

Financial Results for the First Half of Fiscal Year Ending March 31, 2018 (FY2017)

Terumo Corporation

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November 9, 2017

Achieved Highest-ever Sales and Profits

(billion yen)

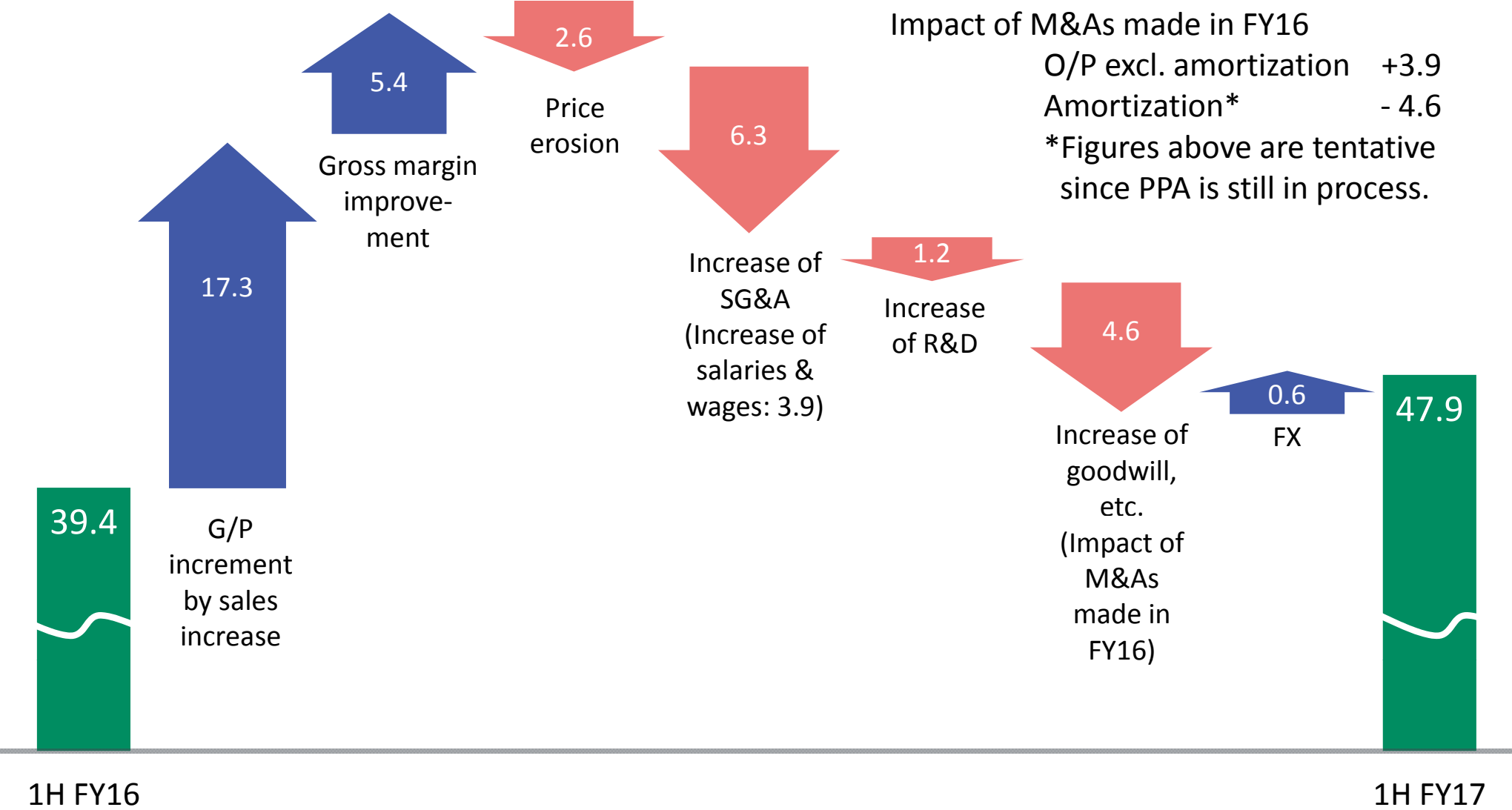
	1H FY16	1H FY17	YoY%	YoY% (FXN)
Net Sales	245.1	284.6	+16%	+12%
Gross Profit	135.0 (55.1%)	159.7 (56.1%)	+18%	+15%
SG&A expenses	79.3 (32.4%)	93.8 (33.0%)	+18%	+14%
R&D Expenses	16.3 (6.6%)	18.0 (6.3%)	+11%	+8%
Operating Income	39.4 (16.1%)	47.9 (16.8%)	+22%	+20%
(Excl. Amortization)	48.6 (19.8%)	62.4 (21.9%)	+28%	+26%
Ordinary Income	30.6 (12.5%)	47.0 (16.5%)	+53%	
Net Income	20.4 (8.3%)	33.0 (11.6%)	+61%	

