

Consolidated Financial Results

For the Second Quarter of the Fiscal Year Ending March 31, 2019 (Japanese GAAP)



November 7, 2018
Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
 Code number : 5991
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Filing date of quarterly securities report : November 8, 2018
 Payment date of cash dividends : December 5, 2018
 Supplemental materials prepared for financial results : Yes
 Earnings announcement for financial results : Yes(Intended for securities analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Second Quarter of Fiscal Year 2019 (April 1, 2018 through September 30, 2018)

(1) Consolidated Financial Results (Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2019 2nd quarter	335,685	5.6	15,322	(8.0)	18,505	(1.1)	12,705	0.1
FY2018 2nd quarter	317,827	6.1	16,651	(0.7)	18,706	32.9	12,698	24.3

Note: Comprehensive income: FY2019 2nd quarter 11,258 million yen ((20.0) %) FY2018 2nd quarter 14,069 million yen (- %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2019 2nd quarter	53.59	52.57
FY2018 2nd quarter	53.56	52.54

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
FY2019 2nd quarter	592,748	315,420	50.7
FY2018	568,380	307,648	51.5

Reference: Shareholders' equity (Net assets excluding non-controlling interests)

: FY2019 2nd quarter 300,559 million yen FY2018 292,836 million yen

Note: The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018)" from the beginning of the first quarter.

The figures for the year ended March 31, 2018 were adjusted retrospectively in accordance with this change.

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2018	—	11.00	—	12.00	23.00
FY2019	—	12.00	—	—	—
FY2019 (Forecast)	—	—	—	—	—

Notes 1. Revisions to the forecast of dividends since the latest announcement: No

2. Forecasts of year-end dividend for FY2019 are currently undecided.

3. Forecast of Consolidated Results for Fiscal Year 2019 (April 1, 2018 through March 31, 2019)

(Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share, Basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	700,000	6.1	30,000	(15.6)	35,000	(3.9)	24,000	17.1	101.23

Note: Revisions to the forecast of consolidated results since the latest announcement: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year 2019 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares	As of September 30, 2018	244,066,144 shares	As of March 31, 2018	244,066,144 shares
[2] Number of treasury stock	As of September 30, 2018	6,974,725 shares	As of March 31, 2018	6,974,261 shares
[3] Average number of shares	2nd quarter of FY2019	237,091,629 shares	2nd quarter of FY2018	237,092,640 shares

* This quarterly report is out of the scope of the quarterly review.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters
Statements related to the future, including the forecast of financial results, were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

Quarterly consolidated Financial Statements

(1) Quarterly consolidated Balance Sheets

(Unit: Millions of yen)

	FY2018 (As of 31 March, 2018)	FY2019 (As of 30 September, 2018)
Assets		
Current assets		
Cash and deposits	95,251	107,517
Notes and accounts receivable - trade	146,781	142,600
Merchandise and finished goods	17,127	16,928
Work in process	8,685	10,625
Raw materials and supplies	16,729	17,481
Partly-finished goods	6,047	6,391
Other	24,427	24,413
Allowance for doubtful accounts	(88)	(106)
Total current assets	314,962	325,853
Non-current assets		
Property, plant and equipment		
Buildings and structures	143,498	145,480
Accumulated depreciation	(92,134)	(93,738)
Buildings and structures, net	51,364	51,742
Machinery, equipment and vehicles	241,938	243,984
Accumulated depreciation	(188,455)	(191,877)
Machinery, equipment and vehicles, net	53,483	52,106
Land	30,515	30,379
Leased assets	1,248	1,259
Accumulated depreciation	(630)	(652)
Leased assets, net	617	607
Construction in progress	12,071	18,030
Other	68,431	71,839
Accumulated depreciation	(60,974)	(62,298)
Other, net	7,456	9,541
Total property, plant and equipment	155,508	162,406
Intangible assets	3,089	2,902
Investments and other assets		
Investment securities	64,678	64,825
Long-term loans receivable	8,719	10,968
Deferred tax assets	7,739	8,105
Net defined benefit asset	4,619	5,049
Other	9,935	13,641
Allowance for doubtful accounts	(873)	(1,004)
Total investments and other assets	94,819	101,585
Total non-current assets	253,418	266,894
Total assets	568,380	592,748

(Unit: Millions of yen)

