

Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (Japanese GAAP)



February 13, 2020

Company Name: RYOBİ LIMITED
 Stock Code: 5851
 (URL: <https://www.ryobi-group.co.jp/>)
 Stock Exchange Listing: Tokyo
 Representative: Akira Urakami, President and CEO
 Contact: Hiromu Arihiro, Corporate Officer Divisional General Manager
 Corporate Planning Division General Manager Finance Department
 Phone: +81-3-3501-0511
 Scheduled date of Ordinary General Meeting of Shareholders: March 27, 2020
 Scheduled date to commence dividend payments: March 30, 2020
 Scheduled date to submit the Annual Securities Report: March 27, 2020
 Financial Results Presentation Meeting : Yes (for financial analysts / investors)

(Any amount less than one million is disregarded.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (From January 1, 2019 to December 31, 2019)

(1) Consolidated Results of Operations (% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY December 2019	220,519	-	8,495	-	8,734	-	4,913	-
FY December 2018	216,187	-	13,579	-	13,965	-	8,588	-

(Note) Comprehensive income: Year ended December 31, 2019: 5,700 million yen [- %]
 Year ended December 31, 2018: 3,172 million yen [- %]

	Profit per share	Fully diluted profit per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
FY December 2019	151.79	-	4.1	3.3	3.9
FY December 2018	265.32	-	7.4	5.2	6.3

(Reference) Equity in earnings of affiliated companies: FY December 2019: 103 million yen
 FY December 2018: 42 million yen

* With regard to the fiscal year ended December 31, 2018, which fall under the transitional period, the consolidated fiscal year of the Company and its domestic consolidated companies was the nine-month period from April 1, 2018 to December 31, 2018. For overseas consolidated companies, the consolidated fiscal period was the 12-month period from January 1, 2018 to December 31, 2018. For this reason, the report does not indicate year-on-year percentage changes.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	263,179	129,575	45.8	3,723.34
As of December 31, 2018	268,982	125,521	43.4	3,605.47

(Reference) Shareholders' Equity: As of December 31, 2019: 120,520 million yen
As of December 31, 2018: 116,705 million yen

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY December 2019	30,326	(26,278)	(2,268)	21,356
FY December 2018	24,664	(17,547)	(9,139)	19,632

2. Dividends

	Cash dividends per share					Total dividends paid(annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of	%	%
FY December 2018	-	35.00	-	35.00	70.00	2,265	26.4	1.9
FY December 2019	-	35.00	-	35.00	70.00	2,265	46.1	1.9
FY December 2020 (Forecast)	-	35.00	-	35.00	70.00		55.3	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020**(From January 1, 2020 to December 31, 2020)**

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	103,900	(7.3)	1,900	(60.5)	1,900	(60.5)	1,400	(62.0)	43.25
Full year	213,300	(3.3)	6,000	(29.4)	5,900	(32.5)	4,100	(16.6)	126.66

*** Notes**

- (1) Significant changes of companies during the fiscal year ended December 31, 2019 (changes in specific companies involving changes in the scope of consolidation) : Not applicable
New companies : Not applicable
Excluded companies : Not applicable
- (2) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Applicable
 - 2) Changes in accounting policies other than 1): Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable

(3) Shares issued (common stock)

1) Shares issued (including treasury stock)	As of December 31, 2019	32,646,143	As of December 31, 2018	32,646,143
2) Treasury stock	As of December 31, 2019	277,173	As of December 31, 2018	277,069
3) Average shares outstanding during the period	FY December 2019	32,369,014	FY December 2018	32,369,082

(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2019

(From January 1, 2019 to December 31, 2019)

(1) Non-consolidated Results of Operations

	Net sales	Operating profit	Ordinary profit	Profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY December 2019	98,582	67	3,994	3,975
FY December 2018	83,184	2,435	4,654	1,835

	Profit per share	Fully diluted profit per share
	Yen	Yen
FY December 2019	122.83	—
FY December 2018	56.71	—

* With regard to the fiscal year ended December 31, 2018, which fall under the transitional period, the fiscal year of the Company was the nine-month period from April 1, 2018 to December 31, 2018. For this reason, the report does not indicate year-on-year percentage changes.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2019	160,338	75,261	46.9	2,325.11
As of December 31, 2018	158,960	73,284	46.1	2,264.03

(Reference) Shareholders' Equity: As of December 31, 2019: 75,261 million yen

As of December 31, 2018: 73,284 million yen

* These consolidated quarterly financial results are outside the scope of the quarterly review.

