

Consolidated Financial Results for the Three Months Ended March 31, 2020 (Japanese GAAP)



May 14, 2020

Company Name: RYOBI LIMITED

Stock Code: 5851

(URL: <http://www.ryobi-group.co.jp/>)

Stock Exchange Listing: Tokyo

Representative: Akira Urakami, President and CEO

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Scheduled date to submit the Quarterly Securities Report: May 14, 2020

Availability of supplementary briefing material on quarterly results : Yes

Presentation Meeting : Not Scheduled

(Any amount less than one million is disregarded.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2020

(From January 1, 2020 to March 31, 2020)

(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	%
Three months ended March 31, 2020	46,208	-22.0	248	-93.2	225	-93.8	23	-99.2
Three months ended March 31, 2019	59,212	-	3,655	-	3,630	-	2,791	-

(Note) Comprehensive income: Three months ended March 31, 2020: -3,471 million yen [-%]

Three months ended March 31, 2019: 4,036 million yen [-%]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended March 31, 2020	0.73	—
Three months ended March 31, 2019	86.24	—

* The Company changed its fiscal year-end from March 31 to December 31 as of the fiscal year ended December 31, 2018. The increase-decrease rates from the previous fiscal year were not presented because the period covered by three months ended March 31, 2019 (from January 1, 2019 to March 31, 2019) and the period covered by the three months ended June 30, 2018 (Domestic: from April 1, 2018 to June 30, 2018, Overseas: from January 1, 2018 to June 30, 2018), which would be used for comparison, are different.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2020	258,280	124,911	44.9
As of December 31, 2019	263,179	129,575	45.8

(Reference) Shareholders' Equity: As of March 31, 2020: 115,992 million yen

As of December 31, 2019: 120,520 million yen

2. Dividends

	Cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY December 2019	—	35.00	—	35.00	70.00
FY December 2020	—				
FY December 2020 (Forecast)		—	—	—	—

(Reference) Correction from the dividend forecast, which is published in the most recent: Yes

* The Company makes the consolidated forecast undecided as below. Accordingly, the dividend forecast is undecided. Consolidated earnings forecast will be announced when it becomes reasonably predictable.

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	—	—	—	—	—	—	—	—	—
Full year	—	—	—	—	—	—	—	—	—

(Reference) Correction from the consolidated forecast, which is published in the most recent: Yes

* At the moment, it is difficult to make a reasonable estimate because it is uncertain that the COVID-19 gets resolved. So, we change the consolidated earnings forecast which was published on February 13, 2020 and make it undecided. We will pay close attention to the trend and disclose the consolidated earnings forecast when it becomes reasonably predictable.

* Notes

- (1) Significant changes of companies during the fiscal year ended March 31, 2020 (changes in specific companies involving changes in the scope of consolidation): Not applicable
- (2) Adoption of specific accounting treatments to the preparation of consolidated quarterly financial statements: Not applicable
- (3) Changes in accounting policies, changes in accounting estimates and restatements
 - 1) Changes in accounting policies due to the revision of accounting standards: Not applicable
 - 2) Changes in accounting policies other than 1): Not applicable
 - 3) Changes in accounting estimates: Not applicable
 - 4) Restatements: Not applicable

(4) Shares issued (common stock)

1) Shares issued (including treasury stock)	As of March 31, 2020	32,646,143	As of December 31, 2019	32,646,143
2) Treasury stock	As of March 31, 2020	277,173	As of December 31, 2019	277,173
3) Average shares outstanding during the period	Three months ended March 31, 2020	32,368,970	Three months ended March 31, 2019	32,369,053

* 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, 2019	March 31, 2020
Assets		
Current assets		
Cash and deposits	22,518	25,619
Notes and accounts receivable - trade	41,197	39,541
Securities	768	690
Merchandise and finished goods	17,006	16,572
Work in process	13,853	13,850
Raw materials and supplies	14,294	14,144
Other	2,951	2,640
Allowance for doubtful accounts	(47)	(37)
Total current assets	112,543	113,022
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,375	32,862
Machinery, equipment and vehicles, net	52,112	50,865
Land	17,850	17,817
Construction in progress	12,692	14,666
Other, net	5,576	5,441
Total property, plant and equipment	121,607	121,653
Intangible assets		
Other	3,716	3,752
Total intangible assets	3,716	3,752
Investments and other assets		
Investment securities	18,217	12,356
Other	7,125	7,531
Allowance for doubtful accounts	(62)	(62)
Total investments and other assets	25,280	19,825
Total non-current assets	150,604	145,231
Deferred assets		
Bond issuance cost	31	25
Total deferred assets	31	25
Total assets	263,179	258,280

Comparative Balance Sheets (Consolidated)

(Millions of yen)

