

# COVID-19 Response and Mid- to Long-term Indications

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# Basic Policy for COVID-19 Response

**1. Secure associates health and safety**

**2. Stable supply to sustain healthcare**

**3. Proactive contribution to infection prevention and treatment**

# Current Circumstance and Operating State

## Demand

- Postponement of elective procedures related to Cardiac and Vascular
- Limited decrease in demand for General Hospital and Blood and Cell Technologies

## Customer Access

- Access to hospitals restricted for manufacturers

## Production/ Logistics

- Impact on local operation due to lockdown in some emerging countries
- Operations of the group as a whole largely uninterrupted

## R&D

- Slowdown in some clinical trials

## Finance

- Maintaining healthy profitability and liquidity

# Risk Management

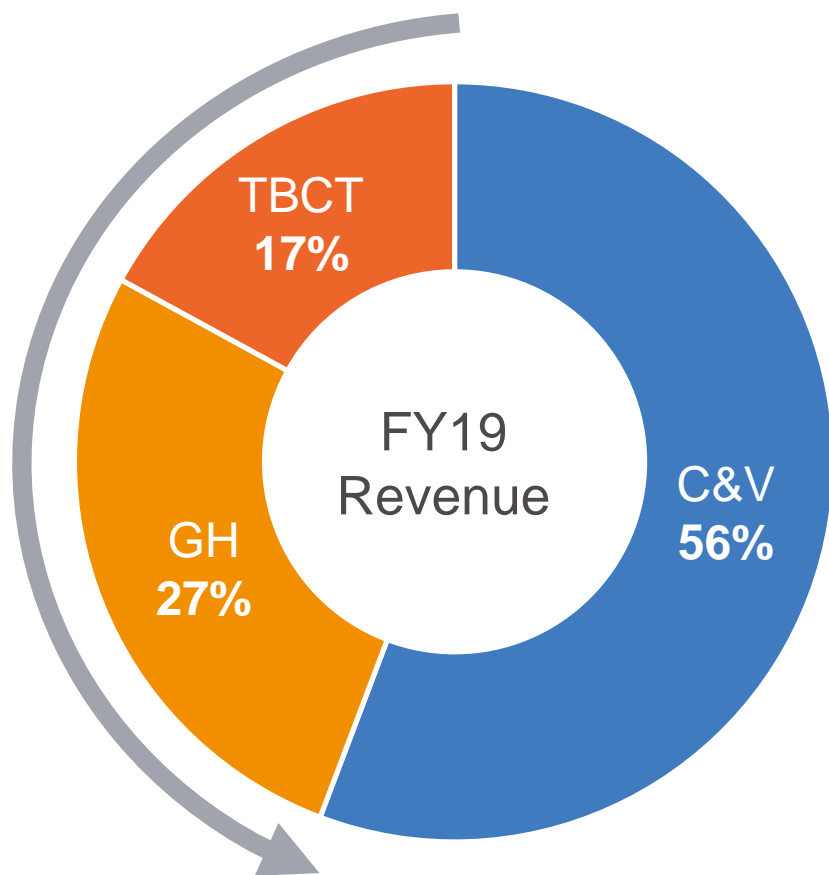
- Careful management to prepare for two recovery scenarios
  - Base scenario: Recovery in the 2<sup>nd</sup> half of FY20
  - Later recovery scenario: Recovery in the 1<sup>st</sup> half of FY21
- Keep in mind the possibility of additional downward swings: Demand stagnation, price erosion, supply chain interruption, etc.



