

Consolidated Financial Results

For the Second Quarter Ended September 30, 2019

Company name: IBIDEN CO., LTD.

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

Stock code number: 4062

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

Representative: Takeshi Aoki, President & CEO, Representative Director

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Submission date of quarterly report: November 6, 2019

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2019 Second quarter (From April 1, 2019 to September 30, 2019)

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

| | Net sales | | Operating income | | Ordinary income(loss) | | Profit(loss) attributable to owners of parent | |
|------------------------|-----------------|-----|------------------|--------|-----------------------|-------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY 2019 Second quarter | 144,354 | 0.1 | 7,647 | 30.2 | 8,475 | 7.9 | 3,896 | (29.3) |
| FY 2018 Second quarter | 144,247 | 1.6 | 5,872 | (15.0) | 7,855 | (4.9) | 5,508 | (15.0) |

Note: Comprehensive income

FY 2019 Second quarter : (452) million yen (-%) FY 2018 Second quarter : 10,187 million yen (-40.4%)

| | Net income Per share | Diluted net income Per share |
|------------------------|-------------------------|---------------------------------|
| | Yen | Yen |
| FY 2019 Second quarter | 27.89 | - |
| FY 2018 Second quarter | 39.43 | - |

(2) Financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|------------------------|-----------------|-----------------|-------------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY 2019 Second quarter | 499,678 | 273,066 | 53.5 | 1,914.78 |
| FY 2018 | 423,056 | 276,305 | 64.0 | 1,938.59 |

Note: Equity for reference

As of September 30, 2019 : 267,563 million yen As of March 31, 2019 : 270,862 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: Yes

Part of consolidated overseas subsidiaries adopted IFRS 16 “Leases” from the first quarter, and recognize all leases as a lessee in principle as assets and liabilities on the balance sheets.

The effect of this change on the consolidated financial statements is immaterial.

2. Changes in accounting policies other than above: No

3. Changes in accounting estimates: Yes

The Company changed the depreciable life of some electronic parts manufacturing facilities from the first quarter. As a result of this change, operating income, ordinary income, and income before income taxes increased by 330 million yen compared to the previous method.

4. Restatements of financial statements: No

(4) Issued and outstanding capital stock

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

| | | | |
|--------------------------|----------------------|----------------------|----------------------|
| As of September 30, 2019 | : 140,860,557 shares | As of March 31, 2019 | : 140,860,557 shares |
|--------------------------|----------------------|----------------------|----------------------|

2. Number of treasury stock outstanding:

| | | | |
|--------------------------|--------------------|----------------------|--------------------|
| As of September 30, 2019 | : 1,124,468 shares | As of March 31, 2019 | : 1,138,769 shares |
|--------------------------|--------------------|----------------------|--------------------|

3. Average number of shares:

| | | | |
|------------------------|----------------------|------------------------|----------------------|
| FY 2019 Second quarter | : 139,734,787 shares | FY 2018 Second quarter | : 139,719,908 shares |
|------------------------|----------------------|------------------------|----------------------|

Consolidated Balance Sheets

| | <i>Millions of yen</i> | | |
|---------------------------------------|------------------------|----------------------|------------------------|
| | As of Sep 30,2019 | As of Mar 31,2019 | Increase (Decrease) |
| Assets | | | |
| Current assets | | | |
| Cash and deposits | 182,606 | 113,492 | 69,113 |
| Notes and accounts receivable – trade | 57,804 | 60,278 | (2,474) |
| Merchandise and finished goods | 14,625 | 17,793 | (3,168) |
| Work in process | 13,054 | 11,357 | 1,696 |
| Raw materials and supplies | 19,007 | 19,619 | (611) |
| Other current assets | 8,713 | 6,528 | 2,184 |
| Allowance for doubtful accounts | (168) | (98) | (69) |
| Total current assets | 295,642 | 228,972 | 66,670 |
| Noncurrent assets | | | |
| Property, plant and equipment | | | |
| Buildings and structures | 58,583 | 62,212 | (3,628) |
| Machinery, equipment and vehicles | 44,421 | 46,309 | (1,887) |
| Land | 19,820 | 19,962 | (142) |
| Lease assets | 14 | 21 | (6) |
| Construction in progress | 24,663 | 13,342 | 11,321 |
| Other - property, plant and equipment | 5,544 | 4,863 | 681 |
| Total property, plant and equipment | 153,047 | 146,710 | 6,337 |
| Intangible assets | 4,030 | 4,162 | (132) |
| Investments and other assets | | | |
| Investment securities | 42,642 | 39,142 | 3,499 |
| Long-term loans receivable | 9 | 9 | (0) |
| Deferred tax assets | 3,081 | 2,915 | 166 |
| Other assets | 1,482 | 1,405 | 77 |
| Allowance for doubtful accounts | (257) | (261) | 3 |
| Total investments and other assets | 46,957 | 43,210 | 3,746 |
| Total noncurrent assets | 204,035 | 194,084 | 9,951 |
| Total assets | 499,678 | 423,056 | 76,622 |

