

## Summary Report on the Consolidated Results for the Nine Months Ended December 31, 2017

### AMADA HOLDINGS CO., LTD.

Listed on the First Section of the TSE

Stock Code: 6113

(URL <http://www.amadaholdings.co.jp>)

Representative: Tsutomu Isobe, President

Contact: Hidekazu Kudo, Director and Senior Executive General Manager of Financial HQ. TEL: +81-463-96-1111

Planned filing of the quarterly financial statements: February 14, 2018

Date of scheduled payment of dividends: -

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (for investment analysts and institutional investors)

(Amounts less than one million yen are truncated.)

### 1. Consolidated Business Performance for the Nine Months Ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

#### (1) Operating Results

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Nine months ended December 31, 2017</b>	<b>204,723</b>	<b>5.5</b>	<b>22,519</b>	<b>6.1</b>	<b>25,578</b>	<b>17.0</b>	<b>18,006</b>	<b>19.6</b>
Nine months ended December 31, 2016	194,128	(10.1)	21,234	(29.8)	21,868	(31.3)	15,056	(28.9)

Note: Comprehensive income:

Nine months ended December 31, 2017: ¥27,050 million 308.2 %

Nine months ended December 31, 2016: ¥6,627 million (56.3 %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
<b>Nine months ended December 31, 2017</b>	<b>49.23</b>	<b>49.22</b>
Nine months ended December 31, 2016	41.20	41.18

#### (2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
<b>As of December 31, 2017</b>	<b>549,237</b>	<b>432,943</b>	<b>78.2</b>
As of March 31, 2017	533,433	419,970	78.1

Reference: Total shareholders' equity:

As of December 31, 2017: ¥429,723 million

As of March 31, 2017: ¥416,796 million

### 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	24.00	—	18.00	42.00
<b>Fiscal year ending March 31, 2018</b>	—	20.00	—		
Fiscal year ending March 31, 2018 (Forecast)				22.00	42.00

Note: Revision to dividend forecasts most recently announced: None

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year increase (decrease).

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2018	295,000	5.8	37,000	12.0	40,000	16.6

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	29,000	12.0	79.28

Notes: Revision to consolidated forecasts most recently announced: None

Basic earnings per share is calculated based on the average number of outstanding shares as of December 31, 2017 (excluding treasury stock).

### 4. Other Items

- (1) Changes in the scope of consolidation for significant subsidiaries during the nine months: None
- (2) Application of special accounting practices in the preparation of the consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements:
  - 1) Changes in accounting policies in accordance with revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: Yes
  - 3) Changes in accounting estimates: Yes
  - 4) Retrospective restatements: None
- (4) Number of shares issued and outstanding (common stock)
  - 1) Number of shares of common stock outstanding at end of period, including treasury shares
 

As of December 31, 2017	378,115,217 shares
As of March 31, 2017	378,115,217 shares
  - 2) Number of shares of treasury shares at end of period
 

As of December 31, 2017	12,304,627 shares
As of March 31, 2017	12,461,845 shares
  - 3) Average number of shares outstanding for each period
 

Nine months ended December 31, 2017	365,772,584 shares
Nine months ended December 31, 2016	365,408,288 shares

**This quarterly summary report of consolidated financial results are outside the scope of quarterly review.**

### Explanation regarding the appropriate use of forecasts of business results

The above forecasts of future performance are based on information available to the Company at the present time and are subject to potential risks and uncertainty. Accordingly, actual results may differ significantly from any expressed future performance herein due to various factors.

**Consolidated Financial Statements**  
**Consolidated Balance Sheets**

(Millions of yen; amounts less than one million yen are truncated.)

		(millions of yen, amounts less than one million yen are truncated.)	
Period		As of March 31, 2017	As of December 31, 2017
Item		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		75,503	74,121
Notes and accounts receivable - trade		127,202	118,386
Lease investment assets		14,254	13,608
Securities		30,527	23,229
Merchandise and finished goods		50,767	59,920
Work in process		7,397	11,037
Raw materials and supplies		12,527	12,962
Other		15,694	17,009
Allowance for doubtful accounts		(1,966)	(1,961)
Total current assets		331,909	328,314
Non-current assets:			
Property, plant and equipment:			
Buildings and structures, net		56,294	62,391
Other, net		75,714	74,324
Total property, plant and equipment		132,009	136,716
Intangible assets:			
Goodwill		1,153	957
Other		7,837	9,571
Total intangible assets		8,990	10,528
Investments and other assets:			
Investment securities		51,137	64,918
Net defined benefit asset		135	128
Other		9,541	8,903
Allowance for doubtful accounts		(290)	(272)
Total investments and other assets		60,523	73,678
Total non-current assets		201,523	220,923
Total assets		533,433	549,237

(Millions of yen; amounts less than one million yen are truncated.)

