

Financial Results for the Fiscal Year  
Ended March 31, 2010  
Outlook for the Fiscal Year  
Ending March 31, 2011

Terumo Corporation  
May 12, 2010

# Financial Results (Consolidated)

(Unit: Billion yen)

	FYE Mar. 2009	FYE Mar. 2010	YoY
<b>Net Sales</b>	302.7	<b>316.0</b>	4%
<b>Gross Profit</b>	158.2 (52.3%)	<b>166.4 (52.6%)</b>	5%
<b>SG&amp;A Expenses</b>	104.2 (34.5%)	<b>103.1 (32.6%)</b>	-1%
<b>Operating Income</b>	54.0 (17.8%)	<b>63.3 (20.0%)</b>	17%
<b>Ordinary Income</b>	52.6 (17.4%)	<b>63.6 (20.1%)</b>	21%
<b>Net Income</b>	36.9 (12.2%)	<b>40.7 (12.9%)</b>	10%
<b>Average exchange rate</b>	1US\$ 101 yen 1EUR 144 yen	93 yen 131 yen } Impact on Net Sales	-4%

# Net Sales (by Region)



## Japan/Outside of Japan Total

+4%  
(+9%)

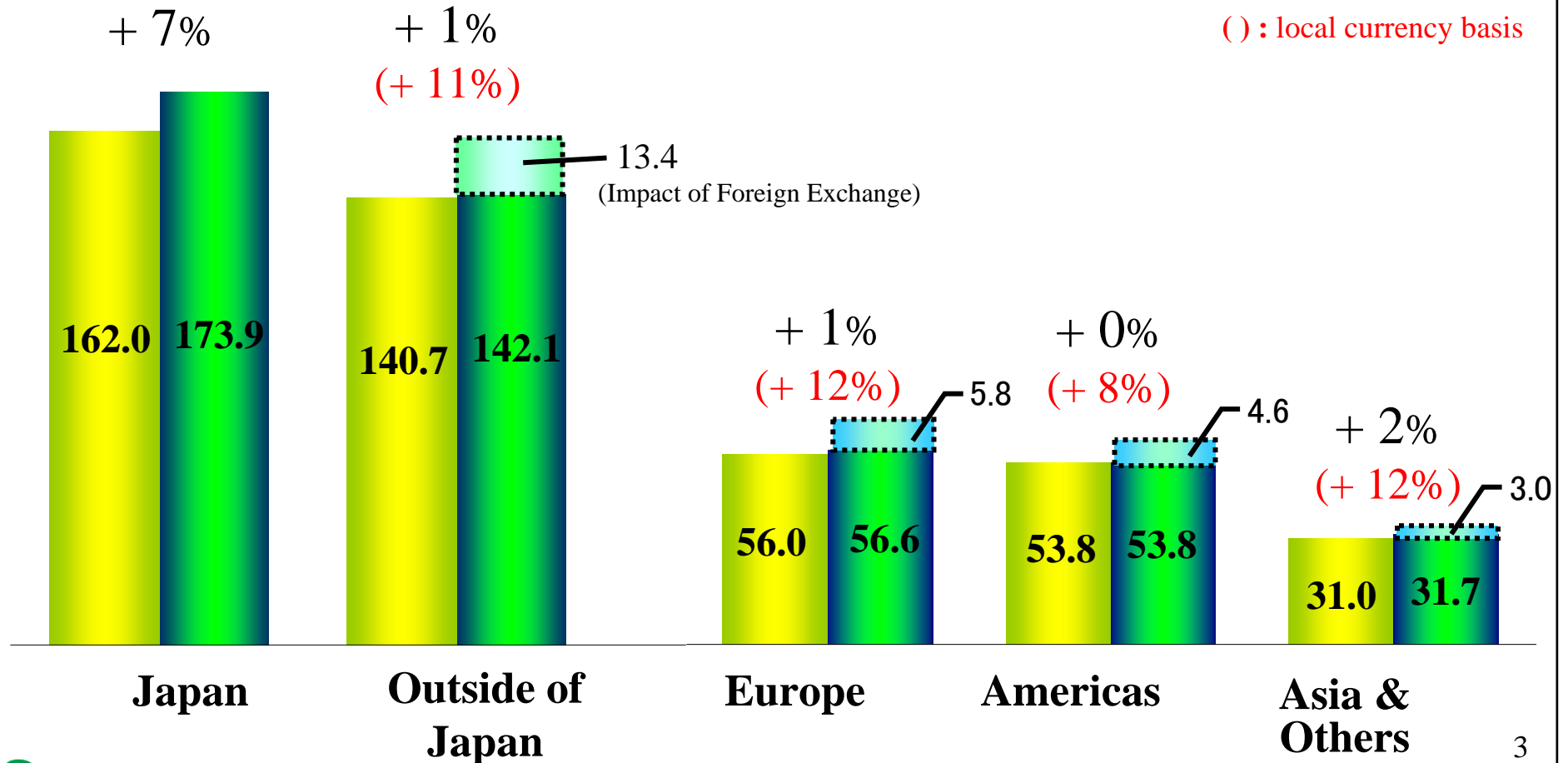
## Outside of Japan, Ratio

46% → 45%

(Unit: Billion yen)

 FYE  
Mar.2009  FYE  
Mar.2010

( ) : local currency basis

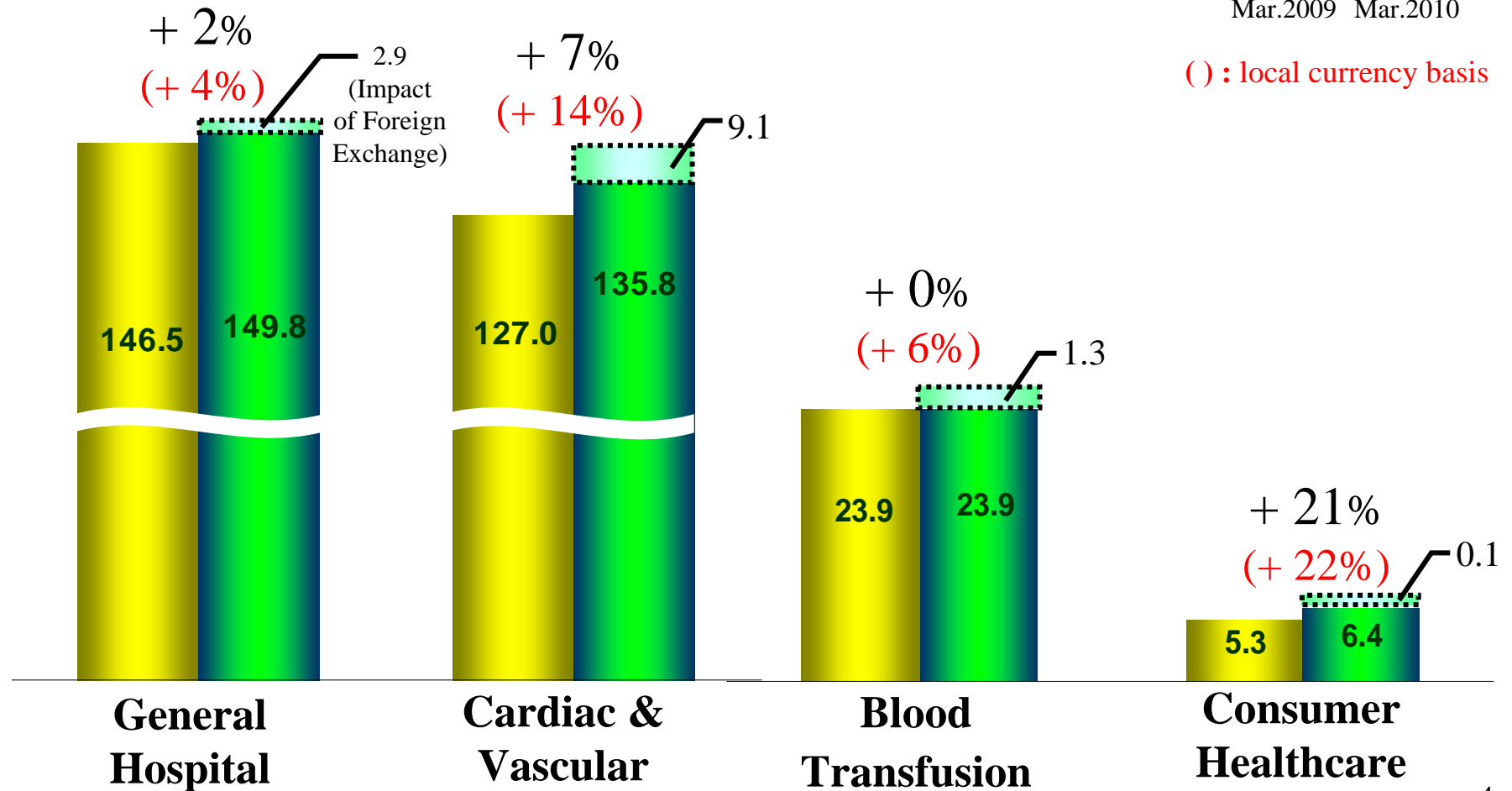


# Sales ( by Product Group)

(Unit: Billion yen)

