Financial forecast material

FY2020 (for the fiscal year ending March 31, 2021)

August 6, 2020

SUMITOMO OSAKA CEMENT CO., LTD.

SUMITOMO OSAKA CEMENT

Fiscal 2018:	April 1, 2018–March 31, 2019
Fiscal 2019:	April 1, 2019–March 31, 2020
Fiscal 2020:	April 1, 2020–March 31, 2021

1. Demand for Cement and Sumitomo Osaka Cement's Sales Volume

【Demand for Cement】 (Thousand tons)

	Fiscal 2018	Fiscal 2019			YoY	Fiscal 2020 Forecast			YoY		
		First Half	Second Half	Total		First Half	Second Half	Total	First Half	Second Half	Total
	1.9%	−1.7%	−5.5%	−3.6%		−6.7%	−2.9%	−4.8%			
Domestic Manufacturers	42,499	20,352	20,595	40,948	▲ 1,551	18,990	19,990	38,980	▲ 1,362	▲ 605	▲ 1,968
Import	91	11	11	22	▲ 68	10	10	20	▲ 1	▲ 1	▲ 2
	1.7%	−2.0%	−5.6%	−3.8%		−6.7%	−2.9%	−4.8%			
Domestic demand	42,589	20,364	20,606	40,970	▲ 1,620	19,000	20,000	39,000	▲ 1,364	▲ 606	▲ 1,970
Export	10,371	5,017	5,515	10,532	161	5,200	5,800	11,000	183	285	468

【Sumitomo Osaka Cement's Sales Volume】

	Fiscal 2018	Fiscal 2019 First Half	Fiscal 2019 Second Half	Fiscal 2019 Total	YoY	Fiscal 2020 Forecast First Half	Fiscal 2020 Forecast Second Half	Fiscal 2020 Forecast Total	YoY First Half	YoY Second Half	YoY Total
	2.4%	1.0%	−4.5%	−1.8%		−7.7%	−2.5%	−5.1%			
Domestic	8,925	4,391	4,373	8,764	▲ 162	4,054	4,264	8,318	▲ 336	▲ 109	▲ 446
Export	1,366	594	701	1,295	▲ 71	629	750	1,379	35	49	84
Total	10,291	4,984	5,074	10,058	▲ 233	4,683	5,014	9,697	▲ 301	▲ 60	▲ 361

2. Net Sales

(1) Consolidated

(100 million yen, %)

	Fiscal 2018	Fiscal 2019			YoY		Fiscal 2020 forecast			YoY			
		First Half	Second Half	Total	YoY	%	First Half	Second Half	Total	First Half	Second Half	Total	%
Cement	1,937	934	954	1,888	▲ 49	▲ 2.5	864	926	1,789	▲ 70	▲ 28	▲ 99	▲ 5.2
Mineral Resources	128	64	62	126	▲ 2	▲ 1.4	60	62	122	▲ 4	▲ 0	▲ 5	▲ 4.0
Cement-Related Products	185	76	115	191	6	3.4	65	102	167	▲ 11	▲ 13	▲ 23	▲ 12.0
Cement-related business	2,249	1,074	1,132	2,205	▲ 44	▲ 2.0	989	1,090	2,079	▲ 85	▲ 41	▲ 127	▲ 5.8
Optoelectronics	58	32	27	59	1	2.0	30	28	58	▲ 2	1	▲ 1	▲ 1.7
Advanced Materials	120	57	57	114	▲ 6	▲ 5.1	52	54	106	▲ 5	▲ 3	▲ 8	▲ 7.0
Battery Materials	19	7	5	13	▲ 6	▲ 33.3	3	7	10	▲ 4	1	▲ 3	▲ 24.0
High-Performance Product business	196	96	89	185	▲ 11	▲ 5.7	85	89	173	▲ 11	▲ 1	▲ 12	▲ 6.5
Others	65	29	33	61	▲ 4	▲ 5.7	22	27	48	▲ 7	▲ 6	▲ 13	▲ 21.3
Total	2,511	1,198	1,253	2,452	▲ 59	▲ 2.4	1,095	1,205	2,300	▲ 103	▲ 48	▲ 151	▲ 6.2

