

Consolidated Financial Results for the Fiscal Year Ending December 31, 2018 (Japanese GAAP)



February 13, 2019

Company Name: RYOBİ LIMITED
 Stock Code: 5851
 (URL: <https://www.ryobi-group.co.jp/>)
 Stock Exchange Listing: Tokyo
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 Phone: +81-3-3501-0511
 Scheduled date of Ordinary General Meeting of Shareholders: March 28, 2019
 Scheduled date to commence dividend payments: March 29, 2019
 Scheduled date to submit the Annual Securities Report: March 28, 2019
 Financial Results Supplemental Materials : Yes
 Financial Results Presentation Meeting : Yes (for financial analysts/investors)

(Any amount less than one million is disregarded.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 (From April 1, 2018 to December 31, 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	%
FY December 2018	216,187	—	13,579	—	13,965	—	8,588	—
FY March 2018	247,192	2.5	13,212	4.7	13,030	8.5	7,844	(6.0)

(Note) Comprehensive income: FY December 2018 : 3,172 million yen [—%]
 FY March 2018 : 10,007 million yen [44.1%]

	Profit per share	Fully diluted profit per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FY December 2018	265.32	—	7.4	5.2	6.3
FY March 2018	242.35	—	7.0	4.9	5.3

(Reference) Equity in earnings of affiliated companies: FY December 2018: 42 million yen
 FY March 2018: (77) million yen

* 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 was the nine-month period from April 1, 2018 to December 31, 2018. For overseas consolidated companies, the consolidated fiscal period was the 12-month period from January 1, 2018 to December 31, 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	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	268,982	125,521	43.4	3,605.47
As of March 31, 2018	272,743	123,796	42.5	3,585.22

(Reference) Shareholders' Equity: As of December 31, 2018: 116,705 million yen
 As of March 31, 2018: 116,050 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY December 2018	24,664	(17,547)	(9,139)	19,632
FY March 2018	23,558	(11,427)	(6,496)	21,931

2. Dividends

	Cash dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY March 2018	—	5.00	—	35.00	—	1,942	24.8	1.7
FY December 2018	—	35.00	—	35.00	70.00	2,265	26.4	1.9
FY December 2019 (Forecast)	—	35.00	—	35.00	70.00		29.0	

* 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 interim dividend per share reflects the amount before the impact of the consolidation of shares, 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 was 60.00 yen.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2019 (From January 1, 2019 to December 31, 2019)

	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	%	
First Half	122,000	-	5,500	-	5,400	-	3,900	-	120.49
Full year	245,500	-	11,100	-	11,000	-	7,800	-	240.97

* 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 was the nine-month period from April 1, 2018 to December 31, 2018. For overseas consolidated companies, the consolidated fiscal period was the 12-month period from January 1, 2018 to December 31, 2018. Moreover, we 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. For this reason, the report does not indicate year-on-year percentage changes.

* Notes

- (1) Significant changes of companies during the fiscal year ended December 31, 2018 (changes in specific companies involving changes in the scope of consolidation): Not applicable
New companies : Not applicable
Excluded companies : Not applicable
- (2) 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): Yes
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable

(3) Shares issued (common stock)

Shares issued (including treasury stock)

As of December 31, 2018 32,646,143

As of March 31, 2018 32,646,143

Treasury stock

As of December 31, 2018 277,069

As of March 31, 2018 277,034

Average shares outstanding during the period

FY December 2018 32,369,082

FY March 2018 32,369,432

(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2018

(From April 1, 2018 to December 31, 2018)

(1) Non-consolidated Results of Operations

(% indicates changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY December 2018	83,184	—	2,435	—	4,654	—	1,835	—
FY March 2018	110,672	3.3	2,123	12.8	3,940	13.4	4,332	85.8

	Profit per share	Fully diluted profit per share
	Yen	Yen
FY December 2018	56.71	—
FY March 2018	133.85	—

* With regard to the fiscal year ended December 31, 2018, which fall under the transitional period, the fiscal year of the Company was 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.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2018	158,960	73,284	46.1	2,264.03
As of March 31, 2018	158,948	75,247	47.3	2,324.66

(Reference) Shareholders' Equity: As of December 31, 2018: 73,284 million yen

As of March 31, 2018: 75,247 million yen

* These consolidated financial results are outside the scope of audit.

