

Financial Results for the First Quarter of Fiscal Year Ending March 31, 2018



August 3, 2017
Exchange where listed: TSE

Name of listed company : **TERUMO CORPORATION**
(URL <http://www.terumo.com/>)
Company code number : 4543
Representative: : Shinjiro Sato, President and CEO
Please address all communications to : Atsuo Omagari, General Manager, Corporate Communication Dept.
Phone : +81 / 3-6742-8550

1. Consolidated Financial Highlights for the Three Months Ended June 30, 2017 (From April 1, 2017 to June 30, 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) | % |
| Three months ended June, 2017 | 139,312 | 11.9 | 23,355 | 9.4 | 22,733 | 50.3 | 16,291 | 61.1 |
| Three months ended June, 2016 | 124,519 | (3.2) | 21,356 | 9.8 | 15,123 | (26.6) | 10,110 | (30.3) |

(Notes) Comprehensive income: June 2017: 21,659 million yen (—%) June 2016: (29,494) million yen (—%)

| | Net income per share | Net income per share, fully diluted |
|--------------------------------------|----------------------|-------------------------------------|
| | (Yen) | (Yen) |
| Three months ended June, 2017 | 46.28 | 43.08 |
| Three months ended June, 2016 | 27.86 | 25.99 |

(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, 2017 | 1,041,059 | 503,646 | 48.3 | 1,429.31 |
| As of March 31, 2017 | 1,021,405 | 489,554 | 47.9 | 1,389.70 |

(Notes) Shareholders' equity: June 30, 2017: 503,087 million yen March 31, 2017: 489,145 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, 2017 | — | 20.00 | — | 22.00 | 42.00 |
| Year ended March, 2018 | — | — | — | — | — |
| Year ending March, 2018 (forecast) | — | 22.00 | — | 22.00 | 44.00 |

(Notes) Revise of dividends forecast : None

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) Forecast for fiscal year ending March, 2018 which was announced on May 10, 2017 has not been revised.
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, 2017 | | As of June 30, 2017 | |
|--|----------------------|-------|---------------------|-------|
| | Amount | % | Amount | % |
| (Assets) | | % | | % |
| I Current assets | 349,183 | 34.1 | 372,601 | 35.8 |
| Cash and deposits | 105,388 | | 124,142 | |
| Notes and accounts receivable-trade | 109,508 | | 109,762 | |
| Inventories | 106,712 | | 111,891 | |
| Deferred tax assets | 17,501 | | 16,179 | |
| Other | 11,503 | | 12,009 | |
| Allowance for doubtful accounts | (1,430) | | (1,383) | |
| II Noncurrent assets | 668,052 | 65.4 | 664,566 | 63.8 |
| 1 Property, plant and equipment | 183,122 | 17.9 | 185,887 | 17.9 |
| Buildings and structures | 63,310 | | 64,097 | |
| Machinery, equipment and vehicles | 53,359 | | 53,415 | |
| Land | 22,471 | | 22,474 | |
| Lease assets | 1,780 | | 1,727 | |
| Construction in progress | 30,445 | | 32,357 | |
| Other | 11,754 | | 11,814 | |
| 2 Intangible assets | 454,717 | 44.5 | 447,870 | 43.0 |
| Goodwill | 217,334 | | 213,855 | |
| Customer relationships | 85,338 | | 83,679 | |
| Developed Technology | 105,581 | | 103,696 | |
| Other | 46,463 | | 46,639 | |
| 3 Investments and other assets | 30,212 | 3.0 | 30,807 | 3.0 |
| Investment securities, including investments in unconsolidated subsidiaries and affiliates | 12,463 | | 12,486 | |
| Deferred tax assets | 6,727 | | 6,753 | |
| Retirement benefit assets | 757 | | 895 | |
| Other | 10,263 | | 10,672 | |
| III Deferred assets | 4,169 | 0.4 | 3,891 | 0.4 |
| Total assets | 1,021,405 | 100.0 | 1,041,059 | 100.0 |

(Millions of yen)

| | As of March 31, 2017 | | As of June 30, 2017 | |
|--|----------------------|-------|---------------------|-------|
| | Amount | % | Amount | % |
| (Liabilities) | | % | | % |
| I Current liabilities | 248,389 | 24.3 | 114,426 | 11.0 |
| Notes and accounts payable-trade | 38,451 | | 37,727 | |
| Short-term debt | 120,000 | | — | |
| Current portion of long-term debt | 7,853 | | 7,840 | |
| Lease obligations | 231 | | 190 | |
| Income taxes payable | 9,688 | | 6,816 | |
| Deferred tax liabilities | 23 | | 48 | |
| Provision for bonuses | 6,317 | | 2,988 | |
| Provision for directors' bonuses | 190 | | 47 | |
| Notes and accounts payable-facilities | 7,059 | | 7,552 | |
| Asset retirement obligations | 72 | | — | |
| Other | 58,502 | | 51,214 | |
| II Noncurrent liabilities | 283,462 | 27.8 | 422,986 | 40.7 |
| Bonds payable | 30,000 | | 50,000 | |
| Convertible bonds with subscription rights to shares | 100,135 | | 100,122 | |
| Long-term debt | 80,578 | | 200,418 | |
| Lease obligations | 230 | | 217 | |
| Deferred tax liabilities | 47,501 | | 47,136 | |
| Provision for directors' retirement benefits | 14 | | 3 | |
| Retirement benefit liabilities | 6,803 | | 6,966 | |
| Asset retirement obligations | 84 | | 85 | |
| Other | 18,113 | | 18,035 | |
| Total liabilities | 531,851 | 52.1 | 537,412 | 51.7 |
| I Shareholders' equity | 440,680 | 43.2 | 449,228 | 43.1 |
| Capital stock | 38,716 | | 38,716 | |
| Capital surplus | 50,928 | | 50,928 | |
| Retained earnings | 459,261 | | 467,807 | |
| Treasury stock | (108,225) | | (108,224) | |
| II Accumulated other comprehensive income | 48,464 | 4.7 | 53,859 | 5.2 |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | 1,706 | | 1,916 | |
| Deferred gains (losses) on hedges, net of taxes | (560) | | (31) | |
| Foreign currency translation adjustments | 56,257 | | 60,441 | |
| Accumulated adjustments for retirement benefits, net of taxes | (8,938) | | (8,467) | |
| III Stock subscription rights | 307 | 0.0 | 348 | 0.0 |
| IV Non-controlling interests | 101 | 0.0 | 210 | 0.0 |
| Total net assets | 489,554 | 47.9 | 503,646 | 48.3 |
| Total liabilities and net assets | 1,021,405 | 100.0 | 1,041,059 | 100.0 |

