

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2021 (FY2020)

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Despite The COVID-19 Impact on Cardiac & Vascular, The Overall Impact Was Mitigated by Other Companies

(billion JPY)

	FY19 Q1	FY20 Q1	YoY%	YoY% (FXN)
Revenue	152.5	131.3	-14%	-11%
Gross Profit	85.2 (55.8%)	68.9 (52.5%)	-19%	-15%
SG&A Expenses	44.5 (29.2%)	40.1 (30.5%)	-10%	-8%
R&D Expenses	11.8 (7.8%)	11.2 (8.5%)	-6%	-4%
Other Income and Expenses	0.4	0.5	-	-
Operating Profit	29.2 (19.1%)	18.1 (13.8%)	-38%	-31%
Adjusted Operating Profit	33.9 (22.3%)	21.7 (16.5%)	-36%	-30%
Profit before Tax	28.8 (18.9%)	17.9 (13.6%)	-38%	
Profit for the Year	22.8 (14.9%)	14.0 (10.7%)	-39%	

Average Exchange Rate	USD	110 JPY	108 JPY
	EUR	123 JPY	119 JPY

- Revenue: Although there was the COVID-19 impact on Cardiac and Vascular, the impact on General Hospital as well as Blood and Cell Technologies was minor
- Adjusted Operating Profit: Year-on-year negative growth due to the revenue decrease. While the control on R&D Expenses was limited, SG&A Expenses was controlled below the previous year level

Adjusted Operating Profit Variance Analysis

(billion JPY)