(2) Non-Consolidated

	Fiscal 2018	Fiscal 2019 First Half	Fiscal 2019 Second Half	Fiscal 2019 Total	YoY	%	Fiscal 2020 First Half	Fiscal 2020 Second Half	Fiscal 2020 Total	YoY First Half	YoY Second Half	YoY Total	%
Cement-related business	1,335	658	679	1,338	2	0.2	619	665	1,284	▲ 39	▲ 14	▲ 54	▲ 4.0
High-Performance Product business	191	93	87	181	▲ 10	▲ 5.4	82	86	169	▲ 11	▲ 1	▲ 12	▲ 6.4
Others	48	22	19	41	▲ 6	▲ 13.4	19	19	37	▲ 4	▲ 1	▲ 4	▲ 9.7
Total	1,574	774	785	1,559	▲ 14	▲ 0.9	720	770	1,490	▲ 54	▲ 16	▲ 70	▲ 4.5

3. Profit and Loss

(1) Consolidated

(100 million yen, %)

	Fiscal 2018	Fiscal 2019			YoY		Fiscal 2020 forecast			YoY			
		First Half	Second Half	Total	YoY	%	First Half	Second Half	Total	First Half	Second Half	Total	%
Cement	75.8	28.6	53.9	82.5	6.7	8.8	27.6	59.7	87.3	▲ 1.0	5.8	4.9	5.9
Mineral Resources	23.6	12.2	11.7	23.9	0.2	1.0	9.1	9.0	18.1	▲ 3.1	▲ 2.6	▲ 5.7	▲ 23.9
Cement-Related Products	12.5	4.9	13.3	18.2	5.8	46.2	1.3	9.0	10.3	▲ 3.6	▲ 4.4	▲ 8.0	▲ 43.8
Cement-related business	111.9	45.7	78.9	124.6	12.7	11.3	38.0	77.7	115.7	▲ 7.7	▲ 1.2	▲ 8.9	▲ 7.1
Optoelectronics	▲ 5.7	0.3	1.7	2.0	7.7	---	1.7	2.1	3.7	1.4	0.4	1.8	92.2
Advanced Materials	23.7	9.5	9.0	18.5	▲ 5.2	▲ 21.9	7.7	9.0	16.7	▲ 1.7	▲ 0.1	▲ 1.8	▲ 9.7
Battery Materials	▲ 4.4	▲ 0.2	▲ 1.3	▲ 1.5	2.9	---	▲ 2.1	▲ 1.7	▲ 3.8	▲ 1.9	▲ 0.4	▲ 2.3	--
High-Performance Product business	13.6	9.6	9.4	19.0	5.4	39.4	7.3	9.3	16.6	▲ 2.3	▲ 0.1	▲ 2.3	▲ 12.1
Others	17.1	8.7	9.9	18.6	1.5	8.7	6.2	6.5	12.7	▲ 2.4	▲ 3.4	▲ 5.9	▲ 31.7
Operating income	141.8	63.6	97.6	161.3	19.5	13.7	51.5	93.5	145.0	▲ 12.1	▲ 4.1	▲ 16.3	▲ 10.1
Non-operating profit or loss	16.2	4.9	3.3	8.2	▲ 8.0		7.5	2.5	10.0	2.6	▲ 0.8	1.8	
Ordinary profits	158.0	68.6	100.9	169.5	11.5	7.3	59.0	96.0	155.0	▲ 9.6	▲ 4.9	▲ 14.4	▲ 8.5
Profit (loss) attributable to owners of parent	78.0	45.6	63.7	109.2	31.2	40.1	38.0	62.0	100.0	▲ 7.5	▲ 1.7	▲ 9.2	▲ 8.4

(2) Non-Consolidated

	Fiscal 2018	Fiscal 2019 First Half	Fiscal 2019 Second Half	Fiscal 2019 Total	YoY	%	Fiscal 2020 forecast First Half	Fiscal 2020 forecast Second Half	Fiscal 2020 forecast Total	YoY First Half	YoY Second Half	YoY Total	%
Operating income	97.0	47.7	65.6	113.3	16.3	16.8	45.0	73.0	118.0	▲ 2.7	7.4	4.7	4.1
Ordinary profits	110.9	57.2	66.9	124.1	13.2	11.9	55.0	75.0	130.0	▲ 2.2	8.1	5.9	4.8
Profit (loss) attributable to owners of parent	46.9	38.6	43.0	81.6	34.7	73.9	35.0	50.0	85.0	▲ 3.6	7.0	3.4	4.2

