Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2014

Terumo Corporation

August 1, 2013

Consolidated Q1 Results

(billion of yen)

	Q1 Mar. 2013		Q1 Mar. 2014		YoY%
Net Sales	95.9		111.1		+16%
Gross Profit	51.7	(53.9%)	57.0	(51.3%)	+10%
SG&A Expenses	30.2	(31.5%)	36.1	(32.4%)	+19%
R&D Expenses	6.0	(6.3%)	7.6	(6.9%)	+27%
Operating Income	15.5	(16.1%)	13.3	(12.0%)	-14%
(Excl. Amortization *)	**18.8**	**(19.6%)**	**17.3**	**(15.6%)**	**- 8%**
Ordinary Income	13.0	(13.5%)	12.9	(11.6%)	- 0%
Net Income	8.2	(8.5%)	9.0	(8.1%)	+10%
EBITDA (Operating Income + Depreciation)	23.2		22.7		-2%
Average Exchange Rate	US$ 80 yen EUR 103 yen		99 yen 129 yen		

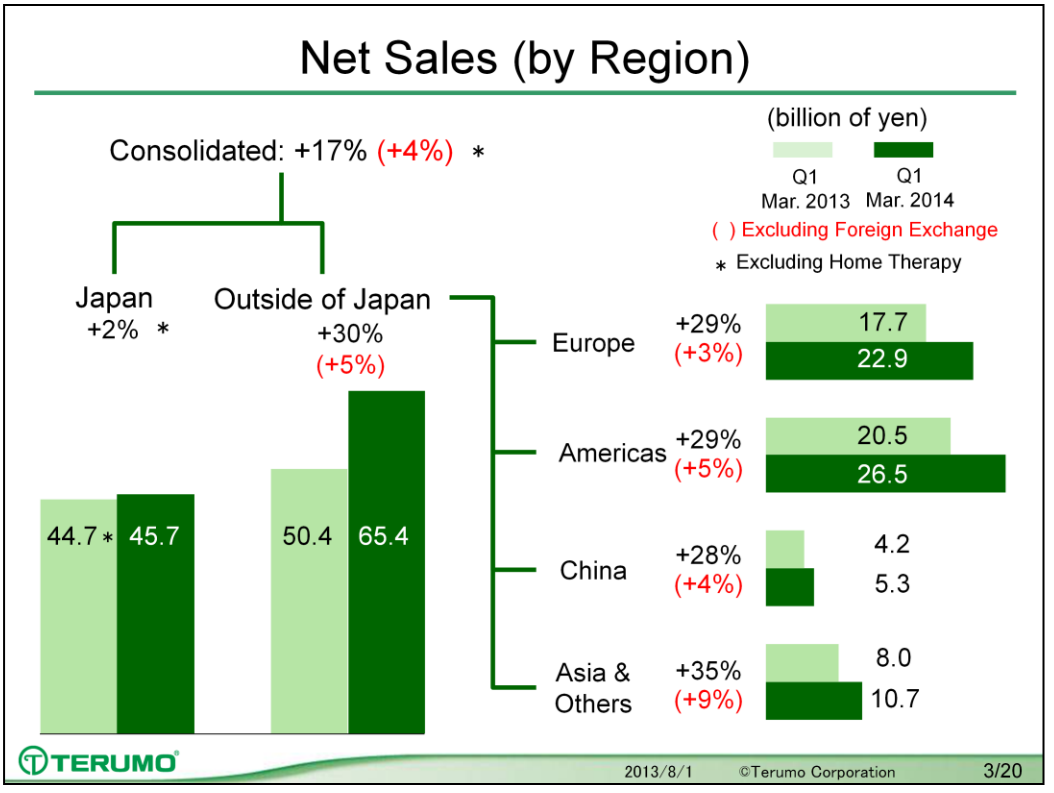
*Excl. amortization of goodwill and intangibles with related to the acquisition of CaridianBCT

Japanese yen has been further depreciated. The average exchange rate during Q1 was 99 yen for US dollar and 129 yen for Euro. With the tailwind of depreciated yen, the net sales was 111.1 billion yen, up by 16% year on year. The positive impact of foreign exchange was amounted to 12.5 billion yen.

