

Financial Results for the Third Quarter of
the Fiscal Year Ending March 31, 2014 (FY2013)

Terumo Corporation
February 4, 2014

Highlights in Q3

Corporate

- Operating income: growing slightly slower than forecast
- Consistent improvement in quarter by quarter operating margin

Cardiac & Vascular

- Maintained strong performance in domestic Interventional Systems (IS)
- Strong in US IS, slight slowdown in EU IS
- Steady growth in new neurovascular intervention products
- Quality management system improvement now in the final stage

Blood Management

- Sustained steady performance even under challenging market environment

General Hospital

- Slowdown in domestic sales due to several factors such as a delay of sales expansion for new products

Q3 Result: Sustained Increase in Sales and Profit

(billion of yen)

	Q3 YTD FY2012	Q3 YTD FY2013	YoY%
Net Sales	295.7	345.3	+17%
Gross Profit	153.5 (51.9%)	178.7 (51.7%)	+16%
SG&A Expenses	91.5 (31.0%)	108.0 (31.2%)	+18%
R&D Expenses	19.4 (6.5%)	22.4 (6.5%)	+16%
Operating Income	42.6 (14.4%)	48.3 (14.0%)	+13%
(Excl. Amortization)	52.5 (17.8%)	60.4 (17.5%)	+15%
Ordinary Income	40.5 (13.7%)	49.9 (14.5%)	+23%
Net Income	24.7 (8.4%)	36.9 (10.7%)	+49%
EBITDA (Operating Income + Depreciation)	66.2	77.5	+17%

Average Exchange Rate US\$ 80 yen 99 yen
 EUR 102 yen 132 yen

Q3 YTD: Net Sales and Growth by Region

Interventional Systems marked 10% growth. General Hospital slows down.

(billion of yen)

Business Segment	Japan	Outside of Japan Total					G. Total
			Europe	Americas	China	Asia & Others	
General Hospital	95.6 (- 0%)	28.3 (4%)	8.7 (- 5%)	6.6 (- 0%)	0.9 (- 13%)	12.1 (15%)	123.9 (1%)
Cardiac & Vascular	36.8 (6%)	117.1 (6%)	43.1 (5%)	47.7 (7%)	13.7 (13%)	12.7 (- 1%)	153.9 (6%)
Out of C&V Interventional Systems	28.4 (9%)	87.2 (10%)	33.9 (9%)	30.5 (11%)	12.9 (13%)	9.8 (3%)	115.6 (10%)
Blood Management	9.7 (2%)	57.8 (4%)	18.5 (2%)	27.7 (4%)	2.7 (5%)	8.9 (11%)	67.5 (4%)
G. Total	142.1 (2%)	203.2 (5%)	70.2 (3%)	82.0 (5%)	17.3 (10%)	33.7 (8%)	345.3 (4%)

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

SG&A Expenses

- Managed general administrative expense within the range of increase in sales
- Ongoingly devote R&D to focus business area

(billion of yen)

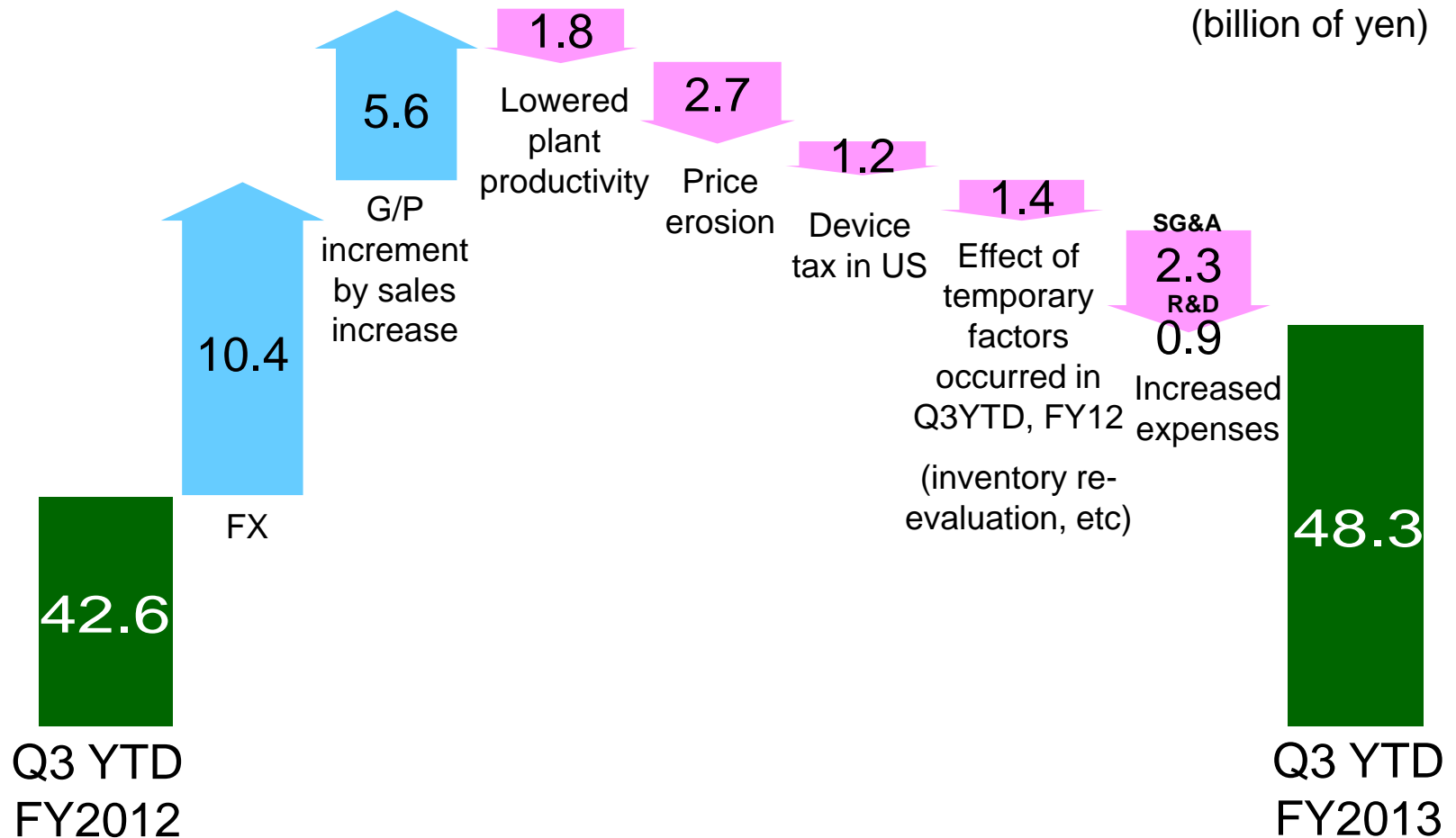
	Q3 YTD * FY2012	Q3 YTD FY2013	YoY	YoY%
General Administrative Total	105.7	108.0	+2.3	+2%
R&D Expenses	21.5	22.4	+0.9	+4%
SG&A Expenses Total	127.2	130.4	+3.2	+3%

