



**TAIHEIYO CEMENT**

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**Reference Materials of Financial Results  
for the Fiscal 2020 ended March 31, 2020**

**May 20, 2020  
Taiheiyo Cement Corporation**

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# 1. Highlights of Consolidated Financial Results

(Millions of yen)

	FY2019	FY 2020	Change
Net sales	916,071	884,350	(31,721)
Operating income	66,012	61,008	(5,004)
Ordinary income	64,306	60,541	(3,765)
Profit attributable to owners of parent	43,452	39,151	(4,301)

< Indexes >	FY 2019	FY 2020	Change
Equity ratio (%)	40.1	42.3	2.2
Equity ratio based on market value (%)	43.7	21.9	(21.7)
Equity per share (yen)	3,388.4	3,567.6	179.2
Earnings per share (yen)	351.7	319.9	(31.8)
Ratio of ordinary income to total assets (%)	6.3	5.9	(0.4)
Return on equity (%)	10.7	9.2	(1.5)
Operating income to net sales (%)	7.2	6.9	(0.3)

## 2. Trend in Construction Investments and Domestic Demand for Cement

Trillions of yen

10 thousand tons



Estimate of construction investments : for Fiscal 2002 to Fiscal 2019, Ministry of Land, Infrastructure, Transport and Tourism  
 : for Fiscal 2020, Research Institute of Construction and Economy (RICE)  
 Domestic demand : Japan Cement Association  
 Exports : Japan Cement Association

### 3. Volume of Sales and Shipment Results by Region

#### (1) Volume of Sales of Cement by Region (Excluding Imports)

	Fiscal 2018		Fiscal 2019		Fiscal 2020	
	Volume of sales (Thousand tons)	Year-on-year change (%)	Volume of sales (Thousand tons)	Year-on-year change (%)	Volume of sales (Thousand tons)	Year-on-year change (%)
Hokkaido	2,014	3.9	1,917	(4.8)	1,885	(1.7)
Tohoku	4,163	(5.8)	4,129	(0.8)	3,753	(9.1)
Kanto 1	9,702	4.0	10,091	4.0	9,409	(6.8)
Kanto 2	3,877	4.1	3,659	(5.6)	3,464	(5.3)
Hokuriku	1,843	0.7	2,261	22.7	2,217	(1.9)
Tokai	4,586	(0.9)	4,896	6.8	4,642	(5.2)
Kinki	5,422	(6.1)	5,507	1.6	5,574	1.2
Shikoku	1,535	(1.7)	1,506	(1.9)	1,571	4.3
Chugoku	2,514	0.5	2,443	(2.8)	2,548	4.3
Kyushu	4,996	2.5	5,094	2.0	4,874	(4.3)
Okinawa	1,049	13.6	996	(5.1)	1,010	1.5
Domestic Total	41,701	0.5	42,499	1.9	40,948	(3.7)
Exports	11,808	2.4	10,371	(12.2)	10,532	1.6
Total	53,508	0.9	52,870	(1.2)	51,480	(2.6)

Source : Japan Cement Association

### 3. Volume of Sales and Shipment Results by Region

#### (2) Volume of Shipment of Ready-mixed Concrete by Region

	Fiscal 2018		Fiscal 2019		Fiscal 2020	
	Volume of shipment (Thousand cubic meters)	Year-on-year change (%)	Volume of shipment (Thousand cubic meters)	Year-on-year change (%)	Volume of shipment (Thousand cubic meters)	Year-on-year change (%)
Hokkaido	3,569	3.1	3,441	(3.6)	3,472	0.9
Tohoku	8,225	(5.1)	7,856	(4.5)	7,112	(9.5)
Kanto 1	20,407	2.2	21,898	7.3	19,877	(9.2)
Kanto 2	6,210	2.4	5,968	(3.9)	5,750	(3.6)
Hokuriku	3,879	1.3	4,783	23.3	4,586	(4.1)
Tokai	9,428	(3.4)	10,046	6.6	9,626	(4.2)
Kinki	11,375	(8.0)	11,190	(1.6)	11,182	(0.1)
Chugoku	4,862	0.8	4,600	(5.4)	4,928	7.1
Shikoku	3,414	(1.9)	3,249	(4.8)	3,392	4.4
Kyushu	12,332	7.3	12,450	1.0	12,033	(3.4)
Total	83,701	(0.3)	85,481	2.1	81,959	(4.1)

