

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

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Naoki Muto

Chief Accounting and Financial Officer
Terumo Corporation



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The market share information in this presentation is partly derived from our own independent research.

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Terumo Corporation

Investor Relations Dept.

E-mail: kouhou_terumo01@terumo.co.jp

Revenue and Profits Were Ahead of Schedule Toward FY20 Guidance

(billion JPY)

	1H FY19	1H FY20	YoY%	YoY% (FXN)
Revenue	307.3	283.3	-8%	-6%
Gross Profit	171.5 (55.8%)	150.5 (53.1%)	-12%	-9%
SG&A Expenses	89.6 (29.2%)	85.9 (30.3%)	-4%	-3%
R&D Expenses	24.3 (7.9%)	23.1 (8.2%)	-5%	-4%
Other Income and Expenses	1.6	0.4	-	-
Operating Profit	59.2 (19.2%)	41.8 (14.8%)	-29%	-24%
Adjusted Operating Profit	67.0 (21.8%)	51.3 (18.1%)	-24%	-19%
Profit before Tax	58.1 (18.9%)	40.7 (14.4%)	-30%	
Profit for the Year	45.7 (14.9%)	31.8 (11.2%)	-30%	

Average Exchange Rate	USD	109 JPY	107 JPY
	EUR	121 JPY	121 JPY

- Revenue: Significant recovery in demand for Cardiac and Vascular. The COVID-19 negative impact on General Hospital as well as Blood and Cell Technologies has been continuously minor
- Adjusted Operating Profit: Year-on-year negative growth due to the revenue decrease. SG&A and R&D Expenses were controlled based on priorities

Adjusted Operating Profit Variance Analysis

(billion JPY)



