

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2016 (FY2015)

Terumo Corporation

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Overview: Double Digit Growth Both in Sales and Profit

	(billion yen)			
	FY14 Q1	FY15 Q1	YoY%	YoY% (Excl. FX)
Net Sales	114.9	128.7	+12%	+5%
Gross Profit	60.7 (52.8%)	69.0 (53.7%)	+14%	+7%
SG&A Expenses	37.9 (33.0%)	41.7 (32.5%)	+10%	+2%
R&D Expenses	6.7 (5.8%)	7.9 (6.1%)	+18%	+10%
Operating Income	16.1 (14.0%)	19.4 (15.1%)	+21%	+18%
(Excl. Amortization)	20.2 (17.6%)	24.5 (19.1%)	+21%	+15%
Ordinary Income	14.4 (12.6%)	20.6 (16.0%)	+43%	
Net Income	8.4 (7.3%)	14.5 (11.3%)	+73%	
Average Exchange Rate	US\$ 102 yen	121 yen		
	EUR 140 yen	134 yen		

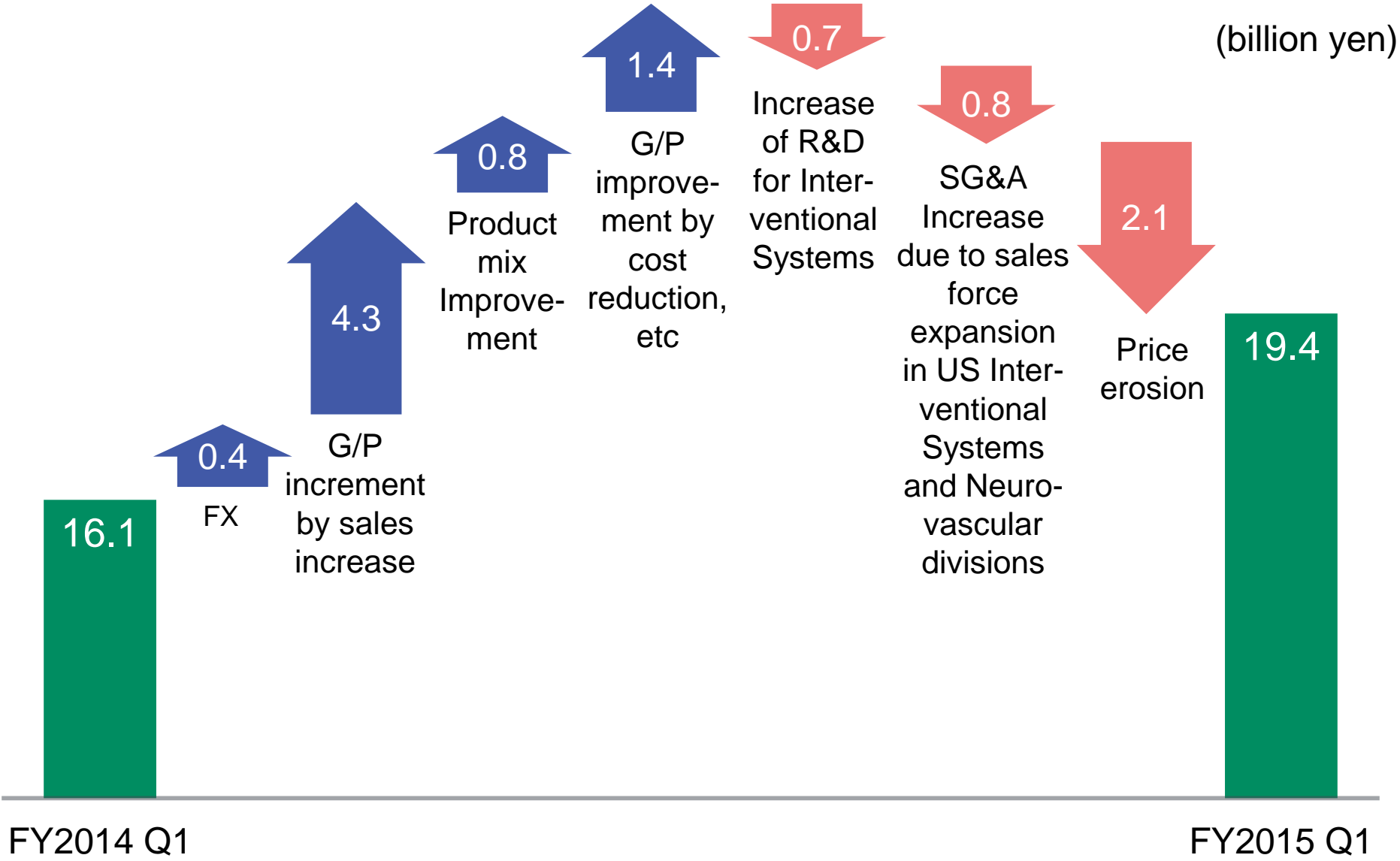
- Sales: solid start for all companies. Overseas IS and neurovascular drove the corporate to double digit growth
- Operating income: the gross profit growth driven by sales expansion exceed the expense growth
- Ordinary income: posted a FX gain of 1.8 BJPY in FY15 Q1, while posted a loss of 0.8 BJPY in FY14 Q1
- Net income: decrease in extraordinary loss. Lowered corporate tax burden ratio due to tax system revision and prior period tax adjustment

