses	-14.8	-46.1	-31.3	-211.4%
Equity income/loss	3.6	2.3	-1.2	-34.2%
Profit before tax	93.9	-25.2	-119.0	-
Net profit attributable to owners of the Company	78.2	-20.7	-98.9	-
Non-controlling interests	-0.2	0.0	+0.2	-
Net profit for the period	78.1	-20.6	-98.7	-
Basic EPS (yen)	100 yen	-13 yen	-113 yen	-
Core Operating Profit	116.8	283.0	+166.2	+142.3%
Margin	26.0%	33.3%		+7.4pp
Adjusted EBITDA	130.9	327.1	+196.1	+149.8%

## RECONCILIATION FROM REPORTED REVENUE TO UNDERLYING REVENUE

(BN YEN)	FY2018* <sup>1</sup> Q1	FY2019 Q1	vs. PY	
<b>Revenue</b>	<b>449.8</b>	<b>849.1</b>	<b>+399.3</b>	<b>+ 88.8%</b>
Shire Revenue	421.7	-		
<b>Pro-forma Revenue</b>	<b>871.5</b>	<b>849.1</b>	<b>-22.4</b>	<b>- 2.6%</b>
FX effects * <sup>2</sup>				+1.4pp
Divestitures * <sup>3</sup>				+0.4pp
Techpool & Multilab				+0.5pp
XIIDRA & TACHOSIL				+0.1pp
Others				-0.3pp
<b>Underlying Revenue Growth</b>				<b>- 0.8%</b>

\*<sup>1</sup> FY2018 Q1 revenue is a pro-forma based, adding Shire's 3 month (April – June 2018) revenue previously reported under US GAAP has been conformed to IFRS, without material differences, excluding the oncology business which was divested in August 2018, converted to JPY using FY2018 actual rate for the period.

\*<sup>2</sup> FX adjustment applies constant FY2018 actual full year average rate to both years (1USD=111 yen, 1EUR=129 yen).

\*<sup>3</sup> Major adjustments are FY2018 Q1 revenue of former subsidiaries, Guangdong Techpool Bio-Pharma Co., Ltd., and Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda., both divested in FY2018, and FY2018 Q1 and FY2019 Q1 revenue of XIIDRA of which divestiture completed in July 2019 and TACHOSIL as Takeda agreed in May 2019 to divest this product, with completion of divestiture expected to occur within FY2019.

## RECONCILIATION FROM REPORTED TO CORE/UNDERLYING CORE – FY2019 Q1

(BN YEN)	REPORTED	REPORTED TO CORE ADJUSTMENTS					CORE	CORE TO UNDERLYING CORE ADJ.		UNDERLYING CORE
		Amortization & impairment of intangible assets	Other operating income/expense	Shire acquisition related costs	Shire purchase accounting adjustments	Others		FX	Divestitures	
Revenue	849.1	-	-	-	-	-	849.1	11.7	-17.2	
Cost of sales	-300.6	-	-	-	84.5	-	-216.1	-3.0	2.0	
Gross Profit	548.5	-	-	-	84.5	-	633.0	8.7	-15.2	
SG&A expenses	-239.2	-	-	0.8	1.1	-	-237.4	-3.0	-	
R&D expenses	-116.9	-	-	4.3	-0.1	-	-112.7	-0.5	-	
Amortization of intangible assets	-132.2	23.0	-	-	109.1	-	-	-	-	
Impairment losses on intangible assets	-16.1	16.1	-	-	-	-	-	-	-	
Other operating income	6.7	-	-6.7	-	-	-	-	-	-	
Other operating expenses	-41.0	-	9.4	31.6	-	-	-	-	-	
Operating profit	9.9	39.1	2.7	36.7	194.5	-	283.0	5.1	-15.2	
Margin	1.2%						33.3%			32.4%
Financial income/expenses	-37.4	-	-	-	4.5	0.9	-32.0	0.5	-	
Equity income/loss	2.3	-	-	-	-	-	2.3	0.6	-	
Profit before tax	-25.2	39.1	2.7	36.7	199.0	0.9	253.3	6.2	-15.2	
Tax expense	4.6	-7.1	-7.9	-7.0	-37.3	-0.2	-54.9	-1.0	3.7	
Non-controlling interests	-0.0	-	-	-	-	-	-0.0	-0.0	-	
Net profit	-20.7	32.0	-5.2	29.7	161.8	0.7	198.4	5.2	-11.5	
EPS (yen)	-13						128	3	-7	124
Number of shares (millions)	1,556						1,556			1,555