As for gross profit, compared to the one in Q1 of fiscal 2012, which Terumo largely benefited from increase in production volume, gross profit margin dropped by 2.6 percentage point. Regarding SG&A expenses, general administrative expenses and R&D expenses increased at 19% and 27% respectively. And, the total SG&A expenses increased at 21% year on year. As a result, operating income totaled 13.3 billion yen, down by 14% year on year.

While absorbing the interest costs, ordinary income was affected favorably by the depreciation of yen. As a result, it was almost same level as Q1 of FY12 and amounted to 12.9 billion yen. Net income increased 10% to 9.0 billion yen due to corporate tax drop.

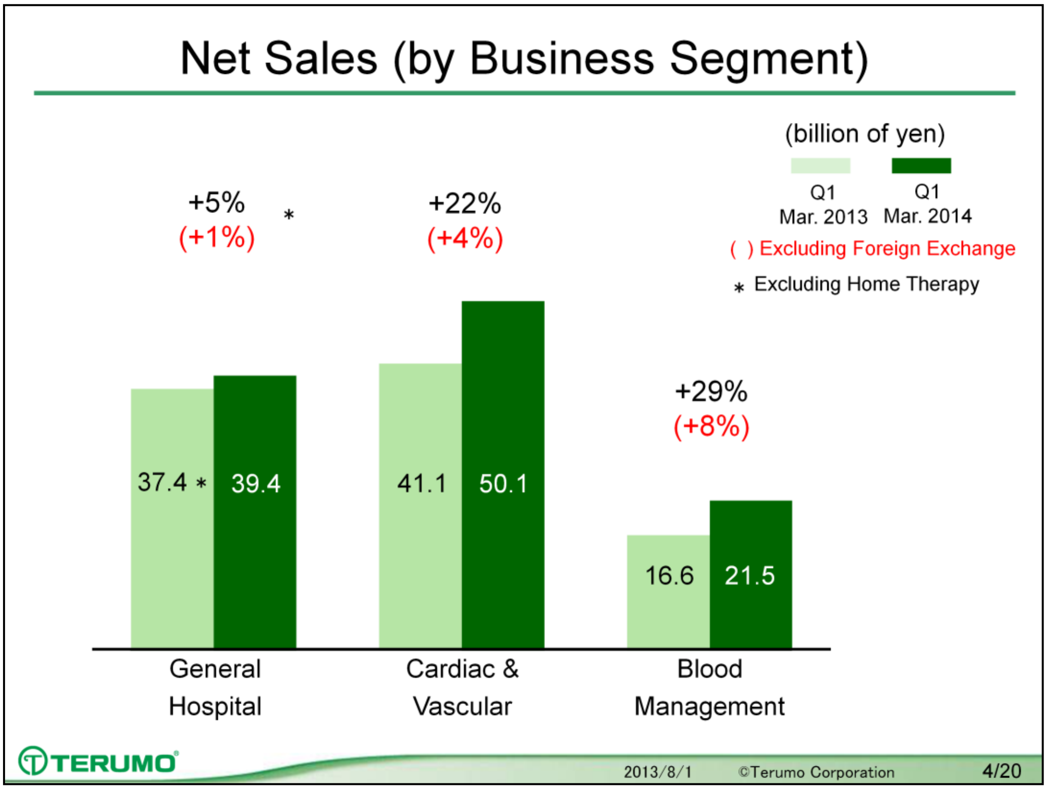
The overall Q1 results were almost in line with the 1H forecast.



The figures in parenthesis shows the growth rate excluding foreign exchange and the impact from sales of home therapy business.