* Excluding Foreign Exchange

- Salaries and Wages: enhance sales force in Americas (Interventional Systems and neurovascular intervention)
- R&D expenses: Blood Management (therapeutic apheresis, automated blood component processing) and Cardiac & Vascular (new products for neurovascular intervention)

Operating Income Variance Analysis

Steadily improved profitability by sales increase and effective management of SG&A



Quarterly Results

Consistently improved profitability

(billion of yen)

	Q3 FY12 (Oct-Dec)	Q4 FY12 (Jan-Mar)	Q1 FY13 (Apr-Jun)	Q2 FY13 (Jul-Sep)	Q3 FY13 (Oct-Dec)
Net Sales	103.9	106.5	111.1	114.9	119.2
Gross Profit	52.9 (50.9%)	52.2 (49.0%)	57.0 (51.3%)	60.1 (52.3%)	61.5 (51.6%)
SG&A Expenses	38.5 (37.0%)	41.6 (39.1%)	43.7 (39.3%)	43.0 (37.4%)	43.7 (36.7%)
Operating Income	14.4 (13.9%)	10.6 (9.9%)	13.3 (12.0%)	17.1 (14.9%)	17.8 (14.9%)

Average Exchange Rate
 US\$ 81 yen
 EUR 105 yen

92 yen
 122 yen

99 yen
 129 yen

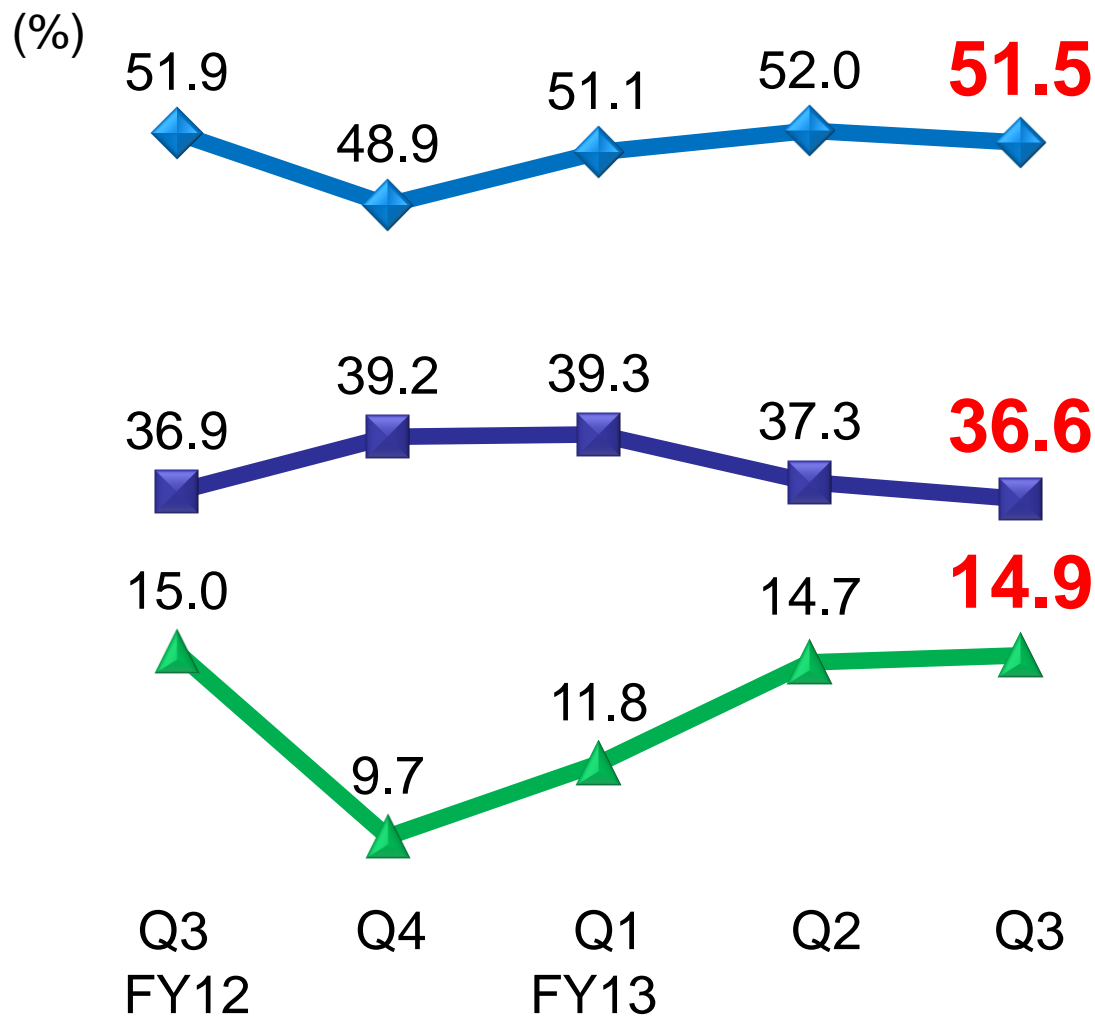
99 yen
 131 yen

100 yen
 137 yen

(%) Against net sales

Gross Margin, SG&A Expenses Ratio, Operating Margin

Steadily improved profitability even without FX tailwind



Gross Margin

- Mainly impacted by General Hospital

SG&A Expenses Ratio

- Managed within the range of sales increase

Operating Margin

- Consistently improved

(Excluding Foreign Exchange)

Q3 Results to FY2013 Forecast

Improve operating income through sales increase and effective management of SG&A

(billion of yen)

	FY2013 Forecast	Q3 YTD Result	Vs. Forecast
Net Sales	460.0	345.3	75%
Operating Income	70.0 (15.2%)	48.3 (14.0%)	69%
Ordinary Income	67.5 (14.7%)	49.9 (14.5%)	74%
Net Income	42.0 (9.1%)	36.9 (10.7%)	88%

