

Summary of Consolidated Financial Statements for the Third Quarter of Fiscal Year Ending December 31, 2018 (IFRS)



October 31, 2018

Name of listed company: Nabtesco Corporation

Stock listed on: First Section of the Tokyo Stock Exchange

Code number: 6268

URL: <http://www.nabtesco.com>

Representative: Title: President and CEO

Name: Katsuhiko Teramoto

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Scheduled date for filing of quarterly report: November 14th, 2018

Scheduled dividend payment date: —

Quarterly material to supplement the financial results: Yes

Quarterly financial results conference: Yes (Teleconference for institutional investors and financial analysts)

(Amounts rounded to the nearest million)

1. Consolidated Results for First Nine-month Period of FY 2018 (January 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results

(Percentages indicate year-on-year change)

	Net sales		Operating income		Income before tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine-month period, FY 2018	210,843	4.0	12,605	-41.7	20,234	-22.5	14,593	-26.2	13,253	-29.5	14,727	-33.0
First nine-month period, FY 2017	202,809	14.8	21,615	7.8	26,110	36.4	19,778	42.9	18,809	36.9	21,968	304.3

	Total basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine-month period, FY 2018	106.92	106.81
First nine-month period, FY 2017	152.44	152.23

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of September 30, 2018	310,230	183,013	172,873	55.7
As of December 31, 2017	301,557	177,002	167,537	55.6

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Year end	Full year
	Yen	Yen	Yen	Yen	Yen
FY 2017	—	34.00	—	38.00	72.00
FY 2018	—	36.00	—	—	—
FY 2018 (Forecast)	—	—	—	37.00	73.00

(Note) Revisions to the latest dividend forecasts: None

3. Forecast of Consolidated Operating Results for FY 2018 (January 1, 2018 to December 31, 2018)

(Percentages indicate year-on-year change for full year and quarter-on-quarter change for quarter)

	Net sales		Operating income		Income before tax		Net income attributable to owners of the parent		Total basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	293,900	4.1	20,000	-32.1	28,500	-18.4	19,800	-21.3	159.74

(Note) Revisions to the latest forecast of operating results: Yes

* Matters of note:

(1) Changes in significant subsidiaries during the third quarter of consolidated FY 2018 (Changes in specified subsidiaries resulting in a change in the scope of consolidation): None
 Newly added: 0 (Company name: –) Excluded: 0 (Company name: –)

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required by IFRS: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

(3) Shares outstanding (Common shares)

1) Number of shares outstanding (including treasury stock) as of the end of the term

2) Amount of treasury stock

3) Average number of shares during the term

1)	As of September 30, 2018	125,133,799	As of December 31, 2017	125,133,799
2)	As of September 30, 2018	1,154,159	As of December 31, 2017	1,888,247
3)	January 1, 2018 to September 30, 2018	123,954,752	January 1, 2017 to September 30, 2017	123,389,082

Notes:

Quarterly summary of financial statements is not subject to quarterly reviews by a certified public accountant or an audit firm.

Explanation of proper use of forecasts of operating results and other matters of special note

• Forward-looking statements in this document concerning future figures including forecasts for operating results, etc. are based on currently available information and certain assumptions that the Company considers reasonable, and are not intended to guarantee the achievement of such forecasts. Actual results may vary significantly from such forecasts due to a variety of factors. Please refer to “1. Qualitative Information on Consolidated Operating Results for the Nine-months Ended September 30, 2018, (3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results” on page 3 of the attached document.

1. Qualitative Information on Consolidated Operating Results for the Nine-months Ended September 30, 2018

(1) Analysis of Consolidated Operating Results

Operating results by business segment were as follows:

[Amount of orders received]

	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)	Change (%)
Component Solutions	86,782	87,610	1.0
Transport Solutions	60,975	66,296	8.7
Accessibility Solutions	60,238	56,524	-6.2
Others	14,374	13,444	-6.5
Total	222,370	223,873	0.7

(Million yen)

[Net sales]

	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)	Change (%)
Component Solutions	81,449	87,746	7.7
Transport Solutions	57,728	56,926	-1.4
Accessibility Solutions	52,048	53,803	3.4
Others	11,584	12,369	6.8
Total	202,809	210,843	4.0

(Million yen)

[Core operating income]

	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)	Change (%)
Component Solutions	14,996	14,982	-0.1
Transport Solutions	7,005	3,687	-47.4
Accessibility Solutions	3,189	2,770	-13.1
Others	1,200	1,658	38.2
Elimination or Corporate	-4,707	-5,821	—
Total	21,682	17,277	-20.3

(Million yen)

Note: Core operating income is net sales less cost of sales and selling, general and administrative expenses.