Owing to steady growth of Cardiac & Vascular and Blood Management business, sales in Japan increased 2% year on year. With a favorable impact of depreciated yen, sales outside of Japan increased 30% year on year. If excluding the impact of FX, sales outside Japan increased 5%.

Excluding the impact of FX, the growth in Europe and China were lower than previous trend. This was due to temporary factors, which I will explain at a later point.



Cardiac & Vascular and Blood Management business, which have high overseas sales ratio, marked high growth owing to the favorable FX impact. We will explain the details of each business performance by region in the next slide.

Q1 Mar. 2014 Net Sales and Growth by Region

(billion of yen)

Business Segment	Japan	Outside of Japan Total	Europe	Americas	China	Asia & Others	G. Total
General Hospital	30.7 (1%)	8.7 (2%)	2.7 (-7%)	2.1 (4%)	0.3 (-23%)	3.7 (10%)	39.4 (1%)
Cardiac & Vascular	12.1 (3%)	38.0 (5%)	14.3 (4%)	15.4 (7%)	4.3 (3%)	4.1 (-0%)	50.1 (4%)
Blood Management	2.9 (12%)	18.6 (7%)	5.9 (6%)	9.0 (2%)	0.8 (18%)	2.9 (24%)	21.5 (8%)
G. Total	45.7 (2%)	65.4 (5%)	22.9 (3%)	26.5 (5%)	5.3 (4%)	10.7 (9%)	111.1 (4%)

Within C&V, Interventional Systems out of Japan shows 8% growth.
Without temporary factors, it shows continuous double-digit growth at 11%

✓EU: a delayed product shipment due to new IT system introduction - 0.4 BJPY
✓China: inventory adjustment by local distributors for neurovascular products - 0.4 BJPY
✓US: inventory adjustment of urology guidewire due to business transition to direct - 0.1 BJPY

(YoY%): Excluding foreign exchange and home therapy business from previous FY

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This shows net sales by segment and region. The figures in parenthesis shows the growth rate excluding foreign exchange and the impact from sales of home therapy business.

With General Hospital, sales in Japan remained solid for commissioned business in Drug & Device, and Diabetic Management business. Outside Japan, sales marked low growth due to continuous reduction of low profit businesses. Meanwhile, we have launched Smart Pump outside Japan and expect it to start driving growth over time.

Regarding Cardiac & Vascular, in Japan, while DES Nobori sales declined year on year, peripheral stent, Misago, marked strong growth. Sales outside Japan grew by 5% year on year. Looking into Interventional Systems business out of C&V, its sales increased 8% year on year, indicating lower growth rate than previous trend. This was due to several temporary factors which occurred in Q1/FY13. First of all, in Europe, a new IT system introduction caused a delay of products shipment to customers. Thus, sales of some products were shifted to Q2. In U.S., we switched the sales of urology guide wires from thru-distributor to direct in April. That caused inventory adjustment at customer side. In China, sales of neurovascular intervention products declined due to an inventory adjustment by local distributor. These temporary factors are already back on recovery track. Excluding the impact of these temporary factors, Interventional Systems sales outside Japan increased 11% year on year and remained in double digit growth.

With Blood Management business, sales in Japan grew significantly due to strong sales of automated blood component collection system and customer's inventory adjustment occurred in Q1/FY12. Therapeutic apheresis system continuously drove the sales outside Japan.

