



Consolidated Financial Results for the 2nd Quarter of Fiscal Year 2014

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Chief Financial Officer

October 30, 2014

Takeda Pharmaceutical Company Limited

Forward-Looking Statements



This presentation contains forward-looking statements regarding the Company's plans, outlook, strategies, and results for the future.

All forward-looking statements are based on judgments derived from the information available to the Company at this time. Forward looking statements can sometimes be identified by the use of forward-looking words such as "may," "believe," "will," "expect," "project," "estimate," "should," "anticipate," "plan," "continue," "seek," "pro forma," "potential," "target," "forecast," or "intend" or other similar words or expressions of the negative thereof.

Certain risks and uncertainties could cause the Company's actual results to differ materially from any forward looking statements contained in this presentation. These risks and uncertainties include, but are not limited to, (1) the economic circumstances surrounding the Company's business, including general economic conditions in the US and worldwide; (2) competitive pressures; (3) applicable laws and regulations; (4) the success or failure of product development programs; (5) decisions of regulatory authorities and the timing thereof; (6) changes in exchange rates; (7) claims or concerns regarding the safety or efficacy of marketed products or product candidates; and (8) integration activities with acquired companies.

We assume 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.

- Key highlights
- Revenue
- OPEX
- Project Summit update
- Income statement
- Cash flow
- Guidance FY2014
- Appendix

Key Highlights

Yearly guidance confirmed, supported by positive H1 performance



GROWTH

- Q2 underlying revenue growth of +3.6% (YoY)
 - in line with yearly guidance (between 2% and 4%)
 - accelerated from Q1, mainly driven by US, EU, EM
- H1 underlying Core Earnings growth of -1.4% (YoY)
 - in line with yearly guidance (flat to slightly declining)
 - G&A declining by 5.0% (YoY)
 - reflecting investment in new products

INNOVATION

- ENTYVIO: sales of ¥6.3 b for its first four months, reflecting its strong potential
- BRINTELLIX: fastest initial TRx growth of recently launched anti-depressants in the U.S.
- CONTRAVE: launched on 21st October
- AZILVA (Japan): Sales growth more than compensating BLOPRESS erosion

EFFICIENCY

- Summit savings for H1 is ¥11.5 b

Revenue

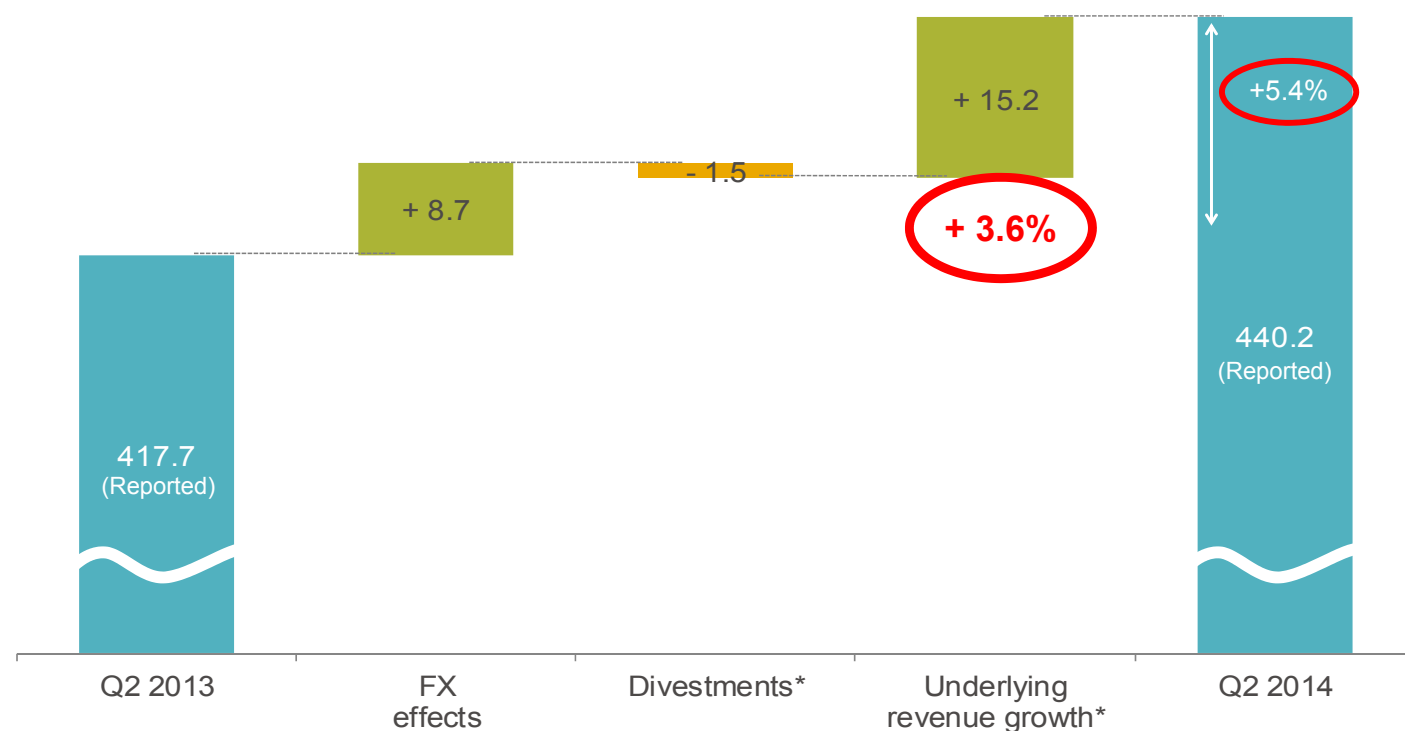
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Underlying revenue growth at +3.6%



(billion yen)

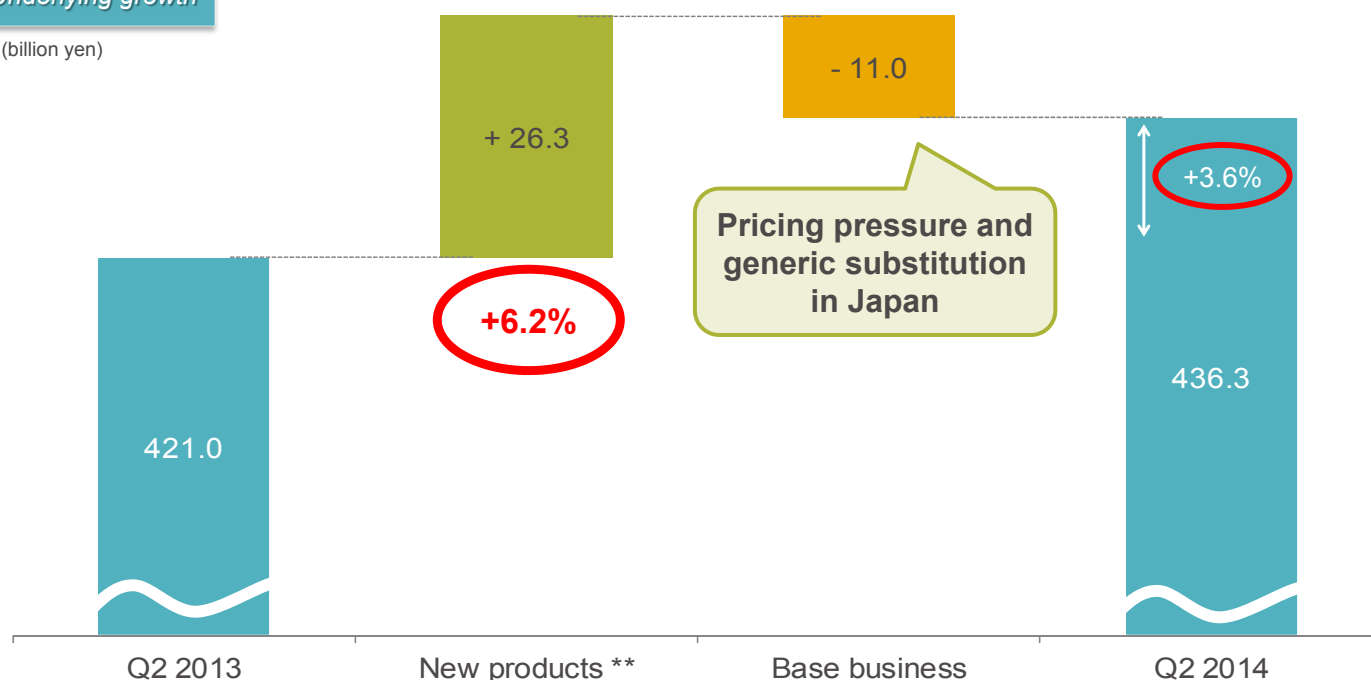


New products more than offsetting headwinds



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 32 for details

** New products: Represent products launched within 5 years and include new products in acquired companies, but excludes fixed dose drugs with existing drugs and formulation change drugs

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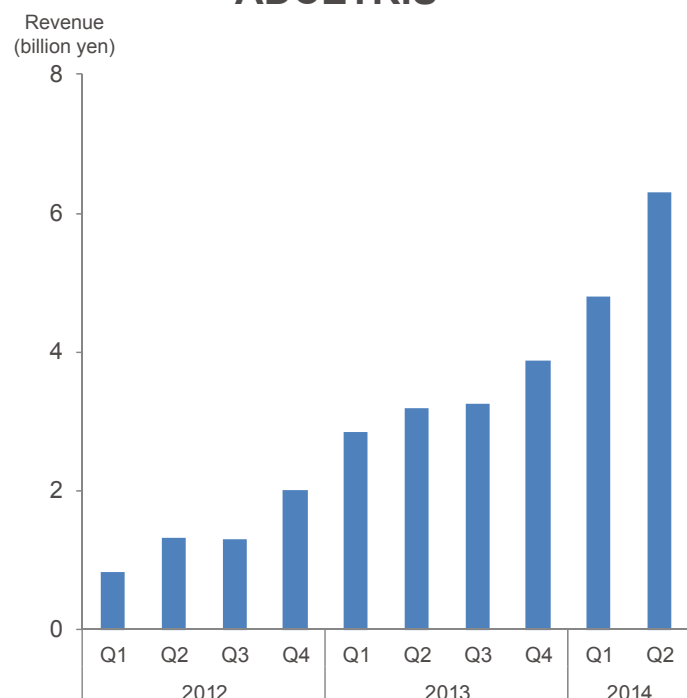
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New products contributing significantly to growth (1/2)



