

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

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Highlights

Corporate

- Hit a record high in operating income while absorbing reimbursement price cut in Japan
- Major contributing factors are 1. sales growth in Cardiac & Vascular, 2. Yen depreciation, and 3. thorough SG&A control under a new business-let management

Cardiac & Vascular

- Achieved continuous double-digit sales growth in overseas IS and Neurovascular businesses
- Expanded sales of Ultimaster (new DES) steadily
- Received notification that TCVS's quality system is in compliance with FDA regulations, and all restrictions are lifted for its intraoperative monitoring system

General Hospital

- Retain profitability by improving portfolio mix and downsizing low margin business accounts

Blood Management

- Strengthened cost control, foreseeing challenges in market environment
- For products, therapeutic apheresis and cell expansion, and for region, Latin America and Asian countries achieved continuous sales growth

Hit a Record High in Operating and Ordinary Income

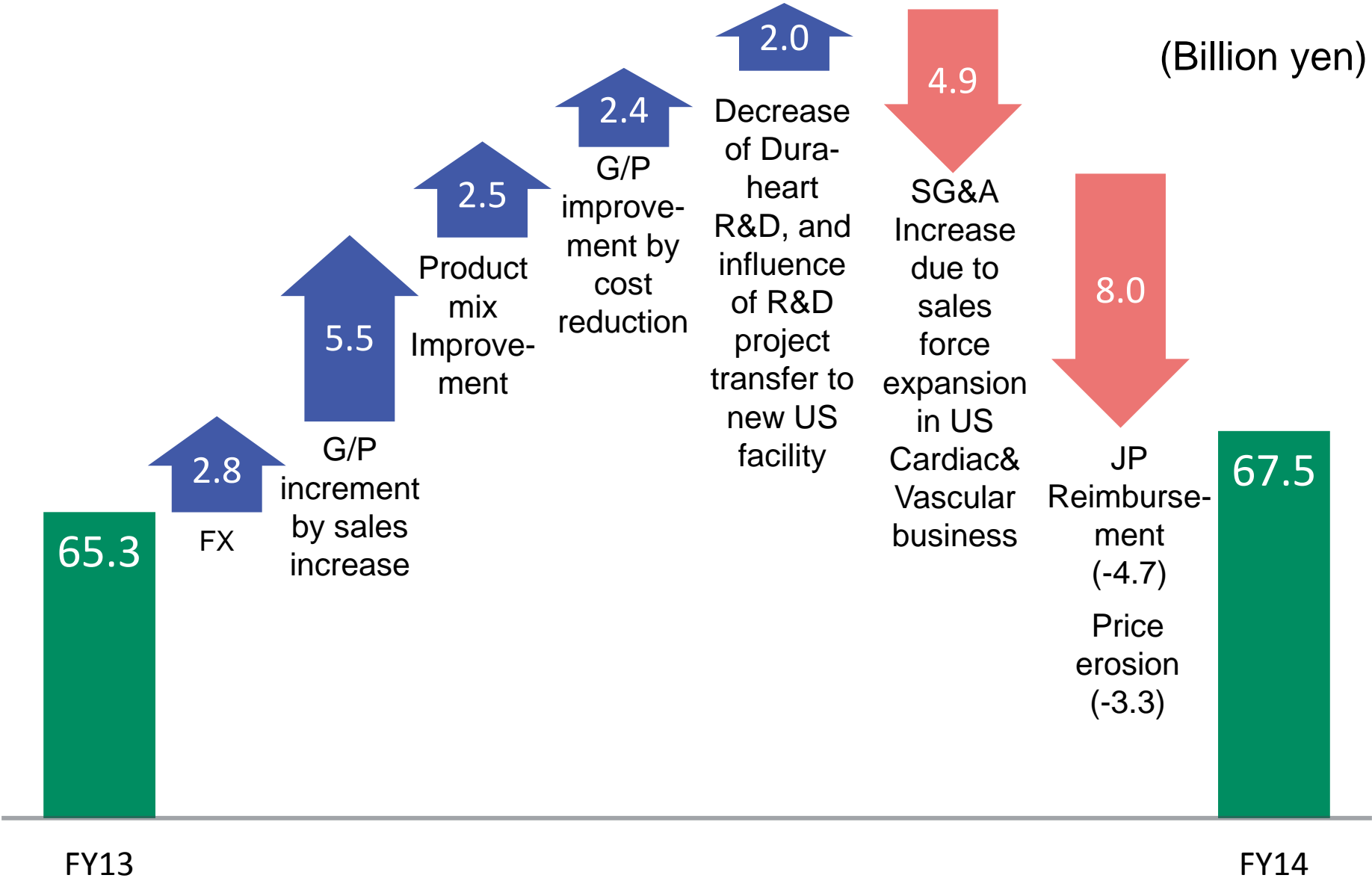
(billion yen)

