

Mid-term Plan

GP1: Change and Growth 2013 (FY2011 – FY2013)

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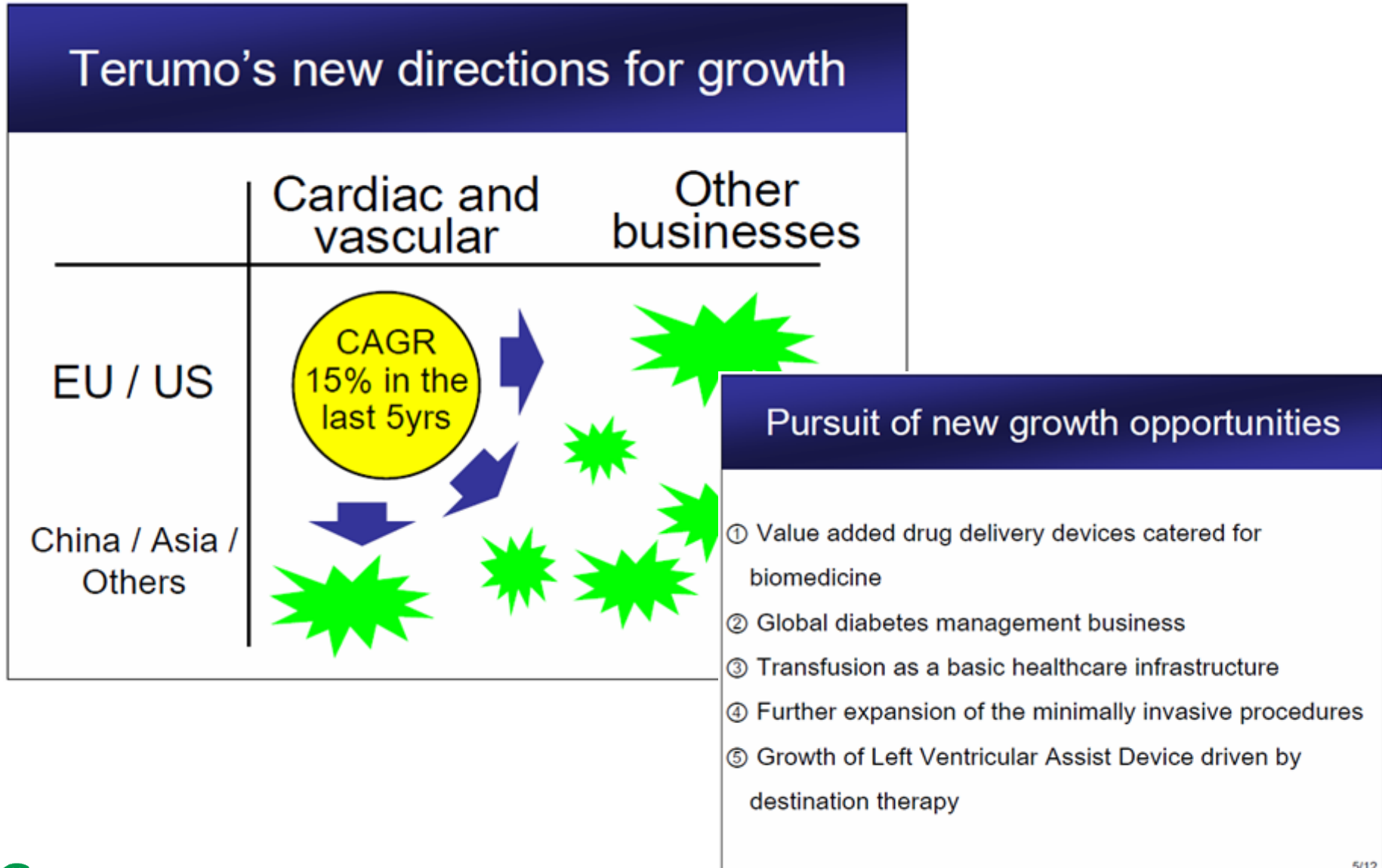
Industrial Trends

- Innovation is accelerating industry growth
- Emerging countries market is rapidly growing
- Needs for healthcare economy and QOL is becoming greater
- Quality regulations by authority is tighter

From Previous IR Presentation (May, 2010)

“World-class company that leads Japan’s healthcare industry”

