This is Kitabatake and I will now explain the financial results for the fiscal year ended March, 2016 and the guidance for the fiscal year ended March 2017.
First, the overview of our results: As president Shintaku just mentioned, we achieved significant increases in both sales and profit. All of our net sales, operating income, ordinary income, and net income turned out to be our highest-ever results.

Regarding sales, we achieved the double-digit growth globally in Interventional System and Neurovascular businesses with growth of 5% in sales even when excluding foreign exchange effects.

In gross profit, we improved it by two percent points mainly due to expansion of sales of highly profitable products and improvement of manufacturing costs in the Cardiac and Vascular Company, bringing gross profit margin up to 54.3%. When excluding foreign exchange effects, year-on-year growth also reached up to 10%.

In SG&A, our FY15 R&D expenses was 33.1 billion yen with 9% of year-on-year increase when excluding foreign exchange effects, meaning that we made much stronger growth investments. However, as for operating income, we still achieved growth of 25% since we were still able to absorb this higher level of investment with gross profitability improvement.

We had most recently revised our FY15 operating income guidance upward to 80 billion yen, but the final result ended up 1.7 billion yen above the guidance, reaching up to 81.7 billion yen. For the rest of the items on this slide, I will go into more detail on the next page.
In non-operating income and loss, foreign exchange was the largest factor. In particular, while we saw a positive foreign exchange impact in FY14, we were negatively impacted in FY15. The negative effect was somewhat present through the third quarter, but especially large in the fourth quarter. The negative impact through the third quarter was 2.4 billion yen, while the final result was minus-7.5-billion-yen.

Consequently, ordinary income was a modest 3% improvement year-on-year, but extraordinary gains and losses were the opposite; after a large extraordinary loss in FY14 due to the cost for EU restructuring, we experienced a large positive impact in FY15 as a result of selling off land. Therefore, income before income tax grew 20% positively year-on-year.

In net income, reduced tax burdens resulting from the revised tax code contributed to a result of 50.7 billion yen, or 32% growth year-on-year. Our latest revised forecast was 50 billion yen, but that increased by 700 million yen.
This slide shows the positive and negative impacts on operating income. The same pattern was evident through the third quarter. The largest positive impact was the increase in gross profit due to an increase in sales. Others were cost reductions and improvement of portfolio mix.

Regarding the foreign exchange impacts, we saw a small 0.9 billion yen in negative impact through the third quarter, but then the impact grew to 2.9 billion yen in the fourth. I will explain more about this later.
This is the operating income variance analysis by company. This is also from the third quarter, and shows the Cardiac and Vascular Company growing significantly while also increasing expenditures. For other companies, with the aim of improving profitability, we also controlled SG&A.
I will now explain the impacts of foreign exchange on operating income. The upper part of this slide shows the currency sensitivities’ trend.

First, regarding the dollar, since our dollar-denominated expenses increased, overall foreign exchange impact was more or less neutral. In addition, our amortization is also in dollars, so when the yen appreciates it has a positive impact on operating income; this is opposite from the euro’s impact.

Regarding the euro, we downsized production there, but saw an increase in euro-denominated sales, resulting in escalation of sensitivity.

The largest impact came from emerging countries’ currencies. In those countries we saw increased sales and recent significant depreciation of local currencies.

The actual numbers are as follows: From the first through third quarters, the dollar appreciated while the yen depreciated. Despite the depreciation of yen, we only had a small negative impact of 0.8 billion yen. In the fourth quarter, however, the dollar depreciated while the yen appreciated, resulting in a positive impact of 1.1 billion yen.

Throughout FY15, the euro depreciated while the yen appreciated, and we saw a similar pattern in the first through third, and then fourth quarters, resulting in a negative impact of 2.5 billion yen.

Regarding the Chinese yuan, the yen depreciated through the third quarter, and then appreciated in the fourth quarter against the yuan. The first three quarters saw 1.8 billion yen in positive impact, and the fourth saw negative 1.1 billion yen, for a total of 0.7-billion-yen positive impact.