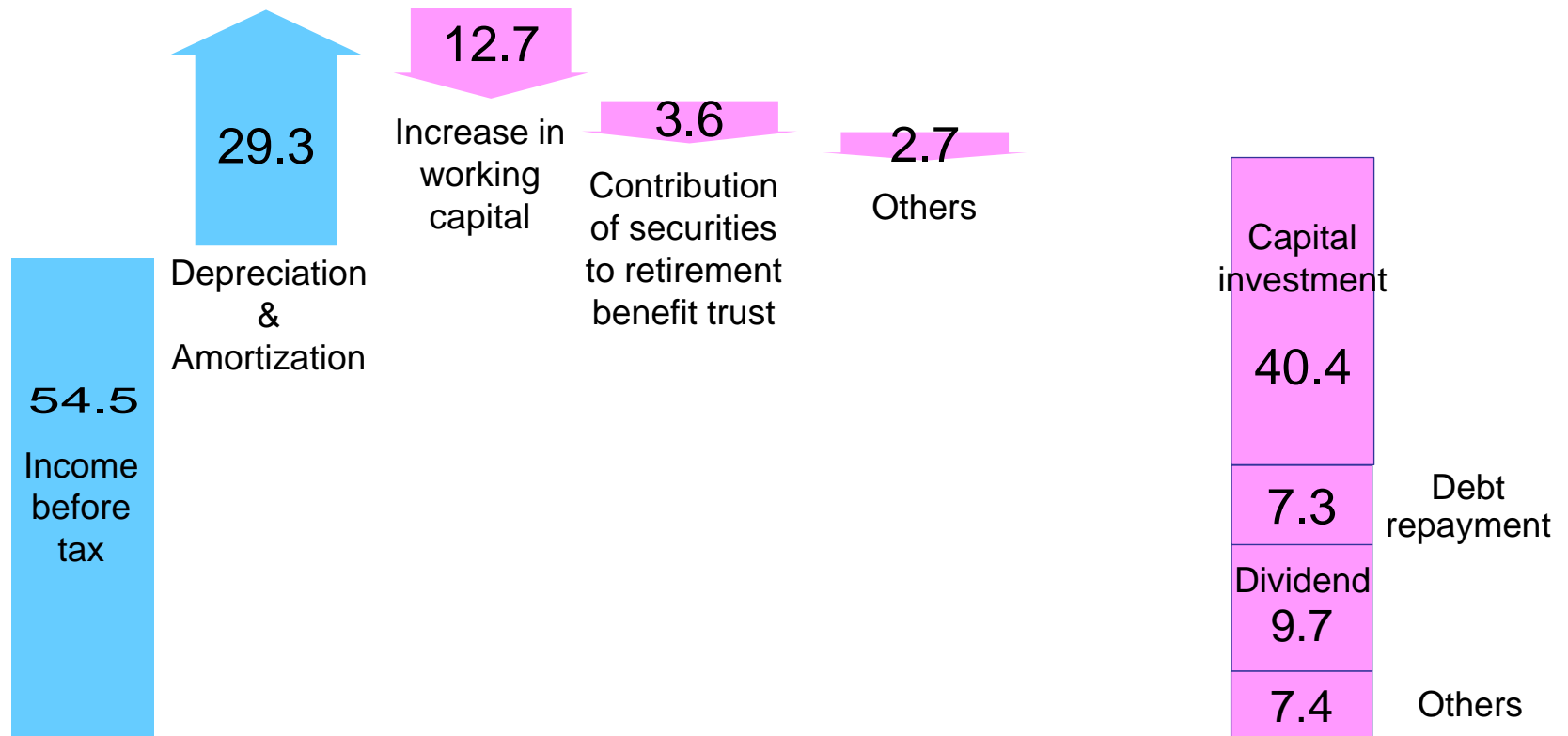
Operating Cash Flow

Balance out growth investments, debt repayment, and return to shareholders

(billion of yen)

Operating Cash Flow Breakdown 64.8

Allocation 64.8

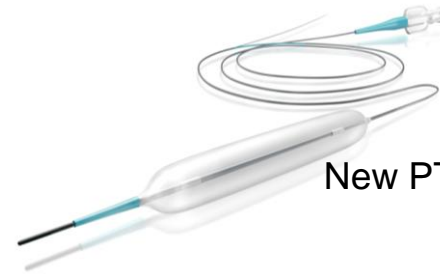


Progress in 2H New Product Pipeline

Products already launched in Q3

Business	Product	Region
Coronary	New PTCA balloon catheter	JP
Blood Management	Data management system (TACSI application)	EU
Infusion System	Needleless system	JP
	Smart Pump (infusion & syringe pump)	Asia

Launched Products



New PTCA balloon catheter (Hiryu Plus)



Data management system (TOMEs)



Needleless system (SURPLUG AD)



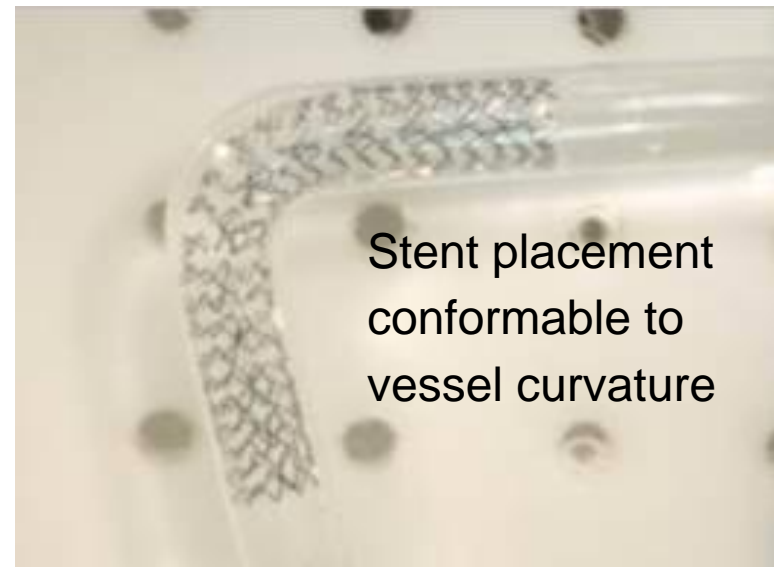
