



February 4, 2019

Consolidated Financial Results for the Nine Months Ended December 31, 2018 (IFRS)

Company name: MIURA CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6005
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 Scheduled date for filing of quarterly securities report: February 14, 2019
 Scheduled date of commencement of dividend payment: —
 Supplementary documents for quarterly financial results: None
 Quarterly financial results briefing: None

(Units of less than 1 million yen have been omitted)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(1) Consolidated Operating Results (cumulative) (Percentages show year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2018	97,488	13.0	12,257	14.6	12,627	14.3	9,082	17.0
December 31, 2017	86,263	21.0	10,696	16.9	11,045	14.6	7,762	17.4

	Profit attributable to owners of parent		Comprehensive income (loss)		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Nine months ended						
December 31, 2018	9,049	17.0	7,351	-18.7	80.39	80.18
December 31, 2017	7,737	16.8	9,046	62.8	68.75	68.58

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of				
December 31, 2018	165,469	121,620	121,594	73.5
March 31, 2018	167,083	117,723	117,482	70.3

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	—	11.00	—	17.00	28.00
Fiscal year ending March 31, 2019	—	14.00	—		
Fiscal year ending March 31, 2019 (Forecasts)				17.00	31.00

(Note) Revisions to the dividend forecasts most recently announced: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(Percentages show the rate of increase or decrease from the previous corresponding period)

	Revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	137,000	9.7	15,200	9.6	15,700	10.7	11,300	9.0	100.41

(Note) Revisions to the consolidated forecasts most recently announced: None

* Notes

(1) Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): Yes

Excluded consolidated company: 1 Inax Inamoto Holdings Co., Ltd.

Inax Inamoto Holding Co., Ltd. was merged into Inax Corporation, the surviving company, as of April 1, 2018 and was out of scope of consolidation.

(2) Changes in Accounting Policies and Accounting Estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(3) Numbers of Outstanding Shares (Common Shares)

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

As of December 31, 2018: 125,291,112 shares

As of March 31, 2018: 125,291,112 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2018: 12,716,600 shares

As of March 31, 2018: 12,751,387 shares

(iii) Weighted-average number of common shares outstanding for the period

Nine months ended December 31, 2018: 112,563,344 shares

Nine months ended December 31, 2017: 112,546,602 shares

* Financial summaries are not required to be audited.

* Explanation of the Proper Use of Financial Results Forecast and Other Notes

(Notes on forward-looking statements)

The forward-looking statements herein are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ significantly from these forecasts due to various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to “1. Qualitative Information Regarding Results for the Nine Months Ended December 31, 2018, (2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements” on page 3 of the attached materials.

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1. Qualitative Information Regarding Results for the Nine Months Ended December 31, 2018

(1) Explanation of Operating Results

Looking back on the state of the Japanese economy during the nine months ended December 31, 2018, the economy is continuing its trend of gradual recovery backed by the solid performance in corporate revenue and steady capital investment. Overseas, although the U.S. economy continued to be firm, a state of uncertainty is intensifying such as gradually affecting the global economy due to the escalating trade friction between the U.S. and China.

In these circumstances, the Miura Group, capable of offering the one-stop service that leverages its consolidated capabilities of engineering, sales, and maintenance divisions, has built up its technological strengths to realize optimization of energy and minimize the burden to the environment. In addition, we will make the most of the state-of-the-art IT technologies including IoT, promote the development of new services and products for energy saving, and step up efforts to offer total solutions that further solidify trust with customers.

The Company also launched in October 2018 a new advertising campaign under the slogan, “Does our inspiration have love?”, as it celebrates the 60th anniversary of establishment on May 1, 2019. We aim to establish the Miura brand which is loved and chosen by anyone through the activities of all employees demonstrating this slogan by their practices.

For the nine months ended December 31, 2018, domestically, sales of our mainstay small once-through boilers and the Domestic Laundry business increased against the backdrop of solid capital investment. Further, overseas, sales of boilers marked strong growth, as a result of which revenue increased to ¥97,488 million, up 13.0% from the same period of the previous fiscal year, operating profit increased to ¥12,257 million, up 14.6% from the same period of the previous fiscal year, profit before income taxes amounted to ¥12,627 million, up 14.3% from the same period of the previous fiscal year, and profit attributable to owners of parent stood at ¥9,049 million, up 17.0% from the same period of the previous fiscal year, reaching a record high respectively.

