

Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2019 (FY2018)

Terumo Corporation

Managing Executive Officer

Kazuaki Kitabatake

February 7, 2019

On Course for Recovery with Normalized Shipment

(billion yen)

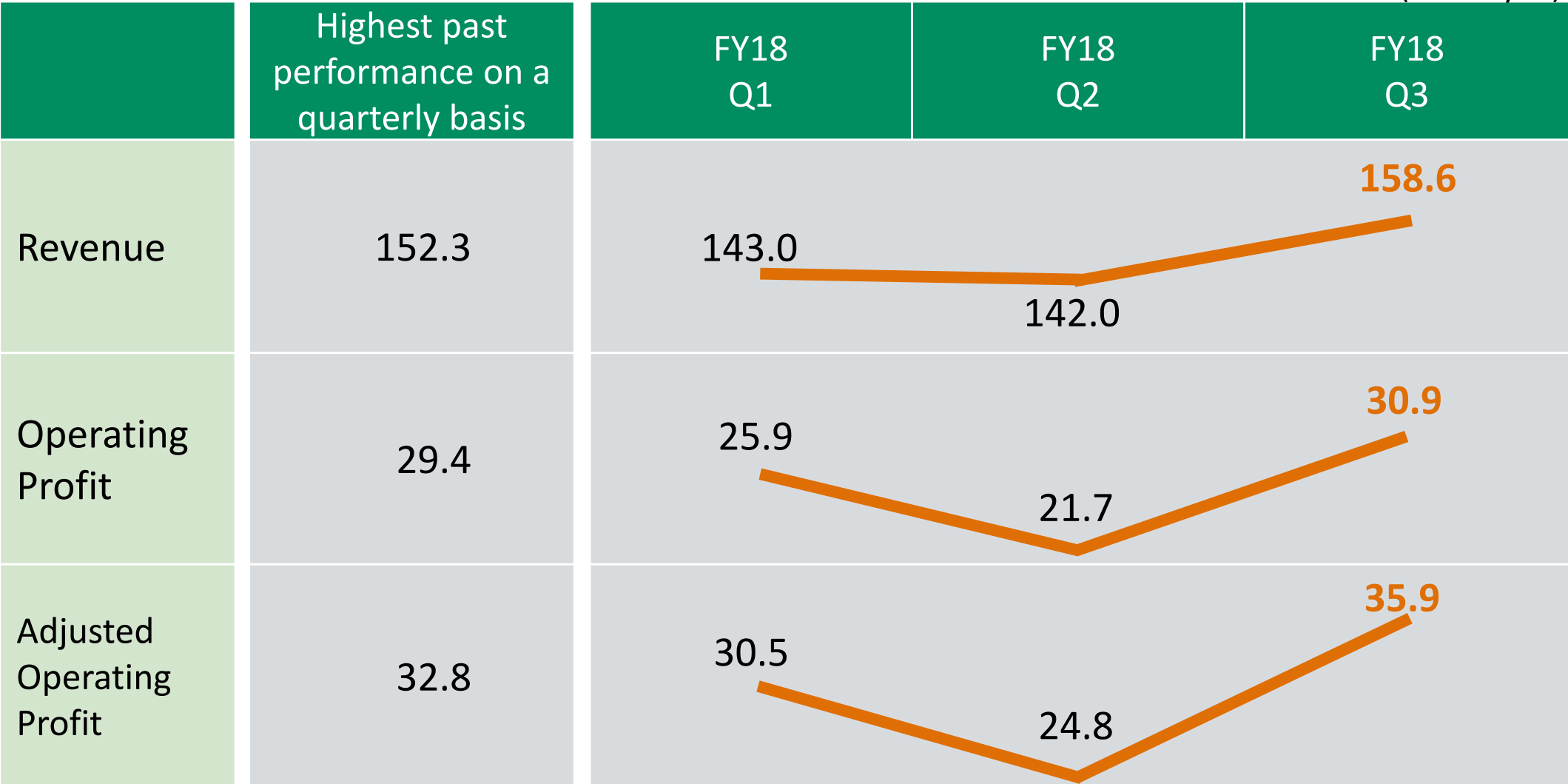
	FY17 Q3YTD	FY18 Q3YTD	YoY%	YoY% (FXN)
Revenue	437.0	443.6	+2%	+2%
Gross Profit	238.6 (54.6%)	242.2 (54.6%)	+1%	+2%
SG&A Expenses	125.2 (28.7%)	132.0 (29.8%)	+5%	+6%
R&D Expenses	28.9 (6.6%)	36.0 (8.1%)	+25%	+25%
Other Income and Expenses	2.0	4.4	-	-
Operating Profit	86.6 (19.8%)	78.5 (17.7%)	-9%	-8%
Adjusted Operating Profit	97.6 (22.3%)	91.2 (20.6%)	-7%	-6%
Profit before Tax	85.6 (19.6%)	75.0 (16.9%)	-12%	
Profit for the Year	77.0 (17.6%)	56.5 (12.7%)	-27%	

