

Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2016



November 5, 2015
Exchange where listed: TSE

Name of listed company : **TERUMO CORPORATION**
(URL <http://www.terumo.com/>)
Company code number : 4543
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1. Consolidated Financial Highlights for the Six Months Ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (Notes: The amounts shown below ignore values of less than a million yen)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended September, 2015	259,167	11.1	39,102	18.5	35,758	5.1	27,012	23.5
Six months ended September, 2014	233,309	3.2	32,990	8.3	34,039	15.1	21,879	12.4

(Notes) Comprehensive income: September 2015: 23,117 million yen (-46.5%) September 2014: 43,173 million yen (18.2%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Six months ended September, 2015	71.50	66.90
Six months ended September, 2014	57.62	57.61

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
As of September 30, 2015	973,229	577,332	59.3	1,535.97
As of March 31, 2015	992,073	573,523	57.8	1,513.73

(Notes) Shareholders' equity: September 30, 2015: 577,123 million yen March 31, 2015: 573,444 million yen

2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March, 2015	—	14.50	—	16.00	30.50
Year ending March, 2016	—	19.00	—	—	—
Year ending March, 2016 (forecast)	—	—	—	19.00	38.00

(Notes) Revise of dividends forecast : Yes

For details of the revisions to the projection of cash dividend, please refer to "Terumo Revises Upward Interim Dividend and Year-End Dividend Forecast for the Fiscal Year Ending March 31, 2016" announced today (November 5, 2015).

3. Consolidated Forecast for the Year Ending March 2016 (From April 1, 2015 to March 31, 2016)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Year ending March, 2016	525,000	7.3	76,000	12.7	73,000	3.2	48,500	26.1	128.73

(Notes) Forecast for fiscal year ending March, 2016 which was announced on September 24, 2015 has not been revised.

(Assumed exchange rate for the second half of fiscal year ending March, 2016: USD1=JPY120, EUR1=JPY130)

Among the information that Terumo discloses, forecasts of financial performance on future projections contain potential risks and uncertainty since these are forecasts on projections made by Terumo based on limited information available at the moment of disclosure. 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.

4. Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015		As of September 30, 2015	
	Amount	%	Amount	%
(Assets)				
I Current assets	412,458	41.6	417,642	42.9
Cash and deposits	129,679		140,752	
Notes and accounts receivable-trade	104,944		102,593	
Marketable securities	50,000		50,000	
Inventories	101,472		101,483	
Deferred tax assets	13,949		14,149	
Other	13,871		10,183	
Allowance for doubtful accounts	(1,458)		(1,520)	
II Noncurrent assets	575,842	58.0	550,606	56.6
1. Property, plant and equipment	178,496	18.0	179,223	18.4
Buildings and structures	60,783		65,638	
Machinery, equipment and vehicles	45,616		50,396	
Land	22,023		23,704	
Lease assets	895		862	
Construction in progress	39,029		28,778	
Other	10,147		9,841	
2. Intangible assets	331,990	33.4	318,171	32.7
Goodwill	166,990		158,088	
Customer relationships	103,217		99,828	
Other	61,781		60,254	
3. Investments and other assets	65,355	6.6	53,211	5.5
Investment securities, including investments in unconsolidated subsidiaries and affiliates	45,461		33,462	
Deferred tax assets	259		294	
Retirement benefit assets	6,786		6,228	
Other	12,847		13,226	
III Deferred assets	3,772	0.4	4,980	0.5
Total assets	992,073	100.0	973,229	100.0

(Millions of yen)

