

# FY2014 Consolidated Financial Results (Japanese Standard)

(English translation extracted from the original Japanese document)



Company Name: **EXEDY Corporation**  
 Code No.: 7278  
 URL: <http://www.exedy.com>  
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 Director and Senior Executive Officer / Administrative Headquarters Executive General Manager

April 24, 2015  
 Tokyo Stock Exchange

Scheduled Date for the General Shareholders Meeting: June 26, 2015  
 Expected Payment Date for Dividends: June 29, 2015  
 Scheduled Filing Date for the Yukashoken Houkokusho: June 29, 2015  
 Additional Materials for FY2014 Financial Results: Yes (Japanese only)  
 Briefing Session for FY2014 Financial Results: Yes (For analysts and professional investors)

## 1. Consolidated Financial Results for FY2014 (April 1, 2014 through March 31, 2015)

### (1) Consolidated Operating Results

(Changes from the previous year expressed as a percentage)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2014	256,011	9.3	17,887	-8.0	19,582	-6.9	9,503	-22.5
FY2013	234,262	15.8	19,434	35.3	21,024	28.8	12,268	26.2

Note: The comprehensive incomes for FY2014 and FY2013 were 19,535 million yen (-17.4%) and 23,644 million yen (42.2%) respectively.

	Earnings per Share	Fully Diluted Earnings per Share	Return on Equity	Return on Assets	Operating Income to Net Sales Ratio
	yen	yen	%	%	%
FY2014	197.96	-	6.3	8.0	7.0
FY2013	255.58	-	9.0	9.8	8.3

Note: The equity incomes for FY2014 and FY2013 were 121 million yen and -3 million yen respectively.

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets as a Percentage of Total Assets (excluding share subscription rights and minority interests)	Net Assets per Share (excluding share subscription rights and minority interests)
	millions of yen	millions of yen	%	yen
FY2014	260,972	170,326	60.6	3,294.13
FY2013	230,740	155,930	63.1	3,032.56

Note: Net assets for FY2014 and FY2013, excluding share subscription rights and minority interests, were 158,153 million yen and 145,583 million yen respectively.

### (3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Year-end Cash and Cash Equivalents
	millions of yen	millions of yen	millions of yen	millions of yen
FY2014	17,696	-25,647	4,302	33,710
FY2013	29,829	-22,188	590	35,233

## 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			
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2013	-	25.00	-	45.00	70.00	3,366	27.4	2.3
FY2014	-	35.00	-	35.00	70.00	3,367	35.4	2.2
FY2015 (Predicted)	-	35.00	-	35.00	70.00		32.0	

## 3. Consolidated Predictions for FY2015 (April 1, 2015 through March 31, 2016)

(Changes from previous financial period expressed as a percentage)

	Net Sales		Operating Income		Ordinary Income		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 FY2015	130,000	3.6	9,000	-7.5	8,500	-18.1	5,000	3.6	104.15
FY2015	270,000	6	20,000	11.8	19,000	-3.0	10,500	10.5	218.71

※ General Notes

(1) Significant Changes in Scope of Consolidation: None

In : - ( Company Name : ) Out : - ( Company Name : )

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

- ① Changes in Accounting Standards: Yes  
 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 Stocks) :  
 48,593,736 shares and 48,593,736 shares for FY2014 and FY2013 respectively  
 ② Number of Treasury Stocks at the Fiscal Year-end: 583,089 shares and 586,720 shares for FY2014 and FY2013 respectively  
 ③ Average Number of Shares Issued and Outstanding for Each Fiscal Year:  
 48,009,249 shares and 48,003,597 shares for FY2014 and FY2013 respectively

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

(FY2014: 118,800 shares, FY2013: 82,700 shares)

Furthermore, the shares held within the ESOP and BIP trust accounts are included in treasury stocks that are deducted in the calculation of the average number of shares for the period.

