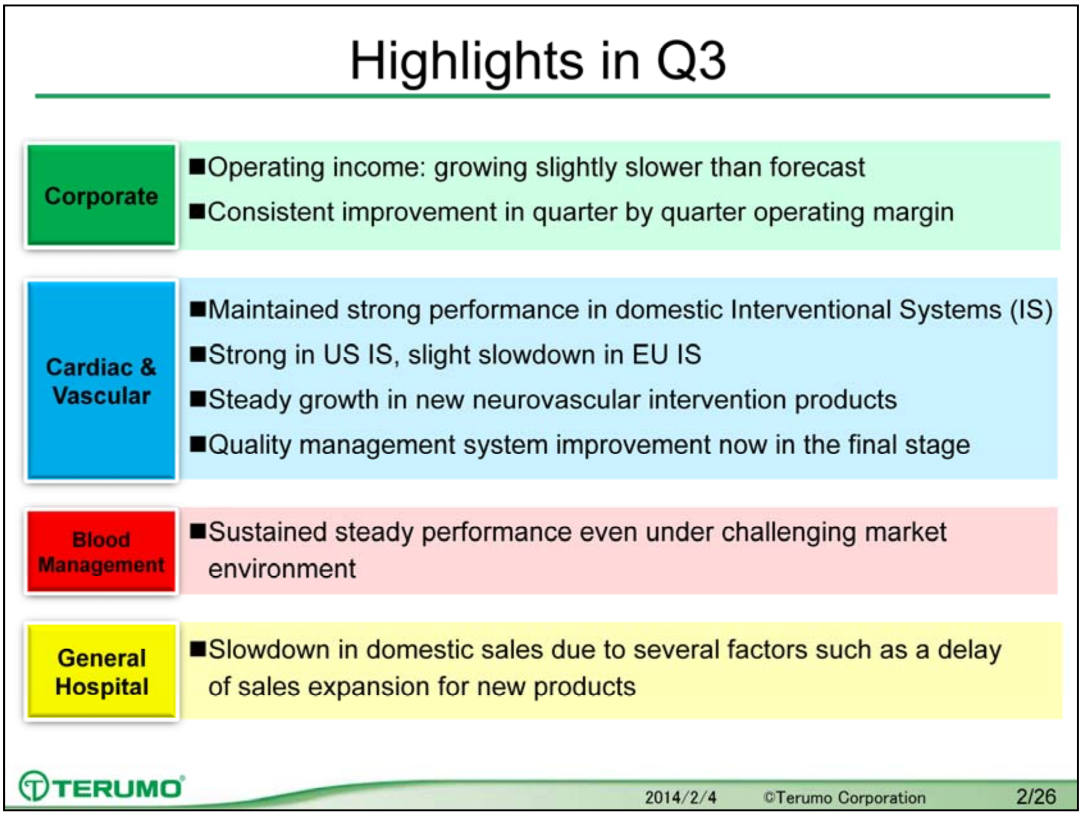
Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2014 (FY2013)

Terumo Corporation

February 4, 2014

I would like to explain the results from FY2013 third-quarter.



First, let me go over the highlights from the third quarter results.

First, our overall company results: We achieved both increased sales and profit, partially due to favorable currency conversion with a weaker yen. However, progress on growing our operating income was slightly slower than the forecast of 70 billion yen. Quarter-by-quarter, our operating margin continued to improve.

Now by business: In Cardiac and Vascular, Interventional Systems maintained strong domestic growth from the first half, led by our peripheral stent, MISAGO. Our U.S. Interventional Systems also performed strongly, centered on TRI, with 11% growth. Our growth in Europe had been in the double-digits, but slowed slightly this quarter due to distribution systems issues. We plan to get back to double digits. In neurovascular intervention, the launch of new pipeline products contributed to steady growth. Our quality management system improvement efforts at U.S. subsidiary are progressing steadily and have reached the final stage.

Next, in Blood Management, we were able to sustain steady performance, despite a challenging market environment where blood transfusion usage in the United States and Europe is declining. However, we expect the market to grow even more difficult.

In General Hospital, our domestic sales slowed due to delay in new products sales expansion, falling prices, and tougher competition.

Q3 Result: Sustained Increase in Sales and Profit

(billion of yen)

	Q3 YTD FY2012	Q3 YTD FY2013	YoY%
Net Sales	295.7	345.3	+17%
Gross Profit	153.5 (51.9%)	178.7 (51.7%)	+16%
SG&A Expenses	91.5 (31.0%)	108.0 (31.2%)	+18%
R&D Expenses	19.4 (6.5%)	22.4 (6.5%)	+16%
Operating Income	42.6 (14.4%)	48.3 (14.0%)	+13%
(Excl. Amortization)	**52.5 (17.8%)**	**60.4 (17.5%)**	**+15%**
Ordinary Income	40.5 (13.7%)	49.9 (14.5%)	+23%
Net Income	24.7 (8.4%)	36.9 (10.7%)	+49%
EBITDA (Operating Income + Depreciation)	66.2	77.5	+17%
Average Exchange Rate	US$ 80 yen EUR 102 yen	99 yen 132 yen	

Now I will explain the overall results.

The yen has weakened compared to the previous year, with the average rate up to the 3rd quarter at 99 yen to the dollar and 132 yen to the euro. This currency tailwind contributed to 17% growth in sales year on year, for 345.3 billion yen. This revenue number includes 41.2 billion yen gained from currency exchange rates.

Compared to the same period of the previous year, in which productivity contributed greatly, gross margin rate fell 0.2 points due to such factors as less productivity, falling prices, and the U.S. Medical Device Tax. Partially due to currency rates, SG&A expenses increased 18% from the previous period, and R&D expenses grew 16% similarly. As a result, operating income was 48.3 billion yen, or double-digit growth of 13% year on year. This operating income number includes 10.4 billion yen in currency gains.

