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Consolidated Financial Results for the Three Months Ended June 30, 2019 [Japanese GAAP]



August 8, 2019

Company name: HAZAMA ANDO CORPORATION
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1719
 URL: <http://www.ad-hzm.co.jp/>
 Representative: Masato Fukutomi, Representative Director and President
 Contact: Tsutomu Iida, Corporate Communication Department General Manager
 Phone: +81-3-6234-3699
 Scheduled date of filing quarterly securities report: August 8, 2019
 Scheduled date of commencing dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: No
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2019	71,431	(2.4)	2,710	4.3	2,495	0.2	1,640	8.3
June 30, 2018	73,204	(13.1)	2,598	(50.1)	2,490	(49.5)	1,514	(53.1)

(Note) Comprehensive income: Three months ended June 30, 2019: ¥824 million [(52.8)%]

Three months ended June 30, 2018: ¥1,745 million [(59.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2019	8.21	8.21
June 30, 2018	8.03	7.51

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019	330,926	131,457	39.5
As of March 31, 2019	349,656	133,682	38.0

(Reference) Equity: As of June 30, 2019: ¥130,645 million

As of March 31, 2019: ¥132,807 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2019	Yen -	Yen 15.00	Yen -	Yen 15.00	Yen 30.00
Fiscal year ending March 31, 2020	-				
Fiscal year ending March 31, 2020 (Forecast)		15.00	-	15.00	30.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	179,800	6.6	10,800	60.3	10,400	68.5	7,000	274.5	35.04
Full year	418,800	16.3	30,100	27.0	29,600	31.6	20,200	127.9	101.11

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2019 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2019: 200,343,397 shares

March 31, 2019: 200,343,397 shares

2) Total number of treasury shares at the end of the period:

June 30, 2019: 567,113 shares

March 31, 2019: 566,830 shares

3) Average number of shares during the period:

Three months ended June 30, 2019: 199,776,366 shares

Three months ended June 30, 2018: 188,659,540 shares

The Company has adopted a performance-linked stock remuneration plan using a trust. The Company's shares held by the trust (364,751 shares) are included in the total number of treasury shares at the end of the period and the average number of shares during the period is calculated and stated taking into account shares held by the trust.

* Explanation of the proper use of financial results forecast and other notes

(1) The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to a wide range of factors.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	120,302	118,392
Notes receivable, accounts receivable from completed construction contracts and other	118,753	107,050
Securities	15,999	15,999
Costs on construction contracts in progress	7,755	9,675
Other inventories	5,030	5,370
Other	18,297	11,536
Allowance for doubtful accounts	(12)	(11)
Total current assets	286,127	268,015
Non-current assets		
Property, plant and equipment		
Land	15,057	15,057
Other, net	11,870	11,806
Total property, plant and equipment	26,928	26,864
Intangible assets	2,013	1,917
Investments and other assets		
Investment securities	22,442	21,809
Deferred tax assets	8,427	8,779
Other	3,717	3,540
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	34,587	34,129
Total non-current assets	63,528	62,911
Total assets	349,656	330,926

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	72,623	53,971
Short-term borrowings	19,139	18,864
Current portion of bonds	357	357
Advances received on construction contracts in progress	46,014	49,940
Provision for warranties for completed construction	1,886	2,135
Provision for bonuses	2,386	697
Provision for loss on construction contracts	1,733	1,876
Provision for loss on damage due to fire	7,743	7,485
Other	40,019	40,398
Total current liabilities	191,904	175,728
Non-current liabilities		
Bonds payable	711	711
Long-term borrowings	9,064	8,898
Deferred tax liabilities	46	46
Retirement benefit liability	12,959	12,800
Provision for environmental measures	151	151
Provision for management board incentive plan trust	107	118
Other	1,027	1,014
Total non-current liabilities	24,069	23,740
Total liabilities	215,973	199,469
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,927	19,927
Retained earnings	92,945	91,538
Treasury shares	(255)	(255)
Total shareholders' equity	129,622	128,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,482	3,632
Deferred gains or losses on hedges	(3)	(2)
Foreign currency translation adjustment	62	88
Remeasurements of defined benefit plans	(1,356)	(1,288)
Total accumulated other comprehensive income	3,184	2,429
Share acquisition rights	4	4
Non-controlling interests	869	807
Total net assets	133,682	131,457
Total liabilities and net assets	349,656	330,926

