I will give an overview of the results for the first quarter of the fiscal year ending March 2015.
I will first explain some of the highlights.

The group as a whole achieved increased sales and profit despite the impact of the Japanese reimbursement price cut. Operating income grew 21% compared to the previous year, hitting double-digits even when excluding the impact of currency exchange rates.

By individual company, Cardiac & Vascular experienced decreased sales in Japan due to reimbursement price cut, but increased sales overseas, with interventional systems leading the way. The new drug-eluting stent, Ultimaster, was also launched in Europe in June as scheduled. This is a product fully developed in house from which we expect to see strong profit contributions.

General Hospital company overcame difficulties including a recoil reduction in demand following the consumption tax increase and the reimbursement price cut in Japan and maintained profitability by cost reduction of General Hospital Products.

In Blood Management, the market continued to be a difficult one especially in Europe and the US, but the company still achieved increased sales and profit due to the growth of products including therapeutic apheresis.
I’ll now give an overview of the results.

The average currency exchange rates during the period were 102 yen to the US dollar, and 140 yen to the euro. The yen was 3 yen weaker against the dollar, and 11 yen weaker against the euro in the same quarter of the previous year. With this tailwind of weak yen, sales increased by 3% over the previous year, for total sales of 114.9 billion yen. Currency exchange positively impacted this number in the amount of 3.2 billion yen.

Gross profitability improved 1.5 points over the same quarter of the previous year, thanks to a turnaround in General Hospital, where there had previously been negative impact due to slow ramp up of production for new products. This turnaround was accompanied by positive profitability attributable to the weaker yen.

SG&A increased 5% over the previous year, but R&D expenses decreased 12%. This change is due to the R&D expense of the DuraHeart 2 left ventricular assist system having been included in the previous year’s first quarter numbers.

As a result, operating income was 16.1 billion yen, a double-digit increase of 21% over the same quarter of the previous year. Currency exchange positively accounts for 1.2 billion yen of this amount.

Ordinary income increased 12% to 14.4 billion yen. While net income was lower in the previous year due to temporary tax impacts, the amounts for this period returned to normal and resulted in an increased tax burden. This led to a 6% decrease in net income, for 8.4 billion yen.
Now I will explain operating income variance analysis.

Operating income in the 1st quarter of fiscal 2014 experienced positive currency exchange impact, and there was an improvement to gross profit due to expanded sales. Increased production efficiency and lowered costs further contributed, and with a decrease in SG&A and R&D expenses, we were able to absorb 2.0 billion yen in negative impact from Japanese reimbursement price cut and increase operating income by 2.8 billion yen for a total of 16.1 billion yen.
I will next explain sales by region.

This graph shows sales and growth rate by region. The percentage shown in parentheses is the growth rate excluding currency exchange.

Domestically, the reimbursement price cut resulted in a 5% decrease.

Overseas, Cardiac & Vascular led the way in expanding sales 9% over the previous year. Overseas growth excluding currency exchange was 5% above the previous year. This resulted in overseas sales accounting for 62% of the total.

Sales in China decreased 3% in the 1st quarter. This was a temporary factor related to revision of our local distributors arrangements, and we expect to see this year’s growth to end up in the mid teens.
Next I will explain sales by company.

Cardiac & Vascular and Blood Management, which both have a high percentage of overseas sales, achieved 9% and 4% growth, respectively. The percentages in parentheses denote growth rate excluding currency exchange.
This slide explains profit by segment.

The company profits shown exclude amortization of goodwill and intangible assets occurring from the BCT acquisition.

Of the three segments, Cardiac & Vascular and Blood Management saw increased profits, while General Hospital profit decreased.

I'll next explain each individual segment's status.
First, the Cardiac & Vascular company.

With sales of 54.5 billion yen, Cardiac & Vascular used overseas growth to overcome the impact of the Japanese reimbursement price cut and achieve 9% growth, or 5% growth excluding currency exchange. Segment profit grew 23% to 11.4 billion yen, or 8% growth excluding currency exchange. Segment profitability improved two points.

Sales increased due to 2.8 billion yen in interventional systems overseas, and a global sales expansion of 900 million yen by the new neurovascular stent and balloon.

In profitability, TCVS quality system improvement costs in the first quarter decreased 500 million yen compared to the previous year. The Japanese reimbursement price cut impacted profit by 1 billion yen.

As I mentioned in the highlights, one item of note is that the new drug-eluting coronary stent, Ultimaster, was launched on schedule in Europe.
Next, General Hospital.

