

FY2015 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 25, 2016

Tokyo Stock Exchange

Scheduled Date for the General Shareholders Meeting: June 28, 2016
 Expected Payment Date for Dividends: June 29, 2016
 Scheduled Filing Date for the Yukashoken Houkokusho: June 29, 2016
 Additional Materials for FY2015 Financial Results: Yes (Japanese only)
 Briefing Session for FY2015 Financial Results: Yes (For analysts and professional investors)

1. Consolidated Financial Results for FY2015 (April 1, 2015 through March 31, 2016)

(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	%
FY2015	268,752	5.0	21,305	19.1	18,112	-7.5	12,013	26.4
FY2014	256,011	9.3	17,887	-8.0	19,582	-6.9	9,503	-22.5

Note: The comprehensive incomes for FY2015 and FY2014 were 7,062 million yen (-63.8%) and 19,535 million yen (-17.4%) respectively.

	Earnings per Share	Fully Diluted Earnings per Share	Return on Equity	Return on Assets	Operating Income to Net Sales Ratio
	yen	yen	%	%	%
FY2015	250.17	-	7.5	7.0	7.9
FY2014	197.96	-	6.3	8.0	7.0

Note: The equity incomes for FY2015 and FY2014 were 51 million yen and 121 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
FY2015	259,273	173,526	62.4	3,366.87
FY2014	260,972	170,326	60.6	3,294.13

Note: Net assets for FY2015 and FY2014, excluding share subscription rights and minority interests, were 161,693 million yen and 158,153 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
FY2015	27,166	-25,737	-2,800	31,560
FY2014	17,696	-25,647	4,302	33,710

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	%	%
FY2014	-	35.00	-	35.00	70.00	3,367	35.4	2.2
FY2015	-	35.00	-	35.00	70.00	3,369	28.0	2.1
FY2016 (Predicted)	-	35.00	-	35.00	70.00		28.0	

3. Consolidated Predictions for FY2016 (April 1, 2016 through March 31, 2017)

(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 FY2016	126,000	-4.0	9,500	5.3	9,200	5.2	6,200	6.3	129.10
FY2016	250,000	-7.0	18,500	-13.2	18,000	-0.6	12,000	-0.1	249.87

※ 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 FY2015 and FY2014 respectively

② Number of Treasury Stocks at the Fiscal Year-end: 568,968 shares and 583,089 shares for FY2015 and FY2014 respectively

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

48,020,449 shares and 48,009,249 shares for FY2015 and FY2014 respectively

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

(FY2015: 104,226 shares, FY2014: 118,800 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.

(FY2015: 108,822 shares, FY2014: 92,616 shares)

Reference: Unconsolidated Financial Results Overview

FY2015 Unconsolidated Financial Results (Japanese Standard)

(English translation extracted from the original Japanese document)

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

(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	%
FY2015	116,752	0.2	8,281	13.6	9,448	-25.5	7,109	-10.8
FY2014	116,572	2.8	7,288	-25.5	12,681	-2.1	7,971	-10.6

	Earnings per Share	Fully Diluted Earnings per Share
	yen	yen
FY2015	148.05	-
FY2014	166.05	-

(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
FY2015	134,012	95,172	71.0	1,981.75
FY2014	131,988	92,053	69.7	1,917.36

Note: Net assets, excluding share subscription rights and minority interests, were 95,172 million yen and 92,053 million yen for FY2015 and FY2014 respectively.

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

(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 FY2016	57,500	0.7	3,000	-19.6	5,000	-26.9	4,100	-27.1	85.37
FY2016	116,000	-0.6	6,000	-27.5	8,000	-15.3	6,500	-8.6	135.35

※ 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)

	FY2014	FY2015
	(As of Mar. 31, 2015)	(As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	33,808	31,975
Notes and accounts receivable - trade	46,651	48,530
Merchandise and finished goods	14,001	13,109
Work in process	6,148	6,049
Raw materials and supplies	11,529	11,120
Deferred tax assets	3,774	3,873
Short-term loans receivable	331	231
Other	6,818	6,751
Allowance for doubtful accounts	-122	-223
Total current assets	<u>122,941</u>	<u>121,420</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,201	36,089
Machinery, equipment and vehicles, net	58,586	63,210
Tools, furniture and fixtures, net	8,344	7,905
Land	11,383	11,549
Construction in progress	11,665	8,354
Total property, plant and equipment	<u>125,182</u>	<u>127,109</u>
Intangible assets	3,695	3,759
Investments and other assets		
Investment securities	4,394	3,292
Long-term loans receivable	346	311
Net defined benefit asset	1,126	1,049
Deferred tax assets	1,611	544
Other	1,715	1,827
Allowance for doubtful accounts	-41	-40
Total investments and other assets	<u>9,153</u>	<u>6,984</u>
Total non-current assets	<u>138,030</u>	<u>137,853</u>
Total assets	<u>260,972</u>	<u>259,273</u>

