

Consolidated Financial Results

For the Third Quarter of the Fiscal Year Ending March 31, 2018 (Japanese GAAP)



February 6, 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 : February 7, 2018
 Payment date of cash dividends : -
 Supplemental materials prepared for financial results : No
 Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the Third Quarter of Fiscal Year 2018 (April 1, 2017 through December 31, 2017)

(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	%
FY2018 3rd quarter	481,265	5.0	25,570	(7.6)	27,568	(6.4)	20,372	(1.8)
FY2017 3rd quarter	458,333	(3.5)	27,688	8.7	29,451	3.4	20,739	7.3

Note: Comprehensive income : FY2018 3rd quarter 26,592 million yen (31.0 %) FY2017 3rd quarter 20,297 million yen (47.8 %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2018 3rd quarter	85.93	83.49
FY2017 3rd quarter	85.39	83.02

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
FY2018 3rd quarter	566,845	311,394	52.4
FY2017	541,741	292,777	51.6

Reference: Shareholders' equity (Net assets excluding non-controlling interests)
 : FY2018 3rd quarter 296,984 million yen FY2017 279,699 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2017	—	11.00	—	12.00	23.00
FY2018	—	11.00	—	—	—
FY2018(Forecast)	—	—	—	12.00	23.00

Note: Revisions to the forecast of dividends since the latest announcement: No

3. Forecast of Consolidated Results for Fiscal Year 2018 (April 1, 2017 through March 31, 2018)

(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	654,000	4.3	35,000	(13.8)	37,000	(11.1)	25,000	(0.4)	105.44

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

4. Others

- (1) Changes of significant subsidiaries in the third quarter of fiscal year 2018 : Yes
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
Newly consolidated companies: NHK SPRING MEXICO, S.A.DE C.V.
Excluded companies: None
- (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 December 31, 2017	244,066,144 shares	As of March 31, 2017	244,066,144 shares
[2] Number of treasury stock	As of December 31, 2017	6,973,741 shares	As of March 31, 2017	6,973,371 shares
[3] Average number of shares	3rd quarter of FY2018	237,092,492 shares	3rd quarter of FY2017	242,890,976 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)

	FY2017 (As of 31 March, 2017)	FY2018 (As of 31 December, 2017)
Assets		
Current assets		
Cash and deposits	82,575	97,436
Notes and accounts receivable - trade	140,342	135,733
Merchandise and finished goods	16,402	18,302
Work in process	8,609	10,252
Raw materials and supplies	14,079	15,958
Partly-finished goods	4,945	6,338
Deferred tax assets	5,304	3,928
Other	22,548	21,496
Allowance for doubtful accounts	(56)	(83)
Total current assets	294,751	309,364
Non-current assets		
Property, plant and equipment		
Buildings and structures	137,065	143,224
Accumulated depreciation	(88,893)	(91,398)
Buildings and structures, net	48,172	51,825
Machinery, equipment and vehicles	231,875	242,794
Accumulated depreciation	(181,605)	(187,979)
Machinery, equipment and vehicles, net	50,269	54,815
Land	30,699	30,382
Leased assets	1,188	1,217
Accumulated depreciation	(612)	(588)
Leased assets, net	576	629
Construction in progress	5,989	11,500
Other	66,434	68,493
Accumulated depreciation	(58,325)	(60,610)
Other, net	8,109	7,882
Total property, plant and equipment	143,817	157,034
Intangible assets	3,312	3,129
Investments and other assets		
Investment securities	72,086	72,069
Long-term loans receivable	10,383	8,554
Deferred tax assets	5,532	3,884
Net defined benefit asset	2,825	3,358
Other	10,116	10,127
Allowance for doubtful accounts	(1,084)	(676)
Total investments and other assets	99,858	97,317
Total non-current assets	246,989	257,481
Total assets	541,741	566,845

(Unit: Millions of yen)

	FY2017 (As of 31 March, 2017)	FY2018 (As of 31 December, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	76,911	79,019
Electronically recorded obligations - operating	38,992	45,186
Short-term loans payable	13,996	13,970
Income taxes payable	7,245	1,564
Deferred tax liabilities	812	857
Provision for directors' bonuses	278	190
Notes payable - facilities	2,904	4,467
Other	39,384	34,396
Total current liabilities	180,525	179,651
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	11,219	11,300
Long-term loans payable	20,176	29,080
Lease obligations	519	590
Deferred tax liabilities	12,978	13,523
Net defined benefit liability	13,926	14,987
Provision for directors' retirement benefits	579	480
Provision for officers' retirement benefits	746	804
Other	8,293	5,033
Total non-current liabilities	68,438	75,799
Total liabilities	248,963	255,451
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	216,232	229,040
Treasury stock	(7,515)	(7,516)
Total shareholders' equity	245,305	258,111
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,176	32,693
Foreign currency translation adjustment	6,570	8,026
Remeasurements of defined benefit plans	(2,353)	(1,847)
Total accumulated other comprehensive income	34,394	38,872
Non-controlling interests	13,077	14,409
Total net assets	292,777	311,394
Total liabilities and net assets	541,741	566,845

(2) Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Nine Months Ended December 31, 2017)

	(Unit: Millions of yen)	
	FY2017 (9 months ended December 31, 2016)	FY2018 (9 months ended December 31, 2017)
Net sales	458,333	481,265
Cost of sales	398,078	422,423
Gross profit	60,254	58,841
Selling, general and administrative expenses	32,566	33,271
Operating income	27,688	25,570
Non-operating income		
Interest income	712	602
Dividend income	960	1,563
Foreign exchange gains	—	207
Other	1,538	1,829
Total non-operating income	3,212	4,203
Non-operating expenses		
Interest expenses	123	229
Foreign exchange losses	306	—
Other	1,018	1,974
Total non-operating expenses	1,448	2,204
Ordinary income	29,451	27,568
Extraordinary income		
Gain on revision of retirement benefit plan	1,064	—
Gain on sales of investment securities	—	2,386
Total extraordinary income	1,064	2,386
Extraordinary losses		
Impairment loss	689	—
Total extraordinary losses	689	—
Profit before income taxes	29,826	29,954
income taxes	7,890	8,050
Profit	21,936	21,903
Profit attributable to non-controlling interests	1,196	1,531
Profit attributable to owners of parent	20,739	20,372

(Quarterly Consolidated Statements of Comprehensive Income)
(Nine Months Ended December 31, 2017)

	(Unit: Millions of yen)	
	FY2017 (9 months ended December 31, 2016)	FY2018 (9 months ended December 31, 2017)
Profit	21,936	21,903
Other comprehensive income		
Valuation difference on available-for-sale securities	9,040	2,537
Foreign currency translation adjustment	(11,852)	1,446
Remeasurements of defined benefit plans, net of tax	1,545	510
Share of other comprehensive income of entities accounted for using equity method	(373)	194
Total other comprehensive income	(1,639)	4,688
Comprehensive income	20,297	26,592
Comprehensive income attributable to:		
Owners of parent	20,303	24,822
Non-controlling interests	(6)	1,770