Extraordinary Gains & Losses, Income Taxes

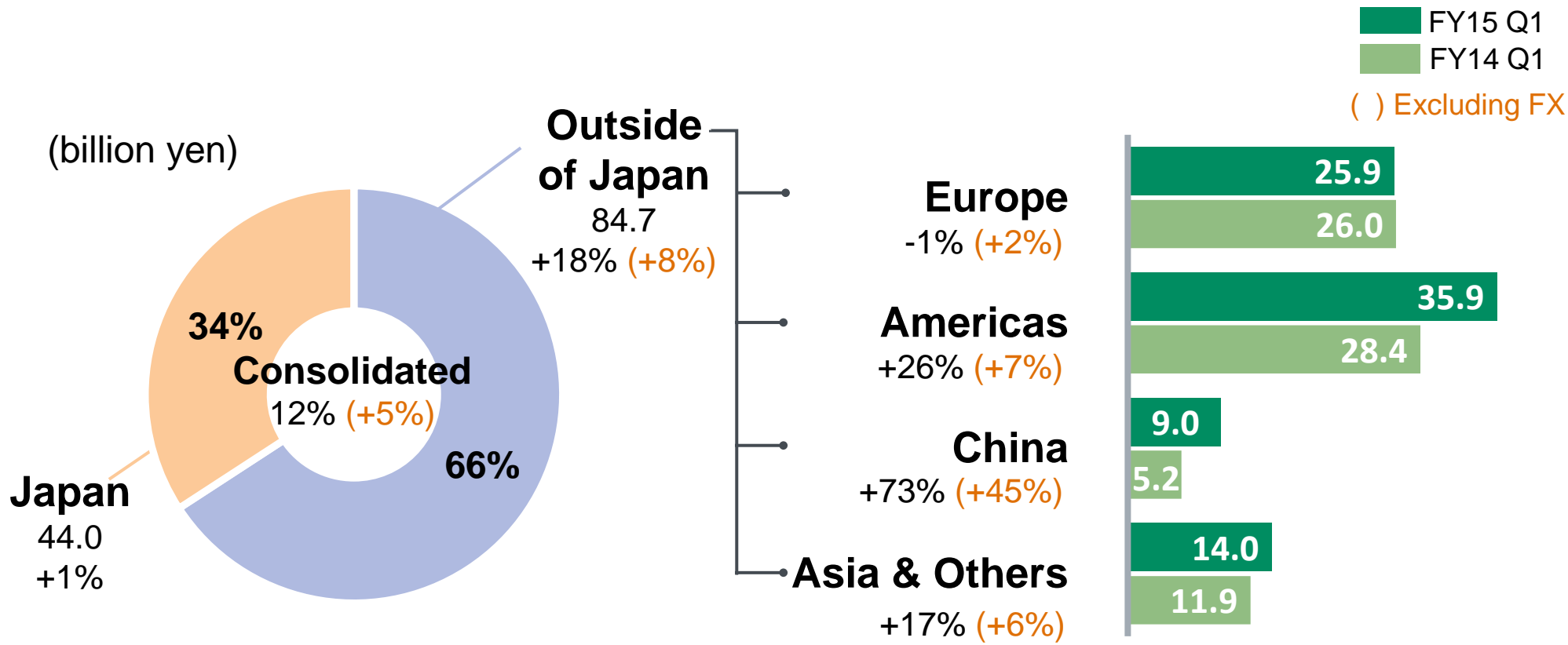
(billion yen)

