

FY2017 Third-Quarter Consolidated Financial Results (December 1, 2016 - August 31, 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: : Koji Sonobe, Managing Director
 TEL: 81-533-82-1113 URL: http://www.osg.co.jp/en/about_us/ir/

1. Consolidated Results for FY2017 Third-Quarter (December 1, 2016 - August 31, 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 third-quarter	88,281	12.2	13,968	-3.4	14,080	1.7	9,315	10.3
FY2016 third-quarter	78,652	-6.2	14,467	-13.3	13,845	-16.8	8,448	-15.0

(Note) Comprehensive income FY2017 third-quarter: 12,242 million yen (-%)
 FY2016 third-quarter: -2,494 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2017 third-quarter	103.28	93.98
FY2016 third-quarter	91.70	83.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2017 third-quarter	162,205	113,544	62.7
FY2016	156,081	103,059	59.1

(Reference) Equity FY2017 third-quarter: 101,639 million yen FY2016: 92,216 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2016	22.00	28.00	50.00
FY2017	21.00		
FY2017 forecast		23.00	44.00

3. Forecast of Consolidated Results for FY2017 (December 1, 2016 - November 30, 2017)

	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	118,000	11.8	19,500	6.9	19,000	6.7	11,500	13.5	127.50

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: | None |
| (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): | |
| FY2017 third-quarter: | 95,955,226 shares |
| FY2016: | 95,955,226 shares |
| (ii) Number of treasury stock at the end of each period: | |
| FY2017 third-quarter: | 4,347,591 shares |
| FY2016: | 5,930,079 shares |
| (iii) Average number of shares outstanding in each period: | |
| FY2017 third-quarter: | 90,193,375 shares |
| FY2016 third-quarter: | 92,124,691 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 third-quarter As of Aug. 31, 2017	Change
Current Assets			
Cash and time deposits	18,003	17,676	
Notes and accounts receivable	20,758	22,839	
Marketable securities	0	0	
Merchandise and finished goods	20,978	22,808	
Work in process	4,879	5,568	
Raw materials and supplies	5,834	6,000	
Other	4,906	4,258	
Allowance for doubtful accounts	(191)	(265)	
Total current assets	75,168	78,885	3,716
Fixed Assets			
Tangible Assets			
Building and structures	18,588	19,857	
Machinery and equipment	28,877	29,586	
Land	14,830	14,873	
Other	4,098	4,277	
Total tangible assets	66,395	68,595	2,199
Intangible Assets			
Goodwill	2,658	3,601	
Other	829	798	
Total intangible assets	3,488	4,399	911
Investments and Other Assets			
Investment securities	6,633	7,270	
Other	4,848	3,472	
Allowance for doubtful accounts	(452)	(418)	
Total investments and other assets	11,028	10,324	(704)
Total fixed assets	80,912	83,319	2,407
Total	156,081	162,205	6,124

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 third-quarter As of Aug. 31, 2017	Change
Current Liabilities			
Notes and accounts payable	4,618	4,879	
Short-term loans payable	8,000	6,689	
Current portion of long-term loans payable	491	406	
Income taxes payable	1,436	2,335	
Reserve for employees' bonuses	470	1,667	
Reserve for directors' bonuses	454	325	
Other	10,000	6,303	
Total current liabilities	25,474	22,607	(2,866)
Long-term Liabilities			
Convertible bonds	14,850	12,260	
Long-term borrowings	10,163	11,016	
Retirement allowance			
for directors and corporate auditors	108	52	
Liabilities for employees' retirement benefits	280	542	
Other	2,145	2,182	
Total long-term liabilities	27,547	26,053	(1,494)
Total liabilities	53,021	48,660	(4,361)
Shareholders' Equity			
Common stock	10,404	10,404	
Capital surplus	12,090	11,965	
Retained earnings	81,840	86,432	
Treasury stock	(10,967)	(8,039)	
Total shareholders' equity	93,368	100,763	7,394
Accumulated other comprehensive income			
Unrealized gain on			
available-for-sale securities	2,267	2,782	
Deferred loss on			
derivatives under hedge accounting	(0)	(1)	
Foreign currency translation adjustments	(3,419)	(1,905)	
Total accumulated other comprehensive income	(1,152)	875	2,027
Subscription rights to shares	13	13	-
Noncontrolling interests	10,829	11,892	1,062
Total net assets	103,059	113,544	10,485
Total liabilities and net assets	156,081	162,205	6,124

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2016 third-quarter (2015/12/1 - 2016/8/31)	FY2017 third-quarter (2016/12/1 - 2017/8/31)	Change
Net Sales	78,652	88,281	9,629
Cost of Sales	43,496	51,219	7,723
Gross profit	35,156	37,062	1,905
Selling, general and administrative expenses	20,689	23,093	2,404
Operating income	14,467	13,968	(498)
Other Income			
Interest income	133	124	
Dividend income	120	99	
Foreign exchange gain	-	219	
Other	562	541	
Total other income	815	985	169
Other Expenses			
Interest expense	94	91	
Sales discounts	497	531	
Foreign exchange loss	609	-	
Other	235	249	
Total other expenses	1,437	872	(565)
Ordinary income	13,845	14,080	235
Extraordinary gain	-	315	315
Extraordinary loss	-	266	266
Income before income taxes	13,845	14,129	284
Income taxes			
Current	4,194	4,733	
Deferred	297	(526)	
Total income taxes	4,491	4,207	(283)
Net income	9,353	9,921	567
Net income attributable to noncontrolling interests	905	606	(298)
Net income attributable to OSG Corporation	8,448	9,315	866

Consolidated Statement of Comprehensive Income
OSG Corporation

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

	FY2016 third-quarter (2015/12/1 - 2016/8/31)	FY2017 third-quarter (2016/12/1 - 2017/8/31)	Change
Net Income	9,353	9,921	567
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(931)	519	
Deferred gain (loss) on derivatives under hedge accounting	35	(0)	
Foreign currency translation adjustments	(10,934)	1,793	
Share of other comprehensive income in associates	(17)	7	
Total other comprehensive income	(11,847)	2,321	14,168
Comprehensive Income	(2,494)	12,242	14,736
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	(2,012)	11,360	
Comprehensive Income attributable to noncontrolling interests	(481)	881	

Operations by Geographical Segment

Results for FY2017 third-quarter (Dec. 1, 2016 through Aug. 31, 2017)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	37,630	15,791	13,200	21,659	88,281	-	88,281
Interarea transfers	14,034	160	68	1,550	15,814	(15,814)	-
Total sales	51,664	15,952	13,268	23,210	104,096	(15,814)	88,281
Operating income	7,772	2,252	893	3,427	14,345	(376)	13,968

(Reference)

Results for FY2016 third-quarter (Dec. 1, 2015 through Aug. 31, 2016)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	35,642	14,802	9,169	19,038	78,652	-	78,652
Interarea transfers	12,903	115	31	1,491	14,541	(14,541)	-
Total sales	48,546	14,917	9,200	20,530	93,194	(14,541)	78,652
Operating income	7,146	2,064	892	3,741	13,845	621	14,467

Net sales by Product Segment

Million yen

	FY2016 third-quarter (2015/12/1 - 2016/8/31)	FY2017 third-quarter (2016/12/1 - 2017/8/31)
Cutting tools:		
Taps	25,291	27,949
End mills	18,652	20,049
Drills and other cutting tools	19,836	23,212
Total	63,780	71,211
Rolling dies	7,073	7,614
Gauges	1,101	1,190
Other	6,696	8,264
Total	78,652	88,281