SG&A Expenses

(billion of yen)

	Q1 Mar. 2013	Q1 Mar. 2014	YoY	YoY%
Salaries & Wages	12.7	15.4	+2.7	+22%
Sales Promotion	2.9	3.7	+0.8	+29%
Logistical Costs	2.5	2.7	+0.2	+8%
Depreciation & Amortization	4.4	5.3	+0.9	+22%
Others	7.7	9.0	+1.3	+14%
General Administrative Total	30.2 (31.5%)	36.1 (32.4%)	+5.9	+19%
R&D Expenses	6.0 (6.3%)	7.6 (6.9%)	+1.6	+27%
SG&A Expenses Total	36.2 (37.8%)	43.7 (39.3%)	+7.5	+21%

(%) Against net sales

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Due to the impact of depreciated yen, general administrative expense ratio against sales was 32.4%, up by 0.9 percent points. R&D expenses, mainly for interventional systems and blood management products, increased 27% to 7.6 billion yen. R&D expenses were well proceeded according to annual forecast of 30 billion yen.

SG&A Expenses (Excluding Foreign Exchange)

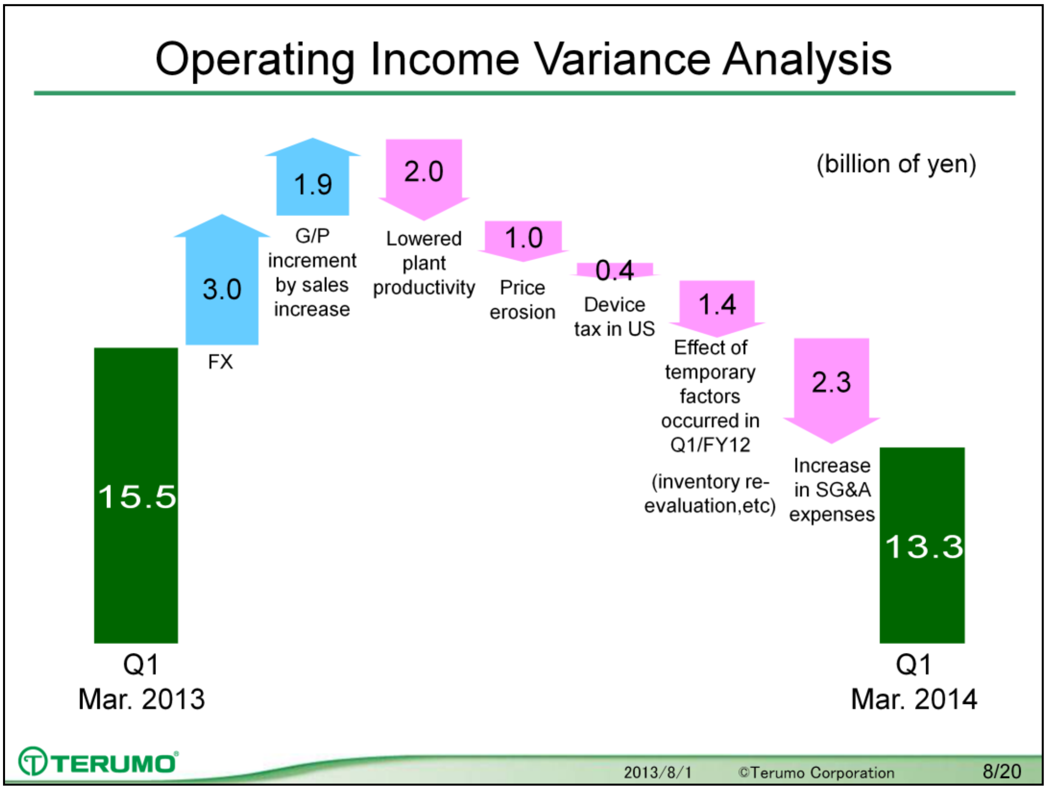
(billion of yen)

	Q1 Mar. 2013 Adjusted w/ current FX rate	Q1 Mar. 2014	YoY	YoY%
General Administrative Total	34.7	36.1	+1.4	+ 5%
R&D Expenses	6.7	7.6	+0.9	+15%
SG&A Expenses Total	41.4	43.7	+2.3	+ 6%