(3) Breakdown of Operation Income in the Cement Business

100 million yen

	18 → '19	Fiscal 2019 → 2020 forecast First Half	Second Half	Total
Sales and production volume	▲ 10	▲ 12	▲ 9	▲ 21
Sales prices (Domestic)	11	0	0	0
Coal and oil costs	24	25	12	37
Electricity and raw materials	▲ 2	0	▲ 1	▲ 1
Recycle, Rationalization(※)	7	▲ 2	▲ 2	▲ 4
Others	▲ 23	▲ 12	6	▲ 6
Increase(decrease) in operating income	7	▲ 1	6	5

(※) Recycle, Rationalization

100 million yen

	18 → '19	Fiscal 2019 → 2020 forecast First Half	Second Half	Total
Recycle	6	▲ 2	▲ 2	▲ 4
Rationalization	1	0	0	0
Total	7	▲ 2	▲ 2	▲ 4

Sensitivity

Coal	**1$/t up**	**120 million yen/year negative impact**
Crude oil	**1$/bbl up**	**40 million yen/year negative impact**
Foreign Exchange Rate	**1yen/$ down**	**130 million yen/year negative impact**

4. Balance Sheets

100 million yen

	Mar '19	Mar '20	Mar '21 forecast
Cash and deposits	153	159	198
Property, plant and equipment	1,660	1,664	1,696
Investment securities	556	541	538
Other	878	847	858
Total assets	3,248	3,211	3,290
Interest-bearing liabilities	611	526	540
Other	696	698	710
Total liabilities	1,306	1,224	1,250
Total net assets	1,941	1,987	2,040
Total liabilities + Total net assets	3,248	3,211	3,290

5. Cash Flows

100 million yen

	Fiscal 2019	Fiscal 2020 forecast
Income before income taxes and minority interests	155	140
Depreciation and amortization	183	190
Income taxes paid and other	▲ 15	▲ 39
Net cash provided by operating activities	323	291
Purchases of property, plant and equipment	▲ 184	▲ 212
Proceeds from sales of property	3	5
Other	▲ 7	▲ 13
Net cash used in investing activities	▲ 188	▲ 220
Free cash flow (Net cash provided by operating activities +Net cash used in investing activities)	135	71
Net increase(decrease) in interest-bearing liabilities	▲ 84	14
Cash dividends paid and other	▲ 45	▲ 46
Net cash provided by financing activities	▲ 130	▲ 32
Increase(decrease) in cash and cash equivalents	5	39

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6. Actual Results

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 forecast
Net sales	100 million yen	2,341	2,448	2,511	2,452	2,300
Cement business		2,118	2,204	2,249	2,205	2,079
High-Performance Product business		171	185	196	185	173
Others		51	59	65	61	48
Operating income	100 million yen	215.3	189.9	141.8	161.3	145.0
Ordinary profits		226.3	201.5	158.0	169.5	155.0
Profit (loss) attributable to owners of parent		162.1	146.6	78.0	109.2	100.0
Total assets	100 million yen	3,368	3,400	3,248	3,211	3,290
Interest-bearing debt		642	618	611	526	540
Net assets		1,959	2,042	1,941	1,987	2,040
ROA	%	6.8	6.0	4.8	5.2	4.8
ROE		8.8	7.4	4.0	5.6	5.0
Debt Equity Ratio		33	30	31	26	26
Free cash flow (Net cash provided by operating activities + Net cash used in investing activities)		115	17	92	135	71
Capital investment	100 million yen	209	251	190	202	224
Depreciation and amortization		170	177	185	183	190
R&D expenses		30	30	32	31	33
Net financial income		12	15	10	10	12
Number of employees at fisca	(people)	2,973	2,987	2,974	3,005	–