Average Exchange Rate	USD	105 yen	111 yen
	EUR	118 yen	126 yen

- Sales: Achieved double digit growth even with FXN, driven mainly by Cardiac and Vascular Company
- Operating income: Three companies made a double digit growth and achieved highest profit for three consecutive periods
- Ordinary income: Posted FX gain of 0.4 BJPY in 1H FY17, while posted FX loss of 6.6 BJPY in 1H FY16

Operating Income Variance Analysis

(billion yen)



Impact of M&As made in FY16
 O/P excl. amortization +3.9
 Amortization* - 4.6
 *Figures above are tentative since PPA is still in process.

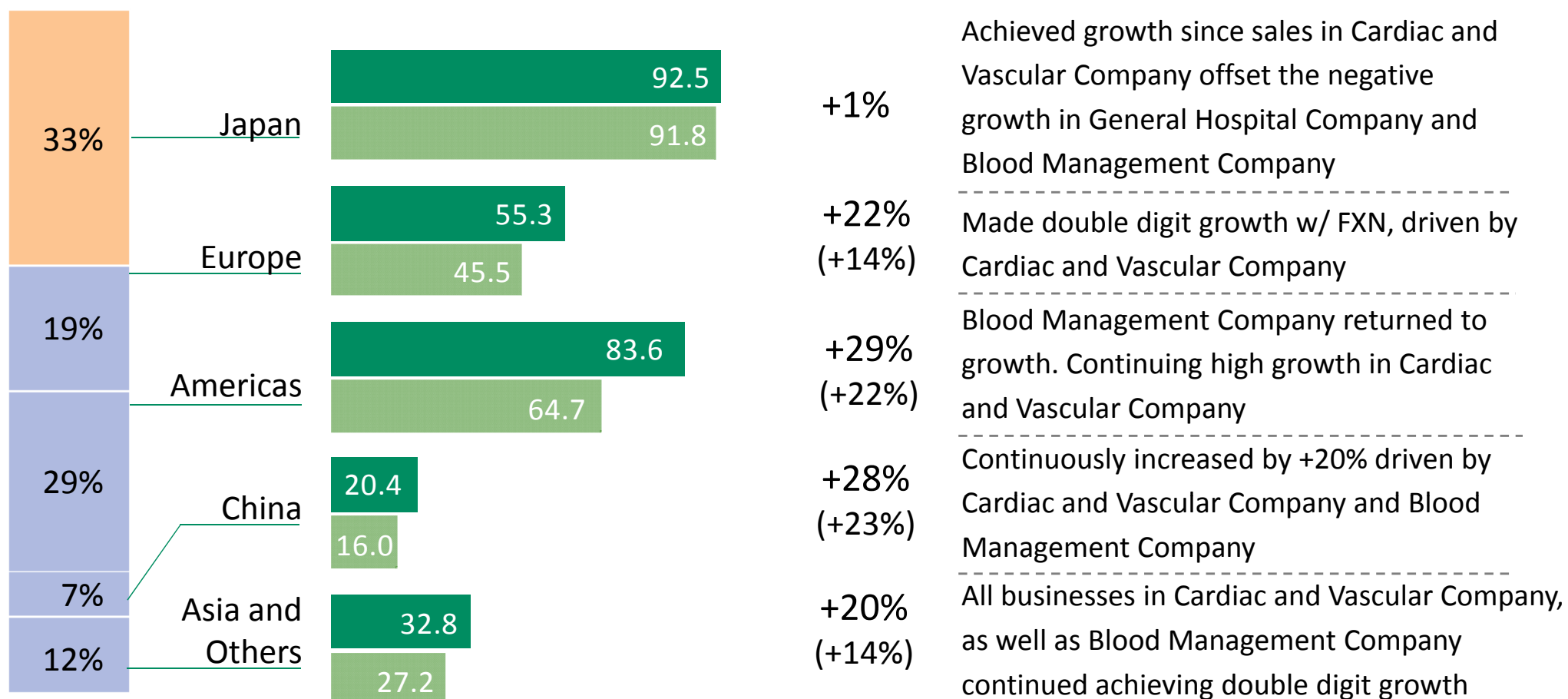
Net Sales by Region

1H FY17
1H FY16

Net Sales

100% = 284.6BJPY

Year-on-Year Sales Comparison

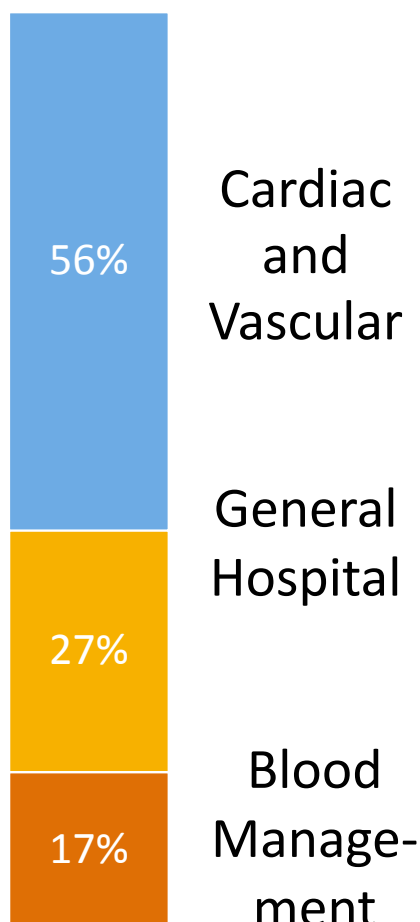


Net Sales by Business Segment

1H FY17
1H FY16

Net Sales

100% = 284.6BJPY



Year-on-Year Sales Comparison

billion yen	YoY%	Comments			
	() FXN				
<table border="1"> <tr> <td>Cardiac and Vascular</td> <td>157.6</td> <td>121.5</td> </tr> </table>	Cardiac and Vascular	157.6	121.5	+30% (+24%)	Products acquired in FY16 maintained good momentum. Organic business remained strong as well, and all businesses achieved double digit growth even w/ FXN
Cardiac and Vascular	157.6	121.5			
