

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2019 (Based on Japanese GAAP)

January 31, 2020

Company name: TOTO Ltd.
 Stock exchange listing: Tokyo, Nagoya, Fukuoka
 Stock code: 5332 URL <https://jp.toto.com>
 Representative: President & Representative Director Madoka Kitamura
 General Manager
 Inquiries: Management Planning Dept. Yoshihisa Tanaka TEL 03(6836)2024
 Scheduled date to file Quarterly Securities Report: February 6, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2019	449,186	3.9	29,864	(1.1)	31,001	(5.2)	21,734	(2.6)
Nine months ended December 31, 2018	432,242	(0.7)	30,182	(20.3)	32,707	(18.5)	22,317	(15.1)

(Note) Comprehensive income: Nine months ended December 31, 2019: 19,263 million yen [46.7%]
 Nine months ended December 31, 2018: 13,134 million yen [(61.3)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2019	128.35	128.12
Nine months ended December 31, 2018	131.83	131.57

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2019	573,235	350,042	59.8
As of March 31, 2019	574,960	346,658	58.9

(Reference) Equity: As of December 31, 2019: 342,658 million yen
 As of March 31, 2019: 338,709 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	–	45.00	–	45.00	90.00
Year ending March 31, 2020	–	45.00	–		
Year ending March 31, 2020 (Forecast)				45.00	90.00

(Note) Revisions to the forecasts of cash dividends most recently announced: No

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	607,000	3.6	39,000	(2.9)	39,000	(9.6)	26,500	(18.2)	156.48

(Note) Revisions to the consolidated financial results forecasts most recently announced: No

For detailed information on the consolidated financial results, please refer to the material on financial results released today and the Quarterly Securities Report scheduled to be filed on February 6, 2020.

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2019
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
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| Changes in accounting policies due to revisions to accounting standards and other regulations: | No |
| Changes in accounting policies due to other reasons: | No |
| Changes in accounting estimates: | No |
| Restatement of prior period financial statements: | No |

(4) Number of issued shares (common shares)

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

As of December 31, 2019		176,981,297 shares	As of March 31, 2019		176,981,297 shares
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Number of treasury shares at the end of the period

As of December 31, 2019		7,623,660 shares	As of March 31, 2019		7,664,017 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2019		169,342,663 shares	Nine months ended December 31, 2018		169,295,341 shares
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* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

* Explanation of proper use of earnings forecasts, and other special matters

Caution concerning forward-looking statements

The forward-looking statements, including the earnings forecasts shown in this document, are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially due to various factors.

1. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Assets		
Current assets		
Cash and deposits	98,367	87,000
Notes and accounts receivable - trade	96,656	94,747
Securities	10	–
Merchandise and finished goods	52,067	55,474
Work in process	12,909	16,154
Raw materials and supplies	17,001	14,897
Other	10,819	12,311
Allowance for doubtful accounts	(201)	(196)
Total current assets	287,630	280,389
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	79,488	80,304
Land	27,016	27,013
Other, net	91,296	95,537
Total property, plant and equipment	197,801	202,855
Intangible assets	18,245	19,303
Investments and other assets		
Investment securities	53,907	56,980
Other	17,631	13,941
Allowance for doubtful accounts	(256)	(235)
Total investments and other assets	71,282	70,687
Total non-current assets	287,329	292,845
Total assets	574,960	573,235

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	65,116	62,710
Short-term borrowings	25,714	26,204
Income taxes payable	2,756	1,710
Provision for bonuses for directors (and other officers)	178	117
Accrual for loss on inspection and repair of products	58	51
Provision for loss on business restructuring	375	313
Other	96,447	89,969
Total current liabilities	190,648	181,077
Non-current liabilities		
Long-term borrowings	2,152	1,253
Retirement benefit liability	31,214	27,344
Other	4,286	13,517
Total non-current liabilities	37,653	42,115
Total liabilities	228,301	223,193
Net assets		
Shareholders' equity		
Share capital	35,579	35,579
Capital surplus	29,241	29,300
Retained earnings	275,019	281,444
Treasury shares	(14,194)	(14,123)
Total shareholders' equity	325,645	332,201
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,709	15,578
Foreign currency translation adjustment	3,854	(1,270)
Remeasurements of defined benefit plans	(4,500)	(3,850)
Total accumulated other comprehensive income	13,063	10,456
Share acquisition rights	487	474
Non-controlling interests	7,462	6,909
Total net assets	346,658	350,042
Total liabilities and net assets	574,960	573,235

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Net sales	432,242	449,186
Cost of sales	272,464	286,651
Gross profit	159,778	162,535
Selling, general and administrative expenses	129,596	132,670
Operating profit	30,182	29,864
Non-operating income		
Interest income	1,286	889
Dividend income	1,579	1,568
Share of profit of entities accounted for using equity method	728	334
Foreign exchange gains	522	–
Other	562	626
Total non-operating income	4,680	3,418
Non-operating expenses		
Interest expenses	37	82
Sales discounts	1,011	1,082
Loss on retirement of non-current assets	607	374
Foreign exchange losses	–	266
Other	497	475
Total non-operating expenses	2,154	2,280
Ordinary profit	32,707	31,001
Extraordinary income		
Gain on sales of land and others	525	–
Gain on sales of investment securities	428	603
Gain on change in equity	–	265
Total extraordinary income	953	868
Extraordinary losses		
Loss on sales of land and others	7	–
Loss on sales of membership	0	0
Loss on valuation of securities	0	–
Total extraordinary losses	7	0
Profit before income taxes	33,654	31,870
Income taxes - current	7,055	5,808
Income taxes - deferred	3,675	3,773
Total income taxes	10,731	9,581
Profit	22,923	22,288
Profit attributable to non-controlling interests	605	553
Profit attributable to owners of parent	22,317	21,734

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2018	Nine months ended December 31, 2019
Profit	22,923	22,288
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,442)	1,869
Foreign currency translation adjustment	(4,167)	(5,426)
Remeasurements of defined benefit plans, net of tax	827	660
Share of other comprehensive income of entities accounted for using equity method	(5)	(128)
Total other comprehensive income	<u>(9,788)</u>	<u>(3,025)</u>
Comprehensive income	<u>13,134</u>	<u>19,263</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,849	19,128
Comprehensive income attributable to non-controlling interests	284	135

(3) Notes to quarterly consolidated financial statements

Notes on assumptions for going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable