

COVID-19 Response and Mid- to Long-term Indications

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Basic Policy for COVID-19 Response

1. Secure associates health and safety

2. Stable supply to sustain healthcare

3. Proactive contribution to infection prevention and treatment

Current Circumstance and Operating State

Demand

- Postponement of elective procedures related to Cardiac and Vascular
- Limited decrease in demand for General Hospital and Blood and Cell Technologies

Customer Access

- Access to hospitals restricted for manufacturers

Production/ Logistics

- Impact on local operation due to lockdown in some emerging countries
- Operations of the group as a whole largely uninterrupted

R&D

- Slowdown in some clinical trials

Finance

- Maintaining healthy profitability and liquidity

Risk Management

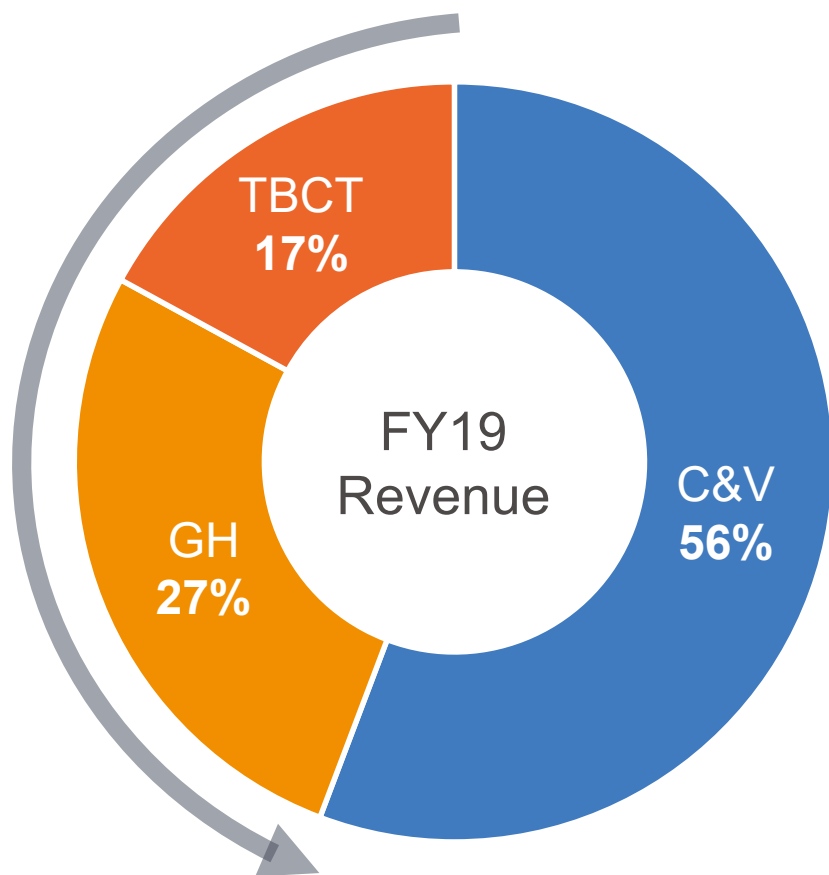
- Careful management to prepare for two recovery scenarios
 - Base scenario: Recovery in the 2nd half of FY20
 - Later recovery scenario: Recovery in the 1st half of FY21
- Keep in mind the possibility of additional downward swings: Demand stagnation, price erosion, supply chain interruption, etc.