Terumo’s new directions for growth



Mid-term Growth Plan

Projected rate
for mid-term span

US\$= 80 yen

EUR=113 yen

490

billion yen

CAGR

14%

BCT + Harvest

Growth path to 1 trillion yen

Recovery Plan

- Reinforce sales force
- Intense promotion of new products

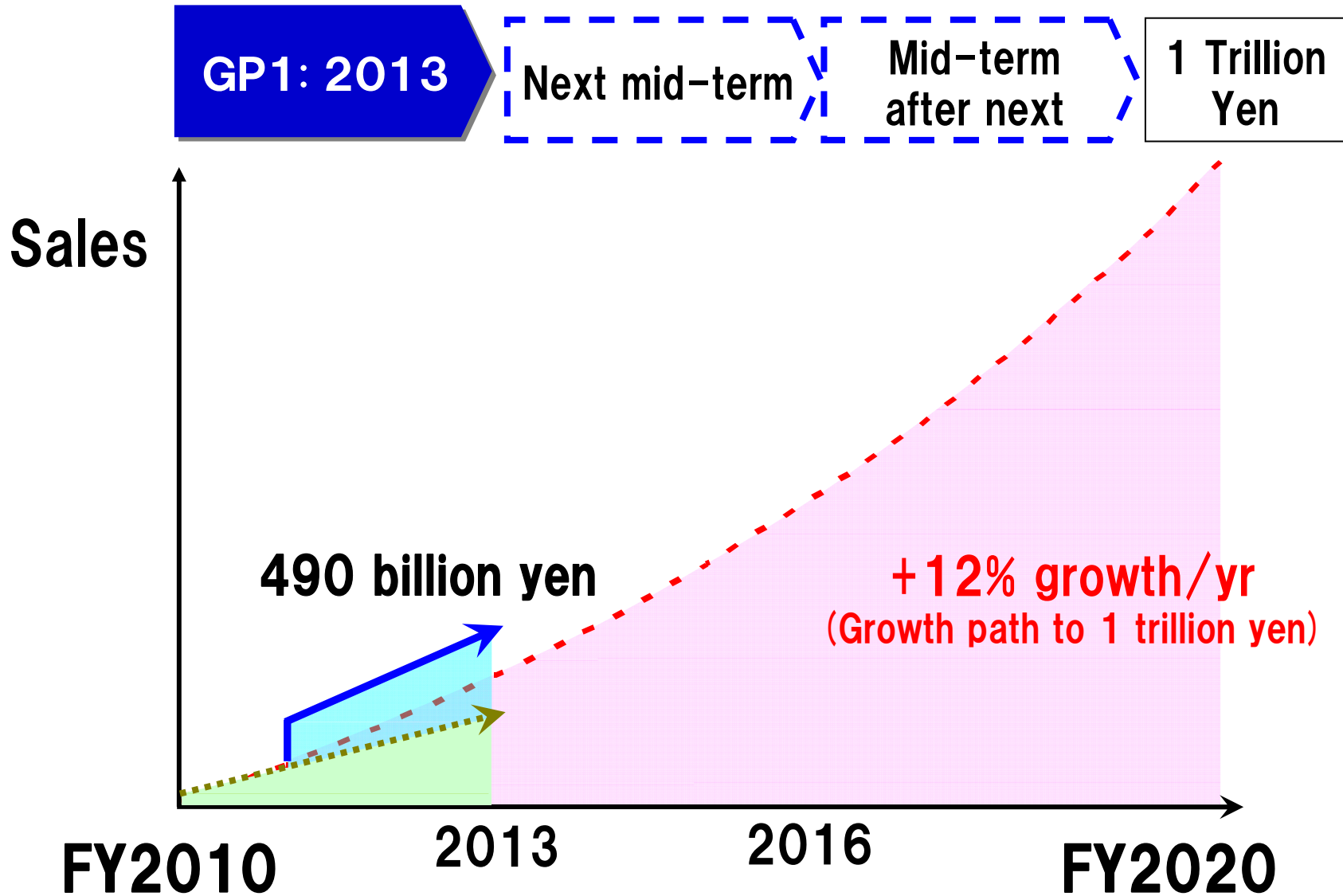
328.2
billion yen

FY2010

GP1: Change and Growth 2013

FY2013

First Step to Long-term Goal



Mid-term Financial Target

(billion yen)

		FY2010 Result	FY2013 Target
Net Sales		328.2	490
Gross Profit %		52%	54% (towards 55% in FY2015)
Operating Income (Incl. Goodwill & Amortization)		64.2 (62.6)	100 (90)
Outside of JP Sales %		46%	53%
Exchange Rate	US\$	86 yen	80 yen
	EUR	113 yen	113 yen

<Note>

FY2010: Including impact of accounting period adjustment of overseas subsidiaries (Sales: 1.9 billion yen, Operating Income: 1 billion yen)

FY2013: Including the impact of unified depreciation method into Straight-line Method (Decreased in amortization: 3.5 billion yen)

Strategy

- I. Growth path toward 1 trillion yen**
- II. Profitable growth**
- III. Double-digit growth in Blood Management Business**
- IV. Enhance global management**
- V. Accelerate production globalization**

