

Financial Results for the Fiscal Year Ended March 31, 2019 (FY2018)

Terumo Corporation
Managing Executive Officer
Kazuaki Kitabatake

May 9, 2019

Both Revenue and Profit in Line w/ the Revised Guidance

(billion yen)

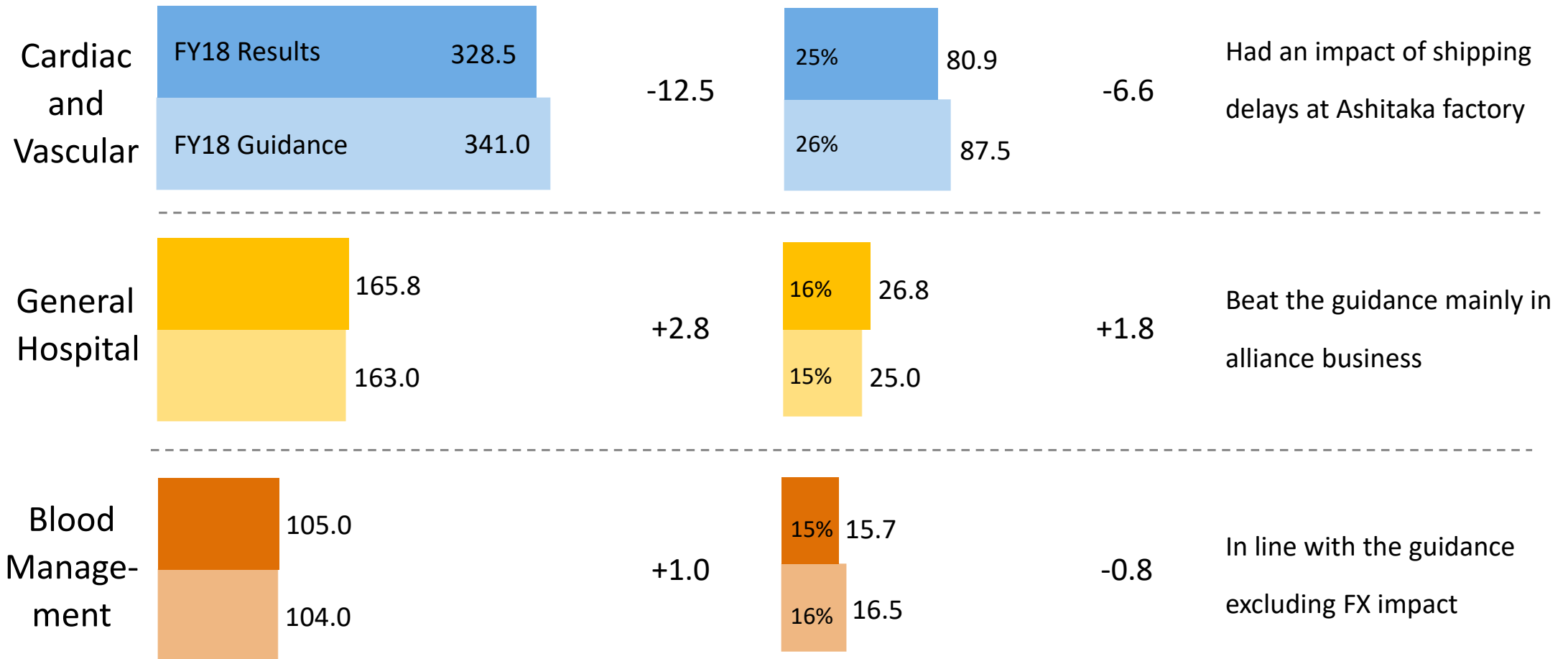
	FY17	FY18	YoY%	YoY% (FXN)
Revenue	587.8	599.5	+2%	+3%
Gross Profit	319.3 (54.3%)	326.5 (54.5%)	+2%	+4%
SG&A Expenses	171.0 (29.1%)	178.7 (29.8%)	+4%	+5%
R&D Expenses	41.3 (7.0%)	47.7 (8.0%)	+15%	+15%
Other Income and Expenses	1.6	6.5	-	-
Operating Profit	108.6 (18.5%)	106.6 (17.8%)	-2%	+2%
Adjusted Operating Profit	124.9 (21.3%)	122.1 (20.4%)	-2%	+1%
Profit before Tax	106.6 (18.1%)	102.7 (17.1%)	-4%	
Profit for the Year	91.3 (15.5%)	79.5 (13.3%)	-13%	

