



TERUMO CORPORATION

Half Year Financial Result for FYE/ Mar.2007

October 30, 2006

1



Sales and profits increased to a record 2-digit growth

(Unit: billion yen)

	Interim Mar. 06	Interim Mar. 07	Rate of change
Net Sales	119.8	132.7	10.7%
Gross Profit (%)	65.3 (54.5%)	73.3 (55.2%)	12.2%
SGA Expenses (%)	40.3 (33.6%)	44.6 (33.6%)	10.7%
Operating Income (%)	25.0 (20.9%)	28.6 (21.6%)	14.5%
Ordinary Income (%)	25.3 (21.1%)	29.1 (21.9%)	14.8%
Interim net profit (%)	16.3 (13.6%)	18.4 (13.9%)	13.0%

**Average rate in
the period**

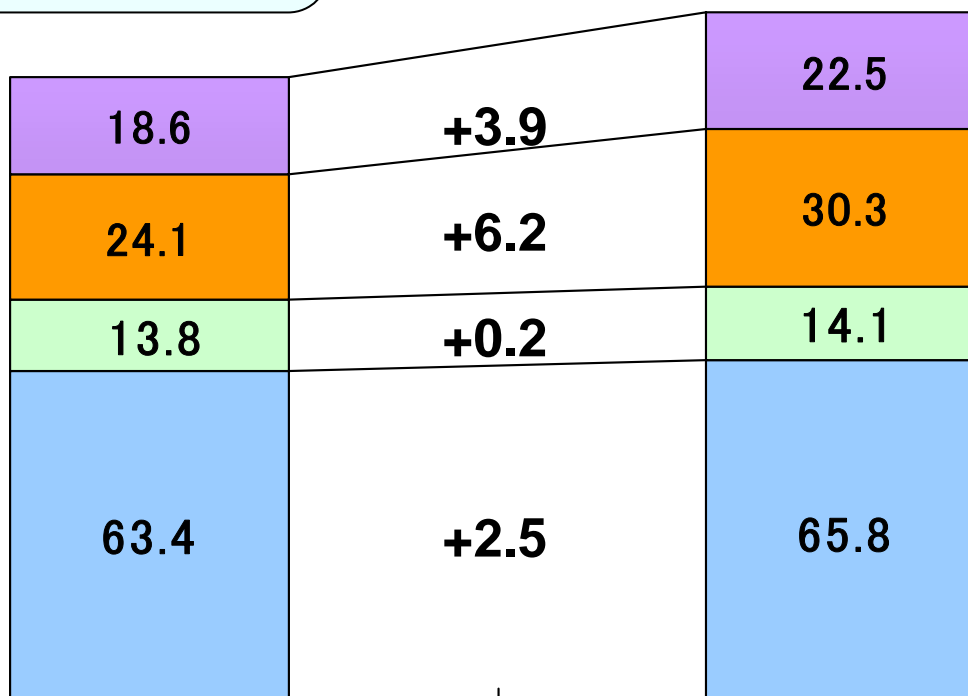
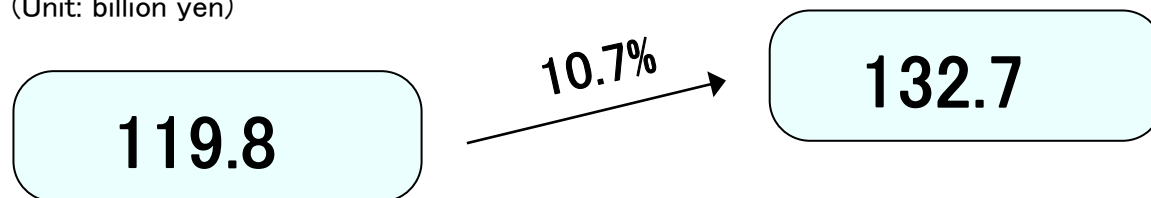
**US\$ 110 yen
EUR 136 yen**

**115 yen
146 yen**

**5.4% yen depreciation
7.7% yen depreciation**

Net Sales (by product group)

(Unit: billion yen)



- CV and vascular grafts (Growth rate: 21.1%)
- Interventional products (Growth rate: 25.8%)
- Home health care products (Growth rate: 1.7%)
- General hospital products (Growth rate: 3.9%)