- Salaries & Wages:+5% (+0.7 BJPY) — Enhance sales force in U.S. and Latin America (Interventional Systems)
- Sales Promotion :+14% (+0.4 BJPY) — Further expand Interventional Systems business in JP, and neurovascular & endovascular intervention business in US
- R&D Expenses :+15% (+0.9 BJPY) — Blood Management (therapeutic apheresis, automated blood component processing) and Cardiac & Vascular (new products for neurovascular intervention)
- Logistical Costs +1% (+0 BJPY), Depreciation & Amortization +2% (+0.1 BJPY), Others +3% (+0.2 BJPY)

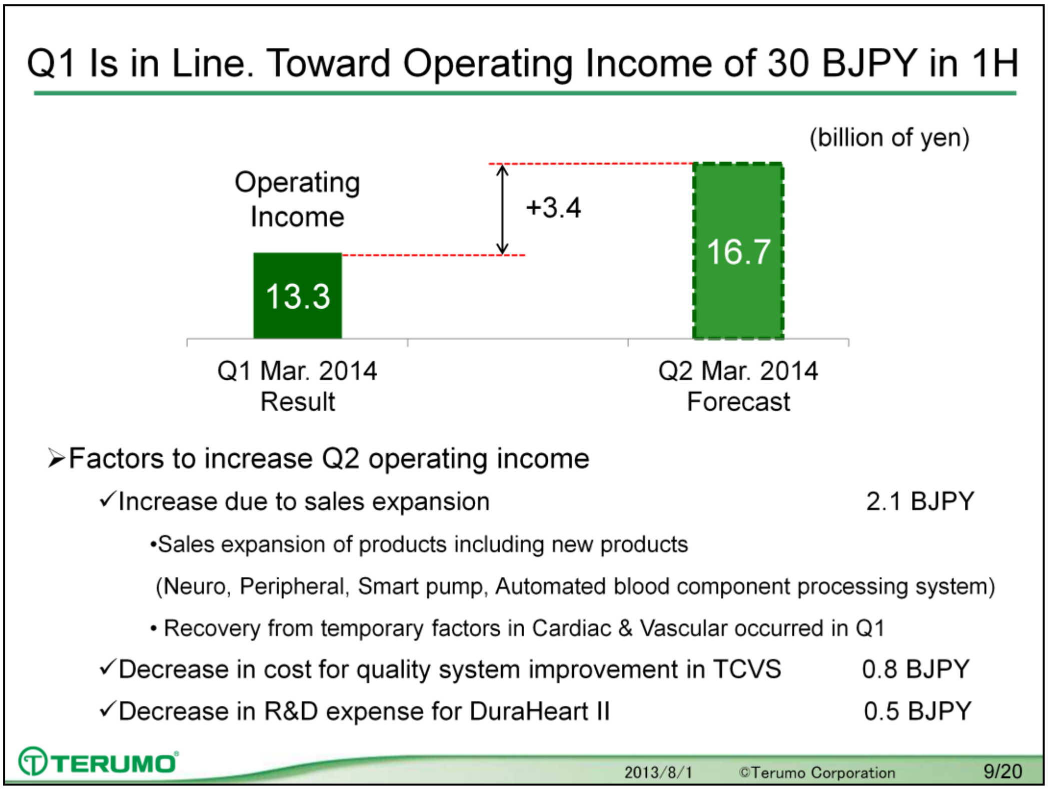
This slide shows changes in SG&A expenses, excluding the impact of FX.

The impact of FX on general administrative expenses was 4.5 billion yen. Excluding FX impact, it increased by 1.4 billion yen and 5% year on year. Salaries & Wages increased by 0.7 billion yen and 5% year on year due to enhancement of sales force mainly for Interventional Systems in Americas markets. Sales Promotion increased by 0.4 billion yen and 14% year on year mainly owing to business expansion in overall Interventional Systems in Japan, and neurovascular & endovascular intervention business in U.S. In terms of R&D expenses, we used it up for product development as well as clinical trials mainly of Blood Management and neurovascular intervention products, turning out as planned.



