

Five-Year Financial Summary

Terumo Corporation and consolidated subsidiaries
Years ended March 31

(Millions of yen)

	FY2015 (Ended March 2016)	FY2016 (Ended March 2017)	FY2017*2 (Ended March 2018)	FY2018*2 (Ended March 2019)	FY2019 (Ended March 2020)
	JGAAP		IFRS		
Results of Operations and Cash Flow*1					
Net sales/Revenue	525,026	514,164	587,775	599,481	628,897
Adjusted operating profit*3	—	—	124,929	122,128	124,998
Operating income/Operating profit	81,703	76,578	108,552	106,637	110,611
Income before income taxes/Profit before tax	76,920	74,981	106,630	102,709	106,466
Profit attributable to owners of parent/Profit for the year attributable to owners of the parent	50,676	54,225	91,295	79,470	85,211
Net cash provided by (used in) operating activities	80,303	80,862	114,562	93,571	117,479
Net cash provided by (used in) investing activities	(23,495)	(181,433)	(44,105)	(74,792)	(84,714)
Free cash flow	56,808	(100,571)	70,457	18,778	32,764
Net cash provided by (used in) financing activities	(79,936)	60,937	(4,132)	(67,540)	14,010
Research and development expenses	33,147	33,747	41,342	47,681	50,618
Capital expenditure	31,454	39,091	45,685	60,845	89,510
Depreciation and amortization*4	44,674	45,400	42,035	44,035	52,358*6
Per Share Indicators*1					
EPS (Yen)*5	67.57	75.08	129.56	108.70	113.96
Dividends per share (Yen)	39.00	42.00	50.00	54.00	28.00
BPS (Yen)*5	704.27	694.85	777.94	939.60	1,003.36
Financial Position (at year-end)*1					
Current assets	374,746	349,459	411,042	398,722	460,607
Current liabilities	168,835	248,645	179,013	142,912	211,845
Total assets	901,685	1,020,879	1,081,045	1,120,790	1,241,355
Net assets/Total equity	511,544	489,554	550,435	698,113	754,883
Capital stock/Share capital	38,716	38,716	38,716	38,716	38,716
Management Indicators*1					
ROE	9.3%	10.8%	17.5%	12.7%	11.7%
ROA	5.4%	5.6%	8.7%	7.2%	7.2%
Shareholders' equity ratio/Ratio of equity attributable to owners of the parent to total assets	56.7%	47.9%	50.9%	62.3%	60.8%
Shares issued and outstanding at year-end (thousands)*5	725,939	703,958	707,388	742,902	759,521
Employees at year-end	20,697	22,441	23,319	25,378	26,438

*1 Items separated by a "/" refer to items under "JGAAP/IFRS."

*2 A provisional accounting treatment, for the integration of businesses acquired in fiscal 2017 was finalized in fiscal 2018, and is reflected on certain figures for fiscal 2017 under IFRS.

*3 Adjusted operating profit is operating profit excluding amortization of acquired intangible assets and other non-recurring profit or loss. The Terumo Group uses adjusted operating profit as a performance indicator.

*4 Depreciation and amortization under JGAAP up to fiscal 2016 includes amortization of goodwill.

*5 A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2019. The figures for EPS, BPS, and shares issued and outstanding at year-end are reflected as if the aforementioned stock split had been carried out at the beginning of fiscal 2015. Shares issued and outstanding at year-end do not include treasury shares.

*6 Figures for fiscal 2019 include depreciation amounts associated with the application of IFRS 16 Leases.

Revenue and Profits

In fiscal 2019 (the fiscal year ended March 31, 2020), revenue totaled ¥628.9 billion, up 4.9% year on year. In Japan, overall revenue increased year on year. This revenue growth was supported by the strong performance of the pain management business and the Alliance Division, which is advancing operations through alliances with pharmaceutical companies, of the General Hospital Company as well as of the TIS Division and the Neurovascular Division of the Cardiac and Vascular Company. Overseas, revenue was up, despite the fourth quarter impacts of the COVID-19 pandemic that were felt mainly in China. The higher revenue was attributable to the steadily growth of the TIS Division coupled with the favorable performance of the Neurovascular Division.