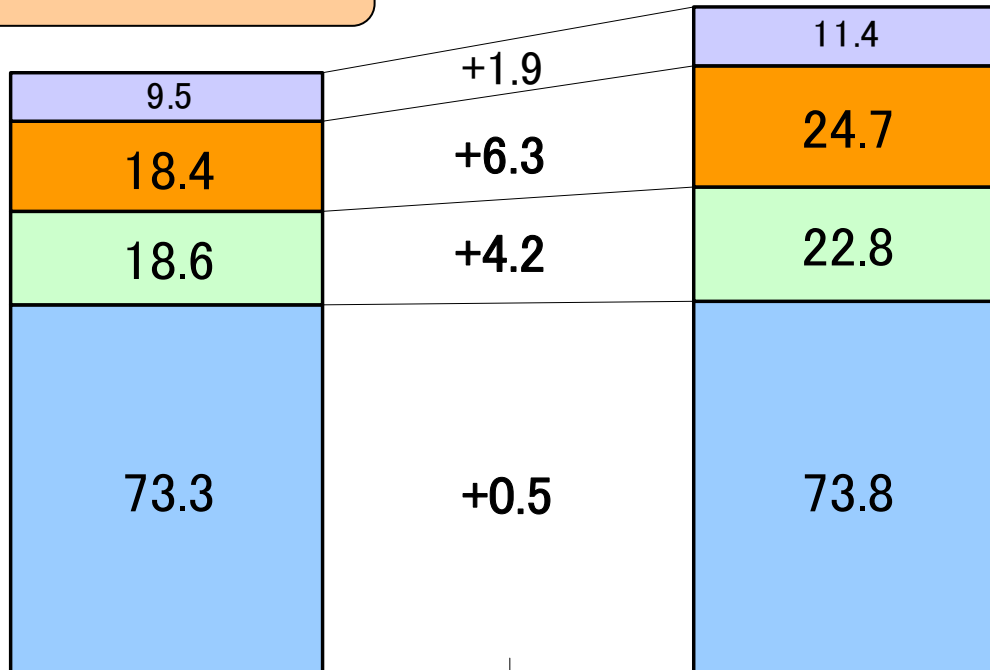
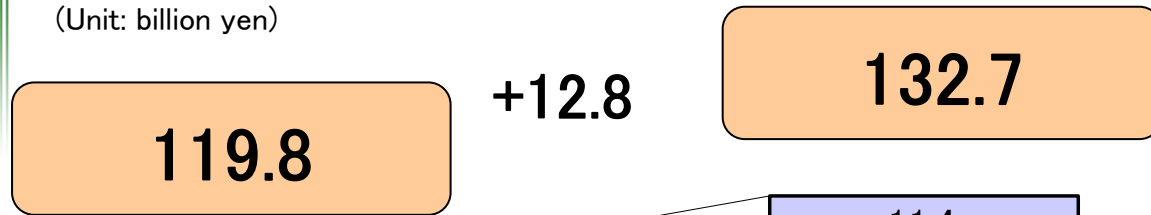
Interim fiscal ending Mar. 2006

Interim fiscal ending Mar. 2007

Note: CV (cardiac & vascular products)

Net Sales (by Region)

(Unit: billion yen)



Consolidated Net Sales
10.7% ↓(7.8%)

Growth rate:

Asia	19.4%	(12.2%)
Americas	33.9%	(27.6%)
Europe	22.6%	(14.0%)
Overseas	26.4%	(19.0%)
Japan	0.7%	

