

Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2017



February 9, 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 Nine Months Ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(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, 2016	374,394	(5.5)	58,904	(8.1)	52,204	(14.4)	31,822	(26.8)
Nine months ended December, 2015	395,991	9.0	64,115	21.3	60,977	3.9	43,484	30.1

(Notes) Comprehensive income: December 2016: 43,654 million yen (-1.1%) December 2015: 44,141 million yen (-51.6%)

	Net income per share	Net income per share, fully diluted
	(Yen)	(Yen)
Nine months ended December, 2016	87.67	81.79
Nine months ended December, 2015	115.31	107.87

(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, 2016	1,063,766	540,905	50.8	1,489.09
As of March 31, 2016	901,685	511,544	56.7	1,408.53

(Notes) Shareholders' equity: December 31 2016: 540,493 million yen March 31, 2016: 511,252 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, 2016	—	19.00	—	20.00	39.00
Year ending March, 2017	—	20.00	—	—	—
Year ending March, 2017 (forecast)	—	—	—	21.00	41.00

(Notes) Revise of dividends forecast : None

3. Consolidated Forecast for the Year Ending March, 2017 (From April 1, 2016 to March 31, 2017)

	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, 2017	510,000	(2.9)	71,000	(13.1)	62,000	(15.2)	47,500	(6.3)	130.86

(Notes) Forecast for fiscal year ending March, 2017 which was announced on November 10, 2016 has been revised.

(Assumed exchange rate for fiscal year ending March, 2017: USD1=JPY107, EUR1=JPY118)
(Assumed exchange rate for fourth quarter ending March, 2017: 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 December 31, 2016	
	Amount	%	Amount	%
(Assets)		%		%
I Current assets	374,746	41.5	499,906	47.0
Cash and deposits	149,672		264,156	
Notes and accounts receivable-trade	104,426		107,988	
Inventories	96,454		104,138	
Deferred tax assets	14,963		14,936	
Other	10,621		10,058	
Allowance for doubtful accounts	(1,390)		(1,372)	
II Noncurrent assets	521,657	57.9	559,412	52.6
1 Property, plant and equipment	175,794	19.5	180,428	17.0
Buildings and structures	65,207		64,206	
Machinery, equipment and vehicles	54,362		55,022	
Land	23,297		23,213	
Lease assets	881		974	
Construction in progress	21,417		25,633	
Other	10,628		11,379	
2 Intangible assets	290,514	32.3	329,917	31.0
Goodwill	143,707		163,771	
Customer relationships	90,750		89,118	
Other	56,056		77,027	
3 Investments and other assets	55,348	6.1	49,066	4.6
Investment securities, including investments in unconsolidated subsidiaries and affiliates	37,724		34,866	
Deferred tax assets	3,436		3,922	
Other	14,186		10,277	
III Deferred assets	5,281	0.6	4,447	0.4
Total assets	901,685	100.0	1,063,766	100.0

(Millions of yen)

	As of March 31, 2016		As of December 31, 2016	
	Amount	%	Amount	%
(Liabilities)		%		%
I Current liabilities	168,835	18.7	257,299	24.2
Notes and accounts payable-trade	36,294		36,046	
Short-term debt	61		100,000	
Current portion of long-term debt	19,839		17,571	
Lease obligations	256		156	
Current portion of bonds payable	40,000		40,000	
Income taxes payable	9,778		1,446	
Deferred tax liabilities	56		20	
Provision for bonuses	5,869		3,079	
Provision for directors' bonuses	170		115	
Notes and accounts payable-facilities	5,451		6,025	
Asset retirement obligations	—		147	
Other	51,057		52,691	
II Noncurrent liabilities	221,304	24.6	265,560	25.0
Bonds payable	—		30,000	
Convertible bonds with subscription rights to shares	100,184		100,147	
Long-term debt	58,873		59,512	
Lease obligations	286		283	
Deferred tax liabilities	45,079		50,166	
Provision for directors' retirement benefits	66		14	
Retirement benefit liabilities	8,656		8,912	
Asset retirement obligations	230		70	
Other	7,925		16,452	
Total liabilities	390,140	43.3	522,860	49.2
I Shareholders' equity	445,178	49.4	462,499	43.5
Capital stock	38,716		38,716	
Capital surplus	50,928		50,928	
Retained earnings	419,573		436,858	
Treasury stock	(64,040)		(64,004)	
II Accumulated other comprehensive income	66,074	7.3	77,993	7.3
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,308		13,650	
Deferred gains (losses) on hedges, net of taxes	(13)		(99)	
Foreign currency translation adjustments	63,182		76,295	
Accumulated adjustments for retirement benefits, net of taxes	(13,403)		(11,852)	
III Stock subscription rights	183	0.0	268	0.0
IV Non-controlling interests	109	0.0	144	0.0
Total net assets	511,544	56.7	540,905	50.8
Total liabilities and net assets	901,685	100.0	1,063,766	100.0

