

Production & Operation Strategy to lead the success of GS26

Realize 1 trillion yen in sales, Earnings Improvement and a New Business Model Simultaneously

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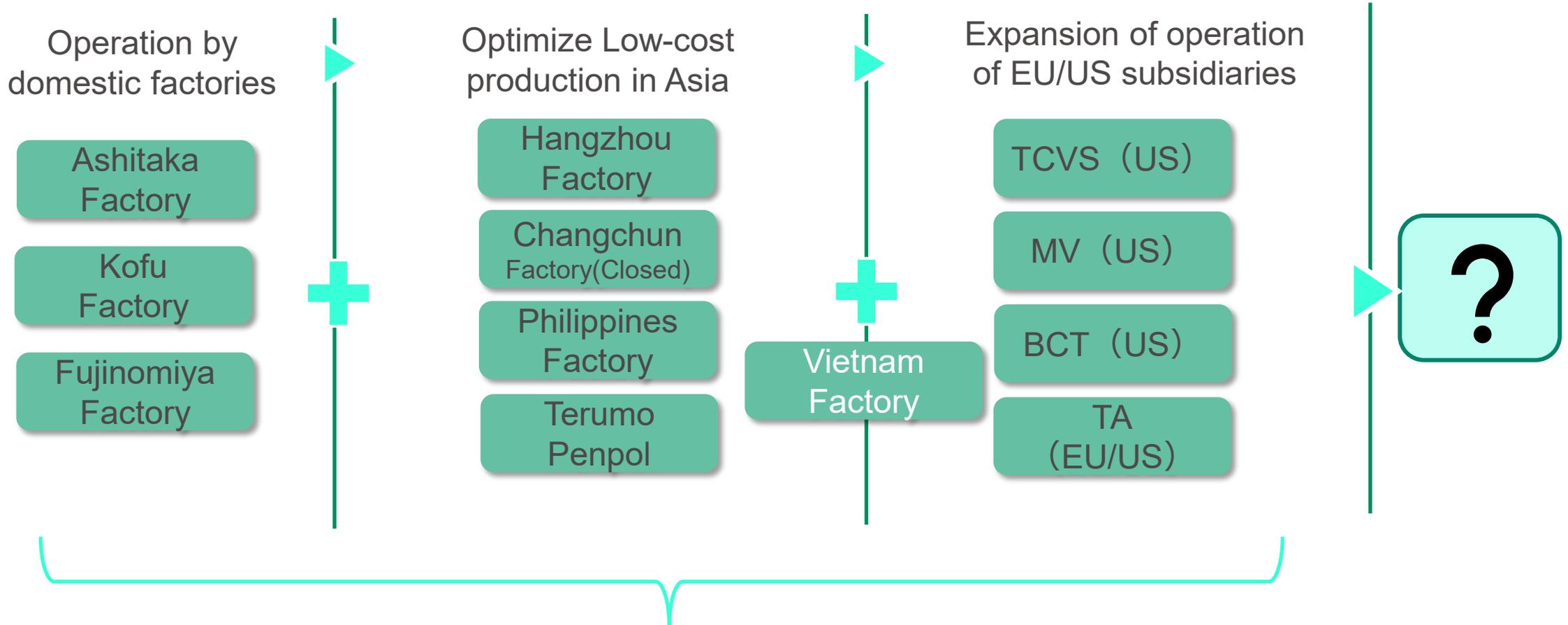


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Production Strategy Transition

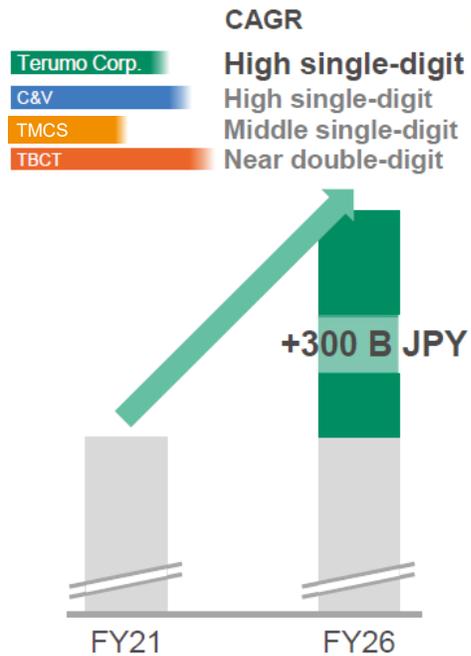
Globalization of strategy with the changes of the era