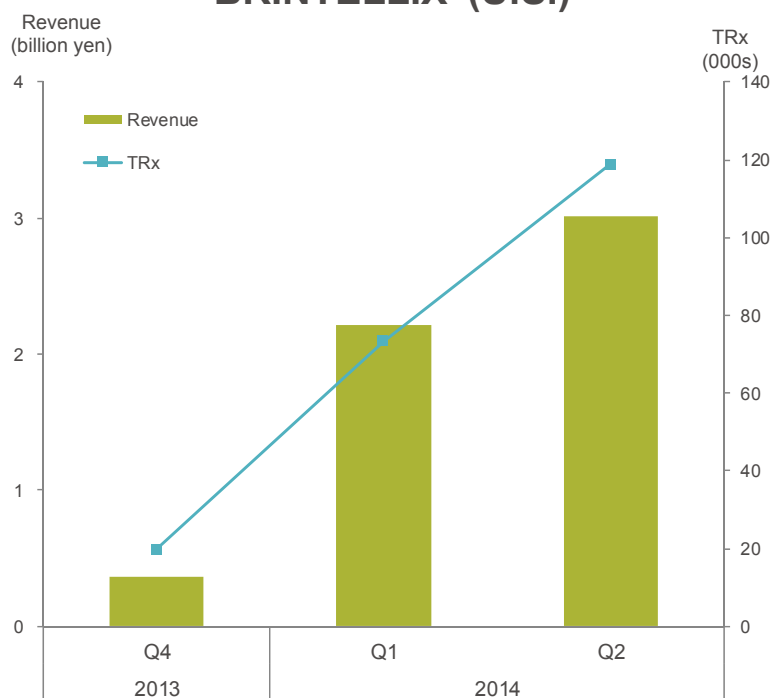
@Constant currency

ADCETRIS®*



* Including Named Patient Program (NPP) sales

BRINTELLIX®(U.S.)



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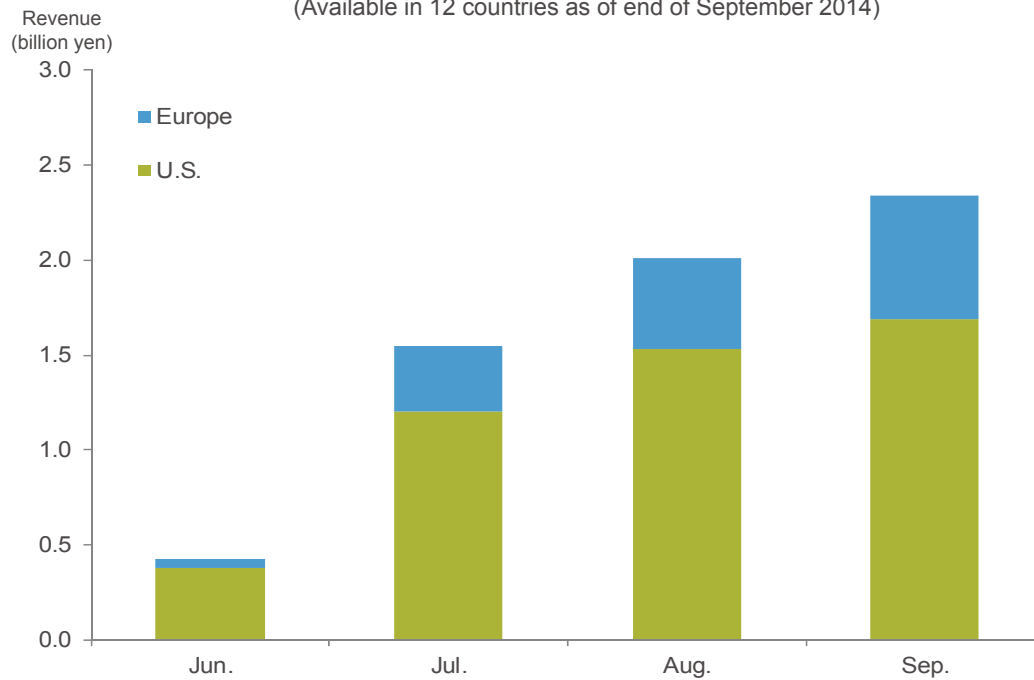
New products contributing significantly to growth (2/2)



@Constant currency

ENTYVIO®

(Available in 12 countries as of end of September 2014)



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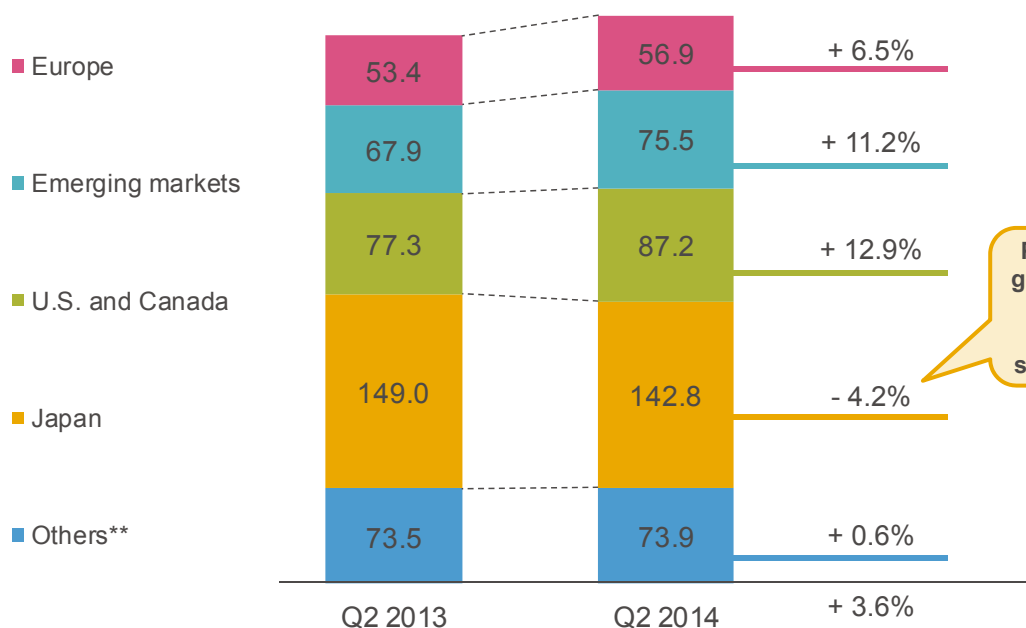
Above market growth in the U.S., EU and EM



Underlying growth*

(billion yen)

Growth rate



Pricing pressure and generic substitution in Japan not fully compensated by successful innovation

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.
 ** Others: Representing licensees business and Consumer Healthcare business, etc.

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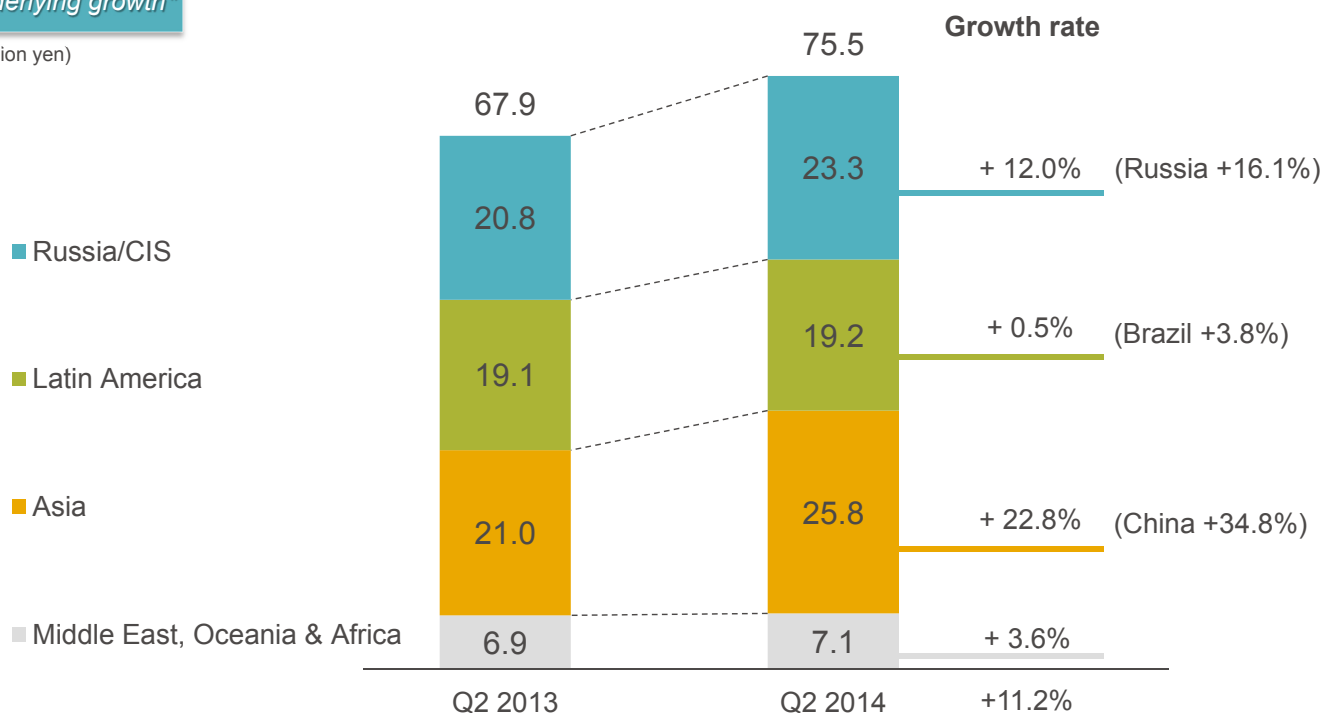
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Back to double digit growth in EM after one-off events in Q1



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.



