

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

Terumo Corporation
Senior Executive Officer, Investor Relations
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November 5, 2014

Highlights in 1H

Corporate

- Secured increase both in sales and profit while absorbing reimbursement price cut in Japan

Cardiac & Vascular

- Grew overseas IS and Neurovascular businesses at double digit while absorbing declined domestic sales due to reimbursement price cut in JP
- Launched Ultimaster (new DES) in Asian and Latin American countries as well as Europe

General Hospital

- In Japan, on top of recoil reduction in demand following the consumption tax increase, the effect of restrained consultation due to revision of public insurance system has seen
- Reduced manufacturing cost of General Hospital Products

Blood Management

- Sustained increase in sales and profit under the challenging market environment
- Achieved continuous sales growth in overseas automated blood component processing system and therapeutic apheresis

Increase in Sales and Profit: Operating Income Up by 8%

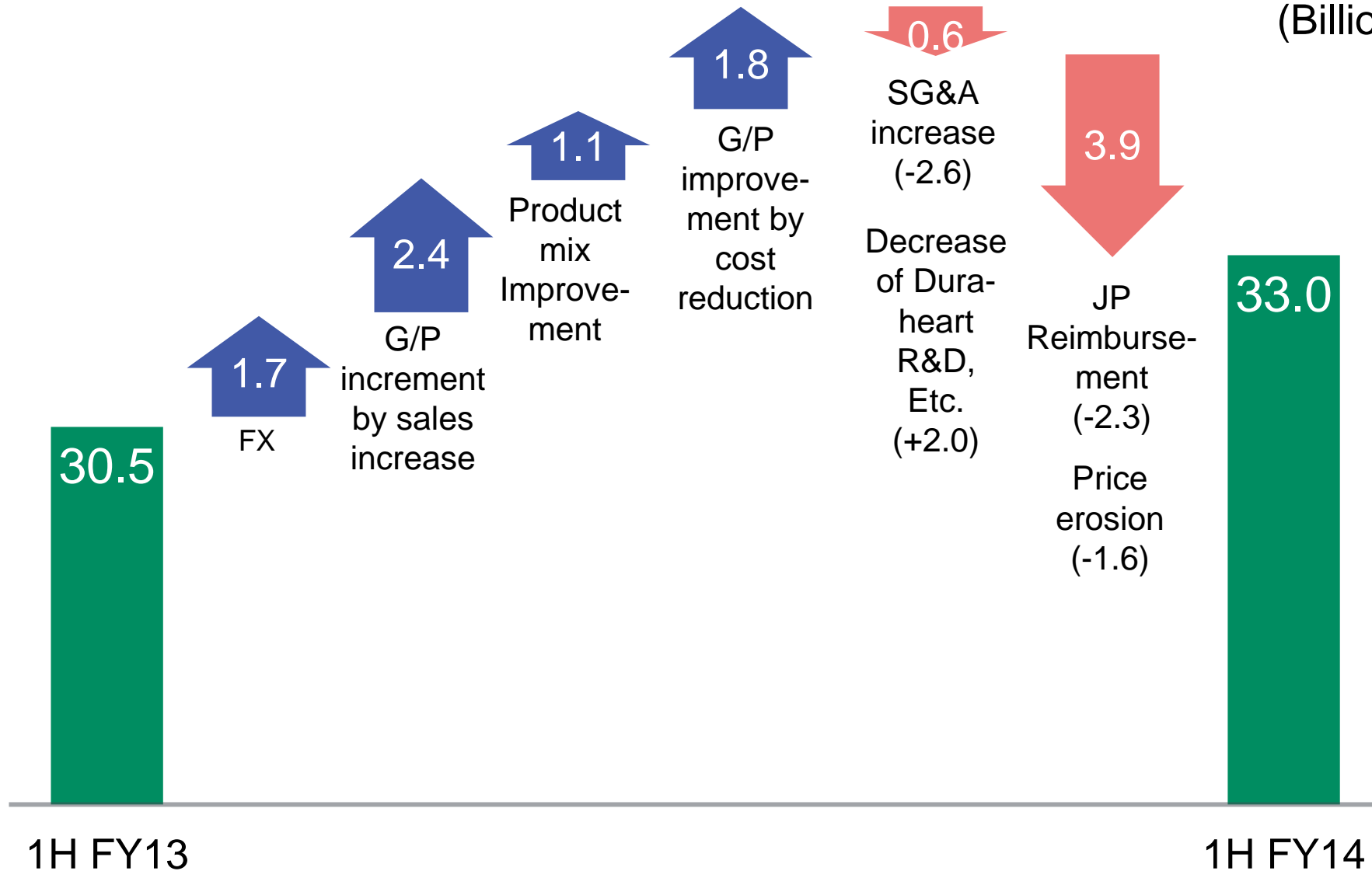
(Billion yen)

