

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

May 14, 2019

Company: Taiheiyo Cement Corporation Fiscal 2018: April 1, 2017- March 31, 2018
 Stock code: 5233 Fiscal 2019: April 1, 2018- March 31, 2019
 URL: <http://www.taiheiyo-cement.co.jp/english/index.html> Fiscal 2020: April 1, 2019- March 31, 2020

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 2019(April 1, 2018 through March 31, 2019)

(1) Operating Results

(% of change from previous fiscal year)

	Net Sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY3/19	916,071	5.2	66,012	1.4	64,306	(0.1)	43,452	12.8
FY3/18	871,113	9.1	65,129	3.0	64,366	7.6	38,525	(19.1)

*Comprehensive income : Fiscal 2019 35,026 (-16.0%) Fiscal 2018 41,686(-18.3%)

	EPS	Diluted EPS	ROE	ROA	Operating income to net sales
	Yen	Yen	%	%	%
FY3/19	351.72	—	10.7	6.3	7.2
FY3/18	311.40	—	10.2	6.3	7.5

*Equity in earnings (losses) of unconsolidated subsidiaries and affiliates Fiscal 2019 2,288 Fiscal 2018 3,196

*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
FY3/19	1,034,428	450,645	40.1	3,388.41
FY3/18	1,020,111	432,326	38.7	3,193.65

*Equity : Fiscal 2019 414,709 Fiscal 2018 395,268

*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
FY3/19	97,283	(58,025)	(33,753)	50,084
FY3/18	107,683	(48,460)	(65,818)	44,976

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			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY3/18	—	3.00	—	30.00	—	7,445	19.3	2.0
FY3/19	—	50.00	—	30.00	80.00	9,925	22.8	2.4
FY3/20(forecast)	—	30.00	—	30.00	60.00		16.3	

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 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 2020 (April 1, 2019 through March 31, 2020)

(% 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
1HFY3/20	451,000	2.8	28,000	2.2	28,000	3.3	19,000	9.6	155.24
FY3/20	936,000	2.2	71,000	7.6	69,500	8.1	45,000	3.6	367.68

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)	FY3/19 (As of 3/31/19)
Assets		
Current assets		
Cash and deposits	53,766	56,561
Notes and accounts receivable-trade	182,272	180,535
Electronically recorded monetary claims- operating	10,989	12,998
Merchandise and finished goods	29,193	31,138
Work in process	2,383	2,268
Raw materials and supplies	41,761	43,314
Short-term loans receivable	3,464	3,421
Other	10,560	11,714
Allowance for doubtful accounts	(1,116)	(646)
Total current assets	333,275	341,307
Noncurrent assets		
A. Property, plant and equipment		
Buildings and structures, net	134,456	135,653
Machinery, equipment, and vehicles, net	136,603	134,649
Land	158,057	157,638
Leased assets	20,998	22,120
Construction in progress	32,647	48,678
Other, net	22,674	22,199
Total property, plant and equipment	505,438	520,939
B. Intangible assets		
Goodwill	777	321
Other	32,261	30,553
Total intangible assets	33,038	30,875
C. Investments and other assets		
Investment securities	86,834	83,692
Long-term loans receivable	2,941	1,754
Asset for retirement benefits	21,298	17,807
Deferred tax assets	17,484	17,109
Other	28,341	28,374
Allowance for doubtful accounts	(8,539)	(7,432)
Total investments and other assets	148,360	141,306
Total noncurrent assets	686,836	693,120
Total assets	1,020,111	1,034,428

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

Item	FY3/18 (As of 3/31/18)	FY3/19 (As of 3/31/19)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	91,113	96,275
Electronically recorded obligations-operating	4,670	8,716
Short-term loans payable	153,181	135,381
Commercial papers	—	4,000
Current portion of bonds	15,035	10,000
Income taxes payable	6,416	8,376
Provision for bonuses	6,021	6,046
Other provision	121	220
Other	83,986	80,373
Total current liabilities	360,546	349,390
Noncurrent liabilities		
Bonds payable	20,000	30,000
Long-term loans payable	100,390	100,233
Deferred tax liabilities	8,024	7,630
Liability for retirement benefits	24,559	24,206
Provision for directors' retirement benefits	520	535
Provision for special repairs	128	75
Other provision	750	757
Lease obligations	18,844	17,616
Asset retirement obligations	7,553	7,619
Other	46,466	45,718
Total noncurrent liabilities	227,238	234,392
Total liabilities	587,785	583,783
Net assets		
Shareholders' equity		
Capital stock	86,174	86,174
Capital surplus	60,339	60,408
Retained earnings	260,016	294,265
Treasury stock	(10,947)	(16,081)
Total shareholders' equity	395,582	424,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,941	8,688
Deferred gains or losses on hedges	1	(3)
Revaluation reserve for land	5,057	5,019
Foreign currency translation adjustment	(16,201)	(20,128)
Retirement benefits liability adjustments	(111)	(3,632)
Total accumulated other comprehensive income	(313)	(10,057)
Non-controlling interests	37,058	35,935
Total net assets	432,326	450,645
Total liabilities and net assets	1,020,111	1,034,428

