

Financial Results for the Fiscal Year Ended March 31, 2016 (FY2015) and Guidance for the Fiscal Year Ending March 31, 2017(FY2016)

Terumo Corporation
Managing Executive Officer,
Investor Relations, Corporate Communication Dept.
Kazuaki Kitabatake

May 10, 2016

Overview: Achieved Significant Growth in Both Sales and Profit

	(billion yen)			
	FY2014	FY2015	YoY%	YoY% (Excl. FX)
Net Sales	489.5	525.0	+7%	+5 %
Gross Profit	256.1 (52.3%)	284.9 (54.3%)	+11%	+10 %
SG&A Expenses	159.2 (32.5%)	170.1 (32.4%)	+7%	+4%
R&D Expenses	29.4 (6.0%)	33.1 (6.3%)	+13%	+9%
Operating Income	67.5 (13.8%)	81.7 (15.6%)	+21%	+25%
(Excl. Amortization)	85.1 (17.4%)	101.9 (19.4%)	+20%	+21%
Ordinary Income	70.7 (14.4%)	73.1 (13.9%)	+3%	
Net Income	38.5 (7.9%)	50.7 (9.7%)	+32%	
Average Exchange Rate	USD 110 yen	120 yen		
	EUR 139 yen	133 yen		

- Sales: Interventional system and neurovascular businesses globally grew at double digit, driving the corporate growth
- Operating income: G/P growth driven by sales expansion of highly profitable products and cost improvement mainly in Cardiac and Vascular Company
- Ordinary income: Posted FX loss of 7.5 BJPY in FY15, while posted gain of 6.6 BJPY in FY14
- Net income: Gain through the sales of land of Shibuya, Tokyo

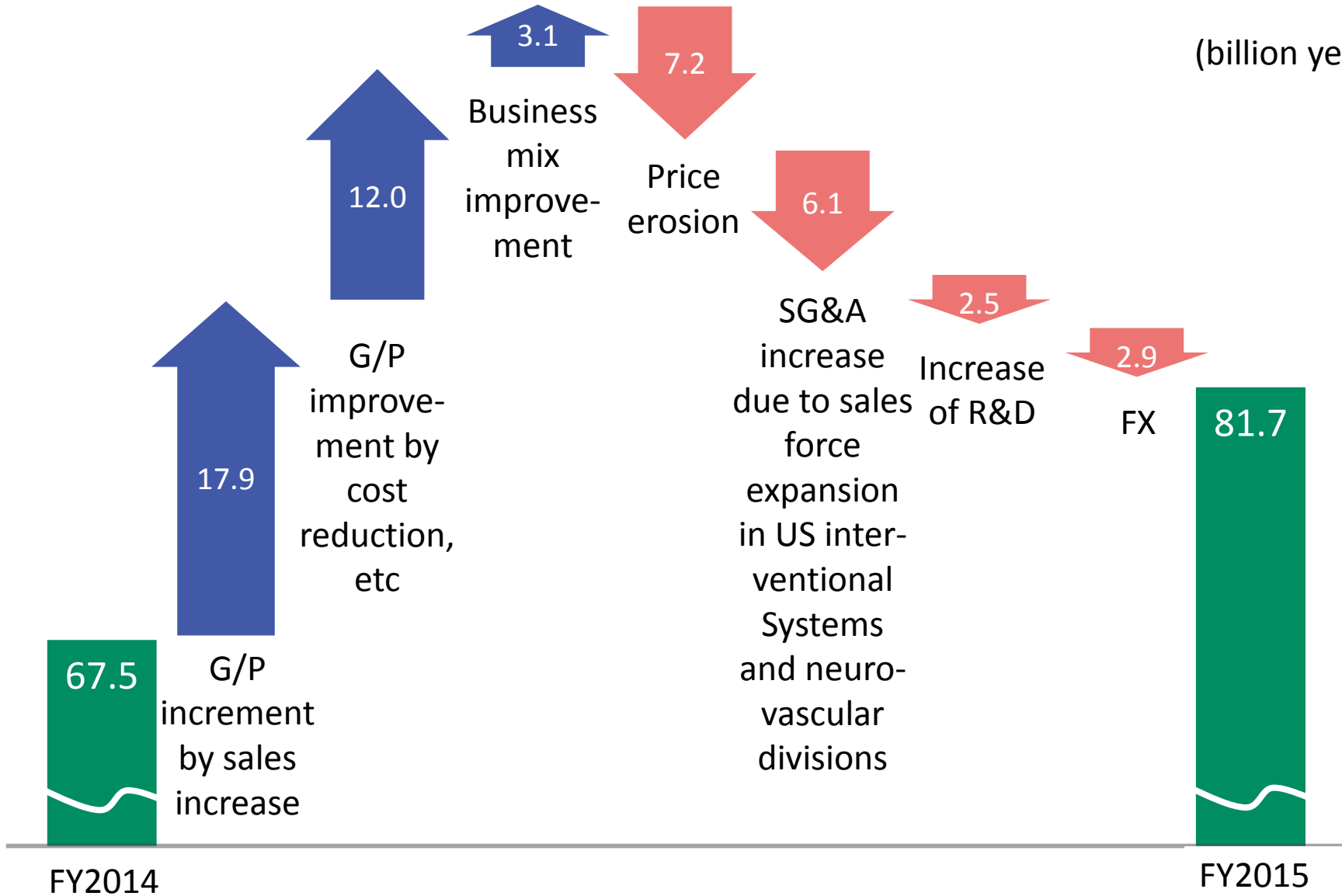
Extraordinary Gains & Losses, Income Taxes

(billion yen)