(FY2014: 92,616 shares, FY2013: 86,669 shares)

**Reference: Unconsolidated Financial Results Overview**

**FY2014 Unconsolidated Financial Results (Japanese Standard)**

(English translation extracted from the original Japanese document)

1. Unconsolidated Results for FY2014 (April 1, 2014 through March 31, 2015)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2014	116,572	2.8	7,288	-25.5	12,681	-2.1	7,971	-10.6
FY2013	113,407	4.5	9,781	86.6	12,951	42.8	8,916	22.5

	Earnings per Share	Fully Diluted Earnings per Share
	yen	yen
FY2014	166.05	-
FY2013	185.75	-

(2) Unconsolidated financial position

	Total Assets	Net Assets	Net Assets as a Percentage of Total Assets (excluding share subscription rights and minority interests)	Net Assets per Share (excluding share subscription rights and minority interests)
	millions of yen	millions of yen	%	yen
FY2014	131,988	92,053	69.7	1,917.36
FY2013	127,780	87,996	68.9	1,832.99

Note: Net assets, excluding share subscription rights and minority interests, were 92,053 million yen and 87,996 million yen for FY2014 and FY2013 respectively.

2. Unconsolidated Predictions for FY2015 (April 1, 2015 through March 31, 2016)

(Changes from the previous year expressed as a percentage)

	Net Sales		Operating Income		Ordinary Income		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 FY2015	56,500	-2.3	2,500	-35.8	5,300	-30.6	4,500	-5.0	93.73
FY2015	117,000	0.4	6,500	-10.8	9,000	-29.0	6,500	-18.5	135.39

※ Information Regarding Audit Procedures

The audit procedures for financial statements have not been completed at the time of disclosure of this report, as pursuant to Japan's Financial Instruments and Exchange Act.

※ Regarding the appropriate use of business results predictions and other information

Financial predictions are based on judgments and estimates of currently available information.

Statements of financial predictions do not guarantee future performance and involve known risks, unknown risks, uncertainties and other factors that may cause the company's actual results, achievements, performance, or financial position to be different from any future results, achievements or financial positions expressed or implied by these financial predictions.

## 4 . Consolidated quarterly financial statements

## ( 1 ) Consolidated quarterly balance sheets

(millions of yen)

	FY2013	FY2014
	(As of Mar. 31, 2014)	(As of Mar. 31, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	35,328	33,808
Notes and accounts receivable - trade	43,051	46,651
Merchandise and finished goods	12,078	14,001
Work in process	4,749	6,148
Raw materials and supplies	10,730	11,529
Deferred tax assets	3,741	3,774
Short-term loans receivable	549	331
Other	4,195	6,818
Allowance for doubtful accounts	-117	-122
Total current assets	<u>114,306</u>	<u>122,941</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,873	35,201
Machinery, equipment and vehicles, net	44,767	58,586
Tools, furniture and fixtures, net	6,622	8,344
Land	9,477	11,383
Construction in progress	11,079	11,665
Total property, plant and equipment	<u>103,819</u>	<u>125,182</u>
Intangible assets	3,984	3,695
Investments and other assets		
Investment securities	3,809	4,394
Long-term loans receivable	400	346
Net defined benefit asset	1,321	1,126
Deferred tax assets	1,447	1,611
Other	1,688	1,715
Allowance for doubtful accounts	-37	-41
Total investments and other assets	<u>8,629</u>	<u>9,153</u>
Total non-current assets	<u>116,433</u>	<u>138,030</u>
Total assets	<u>230,740</u>	<u>260,972</u>

(millions of yen)

	FY2013 (As of Mar. 31, 2014)	FY2014 (As of Mar. 31, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	19,845	20,870
Short-term loans payable	6,939	9,319
Accrued expenses	8,298	8,638
Income taxes payable	4,597	1,562
Provision for product warranties	986	2,963
Other	7,658	8,738
Total current liabilities	48,325	52,093
Non-current liabilities		
Bonds payable	7,000	7,000
Long-term loans payable	12,159	22,020
Long-term accounts payable - other	493	463
Deferred tax liabilities	2,721	3,691
Net defined benefit liability	3,708	4,809
Asset retirement obligations	27	28
Other	373	538
Total non-current liabilities	26,484	38,552
Total liabilities	74,809	90,645
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,284	8,284
Capital surplus	7,543	7,556
Retained earnings	126,783	131,668
Treasury shares	-1,478	-1,480
Total shareholders' equity	141,132	146,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,058	1,587
Foreign currency translation adjustment	3,308	10,524
Remeasurements of defined benefit plans	84	12
Total accumulated other comprehensive income	4,451	12,124
Minority interests	10,346	12,172
Total net assets	155,930	170,326
Total liabilities and net assets	230,740	260,972

