

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

Terumo Corporation
Senior Executive Officer,
Investor Relations, Corporate Communication Dept.

Kazuaki Kitabatake

February 4, 2016

Overview: Highly profitable product in C&V Drove Substantial Growth in Profit

(billion yen)

	FY14 Q3YTD	FY15 Q3YTD	YoY%	YoY% (Excl. FX)
Net Sales	363.2	396.0	+9%	+5%
Gross Profit	190.7 (52.5%)	214.6 (54.2%)	+13%	+9%
SG&A Expenses	116.9 (32.1%)	127.2 (32.1%)	+9%	+4%
R&D Expenses	20.9 (5.8%)	23.3 (5.9%)	+11%	+5%
Operating Income	52.9 (14.6%)	64.1 (16.2%)	+21%	+23%
(Excl. Amortization)	65.8 (18.1%)	79.4 (20.1%)	+21%	+19%
Ordinary Income	58.7 (16.2%)	61.0 (15.4%)	+4%	
Net Income	33.4 (9.2%)	43.5 (11.0%)	+30%	

Average Exchange Rate	US\$ 107 yen	122 yen
	EUR 140 yen	134 yen

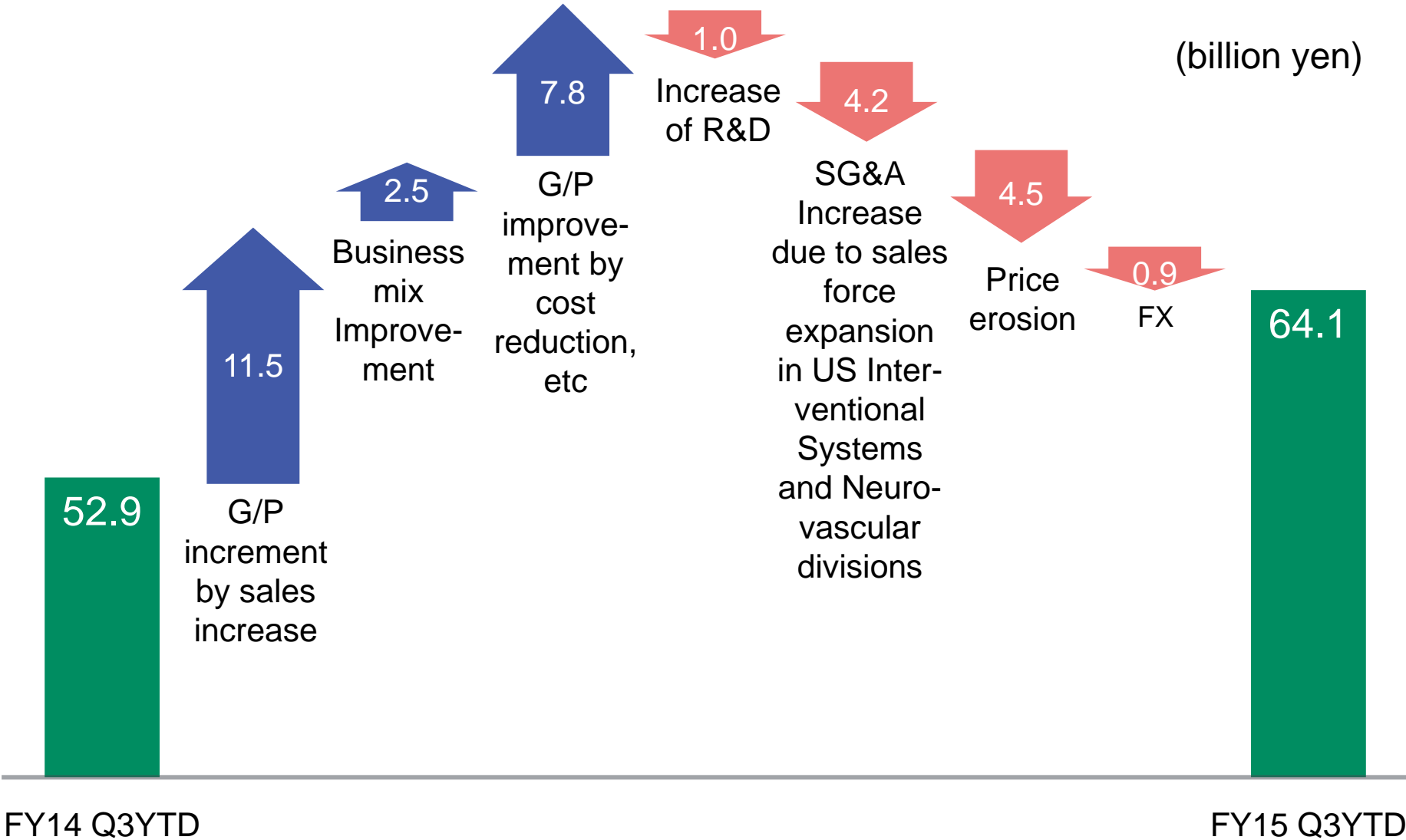
- Sales: Sustain solid performance. Cardiac & Vascular, especially global interventional system business, drove the corporate growth
- Operating income: G/P growth driven by sales expansion of highly profitable Cardiac & Vascular products
- Ordinary income: Posted a FX loss of 2.4 BJPY in FY15/Q3YTD, but posted gain of 8.1 BJPY in FY14/Q3YTD
- Net income: Gain through the sales of fixed asset of Shibuya, Tokyo

