

# Summary of Consolidated Financial Results of Taiheiyo Cement Corporation for the Fiscal 2018 Ended March 31, 2018

May 10, 2018

Company:	Taiheiyo Cement Corporation	Fiscal 2017:	April 1, 2016-March 31, 2017
Stock code:	5233	Fiscal 2018:	April 1, 2017-March 31, 2018
URL:	http://www.taiheiyo-cement.co.jp/	Fiscal 2019:	April 1, 2018-March 31, 2019

The accompanying consolidated financial results are not intended to present the financial results in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(All yen figures are rounded down to the nearest one million yen.)

## 1. Consolidated Financial Results for the Fiscal 2018 (April 1, 2017 through March 31, 2018)

### (1) Operating Results

	Net Sales		Operating income		Ordinary income		Profit attributable to Owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY3/18	871,113	9.1	65,129	3.0	64,366	7.6	38,525	(19.1)
FY3/17	798,588	(4.4)	63,235	4.6	59,802	(0.7)	47,597	30.7

\*Comprehensive income : Fiscal 2018 41,686 (-18.3%) Fiscal 2017 51,000 (132.1%)

	EPS	Diluted EPS	ROE	ROA	Operating income to net sales
	Yen	Yen	%	%	%
FY3/18	311.40	—	10.2	6.3	7.5
FY3/17	383.91	—	14.0	5.9	7.9

\*Equity in earnings (losses) of unconsolidated subsidiaries and affiliates Fiscal 2018 3,196 Fiscal 2017 2,009

The Company has implemented the share consolidation of common stocks in a rate of one share for every ten shares effective on October 1, 2017. Accordingly, EPS is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

### (2) Financial Position

	Total assets	Total net assets	Equity ratio	Equity per share
	Millions of Yen	Millions of Yen	%	Yen
FY3/18	1,022,142	432,326	38.7	3,193.65
FY3/17	1,015,415	400,034	35.6	2,930.15

\*Equity : Fiscal 2018 395,268 Fiscal 2017 361,819

The Company has implemented the share consolidation of common stocks in a rate of one share for every ten shares effective on October 1, 2017. Accordingly, Equity per share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY3/18	107,683	(48,460)	(65,818)	44,976
FY3/17	94,433	(10,394)	(81,855)	51,974

## 2. Dividends

	Dividend per share					Total amount of cash dividends(annual)	Dividend ratio (consolidated)	Ratio of total amount of dividends to shareholder's equity(consolidated)
	1Q	2Q	3Q	4Q	Total			
FY3/17	Yen —	Yen 3.00	Yen —	Yen 3.00	Yen 6.00	Millions of Yen 7,515	% 15.6	% 2.2
FY3/18	—	3.00	—	30.00	—	7,445	19.3	2.0
FY3/19(forecast)	—	50.00	—	30.00	80.00		23.6	

The Company has implemented the share consolidation of common stocks in a rate of one share for every ten shares effective on October 1, 2017.

The amount of dividend before the Second Quarter of Fiscal 2018 ended March 31, 2018 is presented as the amount of dividend prior to share consolidation.

The annual dividend per share converted on the basis after the consolidation of shares would be 60.00 yen for the Fiscal Year ended March 31, 2018 and 2017.

The dividend per share of the Second Quarter of Fiscal 2019 ended March 31, 2019 includes an ordinary dividend of 30.00 Yen and commemorative dividend of 20.00 Yen.

## 3. Consolidated Results Forecast for the Fiscal 2019 (April 1, 2018 through March 31, 2019)

	Net sales		Operating income		Ordinary income		Profit attributable to Owners of parent		EPS
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
1HFY3/19	429,000	1.7	27,000	(1.6)	26,000	(7.4)	16,000	(5.5)	129.28
FY3/19	888,000	1.9	68,000	4.4	66,000	2.5	42,000	9.0	339.35

This forecast is based on the information available at the date of publication of this material and assumptions at the same date with respect to the various factors which might have impact on the future financial results. Actual results may differ materially from this forecast due to various factors.

