

Consolidated Financial Results for the Nine Months Ended December 31, 2018 (IFRS)

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 Executive General Manager of Financial Division TEL: +81-463-96-1111

Scheduled date to file quarterly securities report: February 14, 2019

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes (for investment analysts and institutional investors)

(Amounts less than one million yen are truncated.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(1) Operating Results (Cumulative)

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

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2018	235,727	13.4	30,170	15.4	30,946	5.3	21,853	6.0	21,629	6.2
Nine months ended December 31, 2017	207,851	—	26,143	—	29,402	—	20,621	—	20,366	—

Note: Comprehensive income: Nine months ended December 31, 2018: ¥18,377 million (35.9%)
 Nine months ended December 31, 2017: ¥28,683 million ---%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2018	59.16	59.16
Nine months ended December 31, 2017	55.68	55.67

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2018	556,891	438,619	434,920	78.1
As of March 31, 2018	556,104	437,707	434,091	78.1

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, 2018	—	20.00	—	22.00	42.00
Fiscal year ending March 31, 2019	—	21.00	—		
Fiscal year ending March 31, 2019 (Forecast)				23.00	44.00

Notes: Revision to dividend forecasts most recently announced: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2019	330,000	9.4	43,000	8.2	31,000	14.4	85.12

Note: Revision to consolidated financial forecasts most recently announced: None

Percentages of year-on-year increase (decrease) is calculated using the actual figures for the fiscal year ended March 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

4. Other Items

(1) Changes in the scope of consolidation for significant subsidiaries during the nine months ended December 31, 2018: None

(Changes in specified subsidiaries resulting in change in the scope of consolidation)

(2) Changes in accounting policies and changes in accounting estimates:

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares issued (common stock)

1) Number of shares issued at end of period (including treasury shares)

As of December 31, 2018 378,115,217 shares

As of March 31, 2018 378,115,217 shares

2) Number of treasury shares at end of period

As of December 31, 2018 13,921,780 shares

As of March 31, 2018 12,305,750 shares

3) Average number of shares during period

Nine months ended December 31, 2018 365,628,865 shares

Nine months ended December 31, 2017 365,772,584 shares

*** These quarterly consolidated financial results are outside the scope of the quarterly review procedures by a certified public accountant or an auditing firm.**

*** Explanation regarding the appropriate use of financial results forecast and other special notes**

(Adoption of IFRS)

The Group has adopted IFRS from the three months ended June 30, 2018. Comparative financial figures for the previous corresponding period and the previous fiscal year are also presented in conformity with IFRS.

(Notes on forward-looking statements)

The consolidated financial forecasts mentioned in this document and other forward-looking statements are based on information available to and on certain reasonable assumptions by the Company as of today. Accordingly, actual results may differ significantly from the forecasts herein due to various factors.

Condensed Quarterly Consolidated Financial Statements and Primary Notes
Condensed Quarterly Consolidated Statement of Financial Position

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

Item	Period	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018	As of December 31, 2018
(Assets)				
Current assets:				
Cash and cash equivalents		91,746	80,464	57,074
Trade and other receivables		135,928	141,774	118,626
Inventories		75,755	82,109	104,109
Other financial assets		17,111	19,584	18,461
Other current assets		5,739	8,355	11,989
Subtotal		326,281	332,289	310,261
Assets held for sale		—	—	11,952
Total current assets		326,281	332,289	322,214
Non-current assets:				
Property, plant and equipment		118,448	126,008	130,168
Goodwill		950	967	8,700
Intangible assets		7,288	9,287	10,183
Investments accounted for using equity method		1,423	1,598	1,632
Other financial assets		52,777	63,297	63,565
Deferred tax assets		12,674	13,380	11,513
Other non-current assets		13,422	9,275	8,913
Total non-current assets		206,985	223,814	234,677
Total assets		533,267	556,104	556,891

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

Item	Period	As of April 1, 2017 (Date of transition to IFRS)	As of March 31, 2018	As of December 31, 2018
(Liabilities and Equity)				
Liabilities				
Current liabilities:				
Trade and other payables		50,171	53,164	56,275
Borrowings		15,150	9,897	13,514
Income taxes payable		2,413	7,784	3,997
Other financial liabilities		1,521	1,343	1,721
Provisions		971	1,476	1,653
Other current liabilities		20,115	23,490	21,299
Subtotal		90,345	97,156	98,461
Liabilities directly associated with assets held for sale		—	—	1,685
Total current liabilities		90,345	97,156	100,146
Non-current liabilities:				
Borrowings		3,706	5,703	5,718
Other financial liabilities		3,514	2,890	2,818
Deferred tax liabilities		1,940	2,179	218
Retirement benefit liability		6,508	5,171	4,900
Provisions		6	6	6
Other non-current liabilities		5,545	5,289	4,462
Total non-current liabilities		21,222	21,240	18,125
Total liabilities		111,567	118,396	118,271
Equity				
Share capital		54,768	54,768	54,768
Capital surplus		163,235	163,217	163,217
Retained earnings		210,921	224,850	230,751
Treasury shares		(11,841)	(11,695)	(13,349)
Other components of equity		1,079	2,950	(466)
Total equity attributable to owners of parent		418,163	434,091	434,920
Non-controlling interests		3,536	3,615	3,699
Total equity		421,699	437,707	438,619
Total liabilities and equity		533,267	556,104	556,891