Another example of emerging country currency is the Thai baht, which you see here; it showed a similar pattern, with yen depreciating against the baht in the first and second quarters, and then appreciating thereafter.

Overall the first three quarters had relatively little impact. However, due to an overall depreciation of currencies, the fourth was much more significant with negative impact of 2.0 billion yen.

This same pattern is evident throughout this fiscal year’s guidance, and I will touch on it again later in the presentation.
This next slide shows sales by region. The trend is steady through the third quarter. Japan ended up at plus 2%. Cardiac and Vascular and General Hospital were positive, while Blood Management was negative.

Excluding Europe, non-Japan sales grew in double digits. Our reduction in European business and euro depreciation were negative impacts.
Looking by company, we see that similar to previous results, the Cardiac and Vascular Company was the largest driver.
The Cardiac and Vascular Company followed its usual pattern, with strong growth in overseas Interventional Systems and Neurovascular business. Sales grew as well, business profitability improved four points year-on-year, from 21% to 25% mainly due to the sales expansion of “Ultimaster”.

<table>
<thead>
<tr>
<th>Major Topics</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous double digit growth in overseas TIS and neurovascular businesses</td>
<td>+28.5</td>
</tr>
<tr>
<td>Detail: The expansion of coronary therapeutic devices driven by global “Ultimaster” sales growth</td>
<td>+8.7</td>
</tr>
<tr>
<td>Detail: completion of local distributors network realignment followed by the expansion of customer coverage in China</td>
<td>+7.5</td>
</tr>
</tbody>
</table>

An increase in business profit and improvement for portfolio mix coupled with the sales expansion of overseas TIS and neurovascular businesses

An increase in gross profit driven by the global sales expansion of “Ultimaster”

<table>
<thead>
<tr>
<th>FY2014</th>
<th>FY2015</th>
<th>YOY%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>226.9</td>
<td>258.6</td>
</tr>
<tr>
<td></td>
<td>(14%)</td>
<td>(14%)</td>
</tr>
<tr>
<td>Business Profit</td>
<td>47.4</td>
<td>63.4</td>
</tr>
<tr>
<td>(21%)</td>
<td>(25%)</td>
<td>(24%)</td>
</tr>
</tbody>
</table>
In the General Hospital Company, the downsize of low profit business I have mentioned had a 3.5-billion-yen negative impact.

However, in the Japan, China, and other Asia markets, infusion system sales grew significantly, bringing overall company results back to approximately the same level as the previous year.

Profitability, on the other hand, increased partly with a decline in raw material costs due to low oil price.
In Blood Management, we have previously explained the large negative impact of price declines from the first quarter, particularly in the United States market. That impact was small through the second quarter, but hit the company fully in the fourth quarter. Sales grew 4% overall, but the price decline had a negative impact of 1.8 billion yen. Business margin also declined from 18% in the previous year to 16% in FY15.

Explained simply, this 2% point year-on-year business margin decline resulted from 2% point in lowered price impact, 1% point of weaker euro impact, and then other factors combining for a 1% point positive impact, adding up to a total of minus 2% point.
Next, I will discuss some topics from FY15.

Regarding corporate topics, in June, we established an audit/supervisory committee.

In February and August, we executed 61 billion yen of share buyback in total, and doing so resulted in significant positive impact on ROE. I will later explain this in more detail.

We were also selected as the “The Health & Productivity Stock” and “Nadeshiko Brand”.

Our hollow-fiber typed oxygenator won the “Okochi Memorial Prize”, which is the highest of its kind.

Regarding business topics, these are products that we successfully launched in FY15, and which had significant business impacts. For example, “Misago” was the first Japanese product gain a US PMA. “HeartSheet” was the first regenerative medicine product of its kind to receive regulatory approval in Japan. We also launched “Ultimaster” in Japan, and it has already had a large impact on income. There was also the intradermal injection device receiving regulatory approval in Japan.
New products in the pipeline are as shown, and most products listed have been launched as scheduled.
I will now explain our FY16 performance guidance.

