

# “FY17 Summary”

# “Evolution of Globalization”

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Terumo Corporation

President and CEO

Shinjiro Sato

May 9, 2018

# FY17 Summary

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- Best-ever Sales and Profit: Start Toward Achieving the Mid- to Long-term Growth Strategy
- Integration of three FY16 acquisitions proceeding beyond expectations
- All companies made progress, with General Hospital and Blood Management growing in focus areas
- Strengthened operational functions toward sustainable growth
  - Production: Increase capability, including personnel; global optimization (Yamaguchi, Vietnam, US West Coast, Costa Rica)
  - Development: Create/strengthen systems (Corporate R&D, Mastery Center, Bay Area Innovation Lab)
  - Comprehensive strengths: Coordination across businesses, inter-organization HR rotation, Global Meetings held by CXOs, and etc.

# Integration of Three FY2016 Acquisitions Proceeding beyond Expectations

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## ■ Sequent Medical (US)

- Quickly, completely integrated functions from production to sales
- Launched easy-to-handle, lower-profile product in Europe, with expectations for application to broader range of cases
- Trials proceeding smoothly toward FY19 US approval

## ■ Vascular Closure Device Business

- Overcame natural disaster and expanded sales
- Emphasized its clinical value to increase usage/market share (upper single-digit YoY growth)
- Acquired large bore vascular closure device to enhance product portfolio in addition to Angio-Seal (announced on Mar, 2018)

## ■ Bolton Medical (US)

- Arranged organization to maximize product and regional synergies. Began deploying new brand for the business
- Launch new product: Next-generation thoracic stent graft “RelayPro” in Europe
- Trials progressing well in US and Japan

# General Hospital and Blood Management growing in focus areas

## ■ General Hospital

➤ General hospital products: Steady growth for advanced infusion system



Needleless System  
"Surplug AD"



Closed anticancer drug infusion system  
"Chemosafe"

➤ Drug & Device: Pain management products "Acelio" and



Antipyretic analgesics  
"Acelio"

newly introduced adhesion barrier "AdSpray" drove the growth



Adhesion barrier  
"AdSpray"

➤ Alliance: Accelerated B2B mainly outside Japan. Made a major breakthrough

of prefillable syringe for biologics "PLAJEX"



Ready-to-Fill Polymer Syringe  
"PLAJEX"

## ■ Blood Management

➤ Blood center business: Expanding automated blood component processing system



Centrifugal apheresis system  
"Spectra Optia"

➤ Expand new therapeutic apheresis treatment throughout the world

as a leader in this arena.

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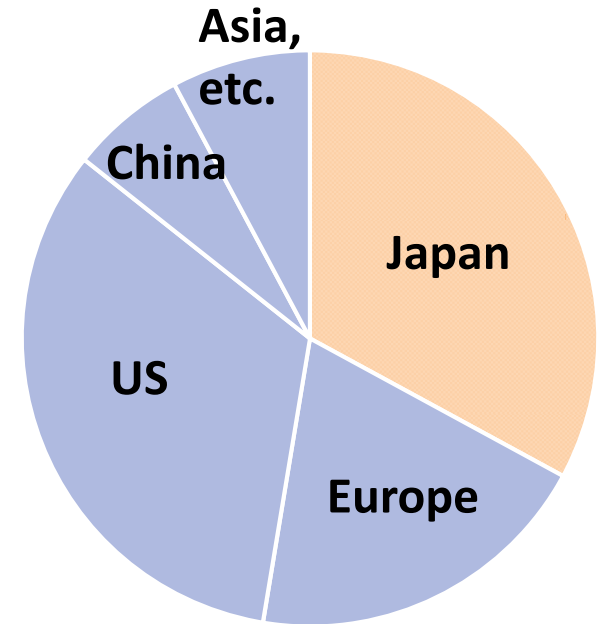
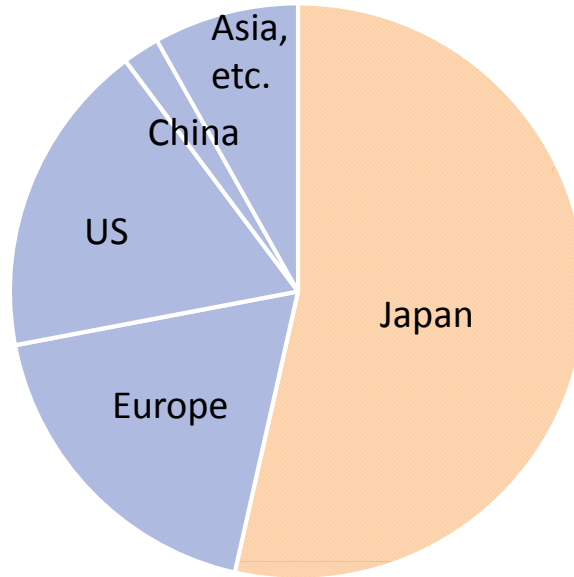
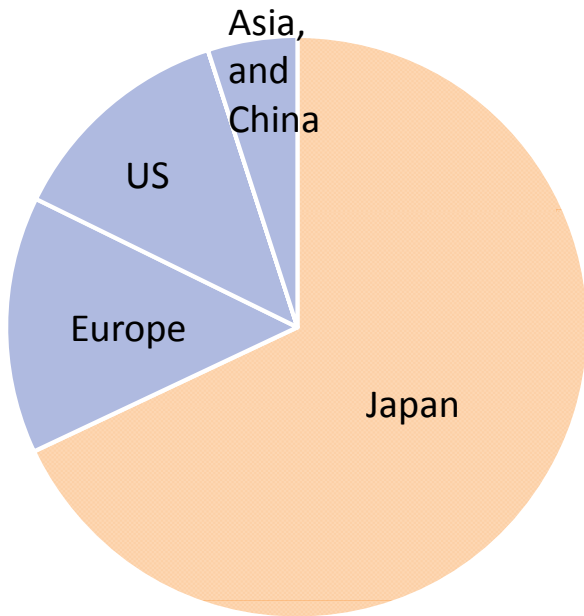
# Evolution of Globalization

