

Outline of Consolidated Financial Results of Taiheiyo Cement Corporation for the Second Quarter of Fiscal 2020 ended March 31, 2020

November 12, 2019

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

Fiscal 2019 2Q: April 1, 2018- September 30, 2018
Fiscal 2019: April 1, 2018- March 31, 2019
Fiscal 2020 2Q: April 1, 2019- September 30, 2019
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 Second Quarter of Fiscal 2020 (April 1, 2019 through September 30, 2019)

(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 FY3/20	431,389	(1.7)	22,463	(18.0)	22,470	(17.1)	16,202	(6.6)
2Q FY3/19	438,700	4.0	27,384	(0.2)	27,107	(3.4)	17,338	2.4

*Comprehensive income : Fiscal 2020 2Q 12,283 (-19.7%) Fiscal 2019 2Q 15,288 (+13.1%)

	EPS	Diluted EPS
	Yen	Yen
2Q FY3/20	132.38	—
2Q FY3/19	140.11	—

(2) Financial Position

	Total assets	Total net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
2Q FY3/20	1,016,058	458,632	41.6
FY3/19	1,034,428	450,645	40.1

*Equity : Fiscal 2020 2Q 422,898 Fiscal 2019 414,709

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
FY3/19	—	50.00	—	30.00	80.00
FY3/20	—	30.00			
FY3/20(forecast)			—	30.00	60.00

*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 the 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
FY3/20	910,000	(0.7)	64,000	(3.0)	62,000	(3.6)	42,000	(3.3)	343.16

*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	FY3/19 (As of 3/31/19)	2Q FY3/20 (As of 9/30/19)
Assets		
Current assets		
Cash and deposits	56,561	48,629
Notes and accounts receivable-trade	180,535	158,268
Electronically recorded monetary claims-operating	12,998	13,071
Merchandise and finished goods	31,138	31,593
Work in process	2,268	2,429
Raw materials and supplies	43,314	44,290
Other	15,135	15,908
Allowance for doubtful accounts	(646)	(605)
Total current assets	341,307	313,585
Non-current assets		
A. Property, plant and equipment		
Buildings and structures, net	135,653	133,490
Machinery, equipment, and vehicles, net	134,649	133,219
Land	157,638	157,680
Other, net	92,998	106,237
Total property, plant and equipment	520,939	530,627
B. Intangible assets		
Goodwill	321	247
Other	30,553	29,531
Total intangible assets	30,875	29,778
C. Investments and other assets		
Investment securities	83,692	83,394
Retirement benefit assets	17,807	18,298
Other	47,238	47,772
Allowance for doubtful accounts	(7,432)	(7,397)
Total investments and other assets	141,306	142,067
Total non-current assets	693,120	702,473
Total assets	1,034,428	1,016,058

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

Item	FY3/19 (As of 3/31/19)	2Q FY3/20 (As of 9/30/19)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	96,275	80,313
Electronically recorded obligations-operating	8,716	4,937
Short-term borrowings	135,381	130,429
Commercial papers	4,000	21,000
Current portion of bonds	10,000	-
Income taxes payable	8,376	5,666
Provision for bonuses	6,046	6,134
Other provisions	220	215
Other	80,373	77,940
Total current liabilities	349,390	326,635
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	100,233	95,089
Retirement benefit liabilities	24,206	23,627
Provision for retirement benefits for directors	535	467
Provision for special repairs	75	101
Other provisions	757	765
Asset retirement obligations	7,619	7,682
Other	70,964	73,057
Total non-current liabilities	234,392	230,789
Total liabilities	583,783	557,425
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	60,408	60,419
Retained earnings	294,265	306,746
Treasury shares	(16,081)	(16,092)
Total shareholders' equity	424,767	437,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,688	7,949
Deferred gains or losses on hedges	(3)	(0)
Revaluation reserve for land	5,019	5,003
Foreign currency translation adjustment	(20,128)	(23,935)
Accumulated remeasurements of defined benefit plans	(3,632)	(3,364)
Total accumulated other comprehensive income	(10,057)	(14,347)
Non-controlling interests	35,935	35,733
Total net assets	450,645	458,632
Total liabilities and net assets	1,034,428	1,016,058

Consolidated Statements of Income

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

(Millions of Yen)

