



shaping your dreams

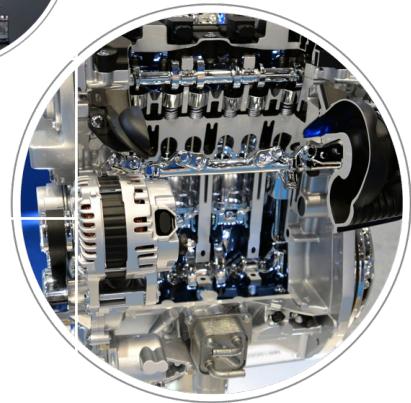
Financial Results for FY2020 – 1Q

April, 2020
OSG Corporation

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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

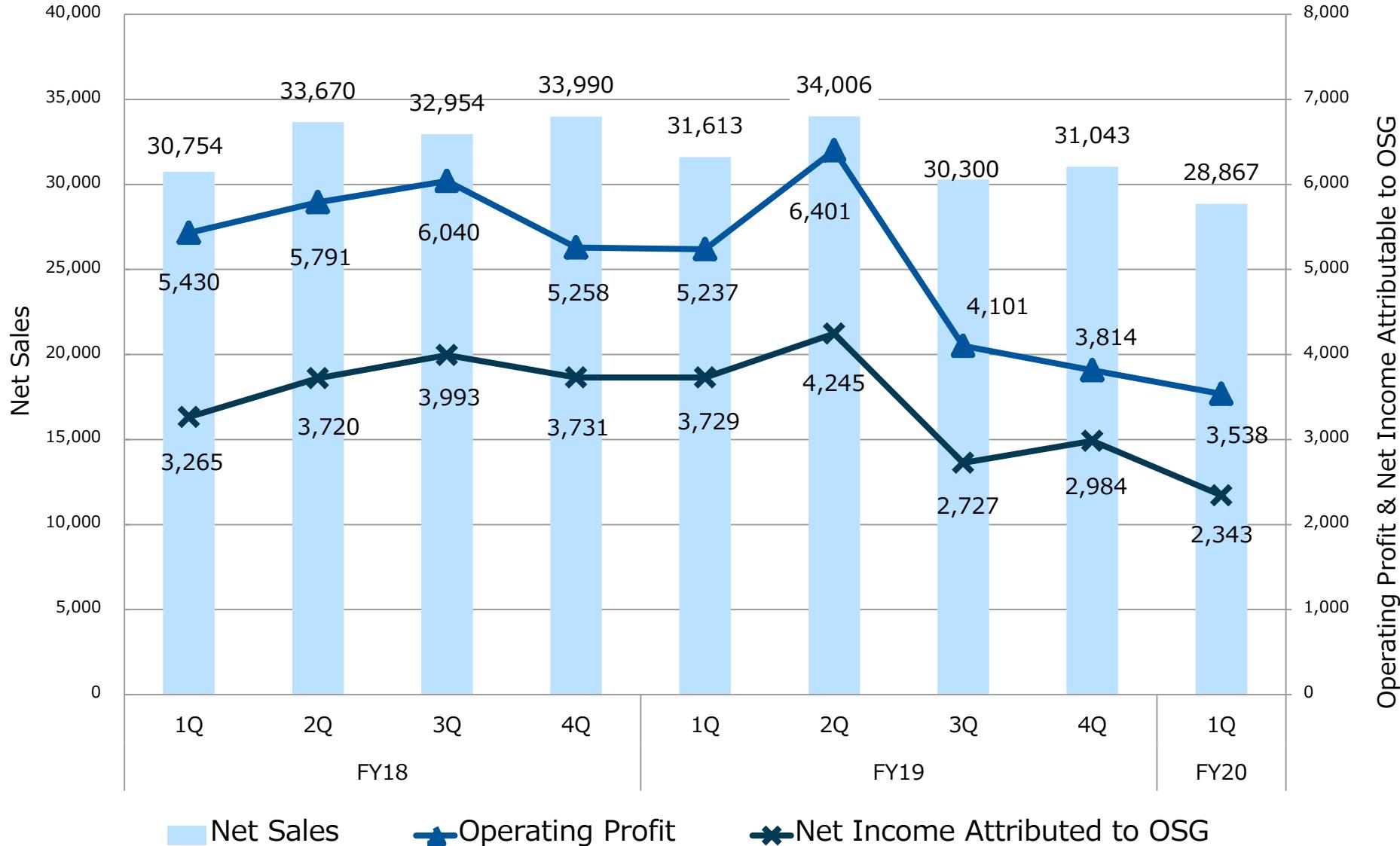
(Millions of yen)

	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)