	FY2013	FY2014	YoY%	YoY% (Excl. FX)
Net Sales	467.4	489.5	+5%	+1%
Gross Profit	242.0 (51.8%)	256.1 (52.3%)	+6%	+1%
SG&A Expenses	146.6 (31.4%)	159.2 (32.5%)	+9%	
R&D Expenses	30.1 (6.4%)	29.4 (6.0%)	-3%	
Operating Income	65.3 (14.0%)	67.5 (13.8%)	+3%	-1%
(Excl. Amortization)	81.6 (17.5%)	85.1 (17.4%)	+4%	-1%
Ordinary Income	63.8 (13.7%)	70.7 (14.4%)	+11%	
Net Income	34.1 (7.3%)	38.5 (7.9%)	+13%	

Average exchange rates	US\$	100 yen	110 yen
	EUR	134 yen	139 yen

Operating Income Variance Analysis

(Billion yen)



Background of Decrease in R&D Expenses

(Billion yen)

	FY13 Result	FY14 Result	FY15 Guidance
R&D Expenses	30.1	29.4	35.0
% against sales	6.4%	6.0%	6.7%

- FY2014: decrease in R&D expenses for DuraHeart due to the sales of its assets
 - FY13: 0.9 BJPY → FY14: 0 BJPY
- FY2015 and beyond: further accelerate new product development centering around interventional systems and neurovascular business, by initiatives including full-scale operation at the newly established R&D center in west coast, US

Net Sales by Region

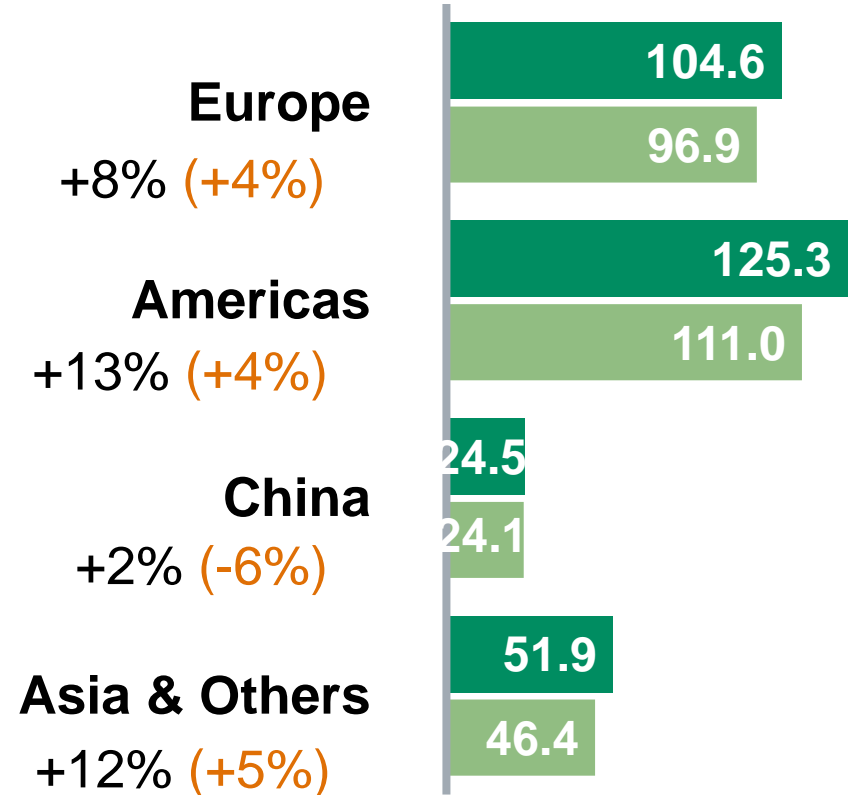
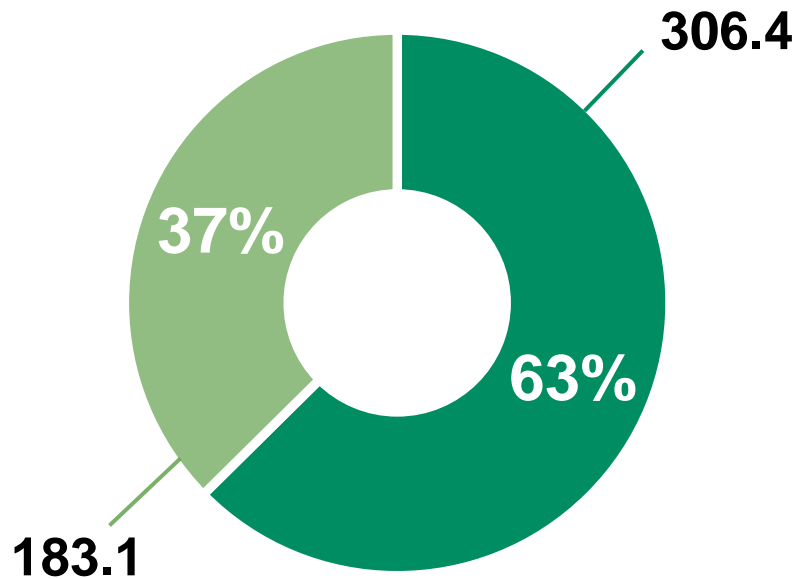
(Billion yen)

