

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Nine Months Ended December 31, 2018 [Japanese GAAP]

February 07, 2019

Company name: TOSHIBA TEC CORPORATION

Stock exchange listing: Tokyo

Code number: 6588

URL: <http://www.toshibatec.co.jp/>

Representative: Takayuki Ikeda

President and CEO

Contact: Takashi Mizuno

Senior Manager of Corporate Communications Division

Phone: 03-6830-9151

Scheduled date of filing quarterly securities report: February 12, 2019

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: No

Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 01, 2018 to December 31, 2018)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2018	354,417	(4.7)	14,103	(18.1)	12,383	(22.4)	9,168	(22.1)
December 31, 2017	371,933	2.0	17,223	64.2	15,950	64.5	11,766	136.8

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥ 7,839 million [(51.6)%]
 Nine months ended December 31, 2017: ¥ 16,195 million [410.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2018	166.84	166.61
December 31, 2017	214.15	213.91

(Note) The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for basic earnings per share and diluted earnings per share have been calculated assuming that the share consolidation was executed at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of			
December 31, 2018	271,798	97,652	32.4
March 31, 2018	282,630	93,215	29.2

(Reference) Equity: As of December 31, 2018: ¥ 87,937 million
 As of March 31, 2018: ¥ 82,518 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	3.00	-	5.00	8.00
Fiscal year ending March 31, 2019	-	4.00	-		
Fiscal year ending March 31, 2019 (Forecast)				20.00	-

(Note) Revision to the forecast for dividends announced most recently: No

The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the amount of the year-end dividend per share for the year ending March 31, 2019 (Forecast) takes this share consolidation into account and disclosure of the total annual dividends per share is described as "-". For details, please refer to "Dividends and consolidated earnings forecasts after the share consolidation".

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2019 (April 01, 2018 to March 31, 2019)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	490,000	(4.5)	19,000	(22.6)	16,000	(29.7)	10,000	(42.9)	182.01

(Note) Revision to the financial results forecast announced most recently: Yes

Basic earnings per share for consolidated earnings forecast for the year ending March 31, 2019 takes the share consolidation into account. For details, please refer to "Dividends and consolidated earnings forecasts after the share consolidation".

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2018

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)

Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2018: 57,629,140 shares

March 31, 2018: 57,629,140 shares

2) Total number of treasury shares at the end of the period:

December 31, 2018: 2,670,191 shares

March 31, 2018: 2,688,267 shares

3) Average number of shares during the period:

Nine months ended December 31, 2018: 54,953,396 shares

Nine months ended December 31, 2017: 54,944,571 shares

(Note)The Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018. Accordingly, the figures for total number of issued shares (common shares), total number of treasury shares at the end of the period, and average number of shares during the period have been calculated assuming that the stock split was executed at the beginning of the previous fiscal year.

*(Dividends and consolidated earnings forecasts after the share consolidation)

At the 93th Annual General Meeting of Shareholders of TOSHIBA TEC CORPORATION held on June 26, 2018, it was approved to carry out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018.

Accordingly, the Company carried out the share consolidation at a ratio of one for every five common shares, effective on October 01, 2018.

On the assumption that share consolidation is not carried out, dividends and consolidated earnings forecasts for the year ending March 31, 2019 are as follows:

(1) Dividends forecast for the year ending March 31, 2019

Dividends per share

Year-end : 4 yen

(2) Consolidated earnings forecast for the year ending March 31, 2019

Basic earnings per share

Full year : 36.40 yen

Quarterly Consolidated Financial Statement
Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	57,355	44,912
Group Deposits Paid	-	10,002
Notes and accounts receivable - trade	67,996	51,136
Merchandise and finished goods	32,885	35,302
Work in process	1,525	2,075
Raw materials and supplies	6,758	7,799
Other	32,775	35,130
Allowance for doubtful accounts	(1,925)	(1,593)
Total current Assets	197,373	184,766
Non-current assets		
Property, plant and equipment	28,090	28,002
Intangible assets		
Goodwill	4,083	4,353
Other	9,052	9,177
Total intangible assets	13,135	13,530
Investments and other assets		
Other	44,138	45,652
Allowance for doubtful accounts	(107)	(153)
Total investments and other assets	44,030	45,498
Total non-current assets	85,257	87,032
Total assets	282,630	271,798

