

Summary of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 [Japan GAAP]

Prepared in accordance with accounting principles generally accepted in Japan

Translated from the original Japanese-language document

August 9, 2016

Daifuku Co., Ltd.

Stock code: 6383, First Section of Tokyo Stock Exchange

URL: www.daifuku.com/jp/

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Scheduled date for filing quarterly financial report: August 9, 2016

Scheduled date of commencing dividend payment: -

Quarterly earnings supplementary materials: Yes

Quarterly earnings presentation: Yes (for institutional investors and securities analysts)

Note: Figures are rounded down to the nearest one million yen.

1. Consolidated Financial Results for the First Quarter of Fiscal 2016

(April 1, 2016 - June 30, 2016)

(1) Operating results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter of fiscal 2016	74,034	8.0	4,340	53.7	4,281	29.4	2,963	14.9
First quarter of fiscal 2015	68,536	17.1	2,823	179.5	3,309	140.6	2,579	130.7

Note: Comprehensive income

First quarter of fiscal 2016: -1,082 million yen (—%)

First quarter of fiscal 2015: 3,598 million yen (—%)

	Net income per share	Diluted net income per share
	Yen	Yen
First quarter of fiscal 2016	24.36	—
First quarter of fiscal 2015	23.27	21.17

(2) Financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
First quarter of fiscal 2016	279,145	126,593	44.3
Fiscal 2015	296,055	130,116	42.9

Reference: Shareholders' equity

First quarter of fiscal 2016: 123,616 million yen

Fiscal 2015: 127,052 million yen

2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2015	—	10.00	—	20.00	30.00
Fiscal 2016	—				
Fiscal 2016 (forecast)		12.00	—	23.00	35.00

Note: Revisions to the latest dividend forecast: None

Fiscal 2016 dividends breakdown (forecast)

Ordinary dividend: 30 yen

Commemorative dividend: 5 yen (for celebrating our 80th anniversary)

3. Consolidated Earnings Forecast for the Fiscal 2016

(April 1, 2016 - March 31, 2017)

(Percentage figures denote increases or decreases compared with the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	150,000	(1.8)	9,500	11.1	9,400	3.0	6,700	8.3	55.07
Full-year	330,000	(1.8)	21,000	0.6	21,500	(2.3)	14,500	6.2	119.19

Note: Revisions to the latest consolidated financial forecast: Yes

Notes:

(1) Changes in significant subsidiaries that affected the scope of consolidation during the first quarter: None

(2) Adoption of specific accounting methods for preparing the quarterly consolidated financial statements: None

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

1) Changes in accounting standards associated with the revisions of accounting standards: Yes

2) Other changes: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of shares issued (Common stock)

1) Number of shares issued including treasury stock at the end of the period

First quarter of fiscal 2016: 123,610,077 shares

Fiscal 2015: 123,610,077 shares

2) Number of treasury stock at the end of the period

First quarter of fiscal 2016: 1,941,644 shares

Fiscal 2015: 1,958,836 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter of fiscal 2016: 121,662,320 shares

First quarter of fiscal 2015: 110,829,240 shares

Note: The number of treasury stock at the end of the first quarter of the fiscal year ending March 31, 2017 includes 115,800 shares owned by a trust on behalf of Daifuku employees' shareholding association. The number of treasury stock

at the end of the fiscal year ended March 31, 2016 included 133,400 shares owned by a trust on behalf of Daifuku employees' shareholding association.

Regarding the status of quarterly review procedures

These quarterly consolidated financial statements are exempted from quarterly review as provided in Japan's Financial Instruments and Exchange Act. At the time of disclosure of this report, review procedures for these financial statements pursuant to this Act have not been completed.

Disclaimer

The business forecasts contained in this document are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and income may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances.

Quarterly earnings supplementary materials are available at the [TDnet](#) and our website: www.daifuku.com/ir/financials/results.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Million yen)

	FY2015 (Year ended March 31, 2016)	First quarter of FY2016 (Quarter ended June 30, 2016)
ASSETS		
Current assets:		
Cash on hand and in banks	49,187	47,255
Notes and accounts receivable and unbilled receivables	103,264	97,573
Merchandise and finished goods	3,629	4,047
Costs incurred on uncompleted construction contracts and other	7,092	8,153
Raw materials and supplies	11,370	11,486
Other current assets	39,926	33,155
Allowance for doubtful accounts	(146)	(144)
Total current assets	214,324	201,528
Non-current assets:		
Property, plant and equipment	32,881	32,109
Intangible assets		
Goodwill	11,181	10,307
Other	5,891	5,564
Total intangible assets	17,072	15,871
Investments and other assets		
Other	31,901	29,761
Allowance for doubtful accounts	(125)	(125)
Total investments and other assets	31,776	29,635
Total non-current assets	81,731	77,616
Total assets	296,055	279,145
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	40,696	35,847
Electronically recorded obligations - operating	17,270	17,000
Short-term borrowings	8,702	9,208
Income taxes payable	5,919	2,088
Provision for losses on construction contracts	971	819
Other current liabilities	41,471	38,667
Total current liabilities	115,031	103,630
Non-current liabilities:		
Bonds	2,700	2,700
Long-term borrowings	29,501	28,982
Liabilities for retirement benefits	14,500	13,770
Other non-current liabilities	4,205	3,466
Total non-current liabilities	50,907	48,920
Total liabilities	165,938	152,551

(Million yen)