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Net sales		
Net sales of completed construction contracts	67,717	68,027
Sales in other businesses	5,486	3,404
Total net sales	73,204	71,431
Cost of sales		
Cost of sales of completed construction contracts	59,950	60,017
Cost of sales in other businesses	5,068	2,948
Total cost of sales	65,018	62,966
Gross profit		
Gross profit on completed construction contracts	7,767	8,009
Gross profit - other business	418	455
Total gross profit	8,186	8,465
Selling, general and administrative expenses	5,587	5,754
Operating profit	2,598	2,710
Non-operating income		
Dividend income	87	30
Interest on tax refund	0	44
Other	71	76
Total non-operating income	158	151
Non-operating expenses		
Interest expenses	117	113
Foreign exchange losses	62	173
Other	87	79
Total non-operating expenses	267	366
Ordinary profit	2,490	2,495
Extraordinary income		
Gain on sales of non-current assets	–	20
Gain on sales of investment securities	–	110
Total extraordinary income	–	130
Extraordinary losses		
Loss on damage due to fire	–	110
Loss on litigation	91	–
Total extraordinary losses	91	110
Profit before income taxes	2,398	2,515
Income taxes	878	955
Profit	1,520	1,560
Profit (loss) attributable to non-controlling interests	5	(79)
Profit attributable to owners of parent	1,514	1,640

(Quarterly Consolidated Statements of Comprehensive Income)

(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Profit	1,520	1,560
Other comprehensive income		
Valuation difference on available-for-sale securities	298	(850)
Deferred gains or losses on hedges	(5)	0
Foreign currency translation adjustment	(102)	45
Remeasurements of defined benefit plans	35	68
Total other comprehensive income	225	(735)
Comprehensive income	1,745	824
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,767	885
Comprehensive income attributable to non-controlling interests	(21)	(60)

3. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	112,892	110,605
Notes receivable, accounts receivable from completed construction contracts and other	115,855	105,377
Securities	15,999	15,999
Costs on construction contracts in progress	8,092	9,151
Other inventories	1,650	1,789
Other	17,965	11,052
Allowance for doubtful accounts	(11)	(10)
Total current assets	272,443	253,965
Non-current assets		
Property, plant and equipment		
Land	13,696	13,696
Other, net	9,574	9,396
Total property, plant and equipment	23,270	23,092
Intangible assets	1,781	1,697
Investments and other assets		
Investment securities	25,001	24,246
Deferred tax assets	7,253	7,592
Other	3,381	3,297
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	35,637	35,135
Total non-current assets	60,689	59,926
Total assets	333,132	313,891

(Million yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	71,900	52,662
Short-term borrowings	19,053	18,779
Current portion of bonds	357	357
Advances received on construction contracts in progress	45,048	49,002
Deposits received	29,555	31,592
Provision for warranties for completed construction	1,888	2,132
Provision for bonuses	2,260	581
Provision for loss on construction contracts	1,724	1,867
Provision for loss on damage due to fire	7,743	7,485
Other	6,506	4,528
Total current liabilities	186,038	168,990
Non-current liabilities		
Bonds payable	711	711
Long-term borrowings	8,422	8,277
Provisions for retirement benefits	9,976	9,943
Provision for environmental measures	151	151
Provision for management board incentive plan trust	107	118
Other	925	935
Total non-current liabilities	20,295	20,138
Total liabilities	206,333	189,128
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,992	19,992
Retained earnings	85,573	84,389
Treasury shares	(255)	(255)
Total shareholders' equity	122,316	121,131
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,478	3,626
Total valuation and translation adjustments	4,478	3,626
Share acquisition rights	4	4
Total net assets	126,798	124,763
Total liabilities and net assets	333,132	313,891

(2) Quarterly Non-Consolidated Statements of Income
(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Net sales		
Net sales of completed construction contracts	67,235	66,849
Sales in other businesses	721	694
Total net sales	67,956	67,544
Cost of sales		
Cost of sales of completed construction contracts	59,444	59,135
Cost of sales in other businesses	591	540
Total cost of sales	60,035	59,676
Gross profit		
Gross profit on completed construction contracts	7,791	7,713
Gross profit - other business	129	154
Total gross profit	7,920	7,868
Selling, general and administrative expenses	5,169	5,200
Operating profit	2,751	2,668
Non-operating income	508	368
Non-operating expenses	260	354
Ordinary profit	2,999	2,681
Extraordinary income	–	110
Extraordinary losses	91	110
Profit before income taxes	2,907	2,681
Income taxes	915	863
Profit	1,992	1,818

4. Supplementary Information

(1) Results for the three months ended June 30, 2019 and forecasts for the six months ending September 30, 2019 and full year

