



Financial Results for the Fiscal Year Ended March 31, 2017

May 10, 2017
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 Year Ended March 2017 (From April 1, 2016 to March 31, 2017)

(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)	%
Year ended March, 2017	514,164	(2.1)	76,578	(6.3)	68,552	(6.2)	54,225	7.0
Year ended March, 2016	525,026	7.3	81,703	21.1	73,090	3.3	50,676	31.7

(Notes) Comprehensive income: March 2017: 36,498 million yen (154.2%) March 2016: 14,358 million yen (-83.9%)

	Net income per share	Net income per share, fully diluted	Net income per stockholders' equity	Ordinary income per total assets	Operating income per Net sales
	(Yen)	(Yen)	%	%	%
Year ended March, 2017	150.15	140.04	10.8	7.1	14.9
Year ended March, 2016	135.14	126.36	9.3	7.7	15.6

(Notes) Equity in earnings of affiliates: March 2017: 559 million yen March 2016: 328 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
As of March 31, 2017	1,021,405	489,554	47.9	1,389.70
As of March 31, 2016	901,685	511,544	56.7	1,408.53

(Notes) Shareholders' equity: March 31, 2017: 489,145 million yen March 31, 2016: 511,252 million yen

(3) Consolidated statements of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Year ended March, 2017	80,862	(181,433)	60,937	105,046
Year ended March, 2016	80,303	(23,495)	(79,936)	146,927

2. Dividends

	Cash dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	%	%
Year ended March, 2016	—	19.00	—	20.00	39.00	14,398	28.9	2.7
Year ended March, 2017	—	20.00	—	22.00	42.00	15,002	28.0	3.0
Year ending March, 2018 (forecast)	—	22.00	—	22.00	44.00	—	29.2	—

3. Consolidated Forecast for the Year Ending March, 2018 (From April 1, 2017 to March 31, 2018)

	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, 2017	276,000	12.6	39,000	(0.9)	37,500	22.5	25,000	22.4	71.03
Year ending March, 2018	575,000	11.8	82,000	7.1	79,500	16.0	53,000	(2.3)	150.58

(Notes) Assumed exchange rate for fiscal year ending March, 2018: USD1=JPY110, EUR1=JPY120

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 March 31, 2017	
	Amount	%	Amount	%
(Assets)				
I Current assets	374,746	41.5	349,183	34.1
Cash and deposits	149,672		105,388	
Notes and accounts receivable-trade	104,426		109,508	
Merchandise and finished goods	59,132		69,765	
Work in process	10,194		9,367	
Raw materials and supplies	27,126		27,579	
Deferred tax assets	14,963		17,501	
Other	10,621		11,503	
Allowance for doubtful accounts	(1,390)		(1,430)	
II Noncurrent assets	521,657	57.9	668,052	65.4
1 Property, plant and equipment	175,794	19.5	183,122	17.9
Buildings and structures	65,207		63,310	
Machinery, equipment and vehicles	54,362		53,359	
Land	23,297		22,471	
Lease assets	881		1,780	
Construction in progress	21,417		30,445	
Other	10,628		11,754	
2 Intangible assets	290,514	32.3	454,717	44.5
Goodwill	143,707		217,334	
Customer relationships	90,750		85,338	
Developed Technology	28,017		105,581	
Other	28,038		46,463	
3 Investments and other assets	55,348	6.1	30,212	3.0
Investment securities, including investments in unconsolidated subsidiaries and affiliates	37,724		12,463	
Deferred tax assets	3,436		6,727	
Retirement benefit assets	—		757	
Other	14,186		10,263	
III Deferred assets	5,281	0.6	4,169	0.4
Total assets	901,685	100.0	1,021,405	100.0

(Millions of yen)