	1H FY2013	1H FY2014	YoY%	YoY% (Excl. FX)
Net Sales	226.0	233.3	+3%	+0%
Gross Profit	117.2 (51.8%)	122.9 (52.7%)	+5%	+1%
SG&A Expenses	71.4 (31.5%)	76.3 (32.8%)	+7%	
R&D Expenses	15.3 (6.8%)	13.6 (5.8%)	-11%	
Operating Income	30.5 (13.5%)	33.0 (14.1%)	+8%	+3%
(Excl. Amortization)	38.5 (17.0%)	41.3 (17.7%)	+7%	+3%
Ordinary Income	29.6 (13.1%)	34.0 (14.6%)	+15%	
Net Income	19.5 (8.6%)	21.9 (9.4%)	+12%	

Average exchange rate	US\$	99 yen	103 yen
	EUR	130 yen	139 yen

Operating Income Variance Analysis

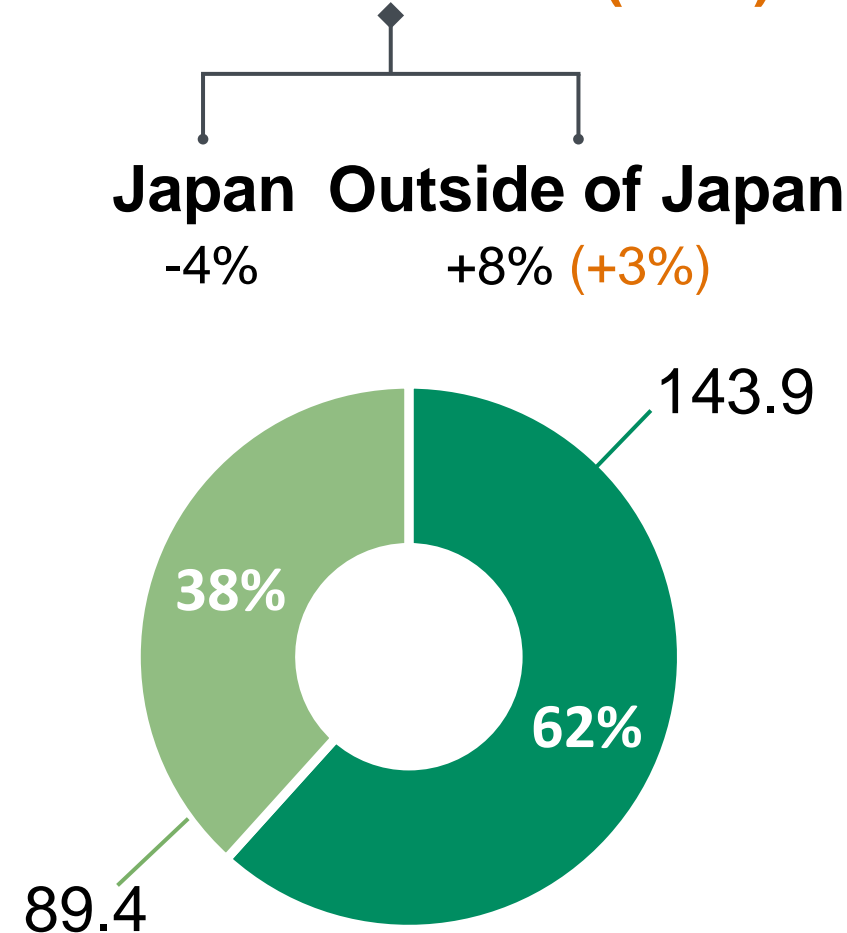
(Billion yen)