Gross profit was up 5.3% year on year, to ¥343.9 billion, due to the growth in revenue.

Adjusted operating profit came to ¥125.0 billion, an increase of 2.3% year on year, as the rise in selling, general and administrative expenses, particularly research and development expenses, was offset by high gross profit. Adjusted operating profit is operating profit after adjustment for amortization expense for intangible assets following acquisitions and for one-time profit movements.

Operating profit increased 3.7% year on year, to ¥110.6 billion, in conjunction with the rise in adjusted operating profit.

Profit before tax was ¥106.5 billion, a year-on-year increase of 3.7%, following the growth in operating profit.

Profit for the year attributable to owners of the parent totaled ¥85.2 billion, up 7.2% year on year. This increase was a result of positive impacts from changes in profit mix by region with differing tax rates.

Results by Business Segment

Cardiac and Vascular Company

Revenue in the Cardiac and Vascular Company totaled ¥350.6 billion, an increase of 6.7% year on year. In Japan, impressive performance was achieved for the imaging domain of the TIS Division and the treatment of acute ischemic stroke in the Neurovascular Division. Overseas, a slowdown was seen primarily in the TIS Division's Chinese operations as a result of the global COVID-19 pandemic that broke out in the fourth quarter of the fiscal year. However, overall overseas performance was driven by offerings such as the WEB intrasaccular device of the Neurovascular Division.

General Hospital Company

Revenue in the General Hospital Company was ¥171.0 billion, an increase of 3.1% year on year. This increase was due in part to the favorable performance of the AdSpray sprayable adhesion barrier gel and Fentanyl injections, the narcotic analgesic. In addition, thermometers and hand sanitizer sales benefited from special-circumstance demand associated with the global COVID-19 pandemic that began in the fourth quarter of the fiscal year. Another contributor was the smooth growth of alliance businesses with pharmaceutical companies in the Alliance Division.

Blood and Cell Technologies Company

Revenue in the Blood and Cell Technologies Company totaled ¥107.2 billion, a rise of 2.1% year on year. Although performance in Europe and the emerging markets was adversely impacted by negative foreign exchange fluctuations, overall performance was strong due to contributions from the global launch of new software for component collection systems.

Financial Position and Cash Flows

Financial Position

Total assets stood at ¥1,241.4 billion on March 31, 2020, an increase of ¥120.6 billion compared with March 31, 2019. Factors behind this increase included a ¥43.9 billion increase in cash and cash equivalents following short-term borrowings for the purpose of securing funds for growth investments and preparing for the potential impacts of the global COVID-19 pandemic. Another factor was a ¥62.4 billion increase in property, plant and equipment attributable to the capital investments in the construction of a new building of Terumo Yamaguchi Corporation and in production increases and the application of IFRS 16 Leases.

Liabilities came to ¥486.5 billion, an increase of ¥63.8 billion. This increase was primarily a result of a ¥21.1 billion rise in bonds and borrowings as well as a ¥30.6 billion increase in the combined total of other current financial liabilities and other non-current financial liabilities following the application of IFRS 16 Leases.

Equity was ¥754.9 billion, an increase of ¥56.8 billion versus a year earlier. Factors behind this result included an increase of ¥85.0 billion attributable to the recording of profit for the year and an increase of ¥17.7 billion from allocating treasury stock for the conversion of convertible bond-type bonds. These factors outweighed a ¥20.5 billion decrease associated with the payment of dividends from retained earnings.

Cash Flows

Net cash provided by operating activities was ¥117.5 billion. During the fiscal year under review, profit before tax was ¥106.5 billion and depreciation and amortization was ¥52.4 billion. In addition, income taxes paid came to ¥24.8 billion and increase in inventories was ¥17.3 billion.

Net cash used in investing activities was ¥84.7 billion. This primarily reflects a ¥62.3 billion in payments for purchase of property, plant and equipment attributable to the capital investments in the construction of a new building of Terumo Yamaguchi Corporation and in production increases as well as ¥21.2 billion in payments for purchase of intangible assets in the form of investments in new IT systems and the acquisition of exclusive distribution rights.

