



3rd Quarter Financial Results for FYE/Mar 2009

Terumo Corporation

29, January 2009

Financial Results

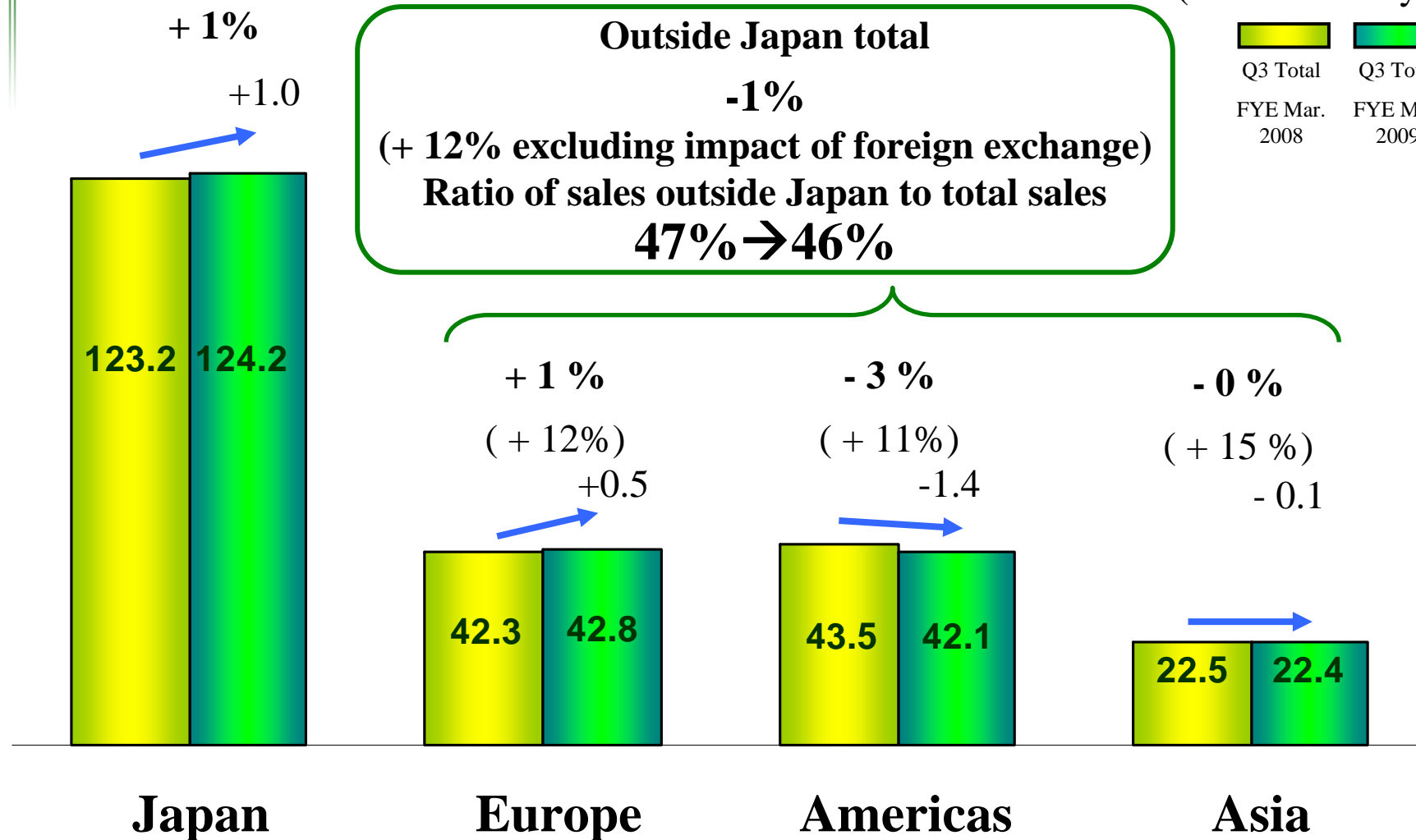
(Unit: Billion yen)

	Q3 Total FYE/Mar. 2008	Q3 Total FYE/Mar. 2009	Rate of change
Net Sales	231.4	231.5	0%
Gross profit (%)	127.5 (55.1%)	123.4 (53.3%)	-3%
S.G.A Expenses (%)	75.1 (32.4%)	77.9 (33.6%)	4%
Operating Income (%)	52.4 (22.7%)	45.5 (19.7%)	-13%
Ordinary Income (%)	52.9 (22.9%)	42.7 (18.5%)	-19%
Net Income	34.8	28.7	-17%
Average exchange rate	1 US\$ 117 yen 1EUR 163 yen	103 yen 12.3% yen appreciation 151 yen 7.2% yen appreciation	

Net Sales (by Region)