OPEX

Resource allocation to support growth: less G&A, more S&M



	Growth FY2014 vs FY2013	
	H1	
	Reported	Underlying growth*
S&M	+ 11.3%	+ 7.1%
% of Revenue (vs Py)		24.3% (+1.2 pts)
G&A	+ 2.4%**	- 5.0%**
% of Revenue (vs Py)		8.0% (-0.6 pts)
R&D	+ 0.4%	- 2.7%
% of Revenue (vs Py)		18.2% (-0.8 pts)
Total OPEX	+ 5.6%	+ 1.4%
% of Revenue (vs Py)		50.4% (-0.2 pts)

Investment for new product launches (BRINTELLIX, ENTYVIO and CONTRAVE)
Positive impact of project Summit for G&A

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 37 for details

** IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.



Project Summit update

Savings

- Q2 : ¥6 b
- H1 : ¥11.5 b

Cumulative Savings vs. FY2012 Actual

- Target of ¥26 b for full year 2014
- Expected ¥60 b for the first 2 years (FY2013-2014) 50% of 5 - year target*

Restructuring costs

- H1 : ¥9.1 b

*Target of ¥120 b savings against FY2012 cost baseline

Savings are defined as 2012 costs permanently removed from our P/L

Project Summit - H1 Highlights of Key Initiatives



- Reduced number of ERP to 3 from 4 in October
- Initiated the first phase of IT infrastructure consolidation in EU/US
- Accelerated savings associated with divestiture of Takeda Analytical Research Laboratories in Japan one year earlier than planned
- Started European finance Shared Service hub consolidation of 4 sites to 1 single site in Poland
- Shared Service unit operational in the US
- New procurement organization in place

Income statement

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Core Earnings reflecting investment in new products (H1)

billion yen	H1 Reported P/L			Underlying growth*
	2013	2014	Growth	
Revenue	828.1	851.4	+ 2.8%	+ 1.7%
Gross profit	590.0	604.4	+ 2.4%	
% of Revenue	71.3%	71.0%	- 0.3 pts	
OPEX	(416.4)	(439.7)	+ 5.6% **	+ 1.4% **
Other income / expenses	(63.6)	(48.0)	- 24.6%	
Operating profit	109.9	116.7	+ 6.2%	
% of Revenue	13.3%	13.7%	+ 0.4 pts	
Adjustment items (b/w OP and CE)	72.1	52.6		
Core Earnings	182.0	169.3	- 7.0%	- 1.4%
% of Revenue	22.0%	19.9%	- 2.1 pts	

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 37 for details

** IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

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Net profit / EPS impacted by one-off items



billion yen		H1 Reported P/L				
		2013	2014	Change		
Operating profit		109.9	116.7	+ 6.2%	+ 6.8	Disposal of unused property +25.4
	% of Revenue	13.3%	13.7%	+ 0.4 pts		
Profit before tax		120.2	113.1	- 5.9%	- 7.1	Gain on sales of securities -18.3
Income tax expenses		(39.7)	(50.0)	+ 25.9%	- 10.3	<ul style="list-style-type: none">• R&D Credits -5.6• US ACA Fee legislation -1.8
Net profit for the period		78.7	61.4	- 22.0%	- 17.3	
EPS		100 yen	78 yen	- 21.7%	- 22 yen	

Core EPS hit by one-off tax impacts but above H1 guidance



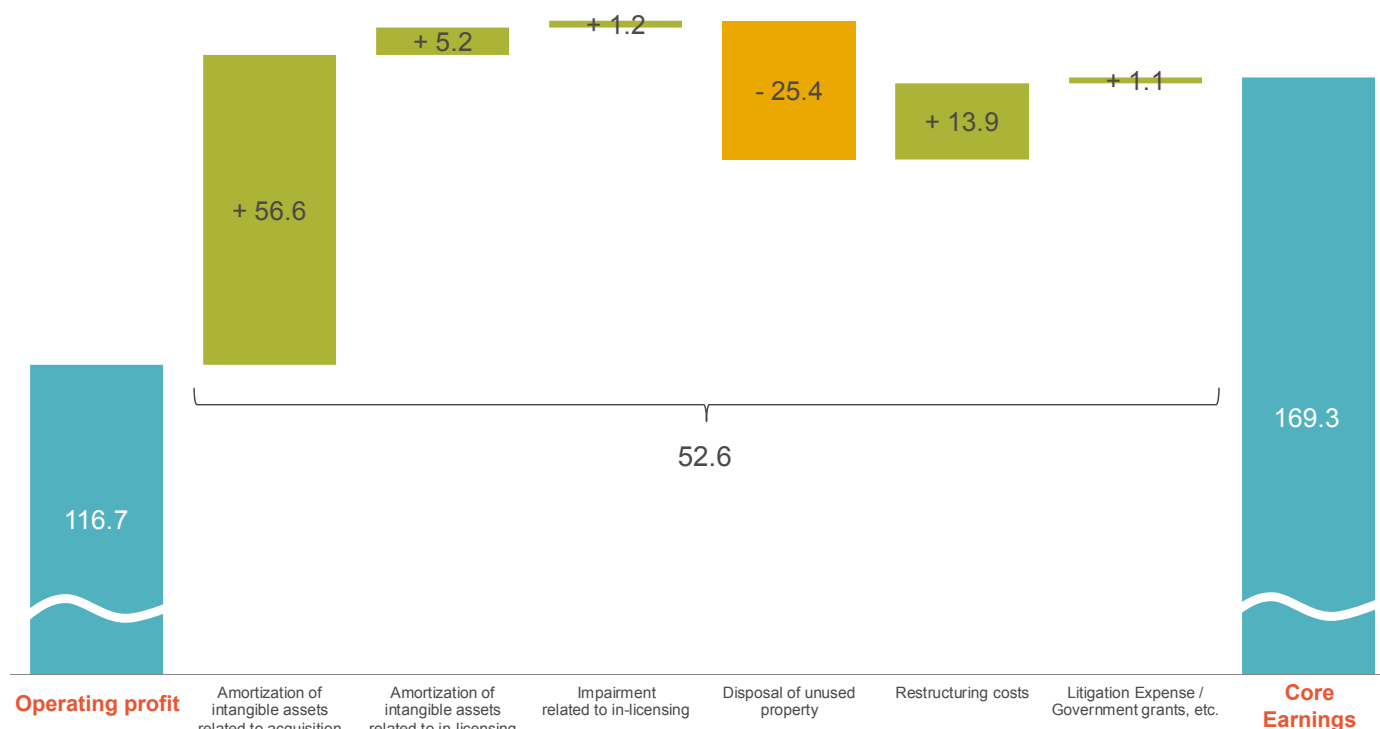
billion yen	H1 Reported P/L			Underlying growth*
	2013	2014	Growth	
Core Earnings	182.0	169.3	- 7.0%	- 1.4%
% of Revenue	22.0%	19.9%	- 2.1 pts	
Core tax rate	31.2%	37.8%	+ 6.7 pts	
Core net profit	119.3	103.7	- 13.1%	- 7.2%
Core EPS	151 yen	132 yen	-12.8%	- 6.9%

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 37 for details

From Operating profit to Core Earnings (H1)



(billion yen)



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Reported vs Underlying growth bridge (H1)



	H1 FY2014 vs FY2013							
	Reported	Adjustment items		Core P/L base	Fx effect	Exceptional items (Pharma fee*)	Divestments	Underlying growth
		Intangibles related to acquisition and in-licensing	Disposal and restructuring, etc.					
Revenue	+2.8%			+2.8%	-2.0%		+0.9%	+1.7%
S&M	+11.3%			+11.3%	-4.2%			+7.1%
G&A	+2.4%		+0.1%	+2.5%	-0.7%	-6.9%		-5.0%
R&D	+0.4%	+0.2%	+0.0%	+0.6%	-3.4%			-2.7%
Operating profit	+6.2%	+3.4%	-16.5%	-7.0%	-0.7%	+2.7%	+3.7%	-1.4%
				Core Earnings				

* IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

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H1 Guidance exceeded

Some support from forex and expenses timing



billion yen		FY2014 H1		
		Guidance	Actual	vs. Guidance
Revenue		845.0	851.4	+ 0.8%
R&D expenses		(160.0)	(156.5)	- 2.2%
Operating profit		90.0	116.7	+ 29.7%
Net profit for the period		50.0	61.4	+ 22.9%
Core Earnings		145.0	169.3	+ 16.8%
	% of Revenue	17.2%	19.9%	+ 2.7 pts
EPS		63 yen	78 yen	+ 23.3%
Core EPS		114 yen	132 yen	+ 15.7%
Exchange Rate	Yen per USD	100	102	+2.5%
	Yen per EUR	140	139	-0.7%



Cash flow

Operating free cash flow

Working capital impacted by forex and new products



billion yen	H1		
	FY2013	FY2014	Change
EBITDA	190.0	195.5	+ 2.9%
Net trade working capital	- 59.2	- 73.2	+ 23.6%
Capital expenditures	- 28.4	- 37.1	+ 30.8%
Acquisition of intangible assets (Milestone payments)	- 11.3	- 22.0	+ 94.8%
Income taxes paid *	- 21.3	- 20.7	- 2.7%
Operating free cash flow	69.9	42.4	- 39.2%

* Income taxes paid does not include exceptional items, i.e. Tax refund related to Prevacid transactions and tax payments related to advance pricing agreement (APA). (FY2013 74.7 bil yen)



Guidance FY2014

Full year guidance for 2014 reiterated



billion yen		FY2014	Underlying growth*
		Guidance	
Revenue		1,725.0	Between 2 and 4%
R&D expenses		(350.0)	
Operating profit		150.0	
Net profit for the year		85.0	
Core Earnings		280.0	Flat to slightly declining
	% of Revenue	16.2%	
EPS		108 yen	
Core EPS		228 yen	
Exchange Rate	Yen per USD	105	
	Yen per EUR	140	

Guidance assumes no colchicine competitor entry – for details see P.60

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

IR communications going forward



Future IR events planned

- Earnings announcements for FY2014 Q3 (early Feb 2015) and full fiscal year (early May 2015)
- **Half-day IR event showcasing the GI franchise with a specific focus on ENTYVIO® (March 2015)**
- Annual general meeting of shareholders (late June 2015)
- **Comprehensive, full-day IR event in 2015 (Q1 FY2015)**
- Date confirmations forthcoming

Specific media events to be organized

APPENDIX

Definitions of disclosure terms



Underlying Revenue / Core Earnings growth

- Exclude impact of FOREX (constant currency) and divestments / acquisitions / exceptional items.

Core Earnings

- Core Earnings is calculated by deducting from Operating profit items such as purchase accounting, amortization / impairment loss of intangible assets, restructuring costs and litigation costs.
- Please note that Core earnings and underlying Core earnings are non-GAAP items, used for internal purpose and not audited.

