

Financial Results for the Fiscal Year Ended March 31, 2018 (FY2017)

Terumo Corporation
Managing Executive Officer
Kazuaki Kitabatake

May 9, 2018

Achieved Highest Ever Revenue and All Profits

(billion yen)

	FY16YTD		FY17YTD		YoY%	YoY% (FXN)
	IFRS	JGAAP	IFRS	JGAAP		
Revenue	514.2	514.2	587.8	587.8	+14%	+11%
Gross Profit	273.8 (53.3%)	278.0	319.3 (54.3%)	327.2	+17%	+12%
SG&A Expenses	150.9 (29.4%)	167.7	171.0 (29.1%)	194.1	+13%	+10%
R&D Expenses	32.4 (6.3%)	33.7	41.3 (7.0%)	40.9	+28%	+26%
Other Income and Expenses	-2.8	-	1.6	-	-	
Operating Profit	87.8 (17.1%)	76.6	108.6 (18.5%)	92.2	+24%	
Adjusted Operating Profit	104.6 (20.4%)	97.3	124.9 (21.3%)	121.0	+19%	+12%
Profit before Tax	74.9 (14.6%)	75.0	106.6 (18.1%)	89.3	+42%	
Profit for the Year	55.0 (10.7%)	54.2	91.3 (15.5%)	75.6	+66%	

Average Exchange Rate

USD 108 yen

111 yen

EUR 119 yen

130 yen

- Revenue: Achieved overall growth driven by double digit growth in all Cardiac and Vascular businesses
- Adjusted operating profit: Achieved double digit growth through covering the increase of SG&A by large increase in revenue
- Profit before tax: Gain on sales of investment securities is not realized on FY16 P/L in IFRS basis
- Profit for the year: Largely increased owing to temporary reduction of corporate tax (15.3 BJPY) due to US tax reform in FY17

Commencement of Disclosure in IFRS

Main differences from JGAAP (FY17)

(billion yen)

JGAAP		IFRS		Impact of change
Net sales	587.8	Revenue	587.8	-
Cost of sales	260.5	Cost of sales	268.4	From SG&A to amortization of developed technology 8.6
Gross profit	327.2	Gross profit	319.3	
SG&A expenses (*1)	235.0	SG&A expenses (*1)	212.4	Non-amortization of goodwill -14.0
		Other income and expenses	1.6 (gain)	Grants related to R&D +1.4 Cancellation of amortization of business commencement expenses +1.1 Non-operating, extraordinary income and expenses, and others -0.9 (loss)
Operating income	92.2	Operating profit	108.6	
Equity in earnings and losses of affiliates	0.4 (loss)	Financial income and costs (*2)	1.7 (loss)	Reclassification from non-operating income and expenses 1.7
Non-operating income and expenses	3.3 (loss)	Share of the profit of investments accounted for using the equity method	0.2 (loss)	
Ordinary income	88.5	Ordinary income		
Extraordinary income and expenses	0.9 (gain)			
Income before income taxes	89.3	Profit before tax	106.6	
Income taxes	13.7	Income tax expenses	15.3	From SG&A to income tax 0.8
Net income	75.6	Profit for the year	91.3	

(*1) Incl. R&D expenses (*2) Incl. FX gain and loss

Adjusted Operating Profit

Operating profit in IFRS basis w/ following items adjusted

1. Amortization of acquired intangible assets
2. Acquisition-related costs and temporary gain or loss falling into non-operating, and extraordinary income and expenses in JGAAP basis

(billion yen)