Source : National Federation of Ready-mixed Concrete Industrial Associations

## 4. Financial Results for the Fiscal 2020

### (1) Consolidated Statements of Income

(Millions of yen)

	FY 2019	FY 2020	Change
Net Sales	916,071	884,350	(31,721)
Cost of sales	712,660	689,321	(23,339)
Selling, general and administrative expenses	137,398	134,020	(3,377)
Operating income	66,012	61,008	(5,004)
Non-operating income and expenses	(1,706)	(466)	1,239
Ordinary income	64,306	60,541	(3,765)
Extraordinary income and losses	(5,132)	(8,763)	(3,631)
Profit before income taxes	59,174	51,777	(7,396)
Profit attributable to owners of parent	43,452	39,151	(4,301)
< Reference Information >			
Foreign exchange rate (yen/US\$)	110.44	109.03	(1.41)

## 4. Financial Results for the Fiscal 2020

### (2) Consolidated Segment Information

#### Net Sales and Operating Income by Reportable Segments

(Millions of yen)

		Net Sales			Operating Income		
		FY 2019	FY 2020	Change	FY 2019	FY 2020	Change
Cement Business	Domestic	434,875	415,130	(19,745)	21,410	14,953	(6,457)
	Overseas Subsidiaries	211,601	213,286	1,685	20,332	21,573	1,240
Total		646,477	628,416	(18,060)	41,743	36,526	(5,216)
Mineral Resources Business		84,262	80,147	(4,114)	8,242	7,179	(1,063)
Environmental Business		92,693	84,422	(8,271)	6,614	7,707	1,093
Construction Materials Business		82,185	81,303	(881)	4,999	4,537	(462)
Other		86,028	83,031	(2,997)	4,658	5,327	669
Total		991,647	957,321	(34,325)	66,257	61,279	(4,978)
Elimination		(75,575)	(72,971)	2,604	(244)	(270)	(25)
Consolidated Total		916,071	884,350	(31,721)	66,012	61,008	(5,004)



## 4. Financial Results for the Fiscal 2020

### (2) Consolidated Segment Information

#### Cement Business

Sales Volume of Cement (Thousand tons)

	FY 2019	FY 2020	Change
Domestic	15,248	14,477	(772)
Export	3,485	3,864	379

(Millions of yen)

		FY 2019	FY 2020	Change	Main Factors of Changes in Net Sales and Operating Income
Net Sales	Domestic	434,875	415,130	(19,745)	Decrease in sales of domestic cement and solidifying materials -6.7 billion yen Increase in export cement volume +1.6 billion yen Price difference in domestic cement and solidifying materials +1.2 billion yen Price difference in export cement +0.4 billion yen Decrease in sales from subsidiaries producing or selling cement or ready-mixed concrete, etc. -16.2 billion yen
	Overseas Subsidiaries	211,601	213,286	1,685	U.S.A +US\$13 million China +US\$9 million, Asia and other +US\$10 million Effect of foreign exchange, etc. -2.2 billion yen
	Total	646,477	628,416	(18,060)	
Operating Income	Domestic	21,410	14,953	(6,457)	Decrease in sales of domestic cement and solidifying materials -3.3 billion yen Increase in export cement volume +0.5 billion yen Price difference in domestic cement and solidifying materials +1.1 billion yen Increase in net export cement revenue +0.6 billion yen Increase in variable cost -1.5 billion yen Increase in fixed cost -2.3 billion yen Decrease in income from subsidiaries producing or selling cement or ready-mixed concrete, etc. -1.6 billion yen
	Overseas Subsidiaries	20,332	21,573	1,240	U.S.A +US\$3 million, Goodwill amortization +0.4 billion yen China +US\$1 million, Asia and other +US\$5 million Effect of foreign exchange, etc. -0.3 billion yen
	Total	41,743	36,526	(5,216)	