Extraordinary Gains & Losses, Income Taxes

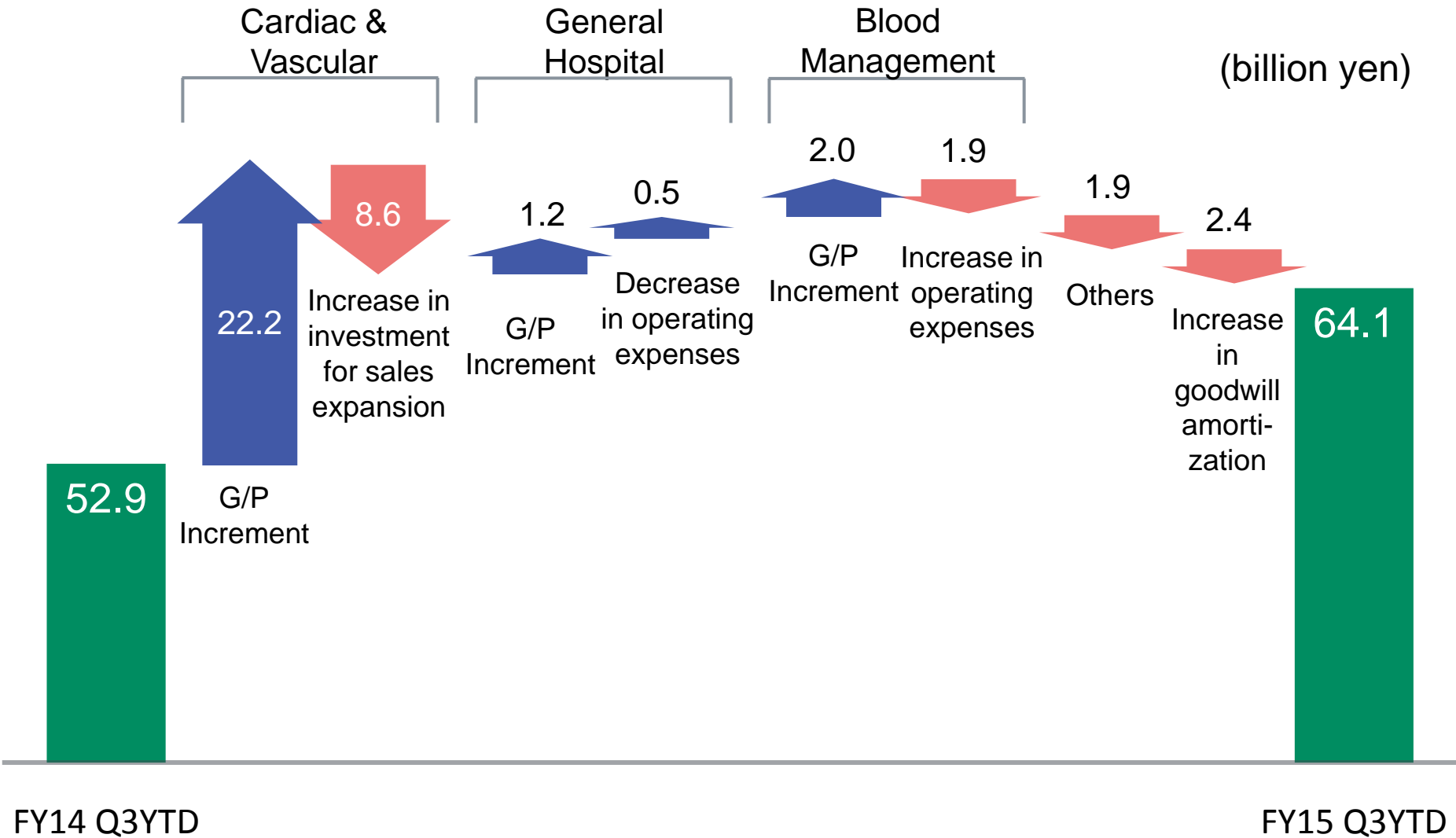
(Billion yen)

