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President,
General Hospital Company

General
Hospital
Company

Business Overview: General Hospital Company

		FY15 Sales	FY14-15 Growth	Major products
General Hospital Company	General Hospital Products	78 B JPY	-1.1%	<ul style="list-style-type: none"> • Infusion system • Infusion pump
	D&D	58 B JPY (B2B: 15 B JPY)	-0.3%	<ul style="list-style-type: none"> • Infusion solution • Prefilled syringes
	DM and Consumer Healthcare	25 B JPY	3.8%	<ul style="list-style-type: none"> • Blood glucose monitoring device • Needle for pen-injector
		161 B JPY	-0%	

Mid-to Long-term Vision

Contribute to improving hospital care quality and efficiency

Contribute to drug delivery innovation



Shift gears to enhance sales and achieve sustainable growth



Market Dynamics and Healthcare Needs



Market Environment



Healthcare Needs

Hospital market

Japan

Increase patient count due to aging society
Healthcare expenditure constraints

Improve patients QOL
Deliver care efficiently

Overseas

Increased hospitals purchasing power in developed countries
High market growth in India and China

Offer affordable products

Pharmaceutical market

Innovation in drugs (Biologics, Immunotherapy)
Intense competition in pharmaceutical industry

Establish a delivery system to match drug innovation
Deliver added value in drugs
Drug companies seek higher investment efficiency and contract manufacturer

Mid- to Long-term Strategy: General Hospital Company

Healthcare
needs

Establish a
healthcare
platform

Expand the hospital business in Japan by offering comprehensive value

Be the best
partner for
pharmaceutical
companies

Deliver new value to expand B2B business in the global market

Mid- to Long-term Strategy: General Hospital Company

Healthcare
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Deliver new value to expand B2B
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Establish a Healthcare Platform

Address hospital needs by delivering comprehensive product offerings

Healthcare needs



Improve patient
QOL



Deliver care
efficiently

Value to deliver

Improved safety

Operational efficiency

Early discharge

Key products

Advanced infusion system

Digital health

Pain management drugs
Adhesion barrier

Glucose monitor
Insulin pump

Improve Therapy Safety and Operational Efficiency

Provide a safer healthcare environment and establish a healthcare platform by connecting products to hospital networks

Value to deliver

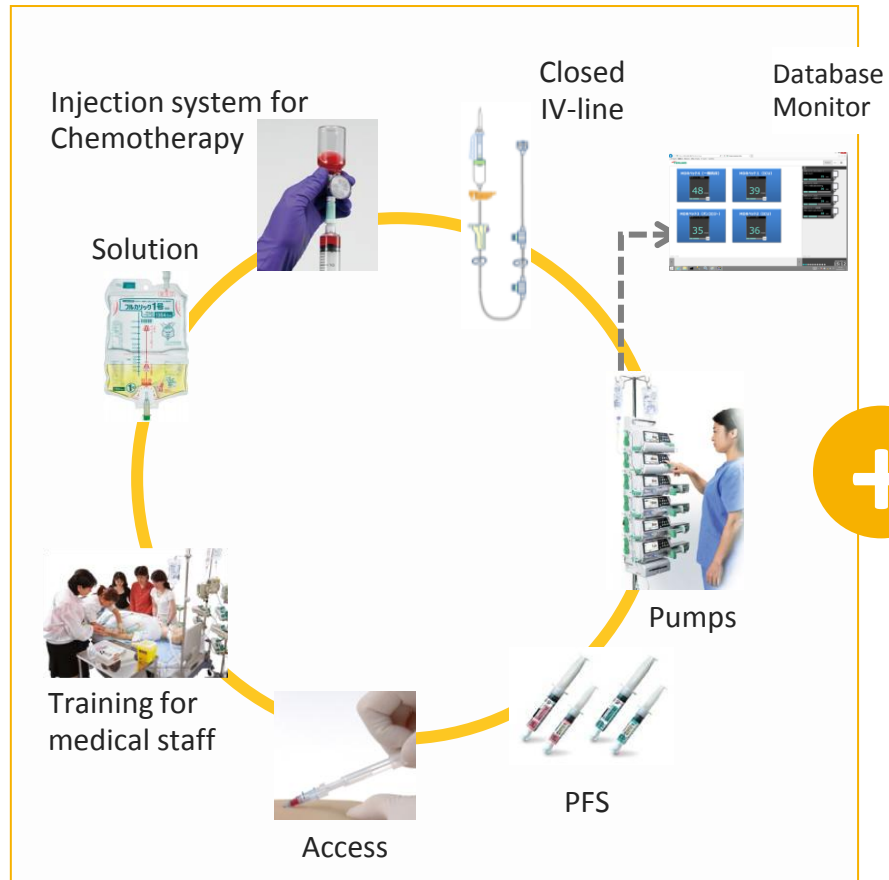
Connecting advanced infusion system and digital health