(Continued)

| | <i>Millions of yen</i> | | |
|--|------------------------|----------------------|------------------------|
| | As of Sep 30,2019 | As of Mar 31,2019 | Increase (Decrease) |
| Liabilities and net assets | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable – trade | 39,097 | 39,562 | (464) |
| Short-term loans payable | 20,030 | 20,030 | - |
| Current portion of bonds | - | 25,000 | (25,000) |
| Accounts payable - other | 10,404 | 9,111 | 1,292 |
| Income taxes payable | 1,962 | 2,366 | (404) |
| Accrued bonuses for employees | 3,706 | 3,438 | 267 |
| Provision for directors' bonuses | - | 89 | (89) |
| Provision for loss on liquidation of subsidiaries and affiliates | 1,499 | 4,864 | (3,365) |
| Notes payable - facilities | 2,773 | 1,618 | 1,155 |
| Other - current liabilities | 12,132 | 12,001 | 131 |
| Total current liabilities | 91,605 | 118,082 | (26,477) |
| Noncurrent liabilities | | | |
| Bonds payable | 50,000 | 15,000 | 35,000 |
| Long-term loans payable | 80,000 | 10,000 | 70,000 |
| Lease obligations | 41 | 43 | (2) |
| Deferred tax liabilities for land revaluation | 68 | 68 | - |
| Liability for retirement benefits | 629 | 671 | (42) |
| Provision for share-based compensation | 200 | 179 | 20 |
| Deferred income taxes | 2,681 | 1,974 | 707 |
| Other - noncurrent liabilities | 1,386 | 729 | 656 |
| Total long-term liabilities | 135,006 | 28,668 | 106,338 |
| Total liabilities | 226,612 | 146,751 | 79,861 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | 64,152 | 64,152 | - |
| Capital surplus | 64,579 | 64,579 | - |
| Retained earnings | 123,243 | 122,144 | 1,098 |
| Treasury stock | (2,574) | (2,602) | 27 |
| Total shareholders' equity | 249,400 | 248,274 | 1,126 |
| Accumulated other comprehensive income | | | |
| Net unrealized holding gain on other securities | 14,951 | 12,415 | 2,535 |
| Revaluation reserve for land | 160 | 160 | - |
| Foreign currency translation adjustment | 3,050 | 10,012 | (6,962) |
| Total accumulated other comprehensive income | 18,162 | 22,588 | (4,426) |
| Non-controlling interests | 5,503 | 5,442 | 60 |
| Total net assets | 273,066 | 276,305 | (3,239) |
| Total liabilities and net assets | 499,678 | 423,056 | 76,622 |
| | | | (Concluded) |

Consolidated Statements of Income

| | <i>Millions of yen</i> | | |
|---|---------------------------|---------------------------|------------------------|
| | Year ended Sep 30,2019 | Year ended Sep 30,2018 | Increase (Decrease) |
| Net sales | 144,354 | 144,247 | 106 |
| Cost of sales | 112,777 | 114,251 | (1,474) |
| Gross profit | 31,576 | 29,996 | 1,580 |
| Selling, general and administrative expenses | 23,928 | 24,124 | (195) |
| Operating income | 7,647 | 5,872 | 1,775 |
| Non-operating income (expenses) | 827 | 1,983 | (1,155) |
| Interest income | 147 | 136 | 10 |
| Dividends income | 556 | 572 | (16) |
| Share of profit of entities accounted for using equity method | - | 1 | (1) |
| Share of loss of entities accounted for using equity method | 0 | - | 0 |
| Foreign exchange gain(losses), net | 288 | 526 | (237) |
| Interest expenses | (49) | (76) | 27 |
| Bond issuance cost | (146) | - | (146) |
| Compensation income | - | 830 | (830) |
| Other, net | 31 | (7) | 38 |
| Ordinary income | 8,475 | 7,855 | 619 |
| Extraordinary income (loss) | (1,988) | 368 | (2,356) |
| Gain on sales of property, plant and equipment | 95 | 6 | 88 |
| Gain on sales of Investment securities | - | 936 | (936) |
| Loss on disposal of property, plant and equipment | (850) | (476) | (374) |
| Loss on sales of investment securities | (45) | - | (45) |
| Loss on liquidation of subsidiaries and affiliates | (458) | - | (458) |
| Extra retirement payments | (675) | - | (675) |
| Loss on disaster | - | (69) | 69 |
| Other, net | (53) | (28) | (25) |
| Income(loss) before income taxes | 6,486 | 8,223 | (1,736) |
| Income taxes | (2,520) | (2,577) | 57 |
| Net income(loss) | 3,966 | 5,645 | (1,679) |
| Profit attributable to non-controlling interests | (69) | (137) | 67 |
| Profit(loss) attributable to owners of parent | 3,896 | 5,508 | (1,612) |