Net Sales by Region

Overseas with strong performance, China under local distributors re-arrangement

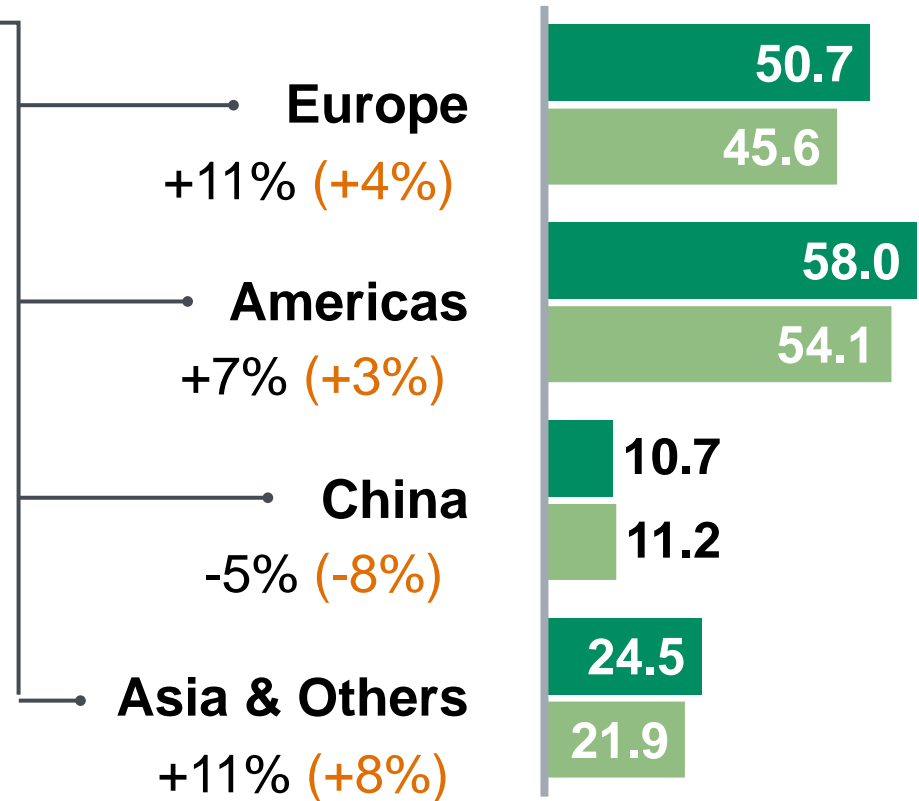
Consolidated: +3% (+0%)



(Billion yen)



