

FY2016 Consolidated Financial Results (Japanese Standard)

(English translation extracted from the original Japanese document)



Company Name: **EXEDY Corporation**
 Code No.: 7278
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 Director and Executive Managing Officer / Administrative Headquarters Executive General Manager

April 27, 2017

Tokyo Stock Exchange

Scheduled Date for the General Shareholders Meeting: June 27, 2017

Scheduled Payment Date for Dividends: June 28, 2017

Scheduled Filing Date for annual securities report on EDINET: June 28, 2017

Additional Materials for FY2016 Financial Results: Yes (Japanese ver. only)

Briefing Session for FY2016 Financial Results: Yes (For analysts and professional investors)

1. Consolidated Financial Results for FY2016 (April 1, 2016 through March 31, 2017)

(1) Consolidated Operating Results

(Changes from the previous year expressed as a percentage)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2016	266,121	-1.0	22,083	3.7	20,796	14.8	13,855	15.3
FY2015	268,752	5.0	21,305	19.1	18,112	-7.5	12,013	26.4

Note: The comprehensive incomes for FY2016 and FY2015 were 10,416 million yen (47.5%) and 7,062 million yen (-63.8%) respectively.

	Earnings per Share	Fully Diluted Earnings per Share	Return on Equity	Return on Assets	Operating Profit to Net Sales Ratio
	yen	yen	%	%	%
FY2016	288.44	-	8.4	7.7	8.3
FY2015	250.17	-	7.5	7.0	7.9

Note: The equity incomes for FY2016 and FY2015 were 300 million yen and 51 million yen respectively.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' equity ratio	Net Assets per Share (excluding minority interests)
	millions of yen	millions of yen	%	yen
FY2016	280,072	180,069	60.1	3,501.19
FY2015	259,273	173,526	62.4	3,366.87

Note: Shareholders' equity for FY2016 and FY2015 were 168,196 million yen and 161,693 million yen respectively.

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at end of period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2016	37,309	-29,203	5,970	44,734
FY2015	27,166	-25,737	-2,800	31,560

2. Cash Dividends

	Annual Cash Dividends per Share					Total Dividends	Payout Ratio	Cash Dividends as a Percentage of Net Assets
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal Year-end	Total			
FY2016	yen -	yen 35.00	yen -	yen 35.00	yen 70.00	millions of yen 3,369	% 28.0	% 2.1
FY2015	yen -	yen 35.00	yen -	yen 45.00	yen 80.00	millions of yen 3,853	% 27.7	% 2.3
FY2017 (Forecast)	yen -	yen 40.00	yen -	yen 40.00	yen 80.00		% 29.6	

3. Consolidated Forecast for FY2017 (April 1, 2017 through March 31, 2018)

(Changes from previous financial period expressed as a percentage)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Earnings per Share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
1st Half of FY2017	130,000	-1.3	9,000	-21.7	9,000	0.8	6,000	-1.5	124.90
FY2017	270,000	1.5	20,000	-9.4	20,000	-3.8	13,000	-6.2	270.61

(Note) EXEDY Group plans to adopt IFRS (International Accounting Standards) in the 4th quarter of FY2017 (ending March 2018).

Above consolidated forecasts are prepared considering the effect of IFRS adoption.

※ General Notes

(1) Significant Changes in Scope of Consolidation: None

(2) Changes in Accounting Policies, Accounting Estimations and Restatements

① Changes in Accounting Standards: None

② Changes in Accounting Standards Except (2) ①: None

③ Changes in Accounting Estimations: None

④ Error Correction: None

(3) Number of Shares Issued and Outstanding (Common Stock)

① Number of Shares Issued and Outstanding at the Fiscal Year-end (Including Treasury Shares) :

48,593,736 shares and 48,593,736 shares for FY2016 and FY2015 respectively

② Number of Treasury Shares at the Fiscal Year-end: 553,892 shares and 568,968 shares for FY2016 and FY2015 respectively

③ Average Number of Shares Issued and Outstanding for Each Fiscal Year:

48,034,659 shares and 48,020,449 shares for FY2016 and FY2015 respectively

※ The shares held within the ESOP and BIP trust accounts are included in year-end Treasury Shares

(FY2016: 124,881 shares, FY2015: 104,226 shares)

Furthermore, the shares held within the ESOP and BIP trust accounts are included in Treasury Shares

that are deducted in the calculation of the average number of shares for the period.

