

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



February 8, 2018
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, 2017 (From April 1, 2017 to December 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)	%
Nine months ended December, 2017	436,955	16.7	72,374	22.9	70,663	35.4	63,485	99.5
Nine months ended December, 2016	374,394	(5.5)	58,904	(8.1)	52,204	(14.4)	31,822	(26.8)

(Notes) Comprehensive income: December 2017: 79,736 million yen (82.7%) December 2016: 43,654 million yen (-1.1%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Nine months ended December, 2017	180.36	167.86
Nine months ended December, 2016	87.67	81.79

(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, 2017	1,085,369	554,009	51.0	1,571.48
As of March 31, 2017	1,021,405	489,554	47.9	1,389.70

(Notes) Shareholders' equity: December 31, 2017: 553,158 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 ending March, 2018	—	23.00	—	—	—
Year ending March, 2018 (forecast)	—	—	—	23.00	46.00

(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)
Year ending March, 2018	588,000	14.4	92,000	20.1	89,500	30.6	76,000	40.2	215.70

(Notes) Forecast for fiscal year ending March, 2018 which was announced on May 10, 2017 has been revised.

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

(Assumed exchange rate for fourth quarter 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 December 31, 2017	
	Amount	%	Amount	%
(Assets)		%		%
I Current assets	349,183	34.1	421,167	38.8
Cash and deposits	105,388		154,259	
Notes and accounts receivable-trade	109,508		123,656	
Inventories	106,712		115,743	
Deferred tax assets	17,501		15,279	
Other	11,503		13,728	
Allowance for doubtful accounts	(1,430)		(1,499)	
II Noncurrent assets	668,052	65.4	660,866	60.9
1 Property, plant and equipment	183,122	17.9	190,237	17.5
Buildings and structures	63,310		74,196	
Machinery, equipment and vehicles	53,359		53,357	
Land	22,471		22,586	
Lease assets	1,780		1,746	
Construction in progress	30,445		26,700	
Other	11,754		11,649	
2 Intangible assets	454,717	44.5	439,180	40.5
Goodwill	217,334		208,420	
Customer relationships	85,338		81,355	
Developed Technology	105,581		100,702	
Other	46,463		48,702	
3 Investments and other assets	30,212	3.0	31,448	2.9
Investment securities, including investments in unconsolidated subsidiaries and affiliates	12,463		13,297	
Deferred tax assets	6,727		5,605	
Retirement benefit assets	757		395	
Other	10,263		12,148	
III Deferred assets	4,169	0.5	3,335	0.3
Total assets	1,021,405	100.0	1,085,369	100.0

(Millions of yen)

