

Flash Report Consolidated Basis
Results for the First Quarter of Fiscal 2019
(April 1, 2019-June 30, 2019)
<under Japanese GAAP>

July 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 First Quarter of Fiscal 2019
(April 1, 2019-June 30, 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	%
First quarter of Fiscal 2019	24,990	7.1	2,291	(14.2)	2,371	(10.6)	1,597	(8.0)
First quarter of Fiscal 2018	23,341	27.6	2,669	14.0	2,652	11.4	1,736	11.4

(Reference) Comprehensive income: First quarter of Fiscal 2019 ¥1,476 million 8.5 %
 First quarter of Fiscal 2018 ¥1,360 million 2.9 %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
First quarter of Fiscal 2019	41.04	—
First quarter of Fiscal 2018	44.62	—

(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 2019	207,182	146,868	69.8
Fiscal 2018	202,034	146,074	71.1

(Reference) Shareholders' equity: First quarter of Fiscal 2019 ¥144,537 million
 Fiscal 2018 ¥143,682 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 2018	—	17.00	—	17.00	34.00
Fiscal 2019	—				
Fiscal 2019(Forecasts)		12.50	—	—	—

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

The dividend forecasts of end of fiscal year for fiscal 2019 are not decided.

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

	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	46,000	4.4	3,300	(4.0)	3,000	(9.1)	1,900	6.3	48.82
Fiscal 2019	98,000	1.5	7,000	(5.0)	6,500	(5.5)	4,200	1.9	107.91

(Note) Whether the consolidated financial forecasts for fiscal 2019 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, 2019	June 30, 2019
Assets		
Current assets		
Cash and deposits	4,172	5,703
Notes and accounts receivable - trade	22,413	23,675
Finished goods	16,493	18,646
Work in process	360	351
Raw materials and supplies	6,378	6,356
Accounts receivable - other	12,282	12,603
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	58,447	58,679
Other	706	712
Allowance for doubtful accounts	(2)	(3)
Total current assets	<u>131,252</u>	<u>136,724</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,950	7,830
Machinery, equipment and vehicles, net	21,331	21,225
Tools, furniture and fixtures, net	1,799	1,799
Land	35,597	35,596
Construction in progress	1,382	1,365
Total property, plant and equipment	<u>68,061</u>	<u>67,817</u>
Intangible assets		
Other	163	147
Total intangible assets	<u>163</u>	<u>147</u>
Investments and other assets		
Investment securities	1,236	1,145
Long-term loans receivable	1	1
Retirement benefit asset	87	87
Deferred tax assets	313	242
Other	919	1,015
Total investments and other assets	<u>2,557</u>	<u>2,491</u>
Total non-current assets	<u>70,781</u>	<u>70,457</u>
Total assets	<u>202,034</u>	<u>207,182</u>

Millions of yen

	March 31, 2019	June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,804	18,283
Short-term borrowings	12,654	17,203
Current portion of long-term borrowings	53	38
Accounts payable - other	4,986	5,219
Income taxes payable	1,487	618
Provision for repairs	432	472
Provision for loss on disaster	410	218
Other	1,431	1,450
Total current liabilities	39,259	43,505
Non-current liabilities		
Long-term borrowings	12,765	12,763
Deferred tax liabilities	1,405	1,533
Retirement benefit liability	1,894	1,944
Provision for business restructuring	305	241
Other	330	324
Total non-current liabilities	16,699	16,807
Total liabilities	55,959	60,313
Net assets		
Shareholders' equity		
Share capital	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	128,134	129,070
Treasury shares	(4,536)	(4,536)
Total shareholders' equity	143,272	144,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	528	465
Deferred gains or losses on hedges	154	123
Foreign currency translation adjustment	(21)	(23)
Remeasurements of defined benefit plans	(250)	(236)
Total accumulated other comprehensive income	410	328
Non-controlling interests	2,391	2,331
Total net assets	146,074	146,868
Total liabilities and net assets	202,034	207,182

**(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 2018	First quarter of fiscal 2019
Net sales	23,341	24,990
Cost of sales	18,902	20,928
Gross profit	4,439	4,061
Selling, general and administrative expenses		
Transportation costs	912	926
Salaries and bonuses	290	284
Retirement benefit expenses	13	12
Depreciation	22	26
Other	529	519
Total selling, general and administrative expenses	1,769	1,770
Operating profit	2,669	2,291
Non-operating income		
Interest income	37	40
Dividend income	20	21
Rental income from non-current assets	103	103
Foreign exchange gains	—	111
Other	31	29
Total non-operating income	192	306
Non-operating expenses		
Interest expenses	80	158
Loss on retirement of non-current assets	28	29
Taxes and dues	19	19
Foreign exchange losses	64	—
Other	16	18
Total non-operating expenses	209	225
Ordinary profit	2,652	2,371
Profit before income taxes	2,652	2,371
Income taxes - current	797	571
Income taxes - deferred	170	234
Total income taxes	968	805
Profit	1,684	1,565
Loss attributable to non-controlling interests	(51)	(31)
Profit attributable to owners of parent	1,736	1,597

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First quarter of fiscal 2018	First quarter of fiscal 2019
Profit	1,684	1,565
Other comprehensive income		
Valuation difference on available-for-sale securities	(88)	(62)
Deferred gains or losses on hedges	69	(38)
Foreign currency translation adjustment	(313)	(2)
Remeasurements of defined benefit plans, net of tax	8	14
Total other comprehensive income	<u>(324)</u>	<u>(89)</u>
Comprehensive income	<u>1,360</u>	<u>1,476</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,461	1,515
Comprehensive income attributable to non-controlling interests	(100)	(39)