

**FY2018 Third Quarter Consolidated Financial Results [Japan GAAP]
(April 1, 2018 through December 31, 2018)**

February 12, 2019

Company Name : ANEST IWATA Corporation
 Stock Exchanges on which the shares are listed : Tokyo Stock Exchange in Japan
 Code Number : 6381
 URL : <http://www.anest-iwata.co.jp/english>
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 Filing Date of Quarterly Securities Report : February 13, 2019
 Payment Date of Cash Dividends : -
 Supplemental Materials Prepared for Quarterly Results : Yes
 Earnings Announcement for Quarterly Financial Results : None

(Amounts are rounded to the nearest million yen)

1. Consolidated Results for FY2018 (April 1, 2018 through December 31, 2018)

(1) Consolidated Financial Results (%) of change from previous 3rd Quarter)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income Attributable to Parent Company Shareholders	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY2018 3rd Quarter	28,695	22.6	3,434	30.0	3,784	18.2	2,434	20.8
FY2017 3rd Quarter	23,413	11.3	2,641	Δ0.5	3,202	7.1	2,015	Δ18.2

(Note) Quarterly Comprehensive Income: FY2018 3rd Quarter 1,904 million yen (Δ25.9%), FY2017 3rd Quarter 2,571 million yen (87.5%)

	Net Income per share - Basic	Net Income per share - Diluted
	Yen	Yen
FY2018 3rd Quarter	58.32	—
FY2017 3rd Quarter	48.29	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	Million Yen	Million Yen	%
FY2018 3rd Quarter	46,968	33,434	63.2
FY2017	47,277	32,777	61.4

(Note) Shareholders' Equity: FY2018 3rd Quarter 29,698 million yen, FY2017 29,006 million yen.

(Note) Retroactive application has been made in accordance with the announcement of corporate accounting standard No. 28, "Partial Amendments to 'Accounting Standard for Tax Effect Accounting'", etc. For the period ending in March 2018, therefore, figures after the retroactive application are indicated.

2. Cash Dividends

	Annual Cash Dividends per share				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	—	10.00	—	10.00	20.00
FY2018	—	11.00	—		
FY2018 (forecast)				10.00	21.00

(Note) Revisions to the forecast of cash dividends since latest announcement: None

3. Forecast of Consolidated Results for FY2018 (April 1, 2018 through March 31, 2019)

(%) of change from FY2017)

	Net Sales		Operating Income		Ordinary Income		Current Net Income Attributable to Parent Company Shareholders		Net Income per share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
FY2018	36,000	9.7	4,000	4.6	4,400	1.1	2,820	0.4	67.56

(Note) Revisions to the forecast of consolidated results since latest announcement: None

* Note

- (1) Changes in significant subsidiaries during FY2018 2nd quarter: None
 (Changes in specified subsidiaries that caused a change in scope of consolidation)
 New: Company (company name) Excluded: Company (company name)
- (2) Application of account processing specific to the creation of quarterly consolidated financial statements: None
- (3) Change in accounting policy, change and restatement of accounting estimates
- (i) Change in accounting policy due to the revision of accounting standards, etc.: None
 - (ii) Change in accounting policy for other reasons: None
 - (iii) Change in accounting estimates: None
 - (iv) Restatement: None

(4) Number of shares issued and outstanding (common stock)

- (i). Number of shares issued and outstanding at the end of each fiscal year (including treasury stock)
- (ii). Number of treasury shares at the end of each fiscal year
- (iii) Average number of shares outstanding in the period (quarterly total)

FY2018 3rd Quarter	41,745,505 shares	FY2017	41,745,505 shares
FY2018 3rd Quarter	6,664 shares	FY2017	6,659 shares
FY2018 3rd Quarter	41,738,845 shares	FY2017 3rd Quarter	41,738,885 shares

* These quarterly financial results are not subject to quarterly reviews by certified public accountants or audit corporations.

* Explanation of the appropriate use of the expected results of operations, other special notes

Forecasts for operations and other descriptions about the future that are contained in this document are based on the information acquired at the time of publication, as well as certain premises that we judge reasonable. The actual results of operations and so on may change greatly as a result of various factors. For information about the conditions acting as the premise for the expected results of operations and notes on the use of the expected results of operations, see "(3) Explanation for the information on future prospects including the expected consolidated results of operations" on page 3 of Attachment.

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1. Qualitative information for financial results of the current quarter

(1) Explanation for results of operations

Matters related to the future appearing in this text have been judged by our group as of the last day of the current consolidated fiscal third quarter.