<table border="1"> <tr> <td>General Hospital</td> <td>77.7</td> <td>78.2</td> </tr> </table>	General Hospital	77.7	78.2	-1% (-2%)	Downsizing low profitable accounts mainly outside Japan. In Japan, impact of inventory adjustment for general hospital products at distributors and conservative buying of pumps became milder, leading growth in sales for Q2
General Hospital	77.7	78.2			
<table border="1"> <tr> <td>Blood Management</td> <td>49.2</td> <td>45.2</td> </tr> </table>	Blood Management	49.2	45.2	+9% (+4%)	Continuous growth in blood center products mainly in emerging countries. Therapeutic apheresis in US drove overall growth
Blood Management	49.2	45.2			

Cardiac and Vascular: Significant Increase Both in Sales and Profit

(billion yen)

	1H FY16	1H FY17	YoY%	Major Topics	Impact
Sales			() FXN		
	121.5	157.6	+30% (+24%)	Impact of FX	+7.4
				TIS: Access and cardiology products outside JP drove the growth	+5.8
				Neurovascular: Hydrogel coils and suction cath mainly in US, China & Asia drove overall growth	+3.0
				CV: Resumed the shipment at Ann Arbor factory	+1.9
			Increase in sales due to M&As	+17.4	
Business Profit	33.0	41.0	+24% (+26%)		
	(27%)	(26%)		Achieved significant increase in profit due to sales expansion. Maintained high profitability due to sales expansion of highly profitable products and business in high price market, US	