## 4. Financial Results for the Fiscal 2020

### (2) Consolidated Segment Information

#### Reportable Segments (Excluding Cement Business) and Other

(Millions of yen)

		FY 2019	FY 2020	Change	Main Factors of Changes in Net Sales and Operating Income
Mineral Resources business	Net Sales	84,262	80,147	(4,114)	Decrease in sales of aggregates due to the end in demand related to the Tokyo Olympics and Paralympics and reconstruction following the Great East Japan Earthquake
	Operating Income	8,242	7,179	(1,063)	Decrease in sales of aggregates and mineral products
Environmental Business	Net Sales	92,693	84,422	(8,271)	Decrease in sales of fuel, calcium carbonate used for flue gas desulfurization and gypsum
	Operating Income	6,614	7,707	1,093	Expansion of waste processing operations in waste plastics, increase in sales of biomass fuel, and efforts made in disaster waste processing
Construction Materials Business	Net Sales	82,185	81,303	(881)	Decrease in sales of ground improvement projects
	Operating Income	4,999	4,537	(462)	Decrease in sales of ground improvement projects
Other	Net Sales	86,028	83,031	(2,997)	
	Operating Income	4,658	5,327	669	

## 4. Financial Results for the Fiscal 2020

### (3) Consolidated Balance Sheets

(Millions of yen)

		As of Mar. 31, 2019	As of Mar. 31, 2020	Change			As of Mar. 31, 2019	As of Mar. 31, 2020	Change	
Current assets	Cash and deposits	56,561	51,641	(4,919)	Liabilities	Current liabilities	349,390	313,771	(35,619)	
	Notes and accounts receivable - trade	180,535	159,048	(21,487)		Non-current liabilities	234,392	245,910	11,518	
	Inventories	76,721	78,283	1,561		Total liabilities	583,783	559,682	(24,101)	
	Other	27,488	29,529	2,041	Net assets	Shareholders' equity	Share capital	86,174	86,174	-
Total current assets	341,307	318,502	(22,804)	Capital surplus			60,408	60,233	(174)	
Non-current assets	Total property, plant and equipment	520,939	544,553	23,614			Retained earnings	294,265	326,086	31,820
	Total intangible assets	30,875	29,814	(1,061)			Treasury shares	(16,081)	(16,098)	(17)
	Total investments and other assets	141,306	140,053	(1,252)			Total shareholders' equity	424,767	456,395	31,628
	Total non-current assets	693,120	714,420	21,299			Accumulated other comprehensive income	(10,057)	(19,716)	(9,659)
							Non-controlling interests	35,935	36,563	627
Total net assets	450,645	473,241	22,596	Total liabilities and net assets	1,034,428	1,032,923	(1,505)			
Total assets	1,034,428	1,032,923	(1,505)							

	As of Dec. 31, 2018	As of Dec. 31, 2019	Change
Foreign exchange rate (yen/US\$)	111.00	109.56	▲ 1.44

## 4. Financial Results for the Fiscal 2020

### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2019	FY 2020	Change
Cash flows from operating activities	97,283	90,902	(6,380)
Cash flows from investing activities	(58,025)	(65,534)	(7,509)
Cash flows from financing activities	(33,753)	(29,436)	4,317
Effect of exchange rate change on cash and cash equivalents	(543)	(301)	242
Net increase (decrease) in cash and cash equivalents	4,960	(4,369)	(9,330)
Other	147	33	(113)
Cash and cash equivalents at beginning of period	44,976	50,084	5,107
Cash and cash equivalents at end of period	50,084	45,748	(4,336)

< Indexes >	FY 2019	FY 2020	Change
Current ratio (%)	97.7	101.5	3.8
Cash flow to interest-bearing debt ratio (year)	2.9	2.9	0.1
Interest coverage ratio (times)	24.2	23.4	(0.8)
Net DE ratio (times)	0.54	0.49	(0.05)

## 5. Forecast for the Fiscal 2021

### (1) Consolidated Statements of Income

(100 million yen)