	FY2014 Q1	FY2015 Q1	
Ordinary Income	14.4	20.6	YoY%: +43%
Extraordinary Gains & Losses	-0.7	+0.04	FY2014 Loss on disposal of fixed asset -0.3 Impairment loss -0.4
Income before Income Tax	13.8	20.6	YoY%: +50%
Income Taxes Total	-5.4	-6.1	Tax system revision -0.6
Tax Rate (%)	39%	30%	Prior period tax adjustment -1.1
Net Income	8.4	14.5	YoY%: +73%

Operating Income Variance Analysis

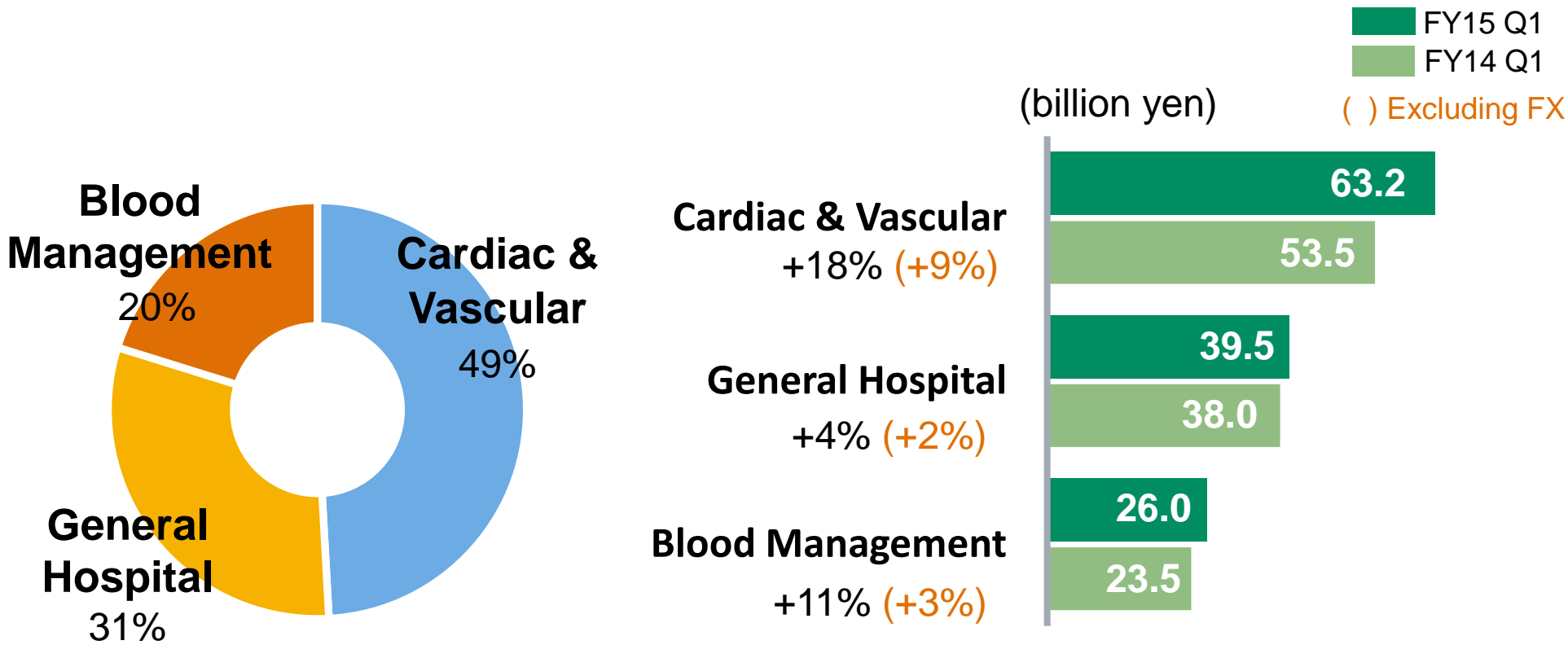


Net Sales by Region



- Japan: General Hospital drove increase in overall sales.
- Europe: pursue portfolio restructuring. Effect of appreciation of yen against Euro for all businesses
- Americas: increase in sales for IS and Neurovascular businesses. Also driven by FX
- China: driven by completion of realignment of local distribution network

Net Sales by Business Segment



- Achieve increase in sales for all companies, even without FX support
- Cardiac & Vascular and Blood Management businesses achieve double digit growth due to strong overseas sales.