	As of March 31, 2016		As of March 31, 2017	
	Amount	%	Amount	%
(Liabilities)				
I Current liabilities	168,835	18.7	248,389	24.3
Notes and accounts payable-trade	36,294		38,451	
Short-term debt	61		120,000	
Current portion of long-term debt	19,839		7,853	
Lease obligations	256		231	
Current portion of bonds payable	40,000		—	
Income taxes payable	9,778		9,688	
Deferred tax liabilities	56		23	
Provision for bonuses	5,869		6,317	
Provision for directors' bonuses	170		190	
Notes and accounts payable-facilities	5,451		7,059	
Asset retirement obligations	—		72	
Other	51,057		58,502	
II Noncurrent liabilities	221,304	24.6	283,462	27.8
Bonds payable	—		30,000	
Convertible bonds with subscription rights to shares	100,184		100,135	
Long-term debt	58,873		80,578	
Lease obligations	286		230	
Deferred tax liabilities	45,079		47,501	
Provision for directors' retirement benefits	66		14	
Retirement benefit liabilities	8,656		6,803	
Asset retirement obligations	230		84	
Other	7,925		18,113	
Total liabilities	390,140	43.3	531,851	52.1
I Shareholders' equity	445,178	49.4	440,680	43.2
Capital stock	38,716		38,716	
Capital surplus	50,928		50,928	
Retained earnings	419,573		459,261	
Treasury stock	(64,040)		(108,225)	
II Accumulated other comprehensive income	66,074	7.3	48,464	4.7
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,308		1,706	
Deferred gains (losses) on hedges, net of taxes	(13)		(560)	
Foreign currency translation adjustments	63,182		56,257	
Accumulated adjustments for retirement benefits, net of taxes	(13,403)		(8,938)	
III Stock subscription rights	183	0.0	307	0.0
IV Non-controlling interests	109	0.0	101	0.0
Total net assets	511,544	56.7	489,554	47.9
Total liabilities and net assets	901,685	100.0	1,021,405	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the year ended			For the year ended		
	March 31, 2016			March 31, 2017		
	Amount		%	Amount		%
I Net sales	525,026	100.0		514,164	100.0	
II Cost of sales	242,170			236,164		
Gross profit	282,856			278,000		
III Selling, general and administrative expenses	201,152			201,421		
Operating income	81,703	15.6		76,578	14.9	
IV Non-operating income	2,856	0.5		2,057	0.4	
Interest income	665			497		
Dividends income	277			203		
Royalty income	209			137		
Equity in earnings of affiliates	328			—		
Other	1,375			1,218		
V Non-operating expenses	11,468	2.2		10,083	2.0	
Interest expenses	1,395			1,205		
Sales discounts	437			438		
Foreign exchange losses	7,485			4,100		
Equity in losses of affiliates	—			559		
Loss on disposal of inventories	82			848		
Structural reform-related expenses	222			703		
Amortization of business commencement expenses	278			1,111		
Other	1,567			1,115		
Ordinary income	73,090	13.9		68,552	13.3	
VI Extraordinary income	7,494	1.5		16,442	3.2	
Gain on sales of property, plant and equipment	4,917			366		
Gain on sales of investment securities	793			15,792		
Subsidy income	1,783			284		
VII Extraordinary expenses	3,665	0.7		10,012	1.9	
Loss on disposal of property, plant and equipment	895			1,652		
Impairment loss	1,010			—		
Settlement paid	1,656			—		
Loss on liquidation of subsidiaries	102			—		
Restructuring loss	—			1,375		
Loss on valuation of investment securities	—			2,178		
Loss on valuation of other investments	—			4,805		
Income before income taxes	76,920	14.7		74,981	14.6	
VIII Income taxes	26,290	5.0		20,867	4.1	
Current	27,718			25,640		
Differed	(1,427)			(4,772)		
Profit	50,630	9.7		54,114	10.5	
Loss attributable to non-controlling interests	(46)	(0.0)		(111)	(0.0)	
Profit attributable to owners of parent	50,676	9.7		54,225	10.5	

