

Consolidated Financial Results for the Nine Months Ended December 31, 2017

[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

February 9, 2018

Name of listed company: LINTEC Corporation

Stock exchange listing: Tokyo Stock Exchange 1st Section

Code number: 7966

URL: <http://www.lintec-global.com/>

Representative: Hiroyuki Nishio, President and CEO

For inquiries: Junichi Ogawa, General Manager, Finance & Accounting Dept., Administration Div. Phone: +81-3-5248-7713

Scheduled filing date for quarterly report: February 13, 2018

Scheduled date for dividend payments: -

Supplemental material on quarterly results: Yes

Presentation on quarterly results: None

(Amounts less than one million yen are omitted)

1. CONSOLIDATED BUSINESS RESULTS FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(from April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (cumulative) (% represents changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine Months Ended December 31, 2017	186,523	23.4	15,819	22.2	15,414	26.8	10,065	16.3
Nine Months Ended December 31, 2016	151,107	(5.3)	12,941	(9.9)	12,158	(17.0)	8,655	(9.2)

(Note) Comprehensive income: Nine Months Ended December 31, 2017: 9,709 million yen, up 333.6%
 Nine Months Ended December 31, 2016: 2,239 million yen, down 63.8%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine Months Ended December 31, 2017	139.51	139.28
Nine Months Ended December 31, 2016	119.96	119.78

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2017	284,176	183,670	64.4
As of March 31, 2017	274,199	178,690	64.9

(Reference) Shareholders' equity: As of December 31, 2017: 182,923 million yen As of March 31, 2017: 177,884 million yen

2. DIVIDENDS

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2017	—	33.00	—	33.00	66.00
FY ending March 31, 2018	—	33.00	—		
FY ending March 31, 2018 (forecast)				33.00	66.00

(Note) Revision of the latest dividend forecast announced: None

3. FORECASTS OF CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2018 (from April 1, 2017 to March 31, 2018)

(% represents changes over the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	245,000	18.9	20,000	20.5	19,200	22.4	12,500	9.2	173.25

(Note) Revision of the latest consolidated results forecast announced: None

*Notes

- (1) Changes in status of significant subsidiaries during the quarter (changes in status of specified subsidiaries accompanying changes in consolidated range): None
Newly consolidated subsidiaries: - Subsidiaries excluded: -
- (2) Application of accounting treatment specific to preparing quarterly consolidated financial statements: None
- (3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
- (a) Changes due to revisions to accounting standards: None
 - (b) Changes other than (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (4) Number of outstanding shares (common stock):
- (a) Number of outstanding shares at period-end (including treasury stock)
 - (b) Number of treasury stocks at period-end
 - (c) Average number of shares during the period (cumulative total for quarterly period)

(a)	Nine Months Ended December 31, 2017	76,564,240	FY Ended March 31, 2017	76,564,240
(b)	Nine Months Ended December 31, 2017	4,412,735	FY Ended March 31, 2017	4,412,515
(c)	Nine Months Ended December 31, 2017	72,151,620	Nine Months Ended December 31, 2016	72,152,441

*The current quarterly financial results are not subject to quarterly reviews.

*Explanation relating to the appropriate use of forecasts of business results and other items of note

- The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Actual results, etc. may differ from projections due to a variety of reasons.
- Supplemental materials will be posted on our website (<http://www.lintec-global.com>) in a timely manner.

【Attachment】

Contents of Attachment

1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2017	2
(1) Explanation Regarding Results of Operations	2
(2) Explanation Regarding Financial Position	3
(3) Explanation Regarding Information on Future Forecast, Including Forecast of Consolidated Business Results	3
2. Consolidated Quarterly Financial Statements and Notes	4
(1) Consolidated Quarterly Balance Sheets	4
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income	6
(3) Notes to Consolidated Quarterly Financial Statements	8
(Notes on Going Concern)	8
(Notes on Significant Changes in the Amount of Total Shareholders' Equity)	8
(Segment Information, etc.)	8

1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2017

(1) Explanation Regarding Results of Operations

During the third quarter of the fiscal year under review (April 1 – December 31, 2017), the global economy saw continued economic expansion in the United States supported by increased consumer spending and capital investment, as well as signs of a moderate recovery in Europe. The recovery continued in China thanks to factors including the effects of government policies. Meanwhile, the economy in Japan remained steady overall, due mainly to an improvement in corporate earnings backed by robust foreign demand and the weak yen as well as a moderate pickup in consumer spending supported by the improved employment environment.