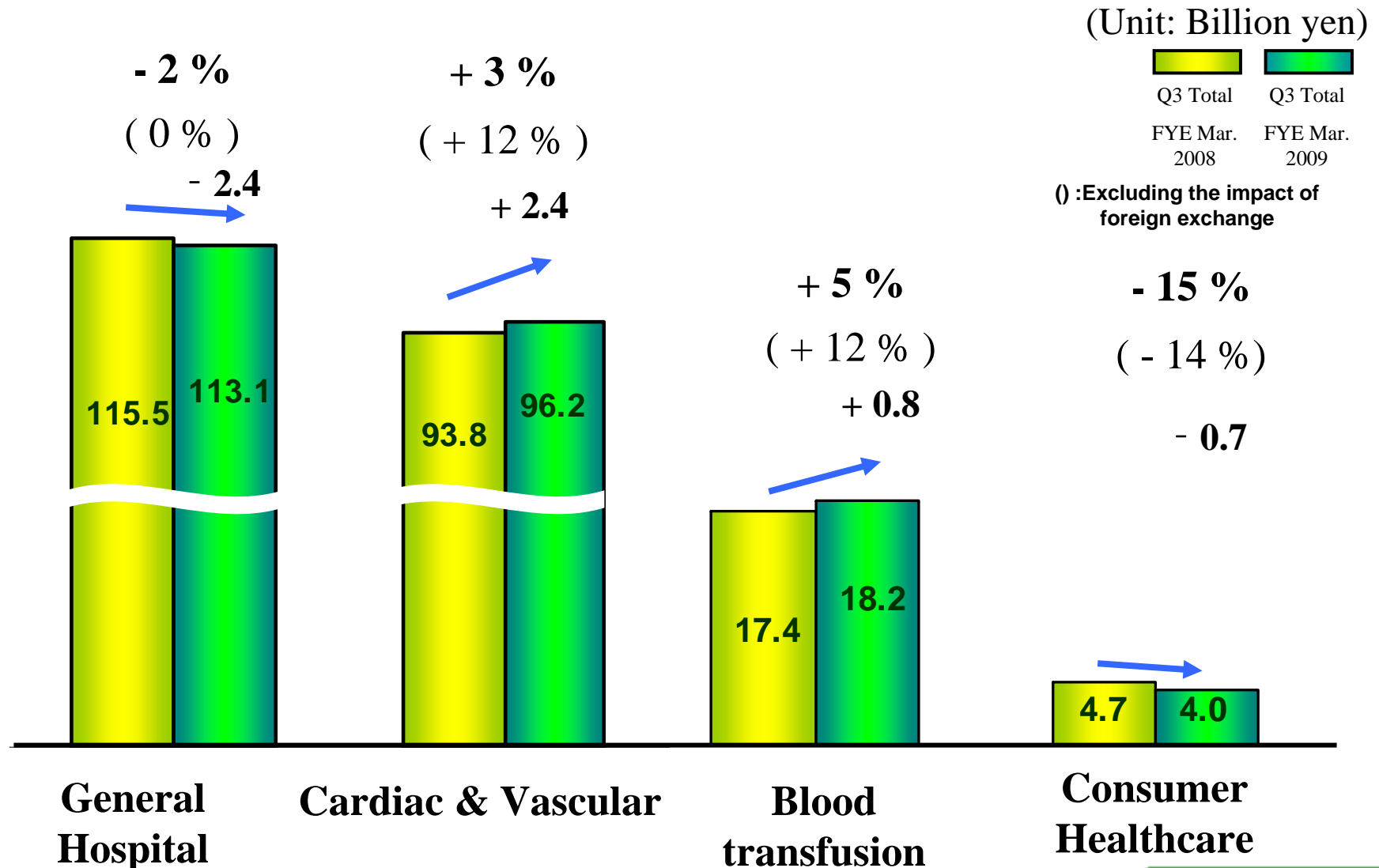
Double-digit growth continuing, excluding impact of foreign exchange

(Unit: Billion yen)



Net Sales (by Product Group)