Advanced infusion system

- Prevent incorrect administration
- Prevent infection and exposure to hazardous drugs

Digital health

- Improve efficiency of medication management through standardization
- Accumulate evidence on patient management



Medication Management System

- Order
- Monitor
- Dispatch
- Dispense
- Labeling, IC tag
- Authorization
- Record

Achieve Early Discharge and Improved QOL

Pain Management

Postoperative pain management enables early discharge

Keys to early discharge:
Food consumption and exercising



Acelio



Upgrade to softbag in 2017

Improve QOL by cancer pain management



Acelio



Oxycodone



Prepenon



Methapain

Continuous line extension

Prevent Adhesion

Postoperative adhesion is a major complication

Stomachache, intestinal obstruction, and sterility occurring with 50-90% of patients



Adhesion barrier suitable for laparoscopic procedure

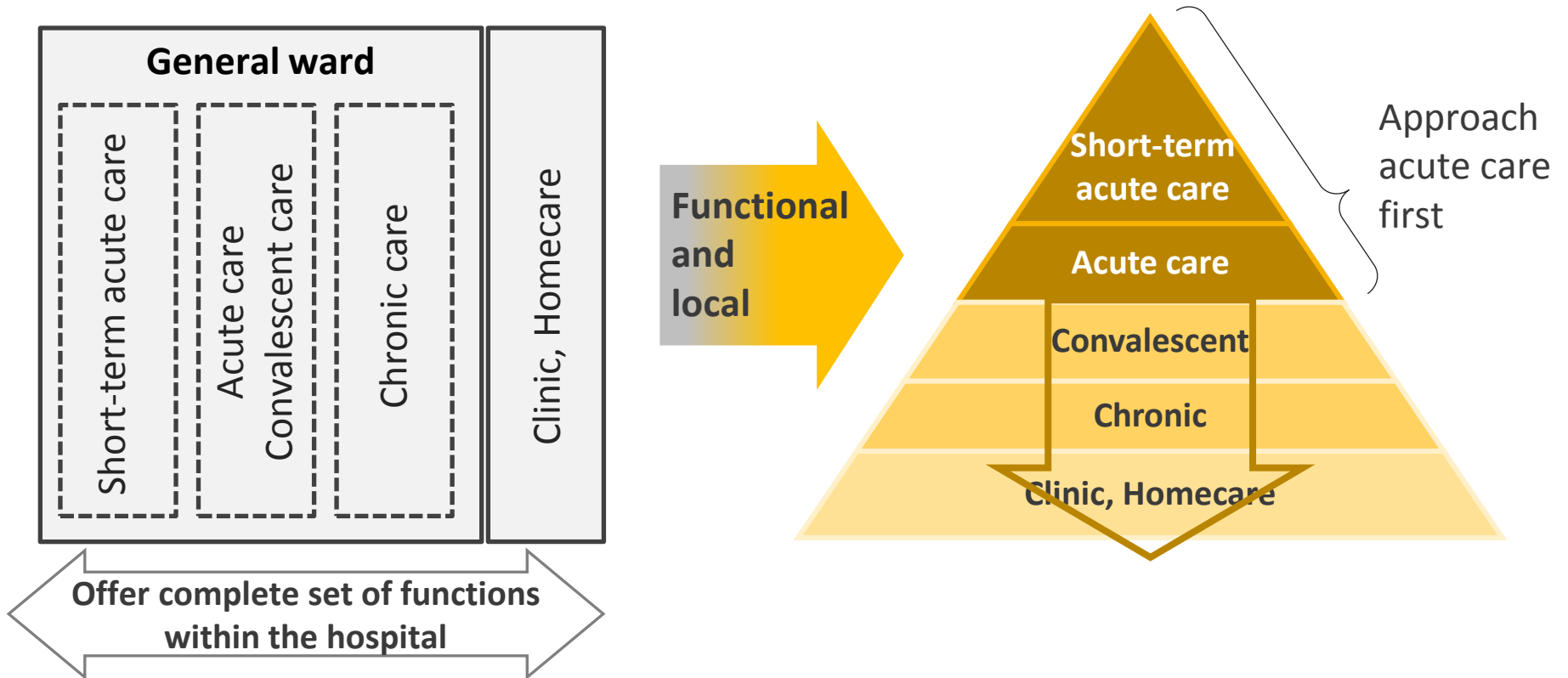
Easy to use even in narrow space and odd shape