(2) Consolidated quarterly statements of operation and comprehensive income  
- Consolidated quarterly statements of income

(millions of yen)

	FY2013 ( Apr. 1, 2013 through Mar. 31, 2014)	FY2014 ( Apr. 1, 2014 through Mar. 31, 2015)
Net sales	234,262	256,011
Cost of sales	184,358	206,284
Gross profit	49,903	49,727
Selling, general and administrative expenses		
Packing and transportation expenses	6,514	6,752
Provision for product warranties	625	304
Provision of allowance for doubtful accounts	6	44
Directors' compensations, salaries and allowances	7,905	8,224
Welfare expenses	1,303	1,546
Retirement benefit expenses	-31	77
Depreciation	1,711	2,108
Research and development expenses	4,573	5,208
Other	7,861	7,572
Total selling, general and administrative expenses	30,469	31,839
Operating income	19,434	17,887
Non-operating income		
Interest income	198	182
Dividend income	50	79
Rent income	136	133
Subsidy income	170	118
Gain on sales of non-current assets	23	85
Foreign exchange gains	1,890	1,675
Test consignment income	25	62
Share of profit of entities accounted for using equity method	-	121
Other	526	593
Total non-operating income	3,021	3,051
Non-operating expenses		
Interest expenses	600	774
Interest on bonds	35	35
Loss on sales and retirement of non-current assets	426	163
Share of loss of entities accounted for using equity	3	-
Other	365	382
Total non-operating expenses	1,431	1,356
Ordinary income	21,024	19,582
Extraordinary losses		
Provision of reserve for product warranties	-	2,200
Loss on sales of investment securities	-	68
Total extraordinary losses	-	2,269
Income before income taxes and minority interests	21,024	17,313
Income taxes - current	7,296	5,755
Income taxes - deferred	366	1,060
Total income taxes	7,662	6,816
Income before minority interests	13,362	10,496
Minority interests in income	1,093	992
Net income	12,268	9,503

- Consolidated quarterly statements of comprehensive income

	(millions of yen)	
	FY2013	FY2014
	( Apr. 1, 2013 through Mar. 31, 2014)	( Apr. 1, 2014 through Mar. 31, 2015)
Income before minority interests	13,362	10,496
Other comprehensive income		
Valuation difference on available-for-sale securities	321	529
Foreign currency translation adjustment	9,945	8,604
Remeasurements of defined benefit plans, net of tax	-	-71
Share of other comprehensive income of entities accounted for using equity method	14	-23
Total other comprehensive income	<u>10,282</u>	<u>9,038</u>
Comprehensive income	<u>23,644</u>	<u>19,535</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,035	17,176
Comprehensive income attributable to minority interests	2,609	2,358

(3) Consolidated statements of changes in shareholder's equity  
FY2013 (Apr. 1, 2013 through Mar. 31, 2014)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,284	7,540	116,914	-1,498	131,241
Cumulative effects of changes in accounting policies					
Restated balance	8,284	7,540	116,914	-1,498	131,241
Changes of items during period					
Dividends of surplus			-2,400		-2,400
Net income			12,268		12,268
Purchase of treasury shares				-2	-2
Disposal of treasury shares		2		22	24
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2	9,868	19	9,890
Balance at end of current period	8,284	7,543	126,783	-1,478	141,132

	Accumulated other comprehensive income				Minority 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	736	-5,135	-	-4,398	8,868	135,710
Cumulative effects of changes in accounting policies						
Restated balance	736	-5,135	-	-4,398	8,868	135,710
Changes of items during period						
Dividends of surplus						-2,400
Net income						12,268
Purchase of treasury shares						-2
Disposal of treasury shares						24
Net changes of items other than shareholders' equity	321	8,444	84	8,850	1,478	10,329
Total changes of items during period	321	8,444	84	8,850	1,478	20,220
Balance at end of current period	1,058	3,308	84	4,451	10,346	155,930

