

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

May 20, 2020

Company: Taiheiyo Cement Corporation Fiscal 2019 : April 1, 2018 through March 31, 2019
 Stock code: 5233 Fiscal 2020 : April 1, 2019 through March 31, 2020
 URL: <https://www.taiheiyo-cement.co.jp/english/index.html> Fiscal 2021 : April 1, 2020 through March 31, 2021

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

(1) Operating Results (% of change from previous 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	%
Fiscal 2020	884,350	(3.5)	61,008	(7.6)	60,541	(5.9)	39,151	(9.9)
Fiscal 2019	916,071	5.2	66,012	1.4	64,306	(0.1)	43,452	12.8

* Comprehensive income : Fiscal 2020 31,145 (-11.1%) Fiscal 2019 35,026 (-16.0%)

	EPS	Diluted EPS	ROE	ROA	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal 2020	319.89	-	9.2	5.9	6.9
Fiscal 2019	351.72	-	10.7	6.3	7.2

* Equity in earnings of unconsolidated subsidiaries and affiliates : Fiscal 2020 2,427 Fiscal 2019 2,288

(2) Financial Position

	Total assets	Total net assets	Equity ratio	Equity per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2020	1,032,923	473,241	42.3	3,567.63
Fiscal 2019	1,034,428	450,645	40.1	3,388.41

* Equity : Fiscal 2020 436,678 Fiscal 2019 414,709

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2020	90,902	(65,534)	(29,436)	45,748
Fiscal 2019	97,283	(58,025)	(33,753)	50,084

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	%	%
Fiscal 2019	-	50.00	-	30.00	80.00	9,925	22.8	2.4
Fiscal 2020	-	30.00	-	30.00	60.00	7,362	18.8	1.7
Fiscal 2021 (forecast)	-	30.00	-	30.00	60.00		23.0	

* The dividend per share of the Second Quarter of Fiscal 2019 includes an ordinary dividend of 30.00 yen and a commemorative dividend of 20.00 yen.

3. Consolidated Financial Results Forecast for the Fiscal 2021 (April 1, 2020 through March 31, 2021)

(% 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
First half	414,000	(4.0)	16,500	(26.5)	16,500	(26.6)	9,000	(44.5)	73.53
Full year	876,000	(0.9)	55,000	(9.8)	54,500	(10.0)	32,000	(18.3)	261.44

* 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

(Millions of yen)

	Fiscal 2019 (As of March 31, 2019)	Fiscal 2020 (As of March 31, 2020)
Assets		
Current assets		
Cash and deposits	56,561	51,641
Notes and accounts receivable - trade	180,535	159,048
Electronically recorded monetary claims - operating	12,998	13,507
Merchandise and finished goods	31,138	30,897
Work in process	2,268	2,310
Raw materials and supplies	43,314	45,075
Short-term loans receivable	3,421	3,289
Other	11,714	14,035
Allowance for doubtful accounts	(646)	(1,302)
Total current assets	341,307	318,502
Non-current assets		
Property, plant and equipment		
Buildings and structures	483,443	490,824
Accumulated depreciation	(347,790)	(351,877)
Buildings and structures, net	135,653	138,947
Machinery, equipment and vehicles	886,495	919,556
Accumulated depreciation	(751,845)	(756,611)
Machinery, equipment and vehicles, net	134,649	162,944
Land	157,638	164,869
Leased assets	51,648	53,175
Accumulated depreciation	(29,527)	(31,234)
Leased assets, net	22,120	21,941
Construction in progress	48,678	30,665
Other	53,171	66,706
Accumulated depreciation	(30,971)	(41,521)
Other, net	22,199	25,184
Total property, plant and equipment	520,939	544,553
Intangible assets		
Goodwill	321	179
Other	30,553	29,634
Total intangible assets	30,875	29,814
Investments and other assets		
Investment securities	83,692	82,931
Long-term loans receivable	1,754	1,880
Retirement benefit asset	17,807	11,090
Deferred tax assets	17,109	21,118
Other	28,374	29,359
Allowance for doubtful accounts	(7,432)	(6,327)
Total investments and other assets	141,306	140,053
Total non-current assets	693,120	714,420
Total assets	1,034,428	1,032,923