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	59,604	58,248
Short-term loans payable	304	457
Income taxes payable	4,771	2,977
Other	75,218	63,813
Total current liabilities	139,898	125,497
Non-current liabilities		
Net defined benefit liability	35,779	35,429
Other	13,737	13,219
Total non-current liabilities	49,516	48,648
Total liabilities	189,415	174,145
Net assets		
Shareholders' equity		
Capital stock	39,970	39,970
Capital surplus	12	-
Retained earnings	35,861	43,061
Treasury shares	(5,507)	(5,472)
Total shareholders' equity	70,337	77,559
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,181	1,527
Deferred gains or losses on hedges	(22)	(15)
Foreign currency translation adjustment	10,207	8,760
Minimum pension liability adjustment	(655)	(527)
Remeasurements of defined benefit plans	468	633
Total accumulated other comprehensive income	12,180	10,378
Subscription rights to shares	153	147
Non-controlling interests	10,543	9,567
Total net assets	93,215	97,652
Total liabilities and net assets	282,630	271,798

Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Net sales	371,933	354,417
Cost of sales	219,248	205,835
Gross profit	152,685	148,581
Selling, general and administrative expenses	135,462	134,477
Operating profit	17,223	14,103
Non-operating income		
Interest income	404	265
Dividend income	89	47
Foreign exchange gains	-	30
Other	297	316
Total non-operating income	791	660
Non-operating expenses		
Interest expenses	449	263
Loss on valuation of derivatives	140	647
Foreign exchange losses	125	-
Loss on sales and retirement of non-current assets	60	113
Other	1,286	1,356
Total non-operating expenses	2,063	2,380
Ordinary profit	15,950	12,383
Extraordinary income		
Gain on sales of investment securities	274	506
Gain on sales of shares of subsidiaries	238	-
Gain on reversal of foreign currency translation adjustment	444	-
Total extraordinary income	957	506
Extraordinary losses		
Restructuring cost	138	-
Total extraordinary losses	138	-
Profit before income taxes	16,770	12,889
Income taxes	3,897	3,639
Profit	12,872	9,249
Profit attributable to non-controlling interests	1,106	81
Profit attributable to owners of parent	11,766	9,168

Quarterly Consolidated Statement of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended December 31, 2017	For the nine months ended December 31, 2018
Profit	12,872	9,249
Other comprehensive income		
Valuation difference on available-for-sale securities	642	(654)
Deferred gains or losses on hedges	(9)	7
Foreign currency translation adjustment	2,415	(1,164)
Minimum pension liability adjustment	(63)	236
Remeasurements of defined benefit plans, net of tax	336	165
Total other comprehensive income	3,322	(1,410)
Comprehensive income	16,195	7,839
Comprehensive income attributable to		
Owners of parent	15,133	7,366
Non-controlling interests	1,061	473

Notes to Quarterly Consolidated Financial Statement

(Changes in Accounting Policy)

TOSHIBA TEC CORPORATION Group's subsidiaries reporting under IFRS and US GAAP have applied IFRS 15 and ASU 2014-09 "Revenue from Contracts with Customers" from the three months ended June 30, 2018.

The impact of this change on profit or loss for the nine months ended December 31, 2018 is insignificant.

The Group has adopted the approach of recognizing the cumulative effect of applying this standard at the date of initial application as permitted by transitional method of IFRS 15 and ASU 2014-09.

(Additional Information)

TOSHIBA TEC CORPORATION has applied the ASBJ Statement No.28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, Deferred tax assets were classified as Investments and other assets, and Deferred tax liabilities were classified as Non-current liabilities.