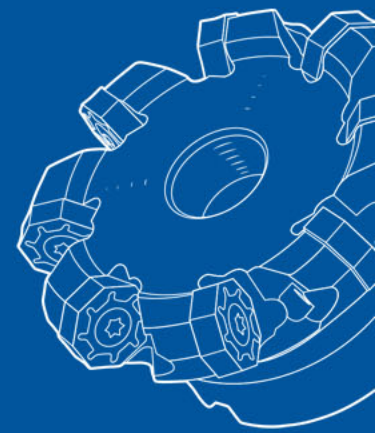
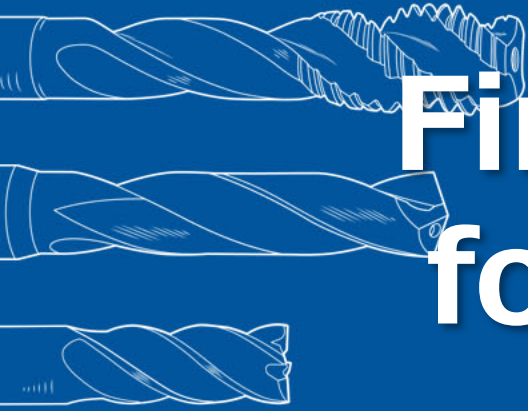




shaping your dreams

Financial Results for FY2020 – 1Q

April, 2020
OSG Corporation

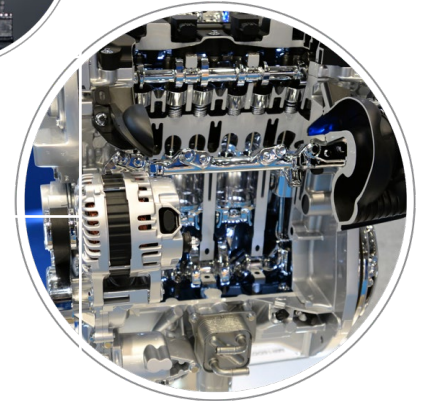
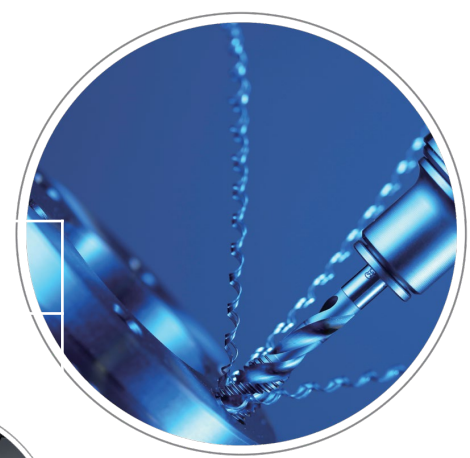


- ◆ P2-3 Company Overview
 - ◆ P4-5 Financial Summary
 - ◆ P6-7 Review of FY2020
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- ◆ P21 Management Target
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Company Overview

| | |
|--------------|---|
| Company Name | OSG Corporation |
| Headquarters | 3-22 Honnogahara Toyokawa-city, Aichi, Japan |
| Foundation | March 26, 1938 |
| Capital | 12,194 million yen |
| Employees | 7,385 (consolidated) 1,834 (non-consolidated) |
| Stock listed | 1 st Section of Tokyo and Nagoya Stock Exchange (stock code 6136) |



Note regarding forecast

This material includes forward-looking statements based on information available at the time of release. The forecasts and other forward-looking statements are not guarantees of future performance. Actual financial results may differ from the above forecasts due to known and unknown risks, uncertainties, and other factors.

Company Overview

Products

- Consumable cutting tools used in machine tools
- **Taps** account for a 30% market share as **world leader**

Strength

- High-value cutting tools
- Excellent after-sales service
- A global sales & service network across 33 countries



Financial Summary

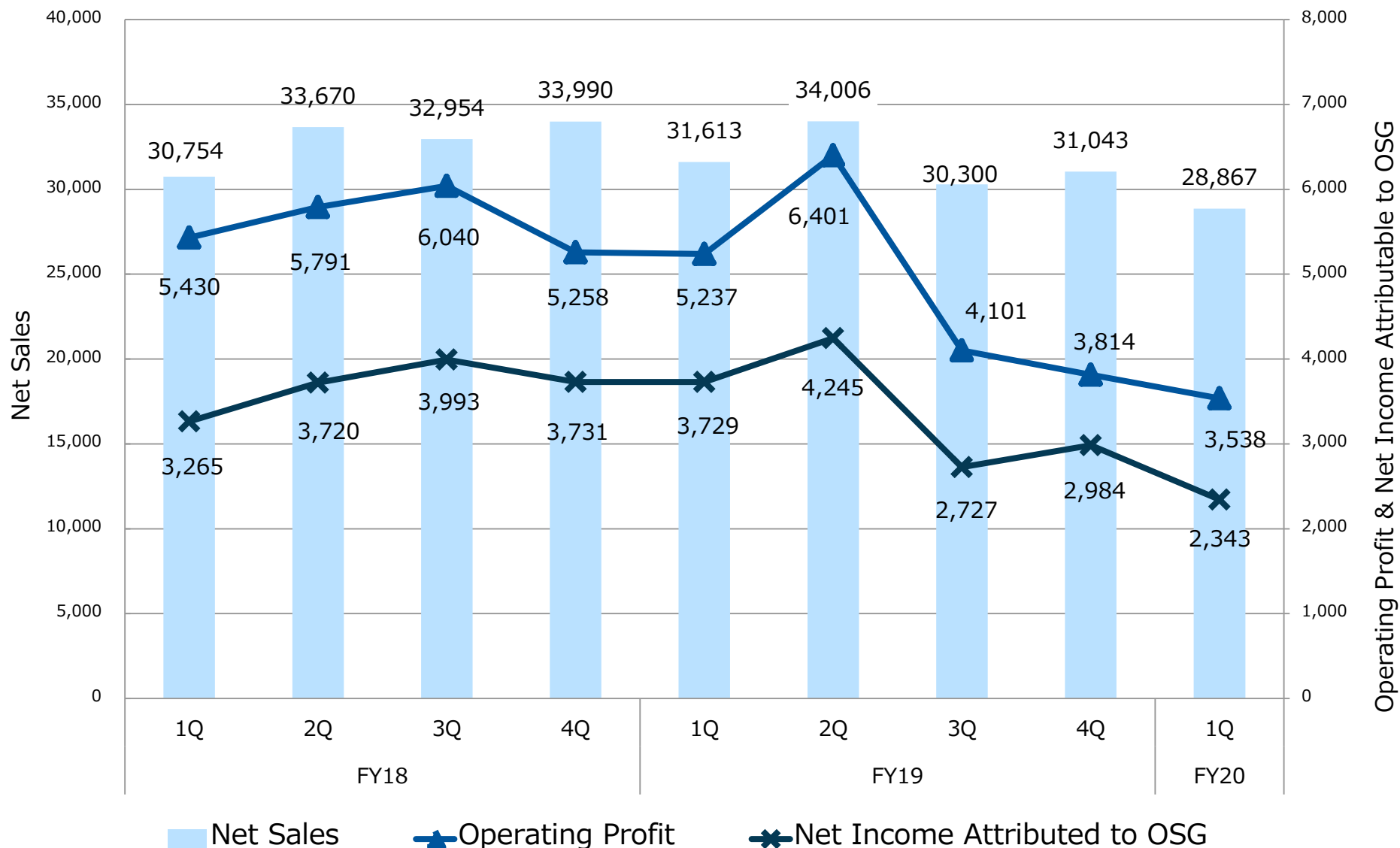
(Millions of yen)

| | FY19-1Q | FY20-1Q | Change | FY20-1H Forecast(※) | Progress Rate |
|-----------------------------------|---------|---------|--------|------------------------|------------------|
| Net Sales | 31,613 | 28,867 | -8.7% | - | - |
| Operating Profit | 5,237 | 3,538 | -32.4% | - | - |
| OPM | 16.6% | 12.3% | - | - | - |
| Ordinary Profit | 5,551 | 3,569 | -35.7% | - | - |
| Net Profit Attributable to OSG | 3,729 | 2,343 | -37.2% | - | - |
| EPS(yen) | 38.06 | 24.10 | -36.7% | - | - |