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the year ended March 31, 2016		For the year ended March 31, 2017	
	Amount		Amount	
I Profit		50,630		54,114
II Other comprehensive income		(36,272)		(17,615)
Valuation difference on available-for-sale securities, net of taxes	(602)		(14,601)	
Deferred gains or losses on hedges, net of taxes	(15)		(546)	
Foreign currency translation adjustments	(25,864)		(6,931)	
Adjustments for retirement benefit	(9,792)		4,465	
Share of other comprehensive income of associates accounted for using equity method, net of taxes	2		(0)	
Comprehensive income		14,358		36,498
Attributable to:				
Comprehensive income attributable to owners of parent		14,408		36,616
Comprehensive income attributable to non-controlling interests		(50)		(118)

(4) Statement of changes in net assets

(Millions of yen)

Year ended March 2016	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total
Beginning of period	38,716	52,103	383,317	(3,035)	471,102
Cumulative effect of changes in accounting policies		(1,175)	(1,220)		(2,395)
Beginning of period as restated	38,716	50,928	382,097	(3,035)	468,706
Changes during this fiscal year					
Dividends from surplus			(13,200)		(13,200)
Profit attributable to owners of parent			50,676		50,676
Purchase of treasury stock				(61,004)	(61,004)
Disposal of treasury stock					
Changes of items other than shareholders' equity (net)					
Total changes during this fiscal year			37,476	(61,004)	(23,528)
Ending of period	38,716	50,928	419,573	(64,040)	445,178

Year ended March 2016	Accumulated other comprehensive income					Subscription rights to shares	non-controlling interests	Net assets total
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Accumulated other comprehensive income total			
Beginning of period	16,910			89,043	(3,611)	78		573,523
Cumulative effect of changes in accounting policies								(2,396)
Beginning of period as restated	16,910			89,043	(3,611)	78		571,126
Changes during this fiscal year								
Dividends from surplus								(13,200)
Profit attributable to owners of parent								50,676
Purchase of treasury stock								(61,004)
Disposal of treasury stock								
Changes of items other than shareholders' equity (net)	(602)		(13)	(25,860)	(9,792)	105	109	(36,053)
Total changes during this fiscal year	(602)		(13)	(25,860)	(9,792)	105	109	(59,582)
Ending of period	16,308		(13)	63,182	(13,403)	183	109	511,544

(Millions of yen)

Year ended March 2017	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Shareholders' equity total
Beginning of period	38,716	50,928	419,573	(64,040)	445,178
Cumulative effect of changes in accounting policies					
Beginning of period as restated	38,716	50,928	419,573	(64,040)	445,178
Changes during this fiscal year					
Dividends from surplus			(14,518)		(14,518)
Profit attributable to owners of parent			54,225		54,225
Purchase of treasury stock				(44,227)	(44,227)
Disposal of treasury stock			(18)	41	22
Changes of items other than shareholders' equity (net)					
Total changes during this fiscal year			39,688	(44,185)	(4,497)
Ending of period	38,716	50,928	459,261	(108,225)	440,680

Year ended March 2017	Accumulated other comprehensive income					Subscription rights to shares	non-controlling interests	Net assets total
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Accumulated other comprehensive income total			
Beginning of period	16,308	(13)	63,182	(13,403)	66,074	183	109	511,544
Cumulative effect of changes in accounting policies								
Beginning of period as restated	16,308	(13)	63,182	(13,403)	66,074	183	109	511,544
Changes during this fiscal year								
Dividends from surplus								(14,518)
Profit attributable to owners of parent								54,225
Purchase of treasury stock								(44,227)
Disposal of treasury stock								22
Changes of items other than shareholders' equity (net)	(14,601)	(547)	(6,925)	4,465	(17,609)	124	(7)	(17,493)
Total changes during this fiscal year	(14,601)	(547)	(6,925)	4,465	(17,609)	124	(7)	(21,990)
Ending of period	1,706	(560)	56,257	(8,938)	48,464	307	101	489,554

(5) Consolidated statements of cash flows

(Millions of yen)

