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Consolidated Financial Results for the Third Quarter of Fiscal 2018 (Nine months ended September 30, 2018) [Japanese GAAP]

November 12, 2018

Listed Company Name: OYO Corporation
Stock Exchange Listings: Tokyo Stock Exchange (First Section)

Stock Code Number: 9755 URL: <http://www.oyo.co.jp/>
Representative: Masaru Narita, President & Chief Executive Officer
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Scheduled date for submission of quarterly report: November 13, 2018

Scheduled date for dividend payment: —

Supplementary materials on quarterly results: No

Holding of quarterly financial results briefing: No

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Highlights

(1) Consolidated Results of Operation (% indicates changes from the previous corresponding period)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Q3 FY2018	32,813	(0.6)	813	456.9	1,119	109.7	725	77.3
Q3 FY2017	33,018	(8.5)	146	(82.7)	533	(51.6)	408	(44.9)

(NOTE) Comprehensive Income: Q3 FY2018 521 million yen [44.4%] Q3 FY2017 360 million yen [- %]

	Net income per share	Diluted net income per share
	yen	yen
Q3 FY2018	27.67	—
Q3 FY2017	15.10	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2018	81,997	67,116	81.7
As of December 31, 2017	84,731	68,830	80.9

(Reference) Shareholders' equity: As of September 30, 2018 66,967 million yen As of December 31, 2017 68,552 million yen

2. Dividends

	Dividends per share				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2017	—	24.00	—	14.00	38.00
FY2018	—	14.00	—	—	—
FY2018 (forecast)	—	—	—	14.00	28.00

(NOTE) Revision to cash dividends forecast most recently announced: None

(NOTE) Breakdown of interim dividends for FY2017

Ordinary dividend: 14.00 yen, Special dividend to commemorate the 60th anniversary of the establishment: 10.00 yen

3. Consolidated financial results forecasts for the fiscal year ending December 31, 2018 (FY2018)

(% indicates changes from the previous corresponding period)

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full fiscal year	47,000	2.3	1,400	63.6	1,800	47.5	1,200	60.4	45.71

(NOTE) Revisions to the financial results forecast announced most recently: None

※ Notes

(1) Changes in important subsidiaries during the period

(Changes in specified subsidiaries accompanying changes in scope of consolidation): None

(2) Adoption of specific accounting methods for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatements

- | | |
|--|------|
| ① Changes in accounting policies due to revisions of accounting standards, etc.: | None |
| ② Changes due to accounting policies other than ①: | None |
| ③ Change in accounting estimates: | None |
| ④ Restatements: | None |

(4) Number of shares outstanding (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

As of September 30, 2018	27,582,573 shares
As of December 31, 2017	28,882,573 shares

② Number of treasury stock at the end of the period

As of September 30, 2018	1,469,468 shares
As of December 31, 2017	1,801,594 shares

③ Average number of shares during the period (quarterly cumulative total)

Q3 FY2018	26,206,199 shares
Q3 FY2017	27,080,054 shares

※This quarterly financial results report is exempt from quarterly review by certified public accountant or auditing firm.

※Explanations regarding the appropriate use of forecast of operating results and other special items

Forward-looking statements such as earnings forecasts and other projections contained in this document are based on information available at the time of disclosure and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from expectations due to various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: million yen)

	As of December 31, 2017	As of September 30, 2018
Assets		
Current asset		
Cash and deposit	26,221	29,337
Notes and accounts receivable - trade	1,820	2,138
Accounts receivable from completed businesses	19,441	14,070
Lease receivables and lease investments assets	2,546	2,526
Marketable securities	1,480	1,400
Payments for uncompleted businesses	2,649	2,535
Merchandise and finished goods	911	742
Work in progress	672	883
Raw materials and supplies	1,813	1,759
Other	2,222	2,666
Allowance for doubtful accounts	(12)	(19)
Total current assets	59,767	58,039
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,999	4,865
Land	6,255	6,256
Other, net	1,343	1,417
Total property, plant and equipment	12,598	12,539
Intangible assets		
Goodwill	270	197
Other	1,306	1,242
Total intangible assets	1,576	1,440
Investments and other assets		
Investment securities	7,446	6,810
Net defined benefit asset	1,525	1,479
Other	2,397	2,208
Allowance for doubtful accounts	(581)	(520)
Total investments and other assets	10,788	9,977
Total non-current assets	24,963	23,957
Total assets	84,731	81,997

