



Consolidated Financial Results for FY2014 and Guidance for FY2015

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May 15, 2015

Takeda Pharmaceutical Company Limited

Important notice



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.

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Underlying Revenue & Underlying Core Earnings

- Underlying performance aims at understanding the real performance of the business.
- Core Earnings is calculated from operating profit by excluding the impact of exceptional items, such as purchase accounting, amortization and impairment loss of intangible assets, restructuring costs and litigation costs
- Underlying Revenue and Underlying Core Earnings excludes the same items plus product divestments and foreign exchange

Please note these terms are non-GAAP items, used for internal evaluation purposes and are not audited

FY2014 results in line with guidance, with successful launches and enhanced cost efficiency



OPERATIONAL GUIDANCE MET

Underlying Year-on-Year

- **Revenue:** +2.8% in line with guidance (2~4%) [+3.8% in Q4]
- **Core Earnings:** - 2.1% in line with guidance (flat to slightly declining)

GROWTH SUPPORTED BY INNOVATION

- **ENTYVIO** US/EU: Sales to date support more than \$2 bln target
- **BRINTELLIX** US: Outperforming two recent brands 1-yr after launch
- **CONTRAVE** US: Promising start
- **AZILVA** Japan: Strong growth +80% (YoY)
- **TAKECAB** Japan: Launched in February 2015

EFFICIENCY GAINS ABOVE TARGET

- **Project Summit** Fast execution, achieved in 2 years more than half of 5-year savings target (¥120 bln)

EXCEPTIONAL ITEMS

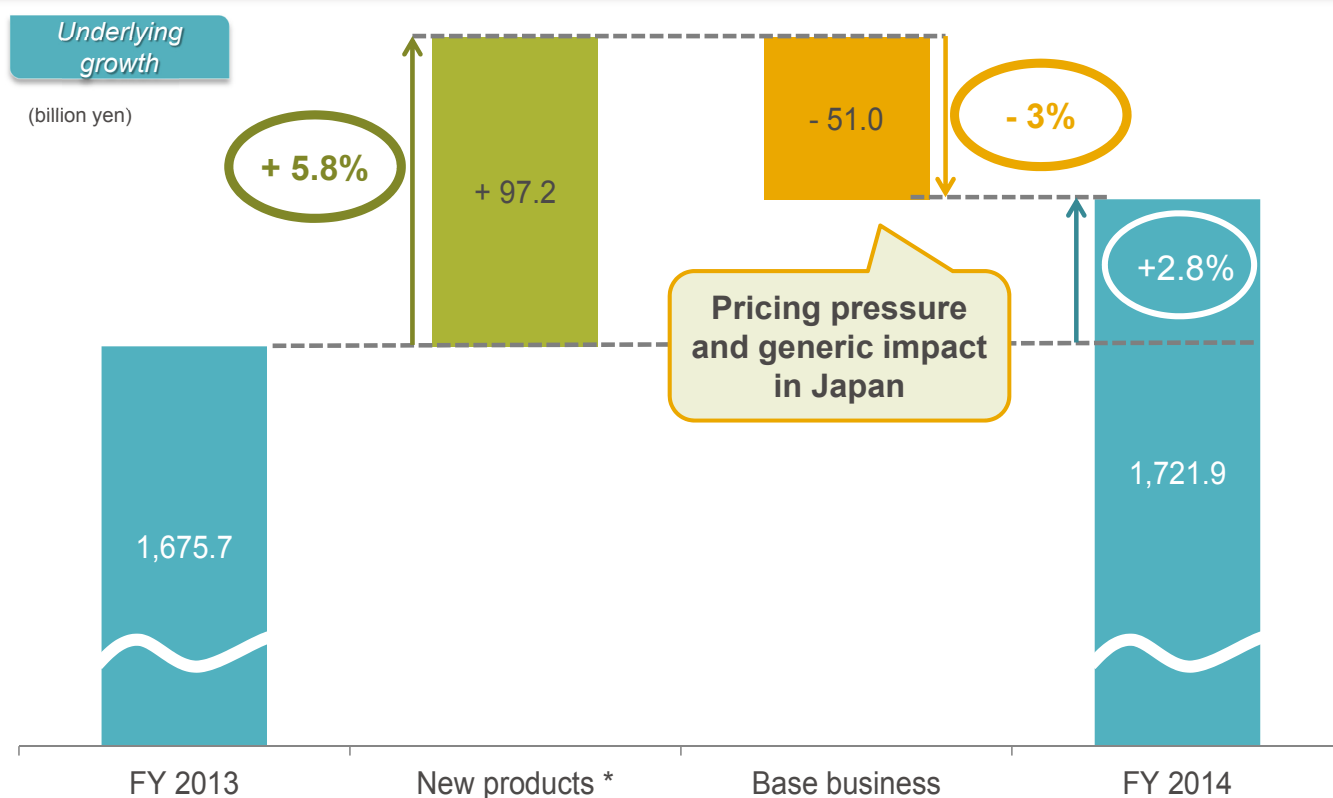
- \$2.7 bln for the Actos settlement and associated costs
- Product/pipeline impairments and Japanese tax reform

FY2014 Underlying Performance

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Underlying revenue growth at +2.8% in line with guidance; new products drive momentum



* New products: Represent products launched in and after 2009, excluding new formulation or fixed dose combination of existing drugs: DEXILANT, COLCRYS, AZILVA, NESINA, ULORIC, ENTYVIO, ADCETRIS, LOTRIGA, BRINTELLIX, TAKECAB, CONTRAVE etc.

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ENTYVIO® growth supports the sales target of more than \$2 bln

