General Hospital Company, Toward Sustainable Growth

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1H Domestic Sales in Negative Growth

General Hospital Company: monthly performance in year-on-year comparison

- Recoil reduction in demand following tax hike
- Restrained patients consultation
- Temporary decline in hospital beds utilization rate

<table>
<thead>
<tr>
<th>Month</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>94%</td>
<td>95%</td>
<td>103%</td>
<td>98%</td>
<td>95%</td>
<td>101%</td>
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(Excluding infusion and syringe pumps)
Declined Beds Utilization Due to “Revision of Bed Classification”

Present

- **7 : 1** nursing care system
  - (360K hospital beds)
- **10 : 1** nursing care system
  - (220K hospital beds)
- **13 : 1 / 15 : 1** nursing care system
  - (80K hospital beds)
- Long-term care beds
  - (220K hospital beds)

Oct, 2014, all hospitals are required to report their nursing needs to MHLW.

- Review of intensity criterion for nursing care needs
- Tighten assessment of average length of stay
- Ratio of discharge home: > 75%

Temporary decline in hospital beds utilization rate

Year 2015

- **Short-term acute care**
- **Acute care**
- **Convalescent care**
  - Rehabilitation
- **Chronic care**
- Long-term care

Present Year 2015

- **7 : 1** nursing care system
  - (360K hospital beds)
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  - (80K hospital beds)
- Long-term care beds
  - (220K hospital beds)
Business Profit on the Road to Improvement

Business Profit Margin of General Hospital Company

- FY13_2Q
- FY13_3Q
- FY13_4Q
- FY14_1Q
- FY14_2Q
For Profitable and Sustainable Growth

- Boost sales growth for “Drug & Device”, and “DM and Consumer Healthcare”
- Accelerate profitability improvement in “General Hospital Products” and “Pharmaceutical and Nutrition”

```
%  

Profitability Improvement

Profitability

General Hospital Products
Pharmaceutical and Nutrition
Drug & Device
DM and Consumer Healthcare

Sales-size

*The area of each box represents its profit size

Sales Expansion

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Create High-Value Added Business for Hospital Market

Become a solution provider for Medical Professionals and Patients

Prevent accidental needle-stick and malpractice, Promote safe practice

Enhance operation efficiency

Realize less pain treatment and early hospital discharge

IV catheter, SURFLO V3
Safety syringe
Closed anticancer drug infusion system
Safe Infusion System

Nanopass 34G
Pain control

Growth Strategy: #1
Expand B2B Business for Pharmaceutical Companies

- Benefit from high-growth pharmaceutical market
  - Vaccine, biotechnology-based medicine (antibody, protein)

- Provide pharmaceutical companies with high-value added functions
  - High quality, easy-to-use, and drug Safety
  - Tailor device design to specific drug package

K-pack needle  Safety needle  Silicon oil free  PLAJEX / Nanopass
Global Strategy

- Expand Sales by direct marketing in JP and Asia
- Expand high-value added products through B2B business in EU and U.S.

### Improve Profitability for U.S. General Hospital Products business

<table>
<thead>
<tr>
<th>Sales FY12</th>
<th>Sales FY13</th>
<th>1H FY14</th>
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<tbody>
<tr>
<td>$50</td>
<td>$50</td>
<td>$50</td>
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</table>

**Business Profit Margin (BPM)**

- FY12: -10%
- FY13: 0%
- 1H FY14: 10%
Transform Product Portfolio of Overseas Business

【Europe】

- Low profitability business for hospitals: transition its activities of production and sales
- Expand high-value added, high-growth B2B business for pharmaceutical companies

![Graph showing sales and business profit margins over time](image)
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.