

February 4, 2019

Consolidated Financial Results For the Third Quarter Ended December 31, 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: February 7, 2019

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2018 Third quarter (From April 1, 2018 to December 31, 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 Third quarter	214,503	0.2	7,068	(34.6)	9,243	(25.8)	(735)	-
FY 2017 Third quarter	213,990	11.4	10,810	227.8	12,463	-	8,313	-

Note: Comprehensive income

FY2018 Third quarter: (6,171) million yen (- %)

FY2017 Third quarter: 25,171 million yen (- %)

	Net income Per share	Diluted net income Per share
	<i>Yen</i>	<i>Yen</i>
FY 2018 Third quarter	(5.26)	—
FY 2017 Third quarter	59.79	—

(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 Third quarter	423,921	275,294	63.7	1,931.76
FY 2017	436,425	286,367	64.4	2,012.60

Note: Equity for reference

As of December 31, 2018: 269,910 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 December 31 2018: 140,860,557 shares As of March 31, 2018: 140,860,557 shares

2. Number of treasury stock outstanding:

As of December 31 2018: 1,138,427 shares As of March 31, 2018: 1,142,070 shares

3. Average number of shares:

Third quarter FY2018: 139,720,679 shares Third quarter FY2017: 139,043,486 shares

Consolidated Balance Sheets

	<i>Millions of yen</i>		
	As of Dec 31, 2018	As of Mar 31, 2018	Increase (Decrease)
Assets			
Current assets			
Cash and deposits	107,467	117,760	(10,292)
Notes and accounts receivable – trade	56,114	62,235	(6,121)
Merchandise and finished goods	16,513	12,839	3,674
Work in process	14,964	9,921	5,042
Raw materials and supplies	20,260	17,251	3,008
Other current assets	8,116	6,428	1,687
Allowance for doubtful accounts	(89)	(101)	12
Total current assets	223,347	226,335	(2,987)
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	63,152	66,301	(3,149)
Machinery, equipment and vehicles	48,470	49,479	(1,008)
Land	19,997	19,831	165
Lease assets	28	60	(31)
Construction in progress	12,425	10,706	1,719
Other - property, plant and equipment	4,935	4,929	5
Total property, plant and equipment	149,009	151,308	(2,299)
Intangible assets	3,693	3,689	4
Investments and other assets			
Investment securities	48,350	51,954	(8,104)
Long-term loans receivable	9	11	(1)
Deferred tax assets	2,822	1,842	980
Other assets	1,448	1,551	(103)
Allowance for doubtful accounts	(261)	(267)	6
Total investments and other assets	47,869	55,091	(7,221)
Total noncurrent assets	200,573	210,090	(9,516)
Total assets	423,921	436,425	(12,504)

(Continued)

	<i>Millions of yen</i>		
	As of Dec 31, 2018	As of Mar 31, 2018	Increase (Decrease)
Liabilities and net assets			
Liabilities			
Current liabilities			
Notes and accounts payable – trade	40,216	39,124	1,092
Short-term loans payable	20,030	20,005	24
Current portion of bonds	25,000	-	25,000
Accounts payable - other	8,627	12,658	(4,031)
Income taxes payable	1,380	4,429	(3,049)
Accrued bonuses for employees	1,549	3,828	(2,279)
Accrued bonuses for directors and audit & supervisory board members	-	90	(90)
Provision for loss on liquidation of subsidiaries and affiliates	5,421	-	5,421
Note payable - facilities	1,383	1,282	101
Other current liabilities	15,638	12,060	3,578
Total current liabilities	119,247	93,480	25,767
Noncurrent liabilities			
Bonds payable	15,000	40,000	(25,000)
Long-term loans payable	10,000	10,000	-
Lease obligations	50	78	(28)
Deferred tax liabilities for land revaluation	68	68	-
Liability for retirement benefits	608	525	83
Provision for share-based compensation	150	74	75
Deferred income taxes	2,428	4,506	(2,078)
Other - noncurrent liabilities	1,073	1,323	(250)
Total long-term liabilities	29,379	56,577	(27,198)
Total liabilities	148,626	150,057	(1,430)
Net assets			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	118,102	123,735	(5,632)
Treasury stock	(2,601)	(2,609)	7
Total shareholders' equity	244,233	249,857	(5,624)
Accumulated other comprehensive income			
Net unrealized holding gain on other securities	14,699	20,247	(5,547)
Deferred gains or losses on hedges	33	76	(43)
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	10,783	10,855	(72)
Total accumulated other comprehensive income	25,676	31,340	(5,663)
Non-controlling interests	5,384	5,169	214
Total net assets	275,294	286,367	(11,073)
Total liabilities and net assets	423,921	436,425	(12,504)