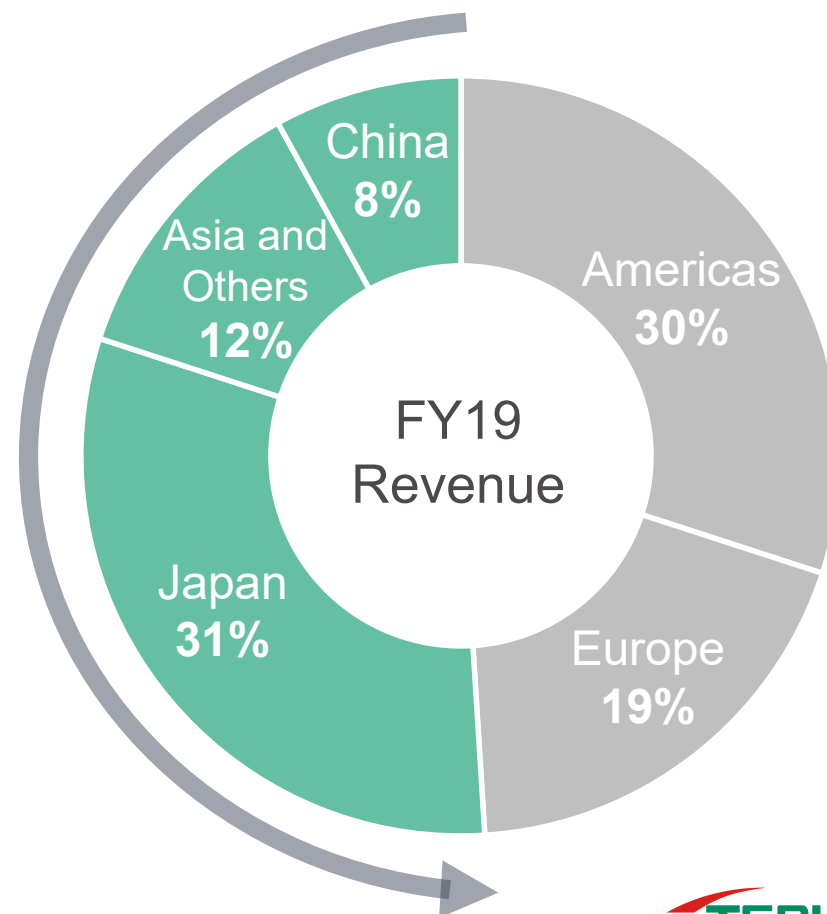
- In a group-wide Crisis Mode since April 1, 2020
 1. Have secured financial health (liquidity)
 2. Assessing performance and forecasts in a faster cycle, detailed expenditure management and discipline
 3. Maintaining flexible operations in preparation for contingencies
- Measures in place for the contingency of “Later recovery scenario”; ready to take action as necessary

Strong Portfolio against COVID-19 Impact

- General Hospital and Blood and Cell Technologies are less impacted, and half our business

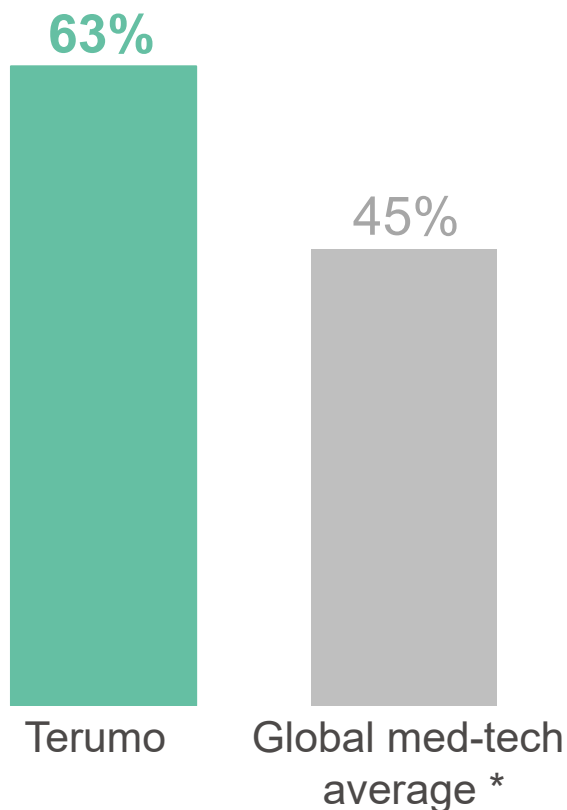


- Ratio of revenue from less-impacted Japan, Asia, China is higher than global competitors average, approx. 30%