Operating results for each business segment is as follows.

(i) Domestic Manufacturing and Sales of Products

In the Domestic Manufacturing and Sales of Products business, sales of small once-through boilers were strong mainly in the field of food production and in chemical industries, supported by the demand for maintenance and renewal of existing facilities and for the expansion of plants. Further, sales of ballast water management systems in marine equipment were also strong. As a result, revenue in this business was ¥41,589 million, up 5.4% from the same period of the previous fiscal year. In terms of segment profit, the segment saw an increase in trial costs for obtaining USCG (United States Coast Guard) compliance certification for our ballast water management systems, IoT related expenses, and showroom construction related costs, leading to a profit of ¥2,974 million, down 10.2% from the same period of the previous fiscal year.

(ii) Domestic Maintenance

In the Domestic Maintenance business, sales of the paid maintenance contracts grew due to an increase in the number of installations of boilers. As a result, revenue in this business was ¥23,361 million, up 6.6% from the same period of the previous fiscal year. Segment profit was ¥6,526 million, up 4.7% from the same period of the previous fiscal year.

(iii) Domestic Laundry

In the Domestic Laundry business, sales of tunnel washer—a major product—boasted strong performance due to aggressive investment in large-scale projects for building new plants and refitting facilities made in response to inbound demand and an increasing demand for labor-saving and automation, which continued from the previous quarter. Consequently, revenue in this business was ¥14,355 million, but segment profit was ¥975 million due to various costs resulting from business combinations and amortization of intangible assets. As this segment was newly added from the second quarter of the fiscal year ended March 31, 2018, the comparison with the same period of the previous fiscal year is omitted.

(iv) Overseas Manufacturing and Sales of Products

In the Overseas Manufacturing and Sales of Products business, sales in ASEAN and other nations as well as the Americas were strong although the economic growth in China is slowing due to the trade friction between the U.S. and China. As a result, revenue in this business was ¥14,090 million, up 11.6% from the same period of the previous fiscal year. In terms of segment profit, although expenses rose following higher personnel expenses due to an increase in employees, the increase in sales resulted in profit of ¥1,372 million, up 59.2% from the same period of the previous fiscal year.

(v) Overseas Maintenance

The Overseas Maintenance business made aggressive efforts in all target countries to obtain secure paid maintenance contracts, resulting in the higher number of contracts. As a result, revenue in this business was ¥4,048 million, up 7.9% from the same period of the previous fiscal year. In terms of segment profit, expenses increased due to the increase in the number of personnel in China, resulting in profit of ¥269 million, down 0.4% from the same period of the previous fiscal year.

(2) Explanation of Consolidated Forecasts and Other Forward-Looking Statements

The full-year consolidated forecast for the fiscal year ending March 31, 2019 that the Company announced on November 5, 2018 remains unchanged.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	26,699	26,372
Trade and other receivables	40,066	37,870
Other financial assets	9,897	7,649
Inventories	18,656	22,618
Other current assets	663	810
Total current assets	95,983	95,321
Non-current assets		
Property, plant and equipment	39,645	40,623
Goodwill and intangible assets	14,348	13,996
Other financial assets	12,910	10,782
Net defined benefit asset	1,336	1,380
Deferred tax assets	2,462	2,988
Other non-current assets	396	376
Total non-current assets	71,099	70,148
Total assets	167,083	165,469

(Million yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	13,632	12,850
Other financial liabilities	4,561	1,687
Income taxes payable	2,594	1,322
Provisions	1,103	952
Contract liabilities	—	11,629
Other current liabilities	21,790	10,332
Total current liabilities	43,682	38,773
Non-current liabilities		
Other financial liabilities	2,715	2,274
Net defined benefit liability	393	391
Provisions	1	1
Deferred tax liabilities	2,179	2,047
Other non-current liabilities	388	360
Total non-current liabilities	5,678	5,075
Total liabilities	49,360	43,849
Equity		
Capital stock	9,544	9,544
Capital surplus	10,489	10,752
Retained earnings	101,905	107,465
Treasury shares	(7,019)	(6,998)
Other components of equity	2,562	831
Total equity attributable to owners of parent	117,482	121,594
Non-controlling interests	241	25
Total equity	117,723	121,620
Total liabilities and equity	167,083	165,469

