



Oct 24, 2019

Consolidated Financial Results for the Second Quarter of Fiscal Year 2019

Company name: DISCO Corporation
 Stock code number: 6146 (Tokyo Stock Exchange 1st Section)
 URL: <http://www.disco.co.jp>
 Telephone number: 81-3-4590-1099

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Consolidated Results of FY2019 2Q(April 1, 2019 through September 30, 2019)

1) Operating results (Accumulated)

	Three months ended		
	September 30, 2018	September 30, 2019	YoY(%)
Net sales	80,306	67,863	—
Operating income	23,181	17,231	—
Ordinary income	22,804	18,525	—
Net income	16,363	13,044	—
Net income per share (yen)	455.50	363.09	—

Note: Due to the change in accounting policy, starting from FY2019, the timing of revenue recognition has been changed to Inspection Basis. Therefore, the percentage changes are not shown.

2) Financial position

	As of March 31, 2019	As of September 30, 2019
Total assets	258,180	248,989
Net assets	220,109	215,285
Equity ratio (%)	84.8%	85.9%

(Reference) Equity (defined as shareholders' equity plus valuation and translation adjustments) :

213,960 million yen (as of September 30, 2019)
 218,852 million yen (as of March 31, 2019)

2. Dividends

	Fiscal Year 2018	Fiscal Year 2019 Actual	Fiscal Year 2019 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	114.00	91.00	—
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	208.00	—	—
Annual dividend per share (yen)	322.00	—	—

Note: Revision of dividends forecast for during this period: Yes

3. Earnings Forecasts of FY2019 3Q

(Millions of yen)		
	Nine month ending December 31, 2019	YoY (%)
Net sales	97,500	—
Operating income	22,300	—
Ordinary income	23,700	—
Net income	17,000	—
Net income per share (yen)	473.15	—
Shipment figures	99,500	—

Note: Revision of earnings forecast for during this period: Yes

4. Others

- 1) Important changes in subsidiaries: None
- 2) Changes in principles, procedures and display of accounting method concerning consolidated statement policies.
 1. Changes in accounting policies along with changes in accounting standards: None
 2. Other changes: Yes
- 3) Number of shares outstanding (common stock)
 - ① Number of shares issued (include treasury stocks)

As of September 30, 2019:	35,934,471 shares
As of March 31, 2019:	35,931,071 shares
 - ② Number of shares of treasury stock

As of September 30, 2019:	4,823 shares
As of March 31, 2019:	4,823 shares
 - ③ Average number of shares

As of September 30, 2019:	35,926,821 shares
As of September 30, 2018:	35,923,207 shares

Explanations on the appropriate use of earnings forecasts:

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available. Consequently, actual operating results may differ substantially from the projections in the Financial Review.

(Reference) Non-consolidated Earnings Forecasts of FY2019 3Q

(Millions of yen)		
	Nine month ending December 31, 2019	YoY (%)
Net sales	82,300	—
Operating income	17,000	—
Ordinary income	21,400	—
Net income	16,600	—
Net income per share (yen)	462.01	—

Note: Revision of earnings forecast for during this period: Yes

(Reference) Consolidated Orders/Shipment for the Second Quarter of Fiscal Year 2019

(Millions of yen)		
1) Orders		
	Orders	Order Backlog
Second Quarter of Fiscal Year 2019 (Six month ending September 30, 2019)	64,461	34,808
2) Shipment		
	Shipment	Order Backlog from shipment basis *
Second Quarter of Fiscal Year 2019 (Six month ending September 30, 2019)	64,669	14,236

* Shipped amount excluded

5. Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	91,380	78,562
Notes and accounts receivable - trade	34,900	22,465
Merchandise and finished goods	6,940	15,249
Work in process	12,585	11,632
Raw materials and supplies	19,066	18,519
Other	4,979	2,960
Allowance for doubtful accounts	(57)	(55)
Total current assets	169,795	149,334
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,584	47,630
Other, net	31,284	40,896
Total property, plant and equipment	76,868	88,527
Intangible assets	400	344
Investments and other assets		
Other	11,133	10,800
Allowance for doubtful accounts	(17)	(16)
Total investments and other assets	11,116	10,783
Total non-current assets	88,384	99,655
Total assets	258,180	248,989
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,368	2,338
Electronically recorded obligations - operating	13,178	7,435
Income taxes payable	1,782	1,558
Provision for bonuses	7,790	6,352
Other provisions	630	576
Other	10,865	15,013
Total current liabilities	37,616	33,274
Non-current liabilities	454	429
Total liabilities	38,071	33,704
Net assets		
Shareholders' equity		
Share capital	20,663	20,672
Capital surplus	22,651	22,660
Retained earnings	173,739	169,899
Treasury shares	(25)	(25)
Total shareholders' equity	217,029	213,207
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	476	398
Foreign currency translation adjustment	1,320	328
Remeasurements of defined benefit plans	26	25
Total accumulated other comprehensive income	1,823	752
Share acquisition rights	1,108	1,201
Non-controlling interests	148	124
Total net assets	220,109	215,285
Total liabilities and net assets	258,180	248,989

6. Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	Six months ended 30-Sep-18	Six months ended 30-Sep-19
Net sales	80,306	67,863
Cost of sales	33,290	27,152
Gross profit	47,016	40,710
Selling, general and administrative expenses	23,834	23,478
Operating profit	23,181	17,231
Non-operating income		
Interest income	48	40
Share of profit of entities accounted for using equity method	194	329
Foreign exchange gains	-	637
Rental income	33	35
Subsidy income	12	186
Other	108	117
Total non-operating income	396	1,346
Non-operating expenses		
Sales discounts	27	27
Foreign exchange losses	732	-
Depreciation	5	19
Other	9	5
Total non-operating expenses	774	52
Ordinary profit	22,804	18,525
Extraordinary income		
Gain on sales of non-current assets	16	0
Gain on reversal of share acquisition rights	0	-
Total extraordinary income	17	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	12	33
Loss on valuation of investment securities	0	-
Extra retirement payments	76	31
Loss on disaster	227	-
Demolition cost	-	186
Total extraordinary losses	317	251
Profit before income taxes	22,504	18,274
Income taxes - current	6,140	1,544
Income taxes - deferred	(28)	3,650
Total income taxes	6,111	5,195
Profit	16,392	13,079
Profit attributable to		
Profit attributable to owners of parent	16,363	13,044
Profit attributable to non-controlling interests	29	34
Other comprehensive income		
Foreign currency translation adjustment	695	(950)
Remeasurements of defined benefit plans, net of tax	8	(1)
Share of other comprehensive income of entities accounted for using equity method	(917)	(254)
Total other comprehensive income	(212)	(1,206)
Comprehensive income	16,180	11,872
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,147	11,850
Comprehensive income attributable to non-controlling interests	32	22

7.Consolidated statements of cash flows

(Millions of yen)

	Six months ended 30-Sep-18	Six months ended 30-Sep-19
Cash flows from operating activities		
Profit before income taxes	22,504	18,274
Depreciation	2,803	2,993
Loss (gain) on valuation of investment securities	0	-
Share of loss (profit) of entities accounted for using equity method	(194)	(329)
Increase (decrease) in allowance for doubtful accounts	(1)	0
Increase (decrease) in provision for bonuses	(1,035)	(1,361)
Loss (gain) on sales and retirement of property, plant and equipment	(3)	32
Subsidy income	(12)	(186)
Interest and dividend income	(48)	(40)
Loss on disaster	227	-
Decrease (increase) in trade receivables	(1,323)	(2,232)
Decrease (increase) in inventories	(2,563)	3,503
Increase (decrease) in trade payables	(402)	(6,718)
Other, net	937	(2,598)
Subtotal	<u>20,888</u>	<u>11,337</u>
Proceeds from subsidy income	712	647
Interest and dividends received	43	35
Payments associated with disaster loss	(103)	-
Income taxes (paid) refund	(10,139)	(1,366)
Net cash provided by (used in) operating activities	<u>11,401</u>	<u>10,655</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,782)	(15,563)
Proceeds from sales of property, plant and equipment	25	4
Purchase of intangible assets	(73)	(38)
Long-term loan advances	(38)	-
Collection of long-term loans receivable	4	318
Other, net	245	(46)
Net cash provided by (used in) investing activities	<u>(3,617)</u>	<u>(15,325)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	7	14
Dividends paid	(8,905)	(7,469)
Net cash provided by (used in) financing activities	<u>(8,898)</u>	<u>(7,455)</u>
Effect of exchange rate change on cash and cash equivalents	181	(665)
Net increase (decrease) in cash and cash equivalents	<u>(931)</u>	<u>(12,790)</u>
Cash and cash equivalents at beginning of period	85,545	85,351
Cash and cash equivalents at end of period	<u>84,613</u>	<u>72,560</u>