		(Millions of yen, amounts less than one million yen are truncated.)	
Period		As of March 31, 2017	As of December 31, 2017
Item		Amount	Amount
<b>(Liabilities)</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade		16,722	17,223
Electronically recorded obligations - operating		19,232	22,843
Short-term loans payable		13,705	10,953
Income taxes payable		3,620	3,426
Provision for bonuses		3,503	1,879
Provision for directors' bonuses		275	258
Deferred profit on installment sales		13,731	12,519
Other		25,949	31,366
Total current liabilities		96,743	100,468
<b>Non-current liabilities:</b>			
Long-term loans payable		3,366	4,481
Provision for directors' retirement benefits		78	91
Net defined benefit liability		5,274	4,065
Other		8,001	7,186
Total non-current liabilities		16,719	15,825
<b>Total liabilities</b>		113,462	116,293
<b>(Net assets)</b>			
<b>Shareholders' equity:</b>			
Capital stock		54,768	54,768
Capital surplus		163,199	163,199
Retained earnings		226,500	230,571
Treasury shares		(11,841)	(11,693)
Total shareholders' equity		432,626	436,845
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities		(552)	(184)
Deferred gains or losses on hedges		(114)	(50)
Revaluation reserve for land		(9,221)	(9,221)
Foreign currency translation adjustment		(4,847)	2,973
Remeasurements of defined benefit plans		(1,093)	(637)
Total accumulated other comprehensive income		(15,829)	(7,121)
<b>Subscription rights to shares</b>		36	2
<b>Non-controlling interests</b>		3,137	3,217
<b>Total net assets</b>		419,970	432,943
<b>Total liabilities and net assets</b>		533,433	549,237

## Consolidated Statements of Income

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	Nine months ended December 31, 2016	Nine months ended December 31, 2017
		Amount	Amount
Net sales		194,128	204,723
Cost of sales		107,554	115,144
Gross profit		86,574	89,579
Selling, general and administrative expenses:			
Sales commission		4,616	4,962
Packing and transportation expenses		5,873	6,239
Salaries and allowances		21,184	21,260
Other		34,680	35,953
Total selling, general and administrative expenses		66,354	68,416
Reversal of unrealized profit on installment sales		4,026	3,825
Deferred unrealized profit on installment sales and finance lease sales		3,012	2,469
Operating income		21,234	22,519
Non-operating income:			
Interest income		1,194	1,200
Dividend income		506	431
Foreign exchange gains		—	937
Other		1,116	1,175
Total non-operating income		2,817	3,745
Non-operating expenses:			
Interest expenses		130	79
Foreign exchange losses		1,524	—
Loss on valuation of derivatives		—	292
Other		528	314
Total non-operating expenses		2,183	686
Ordinary income		21,868	25,578
Extraordinary income:			
Gain on sales of non-current assets		117	722
Gain on sales of investment securities		4	789
Other		—	15
Total extraordinary income		121	1,527
Extraordinary losses:			
Loss on sales of non-current assets		26	29
Loss on retirement of non-current assets		303	347
Impairment loss		51	—
Other		—	0
Total extraordinary losses		380	377
Income before income taxes		21,609	26,728
Income taxes - current		6,267	8,060
Income taxes - deferred		114	454
Total income taxes		6,382	8,515
Profit		15,226	18,212
Profit attributable to non-controlling interests		170	206
Profit attributable to owners of parent		15,056	18,006

## Statements of Comprehensive Income

(Millions of yen; amounts less than one million yen are truncated.)

Item	Period	Nine months ended December 31, 2016	Nine months ended December 31, 2017
	Amount	Amount	Amount
Profit		15,226	18,212
Other comprehensive income			
Valuation difference on available-for-sale securities		592	369
Deferred gains or losses on hedges		(1,070)	63
Foreign currency translation adjustment		(8,505)	7,819
Remeasurements of defined benefit plans, net of tax		557	450
Share of other comprehensive income of entities accounted for using equity method		(173)	133
Total other comprehensive income		(8,599)	8,837
Comprehensive income		6,627	27,050
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent		6,595	26,714
Comprehensive income attributable to non-controlling interests		31	335

## Notes Regarding Assumption of Going Concern

No events to be noted for this purpose.

## Notes Regarding Significant Change in Shareholders' Equity

No events to be noted for this purpose.

## Segment Information

### **I. Nine months ended December 31, 2016 (from April 1, 2016 to December 31, 2016)**

Sales and income or loss by reportable segment

(Millions of yen; amounts less than one million yen are truncated.)

	Reportable segment			Other (Note 1)	Total	Reconciliations	Consolidated (Note 2)
	Metalworking Machinery	Metal Machine Tools	Total				
Sales							
(1) External customers	158,456	34,706	193,162	966	194,128	—	194,128
(2) Intersegment sales or transfers	5	22	27	—	27	(27)	—
Total	158,461	34,728	193,190	966	194,156	(27)	194,128
Segment profit	15,577	5,362	20,940	293	21,234	—	21,234

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing and automobile leasing.
2. Segment profit is adjusted to the operating income presented in the Consolidated Statement of Income for the quarter under review.