Core Earnings and underlying growth detail

Adjustment items of Core Earnings

Adjustment items from Operating profit	Note
1 Amortization of intangibles recognized through acquisition and in-licensing	Amortization costs of <ul style="list-style-type: none"> • Intangibles of launched product derived from corporate acquisition • Intangibles of upfront payments and any milestone payment (e.g. stage-up, NDA, approval) derived from in-licensing contract • Intangibles of platform technology
2 Impairments of intangibles recognized through acquisition and in-licensing	Impairments of <ul style="list-style-type: none"> • Intangibles (launched products and R&D pipeline) derived from corporate acquisition and in-licensing contract • Goodwill
3 Other purchase accounting effects	<ul style="list-style-type: none"> • Inventory step-up amortization • Fair value adjustment of contingent consideration
4 Profits and losses from the disposal of affiliates, business and others	<ul style="list-style-type: none"> • Disposal of businesses, affiliates, real estate and securities* <p>* Adjustment item of Core net profit</p>
5 Costs of major restructuring programs	<ul style="list-style-type: none"> • Integration costs • Implementation costs
6 Gains and charges from large sized legal settlements/judgments/fines and large sized litigation expense (payment to lawyer)	<ul style="list-style-type: none"> • e.g. Actos litigation expense (payment to lawyer) etc.
7 Gains and losses not related to underlying business performance which the company deems exceptional	<ul style="list-style-type: none"> • Global issues outside the healthcare sector beyond the Group's control (ex. disaster, etc.) • Expense caused by product recall • Government grants • Tax refund/ dispute, etc.

Reconciliation of Core Earnings and underlying growth: Q2 2014/ Q2 2013



billion yen		Reported	Adjustment items								Core PL	Adjustment items for the calculation of underlying growth			Underlying Core PL	Growth vs previous year
			Amortization of intangibles		Impairment	Contingent consideration	Disposal of unused property	Gains on sale of securities	Restructuring costs	Litigation Expenses / Government grants, etc.		Fx effects	Divestments*	Change in timing for Pharma Fee**		
			acquisition	In-licensing												
Q2 2014	Revenue	440.2									440.2	(2.6)	(1.3)		436.3	+3.6%
	Edarbi												(0.1)			
	Seltouch												(1.2)			
	Gross profit	311.3								311.3	(2.2)	(0.3)		308.7	+2.3%	
	S&M	(105.8)								(105.8)	0.6			(105.3)	+9.4%	
	G&A	(40.7)							1.9	(38.9)	1.1		4.9	(32.9)	-7.7%	
	R&D	(81.4)	0.2							(81.2)	1.4			(79.7)	+2.9%	
	Other income / expenses	(30.3)	28.2	2.4	1.2	(0.4)	(10.1)	10.5	(1.8)	(0.4)	(2.0)			(2.3)		
	Operating profit	53.0	28.4	2.4	1.2	(0.4)	(10.1)	-	10.5	0.0	85.0	(1.1)	(0.3)	4.9	88.5	-3.1%
	Financial result/ Equity method profit	0.1				4.1		(3.3)			1.0	0.1			1.0	
Tax expense	(24.3)	(9.0)	(0.9)	(0.4)	(0.1)	3.6	1.2	(2.8)	(0.0)	(32.9)	0.1	0.1		(32.6)		
Non-controlling interests	(0.8)	(0.5)								(1.3)	(0.0)			(1.3)		
Net profit for the period	28.0	18.8	1.6	0.8	3.6	(6.5)	(2.1)	7.7	(0.0)	51.8	(0.9)	(0.2)	4.9	55.5	-4.4%	
Q2 2013	Revenue	417.7									417.7	6.0	(2.7)		421.0	
	Edarbi												(1.1)			
	Seltouch												(1.7)			
	Gross profit	297.6							0.0	297.6	5.2	(1.1)		301.8		
	S&M	(96.6)								(96.6)	0.4			(96.2)		
	G&A	(34.4)							1.5	(32.9)	(2.8)			(35.6)		
	R&D	(76.6)	0.2							(76.5)	(1.0)			(77.5)		
	Other income / expenses	(37.3)	26.8	2.0	(0.2)			7.7	(0.3)	(1.2)	0.1			(1.2)		
	Operating profit	52.7	27.0	2.0	-	(0.2)	-	-	7.7	1.2	90.5	1.9	(1.1)	-	91.3	
	Financial result/ Equity method profit	11.7				2.7		(21.6)			(7.2)	(0.0)			(7.3)	
Tax expense	(20.4)	(8.7)	(0.8)				8.0	(2.3)	(0.3)	(24.6)	(0.6)	0.4		(24.8)		
Non-controlling interests	(1.1)									(1.1)	(0.0)			(1.2)		
Net profit for the period	42.8	18.3	1.3	-	2.5	-	(13.6)	5.4	0.9	57.5	1.2	(0.7)	-	58.1		

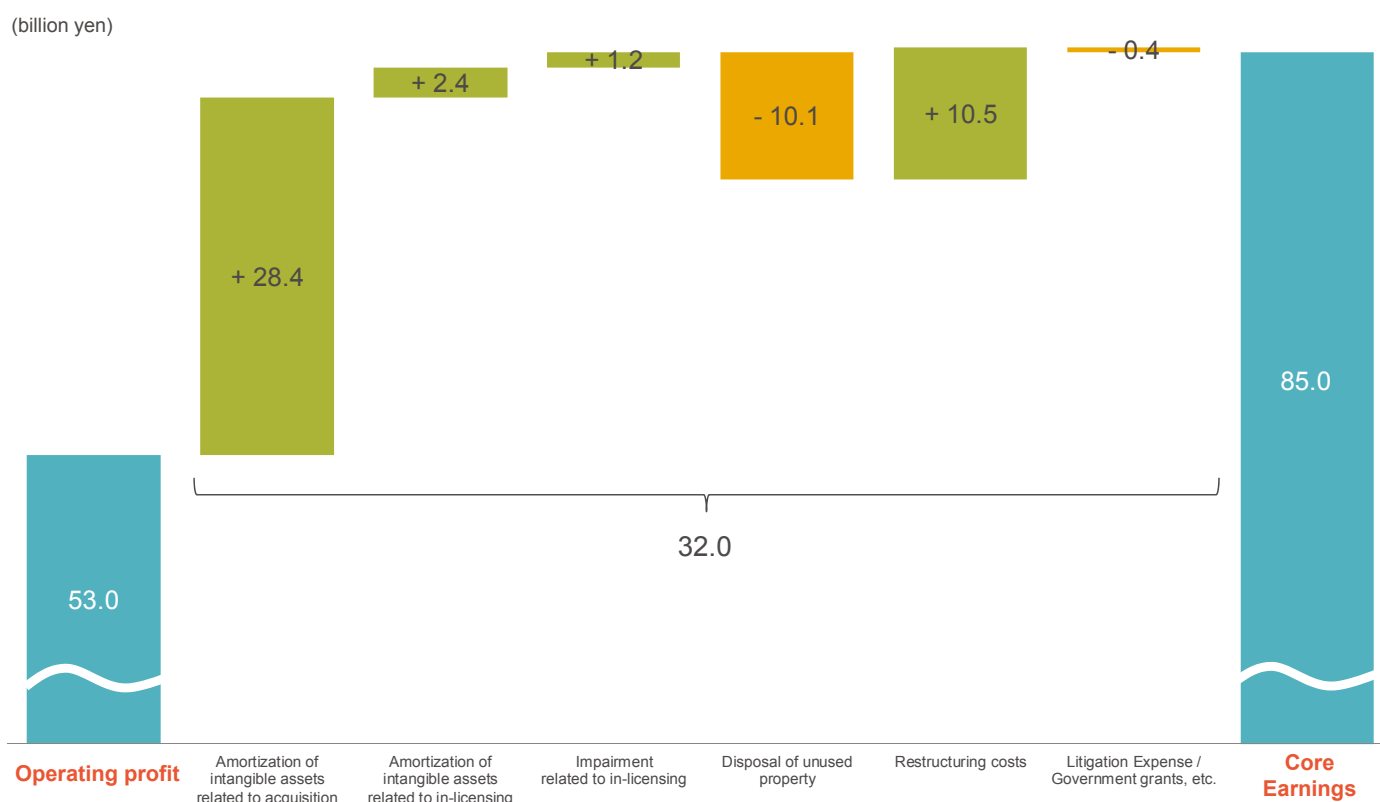
* Detail of divestments

Seltouch: Concluded contracts regarding the product Seltouch (effective Q2 2014)

Edarbi: Entered into a license, development and commercialization agreement with Arbor in Q2 2013

** Change in timing for Pharma Fee: G&A in Q2 2014 includes Pharmaceutical Fee based on regulations that provide guidance on the annual fee imposed by the Patient Protection and Affordable Care Act (ACA) in U.S. issued by IRS on July 28, 2014. An extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item.

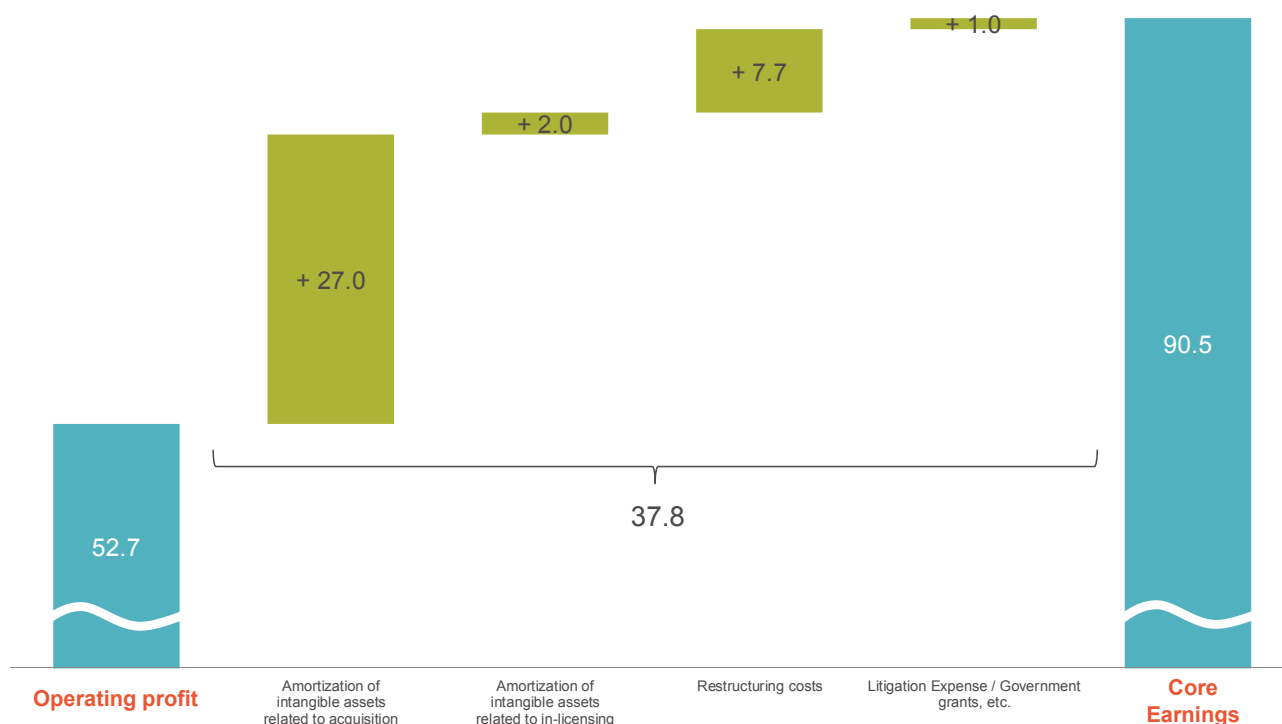
From Operating profit to Core Earnings (Q2 2014)



