

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2017



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Exchange where listed: TSE

Name of listed company : TERUMO CORPORATION
(URL <http://www.terumo.com/>)
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1. Consolidated Financial Highlights for the Three Months Ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(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)	%
Three months ended June, 2016	124,519	(3.2)	21,356	9.8	15,123	(26.6)	10,110	(30.3)
Three months ended June, 2015	128,660	11.9	19,449	20.7	20,592	42.5	14,504	72.8

(Notes) Comprehensive income: June 2016: (29,494) million yen (−%) June 2015: 23,150 million yen (522.7%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Three months ended June, 2016	27.86	25.99
Three months ended June, 2015	38.29	35.83

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
As of June 30, 2016	867,658	474,924	54.7	1,307.35
As of March 31, 2016	901,685	511,544	56.7	1,408.53

(Notes) Shareholders' equity: June 30, 2016: 474,527 million yen March 31, 2016: 511,252 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, 2016	—	19.00	—	20.00	39.00
Year ended March, 2017	—	—	—	—	—
Year ending March, 2017 (forecast)	—	20.00	—	21.00	41.00

(Notes) Revise of dividends forecast : None

3. Consolidated Forecast for the Year Ending March 2017 (From April 1, 2016 to March 31, 2017)

	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)
Half year ending September, 2016	250,000	(3.5)	35,500	(9.2)	32,500	(9.1)	21,500	(20.4)	59.23
Year ending March, 2017	517,000	(1.5)	75,000	(8.2)	71,000	(2.9)	52,500	3.6	144.64

(Notes) Forecast for fiscal year ending March, 2017 which was announced on May 10, 2016 has not been revised.

Assumed exchange rate for fiscal year ending March, 2016: USD1=JPY110, EUR1=JPY125

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, 2016		As of June 30, 2016	
	Amount	%	Amount	%
(Assets)				
I Current assets	374,746	41.5	379,862	43.8
Cash and deposits	149,672		166,987	
Notes and accounts receivable-trade	104,426		96,696	
Inventories	96,454		94,402	
Deferred tax assets	14,963		11,683	
Other	10,621		11,398	
Allowance for doubtful accounts	(1,390)		(1,305)	
II Noncurrent assets	521,657	57.9	482,792	55.6
1 Property, plant and equipment	175,794	19.5	168,989	19.5
Buildings and structures	65,207		62,931	
Machinery, equipment and vehicles	54,362		50,468	
Land	23,297		22,867	
Lease assets	881		860	
Construction in progress	21,417		21,491	
Other	10,628		10,368	
2 Intangible assets	290,514	32.3	261,994	30.2
Goodwill	143,707		129,361	
Customer relationships	90,750		81,498	
Other	56,056		51,135	
3 Investments and other assets	55,348	6.1	51,809	5.9
Investment securities, including investments in unconsolidated subsidiaries and affiliates	37,724		32,964	
Deferred tax assets	3,436		4,776	
Other	14,186		14,068	
III Deferred assets	5,281	0.6	5,003	0.6
Total assets	901,685	100.0	867,658	100.0

(Millions of yen)

	As of March 31, 2016		As of June 30, 2016	
	Amount	%	Amount	%
(Liabilities)				
I Current liabilities	168,835	18.7	149,407	17.2
Notes and accounts payable-trade	36,294		34,853	
Short-term debt	61		10	
Current portion of long-term debt	19,839		18,986	
Lease obligations	256		204	
Current portion of bonds payable	40,000		40,000	
Income taxes payable	9,778		3,528	
Deferred tax liabilities	56		45	
Provision for bonuses	5,869		2,850	
Provision for directors' bonuses	170		37	
Notes and accounts payable-facilities	5,451		5,332	
Asset retirement obligations	—		298	
Other	51,057		43,258	
II Noncurrent liabilities	221,304	24.6	243,326	28.1
Bonds payable	—		30,000	
Convertible bonds with subscription rights to shares	100,184		100,172	
Long-term debt	58,873		57,230	
Lease obligations	286		266	
Deferred tax liabilities	45,079		40,908	
Provision for directors' retirement benefits	66		14	
Retirement benefit liabilities	8,656		8,341	
Asset retirement obligations	230		64	
Other	7,925		6,328	
Total liabilities	390,140	43.3	392,733	45.3
I Shareholders' equity	445,178	49.4	448,028	51.6
Capital stock	38,716		38,716	
Capital surplus	50,928		50,928	
Retained earnings	419,573		422,425	
Treasury stock	(64,040)		(64,041)	
II Accumulated other comprehensive income	66,074	7.3	26,498	3.1
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,308		13,339	
Deferred gains (losses) on hedges, net of taxes	(13)		(48)	
Foreign currency translation adjustments	63,182		25,740	
Accumulated adjustments for retirement benefits, net of taxes	(13,403)		(12,531)	
III Stock subscription rights	183	0.0	215	0.0
IV Non-controlling interests	109	0.0	182	0.0
Total net assets	511,544	56.7	474,924	54.7
Total liabilities and net assets	901,685	100.0	867,658	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the three months ended			For the three months ended		
	June 30, 2015			June 30, 2016		
	Amount		%	Amount		%
I Net sales	128,660	100.0		124,519	100.0	
II Cost of sales	59,612	46.3		54,793	44.0	
Gross profit	69,047	53.7		69,726	56.0	
III Selling, general and administrative expenses	49,598	38.6		48,370	38.8	
Operating income	19,449	15.1		21,356	17.2	
IV Non-operating income	2,286	1.8		443	0.4	
Interest income	203			117		
Dividends income	108			150		
Royalty income	20			52		
Foreign exchange gains	1,755			—		
Other	198			113		
V Non-operating expenses	1,143	0.9		6,666	5.5	
Interest expenses	373			295		
Sales discounts	104			115		
Foreign exchange losses	—			5,484		
Equity in losses of affiliates	19			246		
Loss on disposal of inventories	31			3		
Other	614			520		
Ordinary income	20,592	16.0		15,123	12.1	
VI Extraordinary income	394	0.3		1	0.0	
Gain on sales of property, plant and equipment	394			1		
VII Extraordinary expenses	354	0.3		45	0.0	
Loss on disposal of property, plant and equipment	4			45		
Impairment loss	350			—		
Income before income taxes	20,632	16.0		15,079	12.1	
VIII Income taxes	6,130	4.7		4,992	4.0	
Current	5,719			3,020		
Differed	411			1,972		
Profit	14,502	11.3		10,086	8.1	
Loss attributable to non-controlling interests	(2)	(0.0)		(24)	(0.0)	
Profit attributable to owners of parent	14,504	11.3		10,110	8.1	