(1) Explanation of results of operations

During the current consolidated cumulative third quarter, the world economy has grown steadily on the whole mainly in the United States, while on the other hand, uncertainty still remains due to the trade friction between the United States and China and the political instability in Europe, among others. The Japanese economy has been on a recovery path, despite concerns about the appreciation of the yen, supported by the employment environment, consumer spending, and favorable corporate performance, among others.

In such a business environment, our group has continued business activities with an aim to become a "True World-Class Company" toward the achievement of the present midterm business plan. Based on the current situation and by predicting the future, we have started drawing up the next midterm business plan.

In the air compressor field, the sales of oil free scroll compressors in Japan have grown steadily, supported by firm equipment investment demand. Sales of medical compressor units and incidental devices mainly in emerging countries such as India and Brazil continue to increase. Sales of vehicle-mounted air compressor units for public transportation vehicles such as electric buses and railroad vehicles have also grown steadily in areas except China and continue to increase. In addition, the business performance of the sales of the screw compressor manufacturing and selling company in China, Shanghai Screw Compressor Co., Ltd., and the small-size compressor manufacturing and selling subsidiary in Taiwan, Anest Iwata Sparmax Co., Ltd., which were turned into consolidated subsidiaries this fiscal year, has made a significant contribution. In the vacuum equipment field, the sales of oil free scroll vacuum pumps in the general industrial market have grown by using the sales channels in Japan. On the other hand, we continue to face uphill battle in the United States and Europe due to decreasing demand from equipment manufacturers and OEM partners. In the coating equipment field, we continue to collaborate with manufacturers both in and outside Japan, particularly automotive refinish paint manufacturers. In addition to carrying out activities for acquiring certifications for specific paints, we proceed with the vitalization of the market by developing and selling dedicated spray guns. In Japan, in particular, new models of spray guns for color clear coating have been placed on the automotive refinishing market, and have gotten off to a good start. In the industrial coating market, while reviewing our activities around the world, we have proceeded with the selection of targets and the preparations for activities suitable for each region. In the field of liquid application equipment for handling liquids other than paints, included in the coating equipment field, we continue activities for promoting the sales of devices and equipment specifically for applying adhesives that are for use in manufacturing processes and logistics and transport systems; and mainly in Japan, spray guns specifically for liquids related to food that are for use in bread and confectionery production, liquid supply devices, and so on. In the coating system field, sales have increased due to the delivery of coating systems to automotive parts manufacturing plants in North America and automobile and electric parts manufacturing plants in China. We continue to carry out activities by making full use of coating trial facilities around the world toward equipment replacement and introduction of new equipment, in an attempt to receive orders in not only the current term but also the subsequent terms. In Japan, we participated in the first Highly-functional PAINT & COATINGS EXPO, and introduced exhibits such as EA coating technology, which achieves 100% coating on very small locations, and oil free scroll compressors, which take the next generation into account, and these exhibits were well received by a very large number of visitors.

As a result, our business performance for the current consolidated cumulative third quarter grew both in terms of revenue and income, with sales standing at 28,695 million yen (up 22.6% from the same consolidated cumulative quarter of the previous fiscal year), operating profit at 3,434 million yen (up 30.0%), current profit at 3,784 million yen (up 18.2%), and quarterly net profit attributable to the parent company shareholders at 2,434 million yen (up 20.8%).

(i) Results of operations by segment

The results of our operations by segment are omitted as they are shown in (Segment information, etc.) in "2. Quarterly consolidated financial statements - (3) Notes on quarterly consolidated financial statements".

(ii) Sales by product category

(Amount: thousand yen)

Product Category	Consolidated cumulative third quarter of the previous fiscal year		Consolidated cumulative third quarter of this fiscal year		Increase/decrease from the corresponding quarter of the previous fiscal year	
	April 1, 2017 - December 31, 2017		April 1, 2018 - December 31, 2018		Amount of increase/decrease	Increase/decrease rate (%)
	Sales	Composition rate (%)	Sales	Composition rate (%)		
Air Compressors	11,737,447	50.1	15,760,103	54.9	4,022,656	34.3
Vacuum Equipment	1,349,937	5.8	1,344,414	4.7	△5,523	△0.4
Coating Equipment	8,818,380	37.7	9,597,153	33.4	778,773	8.8
Coating Systems	1,507,928	6.4	1,994,047	7.0	486,119	32.2
Total	23,413,694	100.0	28,695,718	100.0	5,282,024	22.6

(2) Explanation for financial condition

For assets, our current assets stood at 25,321 million yen (down 0.6% from the previous consolidated fiscal year), mainly due to a decrease of 469 million yen in the "accounts receivable-trade". Our noncurrent assets stood at 21,646 million yen (down 0.7%), mainly due to a decrease of 425 million yen in the "investment securities". As a result, our total assets stood at 46,968 million yen (down 0.7%).