Ordinary income grew 23% to 49.9 billion yen thanks to the weak yen. Net income for the period grew 49% over the previous period due to factors including corporate taxes, for a total of 36.9 billion yen.

Q3 YTD: Net Sales and Growth by Region

Interventional Systems marked 10% growth. General Hospital slows down.

(billion of yen)

Business Segment	Japan	Outside of Japan Total	Europe	Americas	China	Asia & Others	G. Total
General Hospital	95.6 (- 0%)	28.3 (4%)	8.7 (- 5%)	6.6 (- 0%)	0.9 (- 13%)	12.1 (15%)	123.9 (1%)
Cardiac & Vascular	36.8 (6%)	117.1 (6%)	43.1 (5%)	47.7 (7%)	13.7 (13%)	12.7 (- 1%)	153.9 (6%)
Out of C&V Interventional Systems	28.4 (9%)	87.2 (10%)	33.9 (9%)	30.5 (11%)	12.9 (13%)	9.8 (3%)	115.6 (10%)
Blood Management	9.7 (2%)	57.8 (4%)	18.5 (2%)	27.7 (4%)	2.7 (5%)	8.9 (11%)	67.5 (4%)
G. Total	142.1 (2%)	203.2 (5%)	70.2 (3%)	82.0 (5%)	17.3 (10%)	33.7 (8%)	345.3 (4%)

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

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This chart shows sales and growth by business segment and region. The growth shown inside parentheses excludes foreign exchange impact and the home therapy business that was transferred in February 2013. Please look at the growth rate shown on the bottom right. As I explained on the previous slide, total sales grew 17%, and excluding the factors of foreign exchange and transferred businesses, our growth was 4%. That breaks down to 2% domestically and 5% overseas, so markets outside Japan continue to drive our growth.

In General Hospital, overall growth was 1%. Domestically, growth was unfortunately 0% because platform devices and infusion-related products slowed. Overseas, growth was 4%. In Europe and North America, impacts such as the phasing out of low-margin business contributed to an overall low level of growth for General Hospital.

In Cardiac & Vascular, we strongly expanded domestic sales due to factors including Misago, our peripheral stent, which we have emphasized in our mid-term plan. Overseas, our interventional business has been steady, with double-digit growth of 10%. The spread of TRI has expanded sales due to its related products, and interventional and CV have combined for 6% growth in our Cardiac & Vascular business.

In Blood Management business, European financial woes have led to reduced investment in blood centers, while the Affordable Care Act in the United States has accelerated the reduction in demand for blood transfusion and put pressure on prices. Nevertheless, the Blood Management business has performed steadily, with 4% growth.

SG&A Expenses

■Managed general administrative expense within the range of increase in sales

■Ongoingly devote R&D to focus business area

(billion of yen)

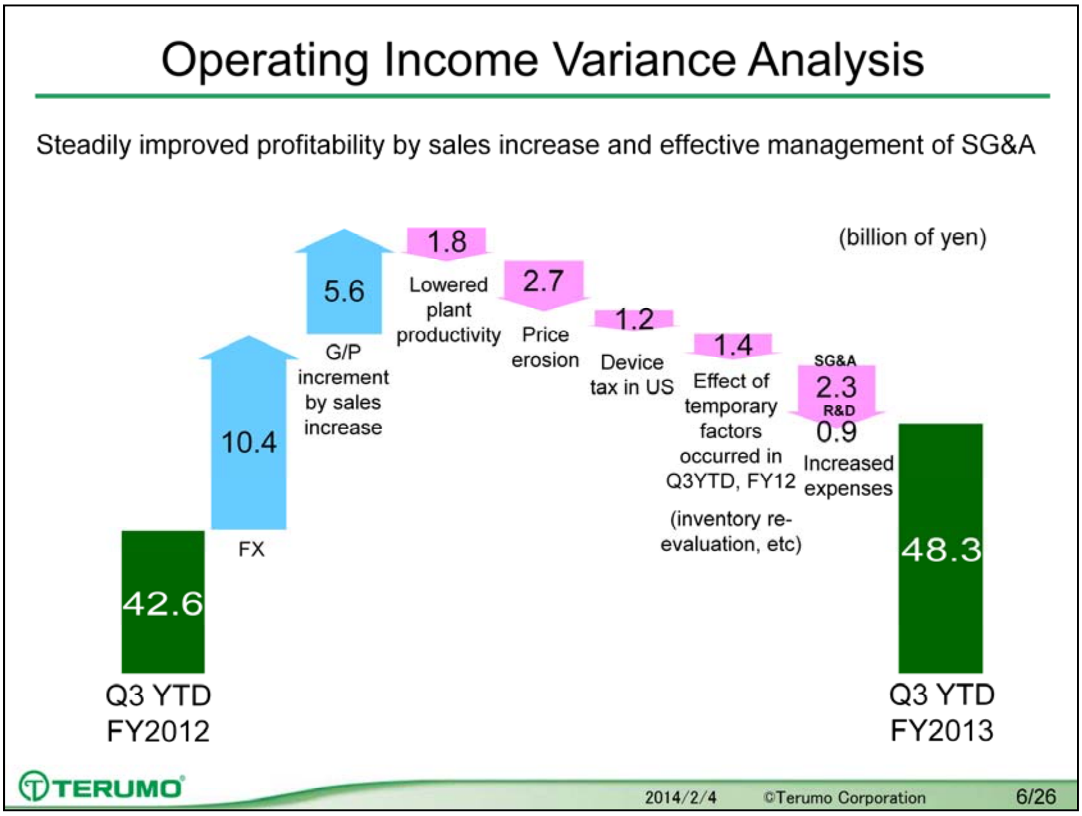
	Q3 YTD * FY2012	Q3 YTD FY2013	YoY	YoY%
General Administrative Total	105.7	108.0	+2.3	+2%
R&D Expenses	21.5	22.4	+0.9	+4%
SG&A Expenses Total	127.2	130.4	+3.2	+3%

* Excluding Foreign Exchange

- Salaries and Wages: enhance sales force in Americas (Interventional Systems and neurovascular intervention)
- R&D expenses: Blood Management (therapeutic apheresis, automated blood component processing) and Cardiac & Vascular (new products for neurovascular intervention)

Now I will explain SG&A expenses.

