

# Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2024 (FY2023)

November 14, 2023

**Naoki Muto**

Chief Accounting and Financial Officer  
Terumo Corporation



## Forward-Looking Statements and Use of Document

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 or 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. Information about products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice.

# Highlights

## ■ Revenue

- | Highest-ever result for a half
- | C&V and TBCT grew in double digits to drive the Group overall

## ■ Operating profit

- | Highest-ever result for a half
- | Profitability improvement (price policy and cost reduction) on schedule

## ■ Shareholder return

- | Will execute 20B JPY share repurchase this fiscal year

# P&L

■ Revenue: Strong global demand continued; drivers TIS, blood center business, Vascular Graft grew in double digits

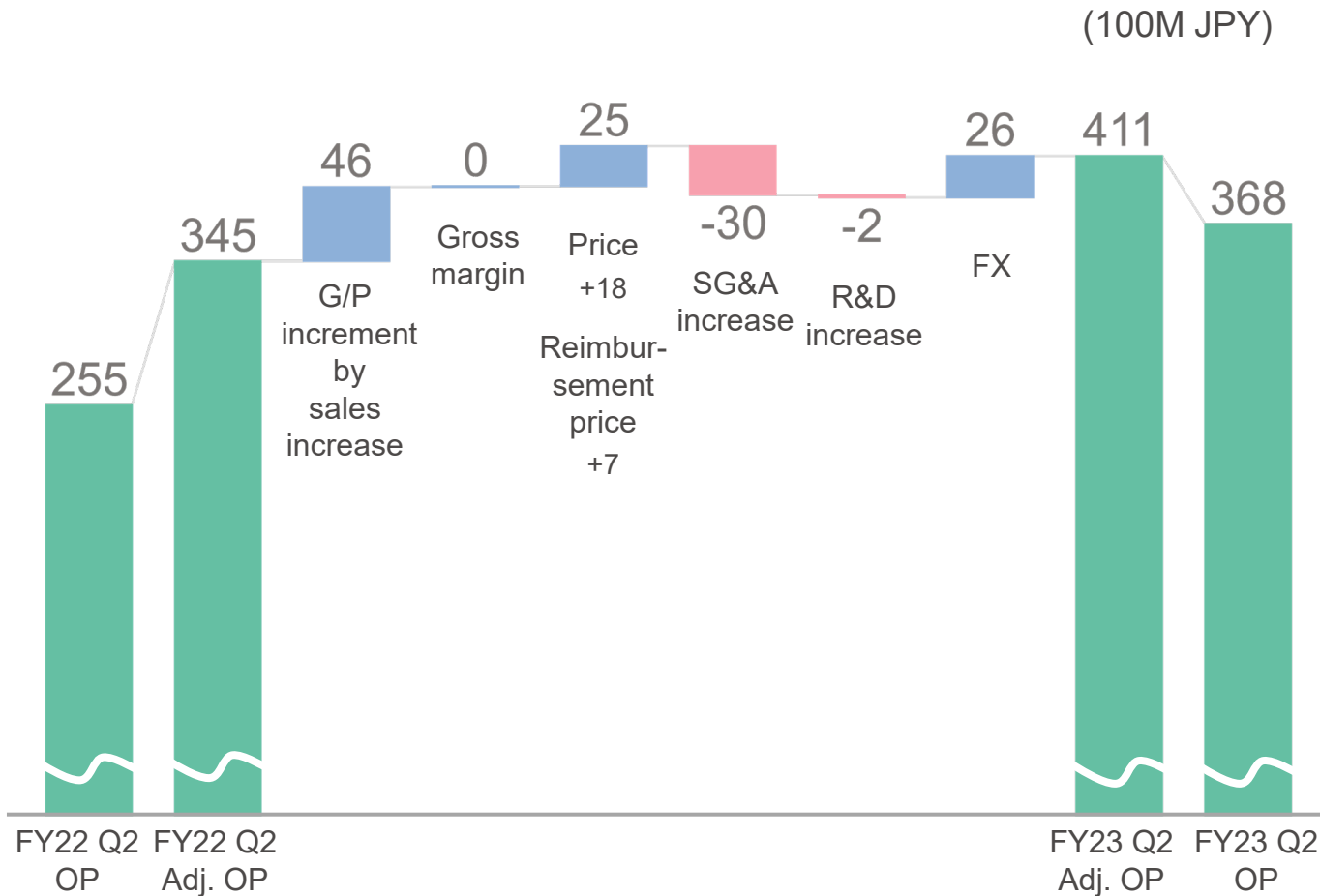
■ Operating profit: One-time items and expected adjusted OP progress led to double-digit increase

100M JPY	FY22 Q2 YTD	FY23 Q2 YTD	Change	Change excluding FX impact	FY22 Q2	FY23 Q2	Change
Revenue	4,033	4,439	10%	6%	2,060	2,286	11%
Gross Profit (%)	2,070 (51.3%)	2,283 (51.4%)	10%	6%	1,054 (51.1%)	1,185 (51.8%)	12%
SG&A Expenses (%)	1,171 (29.0%)	1,315 (29.6%)	12%	8%	605 (29.4%)	664 (29.0%)	10%
R&D Expenses (%)	297 (7.4%)	318 (7.2%)	7%	3%	157 (7.6%)	164 (7.2%)	5%
Other Income and Expenses	-42	15	-	-	-37	12	-
Operating Profit (%)	560 (13.9%)	665 (15.0%)	19%	15%	255 (12.4%)	368 (16.1%)	44%
Adjusted Operating Profit (%)	704 (17.5%)	756 (17.0%)	7%	4%	345 (16.8%)	411 (18.0%)	19%
Profit before Tax (%)	546 (13.5%)	664 (15.0%)	22%		250 (12.1%)	366 (16.0%)	47%
Profit for the Year (%)	403 (10.0%)	501 (11.3%)	24%		179 (8.7%)	275 (12.0%)	54%

