

FY2019 Consolidated Financial Results (December 1, 2018 - November 30, 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 (December 1, 2018 - November 30, 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	126,964	-3.4	19,554	-13.2	19,710	-12.7	13,686	-7.0
FY2018	131,368	9.3	22,520	17.7	22,567	17.9	14,710	5.1

(Note) Comprehensive income FY2019: 9,425 million yen (-30.5%) FY2018: 13,554 million yen (-24.9%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY2019	140.06	138.47	10.8	10.7	15.4
FY2018	150.47	148.42	12.2	13.1	17.1

(Reference) Equity in net income of affiliates FY2019: 10 million yen FY2018: -15 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019	190,414	140,658	67.8	1,328.08
FY2018	178,020	138,354	70.4	1,279.29

(Reference) Equity FY2019: 129,078 million yen FY2018: 125,332 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
FY2019	19,261	-20,314	3,465	23,704
FY2018	20,125	-13,351	-4,723	21,545

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	%	%
FY2018	22.00	25.00	47.00	4,603	31.2	3.8
FY2019	23.00	24.00	47.00	4,610	33.6	3.6
FY2020 forecast	20.00	22.00	42.00		33.5	

(Reference) Breakdown of FY2018 year-end dividend Ordinary dividend: 24.00 Yen Commemorative dividend: 1.00 Yen

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	61,000	-7.0	8,600	-26.1	8,600	-28.9	5,700	-28.5	58.65
Annual	129,000	1.6	18,500	-5.4	18,500	-6.1	12,200	-10.9	125.52

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: | Yes |
| (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):
- | | |
|---------|-------------------|
| FY2019: | 98,147,239 shares |
| FY2018: | 98,061,519 shares |
- (ii) Number of treasury stock at the end of each period:
- | | |
|---------|----------------|
| FY2019: | 955,408 shares |
| FY2018: | 91,331 shares |
- (iii) Average number of shares outstanding in each period:
- | | |
|---------|-------------------|
| FY2019: | 97,716,831 shares |
| FY2018: | 97,761,769 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 As of Nov. 30, 2019	Change
Current Assets			
Cash and time deposits	24,406	26,950	
Notes and accounts receivable	25,128	22,400	
Marketable securities	0	11	
Merchandise and finished goods	24,237	29,844	
Work in process	7,443	6,376	
Raw materials and supplies	7,121	7,658	
Other	2,781	3,061	
Allowance for doubtful accounts	(198)	(198)	
Total current assets	90,920	96,104	5,184
Fixed Assets			
Tangible Assets			
Building and structures	19,871	18,663	
Machinery and equipment	32,269	35,217	
Tools, furniture, and fixtures	2,159	2,179	
Land	15,172	14,864	
Construction in progress	2,748	7,199	
Other	4	12	
Total tangible assets	72,226	78,137	5,910
Intangible Assets			
Goodwill	3,367	3,613	
Other	633	1,412	
Total intangible assets	4,000	5,026	1,025
Investments and Other Assets			
Investment securities	4,610	3,882	
Investment in capital	1,859	1,203	
Long-term loans	412	1,774	
Deferred tax assets	2,358	2,951	
Net defined benefit asset	75	87	
Other	1,937	1,611	
Allowance for doubtful accounts	(381)	(364)	
Total investments and other assets	10,873	11,146	273
Total fixed assets	87,100	94,309	7,209
Total	178,020	190,414	12,393

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 As of Nov. 30, 2019	Change
Current Liabilities			
Notes and accounts payable	6,067	6,039	
Short-term loans payable	2,282	2,742	
Current portion of long-term loans payable	1,175	546	
Accrued expenses	7,878	7,822	
Income taxes payable	2,732	2,699	
Reserve for directors' bonuses	390	253	
Other	3,675	3,474	
Total current liabilities	24,202	23,578	(624)
Long-term Liabilities			
Bonds	-	5,000	
Convertible bonds	1,860	1,670	
Long-term borrowings	10,294	16,822	
Deferred tax liabilities	953	1,079	
Retirement allowance for directors and corporate auditors	27	-	
Liabilities for employees' retirement benefits	511	504	
Other	1,815	1,099	
Total long-term liabilities	15,463	26,177	10,713
Total liabilities	39,666	49,755	10,088
Shareholders' Equity			
Common stock	12,124	12,194	
Capital surplus	13,662	13,731	
Retained earnings	100,260	109,428	
Treasury stock	(161)	(1,894)	
Total shareholders' equity	125,886	133,460	7,574
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	1,608	1,281	
Foreign currency translation adjustments	(2,161)	(5,663)	
Total accumulated other comprehensive income	(553)	(4,381)	(3,828)
Subscription rights to shares	13	13	-
Noncontrolling interests	13,008	11,567	(1,441)
Total net assets	138,354	140,658	2,304
Total liabilities and net assets	178,020	190,414	12,393