	FY14 Q3YTD	FY15 Q3YTD		
Non-operating income and loss	5.8	-3.1	FX	FY14 +8.1 FY15 -2.4
Ordinary Income	58.7	61.0	YoY%: +4%	
Extraordinary Gains & Losses	-6.4	+4.3	FY14 Cost for restructuring	-6.4
			FY15 Gain through the sales of fixed asset (Q2)	+4.4
Income before Income Tax	52.3	65.3	YoY%: +25%	
Income Taxes Total	-18.9	-21.9	Tax system revision	+1.8
Tax Rate (%)	36%	33%		
Net Income	33.4	43.5	YoY%: +30%	

Operating Income Variance Analysis



Operating Income Variance Analysis



FY15 Q3YTD: Impact of FX

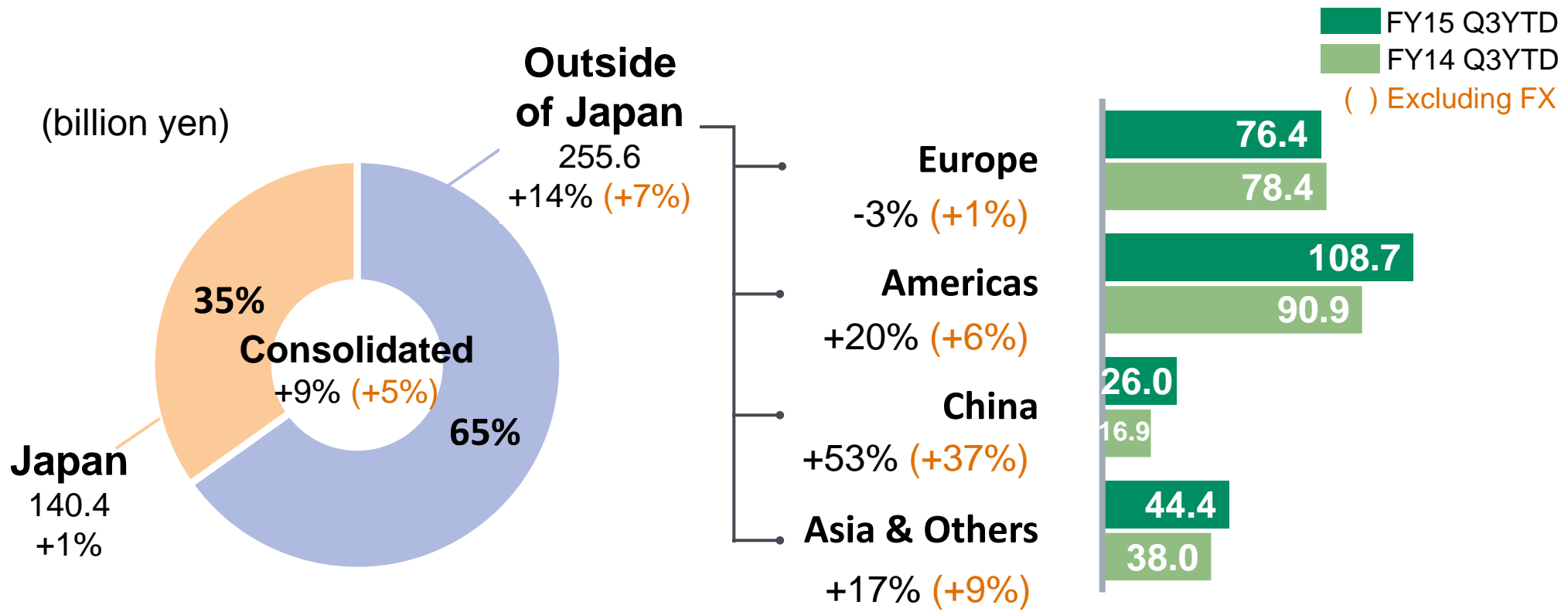
Average exchange rate in Q3YTD

	FY14	FY15	
US\$	107 yen	122 yen	(+ 15 yen) Depreciated by 14%
EUR	140 yen	134 yen	(- 6 yen) Appreciated by 4%
CNY	17.3 yen	19.3 yen	(+ 2 yen) Depreciated by 12%

(Billion yen)