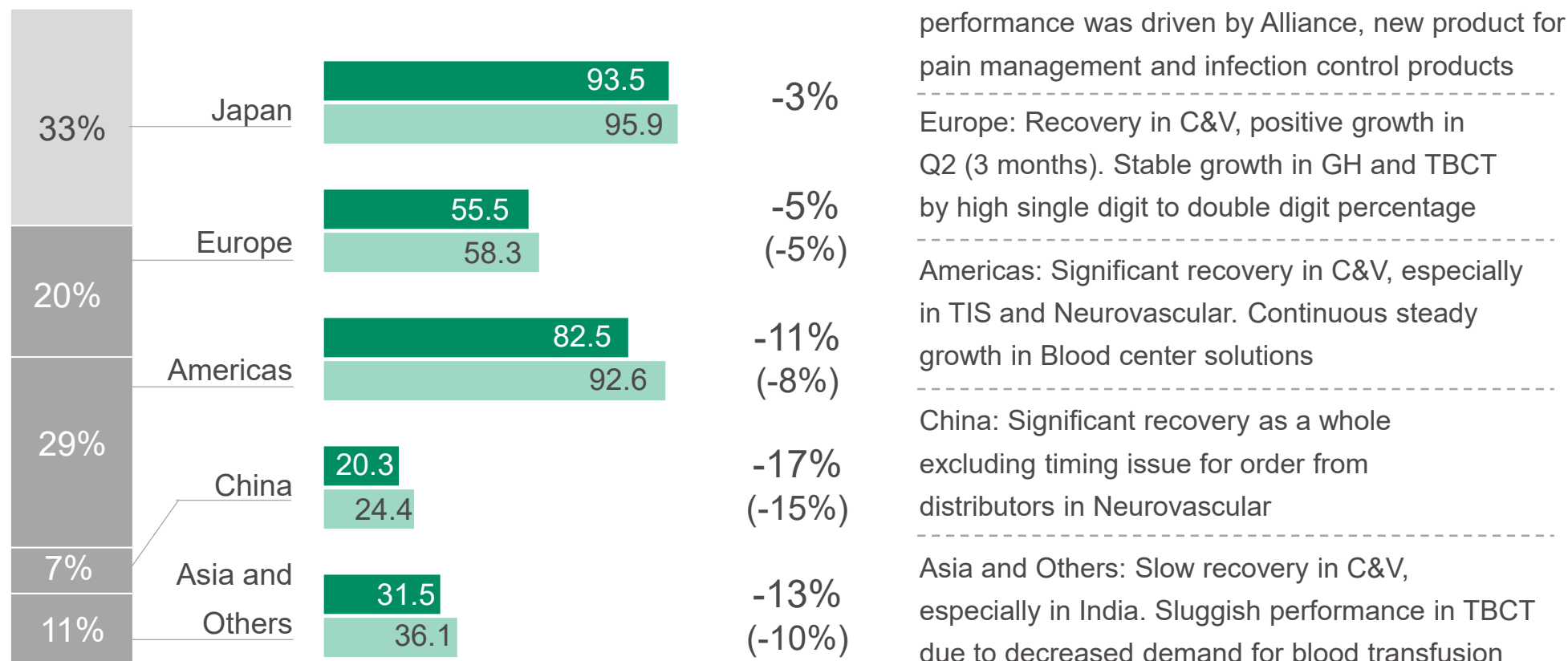
Revenue by Region

1H FY20
1H FY19

Revenue

100% = 283.3 B JPY

Year-on-Year Revenue Comparison

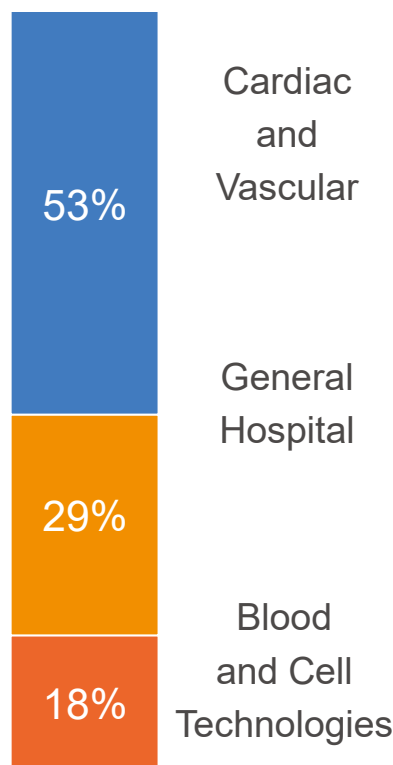


Revenue by Business Segment

1H FY20
1H FY19

Revenue

100% = 283.3 B JPY



Year-on-Year Revenue Comparison

Revenue	billion JPY	YoY%	Comments
		() FXN	
Cardiac and Vascular	149.4	-13% (-12%)	There was decrease in demand due to postponement of procedures. Significant recovery in the performance from Q1 to Q2
General Hospital	81.8	-1% (-1%)	In addition to double digit growth in Alliance, new product for pain management as well as increased demand for infection control products mitigated the overall sluggish performance due to decreased demand
Blood and Cell Technologies	52.0	+0% (+3%)	Despite the impact by decrease in therapeutic apheresis cases, stably grew driven by automated blood collection system

Cardiac

and Vascular: Elective Procedures Backlogs Were Being Cleared

(billion JPY)

	1H FY19	1H FY20	YoY%	Major Topics	Impact
Revenue	172.6	149.4	() FXN	TIS: Despite the impact of decreased demand among all product categories, significantly recovered from Q1 to Q2	-15.9
			-13%	Neurovascular: There was clearing of backlogs for aneurysm treatments	-4.5
			(-12%)	Cardiovascular: Impact of the decreased demand was mitigated by the increased revenue of hardware in Japan	-2.2
				Vascular graft: Recovering demand for both surgical grafts and stent grafts	-0.6
Adjusted Operating Profit (%)	47.2 (27%)	32.0 (21%)	-32% (-27%)	Decreased due to the revenue decline. Product mix was improved from Q1 to Q2	

General : Covered the Impact of Decreased Demand by Solid Hospital Sales of Alliance and Infection Control Products

(billion JPY)