Interim fiscal ending Mar. 06

Interim fiscal ending Mar. 07

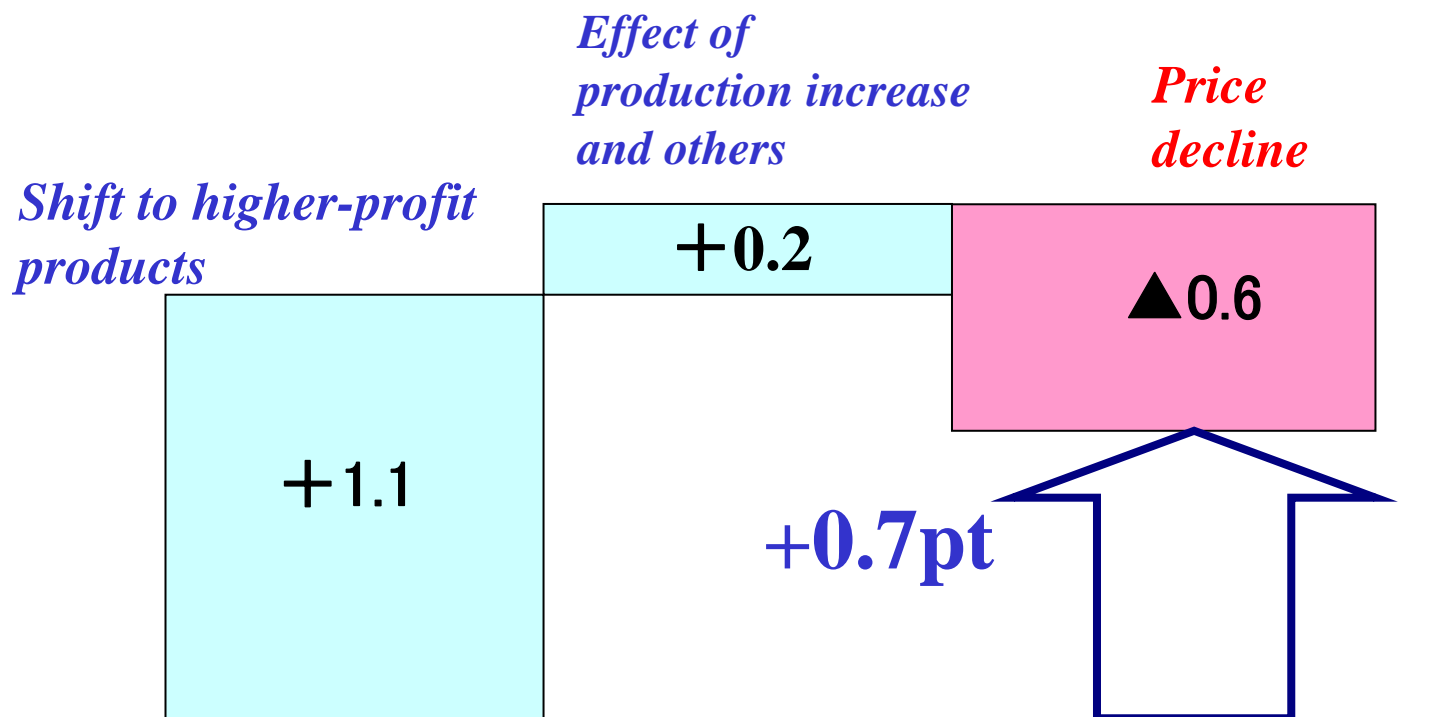
39% **44%**
Overseas sales ratio of total net sales