Cardiac & Vascular: Double-digit Growth in Sales and Profit

(Billion yen)

	FY14 Q1	FY15 Q1	YoY%	YoY% (Excl. FX)
Sales	53.5	63.2	+18%	+9%
Business Profit (%)	11.4 (21%)	14.1 (22%)	+24%	+22%

<Sales>

- Increase in sales for overseas IS and Neurovascular businesses + 7.2 BJPY
- In China, complete local distributors realignment and expand customer coverage + 2.2 BJPY
- Sales of Ultimaster (new DES) continued to expand strongly mainly in EU

<Business Profit>

- Increase in profit and improve portfolio mix driven by sales expansion of overseas IS and Neurovascular businesses

General Hospital: Profitability in Recovery Trend

(Billion yen)

	FY14 Q1	FY15 Q1	YoY%	YoY% (Excl. FX)
Sales	38.0	39.5	+4%	+2%
Business Profit (%)	4.6 (12%)	5.6 (14%)	+23%	+25%

<Sales>

- Japan: changes in the healthcare market environment shows a trend of returning + 1.3 BJPY
- Progress in portfolio restructuring in EU and Americas - 0.7 BJPY

<Business Profit>

- Improve portfolio mix by expansion of highly profitable businesses (D&D and DM)

Blood Management: Businesses in Emerging Countries and Therapeutic Apheresis Continuously Drives Growth

(Billion yen)

	FY14 Q1	FY15 Q1	YoY%	YoY% (Excl. FX)
Sales	23.5	26.0	+11%	+3%
Business Profit (%)	4.2 (18%)	5.4 (21%)	+28%	+35%

<Sales>

- Continue to grow therapeutic apheresis and cell expansion systems + 1.4 BJPY
- Increase sales for blood component collection mainly in developing countries + 0.9 BJPY

<Business Profit>

- In Q1, certain anticipated price declines in the U.S. had not taken hold yet with some blood center groups. The price declines will increase in Q2 and beyond.
- Profit from the products, which are manufactured in US and sold in EU, are negatively affected by weaker EUR against US\$.

Topics

Corporate

- Transitions to a company with an audit/supervisory committee to enhance corporate governance
 - Introduces 6 CXO positions to strengthen global management infrastructure
-

Cardiac & Vascular

- U.S. FDA grants PMA (Premarket approval) to peripheral stent, “Misago”, as the first PMA-approved product developed by Japanese company
 - CE mark clearance for bioresorbable scaffold developed by Arterial Remodeling Technologies (ART)
-

General Hospital

- Files an application to Japanese MOH for the manufacture and sales approval of intradermal injection device (flu vaccine)
 - Production for new IV solution bag, which is environmentally thoughtful and expected to contribute to cost reduction, starts in Japan
-

Blood Management

- U.S. FDA clears bone marrow processing protocol on apheresis system
- Finishes and opens a new global headquarters building in Colorado, U.S.

New Product Pipeline for FY2015

Business	Product	Region	Launch
Coronary	New DES (Ultimaster) ◎◎★	JP	
	New aspiration catheter	EU, Latin A, Asia	
Peripheral	Stent (above the knee) ★	US	Done
	Stent for small vessel (Misago)	EU	
	PTA balloon (above the knee)	EU, US	
	PTA balloon (below the knee)	JP	
	Embolic particles (beads) ★	EU	Done
Neuro	Coil assist stent ◎	JP	Done
	Liquid embolic glue ★	EU	Done
	Distal protection device ★	EU	

◎ Item with large contribution to sales and profit
 ★ Item with highly innovative technology

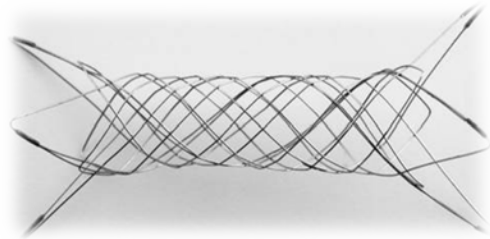
Business	Product	Region	Launch
CV	Disposable centrifugal pump (for PCPS)	JP	
Blood Management	Automated blood component processing system ★	JP	