	1H FY19	1H FY20	YoY%	Major Topics	Impact
Revenue	82.8	81.8	() FXN	General hospital products: Continuous impact of limited number of medical examinations especially in Japan and Asia	-2.9
			-1% (-1%)	Pharmaceutical: Declined sales of IV solutions was mitigated by solid sales of pain management products	-0.2
				DM Healthcare: Increased demand for thermometers etc. in Healthcare products	+0.8
				Alliance: Double digit growth both inside and outside Japan	+1.3
Adjusted Operating Profit (%)	12.6 (15%)	11.7 (14%)	-7% (-6%)	Impact of revenue decline as well as lowered manufacturing operation level was minimized by solid sales of Alliance and continuous expense control	

Blood and Cell

Technologies: Continuous Increase in Both Revenue and Profit

(billion JPY)

	1H FY19	1H FY20	YoY%	Major Topics	Impact
Revenue	51.8	52.0	+0% (+3%)	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	-1.0
Adjusted Operating Profit (%)	6.7 (13%)	8.9 (17%)	+33% (+43%)	Large growth due to expense control in addition to gross profit increase by better product mix	

() FXN

Revision of FY20 Guidance

(billion JPY)

	Original Guidance	Revised Guidance	Change in amount
Revenue	600.0	600.0	-
Operating Profit	85.0 (14.2%)	90.0 (15.0%)	+5.0
Adjusted Operating Profit	103.0 (17.2%)	108.0 (18.0%)	+5.0
Profit for the Year	65.0	68.0	+3.0

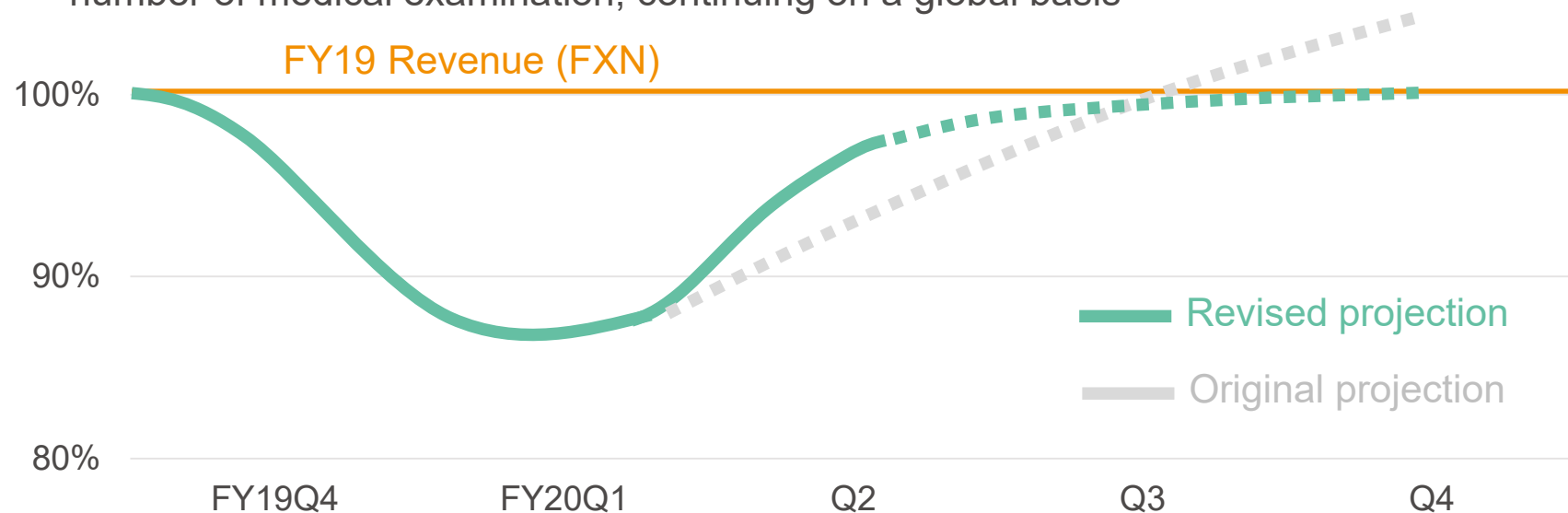
Average Exchange Rate (Predicted)	USD	105 JPY	106 JPY
	EUR	120 JPY	121 JPY