* Explanation for the appropriate use of performance forecasts and other special notes: (Cautionary note on forward-looking statement)
The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication, and they are not meant to be a commitment by the Company. Therefore, there might be cases in which actual results differ from forecast values.

Comparative Balance Sheets (Consolidated)

(Millions of yen)

	December 31, 2018	December 31, 2019
Assets		
Current assets		
Cash and deposits	20,791	22,518
Notes and accounts receivable - trade	58,358	41,197
Securities	770	768
Merchandise and finished goods	17,049	17,006
Work in process	14,006	13,853
Raw materials and supplies	15,842	14,294
Other	3,711	2,951
Allowance for doubtful accounts	(260)	(47)
Total current assets	130,269	112,543
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,305	33,375
Machinery, equipment and vehicles, net	46,821	52,112
Land	18,289	17,850
Construction in progress	9,928	12,692
Other, net	4,946	5,576
Total property, plant and equipment	112,291	121,607
Intangible assets		
Other	3,504	3,716
Total intangible assets	3,504	3,716
Investments and other assets		
Investment securities	17,726	18,217
Retirement benefit asset	1,732	3,736
Deferred tax assets	3,069	1,781
Other	401	1,608
Allowance for doubtful accounts	(66)	(62)
Total investments and other assets	22,862	25,280
Total non-current assets	138,658	150,604
Deferred assets		
Bond issuance cost	54	31
Total deferred assets	54	31
Total assets	268,982	263,179

Comparative Balance Sheets (Consolidated)

(Millions of yen)

	December 31, 2018	December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,196	35,673
Short-term loans payable	24,774	23,427
Current portion of bonds	—	2,300
Current portion of long-term loans payable	7,481	6,788
Income taxes payable	772	804
Provision for bonuses	762	576
Provision for bonuses for directors (and other officers)	45	12
Other	21,884	20,390
Total current liabilities	100,917	89,972
Non-current liabilities		
Bonds payable	8,400	6,100
Long-term loans payable	21,256	23,292
Deferred tax liabilities	1,331	2,790
Deferred tax liabilities for land revaluation	507	510
Retirement benefit liability	8,369	8,032
Other	2,678	2,906
Total non-current liabilities	42,542	43,631
Total liabilities	143,460	133,604
Net assets		
Shareholders' equity		
Capital stock	18,472	18,472
Capital surplus	21,820	21,854
Retained earnings	74,831	78,139
Treasury shares	(346)	(346)
Total shareholders' equity	114,777	118,120
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,127	5,443
Revaluation reserve for land	808	809
Foreign currency translation adjustment	(1,530)	(2,626)
Remeasurements of defined benefit plans	(2,478)	(1,226)
Total accumulated other comprehensive income	1,927	2,400
Non-controlling interests	8,816	9,054
Total net assets	125,521	129,575
Total liabilities and net assets	268,982	263,179

Comparative Statements of Income (Consolidated)

(Millions of yen)

	Nine-month transitional fiscal period ended December 31, 2018	Fiscal year ended December 31, 2019
Net sales	216,187	220,519
Cost of sales	184,581	190,305
Gross profit	31,605	30,214
Selling, general and administrative expenses	18,026	21,719
Operating profit	13,579	8,495
Non-operating income		
Interest income	87	93
Dividend income	393	410
Rent income	354	302
Dividend income of insurance	128	133
Share of profit of entities accounted for using equity method	42	103
Usage income of trademark	204	243
Other	650	446
Total non-operating income	1,862	1,732
Non-operating expenses		
Interest expenses	1,134	1,036
Loss on abandonment of inventories	60	43
Foreign exchange losses	29	195
Depreciation	40	42
Other	211	176
Total non-operating expenses	1,476	1,493
Ordinary profit	13,965	8,734
Extraordinary income		
Gain on disposal of non-current assets	18	57
Gain on sales of investment securities	12	44
Gain on bargain purchase	646	—
Total extraordinary income	676	101
Extraordinary losses		
Loss on disposal of non-current assets	184	163
Impairment loss	2,109	639
Loss on valuation of investment securities	—	15
Total extraordinary losses	2,293	818
Profit before income taxes	12,348	8,017
Income taxes - current	1,942	1,070
Income taxes - deferred	1,376	1,746
Total income taxes	3,318	2,817
Profit	9,030	5,200
Profit attributable to non-controlling interests	442	287
Profit attributable to owners of parent	8,588	4,913

Comparative Statements of Comprehensive Income (Consolidated)

(Millions of yen)

