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Consolidated Financial Results for the Nine Months Ended December 31, 2019 [Japanese GAAP]

February 12,2020

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
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Scheduled date of filing quarterly securities report: February 12,2020
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 Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2019	269,360	6.4	16,910	38.7	16,410	45.4	11,043	124.1
December 31, 2018	253,082	(6.2)	12,191	(52.1)	11,283	(54.7)	4,927	(71.2)

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥11,856 million [193.5%]
Nine months ended December 31, 2018: ¥4,040 million [(79.3)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2019	55.29	55.27
December 31, 2018	25.28	24.55

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2019	333,680	139,456	41.5
As of March 31, 2019	349,656	133,682	38.0

(Reference) Equity: As of December 31, 2019: ¥138,637 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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	15.00	—	15.00	30.00
Fiscal year ending March 31, 2020	—	15.00	—		
Fiscal year ending March 31, 2020 (Forecast)				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
Full year	382,000	6.1	23,700	0.0	23,200	3.1	15,600	76.0	78.10

(Note) Revision to the financial results forecast announced most recently: Yes

*** Notes:**

(1) Changes in significant subsidiaries during the nine months ended December 31, 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):
December 31, 2019: 200,343,397 shares
March 31, 2019: 200,343,397 shares
2) Total number of treasury shares at the end of the period:
December 31, 2019: 598,074 shares
March 31, 2019: 566,830 shares
3) Average number of shares during the period:
Nine months ended December 31, 2019: 199,756,042 shares
Nine months ended December 31, 2018: 194,901,286 shares

The Company has adopted a performance-linked stock remuneration plan using a trust. The Company's shares held by the trust (397,766 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.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	120,302	101,437
Notes receivable, accounts receivable from completed construction contracts and other	118,753	128,340
Securities	15,999	15,999
Costs on construction contracts in progress	7,755	4,906
Other inventories	5,030	4,593
Other	18,297	14,433
Allowance for doubtful accounts	(12)	(13)
Total current assets	286,127	269,698
Non-current assets		
Property, plant and equipment		
Land	15,057	15,057
Other, net	11,870	11,942
Total property, plant and equipment	26,928	26,999
Intangible assets	2,013	1,569
Investments and other assets		
Investment securities	22,442	23,875
Deferred tax assets	8,427	8,072
Other	3,717	3,465
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	34,587	35,413
Total non-current assets	63,528	63,982
Total assets	349,656	333,680

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	72,623	61,861
Short-term borrowings	19,139	17,990
Current portion of bonds	357	391
Advances received on construction contracts in progress	46,014	42,148
Provision for warranties for completed construction	1,886	2,701
Provision for bonuses	2,386	614
Provision for loss on construction contracts	1,733	581
Provision for loss on damage due to fire	7,743	7,432
Other	40,019	34,862
Total current liabilities	191,904	168,585
Non-current liabilities		
Bonds payable	711	837
Long-term borrowings	9,064	10,862
Deferred tax liabilities	46	46
Retirement benefit liability	12,959	12,634
Provision for environmental measures	151	151
Provision for management board incentive plan trust	107	88
Other	1,027	1,018
Total non-current liabilities	24,069	25,638
Total liabilities	215,973	194,224
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,927	19,926
Retained earnings	92,945	97,940
Treasury shares	(255)	(283)
Total shareholders' equity	129,622	134,589
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,482	5,113
Deferred gains or losses on hedges	(3)	(0)
Foreign currency translation adjustment	62	86
Remeasurements of defined benefit plans	(1,356)	(1,152)
Total accumulated other comprehensive income	3,184	4,047
Share acquisition rights	4	4
Non-controlling interests	869	814
Total net assets	133,682	139,456
Total liabilities and net assets	349,656	333,680

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Net sales		
Net sales of completed construction contracts	234,145	252,757
Sales in other businesses	18,936	16,603
Total net sales	253,082	269,360
Cost of sales		
Cost of sales of completed construction contracts	207,206	221,116
Cost of sales in other businesses	17,340	14,462
Total cost of sales	224,547	235,578
Gross profit		
Gross profit on completed construction contracts	26,939	31,640
Gross profit - other business	1,595	2,140
Total gross profit	28,535	33,781
Selling, general and administrative expenses	16,343	16,871
Operating profit	12,191	16,910
Non-operating income		
Interest income	100	89
Dividend income	214	163
Other	209	163
Total non-operating income	524	416
Non-operating expenses		
Interest expenses	356	324
Foreign exchange losses	313	253
Other	762	337
Total non-operating expenses	1,432	916
Ordinary profit	11,283	16,410
Extraordinary income		
Gain on sales of non-current assets	48	77
Gain on sales of investment securities	—	110
Total extraordinary income	48	188
Extraordinary losses		
Loss on damage due to fire	3,754	299
Loss on litigation	121	20
Total extraordinary losses	3,875	319
Profit before income taxes	7,456	16,279
Income taxes	2,530	5,309
Profit	4,925	10,970
Loss attributable to non-controlling interests	(1)	(73)
Profit attributable to owners of parent	4,927	11,043