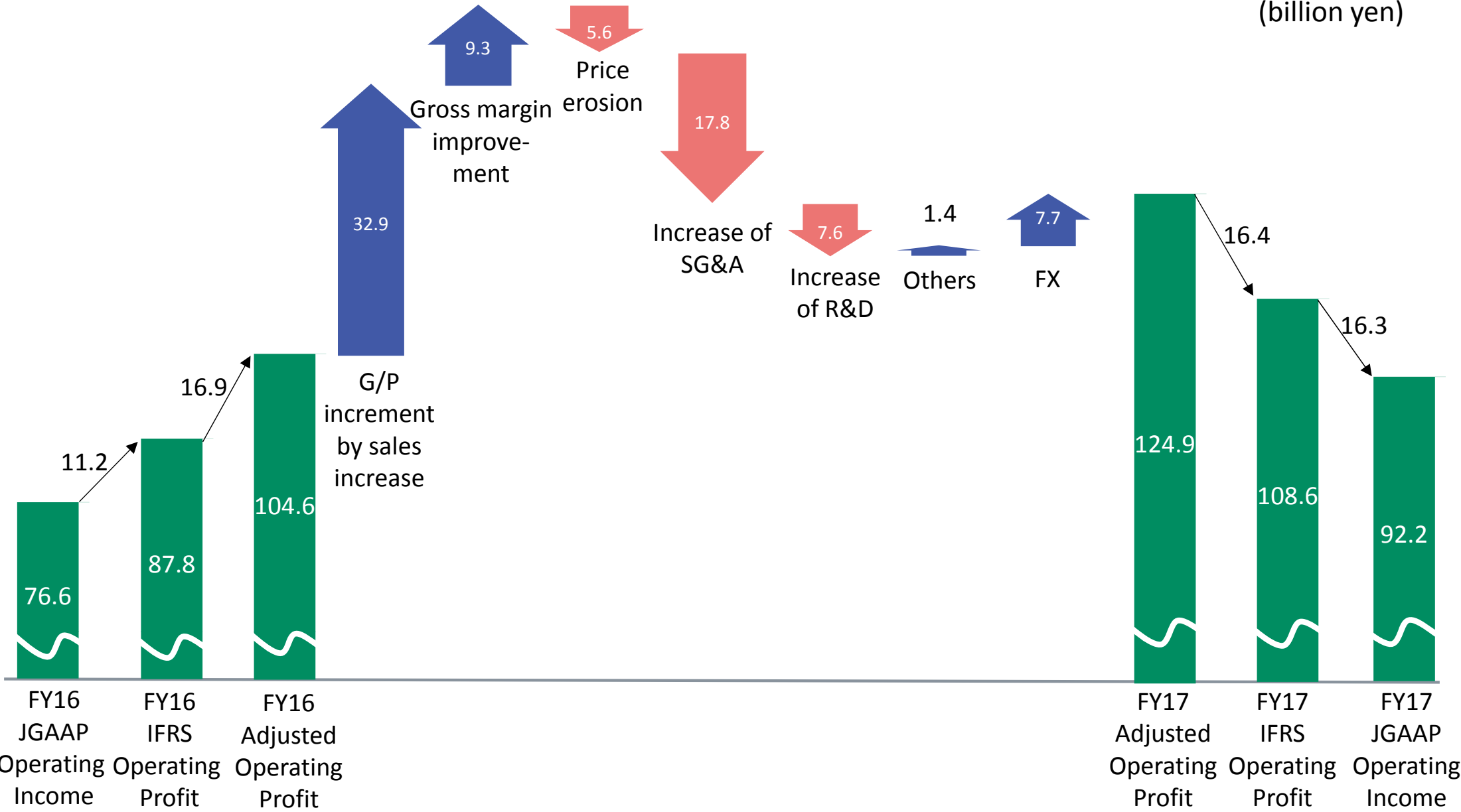
	FY16YTD	FY17YTD
1.Amortization of acquired intangible assets	9.4	14.5
2.Temporary gain and loss*	7.4	1.9
Adjustment	16.9	16.4

*Adjusted items

- Acquisition related cost
- Amortization of acquired intangible assets
- Lawsuit settlement
- Impairment loss
- Restructuring loss
- Nonlife insurance income
- Loss on disaster
- Other temporary gains and losses

Adjusted Operating Profit Variance Analysis (IFRS)

(billion yen)



Revenue by Region

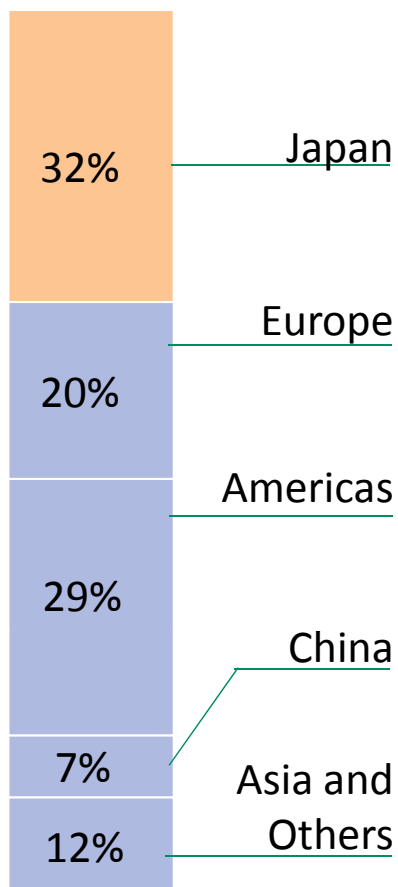
■ FY17YTD
■ FY16YTD

Revenue

100% = 587.8BJPY

Year-on-Year Revenue Comparison

billion yen	YoY%	Comments						
() FXN								
<table border="1"> <tr> <td>188.9</td> <td>+1%</td> <td>Access and imaging devices in TIS along with vascular grafts drove overall growth in Cardiac and Vascular Company. Therapeutic apheresis grew in Blood Management Company</td> </tr> <tr> <td>187.0</td> <td></td> <td></td> </tr> </table>	188.9	+1%	Access and imaging devices in TIS along with vascular grafts drove overall growth in Cardiac and Vascular Company. Therapeutic apheresis grew in Blood Management Company	187.0				
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<table border="1"> <tr> <td>118.2</td> <td>+24%</td> <td>All companies achieved double digit growth</td> </tr> <tr> <td>95.0</td> <td>(+15%)</td> <td></td> </tr> </table>	118.2	+24%	All companies achieved double digit growth	95.0	(+15%)			
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<table border="1"> <tr> <td>171.6</td> <td>+23%</td> <td>All companies made positive growth. Revenue increased by 30% in Cardiac and Vascular Company. Blood Management Company achieved double digit growth</td> </tr> <tr> <td>139.7</td> <td>(+20%)</td> <td></td> </tr> </table>	171.6	+23%	All companies made positive growth. Revenue increased by 30% in Cardiac and Vascular Company. Blood Management Company achieved double digit growth	139.7	(+20%)			
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<table border="1"> <tr> <td>41.5</td> <td>+20%</td> <td>All companies achieved double digit growth</td> </tr> <tr> <td>34.5</td> <td>(+16%)</td> <td></td> </tr> </table>	41.5	+20%	All companies achieved double digit growth	34.5	(+16%)			
41.5	+20%	All companies achieved double digit growth						
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<table border="1"> <tr> <td>67.6</td> <td>+17%</td> <td>Blood Management Company as well as all businesses in Cardiac and Vascular Company achieved double digit growth</td> </tr> <tr> <td>57.9</td> <td>(+11%)</td> <td></td> </tr> </table>	67.6	+17%	Blood Management Company as well as all businesses in Cardiac and Vascular Company achieved double digit growth	57.9	(+11%)			
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Revenue by Business Segment