	FY 2020 (actual)	FY 2021 (fore cast)	Change
Net Sales	8,843	8,760	(83)
Operating income	610	550	(60)
Ordinary income	605	545	(60)
Extraordinary income and losses	(87)	(80)	7
Profit before income taxes	517	465	(52)
Profit attributable to owners of parent	391	320	(71)
< Preconditions >			
Domestic demand (10 thousand ton)	4,097	3,900	(197)
Foreign exchange rate (yen/US\$)	109.03	110.00	0.97

## 5. Forecast for the Fiscal 2021

### (2) Assumptions for the Forecast for the Fiscal 2021

- ◆ Both in Japan and overseas, moving toward recovery from the impact of COVID-19 after July.
- ◆ On the other hand, the impact of the current energy market conditions is factored in.
- ◆ Thoroughly working to reduce costs for responding to the declined demand for cement.

## 5. Forecast for the Fiscal 2021

### (3) Consolidated Segment Information

#### Net Sales and Operating Income by Reportable Segments

(100 million yen)

		Net Sales			Operating Income		
		FY 2020 (actual)	FY 2021 (forecast)	Change	FY 2020 (actual)	FY 2021 (forecast)	Change
Cement Business	Domestic	4,151	3,970	(181)	149	130	(19)
	Overseas Subsidiaries	2,132	2,130	(2)	215	200	(15)
	Total	6,284	6,100	(184)	365	330	(35)
Mineral Resources Business		801	780	(21)	71	60	(11)
Environmental Business		844	850	6	77	60	(17)
Construction Materials Business		813	800	(13)	45	40	(5)
Other		830	930	100	53	60	7
Total		9,573	9,460	(113)	612	550	(62)
Elimination		(729)	(700)	29	(2)	0	2
Consolidated Total		8,843	8,760	(83)	610	550	(60)

## 5. Forecast for the Fiscal 2021

### (3) Consolidated Segment Information

#### Cement Business

Sales Volume of Cement (Thousand tons)

	FY 2020 (actual)	FY 2021 (forecast)	Change
Domestic	14,477	14,000	(477)
Export	3,864	4,000	136

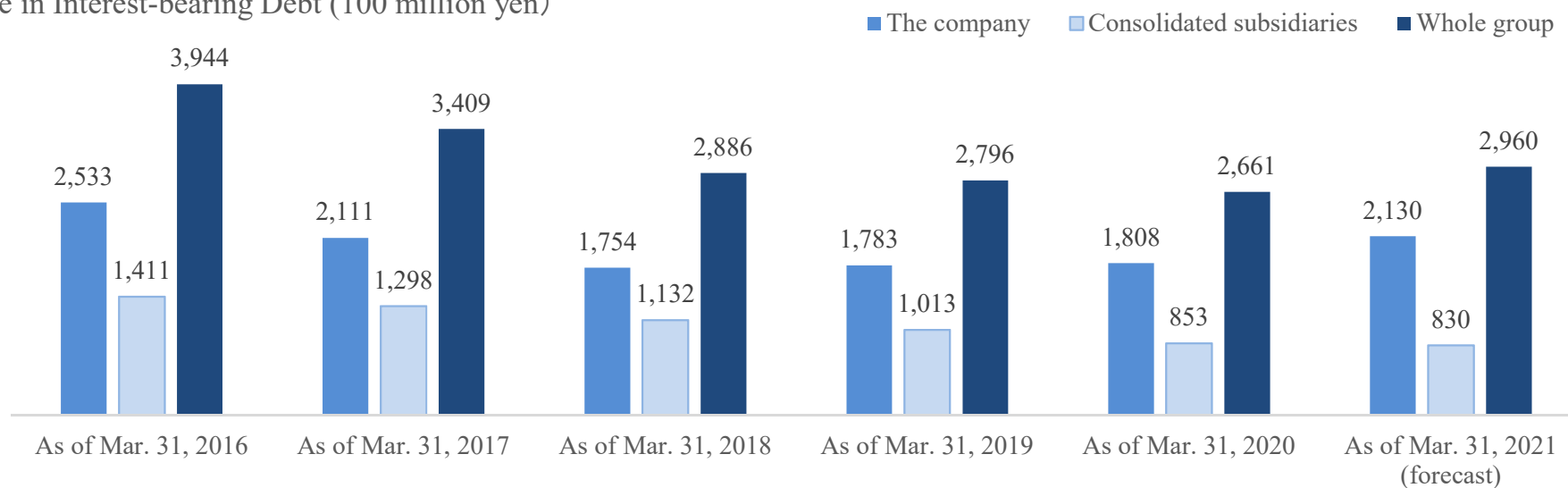
(100 million yen)