Consolidated Statements of Income

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

(Millions of Yen)

Item	FY3/18 (4/1/17- 3/31/18)	FY3/19 (4/1/18- 3/31/19)
Net sales	871,113	916,071
Cost of sales	664,996	712,660
Gross profit	206,117	203,411
Selling, general and administrative expenses	140,987	137,398
Operating income	65,129	66,012
Non-operating income		
Interest income	810	632
Dividends income	1,159	1,227
Real estate rent	301	247
Equity in earnings of unconsolidated subsidiaries and affiliates	3,196	2,288
Other	2,910	3,294
Total non-operating income	8,378	7,691
Non-operating expenses		
Interest expenses	4,639	4,068
Loss on disposal of inventories	258	1,126
Provision of allowance for doubtful accounts	1,030	-
Other	3,213	4,202
Total non-operating expenses	9,141	9,397
Ordinary income	64,366	64,306
Extraordinary income		
Gain on disposal of non-current assets	1,417	1,149
Gain on sales of investment securities	92	532
Other	106	234
Total extraordinary income	1,616	1,917
Extraordinary loss		
Loss on disposal of non-current assets	4,725	4,828
Loss on sales of investment securities	23	133
Loss on valuation of investment securities	1,356	326
Impairment loss	577	1,101
Other	658	660
Total extraordinary losses	7,341	7,049
Income before income taxes and non-controlling interests	58,642	59,174
Income taxes-current	10,200	11,760
Income taxes-deferred	7,356	1,796
Profit	41,085	45,616
Profit attributable to non-controlling interests	2,559	2,164
Profit attributable to owners of parent	38,525	43,452

Consolidated Statements of Comprehensive Income

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

(Millions of Yen)

Item	FY3/18 (4/1/17- 3/31/18)	FY3/19 (4/1/18- 3/31/19)
Profit	41,085	45,616
Other comprehensive income		
Valuation difference on available-for-sale securities	811	(1,657)
Deferred gains or losses on hedges	(7)	(4)
Foreign currency translation adjustment	(4,620)	(4,733)
Remeasurements of defined benefit retirement plans, net of tax	3,994	(3,553)
Share of other comprehensive income of associates accounted for using equity method	423	(641)
Total other comprehensive income	601	(10,590)
Comprehensive income	41,686	35,026
Comprehensive income attributable to :		
Owners of parent	40,118	33,746
Non-controlling interests	1,568	1,280

Consolidated Statements of Changes in Net Assets

FY3/18(4/1/17-3/31/18)

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	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
Increase by merger of consolidated subsidiary and non-consolidated subsidiary					
Adjustment to retained earnings due to change in US tax rate					
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
Increase by merger of consolidated subsidiary and non-consolidated subsidiary								-
Adjustment to retained earnings due to change in US tax rate								-
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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at pre end of term	86,174	60,339	260,016	(10,947)	395,582
Changes of items during period					
Change in treasury shares of parent arising from transactions with non-controlling shareholders		69			69
Dividends of surplus			(9,909)		(9,909)
Profit attributable to owners of parent			43,452		43,452
Purchase of treasury stock				(5,134)	(5,134)
Disposal of treasury stock		0		0	0
Increase by merger of consolidated subsidiary and non-consolidated subsidiary			(53)		(53)
Adjustment to retained earnings due to change in US tax rate			759		759
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	69	34,249	(5,134)	29,185
Balance at end of this term	86,174	60,408	294,265	(16,081)	424,767