() Excluding Foreign Exchange



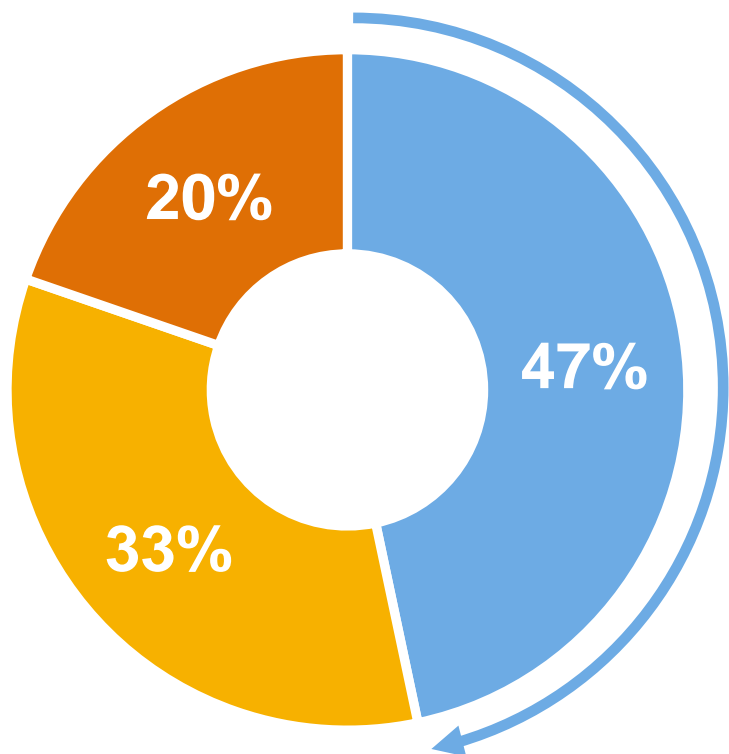
Net Sales by Business Segment

- Cardiac & Vascular
- General Hospital
- Blood Management

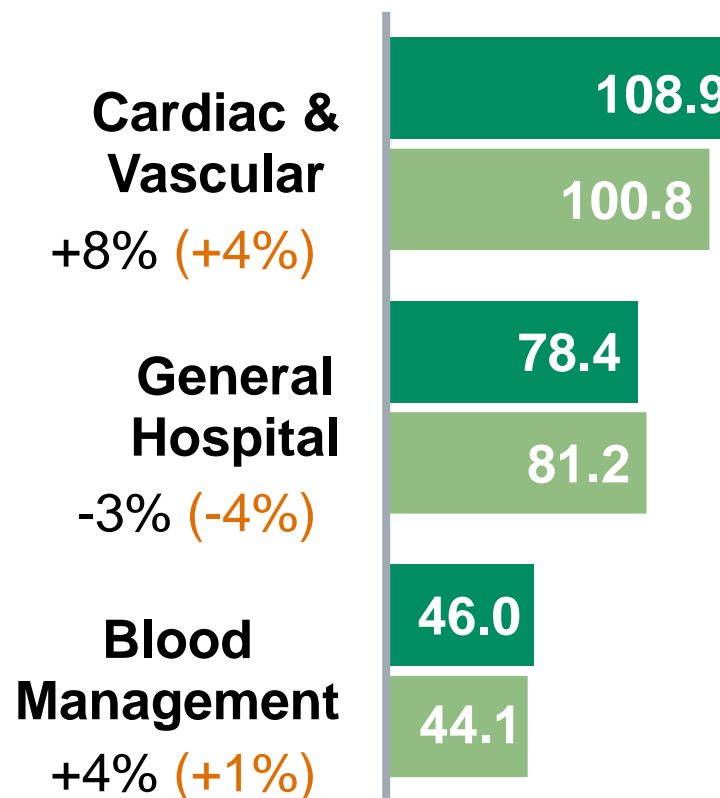
(Billion yen)

1H FY2013 1H FY2014

() Excluding Foreign Exchange



Cardiac & Vascular reached 47%
(44.6% at end of 1H, FY13)



Operating Profit by Business Segment

(Billion yen)

		1H FY2013	1H FY2014	YoY%	YoY% (Excl. FX)
Business Profit	Cardiac & Vascular	20.1 (20%)	21.5 (20%)	+7%	-1%
	General Hospital	10.9 (13%)	9.6 (12%)	-12%	-13%
	Blood Management	8.9 (20%)	9.3 (20%)	+4%	+0%
Others*		-1.4	0.9	-	-
Operating Income (Excl. amortization)		38.5 (17%)	41.3 (18%)	+7%	+3%

* Others: profit unrelated to any business segments

1H FY13: R&D for Duraheart and others, 1H FY14: profit increase by reduction of corporate related expense and others

Cardiac & Vascular: Increase in Sales and Profit

(Billion yen)

	1H FY2013	1H FY2014	YoY%	YoY% (Excl. FX)
Sales	100.8	108.9	+8%	+4%
Business Profit (%)	20.1 (20%)	21.5 (20%)	+7%	-1%

<Sales>

- Increase in overseas IS business and neurovascular intervention products (stent, etc.) +6.8 BJPY
- CV business: oxygenators and monitoring system grew mainly in EU and U.S. +1.7 BJPY
- Reimbursement price cut in Japan - 1.9 BJPY

<Business Profit>

- Reduced manufacturing cost mainly for IS business + 0.6 BJPY
- Launched Ultimaster (new DES) in Asian and Latin American countries as well as Europe

General Hospital

Decrease in Sales and Profit Due to Changing Market Environment

(Billion yen)

	1H FY2013	1H FY2014	YoY%	YoY% (Excl. FX)
Sales	81.2	78.4	-3%	-4%
Business Profit (%)	10.9 (13%)	9.6 (12%)	-12%	-13%

<Sales>

- Japan: recoil reduction in demand following the consumption tax increase and the effect of restrained consultation due to revision of public insurance system - 1.7 BJPY
- Americas: trimmed unprofitable accounts business for general hospital products - 0.7 BJPY
- Reimbursement price cut in Japan - 0.4 BJPY
- Europe: grew business-to-business with pharmaceutical companies at double digit + 0.5 BJPY

<Business Profit>

- Reduced manufacturing cost mainly for general hospital products + 0.5 BJPY

Blood Management: Sustained Increase in Sales and Profit

(Billion yen)

	1H FY2013	1H FY2014	YoY%	YoY% (Excl. FX)
Sales	44.1	46.0	+4%	+1%
Business Profit (%)	8.9 (20%)	9.3 (20%)	+4%	+0%

<Sales>

- Achieved double digit growth in overseas therapeutic apheresis + 0.9 BJPY
- Automated blood component processing system globally grew at double digit + 1.3 BJPY
- US: on the back of constraints of healthcare expenditure, price pressure is increased - 0.4 BJPY

<Business Profit>

- Controlled SG&A within the range of sales growth

Progress in 1H New Product Pipeline

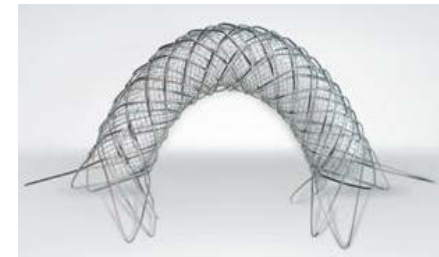
Business	Product	Region
Coronary	New DES (developed in house) ◎◎★	EU, Latin A, Asia
Peripheral	Central implantable venous access system	JP
	Occlusion microballoon for B-TACE ★	JP
Ablation	Renal sympathetic denervation system (RSD)	Asia & Latin A
	RSD for TRI technique	Asia & Latin A
Neuro	Carotid stent ★	EU
Infusion System	Needleless system ◎	JP
	Closed infusion system for anticancer drug	JP
Nutrition	Liquid formula (anti-reflux) ★	JP

