Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2018
[J-GAAP]

August 9, 2017

Company Name: **Dai Nippon Printing Co., Ltd.**
Stock exchange listing: Tokyo
Stock code: 7912 URL: http://www.dnp.co.jp/
Representative: Yoshitoshi Kitajima, President
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Securities report issuing date: August 10, 2017
Dividend payment date: –
Preparation of quarterly earnings presentation material: No
Holding of quarterly earnings announcement: No

(Amounts under one million yen have been rounded down.)

1. Consolidated financial results for the first three months ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(1) Consolidated financial results

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2017	343,721	(1.7)	8,233	38.9	11,800	32.0	7,638	883.8
Three months ended June 30, 2016	349,800	(2.6)	5,927	(48.1)	8,937	(41.7)	776	(90.4)

Note: Comprehensive income: For the first three months ended June 30, 2017: ¥16,981 million (529.8%)
For the first three months ended June 30, 2016: ¥2,696 million (-78.9%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2017	12.47	12.46
Three months ended June 30, 2016	1.24	1.22

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2017	1,714,664	1,077,317	60.0
As of March 31, 2017	1,741,904	1,081,286	59.4

Note: Stockholders' equity as of June 30, 2017: ¥1,029,008 million As of March 31, 2017: ¥1,033,864 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2017	–	16.00	–	16.00	32.00
Year ending March 31, 2018	–				
Year ending March 31, 2018 (Forecasts)		16.00	–	32.00	–

Note: Revisions to the most recently announced dividend forecasts during the current quarter: No

Note: Dai Nippon Printing Co., Ltd. plans to implement a share consolidation in which two shares of common stock are consolidated into one share effective October 1, 2017. As a result, year-end dividends per share for the fiscal year ending March 2018 (forecast) show dividends after the share consolidation, and total annual dividends show "–". Without the share consolidation, year-end dividends per share for the fiscal year ending March 2018 would be ¥16.00. For further details, see the section titled, "Explanation regarding appropriate use of earnings forecasts and other special notes."

3. Consolidated earnings forecasts for the year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages show change from corresponding year-ago period.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Parent Company Shareholders		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,420,000	0.7	35,000	11.4	40,000	8.9	26,000	3.1	85.81

Note: Revisions to the most recently announced earnings forecasts during the current quarter: No

Note: Net income per share in the consolidated earnings forecasts (full year) for the fiscal year ending March 31, 2018 is adjusted for the impact of the share consolidation. Without the share consolidation, net income per share in the consolidated earnings forecasts (full year) for the fiscal year ending March 2018 would be ¥42.91. For further details, see the section titled, "Explanation regarding appropriate use of earnings forecasts and other special notes."

Other information

(1) Changes in significant subsidiaries during the current quarter (changes in specified subsidiaries resulting in change of scope of consolidation): No

(2) Application of accounting procedures peculiar to quarterly consolidated financial statement preparation: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
1) Changes in accounting policies with revision of accounting standards: No
2) Changes in accounting policies other than the 1) above: No
3) Changes in accounting estimates: No
4) Restatement of revisions: No

(4) Number of common shares issued and outstanding

1) Number of common shares outstanding at end of each period (including treasury shares)	As of June 30, 2017	648,480,693 shares	As of March 31, 2017	663,480,693 shares
2) Number of treasury shares at end of each period	As of June 30, 2017	41,991,843 shares	As of March 31, 2017	48,287,110 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Three months ended June 30, 2017	612,341,652 shares	Three months ended June 30, 2016	625,708,916 shares

* These financial results are exempt from auditing.

* Explanation regarding appropriate use of earnings forecasts and other special notes

1. Forward-looking statements in this report, including earnings forecasts, are based on assumptions about economic conditions, market trends, and other factors at the time the report was published. Actual results may differ significantly due to a variety of factors.

For information about earnings forecasts, see the section titled, "1. Qualitative information on the consolidated results for the current quarter (3) Explanation of the consolidated earnings forecasts," on page 3.