Smart Pump (Terufusion)

Products to be launched in Q4

Peripheral	Balloon (below the knee)	EU
	Stent (below the knee)	EU
Neuro	Coil assist stent	China
Coronary	Slenderized introducer sheath for TRI	JP
Blood Management	Automated blood component collection system (plasma application)	JP

Received CE Mark for Ultimaster™

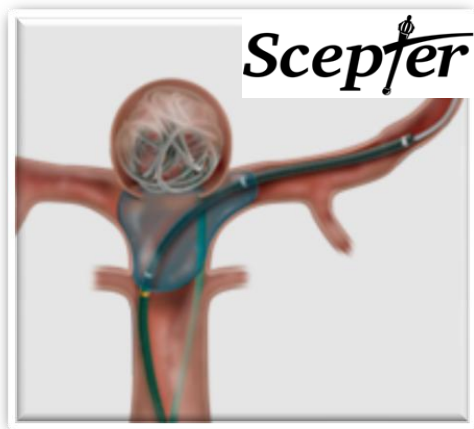
- Employs bioresorbable polymer and abluminal coating for long-term result
 - Short polymer absorption period of 3-4 months (Nobori: 9-12 months)
- Unique and thin stent design with cobalt chromium alloy to improve flexibility
- Aims to achieve the global revenue of 15 billion yen in fiscal year 2016