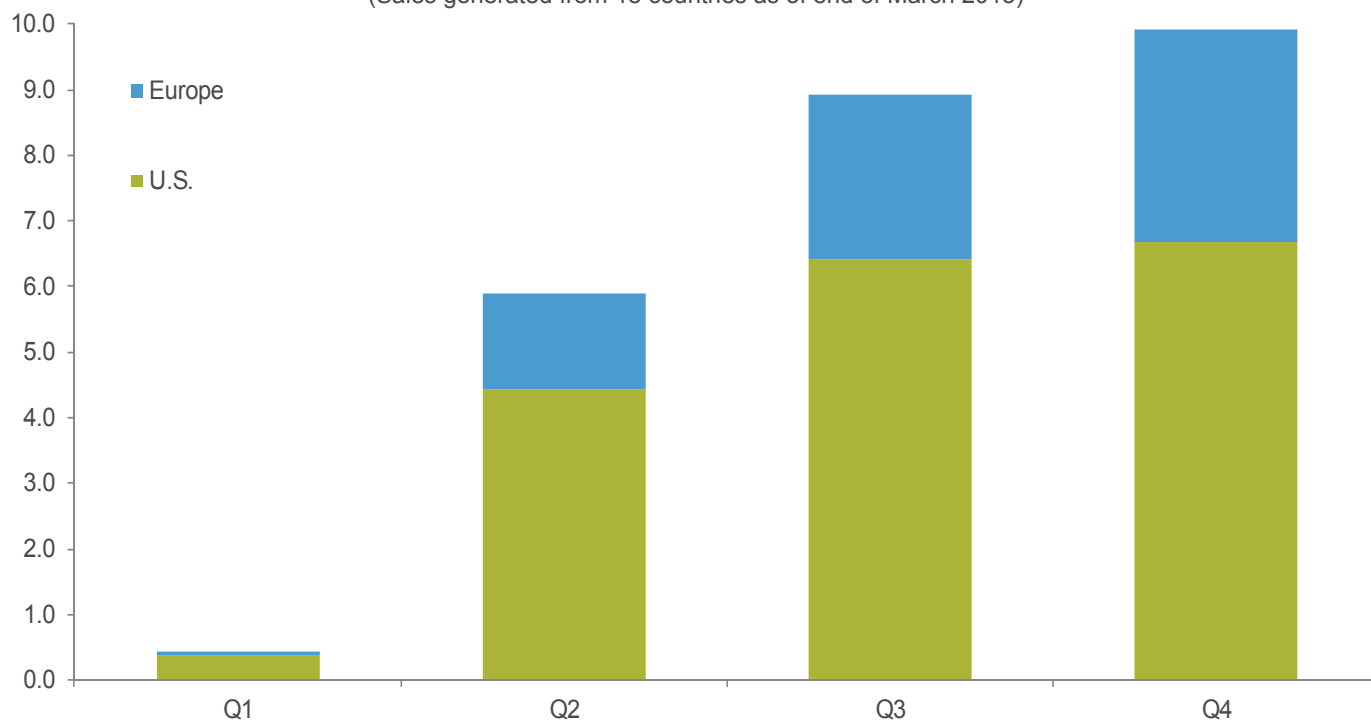


@Constant currency

Revenue
(billion yen)

ENTYVIO®

(Sales generated from 18 countries as of end of March 2015)



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Steady growth of BRINTELLIX® and ADCETRIS®



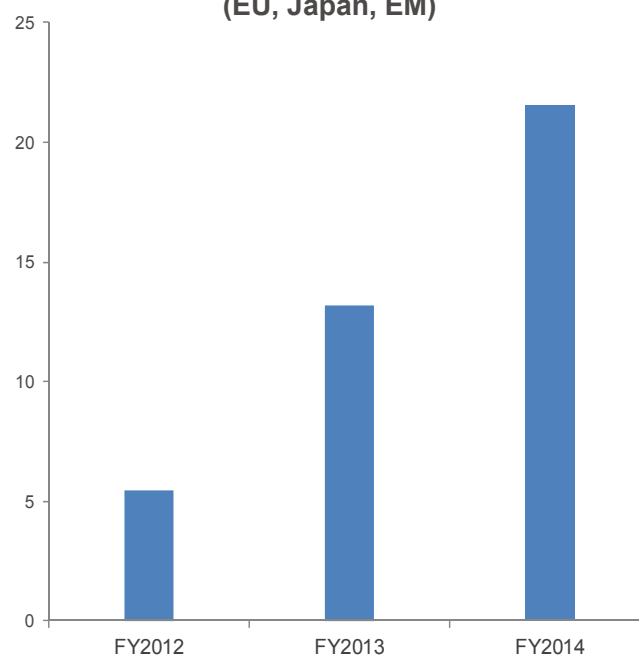
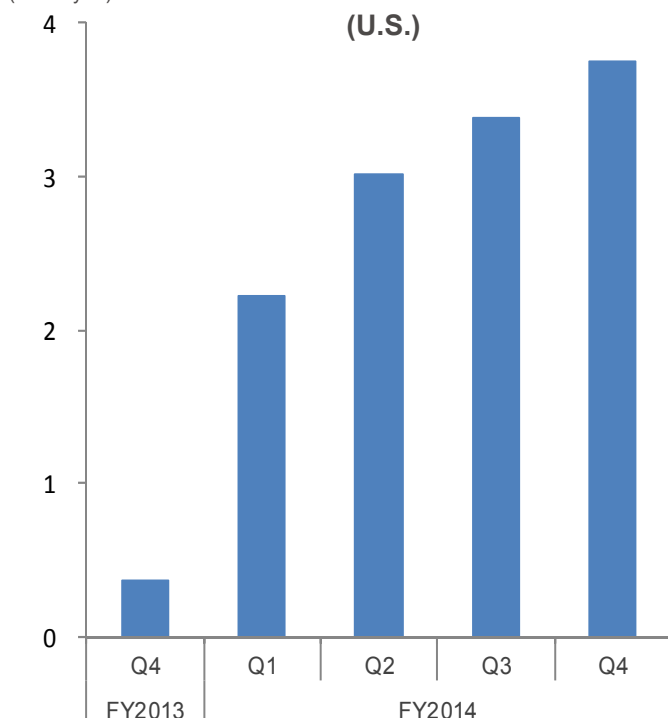
@Constant currency

Revenue
(billion yen)

BRINTELLIX® (U.S.)

Revenue
(billion yen)

ADCETRIS®* (EU, Japan, EM)



* Including Named Patient Program (NPP) sales

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COLCRYS: Limited volume loss; some pricing pressure