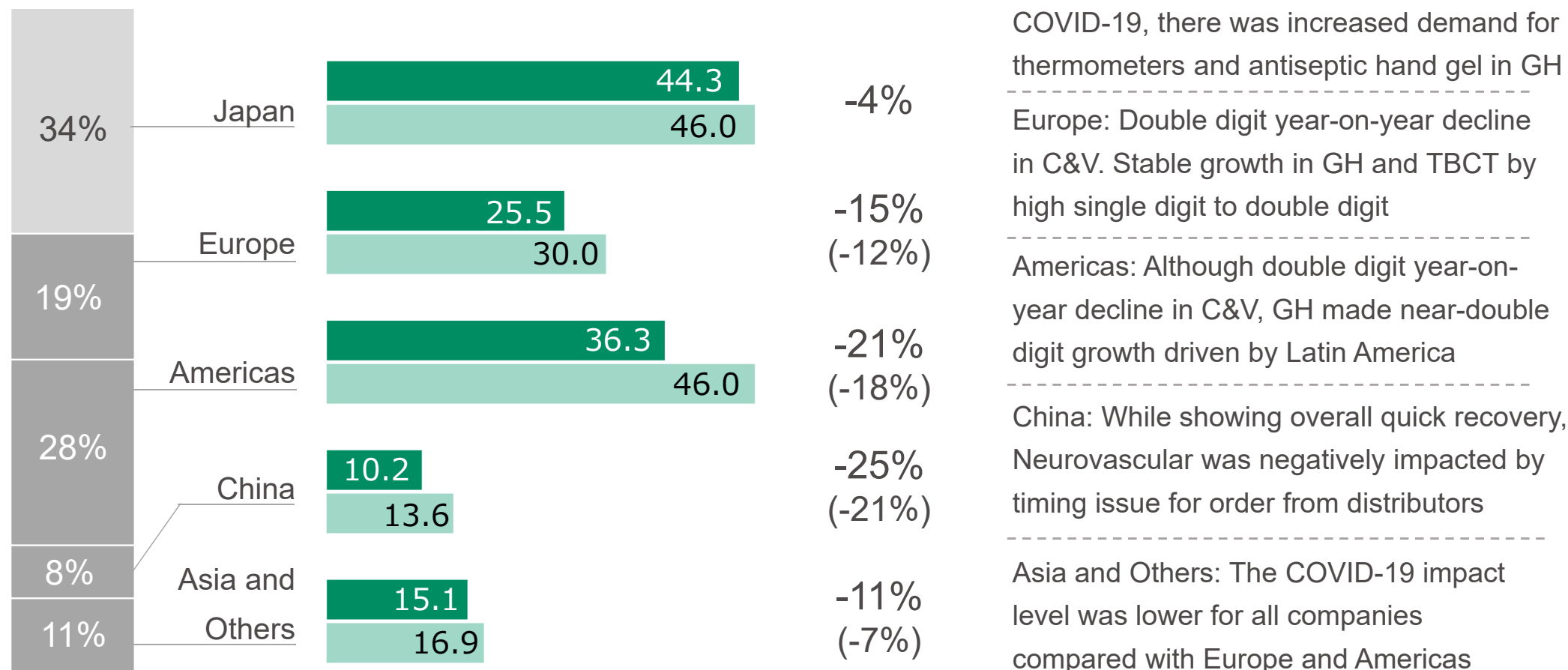
Revenue by Region

FY20 Q1
FY19 Q1

Revenue

100% = 131.3 B JPY

Year-on-Year Revenue Comparison

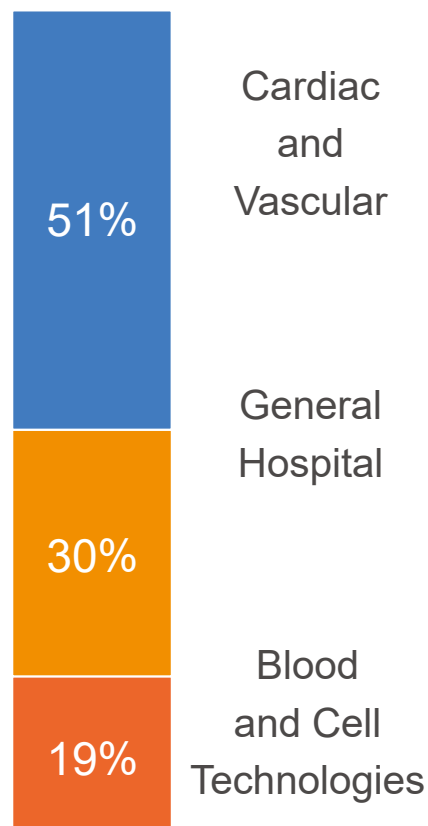


Revenue by Business Segment

FY20 Q1
FY19 Q1

Revenue

100% = 131.3 B JPY



Year-on-Year Revenue Comparison

billion JPY	YoY%	Comments
	() FXN	
Cardiac and Vascular	-24% (-21%)	There was decrease in demand due to postponement of elective procedures. Observing recovering momentum in the performance from June
General Hospital	-1% (-0%)	In addition to double digit growth in Alliance business, increased demand for thermometers and antiseptic hand gel mitigated the overall sluggish performance due to decreased demand
Blood and Cell Technologies	+2% (+7%)	Although there was impact by decrease in the number of therapeutic apheresis, stably grew driven by automated blood collection system

Cardiac and Vascular: The COVID-19 Impact Was within the Assumed Range

(billion JPY)

	FY19 Q1	FY20 Q1	YoY%	Major Topics	Impact
Revenue	88.5	67.3	-24% (-21%)	() FXN	
				TIS: Impact of the decreased demand was observed among all product categories	-14.0
				Neurovascular: Decline in the procedural volume of aneurysm treatments	-4.4
				Cardiovascular: Impact of the decreased demand mitigated by the increased revenue of hardware in Japan	-1.8
				Vascular graft: Decreased demand for both surgical grafts and stent grafts	-1.0
Adjusted Operating Profit (%)	24.5 (28%)	12.4 (18%)	-49% (-45%)	Decreased due to the revenue decline.	
				Decrease in profit was partially mitigated by the effect of manufacturing cost reduction due to increased inventories for the purpose of stable supply	

General Hospital: Maintained Profitability by Expense Control

(billion JPY)

