

Financial Results for the First Quarter of  
the Fiscal Year Ending March 31, 2015 (FY2014)

Terumo Corporation  
August 6, 2014

# Highlights in Q1

## Corporate

- Secured increase both in sales and profit while absorbing reimbursement price cut in Japan
- Increased operating income by 21%. Even without FX, increased at double digit

## Cardiac & Vascular

- Expanded overseas sales centering on interventional systems despite declined domestic sales due to the reimbursement price cut
- Launched new DES “Ultimaster” in June as planned, starting from EU

## General Hospital

- Maintained profitability through cost reduction of General Hospital Products, despite the reimbursement price cut and recoil reduction in demand following the consumption tax increase in Japan

## Blood Management

- Sustained increase in sales and profit by growth of therapeutic apheresis, etc. under the challenging market environment

# Increase in Sales and Profit: Operating Income Up by 21%

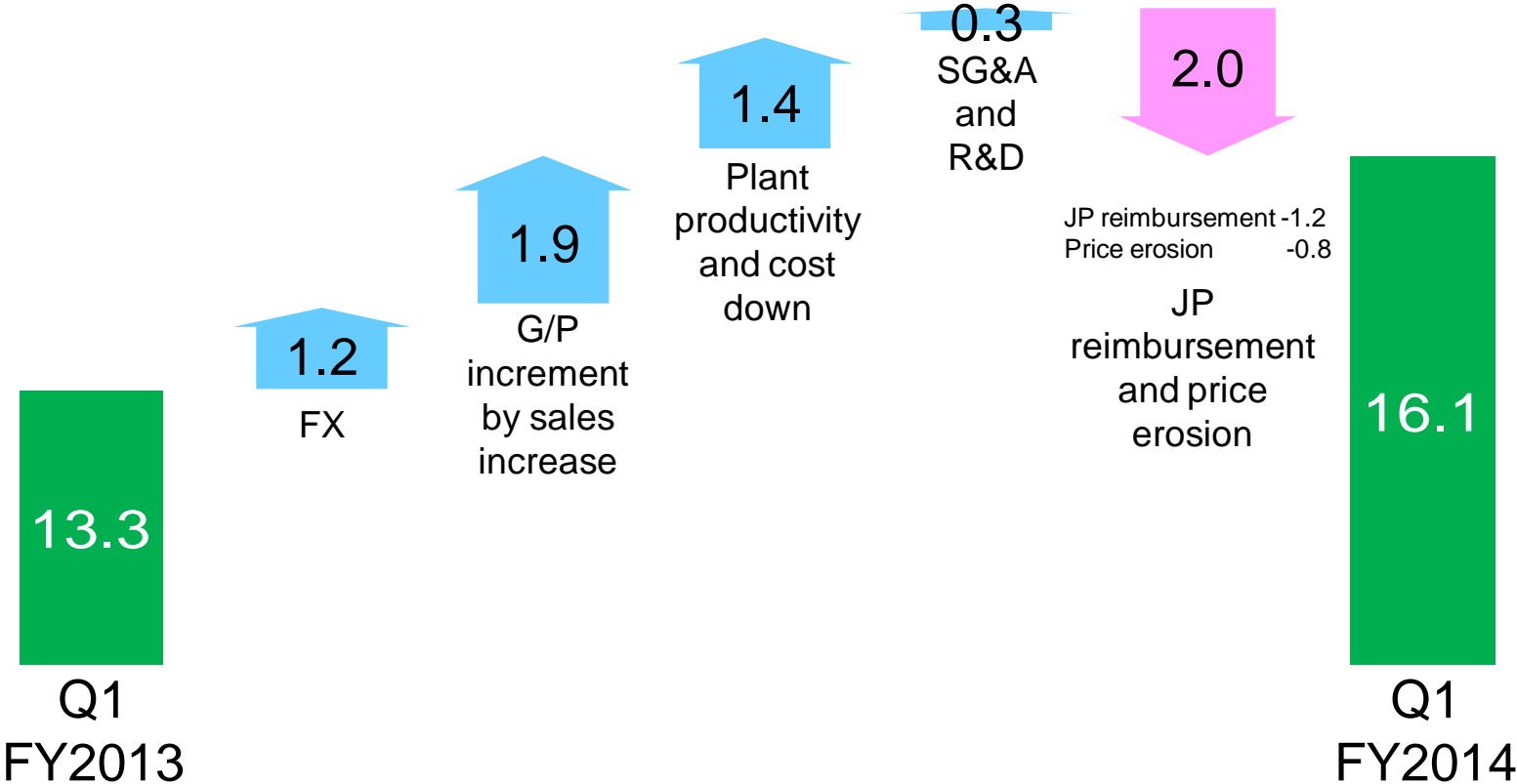
(Billion yen)

