

Consolidated Financial Results for the Nine Months Ended December 31, 2019

[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

February 10, 2020

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, 2020

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, 2019

(from April 1, 2019 to December 31, 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	%
Nine Months Ended December 31, 2019	179,307	(5.2)	11,799	(19.4)	11,292	(22.7)	7,985	(21.5)
Nine Months Ended December 31, 2018	189,134	1.4	14,646	(7.4)	14,605	(5.3)	10,175	1.1

(Note) Comprehensive income: Nine Months Ended December 31, 2019: 5,217 million yen, down 37.3%

Nine Months Ended December 31, 2018: 8,326 million yen, down 14.3%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine Months Ended December 31, 2019	110.56	110.44
Nine Months Ended December 31, 2018	140.99	140.77

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of December 31, 2019	281,931	189,866	67.1
As of March 31, 2019	290,320	190,226	65.3

(Reference) Shareholders' equity: As of December 31, 2019: 189,273 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	—	39.00	—		
FY ending March 31, 2020 (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, 2020 (from April 1, 2019 to March 31, 2020)

(% 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	237,000	(5.6)	13,500	(24.9)	12,500	(30.5)	9,000	(30.4)	124.59

(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 Attachment.
- (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)	As of December 31, 2019	76,600,940	As of March 31, 2019	76,576,340
(b)	As of December 31, 2019	4,361,378	As of March 31, 2019	4,371,170
(c)	As of December 31, 2019	72,226,833	As of December 31, 2018	72,173,536

*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 (<https://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, 2019

(1) Explanation Regarding Results of Operations

During the third quarter of the fiscal year under review, the Group posted net sales of 179,307 million yen (down 5.2% year on year), operating income of 11,799 million yen (down 19.4% year on year), ordinary income of 11,292 million yen (down 22.7% year on year), and profit attributable to owners of parent of 7,985 million yen (down 21.5% year on year).

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous third quarter	Current third quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 91,690	Millions of yen 91,890	Millions of yen 200	% 0.2
Printing & Variable Information Products Operations	64,714	65,496	782	1.2
Industrial & Material Operations	26,976	26,393	(582)	(2.2)
Operating income	3,191	1,246	(1,945)	(61.0)

(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 third quarter are stated by reclassifying them.

In this segment, net sales were 91,890 million yen (up 0.2% year on year) and operating income was 1,246 million yen (down 61.0% 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 mail-order business were solid in Japan. However, sales of food-related products and campaign labels for beverages were weak. In overseas markets, sales in China and the ASEAN region were affected by an economic slowdown while sales in the United States remained strong. As a result, sales in this operation were 65,496 million yen (up 1.2% year on year).

(Industrial & Material Operations)

Sales of window films were well in Japan and overseas, but sales of motorcycle- and automobile-use adhesive products remained sluggish due to the effects of the stagnant Indian market. As a result, sales in this operation were 26,393 million yen (down 2.2% year on year).

[Electronic and Optical Products]

	Previous third quarter	Current third quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 68,987	Millions of yen 59,925	Millions of yen (9,061)	% (13.1)
Advanced Materials Operations	39,381	33,371	(6,010)	(15.3)
Optical Products Operations	29,606	26,554	(3,051)	(10.3)
Operating income	9,155	7,985	(1,169)	(12.8)

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

In this segment, net sales were 59,925 million yen (down 13.1% year on year) and operating income was 7,985 million yen (down 12.8% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tapes increased chiefly thanks to a recovery in demand in the third quarter. Sales of semiconductor-related equipment, however, decreased significantly given the impact of restrained capital expenditure. With regard to sales of multilayer ceramic capacitor-related tapes, those for automobiles and smartphones both plummeted due to production adjustments in the market. As a result, sales in this operation were 33,371 million yen (down 15.3% year on year).

(Optical Products Operations)

In optical display-related adhesive products, sales of products particularly for TV units and smartphones remained sluggish due to the impact of a fall in demand. As a result, sales in this operation were 26,554 million yen (down 10.3% year on year).

[Paper and Converted Products]

	Previous third quarter	Current third quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 28,457	Millions of yen 27,491	Millions of yen (965)	% (3.4)
Fine & Specialty Paper Products Operations	12,214	12,507	292	2.4
Converted Products Operations	16,242	14,984	(1,258)	(7.7)
Operating income	2,241	2,496	255	11.4

In this segment, net sales were 27,491 million yen (down 3.4% year on year), and operating income was 2,496 million yen (up 11.4% 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 12,507 million yen (up 2.4% 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 14,984 million yen (down 7.7% year on year).

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 281,931 million yen, a year-on-year decrease of 8,389 million yen. Main factors of the change were as follows:

- Decrease in "Cash and deposits"	- 8,374 million yen
- Decrease in "Trade notes and accounts receivable"	- 3,260 million yen
- Increase in "Inventories"	1,448 million yen
- Increase in "Property, plant and equipment"	4,418 million yen
- Decrease in "Goodwill"	- 3,002 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 92,064 million yen, a year-on-year decrease of 8,029 million yen.

