

Consolidated Financial Results for the Nine Months Ended December 31, 2018

[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

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Name of listed company: LINTEC Corporation

Stock exchange listing: Tokyo Stock Exchange 1st Section

Code number: 7966

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Scheduled filing date for quarterly report: February 13, 2019

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, 2018

(from April 1, 2018 to December 31, 2018)

(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, 2018	189,134	1.4	14,646	(7.4)	14,605	(5.3)	10,175	1.1
Nine Months Ended December 31, 2017	186,523	23.4	15,819	22.2	15,414	26.8	10,065	16.3

(Note) Comprehensive income: Nine Months Ended December 31, 2018: 8,326 million yen, down 14.3%

Nine Months Ended December 31, 2017: 9,709 million yen, up 333.6%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine Months Ended December 31, 2018	140.99	140.77
Nine Months Ended December 31, 2017	139.51	139.28

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2018	288,329	189,598	65.5
As of March 31, 2018	292,733	186,420	63.4

(Reference) Shareholders' equity: As of December 31, 2018: 188,918 million yen As of March 31, 2018: 185,702 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, 2018	—	33.00	—	33.00	66.00
FY ending March 31, 2019	—	39.00	—		
FY ending March 31, 2019 (forecast)				39.00	78.00

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

3. FORECASTS OF CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2019 (from April 1, 2018 to March 31, 2019)

(% 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	250,000	0.4	18,000	(10.4)	17,800	(3.2)	13,000	15.5	180.08

(Note) Revision of the latest consolidated results forecast announced: Yes

*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 in accounting principles 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, 2018	76,576,340	FY Ended March 31, 2018	76,564,240
(b)	Nine Months Ended December 31, 2018	4,385,802	FY Ended March 31, 2018	4,410,239
(c)	Nine Months Ended December 31, 2018	72,173,536	Nine Months Ended December 31, 2017	72,151,620

*The current quarterly financial results are not subject to quarterly review procedures by certified public accountant or by auditing firm.

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

- The Company has revised the full year consolidated business results forecast that was published on November 9, 2018. For details, please see “(3) Explanation Regarding Information on Future Forecast, Including Forecast of Consolidated Business Results” on page 3 of the Attachment.
- 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】

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1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2018

(1) Explanation Regarding Results of Operations

During the third quarter of the fiscal year under review (April 1 – December 31, 2018), the Group posted net sales of 189,134 million yen (up 1.4% year on year) and operating income of 14,646 million yen (down 7.4% year on year), which mainly reflected the increased number of products sold and improved earnings of the subsidiaries in the United States; however, negative factors as the price rises for raw materials and fuel and increased fixed costs were not fully offset. Ordinary income meanwhile came to 14,605 million yen (down 5.3% year on year). Profit attributable to owners of parent increased to 10,175 million yen (up 1.1% year on year), primarily because of the posting in the same period of the previous fiscal year of a provision for business structure improvement in the amount of 972 million yen for a subsidiary in the United States.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

In this segment, net sales were 91,690 million yen (up 0.6% year on year) and operating income came to 3,191 million yen (up 37.9% year on year), mainly attributable to improved earnings of subsidiaries in the United States. Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

In adhesive products for seals and labels, demand for products for home delivery and mail-order services and eye-catching labels for cosmetics were firm in Japan. However, sales of food-related products remained weak given the impact of heavy rainfalls and large-scale typhoons. In overseas markets, sales remained firm in the ASEAN region, while sales in the United States eroded due to the negative impact of the strong yen. As a result, sales in this operation were 64,579 million yen (down 1.3% year on year).

(Industrial & Material Operations)

Sales of equipment for the mail-order business remained firm in Japan. In addition, sales of motorcycle- and automobile-use adhesive products remained well in India and the ASEAN region. Sales of window films also remained firm. As a result, sales in this operation were 27,110 million yen (up 5.6% year on year).

