

## FY2018 Third-Quarter Consolidated Financial Results (December 1, 2017 - August 31, 2018)

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 FY2018 Third-Quarter (December 1, 2017 - August 31, 2018)

(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	%
FY2018 third-quarter	97,378	10.3	17,262	23.6	17,223	22.3	10,979	17.9
FY2017 third-quarter	88,281	12.2	13,968	-3.4	14,080	1.7	9,315	10.3

(Note) Comprehensive income FY2018 third-quarter: 8,486 million yen (-30.7%)  
 FY2017 third-quarter: 12,242 million yen (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2018 third-quarter	112.36	110.77
FY2017 third-quarter	103.28	93.98

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2018 third-quarter	168,707	133,169	71.4
FY2017	166,712	128,394	69.5

(Reference) Equity FY2018 third-quarter: 120,510 million yen FY2017: 115,810 million yen

### 2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2017	21.00	25.00	46.00
FY2018	22.00		
FY2018 forecast		24.00	46.00

### 3. Forecast of Consolidated Results for FY2018 (December 1, 2017 - November 30, 2018)

	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	130,000	8.2	23,000	20.2	23,000	20.1	14,500	3.6	148.39

#### 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): |                   |
| FY2018 third-quarter:   | 97,981,921 shares |
| FY2017:   | 97,853,340 shares |
| (ii) Number of treasury stock at the end of each period:  |                   |
| FY2018 third-quarter:   | 90,301 shares     |
| FY2017:   | 668,765 shares    |
| (iii) Average number of shares outstanding in each period:  |                   |
| FY2018 third-quarter:   | 97,715,032 shares |
| FY2017 third-quarter:   | 90,193,375 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)		
	FY2017 As of Nov. 30, 2017	FY2018 third-quarter As of Aug. 31, 2018	Change
<b>Current Assets</b>			
Cash and time deposits	21,204	20,111	
Notes and accounts receivable	23,961	23,482	
Marketable securities	0	0	
Merchandise and finished goods	22,946	23,585	
Work in process	5,686	7,052	
Raw materials and supplies	6,217	7,022	
Other	4,292	4,298	
Allowance for doubtful accounts	(240)	(204)	
<b>Total current assets</b>	<b>84,069</b>	<b>85,348</b>	<b>1,278</b>
<b>Fixed Assets</b>			
<b>Tangible Assets</b>			
Building and structures	20,178	19,528	
Machinery and equipment	30,891	30,252	
Land	15,102	15,066	
Other	3,449	5,072	
<b>Total tangible assets</b>	<b>69,622</b>	<b>69,920</b>	<b>298</b>
<b>Intangible Assets</b>			
Goodwill	3,517	3,453	
Other	784	675	
<b>Total intangible assets</b>	<b>4,301</b>	<b>4,128</b>	<b>(173)</b>
<b>Investments and Other Assets</b>			
Investment securities	5,119	4,868	
Other	3,986	4,826	
Allowance for doubtful accounts	(387)	(386)	
<b>Total investments and other assets</b>	<b>8,718</b>	<b>9,309</b>	<b>590</b>
<b>Total fixed assets</b>	<b>82,642</b>	<b>83,358</b>	<b>715</b>
<b>Total</b>	<b>166,712</b>	<b>168,707</b>	<b>1,994</b>

