

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 11, 2017

Company name: Eagle Industry Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6486 URL <https://www.ekkeagle.com/jp/>
 Representative: Representative Director, President Tetsuji Tsuru
 Senior Operating Officer, Division Manager Sumio Ikeda
 Corporate Finance & Accounting Division TEL 03-3438-2291
 Inquiries: TEL 03-3438-2291
 Scheduled date of ordinary general meeting of shareholders: June 27, 2017
 Scheduled date to file Securities Report: June 27, 2017
 Scheduled date to commence dividend payments: June 28, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	140,594	(2.0)	11,120	(20.4)	12,163	(18.1)	7,290	(20.7)
Year ended March 31, 2016	143,396	3.8	13,971	(3.6)	14,858	(11.3)	9,199	(3.3)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	149.46	—	10.9	7.7	7.9
Year ended March 31, 2016	189.71	—	14.0	9.5	9.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	160,658	74,484	42.2	1,387.72
As of March 31, 2016	154,807	72,402	42.3	1,343.99

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	16,058	(11,248)	(2,728)	19,799
Year ended March 31, 2016	18,177	(13,627)	(2,774)	18,069

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	—	20.00	—	25.00	45.00	2,200	23.7	3.3
Year ended March 31, 2017	—	20.00	—	25.00	45.00	2,208	30.1	3.3
Year ending March 31, 2018 (Forecast)	—	20.00	—	25.00	45.00		29.7	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	71,000	4.3	4,800	(3.0)	5,400	23.6	2,900	32.9	59.34
Full year	145,000	3.1	11,500	3.4	12,800	5.2	7,400	1.5	151.43

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	49,757,821 shares	As of March 31, 2016	49,757,821 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	889,678 shares	As of March 31, 2016	1,067,225 shares
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Average number of shares during the period

Year ended March 31, 2017	48,780,285 shares	Year ended March 31, 2016	48,491,965 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	20,692	22,663
Notes and accounts receivable - trade	30,071	28,815
Electronically recorded monetary claims - operating	1,731	3,725
Merchandise and finished goods	5,147	5,124
Work in process	7,726	7,092
Raw materials and supplies	4,890	5,584
Accounts receivable - other	2,266	2,270
Deferred tax assets	1,601	1,681
Other	3,408	4,156
Allowance for doubtful accounts	(104)	(90)
Total current assets	77,431	81,024
Non-current assets		
Property, plant and equipment		
Buildings and structures	34,597	35,889
Accumulated depreciation	(14,773)	(15,917)
Buildings and structures, net	19,823	19,971
Machinery, equipment and vehicles	59,869	63,745
Accumulated depreciation	(41,090)	(43,734)
Machinery, equipment and vehicles, net	18,779	20,010
Tools, furniture and fixtures	10,186	11,040
Accumulated depreciation	(7,396)	(8,085)
Tools, furniture and fixtures, net	2,789	2,955
Land	4,917	5,981
Leased assets	576	610
Accumulated depreciation	(345)	(375)
Leased assets, net	230	235
Construction in progress	2,251	3,848
Total property, plant and equipment	48,792	53,002
Intangible assets		
Goodwill	4,173	3,622
Other	2,755	3,525
Total intangible assets	6,929	7,148
Investments and other assets		
Investment securities	16,009	13,613
Long-term loans receivable	1,395	1,199
Deferred tax assets	2,793	3,414
Other	1,711	1,528
Allowance for doubtful accounts	(255)	(272)
Total investments and other assets	21,654	19,483
Total non-current assets	77,376	79,633
Total assets	154,807	160,658

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	7,940	8,022
Electronically recorded obligations - operating	7,603	8,912
Short-term loans payable	2,887	2,272
Current portion of long-term loans payable	10,683	11,006
Accounts payable - other	3,342	3,608
Lease obligations	90	80
Income taxes payable	2,112	2,185
Deposits received from employees	3,332	3,386
Provision for bonuses	2,279	2,345
Other provision	189	51
Other	5,119	5,168
Total current liabilities	45,581	47,042
Non-current liabilities		
Long-term loans payable	20,747	21,544
Lease obligations	136	164
Net defined benefit liability	14,716	15,997
Provision for directors' retirement benefits	35	25
Provision for environmental measures	297	297
Provision for loss on guarantees	—	99
Negative goodwill	158	142
Other	731	860
Total non-current liabilities	36,823	39,131
Total liabilities	82,404	86,173
Net assets		
Shareholders' equity		
Capital stock	10,490	10,490
Capital surplus	11,474	11,395
Retained earnings	48,951	54,182
Treasury shares	(998)	(650)
Total shareholders' equity	69,918	75,418
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	377	451
Foreign currency translation adjustment	(479)	(2,871)
Remeasurements of defined benefit plans	(4,377)	(5,183)
Total accumulated other comprehensive income	(4,478)	(7,603)
Non-controlling interests	6,963	6,669
Total net assets	72,402	74,484
Total liabilities and net assets	154,807	160,658

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	143,396	140,594
Cost of sales	105,484	105,160
Gross profit	37,911	35,433
Selling, general and administrative expenses	23,939	24,312
Operating profit	13,971	11,120
Non-operating income		
Interest income	269	461
Dividend income	32	39
Rent income	132	120
Share of profit of entities accounted for using equity method	100	780
Reversal of product maintenance and repair	403	—
Other	844	851
Total non-operating income	1,782	2,252
Non-operating expenses		
Interest expenses	484	465
Contribution	102	8
Foreign exchange losses	120	417
Other	188	317
Total non-operating expenses	895	1,209
Ordinary profit	14,858	12,163
Extraordinary income		
Gain on sales of non-current assets	11	60
Gain on sales of investment securities	—	22
Total extraordinary income	11	83
Extraordinary losses		
Loss on sales of non-current assets	11	16
Loss on retirement of non-current assets	90	124
Provision for loss on guarantees	—	99
Other	2	18
Total extraordinary losses	105	258
Profit before income taxes	14,764	11,988
Income taxes - current	4,589	4,085
Income taxes - deferred	113	(197)
Total income taxes	4,703	3,887
Profit	10,061	8,101
Profit attributable to non-controlling interests	862	810
Profit attributable to owners of parent	9,199	7,290

