

# Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2014

Terumo Corporation

August 1, 2013

# Consolidated Q1 Results

(billion of yen)

	Q1 Mar. 2013	Q1 Mar. 2014	YoY%
Net Sales	95.9	111.1	+16%
Gross Profit	51.7 (53.9%)	57.0 (51.3%)	+10%
SG&A Expenses	30.2 (31.5%)	36.1 (32.4%)	+19%
R&D Expenses	6.0 ( 6.3%)	7.6 ( 6.9%)	+27%
Operating Income	15.5 (16.1%)	13.3 (12.0%)	-14%
<b>(Excl. Amortization *)</b>	<b>18.8 (19.6%)</b>	<b>17.3 (15.6%)</b>	<b>- 8%</b>
Ordinary Income	13.0 (13.5%)	12.9 (11.6%)	- 0%
Net Income	8.2 ( 8.5%)	9.0 ( 8.1%)	+10%
EBITDA (Operating Income + Depreciation)	23.2	22.7	-2%

Average Exchange Rate	US\$ 80 yen	99 yen
	EUR 103 yen	129 yen

\*Excl. amortization of goodwill and intangibles with related to the acquisition of CaridianBCT

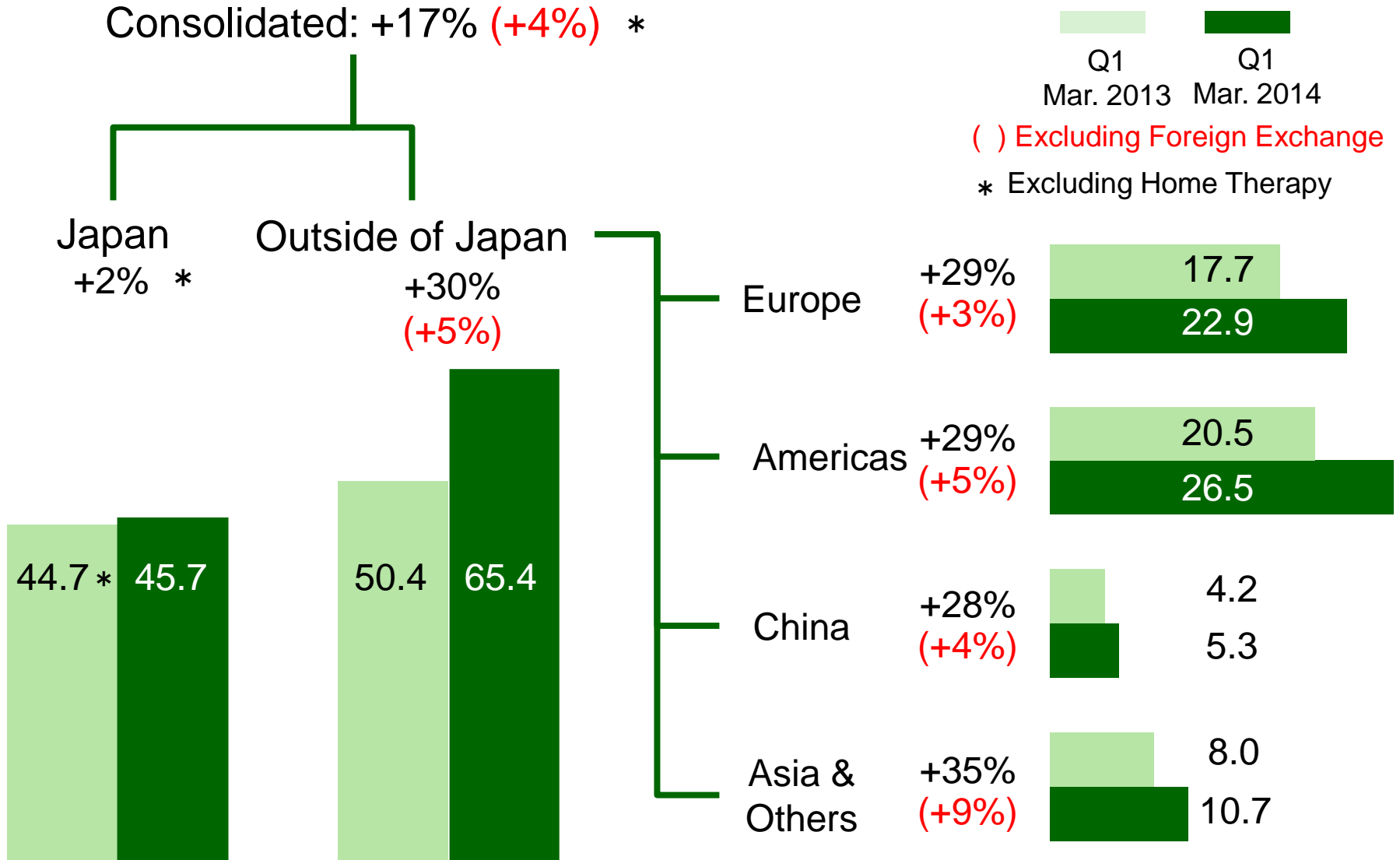
# Net Sales (by Region)