General Hospital: Significant Profitability Improvement

(billion yen)

	1H FY16	1H FY17	YoY%	Major Topics	Impact
Sales	78.2	77.7	-1% (-2%)	Impact of FX	+1.0
				General hospital products: Downsizing low profit businesses outside Japan (Pumps in Japan showed signs of modest recovery)	-0.8
				Healthcare: Downsizing accounts both inside and outside Japan	-0.4
Business Profit	11.2 (14%)	13.5 (17%)	+20% (+19%)	Downsized low profit businesses outside Japan. In Japan, sales expansion and cost reduction of infusion line and pain management products, as well as R&D reimbursement from pharma partner (Alliance) earlier than planned, contributed to increase in profit	

Blood Management: Continuous Trend in Sales Growth and Profitability Improvement

(billion yen)

	1H FY16	1H FY17	YoY%	Major Topics	Impact		
Sales	45.2	49.2	+9% (+4%)	Impact of FX (strong dollar and weak Euro)	+2.4		

				Blood center business: Made double digit growth in emerging markets	+0.5		
				Therapeutic apheresis and cell processing achieved growth mainly outside Japan	+1.1		
Business Profit	6.5 (14%)	7.8 (16%)	+20% (+25%)	The increase in volume of blood center products mainly in emerging markets. Achieved growth in profit due to the sales expansion of highly profitable therapeutic apheresis products in US			

() FXN

Major Topics in Q2

Corporate

- Won “FY2017 Good Design Award”



IVUS system
“VISICUBE”
“AltaView”



Blood pressure monitor
ELEMANO 2

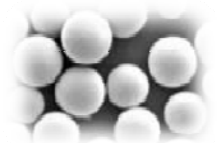
- CSR activities: Monetary and daily goods donations for relief of hurricanes in US and downpour in Kyushu, JP. Provided funds to art and cultural activities (support succession of traditional crafts)

- Opened “MicroVention Worldwide Innovation Center” in Southern CA, US, accelerating synergy in R&D between endovascular and neurovascular (Sep)



Business

- Launched “Ultimaster” in Australia (Aug)
- Launched “TERUFUSION Infusion Pump Type 28” in Japan (Aug)
- Launched radioembolization beads “QuiremSpheres” in EU (Sep)



New Products Pipeline in FY17

Category	Products		Region
Coronary	PTCA balloon		US: Q4
Peripheral	Stent (TRI)	★	JP, US & EU: Q4
	PTA balloon (TRI)	★	JP, US & EU:Q4
	PTA guiding sheath (TRI)	★	JP, US & EU: Q4
	Drug coated balloon	◎ ★	EU: Q4
	Embolization coil	◎	Launched
	Neuro	Distal protection device	
Hydrogel coil 3D			Launched
Oncology	Radioembolization beads (Quirem)	★	Launched

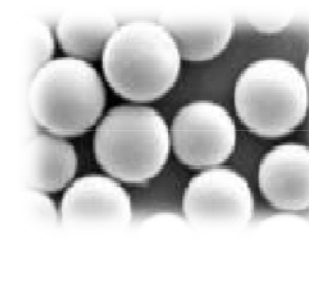
Category	Products		Region
CV	Heart-lung machine (Re-launch)	◎	Launched
	Next generation of oxygenator	◎	JP&EU: FY18
General Hospital Products	Vertical infusion pump		JP: Launched
	Needleless infusion system for Anti-cancer drugs		Launched
DM	Insulin patch pump	★	JP
Blood Management	New software for automated blood collection system		JP: Launched

◎ Item with large contribution to sales and profit

★ Item with highly innovative technology



Vertical infusion pump
“TERUFUSION Infusion Pump Type 28” JP



Radioembolization beads
“QuiremSpheres” EU



New software for automated blood collection system
“Trima Accel Version 7” JP

Reference

1H FY17 Net Sales and Growth by Region

(billion yen)