## Consolidated Balance Sheets

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	FY3/17 (As of 3/31/17)	FY3/18 (As of 3/31/18)
Assets		
Current assets		
Cash and deposits	60,516	53,766
Notes and accounts receivable-trade	166,625	182,272
Electronically recorded monetary claims-operating	5,320	10,989
Merchandise and finished goods	31,835	29,193
Work in process	1,708	2,383
Raw materials and supplies	42,422	41,761
Deferred tax assets	9,098	7,320
Short-term loans receivable	3,896	3,464
Other	12,595	10,560
Allowance for doubtful accounts	(1,125)	(1,116)
Total current assets	332,895	340,595
Noncurrent assets		
A. Property, plant and equipment		
Building and structures, net	136,454	134,456
Machinery, equipment, and vehicles, net	135,380	136,603
Land	160,571	158,057
Leased assets	22,319	20,998
Construction in progress	19,083	32,647
Other, net	23,341	22,674
Total property, plant and equipment	497,151	505,438
B. Intangible assets		
Goodwill	3,409	777
Other	34,250	32,261
Total intangible assets	37,660	33,038
C. Investments and other assets		
Investment securities	84,781	86,834
Long-term loans receivable	3,238	2,941
Assets for retirement benefits	17,352	21,298
Deferred tax assets	19,056	12,194
Other	31,613	28,341
Allowance for doubtful accounts	(8,333)	(8,539)
Total investments and other assets	147,708	143,070
Total noncurrent assets	682,520	681,546
Total assets	1,015,415	1,022,142

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	FY3/17 (As of 3/31/17)	FY3/18 (As of 3/31/18)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	78,441	91,113
Electronically recorded obligations-operating	1,234	4,670
Short-term loans payable	134,428	153,181
Current portion of bonds	11,120	15,035
Income taxes payable	5,914	6,416
Deferred tax liabilities	4	3
Provision for bonuses	5,742	6,021
Other provision	410	121
Other	71,613	83,986
Total current liabilities	308,910	360,550
Noncurrent liabilities		
Bonds payable	35,035	20,000
Long-term loans payable	160,346	100,390
Deferred tax liabilities	8,378	10,051
Liability for retirement benefits	24,217	24,559
Provision for directors' retirement benefits	568	520
Provision for special repairs	121	128
Other provision	981	750
Lease obligations	21,285	18,844
Asset retirement obligations	7,520	7,553
Other	48,013	46,466
Total noncurrent liabilities	306,469	229,265
Total liabilities	615,380	589,815
Net assets		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	59,548	60,339
Retained earnings	228,914	260,016
Treasury stock	(10,911)	(10,947)
Total shareholders' equity	363,725	395,582
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,830	10,941
Deferred gains or losses on hedges	48	1
Revaluation reserve for land	5,065	5,057
Foreign currency translation adjustment	(12,862)	(16,201)
Retirement benefits liability adjustments	(3,987)	(111)
Total accumulated other comprehensive income	(1,906)	(313)
Non-controlling interests	38,215	37,058
Total net assets	400,034	432,326
Total liabilities and net assets	1,015,415	1,022,142

## Consolidated Statements of Income

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	FY3/17 (4/1/16- 3/31/17)	FY3/18 (4/1/17- 3/31/18)
Net sales	798,588	871,113
Cost of sales	599,924	664,996
Gross profit	198,664	206,117
Selling, general and administrative expenses	135,429	140,987
Operating income	63,235	65,129
Non-operating income		
Interest income	690	810
Dividends income	959	1,159
Real estate rent	311	301
Equity in earnings of unconsolidated subsidiaries and affiliates	2,009	3,196
Other	1,916	2,910
Total non-operating income	5,888	8,378
Non-operating expenses		
Interest expenses	4,998	4,639
Provision of allowance for doubtful accounts	120	1,030
Other	4,201	3,471
Total non-operating expenses	9,320	9,141
Ordinary income	59,802	64,366
Extraordinary income		
Gain on disposal of property, plant, and equipment	648	1,417
Gain on sales of investment securities	4,012	92
Gain on bargain purchase	16,874	-
Other	126	106
Total extraordinary income	21,661	1,616
Extraordinary loss		
Loss on disposal of property, plant, and equipment	3,965	4,725
Loss on sale of investment securities	24	23
Loss on valuation of investment securities	68	1,356
Impairment loss	20,693	577
Loss on step acquisitions	3,034	-
Other	936	658
Total extraordinary losses	28,723	7,341
Income before income taxes and non-controlling interests	52,741	58,642
Income taxes-current	8,830	10,200
Income taxes-deferred	(3,646)	7,356
Profit	47,556	41,085
Profit attributable to non-controlling interests	(40)	2,559
Profit attributable to owners of parent	47,597	38,525

