

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2019 ended March 31, 2019

November 8, 2018

Company: Taiheiyo Cement Corporation
Stock code: 5233
URL: <http://www.taiheiyo-cement.co.jp/english/index.html>

Fiscal 2018 2Q: April 1, 2017- September 30, 2017
Fiscal 2018: April 1, 2017- March 31, 2018
Fiscal 2019 2Q: April 1, 2018- September 30, 2018
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 Second Quarter of Fiscal 2019(April 1, 2018 through September 30, 2018)

(1) Operating Results

(% of change from previous second quarter)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
2Q FY3/19	438,700	4.0	27,384	(0.2)	27,107	(3.4)	17,338	2.4
2Q FY3/18	421,937	11.9	27,433	27.8	28,069	34.9	16,928	(59.8)

*Comprehensive income : Fiscal 2019 2Q 15,288 (13.1%) Fiscal 2018 2Q 13,515(-27.0%)

	EPS	Diluted EPS
	Yen	Yen
2Q FY3/19	140.11	—
2Q FY3/18	136.87	—

*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
	Millions of Yen	Millions of Yen	%
2Q FY3/19	1,029,708	441,940	39.5
FY3/18	1,020,111	432,326	38.8

*Equity : Fiscal 2019 2Q: 406,296 Fiscal 2018: 395,268

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/18	—	3.00	—	30.00	—
FY3/19	—	50.00	—	—	—
FY3/19(forecast)	—	—	—	30.00	80.00

*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 of the Second Quarter of Fiscal 2018 ended March 31, 2018 is presented as the amount of dividend prior to the 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. 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)

(% of change from the corresponding period of previous year)

	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
FY3/19	900,000	3.3	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	FY3/18 (As of 3/31/18)	2Q FY3/19 (As of 9/30/18)
Assets		
Current assets		
Cash and deposits	53,766	56,193
Notes and accounts receivable-trade	182,272	178,259
Electronically recorded monetary claims- operating	10,989	12,615
Merchandise and finished goods	29,193	30,588
Work in process	2,383	2,381
Raw materials and supplies	41,761	42,998
Other	14,024	13,658
Allowance for doubtful accounts	(1,116)	(771)
Total current assets	333,275	335,923
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	134,456	133,213
Machinery, equipment, and vehicles, net	136,603	132,379
Land	158,057	157,729
Other, net	76,320	90,521
Total property, plant and equipment	505,438	513,844
B. Intangible assets		
Goodwill	777	348
Other	32,261	30,826
Total intangible assets	33,038	31,174
C. Investments and other assets		
Investment securities	86,834	88,536
Asset for retirement benefits	21,298	21,320
Other	48,767	47,486
Allowance for doubtful accounts	(8,539)	(8,579)
Total investments and other assets	148,360	148,765
Total noncurrent assets	686,836	693,784
Total assets	1,020,111	1,029,708

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

Item	FY3/18 (As of 3/31/18)	2Q FY3/19 (As of 9/30/18)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	91,113	90,867
Electronically recorded obligations-operating	4,670	7,155
Short-term loans payable	153,181	147,930
Commercial papers	—	33,000
Current portion of bonds	15,035	10,000
Income taxes payable	6,416	7,357
Provision for bonuses	6,021	6,119
Other provision	121	180
Other	83,986	83,258
Total current liabilities	360,546	385,871
Noncurrent liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	100,390	86,817
Liability for retirement benefits	24,559	24,119
Provision for directors' retirement benefits	520	472
Provision for special repairs	128	75
Other provision	750	756
Asset retirement obligations	7,553	7,577
Other	73,335	72,078
Total noncurrent liabilities	227,238	201,897
Total liabilities	587,785	587,768
Net assets		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	60,339	60,405
Retained earnings	260,016	273,638
Treasury stock	(10,947)	(11,069)
Total shareholders' equity	395,582	409,149
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,941	12,390
Deferred gains or losses on hedges	1	0
Revaluation reserve for land	5,057	5,054
Foreign currency translation adjustment	(16,201)	(20,312)
Retirement benefits liability adjustments	(111)	14
Total accumulated other comprehensive income	(313)	(2,852)
Non-controlling interests	37,058	35,643
Total net assets	432,326	441,940
Total liabilities and net assets	1,020,111	1,029,708

Consolidated Statements of Income

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

(Millions of Yen)

Item	2Q FY3/18 (4/1/17- 9/30/17)	2Q FY3/19 (4/1/18- 9/30/18)
Net sales	421,937	438,700
Cost of sales	324,498	342,391
Gross profit	97,439	96,309
Selling, general and administrative expenses	70,005	68,924
Operating income	27,433	27,384
Non-operating income		
Interest income	313	270
Dividends income	615	731
Equity in earnings of unconsolidated subsidiaries and affiliates	2,053	1,297
Other	1,461	1,276
Total non-operating income	4,445	3,575
Non-operating expenses		
Interest expenses	2,394	1,953
Other	1,415	1,899
Total non-operating expenses	3,809	3,852
Ordinary income	28,069	27,107
Extraordinary income		
Gain on disposal of non-current assets	787	374
Gain on sales of investment securities	76	46
Other	39	56
Total extraordinary income	903	478
Extraordinary loss		
Loss on disposal of non-current assets	1,165	1,034
Other	273	669
Total extraordinary losses	1,438	1,704
Income before income taxes and non-controlling interests	27,534	25,881
Income taxes total	9,434	7,484
Profit	18,099	18,397
Profit attributable to non-controlling interests	1,171	1,058
Profit attributable to owners of parent	16,928	17,338

