

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2018 (FY2017)

Terumo Corporation
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Overseas Double Digit Sales Growth Drove Overall Growth Both in Sales and Profit

(billion yen)

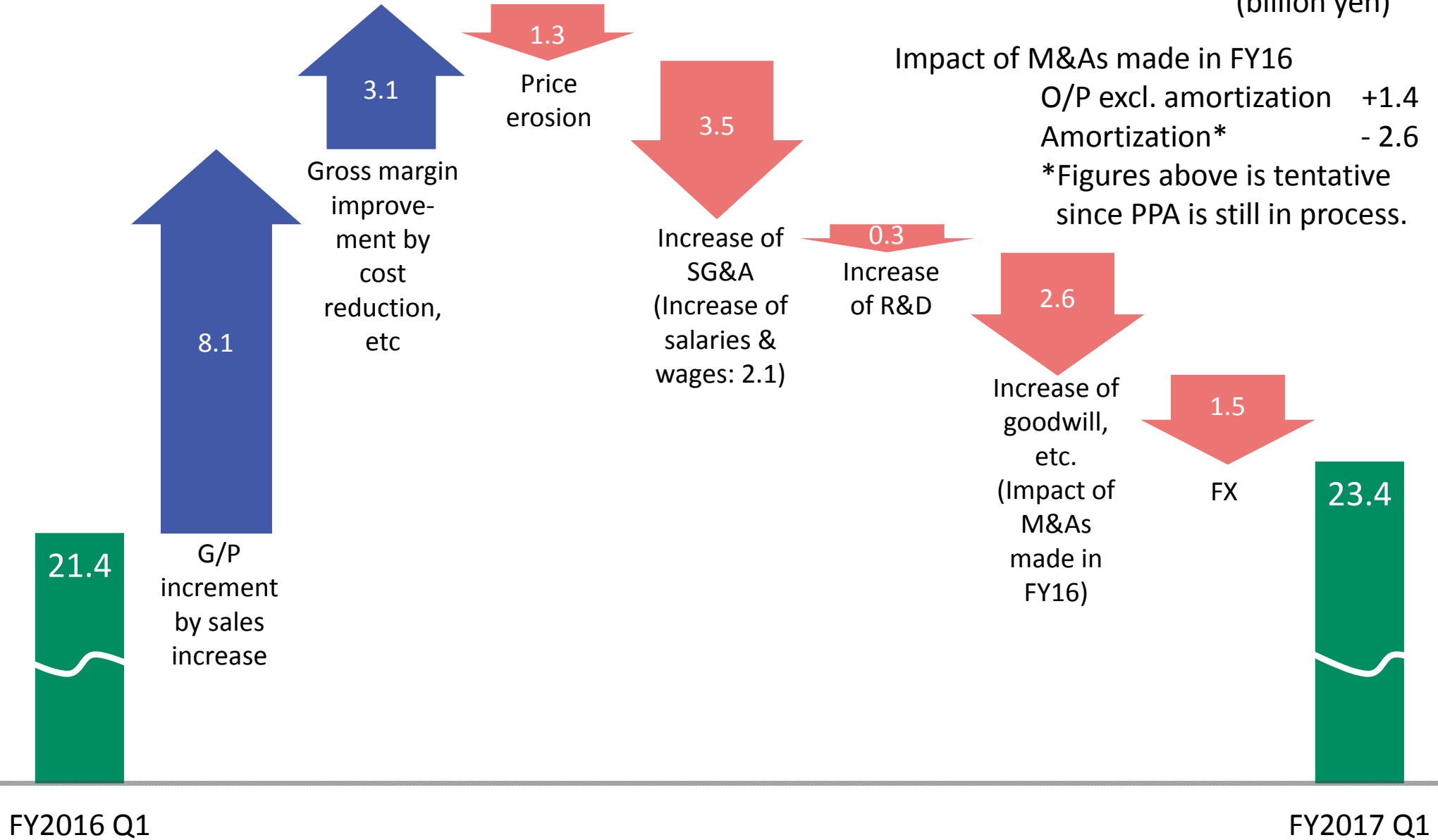
	FY16 Q1	FY17 Q1	YoY%	YoY% (FXN)
Net Sales	124.5	139.3	+12%	+11%
Gross Profit	69.2 (55.6%)	78.3 (56.2%)	+13%	+15%
SG&A expenses	39.7 (31.9%)	46.4 (33.3%)	+17%	+15%
R&D Expenses	8.1 (6.5%)	8.5 (6.1%)	+5%	+4%
Operating Income	21.4 (17.2%)	23.4 (16.8%)	+9%	+17%
(Excl. Amortization)	25.9 (20.8%)	30.6 (22.0%)	+18%	+24%
Ordinary Income	15.1 (12.1%)	22.7 (16.3%)	+50%	
Net Income	10.1 (8.1%)	16.3 (11.7%)	+61%	

