

Taiheiyo Cement Corporation

Reference Materials of Financial Results for Fiscal 2015 (the Year Ended March 31, 2015)

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May 12, 2015

1. Trend in Construction Investments and Domestic Demand of Cement

	Estimate of construction investments (in nominal terms) (100 million yen)	Year-on year change (%)	Domestic Demand (including imports) (Thousand tons)	Year-on year change (%)	Exports (Thousand tons)	Year-on year change (%)
Fiscal 2001	661,948	—) 3.4	71,435	—) 0.1	7,477	—) 1.2
Fiscal 2002	612,875	—) 7.4	67,811	—) 5.1	7,863	5.2
Fiscal 2003	568,401	—) 7.3	63,514	—) 6.3	8,554	8.8
Fiscal 2004	536,880	—) 5.5	59,687	—) 6.0	9,879	15.5
Fiscal 2005	528,246	—) 1.6	57,569	—) 3.5	10,373	5.0
Fiscal 2006	515,676	—) 2.4	59,089	2.6	10,273	—) 1.0
Fiscal 2007	513,281	—) 0.5	58,985	—) 0.2	9,592	—) 6.6
Fiscal 2008	476,961	—) 7.1	55,506	—) 5.9	10,017	4.4
Fiscal 2009	481,517	1.0	50,087	—) 9.8	10,672	6.5
Fiscal 2010	429,649	—) 10.8	42,732	—) 14.7	11,054	3.6
Fiscal 2011	419,282	—) 2.4	41,614	—) 2.6	9,967	—) 9.8
Fiscal 2012	432,923	3.3	42,650	2.5	10,006	0.4
Fiscal 2013	(estimated value) 442,000	2.1	44,577	4.5	9,632	—) 3.7
Fiscal 2014	(estimated value) 487,200	10.2	47,705	7.0	8,503	—) 11.7
Fiscal 2015	(forecasted value) 471,200	—) 3.3	45,551	—) 4.5	9,421	10.8

[Sources]

Estimate of construction investments:

for Fiscal 2001 to Fiscal 2014, Ministry of Land, Infrastructure, Transport and Tourism
for Fiscal 2015 onwards, Research Institute of Construction and Economy (RICE)

2. Volume of Sales and Shipment Results by Region

Volume of sales of cement by region (excluding imports)

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Volume of sales (Thousand tons)	Year-on-year change (%)	Volume of sales (Thousand tons)	Year-on-year change (%)	Volume of sales (Thousand tons)	Year-on-year change (%)
Hokkaido	1,978	-1.1	2,153	8.9	2,033	-5.6
Tohoku	4,066	35.2	4,709	15.8	4,615	-2.0
Kanto 1	10,344	2.0	10,724	3.7	10,221	-4.7
Kanto 2	4,053	2.4	4,063	0.3	3,982	-2.0
Hokuriku	2,205	-1.2	2,210	0.2	1,967	-11.0
Tokai	4,839	0.6	5,196	7.4	5,145	-1.0
Kinki	5,894	3.3	6,480	9.9	6,388	-1.4
Shikoku	1,727	5.4	1,823	5.5	1,701	-6.7
Chugoku	2,760	0.5	2,968	7.5	2,717	-8.5
Kyushu	5,142	4.3	5,788	12.6	5,302	-8.4
Okinawa	747	0.1	839	12.3	978	16.6
Domestic Total	43,754	4.4	46,953	7.3	45,048	-4.1
Exports	9,632	-3.7	8,503	-11.7	9,421	10.8
Total	53,387	2.8	55,456	3.9	54,469	-1.8