# Globalized Revenue

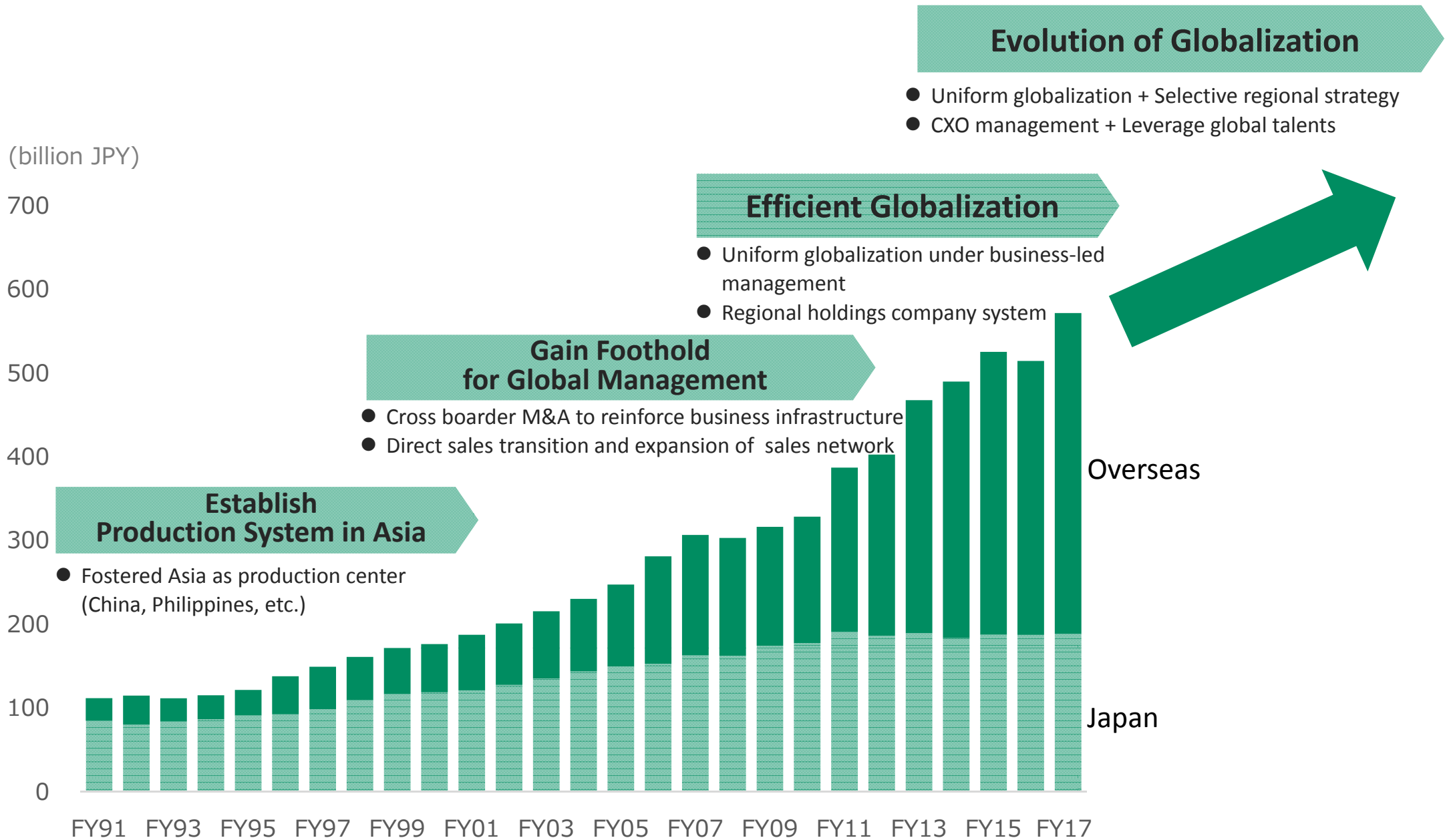
FY98

FY08

FY17



# Track Record of Terumo's Globalization



# Market, Terumo's Position, and Its Strategic Direction Vary by Region

|       | Changes in the Market   | Terumo's Presence<br>High ← → Low | Direction   | Major Initiatives   |
|-------|---|-----------------------------------|---|---|
| US    | <ul style="list-style-type: none"> <li>• Consolidation of users, GPOs, and competitors</li> <li>• Pursue medical value</li> <li>• Biopharma companies gaining greater presence</li> </ul> |                                   | <b>Expand therapeutic business arena and complete the full set of business function</b> | <ul style="list-style-type: none"> <li>• Approach GPO by group as a whole</li> <li>• Provide training and consultation</li> <li>• Develop new treatment</li> </ul>                  |
| EU    | <ul style="list-style-type: none"> <li>• Tightened regulation</li> <li>• Biopharma companies gaining greater presence</li> </ul>  |                                   | <b>Leverage the existing infrastructure and expand market presence</b>                  | <ul style="list-style-type: none"> <li>• Reinforce the function of Regulatory Affairs</li> <li>• Promote alliance business (General Hospital Company)</li> </ul>                    |
| JPN   | <ul style="list-style-type: none"> <li>• Consolidation of users and GPOs</li> <li>• Disease-oriented approach across hospital department</li> </ul>                                       |                                   | <b>Return to growth trajectory through making maximum use of leader position</b>        | <ul style="list-style-type: none"> <li>• Sales activities as group as a whole</li> <li>• Disease-oriented approach</li> <li>• Actively seek for new business opportunity</li> </ul> |
| China | <ul style="list-style-type: none"> <li>• Government's treatment for domestic products</li> <li>• Reform distribution network</li> </ul>   |                                   | <b>Expand therapeutic business and crystalize a localization strategy</b>               | <ul style="list-style-type: none"> <li>• Cope with treatments for domestic products and localization</li> <li>• Reinforce direct marketing</li> </ul>                               |