## Consolidated Statements of Comprehensive Income

All yen figures are rounded down to the nearest one million yen.  
(Millions of Yen)

Item	FY3/17 (4/1/16- 3/31/17)	FY3/18 (4/1/17- 3/31/18)
Profit	47,556	41,085
Other comprehensive income		
Valuation difference on available-for-sale securities	3,721	811
Deferred gains or losses on hedges	18	(7)
Foreign currency translation adjustment	(8,851)	(4,620)
Remeasurements of defined benefit retirement plans, net of tax	7,966	3,994
Share of other comprehensive income of associates accounted for using equity method	588	423
Total other comprehensive income	3,443	601
Comprehensive income	51,000	41,686
Comprehensive income attributable to :		
Owners of parent	52,257	40,118
Non-controlling interests	(1,257)	1,568

## Consolidated Statements of Changes in Net Assets

FY3/17(4/1/16-3/31/17)

All yen figures are rounded down to the nearest one million yen  
(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	50,925	188,731	(979)	324,851
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(88)			(88)
Dividends of surplus			(7,474)		(7,474)
Profit attributable to owners of parent			47,597		47,597
Purchase of treasury stock				(10,045)	(10,045)
Disposal of treasury stock		546		482	1,029
Change by share exchanges		8,165		(369)	7,795
Increase by merger of consolidated subsidiary and non- consolidated subsidiary			59		59
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	8,623	40,182	(9,932)	38,873
Balance at end of this term	86,174	59,548	228,914	(10,911)	363,725

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total other comprehensive income		
Balance at pre end of term	4,755	16	4,665	(4,174)	(11,829)	(6,566)	38,787	357,073
Changes of items during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(88)
Dividends of surplus								(7,474)
Profit attributable to owners of parent								47,597
Purchase of treasury stock								(10,045)
Disposal of treasury stock								1,029
Change by share exchanges								7,795
Increase by merger of consolidated subsidiary and non- consolidated subsidiary								59
Net changes of items other than shareholders' equity	5,074	31	400	(8,688)	7,842	4,660	(571)	4,088
Total changes of items during the period	5,074	31	400	(8,688)	7,842	4,660	(571)	42,961
Balance at end of this term	9,830	48	5,065	(12,862)	(3,987)	(1,906)	38,215	400,034

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	59,548	228,914	(10,911)	363,725
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		66			66
Dividends of surplus			(7,423)		(7,423)
Profit attributable to owners of parent			38,525		38,525
Purchase of treasury stock				(113)	(113)
Disposal of treasury stock		724		78	802
Change by share exchanges					
Increase by merger of consolidated subsidiary and non- consolidated subsidiary					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	790	31,101	(35)	31,856
Balance at end of this term	86,174	60,339	260,016	(10,947)	395,582

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Retirement benefits liability adjustments	Total other comprehensive income		
Balance at pre end of term	9,830	48	5,065	(12,862)	(3,987)	(1,906)	38,215	400,034
Changes of items during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								66
Dividends of surplus								(7,423)
Profit attributable to owners of parent								38,525
Purchase of treasury stock								(113)
Disposal of treasury stock								802
Change by share exchanges								-
Increase by merger of consolidated subsidiary and non- consolidated subsidiary								-
Net changes of items other than shareholders' equity	1,111	(47)	(8)	(3,338)	3,875	1,592	(1,157)	435
Total changes of items during the period	1,111	(47)	(8)	(3,338)	3,875	1,592	(1,157)	32,291
Balance at end of this term	10,941	1	5,057	(16,201)	(111)	(313)	37,058	432,326

## Consolidated Statements of Cash Flows

All yen figures are rounded down to the nearest one million yen.