This slide shows results without foreign exchange. General administrative expenses increased 2% over the same period of the previous year and R&D expenses increased 4%, for a total growth of 3%. We were thus able to control SG&A expenses to keep it within our sales growth of 4%, excluding foreign exchange.



Here is the operating income variance analysis.

Foreign exchange accounted for an increase of 10.4 billion yen, and increased sales had a 5.6 billion yen positive impact on gross profit. The increase in costs due to new product launches and the depreciation of new equipment were negative factors. As a result, our third-quarter operating income was 48.3 billion yen, compared to 42.6 billion yen from the previous year. We will strive to continue improving this by keeping expenses within the rate of sales expansion and growth.

Quarterly Results

Consistently improved profitability

(billion of yen)

	Q3 FY12 (Oct-Dec)	Q4 FY12 (Jan-Mar)	Q1 FY13 (Apr-Jun)	Q2 FY13 (Jul-Sep)	Q3 FY13 (Oct-Dec)
Net Sales	103.9	106.5	111.1	114.9	119.2
Gross Profit	52.9 (50.9%)	52.2 (49.0%)	57.0 (51.3%)	60.1 (52.3%)	61.5 (51.6%)
SG&A Expenses	38.5 (37.0%)	41.6 (39.1%)	43.7 (39.3%)	43.0 (37.4%)	43.7 (36.7%)
Operating Income	14.4 (13.9%)	10.6 (9.9%)	13.3 (12.0%)	17.1 (14.9%)	17.8 (14.9%)
Average Exchange Rate	US$ 81 yen EUR 105 yen	92 yen 122 yen	99 yen 129 yen	99 yen 131 yen	100 yen 137 yen

(%) Against net sales

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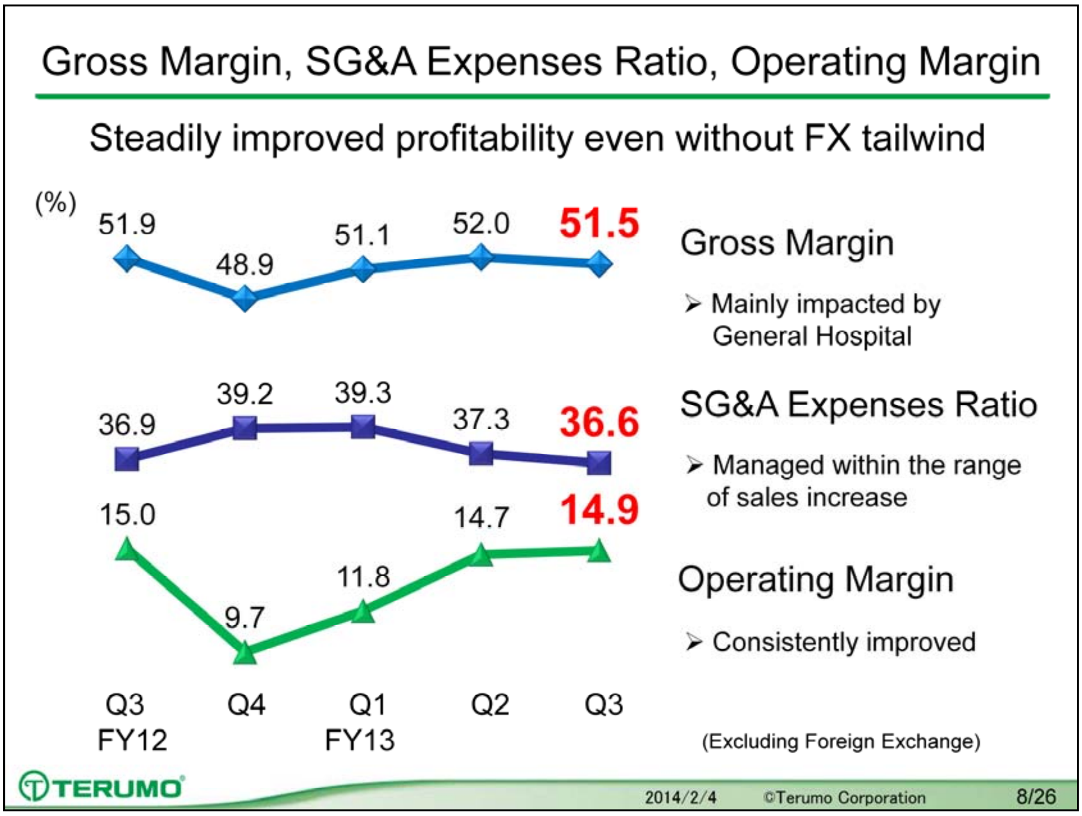
This shows quarterly profit movement over the past year. We have made steady improvement since the 4th quarter of last fiscal year. The 3rd quarter result is a slight improvement over the 2nd quarter, with 17.8 billion yen, though it shows a slower rate of growth.



I will now explain the progress of profit margin improvement, excluding foreign exchange.