	Q1 FY2013	Q1 FY2014	YoY%	YoY% (Excl. FX)
Net Sales	111.1	114.9	+3%	+1%
Gross Profit	57.0 (51.3%)	60.7 (52.8%)	+7%	+2%
SG&A Expenses	36.1 (32.4%)	37.9 (33.0%)	+5%	
R&D Expenses	7.6 (6.9%)	6.7 (5.8%)	-12%	
Operating Income	13.3 (12.0%)	16.1 (14.0%)	+21%	+12%
(Excl. Amortization)	17.3 (15.6%)	20.2 (17.6%)	+17%	+9%
Ordinary Income	12.9 (11.6%)	14.4 (12.6%)	+12%	
Net Income	9.0 (8.1%)	8.4 (7.3%)	-6%	

Average exchange rate  $\frac{\text{USD } 99 \text{ yen}}{\text{EUR } 129 \text{ yen}}$   $\frac{102 \text{ yen}}{140 \text{ yen}}$

# Operating Income Variance Analysis

(Billion yen)



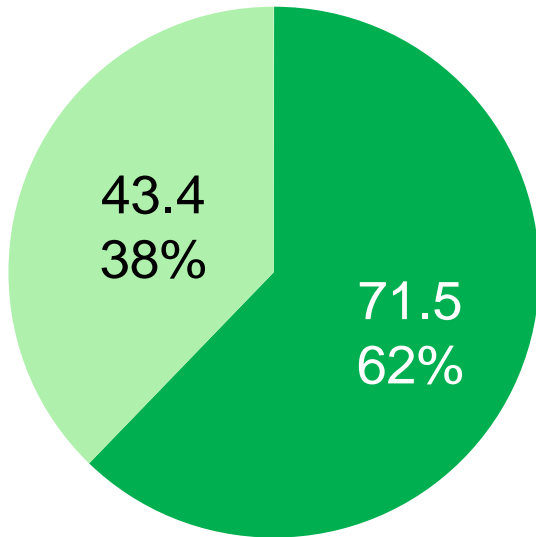
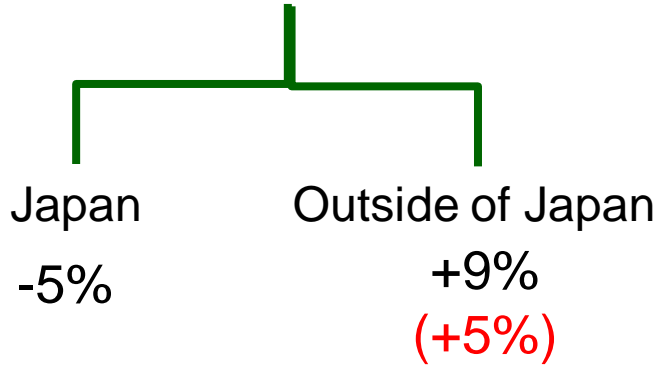
# Net Sales by Region

(Billion yen)

Consolidated: +3% (+1%)