[Electronic and Optical Products]

In this segment, net sales were 68,987 million yen (up 3.4% year on year) and operating income was 9,155 million yen (down 3.2% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tapes decreased due to the impact of production adjustments in the market, while sales of semiconductor-related equipment remained at the same level as the previous year despite the impact of restraints on capital expenditure. Sales of multilayer ceramic capacitor-related tapes increased thanks to strong demand for such products as smartphones, automobiles and servers. As a result, sales in this operation were 39,989 million yen (up 4.0% year on year).

(Optical Products Operations)

Sales of LCD-related adhesive products remained well, benefitting from firm demand for larger TV units and small- and medium-sized products such as smartphones. As a result, sales in this operation were 28,997 million yen (up 2.5% year on year).

[Paper and Converted Products]

In this segment, net sales were 28,457 million yen (down 0.7% year on year), and operating income came to 2,241 million yen (down 43.3% year on year), mainly due to the negative impact of the price rises for raw materials and fuel such as pulp. Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of mainstay color papers for envelopes remained unchanged year on year, while sales of oil and water resistant papers and others were solid. As a result, sales in this operation were 12,214 million yen (up 1.0% year on year).

(Converted Products Operations)

Sales of release papers for general-use adhesive products and release papers for electronic materials remained sluggish, while sales of release films for optical-related products and casting papers for carbon fiber composite materials remained well. As a result, sales in this operation were 16,242 million yen (down 2.0% year on year).

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 288,329 million yen, a year-on-year decrease of 4,403 million yen. Main factors of the change were as follows:

- Decrease in "Cash and deposits"	- 2,462 million yen
- Increase in "Inventories"	1,246 million yen
- Decrease in "Goodwill"	- 2,386 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 98,731 million yen, a year-on-year decrease of 7,581 million yen. Main factors of the change were as follows:

- Decrease in "Accrued income taxes"	- 1,912 million yen
- Decrease in "Long-term loans payable"	- 2,772 million yen
- Decrease in "Current liabilities-other"	- 3,231 million yen

(Net Assets)

Total net assets at this consolidated quarter end were 189,598 million yen, a year-on-year increase of 3,177 million yen. Main factors of the change were as follows:

- Increase in "Retained earnings"	4,979 million yen
- Decrease in "Foreign currency translation adjustments"	- 972 million yen

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

With regard to the full-year consolidated business results for the fiscal year ending March 31, 2019, demand for electronic and optical-related products is expected to decline in the fourth quarter. Accordingly, the Company has revised the forecasts of the full-year consolidated business results for the fiscal year ending March 31, 2019 announced on November 9, 2018 as follows.

Full-year consolidated business results forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecast (A)	252,000	20,000	19,800	14,500
New forecast (B)	250,000	18,000	17,800	13,000
Change (B-A)	(2,000)	(2,000)	(2,000)	(1,500)
Change (%)	(0.8)	(10.0)	(10.1)	(10.3)
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2018)	249,030	20,095	18,389	11,257

* The above forecasts are principally based on foreseeable economic situations, market trends and plans as of the date of announcement. Actual results may differ from those forecasts due to a variety of reasons.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	58,614	56,152
Trade notes and accounts receivable	72,590	72,636
Inventories	38,506	39,752
Other	3,991	4,289
Allowance for doubtful accounts	(109)	(120)
Total current assets	173,593	172,710
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	32,342	31,545
Machinery, equipment and vehicles (net)	24,962	25,568
Land	11,083	11,162
Construction in progress	5,087	5,247
Other (net)	1,859	1,828
Property, plant and equipment	75,336	75,352
Intangible assets		
Goodwill	29,189	26,802
Other	3,285	2,893
Intangible assets	32,474	29,696
Investments and other assets		
Other	11,426	10,656
Allowance for doubtful accounts	(98)	(86)
Total investments and other assets	11,328	10,569
Total non-current assets	119,139	115,619
Total assets	292,733	288,329

