FY2020 First Quarter Consolidated Financial Results (December 1, 2019 - February 29, 2020)

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, Executive Officer

TEL: 81-533-82-1113 URL https://www.osg.co.jp/en/about_us/ir/

1. Consolidated Results for FY2020 First Quarter (December 1, 2019 - February 29, 2020)

(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	%
FY2020 first-quarter	28,867	-8.7	3,538	-32.4	3,569	-35.7	2,343	-37.2
FY2019 first-quarter	31,613	2.8	5,237	-3.6	5,551	3.1	3,729	14.2

(Note) Comprehensive income

FY2020 first-quarter: 1,004 million yen (-63.8%)

FY2019 first-quarter: 2,777 million yen (80.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2020 first-quarter	24.10	23.85
FY2019 first-quarter	38.06	37.63

(2)Consolidated financial position

(2) concentration position							
	Total assets	Net assets	Equity ratio				
	Million yen	Million yen	%				
FY2020 first-quarter	191,434	138,074	66.5				
FY2019	190,414	140,658	67.8				

(Reference) Equity

FY2020 first-quarter: 127,336 million yen

FY2019: 129,078 million yen

2. Dividends

	Div	Dividends per share				
	End of Q2	Year-end	Annual			
	Yen	Yen	Yen			
FY2019	23.00	24.00	47.00			
FY2020 forecast	-	-	-			

3. Forecast of Consolidated Results for FY2020 (December 1, 2019 - November 30, 2020)

	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	-	-	-	-	-	-	-	-	-
Annual	-	-	-	-	-	-	-	-	-

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) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements: Yes
- (3) Changes in accounting principles and accounting estimates and retrospective restatement
 - (i) Changes in accounting principles due to amendment to accounting standards: Yes
 - (ii) Changes other than (3)-(i) above:

None

(iii) Changes in accounting estimates:

None

(iv) Retrospective restatement:

None

- (4) Number of shares issued and outstanding (common stock)
 - (i) Number of shares issued and outstanding at the end of each period (including treasury stock):

FY2020 first-quarter: 98,147,239 shares FY2019: 98,147,239 shares

(ii) Number of treasury stock at the end of each period:

FY2020 first-quarter: 886,987 shares FY2019: 955,408 shares

(iii) Average number of shares outstanding in each period:

FY2020 first-quarter: 97,228,484 shares FY2019 first-quarter: 97,969,930 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

Total non-current assets

Total

Assets (Million yen: amounts less than one million yen are omitted) FY2019 FY2020 first-quarter Change As of Nov. 30, 2019 As of Feb. 29, 2020 Current assets Cash and deposits 26,950 23,297 Notes and accounts receivable - trade 22,400 22,069 Securities 11 11 Merchandise and finished goods 29,844 31,169 6,376 6,362 Work in process Raw materials and supplies 7,658 7,813 Other 3,061 3,098 Allowance for doubtful accounts (198)(190)Total current assets 96,104 93,632 (2,471)Non-current assets Property, plant and equipment Buildings and structures, net 18,663 18,607 Machinery, equipment and vehicles, net 35,217 35,271 Land 14,864 14,848 Other, net 9,391 11,188 Total property, plant and equipment 78,137 79,916 1,779 Intangible assets Goodwill 3,613 5,811 Other 1,412 1,377 Total intangible assets 5,026 7,188 2,162 Investments and other assets Investment securities 3,882 3,927 Other 7,628 7,127 Allowance for doubtful accounts (364)(358)Total investments and other assets 11,146 10,696 (450)

94,309

190,414

97,801

191,434

3,491

1,019

Consolidated Summary Balance Sheet OSG Corporation

Total liabilities and net assets

Liabilities and Net Assets	(Million y	en : amounts less than one m	illion yen are omitte
	FY2019	FY2020 first-quarter	Change
	As of Nov. 30, 2019	As of Feb. 29, 2020	Change
Liabilities			
Current liabilities			
Notes and accounts payable - trade	6,039	5,421	
Short-term loans payable	2,742	10,461	
Current portion of long-term loans payable	546	555	
Income taxes payable	2,699	1,272	
Provision for bonuses	415	1,472	
Provision for directors' bonuses	253	99	
Other	10,881	7,280	
Total current liabilities	23,578	26,563	2,984
Non-current liabilities			
Bonds payable	5,000	5,000	
Convertible bond-type bonds			
with share acquisition rights	1,670	1,670	
Long-term loans payable	16,822	16,832	
Net defined benefit liability	504	669	
Other	2,179	2,623	
Total non-current liabilities	26,177	26,796	619
Total liabilities	49,755	53,359	3,603
Net assets	· · · · · · · · · · · · · · · · · · ·	<u> </u>	·
Shareholders' equity			
Capital stock	12,194	12,194	
Capital surplus	13,731	13,054	
Retained earnings	109,428	109,386	
Treasury stock	(1,894)	(1,757)	
Total shareholders' equity	133,460	132,877	(582)
A secure ulated attack companies are in a second			
Accumulated other comprehensive income Valuation difference			
valuation difference on available-for-sale securities	1,281	654	
	1,401		
Deferred gains or losses on hedges	- (5 662)	(0) (6.105)	
Foreign currency translation adjustment	(5,663)	(6,195)	(1.150)
Total accumulated other comprehensive income	(4,381)	(5,541) 13	(1,159)
Share acquisition rights			(0.44)
Non-controlling interests	11,567	10,725	(841)
Total net assets	140,658	138,074	(2,584)