- Factored in the better 1H performance than expected
- No revision for the FY20 annual dividend proposal disclosed at the financial announcement in May 2020

Key Assumptions of 2H FY20 Projection

Recovery in the 2H revenue becomes slower than the original projection disclosed at the financial announcement in August 2020

- Overall healthcare demand including new procedure pipeline is declined due to limited number of medical examination, continuing on a global basis



Adjust the operating level of production from Q3 onward to optimize inventory level, which was raised in Q1 for the purpose of BCP

While controlling SG&A Expenses to an extent, also plan to invest appropriately based on the business performance to achieve rapid recovery

Control R&D Expenses by prioritizing from the perspective of mid- to long-term growth

Major Topics in FY20 Q2

Corporate

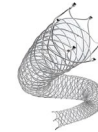
- Donated cash and products to support relief efforts for heavy rains in July 2020 in Japan through Japanese Red Cross and other organizations
- Joined in a fund operated by CD Capital, a Chinese venture capital firm



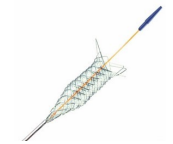
Radioactive microspheres
"QuiremSpheres"

Cardiac and Vascular

- Acquired Quirem Medical, a startup specializing in the development of microspheres for liver tumors
- Started a new clinical study of "Renzan" peripheral stent system in Europe
- Launched "CASPER Rx" carotid stent in Japan



Peripheral Stent System
"Renzan"



Carotid Stent
"CASPER Rx"

General Hospital

- Started co-development of digital supporting system for diabetes treatment with MICIN, Inc.
- Received GMP certification from the US FDA to manufacture a biosimilar to adalimumab at Yamaguchi factory



Pre-fillable syringe
"PLAJEX"



Pathogen reduction system
"Mirasol"

Blood and Cell Technologies

- Received approval for "Mirasol" pathogen reduction system to treat platelets in Switzerland

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	Launched
	PTCA balloon (manufactured by Essen Technology)	China		General hospital products	Syringe pump	JP	Launched
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	Launched
	Carotid stent	JP	Launched		Thermometer	JP	Launched
	Intrasaccular aneurysm treatment device (WEB)	JP					
Cardio-vascular	Oxygenator	JP	Launched				
	Heart lung machine (re-launch)	JP	Launched				
	Surgical stabilizer	Global	Launched				

Reference

1H FY20 Revenue and Growth by Region

(billion JPY)

Business Segment	Japan	Overseas					Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	22.9 (-8%)	126.6 (-13%)	37.9 (-10%)	57.2 (-13%)	16.1 (-19%)	15.3 (-13%)	149.4 (-12%)
Out of C&V, TIS and Neurovascular	16.5 (-12%)	104.1 (-13%)	30.7 (-11%)	46.0 (-12%)	14.8 (-21%)	12.6 (-14%)	120.6 (-13%)
General Hospital	64.8 (-0%)	17.0 (-2%)	4.6 (+6%)	4.1 (+9%)	1.0 (-15%)	7.3 (-10%)	81.8 (-1%)
Blood and Cell Technologies	5.7 (-6%)	46.3 (+4%)	13.1 (+12%)	21.2 (+4%)	3.1 (+20%)	8.9 (-6%)	52.0 (+3%)
Total	93.5 (-3%)	189.8 (-8%)	55.5 (-5%)	82.5 (-8%)	20.3 (-15%)	31.5 (-10%)	283.3 (-6%)

(YoY%): FXN

Operating Expenses

(billion JPY)