Source: Japan Cement Association

Shipment of ready-mixed concrete by region

	Fiscal 2013		Fiscal 2014		Fiscal 2015	
	Shipment (Thousand cubic meters)	Year-on-year change (%)	Shipment (Thousand cubic meters)	Year-on-year change (%)	Shipment (Thousand cubic meters)	Year-on-year change (%)
Hokkaido	3,448	-3.2	3,784	9.7	3,800	0.4
Tohoku	8,679	40.4	10,032	15.6	9,786	-2.5
Kanto 1	22,594	1.7	23,444	3.8	21,951	-6.4
Kanto 2	7,018	4.3	6,851	-2.4	6,891	0.6
Hokuriku	4,818	-2.4	4,873	1.1	4,219	-13.4
Tokai	10,850	-0.5	11,450	5.5	11,060	-3.4
Kinki	12,765	7.3	13,811	8.2	13,805	-0.0
Chugoku	5,422	-2.3	5,881	8.5	5,415	-7.9
Shikoku	3,913	8.5	4,125	5.4	3,897	-5.5
Kyushu	12,592	1.7	14,598	15.9	13,191	-9.6
Total	92,099	4.7	98,850	7.3	94,014	-4.9

Source: National Federation of Ready-Mixed Concrete Industrial Associations

Financial Results for Fiscal 2015

Consolidated Statements of Income

(Millions of yen)

Item		Fiscal 2014	Fiscal 2015	Change		
Ordinary income and losses	Operating income/loss	Net sales	840,288	842,848	2,559	
		Cost of sales	641,469	642,645	1,175	
		Gross profit	198,819	200,203	1,383	
		Selling, general and administrative expenses	128,384	134,796	6,412	
		Operating income	70,434	65,406	-5,028	
	Non-operating income and expenses	Income	Interest income	470	554	84
			Dividends income	699	767	68
			Equity in earnings of unconsolidated subsidiaries and affiliates	2,575	5,293	2,717
			Real estate rent	343	361	17
			Other	8,670	6,860	-1,810
		Total	12,760	13,837	1,077	
		Expenses	Interest expenses	8,362	6,847	-1,515
			Other	5,242	4,506	-735
			Total	13,604	11,354	-2,250
			Ordinary income	69,590	67,890	-1,699
Extraordinary income and losses	Income		Gain on disposal of non-current assets	1,687	2,488	801
		Gain on sales of investment securities	598	107	-490	
		Gain on step acquisitions	-	916	916	
		Gain on forgiveness of debts	-	4,569	4,569	
		Other	485	801	316	
	Total	2,770	8,884	6,113		
	Losses	Loss on disposal of non-current assets	5,156	3,286	-1,870	
		Loss on sale of investment securities	37	101	63	
		Loss on valuation of investment securities	203	1,231	1,027	
		Impairment loss	6,450	1,069	-5,380	
		Business structure reform expenses	-	1,180	1,180	
		Other	1,369	2,518	1,148	
Total	13,217	9,387	-3,830			
Income before income taxes and minority interests	59,143	67,387	8,243			
Income taxes-current	23,597	18,170	-5,426			
Income taxes-deferred	-1,000	-1,884	-884			
Income taxes total	22,596	16,285	-6,310			
Income before minority interests	36,546	51,101	14,554			
Minority interests in income	1,322	6,986	5,663			
Net income	35,223	44,114	8,891			

	Fiscal 2014	Fiscal 2015	Change
Domestic	16,674	15,962	-712
Export	2,981	2,972	-9

Segment Information

(1) Net sales

(Millions of yen)

	Fiscal 2014	Fiscal 2015	Change	Main factors of change	
Cement business	Domestic	397,044	412,171	15,127	Domestic Decrease in domestic cement and solidifying material sales -6.8 bil. yen Increase in domestic cement and solidifying material price +2.1 bil. yen Price difference in export cement +1.6 bil. yen Increased sales from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. +16.9 bil. yen
	Overseas subsidiaries	137,962	158,509	20,547	Overseas subsidiaries U. S. +\$118 million China -\$33 million Asia +\$16 million Effect of foreign exchange +11.2 bil. yen
Total	535,006	570,681	35,674		
Mineral Resources business	93,881	95,957	2,075	Decreased shipments of aggregates Increase in resulting from merger of subsidiaries	
Environmental business	103,434	74,787	-28,646	Decreased acceptance of waste	
Construction Materials business	92,642	90,340	-2,301	Market improvement of Autoclaved Lightweight aerated Concrete Decrease in ground improved construction	
Other	83,761	81,764	-1,996	Increase in ceramics business sales, warehouse business sales Transfer of electronics business	
Total	908,726	913,531	4,805		
Eliminations	-68,437	-70,683	-2,245		
Consolidated total	840,288	842,848	2,559		

