

## FY2017 Consolidated Financial Results (December 1, 2016 - November 30, 2017)

Company name : OSG Corporation  
 Shares Listed : 1st section of Tokyo and Nagoya Stock Exchanges  
 Code Number : 6136  
 Location of the head office : Aichi Prefecture  
 Representative: : Norio Ishikawa, President  
 Contact person: : Hideyuki Ohashi, General Manager  
 TEL: 81-533-82-1113 URL [https://www.osg.co.jp/en/about\\_us/ir/](https://www.osg.co.jp/en/about_us/ir/)

### 1. Consolidated Results for FY2017 (December 1, 2016 - November 30, 2017)

(1) Consolidated financial results (Amounts less than one million yen are omitted)

	Net Sales		Operating income		Ordinary income		Net income attributable to OSG Corporation	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2017	120,198	13.9	19,137	4.9	19,144	7.5	13,993	38.1
FY2016	105,561	-5.7	18,246	-15.5	17,813	-17.2	10,134	-19.0

(Note) Comprehensive income FY2017: 18,052 million yen (388.2%) FY2016: 3,697 million yen (-71.0%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2017	153.70	141.18	13.5	11.9	15.9
FY2016	110.59	100.62	10.4	11.4	17.3

(Reference) Equity in net income of affiliates FY2017: 13 million yen FY2016: 9 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2017	166,712	128,394	69.5	1,191.65
FY2016	156,081	103,059	59.1	1,024.34

(Reference) Equity FY2017: 115,810 million yen FY2016: 92,216 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2017	20,820	-7,566	-11,137	19,598
FY2016	16,333	-16,843	-778	16,555

### 2. Dividends

	Dividends per share			Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 2Q	Year-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
FY2016	22.00	28.00	50.00	4,507	45.2	4.8
FY2017	21.00	25.00	46.00	4,321	29.9	4.2
FY2018 forecast	22.00	24.00	46.00		33.1	

### 3. Forecast of Consolidated Results for FY2018 (December 1, 2017 - November 30, 2018)

	Net sales		Operating income		Ordinary income		Net income attributable to OSG Corporation		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Semi-Annual	64,000	8.8	10,500	15.1	10,500	14.3	6,500	4.3	66.88
Annual	130,000	8.2	22,000	15.0	22,000	14.9	13,500	-3.5	138.91

#### 4. Others

- (1) Changes in significant subsidiaries during the current period  
(Changes in specified subsidiaries that caused a change in the scope of consolidation) : None
- (2) Changes in accounting principles and accounting estimates and retrospective restatement
- (i) Changes in accounting principles due to amendment to accounting standards: None
  - (ii) Changes other than (2)-(i) above: None
  - (iii) Changes in accounting estimates: None
  - (iv) Retrospective restatement: None
- (3) Number of shares issued and outstanding (common stock)
- (i) Number of shares issued and outstanding at the end of each period (including treasury stock):
    - FY2017: 97,853,340 shares
    - FY2016: 95,955,226 shares
  - (ii) Number of treasury stock at the end of each period:
    - FY2017: 668,765 shares
    - FY2016: 5,930,079 shares
  - (iii) Average number of shares outstanding in each period:
    - FY2017: 91,044,736 shares
    - FY2016: 91,640,278 shares

[Note regarding forecast]

The above forecasts for financial results are based on information available at the time this report was released. These forecasts and other forward-looking statements are not guarantees of future performance. Actual operating results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

Consolidated Summary Balance Sheet  
OSG Corporation

Assets	(Million yen : amounts less than one million yen are omitted)		
	FY2016 As of Nov. 30, 2016	FY2017 As of Nov. 30, 2017	Change
<b>Current Assets</b>			
Cash and time deposits	18,003	21,204	
Notes and accounts receivable	20,758	23,961	
Marketable securities	0	0	
Merchandise and finished goods	20,978	22,946	
Work in process	4,879	5,686	
Raw materials and supplies	5,834	6,217	
Deferred tax assets	1,926	1,786	
Other	2,980	2,505	
Allowance for doubtful accounts	(191)	(240)	
<b>Total current assets</b>	<b>75,168</b>	<b>84,069</b>	<b>8,900</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	18,588	20,178	
Machinery and equipment	28,877	30,891	
Tools, furniture, and fixtures	2,077	2,260	
Land	14,830	15,102	
Construction in progress	2,019	1,187	
Other	1	1	
<b>Total tangible assets</b>	<b>66,395</b>	<b>69,622</b>	<b>3,227</b>
<b>Intangible Assets</b>			
Goodwill	2,658	3,517	
Other	829	784	
<b>Total intangible assets</b>	<b>3,488</b>	<b>4,301</b>	<b>813</b>
<b>Investments and Other Assets</b>			
Investment securities	6,633	5,119	
Investment in capital	1,562	920	
Long-term loans	485	398	
Deferred tax assets	553	521	
Net defined benefit asset	46	58	
Other	2,199	2,087	
Allowance for doubtful accounts	(452)	(387)	
<b>Total investments and other assets</b>	<b>11,028</b>	<b>8,718</b>	<b>(2,310)</b>
<b>Total fixed assets</b>	<b>80,912</b>	<b>82,642</b>	<b>1,730</b>
<b>Total</b>	<b>156,081</b>	<b>166,712</b>	<b>10,631</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Net Assets