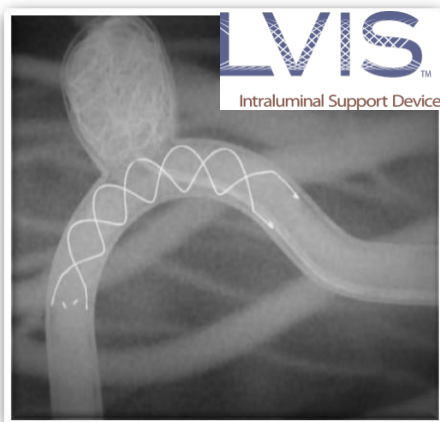
Strong Sales of New Neurovascular Intervention Products

Q3 YTD

- Occlusion balloon (Scepter) : \$10M, 30% share in globe (Own research)
 - Coil assist stent (LVIS) : \$ 5M
 - Flow diverting stent (FRED) : \$ 5M
- } Steady progress in clinical study to expand sales area
- Aim to achieve global revenue of 8 billion yen in fiscal year 2016

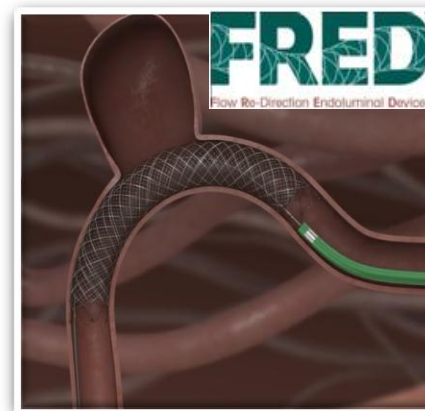


Globally launched



Launch plan

China: submission completed :FY13 Q4
 US: HDE study completed :FY14
 JP: follow up completed :FY15



Launch plan

US: under PMA study :FY16

FX Assumption Revised, Full-year Forecast Remains Unchanged

Newly assumed
average exchange rate

US\$1 = 100 yen (Q4: 102 yen)

EUR1 = 134 yen (Q4: 139 yen)

(billion of yen)

	FY2013 Forecast	YoY%
Net Sales	460.0	+14%
Operating Income	70.0 (15.2%)	+32%
(Excl. Amortization)	85.0 (18.5%)	+27%
Ordinary Income	67.5	+31%
Net Income	42.0	-11%

Stock Split

- On Feb 4, 2014, the board of directors decided to conduct stock split
- Facilitate access to investors and improve liquidity
 - Method: a two-for-one stock split of common stock
 - Public notice date of the record date: February 5, 2014 (Wed)
 - Record date: March 31, 2014 (Mon)
 - Effective date: April 1, 2014 (Tue)

Reference

Net Sales by Region

Consolidated: +18% (+4%) *

(billion of yen)

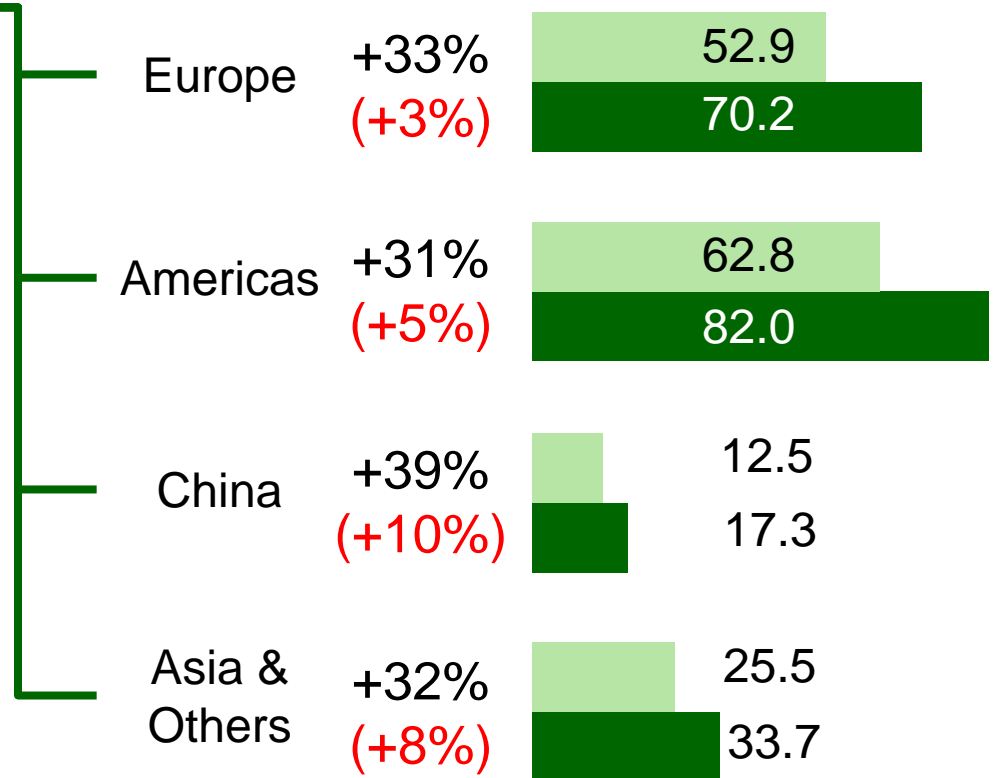
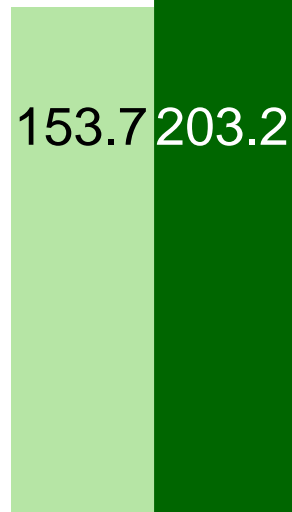
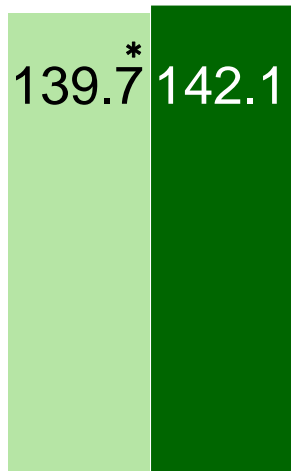
Q3 YTD FY2012 Q3 YTD FY2013