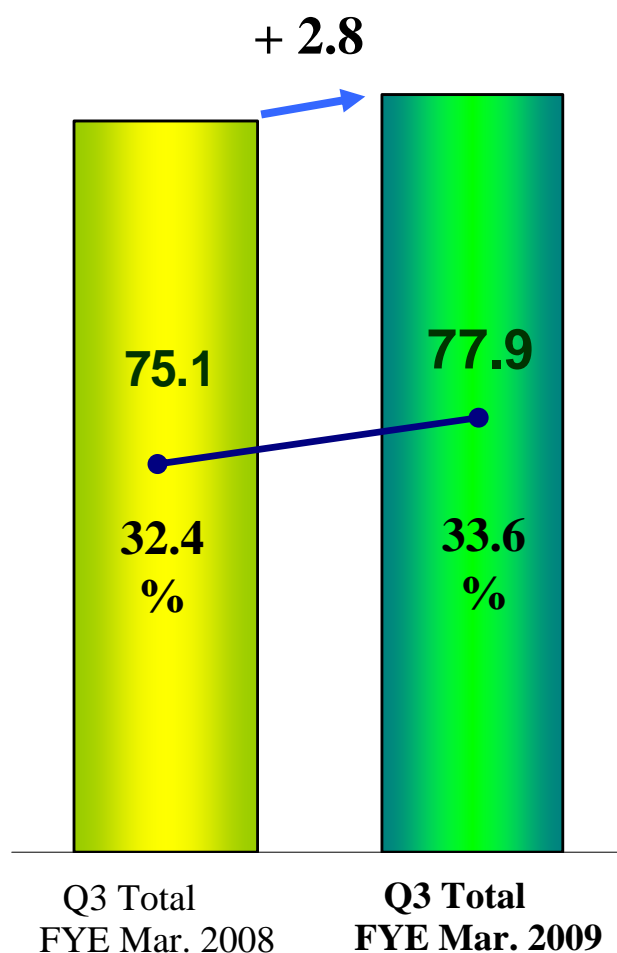
Cardiac & Vascular and Blood transfusion products enjoyed growth



S.G.A Expenses

Strengthening sales, management and development,
with an increase in depreciation of goodwill

(Unit: Billion yen)