	FY19 Q1	FY20 Q1	YoY%	Major Topics	Impact
Revenue	39.8	39.2	-1% (-0%)	() FXN	
				General hospital products: Impact of limited number of medical examinations	-1.5
				Pharmaceutical: declined sales of IV solutions mitigated by solid sales of pain management products	-0.2
				DM Healthcare: Increased demand for thermometers etc. in Healthcare products	+0.5
				Alliance: Continued double digit growth driven by sales outside Japan	+0.7
Adjusted Operating Profit (%)	5.2 (13%)	5.2 (13%)	-1% (+1%)	Despite the revenue decline and also the impact of lower operation level in a factory outside Japan due to lockdown, maintained profitability by expense control	

Blood and Cell Technologies: Increase in Both Revenue and Profit

(billion JPY)

	FY19 Q1	FY20 Q1	YoY%	Major Topics	Impact
Revenue	24.2	24.7	+2% (+7%)	Blood center solutions: Driven by software update for automated blood collection system. Increase in collection demand for the COVID-19 convalescent plasma therapy	+1.6
				Therapeutic solutions: Decreased demand due to postponement of elective procedures	-0.7
Adjusted Operating Profit (%)	2.6 (11%)	3.9 (16%)	+48% (+71%)	Large growth due to expense control in addition to gross profit increase by better product mix	

() FXN

Major Topics in FY20 Q1

Corporate

- Donated 2.4 M USD in cash and products to support COVID-19 pandemic relief efforts worldwide
- Received the first certificate under EU-MDR

Cardiac and Vascular

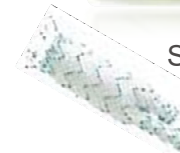
- US FDA Breakthrough Device Designation granted for “Thoraflex Hybrid” stented device for complex aortic arch repair
- CE Mark received for “BioPearl” biodegradable drug-eluting microsphere
- US FDA approval for “TREO” stent graft for abdominal aortic aneurysm



Stented device for complex aortic arch repair “Thoraflex Hybrid”



Biodegradable drug-eluting microsphere “BioPearl”



Stent graft for abdominal aortic aneurysm “TREO”

General Hospital

- Launched thermometer designed in consideration of easier sanitization
- Obtained Japanese GMP certification for contract manufacturing of a biosimilar drug of Adalimumab in Yamaguchi D&D factory



Thermometer with open-type sheath

Blood and Cell Technologies

- Apheresis system approved in US for emergency use in cytokine reduction
- Pathogen reduction shown efficacy against virus causing COVID-19



Apheresis system “Optia”



Pathogen reduction system “Mirasol”

FY20 New Product Pipeline

Category	Products	Region	Launch	Category	Products	Region	Launch
Coronary	Steerable sheath	JP		Vascular graft	Stent graft for abdominal aortic aneurysm	US	
	PTCA balloon (manufactured by Essen Technology)	China		General hospital products	Syringe pump	JP	
Imaging	IVUS catheter	JP	Launched		Safety IV catheter	JP	
Oncology	Biodegradable drug-eluting microsphere	EU			Syringe pump for open TCI	EU, Asia	EU Launched
	Peripheral embolization plug	US		Pharmaceutical	Strong opioid analgesic (Fentanyl citrate tape for 1 day use)	JP	Launched
Neuro-vascular	Flow diverter	JP, US	Launched	DM and consumer healthcare	Continuous glucose monitoring system	JP	
	Balloon guide catheter	EU			Blood glucose monitoring system	JP	
	Carotid stent	JP			Thermometer	JP	Launched
	Intrasaccular aneurysm treatment device (WEB)	JP					
Cardio-vascular	Oxygenator	JP	Launched				
	Heart lung machine (re-launch)	JP	Launched				
	Surgical stabilizer	Global	JP, US, Asia Launched				

Key Assumptions of FY20 Guidance

- | Expect revenue to bottom out in Q1 and return to recovering momentum in the second half. Since the impact of the “second waves” is uncertain, it is not incorporated into the guidance
- | While controlling SG&A Expenses to an extent, also plan to invest appropriately based on the business performance to achieve rapid recovery
- | In principle, continue to invest in R&D not to slow down its activity level
- | Adjust the operating level of production from Q2 and optimize inventory level, which was increased in Q1 for the purpose of BCP

FY20 Guidance

(billion JPY)

