



## Financial Results for First Quarter of Fiscal Year Ending March 31, 2020 [Japanese GAAP] (Consolidated Data)

August 7, 2019

Company Name: Nikko Co., Ltd. Stock Exchange Listing: Tokyo Stock Exchange  
 Stock Code: 6306 URL: <http://www.nikko-net.co.jp>  
 Representative: Representative Director and President Masaru Tsuji  
 Senior Managing Director and General Manager of the Finance Department  
 For inquiries: Hiroshi Fujii Telephone: +81-78-947-3141  
 Scheduled date for filing the quarterly report: August 9, 2019 Scheduled date for cash dividends: -  
 Quarterly earnings supplementary explanatory materials: Yes  
 Quarterly financial results briefing session: Yes (for institutional investors, analysts and newspaper reporters)

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Performance for First Quarter of Fiscal Year Ending March 31, 2020 (April 1, 2019 - June 30, 2019)

#### (1) Consolidated Operating Results (cumulative)

(Percentage figures are year-on-year changes.)

	Net sales		Operating income		Ordinary income		Quarterly net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2019	8,001	47.7	276	-	361	315.4	270	106.6
Three months ended June 30, 2018	5,415	(12.4)	(26)	-	87	(46.2)	130	(28.2)

Note: Comprehensive income: Three months ended June 30, 2019 27 million yen (- %) Three months ended June 30, 2018 (9 million yen) (- %)

	Quarterly net income per share	Diluted quarterly net income per share
	yen	yen
Three months ended June 30, 2019	35.27	-
Three months ended June 30, 2018	17.09	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
Three months ended June 30, 2019	44,099	30,211	68.5	3,942.37
Fiscal year ended March 31, 2019	43,969	30,414	69.2	3,968.79

(Reference) Capital: Three months ended June 30, 2019 30,211 million yen Fiscal year ended March 31, 2019 30,414 million yen

## 2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2019	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2020	–				
Fiscal year ending March 31, 2020 (Forecasts)		100.00	–	20.00	–

(Note) Revision of previously announced dividend targets during this reporting period: Yes

The company plans to carry out a one-to-five split of its common stock effective as of October 1, 2019. The annual dividend target figure for the fiscal year ending March 31, 2020 (forecast) takes this stock split into account. Note the change this time is due solely to the stock split and in effect does not change the initial forecast year-end dividend target of 100.00 yen.

## 3. Consolidated Performance Forecast for the Fiscal Year Ended March 31, 2020 (April 1, 2019 - March 31, 2020)

(Percentages indicate year-on-year changes from full fiscal year and first half of the previous fiscal year, respectively)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
2Q (first half)	16,600	12.9	1,100	131.9	1,250	109.8	900	59.5	117.47
Full year	35,700	12.3	2,300	61.2	2,500	58.5	2,000	48.7	52.21

(Note) Revision of previously announced earnings forecasts during this reporting period: None

The company plans to carry out a one-to-five split of its common stock effective as of October 1, 2019. The net income per share target figure for full fiscal year ending March 31, 2020 takes this stock split into account. Note the change this time is due solely to the stock split and in effect does not change the initially forecast full-year net income target of 261.04 yen.

\*Notes

(1) Changes in important subsidiaries during the period under review (changes in specific subsidiaries which involve changes in the scope of consolidation): None  
 Newly added companies: None (Company names: —) / Excluded companies: None (Company names: —)

(2) Use of special accounting methods for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatements

(i) Changes in accounting policy arising from revision of accounting standards, etc.: None

(ii) Changes in accounting policy other than those noted in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Shares issued (common stock)

(i) Number of shares outstanding at end of period (including treasury shares)	1Q of fiscal year ending March 31, 2020	8,000,000 shares	Fiscal year ended March 31, 2019	8,000,000 shares
(ii) Number of shares held in treasury at end of period	1Q of fiscal year ending March 31, 2020	336,589 shares	Fiscal year ended March 31, 2019	336,569 shares
(iii) Average number of shares outstanding during the period	1Q of fiscal year ending March 31, 2020	7,663,424 shares	1Q of fiscal year ended March 31, 2019	7,661,642 shares

\* This report is not subject to quarterly review procedures by certified public accountants or an auditing firm.

\* Explanation of the appropriate use of earnings forecasts, and other special notes

(Cautionary statement with respect to forward-looking statements)

Any forecasts and forward-looking statements given herein are based on information available as of this report's publication and on certain assumptions that are deemed reasonable and these forecasts are not guarantees of future performance. Actual results may differ significantly from forecasts due to various factors. For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, please refer to "1. Qualitative Information on Quarterly Results: (3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results" on page 2 in the accompanying materials.