Average exchange rate (USD/EUR) 134JPY/139JPY 141JPY/153JPY

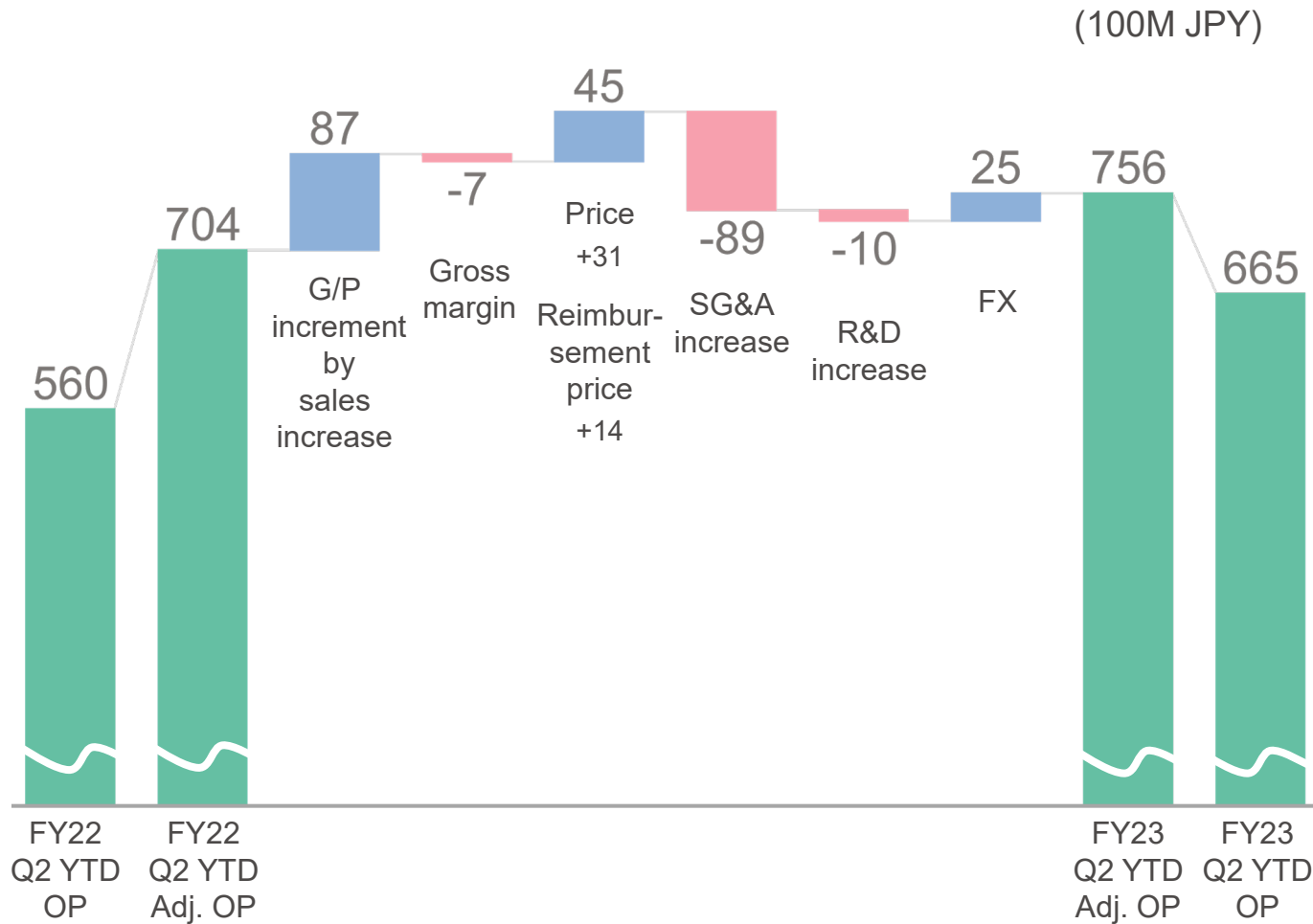
138JPY/139JPY 145JPY/157JPY

# OP Variance Analysis (Q2): Less inflation impact, profitability improvement progress



- G/P increment by sales increase: TIS, Neuro led the driver C&V
- Gross margin: Cost-reduction absorbed inflation impact
- Price: Global promotion of price revision
- SG&A increase: Increased sales force for expansion of therapeutic devices sales in the US
- FX: +2.6B JPY flow impact; slight stock impact

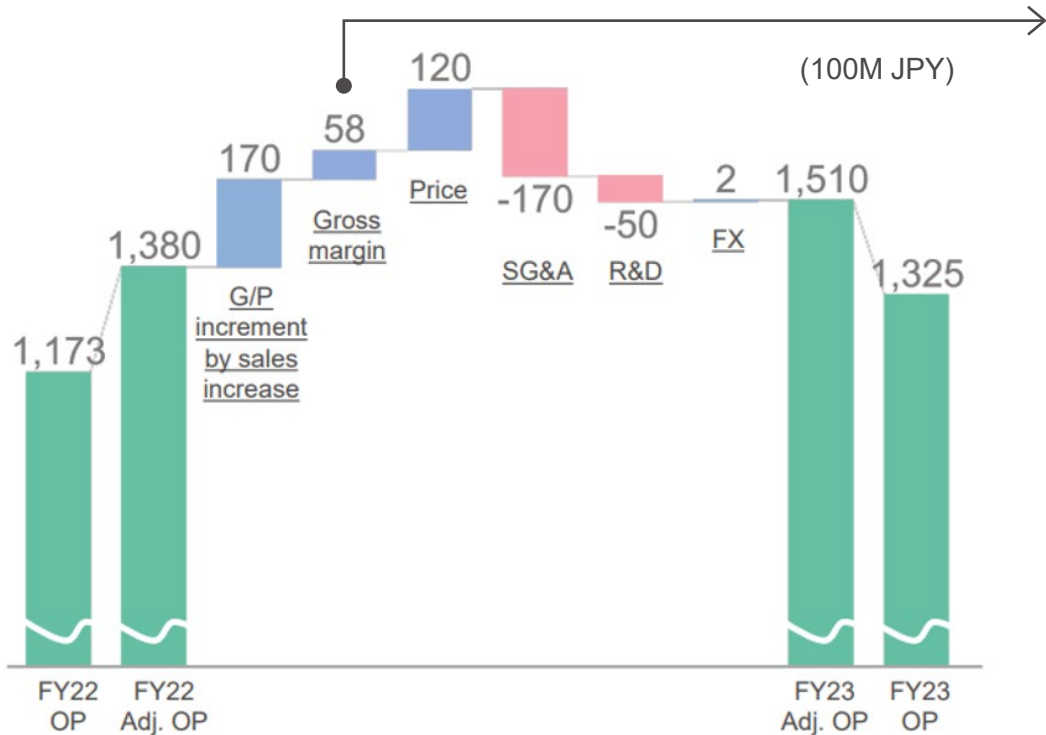
# OP Variance Analysis (Q2 YTD): As planned in all areas