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,284	7,543	126,783	-1,478	141,132
Cumulative effects of changes in accounting policies			-777		-777
Restated balance	8,284	7,543	126,005	-1,478	140,354
Changes of items during period					
Dividends of surplus			-3,840		-3,840
Net income			9,503		9,503
Purchase of treasury shares				-0	-0
Disposal of treasury shares		13		-1	12
Net changes of items other than shareholders' equity					
Total changes of items during period	-	13	5,663	-2	5,674
Balance at end of current period	8,284	7,556	131,668	-1,480	146,028

	Accumulated other comprehensive income				Minority 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	1,058	3,308	84	4,451	10,346	155,930
Cumulative effects of changes in accounting policies						-777
Restated balance	1,058	3,308	84	4,451	10,346	155,153
Changes of items during period						
Dividends of surplus						-3,840
Net income						9,503
Purchase of treasury shares						-0
Disposal of treasury shares						12
Net changes of items other than shareholders' equity	529	7,215	-71	7,672	1,826	9,498
Total changes of items during period	529	7,215	-71	7,672	1,826	15,173
Balance at end of current period	1,587	10,524	12	12,124	12,172	170,326



## (4) Consolidated statements of cash flows

	(millions of yen)	
	FY2013	FY2014
	(Apr. 1, 2013 through Mar. 31, 2014)	(Apr. 1, 2014 through Mar. 31, 2015)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	21,024	17,313
Depreciation	12,210	14,363
Loss (gain) on sales and retirement of non-current assets	341	72
Increase (decrease) in allowance for doubtful accounts	3	-0
Increase (decrease) in provision for retirement benefits	-3,854	-
Decrease (increase) in net defined benefit asset	-1,321	-210
Increase (decrease) in net defined benefit liability	3,708	275
Increase (decrease) in provision for product warranties	492	1,804
Interest and dividend income	-248	-261
Interest expenses	635	809
Decrease (increase) in notes and accounts receivable - trade	-114	-1,126
Decrease (increase) in inventories	621	-1,744
Increase (decrease) in notes and accounts payable - trade	2,085	-592
Increase (decrease) in long-term accounts payable - other	-127	-25
Other, net	111	-3,577
Subtotal	<u>35,567</u>	<u>27,101</u>
Interest and dividend income received	290	330
Interest expenses paid	-633	-803
Income taxes (paid) refund	-5,395	-8,932
Net cash provided by (used in) operating activities	<u>29,829</u>	<u>17,696</u>
<b>Cash flows from investing activities</b>		
Payments into time deposits	-74	-0
Proceeds from withdrawal of time deposits	56	1
Purchase of property, plant and equipment	-20,027	-25,304
Proceeds from sales of property, plant and equipment	315	225
Purchase of intangible assets	-1,663	-814
Purchase of investment securities	-14	-36
Purchase of shares of subsidiaries	-442	-
Purchase of shares of subsidiaries and associates	-339	53
Payments of loans receivable	-212	-1
Collection of loans receivable	216	273
Other, net	-3	-44
Net cash provided by (used in) investing activities	<u>-22,188</u>	<u>-25,647</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	432	240
Proceeds from long-term loans payable	6,154	10,833
Repayments of long-term loans payable	-2,915	-2,357
Redemption of bonds	-66	-
Proceeds from share issuance to minority shareholders	5	-
Purchase of treasury shares	-2	-0
Cash dividends paid	-2,404	-3,846
Cash dividends paid to minority shareholders	-579	-532
Other, net	-35	-35
Net cash provided by (used in) financing activities	<u>590</u>	<u>4,302</u>
Effect of exchange rate change on cash and cash equivalents	1,408	2,125
Net increase (decrease) in cash and cash equivalents	<u>9,639</u>	<u>-1,523</u>
Cash and cash equivalents at beginning of period	<u>25,593</u>	<u>35,233</u>
Cash and cash equivalents at end of period	<u>35,233</u>	<u>33,710</u>