() Excluding Foreign Exchange

* Excluding Home Therapy

Japan
+2% *

Outside of Japan
+32%
(+5%)



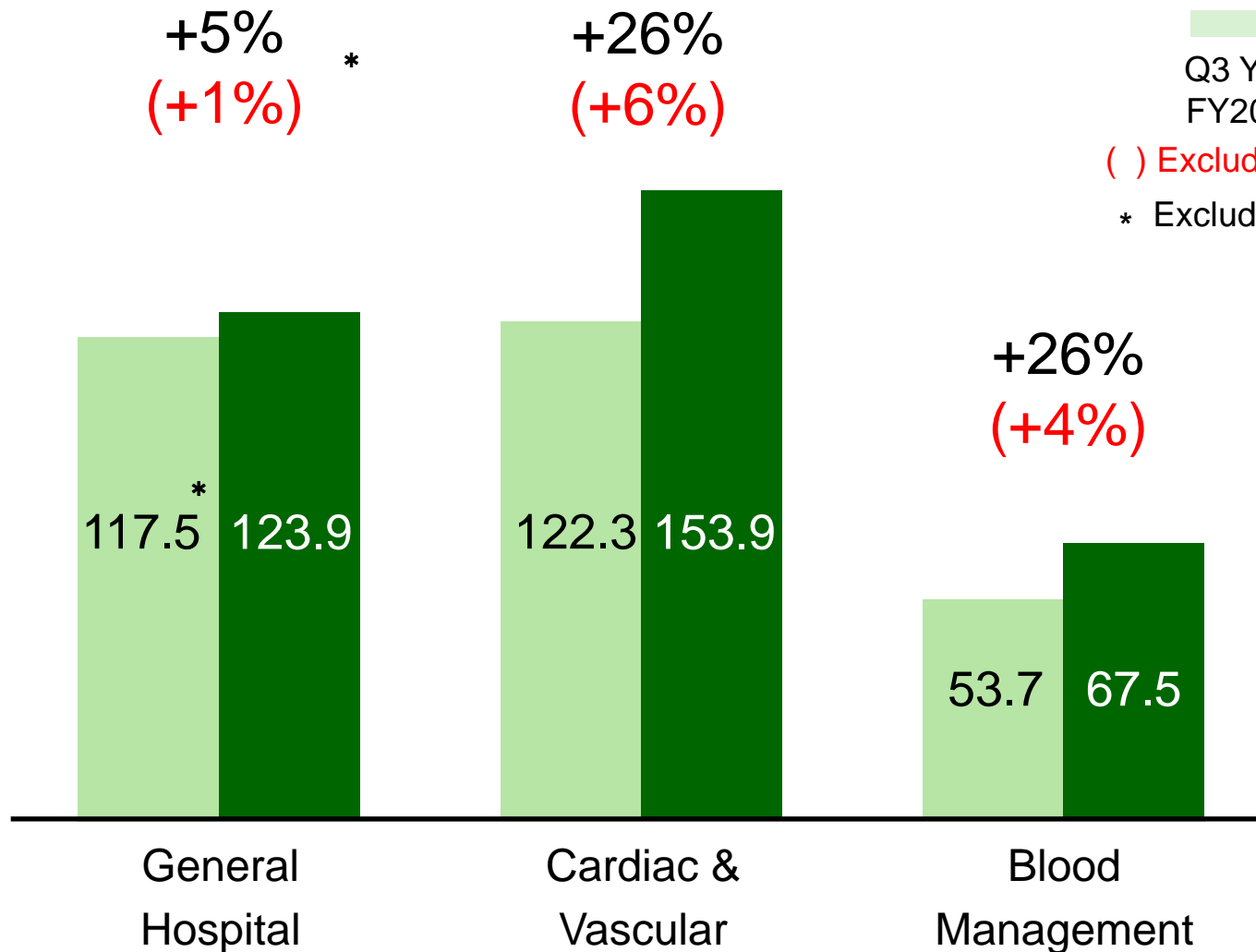
Net Sales by Business Segment

(billion of yen)

■ Q3 YTD FY2012
■ Q3 YTD FY2013

() Excluding Foreign Exchange

* Excluding Home Therapy



Q3 Alone: Net Sales and Growth by Region

(billion of yen)