Excluding impact of ForEX

Gross Profit Margin: 55.2%; +0.7pt compared to previous year

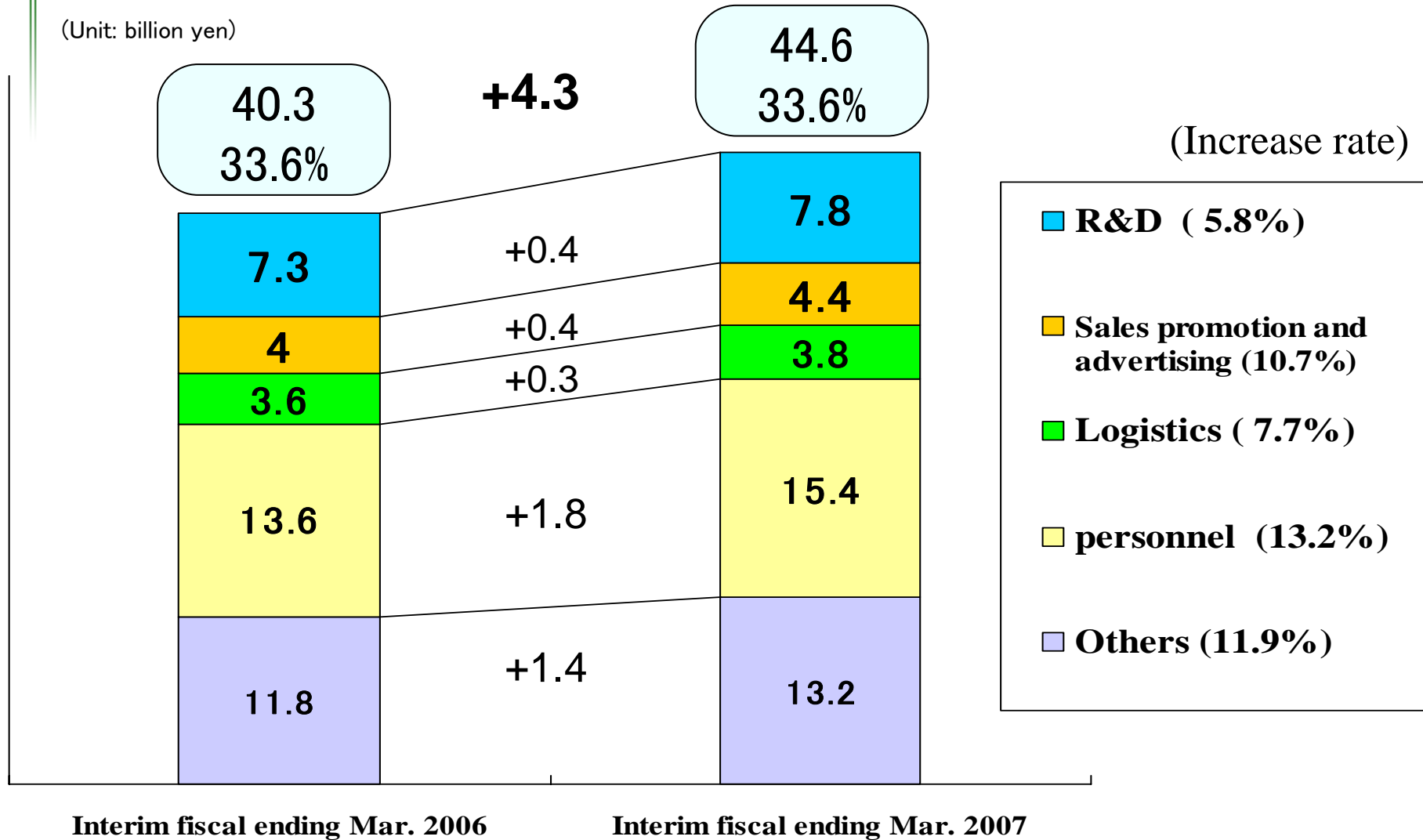
Positive factors compared to previous year: +1.3pt