This slide shows operating income variance analysis.

The impact of foreign exchange was amounted to 3.0 billion yen. While we benefited from gross profit increment by sales increase, greater burden on plant productivity born by new products launch and the deprecation of newly installed facilities had a negative impact. Price erosion and device tax in US negatively affected as well. Additionally, the inventory re-evaluation, which brought an increment on operating income in Q1/FY12, generated negative difference in Q1/FY13. Due to these factors, operating income declined by 2.2 billion yen, to 13.3 billion yen. The negative impact of lowered plant productivity and inventory re-evaluation will be reduced over time.



This slide shows how operating income achieves its 1H goal, 30 billion yen.

Operating income was more or less in line with its forecast. Based on this, it plans to be incremented by 3.4 billion yen in Q2/FY13. That will be achieved by sales expansion of new products including ones for neurovascular and endovascular intervention, smart pump, and automated blood component processing system. Moreover, cost for quality system improvement in TCVS and R&D expense for DuraHeart II will be reduced. Through steadily implementing these, we expect to achieve operating income of 30 billion yen in 1H.

Progress within Product Development Pipeline

Segment	Product	FY13	Q1	Q2
Peripheral	Stent (above the knee/SFA)		○	
	Balloon (below the knee)			
	Stent (below the knee)			
Neuro	Coil Assist Stent			
	Flow-diverting Stent		○	
	Occlusion Balloon		○	
Coronary	New PTCA Balloon Catheter			○
	OFDI (Intravascular imaging system)		○	
	Slenderized introducer sheath for TRI			○(US)
Ablation	Renal sympathetic denervation system (RSD)		○	
	RSD for TRI technique			

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This slide shows progress within product development pipeline in the new mid-term plan.

The ones shown here are new products which we plan to launch during current fiscal year. Within Cardiac & Vascular business, in Q1 we launched a peripheral stent, a flow-diverting stent and occlusion balloon for neurovascular intervention, OFDI intravascular imaging system for coronary intervention, and renal sympathetic denervation system. In Q2, we will launch new PTCA balloon in Japan and a slenderized introducer sheath for TRI in U.S.

Progress within Product Development Pipeline

Segment	Product	FY13	Q1	Q2
Blood Management	Automated blood component processing system (PRP method)		○	
	Automated blood component processing system (BC method)		○	
	Automated blood component collection system (plasma application)			
	Data management system (TACSI application)			
	Therapeutic apheresis system (Bone marrow stem cell application)			
Infusion System	Needleless system			
	Safety IV catheter	Asia	○	
	Smart pump (infusion & syringe pump)		○	

Other new products launched in Q1:

<Cardiac & Vascular> Microcatheter (EU), Aspiration catheter (EU), Bare metal stent (JP), IVUS catheter for difficult lesions (JP)

<General Hospital> Needle for pen injector (EU)

Within Blood Management business, in Q1 we launched automated blood component processing system in Europe. Within General Hospital business, we launched safety IV catheter in U.S. and Asia. Although these are not shown on the pipeline of new mid-term plan, within Cardiac & Vascular business, we launched microcatheter and aspiration catheter in Europe, and bare metal stent and IVUS imaging catheter for difficult lesions in Japan. Within General Hospital business, we also launched needle for pen injector in Europe.

We will make sure new and improved products launch on time, and additionally expand business scope in region and country perspective, aiming to achieve the annual forecast and the mid-term plan.

Thank you very much for your attention.