Growth Path Toward 1 Trillion Yen

**Develop double-digit growing businesses,
other than Cardiac & Vascular Business**

- Strongly pursue previously stated “5 Growth Opportunities”
 - Coordinate among global R&D and manufacturing resource
 - Appropriate priority and pace for resource allocation
- Reinforce sales force for new products
- Enhance product pipeline
- Reinforce strategies for emerging countries markets

5 Growth Opportunities

**Drug & Device
(D & D)**

Tie up w/ global big players: Establish own biz model

**Global Diabetes
Business**

**Build global strategies
accompanying with new technologies development**

**Blood
Management Business**

**Integrate CaridianBCT,
whole blood processing, new BCT's business**

**Minimally Invasive
Treatment**

New application of intervention technology

**Left-Ventricular
Assist System**

DuraHeart II Begin clinical trial in U.S.

I. Growth path
toward 1 trillion yen

Product to Drive Growth

Category	Product	FY2011	FY2012	FY2013	FY2014	FY2015
D&D	PLAJEX					
	Intradermal Injection					
Blood Management	TACSI/Atreus					
	BCT PRT / CES (*)					
Minimally Invasive	Nobori (JP)					
	OFDI (JP,EU)					
	Misago (JP,US)					
	Stent Graft (US)					
	Harvest's New products					
LVAD	DuraHeart (JP)					
	DuraHeart II					
Hospital	Emerging Country Model					

U.S. Clinical Trial

Profitable Growth

Long-term sustainable growth

- **Gross profit rate: Aim 55% for FY15**
 - Reinforce cost reduction initiatives
 - Increase profitability through production globalization
- **Appropriate control of General Administrative expenses**
 - Streamline HQs operations
 - Phased investments in sales, along w/ business expansion speed

Complementary business: disposable & machine
+
Business expansion toward cell therapy

- Growing aged population in developed countries
 - Increase in chemotherapy → Increase in platelet demand
- Expanding market in emerging countries (healthcare infrastructure)
 - Demand increase widely among whole blood collection through aphaeresis
- Further growth with new technologies
 - Pathogen reduction technology, cell expansion system
 - Align with Harvest Technologies Corp

Enhance Global Management

■ Optimal resource allocation

- Enhance local management and dispatch younger abroad for developing early global experience and track record

■ R&D globalization

- Outside of Japan R&D: 26% (FY2010) → 38% (FY2013)

■ Enhancement of global infrastructure

- IT/SCM: Establish supply chain system to sustain 1 trillion yen operation

■ Pursuit of localized strategies

- China, India, Brazil, U.S., Europe

Regional Strategy: Emerging countries

China

- Expand business field, other than interventional business
- Change to “local production for local consumption” model
 - General Hospital products: Supply products meeting local needs through partnership w/ local companies
 - Local production for interventional systems and CV products

India

- Partnership w/ local players (Deregulation on foreign investment)
- Create business base other than Blood Management Business: start with interventional systems and CV

Brazil

- Interventional systems and Blood Management drives growth
- Local sourcing for local market, also local production under consideration

Regional Strategy: U.S./Europe

U.S.

- Enhance presence in the world largest market
- Interventional treatment business (Coronary & Peripheral)
- Pursue the strategies along with healthcare reform
(Solution for healthcare economics and QOL)

Europe

- Become a Big 4 player in intervention market
- Develop Blood Management as second core business
Automated blood processing system drives the growth
- Business expansion in Russia, Turkey, Eastern Europe

R&D Globalization



TERUMO BCT
(Blood Management)



Terumo Heart
(LVAD)



TCVS
(Oxygenator)



Harvest Technologies
(Cell therapy)



Vascutek
(Thoracic & Abdominal Stent Graft)