In this business environment, the Group launched its new medium-term business plan “LIP-2019” in April 2017, and actively worked on key initiatives in accordance with the basic policy “Deepening innovation aimed at driving new growth”.

As a result, for the current quarter, the Group achieved net sales of 186,523 million yen (up 23.4% year-on-year), operating income of 15,819 million yen (up 22.2% year-on-year), and ordinary income of 15,414 million yen (up 26.8% year-on-year), with quarterly profit attributable to owners of parent amounting to 10,065 million yen (up 16.3% year-on-year).

The outline by segment was as follows:

[Printing and Industrial Materials Products]

In this segment, net sales were 91,125 million yen (up 47.8% year-on-year) and operating income was 2,315 million yen (up 54.1% year-on-year). Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

Sales of adhesive papers for seals and labels in Japan were low for food-related products, but sales of those for distribution and mail order-related products remained firm. Sales of adhesive films for seals and labels remained steady, backed by demand for campaign labels for beverages and eye-catching labels for cosmetics, etc. Sales in overseas markets were steady due to robust sales in the ASEAN region, while sales at subsidiaries in Europe and the United States acquired at the end of 2016 were also added. As a result, sales in this operation showed a year-on-year increase.

(Industrial & Material Operations)

Sales generally were weak in Japan, but sales of motorcycle- and automobile-use adhesive products and window films remained firm in Asia. In addition, sales at subsidiaries in Europe and the United States acquired at the end of 2016 were added. As a result, sales in this operation showed a year-on-year increase.

[Electronic and Optical Products]

In this segment, net sales were 66,733 million yen (up 7.7% year-on-year) and operating income was 9,455 million yen (up 29.3% year-on-year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tapes and semiconductor-related equipment increased significantly, reflecting robust demand for products for smartphones and cloud servers, etc. Sales of multilayer ceramic capacitor-related tapes also rose due to strong demand for products mainly for smartphones and automobiles. As a result, sales in this operation showed a year-on-year increase.

(Optical Products Operations)

Sales of LCD-related adhesive products remained steady in terms of volume, but were significantly affected by a decline in the unit selling price. As a result, sales in this operation showed a year-on-year decrease.

[Paper and Converted Products]

In this segment, net sales were 28,664 million yen (up 4.4% year-on-year) and operating income was 3,953 million yen (down 2.2% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of mainstay color papers for envelopes remained low, while sales of industrial specialty papers, oil resistant papers and others were solid. As a result, sales in this operation showed a year-on-year increase.

(Converted Products Operations)

Sales of release papers for FPC cover lay films, release films for optical-related products and casting papers for synthetic leather, among others, were favorable. Sales of casting papers for carbon fiber composite materials, particularly those for leisure, also remained firm. As a result, sales in this operation showed a year-on-year increase.

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 284,176 million yen, a year-on-year increase of 9,977 million yen. Main factors of the change were as follows:

- Increase in "Cash and deposits"	+ 6,532 million yen
- Increase in "Trade notes and accounts receivable"	+ 6,685 million yen
- Increase in "Inventories"	+ 2,667 million yen
- Decrease in "Property, plant and equipment"	- 1,214 million yen
- Decrease in "Goodwill"	- 3,550 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 100,505 million yen, a year-on-year increase of 4,997 million yen. Main factors of the change were as follows:

- Increase in "Trade notes and accounts payable"	+ 9,268 million yen
- Decrease in "Accrued income taxes"	- 1,158 million yen
- Decrease in "Long-term loans payable"	- 3,021 million yen

(Net Assets)

Net assets at this consolidated quarter end were 183,670 million yen, a year-on-year increase of 4,979 million yen. Main factors of the change were as follows:

- Increase in "Retained earnings"	+ 5,303 million yen
-----------------------------------	---------------------

(3) Explanation Regarding Information on Future Forecast, Including Forecast of Consolidated Business Results

For the full year consolidated results forecast, the results forecast published on November 9, 2017 remains unchanged.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	45,060	51,592
Trade notes and accounts receivable	66,801	73,487
Inventories	34,584	37,252
Other	5,117	4,876
Allowance for doubtful accounts	(114)	(124)
Total current assets	151,449	167,084
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	31,397	32,599
Machinery, equipment and vehicles (net)	27,293	25,360
Land	11,057	11,078
Construction in progress	2,163	1,705
Other (net)	1,958	1,913
Property, plant and equipment	73,871	72,656
Intangible assets		
Goodwill	34,558	31,008
Other	4,000	3,413
Intangible assets	38,559	34,422
Investments and other assets		
Other	10,423	10,110
Allowance for doubtful accounts	(105)	(97)
Total investments and other assets	10,318	10,013
Total non-current assets	122,749	117,091
Total assets	274,199	284,176

