

# Summary of consolidated financial results as of December 31, 2018

14-Feb-19

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 Date for holding shareholders' meeting: March 26, 2019  
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 Financial Results Presentation to Be Held: Yes ( Institutional Investor, Analyst )

(Figures under million yen rounded down)

## 1. Summary of financial results as of December 31, 2018 (January 1, 2018 ~ December 31, 2018)

### (1) Consolidated operating results (Percentages(%) shows fluctuation to the previous.)

	Net sales		Operating income		Ordinary income		Net income attributable to the shareholder parent	
	million yen	%	million yen	%	million yen	%	million yen	%
31-Dec-18	140,600	-	9,003	-	9,694	-	9,756	-
31-Dec-17	94,070	-	3,971	-	4,660	-	3,792	-

(Note)

Comprehensive income:

Dec 31,2018 7,251 million yen ( - %) Dec 31,2017 5,095 million yen ( - %)

	Net income per share	Net income per share including assuming diluted stocks	Net income / Shareholders' equity	Ordinary income / Total assets	Operating income / Net sales
	yen	yen	%	%	%
31-Dec-18	101.54	-	27.6	9.4	6.4
31-Dec-17	39.47	-	12.7	4.7	4.2

(Reference) Investment gains / losses on equity method :

Dec 31,2018 940 million yen Dec 31,2017 917 million yen

Note: Ichikoh Industries implemented a change in the fiscal term in which the fiscal year-end changed from March 31 to December 31, starting from the fiscal year 2017. Accordingly, the percent of change from the corresponding period of the previous year is not indicated, since the fiscal year ended December 31, 2018 (January 1, 2018 to December 31, 2018) and the previous fiscal year (April 1, 2017 to December 31, 2017) cover different periods.

### (2) Consolidated financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
31-Dec-18	102,416	39,997	37.9	403.79
31-Dec-17	103,177	33,266	30.9	332.18

(Reference) Shareholders' equity:

Dec 31,2018 38,798 million yen Dec 31,2017 31,910 million yen

### (3) Consolidated cash flow

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end
	million yen	million yen	million yen	million yen
31-Dec-18	21,630	(5,824)	(14,818)	10,215
31-Dec-17	9,029	(4,745)	(6,545)	9,422

## 2. Dividends

	Dividend per share					Total payment (Full year)	Dividends payout	Total payment / Shareholders' equity
	1Q	2Q	3Q	4Q	Full Year			
	yen	yen	yen	yen	yen	million yen	%	%
31-Dec-17	-	2.50	-	1.50	4.00	384	10.1	1.3
31-Dec-18	-	2.50	-	4.50	7.00	672	6.9	1.9
31-Dec-19 (forecast)	-	-	-	-	-		-	

3. Consolidated earnings forecasts for the year ending December 31, 2019 (January 1, 2019 ~ December 31, 2019)

(Percentages(%) shows fluctuation to the previous respectively.)

	Net sales		Operating income		Ordinary income		Net income attributable to the shareholder parent company		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	67,000	(5.9)	3,900	(22.3)	3,700	(37.7)	2,600	(44.3)	27.06
Full year	134,000	(4.7)	7,800	(13.4)	7,400	(23.7)	5,000	(48.8)	52.04

※ Note

(1) Principal affiliates' transfer in this fiscal term (in accordance with the change of consolidation scope) No

Prepared: Added 0 (Corporate name)

Excluded 0 (Corporate name)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

① Changes in accounting policies due to revisions to accounting standard: No

② Changes in accounting policies due to other reasons: No

③ Changes in accounting estimates: No

④ Restatement: No

(3) Number of issued stocks (Common stocks)

① Number of issued stocks at the end (including treasury stocks)

31-Dec-18 96,250,001 31-Dec-17 96,225,501

② Number of treasury stocks at the end

31-Dec-18 163,749 31-Dec-17 161,925

③ Average shares outstanding over period (cumulative; consolidated)

31-Dec-18 96,077,852 31-Dec-17 96,063,394

**(Reference) Summary of Non-consolidated financial results as of December 31, 2018**

1. Summary of financial results as of December 31, 2018 (January 1, 2018 ~ December 31, 2018)

(1) Operating results (Percentages(%) shows fluctuation to the previous.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
31-Dec-18	109,671	-	6,580	-	7,588	-	8,357	-
31-Dec-17	72,812	-	3,204	-	3,326	-	2,940	-