	December 31, 2019	March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	35,673	29,100
Short-term borrowings	23,427	23,696
Current portion of bonds	2,300	2,600
Current portion of long-term borrowings	6,788	3,669
Income taxes payable	804	528
Provision for bonuses	576	1,725
Provision for bonuses for directors	12	—
Other	20,390	17,690
Total current liabilities	89,972	79,012
Non-current liabilities		
Bonds payable	6,100	5,800
Long-term borrowings	23,292	35,748
Retirement benefit liability	8,032	8,018
Other	6,206	4,788
Total non-current liabilities	43,631	54,355
Total liabilities	133,604	133,368
Net assets		
Shareholders' equity		
Share capital	18,472	18,472
Capital surplus	21,854	21,854
Retained earnings	78,139	77,029
Treasury shares	(346)	(346)
Total shareholders' equity	118,120	117,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,443	3,371
Revaluation reserve for land	809	809
Foreign currency translation adjustment	(2,626)	(4,087)
Remeasurements of defined benefit plans	(1,226)	(1,112)
Total accumulated other comprehensive income	2,400	(1,017)
Non-controlling interests	9,054	8,918
Total net assets	129,575	124,911
Total liabilities and net assets	263,179	258,280

Comparative Statements of Income (Consolidated)

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	59,212	46,208
Cost of sales	50,307	41,140
Gross profit	8,905	5,068
Selling, general and administrative expenses	5,249	4,819
Operating profit	3,655	248
Non-operating income		
Interest income	24	23
Dividend income	2	1
Rental income	88	59
Foreign exchange gains	25	20
Share of profit of entities accounted for using equity method	—	23
Usage income of trademark	79	54
Other	89	105
Total non-operating income	309	287
Non-operating expenses		
Interest expenses	269	244
Share of loss of entities accounted for using equity method	9	—
Depreciation	11	9
Other	43	56
Total non-operating expenses	334	311
Ordinary profit	3,630	225
Extraordinary income		
Gain on disposal of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on disposal of non-current assets	49	10
Loss on valuation of investment securities	—	58
Loss on sales of shares of subsidiaries and associates	—	78
Total extraordinary losses	49	147
Profit before income taxes	3,582	77
Income taxes	706	32
Profit	2,875	45
Profit attributable to non-controlling interests	84	22
Profit attributable to owners of parent	2,791	23

Comparative Statements of Comprehensive Income (Consolidated)

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	2,875	45
Other comprehensive income		
Valuation difference on available-for-sale securities	203	(2,143)
Revaluation reserve for land	1	—
Foreign currency translation adjustment	805	(1,439)
Remeasurements of defined benefit plans, net of tax	95	114
Share of other comprehensive income of entities accounted for using equity method	56	(49)
Total other comprehensive income	1,160	(3,517)
Comprehensive income	4,036	(3,471)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,929	(3,394)
Comprehensive income attributable to non-controlling interests	107	(76)

Comparative Statements of Cash Flows (Consolidated)

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,582	77
Depreciation	3,617	4,215
Increase (decrease) in allowance for doubtful accounts	0	(10)
Increase (decrease) in provision for bonuses	1,449	1,149
Increase (decrease) in retirement benefit liability	(159)	94
Interest and dividend income	(26)	(24)
Interest expenses	269	244
Share of loss (profit) of entities accounted for using equity method	9	(23)
Loss (gain) on valuation of investment securities	—	58
Loss (gain) on sales of shares of subsidiaries and associates	—	78
Loss (gain) on disposal of non-current assets	47	10
Decrease (increase) in trade receivables	5,903	1,305
Decrease (increase) in inventories	(529)	136
Decrease (increase) in other current assets	341	106
Increase (decrease) in trade payables	(2,234)	(6,254)
Increase (decrease) in other current liabilities	(1,765)	(2,499)
Other, net	(141)	(219)
Subtotal	10,364	(1,554)
Interest and dividends received	26	24
Interest paid	(271)	(237)
Income taxes paid	(538)	(600)
Net cash provided by (used in) operating activities	9,581	(2,367)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,077)	(6,061)
Proceeds from sales of property, plant and equipment	1	7
Purchase of investment securities	(3)	(4)
Proceeds from sales of shares of subsidiaries and associates	—	2,630
Payments for acquisition of businesses	(1,221)	—
Payments into time deposits	(15)	(15)
Proceeds from withdrawal of time deposits	15	15
Other, net	(66)	(335)
Net cash provided by (used in) investing activities	(5,367)	(3,763)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,608	780
Proceeds from long-term borrowings	—	13,704
Repayments of long-term borrowings	(1,070)	(3,918)
Purchase of treasury shares	(0)	—
Dividends paid	(1,093)	(1,092)
Other, net	(21)	(104)
Net cash provided by (used in) financing activities	(577)	9,369
Effect of exchange rate change on cash and cash equivalents	126	(216)
Net increase (decrease) in cash and cash equivalents	3,763	3,022
Cash and cash equivalents at beginning of period	19,632	21,356
Cash and cash equivalents at end of period	23,395	24,379

Segment Information

Industry Segment Information

(Three months ended March 31, 2019)

(Millions of yen)

	Die Castings	Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	50,726	2,532	5,917	36	-	59,212
Intersegment	29	-	-	5	(35)	-
Total	50,755	2,532	5,917	41	(35)	59,212
Operating income	3,433	125	109	(12)	(0)	3,655

(Three months ended March 31, 2020)

(Millions of yen)

	Die Castings	Builders' Hardware	Printing Equipment	Other	Eliminations / Corporate	Consolidated
Net Sales:						
Unaffiliated customers	39,186	2,517	4,470	35	-	46,208
Intersegment	17	-	-	4	(22)	-
Total	39,203	2,517	4,470	40	(22)	46,208
Operating income	217	228	(181)	(16)	0	248

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