

# “Review: Ashitaka Shipping Delays”

## “Strengthen Global Operations”

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Terumo Corporation

President and CEO

Shinjiro Sato

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# Review: Ashitaka Shipping Delays

# Quickly Normalized, Impact Minimized

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## ■ Operations: Quick normalization

- Sterilization: Added chambers, utilized other factories to restore during 2018. Currently 30% surplus capacity
- Shipping: All backorders from all regions caused by the shipping delays resolved in FY18
- Inventory: Steadily optimizing (partially increased buffer)

## ■ Business impact: Some temporary impact; mostly recovered

- Japan: No major fluctuation in market shares
- Outside Japan: Took measures to keep customers, minimized impact

# Preventive Actions

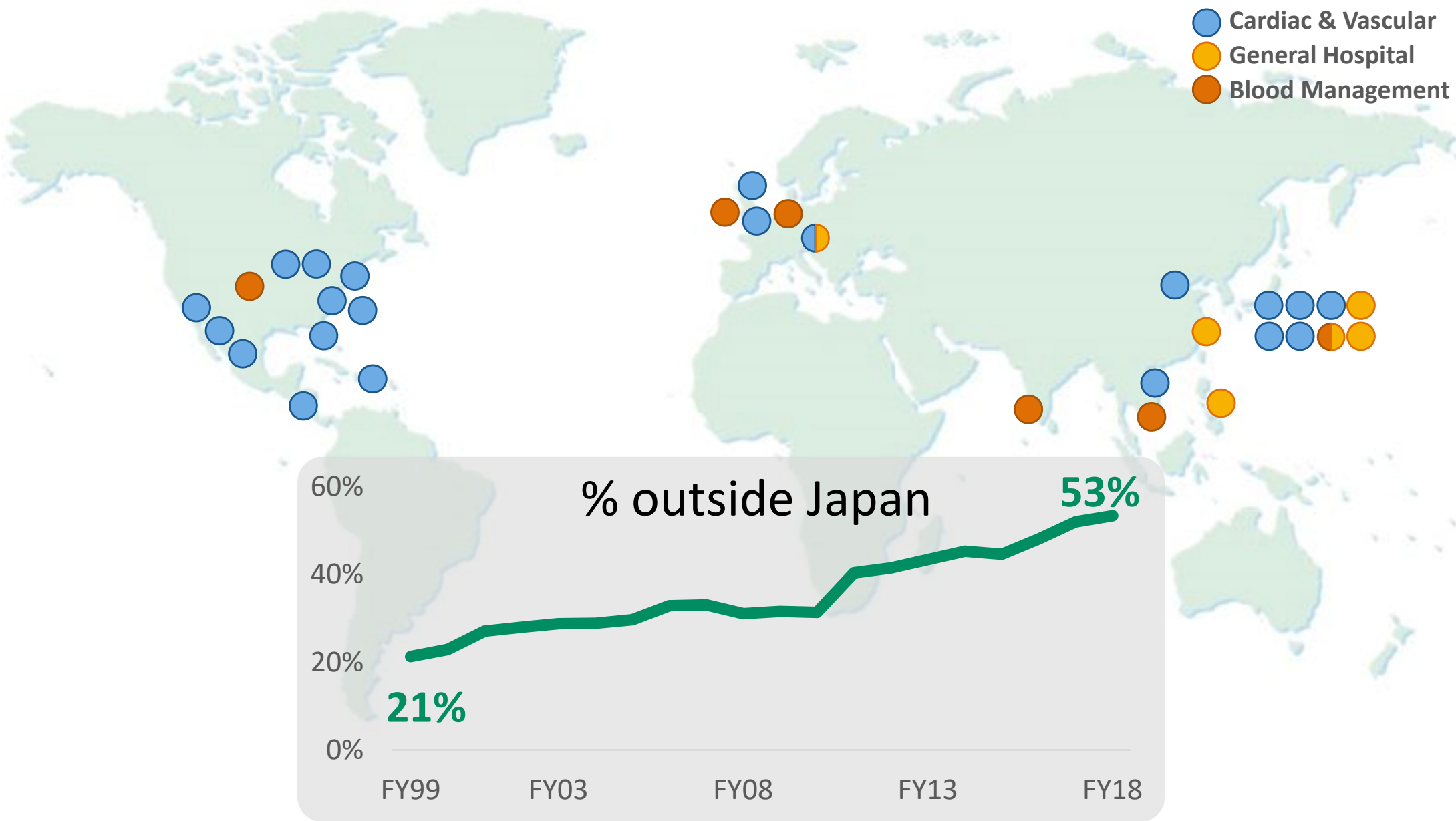
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- Ease overconcentration of production in Ashitaka factory, improve production capacity and efficiency
  - Accelerate capacity expansion for access devices (guidewire etc.) at Vietnam factory
  - Optimization among 4 factories (Yamaguchi, Vietnam, Maryland and Clinical Supply)
  - Accelerate automation and slim down product lineup to improve efficiency
- Enhance engineering expertise, mutually share them and cooperate
  - Beyond factories, actively pass on the advanced technologies and know-how
- Risk management
  - Secure remaining sterilization capacity: Continue with leveraging other factories. Upgrade Ashitaka's capability
  - Secure proper inventory: Establish inventory strategies considering products and area differences (minimize impacts from contingency)