Negative factors compared to previous year: ▲0.6pt



Details of SGA Expenses

(Unit: billion yen)



Forecast for the Full Fiscal Year Revised Upward

(Unit: billion yen)

Mar. 2007	Previously announced	Revised	Increase
Net Sales	267.0	273.0	+6.0
Operating Income (%)	54.7 (20.5%)	57.5 (21.1%)	+2.8
Ordinary Income (%)	54.2 (20.3%)	57.5 (21.1%)	+3.3
Net Income (%)	33.7 (12.6%)	37.0 (13.6%)	+3.3
In-house exchange rate	US\$ 110 yen EUR 135 yen	US\$ 114 yen EUR 145 yen	



About first half performance

- ◆ **Increased international sales driven by the growth of cardiac and vascular products contributed to corporate growth**
- ◆ **Domestic performance affected by NHI price revisions but still recovering, thanks to measures taken to address market changes**

<Domestic market changes>

- Key acute care hospitals shift to DPC
 - Increase of specialist hospitals
 - Policies to promote home care for future development
- ※DPC
(Diagnosis Procedure Combination)

DPC-applied hospitals drastically increasing now and in the future

The key is the strategy in view of about 500,000 beds at current and potential DPC hospitals

•DPC	Mar. 06 or before	144 hospitals	About 95,000 beds
	Apr. to Jul. 06	216 hospitals	About 90,000 beds
DPC total		360 hospitals	About 190,000 beds

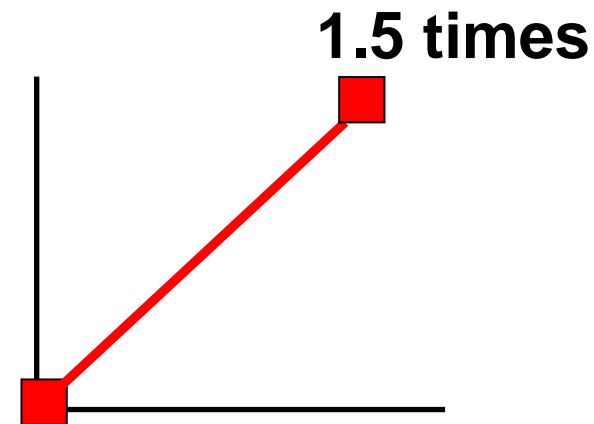
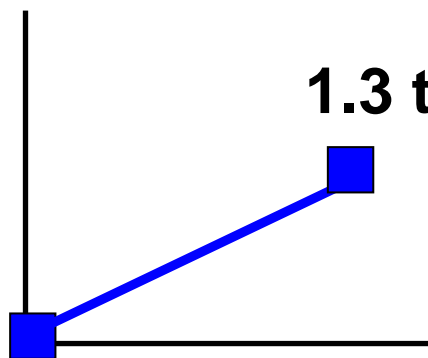
Potential DPC hospitals	1,700 hospitals	About 300,000 beds
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Changes in hospitals after introducing DPC (1)

Standardization and streamlining of products

General I.V. solution
(maintenance fluid)

General I.V. solution
(Ringer's lactate)