Our FY16 sales plan is 517 billion yen, or minus 2% from FY15. Operating income is 75 billion yen, or minus 8%. However, net income is 52.5 billion yen, or plus 4% year-on-year. This increase in net income is due to a lighter tax burden that will be realized at the end of FY16.

These planned numbers constitute negative growth in sales and profit. However, as I have explained, it is largely due to the expected negative impact of foreign exchange. Negative FX impact on sales is projected to be 31 billion yen, and 8.5 billion yen on operating income. Excluding FX impact, FY16 sales would be 548 billion yen, or plus 4%, and operating income would be 83.5 billion yen, or plus 2%.

Also regarding operating income, another factor that was not present in FY15 is the 1.5 billion yen negative impact of the group pension fund, which is occurring due to recent negative interest policies. Without these impacts, the operating income would be 85 billion yen.
These numbers are the FY16 guidance for each company, excluding FX impacts.

Cardiac and Vascular Company sales and business profit are projected to continue growing, with Interventional Systems and Neurovascular businesses outside of Japan remaining the chief drivers.

The General Hospital Company will continue its improvement of profitability. When the pension fund cost increase I just mentioned is excluded, 22.6 billion yen in operating income rises to 23.5 billion or to 15% of business margin.

In Blood Management, the price declines in US started giving us the fullest negative impact at the end of FY15, and FY16 will be the year in which the company feels the most negative impact. In the next fiscal year and beyond, growth in therapeutic apheresis and businesses in emerging countries is expected to fully absorb that price decline impact.
These are the variance analysis for FY16 operating income guidance. The increase in sales is expected to be the biggest positive factor. Cost reduction and product mix portfolio will be other upward factors. Negative factors will include price declines, including the Japan reimbursement price revision, which will have a 5.2 billion yen negative impact. We will also have the negative effect of increased investment for sales force expansion in Interventional Systems and Neurovascular sales.

In FY17, we will begin implementation of a new mid- to long-term plan. We think of FY16 as a launching pad for realizing those plans.

When we exclude the effects of foreign exchange, we expect a continuation of good results, so rather than greatly changing anything, we plan to maintain the positive momentum this year.

At the same time, we intend to make necessary investments this year toward the mid- to long-term plan. One part of this will be further expansion of sales force in Interventional Systems and Neurovascular business, particularly in Europe and the United States, as well as by increasing field clinical staffs.

Another area of investment will be the Ashitaka Plant in Japan, which is the center of our new product development activities. There, we will increase the number of engineers by around 100.

One other area will be increased R&D expenses of interventional products for the Cardiac and Vascular Company.

With these activities we feel that we are planning a robust amount of investment in new product development.
In FY15, the dollar and euro each had differing impacts against the yen. However, in FY16, we anticipate yen appreciation against all currencies. We anticipate 110 yen to the dollar, and 125 yen to the euro.

As I mentioned before, when we exclude goodwill amortization, the dollar impact is approximately neutral, and when goodwill is included, the appreciating yen actually affects operating income positively. Therefore, as you can see here, the respective dollar and euro depreciation impacts are expected to roughly offset one another.

The larger impact will come from the Chinese yuan and other emerging countries currencies. In total, we forecast a total negative foreign exchange impact of 8.5 billion yen onto operating income in FY16.
The next slide explains our measure against foreign exchange fluctuation.

The area we watch most regarding foreign exchange impact is in specific markets and the effect on profitability of yen appreciation. In other words, we will confirm whether it makes sense from a profit standpoint to do business in a particular market in light of the impact a strong yen can have against that market’s currency.

The specific measure to take in such markets is a shift toward high-profitability businesses. In the case of Europe, we have lessened our focus on General Hospital Company products and placed more focus on Cardiac and Vascular products. This can be seen in the proportion of sales becoming more weighted toward Cardiac and Vascular starting in FY14.

We will not only improve the overall business portfolio, but also continue working to improve profitability in individual business areas that are currently less profitable. For example, in the Latin America General Hospital Product business, we plan to shift from low-profit products to higher ones. Compared with the FY14, FY16 guidance include 35% decline in sales, but a 35% increase in profit, or a 13%-point improvement of margin.

