

Consolidated Financial Results for the Three Months Ended June 30, 2019

[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

August 9, 2019

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: August 9, 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 THREE MONTHS ENDED JUNE 30, 2019

(from April 1, 2019 to June 30, 2019)

(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	%
Three Months Ended June 30, 2019	58,563	(5.4)	3,033	(40.5)	2,795	(46.9)	1,875	(51.7)
Three Months Ended June 30, 2018	61,917	2.0	5,094	2.7	5,269	9.8	3,881	42.9

(Note) Comprehensive income: Three Months Ended June 30, 2019: 2,227 million yen
Three Months Ended June 30, 2018: (768) million yen

	Net income per share		Net income per share (diluted)	
	Yen	Yen	Yen	Yen
Three Months Ended June 30, 2019	25.97	25.94	25.97	25.94
Three Months Ended June 30, 2018	53.79	53.70	53.79	53.70

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	%	%
As of June 30, 2019	287,488	189,662	189,662	189,662	65.8	65.8
As of March 31, 2019	290,320	190,226	190,226	190,226	65.3	65.3

(Reference) Shareholders' equity: As of June 30, 2019: 189,032 million yen As of March 31, 2019: 189,577 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, 2019	—	39.00	—	39.00	78.00
FY ending March 31, 2020	—				
FY ending March 31, 2020 (forecast)		39.00	—	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, 2020 (from April 1, 2019 to March 31, 2020)

(% represents changes over the same period in 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	260,000	3.6	19,000	5.7	18,500	2.8	13,500	4.3	186.97

(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 in accounting principles due to revisions to accounting standards: Yes
(b) Changes other than (a): None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None
Note) For more details, refer to (Changes in Accounting Principles) on page 8 of the [attached materials].
- (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)	Three Months Ended June 30, 2019:	76,586,240	FY Ended March 31, 2019	76,576,340
(b)	Three Months Ended June 30, 2019:	4,364,834	FY Ended March 31, 2019	4,371,170
(c)	Three Months Ended June 30, 2019:	72,212,339	Three Months Ended June 30, 2018	72,156,025

*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 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 manne

【Attachment】

Contents of Attachment

1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2019	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
(Changes in Accounting Principles)	8
(Segment Information, etc.)	8

1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2019

(1) Explanation Regarding Results of Operations

During the first quarter of the fiscal year under review, the Group posted net sales of 58,563 million yen (down 5.4% year on year), operating income of 3,033 million yen (down 40.5% year on year), ordinary income of 2,795 million yen (down 46.9% year on year), and profit attributable to owners of parent of 1,875 million yen (down 51.7% year on year) mainly due to the impact of production adjustments in the semiconductor and electronic components markets.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 29,585	Millions of yen 30,008	Millions of yen 423	% 1.4
Printing & Variable Information Products Operations	21,308	21,878	570	2.7
Industrial & Material Operations	8,277	8,129	(147)	(1.8)
Operating income	1,189	197	(991)	(83.4)

(Note) In April 2019, some of the labeling machines were transferred to Printing & Variable Information Products Operations from Industrial & Material Operations. The results for previous first quarter are stated by reclassifying them.

In this segment, net sales were 30,008 million yen (up 1.4% year on year) and operating income was 197 million yen (down 83.4% year on year). Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

In adhesive products for seals and labels, sales of products for home delivery and mail-order business were firm although sales of products for food-related applications and campaign labels for beverages were lackluster in Japan. In overseas markets, sales in China were affected by trade tensions between China and the United States, but sales in the United States and the ASEAN region remained firm. As a result, sales in this operation were 21,878 million yen (up 2.7% year on year).

(Industrial & Material Operations)

Sales of window films were firm in the United States and Southeast Asia, but sales of motorcycle-and automobile-use adhesive products were weak due to the impact of market stagnation in India. As a result, sales in this operation were 8,129 million yen (down 1.8% year on year).