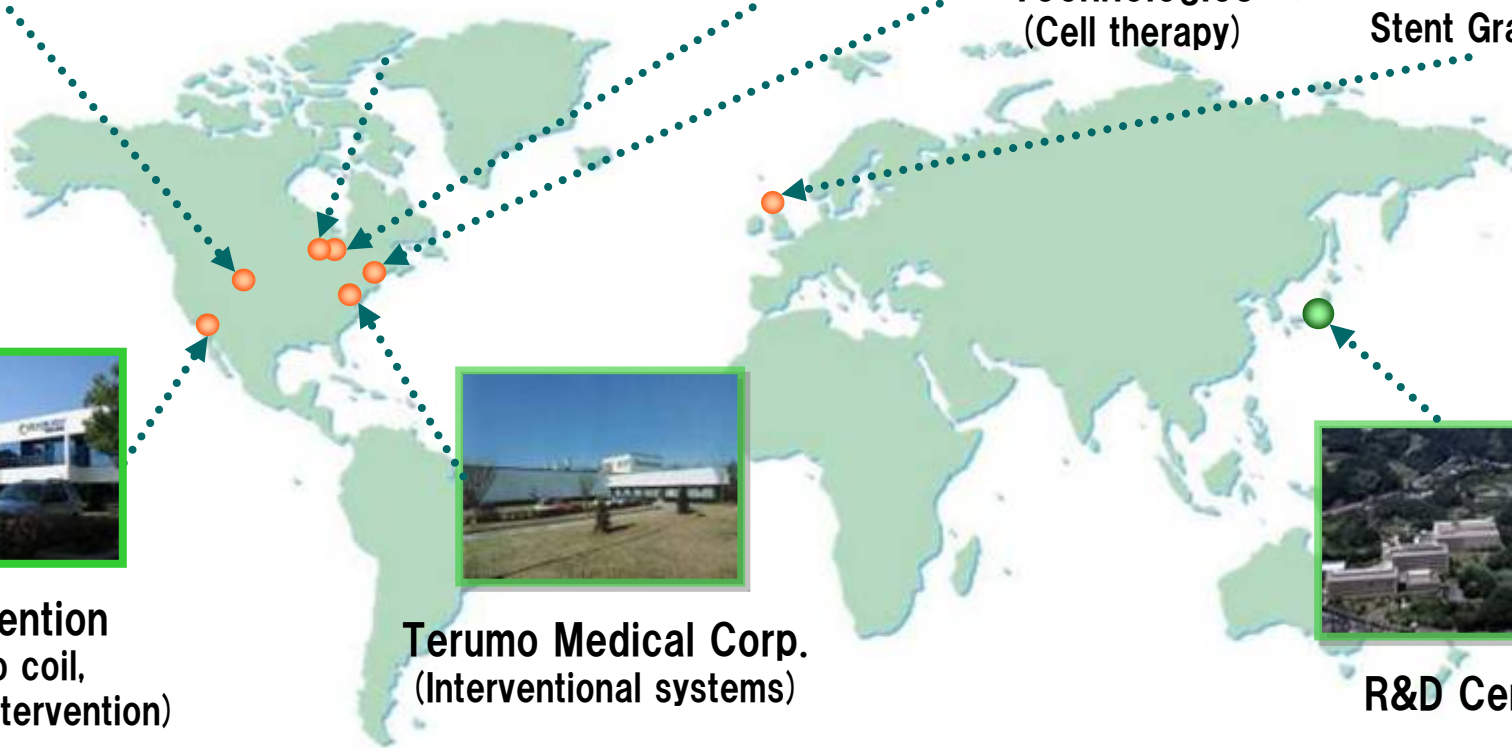
MicroVention
(Neuro coil, Peripheral intervention)



Terumo Medical Corp.
(Interventional systems)