From Operating profit to Core Earnings (Q2 2013)



(billion yen)



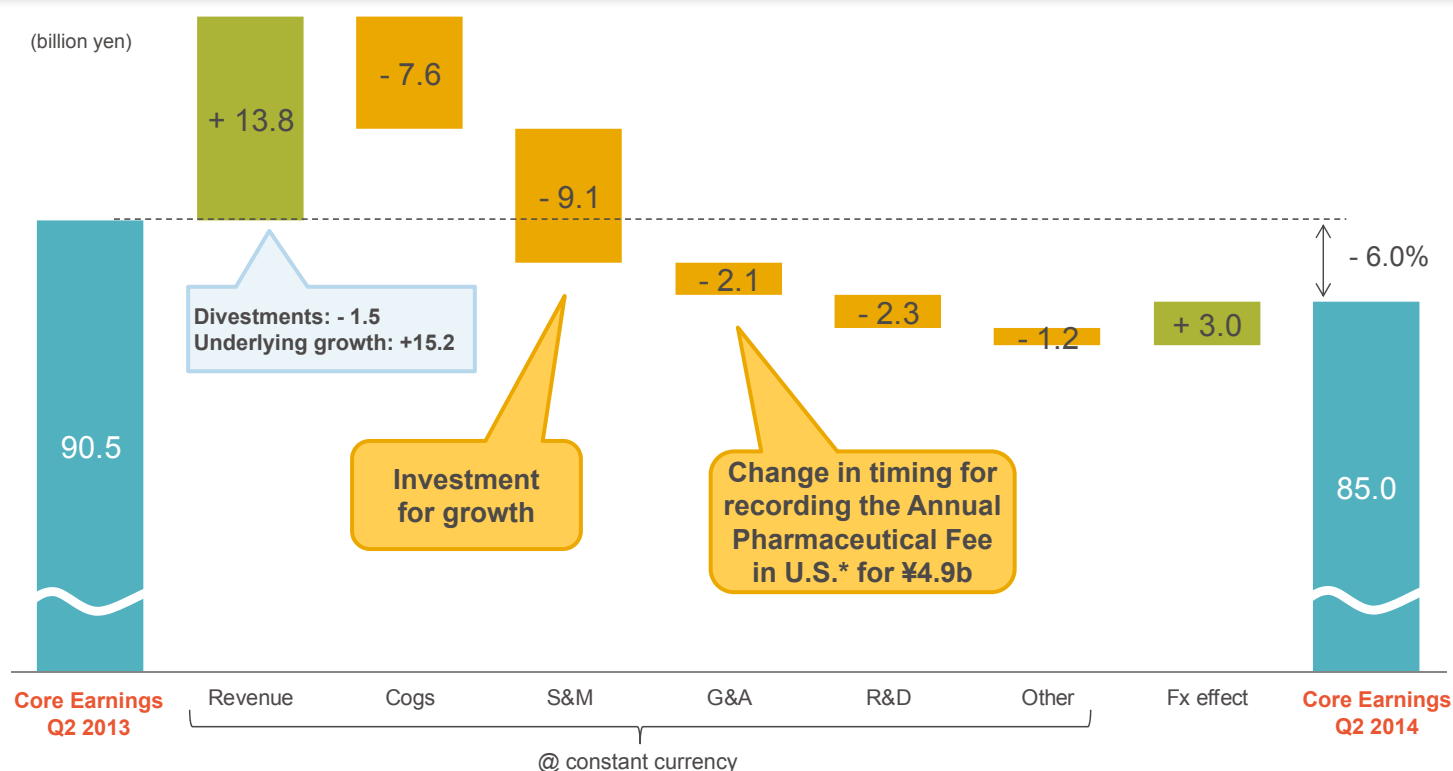
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Core Earnings vs previous year: Q2 2014 vs 2013



(billion yen)



*G&A in Q2 2014 includes Pharmaceutical Fee based on regulations that provide guidance on the annual fee imposed by the Patient Protection and Affordable Care Act (ACA) in U.S. issued by IRS on July 28, 2014. An extra year of pharma fee ¥4.9b yen was recorded in FY14 as a one-time item.

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Reported vs Underlying growth bridge (Q2)



	Q2 FY2014 vs FY2013							
	Reported	Adjustment items		Core P/L base	Fx effect	Exceptional items (Pharma fee*)	Divestments	Underlying growth
		Intangibles related to acquisition and in-licensing	Disposal and restructuring, etc.					
Revenue	+5.4%			+5.4%	-2.1%		+0.3%	+3.6%
S&M	+9.6%			+9.6%	-0.2%			+9.4%
G&A	+18.5%		-0.3%	+18.3%	-11.5%	-14.5%		-7.7%
R&D	+6.2%	+0.0%		+6.2%	-3.2%			+2.9%
Operating profit	+0.6%	+4.2%	-10.8%	-6.0%	-3.3%	+5.4%	+0.8%	-3.1%
				Core Earnings				

* IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

Reconciliation of Core Earnings and underlying growth: H1 2014/ H1 2013



billion yen		Reported	Adjustment items								Core PL	Adjustment items for the calculation of underlying growth			Underlying Core PL	Growth vs previous year
			Amortization of intangibles		Impairment	Contingent consideration	Disposal of unused property	Gains on sale of securities	Restructuring costs	Litigation Expense / Government grants, etc.		Fx effects	Divestments*	Change in timing for Pharma Fee**		
			acquisition	In-licensing	In-licensing											
H1 2014	Revenue	851.4								851.4	(5.6)	(2.8)		843.0	+1.7%	
	German-OTC															
	Edarbi											(0.3)				
	Seltouch											(2.5)				
	Gross profit	604.4								604.4	(3.5)	(0.6)		600.3	+1.3%	
	S&M	(205.4)								(205.4)	1.0			(204.5)	+7.1%	
	G&A	(77.7)							3.7	(74.0)	1.9		4.9	(67.2)	-5.0%	
	R&D	(156.5)	0.3			(0.1)				(156.2)	3.1			(153.1)	-2.7%	
	Other income / expenses	(48.0)	56.2	5.2	1.2	(0.1)	(25.4)		13.9	(2.6)	0.5	(1.4)		(0.9)		
	Operating profit	116.7	56.6	5.2	1.2	(0.1)	(25.4)	-	13.9	1.2	169.3 (Core Earnings)	1.1	(0.6)	4.9	174.7	-1.4%
H1 2013	Financial result/ Equity method profit	(3.6)				8.1		(3.3)		1.2	(0.2)			1.0		
	Tax expense	(50.0)	(18.2)	(1.8)	(0.4)	(0.2)	9.3	1.2	(3.9)	(0.4)	(64.5)	(0.9)	0.2	(65.2)		
	Non-controlling interests	(1.7)	(0.5)							(2.2)	(0.1)			(2.3)		
	Net profit for the period	61.4	37.9	3.3	0.8	7.8	(16.1)	(2.1)	10.1	0.7	103.7	(0.1)	(0.4)	4.9	108.1	-7.2%
	Revenue	828.1								828.1	10.9	(10.4)		828.5		
	German-OTC											(5.1)				
	Edarbi											(2.0)				
	Seltouch											(3.3)				
	Gross profit	590.0							0.7	590.7	9.4	(7.3)		592.8		
	S&M	(184.7)								(184.7)	(6.3)			(191.0)		
G&A	(75.9)							3.7	(72.2)	1.4			(70.7)			
R&D	(155.9)	0.3	0.4						(155.2)	(2.1)			(157.3)			
Other income / expenses	(63.6)	53.3	3.9	(0.3)			10.0	(0.1)	3.3	0.1			3.4			
Operating profit	109.9	53.7	4.3	-	(0.3)	-	-	10.0	4.4	182.0 (Core Earnings)	2.5	(7.3)	-	177.2		
Financial result/ Equity method profit	10.3				5.2		(21.6)			(6.1)	0.0			(6.0)		
Tax expense	(39.7)	(17.2)	(1.6)				8.0	(2.9)	(1.3)	(54.8)	(0.8)	2.8		(52.8)		
Non-controlling interests	(1.8)									(1.8)	(0.0)			(1.8)		
Net profit for the period	78.7	36.4	2.7	-	4.9	-	(13.6)	7.1	3.1	119.3	1.7	(4.5)	-	116.5		

* Detail of divestments

Seltouch: Concluded contracts regarding the product Seltouch (effective Q2 2014)

