

# Consolidated Financial Results

## For the Third Quarter Ended December 31, 2019

Company name: IBIDEN CO., LTD.

Stock exchanges on which the shares are listed: 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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Filing date of quarterly securities report: February 10, 2020

(Amounts less than one million yen are omitted)

### 1. Consolidated Financial Results for FY 2019 Third quarter (From April 1, 2019 to December 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2019 Third quarter	216,905	1.1	13,166	86.3	14,887	61.1	8,182	-
FY 2018 Third quarter	214,503	0.2	7,068	(34.6)	9,243	(25.8)	(735)	-

Note: Comprehensive income

FY 2019 Third quarter : 9,492 million yen (-%)

FY 2018 Third quarter : (6,171) million yen (-%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY 2019 Third quarter	58.56	-
FY 2018 Third quarter	(5.26)	-

### (2) Financial positions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY 2019 Third quarter	524,791	280,913	52.5	1,970.17
FY 2018	423,056	276,305	64.0	1,938.59

Note: Owner's equity

As of December 31, 2019 : 275,304 million yen

As of March 31, 2019 : 270,862 million yen

## 2. Notes

(1) Material changes in subsidiaries during this period : None

(2) Applying of specific accounting of the consolidated quarterly financial statements : Yes

The provision for income taxes is computed by multiplying profit before income taxes by estimated annual effective tax rates.

(3) Changes in accounting policies, accounting estimates and retrospective restatement

( i ) Changes in accounting policies based on revisions of accounting standard: 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.

( ii ) Changes in accounting policies other than above: None

(iii) 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 profit, ordinary profit, and profit before income taxes increased

by 568 million yen compared to the previous method.

( iv ) Retrospective restatement: None

(4) Number of shares issued and outstanding (common stock)

( i ) Number of shares outstanding (including treasury stock):

As of December 31, 2019 :	140,860,557 shares	As of March 31, 2019 :	140,860,557 shares
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( ii ) Number of treasury stock :

As of December 31, 2019 :	1,124,680 shares	As of March 31, 2019 :	1,138,769 shares
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(iii) Average number of shares: :

FY 2019 Third quarter :	139,735,171 shares	FY 2018 Third quarter :	139,720,679 shares
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\* **This quarterly financial results is not subject to quarterly review procedure by certified public accountants or auditing firms.**

## Consolidated balance sheet

	(Millions of yen)		
	As of Dec 31,2019	As of Mar 31,2019	Increase (Decrease)
<b>Assets</b>			
Current assets			
Cash and deposits	179,719	113,492	66,227
Notes and accounts receivable – trade	64,310	60,278	4,031
Merchandise and finished goods	13,636	17,793	(4,156)
Work in process	15,557	11,357	4,199
Raw materials and supplies	20,662	19,619	1,042
Other current assets	10,798	6,528	4,270
Allowance for doubtful accounts	(168)	(98)	(70)
Total current assets	304,515	228,972	75,543
Non-current assets			
Property, plant and equipment			
Buildings and structures	58,647	62,212	(3,565)
Machinery, equipment and vehicles	43,891	46,309	(2,417)
Land	19,841	19,962	(120)
Lease assets	11	21	(9)
Construction in progress	38,718	13,342	25,375
Other - property, plant and equipment	5,454	4,863	591
Total property, plant and equipment	166,564	146,710	19,854
Intangible assets	4,224	4,162	61
Investments and other assets			
Investment securities	45,203	39,142	6,060
Long-term loans receivable	8	9	(0)
Deferred tax assets	3,019	2,915	104
Other assets	1,510	1,405	105
Allowance for doubtful accounts	(256)	(261)	5
Total investments and other assets	49,485	43,210	6,274
Total non-current assets	220,275	194,084	26,190
Total assets	524,791	423,056	101,734

(Continued)

	(Millions of yen)		
	As of Dec 31,2019	As of Mar 31,2019	Increase (Decrease)
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Current liabilities			
Notes and accounts payable – trade	45,901	39,562	6,339
Short-term loans payable	30,030	20,030	10,000
Current portion of bonds	-	25,000	(25,000)
Accounts payable - other	18,009	9,111	8,898
Income taxes payable	1,242	2,366	(1,124)
Provision for bonuses	1,676	3,438	(1,761)
Provision for bonuses for directors	-	89	(89)
Provision for loss on liquidation of subsidiaries and associates	1,518	4,864	(3,346)
Notes payable - facilities	6,746	1,618	5,128
Other - current liabilities	13,235	12,001	1,234
Total current liabilities	118,361	118,082	278
Non-current liabilities			
Bonds payable	50,000	15,000	35,000
Long-term loans payable	70,000	10,000	60,000
Lease obligations	41	43	(2)
Deferred tax liabilities for land revaluation	68	68	-
Retirement benefit liability	631	671	(40)
Provision for share-based compensation	225	179	45
Deferred tax liabilities	3,388	1,974	1,414
Other - non-current liabilities	1,161	729	431
Total non-current liabilities	125,516	28,668	96,848
Total liabilities	243,877	146,751	97,126
<b>Net assets</b>			
Shareholders' equity			
Capital stock	64,152	64,152	-
Capital surplus	64,579	64,579	-
Retained earnings	125,431	122,144	3,286
Treasury shares	(2,575)	(2,602)	27
Total shareholders' equity	251,588	248,274	3,313
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	16,736	12,415	4,320
Revaluation reserve for land	160	160	-
Foreign currency translation adjustment	6,819	10,012	(3,193)
Total accumulated other comprehensive income	23,716	22,588	1,127
Non-controlling interests	5,609	5,442	166
Total net assets	280,913	276,305	4,607
Total liabilities and net assets	524,791	423,056	101,734
			(Concluded)