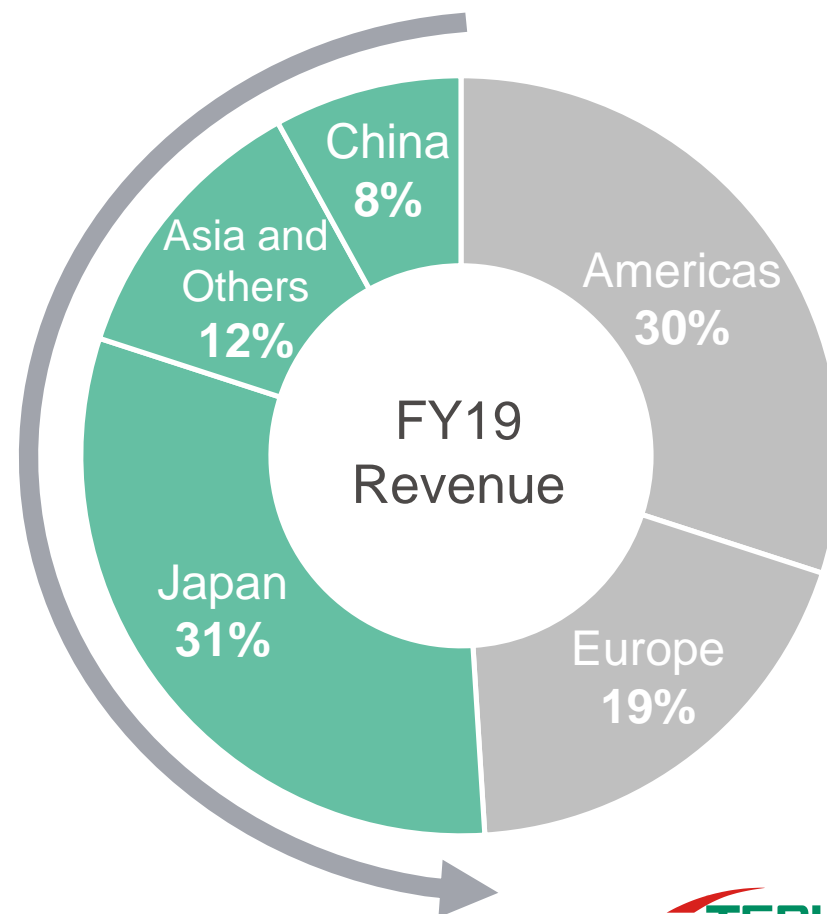
- In a group-wide Crisis Mode since April 1, 2020
  1. Have secured financial health (liquidity)
  2. Assessing performance and forecasts in a faster cycle, detailed expenditure management and discipline
  3. Maintaining flexible operations in preparation for contingencies
- Measures in place for the contingency of “Later recovery scenario”; ready to take action as necessary

# Strong Portfolio against COVID-19 Impact

- General Hospital and Blood and Cell Technologies are less impacted, and half our business

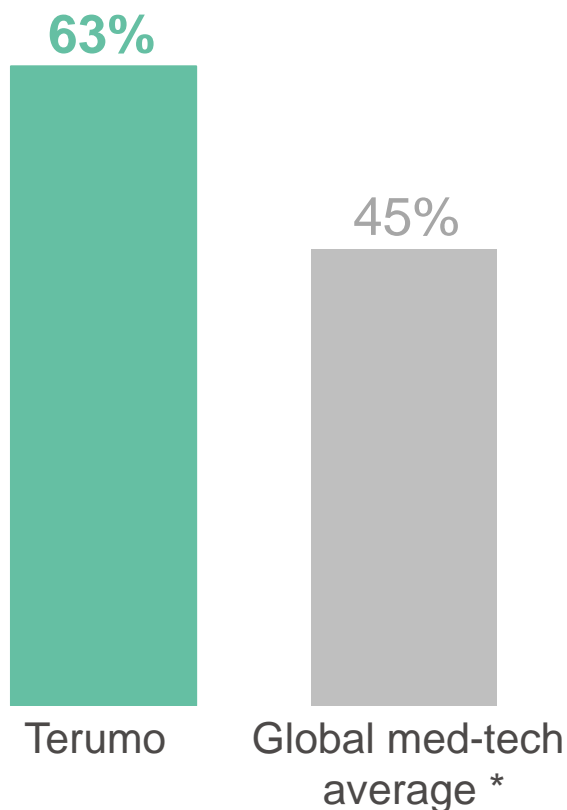


- Ratio of revenue from less-impacted Japan, Asia, China is higher than global competitors average, approx. 30%

