

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

October 31, 2019

Company name: OSAKA STEEL CO., LTD.
Stock listing: Tokyo, 1st section
Code number: 5449
URL: <http://www.osaka-seitetsu.co.jp>
Representative: Masaki Iwasaki, PRESIDENT
Contact: Kiyofumi Yamashita,
GENERAL MANAGER,
ACCOUNTING & FINANCE DIV.
Telephone: +81-6-6204-0163

(Figures of less than ¥1 million have been omitted.)

1. Consolidated Financial and Operating Results for the First Half of Fiscal 2019
(April 1, 2019- September 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 half of Fiscal 2019	46,386	5.2	4,063	18.2	3,948	19.7	2,589	44.9
First half of Fiscal 2018	44,080	23.4	3,437	0.9	3,299	(2.4)	1,787	(17.3)

(Reference) Comprehensive income: First half of Fiscal 2019 ¥2,207 million 41.8 %
First half of Fiscal 2018 ¥1,557 million (18.2) %

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
First half of Fiscal 2019	66.54	—
First half of Fiscal 2018	45.93	—

(2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
First half of Fiscal 2019	200,144	147,600	72.7
Fiscal 2018	202,034	146,074	71.1

(Reference) Shareholders' equity: First half of Fiscal 2019 ¥145,419 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	—	12.50			
Fiscal 2019(Forecasts)			—	—	—

(Note) Whether the dividend forecasts under review have been revised : No

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
Fiscal 2019	94,000	(2.7)	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	September 30, 2019
Assets		
Current assets		
Cash and deposits	4,172	3,154
Notes and accounts receivable - trade	22,413	18,794
Finished goods	16,493	15,992
Work in process	360	333
Raw materials and supplies	6,378	6,014
Accounts receivable - other	12,282	8,787
Short-term loans receivable from subsidiaries and associates	10,000	10,000
Deposits paid	58,447	65,803
Other	706	727
Allowance for doubtful accounts	(2)	(2)
Total current assets	<u>131,252</u>	<u>129,606</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,950	7,658
Machinery, equipment and vehicles, net	21,331	21,109
Tools, furniture and fixtures, net	1,799	1,775
Land	35,597	35,488
Construction in progress	1,382	1,961
Total property, plant and equipment	<u>68,061</u>	<u>67,992</u>
Intangible assets		
Other	163	128
Total intangible assets	<u>163</u>	<u>128</u>
Investments and other assets		
Investment securities	1,236	1,126
Long-term loans receivable	1	1
Retirement benefit asset	87	87
Deferred tax assets	313	252
Other	919	950
Total investments and other assets	<u>2,557</u>	<u>2,417</u>
Total non-current assets	<u>70,781</u>	<u>70,538</u>
Total assets	<u>202,034</u>	<u>200,144</u>

Millions of yen

	March 31, 2019	September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,804	9,652
Short-term borrowings	12,654	17,698
Current portion of long-term borrowings	53	1,575
Accounts payable - other	4,986	5,262
Income taxes payable	1,487	1,581
Provision for repairs	432	471
Other	1,841	1,541
Total current liabilities	39,259	37,783
Non-current liabilities		
Long-term borrowings	12,765	10,859
Deferred tax liabilities	1,405	1,340
Retirement benefit liability	1,894	1,995
Provision for business restructuring	305	241
Other	330	325
Total non-current liabilities	16,699	14,761
Total liabilities	55,959	52,544
Net assets		
Shareholders' equity		
Share capital	8,769	8,769
Capital surplus	10,904	10,904
Retained earnings	128,134	130,062
Treasury shares	(4,536)	(4,536)
Total shareholders' equity	143,272	145,200
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	528	459
Deferred gains or losses on hedges	154	57
Foreign currency translation adjustment	(21)	(76)
Remeasurements of defined benefit plans	(250)	(222)
Total accumulated other comprehensive income	410	218
Non-controlling interests	2,391	2,181
Total net assets	146,074	147,600
Total liabilities and net assets	202,034	200,144