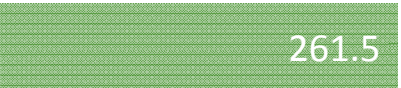



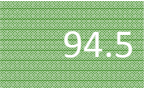
 FY17YTD
 FY16YTD

Revenue

100% = 587.8BJPY



Year-on-Year Revenue Comparison

	billion yen	YoY%	Comments
		() FXN	
Cardiac and Vascular	 324.0  261.5	+24% (+19%)	All businesses achieved remarkable growth with the impact of acquisition. Even with acquired assets excluded, all businesses made double digit growth
General Hospital	 158.8  157.9	+1% (-1%)	Infusion system and pain management products drove growth in JPN. Outside JPN, alliance business mainly in EU achieved growth
Blood Management	 104.7  94.5	+11% (+6%)	Overseas blood center products made double digit growth in emerging countries. Therapeutic apheresis grew tremendously w/ the impact of a temporary replacement demand

Cardiac and Vascular : All Businesses Achieved Double Digit Growth in Revenue

(billion yen)

	FY16 YTD	FY17 YTD	YoY%	Major Topics	Impact
Revenue	261.5	324.0	() FXN	FX	+12.5
			+24% (+19%)	TIS: Closure devices largely contributed to the growth. All organic businesses also remained in a good momentum mainly outside JPN	+34.2
				Neurovascular: Hydrogel coil grew globally, along w/ suction catheters growing mainly in developed countries	+5.3
				CV: Resumed product shipment from Ann Arbor factory in US	+4.1
				Vascular graft: Continued good momentum mainly in TAA stent graft	+6.4
Adjusted Operating Profit (%)	67.3 (26%)	83.6 (26%)	+24% (+15%)	Incl. acquired closure devices, achieved large increase in profit due to the revenue expansion. Maintained high profitability owing to the growth of high-priced products and in the high-priced market.	

General Hospital: Steadily Improved Profitability

(billion yen)

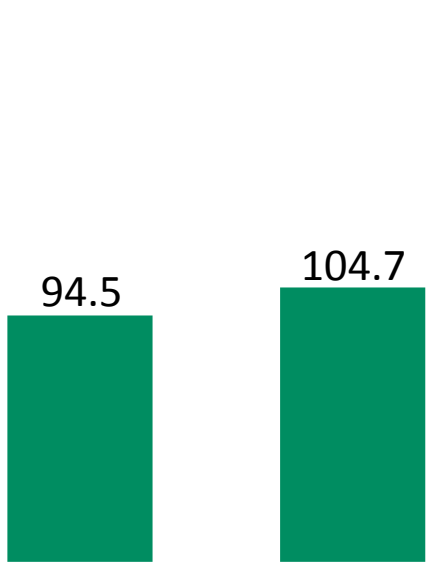
	FY16 YTD	FY17 YTD	YoY%	Major Topics	Impact
Revenue	157.9	158.8	+1% (-1%)	() FXN	
				FX	+1.7
				General hospital products: Infusion system mainly drove growth in JPN. Downsized low profitable accounts in US and EU. Maintained good momentum in China and other Asian countries	-0.8
				Pharmaceutical and nutrition: Growth in adhesion barrier and pain management offset sluggish I.V. solutions	-0.1
				Healthcare: Downsized low profitable accounts inside and outside JPN	-0.5
Alliance: Overseas device sales to global pharma companies for use in drug product kits grew	+0.7				
Adjusted Operating Profit (%)	24.4 (15%)	26.8 (17%)	+9% (+7%)	Improved profitability due to cost reduction in infusion system and pain management products coupled w/ downsizing overseas low profitable accounts for general hospital products. R&D reimbursement from pharmaceutical partners in alliance business	

Blood Management: Gaining Back Momentum after Hitting the Bottom in FY16

(billion yen)

	FY16 YTD	FY17 YTD	YoY%	Major Topics	Impact
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Revenue



() FXN

+11%
(+6%)

FX (EUR depreciation against USD)

+ 4.3

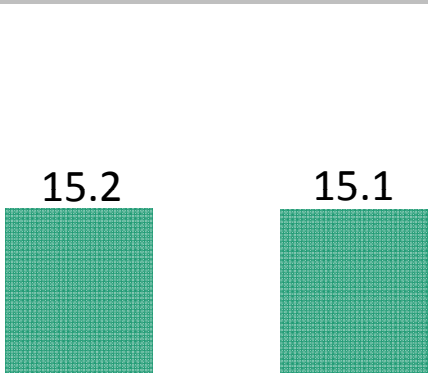
Blood Center: Returned to stable growth. Achieved double digit growth in emerging countries.

