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Consolidated Results for 1st Quarter Fiscal 2019: April 1, 2019 – June 30, 2019

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

I. Summary of Consolidated Results

1. Operating results (percent change from previous year in brackets)

	Q1 2019	Q1 2018
Net sales	502,083 [+2.5%]	489,770 [+9.1%]
Operating income	41,343 [−13.7%]	47,883 [+26.5%]
Ordinary income	43,967 [−15.1%]	51,773 [+25.7%]
Net income attributable to owners of the parent	24,380 [−33.0%]	36,414 [+21.1%]
Net income per share*	17.52	26.08
Diluted net income per share*	—	—

* Yen

Note: Comprehensive income was ¥(2,521) million during Q1 2019, and ¥45,340 million during Q1 2018.

2. Financial position

At end of	June 2019	March 2019
Total assets	2,523,546	2,575,203
Net assets	1,366,427	1,402,710
Net worth/total assets	53.3%	53.6%
Net worth per share*	969.87	989.51

* Yen

Notes:
- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of June 30, 2019, was ¥1,345,641 million; as of March 31, 2019, ¥1,381,485 million.

II. Cash Dividends

Fiscal year	Cash dividends per share*				
	Q1	Q2	Q3	Q4	Total annual
2018	—	17.00	—	17.00	34.00
2019	—				
2019 (forecast)		18.00	—	18.00	36.00

* Yen

III. Forecast for Fiscal 2019 (April 1, 2019 – March 31, 2020)

1. Latest forecasts (percent change from results in year-ago period in brackets)

	For Q1–Q2	For the fiscal year
Net sales	1,071,000 [+2.8%]	2,268,000 [+4.5%]
Operating income	94,500 [−9.4%]	205,000 [−2.2%]
Ordinary income	98,000 [−11.1%]	214,000 [−2.7%]
Net income attributable to owners of the parent	70,000 [−11.3%]	147,500 [−0.0%]
Net income per share*	50.30	105.65

* Yen

Notes:
- Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.
- The forecast for fiscal 2019 announced on May 10, 2019, is unchanged.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period: None

2. Special accounting methods for preparation of the consolidated financial statements

   Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate.

3. Changes in accounting policies, changes in accounting estimates, and retroactive restatement: None

4. Notable changes in shareholders' equity:

   Based on a resolution of the Board of Directors on May 10, 2019, a repurchase of 8,684,300 shares of stock was performed. As a result, treasury stock increased by ¥10,000 million during Q1. Treasury stock at the end of Q1 was ¥13,940 million.

5. Number of shares outstanding

	Q1 2019	FY 2018
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of shares of treasury stock at end of period	15,179,075	6,491,383
Average number of shares outstanding during period	1,391,781,100	1,396,123,154*

* Q1 2018

V. Consolidated Financial Statements

1. Balance sheets

	At end of March 2019	At end of June 2019
Assets		
Current assets		
Cash and deposits	193,893	171,698
Notes and accounts receivable–trade	350,716	327,970
Merchandise and finished goods	201,699	195,250
Work in process	131,686	151,983
Raw materials and supplies	93,961	93,518
Other	82,900	77,551
Allowance for doubtful accounts	(3,461)	(3,604)
Total current assets	1,051,393	1,014,366
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	547,422	551,556
Accumulated depreciation	(294,536)	(296,855)
Buildings and structures, net	252,886	254,701
Machinery, equipment and vehicles	1,439,166	1,436,855
Accumulated depreciation	(1,222,201)	(1,223,554)
Machinery, equipment and vehicles, net	216,966	213,301
Land	63,889	64,492
Lease assets	(10,159)	10,037
Accumulated depreciation	(9,423)	(9,320)
Lease assets, net	736	717
Construction in progress	64,188	72,229
Other	160,631	166,805
Accumulated depreciation	(137,930)	(138,196)
Other, net	22,701	28,609
Subtotal	621,366	634,050
Intangible assets		
Goodwill	319,898	311,922
Other	210,080	204,376
Subtotal	529,978	516,299
Investments and other assets		
Investment securities	296,330	286,063
Long-term loans receivable	19,993	16,247
Deferred tax assets	27,508	28,577
Other	29,052	28,334
Allowance for doubtful accounts	(418)	(389)
Subtotal	372,465	358,831
Total noncurrent assets	1,523,810	1,509,180
Total assets	2,575,203	2,523,546

	At end of March 2019	At end of June 2019
Liabilities		
Current liabilities		
Notes and accounts payable–trade	180,429	156,668
Short-term loans payable	97,579	111,251
Commercial paper	77,000	93,000
Current portion of bonds payable	20,000	20,000
Lease obligations	164	2,540
Accrued expenses	113,221	95,537
Income taxes payable	24,971	17,350
Advances received	75,836	83,878
Provision for grant of shares	82	82
Provision for periodic repairs	5,342	4,475
Provision for product warranties	3,102	3,176
Provision for removal cost of property, plant and equipment	2,251	2,066
Other	81,877	81,984
Total current liabilities	681,853	672,007
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	209,878	205,896
Lease obligations	253	2,902
Deferred tax liabilities	48,299	46,131
Provision for grant of shares	289	289
Provision for periodic repairs	2,929	3,206
Provision for removal cost of property, plant and equipment	3,018	2,975
Net defined benefit liability	168,685	166,115
Long-term guarantee deposits	21,143	21,185
Other	16,145	16,413
Total noncurrent liabilities	490,639	485,112
Total liabilities	1,172,493	1,157,119
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,708	79,662
Retained earnings	1,077,586	1,079,019
Treasury stock	(3,936)	(13,940)
Total shareholders' equity	1,256,747	1,248,130
Accumulated other comprehensive income		
Net unrealized gain on other securities	101,971	96,740
Deferred gains or losses on hedges	(40)	(99)
Foreign currency translation adjustment	42,020	18,230
Remeasurements of defined benefit plans	(19,213)	(17,361)
Total accumulated other comprehensive income	124,738	97,510
Non-controlling interests	21,225	20,786
Total net assets	1,402,710	1,366,427
Total liabilities and net assets	2,575,203	2,523,546