Average Exchange Rate	USD	111yen	111yen
	EUR	130yen	128yen

- Revenue: Fully recovered from shipping delays at Ashitaka factory, and all companies made positive growth
- Adjusted operating profit: Sales recovery in Cardiac and Vascular Company largely diminished YoY negative growth from Q3 to Q4
- Profit before tax: Increased FX loss up to 3.8 BJPY in FY18, while posted FX loss of 0.5 BJPY in FY17
- Profit for the year: US tax reform temporarily increased the profit in FY17 (15.3 BJPY)

FY18 Results in Comparison to the Original Guidance

Revenue		Adjusted Operating Profit		Comments
billion yen	Variance	billion yen	Variance	



Adjusted Operating Profit: Adjustments

(billion yen)

	FY17	FY18
Operating profit	108.6	106.6
Adjustment 1. Amortization of acquired intangible assets	+14.5	+14.6
Adjustment 2. Temporary gain and loss	+1.9	(*) +0.9
Adjusted operating profit	124.9	122.1

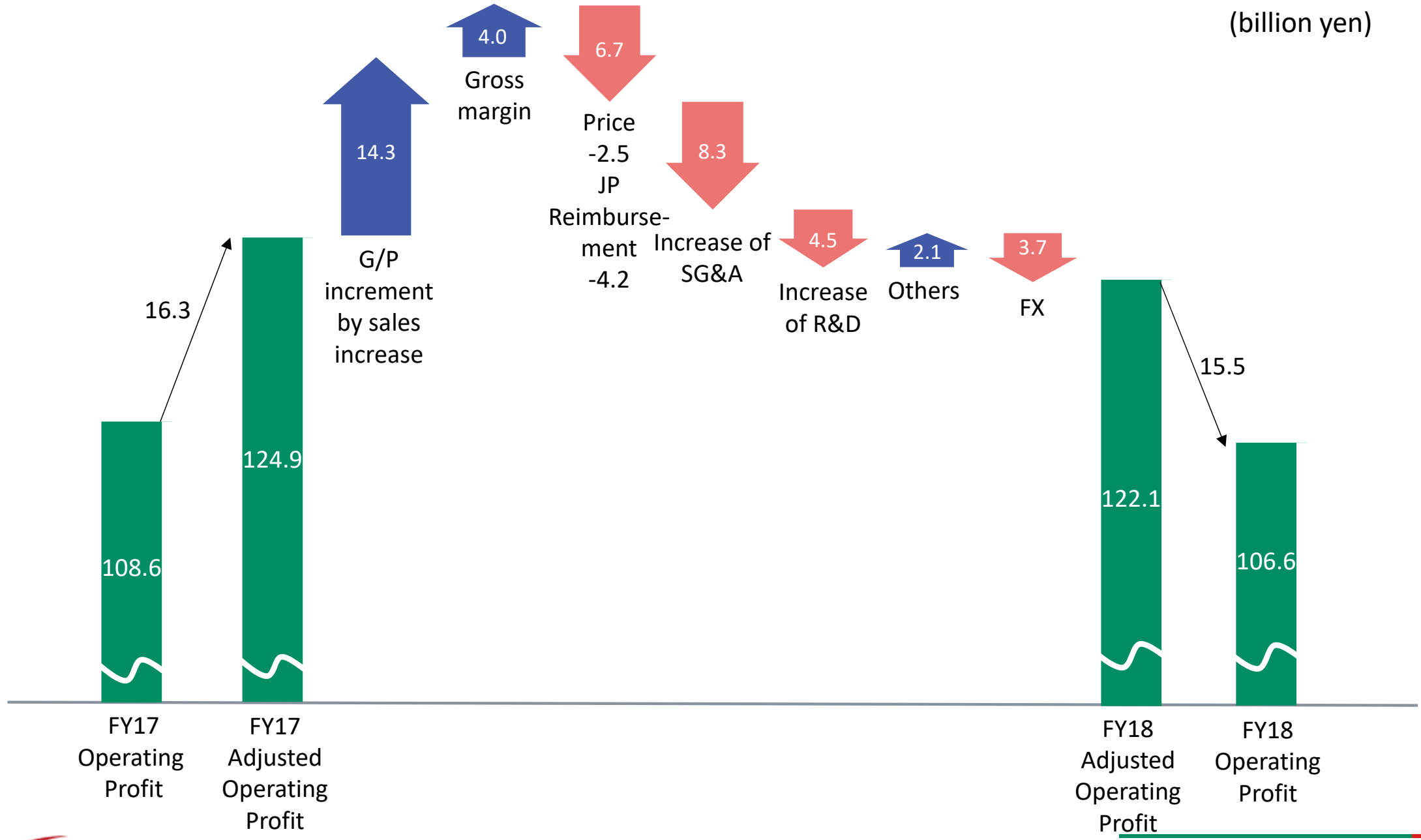
<Adjustment items>

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

(*) FY18 main items of Adjustment 2. Temporary gain and loss	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 (+1.6)	-1.6
Write-off of investment for venture R&Ds (-1.0)	+1.0
Loss on disposal of non-current assets (-1.1)	+1.1
M&A advisory fees (-0.7)	+0.7