(billion of yen)

Q1 Mar. 2013 Q1 Mar. 2014

( ) Excluding Foreign Exchange

\* Excluding Home Therapy



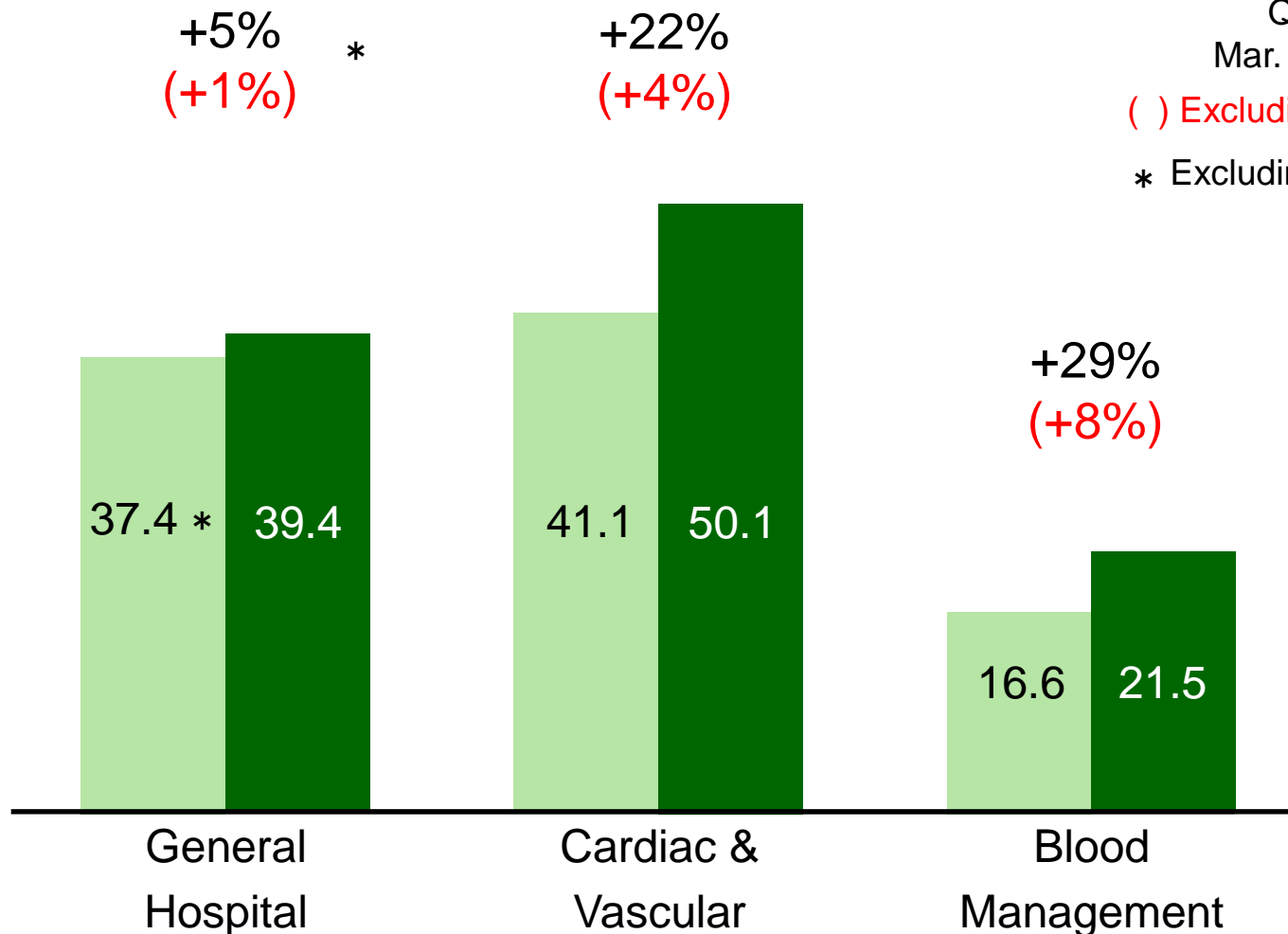
# Net Sales (by Business Segment)

(billion of yen)

Q1 Q1  
Mar. 2013 Mar. 2014

( ) Excluding Foreign Exchange

\* Excluding Home Therapy



# Q1 Mar. 2014 Net Sales and Growth by Region

(billion of yen)

