

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 10, 2018

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
 Inquiries: Sumio Ikeda TEL 03-3438-2291
 Corporate Finance & Accounting Division
 Scheduled date of ordinary general meeting of shareholders: June 26, 2018
 Scheduled date to file Securities Report: June 26, 2018
 Scheduled date to commence dividend payments: June 27, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	150,815	7.3	11,732	5.5	13,883	14.1	10,401	42.7
Year ended March 31, 2017	140,594	(2.0)	11,120	(20.4)	12,163	(18.1)	7,290	(20.7)

	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, 2018	212.56	—	14.2	8.5	7.8
Year ended March 31, 2017	149.46	—	10.9	7.7	7.9

(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, 2018	166,493	85,280	47.2	1,602.88
As of March 31, 2017	160,658	74,484	42.2	1,387.72

(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, 2018	11,814	(8,566)	(2,746)	20,422
Year ended March 31, 2017	16,058	(11,248)	(2,728)	19,799

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, 2017	—	20.00	—	25.00	45.00	2,208	30.1	3.3
Year ended March 31, 2018	—	20.00	—	30.00	50.00	2,454	23.5	3.3
Year ending March 31, 2019 (Forecast)	—	25.00	—	25.00	50.00		28.2	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	78,200	6.5	6,000	10.5	7,000	(0.6)	4,200	7.2	85.71
Full year	160,000	6.1	13,000	10.8	14,700	5.9	8,700	(16.4)	177.55

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	49,757,821 shares	As of March 31, 2017	49,757,821 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	756,982 shares	As of March 31, 2017	889,678 shares
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Average number of shares during the period

Year ended March 31, 2018	48,935,518 shares	Year ended March 31, 2017	48,780,285 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	22,663	21,710
Notes and accounts receivable - trade	28,815	29,009
Electronically recorded monetary claims - operating	3,725	4,821
Merchandise and finished goods	5,124	6,401
Work in process	7,092	7,801
Raw materials and supplies	5,584	5,626
Accounts receivable - other	2,270	2,914
Deferred tax assets	1,681	1,792
Other	4,156	3,535
Allowance for doubtful accounts	(90)	(111)
Total current assets	81,024	83,502
Non-current assets		
Property, plant and equipment		
Buildings and structures	35,889	38,361
Accumulated depreciation	(15,917)	(17,363)
Buildings and structures, net	19,971	20,998
Machinery, equipment and vehicles	63,745	68,988
Accumulated depreciation	(43,734)	(47,242)
Machinery, equipment and vehicles, net	20,010	21,746
Tools, furniture and fixtures	11,040	11,922
Accumulated depreciation	(8,085)	(8,711)
Tools, furniture and fixtures, net	2,955	3,210
Land	5,981	6,334
Leased assets	610	631
Accumulated depreciation	(375)	(322)
Leased assets, net	235	309
Construction in progress	3,848	5,365
Total property, plant and equipment	53,002	57,964
Intangible assets		
Goodwill	3,622	3,287
Other	3,525	3,304
Total intangible assets	7,148	6,592
Investments and other assets		
Investment securities	13,613	12,698
Long-term loans receivable	1,199	1,024
Deferred tax assets	3,414	3,076
Other	1,528	1,737
Allowance for doubtful accounts	(272)	(103)
Total investments and other assets	19,483	18,433
Total non-current assets	79,633	82,990
Total assets	160,658	166,493

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	8,022	9,222
Electronically recorded obligations - operating	8,912	3,521
Short-term loans payable	2,272	2,452
Current portion of long-term loans payable	11,006	11,271
Accounts payable - other	3,608	2,728
Lease obligations	80	95
Income taxes payable	2,185	2,402
Deposits received from employees	3,386	3,524
Provision for bonuses	2,345	2,432
Provision for loss on guarantees	—	101
Other provision	51	6
Other	5,168	4,491
Total current liabilities	47,042	42,250
Non-current liabilities		
Long-term loans payable	21,544	21,411
Lease obligations	164	212
Net defined benefit liability	15,997	15,964
Provision for directors' retirement benefits	25	15
Provision for environmental measures	297	307
Provision for loss on guarantees	99	—
Negative goodwill	142	125
Other	860	925
Total non-current liabilities	39,131	38,961
Total liabilities	86,173	81,212
Net assets		
Shareholders' equity		
Capital stock	10,490	10,490
Capital surplus	11,395	11,393
Retained earnings	54,182	62,375
Treasury shares	(650)	(390)
Total shareholders' equity	75,418	83,869
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	451	550
Foreign currency translation adjustment	(2,871)	(1,116)
Remeasurements of defined benefit plans	(5,183)	(4,761)
Total accumulated other comprehensive income	(7,603)	(5,327)
Non-controlling interests	6,669	6,738
Total net assets	74,484	85,280
Total liabilities and net assets	160,658	166,493

