

Flash Report Consolidated Basis
Results for the Third Quarter of Fiscal 2018
(April 1, 2018-December 31, 2018)
< under Japanese GAAP >

January 31, 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 the Third quarter of Fiscal 2018
(April 1, 2018- December 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	%
Third quarter of Fiscal 2018	70,806	22.8	5,237	0.2	4,869	(5.7)	2,670	(19.9)
Third quarter of Fiscal 2017	57,679	32.3	5,229	23.6	5,162	21.9	3,334	93.5

(Reference) Comprehensive income: Third quarter of Fiscal 2018 ¥2,225 million (30.9) %
Third quarter of Fiscal 2017 ¥3,219 million 392.5 %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
Third quarter of Fiscal 2018	68.60	—
Third quarter of Fiscal 2017	85.66	—

(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 2018	195,786	145,010	72.8
Fiscal 2017	194,130	144,286	72.9

(Reference) Shareholders' equity: Third quarter of Fiscal 2018 ¥142,536 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	—	17.00	—		
Fiscal 2018(Forecasts)				17.00	34.00

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

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
Fiscal 2018	95,000	17.1	6,800	(1.0)	6,500	(3.0)	3,800	(12.0)	97.63

(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	December 31, 2018
Assets		
Current assets		
Cash and deposits	3,948	3,914
Notes and accounts receivable - trade	20,233	22,217
Finished goods	13,050	14,054
Work in process	484	373
Raw materials and supplies	5,807	5,954
Accounts receivable - other	11,831	12,873
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	56,650	54,168
Other	119	152
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>122,123</u>	<u>123,706</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,058	8,042
Machinery, equipment and vehicles, net	22,118	21,914
Tools, furniture and fixtures, net	1,767	1,850
Land	35,660	35,678
Construction in progress	1,285	1,202
Total property, plant and equipment	<u>68,890</u>	<u>68,689</u>
Intangible assets		
Other	230	180
Total intangible assets	<u>230</u>	<u>180</u>
Investments and other assets		
Investment securities	2,155	1,792
Long-term loans receivable	1	1
Net defined benefit asset	89	89
Deferred tax assets	272	317
Other	389	1,008
Allowance for doubtful accounts	(22)	—
Total investments and other assets	<u>2,885</u>	<u>3,210</u>
Total non-current assets	<u>72,006</u>	<u>72,079</u>
Total assets	<u>194,130</u>	<u>195,786</u>

Millions of yen

	March 31, 2018	December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,831	13,680
Short-term loans payable	8,588	12,151
Current portion of long-term loans payable	80	59
Accounts payable - other	5,103	5,078
Income taxes payable	2,153	547
Provision for repairs	418	396
Provision for loss on disaster	212	407
Other	1,322	1,176
Total current liabilities	<u>32,710</u>	<u>33,499</u>
Non-current liabilities		
Long-term loans payable	13,048	13,069
Deferred tax liabilities	1,525	1,583
Net defined benefit liability	1,643	1,776
Provision for business structure improvement	518	517
Provision for loss on dissolution of the employee's pension fund	70	—
Other	327	330
Total non-current liabilities	<u>17,133</u>	<u>17,276</u>
Total liabilities	<u>49,843</u>	<u>50,776</u>
Net assets		
Shareholders' equity		
Capital stock	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	125,490	126,681
Treasury shares	(4,535)	(4,536)
Total shareholders' equity	<u>140,629</u>	<u>141,819</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	782	530
Deferred gains or losses on hedges	108	226
Foreign currency translation adjustment	63	28
Remeasurements of defined benefit plans	(91)	(68)
Total accumulated other comprehensive income	<u>862</u>	<u>717</u>
Non-controlling interests	<u>2,795</u>	<u>2,473</u>
Total net assets	<u>144,286</u>	<u>145,010</u>
Total liabilities and net assets	<u>194,130</u>	<u>195,786</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 2017	Third quarter of fiscal 2018
Net sales	57,679	70,806
Cost of sales	47,644	60,265
Gross profit	10,034	10,540
Selling, general and administrative expenses		
Haulage expenses	2,316	2,675
Salaries and bonuses	826	841
Retirement benefit expenses	35	46
Depreciation	67	76
Other	1,558	1,663
Total selling, general and administrative expenses	4,805	5,302
Operating profit	5,229	5,237
Non-operating income		
Interest income	106	114
Dividend income	33	38
Rent income on non-current assets	221	310
Other	98	155
Total non-operating income	460	618
Non-operating expenses		
Interest expenses	171	334
Loss on retirement of non-current assets	179	139
Taxes and dues	111	59
Foreign exchange losses	10	391
Other	54	61
Total non-operating expenses	527	986
Ordinary profit	5,162	4,869
Extraordinary losses		
Loss on disaster	—	574
Total extraordinary losses	—	574
Profit before income taxes	5,162	4,295
Income taxes - current	1,970	1,877
Income taxes - deferred	47	68
Total income taxes	2,018	1,946
Profit	3,144	2,349
Loss attributable to non-controlling interests	(189)	(320)
Profit attributable to owners of parent	3,334	2,670

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	Third quarter of fiscal 2017	Third quarter of fiscal 2018
Profit	3,144	2,349
Other comprehensive income		
Valuation difference on available-for-sale securities	326	(251)
Deferred gains or losses on hedges	(28)	147
Foreign currency translation adjustment	(245)	(43)
Remeasurements of defined benefit plans, net of tax	22	23
Total other comprehensive income	<u>74</u>	<u>(124)</u>
Comprehensive income	<u>3,219</u>	<u>2,225</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,463	2,525
Comprehensive income attributable to non-controlling interests	(244)	(299)