Adjusted Operating Profit Variance Analysis

(billion yen)



Revenue by Region

FY18
FY17

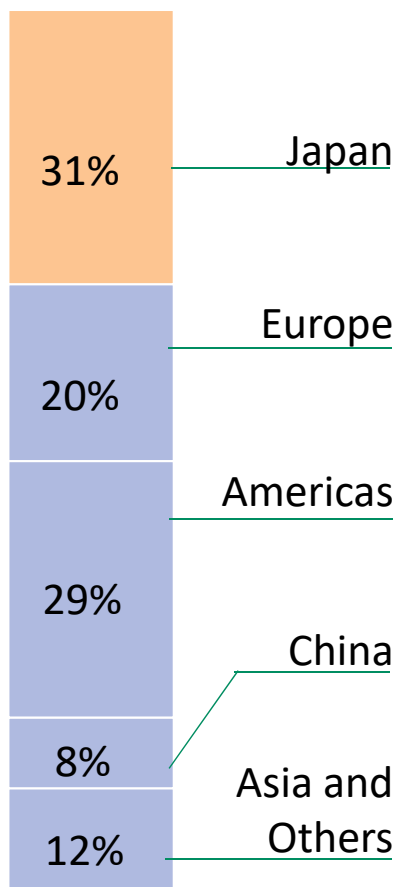
Revenue

100% = 599.5BJPY

Year-on-Year Revenue Comparison

Region	billion yen	YoY%	Comments
Japan	188.5 188.9	-0%	Negative impact of reimbursement price cut and shipping delays in Cardiac and Vascular Company. Good momentum throughout FY18 in General Hospital and Blood Management Companies
Europe	120.4 118.2	+2% (+4%)	Positive growth throughout the fiscal year in Cardiac and Vascular company. Continuous double digit growth in General Hospital Company. Steady growth in Blood Management Company
Americas	175.6 171.6	+2% (+3%)	Cardiac and Vascular Company maintained mid single digit growth despite shipping delays. General Hospital Company continued having a good momentum. Blood Management Company made a negative growth w/ a decrease in therapeutic apheresis
China	46.2 41.5	+11% (+12%)	TIS in Cardiac and Vascular Company significantly recovered and returned to double digit growth by normalized shipments
Asia and Others	68.8 67.6	+2% (+5%)	Blood Management Company recovered to a great extent. All companies made a positive growth

() FXN



Revenue by Business Segment

FY18
FY17

Revenue

100% = 599.5BJPY



Year-on-Year Revenue Comparison

billion yen	YoY%	Comments
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() FXN

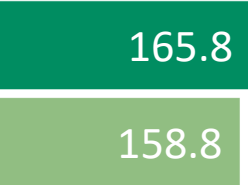
Cardiac and Vascular



+1%
(+2%)

Continuous recovery trend with the normalized shipments

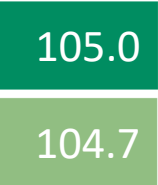
General Hospital



+4%
(+5%)

Steady growth throughout the fiscal year. Continuous 30% growth in alliance business driven by JPN and EU

Blood Management



+0%
(+2%)

Globally steady growth in blood center products

Cardiac and Vascular : Revenue Increase by Overcoming the Shipping Delays

(billion yen)

	FY17	FY18	YoY%	Major Topics	Impact
Revenue	324.0	328.5	() FXN		
			+1% (+2%)	TIS: Back to positive growth by overcoming the impacts of JP reimbursement price cut and shipping delays Neurovascular: Double digit growth throughout FY18 CV: Fell behind on the replacement of blood parameter monitoring system with next generation models Vascular graft: Transition to direct sales model for stent graft in Japan	+0.2 +4.7 -0.3 -0.1
Adjusted Operating Profit (%)	83.6 (26%)	80.9 (25%)	-3% (-1%)	Recovery in revenue for TIS products diminished negative YoY growth from Q3 to Q4	

