

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



November 10, 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 Six Months Ended September 30, 2016 (From April 1, 2016 to September 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)	%
Six months ended September, 2016	245,110	(5.4)	39,370	0.7	30,601	(14.4)	20,423	(24.4)
Six months ended September, 2015	259,167	11.1	39,102	18.5	35,758	5.1	27,012	23.5

(Notes) Comprehensive income: September 2016: (26,328) million yen (-%) September 2015: 23,117 million yen (-46.5%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Six months ended September, 2016	56.27	52.49
Six months ended September, 2015	71.50	66.90

(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, 2016	886,019	478,118	53.9	1,316.12
As of March 31, 2016	901,685	511,544	56.7	1,408.53

(Notes) Shareholders' equity: September 30, 2016: 477,711 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 ending March, 2017	—	20.00	—	—	—
Year ending March, 2017 (forecast)	—	—	—	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)
Year ending March, 2017	517,000	(1.5)	75,000	(8.2)	65,000	(11.1)	47,500	(6.3)	130.87

(Notes) Forecast for fiscal year ending March, 2017 which was announced on May 10, 2016 has been revised.

(Assumed exchange rate for the second half of fiscal year ending March, 2017: USD1=JPY105, EUR1=JPY115)

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 September 30, 2016	
	Amount	%	Amount	%
(Assets)				
I Current assets	374,746	41.5	368,543	41.6
Cash and deposits	149,672		155,383	
Notes and accounts receivable-trade	104,426		94,890	
Marchandise and finished goods	59,132		59,377	
Work in process	10,194		10,210	
Raw materials and supplies	27,126		26,950	
Deferred tax assets	14,963		14,312	
Other	10,621		8,630	
Allowance for doubtful accounts	(1,390)		(1,210)	
II Noncurrent assets	521,657	57.9	512,749	57.9
1 Property, plant and equipment	175,794	19.5	169,768	19.2
Buildings and structures	65,207		62,261	
Machinery, equipment and vehicles	54,362		50,477	
Land	23,297		22,596	
Lease assets	881		829	
Construction in progress	21,417		22,986	
Other	10,628		10,616	
2 Intangible assets	290,514	32.3	292,791	33.1
Goodwill	143,707		145,530	
Customer relationships	90,750		78,726	
Other	56,056		68,534	
3 Investments and other assets	55,348	6.1	50,190	5.6
Investment securities, including investments in unconsolidated subsidiaries and affiliates	37,724		32,143	
Deferred tax assets	3,436		4,131	
Other	14,186		13,915	
III Deferred assets	5,281	0.6	4,725	0.5
Total assets	901,685	100.0	886,019	100.0

(Millions of yen)