Business Segment	Japan	Outside of Japan					G. Total
		Subtotal	Europe	Americas	China	Asia	
Cardiac and Vascular	26.4 (+8%)	131.2 (+28%)	39.6 (+23%)	58.7 (+32%)	16.7 (+25%)	16.1 (+28%)	157.6 (+24%)
Out of C&V Interventional Systems*	20.2 (+7%)	106.4 (+29%)	31.8 (+21%)	45.6 (+38%)	15.6 (+24%)	13.5 (+29%)	126.5 (+25%)
General Hospital	60.7 (-1%)	17.1 (-4%)	3.9 (-5%)	3.6 (-7%)	1.0 (+6%)	8.4 (-3%)	77.7 (-2%)
Blood Management	5.4 (-6%)	43.8 (+5%)	11.7 (-1%)	21.2 (+6%)	2.6 (+17%)	8.2 (+9%)	49.2 (+4%)
G. Total	92.5 (+1%)	192.1 (+18%)	55.3 (+14%)	83.6 (+22%)	20.4 (+23%)	32.8 (+14%)	284.6 (+12%)

*Including Neurovascular business

(YoY%): FXN

Operating Expenses

(billion yen)

	1H FY16	1H FY17	YoY	YoY%	YoY% (FXN)
Salaries & Wages	35.8	41.4	+5.6	+16%	+11%
Sales Promotion	7.5	8.0	+0.5	+7%	+3%
Logistical Costs	5.5	6.1	+0.6	+11%	+9%
Depreciation & Amortization	12.3	18.4	+6.1	+50%	+43%
Others	18.2	19.9	+1.7	+9%	+6%
SG&A Expenses Total	79.3 (32.4%)	93.8 (33.0%)	+14.5	+18%	+14%
R&D Expenses	16.3 (6.6%)	18.0 (6.3%)	+1.7	+11%	+8%
Operating Expenses Total	95.6 (39.0%)	111.8 (39.3%)	+16.2	+17%	+13%