(Unit: million yen)

	As of December 31, 2017	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	552	663
Accounts payable for businesses	1,658	1,010
Income taxes payable	333	316
Warranty reserve	124	146
Provision for bonuses	143	941
Provision for loss on order received	160	163
Reserve for stock benefits	62	—
Other	7,462	6,334
Total current liabilities	10,497	9,576
Non-current liabilities		
Provision for retirement benefits	1,965	1,972
Reserve for stock benefits	—	5
Other	3,439	3,326
Total non-current liabilities	5,404	5,304
Total liabilities	15,901	14,880
Net assets		
Shareholders' equity		
Capital stock	16,174	16,174
Capital surplus	16,519	15,077
Retained earnings	37,406	37,378
Treasury stock	(1,903)	(1,828)
Total shareholders' equity	68,196	66,802
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,942	1,780
Revaluation surplus of land	(2,594)	(2,594)
Foreign currency translation adjustments	680	743
Defined retirement benefit plans	328	236
Total accumulated other comprehensive income	356	165
Non-controlling interests	277	148
Total net assets	68,830	67,116
Total liabilities and net assets	84,731	81,997

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statement of Income

(Unit: million yen)

	Q3 FY2017 (From January 1, 2017 to September 30, 2017)	Q3 FY2018 (From January 1, 2018 to September 30, 2018)
Net Sales	33,018	32,813
Cost of sales	23,565	22,559
Gross profit	9,453	10,254
Selling and general administrative expenses	9,307	9,440
Operating income	146	813
Non-operating income		
Interest income	86	118
Dividend income	59	56
Equity in earnings of affiliates	19	31
Rent on real estate	40	40
Reversal of allowance for doubtful accounts	45	59
Insurance income and insurance dividend	210	101
Gain on sales of non-current assets	171	9
Other	32	25
Total non-operating income	665	442
Non-operating expenses		
Interest expenses	3	2
Property rental costs	10	12
Loss on sale of non-currents assets	88	—
Loss on retirement of non-current assets	71	120
Other	102	1
Total non-operating expenses	277	136
Ordinary income	533	1,119
Extraordinary income		
Gain on sales of investment securities	—	9
Total extraordinary income	—	9
Extraordinary losses		
Impairment loss	13	—
Total extraordinary losses	13	—
Income before income taxes	520	1,128
Income taxes	150	415
Net income	370	712
Net income (loss) attributable to non-controlling interests	(38)	(12)
Net income (loss) attributable to owners of parent	408	725

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Q3 FY2017 (From January 1, 2017 to September 30, 2017)	Q3 FY2018 (From January 1, 2018 to September 30, 2018)
Net income	370	712
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	465	(162)
Foreign currency translation adjustments	(388)	62
Remeasurements of defined benefit plans	(86)	(92)
Total other comprehensive income (loss)	(9)	(191)
Comprehensive income	360	521
Comprehensive income (loss) attributable to:		
Owners of parent	400	533
Non-controlling interests	(39)	(12)

Segmented information

Information on net sales and income or loss by segment

1. Q3 FY2017 (From January 1, 2017 to September 30, 2017)

(Unit: million yen)

	Segment					Adjustment amount	Consolidated
	Infrastructure Maintenance, Management, and Renovation	Natural Disaster Prevention and Mitigation	Environment	Natural Resources and Energy	Total		
Sales							
Sales to external customers	13,819	5,409	7,493	6,296	33,018	—	33,018
Intersegment sales or transfers	72	7	—	—	79	(79)	—
Total	13,892	5,416	7,493	6,296	33,098	(79)	33,018
Segment income (loss)	488	(45)	482	(752)	173	(27)	146

2. Q3 FY2018 (From January 1, 2018 to September 30, 2018)

(Unit: million yen)

	Segment					Adjustment amount	Consolidated
	Infrastructure Maintenance, Management, and Renovation	Natural Disaster Prevention and Mitigation	Environment	Natural Resources and Energy	Total		
Sales							
Sales to external customers	14,396	6,098	6,094	6,224	32,813	—	32,813
Inter segment sales or transfer	44	25	3	—	73	(73)	—
Total	14,441	6,124	6,097	6,224	32,886	(73)	32,813
Segment income (loss)	715	216	320	(439)	812	0	813