Average Exchange Rate	USD	112 yen	111 yen
	EUR	129 yen	129 yen

- Revenue: All companies achieved positive growth. General Hospital Company maintained a steady momentum. Cardiac and Vascular Company recovered from shipping delays
- Adjusted operating profit: A recovered momentum in revenue diminished a decrease in profit
- Profit before tax: Posted FX loss of 3.2 BJPY in FY18 Q3, while posted gain of 0.2 BJPY in FY17 Q3
- Profit for the year: US tax reform temporarily increased the profit in FY17 Q3YTD (15.1 BJPY)

Achieved Highest-ever Performance on a Quarterly Basis

(billion yen)



Average Exchange Rate	USD	109 yen	111 yen	113 yen
	EUR	130 yen	130 yen	129 yen



In Line with the 2H FY18 Guidance

(billion yen)

	2H FY18 Guidance	FY18 Q3 Results	Progress Rate
Revenue	315.0	158.6	50%
Operating Profit	60.0	30.9	51%
Adjusted Operating Profit	67.0	35.9	54%
Profit for the Year	44.0	22.0	50%

Average	USD	105 yen	113 yen
Exchange Rate	EUR	130 yen	129 yen

Adjusted Operating Profit: Adjustments

(billion yen)

	FY17 Q3YTD	FY18 Q3YTD
1. Amortization of acquired intangible assets	10.5	11.0
2. Temporary gain and loss*	0.5	1.7
Adjustment	11.0	12.7