Average Exchange Rate	USD	108 yen	111 yen
	EUR	122 yen	122 yen

- Sales: All businesses in Cardiac and Vascular Company made double digit growth, driving overall growth in sales
- Operating income: Sales expansion as well as gross margin improvement contributed to the growth
- Ordinary income: Posted FX gain of 0.2 BJPY in FY17 Q1, while posted loss of 5.5 BJPY in FY16 Q1
- Net income: Decrease in corporate tax rate due to expanded scope of tax effect for inside and outside subsidiaries

Operating Income Variance Analysis

(billion yen)



Impact of M&As made in FY16
 O/P excl. amortization +1.4
 Amortization* - 2.6
 *Figures above is tentative since PPA is still in process.

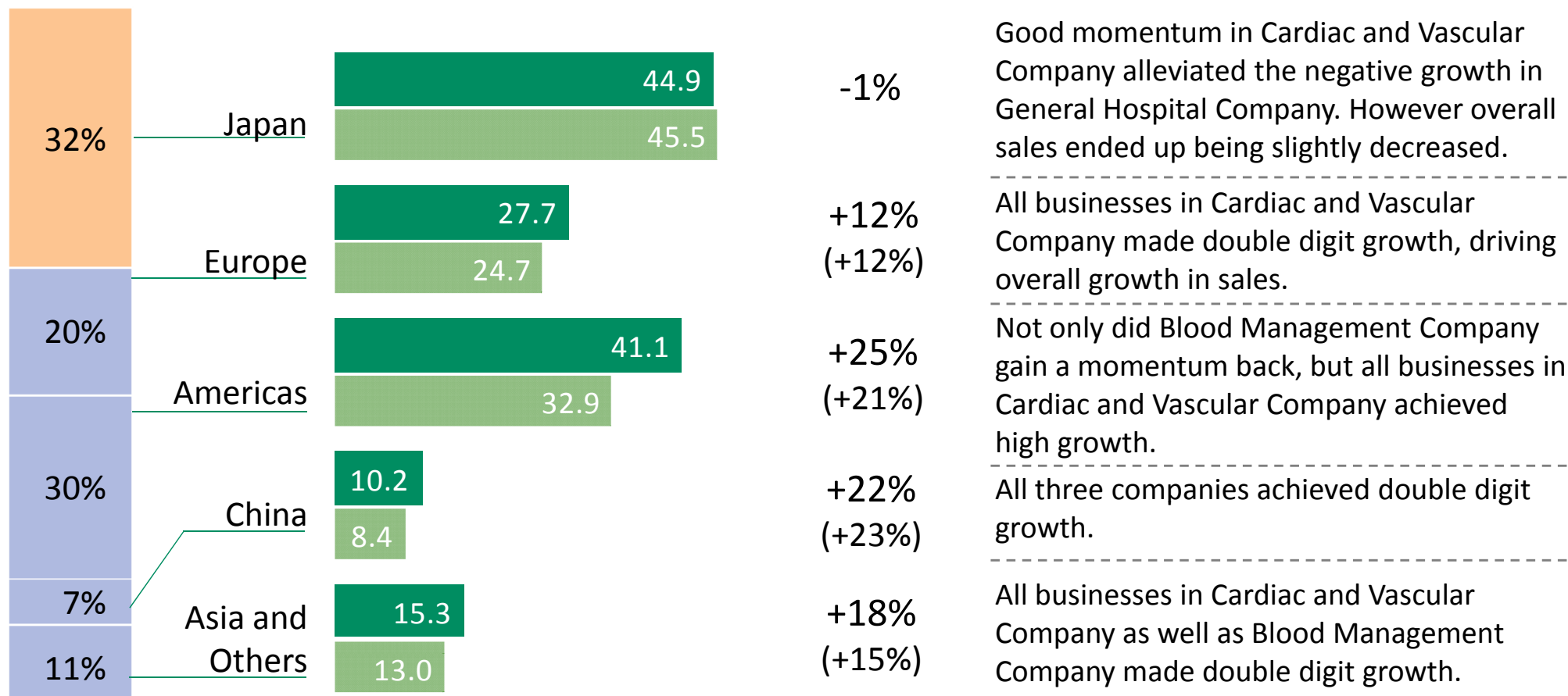
Net Sales by Region

FY17 Q1
FY16 Q1

Net Sales

100% = 139.3BJPY

Year-on-Year Sales Comparison



Net Sales by Business Segment

FY17 Q1
FY16 Q1

Net Sales

100% = 139.3BJPY



Cardiac and Vascular

General Hospital

Blood Management

Year-on-Year Sales Comparison

billion yen	YoY%	Comments
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() FXN

79.1	+24% (+22%)	A great start for the acquired products, as well as solid organic growth made all businesses achieve double digit growth.
63.7		
36.9	-4% (-4%)	Inventory adjustment for general hospital products at distributors, as well as conservative buying of pumps, negatively impacted.
38.4		
23.3	+4% (+3%)	Annualized the negative impact of price decline for blood center products in US. Blood center products and therapeutic apheresis system in Asia and Latin Americas drove overall growth.
22.4		

Cardiac and Vascular

: All Businesses Made Double Digit Growth, Achieving Increase Both in Sales and Profit

(billion yen)

	FY16 Q1	FY17 Q1	YoY%	Major Topics	Impact			
Sales	63.7	79.1	+24% (+22%)	() FXN				
				Impact of FX	+1.1			

				TIS: Continuous good momentum in access devices	+1.3			
				Neurovascular: Hydrogel coils and suction caths drove overall growth	+1.4			
CV : Achieved double digit growth mainly overseas	+1.0							
Increase in sales due to M&As	+9.5							
Business Profit	19.5 (31%)	20.6 (26%)	+6% (+14%)	Achieved increase in profit due to sales expansion				



