

Flash Report Consolidated Basis
Results for Fiscal 2017
(April 1, 2017-March 31, 2018)
<under Japanese GAAP>

April 26, 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 Fiscal 2017

(April 1, 2017-March 31, 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	%
Fiscal 2017	81,100	30.5	6,868	15.3	6,703	13.0	4,318	55.9
Fiscal 2016	62,135	13.6	5,955	(26.5)	5,931	(28.4)	2,769	(73.2)

(Reference) Comprehensive income
Fiscal 2017 ¥ 4,028 million 38.0%
Fiscal 2016 ¥ 2,919 million (71.2%)

	Earnings per share	Earnings per share after full dilution	Return on equity	Return on assets	Return on sales
	Yen	Yen	%	%	%
Fiscal 2017	110.95	—	3.1	3.7	8.5
Fiscal 2016	71.16	—	2.0	3.6	9.6

(Reference) Equity in profit of unconsolidated subsidiaries and associates:
Fiscal 2017 ¥— million
Fiscal 2016 ¥— 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 2017	194,665	144,286	72.7	3,635.31
Fiscal 2016	170,203	141,446	81.3	3,554.29

(Reference) Shareholders' equity:
Fiscal 2017 ¥141,491 million
Fiscal 2016 ¥138,338 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 2017	(854)	(8,973)	11,498	60,598
Fiscal 2016	4,924	(11,610)	5,774	58,938

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	—	21.00	33.50
Fiscal 2018(Forecasts)	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to net income	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2016	1,167	42.2	0.8
Fiscal 2017	1,303	30.2	0.9
Fiscal 2018(Forecasts)	—	—	—

(Note) The dividend forecasts of end of second quarter and fiscal year for fiscal 2018 are not decided.

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

(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 2018	45,000	26.0	3,100	(9.0)	3,000	(11.2)	1,900	(12.1)	48.82
Fiscal 2018	95,000	17.1	7,300	6.3	7,000	4.4	4,600	6.5	118.19

(Reference) Summary of Non-Consolidated Financial and Operating Results
Non-Consolidated Financial and Operating Results for Fiscal 2017
(April 1, 2017-March 31, 2018)

(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 2017	58,206	28.9	6,532	39.9	6,598	45.2	4,636	129.2
Fiscal 2016	45,147	(7.6)	4,669	(38.9)	4,543	(42.5)	2,023	(66.9)
	Earnings per share		Earnings per share after full dilution					
	Yen		Yen					
Fiscal 2017	119.12		—					
Fiscal 2016	51.98		—					

(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 2017	162,423	123,197	75.8	3,165.30
Fiscal 2016	152,385	119,516	78.4	3,070.70

(Reference) Shareholders' equity: Fiscal 2017 ¥123,197 million
Fiscal 2016 ¥119,516 million

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	March 31, 2017	Millions of yen March 31, 2018
Assets		
Current assets		
Cash and deposits	1,304	3,948
Notes and accounts receivable - trade	12,822	20,233
Finished goods	6,512	13,050
Work in process	294	484
Raw materials and supplies	4,783	5,807
Deferred tax assets	526	613
Accounts receivable - other	8,046	11,831
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	57,633	56,650
Other	174	119
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>102,096</u>	<u>122,737</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,688	8,058
Machinery, equipment and vehicles, net	10,977	22,118
Tools, furniture and fixtures, net	1,187	1,767
Land	34,035	35,660
Construction in progress	11,622	1,285
Total property, plant and equipment	<u>65,511</u>	<u>68,890</u>
Intangible assets		
Other	44	230
Total intangible assets	<u>44</u>	<u>230</u>
Investments and other assets		
Investment securities	1,833	2,155
Long-term loans receivable	2	1
Net defined benefit asset	73	89
Deferred tax assets	176	194
Other	487	389
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	<u>2,550</u>	<u>2,807</u>
Total non-current assets	<u>68,106</u>	<u>71,928</u>
Total assets	<u>170,203</u>	<u>194,665</u>

Millions of yen

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,300	14,831
Short-term loans payable	—	8,588
Current portion of long-term loans payable	119	80
Accounts payable - other	5,583	5,103
Income taxes payable	834	2,153
Provision for repairs	400	418
Provision for loss on disaster	244	212
Other	828	1,322
Total current liabilities	15,310	32,710
Non-current liabilities		
Long-term loans payable	9,103	13,048
Deferred tax liabilities	1,996	2,060
Net defined benefit liability	1,491	1,643
Provision for business structure improvement	521	518
Provision for loss on dissolution of the employee's pension fund	70	70
Other	262	327
Total non-current liabilities	13,446	17,668
Total liabilities	28,756	50,379
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	122,340	125,490
Treasury shares	(4,534)	(4,535)
Total shareholders' equity	137,479	140,629
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	561	782
Deferred gains or losses on hedges	144	108
Foreign currency translation adjustment	249	63
Remeasurements of defined benefit plans	(95)	(91)
Total accumulated other comprehensive income	859	862
Non-controlling interests	3,107	2,795
Total net assets	141,446	144,286
Total liabilities and net assets	170,203	194,665