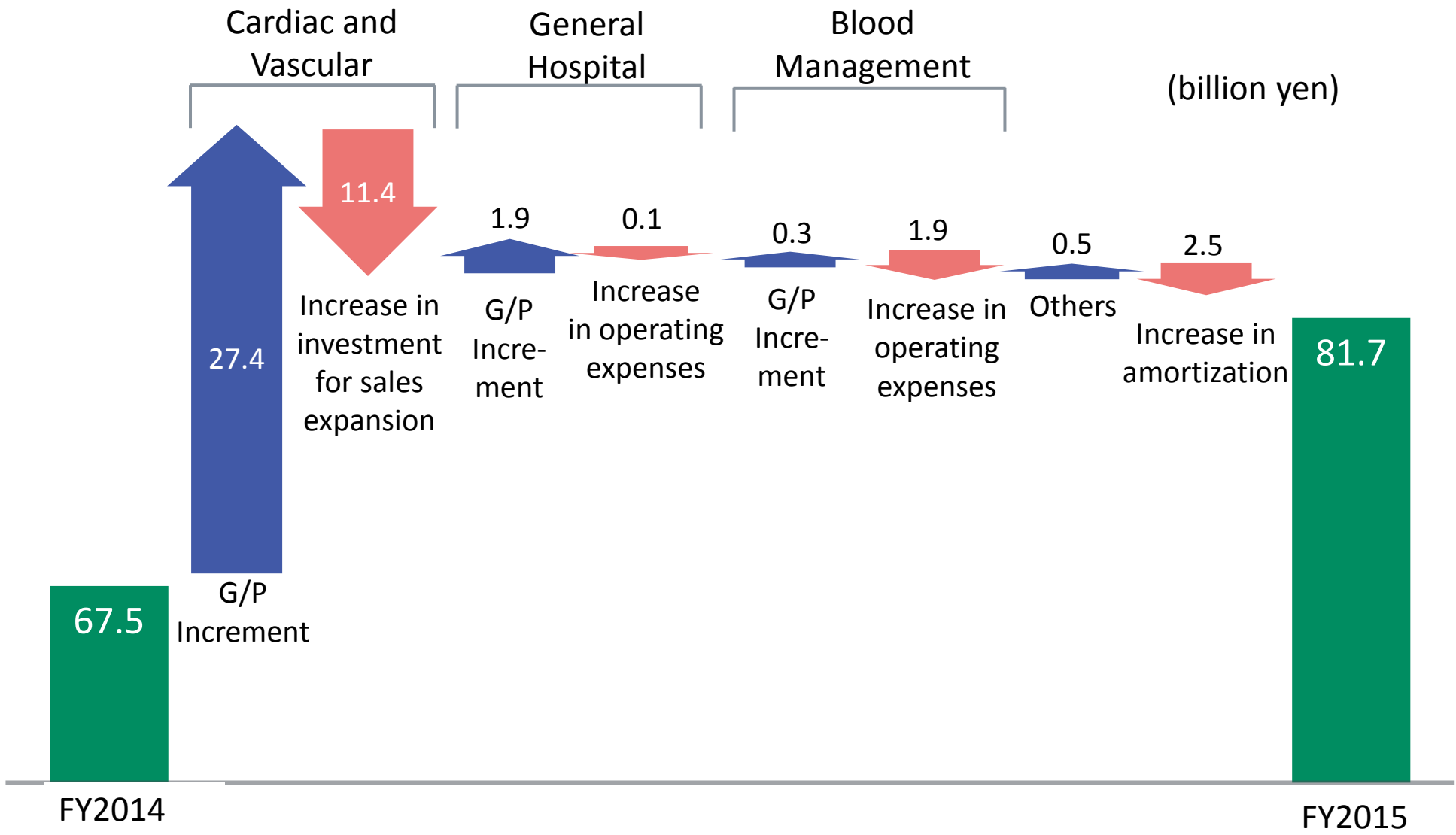
	FY2014	FY2015	
Non-operating Income and loss	3.3	-8.6	FX FY14 +6.6 FY15 -7.5
Ordinary Income	70.7	73.1	YoY%: +3%
Extraordinary Gains & Losses	-6.7	+3.8	FY14 Cost for EU restructuring -5.6 FY15 Gain through the sales of land (Q2) +4.4
Income before Income Tax	64.0	76.9	YoY%: +20%
Income Taxes Total	-25.6	-26.2	Tax system revision
Tax Rate (%)	40%	34%	
Net Income	38.5	50.7	YoY%: +32%

Operating Income Variance Analysis

(billion yen)



Operating Income Variance Analysis



Impact of FX onto Operating Income

- USD: Impact remained neutral due to increase in dollar-based production and expenses
- EUR: Sensitivity escalated due to the downscaled production and increase in sales
- Currencies in emerging countries: Greater FX impact due to sales increase and those depreciation

Currency	Fluctuation of FX (yen) FY14 ~ FY15								Impact on Operating Income (billion yen)		
	FY14Q1	Q2	Q3	Q4	FY15Q1	Q2	Q3	Q4	Q1-Q3 YTD	Q4	FY15 YTD
USD	102	104	115	119	121	122	121	115	-0.8	+1.1	+0.3
EUR	140	138	143	134	134	136	133	127	-1.6	-0.9	-2.5
CNY	16.4	16.9	18.7	19.4	19.6	19.5	19.0	17.6	+1.8	-1.1	+0.7
Others (Asia, L. America, etc.)	3.2	3.2	3.5	3.7	3.7	3.5	3.4	3.2	-0.3	-1.1	-1.4
Total									-0.9	-2.0	-2.9