(Concluded)

Consolidated Statements of Income

	<i>Millions of yen</i>		
	Nine months ended Dec 31, 2018	Nine months ended Dec 31, 2017	Increase (Decrease)
Net sales	214,503	213,990	512
Cost of sales	171,379	166,552	4,827
Gross profit	43,123	47,438	(4,315)
Selling, general and administrative expenses	36,055	36,628	(573)
Operating income	7,068	10,810	(3,742)
Non-operating income (expenses)	2,175	1,653	522
Interest income	203	362	(159)
Dividends income	1,050	927	123
Share of profit of entities accounted for using equity method	0	4	(4)
Foreign exchange gain(losses), net	286	414	(127)
Compensation income	830	-	-
Interest expenses	(114)	(113)	(1)
Share issuance cost-NOE	-	(80)	80
Compensation expenses	(101)	-	(101)
Other, net	20	137	(116)
Ordinary income	9,243	12,463	(3,219)
Extraordinary income (loss)	(6,235)	1,255	(7,491)
Gain on sales of property, plant and equipment	17	88	(70)
Gain on sales of investment securities	936	3	932
Gain on bargain purchase	87	-	87
Gain on step acquisitions	161	-	161
Reversal of provision for business structure reform expenses	-	2,704	(2,704)
Loss on disposal of property, plant and equipment	(617)	(1,424)	807
Impairment loss	-	(25)	25
loss on liquidation of subsidiaries and affiliates	(6,693)	-	(6,693)
Loss on disaster	(69)	(125)	55
Other, net	(59)	33	(92)
Income before income taxes	3,007	13,718	(10,711)
Income taxes	(3,538)	(5,213)	1,675
Net income	(530)	8,505	(9,036)
Profit attributable to non-controlling interests	(204)	(191)	(12)
Profit attributable to owners of parent	(735)	8,313	(9,048)

Consolidated Statements of Comprehensive Income

	<i>Millions of yen</i>		
	Nine months ended Dec 31, 2018	Nine months ended Dec 31, 2017	Increase (Decrease)
Net income(loss)	(530)	8,505	(9,036)
Other comprehensive income(loss)			
Net unrealized holding gain (loss) on other securities	(5,541)	7,703	(13,244)
Deferred gains or losses on hedges	(43)	(760)	717
Foreign currency translation adjustments	(55)	9,723	(9,779)
Total other comprehensive income (loss)	(5,640)	16,666	(22,306)
Comprehensive income (loss)	(6,171)	25,171	(31,342)
 (Breakdown)			
Comprehensive income(loss) attributable to owners of parent	(6,398)	24,975	(31,373)
Comprehensive income(loss) attributable to non-controlling interests	227	196	30

(Continued)

Segment Information

FY 2017 third quarter (From April 1, 2017 to December 31, 2017)

(1) Sales and profit information of each Segment

A summary of net sales and income business segment for nine months ended December 31, 2017 was as follows:

	<i>Millions of yen</i>							Quarterly Consolidated Statements of Income(*3)
	<i>For nine months period ended December 31, 2017</i>							
	Reportable Segment							
Electronics	Ceramics	Construction	Total	Others (*1)	Total	Adjustment (*2)		
Sales to third parties	84,056	82,826	3,445	170,329	43,661	213,990	-	213,990
Intersegment sales and transfers	2	177	4,493	4,673	1,012	5,686	(5,686)	-
Net sales	84,059	83,004	7,939	175,003	44,674	219,677	(5,686)	213,990
Segment income	445	7,361	870	8,677	2,204	10,881	(71)	10,810

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

*2 The ¥(71) million adjustment to segment income includes elimination for intersegment transactions and corporate expenses which cannot be allocated to reportable segments.

*3 Segment income is adjusted to ensure consistency with the operating income set forth 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 third quarter (From April 1, 2018 to December 31, 2018)

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

A summary of net sales and income business segment for nine months ended December 31, 2018 was as follows:

	<i>Millions of yen</i>							
	For nine months period ended December 31, 2018							
	Reportable Segment						Quarterly Consolidated Statements of Income(*3)	
	Electronics	Ceramics	Construction	Total	Others (*1)	Total	Adjustment (*2)	Income(*3)
Sales to third parties	87,922	77,060	3,684	168,667	45,835	214,503	-	214,503
Intersegment sales and transfers	1	200	4,047	4,248	805	5,054	(5,054)	-
Net sales	87,923	77,260	7,731	172,916	46,640	219,557	(5,054)	214,503
Segment income	1,174	3,406	949	5,529	1,600	7,130	(62)	7,068

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

*2 The ¥(62) million adjustment to segment income 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 first quarter, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under long-term liabilities.