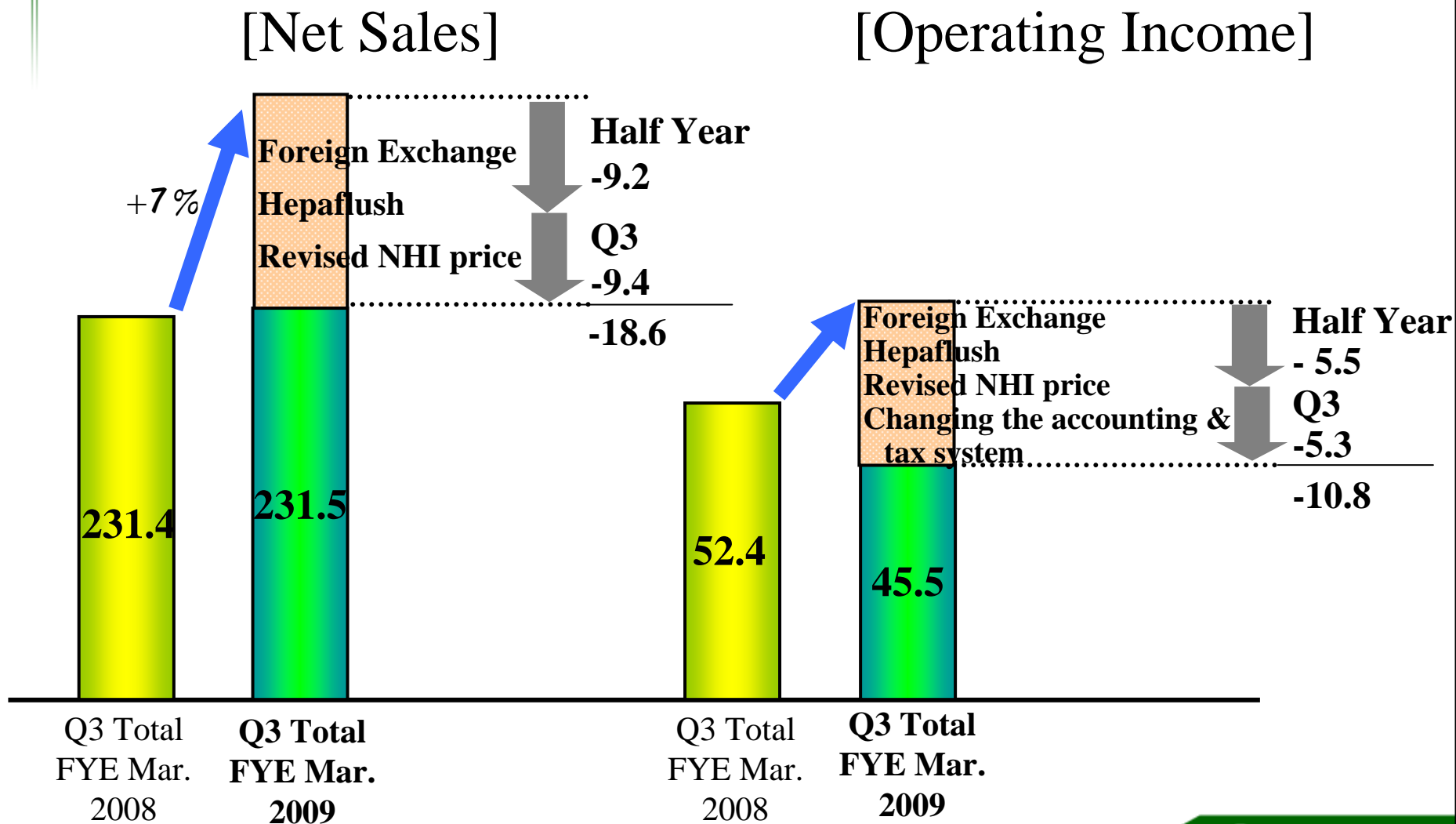


**S.G.A Expenses ratio
1.2 point increase**

	Q3 Total FYE Mar.2008	Q3 Total FYE Mar.2009	Change	%
Personal	27.5	28.4	+0.9	3.4%
Logistics	6.8	7.0	+0.2	3.0%
Sales promotion	7.6	8.2	+0.6	8.1%
R&D	11.8	12.2	+0.4	3.4%
Depreciation Goodwill	0.6	1.5	+0.9	173.4%
Others	20.8	20.6	-0.2	-1.1%
Total	75.1	77.9	+2.8	3.8%

Q3 Total Net Sales & Operating Income Trends

(Unit: Billion yen)



Forecast

(Unit: Billion yen)