Condensed Quarterly Consolidated Statement of Profit or Loss

Nine months ended December 31, 2017 and 2018

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

Period		
Item	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Revenue	207,851	235,727
Cost of sales	(115,196)	(131,508)
Gross profit	92,654	104,219
Selling, general and administrative expenses	(67,424)	(74,610)
Other income	1,644	1,009
Other expenses	(731)	(448)
Operating profit	26,143	30,170
Finance income	3,838	1,208
Finance costs	(765)	(659)
Share of profit of investments accounted for using equity method	186	226
Profit before tax	29,402	30,946
Income tax expense	(8,781)	(9,092)
Profit	20,621	21,853
Profit attributable to:		
Owners of parent	20,366	21,629
Non-controlling interests	254	223
Profit	20,621	21,853
Earnings per share		
Basic earnings per share	55.68	59.16
Diluted earnings per share	55.67	59.16

Condensed Quarterly Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2017 and 2018

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

Period		
Item	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	20,621	21,853
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity financial assets measured at fair value through other comprehensive income	105	(1,441)
Total of items	105	(1,441)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	7,833	(1,964)
Debt financial assets measured at fair value through other comprehensive income	13	(36)
Share of other comprehensive income of investments accounted for using equity method	110	(33)
Total of items	7,956	(2,034)
Total other comprehensive income	8,062	(3,476)
Comprehensive income	28,683	18,377
Comprehensive income attributable to:		
Owners of parent	28,305	18,212
Non-controlling interests	378	164
Comprehensive income	28,683	18,377

Condensed Quarterly Consolidated Statement of Changes in Equity

Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

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

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

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2017	54,768	163,235	210,921	(11,841)	1,079	—	—	1,079	418,163	3,536	421,699
Profit			20,366					—	20,366	254	20,621
Other comprehensive income					118	7,709	110	7,938	7,938	123	8,062
Comprehensive income	—	—	20,366	—	118	7,709	110	7,938	28,305	378	28,683
Dividends			(13,898)					—	(13,898)	(213)	(14,111)
Purchase of treasury shares				(5)				—	(5)		(5)
Disposal of treasury shares (including through the exercise of share options)		(18)	(37)	153				—	97		97
Change in ownership interest of parent due to transactions with non-controlling interests								—	—	(38)	(38)
Increase/(decrease) due to newly consolidated subsidiaries								—	—		—
Transfer from other components of equity to retained earnings			539		(539)			(539)	—		—
Total transactions with owners	—	(18)	(13,395)	147	(539)	—	—	(539)	(13,805)	(251)	(14,057)
Balance at December 31, 2017	54,768	163,217	217,893	(11,693)	658	7,709	110	8,478	432,663	3,662	436,325

	Equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Share of other comprehensive income of investments accounted for using equity method	Total			
Balance at April 1, 2018	54,768	163,217	224,850	(11,695)	529	2,351	70	2,950	434,091	3,615	437,707
Profit			21,629					—	21,629	223	21,853
Other comprehensive income					(1,478)	(1,905)	(33)	(3,417)	(3,417)	(59)	(3,476)
Comprehensive income	—	—	21,629	—	(1,478)	(1,905)	(33)	(3,417)	18,212	164	18,377
Dividends			(15,729)					—	(15,729)	(158)	(15,887)
Purchase of treasury shares				(1,654)				—	(1,654)		(1,654)
Disposal of treasury shares (including through the exercise of share options)		0		0				—	0		0
Change in ownership interest of parent due to transactions with non-controlling interests								—	—		—
Increase/(decrease) due to newly consolidated subsidiaries								—	—	77	77
Transfer from other components of equity to retained earnings								—	—		—
Total transactions with owners	—	0	(15,729)	(1,654)	—	—	—	—	(17,384)	(80)	(17,465)
Balance at December 31, 2018	54,768	163,217	230,751	(13,349)	(949)	446	36	(466)	434,920	3,699	438,619