AdSpray
(Launch: Jan. 2017)



Optimize Sales Force to Align with Healthcare Policy

Adapt to the shift from hospital-based to community-based healthcare



Mid- to Long-term Strategy: General Hospital Company

Healthcare
needs

Establish a
healthcare
platform

Expand the hospital business in
Japan by offering comprehensive
value

Be the best
partner for
pharmaceutical
companies

Deliver new value to expand B2B
business in the global market



Be the Best Partner for Pharmaceutical Companies

Expand B2B business by matching evolved pharmaceutical companies' needs

Pharmaceutical needs



Design a delivery system adapted to new drugs



Focus on research by outsourcing production



Offer easy-to-use, safe dedicated devices

Value to deliver

Material technologies for biologics

Devices for drugs with high volume and high viscosity

Sophisticated aseptic filling technologies

Easy-to-use, safe delivery systems

Key products

Delivery systems for biologics and vaccines

Prefilled syringe CMO for biologics

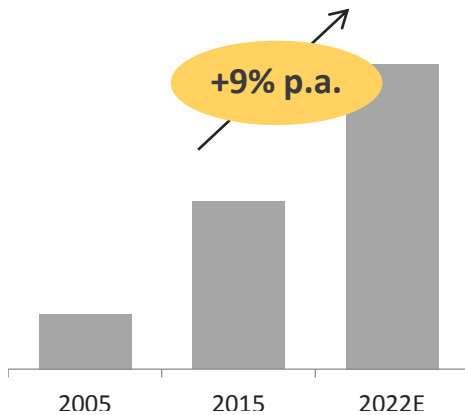
Specialized needles for prepackaging

Significant Opportunities Arise for Device by Drug Innovation

Expansion of biologics and immune therapy create new markets for medtech companies

Biologics

Biologics market



From tablet to injection

- Stabilizing the formula
- High viscosity
- Aseptic filling

Expansion of Biosimilars

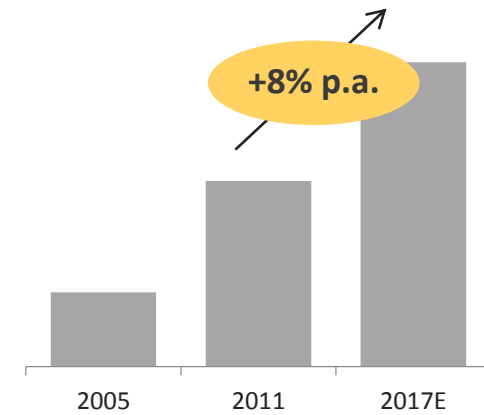
Differentiate by delivery device

Increase demand for self injection at home

Usability

Immune therapy

Immune therapy (vaccine)



