



**Consolidated Financial Results**  
**for the First Quarter of the Fiscal Year Ending March 31, 2020**  
**[J-GAAP]**

August 7, 2019

**Company Name:** Dai Nippon Printing Co., Ltd.  
**Stock exchange listing:** Tokyo  
**Stock code:** 7912 URL: <https://www.dnp.co.jp/>  
**Representative:** Yoshinari Kitajima, President  
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**Securities report issuing date:** August 8, 2019  
**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, 2019**  
**(April 1, 2019 – June 30, 2019)**

**(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, 2019	344,575	0.5	13,823	15.6	17,040	12.1	18,015	77.7
Three months ended June 30, 2018	342,969	(0.2)	11,955	45.2	15,198	28.8	10,139	32.7

Note: Comprehensive income: For the first three months ended June 30, 2019: ¥30,720 million (5.7%)  
For the first three months ended June 30, 2018: ¥29,051 million (71.1%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Three months ended June 30, 2019	59.69	59.68
Three months ended June 30, 2018	33.62	33.61

**(2) Consolidated financial position**

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
As of June 30, 2019	1,783,057	1,067,475	57.0
As of March 31, 2019	1,775,022	1,046,622	56.1

Note: Stockholders' equity as of June 30, 2019: ¥1,015,678 million As of March 31, 2019: ¥996,162 million

**2. Dividends**

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Total
Year ended March 31, 2019	–	32.00	–	32.00	64.00
Year ending March 31, 2020	–				
Year ending March 31, 2020 (Forecasts)		32.00	–	32.00	64.00

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

### 3. Consolidated earnings forecasts for the year ending March 31, 2020 (April 1, 2019 – March 31, 2020)

(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	1,416,000	1.0	51,000	2.2	58,500	0.4	51,000	–	168.98

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: Yes

2) Changes in accounting policies other than the 1) above: No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

Note: For further details, see the section titled, "2. Quarterly consolidated financial statements and key notes, (3) Notes regarding quarterly consolidated financial statements [Changes in accounting policies]" on page 8.

(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, 2019	324,240,346 shares	As of March 31, 2019	324,240,346 shares
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2) Number of treasury shares at end of each period

As of June 30, 2019	22,421,197 shares	As of March 31, 2019	22,420,745 shares
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3) Average number of shares outstanding during the period (cumulative from the start of the fiscal year)

Three months ended June 30, 2019	301,819,359 shares	Three months ended June 30, 2018	301,563,521 shares
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\* 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

Business conditions surrounding the DNP Group during the first three months of the fiscal year ending March 2020 reflected continued decline in demand for printed media but market growth for e-books and online advertising with stronger consumer-specific digital marketing activities. Cashless payment initiatives are also picking up, with the Tokyo 2020 Olympic and Paralympic Games about a year away. Further, as a global trend, there has been a rising demand for environmentally conscious products and services and growing initiatives for the next-generation automotive society, allowing the DNP Group to capture new growth opportunities.

In this environment, the DNP Group is bolstering its core businesses with a particular focus on its competitive products such as smart cards, thermal transfer printing media for photo printers, battery pouches for lithium-ion batteries, optical films for displays, and metal masks used for organic light-emitting diode (OLED) display production. The DNP Group is also pursuing “P&I innovations” that combine its strengths in printing and information (P&I) to create new value based on its growth areas of Knowledge and Communication, Food and Healthcare, Lifestyle and Mobility, and Environment and Energy. For this first quarter, the DNP Group continued to strengthen its business competence by enhancing its business portfolio through selection and concentration along with various structural reforms.

As a result of these efforts, consolidated net sales for the first three months grew 0.5% year on year to ¥344.5 billion, consolidated operating income grew 15.6% to ¥13.8 billion, consolidated ordinary income grew 12.1% to ¥17.0 billion, and net income attributable to parent company shareholders grew 77.7% to ¥18.0 billion.

Business segment results are presented below.

#### [PRINTING]

##### Information Communication

In the Publishing business, the DNP Group worked on solving challenges in the publication industry by leveraging its strength as the sole company group involved in all parts of the supply chain including publication planning, advertising, manufacturing, distribution, and sales. However, sales in the Publishing & Media Services business decreased for both books and magazines due to a slump in the publication market. In the Publications Distribution business, sales of e-books were favorable in the “honto” hybrid bookstore network, which combines physical bookstores, online bookstores, and e-book services, and sales from library operations outsourcing services also rose on a higher number of contracting libraries. However, sales declined overall due to a lower number of large projects related to the design and construction of educational facilities, research facilities, and libraries.

In the Information Innovation business, sales increased overall despite a decline in flyers, pamphlets, and catalogs, thanks to smooth growth in core businesses such as smart cards, which demand has been growing on progress of cashless initiatives, and Business Process Outsourcing (BPO), which handles business processes on behalf of companies in response to labor shortages and work reforms.