Condensed Quarterly Consolidated Statement of Cash Flows

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

Item	Period	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from operating activities			
Profit before tax		29,402	30,946
Depreciation and amortization		7,548	9,035
Finance income and finance costs		(3,072)	(549)
Share of profit of investments accounted for using equity method		(186)	(226)
Loss (gain) on sale of fixed assets		(313)	169
Decrease (increase) in inventories		(11,143)	(18,591)
Decrease (increase) in trade and other receivables		13,644	15,123
Increase (decrease) in trade and other payables		274	1,449
Increase (decrease) in retirement benefit liability		(633)	(831)
Increase (decrease) in provisions		478	16
Other		(1,233)	(4,560)
Subtotal		34,765	31,981
Interest received		1,061	786
Dividends received		400	352
Interest paid		(76)	(104)
Income taxes paid		(7,750)	(13,968)
Net cash provided by (used in) operating activities		28,401	19,046
Cash flows from investing activities			
Net decrease (increase) in time deposits		(2,674)	(1,006)
Purchase of securities		(3,800)	(1,000)
Proceeds from sale of marketable securities		6,305	5,900
Purchase of investment securities		(19,524)	(5,803)
Proceeds from sale of investment securities		2,446	861
Purchase of property, plant and equipment		(11,010)	(10,728)
Proceeds from sale of property, plant and equipment		5,142	253
Purchase of intangible assets		(3,702)	(3,129)
Payments from purchase of shares of subsidiaries resulting in change in scope of consolidation		(140)	(12,513)
Other		(520)	133
Net cash provided by (used in) investing activities		(27,477)	(27,032)
Cash flows from financing activities			
Proceeds from short-term borrowings		3,517	380
Repayments of short-term borrowings		(3,611)	(431)
Net increase (decrease) in short-term borrowings		(2,200)	2,323
Proceeds from long-term borrowings		558	1,119
Repayments of long-term borrowings		(614)	(240)
Proceeds from exercise of employee share options		97	—
Repayments of lease obligations		(205)	(38)
Payments for purchase of treasury shares		(5)	(1,654)
Dividends paid		(13,878)	(15,718)
Dividends paid to non-controlling interests		(212)	(158)
Other		(40)	0
Net cash provided by (used in) financing activities		(16,595)	(14,418)
Effect of exchange rate changes on cash and cash equivalents		1,937	(875)
Effect of cash and cash equivalents included in assets held for sale		—	(109)
Net increase (decrease) in cash and cash equivalents		(13,734)	(23,389)
Cash and cash equivalents at beginning of period		91,746	80,464
Cash and cash equivalents at end of period		78,012	57,074

Notes on Going Concern Assumption

Not applicable.

Segment Information

Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

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

	Metalworking Machinery	Metal Machine Tools	Other	Total	Reconciliations	Consolidated
Revenue						
Revenue from external customers	171,218	35,544	1,088	207,851	—	207,851
Intersegment revenue	4	18	—	23	(23)	—
Total	171,223	35,563	1,088	207,874	(23)	207,851
Segment profit	20,519	5,245	379	26,143	—	26,143
Finance income						3,838
Finance costs						(765)
Share of profit of investments accounted for using equity method						186
Profit before tax						29,402

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 from operating profit.

Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

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

	Metalworking Machinery	Metal Machine Tools	Other	Total	Reconciliations	Consolidated
Revenue						
Revenue from external customers	189,814	45,125	788	235,727	—	235,727
Intersegment revenue	5	6	—	11	(11)	—
Total	189,819	45,131	788	235,739	(11)	235,727
Segment profit	23,357	6,507	304	30,170	—	30,170
Finance income						1,208
Finance costs						(659)
Share of profit of investments accounted for using equity method						226
Profit before tax						30,946

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 from operating profit.

Supplementary Information

Status of Orders Received and Sales (Consolidated)

1. Orders Received

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

Division \ Period	Nine months ended December 31, 2017				Nine months ended December 31, 2018			
	Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Sheet Metal Division	170,784	72.9	62,882	79.3	174,937	70.5	67,566	70.1
Micro Welding Division	21,878	9.3	6,646	8.4	26,607	10.7	10,412	10.8
Cutting Division	26,058	11.1	4,054	5.1	28,528	11.5	5,842	6.1
Stamping Presses Division	7,888	3.3	2,822	3.6	10,816	4.4	8,648	9.0
Grinding Division	6,721	2.9	2,865	3.6	6,517	2.6	3,860	4.0
Others	1,088	0.5	4	0.0	787	0.3	3	0.0
Total	234,419	100.0	79,277	100.0	248,195	100.0	96,333	100.0

2. Sales Results

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

Division \ Period	Nine months ended December 31, 2017		Nine months ended December 31, 2018	
	Amount	Ratio	Amount	Ratio
Sheet Metal Division	151,710	73.0	168,012	71.3
Micro Welding Division	19,508	9.4	21,801	9.2
Cutting Division	24,276	11.7	27,873	11.9
Stamping Presses Division	6,440	3.1	11,574	4.9
Grinding Division	4,827	2.3	5,677	2.4
Others	1,088	0.5	788	0.3
Total	207,851	100.0	235,727	100.0

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

Status of Sales revenue to Customers by Geographic Region

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

Region \ Period	Nine months ended December 31, 2017		Nine months ended December 31, 2018		Percentage change
	Amount	Ratio	Amount	Ratio	
Japan	86,069	41.4	98,798	41.9	14.8
Overseas	121,781	58.6	136,929	58.1	12.4
North America	40,727	19.6	48,609	20.6	19.4
Europe	41,190	19.8	45,012	19.1	9.3
Asia and other regions	39,863	19.2	43,307	18.4	8.6
Total	207,851	100.0	235,727	100.0	13.4

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