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# Strengthen Global Operations

# Global Production System (31 factories)



# Toward Strengthening Global Operations

## Key themes

- Increase capacity to meet growth speed
- Improve quality; cost and efficiency
- Stable supply; enhance SCM, risk mgmt.
- Compliance to tightened regulations
- Cope with localization

## Key measures

1. Global optimization

2. Strengthen organization

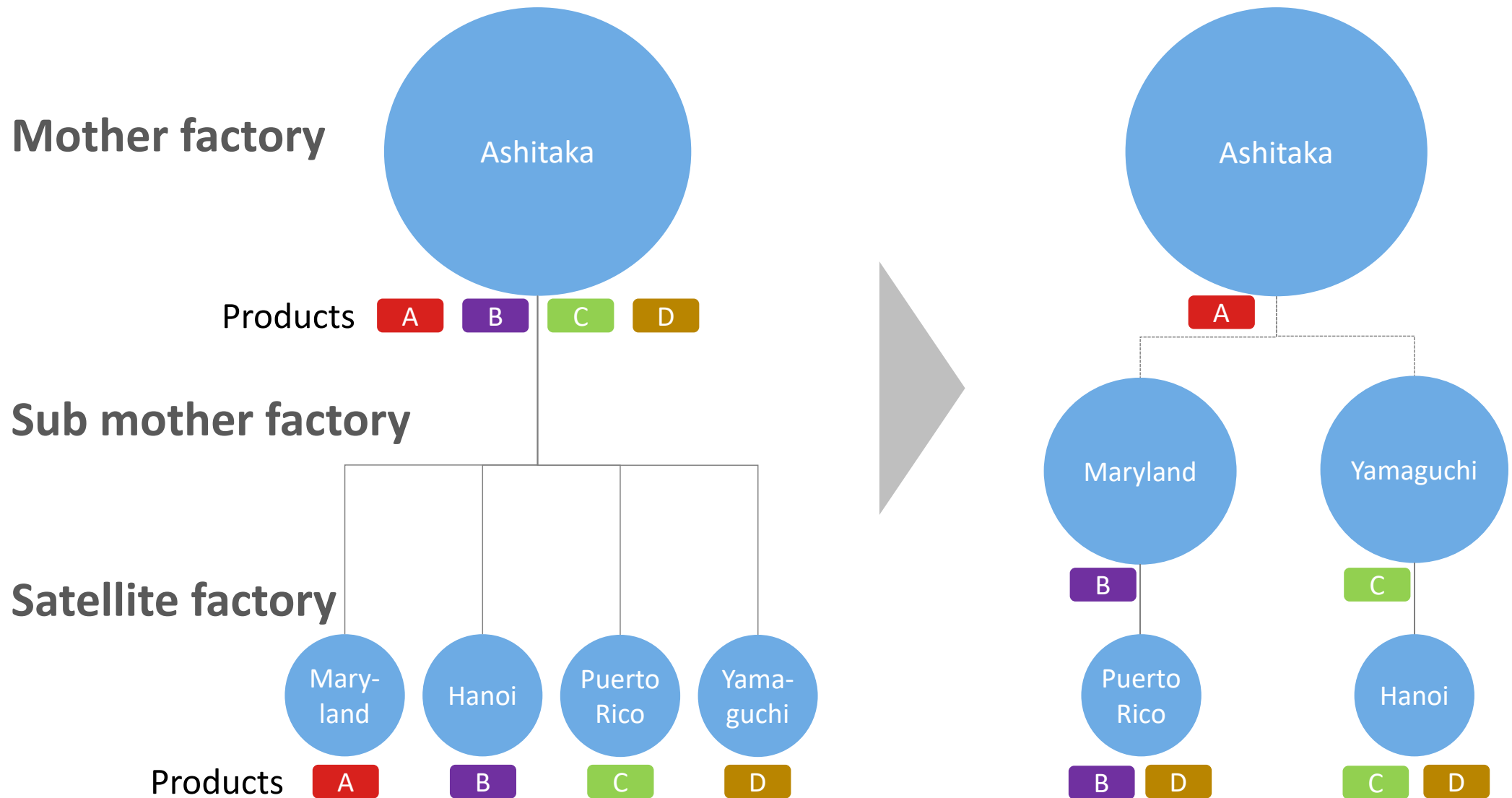
3. Collaboration across businesses

4. Local production

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Share, pass on "monozukuri" culture