[Electronic and Optical Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 22,563	Millions of yen 19,267	Millions of yen (3,295)	% (14.6)
Advanced Materials Operations	12,708	10,226	(2,481)	(19.5)
Optical Products Operations	9,855	9,041	(813)	(8.3)
Operating income	3,011	2,040	(971)	(32.2)

(Note) In April 2019, optical devise-related products were transferred to Optical Products Operations from Advanced Materials Operations. The results for previous first quarter are stated by reclassifying them.

In this segment, net sales were 19,267 million yen (down 14.6% year on year) and operating income was 2,040 million yen (down 32.2% 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 fell sharply reflecting the market stagnation. In multilayer ceramic capacitor-related tapes, sales of products for automobiles were solid, but sales of products for smartphones were sluggish due to production adjustments in the market. As a result, sales in this operation were 10,226 million yen (down 19.5% year on year).

(Optical Products Operations)

In optical display-related adhesive products, sales of products for larger TV units were firm, but sales of products for small- and medium-sized products such as smartphones were weak, reflecting lackluster demand. As a result, sales in this operation were 9,041 million yen (down 8.3% year on year).

[Paper and Converted Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	9,769	9,287	(481)	(4.9)
Fine & Specialty Paper Products Operations	4,161	4,249	88	2.1
Converted Products Operations	5,607	5,038	(569)	(10.2)
Operating income	853	773	(79)	(9.4)

In this segment, net sales were 9,287 million yen (down 4.9% year on year), and operating income was 773 million yen (down 9.4% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Papers for envelopes with a concealing effect performed solidly and construction material papers and oil and water resistant papers for fast food also sold well. As a result, sales in this operation were 4,249 million yen (up 2.1% year on year).

(Converted Products Operations)

Sales of release papers for electronic materials were firm. However, sales of release papers for general-use adhesive products and release films for optical-related products were sluggish. As a result, sales in this operation were 5,038 million yen (down 10.2% year on year)

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 287,488 million yen, a year-on-year decrease of 2,832 million yen. Main factors of the change were as follows:

- Decrease in "Cash and deposits"	- 4,411 million yen
- Decrease in "Trade notes and accounts receivable"	- 2,488 million yen
- Increase in "Inventories"	1,556 million yen
- Increase in "Property, plant and equipment"	3,792 million yen
- Decrease in "Goodwill"	- 817 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 97,825 million yen, a year-on-year decrease of 2,268 million yen.

Main factors of the change were as follows:

- Decrease in "Trade notes and accounts payable"	- 1,555 million yen
- Decrease in "Accrued income taxes"	- 1,144 million yen
- Decrease in "Long-term loans payable"	- 1,645 million yen
- Increase in "Current liabilities-other"	1,639 million yen

(Net Assets)

Total net assets at this consolidated quarter end were 189,662 million yen, a year-on-year decrease of 563 million yen.

Main factors of the change were as follows:

- Decrease in "Retained earnings"	- 940 million yen
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(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 May 9, 2019 remains unchanged.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	62,148	57,737
Trade notes and accounts receivable	69,479	66,990
Inventories	40,717	42,274
Other	3,337	3,530
Allowance for doubtful accounts	(85)	(75)
Total current assets	175,597	170,458
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	31,452	33,474
Machinery, equipment and vehicles (net)	25,055	26,328
Land	11,356	11,216
Construction in progress	5,507	4,563
Other (net)	1,758	3,340
Property, plant and equipment	75,131	78,923
Intangible assets		
Goodwill	25,359	24,542
Other	2,758	2,617
Intangible assets	28,117	27,159
Investments and other assets		
Other	11,571	11,048
Allowance for doubtful accounts	(97)	(102)
Total investments and other assets	11,473	10,946
Total non-current assets	114,722	117,030
Total assets	290,320	287,488

