

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



February 4, 2016
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 Nine Months Ended December 31, 2015 (From April 1, 2015 to December 31, 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)	%
Nine months ended December, 2015	395,991	9.0	64,115	21.3	60,977	3.9	43,484	30.1
Nine months ended December, 2014	363,201	5.2	52,869	9.6	58,689	17.6	33,426	(9.4)

(Notes) Comprehensive income: December 2015: 44,141 million yen (-51.6%) December 2014: 91,204 million yen (9.2%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Nine months ended December, 2015	115.31	107.87
Nine months ended December, 2014	88.02	87.40

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
As of December 31, 2015	982,031	591,311	60.2	1,572.98
As of March 31, 2015	992,073	573,523	57.8	1,513.73

(Notes) Shareholders' equity: December 31, 2015: 591,029 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 : None

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	80,000	18.6	75,000	6.0	50,000	30.0	132.59

(Notes) Forecast for fiscal year ending March, 2016 which was announced on November 5, 2015 has been revised.

(Assumed exchange rate for fiscal year ending March, 2016: USD1=JPY121, EUR1=JPY133)

(Assumed exchange rate for fourth quarter ending March, 2016: USD1=JPY120, EUR1=JPY130)

For details of the revisions to the consolidated forecast, please refer to "Revision to Full-Year Results Forecast for FY2015" announced today (February 4, 2016).

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 December 31, 2015	
	Amount	%	Amount	%
(Assets)				
I Current assets	412,458	41.6	422,327	43.0
Cash and deposits	129,679		136,508	
Notes and accounts receivable-trade	104,944		110,576	
Marketable securities	50,000		55,000	
Inventories	101,472		99,122	
Deferred tax assets	13,949		12,413	
Other	13,871		10,330	
Allowance for doubtful accounts	(1,458)		(1,624)	
II Noncurrent assets	575,842	58.0	554,135	56.4
1 Property, plant and equipment	178,496	18.0	178,380	18.2
Buildings and structures	60,783		65,260	
Machinery, equipment and vehicles	45,616		51,234	
Land	22,023		23,724	
Lease assets	895		887	
Construction in progress	39,029		27,649	
Other	10,147		9,623	
2 Intangible assets	331,990	33.4	314,721	32.0
Goodwill	166,990		156,126	
Customer relationships	103,217		98,745	
Other	61,781		59,849	
3 Investments and other assets	65,355	6.6	61,033	6.2
Investment securities, including investments in unconsolidated subsidiaries and affiliates	45,461		39,948	
Deferred tax assets	259		295	
Retirement benefit assets	6,786		5,951	
Other	12,847		14,837	
III Deferred assets	3,772	0.4	5,567	0.6
Total assets	992,073	100.0	982,031	100.0

(Millions of yen)