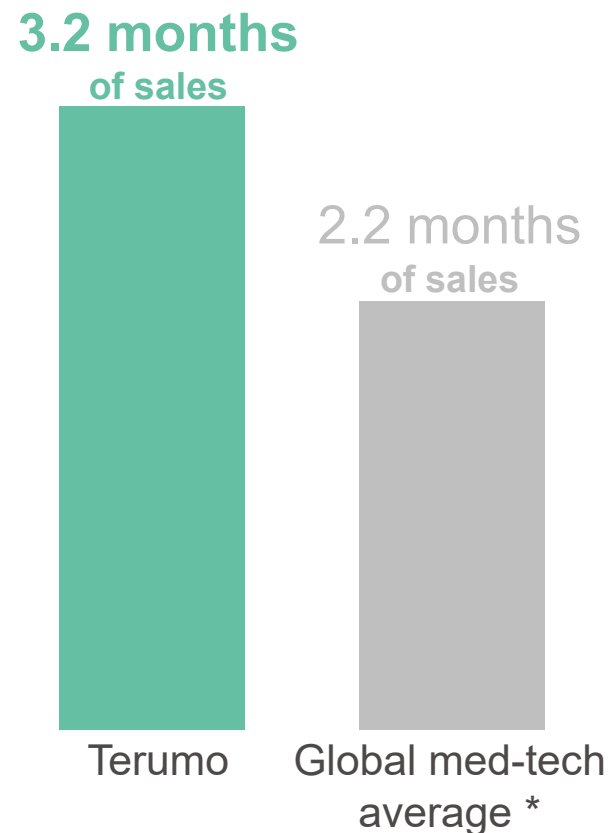


Maintained Financial Solidity for Sustainable Growth

Equity ratio



Cash on hand



Also having secured necessary credit availability while maintaining “AA-” rating

* Source: Terumo analysis based on the financials of major med-tech companies

Our Progress to Strengthen Operations

- Based on our experience of Great East Japan Earthquake, Hurricane Maria, and Shipping delays at Ashitaka factory

Actions taken amid the COVID-19 crisis

Global optimization

- Easing of overconcentration
- Capacity expansion, efficiency improvement

Maximum effort for stable supply of essential products via global collaboration

BCP enhancement

- Secure appropriate inventory
- Inter-factory capacity utilization

Temporary preemptive factory shutdowns to prevent infection

Organizational enhancement

- CMO leadership to coordinate all 31 factories

Quick covering for factories in locked-down locations via prompt coordination with other factories

Mid- to Long-term Thought-provoking on COVID-19

- Quicker and simpler procedures
- Shortened hospital stays

Cardiac and Vascular

- ▮ Acceleration of less-invasive therapy
- ▮ Increase of outpatient procedure

General Hospital

- Infection prevention measures
- Precise, remote vital sign mgmt.

- ▮ Strict hospital infection prevention
- ▮ Advanced transfusion, monitoring

Blood and Cell Technologies

- Convalescent plasma therapy, cytokine reduction
- Coronavirus reduction in blood product

- ▮ Expansion of blood therapies
- ▮ Improvement of blood transfusion safety

Terumo Group

- Maintain supply, financial mgmt.
- Remote customer support, product introduction

- ▮ Stability and flexibility as competitive advantages
- ▮ Work style reform, diversification of customer approach

- **Confident in current Mid- to Long-term Strategy**
- **Further enhance in next Mid- to Long-term Period**

Transformation Toward a New Normal

- **The awareness of customers and patients will fundamentally change. Society itself will change**

Paradigm shift acceleration

Healthcare expenditure control,
digitalization, remote care,
simplification, others



Business model innovation in addition
to traditional product innovation
Promote implementation of digital
transformation and robotics technology

Safety, peace of mind

Enhancement of healthcare
infrastructure
Reordering of priorities



Start of “Infection prevention initiative”
Provide solutions including assessment,
consulting, workshops, and training in addition
to diverse product lineups

The Terumo Purpose Is Even Clearer

- In the COVID-19 crisis, society is questioning the “purpose” of companies.
- The Terumo purpose is clear. Terumo has always been faithful to its group mission of “Contributing to Society through Healthcare.” Inheriting the DNA of Dr. Kitasato, the group has a long history of fulfilling important needs: Building public health, infection prevention in medical settings, patient-friendly healthcare, and many others.
- Contributing to support medical professionals in the fight against COVID-19 fulfills our original role exactly.
- By constantly revitalizing the organization and transforming itself, Terumo will continue to be a company truly needed by medicine, in the post-COVID world as well. This will maximize its long-term enterprise value.



資料提供：学校法人北里研究所

Courtesy of the Kitasato Institute archives

Achievements of Dr. Shibasaburo Kitasato, one of the founding members of Terumo:

- Discovered the immune antibody and developed serum therapy for the tetanus disease
- Discovered the plague bacteria, worked tirelessly to prevent its spread

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The market share information in this presentation is partly derived from our own independent research.