[Operating income or loss]

	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)	Change (%)
Component Solutions	15,011	15,101	0.6
Transport Solutions	6,924	-1,374	-119.8
Accessibility Solutions	3,183	2,734	-14.1
Others	1,192	1,776	49.0
Elimination or Corporate	-4,695	-5,632	—
Total	21,615	12,605	-41.7

(Million yen)

Reference: Information by region
[Net sales]

(Million yen)

	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)	Change (%)
Japan	113,333	115,676	2.1
China	28,601	34,333	20.0
Other Asia	13,457	15,212	13.0
North America	14,450	14,588	1.0
Europe	32,550	30,116	-7.5
Other areas	417	918	119.9
Total	202,809	210,843	4.0

- Notes: 1. Net sales are classified by country or region based on the location of the buyer.
2. The increase in net sales to China mainly reflected the increase in sales of hydraulic equipment and railroad vehicle equipment.

(2) Analysis of Financial Position

1) Assets, liabilities and equities

(Million yen)

	As of the end of the previous consolidated fiscal year (December 31, 2017)	As of the end of the first nine-month period of the current consolidated fiscal year (September 30, 2018)	Change
Total assets	301,557	310,230	8,672
Liabilities	124,556	127,216	2,661
Equities	177,002	183,013	6,012

(3) Explanation on Information Concerning Future Projections Such as Forecasts for Consolidated Operating Results

Based on the consolidated business performance for the first nine-month period of the fiscal year ending December 31, 2018 and future developments, etc., we have decided to revise our consolidated full-year forecast for FY 2018, which was announced on July 31, 2018.

For details, please refer to the "Announcement on Revisions to Financial Forecasts" published on October 31, 2018.

The differences between the consolidated financial forecasts announced on July 31, 2018 are as follows:

Revision to the full-year forecast for consolidated FY 2018 (January 1, 2018 to December 31, 2018)

	Net sales	Operating income	Income before tax	Net income attributable to owners of the parent	Total basic earnings per share
Previously announced forecast (A)	307,000	25,000	33,600	23,600	190
Revised forecast (B)	293,900	20,000	28,500	19,800	159
Change (B - A)	-13,100	-5,000	-5,100	-3,800	—
Rate of change (%)	-4.3	-20.0	-15.2	-16.1	—

(Segment information)

1) Net sales

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Elimination or corporate	Total
Previously announced forecast (A)	128,800	84,400	75,800	18,000	—	307,000
Revised forecast (B)	119,300	82,800	74,200	17,600	—	293,900
Change (B - A)	-9,500	-1,600	-1,600	-400	—	-13,100
Rate of change (%)	-7.4	-1.9	-2.1	-2.2	—	-4.3

2) Operating income

(Million yen)

	Component solutions	Transport solutions	Accessibility solutions	Others	Elimination or corporate	Total
Previously announced forecast (A)	22,800	2,800	5,200	2,500	-8,300	25,000
Revised forecast (B)	19,900	1,500	4,600	2,300	-8,300	20,000
Change (B - A)	-2,900	-1,300	-600	-200	—	-5,000
Rate of change (%)	-12.7	-46.4	-11.5	-8.0	—	-20.0

2. Summary of Quarterly Consolidated Financial Statements and Notes on the Summary of Quarterly Consolidated Financial Statements

(1) Summary of Quarterly Consolidated Statement of Financial Position

(Million yen)

	Note No.	End of consolidated FY 2017 (as of December 31, 2017)	End of the first nine-month period of consolidated FY 2018 (as of September 30, 2018)
Assets			
Current assets			
Cash and cash equivalents		44,121	37,156
Trade receivables		76,874	67,832
Contract assets		—	1,616
Other receivables		1,216	1,691
Inventories		40,298	49,117
Other financial assets		190	259
Other current assets		2,996	3,382
Total current assets		165,695	161,053
Non-current assets			
Property, plant and equipment		70,700	79,260
Intangible assets		5,850	5,215
Goodwill		21,310	15,936
Investment property		5,404	5,390
Investments accounted for using the equity method		20,184	29,048
Other financial assets		8,547	10,401
Deferred tax assets		1,633	1,820
Other non-current assets		2,236	2,107
Total non-current assets		135,863	149,176
Total assets		301,557	310,230

(Million yen)

	Note No.	End of consolidated FY 2017 (as of December 31, 2017)	End of the first nine-month period of consolidated FY 2018 (as of September 30, 2018)
Liabilities and equities			
Liabilities			
Current liabilities			
Operating payables		57,148	50,130
Contracts liabilities		—	6,808
Bonds and borrowings		16,365	19,377
Other payables		12,492	11,811
Income taxes payable		4,550	2,659
Provisions		732	990
Other financial liabilities		7	22
Other current liabilities		5,641	8,310
Total current liabilities		96,934	100,108
Non-current liabilities			
Bonds and borrowings		11,355	11,315
Liabilities concerning retirement benefit		9,339	9,214
Deferred tax liabilities		4,801	5,096
Other non-current liabilities		2,127	1,484
Total non-current liabilities		27,621	27,109
Total liabilities		124,556	127,216
Equities			
Capital stock		10,000	10,000
Share premium		14,956	15,093
Retained earnings		143,349	147,401
Treasury shares		-3,600	-2,902
Other components of equities		2,831	3,282
Equity attributable to owners of the parent		167,537	172,873
Non-controlling interests		9,465	10,140
Total equities		177,002	183,013
Total liabilities and equities		301,557	310,230