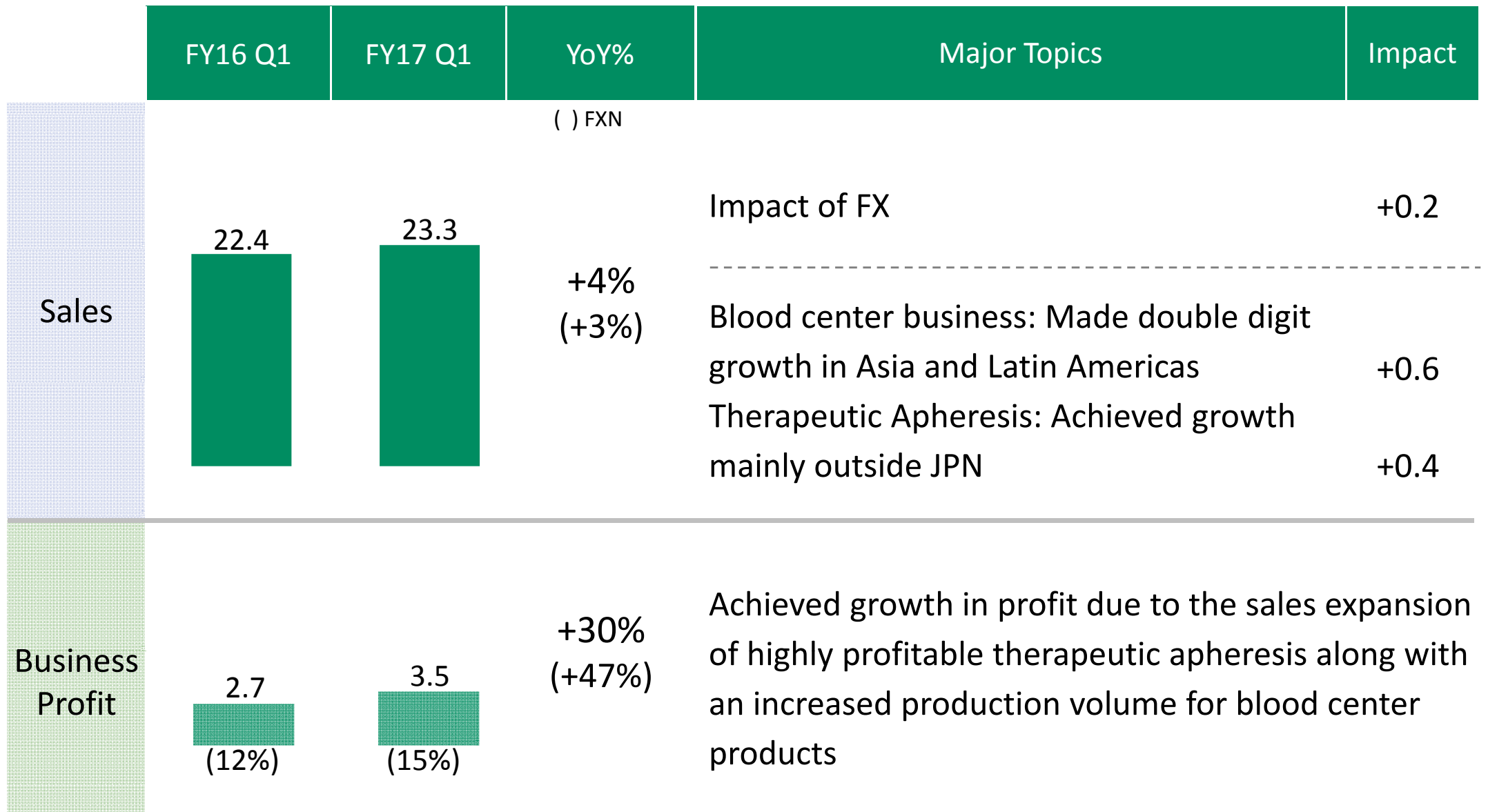
General Hospital : Continuous Improving Trend in Profitability

(billion yen)

	FY16 Q1	FY17 Q1	YoY%	Major Topics	Impact
Sales	38.4	36.9	-4% (-4%)	() FXN	+0.2
				Impact of FX	- 0.6
				General hospital products: Inventory adjustment at distributors, as well as conservative buying of pumps	- 0.2
				Pharmaceutical and nutrition: Ended distribution of bag for dialysate	- 0.3
				Healthcare: Downsizing accounts of blood pressure monitor, etc.	- 0.3
				Alliance: Timing of purchasing orders from pharmaceutical companies differed from FY16 Q1	- 0.3
Business Profit	5.2 (14%)	5.7 (15%)	+9% (+10%)	Continuous improving trend in profitability	

Blood Management : Returned to Growth Trajectory w/ Continuous Improving Trend in Profitability

(billion yen)



Major Topics in FY17 Q1

Corporate

- New management team is in place to accelerate the execution of Mid-to Long-term Growth Strategy



- Announced the completion of Acquisition of Bolton Medical for TAA and AAA stent grafts (Apr)



Business

- Established “TIS Mastery Center” at Ashitaka factory to further promote and reinforce R&D in TIS (Jun)