**【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 accounting policies of the reportable segment are mainly consistent to what is described in Note 1 "Summary of Significant Accounting and Reporting Policies". The segment profit (loss) is based on operating income before amortization of goodwill. The prices of the goods traded or transferred among the segments 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

FY2013 ( Apr. 1, 2013 through Mar. 31, 2014 )

(millions of yen)

	Reportable segments			Others	Total
	Manual automotive drivetrain related business	Automatic automotive drivetrain related business	Reportable segments		
Sales					
Revenues from external customers	67,649	141,859	209,509	24,753	234,262
Transactions with other segments	313	2,627	2,941	7,922	10,863
Net sales	67,963	144,487	212,450	32,675	245,126
Operating income (loss)	10,226	10,422	20,649	94	20,744
Assets	60,815	117,532	178,348	32,877	211,226
Other items					
Depreciation	2,874	8,055	10,930	1,439	12,369
Investments in entities accounted for using equity method	484	375	860	344	1,204
Increase in property, plant and equipment and intangible assets	3,739	12,691	16,430	3,492	19,922

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.

FY2014 ( Apr. 1, 2014 through Mar. 31, 2015 )

(millions of yen)

	Reportable segments			Others	Total
	Manual automotive drivetrain related business	Automatic automotive drivetrain related business	Reportable segments		
Sales					
Revenues from external customers	71,447	156,947	228,395	27,616	256,011
Transactions with other segments	457	2,484	2,941	7,304	10,245
Net sales	71,905	159,431	231,336	34,920	266,257
Operating income (loss)	9,374	9,797	19,171	-302	18,869
Assets	67,501	139,139	206,640	38,682	245,323
Other items					
Depreciation	3,117	9,840	12,958	1,572	14,530
Investments in entities accounted for using equity method	294	382	676	385	1,062
Increase in property, plant and equipment and intangible assets	4,595	19,597	24,192	3,406	27,599

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	FY2013	FY2014
Reportable Segments Total	212,450	231,336
'Other' profit	32,675	34,920
Inter-segment Elimination	-10,863	-10,245
Consolidated Financial Statement ( Sales )	234,262	256,011

(millions of yen)

Profit	FY2013	FY2014
Reportable Segments Total	20,649	19,171
'Other' profit	94	-302
Inter-segment Elimination	219	619
Amortization of Goodwill	-4	-
Corporate Expenses	-1,490	-1,654
Other	-34	52
Consolidated Financial Statement ( Operating Profit )	19,434	17,887

Note: Corporate expenses mainly comprise general / administrative and R&D expenses for new products.

#### Amount per Share

	FY2013 (Apr. 1, 2013 through Mar. 31, 2014)	FY2014 (Apr. 1, 2014 through Mar. 31, 2015)
Net Assets per Share (Yen)	3,032.56	3,294.13
Basic Net Income per Share (Yen)	255.58	197.96

Note: 1. Diluted net income per share is not disclosed because potentially dilutive securities have not been issued.

2. The computation basis for net income per share is as follows:

	FY2013 (Apr. 1, 2013 through Mar. 31, 2014)	FY2014 (Apr. 1, 2014 through Mar. 31, 2015)
Earnings per Share		
Net Income or Loss	12,268	9,503
Amount Not Attributable to Common Stockholders (in millions of yen)	-	-
Net Income or Losses Related to Common Stock (in millions of yen)	12,268	9,503
Number of Average Common Stocks (in thousands of shares)	48,003	48,009

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 stock, in treasury stocks that are deducted from the total number of stocks issued at each fiscal year-end (FY2013: 82,700 shares, FY2014: 78,800 shares).

Furthermore, from the computational standpoint of net income per share, shares are included in treasury stocks that are deducted in the calculation of the average midterm number of shares (FY2013: 86,669 shares, FY2014: 80,308 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 stock, in treasury stocks that are deducted from the total number of stocks issued at each fiscal year-end (FY2013: 0 shares, FY2014: 40,000 shares).

Furthermore, from the computational standpoint of net income per share, shares are included in treasury stocks that are deducted in the calculation of the average midterm number of shares (FY2013: 0 shares, FY2014: 12,308 shares).

Significant Subsequent Events:

None