(How to obtain quarterly earnings supplementary explanatory materials)

The Company is scheduled to post the quarterly earnings supplementary explanatory materials on its website on Wednesday, August 7, 2019.

## Accompanying Material – Table of Contents

1. Qualitative Information on Quarterly Results.....	2
(1) Explanation About Operating Results.....	2
(2) Explanation About Financial Position .....	2
(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results .....	2
2. Quarterly Consolidated Financial Statements and Notes.....	3
(1) Quarterly Consolidated Balance Sheet .....	3
(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	5
Quarterly Consolidated Statement of Income	
Three Months Ended June 30, 2019.....	5
Consolidated Statements of Comprehensive Income	
Three Months Ended June 30, 2019.....	6
(3) Notes to Quarterly Consolidated Financial Statements.....	7
(Going Concern Assumption) .....	7
(Notes on significant changes in the amount of shareholders' equity).....	7
(Changes in Accounting Policy).....	7
(Additional Information).....	7

## 1. Qualitative Information on Quarterly Results

### (1) Explanation About Operating Results

During the reporting period, the global economy faced an increased uncertainty amid concerns over trade friction between the United States and China and Brexit, and the situation hangs in balance. On the other hand, the Japanese economy remains on a gradual recovery track as corporate earnings, and employment and income environment improved, supported by the Bank of Japan and the government's reflationary policy.

Amid such circumstances, the construction industry, which has a significant bearing on our group, remains stable, but uncertainty remains as issues such as rises in material and logistics costs and risk of work delays due to labor shortage are yet to go away.

In the fiscal first quarter, consolidated net sales increased 47.7% from a year earlier to 8,001 million yen. Consolidated operating income totaled 276 million yen, down 26 million yen year-on-year, consolidated ordinary income totaled 361 million yen, up 315.4% year-on-year, and quarterly net income attributable to owners of parent reached 270 million yen, up 106.6% year-on-year.

In order to have an appropriate grasp of the operational situation and for the disclosure of the quarterly consolidated financial statements, the Company has used financial statements dated December 31 for two of the overseas subsidiaries that settle accounts on that date, including Nikko (Shanghai) Construction Machinery Co., Ltd., and introduced necessary adjustments on important transactions that occurred before the consolidated settlement date. From the present reporting period, we have introduced a method to conduct provisional settlement on the consolidated settlement date of March 31 for these companies and consolidate them.

Due to this change, for the fiscal first quarter, accounts for the six months between January 1, 2019 and June 30, 2019 were consolidated.

Results by segment are as follows.

#### <Asphalt Plant-Related Business>

Net sales of products increased in Japan from the previous period, but sales of maintenance business decreased from the previous period. Overseas net sales increased from the previous period, driven by increased exports and pushed up by the introduction in the reporting quarter of the method of provisionally settling accounts of Nikko (Shanghai) Construction Machinery Co., Ltd. on the consolidated account settlement date, as explained above. As a result, net sales of the business rose 65.9% from the previous period to 3,917 million yen.

#### <Concrete Plant-Related Business>

Net sales of products in Japan increased significantly from the previous period, but sales of the maintenance business decreased from the previous period. As a result, net sales of the business increased 46.2% from the previous period to 2,442 million yen.

#### <Environment- and Conveyor-Related Business>

Sales of conveyor products increased from the previous period, but sales of environmental products decreased from the previous period. As a result, net sales of this business increased 6.6% from the previous period to 492 million yen.

#### <Other Business>

Sales of crushers increased from the previous period, but sales of temporary construction materials and hand tools decreased from the previous period. As a result, net sales of this business increased 24.8% to 1,149 million yen.

(2) Explanation About Financial Position

Total assets at the end of the reporting period was 44,099 million yen, increasing 130 million yen from the end of the last consolidated fiscal year.

Current assets came to 29,678 million yen, increasing 288 million yen from the end of the last consolidated fiscal year. These increases resulted as cash and cash equivalents, and inventories increased 841 million yen and 1,106 million yen, respectively, and notes and accounts receivable-trade decreased 1,019 million yen and electronically recorded monetary claims dropped 318 million yen. Non-current assets came to 14,420 million yen, decreasing 158 million yen from the end of the last consolidated fiscal year. This decrease resulted mainly as property and equipment increased 113 million yen and investment securities decreased 266 million yen.

Liabilities totaled 13,887 million yen, increasing 332 million yen from the end of the last consolidated fiscal year. The increase was mainly the net result of accounts payable-other increasing 106 million yen, an increase of 937 million yen in the "other" portion of current liabilities, a 131 million yen drop in short-term loans payable, a 205 million yen decrease in income taxes payable, and a 284 million yen decrease in provision for bonuses.