	Net income per share	Net income per share including assuming diluted stocks
	yen	yen
31-Dec-18	86.99	—
31-Dec-17	30.61	—

(2) Financial conditions

	Total assets	Net assets	Ratio of shareholders' equity	Net assets per share
	million yen	million yen	%	yen
31-Dec-18	82,108	33,761	41.1	351.37
31-Dec-17	80,162	26,611	33.2	277.02

(Reference) Shareholders' equity:

Dec 31, 2018 33,761 million yen

Dec 31, 2017 26,611 million yen

\* Indication for status of an audit

This is not subject of an audit based on Financial Instruments and Exchange Act, and the audit is not finished when this is released.

\* Appropriate use of business forecast; other special items:

Those prospects have been made on the basis of the information available as of today. Accordingly, actual financial results may materially differ from those prospects due to various factors and events that may occur hereafter.

## 1. Summary of Financial Results

### (1) Summary of Financial Results of this fiscal year

Our company changed its fiscal year-end from March 31 to December 31 in the previous period and the consolidated results were the cumulative total for nine months commencing April 1, 2017 and ending December 2017. Accordingly, the financial results of current fiscal year were compared to the same period of last year, from January 1, 2017 to December 31, 2017.

The financial results of the same period of last year are the reference values which were not audited.

The Japanese economy for this consolidated fiscal year gradually recovered by the large number of houses constructed in the low interest rate environment, but there were negative effects due to the natural disasters such as typhoons, and in overseas, slowdown in the Chinese economy caused by the effects of the USA-China trade war was to be considered the negative factor. As for global economy, the employment index in USA maintained steady continuingly, while Chinese economy slowed down like decrease of car sales after an interval of 28 years. The economy of developing countries, or ASEAN and others, remained relatively strong. As for automotive market to which the company group belongs, notwithstanding completion inspection problems, the domestic car production volume increased a little compared to the same period of last year thanks to the support of strong k-car sales. In ASEAN market, production volume of the three countries in ASEAN regions increased in total compared to the same period of last year, as in Thailand export led economic recovery and demand for repurchase grew, in Malaysia Mahathir administration abolished the consumption tax substantially in June and gained special demand, and in Indonesia compact car sales were strong. In China, car production volume was decreased compared to the same period of last year due to decrease of domestic car sales.

Under those circumstances, the domestic sales in the current fiscal year increased thanks to strong sales of new products and value-added products such as LED lamp. And thanks to the robustness of ASEAN overseas affiliates mainly due to the increased sales and improved profitability in Indonesian affiliate, both the sales and the profit have increased compared to the same period of last year. As a result, sales was 140,600 million yen(125,121 million yen in the same period of last year, 12.4% increase compared to the same period of last year), operating income was 9,003 million yen(6,059 million yen in the same period of last year, 48.6% increase compared to the same period of last year), ordinary income was 9,694 million yen(6,832 million yen in the same period of last year, 41.9% increase compared to the same period of last year). And net income attributable to shareholders of the parent company was 9,756 million yen(6,172 million yen in the same period of last year, 58.1% increase compared to the same period of last year), it increased sharply because the deferred tax assets were additionally posted.

Results by each segment are as follows:

#### 1. Auto-Components business

As for auto-components business, sales and income increased compared to the same period of last year, thanks to the increase of domestic sales by the launch of new products and strong sales of value-added products such as LED lamp, also thanks to the increased sales and improved profitability of ASEAN overseas affiliates. The sales was 131,603 million yen (116,084 million yen in the same period of last year, 13.4% increase compared to the same period of last year), operating income was 8,750 million yen (6,322 million yen in the same period of last year, 38.4% increase compared to the same period of last year).

#### 2. After-Market business

After-market business sales was 8,678 million yen (8,553 million yen in the same period of last year, 1.5% increase compared to the same period of last year), operating income was 263 million yen (155 million yen operating loss in the same period of last year).

#### 3. Other business

Other business sales was 1,983 million yen(2,072 million yen in the same period of last year, 4.3% decrease compared to the same period of last year), operating income was 3 million yen(62 million yen in the same period of last year, 93.8% decrease compared to the same period of last year).