	FY19 Actual	FY20 Guidance	YoY% (FXN)
Revenue	628.9	600.0	-5% (-2%)
Operating Profit	110.6 (17.6%)	85.0 (14.2%)	-23% (-20%)
Adjusted Operating Profit	125.0 (19.9%)	103.0 (17.2%)	-18% (-14%)
Profit for the Year	85.2	65.0	-24%

	(Actual)	(Predicted)
Average Exchange Rate	USD 109 JPY	105 JPY
	EUR 121 JPY	120 JPY

■ No revision for the FY20 annual dividend proposal disclosed in the financial announcement in May 2020

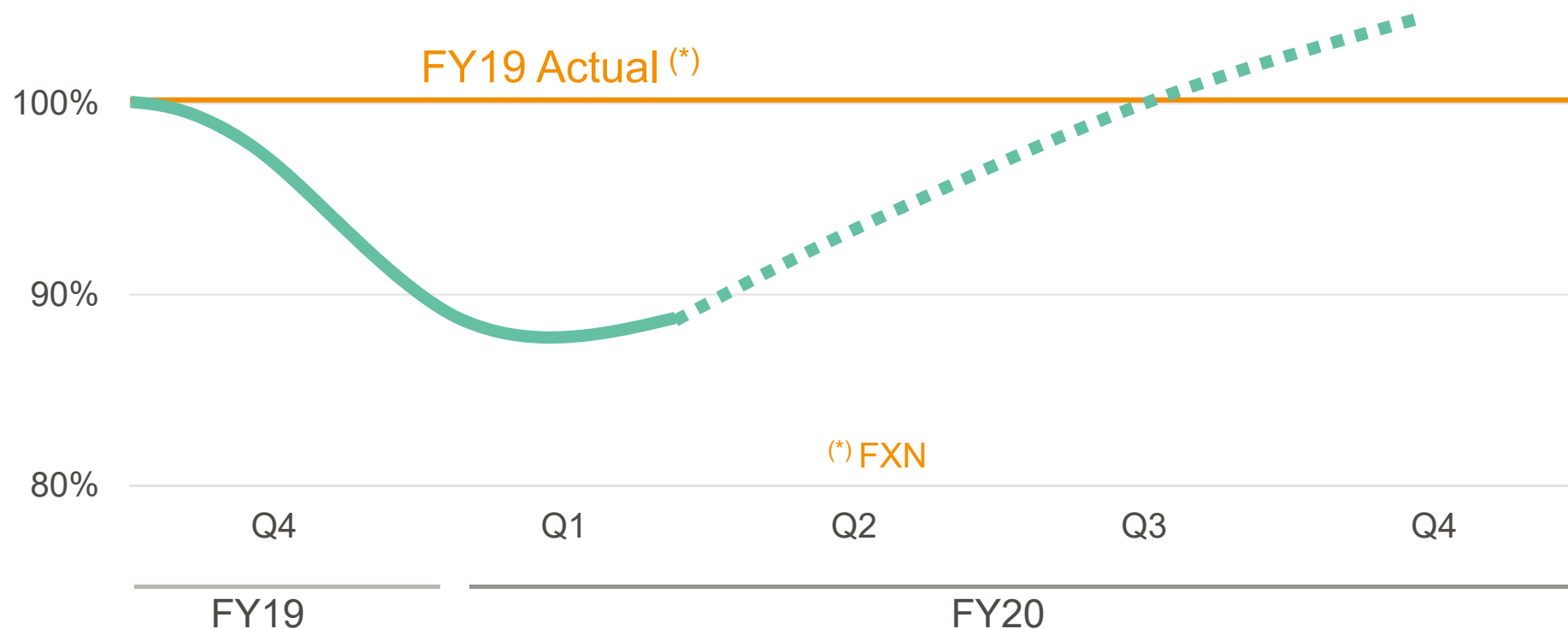
FY20 Guidance

(billion JPY)