- G/P increment by sales increase:  
Drivers were C&V, TBCT
- Gross margin:  
Absorbed some of inflation increase that began 2H last fiscal year through cost-reduction and mix improvement
- Price:  
Global promotion of price revision
- SG&A increase:  
Increased sales force for expansion of therapeutic devices sales in the US
- FX:  
+4.0B JPY flow impact partly absorbed by -1.5B JPY in stock impact

# Gross Margin: Substantial 2H improvement expected

## FY23 guidance OP variance analysis

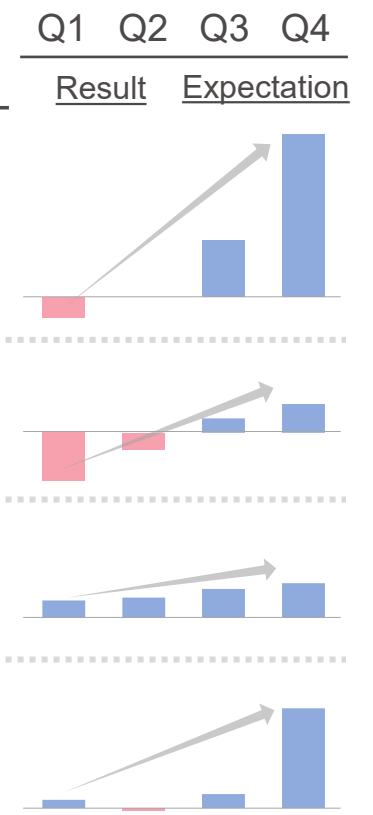


## Quarterly breakdown by item

- Gross Margin (5.8B JPY/Year)**
- Inflation**
- Profitability improvement**
- Mix improvement, others**

### Details, 2H expectation

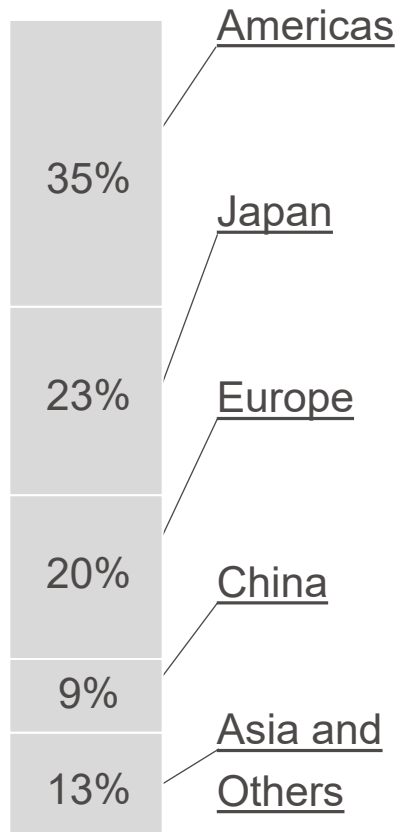
- Improvement of all items accelerates in 2H
- Fall-off of temporary costs from Q4 of last fiscal year
- Ease in 2H
- Start global tender for freight cost
- Production transfer, operations improvement
- Further results in 2H
- 2H sales increase in high-margin businesses like PS
- Sizable YoY improvement in Q4



# Revenue by Region: Therapeutic devices strong in Americas, EU; Emerging drove high growth rate

C&V: Cardiac and Vascular, TMCS: Medical Care Solutions, TBCT: Blood and Cell Technologies, TIS: Interventional Systems, Neuro: Neurovascular

FY23 Q2 YTD  
Regional  
breakdown



		Revenue (100M JPY)		FY23 Q2 YTD YoY change	Comments
		Q2 YTD	Q2	( ) FX Neutral	
Americas	FY21	1,063	519	11% (6%)	Americas: Neuro of C&V grew in double digits; Vascular Graft grew over 30%
	FY22	1,381	719		
	<b>FY23</b>	<b>1,537</b>	<b>797</b>		
Japan		1,024	532	-0%	Japan: TIS, Vascular Graft of C&V were drivers; TBCT trended steadily. TMCS sales down due to sell-off of nutrition business, return to normal of thermometer demand
		1,012	514		
	<b>FY23</b>	<b>1,011</b>	<b>536</b>		
Europe		683	338	16% (6%)	Europe: TIS of C&V grew in double digits; Neuro and Vascular Graft drove with double digit growth
		772	386		
	<b>FY23</b>	<b>896</b>	<b>452</b>		
China		301	147	7% (8%)	China: TIS, blood center business were drivers. Slight impact by decrease in number of procedures with anti-corruption campaign. Neuro: distributor inventory adjustment impact eased in Q2. TIS access products subject to volume-based procurement (VBP) starting in Dec. or later
		384	190		
	<b>FY23</b>	<b>411</b>	<b>211</b>		
Asia and Others		374	193	21% (16%)	Asia and Others: Sizable sales increase due to TBCT blood center business tender timing. C&V, TMCS also grew in double digits
		484	251		
	<b>FY23</b>	<b>585</b>	<b>290</b>		



# C&V:

## Americas, EU drove continuing strong sales; profit progress as planned

(C&V: Cardiac and Vascular, TIS: Interventional Systems)