In the Imaging Communication business, sales grew on higher sales of thermal transfer printing media for photo printers globally and favorable progress of the “value creation” business, which aims to enhance people’s experiences through photos.

Operating income grew thanks to the expansion of the Information Innovation and Imaging Communication businesses.

As a result of the above, overall segment sales grew 0.7% year on year to ¥190.6 billion, and operating income grew 12.2% to ¥6.8 billion.

##### Lifestyle and Industrial Supplies

In the Packaging business, the DNP Group worked to develop and sell environmentally conscious products such as mono-material packages, which are relatively easy to recycle, and paper containers for liquid, which can be easily segregated for disposal. Despite declines in sales of paper packages and molded plastic products, the segment’s sales increased overall,

owing to solid sales of film packages and higher sales of aseptic filling systems.

In the Living Spaces business, the DNP Group made its debut at the Milano Design Week 2019 in Italy in April to demonstrate its sophisticated design and technology, which received favorable reviews. Despite new housing starts being sluggish in Japan, the Living Spaces business secured broadly flat sales year on year as a result of focusing on sales of environmentally conscious products that combine the DNP Group's high design qualities and the functionality of its proprietary electronic beam (EB) coating technology.

In the Industrial Supplies business, sales grew overall as full-fledged progress in vehicle electrification resulted in significant growth of battery pouches for lithium-ion batteries used in automotive applications and year-on-year growth in photovoltaic module components.

Operating income increased due to higher sales in the Packaging and Industrial Supplies businesses.

As a result of the above, overall segment sales grew 1.3% year on year to ¥95.1 billion, and operating income grew 35.8% to ¥1.8 billion.

## **Electronics**

In the Display Components business, sales of metal masks for OLED display production increased owing to the favorable progress in the shift to OLED displays from LCD displays for smartphones. However, sales decreased for LCD color filters. Sales of optical films for LCD TVs also declined due to the downturn of the LCD panel market.

In the Electronic Devices business, semiconductor photomask sales were solid despite being affected by the deteriorating semiconductor market.

Operating income grew thanks to the expansion of core businesses.

As a result of the above, overall segment sales fell 2.5% year on year to ¥48.0 billion, but operating income grew 6.2% to ¥10.4 billion.

## **[BEVERAGES]**

### **Beverages**

The DNP group released new products in core brands such as Coca-Cola and Sokenbicha, and worked to expand share in existing markets and acquire new customers by expanding its vending machine business and promoting products for mass retailers.

As a result, while sales volume increased, overall segment sales fell 0.5% year on year to ¥11.7 billion, and operating income fell 94.7% to ¥0.0 billion due to fiercer price competition resulting from consumers' preference for low-price products.

## **(2) Explanation of the consolidated financial position**

Total assets at the end of the first quarter increased by ¥8.0 billion year on year to ¥1,783.0 billion due mainly to an increase in investment securities.

Total liabilities decreased by ¥12.8 billion year on year to ¥715.5 billion due mainly to a decrease in short-term bank loans.

Net assets increased by ¥20.8 billion year on year to ¥1,067.4 billion due mainly to an increase in valuation difference on available-for-sale securities.

## **(3) Explanation of the consolidated earnings forecasts**

Our earnings forecasts for the fiscal year ending March 2020 are unchanged from the forecasts announced on May 14, 2019.

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

(Million yen)

	As of March 31, 2019	As of June 30, 2019
<b>ASSETS</b>		
Current assets		
Cash and time deposits	268,046	282,983
Notes and trade receivables	351,450	331,631
Merchandise and finished products	79,809	82,960
Work in progress	30,074	31,728
Raw materials and supplies	23,187	24,289
Other	48,226	45,059
Allowance for doubtful accounts	(1,515)	(1,371)
Total current assets	799,280	797,281
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	183,878	178,988
Machinery and equipment, net	67,514	65,776
Land	147,924	147,108
Construction in progress	11,760	13,774
Other, net	30,042	29,669
Total property, plant and equipment	441,120	435,317
Intangible fixed assets		
Other	28,914	28,505
Total intangible fixed assets	28,914	28,505
Investments and other assets		
Investment securities	393,104	410,024
Other	114,918	114,212
Allowance for doubtful accounts	(2,315)	(2,285)
Total investments and other assets	505,707	521,951
Total fixed assets	975,742	985,775
<b>TOTAL ASSETS</b>	<b>1,775,022</b>	<b>1,783,057</b>