Q1 FY2013 Q1 FY2014

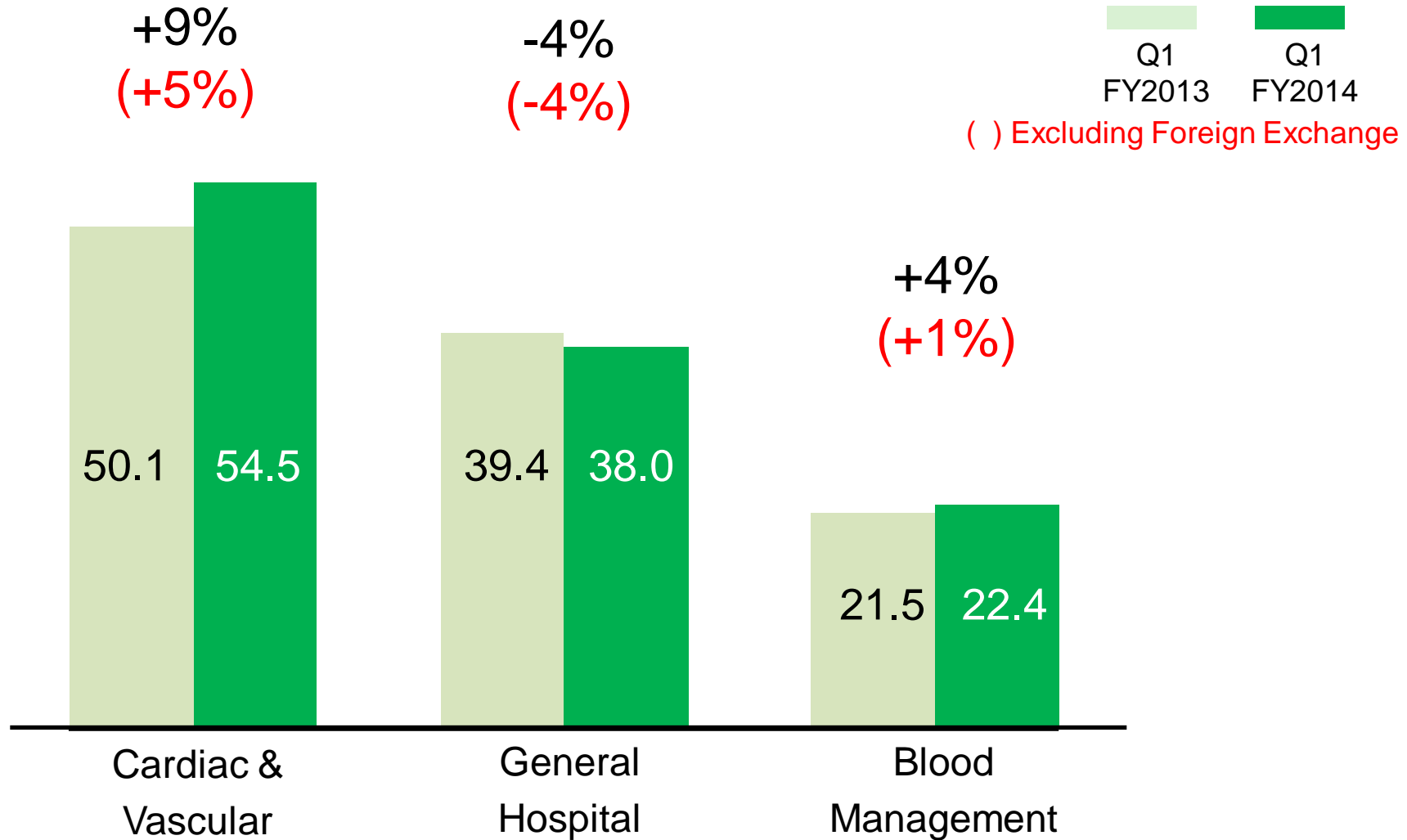
( ) Excluding Foreign Exchange



Region	Q1 FY2014 Change (%)	Q1 FY2014 Excl. FX (%)	Q1 FY2013 (Billion yen)	Q1 FY2014 (Billion yen)
Europe	+14%	(+5%)	22.9	26.0
Americas	+7%	(+4%)	26.5	28.4
China	-3%	(-5%)	5.3	5.2
Asia & Others	+11%	(+10%)	10.7	11.9

# Net Sales by Business Segment

(Billion yen)



# Operating Profit by Business Segment

(Billion yen)

		Q1 FY2013	Q1 FY2014	YoY%	YoY% (Excl. FX)
Segment O/P	Cardiac & Vascular	9.3 (19%)	11.4 (21%)	+23%	+8%
	General Hospital	4.8 (12%)	4.6 (12%)	-4%	-2%
	Blood Management	4.1 (19%)	4.2 (19%)	+3%	+1%
Others*		-0.8	0.0	-	-
Operating Income (Excl. amortization)		17.3 (16%)	20.2 (18%)	+17%	+9%

\* Others: unrelated to business segment

# Cardiac & Vascular: Increase in Sales and Profit

(Billion yen)