	1H FY19	1H FY20	YoY	YoY%	YoY% (FXN)
Salaries & Wages	44.0	45.6	+1.6	+4%	+5%
Sales Promotion	9.5	5.1	-4.4	-46%	-46%
Logistical Costs	6.8	6.9	+0.1	+1%	+2%
Depreciation & Amortization	9.1	9.5	+0.5	+5%	+7%
Others	20.3	18.8	-1.5	-7%	-6%
SG&A Expenses Total	89.6 (29.2%)	85.9 (30.3%)	-3.7	-4%	-3%
R&D Expenses	24.3 (7.9%)	23.1 (8.2%)	-1.2	-5%	-4%
Operating Expenses Total	113.9 (37.1%)	109.0 (38.5%)	-4.9	-4%	-3%

Quarterly Results

(billion JPY)

	FY19 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY20 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Revenue	154.8	162.9	158.8	131.3	152.0
Gross Profit	86.3 (55.8%)	87.2 (53.5%)	85.3 (53.7%)	68.9 (52.5%)	81.6 (53.7%)
SG&A Expenses	45.1 (29.1%)	47.2 (29.0%)	47.7 (30.1%)	40.1 (30.5%)	45.8 (30.2%)
R&D Expenses	12.5 (8.1%)	12.7 (7.8%)	13.6 (8.6%)	11.2 (8.5%)	11.9 (7.8%)
Other Income and Expenses	1.3	-0.2	0.4	0.5	-0.1
Operating Profit	30.0 (19.4%)	27.1 (16.6%)	24.4 (15.3%)	18.1 (13.8%)	23.8 (15.6%)
Adjusted Operating Profit	33.1 (21.4%)	31.4 (19.3%)	26.6 (16.7%)	21.7 (16.5%)	29.6 (19.5%)

Average Exchange Rate	USD	107 JPY	109 JPY	109 JPY	108 JPY	106 JPY
	EUR	119 JPY	120 JPY	120 JPY	119 JPY	124 JPY

Adjusted Operating Profit: Adjustments

(billion JPY)

	1H FY19	1H FY20
Operating Profit	59.2	41.8
Adjustment 1. Amortization of acquired intangible assets	+7.8	+7.2
Adjustment 2. Non-recurring profit or loss	+0.0	+2.3*
Adjusted Operating Profit	67.0	51.3