R&D Center



Accelerate Production Globalization

Diversify the risk of centralized manufacturing

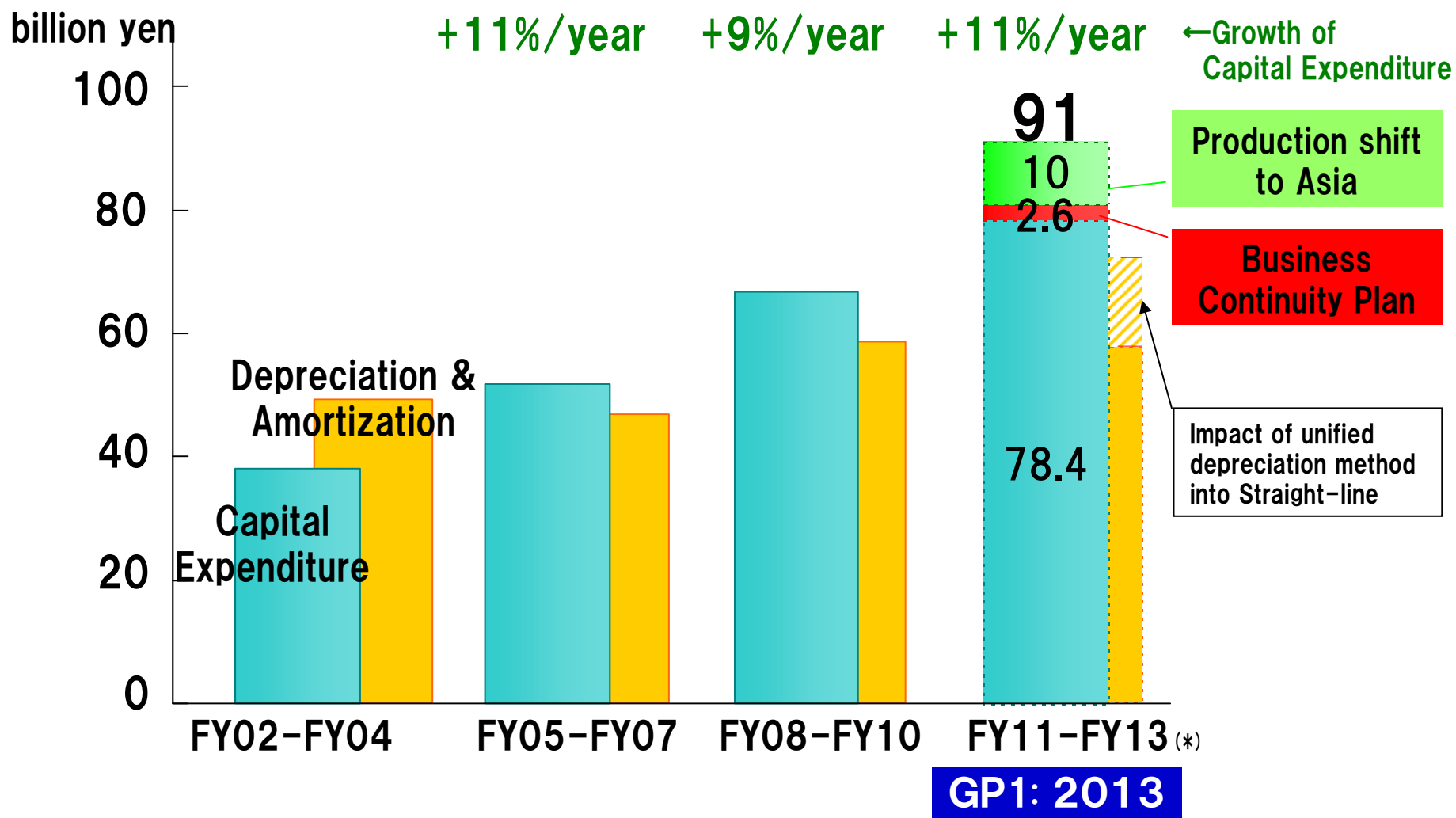
- Asia as global production center
 - Local procurement for materials
- Accelerate production shift from Japan to Asian countries
- Utilize Vietnam and Philippines maximally
- One in JP still remain as the mother factory
- Outside of JP Production: 31% (FY2010) → Target 50% (FY2015)

Accelerate Shift to Vietnam & Philippines

Denominators	Vietnam factory	Philippines factory
Accumulated know-how and operational base	<ul style="list-style-type: none"> •Established in Apr. 2006 •5 years of experience 	<ul style="list-style-type: none"> •Established in Mar. 1998 •13 years of experience
Stable and low labor cost	<ul style="list-style-type: none"> •Stable at dollar basis (Local wages been up, however local currency devaluated against US\$) 	<ul style="list-style-type: none"> •Lower than one in China
Sufficient space for expansion	<ul style="list-style-type: none"> •Possible to expand up to threefold of current space 	<ul style="list-style-type: none"> •Expansion in space on current property
Progress of shift	<ul style="list-style-type: none"> •Part of Ashitaka factory made interventional products are under shift •Part of Vascutek's production shifted from Scotland (2010) 	<ul style="list-style-type: none"> •Some General Hospital products are under shift from U.S.