German-OTC: OTC business in Germany was divested in Q1 2013

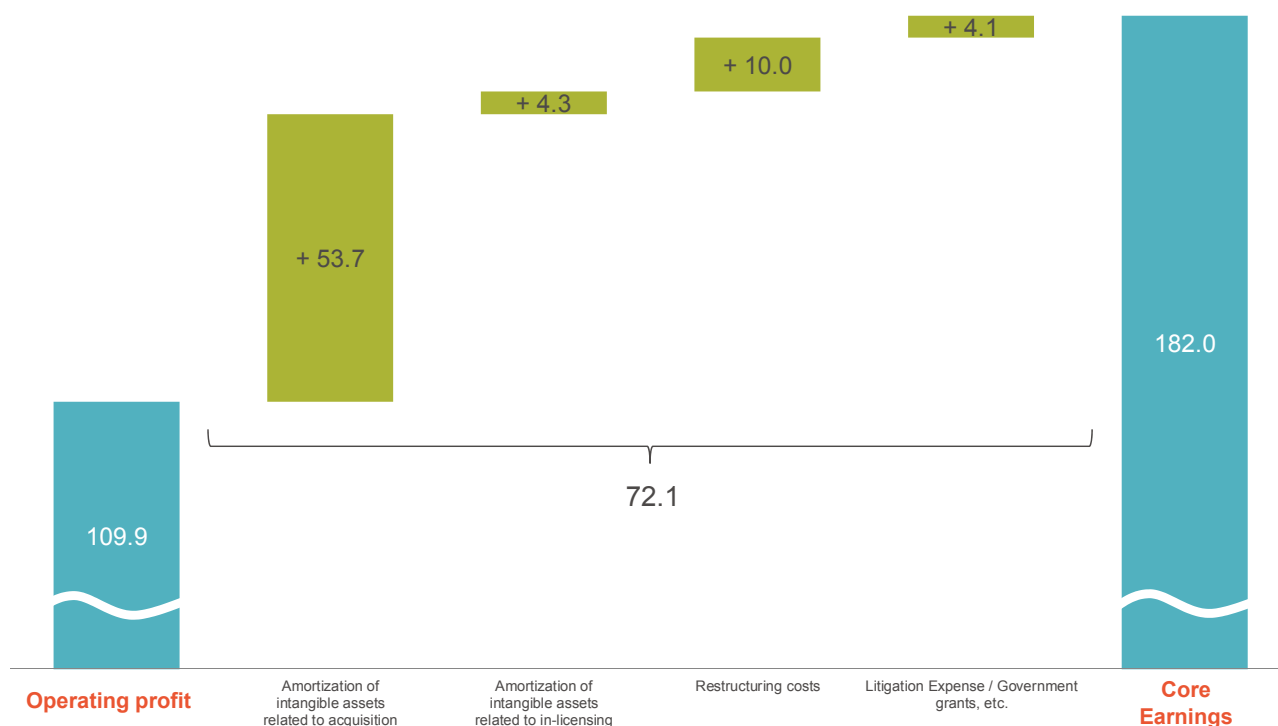
Edarbi: Entered into a license, development and commercialization agreement with Arbor in Q2 2013

** Change in timing for Pharma Fee: G&A in Q2 2014 includes Pharmaceutical Fee based on regulations that provide guidance on the annual fee imposed by the Patient Protection and Affordable Care Act (ACA) in U.S. issued by IRS on July 28, 2014. An extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item.

From Operating profit to Core Earnings (H1 2013)



(billion yen)



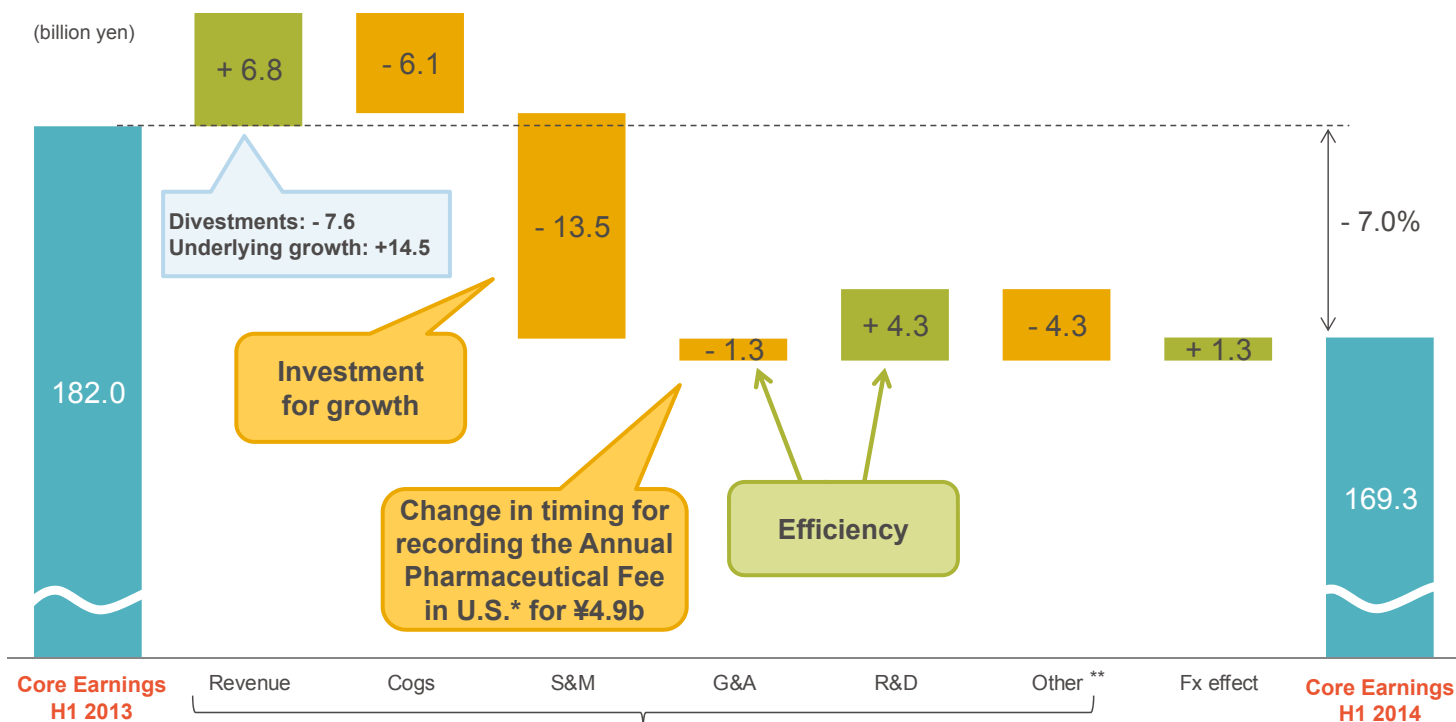
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Takeda Pharmaceutical Company Limited

Core Earnings vs previous year: H1 2014 vs 2013



(billion yen)



@ constant currency

*G&A in Q2 2014 includes Pharmaceutical Fee based on regulations that provide guidance on the annual fee imposed by the Patient Protection and Affordable Care Act (ACA) in U.S. issued by IRS on July 28, 2014. An extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item.

** Other mainly includes charges related to the termination of TAK-700.

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Takeda Pharmaceutical Company Limited

Financial results [Q2]

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Takeda Pharmaceutical Company Limited

Income statement – Reported under IFRS

billion yen	Q2		Change
	2013	2014	
Revenue	417.7	440.2	+ 5.4%
Gross profit	297.6	311.3	+ 4.6%
% of Revenue	71.2%	70.7%	-0.5 pts
SG&A	(130.9)	(146.6)	+ 11.9%
% of Revenue	31.3%	33.3%	+1.9 pts
R&D	(76.6)	(81.4)	+ 6.2%
% of Revenue	18.3%	18.5%	+0.1 pts
Other income	2.9	14.6	-
Other expenses (incl. Amortization associated with products)	(40.2)	(44.9)	+ 11.6%
Operating profit	52.7	53.0	+ 0.6%
% of Revenue	12.6%	12.0%	-0.6 pts
Net profit for the period	42.8	28.0	- 34.5%
Core earnings	90.5	85.0	- 6.0%
% of Revenue	21.7%	19.3%	-2.3 pts
EPS	54 yen	36 yen	-34.2%
Core EPS	73 yen	66 yen	-9.6%

[Exchange rate] FY2013 USD: 98yen, EUR: 129yen FY2014 USD: 103yen, EUR: 138yen

Core Earnings reflecting investment in new products (Q2)



billion yen	Q2 Reported P/L			Underlying growth*
	2013	2014	Growth	
Revenue	417.7	440.2	+ 5.4%	+ 3.6%
Gross profit	297.6	311.3	+ 4.6%	
% of Revenue	71.2%	70.7%	- 0.5 pts	
OPEX	(207.6)	(227.9)	+ 9.8%**	+ 4.1%**
Other income / expenses	(37.3)	(30.3)	- 18.7%	
Operating profit	52.7	53.0	+ 0.6%	
% of Revenue	12.6%	12.0%	- 0.6 pts	
Adjustment items (b/w OP and CE)	37.8	32.0		
Core Earnings	90.5	85.0	- 6.0%	- 3.1%
% of Revenue	21.7%	19.3%	- 2.3 pts	

See P.33,34

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 32 for details

** IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

Resource allocation to support growth: less G&A, more S&M



	Growth FY2014 vs FY2013	
	Q2	
	Reported	Underlying growth*
S&M	+ 9.6%	+ 9.4%
% of Revenue (vs Py)		24.1% (+1.3 pts)
G&A	+ 18.5%**	- 7.7%**
% of Revenue (vs Py)		7.5% (-0.9 pts)
R&D	+ 6.2%	+ 2.9%
% of Revenue (vs Py)		18.3% (-0.1 pts)
Total OPEX	+ 9.8%	+ 4.1%
% of Revenue (vs Py)		49.9% (+0.2 pts)

Investment for new product launches (BRINTELLIX, ENTYVIO and CONTRAVE)
Positive impact of project Summit for G&A

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 32 for details

** IRS issued the regulations related to the Patient Protection and Affordable Care Act (ACA) in U.S. and accordingly an extra year of pharma fee 4.9 bil yen was recorded in FY14 as a one-time item in G&A. Reported growth includes Pharma fee while underlying growth does not include it.

Normalized Core tax rate (Q2)



	Q2		Change
	2013	2014	
Reported tax rate	31.8%	45.7%	+13.9 pts
Impact of non-core items (PPA, restructuring, disposals, etc.)	+2.3%	+7.5%	+5.2 pts
Core tax rate	29.5%	38.2%	+8.7 pts
▪ Revaluation of R&D Credits	-	+5.9%	+5.9 pts
▪ Change in US ACA Fee legislation	-	+2.1%	+2.1 pts
▪ Revaluation of NOLs	-	-3.3%	-3.3 pts
Normalized core tax rate	29.5%	33.5%	+4.0 pts

Core EPS



billion yen	Q2 Reported P/L			Underlying growth*
	2013	2014	Growth	
Core Earnings	90.5	85.0	- 6.0%	- 3.1%
% of Revenue	21.7%	19.3%	- 2.3 pts	
Core tax rate	29.5%	38.2%	+8.7 pts	
Core net profit	57.5	51.8	- 10.0%	- 4.4%
Core EPS	73 yen	66 yen	-9.6%	- 4.0%