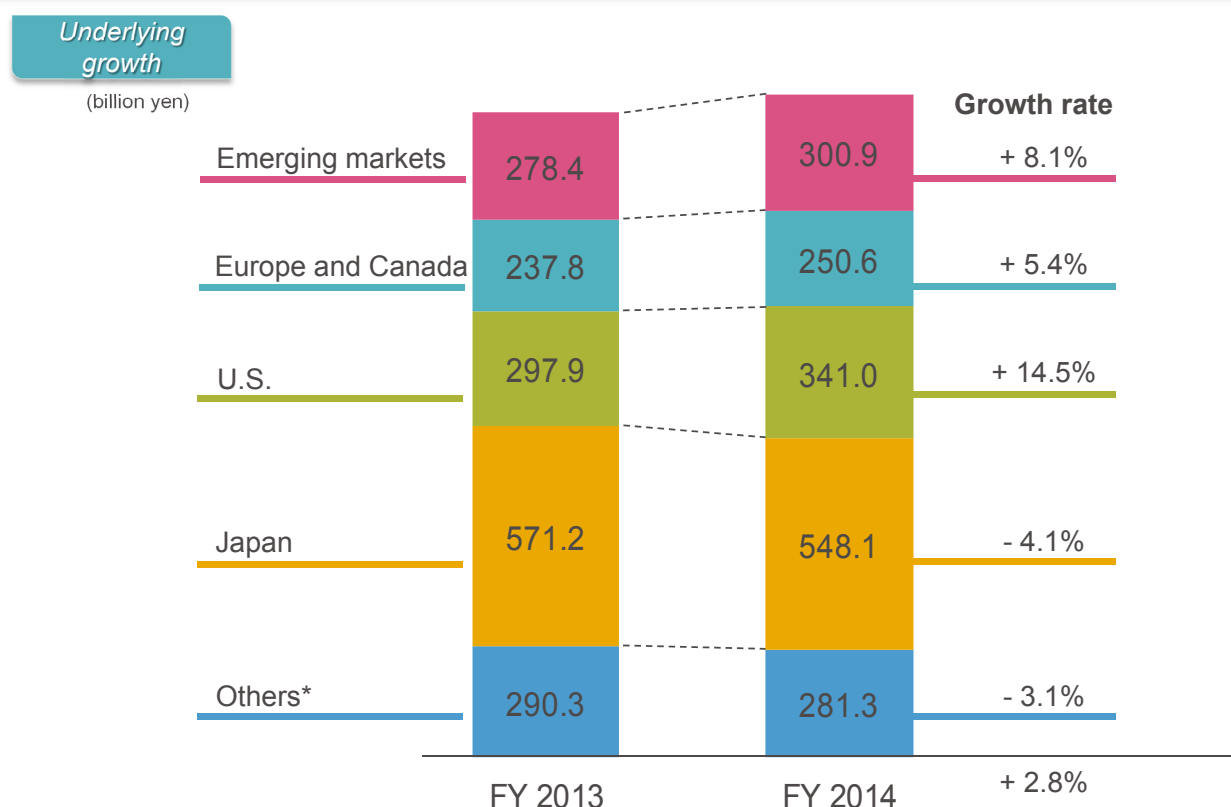


- Authorized Generics (AG) gained 2/3 of market volume
- Takeda (Brand and AG) above 95% volume share of colchicine market in Q4
- Price levels down
- 6% YoY decline in Takeda colchicine net sales in Q4
- Sales decline could continue in FY2015, with additional price pressure

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Growth driven by innovation in the U.S. and EU, and by value brands in Emerging Markets

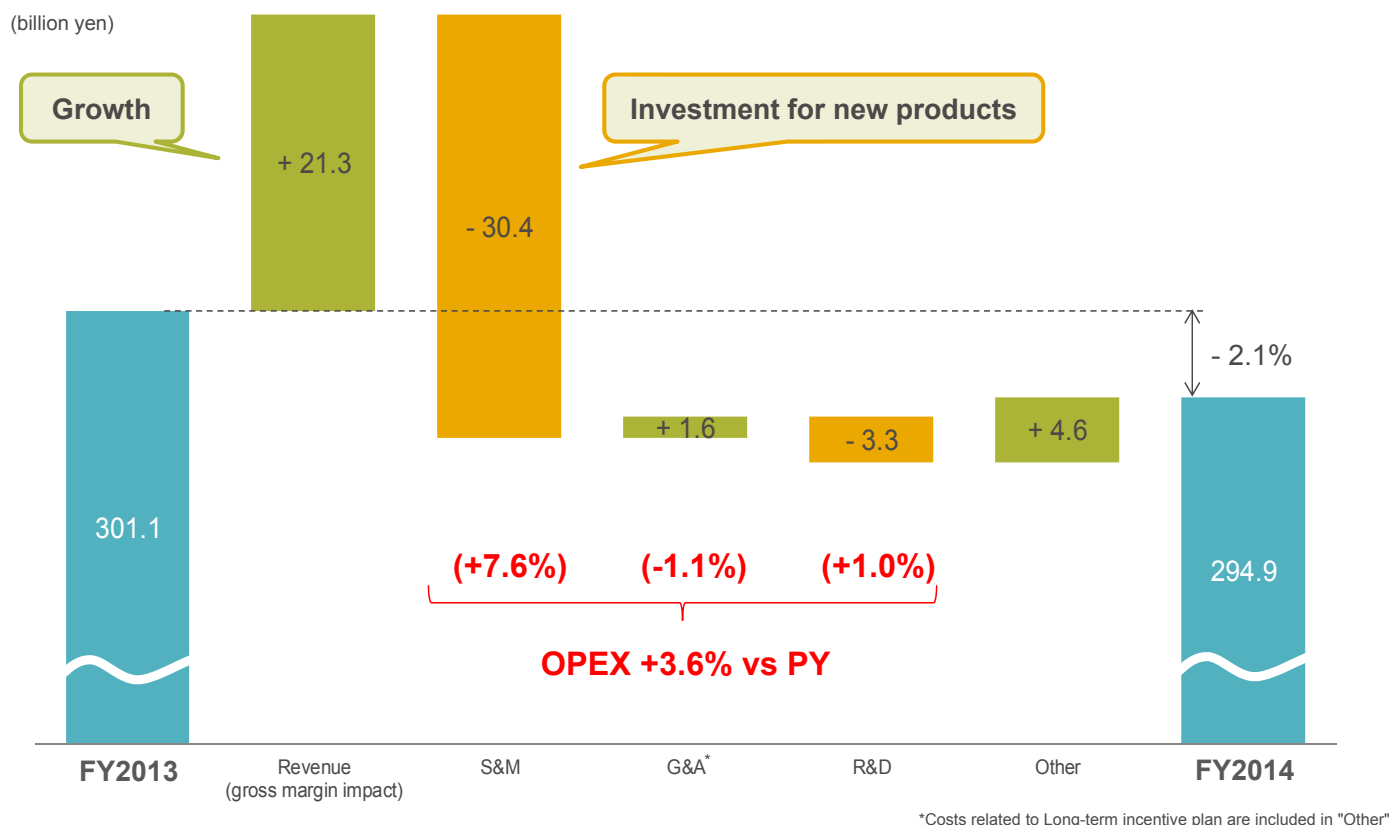


* Others: Representing licensees business and Consumer Healthcare business, etc.