For liabilities, our current liabilities stood at 9,449 million yen (down 12.3%), mainly due to a decrease of 343 million yen in the "short-term loans payable" (including the current portion of long-term loans payable). Our noncurrent liabilities stood at 4,084 million yen (up 9.8%), mainly due to an increase of the lease obligations (noncurrent) included in the "other". As a result, our total liabilities stood at 13,534 million yen (down 6.7%).

Our net assets stood at 33,434 million yen (up 2.0%). Our equity capital, which is calculated by subtracting the non-controlling shareholders' equity from the net assets, stood at 29,698 million yen, increasing our equity ratio by 1.8 percentage points to 63.2%, from 61.4% at the end of the previous consolidated fiscal year.

(3) Explanation for the information on future prospects including the expected consolidated results of operations

At present, the expected consolidated results of operations and the expected dividends for the full year announced on May 10, 2018 remain unchanged.

2. Quarterly consolidated financial statements and main notes
 (1) Quarterly consolidated balance sheets

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of December 31, 2018)
Assets		
Current Assets		
Cash and deposits	9,225,287	8,959,036
Accounts receivable-trade	7,624,339	7,154,953
Securities	500,000	500,000
Merchandise and finished goods	3,876,983	4,220,840
Work in process	918,367	958,176
Raw materials and supplies	2,138,244	2,397,780
Other	1,373,957	1,359,756
Allowance for doubtful accounts (current)	△176,820	△228,728
Total current assets	25,480,360	25,321,815
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures, net	5,389,865	5,350,538
Other, net	6,648,729	6,910,675
Total property, plant and equipment	12,038,594	12,261,213
Intangible assets		
Goodwill	1,588,301	1,832,166
Other	1,946,621	1,722,024
Total intangible assets	3,534,922	3,554,190
Investments and other assets		
Investment securities	4,617,239	4,191,553
Other	1,617,577	1,650,427
Allowance for doubtful accounts (noncurrent assets)	△11,095	△10,725
Total investments and other assets	6,223,722	5,831,254
Total noncurrent assets	21,797,240	21,646,658
Total assets	47,277,600	46,968,474

(Amount: thousand yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of December 31, 2018)
Liabilities		
Current Liabilities		
Accounts payable-trade	4,769,153	4,646,849
Short-term loans payable	1,767,728	1,424,114
Income taxes payable	604,634	348,629
Provision for bonuses	628,046	363,353
Provision for other	318,903	292,109
Other	2,690,533	2,374,179
Total current liabilities	10,778,999	9,449,235
Noncurrent liabilities		
Net defined benefit liability	2,401,451	2,309,052
Other	1,319,410	1,775,725
Total noncurrent liabilities	3,720,861	4,084,777
Total liabilities	14,499,860	13,534,013
Net Assets		
Shareholders' equity		
Capital stock	3,354,353	3,354,353
Capital surplus	1,324,472	1,117,838
Retained earnings	23,307,605	24,865,317
Treasury stock	△5,387	△5,393
Total shareholders' equity	27,981,043	29,332,115
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	863,484	483,303
Foreign currency translation adjustments	416,156	127,957
Remeasurements of defined benefit plans	△254,633	△244,451
Total valuation and translation adjustments	1,025,007	366,809
Non-controlling shareholders' equity	3,771,688	3,735,535
Total net assets	32,777,739	33,434,460
Total liabilities and net assets	47,277,600	46,968,474

(2) Quarterly consolidated profit and loss statements and quarterly consolidated statements of comprehensive income
 Quarterly consolidated profit and loss statement
 Consolidated cumulative third quarter

(Amount: thousand yen)