That is how we plan to mitigate foreign exchange impacts: By considering and implementing the various improvement measures we can make in specific businesses. We consider this to be most important key.
Next, regarding ROE: This shows the ROE trend beginning in FY11. From FY11 to FY14, we saw net income grew from 24.2 billion yen to 38.5 billion yen. However, ROE remained relatively static, going from 7.0% to 7.2% over that period.

The biggest factor behind that was increase in equity. There were two reasons for the increase in equity: First, of course, is the increase in income, but second is that our dollar-denominated asset of goodwill amortization had become larger due to yen depreciation; this has grown over time. We decided in FY15 to take action on this, by conducting share buyback of total 61 billion yen.

This resulted in significant increase in ROE as well as a decrease in equity, bringing ROE to 9.3%. Our forecast for FY16 is that net income will grow, equity will decrease and ROE will increase to 10% since our dollar-denominated asset adjustment will decrease due to yen appreciation.
Regarding dividends and earnings per share (EPS): In FY12, EPS was high due to a special tax benefit, but excluding that anomaly, EPS has steadily increased. We have made efforts to set the dividend payout ratio consistently near 30%, and that has led to dividend per share also steadily growing.

Regarding dividend per share on FY15, We had planned to issue a 16‐yen dividend per share in both the first and second halves for an annual total of 32 yen, but with the good results of the first half, we decided to issue dividends per share of 19 yen in the first and second halves, for a total of 38 yen. Eventually, in response to the good results of the second half, we raised its dividend per share to 20 yen, making for a final annual total of 39 yen.

As for dividend per share in FY16, with the net income projected to increase in FY16, we are planning for a total annual dividend per share of 41 yen.
The last slide shows the FY16 new product pipeline, and I will forego that explanation.

That concludes my remarks.
## FY15 Net Sales and Growth by Region

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Japan</th>
<th>Outside of Japan</th>
<th>G. Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td>Europe</td>
</tr>
<tr>
<td><strong>Cardiac and Vascular</strong></td>
<td>51.6 (+7%)</td>
<td>207.0 (+11%)</td>
<td>66.7 (+5%)</td>
</tr>
<tr>
<td><strong>Out of L&amp;V Interventional Systems</strong></td>
<td>39.6 (+7%)</td>
<td>163.3 (+14%)</td>
<td>53.3 (+6%)</td>
</tr>
<tr>
<td><strong>General Hospital</strong></td>
<td>124.2 (+2%)</td>
<td>37.2 (-7%)</td>
<td>9.3 (-24%)</td>
</tr>
<tr>
<td><strong>Blood Management</strong></td>
<td>11.5 (-9%)</td>
<td>93.6 (+4%)</td>
<td>25.8 (+6%)</td>
</tr>
<tr>
<td><strong>G. Total</strong></td>
<td>187.2 (+2%)</td>
<td>337.8 (+7%)</td>
<td>101.8 (+2%)</td>
</tr>
</tbody>
</table>

*Including Neurovascular business

(YoY%): Excluding foreign exchange
## Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>FY2014</th>
<th>FY2015</th>
<th>YoY</th>
<th>YoY%</th>
<th>Yoy% (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries &amp; Wages</strong></td>
<td>70.5</td>
<td>76.0</td>
<td>+5.5</td>
<td>+8%</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Sales Promotion</strong></td>
<td>16.0</td>
<td>17.2</td>
<td>+1.2</td>
<td>+8%</td>
<td>+6%</td>
</tr>
<tr>
<td><strong>Logistical Costs</strong></td>
<td>11.0</td>
<td>11.0</td>
<td>-0.0</td>
<td>-0%</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>Depreciation &amp; Amortization</strong></td>
<td>25.1</td>
<td>27.5</td>
<td>+2.4</td>
<td>+10%</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>36.6</td>
<td>38.4</td>
<td>+1.8</td>
<td>+5%</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>SG&amp;A Expenses Total</strong></td>
<td>159.2</td>
<td>170.1</td>
<td>+10.9</td>
<td>+7%</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>R&amp;D Expenses</strong></td>
<td>29.4</td>
<td>33.1</td>
<td>+3.7</td>
<td>+13%</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Operating Expenses Total</strong></td>
<td>188.6</td>
<td>203.2</td>
<td>+14.6</td>
<td>+8%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