Gross margin improved steadily in the first and second quarters, but lost 0.5 points in the third with the impact of slowing domestic sales in General Hospital. However, because we succeeded in controlling expenses to remain within sales growth, our third-quarter operating margin improved to 14.9%. The improvement rate was slightly less than forecast, but we will continue to strive for further improvement in the fourth quarter and the next fiscal year.

Q3 Results to FY2013 Forecast

Improve operating income through sales increase and effective management of SG&A

(billion of yen)

	FY2013 Forecast	Q3 YTD Result	Vs. Forecast
Net Sales	460.0	345.3	75%
Operating Income	70.0 (15.2%)	48.3 (14.0%)	69%
Ordinary Income	67.5 (14.7%)	49.9 (14.5%)	74%
Net Income	42.0 (9.1%)	36.9 (10.7%)	88%

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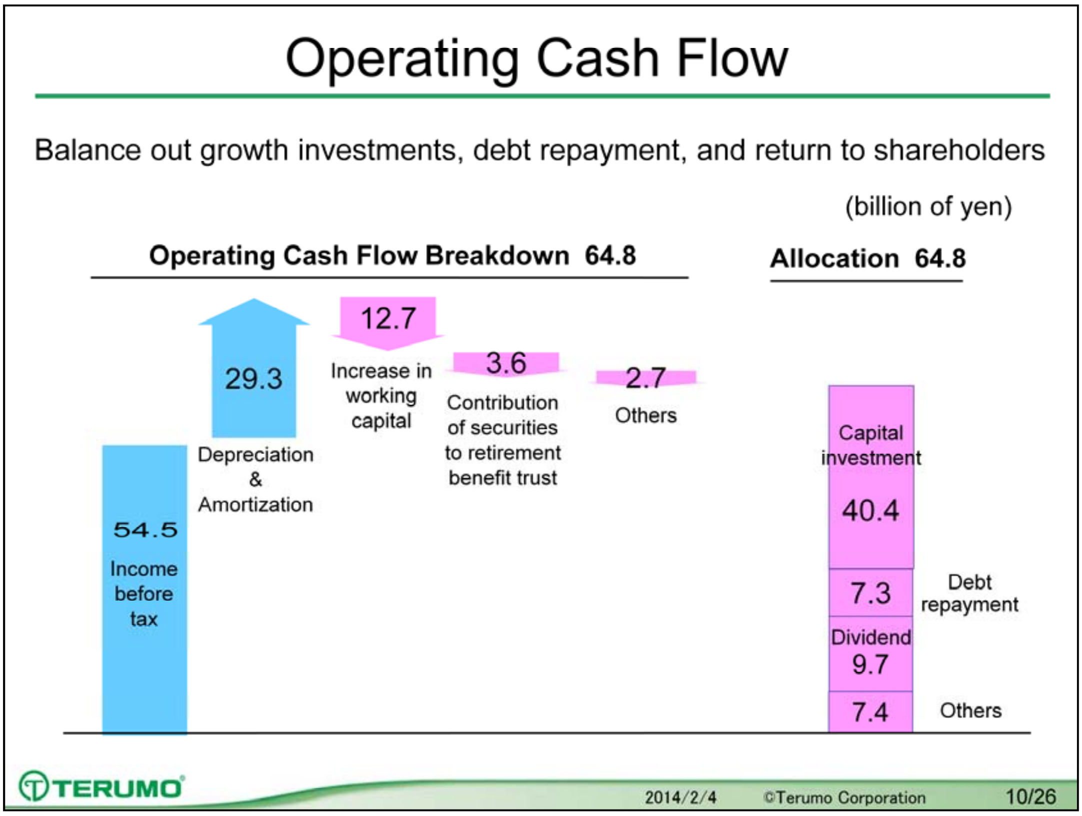
I will now speak about our progress compared to forecast.

Sales are at 75% of forecast, and therefore just about on schedule. Operating income is slightly behind at 69%. In the fourth quarter, however, Smart Pumps and other ME products in General Hospital will see an expansion in sales prior to the consumption tax increase, and interventional products in Cardiac & Vascular, including new releases, will also contribute. In addition, we will strive to control cost of goods and other expenses to increase profit.



Operating cash flow remains essentially as projected. There is no change in our policy of properly balancing growth investment, debt repayment, and dividends.

Progress in 2H New Product Pipeline

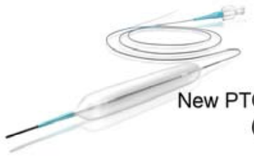
Products already launched in Q3

Business	Product	Region
Coronary	New PTCA balloon catheter	JP
Blood Management	Data management system (TACSI application)	EU
Infusion System	Needleless system	JP
	Smart Pump (infusion & syringe pump)	Asia

Products to be launched in Q4

Peripheral	Balloon (below the knee)	EU
	Stent (below the knee)	EU
Neuro	Coil assist stent	China
Coronary	Slenderized introducer sheath for TRI	JP
Blood Management	Automated blood component collection system (plasma application)	JP

Launched Products



New PTCA balloon catheter (Hiryu Plus)

Data management system (TOMEs)

Needleless system (SURPLUG AD)

Smart Pump (Terufusion)

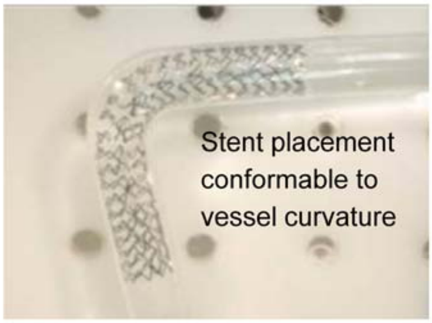
I’ll now speak about company efforts. First, the progress of pipeline product launches from the mid-term plan.