	For the year ended	For the year ended
	March 31, 2016	March 31, 2017
	Amount	Amount
I Net cash provided by (used in) operating activities		
Income before income taxes	76,920	74,981
Depreciation and amortization	33,679	34,153
Impairment loss	1,010	—
Amortization of goodwill	10,995	11,247
Equity in losses (earnings) of affiliates	(328)	559
Decrease (increase) in retirement benefit assets	(6,890)	(757)
Increase (decrease) in retirement benefit liabilities	(220)	(1,774)
Increase (decrease) in allowance for doubtful accounts	(22)	66
Increase (decrease) in provision for directors' retirement benefits	—	(52)
Increase (decrease) in provision for directors' bonuses	28	20
Interest and dividend income	(942)	(701)
Interest expense	1,395	1,205
Foreign exchange losses (gains)	4,321	2,881
Structural reform-related expenses	222	703
Amortization of business commencement expenses	278	1,111
Loss (gain) on sales of property, plant and equipment	(4,917)	(366)
Loss (gain) on disposal of property, plant and equipment	895	1,652
Loss (gain) on sales of investment securities	(793)	(15,792)
Subsidy income	(1,783)	(284)
Settlement package	1,656	—
Loss on liquidation of subsidiaries	102	—
Restructuring loss	—	1,375
Loss on valuation of investment securities	—	2,178
Loss on valuation of other investments	—	4,805
Decrease (increase) in notes and accounts receivable-trade	(3,138)	(4,784)
Decrease (increase) in inventories	398	(3,921)
Increase (decrease) in notes and accounts payable-trade	(1,492)	886
Other, net	5,305	(254)
Subtotal	116,679	109,140
Interest and dividend income received	1,751	784
Interest expenses paid	(1,445)	(1,190)
Income taxes paid	(36,451)	(24,845)
Settlement paid	—	(1,493)
Payments for structural reform-related expenses	(409)	(450)
Subsidy income received	1,783	284
Payments for loss on liquidation of subsidiaries	(83)	—
Payments for restructuring loss	(1,390)	(1,365)
Payments for loss on liquidation of business	(132)	—
Net cash provided by (used in) operating activities	80,303	80,862
II Net cash provided by (used in) investing activities		
Payments into time deposits	(1,766)	(298)
Proceeds from withdrawal of time deposits	1,796	2,443
Purchase of property, plant and equipment	(28,209)	(29,838)
Proceeds from sales of property, plant and equipment	5,135	1,315
Purchase of intangible assets	(4,703)	(6,680)
Purchase of investment securities	(3,505)	(1,243)
Proceeds from sales of investment securities	10,802	21,440
Collection of lease deposits	39	—
Payments for transfer of business	—	(119,191)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(49,380)
Other, net	(3,082)	(0)
Net cash provided by (used in) investing activities	(23,495)	(181,433)
III Net cash provided by (used in) financing activities		
Proceeds from short-term debt	—	120,000
Repayments of short-term debt	(298)	(58)
Proceeds from long-term debt	—	29,640
Repayments of long-term debt	(5,416)	(19,460)
Proceeds from issuance of bonds	—	29,888
Redemption of bonds	—	(40,000)
Proceeds from share issuance to non-controlling shareholders	181	—
Repayments of finance lease obligations	(197)	(325)
Purchase of treasury stock	(61,004)	(44,227)
Cash dividends paid	(13,200)	(14,518)
Net cash provided by (used in) financing activities	(79,936)	60,937
IV Effect of exchange rate changes on cash and cash equivalents	(6,606)	(2,246)
V Net increase(decrease) in cash and cash equivalents	(29,734)	(41,880)
VI Cash and cash equivalents at beginning of the year	176,662	146,927
VII Cash and cash equivalents at end of the year	146,927	105,046

5. Segment Information

[Reportable Segments]