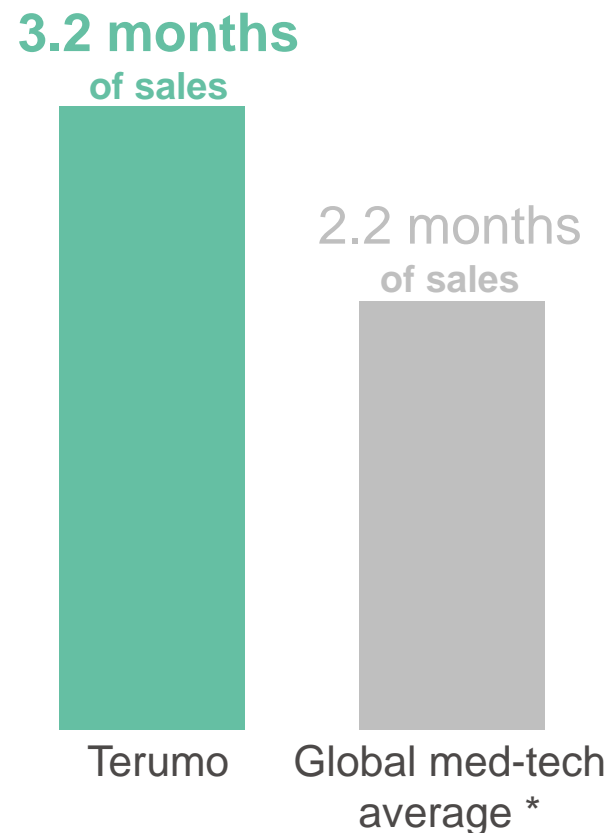


# Maintained Financial Solidity for Sustainable Growth

Equity ratio



Cash on hand



Also having secured necessary credit availability while maintaining “AA-” rating

\* Source: Terumo analysis based on the financials of major med-tech companies

# Our Progress to Strengthen Operations

- Based on our experience of Great East Japan Earthquake, Hurricane Maria, and Shipping delays at Ashitaka factory

## Actions taken amid the COVID-19 crisis

### Global optimization

- Easing of overconcentration
- Capacity expansion, efficiency improvement

Maximum effort for stable supply of essential products via global collaboration

### BCP enhancement

- Secure appropriate inventory
- Inter-factory capacity utilization

Temporary preemptive factory shutdowns to prevent infection

### Organizational enhancement

- CMO leadership to coordinate all 31 factories

Quick covering for factories in locked-down locations via prompt coordination with other factories

# Mid- to Long-term Thought-provoking on COVID-19

- Quicker and simpler procedures
- Shortened hospital stays

## Cardiac and Vascular

- ▮ Acceleration of less-invasive therapy
- ▮ Increase of outpatient procedure

- Infection prevention measures
- Precise, remote vital sign mgmt.

## General Hospital

- ▮ Strict hospital infection prevention
- ▮ Advanced transfusion, monitoring

- Convalescent plasma therapy, cytokine reduction
- Coronavirus reduction in blood product

## Blood and Cell Technologies

- ▮ Expansion of blood therapies
- ▮ Improvement of blood transfusion safety

- Maintain supply, financial mgmt.
- Remote customer support, product introduction

## Terumo Group

- ▮ Stability and flexibility as competitive advantages
- ▮ Work style reform, diversification of customer approach

- **Confident in current Mid- to Long-term Strategy**
- **Further enhance in next Mid- to Long-term Period**



# Transformation Toward a New Normal

- **The awareness of customers and patients will fundamentally change. Society itself will change**

## Paradigm shift acceleration

Healthcare expenditure control,  
digitalization, remote care,  
simplification, others



Business model innovation in addition  
to traditional product innovation  
Promote implementation of digital  
transformation and robotics technology

## Safety, peace of mind

Enhancement of healthcare  
infrastructure  
Reordering of priorities



Start of “Infection prevention initiative”  
Provide solutions including assessment,  
consulting, workshops, and training in addition  
to diverse product lineups

# The Terumo Purpose Is Even Clearer

- In the COVID-19 crisis, society is questioning the “purpose” of companies.
- The Terumo purpose is clear. Terumo has always been faithful to its group mission of “Contributing to Society through Healthcare.” Inheriting the DNA of Dr. Kitasato, the group has a long history of fulfilling important needs: Building public health, infection prevention in medical settings, patient-friendly healthcare, and many others.
- Contributing to support medical professionals in the fight against COVID-19 fulfills our original role exactly.
- By constantly revitalizing the organization and transforming itself, Terumo will continue to be a company truly needed by medicine, in the post-COVID world as well. This will maximize its long-term enterprise value.



資料提供: 学校法人北里研究所

Courtesy of the Kitasato Institute archives

## Achievements of Dr. Shibasaburo Kitasato, one of the founding members of Terumo:

- Discovered the immune antibody and developed serum therapy for the tetanus disease
- Discovered the plague bacteria, worked tirelessly to prevent its spread

# IR Contact

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