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	140,594	150,815
Cost of sales	105,160	114,214
Gross profit	35,433	36,601
Selling, general and administrative expenses	24,312	24,869
Operating profit	11,120	11,732
Non-operating income		
Interest income	461	244
Dividend income	39	24
Rent income	120	128
Share of profit of entities accounted for using equity method	780	992
Foreign exchange gains	—	350
Other	851	1,010
Total non-operating income	2,252	2,750
Non-operating expenses		
Interest expenses	465	408
Contribution	8	5
Foreign exchange losses	417	—
Other	317	185
Total non-operating expenses	1,209	598
Ordinary profit	12,163	13,883
Extraordinary income		
Gain on sales of non-current assets	60	39
Gain on sales of investment securities	22	61
Gain on sales of shares of subsidiaries and associates	—	2,204
Total extraordinary income	83	2,305
Extraordinary losses		
Loss on sales of non-current assets	16	34
Loss on retirement of non-current assets	124	97
Provision for loss on guarantees	99	2
Other	18	8
Total extraordinary losses	258	142
Profit before income taxes	11,988	16,046
Income taxes - current	4,085	4,380
Income taxes - deferred	(197)	55
Total income taxes	3,887	4,436
Profit	8,101	11,609
Profit attributable to non-controlling interests	810	1,208
Profit attributable to owners of parent	7,290	10,401

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	8,101	11,609
Other comprehensive income		
Valuation difference on available-for-sale securities	74	98
Foreign currency translation adjustment	(1,251)	875
Remeasurements of defined benefit plans, net of tax	(768)	371
Share of other comprehensive income of entities accounted for using equity method	(1,148)	705
Total other comprehensive income	(3,094)	2,051
Comprehensive income	5,006	13,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,166	12,677
Comprehensive income attributable to non-controlling interests	840	983

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,490	11,395	54,182	(650)	75,418
Changes of items during period					
Dividends of surplus			(2,208)		(2,208)
Profit attributable to owners of parent			10,401		10,401
Change of scope of consolidation					—
Change of scope of equity method					—
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				262	262
Change in ownership interest of parent due to transactions with non-controlling interests		(1)			(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(1)	8,192	259	8,451
Balance at end of current period	10,490	11,393	62,375	(390)	83,869

	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	451	(2,871)	(5,183)	(7,603)	6,669	74,484
Changes of items during period						
Dividends of surplus						(2,208)
Profit attributable to owners of parent						10,401
Change of scope of consolidation						—
Change of scope of equity method						—
Purchase of treasury shares						(2)
Disposal of treasury shares						262
Change in ownership interest of parent due to transactions with non-controlling interests						(1)
Net changes of items other than shareholders' equity	98	1,755	421	2,275	68	2,344
Total changes of items during period	98	1,755	421	2,275	68	10,795
Balance at end of current period	550	(1,116)	(4,761)	(5,327)	6,738	85,280

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	11,988	16,046
Depreciation	7,252	8,336
Share of loss (profit) of entities accounted for using equity method	(780)	(992)
Amortization of goodwill	564	518
Increase (decrease) in allowance for doubtful accounts	5	(147)
Increase (decrease) in provision for bonuses	74	77
Increase (decrease) in provision for directors' retirement benefits	(9)	(10)
Increase (decrease) in net defined benefit liability	160	607
Interest and dividend income	(500)	(269)
Interest expenses	465	408
Loss (gain) on sales and retirement of property, plant and equipment	79	92
Loss (gain) on sales of investment securities	(22)	(61)
Loss (gain) on sales of shares of subsidiaries and associates	—	(2,204)
Decrease (increase) in notes and accounts receivable - trade	(821)	(441)
Decrease (increase) in inventories	(183)	(1,896)
Decrease (increase) in other assets	(838)	(281)
Increase (decrease) in notes and accounts payable - trade	1,301	(4,873)
Increase (decrease) in other liabilities	425	(338)
Other, net	837	(294)
Subtotal	19,998	14,276
Interest and dividend income received	507	2,175
Interest expenses paid	(464)	(468)
Income taxes paid	(3,982)	(4,168)
Net cash provided by (used in) operating activities	16,058	11,814
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,178)	(13,488)
Proceeds from sales of property, plant and equipment	218	469
Purchase of intangible assets	(1,416)	(952)
Purchase of investment securities	(6)	(550)
Proceeds from sales of investment securities	1,143	4,227
Payments into time deposits	(867)	(60)
Proceeds from withdrawal of time deposits	580	1,695
Other, net	276	92
Net cash provided by (used in) investing activities	(11,248)	(8,566)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Increase in short-term loans payable	867	652
Decrease in short-term loans payable	(1,474)	(514)
Proceeds from long-term loans payable	11,868	12,012
Repayments of long-term loans payable	(10,679)	(11,935)
Proceeds from sales of treasury shares	256	259
Purchase of treasury shares	(1)	(2)
Cash dividends paid	(2,208)	(2,208)
Dividends paid to non-controlling interests	(932)	(877)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(342)	(39)
Repayments of finance lease obligations	(80)	(92)
Net cash provided by (used in) financing activities	(2,728)	(2,746)
Effect of exchange rate change on cash and cash equivalents	(472)	121
Net increase (decrease) in cash and cash equivalents	1,608	622
Cash and cash equivalents at beginning of period	18,069	19,799
Increase in cash and cash equivalents from newly consolidated subsidiary	121	—
Cash and cash equivalents at end of period	19,799	20,422