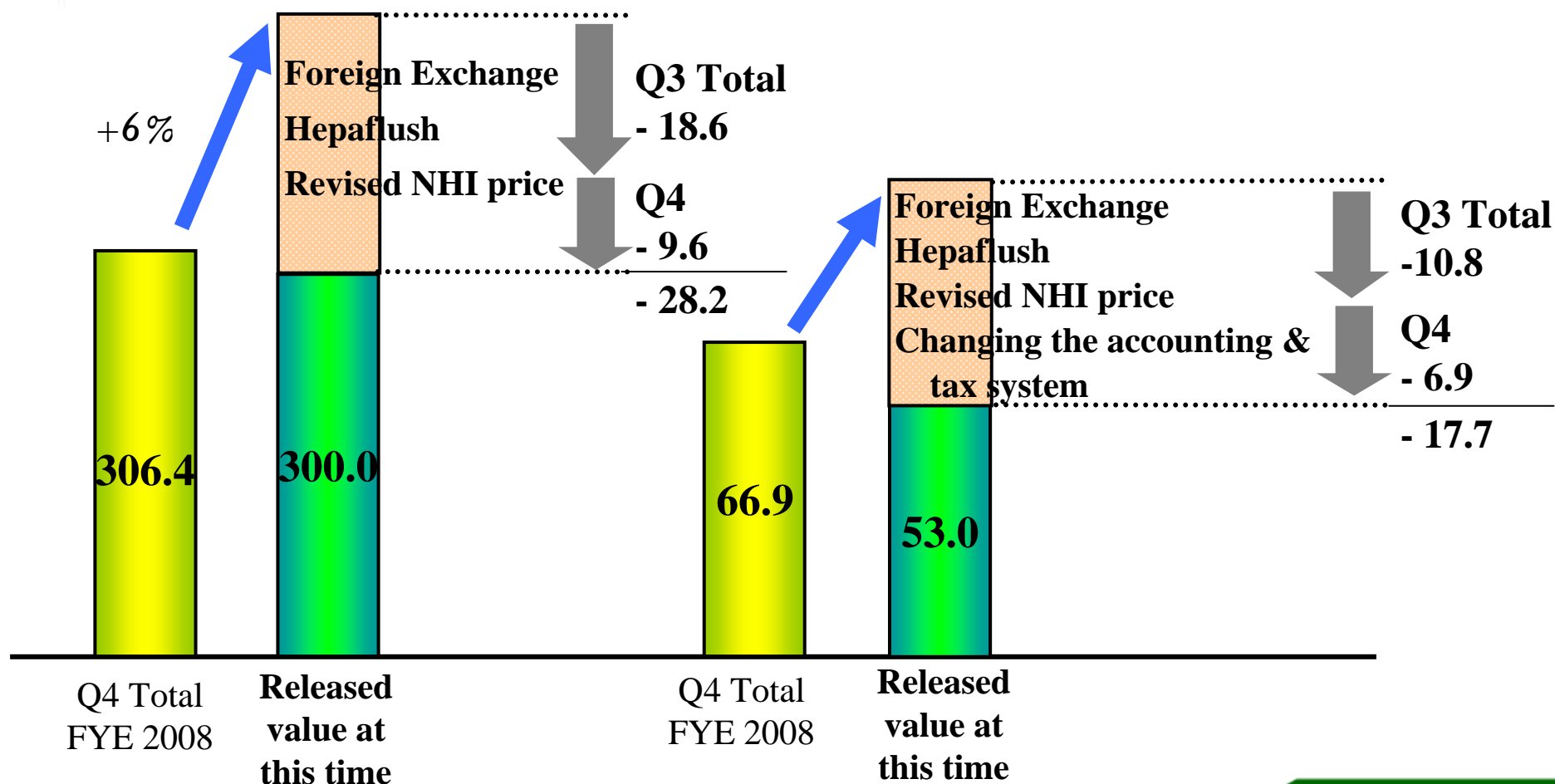
	FYE/Mar 2009 Q3 Total Results	FYE/Mar. 2009 Revised Fcst.	FYE/Mar. 2009 Original Fcst.
Net Sales	231.5	300.0	310.0
Operating Income (%)	45.5 (19.7%)	53.0 (17.7%)	62.0 (20.0%)
Ordinary Income (%)	42.7 (18.5%)	48.5 (16.2%)	61.0 (19.7%)
Net Income	28.7	32.5	40.0
Average exchange rate	1 US\$ 103 yen 1EUR 151 yen	99 yen 141 yen Assumed Q4 rate 1 US\$ 87 yen 1EUR 113 yen	101 yen 144 yen Assumed 2nd half rate 1 US\$ 95 yen 1EUR 125 yen