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 32 for details

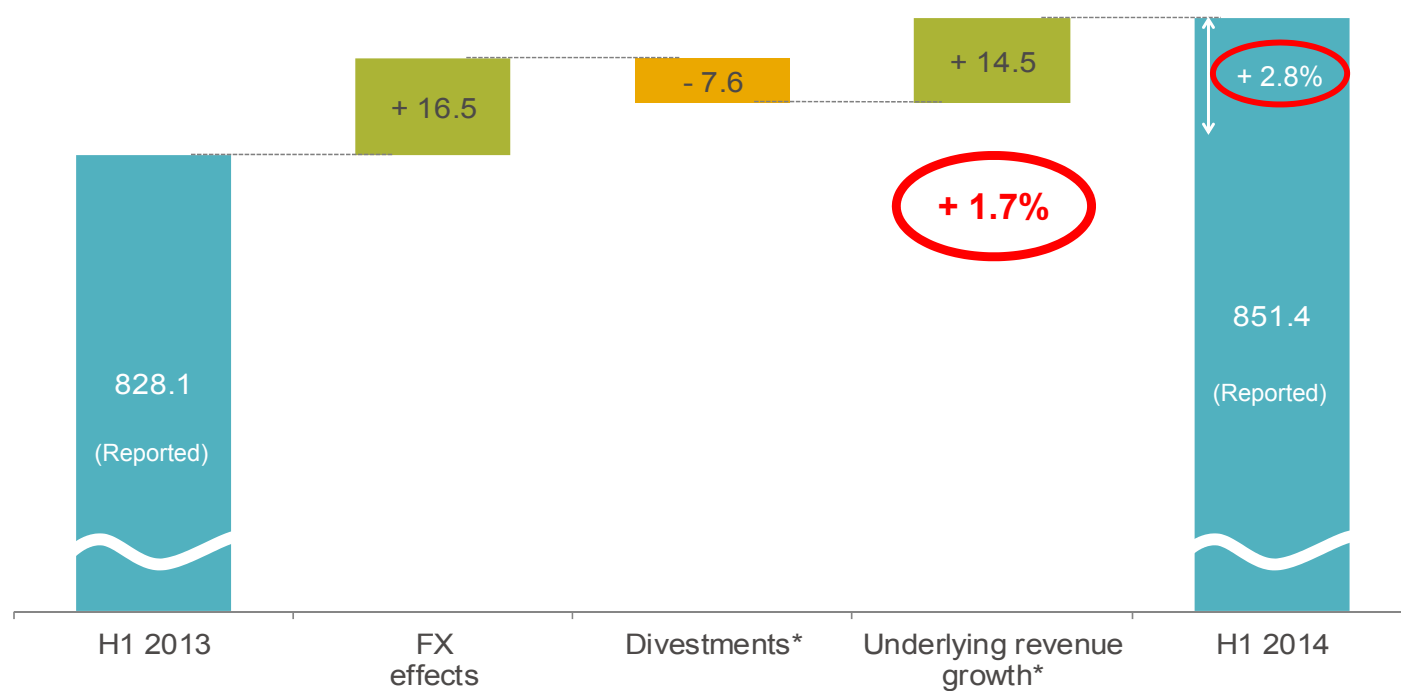
Financial results [H1 2014]

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Takeda Pharmaceutical Company Limited

Underlying revenue growth at + 1.7%

(billion yen)



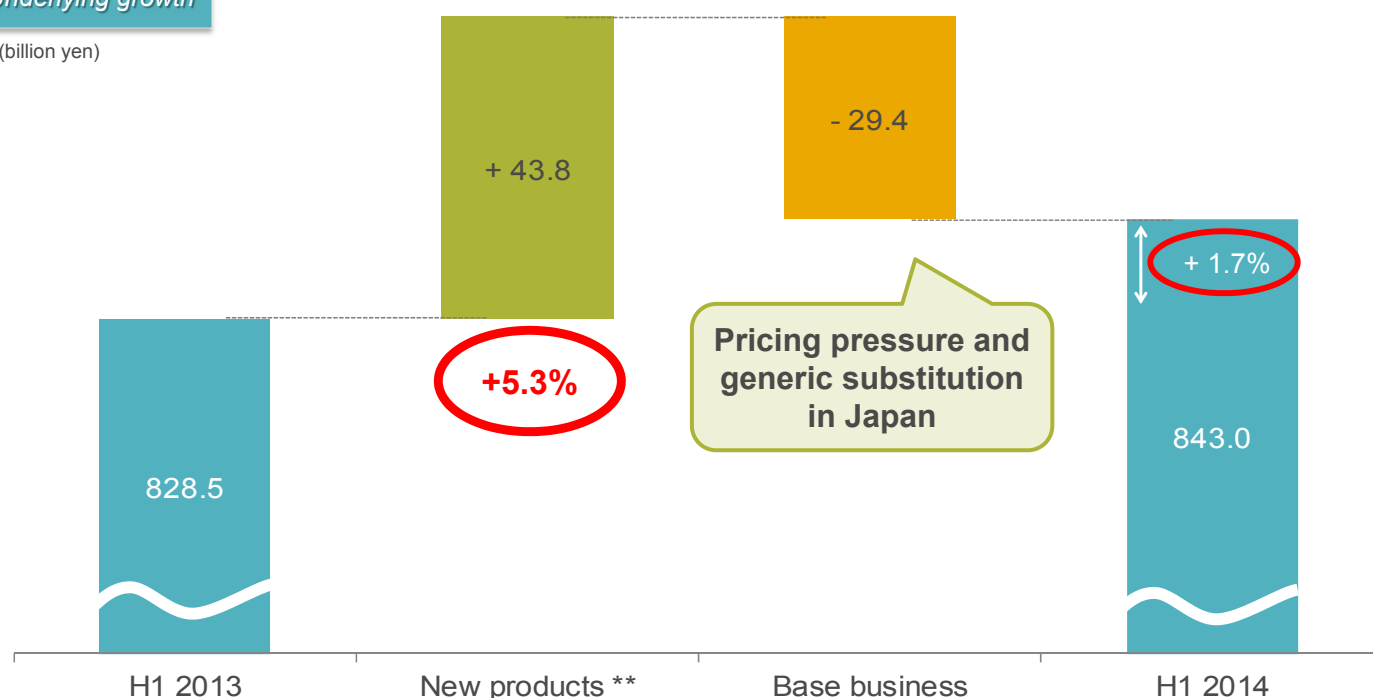
* See appendix P. 37 for details

New products more than offsetting headwinds



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items. See appendix P. 37 for details

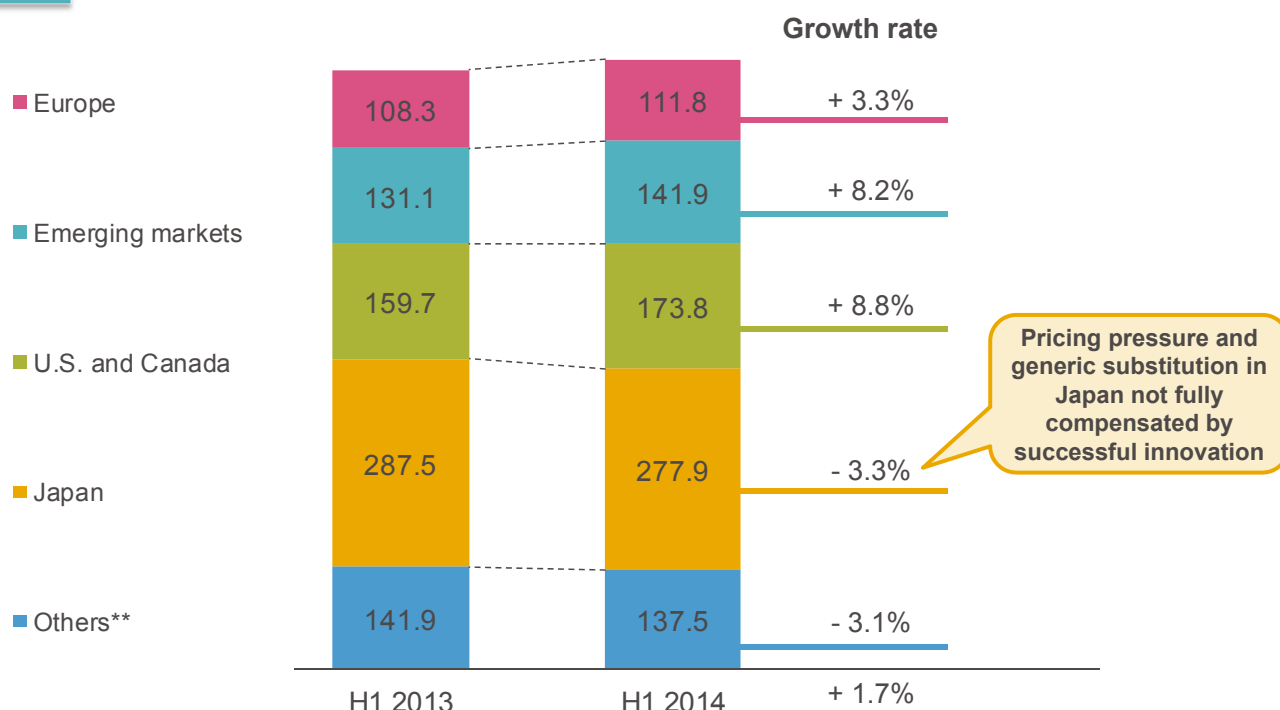
** New products: Represent products launched within 5 years and include new products in acquired companies, but excludes fixed dose drugs with existing drugs and formulation change drugs

Good momentum in the U.S. and EM



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

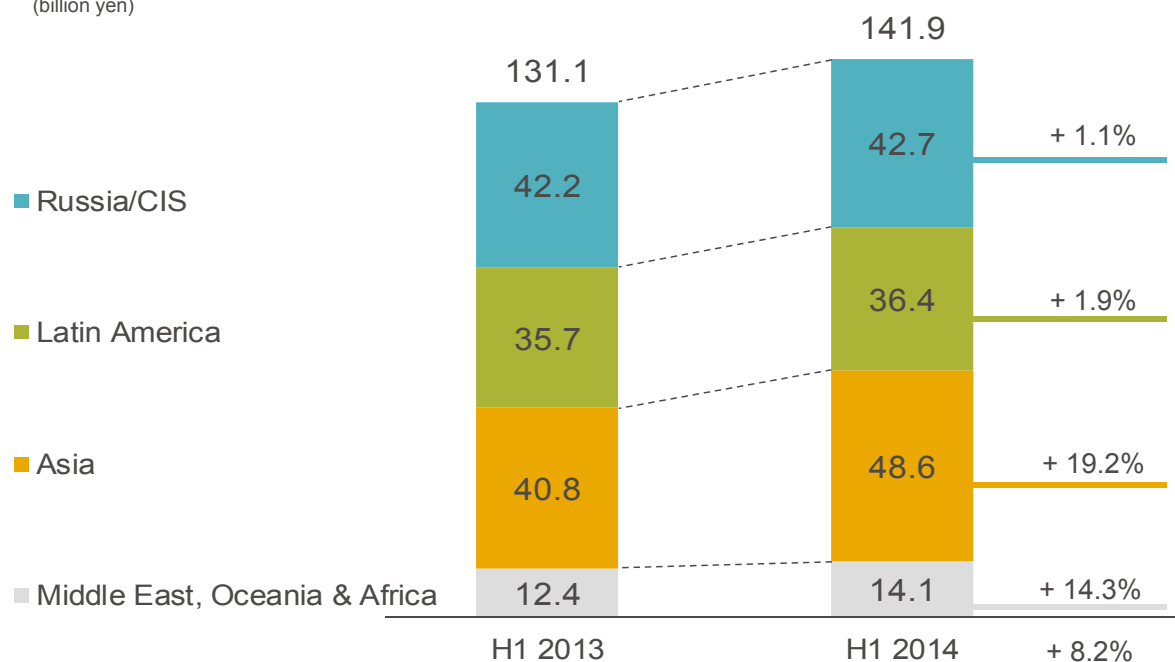
** Others: Representing licensees business and Consumer Healthcare business, etc.