(2) Operating income

	Fiscal 2014	Fiscal 2015	Change	Main factors of change	
Cement business	Domestic	46,112	33,080	-13,032	Domestic Decrease in domestic cement and solidifying material sales -4.6 bil. yen Increase in domestic cement and solidifying material price +1.8 bil. yen Increase in net export revenue +1.0 bil. yen Variable cost etc. rise -9.1 bil. yen Increased fixed cost -2.4 bil. yen Increased income from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. +0.3 bil. yen
	Overseas subsidiaries	234	7,170	6,935	Overseas subsidiaries U. S. +\$70 million China -\$2 million Asia +\$1 million Effect of foreign exchange +0.3 bil. yen
Total	46,347	40,251	-6,096		
Mineral Resources business	6,895	6,708	-186	Decreased shipments of aggregates	
Environmental business	8,432	7,474	-958	Decreased acceptance of waste	
Construction Materials business	5,433	5,491	57	Market improvement of Autoclaved Lightweight aerated Concrete	
Other	3,693	5,634	1,941	Increase in ceramics business sales, warehouse business sales,	
Total	70,802	65,560	-5,242		
Eliminations	-368	-153	214		
Consolidated total	70,434	65,406	-5,028		

[Reference information]

Foreign exchange rate Fiscal 2014 average: ¥97.73 per dollar; Fiscal 2015 average: ¥105.79 per dollar; difference: -¥8.06

Exchange rate at end of Dec. 2013: ¥105.39 per dollar; at end of Dec. 2014: ¥120.55 per dollar; difference: -¥15.16

Consolidated Balance Sheets

(Millions of yen)

	As of 3/31/14	As of 3/31/15	Change
Cash and deposits	59,369	53,859	-5,510
Notes and accounts receivable-trade	176,245	178,350	2,104
Merchandise and finished goods	26,113	28,587	2,473
Work in process	4,120	2,183	-1,937
Raw materials and supplies	39,323	43,252	3,928
Deferred tax assets	14,147	10,705	-3,442
Short-term loans receivable	9,487	5,552	-3,935
Other	11,064	9,821	-1,243
Allowance for doubtful accounts	-1,568	-2,329	-761
Total current assets	338,304	329,981	-8,323
Property, plant and equipment			
Buildings and structures, net	142,417	144,291	1,874
Machinery, equipment, and vehicles, net	112,379	120,804	8,424
Land	155,301	164,647	9,346
Construction in progress	14,616	13,819	-797
Other, net	45,600	47,001	1,401
Total property, plant and equipment	470,316	490,565	20,249
Intangible assets			
Goodwill	10,890	9,297	-1,592
Other	31,338	32,538	1,200
Total intangible assets	42,228	41,836	-392
Investments and other assets			
Investment securities	98,890	113,747	14,857
Long-term loans receivable	1,183	1,249	66
Asset for retirement benefit	12,134	20,338	8,203
Deferred tax assets	25,818	16,848	-8,970
Other	32,990	31,997	-992
Allowance for doubtful accounts	-6,302	-5,961	340
Total investments and other assets	164,714	178,219	13,504
Total noncurrent assets	677,259	710,621	33,361
Total assets	1,015,564	1,040,602	25,038
Notes and accounts payable-trade	83,691	85,036	1,344
Short-term loans payable	228,127	178,816	-49,310
Commercial Paper	-	5,000	5,000
Current portion of bonds	610	20,380	19,770
Income taxes payable	18,040	10,730	-7,310
Deferred tax liabilities	372	0	-371
Provision for bonuses	5,538	5,642	104
Other provision	2,683	1,060	-1,623
Other	69,784	71,149	1,364
Total current liabilities	408,848	377,817	-31,031
Bonds payable	47,090	46,710	-380
Long-term loans payable	159,291	148,232	-11,059
Deferred tax liabilities	15,624	4,314	-11,309
Deferred tax liabilities for land revaluation	5,282	4,770	-512
Liability for retirement benefits	25,359	26,889	1,530
Provision for directors' retirement benefits	509	514	5
Provision for loss on business of subsidiaries and affiliates	138	138	-
Provision for special repairs	357	312	-44
Provision for asset removal	574	41	-533
Other provision	482	655	172
Lease obligations	22,948	22,616	-331
Asset retirement obligations	7,230	7,673	442
Other	48,514	52,426	3,911

