

August 2, 2018

Consolidated Financial Results For the First Quarter Ended June 30, 2018

Company name: **IBIDEN CO., LTD.**

Stock exchange listings: Tokyo and Nagoya Stock Exchange (First Section)

Stock code number: 4062

URL: <https://www.ibiden.com>

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Submission date of quarterly report: August 7, 2018

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2018 First quarter (From April 1, 2018 to June 30, 2018)

(1) Operating results (Percentage figures indicate the change from the same period of the prior fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%	<i>Millions of yen</i>	%
FY 2018 first quarter	71,868	6.3	2,950	(2.2)	4,015	3.4	2,689	45.4
FY 2017 first quarter	67,613	3.2	3,017	140.6	3,883	-	1,849	-

Note: Comprehensive income

FY2018 first quarter: 2,017 million yen (-70.9 %)

FY2017 first quarter: 6,930 million yen (- %)

	Net income(loss) Per share	Diluted net income Per share
	<i>Yen</i>	<i>Yen</i>
FY 2018 first quarter	19.25	—
FY 2017 first quarter	13.44	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	<i>Millions of yen</i>	<i>Millions of yen</i>	%	<i>Yen</i>
FY 2018 first quarter	430,723	285,574	65.1	2,006.44
FY 2017	436,425	286,367	64.4	2,012.60

Note: Equity for reference

As of June 30, 2018: 280,336 million yen As of March 31, 2018: 281,198 million yen

2. Basis for preparation of quarterly financial results

(1) Changes in scope of consolidation and equity method of accounting: No

(2) Application of particular accounting procedure for preparing quarterly financial statements: Yes

Calculation of tax expenses: Tax expenses are calculated by using effective tax rate on quotation.

(3) Changes in accounting policies; changes in accounting estimates; restatements of financial statements

1. Changes in accounting policies due to amendment of accounting standards: No

2. Changes in accounting policies other than above: No

3. Changes in accounting estimates: No

4. Restatements of financial statements: No

(4) Issued and outstanding capital stock

1. Number of shares outstanding (including treasury stock):

As of June 30 2018: 140,860,557 shares As of March 31, 2018: 140,860,557 shares

2. Number of treasury stock outstanding:

As of June 30 2018: 1,142,407 shares As of March 31, 2018: 1,142,070 shares

3. Average number of shares:

First quarter FY2018: 139,718,347 shares First quarter FY2017: 137,630,244 shares

Consolidated Balance Sheets

	<i>Millions of yen</i>		
	As of Jun 30, 2018	As of Mar 31, 2018	Increase (Decrease)
Assets			
Current assets			
Cash and deposits	110,858	117,760	(6,901)
Notes and accounts receivable – trade	59,742	62,235	(2,492)
Merchandise and finished goods	13,628	12,839	789
Work in process	11,705	9,921	1,783
Raw materials and supplies	18,085	17,251	834
Other current assets	6,616	6,428	187
Allowance for doubtful accounts	(88)	(101)	12
Total current assets	<u>220,549</u>	<u>226,335</u>	<u>(5,785)</u>
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	65,206	66,301	(1,095)
Machinery, equipment and vehicles	48,660	49,479	(819)
Land	19,817	19,831	(13)
Lease assets	50	60	(10)
Construction in progress	13,268	10,706	2,561
Other - property, plant and equipment	4,973	4,929	43
Total property, plant and equipment	<u>151,976</u>	<u>151,308</u>	<u>667</u>
Intangible assets	3,775	3,689	86
Investments and other assets			
Investment securities	51,098	51,954	(855)
Long-term loans receivable	10	11	(0)
Deferred tax assets	2,108	1,842	265
Other assets	1,467	1,551	(83)
Allowance for doubtful accounts	(263)	(267)	3
Total investments and other assets	<u>54,421</u>	<u>55,091</u>	<u>(670)</u>
Total noncurrent assets	<u>210,173</u>	<u>210,090</u>	<u>83</u>
Total assets	<u><u>430,723</u></u>	<u><u>436,425</u></u>	<u><u>(5,702)</u></u>

(Continued)

	<i>Millions of yen</i>		
	As of Jun 30, 2018	As of Mar 31, 2018	Increase (Decrease)
Liabilities and net assets			
Liabilities			
Current liabilities			
Notes and accounts payable – trade	39,676	39,124	552
Short-term loans payable	20,000	20,005	(4)
Current portion of bonds	25,000	-	25,000
Accounts payable - other	9,755	12,658	(2,903)
Income taxes payable	1,689	4,429	(2,739)
Accrued bonuses for employees	1,728	3,828	(2,099)
Accrued bonuses for directors and audit & supervisory board members	-	90	(90)
Note payable - facilities	1,533	1,282	250
Other current liabilities	15,179	12,060	3,119
Total current liabilities	114,565	93,480	21,085
Noncurrent liabilities			
Bonds payable	15,000	40,000	(25,000)
Long-term loans payable	10,000	10,000	-
Lease obligations	60	78	(18)
Deferred tax liabilities for land revaluation	68	68	-
Liability for retirement benefits	517	525	(7)
Provision for share-based compensation	100	74	25
Deferred income taxes	3,599	4,506	(906)
Other - noncurrent liabilities	1,236	1,323	(87)
Total long-term liabilities	30,583	56,577	(25,993)
Total liabilities	145,148	150,057	(4,908)
Net assets			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	123,626	123,735	(108)
Treasury stock	(2,609)	(2,609)	(0)
Total shareholders' equity	249,748	249,857	(109)
Accumulated other comprehensive income			
Net unrealized holding gain on other securities	19,502	20,247	(744)
Deferred gains or losses on hedges	(316)	76	(393)
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	11,241	10,855	386
Total accumulated other comprehensive income	30,587	31,340	(752)
Non-controlling interests	5,238	5,169	68
Total net assets	285,574	286,367	(793)
Total liabilities and net assets	430,723	436,425	(5,702)