General Hospital: Steady in Profit of All Businesses

(billion yen)

	FY17	FY18	YoY%	Major Topics	Impact
Revenue	158.8	165.8	+4% (+5%)	General hospital product: Overall growth driven by pumps and needlefree closed system transfer device along w/ infusion lines in JP	+1.4
				Pharmaceutical: Good result in I.V. Solutions and pain management products.	
				Continuous sales expansion of adhesion barrier	+1.1
				DM Healthcare: Steady growth in DM business	0.0
				Alliance: 30% growth driven by JP and EU	+4.7
Adjusted Operating Profit (%)	26.8 (17%)	26.8 (16%)	+0% (+0%)	Profit increased since increase in R&D expenses was mitigated by revenue growth in high value-added products. Depreciation for Yamaguchi factory gets into full swing in FY19	



Blood Management: Back to Positive Profit Growth w/ Steady Revenue

(billion yen)

	FY17	FY18	YoY%	Major Topics	Impact
Revenue	104.7	105.0	+0% (+2%)	Blood center products: Overall steady growth in and outside Japan driven mainly by automated blood processing system Therapeutic apheresis: Made a negative growth due to the special demand in the last fiscal year	+2.8
Adjusted Operating Profit (%)	15.1 (14%)	15.7 (15%)	+4% (+13%)	Increase due to R&D subsidy from US government in FY18Q4 as planned	

Major Topics in FY18

Corporate

- Enhanced work style reform and Health and Productivity Management by opening satellite offices and distributing healthcare wearables to associates, etc.
 - Selected as “the Health and Productivity Stock Selection” for five consecutive years (Feb)
 - Five products won “GOOD DESIGN AWARD” in FY18.
The company has received the award for twenty three consecutive years (Oct)
-

Business

- Launched drug eluting stent “Ultimaster Tansei” in EU (May) and JP (Sep)
- Concluded the agreement w/ U.S.-based DexCom, Inc. to distribute its CGM devices exclusively in JPN (May) and launched it (Feb)
- Determined to invest 7.0 BJPY in Terumo Yamaguchi D&D to Increase the capacity of PFS production lines in alliance business (Jul)
- The biosimilar, using Terumo’s PLAJEX prefillable syringe in contract manufacturing, was launched in EU (Dec)
- Received US FDA approval for “WEB” intrasaccular aneurysm treatment device (Dec)
- Acquired Essen Technology (Beijing) Co., Ltd., a Chinese manufacturer specialized in drug eluting stent (Dec)
- Announced the plan to construct a new manufacturing building at Vietnam factory w/ the investment of 15.0 BJPY to strengthen the production system of TIS products (Feb)

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
	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	Launched
		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

FY19 Guidance

(billion yen)

	FY18 Results	FY19 Guidance	YoY% (FXN)	FY16-19 CAGR
Revenue	599.5	635.0	+6% (+8%)	+7%
Operating Profit (%)	106.6 (17.8%)	109.0 (17.2%)	+2% (+7%)	+7%
Adjusted Operating Profit (%)	122.1 (20.4%)	124.0 (19.5%)	+2% (+6%)	+6%
Profit for the Year	79.5	81.0	+2%	+14%