## RECONCILIATION FROM REPORTED TO CORE – FY2018 Q1

(BN YEN)	REPORTED	REPORTED TO CORE ADJUSTMENTS					CORE
		Amortization & impairment of intangible assets	Other operating income/expense	Shire acquisition related costs	Shire purchase accounting adjustments	Others	
Revenue	449.8	-	-	-	-	-	449.8
Cost of sales	-120.6	-	-	-	-	-	-120.6
Gross Profit	329.2	-	-	-	-	-	329.2
SG&A expenses	-145.0	-	-	4.6	-	-	-140.5
R&D expenses	-72.0	-	-	-	-	-	-72.0
Amortization of intangible assets	-23.7	23.7	-	-	-	-	-
Impairment losses on intangible assets	-0.4	0.4	-	-	-	-	-
Other operating income	9.3	-	-9.3	-	-	-	-
Other operating expenses	1.4	-	-1.4	0.0	-	-	-
Operating profit	98.9	24.0	-10.7	4.6	-	-	116.8
Financial income/expenses	-8.6	-	-	6.0	-	0.7	-1.9
Equity income/loss	3.6	-	-	-	-	0.9	4.5
Profit before tax	93.9	24.0	-10.7	10.6	-	1.6	119.4
Tax expense	-15.8	-5.8	3.2	-2.1	-	-1.3	-21.8
Non-controlling interests	0.2	-	-	-	-	-	0.2
Net profit	78.2	18.3	-7.5	8.5	-	0.2	97.7
EPS (yen)	100						125
Number of shares (millions)	782						782

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## FREE CASH FLOW

(BN YEN)	FY2018 Q1	FY2019 Q1	vs. PY	
Net profit	78.1	-20.6	-98.7	-126.4%
Depreciation, amortization and impairment loss	38.6	193.8	+155.2	
Decrease (increase) in trade working capital	-58.4	-22.5	+35.9	
Income taxes paid	-13.8	-59.7	-45.9	
Other	-3.9	29.9	+33.8	
Net cash from operating activities	40.5	120.8	+80.3	+198.4%
Acquisition of PP&E	-19.6	-29.9	-10.3	
Proceeds from sales of PP&E	6.0	0.1	-5.8	
Acquisition of intangible assets	-15.7	-13.1	+2.5	
Acquisition of investments	-7.3	-3.1	+4.2	
Proceeds from sales and redemption of investments	25.9	14.5	-11.5	
Proceeds from sales of business, net of cash and cash equivalents divested	-	-	-	
Free Cash Flow	29.8	89.3	+59.5	+199.6%

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## NET DEBT/ADJUSTED EBITDA

### NET INCREASE (DECREASE) IN CASH

(BN YEN)	FY2018 Q1	FY2019 Q1	vs. PY	
Net cash from operating activities	40.5	120.8	+80.3	+198.4%
Acquisition of PP&E	-19.6	-29.9		
Proceeds from sales of PP&E	6.0	0.1		
Acquisition of intangible assets	-15.7	-13.1		
Acquisition of investments	-7.3	-3.1		
Proceeds from sales and redemption of investments	25.9	14.5		
Acquisition of business, net of cash and cash equivalents acquired	-60.0	-4.7		
Proceeds from withdrawal of restricted deposit	63.9	-		
Net increase (decrease) in short-term loans	-0.1	-500.2		
Proceeds from issuance of bonds	-	496.2		
Dividends paid	-65.0	-132.7		
Others	-27.5	-46.4		
Net increase (decrease) in cash	-58.8	-98.5	-39.7	-67.6%

### NET DEBT/PRO-FORMA ADJUSTED EBITDA RATIO

(BN YEN)	FY2019 Q1
Cash and cash equivalents <sup>*1</sup>	593.7
Debt <sup>*2</sup>	-5,553.6
<b>Net cash (debt)</b>	<b>-4,959.8</b>
Gross debt/Adjusted EBITDA ratio	7.4 x
Net debt/Adjusted EBITDA ratio	6.6 x
<b>Net debt/Pro-forma Adjusted EBITDA ratio</b>	<b>4.4 x</b>
Adjusted EBITDA	748.8
<b>Pro-forma Adjusted EBITDA</b>	<b>1,134.1</b>

<sup>\*1</sup> Includes short-term investments which mature or become due within one year from the reporting date

<sup>\*2</sup> Bonds and loans of current and non-current liabilities. 250Bn yen reduction in debt due to 500Bn yen hybrid bond issuance in June 2019, given that the hybrid bond qualifies for 50% equity credit for leverage purposes. Includes cash and non cash adjustments to debt book-value. Non cash adjustments include changes due to debt amortization, FX impact from converting non-JPY debt into JPY.



