

Terumo Corporation
IFRS Financial Results for the Third Quarter of
the Fiscal Year Ending March 31, 2021

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February 4, 2021
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, 2020 (From April 1, 2020 to December 31, 2020)

(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)	%
Nine months ended December, 2020	448,628	(4.6)	75,272	(12.7)	74,928	(12.4)	58,502	(12.4)	58,601	(12.4)
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
									36,077	(36.4)
									56,763	(25.4)

	Basic Earnings per share	Diluted Earnings per share
	(Yen)	(Yen)
Nine months ended December, 2020	77.63	77.44
Nine months ended December, 2019	89.64	88.40

(Notes) Adjusted operating profit: December 2020: 88,489million yen December 2019: 98,419 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 December 31, 2020	1,257,797	776,386	776,416	61.7
As of March 31, 2020	1,241,355	754,883	754,813	60.8

2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal Year ended March, 2020	—	14.00	—	14.00	28.00
Fiscal Year ending March, 2021	—	14.00	—	—	—
Fiscal Year ending March, 2021 (forecast)	—	—	—	14.00	28.00

(Notes) Revision of dividends forecast : None

3. Consolidated Forecast for the Fiscal Year Ending March, 2021 (From April 1, 2020 to March 31, 2021)

	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)
Fiscal Year ending March, 2021	600,000	(4.6)	115,000	(8.0)	97,500	(11.9)	75,000	(12.0)
								99.33

(Notes) 1) Revision of forecast for fiscal year ending March, 2021 : Yes

Regarding the forecast for cumulative consolidated earnings for the fiscal year, please refer to the February 4th, 2021 press release "Terumo Revises its Full-Year Financial Guidance for FY2020".

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

Assumed exchange rate for fiscal year ending March, 2021: USD1=JPY106, EUR1=JPY123

(Assumed exchange rate for the fourth quarter of the fiscal year ending March, 2021: USD1=JPY104, EUR1=JPY126)

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. Condensed Consolidated Financial Statements

① Condensed Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	166,898	169,760
Trade and other receivables	131,728	128,911
Other current financial assets	397	53
Inventories	147,147	169,697
Current tax assets	1,745	203
Other current assets	12,689	13,842
Total current assets	460,607	482,470
Non-current assets		
Property, plant and equipment	264,407	278,947
Goodwill and intangible assets	461,506	443,923
Investments accounted for using the equity method	5,275	3,664
Other non-current financial assets	17,733	18,434
Deferred tax assets	27,307	26,296
Other non-current assets	4,517	4,062
Total non-current assets	780,748	775,327
Total assets	1,241,355	1,257,797

(Unit: Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	88,044	69,374
Bonds and borrowings	50,324	11,728
Other current financial liabilities	6,144	7,806
Current tax liabilities	11,681	8,630
Provisions	395	319
Other current liabilities	55,256	58,245
Total current liabilities	211,845	156,105
Non-current liabilities		
Bonds and borrowings	195,870	243,505
Other non-current financial liabilities	31,802	37,080
Deferred tax liabilities	20,360	17,331
Defined benefit liabilities	18,456	17,579
Provisions	92	89
Other non-current liabilities	8,043	9,719
Total non-current liabilities	274,626	325,305
Total liabilities	486,472	481,411
Equity		
Share capital	38,716	38,716
Capital surplus	51,858	51,779
Treasury shares	(14,103)	(7,408)
Retained earnings	705,765	744,756
Other components of equity	(27,423)	(51,428)
Total equity attributable to owners of the parent	754,813	776,416
Non-controlling interests	69	(29)
Total equity	754,883	776,386
Total liabilities and equity	1,241,355	1,257,797

② Condensed Consolidated Statement of Profit or Loss

(Unit: Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Revenue	470,144	448,628
Cost of sales	211,509	207,360
Gross profit	258,635	241,268
Selling, general and administrative expenses	173,844	166,546
Other income	3,593	2,309
Other expenses	2,134	1,758
Operating profit	86,250	75,272
Finance income	1,424	1,745
Finance costs	2,091	1,421
Share of profit (loss) of investments accounted for using the equity method	(96)	(668)
Profit before tax	85,487	74,928
Income tax expenses	18,725	16,426
Profit for the period	66,762	58,502
Attributable to:		
Owners of the parent	66,893	58,601
Non-controlling interests	(131)	(98)
Total profit for the period	66,762	58,502
Earnings per share		
Basic earnings per share (yen)	89.64	77.63
Diluted earnings per share (yen)	88.40	77.44