※The consolidated financial forecast for this fiscal year has been pending because it is logically difficult to accurately calculate the effects of the new coronavirus situation at this stage. The company shall swiftly announce the financial forecast whenever it becomes possible to disclose.

Financial Summary

(Millions of yen)

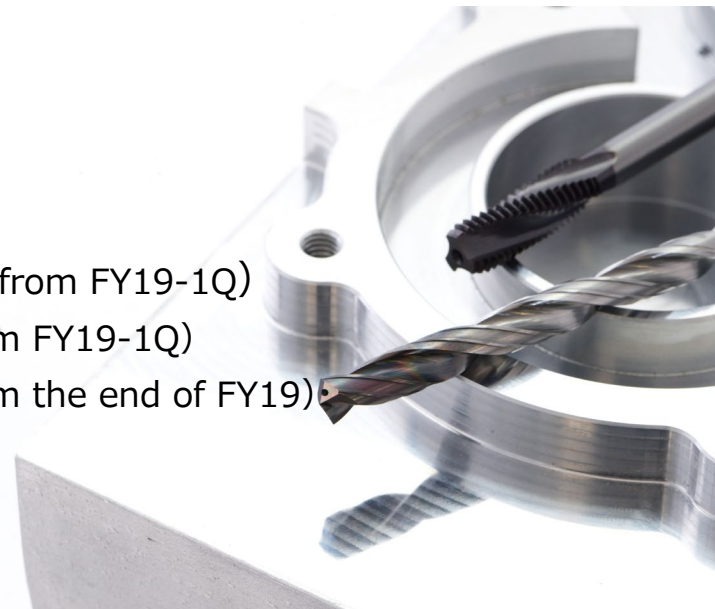


Review of FY20-1Q

The global economy is being hit by higher uncertainty due to COVID-19's impact
Hoping for economic recovery in China

➤ Index & Capital Investment Results

| | | |
|----------------|----------------|---|
| —EBITDA | 60 billion yen | (decreased by 19.3% from FY19-1Q) |
| —EBITDA Margin | 20.9% | (2.8pts decreased from FY19-1Q) |
| —Equity ratio | 66.5% | (3.5pts decreased from the end of FY19) |
| —CAPEX | 36 billion yen | |
| —Depreciation | 24 billion yen | |



Review of FY20-1Q

The Americas

Slight increase in sales.
It will be difficult to keep
this business environment.

Asia

COVID-19 is having a
growing impact on the
Asian economy.

Chinese economy will
bottom out.

Europe / Africa

Flat sales in 1Q.
The situation is going to
suffer severe conditions.

Japan

Having concern about
automotive production
decline.

Business confidence of
manufacturing industries
getting worse.

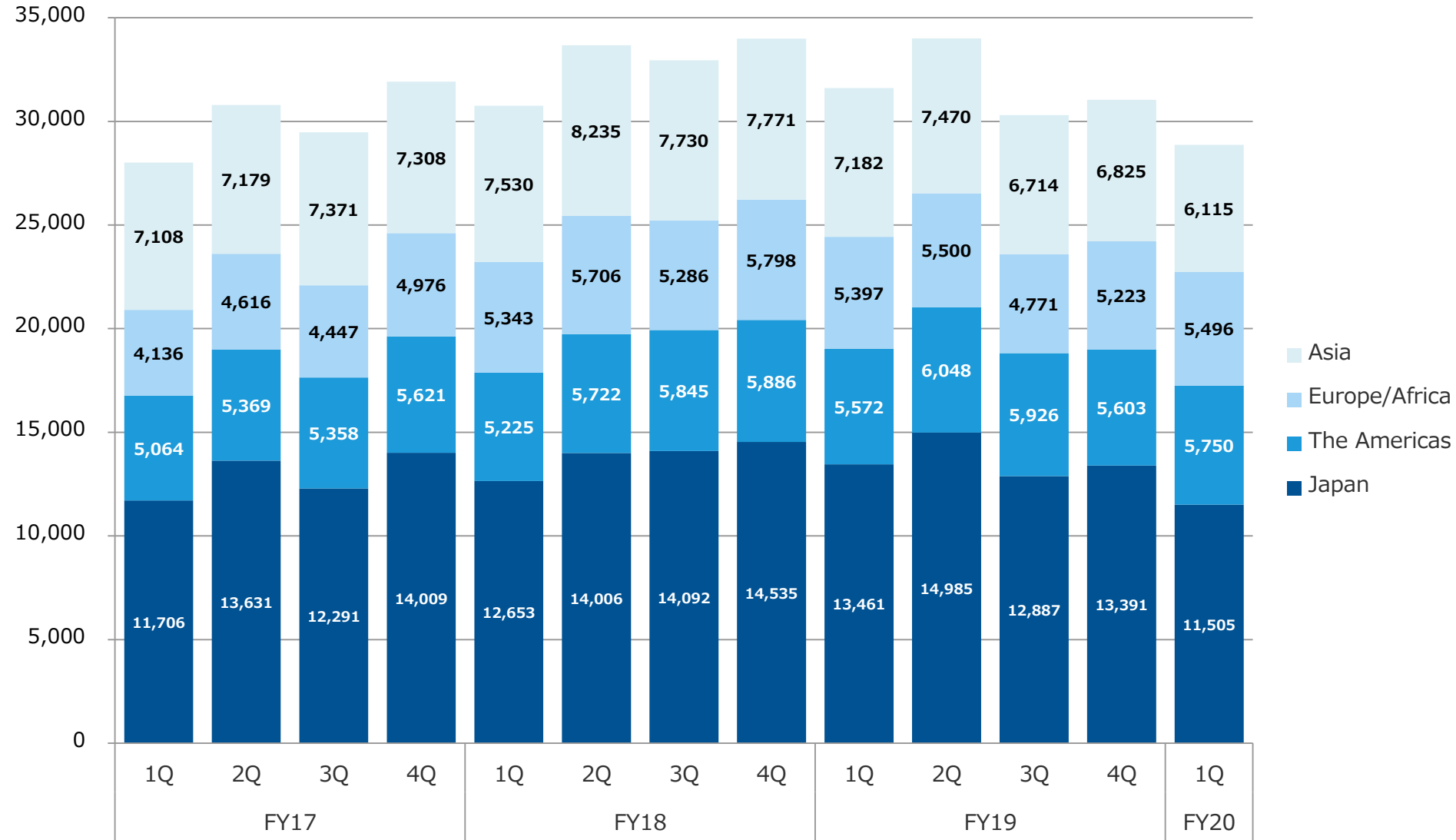
Sales to Customer

(Millions of yen)

| | FY19-1Q | FY20-1Q | Change | | Change in local currency |
|---------------|---------|---------|--------|--------|--------------------------------|
| Japan | 13,461 | 11,505 | -1,955 | -14.5% | - |
| The Americas | 5,572 | 5,750 | 177 | +3.2% | +4.8% |
| Europe/Africa | 5,397 | 5,496 | 98 | +1.8% | +6.1% |
| Asia | 7,182 | 6,115 | -1,066 | -14.8% | -11.9% |
| Consolidated | 31,613 | 28,867 | -2,745 | -8.7% | - |