(Millions of yen)

	Fiscal 2019 (As of March 31, 2019)	Fiscal 2020 (As of March 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,275	83,430
Electronically recorded obligations - operating	8,716	5,330
Short-term borrowings	135,381	120,783
Commercial papers	4,000	12,000
Current portion of bonds	10,000	-
Income taxes payable	8,376	6,024
Provision for bonuses	6,046	6,158
Other provisions	220	139
Other	80,373	79,906
Total current liabilities	349,390	313,771
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	100,233	103,332
Deferred tax liabilities	7,630	7,491
Retirement benefit liability	24,206	24,999
Provision for retirement benefits for directors	535	521
Provision for special repairs	75	128
Other provisions	757	828
Lease obligations	17,616	17,996
Asset retirement obligations	7,619	7,341
Other	45,718	53,270
Total non-current liabilities	234,392	245,910
Total liabilities	583,783	559,682
Net assets		
Shareholders' equity		
Share capital	86,174	86,174
Capital surplus	60,408	60,233
Retained earnings	294,265	326,086
Treasury shares	(16,081)	(16,098)
Total shareholders' equity	424,767	456,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,688	6,723
Deferred gains or losses on hedges	(3)	(0)
Revaluation reserve for land	5,019	4,968
Foreign currency translation adjustment	(20,128)	(21,413)
Remeasurements of defined benefit plans	(3,632)	(9,995)
Total accumulated other comprehensive income	(10,057)	(19,716)
Non-controlling interests	35,935	36,563
Total net assets	450,645	473,241
Total liabilities and net assets	1,034,428	1,032,923

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2019 (April 1, 2018 through March 31, 2019)	Fiscal 2020 (April 1, 2019 through March 31, 2020)
Net sales	916,071	884,350
Cost of sales	712,660	689,321
Gross profit	203,411	195,029
Selling, general and administrative expenses		
Amortization of goodwill	490	89
Other	136,907	133,930
Total selling, general and administrative expenses	137,398	134,020
Operating income	66,012	61,008
Non-operating income		
Interest income	632	540
Dividend income	1,227	1,267
Rental income from real estate	247	141
Share of profit of entities accounted for using equity method	2,288	2,427
Foreign exchange gains	-	1,035
Other	3,294	2,661
Total non-operating income	7,691	8,075
Non-operating expenses		
Interest expenses	4,068	3,876
Loss on disposal of inventories	1,126	126
Other	4,202	4,538
Total non-operating expenses	9,397	8,541
Ordinary income	64,306	60,541
Extraordinary income		
Gain on disposal of non-current assets	1,149	754
Gain on sales of investment securities	532	205
Compensation income	-	2,730
Other	234	147
Total extraordinary income	1,917	3,838
Extraordinary losses		
Loss on disposal of non-current assets	4,828	5,580
Loss on sales of investment securities	133	36
Loss on valuation of investment securities	326	222
Impairment loss	1,101	5,451
Other	660	1,311
Total extraordinary losses	7,049	12,602
Profit before income taxes	59,174	51,777
Income taxes - current	11,760	11,223
Income taxes - deferred	1,796	(300)
Total income taxes	13,557	10,923
Profit	45,616	40,854
Profit attributable to non-controlling interests	2,164	1,703
Profit attributable to owners of parent	43,452	39,151

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal 2019 (April 1, 2018 through March 31, 2019)	Fiscal 2020 (April 1, 2019 through March 31, 2020)
Profit	45,616	40,854
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,657)	(1,720)
Deferred gains or losses on hedges	(4)	3
Foreign currency translation adjustment	(4,733)	(1,494)
Remeasurements of defined benefit plans	(3,553)	(6,193)
Share of other comprehensive income of entities accounted for using equity method	(641)	(302)
Total other comprehensive income	(10,590)	(9,708)
Comprehensive income	35,026	31,145
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	33,746	29,542
Comprehensive income attributable to non-controlling interests	1,280	1,602

Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	60,339	260,016	(10,947)	395,582
Cumulative effects of changes in accounting policies					
Restated balance	86,174	60,339	260,016	(10,947)	395,582
Changes in items during period					
Change in ownership interest of parent due to transactions with non-controlling interests		69			69
Dividends of surplus			(9,909)		(9,909)
Profit attributable to owners of parent			43,452		43,452
Purchase of treasury shares				(5,134)	(5,134)
Disposal of treasury shares		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 in items other than shareholders' equity					
Total changes in items during period	-	69	34,249	(5,134)	29,185
Balance at end of period	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,941	1	5,057	(16,201)	(111)	(313)	37,058	432,326
Cumulative effects of changes in accounting policies								
Restated balance	10,941	1	5,057	(16,201)	(111)	(313)	37,058	432,326
Changes in items during period								
Change in ownership interest of parent due to transactions with non-controlling interests								69
Dividends of surplus								(9,909)
Profit attributable to owners of parent								43,452
Purchase of treasury shares								(5,134)
Disposal of treasury shares								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 in items other than shareholders' equity	(2,252)	(4)	(37)	(3,927)	(3,521)	(9,744)	(1,122)	(10,866)
Total changes in items during period	(2,252)	(4)	(37)	(3,927)	(3,521)	(9,744)	(1,122)	18,318
Balance at end of period	8,688	(3)	5,019	(20,128)	(3,632)	(10,057)	35,935	450,645

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	86,174	60,408	294,265	(16,081)	424,767
Cumulative effects of changes in accounting policies			(48)		(48)
Restated balance	86,174	60,408	294,217	(16,081)	424,718
Changes in items during period					
Change in ownership interest of parent due to transactions with non-controlling interests		(220)			(220)
Dividends of surplus			(7,350)		(7,350)
Profit attributable to owners of parent			39,151		39,151
Purchase of treasury shares				(60)	(60)
Disposal of treasury shares		35		43	78
Increase by merger of consolidated subsidiary and non-consolidated subsidiary		10	68		78
Adjustment to retained earnings due to change in US tax rate					
Net changes in items other than shareholders' equity					
Total changes in items during period	-	(174)	31,868	(17)	31,676
Balance at end of period	86,174	60,233	326,086	(16,098)	456,395

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,688	(3)	5,019	(20,128)	(3,632)	(10,057)	35,935	450,645
Cumulative effects of changes in accounting policies							(57)	(106)
Restated balance	8,688	(3)	5,019	(20,128)	(3,632)	(10,056)	35,878	450,539
Changes in items during period								
Change in ownership interest of parent due to transactions with non-controlling interests								(220)
Dividends of surplus								(7,350)
Profit attributable to owners of parent								39,151
Purchase of treasury shares								(60)
Disposal of treasury shares								78
Increase by merger of consolidated subsidiary and non-consolidated subsidiary								78
Adjustment to retained earnings due to change in US tax rate								-
Net changes in items other than shareholders' equity	(1,964)	3	(50)	(1,284)	(6,362)	(9,659)	684	(8,974)
Total changes in items during period	(1,964)	3	(50)	(1,284)	(6,362)	(9,659)	684	22,702
Balance at end of period	6,723	(0)	4,968	(21,413)	(9,995)	(19,716)	36,563	473,241

