

Takeda divests select products to STADA for \$660M

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Strengthens alignment of Growth & Emerging Markets Business Unit portfolio with Takeda's global business areas



Japan based Takeda Pharmaceutical Company Limited has announced that it has entered into an agreement to divest a portfolio of select products to STADA Arzneimittel AG, an international pharmaceutical company, for a total value of \$660 million. The portfolio includes over-the-counter (OTC) and prescription pharmaceutical products exclusively in Russia, Georgia, and a number of countries from within the Commonwealth of Independent States, which form part of Takeda's Growth & Emerging Markets Business Unit.

This is Takeda's fourth divestment transaction in the past six months that contributes to the Company's goal to divest approximately \$10 billion in non-core assets to focus on its five key business areas and commitment to accelerating its deleveraging following its acquisition of Shire. Takeda completed the divestiture of Xiidra® to Novartis for up to \$5.3 billion in July, announced the sale of TachoSil® to Ethicon for \$400 million in May, and last month announced its sale of non-core assets in countries spanning Near East, Middle East and Africa to Acino for over \$200 million.

"This announcement is the latest step in Takeda's effort to simplify our portfolio, accelerate deleveraging, and continue to invest in our key business areas. We are making strong progress towards executing our strategy and delivering enhanced value for patients and Takeda shareholders," said Costa Saroukos, Chief Financial Officer, Takeda.

The portfolio to be divested to STADA includes OTC Vitamins and Food Supplements, plus select products within the Cardiovascular, Diabetes, General Medicine, and Respiratory therapeutic areas. The portfolio's growth is driven by sales of products such as Cardiomagnyl, and other strong regional brands. Combined, the portfolio of products to be divested to STADA and Acino generated revenues of approximately \$300 million in fiscal year 2018.

While these trusted products continue to play important roles in meeting patient needs, they are not within Takeda's chosen business areas – Gastroenterology, Rare Diseases, Plasma-Derived Therapies, Oncology and Neuroscience – that are core to its global long-term growth.

"Takeda remains committed to the Emerging Markets, Russia and the countries included in this agreement. We will continue

to increase patient access to our portfolio of highly innovative medicines across this region through our commercial activities and Access to Medicines program,” said Ricardo Marek, President, Growth & Emerging Markets Business Unit, Takeda. “As we execute on our divestiture goals, we continue to work to ensure that each transaction aligns with Takeda’s values. We are confident that STADA is well placed to provide patients with uninterrupted access to the divested products – a top priority for Takeda – and anticipate most of the employees supporting the divested assets will be given the opportunity to transition over to STADA once the divestiture is completed.”

Takeda intends to use the proceeds from this divestiture to continue to reduce its debt and accelerate deleveraging toward its target of 2.0x net debt/adjusted EBITDA over the next three to five years. Takeda is committed to rapid deleveraging driven by strong cash flow and divestiture proceeds, while also simplifying its portfolio.

Transaction Details

Takeda has entered into an agreement to sell a portfolio of approximately 20 select OTC and prescription pharmaceutical assets sold in Russia, Georgia and countries within the Commonwealth of Independent States namely: Armenia, Azerbaijan, Belarus, Kazakhstan, and Uzbekistan to STADA – an international pharmaceutical company with a two-pillar strategy consisting of generics, including specialty pharmaceuticals and non-prescription consumer health products – for a total value of \$660 million. Under the terms of the agreement, STADA will acquire the rights, title, and interest to the products in the portfolio exclusive to these countries.

It is anticipated that approximately 500 employees supporting the divested assets will be given the opportunity to transition over to STADA at closing. Further, Takeda and STADA will enter into manufacturing and supply agreements under which Takeda will continue to manufacture and supply the products to STADA.

The transaction is expected to close in Q4 FY19 (January- March 2020), subject to the satisfaction of customary closing conditions. Until then, the products will continue to be made available to patients and manufactured and supplied by Takeda.