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the three months ended June 30, 2015		For the three months ended June 30, 2016	
	Amount		Amount	
I Profit		14,502		10,086
II Other comprehensive income		8,648		(39,580)
Valuation difference on available-for-sale securities, net of taxes	258		(2,969)	
Deferred gains or losses on hedges, net of taxes	5		(29)	
Foreign currency translation adjustments	8,299		(37,447)	
Adjustments for retirement benefit	85		872	
Share of other comprehensive income of associates accounted for using equity method, net of taxes	(1)		(6)	
Comprehensive income		23,150		(29,494)
Comprehensive income attributable to:				
Owners of parent		23,152		(29,464)
Non-controlling interests		(2)		(29)

5. Segment Information

[Reportable Segments]

(1) The First Quarter of Fiscal Year Ended March 31, 2016

(Millions of yen)

	Reportable Segments				Adjustment	Total
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Subtotal		
Sales and operating income:						
Sales to customer	63,195	39,484	25,980	128,660	—	128,660
Internal sales	—	—	—	—	—	—
Sales total	63,195	39,484	25,980	128,660	—	128,660
Segment income (Excl. Amortization)	14,112	5,602	5,395	25,110	(571)	24,539
Segment income (loss)	13,659	5,602	758	20,020	(571)	19,449
Segment income(%) (Excl. Amortization)	22.3	14.2	20.8	19.5	—	19.1

Notes: 1. The (571) million yen adjustment to segment income is the sum of (764) million yen for inventories and 193 million yen for others.

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

(2) The First Quarter of Fiscal Year Ending March 31, 2017

(Millions of yen)

	Reportable Segments				Adjustment	Total
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Subtotal		
Sales and operating income:						
Sales to customer	63,699	38,383	22,387	124,470	49	124,519
Internal sales	—	—	—	—	—	—
Sales total	63,699	38,383	22,387	124,470	49	124,519
Segment income (Excl. Amortization)	19,510	5,224	2,700	27,436	(1,528)	25,907
Segment income (loss)	19,084	5,224	(1,424)	22,884	(1,528)	21,356
Segment income(%) (Excl. Amortization)	30.6	13.6	12.1	22.0	—	20.8

Notes: 1. The 49 million yen adjustment to Sales to customer is proceeds from temporary staffing that is not attributable to reportable segments.

2. The (1,528) million yen adjustment to segment income is the sum of 492 million yen for inventories and (2,021) million yen for others.

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

(Note) Main products belonging to each business segment

Business segments	Sub-segments	Main products
Cardiac and Vascular Company	Interventional Systems (TIS)	Angiographic catheters, PTCA balloon catheters, Coronary stents, etc.
	Neurovascular	Neuro interventional coils, etc.
	CV Systems	Oxygenators, Cardio-pulmonary bypass system, etc.
	Vascular Graft	Artificial vascular grafts, Stent grafts
General Hospital Company	General Hospital Products	Solution sets, I.V.catheters, Infusion pumps, Syringe pumps, Syringes, Needles, Blood collection tubes, 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, Automated blood component processing system, Centrifugal apheresis system, Cell expansion system, etc.