

[Notes of caution]

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January 31, 2019

Summary of Consolidated Financial Results (Japanese Accounting Standards) for the Third Quarter of the Fiscal Year Ending March 31, 2019

Listed company name: Ezaki Glico Co.,Ltd.
 Securities Code : 2206 URL: <https://www.glico.com/jp/>
 Representative: Katsuhisa Ezaki, President and CEO
 Scheduled filing date of quarterly report: February 4, 2019
 Scheduled commencement date of dividend payments: -
 Preparation of explanatory materials for financial results: Yes
 Holding of a briefing on financial results: None

Listed stock exchange: Tokyo Stock Exchange

(Amounts less than ¥ million are rounded down.)

1. Consolidated Financial Results for the Cumulative Third Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to December 31, 2018)

(1) Consolidated results of operations

(The percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine months ended								
December 31, 2018	271,701	-0.2	16,456	-14.3	18,733	-10.4	12,158	-17.8
December 31, 2017	272,211	0.4	19,211	-15.4	20,912	-14.5	14,796	-12.8

(Note)Comprehensive Income: Nine months ended December 31, 2018: ¥10,150million (-49.7%)

(Note)Comprehensive Income: Nine months ended December 31, 2017: ¥20,181million (24.0%)

	Net income per share(basic)	Net income per share(diluted)
Nine months ended	¥	¥
December 31, 2018	184.81	-
December 31, 2017	224.97	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2018	344,289	221,380	62.2	3,255.18
As of March 31, 2018	341,063	214,788	61.1	3,165.88

(Reference)Shareholders' equity: As of December 31, 2018: ¥214,199million

(Reference)Shareholders' equity: As of March 31, 2018: ¥208,294million

2. Dividend Status

	Annual dividends				
	1Q end	2Q end	3Q end	Year end	Total
Fiscal year ended	¥	¥	¥	¥	¥
March 31, 2018	-	20.0	-	30.0	50.0
Fiscal year ending					
March 31, 2019	-	25.0			
Fiscal year ending					
March 31, 2019(Forecast)			-	30.0	55.0

(Note) Revisions to dividend forecasts published most recently: None

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

(The percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	358,000	1.2	18,000	-11.7	19,900	-9.5	13,600	-10.6	206.71

(Note) Revisions to financial forecasts published most recently: None

* Notes to the Consolidated Financial Statements

(1) Transfers of important subsidiaries during the current quarterly consolidated cumulative period (changes in designated subsidiaries due to a change in the scope of consolidation): None

New – Company (company name), Eliminated – Company (company name)

(2) Application of special accounting treatments for the creation of the quarterly consolidated financial statements: None

(3) Changes in accounting practices, changes in accounting estimates, retrospective restatements

(i) Changes in accounting practices due to a revision of accounting standards, etc.: None

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

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Shares issued (common stock)

(i) Shares issued as of term-end (including treasury shares)

As of December 31, 2018 69,414,469 shares

As of March 31, 2018 69,430,069 shares

(ii) Treasury shares as of term-end

As of December 31, 2018 3,611,699 shares

As of March 31, 2018 3,636,411 shares

(iii) Average shares during fiscal year (quarterly cumulative total)

Nine months ended December 31, 2018 65,791,163 shares

Nine months ended December 31, 2017 65,771,325 shares

*This summary is not subject to audit procedures.

*Explanation of appropriate use of earnings projections, other explanatory notes

Earnings projections and other forward-looking statements indicated in these materials are based on information available at the time and on certain assumptions deemed reasonable at the time. These statements do not represent any guarantee of achievement by the Company. Furthermore, there is the possibility of significant changes in actual earnings due to various factors.

4. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: ¥ million)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	104,336	106,762
Notes and accounts receivable – trade	41,360	40,476
Securities	2,240	1,655
Merchandise and finished goods	13,992	14,647
Work in process	791	750
Raw materials and supplies	12,704	14,566
Others	3,483	3,312
Allowance for doubtful accounts	-31	-29
Total current assets	178,878	182,141
Non-current assets		
Property, plant & equipment		
Buildings and structures, net	31,618	32,814
Machinery, equipment and vehicles , net	33,430	33,222
Tools, furniture and fixtures	3,394	3,563
Land	15,758	15,601
Leased assets	741	629
Construction in progress	6,871	8,949
Total property, plant and equipment	91,814	94,781
Intangible assets		
Software	5,000	4,353
Goodwill	4,051	3,905
Others	561	974
Total intangible assets	9,612	9,232
Investments and other assets		
Investment securities	42,958	40,147
Net defined benefit asset	1,420	1,611
Real estate for investment, net	12,329	12,304
Others	4,098	4,123
Allowance for doubtful accounts	-49	-53
Total investments and other assets	60,757	58,132
Total non-current assets	162,184	162,147
Total assets	341,063	344,289

(Unit: ¥ million)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,872	35,878
Short-term loans payable	842	188
Accrued expenses	27,946	26,142
Income taxes payable	3,352	2,564
Provision for sales promotion expenses	1,887	2,837
Provision for directors' bonuses	38	-
BIP stock benefit allowance	75	-
Others	10,828	9,362
Total current liabilities	78,843	76,973
Long-term liabilities		
Convertible bond-type bonds with subscription rights to shares	30,125	30,108
Long-term loans payable	443	272
Net defined benefit liability	6,215	5,588
Deferred tax liabilities	5,070	4,904
Others	5,576	5,060
Total long-term liabilities	47,431	45,935
Total liabilities	126,275	122,908
Net assets		
Shareholders' equity		
Capital stock	7,773	7,773
Capital surplus	9,095	8,998
Retained earnings	182,627	191,162
Treasury shares	-6,802	-6,625
Total shareholders' equity	192,694	201,309
Other comprehensive income		
Valuation difference on available-for-sale securities	13,587	11,514
Deferred hedge gains and losses	-	40
Foreign currency translation adjustment	1,922	1,308
Remeasurements of defined benefit plans	91	26
Total other comprehensive income	15,600	12,890
Non-controlling interests	6,493	7,180
Total net assets	214,788	221,380
Total liabilities and net assets	341,063	344,289

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Unit: ¥ million)

	April 1, 2017 - December 31, 2017	April 1, 2018 - December 31, 2018
Net sales	272,211	271,701
Cost of sales	143,772	142,588
Gross profit	128,438	129,112
Selling, general and administrative expenses		
Transportation and warehousing expenses	23,225	23,515
Promotion expenses	40,082	39,936
Provision for sales promotion expenses	1,716	2,837
Advertising expenses	9,944	10,508
Retirement benefit expenses	589	358
Others	33,669	35,498
Total selling, general and administrative expenses	109,227	112,655
Operating income	19,211	16,456
Non-operating income		
Interest income	403	407
Dividend income	685	729
Foreign exchange gains	81	138
Subsidy	468	499
Others	1,407	1,504
Total non-operating income	3,045	3,279
Non-operating expenses		
Interest expenses	35	14
Loss on abandonment of non-current assets	315	135
Loss on sales and retirement of non-current assets	149	231
Others	842	620
Total non-operating expenses	1,343	1,002
Ordinary Income	20,912	18,733
Extraordinary income		
Gain on sales of noncurrent assets	26	358
Gain on sales of investment securities	-	133
Gain on redemption of investment securities	486	-
Gain on step acquisitions	471	-
Others	34	-
Total extraordinary income	1,018	492
Extraordinary losses		
Impairment loss	157	46
Business structure improvement expense	-	140
Loss on abolishment of retirement benefit plan	0	170
Others	12	73
Total extraordinary losses	171	431
Income before income taxes and minority interests	21,759	18,794
Income taxes – current	6,111	5,547
Income taxes – deferred	453	468
Total income taxes	6,565	6,015
Net income	15,194	12,778
(Breakdown)		
Net income attributable to owners of parent	14,796	12,158
Net income attributable to non-controlling interests	397	620

	April 1, 2017 - December 31, 2017	April 1, 2018 - December 31, 2018
Other comprehensive income		
Valuation difference on available-for-sale securities	4,228	-2,072
Deferred gains or losses on hedges	-	40
Foreign currency translation adjustment	600	-370
Remeasurements of defined benefit plans	117	-63
Share of other comprehensive income of entities accounted for using equity method	40	-161
Total other comprehensive income	4,986	-2,628
Comprehensive income	20,181	10,150
(Breakdown)		
Comprehensive income attributable to owners of parent	19,527	9,448
Comprehensive income attributable to non-controlling interests	653	702