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2019 (April 1, 2018 through March 31, 2019)	Fiscal 2020 (April 1, 2019 through March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	59,174	51,777
Depreciation	44,008	48,863
Amortization of goodwill	490	89
Share of loss (profit) of entities accounted for using equity method	(2,288)	(2,427)
Loss (gain) on valuation of investment securities	326	222
Decrease (increase) in net retirement benefit asset and liability	(1,364)	(1,172)
Increase (decrease) in provision for retirement benefits for directors	15	(14)
Increase (decrease) in provision for bonuses	24	109
Increase (decrease) in allowance for doubtful accounts	(185)	91
Increase (decrease) in other provisions	52	42
Interest and dividend income	(1,860)	(1,808)
Interest expenses	4,068	3,876
Loss (gain) on sales of investment securities	(399)	(169)
Loss (gain) on disposal of non-current assets	3,678	4,825
Impairment loss	1,101	5,451
Decrease (increase) in trade receivables	(2,728)	20,800
Decrease (increase) in inventories	(4,207)	(1,661)
Increase (decrease) in trade payables	9,577	(16,151)
Other, net	(1,218)	(6,674)
Subtotal	108,266	106,069
Interest and dividends received	2,844	2,321
Interest paid	(4,019)	(3,890)
Income taxes paid	(9,808)	(13,597)
Cash flows from operating activities	97,283	90,902
Cash flows from investing activities		
Decrease (increase) in time deposits	1,995	515
Purchase of non-current assets	(64,520)	(66,378)
Proceeds from sales of non-current assets	2,208	1,367
Purchase of other depreciated assets	(142)	(240)
Proceeds from sales of other depreciated assets	-	0
Purchase of investment securities	(43)	(539)
Proceeds from sales and redemption of investment securities	1,132	393
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,308	-
Loan advances	(2,639)	(3,240)
Collection of loans receivable	3,078	2,782
Other, net	(402)	(193)
Cash flows from investing activities	(58,025)	(65,534)

(Millions of yen)

	Fiscal 2019 (April 1, 2018 through March 31, 2019)	Fiscal 2020 (April 1, 2019 through March 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,509	200
Increase (decrease) in commercial papers	4,000	8,000
Proceeds from long-term borrowings	57,127	44,663
Repayments of long-term borrowings	(75,721)	(56,077)
Proceeds from issuance of bonds	20,000	-
Redemption of bonds	(15,035)	(10,000)
Proceeds from sales of treasury shares	0	94
Purchase of treasury shares	(5,026)	(22)
Dividends paid	(9,909)	(7,350)
Dividends paid to non-controlling interests	(1,565)	(681)
Other, net	(9,133)	(8,262)
Cash flows from financing activities	(33,753)	(29,436)
Effect of exchange rate change on cash and cash equivalents	(543)	(301)
Net increase (decrease) in cash and cash equivalents	4,960	(4,369)
Cash and cash equivalents at beginning of period	44,976	50,084
Increase in cash and cash equivalents resulting from merger	147	33
Cash and cash equivalents at end of period	50,084	45,748

Consolidated Segment Information

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

【Industry Segments】	Reportable Segments					(Millions of yen)			
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total	Other	Total	Adjustment	Consolidated Total
Net sales									
Sales to outside customers	636,385	59,401	85,081	77,940	858,808	57,263	916,071	-	916,071
Inter-segment sales	10,092	24,860	7,611	4,245	46,809	28,765	75,575	(75,575)	-
Total	646,477	84,262	92,693	82,185	905,618	86,028	991,647	(75,575)	916,071
Segment income	41,743	8,242	6,614	4,999	61,599	4,658	66,257	(244)	66,012

【Geographic Segments】	(Millions of yen)			
	Japan	U.S.A.	Other	Total
Net sales	687,422	143,663	84,985	916,071
Non-current assets	371,335	103,813	45,790	520,939

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

【Industry Segments】	Reportable Segments					(Millions of yen)			
	Cement Business	Mineral Resources Business	Environmental Business	Construction Materials Business	Total	Other	Total	Adjustment	Consolidated Total
Net sales									
Sales to outside customers	617,838	55,965	76,281	77,035	827,121	57,228	884,350	-	884,350
Inter-segment sales	10,578	24,181	8,140	4,268	47,168	25,802	72,971	(72,971)	-
Total	628,416	80,147	84,422	81,303	874,290	83,031	957,321	(72,971)	884,350
Segment income	36,526	7,179	7,707	4,537	55,951	5,327	61,279	(270)	61,008

【Geographic Segments】	(Millions of yen)			
	Japan	U.S.A.	Other	Total
Net sales	653,524	143,705	87,120	884,350
Non-current assets	388,658	110,862	45,032	544,553