Net Sales by Region

FY15
FY14

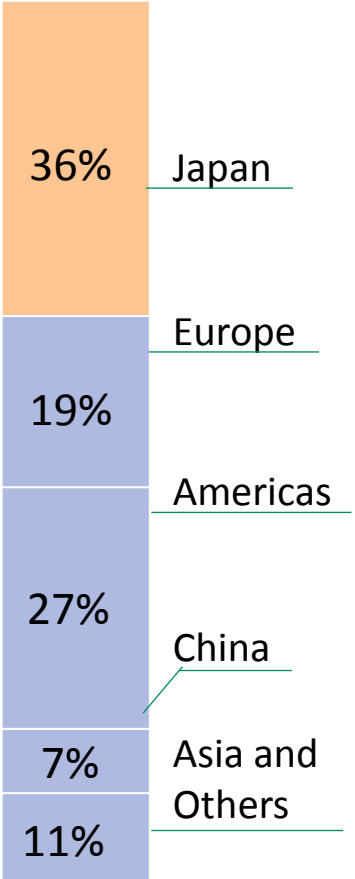
Net Sales

Year-on-Year Sales Comparison

100% = 525.0 billion yen

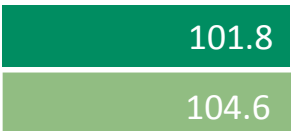
billion yen	YoY%	Comments
-------------	------	----------

() Excl. FX



2%

In addition to Cardiac and Vascular, General Hospital (Infusion Systems, PD and DM) drove increase in overall sales



-3%
(2%)

Downsizing of low profit business in General Hospital and negative effect of weaker EUR



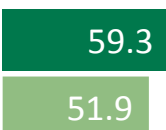
14%
(6%)

Despite negative impact of price declines in Blood Management System, Interventional Systems and Neurovascular made a continuous double digit growth



35%
(26%)

Newly realigned local distribution network enabled us to cover inland customers and second tier hospitals wider



14%
(10%)

Double digit growth in Cardiac and Vascular and Blood Management drove increase in overall sales

Net Sales by Business Segment

FY15
FY14

Net Sales

Year-on-Year Sales Comparison

100%=525.0 billion yen

billion yen	YoY%	Comments
-------------	------	----------

() Excl. FX



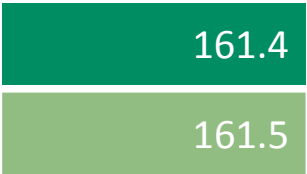
Cardiac and Vascular



14%
(10%)

Besides double digit growth in overseas interventional systems and neurovascular business, global “Ultimaster” sales also drove overall company growth

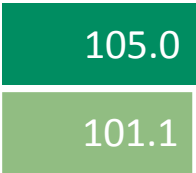
General Hospital



-0%
(-1%)

Negative impact from downsizing low profit business in Europe and Latin America. In Japan, infusion systems etc. greatly grew

Blood Management



4%
(2%)

Despite negative impact of price declines especially in US, therapeutic apheresis and cell processing systems made a double digit growth

Cardiac and Vascular

:Overseas TIS and Neurovascular Businesses Drove the Overall Company, Achieving Double Digit Growth Both in Sales and Profit

(billion yen)

	FY2014	FY2015	YoY%	Major Topics	Impact
Sales	226.9	258.6	() Excl. FX	Continuous double digit growth in overseas TIS and neurovascular businesses	+28.5
			14% (10%)	Detail: The expansion of coronary therapeutic devices driven by global "Ultimaster" sales growth	+8.7
				Detail: completion of local distributors network realignment followed by the expansion of customer coverage in China	+7.5
Business Profit	47.4	63.4	34% (24%)	An increase in business profit and improvement for portfolio mix coupled with the sales expansion of overseas TIS and neurovascular businesses	
	(21%)	(25%)		An increase in gross profit driven by the global sales expansion of "Ultimaster"	

(billion yen)

	FY2014	FY2015	YoY%	Major Topics	Impact
Sales	161.5	161.4	-0% (-1%)	Japan: Increase of sales in infusion system products (incl. Pumps), PD, and DM	+1.9
				China and Other Asia: Infusion system products achieved a double digit growth.	+1.5
				Downsizing of low profit business accounts in EU and Americas	-3.5
Business Profit	20.8 (13%)	22.6 (14%)	9% (10%)	A continuous effort for cost reduction at domestic production sites, a reformation of supply-chain management, and lowering procurement cost, improved profitability A decline in raw material cost due to low oil prices	

() Excl. FX

Blood Management

: Continuous Double Digit Growth for Business in Emerging Countries and Therapeutic Apheresis

(billion yen)

	FY2014	FY2015	YoY%	Major Topics	Impact
Sales	101.1	105.0	4% (2%)	() Excl. FX	
				A double digit growth in overseas therapeutic apheresis and cell processing businesses	+3.6
				A double digit growth in blood center business in china and other Asian countries	+2.9
				A negative impact of a price decline implemented in US and other advanced countries.	-1.8
Business Profit	18.5 (18%)	16.9 (16%)	-9% (-3%)	Due to weaker EUR against USD, a negative impact on the products manufactured in US and sold in EU	

FY2015 Major Topics








Corporate


- Established an Audit/Supervisory Committee (Jun)
- Share buyback valued at 61 BJPY in total (Aug, Feb)
- Selected as *“The Health & Productivity Stock Selection”* (Jan) and *“Nadeshiko Brand”* (Mar)
- Hollow fiber typed oxygenator won *“Okochi Memorial Prize”* (Mar)

Business

- Peripheral Stent *“Misago”* acquired PMA in US for the first time among Japanese Companies (Jun)
- Gained a regulatory approval for intradermal injection device (Sep)
- Gained a regulatory approval for *“HeartSheet”* (Sep)
- Launched *“Ultimaster”* in Japan (Oct)