Sales were 38 billion yen; a decrease of 4%.

Segment profit dropped 4% to 4.6 billion yen, or minus 2% excluding currency exchange. Segment profitability remained 12%.

The dip in sales following the recoil reduction in demand after the consumption tax increase resulted in 500 million yen of negative impact, centered in pumps and blood glucose monitor tips. Orders for domestic pre-filled syringe business were also delayed, impacting negative 400 million yen.

Profits saw 200 million yen in negative impact due to the Japanese reimbursement price cut, but 400 million yen in reduction of manufacturing cost was realized in General Hospital Products.

Production of the Surflo V3 also began successfully in the Philippines in a step toward lower costs for that product, which had been a large negative factor last year.
Next, Blood Management Company.

Blood Management sales grew 4% to 22.4 billion yen, or 1% growth excluding currency exchange.

Segment profit grew 3% to 4.2 billion yen, or 1% growth excluding currency exchange. The segment maintained at 19% profitability.

Falling prices in Europe and the United States and the changed timing of domestic customer orders due to its IT system changes negatively affected sales. On the other hand, overseas sales of therapeutic apheresis saw double-digit growth to 600 million yen, and products led by blood component collection system in Asia and Central and South America expanded sales by 500 million yen.

Another item of note is that construction of the new Vietnam factory was completed in July, and production is soon to follow.
I will now explain the status of new products. These are the new products that were launched in first quarter.

In addition to the drug-eluting stent, Ultimaster, the products shown here were launched as scheduled, including those that were not previously listed in the mid-term plan.
Here is the final slide. In the second quarter and beyond, we plan set the stage for further growth through enhancement of our pipeline by adding to previously announced products the launch of a new carotid stent in the neurovascular business.

This concludes my explanation of the first quarter results for the fiscal year ending March 2015.

Thank you for your attention.
Reference
# Q1 Net Sales and Growth by Region

(Billion yen)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Japan</th>
<th>Outside of Japan Total</th>
<th>Europe</th>
<th>Americas</th>
<th>China</th>
<th>Asia &amp; Others</th>
<th>G. Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cordless &amp; Vascular</td>
<td>11.8</td>
<td>42.8</td>
<td>16.4</td>
<td>17.4</td>
<td>4.2</td>
<td>4.8</td>
<td>54.5</td>
</tr>
<tr>
<td></td>
<td>(-3%)</td>
<td>(7%)</td>
<td>(6%)</td>
<td>(9%)</td>
<td>(-4%)</td>
<td>(14%)</td>
<td>(5%)</td>
</tr>
<tr>
<td>Out of C&amp;V Interventional Systems*</td>
<td>9.1</td>
<td>31.7</td>
<td>12.9</td>
<td>11.2</td>
<td>3.9</td>
<td>3.7</td>
<td>40.8</td>
</tr>
<tr>
<td></td>
<td>(-4%)</td>
<td>(7%)</td>
<td>(7%)</td>
<td>(11%)</td>
<td>(3%)</td>
<td>(9%)</td>
<td>(5%)</td>
</tr>
<tr>
<td>General Hospital</td>
<td>28.9</td>
<td>9.1</td>
<td>3.1</td>
<td>1.7</td>
<td>0.3</td>
<td>3.9</td>
<td>38.0</td>
</tr>
<tr>
<td></td>
<td>(-8%)</td>
<td>(0%)</td>
<td>(6%)</td>
<td>(-19%)</td>
<td>(13%)</td>
<td>(7%)</td>
<td>(-4%)</td>
</tr>
<tr>
<td>Blood Management</td>
<td>2.7</td>
<td>19.7</td>
<td>6.5</td>
<td>9.3</td>
<td>0.7</td>
<td>3.2</td>
<td>22.4</td>
</tr>
<tr>
<td></td>
<td>(-5%)</td>
<td>(1%)</td>
<td>(1%)</td>
<td>(1%)</td>
<td>(-18%)</td>
<td>(7%)</td>
<td>(1%)</td>
</tr>
<tr>
<td>G. Total</td>
<td>43.4</td>
<td>71.5</td>
<td>26.0</td>
<td>28.4</td>
<td>5.2</td>
<td>11.9</td>
<td>114.9</td>
</tr>
<tr>
<td></td>
<td>(-5%)</td>
<td>(5%)</td>
<td>(5%)</td>
<td>(4%)</td>
<td>(-5%)</td>
<td>(10%)</td>
<td>(1%)</td>
</tr>
</tbody>
</table>