Differentiate by delivery device

Biologics: Strategic Partnership with Pharmaceutical Companies (Japan)

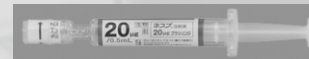
Provide solutions for biologics to expand the CMO Package business

Value to deliver

- Device development and production suitable for biologics
- Regulatory filing capability
- Quality management system ready for the US, Europe, and Japan

CMO: Device and Production

- Material technologies for biologics
 - Prefilled syringes (PFS)
- Usability, high volume-ready, and high viscosity-ready
 - Auto injectors
 - Safety devices
 - PFS with tapered needle
 - Delivery system for large volume



- Advanced aseptic filling technology

Market expansion

Offer comprehensive solutions to pharmaceutical companies developing biologics and biosimilars

Provide solution for customers' global expansion

Biologics: Enhance Drug Value through Devices

Offer specialized products to expand the business where unmet needs exist

Value to deliver

Suitable delivery device for drugs

- Inject adequate volumes
- Improve safety

Value-added products driven by core technologies

- Less invasive delivery systems
- Safe and easy-to-use dispensers
- Reduced injection frequency

Develop devices to be prepackaged with drugs

Strengthen the prepackaged business

- Needle, Winged infusion needle
- Safety needles

Enhance the product pipeline

- Ophthalmic needles
- Plastic needles for solutions
- Tapered needles
- Large volume injectors

Market expansion

New disease area

- Psychoactive drugs, schizophrenia, infection, blood-related, and others

Lyophilized biologics

High viscosity biologics

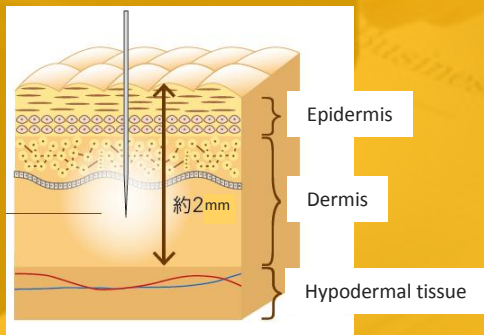
Immune Therapy: Generate Markets with New Device

Expand intradermal injection device business with strategic partners in immune therapy market

Value to deliver

Increases efficacy of immune effect

- Rich dendritic cells exist in intradermal layer
- More efficient antigen-recognition
- Improve efficacy of vaccine



Intradermal injection device

Easy and accurate injection

- Inject drugs in intradermal layer with 2mm thickness

Benefit of the device

- Easy injection
- Needle stays within intradermal layer
- Lower patients resistance to needle