Sales to Customer

(Millions of yen)



Operating Income

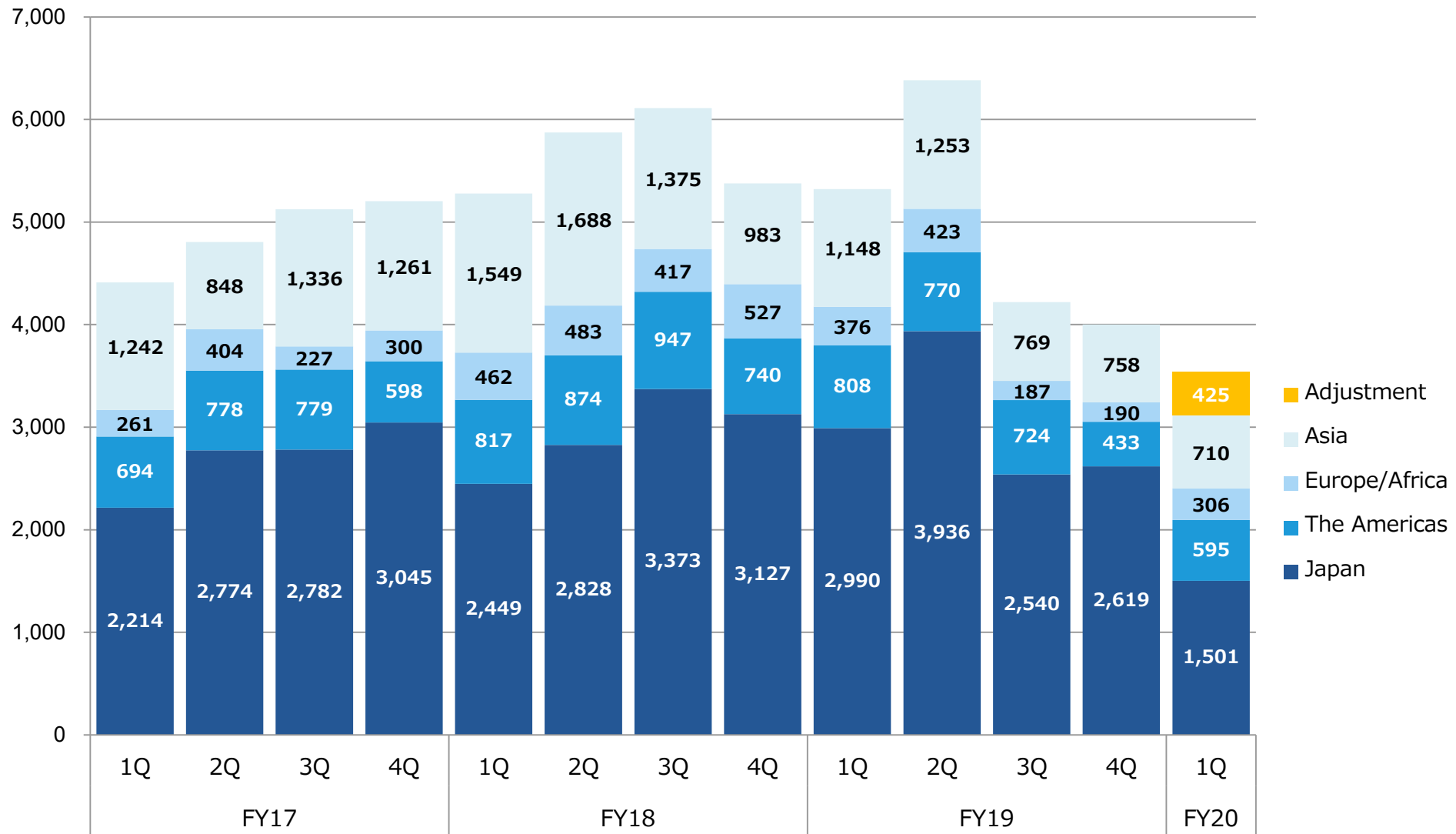
(Millions of yen)

| | FY19-1Q | Area percentage | FY20-1Q | Area percentage | Change | | OPM * |
|---------------|---------|--------------------|---------|--------------------|--------|--------|-------|
| Japan | 2,990 | 56.2% | 1,501 | 48.2% | -1,489 | -49.8% | 9.4% |
| The Americas | 808 | 15.2% | 595 | 19.1% | -213 | -26.4% | 10.2% |
| Europe/Africa | 376 | 7.1% | 306 | 9.8% | -70 | -18.7% | 5.5% |
| Asia | 1,148 | 21.6% | 710 | 22.8% | -438 | -38.1% | 10.7% |
| Total | 5,324 | - | 3,113 | - | -2,211 | -41.5% | 9.2% |
| Eliminations | -87 | - | 425 | - | 512 | - | - |
| Consolidated | 5,237 | - | 3,538 | - | -1,698 | -32.4% | 12.3% |

* Operating profits margin
as % of sales (external sales + internal area transfers)