③ Condensed Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020
Profit for the period	66,762	58,502
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	407	1,172
Remeasurement of defined benefit plan	(467)	139
Total items that will not be reclassified to profit or loss	(60)	1,311
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(10,163)	(24,377)
Cash flow hedges	212	143
Cost of hedging	11	497
Total items that are or may be reclassified subsequently to profit or loss	(9,939)	(23,736)
Total other comprehensive income (loss) for the period	(9,999)	(22,424)
Total comprehensive income for the period	56,763	36,077
Attributable to		
Owners of the parent	56,887	36,176
Non-controlling interests	(124)	(99)
Total comprehensive income for the period	56,763	36,077

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

④ Condensed Consolidated Statements of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to the 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, 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 parent	—	(217)	17,448	(21,170)	437	(3,502)	159	(3,342)
Balance as of December 31, 2019	38,716	51,812	(14,933)	691,947	(16,122)	751,419	113	751,533

(Unit: Millions of yen)

	Equity attributable to the 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, 2020	38,716	51,858	(14,103)	705,765	(27,423)	754,813	69	754,883
Profit for the period	—	—	—	58,601	—	58,601	(98)	58,502
Other comprehensive income	—	—	—	—	(22,424)	(22,424)	(0)	(22,424)
Total comprehensive income	—	—	—	58,601	(22,424)	36,176	(99)	36,077
Acquisition of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	96	(14)	(82)	0	—	0
Dividends	—	—	—	(21,109)	—	(21,109)	—	(21,109)
Transfer from other components of equity to retained earnings	—	—	—	1,532	(1,532)	—	—	—
Share-based payments	—	(49)	99	102	35	187	—	187
Conversion of convertible bonds	—	(29)	6,501	(121)	—	6,350	—	6,350
Total transactions with the owners of the parent	—	(79)	6,694	(19,610)	(1,580)	(14,574)	—	(14,574)
Balance as of December 31, 2020	38,716	51,779	(7,408)	744,756	(51,428)	776,416	(29)	776,386

⑤ Segment information

▪ Reportable segment information

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

▪ Changes in name of reportable segment

The segment previously named “Blood Management Company” was changed to “Blood and Cell Technologies Company” from the fiscal year ended March 31, 2020. This change in name does not affect the segment information.

The name of reportable segment for the fiscal year ended December 31, 2019 was also revised to “Blood and Cell Technologies Company”.

For the nine months ended December 31, 2019

(Unit: Millions of yen)

	Reportable Segments				Adjustments (Note 1)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies 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 (Note 2)						(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)
Profit before tax						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 temporary staffing that is not attributable to reportable segments.

(2) ¥(578) million adjustment to segment profit consists of ¥31 million for “inventories”.

(Note 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.

For the nine months ended December 31, 2020

(Unit: Millions of yen)

	Reportable Segments				Adjustments (Note 1)	Amount recorded on condensed consolidated financial statements
	Cardiac and Vascular Company	General Hospital Company	Blood and Cell Technologies Company	Total		
Revenue						
Revenue from sales to external customers	238,405	129,023	81,007	448,437	191	448,628
Segment Profit (Adjusted operating profit)	56,032	20,476	14,438	90,948	(2,458)	88,489
(Adjustment item)						
Amortization of intangible assets acquired through business combinations	(5,201)	—	(6,009)	(11,211)	372	(10,838)
Non-recurring profit or loss (Note 2)						(2,378)
Operating profit						75,272
Finance income						1,745
Finance costs						(1,421)
Share of profit/(loss) of investment accounted for using the equity method						(668)
Profit before tax						74,928

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

- (1) ¥191 million adjustment to revenue from sales to external customers is mainly proceeds from temporary staffing that is not attributable to reportable segments.
- (2) ¥(2,458) million adjustment to segment profit consists of ¥413 million for “inventories” and ¥(1,762) million for preparation expenses to comply with Medical Device Regulation in EU.

(Note 2) ¥(2,378) million Non-recurring profit or loss mainly includes ¥(1,838) million for the change in fair value of contingent consideration and ¥(383) million for business reorganization expenses.