■ FYE Mar.2009    ■ FYE Mar.2010

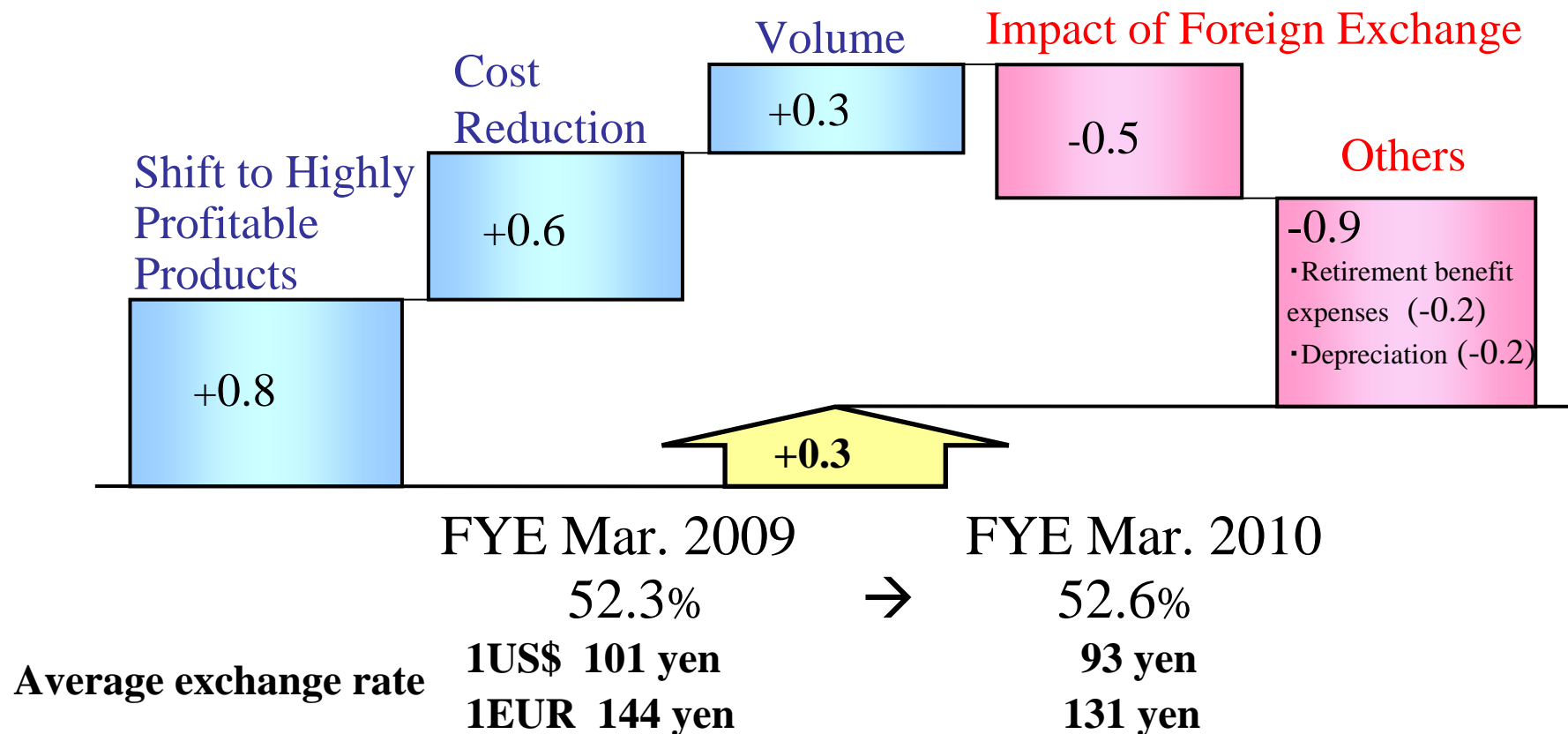
( ) : local currency basis



# Gross Profit Variance Analysis

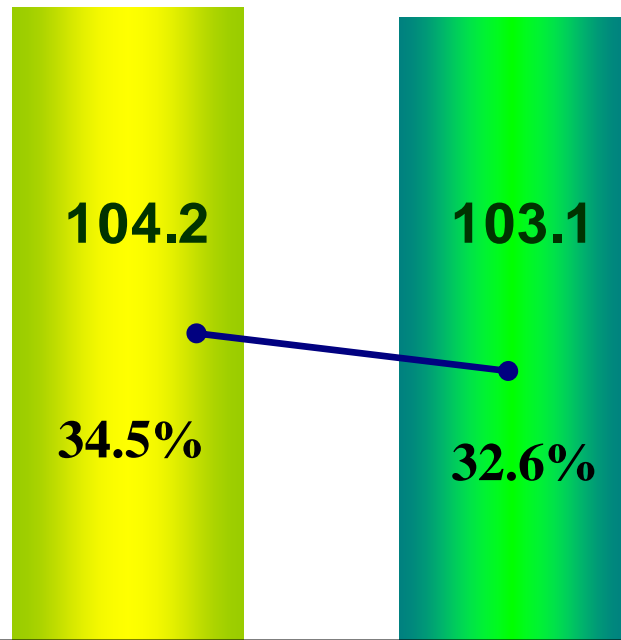
Factors in the increase YoY:  
+1.7pt

Factors in the decrease YoY :  
-1.4pt



# SG&A, R&D expenses

(Unit: Billion yen)



FYE  
Mar. 2009

FYE  
Mar. 2010

	FYE Mar. 2009	FYE Mar. 2010	Change	YoY%
Salaries & Wages	37.4	38.2	+0.8	2%
Sales Promotion	10.9	11.0	+0.1	1%
Logistical Costs	9.1	9.0	-0.1	-1%
Depreciation & Amortization	5.5	5.1	-0.4	-9%
Others	24.1	22.3	-1.8	-8%
SG&A Sub Total	87.0	85.6	-1.4	-2%
R&D Expenses	17.2	17.5	+0.3	2%
<b>SG&amp;A TOTAL</b>	<b>104.2</b>	<b>103.1</b>	<b>-1.1</b>	<b>-1%</b>

# Outlook for the Fiscal Year Ending March 31, 2011

# “Higher Earnings on Higher Sales”

(Unit: Billion yen)

	FYE Mar. 2010 Result	FYE Mar. 2011 Forecast	YoY	Excl. impact of foreign exchange, reimbursement price of drug & device
Net Sales	316.0	333.0	5%	9%
Operating Income	63.3(20.0%)	65.2(19.6%)	3%	17%
Ordinary Income	63.6(20.1%)	65.0(19.5%)	2%	
Net Income	40.7(12.9%)	41.5(12.5%)	2%	
Average exchange rate	1US\$ 93 yen 1EUR 131 yen	90 yen 120 yen		



# Changes in Medical System

Apr. 2010: Revision of Medical Fee Reimbursement  
+1.55%

## Acute phase

- Upward revision of procedure fee  
- 30 to 50%, in particular for highly-specialized procedures
