

# Consolidated Quarterly Financial Results for the Nine Months Ended December 31, 2017 [Japanese GAAP]



February 14, 2018

Company name: NIPPON HUME CORPORATION

Stock exchange listing: Tokyo Stock Exchange

Securities code: 5262

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Scheduled date of filing quarterly securities report: February 14, 2018

Scheduled date of commencing dividend payments: —

Preparation of supplementary briefing material on quarterly financial results: No

Holding 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, 2017

(April 1, 2017 to December 31, 2017)

### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2017	26,459	14.9	1,055	(4.8)	1,482	5.8	1,088	13.9
Nine months ended December 31, 2016	23,023	(6.7)	1,108	(16.4)	1,401	(16.5)	955	(27.5)

(Note) Comprehensive income: Nine months ended December 31, 2017: ¥1,594 million [(5.3)%]

Nine months ended December 31, 2016: ¥1,683 million [17.8%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	43.47		—	
Nine months ended December 31, 2016	37.60		—	

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2017	47,181	30,599	64.4
As of March 31, 2017	47,501	29,558	61.8

(Reference) Equity: As of December 31, 2017: ¥30,385 million

As of March 31, 2017: ¥29,353 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2017	Yen —	Yen —	Yen —	Yen 16.00	Yen 16.00
Fiscal year ending March 31, 2018	—	—	—		
Fiscal year ending March 31, 2018 (Forecast)				16.00	16.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018

(April 1, 2017 to March 31, 2018)

(% indicates changes from the previous corresponding period.)

	Turnover		Operating income		Ordinary income		Profit attributable to owners of parent company		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	35,000	9.1	1,800	20.1	2,200	12.3	1,600	15.6	63.57

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly included: — (Company name) Excluded: — (Company name)

(2) Application of accounting procedures specific to preparation of consolidated quarterly financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards, etc.: No

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 stock)

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

As of December 31, 2017: 29,347,500 shares

As of March 31, 2017: 29,347,500 shares

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

As of December 31, 2017: 4,383,406 shares

As of March 31, 2017: 4,179,180 shares

3) Average number of shares during the period

Nine months ended December 31, 2017: 25,046,181 shares

Nine months ended December 31, 2016: 25,413,228 shares

\* These quarterly financial results are not subject to quarterly review procedures.

\* Explanation of the proper use of financial results forecast and other note

The financial results forecast and other forward-looking statements contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable as of the date of publication of this document. They are not intended as a commitment by the Company that these results will be achieved. Actual results may differ considerably as a result of numerous factors. For the assumptions used in the financial results forecast and precautionary notes on its use, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachment.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months ended December 31, 2017, the Japanese economy remained on a modest recovery trend. Nonetheless, although signs of recovery have appeared mainly in the economies of some of the emerging Asian nations, especially China, the sense of uncertainty over the future prospects for the economy cannot be dispelled.

In the concrete products industry in which the Company operates, demand for Hume pipes and pile products slightly exceeded the level of demand for them in the same period of the previous fiscal year.

Under these circumstances, the Group has been working diligently to pursue stable profits and sustainable growth, which are the key objectives of the basic policy in “Evolution All Japan,” the Group’s medium-term management plan, which is now in its final fiscal year.

In the nine months ended December 31, 2017, orders received for piles, Hume pipes, and other concrete products, including precast products, and for construction were ¥25,934 million (up 15.4% year on year). Turnover, including revenue from concrete products, construction, and real estate, was ¥26,459 million (up 14.9% year on year).

As for profit and loss, operating income was ¥1,055 million (down 4.8% year on year), mainly because cost of sales increased, ordinary income was ¥1,482 million (up 5.8% year on year), mainly because of equity in earnings of affiliates and dividend income, and profit attributable to owners of parent was ¥1,088 million (up 13.9% year on year).

Segment results are as follows.

#### 1) Concrete Products

Orders received were ¥14,012 million (up 14.5% year on year). Turnover was ¥13,849 million (up 12.6% year on year), mainly because of an increase in sales of precast products currently receiving focus. The segment posted an operating loss of ¥31 million (in comparison with operating income of ¥362 million in the same period of the previous fiscal year) because of investment made in manufacturing facilities and development of production technologies with respect to segment products and precast products. This investment is expected to help improve profits going forward.