(100M JPY)

	Q2 YTD			Q2			Comments	Q2 YTD YoY
Revenue	() FX Neutral						TIS: Double-digit growth outside Japan; EU and China were drivers. Access products subject to volume-based procurement (VBP) in China starting in Dec. or later	+186
	1,943	2,354	2,657	948	1,186	1,351		
Adjusted Operating Profit							Neuro-vascular: Double-digit growth in US, EU to continue strength. China distributor inventory adjustment impact eased in Q2	+34
	508	529	576	214	249	308		
Profit%							Cardio-vascular: Japan hardware demand returned to normal, but US, Asia sales stayed strong	+40
	26%	22%	22%	23%	21%	23%		
							Vascular Graft: US, EU were drivers. New hybrid product sales trended strongly. Stent graft continued sales expansion	+43
							Profit : Sales increase and profitability improvement pushed back inflation impact. Increased sales force for expansion of therapeutic devices sales in the US	

# TMCS:

Increased sales and profit despite impact of Nutrition business divestiture, return to normal of thermometers

(TMCS: Medical Care Solutions)

(100M JPY)

	Q2 YTD			Q2			Comments	Q2 YTD YoY	
Revenue	( ) FX Neutral 920    938    940 						HCS Hospital Care Solutions:  LCS Life Care Solutions:  PS Pharmaceutical Solutions:	In Japan: Sell-off of Nutrition business absorbed by reimbursement price improvement, infusion set/pump strength. Asia, Latin America drove outside Japan  Thermometer demand returned to normal. Japan blood glucose self-measurement product sales down due to stiffer competition  Sales impacted in all markets by delivery timing change. Steady progress in production investment toward mid- to long-term growth	+21  -13  -6
	134    81    83 								
	FY21    FY22    FY23    FY21    FY22    FY23								
Adjusted Operating Profit	70    37    55 						Profit:  Price policy effects absorbed the negative impacts of Japan power cost inflation that began 2H last fiscal year and temporary product mix issues	-6	
Profit%	15%    9%    9%    15%    8%    11%								

# TBCT: Strong blood center business drove large profit increase

(TBCT: Blood and Cell Technologies)

(100M JPY)

	Q2 YTD			Q2			Comments	Q2 YTD YoY
Revenue	() FX Neutral						Blood Center Solutions: Earlier timing of Asia tenders increased sales. Whole blood collection product sales strong in Latin America, EU  Therapeutic Solutions: Cell collection demand expanded in US. Therapeutic apheresis for hospitals strong in Asia  Cell Therapy Technologies: Minus YoY due to sale of a business. Cell therapy investment expansion led to steady trend in cell processing system sales	+88   +27   -14
	582	740	841	299	395	432		
			14% (9%)			9%		
Adjusted Operating Profit	118	91	106	58	55	48	Profit: Large profit increase through sales growth. Continued positive impact from price revision and Costa Rica production transfer	
			17% (21%)			-13%		
Profit%	20%	12%	13%	19%	14%	11%		

# Reference

# Revenue by Segment and Region

2023年度 上期 セグメント別売上収益

Revenue by Segment for the First Half of FY2023

(百万円/ millions of yen)

		1st Half FY2022							1st Half FY2023										構成比 % to total					
		米州 Americas	欧州 Europe	中国 China	アジア他 Asia and others	海外 Overseas	日本 JPN	合計 WW	米州 Americas	%YoY	欧州 Europe	%YoY	中国 China	%YoY	アジア他 Asia and others	%YoY	海外 Overseas	%YoY		日本 JPN	%YoY	合計 WW	%YoY	
心臓血管 カンパニー	TIS	TIS	65,672	34,533	23,967	18,323	142,497	15,416	157,914	73,227	11.5%	40,273	16.6%	26,502	10.6%	20,177	10.1%	160,182	12.4%	16,286	5.6%	176,468	11.7%	39.8%
	ニューロバスキュラー	Neurovascular	14,512	9,534	5,137	3,010	32,195	2,722	34,917	16,526	13.9%	11,444	20.0%	4,787	-6.8%	2,765	-8.1%	35,524	10.3%	2,811	3.3%	38,335	9.8%	8.6%
	カーディオバスキュラー	Cardiovascular	13,314	3,174	1,193	3,203	20,887	5,095	25,983	15,318	15.1%	3,882	22.3%	1,404	17.4%	4,492	40.2%	25,097	20.2%	4,903	-3.8%	30,000	15.5%	6.8%
	血管	Vascular Graft	5,799	7,651	797	637	14,906	1,683	16,590	7,783	34.2%	9,345	22.1%	743	-6.7%	1,044	58.8%	18,917	26.9%	1,978	17.5%	20,895	26.0%	4.7%
Cardiac and Vascular Company			99,299	54,894	31,098	25,196	210,487	24,917	235,405	112,855	13.7%	64,945	18.3%	33,439	7.5%	28,480	13.0%	239,721	13.9%	25,978	4.3%	265,700	12.9%	59.9%
メディカルケア ソリューションズ カンパニー	ホスピタルケアソリューション	Hospital Care Solutions	5,093	1,317	1,078	7,774	15,265	48,981	64,246	5,999	17.8%	1,305	-0.9%	948	-12.0%	8,768	12.8%	17,022	11.5%	49,281	0.6%	66,304	3.2%	14.9%
	ライフケアソリューション	Life Care Solutions	7	378	390	568	1,545	11,361	12,907	33	348.7%	372	-1.6%	605	2.6%	687	20.9%	1,699	9.9%	9,887	-13.0%	11,586	-10.2%	2.6%
	ファーマシューティカルソリューション	Pharmaceutical Solutions	1,330	3,899	204	811	6,245	10,406	16,651	731	-43.0%	3,890	-0.2%	334	64.1%	968	19.4%	5,925	-5.1%	10,139	-2.6%	16,065	-3.5%	3.6%
Medical Care Solutions Company			6,431	5,596	1,873	9,155	23,056	70,749	93,805	6,764	5.2%	5,568	-0.5%	1,890	0.9%	10,424	13.9%	24,647	6.9%	69,308	-2.0%	93,956	0.2%	21.2%
血液・細胞 テクノロジー カンパニー	血液センター	Blood Center Solutions	20,159	12,822	4,341	12,099	49,623	5,124	54,748	21,957	8.9%	14,636	14.2%	4,837	6.5%	16,800	38.9%	58,232	17.3%	5,347	4.4%	63,580	16.1%	14.3%
	アフレスシス治療他	Therapeutic Solutions	8,072	3,312	715	1,715	13,816	268	14,084	9,214	14.1%	3,875	17.0%	831	16.2%	2,580	50.5%	16,502	19.4%	274	2.1%	16,776	19.1%	3.8%
	細胞処理	Cell Therapy Technologies	4,133	536	142	264	5,086	50	5,147	2,906	-29.7%	533	-0.6%	82	-42.4%	167	-36.6%	3,710	-27.2%	30	-39.2%	3,740	-27.3%	0.8%
Blood and Cell Technologies Company			32,365	16,691	5,399	14,079	68,536	5,444	73,980	34,079	5.3%	19,065	14.2%	5,750	6.5%	19,549	38.8%	78,445	14.5%	5,652	3.8%	84,097	13.7%	18.9%
その他	Others		-	-	-	-	-	124	124	-	-	-	-	-	-	-	-	-	119	-4.1%	119	-4.1%	0.0%	
合計	Total		138,096	77,181	38,371	48,430	302,080	101,235	403,316	153,699	11.3%	89,580	16.1%	41,080	7.1%	58,454	20.7%	342,814	13.5%	101,060	-0.2%	443,874	10.1%	100.0%
売上比率	% to Total		34.2%	19.1%	9.5%	12.0%	74.9%	25.1%	100.0%	34.6%		20.2%	9.3%	13.2%		77.2%		22.8%		100.0%				