- EMA (European Medicines Agency) validated the Marketing Authorization Application for a biosimilar drug prefilled in PLAJECTM (May)



New Products Pipeline in FY17

Category	Products	Region
Coronary	PTCA balloon	US
Peripheral	Stent (TRI) ★	JP, US & EU
	PTA balloon (TRI) ★	JP, US & EU
	PTA guiding sheath (TRI) ★	JP, US & EU
	Drug coated balloon ◎ ★	EU
	Embolization coil ◎	EU
Neuro	Distal protection device	EU: Launched
	Hydrogel coil 3D	US&EU: Launched JP: Q2
Oncology	Radioembolization beads (Quirem) ★	EU

Category	Products	Region
CV	Heart lung machine (Re-launch) ◎	Launched
	Next generation of oxygenator ◎	Global
General Hospital Products	Vertical infusion pump	JP
	Needleless infusion system for Anti-cancer drugs	JP: Launched
DM	Insulin patch pump ★	JP
Blood Management	New software for automated blood collection system	Global

◎ Item with large contribution to sales and profit

★ Item with highly innovative technology



Drug Coated Balloon
"Kanshas"
EU



Heart Lung Machine
Re-launch
Global



Insulin Patch Pump
JP

Reference

FY17 Q1 Net Sales and Growth by Region

(billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	13.5 (+5%)	65.6 (+27%)	20.1 (+20%)	29.1 (+32%)	8.5 (+26%)	7.9 (+27%)	79.1 (+22%)
Out of C&V Interventional Systems*	10.3 (+4%)	53.3 (+28%)	16.1 (+17%)	22.6 (+38%)	7.9 (+24%)	6.7 (+30%)	63.5 (+23%)
General Hospital	28.9 (-4%)	7.9 (-6%)	1.9 (-12%)	1.7 (-6%)	0.5 (+10%)	3.9 (-4%)	36.9 (-4%)
Blood Management	2.4 (-3%)	20.9 (+4%)	5.8 (-3%)	10.3 (+4%)	1.2 (+11%)	3.5 (+14%)	23.3 (+3%)
G. Total	44.9 (-1%)	94.4 (+18%)	27.7 (+12%)	41.1 (+21%)	10.2 (+23%)	15.3 (+15%)	139.3 (+11%)

*Including Neurovascular business

(YoY%): FXN

Operating Expenses

(billion yen)

	FY16 Q1	FY17 Q1	YoY	YoY%	YoY% (FXN)
Salaries & Wages	17.9	20.3	+2.4	+13%	+12%
Sales Promotion	3.8	4.1	+0.3	+7%	+7%
Logistical Costs	2.8	3.0	+0.2	+7%	+7%
Depreciation & Amortization	6.2	9.1	+2.9	+48%	+45%
Others	9.0	9.9	+0.9	+9%	+8%
SG&A Expenses Total	39.7 (31.9%)	46.4 (33.3%)	+6.7	+17%	+15%
R&D Expenses	8.1 (6.5%)	8.5 (6.1%)	+0.4	+5%	+4%
Operating Expenses Total	47.8 (38.4%)	54.9 (39.4%)	+7.1	+15%	+13%

