

Mar 15, 2017

R&I Affirms AA-, Stable: Terumo Corp.

Rating and Investment Information, Inc. (R&I) has announced the following:

ISSUER: Terumo Corp.
Issuer Rating: AA-, Affirmed
Rating Outlook: Stable

RATIONALE:

Terumo Corp. is a disposable medical device manufacturer. The company's strength lies in its capability to develop products with great medical cost efficiency and in excellent production expertise. It has established a robust earnings base for both mature and advanced products. In particular, sales of catheter-related products used in the cardiovascular field are on the rise. Although the blood management segment is likely to see lower profitability because of the growing trend of cutting medical costs, the company as a whole maintains strong earning and cash flow generating capacities. In January 2017, Terumo acquired a femoral arterial closure business and other assets. The addition of high value-added product lines, including very competitive "Angio-Seal," has strengthened its business base in the cardiovascular field. Even so, debt will increase owing to the relatively large acquisition cost of US\$1.12 billion (approximately 130 billion yen). This, along with a continued massive repurchase of its own shares, should worsen the debt-equity structure and the balance between debt and cash flow. Despite a heavy financial burden, however, R&I expects the deteriorated financial base to recover over the medium term, given the company's earning and cash flow generating capacities. While acquisitions are a major option for Terumo's growth strategy, its financial resilience is lower than before. R&I therefore pays attention to the company's moves and financial discipline.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings" and "Medical Devices". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

<http://www.r-i.co.jp/eng/cfp/about/methodology/index.html>

R&I RATINGS:

ISSUER: Terumo Corp. (Sec. Code: 4543)
Issuer Rating
RATING: AA-, Affirmed
RATING OUTLOOK: Stable

Shelf Registration (Bonds)
ISSUE AMOUNT (mn): JPY 100,000
ISSUE PERIOD: From Apr 01, 2016 to Mar 31, 2018
RATING: AA-, Affirmed (Preliminary)

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Unsec. Str. Bonds No.5	Issue Date Apr 19, 2016	Maturity Date Apr 19, 2021	Issue Amount (mn) JPY 10,000
RATING:	AA-, Affirmed		
Unsec. Str. Bonds No.6	Issue Date Apr 19, 2016	Maturity Date Apr 19, 2023	Issue Amount (mn) JPY 10,000
RATING:	AA-, Affirmed		
Unsec. Str. Bonds No.7	Issue Date Apr 19, 2016	Maturity Date Apr 17, 2026	Issue Amount (mn) JPY 10,000
RATING:	AA-, Affirmed		

A preliminary rating is assigned when a provisional credit rating is needed for an individual obligation on which final terms have not been determined. A credit rating finally assigned may differ from the preliminary rating depending on, among others, the details of the actual contract of the individual obligation.