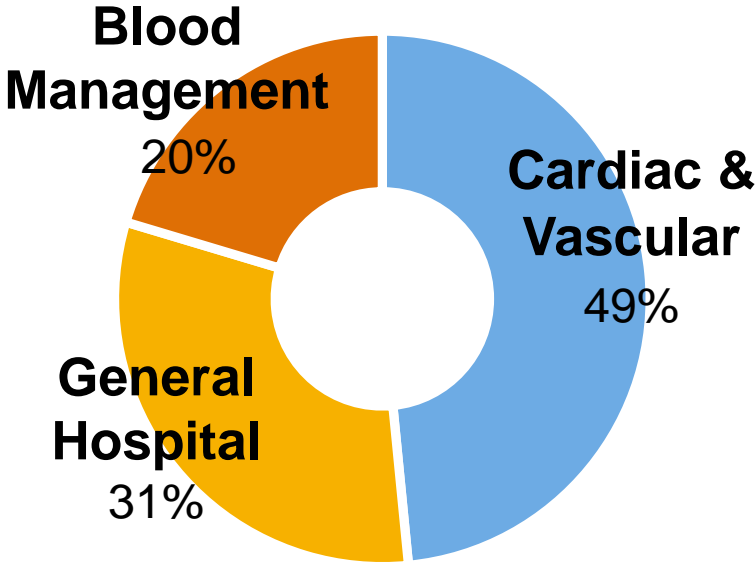
	Sales	Operating Income	
US\$	+14.5	- 0.8	Impact on goodwill amortization and others -1.8
EUR	- 2.0	- 1.6	
CNY	+ 3.0	+ 1.8	Impact on net sales +3.0 Impact on COGS at Hangzhou factory -1.2
Other currencies in emerging countries	- 0.5	- 0.3	
Total	+15.0	- 0.9	

Net Sales by Region



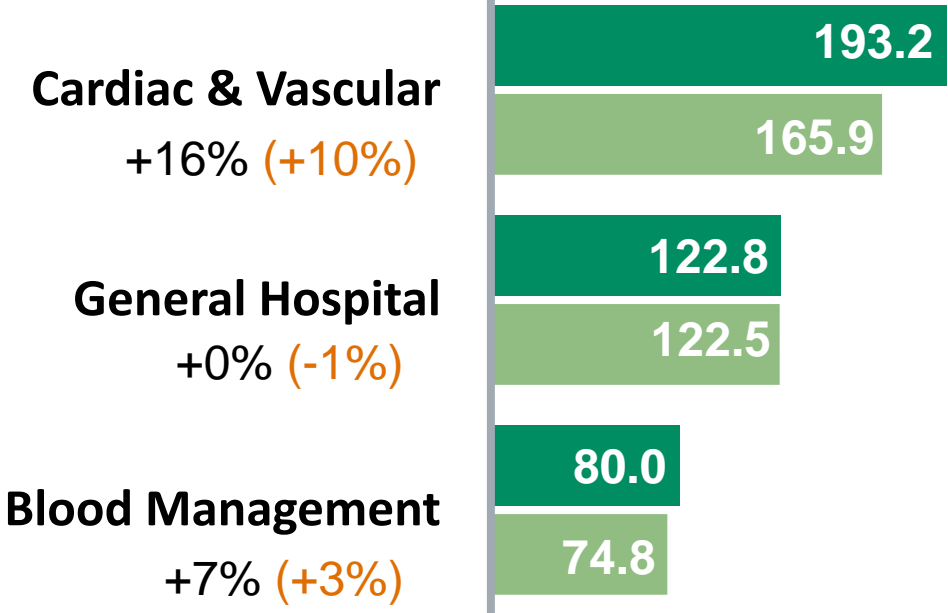
- Japan: Cardiac & Vascular, especially “Ultimaster”, drove increase in overall sales
- Europe: Pursue portfolio restructuring in General Hospital. For Blood Management, negative effect of weaker EUR against US\$
- Americas: Continuous increase in sales for Interventional Systems and Neurovascular business
- China: newly realigned local distribution network enabled us to cover inland customers wider