New Products Launched in FY2015

Business	Product	Region	Launch
Coronary	DES (Ultimaster)  	JP	Launched in Oct 1
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	FY16

Business	Product	Region	Launch
CV	Disposable centrifugal pump (for PCPS)	JP	Q4
Blood Management	Automated blood component processing system 	JP	FY16



DES "Ultimaster"
Japan (Q3)



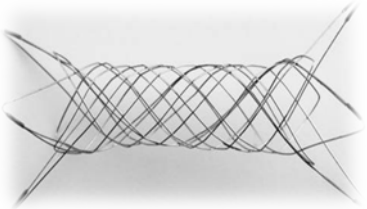
PTA balloon (above the knee)
"Misago"
US (Q1)



PTA balloon (below the knee)
"Metacross RX"
US (Q2)



Embolic particles "LifePearl"
EU(Q1)



Coil assist stent "LVIS Jr"
JP(Q1)



Liquid embolic glue "PHIL"
EU(Q1)

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

FY2016 Guidance

(billion yen)

	FY2015 Result	FY2016 Guidance	YoY%	Impact of FX	FY2016 FX Neutral Guidance	YoY%
Net Sales	525.0	517.0	-2%	-31.0	548.0	+4%
Operating Income (%)	81.7 (15.6%)	75 (14.5%)	-8%	-8.5	83.5 (15.2%)	+2%
Ordinary Income	73.1	71.0	-3%	-10.3	81.3	+11%
Net Income	50.7	52.5	+4%			
Average exchange Rate	USD 120 yen	110 yen				
	EUR 133 yen	125 yen				

Net income will increase due to decrease in tax burden by tax effect (deferred tax assets) at end FY16

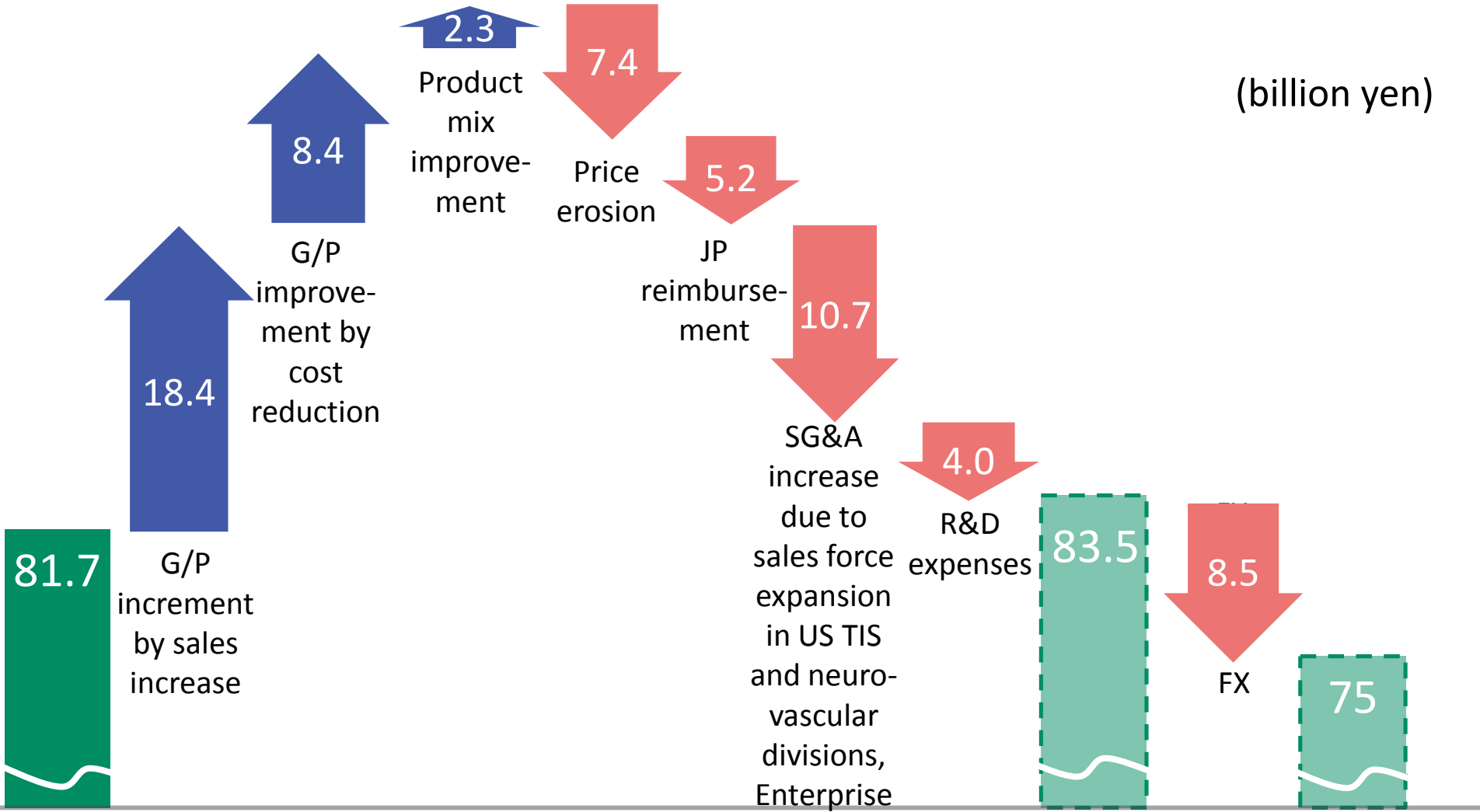
FY2016 Guidance (excl. FX)