	As of March 31, 2015		As of September 30, 2015	
	Amount	%	Amount	%
(Liabilities)		%		%
I Current liabilities	129,947	13.1	107,801	11.1
Notes and accounts payable-trade	38,484		34,376	
Short-term debt	364		242	
Current portion of long-term debt	5,417		5,398	
Lease obligations	208		157	
Income taxes payable	19,714		11,553	
Deferred tax liabilities	105		75	
Provision for bonuses	5,560		5,529	
Provision for directors' bonuses	142		67	
Notes and accounts payable-facilities	8,667		4,384	
Other	51,282		46,016	
II Noncurrent liabilities	288,602	29.1	288,094	29.6
Bonds payable	40,000		40,000	
Convertible bonds with subscription rights to shares	100,233		100,209	
Long-term debt	79,141		80,568	
Lease obligations	278		229	
Deferred tax liabilities	50,013		47,806	
Provision for directors' retirement benefits	66		66	
Retirement benefit liabilities	7,020		7,053	
Asset retirement obligations	233		234	
Other	11,615		11,927	
Total liabilities	418,550	42.2	395,896	40.7
I Shareholders' equity	471,102	47.5	478,656	49.2
Capital stock	38,716		38,716	
Capital surplus	52,103		50,928	
Retained earnings	383,317		403,048	
Treasury stock	(3,035)		(14,036)	
II Accumulated other comprehensive income	102,341	10.3	98,466	10.1
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,910		14,306	
Deferred gains (losses) on hedges, net of taxes	—		0	
Foreign currency translation adjustments, net of taxes	89,043		87,390	
Accumulated adjustments for retirement benefits, net of taxes	(3,611)		(3,230)	
III Stock subscription rights	78	0.0	121	0.0
IV Non-controlling interests	—	—	88	0.0
Total net assets	573,523	57.8	577,332	59.3
Total liabilities and net assets	992,073	100.0	973,229	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the six months ended			For the six months ended		
	September 30, 2014			September 30, 2015		
	Amount		%	Amount		%
I Net sales	233,309	100.0		259,167	100.0	
II Cost of sales	110,370	47.3		119,809	46.2	
Gross profit	122,939	52.7		139,357	53.8	
III Selling, general and administrative expenses	89,948	38.6		100,255	38.7	
Operating income	32,990	14.1		39,102	15.1	
IV Non-operating income	3,659	1.6		1,198	0.5	
Interest income	235			348		
Dividends income	184			228		
Royalty income	95			96		
Foreign exchange gains	2,467			—		
Other	677			523		
V Non-operating expenses	2,610	1.1		4,541	1.8	
Interest expenses	502			694		
Sales discounts	339			209		
Foreign exchange losses	—			2,386		
Equity in losses of affiliates	5			157		
Loss on disposal of inventories	243			38		
Other	1,519			1,054		
Ordinary income	34,039	14.6		35,758	13.8	
VI Extraordinary income	2,035	0.9		5,596	2.2	
Gain on sales of property, plant and equipment	130			4819		
Gain on sales of investment securities	—			776		
Gain on adjustment of account payable	1,905			—		
VII Extraordinary expenses	1,993	0.9		992	0.4	
Loss on disposal of property, plant and equipment	397			193		
Impairment loss	1,225			799		
Loss on liquidation of subsidiaries	371			—		
Income before income taxes	34,081	14.6		40,362	15.6	
VIII Income taxes	12,201	5.2		13,364	5.2	
Current	11,858			14,757		
Differed	343			(1,392)		
Profit	21,879	9.4		26,997	10.4	
Loss attributable to non-controlling interests	—	—		(15)	0.0	
Profit attributable to owners of parent	21,879	9.4		27,012	10.4	

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the six months ended September 30, 2014		For the six months ended September 30, 2015	
	Amount		Amount	
I Profit		21,879		26,997
II Other comprehensive income		21,293		(3,880)
Valuation difference on available-for-sale securities	2,691		(2,604)	
Deferred gains or losses on hedges	2		0	
Foreign currency translation adjustments	18,663		(1,654)	
Adjustments for retirement benefit	(65)		380	
Share of other comprehensive income of associates accounted for using equity method	1		(2)	
Comprehensive income		43,173		23,117
Attributable to:				
Comprehensive income attributable to owners of parent		43,173		23,134
Comprehensive income attributable to non-controlling interests		—		(17)

(4)Notes

<Significant accounting policies in preparing the consolidated financial statements>

Changes in accounting policy

(Application of Accounting Standards regarding Business Combinations)

As the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No.21, September 13, 2013; hereinafter the "Business Combinations Accounting Standard"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, September 13, 2013; hereinafter the "Consolidation Accounting Standard"), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013; hereinafter the "Business Divestitures Accounting Standard") and other standards have been applied from the three months ended June 30, 2015. Accordingly, the accounting method has been changed that the difference associated with changes in equity in subsidiaries remaining under the control of the Company is recorded as capital surplus, and acquisition-related costs are recorded as expenses for the fiscal year in which the costs are incurred. For business combinations implemented on or after the beginning of the three months ended June 30, 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the quarter containing the date of the business combinations.