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Underlying Core Earnings evolution reflecting investment for product launches



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Stable underlying Core Earnings and underlying Core EPS



billion yen	FY2013	FY2014	Growth
Underlying Core Earnings	301.1	294.9	-2.1%
% of Revenue	18.0%	17.1%	-0.9 pts
Underlying Core tax rate	29.5%	31.9%	+2.4 pts
Underlying Core net profit	202.4	194.1	-4.1%
Underlying Core EPS	256 yen	247 yen	-3.7%

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FY2014 Reported Income Statement

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Reported income statement: one-time loss due to Actos settlement

billion yen	FY2013	FY2014	Change	
Revenue	1,691.7	1,777.8	+ 5.1%	
Gross profit	1,201.4	1,256.8	+ 4.6%	
% of Revenue	71.0%	70.7%	-0.3 pts	
SG&A	(556.2)	(612.6)	+ 10.1%	Impairment of motesanib (10.9)
R&D	(341.6)	(382.1)	+ 11.9%	Sales of real estate assets +26.0
Other income	23.9	107.2	-	COLCRYS +53.8
Other expenses*	(188.2)	(498.6)	-	COLCRYS (36.0)
Operating profit	139.3	-129.3	-	ACTOS provision (274.1)
% of Revenue	8.2%	-7.3%	-15.5 pts	
Financial income/expenses, other	19.6	(16.2)	-	Gain on sales of securities (40.3)
Profit before tax	158.9	-145.4	-	
Income tax	(49.3)	2.4	-	
Non-controlling interests	(2.9)	(2.7)	- 5.5%	
Net profit	106.7	-145.8	-	
EPS	135 yen	- 185 yen	-	
Exchange Rate	Yen per USD	100	109	
	Yen per EUR	133	139	

Impact of the Actos settlement



billion yen	FY2013	FY2014		FY2014
		Excluding Actos	Impact of Actos	
Revenue	1,691.7	1,777.8		1,777.8
Gross profit	1,201.4	1,256.8		1,256.8
% of Revenue	71.0%	70.7%		70.7%
SG&A	(556.2)	(612.6)		(612.6)
R&D	(341.6)	(382.1)		(382.1)
Other income	23.9	107.2		107.2
Other expenses*	(188.2)	(224.5)	-274.1	(498.6)
Operating profit	139.3	144.8	-274.1	-129.3
% of Revenue	8.2%	8.1%		-7.3%
Financial income/expenses, other	19.6	(16.2)		(16.2)
Profit before tax	158.9	128.6	-274.1	-145.4
Income tax	(49.3)	(93.7)	96.1	2.4
Non-controlling interests	(2.9)	(2.7)		(2.7)
Net profit	106.7	32.2	-177.9	-145.8
EPS	135 yen	41 yen	-226	-185 yen
<i>Exchange Rate</i>	<i>Yen per USD</i>	<i>100</i>	<i>109</i>	
	<i>Yen per EUR</i>	<i>133</i>	<i>139</i>	

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*Other expenses include amortization and impairment associated with products.

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Main exceptional items



billion yen	Operating profit	Financial expenses	Income tax	Net profit
Colcrys reevaluation	17.9	(2.4)	11.2	26.7
Impairment of intangible assets*	(32.9)	—	10.9	(22.0)
Actos provision	(274.1)	—	96.1	(177.9)
R&D Credit DTA	—	—	(42.7)	(42.7)
Japan Tax Reform	—	—	(8.1)	(8.1)
Total	(289.1)	(2.4)	67.4	(224.1)

*excluding Colcrys

Bridge from reported to underlying, OP to CE



billion yen	FY2013	FY2014	Growth
Revenue	1,691.7	1,777.8	+ 5.1%
Fx effects	6.0	(40.0)	
Divestments	(22.1)	(16.0)	
Underlying Revenue	1,675.7	1,721.9	Underlying Growth + 2.8%
Operating profit	139.3	-129.3	-
Actos one off		274.1	
Amortization of intangibles	119.7	123.8	
Impairment of intangibles	23.1	63.5	
Disposal of unused property	(6.7)	(32.8)	
Restructuring costs	21.7	31.2	
Contingent consideration	5.6	(51.3)	
Litigation costs, etc.	11.6	9.2	
Core Earnings	314.2	288.3	- 8.2%
Fx effects	3.0	13.8	
Divestments and other	(16.1)	(7.3)	
Underlying Core Earnings	301.1	294.9	Underlying Growth - 2.1%

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Revenue/Core Earnings guidance met



billion yen	FY2014 Guidance*	FY2014 Actual	
Revenue	1,725.0	1,777.8	+3.1%
R&D expenses	(350.0)	(382.1)	+9.2%
Operating profit	170.0	-129.3	-
Profit before tax	160.0	-145.4	-
Net profit	65.0	-145.8	-
EPS	83 yen	-185 yen	-
Core Earnings	280.0	288.3	+3.0%
<i>% of Revenue</i>	<i>16.2%</i>	<i>16.2%</i>	
Core net profit	180.0	176.7	-1.8%
Core EPS	228 yen	225 yen	-1.4%
<i>Exchange Rate</i>	<i>Yen per USD</i>	<i>109</i>	<i>109</i>
	<i>Yen per EUR</i>	<i>141</i>	<i>139</i>

* Guidance announced on February 5, 2015

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Project Summit Update

Project Summit - strong results with good execution



FY14 Results

- Q4 savings:
¥8 bln
- FY14 savings:
¥28 bln
- FY14
implementation
costs: ¥28 bln

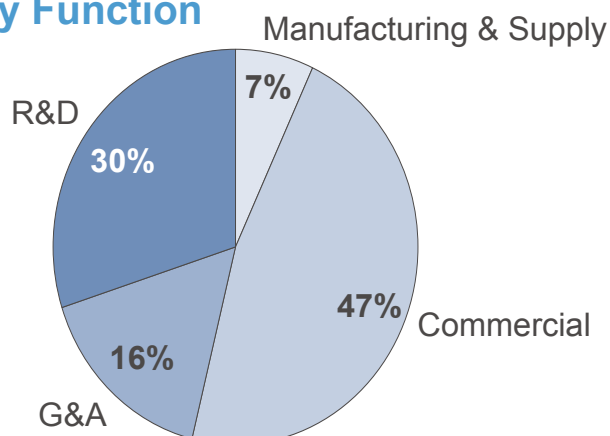
- Reduced ERP systems from 4 to 3, and continued consolidation of Global IT networks
- Transformed procurement process across 13 global category teams and 3 regional hubs
- Implemented Shared Service units in US and JP, and completed 2/3 of consolidation in EU
- Reconfigured Emerging Markets Business Unit including merger of Greater China and APAC
- Created global functions and eliminated redundancy in G&A
- Initiated Manufacturing & Supply site optimization with closures in Belgium, Denmark, and Norway
- Finalized consolidation of R&D development
- Completed commercial restructuring in Philippines and ongoing restructuring continues in Australia