	Sales		Business Profit		Comments
	billion yen	YoY%	billion yen	YoY%	

Cardiac and Vascular	<p>FY16 278.0 FY15 258.6</p>	+8%	<p>25% 68.5 25% 63.4</p>	+8%	Continuous growth in overseas TIS and neurovascular businesses
General Hospital	<p>162.0 161.4</p>	+0%	<p>14% 22.6 14% 22.6</p>	+0%	Continuous improvement on business profit
Blood Management	<p>108.0 105.0</p>	+3%	<p>15% 16.0 16% 16.9</p>	-5%	Impact of price declines in US peaked in FY15 A growth expected in therapeutic apheresis and business in emerging countries

FY2016 Annual Guidance

(billion yen)



FY2015 Result

Incl. increase pension cost of 1.5 billion yen due to a lower Interest rate

FY2016 FX Neutral (Guidance)

FY2016 (Guidance)

The Impact of FX on FY2016

(billion yen)

Currency	Fluctuation of FX (yen)				Impact on Net Sales	Impact on Operating Income
	FY2015Q1	FY15Q1~FY16 (Guidance) Q2	Q3	Q4		
USD	121	122	121	115	-13.6	+1.9
EUR	134	136	133	127	-3.9	-2.3
CNY	19.6	19.5	19.0	17.6	-3.3	-1.5
Others (Asia, L. America etc.)	3.7	3.5	3.4	3.2	-10.2	-6.6
Total					-31.0	-8.5

e.g. Thai Baht

■ Shift to highly profitable business

e.g.) Business Portfolio in EU (Sales by business segments)

(billion yen)

	FY2014
Cardiac and Vascular	62%
General Hospital	12%
Blood Management	26%



FY2016	Change in Sales
66%	+2.9
8%	-4.0
26%	+0.2

■ Downsize low profit business

e.g.) General Hospital Product Business in Latin America

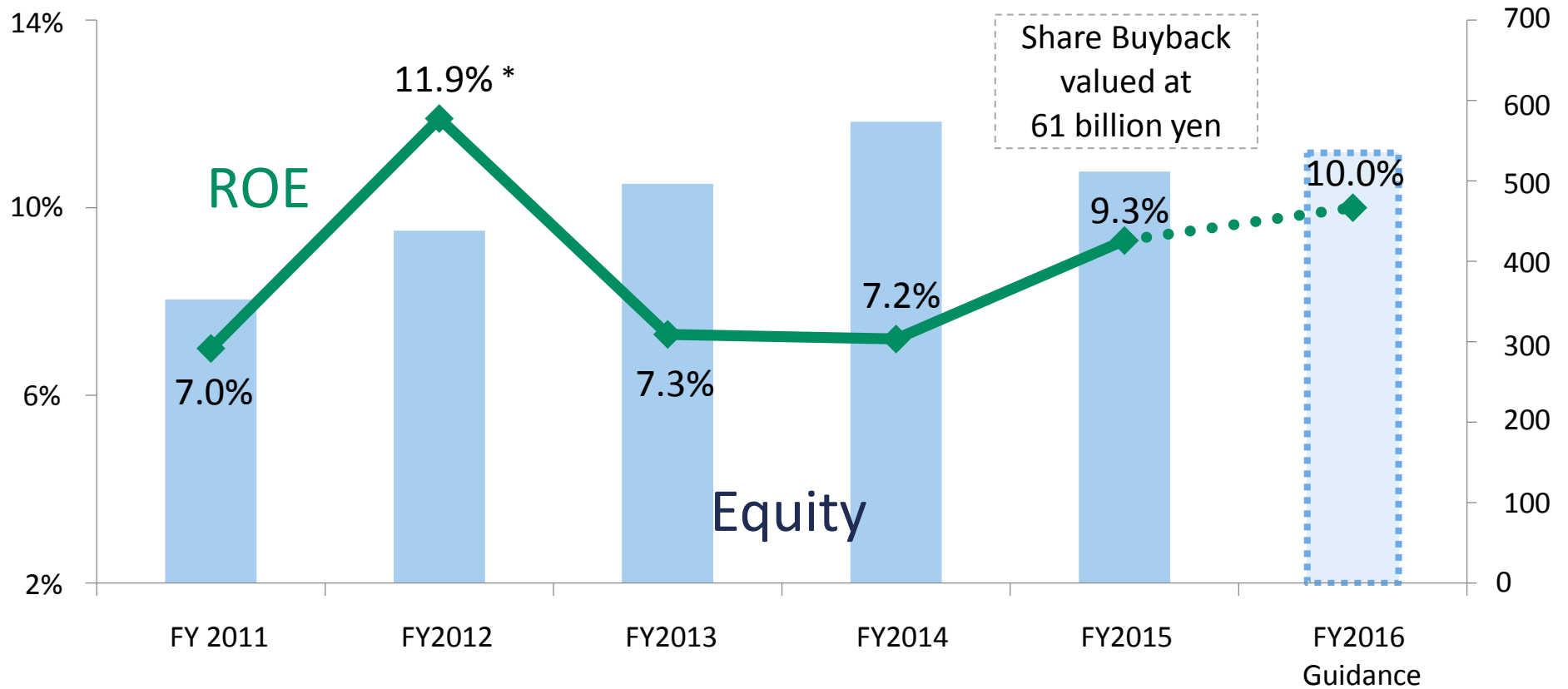
FY2016 (compared to FY2014)

- Sales Decrease by 35%
- Profit Increase by 35% (13% pt improvement in margin)

