

FY2019 Third-Quarter Consolidated Financial Results (December 1, 2018 - August 31, 2019)

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 FY2019 Third-Quarter (December 1, 2018 - August 31, 2019)

(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	%
FY2019 third-quarter	95,920	-1.5	15,739	-8.8	16,012	-7.0	10,702	-2.5
FY2018 third-quarter	97,378	10.3	17,262	23.6	17,223	22.3	10,979	17.9

(Note) Comprehensive income FY2019 third-quarter: 3,290 million yen (-61.2%)
 FY2018 third-quarter: 8,486 million yen (-30.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2019 third-quarter	109.32	108.07
FY2018 third-quarter	112.36	110.77

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2019 third-quarter	180,230	134,301	68.4
FY2018	177,834	138,354	70.5

(Reference) Equity FY2019 third-quarter: 123,331 million yen FY2018: 125,332 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2018	22.00	25.00	47.00
FY2019	23.00		
FY2019 forecast		24.00	47.00

3. Forecast of Consolidated Results for FY2019 (December 1, 2018 - November 30, 2019)

	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	
Annual	137,000	4.3	24,000	6.6	24,000	6.3	15,300	4.0	156.29	

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):
- | | |
|-----------------------|-------------------|
| FY2019 third-quarter: | 98,061,519 shares |
| FY2018: | 98,061,519 shares |
- (ii) Number of treasury stock at the end of each period:
- | | |
|-----------------------|------------------|
| FY2019 third-quarter: | 1,009,302 shares |
| FY2018: | 91,331 shares |
- (iii) Average number of shares outstanding in each period:
- | | |
|-----------------------|-------------------|
| FY2019 third-quarter: | 97,894,921 shares |
| FY2018 third-quarter: | 97,715,032 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)		
	FY2018 As of Nov. 30, 2018	FY2019 third-quarter As of Aug. 31, 2019	Change
Current Assets			
Cash and time deposits	24,406	25,874	
Notes and accounts receivable	25,128	21,700	
Marketable securities	0	10	
Merchandise and finished goods	24,237	27,451	
Work in process	7,443	6,767	
Raw materials and supplies	7,121	7,690	
Other	2,781	2,785	
Allowance for doubtful accounts	(198)	(187)	
Total current assets	90,920	92,091	1,171
Fixed Assets			
Tangible Assets			
Building and structures	19,871	18,541	
Machinery and equipment	32,269	33,274	
Land	15,172	14,583	
Other	4,913	7,184	
Total tangible assets	72,226	73,583	1,357
Intangible Assets			
Goodwill	3,367	3,649	
Other	633	1,298	
Total intangible assets	4,000	4,948	947
Investments and Other Assets			
Investment securities	4,610	4,236	
Other	6,457	5,731	
Allowance for doubtful accounts	(381)	(362)	
Total investments and other assets	10,686	9,606	(1,080)
Total fixed assets	86,914	88,138	1,224
Total	177,834	180,230	2,395

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2018 As of Nov. 30, 2018	FY2019 third-quarter As of Aug. 31, 2019	Change
Current Liabilities			
Notes and accounts payable	6,067	5,429	
Short-term loans payable	2,282	1,354	
Current portion of long-term loans payable	1,175	495	
Income taxes payable	2,732	2,091	
Reserve for employees' bonuses	537	1,833	
Reserve for directors' bonuses	390	269	
Other	11,016	7,412	
Total current liabilities	24,202	18,887	(5,315)
Long-term Liabilities			
Bonds	-	5,000	
Convertible bonds	1,860	1,860	
Long-term borrowings	10,294	17,126	
Retirement allowance			
for directors and corporate auditors	27	-	
Liabilities for employees' retirement benefits	511	572	
Other	2,582	2,483	
Total long-term liabilities	15,277	27,041	11,764
Total liabilities	39,480	45,928	6,448
Shareholders' Equity			
Common stock	12,124	12,124	
Capital surplus	13,662	13,669	
Retained earnings	100,260	106,444	
Treasury stock	(161)	(1,998)	
Total shareholders' equity	125,886	130,240	4,353
Accumulated other comprehensive income			
Unrealized gain on			
available-for-sale securities	1,608	1,359	
Foreign currency translation adjustments	(2,161)	(8,268)	
Total accumulated other comprehensive income	(553)	(6,908)	(6,355)
Subscription rights to shares	13	13	-
Noncontrolling interests	13,008	10,956	(2,051)
Total net assets	138,354	134,301	(4,052)
Total liabilities and net assets	177,834	180,230	2,395

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2018 third-quarter (2017/12/1 - 2018/8/31)	FY2019 third-quarter (2018/12/1 - 2019/8/31)	Change
Net Sales	97,378	95,920	(1,458)
Cost of Sales	55,128	54,776	(352)
Gross profit	42,250	41,144	(1,106)
Selling, general and administrative expenses	24,988	25,404	415
Operating income	17,262	15,739	(1,522)
Other Income			
Interest income	138	177	
Dividend income	81	73	
Reversal of provision for loss on litigation	-	387	
Other	694	987	
Total other income	914	1,625	711
Other Expenses			
Interest expense	115	152	
Sales discounts	608	610	
Foreign exchange loss	72	272	
Other	157	318	
Total other expenses	953	1,353	399
Ordinary income	17,223	16,012	(1,210)
Income before income taxes	17,223	16,012	(1,210)
Income taxes			
Current	5,611	5,271	(339)
Deferred	(135)	(474)	(339)
Total income taxes	5,476	4,797	(679)
Net income	11,746	11,214	(531)
Net income attributable to noncontrolling interests	767	512	(254)
Net income attributable to OSG Corporation	10,979	10,702	(276)

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2018 third-quarter (2017/12/1 - 2018/8/31)	FY2019 third-quarter (2018/12/1 - 2019/8/31)	Change
Net Income	11,746	11,214	(531)
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(230)	(255)	
Deferred gain (loss) on derivatives under hedge accounting	0	-	
Foreign currency translation adjustments	(3,029)	(7,670)	
Share of other comprehensive income in associates	0	1	
Total other comprehensive income	(3,259)	(7,923)	(4,664)
Comprehensive Income	8,486	3,290	(5,195)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	8,182	4,244	
Comprehensive Income attributable to noncontrolling interests	303	(953)	

Operations by Geographical Segment

Results for FY2019 third-quarter (Dec. 1, 2018 through Aug. 31, 2019)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	41,334	17,548	15,669	21,367	95,920	-	95,920
Interarea transfers	16,528	454	112	2,649	19,743	(19,743)	-
Total sales	57,862	18,002	15,782	24,017	115,664	(19,743)	95,920
Operating income	9,466	2,302	987	3,171	15,928	(188)	15,739

(Reference)

Results for FY2018 third-quarter (Dec. 1, 2017 through Aug. 31, 2018)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	40,752	16,793	16,336	23,496	97,378	-	97,378
Interarea transfers	15,407	289	136	2,208	18,043	(18,043)	-
Total sales	56,160	17,083	16,473	25,704	115,421	(18,043)	97,378
Operating income	8,651	2,638	1,363	4,613	17,267	(4)	17,262

Net sales by Product Segment

Million yen

	FY2018 third-quarter (2017/12/1 - 2018/8/31)	FY2019 third-quarter (2018/12/1 - 2019/8/31)
Cutting tools:		
Taps	30,902	30,147
End mills	20,911	20,239
Drills and other cutting tools	27,374	27,417
Total	79,188	77,804
Rolling dies	7,989	7,553
Gauges	1,303	1,424
Other	8,897	9,137
Total	97,378	95,920