- ◎ Item with large contribution to sales and profit
- ★ Item with highly innovative technology



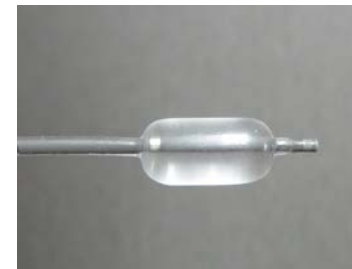
New DES(Ultimaster)

★Great conformability and proprietary drug coating



Carotid stent (CASPER)

★Through control of plaque dislodgement, reduction of stroke is expected



Occlusion microballoon (Attendantnexus)

★Enables further selective B-TACE



Liquid formula (Mermed)

★Semi-solidified once introduced into stomach, reduction of reflux is expected

Key Initiatives in 2H FY2014

Key Initiatives in 2H FY2014

- Continuously reinforce initiatives for profitability improvement
- Catch up with sales guidance
 - Cardiac & Vascular: continue the launch of new products for IS and Neurovascular business and sustain the expansion of existing products (access devices, etc.)
 - General Hospital: expand pumps and infusion solutions sales, and accelerate test tip expansion by the leverage of new blood glucose monitor launch
 - Blood Management: continue expansion of automated blood component processing system and therapeutic apheresis
- In response to performance, move on SG&A expenditure and accelerate R&D activities

New Product Pipeline for 2H

Business	Product		Region
Coronary	New PTCA balloon	◎	EU, Asia, L America
Peripheral	PTA balloon (above and below the knee)		JP, EU, US
	Stent for small vessel (Misago)		EU
Neuro	Coil assist stent	◎	US
	Stroke device (clot retriever)	◎★	EU
	Liquid embolic glue	★	EU
Infusion System	Needleless system		Asia
DM	Blood glucose monitor (color LCD)	◎	JP
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

◎ Item with large contribution to sales and profit

★ Item with highly innovative technology



Stroke device (ERIC)

★ Interlinked cage system for efficient clot retrieval



Liquid embolic glue (PHIL)

★ The world first ready-to-use prefilled syringe

Net Income Guidance Revised Due to Subsequent Event

(Billion yen)

	Previous FY14 Guidance	Modified FY14 Guidance	YoY	YoY%
Net Income	37.5	33.5	-4.0	-10.7%

Average exchange rate: US\$ = 100 yen, EUR = 140 yen

<Reason>

Extraordinary loss of 6.4 billion yen due to subsequent event “Terumo transforms product portfolio of Hospital and Laboratory Business in Europe”, announced in Oct 23, 2014, will be posted in 3Q of FY2014.

Reference

1H Net Sales and Growth by Region

(Billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac & Vascular	23.5 (-3%)	85.4 (6%)	31.7 (6%)	35.6 (8%)	8.3 (-9%)	10.0 (15%)	108.9 (4%)
Out of C&V Interventional Systems*	18.1 (-4%)	63.4 (7%)	25.0 (7%)	23.2 (11%)	7.7 (-10%)	7.6 (11%)	81.6 (4%)
General Hospital	59.9 (-4%)	18.5 (-4%)	6.0 (1%)	3.7 (-19%)	0.7 (19%)	8.0 (-1%)	78.4 (-4%)
Blood Management	6.0 (-4%)	40.0 (1%)	13.1 (2%)	18.7 (-1%)	1.7 (-8%)	6.5 (10%)	46.0 (1%)
G. Total	89.4 (-4%)	143.9 (3%)	50.7 (4%)	58.0 (3%)	10.7 (-8%)	24.5 (8%)	233.3 (0%)

*Including Neurovascular business

(YoY%): Excluding foreign exchange

SG&A Expenses

(Billion yen)

	1H FY2013	1H FY2014	YoY	YoY%
Salaries & Wages	31.3	33.9	+2.6	+8%
Sales Promotion	7.0	7.6	+0.6	+8%
Logistical Costs	5.4	5.3	-0.1	-2%
Depreciation & Amortization	10.9	11.9	+1.0	+8%
Others	16.8	17.6	+0.8	+6%
General Administrative Total	71.4 (31.5%)	76.3 (32.8%)	+4.9	+7%
R&D Expenses	15.3 (6.8%)	13.6 (5.8%)	-1.7	-11%
SG&A Expenses Total	86.7 (38.3%)	89.9 (38.6%)	+3.2	+4%