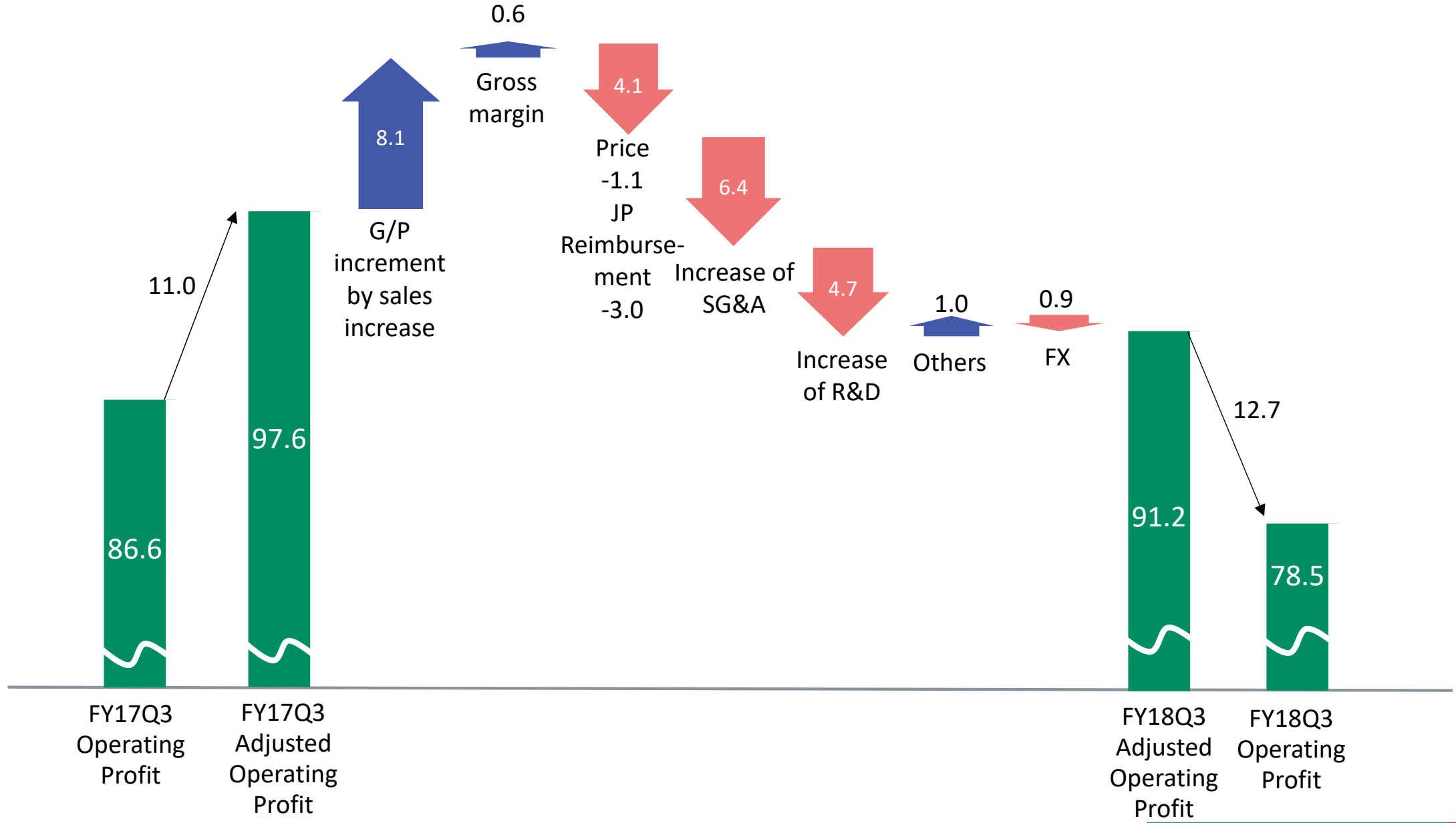
Adjusted item	Adjustment
Milestone payment for WEB in Neurovascular (-2.0)	+2.0
Settlement (+2.3)	-2.3
Insurance revenue for hurricane impact on factory in Puerto Rico (+1.1)	-1.1
Write-off of investment for venture R&Ds (-1.0)	+1.0
Loss on disposal of non-current assets (-0.6)	+0.6
M&A advisory fees (-0.4)	+0.4

*Adjusted items

- Acquisition related cost
- Lawsuit settlement
- Impairment loss
- Restructuring loss
- Nonlife insurance income
- Loss on disaster
- Other temporary gains and losses

Adjusted Operating Profit Variance Analysis (IFRS)

(billion yen)