+2.3

Therapeutic apheresis: Replacement demand for the next generation of console (+2.0)

+3.5

Adjusted Operating Profit (%)



(16%) (14%)

-1%
(-5%)

Gap caused by the adoption of IFRS (capitalization of R&D expenses).

Maintained profitability in JGAAP basis.

Temporary expenses for optimization project in US factory in FY17Q4

Major Topics in FY17

Corporate

- Won “FY2017 Good Design Award” (Oct)
- Selected as “the Health and Productivity Stock Selection” for four consecutive years (Feb)
- Won two awards concerning an internal program to provide employment support for cancer patients, from MHLW and Tokyo Metropolitan Government (Feb, Mar)



“VISICUBE”, “AltaView” “Elemanno2”

Business

- Established “TIS Mastery Center” at Ashitaka factory to promote innovation (May)
- Opened new facility in Southern CA, US, to enhance R&D and production in endovascular and neurovascular arenas (Sep)
- Announced construction for a new building in Terumo Yamaguchi to reinforce production system for TIS (Dec)
- Integrated two R&D facilities in Silicon Valley, and opened “Terumo Bay Area Innovation Lab.” (Jan)
- Announced an investment of 5.0BJPY in one of subsidiary companies, Vascutek Limited, to reinforce its production facilities (Feb)

New Products Pipeline in FY17

Category	Products		Region
Coronary	PTCA balloon		US: FY18
	Stent (TRI)	★	FY18
	PTA balloon (TRI)	★	FY18
Peripheral	PTA guiding sheath (TRI)	★	FY18
	Drug coated balloon	◎ ★	EU: FY18
	Embolization coil	◎	Launched
Neuro	Distal protection device		Launched
	Hydrogel coil 3D		Launched
Oncology	Radioembolization beads (Quirem)	★	Launched

◎ Item with large contribution to sales and profit

★ Item with highly innovative technology

Category	Products		Region
CV	Heart-lung machine (Re-launch)	◎	Launched
	Next generation of oxygenator	◎	JP, US, EU FY18
General Hospital Products	Vertical infusion pump		JP: Launched
	Needleless infusion system for anti-cancer drugs		Launched
DM	Insulin patch pump	★	JP: Approved
Blood Management	New software for automated blood collection system		JP: Launched

FY18 Guidance (IFRS)

(billion yen)

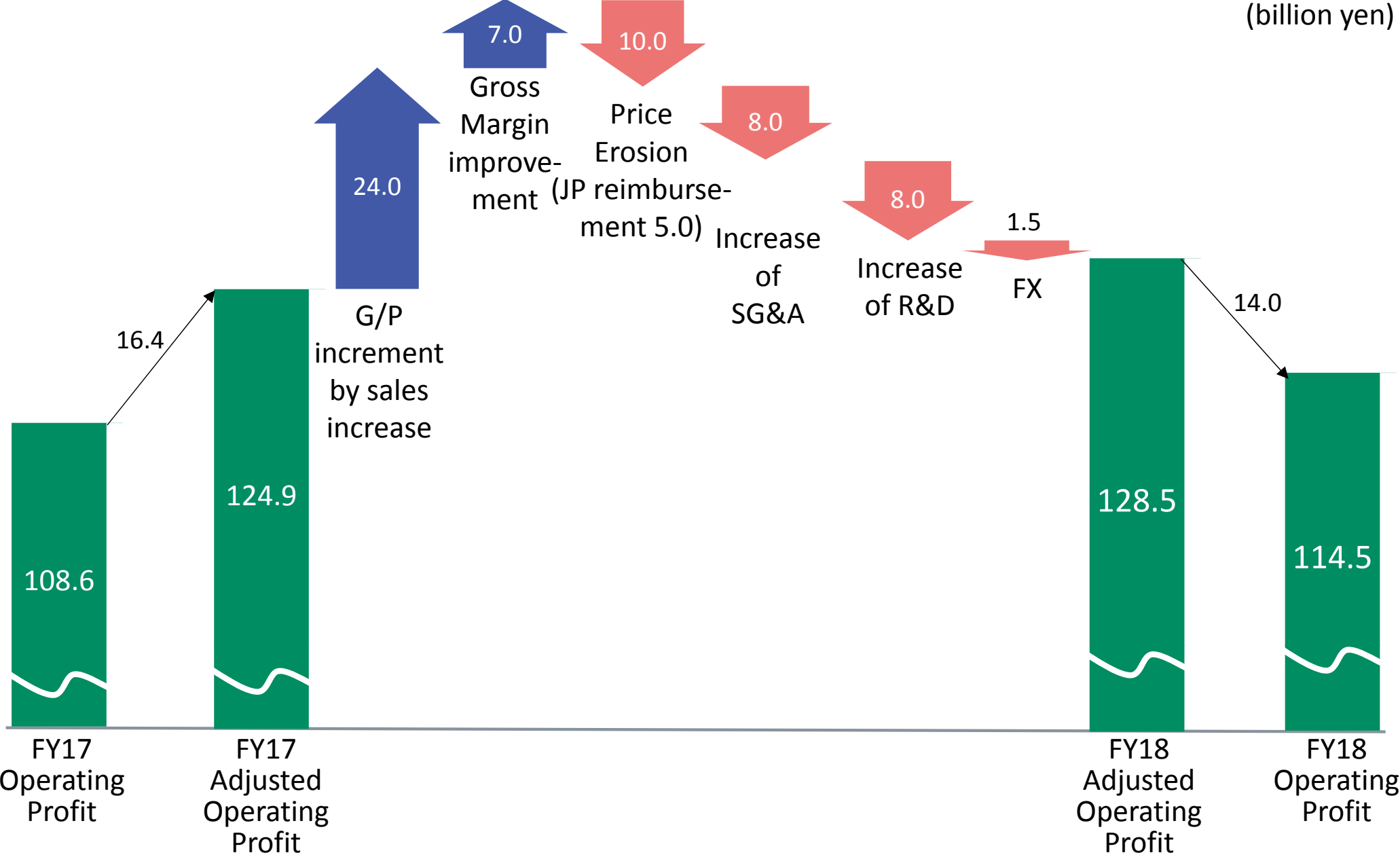
	FY17 Results	FY18 Guidance	YoY%	FY16-18 CAGR
Revenue	587.8	608.0	+3%	+9%
Operating Profit (%)	108.6 (18.5%)	114.5 (18.8%)	+5%	+14%
Adjusted Operating Profit (%)	124.9 (21.3%)	128.5 (21.1%)	+3%	+11%
Profit for the Year	91.3	83.5	-9%	+23%