(millions of yen)

	FY2014 (As of Mar. 31, 2015)	FY2015 (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,870	19,266
Short-term loans payable	9,319	9,751
Current portion of bonds	-	7,000
Accrued expenses	8,638	8,801
Income taxes payable	1,562	1,839
Provision for product warranties	2,963	1,399
Other	8,738	7,439
Total current liabilities	52,093	55,497
Non-current liabilities		
Bonds payable	7,000	-
Long-term loans payable	22,020	21,629
Long-term accounts payable - other	463	356
Deferred tax liabilities	3,691	2,403
Net defined benefit liability	4,809	5,178
Asset retirement obligations	28	28
Other	538	653
Total non-current liabilities	38,552	30,250
Total liabilities	90,645	85,747
Net assets		
Shareholders' equity		
Capital stock	8,284	8,284
Capital surplus	7,556	7,564
Retained earnings	131,668	140,318
Treasury shares	-1,480	-1,444
Total shareholders' equity	146,028	154,721
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,587	920
Foreign currency translation adjustment	10,524	6,224
Remeasurements of defined benefit plans	12	-172
Total accumulated other comprehensive income	12,124	6,971
Minority interests	12,172	11,833
Total net assets	170,326	173,526
Total liabilities and net assets	260,972	259,273

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

(millions of yen)

	FY2014 (Apr. 1, 2014 through Mar. 31, 2015)	FY2015 (Apr. 1, 2015 through Mar. 31, 2016)
Net sales	256,011	268,752
Cost of sales	206,284	214,152
Gross profit	49,727	54,600
Selling, general and administrative expenses		
Packing and transportation expenses	6,752	6,349
Provision for product warranties	304	1,125
Provision of allowance for doubtful accounts	44	-
Directors' compensations, salaries and allowances	8,224	8,721
Welfare expenses	1,546	1,765
Retirement benefit expenses	77	172
Depreciation	2,108	2,296
Research and development expenses	5,208	5,374
Other	7,572	7,488
Total selling, general and administrative expenses	31,839	33,294
Operating income	17,887	21,305
Non-operating income		
Interest income	182	139
Dividend income	79	64
Rent income	133	130
Subsidy income	118	151
Gain on sales of non-current assets	85	46
Gain on sales of investment securities	-	375
Foreign exchange gains	1,675	-
Test consignment income	62	8
Share of profit of entities accounted for using equity method	121	51
Other	593	736
Total non-operating income	3,051	1,704
Non-operating expenses		
Interest expenses	774	1,089
Interest on bonds	35	35
Loss on sales and retirement of non-current assets	163	320
Foreign exchange losses	-	2,677
Other	382	776
Total non-operating expenses	1,356	4,898
Ordinary income	19,582	18,112
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	17,313	18,112
Income taxes - current	5,755	4,996
Income taxes - deferred	1,060	238
Total income taxes	6,816	5,235
Income before minority interests	10,496	12,876
Minority interests in income	992	863
Net income	9,503	12,013

- Consolidated quarterly statements of comprehensive income

	(millions of yen)	
	FY2014	FY2015
	(Apr. 1, 2014 through Mar. 31, 2015)	(Apr. 1, 2015 through Mar. 31, 2016)
Income before minority interests	10,496	12,876
Other comprehensive income		
Valuation difference on available-for-sale securities	529	-667
Foreign currency translation adjustment	8,604	-4,956
Remeasurements of defined benefit plans, net of tax	-71	-185
Share of other comprehensive income of entities accounted for using equity method	-23	-4
Total other comprehensive income	<u>9,038</u>	<u>-5,814</u>
Comprehensive income	<u>19,535</u>	<u>7,062</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,176	6,860
Comprehensive income attributable to minority interests	2,358	201

	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

	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
Cumulative effects of changes in accounting policies					
Restated balance	8,284	7,556	131,668	-1,480	146,028
Changes of items during period					
Dividends of surplus			-3,363		-3,363
Net income			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				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	1,587	10,524	12	12,124	12,172	170,326
Cumulative effects of changes in accounting policies						
Restated balance	1,587	10,524	12	12,124	12,172	170,326
Changes of items during period						
Dividends of surplus						-3,363
Net income						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

