

Flash Report Consolidated Basis
Results for the Third Quarter of Fiscal 2017
(April 1, 2017-December 31, 2017)
<under Japanese GAAP>

January 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 Third quarter of Fiscal 2017
(April 1, 2017-December 31, 2017)

(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	%
Third quarter of Fiscal 2017	57,679	32.3	5,229	23.6	5,162	21.9	3,334	93.5
Third quarter of Fiscal 2016	43,612	3.7	4,232	(31.5)	4,233	(33.5)	1,723	(54.5)

(Reference) Comprehensive income: Third quarter of Fiscal 2017 ¥3,219 million 392.5%
Third quarter of Fiscal 2016 ¥653 million (82.5)%

	Earnings per share		Earnings per share after full dilution	
	Yen		Yen	
Third quarter of Fiscal 2017		85.66		—
Third quarter of Fiscal 2016		44.27		—

(2) Consolidated Financial Results

	Total assets		Net assets		Ratio of shareholders' equity to total assets	
	Millions of yen		Millions of yen		%	
Third quarter of Fiscal 2017		187,911		143,477		74.8
Fiscal 2016		170,203		141,446		81.3

(Reference) Shareholders' equity: Third quarter of Fiscal 2017 ¥140,634 million
Fiscal 2016 ¥138,338 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 2016	—	12.50	—	17.50	30.00
Fiscal 2017	—	12.50	—		
Fiscal 2017(Forecasts)				20.00	32.50

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

3. Consolidated Financial Forecasts for Fiscal 2017(April 1, 2017-March 31, 2018)

	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
Fiscal 2017	80,000	28.8	6,500	9.1	6,500	9.6	4,200	51.6	107.91

(Note) Whether the consolidated financial forecasts for fiscal 2017 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, 2017	December 31, 2017
Assets		
Current assets		
Cash and deposits	1,304	2,707
Notes and accounts receivable - trade	12,822	18,517
Finished goods	6,512	10,735
Work in process	294	451
Raw materials and supplies	4,783	5,486
Deferred tax assets	526	428
Accounts receivable - other	8,046	12,050
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,633	55,342
Other	174	135
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>102,096</u>	<u>115,851</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,688	7,878
Machinery, equipment and vehicles, net	10,977	21,974
Tools, furniture and fixtures, net	1,187	1,721
Land	34,035	35,652
Construction in progress	11,622	1,625
Total property, plant and equipment	<u>65,511</u>	<u>68,853</u>
Intangible assets		
Other	44	246
Total intangible assets	<u>44</u>	<u>246</u>
Investments and other assets		
Investment securities	1,833	2,307
Long-term loans receivable	2	1
Net defined benefit asset	73	73
Deferred tax assets	176	194
Other	487	406
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>2,550</u>	<u>2,960</u>
Total non-current assets	<u>68,106</u>	<u>72,059</u>
Total assets	<u>170,203</u>	<u>187,911</u>

Millions of yen

	March 31, 2017	December 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,300	13,036
Short-term loans payable	—	5,298
Current portion of long-term loans payable	119	95
Accounts payable - other	5,583	5,291
Income taxes payable	834	1,311
Provision for repairs	400	406
Provision for loss on disaster	244	215
Other	828	1,126
Total current liabilities	<u>15,310</u>	<u>26,782</u>
Non-current liabilities		
Long-term loans payable	9,103	13,032
Deferred tax liabilities	1,996	2,108
Net defined benefit liability	1,491	1,600
Provision for business structure improvement	521	518
Provision for loss on dissolution of the employee's pension fund	70	70
Other	262	320
Total non-current liabilities	<u>13,446</u>	<u>17,650</u>
Total liabilities	<u>28,756</u>	<u>44,433</u>
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	122,340	124,506
Treasury shares	(4,534)	(4,535)
Total shareholders' equity	<u>137,479</u>	<u>139,645</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	561	887
Deferred gains or losses on hedges	144	121
Foreign currency translation adjustment	249	52
Remeasurements of defined benefit plans	(95)	(73)
Total accumulated other comprehensive income	<u>859</u>	<u>989</u>
Non-controlling interests	<u>3,107</u>	<u>2,843</u>
Total net assets	<u>141,446</u>	<u>143,477</u>
Total liabilities and net assets	<u>170,203</u>	<u>187,911</u>

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

Quarterly Consolidated Statements of Operations

Millions of yen

	Third quarter of fiscal 2016	Third quarter of fiscal 2017
Net sales	43,612	57,679
Cost of sales	34,940	47,644
Gross profit	<u>8,672</u>	<u>10,034</u>
Selling, general and administrative expenses		
Haulage expenses	1,981	2,316
Salaries and bonuses	811	826
Retirement benefit expenses	31	35
Depreciation	45	67
Other	1,569	1,558
Total selling, general and administrative expenses	<u>4,439</u>	<u>4,805</u>
Operating profit	<u>4,232</u>	<u>5,229</u>
Non-operating income		
Interest income	112	106
Dividend income	28	33
Rent income on non-current assets	112	221
Other	44	98
Total non-operating income	<u>297</u>	<u>460</u>
Non-operating expenses		
Interest expenses	1	171
Loss on retirement of non-current assets	134	179
Taxes and dues	37	111
Foreign exchange losses	3	10
Environmental expenses	59	—
Other	59	54
Total non-operating expenses	<u>296</u>	<u>527</u>
Ordinary profit	<u>4,233</u>	<u>5,162</u>
Extraordinary losses		
Loss on disaster	1,575	—
Total extraordinary losses	<u>1,575</u>	<u>—</u>
Profit before income taxes	<u>2,657</u>	<u>5,162</u>
Income taxes - current	650	1,970
Income taxes - deferred	243	47
Total income taxes	<u>894</u>	<u>2,018</u>
Profit	<u>1,763</u>	<u>3,144</u>
Profit (loss) attributable to non-controlling interests	40	(189)
Profit attributable to owners of parent	<u>1,723</u>	<u>3,334</u>

Quarterly Consolidated Statements of Comprehensive Income

	Millions of yen	
	Third quarter of fiscal 2016	Third quarter of fiscal 2017
Profit	1,763	3,144
Other comprehensive income		
Valuation difference on available-for-sale securities	168	326
Deferred gains or losses on hedges	(2)	(28)
Foreign currency translation adjustment	(1,306)	(245)
Remeasurements of defined benefit plans, net of tax	30	22
Total other comprehensive income	<u>(1,110)</u>	<u>74</u>
Comprehensive income	<u>653</u>	<u>3,219</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	874	3,463
Comprehensive income attributable to non-controlling interests	(221)	(244)