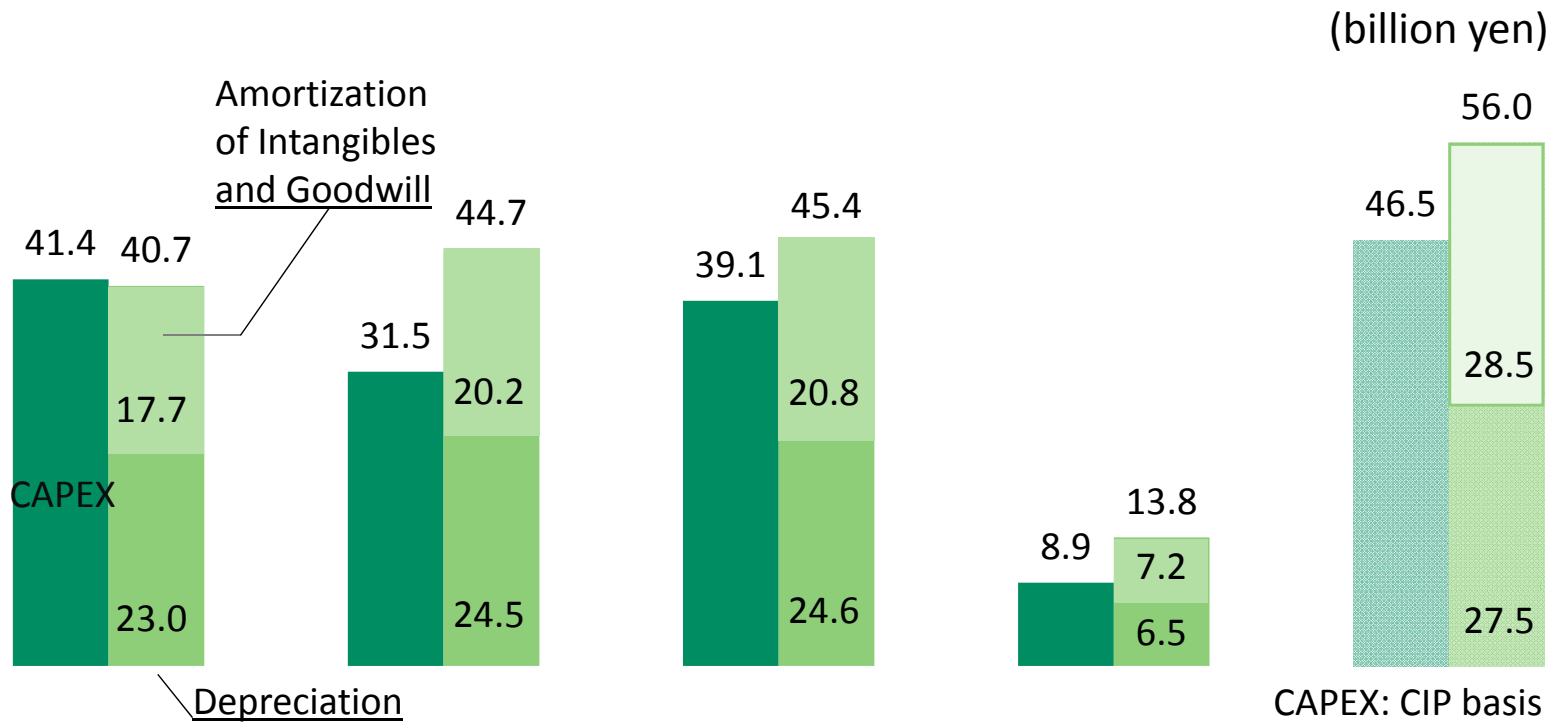
Quarterly Results

(billion yen)

	FY16 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY17 Q1 (Apr-Jun)
Net Sales	124.5	120.6	129.3	139.8	139.3
Gross Profit	69.2 (55.6%)	65.8 (54.6%)	68.7 (53.2%)	74.3 (53.2%)	78.3 (56.2%)
SG&A Expenses	39.7 (31.9%)	39.6 (32.9%)	41.0 (31.7%)	47.4 (34.0%)	46.4 (33.3%)
R&D Expenses	8.1 (6.5%)	8.2 (6.8%)	8.2 (6.4%)	9.2 (6.6%)	8.5 (6.1%)
Operating Income	21.4 (17.2%)	18.0 (14.9%)	19.5 (15.1%)	17.7 (12.6%)	23.4 (16.8%)
(Excl. Amortization)	25.9 (20.8%)	22.6 (18.8%)	24.5 (19.0%)	24.2 (17.4%)	30.6 (22.0%)