## RECONCILIATION FROM NET PROFIT TO EBITDA/ADJUSTED EBITDA

(BN JPY)	FY2019 Q1	FY2019 LTM <sup>*1</sup>
Net profit for the year	-20.6	10.3
Income tax expenses	-4.6	-34.5
Depreciation and amortization	176.3	410.2
Interest expense, net	36.8	76.7
<b>EBITDA</b>	<b>187.9</b>	<b>462.8</b>
Impairment losses	17.4	27.5
Other operating expense (income), net, excluding depreciation and amortization	32.8	-14.8
Finance expense (income), net, excluding interest income and expense, net	0.6	18.6
Share of loss on investments accounted for under the equity method	-2.3	44.8
Other adjustments:		
Impact on profit related to fair value step up of inventory in Shire acquisition	81.3	163.5
Acquisition costs related to Shire	0.6	19.8
Other costs <sup>*2</sup>	8.8	26.6
<b>Adjusted EBITDA</b>	<b>327.1</b>	<b>748.8</b>
Shire's Adjusted EBITDA <sup>*3</sup>	-	385.3
<b>Pro-forma Adjusted EBITDA</b>	<b>327.1</b>	<b>1,134.1</b>

<sup>\*1</sup> LTM represents Last Twelve Months (July 2018 – June 2019).

<sup>\*2</sup> Includes adjustment for non-cash equity based compensation expense starting from FY2019 Q1.

<sup>\*3</sup> Represents Shire's EBITDA based on its financial information converted to IFRS for the corresponding period. There was no significant difference in the definition of and methodology for adjusted EBITDA between Takeda and Shire.



## FY2019 REVISED FORECAST

(BN YEN)	FY2018 Actual	FY2019 Original Forecast	FY2019 Revised Forecast	vs. PY		vs. Original Forecast			
								FY2018	FY2019
								<b>Shire acquisition related costs</b>	
								SG&A and R&D expenses - acquisition costs, etc.	-25.3
								Other operating expenses - integration costs	-59.6
								Financial expenses - Bridge loan fees, interests, etc.	-41.3
								Profit Before Tax impact	-126.3
								<b>Purchase accounting impact (major items)</b>	
								Cost of sales - unwinding of inventories step-up	-82.2
								Amortization of intangible assets - Shire acquisition	-99.2
								<b>Other non-cash items</b>	
								Amortization of intangible assets - Legacy Takeda	-95.4
								Impairment	-8.7
Revenue	2,097.2	3,300.0	3,300.0	+1,202.8	+57.4%	-	-		
R&D expenses	-368.3	-491.0	-491.0	-122.7	-33.3%	-	-		
Amortization & impairment	-203.4	-659.0	-659.0	-455.6	-224.0%	-	-		
Other operating income	159.9	9.0	9.0	-150.9	-94.4%	-	-		
Other operating expenses	-103.2	-172.0	-172.0	-68.8	-66.7%	-	-		
Operating profit	205.0	-193.0	-166.0	-371.0	-	+27.0	+14.0%		
Finance expenses	-83.3	-175.0	-175.0	-91.7	-110.1%	-	-		
Profit before tax	94.9	-369.0	-342.0	-436.9	-	+27.0	+7.3%		
Net profit	109.1	-383.0	-367.7	-476.8	-	+15.3	+4.0%		
EPS (yen)	113 yen	-246 yen	-236 yen	-350 yen	-	+10 yen	+4.2%		
Core Operating Profit	459.3	883.0	910.0	+450.7	+98.1%	+27.0	+3.1%		
USD/JPY	111 yen	111 yen	111 yen	-0 yen		- yen			
EUR/JPY	129 yen	124 yen	124 yen	-5 yen		- yen			

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## RECONCILIATION FROM REPORTED TO CORE – FY2019 REVISED FORECAST

(BN YEN)	REPORTED	REPORTED TO CORE ADJUSTMENTS					CORE
		Amortization of intangible assets (Takeda)	Impairment of intangible assets	Other operating income/ expense	Shire acquisition related costs	Shire purchase accounting adjustments	
Revenue	3,300.0						3,300.0
Cost of sales						253.0	
Gross Profit						253.0	
SG&A expenses							
R&D expenses	-491.0						-491.0
Amortization of intangible assets	-538.0	99.0				439.0	-
Impairment losses on intangible assets	-121.0		121.0				-
Other operating income	9.0			-9.0			-
Other operating expenses	-172.0			18.0	154.0		-
Operating profit	-166.0	99.0	121.0	9.0	154.0	693.0	910.0