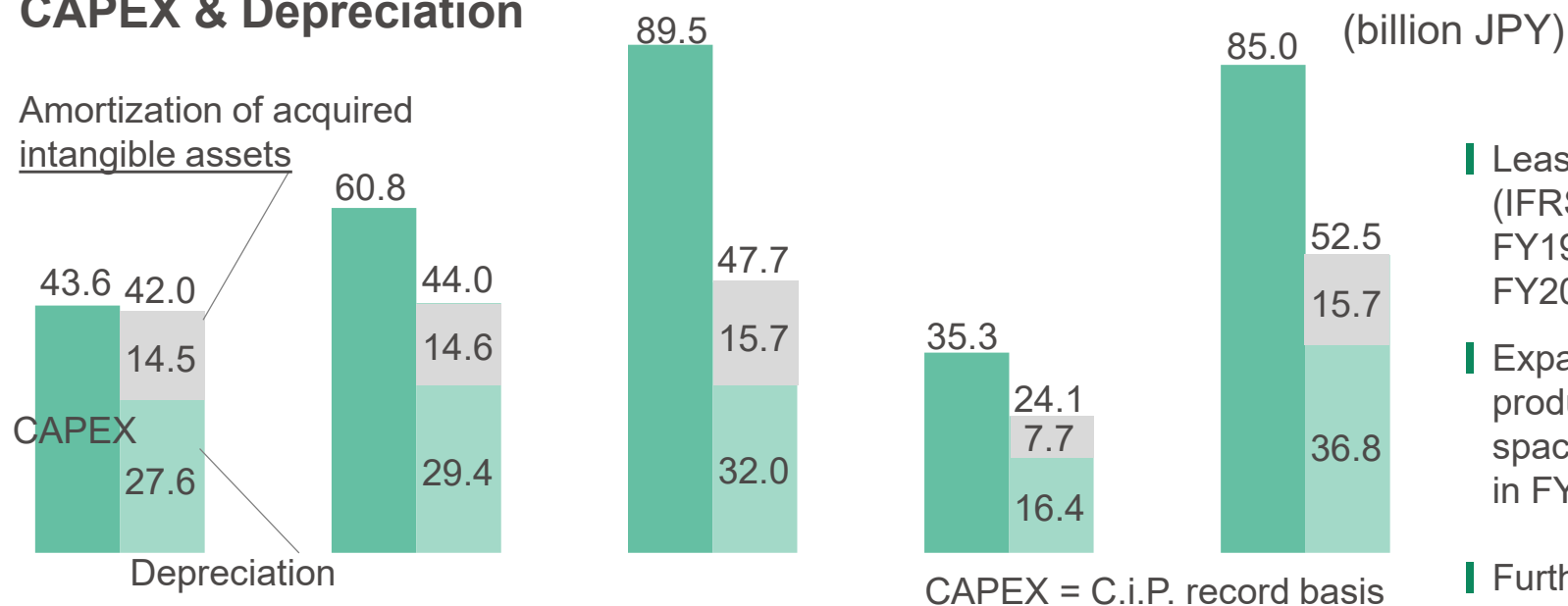
<General examples of adjustment items>

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

* 1H FY20 main items in Adjustment 2. Non-recurring profit or loss	Amount
Business reorganizing cost	+0.3
Others	+1.9

CAPEX, Depreciation and R&D Expenses

CAPEX & Depreciation



Lease depreciation (IFRS16) is not included in FY19, 1H FY20 results and FY20 Guidance

Expand investment in production capacity and space, R&D 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

