



Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2019 [J-GAAP]

February 13, 2019

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Stock exchange listing: Tokyo
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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 nine months ended December 31, 2018
(April 1, 2018 – December 31, 2018)

(1) Consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Net Income (Loss) Attributable to Parent Company Shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2018	1,046,366	(0.4)	36,149	10.9	41,490	14.4	25,427	–
Nine months ended December 31, 2017	1,050,959	0.1	32,603	45.6	36,281	34.0	(3,208)	–

Note: Comprehensive income: For the first nine months ended December 31, 2018: ¥14,141 million (-75.9%)
For the first nine months ended December 31, 2017: ¥58,769 million (138.6%)

	Net Income (Loss) per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended December 31, 2018	84.29	84.26
Nine months ended December 31, 2017	(10.57)	–

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated net income (loss) per share and diluted net income per share assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of December 31, 2018	1,729,617	1,097,549	60.5
As of March 31, 2018	1,794,764	1,102,550	58.7

Note: Stockholders' equity as of December 31, 2018: ¥1,047,245 million As of March 31, 2018: ¥1,053,600 million

2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2018	–	16.00	–	32.00	–
Year ending March 31, 2019	–	32.00	–		
Year ending March 31, 2019 (Forecasts)				32.00	64.00

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

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. As a result, year-end dividends per share for the fiscal year ended March 2018 show dividends after the share consolidation, and total annual dividends show “–”. Without the share consolidation, year-end dividends per share for the fiscal year ended March 2018 would be ¥16.00 and total annual dividends would be ¥32.00.

3. Consolidated earnings forecasts for the year ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(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	0.5	47,000	1.4	52,000	2.0	28,000	1.8	92.80

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

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 December 31, 2018	324,240,346 shares	As of March 31, 2018	324,240,346 shares
2) Number of treasury shares at end of each period	As of December 31, 2018	22,419,457 shares	As of March 31, 2018	22,676,600 shares
3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)	Nine months ended December 31, 2018	301,684,323 shares	Nine months ended December 31, 2017	303,408,697 shares

Note: Dai Nippon Printing Co., Ltd. implemented a share consolidation in which two shares of common stock were consolidated into one share effective October 1, 2017. Accordingly, it has estimated average number of shares outstanding during the period assuming this share consolidation was implemented at the start of the previous consolidated fiscal year.

* These financial results are exempt from auditing by a certified public accountant or an auditing company.

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

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.

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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 continued to gradually recover during the first nine months of the fiscal year ending March 2019, supported by improvement in corporate earnings and the employment and income environment. However, the economy has still not reached a full-fledged recovery, affected by continued lackluster consumer spending and by poor weather, earthquakes, and other factors.

The printing industry continued to face a tough business environment, affected by lower demand for printed media and stiffer competition, due partly to market growth for digital content and online advertising, and by higher raw material prices.

Under these circumstances, the DNP Group is working to create new value by combining its strengths in printing and information (P&I), targeting the four growth areas of "Knowledge and Communication," "Food and Healthcare," "Lifestyle and Mobility," and "Environment and Energy." It also continues structural reform efforts to bolster competitiveness, including the reorganization of business divisions and group companies.

As a result, consolidated net sales for the first nine months fell 0.4% year on year to ¥1,046.3 billion, consolidated operating income grew 10.9% to ¥36.1 billion, consolidated ordinary income grew 14.4% to ¥41.4 billion, and net income attributable to parent company shareholders recovered to ¥25.4 billion (versus net loss of ¥3.2 billion in the year-earlier period).

Business segment results are presented below.

[PRINTING]

Information Communication

In the Publishing business, the DNP Group worked to help solve problems within the publishing industry, including by harnessing artificial intelligence in analyzing book sales data to forecast book demand. However, sales in the Publishing & Media Services decreased for both books and magazines. In the Education and Publications Distribution, sales of e-books were favorable in the "honto" hybrid bookstore network that combines physical bookstores, online bookstores, and e-book services. Sales in library operations outsourcing services also rose from the previous year on an increase in the number of contracting libraries. However, overall sales in the Publishing business decreased from the previous year, affected by the transfer of all stock in subsidiary SHUFUNOTOMO Co., Ltd. in December 2017.

In the Information Innovation business, sales increased for Business Process Outsourcing (BPO) services for companies and other entities. Sales were also firm for sales promotion tools, including point-of-purchase (POP) promotional materials and gift prizes. However, overall sales in the Information Innovation business decreased from the previous year on declines for advertising flyers, catalogs, and smart cards.