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Trade notes and accounts payable	54,678	53,956
Short-term loans payable	2,351	2,955
Current portion of long-term loans payable	2,986	3,038
Accrued income taxes	2,889	977
Provision for directors' bonuses	89	58
Provision for business structure improvement	39	–
Other	14,814	11,582
Total current liabilities	77,849	72,569
Non-current liabilities		
Long-term loans payable	14,395	11,623
Provision for environmental measures	132	112
Net defined benefit liability	13,006	13,881
Other	930	545
Total non-current liabilities	28,463	26,162
Total liabilities	106,312	98,731
Net Assets		
Shareholders' equity		
Common stock	23,201	23,220
Capital surplus	26,829	26,847
Retained earnings	137,743	142,722
Treasury stock	(7,711)	(7,668)
Total shareholders' equity	180,062	185,122
Accumulated other comprehensive income		
Net unrealized holding gain on securities	657	286
Foreign currency translation adjustments	8,139	7,167
Remeasurements of defined benefit plans	(3,157)	(3,657)
Total accumulated other comprehensive income	5,639	3,796
Share subscription rights	214	181
Non-controlling interests	503	497
Total net assets	186,420	189,598
Total liabilities and net assets	292,733	288,329

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Nine Months Ended December 31, 2018

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2017)	Current consolidated fiscal year (Nine months ended December 31, 2018)
Net sales	186,523	189,134
Cost of sales	138,702	141,963
Gross profit	47,821	47,171
Selling, general and administrative expenses	32,001	32,524
Operating income	15,819	14,646
Non-operating income		
Interest income	164	201
Dividend income	271	256
Gain on sales of noncurrent assets	18	6
Foreign exchange gains	–	179
Insurance income	9	66
Other income	231	282
Total non-operating income	696	992
Non-operating expenses		
Interest expenses	169	179
Loss on retirement of noncurrent assets	348	667
Foreign exchange losses	387	–
Compensation expenses	54	31
Other expenses	141	155
Total non-operating expenses	1,101	1,034
Ordinary income	15,414	14,605
Extraordinary gain		
Gain on sales of investment securities	343	–
Total extraordinary gain	343	–
Extraordinary loss		
Provision for business structure improvement	972	–
Total extraordinary losses	972	–
Profit before income taxes	14,785	14,605
Income taxes	4,306	3,765
Deferred income taxes	494	674
Total income taxes	4,800	4,439
Profit	9,984	10,165
Profit (loss) attributable to non-controlling interests	(81)	(10)
Profit attributable to owners of parent	10,065	10,175

Consolidated Quarterly Statements of Comprehensive Income
 Nine Months Ended December 31, 2018

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2017)	Current consolidated fiscal year (Nine months ended December 31, 2018)
Net income	9,984	10,165
Other comprehensive income		
Net unrealized holding gain on securities	(64)	(370)
Foreign currency translation adjustments	(296)	(972)
Remeasurements of defined benefit plans	86	(496)
Total other comprehensive income	(274)	(1,839)
Comprehensive income	9,709	8,326
(Comprehensive income attributable to)		
Shareholders of the parent	9,801	8,332
Non-controlling interests	(91)	(5)

(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.

(Additional Information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.")

The Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No. 28, February 16, 2018) at the beginning of the first quarter of the fiscal year under review. Accordingly, "Deferred tax assets" is now included in "Investments and other assets," and "Deferred tax liabilities" is now included in "Non-current liabilities."

(Segment Information, etc.)

I. Previous 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.

II. Current third quarter (from April 1, 2018 to December 31, 2018)

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	91,690	68,987	28,457	189,134	—	189,134
Intersegment sales and transfers	46	36	12,444	12,527	(12,527)	—
Total	91,736	69,024	40,901	201,662	(12,527)	189,134
Segment income	3,191	9,155	2,241	14,588	58	14,646

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.