Capital Expenditure, Depreciation & Amortization

Excl. M&A and BCT: Tangible & Intangible



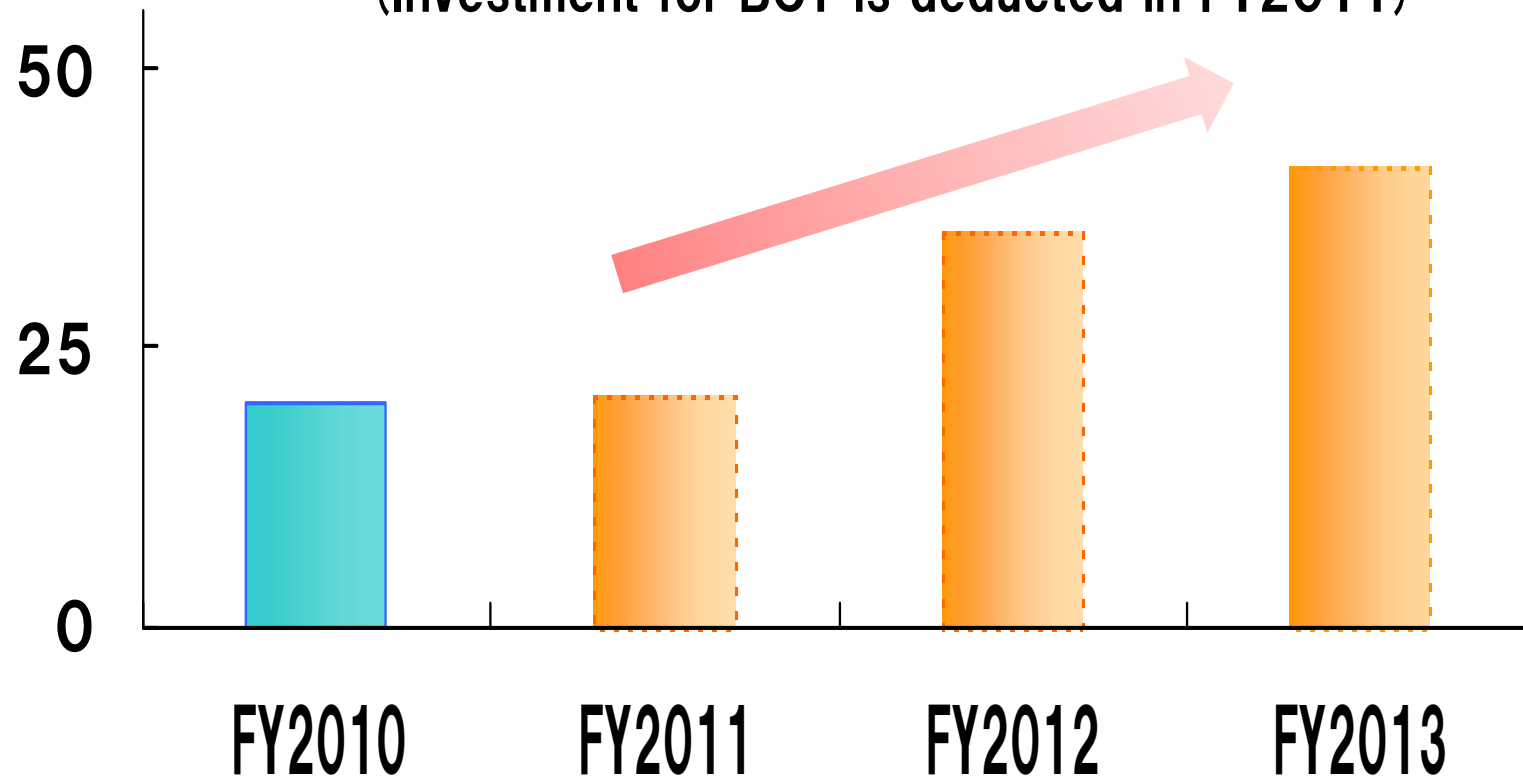
(*) FY2011 and after: Including the impact of unified depreciation method into Straight-line Method

Free Cash Flow (FCF)

FCF steadily increasing, excluding investment for acquisition

billion yen

(Investment for BCT is deducted in FY2011)



GP1: 2013

Growth Investment & Financial Stance

■ Basic policy

- Maintain health of financial standing to prepare for future growth strategy
- Significantly consider shareholder return

■ Approach to acquisition finance

- Switch 220 billion yen of bridge loan to take-out financing within FY2011
- Consider broad options

■ Enhance Cash Management

- Reinforce inventory control by SCM system, further improving profitability
- Develop advanced tax strategy

FY2013 Target

billion yen	FY2010 Result	FY2013 Target	CAGR
Net Sales	328.2	490	14%
Operating Income	64.2	100	16%
<Excl. Goodwill & Amortization % >	19.6%	20%+	
Operating Income	62.6	90	14%

US\$= 86 yen

EUR=113 yen

US\$= 80 yen

EUR=113 yen

<Note>

FY2010: Incl. impact of accounting period adjustment of overseas subsidiaries (Sales:1.9billion yen, Operating Income:1 billion yen)

FY2013: Incl. impact of unified depreciation method into Straight-line Method (Decreased in amortization: 3.5 billion yen)