The total sales composition ratio was 52.3%.

#### 2) Construction

Orders received were ¥11,779 million (up 16.7% year on year) and turnover was ¥11,424 million (up 19.6% year on year), mainly because of increases in sales of piling work and sewage line-related work, and operating income was ¥663 million (up 99.8% year on year), mainly because of effects of cost reductions.

The total sales composition ratio was 43.2%.

#### 3) Real Estate Development

Turnover was ¥743 million (up 2.1% year on year), and operating income was ¥309 million (up 2.2% year on year).

The total sales composition ratio was 2.8%.

#### 4) Others

Orders received were ¥142 million (down 2.1% year on year), turnover, mainly for the solar power generation business and the sport facility management business, was ¥442 million (up 0.2% year on year), and operating income was ¥113 million (up 2.1% year on year).

The total sales composition ratio was 1.7%.

(2) Explanation of Financial Position

Total assets as of December 31, 2017, decreased by ¥319 million from the end of the previous fiscal year, to ¥47,181 million. This was mainly because, under current assets, while cash and deposits and notes and accounts receivable - trade decreased ¥999 million and ¥247 million, respectively, under non-current assets, investment securities increased ¥818 million.

In addition, under liabilities, total liabilities decreased ¥1,360 million from the end of the previous fiscal year, to ¥16,582 million. This was mainly because, under current liabilities, notes and accounts payable - trade, and income taxes payable, decreased ¥1,047 million and ¥313 million, respectively.

Under net assets, total net assets increased ¥1,040 million from the end of the previous fiscal year, to ¥30,599 million. This was mainly because, under retained earnings, while profit attributable to owners of parent company increased ¥1,088 million, there was a decrease of ¥415 million for cash dividends paid, and valuation difference on available-for-sale securities increased ¥463 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the results forecast pertaining to the fiscal year ending March 31, 2018, there has been no change to the full-year results forecast published in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 [Japanese GAAP]” dated May 12, 2017.

## 2. Consolidated Quarterly Financial Statements and Important Notes

## (1) Consolidated Quarterly Balance Sheets

(Thousand yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	8,892,925	7,893,113
Notes and accounts receivable - trade	13,711,307	13,463,437
Merchandise and finished goods	2,026,699	2,324,266
Raw materials and supplies	476,714	510,438
Other	289,660	310,789
Provision for doubtful accounts	(14,662)	(17,113)
Total current assets	25,382,645	24,484,931
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,096,622	2,978,277
Land	3,692,743	3,694,748
Other, net	2,198,501	2,022,673
Total property, plant and equipment	8,987,867	8,695,699
Intangible assets	137,543	118,117
Investments and other assets		
Investment securities	12,750,556	13,569,403
Other	472,273	518,417
Provision for doubtful accounts	(229,530)	(204,933)
Total investments and other assets	12,993,299	13,882,887
Total non-current assets	22,118,709	22,696,704
Total assets	47,501,354	47,181,636
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,348,157	10,300,451
Short-term loans	1,212,269	1,218,234
Income taxes payable	476,049	162,315
Provision for bonuses	185,557	—
Provision for loss on construction contracts	30,223	—
Other	859,127	873,619
Total current liabilities	14,111,384	12,554,621
Non-current liabilities		
Provision for directors' retirement benefits	36,017	36,017
Provision for environmental measures	17,014	17,014
Net defined benefit liability	2,612,372	2,677,420
Other	1,165,780	1,297,057
Total non-current liabilities	3,831,184	4,027,509
Total liabilities	17,942,569	16,582,130

(Thousand yen)

	As of March 31, 2017	As of December 31, 2017
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,251,400	5,251,400
Share premium	4,736,508	4,736,524
Retained earnings	20,272,825	20,946,124
Treasury shares	(1,511,453)	(1,649,716)
Total shareholders' equity	28,749,280	29,284,332
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	756,093	1,219,270
Difference in foreign exchange	220,308	212,735
Remeasurements of defined benefit	(371,835)	(331,107)
Total accumulated other comprehensive income	604,565	1,100,897
Non-controlling interests	204,938	214,275
Total net assets	29,558,785	30,599,505
Total liabilities and net assets	47,501,354	47,181,636