In the Imaging Communication business, the DNP Group promoted "value creation" business to enhance people's experiential value through photographs, and launched the sharingbox PRIME service as a marketing photo booth that takes and prints photographs at sporting events, event venues, tourist sites, and other locations. Sales of dye-sublimation thermal transfer printing media for photo printers were firm in North America and Southeast Asia, but decreased in Japan and Europe. Overall sales in the Imaging Communication business decreased from the previous year.

As a result of the above, overall segment sales fell 2.0% year on year to ¥564.4 billion but operating income grew 10.4% to ¥16.8 billion.

Lifestyle and Industrial Supplies

In the Packaging business, the DNP Group worked to develop and sell products that contribute to environmental preservation, including mono-material packaging (made from a single material) that is easier to recycle and liquid paper cartons that are easy to separately discard. Sales

increased for film packaging and plastic molded products, but decreased for paper packaging and PET plastic bottle aseptic filling systems. Overall sales in the Packaging business decreased from the previous year.

In the Living Space business, the DNP Group focused on sales of environmentally conscious products that use its propriety electronic beam (EB) coating technology as well as Arttec interior and exterior aluminum panels, which can be made to order. However, demand for residential interior materials was sluggish in response to a decline in new housing starts in Japan, and overall sales in the Living Space business decreased from the previous year.

In the Industrial Supplies business, sales decreased for photovoltaic module components, but were favorable for lithium-ion battery components. Overall sales in this business increased from the previous year.

As a result of the above, overall segment sales grew 0.7% year on year to ¥298.3 billion but operating income fell 36.0% to ¥6.1 billion.

Electronics

In the Display Components business, sales increased for optical films and metal masks used in the production of organic light-emitting diode (OLED) displays. Sales decreased for LCD color filters, but increased for optical films as a result of larger LCD TV sizes. Overall sales in the Display Components business increased from the previous year.

In the Electronic Devices business, semiconductor photomask sales increased, supported by an increase in installed memory capacity and the spread of IoT equipment.

As a result of the above, overall segment sales grew 4.8% year on year to ¥146.3 billion and operating income grew 18.9% to ¥27.9 billion.

[BEVERAGES]

Beverages

The DNP Group worked to increase market share and acquire customers by releasing new products in core brands, expanding the vending machine business, and stepping up sales promotion to mass merchandisers.

However, sales decreased as a result of poor summer weather and impact of the Hokkaido Eastern Iburi Earthquake. Competition also intensified. Overall segment sales fell 1.9% year on year to ¥42.2 billion while operating income rose 0.8% to ¥2.1 billion.

(2) Explanation of the consolidated financial position

Total assets at the end of the third quarter decreased by ¥65.1 billion from the end of the previous fiscal year to ¥1,729.6 billion, due mainly to a decline in investment securities.

Total liabilities decreased by ¥60.1 billion from the end of the previous fiscal year to ¥632.0 billion, due mainly to a decline in short-term bank loans.

Net assets decreased by ¥5.0 billion from the end of the previous fiscal year to ¥1,097.5 billion, due mainly to a decline in valuation difference on available-for-sale securities.

As a result of the above, the equity ratio changed from 58.7% at the end of the previous fiscal year to 60.5%.

(3) Explanation of the consolidated earnings forecasts

Our earnings forecasts for the fiscal year ending March 2019 are unchanged from the forecasts announced on May 11, 2018.

2. Quarterly consolidated financial statements and key notes
(1) Quarterly consolidated balance sheets

(Million yen)

	As of March 31, 2018	As of December 31, 2018
ASSETS		
Current assets		
Cash and time deposits	242,781	228,406
Notes and trade receivables	354,241	347,060
Merchandise and finished products	82,697	80,457
Work in progress	31,672	33,657
Raw materials and supplies	23,178	24,655
Other	47,159	37,989
Allowance for doubtful accounts	(1,690)	(1,354)
Total current assets	780,039	750,872
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	199,310	192,471
Machinery and equipment, net	80,702	71,588
Land	151,521	151,707
Construction in progress	7,160	10,757
Other, net	35,703	31,604
Total property, plant and equipment	474,397	458,130
Intangible fixed assets		
Other	32,853	31,881
Total intangible fixed assets	32,853	31,881
Investments and other assets		
Investment securities	401,414	382,351
Other	109,691	108,892
Allowance for doubtful accounts	(3,632)	(2,511)
Total investments and other assets	507,472	488,732
Total fixed assets	1,014,724	978,744
TOTAL ASSETS	1,794,764	1,729,617

(Million yen)