	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	10,941	1	5,057	(16,201)	(111)	(313)	37,058	432,326
Changes of items during period								
Change in treasury shares of parent arising from transactions with non-controlling shareholders								69
Dividends of surplus								(9,909)
Profit attributable to owners of parent								43,452
Purchase of treasury stock								(5,134)
Disposal of treasury stock								0
Increase by merger of consolidated subsidiary and non-consolidated subsidiary								(53)
Adjustment to retained earnings due to change in US tax rate								759
Net changes of items other than shareholders' equity	(2,252)	(4)	(37)	(3,927)	(3,521)	(9,744)	(1,122)	(10,866)
Total changes of items during the period	(2,252)	(4)	(37)	(3,927)	(3,521)	(9,744)	(1,122)	18,318
Balance at end of this term	8,688	(3)	5,019	(20,128)	(3,632)	(10,057)	35,935	450,645

Consolidated Statements of Cash Flows

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

(Millions of Yen)

Item	FY3/18 (4/1/17-3/31/18)	FY3/19 (4/1/18-3/31/19)
Cash flows from operating activities:		
Profit (loss) before income taxes	58,642	59,174
Depreciation	44,003	44,008
Amortization of goodwill	2,497	490
Share of (profit) loss of entities accounted for using equity method	(3,196)	(2,288)
Loss (gain) on valuation of investment securities	1,356	326
Increase (decrease) in net defined benefit asset and liability	2,390	(1,364)
Increase (decrease) in provision for directors' retirement benefits	(48)	15
Increase (decrease) in provision for bonuses	276	24
Increase (decrease) in allowance for doubtful accounts	946	(185)
Increase (decrease) in other provision	(513)	52
Interest and dividends income	(1,969)	(1,860)
Interest expenses	4,639	4,068
Loss (gain) on sales of investment securities	(69)	(399)
Loss (gain) on disposal of non-current assets	3,307	3,678
Impairment loss	577	1,101
(Increase) Decrease in notes and accounts receivable-trade	(21,864)	(2,728)
Decrease (increase) in inventories	1,859	(4,207)
Increase (decrease) in notes and accounts payable-trade	16,405	9,577
Other, net	10,200	(1,218)
Subtotal	119,442	108,266
Interest and dividends income received	2,678	2,844
Interest expenses paid	(4,630)	(4,019)
Income taxes paid	(9,808)	(9,808)
Cash flows from operating activities:	107,683	97,283
Cash flows from investing activities:		
Decrease (Increase) in time deposits	(492)	1,995
Purchase of property, plant, and equipment	(52,588)	(64,520)
Proceeds from sales of property, plant, and equipment	2,812	2,208
Purchase of other depreciated assets	(108)	(142)
Proceeds from sales of other depreciated assets	0	-
Purchase of investment securities	(121)	(43)
Proceeds from sales and redemption of investment securities	1,157	1,132
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	55	1,308
Payments of loans receivable	(2,792)	(2,639)
Collection of loans receivable	3,393	3,078
Other, net	223	(402)
Cash flows from investing activities:	(48,460)	(58,025)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(14,323)	1,509
Increase (decrease) in commercial papers	-	4,000
Proceeds from long-term loans payable	16,659	57,127
Repayment of long-term loans payable	(41,802)	(75,721)
Proceeds from issuance of bonds	-	20,000
Redemption of bonds	(11,120)	(15,035)
Proceeds from sales of treasury stock	1,123	0
Purchase of treasury stock	(102)	(5,026)
Cash dividends paid	(7,423)	(9,909)
Cash dividends paid to non-controlling shareholders	(2,619)	(1,565)
Other, net	(6,209)	(9,133)
Cash flows from financing activities:	(65,818)	(33,753)
Effect of exchange rate change on cash and cash equivalents	(459)	(543)
Net increase (decrease) in cash and cash equivalents	(7,054)	4,960
Cash and cash equivalents at beginning of period	51,974	44,976
Increase in cash and cash equivalents resulting from merger	57	147
Cash and cash equivalents at end the period	44,976	50,084

Consolidated Segment Information

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

[Industry Segments]

(Millions of Yen)

	FY3/19 (4/1/18– 3/31/19)							Eliminations	Consolidated total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Other	Total			
Net sales									
(1) Net sales to outside customers	636,385	59,401	85,081	77,940	57,263	916,071	—		916,071
(2) Intersegment net sales	10,092	24,860	7,611	4,245	28,765	75,575	(75,575)		—
Total	646,477	84,262	92,693	82,185	86,028	991,647	(75,575)		916,071
Segment operating profit	41,743	8,242	6,614	4,999	4,658	66,257	(244)		66,012

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

[Geographic segments]

(Millions of Yen)

	Japan	U.S.A.	Other	Total
Net sales	687,422	143,663	84,985	916,071
Noncurrent assets	371,335	103,813	45,790	520,939