Create business and regional diversity than ever before in GS26

Crucial issue to strengthen operation both volume and quality

Group-wide revenue

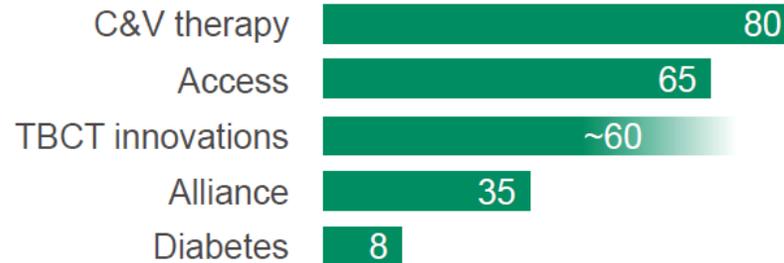


Reference; GS26 presentation

Growth drivers

Business segment (approx. 80% of growth)

(B JPY)



Geographic segment (approx. 50% of growth)



* Outside Japan revenue ratio: 70% (FY26)

Client segment

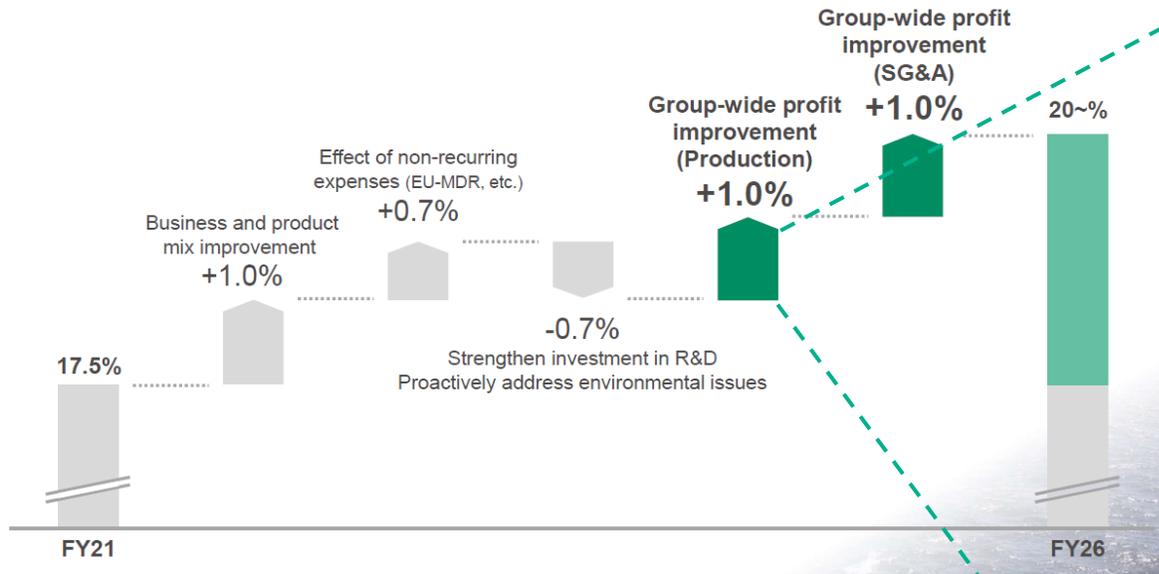


Potential of growth in each company

Increase sales overseas

Growth led by business model change

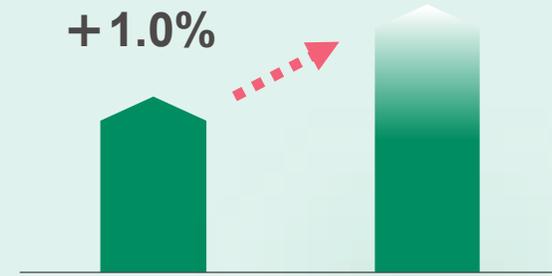
Improvement GP with saving COGS in GS26



Reference; GS26 presentation

<Breakdown>

Production
+ 1.0%



- Quality + Production Efficiency
- Saving cost of Procurement/Production/Logistics
- Promoting Automation/Saving resource/DX
- Group-wide synergy of production technology

Issues and Solutions to lead the success of GS26

1 Focus market: United States/Increase Supply



- | Strategic production sites in the US market
- | National strategy, US competition, ecosystem, talent, track record