(Million yen : amounts less than one million yen are omitted)

	FY2016 As of Nov. 30, 2016	FY2017 As of Nov. 30, 2017	Change
<b>Current Liabilities</b>			
Notes and accounts payable	4,618	5,325	
Short-term loans payable	8,000	1,909	
Current portion of long-term loans payable	491	421	
Accrued expenses	6,365	7,200	
Income taxes payable	1,436	3,458	
Deferred tax liabilities	10	0	
Reserve for directors' bonuses	454	385	
Other	4,095	3,124	
<b>Total current liabilities</b>	<b>25,474</b>	<b>21,826</b>	<b>(3,647)</b>
<b>Long-term Liabilities</b>			
Convertible bonds	14,850	3,150	
Long-term borrowings	10,163	10,844	
Deferred tax liabilities	1,350	1,242	
Retirement allowance			
for directors and corporate auditors	108	53	
Liabilities for employees' retirement benefits	280	395	
Other	794	804	
<b>Total long-term liabilities</b>	<b>27,547</b>	<b>16,491</b>	<b>(11,056)</b>
<b>Total liabilities</b>	<b>53,021</b>	<b>38,318</b>	<b>(14,703)</b>
<b>Shareholders' Equity</b>			
Common stock	10,404	11,954	
Capital surplus	12,090	13,492	
Retained earnings	81,840	90,308	
Treasury stock	(10,967)	(1,229)	
<b>Total shareholders' equity</b>	<b>93,368</b>	<b>114,526</b>	<b>21,157</b>
<b>Accumulated other comprehensive income</b>			
Unrealized gain on			
available-for-sale securities	2,267	2,019	
Deferred loss on			
derivatives under hedge accounting	(0)	(0)	
Foreign currency translation adjustments	(3,419)	(735)	
<b>Total accumulated other comprehensive income</b>	<b>(1,152)</b>	<b>1,283</b>	<b>2,436</b>
Subscription rights to shares	13	13	-
Noncontrolling interests	10,829	12,570	1,740
<b>Total net assets</b>	<b>103,059</b>	<b>128,394</b>	<b>25,334</b>
<b>Total liabilities and net assets</b>	<b>156,081</b>	<b>166,712</b>	<b>10,631</b>

Consolidated Summary Statement of Income  
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2016 (2015/12/1 - 2016/11/30)	FY2017 (2016/12/1 - 2017/11/30)	Change
Net Sales	105,561	120,198	14,637
Cost of Sales	59,179	69,711	10,532
Gross profit	46,382	50,486	4,104
Selling, general and administrative expenses	28,135	31,349	3,213
Operating income	18,246	19,137	890
Other Income			
Interest income	202	188	
Dividend income	140	124	
Purchase discounts	32	37	
Equity in earnings of affiliates	9	13	
Foreign exchange gain	-	276	
Other	683	533	
Total other income	1,067	1,174	107
Other Expenses			
Interest expense	119	129	
Sales discounts	659	715	
Foreign exchange loss	357	-	
Other	365	322	
Total other expenses	1,501	1,167	(333)
Ordinary income	17,813	19,144	1,331
Extraordinary income			
Gain on sales of tangible assets	-	321	
Gain on sales of investment securities	-	1,887	
Total extraordinary income	-	2,209	2,209
Extraordinary loss			
Amortization of goodwill	-	266	
Directors' retirement benefits and condolence money	1,043	-	
Total extraordinary loss	1,043	266	(776)
Income before income taxes	16,769	21,086	4,317
Income taxes			
Current	4,980	6,533	
Deferred	531	(266)	
Total income taxes	5,512	6,267	755
Net income	11,257	14,819	3,561
Net income attributable to noncontrolling interests	1,122	825	(297)
Net income attributable to OSG Corporation	10,134	13,993	3,858

Consolidated Statement of Comprehensive Income  
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2016	FY2017	Change
	(2015/12/1 - 2016/11/30)	(2016/12/1 - 2017/11/30)	
Net Income	11,257	14,819	3,561
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(433)	(240)	
Deferred gain (loss) on derivatives under hedge accounting	(3)	0	
Foreign currency translation adjustments	(7,104)	3,466	
Share of other comprehensive income in associates	(18)	7	
Total other comprehensive income	(7,559)	3,233	10,793
Comprehensive Income	3,697	18,052	14,355