(期中平均為替レート)

(Average Exchange Rates)

(USD1=¥134.03)  
(EUR1=¥138.76)

(USD1=¥141.06)  
(EUR1=¥153.45)

2023年度見通し

Guidance for FY2023

		FY2023		構成比 % to total
		合計 WW	%YoY	
心臓血管カンパニー	Cardiac and Vascular Company	503,800	4.8%	59.0%
メディカルケアソリューションズカンパニー	Medical Care Solutions Company	200,000	4.3%	23.4%
血液・細胞テクノロジーカンパニー	Blood and Cell Technologies Company	150,000	1.0%	17.6%
その他	Others	200	-18.0%	0.0%
合計	Total	854,000	4.1%	100.0%

(期中平均為替レート)

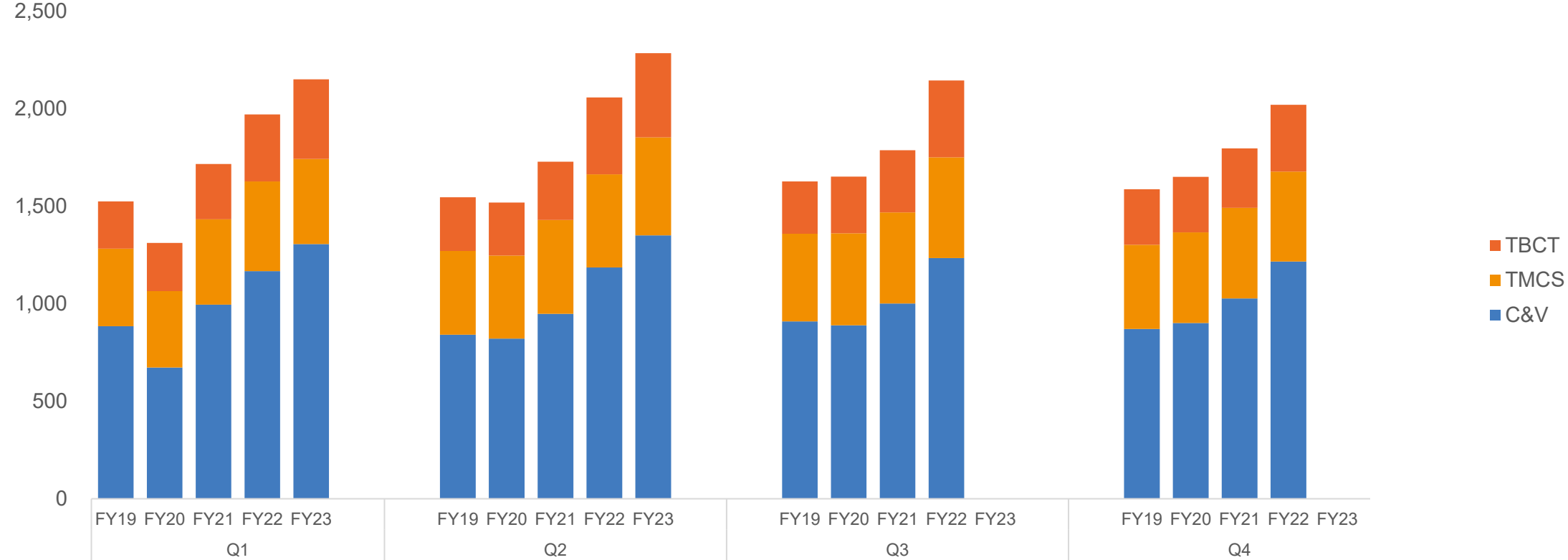
(Average Exchange Rates)

(USD1=¥130)  
(EUR1=¥145)