Peripheral Stent (Misago)
 Launched in US market



Liquid embolic glue (PHIL)
 Ready-to-use prefilled syringe type



Coil assist stent (LVIS Jr.)
 World smallest profile in delivery system



Embolic particles (LifePearl)
 Drug-eluting beads, launched in EU

Reference

FY15 Q1 Net Sales and Growth by Region

(Billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac & Vascular	11.3 (-4%)	51.9 (+12%)	16.9 (+5%)	21.9(+12%)	7.1 (+42%)	6.0 (+13%)	63.2 (+9%)
Out of C&V Interventional Systems*	8.5 (-7%)	41.0 (+17%)	13.6 (+7%)	15.8(+19%)	6.7 (+45%)	4.9 (+20%)	49.5(+12%)
General Hospital	30.2 (+4%)	9.3 (-6%)	2.5 (-16%)	2.0 (-2%)	0.5 (+38%)	4.3 (-4%)	39.5 (+2%)
Blood Management	2.5 (-8%)	23.5 (+4%)	6.5 (+2%)	11.9 (+1%)	1.4 (+68%)	3.7 (+8%)	26.0 (+3%)
G. Total	44.0 (+1%)	84.7(+8%)	25.9 (+2%)	35.9 (+7%)	9.0 (+45%)	14.0 (+6%)	128.7 (+5%)

*Including Neurovascular business

(YoY%): Excluding foreign exchange

Operating Expenses

(Billion yen)

	FY14 Q1	FY15 Q1	YoY	YoY%	YoY% (Excl. FX)
Salaries & Wages	16.9	19.1	+2.2	+13%	
Sales Promotion	3.7	4.1	+0.4	+8%	
Logistical Costs	2.7	2.8	+0.1	+3%	
Depreciation & Amortization	5.9	6.9	+1.0	+17%	
Others	8.7	8.8	+0.1	+3%	
SG&A Expenses Total	37.9 (33.0%)	41.7 (32.5%)	+3.8	+10%	+2%
R&D Expenses	6.7 (5.8%)	7.9 (6.1%)	+1.2	+18%	+10%
Operating Expenses Total	44.6 (38.8%)	49.6 (38.6%)	+5.0	+11%	+3%

(%) Against net sales

Quarterly Results

(Billion yen)

	FY14 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY15 Q1 (Apr-Jun)
Net Sales	114.9	118.4	129.9	126.3	128.7
Gross Profit	60.7 (52.8%)	62.3 (52.6%)	67.8 (52.2%)	65.4 (51.7%)	69.0 (53.7%)
SG&A Expenses	37.9 (33.0%)	38.5 (32.5%)	40.5 (31.2%)	42.4 (33.5%)	41.7 (32.5%)
R&D Expenses	6.7 (5.8%)	6.9 (5.8%)	7.4 (5.7%)	8.4 (6.7%)	7.9 (6.1%)
Operating Income	16.1 (14.0%)	16.9 (14.3%)	19.9 (15.3%)	14.6 (11.5%)	19.4 (15.1%)
(Excl. Amortization)	20.2 (17.6%)	21.1 (17.8%)	24.5 (18.8%)	19.4 (15.3%)	24.5 (19.1%)

Average	US\$	102 yen	104 yen	115 yen	119 yen	121 yen
Exchange Rate	EUR	140 yen	138 yen	143 yen	134 yen	134 yen

CAPEX, R&D Expenses

(Billion yen)

	FY2015 Guidance	FY2015 Q1 Result	Progress to Guidance
CAPEX	42.0	8.0	19%
Depreciation & Amortization *	45.0	10.9	24%
R&D Expenses	35.0	7.9	22%