		FY 2020 (actual)	FY 2021 (forecast)	Change	Main Factors of Changes in Net Sales and Operating Income
Net Sales	Domestic	4,151	3,970	(181)	Decrease in sales of domestic cement and solidifying materials -5.1 billion yen Increase in export cement volume +0.6 billion yen Price difference in domestic cement and solidifying materials +1.1 billion yen Price difference in export cement +1.3 billion yen Decrease in sales from subsidiaries producing or selling cement or ready-mixed concrete, etc. -15.0 billion yen
	Overseas Subsidiaries	2,132	2,130	(2)	U.S.A -US\$21 million China -US\$8 million, Asia and other -US\$8 million Effect of foreign exchange, etc. +4.1 billion yen
	Total	6,284	6,100	(184)	
Operating Income	Domestic	149	130	(19)	Decrease in sales of domestic cement and solidifying materials -3.1 billion yen Increase in export cement volume +0.2 billion yen Price difference in domestic cement and solidifying materials +0.9 billion yen Increase in net export cement revenue +0.1 billion yen Decrease in variable cost +4.5 billion yen Increase in fixed cost -2.7 billion yen Decrease in income from subsidiaries producing or selling cement or ready-mixed concrete, etc. -1.8 billion yen
	Overseas Subsidiaries	215	200	(15)	U.S.A US\$1 million, Goodwill amortization +0.0 billion yen China -US\$10 million, Asia and other -US\$3 million Effect of foreign exchange, etc. +0.1 billion yen
	Total	365	330	(35)	

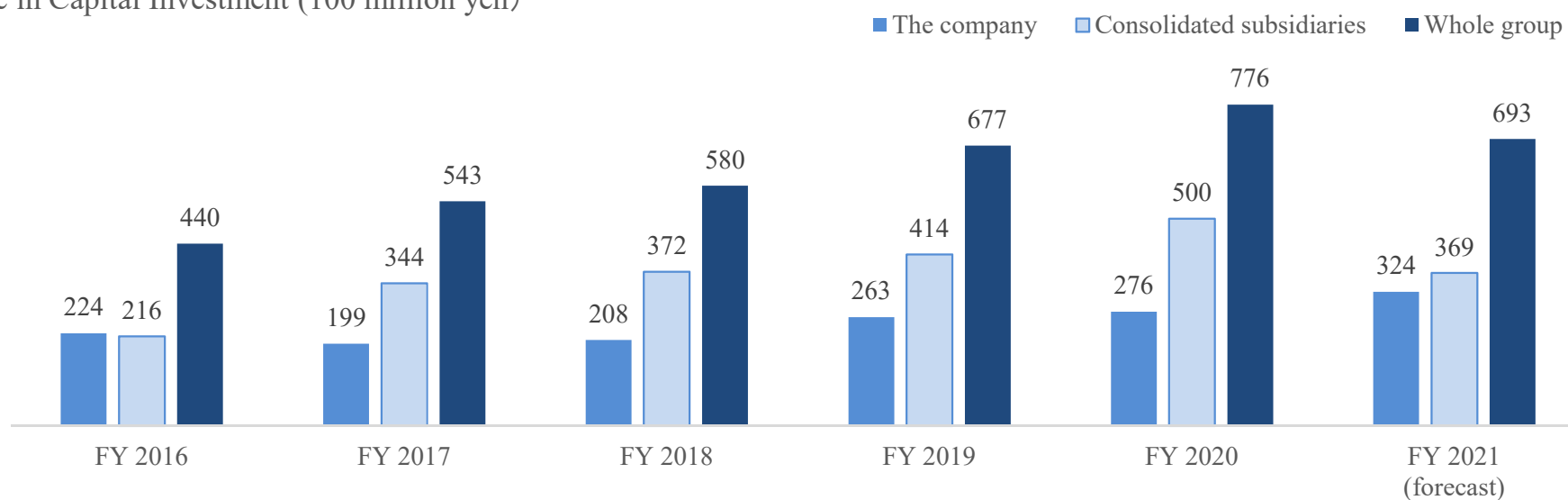


## 6. Reference Information

(1) Change in Interest-bearing Debt (100 million yen)