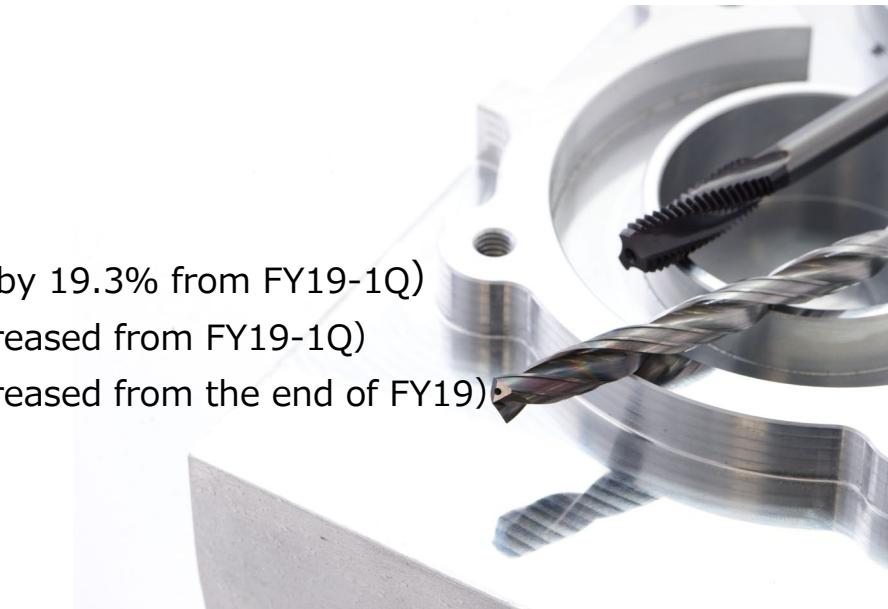


Review of FY20-1Q

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

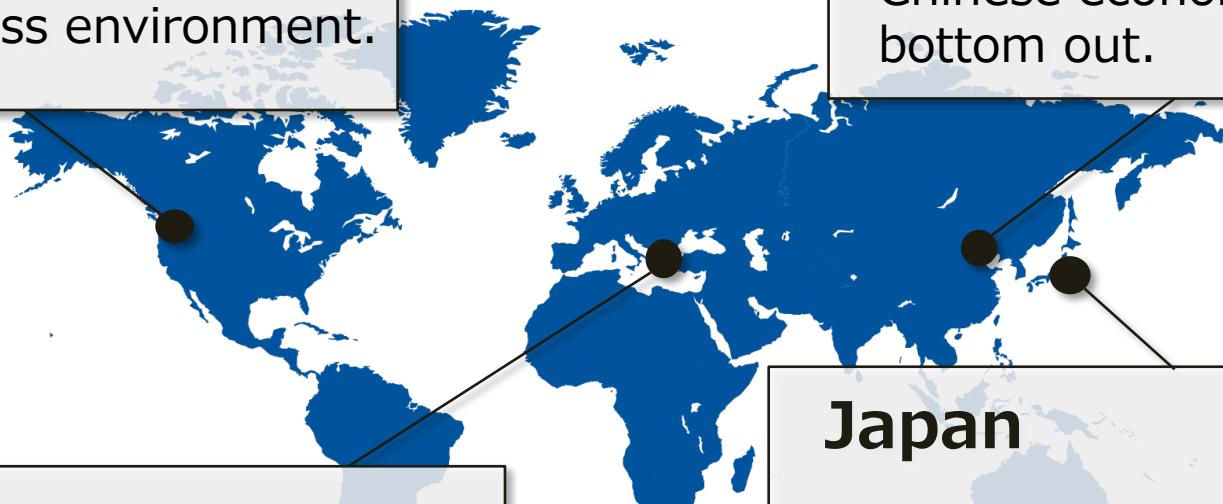
—EBITDA	60 billion yen	(decreased by 19.3% from FY19-1Q)
—EBITDA Margin	20.9%	(2.8pts decreased from FY19-1Q)
—Equity ratio	66.5%	(3.5pts decreased from the end of FY19)
—CAPEX	36 billion yen	
—Depreciation	24 billion yen	



Review of FY20-1Q

The Americas

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



Europe/Africa

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

Asia

COVID-19 is having a
growing impact on the
Asian economy.
Chinese economy will
bottom out.

Japan

Having concern about
automotive production
decline.
Business confidence of
manufacturing industries
getting worse.