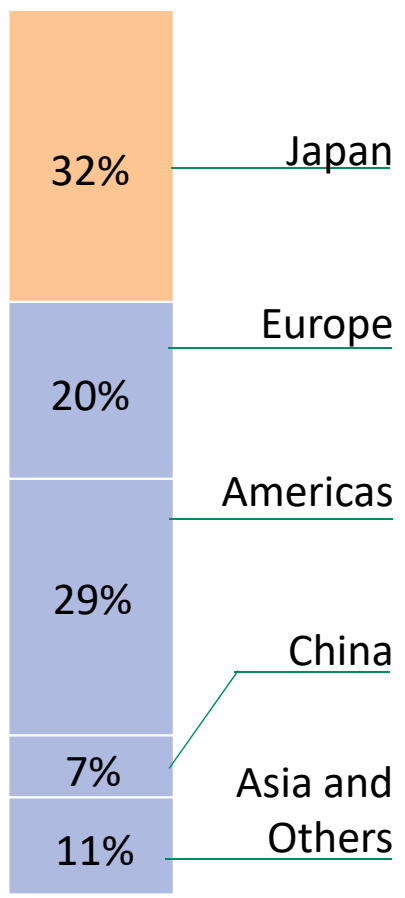


Revenue by Region

■ FY18 Q3YTD
■ FY17 Q3YTD

Revenue

100% = 443.6BJPY



Year-on-Year Revenue Comparison

billion yen	YoY%	Comments				
() FXN						
<table border="1"> <tr> <td>142.2</td> <td rowspan="2">-0%</td> <td rowspan="2">Cardiac and Vascular Company made a negative growth due to JP reimbursement price cut and shipping delays. Both General Hospital Company and Blood Management Company maintained a good momentum</td> </tr> <tr> <td>142.9</td> </tr> </table>	142.2	-0%	Cardiac and Vascular Company made a negative growth due to JP reimbursement price cut and shipping delays. Both General Hospital Company and Blood Management Company maintained a good momentum	142.9		
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Revenue by Business Segment

FY18 Q3YTD
FY17 Q3YTD

Revenue

100% = 443.6BJPY



Cardiac and Vascular

General Hospital

Blood Management

Year-on-Year Revenue Comparison

billion yen	YoY%	Comments
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() FXN

241.0
240.0

+0%
(+1%)

Returned to the positive growth by having overcome the impact of JP reimbursement price cut as well as shipping delays

125.9
120.2

+5%
(+5%)

Maintained good momentum in all business segments. Alliance business globally achieved over 30% growth

76.6
76.5

+0%
(+2%)

Blood center business showed steady performance

Cardiac and Vascular : Returned to a Positive Growth in Revenue

(billion yen)

	FY17 Q3YTD	FY18 Q3YTD	YoY%	Major Topics	Impact
Revenue	240.0	241.0	() FXN +0% (+1%)	<p>TIS: Afflicted by the impact of JP reimbursement price cut. Saw a shift towards recovery from shipping delays</p> <p>Neurovascular: Made continuous double digit growth</p> <p>CV: Fell behind on the replacement of blood parameter monitoring system with next generation ones</p> <p>Vascular graft: Under business transfer to direct sales in Japan</p>	-2.0 +3.2 -0.2 -0.1
Adjusted Operating Profit (%)	63.4 (26%)	58.0 (24%)	-8% (-8%)	<p>Controlled SG&A expenses while increased R&D expenses.</p> <p>A recovered momentum in revenue diminished a decrease in profit</p>	

General Hospital : Achieved an Increase in Revenue and Profit with Continuous Steady Growth

(billion yen)

	FY17 Q3YTD	FY18 Q3YTD	YoY%	Major Topics	Impact
Revenue	120.2	125.9	+5% (+5%)	General hospital product: Saw a steady growth in infusion lines as well as needlefree closed system transfer device in Japan	+0.9
				Pharmaceutical and nutrition: Made a double digit growth in I.V. solutions and pain management products	+1.0
				Sales expansion for adhesion barrier	+0.1
				DM Healthcare: DM business achieved a steady growth	+0.1
				Alliance: Made over 30% growth both in- and outside Japan	+3.8
Adjusted Operating Profit (%)	21.2 (18%)	22.3 (18%)	+5% (+5%)	Revenue growth of high value-added products contributed to an increase in overall profit in spite of a rise in R&D expenses	



Blood Management : Made Steady Growth in Line with the Guidance

(billion yen)