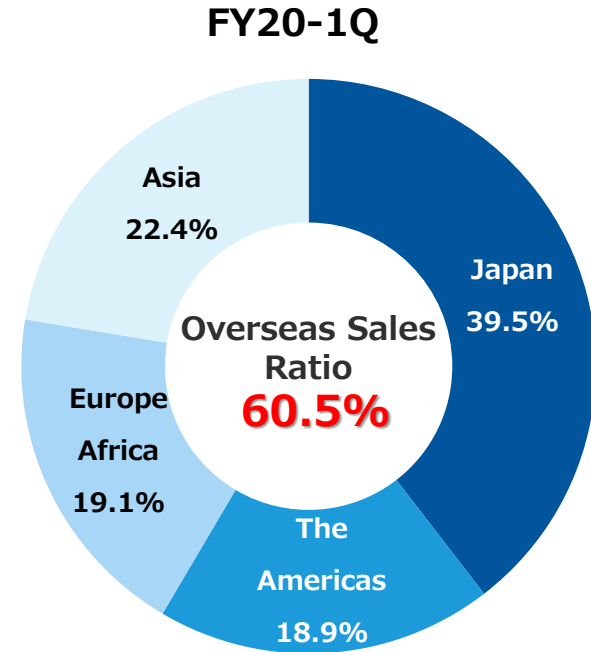
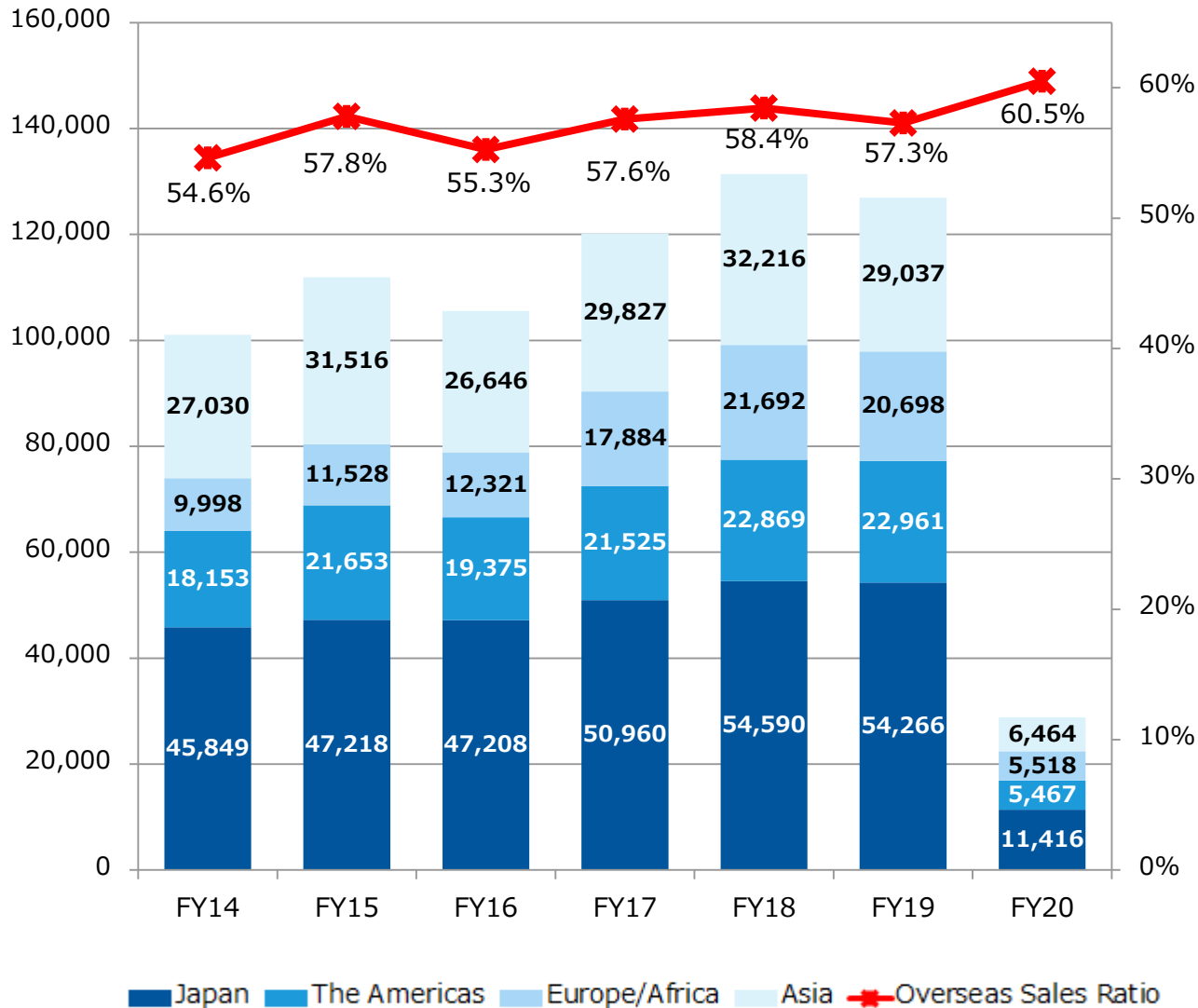
Operating Income

(Millions of yen)



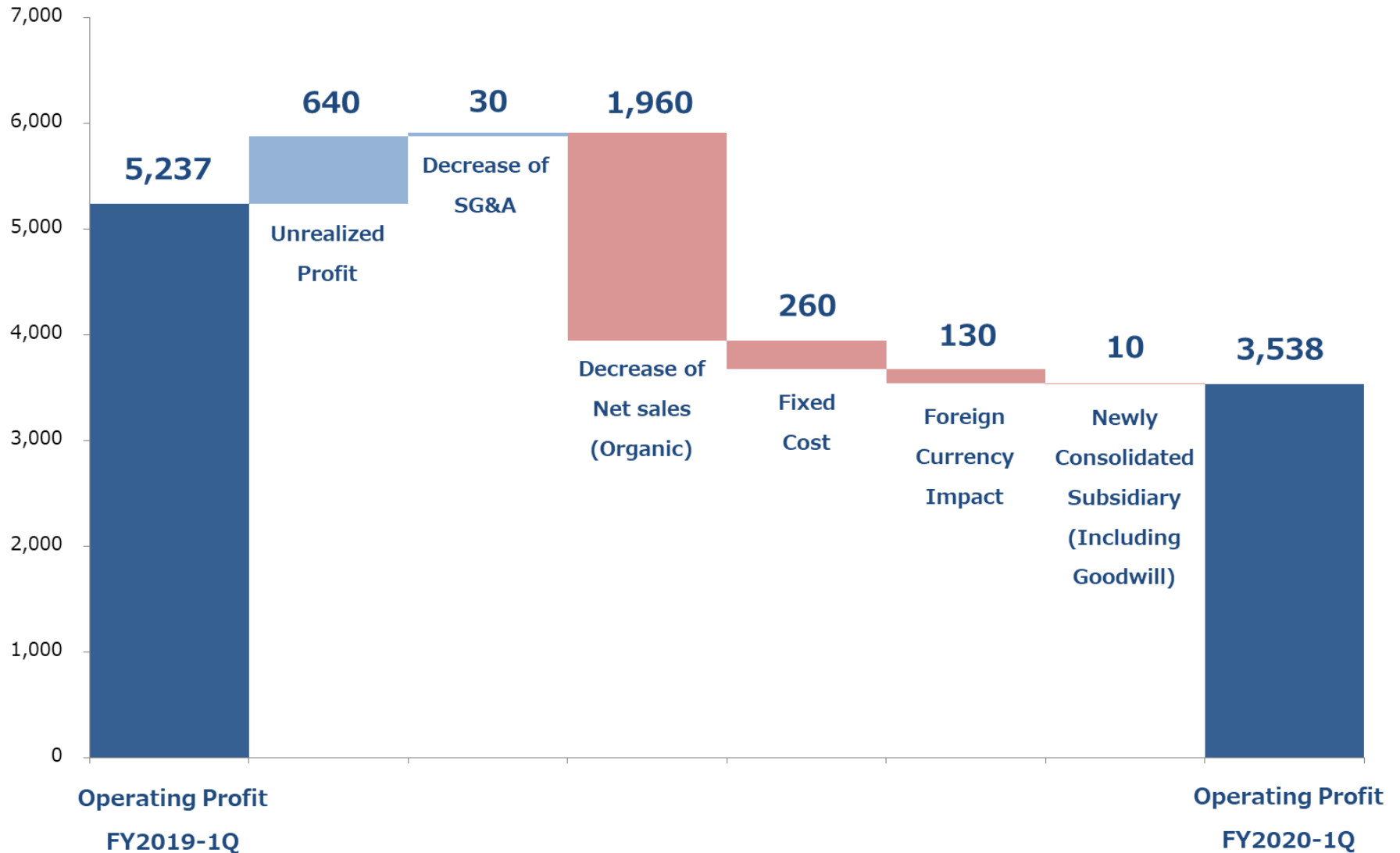
Overseas Sales Ratio

(Millions of yen)



Operation Profit Variation

(Millions of yen)