▶ Shift to Costa Rica

2 Strategic market: China/Local Production Capacity



- | Major focus market along with US in GS26
- | TMCS earnings measures vs. FX fluctuations & geopolitical risks

▶ Production Platform
For increasing Local
production

3 Optimizing Global Production led by Mother Factory



- | Source of C&V TIS value; Terumo's bread and butter
- | Ashitaka smart factory initiative

▶ Reforming Operation for
Group optimization

4 New Growth Driver/Expansion of B2B

- | Changing business model
- | Coolaboration with Pharma companies

▶ Reasonable investment

Costa Rica: N. American strategic production site

1



All US competition are there

- Medtronic, Boston Scientific, Abbott, Edwards, Merit Medical, Philips, Smith & Nephew, etc.

Costa Rica advantages

- National strategy (Tax benefits: Free Zone)

- Ecosystem of approx. 90 firms, including sterilizers

- MedTech is now biggest export

- Educational standards, excellent talent (over half women)

Sustainability management

- Domestic power supply from renewable energy: 98%

Terumo History, Future Moves

MicroVention came first, other Terumo companies followed

First entry into Costa Rica



MicroVention 1st Factory



MicroVention 2nd Factory



MicroVention 3rd Factory



TBCT



TCV



Neurovascular treatment devices



Transfusion, infusion, collection systems
Blood treatment system kits



Oxygenator blood circuit



Local no. of associates

1900

+

700

+

500

Total >3,000

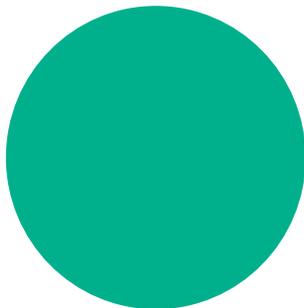
Profitability Improvement by Consolidation in Costa Rica

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3 Business total 5B Yen~/Year in the last year of GS26 (FY26)

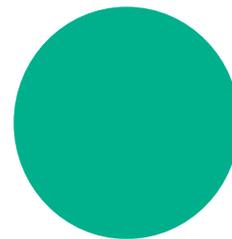
MicroVention

- ✓ Consolidate labor
- ✓ Produce existing products with stable quality
- ✓ Produce stents for outside US



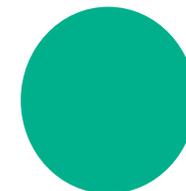
TBCT

- ✓ Transition labor-intensive products from Lakewood
- ✓ Eliminate Lakewood complexity



TCVS

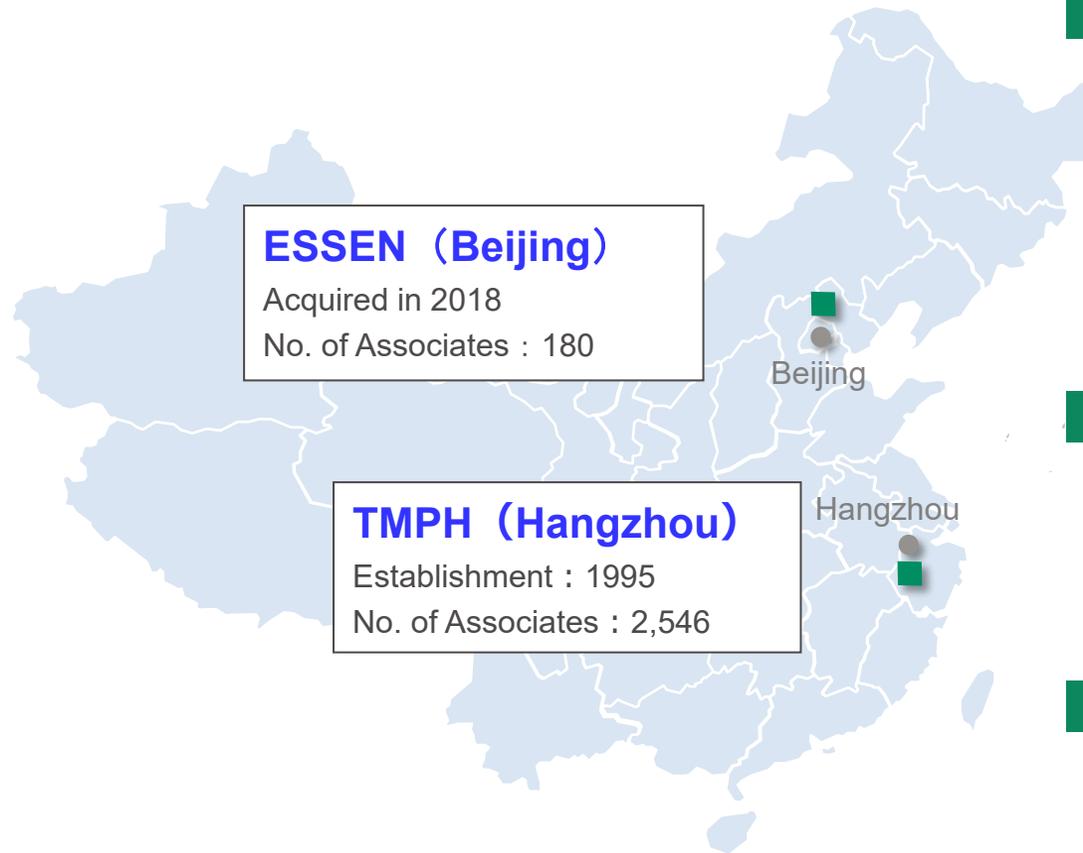
- ✓ Expand production capacity
- ✓ Access new markets
- ✓ Raise gross profitability floor
- ✓ Rationalize supply chain