Net cash provided by financing activities was ¥14.0 billion. Outflows included ¥40.0 billion in repayments of short-term borrowings and ¥20.5 billion in payments for dividends.

As a result of the above, cash and cash equivalents totaled ¥166.9 billion as of March 31, 2020, an increase of ¥43.9 billion compared with March 31, 2019.

Consolidated Financial Statements

Terumo Corporation and consolidated subsidiaries
March 31, 2019 and 2020

Consolidated Statement of Financial Position

(Millions of yen)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	122,982	166,898
Trade and other receivables	128,462	131,728
Other current financial assets	1,744	397
Inventories	134,106	147,147
Current tax assets	—	1,745
Other current assets	11,426	12,689
Total current assets	398,722	460,607
Non-current assets		
Property, plant and equipment	201,986	264,407
Goodwill and intangible assets	468,885	461,506
Investments accounted for using the equity method	5,571	5,275
Other non-current financial assets	17,131	17,733
Deferred tax assets	24,624	27,307
Other non-current assets	3,868	4,517
Total non-current assets	722,068	780,748
Total assets	1,120,790	1,241,355

(Millions of yen)

	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	81,476	88,044
Bonds and borrowings	—	50,324
Other current financial liabilities	741	6,144
Current tax liabilities	10,199	11,681
Provisions	236	395
Other current liabilities	50,258	55,256
Total current liabilities	142,912	211,845
Non-current liabilities		
Bonds and borrowings	225,135	195,870
Other non-current financial liabilities	6,607	31,802
Deferred tax liabilities	24,302	20,360
Defined benefit liabilities	12,823	18,456
Provisions	88	92
Other non-current liabilities	10,807	8,043
Total non-current liabilities	279,764	274,626
Total liabilities	422,677	486,472
Equity		
Share capital	38,716	38,716
Capital surplus	52,029	51,858
Treasury shares	(32,381)	(14,103)
Retained earnings	646,223	705,765
Other components of equity	(6,553)	(27,423)
Total equity attributable to owners of the parent	698,034	754,813
Non-controlling interests	78	69
Total equity	698,113	754,883
Total liabilities and equity	1,120,790	1,241,355

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

(Millions of yen)

	FY2018 (For the year ended March 31, 2019)	FY2019 (For the year ended March 31, 2020)
Revenue	599,481	628,897
Cost of sales	272,984	284,964
Gross profit	326,497	343,932
Selling, general and administrative expenses	226,334	235,144
Other income	9,801	4,737
Other expenses	3,327	2,914
Operating profit	106,637	110,611
Finance income	2,111	1,671
Finance costs	5,876	5,371
Share of profit (loss) of investments accounted for using the equity method	(162)	(445)
Profit before tax	102,709	106,466
Income tax expenses	23,422	21,428
Profit for the year	79,287	85,037
Attributable to:		
Owners of the parent	79,470	85,211
Non-controlling interests	(183)	(173)
Total profit for the year	79,287	85,037

(Yen)

Earnings per share		
Basic earnings per share (yen)	108.70	113.96
Diluted earnings per share (yen)	104.97	112.61

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2018 (For the year ended March 31, 2019)	FY2019 (For the year ended March 31, 2020)
Profit for the year	79,287	85,037
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	844	(1,181)
Remeasurements of defined benefit plans	(1,766)	(4,499)
Total items that will not be reclassified to profit or loss	(921)	(5,681)
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	20,895	(19,813)
Cash flow hedges	(353)	204
Cost of hedging	8	(500)
Total items that are or may be reclassified subsequently to profit or loss	20,549	(20,109)
Total other comprehensive income (loss) for the year	19,627	(25,790)
Total comprehensive income for the year	98,914	59,246
Attributable to:		
Owners of the parent	99,100	59,415
Non-controlling interests	(185)	(169)
Total comprehensive income for the year	98,914	59,246