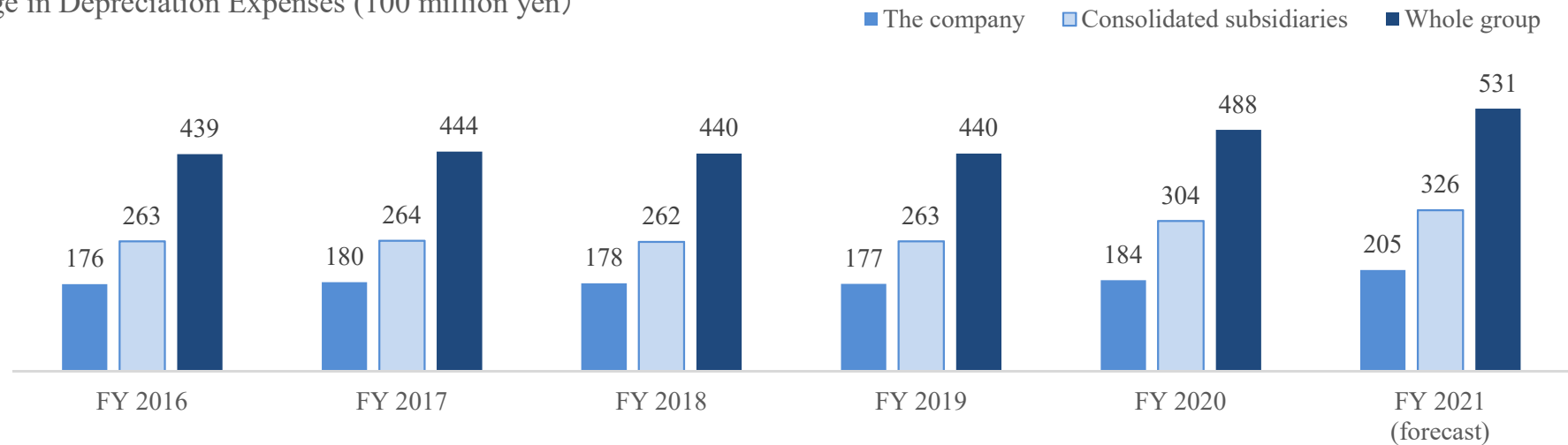


(2) Change in Capital Investment (100 million yen)

