

Terumo Corporation
IFRS Financial Results for the Second Quarter of
the Fiscal Year Ending March 31, 2019

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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 Six Months Ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(1) Consolidated operating results

(Notes: The amounts shown below ignore values of less than a million yen)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit for the period attributable to the owners of the parent		Total comprehensive income for the period	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Six months ended September, 2018	284,997	0.1	47,582	(16.8)	44,527	(21.6)	34,389	(16.4)	34,454	(16.3)	72,317	36.8
Six months ended September, 2017	284,610	—	57,175	—	56,765	—	41,115	—	41,171	—	52,863	—

	Earnings per share	Earnings per share, fully diluted
	(Yen)	(Yen)
Six months ended September, 2018	95.65	90.90
Six months ended September, 2017	116.97	109.23

(Notes) Adjusted operating profit: September 2018: 55,296 million yen September 2017: 64,798 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity attributable to the owners of the parent	Equity attributable to the owners of the parent ratio
	(Millions of yen)	(Millions of yen)	(Millions of yen)	%
As of September 30, 2018	1,134,938	678,081	677,936	59.7
As of March 31, 2018	1,078,981	550,435	550,307	51.0

2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March, 2018	—	23.00	—	27.00	50.00
Year ended March, 2019	—	27.00	—	—	—
Year ending March, 2019 (forecast)	—	—	—	27.00	54.00

(Notes) Revise of dividends forecast: None

3. Consolidated Forecast for the Year Ending March, 2019 (From April 1, 2018 to March 31, 2019)

	Revenue		Adjusted operating profit		Operating profit		Profit for the year attributable to the owners of the parent		Earnings per share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Year ending March, 2019	597,000	1.6	122,000	(2.3)	108,000	(0.5)	78,500	(14.0)	214.83

(Notes) 1) Revise of forecast for fiscal year ending March, 2019: None

Assumed exchange rate for fiscal year ending March, 2019: USD1=JPY105, EUR1=JPY130

2) Earnings per share is calculated by taking consideration effects of the conversion of convertible bond in the second quarter.

Among the information that Terumo discloses, forecasts of financial performance on future projections contain potential risks and uncertainty since these are forecasts or 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 or 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. Consolidated Financial Statements

① Consolidated Statements of Financial Position

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	167,832	180,746
Trade and other receivables	121,402	116,319
Other current financial assets	659	370
Inventories	112,064	127,715
Current tax assets	530	866
Other current assets	8,421	9,423
Total current assets	410,912	435,442
Non-current assets		
Property, plant and equipment	179,196	188,120
Goodwill and intangible assets	442,660	465,420
Investments accounted for using the equity method	5,710	5,727
Other non-current financial assets	13,815	15,276
Deferred tax assets	23,356	21,838
Other non-current assets	3,328	3,111
Total non-current assets	668,068	699,496
Total assets	1,078,981	1,134,938

(Unit: Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	67,515	68,463
Bonds and borrowings	47,436	47,949
Other current financial liabilities	407	11,590
Current tax liabilities	15,970	10,635
Provisions	198	172
Other current liabilities	47,483	42,122
Total current liabilities	179,013	180,934
Non-current liabilities		
Bonds and borrowings	288,776	230,427
Other non-current financial liabilities	15,452	1,833
Deferred tax liabilities	24,124	24,555
Defined benefit liabilities	10,063	8,491
Provisions	82	89
Other non-current liabilities	11,032	10,524
Total non-current liabilities	349,532	275,922
Total liabilities	528,545	456,856
Equity		
Share capital	38,716	38,716
Capital surplus	52,445	52,047
Treasury stock	(101,546)	(35,737)
Retained earnings	588,932	613,202
Other components of equity	(28,240)	9,707
Total equity attributable to the owners of the parent	550,307	677,936
Non-controlling interests	128	144
Total equity	550,435	678,081
Total liabilities and equity	1,078,981	1,134,938

② Consolidated Statements of Profit or Loss

(Unit: Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Revenue	284,610	284,997
Cost of sales	129,201	130,409
Gross profit	155,409	154,588
Selling, general and administrative expenses	99,685	110,717
Other income	2,104	5,482
Other expenses	652	1,771
Operating profit	57,175	47,582
Finance income	992	1,008
Finance costs	1,201	4,005
Share of profit (loss) of investments accounted for using the equity method	(201)	(57)
Profit before tax	56,765	44,527
Income tax expenses	15,650	10,137
Profit for the period	41,115	34,389
Attributable to:		
Owners of the parent	41,171	34,454
Non-controlling interests	(55)	(64)
Total profit for the period	41,115	34,389
Earnings per share		
Basic earnings per share (yen)	116.97	95.65
Diluted earnings per share (yen)	109.23	90.90

③ Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018
Profit for the period	41,115	34,389
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in financial assets measured at fair value through other comprehensive income	296	169
Total items that will not be reclassified to profit or loss	296	169
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	11,201	37,497
Cash flow hedges	111	271
Cost of hedging	139	(10)
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(1)	—
Total items that are or may be reclassified subsequently to profit or loss	11,451	37,758
Other comprehensive income/(loss) for the period	11,748	37,927
Total comprehensive income for the period	52,863	72,317
Attributable to		
Owners of the parent	52,923	72,382
Non-controlling interests	(59)	(65)
Total comprehensive income for the period	52,863	72,317

(Note) Items in the above statement are net of tax.