	Revenue		Comments	
	Amount	YoY%		
		() FXN		
Cardiac and Vascular	FY20 Guidance	322.0	-8% (-5%)	Despite demand decline due to the postponement of elective procedures, expect it to show recovering momentum from the second half
	FY19 Actual	350.6		
General Hospital		172.0	+1% (+1%)	The negative impact of limited number of medical examinations to be mitigated by growth in Alliance business etc. Stable since various products are for chronic diseases
		171.0		
Blood and Cell Technologies		106.0	-1% (+2%)	Sales decline of blood bags to be mitigated by sales expansion of automated blood collection system
		107.2		

FY20 Guidance: Quarterly Trend of the Revenue

- Expect revenue to bottom out in Q1 and return to positive year-on-year growth trajectory in the second half



Reference

FY20Q1 Revenue and Growth by Region

(billion JPY)

Business Segment	Japan	Overseas					Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	10.9 (-10%)	56.4 (-23%)	16.7 (-21%)	24.4 (-25%)	8.0 (-28%)	7.3 (-14%)	67.3 (-21%)
Out of C&V Interventional Systems*	7.8 (-15%)	46.2 (-24%)	13.6 (-22%)	19.2 (-26%)	7.4 (-30%)	6.0 (-15%)	54.0 (-23%)
General Hospital	30.8 (-1%)	8.4 (+3%)	2.3 (+10%)	2.1 (+20%)	0.4 (-19%)	3.5 (-6%)	39.2 (-0%)
Blood and Cell Technologies	2.5 (-0%)	22.2 (+8%)	6.4 (+17%)	9.8 (-0%)	1.7 (+38%)	4.3 (+7%)	24.7 (+7%)
Total	44.3 (-4%)	87.0 (-15%)	25.5 (-12%)	36.3 (-18%)	10.2 (-21%)	15.1 (-7%)	131.3 (-11%)

*Including Neurovascular business

(YoY%): FXN

Operating Expenses

(billion JPY)

	FY19 Q1	FY20 Q1	YoY	YoY%	YoY% (FXN)
Salaries & Wages	21.9	22.4	+0.5	+2%	+5%
Sales Promotion	4.9	2.0	-2.8	-58%	-57%
Logistical Costs	3.5	3.3	-0.2	-5%	-2%
Depreciation & Amortization	4.5	4.6	+0.1	+1%	+4%
Others	9.7	7.8	-2.0	-20%	-19%
SG&A Expenses Total	44.5 (29.2%)	40.1 (30.5%)	-4.4	-10%	-8%
R&D Expenses	11.8 (7.8%)	11.2 (8.5%)	-0.7	-6%	-4%
Operating Expenses Total	56.4 (37.0%)	51.3 (39.0%)	-5.1	-9%	-7%

Quarterly Results

(billion JPY)

	FY19 Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY20 Q1 (Apr-Jun)
Revenue	152.5	154.8	162.9	158.8	131.3
Gross Profit	85.2 (55.8%)	86.3 (55.8%)	87.2 (53.5%)	85.3 (53.7%)	68.9 (52.5%)
SG&A Expenses	44.5 (29.2%)	45.1 (29.1%)	47.2 (29.0%)	47.7 (30.1%)	40.1 (30.5%)
R&D Expenses	11.8 (7.8%)	12.5 (8.1%)	12.7 (7.8%)	13.6 (8.6%)	11.2 (8.5%)
Other Income and Expenses	0.4	1.3	-0.2	0.4	0.5
Operating Profit	29.2 (19.1%)	30.0 (19.4%)	27.1 (16.6%)	24.4 (15.3%)	18.1 (13.8%)
Adjusted Operating Profit	33.9 (22.3%)	33.1 (21.4%)	31.4 (19.3%)	26.6 (16.7%)	21.7 (16.5%)

Average Exchange Rate	USD	110 JPY	107 JPY	109 JPY	109 JPY	108 JPY
	EUR	123 JPY	119 JPY	120 JPY	120 JPY	119 JPY

Adjusted Operating Profit: Adjustments

(billion JPY)

	FY19 Q1	FY20 Q1
Operating Profit	29.2	18.1
Adjustment 1. Amortization of acquired intangible assets	+4.0	+3.5
Adjustment 2. Non-recurring profit or loss	+0.8	+0.1*
Adjusted Operating Profit	33.9	21.7