Net assets came to 30,211 million yen, decreasing 202 million yen from the end of the last consolidated fiscal year. This decrease was mainly the net result of an increase from booking 270 million yen in quarterly net income attributable to owners of parent and a decrease from paying out dividends totaling 229 million yen.

As a result, equity ratio dropped to 68.5% from 69.2% as of the end of the last fiscal year.

(3) Explanation About Forward-Looking Statements, Including Forecast of Consolidated Financial Results

There is no change in the performance forecast for the year ending March 31, 2020 that was disclosed on May 10, 2019.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheet

(mil. yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	10,347	11,188
Notes and accounts receivable-trade	10,731	9,712
Electronically recorded monetary claims	1,628	1,310
Merchandise and finished goods	1,190	1,209
Work in process and partly-finished construction	3,903	4,810
Raw materials and supplies	933	1,114
Consumption taxes receivable	209	-
Other business	453	342
Allowance for doubtful accounts	(7)	(9)
Total current assets	29,390	29,678
Non-current assets		
Property and equipment	6,507	6,620
Intangible assets	418	406
Investments and other assets		
Investment securities	5,976	5,709
Investments in capital	11	11
Long-term loans receivable	6	11
Deferred tax assets	576	639
Other business	1,234	1,170
Allowance for doubtful accounts	(152)	(150)
Total investments and other assets	7,652	7,392
Total noncurrent assets	14,578	14,420
<b>Total assets</b>	<b>43,969</b>	<b>44,099</b>

(mil. yen)

	As of March 31, 2019	As of June 30, 2019
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,270	2,279
Electronically recorded obligations	938	984
Short-term loans payable	1,532	1,400
Income taxes payable	421	216
Accounts payable-other	3,022	3,129
Provision for bonuses	412	127
Provision for directors' bonuses	52	3
Provision for loss on order received	35	26
Other business	2,095	3,033
Total current liabilities	10,781	11,200
Long-term liabilities		
Long-term loans payable	186	178
Deferred tax liabilities	98	6
Provision for directors' retirement benefits	135	129
Retirement benefit-related liabilities	2,010	2,033
Other business	342	339
Total noncurrent liabilities	2,773	2,686
Total liabilities	13,554	13,887
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,197	9,197
Capital surplus	7,808	7,808
Retained earnings	12,049	12,089
Treasury stock	(576)	(576)
Total shareholders' equity	28,478	28,518
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,010	1,830
Foreign currency translation adjustment	163	97
Accumulated retirement benefit-related adjustment	(238)	(234)
Total accumulated other comprehensive income	1,935	1,692
Total net assets	30,414	30,211
Total liabilities and net assets	43,969	44,099

(2) Quarterly Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Quarterly Consolidated Statement of Income)  
(For the three Months Ended June 30, 2019)

(mil. yen)

	For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Net sales	5,415	8,001
Cost of sales	3,798	5,838
Gross profit	1,617	2,163
Selling, general and administrative expenses	1,644	1,886
Operating income/loss	(26)	276
Non-operating income		
Interest income	0	0
Dividends income	112	105
Other business	21	17
Total non-operating income	134	123
Non-operating expenses		
Interest expenses	10	17
Foreign exchange losses	3	14
Compensation for damage	4	3
Other business	1	2
Total non-operating expenses	20	37
Ordinary income	87	361
Extraordinary income		
Gain on sales of investment securities	114	68
Total extraordinary income	114	68
Quarterly income before income taxes	201	430
Income taxes-current	137	246
Income taxes-deferred	(66)	(86)
Total income taxes	71	160
Quarterly net income	130	270
Quarterly net income attributable to owners of parent	130	270

(Consolidated Statements of Comprehensive Income)  
(For the three Months Ended June 30, 2019)

(mil. yen)

	For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)	For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)
Quarterly net income	130	270
Other comprehensive income		
Valuation difference on available-for-sale securities	(95)	(179)
Foreign currency translation adjustment	(47)	(66)
Retirement benefit-related adjustment	1	3
Total other comprehensive income	(140)	(242)
Quarterly comprehensive income	(9)	27
(Breakdown)		
Quarterly comprehensive income attributable to owners of parent	(9)	27

(3) Notes to Quarterly Consolidated Financial Statements  
(Going Concern Assumption)  
Not applicable

(Notes on significant changes in the amount of shareholders' equity)  
Not applicable

(Changes in Accounting Policy)  
Not applicable

(Additional Information)  
Not applicable