(Breakdown)

Comprehensive Income attributable to OSG Corporation	3,507	16,447
Comprehensive Income attributable to noncontrolling interests	190	1,605

Consolidated Summary Statement of Cash Flows  
OSG Corporation

(Million yen : amounts less than one million yen are omitted)

	FY2016 (2015/12/1 - 2016/11/30)	FY2017 (2016/12/1 - 2017/11/30)
<b>Operating Activities:</b>		
Income before income taxes	16,769	21,086
Depreciation and amortization	7,885	8,612
Amortization of goodwill	298	817
Change in allowance for doubtful receivables	66	42
Change in liability for directors' bonuses	(181)	(70)
Change in liability for employees' retirement benefits	39	(20)
Change in retirement allowance for directors and corporate auditors	39	(54)
Interest and dividend income	(342)	(313)
Interest expense	119	129
Equity in loss (earnings) of an associated company	(9)	(13)
Gain on sales of tangible assets	-	(321)
Gain on sales of investment securities	-	(1,887)
Directors' retirement benefits and condolence money	1,043	-
Change in notes and accounts receivable	(550)	(1,690)
Change in inventories	(2,471)	(1,147)
Change in notes and accounts payable	321	(253)
Change in accrued expenses	(229)	584
Other - net	446	688
Sub-total	23,243	26,189
Interest and dividend income received	363	308
Interest expense paid	(114)	(132)
Payments for directors' retirement benefits and condolence money	(36)	(1,018)
Income taxes - paid	(7,123)	(4,525)
Net cash provided by operating activities	16,333	20,820
<b>Investing Activities:</b>		
Payments for time deposits	(1,371)	(1,500)
Proceeds from refund of time deposits	2,040	1,414
Proceeds from redemption of marketable securities	69	0
Purchases of investment securities	(414)	(265)
Proceeds from sales of investment securities	-	3,527
Acquisitions of property, plant and equipment	(13,394)	(9,494)
Proceeds from sales of property, plant and equipment	245	1,037
Acquisitions of intangible assets	(204)	(161)
Payment for purchase of subsidiaries' stock	(1,197)	(1,073)
Purchase of investments in subsidiaries		
resulting in change in scope of consolidation	(2,132)	(655)
Other - net	(483)	(395)
Net cash used in investing activities	(16,843)	(7,566)
<b>Financing Activities:</b>		
Change in short-term borrowings - net	4,104	(6,204)
Proceeds from long-term borrowings	10,519	614
Repayments of long-term borrowings	(1,279)	(542)
Purchase of investments in subsidiaries		
resulting in no change in scope of consolidation	-	(219)
Purchase of treasury stock	(9,834)	(5)
Proceeds from issuance of subscription rights to shares	13	-
Dividends paid	(3,884)	(4,411)
Dividends paid to noncontrolling interests	(417)	(367)
Net cash used in financing activities	(778)	(11,137)
Effect of exchange rate change on cash and cash equivalents	(1,917)	540
Net increase in cash and cash equivalents	(3,204)	2,658
Cash and cash equivalents at beginning of year	19,402	16,555
Cash and cash equivalents from newly consolidated subsidiaries	357	300
Increase in cash and cash equivalents		
resulting from merger with unconsolidated subsidiaries	-	84
Cash and cash equivalents at end of year	16,555	19,598

## Operations by Geographical Segment

Results for FY2017 (Dec. 1, 2016 through Nov. 30, 2017)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	51,639	21,413	18,177	28,968	120,198	-	120,198
Interarea transfers	18,837	230	104	2,134	21,307	(21,307)	-
Total sales	70,477	21,643	18,282	31,102	141,505	(21,307)	120,198
Operating income	10,817	2,851	1,194	4,688	19,550	(413)	19,137

(Reference)

Results for FY2016 (Dec. 1, 2015 through Nov. 30, 2016)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	48,257	19,478	12,268	25,556	105,561	-	105,561
Interarea transfers	17,450	166	46	1,976	19,640	(19,640)	-
Total sales	65,708	19,644	12,315	27,533	125,201	(19,640)	105,561
Operating income	9,529	2,471	1,079	4,734	17,813	432	18,246

## Net sales by Product Segment

Million yen

	FY2016 (2015/12/1 - 2016/11/30)	FY2017 (2016/12/1 - 2017/11/30)
Cutting tools:		
Taps	33,948	38,175
End mills	24,837	27,090
Drills and other cutting tools	26,709	31,662
Total	85,495	96,929
Rolling dies	9,443	10,218
Gauges	1,478	1,625
Other	9,143	11,424
Total	105,561	120,198