

Consolidated Financial Results for the Six Months Ended September 30, 2019 (IFRS)

AMADA HOLDINGS CO., LTD.

Listed on the First Section of the TSE

Stock Code: 6113

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

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Scheduled date to file quarterly securities report: November 8, 2019

Scheduled date to commence dividend payments: December 5, 2019

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 Six Months Ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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	%
Six months ended September 30, 2019	154,940	0.2	19,162	(5.8)	19,495	(16.3)	13,488	(17.8)	13,344	(17.9)
Six months ended September 30, 2018	154,584	12.9	20,343	14.2	23,299	16.7	16,404	20.0	16,246	20.1

Note: Comprehensive income:

Six months ended September 30, 2019:

¥5,054 millions (73.3) %

Six months ended September 30, 2018:

¥18,924 millions (3.1) %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	37.42	37.42
Six months ended September 30, 2018	44.41	44.41

(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 September 30, 2019	571,453	441,291	437,558	76.6
As of March 31, 2019	567,861	445,280	441,431	77.7

Note: In the first quarter ended June 30, 2019, the Company finalized a provisional accounting treatment related to business combinations.

The figures in the fiscal year ended March 31, 2019, reflect the finalization of the provisional accounting treatment.

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, 2019	—	21.00	—	25.00	46.00
Fiscal year ended March 31, 2020	—	24.00			
Fiscal year ended March 31, 2020 (Forecast)			—	24.00	48.00

Notes: Revision to dividend forecasts most recently announced: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year increase (decrease)

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, 2020 (Forecast)	335,000	(0.9)	47,000	4.1	33,500	0.6	93.94

Note: Revision to consolidated financial forecasts most recently announced: Yes

In the first quarter ended June 30, 2019, the Company finalized a provisional accounting treatment related to business combinations.

The figures in the fiscal year ended March 31, 2019, reflect the finalization of the provisional accounting treatment. Therefore, comparisons with the previous term are also done using the finalized figures.

4. Other Items

- (1) Changes in the scope of consolidation for significant subsidiaries during the six months ended September 30, 2019: 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 September 30, 2019	368,115,217 shares
As of March 31, 2019	368,115,217 shares
 - 2) Number of treasury shares at end of period

As of September 30, 2019	11,504,627 shares
As of March 31, 2019	11,503,611 shares
 - 3) Average number of shares during period

Six months ended September 30, 2019	356,610,956 shares
Six months ended September 30, 2018	365,808,545 shares

***These quarterly consolidated financial results are outside the scope of the quarterly review procedures by a certified public accountant or an auditing firm.**
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 March 31, 2019	As of September 30, 2019
(Assets)			
Current assets:			
Cash and cash equivalents		56,295	56,199
Trade and other receivables		140,965	130,010
Inventories		100,391	108,830
Other financial assets		19,939	12,762
Other current assets		9,571	8,647
Total current assets		327,164	316,450
Non-current assets:			
Property, plant and equipment		130,914	145,666
Goodwill		4,811	4,705
Intangible assets		14,623	14,723
Investments accounted for using equity method		1,638	1,755
Other financial assets		65,734	63,348
Deferred tax assets		13,953	14,662
Other non-current assets		9,021	10,141
Total non-current assets		240,697	255,002
Total asset		567,861	571,453

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

Item	Period	As of March 31, 2019	As of September 30, 2019
(Liabilities and Equity)			
Liabilities			
Current liabilities:			
Trade and other payables		65,917	59,271
Borrowings		5,366	14,144
Income taxes payable		7,918	5,178
Other financial liabilities		931	3,002
Provisions		1,900	1,751
Other current liabilities		23,961	23,105
Total current liabilities		105,997	106,452
Non-current assets:			
Borrowings		4,556	4,412
Other financial liabilities		2,907	10,331
Retirement benefit liability		2,855	2,760
Provisions		6	6
Deferred tax liabilities		2,198	2,456
Other non-current liabilities		4,060	3,741
Total non-current liabilities		16,584	23,709
Total liabilities		122,581	130,162
Equity			
Share capital		54,768	54,768
Capital surplus		153,119	153,119
Retained earnings		243,596	248,025
Treasury shares		(11,608)	(11,609)
Other components of equity		1,555	(6,745)
Total equity attributable to owners of parent		441,431	437,558
Non-controlling interests		3,848	3,732
Total equity		445,280	441,291
Total liabilities and equity		567,861	571,453