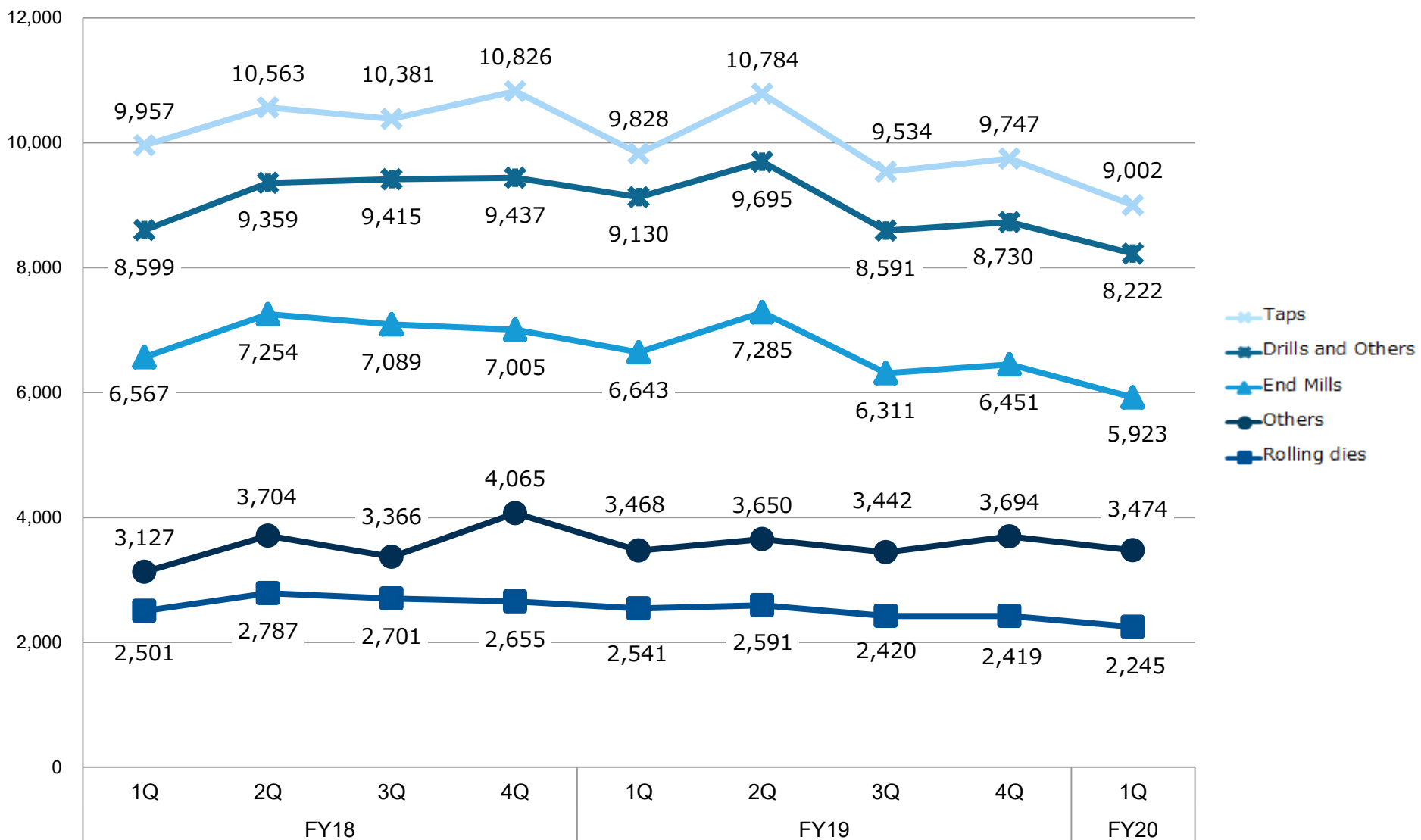
Net Sales by Product Segment

(Millions of yen)

| | | FY19 | | | | | | FY20 | | Change | |
|-----------------|-------------------|--------|--------|-------|--------|---------|-------|--------|-------|--------|--------|
| | | 1Q | 2Q | 3Q | 4Q | Total | | 1Q | | | |
| Precision Tools | Taps | 9,828 | 10,784 | 9,534 | 9,747 | 39,895 | 31.4% | 9,002 | 31.2% | -826 | -8.4% |
| | End mills | 6,643 | 7,285 | 6,311 | 6,451 | 26,690 | 21.0% | 5,923 | 20.5% | -719 | -10.8% |
| | Drills and Others | 9,130 | 9,695 | 8,591 | 8,730 | 36,147 | 28.5% | 8,222 | 28.5% | -908 | -10.0% |
| | Rolling dies | 2,541 | 2,591 | 8,591 | 2,419 | 9,973 | 7.9% | 2,245 | 7.8% | -296 | -11.7% |
| | Gauges | 478 | 491 | 8,591 | 522 | 1,946 | 1.5% | 461 | 1.6% | -16 | -3.5% |
| | | 28,622 | 30,847 | 8,591 | 27,871 | 114,653 | 90.3% | 25,854 | 89.6% | -2,768 | -9.7% |
| Other | Machine | 907 | 1,097 | 8,591 | 1,133 | 4,151 | 3.3% | 1,149 | 4.0% | 241 | 26.6% |
| | Other | 2,083 | 2,061 | 8,591 | 2,038 | 8,158 | 6.4% | 1,864 | 6.4% | -219 | -10.5% |
| | | 2,990 | 3,158 | 8,591 | 3,172 | 12,310 | 9.7% | 3,013 | 10.4% | 22 | 0.7% |
| Total | | 31,613 | 34,006 | 8,591 | 31,043 | 126,964 | 100% | 28,867 | 100% | -2,745 | -8.7% |

Net Sales by Product Segment

(Millions of yen)



B/S Overview · EBITDA

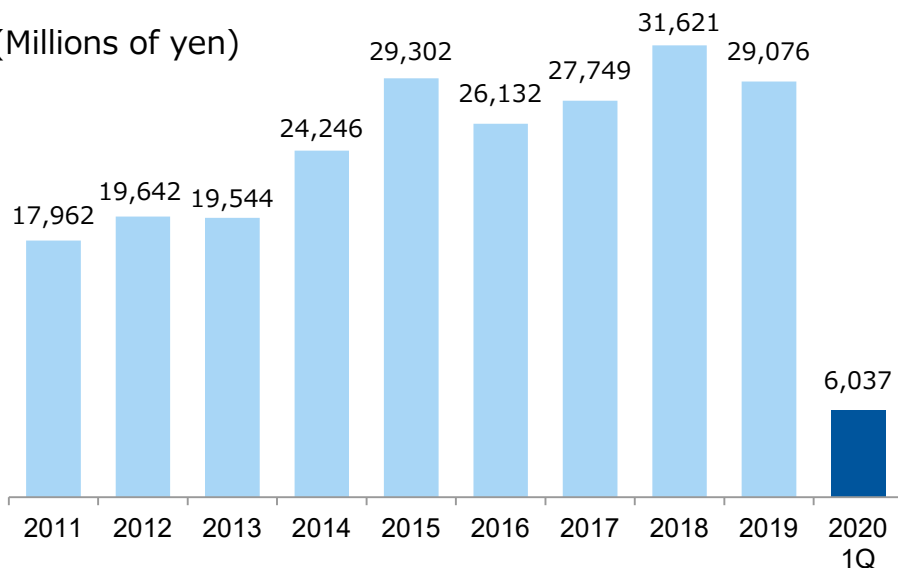
(Millions of yen)

| | FY19 | FY20 1Q | | FY19 | FY20 1Q |
|------------------------------------|------|---------|------------------------|--------|---------|
| Equity ratio (%) | 67.8 | 66.5 | Cash and time deposits | 26,950 | 23,297 |
| Receivable turnover period (Days) | 64 | 69 | Debt | 26,782 | 34,520 |
| Inventory turnover period (months) | 4.2 | 4.7 | Net Cash | 168 | -11,222 |