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Profit	4,925	10,970
Other comprehensive income		
Valuation difference on available-for-sale securities	(946)	631
Deferred gains or losses on hedges	12	2
Foreign currency translation adjustment	(57)	48
Remeasurements of defined benefit plans	106	204
Total other comprehensive income	(885)	886
Comprehensive income	4,040	11,856
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,050	11,906
Comprehensive income attributable to non-controlling interests	(10)	(49)

2. (Reference) Quarterly Non-Consolidated Financial Statements

(1) Quarterly Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	112,892	93,728
Notes receivable, accounts receivable from completed construction contracts and other	115,855	126,871
Securities	15,999	15,999
Costs on construction contracts in progress	8,092	4,289
Other inventories	1,650	1,606
Other	17,965	14,103
Allowance for doubtful accounts	(11)	(12)
Total current assets	272,443	256,586
Non-current assets		
Property, plant and equipment		
Land	13,696	13,696
Other, net	9,574	9,311
Total property, plant and equipment	23,270	23,007
Intangible assets	1,781	1,326
Investments and other assets		
Investment securities	25,001	26,310
Deferred tax assets	7,253	6,959
Other	3,381	3,159
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	35,637	36,429
Total non-current assets	60,689	60,763
Total assets	333,132	317,350

(Million yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	71,900	61,150
Short-term borrowings	19,053	17,905
Current portion of bonds	357	391
Advances received on construction contracts in progress	45,048	41,219
Provision for warranties for completed construction	1,888	2,697
Provision for bonuses	2,260	574
Provision for loss on construction contracts	1,724	579
Provision for loss on damage due to fire	7,743	7,432
Other	36,062	31,129
Total current liabilities	186,038	163,081
Non-current liabilities		
Bonds payable	711	837
Long-term borrowings	8,422	10,284
Provisions for retirement benefits	9,976	9,963
Provision for environmental measures	151	151
Provision for management board incentive plan trust	107	88
Other	925	962
Total non-current liabilities	20,295	22,286
Total liabilities	206,333	185,368
Net assets		
Shareholders' equity		
Share capital	17,006	17,006
Capital surplus	19,992	19,992
Retained earnings	85,573	90,155
Treasury shares	(255)	(283)
Total shareholders' equity	122,316	126,870
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,478	5,107
Total valuation and translation adjustments	4,478	5,107
Share acquisition rights	4	4
Total net assets	126,798	131,981
Total liabilities and net assets	333,132	317,350

(2) Quarterly Non-Consolidated Statements of Income

(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019
Net sales		
Net sales of completed construction contracts	230,248	248,207
Sales in other businesses	3,434	3,262
Total net sales	233,682	251,469
Cost of sales		
Cost of sales of completed construction contracts	203,893	217,378
Cost of sales in other businesses	2,982	2,672
Total cost of sales	206,876	220,050
Gross profit		
Gross profit on completed construction contracts	26,354	30,828
Gross profit - other business	451	590
Total gross profit	26,805	31,418
Selling, general and administrative expenses	15,159	15,525
Operating profit	11,646	15,893
Non-operating income	846	612
Non-operating expenses	1,404	891
Ordinary profit	11,087	15,614
Extraordinary income	—	165
Extraordinary losses	3,875	319
Profit before income taxes	7,211	15,460
Income taxes	2,294	4,873
Profit	4,916	10,586

3. Supplementary Information

(1) Results for the nine months ended December 31, 2019 and forecasts for full year

