

Summary of Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2019 [Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan

Translated from the original Japanese-language document

February 8, 2019

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

URL: www.daifuku.com/jp

Representative: Hiroshi Geshiro, President and CEO

Contact: Tsukasa Saito, General Manager of Finance & Accounting Division

Tel: +81-6-6472-1261

Scheduled date for filing quarterly financial report: February 12, 2019

Scheduled date of commencing dividend payment: -

Quarterly earnings supplementary materials: Yes

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

Note: Figures are rounded down to the nearest one million yen.

1. Consolidated Financial Results for the First Three Quarters of Fiscal 2018

(April 1, 2018 - December 31, 2018)

(1) Operating results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First 3 quarters of fiscal 2018	330,655	13.2	38,108	36.2	39,033	34.5	32,696	60.9
First 3 quarters of fiscal 2017	292,160	30.2	27,978	71.6	29,019	74.8	20,318	66.5

Note: Comprehensive income

First three quarters of fiscal 2018: 30,662 million yen (28.5%)

First three quarters of fiscal 2017: 23,868 million yen (293.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
First 3 quarters of fiscal 2018	259.93	—
First 3 quarters of fiscal 2017	166.23	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal 2018 Q3	411,823	212,646	50.7
Fiscal 2017	373,013	191,474	50.4

Reference: Shareholders' equity

Fiscal 2018 Q3: 208,610 million yen

Fiscal 2017: 187,878 million yen

2. Dividends

	Dividend per share				
	Q1-end	Q2-end	Q3-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	25.00	—	45.00	70.00
Fiscal 2018	—	30.00	—		
Fiscal 2018 (forecast)			—	55.00	85.00

Note: Revisions to the latest dividend forecast: Yes

3. Consolidated Earnings Forecast for Fiscal 2018

(April 1, 2018 - March 31, 2019)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full-year	460,000	13.6	53,000	32.7	54,200	31.9	37,000	294.14

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the period: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting standards associated with the revisions of accounting standards: Yes
 - 2) Other changes: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period

Fiscal 2018 Q3: 126,610,077 shares

Fiscal 2017: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period

Fiscal 2018 Q3: 814,317 shares

Fiscal 2017: 828,727 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First 3 quarters of fiscal 2018: 125,789,621 shares

First 3 quarters of fiscal 2017: 122,227,463 shares

Note: The number of treasury stock at the end of the third quarter of the fiscal year ending March 31, 2019 includes 75,300 shares owned by the Board Benefit Trust (BBT). The number of treasury stock at the end of the fiscal year ended March 31, 2018 included 87,600 shares owned by the BBT. In addition, the number of treasury stock at the end of the third quarter of the fiscal year ending March 31, 2019 includes 168,200 shares owned by a trust on behalf of Daifuku employees' shareholding association.

These quarterly consolidated financial statements are not subject to audit through the certified public accountant or an auditing company.

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances.

Quarterly earnings supplementary materials are available at the [TDnet](#) and our website: www.daifuku.com/ir.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2017 (Ended March 31, 2018)	FY2018 Q3 (Ended December 31, 2018)
ASSETS		
Current assets:		
Cash on hand and in banks	85,160	103,531
Notes and accounts receivable and unbilled receivables	163,101	174,926
Merchandise and finished goods	5,084	5,890
Costs incurred on uncompleted construction contracts and other	10,657	19,102
Raw materials and supplies	11,296	14,808
Other current assets	10,915	12,125
Allowance for doubtful accounts	(128)	(125)
Total current assets	286,088	330,259
Non-current assets:		
Property, plant and equipment	35,252	36,350
Intangible assets		
Goodwill	8,794	7,946
Other	5,243	5,330
Total intangible assets	14,037	13,277
Investments and other assets		
Other	37,772	32,080
Allowance for doubtful accounts	(136)	(143)
Total investments and other assets	37,635	31,936
Total non-current assets	86,925	81,563
Total assets	373,013	411,823
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	46,450	53,700
Electronically recorded obligations - operating	22,826	25,522
Short-term borrowings and current portion of long-term borrowings	17,267	26,267
Current portion of bonds	2,700	2,700
Income taxes payable	10,360	9,298
Advances received on uncompleted construction contracts and other	28,298	32,895
Provision for losses on construction contracts	562	355
Other current liabilities	20,322	19,844
Total current liabilities	148,789	170,585
Non-current liabilities:		
Long-term borrowings	18,000	18,047
Liabilities for retirement benefits	11,656	7,272
Other non-current liabilities	3,093	3,271
Total non-current liabilities	32,749	28,591
Total liabilities	181,539	199,176

(Million yen)

	FY2017 (Ended March 31, 2018)	FY2018 Q3 (Ended December 31, 2018)
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	20,717	21,518
Retained earnings	129,654	152,911
Treasury stock	(782)	(1,550)
Total shareholders' equity	181,454	204,744
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	5,358	4,257
Deferred gain (loss) on hedges	34	1
Foreign currency translation adjustments	6,360	4,400
Accumulated adjustments on retirement benefits	(5,328)	(4,794)
Total accumulated other comprehensive income	6,424	3,865
Non-controlling interests:		
	3,595	4,036
Total net assets	191,474	212,646
Total liabilities and net assets	373,013	411,823