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2018	38,716	52,445	(101,546)	588,932	(28,240)	550,307	128	550,435
Adjustment on changes in accounting policy	—	—	—	54	—	54	—	54
Restated balance	38,716	52,445	(101,546)	588,986	(28,240)	550,361	128	550,490
Profit for the year	—	—	—	79,470	—	79,470	(183)	79,287
Other comprehensive income	—	—	—	—	19,630	19,630	(2)	19,627
Total comprehensive income	—	—	—	79,470	19,630	99,100	(185)	98,914
Acquisition of treasury shares	—	—	(9)	—	—	(9)	—	(9)
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	—	—	—	(1,949)	1,949	—	—	—
Change in shares of subsidiaries due to capital increase	—	—	—	—	—	—	135	135
Share-based payments	—	—	—	—	215	215	—	215
Conversion of convertible bonds	—	(415)	69,018	(681)	—	67,921	—	67,921
Total transactions with owners of the parent	—	(415)	69,164	(22,233)	2,057	48,572	135	48,708
Balance as of March 31, 2019	38,716	52,029	(32,381)	646,223	(6,553)	698,034	78	698,113
Profit for the year	—	—	—	85,211	—	85,211	(173)	85,037
Other comprehensive income	—	—	—	—	(25,795)	(25,795)	4	(25,790)
Total comprehensive income	—	—	—	85,211	(25,795)	59,415	(169)	59,246
Acquisition of treasury shares	—	—	(3)	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	89	(21)	(67)	0	—	0
Dividends	—	—	—	(20,507)	—	(20,507)	—	(20,507)
Transfer from other components of equity to retained earnings	—	—	—	(4,950)	4,950	—	—	—
Changes in shares of subsidiaries due to capital increase	—	—	—	—	—	—	159	159
Share-based payments	—	(50)	120	82	41	194	—	194
Conversion of convertible bonds	—	(120)	18,072	(272)	—	17,679	—	17,679
Total transactions with owners of the parent	—	(170)	18,278	(25,668)	4,924	(2,636)	159	(2,476)
Balance as of March 31, 2020	38,716	51,858	(14,103)	705,765	(27,423)	754,813	69	754,883

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2018 (For the year ended March 31, 2019)	FY2019 (For the year ended March 31, 2020)
Cash flows from operating activities		
Profit before tax	102,709	106,466
Depreciation and amortization	44,035	52,358
Share of loss (gain) of investments accounted for using the equity method	162	445
Increase (decrease) in defined benefit liabilities	293	(695)
Interest and dividend income	(1,507)	(1,019)
Interest expenses	2,051	1,828
Foreign exchange loss (gain), net	(455)	262
Loss (gain) on disposal of property, plant and equipment	(489)	114
(Increase) decrease in trade and other receivables	(5,935)	(7,318)
(Increase) decrease in inventories	(20,144)	(17,284)
Increase (decrease) in trade and other payables	6,682	3,442
Others	(4,155)	3,396
Sub-total	123,249	141,995
Interest and dividend income received	1,687	1,215
Interest expenses paid	(1,116)	(956)
Income taxes paid	(30,249)	(24,774)
Net cash provided by (used in) operating activities	93,571	117,479
Cash flows from investing activities		
Payments for purchase of time deposits	(1,373)	(154)
Proceeds from withdrawal of time deposits	17	1,313
Payments for purchase of property, plant and equipment	(39,326)	(62,316)
Proceeds from sale of property, plant and equipment	1,887	23
Payments for purchase of intangible assets	(15,038)	(21,168)
Payments for purchase of investment securities	(1,200)	(1,512)
Proceeds from sale of investment securities	524	2
Payments for acquisition of shares of subsidiaries	(20,283)	(902)
Net cash provided by (used in) investing activities	(74,792)	(84,714)
Cash flows from financing activities		
Proceeds from short-term debt	—	40,000
Repayments of long-term borrowings	(47,764)	—
Proceeds from non-controlling interests	135	159
Payments for repayment of lease obligations	(346)	(5,638)
Payments for purchase of treasury shares	(9)	(3)
Payments for dividends	(19,555)	(20,507)
Net cash provided by (used in) financing activities	(67,540)	14,010
Effect of exchange rate changes on cash and cash equivalents	3,912	(2,859)
Net increase (decrease) in cash and cash equivalents	(44,849)	43,916
Cash and cash equivalents at the beginning of the year	167,832	122,982
Cash and cash equivalents at the end of the year	122,982	166,898