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## DIVERSE AND EXPERIENCED TAKEDA EXECUTIVE TEAM

JAPAN



**CHRISTOPHE WEBER**  
President & CEO

**COSTA SAROUKOS**  
Chief Financial Officer

**MASATO IWASAKI**  
President, Japan Pharma  
Business Unit

**HARUHIKO HIRATE**  
Corporate  
Communications & Public  
Affairs Officer

**YOSHIHIRO  
NAKAGAWA**  
Global General Counsel

**PADMA  
THIRUVENGADAM**  
Chief Human Resources  
Officer

**MILANO FURUTA**  
Corporate Strategy Officer  
& Chief of Staff

US



**ANDY PLUMP**  
President, Research &  
Development

**RAMONA SEQUEIRA**  
President, US Business Unit

**TERESA BITETTI**  
President, Global Oncology  
Business Unit

**RAJEEV VENKAYYA**  
President, Global  
Vaccine Business Unit

**GERARD (JERRY) GRECO**  
Global Quality Officer

**MARCELLO AGOSTI**  
Global Business  
Development Officer

**HELEN GIZA**  
Chief Integration &  
Divestiture Management  
Officer

SWITZERLAND



**GILES PLATFORD**  
President, Europe &  
Canada Business Unit

**CAMILLA SOENDERBY**  
Chief Patient Value &  
Product Strategy Officer

**JULIE KIM**  
President, Plasma-Derived  
Therapies Business Unit

**THOMAS  
WOZNIOWSKI**  
Global Manufacturing &  
Supply Officer

**MWANA LUGOGO**  
Chief Ethics & Compliance  
Officer

SINGAPORE



**RICARDO MAREK**  
President, Growth &  
Emerging Markets Business  
Unit



## BOARD COMPOSITION FOR BEST IN CLASS GOVERNANCE

### INTERNAL DIRECTORS



**Christophe Weber**  
Representative Director,  
President & CEO



**Masato Iwasaki**  
Director, President,  
Japan Pharma Business Unit



**Andrew Plump**  
Director, President,  
Research & Development



**Costa Saroukos**  
Director,  
Chief Financial Officer

### AUDIT & SUPERVISORY COMMITTEE (A&S<sup>C</sup>)



**Yasuhiko Yamanaka**  
Director,  
A&S member

### INDEPENDENT DIRECTORS<sup>1</sup>



**Masahiro Sakane**  
Independent Director  
Chair of the Board meeting  
Chair of Nomination Committee



**Olivier Bohuon**  
Independent Director



**Jean-Luc Butel**  
Independent Director



**Ian Clark**  
Independent Director



**Yoshiaki Fujimori**  
Independent Director



**Steven Gillis**  
Independent Director



**Shiro Kuniya**  
Independent Director



**Toshiyuki Shiga**  
Independent Director



**Koji Hatsukawa**  
Independent Director,  
Chair of A&S



**Emiko Higashi**  
Independent Director  
A&S member  
Chair of Compensation Committee



**Michel Orsinger**  
Independent Director  
A&S Member

- CB** CHAIR OF THE BOARD MEETING
- INDEPENDENT DIRECTOR**
- NC** NOMINATION COMMITTEE<sup>2</sup>
- CC** COMPENSATION COMMITTEE

\*1. As defined by Tokyo Stock Exchange listing rules  
\*2. Christophe Weber participates in the committee as an observer