(FY2016: 116,379 shares, FY2015: 108,822 shares)

Reference: Unconsolidated Financial Results Overview

FY2016 Unconsolidated Financial Results (Japanese Standard)

(English translation extracted from the original Japanese document)

1. Unconsolidated Results for FY2016 (April 1, 2016 through March 31, 2017)

(1) Unconsolidated financial results (Changes from the previous year expressed as a percentage)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2016	119,016	1.9	6,159	-25.6	8,881	-6.0	7,690	8.2
FY2015	116,752	0.2	8,281	13.6	9,448	-25.5	7,109	-10.8

	Earnings per Share	Fully Diluted Earnings per Share
	yen	yen
FY2016	160.10	-
FY2015	148.05	-

(2) Unconsolidated financial position

	Total Assets	Net Assets	Shareholders' equity ratio	Net Assets per Share
	millions of yen	millions of yen	%	yen
FY2016	157,361	99,838	63.4	2,078.25
FY2015	134,012	95,172	71.0	1,981.75

Note: Shareholders' equity were 99,838 million yen and 95,172 million yen for FY2016 and FY2015 respectively.

※ This Financial Report is not subject to audit procedure.

※ Regarding the appropriate use of business results forecasts and other information
Financial forecasts are based on judgments and estimates of currently available information.
Actual results may differ significantly from the forecast due to a variety of factors

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	31,975	45,523
Notes and accounts receivable - trade	48,530	49,195
Merchandise and finished goods	13,109	13,840
Work in process	6,049	5,330
Raw materials and supplies	11,120	11,616
Deferred tax assets	3,873	4,290
Short-term loans receivable	231	181
Other	6,751	5,317
Allowance for doubtful accounts	-223	-153
Total current assets	121,420	135,142
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,089	39,876
Machinery, equipment and vehicles, net	63,210	60,898
Tools, furniture and fixtures, net	7,905	7,160
Land	11,549	11,925
Construction in progress	8,354	13,999
Total property, plant and equipment	127,109	133,860
Intangible assets	3,759	3,692
Investments and other assets		
Investment securities	3,292	3,775
Long-term loans receivable	311	118
Net defined benefit asset	1,049	1,064
Deferred tax assets	544	722
Other	1,827	1,744
Allowance for doubtful accounts	-40	-47
Total investments and other assets	6,984	7,377
Total non-current assets	137,853	144,929
Total assets	259,273	280,072

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,266	19,892
Short-term loans payable	9,751	11,609
Current portion of bonds	7,000	-
Accrued expenses	8,801	9,838
Income taxes payable	1,839	3,506
Provision for product warranties	1,399	2,880
Other	7,439	7,895
Total current liabilities	55,497	55,624
Non-current liabilities		
Bonds payable	-	10,000
Long-term loans payable	21,629	25,326
Long-term accounts payable - other	356	218
Deferred tax liabilities	2,403	2,800
Net defined benefit liability	5,178	5,195
Asset retirement obligations	28	28
Other	653	808
Total non-current liabilities	30,250	44,378
Total liabilities	85,747	100,002
Net assets		
Shareholders' equity		
Capital stock	8,284	8,284
Capital surplus	7,564	7,559
Retained earnings	140,318	150,807
Treasury shares	-1,444	-1,400
Total shareholders' equity	154,721	165,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	920	1,164
Foreign currency translation adjustment	6,224	1,736
Remeasurements of defined benefit plans	-172	45
Total accumulated other comprehensive income	6,971	2,945
Non-controlling interests	11,833	11,872
Total net assets	173,526	180,069
Total liabilities and net assets	259,273	280,072

