

Terumo Corporation  
IFRS Financial Results for the Third Quarter of  
the Fiscal Year Ending March 31, 2020

# IFRS Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020



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Exchange where listed: TSE

Name of listed company : TERUMO CORPORATION  
(URL: <https://www.terumo.com/>)  
Company code number : 4543  
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## 1. Consolidated Financial Highlights for the Nine Months Ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

### (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)	%
Nine months ended December, 2019	470,144	6.0	86,250	9.9	85,487	14.0	66,762	18.4	66,893	18.4	56,763	(25.4)
Nine months ended December, 2018	443,609	1.5	78,474	(9.4)	75,008	(12.4)	56,395	(26.7)	56,495	(26.6)	76,119	(16.4)

	Basic Earnings per share	Diluted Earnings per share
	(Yen)	(Yen)
Nine months ended December, 2019	89.64	88.40
Nine months ended December, 2018	77.67	74.60

(Notes) Adjusted operating profit: December 2019: 98,419 million yen December 2018: 91,179 million yen

Terumo Corporation (the "Company") conducted a two-for-one stock split for its common stock effectively on April 1, 2019. Basic earnings per share and diluted earnings per share have been calculated on the assumption that the stock split had been carried out at the beginning of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Total equity	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 December 31, 2019	1,184,591	751,533	751,419	63.4
As of March 31, 2019	1,120,790	698,113	698,034	62.3

## 2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Year ended March, 2019	—	27.00	—	27.00	54.00
Year ending March, 2020	—	14.00	—	—	—
Year ending March, 2020 (forecast)	—	—	—	14.00	28.00

(Notes) Revise of dividends forecast : None

The Company conducted a two-for-one stock split for its common stock effectively on April 1, 2019. For the years ended March 2019, the amounts of dividends before the stock split are recorded. For the second quarter and year-ended dividends in the year ending March 2020 (forecast), the amounts of dividends are recorded in consideration of the effects after the stock split.

## 3. Consolidated Forecast for the Year Ending March, 2020 (From April 1, 2019 to March 31, 2020)

	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, 2020	635,000	5.9	124,000	1.5	109,000	2.2	81,000	1.9	108.34

(Notes) 1) Revise of forecast for fiscal year ending March, 2020 : None

Assumed exchange rate for the fourth quarter of the fiscal year ending March, 2020: USD1=JPY109, EUR1=JPY120

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

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. Consolidated Financial Statements

##### ① Consolidated Statements of Financial Position

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	122,982	112,955
Trade and other receivables	128,462	138,566
Other current financial assets	1,744	921
Inventories	134,106	147,357
Other current assets	11,426	11,595
Total current assets	398,722	411,395
Non-current assets		
Property, plant and equipment	201,986	253,152
Goodwill and intangible assets	468,885	464,209
Investments accounted for using the equity method	5,571	5,640
Other non-current financial assets	17,131	21,210
Deferred tax assets	24,624	24,430
Other non-current assets	3,868	4,552
Total non-current assets	722,068	773,195
Total assets	1,120,790	1,184,591

(Unit: Millions of yen)

	As of March 31, 2019	As of December 31, 2019
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	81,476	84,635
Bonds and borrowings	—	10,000
Other current financial liabilities	741	6,457
Current tax liabilities	10,199	6,195
Provisions	236	250
Other current liabilities	50,258	50,890
<b>Total current liabilities</b>	<b>142,912</b>	<b>158,429</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	225,135	197,244
Other non-current financial liabilities	6,607	32,371
Deferred tax liabilities	24,302	23,679
Defined benefit liabilities	12,823	11,800
Provisions	88	88
Other non-current liabilities	10,807	9,442
<b>Total non-current liabilities</b>	<b>279,764</b>	<b>274,628</b>
<b>Total liabilities</b>	<b>422,677</b>	<b>433,057</b>
<b>Equity</b>		
Share capital	38,716	38,716
Capital surplus	52,029	51,812
Treasury stock	(32,381)	(14,933)
Retained earnings	646,223	691,947
Other components of equity	(6,553)	(16,122)
<b>Total equity attributable to the owners of the parent</b>	<b>698,034</b>	<b>751,419</b>
Non-controlling interests	78	113
<b>Total equity</b>	<b>698,113</b>	<b>751,533</b>
<b>Total liabilities and equity</b>	<b>1,120,790</b>	<b>1,184,591</b>

② Consolidated Statements of Profit or Loss

(Unit: Millions of yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Revenue	443,609	470,144
Cost of sales	201,450	211,509
Gross profit	242,159	258,635
Selling, general and administrative expenses	168,037	173,844
Other income	6,629	3,593
Other expenses	2,277	2,134
Operating profit	78,474	86,250
Finance income	1,621	1,424
Finance costs	4,985	2,091
Share of profit (loss) of investments accounted for using the equity method	(101)	(96)
Profit before tax	75,008	85,487
Income tax expenses	18,613	18,725
Profit for the period	56,395	66,762
Attributable to:		
Owners of the parent	56,495	66,893
Non-controlling interests	(100)	(131)
Total profit for the period	56,395	66,762
Earnings per share		
Basic earnings per share (yen)	77.67	89.64
Diluted earnings per share (yen)	74.60	88.40

③ Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Profit for the period	56,395	66,762
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	(433)	407
Remeasurement of defined benefit plan	—	(467)
Total items that will not be reclassified to profit or loss	(433)	(60)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	20,475	(10,163)
Cash flow hedges	(258)	212
Cost of hedging	(58)	11
Total items that are or may be reclassified subsequently to profit or loss	20,158	(9,939)
Other comprehensive income/(loss) for the period	19,724	(9,999)
Total comprehensive income for the period	76,119	56,763
Attributable to		
Owners of the parent	76,224	56,887
Non-controlling interests	(104)	(124)
Total comprehensive income for the period	76,119	56,763

(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, 2018	38,716	52,445	(101,546)	588,932	(28,240)	550,307	128	550,435
Change in 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	—	—	—	56,495	—	56,495	(100)	56,395
Other comprehensive income	—	—	—	—	19,728	19,728	(4)	19,724
Total comprehensive income	—	—	—	56,495	19,728	76,224	(104)	76,119
Acquisition of treasury shares	—	—	(6)	—	—	(6)	—	(6)
Disposal of treasury shares	—	—	155	(47)	(107)	0	—	0
Dividends	—	—	—	(19,555)	—	(19,555)	—	(19,555)
Transfer from other components of equity to retained earnings	—	—	—	1	(1)	—	—	—
Change in shares of subsidiaries due to capital increases	—	—	—	—	—	—	81	81
Share-based payments	—	—	—	—	162	162	—	162
Conversion of convertible bonds	—	(401)	66,116	(650)	—	65,064	—	65,064
Total transactions with the owners of the Company	—	(401)	66,264	(20,252)	53	45,664	81	45,746
Balance at December 31, 2018	38,716	52,044	(35,281)	625,229	(8,458)	672,250	106	672,356

(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, 2019	38,716	52,029	(32,381)	646,223	(6,553)	698,034	78	698,113
Profit for the period	—	—	—	66,893	—	66,893	(131)	66,762
Other comprehensive income	—	—	—	—	(10,006)	(10,006)	6	(9,999)
Total comprehensive income	—	—	—	66,893	(10,006)	56,887	(124)	56,763
Acquisition of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	80	(18)	(61)	0	—	0
Dividends	—	—	—	(20,507)	—	(20,507)	—	(20,507)
Transfer from other components of equity to retained earnings	—	—	—	(467)	467	—	—	—
Change in shares of subsidiaries due to capital increase	—	—	—	—	—	—	159	159
Share-based payments	—	(101)	120	82	31	132	—	132
Conversion of convertible bonds	—	(115)	17,250	(260)	—	16,874	—	16,874
Total transactions with the owners of the Company	—	(217)	17,448	(21,170)	437	(3,502)	159	(3,342)
Balance at December 31, 2019	38,716	51,812	(14,933)	691,947	(16,122)	751,419	113	751,533

5. Segment information

Reportable segment information

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

For the third quarter of the fiscal year ended December 31, 2018

(Unit: Millions of yen)

	Reportable Segments				Adjustments (Note1)	Amount recorded on consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Total		
Revenue						
Revenue from sales to external customers	240,957	125,869	76,591	443,418	190	443,609
Segment Profit (Adjusted operating profit)	58,015	22,328	10,895	91,240	(60)	91,179
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(4,839)	—	(6,294)	(11,134)	99	(11,034)
Non-recurring profit or loss (Note2)						(1,670)
Operating profit						78,474
Finance income						1,621
Finance costs						(4,985)
Share of profit/(loss) of investment accounted for using the equity method						(101)
Pre-tax profit						75,008

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

- (1) ¥190 million adjustment to revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
  - (2) ¥(60) million adjustment to segment profit consists of ¥(874) million for “inventories” and ¥813 million for “others”.
2. ¥(1,670) million Non-recurring profit or loss mainly includes ¥1,111 million insurance revenue about hurricane in Puerto Rico in 2017 and ¥(2,039) million for the change in fair value of contingent consideration related to acquisition of Sequent Medical, Inc..

For the third quarter of the fiscal year ending March 31, 2020

(Unit: Millions of yen)

	Reportable Segments				Adjustments (Note1)	Amount recorded on consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood Management Company	Total		
Revenue						
Revenue from sales to external customers	263,473	127,786	78,717	469,976	168	470,144
Segment Profit (Adjusted operating profit)	68,753	19,819	10,424	98,997	(578)	98,419
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(5,273)	—	(6,153)	(11,426)	(440)	(11,867)
Non-recurring profit or loss (Note2)						(300)
Operating profit						86,250
Finance income						1,424
Finance costs						(2,091)
Share of profit/(loss) of investment accounted for using the equity method						(96)
Pre-tax profit						85,487

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

- (1) ¥168 million adjustment to revenue from sales to external customers is mainly proceeds from outward temporary staffing that is not attributable to reportable segments.
  - (2) ¥(578) million adjustment to segment profit consists of ¥31 million for “inventories” and ¥(609) million for “others”.
2. ¥(300) million Non-recurring profit or loss mainly includes ¥1,180 million insurance revenue about hurricane in Puerto Rico in 2017 and ¥(1,099) million for business reorganization expenses.