

Summary of Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2019 [Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan
Translated from the original Japanese-language document

November 9, 2018

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

URL: www.daifuku.com/jp

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Scheduled date for filing quarterly financial report: November 12, 2018

Scheduled date of commencing dividend payment: December 5, 2018

Quarterly earnings supplementary materials: Yes

Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

Note: Figures are rounded down to the nearest one million yen.

1. Consolidated Financial Results for the First Half of Fiscal 2018

(April 1, 2018 - September 30, 2018)

(1) Operating results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half of fiscal 2018	210,713	14.4	23,114	38.3	23,757	36.2	21,799	78.2
First half of fiscal 2017	184,154	25.1	16,711	63.7	17,437	70.1	12,233	73.0

Note: Comprehensive income

First half of fiscal 2018: 19,066 million yen (37.1%)

First half of fiscal 2017: 13,909 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First half of fiscal 2018	173.31	—
First half of fiscal 2017	100.45	—

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First half of fiscal 2018	388,905	204,844	51.7
Fiscal 2017	373,013	191,474	50.4

Reference: Shareholders' equity

First half of fiscal 2018: 201,012 million yen

Fiscal 2017: 187,878 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	25.00	—	45.00	70.00
Fiscal 2018	—	30.00			
Fiscal 2018 (forecast)			—	50.00	80.00

Note: Revisions to the latest dividend forecast: Yes

3. Consolidated Earnings Forecast for the Fiscal 2018

(April 1, 2018 - March 31, 2019)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full-year	470,000	16.1	52,000	30.2	52,900	28.7	35,000	278.25

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

- (1) Changes in significant subsidiaries that affected the scope of consolidation during the period: None
- (2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement
 - 1) Changes in accounting standards associated with the revisions of accounting standards: Yes
 - 2) Other changes: None
 - 3) Changes in accounting estimates: None
 - 4) Restatement: None
- (4) Number of shares issued (Common stock)
 - 1) Number of shares issued including treasury stock at the end of the period

First quarter of fiscal 2018: 126,610,077 shares

Fiscal 2017: 126,610,077 shares
 - 2) Number of treasury stock at the end of the period

First quarter of fiscal 2018: 819,422 shares

Fiscal 2017: 828,727 shares
 - 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter of fiscal 2018: 125,787,681 shares

First quarter of fiscal 2017: 121,783,530 shares

Note: The number of treasury stock at the end of the first half of the fiscal year ending March 31, 2019 includes 77,300 shares owned by the Board Benefit Trust (BBT). The number of treasury stock at the end of the fiscal year ended March 31, 2018 included 87,600 shares owned by the BBT.

These quarterly consolidated financial statements are not subject to audit through the certified public accountant or an auditing company.

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances.

Quarterly earnings supplementary materials are available at the [TDnet](#) and our website: www.daifuku.com/ir.

Consolidated Financial Statements

(1) Consolidated balance sheets

	(Million yen)	
	FY2017 (Year ended March 31, 2018)	First half of FY2018 (Period ended September 30, 2018)
ASSETS		
Current assets:		
Cash on hand and in banks	85,160	97,684
Notes and accounts receivable and unbilled receivables	163,101	165,183
Merchandise and finished goods	5,084	6,153
Costs incurred on uncompleted construction contracts and other	10,657	16,343
Raw materials and supplies	11,296	14,015
Other current assets	10,915	10,074
Allowance for doubtful accounts	(128)	(118)
Total current assets	286,088	309,336
Non-current assets:		
Property, plant and equipment	35,252	34,540
Intangible assets		
Goodwill	8,794	8,008
Other	5,243	5,109
Total intangible assets	14,037	13,117
Investments and other assets		
Other	37,772	32,057
Allowance for doubtful accounts	(136)	(145)
Total investments and other assets	37,635	31,911
Total non-current assets	86,925	79,569
Total assets	373,013	388,905
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	46,450	42,930
Electronically recorded obligations - operating	22,826	24,172
Short-term borrowings and current portion of long-term borrowings	17,267	19,638
Current portion of bonds	2,700	2,700
Income taxes payable	10,360	9,680
Advances received on uncompleted construction contracts and other	28,298	33,845
Provision for losses on construction contracts	562	494
Other current liabilities	20,322	18,229
Total current liabilities	148,789	151,691
Non-current liabilities:		
Long-term borrowings	18,000	17,900
Liabilities for retirement benefits	11,656	11,482
Other non-current liabilities	3,093	2,988
Total non-current liabilities	32,749	32,370
Total liabilities	181,539	184,061