(4) Consolidated statements of cash flows

	(millions of yen)	
	FY2014	FY2015
	(Apr. 1, 2014 through Mar. 31, 2015)	(Apr. 1, 2015 through Mar. 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	17,313	18,112
Depreciation	14,363	16,925
Loss (gain) on sales and retirement of non-current assets	72	274
Increase (decrease) in allowance for doubtful accounts	-0	95
Decrease (increase) in net defined benefit asset	-210	77
Increase (decrease) in net defined benefit liability	275	84
Increase (decrease) in provision for product warranties	1,804	-1,551
Interest and dividend income	-261	-203
Interest expenses	809	1,124
Decrease (increase) in notes and accounts receivable - trade	-1,126	-3,296
Decrease (increase) in inventories	-1,744	97
Increase (decrease) in notes and accounts payable - trade	-592	-529
Increase (decrease) in long-term accounts payable - other	-25	-68
Other, net	-3,577	1,639
Subtotal	<u>27,101</u>	<u>32,783</u>
Interest and dividend income received	330	244
Interest expenses paid	-803	-1,104
Income taxes (paid) refund	-8,932	-4,756
Net cash provided by (used in) operating activities	<u>17,696</u>	<u>27,166</u>
Cash flows from investing activities		
Payments into time deposits	-0	-376
Proceeds from withdrawal of time deposits	1	40
Purchase of property, plant and equipment	-25,304	-24,344
Proceeds from sales of property, plant and equipment	225	170
Purchase of intangible assets	-814	-841
Purchase of investment securities	-36	-13
Proceeds from sales of investment securities	-	558
Purchase of shares of subsidiaries resulting in change in scope of	-	-961
Payments of loans receivable	-1	-4
Collection of loans receivable	273	139
Other, net	9	-103
Net cash provided by (used in) investing activities	<u>-25,647</u>	<u>-25,737</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	240	144
Proceeds from long-term loans payable	10,833	5,784
Repayments of long-term loans payable	-2,357	-4,782
Purchase of treasury shares	-0	-1
Cash dividends paid	-3,846	-3,363
Cash dividends paid to minority shareholders	-532	-568
Other, net	-35	-15
Net cash provided by (used in) financing activities	<u>4,302</u>	<u>-2,800</u>
Effect of exchange rate change on cash and cash equivalents	<u>2,125</u>	<u>-777</u>
Net increase (decrease) in cash and cash equivalents	<u>-1,523</u>	<u>-2,149</u>
Cash and cash equivalents at beginning of period	<u>35,233</u>	<u>33,710</u>
Cash and cash equivalents at end of period	<u>33,710</u>	<u>31,560</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

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.

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

(millions of yen)

	Reportable segments			Others	Total
	Manual automotive drivetrain related business	Automatic automotive drivetrain related business	Reportable segments		
Sales					
Revenues from external customers	71,667	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 income (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	397	703	401	1,105
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.

4. Differences Between Reportable Segments and Consolidated Financial Statements

(millions of yen)

Sales	FY2014	FY2015
Reportable Segments Total	231,336	239,603
'Other' profit	34,920	37,183
Inter-segment Elimination	-10,245	-8,034
Consolidated Financial Statement (Sales)	256,011	268,752

(millions of yen)

Profit	FY2014	FY2015
Reportable Segments Total	19,171	20,321
'Other' profit	-302	1,395
Inter-segment Elimination	619	961
Amortization of Goodwill	-	-67
Corporate Expenses	-1,654	-1,366
Other	52	61
Consolidated Financial Statement (Operating Profit)	17,887	21,305

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

Amount per Share

	FY2014 (Apr. 1, 2014 through Mar. 31, 2015)	FY2015 (Apr. 1, 2015 through Mar. 31, 2016)
Net Assets per Share (Yen)	3,294.13	3,366.87
Basic Net Income per Share (Yen)	197.96	250.17

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:

	FY2014 (Apr. 1, 2014 through Mar. 31, 2015)	FY2015 (Apr. 1, 2015 through Mar. 31, 2016)
Earnings per Share		
Net Income or Loss	9,503	12,013
Amount Not Attributable to Common Stockholders (in millions of yen)	-	-
Net Income or Losses Related to Common Stock (in millions of yen)	9,503	12,013
Number of Average Common Stocks (in thousands of shares)	48,009	48,020

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 (FY2014: 78,800 shares, FY2015: 65,000 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 (FY2014: 80,308 shares, FY2015: 69,477 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 (FY2014: 40,000 shares, FY2015: 39,226 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 (FY2014: 12,308 shares, FY2015: 39,345 shares).

Significant Subsequent Events:

None