	Q1 FY2013	Q1 FY2014	YoY%	YoY% (Excl. FX)
Sales	50.1	54.5	+9%	+5%
Segment O/P (%)	9.3 (19%)	11.4 (21%)	+23%	+8%

- Increase in overseas sales of Interventional Systems +2.8 BJPY
- Neurovascular Intervention: new products (stent and balloon) drove its growth in global market +0.9 BJPY
- Decrease by 0.5 BJPY in investment for quality management system improvement at TCVS
- Reimbursement price cut in Japan -1 BJPY
- Launched new DES “Ultimaster” as planned, starting from EU



# General Hospital: Maintained Profitability Despite Declined Sales

(Billion yen)

	Q1 FY2013	Q1 FY2014	YoY%	YoY% (Excl. FX)
Sales	39.4	38.0	-4%	-4%
Segment O/P (%)	4.8 (12%)	4.6 (12%)	-4%	-2%

- Recoil reduction in demand following the consumption tax increase in Japan (pump, glucose monitoring, etc.) -0.5 BJPY
- Delay in order receipt for B2B business of prefilled syringe -0.4 BJPY
- Reimbursement price cut in Japan -0.2 BJPY
- Reduced manufacturing cost of General Hospital Products +0.4 BJPY
- Initiated manufacturing of SurfloV3 at the Philippines factory for further cost reduction

# Blood Management : Sustained Increase in Sales and Profit

	(Billion yen)			
	Q1 FY2013	Q1 FY2014	YoY%	YoY% (Excl. FX)
Sales	21.5	22.4	+4%	+1%
Segment O/P (%)	4.1 (19%)	4.2 (19%)	+3%	+1%

- Market price erosion -0.2 BJPY
- Delay in order receipt from a domestic customer, due to its IT system change -0.2 BJPY
- Achieved double digit sales growth in overseas therapeutic apheresis +0.6 BJPY
- Strong growth centering on automated collection system in Asia and Latin America +0.5 BJPY
- New Vietnam factory ready for operation (Completed in July)

# Progress in Q1 New Product Pipeline

Business	Product	Region
Coronary	New DES (developed in house)	EU (as planned)
Peripheral	Central implantable venous access system	JP (as planned)
Ablation	Renal sympathetic denervation system (RSD)	Asia & Latin A (as planned)
	RSD for TRI technique	Asia & Latin A (as planned)
Nutrition	Liquid formula	JP (as planned)



New DES  
(Ultimaster)



Central  
implantable  
venous access  
system  
(DewX S type)

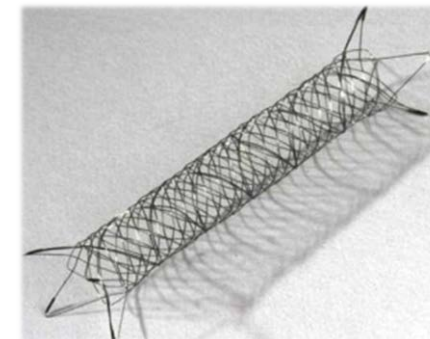


Liquid formula  
(Mermed)

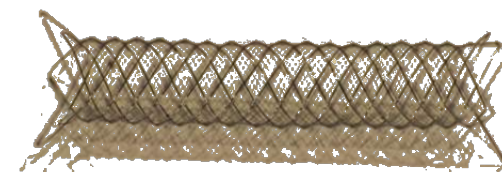
- Semi-solidified once introduced into stomach
- Reduction of gastro-esophageal reflux is expected

# New Product Pipeline from Q2 to Q4

Business	Product	Region
Peripheral	Balloon (above the knee)	US
	Balloon (below the knee)	JP, EU
	Stent (below the knee)	EU
Neuro	Coil assist stent	US
	Carotid stent	EU
Coronary	New PTCA balloon	EU
Blood Management	Automated blood component collection system (plasma)	JP
	Automated blood component processing system	JP
	Therapeutic apheresis system (Bone marrow stem cell and polymorphonuclear leukocyte application)	US
Infusion System	Needleless system	Asia
	Smart pump (infusion & syringe pump)	China



Coil assist stent (LVIS)



Carotid stent (CASPER)

# Reference

# Q1 Net Sales and Growth by Region

(Billion yen)