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2017 First 3Qs (April 1, 2017 - December 31, 2017)	FY2018 First 3Qs (April 1, 2018 - December 31, 2018)
Net sales	292,160	330,655
Cost of sales	232,621	258,123
Gross profit	59,538	72,531
Selling, general and administrative expenses:		
Selling expenses	13,680	14,016
General and administrative expenses	17,879	20,407
Total selling, general and administrative expenses	31,560	34,423
Operating income	27,978	38,108
Other income:		
Interest income	140	400
Dividend income	379	407
Equity in earnings of affiliates	445	157
Foreign exchange gain	183	—
Rent income	179	180
Miscellaneous income	195	260
Total other income	1,523	1,407
Other expenses:		
Interest expenses	265	270
Foreign exchange loss	—	135
Share issuance expenses	151	—
Miscellaneous expenses	65	74
Total other expenses	482	481
Ordinary income	29,019	39,033
Extraordinary income:		
Gain on transfer of business	43	—
Gain on sales of shares in affiliates	—	6,948
Other	31	195
Total extraordinary income	74	7,144
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	114	188
Impairment loss	—	90
Other	1	2
Total extraordinary loss	115	280
Income before income taxes	28,978	45,896
Income taxes - current	9,595	14,922
Income taxes - deferred	(1,181)	(2,100)
Total income taxes	8,413	12,822
Net income	20,565	33,074
Net income attributable to:		
Shareholders of the parent company	20,318	32,696
Non-controlling interests	247	378

	(Million yen)	
	FY2017 First 3Qs (April 1, 2017 - December 31, 2017)	FY2018 First 3Qs (April 1, 2018 - December 31, 2018)
Other comprehensive income		
Net unrealized gain (loss) on securities	1,917	(944)
Deferred gain (loss) on hedges	(168)	(32)
Foreign currency translation adjustments	(39)	(890)
Retirement benefits reserves adjustments	775	527
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	818	(1,072)
Total other comprehensive income (loss)	3,302	(2,412)
Comprehensive income:	23,868	30,662
Comprehensive income attributable to:		
Shareholders of the parent company	23,603	30,137
Non-controlling interests	264	524

Segment Information

I. The first three quarters of the previous fiscal year ended March 31, 2018 (April 1, 2017 - December 31, 2017)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku Plusmore	Total		
Net sales								
Sales to outside customers	132,896	11,289	74,125	15,906	8,680	242,899	51,810	294,710
Intersegment sales or transfers	28,108	7,372	238	2,674	0	38,394	7,809	46,203
Total	161,005	18,661	74,363	18,581	8,681	281,293	59,619	340,913
Segment income (loss)	15,418	657	2,159	1,236	68	19,539	2,001	21,540

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	281,293
Net sales classified in "Other"	59,619
Elimination of intersegment transactions	(46,203)
Consolidation adjustments to net sales under the percentage-of-completion method	(1,637)
Other adjustments for consolidation	(911)
Net sales in quarterly consolidated financial statements	292,160

Segment income	(Million yen)
Reportable segment total	19,539
Segment income classified in "Other"	2,001
Elimination of cash dividends from affiliates	(304)
Consolidation adjustments to net sales under the percentage-of-completion method	(434)
Other adjustments for consolidation	(484)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	20,318

II. The first three quarters of the fiscal year ending March 31, 2019 (April 1, 2018 - December 31, 2018)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku Plusmore	Total		
Net sales								
Sales to outside customers	144,105	12,278	68,244	26,280	8,790	259,699	68,311	328,010
Intersegment sales or transfers	32,820	8,294	733	3,453	0	45,302	12,009	57,312
Total	176,925	20,572	68,978	29,734	8,791	305,001	80,320	385,322
Segment income (loss)	24,434	988	3,594	2,206	120	31,344	3,506	34,850

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	305,001
Net sales classified in "Other"	80,320
Elimination of intersegment transactions	(57,312)
Consolidation adjustments to net sales under the percentage-of-completion method	1,813
Other adjustments for consolidation	830
Net sales in quarterly consolidated financial statements	330,655

Segment income	(Million yen)
Reportable segment total	31,344
Segment income classified in "Other"	3,506
Elimination of cash dividends from affiliates	(291)
Consolidation adjustments to net sales under the percentage-of-completion method	(152)
Adjustments to gain on sales of shares in affiliates	(797)
Other adjustments for consolidation	(912)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	32,696

3. Changes to reportable segments

Clean Factomation, Inc., which was previously included in Other, has been changed to a reportable segment due to its increased quantitative significance since the second quarter of the fiscal year under review. The change in its segment classification is as follows.

Formerly: Daifuku Co., Ltd.

Contec Co., Ltd. and its affiliates

Daifuku North America Holding Company and its affiliates

Daifuku Plusmore Co., Ltd.

From the second quarter of the fiscal year under review:

Daifuku Co., Ltd.

Contec Co., Ltd. and its affiliates

Daifuku North America Holding Company and its affiliates

Clean Factomation, Inc.

Daifuku Plusmore Co., Ltd.

The segment information of the first three quarters of the previous fiscal year is based on the new reportable segments.