Net Sales by Business Segment



(billion yen)

■ FY15 Q3YTD
 ■ FY14 Q3YTD
 () Excluding FX



- Cardiac & Vascular: Performance of overseas Interventional Systems and Neurovascular business remains strong. “Ultimaster” also drove growth, realizing double-digit growth even when excluding FX.
- General Hospital: Pursue portfolio restructuring
- Blood Management: Continued growth in therapeutic apheresis, along with solid performance of blood center business in developing market

Cardiac & Vascular: In Addition to Strong Overseas Interventional Systems and Neurovascular Business, Japan Grew Substantially

(Billion yen)

	FY14 Q3YTD	FY15 Q3YTD	YoY%	YoY% (Excl. FX)
Sales	165.9	193.2	+16%	+10%
Business Profit (%)	34.2 (21%)	47.8 (25%)	+40%	+26%

<Sales>

- Increase in sales for overseas Interventional Systems and Neurovascular businesses (mainly in US) + 15.7 BJPY
- China: newly realigned local distribution network enabled us to cover inland customers wider + 7.6 BJPY

<Business Profit>

- Increase profit and improve portfolio mix through the expansion of “Ultimaster” global sales, overseas Interventional Systems and Neurovascular businesses

General Hospital: Profitability Back on Recovery Track

(Billion yen)

	FY14 Q3YTD	FY15 Q3YTD	YoY%	YoY% (Excl. FX)
Sales	122.5	122.8	+0%	- 1%
Business Profit (%)	16.5 (13%)	18.2 (15%)	+11%	+12%

<Sales>

- Japan: Peritoneal dialysate and pain control drugs business continuously expand the sales + 1.7 BJPY
- Japan: Increase in sales for DM products including glucose monitor and “Nanopass” needle +0.4 BJPY
- Progress in portfolio restructuring in EU - 2.1 BJPY

<Business Profit>

- Continuous cost reduction initiatives at plants and decline in raw material cost due to low oil prices improved profitability

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

(Billion yen)

	FY14 Q3YTD	FY15 Q3YTD	YoY%	YoY% (Excl. FX)
Sales	74.8	80.0	+7%	+3%
Business Profit (%)	14.2 (19%)	14.3 (18%)	+1%	+8%

<Sales>

- Continue to grow therapeutic apheresis and cell processing systems + 3.3 BJPY
- Increase sales for Blood Center business in developing countries + 2.9 BJPY

<Business Profit>

- Negative impact of price declines, especially in the US
- Profit from the products manufactured in US and sold in EU is negatively affected by weaker EUR against USD.

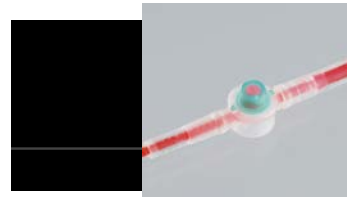
Q3 Topics

- Revised upward interim dividend and year-end dividend forecast for FY15 (Nov 5)
- Enacted “TERUMO Corporate Governance Guideline” (Nov5)
- Received FY2015 Good Design Award for three products (Oct 8)

Corporate



IV cath needle
“Surflo V3”



Needleless system
“SurPlug AD series”



Aspiration catheter
“Eliminate Plus”

- The 17th Nikkei Global Management Forum:
speech about “Innovation” by Mr. Shintaku (Nov 10)