2. Statements of income and statements of comprehensive income

1) Statements of income

	Q1 2018	Q1 2019
Net sales	489,770	502,083
Cost of sales	328,412	339,362
Gross profit	161,358	162,721
Selling, general and administrative expenses	113,475	121,378
Operating income	47,883	41,343
Non-operating income		
Interest income	703	732
Dividends income	2,455	1,963
Equity in earnings of affiliates	2,520	2,162
Other	771	1,092
Total non-operating income	6,448	5,949
Non-operating expenses		
Interest expense	1,112	992
Foreign exchange loss	481	906
Other	965	1,427
Total non-operating expenses	2,557	3,325
Ordinary income	51,773	43,967
Extraordinary income		
Gain on sales of investment securities	6,811	522
Gain on sales of noncurrent assets	90	360
Total extraordinary income	6,901	883
Extraordinary loss		
Loss on disposal of noncurrent assets	492	995
Impairment loss	174	11
Business structure improvement expenses	261	88
Total extraordinary loss	927	1,094
Income before income taxes	57,747	43,757
Total income taxes	20,775	18,844
Net income	36,972	24,913
Net income attributable to non-controlling interests	558	533
Net income attributable to owners of the parent	36,414	24,380

2) Statements of comprehensive income

	Q1 2018	Q1 2019
Net income	36,972	24,913
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(4,089)	(5,264)
Deferred gains or losses on hedges	76	(59)
Foreign currency translation adjustment	11,616	(23,947)
Remeasurements of defined benefit plans	1,472	1,867
Share of other comprehensive income of affiliates accounted for using equity method	(706)	(31)
Total other comprehensive income	8,368	(27,434)
Comprehensive income	45,340	(2,521)
Comprehensive income attributable to:		
Owners of the parent	44,874	(2,847)
Non-controlling interests	467	327

3. Statements of cash flows

	Q1 2018	Q1 2019
Cash flows from operating activities		
Income before income taxes	57,747	43,757
Depreciation and amortization	19,574	21,625
Impairment loss	174	11
Amortization of goodwill	4,404	5,267
Amortization of negative goodwill	(40)	(40)
Decrease in provision for periodic repairs	(125)	(590)
Increase in provision for product warranties	191	82
Decrease in provision for removal cost of property, plant and equipment	(377)	(228)
Decrease in net defined benefit liability	(786)	(879)
Interest and dividend income	(3,157)	(2,695)
Interest expense	1,112	992
Equity in earnings of affiliates	(2,520)	(2,162)
Gain on sales of investment securities	(6,811)	(522)
Gain on sale of property, plant and equipment	(90)	(360)
Loss on disposal of noncurrent assets	492	995
Decrease in notes and accounts receivable–trade	17,042	19,382
Increase in inventories	(26,074)	(15,130)
Increase (decrease) in notes and accounts payable–trade	731	(21,372)
Decrease in accrued expenses	(20,945)	(21,476)
Increase in advances received	12,633	8,216
Other, net	3,677	(4,292)
Subtotal	56,853	30,580
Interest and dividend income, received	4,477	4,519
Interest expense paid	(643)	(494)
Income taxes paid	(25,412)	(18,732)
Net cash provided by operating activities	35,275	15,872
Cash flows from investing activities		
Payments into time deposits	(515)	(457)
Proceeds from withdrawal of time deposits	7,085	12,132
Purchase of property, plant and equipment	(23,577)	(27,618)
Proceeds from sales of property, plant and equipment	318	220
Purchase of intangible assets	(2,726)	(2,825)
Purchase of investment securities	(830)	(1,517)
Proceeds from sales of investment securities	7,352	5,355
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(5,233)	(2,363)
Payments for transfer of business	–	(862)
Payments of loans receivable	(1,970)	(2,334)
Collection of loans receivable	9,245	3,990
Other, net	(464)	(129)
Net cash used in investing activities	(11,314)	(16,406)

	Q1 2018	Q1 2019
Cash flows from financing activities		
Net (decrease) increase in short-term loans payable	(15,233)	13,206
Increase in commercial paper	55,000	16,000
Proceeds from long-term loans payable	−	20
Repayment of long-term loans payable	(202)	(203)
Repayments of lease obligations	(57)	(48)
Purchase of treasury stock	(5)	(10,005)
Proceeds from disposal of treasury stock	0	1
Cash dividends paid	(27,932)	(23,742)
Cash dividends paid to non-controlling interests	(674)	(708)
Other, net	310	175
Net cash provided by (used in) financing activities	11,207	(5,304)
Effect of exchange rate change on cash and cash equivalents	1,005	(4,279)
Net increase (decrease) in cash and cash equivalents	36,172	(10,117)
Cash and cash equivalents at beginning of period	148,596	180,520
Increase in cash and cash equivalents resulting from changes in scope of consolidation	1,043	86
Cash and cash equivalents at end of period	185,812	170,489