ROE

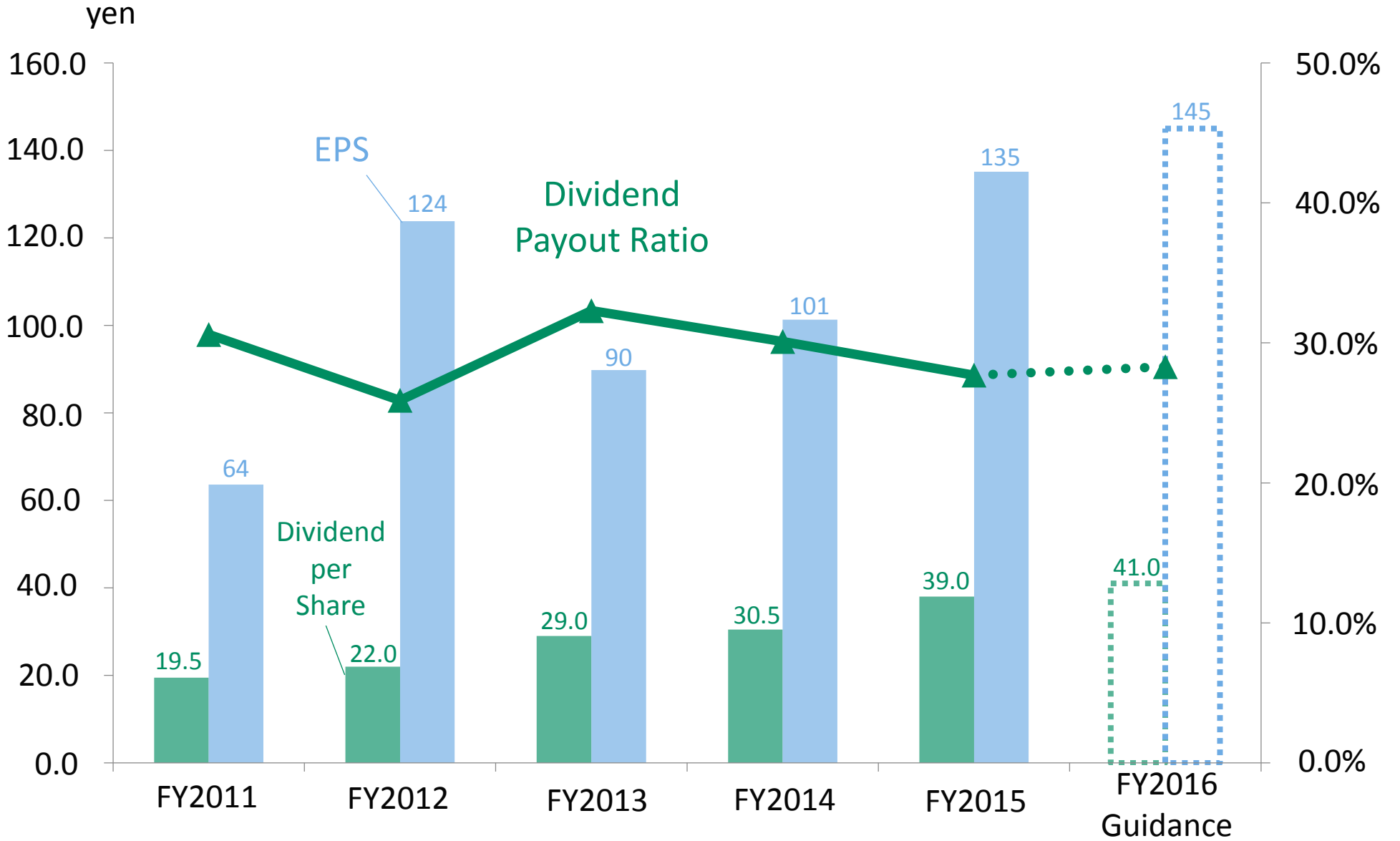
■ Reach up to 10.0%

Net Income 24.2 47.0 34.1 38.5 50.7 52.5 (billion yen)



* A decrease in corporate tax due to a reform of TBCT

Dividends and EPS

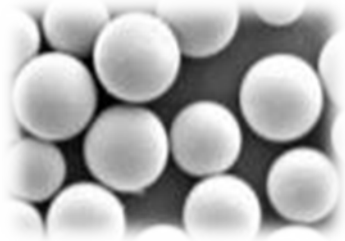


New Products Pipeline in FY2016

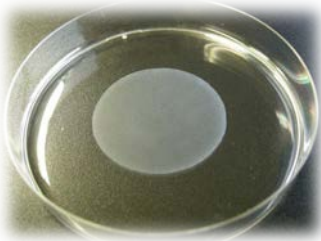
Category	Products	Region
Coronary	DES(Ultimaster) ◎★	France
	DES (Ultimaster) 4.0mm (Diameter) ◎★	JP
Imaging	IVUS ◎★	JP
Peripheral	PTA Balloon (Below the knee, RX/OTW)	JP • US • EU
	PTA Balloon (Below & above the knee, RX/OTW)	JP • US • EU
	PTA balloon (Above the knee, RX/OTW)	JP • US • EU
Neuro	Distal protection device	EU
Oncology	Radioembolization beads (Quirem) ★	EU

Category	Products	Region
CV	Disposable Centrifugal Pump (for PCPS)	Asia
D&D	Intradermal Injection Device ★	JP
	Adhesion barrier ★	JP
DM	Blood glucose meter (MEDISAFE Fit Smile)	China
Blood Management	Automated blood component processing system ★	JP
Regenerative Medicine	HeartSheet ★	JP

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



Radioembolization beads (EU)



HeartSheet (JP)



Intradermal injection device (JP)