(Reference)

	(Millions of yen)		
	Same term of the last year (January 1, 2017 ~ December 31, 2017)	Current fiscal year (January 1, 2018 ~ December 31, 2018)	Difference
Net sales	125,121	140,600	12.4%
Operating income	6,059	9,003	48.6%
Ordinary income	6,832	9,694	41.9%
quarterly net income attributable to the shareholder parent company	6,172	9,756	58.1%

## (2) Future Outlooks

As for the performance forecast for the next fiscal year ending December 2019, the outlook for the production volume in ASEAN remains steady, but decrease in income is expected in Japan due to change of production models. Therefore, we expect sales of 134,000 million yen, operating income of 7,800 million yen, ordinary income of 74,000 million yen, and net income attributable to shareholders of the parent company of 5,000 million yen. This outlook is in line with our mid-term management plan and we will strive to proceed the preparation prepare for mid-term growth.

The company considers both of the following as the important issues for the management to achieve. (1) Improve the corporate value by Research and Development and capital investment utilizing internal reserves (2) Improve the profit return to shareholders in the mid-to-long term

Distribution of midterm dividends was 2.5 yen per share, and for the period of Oct. 1 to Dec.31, 2018, the year-end dividend is 4.5 yen per share which exceeds expected dividend by 2.0 yen thanks to the strong results and considering that net income attributable to shareholders of the parent company exceeded expectation due to the additional appropriation of deferred tax assets based on continuous and stable performance in the future. Therefore, the annual dividend becomes 7 yen.

As for dividend of FY2019, the company would refrain from declaring dividend forecast of the term at this stage because of many uncertain factors such as recent unpredictable economic situation. But the company continuously considers (1) and (2) above as basic policies and especially focuses on the profit return to shareholders such as an improvement of payout ratio.

## **2. Basic concept on the selection accounting standards**

The Japanese accounting standard is currently adopted in the company to realize easier year-on -year comparison and comparability to other companies of the same industry in Japan. However, comprehensively taking into account the fact that IFRS is adopted in the parent company, the company continues to consider the change of accounting system to IFRS in the future.

### 3. Consolidated Financial Statement

#### (1) Consolidated Balance Sheets

(Millions of yen)

	Previous Year End (As of December 31, 2017)	Current Year End (As of December 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	9,422	10,215
Notes and accounts receivable-trade	23,402	23,590
Electronically recorded monetary claims-operating	1,091	1,049
Merchandise and finished goods	4,658	3,463
Work in progress	713	712
Raw materials and supplies	3,310	3,357
Deferred tax assets	1,616	2,277
Other	3,145	1,277
Allowance for doubtful accounts	(130)	(75)
Total current assets	47,229	45,866
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	26,298	27,651
Accumulated depreciation	(15,819)	(16,219)
Buildings and structures, net	10,479	11,432
Machinery, equipment and vehicles	37,417	38,152
Accumulated depreciation	(25,908)	(26,309)
Machinery, equipment and vehicles, net	11,508	11,842
Tools, furniture and fixtures	12,650	14,851
Accumulated depreciation	(9,522)	(10,289)
Tools, furniture and fixtures, net	3,128	4,561
Land	3,434	3,379
Lease assets	15,839	12,106
Accumulated depreciation	(8,426)	(8,338)
Lease assets, net	7,412	3,767
Construction in progress	3,699	4,064
Total property, plant and equipment	39,662	39,048
Intangible assets		
goodwill	551	324
Other	1,301	985
Total intangible assets	1,852	1,309
Investments and other assets		
Investment securities	6,407	5,167
Long-term loans receivable	1,035	519
Investment in affiliates	6,273	7,287
Deferred tax assets	142	1,807
Other	578	1,416
Allowance for doubtful accounts	(4)	(8)
Total investments and other assets	14,433	16,190
Total noncurrent assets	55,948	56,549
Total assets	103,177	102,416

(Millions of yen)