(2) Summary of Consolidated Statements of Income and Consolidated Statements of Comprehensive IncomeSummary of Consolidated Statements of Income
First Nine-month Period

(Million yen)

	Note No.	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)
Net sales	2	202,809	210,843
Cost of sales		-144,634	-153,940
Gross profit		58,175	56,903
Other income		612	1,014
Selling, general and administrative expense		-36,493	-39,626
Other expenses		-679	-5,686
Operating income	2	21,615	12,605
Financial income		420	542
Financial costs		-81	-767
Equity in earnings of affiliates		4,156	7,854
Profit (loss) before tax		26,110	20,234
Expenses of income tax		-6,331	-5,641
Quarterly income		19,778	14,593
Quarterly income attributable to			
Owners of the parent		18,809	13,253
Non-controlling interests		969	1,340
Quarterly income		19,778	14,593
Quarterly income per share			
Basic earnings per share		152.44	106.92
Diluted earnings per share		152.23	106.81

Summary of Consolidated Statements of Comprehensive Income
First Nine-month Period

(Million yen)

	Note No.	First nine-month period of consolidated FY 2017 (January 1, 2017 to September 30, 2017)	First nine-month period of consolidated FY 2018 (January 1, 2018 to September 30, 2018)
Net income		19,778	14,593
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit liability (asset)		530	182
Share of other comprehensive income for equity method affiliates		0	973
Total components that will not be reclassified to profit or loss		529	1,155
Components that will be reclassified to profit or loss			
Exchange differences on foreign operations		1,661	-1,020
Total components that will be reclassified to profit or loss		1,661	-1,020
Other comprehensive income after taxes		2,190	135
Total comprehensive income		21,968	14,727
Comprehensive income attributable to			
Owners of the parent		20,887	13,726
Non-controlling interests		1,081	1,001
Total comprehensive income		21,968	14,727

(3) Consolidated Statement of Changes in Equity

First nine-month period of previous consolidated fiscal year (January 1, 2017 to September 30, 2017)

(Million yen)

	Note	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equities	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2017		10,000	14,703	125,493	-2,649	-2,788	3,169
Net income		—	—	18,809	—	—	—
Other comprehensive income		—	—	—	—	1,559	540
Total comprehensive income		—	—	18,809	—	1,559	540
Acquisition, sales, etc. of treasury shares		—	—	-4	-948	—	—
Acquisition, sales, etc. of non-controlling interests		—	—	—	—	—	—
Dividends		—	—	-7,452	—	—	—
Transfer from other components of equities to retained earnings		—	—	-21	—	—	—
Share-based compensation transactions		—	154	—	—	—	—
Total transactions with owners, etc.		—	154	-7,476	-948	—	—
Balance as of September 30, 2017		10,000	14,857	136,826	-3,597	-1,229	3,710

	Note	Other components of equities		Total equity attributable to owners of the parent	Non-controlling interests	Total equities
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2017		—	382	147,929	7,974	155,904
Net income		—	—	18,809	969	19,778
Other comprehensive income		-21	2,078	2,078	112	2,190
Total comprehensive income		-21	2,078	20,887	1,081	21,968
Acquisition, sales, etc. of treasury share		—	—	-952	—	-952
Acquisition, sales, etc. of non-controlling interests		—	—	—	39	39
Dividends		—	—	-7,452	-264	-7,715
Transfer from other components of equities to retained earnings		21	21	—	—	—
Share-based compensation transactions		—	—	154	—	154
Total transactions with owners, etc.		21	21	-8,250	-224	-8,474
Balance as of September 30, 2017		—	2,481	160,567	8,831	169,398

First nine-month period of current consolidated fiscal year (January 1, 2018 to September 30, 2018)

(Million yen)

	Note	Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equities	
						Exchange differences on foreign operations	Valuation difference due to change in fair value
Balance as of January 1, 2018		10,000	14,956	143,349	-3,600	-773	3,604
Net income		—	—	13,253	—	—	—
Other comprehensive income		—	—	—	—	-680	1,131
Total comprehensive income		—	—	13,253	—	-680	1,131
Acquisition, sales, etc. of treasury shares		—	—	-30	201	—	—
Dividends		—	—	-9,193	—	—	—
Transfer from other components of equities to retained earnings		—	—	23	—	—	—
Share-based compensation transactions		—	137	—	—	—	—
Others		—	—	—	496	—	—
Total transactions with owners, etc.		—	137	-9,200	697	—	—
Balance as of September 30, 2018		10,000	15,093	147,401	-2,902	-1,453	4,734

