

Consolidated Financial Results

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



February 6, 2019
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, 2019
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 2019 (April 1, 2018 through December 31, 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 3rd quarter	513,003	6.6	23,459	(8.3)	26,970	(2.2)	19,293	(5.3)
FY2018 3rd quarter	481,265	5.0	25,570	(7.6)	27,568	(6.4)	20,372	(1.8)

Note: Comprehensive income: FY2019 3rd quarter 13,874 million yen ((47.8) %) FY2018 3rd quarter 26,592 million yen (31.0 %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2019 3rd quarter	81.37	79.07
FY2018 3rd quarter	85.93	83.49

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
FY2019 3rd quarter	588,455	315,189	50.9
FY2018	568,380	307,648	51.5

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

: FY2019 3rd quarter 299,751 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	686,000	4.0	27,000	(24.0)	30,000	(17.6)	21,000	2.5	88.57

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 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 December 31, 2018	244,066,144 shares	As of March 31, 2018	244,066,144 shares
[2] Number of treasury stock	As of December 31, 2018	6,975,013 shares	As of March 31, 2018	6,974,261 shares
[3] Average number of shares	3rd quarter of FY2019	237,091,495 shares	3rd quarter of FY2018	237,092,492 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 31 December, 2018)
Assets		
Current assets		
Cash and deposits	95,251	99,956
Notes and accounts receivable - trade	146,781	144,391
Merchandise and finished goods	17,127	18,470
Work in process	8,685	11,041
Raw materials and supplies	16,729	18,014
Partly-finished goods	6,047	6,374
Other	24,427	27,090
Allowance for doubtful accounts	(88)	(112)
Total current assets	314,962	325,227
Non-current assets		
Property, plant and equipment		
Buildings and structures	143,498	148,882
Accumulated depreciation	(92,134)	(94,862)
Buildings and structures, net	51,364	54,019
Machinery, equipment and vehicles	241,938	249,447
Accumulated depreciation	(188,455)	(195,877)
Machinery, equipment and vehicles, net	53,483	53,570
Land	30,515	30,561
Leased assets	1,248	1,321
Accumulated depreciation	(630)	(682)
Leased assets, net	617	639
Construction in progress	12,071	19,015
Other	68,431	73,158
Accumulated depreciation	(60,974)	(63,511)
Other, net	7,456	9,646
Total property, plant and equipment	155,508	167,451
Intangible assets	3,089	2,785
Investments and other assets		
Investment securities	64,678	55,190
Long-term loans receivable	8,719	10,582
Deferred tax assets	7,739	8,025
Net defined benefit asset	4,619	5,243
Other	9,935	14,948
Allowance for doubtful accounts	(873)	(1,000)
Total investments and other assets	94,819	92,990
Total non-current assets	253,418	263,227
Total assets	568,380	588,455

(Unit: Millions of yen)

	FY2018 (As of 31 March, 2018)	FY2019 (As of 31 December, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	87,507	82,998
Electronically recorded obligations - operating	43,637	49,159
Short-term loans payable	13,320	18,643
Income taxes payable	6,074	622
Provision for directors' bonuses	268	200
Notes payable - facilities	3,714	4,400
Current portion of convertible bond-type bonds with subscription rights to shares	-	11,100
Other	37,515	34,984
Total current liabilities	192,038	202,108
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	10,624	-
Long-term loans payable	25,338	37,894
Lease obligations	563	535
Deferred tax liabilities	9,414	9,071
Net defined benefit liability	15,859	16,729
Provision for directors' retirement benefits	507	553
Provision for officers' retirement benefits	810	849
Other	5,574	5,523
Total non-current liabilities	68,692	71,156
Total liabilities	260,731	273,265
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	229,163	242,766
Treasury stock	(7,516)	(7,517)
Total shareholders' equity	258,235	271,837
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,935	20,869
Foreign currency translation adjustment	7,355	7,648
Remeasurements of defined benefit plans	(688)	(603)
Total accumulated other comprehensive income	34,601	27,913
Non-controlling interests	14,811	15,438
Total net assets	307,648	315,189
Total liabilities and net assets	568,380	588,455

(2) Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Nine Months Ended December 31, 2018)

(Unit: Millions of yen)

	FY2018 (9 months ended December 31, 2017)	FY2019 (9 months ended December 31, 2018)
Net sales	481,265	513,003
Cost of sales	422,423	455,085
Gross profit	58,841	57,918
Selling, general and administrative expenses	33,271	34,458
Operating income	25,570	23,459
Non-operating income		
Interest income	602	767
Dividend income	1,563	1,538
Foreign exchange gains	207	1,048
Other	1,829	1,616
Total non-operating income	4,203	4,971
Non-operating expenses		
Interest expenses	229	233
Other	1,974	1,227
Total non-operating expenses	2,204	1,461
Ordinary income	27,568	26,970
Extraordinary income		
Gain on sales of non-current assets	—	1,400
Gain on sales of investment securities	2,386	—
Total extraordinary income	2,386	1,400
Extraordinary losses		
Loss on valuation of investment securities	—	364
Total extraordinary losses	—	364
Profit before income taxes	29,954	28,006
Income taxes	8,050	7,263
Profit	21,903	20,742
Profit attributable to non-controlling interests	1,531	1,449
Profit attributable to owners of parent	20,372	19,293

(Quarterly Consolidated Statements of Comprehensive Income)
(Nine Months Ended December 31, 2018)

	(Unit: Millions of yen)	
	FY2018 (9 months ended December 31, 2017)	FY2019 (9 months ended December 31, 2018)
Profit	21,903	20,742
Other comprehensive income		
Valuation difference on available-for-sale securities	2,537	(7,088)
Foreign currency translation adjustment	1,446	201
Remeasurements of defined benefit plans, net of tax	510	90
Share of other comprehensive income of entities accounted for using equity method	194	(71)
Total other comprehensive income	4,688	(6,868)
Comprehensive income	26,592	13,874
Comprehensive income attributable to:		
Owners of parent	24,822	12,605
Non-controlling interests	1,770	1,269