Business Segment	Japan	Outside of Japan Total					G. Total
		Europe	Americas	China	Asia & Others		
Cardiac & Vascular	11.8 (-3%)	42.8 (7%)	16.4 (6%)	17.4 (9%)	4.2 (-4%)	4.8 (14%)	54.5 (5%)
Out of C&V Interventional Systems*	9.1 (-4%)	31.7 (7%)	12.9 (7%)	11.2 (11%)	3.9 (-3%)	3.7 (9%)	40.8 (5%)
General Hospital	28.9 (-6%)	9.1 (0%)	3.1 (6%)	1.7 (-19%)	0.3 (13%)	3.9 (7%)	38.0 (-4%)
Blood Management	2.7 (-5%)	19.7 (1%)	6.5 (1%)	9.3 (1%)	0.7 (-18%)	3.2 (7%)	22.4 (1%)
G. Total	43.4 (-5%)	71.5 (5%)	26.0 (5%)	28.4 (4%)	5.2 (-5%)	11.9 (10%)	114.9 (1%)

\*Including Neurovascular business

(YoY%): Excluding foreign exchange

# SG&A Expenses

(Billion yen)

	Q1 FY2013	Q1 FY2014	YoY	YoY%
Salaries & Wages	15.4	16.9	+1.5	+10%
Sales Promotion	3.7	3.7	+0.0	+1%
Logistical Costs	2.7	2.7	+0.0	+1%
Depreciation & Amortization	5.3	5.9	+0.6	+11%
Others	9.0	8.7	-0.3	-3%
General Administrative Total	36.1 (32.4%)	37.9 (33.0%)	+1.8	+5%
R&D Expenses	7.6 (6.9%)	6.7 (5.8%)	-0.9	-12%
SG&A Expenses Total	43.7 (39.3%)	44.6 (38.8%)	+0.9	+2%

(%) Against net sales

# SG&A Expenses

(Billion yen)

	Q1 FY2013*	Q1 FY2014	YoY	YoY%
General Administrative Total	37.1	37.9	+0.8	+2%
R&D Expenses	7.8	6.7	-1.1	-14%
SG&A Expenses Total	44.8	44.6	-0.3	-1%

\* Value adjusted by excluding FX impact



# Quarterly Results

(Billion yen)

	Q1 FY13 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	Q1 FY14 (Apr-Jun)
Net Sales	111.1	114.9	119.2	122.1	114.9
Gross Profit	57.0 (51.3%)	60.1 (52.3%)	61.5 (51.6%)	63.3 (51.9%)	60.7 (52.8%)
SG&A Expenses	43.7 (39.3%)	43.0 (37.4%)	43.7 (36.7%)	46.3 (37.9%)	44.6 (38.8%)
Operating Income	13.3 (12.0%)	17.1 (14.9%)	17.8 (14.9%)	17.0 (14.0%)	16.1 (14.0%)

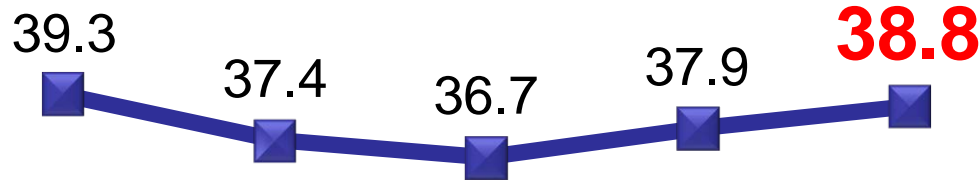
Average Exchange Rate	USD 99 yen	99 yen	100 yen	103 yen	102 yen
	EUR 129 yen	131 yen	137 yen	141 yen	140 yen

# Profit Ratio, SG&A Expenses Ratio

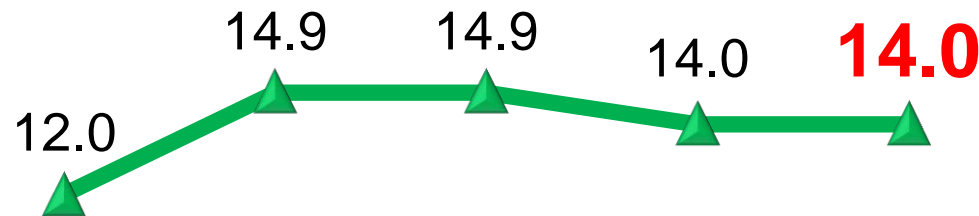
(%)