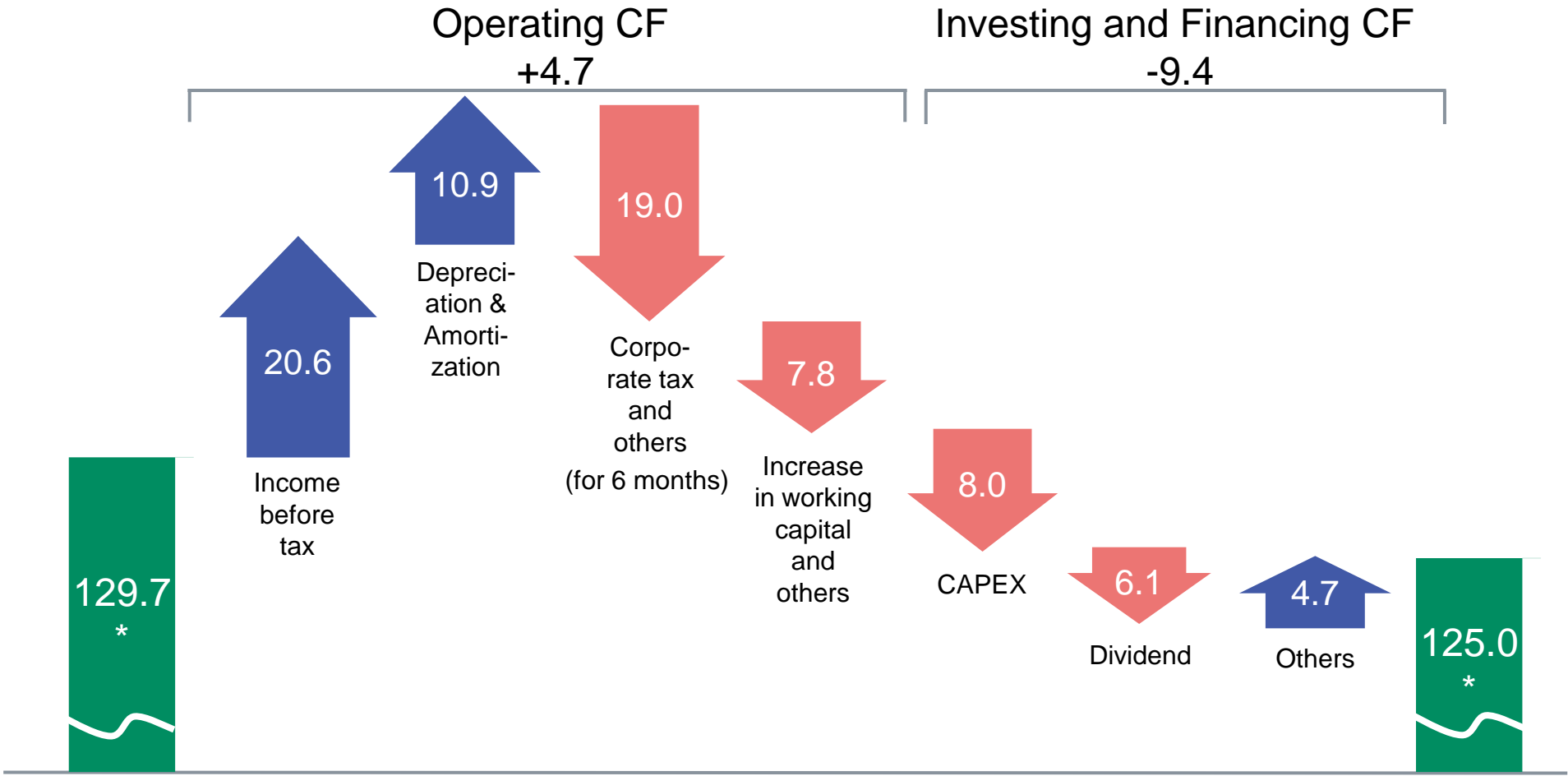
Depreciation & Amortization: Including intangibles

CAPEX: Acquisition basis

Cash Flow

Corporate tax burden is greater in Q1

(Billion yen)



Cash at end of FY2014

*Cash at end of each period is consistent with "Cash and deposits" on B/S.
 *Negotiable certificates of deposit is represented in "Securities" on B/S.

Cash at end of FY15 Q1

Foreign Exchange Sensitivity

(Billion yen)

	US\$	EUR
Net Sales	1.8	0.7
Operating Income	0.1	0.2

- For US\$, sales expansion in U.S. drove higher FX sensitivity at sales. However, the increase in overseas production ratio since acquisition of Caridian BCT resulted in less impact of yen depreciation against US\$ at operating income.
- FX impact on operating income in FY15 Q1: 19-yen depreciation against US\$ and 6-yen appreciation against EUR resulted in the net positive impact of 0.4 BJPY.

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Among the information that Terumo discloses, the forward-looking statements including financial projections are based upon our assumptions using information available to us at the time and are not intended to be guarantees of future events or performance. Accordingly, it should be noted that actual results may differ from those forecasts on projections due to various factors. Factors affecting to actual results include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and state of competition.

The market share information in this presentation is partly derived from our own independent research.