(%) Against net sales
<table>
<thead>
<tr>
<th>Quarterly Results</th>
<th>FY14 Q4 (Jan-Mar)</th>
<th>FY15 Q1 (Apr-Jun)</th>
<th>Q2 (Jul-Sep)</th>
<th>Q3 (Oct-Dec)</th>
<th>Q4 (Jan-Mar)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>126.3</td>
<td>128.7</td>
<td>130.5</td>
<td>136.8</td>
<td>129.0</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>65.4 (51.7%)</td>
<td>69.0 (53.2%)</td>
<td>70.4 (53.9%)</td>
<td>75.3 (55.0%)</td>
<td>70.3 (54.4%)</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>42.4 (34.5%)</td>
<td>41.7 (32.9%)</td>
<td>42.7 (32.7%)</td>
<td>42.9 (31.3%)</td>
<td>42.8 (31.2%)</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>8.4 (6.7%)</td>
<td>7.9 (6.3%)</td>
<td>8.0 (6.3%)</td>
<td>7.4 (6.1%)</td>
<td>9.9 (7.7%)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>14.6 (11.5%)</td>
<td>19.4 (15.1%)</td>
<td>19.7 (15.1%)</td>
<td>25.0 (18.3%)</td>
<td>17.6 (13.6%)</td>
</tr>
<tr>
<td>(Excl. Amortization)</td>
<td>19.4 (15.3%)</td>
<td>24.5 (19.1%)</td>
<td>24.8 (19.0%)</td>
<td>30.1 (22.0%)</td>
<td>22.5 (17.4%)</td>
</tr>
</tbody>
</table>

Average Exchange Rate

<table>
<thead>
<tr>
<th>USD</th>
<th>119 yen</th>
<th>121 yen</th>
<th>122 yen</th>
<th>121 yen</th>
<th>115 yen</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>134 yen</td>
<td>134 yen</td>
<td>136 yen</td>
<td>133 yen</td>
<td>127 yen</td>
</tr>
</tbody>
</table>
CAPEX and R&D Expenses

- CAPEX was peaked out on FY2013.
- CAPEX is projected to be at the same level as amortization.
- CAPEX of 4 billion yen planned in FY15 was pushed and will be realized in FY16.
- Further promote R&D activities for TIS and neurovascular business in US.
Cash Flow

Operating CF
+80.3

Corporate Tax
36.5

Increase in Working Capital
4.8

Investing and Financing CF
-60.3

Sale of Investment Securities
10.8

Share Buyback
61.0

CAPEX
31.5

Dividends
13.2

Others
34.6

Cash at end of FY2014
129.7*

* Cash at end of fiscal year is consistent with “Cash and deposits” on B/S.

Public Company Operating CF
+80.3

Corporate Tax
36.5

Increase in Working Capital
4.8

Investing and Financing CF
-60.3

Sale of Investment Securities
10.8

Share Buyback
61.0

CAPEX
31.5

Dividends
13.2

Others
34.6

Cash at end of FY2015
149.7+

Cash at end of year is consistent with “Cash and deposits” on B/S.

Public Company Operating CF
+80.3

Corporate Tax
36.5

Increase in Working Capital
4.8

Investing and Financing CF
-60.3

Sale of Investment Securities
10.8

Share Buyback
61.0

CAPEX
31.5

Dividends
13.2

Others
34.6

Cash at end of year is consistent with “Cash and deposits” on B/S.
## Foreign Exchange Sensitivity

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Excl. Amortization</td>
<td>Incl. Amortization</td>
</tr>
<tr>
<td>Net Sales</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Operating Income</td>
<td>0.0</td>
<td>-0.2</td>
</tr>
</tbody>
</table>
IR Contact

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Corporate Communication (IR) Dept.
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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.