In the third quarter, in Cardiac & Vascular, we launched the new PTCA balloon “Hiryu Plus” in Japan. In Blood Management, we also released the data management system “TOMEs” in Europe. Further, in General Hospital, we performed a limited launch of the needleless system “SurePlug AD” in Japanese facilities, while launching the Smart Pump in Asia.

Launches scheduled for the fourth quarter include a below-the-knee peripheral balloon catheter in Europe for Cardiac & Vascular; coil assist stent “LVIS” in China for neurovascular intervention, and the TRI “Glidesheath Slender” in Japan for Access. In Blood Management, we also plan to launch the plasma application on the “Trima” system in Japan.

Received CE Mark for Ultimaster™

- Employs bioresorbable polymer and abluminal coating for long-term result
  - Short polymer absorption period of 3-4 months (Nobori: 9-12 months)
- Unique and thin stent design with cobalt chromium alloy to improve flexibility
- Aims to achieve the global revenue of 15 billion yen in fiscal year 2016



New drug-eluting stent “Ultimaster” received the CE mark in Europe. In Europe, Central and South America, and Asia, we will begin launching in June. Our goal for the product is 15 billion yen in sales globally in fiscal year 2016.

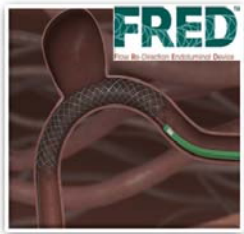
“Ultimaster”, like “Nobori”, employs a bioresorbable polymer and abluminal coating, which aims to reduce the incidence of very late stent thrombosis.

With this platform’s cobalt chromium alloy and ingenious stent design, the product achieves flexibility to travel through tortuous blood vessels, in addition to being more conformable to be placed in vessel curvature. This improvement is intended to reduce stress on blood vessels and increase prognosis.

Strong Sales of New Neurovascular Intervention Products

	Q3 YTD	
■ Occlusion balloon (Scepter)	:$10M, 30% share in globe (Own research)	
■ Coil assist stent (LVIS)	:$ 5M	Steady progress in clinical study to expand sales area
■ Flow diverting stent (FRED)	:$ 5M	

■ Aim to achieve global revenue of 8 billion yen in fiscal year 2016



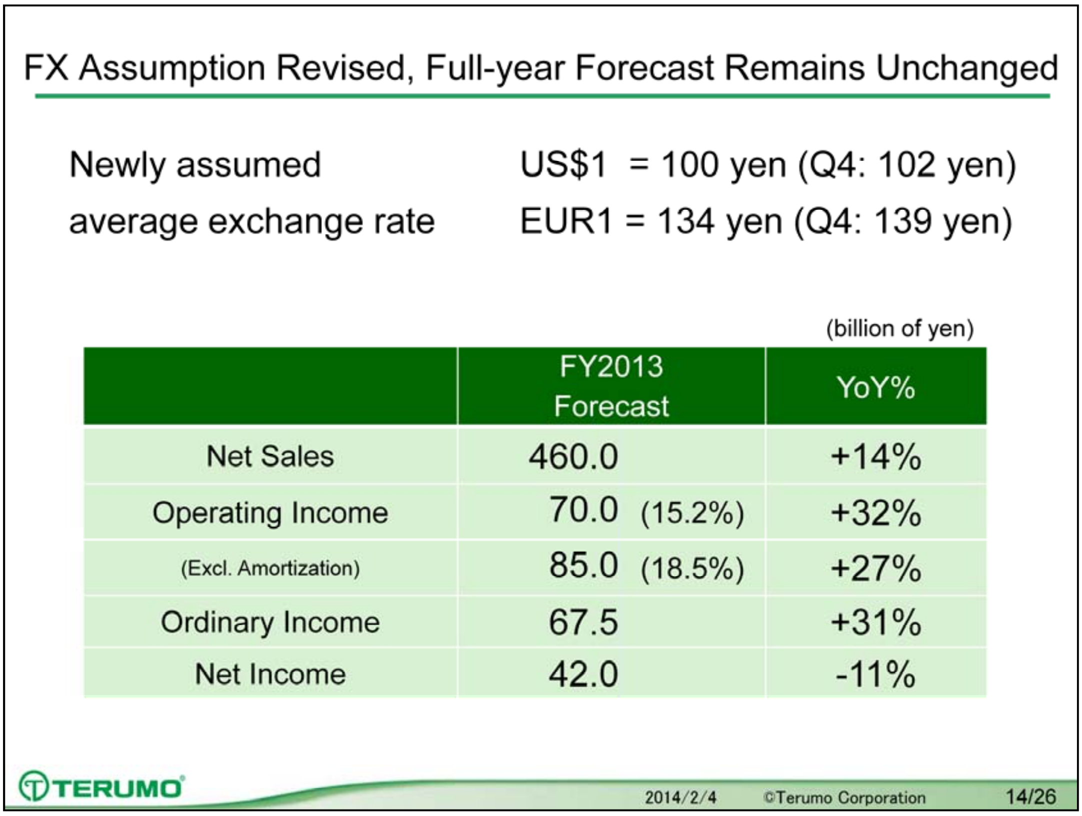
Globally launched

Launch plan
China: submission completed :FY13 Q4
US: HDE study completed :FY14
JP: follow up completed :FY15