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Liabilities		
Current liabilities		
Trade notes and accounts payable	45,057	54,326
Short-term loans payable	641	711
Current portion of long-term loans payable	3,051	3,060
Accrued income taxes	3,098	1,940
Provision for directors' bonuses	90	70
Provision for business structure improvement	–	746
Other	12,460	11,975
Total current liabilities	64,401	72,830
Non-current liabilities		
Long-term loans payable	17,795	14,773
Provision for environmental measures	135	133
Net defined benefit liability	12,362	12,374
Other	814	392
Total non-current liabilities	31,107	27,674
Total liabilities	95,508	100,505
Net Assets		
Shareholders' equity		
Common stock	23,201	23,201
Capital surplus	26,829	26,829
Retained earnings	131,247	136,551
Treasury stock	(7,714)	(7,715)
Total shareholders' equity	173,563	178,866
Accumulated other comprehensive income		
Net unrealized holding gain on securities	775	710
Foreign currency translation adjustments	6,938	6,649
Remeasurements of defined benefit plans	(3,392)	(3,302)
Total accumulated other comprehensive income	4,320	4,057
Share subscription rights	186	219
Non-controlling interests	619	527
Total net assets	178,690	183,670
Total liabilities and net assets	274,199	284,176

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Nine Months Ended December 31, 2017

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2016)	Current consolidated fiscal year (Nine months ended December 31, 2017)
Net sales	151,107	186,523
Cost of sales	111,413	138,702
Gross profit	39,694	47,821
Selling, general and administrative expenses	26,752	32,001
Operating income	12,941	15,819
Non-operating income		
Interest income	169	164
Dividend income	90	271
Gain on sales of noncurrent assets	12	18
Insurance income	226	9
Other income	261	231
Total non-operating income	761	696
Non-operating expenses		
Interest expenses	22	169
Loss on retirement of noncurrent assets	491	348
Foreign exchange losses	651	387
Compensation expenses	60	54
Other expenses	318	141
Total non-operating expenses	1,544	1,101
Ordinary income	12,158	15,414
Extraordinary gain		
Gain on sales of investment securities	–	343
Gain on sale of noncurrent assets	121	–
Total extraordinary gain	121	343
Extraordinary loss		
Provision for business structure improvement	–	972
Total extraordinary losses	–	972
Profit before income taxes	12,280	14,785
Income taxes	3,220	4,306
Deferred income taxes	535	494
Total income taxes	3,756	4,800
Profit	8,523	9,984
Profit (loss) attributable to non-controlling interests	(131)	(81)
Profit attributable to owners of parent	8,655	10,065

Consolidated Quarterly Statements of Comprehensive Income
 Nine Months Ended December 31, 2017

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2016)	Current consolidated fiscal year (Nine months ended December 31, 2017)
Net income	8,523	9,984
Other comprehensive income		
Net unrealized holding gain on securities	136	(64)
Foreign currency translation adjustments	(6,624)	(296)
Remeasurements of defined benefit plans	204	86
Total other comprehensive income	(6,284)	(274)
Comprehensive income	2,239	9,709
(Comprehensive income attributable to)		
Shareholders of the parent	2,443	9,801
Non-controlling interests	(203)	(91)

(3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Total Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

I. Previous third quarter (from April 1, 2016 to December 31, 2016)

Information on sales and income or loss by reportable segment

(Millions of yen)

	Reportable Segments				Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total		
Net sales						
Net sales to outside customers	61,670	61,972	27,464	151,107	—	151,107
Intersegment sales and transfers	40	49	11,480	11,569	(11,569)	—
Total	61,711	62,021	38,944	162,677	(11,569)	151,107
Segment income	1,502	7,310	4,042	12,855	86	12,941

Notes:

1. Segment income in each segment was adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the quarterly consolidated statements of income.

II. Current third quarter (from April 1, 2017 to December 31, 2017)

Information on sales and income or loss by reportable segment

(Millions of yen)

	Reportable Segments				Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total		
Net sales						
Net sales to outside customers	91,125	66,733	28,664	186,523	—	186,523
Intersegment sales and transfers	41	75	11,583	11,700	(11,700)	—
Total	91,166	66,808	40,248	198,224	(11,700)	186,523
Segment income	2,315	9,455	3,953	15,724	94	15,819

Notes:

1. Segment income in each segment was adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the quarterly consolidated statements of income.