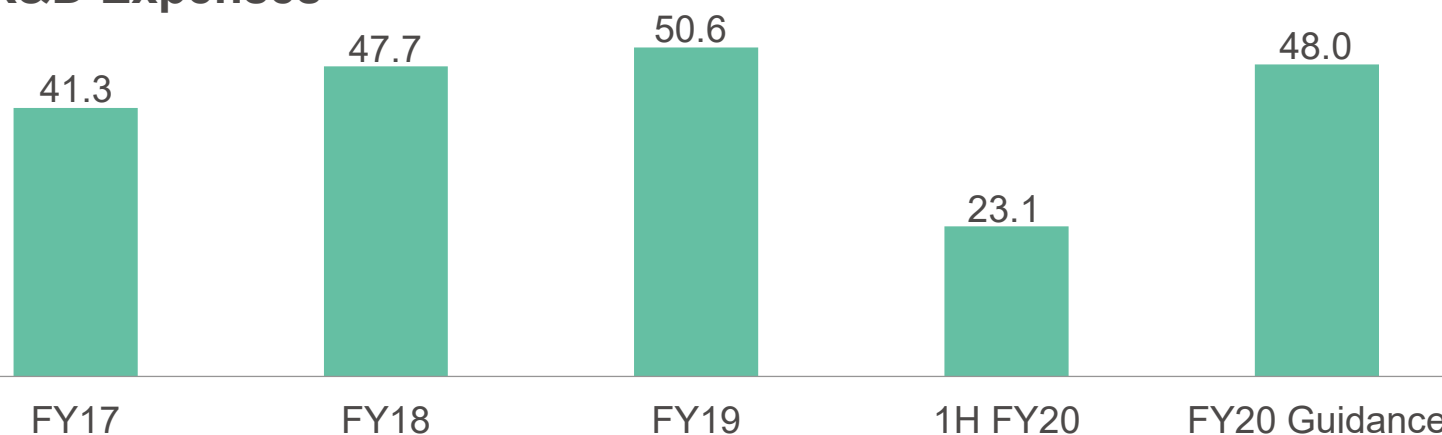
FY18: 2.4

FY19: 4.8

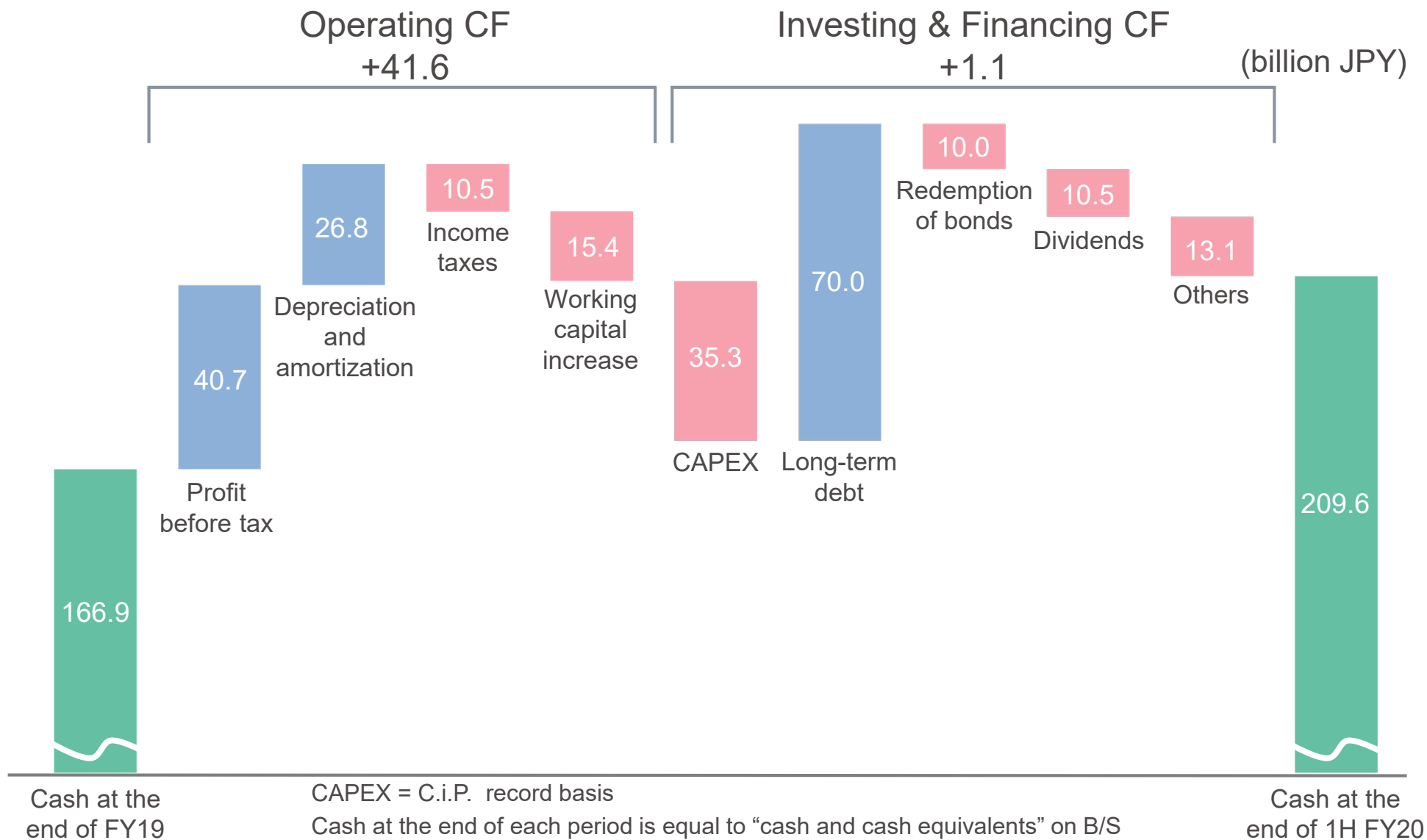
1H FY20: 2.9

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 Oct. 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	48.7 B JPY (97.4%)	25 M shares (3.3%)
Total	98.7 B JPY (98.7%)	51 M shares (6.8%)

Allocated treasury shares to the shares issued for conversion

- Status of treasury shares: 4 M shares
(at the end of Oct. 2020, treasury stock cost per share: 1,949 JPY, % against total number of issued shares: 0.7%)