Reference

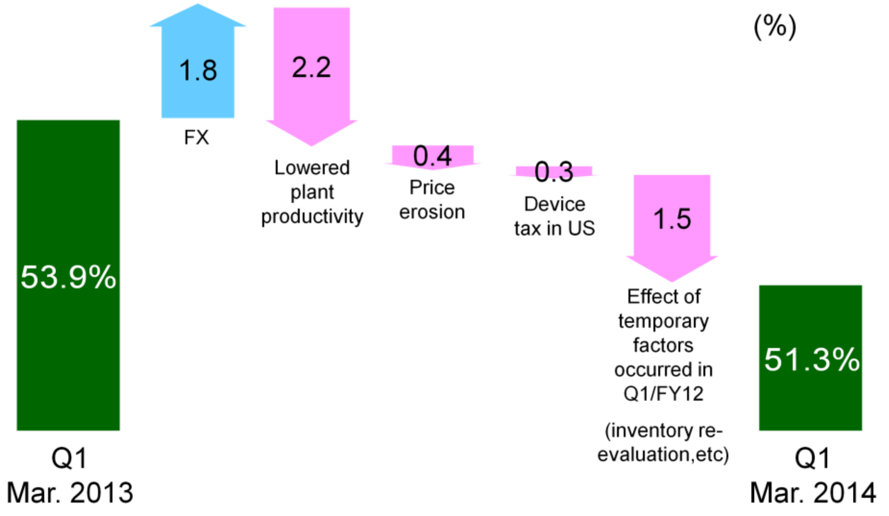
Consolidated Results: FY12Q1 thru FY13Q1

(billion of yen)

	Q1 Mar. 2013 (Apr-Jun)	Q2 Mar. 2013 (Jul-Sep)	Q3 Mar. 2013 (Oct-Dec)	Q4 Mar. 2013 (Jan-Mar)	Q1 Mar. 2014 (Apr-Jun)
Net Sales	95.9	96.0	103.9	106.5	111.1
Gross Profit	51.7 (53.9%)	48.8 (50.9%)	52.9 (50.9%)	52.2 (49.0%)	57.0 (51.3%)
SG&A Expenses	36.2 (37.8%)	36.1 (37.6%)	38.5 (37.0%)	41.6 (39.1%)	43.7 (39.3%)
Operating Income	15.5 (16.1%)	12.7 (13.3%)	14.4 (13.9%)	10.6 (9.9%)	13.3 (12.0%)

Average Exchange Rate	Q1	Q2	Q3	Q4	Q1
US$	80 yen	79 yen	81 yen	92 yen	99 yen
EUR	103 yen	98 yen	105 yen	122 yen	129 yen

Gross Profit Variance Analysis



CAPEX, R&D Expenses

(billion of yen)

	Mar. 2013 Result	Mar. 2014 Forecast	Q1 Mar. 2014 Result
CAPEX *	32.2	45.0	10.4 (23%)
Depreciation & Amortization *	32.6	37.0	9.3 (25%)
R&D Expenses	27.1	30.0	7.6 (25%)

* Including intangibles
CAPEX: acquisition basis

%: Progress to forecast

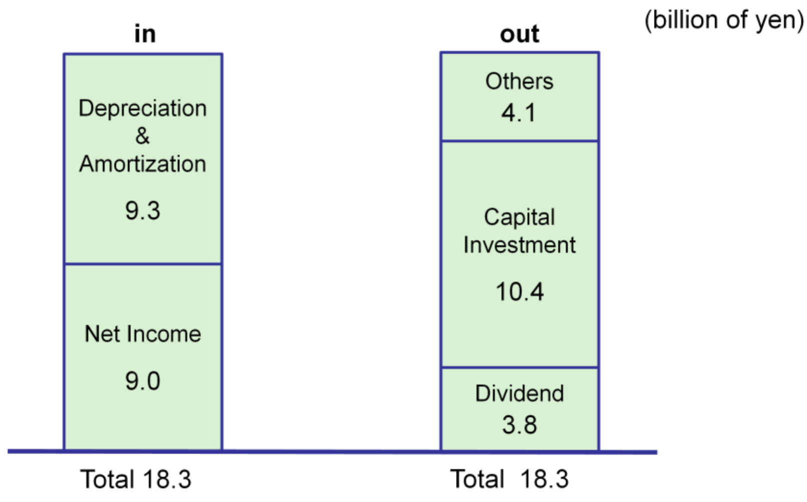
Foreign Exchange Sensitivity

(billion of yen / year)

