

Consolidated Financial Results for the Three Months Ended June 30, 2018 (Japanese GAAP)



August 6, 2018

Company Name: RYOBİ LIMITED

Stock Code: 5851

(URL: <http://www.ryobi-group.co.jp/>)

Stock Exchange Listing: Tokyo

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Scheduled date to submit the Quarterly Securities Report: August 9, 2018 Scheduled date to commence dividend payments: —

Availability of supplementary briefing material on quarterly results : Yes Financial Results

Presentation Meeting : Not Scheduled

(Any amount less than one million is disregarded.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(1) Consolidated Results of Operations

(% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2018	89,281	—	6,536	—	6,663	—	5,536	—
Three months ended June 30, 2017	60,932	(1.6)	3,730	16.1	3,735	24.7	2,501	16.1

(Note) Comprehensive income: Three months ended June 30, 2018: 3,184 million yen [—%]

Three months ended June 30, 2017: 1,210 million yen [—%]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended June 30, 2018	171.04	—
June 30, 2017	77.28	—

* RYOBİ LIMITED (the “Company”) has changed its accounting policy and method of presentation from the fiscal year ending March 31, 2018. As a result of such retrospective restatement, net sales and operating income increased 194 million yen for the three months ended June 30, 2017.

* The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2017. “Profit per share” is calculated on the assumption that the share consolidation was conducted at the beginning of the previous fiscal year.

* With regard to the fiscal year ended December 31, 2018, which fall under the transitional period, the consolidated fiscal period for the three months ended June 30, 2018 of the Company and its domestic consolidated companies was the three-month period from April 1, 2018 to June 30, 2018. For overseas consolidated companies, the consolidated fiscal period was the six-month period from January 1, 2018 to June 30, 2018. For this reason, the report does not indicate year-on-year percentage changes.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
Three months ended	Millions of yen	Millions of yen	%
June 30, 2018	274,888	126,629	42.9
March 31, 2018	272,743	123,796	42.5

(Reference) Shareholders' Equity: As of June 30, 2018: 117,994 million yen
As of March 31, 2018: 116,050 million yen

2. Dividends

	Cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY March 2018 FY	—	5.00	—	35.00	—
December 2018	—				
FY December 2018 (Forecast)		35.00	—	35.00	70.00

* The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2017. Accordingly, with regard to the amounts of the dividend per share for FY March 2018, the while the year-end dividend per share reflects the amount after the impact of the consolidation of shares. Therefore, disclosure of the annual dividend per share is omitted. If the effect of share consolidation is taken into account, the annual dividend for the FY March 2018 is 60.00 yen.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2018 (From April 1, 2018 to December 31, 2018)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
First Half	152,000	—	9,120	—	8,960	—	7,000	216.26
Full year	217,500	—	13,500	—	13,700	—	10,600	327.47

* With regard to the fiscal year ended December 31, 2018, which fall under the transitional period, the consolidated fiscal year of the Company and its domestic consolidated companies will be the nine-month period from April 1, 2018 to December 31, 2018. For this reason, the report does not indicate year-on-year percentage changes. For overseas consolidated companies, the consolidated fiscal period will be the 12-month period from January 1, 2018 to December 31, 2018. Moreover, we plan to set the first half of the fiscal year at six months (April 1 to September 30, 2018) for the Company and its domestic consolidated companies whose fiscal year had ended in March and nine months (January 1 to September 30, 2018) for consolidated overseas companies whose fiscal year ends in December.

* From the fiscal year ending December 2018, the Company and its domestic consolidated companies will change the accounting method for depreciation of certain fixed assets from declining-balance method to straight-line method. Due to such change, Operating profit for the three months ended June 30 2018 increased 763 million yen. Also Ordinary profit and Profit before income tax increased 765 million yen compared to using the previous depreciation method.