	Note	Other components of equities		Total equity attributable to owners of the parent	Non-controlling interests	Total equities
		Remeasurements of net defined benefit liability (asset)	Total			
Balance as of January 1, 2018		—	2,831	167,537	9,465	177,002
Net income		—	—	13,253	1,340	14,593
Other comprehensive income		23	473	473	-338	135
Total comprehensive income		23	473	13,726	1,001	14,727
Acquisition, sales, etc. of treasury shares		—	—	171	—	171
Dividends		—	—	-9,193	-326	-9,519
Transfer from other components of equities to retained earnings		-23	-23	—	—	—
Share-based compensation transactions		—	—	137	—	137
Others		—	—	496	—	496
Total transactions with owners, etc.		-23	-23	-8,389	-326	-8,716
Balance as of September 30, 2018		—	3,282	172,873	10,140	183,013

(4) Notes on the Summary of Quarterly Consolidated Financial Statements

1. Notes Relating to the Going Concern Assumption

None

2. Business Segments

(1) Summary of reportable segments

The Group's reportable segments are components of the Group about which separate financial statement is available that is evaluated regularly at the Board of Directors' meetings in deciding how to allocate the management resources and in assessing performance.

The Group classifies its business segments into the following three reportable segments, based on the similarity of business models: 1) the "Component Solutions Business;" 2) the "Transport Solutions Business;" and 3) the "Accessibility Solutions Business."

The main lines of business of each reportable segment are as below.

Business segment	Main lines of business
Component Solutions Business	The design, manufacture, sale, maintenance and repair of industrial robot components and equipment for construction machinery and its components
Transport Solutions Business	The design, manufacture, sale, maintenance and repair of brake systems and automatic door operating systems for railroad vehicles, aircraft components, brake systems and drive control units for vehicles, control systems for marine vessels, and components thereof
Accessibility Solutions Business	The design, manufacture, sale, installation, maintenance and repair of automatic door operating systems for buildings and general industry, platform safety systems, and components thereof

(2) Information on reportable segments

I. For the three months ended September 30, 2017 (January 1, 2017 to September 30, 2017)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	81,449	57,728	52,048	191,225	11,584	202,809	—	202,809
Inter-segment sales	1,500	294	2	1,796	333	2,129	-2,129	—
Total sales	82,949	58,022	52,051	193,021	11,917	204,938	-2,129	202,809
Segment income (Operating income)	15,011	6,924	3,183	25,118	1,192	26,310	-4,695	21,615
Finance income				—				420
Finance costs				—				-81
Equity in earnings of affiliates				—				4,156
Income before tax				—				26,110

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machinery, three-dimensional model production device, vacuum equipment, machine tools, and components thereof.

2. Adjustment to sales is as a result of eliminations of inter-segment transactions.

3. Adjustment to segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.

II. For the three months ended September 30, 2018 (January 1, 2018 to September 30, 2018)

(Million yen)

	Reportable segments				Others	Total	Adjustments	Amount stated in summary of consolidated statements of income
	Component	Transport	Accessibility	Total				
Net sales								
Sales to external customers	87,746	56,926	53,803	198,474	12,369	210,843	—	210,843
Inter-segment sales	1,802	401	6	2,209	210	2,419	-2,419	—
Total sales	89,548	57,327	53,809	200,684	12,579	213,262	-2,419	210,843
Segment income (Operating income)	15,101	-1,374	2,734	16,461	1,776	18,237	-5,632	12,605
Finance income								542
Finance costs								-767
Equity in earnings of affiliates								7,854
Income before tax								20,234

Notes: 1. "Others" is a business segment that is not a reportable segment and consists of businesses that are engaged in the design, manufacture, sale, maintenance and repair of packaging machinery, three-dimensional model production device, machine tools, and components thereof.

2. Adjustment to sales is as a result of eliminations of inter-segment transactions.

3. Segment income (operating income) is total profit/loss, etc. that are not allocated to the respective segments.

4. Other Information

(1) Order Backlog by Business Segment

Reportable segments	As of the end of the first nine-month period of consolidated FY 2017 (September 30, 2017)		As of the end of the first nine-month period of consolidated FY 2018 (September 30, 2018)	
	Amount (million yen)	% to total	Amount (million yen)	% to total
Component Solutions Business	27,998	22.7	28,444	21.5
Transport Solutions Business	53,458	43.3	60,454	45.7
Accessibility Solutions Business	32,922	26.7	34,529	26.1
Others	9,077	7.3	8,950	6.7
Total	123,454	100.0	132,377	100.0