Business Segment	Japan	Outside of Japan Total	Outside of Japan				G. Total
			Europe	Americas	China	Asia & Others	
General Hospital	30.7 (1%)	8.7 (2%)	2.7 (-7%)	2.1 (4%)	0.3 (-23%)	3.7 (10%)	39.4 (1%)
Cardiac & Vascular	12.1 (3%)	38.0 (5%)	14.3 (4%)	15.4 (7%)	4.3 (3%)	4.1 (-0%)	50.1 (4%)
Blood Management	2.9 (12%)	18.6 (7%)	5.9 (6%)	9.0 (2%)	0.8 (18%)	2.9 (24%)	21.5 (8%)
G. Total	45.7 (2%)	65.4 (5%)	22.9 (3%)	26.5 (5%)	5.3 (4%)	10.7 (9%)	111.1 (4%)

**Within C&V, Interventional Systems out of Japan shows 8% growth.**

**Without temporary factors, it shows continuous double-digit growth at 11%**

- ✓EU: a delayed product shipment due to new IT system introduction - 0.4 BJPY
- ✓China: inventory adjustment by local distributors for neurovascular products - 0.4 BJPY
- ✓US: inventory adjustment of urology guidewire due to business transition to direct - 0.1 BJPY

(YoY%): Excluding foreign exchange and home therapy business from previous FY

# SG&A Expenses

(billion of yen)

	Q1 Mar. 2013	Q1 Mar. 2014	YoY	YoY%
Salaries & Wages	12.7	15.4	+2.7	+22%
Sales Promotion	2.9	3.7	+0.8	+29%
Logistical Costs	2.5	2.7	+0.2	+8%
Depreciation & Amortization	4.4	5.3	+0.9	+22%
Others	7.7	9.0	+1.3	+14%
General Administrative Total	30.2 (31.5%)	36.1 (32.4%)	+5.9	+19%
R&D Expenses	6.0 (6.3%)	7.6 (6.9%)	+1.6	+27%
SG&A Expenses Total	36.2 (37.8%)	43.7 (39.3%)	+7.5	+21%

(%) Against net sales

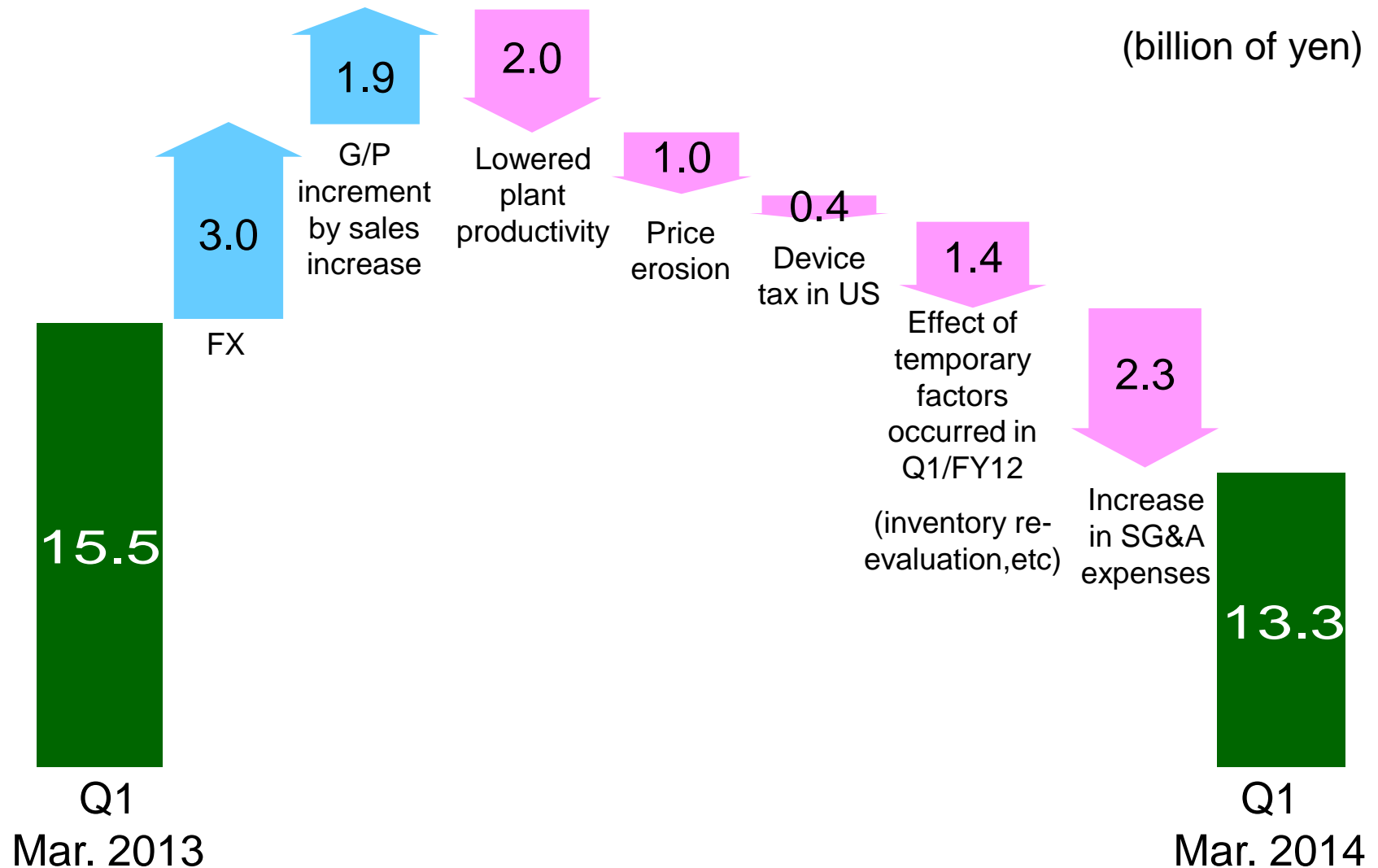
# SG&A Expenses (Excluding Foreign Exchange)