(%) Against net sales

SG&A Expenses

(Billion yen)

	1H FY2013*	1H FY2014	YoY	YoY%
General Administrative Total	73.7	76.3	+2.6	+4%
R&D Expenses	15.6	13.6	-2.0	-13%
SG&A Expenses Total	89.3	89.9	+0.6	+1%

* Value adjusted by excluding FX impact

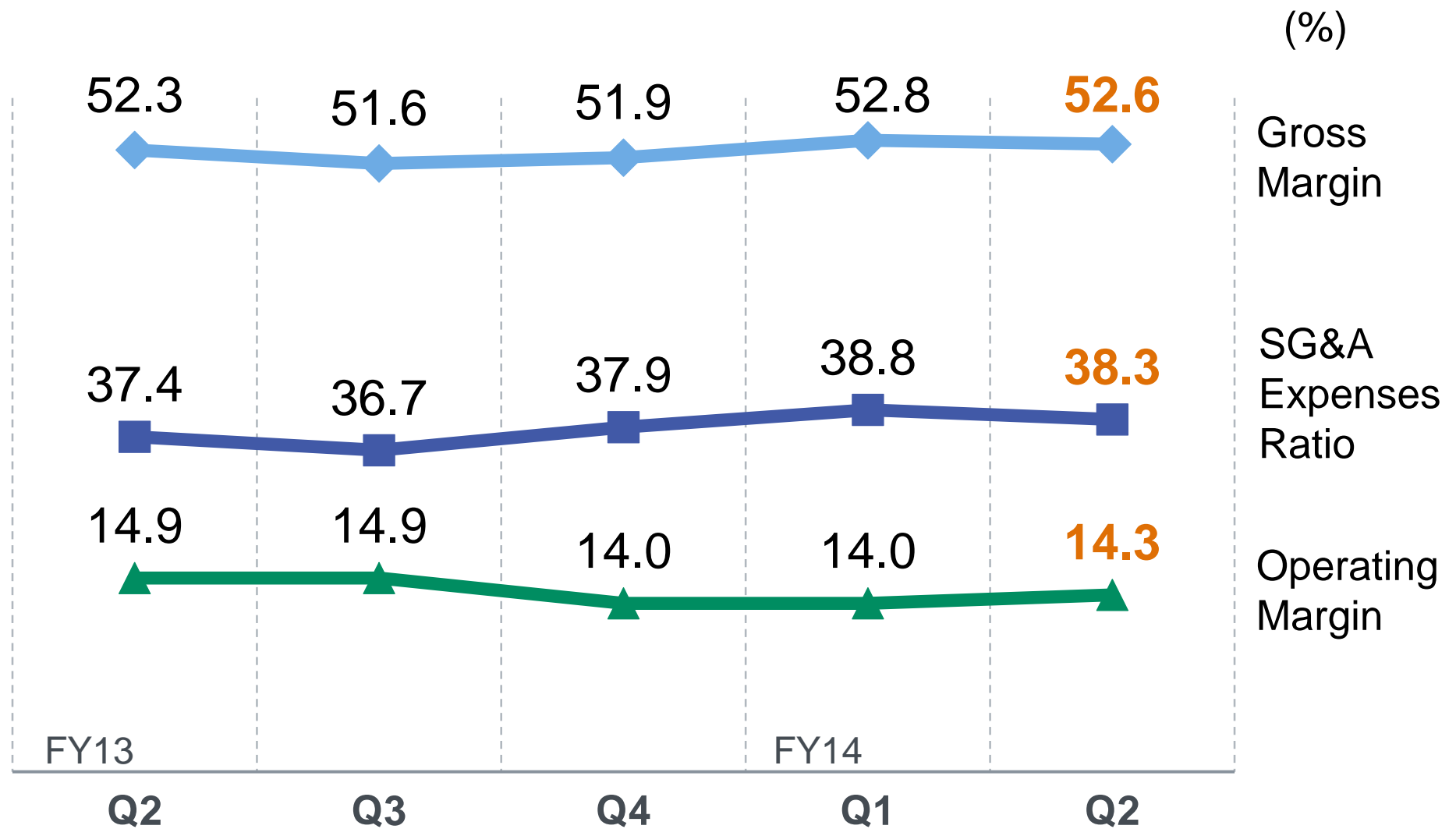
Quarterly Results

(Billion yen)