Gross  
Margin



SG&A  
Expenses  
Ratio



Operating  
Margin

Q1 FY13      Q2      Q3      Q4      Q1 FY14

# CAPEX, R&D Expenses

(Billion yen)

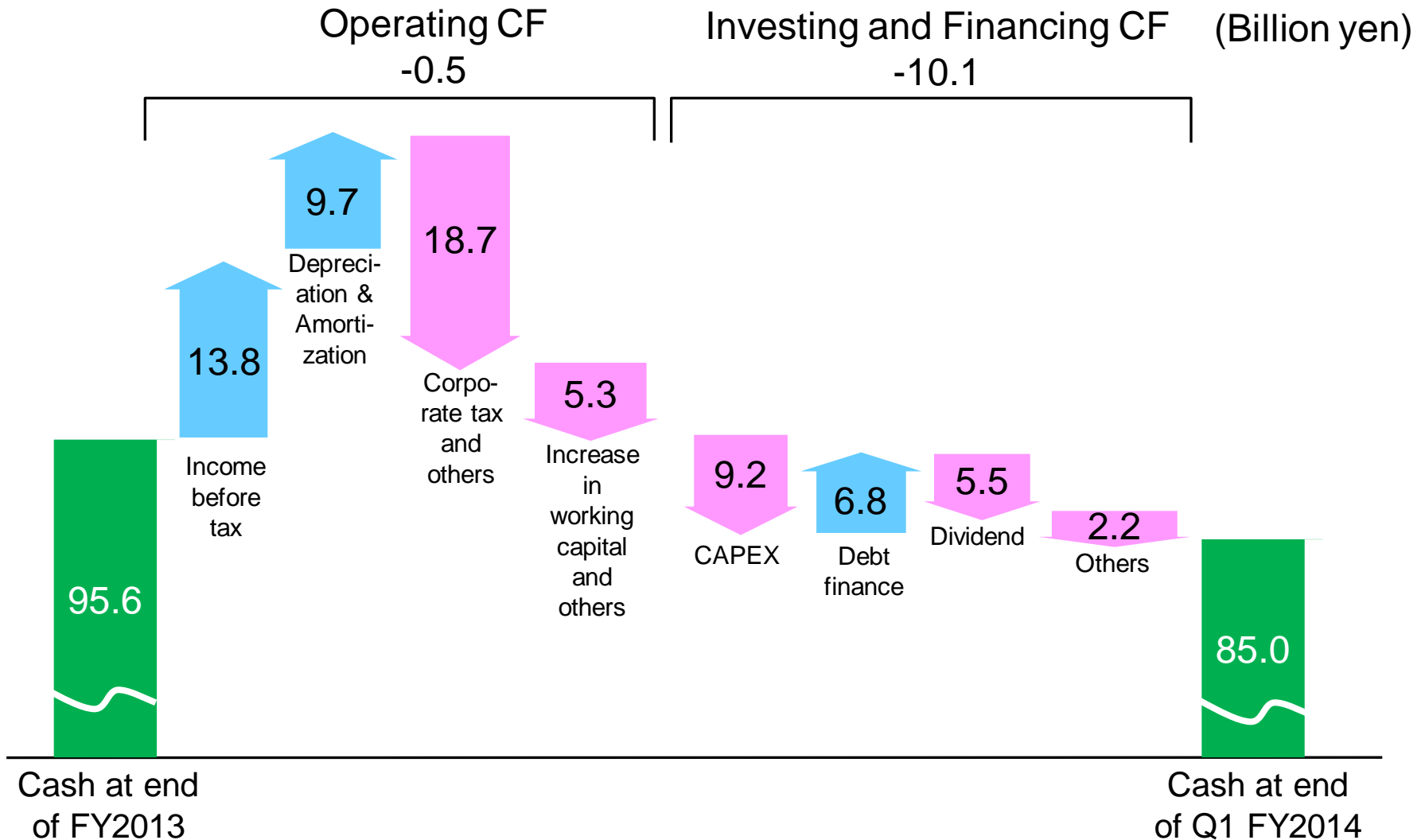
	FY2014 Guidance	Q1 Result	Progress to guidance
CAPEX	42.0	9.2	22%
Depreciation & Amortization	41.0	9.7	24%
R&D Expenses	31.0	6.7	22%