(billion of yen)

	Q1 Mar. 2013 Adjusted w/ current FX rate	Q1 Mar. 2014	YoY	YoY%
General Administrative Total	34.7	36.1	+1.4	+ 5%
R&D Expenses	6.7	7.6	+0.9	+15%
SG&A Expenses Total	41.4	43.7	+2.3	+ 6%

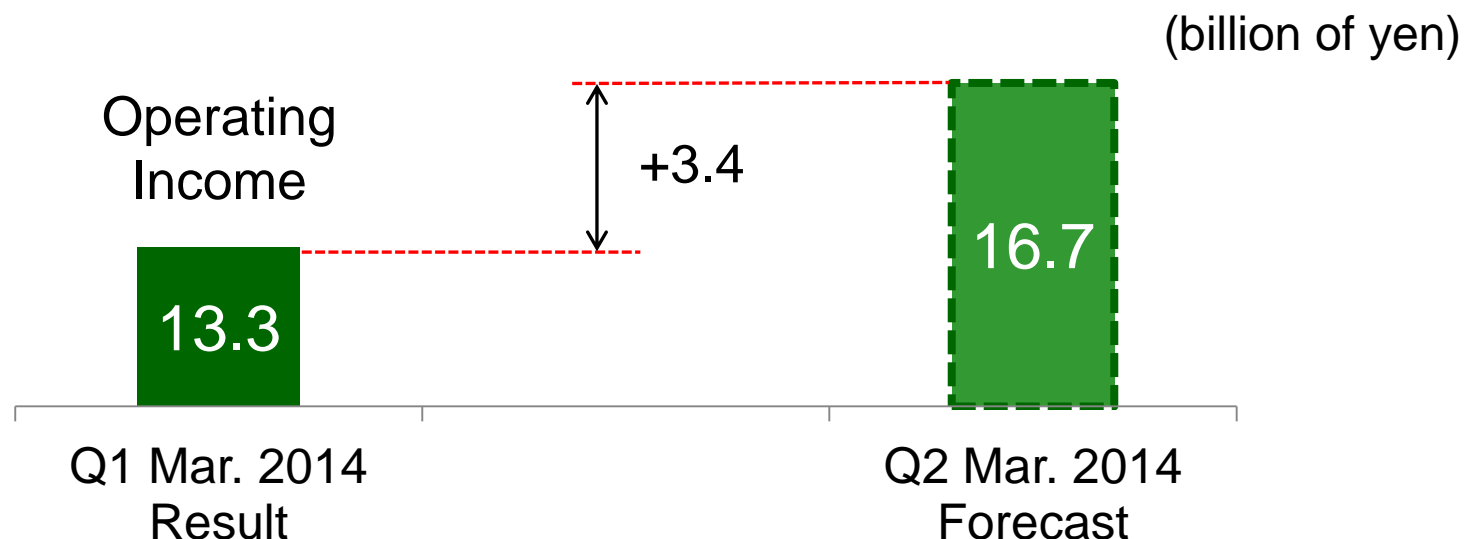
- Salaries & Wages: +5% (+0.7 BJPY) Enhance sales force in U.S. and Latin America (Interventional Systems)
- Sales Promotion : +14% (+0.4 BJPY) Further expand Interventional Systems business in JP, and neurovascular & endovascular intervention business in US
- R&D Expenses : +15% (+0.9 BJPY) Blood Management (therapeutic apheresis, automated blood component processing) and Cardiac & Vascular (new products for neurovascular intervention)
- Logistical Costs +1% (+0 BJPY), Depreciation & Amortization +2% (+0.1 BJPY), Others +3% (+0.2 BJPY)