# WE HAVE A RICH PIPELINE OF INNOVATIVE NEW MOLECULAR ENTITIES

	PHASE 1			PHASE 2		PHASE 3/FILED		APPROVED*		
<b>ONCOLOGY</b>	TAK-252 Shottuck Agonist Redirected Checkpoint Solid Tumors	TAK-573 Teva Anti-CD38/stratumline R/R MM	TAK-079 Anti-CD38 mAb R/R MM, SLE	TAK-228 (sapanisertib) mTORC 1/2 inhibitor Endometrial cancer	TAK-659 SYK/FLT-3 inhibitor Hematologic malignancies, NHL	TAK-385 (relugolix) Mycost GnRH antagonist Prostate Cancer (JP)	TAK-924 (pevonedistat) MAE inhibitor HR-MDS/CMML	NINLARO® Proteasome inhibitor	ADCESTRIS® Seattle Genetics CD30 ADC	ICLUSIG® Bcr-ABL inhibitor
	TAK-164 ImmunoGen GCC IGH ADC GI malignancies	TAK-981 SUMO inhibitor Multiple cancers		TAK-788 EGFR/HER2 inhibitor NSCLC	TAK-931 CDCT inhibitor ESCC, qNSCLC			ALUNBRIG® ALK inhibitor	Cabozantinib Exelixis VEGFR/RTK inhibitor	Niraparib GlaxoSmithKline PARP 1/2 inhibitor
<b>GASTRO-ENTEROLOGY</b>	TAK-951 Peptide agonist Nausea & vomiting	Kuma062 PVP Biologics Glucanase Celiac Disease	TAK-018 Enterome FimH antagonist Crohn's Disease	TAK-906 D2/D3R antagonist Gastroparesis	TIMP-Gliadin Cov Imm Tol Induction Celiac Disease	TAK-721 (SHP521) UCD/Foris Oral anti-inflammatory Ee		ENTYVIO® o4B7 mAb	Vonoprazan PCAB	ALOFISEL® mesenchymal stem cells
	TAK-681 (SHP-681) GLP2R long-acting Short Bowel Syndrome	TAK-671 Samsung Biopis Protease inhibitor Acute Pancreatitis		TAK-954 Theravance 5-HT4B agonist POGD				GATTEX® GLP-2R agonist		
<b>RARE DISEASES</b>		TAK-531 (SHP631) Arimasgen I2S replacement Hunter CNS	TAK-754 (SHP65-4) Asklepios Biopharm, Gene Therapy HEMA	TAK-607 (SHP607) IGF-1/IGFBP3 Chronic Lung Disease	TAK-609 (SHP609) I2S replacement Hunter CNS (IT)	TAK-755 (SHP655) EM Biologics ERT/ADAMTS-13 cTTP	TAK-620 (SHP620) GlaxoSmithKline UL97 kinase inh CMV infect. in transplant	OBIZUR iposen FVIII replacement	VONVENDI® vWF replacement	NATPARA PTH replacement
				TAK-611 (SHP611) EFT MED					ADYNOVATE® FVIII replacement	TAKHZYRO Anti-kallikrein mAb
<b>NEUROSCIENCE</b>	TAK-653 AMPA potentiator TRD	TAK-418 LSD1 inhibitor Kabuki Syndrome	TAK-041 GPR139 agonist CIAS NS	TAK-935 Ovid Therapeutics Rare Pediatric Epilepsies	TAK-831 DAAO inhibitor CIAS NS			TRINTELLIX™ Lundbeck Multimodal anti-depressant	BUCCOLAM GABA Allosteric Modulator	
	MEDI-1341 Aronza Alpha-syn mAb Parkinson's Disease	TAK-925 Orexin 2R agonist Narcolepsy								
	WVE-120101 Wave Life Sciences mHTT SNIPT ASO Huntington's Disease	WVE-120102 Wave Life Sciences mHTT SNIPT ASO Huntington's Disease								
<b>PLASMA-DERIVED THERAPIES</b>								HYQVIA Halozyne IgG 10% + Recombinant Human Hyaluronidase	CINRYZE® PD C1 Esterase Inhibitor	
<b>VACCINES</b>	TAK-021 EV71 Vaccine	TAK-426 GAD2A Zika Vaccine		TAK-214 Norovirus Vaccine			TAK-003 Dengue Vaccine			

\*With ongoing significant clinical development activities; Pipeline as of July 31, 2019  
Pipeline not all inclusive; programs also ongoing in other Therapeutic Areas. For glossary of disease abbreviations please refer to appendix.

- ▶ Stage-ups since earnings announcement May 14, 2019
- ▶ Stage-ups/additions since April 1, 2019
- Orphan Drug Designation (in any region / indication for a given asset)
- Potential for registration enabling Ph-2 study
- Assets shown in Phases 1-3 explicitly refer to new molecular entities