Condensed Quarterly Consolidated Statement of Profit or Loss

Six months ended September 30, 2018 and 2019

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

Item	Period	Six months ended September 30, 2018	Six months ended September 30, 2019
Revenue		154,584	154,940
Cost of sales		(86,327)	(87,505)
Gross profit		68,257	67,434
Selling, general and administrative expenses		(48,240)	(48,883)
Other income		797	940
Other expenses		(470)	(329)
Operating profit		20,343	19,162
Finance income		3,518	1,607
Finance costs		(730)	(1,511)
Share of profit of investments accounted for using equity method		166	237
Profit before tax		23,299	19,495
Income tax expense		(6,894)	(6,006)
Profit		16,404	13,488
Profit attributable to:			
Owners of parent		16,246	13,344
Non-controlling interests		157	144
Profit		16,404	13,488
Earnings per share			
Basic earnings per share		44.41	37.42
Diluted earnings per share		44.41	37.42

Condensed Quarterly Consolidated Statement of Comprehensive Income

Six months ended September 30, 2018 and 2019

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

Item	Period	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit		16,404	13,488
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Equity financial assets measured at fair value through other comprehensive income		17	(521)
Total of items		17	(521)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		2,512	(7,876)
Debt financial assets measured at fair value through other comprehensive income		(17)	21
Share of other comprehensive income of investments accounted for using equity method		7	(56)
Total of items		2,502	(7,912)
Total other comprehensive income		2,520	(8,434)
Comprehensive income		18,924	5,054
Comprehensive income attributable to:			
Owners of parent		18,728	5,043
Non-controlling interests		196	11
Comprehensive income		18,924	5,054

Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(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, 2018	54,768	163,217	224,850	(11,695)	529	2,351	70	2,950	434,091	3,615	437,707
Profit	—	—	16,246	—	—	—	—	—	16,246	157	16,404
Other comprehensive income	—	—	—	—	0	2,473	7	2,481	2,481	38	2,520
Comprehensive income	—	—	16,246	—	0	2,473	7	2,481	18,728	196	18,924
Dividends	—	—	(8,047)	—	—	—	—	—	(8,047)	(158)	(8,206)
Purchase of treasury shares	—	—	—	(2)	—	—	—	—	(2)	—	(2)
Disposal of treasury shares (including through the exercise of share options)	—	0	—	0	—	—	—	—	0	—	0
Total transactions with owners	—	0	(8,047)	(1)	—	—	—	—	(8,049)	(158)	(8,207)
Balance at September 30, 2018	54,768	163,217	233,049	(11,697)	529	4,824	77	5,432	444,770	3,654	448,424

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	54,768	153,119	243,596	(11,608)	651	888	15	1,555	441,431	3,848	445,280
Profit	—	—	13,344	—	—	—	—	—	13,344	144	13,488
Other comprehensive income	—	—	—	—	(500)	(7,743)	(56)	(8,300)	(8,300)	(133)	(8,434)
Comprehensive income	—	—	13,344	—	(500)	(7,743)	(56)	(8,300)	5,043	11	5,054
Dividends	—	—	(8,915)	—	—	—	—	—	(8,915)	(127)	(9,042)
Purchase of treasury shares	—	—	—	(1)	—	—	—	—	(1)	—	(1)
Disposal of treasury shares (including through the exercise of share options)	—	0	—	0	—	—	—	—	0	—	0
Total transactions with owners	—	0	(8,915)	(1)	—	—	—	—	(8,916)	(127)	(9,043)
Balance at September 30, 2019	54,768	153,119	248,025	(11,609)	150	(6,855)	(41)	(6,745)	437,558	3,732	441,291