# Operating Income Variance Analysis
















# Q1 Is in Line. Toward Operating Income of 30 BJPY in 1H












## ➤ Factors to increase Q2 operating income

- ✓ Increase due to sales expansion 2.1 BJPY
  - Sales expansion of products including new products  
(Neuro, Peripheral, Smart pump, Automated blood component processing system)
  - Recovery from temporary factors in Cardiac & Vascular occurred in Q1
- ✓ Decrease in cost for quality system improvement in TCVS 0.8 BJPY
- ✓ Decrease in R&D expense for DuraHeart II 0.5 BJPY

# Progress within Product Development Pipeline

Segment	Product	FY13	Q1	Q2
Peripheral	Stent (above the knee/SFA)		○	
	Balloon (below the knee)			
	Stent (below the knee)			
Neuro	Coil Assist Stent			
	Flow-diverting Stent		○	
	Occlusion Balloon		○	
Coronary	New PTCA Balloon Catheter			○
	OFDI (Intravascular imaging system)		○	
	Slenderized introducer sheath for TRI			○ <sub>(US)</sub>
Ablation	Renal sympathetic denervation system (RSD)		○	
	RSD for TRI technique			

# Progress within Product Development Pipeline

Segment	Product	FY13	Q1	Q2
Blood Management	Automated blood component processing system (PRP method)		○	
	Automated blood component processing system (BC method)		○	
	Automated blood component collection system (plasma application)			
	Data management system (TACSI application)			
	Therapeutic apheresis system (Bone marrow stem cell application)			
Infusion System	Needleless system			
	Safety IV catheter	 	○	
	Smart pump (infusion & syringe pump)		○	

Other new products launched in Q1:

<Cardiac & Vascular> Microcatheter (EU), Aspiration catheter (EU), Bare metal stent (JP), IVUS catheter for difficult lesions (JP)

<General Hospital> Needle for pen injector (EU)

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# Reference

# Consolidated Results: FY12Q1 thru FY13Q1

(billion of yen)

	Q1 Mar. 2013 (Apr-Jun)	Q2 Mar. 2013 (Jul-Sep)	Q3 Mar. 2013 (Oct-Dec)	Q4 Mar. 2013 (Jan-Mar)	Q1 Mar. 2014 (Apr-Jun)
Net Sales	95.9	96.0	103.9	106.5	111.1
Gross Profit	51.7 (53.9%)	48.8 (50.9%)	52.9 (50.9%)	52.2 (49.0%)	57.0 (51.3%)
SG&A Expenses	36.2 (37.8%)	36.1 (37.6%)	38.5 (37.0%)	41.6 (39.1%)	43.7 (39.3%)
Operating Income	15.5 (16.1%)	12.7 (13.3%)	14.4 (13.9%)	10.6 ( 9.9%)	13.3 ( 12.0%)