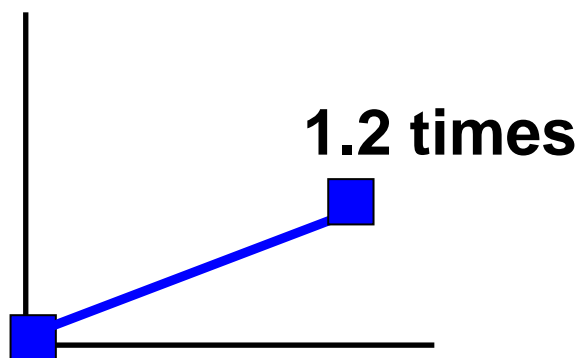


<Terumo sales comparison> Relative ratio of sales during this interim period
when the sales in the same period of the previous year is set to "1" (in Japan)

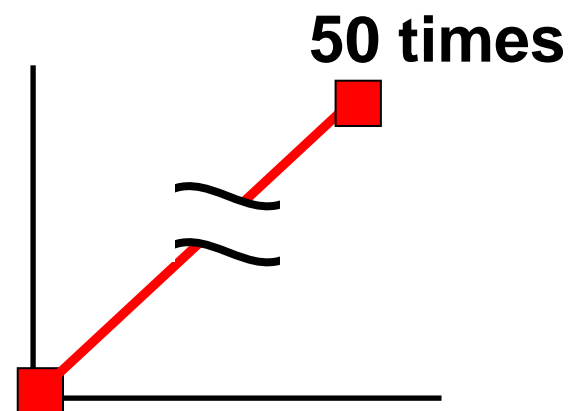
Changes in hospitals after introducing DPC (2)

Increase of risk management products

Risk management medical products



Large-volume FULCALIQ



<Terumo sales comparison> Relative ratio of sales during this interim period when the sales in the same period of the previous year is set to "1" (in Japan)



Addressing changes/future initiatives

- ◆ **Increasing DPC hospitals and expanding business opportunities**
 - Take advantage of “safety improvement” and “higher efficiency of operations”
 - Apply “DPC effects” to other acute care hospitals

- ◆ **Increasing special hospitals**
 - Approach to specialist hospitals utilizing interventional and diabetes care products

- ◆ **Expecting for home medical care extension**
 - Grasping the impact of guiding policies and development of new business



Topics

Nobori clinical trial, interim report

Excerpts from document published at TCT06

	Nobori	Control group
Late Loss *)	0.15mm	0.32mm
Restenosis	0%	0%
Stent thrombosis	0%	0%

* Optimum intima hypertrophy is said to be 0.10 to 0.20mm

Remarks:

- Better than the results of control group
- Stent thrombosis didn't occur
- In terms of safety, effects of biodegradable polymer is expected

"DuraHeart" LVAS

■ Europe:

- 2Q, 2006 **Clinical trial completed**
- 4Q, 2006 **Scheduled to obtain CE mark**
- 2007 **Commercialization**

■ U.S.:

- 2007 Application for clinical trial planned

■ Japan:

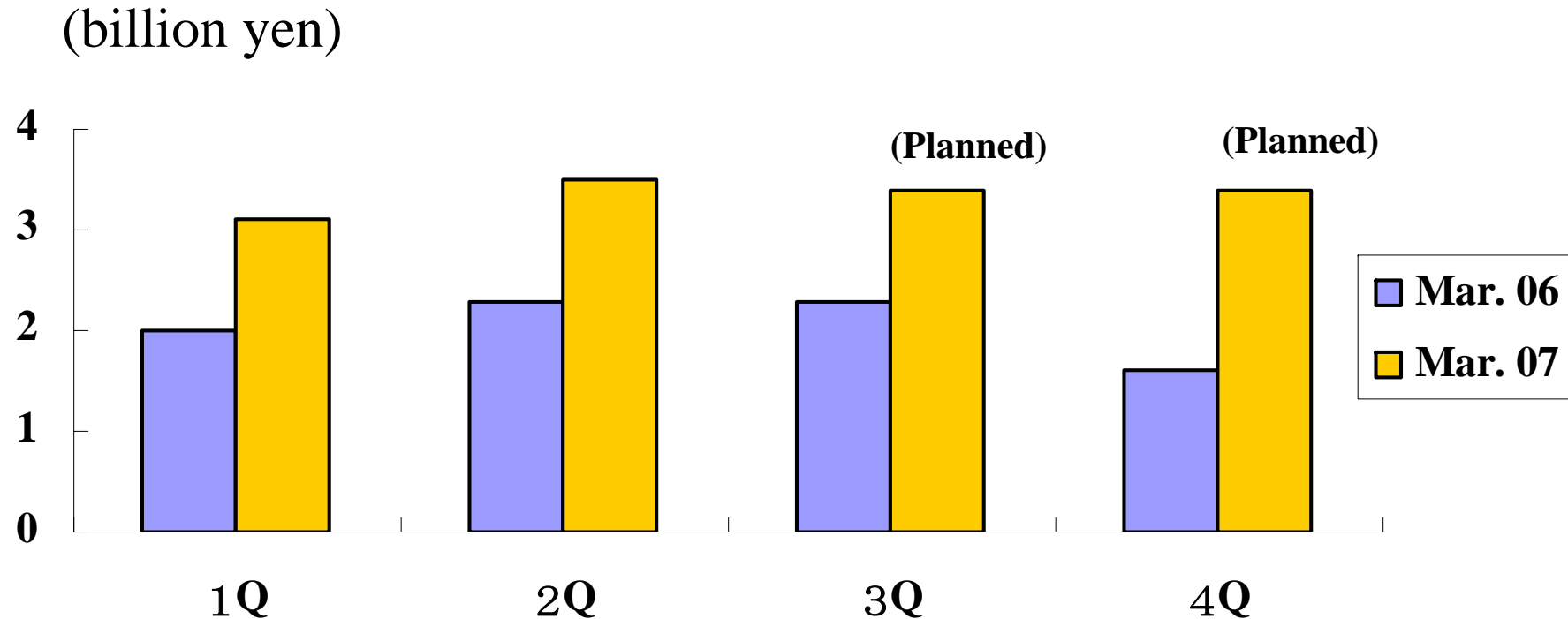
- In preparation process for clinical trial