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2018 (2017/12/1 - 2018/11/30)	FY2019 (2018/12/1 - 2019/11/30)	Change
Net Sales	131,368	126,964	(4,404)
Cost of Sales	74,833	73,281	(1,551)
Gross profit	56,535	53,682	(2,852)
Selling, general and administrative expenses	34,015	34,128	113
Operating income	22,520	19,554	(2,966)
Other Income			
Interest income	217	245	
Dividend income	105	97	
Purchase discounts	45	52	
Equity in earnings of affiliates	-	10	
Reversal of provision for loss on litigation	-	380	
Subsidy income	254	252	
Other	840	869	
Total other income	1,463	1,908	445
Other Expenses			
Interest expense	164	205	
Sales discounts	817	787	
Equity in losses of affiliates	15	-	
Foreign exchange loss	119	260	
Other	297	497	
Total other expenses	1,415	1,752	336
Ordinary income	22,567	19,710	(2,857)
Extraordinary income			
Gain on sales of investment securities	-	474	
Total extraordinary income	-	474	474
Extraordinary loss			
Loss on valuation of investment securities	-	339	
Total extraordinary loss	-	339	339
Income before income taxes	22,567	19,845	(2,722)
Income taxes			
Current	7,111	5,963	(1,147)
Deferred	(184)	(409)	(224)
Total income taxes	6,926	5,554	(1,372)
Net income	15,641	14,291	(1,350)
Net income attributable to noncontrolling interests	930	604	(326)
Net income attributable to OSG Corporation	14,710	13,686	(1,024)

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2018 (2017/12/1 - 2018/11/30)	FY2019 (2018/12/1 - 2019/11/30)	Change
Net Income	15,641	14,291	(1,350)
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(414)	(332)	
Deferred gain (loss) on derivatives under hedge accounting	0	-	
Foreign currency translation adjustments	(1,672)	(4,534)	
Share of other comprehensive income in associates	(0)	1	
Total other comprehensive income	(2,086)	(4,865)	(2,779)
Comprehensive Income	13,554	9,425	(4,129)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	12,877	9,755	(3,121)
Comprehensive Income attributable to noncontrolling interests	677	(329)	(1,007)

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2018 (2017/12/1 - 2018/11/30)	FY2019 (2018/12/1 - 2019/11/30)
Operating Activities:		
Income before income taxes	22,567	19,845
Depreciation and amortization	9,100	9,522
Amortization of goodwill	477	535
Change in allowance for doubtful receivables	(16)	7
Change in liability for directors' bonuses	(1)	(137)
Change in liability for employees' retirement benefits	69	51
Change in retirement allowance for directors and corporate auditors	(42)	(24)
Interest and dividend income	(322)	(343)
Interest expense	164	205
Equity in loss (earnings) of an associated company	15	(10)
Gain on sales of investment securities	-	(474)
Loss on valuation of investment securities	-	339
Change in notes and accounts receivable	(1,494)	1,902
Change in inventories	(3,854)	(6,319)
Change in notes and accounts payable	768	453
Change in accrued expenses	593	115
Other - net	(725)	(19)
Sub-total	27,300	25,651
Interest and dividend income received	310	345
Interest expense paid	(125)	(232)
Income taxes - paid	(7,359)	(6,503)
Net cash provided by operating activities	20,125	19,261
Investing Activities:		
Payments for time deposits	(2,788)	(3,504)
Proceeds from refund of time deposits	1,480	2,971
Proceeds from redemption of marketable securities	0	0
Purchases of investment securities	(243)	(429)
Proceeds from sales of investment securities	78	583
Acquisitions of property, plant and equipment	(11,464)	(17,139)
Proceeds from sales of property, plant and equipment	406	211
Acquisitions of intangible assets	(105)	(418)
Payment for purchase of subsidiaries' stock	(620)	(1,158)
Other - net	(94)	(1,432)
Net cash used in investing activities	(13,351)	(20,314)
Financing Activities:		
Change in short-term borrowings - net	424	482
Proceeds from long-term borrowings	420	7,036
Repayments of long-term borrowings	(539)	(1,259)
Proceeds from issuance of bonds	-	5,000
Purchase of investments in subsidiaries resulting in no change in scope of consolidation	(26)	(682)
Purchase of treasury stock	(4)	(1,899)
Proceeds from sales of treasury stock	-	54
Dividends paid	(4,581)	(4,709)
Dividends paid to noncontrolling interests	(416)	(525)
Other - net	-	(30)
Net cash used in financing activities	(4,723)	3,465
Effect of exchange rate change on cash and cash equivalents	(333)	(690)
Net increase in cash and cash equivalents	1,716	1,721
Cash and cash equivalents at beginning of year	19,598	21,545
Cash and cash equivalents from newly consolidated subsidiaries	229	437
Cash and cash equivalents at end of year	21,545	23,704

Operations by Geographical Segment

Results for FY2019 (Dec. 1, 2018 through Nov. 30, 2019)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	54,725	23,152	20,893	28,193	126,964	-	126,964
Interarea transfers	22,045	579	140	3,398	26,163	(26,163)	-
Total sales	76,770	23,731	21,033	31,591	153,127	(26,163)	126,964
Operating income	12,086	2,736	1,177	3,930	19,930	(376)	19,554

(Reference)

Results for FY2018 (Dec. 1, 2017 through Nov. 30, 2018)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	55,287	22,680	22,134	31,266	131,368	-	131,368
Interarea transfers	21,087	401	171	3,069	24,728	(24,728)	-
Total sales	76,374	23,081	22,305	34,336	156,097	(24,728)	131,368
Operating income	11,779	3,379	1,891	5,596	22,646	(126)	22,520

Net sales by Product Segment

Million yen

	FY2018 (2017/12/1 - 2018/11/30)	FY2019 (2018/12/1 - 2019/11/30)
Cutting tools:		
Taps	41,729	39,895
End mills	27,917	26,690
Drills and other cutting tools	36,811	36,147
Total	106,458	102,733
Rolling dies	10,645	9,973
Gauges	1,757	1,946
Other	12,508	12,310
Total	131,368	126,964