Reference

FY15 Net Sales and Growth by Region

(billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	51.6 (+7%)	207.0 (+11%)	66.7 (+5%)	89.4 (+11%)	26.4 (+30%)	24.6 (+13%)	258.6 (+10%)
Out of C&V Interventional Systems*	39.6 (+7%)	163.3 (+14%)	53.3 (+6%)	65.2 (+16%)	25.1 (+31%)	19.7 (+17%)	202.9 (+13%)
General Hospital	124.2 (+2%)	37.2 (-7%)	9.3 (-24%)	8.3 (-12%)	1.9 (+11%)	17.7 (+6%)	161.4 (-1%)
Blood Management	11.5 (-9%)	93.6 (+4%)	25.8 (+6%)	45.7 (-1%)	4.9 (+14%)	17.1 (+11%)	105.0 (+2%)
G. Total	187.2 (+2%)	337.8(+7%)	101.8 (+2%)	143.5(+6%)	33.2 (+26%)	59.3 (+10%)	525.0 (+5%)

*Including Neurovascular business

(YoY%): Excluding foreign exchange

Operating Expenses

(billion yen)

	FY2014	FY2015	YoY	YoY%	YoY% (Excl. FX)
Salaries & Wages	70.5	76.0	+5.5	+ 8%	+5%
Sales Promotion	16.0	17.2	+1.2	+ 8%	+6%
Logistical Costs	11.0	11.0	-0.0	- 0%	-1%
Depreciation & Amortization	25.1	27.5	+2.4	+10%	+3%
Others	36.6	38.4	+1.8	+ 5%	+3%
SG&A Expenses Total	159.2 (32.5%)	170.1 (32.4%)	+10.9	+ 7%	+4%
R&D Expenses	29.4 (6.0%)	33.1 (6.3%)	+3.7	+13%	+9%
Operating Expenses Total	188.6 (38.5%)	203.2 (38.7%)	+14.6	+ 8%	+5%

(%) Against net sales

Quarterly Results

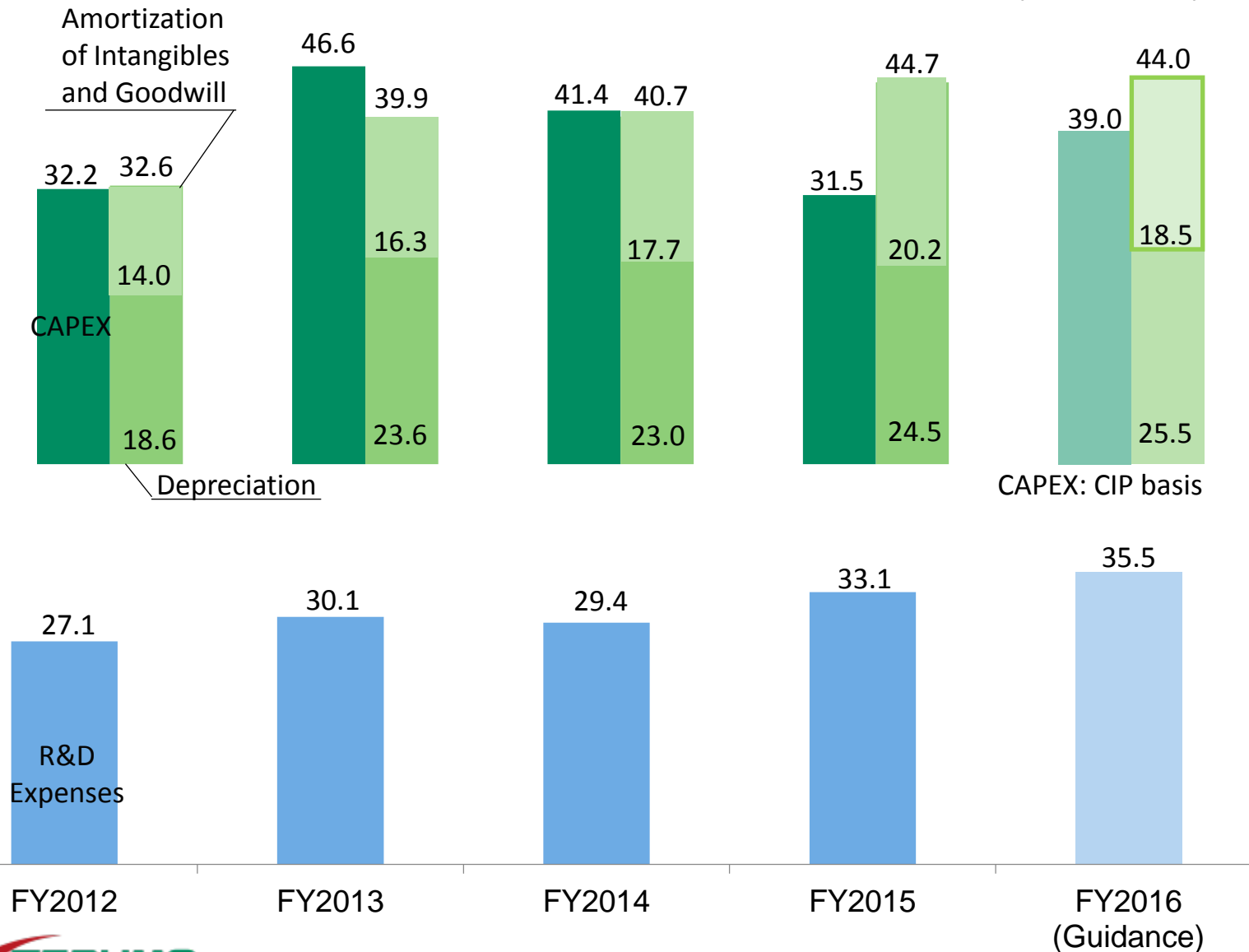
(billion yen)