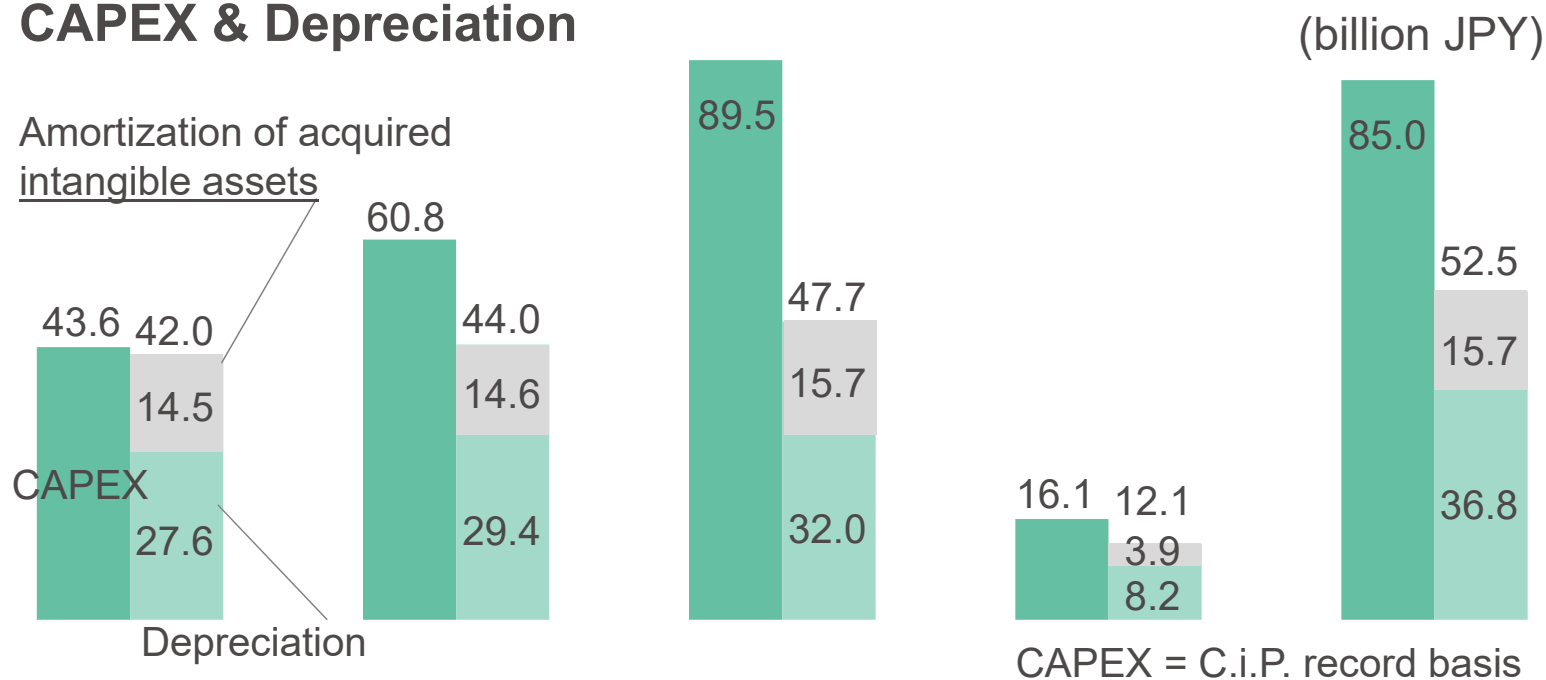
<General examples of adjustment items>

- Acquisition related cost
- Lawsuit settlement
- Impairment loss
- Restructuring loss
- Nonlife insurance income
- Loss on disaster
- Other one-time profits & losses

* FY20 Q1 main items in Adjustment 2. Non-recurring profit or loss	Amount
Business reorganizing cost	+0.2
Others	-0.1

CAPEX, Depreciation and R&D Expenses

CAPEX & Depreciation



Lease depreciation (IFRS16) is not included in FY19, FY20 Q1 results and FY20 Guidance