	As of 3/31/14	As of 3/31/15	Change
Total noncurrent liabilities	333,404	315,295	-18,108
Total liabilities	742,252	693,112	-49,139
Capital stock	86,174	86,174	-
Capital surplus	50,690	50,757	66
Retained earnings	121,212	158,939	37,727
Treasury stock	-936	-934	2
Total shareholders' equity	257,141	294,937	37,796
Valuation difference on available-for-sale securities	5,084	6,908	1,824
Deferred gains or losses on hedges	50	2	-48
Revaluation reserve for land	4,252	4,295	43
Foreign currency translation adjustments	-16,799	649	17,449
Retirement benefits liability adjustments	-9,472	-4,148	5,323
Total accumulated other comprehensive income	-16,844	7,707	24,592
Minority interests	33,055	44,845	11,789
Total net assets	273,312	347,490	74,178
Total liabilities and total net assets	1,015,564	1,040,602	25,038

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2014	Fiscal 2015	Change
Cash flows from operating activities	88,558	77,000	-11,558
Income before income taxes and minority interests	59,143	67,387	8,244
Depreciation and amortization	40,553	42,401	1,848
Decrease (increase) in notes and accounts receivable-trade	1,883	2,429	546
Increase (decrease) in notes and accounts payable-trade	-2,863	-872	1,991
Other	-10,158	-34,345	-24,187
Cash flows from investing activities	-27,926	-31,377	-3,451
Purchase of property, plant, and equipment	-35,432	-38,323	-2,891
Proceeds from sale of property, plant, and equipment	2,670	5,017	2,347
Purchase of investment securities	-370	-1,444	-1,074
Proceeds from sales of investment securities	2,999	370	-2,629
Other	2,207	3,003	796
Cash flows from financing activities	-62,269	-52,713	9,556
Decrease (increase) in interest-bearing liabilities	-51,933	-41,092	10,841
Dividends of surplus fund	-4,914	-6,142	-1,228
Other	-5,422	-5,479	-57
Effect of exchange rate changes on cash and cash equivalents	3,127	1,712	-1,415
Net increase (decrease) in cash and cash equivalents	1,488	-5,377	-6,865
Other	-292	418	710
Cash and cash equivalents at beginning of term	54,408	55,604	1,196
Cash and cash equivalents at end of term	55,604	50,645	-4,959

(Millions of yen)

Increase (decrease) in interest-bearing liabilities	As of 3/31/14	As of 3/31/15	Difference
Bonds payable	47,090	46,710	-380
Current portion of bonds	610	20,380	19,770
Long-term loans payable	159,291	148,232	-11,059
Short-term loans payable	228,127	178,816	-49,310
Commercial paper	-	5,000	5,000
Total interest-bearing liabilities	435,118	399,138	-35,980