	Nine-month transitional fiscal period ended December 31, 2018	Fiscal year ended December 31, 2019
Profit	9,030	5,200
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,013)	337
Revaluation reserve for land	70	(0)
Foreign currency translation adjustment	(2,900)	(1,009)
Remeasurements of defined benefit plans, net of tax	(1,013)	1,258
Share of other comprehensive income of entities accounted for using equity method	(1)	(86)
Total other comprehensive income	(5,857)	500
Comprehensive income	3,172	5,700
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,887	5,386
Comprehensive income attributable to non-controlling interests	284	314

Comparative Statements of Cash Flows (Consolidated)

(Millions of yen)

	Nine-month transitional fiscal period ended December 31, 2018	Fiscal year ended December 31, 2019
Cash flows from operating activities		
Profit before income taxes	12,348	8,017
Depreciation	12,531	15,370
Impairment loss	2,109	639
Increase (decrease) in allowance for doubtful accounts	219	(214)
Increase (decrease) in provision for bonuses	(1,255)	(186)
Increase (decrease) in retirement benefit liability	19	(221)
Interest and dividend income	(480)	(503)
Interest expenses	1,134	1,036
Share of loss (profit) of entities accounted for using equity method	(42)	(103)
Loss (gain) on disposal of non-current assets	165	106
Loss (gain) on sales of investment securities	(12)	(44)
Loss (gain) on valuation of investment securities	—	15
Gain on bargain purchase	(646)	—
Decrease (increase) in notes and accounts receivable - trade	4,545	16,210
Decrease (increase) in inventories	(3,626)	1,661
Decrease (increase) in other current assets	186	514
Increase (decrease) in notes and accounts payable - trade	(662)	(9,477)
Increase (decrease) in other current liabilities	1,857	(803)
Other, net	(475)	(375)
Subtotal	27,917	31,641
Interest and dividend income received	498	539
Interest expenses paid	(1,140)	(1,018)
Income taxes (paid) refund	(2,610)	(835)
Net cash provided by (used in) operating activities	24,664	30,326
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,608)	(24,586)
Proceeds from sales of property, plant and equipment	10	214
Purchase of securities	(680)	(1,340)
Proceeds from sales of securities	680	1,340
Purchase of investment securities	(42)	(44)
Proceeds from sales of investment securities	28	73
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,058)	—
Payments for acquisition of businesses	—	(1,192)
Payments into time deposits	(1,223)	(2,404)
Proceeds from withdrawal of time deposits	1,223	2,404
Other, net	(877)	(742)
Net cash provided by (used in) investing activities	(17,547)	(26,278)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,339)	(1,211)
Proceeds from long-term loans payable	5,734	8,819
Repayments of long-term loans payable	(7,245)	(7,424)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,260)	(2,265)
Other, net	(27)	(184)
Net cash provided by (used in) financing activities	(9,139)	(2,268)
Effect of exchange rate change on cash and cash equivalents	(278)	(54)
Net increase (decrease) in cash and cash equivalents	(2,299)	1,724
Cash and cash equivalents at beginning of period	21,931	19,632
Cash and cash equivalents at end of period	19,632	21,356

RYOBI LIMITED
SEGMENT INFORMATION
(CONSOLIDATED)

INDUSTRY SEGMENT INFORMATION

(Millions of yen)

	(Apr. 1, 2018 - Dec. 31, 2018)					
	Die castings	Builders' hardware	Printing equipment	Other	Eliminations / corporate	Consolidated
Sales & Operating income						
Net sales						
Unaffiliated customer	188,403	7,885	19,704	193	-	216,187
Intersegment	106	-	-	44	(150)	-
Total	188,509	7,885	19,704	237	(150)	216,187
Operating income	12,580	372	603	22	0	13,579
Assets, Depreciation and Capital Expenditure						
Total Assets	207,661	10,3	24,969	1,592	24,395	268,982
Depreciation	12,215	94	209	10	-	12,531
Capital Expenditure	19,533	223	211	19	-	19,987

(Millions of yen)

	(Jan. 1, 2019 - Dec. 31, 2019)					
	Die castings	Builders' hardware	Printing equipment	Other	Eliminations / corporate	Consolidated
Sales & Operating income						
Net sales						
Unaffiliated customer	185,938	10,712	23,661	207	-	220,519
Intersegment	122	-	-	55	(177)	-
Total	186,060	10,712	23,661	263	(177)	220,519
Operating income	7,659	697	144	(5)	(0)	8,495
Assets, Depreciation and Capital Expenditure						
Total Assets	202,898	10,2	23,017	1,627	25,344	263,179
Depreciation	14,871	175	307	16	-	15,370
Capital Expenditure	24,322	363	137	14	-	24,839

* All amounts have been rounded down to the nearest million yen.