Condensed Quarterly Consolidated Statement of Cash Flows

Six months ended September 30, 2018 and 2019

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

Item	Period	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities			
Profit before tax		23,299	19,495
Depreciation and amortization		5,986	7,915
Finance income and finance costs		(2,788)	(1,416)
Share of profit of investments accounted for using equity method		(166)	(237)
Loss (gain) on sales and retirement of fixed assets		164	19
Decrease (increase) in inventories		(9,036)	(11,068)
Decrease (increase) in trade and other receivables		2,118	8,201
Increase (decrease) in trade and other payables		145	(7,675)
Increase (decrease) in retirement benefit liability		(547)	(658)
Increase (decrease) in provisions		(65)	(90)
Other		(3,602)	2,601
Subtotal		15,506	17,088
Interest received		508	453
Dividends received		191	105
Interest paid		(49)	(54)
Income taxes paid		(7,953)	(9,658)
Net cash provided by (used in) operating activities		8,203	7,933
Cash flows from investing activities			
Net decrease (increase) in time deposits		(139)	5,755
Purchase of securities		(1,000)	—
Proceeds from sale of marketable securities		3,600	2,800
Purchase of investment securities		(5,803)	(2,254)
Proceeds from sale of investment securities		801	2,624
Purchase of property, plant and equipment		(8,534)	(11,133)
Proceeds from sale of property, plant and equipment		237	118
Purchase of intangible assets		(2,083)	(2,277)
Payments from purchase of shares of subsidiaries resulting in change in scope of consolidation		(3,371)	—
Other		8	(401)
Net cash provided by (used in) investing activities		(16,284)	(4,768)
Cash flows from financing activities			
Repayments of short-term borrowings		(308)	(143)
Net increase (decrease) in short-term borrowings		3,517	10,200
Proceeds from long-term borrowings		1,144	—
Repayments of long-term borrowings		(119)	(1,112)
Repayments of lease liabilities		(57)	(1,232)
Payments for purchase of treasury shares		(2)	(1)
Dividends paid		(8,033)	(8,900)
Dividends paid to non-controlling interests		(158)	(127)
Other		0	0
Net cash provided by (used in) financing activities		(4,015)	(1,317)
Effect of exchange rate changes on cash and cash equivalents		56	(1,942)
Net increase (decrease) in cash and cash equivalents		(12,040)	(95)
Cash and cash equivalents at beginning of period		80,464	56,295
Cash and cash equivalents at end of period		68,424	56,199

Segment Information

Six months ended September 30, 2018 (from April 1, 2018 to September 30, 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	127,273	26,770	541	154,584	—	154,584
Intersegment revenue	3	4	—	8	(8)	—
Total	127,277	26,774	541	154,593	(8)	154,584
Segment profit	16,300	3,828	214	20,343	—	20,343
Finance income						3,518
Finance costs						(730)
Share of profit of investments accounted for using equity method						166
Profit before tax						23,299

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate leasing.
2. Segment profit is adjusted from operating profit.

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

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	122,603	31,730	605	154,940	—	154,940
Intersegment revenue	2	2	—	5	(5)	—
Total	122,606	31,733	605	154,945	(5)	154,940
Segment profit	14,787	3,983	391	19,162	—	19,162
Finance income						1,607
Finance costs						(1,511)
Share of profit of investments accounted for using equity method						237
Profit before tax						19,495

Notes:

1. The “Other” classification refers to businesses not included within reportable segments. It principally comprises real estate 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.)

Period Divisions	Six months ended September 30, 2018				Six months ended September 30, 2019			
	Orders received		Balance of outstanding orders		Orders received		Balance of outstanding orders	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
		%		%		%		%
Sheet Metal Division	117,805	72.0	65,935	77.0	110,237	70.9	58,318	71.7
Micro Welding Division	15,694	9.6	6,539	7.6	14,032	9.0	9,103	11.2
Cutting Division	19,695	12.0	5,843	6.8	18,015	11.6	4,251	5.2
Stamping Presses Division	5,611	3.4	3,506	4.1	9,984	6.4	7,588	9.3
Grinding Division	4,310	2.7	3,849	4.5	2,552	1.7	2,111	2.6
Others	537	0.3	—	—	603	0.4	—	—
Total	163,654	100.0	85,674	100.0	155,425	100.0	81,372	100.0

2. Sales Results

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

Period Divisions	Six months ended September 30, 2018		Six months ended September 30, 2019	
	Amount	Ratio	Amount	Ratio
		%		%
Sheet Metal Division	112,512	72.8	108,887	70.3
Micro Welding Division	14,760	9.5	13,716	8.8
Cutting Division	18,362	11.9	18,721	12.1
Stamping Presses Division	4,927	3.2	9,452	6.1
Grinding Division	3,480	2.2	3,556	2.3
Others	541	0.4	605	0.4
Total	154,584	100.0	154,940	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.)

Period Regions	Six months ended September 30, 2018		Six months ended September 30, 2019		Percentage change
	Amount	Ratio	Amount	Ratio	
		%		%	%
Japan	66,364	42.9	72,722	46.9	9.6
Overseas	88,220	57.1	82,217	53.1	(6.8)
North America	29,933	19.4	31,860	20.6	6.4
Europe	29,298	19.0	26,515	17.1	(9.5)
Asia and other regions	28,988	18.7	23,842	15.4	(17.8)
Total	154,584	100.0	154,940	100.0	0.2

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