- Revision of critical care/emergency care  
- Hospitalization fees  
- Hospital visit fee for HCU
- Evaluation of team medical care  
- Additions for nutrition support teams

## Chronic phase

- Evaluation of backup support in chronic phase  
- Initial additions for emergency and home treatment support hospitals
- Evaluation of accepting patients with advanced diseases
- Evaluation of regional cooperation  
- Additions for treatment and discharge planning

Sophistication & Increased Efficiency



Cooperation with Acute Phase & Home Medical Treatment

# Reorganizing Sales Force for Better Performance

## Functional Division and Regional Cooperation

### Acute Phase

More advanced medical care and specialization

Cooperation

### Chronic Phase

Acceptance of patients with an advanced disease

Cooperation

### Clinics/Home Medical Care

Improvement of medical care quality

## Strategies to match shift in policy

Specialized Sales Reps for Certain Fields



Sales Reps (Shift from other fields)



Sales Reps Specializing in Diabetes

(Newly organized)



Training to Respond to Needs

# Healthcare Reforms in Progress Globally

## The United States



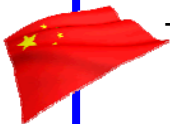
- Market expansion with improved coverage rate of uninsured persons
- Review of high cost medical services
- Taxation on companies (2.3% of sales from fiscal 2013)