	As of March 31, 2019	As of June 30, 2019
<b>LIABILITIES</b>		
Current liabilities		
Notes and trade payables	246,138	248,413
Short-term bank loans	42,474	33,123
Bonds redeemable within 1 year	51,490	51,490
Reserve for bonuses	18,145	7,046
Repair reserve	19,162	19,530
Other	90,245	94,038
<b>Total current liabilities</b>	<b>467,655</b>	<b>453,643</b>
Long-term liabilities		
Bonds	59,610	59,465
Long-term debt	10,045	9,562
Repair reserve	70,211	65,210
Net defined benefit liability	34,733	34,867
Deferred tax liabilities	65,300	71,892
Other	20,845	20,939
<b>Total long-term liabilities</b>	<b>260,745</b>	<b>261,937</b>
<b>TOTAL LIABILITIES</b>	<b>728,400</b>	<b>715,581</b>
<b>NET ASSETS</b>		
Stockholders' equity		
Common stock	114,464	114,464
Capital surplus	144,765	144,766
Retained earnings	626,949	635,304
Treasury stock	(62,898)	(62,899)
<b>Total stockholders' equity</b>	<b>823,281</b>	<b>831,635</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	170,073	181,277
Net deferred gains (losses) on hedges	(1)	2
Foreign currency translation adjustments	(2,398)	(2,400)
Remeasurements of defined benefit plans	5,208	5,163
<b>Total accumulated other comprehensive income</b>	<b>172,881</b>	<b>184,043</b>
Non-controlling interests	50,459	51,796
<b>TOTAL NET ASSETS</b>	<b>1,046,622</b>	<b>1,067,475</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,775,022</b>	<b>1,783,057</b>

**(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, 2018	Three months ended June 30, 2019
Net sales	342,969	344,575
Cost of sales	274,073	272,062
Gross profit	68,895	72,512
Selling, general and administrative expenses	56,940	58,689
Operating income	11,955	13,823
Non-operating income		
Interest and dividend income	2,441	2,632
Equity in earnings of affiliates	1,582	1,437
Other	1,367	1,130
Total non-operating income	5,391	5,200
Non-operating expense		
Interest expense	538	497
Contributions	572	247
Other	1,037	1,237
Total non-operating expenses	2,147	1,983
Ordinary income	15,198	17,040
Extraordinary gains		
Gain on sale of fixed assets	36	9,368
Gain on sale of stock in affiliates	2,023	-
Other	67	30
Total extraordinary gains	2,127	9,399
Extraordinary losses		
Loss on sale or disposal of fixed assets	762	533
Loss on devaluation of investment securities	430	304
Other	73	7
Total extraordinary losses	1,266	845
Income before income taxes and non-controlling interests	16,059	25,594
Current income taxes	2,035	3,392
Deferred income taxes	2,506	2,818
Total income taxes	4,542	6,210
Net income	11,517	19,383
Net income attributable to non-controlling shareholders	1,377	1,367
Net income attributable to parent company shareholders	10,139	18,015

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

(Million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net income	11,517	19,383
Other comprehensive income		
Valuation difference on available-for-sale securities	21,373	11,089
Net deferred gains on hedges	14	6
Foreign currency translation adjustments	(4,149)	369
Remeasurements of defined benefit plans	340	(246)
Share of other comprehensive income of affiliates accounted for using equity method	(44)	118
Total other comprehensive income	17,534	11,337
Comprehensive income	29,051	30,720
Attributable to:		
Parent company shareholders	27,921	29,176
Non-controlling shareholders	1,129	1,543

### (3) Notes regarding quarterly consolidated financial statements

#### [Notes on premise of a going concern]

None

#### [Significant changes in shareholders' equity]

None

#### [Changes in accounting policies]

The DNP Group's IFRS-applied subsidiaries have applied IFRS 16 (leases) as of the first quarter of this fiscal year. Accordingly, for lessee's lease transactions, in principle the Company recognizes all right of use assets and lease obligations and book depreciation expenses from right of use assets and interest expenses from lease obligations.

Of note, the application of the said accounting standards has limited impact on the Company's quarterly financial statements.

#### [Segment information, etc.]

##### I. First three months of previous fiscal year (April 1, 2018 – June 30, 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	188,230	93,563	49,334	11,841	342,969	–	342,969
Inter-segment	1,124	380	–	2	1,506	(1,506)	–
Total	189,354	93,943	49,334	11,844	344,476	(1,506)	342,969
Segment income	6,103	1,345	9,869	308	17,627	(5,672)	11,955

- 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, 2019 – June 30, 2019)

##### 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	189,877	94,832	48,085	11,780	344,575	–	344,575
Inter-segment	772	296	–	3	1,072	(1,072)	–
Total	190,650	95,128	48,085	11,783	345,647	(1,072)	344,575
Segment income	6,845	1,828	10,486	16	19,176	(5,353)	13,823

- 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.