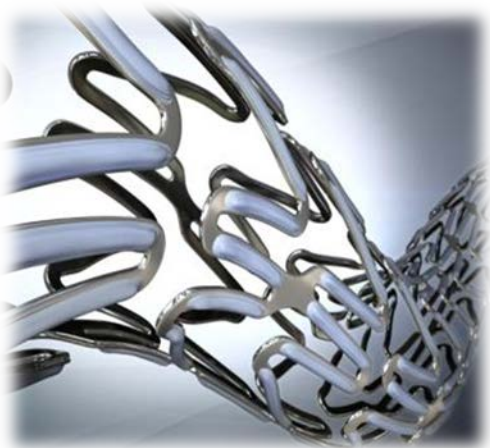
Business

- In Japan, launched new DES, “Ultimaster” (Oct 1)
- Reimbursement price determined by government for “HeartSheet” autologous skeletal myoblast sheets (Nov 18)

New Product Pipeline for FY2015

Business	Product	Region	Launch
Coronary	DES (Ultimaster) ◎◎★	JP	Approved in Q2 Launch in Oct 1
	New aspiration catheter	EU, Latin A, Asia	FY15Q4
Peripheral	Stent (Misago) ★	US	Q1
	PTA balloon (above the knee)	EU, US	Q2
	PTA balloon (below the knee)	JP	FY16
	Embolic particles (beads) ★	EU	Q1
Neuro	Coil assist stent ◎	JP	Q1
	Liquid embolic glue ★	EU	Q1
	Distal protection device ★	EU	FY15Q4

Business	Product	Region	Launch
CV	Disposable centrifugal pump (for PCPS)	JP	FY15Q4
Blood Management	Automated blood component processing system ★	JP	FY16



New DES (Ultimaster)
Oct 1, launched in Japan

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

Revision of FY15 Guidance

■ Revised FY15 guidance upward to reflect strong Q3

(Billion yen)	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (Sep)	525.0	76.0	73.0	48.5
Revised Forecast	525.0	80.0	75.0	50.0
Change in Amount	-	+4.0	+2.0	+1.5

- Ordinary and net income could change depending on FX

■ Forecast Q4 performance

- Expect unchanged strong momentum in overseas Interventional Systems and Neurovascular businesses
- Uncertainty in Q4;
 - ✓ A new DES was just launched by a competitor in Japan
 - ✓ Price compression for Blood Management business (transition to new pricing is nearly completed and will fully affect on Q4 result)
 - ✓ Depreciation of currencies in emerging countries

50 BJPY Stock Repurchase Program (Feb 5, 2016 – Mar 31)

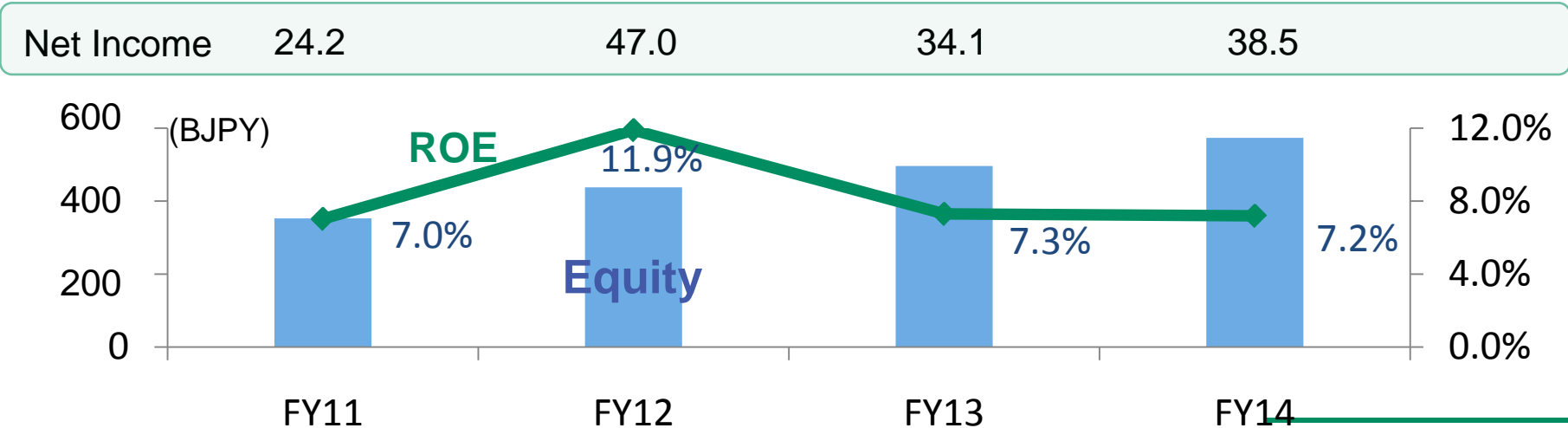
■ Purpose: improve capital efficiency

- A part of agile capitalization strategy in line with TERUMO Corporate Governance Guideline

