

Flash Report Consolidated Basis
Results for the First Quarter of Fiscal 2018
(April 1, 2018-June 30, 2018)
<under Japanese GAAP>

July 31, 2018

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 the First Quarter of Fiscal 2018
(April 1, 2018-June 30, 2018)

(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	%
First quarter of Fiscal 2018	23,341	27.6	2,669	14.0	2,652	11.4	1,736	11.4
First quarter of Fiscal 2017	18,299	38.4	2,342	129.0	2,380	125.1	1,559	—

(Reference) Comprehensive income: First quarter of Fiscal 2018 ¥1,360 million 2.9 %
First quarter of Fiscal 2017 ¥1,322 million — %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
First quarter of Fiscal 2018	44.62	—
First quarter of Fiscal 2017	40.07	—

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First quarter of Fiscal 2018	191,280	144,807	74.3
Fiscal 2017	194,130	144,286	72.9

(Reference) Shareholders' equity: First quarter of Fiscal 2018 ¥142,135 million
Fiscal 2017 ¥141,491 million

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	—				
Fiscal 2018(Forecasts)		17.00	—	—	—

(Note) Whether the dividend forecasts under review have been revised : Yes

The dividend forecasts of end of fiscal year for fiscal 2018 are not decided.

3. Consolidated Financial Forecasts for Fiscal 2018(April 1, 2018-March 31, 2019)

	Net sales		Operating income		Ordinary income		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 2018	45,000	26.0	3,900	14.4	3,800	12.4	2,400	11.0	61.66
Fiscal 2018	95,000	17.1	7,300	6.3	7,000	4.4	4,600	6.5	118.19

(Note) Whether the consolidated financial forecasts for fiscal 2018 under review have been revised : Yes

Forecasts of future performance in this report are based on information available at the date of publication for this document and certain assumptions regarding factors that may influence future results at the date of publication. Actual results may vary significantly from these forecasts due to a wide range of factors.

1. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Millions of yen

	March 31, 2018	June 30, 2018
Assets		
Current assets		
Cash and deposits	3,948	2,921
Notes and accounts receivable - trade	20,233	21,465
Finished goods	13,050	14,060
Work in process	484	318
Raw materials and supplies	5,807	5,689
Accounts receivable - other	11,831	11,461
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	56,650	54,169
Other	119	104
Allowance for doubtful accounts	(2)	(3)
Total current assets	<u>122,123</u>	<u>120,186</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,058	7,827
Machinery, equipment and vehicles, net	22,118	21,145
Tools, furniture and fixtures, net	1,767	1,680
Land	35,660	35,447
Construction in progress	1,285	1,661
Total property, plant and equipment	<u>68,890</u>	<u>67,763</u>
Intangible assets		
Other	230	200
Total intangible assets	<u>230</u>	<u>200</u>
Investments and other assets		
Investment securities	2,155	2,028
Long-term loans receivable	1	1
Net defined benefit asset	89	89
Deferred tax assets	272	275
Other	389	735
Allowance for doubtful accounts	(22)	—
Total investments and other assets	<u>2,885</u>	<u>3,130</u>
Total non-current assets	<u>72,006</u>	<u>71,094</u>
Total assets	<u>194,130</u>	<u>191,280</u>

Millions of yen

	March 31, 2018	June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,831	14,357
Short-term loans payable	8,588	7,968
Current portion of long-term loans payable	80	65
Accounts payable - other	5,103	4,924
Income taxes payable	2,153	796
Provision for repairs	418	401
Provision for loss on disaster	212	212
Other	1,322	1,202
Total current liabilities	<u>32,710</u>	<u>29,929</u>
Non-current liabilities		
Long-term loans payable	13,048	12,256
Deferred tax liabilities	1,525	1,687
Net defined benefit liability	1,643	1,691
Provision for business structure improvement	518	518
Provision for loss on dissolution of the employee's pension fund	70	70
Other	327	320
Total non-current liabilities	<u>17,133</u>	<u>16,544</u>
Total liabilities	<u>49,843</u>	<u>46,473</u>
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	125,490	126,409
Treasury shares	(4,535)	(4,535)
Total shareholders' equity	<u>140,629</u>	<u>141,548</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	782	694
Deferred gains or losses on hedges	108	163
Foreign currency translation adjustment	63	(187)
Remeasurements of defined benefit plans	(91)	(83)
Total accumulated other comprehensive income	<u>862</u>	<u>586</u>
Non-controlling interests	<u>2,795</u>	<u>2,672</u>
Total net assets	<u>144,286</u>	<u>144,807</u>
Total liabilities and net assets	<u>194,130</u>	<u>191,280</u>

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

Quarterly Consolidated Statements of Operations

Millions of yen

	First quarter of fiscal 2017	First quarter of fiscal 2018
Net sales	18,299	23,341
Cost of sales	14,360	18,902
Gross profit	3,938	4,439
Selling, general and administrative expenses		
Haulage expenses	752	912
Salaries and bonuses	272	290
Retirement benefit expenses	11	13
Depreciation	18	22
Other	540	529
Total selling, general and administrative expenses	1,596	1,769
Operating profit	2,342	2,669
Non-operating income		
Interest income	35	37
Dividend income	17	20
Rent income on non-current assets	38	103
Other	45	31
Total non-operating income	137	192
Non-operating expenses		
Interest expenses	43	80
Loss on retirement of non-current assets	21	28
Taxes and dues	12	19
Foreign exchange losses	0	64
Other	19	16
Total non-operating expenses	98	209
Ordinary profit	2,380	2,652
Profit before income taxes	2,380	2,652
Income taxes - current	785	797
Income taxes - deferred	105	170
Total income taxes	891	968
Profit	1,489	1,684
Loss attributable to non-controlling interests	(69)	(51)
Profit attributable to owners of parent	1,559	1,736

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First quarter of fiscal 2017	First quarter of fiscal 2018
Profit	1,489	1,684
Other comprehensive income		
Valuation difference on available-for-sale securities	107	(88)
Deferred gains or losses on hedges	(18)	69
Foreign currency translation adjustment	(263)	(313)
Remeasurements of defined benefit plans, net of tax	7	8
Total other comprehensive income	<u>(167)</u>	<u>(324)</u>
Comprehensive income	<u>1,322</u>	<u>1,360</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,448	1,461
Comprehensive income attributable to non-controlling interests	(126)	(100)