	FY14 Q4 (Jan-Mar)	FY15 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Net Sales	126.3	128.7	130.5	136.8	129.0
Gross Profit	65.4 (51.7%)	69.0 (53.7%)	70.4 (53.9%)	75.3 (55.0%)	70.3 (54.4%)
SG&A Expenses	42.4 (33.5%)	41.7 (32.5%)	42.7 (32.7%)	42.9 (31.3%)	42.8 (33.1%)
R&D Expenses	8.4 (6.7%)	7.9 (6.1%)	8.0 (6.1%)	7.4 (5.4%)	9.9 (7.7%)
Operating Income	14.6 (11.5%)	19.4 (15.1%)	19.7 (15.1%)	25.0 (18.3%)	17.6 (13.6%)
(Excl. Amortization)	19.4 (15.3%)	24.5 (19.1%)	24.8 (19.0%)	30.1 (22.0%)	22.5 (17.4%)

Average	USD	119 yen	121 yen	122 yen	121 yen	115 yen
Exchange Rate	EUR	134 yen	134 yen	136 yen	133 yen	127 yen

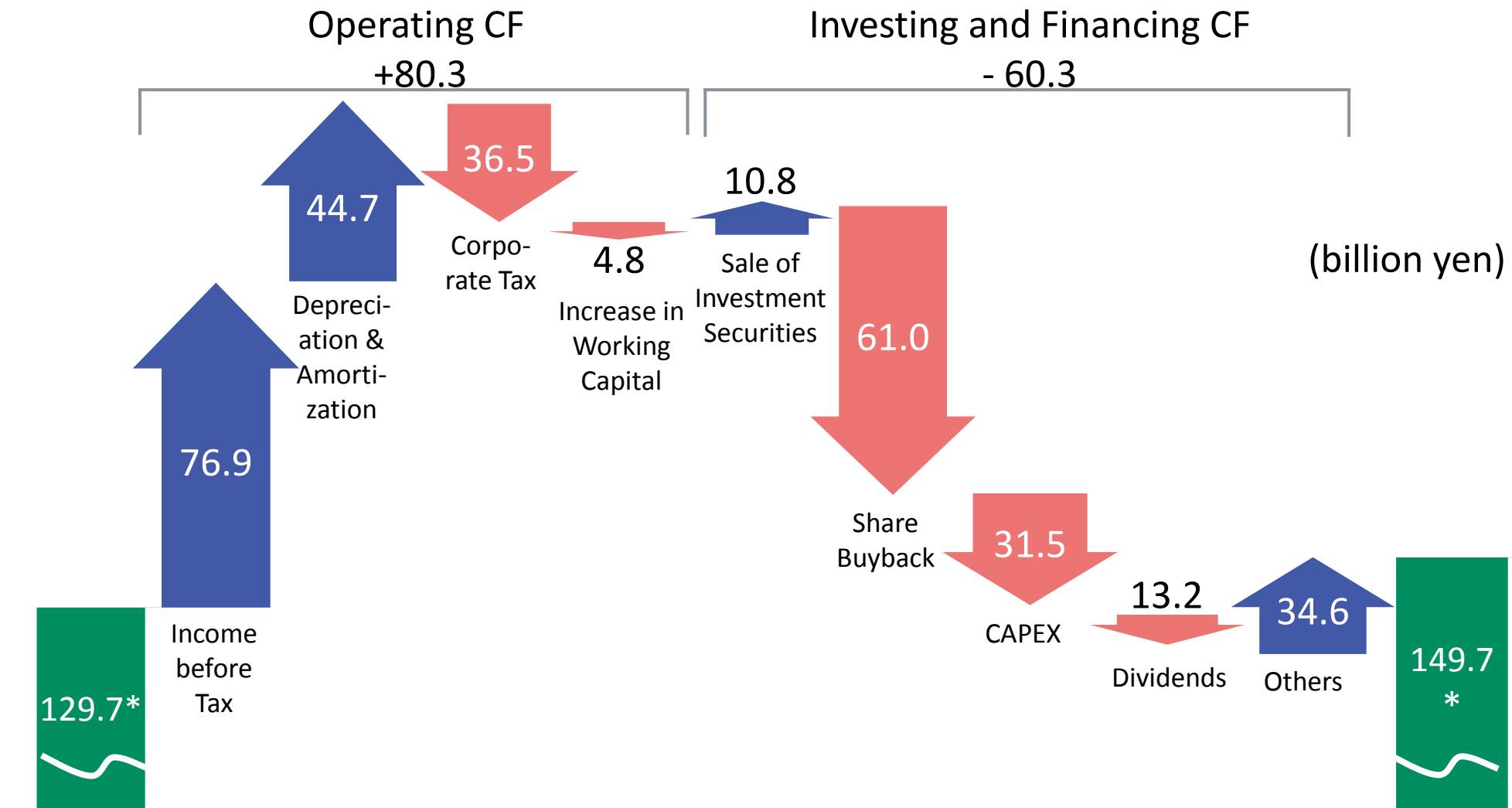
CAPEX and R&D Expenses

(billion Yen)



- CAPEX was peaked out on FY2013.
- CAPEX is projected to be at the same level as amortization
- CAPEX of 4 billion yen planned in FY15 was pushed and will be realized in FY16
- Further promote R&D activities for TIS and neurovascular business in US

Cash Flow



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

Foreign Exchange Sensitivity

(billion yen)

	USD		EUR
	Excl. Amortization	Incl. Amortization	
Net Sales	1.4	1.4	0.5
Operating Income	0.0	-0.2	0.3

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 or 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.