

Consolidated Financial Results for Fiscal Year 2018 (April 1, 2018 – March 31, 2019)

26-April-2019

Name of registrant: ShinMaywa Industries, Ltd.

Stock Exchange Listed: Tokyo

Code number: 7224

(URL: <http://www.shinmaywa.co.jp>)

Representative: Tatsuyuki Isogawa, President and Chief Executive Officer

Contact: Noriko Jitsuhiro, General Manager, Public & Investors Relations Department,
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Date of the general meeting of shareholders: June 21, 2019

Date of the dividends pay start planned: June 24, 2019

Date of filing annual security report: June 21, 2019

1. Consolidated Financial Results for FY 2018 (April 1, 2018 – March 31, 2019)

(1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2018	217,297	4.8	10,708	1.1	10,437	(2.9)	6,996	(1.3)
FY2017	207,335	3.0	10,594	(18.9)	10,752	(18.8)	7,086	(20.9)

	Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2018	76.41	—	6.8	5.2	4.9
FY2017	74.23	—	5.8	5.7	5.1

Note: Equity in earnings of affiliates and non-consolidated subsidiaries: FY2018: 328 million yen FY2017: 196 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio (Ratio of net assets to total assets)	Net assets per share
	million yen	million yen	%	yen
FY2018	209,195	83,043	39.4	1,263.12
FY2017	190,001	125,004	65.7	1,308.27

Note: Shareholders' equity: FY2018 82,340 million yen FY2017 124,893 million yen

(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
	million yen	million yen	million yen	million yen
FY2018	13,452	(9,693)	(526)	21,952
FY2017	8,699	(7,076)	(1,647)	18,750

2. Dividends

	Dividends per share			Dividends total (Full-Year)	Dividends payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	Interim	Year-end	Full-year			
	yen	yen	yen	million yen	%	%
FY2017	7	16	23	2,195	31.0	1.8
FY2018	18	27	45	3,442	58.9	3.5
FY2019 (Forecast)	66	21	87		90.0	

3. Consolidated Financial Results Forecast for FY 2019 (April 1, 2019 – March 31, 2020)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full Year	230,000	5.8	11,000	2.7	10,500	0.6	6,300	(10.0)	96.64

Consolidated Balance Sheets

	Millions of Yen			Millions of Yen	
	FY2018	FY2017		FY2018	FY2017
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	23,153	18,750	Notes and accounts payable – trade	29,371	24,572
Notes and accounts receivable – trade	64,300	65,217	Short-term loans payable	49,051	90
Electronically recorded monetary claims – operating	16,654	9,578	Current portion of long-term loans payable	238	–
Merchandise and finished goods	3,766	3,327	Accrued expenses	11,434	10,858
Work in process	18,468	19,594	Income taxes payable	2,423	2,313
Raw materials and supplies	16,938	14,796	Provision for bonuses for directors (and other officers)	233	207
Other	5,459	2,486	Provision for product warranties	7	9
Allowance for doubtful accounts	(58)	(33)	Provision for loss on construction contracts	4,748	4,481
Total current assets	148,683	133,717	Other	13,314	8,338
Non-current assets			Total current liabilities	110,822	50,871
Property, plant and equipment			Non-current liabilities		
Buildings and structures, net	14,635	12,798	Long-term loans payable	603	–
Machinery, equipment and vehicles, net	9,169	8,535	Deferred tax liabilities	48	8
Land	8,428	7,635	Deferred tax liabilities for land revaluation	47	47
Construction in progress	978	757	Retirement benefit liability	12,594	11,734
Other, net	1,654	1,552	Other	2,037	2,335
Total property, plant and equipment	34,865	31,279	Total non-current liabilities	15,330	14,125
Intangible assets	2,768	2,587	Total liabilities	126,152	64,997
Investments and other assets			Net assets		
Investment securities	8,026	8,788	Shareholders' equity		
Long-term loans receivable	174	196	Capital stock	15,981	15,981
Retirement benefit asset	3,344	3,059	Capital surplus	15,737	15,738
Deferred tax assets	7,665	6,944	Retained earnings	94,992	94,861
Other	3,704	3,470	Treasury shares	(44,597)	(3,252)
Allowance for doubtful accounts	(38)	(42)	Total shareholders' equity	82,113	123,328
Total investments and other assets	22,877	22,417	Accumulated other comprehensive income		
Total non-current assets	60,511	56,284	Valuation difference on available-for-sale securities	1,951	3,019
Total assets	209,195	190,001	Revaluation reserve for land	(376)	(376)
			Foreign currency translation adjustment	259	352
			Remeasurements of defined benefit plans	(1,607)	(1,431)
			Total accumulated other comprehensive income	226	1,564
			Non-controlling interests	702	111
			Total net assets	83,043	125,004
			Total liabilities and net assets	209,195	190,001

ShinMaywa Industries, Ltd.