	As of March 31, 2015		As of December 31, 2015	
	Amount		Amount	
(Liabilities)		%		%
I Current liabilities	129,947	13.1	103,071	10.5
Notes and accounts payable-trade	38,484		33,473	
Short-term debt	364		180	
Current portion of long-term debt	5,417		7,376	
Lease obligations	208		189	
Income taxes payable	19,714		5,527	
Deferred tax liabilities	105		64	
Provision for bonuses	5,560		2,821	
Provision for directors' bonuses	142		99	
Notes and accounts payable-facilities	8,667		3,858	
Other	51,282		49,479	
II Noncurrent liabilities	288,602	29.1	287,647	29.3
Bonds payable	40,000		40,000	
Convertible bonds with subscription rights to shares	100,233		100,196	
Long-term debt	79,141		78,785	
Lease obligations	278		210	
Deferred tax liabilities	50,013		49,577	
Provision for directors' retirement benefits	66		66	
Retirement benefit liabilities	7,020		7,107	
Asset retirement obligations	233		234	
Other	11,615		11,467	
Total liabilities	418,550	42.2	390,719	39.8
I Shareholders' equity	471,102	47.5	487,987	49.7
Capital stock	38,716		38,716	
Capital surplus	52,103		50,928	
Retained earnings	383,317		412,381	
Treasury stock	(3,035)		(14,038)	
II Accumulated other comprehensive income	102,341	10.3	103,041	10.5
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,910		18,636	
Deferred gains (losses) on hedges, net of taxes	—		11	
Foreign currency translation adjustments, net of taxes	89,043		87,393	
Accumulated adjustments for retirement benefits, net of taxes	(3,611)		(2,999)	
III Stock subscription rights	78	0.0	152	0.0
IV Non-controlling interests	—	—	129	0.0
Total net assets	573,523	57.8	591,311	60.2
Total liabilities and net assets	992,073	100.0	982,031	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the nine months ended			For the nine months ended		
	December 31, 2014			December 31, 2015		
	Amount		%	Amount		%
I Net sales	363,201	100.0		395,991	100.0	
II Cost of sales	172,522	47.5		181,343	45.8	
Gross profit	190,678	52.5		214,648	54.2	
III Selling, general and administrative expenses	137,808	37.9		150,532	38.0	
Operating income	52,869	14.6		64,115	16.2	
IV Non-operating income	9,848	2.7		1,979	0.5	
Interest income	378			471		
Dividends income	247			276		
Royalty income	124			113		
Foreign exchange gains	8,098			—		
Equity in earnings of affiliates	10			321		
Other	989			794		
V Non-operating expenses	4,028	1.1		5,117	1.3	
Interest expenses	896			1,035		
Sales discounts	513			318		
Foreign exchange losses	—			2,361		
Loss on disposal of inventories	239			48		
Other	2,378			1,353		
Ordinary income	58,689	16.2		60,977	15.4	
VI Extraordinary income	2,465	0.7		5,590	1.4	
Gain on sales of property, plant and equipment	490			4,813		
Gain on sales of investment securities	—			776		
Gain on adjustment of account payable	1,974			—		
VII Extraordinary expenses	8,839	2.5		1,245	0.3	
Loss on disposal of property, plant and equipment	419			226		
Impairment loss	1,450			1,019		
Loss on liquidation of subsidiaries	549			—		
Restructuring loss	6,420			—		
Income before income taxes	52,315	14.4		65,322	16.5	
VIII Income taxes	18,889	5.2		21,872	5.5	
Current	21,133			22,140		
Differed	(2,243)			(267)		
Profit	33,426	9.2		43,449	11.0	
Loss attributable to non-controlling interests	—	—		(34)	(0.0)	
Profit attributable to owners of parent	33,426	9.2		43,484	11.0	

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended December 31, 2014		For the nine months ended December 31, 2015	
	Amount		Amount	
I Profit		33,426		43,449
II Other comprehensive income		57,778		691
Valuation difference on available-for-sale securities	4,211		1,725	
Deferred gains or losses on hedges	2		11	
Foreign currency translation adjustments	53,571		(1,655)	
Adjustments for retirement benefit	(10)		611	
Share of other comprehensive income of associates accounted for using equity method	3		(2)	
Comprehensive income		91,204		44,141
Attributable to:				
Comprehensive income attributable to owners of parent		91,204		44,181
Comprehensive income attributable to non-controlling interests		—		(40)

(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 nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2015 all increased by 143 million yen.

<Notes on significant changes in the amount of shareholders' equity>

Following the resolution at its board of directors' meeting on August 4, 2015, the Company bought back its shares in accordance with the provisions of Article 156 of the Companies Act applicable pursuant to Article 165, Paragraph 3, of the said Act. As a result, treasury stock increased by 10,999 million yen.

5. Segment Information

[Reportable Segments]

(1) The Third 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	165,890	122,426	74,844	363,201	—	363,201
Internal sales	—	—	—	—	—	—
Sales total	165,890	122,426	74,844	363,201	—	363,201
Segment income (Excl. Amortization)	34,154	16,497	14,159	64,811	972	65,783
Segment income (loss)	32,849	16,497	2,550	51,897	972	52,869
Segment income%(Excl. Amortization)	20.6	13.5	18.9	17.8	—	18.1

Notes: 1. The 972 million yen adjustment to segment income is the sum of (478) million yen for inventories and 1,450 million yen for others.

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

(2) The Third 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	193,241	122,777	79,972	395,991	—	395,991
Internal sales	—	—	—	—	—	—
Sales total	193,241	122,777	79,972	395,991	—	395,991
Segment income (Excl. Amortization)	47,801	18,249	14,327	80,378	(956)	79,422
Segment income (loss)	46,439	18,249	382	65,072	(956)	64,115
Segment income%(Excl. Amortization)	24.7	14.9	17.9	20.3	—	20.1

Notes: 1. The (956) million yen adjustment to segment income is the sum of (1,046) million yen for inventories and 90 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.