	FY17 Q3YTD	FY18 Q3YTD	YoY%	Major Topics	Impact
Revenue	76.5	76.6	+0% (+2%)	Blood center products: Automated Blood Processing System mainly drove overall growth in- and outside Japan Therapeutic apheresis: Made a negative growth due to the special demand seen in the last fiscal year	+1.3 -1.4
Adjusted Operating Profit (%)	12.2 (16%)	10.9 (14%)	-11% (-8%)	Decreased in profit due to an increase in SG&A and R&D expenses	

Major Topics in FY18Q3

Corporate

- Has received “GOOD DESIGN AWARD” for twenty three consecutive years with the award in FY2018 for five products (Oct)



Adhesion barrier gel
“AdSpray”



State-changeable nutrient formula
“Mermed One”



Insulin patch pump
“MEDISAFE WITH”



Blood Glucose
Monitoring System
“MEDISAFE FIT Pro II”



Endovascular intervention
system for radial access
“R2P”

Business

- Received GMP certificate from US-FDA for Premixed Intravenous solutions (Nov)
- Launched “Ryurei” PTCA balloon in Japan (Dec)
- The biosimilar pre-filled in “PLAJEX” prefillable syringe was introduced in EU (Dec)
- Gained an regulatory approval in Japan for aspiration catheter “SOFIAFLOW Plus” for ischemic stroke (Dec)
- Acquired an exclusive distribution right in Japan for stent retriever “Tron FX” for ischemic stroke (Dec)
- Gained an PMA approval in US for “WEB” Novel Intracascular Aneurysm Treatment Device (Dec)

New Products Pipeline in FY18

Category	Products	Region	Launch
Access	Closure device for distal radial approach	JP	FY19
Coronary	PTCA balloon	US	Launched
	PTCA balloon	JP	Launched
		EU, Asia	FY19 Q1
DES (Ultimaster Tansei)	EU, JP, Asia	Launched	
Peripheral	Stent (TRI)	JP, US	FY19
	PTA balloon (TRI)	JP, US	Launched
	PTA guiding sheath (TRI)	JP, US	Launched
	Drug coated balloon	EU	FY19
Neuro	Distal access catheter (Sofia EX)	EU, US	FY19 1H
	Mini balloon	EU, US	FY19 1H

Category	Products	Region	Launch
CV	Next generation of oxygenator	EU, US	Q4
		JP	FY19
	Next generation of blood parameter monitoring system	EU, US, Asia	Launched
Vascular graft	TAA stent graft (low profile)	EU	Launched
	AAA stent graft (Anaconda w/ smaller diameter)	EU	Launched
General hospital product	Portable vascular access imaging device	JP	Launched
DM	Insulin patch pump	JP	FY19 1H
Blood Management	New software for automated blood collection system	EU, US, Asia	Launched
		EU, US, Asia	Launched
	New disposable kits for automated blood component processing system	EU, US, Asia	Launched

Reference

Quarterly Results

(billion yen)

	FY17Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY18Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)
Revenue	152.3	150.8	143.0	142.0	158.6
Gross Profit	83.2 (54.6%)	80.7 (53.5%)	79.9 (55.8%)	74.7 (52.6%)	87.6 (55.2%)
SG&A Expenses	43.8 (28.7%)	45.9 (30.4%)	43.5 (30.4%)	43.5 (30.5%)	45.0 (28.4%)
R&D Expenses	10.7 (7.0%)	12.4 (8.2%)	11.3 (7.9%)	12.4 (8.8%)	12.3 (7.7%)
Other income and Expenses	0.6	- 0.4	0.8	2.9	0.6
Operating Profit	29.4 (19.3%)	22.0 (14.6%)	25.9 (18.1%)	21.7 (15.3%)	30.9 (19.5%)
Adjusted Operating Profit	32.7 (21.5%)	27.4 (18.1%)	30.5 (21.4%)	24.8 (17.4%)	35.9 (22.6%)

Average Exchange Rate	USD	113 yen	108 yen	109 yen	111 yen	113 yen
	EUR	133 yen	133 yen	130 yen	130 yen	129 yen