# MAXIMIZING THE VALUE OF OUR APPROVED PROGRAMS

	PHASE 1	PHASE 2	PHASE 3	FILED
<b>ONCOLOGY</b>	ALUNBRIG® ALK inhibitor 1L ALK-NSCLC (CN)	ALUNBRIG® ALK inhibitor 2L ALK-NSCLC (JP, CN)	ICLUSIG® BCR-ABL inhibitor FL Ph+ ALL (US)	ADCESTRIS® Seattle Genetics CD30 ADC R/R sALLC (CN)
		ICLUSIG® BCR-ABL inhibitor TKI res. chronic phase CML (US)	NINLARO® Proteasome inhibitor R/R MM doublet Tx (US, EU, JP)	ADCESTRIS® Seattle Genetics CD30 ADC 1L PTCL (EU, JP)
		ALUNBRIG® ALK inhibitor 2L ALK-NSCLC 2 <sup>nd</sup> gen TKI (GL)	NINLARO® Proteasome inhibitor R/R MM no SCT (GL)	ALUNBRIG® ALK inhibitor 2L ALK-NSCLC H2H with alectinib (GL)
		Cabozantinib Exelixis VEGFR/RTK inhibitor 2L HCC (JP)	NINLARO® Proteasome inhibitor Maint. ND MM no SCT (GL)	ADCESTRIS® Seattle Genetics CD30 ADC 1L PTCL (EU, JP)
		NINLARO® Proteasome inhibitor R/R MM triplet Tx (GL)	NINLARO® Proteasome inhibitor Maint. ND MM post-SCT (GL)	Cabozantinib Exelixis VEGFR/RTK inhibitor 2L RCC (JP)
		Niraparib GlaxoSmithKline PARP 1/2 inhibitor Ovarian cancer – maint. (JP)		ALUNBRIG® ALK inhibitor 1L ALK-NSCLC (EU)
		Niraparib GlaxoSmithKline PARP 1/2 inhibitor Ovarian cancer – salvage (JP)		NINLARO® Proteasome inhibitor Maint. ND MM post-SCT (JP)
<b>GASTRO-ENTEROLOGY</b>			ALOFISEL® mesenchymal stem cells Perianal Fistulas in CD (US, JP)	ENTYVIO® o4B7 mAb SubQ UC (US)
			GATTEX® GLP-2R agonist Adult-SBS (JP)	ENTYVIO® o4B7 mAb SubQ UC (JP)
			GATTEX® GLP-2R agonist Pediatric-SBS (JP)	ENTYVIO® o4B7 mAb SubQ UC (US, JP)
				ENTYVIO® o4B7 mAb SubQ UC (EU)
<b>RARE DISEASES</b>	NATPARA PTH replacement, Hypochrydriam (JP)		OBIZUR iposen FVIII replacement CHAWI (US, EU)	ENTYVIO® o4B7 mAb SubQ UC (EU)
			ADYNOVATE Pediatric HemA (EU)	Vonoprazan PCAB Acid-related diseases (CN)
				ENTYVIO® o4B7 mAb SubQ UC (CN)
				ENTYVIO® o4B7 mAb Crohn's Disease (CN)
<b>NEUROSCIENCE</b>			BUCCOLAM GABA Allosteric Modulator Status Epilepticus (JP)	TAKHZYRO Anti-kallikrein mAb HAE prophylaxis (CN)
<b>PLASMA-DERIVED THERAPIES</b>			CINRYZE® PD C1 Esterase inhibitor HAE prophylaxis (JP)	TRINTELLIX™ Lundbeck Multimodal anti-depressant MDD (JP)
			HYQVIA Halozyne IgG 10% + Recombinant Human Hyaluronidase CIDP	
			HYQVIA Halozyne IgG 10% + Recombinant Human Hyaluronidase Pediatric PID (US)	

- ▶ Stage-ups since earnings announcement May 14, 2019
- ▶ Stage-ups/additions since April 1, 2019
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- Assets shown in Phases 1-3 explicitly refer to new molecular entities