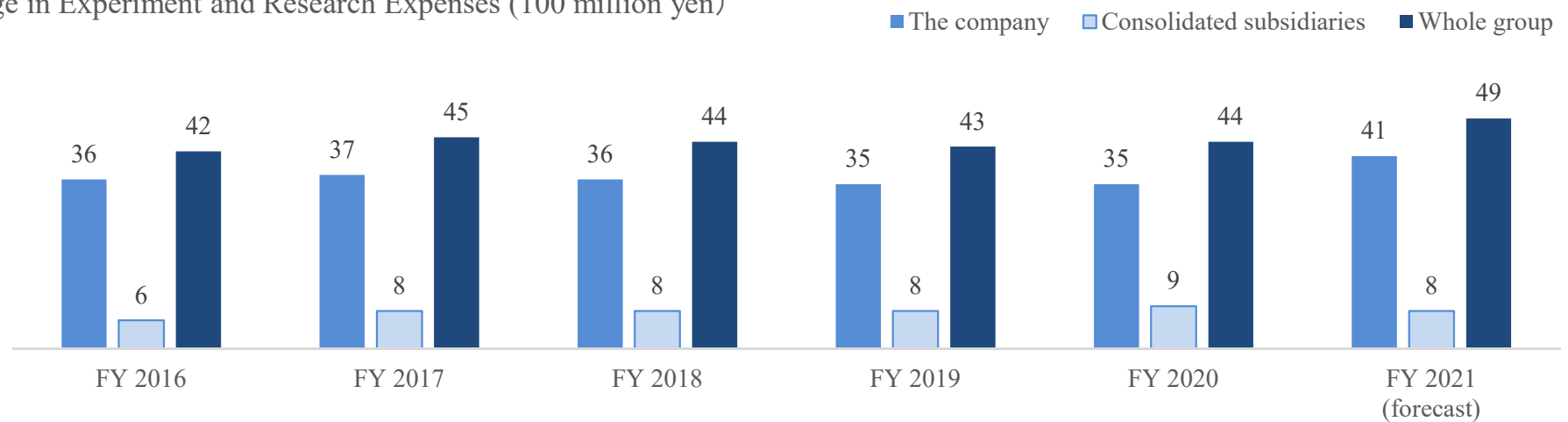


## 6. Reference Information

(3) Change in Depreciation Expenses (100 million yen)

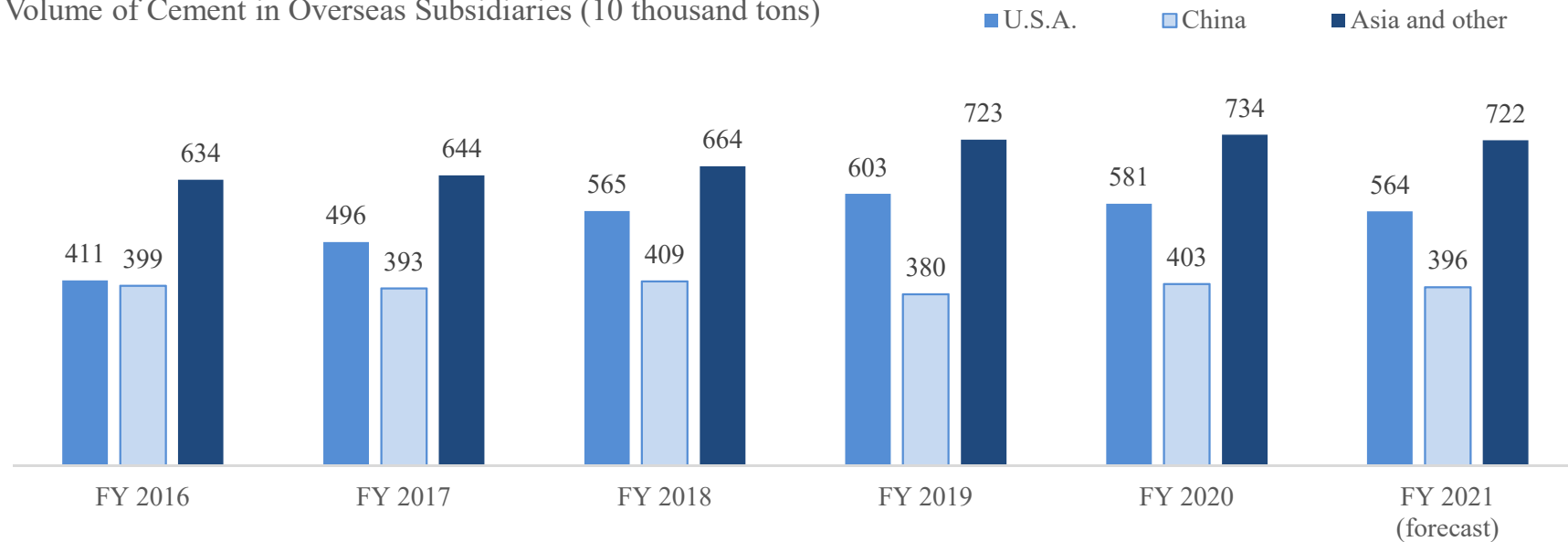


(4) Change in Experiment and Research Expenses (100 million yen)