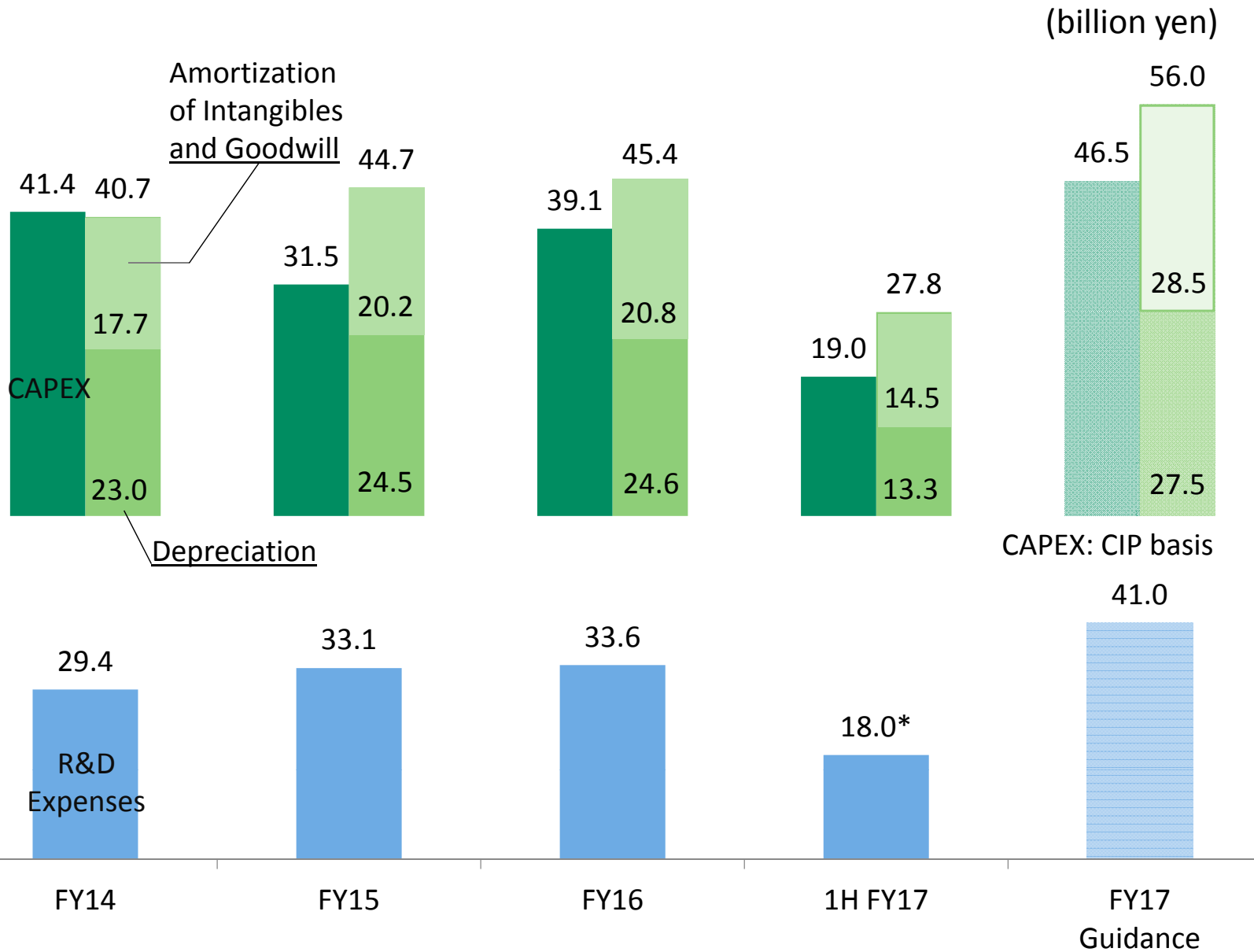
Quarterly Results

(billion yen)

	FY16 Q2 (Jul-Sep)	Q3 (Oct-Dec)	Q4 (Jan-Mar)	FY17 Q1 (Apr-Jun)	Q2 (Jul-Sep)
Net Sales	120.6	129.3	139.8	139.3	145.3
Gross Profit	65.8 (54.6%)	68.7 (53.2%)	74.3 (53.2%)	78.3 (56.2%)	81.4 (56.1%)
SG&A Expenses	39.6 (32.9%)	41.0 (31.7%)	47.4 (34.0%)	46.4 (33.3%)	47.3 (32.6%)
R&D Expenses	8.2 (6.8%)	8.2 (6.4%)	9.2 (6.6%)	8.5 (6.1%)	9.6 (6.6%)
Operating Income	18.0 (14.9%)	19.5 (15.1%)	17.7 (12.6%)	23.4 (16.8%)	24.5 (16.9%)
(Excl. Amortization)	22.6 (18.8%)	24.5 (19.0%)	24.2 (17.4%)	30.6 (22.0%)	31.8 (21.9%)

Average Exchange Rate	USD	102 yen	109 yen	114 yen	111 yen	111 yen
	EUR	114 yen	118 yen	121 yen	122 yen	130 yen