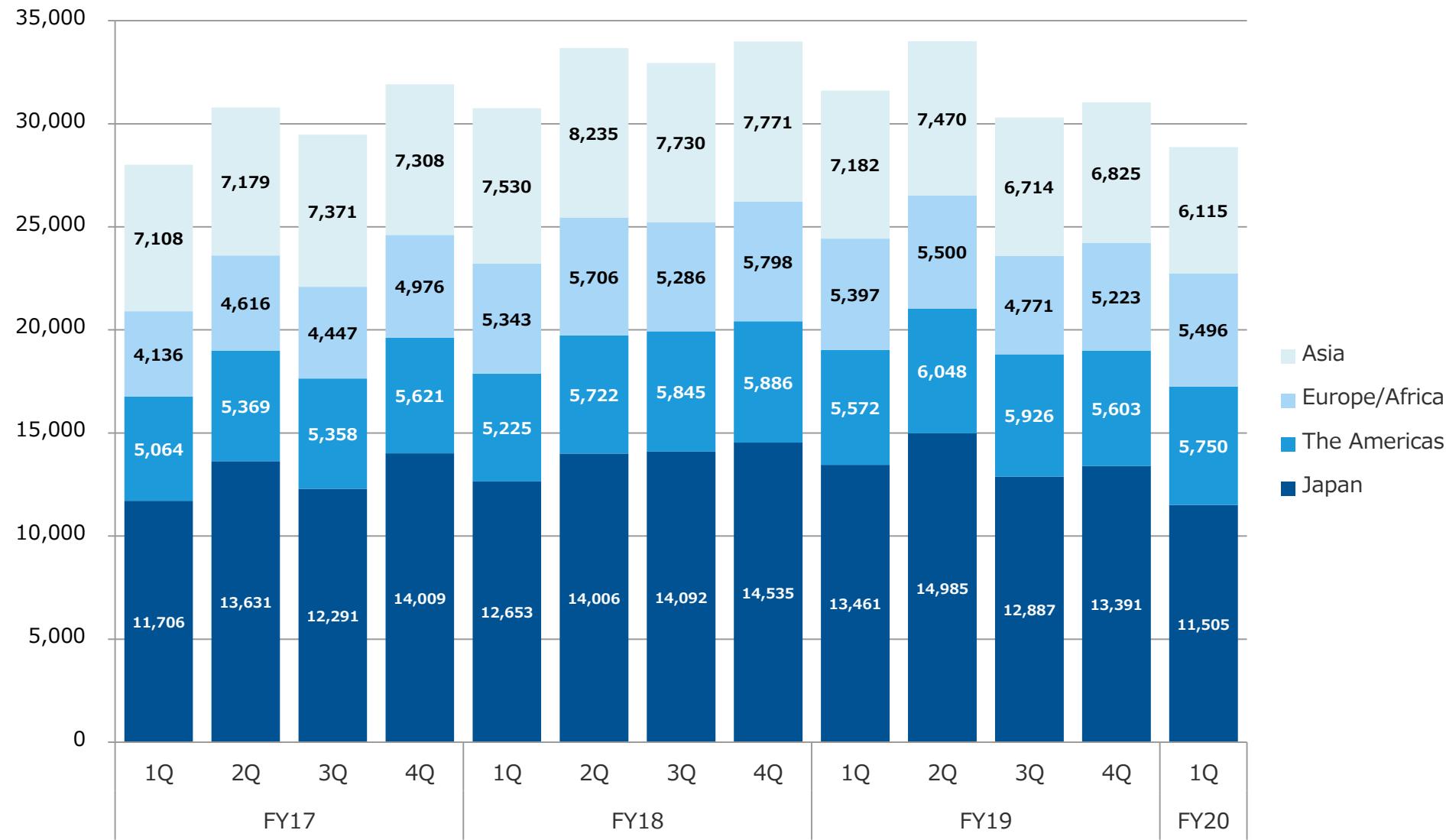
Sales to Customer

(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

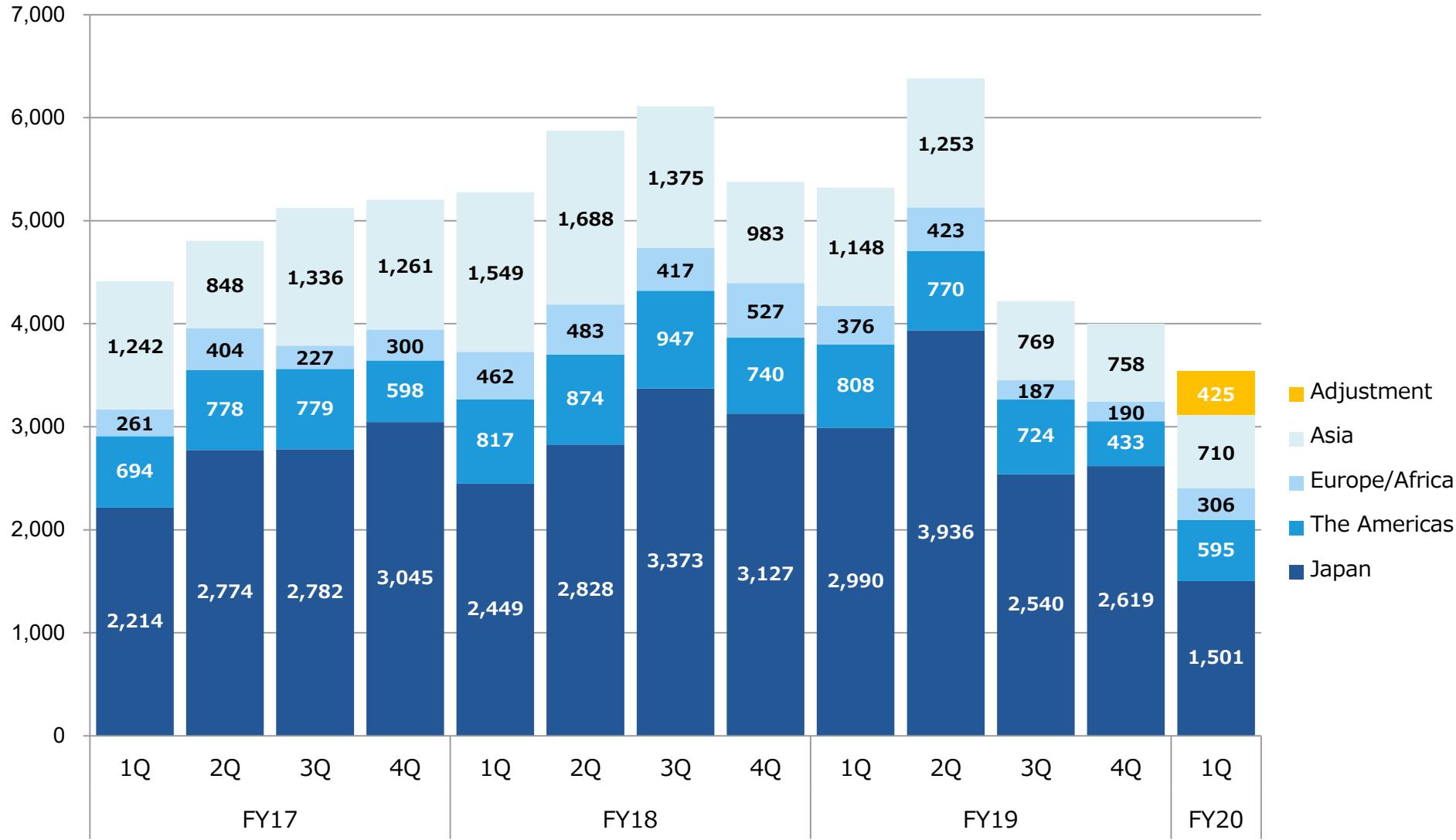
(Millions of yen)