* Notes

- (1) Significant changes of companies during the fiscal year ended June 30, 2018 (changes in specific companies involving changes in the scope of consolidation): Not applicable
 New companies : Not applicable
 Excluded companies : Not applicable

- (2) Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: Not applicable

- (3) Changes in accounting policies, changes in accounting estimates and restatements
 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 2) Changes in accounting policies other than 1): Applicable
 3) Changes in accounting estimates: Not applicable
 4) Restatements: Not applicable

- (4) Shares issued (common stock)
 1) Shares issued (including treasury stock) As
 of June 30, 2018 32,646,143 As of March 31, 2018 32,646,143
 2) Treasury stock
 As of June 30, 2018 277,069 As of March 31, 2018 277,034
 3) Average shares outstanding during the period
 Three months ended June 30, 2018 32,369,097 Three months ended March 31, 2018 32,369,694

(Notes) The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2017. Accordingly, the Shares issued (including treasury stock) at end of term, the Treasury stock and the Average shares outstanding during the period are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

* These consolidated quarterly financial results are outside the scope of the quarterly review.

* Explanation for the appropriate use of performance forecasts and other special notes:

(Cautionary note on forward-looking statement)

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ from forecast values.

Comparative Balance Sheets (Consolidated)

(Millions of yen)

	2018/3/31	2018/6/30
Assets		
Current assets		
Cash and deposits	23,172	23,956
Notes and accounts receivable - trade	63,246	60,313
Securities	690	690
Merchandise and finished goods	16,713	18,717
Work in process	13,218	14,113
Raw materials and supplies	13,886	15,127
Other	3,558	3,136
Allowance for doubtful accounts	△53	△47
Total current assets	134,432	136,008
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,933	31,494
Machinery, equipment and vehicles, net	47,665	47,833
Land	16,915	18,286
Construction in progress	8,625	6,717
Other, net	3,684	4,278
Total property, plant and equipment	107,823	108,609
Intangible assets		
Other	3,052	3,409
Total intangible assets	3,052	3,409
Investments and other assets		
Investment securities	20,262	19,914
Other	7,165	6,946
Allowance for doubtful accounts	△65	△66
Total investments and other assets	27,362	26,794
Total non-current assets	138,238	138,813
Deferred assets		
Bond issuance cost	72	66
Total deferred assets	72	66
Total assets	272,743	274,888

Comparative Balance Sheets (Consolidated)

(Millions of yen)

	2018/3/31	2018/6/30
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,891	47,000
Short-term loans payable	30,956	31,578
Current portion of long-term loans payable	7,386	7,238
Income taxes payable	1,077	534
Provision for bonuses	1,926	718
Provision for directors' bonuses	57	1
Other	16,530	19,521
Total current liabilities	103,826	106,593
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term loans payable	23,588	19,543
Net defined benefit liability	8,023	8,249
Other	5,108	5,472
Total non-current liabilities	45,120	41,666
Total liabilities	148,946	148,259
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	21,786	21,786
Retained earnings	68,509	72,912
Treasury shares	△345	△346
Total shareholders' equity	108,421	112,825
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,988	6,558
Revaluation reserve for land	737	737
Foreign currency translation adjustment	1,370	△728
Remeasurements of defined benefit plans	△1,468	△1,398
Total accumulated other comprehensive income	7,628	5,168
Non-controlling interests	7,746	8,635
Total net assets	123,796	126,629
Total liabilities and net assets	272,743	274,888

Comparative Statements of Income (Consolidated)

(Millions of yen)

	from:2017/4/1 to:2017/6/30	from:2018/4/1 to:2018/6/30
Net sales	60,932	89,281
Cost of sales	50,765	76,333
Gross profit	10,167	12,947
Selling, general and administrative expenses	6,436	6,410
Operating profit	3,730	6,536
Non-operating income		
Interest income	15	38
Dividend income	179	177
Rent income	100	117
Foreign exchange gains	—	67
Share of profit of entities accounted for using equity method	—	36
Other	105	363
Total non-operating income	401	801
Non-operating expenses		
Interest expenses	285	553
Sales discounts	43	2
Foreign exchange losses	4	—
Depreciation	22	13
Other	41	106
Total non-operating expenses	397	675
Ordinary profit	3,735	6,663
Extraordinary income		
Gain on disposal of non-current assets	2	5
Gain on sales of investment securities	39	—
Gain on bargain purchase	—	736
Total extraordinary income	41	742
Extraordinary losses		
Loss on disposal of non-current assets	50	40
Loss on sales of investment securities	1	—
Total extraordinary losses	51	40
Profit before income taxes	3,725	7,365
Income taxes	1,125	1,688
Profit	2,599	5,676
Profit attributable to non-controlling interests	98	140
Profit attributable to owners of parent	2,501	5,536