FY2013 FY2014

() Excluding Foreign Exchange

Consolidated: +5% (+1%)

Japan -3%
Outside of Japan +10% (+3%)

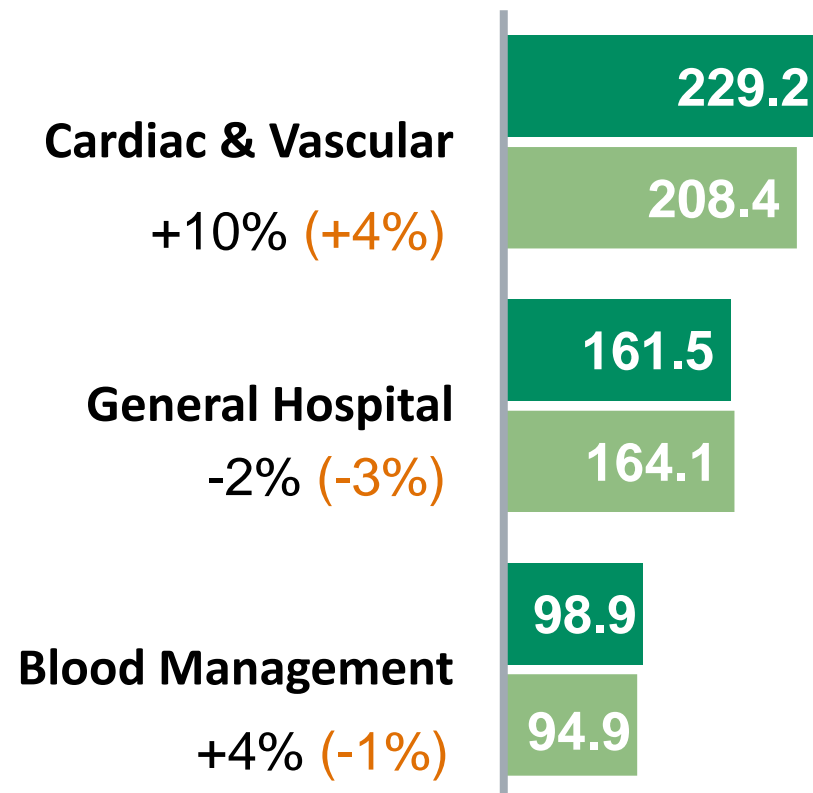
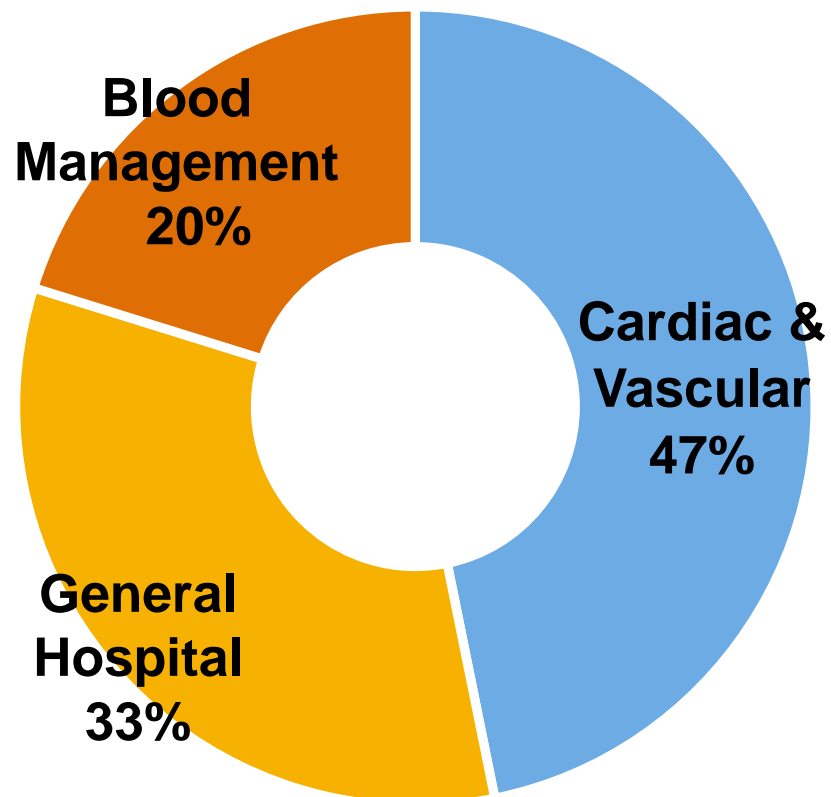