(1) 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	258,600	161,382	105,042	525,026	—	525,026
Internal sales	—	—	—	—	—	—
Sales total	258,600	161,382	105,042	525,026	—	525,026
Segment income (Excl. Amortization)	63,419	22,613	16,944	102,977	(1,121)	101,855
Segment income (loss)	61,616	22,613	(1,405)	82,824	(1,121)	81,703
Segment income(%) (Excl. Amortization)	24.5	14.0	16.1	19.6	—	19.4
Segment assets	241,798	166,727	326,728	735,254	166,431	901,685
Others:						
Depreciation and amortization	9,181	9,938	13,752	32,872	806	33,679
Amortization of goodwill	1,803	—	9,191	10,995	—	10,995
Net increase of tangible and intangible noncurrent assets	15,526	8,507	7,218	31,252	201	31,454

Notes: 1. The (1,121) million yen adjustment to segment income is the sum of (1,096) million yen for inventories and (24) million yen for others.

2. Adjustment to segment assets, which amounted to 166,431 million yen, mainly includes investments in "Cash and deposit", "Investments securities", "Deferred tax assets" and assets of the Administrative Department.

(2) Fiscal Year Ended 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	261,529	157,946	94,483	513,959	205	514,164
Internal sales	—	—	—	—	—	—
Sales total	261,529	157,946	94,483	513,959	205	514,164
Segment income (Excl. Amortization)	65,024	23,772	13,636	102,433	(5,075)	97,358
Segment income (loss)	60,787	23,772	(2,906)	81,653	(5,075)	76,578
Segment income(%) (Excl. Amortization)	24.9	15.1	14.4	19.9	—	18.9
Segment assets	451,660	158,946	317,731	928,338	93,066	1,021,405
Others:						
Depreciation and amortization	10,854	9,690	12,922	33,468	684	34,153
Amortization of goodwill	2,962	—	8,285	11,247	—	11,247
Net increase of tangible and intangible noncurrent assets	19,591	8,600	6,905	35,097	3,994	39,091

Notes: 1. The 205 million yen adjustment to Sales to customer is proceeds from temporary staffing that is not attributable to reportable segments.

2. The (5,075) million yen adjustment to segment income is the sum of (553) million yen for inventories and (4,521) million yen for others.

3. Adjustment to segment assets, which amounted to 93,066 million yen, mainly includes investments in "Cash and deposit", "Investments securities", "Deferred tax assets" and assets of the Administrative Department.

(Note) Main products belonging to each business segment

Business segments	Sub-segments	Main products
Cardiac and Vascular Company	Interventional Systems (TIS)	Angiographic guidewires, Angiographic catheters, PTCA balloon catheters, Vascular closure devices, 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.

(Supplementary Information)

[Geographic Segments]

(1) Fiscal year ended March 31, 2016 (Millions of yen)

	Japan	Europe	Americas		Asia and others	Total
				(United states)		
Sales	187,210	101,802	143,462	122,559	92,550	525,026
Tangible noncurrent assets	106,223	9,754	29,446	19,714	30,369	175,794

(2) Fiscal year ended March 31, 2017 (Millions of yen)

	Japan	Europe	Americas		Asia and others	Total
				(United states)		
Sales	187,000	95,013	139,698	119,879	92,451	514,164
Tangible noncurrent assets	105,977	9,719	37,277	27,952	30,148	183,122

[Impairment Loss on noncurrent assets]

(1) Fiscal year ended March 31, 2016 (Millions of yen)

	Reportable Segments					
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Subtotal	Company	Total
Impairment Loss	876	—	—	876	134	1,010

(2) Fiscal year ended March 31, 2017

Not applicable.

[Goodwill]

(1) Fiscal year ended March 31, 2016 (Millions of yen)

	Reportable Segments					
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Subtotal	Company	Total
Goodwill	14,997	—	128,710	143,707	—	143,707

(2) Fiscal year ended March 31, 2017 (Millions of yen)

	Reportable Segments					
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Subtotal	Company	Total
Goodwill	97,799	—	119,534	217,334	—	217,334