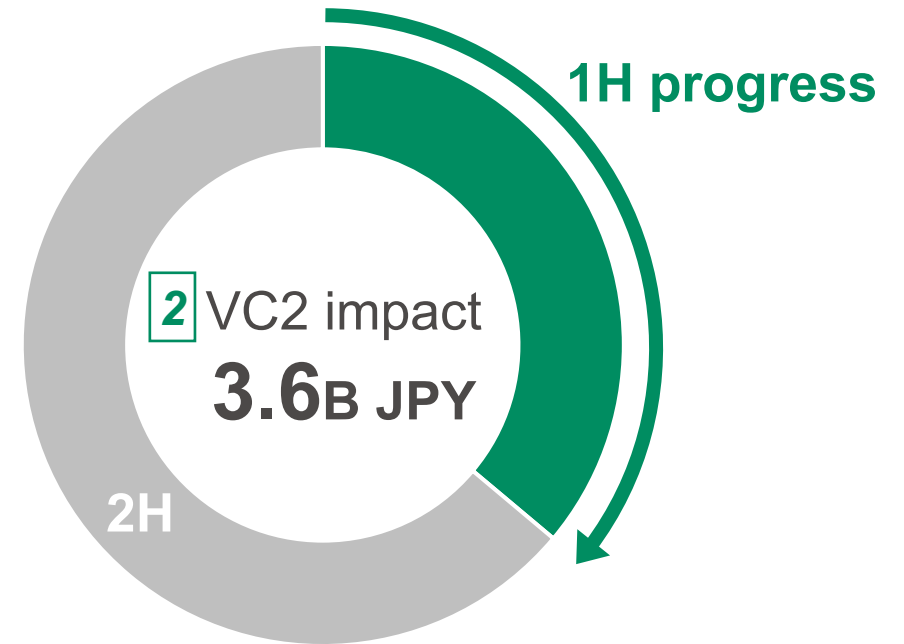
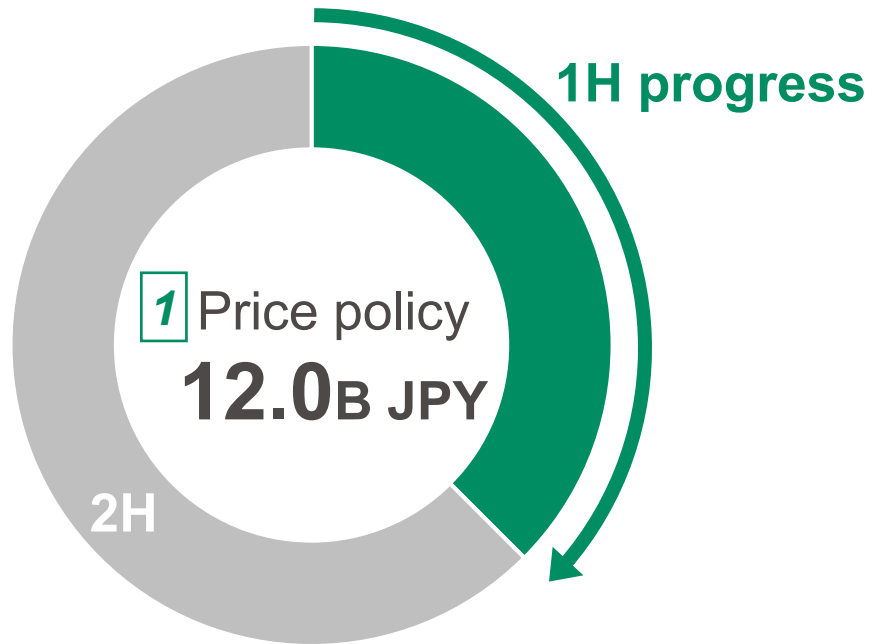
# Quarterly Revenue Trend

FY23 Q2: +11% vs. FY22 Q2, +6% vs. FY23 Q1

(100M JPY)



# Profitability Improvement Progress



VC2: Group-wide production and SG&A cost-reduction project

1H  
results

**Reimbursement price revision**  
positive impact, along with  
**global price policy** revision

2H  
expectation

Expand to more products, regions  
**continuous impact** expected

**Costa Rica transfer**  
cost reduction impact

Further impact through **automation,**  
**optimization** and **operations**  
**improvement** in Japan factories

# P&L (QoQ)

(100M JPY)

	FY22 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Revenue	2,060	2,147	2,022	2,153	2,286
Gross Profit	1,054 (51.1%)	1,114 (51.9%)	990 (49.0%)	1,098 (51.0%)	1,185 (51.8%)
SG&A Expenses	605 (29.4%)	615 (28.6%)	597 (29.5%)	651 (30.2%)	664 (29.0%)
R&D Expenses	157 (7.6%)	159 (7.4%)	160 (7.9%)	154 (7.2%)	164 (7.2%)
Other Income and Expenses	-37	35	5	3	12
Operating Profit	255 (12.4%)	375 (17.5%)	238 (11.8%)	296 (13.8%)	368 (16.1%)
Adjusted Operating Profit	345 (16.8%)	392 (18.2%)	284 (14.1%)	345 (16.0%)	411 (18.0%)

Quarterly	USD	138JPY	142JPY	132JPY	137JPY	145JPY
Average Rate	EUR	139JPY	144JPY	142JPY	150JPY	157JPY



# SG&A (QoQ)

(100M JPY)

		FY22 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY23 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Salaries & Wages		312	316	307	336	349
Sales Promotion		44	52	45	49	44
Logistical Costs		47	49	44	47	46
Depreciation and Amortization		59	60	58	58	61
Others		142	138	143	161	164
SG&A Expenses		605	615	597	651	664
(%)		(29.4%)	(28.6%)	(29.5%)	(30.2%)	(29.0%)
R&D Expenses		157	159	160	154	164
(%)		(7.6%)	(7.4%)	(7.9%)	(7.2%)	(7.2%)
Total		761	774	757	805	828
(%)		(37.0%)	(36.0%)	(37.4%)	(37.4%)	(36.2%)
Quarterly Average Rate	USD	138JPY	142JPY	132JPY	137JPY	145JPY
	EUR	139JPY	144JPY	142JPY	150JPY	157JPY

# SG&A (YoY)

(100M JPY)