Consolidated Summary Balance Sheet  
OSG Corporation

Liabilities and Net Assets	(Million yen : amounts less than one million yen are omitted)		
	FY2017 As of Nov. 30, 2017	FY2018 third-quarter As of Aug. 31, 2018	Change
<b>Current Liabilities</b>			
Notes and accounts payable	5,325	5,696	
Short-term loans payable	1,909	1,990	
Current portion of long-term loans payable	421	1,117	
Income taxes payable	3,458	1,665	
Reserve for employees' bonuses	451	1,988	
Reserve for directors' bonuses	385	169	
Other	9,874	6,901	
<b>Total current liabilities</b>	<b>21,826</b>	<b>19,529</b>	<b>(2,297)</b>
<b>Long-term Liabilities</b>			
Convertible bonds	3,150	1,990	
Long-term borrowings	10,844	10,532	
Retirement allowance			
for directors and corporate auditors	53	21	
Liabilities for employees' retirement benefits	395	599	
Other	2,047	2,864	
<b>Total long-term liabilities</b>	<b>16,491</b>	<b>16,008</b>	<b>(483)</b>
<b>Total liabilities</b>	<b>38,318</b>	<b>35,537</b>	<b>(2,780)</b>
<b>Shareholders' Equity</b>			
Common stock	11,954	12,059	
Capital surplus	13,492	13,597	
Retained earnings	90,308	96,529	
Treasury stock	(1,229)	(159)	
<b>Total shareholders' equity</b>	<b>114,526</b>	<b>122,027</b>	<b>7,500</b>
<b>Accumulated other comprehensive income</b>			
Unrealized gain on			
available-for-sale securities	2,019	1,786	
Deferred loss on			
derivatives under hedge accounting	(0)	-	
Foreign currency translation adjustments	(735)	(3,303)	
<b>Total accumulated other comprehensive income</b>	<b>1,283</b>	<b>(1,516)</b>	<b>(2,799)</b>
Subscription rights to shares	13	13	-
Noncontrolling interests	12,570	12,644	74
<b>Total net assets</b>	<b>128,394</b>	<b>133,169</b>	<b>4,775</b>
<b>Total liabilities and net assets</b>	<b>166,712</b>	<b>168,707</b>	<b>1,994</b>

Consolidated Summary Statement of Income  
OSG Corporation

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

	FY2017 third-quarter (2016/12/1 - 2017/8/31)	FY2018 third-quarter (2017/12/1 - 2018/8/31)	Change
Net Sales	88,281	97,378	9,096
Cost of Sales	51,219	55,128	3,908
Gross profit	37,062	42,250	5,188
Selling, general and administrative expenses	23,093	24,988	1,894
Operating income	13,968	17,262	3,293
Other Income			
Interest income	124	138	
Dividend income	99	81	
Foreign exchange gain	219	-	
Other	541	694	
Total other income	985	914	(70)
Other Expenses			
Interest expense	91	115	
Sales discounts	531	608	
Foreign exchange loss	-	72	
Other	249	157	
Total other expenses	872	953	81
Ordinary income	14,080	17,223	3,142
Extraordinary gain	315	-	(315)
Extraordinary loss	266	-	(266)
Income before income taxes	14,129	17,223	3,093
Income taxes			
Current	4,733	5,611	877
Deferred	(526)	(135)	390
Total income taxes	4,207	5,476	1,268
Net income	9,921	11,746	1,824
Net income attributable to noncontrolling interests	606	767	160
Net income attributable to OSG Corporation	9,315	10,979	1,663

Consolidated Statement of Comprehensive Income  
OSG Corporation

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

	FY2017 third-quarter (2016/12/1 - 2017/8/31)	FY2018 third-quarter (2017/12/1 - 2018/8/31)	Change
Net Income	9,921	11,746	1,824
Other Comprehensive Income			
Unrealized gain (loss) on available-for-sale securities	519	(230)	
Deferred gain (loss) on derivatives under hedge accounting	(0)	0	
Foreign currency translation adjustments	1,793	(3,029)	
Share of other comprehensive income in associates	7	0	
Total other comprehensive income	2,321	(3,259)	(5,580)
Comprehensive Income	12,242	8,486	(3,756)
(Breakdown)			
Comprehensive Income attributable to OSG Corporation	11,360	8,182	
Comprehensive Income attributable to noncontrolling interests	881	303	

## Operations by Geographical Segment

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

(Reference)

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

## Net sales by Product Segment

Million yen

	FY2017 third-quarter (2016/12/1 - 2017/8/31)	FY2018 third-quarter (2017/12/1 - 2018/8/31)
Cutting tools:		
Taps	27,949	30,902
End mills	20,049	20,911
Drills and other cutting tools	23,212	27,374
Total	71,211	79,188
Rolling dies	7,614	7,989
Gauges	1,190	1,303
Other	8,264	8,897
Total	88,281	97,378