Average Exchange Rate

USD 111yen

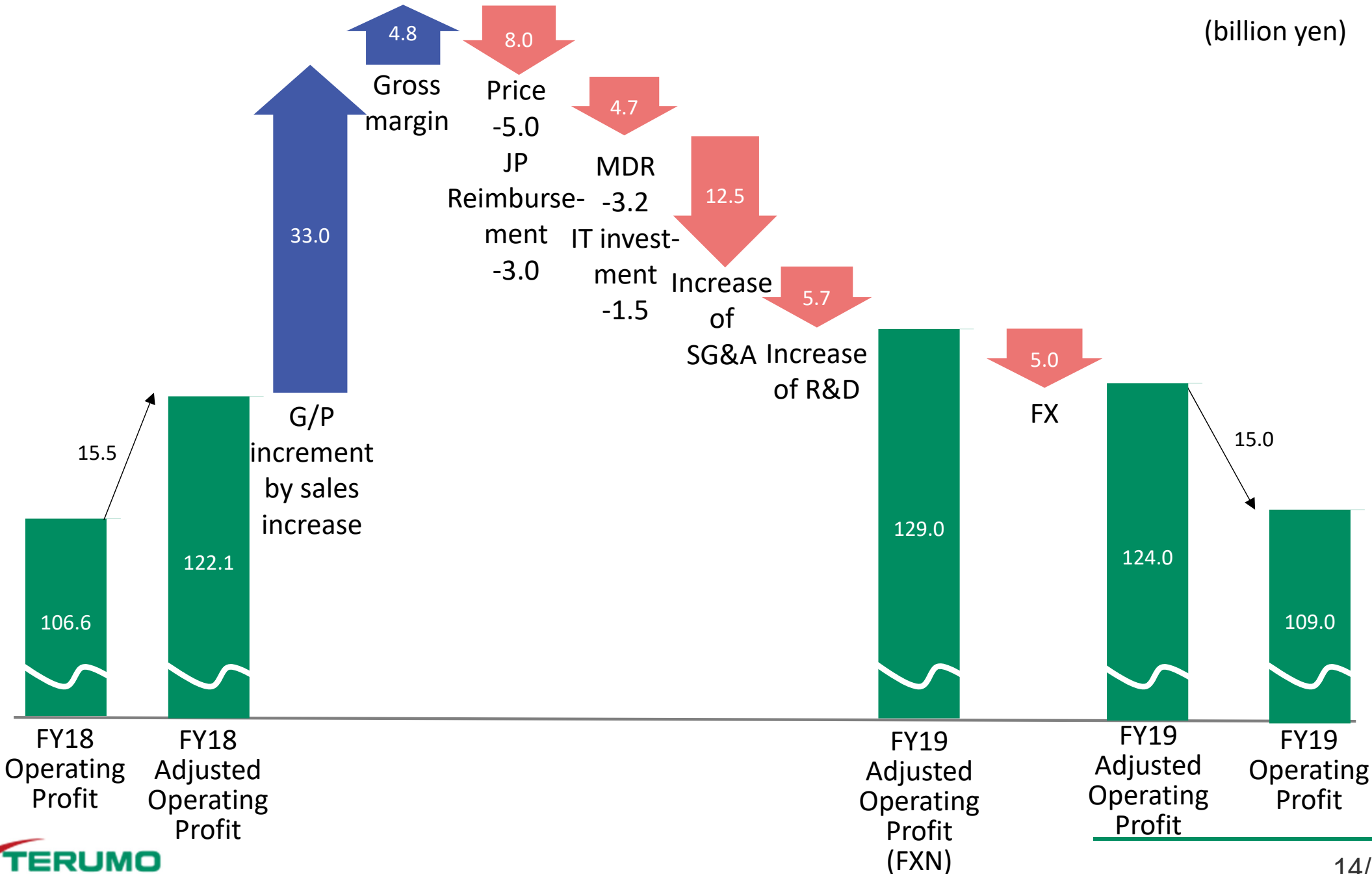
108yen

EUR 128yen

123yen

FY19 Annual Guidance: Adjusted Operating Profit

(billion yen)



FY19 Guidance

	Revenue		Adjusted Operating Profit		Comments
	billion yen	YoY%	billion yen	YoY%	
		() FXN		() FXN	
Cardiac and Vascular	FY19	357.0	24%	85.0	Back to double digit growth for revenue in TIS business. Negative impact of JP reimbursement price cut and FX
	FY18	328.5	+9% (+12%)	25% 80.9	
General Hospital		171.0	15%	25.5	Maintain steady momentum. Depreciation increase due to capacity expansion of Terumo Yamaguchi D&D
		165.8	+3% (+4%)	16% 26.8	
Blood Management		107.0	14%	15.5	Steady growth mainly in blood center products. Negative impact of FX
		105.0	+2% (+5%)	15% 15.7	

New Products Pipeline in FY19

Category	Products	Region	Category	Products	Region
Access	Closure device for distal radial approach	JP	General hospital product	Next generation of syringe pump	JP
Coronary	PTCA balloon	EU, Asia	Pharmaceutical	Narcotic analgesic for postoperative pain management (Fentanyl injection)	JP
Peripheral	Stent (TRI)	JP, US		Adhesion barrier (AdSpray mini)	JP
Neuro	Intrasaccular aneurysm treatment device (WEB)	US	DM and consumer healthcare	Continuous glucose monitoring system	JP
	Distal access catheter (Sofia EX)	EU, US		Blood glucose monitoring system	JP
	Mini balloon	EU, US		Insulin patch pump	JP
	Aspiration catheter	JP		Next version of blood pressure monitor	JP
	Stentriever	JP		Next version of thermometer	JP
CV	Next generation of oxygenator	JP	Blood Management	Fill and finish system for cell therapy processing (FINIA)	Global
	Heart lung machine (re-launch)	JP			
Vascular graft	Large-bore vascular graft (Triplex Advanced)	JP			