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

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

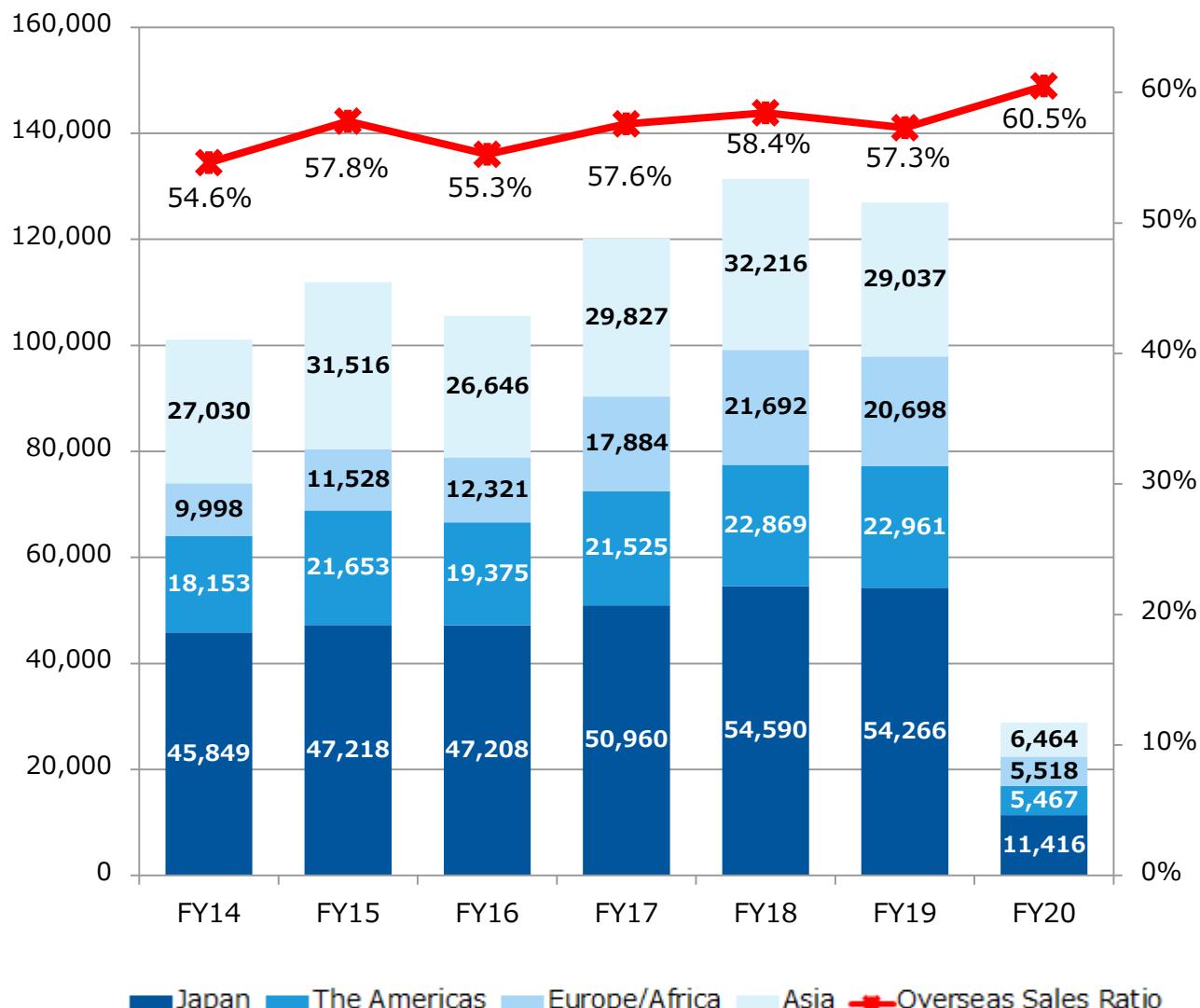
Operating Income

(Millions of yen)

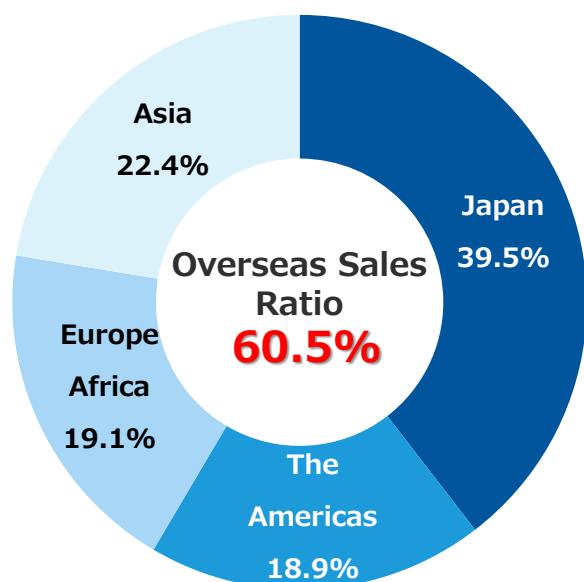


Overseas Sales Ratio

(Millions of yen)