Emerging markets: Attractive growth driver



Underlying growth*

(billion yen)



* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Income statement – Reported under IFRS



billion yen	H1		Change
	2013	2014	
Revenue	828.1	851.4	+ 2.8%
Gross profit	590.0	604.4	+ 2.4%
% of Revenue	71.3%	71.0%	-0.3 pts
SG&A	(260.6)	(283.1)	+ 8.7%
% of Revenue	31.5%	33.3%	+1.8 pts
R&D	(155.9)	(156.5)	+ 0.4%
% of Revenue	18.8%	18.4%	-0.4 pts
Other income	11.1	38.7	-
Other expenses (incl. Amortization associated with products)	(74.7)	(86.7)	+ 16.1%
Operating profit	109.9	116.7	+ 6.2%
% of Revenue	13.3%	13.7%	+0.4 pts
Net profit for the period	78.7	61.4	- 22.0%
Core earnings	182.0	169.3	- 7.0%
% of Revenue	22.0%	19.9%	-2.1 pts
EPS	100 yen	78 yen	-21.7%
Core EPS	151 yen	132 yen	-12.8%

[Exchange rate] FY2013 USD: 98yen, EUR: 128yen FY2014 USD: 102yen, EUR: 139yen

Normalized Core tax rate in the low 30's



	H1		Change
	2013	2014	
Reported tax rate	33.0%	44.2%	+11.2 pts
Impact of non-core items (PPA, restructuring, disposals, etc.)	+1.8%	+6.4%	+4.6 pts
Core tax rate	31.2%	37.8%	+6.7 pts
▪ Revaluation of NOLs	-	+0.3%	+0.3 pts
▪ Change in US ACA Fee legislation	-	+1.1%	+1.1 pts
▪ Revaluation of R&D Credits	-	+3.3%	+3.3 pts
▪ Impact of tax reform primarily in Japan	-	+0.4%	+0.4 pts
Normalized core tax rate	31.2%	32.7%	+1.5 pts

Balance sheet



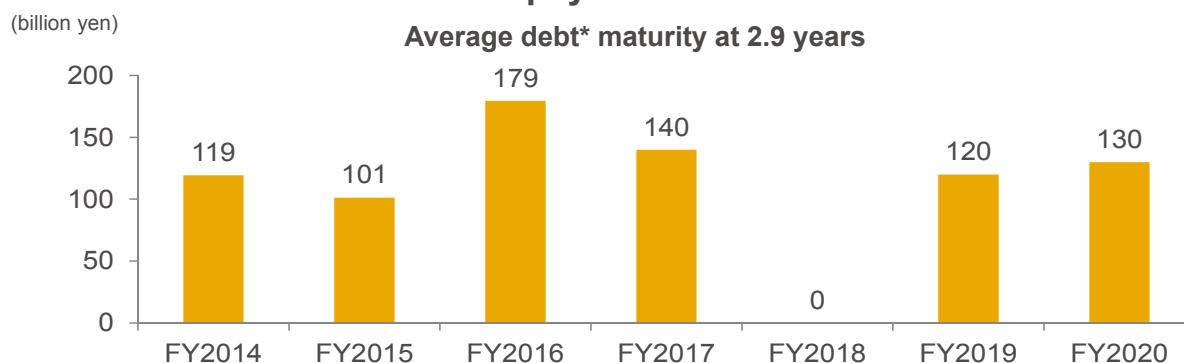
billion yen	Mar. 2014	Sept. 2014	Change
Non-current assets	2,977	2,938	- 38
Intangible assets	1,136	1,099	- 36
Goodwill	815	822	+ 7
Current assets	1,593	1,634	+ 41
Cash and cash equivalents*	806	788	- 18
Total assets	4,569	4,572	+ 3
Non-current liabilities	1,226	1,262	+ 36
Bonds and loans	705	715	+ 10
Current liabilities	803	779	- 24
Bonds and loans	155	165	+ 10
Total liabilities	2,029	2,041	+ 12
Equity	2,541	2,531	- 10
Equity ratio**	54.1%	53.9%	-0.2 pts

* Cash and cash equivalents: Includes short-term investments which mature or become due within one year from the reporting date

** Equity ratio: Represents Ratio of equity attributable to owners of the Company to Total assets

billion yen	Mar. 2014	Sept. 2014
Gross debt*	- 790	- 791
Cash and cash equivalents**	806	788
Net cash / Net debt	15	- 3
Net debt / EBITDA ratio	0.04	(0.01)

Debt repayment schedule



* Debt figures in this slide represent Bonds and loans FX rate hedged basis

** Cash and cash equivalents: Includes short-term investments which mature or become due within one year from the reporting date

Others

Top 10 products(Q2):



billion yen		Q2			Underlying growth*
Product name	Therapeutic areas	FY2013	FY2014	Reported growth	
VELCADE	Oncology	33.8	37.5	+ 11.2%	+ 5.9%
CANDESARTAN	Cardiovascular & metabolic	41.0	36.0	- 12.1%	- 13.0%
LEUPRORELIN	Oncology	31.9	31.7	- 0.5%	- 1.7%
PANTOPRAZOLE	General medicine	25.2	24.8	- 1.5%	- 4.7%
LANSOPRAZOLE	General medicine	30.6	24.6	- 19.4%	- 20.3%
<u>COLCRYS</u>	Immunology & respiratory	12.1	15.4	+ 27.9%	+ 17.0%
<u>DEXILANT</u>	General medicine	12.5	14.6	+ 16.3%	+ 13.3%
<u>NESINA</u>	Cardiovascular & metabolic	11.1	11.1	+ 0.1%	- 0.3%
<u>AZILVA</u>	Cardiovascular & metabolic	4.9	10.6	+ 115.0%	+ 115.0%
ACTOS	Cardiovascular & metabolic	9.5	5.9	- 37.6%	- 37.5%
Other products		205.3	227.8	+ 11.0%	+ 9.9%
Total Revenue		417.7	440.2	+ 5.4%	+ 3.6%

Underlines indicate new products

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

Top 10 products(H1):



billion yen		H1			Underlying growth*
Product name	Therapeutic areas	FY2013	FY2014	Reported growth	
VELCADE	Oncology	64.2	72.8	+ 13.3%	+ 7.3%
CANDESARTAN	Cardiovascular & metabolic	83.4	72.5	- 13.1%	- 14.1%
LEUPRORELIN	Oncology	65.4	61.3	- 6.2%	- 8.6%
PANTOPRAZOLE	General medicine	48.2	50.6	+ 4.9%	+ 1.1%
LANSOPRAZOLE	General medicine	60.7	50.1	- 17.4%	- 19.1%
<u>COLCRYS</u>	Immunology & respiratory	25.7	29.8	+ 15.7%	+ 10.9%
<u>DEXILANT</u>	General medicine	23.6	27.2	+ 15.3%	+ 11.1%
<u>NESINA</u>	Cardiovascular & metabolic	18.4	21.9	+ 19.0%	+ 18.6%
<u>AZILVA</u>	Cardiovascular & metabolic	8.0	20.3	+ 155.9%	+ 155.9%
ACTOS	Cardiovascular & metabolic	20.1	18.3	- 8.9%	- 11.7%
Other products		410.4	426.6	+ 4.0%	+ 4.8%
Total Revenue		828.1	851.4	+ 2.8%	+ 1.7%

Underlines indicate new products

* Underlying growth: Constant currency and w/o divestments / acquisitions / exceptional items.

H2 Impact of 1% depreciation of yen



Impact in H2 of FY2014 only

hundred million yen (oku yen)	FY2014 H2				
	USD	EUR	RUB	CNY	BRL
Revenue	+ 21.6	+ 10.4	+ 3.8	+ 2.7	+ 2.6
Operating profit	- 4.1	- 1.6	+ 1.5	+ 0.5	+ 0.6
Core earnings	- 0.9	+ 1.4	+ 1.5	+ 0.6	+ 0.6
Net profit for the year	- 2.6	- 1.1	+ 1.2	+ 0.4	+ 0.4

ACTOS Litigation Overview



- Over 8,300 individuals currently claim in the US
- Six cases have been tried in the state courts.
 - Takeda prevailed in five of those cases
 - Takeda is challenging the outcome in the sixth case (\$2 million compensatory damages verdict against the company, no punitive damages)
- One case has been tried in federal court (Eli Lilly also was a defendant in that case)
 - Judge reduced the punitive damage award to \$27.65 million against Takeda and \$9.22 million against Eli Lilly from \$6 billion against Takeda and \$3 billion against Lilly.
 - \$1.5 million compensatory award (split 75% Takeda and 25% Lilly). This award was already reduced to \$1.3 million, as required by the governing law.
 - There is no credible scientific evidence that establishes a causal link between ACTOS and bladder cancer
- Two trials remain in calendar year 2014 (in West Virginia and Pennsylvania state courts)
 - West Virginia case began on Monday, Oct. 20

- Takeda's COLCRYS was the first-approved single-ingredient oral colchicine product available in the U.S. and the only to go through the rigor of the FDA new drug approval process.
- Hikma obtained registration from the FDA for a colchicine launch in the U.S.
- Takeda is confident in and intends to continue to enforce the relevant COLCRYS (colchicine, USP) patents
- Takeda gained a Temporary Restraining Order (TRO) preventing Hikma from launching its colchicine which remains in effect until November 4
- Further rulings are expected shortly in the lawsuits filed by Takeda.
- COLCRYS sales in the US in FY2013 were 51.9 billion yen.
- Because this is ongoing litigation, it would not be appropriate for Takeda to comment further on specifics at this time.