Business Segment	Japan	Outside of Japan Total					G. Total
			Europe	Americas	China	Asia & Others	
General Hospital	32.9 (- 5%)	9.8 (8%)	3.1 (6%)	2.2 (- 2%)	0.3 (- 8%)	4.2 (16%)	42.7 (- 3%)
Cardiac & Vascular	12.6 (8%)	40.5 (7%)	15.0 (4%)	16.2 (8%)	4.9 (13%)	4.4 (3%)	53.1 (7%)
Out of C&V Interventional Systems	9.6 (11%)	30.6 (10%)	12.1 (9%)	10.4 (12%)	4.7 (13%)	3.4 (5%)	40.1 (11%)
Blood Management	3.4 (- 2%)	20.0 (1%)	6.5 (- 1%)	9.4 (3%)	0.9 (- 8%)	3.2 (0%)	23.4 (0%)
G. Total	48.9 (- 2%)	70.3 (5%)	24.6 (3%)	27.8 (5%)	6.1 (8%)	11.7 (7%)	119.2 (2%)

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

Gross Margin Variance Analysis

(%)



<Reference> 1H Results

52.4%

+2.2

-1.1

-0.5

-0.3

-0.9

51.8%

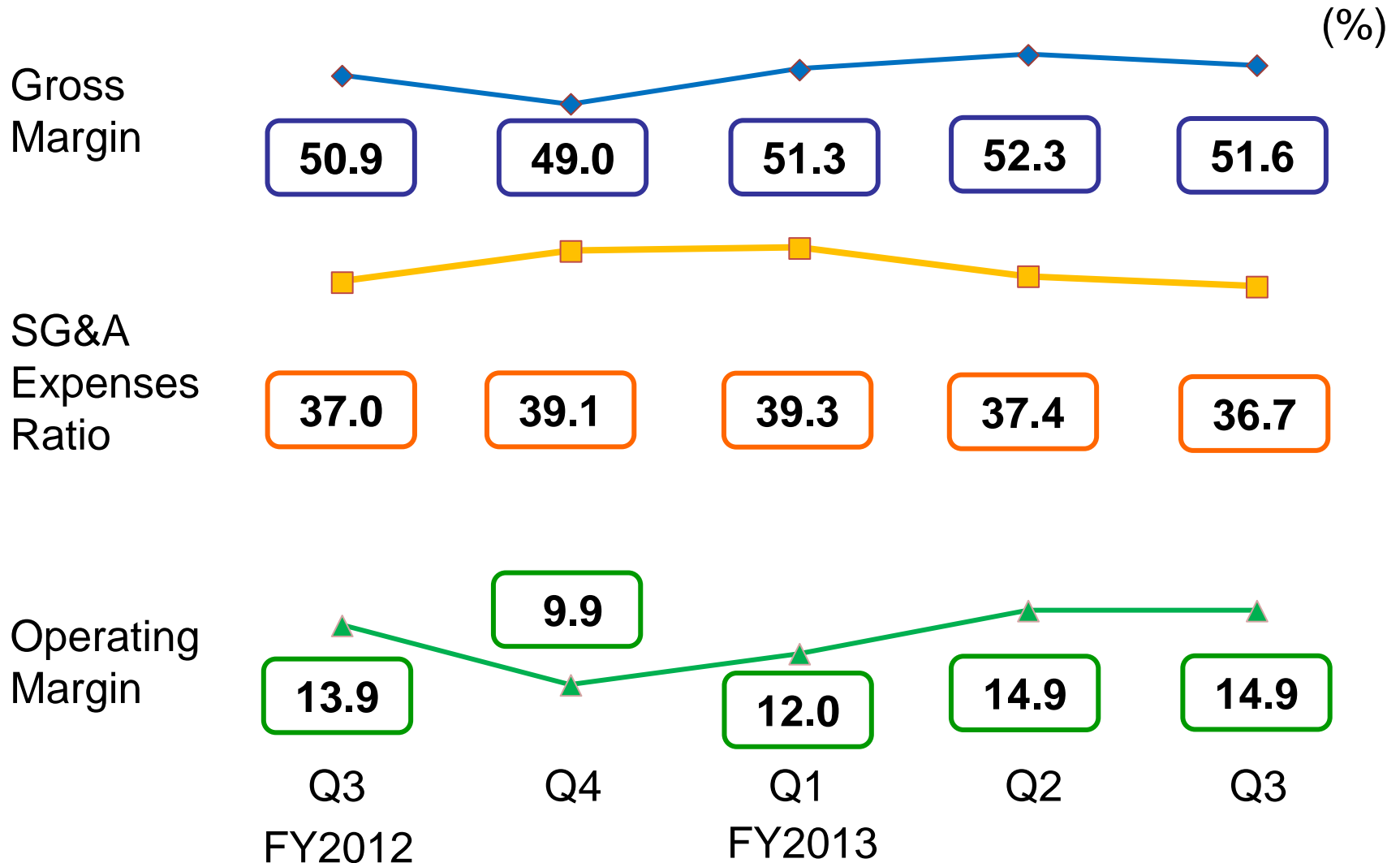
SG&A Expenses

(billion of yen)