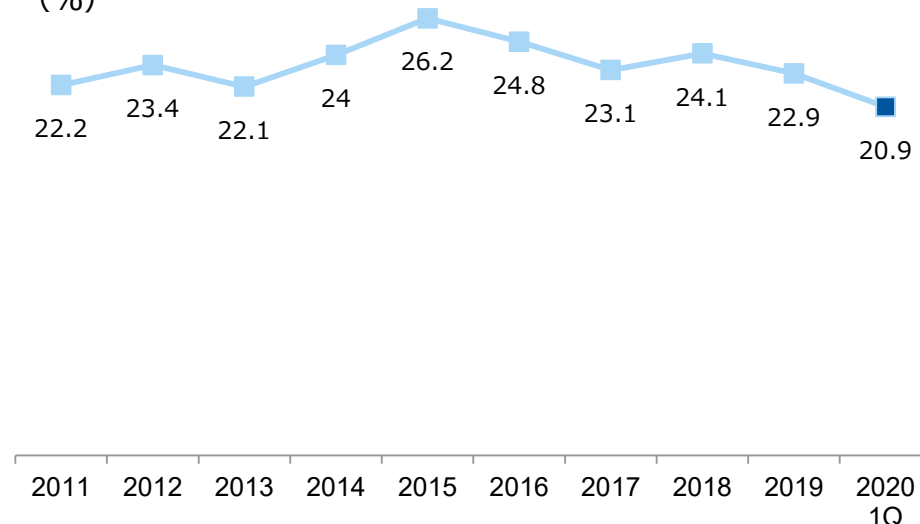
EBITDA

EBITDA Margin

(Millions of yen)



(%)



Capital Investment

FY20 Capital Investment Forecast

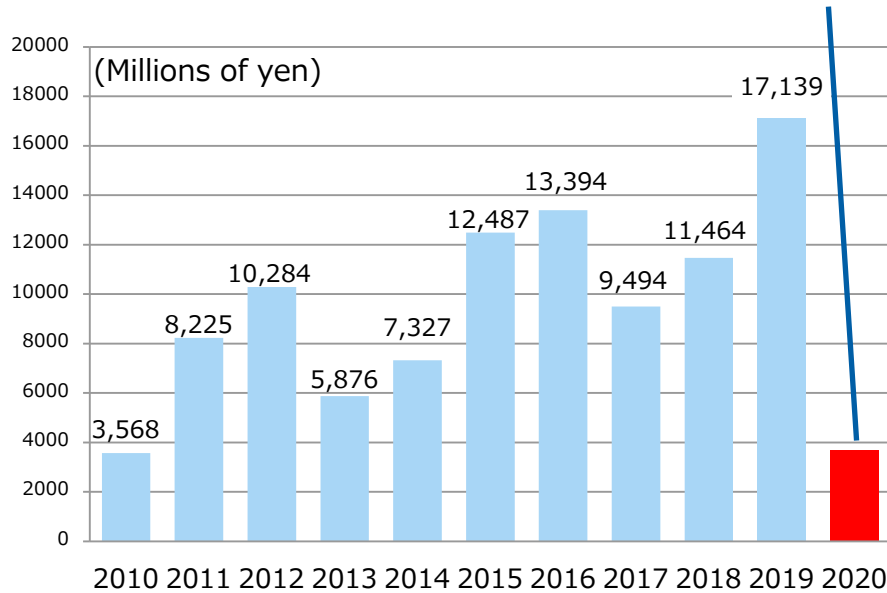
9.3 billion yen

*Decreased **1.9 billion yen** from the original budget

Breakdown

NEO Shinshiro Factory (Japan) ... Starting the operation in May, 2020
 Mexico Factory
 New building of AMAMCO in the U.S.