Net Sales by Business Segment

(Billion yen)

FY2013 FY2014

() Excluding Foreign Exchange



Profit by Business Segment

(Billion yen)

		FY2013	FY2014	YoY%	YoY% (Excl. FX)
Business Profit	Cardiac & Vascular	44.0 (21%)	47.5 (21%)	+8%	-1%
	General Hospital	20.8 (13%)	20.8 (13%)	+0%	-1%
	Blood Management	18.6 (20%)	18.5 (19%)	-0%	-3%
Others*		-1.7	-1.7	-	-
Operating Income (Excl. amortization)		81.6 (17%)	85.1 (17%)	+4%	-1%

•Others: profit unrelated to any business segments

FY2013 figures was reclassified for equal comparison with FY2014 figures.

Cardiac & Vascular: Increase in Sales and Profit

(Billion yen)

	FY2013	FY2014	YoY%	YoY% (Excl. FX)
Sales	208.4	229.2	+10%	+4%
Business Profit (%)	44.0 (21%)	47.5 (21%)	+ 8%	-1%

<Sales>

- Increase in overseas IS business and neurovascular intervention products (stent, etc.) + 17.5 BJPY
- Sales of CV products steadily grew + 3.0 BJPY
- Reimbursement price cut in Japan - 3.7 BJPY
- Sales of Ultimaster (new DES) continued to expand strongly

<Business Profit>

- Reduced manufacturing cost mainly in IS business + 1.3 BJPY
- FDA notified TCVS's quality system is in compliance with the regulations,
and that all injunctive restrictions are lifted for its intraoperative monitoring system

General Hospital: Retained Profitability in Challenging Environment

(Billion yen)

	FY2013	FY2014	YoY%	YoY% (Excl. FX)
Sales	164.1	161.5	-2%	-3%
Business Profit (%)	20.8 (13%)	20.8 (13%)	+0%	-1%

<Sales>

- Japan: effects of changes in the healthcare market environment - 1.6 BJPY
- Reimbursement price cut in Japan - 1.0 BJPY
- Downsize low margin business accounts in EU and Americas - 0.8 BJPY
- Overseas B2B business for pharmaceutical companies strongly grew +1.0 BJPY

<Business Profit>

- Retain profitability by improving portfolio mix and downsizing low margin business accounts

Blood Management: Businesses in Emerging Countries and Therapeutic Apheresis Drove the Sales Growth

(Billion yen)

	FY2013	FY2014	YoY%	YoY% (Excl. FX)
Sales	94.9	98.9	+4%	-1%
Business Profit (%)	18.6 (20%)	18.5 (19%)	-0%	-3%

<Sales>

- Increased sales both in whole blood collection and blood component collection in Latin America and Asia + 2.4 BJPY
- Continued growth in overseas therapeutic apheresis and cell expansion systems + 2.5 BJPY
- Japan: decrease in sales for blood center - 1.2 BJPY

<Business Profit>

- Controlled SG&A within the range of sales growth

New Products Launched in FY2014

Business	Product	Region
Coronary	New DES (Ultimaster) ◎◎★	EU, Latin A, Asia
	New PTCA balloon ◎	EU, Latin A, Asia
Peripheral	Central implantable venous access system	JP
	Occlusion microballoon for B-TACE ★	JP
	PTA balloon (below the knee)	EU
Neuro	Carotid stent ★	EU
	Coil assist stent ◎	US
	Stroke device (clot retriever) ◎★	EU

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

Business	Product	Region
Ablation	Renal sympathetic denervation system (RSD)	Asia & Latin A
	RSD for TRI technique	Asia & Latin A
Infusion System	Needleless system ◎	JP
DM	Blood glucose meter ◎	JP
Nutrition	Liquid formula (anti-reflux) ★	JP



New DES (Ultimaster)



Stroke device (ERIC)



Blood glucose meter (MEDISAFE Fit Smile)

Achieved FY14 Guidance: Record-high Operating and Ordinary Income

(Billion yen)