 To show the size of impact relatively

China production strategy: Rebuilding

Buy China, VBP era regional strategy



Sustainable growth in the giant market

- Medical device market exceeded 100 billion USD (2020)
- Per-capita GDP increase, healthcare expenditure growth potential high

Strategy transition, pivot

- Before: Import sales model
- Future: Selective localization promotion

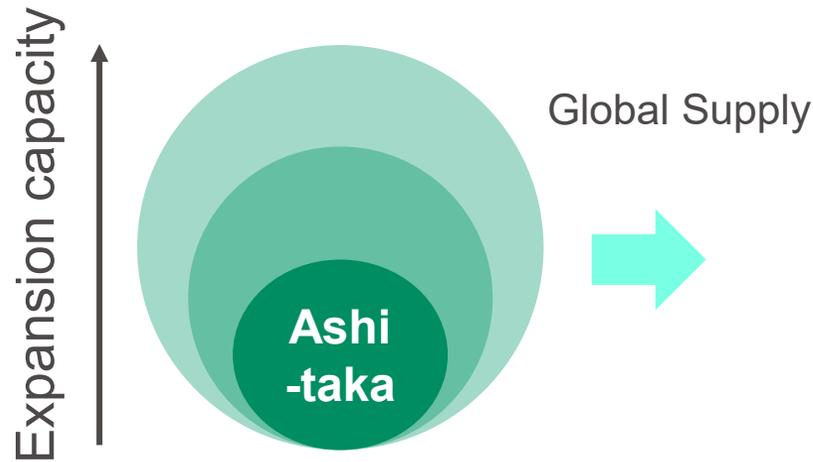
Local production, development

- To ensure supply capability for VBP expansion
- Production platform that includes development role

Reforming TIS Operation

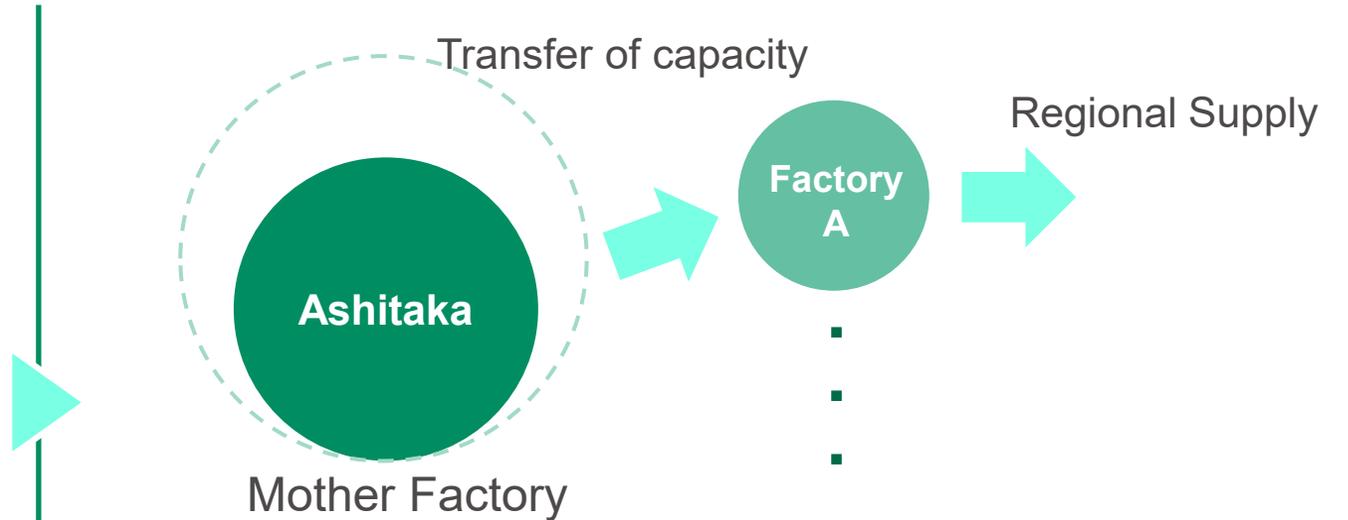
Optimizing Global Production & Operation