Consolidated Statements of Income

	Millions of Yen	
	FY2018	FY2017
Net sales	217,297	207,335
Cost of sales	184,709	174,938
Gross profit	32,587	32,396
Selling, general and administrative expenses	21,879	21,801
Operating income	10,708	10,594
Non-operating income		
Interest income	20	17
Dividend income	139	128
Share of profit of entities accounted for using equity method	328	196
Rent income	39	56
Dividend income of insurance	200	193
Other	110	63
Total non-operating income	838	655
Non-operating expenses		
Interest expenses	26	12
Sales discounts	7	7
Foreign exchange losses	42	302
Cost of inactive noncurrent assets	25	22
Commission for syndicate loan	2	3
Loss on securitization of receivables	236	102
Commission for purchase of treasury shares	632	—
Other	136	47
Total non-operating expenses	1,109	497
Ordinary income	10,437	10,752
Extraordinary income		
Gain on sales of investment securities	697	23
Gain on transfer of retirement benefit plan	278	—
Total extraordinary income	976	23
Extraordinary losses		
Loss on disposal of non-current assets	645	279
Loss on disaster	369	—
Total extraordinary losses	1,015	279
Profit before income taxes	10,398	10,496
Income taxes – current	3,530	3,407
Income taxes – deferred	(172)	(20)
Total income taxes	3,357	3,387
Profit	7,040	7,109
Profit attributable to non-controlling interests	43	23
Profit attributable to owners of parent	6,996	7,086

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Consolidated Statements of Comprehensive Income

	Millions of Yen	
	FY2018	FY2017
Profit	7,040	7,109
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,068)	559
Foreign currency translation adjustment	(22)	76
Remeasurements of defined benefit plans, net of tax	(175)	222
Share of other comprehensive income of entities accounted for using equity method	(71)	23
Total other comprehensive income	(1,338)	881
Comprehensive income	5,701	7,991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,658	7,963
Comprehensive income attributable to non-controlling interests	43	27

ShinMaywa Industries, Ltd.

Consolidated Statements of Cash Flows

	Millions of Yen	
	FY2018	FY2017
Cash flows from operating activities		
Profit before income taxes	10,398	10,496
Depreciation	5,064	5,025
Increase (decrease) in retirement benefit liability	503	685
Increase (decrease) in allowance for doubtful accounts	3	22
Interest and dividend income	(159)	(145)
Interest expenses	26	12
Share of loss (profit) of entities accounted for using equity method	(328)	(196)
Loss (gain) on disposal of non-current assets	645	279
Decrease (increase) in notes and accounts receivable – trade	(3,413)	1,751
Decrease (increase) in inventories	(925)	616
Increase (decrease) in notes and accounts payable – trade	3,374	(3,743)
Increase (decrease) in other non-current liabilities	(331)	(433)
Other, net	1,763	(2,270)
Subtotal	<u>16,621</u>	<u>12,099</u>
Interest and dividend income received	268	234
Interest expenses paid	(32)	(12)
Income taxes paid	(3,405)	(3,621)
Net cash provided by (used in) operating activities	<u>13,452</u>	<u>8,699</u>
Cash flows from investing activities		
Payments into time deposits	(1,200)	–
Purchase of property, plant and equipment	(5,875)	(5,329)
Proceeds from sales of property, plant and equipment	15	16
Purchase of intangible assets	(830)	(737)
Purchase of investment securities	(157)	(903)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,759)	(95)
Other, net	115	(26)
Net cash provided by (used in) investing activities	<u>(9,693)</u>	<u>(7,076)</u>
Cash flows from financing activities		
Increase in short-term loans payable	100,500	440
Decrease in short-term loans payable	(52,590)	(500)
Purchase of treasury shares	(45,001)	(2)
Cash dividends paid	(3,209)	(1,336)
Repayments of finance lease obligations	(228)	(233)
Other, net	3	(14)
Net cash provided by (used in) financing activities	<u>(526)</u>	<u>(1,647)</u>
Effect of exchange rate change on cash and cash equivalents	(31)	1
Net increase (decrease) in cash and cash equivalents	<u>3,201</u>	<u>(22)</u>
Cash and cash equivalents at beginning of period	18,750	18,772
Cash and cash equivalents at end of period	<u>21,952</u>	<u>18,750</u>

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