	FY22 Q2 YTD	FY23 Q2 YTD	YoY	YoY%	YoY% excluding FX impact
Salaries & Wages	610	685	75	12%	7%
Sales Promotion	90	93	3	3%	-1%
Logistical Costs	91	94	2	2%	-1%
Depreciation and Amortization	115	119	4	3%	0%
Others	265	325	60	23%	18%
<b>SG&amp;A Expenses</b>	<b>1,171</b>	<b>1,315</b>	<b>144</b>	<b>12%</b>	<b>8%</b>
(%)	(29.0%)	(29.6%)			
<b>R&amp;D Expenses</b>	<b>297</b>	<b>318</b>	<b>21</b>	<b>7%</b>	<b>3%</b>
(%)	(7.4%)	(7.2%)			
<b>Total</b>	<b>1,468</b>	<b>1,633</b>	<b>165</b>	<b>11%</b>	<b>7%</b>
(%)	(36.4%)	(36.8%)			

FY22 Q2	FY23 Q2	YoY	YoY%
312	349	37	12%
44	44	-0	-0%
47	46	-1	-0%
59	61	2	0%
142	164	22	15%
<b>605</b>	<b>664</b>	<b>59</b>	<b>10%</b>
(29.4%)	(29.0%)		
<b>157</b>	<b>164</b>	<b>7</b>	<b>5%</b>
(7.6%)	(7.2%)		
<b>761</b>	<b>828</b>	<b>66</b>	<b>9%</b>
(37.0%)	(36.2%)		

# Adjusted Operating Profit: Adjustment Items

(100M JPY)

	FY22 Q2 YTD	FY23 Q2 YTD	FY22 Q2	FY23 Q2
Adjusted Operating Profit	704	756	345	411
Adjustment 1. Amortization of acquired intangible assets	-95	-97	-49	-50
Adjustment 2. Non-recurring profit or loss	-49	6	-40	8
Operating Profit	560	665	255	368

<General examples of adjustment items>

- Acquisition related cost
- Impairment loss
- Nonlife insurance income
- Lawsuit settlement
- Restructuring loss
- Loss on disaster
- Other one-time profits & losses

Adjustment 2. Non-recurring profit or loss	FY22 Q2 YTD	FY23 Q2 YTD
Restructuring loss	-10	-7
Goodwill amortization related to sale of part of cell processing business	-35	-
Profit from sale of Olympus Terumo Biomaterials stock	-	13
Others	-4	-

# CAPEX, Depreciation and Amortization, R&D Expenses

(100M JPY)

	FY20	FY21	FY22	FY23 Q2 YTD	FY23 Guidance
CAPEX	772	692	758	327	800
Depreciation and Amortization	484	532	635	335	675
Amortization of acquired intangible assets	146	161	188	97	175
Others	338	371	447	238	500

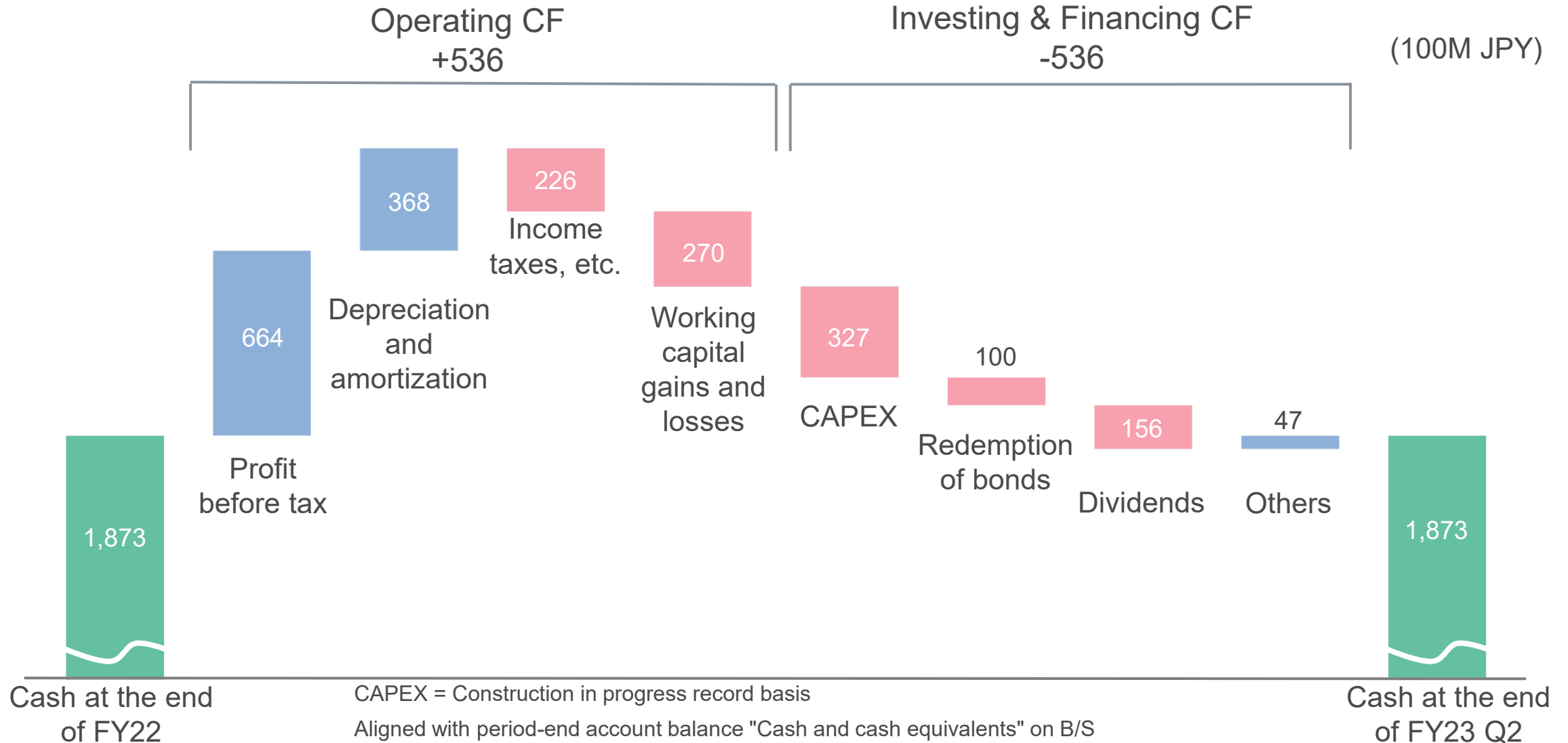
CAPEX = Construction in progress record basis, lease depreciation (IFRS16) is not included in Depreciation

■ FY23 Q2 YTD (32.7B JPY): Continued investment mainly for TIS, Neurovascular, Pharmaceutical Solutions, TBCT in production capacity, Plasma Innovations, R&D as well as IT infrastructure (SAP). Investment on construction of a new plant building in the premises of the Kofu Factory to strengthen production system for CDMO (Contract Development and Manufacturing Organization) business etc.