④ Consolidated Statements of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to the owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock	Retained earnings	Other components of equity			
Balance at April 1, 2017	38,716	52,478	(108,225)	513,578	(5,126)	491,421	101	491,522
Profit for the period	—	—	—	41,171	—	41,171	(55)	41,115
Other comprehensive income	—	—	—	—	11,751	11,751	(3)	11,748
Total comprehensive income	—	—	—	41,171	11,751	52,923	(59)	52,863
Acquisition of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	2	56	(1)	—	56	—	56
Dividends	—	—	—	(7,743)	—	(7,743)	—	(7,743)
Transfer from other components of equity to retained earnings	—	—	—	(3)	3	—	—	—
Change in shares of subsidiaries due to capital increase	—	—	—	—	—	—	136	136
Share-based payments	—	—	—	—	71	71	—	71
Total transactions with the owners of the Company	—	2	53	(7,749)	75	(7,618)	136	(7,482)
Balance at September 30, 2017	38,716	52,480	(108,172)	547,000	6,700	536,726	177	536,904

	Equity attributable to the owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock	Retained earnings	Other components of equity			
Balance at April 1, 2018	38,716	52,445	(101,546)	588,932	(28,240)	550,307	128	550,435
Change of the accounting principles	—	—	—	54	—	54	—	54
Balance after the adjustment	38,716	52,445	(101,546)	588,986	(28,240)	550,361	128	550,490
Profit for the period	—	—	—	34,454	—	34,454	(64)	34,389
Other comprehensive income	—	—	—	—	37,928	37,928	(0)	37,927
Total comprehensive income	—	—	—	34,454	37,928	72,382	(65)	72,317
Acquisition of treasury shares	—	—	(3)	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	131	(42)	(88)	0	—	0
Dividends	—	—	—	(9,549)	—	(9,549)	—	(9,549)
Change in shares of subsidiaries due to capital increase	—	—	—	—	—	—	81	81
Share-based payments	—	—	—	—	108	108	—	108
Conversion of convertible bonds	—	(397)	65,681	(645)	—	64,637	—	64,637
Total transactions with the owners of the Company	—	(397)	65,809	(10,238)	19	55,192	81	55,273
Balance at September 30, 2018	38,716	52,047	(35,737)	613,202	9,707	677,936	144	678,081

5. Segment information

Reporting segment information

Revenue and operating results of the reporting segments of the Group are described below.

For the second quarter of the fiscal year ended September 30, 2017

(Unit: Millions of yen)

	Reportable Segments				Adjustments (Note)	Amount recorded on consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Total		
Revenue						
Revenue from sales to external customers	157,572	77,705	49,214	284,491	119	284,610
Segment Profit (Adjusted operating profit)	42,287	13,731	7,781	63,800	997	64,798
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(2,969)	—	(4,177)	(7,146)	—	(7,146)
Non-recurring profit or loss						(475)
Operating profit						57,175
Finance income						992
Finance costs						(1,201)
Share of profit/(loss) of investment accounted for using the equity method						(201)
Pre-tax profit						56,765

(Note) Amounts in 'Adjustments' are as follows:

- (1) ¥119 million adjustment to revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
- (2) ¥997 million adjustment to segment profit consists of ¥353million for "inventories" and ¥644 million for "others".

For the second quarter of the fiscal year ended September 30, 2018

	Reportable Segments				Adjustments (Note)	Amount recorded on consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Total		
	Revenue					
Revenue from sales to external customers	153,464	81,228	50,173	284,866	131	284,997
Segment Profit (Adjusted operating profit)	34,472	13,754	6,988	55,215	80	55,296
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(3,197)	—	(4,163)	(7,361)	(124)	(7,485)
Non-recurring profit or loss						(228)
Operating profit						47,582
Finance income						1,008
Finance costs						(4,005)
Share of profit/(loss) of investment accounted for using the equity method						(57)
Pre-tax profit						44,527

(Note) 1. Amounts in ‘Adjustments’ are as follows:

- (1) ¥131 million adjustment to revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
 - (2) ¥80 million adjustment to segment profit consists of ¥(162) million for “inventories” and ¥243 million for “others”.
2. ¥(228) million Non-recurring profit or loss mainly includes ¥1,102 million insurance revenue about hurricane in Puerto Rico and ¥(1,734) million for the change in fair value of contingent consideration related to acquisition of Sequent Medical, Inc..