Consolidated Statements of Comprehensive Income

| | <i>Millions of yen</i> | | |
|--|---------------------------|---------------------------|------------------------|
| | Year ended Sep 30,2019 | Year ended Sep 30,2018 | Increase (Decrease) |
| Net income(loss) | 3,966 | 5,645 | (1,679) |
| Other comprehensive income(loss) | | | |
| Valuation difference on available-for-sale securities | 2,547 | 775 | 1,772 |
| Deferred gains or losses on hedges | - | (526) | 526 |
| Foreign currency translation adjustments | (6,966) | 4,292 | (11,258) |
| Total other comprehensive income (loss) | (4,418) | 4,541 | (8,960) |
| Comprehensive income (loss) | (452) | 10,187 | (10,639) |
| (Breakdown) | | | |
| Comprehensive income(loss) attributable to owners of parent | (529) | 10,022 | (10,551) |
| Comprehensive income(loss) attributable to non-controlling interests | 76 | 165 | (88) |

Segment Information

FY 2018 second quarter (From April 1, 2018 to September 30, 2018)

(1) Sales and profit information of each Segment

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

| <i>Millions of yen</i> | | | | | | | | |
|---|---------------------------|-----------------|---------------------|--------------|------------------------|--------------|----------------------------|--|
| <i>For six months period ended September 30, 2018</i> | | | | | | | | |
| | Reportable Segment | | | | Others (*1) | Total | Adjustment (*2) | Consolidated Statements of Income(*3) |
| | Electronics | Ceramics | Construction | Total | | | | |
| Sales to third parties | 60,156 | 52,359 | 2,194 | 114,710 | 29,536 | 144,247 | - | 144,247 |
| Intersegment sales and transfers | 1 | 176 | 2,880 | 3,057 | 563 | 3,621 | (3,621) | - |
| Net sales | 60,158 | 52,535 | 5,074 | 117,768 | 30,100 | 147,869 | (3,621) | 144,247 |
| Segment income | 972 | 3,391 | 650 | 5,013 | 943 | 5,957 | (85) | 5,872 |

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

*2 The (85) millions of yen adjustment to segment income includes elimination for intersegment transactions and corporate expenses which cannot be allocated to reportable 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 2019 second quarter (From April 1, 2019 to September 30, 2019)

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

A summary of net sales and income business segment for six months ended September 30, 2019 was as follows:

| <i>Millions of yen</i> | | | | | | | | |
|---|---------------------------|-----------------|---------------------|--------------|------------------------|--------------|----------------------------|--|
| <i>For six months period ended September 30, 2019</i> | | | | | | | | |
| | Reportable Segment | | | | Others (*1) | Total | Adjustment (*2) | Consolidated Statements of Income(*3) |
| | Electronics | Ceramics | Construction | Total | | | | |
| Sales to third parties | 62,767 | 46,268 | 2,130 | 111,167 | 33,186 | 144,354 | - | 144,354 |
| Intersegment sales and transfers | 0 | 102 | 2,929 | 3,032 | 5,357 | 8,390 | (8,390) | - |
| Net sales | 62,768 | 46,371 | 5,060 | 114,200 | 38,544 | 152,744 | (8,390) | 144,354 |
| Segment income | 5,290 | 332 | 560 | 6,183 | 1,672 | 7,855 | (207) | 7,647 |

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

*2 The (207) millions of yen adjustment to segment income includes elimination for intersegment transactions and corporate expenses which cannot be allocated to reportable 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)

Due to the dissolution of a consolidated subsidiary which belongs to the Ceramics segment, the Company lowered the book value of buildings, structures and land to the expected recoverable amount. As a result, the Company recognized an impairment loss of 210 millions of yen for the second quarter.