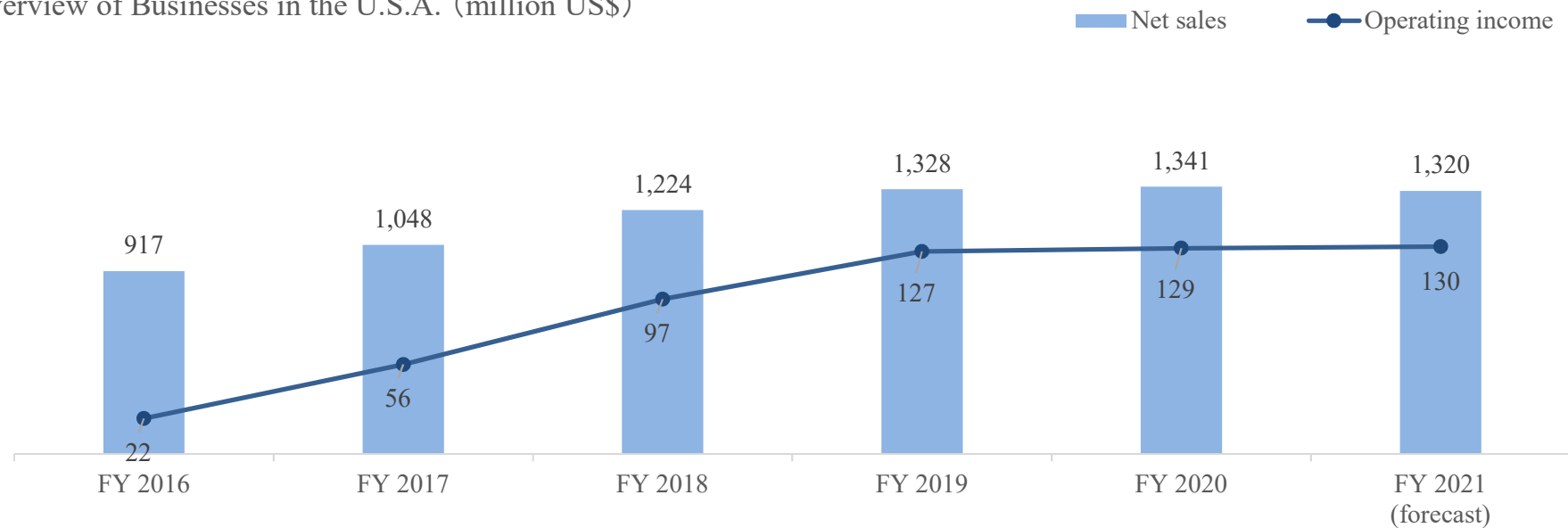


## 6. Reference Information

(5) Sales Volume of Cement in Overseas Subsidiaries (10 thousand tons)



(6) Overview of Businesses in the U.S.A. (million US\$)



## 6. Reference Information

### (7) Forecast for the First Half of the Fiscal 2021

#### ① Consolidated Statements of Income

(100 million yen)

	First half of FY 2020 (actual)	First half of FY 2021 (forecast)	Change
Net Sales	4,313	4,140	(173)
Operating income	224	165	(59)
Ordinary income	224	165	(59)
Extraordinary income and losses	13	(25)	(38)
Profit before income taxes	237	140	(97)
Profit attributable to owners of parent	162	90	(72)

## 6. Reference Information

### (7) Forecast for the First Half of the Fiscal 2021

#### ② Net Sales and Operating Income by Reportable Segments

(100 million yen)

		Net Sales			Operating Income		
		First half of FY 2020 (actual)	First half of FY 2021 (forecast)	Change	First half of FY 2020 (actual)	First half of FY 2021 (forecast)	Change
Cement Business	Domestic	2,070	1,920	(150)	37	10	(27)
	Overseas Subsidiaries	1,015	970	(45)	85	75	(10)
	Total	3,085	2,890	(195)	122	85	(37)
Mineral Resources Business		394	375	(19)	32	25	(7)
Environmental Business		415	415	0	35	30	(5)
Construction Materials Business		390	365	(25)	19	10	(9)
Other		366	425	59	13	15	2
Total		4,652	4,470	(182)	223	165	(58)
Elimination		(338)	(330)	8	1	0	(1)
Consolidated Total		4,313	4,140	(173)	224	165	(59)