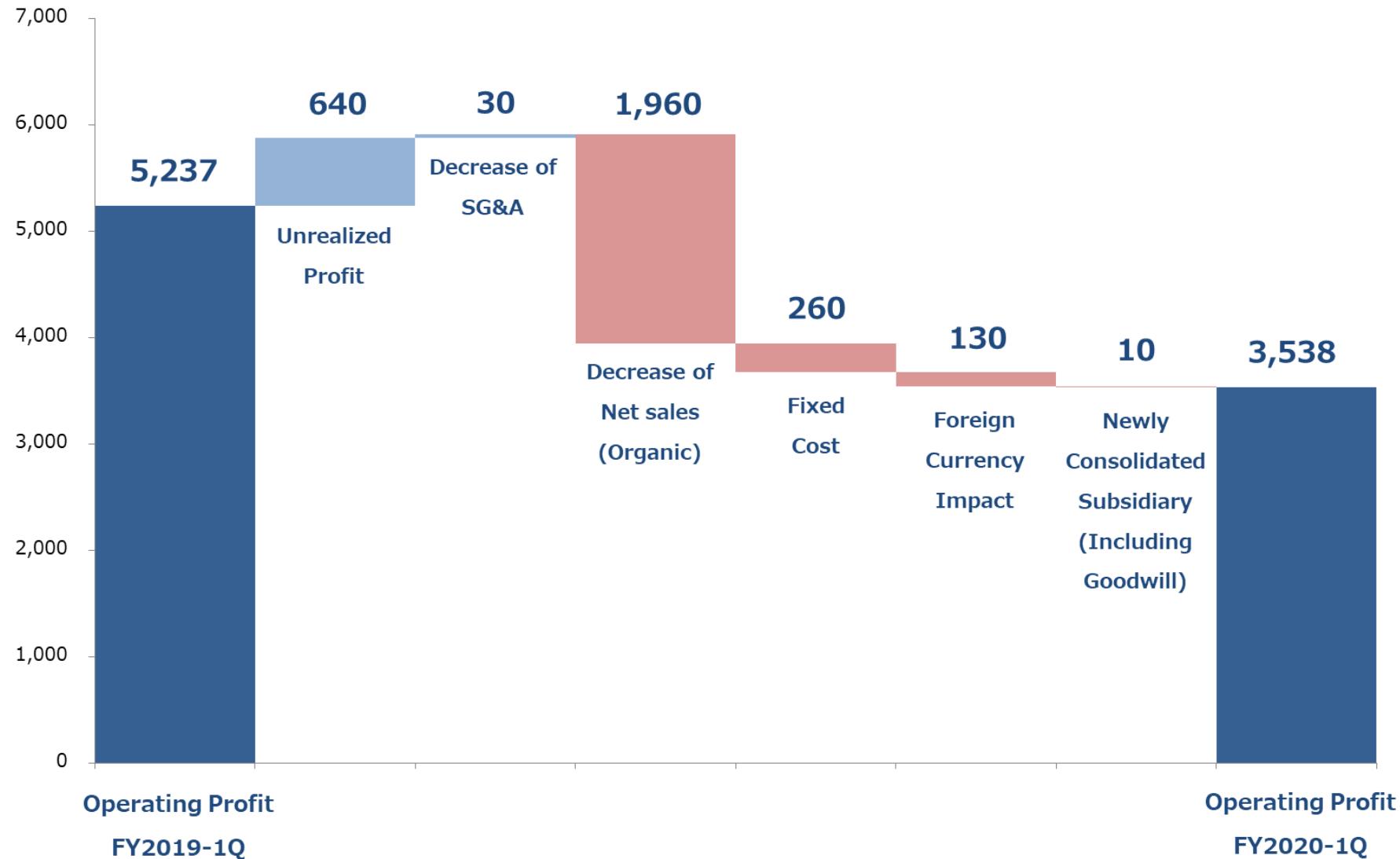


FY20-1Q



Operation Profit Variation

(Millions of yen)



Net Sales by Product Segment

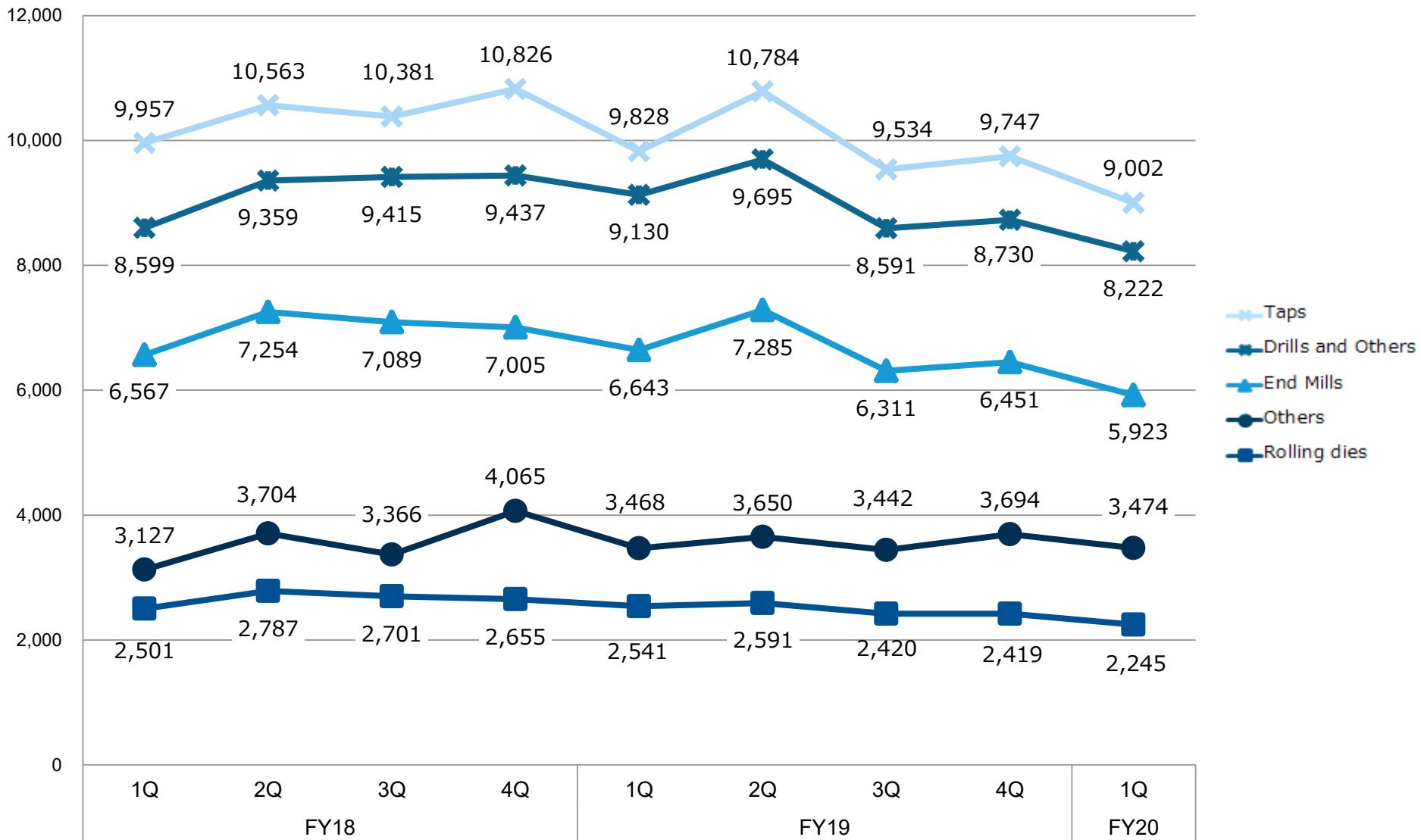
(Millions of yen)