	FY2014 Guidance	FY2014 Result
Net Sales	488.0	489.5
Operating Income	64.0	67.5
Ordinary Income	62.0	70.7
Net Income	33.5	38.5
Average Exchange Rate	US\$ 100 yen EUR 140 yen	110 yen 139 yen

Contributing factors to increase in net income

- Increase in operating income by sales growth and controlled SG&A
- Exchange gain by depreciation of yen

FY2015 Guidance

Assumed average exchange rate US\$ = 120 yen
 EUR = 130 yen (billion yen)

	FY2015 Guidance	YoY %
Net Sales	520.0	+6%
Operating Income	70.0	+4%
Ordinary Income	67.0	-5%
Net Income	39.5	+3%

Operating income: the impact of price erosion in Blood Management business is minimized by recovery measures (- 2.7 BJPY)

Ordinary income: exchange gain of 6.6 BJPY posted in FY2014

New Product Pipeline in FY2015

Business	Product	Region
Coronary	New DES (Ultimaster) ◎◎★	JP
	New aspiration catheter	EU, Latin A, Asia
Peripheral	Stent (above the knee) ★	US
	Stent for small vessel (Misago)	EU
	PTA balloon (above the knee)	EU, US
	PTA balloon (below the knee)	JP
	Embolic particles (beads) ★	EU
Neuro	Coil assist stent ◎	JP
	Liquid embolic glue ★	EU
	Distal protection device ★	EU

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

Business	Product	Region
CV	Disposable centrifugal pump (for PCPS)	JP
DM	Downsized blood glucose meter	JP
Blood Management	Automated blood component processing system ★	JP



New DES(Ultimaster)
To be launched in JP



Liquid embolic glue (PHIL)
Ready-to-use prefilled syringe type



Distal protection device

Expect synergy with carotid stent



Automated blood component processing system (TACSI)

Improve preparations quality and process efficiency

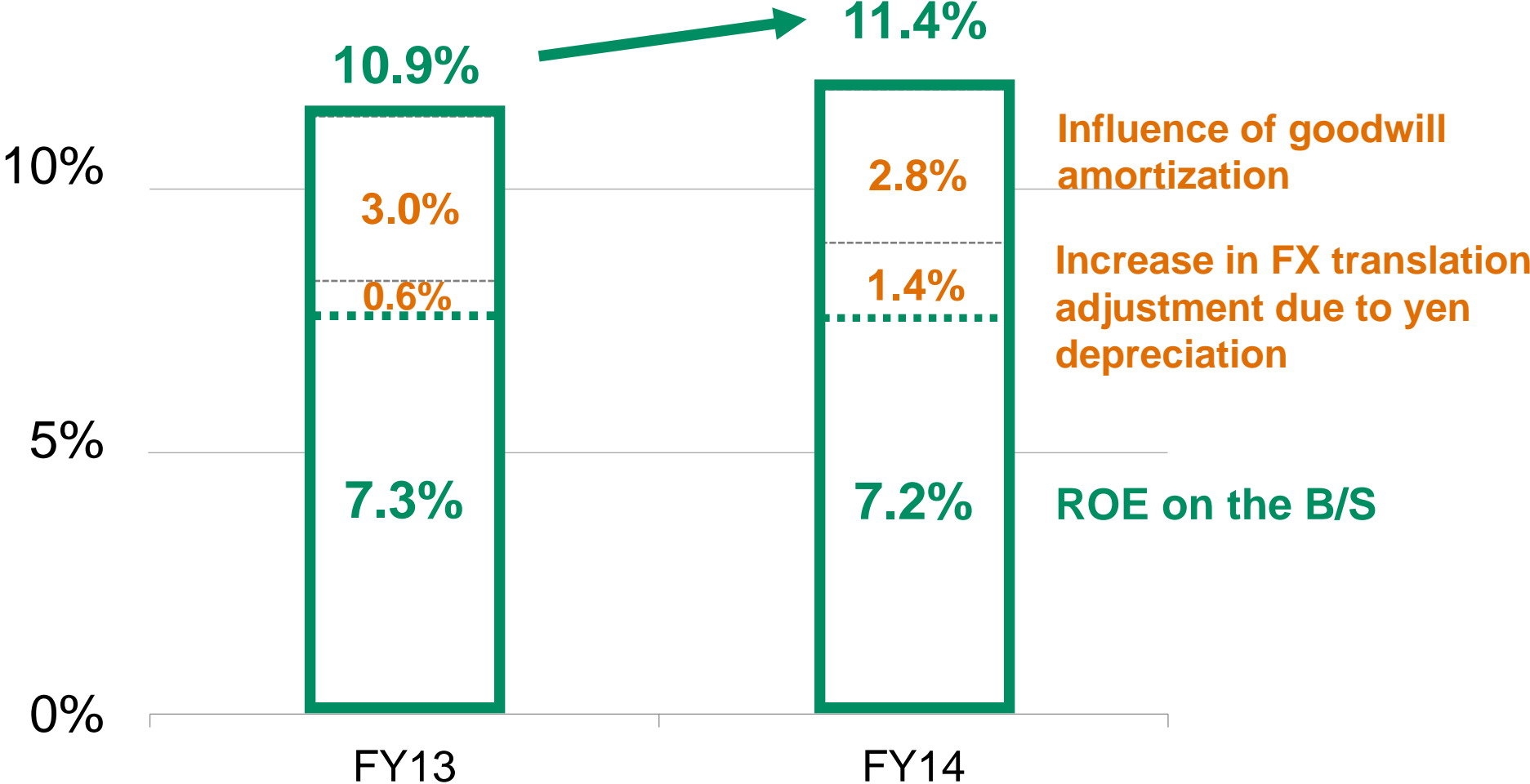
FY2015 Guidance: Impact of Currency Other than US\$ and EUR