Average Exchange Rate

USD	111 yen	105 yen
EUR	130 yen	130 yen

FY18 Annual Guidance: Adjusted Operating Profit (IFRS)

(billion yen)



FY18 Guidance

	Revenue		Adjusted Operating Profit		Comments
	billion yen	YoY%	billion yen	YoY%	
Cardiac and Vascular	FY18	341.0	26%	87.5	W/ slowdown in CV and vascular graft businesses, JP reimbursement revision, and FX taken into account, maintain same momentum
	FY17	324.0	26%	83.6	
General Hospital		163.0	15%	25.0	Commencement of depreciation for Yamaguchi factory. Lowered profitability owing to increase of R&D cost (Alliance and DM)
		158.8	17%	26.8	
Blood Management		104.0	16%	16.5	Slight decrease in revenue because of temporary demand for therapeutic apheresis console in FY17. Upward trend for operating profit
		104.7	14%	15.1	

New Products Pipeline in FY18

Category	Products	Region
Access	Closure device for distal radial approach	JP
Coronary	PTCA balloon	US
	PTCA balloon	JP, EU, Asia
	DES (Ultimaster Tansei)	◎ JP, EU, Asia
Peripheral	Stent (TRI)	★ JP, US
	PTA balloon (TRI)	★ JP, US
	PTA guiding sheath (TRI)	★ JP, US
	Drug coated balloon	◎ ★ EU
Neuro	Distal access catheter (Sofia EX)	EU, US
	Coil assisted balloon	EU, US

Category	Products	Region
CV	Next generation of oxygenator	◎ JP, US
	Next generation of blood parameter monitoring system	EU, US, Asia
Vascular graft	TAA stent graft (low profile)	★ EU
	AAA stent graft (Anaconda w/ smaller diameter)	EU
General hospital product	Portable vascular access imaging device	JP
DM	Insulin patch pump	JP
Blood Management	New software for automated blood collection system	EU, US, Asia
	New disposable kits for automated blood component processing system	EU, US, Asia