		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

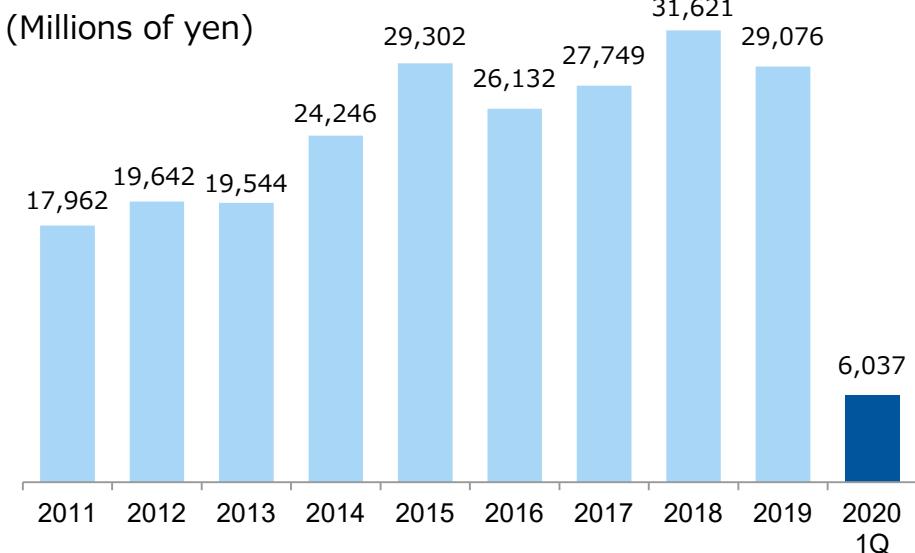
(Millions of yen)