Summit 2-year cumulative savings > 50% of 5-year target with all functions and regions contributing

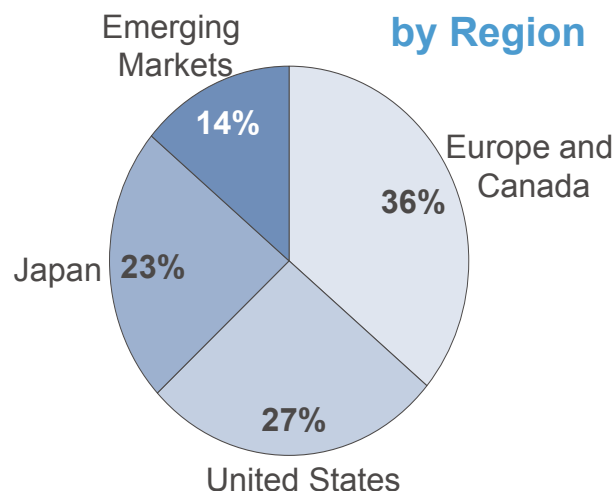


2-year cumulative savings

by Function



by Region



- Savings: **¥62 bln** (¥34bln in FY13 and ¥28bln in FY14)
- Implementation costs: **¥45 bln** (¥17bln in FY13 and ¥28bln in FY14)

Fast execution of Summit to continue over the next three years



FY15-17 (each year)

- **>¥20 bln** average savings
- **>¥15 bln** average implementation costs

FY13-17 (cumulative)

- **>¥120 bln** savings
- Up to **¥100 bln** implementation costs

Continue to...

- Execute reorganization of select commercial areas to enhance operational efficiency
- Leverage procurement transformation through the implementation of global process & systems
- Streamline production facility network and align global manufacturing, supply chain, and quality organizations
- Optimize G&A functions by utilizing low cost shared service units and harmonizing process and systems
- Look beyond Summit to formalize new savings ideas that drive continuous operational efficiency

Cash Flow and Cash Position

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Operating Free Cash Flow based on Core Earnings

billion yen	FY2013	FY2014	Change
Core Earnings	314.2	288.3	- 8.2%
Depreciation Core business	+ 73.0	+ 73.7	
Net trade working capital	- 57.1	- 54.1	
Capital expenditures	- 50.1	- 48.2	
Acquisition of intangible assets (Milestone payments)	- 28.4	- 60.5	
Provision	+ 25.4	- 22.0	
LTIP expenses	- 3.4	+ 0.6	
Income taxes paid* (normalized)	- 92.7	- 74.1	
Operating free cash flow (normalized)	180.8	103.8	- 42.6%

- FY13 Income taxes paid does not include exceptional items which are tax refund related to Prevacid transactions and tax payments related to advance pricing agreement (APA). (74.6 bil yen)

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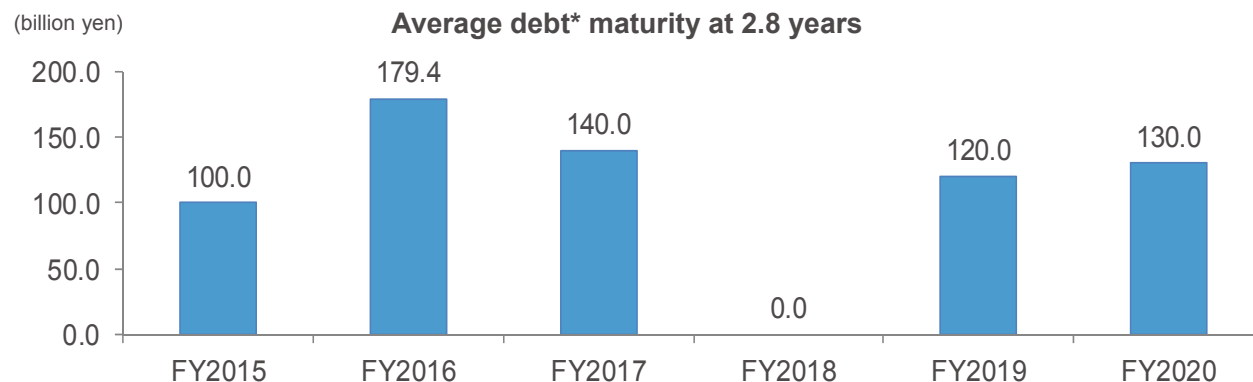
Cash position



billion yen	Mar. 2014	Mar. 2015
Gross debt*	(790.3)	(668.7)
Cash and cash equivalents**	805.7	657.2
Net cash / (Net debt)	15.4	(11.5)
Net debt / EBITDA ratio	0.0	(0.1)

Debt repayment schedule

Average debt* maturity at 2.8 years



* 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



Actos settlement

Actos settlement



- More than 9,250 plaintiffs filed lawsuits against Takeda
- Nearly all mass tort litigations eventually end with a settlement
- \$2.7 billion provision booked in FY2014 covers the settlement and estimated costs associated with remaining cases and other related litigation
- Settlement will become effective if 95% of current plaintiffs opt in
- Expected product liability insurance coverage of approximately \$400 mil
- Takeda believes that Actos' benefit/risk profile is positive for the treatment of type 2 diabetes. Actos is available as a treatment option in the U.S. and other countries



FY2015 Guidance

FY2015 Management Guidance



FY2015 Management Guidance (underlying growth)

Revenue	Low single digit
Core Earnings	Higher than revenue growth
Core EPS	Higher than core earnings growth

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FY2015 Reported Guidance



(billion yen)	FY2015 Guidance*
Revenue	1,820.0
R&D expenses	(330.0)
Operating profit	105.0
Profit before tax	115.0
Net profit for the year	68.0
EPS	87 yen
Exchange Rate	Yen per USD 120
	Yen per EUR 130

*Our operations are exposed to various risks at present and in the future, such as changes in the business environment and fluctuation of foreign exchange rates. All guidance in this presentation are based on information currently available to the management, and various factors could cause actual results to differ.