Consolidated Statements of Comprehensive Income

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

(Millions of Yen)

	2Q FY3/18 (4/1/17- 9/30/17)	2Q FY3/19 (4/1/18- 9/30/18)
Profit	18,099	18,397
Other comprehensive income		
Valuation difference on available-for-sale securities	857	1,470
Deferred gains or losses on hedges	69	(0)
Foreign currency translation adjustment	(5,833)	(4,691)
Remeasurements of defined benefit plans	379	118
Share of other comprehensive income of associates accounted for using equity method	(57)	(5)
Total other comprehensive income	(4,584)	(3,109)
Comprehensive income	13,515	15,288
Comprehensive income attributable to :		
Owners of parent	13,289	14,799
Non-controlling interests	226	488

Consolidated Statements of Cash Flows

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

(Millions of Yen)

	2Q FY3/18 (4/1/17- 9/30/17)	2Q FY3/19 (4/1/18- 9/30/18)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	27,534	25,881
Depreciation and amortization	21,328	21,072
Amortization of goodwill	1,271	447
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(2,053)	(1,297)
Loss(gain) on valuation of investment securities	25	293
Changes in asset and liability for retirement benefits	1,165	(118)
Increase(decrease) in provision for directors' retirement benefits	(100)	(48)
Increase(decrease) in provision for bonuses	137	98
Increase(decrease) in allowance for doubtful accounts	76	(203)
Increase(decrease) in other provision	(251)	12
Interest and dividends income	(929)	(1,001)
Interest expenses	2,394	1,953
Loss(gain) on sales of investment securities	(76)	81
Loss(gain) on disposal of property, plant, and equipment	377	659
Decrease (increase) in notes and accounts receivable-trade	(16,527)	313
Decrease (increase) in inventories	(482)	(4,054)
Increase (decrease) in notes and accounts payable-trade	7,586	2,681
Other, net	13,615	3,743
Subtotal	55,090	50,515
Interest and dividends income received	1,648	1,745
Interest expenses paid	(2,511)	(2,118)
Income taxes paid	(5,762)	(6,056)
Cash flows from operating activities	48,465	44,085
Cash flows from investing activities		
Decrease(Increase) in time deposits	(214)	61
Purchase of property, plant, and equipment	(23,476)	(33,928)
Proceeds from sales of property, plant, and equipment	1,805	628
Purchase of investment securities	(106)	(108)
Proceeds from sales of investment securities	665	191
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,308
Payments of loans receivable	(1,587)	(1,314)
Collections of loans receivable	1,774	1,445
Other, net	(2,026)	(401)
Cash flows from investing activities	(23,165)	(32,117)

Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(535)	6,342
Increase (decrease) in commercial papers	7,000	33,000
Proceeds from long-term loans payable	6,236	11,615
Repayment of long-term loans payable	(22,439)	(35,861)
Redemption of bonds	(10,085)	(15,035)
Purchase of treasury stock	(24)	(13)
Proceeds from sales of treasury stock	1,121	—
Cash dividend paid	(3,707)	(3,715)
Dividends paid to non-controlling interests	(1,359)	(588)
Other, net	(2,728)	(4,487)
Cash flows from financing activities	(26,521)	(8,744)
Effect of exchange rate changes on cash and cash equivalents	(636)	(522)
Net increase(decrease) in cash and cash equivalents	(1,858)	2,701
Cash and cash equivalents at beginning of period	51,974	44,976
Cash and cash equivalents at end of the period	50,115	47,678

Consolidated Segment Information

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

	2Q FY3/18 (4/1/17 – 9/30/17)								
	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	294,057	28,588	39,520	34,372	396,538	25,398	421,937	—	421,937
Inter-segment sales	5,759	11,508	2,979	1,946	22,193	9,915	32,109	(32,109)	—
Total	299,817	40,096	42,499	36,318	418,731	35,314	454,046	(32,109)	421,937
Segment income	17,170	3,660	3,662	1,815	26,309	1,054	27,364	69	27,433

	2Q FY3/19 (4/1/18 – 9/30/18)								
	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	307,077	28,540	42,392	34,047	412,057	26,643	438,700	—	438,700
Inter-segment sales	4,786	12,002	3,701	1,993	22,484	12,019	34,503	(34,503)	—
Total	311,863	40,543	46,094	36,040	434,542	38,662	473,204	(34,503)	438,700
Segment income	18,014	3,684	3,409	918	26,027	1,309	27,336	47	27,384