FY2014			FY2015	
Average exchange rate			Assumed average exchange rate	
US\$	= 110 yen	→	120 yen (+ 10 yen)	9% depreciation
EUR	= 139 yen	→	130 yen (- 9 yen)	6% appreciation

(billion yen)

	Net Sales	Operating Income
US\$	+16.8	+2.0 (including goodwill amortization: -1.5)
EUR	- 5.9	-2.1
Other Currency	+ 1.2	-1.3 (appreciation of local currency in Asian production countries: -2.0)
Total	+12.1	-1.4

Retain over 10% ROE, Excluding Amortization and FX Adjustment



Reference

FY2014 Net Sales and Growth by Region

(Billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac & Vascular	48.3 (-2%)	180.9 (6%)	65.6 (6%)	75.2 (8%)	18.9 (-8%)	21.2 (11%)	229.2 (4%)
Out of C&V Interventional Systems*	36.9 (-3%)	137.6 (7%)	51.8 (7%)	51.6 (11%)	17.9 (-9%)	16.3 (11%)	174.4 (4%)
General Hospital	122.3 (-3%)	39.2 (-4%)	12.7 (-0%)	8.6 (-11%)	1.6 (12%)	16.3 (-4%)	161.5 (-3%)
Blood Management	12.6 (-9%)	86.3 (0%)	26.3 (-1%)	41.5 (-1%)	4.0 (-0%)	14.4 (8%)	98.9 (-1%)
G. Total	183.1 (-3%)	306.4 (3%)	104.6 (4%)	125.3 (4%)	24.5 (-6%)	51.9 (5%)	489.5 (1%)

*Including Neurovascular business

(YoY%): Excluding foreign exchange

SG&A Expenses

(Billion yen)

	FY2013	FY2014	YoY	YoY%
Salaries & Wages	63.8	70.5	+6.7	+10%
Sales Promotion	14.2	16.0	+1.8	+12%
Logistical Costs	10.5	11.0	+0.5	+5%
Depreciation & Amortization	22.7	25.1	+2.4	+10%
Others	35.4	36.6	+1.2	+4%
General Administrative Total	146.6 (31.4%)	159.2 (32.5%)	+12.6	+9%
R&D Expenses	30.1 (6.4%)	29.4 (6.0%)	-0.7	-3%
SG&A Expenses Total	176.7 (37.8%)	188.6 (38.5%)	+11.9	+7%

(%) Against net sales

SG&A Expenses

(Billion yen)

	FY2013*	FY2014	YoY	YoY%
General Administrative Total	154.3	159.2	+4.9	+3%
R&D Expenses	31.3	29.4	-2.0	-6%
SG&A Expenses Total	185.6	188.6	+3.0	+2%

* Value adjusted by excluding FX impact

Quarterly Results

(Billion yen)

	Q4 (Jan-Mar)	Q1 FY14 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Net Sales	122.1	114.9	118.4	129.9	126.3
Gross Profit	63.3(51.9%)	60.7 (52.8%)	62.3(52.6%)	67.8(52.2%)	65.4(51.7%)
SG&A Expenses	38.6(31.6%)	37.9 (33.0%)	38.5(32.5%)	40.5(31.2%)	42.4(33.5%)
R&D Expenses	7.7(6.3%)	6.7 (5.8%)	6.9(5.8%)	7.4(5.7%)	8.4(6.7%)
Operating Income	17.0(14.0%)	16.1 (14.0%)	16.9(14.3%)	19.9(15.3%)	14.6(11.5%)

Average Quarterly Exchange Rate	US\$	103 yen	102 yen	104 yen	115 yen	119 yen
	EUR	141 yen	140 yen	138 yen	143 yen	134 yen