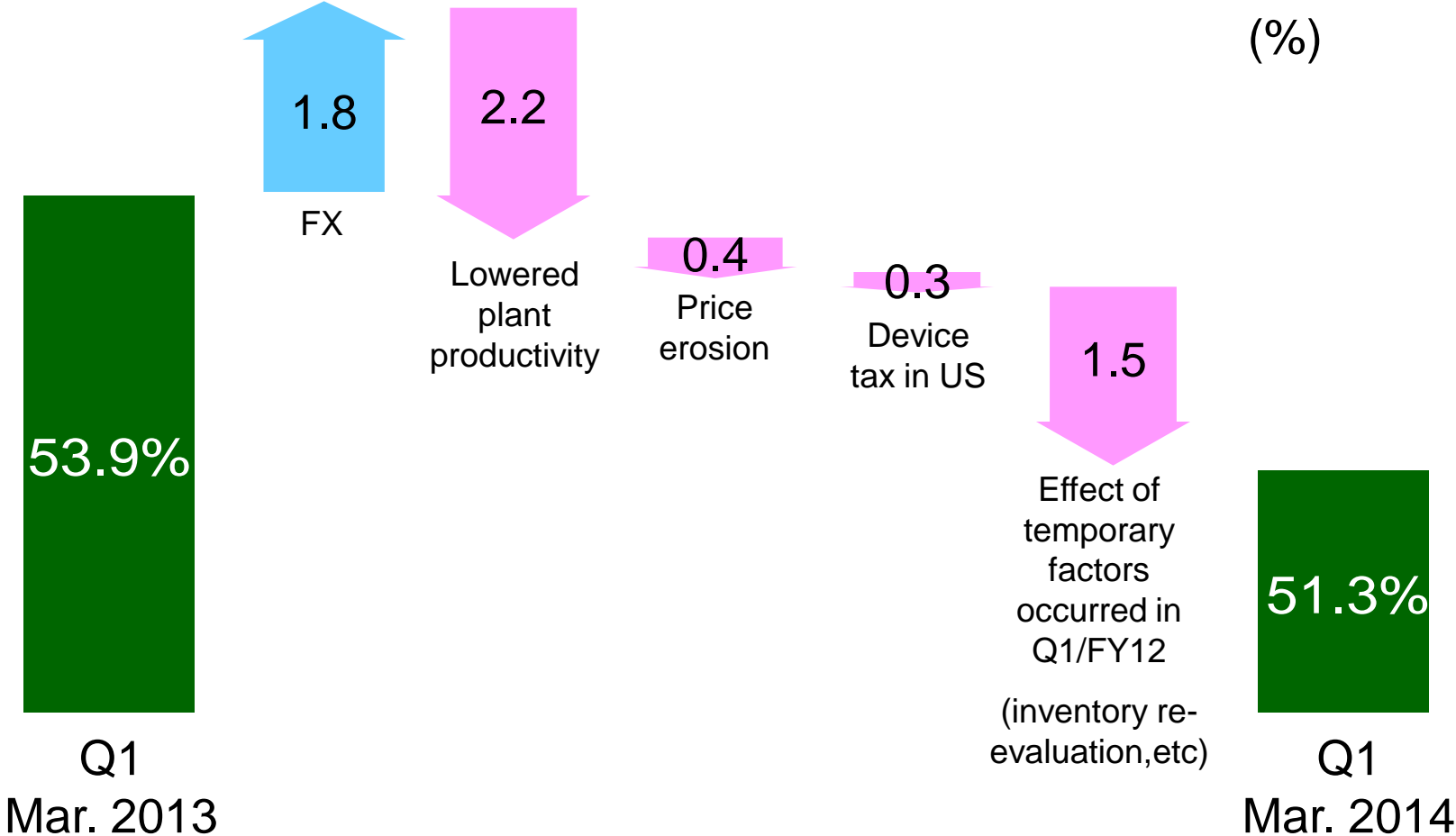
Average Exchange Rate

US\$

EUR

	Q1	Q2	Q3	Q4	Q1
US\$	80 yen	79 yen	81 yen	92 yen	99 yen
EUR	103 yen	98 yen	105 yen	122 yen	129 yen

# Gross Profit Variance Analysis



# CAPEX, R&D Expenses

(billion of yen)

	Mar. 2013 Result	Mar. 2014 Forecast	Q1 Mar. 2014 Result
CAPEX *	32.2	45.0	10.4 (23%)
