

Flash Report Consolidated Basis
Results for Fiscal 2018
(April 1, 2018-March 31, 2019)
<under Japanese GAAP>

April 25, 2019

Company name: OSAKA STEEL CO., LTD.
Stock listing: Tokyo, 1st section
Code number: 5449
URL: <http://www.osaka-seitetsu.co.jp>
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(Figures of less than ¥1 million have been omitted.)

1. Consolidated Financial and Operating Results for Fiscal 2018

(April 1, 2018-March 31, 2019)

(1) Consolidated Operating Results

(Percentage figures represent changes from the same period of 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	%
Fiscal 2018	96,569	19.1	7,365	7.2	6,875	2.6	4,122	(4.5)
Fiscal 2017	81,100	30.5	6,868	15.3	6,703	13.0	4,318	55.9

(Reference) Comprehensive income
 Fiscal 2018 ¥ 3,289 million (18.3)%
 Fiscal 2017 ¥ 4,028 million 38.0%

	Earnings per share	Earnings per share after full dilution	Return on equity	Return on assets	Return on sales
	Yen	Yen	%	%	%
Fiscal 2018	105.93	—	2.9	3.5	7.6
Fiscal 2017	110.95	—	3.1	3.7	8.5

(Reference) Equity in profit of unconsolidated subsidiaries and associates:
 Fiscal 2018 ¥— million
 Fiscal 2017 ¥— million

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2018	202,034	146,074	71.1	3,691.65
Fiscal 2017	194,130	144,286	72.9	3,635.31

(Reference) Shareholders' equity:
 Fiscal 2018 ¥143,682 million
 Fiscal 2017 ¥141,491 million

(3) Consolidated Statements of Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2018	3,193	(3,725)	2,617	62,620
Fiscal 2017	(854)	(8,973)	11,498	60,598

2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	—	12.50	—	21.00	33.50
Fiscal 2018	—	17.00	—	17.00	34.00
Fiscal 2019(Forecasts)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2017	1,303	30.2	0.9
Fiscal 2018	1,323	32.1	0.9
Fiscal 2019(Forecasts)	—	—	—

(Note) The dividend forecasts of end of second quarter and fiscal year for fiscal 2019 are not decided.

3. Consolidated Financial Forecasts for Fiscal 2019(April 1, 2019-March 31, 2020)

(Percentage figures represent changes from the same period of the previous fiscal year.)

	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
First half of Fiscal 2019	48,000	8.9	3,300	(4.0)	3,000	(9.1)	1,900	6.3	48.82
Fiscal 2019	105,000	8.7	7,000	(5.0)	6,500	(5.5)	4,200	1.9	107.91

(Reference) Summary of Non-Consolidated Financial and Operating Results
Non-Consolidated Financial and Operating Results for Fiscal 2018
(April 1, 2018-March 31, 2019)

(1) Non-Consolidated Operating Results

(Percentage figures represent changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2018	64,287	10.4	6,979	6.8	7,329	11.1	5,067	9.3
Fiscal 2017	58,206	28.9	6,532	39.9	6,598	45.2	4,636	129.2
	Earnings per share		Earnings per share after full dilution					
	Yen		Yen					
Fiscal 2018	130.20		—					
Fiscal 2017	119.12		—					

(2) Non-Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2018	165,504	126,539	76.5	3,251.18
Fiscal 2017	161,943	123,197	76.1	3,165.30

(Reference) Shareholders' equity: Fiscal 2018 ¥126,539 million
Fiscal 2017 ¥123,197 million

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	March 31, 2018	March 31, 2019
Millions of yen		
Assets		
Current assets		
Cash and deposits	3,948	4,172
Notes and accounts receivable - trade	20,233	22,413
Finished goods	13,050	16,493
Work in process	484	360
Raw materials and supplies	5,807	6,378
Accounts receivable - other	11,831	12,282
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	56,650	58,447
Other	119	706
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>122,123</u>	<u>131,252</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,058	7,950
Machinery, equipment and vehicles, net	22,118	21,331
Tools, furniture and fixtures, net	1,767	1,799
Land	35,660	35,597
Construction in progress	1,285	1,382
Total property, plant and equipment	<u>68,890</u>	<u>68,061</u>
Intangible assets		
Other	230	163
Total intangible assets	<u>230</u>	<u>163</u>
Investments and other assets		
Investment securities	2,155	1,236
Long-term loans receivable	1	1
Retirement benefit asset	89	87
Deferred tax assets	272	313
Other	389	919
Allowance for doubtful accounts	(22)	—
Total investments and other assets	<u>2,885</u>	<u>2,557</u>
Total non-current assets	<u>72,006</u>	<u>70,781</u>
Total assets	<u>194,130</u>	<u>202,034</u>