Average Exchange Rate	USD	108 yen	102 yen	109 yen	114 yen	111 yen
	EUR	122 yen	114 yen	118 yen	121 yen	122 yen

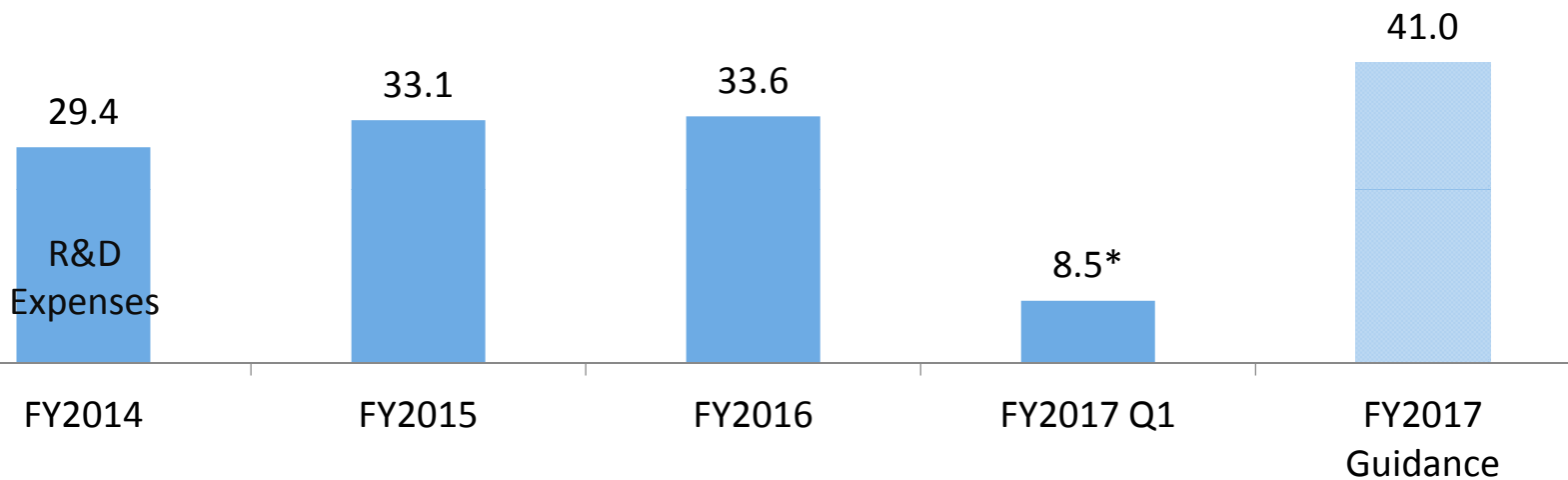
CAPEX and R&D Expenses



- Expand investment in production capacity and space as well as IT infrastructure in FY17