FY18 Year-end Dividend Proposal: 27.0 JPY

- Stably increasing, and aim for the target dividend payout ratio of 30% over the mid to long term
- FY18 annual dividend: 54.0 JPY (No change from the original guidance)
- Continue to increase FY19 annual dividend up to 28.0 JPY
(56.0 JPY which is calculated based on total shares issued and shares outstanding before the two-for-one stock split implemented in April 1st, 2019)

() = EPS based on total shares issued and shares outstanding before the stock split

	FY18 Results	FY19 Guidance
Profit for the year (BJPY)	79.5	81.0
EPS (JPY)	217	109 (218)
Dividend proposal/share	54.0 JPY Interim 27.0 Year-end 27.0	28.0 JPY (56.0) Interim 14.0 (28.0) Year-end 14.0 (28.0)
Dividend payout ratio	24.8%	25.7%

Reference

FY18 Revenue and Growth by Region

(billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	47.8 (-11%)	280.7 (+5%)	84.9 (+3%)	124.9 (+5%)	38.2 (+14%)	32.7 (+4%)	328.5 (+2%)
Out of C&V Interventional Systems*	35.9 (-12%)	227.6 (+6%)	68.1 (+3%)	96.6 (+6%)	35.7 (+14%)	27.2 (+4%)	263.5 (+3%)
General Hospital	127.9 (+4%)	37.9 (+6%)	9.5 (+11%)	8.6 (+8%)	2.7 (+17%)	17.2 (+2%)	165.8 (+5%)
Blood Management	12.5 (+5%)	92.4 (+2%)	26.0 (+5%)	42.2 (-2%)	5.3 (+2%)	18.9 (+9%)	105.0 (+2%)
G. Total	188.5 (-0%)	411.0 (+5%)	120.4 (+4%)	175.6 (+3%)	46.2 (+12%)	68.8 (+5%)	599.5 (+3%)

*Including Neurovascular business

(YoY%): FXN

Operating Expenses

(billion yen)

	FY17	FY18	YoY	YoY%	YoY% (FXN)
Salaries & Wages	84.4	87.4	+3.0	+4%	+4%
Sales Promotion	17.8	18.2	+0.4	+2%	+3%
Logistical Costs	12.6	13.6	+1.0	+8%	+9%
Depreciation & Amortization	13.7	14.3	+0.6	+4%	+5%
Others	42.5	45.1	+2.6	+6%	+7%
SG&A Expenses Total	171.0 (29.1%)	178.7 (29.8%)	+7.6	+4%	+5%
R&D Expenses	41.3 (7.0%)	47.7 (8.0%)	+6.3	+15%	+15%
Operating Expenses Total	212.4 (36.1%)	226.3 (37.9%)	+14.0	+7%	+7%