* 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	2018/12/31
Assets		
Current assets		
Cash and deposits	23,172	20,791
Notes and accounts receivable - trade	63,246	58,358
Securities	690	770
Merchandise and finished goods	16,713	17,049
Work in process	13,218	14,006
Raw materials and supplies	13,886	15,842
Other	3,558	3,711
Allowance for doubtful accounts	△53	△260
Total current assets	134,432	130,269
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	30,933	32,305
Machinery, equipment and vehicles, net	47,665	46,821
Land	16,915	18,289
Construction in progress	8,625	9,928
Other, net	3,684	4,946
Total property, plant and equipment	107,823	112,291
Intangible assets		
Other	3,052	3,504
Total intangible assets	3,052	3,504
Investments and other assets		
Investment securities	20,262	17,726
Net defined benefit asset	2,721	1,732
Deferred tax assets	4,050	3,069
Other	393	401
Allowance for doubtful accounts	△65	△66
Total investments and other assets	27,362	22,862
Total non-current assets	138,238	138,658
Deferred assets		
Bond issuance cost	72	54
Total deferred assets	72	54
Total assets	272,743	268,982

Comparative Balance Sheets (Consolidated)

(Millions of yen)

	2018/3/31	2018/12/31
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,891	45,196
Short-term loans payable	30,956	24,774
Current portion of long-term loans payable	7,386	7,481
Income taxes payable	1,077	772
Provision for bonuses	1,926	762
Provision for directors' bonuses	57	45
Other	16,530	21,884
Total current liabilities	103,826	100,917
Non-current liabilities		
Bonds payable	8,400	8,400
Long-term loans payable	23,588	21,256
Deferred tax liabilities	1,907	1,331
Deferred tax liabilities for land revaluation	507	507
Net defined benefit liability	8,023	8,369
Other	2,693	2,678
Total non-current liabilities	45,120	42,542
Total liabilities	148,946	143,460
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	21,786	21,820
Retained earnings	68,509	74,831
Treasury shares	△345	△346
Total shareholders' equity	108,421	114,777
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,988	5,127
Revaluation reserve for land	737	808
Foreign currency translation adjustment	1,370	△1,530
Remeasurements of defined benefit plans	△1,468	△2,478
Total accumulated other comprehensive income	7,628	1,927
Non-controlling interests	7,746	8,816
Total net assets	123,796	125,521
Total liabilities and net assets	272,743	268,982

Comparative Statements of Income (Consolidated)

(Millions of yen)

	from:2017/04/01 to:2018/3/31	from:2018/04/01 to:2018/12/31
Net sales	247,192	216,187
Cost of sales	208,834	184,581
Gross profit	38,358	31,605
Selling, general and administrative expenses	25,145	18,026
Operating profit	13,212	13,579
Non-operating income		
Interest income	81	87
Dividend income	374	393
Rent income	420	354
Dividend income of insurance	107	128
Share of profit of entities accounted for using equity method	—	42
Other	688	855
Total non-operating income	1,671	1,862
Non-operating expenses		
Interest expenses	1,158	1,134
Sales discounts	132	7
Loss on abandonment of inventories	109	60
Foreign exchange losses	114	29
Depreciation	72	40
Share of loss of entities accounted for using equity method	77	—
Other	189	203
Total non-operating expenses	1,853	1,476
Ordinary profit	13,030	13,965
Extraordinary income		
Gain on disposal of non-current assets	276	18
Gain on sales of investment securities	39	12
Gain on bargain purchase	—	646
Total extraordinary income	316	676
Extraordinary losses		
Loss on disposal of non-current assets	262	184
Impairment loss	—	2,109
Loss on valuation of investment securities	20	—
Loss on sales of investment securities	1	—
Loss on transfer of business	306	—
Total extraordinary losses	590	2,293
Profit before income taxes	12,757	12,348
Income taxes - current	2,490	1,942
Income taxes - deferred	1,810	1,376
Total income taxes	4,300	3,318
Profit	8,456	9,030
Profit attributable to non-controlling interests	611	442
Profit attributable to owners of parent	7,844	8,588

Comparative Statements of Comprehensive Income (Consolidated)

(Millions of yen)

	from:2017/04/01 to:2018/3/31	from:2018/04/01 to:2018/12/31
Profit	8,456	9,030
Other comprehensive income		
Valuation difference on available-for-sale securities	372	△2,013
Revaluation reserve for land	—	70
Foreign currency translation adjustment	852	△2,900
Remeasurements of defined benefit plans, net of tax	327	△1,013
Share of other comprehensive income of entities accounted for using equity method	△0	△1
Total other comprehensive income	1,550	△5,857
Comprehensive income	10,007	3,172
Comprehensive income attributable to :		
owners of parent	9,458	2,887
non-controlling interests	548	284