## Europe



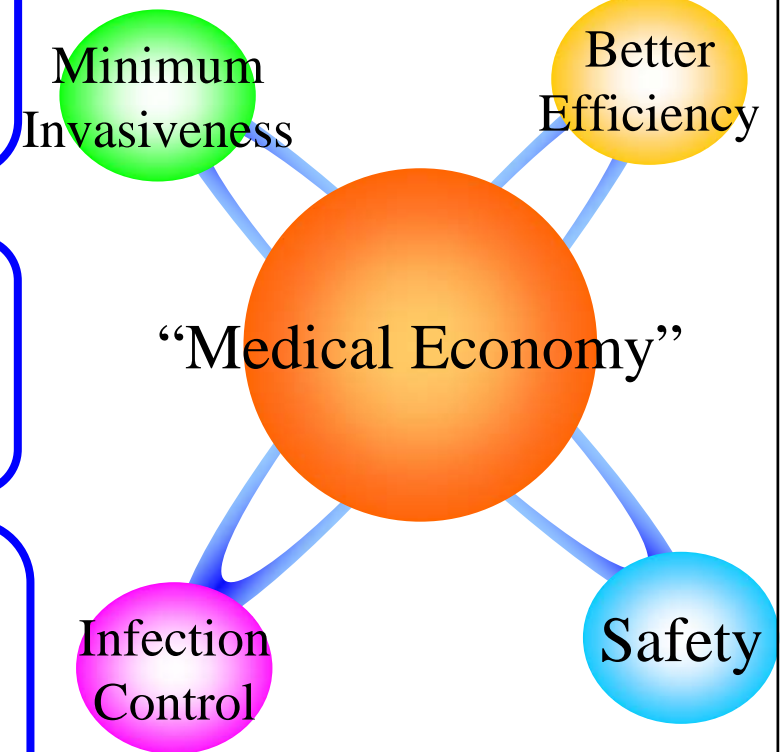
- Reduction of medical costs and expenses
- (Financial crisis in Greece)

## China



- Market expansion with introduction of medical insurance
- Improvement in medical services
- Emerging European, US and local manufacturers