## NEXT WAVE OF INNOVATION: SELECTED EVENTS EXPECTED IN FY2019 FOR NEW MOLECULAR ENTITY PIPELINE

	MOA	TAU /BU	EXPECTED EVENT	FY19	COMMENTS	
<b>LATE PIPELINE ASSET</b>	<b>TAK-924 (pevonedistat)</b>	NAE inhibitor	Oncology	Pivotal Ph-2 readout in myelodysplastic syndrome (MDS)	H1	
	<b>TAK-788</b>	EGFR/HER2 inhibitor	Oncology	Ph-3 study start in treatment naïve non-small-cell lung carcinoma (NSCLC)	H1	
	<b>TAK-823 (alisertib)</b>	Aurora A kinase inhibitor	Oncology	Ph-3 study start in front-line acute myeloid leukemia (AML)	H2	
	<b>TAK-755</b>	ADAMTS-13	Rare Disease	Ph-3 study re-initiation in congenital thrombotic thrombocytopenic purpura (cTTP)	H2	
	<b>TAK-609</b>	Iduronate-2-sulfatase (intrathecal)	Rare Disease	Ph-3 study data readout (2-year extension) for Hunter Syndrome and cognitive impairment	H1	
	<b>TAK-003</b>	Dengue vaccine	Vaccine	Decision to submit Dengue vaccine	H2	
<b>EARLY PIPELINE ASSET</b>	<b>TAK-573</b>	Anti-CD38 attenuikine	Oncology	POC readout for relapsed / refractory multiple myeloma	H1	
	<b>TAK-676</b>	STING agonist	Oncology	Ph-1 clinical start for systemic IV administration	H1	
	<b>Cell Therapy</b>	TBN	Oncology	Progress at least one innovative I/O cell therapy program to FIH	H2	
	<b>TIMP-Glia / Kuma062</b>	Immune Tol. Ind. / Glutenase	Gastroenterology	POC readout in Celiac Disease	H1	
	<b>TAK-748</b>	FIX Gene Therapy	Rare Disease	Initiate Ph-1 study for Hemophilia B	H2	
	<b>TAK-925</b>	Orexin2R agonist	Neuroscience	Update on the Orexin 2R agonist program at R&D Day	H2	
	<b>TAK-426</b>	Zika vaccine	Vaccine	Early POC readout for Zika vaccine	H2	

Table only shows select R&D milestones and is not comprehensive. All timelines are current assumptions and subject to change. TBN : to be named; POC : Proof of Concept; for full glossary of disease abbreviations please refer to appendix.



## SELECT R&D PIPELINE EVENTS FOR APPROVED THERAPIES EXPECTED IN FY2019

	COMPOUND	EXPECTED EVENT	FY19	COMMENTS
	<b>ADCETRIS</b>	ECHELON-2 submission in EU for front-line PTCL	H1	✓
	<b>ALUNBRIG</b>	2nd interim analysis of ALTA-1L front-line ALK+ NSCLC	H1	
	<b>Cabozantinib</b>	1st approval decision in Japan for 2nd-line renal cell cancer (RCC)	H2	
	<b>NINLARO</b>	Ph-3 readout in amyloidosis	H1	➔ Failed primary endpoint; encouraging secondary endpoint data will be submitted for presentation at an upcoming scientific meeting
	<b>ALOFISEL</b>	ADMIRE II pivotal study initiation in US for perianal fistulas in Crohn's disease	H1	✓
	<b>ENTYVIO</b>	Approval decision in Japan for Crohn's disease	H1	✓
		Submission in US for subcutaneous administration in Crohn's disease	H2	
		Approval decision in US for subcutaneous administration in ulcerative colitis	H2	
	<b>GATTEX</b>	Approval decision in US for short bowel syndrome (pediatric)	H1	✓
	<b>TAKHZYRO</b>	Initiate pivotal study in bradykinin mediated angioedema	H2	
	<b>TRINTELLIX</b>	Approval decision in Japan for major depressive disorder (MDD)	H1	
	<b>GLASSIA/ARALAST</b>	Pivotal study start in emphysema patients with $\alpha$ 1 anti-trypsin deficiency	H2	

Table only shows select R&D milestones, and is not comprehensive. All timelines are current assumptions and subject to change. For full glossary of disease abbreviations please refer to appendix.