	As of March 31, 2017		As of December 31, 2017	
	Amount		Amount	
(Liabilities)		%		%
I Current liabilities	248,389	24.3	123,569	11.4
Notes and accounts payable-trade	38,451		37,134	
Short-term debt	120,000		—	
Current portion of long-term debt	7,853		7,910	
Lease obligations	231		112	
Income taxes payable	9,688		9,358	
Deferred tax liabilities	23		57	
Provision for bonuses	6,317		3,592	
Provision for directors' bonuses	190		142	
Notes and accounts payable-facilities	7,059		6,693	
Asset retirement obligations	72		—	
Other	58,502		58,566	
II Noncurrent liabilities	283,462	27.8	407,790	37.6
Bonds payable	30,000		50,000	
Convertible bonds with subscription rights to shares	100,135		100,098	
Long-term debt	80,578		200,515	
Lease obligations	230		267	
Deferred tax liabilities	47,501		30,563	
Provision for directors' retirement benefits	14		3	
Retirement benefit liabilities	6,803		6,546	
Asset retirement obligations	84		87	
Other	18,113		19,707	
Total liabilities	531,851	52.1	531,360	49.0
I Shareholders' equity	440,680	43.2	488,392	45.0
Capital stock	38,716		38,716	
Capital surplus	50,928		50,928	
Retained earnings	459,261		506,901	
Treasury stock	(108,225)		(108,154)	
II Accumulated other comprehensive income	48,464	4.7	64,766	6.0
Unrealized gains (losses) on available-for-sale securities, net of taxes	1,706		2,433	
Deferred gains (losses) on hedges, net of taxes	(560)		(4)	
Foreign currency translation adjustments	56,257		70,438	
Accumulated adjustments for retirement benefits, net of taxes	(8,938)		(8,100)	
III Stock subscription rights	307	0.0	685	0.1
IV Non-controlling interests	101	0.0	165	0.0
Total net assets	489,554	47.9	554,009	51.0
Total liabilities and net assets	1,021,405	100.0	1,085,369	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the nine months ended			For the nine months ended		
	December 31, 2016			December 31, 2017		
	Amount		%	Amount		%
I Net sales	374,394		100.0	436,955		100.0
II Cost of sales	170,682		45.6	192,249		44.0
Gross profit	203,712		54.4	244,705		56.0
III Selling, general and administrative expenses	144,807		38.7	172,330		39.4
Operating income	58,904		15.7	72,374		16.6
IV Non-operating income	1,426		0.4	1,688		0.4
Interest income	372			482		
Dividends income	202			109		
Royalty income	106			88		
Foreign exchange gains	—			156		
Other	744			850		
V Non-operating expenses	8,126		2.2	3,399		0.8
Interest expenses	885			797		
Sales discounts	326			330		
Foreign exchange losses	3,662			—		
Equity in losses of affiliates	421			388		
Loss on disposal of inventories	746			7		
Amortization of business commencement expenses	833			833		
Other	1,249			1,040		
Ordinary income	52,204		13.9	70,663		16.3
VI Extraordinary income	74		0.0	1,253		0.2
Gain on sales of property, plant and equipment	74			13		
Subsidy income	—			154		
Gain on adjustment of accounts payable	—			558		
Gain on insurance adjustment	—			526		
VII Extraordinary expenses	7,657		2.1	586		0.1
Loss on disposal of property, plant and equipment	299			394		
Restructuring loss	373			192		
Loss on valuation of investment securities	2,178			—		
Loss on valuation of other investments	4,805			—		
Income before income taxes	44,621		11.9	71,330		16.3
VIII Income taxes	12,876		3.4	7,912		1.8
Current	15,195			23,086		
Deferred	(2,318)			(15,174)		
Profit	31,744		8.5	63,418		14.5
Loss attributable to non-controlling interests	(77)		(0.0)	(67)		(0.0)
Profit attributable to owners of parent	31,822		8.5	63,485		14.5

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended December 31, 2016		For the nine months ended December 31, 2017	
	Amount		Amount	
I Profit		31,744		63,418
II Other comprehensive income		11,909		16,318
Valuation difference on available-for-sale securities, net of taxes	(2,657)		727	
Deferred gains or losses on hedges, net of taxes	(87)		555	
Foreign currency translation adjustments	13,102		14,196	
Adjustments for retirement benefit	1,551		837	
Share of other comprehensive income of associates accounted for using equity method, net of taxes	1		1	
Comprehensive income		43,654		79,736
Comprehensive income attributable to:				
Owners of parent		43,742		79,787
Non-controlling interests		(88)		(50)

5. Segment Information

[Reportable Segments]

(1) The Third 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	186,570	118,979	68,692	374,242	152	374,394
Internal sales	—	—	—	—	—	—
Sales total	186,570	118,979	68,692	374,242	152	374,394
Segment income (Excl. Amortization)	47,519	17,785	10,283	75,588	(2,517)	73,070
Segment income (loss)	45,560	17,785	(1,924)	61,422	(2,517)	58,904
Segment income(%)(Excl. Amortization)	25.5	14.9	15.0	20.2	—	19.5

- Notes:
1. The 152 million yen adjustment to Sales to customer is proceeds from temporary staffing that is not attributable to reportable segments.
 2. The (2,517) million yen adjustment to segment income is the sum of 1,141 million yen for inventories and (3,659) million yen for others.
 3. 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, 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	240,038	120,231	76,510	436,780	174	436,955
Internal sales	—	—	—	—	—	—
Sales total	240,038	120,231	76,510	436,780	174	436,955
Segment income (Excl. Amortization)	61,926	20,844	12,389	95,160	(876)	94,284
Segment income (loss)	52,736	20,844	(329)	73,251	(876)	72,374
Segment income(%)(Excl. Amortization)	25.8	17.3	16.2	21.8	—	21.6

- Notes:
1. The 174 million yen adjustment to Sales to customer is proceeds from temporary staffing that is not attributable to reportable segments.
 2. The (876) million yen adjustment to segment income is the sum of 183 million yen for inventories and (1,060) million yen for others.
 3. Segment income is adjusted to be consistent with operating income shown on the quarterly consolidated income statement.