# (1) Global Optimization: Cardiac & Vascular TIS Case





# (2) Strengthen Organization

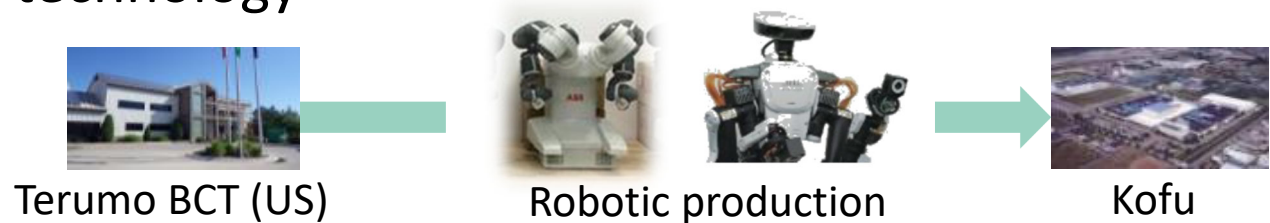


# (3) Collaboration Across Businesses/Companies Cases

- Flexible sharing of sterilization functionality



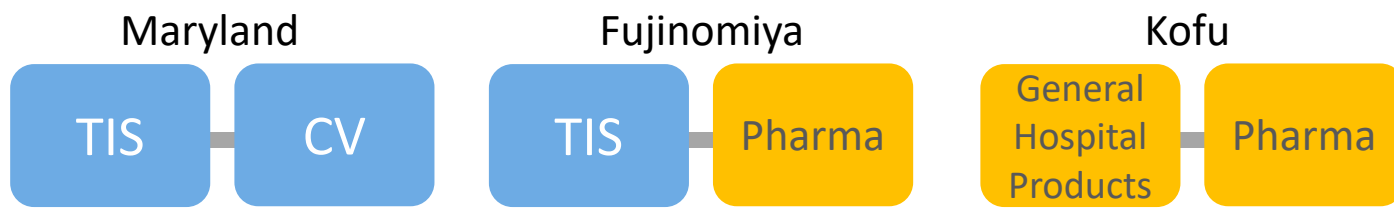
- Sharing of production technology



- Acquired factory process transfer, integration



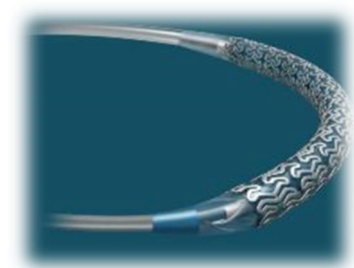
- Accelerate intra-area collaboration: Technology, infrastructure, resources, etc.



## (4) Local Production: China Case

### ■ Essen Technology Co., Ltd. acquisition (completed Dec '18)

- Obtained made-in-China DES; biggest market in near future
- Collaborate with Terumo engineers to improve production and development technologies



Drug-eluting stent "Tivoli"

### ■ Established peritoneal dialysis partnership with Wego group

- Jointly develop, produce locally for expanding Chinese dialysis market (first shipment in Mar '19)
- Leverage Wego's strong sales channels in China



Wego Terumo



Dialysis fluid

### ■ Start manufacturing neurovascular products in FY20

- Manufacture at Terumo Hangzhou factory
- Embolic coil for treating cerebral aneurysms with No. 1 market share in China



Hangzhou



Embolic coil for treating cerebral aneurysms

# Monozukuri Evolution: From Implicit to Explicit; Pass on within The Group

## ■ Make engineering expertise explicit and share

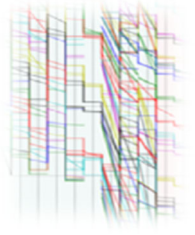
- Mutual learning across businesses/companies
- Visualize and analyze craftsmanship by IT



Onsite trainings,  
opinion exchanges



Utilize eye-tracking  
technology



## ■ Efficiently enhance monozukuri skills globally

- Global Manufacturing Management Meeting: Discussion on common issues, solutions
- Manufacturing Innovation Exhibition: Sharing and developing application of production technologies among all the factories



Global Manufacturing Management Meeting



Manufacturing Innovation Exhibition



# Mid- to Long Term Vision

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- Trusted in medical settings as a **Top Brand**
- World-class total **Quality**  
(products, **supply**, services)



**Global Corporation with Unique Excellence**



# IR Contact

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## Terumo Corporation

Corporate Communication (IR) Dept.

E-mail: [kouhou\\_terumo01@terumo.co.jp](mailto:kouhou_terumo01@terumo.co.jp)

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