Depreciation & Amortization *	32.6	37.0	9.3 (25%)
R&D Expenses	27.1	30.0	7.6 (25%)

\* Including intangibles  
CAPEX: acquisition basis

?: Progress to forecast

# Foreign Exchange Sensitivity

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(billion of yen / year)

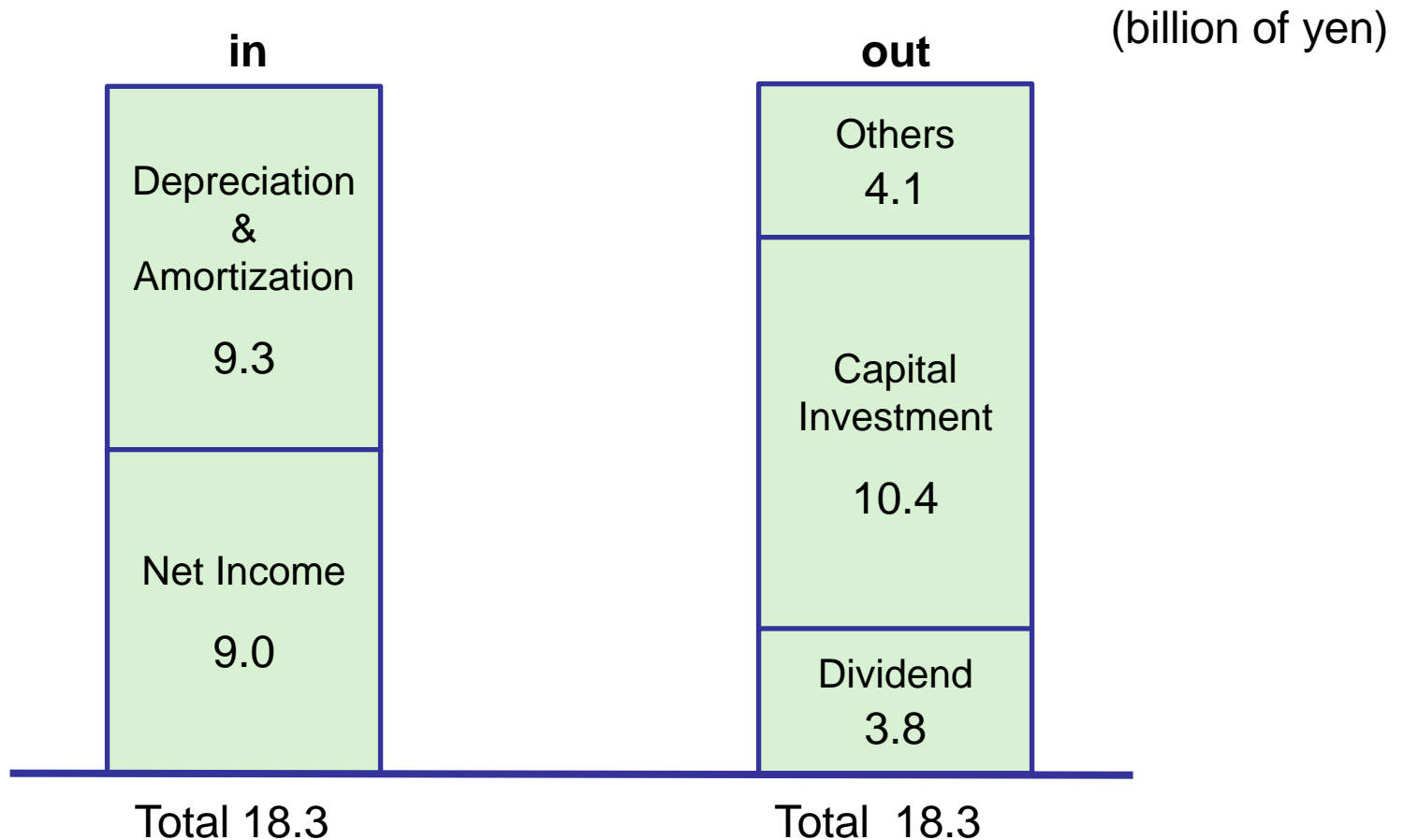
	US\$	EUR
Net Sales	1.7	0.7
Operating Income	0.2	0.4