	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	Q1 FY14 (Apr-Jun)	Q2 (Jul-Sep)
Net Sales	114.9	119.2	122.1	114.9	118.4
Gross Profit	60.1 (52.3%)	61.5 (51.6%)	63.3 (51.9%)	60.7 (52.8%)	62.3 (52.6%)
SG&A Expenses	43.0 (37.4%)	43.7 (36.7%)	46.3 (37.9%)	44.6 (38.8%)	45.4 (38.3%)
Operating Income	17.1 (14.9%)	17.8 (14.9%)	17.0 (14.0%)	16.1 (14.0%)	16.9 (14.3%)

Average Exchange Rate	US\$	99 yen	100 yen	103 yen	102 yen	104 yen
	EUR	131 yen	137 yen	141 yen	140 yen	138 yen

Profit Ratio, SG&A Expenses Ratio



CAPEX, R&D Expenses

(Billion yen)

	FY2014 Guidance	1H Results	Progress to guidance
CAPEX	42.0	21.2	50%
Depreciation & Amortization	41.0	19.6	48%
R&D Expenses	31.0	13.6	44%

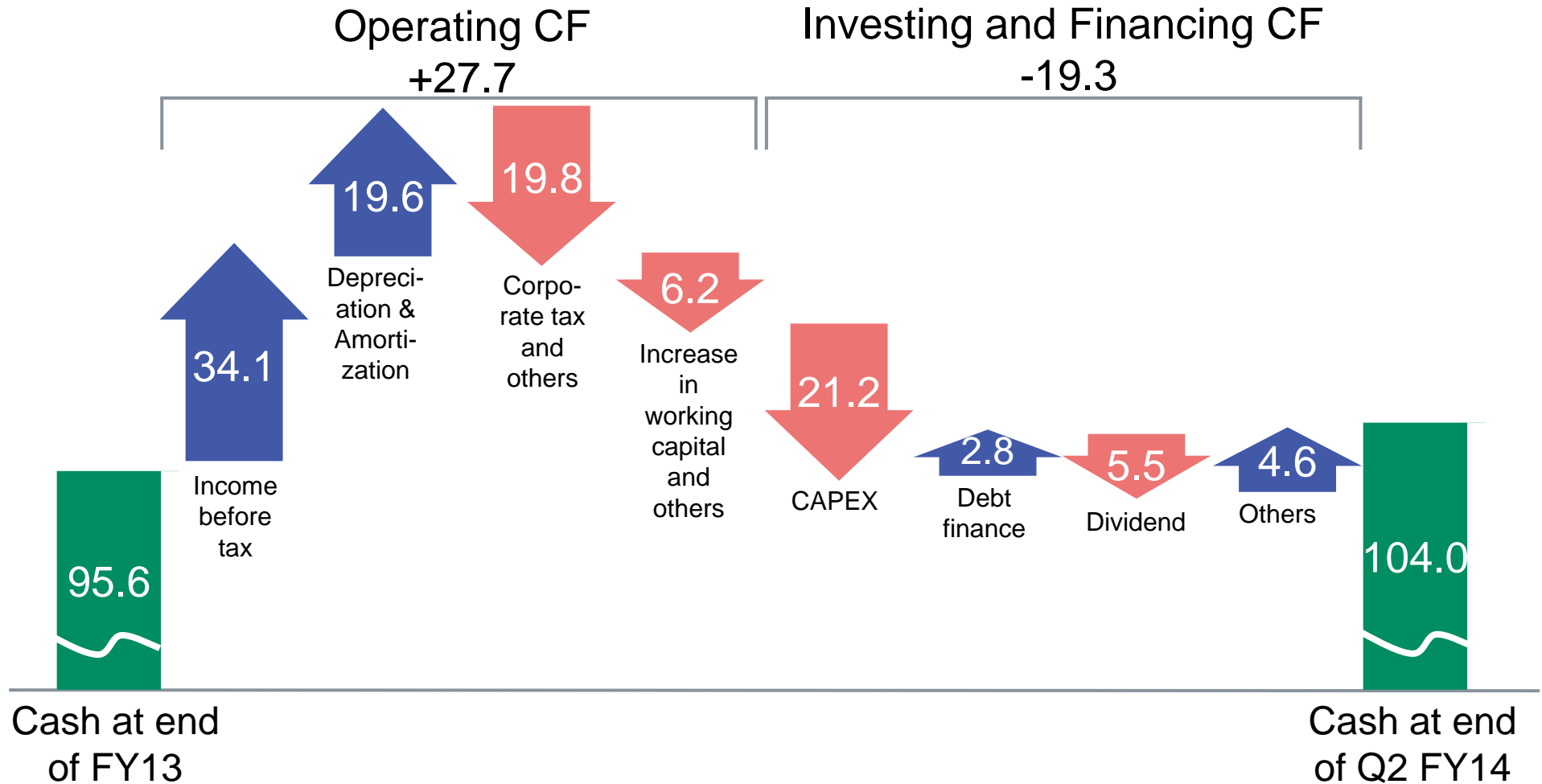
Depreciation & Amortization: Including intangibles

CAPEX: Acquisition basis

Cash Flow

- Despite corporate tax burden in Q1, operating CF at end 1H recovered well.
- CAPEX has progressed as planned.
- SB of 40 BJPY will be redeemed in March, 2015.