	As of 3/31/14	As of 3/31/15	Difference
Equity ratio (%)	23.7	29.1	5.4
Equity ratio based on market value (%)	45.0	43.3	-1.7
Equity per share (yen)	195.6	246.3	50.7
Current ratio (%)	82.7	87.3	4.6
Earnings per share (yen)	28.7	35.9	7.2
ROA (%)	7.0	6.6	-0.4
Cash flows / interest-bearing liabilities ratio (years)	4.9	5.2	0.3
Interest coverage ratio (times)	10.1	11.1	1.0
Net DE ratio (times)	1.6	1.1	-0.5

Forecast of Fiscal 2016

[Preconditions]

- Domestic demand: Fiscal 2016 46 million tons
- Exchange rate at end of Dec. 2015: ¥120.0 per dollar; at end of Dec 2014: ¥105.8, difference: -¥14.2

(100 million yen)

		Fiscal 2015 (actual)	Fiscal 2016 (forecast)	Differences
Net sales	Cement business (domestic)	4,121	4,190	69
	Overseas subsidiaries	1,585	1,950	365
	Cement business (total)	5,706	6,140	434
	Mineral Resources business	959	980	21
	Environmental business	747	790	43
	Construction Materials business	903	870	-33
	Other	817	880	63
	Total	9,135	9,660	525
	Eliminations	-706	-740	-34
Consolidated		8,428	8,920	492
Operating income	Cement business (domestic)	330	318	-12
	Overseas subsidiaries	71	101	30
	Cement business (total)	402	419	17
	Mineral Resources business	67	70	3
	Environmental business	74	75	1
	Construction Materials business	54	53	-1
	Other	56	45	-11
	Total	655	662	7
	Eliminations	-1	-2	-1
Consolidated		654	660	6
Ordinary income		678	650	-28
Net income		441	370	-71

Sales volume of cement (Thousand tons)

	Fiscal 2015 (actual)	Fiscal 2016 (forecast)	Change
Domestic	15,962	16,130	168
Export	2,972	3,600	628

Main factors of changes in Net sales

[Cement]

Domestic:

Increase in sales of domestic cement and solidifying material +2.1 bil. yen
 Price difference in domestic cement and solidifying material +1.0 bil. Yen
 Increase in export volume +3.4 bil. yen
 Price difference in export cement +0.5 bil. yen
 Decreased sales from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. -1.0 bil. yen

Overseas subsidiaries:

U. S. +\$80 million
 China +\$14 million
 Asia +\$37 million
 Effect of foreign exchange +23.3 bil. yen

Main factors of changes in Operating income

[Cement]

Domestic:

Increase in sales of domestic cement and solidifying material +1.2 bil. yen
 Price difference in domestic cement and solidifying material +0.8 bil. yen
 Increase in export volume +2.3 bil. yen
 Increase in net export revenue +0.6 bil. yen
 Variable cost etc. rise -3.8 bil. yen
 Increased fixed cost -2.0 bil. yen
 Decreased profit from companies producing ready-mixed concrete and merchandising firms of ready-mixed concrete etc. -0.8 bil. yen

Overseas subsidiaries:

U. S. +\$3 million
 China -\$1 million
 Asia +\$12 million
 Effect of foreign exchange +1.2 bil. yen

[Reference Information]

1. Status of the Consolidated Group

(No. of companies)

	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14	As of 3/31/15
Consolidated subsidiaries	149	145	141	132	131
Equity method subsidiaries	12	14	14	13	11
Equity method affiliates	40	38	38	38	37
Total of companies within the scope of consolidation	201	197	193	183	179
Subsidiaries outside the scope of consolidation	100	95	94	89	86
Affiliates outside the scope of consolidation	73	72	64	65	63
Total of companies outside the scope of consolidation	173	167	158	154	149
Total	374	364	351	337	328

2. Change in Interest-bearing Debt

(100 million yen)