1. Non-consolidated

(Unit: Million yen. Rounded down to the unit)

Items		Results for the three months ended June 30, 2018	Results for the three months ended June 30, 2019	Fiscal year ending March 31, 2020	
				Forecasts for the six months ending September 30, 2019 (announced in May 2019)	Full year forecasts (announced in May 2019)
Orders received	Civil engineering	77,365	85,606	69,000	150,000
	Building construction	25,993	25,196	150,000	280,000
	Total orders received	103,358	110,803	219,000	430,000
Net sales of completed construction contracts	Civil engineering	24,018	23,972	62,000	145,000
	Building construction	43,216	42,877	103,500	240,000
	Total net sales of completed construction contracts	67,235	66,849	165,500	385,000
Gross profit on completed construction contracts	Civil engineering	4,117 [17.1%]	4,500 [18.8%]	10,750 [17.3%]	24,600 [17.0%]
	Building construction	3,674 [8.5%]	3,213 [7.5%]	9,700 [9.4%]	24,000 [10.0%]
	Total gross profit on completed construction contracts	7,791 [11.6%]	7,713 [11.5%]	20,450 [12.4%]	48,600 [12.6%]

Gross sales	67,956	67,544	167,500	390,000
Gross profit	7,920 [11.7%]	7,868 [11.6%]	20,700 [12.4%]	49,200 [12.6%]
Selling, general and administrative expenses	5,169	5,200	10,200	20,100
Operating profit	2,751 [4.0%]	2,668 [4.0%]	10,500 [6.3%]	29,100 [7.5%]
Non-operating income/expenses [Interest income/expenses]	248 [356]	13 [189]	(150) [150]	(300) [100]
Ordinary profit	2,999 [4.4%]	2,681 [4.0%]	10,350 [6.2%]	28,800 [7.4%]
Extraordinary income/losses	(91)	(0)	(50)	(100)
Profit before income taxes	2,907 [4.3%]	2,681 [4.0%]	10,300 [6.1%]	28,700 [7.4%]
Tax expenses	915	863	3,200	8,900
Profit	1,992 [2.9%]	1,818 [2.7%]	7,100 [4.2%]	19,800 [5.1%]

2. Consolidated

(Unit: Million yen. Rounded down to the unit)

Items	Results for the three months ended June 30, 2018	Results for the three months ended June 30, 2019	Fiscal year ending March 31, 2020	
			Forecasts for the six months ending September 30, 2019 (announced in May 2019)	Full year forecasts (announced in May 2019)
Gross sales	73,204	71,431	179,800	418,800
Selling, general and administrative expenses	5,587	5,754	11,000	21,700
Operating profit	2,598 [3.6%]	2,710 [3.8%]	10,800 [6.0%]	30,100 [7.2%]
Ordinary profit	2,490 [3.4%]	2,495 [3.5%]	10,400 [5.8%]	29,600 [7.1%]
Profit attributable to owners of parent	1,514 [2.1%]	1,640 [2.3%]	7,000 [3.9%]	20,200 [4.8%]

(2) Non-consolidated orders received, net sales, and year-end backlog

(Orders received for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2018		For the three months ended June 30, 2019		Increase/decrease		Results for the fiscal year ended March 31, 2019	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	5,406	[7.5]	5,836	[7.1]	430	8.0	82,613	[46.3]
	Private sector	66,499	[92.5]	76,892	[92.9]	10,392	15.6	95,847	[53.7]
	Total	71,905	69.6	82,728	74.7	10,823	15.1	178,460	41.7
Domestic building construction	Government sector	663	[2.9]	1,135	[5.5]	472	71.3	38,739	[17.8]
	Private sector	22,218	[97.1]	19,489	[94.5]	(2,729)	(12.3)	179,255	[82.2]
	Total	22,881	22.1	20,624	18.6	(2,256)	(9.9)	217,995	51.0
Domestic	Government sector	6,069	[6.4]	6,972	[6.7]	903	14.9	121,352	[30.6]
	Private sector	88,718	[93.6]	96,381	[93.3]	7,663	8.6	275,103	[69.4]
	Total	94,787	91.7	103,353	93.3	8,566	9.0	396,455	92.7
Overseas	Civil engineering	5,459	[63.7]	2,877	[38.6]	(2,581)	(47.3)	13,717	[44.0]
	Building construction	3,112	[36.3]	4,571	[61.4]	1,459	46.9	17,478	[56.0]
	Total	8,571	8.3	7,449	6.7	(1,122)	(13.1)	31,196	7.3
Sum total	Civil engineering	77,365	[74.9]	85,606	[77.3]	8,241	10.7	192,178	[44.9]
	Building construction	25,993	[25.1]	25,196	[22.7]	(796)	(3.1)	235,473	[55.1]
	Total	103,358	100.0	110,803	100.0	7,444	7.2	427,651	100.0

(Net sales for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2018		For the three months ended June 30, 2019		Increase/decrease		Results for the fiscal year ended March 31, 2019	
		Amount	%	Amount	%	Amount	% change	%	Amount
Domestic civil engineering	Government sector	15,086	[65.7]	15,094	[69.2]	8	0.1	70,268	[63.4]
	Private sector	7,871	[34.3]	6,727	[30.8]	(1,143)	(14.5)	40,530	[36.6]
	Total	22,957	34.1	21,822	32.6	(1,134)	(4.9)	110,798	33.8
Domestic building construction	Government sector	6,051	[15.7]	5,155	[13.2]	(896)	(14.8)	26,931	[14.3]
	Private sector	32,394	[84.3]	33,826	[86.8]	1,431	4.4	161,429	[85.7]
	Total	38,446	57.2	38,981	58.3	535	1.4	188,361	57.5
Domestic	Government sector	21,137	[34.4]	20,250	[33.3]	(887)	(4.2)	97,200	[32.5]
	Private sector	40,266	[65.6]	40,553	[66.7]	287	0.7	201,960	[67.5]
	Total	61,403	91.3	60,804	91.0	(599)	(1.0)	299,160	91.3
Overseas	Civil engineering	1,060	[18.2]	2,149	[35.6]	1,088	102.6	7,991	[28.1]
	Building construction	4,770	[81.8]	3,896	[64.4]	(874)	(18.3)	20,497	[71.9]
	Total	5,831	8.7	6,045	9.0	213	3.7	28,488	8.7
Sum total	Civil engineering	24,018	[35.7]	23,972	[35.9]	(46)	(0.2)	118,790	[36.3]
	Building construction	43,216	[64.3]	42,877	[64.1]	(339)	(0.8)	208,858	[63.7]
	Total	67,235	100.0	66,849	100.0	(385)	(0.6)	327,649	100.0

(Year-end backlog for the construction business)

(Unit: Million yen, %)

Category		For the three months ended June 30, 2018		For the three months ended June 30, 2019		Increase/decrease		Results for the fiscal year ended March 31, 2019	
		Amount	%	Amount	%	Amount	% change	%	Amount
Domestic civil engineering	Government sector	142,628	[54.9]	155,395	[45.8]	12,767	9.0	164,653	[59.2]
	Private sector	117,013	[45.1]	183,866	[54.2]	66,852	57.1	113,702	[40.8]
	Total	259,642	57.1	339,261	60.4	79,619	30.7	278,355	53.7
Domestic building construction	Government sector	24,810	[15.1]	37,986	[19.8]	13,176	53.1	42,006	[20.0]
	Private sector	140,037	[84.9]	153,703	[80.2]	13,665	9.8	168,040	[80.0]
	Total	164,847	36.3	191,690	34.1	26,842	16.3	210,046	40.5
Domestic	Government sector	167,438	[39.4]	193,382	[36.4]	25,943	15.5	206,659	[42.3]
	Private sector	257,050	[60.6]	337,569	[63.6]	80,518	31.3	281,742	[57.7]
	Total	424,489	93.4	530,951	94.5	106,461	25.1	488,401	94.2
Overseas	Civil engineering	15,520	[51.6]	17,177	[55.6]	1,657	10.7	16,558	[55.5]
	Building construction	14,538	[48.4]	13,738	[44.4]	(799)	(5.5)	13,271	[44.5]
	Total	30,058	6.6	30,916	5.5	857	2.9	29,830	5.8
Sum total	Civil engineering	275,162	[60.5]	356,439	[63.4]	81,276	29.5	294,914	[56.9]
	Building construction	179,386	[39.5]	205,428	[36.6]	26,042	14.5	223,318	[43.1]
	Total	454,548	100.0	561,868	100.0	107,319	23.6	518,232	100.0

(Net sales for other businesses)

(Unit: Million yen, %)

Category	For the three months ended June 30, 2018	For the three months ended June 30, 2019	Increase/decrease		Results for the fiscal year ended March 31, 2019
	Amount	Amount	Amount	% change	Amount
Other businesses	721	694	(26)	(3.6)	5,050