GP1

1 trillion Global Presence

Performance

Ownership

Teamwork

Dream

Trust

2013

飛躍的成長に向けて

GP1

1 trillion Global Presence

Performance

Ownership

Teamwork

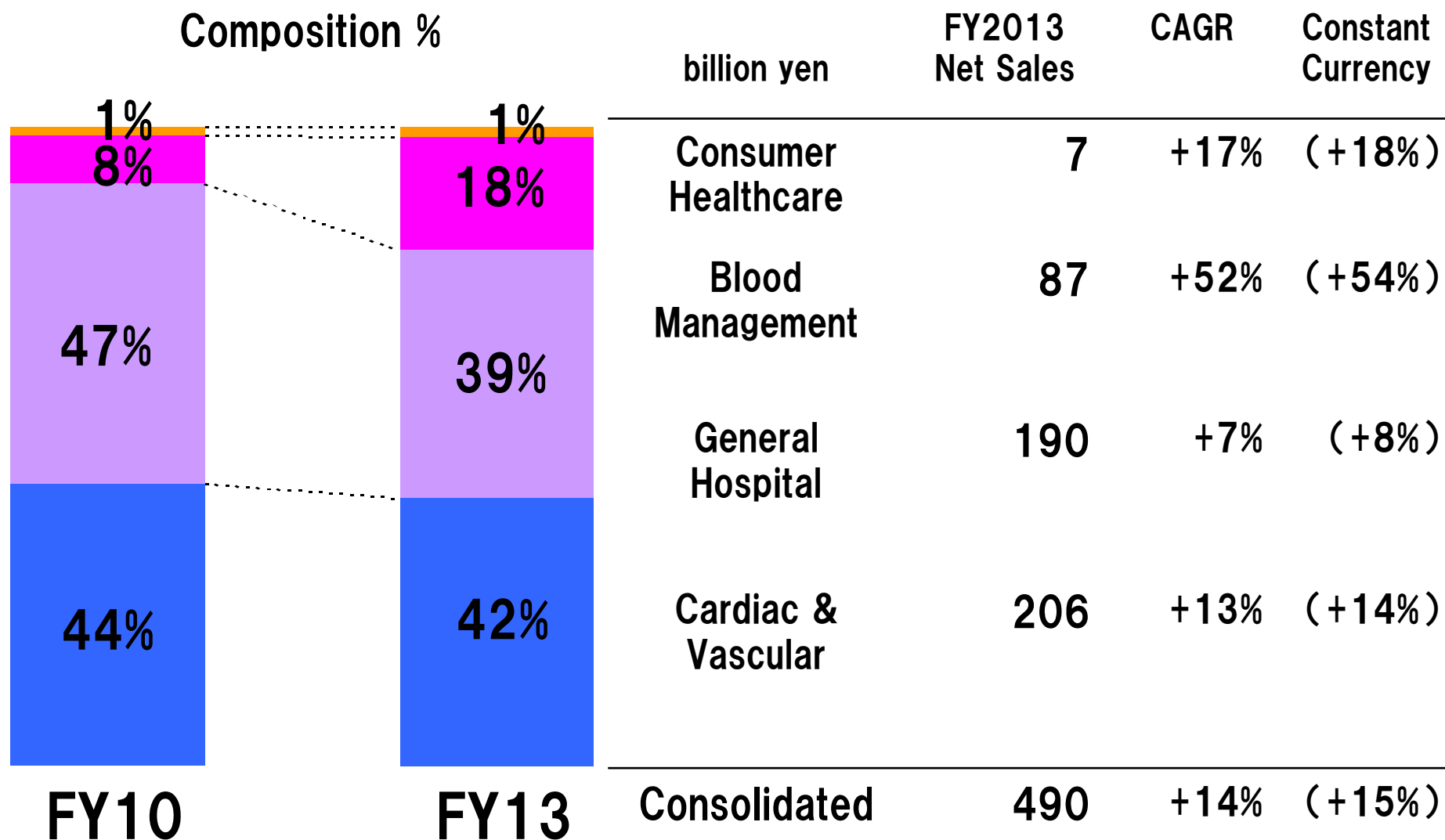
Dream

Trust

Change and Growth 2013

<Reference>

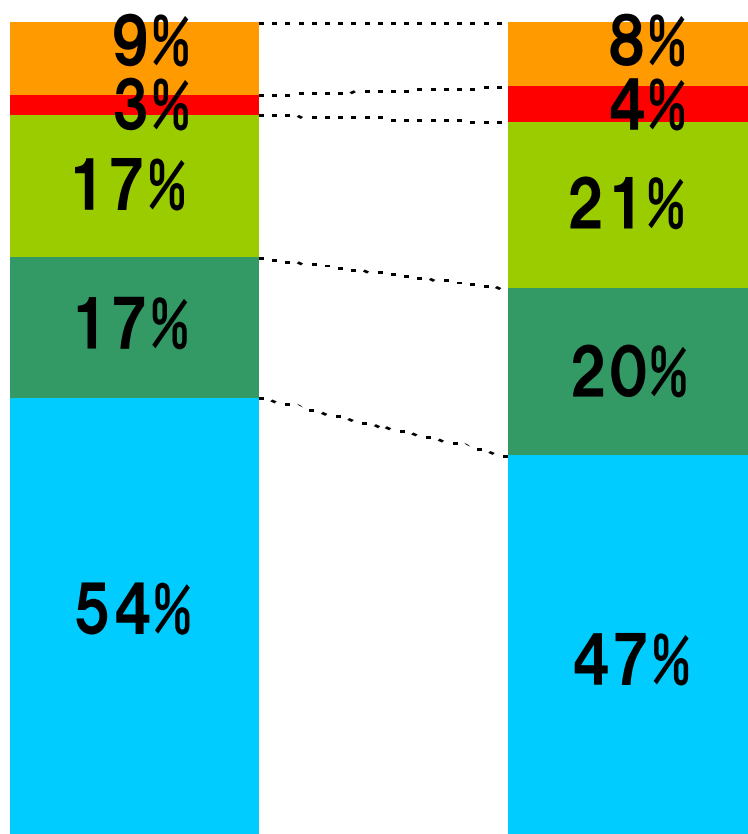
Sales by Business



<Note> Excluding impact of accounting period adjustment of overseas subsidiaries when calculating CAGR by business