(Concluded)

Consolidated Statements of Income

	<i>Millions of yen</i>		
	Three months ended Jun 30, 2018	Three months ended Jun 30, 2017	Increase (Decrease)
Net sales	71,868	67,613	4,254
Cost of sales	56,822	52,404	4,418
Gross profit	15,045	15,208	(163)
Selling, general and administrative expenses	12,095	12,191	(95)
Operating income	2,950	3,017	(67)
Non-operating income (expenses)	1,065	865	200
Interest income	66	126	(59)
Dividends income	564	444	120
Share of profit of entities accounted for using equity method	1	0	1
Foreign exchange gain(losses), net	406	478	(72)
Interest expenses	(37)	(36)	(0)
Share issuance cost-NOE	-	(80)	80
Other, net	63	(67)	131
Ordinary income(loss)	4,015	3,883	132
Extraordinary income (loss)	(311)	(265)	(46)
Gain on sales of property, plant and equipment	4	69	(64)
Gain on sales of investment securities	0	-	0
Loss on disposal of property, plant and equipment	(245)	(333)	88
Loss on disaster	(67)	-	(67)
Other, net	(3)	(0)	(3)
Income before income taxes	3,704	3,618	85
Income taxes	(942)	(1,713)	770
Net income	2,761	1,905	856
Profit attributable to non-controlling interests	(72)	(55)	(16)
Profit attributable to owners of parent	2,689	1,849	840

Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>		
	Three months ended Jun 30, 2018	Three months ended Jun 30, 2017	Increase (Decrease)
Net income(loss)	2,761	1,905	856
Other comprehensive income(loss)			
Net unrealized holding gain (loss) on other securities	(743)	1,895	(2,638)
Deferred gains or losses on hedges	(393)	(581)	188
Foreign currency translation adjustments	393	3,712	(3,318)
Total other comprehensive income (loss)	(743)	5,025	(5,768)
Comprehensive income (loss)	2,017	6,930	(4,912)
 (Breakdown)			
Comprehensive income(loss) attributable to owners of parent	1,936	6,909	(4,972)
Comprehensive income(loss) attributable to non-controlling interests	81	21	60

(Continued)

Segment Information

FY 2017 first quarter (From April 1, 2017 to June 30, 2017)

(1) Sales and profit information of each Segment

A summary of net sales and income business segment for three months ended June 30, 2017 was as follows:

	<i>Millions of yen</i>						
	For three months period ended June 30, 2017						
	Reportable Segment			Others (*1)	Total	Adjustment (*2)	Quarterly Consolidated Statements of Income(*3)
Electronics	Ceramics	Total					
Sales to third parties	25,982	27,886	53,868	13,744	67,613	-	67,613
Intersegment sales and transfers	-	30	30	1,660	1,691	(1,691)	-
Net sales	25,982	27,917	53,899	15,404	69,304	(1,691)	67,613
Segment income	93	2,068	2,161	829	2,991	26	3,017

*1 “Other” section refers to businesses that are not included in a reportable segment.

*2 The ¥26 million adjustment to segment income is elimination for intersegment transactions and expenses that cannot be allocated to business segments.

*3 Segment income is reconciled to operating income in the quarterly consolidated statements of income.

(2) Impairment losses on non-current assets, goodwill, etc.by reporting segment

(Material impairment loss on non-current assets)

Not applicable

FY 2018 first quarter (From April 1, 2018 to June 30, 2018)

(1) Sales and profit/loss information of each Segment

A summary of net sales and income business segment for three months ended June 30, 2018 was as follows:

<i>Millions of yen</i>							
For three months period ended June 30, 2018							
	Reportable Segment				Total	Adjustment (*2)	Quarterly Consolidated Statements of Income(*3)
	Electronics	Ceramics	Total	Others (*1)			
Sales to third parties	28,725	28,428	57,154	14,713	71,868	-	71,868
Intersegment sales and transfers	1	82	83	1,633	1,717	(1,717)	-
Net sales	28,726	28,511	57,237	16,347	73,585	(1,717)	71,868
Segment income(loss)	(517)	2,952	2,435	509	2,944	5	2,950

*1 “Other” section refers to businesses that are not included in a reportable segment.

*2 The ¥5 million adjustment to segment income(loss) includes elimination for intersegment transactions and expenses that cannot be allocated to business segments.

*3 Segment income is reconciled to operating income in the quarterly consolidated statements of income.

(2) Impairment losses on non-current assets, goodwill, etc.by reporting segment

(Material impairment loss on non-current assets)

Not applicable

Additional information

“Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.”(ASBJ Statement No.28, February 16, 2018) and other standards have been adopted from the beginning of the current first quarter, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.