Comparative Statements of Comprehensive Income (Consolidated)

(Millions of yen)

	from:2017/4/1 to:2017/6/30	from:2018/4/1 to:2018/6/30
Profit	2,599	5,676
Other comprehensive income		
Valuation difference on available-for-sale securities	383	△462
Foreign currency translation adjustment	△1,774	△2,099
Remeasurements of defined benefit plans, net of tax	1	70
Share of other comprehensive income of entities accounted for using equity method	—	△0
Total other comprehensive income	△1,389	△2,492
Comprehensive income	1,210	3,184
Comprehensive income attributable to:		
Owners of parent	1,143	3,076
Non-controlling interests	67	107

Comparative Statements of Cash Flows (Consolidated)

(Millions of yen)

	from:2017/4/1 to:2017/6/30	from:2018/4/1 to:2018/6/30
Cash flows from operating activities		
Profit before income taxes	3,725	7,365
Depreciation	3,722	5,461
Increase (decrease) in allowance for doubtful accounts	△7	△4
Increase (decrease) in provision for bonuses	△1,330	△1,299
Increase (decrease) in net defined benefit liability	41	△33
Interest and dividend income	△195	△216
Interest expenses	285	553
Share of loss (profit) of entities accounted for using equity method	—	△36
Loss (gain) on sales of investment securities	△38	—
Loss (gain) on disposal of non-current assets	48	35
Gain on bargain purchase	—	△736
Decrease (increase) in notes and accounts receivable - trade	△1,134	2,872
Decrease (increase) in inventories	△1,056	△4,364
Decrease (increase) in other current assets	261	376
Increase (decrease) in notes and accounts payable - trade	1,296	903
Increase (decrease) in other current liabilities	2,256	2,849
Other, net	△609	△356
Subtotal	7,263	13,368
Interest and dividend income received	195	205
Interest expenses paid	△252	△575
Income taxes paid	△748	△1,256
Net cash provided by (used in) operating activities	6,457	11,741
Cash flows from investing activities		
Purchase of property, plant and equipment	△4,476	△5,661
Proceeds from sales of property, plant and equipment	451	14
Purchase of investment securities	△4	△4
Proceeds from sales of investment securities	59	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△1,058
Payments into time deposits	△64	△34
Proceeds from withdrawal of time deposits	254	34
Other, net	△282	△498
Net cash provided by (used in) investing activities	△4,063	△7,207
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,818	1,350
Proceeds from long-term loans payable	7,492	—
Repayments of long-term loans payable	△10,501	△3,791
Proceeds from issuance of bonds	1,490	—
Purchase of treasury shares	—	△0
Cash dividends paid	△772	△1,090
Other, net	△20	△22
Net cash provided by (used in) financing activities	△492	△3,554
Effect of exchange rate change on cash and cash equivalents	△95	△194
Net increase (decrease) in cash and cash equivalents	1,805	784
Cash and cash equivalents at beginning of period	16,170	21,931
Cash and cash equivalents at end of period	17,976	22,716

RYOBI LIMITED
SEGMENT INFORMATION
(CONSOLIDATED)

INDUSTRY SEGMENT INFORMATION

(Millions of Yen)

	(Apr. 1, 2017 - Jun. 30, 2017)					
	Die Castings	Power tools and builders' hardware	Printing equipment	Other	Eliminations / corporate	Consolidated
Sales & Operating income						
Net sales						
Unaffiliated customer	48,056	7,018	5,773	83	-	60,932
Intersegment	22	2	-	35	(60)	-
Total	48,078	7,020	5,773	119	(60)	60,932
Operating income	3,095	549	50	35	0	3,730

(Millions of Yen)

	(Apr. 1, 2018 - Jun. 30, 2018)					
	Die Castings	Power tools and builders' hardware	Printing equipment	Other	Eliminations / corporate	Consolidated
Sales & Operating income						
Net sales						
Unaffiliated customer	80,675	2,503	6,027	74	-	89,281
Intersegment	40	-	-	35	(76)	-
Total	80,715	2,503	6,027	110	(76)	89,281
Operating income	6,242	85	183	25	(0)	6,536

* All amounts have been rounded down to the nearest million yen.