DuraHeart

Interventional business in the U.S.

Estimated annual sales: 13.5 billion yen



Cerebral aneurysm coil (MicroVention)

Sales have been steady

- Interim period results (Global): 2.2 billion yen
(Annual plan: 5 billion yen)
- The coil market has enjoyed more than 15% yearly growth.



Platinum bare coil

- Flexibility and high operability

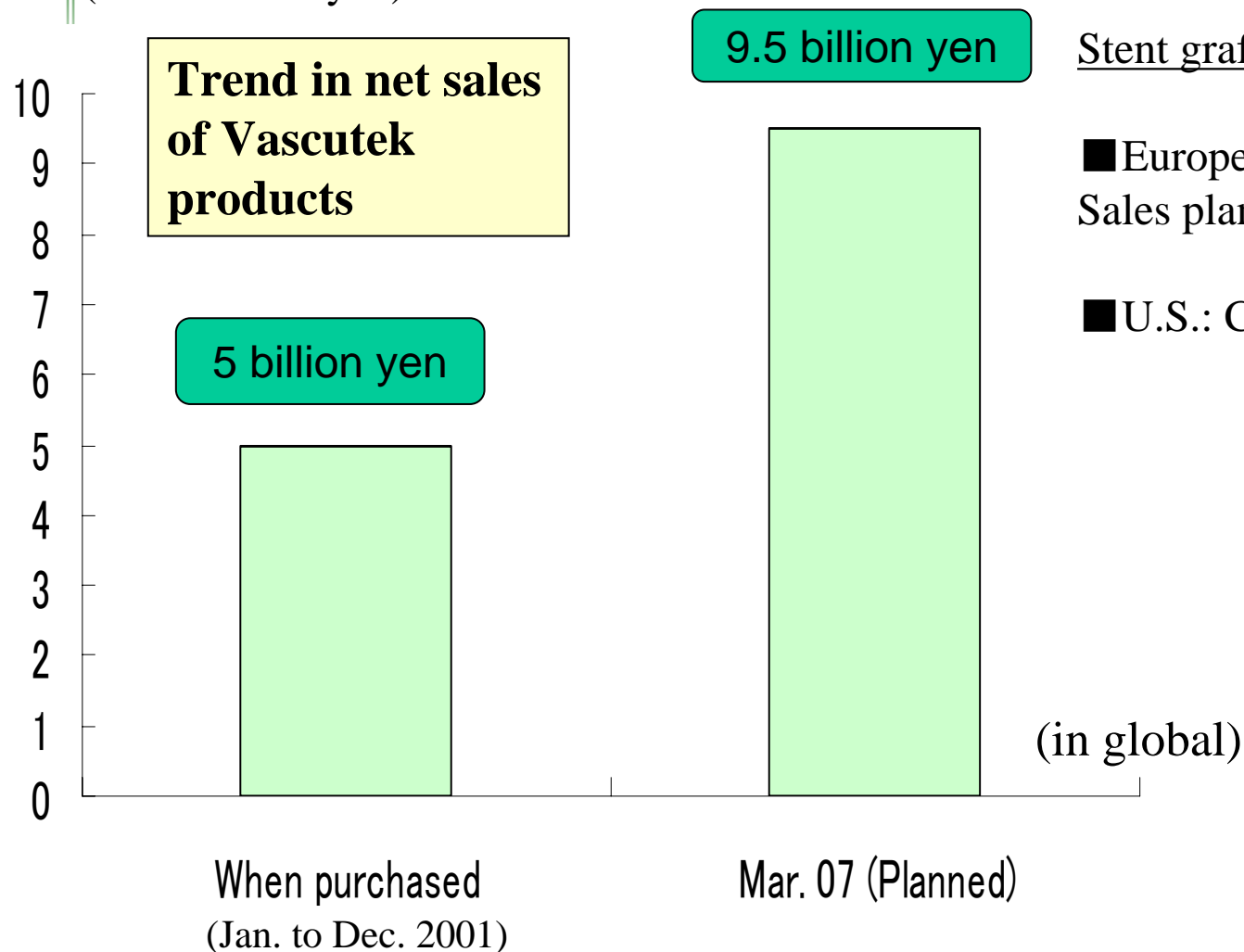


Coated coil

- High filling factor and cure rate are expected

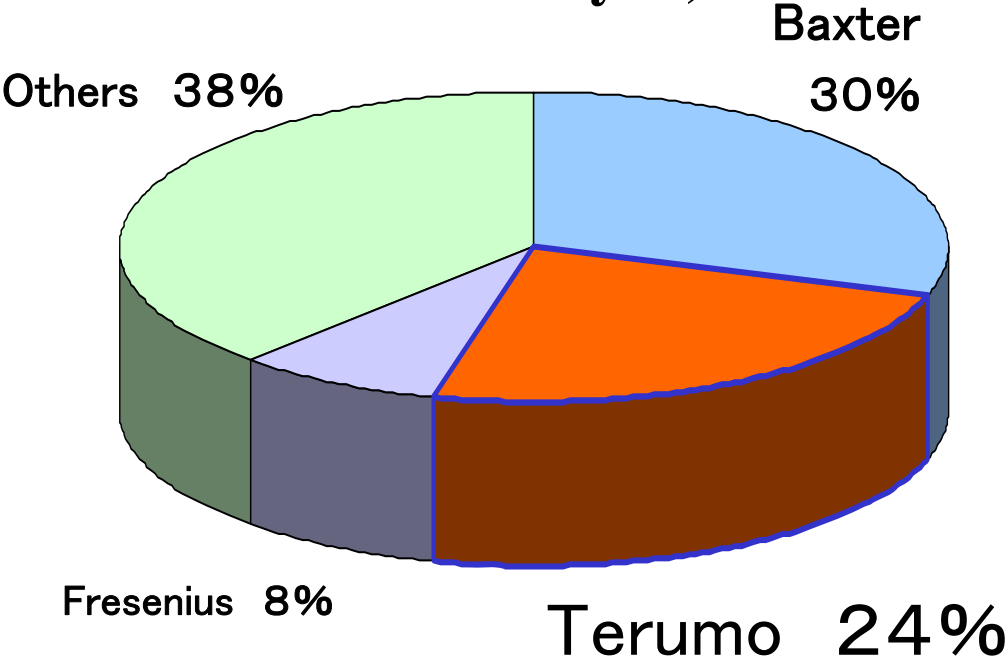
Sales of Vascutek products have steadily grown

(Unit: billion yen)



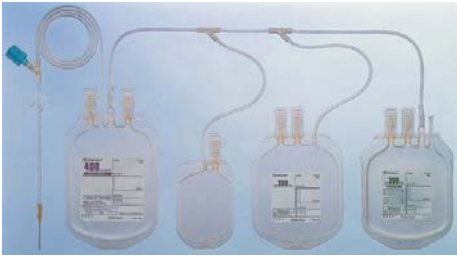
Overview of Terumo's blood transfusion business

Market of Blood bags (Worldwide: 22 billion yen)



(Terumo estimate)

