

## FY2019 First Quarter Consolidated Financial Results (December 1, 2018 - February 28, 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/](https://www.osg.co.jp/en/about_us/ir/)

### 1. Consolidated Results for FY2019 First Quarter (December 1, 2018 - February 28, 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 first-quarter	31,613	2.8	5,237	-3.6	5,551	3.1	3,729	14.2
FY2018 first-quarter	30,754	9.8	5,430	24.8	5,382	21.8	3,265	14.5

(Note) Comprehensive income FY2019 first-quarter: 2,777 million yen (80.4%)  
 FY2018 first-quarter: 1,540 million yen (-67.3%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY2019 first-quarter	38.06		37.63	
FY2018 first-quarter	33.48		32.95	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
FY2019 first-quarter	180,221		138,838		70.0	
FY2018	177,834		138,354		70.5	

(Reference) Equity FY2019 first-quarter: 126,083 million yen FY2018: 125,332 million yen

### 2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen		
FY2018	22.00	25.00	47.00
FY2019 forecast	23.00	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	
Semi-Annual	67,500	4.8	11,900	6.0	11,900	7.4	7,600	8.8	77.57	
Annual	137,000	4.3	24,000	6.6	24,000	6.3	15,300	4.0	156.17	

#### 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 first-quarter:   | 98,061,519 shares |
| FY2018:   | 98,061,519 shares |
| (ii) Number of treasury stock at the end of each period:  |                   |
| FY2019 first-quarter:   | 92,203 shares     |
| FY2018:   | 91,331 shares     |
| (iii) Average number of shares outstanding in each period:  |                   |
| FY2019 first-quarter:   | 97,969,930 shares |
| FY2018 first-quarter:   | 97,526,697 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 first-quarter As of Feb. 28, 2019	Change
<b>Current Assets</b>			
Cash and time deposits	24,406	24,572	
Notes and accounts receivable	25,128	24,381	
Marketable securities	0	0	
Merchandise and finished goods	24,237	25,538	
Work in process	7,443	7,289	
Raw materials and supplies	7,121	7,433	
Other	2,781	3,331	
Allowance for doubtful accounts	(198)	(201)	
<b>Total current assets</b>	<b>90,920</b>	<b>92,345</b>	<b>1,425</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	19,871	19,388	
Machinery and equipment	32,269	32,604	
Land	15,172	15,038	
Other	4,913	5,868	
<b>Total tangible assets</b>	<b>72,226</b>	<b>72,899</b>	<b>673</b>
<b>Intangible Assets</b>			
Goodwill	3,367	4,109	
Other	633	1,167	
<b>Total intangible assets</b>	<b>4,000</b>	<b>5,277</b>	<b>1,276</b>
<b>Investments and Other Assets</b>			
Investment securities	4,610	4,696	
Other	6,457	5,382	
Allowance for doubtful accounts	(381)	(380)	
<b>Total investments and other assets</b>	<b>10,686</b>	<b>9,698</b>	<b>(988)</b>
<b>Total fixed assets</b>	<b>86,914</b>	<b>87,875</b>	<b>961</b>
<b>Total</b>	<b>177,834</b>	<b>180,221</b>	<b>2,386</b>

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 first-quarter As of Feb. 28, 2019	Change
<b>Liabilities</b>			
Current Liabilities			
Notes and accounts payable	6,067	6,515	
Short-term loans payable	2,282	2,378	
Current portion of long-term loans payable	1,175	1,156	
Income taxes payable	2,732	1,853	
Reserve for employees' bonuses	537	1,560	
Reserve for directors' bonuses	390	120	
Other	11,016	7,297	
Total current liabilities	24,202	20,882	(3,320)
Long-term Liabilities			
Convertible bonds	1,860	1,860	
Long-term borrowings	10,294	15,482	
Retirement allowance for directors	27	-	
Liabilities for employees' retirement benefits	511	523	
Other	2,582	2,634	
Total long-term liabilities	15,277	20,500	5,223
<b>Total liabilities</b>	<b>39,480</b>	<b>41,383</b>	<b>1,903</b>
<b>Net Assets</b>			
Shareholders' Equity			
Common stock	12,124	12,124	
Capital surplus	13,662	13,662	
Retained earnings	100,260	101,811	
Treasury stock	(161)	(163)	
Total shareholders' equity	125,886	127,434	1,548
Accumulated other comprehensive income			
Unrealized gain on available-for-sale securities	1,608	1,663	
Foreign currency translation adjustments	(2,161)	(3,014)	
Total accumulated other comprehensive income	(553)	(1,350)	(797)
Subscription rights to shares	13	13	-
Noncontrolling interests	13,008	12,740	(267)
<b>Total net assets</b>	<b>138,354</b>	<b>138,838</b>	<b>483</b>
<b>Total liabilities and net assets</b>	<b>177,834</b>	<b>180,221</b>	<b>2,386</b>

Consolidated Summary Statement of Income  
OSG Corporation

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

	FY2018 first-quarter (2017/12/1 - 2018/2/28)	FY2019 first-quarter (2018/12/1 - 2019/2/28)	Change
Net Sales	30,754	31,613	859
Cost of Sales	17,371	18,017	645
Gross profit	13,382	13,596	213
Selling, general and administrative expenses	7,951	8,358	406
Operating income	5,430	5,237	(192)
Other Income			
Interest income	38	68	
Dividend income	22	18	
Subsidy income	118	-	
Reversal of provision for loss on litigation	-	381	
Other	171	270	
Total other income	351	738	387
Other Expenses			
Interest expense	27	45	
Sales discounts	192	193	
Foreign exchange loss	134	131	
Other	44	53	
Total other expenses	399	424	25
Ordinary income	5,382	5,551	168
Income before income taxes	5,382	5,551	168
Income taxes			
Current	2,120	1,661	
Deferred	(224)	(57)	
Total income taxes	1,895	1,603	(291)
Net income	3,487	3,947	460
Net income attributable to noncontrolling interests	221	218	(2)
Net income attributable to OSG Corporation	3,265	3,729	463

Consolidated Statement of Comprehensive Income  
OSG Corporation

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

	FY2018 first-quarter (2017/12/1 - 2018/2/28)	FY2019 first-quarter (2018/12/1 - 2019/2/28)	Change
Net Income	3,487	3,947	460
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	(53)	54	
Deferred gain on derivatives under hedge accounting	0	-	
Foreign currency translation adjustments	(1,893)	(1,224)	
Share of other comprehensive income in associates	0	0	
Total other comprehensive income	(1,947)	(1,170)	776
Comprehensive Income	1,540	2,777	1,237
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	1,682	2,829	
Comprehensive Income attributable to noncontrolling interests	(141)	(51)	

## Operations by Geographical Segment

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

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
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

(Reference)

Results for FY2018 first-quarter (Dec. 1, 2017 through Feb. 28, 2018)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	12,653	5,225	5,343	7,530	30,754	-	30,754
Interarea transfers	4,532	88	61	672	5,355	(5,355)	-
Total sales	17,186	5,314	5,405	8,203	36,109	(5,355)	30,754
Operating income	2,449	817	462	1,549	5,278	152	5,430

## Net sales by Product Segment

Million yen

	FY2018 first-quarter (2017/12/1 - 2018/2/28)	FY2019 first-quarter (2018/12/1 - 2019/2/28)
Cutting tools:		
Taps	9,957	9,828
End mills	6,567	6,643
Drills and other cutting tools	8,599	9,130
Total	25,124	25,603
Rolling dies	2,501	2,541
Gauges	407	478
Other	2,720	2,990
Total	30,754	31,613