◎ Item with large contribution to sales and profit

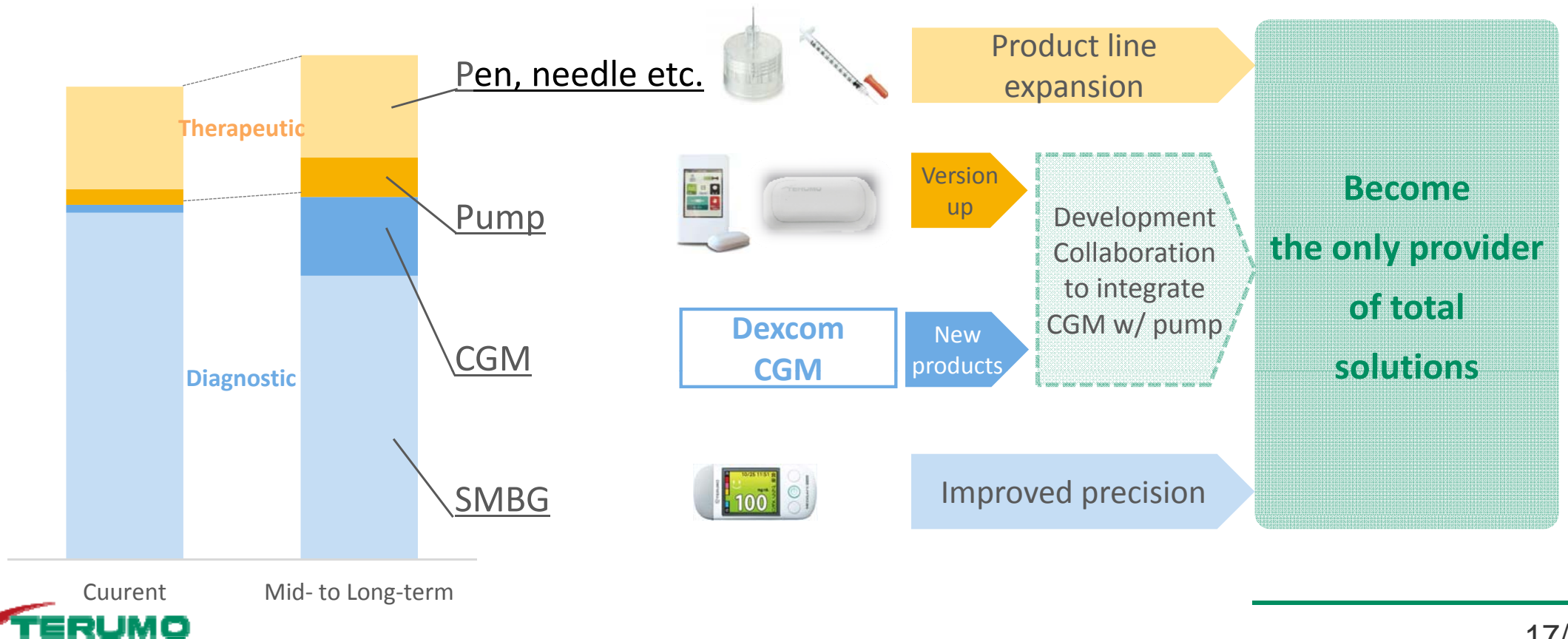
★ Item with highly innovative technology

DM Business: Distribute Global No.1 CGM in Japan

- Distribute US Dexcom's Continuous Glucose Monitoring devices exclusively in Japan
- Beginning sales in FY18, gradually launch new products over the next few years
- Considering a collaboration to integrate CGM with an insulin pump platform

Prospect of Japan Market

Terumo's Business Directions



Increased FY17 Year-end Dividend up to 27.0JPY

- Maintain stably increase in dividends even after the adoption of IFRS, and aim for the target dividend payout ratio of 30% over the mid to long term
- Increased FY17 annual dividend up to 50.0JPY
- Continue to increase FY18 annual dividend up to 54.0JPY

(billion yen) IFRS basis

	FY17 Results	FY18 Guidance
Profit for the year	91.3	83.5
EPS (JPY)	258	236

Dividend proposal/share	46.0JPY Interim 23.0 Year-end 23.0	50.0JPY Interim 23.0 Year-end 27.0	54.0JPY Interim 27.0 Year-end 27.0
IFRS dividend payout ratio		19.3%	22.9%

Reference

FY17 Revenue and Growth by Region

(billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	54.0 (+6%)	270.0 (+22%)	84.3 (+20%)	119.5 (+26%)	33.9 (+16%)	32.3 (+20%)	324.0 (+19%)
Out of C&V Interventional Systems*	40.8 (+5%)	217.8 (+22%)	67.4 (+17%)	92.0 (+29%)	31.6 (+15%)	26.8 (+20%)	258.6 (+19%)
General Hospital	122.7 (-1%)	36.1 (+1%)	8.7 (-1%)	8.1 (0%)	2.3 (+14%)	17.1 (0%)	158.8 (-1%)
Blood Management	11.9 (-1%)	92.8 (+7%)	25.2 (+4%)	44.1 (+8%)	5.3 (+17%)	18.1 (+8%)	104.7 (+6%)
G. Total	188.9 (+1%)	398.9 (+16%)	118.2 (+15%)	171.6 (+20%)	41.5 (+16%)	67.6 (+11%)	587.8 (+11%)

*Including Neurovascular business

(YoY%): FXN

Operating Expenses (IFRS)

(billion yen)

	FY16 YTD	FY17 YTD	YoY	YoY%	YoY% (FXN)
Salaries & Wages	73.9	84.4	+10.5	+14%	+11%
Sales Promotion	15.6	17.8	+2.2	+14%	+11%
Logistical Costs	10.7	12.6	+1.9	+18%	+15%
Depreciation & Amortization	12.6	13.7	+1.1	+9%	+7%
Others	38.1	42.5	+4.4	+12%	+9%
SG&A Expenses Total	150.9 (29.4%)	171.0 (29.1%)	+20.1	+13%	+10%
R&D Expenses	32.4 (6.3%)	41.3 (7.0%)	+8.9	+28%	+26%
Operating Expenses Total	183.3 (35.7%)	212.4 (36.1%)	+29.1	+16%	+13%