Annual sales/operating income trends

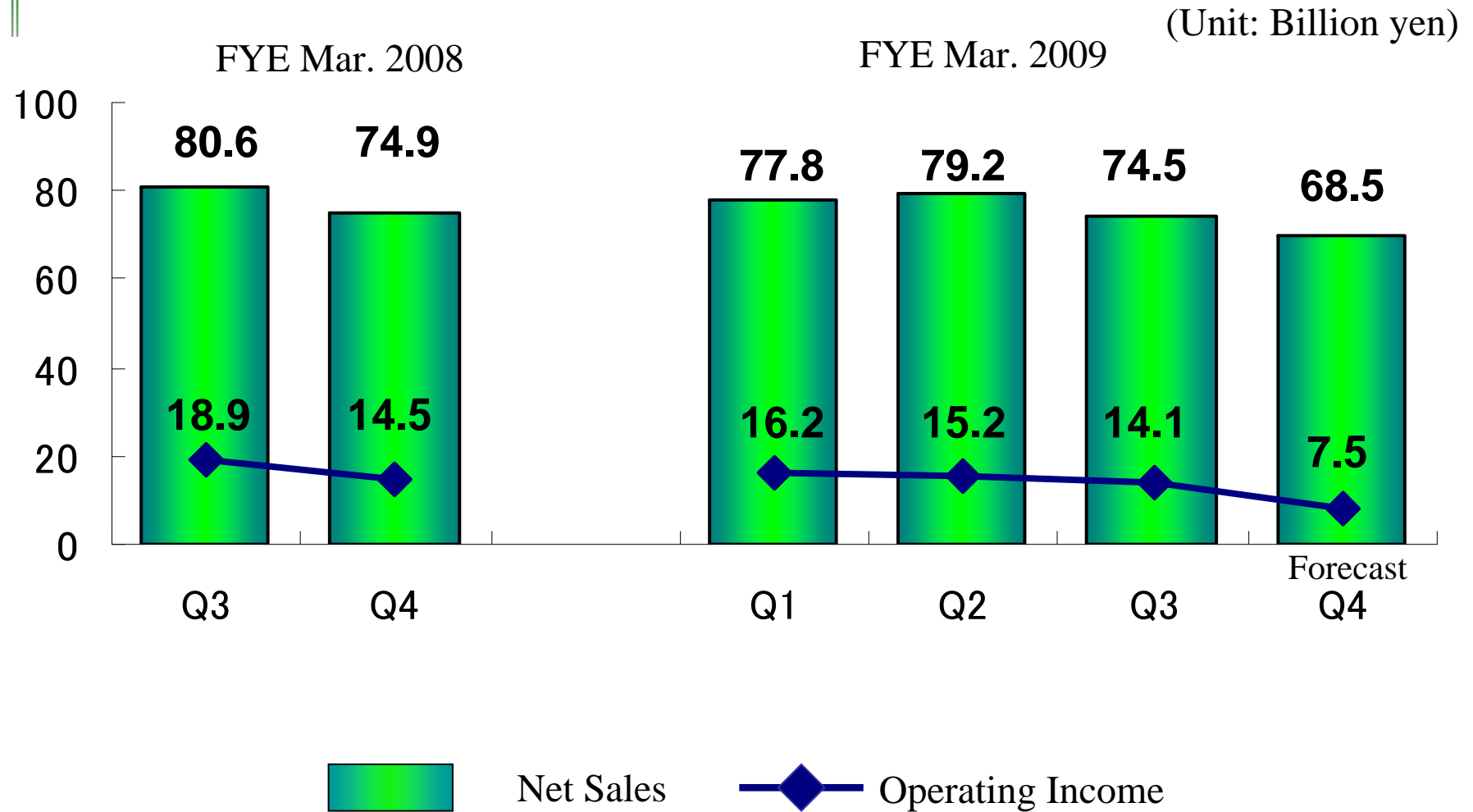
(Unit: Billion yen)