Non-operating Income & Expenses, Extraordinary Gains & Losses, Income Taxes

(Billion yen)

	FY2013	FY2014	
Operating Income	65.3	67.5	
Non-operating Income & Expenses	-1.5	+3.2	FX gain in FY2014 +6.6
Exchange rates	End of Mar. 2014	End of Mar. 2015	Difference
US\$	102.9	120.2	(+17.3)
EUR	141.7	130.3	(-11.4)
Extraordinary Gains & Losses	-10.9	-6.7	Transformation of product portfolio in EU - 5.6 Impairment loss FY2013 -15.0 FY2014 - 1.6
Income Taxes Total	-18.8	-25.6	Influence of tax system revision
Tax Rate (%)	36%	40%	
Net Income	34.1	38.5	

CAPEX, R&D Expenses

(Billion yen)

	FY2014		FY2015 Guidance	YoY
	Guidance	Result		
CAPEX	42.0	41.4 (99%)	42.0	+0.6
Depreciation & Amortization *	41.0	40.7 (99%)	45.0	+4.3
R&D Expenses	31.0	29.4 (95%)	35.0	+5.6

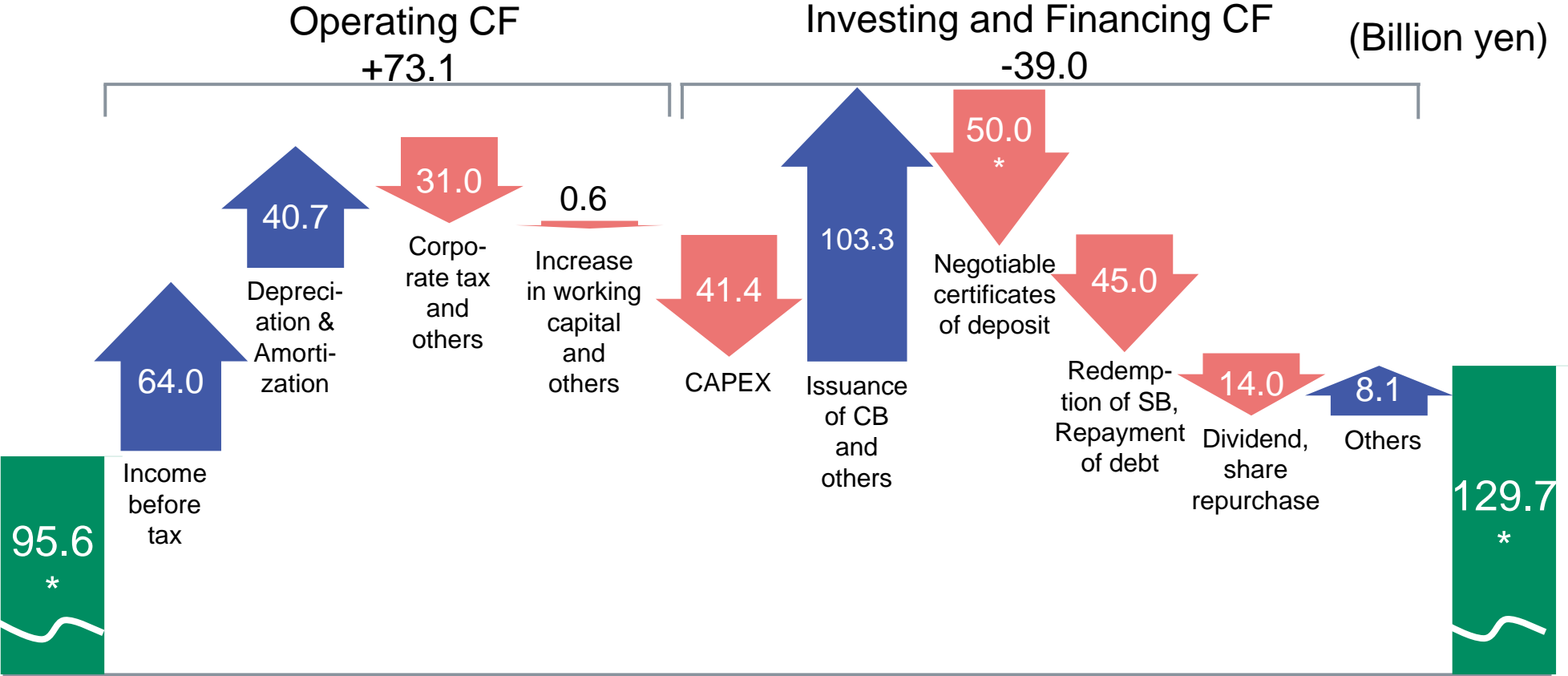
Depreciation & Amortization: Including intangibles

CAPEX: Acquisition basis

(%): against guidance

Cash Flow

- Financed 100 BJPY by CB, invested 50 BJPY in short-term financial asset
- Despite corporate tax burden, operating CF recovered well.
- SB of 40 BJPY was redeemed in March, 2015. The share repurchase of 3 BJPY was conducted.