(Million yen)

	FY2017 (Year ended March 31, 2018)	First half of FY2018 (Period ended September 30, 2018)
NET ASSETS		
Shareholders' equity:		
Common stock	31,865	31,865
Capital surplus	20,717	20,714
Retained earnings	129,654	145,790
Treasury stock	(782)	(767)
Total shareholders' equity	181,454	197,603
Accumulated other comprehensive income:		
Net unrealized gain on securities	5,358	5,865
Deferred gain (loss) on hedges	34	(95)
Foreign currency translation adjustments	6,360	2,491
Accumulated adjustments on retirement benefits	(5,328)	(4,851)
Total accumulated other comprehensive income	6,424	3,409
Non-controlling interests:		
	3,595	3,831
Total net assets	191,474	204,844
Total liabilities and net assets	373,013	388,905

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2017 H1 (April 1, 2017 - September 30, 2017)	FY2018 H1 (April 1, 2018 - September 30, 2018)
Net sales	184,154	210,713
Cost of sales	147,254	164,557
Gross profit	36,900	46,156
Selling, general and administrative expenses:		
Selling expenses	8,859	9,333
General and administrative expenses	11,329	13,708
Total selling, general and administrative expenses	20,188	23,041
Operating income	16,711	23,114
Other income:		
Interest income	89	244
Dividend income	214	231
Equity in earnings of affiliates	272	162
Foreign exchange gain	146	—
Rental income	117	121
Miscellaneous income	110	152
Total other income	950	911
Other expenses:		
Interest expenses	172	149
Foreign exchange loss	—	76
Miscellaneous expenses	51	42
Total other expenses	224	268
Ordinary income	17,437	23,757
Extraordinary income:		
Gain on transfer of business	43	—
Gain on sales of shares in affiliates	—	6,948
Other	16	45
Total extraordinary income	60	6,994
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	43	160
Other	1	2
Total extraordinary loss	44	162
Income before income taxes	17,453	30,589
Income taxes - current	5,269	9,410
Income taxes - deferred	(197)	(842)
Total income taxes	5,071	8,568
Net income	12,381	22,021
Net income attributable to:		
Shareholders of the parent company	12,233	21,799
Non-controlling interests	148	221

(Million yen)

	FY2017 H1 (April 1, 2017 - September 30, 2017)	FY2018 H1 (April 1, 2018 - September 30, 2018)
Other comprehensive income		
Net unrealized gain on securities	1,076	614
Deferred gain (loss) on hedges	(68)	(130)
Foreign currency translation adjustments	(800)	(2,843)
Retirement benefits reserves adjustments	626	472
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	693	(1,069)
Total other comprehensive income (loss)	1,527	(2,955)
Comprehensive income:	13,909	19,066
Comprehensive income attributable to:		
Shareholders of the parent company	13,770	18,785
Non-controlling interests	138	280

(3) Consolidated statements of cash flows

(Million yen)