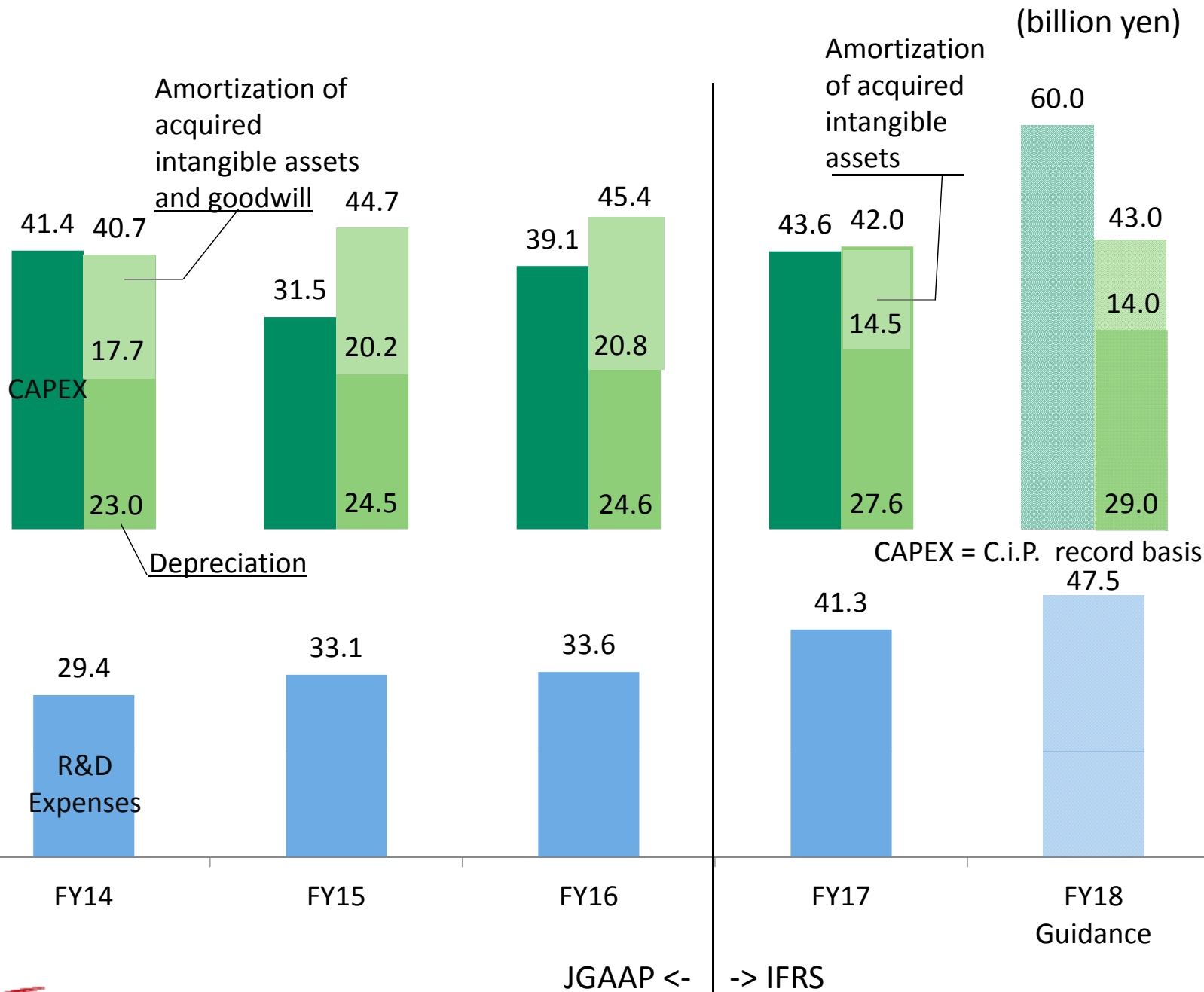
Quarterly Results

(billion yen)

	JGAAP	IFRS			
	FY16Q4 (Jan-Mar)	FY17 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Revenue	139.8	139.3	145.3	152.3	150.8
Gross Profit	74.3 (53.2%)	75.9 (54.5%)	79.5 (54.7%)	83.2 (54.6%)	80.7 (53.5%)
SG&A Expenses	47.4 (34.0%)	40.2 (28.9%)	41.2 (28.4%)	43.8 (28.7%)	45.9 (30.4%)
R&D Expenses	9.2 (6.6%)	8.5 (6.1%)	9.8 (6.7%)	10.7 (7.0%)	12.4 (8.2%)
Other income and Expenses	-	1.2	0.2	0.6	- 0.4
Operating Profit	17.7 (12.6%)	28.4 (20.4%)	28.7 (19.8%)	29.4 (19.3%)	22.0 (14.6%)
Adjusted Operating Profit	-	32.1 (23.0%)	32.8 (22.6%)	32.7 (21.5%)	27.4 (18.1%)