	FY2018 (As of 31 March, 2018)	FY2019 (As of 30 September, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	87,507	85,157
Electronically recorded obligations - operating	43,637	46,214
Short-term loans payable	13,320	19,541
Income taxes payable	6,074	3,071
Provision for directors' bonuses	268	158
Notes payable - facilities	3,714	3,436
Current portion of convertible bond-type bonds with subscription rights to shares	—	11,357
Other	37,515	35,391
Total current liabilities	192,038	204,328
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	10,624	—
Long-term loans payable	25,338	38,377
Lease obligations	563	523
Deferred tax liabilities	9,414	11,064
Net defined benefit liability	15,859	16,001
Provision for directors' retirement benefits	507	526
Provision for officers' retirement benefits	810	813
Other	5,574	5,692
Total non-current liabilities	68,692	72,999
Total liabilities	260,731	277,327
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	229,163	239,023
Treasury stock	(7,516)	(7,517)
Total shareholders' equity	258,235	268,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,935	27,799
Foreign currency translation adjustment	7,355	5,259
Remeasurements of defined benefit plans	(688)	(594)
Total accumulated other comprehensive income	34,601	32,464
Non-controlling interests	14,811	14,861
Total net assets	307,648	315,420
Total liabilities and net assets	568,380	592,748

(2) Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Six Months Ended September 30, 2018)

(Unit: Millions of yen)

	FY2018 (6 months ended September 30, 2017)	FY2019 (6 months ended September 30, 2018)
Net sales	317,827	335,685
Cost of sales	278,907	297,462
Gross profit	38,920	38,223
Selling, general and administrative expenses	22,269	22,900
Operating income	16,651	15,322
Non-operating income		
Interest income	412	489
Dividend income	910	864
Foreign exchange gains	402	1,844
Other	1,364	1,052
Total non-operating income	3,089	4,250
Non-operating expenses		
Interest expenses	68	136
Other	966	931
Total non-operating expenses	1,034	1,068
Ordinary income	18,706	18,505
Profit before income taxes	18,706	18,505
Income taxes	4,954	4,796
Profit	13,751	13,708
Profit attributable to non-controlling interests	1,052	1,003
Profit attributable to owners of parent	12,698	12,705

(Quarterly Consolidated Statements of Comprehensive Income)
(Six Months Ended September 30, 2018)

	(Unit: Millions of yen)	
	FY2018 (6 months ended September 30, 2017)	FY2019 (6 months ended September 30, 2018)
Profit	13,751	13,708
Other comprehensive income		
Valuation difference on available-for-sale securities	2,028	(138)
Foreign currency translation adjustment	(2,094)	(2,297)
Remeasurements of defined benefit plans, net of tax	389	101
Share of other comprehensive income of entities accounted for using equity method	(5)	(115)
Total other comprehensive income	318	(2,449)
Comprehensive income	14,069	11,258
Comprehensive income attributable to:		
Owners of parent	13,020	10,567
Non-controlling interests	1,049	691

(3) Quarterly Consolidated Statements of Cash Flows

	(Unit: Millions of yen)	
	FY2018 (6 months ended September 30, 2017)	FY2019 (6 months ended September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	18,706	18,505
Depreciation	11,536	11,828
Increase or decrease in net defined benefit asset and liability	(1,711)	(1,795)
Interest and dividend income	(1,323)	(1,353)
Interest expenses	68	136
Foreign exchange losses (gains)	321	(1,106)
Share of (profit) loss of entities accounted for using equity method	(263)	(117)
Loss (gain) on sales and retirement of property, plant and equipment	90	(3)
Decrease (increase) in notes and accounts receivable - trade	4,402	2,594
Decrease (increase) in inventories	(2,521)	(2,734)
Increase (decrease) in notes and accounts payable - trade	4,936	293
Other, net	(618)	545
Subtotal	33,624	26,793
Interest and dividend income received	1,683	1,372
Interest expenses paid	(98)	(128)
Income taxes paid	(7,954)	(6,633)
Net cash provided by (used in) operating activities	27,254	21,403
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,469)	(18,849)
Proceeds from sales of property, plant and equipment	1,220	128
Purchase of intangible assets	(135)	(178)
Purchase of investment securities	(1,802)	(2,563)
Payments of loans receivable	(3,609)	(1,960)
Collection of loans receivable	1,607	148
Other, net	197	131
Net cash provided by (used in) investing activities	(15,991)	(23,144)

Cash flows from financing activities		
Proceeds from short-term loans payable	1,677	1,360
Repayments of short-term loans payable	(740)	(3,054)
Proceeds from long-term loans payable	15,024	25,000
Repayments of long-term loans payable	(8,188)	(4,123)
Proceeds from issuance of commercial papers	12,000	12,000
Redemption of commercial papers	(16,000)	(12,000)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(158)	(140)
Cash dividends paid	(2,845)	(2,845)
Dividends paid to non-controlling interests	(438)	(641)
Net cash provided by (used in) financing activities	329	15,554
Effect of exchange rate change on cash and cash equivalents	(2,151)	(1,336)
Net increase (decrease) in cash and cash equivalents	9,441	12,476
Cash and cash equivalents at beginning of period	82,493	95,007
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	1,400	—
Cash and cash equivalents at end of period	93,335	107,483