*Cash at end of fiscal year is consistent with "Cash and deposits" on B/S.
 *Negotiable certificates of deposit is represented in "Securities" on B/S.

Foreign Exchange Sensitivity

FY2014

(Billion yen)

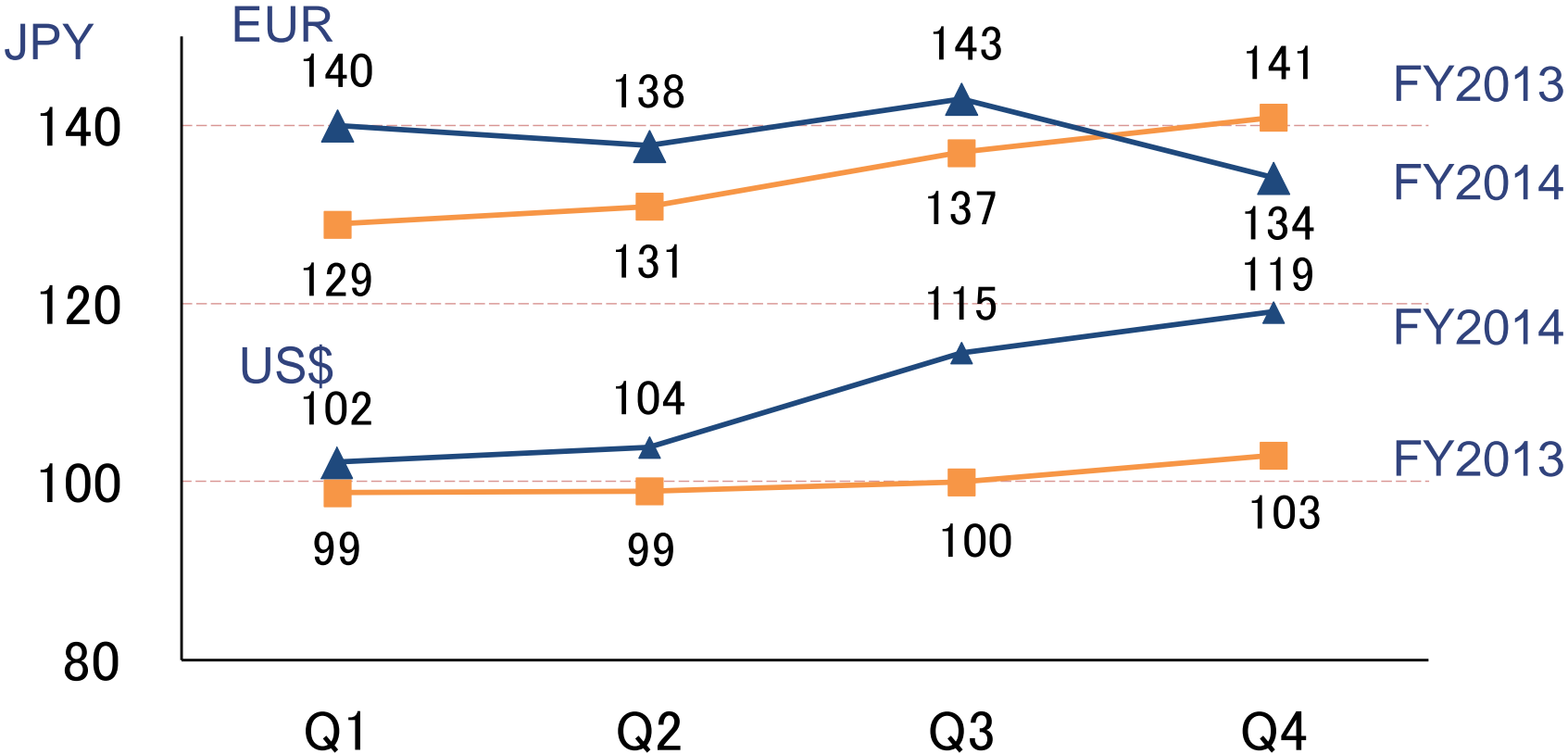
	US\$	EUR
Net Sales	1.8	0.8
Operating Income	0.3	0.4

FY2015

(Billion yen)

	US\$	EUR
Net Sales	1.8	0.7
Operating Income	0.1	0.2

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.