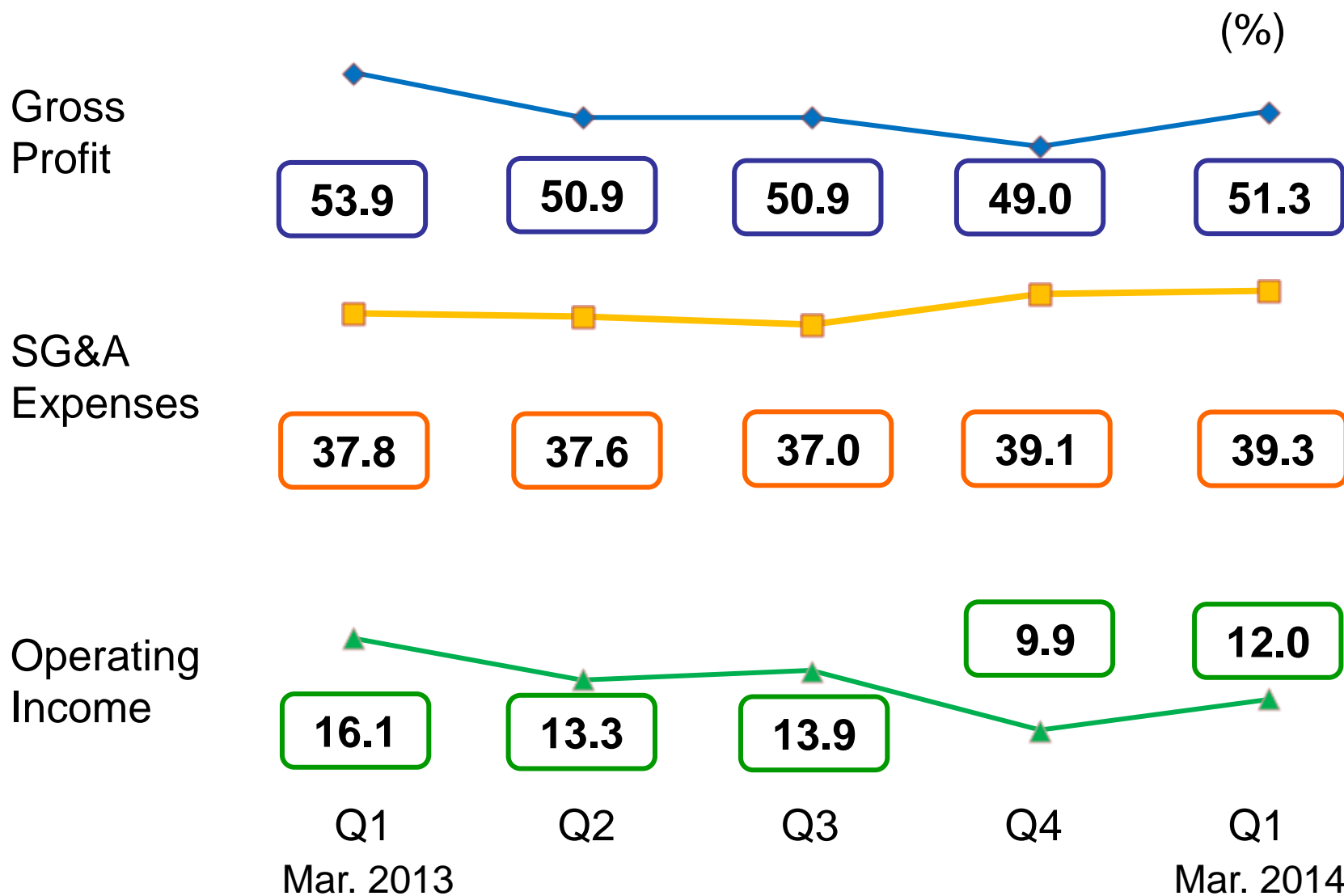
# Cash Flow

## ■ Cash usage in good balance

(Capital investment for sustainable growth, repayment of debt, and dividend)

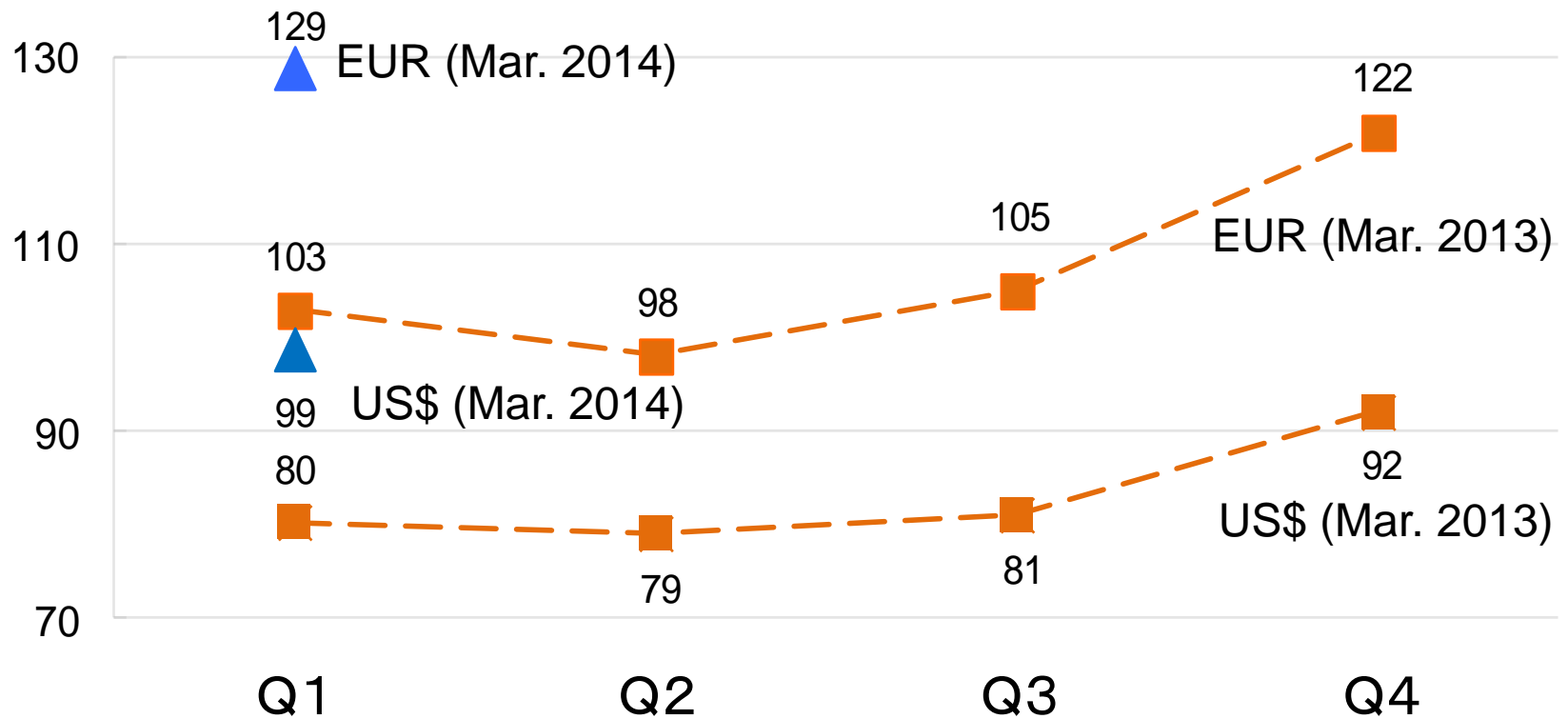


# Gross Profit, SG&A Expenses, Operating Income



(Quarterly: 3 months)

# Changes of Quarterly Average Exchange Rates



(Quarterly: 3 months)

# *IR Contact*

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## **Terumo Corporation**

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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 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.**