Integrating Group wide factories



- Volume Expansion & Speed required

→ Only choice to spread Ashitaka's capacity

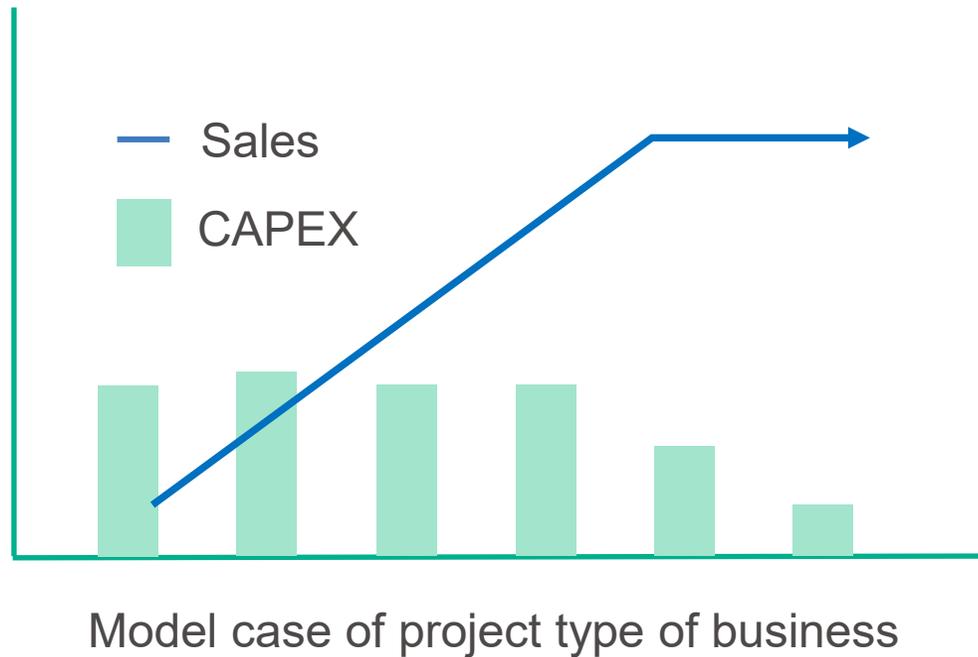


- Stable Supply
- Profitability Improvement

- Optimizing Global Production for Preventing overconcentration
- Structure BCM scheme
- Automation Factory
- RFID utilization in SCM<DX>

Business Model Change ~CAPEX for B2B~

4



■ Pharmaceutical Solutions

- Growth with Exceeding CAGR15%
- Profitability of TMCS total improvement(15%)

■ Plasma Innovation

- Entered the market as \$800M/CAGR8~10%
- Profitability of TMCS total improvement(~20%)

Key Success Factors to Achieve GS26

Stable Global Supply

Strengthen production capacity both Global & Regional

Earnings improvement

Operations transformation to raise gross profitability

Environmental impact reduction

Site location with decarbonizing perspective, promotion of renewable energy

SCM advancement
Sophisticating Risk Management

Product consolidation/elimination, Safe stock of parts, BCM, Resilience

US, China market expansion

Costa Rica production expansion/China local production

Business Model Change

CAPEX for CDMO and Plasma Innovation