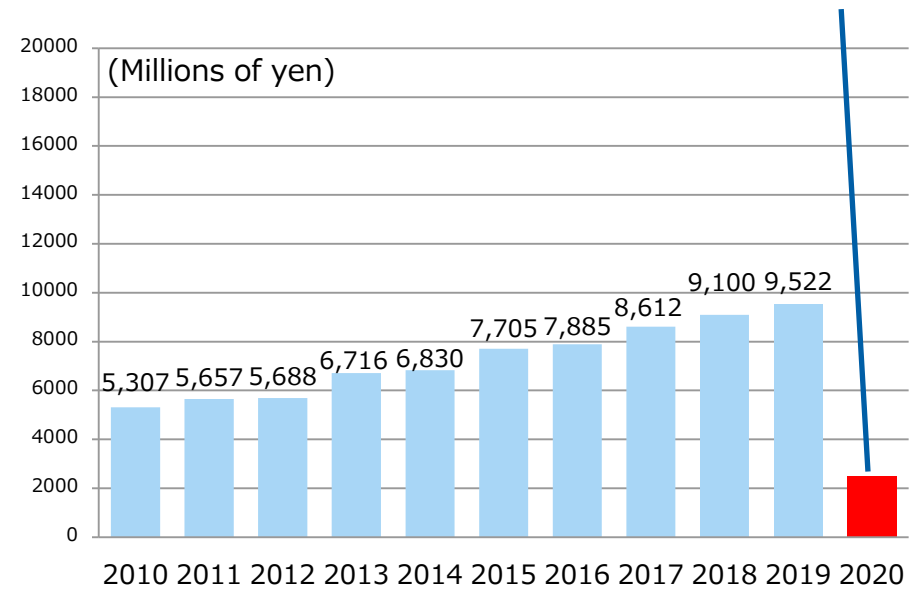
CAPEX : 3,681



CAPEX

Q1

Depreciation : 2,498



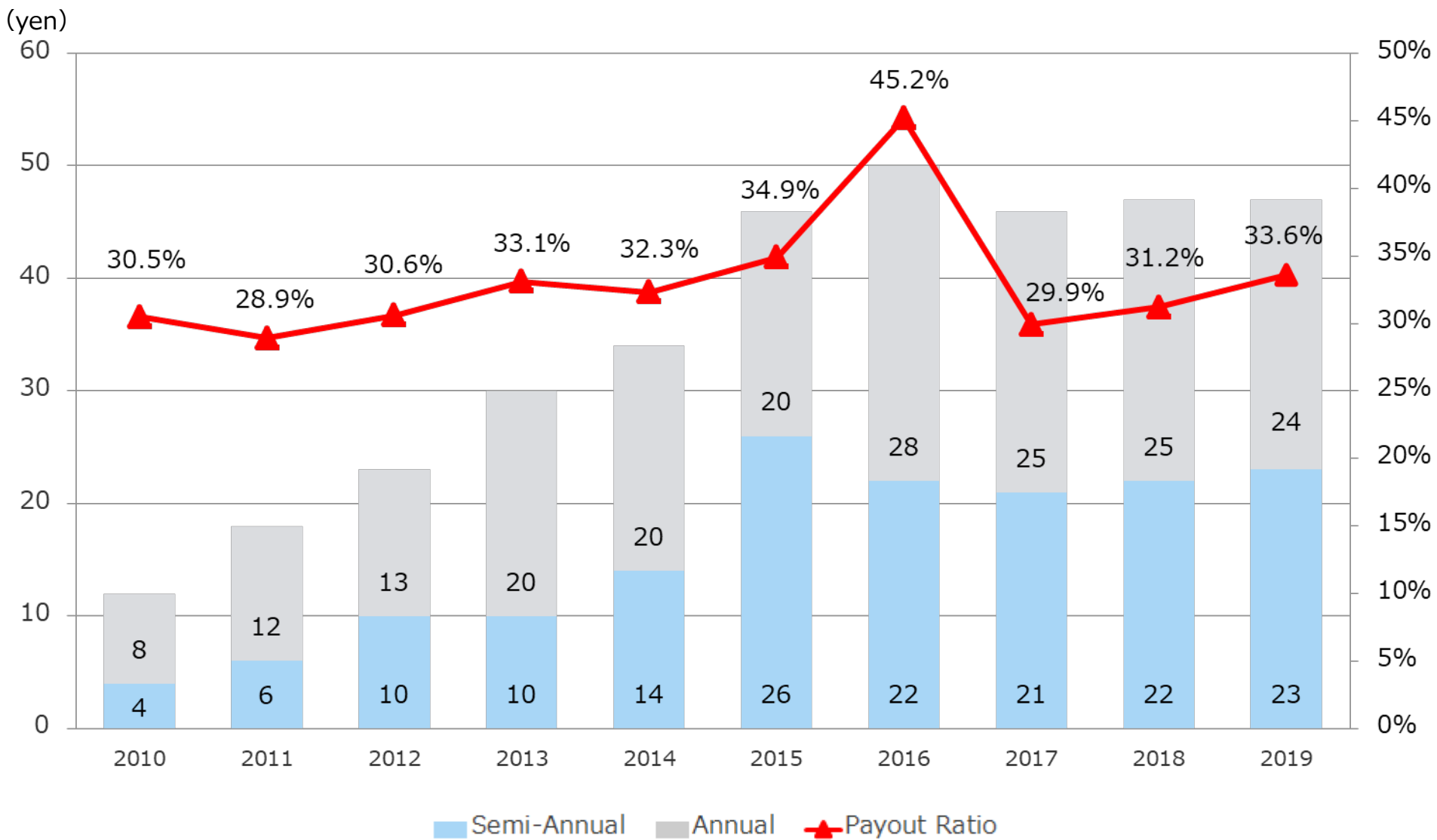
Depreciation

Q1

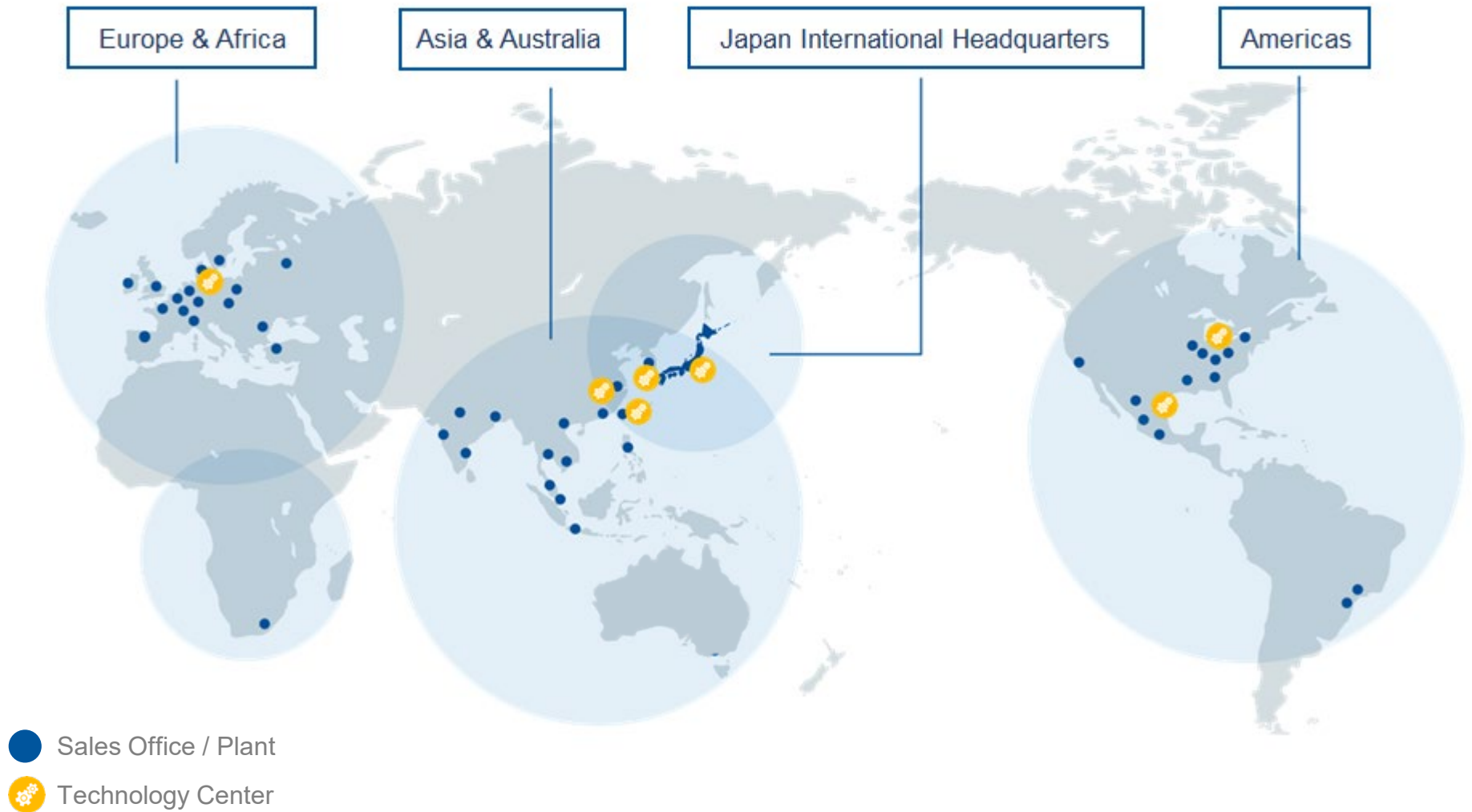
Exchange Rate

| | 1US\$ | 1Euro | 1RMB |
|---------|------------|------------|-----------|
| FY18 1Q | 109.72 JPY | 133.77 JPY | 17.15 JPY |
| FY18 | 110.53 JPY | 130.68 JPY | 16.74 JPY |
| FY19 1Q | 110.28 JPY | 126.08 JPY | 16.34 JPY |
| FY19 | 109.36 JPY | 122.53 JPY | 15.86 JPY |
| FY20 1Q | 109.35 JPY | 121.05 JPY | 15.65 JPY |

Dividends Per Share



Expansion of Overseas Business



Management Target – The Next Stage 17

Major end-users

- ✓ Focus on the automotive industry
- ✓ Position the aircraft as a key industry as the automotive
- ✓ Develop new end-users in future fields

➤ METHOD

Face more customers, and suggest total solutions to meet their demands

- 'Best delivery time' and 'Cost competitiveness'
- Expand technical centers globally
- M&A (maximize synergy effect)

Catalogue item sales

- ✓ For more customers at the industry of general engineering and mold & die all over the world

➤ METHOD

Contributing to customers' productivity by providing cost-performance tools timely

- Expand carbide items range
- Establish strong 'A-Club' distribution networks in each regions
- Strengthen inventory policy and supply chain



It is expected that the achievement of the target will probably be delayed from the fiscal year ending November 2021. However we will continue to challenge for sustainable growth by promoting our basic strategies globally.