	As of March 31, 2018	As of December 31, 2018
LIABILITIES		
Current liabilities		
Notes and trade payables	248,993	249,948
Short-term bank loans	44,794	31,847
Bonds redeemable within 1 year	2,290	51,490
Reserve for bonuses	17,128	6,954
Repair reserve	29,580	18,239
Other	95,761	84,498
Total current liabilities	438,548	442,978
Long-term liabilities		
Bonds	108,600	59,610
Long-term debt	10,127	10,496
Repair reserve	7,543	-
Net defined benefit liability	35,216	34,396
Deferred tax liabilities	64,983	61,648
Other	27,193	22,937
Total long-term liabilities	253,664	189,089
TOTAL LIABILITIES	692,213	632,067
NET ASSETS		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,264	144,765
Retained earnings	681,976	688,045
Treasury stock	(62,908)	(62,895)
Total stockholders' equity	877,797	884,381
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	168,155	157,469
Net deferred gains (losses) on hedges	(3)	0
Foreign currency translation adjustments	1,410	(482)
Remeasurements of defined benefit plans	6,241	5,876
Total accumulated other comprehensive income	175,803	162,864
Non-controlling interests	48,950	50,304
TOTAL NET ASSETS	1,102,550	1,097,549
TOTAL LIABILITIES AND NET ASSETS	1,794,764	1,729,617

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

Quarterly consolidated statements of income
First nine months of the fiscal years

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	1,050,959	1,046,366
Cost of sales	842,797	836,696
Gross profit	208,161	209,670
Selling, general and administrative expenses	175,558	173,520
Operating income	32,603	36,149
Non-operating income		
Interest and dividend income	5,504	4,823
Equity in earnings of affiliates	2,140	2,986
Other	3,588	3,420
Total non-operating income	11,234	11,230
Non-operating expense		
Interest expense	1,664	1,570
Other	5,891	4,319
Total non-operating expenses	7,556	5,889
Ordinary income	36,281	41,490
Extraordinary gains		
Gain on sale of investment securities	15,754	1,104
Gain on sale of stock in affiliates	495	2,023
Other	2,262	646
Total extraordinary gains	18,512	3,774
Extraordinary losses		
Loss on sale or disposal of fixed assets	2,863	2,009
Impairment loss	22	1,764
Loss on devaluation of investment securities	109	1,458
Repair reserve provisions	53,500	–
Other	428	215
Total extraordinary losses	56,922	5,448
Income (Loss) before income taxes and non-controlling interests	(2,128)	39,816
Current income taxes	9,740	9,166
Deferred income taxes	(10,811)	3,171
Total income taxes	(1,070)	12,338
Net income (loss)	(1,057)	27,478
Net income attributable to non-controlling shareholders	2,151	2,050
Net income (loss) attributable to parent company shareholders	(3,208)	25,427

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

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net income (loss)	(1,057)	27,478
Other comprehensive income		
Valuation difference on available-for-sale securities	57,242	(10,767)
Net deferred gains on hedges	28	12
Foreign currency translation adjustments	1,358	(1,994)
Remeasurements of defined benefit plans	(737)	(346)
Share of other comprehensive income of affiliates accounted for using equity method	1,934	(239)
Total other comprehensive income	59,826	(13,336)
Comprehensive income	58,769	14,141
Attributable to:		
Parent company shareholders	56,831	12,489
Non-controlling shareholders	1,937	1,652

(3) Notes regarding quarterly consolidated financial statements

[Notes on premise of a going concern]

None

[Significant changes in shareholders' equity]

None

[Additional information]

DNP is applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) starting in the first quarter of the current fiscal year, and is listing deferred tax assets under investments and other assets and deferred tax liabilities under long-term liabilities.

[Segment information, etc.]

I. First nine months of previous fiscal year (April 1, 2017 – December 31, 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	573,415	294,927	139,599	43,017	1,050,959	–	1,050,959
Inter-segment	2,626	1,307	9	8	3,951	(3,951)	–
Total	576,041	296,234	139,608	43,025	1,054,910	(3,951)	1,050,959
Segment income	15,293	9,617	23,514	2,120	50,545	(17,941)	32,603

- 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 nine months of current fiscal year (April 1, 2018 – December 31, 2018)

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	560,963	296,856	146,352	42,194	1,046,366	–	1,046,366
Inter-segment	3,457	1,541	–	10	5,008	(5,008)	–
Total	564,420	298,397	146,352	42,204	1,051,375	(5,008)	1,046,366
Segment income	16,881	6,151	27,959	2,137	53,130	(16,980)	36,149

- 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.