# GLOSSARY OF ABBREVIATIONS

<b>AD</b>	Alzheimer's disease	<b>DLBCL</b>	diffuse large B-cell lymphoma	<b>IBS-C</b>	irritable bowel syndrome with constipation	<b>PBS</b>	phosphate buffered saline
<b>ADC</b>	antibody drug conjugate	<b>DM</b>	diabetes mellitus	<b>IND</b>	investigational new drug	<b>PCAB</b>	potassium competitive acid blocker
<b>ADHD</b>	attention deficit hyperactivity disorder	<b>DU</b>	duodenal ulcer	<b>I/O</b>	immuno-oncology	<b>PFC</b>	progressive familial intrahepatic cholestasis
<b>ALK</b>	anaplastic lymphoma kinase	<b>Dx</b>	diagnosis	<b>IV</b>	intravenous	<b>Ph+ ALL</b>	Philadelphia chromosome-positive acute lymphoblastic leukemia
<b>ALS</b>	amyotrophic lateral sclerosis	<b>EE H</b>	erosive esophagitis healing	<b>iPSC</b>	induced pluripotent stem cells	<b>PID</b>	primary immunodeficiency
<b>AML</b>	acute myeloid leukemia	<b>EE M</b>	erosive esophagitis maintenance	<b>LBD</b>	Lewy body dementia	<b>PPI</b>	proton pump inhibitor
<b>AMR</b>	antibody mediated rejection	<b>EFI</b>	enteral feeding intolerance	<b>LB AML</b>	low-blast acute myeloid leukemia	<b>PK</b>	pharmacokinetics
<b>ASCT</b>	autologous stem cell transplant	<b>EGFR</b>	epidermal growth factor receptor	<b>LSD1</b>	Lysine specific demethylase 1	<b>POC</b>	proof of concept
<b>ARD</b>	acid-related diseases	<b>EOE</b>	eosinophilic esophagitis	<b>LCM</b>	lifecycle management	<b>POI</b>	post-operative ileus
<b>BTK</b>	Bruton's tyrosine kinase	<b>ESCC</b>	esophageal squamous-cell carcinoma	<b>mAb</b>	monoclonal antibody	<b>PTCL</b>	peripheral T-cell lymphoma
<b>BBB</b>	blood brain barrier	<b>FL</b>	front line	<b>MAOB</b>	monoamine oxidase B	<b>R/R</b>	relapsed/refractory
<b>BOS</b>	budesonide oral suspension	<b>FLT-3</b>	FMS-like tyrosine kinase 3	<b>MLD</b>	metachromatic leukodystrophy	<b>RA</b>	rheumatoid arthritis
<b>CAR-T</b>	Chimeric antigen receptor-T	<b>FSI</b>	first subject in	<b>NAE</b>	NEDD8 activating enzyme	<b>RCC</b>	renal cell cancer
<b>CD</b>	Crohn's disease	<b>GCC</b>	guanylyl cyclase C	<b>NASH</b>	non-alcoholic steatohepatitis	<b>RTK</b>	receptor tyrosine kinase
<b>CHAWI</b>	congenital hemophilia A with inhibitors	<b>GERD</b>	gastroesophageal reflux disease	<b>ND</b>	newly diagnosed	<b>sALCL</b>	systemic anaplastic large cell lymphoma
<b>CIAS</b>	cognitive impairment associated with schizophrenia	<b>GI</b>	gastrointestinal	<b>NDA</b>	new drug application	<b>SBS</b>	short bowel syndrome
<b>CIC</b>	chronic idiopathic constipation	<b>GnRH</b>	gonadotropin-releasing hormone	<b>Neg</b>	negative	<b>SC</b>	subcutaneous formulation
<b>CIDP</b>	chronic inflammatory demyelinating polyradiculoneuropathy	<b>GU</b>	gastric ulcer	<b>NERD</b>	non-erosive reflux disease	<b>SCT</b>	stem cell transplant
<b>CML</b>	chronic myeloid leukemia	<b>GvHD</b>	graft versus host disease	<b>NF</b>	new formulation	<b>SCZ</b>	schizophrenia
<b>CMML</b>	chronic myelomonocytic leukemia	<b>HAE</b>	hereditary angioedema	<b>NK</b>	natural killer	<b>SLE</b>	systemic lupus erythematosus
<b>CSF</b>	cerebrospinal fluid	<b>H2H</b>	head to head	<b>NME</b>	new molecular entity	<b>sq</b>	squamous
<b>CNS</b>	central nervous system	<b>HCC</b>	hepatocellular carcinoma	<b>NSCLC</b>	non-small cell lung cancer	<b>SR</b>	steroid refractory
<b>CRL</b>	complete response letter	<b>HemA</b>	hemophilia A	<b>NSCT</b>	non stem cell transplant	<b>SR-GvHD</b>	steroid refractory acute graft vs host disease
<b>CTCL</b>	cutaneous T-cell lymphoma	<b>HER2</b>	human epidermal growth factor receptor 2	<b>NS</b>	negative symptoms	<b>STING</b>	stimulator of interferon genes
<b>CTTP</b>	congenital thrombotic thrombocytopenic purpura	<b>HL</b>	Hodgkin's lymphoma	<b>OIC</b>	opioid induced constipation	<b>SUMO</b>	small ubiquitin-related modifier
<b>DAAO</b>	D-amino acid oxidase	<b>HR MDS</b>	high-risk myelodysplastic syndromes	<b>ORR</b>	overall response rate	<b>SYK</b>	spleen tyrosine kinase
<b>DED</b>	dry eye disease	<b>IBD</b>	inflammatory bowel disease	<b>PARP</b>	poly (ADP-ribose) polymerase	<b>TESD</b>	treatment emergent sexual dysfunction