In addition, the Company has changed the presentation of net income, etc. as well as the presentation of minority interests to non-controlling interests. To reflect these changes in presentation, the quarterly consolidated financial statements for the three months ended September 30, 2014 and consolidated financial statements for the fiscal year ended March 31, 2015 have been reclassified.

With respect to application of the Accounting Standards regarding Business Combinations, the transitional treatment as prescribed in article 58-2 (3) of the Business Combinations Accounting Standard, article 44-5 (3) of the Consolidation Accounting Standard and article 57-4 (3) of the Business Divestitures Accounting Standard was applied. The cumulative impact of the retroactive application of the new accounting policies over all past periods at the beginning of the three months ended June 30, 2015 was reflected in capital surplus and retained earnings.

As a result of this change, as of the beginning of the six months ended September 30, 2015, goodwill, capital surplus and retained earnings decreased by 3,135 million yen, 1,175 million yen and 1,220 million yen, respectively. Additionally operating income, ordinary income, and income before income taxes for the six months ended September 30, 2015 all increased by 96 million yen.

5. Segment Information

[Reportable Segments]

(1) The Second Quarter of Fiscal Year Ended March 31, 2015

(Millions of yen)

	Reportable Segments				Adjustment	Total
	Cardiac & Vascular Company	General Hospital Company	Blood Management Company	Subtotal		
Sales and operating income:						
Sales to customer	106,834	78,394	48,081	233,309	—	233,309
Internal sales	—	—	—	—	—	—
Sales total	106,834	78,394	48,081	233,309	—	233,309
Segment income (Excl. Amortization)	21,515	9,606	9,252	40,375	942	41,317
Segment income (loss)	20,660	9,606	1,782	32,048	942	32,990
Segment income%(Excl. Amortization)	20.1	12.3	19.2	17.3	—	17.7

Notes: 1. The 942 million yen adjustment to segment income is the sum of 213 million yen for inventories and 728 million yen for others.

2. Segment income is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(2) The Second Quarter of Fiscal Year Ending March 31, 2016

(Millions of yen)

	Reportable Segments				Adjustment	Total
	Cardiac & Vascular Company	General Hospital Company	Blood Management Company	Subtotal		
Sales and operating income:						
Sales to customer	125,542	80,830	52,794	259,167	—	259,167
Internal sales	—	—	—	—	—	—
Sales total	125,542	80,830	52,794	259,167	—	259,167
Segment income (Excl. Amortization)	29,284	11,724	9,977	50,986	(1,668)	49,317
Segment income (loss)	28,376	11,724	670	40,770	(1,668)	39,102
Segment income%(Excl. Amortization)	23.3	14.5	18.9	19.7	—	19.0

Notes: 1. The (1,668) million yen adjustment to segment income is the sum of (779) million yen for inventories and (889) million yen for others.

2. Segment income is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.

(Changes in the category of segments)

As a result of reclassification in performance management among overseas subsidiaries, “Harvest Technologies Corporation” and “Harvest Technologies GmbH” have been transferred from “Cardiac & Vascular Company” to “Blood Management Company” since October 1, 2014. “Segment income” has been adjusted retrospectively to reflect the effect of this change.

(Note) Main products belonging to each business segment

Business segments	Sub-segments	Main products
Cardiac & Vascular Company	Interventional Systems	Angiographic catheters, PTCA balloon catheters, Coronary stents
	Neurovascular	Neuro interventional coils, etc.
	CV Systems	Oxygenerators, Cardio-pulmonary bypass system, etc.
	Vascular Graft	Artificial vascular grafts, Stent grafts
General Hospital Company	General Hospital Products	Syringes, Needles, Blood collection tubes, Solution sets, I.V.catheters, Infusion pumps, Syringe pumps, etc.
	D&D	Prefilled syringes, Pain management systems, I.V.solutions, Nutritious food, CAPD systems, etc.
	DM and Consumer Healthcare	Blood glucose monitoring systems, Digital thermometers, Blood pressure monitors, etc.
Blood Management Company	—	Blood bags, Automated blood collection system, Therapeutic apheresis system, Cell expansion system, etc.