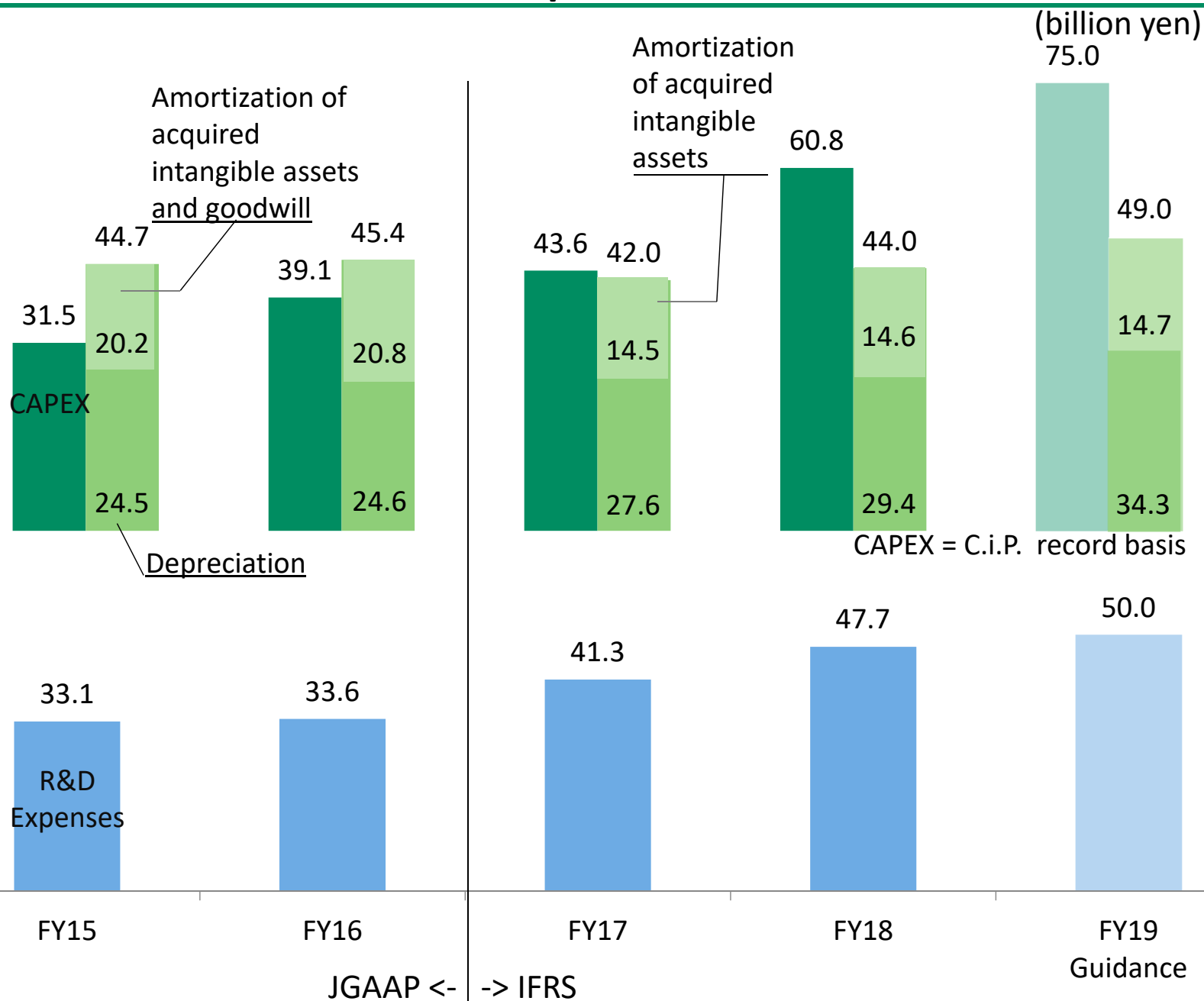
Quarterly Results

(billion yen)

	FY17Q4 (Jan-Mar)	FY18Q1 (Apr-Jun)	Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)
Revenue	150.8	143.0	142.0	158.6	155.9
Gross Profit	80.7 (53.5%)	79.9 (55.8%)	74.7 (52.6%)	87.6 (55.2%)	84.3 (54.1%)
SG&A Expenses	45.9 (30.4%)	43.5 (30.4%)	43.5 (30.5%)	45.0 (28.4%)	46.7 (29.9%)
R&D Expenses	12.4 (8.2%)	11.3 (7.9%)	12.4 (8.8%)	12.3 (7.7%)	11.6 (7.5%)
Other Income and Expenses	- 0.4	0.8	2.9	0.6	2.1
Operating Profit	22.0 (14.6%)	25.9 (18.1%)	21.7 (15.3%)	30.9 (19.5%)	28.2 (18.1%)
Adjusted Operating Profit	27.4 (18.1%)	30.5 (21.4%)	24.8 (17.4%)	35.9 (22.6%)	30.9 (19.9%)

Average Exchange Rate	USD	108yen	109yen	111yen	113yen	110yen
	EUR	133yen	130yen	130yen	129yen	125yen