*Including Neurovascular business

(Year-on-Year): Excluding foreign exchange

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### SG&A Expenses

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY2013</th>
<th>Q1 FY2014</th>
<th>YoY</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>15.4</td>
<td>16.9</td>
<td>+1.5</td>
<td>+10%</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>3.7</td>
<td>3.7</td>
<td>+0.0</td>
<td>+1%</td>
</tr>
<tr>
<td>Logistical Costs</td>
<td>2.7</td>
<td>2.7</td>
<td>+0.0</td>
<td>+1%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>5.3</td>
<td>5.9</td>
<td>+0.6</td>
<td>+11%</td>
</tr>
<tr>
<td>Others</td>
<td>9.0</td>
<td>8.7</td>
<td>-0.3</td>
<td>-3%</td>
</tr>
<tr>
<td>General Administrative Total</td>
<td>36.1 (32.4%)</td>
<td>37.9 (33.0%)</td>
<td>+1.8</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>R&amp;D Expenses</strong></td>
<td><strong>7.6 (6.9%)</strong></td>
<td><strong>6.7 (5.8%)</strong></td>
<td><strong>-0.9</strong></td>
<td><strong>-12%</strong></td>
</tr>
<tr>
<td><strong>SG&amp;A Expenses Total</strong></td>
<td><strong>43.7 (39.3%)</strong></td>
<td><strong>44.6 (38.8%)</strong></td>
<td><strong>+0.9</strong></td>
<td><strong>+2%</strong></td>
</tr>
</tbody>
</table>

(%) Against net sales
# SG&A Expenses

(Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY2013*</th>
<th>Q1 FY2014</th>
<th>YoY</th>
<th>YoY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administrative Total</td>
<td>37.1</td>
<td>37.9</td>
<td>+0.8</td>
<td>+2%</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>7.8</td>
<td>6.7</td>
<td>-1.1</td>
<td>-14%</td>
</tr>
<tr>
<td>SG&amp;A Expenses Total</td>
<td>44.8</td>
<td>44.6</td>
<td>-0.3</td>
<td>-1%</td>
</tr>
</tbody>
</table>

* Value adjusted by excluding FX impact
# Quarterly Results

(Billion yen)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY13 (Apr Jun)</th>
<th>Q2 (Jul Sep)</th>
<th>Q3 (Oct Dec)</th>
<th>Q4 (Jan Mar)</th>
<th>Q1 FY14 (Apr Jun)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>111.1</td>
<td>114.9</td>
<td>119.2</td>
<td>122.1</td>
<td>114.9</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>57.0 (51.3%)</td>
<td>60.1 (52.3%)</td>
<td>61.5 (51.6%)</td>
<td>63.3 (51.9%)</td>
<td>60.7 (52.6%)</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>43.7 (39.3%)</td>
<td>43.0 (37.4%)</td>
<td>43.7 (36.7%)</td>
<td>46.3 (37.9%)</td>
<td>44.6 (38.8%)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>13.3 (12.0%)</td>
<td>17.1 (14.0%)</td>
<td>17.8 (14.0%)</td>
<td>17.0 (14.0%)</td>
<td>16.1 (14.0%)</td>
</tr>
<tr>
<td>Exchange Rate</td>
<td>USD 99 yen</td>
<td>100 yen</td>
<td>103 yen</td>
<td>102 yen</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EUR 129 yen</td>
<td>137 yen</td>
<td>141 yen</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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# CAPEX, R&D Expenses

<table>
<thead>
<tr>
<th></th>
<th>FY2014 Guidance</th>
<th>Q1 Result</th>
<th>Progress to guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPEX</td>
<td>42.0</td>
<td>9.2</td>
<td>22%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>41.0</td>
<td>9.7</td>
<td>24%</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>31.0</td>
<td>6.7</td>
<td>22%</td>
</tr>
</tbody>
</table>

Depreciation & Amortization: Including intangibles  
CAPEX: Acquisition basis
Cash Flow

Large impact of corporate tax payment in Q1

Operating CF: -0.5
Investing and Financing CF: 10.1
(Riullion yen)

9.7
Depreciation & Amortization

18.7
Corporate tax and others

5.3
Increase in working capital and others

9.2
CAPEX

6.8
Debt finance

5.5
Dividend

2.2
Others

Cash at end of FY2013
95.6

Cash at end of Q1 FY2014
85.0

TERUMO

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20/23
## Foreign Exchange Sensitivity

(Billion yen/year)

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Operating Income</td>
<td>0.3</td>
<td>0.4</td>
</tr>
</tbody>
</table>
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 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.