■ Direction in capitalization strategy

- Prioritize growth strategy as ever
 - ✓ Aggressively implement technological acquisition. Keep exploring opportunities of other types of M&A as well
- Further consider with balance between growth investment and cash on hand

Reference: Historical ROE



Reference

FY15 Q3YTD Net Sales and Growth by Region

(Billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac & Vascular	37.8 (+5%)	155.5(+12%)	49.6 (+4%)	67.1(+11%)	20.5(+41%)	18.3(+12%)	193.2(+10%)
Out of C&V Interventional Systems*	29.0 (+5%)	122.8(+15%)	39.7(+4%)	49.0 (+16%)	19.5(+43%)	14.6(+16%)	151.9(+13%)
General Hospital	94.3 (+1%)	28.5 (-6%)	7.1 (-21%)	6.5 (-4%)	1.5 (+18%)	13.5 (+3%)	122.8 (-1%)
Blood Management	8.4 (-9%)	71.6 (+4%)	19.8 (+4%)	35.1 (-1%)	4.0 (+24%)	12.7 (+14%)	80.0 (+3%)
G. Total	140.4 (+1%)	255.6 (+7%)	76.4 (+1%)	108.7 (+6%)	26.0 (+37%)	44.4 (+9%)	396.0 (+5%)

*Including Neurovascular business

(YoY%): Excluding foreign exchange

Operating Expenses

(Billion yen)

	FY14 Q3YTD	FY15 Q3YTD	YoY	YoY%	YoY% (Excl. FX)
Salaries & Wages	52.1	57.5	+5.4	+10%	+5%
Sales Promotion	11.6	12.6	+1.0	+9%	+5%
Logistical Costs	8.2	8.3	+0.1	+1%	-0%
Depreciation & Amortization	18.4	21.0	+2.6	+14%	+4%
Others	26.6	27.8	+1.2	+5%	+1%
SG&A Expenses Total	116.9 (32.1%)	127.2 (32.1%)	+10.3	+9%	+4%
R&D Expenses	20.9 (5.8%)	23.3 (5.9%)	+2.4	+11%	+5%
Operating Expenses Total	137.8 (37.9%)	150.5 (38.0%)	+12.7	+9%	+4%

(%) Against net sales

Quarterly Results

(Billion yen)

	FY14 Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY15 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Net Sales	129.9	126.3	128.7	130.5	136.8
Gross Profit	67.8 (52.2%)	65.4 (51.7%)	69.0 (53.7%)	70.4 (53.9%)	75.3 (55.0%)
SG&A Expenses	40.5 (31.2%)	42.4 (33.5%)	41.7 (32.5%)	42.7 (32.7%)	42.9 (31.3%)
R&D Expenses	7.4 (5.7%)	8.4 (6.7%)	7.9 (6.1%)	8.0 (6.1%)	7.4 (5.4%)
Operating Income	19.9 (15.3%)	14.6 (11.5%)	19.4 (15.1%)	19.7 (15.1%)	25.0 (18.3%)
(Excl. Amortization)	24.5 (18.8%)	19.4 (15.3%)	24.5 (19.1%)	24.8 (19.0%)	30.1 (22.0%)

Average	US\$	115 yen	119 yen	121 yen	122 yen	121 yen
Exchange Rate	EUR	143 yen	134 yen	134 yen	136 yen	133 yen

CAPEX, R&D Expenses

(Billion yen)

	FY2015 Guidance	FY15 Q3YTD Result	Progress to Guidance
CAPEX	29.0	21.3	73%
Depreciation & Amortization *	45.0	33.2	74%
R&D Expenses	35.0	23.3	67%