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

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Revenue	86,263	97,488
Cost of revenue	51,183	58,324
Gross profit	35,079	39,163
Selling, general and administrative expenses	24,858	27,457
Other income	536	644
Other expenses	61	93
Operating profit	10,696	12,257
Finance income	367	403
Finance costs	18	34
Profit before income taxes	11,045	12,627
Income tax expenses	3,282	3,544
Profit	7,762	9,082
Profit attributable to:		
Owners of parent	7,737	9,049
Non-controlling interests	25	33
Profit	7,762	9,082
Earnings per share		
Basic (Yen)	68.75	80.39
Diluted (Yen)	68.58	80.18

(Consolidated Statements of Comprehensive Income)

(Million yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Profit	7,762	9,082
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	583	(1,412)
Total items that will not be reclassified to profit or loss	583	(1,412)
Items that will be reclassified to profit or loss		
Translation adjustments of foreign operations	700	(318)
Total items that will be reclassified to profit or loss	700	(318)
Other comprehensive income (loss), net of taxes	1,283	(1,730)
Comprehensive income (loss)	9,046	7,351
Comprehensive income (loss) attributable to		
Owners of parent	9,020	7,318
Non-controlling interests	25	33
Comprehensive income (loss)	9,046	7,351

(3) Condensed Consolidated Statements of Changes in Equity

For the Nine Months Ended December 31, 2017 (April 1, 2017 – December 31, 2017)

	Equity attributable to owners of parent				(Million yen)
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity Financial assets measured at FVTOCI
As of April 1, 2017	9,544	10,406	93,859	(7,020)	1,950
Profit	—	—	7,737	—	—
Other comprehensive income (loss)	—	—	—	—	582
Comprehensive income (loss)	—	—	7,737	—	582
Compensation costs related to stock options	—	57	—	—	—
Sales of treasury shares upon exercise of stock options	—	—	—	—	—
Dividends	—	—	(2,588)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	2	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	—	—	—	—
Total transactions with the owners	—	59	(2,588)	(0)	—
As of December 31, 2017	9,544	10,466	99,008	(7,020)	2,533

For the Nine Months Ended December 31, 2017 (April 1, 2017 – December 31, 2017)

(Million yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity		Total	Total		
	Translation adjustments of foreign operations	Total				
As of April 1, 2017	(55)	1,894	108,685	203	108,888	
Profit	—	—	7,737	25	7,762	
Other comprehensive income (loss)	700	1,283	1,283	0	1,283	
Comprehensive income (loss)	700	1,283	9,020	25	9,046	
Compensation costs related to stock options	—	—	57	—	57	
Sales of treasury shares upon exercise of stock options	—	—	—	—	—	
Dividends	—	—	(2,588)	(0)	(2,588)	
Changes in the ownership interest in subsidiaries without loss of control	—	—	2	(3)	(1)	
Acquisition of treasury shares	—	—	(0)	0	(0)	
Disposal of treasury shares	—	—	—	—	—	
Total transactions with the owners	—	—	(2,529)	(3)	(2,533)	
As of December 31, 2017	644	3,178	115,176	225	115,401	

For the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(Million yen)

	Equity attributable to owners of parent				Other components of equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Financial assets measured at FVTOCI
As of April 1, 2018	9,544	10,489	101,905	(7,019)	2,906
Profit	—	—	9,049	—	—
Other comprehensive income (loss)	—	—	—	—	(1,412)
Comprehensive income (loss)	—	—	9,049	—	(1,412)
Compensation costs related to stock options	—	61	—	—	—
Sales of treasury shares upon exercise of stock options	—	(15)	—	15	—
Dividends	—	—	(3,489)	—	—
Changes in the ownership interest in subsidiaries without loss of control	—	207	—	—	—
Acquisition of treasury shares	—	—	—	(0)	—
Disposal of treasury shares	—	9	—	5	—
Total transactions with the owners	—	262	(3,489)	20	—
As of December 31, 2018	9,544	10,752	107,465	(6,998)	1,494

For the Nine Months Ended December 31, 2018 (April 1, 2018 – December 31, 2018)

(Million yen)