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Trade notes and accounts payable	52,873	51,318
Short-term loans payable	2,531	2,705
Current portion of long-term loans payable	3,038	3,003
Accrued income taxes	2,429	1,285
Provision for directors' bonuses	69	18
Other	12,052	13,691
Total current liabilities	72,994	72,022
Non-current liabilities		
Long-term loans payable	11,622	9,976
Provision for environmental measures	112	112
Net defined benefit liability	14,841	14,183
Other	522	1,530
Total non-current liabilities	27,099	25,803
Total liabilities	100,094	97,825
Net Assets		
Shareholders' equity		
Common stock	23,220	23,232
Capital surplus	26,842	26,855
Retained earnings	145,484	144,543
Treasury stock	(7,642)	(7,631)
Total shareholders' equity	187,904	187,000
Accumulated other comprehensive income		
Net unrealized holding gain on securities	291	324
Foreign currency translation adjustments	5,178	5,424
Remeasurements of defined benefit plans	(3,796)	(3,717)
Total accumulated other comprehensive income	1,672	2,031
Share subscription rights	160	149
Non-controlling interests	488	480
Total net assets	190,226	189,662
Total liabilities and net assets	290,320	287,488

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Three Months Ended June 30, 2019

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2018)	Current consolidated fiscal year (Three months ended June 30, 2019)
Net sales	61,917	58,563
Cost of sales	46,020	44,708
Gross profit	15,897	13,855
Selling, general and administrative expenses	10,803	10,821
Operating income	5,094	3,033
Non-operating income		
Interest income	50	59
Dividend income	241	36
Gain on sales of noncurrent assets	0	2
Foreign exchange gains	32	–
Insurance income	16	7
Other income	107	105
Total non-operating income	448	210
Non-operating expenses		
Interest expenses	59	40
Loss on retirement of noncurrent assets	156	201
Foreign exchange losses	–	131
Compensation expenses	4	25
Other expenses	53	49
Total non-operating expenses	274	447
Ordinary income	5,269	2,795
Profit before income taxes	5,269	2,795
Income taxes	669	353
Deferred income taxes	715	574
Total income taxes	1,385	928
Profit	3,883	1,867
Profit (loss) attributable to non-controlling interests	2	(7)
Profit attributable to owners of parent	3,881	1,875

Consolidated Quarterly Statements of Comprehensive Income
 Three Months Ended June 30, 2019

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2018)	Current consolidated fiscal year (Three months ended June 30, 2019)
Net income	3,883	1,867
Other comprehensive income		
Net unrealized holding gain on securities	(170)	33
Foreign currency translation adjustments	(3,929)	245
Remeasurements of defined benefit plans	(552)	80
Total other comprehensive income	(4,652)	359
Comprehensive income	(768)	2,227
(Comprehensive income attributable to)		
Owners of parent	(763)	2,234
Non-controlling interests	(5)	(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.

(Changes in Accounting Principles)

IFRS 16 "Leases" has been applied from the first quarter of the fiscal year under review, excluding the Company and domestic consolidated subsidiaries that adopt JGAAP and overseas consolidated subsidiaries that adopt USGAAP. Accordingly, Lessees post all leases in the balance sheet as assets and liabilities, in principle. In accordance with the transition provisions in IFRS 16 "Leases," the standard has been adopted retrospectively, with the cumulative effect of initially applying this standard recognized on the date of initial application.

As a result, at the end of the consolidated first quarter under review, "property, plant and equipment" was 1,433 million yen greater and "other" in current liabilities and in non-current liabilities were 476 million yen and 937 million yen greater, respectively, than if the former accounting standard was applied. The effect of this adjustment on the income or loss for the first three months of the fiscal year under review is immaterial.

(Segment Information, etc.)

I. Previous first quarter (from April 1, 2018 to June 30, 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	29,585	22,563	9,769	61,917	—	61,917
Intersegment sales and transfers	14	14	4,102	4,130	(4,130)	—
Total	29,599	22,577	13,871	66,048	(4,130)	61,917
Segment income	1,189	3,011	853	5,054	40	5,094

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 first quarter (from April 1, 2019 to June 30, 2019)

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	30,008	19,267	9,287	58,563	—	58,563
Intersegment sales and transfers	10	7	4,202	4,221	(4,221)	—
Total	30,019	19,274	13,490	62,784	(4,221)	58,563
Segment income	197	2,040	773	3,011	21	3,033

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.