Depreciation & Amortization: Including intangibles

CAPEX: Acquisition basis

# Cash Flow

## Large impact of corporate tax payment in Q1



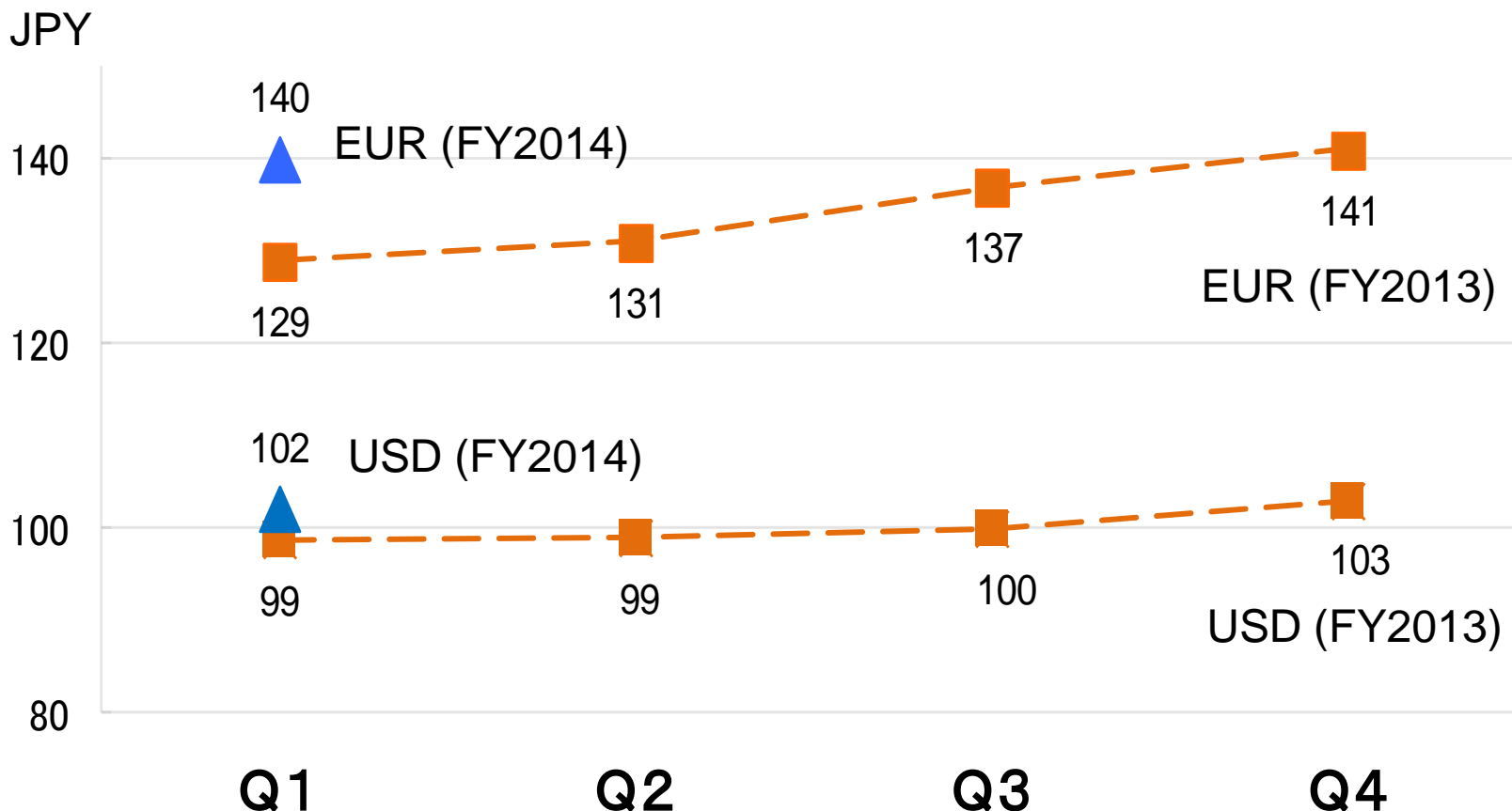
# Foreign Exchange Sensitivity

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(Billion yen/year)

	USD	EUR
Net Sales	1.8	0.7
Operating Income	0.3	0.4

# Quarterly Average Exchange Rates Trend



# *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.