	Equity attributable to owners of parent				Non-controlling interests	Total equity
	Other components of equity		Total	Total		
	Translation adjustments of foreign operations	Total				
As of April 1, 2018	(343)	2,562	117,482	241	117,723	
Profit	—	—	9,049	33	9,082	
Other comprehensive income (loss)	(318)	(1,730)	(1,730)	0	(1,730)	
Comprehensive income (loss)	(318)	(1,730)	7,318	33	7,351	
Compensation costs related to stock options	—	—	61	—	61	
Sales of treasury shares upon exercise of stock options	—	—	0	—	0	
Dividends	—	—	(3,489)	(3)	(3,492)	
Changes in the ownership interest in subsidiaries without loss of control	—	—	207	(253)	(46)	
Acquisition of treasury shares	—	—	(0)	—	(0)	
Disposal of treasury shares	—	—	15	7	22	
Total transactions with the owners	—	—	(3,205)	(248)	(3,454)	
As of December 31, 2018	(662)	831	121,594	25	121,620	

3. Notes on Condensed Consolidated Financial Statements

Segment Information

1. General Information on Reporting Segments

Financial information which is broken down within each component unit is available for the Miura Group's reporting segments. The information is subject to regular review by the Board of Directors in order to make decisions about resources to be allocated and to assess performance.

The Miura Group is engaged primarily in the manufacture, sales, and maintenance of boilers and related equipment. The Company and domestic affiliated companies undertake our domestic business, and our overseas affiliated companies undertake our overseas business. Each of our local subsidiaries is an independent management unit that proposes comprehensive strategy for the products it handles in each region and engages in business activities.

Accordingly, the Miura Group is composed of domestic and overseas segments founded upon a manufacturing, sales, and maintenance framework, with Domestic Manufacturing and Sales of Products, Domestic Maintenance, Domestic Laundry, Overseas Manufacturing and Sales of Products, and Overseas Maintenance as our reporting segments.

2. Segment revenue and performance

Revenue and performance of each reportable segment of the Miura Group are as follows.

Intersegment revenue and transfers are based on current market values.

For the Nine Months Ended December 31, 2017

(Million yen)

	Reportable segments						Others (Note 3)	Total	Adjustment (Note 4)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry (Note 2)	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	39,471	21,905	8,471	12,622	3,752	86,222	40	86,263	—	86,263
Intersegment revenue and transfers	2,510	120	7	236	24	2,898	319	3,218	(3,218)	—
Total	41,981	22,025	8,478	12,859	3,776	89,121	360	89,482	(3,218)	86,263
Segment Profit (loss)	3,310	6,231	126	861	270	10,800	27	10,828	(132)	10,696
Finance income	—	—	—	—	—	—	—	—	—	367
Finance costs	—	—	—	—	—	—	—	—	—	18
Profit before income taxes	—	—	—	—	—	—	—	—	—	11,045

(Notes)

1. The "Domestic" and "Overseas" categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The "Laundry" segment in "Domestic" category includes the establishment-related expenses of MLE Co.,Ltd (28 Million Yen), the acquisition-related costs (122 Million Yen) and the depreciation cost of acquired intangible assets (393 Million Yen).
3. The "Others" category consists of business that is not included in reportable segments. It includes Real estate management business and Enterprise and personal non-life insurance and life insurance agent business and so on.
4. Adjustment of segment profit (loss) includes the elimination of internal transactions among segments.

For the Nine Months Ended December 31, 2018

(Million yen)

	Reportable segments						Others (Note 2)	Total	Adjustment (Note 3)	Consolidated
	Domestic (Note 1)			Overseas (Note 1)		Subtotal				
	Manufacturing and sales of products	Maintenance	Laundry	Manufacturing and sales of products	Maintenance					
Revenue										
Revenue to external customers	41,589	23,361	14,355	14,090	4,048	97,445	42	97,488	—	97,488
Intersegment revenue and transfers	2,594	131	7	207	36	2,976	353	3,330	(3,330)	—
Total	44,183	23,493	14,363	14,297	4,084	100,422	396	100,818	(3,330)	97,488
Segment profit	2,974	6,526	975	1,372	269	12,117	45	12,162	94	12,257
Finance income	—	—	—	—	—	—	—	—	—	403
Finance costs	—	—	—	—	—	—	—	—	—	34
Profit before income taxes	—	—	—	—	—	—	—	—	—	12,627

(Notes)

1. The “Domestic” and “Overseas” categories among the reportable segments pertain to the business activities of domestic consolidated companies and overseas consolidated companies, respectively.
2. The “Others” category consists of business that is not included in reportable segments. It includes Real estate management business and Enterprise and personal non-life insurance and life insurance agent business and so on.
3. Adjustment of segment profit include the elimination of internal transactions among segments.