

Consolidated Financial Results for the Third Quarter Ended December 31, 2018 [Japanese GAAP] (Unaudited)



February 8, 2019

Company name: HIRANO TECSEED Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 6245
 URL: <https://www.hirano-tec.co.jp/>
 Representative: Kaoru Okada, President and Director
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 Scheduled date of filing quarterly securities report: February 12, 2019
 Scheduled date of commencing dividend payments: -
 Supplemental Explanatory Materials for Quarterly Account Settlement: None
 Explanatory Meeting for Quarterly Account Settlement to be held: None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Third Quarter Ended December 31, 2018 (April 1, 2018 to December 31, 2018)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2018	22,571	29.0	3,213	29.7	3,263	28.4	2,140	20.1
Nine months ended December 31, 2017	17,494	52.1	2,478	71.9	2,542	70.9	1,782	50.6

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥1,926 million (down 4.8%)
 Nine months ended December 31, 2017: ¥2,024 million (up 45.0%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended December 31, 2018	142.28	—
Nine months ended December 31, 2017	118.50	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2018	44,503	26,323	59.2
As of March 31, 2018	37,445	24,923	66.6

(Reference) Equity: As of December 31, 2018: ¥26,323 million
 As of March 31, 2018: ¥24,923 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	13.00	—	17.00	30.00
Fiscal year ending March 31, 2019	—	18.00	—		
Fiscal year ending March 31, 2019 (Forecast)				18.00	36.00

(Note) Revisions of the most recently announced cash dividend forecast: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	30,000	44.7	3,950	35.1	4,000	34.1	2,800	34.1	186.12

(Note) Revisions of the most recently announced financial results forecast: None

Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	10,280,211	12,242,882
Notes and accounts receivable – trade	7,461,326	4,070,487
Electronically recorded monetary claims – operating	1,587,838	1,094,017
Securities	600,000	8,258,930
Work in process	8,524,989	9,912,840
Raw materials and supplies	99,808	131,152
Other	465,816	658,869
Allowance for doubtful accounts	△6,165	△4,177
Total current assets	29,013,826	36,365,002
Non-current assets		
Property, plant and equipment	3,959,908	4,109,988
Intangible assets	90,283	78,408
Investments and other assets		
Investment securities	3,888,774	3,562,018
Other	492,356	387,658
Total investments and other assets	4,381,130	3,949,676
Total non-current assets	8,431,323	8,138,073
Total assets	37,445,150	44,503,076

(Thousands of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable – trade	3,564,132	3,622,971
Electronically recorded obligations – operating	2,652,175	3,748,647
Short-term loans payable	—	150,000
Current portion of long-term loans payable	584,932	604,552
Income taxes payable	509,539	511,851
Advances received	3,063,444	7,164,855
Provision for bonuses	198,050	200,581
Provision for product warranties	67,389	77,677
Other	569,118	1,022,546
Total current liabilities	11,208,782	17,103,682
Non-current liabilities		
Long-term loans payable	649,824	471,855
Provision for directors' retirement benefits	79,470	77,403
Net defined benefit liability	533,266	494,899
Asset retirement obligations	14,888	15,113
Other	35,437	16,290
Total non-current liabilities	1,312,886	1,075,561
Total liabilities	12,521,669	18,179,243
Net assets		
Shareholders' equity		
Capital stock	1,847,821	1,847,821
Capital surplus	1,339,722	1,339,722
Retained earnings	21,719,994	23,333,815
Treasury shares	△408,218	△408,218
Total shareholders' equity	24,499,320	26,113,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	621,205	377,969
Remeasurements of defined benefit plans	△197,044	△167,279
Total accumulated other comprehensive income	424,160	210,690
Total net assets	24,923,481	26,323,832
Total liabilities and net assets	37,445,150	44,503,076

(2) Consolidated statements of income and Comprehensive Income
(Consolidated Statements of Income)

(Thousands of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	17,494,573	22,571,055
Cost of sales	13,601,899	17,709,963
Gross profit	3,892,673	4,861,092
Selling, general and administrative expenses	1,413,855	1,647,150
Operating profit	2,478,817	3,213,941
Non-operating income		
Interest income	3,311	2,139
Dividend income	48,221	51,814
Other	34,680	23,078
Total non-operating income	86,213	77,033
Non-operating expenses		
Interest expenses	5,987	7,232
Sales discounts	6,232	17,449
Other	10,625	2,295
Total non-operating expenses	22,845	26,976
Ordinary profit	2,542,185	3,263,998
Extraordinary income		
Gain on sales of non-current assets	—	1,025
Total extraordinary income	—	1,025
Profit before income taxes	2,542,185	3,265,024
Income taxes - current	749,750	1,063,286
Income taxes - deferred	9,697	61,391
Total income taxes	759,447	1,124,677
Profit	1,782,738	2,140,347
Profit attributable to owners of parent	1,782,738	2,140,347

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	1,782,738	2,140,347
Other comprehensive income		
Valuation difference on available-for-sale securities	222,043	△243,235
Remeasurements of defined benefit plans, net of tax	19,790	29,765
Total other comprehensive income	241,833	△213,470
Comprehensive income	2,024,572	1,926,876
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,024,572	1,926,876
Comprehensive income attributable to non-controlling interests	—	—

Production, Orders Received, and Sales

(1) Production

Production performance by segment for the third quarter ended December 31, 2018 is as follows

Name of segment	Production (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	7,947,218	+25.4
Industrial machinery	8,974,409	+47.0
Others	788,335	(32.1)
Total	17,709,963	+30.2

(Notes) 1. The above amount is calculated based on production costs and includes outsourcing production.

2. The above amount does not include consumption taxes.

(2) Orders Received

The status of orders received by segment for the third quarter ended December 31, 2018 is as follows

Name of segment	Orders received (Thousand yen)	Changes from the previous corresponding period (%)	Backlog of orders (Thousand yen)	Changes from the end of the previous fiscal year (%)
Coating and laminating machinery	9,349,399	(14.9)	18,286,041	+1.1
Industrial machinery	16,576,770	(5.3)	24,068,011	+22.4
Others	1,526,332	(25.3)	1,008,098	+37.8
Total	27,452,502	(10.1)	43,362,152	+12.7

(Notes) 1. The above amount is calculated based on sales prices.

2. The above amount does not include consumption taxes.

(3) Sales

Sales performance by segment for the third quarter ended December 31, 2018 is as follows

Name of segment	Sales (Thousand yen)	Changes from the previous corresponding period (%)
Coating and laminating machinery	9,144,039	+14.2
Industrial machinery	12,177,092	+55.3
Others	1,249,923	(24.2)
Total	22,571,055	+29.0

(Notes) 1. The above amount is calculated based on sales prices.

2. The above amount does not include consumption taxes.