	FY2015 (Year ended March 31, 2016)	First quarter of FY2016 (Quarter ended June 30, 2016)
NET ASSETS		
Shareholders' equity:		
Common stock	15,016	15,016
Capital surplus	15,794	15,794
Retained earnings	94,501	95,028
Treasury stock	(1,642)	(1,620)
Total shareholders' equity	123,669	124,218
Accumulated other comprehensive income:		
Net unrealized gain on securities	3,206	2,423
Deferred gain (loss) on hedges	22	14
Foreign currency translation adjustments	7,730	3,916
Accumulated adjustments on retirement benefits	(7,576)	(6,956)
Total accumulated other comprehensive income	3,383	(602)
Non-controlling interests:	3,063	2,977
Total net assets	130,116	126,593
Total liabilities and net assets	296,055	279,145

(2) Consolidated statements of income and comprehensive income

(Million yen)

	FY2015 Q1 (April 1, 2015 - June 30, 2015)	FY2016 Q1 (April 1, 2016 - June 30, 2016)
Net sales	68,536	74,034
Cost of sales	56,086	59,650
Gross profit	12,450	14,383
Selling, general and administrative expenses:		
Selling expenses	4,508	3,964
General and administrative expenses	5,118	6,078
Total selling, general and administrative expenses	9,626	10,042
Operating income	2,823	4,340
Other income:		
Interest income	51	45
Dividend income	194	190
Equity in earnings of affiliates	100	116
Foreign exchange gain	145	—
Rental revenue	56	58
Miscellaneous income	96	60
Total other income	645	471
Other expenses:		
Interest expenses	126	111
Foreign exchange loss	—	388
Miscellaneous expenses	33	31
Total other expenses	159	530
Ordinary income	3,309	4,281
Extraordinary income:		
Gain on liquidation of affiliates	—	27
Other	0	2
Total extraordinary income	0	30
Extraordinary loss:		
Loss on disposal or sales of property, plant and equipment	134	19
Loss on valuation of membership	—	9
Other	10	0
Total extraordinary loss	145	29
Income before income taxes	3,164	4,282
Income taxes – current	1,690	1,832
Income taxes – deferred	(1,086)	(562)
Total income taxes	604	1,269
Net income	2,560	3,012
Net income (loss) attributable to:		
Shareholders of the parent company	2,579	2,963
Non-controlling interests	(19)	49

	(Million yen)	
	FY2015 Q1 (April 1, 2015 - June 30, 2015)	FY2016 Q1 (April 1, 2016 - June 30, 2016)
Other comprehensive income		
Net unrealized gain (loss) on securities	1,283	(782)
Deferred gain (loss) on hedges	(13)	(10)
Foreign currency translation adjustments	(721)	(3,242)
Adjustments on retirement benefits	121	627
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	368	(686)
Total other comprehensive income (loss)	1,038	(4,094)
Comprehensive income (loss):	3,598	(1,082)
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	3,580	(1,022)
Non-controlling interests	18	(59)

Segment Information

I. The first quarter of the previous fiscal year ended March 31, 2016 (from April 1, 2015 to June 30, 2015)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Daifuku Plusmore	Total		
Net sales							
Sales to outside customers	29,010	3,171	17,541	2,786	52,510	15,177	67,687
Intersegment sales or transfers	4,911	2,349	134	6	7,402	3,751	11,153
Total	33,922	5,521	17,675	2,792	59,912	18,928	78,840
Segment income (loss)	1,658	(53)	(98)	2	1,508	1,131	2,640

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	59,912
Net sales classified in "Other"	18,928
Elimination of intersegment transactions	(11,153)
Consolidation adjustments to net sales under the percentage-of-completion method	198
Other adjustments for consolidation	650
Net sales in quarterly consolidated financial statements	68,536

Segment income	(Million yen)
Reportable segment total	1,508
Segment income classified in "Other"	1,131
Elimination of cash dividends from affiliates	(83)
Consolidation adjustments to net sales under the percentage-of-completion method	(123)
Other adjustments for consolidation	145
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	2,579

II. The first quarter of the fiscal year ending March 31, 2017 (from April 1, 2016 to June 30, 2016)

1. Information relating to the amounts of net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment					Other*	Total
	Daifuku	Contec	Daifuku North America	Daifuku Plusmore	Total		
Net sales							
Sales to outside customers	34,312	3,668	19,570	2,287	59,838	15,968	75,807
Intersegment sales or transfers	6,300	1,995	81	5	8,382	3,348	11,730
Total	40,612	5,664	19,652	2,292	68,221	19,316	87,538
Segment income (loss)	2,204	114	597	(83)	2,832	244	3,077

* "Other" represents an operating segment comprising subsidiaries that are not included in reportable segments.

2. Differences between total amounts of net sales and income (loss) of reportable segments and those in quarterly consolidated statements of income and comprehensive income and details thereof (matters relating to difference reconciliation)

Net sales	(Million yen)
Reportable segment total	68,221
Net sales classified in "Other"	19,316
Elimination of intersegment transactions	(11,730)
Consolidation adjustments to net sales under the percentage-of-completion method	(1,647)
Other adjustments for consolidation	(126)
Net sales in quarterly consolidated financial statements	74,034

Segment income	(Million yen)
Reportable segment total	2,832
Segment income classified in "Other"	244
Elimination of cash dividends from affiliates	(72)
Consolidation adjustments to net sales under the percentage-of-completion method	(144)
Other adjustments for consolidation	102
Net income attributable to shareholders of the parent company in quarterly consolidated financial statements	2,963