(2) Consolidated statements of income

(Millions of yen)

	For the nine months ended			For the nine months ended		
	December 31, 2015			December 31, 2016		
	Amount		%	Amount		%
I Net sales	395,991	100.0		374,394	100.0	
II Cost of sales	181,343	45.8		169,110	45.2	
Gross profit	214,648	54.2		205,283	54.8	
III Selling, general and administrative expenses	150,532	38.0		146,379	39.1	
Operating income	64,115	16.2		58,904	15.7	
IV Non-operating income	1,979	0.5		1,426	0.4	
Interest income	471			372		
Dividends income	276			202		
Royalty income	113			106		
Equity in earnings of affiliates	321			—		
Other	794			744		
V Non-operating expenses	5,117	1.3		8,126	2.2	
Interest expenses	1,035			885		
Sales discounts	318			326		
Foreign exchange losses	2,361			3,662		
Equity in losses of affiliates	—			421		
Loss on disposal of inventories	48			746		
Other	1,353			2,082		
Ordinary income	60,977	15.4		52,204	13.9	
VI Extraordinary income	5,590	1.4		74	0.0	
Gain on sales of property, plant and equipment	4,813			74		
Gain on sales of investment securities	776			—		
VII Extraordinary expenses	1,245	0.3		7,657	2.0	
Loss on disposal of property, plant and equipment	226			299		
Impairment loss	1,019			—		
Restructuring loss	—			373		
Loss on valuation of investment securities	—			2,178		
Loss on valuation of other investments	—			4,805		
Income before income taxes	65,322	16.5		44,621	11.9	
VIII Income taxes	21,872	5.5		12,876	3.4	
Current	22,140			15,195		
Deffered	(267)			(2,318)		
Profit	43,449	11.0		31,744	8.5	
Loss attributable to non-controlling interests	(34)	(0.0)		(77)	(0.0)	
Profit attributable to owners of parent	43,484	11.0		31,822	8.5	

(3) Consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended December 31, 2015		For the nine months ended December 31, 2016	
	Amount		Amount	
I Profit		43,449		31,744
II Other comprehensive income		691		11,909
Valuation difference on available-for-sale securities, net of taxes	1,725		(2,657)	
Deferred gains or losses on hedges, net of taxes	11		(87)	
Foreign currency translation adjustments	(1,655)		13,102	
Adjustments for retirement benefit	611		1,551	
Share of other comprehensive income of associates accounted for using equity method, net of taxes	(2)		1	
Comprehensive income		44,141		43,654
Comprehensive income attributable to:				
Owners of parent		44,181		43,742
Non-controlling interests		(40)		(88)

5. Segment Information

[Reportable Segments]

(1) The Third Quarter of 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	193,241	122,777	79,972	395,991	—	395,991
Internal sales	—	—	—	—	—	—
Sales total	193,241	122,777	79,972	395,991	—	395,991
Segment income (Excl. Amortization)	47,801	18,249	14,327	80,378	(956)	79,422
Segment income (loss)	46,439	18,249	382	65,072	(956)	64,115
Segment income%(Excl. Amortization)	24.7	14.9	17.9	20.3	—	20.1

Notes: 1. The (956) million yen adjustment to segment income is the sum of (1,046) million yen for inventories and 90 million yen for others.

2. 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, 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.

(Note) Main products belonging to each business segment

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