(2) Consolidated statements of income / Consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	268,752	266,121
Cost of sales	214,152	208,876
Gross profit	54,600	57,244
Selling, general and administrative expenses		
Packing and transportation expenses	6,349	6,007
Provision for product warranties	1,125	2,452
Provision of allowance for doubtful accounts	-	31
Directors' compensations, salaries and allowances	8,721	8,389
Welfare expenses	1,765	1,610
Retirement benefit expenses	172	208
Depreciation	2,296	2,307
Research and development expenses	5,374	5,763
Other	7,488	8,389
Total selling, general and administrative expenses	33,294	35,161
Operating profit	21,305	22,083
Non-operating income		
Interest income	139	162
Dividend income	64	64
Rent income	130	134
Subsidy income	151	245
Gain on sales of non-current assets	46	71
Gain on sales of investment securities	375	78
Test consignment income	8	38
Share of profit of entities accounted for using equity method	51	300
Other	736	996
Total non-operating income	1,704	2,092
Non-operating expenses		
Interest expenses	1,089	959
Interest on bonds	35	45
Loss on sales and retirement of non-current assets	320	412
Foreign exchange losses	2,677	1,056
Other	776	905
Total non-operating expenses	4,898	3,379
Ordinary profit	18,112	20,796
Profit before income taxes	18,112	20,796
Income taxes - current	4,996	6,351
Income taxes - deferred	238	-519
Total income taxes	5,235	5,831
Profit	12,876	14,965
Profit attributable to non-controlling interests	863	1,110
Profit attributable to owners of parent	12,013	13,855

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	12,876	14,965
Other comprehensive income		
Valuation difference on available-for-sale securities	-667	244
Foreign currency translation adjustment	-4,956	-5,005
Remeasurements of defined benefit plans, net of tax	-185	217
Share of other comprehensive income of entities accounted for using equity method	-4	-5
Total other comprehensive income	-5,814	-4,548
Comprehensive income	7,062	10,416
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,860	9,829
Comprehensive income attributable to non-controlling interests	201	587

(3) Consolidated statements of changes in Net Assets

FY2015 (Apr. 1, 2015 to Mar. 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,284	7,556	131,668	-1,480	146,028
Changes of items during period					
Dividends of surplus			-3,363		-3,363
Profit attributable to owners of parent			12,013		12,013
Purchase of treasury shares				-1	-1
Disposal of treasury shares		7		36	44
Net changes of items other than shareholders' equity					
Total changes of items during period	-	7	8,649	35	8,692
Balance at end of current period	8,284	7,564	140,318	-1,444	154,721

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,587	10,524	12	12,124	12,172	170,326
Changes of items during period						
Dividends of surplus						-3,363
Profit attributable to owners of parent						12,013
Purchase of treasury shares						-1
Disposal of treasury shares						44
Net changes of items other than shareholders' equity	-667	-4,299	-185	-5,152	-339	-5,492
Total changes of items during period	-667	-4,299	-185	-5,152	-339	3,199
Balance at end of current period	920	6,224	-172	6,971	11,833	173,526

FY2016 (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,284	7,564	140,318	-1,444	154,721
Changes of items during period					
Dividends of surplus			-3,365		-3,365
Profit attributable to owners of parent			13,855		13,855
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-4		45	40
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-4	10,489	44	10,529
Balance at end of current period	8,284	7,559	150,807	-1,400	165,250

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	920	6,224	-172	6,971	11,833	173,526
Changes of items during period						
Dividends of surplus						-3,365
Profit attributable to owners of parent						13,855
Purchase of treasury shares						-0
Disposal of treasury shares						40
Net changes of items other than shareholders' equity	244	-4,488	217	-4,025	39	-3,986
Total changes of items during period	244	-4,488	217	-4,025	39	6,543
Balance at end of current period	1,164	1,736	45	2,945	11,872	180,069