(Billion yen)

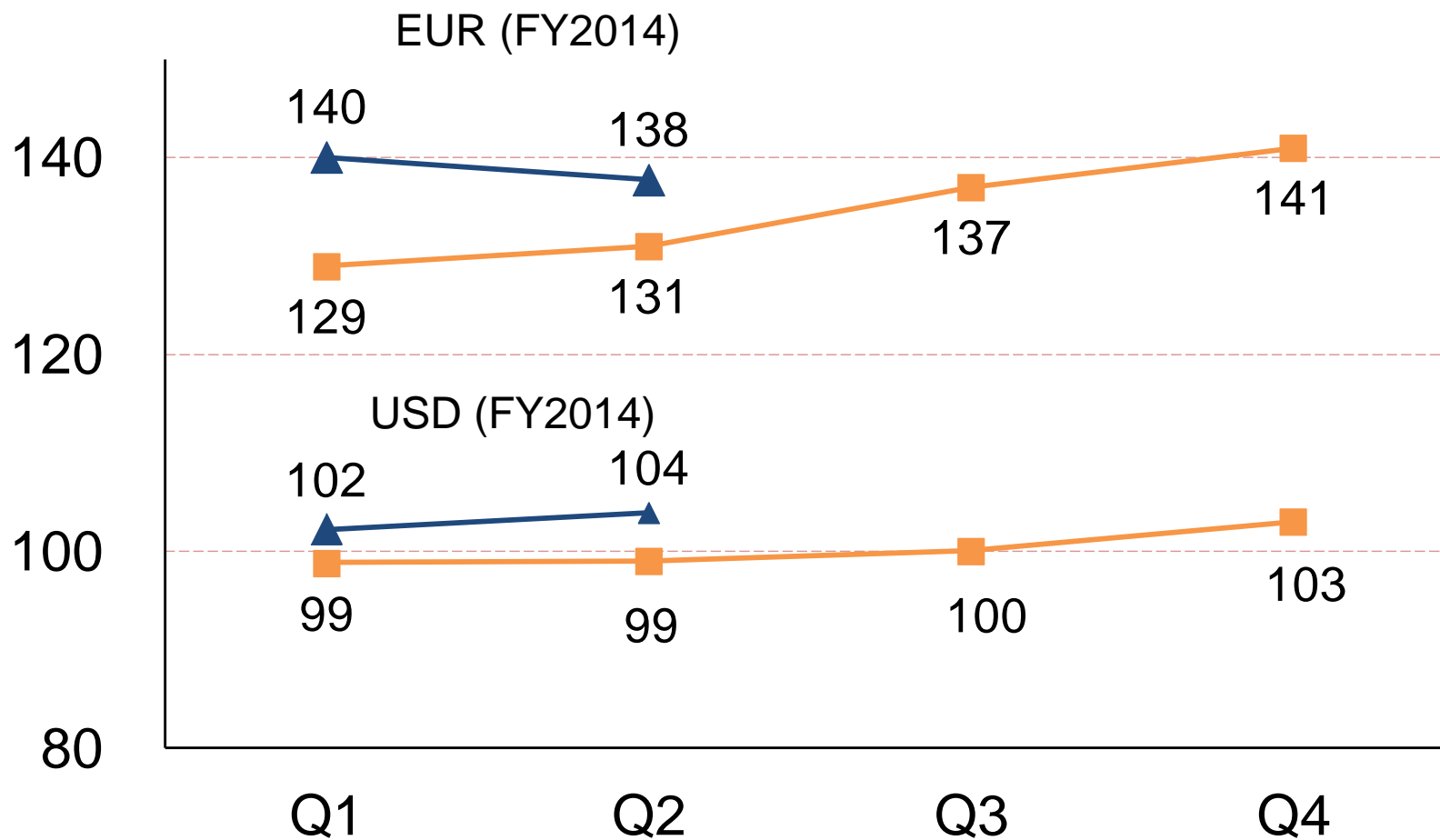


Foreign Exchange Sensitivity

(Billion yen/year)

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

Quarterly Average Exchange Rates Trend



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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.