(Millions of Yen)

Item	FY3/17 (4/1/16-3/31/17)	FY3/18 (4/1/17-3/31/18)
<b>Cash flows from operating activities:</b>		
Profit (loss) before income taxes	52,741	58,642
Depreciation	44,459	44,003
Amortization of goodwill	2,518	2,497
Share of (profit) loss of entities accounted for using equity method	(2,009)	(3,196)
Loss (gain) on valuation of investment securities	68	1,356
Increase (decrease) in net defined benefit asset and liability	3,648	2,390
Increase (decrease) in provision for directors' retirement benefits	107	(48)
Increase (decrease) in provision for bonuses	(29)	276
Increase (decrease) in allowance for doubtful accounts	826	946
Increase (decrease) in other provision	(601)	(513)
Interest and dividends income	(1,650)	(1,969)
Interest expenses	4,998	4,639
Loss (gain) on sales of investment securities	(3,988)	(69)
Loss (gain) on disposal of non-current assets	3,317	3,307
Impairment loss	20,693	577
(Increase) Decrease in notes and accounts receivable-trade	(3,236)	(21,864)
Decrease in inventories	(267)	1,859
Decrease in notes and accounts payable-trade	1,200	16,405
Loss (gain) on step acquisitions	3,034	-
Gain on bargain purchase	(16,874)	-
Other, net	(102)	10,200
Subtotal	108,854	119,442
Interest and dividends income received	2,046	2,678
Interest expenses paid	(5,006)	(4,630)
Income taxes paid	(11,460)	(9,808)
<b>Cash flows from operating activities:</b>	<b>94,433</b>	<b>107,683</b>
<b>Cash flows from investing activities:</b>		
Decrease (Increase) in time deposits	(4,855)	(492)
Purchase of property, plant, and equipment	(48,638)	(52,588)
Proceeds from sales of property, plant, and equipment	4,276	2,812
Purchase of other depreciated assets	(1,995)	(108)
Proceeds from sales of other depreciated assets	66	0
Purchase of investment securities	(870)	(121)
Proceeds from sales and redemption of investment securities	41,062	1,157
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	55
Payments of loans receivable	(3,950)	(2,792)
Collection of loans receivable	3,826	3,393
Other, net	685	223
<b>Cash flows from investing activities:</b>	<b>(10,394)</b>	<b>(48,460)</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loans payable	(23,513)	(14,323)
Proceeds from long-term loans payable	15,253	16,659
Repayment of long-term loans payable	(51,609)	(41,802)
Redemption of bonds	(450)	(11,120)
Proceeds from share issuance to non-controlling shareholder	1,400	-
Proceeds from sales of treasury stock	1,144	1,123
Purchase of treasury stock	(10,045)	(102)
Cash dividends paid	(7,474)	(7,423)
Cash dividends paid to minority shareholders	(639)	(2,619)
Other, net	(5,921)	(6,209)
<b>Cash flows from financing activities:</b>	<b>(81,855)</b>	<b>(65,818)</b>
Effect of exchange rate change on cash and cash equivalents	(1,474)	(459)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>710</b>	<b>(7,054)</b>
Cash and cash equivalents at beginning of period	50,072	51,974
Increase in cash and cash equivalents resulting from share exchanges	1,108	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	83	57
<b>Cash and cash equivalents at end the period</b>	<b>51,974</b>	<b>44,976</b>



## Consolidated Segment Information

All yen figures are rounded down to the nearest one million yen.

[Industry Segments]

(Millions of Yen)

	FY3/18 (4/1/17– 3/31/18)							Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Other	Total	Eliminations	
Net sales								
(1) Net sales to outside customers	601,598	58,185	82,964	73,210	55,153	871,113	—	871,113
(2) Intersegment net sales	10,320	23,298	7,241	3,822	23,866	68,550	(68,550)	—
Total	611,918	81,483	90,206	77,033	79,020	939,663	(68,550)	871,113
Segment operating profit	40,652	8,061	7,463	4,740	3,926	64,843	286	65,129

All yen figures are rounded down to the nearest one million yen.

[Geographic segments]

(Millions of Yen)

	Japan	America	Other	Total
Net sales	649,909	134,197	87,006	871,113
Noncurrent assets	352,940	103,779	48,718	505,438