2. Dai Nippon Printing Co., Ltd. passed a resolution approving a share consolidation at the 123rd Ordinary General Meeting of Shareholders on June 29, 2017. It plans to implement a share consolidation, from two shares of common stock into one share, effective on October 1, 2017. Without the share consolidation, the dividend forecast and consolidated earnings forecast for the year ending March 31, 2018 would be as follows.

(1) Dividend forecast for the year ending March 31, 2018

Year-end dividends per share ¥16.00

(2) Consolidated earnings forecast for the year ending March 31, 2018

Net income per share

Full year ¥42.91

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1. Qualitative information on the consolidated results for the current quarter

(1) Explanation of the consolidated financial results

Japan's economy gradually recovered during the first three months of the fiscal year ending March 2018, with corporate earnings and employment and income conditions improving as a result of the economic policies of the Japanese government and the monetary easing policies of the Bank of Japan. However, the economy has still not reached a full-fledged recovery, due partly to a lack of strength in consumer spending and overseas economic uncertainty, including slower growth in China and emerging markets.

The printing industry faced a tough business environment, as demand continued to decline for printed media, including published printed materials, due partly to market growth for e-books and internet advertising.

Under these circumstances, the DNP Group (DNP), based on the DNP Group Vision 2015 and the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy," focused on creating new value through P&I innovations as a combination of its strengths in printing and information and worked to expand its business. It also implemented structural reforms to bolster competitiveness, working to reorganize and consolidate business divisions and group companies.

As a result of these efforts, consolidated net sales for the first three months fell 1.7% year on year to ¥343.7 billion, consolidated operating income grew 38.9% to ¥8.2 billion, consolidated ordinary income grew 32.0% to ¥11.8 billion, and net income attributable to parent company shareholders grew 883.8% to ¥7.6 billion.

Business segment results are presented below.

[PRINTING]
Information Communication
In the Publishing business, DNP pursued aggressive sales activities in Publishing & Media Services, but the publication market continued to slump, and sales of books and magazines both decreased year on year. In the Education and Publications Distribution business, DNP focused on expanding business in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book services. Sales were favorable for e-books and online bookstores, and aided also by an increase in new accounts in library operations outsourcing services, sales in this business increased from the previous year. However, overall sales in the Publishing business decreased from the previous year, due partly to selling a partial stake in BUNKYODO GROUP HOLDINGS CO., LTD. in October 2016 and switching the company from a consolidated subsidiary to an equity-method affiliate.

In the Information Innovation business, sales decreased for advertising flyers, catalogs, and other printed media, and also fell below year-ago levels for Information Processing Services (IPS; handling data entry, printing, and shipment of personalized mail and other items). However, sales were firm for smart cards for financial institutions and electronic money, and increased for point-of-purchase promotional materials (POP) and other sales promotion tools. As a result, overall sales increased from the previous year.

In the Imaging Communication business, DNP worked to provide high-value-added services that allow consumers to enjoy photo printing, including "ShaGoo!" automated commemorative photo booths and Imaging Mall as a cloud-based image sales solution. It also expanded Southeast Asian sales of dye-sublimation thermal transfer printing media for photo printers (color ink ribbons and receiver paper). However, sales were sluggish in North America and Europe, and overall sales decreased from the previous year.

As a result of the above, overall segment sales fell 4.5% year on year to ¥194.2 billion, but operating income grew 0.5% to ¥5.0 billion.

Lifestyle and Industrial Supplies

In the Packaging business, sales increased year on year for plastic molded products, but decreased for paper packaging, film packaging, and PET plastic bottle aseptic filling systems. As a result, overall sales decreased from the previous year.

In the Living Spaces business, DNP focused on sales of environmentally conscious products that used its proprietary electronic beam (EB) coating technology. Sales also increased for Arttec interior and exterior aluminum panels, and decorative films featuring sophisticated designs such as wood grains and metals along with realistic texture effects, for non-housing applications such as commercial facilities, offices, automobiles, and railway cars. As a result, overall sales increased from the previous year.

In the Industrial Supplies business, sales of lithium-ion battery components were favorable for both mobile and automotive applications, and overseas sales of photovoltaic module components increased. As a result, overall sales increased from the previous year.

As a result of the above, overall segment sales fell 0.8% year on year to ¥93.7 billion and operating income fell 16.7% to ¥2.6 billion.

