

Divestitures of Non-core Assets by Takeda Pharmaceutical —Assumed as Before and Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on agreements on divestitures of 2 products by Takeda Pharmaceutical Company Limited (security code: 4502).

- (1) Takeda Pharmaceutical Company Limited (the "Company") announced on May 9 that it had entered into agreements on divestitures of a therapeutic agent for signs and symptoms of dry eyes and a fibrin sealant patch. The agreements are expected to close in the second half of calendar year 2019, and the Company will receive USD 3.8 billion upfront in cash in total and up to an additional USD 1.9 billion in potential milestone payments for the therapeutic agent for signs and symptoms of dry eyes. Upon close, 480 employees in total will transition to the transferee companies.
- (2) The Company's interest-bearing debt significantly increased following the acquisition of Shire plc. It plans to reduce its net debt/adjusted EBITDA to 2.0x or less in the medium term from 4.8x as of March 31, 2019 (estimated by the Company at the time of the acquisition) partly through the sale of non-core assets of up to USD 10 billion. These divestiture agreements are in line with JCR's previous assumption that the Company can improve its financials through the sale of non-core assets to a certain degree and the impact on the rating is limited. JCR will pay attention to sales conditions of the Company's mainstay products, additions of applications and indications, realization of cost synergy, etc. in addition to progress of the sale of further non-core assets.

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<Reference>

Issuer: Takeda Pharmaceutical Company Limited

Long-term Issuer Rating: A+ Outlook: Stable

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