	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14	As of 3/31/15	As of 3/31/16 (forecast)
The Company	3,261	2,890	2,552	2,349	2,292	2,300
Consolidated subsidiaries	2,400	2,211	2,187	2,002	1,699	1,600
Whole group	5,661	5,101	4,739	4,351	3,991	3,900

3. Change in Number of Personnel

(No. of persons)

	As of 3/31/11	As of 3/31/12	As of 3/31/13	As of 3/31/14	As of 3/31/15
The Company	2,340	2,289	2,276	2,279	2,296
Consolidated subsidiaries	13,532	12,178	11,556	10,808	10,763
Whole group	15,872	14,467	13,832	13,087	13,059

4. Change in Capital Investment

(100 million yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016 (forecast)
The Company	150	166	191	196	198	224
Consolidated subsidiaries	174	191	134	194	223	289
Whole group	324	357	325	390	421	513

5. Change in Depreciation Expenses

(100 million yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016 (forecast)
The Company	180	182	177	175	180	174
Consolidated subsidiaries	251	234	217	230	244	250
Whole group	431	416	394	405	424	424

6. Change in Experiment and Research Expenses

(100 million yen)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016 (forecast)
The Company	31	29	30	33	37	40
Consolidated subsidiaries	9	7	8	7	7	5
Whole group	40	36	38	40	44	45

7. Cement Sales in Overseas Subsidiaries (Sum of the sales of the consolidated subsidiaries)

(10 thousand tons)

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016 (forecast)
U.S.A.	255	276	275	308	343	374
Asia	1,003	1,091	1,106	1,138	1,091	1,139
Other regions	13	15	14	18	20	25

8. Financial Results of Ssangyong Cement

	Fiscal 2011 actual	Fiscal 2012 actual	Fiscal 2013 actual	Fiscal 2014 actual	Fiscal 2015 actual
Sales of cement clinker	1,436	1,519	1,478	1,503	10 thousand tons 1,436
Net sales	10,368	11,657	13,337	14,013	100 million won 13,870
Operating income	438	194	819	841	1,179
Ordinary income (loss)	293	-388	131	156	721
Net income (loss)	293	-388	131	156	799
Outstanding balance of loans	As of 12/31/10 6,101	As of 12/31/11 8,777	As of 12/31/12 9,760	As of 12/31/13 10,510	As of 12/31/14 9,433

9. Overview of Businesses in the U.S. (Taiheiyō Cement U.S.A., Inc., on a consolidated basis)

(\$ thousands)

	Fiscal 2011 actual	Fiscal 2012 actual	Fiscal 2013 actual	Fiscal 2014 actual	Fiscal 2015 actual	Fiscal 2016 (forecast)
Net sales	493,356	555,188	563,016	686,019	803,910	884,000
Operating income (loss)	-98,455	-114,893	-77,575	-35,575	34,525	38,000
Net income (loss)	-31,759	-79,843	-59,751	-43,965	9,236	14,000

10. Financial Forecasts for the First Half of Fiscal 2016

(100 million yen)

		First Half of Fiscal 2015 (actual)	First Half of Fiscal 2016 (forecast)	Differences
Net sales	Cement business (domestic)	1,977	2,000	23
	Overseas subsidiaries	751	890	139
	Cement business (total)	2,728	2,890	162
	Mineral Resources business	473	480	7
	Environmental business	370	370	0
	Construction Materials business	402	410	8
	Other	400	360	-40
	Total	4,376	4,510	134
	Eliminations	-333	-350	-17
Consolidated		4,042	4,160	118
Operating income	Cement business (domestic)	144	123	-21
	Overseas subsidiaries	32	22	-10
	Cement business (total)	177	145	-32
	Mineral Resources business	26	30	4
	Environmental business	35	33	-2
	Construction Materials business	12	16	4
	Other	27	12	-15
	Total	277	236	-41
	Eliminations	-0	-1	-1
Consolidated		277	235	-42
Ordinary income		284	225	-59
Net income		181	120	-61