Millions of yen

	March 31, 2018	March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,831	17,804
Short-term loans payable	8,588	12,654
Current portion of long-term loans payable	80	53
Accounts payable - other	5,103	4,986
Income taxes payable	2,153	1,487
Provision for repairs	418	432
Provision for loss on disaster	212	410
Other	1,322	1,431
Total current liabilities	<u>32,710</u>	<u>39,259</u>
Non-current liabilities		
Long-term loans payable	13,048	12,765
Deferred tax liabilities	1,525	1,405
Retirement benefit liability	1,643	1,894
Provision for business structure improvement	518	305
Provision for loss on dissolution of the employee's pension fund	70	—
Other	327	330
Total non-current liabilities	<u>17,133</u>	<u>16,699</u>
Total liabilities	<u>49,843</u>	<u>55,959</u>
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	125,490	128,134
Treasury shares	(4,535)	(4,536)
Total shareholders' equity	<u>140,629</u>	<u>143,272</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	782	528
Deferred gains or losses on hedges	108	154
Foreign currency translation adjustment	63	(21)
Remeasurements of defined benefit plans	(91)	(250)
Total accumulated other comprehensive income	<u>862</u>	<u>410</u>
Non-controlling interests	<u>2,795</u>	<u>2,391</u>
Total net assets	<u>144,286</u>	<u>146,074</u>
Total liabilities and net assets	<u>194,130</u>	<u>202,034</u>

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income
Consolidated Statements of Operations

	Millions of yen	
	Fiscal 2017	Fiscal 2018
Net sales	81,100	96,569
Cost of sales	67,678	82,091
Gross profit	<u>13,422</u>	<u>14,478</u>
Selling, general and administrative expenses		
Haulage expenses	3,191	3,588
Salaries and bonuses	1,145	1,091
Retirement benefit expenses	44	14
Depreciation	92	107
Other	2,078	2,311
Total selling, general and administrative expenses	<u>6,553</u>	<u>7,113</u>
Operating profit	<u>6,868</u>	<u>7,365</u>
Non-operating income		
Interest income	143	153
Dividend income	36	41
Rent income on non-current assets	324	413
Other	202	211
Total non-operating income	<u>707</u>	<u>819</u>
Non-operating expenses		
Interest expenses	255	496
Loss on retirement of non-current assets	358	223
Taxes and dues	125	78
Foreign exchange losses	51	355
Other	81	154
Total non-operating expenses	<u>873</u>	<u>1,308</u>
Ordinary profit	<u>6,703</u>	<u>6,875</u>
Extraordinary income		
Reversal of provision for business structure improvement	—	211
Total extraordinary income	<u>—</u>	<u>211</u>
Extraordinary losses		
Loss on disaster	—	592
Total extraordinary losses	<u>—</u>	<u>592</u>
Profit before income taxes	<u>6,703</u>	<u>6,494</u>
Income taxes - current	2,748	2,742
Income taxes - deferred	(126)	1
Total income taxes	<u>2,622</u>	<u>2,744</u>
Profit	<u>4,081</u>	<u>3,750</u>
Loss attributable to non-controlling interests	(236)	(372)
Profit attributable to owners of parent	<u>4,318</u>	<u>4,122</u>

Consolidated Statements of Comprehensive Income

Millions of yen

	Fiscal 2017	Fiscal 2018
Profit	4,081	3,750
Other comprehensive income		
Valuation difference on available-for-sale securities	221	(253)
Deferred gains or losses on hedges	(45)	58
Foreign currency translation adjustment	(232)	(106)
Remeasurements of defined benefit plans, net of tax	3	(158)
Total other comprehensive income	<u>(53)</u>	<u>(460)</u>
Comprehensive income	<u>4,028</u>	<u>3,289</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,321	3,671
Comprehensive income attributable to non-controlling interests	(292)	(381)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2017