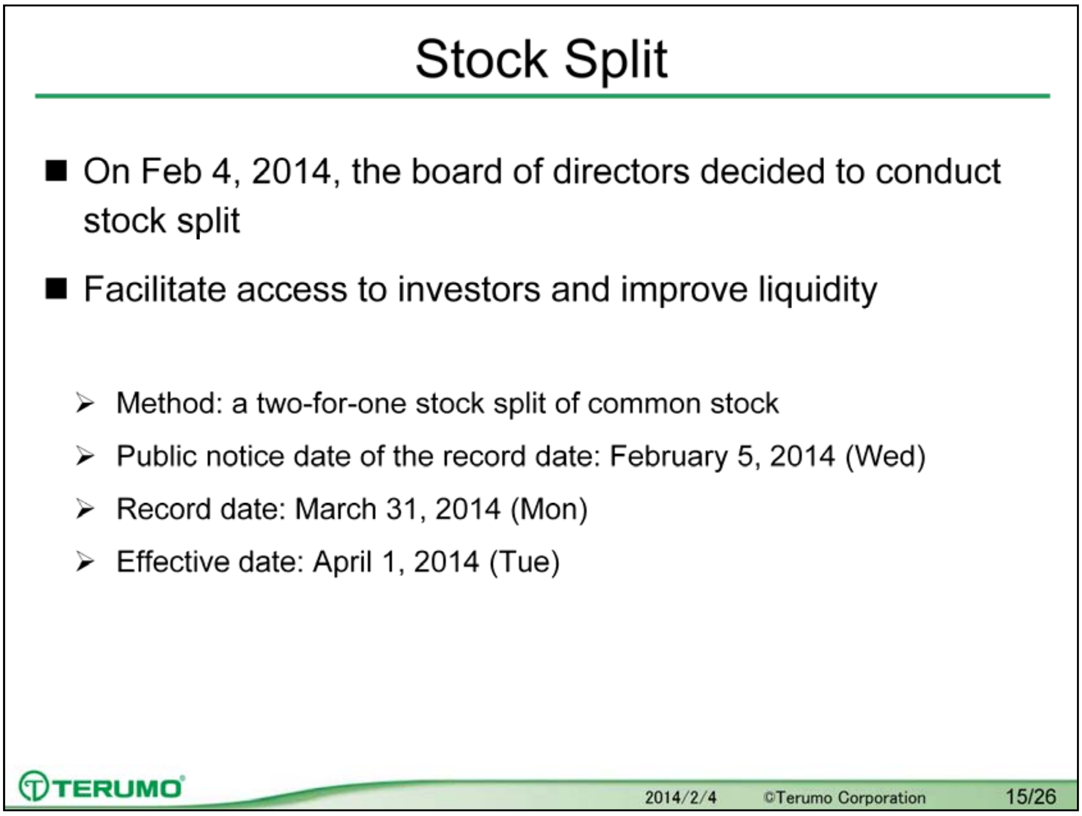
Launch plan
US: under PMA study :FY16

New products in neurovascular intervention have led to greatly expanded sales.

First, the “Scepter” occlusion balloon that was launched in the first half in Japan: It has accounted for 10 million dollars globally as of the third quarter, and has expanded its world share to an estimated 30%. The coil assist stent “LVIS”, which was launched last fiscal year, and flow diverting stent “FRED”, which was launched in the first half of this year, have each contributed 5 million dollars in sales expansion through the third quarter. Clinical trials to bring these to new markets are also progressing well, so there is more expansion to come. In the final fiscal year of this mid-term plan, 2016, the above three products are expected to represent 8 billion yen in sales.



Now for our results forecast for this period. We project average foreign exchange rates of 102 yen to the dollar and 139 yen to the euro in the fourth quarter. We will adjust our annual projected rate to 100 yen to the dollar, and 134 yen to the euro. However, there is no change to our projections of 460 billion yen in sales and 70 billion yen in operating income for this fiscal year. We believe that adjusting foreign exchange rate projections will in effect be downward correction.



Here is the final slide.

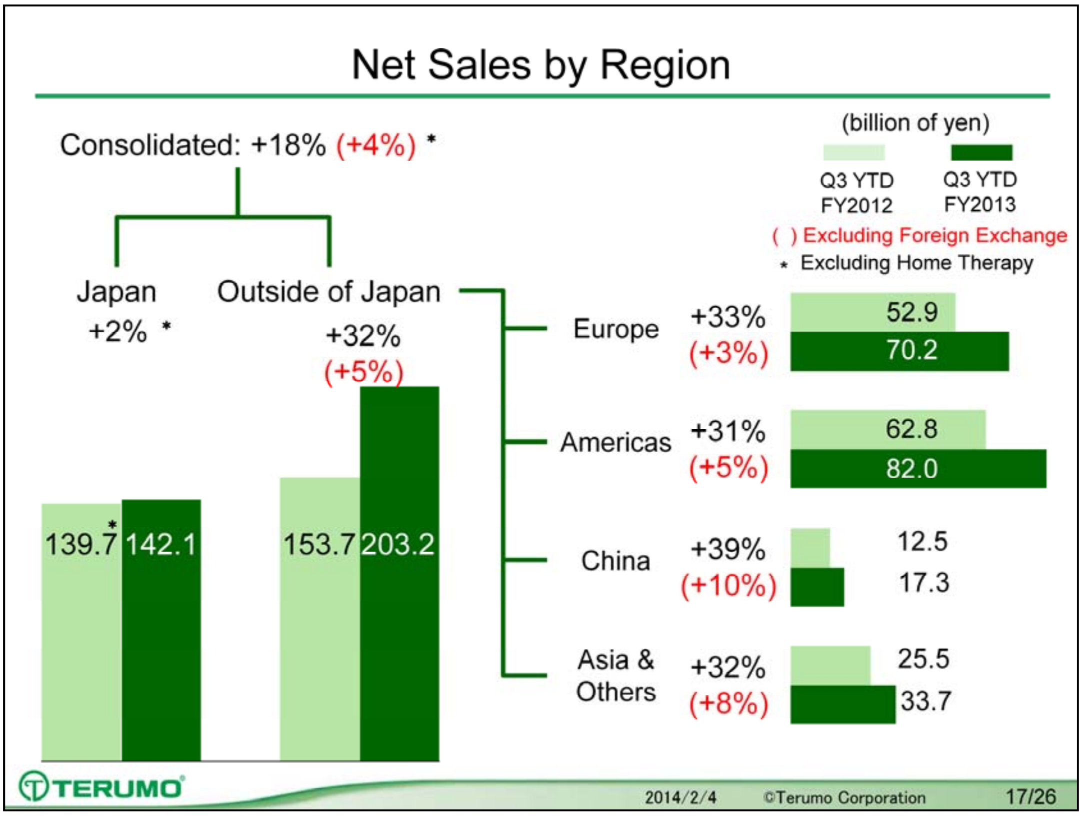
At a meeting of our Board of Directors held February 4, it was decided to conduct a stock split. The purpose of this is to reduce the per-share price, thereby facilitating access to investors and improving stock liquidity. This will also fulfill the Tokyo Stock Exchange's request that stocks sell in units of 500,000 yen or less.