Item	2Q FY3/19 (4/1/18- 9/30/18)	2Q FY3/20 (4/1/19- 9/30/19)
Net sales	438,700	431,389
Cost of sales	342,391	342,745
Gross profit	96,309	88,643
Selling, general and administrative expenses	68,924	66,179
Operating income	27,384	22,463
Non-operating income		
Interest income	270	243
Dividend income	731	819
Share of profit of entities accounted for using equity method	1,297	1,503
Other	1,276	1,330
Total non-operating income	3,575	3,896
Non-operating expenses		
Interest expenses	1,953	2,023
Other	1,899	1,866
Total non-operating expenses	3,852	3,889
Ordinary income	27,107	22,470
Extraordinary income		
Gain on disposal of non-current assets	374	547
Gain on sales of investment securities	46	78
Compensation income	-	2,730
Other	56	33
Total extraordinary income	478	3,390
Extraordinary losses		
Loss on disposal of non-current assets	1,034	1,811
Other	669	316
Total extraordinary losses	1,704	2,127
Income before income taxes and non-controlling interests	25,881	23,733
Income taxes	7,484	6,609
Profit	18,397	17,124
Profit attributable to non-controlling interests	1,058	922
Profit attributable to owners of parent	17,338	16,202

Consolidated Statements of Comprehensive Income

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

	2Q FY3/19 (4/1/18- 9/30/18)	2Q FY3/20 (4/1/19- 9/30/19)
Profit	18,397	17,124
Other comprehensive income		
Valuation difference on available-for-sale securities	1,470	(668)
Deferred gains or losses on hedges	(0)	2
Foreign currency translation adjustment	(4,691)	(4,251)
Remeasurements of defined benefit plans	118	261
Share of other comprehensive income of entities accounted for using equity method	(5)	(185)
Total other comprehensive income	(3,109)	(4,840)
Comprehensive income	15,288	12,283
Comprehensive income attributable to :		
Owners of parent	14,799	11,928
Non-controlling interests	488	355

Consolidated Statements of Cash Flows

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

(Millions of Yen)

	2Q FY3/19 (4/1/18- 9/30/18)	2Q FY3/20 (4/1/19- 9/30/19)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	25,881	23,733
Depreciation	21,072	22,642
Amortization of goodwill	447	43
Share of loss(profit) of entities accounted for using equity method	(1,297)	(1,503)
Loss(gain) on valuation of short-term and long-term investment securities	293	23
Decrease(increase) in net retirement benefit asset and liability	(118)	(834)
Increase(decrease) in provision for retirement benefits for directors (and other officers)	(48)	(68)
Increase(decrease) in provision for bonuses	98	85
Increase(decrease) in allowance for doubtful accounts	(203)	(38)
Increase(decrease) in other provisions	12	29
Interest and dividend income	(1,001)	(1,062)
Interest expenses	1,953	2,023
Loss(gain) on sales of investment securities	81	(78)
Loss(gain) on disposal of non-current assets	659	1,263
Decrease(increase) in trade receivables	313	21,274
Decrease(increase) in inventories	(4,054)	(3,422)
Increase(decrease) in trade payables	2,681	(19,444)
Other, net	3,743	137
Subtotal	50,515	44,804
Interest and dividends received	1,745	1,592
Interest paid	(2,118)	(2,121)
Income taxes paid	(6,056)	(8,709)
Net cash provided by (used in) operating activities	44,085	35,566
Cash flows from investing activities		
Decrease(increase) in time deposits	61	(135)
Purchase of non-current assets	(33,928)	(34,094)
Proceeds from sales of non-current assets	628	874
Purchase of investment securities	(108)	(78)
Proceeds from sales of investment securities	191	245
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,308	-
Loan advances	(1,314)	(1,244)
Collection of loans receivable	1,445	1,417
Other, net	(401)	(162)
Net cash provided by (used in) investing activities	(32,117)	(33,178)

Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,342	4,151
Increase (decrease) in commercial papers	33,000	17,000
Proceeds from long-term borrowings	11,615	16,290
Repayments of long-term borrowings	(35,861)	(29,507)
Redemption of bonds	(15,035)	(10,000)
Purchase of treasury shares	(13)	(11)
Dividends paid	(3,715)	(3,681)
Dividends paid to non-controlling interests	(588)	(555)
Other, net	(4,487)	(3,663)
Net cash provided by (used in) financing activities	(8,744)	(9,978)
Effect of exchange rate change on cash and cash equivalents	(522)	(352)
Net increase(decrease) in cash and cash equivalents	2,701	(7,942)
Cash and cash equivalents at beginning of period	44,976	50,084
Cash and cash equivalents at end of period	47,678	42,141

Consolidated Segment Information

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

	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

	2Q FY3/20(4/1/19 – 9/30/19)								
	Reportable Segments					Other	Total	Adjustment	Consolidated Total
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total				
Net sales									
Sales to outside customers	303,363	27,294	38,251	37,023	405,933	25,456	431,389	-	431,389
Inter-segment sales	5,232	12,166	3,285	2,015	22,701	11,170	33,871	(33,871)	-
Total	308,596	39,461	41,537	39,039	428,634	36,626	465,261	(33,871)	431,389
Segment income	12,288	3,230	3,546	1,951	21,016	1,337	22,354	109	22,463