1. Non-consolidated

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

Items		Results for the nine months ended December 31, 2018	Results for the nine months ended December 31, 2019	Results for the fiscal year ended March 31, 2019	Forecasts for the fiscal year ending March 31, 2020	
					Previous forecast (announced in May 2019)	Revised forecast
Orders received	Civil engineering	127,209	137,437	192,178	150,000	180,000
	Building construction	180,692	139,006	235,473	280,000	200,000
	Total orders received	307,901	276,444	427,651	430,000	380,000
Net sales of completed construction contracts	Civil engineering	83,210	86,035	118,790	145,000	122,000
	Building construction	147,038	162,172	208,858	240,000	228,000
	Total net sales of completed construction contracts	230,248	248,207	327,649	385,000	350,000
Gross profit on completed construction contracts	Civil engineering	16,214 [19.5%]	16,138 [18.8%]	24,083 [20.3%]	24,600 [17.0%]	21,500 [17.6%]
	Building construction	10,139 [6.9%]	14,689 [9.1%]	18,279 [8.8%]	24,000 [10.0%]	21,000 [9.2%]
	Total gross profit on completed construction contracts	26,354 [11.4%]	30,828 [12.4%]	42,363 [12.9%]	48,600 [12.6%]	42,500 [12.1%]
Gross sales		**233,682**	**251,469**	**332,699**	**390,000**	**355,500**
Gross profit		26,805 [11.5%]	31,418 [12.5%]	43,068 [12.9%]	49,200 [12.6%]	43,400 [12.2%]
Selling, general and administrative expenses		15,159	15,525	20,502	20,100	20,700
Operating profit		**11,646** [5.0%]	**15,893** [6.3%]	**22,565** [6.8%]	**29,100** [7.5%]	**22,700** [6.4%]
Non-operating income/expenses [Interest income/expenses]		(558) [309]	(279) [159]	(840) [381]	(300) [100]	(500) [200]
Ordinary profit		**11,087** [4.7%]	**15,614** [6.2%]	**21,724** [6.5%]	**28,800** [7.4%]	**22,200** [6.2%]
Extraordinary income/losses		(3,875)	(154)	(9,527)	(100)	(300)
Profit before income taxes		7,211 [3.1%]	15,460 [6.1%]	12,197 [3.7%]	28,700 [7.4%]	21,900 [6.2%]
Tax expenses		2,294	4,873	3,719	8,900	6,900
Profit		**4,916** [2.1%]	**10,586** [4.2%]	**8,477** [2.5%]	**19,800** [5.1%]	**15,000** [4.2%]

2. Consolidated

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

Items	Results for the nine months ended December 31, 2018	Results for the nine months ended December 31, 2019	Results for the fiscal year ended March 31, 2019	Forecasts for the fiscal year ending March 31, 2020	
				Previous forecast (announced in May 2019)	Revised forecast
Gross sales	**253,082**	**269,360**	**359,971**	**418,800**	**382,000**
Selling, general and administrative expenses	16,343	16,871	22,099	21,700	22,500
Operating profit	**12,191** [4.8%]	**16,910** [6.3%]	**23,692** [6.6%]	**30,100** [7.2%]	**23,700** [6.2%]
Ordinary profit	**11,283** [4.4%]	**16,410** [6.1%]	**22,495** [6.2%]	**29,600** [7.1%]	**23,200** [6.1%]
Profit attributable to owners of parent	**4,927** [1.9%]	**11,043** [4.1%]	**8,862** [2.5%]	**20,200** [4.8%]	**15,600** [4.1%]

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

(Orders received for the construction business) (Unit: Million yen, %)

Category		For the nine months ended December 31, 2018		For the nine months ended December 31, 2019		Increase/decrease		Results for the fiscal year ended March 31, 2019	
		Amount	%	Amount	%	Amount	% change	Amount	%
Domestic civil engineering	Government sector	40,069	[32.9]	28,284	[23.4]	(11,784)	(29.4)	82,613	[46.3]
	Private sector	81,749	[67.1]	92,611	[76.6]	10,862	13.3	95,847	[53.7]
	Total	121,818	39.6	120,896	43.7	(921)	(0.8)	178,460	41.7
Domestic building construction	Government sector	32,380	[19.2]	5,612	[4.5]	(26,768)	(82.7)	38,739	[17.8]
	Private sector	136,512	[80.8]	119,106	[95.5]	(17,406)	(12.8)	179,255	[82.2]
	Total	168,892	54.8	124,718	45.1	(44,174)	(26.2)	217,995	51.0
Domestic	Government sector	72,449	[24.9]	33,897	[13.8]	(38,552)	(53.2)	121,352	[30.6]
	Private sector	218,261	[75.1]	211,717	[86.2]	(6,543)	(3.0)	275,103	[69.4]
	Total	290,711	94.4	245,615	88.8	(45,095)	(15.5)	396,455	92.7
Overseas	Civil engineering	5,390	[31.4]	16,541	[53.7]	11,150	206.8	13,717	[44.0]
	Building construction	11,799	[68.6]	14,287	[46.3]	2,488	21.1	17,478	[56.0]
	Total	17,190	5.6	30,828	11.2	13,638	79.3	31,196	7.3
Sum total	Civil engineering	127,209	[41.3]	137,437	[49.7]	10,228	8.0	192,178	[44.9]
	Building construction	180,692	[58.7]	139,006	[50.3]	(41,685)	(23.1)	235,473	[55.1]
	Total	307,901	100.0	276,444	100.0	(31,457)	(10.2)	427,651	100.0