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Sustainable dividend policy



Annual dividend per share

FY2015	180 yen
after FY2015	at least maintain 180 yen

The Actos settlement will not affect Takeda's ability to pay dividends



IR Communications

Future IR events planned

- Investor day previously planned in June in Tokyo will be rescheduled to accommodate both investors' interest in oncology, and the timing of announcement of clinical trial results for ixazomib
- Annual general meeting of shareholders on June 26 in Osaka
- FY2015 Q1 conference call on July 30

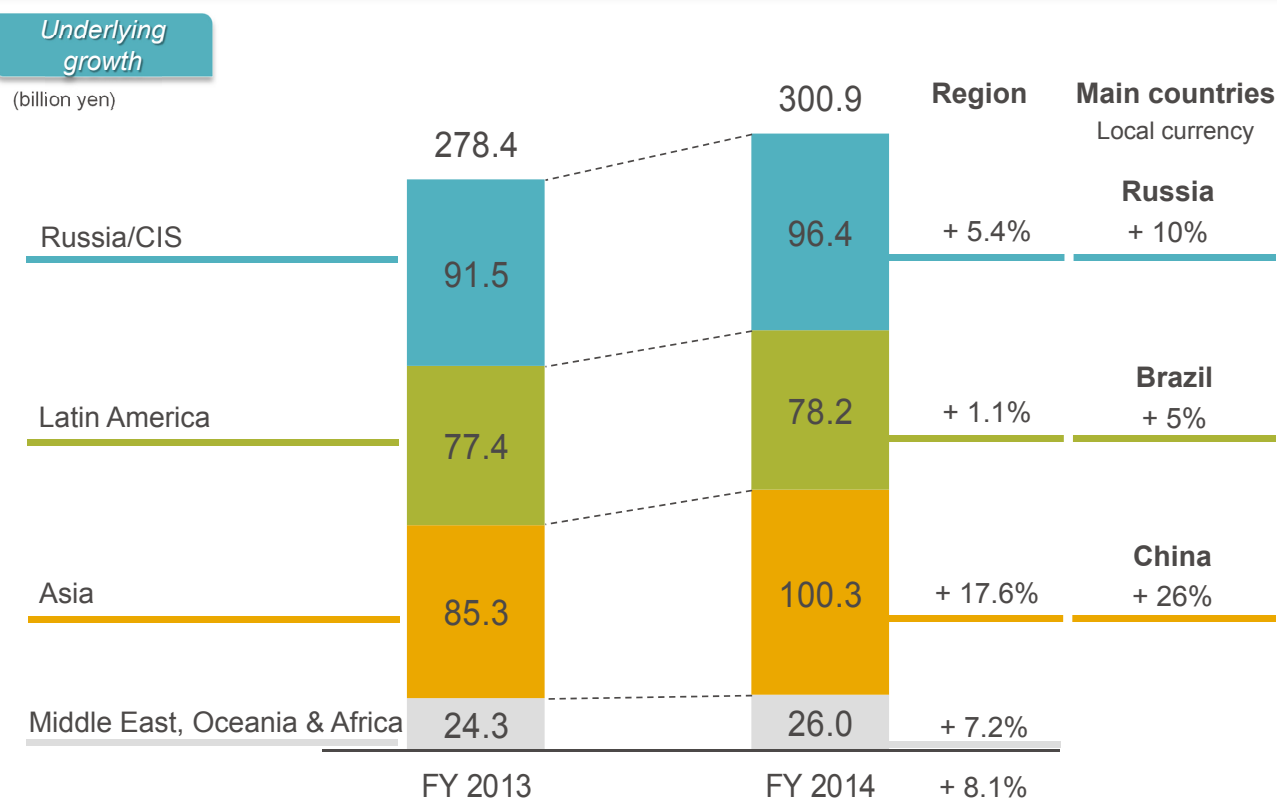
IR materials

- Additional financial data available on our website as a spreadsheet

Appendix

Appendix 1. FY2014 Supplemental

EM sales for 2014



Underlying core tax rate



	FY2013	FY2014	Change
Reported tax rate	31.0%	1.7%	-29.3 pts
Impact of other non-core items (PPA, restructuring, disposals, etc.)*	-1.3%	+18.0%	+19.3 pts
Impact of ACTOS settlement	—	+34.2%	+34.2 pts
Impact of FY2015 Japan tax reform	—	-2.9%	-2.9 pts
Impact of R&D credit	—	-15.2%	-15.2 pts
Core tax rate	29.7%	35.8%	+6.1 pts
Impact of other normalization Adjustments**	-0.2%	-3.9%	-3.7 pts
Underlying core tax rate	29.5%	31.9%	+2.4 pts

Takeda anticipates underlying core tax rate of less than 30% from FY2017 onward

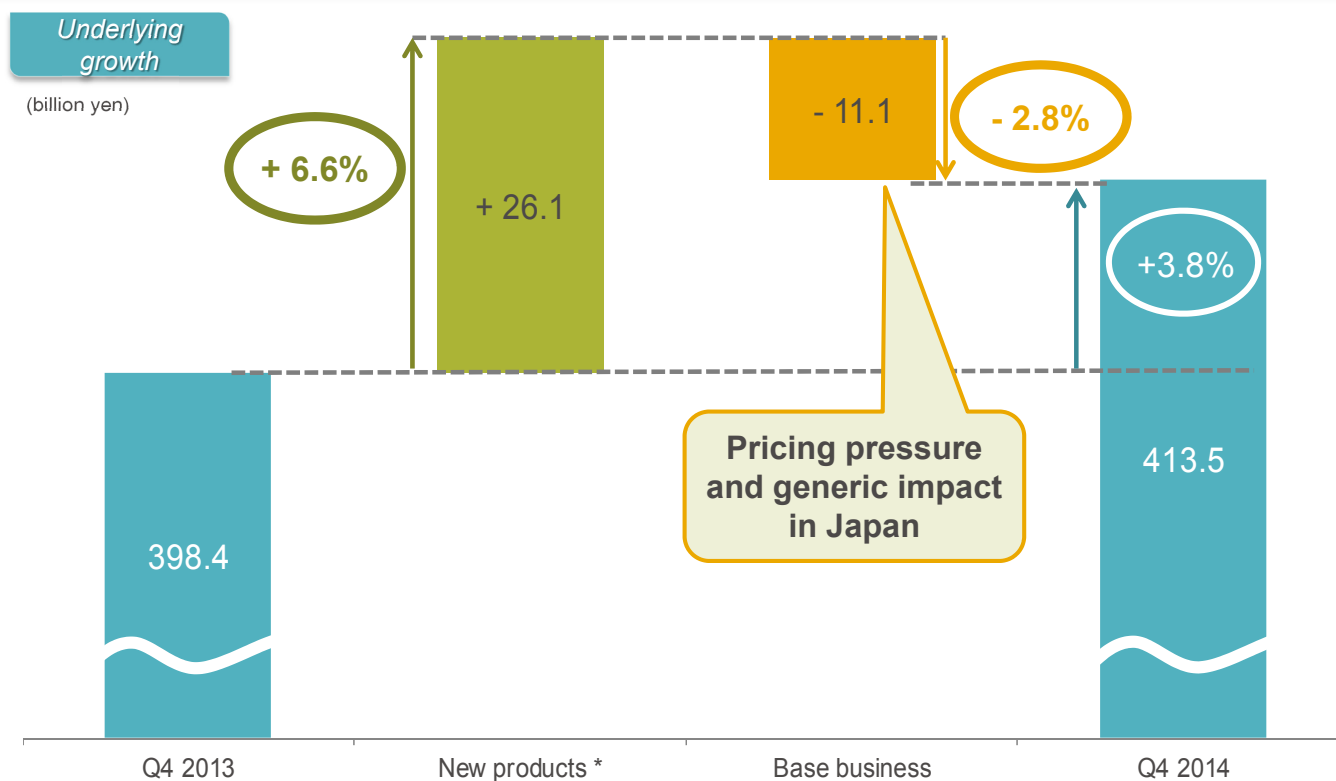
*Includes reversal of COLCRYIS contingent consideration.