	Q3 YTD FY2012	Q3 YTD FY2013	YoY	YoY%
Salaries & Wages	38.8	47.2	+8.4	+22%
Sales Promotion	9.0	10.6	+1.6	+19%
Logistical Costs	7.6	8.1	+0.5	+6%
Depreciation & Amortization	13.2	16.7	+3.5	+26%
Others	22.9	25.4	+2.5	+11%
General Administrative Total	91.5 (31.0%)	108.0 (31.2%)	+16.5	+18%
R&D Expenses	19.4 (6.5%)	22.4 (6.5%)	+3.0	+16%
SG&A Expenses Total	110.9 (37.5%)	130.4 (37.7%)	+19.5	+18%

(%) Against net sales

Gross Margin, SG&A Expenses Ratio, Operating Margin



CAPEX, R&D Expenses

(billion of yen)

	FY2013 Forecast	Q3 YTD, FY2013 Result
CAPEX	45.0 → 50.0 *	40.4 (81%)
Depreciation & Amortization	37.0	29.3 (79%)
R&D Expenses	30.0	22.4 (75%)

* Advanced Yamaguchi factory 5 billion JPY investment originally planned in FY14

%: Progress to forecast

CAPEX: acquisition basis

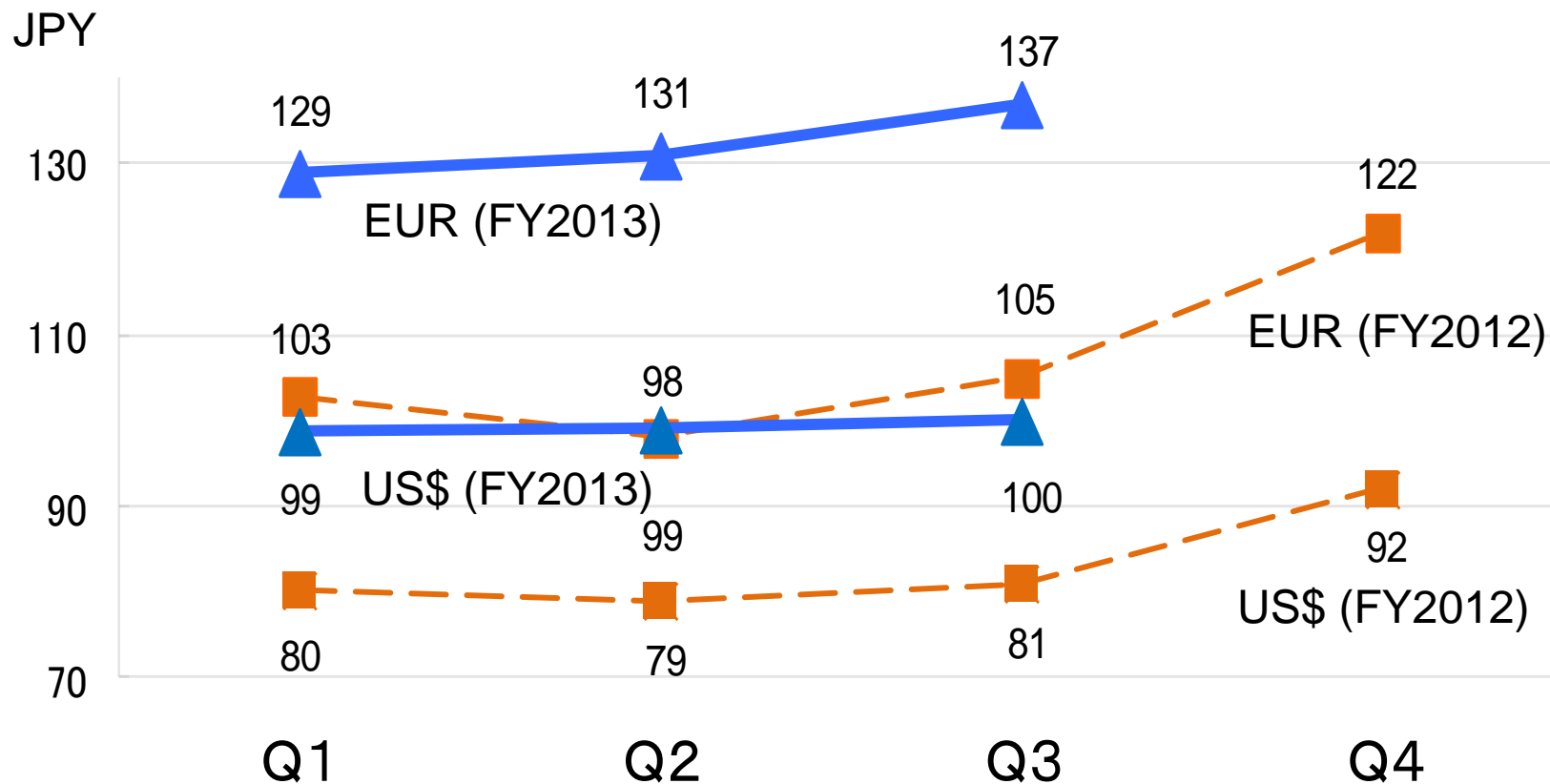
Depreciation & Amortization: including intangibles

Foreign Exchange Sensitivity

(billion of yen / year)

	US\$	EUR
Net Sales	1.8	0.7
Operating Income	0.3	0.4

Changes of Quarterly Average Exchange Rates



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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.