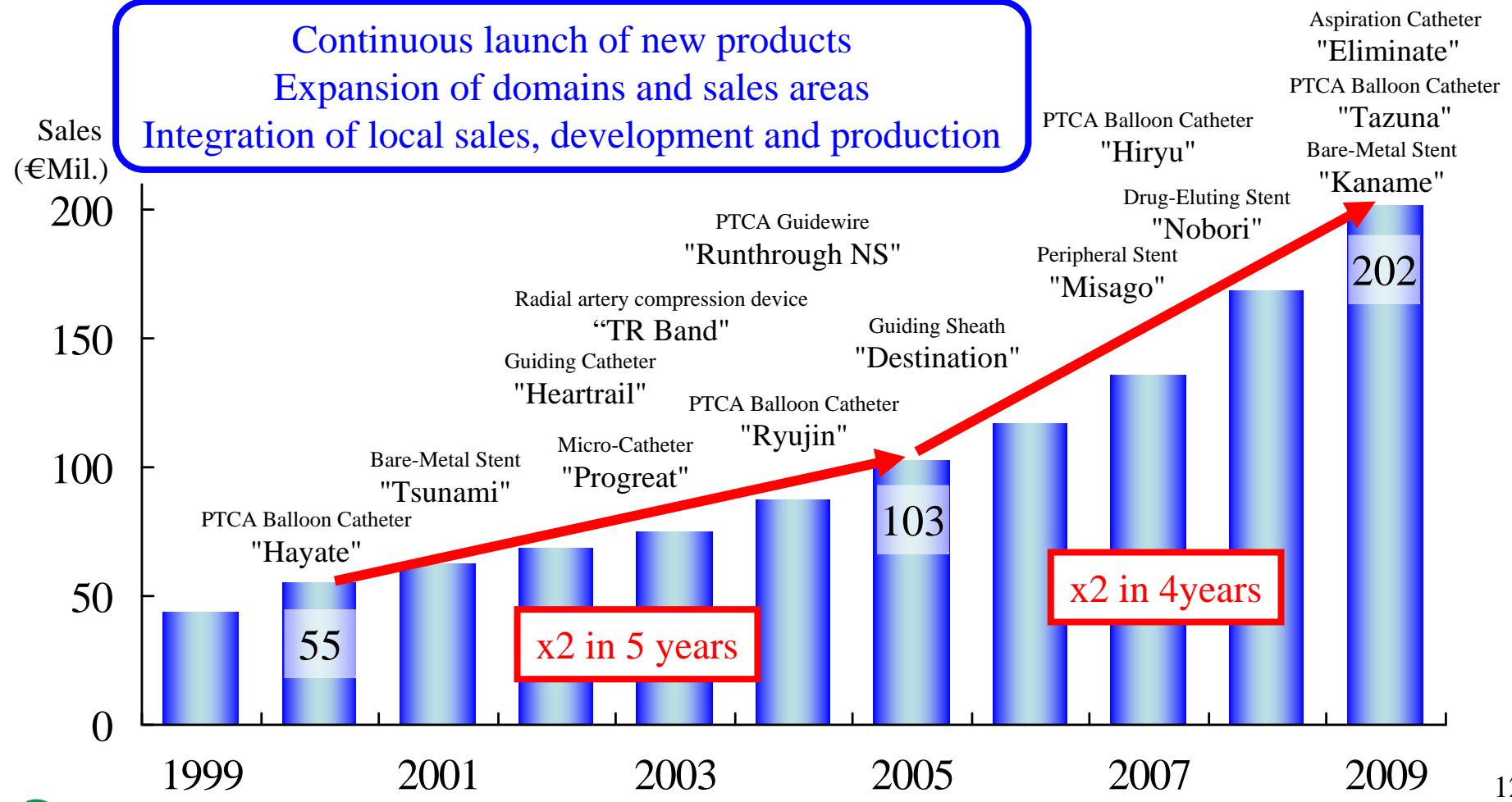
## Keywords



# Applications of European Interventional Business Model

Sales double in 4 years, reaching €200M ▶ Applying model to Asia, Latin America

Continuous launch of new products  
 Expansion of domains and sales areas  
 Integration of local sales, development and production



# Expansion and Strengthening of Sales and Manufacturing System

## Turkey

- 70 million people, ranked 2nd in Europe
- Average age of 29
- Geographical advantages

## Sales Network Expansion

## South America

- 500 million people (ASEAN: 600 million)
- 7-billion scale healthcare market (ASEAN: 2.3 billion dollars)

Opening of  
Turkey Sales Office



Opening of  
Columbia Sales Office

Miami  
Mexico

2009: Improve and strengthen import and sales functions in Brazil

2007: Local agent in Chile turned into an subsidiary

Expansion of production capability  
and aiming for cost reduction

China: Increased production of blood bags and thermometers

India: Increased production of blood bags

Vietnam: Starting production of interventional systems and vascular grafts

Philippines: Increased production of general hospital products

## Expansion of Product Range and Establishment of Infrastructure for the Future

Establishment of infrastructure to prepare for locally self-sufficient business

- Strengthening alliances in development, production and sales
- Head office functions to be established in China
- Strengthening brand value

Limited business

- Profitability focus
- Minimal risk



Expanding product range

# Reference

## Income for the FYE Mar. 2010: To the Forecast for the year

(Unit: Billion yen)

	<u>FYE Mar. 2010</u> <u>Forecast</u>	<u>FYE Mar. 2010</u> <u>Result</u>	<u>Progress Rates</u>	<u>Impact of Foreign</u> <u>Exchange</u>
<b>Net Sales</b>	315.0	316.0	100%	+2.5 (Raise progress rate by a little less than 0.8 %)
<b>Operating Income</b>	63.0 (20.0%)	63.3 (20.0%)	100%	+0.7 (Raise progress rate by a little less than 1.1 %)
<b>Ordinary Income</b>	61.0 (19.4%)	63.6 (20.1%)	104%	
<b>Net Income</b>	40.0 (12.7%)	40.7 (12.9%)	102%	

### Average exchange Rate

1US\$	90yen	93yen
1EUR	132yen	131yen



## Income for the 2<sup>nd</sup> half FYE Mar. 2010: To the Forecast for the 2nd Half

(Unit: Billion yen)

	<u>the 2<sup>nd</sup> Half</u> <u>Forecast</u>	<u>the 2<sup>nd</sup> half</u> <u>Result</u>	<u>Progress Rates</u>	<u>Impact of Foreign</u> <u>Exchange</u>
<b>Net Sales</b>	156.9	157.9	101%	+2.5 (Raise progress rate by 1.6 %)
<b>Operating Income</b>	30.4 (19.4%)	30.7 (19.5%)	101%	+0.7 (Raise progress rate by 2.3 %)
<b>Ordinary Income</b>	28.8 (18.4%)	31.4 (19.9%)	109%	
<b>Net Income</b>	19.2 (12.2%)	20.0 (12.6%)	104%	