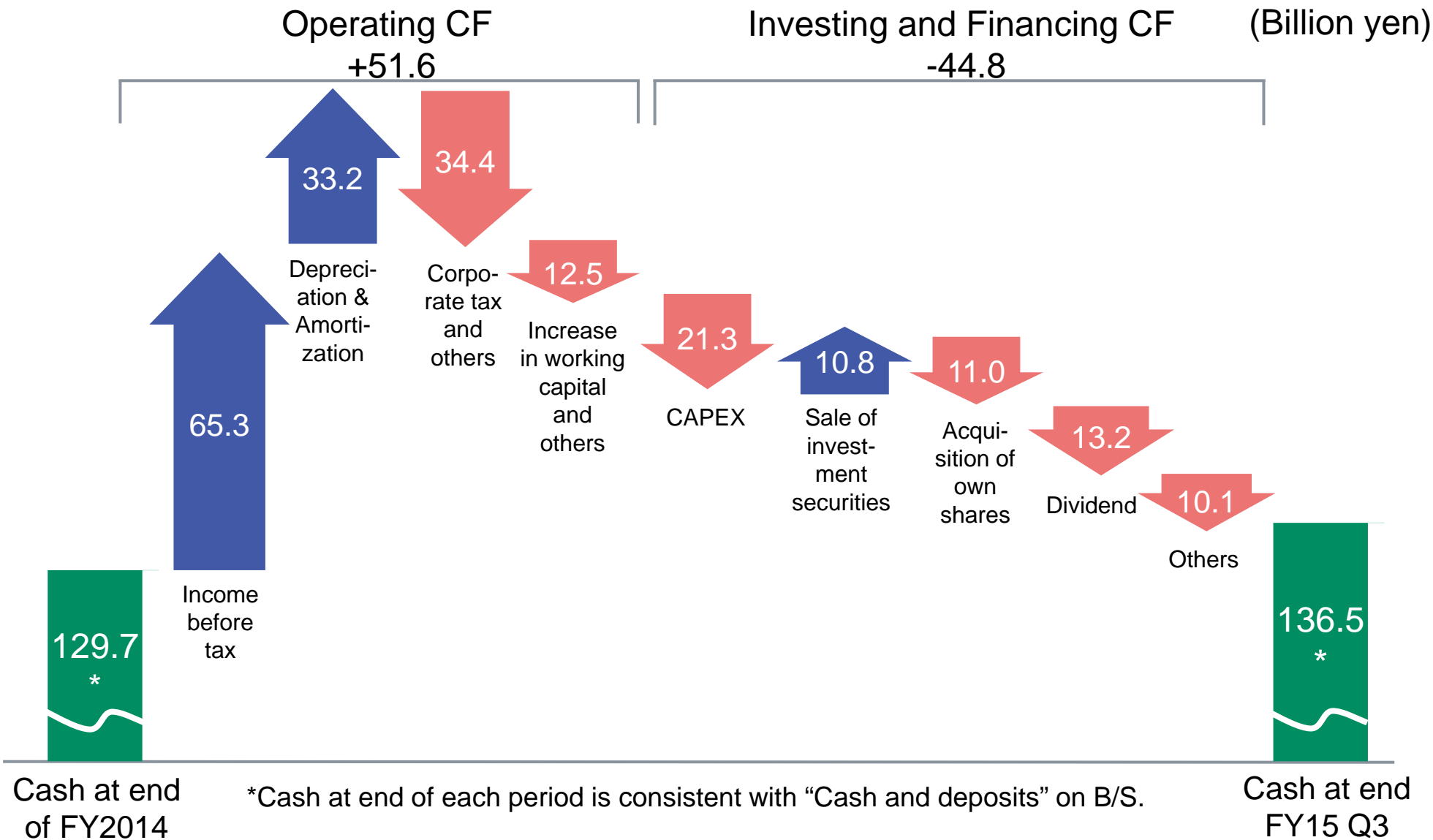
Depreciation & Amortization: Including intangibles

CAPEX: Acquisition basis

<Downward revision in FY15 CAPEX guidance to 29 BJPY from 36 BJPY>

1. Through reviewing the timing of investments, reduced by 3.0 BJPY
2. Through downsizing the amount of investments, reduced by 2.0 BJPY

Cash Flow



*Cash at end of each period is consistent with "Cash and deposits" on B/S.

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 CaridianBCT resulted in less impact of yen depreciation against US\$ at operating income.
- Impact of depreciation in currencies in emerging countries on operating income was offset by depreciation of EUR.

IR Contact

Terumo Corporation

Corporate Communication (IR) Dept.

E-mail: kouhou_terumo01@terumo.co.jp

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.