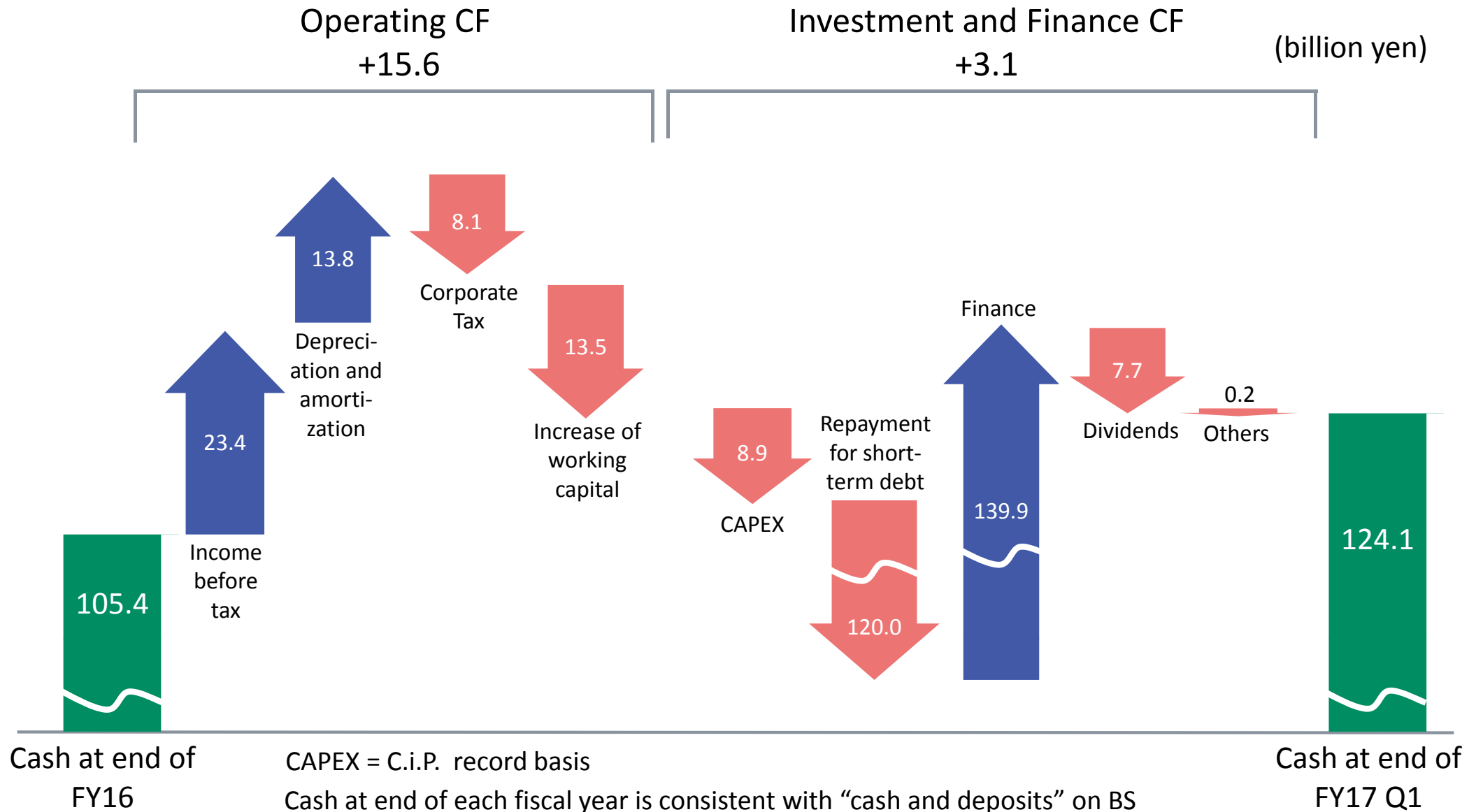
- Amortization of intangibles and goodwill are projected to increase due to M&As made in FY16

- Further promote US-based R&D activities for TIS and neurovascular



*Investment into venture technologies was booked in other than R&D expenses. (0.7 BJPY)

Cash Flow



FY17 Foreign Exchange Sensitivity

(billion yen)

	USD		EUR	CNY
	Excl. Amortization	Incl. Amortization		
Net Sales	1.6	1.6	0.8	1.8
Operating Income	0.0	-0.2	0.5	0.9

<Reference> Impact of +/-10% fluctuation

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Operating Income	-1.8	0.8	5.6	1.0	1.4	3.3

(Reference) IFRS Basis

- Adopting International Financial Reporting Standards (IFRS) from the year-end financial announcement for FY17
- Schedule for disclosure

FY17 Q1-Q3 : Japanese GAAP

FY17 year-end financial announcement : IFRS

Reference

(billion yen)	Japanese GAAP FY17 Q1	IFRS FY17 Q1	Impact
Net Sales	139.3	139.3	-
Operating Income (%)	23.4 (16.8%)	28.6 (20.5%)	+5.2
Adjusted Operating Income (%)	30.6 (22.0%)	31.7 (22.8%)	+1.1
Net Income	16.3	20.6	+4.3

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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.

