

Q&A Session at the Financial Results Briefing
for the First Quarter of the Fiscal Year Ending March 31, 2016

Outlined below are the principal Q&As from the financial results briefing held on August 4, 2015. Certain details have been expanded or modified to provide readers with a deeper understanding of Terumo Corporation's performance and activities.

Q1: In Q1, you achieved a high percentage of your guidance for the first half and the full fiscal year. Do you plan to upwardly revise your earnings guidance?

A1: Sales and profits outperformed our expectations in Q1. However, we did not revise our guidance because there are some uncertainties about the projection for the remainder of the FY2015. One uncertainty we have is in the Blood Management Company. Prices are expected to fall in the United States in the current fiscal year but this has yet to happen. Another uncertainty is the sales of Ultimaster. We are scheduled to launch Ultimaster in Japan in 2H FY2015. Sales from this product will vary depending on the timing of its launch. We will need more time to accurately assess the impact these factors are likely to have on earnings.

Q2: In Q1, what drove brisk sales in the overseas interventional systems and neurovascular intervention businesses?

A2: In the United States, the coronary market growth had plateaued for a while following the collapse of Lehman Brothers. We estimate that, in recent months, the market has started to grow once again. In addition, we are witnessing an increase in the market penetration of products used in the transradial coronary intervention (TRI) technique, which we are promoting. Accordingly, sales of our TRI products are brisk. In the neurovascular intervention business, we are seeing benefit from the ongoing introduction of new products, other than coils.

Q3: Is the healthcare market in China changing? Also, Q1 sales in China increased substantially but did they outperform your expectations?

A3: There have not been any major changes recently. We completed the local distributor realignment in FY2014. As a result, sales in Q1 outperformed our plan. We aim to make up for the setbacks we experienced in FY2014 and achieve sizeable growth in FY2015.

Q4: I would like to ask about current sales and forecasts of Ultimaster. In France Terumo has already received reimbursement approval. Do you expect sales to outperform plans?

A4: Sales are increasing in Europe. We anticipate sales in Japan will likely be the largest contributor in FY2015. We are looking to see to what extent we can grow sales in Japan.

Q5: Terumo launched sales of Misago in the United States. Can you discuss sales trends after the launch?

A5: We only just launched sales so I cannot say either way at the moment. It will take time to grow

sales. We do not plan to post sizable sales in FY2015.

Q6: Are costs at TCVS progressing as planned?

A6: Costs at TCVS in Q1 were slightly lower than estimated but they are closely on par with plans. We expect TCVS to incur the majority of its cost in 1H versus 2H.

Q7: In the General Hospital business in Japan, you said there were signs of a recovery in the market environment. What is your forecast for Q2 onward?

A7: Sales growth in Q1 primarily reflects the low level of sales in the same quarter of the previous year, which were partly impacted by the consumption tax hike. We are seeing signs of a recovery in demand for disposable products although demand remains weak for capital equipment such as infusion pumps. We will have to monitor the market for a while longer before we can confirm whether the market has made a full-fledged turnaround toward recovery.

Q8: Price declines negatively impacted operating income by JPY2.1 billion year-on-year. How much of this was impact from price declines in the United States in the Blood Management Company? Also, what is your projection for price declines in and after Q2?

A8: Of the JPY2.1 billion in negative impact from price declines, around JPY500 million was due to a decline in the price of blood management systems. In Q2 and thereafter, we expect to see impact from price declines in the United States in the Blood Management Company. Accordingly, we forecast the negative impact from price declines is likely to increase moving forward.

Q9: In Q1, the positive foreign exchange effect on operating income was JPY400 million. This seems somewhat small. Also, the impact of foreign exchange effect on business profit in the Blood Management Company was negative. Since the yen is weak against the US dollar but strong versus the euro, did these two factors cancel each other out?

A9: For the foreign exchange sensitivity on operating income in FY2015, expected impact of JPY1 fluctuation is JPY100 million in the US dollar and JPY200 million in euro. Based on the average exchange rate for Q1, the yen was JPY19 weaker than the dollar but JPY6 stronger than the euro. Although there is a slight difference based on calculation, the net effect was positive of JPY400 million. In the Blood Management Company, products manufactured in the United States are exported to Europe. We posted negative impact due to the euro's weakness against the US dollar.

Q10: What is the purpose of the share buyback plan you announced today? What is your policy on share buybacks going forward?

A10: We are repurchasing our shares with the capital generated from unwinding cross shareholdings. At the moment there are no policies that we can disclose.