**mainly revaluation of NOLs and US ACA Fee Legislation.



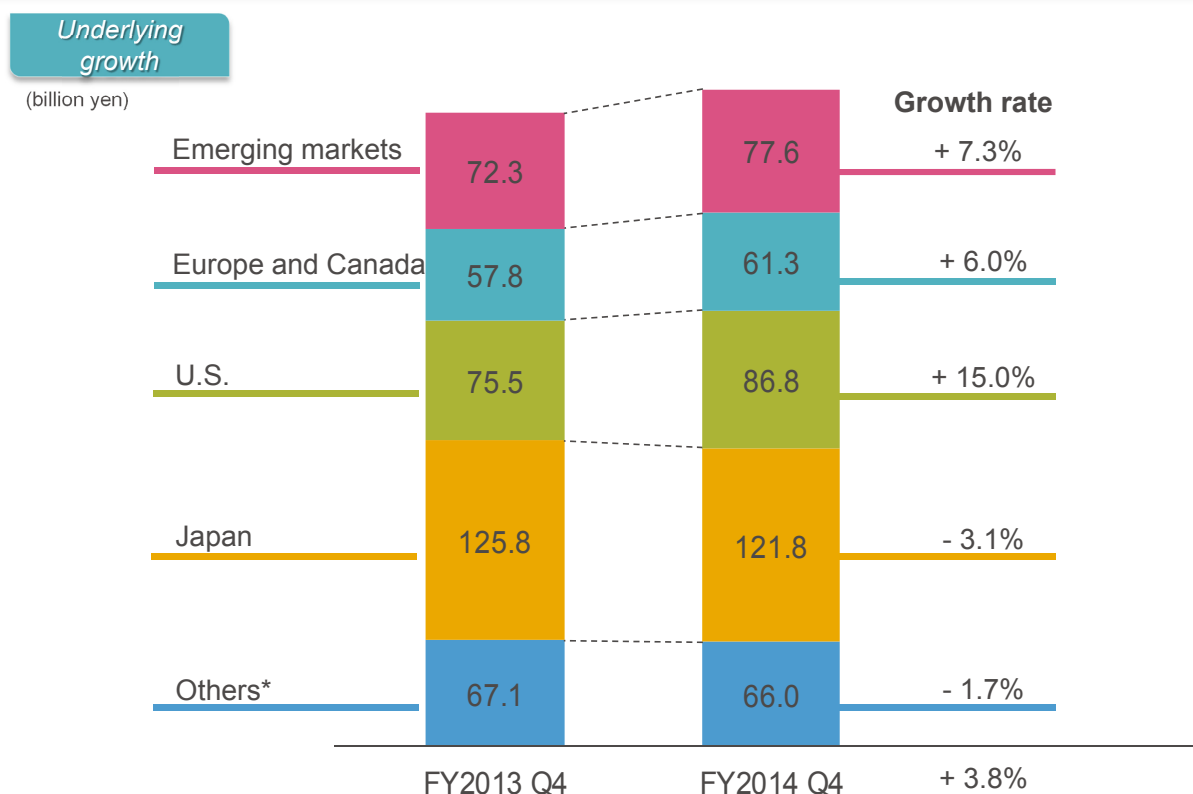
Appendix 2. FY2014 Q4

Q4 underlying revenue growth at +3.8%



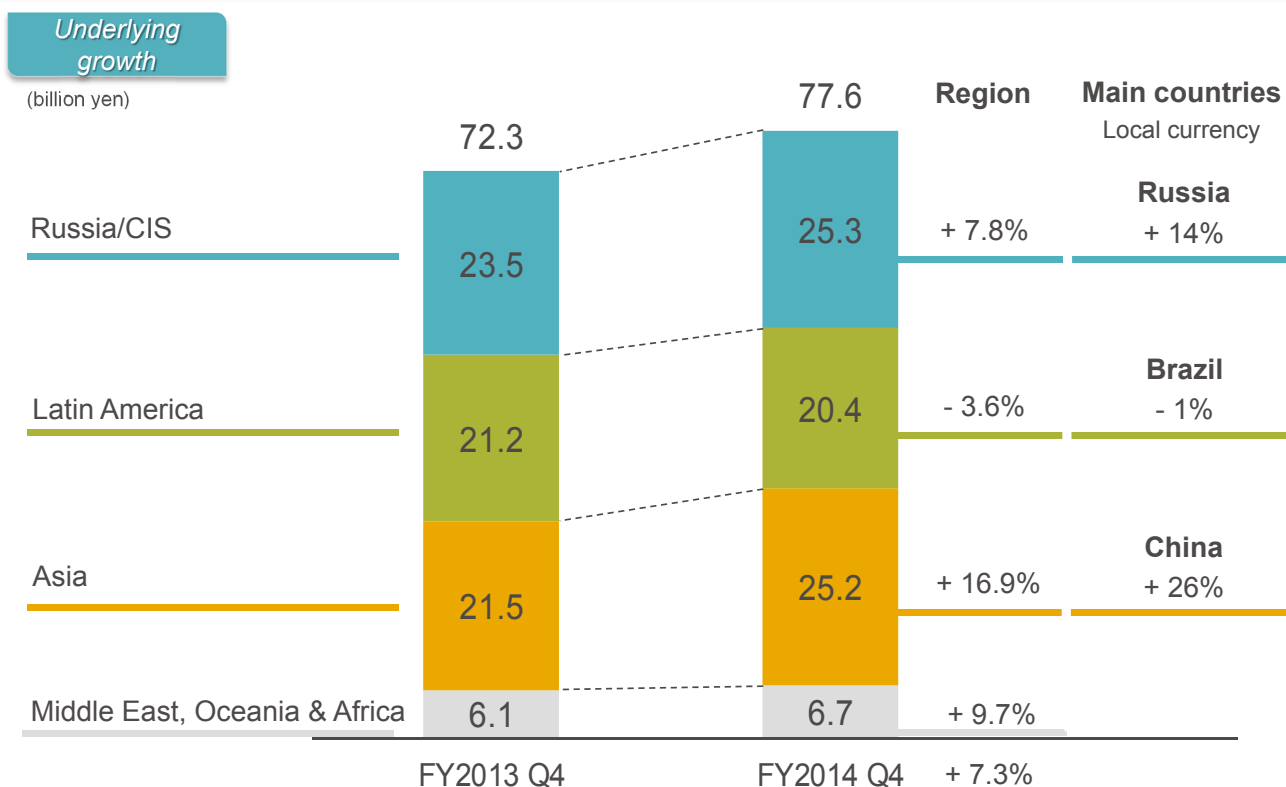
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Q4 underlying revenue growth in U.S. and Europe driven by innovation



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

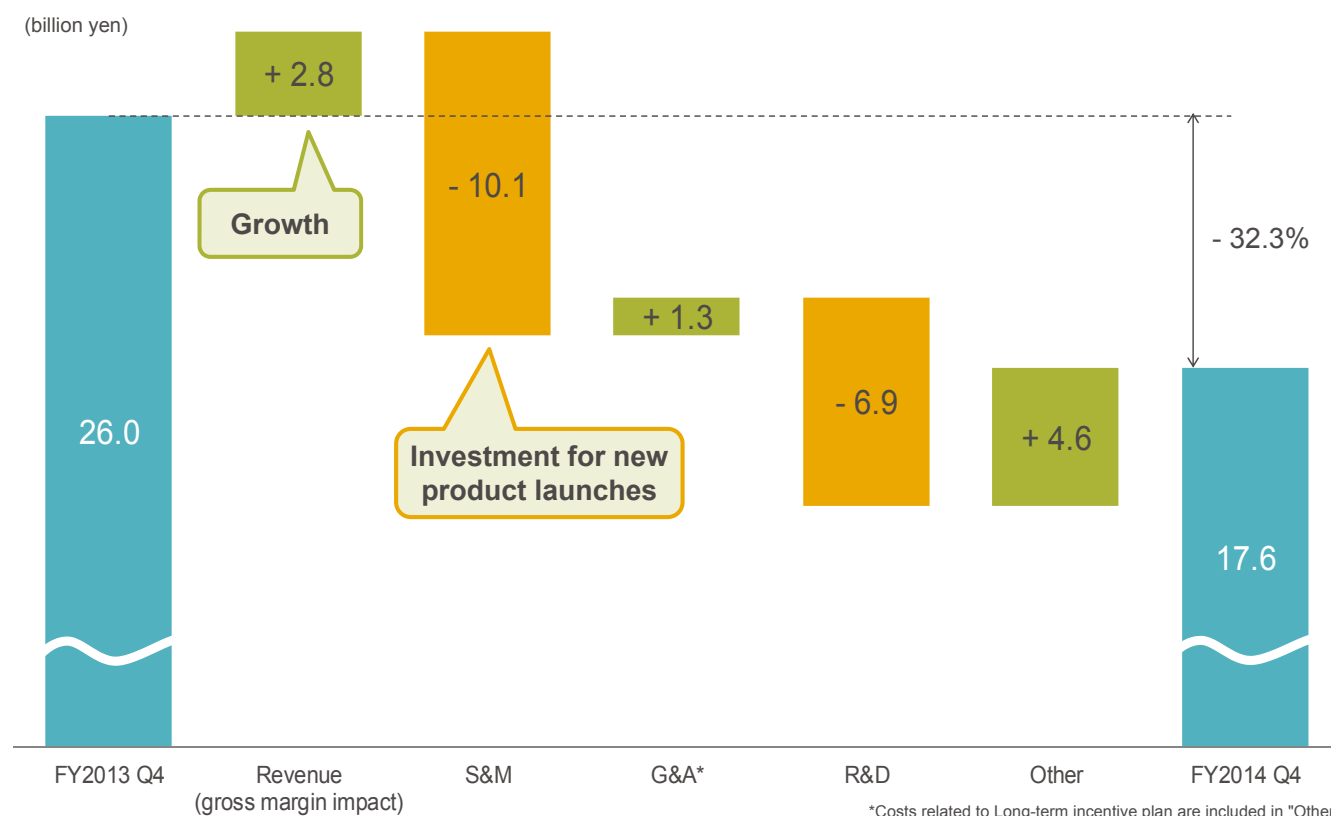
Q4 underlying revenue in Emerging Markets, double digit sales growth in Russia and China



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Q4 underlying Core Earnings



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Q4 reported to underlying



billions yen	FY2013 Q4	FY2014 Q4	Growth
Revenue	404.8	437.8	+ 8.2%
Fx effects	(4.9)	(16.1)	
Divestments	(1.5)	(8.3)	
Underlying Revenue	398.4	413.5	Underlying Growth + 3.8%
Operating profit	-37.4	-328.3	-
Actos one off		274.1	
Amortization of intangibles	31.3	29.6	
Impairment of intangibles	23.1	29.7	
Disposal of unused property	(6.7)	(7.4)	
Restructuring costs	7.6	11.2	
Contingent consideration	5.8	2.5	
Litigation costs, etc.	1.6	1.5	
Core Earnings	25.3	12.9	- 48.8%
Fx effects	1.0	11.3	
Divestments	(0.2)	(6.7)	
Underlying Core Earnings	26.0	17.6	Underlying Growth - 32.3%

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Appendix 3. Definition of Core Earnings

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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 settlement provision, 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.