	FY2017 (April 1, 2017 through December 31, 2017)	FY2018 (April 1, 2018 through December 31, 2018)
Net sales	23,413,694	28,695,718
Cost of sales	13,021,089	16,197,415
Gross profit	10,392,604	12,498,303
Selling, general & administrative expenses	7,750,691	9,064,181
Operating income	2,641,913	3,434,121
Non-operating income		
Interest and dividend income	97,938	103,293
Equity in earnings of affiliates	157,180	210,022
Foreign exchange gains	243,866	-
Other	103,172	124,322
Total non-operating income	602,157	437,638
Non-operating expenses		
Interest expenses	14,792	55,709
Foreign exchange losses	-	21,298
Other	26,801	9,954
Total non-operating expenses	41,594	86,961
Ordinary income	3,202,476	3,784,798
Extraordinary income		
Gain on sales of fixed assets	1,511	8,270
Gain on step acquisitions	-	2,697
Total extraordinary income	1,511	10,967
Extraordinary losses		
Loss on sales of noncurrent assets	13,157	29,406
Dismantlement cost	29,249	10,521
Loss on liquidation of subsidiaries	97,592	4,096
Total extraordinary losses	139,998	44,024
Net income before income taxes	3,063,989	3,751,741
Income taxes - current	846,681	977,073
Income taxes - deferred	88,730	58,210
Total income taxes	935,411	1,035,284
Net income	2,128,577	2,716,456
Quarterly net income attributable to non-controlling shareholders	113,213	282,229
Quarterly net income attributable to parent company shareholders	2,015,363	2,434,227

Quarterly consolidated statements of comprehensive income
Consolidated cumulative third quarter

(Amount: thousand yen)

	FY2017 (April 1, 2017 through December 31, 2017)	FY2018 (April 1, 2018 through December 31, 2018)
Net income	2,128,577	2,716,456
Other comprehensive income		
Valuation difference on available-for-sale securities	332,630	△380,180
Foreign currency translation adjustment	145,420	△455,369
Remeasurements of defined benefit plans	1,441	10,181
Share of other comprehensive income of associates accounted for using equity method	△36,552	13,254
Total comprehensive income	442,940	△812,113
Comprehensive income	2,571,517	1,904,343
(Comprehensive income attributable to)		
Parent company shareholders	2,406,310	1,776,029
Non-controlling shareholders	165,207	128,313

(3) Notes on quarterly consolidated financial statements

(Notes on the premise of a going concern)

There are no relevant matters.

(Notes relating to cases in which there are significant changes in the amount of shareholders' equity)

There are no relevant matters.

(Segment information, etc.)

[Segment information]

I Previous consolidated cumulative third quarter (April 1, 2017 through December 31, 2017)

1. Information about the amounts of sales and incomes in each report segment

(Amount: thousand yen)

	Report segment				Other (Note)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	12,612,299	2,812,556	4,659,310	20,084,166	3,329,528	23,413,694
Internal sales or transfers between segments	3,560,293	191,271	989,032	4,740,597	111,556	4,852,153
Total	16,172,593	3,003,828	5,648,342	24,824,763	3,441,084	28,265,848
Segment income	2,773,638	220,187	455,049	3,448,875	190,608	3,639,484

(Note) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, South Africa, and the United Arab Emirates.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	3,448,875
Income from "Other" category	190,608
Inter-segment transactions erased	△116,230
Company-wide expenses (Note)	△881,340
Operating income in the quarterly consolidated profit and loss statement	2,641,913

(Note) Company-wide expenses are mainly the sales expenses and general administrative expenses that cannot be attributed to the report segments.

II Current consolidated cumulative third quarter (April 1, 2018 through December 31, 2018)

1. Information about the amounts of sales and incomes in each report segment

(Amount: thousand yen)

	Report segment				Other (Note)	Total
	Japan	Europe	Asia	Total		
Sales						
Sales to external customers	12,747,846	3,364,192	8,900,233	25,012,273	3,683,445	28,695,718
Internal sales or transfers between segments	4,146,576	190,911	1,276,678	5,614,165	122,836	5,737,002
Total	16,894,423	3,555,104	10,176,911	30,626,439	3,806,281	34,432,720
Segment income	2,958,313	204,641	906,561	4,069,516	156,049	4,225,565

(Note) The "Other" category addresses those business segments not covered by the report segments; business activities of local corporations in the United States, Mexico, Brazil, Australia, Russia, South Africa, and the United Arab Emirates.

2. Difference between the total amounts of incomes of the report segments and the amount reported in the quarterly consolidated profit and loss statements, as well as the main items of the difference (matters related to difference adjustment)

(Amount: thousand yen)

Income	Amount
Report segment total	4,069,516
Income from "Other" category	156,049
Inter-segment transactions erased	54,373
Company-wide expenses (Note)	△845,817
Operating income in the quarterly consolidated profit and loss statement	3,434,121

(Note) Company-wide expenses are mainly the sales expenses and general administrative expenses that cannot be attributed to the report segments.