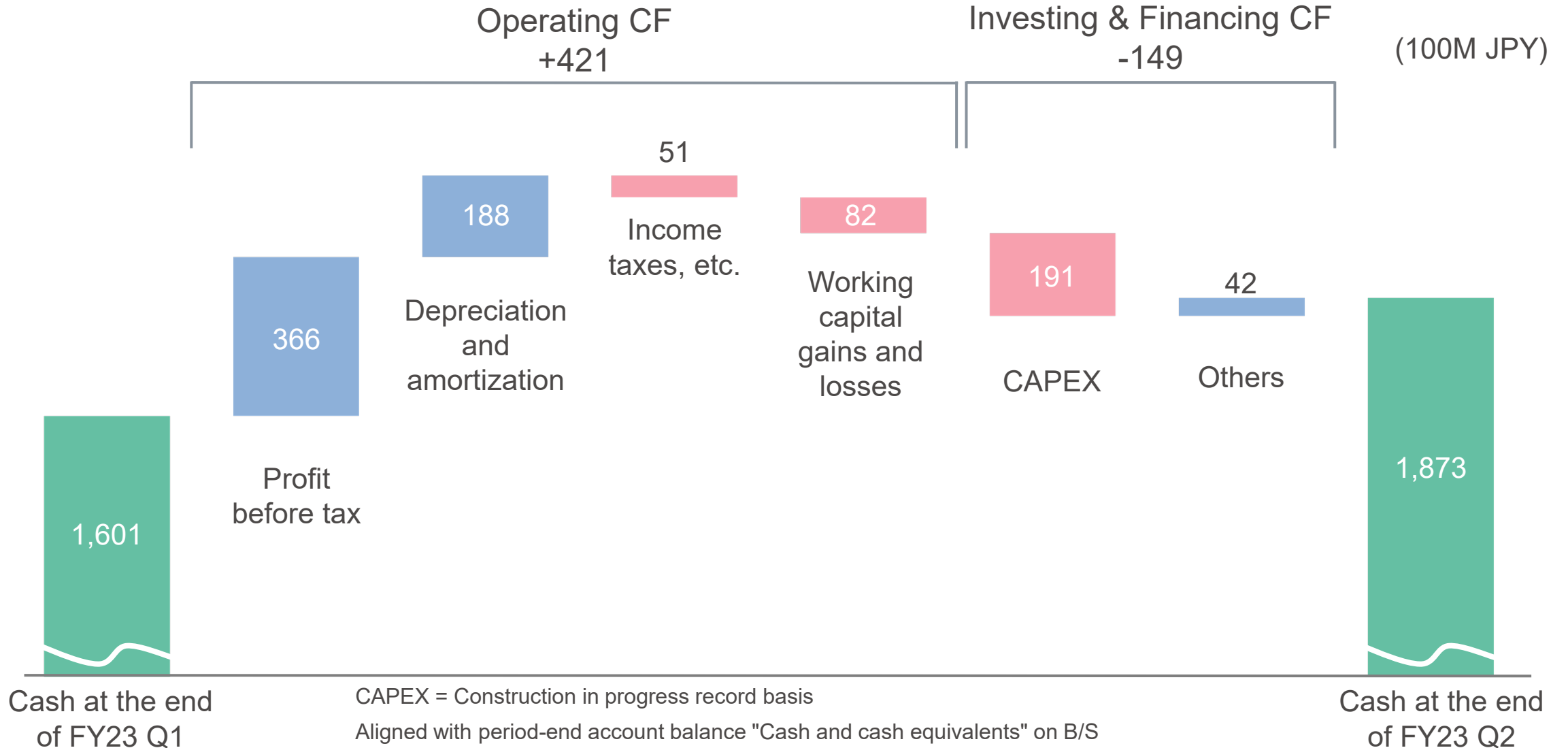
■ FY23 Guidance ROE 8.5%, ROIC 7.0%

	FY20	FY21	FY22	FY23 Q2 YTD	FY23 Guidance
R&D Expenses	491	518	616	318	650

# Cash Flows (Q2 YTD)



# Cash Flows (Q2)



# FY23 Q2 YTD FX Impact Breakdown (Flow, Stock)

## FX impact vs. FY22 Q2 YTD +2.5B JPY

Flow +4.0B JPY: USD, EUR appreciation positive impact

Rate (JPY)	FY22 Q2 YTD Average Rate	FY23 Q2 YTD Average Rate	Variation
USD	134	141	7
EUR	139	153	15
CNY	19.9	19.7	-0.1

Stock -1.5B JPY: FX impact from elimination of unrealized profit on inventory assets

- Rapid JPY depreciation in September, variation between average rate and quarter-end rate resulted in negative impact

Rate (JPY)	FY22 End of March	FY23 End of September	Variation
USD	134	150	16
EUR	146	158	12

# Foreign Exchange Sensitivity

Annual impact of 1 JPY depreciation (Flow)

(100M JPY)

	USD	EUR	CNY
Revenue	22	11	39
Adjusted Operating Profit	0	5	23

Impact of 1 JPY depreciation (Stock)

	USD	EUR	CNY
Adjusted Operating Profit	-2.5	-0.6	-2.0