FY18 Q3 Revenue and Growth by Region

(billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	35.4 (-13%)	205.6 (+4%)	62.3 (+2%)	91.9 (+5%)	26.7 (+5%)	24.7 (+3%)	241.0 (+1%)
Out of C&V Interventional Systems*	26.6 (-14%)	166.6 (+4%)	50.1 (+2%)	71.1 (+6%)	24.9 (+5%)	20.6 (+3%)	193.2 (+1%)
General Hospital	97.8 (+4%)	28.1 (+8%)	7.0 (+13%)	6.2 (+10%)	1.9 (+15%)	13.1 (+3%)	125.9 (+5%)
Blood Management	9.0 (+7%)	67.6 (+1%)	18.9 (+3%)	31.6 (-0%)	4.2 (+2%)	12.9 (+4%)	76.6 (+2%)
G. Total	142.2 (-0%)	301.4 (+4%)	88.2 (+3%)	129.7 (+4%)	32.8 (+5%)	50.8 (+3%)	443.6 (+2%)

*Including Neurovascular business

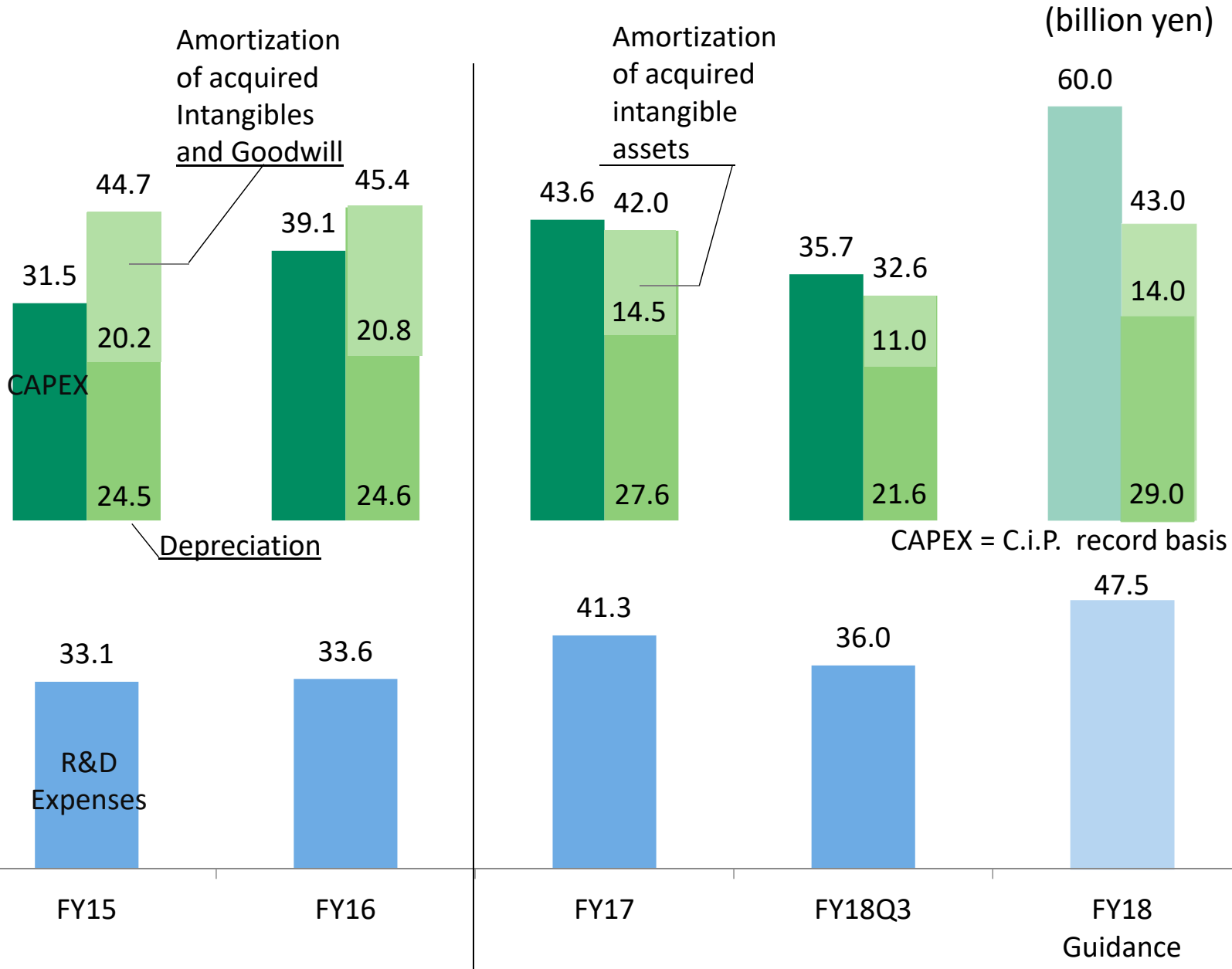
(YoY%): FXN

Operating Expenses

(billion yen)

	FY17 Q3YTD	FY18 Q3YTD	YoY	YoY%	YoY% (FXN)
Salaries & Wages	62.6	65.5	+2.9	+5%	+5%
Sales Promotion	12.6	13.3	+0.7	+6%	+6%
Logistical Costs	9.4	10.1	+0.7	+7%	+8%
Depreciation & Amortization	10.6	10.4	-0.2	-1%	-1%
Others	30.0	32.7	+2.7	+9%	+9%
SG&A Expenses Total	125.2 (28.7%)	132.0 (29.8%)	+6.8	+5%	+6%
R&D Expenses	28.9 (6.6%)	36.0 (8.1%)	+7.1	+25%	+25%
Operating Expenses Total	154.1 (35.3%)	168.0 (37.9%)	+13.9	+9%	+10%

CAPEX and R&D Expenses



- Expand investment in production capacity and space as well as IT infrastructure in FY18
- Depreciation Includes amortization of capitalized development expenses