	Previous Year End (As of December 31, 2017)	Current Year End (As of December 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	24,938	25,831
Short-term loans payable	6,733	2,100
Current portion of long-term loans payable	985	1,329
Lease obligations	5,270	3,072
Income taxes payable	265	1,549
Accrued expenses	3,693	3,476
Accounts payable	1,229	3,033
Provision for bonuses	958	921
Provision for directors' bonuses	29	23
Provision for product warranties	1,361	1,552
Notes payable-facilities	213	162
Other	1,932	3,816
Total current liabilities	47,611	46,869
Noncurrent liabilities		
Long-term loans payable	8,817	4,604
Lease obligations	3,750	1,654
Deferred tax liabilities	856	174
Retirement benefits	8,603	8,858
Asset retirement obligations	214	202
Provision for environmental measures	8	8
Other	48	45
Total noncurrent liabilities	22,299	15,548
Total liabilities	69,911	62,418
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,957	8,972
Capital surplus	2,476	2,491
Retained earnings	20,449	29,821
Treasury stock	(43)	(45)
Total shareholders' equity	31,840	41,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,306	1,423
Foreign currency translation adjustment	(1,982)	(2,817)
Adjustment retirement benefits	(254)	(1,047)
Total accumulated other comprehensive income	69	(2,441)
Minority interests	1,356	1,199
Total net assets	33,266	39,997
Total liabilities and net assets	103,177	102,416

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**

Consolidated Statements of Income

(Millions of yen)

	Previous FY (April 1, 2017 ~ December 31, 2017)	Current FY (January 1, 2018 ~ December 31, 2018)
Net sales	94,070	140,600
Cost of sales	75,153	111,470
Gross profit	18,917	29,130
Selling, general and administrative expenses	14,945	20,127
Operating income (loss)	3,971	9,003
Non-operating income		
Interest income	80	82
Dividends income	184	258
Equity in earnings of affiliates	917	940
Subsidy income	-	198
Other	95	81
Total non-operating income	1,278	1,562
Non-operating expenses		
Interest expenses	454	328
Commission fee	4	144
Foreign exchange losses	54	234
Loss on reduction of noncurrent assets	-	103
Other	76	59
Total non-operating expenses	590	871
Ordinary income	4,660	9,694
Extraordinary income		
Gain on disposal of noncurrent assets	23	4
Total extraordinary income	23	4
Extraordinary loss		
Loss on disposal of noncurrent assets	87	267
Impairment loss	40	-
Total extraordinary losses	128	267
Income before income taxes and minority interests	4,555	9,431
Income taxes-current	585	1,926
Income taxes-deferred	118	(2,286)
Total income taxes	704	(360)
Income before minority interests	3,850	9,791
Minority interests in income	58	35
Net income	3,792	9,756

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous FY (April 1, 2017 ~ December 31, 2017)	Current FY (January 1, 2018 ~ December 31, 2018)
Income before minority interests	3,850	9,791
Other comprehensive income		
Valuation difference on available-for-sale securities	567	(883)
Deferred gain for hedges	5	-
Foreign currency translation adjustment	516	(510)
Remeasurements of defined benefit plans.	110	(792)
Share of other comprehensive income of associates accounted for using equity method	43	(354)
Total other comprehensive income	1,244	(2,540)
Comprehensive income	5,095	7,251
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,976	7,245
Comprehensive income attributable to minority interests	119	5



**(3) Consolidated Statements of Change in Net Assets**

(Millions of yen)

	Previous FY (April 1, 2017 ~ December 31, 2017)	Current FY (January 1, 2018 ~ December 31, 2018)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	8,955	8,957
Issue new shares	2	14
Total changes of items during the period	2	14
Balance at the end of current period	8,957	8,972
<b>Capital surplus</b>		
Balance at the beginning of current period	2,735	2,476
Issue new shares	2	14
Change in treasury shares of parent arising from transactions with non controlling shareholders	(260)	-
Total changes of items during the period	(258)	14
Balance at the end of current period	2,476	2,491
<b>Retained earnings</b>		
Balance at the beginning of current period	17,138	20,449
Net income	3,792	9,756
Dividend of Surplus	(480)	(384)
Total changes of items during the period	3,311	9,371
Balance at the end of current period	20,449	29,821
<b>Treasury stock</b>		
Balance at the beginning of current period	(39)	(43)
Purchase of treasury stock	(3)	(1)
Total changes of items during the period	(3)	(1)
Balance at the end of current period	(43)	(45)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	28,788	31,840
Net income	3,792	9,756
Issue new shares	4	28
Dividend of Surplus	(480)	(384)
Change in treasury shares of parent arising from transactions with non controlling shareholders	(260)	-
Purchase of treasury stock	(3)	(1)
Total changes of items during the period	3,052	9,398
Balance at the end of current period	31,840	41,239
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of current period	1,738	2,306
Net changes of items other than shareholders' equity	567	(883)
Total changes of items during the period	567	(883)
Balance at the end of current period	2,306	1,423
<b>Deferred gain for hedges</b>		
Balance at the beginning of current period	(5)	-
Net changes of items other than shareholders' equity	5	-
Total changes of items during the period	5	-
Balance at the end of current period	-	-
<b>Foreign currency translation adjustment</b>		
Balance at the beginning of current period	(2,482)	(1,982)
Net changes of items other than shareholders' equity	500	(834)
Total changes of items during the period	500	(834)
Balance at the end of current period	(1,982)	(2,817)
<b>Adjustment retirement benefits</b>		
Balance at the beginning of current period	(365)	(254)
Net changes of items other than shareholders' equity	110	(792)