Appx.1 Selected Financial Data (Consolidated)

(Millions of yen)

| | | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 1Q |
|--------------------------------|-----------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|
| Net sales | (mil.yen) | 97,024 | 53,325 | 69,513 | 80,959 | 84,083 | 88,378 | 101,031 | 111,917 | 105,561 | 120,198 | 131,368 | 126,964 | 28,867 |
| Sales growth | (%) | 3% | -45% | 30% | 16% | 4% | 5% | 14% | 11% | -6% | 14% | 9% | -3% | -9% |
| Cost of sales | (mil.yen) | 60,449 | 39,203 | 44,605 | 48,439 | 49,381 | 52,777 | 58,061 | 61,865 | 59,179 | 69,711 | 74,833 | 73,281 | 16,889 |
| Gross profit | (mil.yen) | 36,574 | 14,122 | 24,907 | 32,519 | 34,702 | 35,601 | 42,970 | 50,051 | 46,382 | 50,486 | 56,535 | 53,682 | 11,978 |
| SG&A expenses | (mil.yen) | 22,158 | 16,857 | 17,383 | 20,214 | 20,747 | 22,774 | 25,554 | 28,454 | 28,135 | 31,349 | 34,015 | 34,128 | 8,439 |
| Operating income | (mil.yen) | 14,416 | -2,735 | 7,524 | 12,305 | 13,954 | 12,827 | 17,415 | 21,597 | 18,246 | 19,137 | 22,520 | 19,554 | 3,538 |
| Ordinary income | (mil.yen) | 13,505 | -2,703 | 6,699 | 11,374 | 13,695 | 13,910 | 17,568 | 21,510 | 17,813 | 19,144 | 22,567 | 19,710 | 3,569 |
| Net income | (mil.yen) | 7,376 | -3,769 | 3,772 | 5,904 | 7,138 | 8,619 | 9,989 | 12,518 | 10,134 | 13,993 | 14,710 | 13,686 | 2,343 |
| Margins: | | | | | | | | | | | | | | |
| Gross profit margin | (%) | 37.7% | 26.5% | 35.8% | 40.2% | 41.3% | 40.3% | 42.5% | 44.7% | 43.9% | 42.0% | 43.0% | 42.3% | 41.5% |
| SG&A as % of sales | (%) | 22.8% | 31.6% | 25.0% | 25.0% | 24.7% | 25.8% | 25.3% | 25.4% | 26.7% | 26.1% | 25.9% | 26.9% | 29.2% |
| Operating income | (%) | 14.9% | -5.1% | 10.8% | 15.2% | 16.6% | 14.5% | 17.2% | 19.3% | 17.3% | 15.9% | 17.1% | 15.4% | 12.3% |
| Ordinary income | (%) | 13.9% | -5.1% | 9.6% | 14.0% | 16.3% | 15.7% | 17.4% | 19.2% | 16.9% | 15.9% | 17.2% | 15.5% | 12.4% |
| Net income | (%) | 7.6% | -7.1% | 5.4% | 7.3% | 8.5% | 9.8% | 9.9% | 11.2% | 9.6% | 11.6% | 11.2% | 10.8% | 8.1% |
| Average FX rate: 1USD | (yen) | 107.32 | 94.94 | 89.29 | 80.71 | 78.89 | 93.16 | 102.98 | 121.03 | 109.78 | 112.33 | 110.53 | 109.36 | 109.35 |
| Average FX rate: 1Euro | (yen) | 161.90 | 128.83 | 120.65 | 112.80 | 102.63 | 122.62 | 139.37 | 134.92 | 121.39 | 126.20 | 130.68 | 122.53 | 121.05 |
| Total assets | (mil.yen) | 122,383 | 113,382 | 105,635 | 104,373 | 121,689 | 134,503 | 142,302 | 155,129 | 156,081 | 166,712 | 178,054 | 190,414 | 191,434 |
| Total shareholders' equity | (mil.yen) | 64,251 | 55,931 | 57,117 | 59,367 | 64,482 | 80,024 | 91,458 | 102,566 | 92,216 | 115,810 | 125,332 | 129,078 | 127,336 |
| Per share: | | | | | | | | | | | | | | |
| Net income | (yen) | 76.53 | -39.22 | 39.34 | 62.18 | 75.16 | 90.76 | 105.20 | 131.78 | 110.59 | 153.70 | 150.47 | 140.06 | 24.10 |
| Cash dividends (end of Q2) | (yen) | 12.00 | 0.00 | 4.00 | 6.00 | 10.00 | 10.00 | 14.00 | 26.00 | 22.00 | 21.00 | 22.00 | 23.00 | - |
| (year-end) | (yen) | 12.00 | 3.00 | 8.00 | 12.00 | 13.00 | 20.00 | 20.00 | 20.00 | 28.00 | 25.00 | 25.00 | 24.00 | - |
| Total shareholders' equity | (yen) | 666.71 | 582.19 | 601.44 | 625.14 | 679.01 | 842.71 | 963.15 | 1,079.12 | 1,024.34 | 1,191.65 | 1,279.29 | 1,328.08 | 1,309.23 |
| Average number of shares (ths) | | 96,371 | 96,071 | 94,969 | 94,967 | 94,966 | 94,963 | 94,959 | 94,991 | 91,640 | 91,044 | 97,761 | 97,716 | 97,228 |
| Key financial ratios: | | | | | | | | | | | | | | |
| ROE | (%) | 11.5% | -6.3% | 6.7% | 10.1% | 11.5% | 11.9% | 11.7% | 12.9% | 10.4% | 13.5% | 12.2% | 10.8% | 7.3% |
| Equity ratio | (%) | 52.5% | 49.3% | 54.1% | 56.9% | 53.0% | 59.5% | 64.3% | 66.1% | 59.1% | 69.5% | 70.4% | 67.8% | 66.5% |
| Cash flow: | | | | | | | | | | | | | | |
| Operating CF | (mil.yen) | 10,653 | 6,049 | 14,095 | 11,344 | 12,286 | 16,171 | 19,688 | 19,588 | 16,333 | 20,820 | 20,310 | 19,261 | - |
| Investing CF | (mil.yen) | 1,678 | -4,633 | -5,522 | -8,195 | -19,746 | -2,972 | -3,119 | -16,976 | -16,843 | -7,566 | -13,351 | -20,314 | - |
| Financing CF | (mil.yen) | -4,500 | 5,470 | -15,562 | -5,855 | 8,643 | -9,423 | -12,813 | -6,216 | -778 | -11,137 | -4,723 | 3,465 | - |
| Cash flow margin | (%) | 11.0% | 11.3% | 20.3% | 14.0% | 14.6% | 18.3% | 19.5% | 17.5% | 15.5% | 17.3% | 15.3% | 15.1% | - |