Expand investment in production capacity and space as well as IT in FY20

Further promote R&D activities mainly for TIS, Neurovascular and TBCT

Capitalized R&D expenses are included in CAPEX

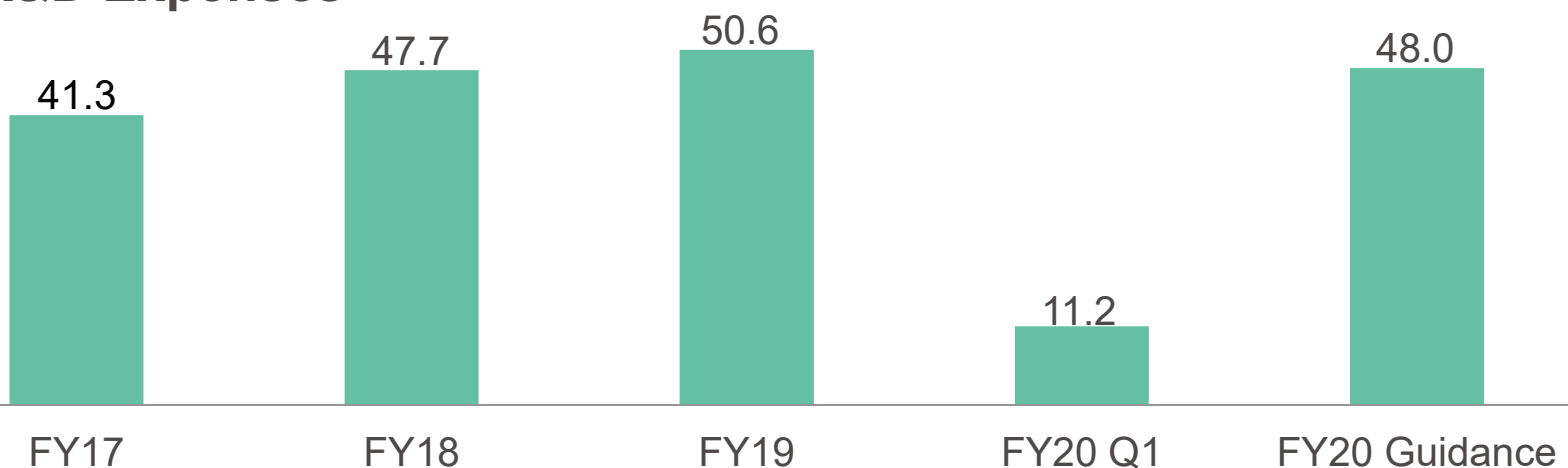
FY18: 2.4

FY19: 4.8

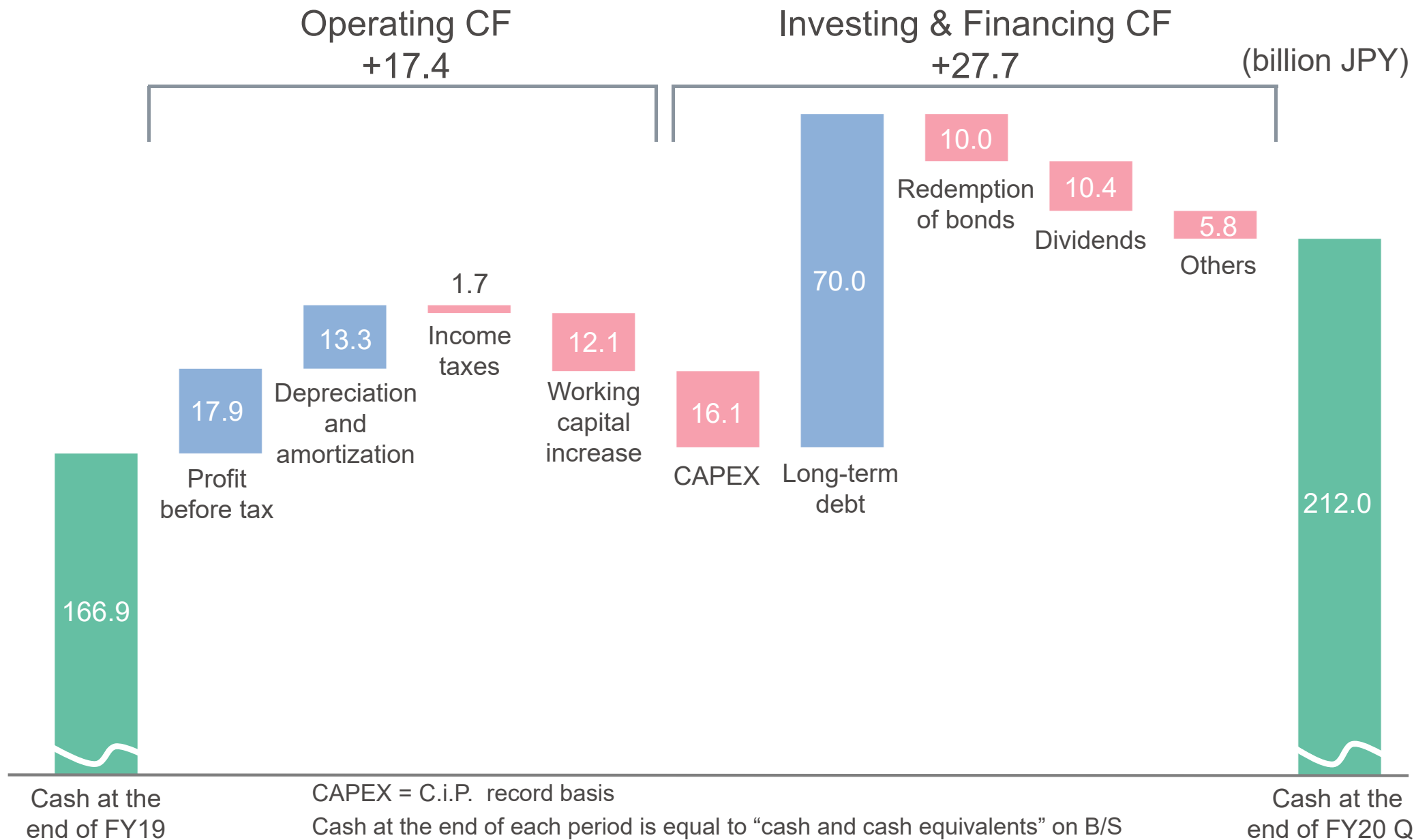
FY20 Q1: 1.3

FY20 Guidance: 5.4

R&D Expenses



Cash Flows



Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation (billion JPY)

	USD	EUR	CNY
Revenue	1.7	0.8	2.4
Adjusted Operating Profit	0.0	0.5	1.3

<Reference> Impact when JPY is depreciated by 10%

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-0.1	1.0	6.5	1.3	2.0	3.6

The Status of Convertible Bonds

Detail of the bonds (issued in Dec. 2014)

*After two-for-one stock split implemented in Apr. 2019

Maturity	Aggregate principal amount (billion JPY)	Coupon	Conversion Price (JPY)	Contingent conversion price (JPY)	Number of shares required to be issued for conversion
Dec. 2019	50.0	0.0%	1,912	2,486	Approx. 26 M shares
Dec. 2021	50.0	0.0%	1,912	2,486	Approx. 26 M shares
Total	100.0				Approx. 52 M shares

The status of conversion (as of Jul. 31, 2020)

Bonds	Amount of shares issued for conversion (% against the total amount of bonds)	Number of shares issued for conversion (% against total number of issued shares)
Convertible bonds due Dec. 2019	50.0 B JPY (100.0%)	26 M shares (3.4%)
Convertible bonds due Dec. 2021	46.2 B JPY (92.4%)	24 M shares (3.2%)
Total	96.2 B JPY (96.2%)	50 M shares (6.6%)

Allocated treasury shares to the shares issued for conversion

- Status of treasury shares: 5 M shares
(at the end of Jul. 2020, treasury stock cost per share: 1,949 JPY, % against total number of issued shares: 0.7%)

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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 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.