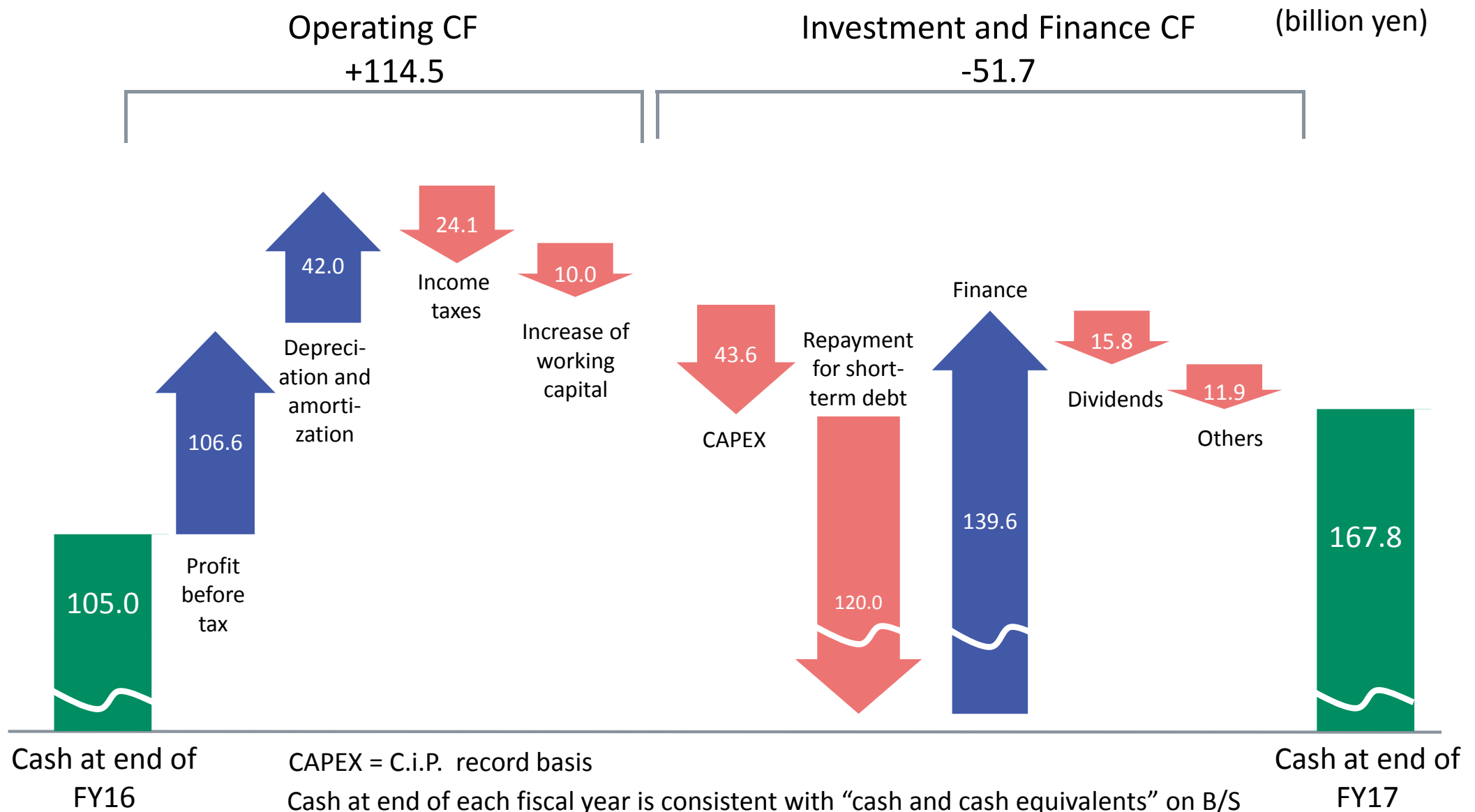
Average Exchange Rate	USD	114 yen	111 yen	111 yen	113 yen	108 yen
	EUR	121 yen	122 yen	130 yen	133 yen	133 yen

CAPEX and R&D Expenses



- Expand investment in production capacity and space as well as IT infrastructure in FY18
 - Adopt IFRS from FY17
 - Include intangible assets except for acquired ones and capitalized development expenses
 - Exclude amortization of goodwill
 - Further promote US-based R&D activities for TIS and neurovascular
 - Capitalized development expenses are included in CAPEX
- FY17 :0.8BJPY
FY18 Guidance :2.1BJPY

FY17 Cash Flow (IFRS)



Foreign Exchange Sensitivity

(billion yen)

	USD	EUR	CNY
Revenue	1.6	0.8	2.0
Adjusted Operating Profit	0.0	0.5	1.0

<Reference> Impact of +/-10% fluctuation

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-0.1	0.9	6.0	1.3	1.7	3.3

The Status of Convertible Bonds

■ Detail of the bonds (Issued in Dec. 2014)

Maturity	Aggregate principal amount (billion yen)	Coupon	Conversion price (yen)	Contingent conversion trigger price (yen)	Number of shares required to be issued for conversion
Dec, 2019	50.0	0.0%	3,868	5,028	12.9M shares
Dec, 2021	50.0	0.0%	3,868	5,028	12.9M shares
Total	100.0				25.9M shares

➤ Allocated treasury shares to the shares issued for conversion

- Status of treasury shares (as of the end of Mar. 2018): Treasury stock cost per share: 3,896JPY, Number of treasury shares: 26.1M shares, % against total number of issued shares: 6.9%

■ Status of conversion (as of Mar 31, 2018)

Bonds	Amount of shares issued for conversion (% against the total amount of bond)	Number of shares issued for conversion (% against total number of issued shares)
Convertible Bonds due Dec, 2019	6.47 BJPY (12.9%)	1.7M shares (0.44%)
Convertible Bonds due Dec, 2021	0.06 BJPY (0.1%)	0.02M shares (0.004%)

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.