(2) Consolidated statements of income

(Millions of yen)

| | For the three months ended | | | For the three months ended | | |
|---|----------------------------|-------|---|----------------------------|-------|---|
| | June 30, 2016 | | | June 30, 2017 | | |
| | Amount | | | Amount | | |
| | | | % | | | % |
| I Net sales | 124,519 | 100.0 | | 139,312 | 100.0 | |
| II Cost of sales | 55,338 | 44.4 | | 61,057 | 43.8 | |
| Gross profit | 69,181 | 55.6 | | 78,255 | 56.2 | |
| III Selling, general and administrative expenses | 47,824 | 38.4 | | 54,900 | 39.4 | |
| Operating income | 21,356 | 17.2 | | 23,355 | 16.8 | |
| IV Non-operating income | 443 | 0.4 | | 739 | 0.5 | |
| Interest income | 117 | | | 113 | | |
| Dividends income | 150 | | | 61 | | |
| Royalty income | 52 | | | 30 | | |
| Foreign exchange gains | — | | | 260 | | |
| Other | 113 | | | 328 | | |
| V Non-operating expenses | 6,666 | 5.5 | | 1,361 | 1.0 | |
| Interest expenses | 295 | | | 290 | | |
| Sales discounts | 115 | | | 110 | | |
| Foreign exchange losses | 5,484 | | | — | | |
| Equity in losses of affiliates | 246 | | | 181 | | |
| Loss on disposal of inventories | 3 | | | 1 | | |
| Amortization of business commencement expenses | 277 | | | 277 | | |
| Other | 242 | | | 498 | | |
| Ordinary income | 15,123 | 12.1 | | 22,733 | 16.3 | |
| VI Extraordinary income | 1 | 0.0 | | 710 | 0.6 | |
| Gain on sales of property, plant and equipment | 1 | | | 0 | | |
| Subsidy income | — | | | 154 | | |
| Gain on adjustment of accounts payable | — | | | 555 | | |
| VII Extraordinary expenses | 45 | 0.0 | | 8 | 0.0 | |
| Loss on disposal of property, plant and equipment | 45 | | | 8 | | |
| Income before income taxes | 15,079 | 12.1 | | 23,435 | 16.8 | |
| VIII Income taxes | 4,992 | 4.0 | | 7,170 | 5.2 | |
| Current | 3,020 | | | 6,411 | | |
| Deffered | 1,972 | | | 758 | | |
| Profit | 10,086 | 8.1 | | 16,265 | 11.8 | |
| Loss attributable to non-controlling interests | (24) | (0.0) | | (25) | (0.0) | |
| Profit attributable to owners of parent | 10,110 | 8.1 | | 16,291 | 11.7 | |

(3) Consolidated statements of comprehensive income

(Millions of yen)

| | For the three months ended June 30, 2016 | | For the three months ended June 30, 2017 | |
|---|---|----------|---|--------|
| | Amount | | Amount | |
| I Profit | | 10,086 | | 16,265 |
| II Other comprehensive income | | (39,580) | | 5,394 |
| Valuation difference on available-for-sale securities, net of taxes | (2,969) | | 210 | |
| Deferred gains or losses on hedges, net of taxes | (29) | | 529 | |
| Foreign currency translation adjustments | (37,447) | | 4,183 | |
| Adjustments for retirement benefit | 872 | | 471 | |
| Share of other comprehensive income of associates accounted for using equity method, net of taxes | (6) | | (0) | |
| Comprehensive income | | (29,494) | | 21,659 |
| Comprehensive income attributable to: | | | | |
| Owners of parent | | (29,464) | | 21,686 |
| Non-controlling interests | | (29) | | (26) |

5. Segment Information

[Reportable Segments]

(1) The First Quarter of 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 | 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.

(2) The First Quarter of Fiscal Year Ending March 31, 2018

(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 | 79,057 | 36,867 | 23,333 | 139,258 | 53 | 139,312 |
| Internal sales | — | — | — | — | — | — |
| Sales total | 79,057 | 36,867 | 23,333 | 139,258 | 53 | 139,312 |
| Segment income (Excl. Amortization) | 20,586 | 5,704 | 3,522 | 29,812 | 806 | 30,619 |
| Segment income (loss) | 17,551 | 5,704 | (706) | 22,549 | 806 | 23,355 |
| Segment income(%)(Excl. Amortization) | 26.0 | 15.5 | 15.1 | 21.4 | — | 22.0 |

- Notes:
1. The 53 million yen adjustment to Sales to customer is proceeds from temporary staffing that is not attributable to reportable segments.
 2. The 806 million yen adjustment to segment income is the sum of 166 million yen for inventories and 640 million yen for others.
 3. Segment income is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.