The stock split will be performed two-for-one for share of common stock. The record date will be March 31, 2014, and the effective date will be April 1, 2014.

This concludes my explanation of fiscal year 2013 third-quarter results.

Thank you for your kind attention.

Reference



Net Sales by Region
(billion of yen)
Q3 YTD FY2012
Q3 YTD FY2013
( ) Excluding Foreign Exchange
* Excluding Home Therapy
Consolidated: +18% (+4%) *
Japan
+2% *
Outside of Japan
+32%
(+5%)
139.7*
142.1
153.7
203.2
Europe +33% (+3%)
52.9
70.2
Americas +31% (+5%)
62.8
82.0
China +39% (+10%)
12.5
17.3
Asia & Others +32% (+8%)
25.5
33.7
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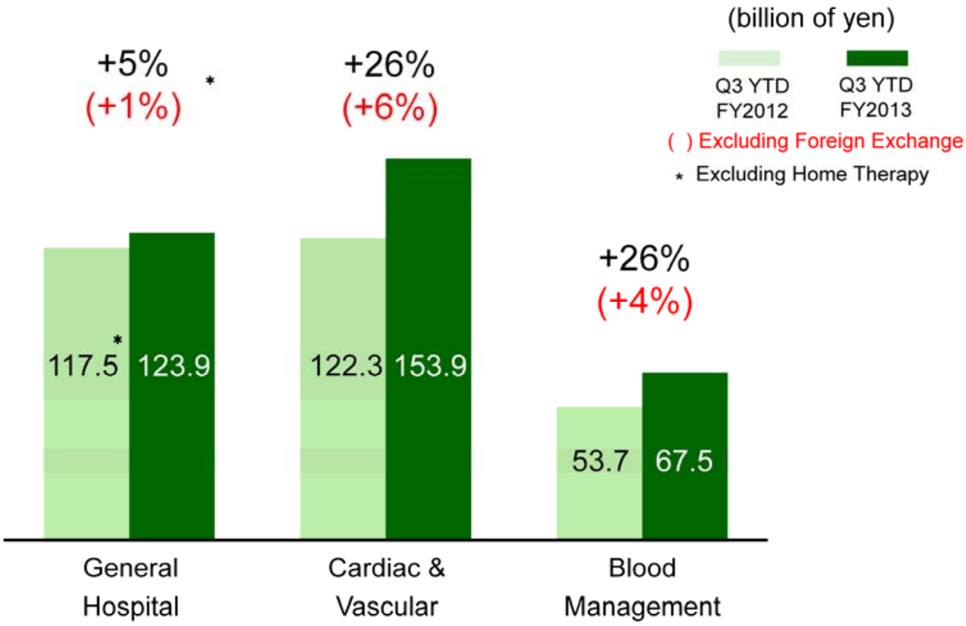
Net Sales by Business Segment



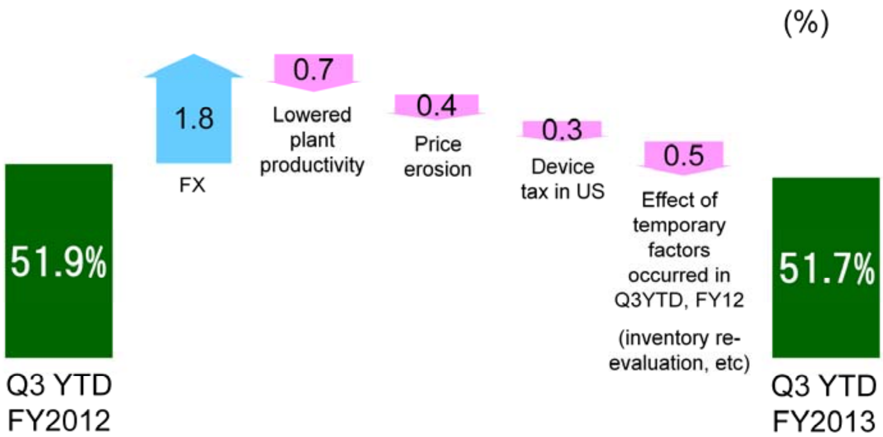
Q3 Alone: Net Sales and Growth by Region

(billion of yen)