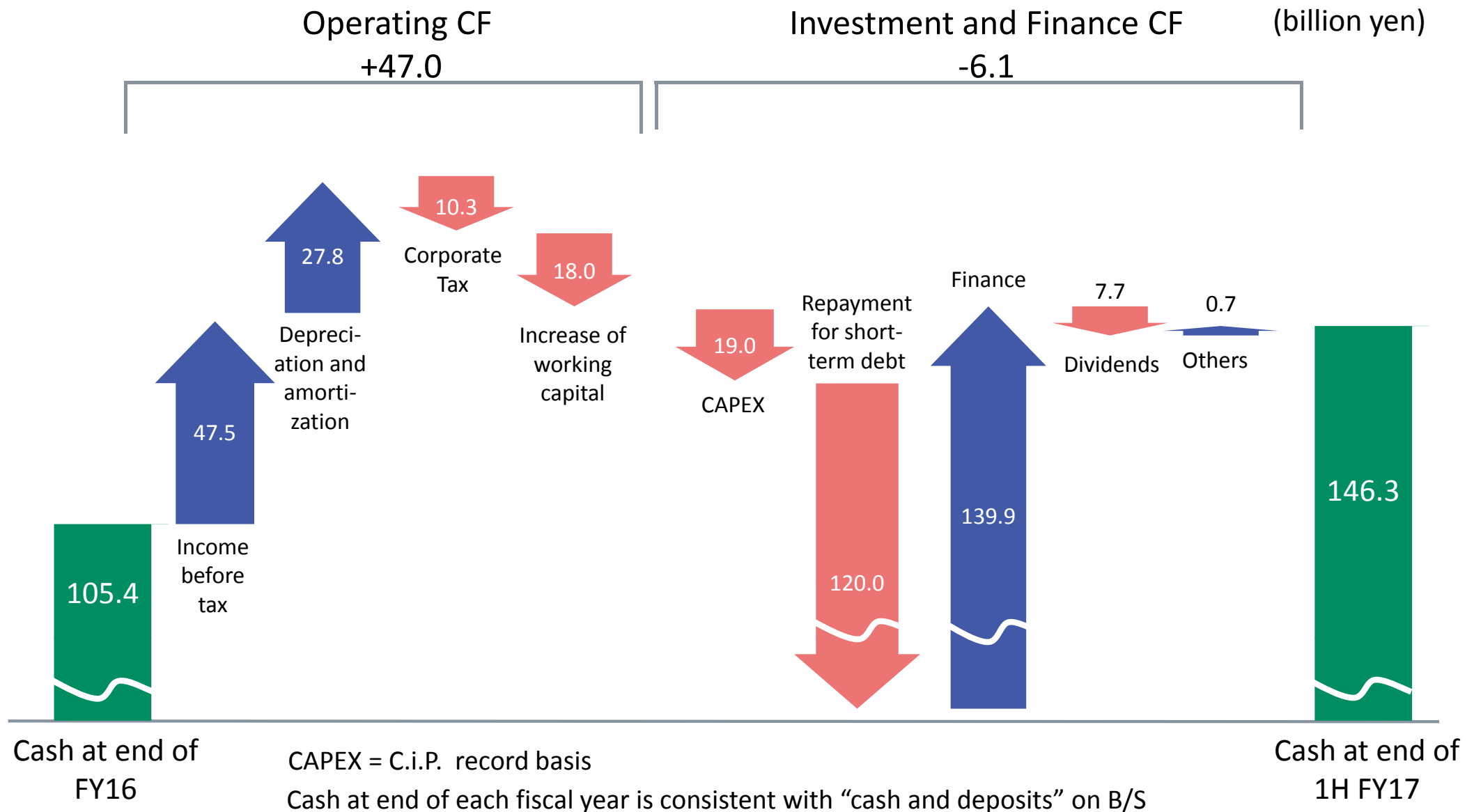
CAPEX and R&D Expenses



- Expand investment in production capacity and space as well as IT infrastructure in FY17
- Amortization of intangibles and goodwill are projected to increase due to M&As made in FY16
- Further promote US-based R&D activities for TIS and neurovascular

*Investment into venture technologies was booked in other than R&D expenses. (1.5 BJPY)

Cash Flow



FY17 Foreign Exchange Sensitivity

(billion yen)

	USD		EUR	CNY
	Excl. Amortization	Incl. Amortization		
Net Sales	1.6	1.6	0.8	1.8
Operating Income	0.0	-0.2	0.5	0.9

<Reference> Impact of +/-10% fluctuation

	North America	Latin America	EMEA		Asia	
			EUR	Others	CNY	Others
Operating Income	-1.8	0.8	5.6	1.0	1.4	3.3

(Reference) IFRS Basis

- Adopting International Financial Reporting Standards (IFRS) from the year-end financial announcement for FY17
- Schedule for disclosure

FY17 Q1-Q3 : Japanese GAAP

FY17 year-end financial announcement : IFRS

Reference

(billion yen)	Japanese GAAP 1H FY17	IFRS 1H FY17	Impact
Net Sales	284.6	284.6	-
Operating Income (%)	47.9 (16.8%)	57.5 (20.2%)	+9.6
Adjusted Operating Income (%)	62.4 (21.9%)	64.7 (22.7%)	+2.3
Net Income	33.0	41.1	+8.1

IR Contact

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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 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.

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