	As of March 31, 2016		As of September 30, 2016	
	Amount	%	Amount	%
(Liabilities)				
I Current liabilities	168,835	18.7	154,445	17.4
Notes and accounts payable-trade	36,294		34,216	
Short-term debt	61		—	
Current portion of long-term debt	19,839		17,819	
Lease obligations	256		158	
Current portion of bonds payable	40,000		40,000	
Income taxes payable	9,778		7,954	
Deferred tax liabilities	56		41	
Provision for bonuses	5,869		5,439	
Provision for directors' bonuses	170		76	
Notes and accounts payable-facilities	5,451		4,442	
Asset retirement obligations	—		301	
Other	51,057		43,995	
II Noncurrent liabilities	221,304	24.6	253,455	28.7
Bonds payable	—		30,000	
Convertible bonds with subscription rights to shares	100,184		100,159	
Long-term debt	58,873		56,937	
Lease obligations	286		265	
Deferred tax liabilities	45,079		43,831	
Provision for directors' retirement benefits	66		14	
Retirement benefit liabilities	8,656		8,237	
Asset retirement obligations	230		61	
Other	7,925		13,948	
Total liabilities	390,140	43.3	407,900	46.1
I Shareholders' equity	445,178	49.4	458,337	51.7
Capital stock	38,716		38,716	
Capital surplus	50,928		50,928	
Retained earnings	419,573		432,737	
Treasury stock	(64,040)		(64,044)	
II Accumulated other comprehensive income	66,074	7.3	19,373	2.2
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,308		12,321	
Deferred gains (losses) on hedges, net of taxes	(13)		(22)	
Foreign currency translation adjustments	63,182		18,885	
Accumulated adjustments for retirement benefits, net of taxes	(13,403)		(11,810)	
III Stock subscription rights	183	0.0	250	0.0
IV Non-controlling interests	109	0.0	156	0.0
Total net assets	511,544	56.7	478,118	53.9
Total liabilities and net assets	901,685	100.0	886,019	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the six months ended			For the six months ended		
	September 30, 2015			September 30, 2016		
	Amount		%	Amount		%
I Net sales	259,167	100.0		245,110	100.0	
II Cost of sales	119,809	46.2		109,101	44.5	
Gross profit	139,357	53.8		136,008	55.5	
III Selling, general and administrative expenses	100,255	38.7		96,638	39.4	
Operating income	39,102	15.1		39,370	16.1	
IV Non-operating income	1,198	0.5		1,001	0.4	
Interest income	348			247		
Dividends income	228			151		
Royalty income	96			82		
Other	523			519		
V Non-operating expenses	4,541	1.8		9,770	4.0	
Interest expenses	694			593		
Sales discounts	209			223		
Foreign exchange losses	2,386			6,595		
Equity in losses of affiliates	157			304		
Loss on disposal of inventories	38			701		
Other	1,054			1,353		
Ordinary income	35,758	13.8		30,601	12.5	
VI Extraordinary income	5,596	2.2		25	0.0	
Gain on sales of property, plant and equipment	4,819			25		
Gain on sales of investment securities	776			—		
VII Extraordinary expenses	992	0.4		115	0.0	
Loss on disposal of property, plant and equipment	193			115		
Impairment loss	799			—		
Income before income taxes	40,362	15.6		30,511	12.5	
VIII Income taxes	13,364	5.2		10,135	4.2	
Current	14,757			9,460		
Deffered	(1,392)			675		
Profit	26,997	10.4		20,376	8.3	
Loss attributable to non-controlling interests	(15)	(0.0)		(47)	(0.0)	
Profit attributable to owners of parent	27,012	10.4		20,423	8.3	

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the six months ended September 30, 2015		For the six months ended September 30, 2016	
	Amount		Amount	
I Profit		26,997		20,376
II Other comprehensive income		(3,880)		(46,704)
Valuation difference on available-for-sale securities, net of taxes	(2,604)		(3,986)	
Deferred gains or losses on hedges, net of taxes	0		(4)	
Foreign currency translation adjustments	(1,654)		(44,302)	
Adjustments for retirement benefit	380		1,593	
Share of other comprehensive income of associates accounted for using equity method, net of taxes	(2)		(4)	
Comprehensive income		23,117		(26,328)
Comprehensive income attributable to:				
Owners of parent		23,134		(26,276)
Non-controlling interests		(17)		(51)

5. Segment Information

[Reportable Segments]

(1) The Second 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	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.

(2) The Second 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	121,540	78,242	45,227	245,010	100	245,110
Internal sales	—	—	—	—	—	—
Sales total	121,540	78,242	45,227	245,010	100	245,110
Segment income (Excl. Amortization)	33,006	11,229	6,493	50,729	(2,176)	48,552
Segment income (loss)	31,856	11,229	(1,538)	41,547	(2,176)	39,370
Segment income(%) (Excl. Amortization)	27.2	14.4	14.4	20.7	—	19.8

Notes: 1. The 100 million yen adjustment to Sales to customer is proceeds from temporary staffing that is not attributable to reportable segments.

2. The (2,176) million yen adjustment to segment income is the sum of 975 million yen for inventories and (3,152) 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.