Business Segment	Japan	Outside of Japan Total	Europe	Americas	China	Asia & Others	G. Total
General Hospital	32.9 (- 5%)	9.8 (8%)	3.1 (6%)	2.2 (- 2%)	0.3 (- 8%)	4.2 (16%)	42.7 (- 3%)
Cardiac & Vascular	12.6 (8%)	40.5 (7%)	15.0 (4%)	16.2 (8%)	4.9 (13%)	4.4 (3%)	53.1 (7%)
Out of C&V Interventional Systems	9.6 (11%)	30.6 (10%)	12.1 (9%)	10.4 (12%)	4.7 (13%)	3.4 (5%)	40.1 (11%)
Blood Management	3.4 (- 2%)	20.0 (1%)	6.5 (- 1%)	9.4 (3%)	0.9 (- 8%)	3.2 (0%)	23.4 (0%)
G. Total	48.9 (- 2%)	70.3 (5%)	24.6 (3%)	27.8 (5%)	6.1 (8%)	11.7 (7%)	119.2 (2%)

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

Gross Margin Variance Analysis



<Reference> 1H Results

52.4%	+2.2	-1.1	-0.5	-0.3	-0.9	51.8%

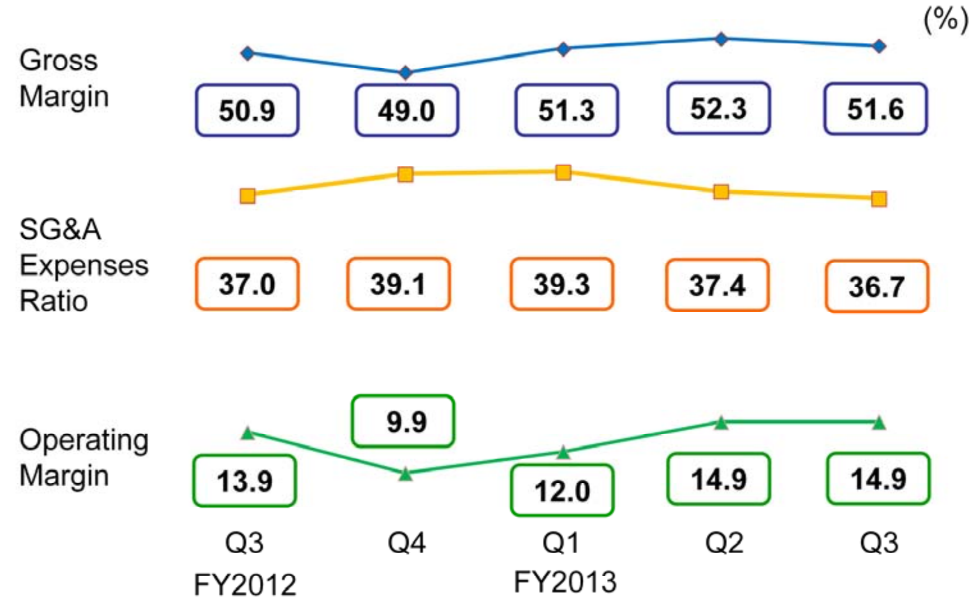
SG&A Expenses

(billion of yen)

	Q3 YTD FY2012		Q3 YTD FY2013		YoY	YoY%
Salaries & Wages	38.8		47.2		+8.4	+22%
Sales Promotion	9.0		10.6		+1.6	+19%
Logistical Costs	7.6		8.1		+0.5	+6%
Depreciation & Amortization	13.2		16.7		+3.5	+26%
Others	22.9		25.4		+2.5	+11%
General Administrative Total	91.5	(31.0%)	108.0	(31.2%)	+16.5	+18%
R&D Expenses	19.4	(6.5%)	22.4	(6.5%)	+3.0	+16%
SG&A Expenses Total	110.9	(37.5%)	130.4	(37.7%)	+19.5	+18%

(%) Against net sales

Gross Margin, SG&A Expenses Ratio, Operating Margin



CAPEX, R&D Expenses

(billion of yen)

	FY2013 Forecast	Q3 YTD, FY2013 Result
CAPEX	45.0 → 50.0 *	40.4 (81%)
Depreciation & Amortization	37.0	29.3 (79%)
R&D Expenses	30.0	22.4 (75%)

* Advanced Yamaguchi factory 5 billion JPY investment originally planned in FY14

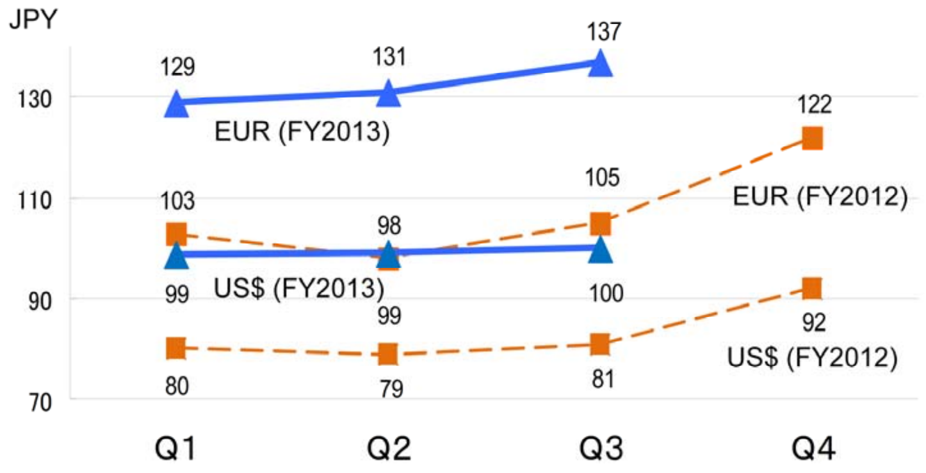
%: Progress to forecast
CAPEX: acquisition basis
Depreciation & Amortization: including intangibles

Foreign Exchange Sensitivity

(billion of yen / year)

	US$	EUR
Net Sales	1.8	0.7
Operating Income	0.3	0.4

Changes of Quarterly Average Exchange Rates



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