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

	Millions of yen	
	Fiscal 2016	Fiscal 2017
Net sales	62,135	81,100
Cost of sales	50,026	67,678
Gross profit	<u>12,109</u>	<u>13,422</u>
Selling, general and administrative expenses		
Haulage expenses	2,772	3,191
Salaries and bonuses	1,028	1,145
Retirement benefit expenses	41	44
Depreciation	103	92
Other	2,207	2,078
Total selling, general and administrative expenses	<u>6,153</u>	<u>6,553</u>
Operating profit	<u>5,955</u>	<u>6,868</u>
Non-operating income		
Interest income	144	143
Dividend income	30	36
Rent income on non-current assets	150	324
Other	89	202
Total non-operating income	<u>414</u>	<u>707</u>
Non-operating expenses		
Interest expenses	1	255
Loss on retirement of non-current assets	227	358
Taxes and dues	50	125
Foreign exchange losses	12	51
Environmental expenses	59	—
Other	86	81
Total non-operating expenses	<u>438</u>	<u>873</u>
Ordinary profit	<u>5,931</u>	<u>6,703</u>
Extraordinary losses		
Loss on disaster	1,640	—
Total extraordinary losses	<u>1,640</u>	<u>—</u>
Profit before income taxes	<u>4,290</u>	<u>6,703</u>
Income taxes - current	1,400	2,748
Income taxes - deferred	102	(126)
Total income taxes	<u>1,503</u>	<u>2,622</u>
Profit	<u>2,787</u>	<u>4,081</u>
Profit (loss) attributable to non-controlling interests	<u>17</u>	<u>(236)</u>
Profit attributable to owners of parent	<u>2,769</u>	<u>4,318</u>

Consolidated Statements of Comprehensive Income

Millions of yen

	Fiscal 2016	Fiscal 2017
Profit	2,787	4,081
Other comprehensive income		
Valuation difference on available-for-sale securities	183	221
Deferred gains or losses on hedges	180	(45)
Foreign currency translation adjustment	(310)	(232)
Remeasurements of defined benefit plans, net of tax	78	3
Total other comprehensive income	<u>132</u>	<u>(53)</u>
Comprehensive income	<u>2,919</u>	<u>4,028</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,927	4,321
Comprehensive income attributable to non-controlling interests	(8)	(292)

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2016

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,769	10,648	121,516	(4,533)	136,401
Changes of items during period					
Dividends of surplus			(1,946)		(1,946)
Profit attributable to owners of parent			2,769		2,769
Purchase of treasury shares				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		255			255
Net changes of items other than shareholders' equity					
Total changes of items during period	—	255	823	(1)	1,078
Balance at end of current period	8,769	10,904	122,340	(4,534)	137,479

	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	377	—	497	(173)	701	3,983	141,085
Changes of items during period							
Dividends of surplus							(1,946)
Profit attributable to owners of parent							2,769
Purchase of treasury shares							(1)
Change in ownership interest of parent due to transactions with non-controlling interests							255
Net changes of items other than shareholders' equity	183	144	(248)	78	158	(875)	(717)
Total changes of items during period	183	144	(248)	78	158	(875)	360
Balance at end of current period	561	144	249	(95)	859	3,107	141,446

Fiscal 2017

Millions of yen

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
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

(4) Consolidated Statements of Cash Flows

Millions of yen

	Fiscal 2016	Fiscal 2017
Cash flows from operating activities		
Profit before income taxes	4,290	6,703
Depreciation	3,181	3,924
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for repairs	(52)	18
Increase (decrease) in provision for business structure improvement	(52)	(3)
Increase (decrease) in provision for loss on disaster	244	(31)
Interest and dividend income	(174)	(180)
Interest expenses	1	255
Loss on retirement of non-current assets	227	358
Loss (gain) on sales of non-current assets	(12)	(42)
Loss (gain) on sales of investment securities	(0)	—
Decrease (increase) in notes and accounts receivable - trade	(1,874)	(7,395)
Decrease (increase) in inventories	(1,382)	(7,731)
Decrease (increase) in accounts receivable - other	(714)	(3,802)
Increase (decrease) in notes and accounts payable - trade	2,127	7,510
Increase (decrease) in net defined benefit liability	(53)	151
Decrease (increase) in net defined benefit asset	5	(16)
Other, net	(193)	918
Subtotal	5,569	638
Interest and dividend income received	175	180
Interest expenses paid	(1)	(238)
Income taxes paid	(818)	(1,435)
Net cash provided by (used in) operating activities	4,924	(854)
Cash flows from investing activities		
Proceeds from sales of non-current assets	36	43
Purchase of non-current assets	(12,115)	(9,046)
Proceeds from sales of investment securities	0	—
Purchase of investment securities	—	(2)
Proceeds from redemption of securities	500	—
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	44	43
Other payments	(76)	(12)
Net cash provided by (used in) investing activities	(11,610)	(8,973)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	—	8,537
Proceeds from long-term loans payable	8,453	4,268
Repayments of long-term loans payable	(119)	(119)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(1,946)	(1,167)
Dividends paid to non-controlling interests	—	(20)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(611)	—
Net cash provided by (used in) financing activities	5,774	11,498
Effect of exchange rate change on cash and cash equivalents	(111)	(9)
Net increase (decrease) in cash and cash equivalents	(1,022)	1,660
Cash and cash equivalents at beginning of period	59,961	58,938
Cash and cash equivalents at end of period	58,938	60,598