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,769	10,904	122,340	(4,534)	137,479
Changes of items during period					
Dividends of surplus			(1,167)		(1,167)
Profit attributable to owners of parent			4,318		4,318
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,150	(0)	3,150
Balance at end of current period	8,769	10,904	125,490	(4,535)	140,629

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	561	144	249	(95)	859	3,107	141,446
Changes of items during period							
Dividends of surplus							(1,167)
Profit attributable to owners of parent							4,318
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	221	(36)	(185)	3	2	(312)	(310)
Total changes of items during period	221	(36)	(185)	3	2	(312)	2,840
Balance at end of current period	782	108	63	(91)	862	2,795	144,286

Fiscal 2018

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,769	10,904	125,490	(4,535)	140,629
Changes of items during period					
Dividends of surplus			(1,479)		(1,479)
Profit attributable to owners of parent			4,122		4,122
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	2,643	(0)	2,642
Balance at end of current period	8,769	10,904	128,134	(4,536)	143,272

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	782	108	63	(91)	862	2,795	144,286
Changes of items during period							
Dividends of surplus							(1,479)
Profit attributable to owners of parent							4,122
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(253)	46	(85)	(159)	(451)	(403)	(855)
Total changes of items during period	(253)	46	(85)	(159)	(451)	(403)	1,787
Balance at end of current period	528	154	(21)	(250)	410	2,391	146,074

(4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal 2017	Fiscal 2018
Cash flows from operating activities		
Profit before income taxes	6,703	6,494
Depreciation	3,924	4,034
Increase (decrease) in allowance for doubtful accounts	0	(22)
Increase (decrease) in provision for repairs	18	13
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	—	(70)
Increase (decrease) in provision for business structure improvement	(3)	(213)
Increase (decrease) in provision for loss on disaster	(31)	197
Interest and dividend income	(180)	(194)
Interest expenses	255	496
Loss on retirement of non-current assets	358	223
Loss (gain) on sales of non-current assets	(42)	(30)
Loss (gain) on sales of investment securities	—	(17)
Decrease (increase) in notes and accounts receivable - trade	(7,395)	(2,219)
Decrease (increase) in inventories	(7,731)	(3,975)
Decrease (increase) in accounts receivable - other	(3,802)	(476)
Increase (decrease) in notes and accounts payable - trade	7,510	3,037
Increase (decrease) in retirement benefit liability	151	251
Decrease (increase) in retirement benefit asset	(16)	2
Other, net	918	(689)
Subtotal	<u>638</u>	<u>6,843</u>
Interest and dividend income received	180	194
Interest expenses paid	(238)	(454)
Income taxes paid	(1,435)	(3,389)
Net cash provided by (used in) operating activities	<u>(854)</u>	<u>3,193</u>
Cash flows from investing activities		
Proceeds from sales of non-current assets	43	35
Purchase of non-current assets	(9,046)	(3,797)
Proceeds from sales of investment securities	—	71
Purchase of investment securities	(2)	—
Collection of loans receivable from subsidiaries and affiliates	10,000	10,000
Payments of loans receivable from subsidiaries and associates	(10,000)	(10,000)
Other proceeds	43	0
Other payments	(12)	(35)
Net cash provided by (used in) investing activities	<u>(8,973)</u>	<u>(3,725)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	8,537	4,200
Proceeds from long-term loans payable	4,268	—
Repayments of long-term loans payable	(119)	(80)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,167)	(1,479)
Dividends paid to non-controlling interests	(20)	(22)
Net cash provided by (used in) financing activities	<u>11,498</u>	<u>2,617</u>
Effect of exchange rate change on cash and cash equivalents	<u>(9)</u>	<u>(64)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,660</u>	<u>2,021</u>
Cash and cash equivalents at beginning of period	<u>58,938</u>	<u>60,598</u>
Cash and cash equivalents at end of period	<u>60,598</u>	<u>62,620</u>