Market expansion

Introduce the device for seasonal flu vaccine



Expand application to develop market

- Allergy treatment
- Cancer vaccines

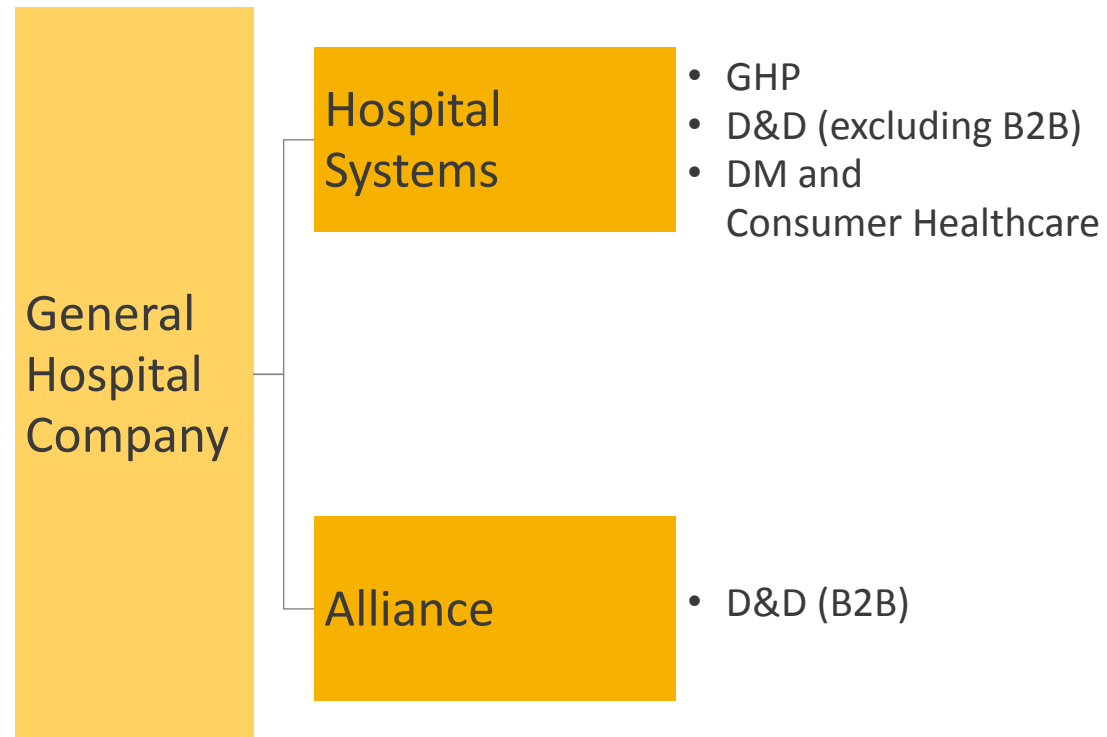
Evolve the Organization to Execute Growth Strategy

Reorganize into Hospital System and Alliance divisions

Current organization



New organizational structure



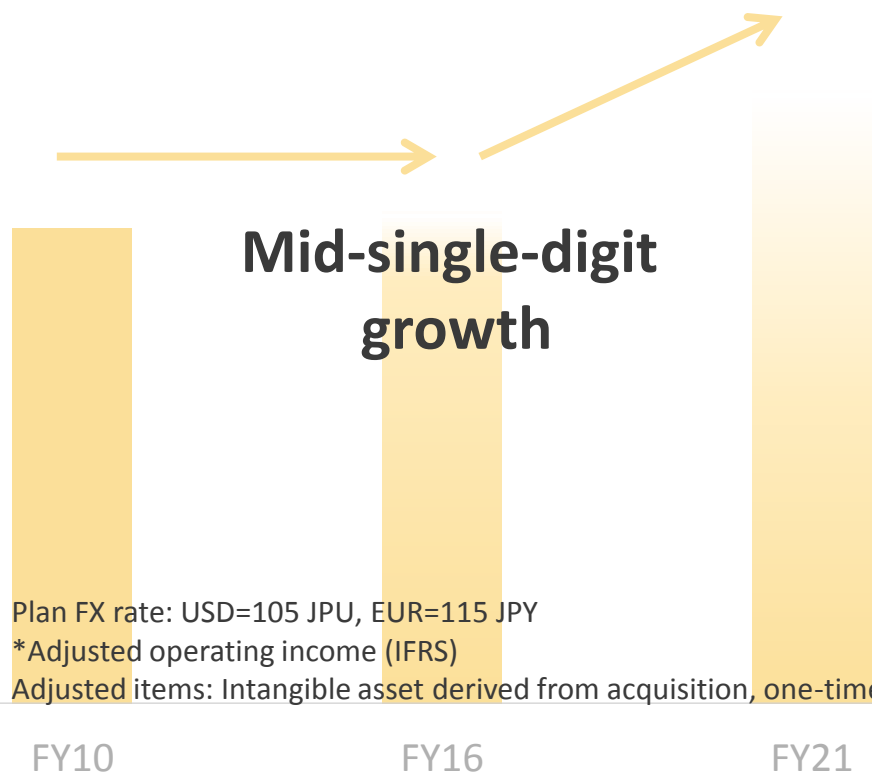
Enrich the Product Pipeline around Key Initiatives

	Mid- term (FY17-19)	Long- term (Beyond FY20)
Hospital System	<ul style="list-style-type: none"> • Next generation SmartPump • Vertical Infusion Pump • Pain Management Drugs (Extend lineup) • AdSpray (adhesion barrier) • Insulin Pump • High accuracy CGM 	<ul style="list-style-type: none"> • Access device for infusion • Pain Management Drugs (Extend lineup)
Alliance		
• CMO	• 12 new products	• 10 new products
• Advanced products	<ul style="list-style-type: none"> • Plastic needle for solution • Ophthalmic needle 	<ul style="list-style-type: none"> • Large volume injector • PLAJECT with tapered needle

Sales and Operating Income Target toward FY21

Sales

Shift gears to enhance sales



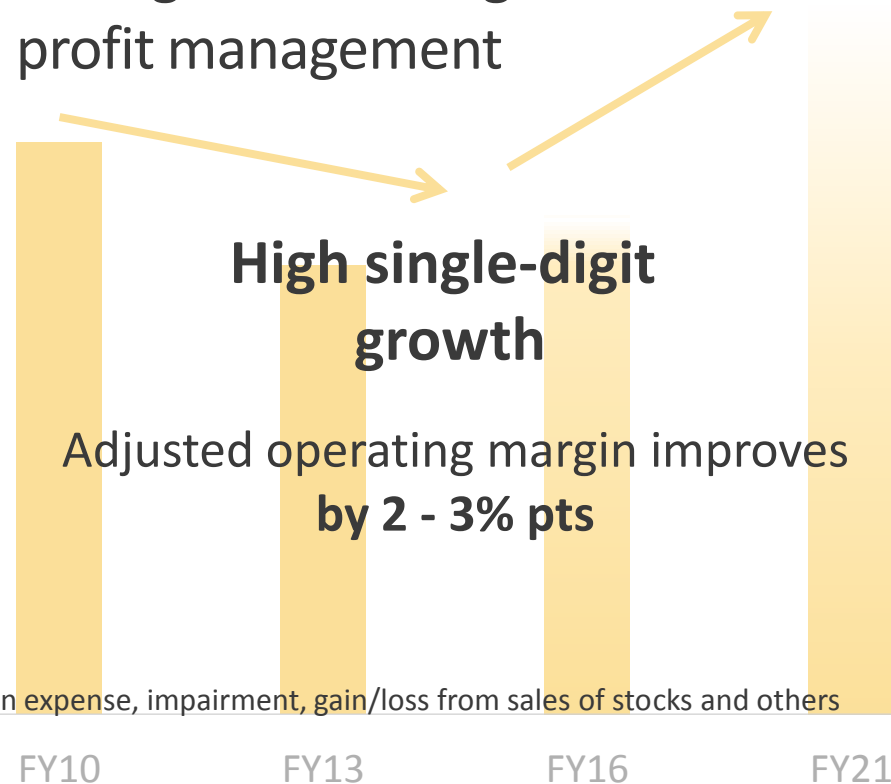
Plan FX rate: USD=105 JPY, EUR=115 JPY

*Adjusted operating income (IFRS)

Adjusted items: Intangible asset derived from acquisition, one-time acquisition expense, impairment, gain/loss from sales of stocks and others

Operating Income*

Achieve faster profit growth than sales growth through continuous profit management



Adjusted operating margin improves by 2 - 3% pts

Hospital Systems Division

Achieve stable growth in Japan and selective growth in overseas markets

- Provide medical devices and services to support community-integrated care systems
- Reduce hospitalization days and prevent re-admission
- Deliver preventive, diagnosis, and therapeutic options for diabetes
- Develop and manufacture localized products overseas

Alliance Division

Growth driver

- Maintain a competitive edge by gaining customer loyalty
- Execute multiple alliances at an accelerated pace in global markets to expand the business
- Bring innovation to drug delivery by developing new devices



Disclaimer

The information that Terumo discloses and 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 or projections due to various factors. Factors affecting actual results include, but are not limited to, changes in economic conditions surrounding Terumo, fluctuations of foreign exchange rates, and state of the competition.

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