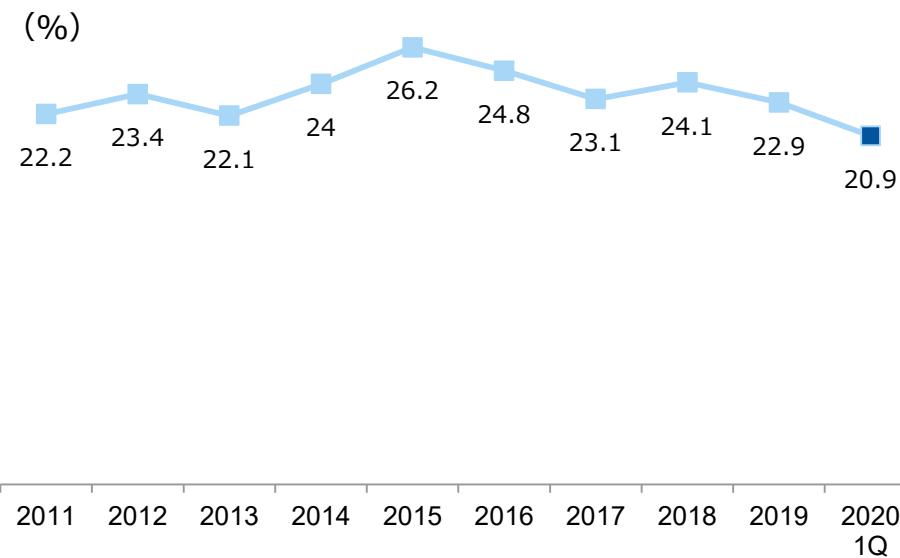
B/S Overview • EBITDA

	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



Capital Investment

FY20 Capital Investment Forecast

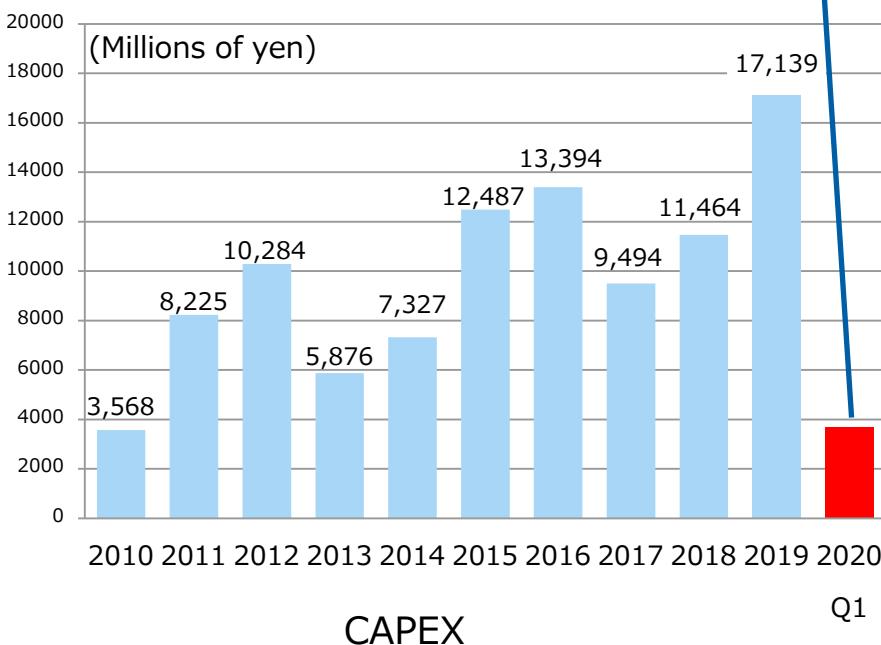
9.3 billion yen

*Decreased 1.9 billion yen from the original budget

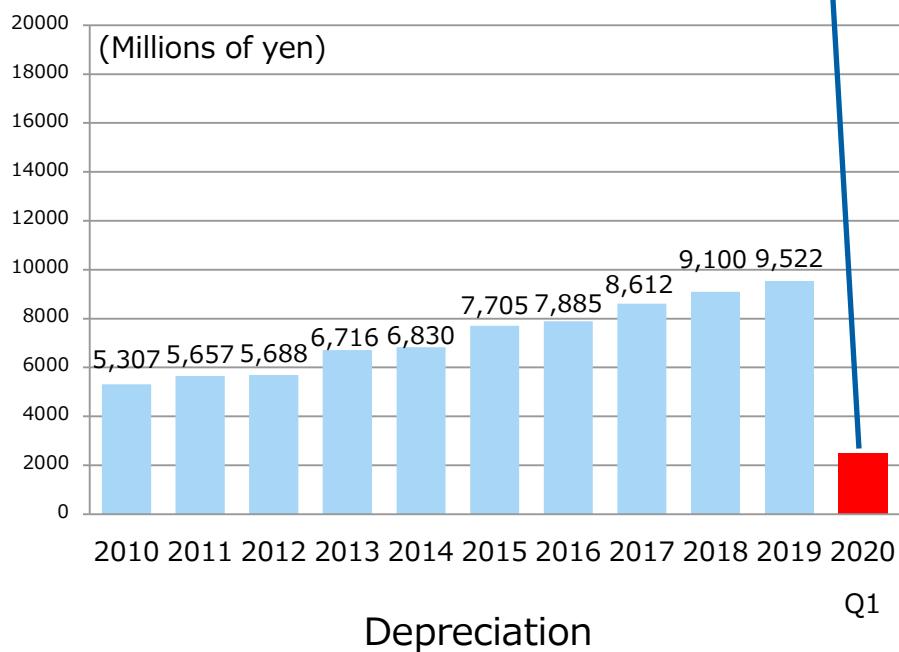
Breakdown

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

CAPEX : 3,681



Depreciation : 2,498