(Net sales for the construction business) (Unit: Million yen, %)

Category		For the nine months ended December 31, 2018		For the nine months ended December 31, 2019		Increase/decrease		Results for the fiscal year ended March 31, 2019	
		Amount	%	Amount	%	Amount	% change	%	Amount
Domestic civil engineering	Government sector	49,452	[63.5]	54,312	[69.1]	4,860	9.8	70,268	[63.4]
	Private sector	28,467	[36.5]	24,318	[30.9]	(4,149)	(14.6)	40,530	[36.6]
	Total	77,919	33.9	78,630	31.7	711	0.9	110,798	33.8
Domestic building construction	Government sector	20,001	[15.2]	21,820	[14.6]	1,819	9.1	26,931	[14.3]
	Private sector	111,766	[84.8]	127,431	[85.4]	15,665	14.0	161,429	[85.7]
	Total	131,767	57.2	149,252	60.1	17,485	13.3	188,361	57.5
Domestic	Government sector	69,453	[33.1]	76,133	[33.4]	6,680	9.6	97,200	[32.5]
	Private sector	140,233	[66.9]	151,749	[66.6]	11,516	8.2	201,960	[67.5]
	Total	209,686	91.1	227,883	91.8	18,196	8.7	299,160	91.3
Overseas	Civil engineering	5,290	[25.7]	7,404	[36.4]	2,113	40.0	7,991	[28.1]
	Building construction	15,270	[74.3]	12,919	[63.6]	(2,351)	(15.4)	20,497	[71.9]
	Total	20,561	8.9	20,323	8.2	(237)	(1.2)	28,488	8.7
Sum total	Civil engineering	83,210	[36.1]	86,035	[34.7]	2,824	3.4	118,790	[36.3]
	Building construction	147,038	[63.9]	162,172	[65.3]	15,134	10.3	208,858	[63.7]
	Total	230,248	100.0	248,207	100.0	17,959	7.8	327,649	100.0

(Year-end backlog for the construction business) (Unit: Million yen, %)

Category		For the nine months ended December 31, 2018		For the nine months ended December 31, 2019		Increase/decrease		Results for the fiscal year ended March 31, 2019	
		Amount	%	Amount	%	Amount	% change	%	Amount
Domestic civil engineering	Government sector	142,925	[56.1]	138,625	[43.2]	(4,299)	(3.0)	164,653	[59.2]
	Private sector	111,667	[43.9]	181,995	[56.8]	70,328	63.0	113,702	[40.8]
	Total	254,592	51.3	320,621	58.7	66,028	25.9	278,355	53.7
Domestic building construction	Government sector	42,578	[19.6]	25,797	[13.9]	(16,780)	(39.4)	42,006	[20.0]
	Private sector	174,959	[80.4]	159,714	[86.1]	(15,245)	(8.7)	168,040	[80.0]
	Total	217,538	43.9	185,512	34.0	(32,026)	(14.7)	210,046	40.5
Domestic	Government sector	185,503	[39.3]	164,423	[32.5]	(21,079)	(11.4)	206,659	[42.3]
	Private sector	286,627	[60.7]	341,710	[67.5]	55,082	19.2	281,742	[57.7]
	Total	472,130	95.2	506,133	92.7	34,002	7.2	488,401	94.2
Overseas	Civil engineering	10,848	[45.8]	25,604	[63.8]	14,755	136.0	16,558	[55.5]
	Building construction	12,826	[54.2]	14,518	[36.2]	1,692	13.2	13,271	[44.5]
	Total	23,675	4.8	40,123	7.3	16,447	69.5	29,830	5.8
Sum total	Civil engineering	265,441	[53.5]	346,225	[63.4]	80,784	30.4	294,914	[56.9]
	Building construction	230,364	[46.5]	200,031	[36.6]	(30,333)	(13.2)	223,318	[43.1]
	Total	495,806	100.0	546,256	100.0	50,450	10.2	518,232	100.0

(Net sales for other businesses) (Unit: Million yen, %)

Category	For the nine months ended December 31, 2018	For the nine months ended December 31, 2019	Increase/decrease		Results for the fiscal year ended March 31, 2019
	Amount	Amount	Amount	% change	Amount
Other businesses	3,434	3,262	(171)	(5.0)	5,050