| India | <ul style="list-style-type: none"> <li>• Growing middle-class market</li> <li>• Introduced price regulation for some products</li> </ul>  |                                   | <b>Build infrastructure and promote market strategy for respective business area</b>    | <ul style="list-style-type: none"> <li>• Double brands (premium price and standard price)</li> <li>• Establish training Lab to promote education</li> </ul>                         |



# Pursue Regional Strategy for China and India

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- Strengthen direct marketing

- Transition out of distributor dependence through adopting two-invoice system



- Further utilize Hangzhou Factory for advanced and multi purposes

- Begin Neuro products production. Automate Hospital products production

- Cope with domestic products and localization thru B2B and alliance with local players

- In addition to Wego for peritoneal dialysis and AngioCare for renal denervation catheter, study further potential alliance with local players

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- Deploy a double brand to cover middle-class market

- Introduce low-cost products (oxygenators, etc.)



- Enhance education and training; open “Terumo India Skill Lab”

- Utilize Penpol factory to lower advanced blood systems cost, and study local launch

- Leverage local IT talents to improve group operations efficiency

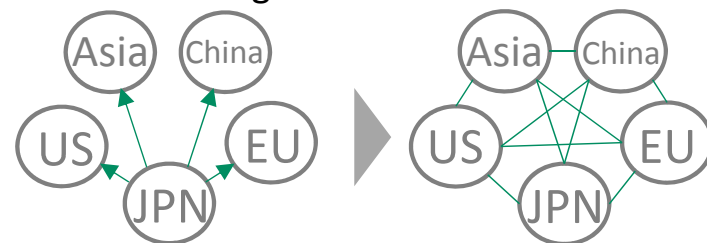
- Example in BCT: Obtain data in US, use time difference to analyze data in India, building a 24-hour R&D system

# Invigorate Human Resource and Organization

## ■ Boost collaboration across businesses mainly driven by CXO

- Horizontal activities such as CXO-led global meeting are in full swing
- Appoint Chief Human Resource Officer (CHRO) and promote new global human resource strategy

Interactive, and multilateral  
Leverage of human resource



## ■ Leverage global talents

- As Terumo group, appoint global talents beyond the frame of region and organization



Jim Rushworth  
CCO for entire TIS



Dragica Paunovic, M.D.  
CMO for entire TIS



Probir Das  
Regional Representative  
of Asia



Marco Chiado Piat  
Sr. VP of overseas alliance

## ■ Bolster the brand

- Vascutek + Bolton -> established Terumo Aortic
- Instill corporate brand



# IR Contact

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## Terumo Corporation

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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.