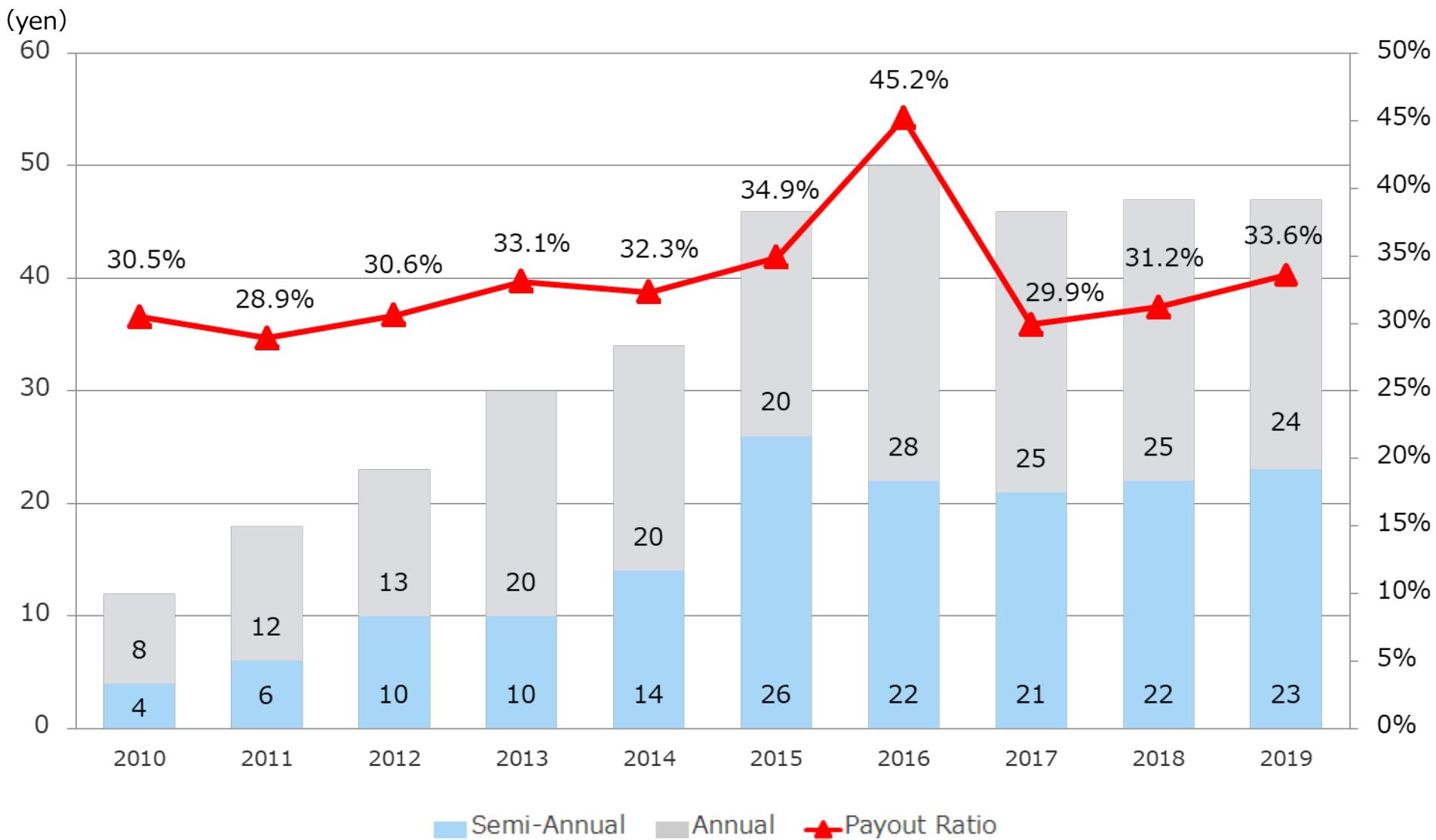


Exchange Rate

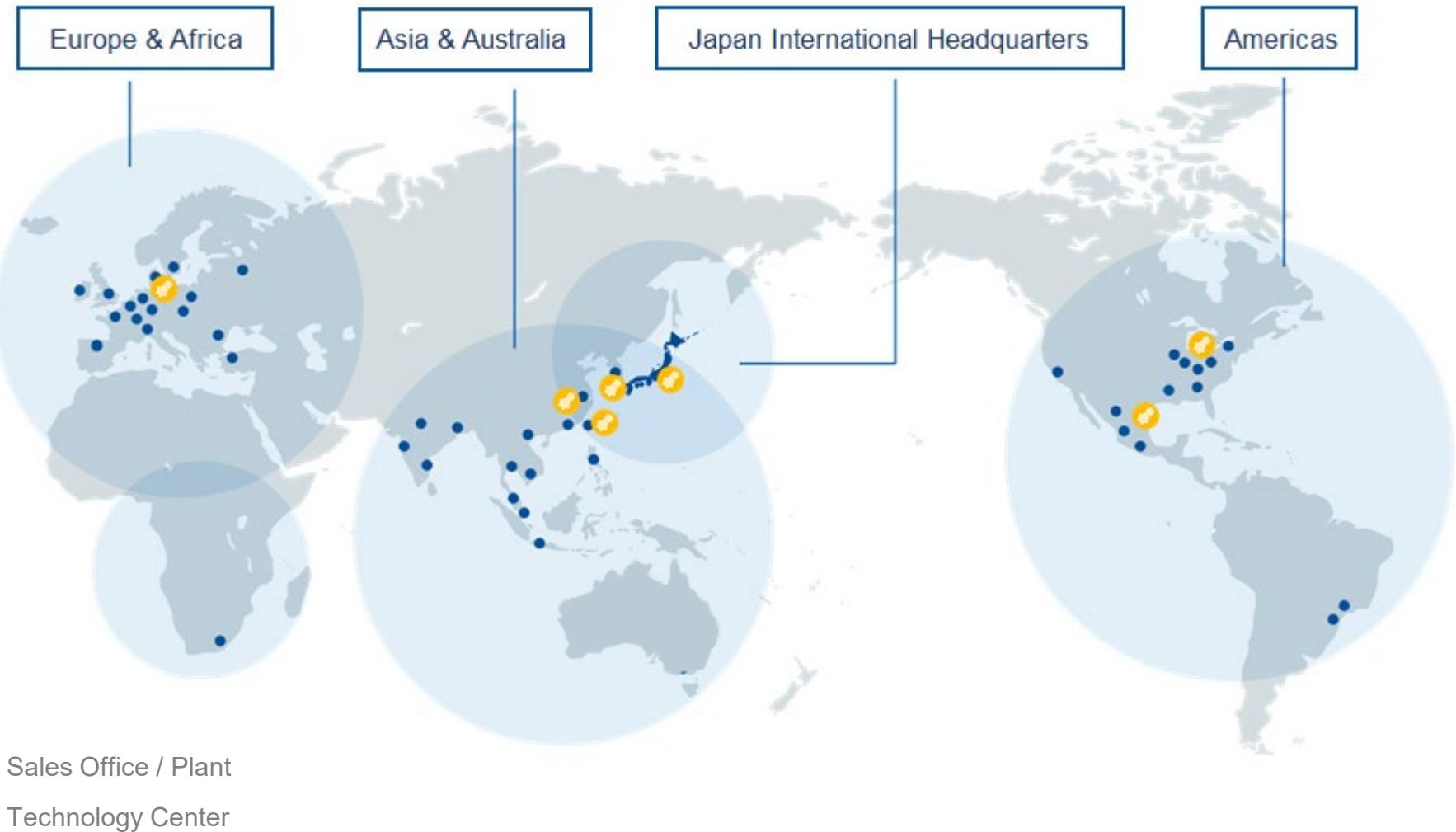
	1US\$	1Euro	1RMB
FY18 1Q	109.72 JPY	133.77 JPY	17.15 JPY
FY18	110.53 JPY	130.68 JPY	16.74 JPY
FY19 1Q	110.28 JPY	126.08 JPY	16.34 JPY
FY19	109.36 JPY	122.53 JPY	15.86 JPY
FY20 1Q	109.35 JPY	121.05 JPY	15.65 JPY



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	28.00	25.00	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%	-