### **II. Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)**

1. Sales and income or loss by reportable segment

(Millions of yen; amounts less than one million yen are truncated.)

	Reportable segment			Other (Note 1)	Total	Reconciliations	Consolidated (Note 2)
	Metalworking Machinery	Metal Machine Tools	Total				
Sales							
(1) External customers	168,379	35,328	203,708	1,015	204,723	—	204,723
(2) Intersegment sales or transfers	4	18	23	—	23	(23)	—
Total	168,384	35,347	203,731	1,015	204,747	(23)	204,723
Segment profit	16,544	5,646	22,190	328	22,519	—	22,519

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing and automobile leasing.
2. Segment profit is adjusted to the operating income presented in the Consolidated Statement of Income for the quarter under review.

2. Matters regarding changes to reportable segments

(Change in inventory valuation method)

Domestic consolidated subsidiaries of the Company, which had mainly adopted the last purchase price method as the inventory valuation method for raw materials of machinery, changed the valuation method mainly to the first-in first-out method effective from the three months ended June 30, 2017.

This change is aimed at calculating periodic profit and loss more quickly and appropriately, taking advantage of the reconstruction of the accounting system.

Since the impact of this change is immaterial, the change has not been applied retroactively.

(Change in depreciation method for property, plant and equipment)

The Company, its domestic consolidated subsidiaries and some overseas consolidated subsidiaries changed the method of depreciation for property, plant and equipment (excluding leased assets) to the straight line method from the three months ended June 30, 2017, although the declining balance method had been previously used (however, the straight line method had been used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 by the Company and its domestic consolidated subsidiaries).

This change was made after the depreciation method for property, plant and equipment had been reviewed again, with the investment plan under the Medium Term Management Plan as an opportunity. As a result of the review, stable operation over a long period is expected mainly based on the actual conditions of demand for products of the Company. Accordingly, the Company judged that adoption of the straight line method as the depreciation method for property, plant and equipment is reasonable from the viewpoint of cost allocation and better reflects the actual economic conditions, and thus it made the change.

As a result of this change, segment profit of the nine months ended December 31, 2017 increased by ¥658 million in “Metalworking Machinery” and ¥87 million in “Metal Machine Tools” compared with figures calculated based on the previous method.



## Supplementary Information

### Status of Orders Received and Sales (Consolidated)

#### 1. Orders Received

(Millions of yen; amounts less than one million yen are truncated.)

Divisions	Period	Nine months ended December 31, 2016				Nine months ended December 31, 2017			
		Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
			%		%		%		%
Sheet-Metal Processing Machines Division		147,632	73.0	44,061	78.7	168,078	72.6	55,398	77.2
Welding Division		18,194	9.0	5,113	9.1	21,879	9.5	6,646	9.2
Bandsaws Division		23,361	11.6	2,881	5.2	25,939	11.2	4,054	5.7
Presses Division		6,820	3.4	2,152	3.8	7,820	3.4	2,822	3.9
Machine Tools Division		5,123	2.5	1,801	3.2	6,691	2.9	2,865	4.0
Others		961	0.5	1	0.0	1,015	0.4	4	0.0
Total		202,092	100.0	56,012	100.0	231,425	100.0	71,792	100.0

#### 2. Sales Results

(Millions of yen; amounts less than one million yen are truncated.)

Divisions	Period	Nine months ended December 31, 2016		Nine months ended December 31, 2017	
		Amount	Ratio	Amount	Ratio
			%		%
Sheet-Metal Processing Machines Division		141,558	72.9	148,870	72.7
Welding Division		16,897	8.7	19,509	9.5
Bandsaws Division		23,271	12.0	24,157	11.8
Presses Division		6,536	3.4	6,372	3.1
Machine Tools Division		4,898	2.5	4,798	2.4
Others		966	0.5	1,015	0.5
Total		194,128	100.0	204,723	100.0

Note: For "Status of Orders Received and Sales," amounts exclude consumption tax.

### (Status of Sales to Customers by Geographic Region)

(Millions of yen; amounts less than one million yen are truncated.)

Regions	Period	Nine months ended December 31, 2016		Nine months ended December 31, 2017		Percentage change
		Amount	Ratio	Amount	Ratio	
			%		%	%
Japan		87,889	45.3	83,629	40.9	(4.8)
Overseas		106,239	54.7	121,093	59.1	14.0
[North America]		[37,734]	[19.4]	[39,638]	[19.4]	[5.0]
[Europe]		[34,877]	[18.0]	[41,434]	[20.2]	[18.8]
[Asia and other regions]		[33,627]	[17.3]	[40,020]	[19.5]	[19.0]
Total		194,128	100.0	204,723	100.0	5.5

Note: This table presents sales to customers by geographic region.