[Net Sales]

[Operating Income]



Quarterly Changes



Topics

- ◆ Impact of the financial and economic crisis and our future response

Overall Impact on Healthcare Market

- ◆ Private hospitals, distributors, insurance companies, and other businesses are ailing.
- ◆ Higher unemployment rate
 - Increasing number of uninsured persons, especially in the U.S.
- ◆ Temporary suspension of large-scale investments to construct and expand medical institution in Asia and emerging countries

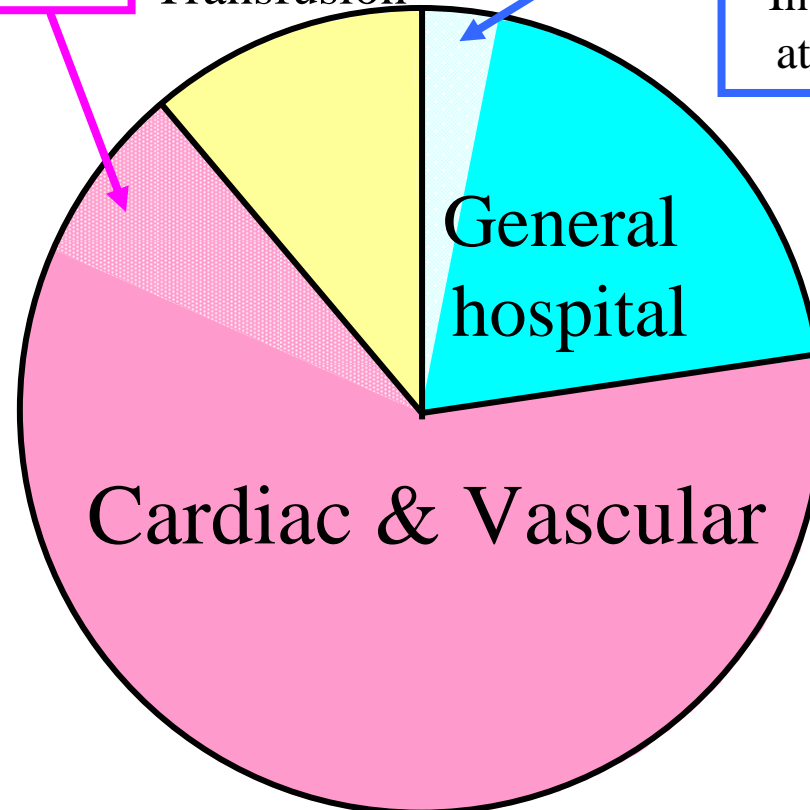
Outside of Japan : Some Impact on Sales

- Suspension of purchase of large ME equipment

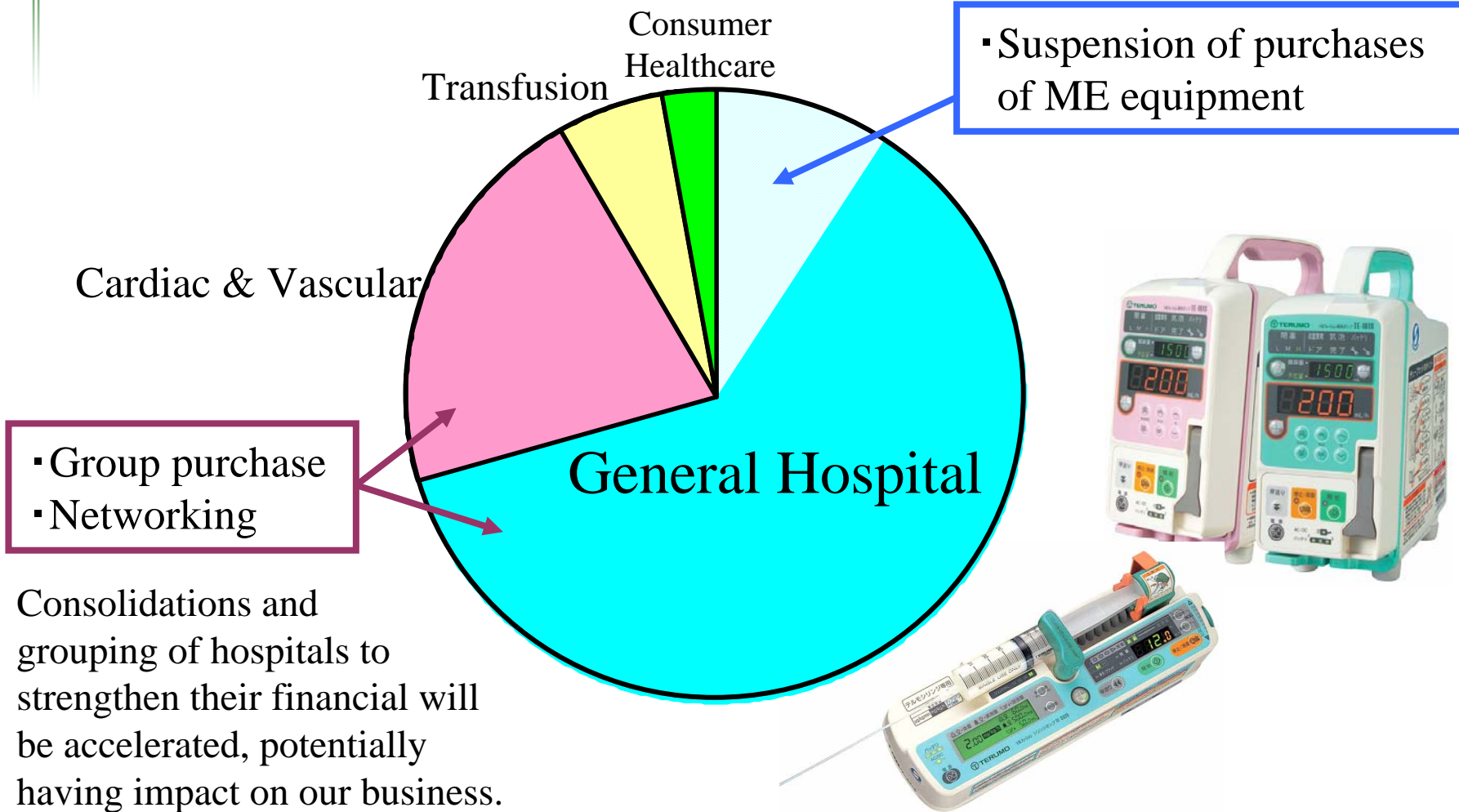


Transfusion

- Postponement of purchase of infusion pumps and other ME equipment
- Inventory reduction at B2B companies



Japan : Impact is Still Limited



Accelerating Projects for A Stronger Corporate Constitution

◆ Improvement of gross profit margins

- Review of investments
- Direct marketing
- Increase of production outside of Japan and local procurement
- Decrease the number of product items
- Continuous sales price increase