Main factors of the change were as follows:

- Decrease in "Trade notes and accounts payable"	- 3,244 million yen
- Increase in "Current portion of long-term loans payable"	6,218 million yen
- Decrease in "Accrued income taxes"	- 1,267 million yen
- Decrease in "Long-term loans payable"	- 9,321 million yen

(Net Assets)

Total net assets at this consolidated quarter end were 189,866 million yen, a year-on-year decrease of 359 million yen.

Main factors of the change were as follows:

- Increase in "Retained earnings"	2,351 million yen
- Decrease in "Foreign currency translation adjustments"	- 3,016 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 Nov. 8, 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 December 31, 2019
Assets		
Current assets		
Cash and deposits	62,148	53,774
Trade notes and accounts receivable	69,479	66,219
Inventories	40,717	42,165
Other	3,337	4,919
Allowance for doubtful accounts	(85)	(92)
Total current assets	175,597	166,986
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	31,452	32,856
Machinery, equipment and vehicles (net)	25,055	25,642
Land	11,356	11,193
Construction in progress	5,507	6,148
Other (net)	1,758	3,708
Property, plant and equipment	75,131	79,550
Intangible assets		
Goodwill	25,359	22,357
Other	2,758	2,287
Intangible assets	28,117	24,644
Investments and other assets		
Other	11,571	10,853
Allowance for doubtful accounts	(97)	(103)
Total investments and other assets	11,473	10,750
Total non-current assets	114,722	114,944
Total assets	290,320	281,931

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Trade notes and accounts payable	52,873	49,629
Short-term loans payable	2,531	2,048
Current portion of long-term loans payable	3,038	9,257
Accrued income taxes	2,429	1,161
Provision for directors' bonuses	69	54
Other	12,052	11,506
Total current liabilities	72,994	73,657
Non-current liabilities		
Long-term loans payable	11,622	2,300
Provision for environmental measures	112	111
Net defined benefit liability	14,841	14,331
Other	522	1,663
Total non-current liabilities	27,099	18,406
Total liabilities	100,094	92,064
Net Assets		
Shareholders' equity		
Common stock	23,220	23,249
Capital surplus	26,842	26,870
Retained earnings	145,484	147,836
Treasury stock	(7,642)	(7,626)
Total shareholders' equity	187,904	190,330
Accumulated other comprehensive income		
Net unrealized holding gain on securities	291	297
Foreign currency translation adjustments	5,178	2,161
Remeasurements of defined benefit plans	(3,796)	(3,515)
Total accumulated other comprehensive income	1,672	(1,056)
Share subscription rights	160	143
Non-controlling interests	488	448
Total net assets	190,226	189,866
Total liabilities and net assets	290,320	281,931

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Nine Months Ended December 31, 2019

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2018)	Current consolidated fiscal year (Nine months ended December 31, 2019)
Net sales	189,134	179,307
Cost of sales	141,963	135,232
Gross profit	47,171	44,075
Selling, general and administrative expenses	32,524	32,275
Operating income	14,646	11,799
Non-operating income		
Interest income	201	228
Dividend income	256	51
Gain on sales of noncurrent assets	6	7
Foreign exchange gains	179	–
Insurance income	66	19
Other income	282	240
Total non-operating income	992	547
Non-operating expenses		
Interest expenses	179	101
Loss on retirement of noncurrent assets	667	653
Foreign exchange losses	–	133
Compensation expenses	31	40
Other expenses	155	126
Total non-operating expenses	1,034	1,055
Ordinary income	14,605	11,292
Profit before income taxes	14,605	11,292
Income taxes	3,765	2,977
Deferred income taxes	674	366
Total income taxes	4,439	3,344
Profit	10,165	7,947
Profit (loss) attributable to non-controlling interests	(10)	(38)
Profit attributable to owners of parent	10,175	7,985

Consolidated Quarterly Statements of Comprehensive Income
 Nine Months Ended December 31, 2019

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2018)	Current consolidated fiscal year (Nine months ended December 31, 2019)
Net income	10,165	7,947
Other comprehensive income		
Net unrealized holding gain on securities	(370)	6
Foreign currency translation adjustments	(972)	(3,019)
Remeasurements of defined benefit plans	(496)	282
Total other comprehensive income	(1,839)	(2,730)
Comprehensive income	8,326	5,217
(Comprehensive income attributable to)		
Owners of parent	8,332	5,256
Non-controlling interests	(5)	(39)

(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 third quarter under review, "property, plant and equipment" was 1,768 million yen greater and "other" in current liabilities and in non-current liabilities were 512 million yen and 1,222 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 nine months of the fiscal year under review is immaterial.

(Segment Information, etc.)

I. Previous 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	201,622	(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.

II. Current third quarter (from April 1, 2019 to December 31, 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	91,890	59,925	27,491	179,307	—	179,307
Intersegment sales and transfers	46	31	12,683	12,761	(12,761)	—
Total	91,936	59,957	40,175	192,069	(12,761)	179,307
Segment income	1,246	7,985	2,496	11,728	71	11,799

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.