



June 2019

Dear Takeda Shareholder,

It is my great pleasure to invite you, on behalf of the Takeda Board of Directors, to our 2019 Annual Shareholders Meeting, to be held on June 27th 2019. Exceptionally this year, the meeting will take place outside of Osaka, as a consequence of the G20 Summit meeting being hosted for the first time by the Japanese government in Osaka at the end of June. We apologize to any shareholders inconvenienced by this change in location.

During our shareholders meeting, we look forward to updating you on the integration following the Shire acquisition, and the transformation of Takeda into a very competitive values-based, R&D-driven, global biopharmaceutical leader headquartered in Japan.

Since January 8th 2019, we have been working relentlessly to execute the integration, in order for the New Takeda to operate efficiently as soon as possible. We are pleased to inform you that it is progressing with significant pace. As an example, Day One, when all sites became Takeda and all employees could communicate by e-mail, was executed perfectly without business disruption.

Our strong business momentum was also clearly demonstrated in our excellent FY2018 results, which we disclosed on May 14th ¹, along with FY2019 guidance and our mid-term outlook for the combined company. We are confident about the growth prospect for the company, driven by key products in our focus business areas, a lean and innovative R&D engine, and financial strength to realize top-tier margins and quickly reduce our debt level.

Takeda's values, Takeda-ism: Integrity-Honesty-Fairness-Perseverance, combined with a specific focus on Patient-Trust-Reputation-Business is attractive to and embraced by our employees. As part of the integration, we have been conducting numerous training sessions globally using case studies to ensure a common values-based culture. In fact, our first employee integration survey showed that 79% of our employees are excited by the company's future, a particularly high score versus benchmarks, in spite of being during a period of uncertainty for many people.

The difficult and sensitive selection process for management positions is on-going with speed, but also with fairness and transparency. This is extremely important as it not only answers our employees' expectations, but is also very much aligned with our values.

¹ [FY2018 Full Year Results \(released on May 14th, 2019\)](#)



We are more confident than ever before that the integration is being executed in a way that preserves our long-established identity while creating a more competitive company in a challenging environment.

Indeed, while the pace of innovation is stronger than ever, many healthcare systems around the world are facing significant financial challenges. As a consequence, payers are becoming increasingly selective in determining which innovation will be reimbursed and when to be prescribed. They are also more actively promoting generic and biosimilar alternatives, and are more and more inclined to reduce drug prices.

The new Takeda is well positioned among the large pharmaceutical companies to prevail in this environment.

Our current portfolio is primarily composed of life-saving or life-transforming, highly differentiated medicines which we are aiming to make available to patients throughout the world. Across our five key business areas (GI, Rare Diseases, Plasma-Derived Therapies, Oncology, and Neuroscience), fourteen global innovative medicines will drive the majority of our future growth. The distribution of growth across these innovative therapies allows us to better withstand market uncertainty. Furthermore, our business footprint is now truly global with a leading position now and in the future in Japan, a formidable presence in the U.S.A, and a competitive status in many other countries including China. Indeed, Takeda is now capable of effectively launching our medicines in 80 countries.

We are an R&D-driven company with the aim to discover and develop highly innovative medicines for patients in four therapy areas (Oncology, Gastroenterology, Rare Diseases and Neuroscience). Our willingness and ability to collaborate with innovative partners (e.g. biotech, start-ups, academia, etc.) in these therapy areas is yielding tangible results with approximately 200 partnerships now on-going. Our transformed R&D engine is enriched in key skill sets such as expertise in our core therapeutic areas, in translational medicine and in data sciences. We have an exciting pipeline with multiple innovative new therapies beginning to emerge, some of which offer life-saving potential to patients such as those in our growing cell and gene therapy portfolio. Our R&D organization has been optimized to maximize output by combining internal scientific strength with innovation from our partner network. This unique model will improve our productivity and increase our efficiency. With an extremely lean and agile organization compared to other top 10 pharmaceutical companies, we have the ability to provide new innovative medicines and vaccines to patients and to deliver significantly improved returns on our R&D investment. We indeed aspire to be one of the most productive R&D engines in the industry. We will share with you more details during an R&D day before the end of this calendar year.



Beyond our core therapeutic areas of Oncology, Gastroenterology, Rare Diseases and Neuroscience, we are dedicated to serving patients with a wide range of rare diseases with our innovative plasma-derived therapies, and hope to soon file regulatory submissions for a dengue vaccine that will serve a massive public health need. The Plasma-Derived Therapy and Vaccine Business Units will ensure dedicated and targeted long-term focus on these specific areas in order to serve patient needs.

Thanks to substantial integration cost synergies and continued cost discipline, we are driving towards margins among the top-tier in the industry. This combined with our growing portfolio will allow us to rapidly reduce the debt on our balance sheet, continue to invest in our growth drivers, and maintain our well-established dividend policy of 180 yen per share annually as a key component of shareholder return. We are committed to deleverage within three to five years driven by strong cash flows, and helped also by a disposal program of non-core assets such as Xiidra® (lifitegrast ophthalmic solution) and TachoSil® Fibrin Sealant Patch, announced in early May². Once deleveraged, our financial resilience will be significant and highly competitive which will open further opportunities.

The Takeda Executive Team is comprised of twenty strong, diverse (e.g. eleven nationalities, seven females), extremely experienced leaders, and is poised to lead Takeda through its next stage of growth. Our corporate governance is extremely robust against global standards, with a board of fifteen directors including eleven external directors, an Audit and Supervisory Committee, a Nomination Committee and a Compensation Committee. Every committee is chaired by an external director and is comprised of a majority of external directors. The board meeting is also chaired by an external director.

This is an exciting time for Takeda, the health care providers and their patients treated by our medicines, for our employees and for you our shareholders.

We hope that you will share with us our enthusiasm for the future, and are looking forward to seeing you on June 27th.

With my best regards,

A handwritten signature in black ink, appearing to read "Christophe Weber".

Christophe Weber

President & CEO

Takeda Pharmaceutical Company Limited



² [Press Release: TAKEDA SIMPLIFIES PORTFOLIO AND ACCELERATES DELEVERAGING THROUGH TWO DIVESTITURES \(released on May 9th, 2019\).](#)