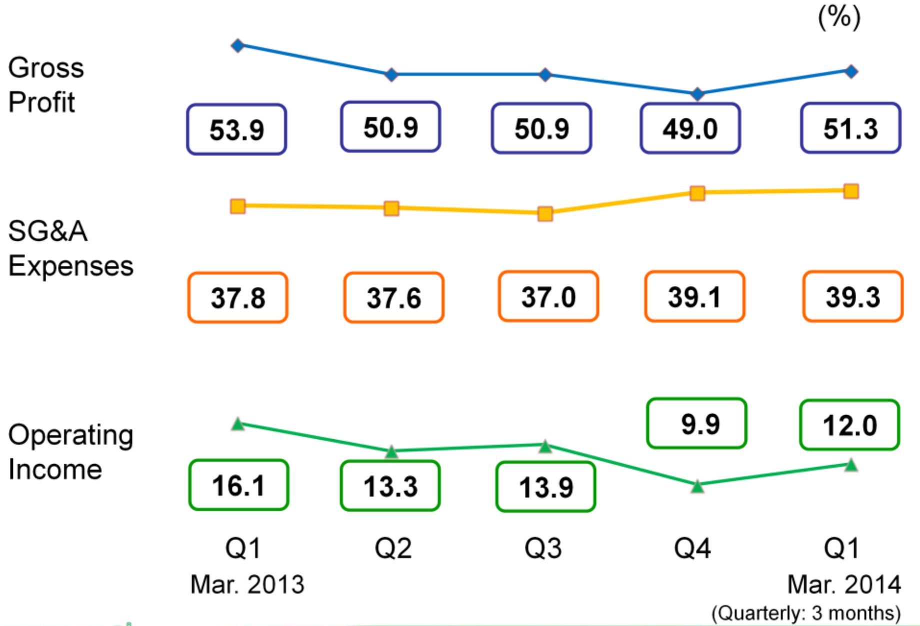
	US$	EUR
Net Sales	1.7	0.7
Operating Income	0.2	0.4

Cash Flow

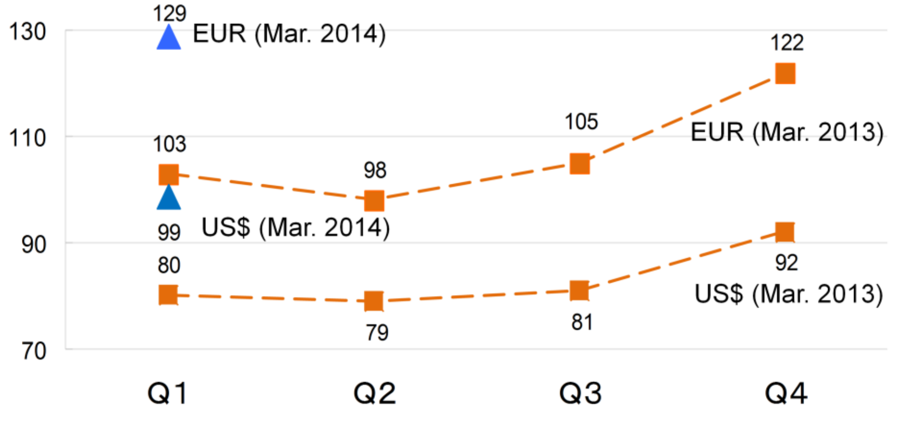
■ Cash usage in good balance
(Capital investment for sustainable growth, repayment of debt, and dividend)



Gross Profit, SG&A Expenses, Operating Income



Changes of Quarterly Average Exchange Rates



(Quarterly: 3 months)

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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.