CAPEX and R&D Expenses

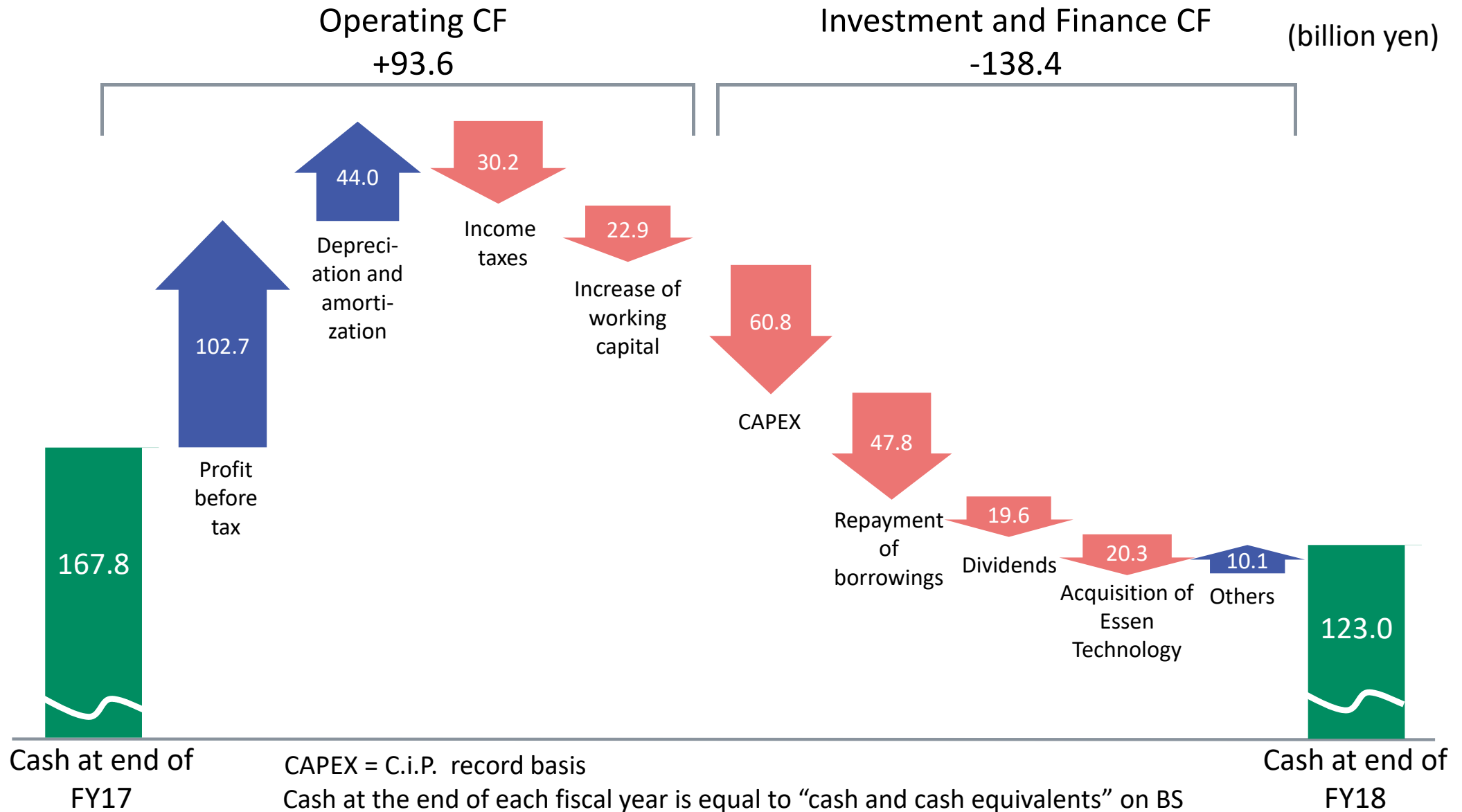


- Expanded investment in production capacity and space as well as IT in FY18
- Depreciation includes amortization of capitalized development expenses
- Amortization of leased assets and liabilities (IFRS16) is not included in FY19 guidance

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

FY17 :0.8 BJPY
 FY18 :2.4 BJPY
 FY19 guidance :3.0 BJPY

FY18 Cash Flow



Foreign Exchange Sensitivity

Annual impact of one-yen depreciation

(billion yen)

	USD	EUR	CNY
Revenue	1.7	0.8	2.2
Adjusted Operating Profit	0.0	0.5	1.2

<Reference> Impact when yen is depreciated by 10%

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Adjusted Operating Profit	-0.1	1.0	6.5	1.3	1.9	3.6

The Status of Convertible Bonds

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

*After two-for-one stock split implemented in Apr. 2019

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%	1,927	2,505	approx. 26M shares
Dec. 2021	50.0	0.0%	1,927	2,505	approx. 26M shares
Total	100.0				approx. 52M shares

■ Status of conversion (as of Apr. 30, 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	50.00 BJPY (100.0%)	25.9M shares (3.4%)
Convertible Bonds due Dec. 2021	25.21 BJPY (50.4%)	13.1M shares (1.7%)
Total	75.21 BJPY (75.2%)	39.0M shares (5.1%)

➤ Allocated treasury shares to the shares issued for conversion

- Status of treasury shares: 16.4M shares
(at the end of Apr. 2019, treasury stock cost per share: 1,949 JPY, % against total number of issued shares: 2.2%)

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.