## (2) Consolidated Quarterly Statements of Income and Comprehensive Income

## Consolidated Quarterly Statements of Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Turnover	23,023,228	26,459,841
Cost of sales	18,962,374	22,442,698
Gross profit	4,060,853	4,017,142
Selling, general and administrative expenses	2,952,123	2,961,935
Operating income	1,108,730	1,055,207
Non-operating income		
Interest income	248	954
Dividend income	89,500	100,482
Share of income of associates	274,377	281,087
Foreign exchange gains	—	8,324
Other	119,374	89,213
Total non-operating income	483,501	480,062
Non-operating expenses		
Interest expenses	15,342	18,317
Foreign exchange losses	155,451	—
Settlement package	—	12,000
Other	20,132	22,704
Total non-operating expenses	190,926	53,021
Ordinary income	1,401,304	1,482,247
Extraordinary income		
Gain on sales of fixed assets	383	2,406
Insurance income	—	5,167
State subsidy	1,424	1,440
Total extraordinary income	1,807	9,014
Extraordinary losses		
Loss on disposal of fixed assets	0	11
Total extraordinary losses	0	11
Profit before income taxes and minority interests	1,403,112	1,491,250
Income taxes - current	419,163	348,903
Income taxes - deferred	19,055	44,375
Total income taxes	438,219	393,278
Profit after income taxes	964,893	1,097,972
Profit attributable to non-controlling interests	9,424	9,336
Profit attributable to owners of parent company	955,468	1,088,635

## Consolidated Quarterly Statements of Comprehensive Income

Nine Months Ended December 31

(Thousand yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit after income taxes	964,893	1,097,972
Other comprehensive income		
Valuation difference on available-for-sale securities	512,780	430,123
Difference in foreign exchange	155,468	(7,573)
Remeasurements of defined benefit	43,793	38,136
Share of other comprehensive income of associates	6,077	35,645
Total other comprehensive income	718,120	496,332
Comprehensive income	1,683,013	1,594,304
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent company	1,673,589	1,584,967
Comprehensive income attributable to non-controlling interests	9,424	9,336

(3) Notes to the Consolidated Quarterly Financial Statements

(Notes on going concern assumption)

No relevant items.

(Notes in the case of significant changes in shareholders' equity)

No relevant items.

(Segment information, etc.)

I. For the nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016)

1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Quarterly Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	12,300,657	9,552,289	728,589	22,581,536	441,691	23,023,228	—	23,023,228
Inter-segment turnover or transfers	9,825	—	31,916	41,742	279	42,021	(42,021)	—
Total	12,310,482	9,552,289	760,506	22,623,278	441,971	23,065,249	(42,021)	23,023,228
Segment income	362,327	332,015	302,891	997,234	111,495	1,108,730	—	1,108,730

(Notes) 1. The "Others" segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and the solar power generation business.

2. Total segment income corresponds to operating income on the Consolidated Quarterly Statements of Income.

2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

No relevant items.

## II. For the nine months ended December 31, 2017 (April 1, 2017 to December 31, 2017)

## 1. Information on turnover and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note 1)	Total	Adjustments	Amount recorded on the Consolidated Quarterly Statements of Income (Note 2)
	Concrete Products	Construction	Real Estate Development	Total				
Turnover								
Turnover to external customers	13,849,356	11,424,210	743,884	26,017,451	442,389	26,459,841	—	26,459,841
Inter-segment turnover or transfers	12,648	—	32,260	44,909	101	45,010	(45,010)	—
Total	13,862,005	11,424,210	776,145	26,062,360	442,491	26,504,852	(45,010)	26,459,841
Segment income (loss)	(31,569)	663,320	309,653	941,405	113,801	1,055,207	—	1,055,207

(Notes) 1. The “Others” segment includes businesses not included in reportable segments, such as the environmental equipment sales business, the sport facility management business, the rental business, and the solar power generation business.

2. Total segment income (loss) corresponds to operating income on the Consolidated Quarterly Statements of Income.

## 2. Information concerning impairment loss on non-current assets, goodwill, etc., by reportable segment

No relevant items.