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

Quarterly Consolidated Statements of Operations

Millions of yen

	First half of fiscal 2018	First half of fiscal 2019
Net sales	44,080	46,386
Cost of sales	37,188	38,878
Gross profit	6,891	7,507
Selling, general and administrative expenses		
Transportation costs	1,720	1,745
Salaries and bonuses	565	580
Retirement benefit expenses	24	24
Depreciation	49	52
Other	1,094	1,040
Total selling, general and administrative expenses	3,454	3,443
Operating profit	3,437	4,063
Non-operating income		
Interest income	75	84
Dividend income	21	22
Rental income from non-current assets	206	206
Foreign exchange gains	—	158
Other	74	91
Total non-operating income	378	563
Non-operating expenses		
Interest expenses	200	365
Loss on retirement of non-current assets	80	150
Taxes and dues	39	38
Foreign exchange losses	156	—
Other	39	124
Total non-operating expenses	516	679
Ordinary profit	3,299	3,948
Extraordinary losses		
Loss on disaster	458	—
Total extraordinary losses	458	—
Profit before income taxes	2,840	3,948
Income taxes - current	1,270	1,456
Income taxes - deferred	(57)	54
Total income taxes	1,212	1,510
Profit	1,627	2,437
Loss attributable to non-controlling interests	(160)	(152)
Profit attributable to owners of parent	1,787	2,589

Quarterly Consolidated Statements of Comprehensive Income

Millions of yen

	First half of fiscal 2018	First half of fiscal 2019
Profit	1,627	2,437
Other comprehensive income		
Valuation difference on available-for-sale securities	(81)	(68)
Deferred gains or losses on hedges	129	(121)
Foreign currency translation adjustment	(134)	(67)
Remeasurements of defined benefit plans, net of tax	15	28
Total other comprehensive income	(70)	(229)
Comprehensive income	1,557	2,207
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,718	2,398
Comprehensive income attributable to non-controlling interests	(160)	(190)

(3) Consolidated Statements of Cash Flows

Millions of yen

	First half of fiscal 2018	First half of fiscal 2019
Cash flows from operating activities		
Profit before income taxes	2,840	3,948
Depreciation	1,945	1,969
Increase (decrease) in allowance for doubtful accounts	(22)	(0)
Increase (decrease) in provision for repairs	(35)	38
Increase (decrease) in provision for business restructuring	(1)	(64)
Interest and dividend income	(96)	(106)
Interest expenses	200	365
Loss on retirement of non-current assets	80	150
Loss (gain) on sales of non-current assets	(4)	0
Loss (gain) on sales of investment securities	—	(29)
Decrease (increase) in trade receivables	(130)	3,493
Decrease (increase) in inventories	(3,284)	665
Decrease (increase) in accounts receivable - other	317	3,456
Increase (decrease) in trade payables	87	(8,047)
Increase (decrease) in retirement benefit liability	85	101
Other, net	(294)	(442)
Subtotal	1,687	5,499
Interest and dividends received	96	106
Interest paid	(180)	(346)
Income taxes paid	(2,065)	(1,363)
Net cash provided by (used in) operating activities	(461)	3,895
Cash flows from investing activities		
Proceeds from sales of non-current assets	5	13
Purchase of non-current assets	(2,025)	(2,291)
Proceeds from sales of investment securities	—	40
Other proceeds	0	1
Other payments	(31)	(0)
Net cash provided by (used in) investing activities	(2,051)	(2,237)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,702	5,477
Repayments of long-term borrowings	(51)	(29)
Purchase of treasury shares	(0)	(0)
Dividends paid	(817)	(661)
Dividends paid to non-controlling interests	(22)	(20)
Net cash provided by (used in) financing activities	2,812	4,765
Effect of exchange rate change on cash and cash equivalents	(70)	(87)
Net increase (decrease) in cash and cash equivalents	227	6,337
Cash and cash equivalents at beginning of period	60,598	62,620
Cash and cash equivalents at end of period	60,826	68,957