190,414

1,019

191,434

Consolidated Summary Statement of Income OSG Corporation

OSG Corporation	(Million yen : amounts less than one million yen are omitted)				
			en are omitted		
	FY2019 first-quarter	FY2020 first-quarter	Change		
	(2018/12/1 - 2019/2/28)	(2019/12/1 - 2020/2/29)			
Net sales	31,613	28,867	(2,745)		
Cost of sales	18,017	16,889	(1,128)		
Gross profit	13,596	11,978	(1,617)		
Selling, general and administrative expenses	8,358	8,439	80		
Operating income	5,237	3,538	(1,698)		
Non-operating income					
Interest income	68	47			
Dividend income	18	18			
Reversal of provision for loss on litigation	381	-			
Subsidy income	23	115			
Other	246	217			
Total non-operating income	738	398	(339)		
Non-operating expenses					
Interest expenses	45	42			
Sales discounts	193	171			
Foreign exchange losses	131	64			
Other	53	89			
Total non-operating expenses	424	368	(55)		
Ordinary income	5,551	3,569	(1,982)		
Income before income taxes	5,551	3,569	(1,982)		
Income taxes - current	1,661	1,047			
Income taxes - deferred	(57)	60			
Total income taxes	1,603	1,108	(495)		
Net income	3,947	2,461	(1,486)		
Net income attributable to non-controlling interests	218	118	(100)		
Net income attributable to OSG Corporation	3,729	2,343	(1,386)		

Consolidated Statement of Comprehensive Income OSG Corporation

	(Million yen : amounts less than one million yen are omitte				
	FY2019 first-quarter (2018/12/1 - 2019/2/28)	FY2020 first-quarter (2019/12/1 - 2020/2/29)	Change		
Net income	3,947	2,461	(1,486)		
Other comprehensive income					
Valuation difference on available-for-sale securities	54	(630)			
Deferred gains or losses on hedges	-	(0)			
Foreign currency translation adjustment	(1,224)	(826)			
Share of other comprehensive income of associates					
accounted for using equity method	0	0			
Total other comprehensive income	(1,170)	(1,456)	(286)		
Comprehensive income	2,777	1,004	(1,773)		
(Breakdown)					
Comprehensive income attributable to OSG Corporation	2,829	1,169			
Comprehensive Income attributable to non-controlling interests	(51)	(164)			

Operations by Geographical Segment

Results for FY2020 first-quarter (Dec. 1, 2019 through Feb. 29, 2020)

·	•			•			Million yen
	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	11,505	5,750	5,496	6,115	28,867	-	28,867
Interarea transfers	4,452	103	24	523	5,103	(5,103)	-
Total sales	15,958	5,853	5,520	6,639	33,971	(5,103)	28,867
Operating income	1,501	595	306	710	3,113	425	3,538

(Reference)

Results for FY2019 first-quarter (Dec. 1, 2018 through Feb. 28, 2019)

							Million yen
	Japan	The Americas	Europe/	Asia	Total	Eliminations	Consolidated
	·		Africa				
Sales to customers	13,461	5,572	5,397	7,182	31,613	-	31,613
Interarea transfers	4,978	104	38	863	5,985	(5,985)	-
Total sales	18,439	5,677	5,435	8,045	37,598	(5,985)	31,613
Operating income	2,990	808	376	1,148	5,324	(87)	5,237

Net sales by Product Segment

	Million yen					
	FY2019 first-quarter	FY2020 first-quarter				
	(2018/12/1 - 2019/2/28)	(2019/12/1 - 2020/2/29)				
Cutting tools:						
Taps	9,828	9,002				
End mills	6,643	5,923				
Drills and other cutting tools	9,130	8,222				
Total	25,603	23,148				
Rolling dies	2,541	2,245				
Gauges	478	461				
Other	2,990	3,013				
Total	31,613	28,867				