(Segment Information, etc.)
[Segment Information]

I. First nine months of the Previous consolidated fiscal year(April 1, 2017- December 31, 2017)

1. Information on net sales and income or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated P/L statement and statement of comprehensive income (Note 3)
	Confec- tionaries and Food- Products	Ice Cream	Dairy	Food Ingred- ients	Overseas	Subtotal				
Net sales										
Sales to third parties	72,938	72,316	72,483	8,552	34,143	260,434	11,776	272,211	-	272,211
Inter-segment sales and transfers	920	183	79	123	-	1,306	2,854	4,161	-4,161	-
Total	73,858	72,500	72,562	8,676	34,143	261,741	14,631	276,372	-4,161	272,211
Segment income	5,822	6,899	3,352	1,031	2,089	19,196	97	19,294	-82	19,211

(Notes)

1. The "Other" category is a business segment not included in reporting segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.
 2. The adjusted amount of -82 million yen in segment income includes 855 million yen for the elimination of intersegment transactions and other adjustment amounts of -938 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly include sales and general administration expenses not attributable to any particular reporting segment.
 3. The total amount for segment income is adjusted based on the operating income recorded for the quarterly consolidated P/L statement and statement of comprehensive income.
2. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.
Omitted due to lack of significance.

II. First nine months of the consolidated fiscal year under review (April 1, 2018- December 31, 2018)

1. Information on net sales and income or losses by reportable segment

(Unit: ¥ million)

	Reportable Segment						Others (Note) 1	Total	Adjusted amount (Note) 2	Amounts indicated on quarterly consolidated P/L statement and statement of comprehensive income (Note 3)
	Confectioneries and Food- Products	Ice Cream	Dairy	Food Ingred- ients	Overseas	Subtotal				
Net sales										
Sales to third parties	70,465	71,048	69,681	8,476	38,274	257,947	13,754	271,701	-	271,701
Inter-segment sales and transfers	681	81	110	153	1	1,028	3,065	4,094	-4,094	-
Total	71,146	71,130	69,792	8,630	38,275	258,975	16,819	275,795	-4,094	271,701
Segment income	4,858	7,076	2,632	798	1,867	17,232	45	17,277	-820	16,456

(Notes)

1. The “Others” category is a business segment not included in reporting segments, and includes the Health segment, Office Glico segment, and the Systems Maintenance & Development Business segment.

2. The adjusted amount of -820 million yen in segment income includes 901 million yen for the elimination of intersegment transactions and other adjustment amounts of -1,722 million yen in companywide expenses not allocated to any reporting segment. Companywide expenses mainly include sales and general administration expenses not attributable to any particular reporting segment.

2. Change of reportable segment

From the first three months of the consolidated fiscal year, the previous ‘Confectioneries Division’ and ‘Food Products Division’ are merged to become ‘Confectioneries and Food Products Division’. Overseas business included in the ‘Confectioneries Division,’ ‘Ice Cream Division,’ ‘Milk and Dairy Products Division’ is separated to form ‘Overseas Division.’

The segment information of the first nine months of the previous consolidated fiscal year is based on the division of the reportable segment of the first nine months of the consolidated fiscal year. These reflect changes made in the corporate management structure including the establishment of the ASEAN regional headquarters.

In addition, the conventional ‘Milk and Dairy Products Division’ has been renamed to ‘Dairy’.

3. Impairment losses on fixed assets and information concerning goodwill, etc., for each reporting segment.

Omitted due to lack of significance.

Supplementary Information

For the Third Quarter of the Fiscal Year Ending March 31, 2019

Ezaki Glico Co., Ltd.

1.Consolidated results of operations (Cumulative)

(1) Status of Net Sales and Income

Unit:100 million yen

	FYE March'18	FYE March'19	Change from Previous period	
	3 Q	3 Q	Amount	%
Net sales	2,722	2,717	-5	-0.2
Operating income	192	165	-28	-14.3
Ordinary income	209	187	-22	-10.4
Net income	148	122	-26	-17.8

(2) Status of Net Sales by Geographic segment

Unit:100 million yen

	FYE March'18	FYE March'19	Change from Previous period	
	3 Q	3 Q	Amount	%
Japan	2,381	2,334	-46	-1.9
China	190	206	16	8.5
Southeast Asia	97	108	11	11.5
Others	55	69	14	25.4
Total	2,722	2,717	-5	-0.2

*Sales information is based on the geographical location of customers, and it is classified by country or region.