**(3) Consolidated Statements of Change in Net Assets**

(Millions of yen)

	Previous FY (April 1, 2017 ~ December 31, 2017)	Current FY (January 1, 2018 ~ December 31, 2018)
Total changes of items during the period	110	(792)
Balance at the end of current period	(254)	(1,047)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(1,114)	69
Net changes of items other than shareholders' equity	1,184	(2,510)
Total changes of items during the period	1,184	(2,510)
Balance at the end of current period	69	(2,441)
Minority interests		
Balance at the beginning of current period	1,256	1,356
Net changes of items other than shareholders' equity	99	(156)
Total changes of items during the period	99	(156)
Balance at the end of current period	1,356	1,199
Total net assets		
Balance at the beginning of current period	28,930	33,266
Net income	3,792	9,756
Issue new shares	4	28
Dividend of Surplus	(480)	(384)
Change in treasury shares of parent arising from transactions with non controlling shareholders	(260)	-
Purchase of treasury stock	(3)	(1)
Net changes of items other than shareholders' equity	1,283	(2,667)
Total changes of items during the period	4,335	6,731
Balance at the end of current period	33,266	39,997

**(4) Consolidated Cash Flows**

(Millions of yen)

	Previous FY (April 1, 2017 ~ December 31, 2017)	Current FY (January 1, 2018 ~ December 31, 2018)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	4,555	9,431
Depreciation and amortization	6,751	9,374
Amortization of goodwill	146	185
Increase (decrease) in allowance for doubtful accounts	(183)	(51)
Increase (decrease) in provision for bonuses	(870)	(36)
Increase (decrease) in provision for product warranties	30	193
Increase (decrease) in retirement benefits	(359)	(776)
Interest and dividends income	(265)	(341)
Interest expenses	454	328
Impairment loss	40	-
Equity in (earnings) losses of affiliates	(917)	(940)
Loss (gain) on disposal of noncurrent assets	63	263
Decrease (increase) in notes and accounts receivable-trade	(2,968)	(378)
Decrease (increase) in inventories	(1,233)	1,085
Decrease (increase) in other current assets	328	263
Increase (decrease) in notes and accounts payable-trade	2,131	1,078
Increase (decrease) in other current liabilities	2,483	2,504
Other, net	(75)	120
Subtotal	10,112	22,304
Interest and dividends income received	217	391
Interest expenses paid	(452)	(335)
Income taxes paid	(848)	(729)
<b>Net cash provided by (used in) operating activities</b>	<b>9,029</b>	<b>21,630</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(8,768)	(7,316)
Proceeds from sales of property, plant and equipment	4,471	2,111
Payments acquisition of intangible fixed assets	(95)	(97)
Purchase of investment securities	(13)	(18)
Other, net	(338)	(503)
<b>Net cash provided by (used in) investing activities</b>	<b>(4,745)</b>	<b>(5,824)</b>

(Millions of yen)

	Previous FY (April 1, 2017 ~ December 31, 2017)	Current FY (January 1, 2018 ~ December 31, 2018)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	5,578	(4,633)
Proceeds from long-term loans payable	1,400	200
Repayment of long-term loans payable	(8,314)	(4,068)
Dividend receipt	(480)	(384)
Cash dividends paid to minority shareholders	(19)	(162)
Repayments of lease obligations	(4,445)	(5,768)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(260)	-
Other, net	(3)	(1)
Net cash provided by (used in) financing activities	(6,545)	(14,818)
Effect of exchange rate change on cash and cash equivalents	162	(195)
Net increase (decrease) in cash and cash equivalents	(2,099)	793
Cash and cash equivalents at beginning of period	11,522	9,422
Cash and cash equivalents at end of period	9,422	10,215