Comparative Statements of Cash Flows (Consolidated)

(Millions of yen)

	from:2017/04/01 to:2018/3/31	from:2018/04/01 to:2018/12/31
Cash flows from operating activities		
Profit before income taxes	12,757	12,348
Depreciation	16,010	12,531
Impairment loss	—	2,109
Increase (decrease) in allowance for doubtful accounts	△4	219
Increase (decrease) in provision for bonuses	△40	△1,255
Increase (decrease) in net defined benefit liability	237	19
Interest and dividend income	△455	△480
Interest expenses	1,158	1,134
Share of loss (profit) of entities accounted for using equity method	77	△42
Loss (gain) on disposal of non-current assets	△14	165
Loss (gain) on sales of investment securities	△38	△12
Loss (gain) on valuation of investment securities	20	—
Gain on bargain purchase	—	△646
Loss (gain) on transfer of business	306	—
Decrease (increase) in notes and accounts receivable - trade	△8,234	4,545
Decrease (increase) in inventories	△1,713	△3,626
Decrease (increase) in other current assets	133	186
Increase (decrease) in notes and accounts payable - trade	7,539	△662
Increase (decrease) in other current liabilities	188	1,857
Other, net	△1,599	△475
Subtotal	26,328	27,917
Interest and dividend income received	455	498
Interest expenses paid	△1,164	△1,140
Income taxes (paid) refund	△2,060	△2,610
Net cash provided by (used in) operating activities	23,558	24,664
Cash flows from investing activities		
Purchase of property, plant and equipment	△18,356	△15,608
Proceeds from sales of property, plant and equipment	943	10
Purchase of securities	△1,340	△680
Proceeds from sales of securities	1,340	680
Purchase of investment securities	△67	△42
Proceeds from sales of investment securities	60	28
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△1,058
Proceeds from transfer of business	6,727	—
Payments into time deposits	△2,656	△1,223
Proceeds from withdrawal of time deposits	2,774	1,223
Other, net	△854	△877
Net cash provided by (used in) investing activities	△11,427	△17,547
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△4,219	△5,339
Proceeds from long-term loans payable	13,768	5,734
Repayments of long-term loans payable	△15,884	△7,245
Proceeds from issuance of bonds	1,490	—
Purchase of treasury shares	△1	△0
Cash dividends paid	△1,618	△2,260
Other, net	△32	△27
Net cash provided by (used in) financing activities	△6,496	△9,139
Effect of exchange rate change on cash and cash equivalents	127	△278
Net increase (decrease) in cash and cash equivalents	5,760	△2,299
Cash and cash equivalents at beginning of period	16,170	21,931
Cash and cash equivalents at end of period	21,931	19,632

RYOBI LIMITED
SEGMENT INFORMATION
(CONSOLIDATED)

INDUSTRY SEGMENT INFORMATION

(Millions of Yen)

	(Apr. 1, 2017 - Mar. 31, 2018)					
	Die Castings	Builders' hardware	Printing equipment	Other	Eliminations / corporate	Consolidated
Sales & Operating income						
Net sales						
Unaffiliated customer	196,377	23,113	27,473	227	-	247,192
Intersegment	116	5	-	47	(170)	-
Total	196,494	23,119	27,473	275	(170)	247,192
Operating income	10,561	1,466	1,177	7	(0)	13,212
Assets, Depreciation and Capital Expenditure						
Total Assets	206,225	10,403	24,538	1,358	30,218	272,743
Depreciation	15,020	626	344	18	-	16,010
Capital Expenditure	18,282	438	101	19	-	18,841

(Millions of Yen)

	(Apr. 1, 2018 - Dec. 31, 2018)					
	Die Castings	Builders' hardware	Printing equipment	Other	Eliminations / corporate	Consolidated
Sales & Operating income						
Net sales						
Unaffiliated customer	188,403	7,885	19,704	193	-	216,187
Intersegment	106	-	-	44	(150)	-
Total	188,509	7,885	19,704	237	(150)	216,187
Operating income	12,580	372	603	22	-	13,579
Assets, Depreciation and Capital Expenditure						
Total Assets	207,661	10,362	24,969	1,592	24,395	268,982
Depreciation	12,215	94	209	10	-	12,531
Capital Expenditure	19,533	223	211	19	-	19,987

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