Blood bags

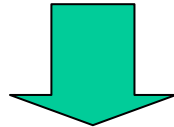


Leukocyte removal filter

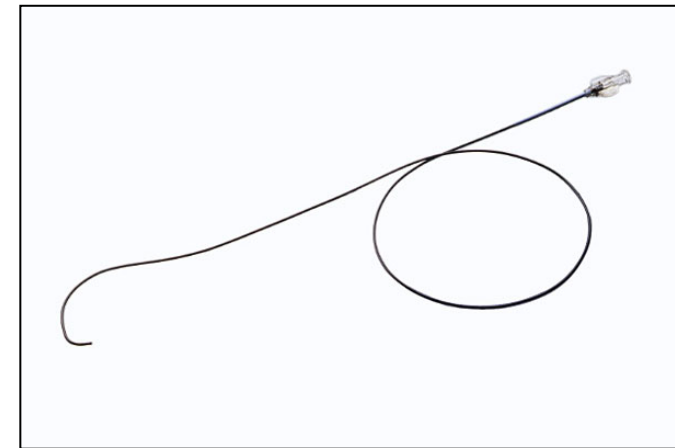


Apheresis systems and blood collecting kit

About contrast medium



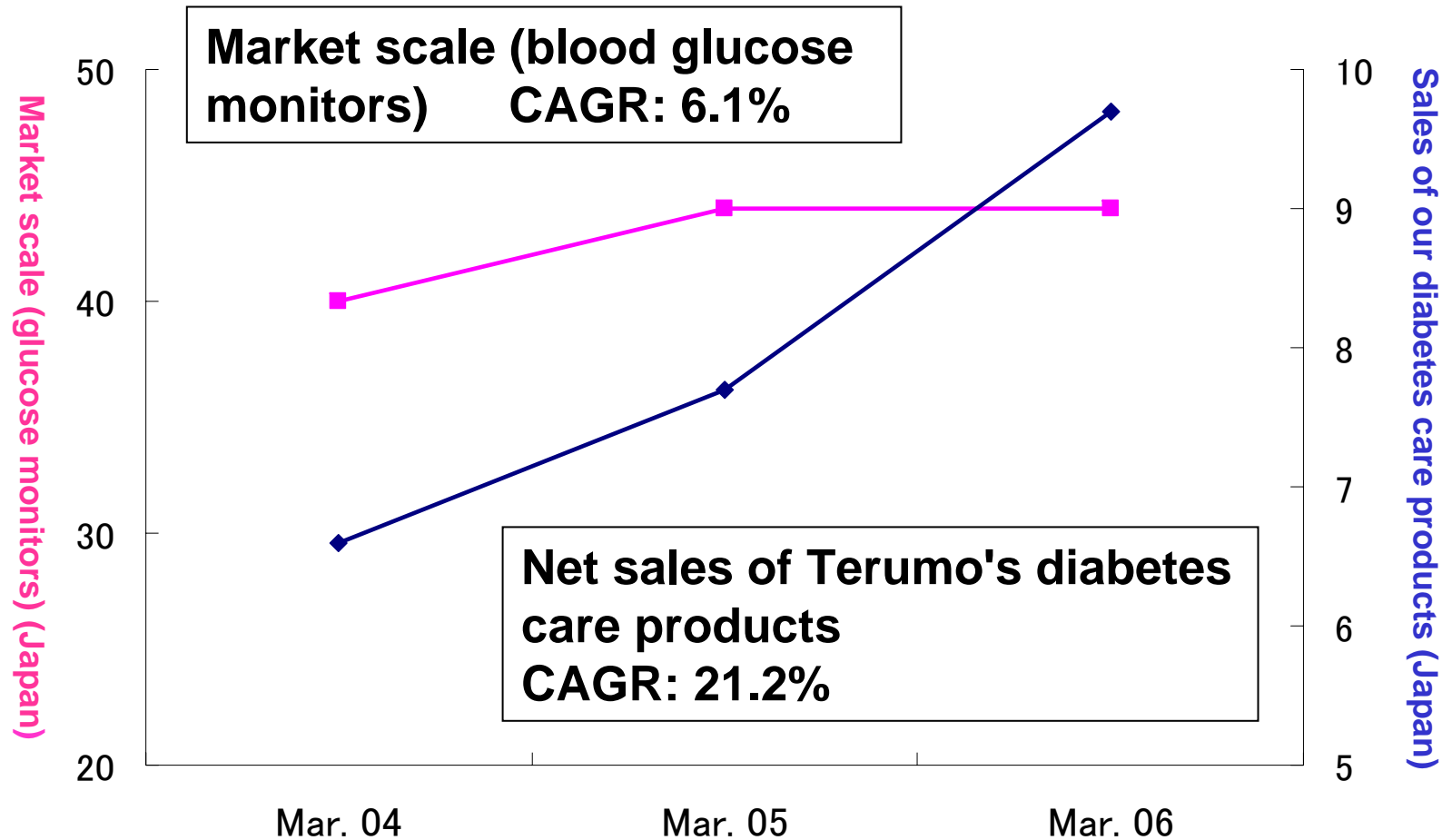
**Results during the interim period: 0.8 billion yen
(Sales plan for 2006 in Japan: 1.6 billion yen)**



(Angiographic catheters)

Sales of diabetes care products still growing

(Unit: billion yen)



■ Market share of blood glucose monitors in Japan : 22%

■ Sales of NANOPASS (needle with least pain) fully-fledged



Summary

◆ **Sales and profits both achieved two-digit growth rates**

◆ **Domestic operation focusing on addressing the changes in the market**

◆ **International sales steadily growing**

◆ **New key product developments in progress**



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