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	18,112	20,796
Depreciation	16,925	16,894
Loss (gain) on sales and retirement of non-current assets	274	341
Increase (decrease) in allowance for doubtful accounts	95	-60
Decrease (increase) in net defined benefit asset	77	-14
Increase (decrease) in net defined benefit liability	84	331
Increase (decrease) in provision for product warranties	-1,551	1,551
Interest and dividend income	-203	-228
Interest expenses	1,124	1,004
Decrease (increase) in notes and accounts receivable - trade	-3,296	-2,224
Decrease (increase) in inventories	97	-2,062
Increase (decrease) in notes and accounts payable - trade	-529	1,758
Increase (decrease) in long-term accounts payable - other	-68	-124
Other, net	1,639	4,783
Subtotal	32,783	42,746
Interest and dividend income received	244	249
Interest expenses paid	-1,104	-1,002
Income taxes (paid) refund	-4,756	-4,683
Net cash provided by (used in) operating activities	27,166	37,309
Cash flows from investing activities		
Payments into time deposits	-376	-387
Proceeds from withdrawal of time deposits	40	10
Purchase of property, plant and equipment	-24,344	-27,988
Proceeds from sales of property, plant and equipment	170	228
Purchase of intangible assets	-841	-1,313
Purchase of investment securities	-13	-32
Proceeds from sales of investment securities	558	249
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-961	-
Payments of loans receivable	-4	-0
Collection of loans receivable	139	13
Other, net	-103	18
Net cash provided by (used in) investing activities	-25,737	-29,203

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	144	-1,975
Proceeds from long-term loans payable	5,784	12,697
Repayments of long-term loans payable	-4,782	-3,813
Proceeds from issuance of bonds	-	10,000
Redemption of bonds	-	-7,000
Purchase of treasury shares	-1	-0
Cash dividends paid	-3,363	-3,365
Dividends paid to non-controlling interests	-568	-544
Other, net	-15	-26
Net cash provided by (used in) financing activities	-2,800	5,970
Effect of exchange rate change on cash and cash equivalents	-777	-903
Net increase (decrease) in cash and cash equivalents	-2,149	13,173
Cash and cash equivalents at beginning of period	33,710	31,560
Cash and cash equivalents at end of period	31,560	44,734

【Segments information】

1. General information about reportable segments

The Company and its consolidated subsidiaries are mainly engaged in the manufacture and sale of automotive parts. From the aspects of function, technological specification and productive structure, the product lines of the Company are classified roughly into 2 group, "Manual Transmission Parts" and "Automatic Transmission Parts". The Company, in cooperation with its consolidated subsidiaries, design business strategy and conduct business for these 2 product lines inside Japan and overseas. And concerning these 2 product lines, separate financial information is accessible among the constituent units of the Company and that are subject to periodical examination, in order for the Board of Directors of the Company to determine the allocation of management resources. Accordingly, the reportable segments of the Company are composed of 2 segments, "MT (Manual automotive drivetrain related business)" which manufactures and sells Manual Transmission Parts and "AT (Automatic automotive drivetrain related business)" which manufactures and sells Automatic Transmission Parts.

2. Basis of measurement about reported segment profit or loss, segment assets, segment liabilities and other material items

The segment profit (loss) is based on operating profit before amortization of goodwill.

Intersegment sales or transfers are mainly determined by considering market prices of the goods.

3. Information about reported segment profit or loss, segment assets, segment liabilities and other material items

FY2015 (Apr. 1, 2015 through Mar. 31, 2016)

(millions of yen)

	Reportable segments			Others	Total
	MT	AT	Reportable segments Total		
Sales					
Revenues from external customers	71,667	166,393	238,061	30,690	268,752
Transactions with other segments	109	1,432	1,541	6,492	8,034
Net sales	71,776	167,826	239,603	37,183	276,786
Operating profit (loss)	10,891	9,430	20,321	1,395	21,717
Assets	67,381	143,797	211,178	29,265	240,443
Other items					
Depreciation	3,470	11,608	15,078	2,033	17,112
Investments in entities accounted for using equity method	305	434	740	401	1,142
Increase in property, plant and equipment and intangible assets	3,179	21,389	24,569	1,530	26,100

Note: Others includes businesses which is not part of any of the 2 reportable segments, and contain industrial machine drivetrain operation, clutches for motorcycle operation, transport operation, etc.

FY2016 (Apr. 1, 2016 through Mar. 31, 2017)

(millions of yen)

	Reportable segments			Others	Total
	MT	AT	Reportable segments Total		
Sales					
Revenues from external customers	68,264	168,303	236,568	29,553	266,121
Transactions with other segments	128	2,031	2,160	6,410	8,570
Net sales	68,393	170,335	238,728	35,964	274,692
Operating profit (loss)	10,502	11,336	21,838	716	22,555
Assets	68,350	157,685	226,036	27,219	253,255
Other items					
Depreciation	3,389	11,676	15,066	1,980	17,047
Investments in entities accounted for using equity method	312	597	910	496	1,406
Increase in property, plant and equipment and intangible assets	4,068	24,834	28,903	908	29,812

Note: Others includes businesses which is not part of any of the 2 reportable segments, and contain industrial machine drivetrain operation, clutches for motorcycle operation, transport operation, etc.