Electronics

In the Display Components business, sales of LCD color filters decreased year on year on declines for both small- and medium-sized filters for smartphones and tablets and large filters for TVs. However, sales were favorable for metal masks used in the production of organic light-emitting diode (OLED) displays. Optical films increased from the previous year on firm sales of mainstay anti-reflection films for LCDs and higher sales of films for OLED displays.

In the Electronic Devices business, semiconductor photomask sales increased from the previous year on uptake of domestic and overseas demand.

As a result of the above, overall segment sales grew 9.3% year on year to ¥44.8 billion and operating income grew 144.9% to ¥6.3 billion.

[BEVERAGES]

Beverages

The soft drink industry continued to experience tough competition for market share, due partly to price competition among manufacturers. However, DNP worked to expand market share in existing markets and to acquire new customers by releasing new products in core brands and by advancing the vending machine business by leveraging area marketing and operational expertise.

As a result of these efforts, sales increased for the mainstay Coca-Cola brand and for unsweetened tea drinks including Ayataka. However, sales decreased to group bottlers outside the Hokkaido region. Mineral waters also declined. Overall segment sales fell 0.9% year on year to ¥12.1 billion and operating income fell 44.9% to ¥70 million.

(2) Explanation of the consolidated financial position

Total assets at the end of the first quarter decreased by ¥27.2 billion from the end of the previous fiscal year to ¥1,714.6 billion, due mainly to decreases in cash and time deposits.

Total liabilities decreased by ¥23.2 billion from the end of the previous fiscal year to ¥637.3 billion, due mainly to decreases in short-term bank loans and reserve for bonuses.

Net assets decreased by ¥3.9 billion from the end of the previous fiscal year to ¥1,077.3 billion, due mainly to a decrease in retained earnings.

As a result of the above, the equity ratio rose from 59.4% at the end of the previous fiscal year to 60.0%.

(3) Explanation of the consolidated earnings forecasts

Our earnings forecasts for the fiscal year ending March 2018 are unchanged from the forecasts announced on May 12, 2017.

2. Quarterly consolidated financial statements and key notes

(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2017	As of June 30, 2017
ASSETS		
Current assets		
Cash and time deposits	210,454	190,324
Notes and trade receivables	341,805	328,602
Merchandise and finished products	84,286	85,936
Work in progress	29,130	29,601
Raw materials and supplies	23,896	23,937
Other	49,194	47,489
Allowance for doubtful accounts	(1,627)	(1,623)
Total current assets	737,140	704,268
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	206,196	204,091
Machinery and equipment, net	80,689	78,453
Land	155,114	155,513
Construction in progress	18,326	15,152
Other, net	36,839	36,914
Total property, plant and equipment	497,166	490,124
Intangible fixed assets		
Other	34,436	33,474
Total intangible fixed assets	34,436	33,474
Investments and other assets		
Investment securities	380,323	393,313
Other	96,894	97,453
Allowance for doubtful accounts	(4,057)	(3,969)
Total investments and other assets	473,160	486,797
Total fixed assets	1,004,763	1,010,396
TOTAL ASSETS	1,741,904	1,714,664

(Million yen)

	As of March 31, 2017	As of June 30, 2017
LIABILITIES		
Current liabilities		
Notes and trade payables	247,562	251,612
Short-term bank loans	43,035	32,879
Reserve for bonuses	17,056	6,217
Other	107,544	102,248
Total current liabilities	415,198	392,958
Long-term liabilities		
Bonds	109,640	108,520
Long-term debt	8,658	8,410
Net defined benefit liability	35,149	35,540
Deferred tax liabilities	66,147	66,327
Other	25,823	25,591
Total long-term liabilities	245,418	244,389
TOTAL LIABILITIES	660,617	637,347
NET ASSETS		
Stockholders’ equity		
Common stock	114,464	114,464
Capital surplus	144,280	144,269
Retained earnings	695,720	671,773
Treasury stock	(69,636)	(58,688)
Total stockholders’ equity	884,829	871,818
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	149,574	157,563
Net deferred gains (losses) on hedges	(2)	6
Foreign currency translation adjustments	(2,219)	(2,016)
Remeasurements of defined benefit plans	1,683	1,636
Total accumulated other comprehensive income	149,035	157,189
Non-controlling interests	47,422	48,308
TOTAL NET ASSETS	1,081,286	1,077,317
TOTAL LIABILITIES AND NET ASSETS	1,741,904	1,714,664