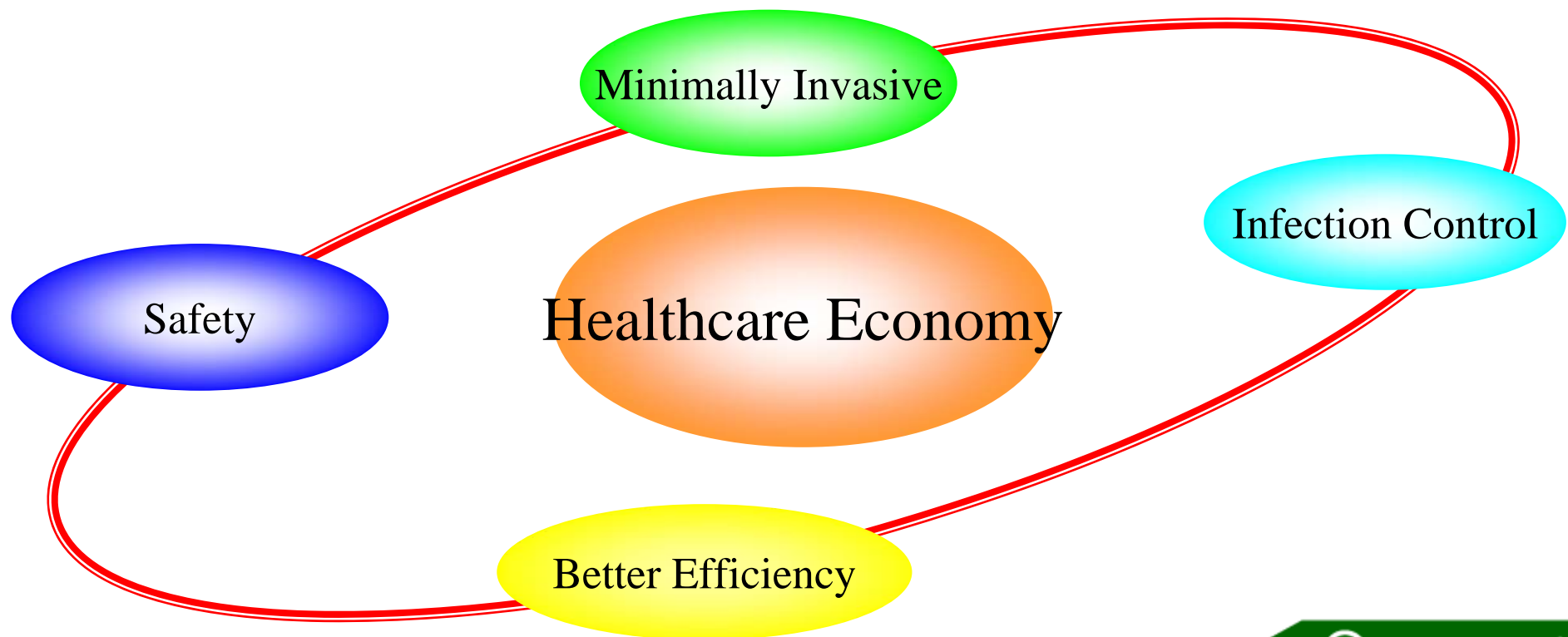
◆ More efficient S.G.A. control

- Distribution cost reduction
- Strict selection of development investment
- Improvement of sales productivity

Aggressively invest in further quality improvements
and production transfer to Asia, etc.

Healthcare Demand Still Strong and Unchanged

- ◆ Stronger need for improved economic efficiency
- ◆ Maintaining basic structure of growth strategy



Economic Effect on Minimally Invasive Therapy

Medical device /treatment	Hospital stays (days)	Conventional treatment	Hospital stays (days)	Cost reduction per patient (%)	Patients per year	Cost reduction per year (billion yen)
PTCA catheter treatment	5	Coronary artery bypass graft operations (CABG)	30	2,266,000 yen (70%)	86,000	194.8
Laparoscopic Cholecystectomy	6	Laparotomy	28	254,000 yen (73%)	100,000	25.4
Endoscopic resection of tumor on gastric mucous membrane	3	Laparotomy	29	361,000 yen (89%)	7,000	2.5

Source: "A Turning Point of the Japanese Healthcare System - The Increasing Role of Medical Technology Innovation" 1999; ACCJ, Bain & Company, etc.

Economic Effects by Infection Control

◆ About 1.1 billion yen excess medical costs spent at big hospitals in Japan (1,000 beds) due to the complications of infections.



Among them, 30% can be prevented through reinforcement of countermeasures.

	Excess costs per case	Number of cases per year	Excess costs per year
Surgical site infection	1.21 million yen	400 cases	484 million yen
Internal medicine hospitalization			
W/ MRSA infection	2.31 million yen	100 cases	231 million yen
W/o MRSA infection	1 million yen	400 cases	400 million yen

(Annual cost comparison)

Satoshi Kimura, 2004 "Hospital Infection Prevention and Cost Benefit"; from "Clinical Medicine and Research"

Strategic Initiative :

Product Lineup Expansion in 3Q

- ◆ Improved lineup of minimally invasive therapy products
 - PTCA balloon catheter, "Hiryu": sales areas expanded to Europe and Asia
 - Improved lineup of delivery systems for neuro intervention coils
- ◆ Expansion of products contributing to safety and efficiency
 - Japan : Apheresis equipment, "TERUSYS"
 - Europe/America: ME equipment such as sterile tube connection devices
 - Europe/America: I.V. catheters with safety function



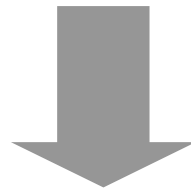
Surshield SURFLO II
(safety I.V. catheter)



TSCD- II (sterile connection devices)

Summary

- ◆ Considering the economic crisis as an opportunity, strengthen company constitution
- ◆ Planning next fiscal year while grasping market trends



- Needs for the healthcare economy getting stronger
- Further promoting the basic strategies of the mid-term plan

Reference

Third Quarter Operating income trend

	<u>Half Year</u>	<u>Q3</u>	(Unit: Billion yen) <u>Q3 Total</u>
• Foreign Exchange	- 1.2	- 3.2	- 4.4
• Revised NHI price	- 2.0	- 1.2	- 3.2
• Hepaflush	- 1.3	- 0.4	- 1.7
• <u>Changing the accounting System</u>	- 1.0	- 0.5	- 1.5
• Total	- 5.5	- 5.3	- 10.8
• Other Factor	+ 3.5	+ 0.4	+ 3.9
• Difference	- 2.0	- 4.9	- 6.9

Annual operating income trend

(Unit: Billion yen)

	<u>Q3 Total</u>	<u>Q4</u>	<u>Annual</u>
• Foreign Exchange	- 4.4	- 2.8	- 7.2
• Revised NHI Price	- 3.2	- 1.5	- 4.7
• Hepaflush	- 1.7	- 0.3	- 2.0
• Output cut of production	-	- 1.8	- 1.8
• <u>Changing the accounting System</u>	- 1.5	- 0.5	- 2.0
• Total	- 10.8	- 6.9	- 17.7
• Other Factor	+ 3.9	- 0.1	+ 3.8
• Difference	- 6.9	- 7.0	- 13.9



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