	FY2017 H1 (April 1, 2017 - September 30, 2017)	FY2018 H1 (April 1, 2018 - September 30, 2018)
Cash flows from operating activities:		
Income before income taxes	17,453	30,589
Depreciation	2,105	2,219
Interest and dividend income	(303)	(476)
Interest expenses	172	149
Loss (gain) on sales of shares in affiliates	—	(6,948)
Decrease (increase) in notes and accounts receivable	(15,636)	(4,619)
Decrease (increase) in inventories	(5,346)	(9,792)
Increase (decrease) in notes and accounts payable	5,650	(960)
Increase (decrease) in advances received on uncompleted contracts	139	2,964
Other, net	301	2,111
Subtotal	4,535	15,238
Interest and dividend received	303	477
Interest expenses paid	(174)	(146)
Income taxes refund (paid)	(1,111)	(9,336)
Other, net	174	235
Net cash provided by (used in) operating activities	3,727	6,469
Cash flows from investing activities:		
Investments in time deposits	(0)	(3)
Proceeds from refund of time deposits	3	—
Payments for purchase of property, plant and equipment	(2,910)	(2,450)
Proceeds from sales of property, plant and equipment	71	56
Payments for purchase of investments in securities	(12)	(14)
Proceeds from sales of shares in affiliates	—	13,223
Other, net	19	78
Net cash provided by (used in) investing activities	(2,829)	10,889
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	404	2,753
Proceeds from long-term borrowings	9,300	—
Repayment of long-term borrowings	(9,552)	(252)
Payments for purchase of treasury stock	(8)	(5)
Payments of cash dividends	(3,651)	(5,653)
Other, net	(125)	(127)
Net cash provided by (used in) financing activities	(3,633)	(3,284)
Effect of exchange rate change on cash and cash equivalents	(81)	(1,551)
Net increase (decrease) in cash and cash equivalents	(2,817)	12,522
Cash and cash equivalents at beginning of period	64,790	85,150
Cash and cash equivalents at end of period	61,973	97,673

Segment Information

I. The first half of the previous fiscal year ended March 31, 2018 (from April 1, 2017 to September 30, 2017)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku Plusmore	Total		
Net sales								
Sales to outside customers	82,356	7,635	48,036	9,887	5,554	153,471	31,332	184,804
Intersegment sales or transfers	18,109	5,007	157	1,828	0	25,104	4,607	29,711
Total	100,466	12,643	48,194	11,716	5,555	178,575	35,940	214,516
Segment income (loss)	9,084	418	1,501	719	6	11,729	663	12,392

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	178,575
Net sales classified in "Other"	35,940
Elimination of intersegment transactions	(29,711)
Consolidation adjustments to net sales under the percentage-of-completion method	43
Other adjustments for consolidation	(693)
Net sales in quarterly consolidated financial statements	184,154

Segment income	(Million yen)
Reportable segment total	11,729
Segment income classified in "Other"	663
Elimination of cash dividends from affiliates	(264)
Consolidation adjustments to net sales under the percentage-of-completion method	143
Other adjustments for consolidation	(38)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	12,233

II. The first half of the fiscal year ending March 31, 2019 (from April 1, 2018 to September 30, 2018)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku Plusmore	Total		
Net sales								
Sales to outside customers	92,970	7,828	40,968	15,677	5,423	162,868	42,383	205,252
Intersegment sales or transfers	22,906	5,518	484	2,253	0	31,164	8,050	39,214
Total	115,876	13,347	41,453	17,930	5,424	194,032	50,434	244,467
Segment income (loss)	18,186	571	1,750	1,564	(15)	22,057	1,880	23,938

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	194,032
Net sales classified in "Other"	50,434
Elimination of intersegment transactions	(39,214)
Consolidation adjustments to net sales under the percentage-of-completion method	4,719
Other adjustments for consolidation	742
Net sales in quarterly consolidated financial statements	210,713

Segment income	(Million yen)
Reportable segment total	22,057
Segment income classified in "Other"	1,880
Elimination of cash dividends from affiliates	(231)
Consolidation adjustments to net sales under the percentage-of-completion method	(634)
Adjustments to gain on sales of shares in affiliates	(797)
Other adjustments for consolidation	(474)
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	21,799

3. Changes to reportable segments

Clean Factomation, Inc., which was previously included in Other, was changed to a reportable segment due to its increased quantitative significance from the first half of the fiscal year under review. Accordingly, Daifuku changed its segment classification as follows.

Formerly: Daifuku Co., Ltd.

Contec Co., Ltd. and its affiliates

Daifuku North America Holding Company and its subsidiaries and affiliates

Daifuku Plusmore Co., Ltd.

From the first half of the fiscal year under review:

Daifuku Co., Ltd.

Contec Co., Ltd. and its affiliates

Daifuku North America Holding Company and its subsidiaries and affiliates

Clean Factomation, Inc.

Daifuku Plusmore Co., Ltd.

The segment information of the first half of the previous fiscal year is based on the new reportable segments.