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

First three months of the fiscal years

(Million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	349,800	343,721
Cost of sales	284,930	277,924
Gross profit	64,869	65,796
Selling, general and administrative expenses	58,942	57,562
Operating income	5,927	8,233
Non-operating income		
Interest and dividend income	3,421	3,278
Equity in earnings of affiliates	1,173	1,567
Other	1,820	1,086
Total non-operating income	6,415	5,932
Non-operating expense		
Interest expense	594	564
Foreign exchange transaction loss	1,027	302
Other	1,783	1,499
Total non-operating expenses	3,405	2,365
Ordinary income	8,937	11,800
Extraordinary gains		
Gain on sale of fixed assets	666	701
Gain on sale of investment securities	1,076	3,229
Other	24	96
Total extraordinary gains	1,767	4,027
Extraordinary losses		
Loss on sale or disposal of fixed assets	486	667
Loss on devaluation of investment securities	2,962	109
Other	2,270	87
Total extraordinary losses	5,718	865
Income before income taxes and non-controlling interests	4,986	14,962
Current income taxes	2,091	2,045
Deferred income taxes	650	3,942
Total income taxes	2,741	5,988
Net income	2,244	8,973
Net income attributable to non-controlling shareholders	1,468	1,335
Net income attributable to parent company shareholders	776	7,638

Quarterly consolidated statements of comprehensive income
First three months of the fiscal years

(Million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	2,244	8,973
Other comprehensive income		
Valuation difference on available-for-sale securities	6,879	8,084
Net deferred gains (losses) on hedges	(4)	17
Foreign currency translation adjustments	(4,249)	(1,037)
Remeasurements of defined benefit plans	463	(337)
Share of other comprehensive income of affiliates accounted for using equity method	(2,637)	1,281
Total other comprehensive income	451	8,007
Comprehensive income	2,696	16,981
Attributable to:		
Parent company shareholders	1,681	15,792
Non-controlling shareholders	1,014	1,188

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]
None

[Significant changes in shareholders' equity]
Treasury stock increased by ¥10,816 million during the first quarter of the current fiscal year, due mainly to share repurchases based on a resolution passed by the Board of Directors on May 12, 2017.

Additionally, retained earnings decreased by ¥21,763 million and treasury stock decreased by ¥21,763 million during the first quarter of the current fiscal year due to the cancellation of treasury stock on May 26, 2017 based on a resolution passed by the Board of Directors on May 12, 2017.

[Segment information, etc.]

I. First three months of previous fiscal year (April 1, 2016 – June 30, 2016)

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	202,207	94,282	41,027	12,282	349,800	–	349,800
Inter-segment	1,265	195	–	12	1,474	(1,474)	–
Total	203,473	94,478	41,027	12,295	351,275	(1,474)	349,800
Segment income	5,002	3,161	2,585	135	10,884	(4,957)	5,927

Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.

II. First three months of current fiscal year (April 1, 2017 – June 30, 2017)

Information on sales and income/loss by reporting segment

(Million yen)

	Reporting segment					Adjustment Note 1	Amounts reported on quarterly consolidated statements of income Note 2
	Information Communication	Lifestyle and Industrial Supplies	Electronics	Beverages	Total		
Net sales							
Outside customers	193,450	93,253	44,832	12,184	343,721	–	343,721
Inter-segment	815	511	8	2	1,337	(1,337)	–
Total	194,266	93,764	44,840	12,186	345,058	(1,337)	343,721
Segment income	5,029	2,633	6,331	74	14,069	(5,835)	8,233

Notes: 1. Segment income is adjusted for costs related to basic research not assignable to a reporting segment or costs of research shared by different segments.
2. Segment income is adjusted to reflect operating income as reported on the quarterly consolidated statements of income.