(3) Status of Operating Income

Unit:100 million yen

	FYE March'18		FYE March'19	
	3 Q		3 Q	
	Results	%	Results	%
Net sales	2,722	100.0	2,717	100.0
Cost of sales	1,438	52.8	1,426	52.5
Gross profit	1,284	47.2	1,291	47.5
Freight and charges	232	8.5	235	8.7
Sales promotion	418	15.4	428	15.7
Advertising expenses	99	3.7	105	3.9
Salaries and benefits	212	7.8	214	7.9
Expenses and depreciation	131	4.8	145	5.3
Total	1,092	40.1	1,127	41.4
Operating income	192	7.1	165	6.1

Factors behind change in operating income	vs FYE March'18	
		Of which, is domestic
(1) Change due increase/decrease in net sales	0	-11
(2) Change due to fluctuation in composition of sales product varieties and other	-3	-6
(3) Change due to increase/decrease in raw materials prices	9	6
(4) Change due to fluctuation in freight and charges ratio	-5	-3
(5) Change due to increase/decrease in sales promotion ratio / advertising expenses	-12	-12
(6) Change due to increase/decrease in SG&A	-16	0
Total	-28	-25

(4) Status of Net Sales by Segment

Unit: 100 million yen

	FYE March'18 3Q	FYE March'19 3Q	Change from Previous period	
			Amount	%
Confectioneries and Food Products	729	705	-25	-3.4
(Of which, is confectioneries)	576	555	-21	-3.6
(Of which, is food products)	154	150	-4	-2.6
Ice Cream	723	710	-13	-1.8
Dairy	725	697	-28	-3.9
Food Ingredients	86	85	-1	-0.9
Overseas	341	383	41	12.1
Other	118	138	20	16.8
Total	2,722	2,717	-5	-0.2

(5) Status of Operating Income by Segment

Unit: 100 million yen

	FYE March'18 3Q	FYE March'19 3Q	Change from Previous period	
			Amount	%
Confectioneries and Food Products	58	49	-10	-16.6
(Of which, is confectioneries)	51	45	-7	-12.7
(Of which, is food products)	7	4	-3	-44.1
Ice Cream	69	71	2	2.6
Dairy	34	26	-7	-21.5
Food Ingredients	10	8	-2	-22.7
Overseas	21	19	-2	-10.6
Other	0	▲ 8	-8	-
Total	192	165	-28	-14.3

<Reference>

The results are calculated by using the rates indicated below.

FYE March'18 3Q	FYE March'19 3Q
1CNY= 16.96YEN	1CNY= 16.50YEN
1THB= 3.38YEN	1THB= 3.50YEN
1USD=112.73YEN	1USD=113.57YEN

2. Consolidated financial position

Unit: 100 million yen

	Mar.'18	Dec.'18	Change		Mar.'18	Dec.'18	Change
Current assets total	1,789	1,821	33	Current liabilities	788	770	-19
Cash and deposits	1,043	1,068	24	Notes and accounts payable	339	359	20
Notes and accounts receivable	414	405	-9	Short-term loans payable	8	2	-7
Inventories	275	300	25	Others	441	409	-32
Others	57	49	-8	Long-term liabilities	474	459	-15
Non-current assets total	1,622	1,621	-0	Convertible bond-type bonds with subscription rights to shares	301	301	-0
Property, plant and equipment	918	948	30	Long-term loans payable	4	3	-2
Intangible assets	96	92	-4	Net defined benefit liability	62	56	-6
Investment securities	430	401	-28	Others	106	100	-7
Real estate for investment	123	123	-0	Total liabilities	1,263	1,229	-34
Others	55	57	2	Total net assets	2,148	2,214	66
				Total shareholders' equity	1,927	2,013	86
				Other comprehensive income	156	129	-27
				Non-controlling interests	65	72	7
Total assets	3,411	3,443	32	Total liabilities and net assets	3,411	3,443	32