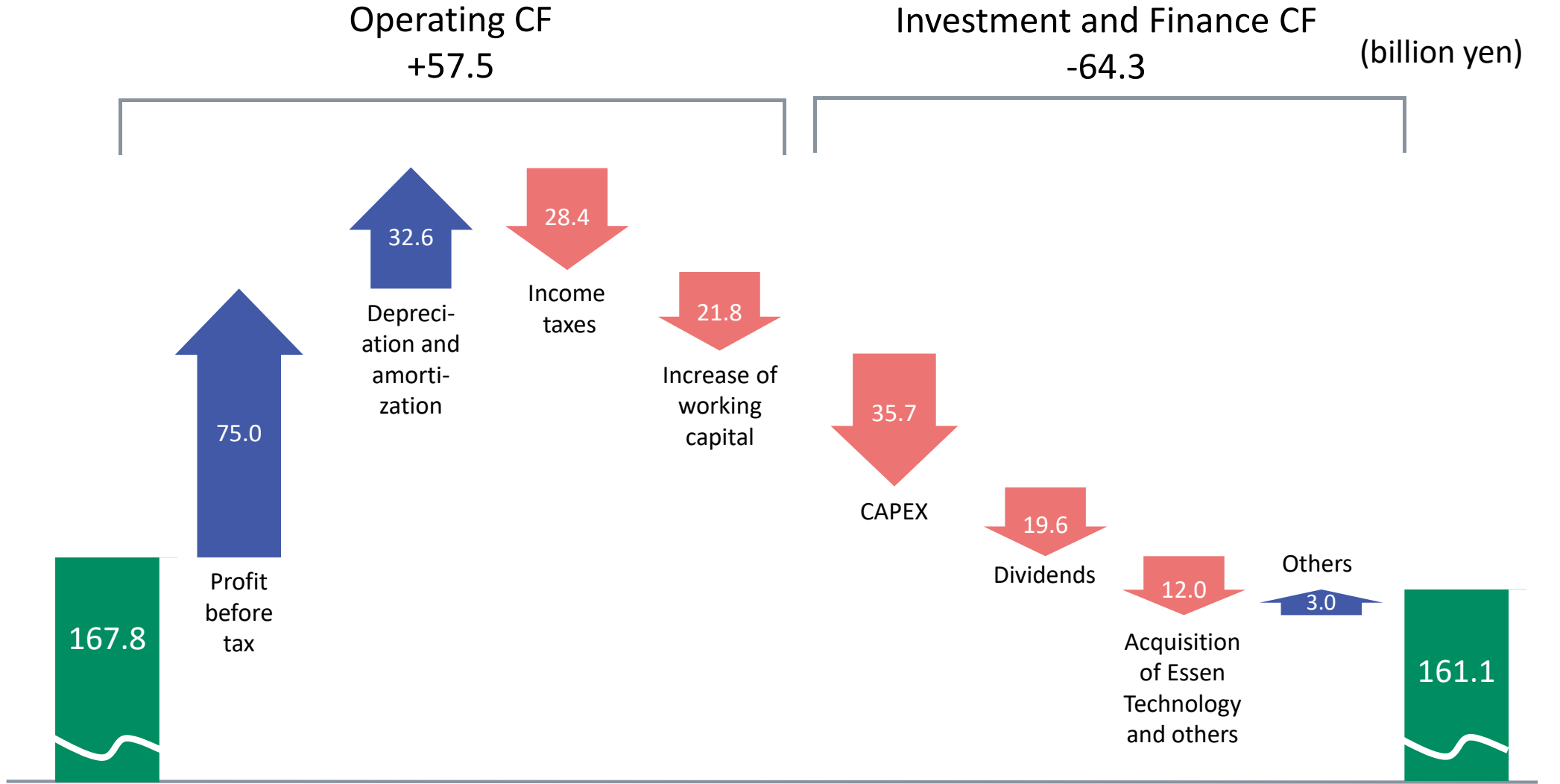
- Further promote R&D activities mainly for TIS, neurovascular and Blood Management Company
- Capitalized development expenses are included in CAPEX

FY17 :0.8 BJPY
 FY18Q3 :1.5 BJPY
 FY18 guidance :2.1 BJPY

JGAAP <- -> IFRS



Cash Flow



CAPEX = C.i.P. record basis
 Cash at end of each fiscal year is consistent with "cash and cash equivalents" on BS

Foreign Exchange Sensitivity

Annual impact of one-yen depreciation

(billion yen)

	USD	EUR	CNY
Revenue	1.6	0.8	2.0
Adjusted Operating Profit	0.0	0.5	1.0

<Reference> Impact when yen is depreciated by 10%

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-0.1	0.9	6.0	1.3	1.7	3.3

The Status of Convertible Bonds

■ Detail of the bonds (Issued in Dec, 2014)

Maturity	Aggregate principal amount (billion yen)	Coupon	Conversion price (yen)	Contingent conversion trigger price (yen)	Number of shares required to be issued for conversion
Dec, 2019	50.0	0.0%	3,853	5,009	13.0M shares
Dec, 2021	50.0	0.0%	3,853	5,009	13.0M shares
Total	100.0				25.9M shares

■ Status of conversion (as of Jan 31, 2019)

Bonds	Amount of shares issued for conversion (% against the total amount of bond)	Number of shares issued for conversion (% against total number of issued shares)
Convertible Bonds due Dec, 2019	48.94 BJPY (97.88%)	12.7M shares (3.34%)
Convertible Bonds due Dec, 2021	23.62 BJPY (47.24%)	6.1M shares (1.61%)
Total	72.56 BJPY (72.56%)	18.8M shares (4.96%)

➤ Allocated treasury shares to the shares issued for conversion

- Status of treasury shares: 8.9M shares
(as of the end of Jan. 2019, treasury stock cost per share: 3,897 JPY, % against total number of issued shares: 2.3%)

IR Contact

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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.