## Consolidated statement of income

			(Millions of yen)
	Year ended Dec 31,2019	Year ended Dec 31,2018	Increase (Decrease)
Net sales	216,905	214,503	2,402
Cost of sales	167,562	171,379	(3,817)
Gross profit	49,343	43,123	6,219
Selling, general and administrative expenses	36,176	36,055	121
Operating profit	13,166	7,068	6,098
Non-operating income (expenses)	1,720	2,175	(454)
Interest income	208	203	5
Dividends income	1,031	1,050	(19)
Share of profit of entities accounted for using equity method	-	0	(0)
Share of loss of entities accounted for using equity method	(0)	-	(0)
Foreign exchange gain(losses), net	616	286	330
Interest expenses	(123)	(114)	(8)
Bond issuance cost	(146)	-	(146)
Compensation income	-	830	(830)
Compensation expense	-	(101)	101
Other, net	134	20	114
Ordinary profit	14,887	9,243	5,644
Extraordinary income (losses)	(2,826)	(6,235)	3,409
Gain on sales of non-current assets	130	17	112
Gain on sales of Investment securities	0	936	(936)
Gain on bargain purchase	-	87	(87)
Gain on step acquisitions	-	161	(161)
Loss on retirement of non-current assets	(1,715)	(617)	(1,098)
Loss on sales of investment securities	(45)	-	(45)
Loss on liquidation of subsidiaries and associates	(459)	(6,693)	6,234
Extra retirement payments	(686)	-	(686)
Loss on disaster	-	(69)	69
Other, net	(50)	(59)	9
Profit before income taxes	12,061	3,007	9,053
Income taxes	(3,741)	(3,538)	(202)
Profit (loss)	8,319	(530)	8,850
Profit (loss) attributable to non-controlling interests	(136)	(204)	67
Profit (loss) attributable to owners of parent	8,182	(735)	8,918

## Consolidated statement of comprehensive income

	(Millions of yen)		
	Year ended Dec 31,2019	Year ended Dec 31,2018	Increase (Decrease)
Profit (loss)	8,319	(530)	8,850
Other comprehensive income (loss)			
Valuation difference on available-for-sale securities	4,353	(5,541)	9,895
Deferred gains or losses on hedges	-	(43)	43
Foreign currency translation adjustments	(3,181)	(55)	(3,125)
Total other comprehensive income (loss)	1,172	(5,640)	6,812
Comprehensive income (loss)	9,492	(6,171)	15,663
Comprehensive income attributable to owners of parent owners of parent	9,310	(6,398)	15,709
Comprehensive income attributable to non-controlling interests	181	227	(45)
non-controlling interests			

## Segment Information

FY 2018 third quarter (From April 1, 2018 to December 31, 2018)

### (1) Sales and profit information of each Segment

							(Millions of yen)	
	<b>Reportable Segment</b>				<b>Others</b>	<b>Total</b>	<b>Adjustment</b>	<b>Consolidated</b>
	<b>Electronics</b>	<b>Ceramics</b>	<b>Construction</b>	<b>Total</b>	<b>(*1)</b>		<b>(*2)</b>	<b>Statements</b>
								<b>of</b>
								<b>Income(*3)</b>
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) 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 that belongs to the Ceramics segment, the Company lowered the book value of buildings and structures to the expected recoverable amount. As a result, the Company recognized an impairment loss of 282 millions of yen for the third quarter.

(Material gain on bargain purchase)

Due to the acquisition of additional shares, the Company included CERAM Liegenschaftsverwaltung GmbH in the scope of consolidation.

Regarding this, the Company recorded a gain on bargain purchase of 87 millions of yen under the Ceramics segment for the third quarter.

FY 2019 third quarter (From April 1, 2019 to December 31, 2019)

**(1) Sales and profit information of each Segment**

	Reportable Segment				Others (*1)	Total	Adjustment (*2)	(Millions of yen) Consolidated Statements of Income(*3)
	Electronics	Ceramics	Construction	Total				
Sales to third parties	97,909	67,369	3,496	168,774	48,130	216,905	-	216,905
Intersegment sales and transfers	0	182	4,831	5,013	8,638	13,651	(13,651)	-
Net sales	97,910	67,551	8,327	173,788	56,768	230,557	(13,651)	216,905
Segment income	9,953	4	921	10,879	2,480	13,360	(193)	13,166

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

\*2 The (193) 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 that 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 third quarter.