Sales by Region

Composition %



FY10

46% Outside of JP

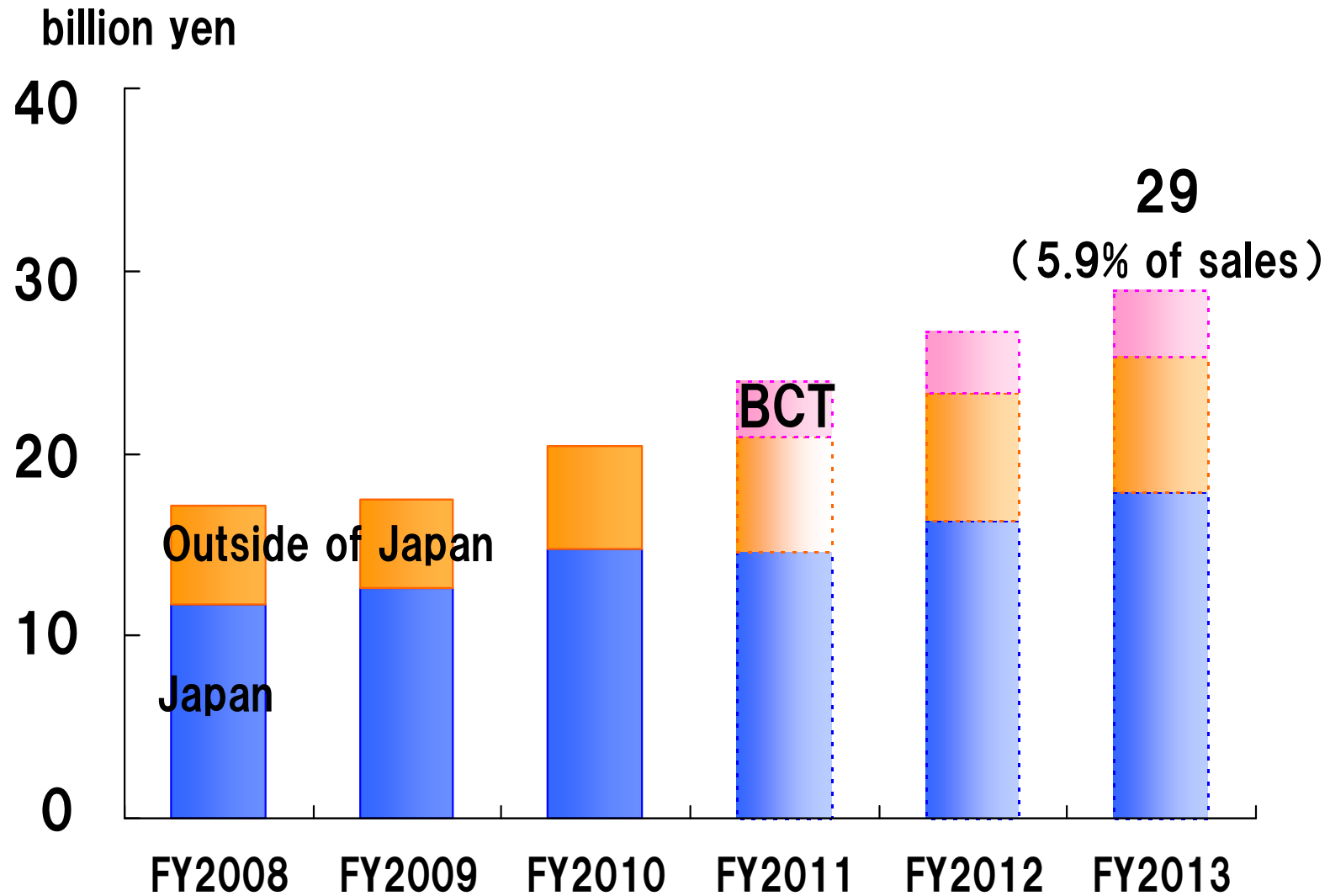
FY13

53%

billion yen	FY2013 Net Sales	CAGR	Constant Currency
Asia, etc	38	+12%*	(+14%)*
China	21	+33%	(+36%)
Americas	101	+21%	(+24%)
Europe	100	+21%	(+21%)
Japan	230	+9%	(+9%)
Consolidated	490	+14%	(+15%)
Outside of JP	260	+20%	(+22%)

*Excluding impact of accounting period adjustment of overseas subsidiaries when calculating CAGR of Asia, etc

R&D Expenses



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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.