### Average exchange Rate

1US\$	85yen	90yen
1EUR	130yen	129yen

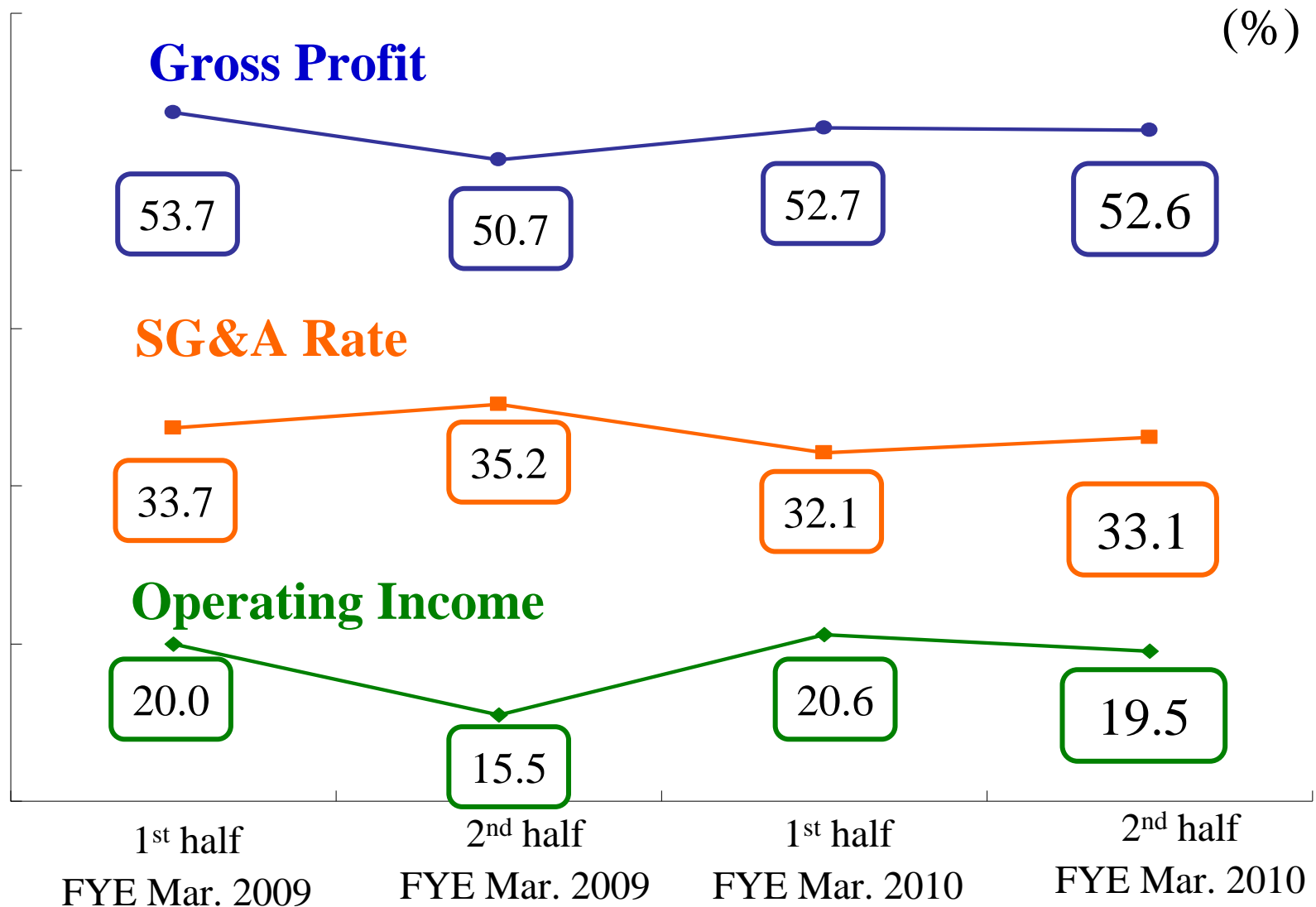


# Forecast for FYE Mar. 2011, Impact of Reimbursement Drug & Device price

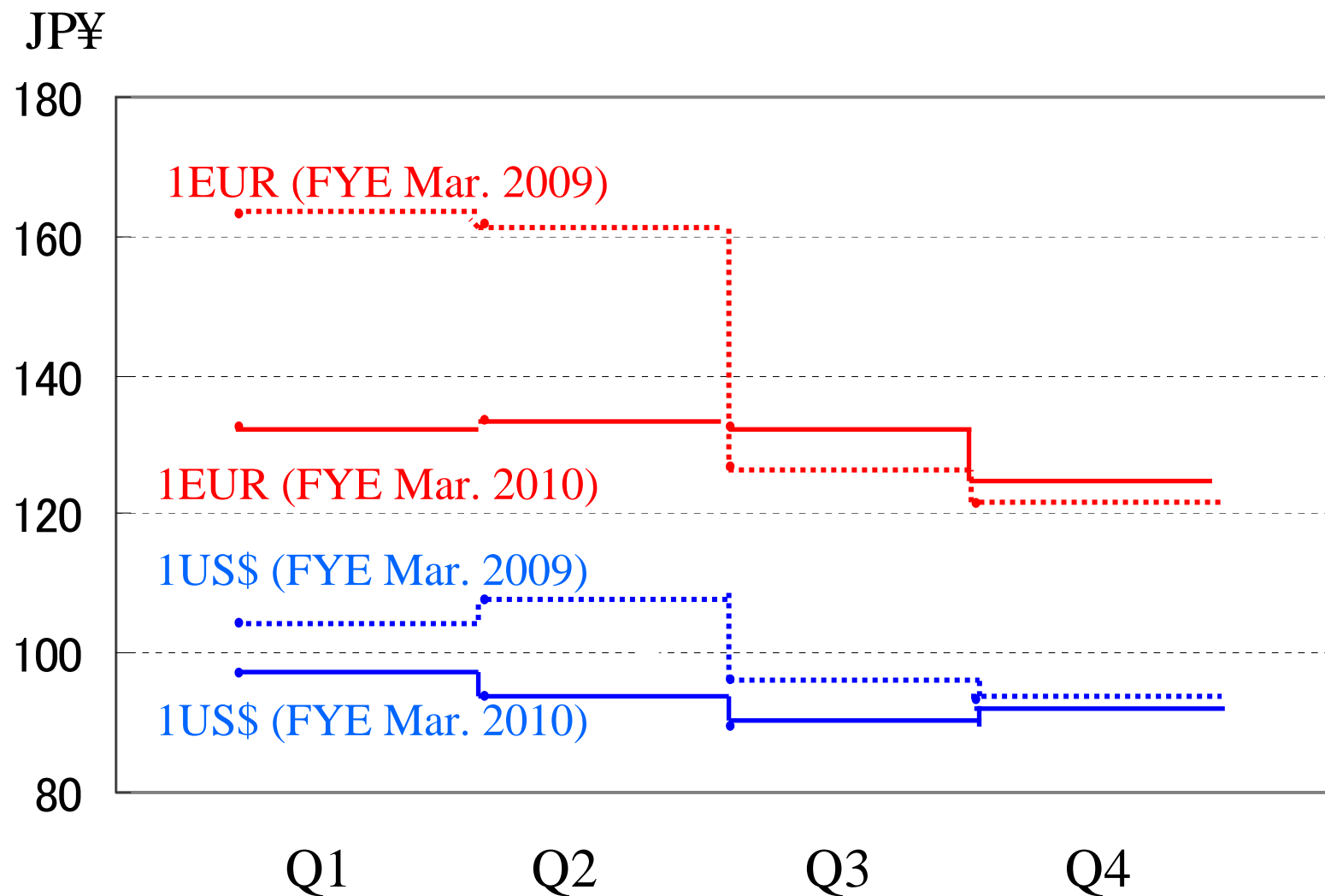
(Unit: Billion yen)

	<u>FYE Mar. 2011</u> <u>Forecast</u>	<u>FYE Mar. 2011</u> <u>Forecast</u> <small>Excl. impact of foreign exchange, increase reimbursement price drug &amp; device</small>	<u>Impact</u>	<u>Details</u>
Sales (YoY)	333.0 (+5%)	346.1 (+9%)	13.1	{ Reimbursement price of drug & device 6.0 Foreign exchange 7.1
Operating Income (YoY)	65.2 (+3%)	74.3 (+17%)	9.1	{ Reimbursement price of drug & device 6.0 Foreign exchange 3.1

# Gross Profit, SG&A, Operating Income Rates



# Changes of Quarterly Average Exchange Rates



# *IR Contact*

## **TERUMO Corporation**

**Corporate Communication (IR) Dept.**

**E-mail: [kouhou\\_terumo01@terumo.co.jp](mailto:kouhou_terumo01@terumo.co.jp)**

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