4. Differences Between Reportable Segments and Consolidated Financial Statements

(millions of yen)

Sales	FY2015	FY2016
Reportable Segments Total	239,603	238,728
'Other' Sales	37,183	35,964
Inter-segment Elimination	-8,034	-8,570
Consolidated Financial Statement (Sales)	268,752	266,121

(millions of yen)

Profit	FY2015	FY2016
Reportable Segments Total	20,321	21,838
'Other' profit	1,395	716
Inter-segment Elimination	961	1,487
Amortization of Goodwill	-67	-119
Corporate Expenses	-1,366	-1,727
Other	61	-112
Consolidated Financial Statement (Operating Profit)	21,305	22,083

Note: Corporate expenses mainly consists of general / administrative expenses and R&D expenses for new products that do not belong to reported segments.

Assets	FY2015	FY2016
Reportable Segments Total	211,178	226,036
'Other' Assets	29,265	27,219
Inter-segment Elimination	-1,175	-1,354
Corporate Assets	20,005	28,171
Consolidated Financial Statement (Total Assets)	259,273	280,072

Note: Corporate Assets mainly consist of cash and deposits and investment securities that do not belong to reported segments

Other Items	Reportable Segments Total		Other		Adjustments		Recorded on the consolidated financial statement	
	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015	FY2016
Depreciation	15,078	15,066	2,033	1,980	-186	-152	16,925	16,894
Increase of Property, Plant and equipment, Intangible assets	24,569	28,903	1,530	908	-136	-196	25,964	29,615

Note: 1.Adjustments to depreciation consists of Adjustment of unrealized gain on intersegment transaction of fixed assets.

2.Adjustments to Increase of Property, Plant and equipment, Intangible assets consists of Adjustment of unrealized gain on intersegment transaction of fixed assets

3.Depreciation and Increase of Property, Plant and equipment, Intangible assets include long-term prepaid expenses and depreciation related to these expenses.

Per Share Information

	FY2015 (Apr. 1, 2015 through Mar. 31, 2016)	FY2016 (Apr. 1, 2016 through Mar. 31, 2017)
Net Assets per Share (Yen)	3,366.87	3,501.19
Earnings per Share (Yen)	250.17	288.44

Note: 1. Diluted Earnings per Share is not disclosed because potentially dilutive securities have not been issued.

2. The computation basis for Earnings per Share is as follows:

	FY2015 (Apr. 1, 2015 through Mar. 31, 2016)	FY2016 (Apr. 1, 2016 through Mar. 31, 2017)
Earnings per Share		
Profit attributable to owners of parent (in millions of yen)	12,013	13,855
Amount Not Attributable to Common Shareholders (in millions of yen)	-	-
Profit attributable to owners of parent Related to Common share (in millions of yen)	12,013	13,855
Number of Average Common shares (in thousands of shares)	48,020	48,034

Note:

1. Shares that are held in an ESOP trust account at The Master Trust Bank of Japan, Ltd. are included, from a computational standpoint of net assets per share, in treasury shares that are deducted from the total number of shares issued at each fiscal year-end (FY2015: 65,000 shares, FY2016: 55,800 shares).

Furthermore, from the computational standpoint of earnings per share, shares are included in treasury shares that are deducted in the calculation of the average midterm number of shares (FY2015: 69,477 shares, FY2016: 59,354 shares).

2. Shares that are held in an BIP trust account at The Master Trust Bank of Japan, Ltd. are included, from a computational standpoint of net assets per share, in treasury shares that are deducted from the total number of shares issued at each fiscal year-end (FY2015: 39,226 shares , FY2016: 69,081 shares).

Furthermore, from the computational standpoint of earnings per share, shares are included in treasury shares that are deducted in the calculation of the average midterm number of shares (FY2015: 39,345 shares, FY2015: 57,025 shares).

Significant Subsequent Events: None

- End -