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	10,061	8,101
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	74
Foreign currency translation adjustment	(4,871)	(1,251)
Remeasurements of defined benefit plans, net of tax	(2,048)	(768)
Share of other comprehensive income of entities accounted for using equity method	(1,386)	(1,148)
Total other comprehensive income	(8,401)	(3,094)
Comprehensive income	1,659	5,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,577	4,166
Comprehensive income attributable to non-controlling interests	82	840

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,490	11,503	41,821	(940)	62,875
Changes of items during period					
Dividends of surplus			(2,069)		(2,069)
Profit attributable to owners of parent			9,199		9,199
Change of scope of consolidation					—
Change of scope of equity method					—
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		314		(53)	260
Change in ownership interest of parent due to transactions with non-controlling interests		(342)			(342)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(28)	7,129	(58)	7,042
Balance at end of current period	10,490	11,474	48,951	(998)	69,918

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	500	4,565	(1,922)	3,143	8,767	74,786
Changes of items during period						
Dividends of surplus						(2,069)
Profit attributable to owners of parent						9,199
Change of scope of consolidation						—
Change of scope of equity method						—
Purchase of treasury shares						(4)
Disposal of treasury shares						260
Change in ownership interest of parent due to transactions with non-controlling interests						(342)
Net changes of items other than shareholders' equity	(123)	(5,044)	(2,454)	(7,621)	(1,804)	(9,426)
Total changes of items during period	(123)	(5,044)	(2,454)	(7,621)	(1,804)	(2,383)
Balance at end of current period	377	(479)	(4,377)	(4,478)	6,963	72,402

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,490	11,474	48,951	(998)	69,918
Changes of items during period					
Dividends of surplus			(2,208)		(2,208)
Profit attributable to owners of parent			7,290		7,290
Change of scope of consolidation			(29)		(29)
Change of scope of equity method			179		179
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				349	349
Change in ownership interest of parent due to transactions with non-controlling interests		(79)			(79)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(79)	5,231	348	5,500
Balance at end of current period	10,490	11,395	54,182	(650)	75,418

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	377	(479)	(4,377)	(4,478)	6,963	72,402
Changes of items during period						
Dividends of surplus						(2,208)
Profit attributable to owners of parent						7,290
Change of scope of consolidation						(29)
Change of scope of equity method						179
Purchase of treasury shares						(1)
Disposal of treasury shares						349
Change in ownership interest of parent due to transactions with non-controlling interests						(79)
Net changes of items other than shareholders' equity	74	(2,392)	(806)	(3,124)	(293)	(3,418)
Total changes of items during period	74	(2,392)	(806)	(3,124)	(293)	2,082
Balance at end of current period	451	(2,871)	(5,183)	(7,603)	6,669	74,484

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	14,764	11,988
Depreciation	6,956	7,252
Share of (profit) loss of entities accounted for using equity method	(100)	(780)
Amortization of goodwill	737	564
Increase (decrease) in allowance for doubtful accounts	(46)	5
Increase (decrease) in provision for bonuses	215	74
Increase (decrease) in provision for directors' retirement benefits	12	(9)
Increase (decrease) in net defined benefit liability	250	160
Interest and dividend income	(302)	(500)
Interest expenses	484	465
Loss (gain) on sales and retirement of property, plant and equipment	91	79
Loss (gain) on sales of investment securities	–	(22)
Decrease (increase) in notes and accounts receivable - trade	224	(821)
Decrease (increase) in inventories	(23)	(183)
Decrease (increase) in other assets	290	(838)
Increase (decrease) in notes and accounts payable - trade	(371)	1,301
Increase (decrease) in other liabilities	466	425
Other, net	134	837
Subtotal	23,783	19,998
Interest and dividend income received	312	507
Interest expenses paid	(488)	(464)
Income taxes paid	(5,429)	(3,982)
Net cash provided by (used in) operating activities	18,177	16,058
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,562)	(11,178)
Proceeds from sales of property, plant and equipment	429	218
Purchase of intangible assets	(1,223)	(1,416)
Purchase of investment securities	(1,118)	(6)
Proceeds from sales of investment securities	1,526	1,143
Payments into time deposits	(420)	(867)
Proceeds from withdrawal of time deposits	384	580
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,677)	–
Other, net	34	276
Net cash provided by (used in) investing activities	(13,627)	(11,248)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Increase in short-term loans payable	1,292	867
Decrease in short-term loans payable	(1,455)	(1,474)
Proceeds from long-term loans payable	11,016	11,868
Repayments of long-term loans payable	(10,050)	(10,679)
Proceeds from sales of treasury shares	840	256
Purchase of treasury shares	(4)	(1)
Cash dividends paid	(2,236)	(2,208)
Dividends paid to non-controlling interests	(1,021)	(932)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,033)	(342)
Repayments of finance lease obligations	(120)	(80)
Net cash provided by (used in) financing activities	(2,774)	(2,728)
Effect of exchange rate change on cash and cash equivalents	(1,828)	(472)
Net increase (decrease) in cash and cash equivalents	(52)	1,608
Cash and cash equivalents at beginning of period	17,911	18,069
Increase in cash and cash equivalents from newly consolidated subsidiary	210	121
Cash and cash equivalents at end of period	18,069	19,799