July 10, 2020

FY2020 Semi-Annual Consolidated Financial Results (December 1, 2019 - May 31, 2020)

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
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1. Consolidated Results for FY2020 Semi-Annual (December 1, 2019 - May 31, 2020)

(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	%
FY2020 semi-annual	55,256	-15.8	6,027	-48.2	5,964	-50.7	3,519	-55.9
FY2019 semi-annual	65,620	1.9	11,638	3.7	12,098	9.2	7,974	14.2

(Note) Comprehensive income FY2020 semi-annual : -530 million yen (- %)
FY2019 semi-annual : 3,443 million yen (-30.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2020 semi-annual	36.19	35.81
FY2019 semi-annual	81.39	80.45

(2)Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
FY2020 semi-annual	195,209	136,648	64.7
FY2019	190,414	140,658	67.8

(Reference) Equity FY2020 semi-annual: 126,257 million yen FY2019: 129,078 million yen

2. Dividends

	Dividends per share		
	End of Q2	Year-end	Annual
	Yen	Yen	Yen
FY2019	23.00	24.00	47.00
FY2020	11.00		
FY2020 forecast		-	-

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
Annual	-	-	-	-	-	-	-	-	-

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):

FY2020 semi-annual:	98,179,742 shares
FY2019:	98,147,239 shares

(ii) Number of treasury stock at the end of each period:

FY2020 semi-annual:	847,189 shares
FY2019:	955,408 shares

(iii) Average number of shares outstanding in each period:

FY2020 semi-annual:	97,267,305 shares
FY2019 semi-annual:	97,984,408 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)

	FY2019 As of Nov. 30, 2019	FY2020 semi-annual As of May 31, 2020	Change
Current assets			
Cash and deposits	26,950	33,125	
Notes and accounts receivable - trade	22,400	18,513	
Securities	11	11	
Merchandise and finished goods	29,844	31,146	
Work in process	6,376	5,452	
Raw materials and supplies	7,658	7,571	
Other	3,061	3,222	
Allowance for doubtful accounts	(198)	(207)	
Total current assets	96,104	98,834	2,730
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	18,663	23,841	
Machinery, equipment and vehicles, net	35,217	33,973	
Land	14,864	14,817	
Other, net	9,391	6,571	
Total property, plant and equipment	78,137	79,204	1,067
Intangible assets			
Goodwill	3,613	5,534	
Other	1,412	1,341	
Total intangible assets	5,026	6,876	1,850
Investments and other assets			
Investment securities	3,882	4,750	
Other	7,628	5,901	
Allowance for doubtful accounts	(364)	(359)	
Total investments and other assets	11,146	10,292	(853)
Total non-current assets	94,309	96,374	2,064
Total	190,414	195,209	4,794

Consolidated Summary Balance Sheet
OSG Corporation

Liabilities and Net Assets

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

	FY2019 As of Nov. 30, 2019	FY2020 semi-annual As of May 31, 2020	Change
Liabilities			
Current liabilities			
Notes and accounts payable - trade	6,039	4,418	
Short-term loans payable	2,742	3,248	
Current portion of long-term loans payable	546	511	
Income taxes payable	2,699	1,193	
Provision for bonuses	415	393	
Provision for directors' bonuses	253	110	
Other	10,881	8,703	
Total current liabilities	23,578	18,581	(4,997)
Non-current liabilities			
Bonds payable	5,000	5,000	
Convertible bond-type bonds with share acquisition rights	1,670	1,670	
Long-term loans payable	16,822	30,028	
Net defined benefit liability	504	657	
Other	2,179	2,622	
Total non-current liabilities	26,177	39,978	13,801
Total liabilities	49,755	58,560	8,804
Net assets			
Shareholders' equity			
Capital stock	12,194	12,223	
Capital surplus	13,731	13,083	
Retained earnings	109,428	110,547	
Treasury stock	(1,894)	(1,678)	
Total shareholders' equity	133,460	134,175	714
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,281	579	
Deferred gains or losses on hedges	-	(0)	
Foreign currency translation adjustment	(5,663)	(8,496)	
Total accumulated other comprehensive income	(4,381)	(7,917)	(3,535)
Share acquisition rights	13	13	-
Non-controlling interests	11,567	10,377	(1,189)
Total net assets	140,658	136,648	(4,010)
Total liabilities and net assets	190,414	195,209	4,794

Consolidated Summary Statement of Income
OSG Corporation

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

	FY2019 semi-annual (2018/12/1 - 2019/5/31)	FY2020 semi-annual (2019/12/1 - 2020/5/31)	Change
Net sales	65,620	55,256	(10,364)
Cost of sales	36,980	33,333	(3,646)
Gross profit	28,640	21,922	(6,717)
Selling, general and administrative expenses	17,001	15,894	(1,106)
Operating income	11,638	6,027	(5,610)
Non-operating income			
Interest income	118	103	
Dividend income	37	27	
Reversal of provision for loss on litigation	373	-	
Other	746	725	
Total non-operating income	1,275	856	(418)
Non-operating expenses			
Interest expenses	98	87	
Sales discounts	412	342	
Foreign exchange losses	128	314	
Other	176	175	
Total non-operating expenses	815	920	104
Ordinary income	12,098	5,964	(6,134)
Income before income taxes	12,098	5,964	(6,134)
Income taxes - current	3,645	1,604	
Income taxes - deferred	63	659	
Total income taxes	3,709	2,264	(1,445)
Net income	8,389	3,700	(4,689)
Net income attributable to non-controlling interests	414	180	(234)
Net income attributable to OSG Corporation	7,974	3,519	(4,454)

Consolidated Statement of Comprehensive Income

OSG Corporation

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

	FY2019 semi-annual (2018/12/1 - 2019/5/31)	FY2020 semi-annual (2019/12/1 - 2020/5/31)	Change
Net income	8,389	3,700	(4,689)
Other comprehensive income			
Valuation difference on available-for-sale securities	(198)	(714)	
Deferred gains or losses on hedges	2	(0)	
Foreign currency translation adjustment	(4,750)	(3,516)	
Share of other comprehensive income of associates accounted for using equity method	0	0	
Total other comprehensive income	(4,945)	(4,230)	715
Comprehensive income	3,443	(530)	(3,974)
(Breakdown)			
Comprehensive income attributable to OSG Corporation	4,087	(29)	
Comprehensive income attributable to non-controlling interests	(643)	(500)	

Consolidated Summary Statement of Cash Flows
OSG Corporation

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

	FY2019 semi-annual (2018/12/1 - 2019/5/31)	FY2020 semi-annual (2019/12/1 - 2020/5/31)
Operating Activities:		
Income before income taxes	12,098	5,964
Depreciation and amortization	4,614	5,120
Amortization of goodwill	268	363
Interest and dividend income	(155)	(130)
Interest expense	98	87
Equity in loss (earnings) of an associated company	(9)	10
Change in notes and accounts receivable	553	3,669
Change in inventories	(3,029)	(760)
Change in notes and accounts payable	452	(1,476)
Change in accrued expenses	(325)	(1,371)
Other, net	(967)	(321)
Sub-total	13,597	11,156
Interest and dividend income received	166	138
Interest expense paid	(134)	(78)
Income taxes - paid	(3,629)	(3,087)
Net cash provided by operating activities	10,001	8,129
Investing Activities:		
Payments for time deposits	(1,614)	(1,466)
Proceeds from refund of time deposits	1,941	1,311
Acquisitions of property, plant and equipment	(8,670)	(6,809)
Proceeds from sales of property, plant and equipment	159	334
Purchases of investment securities	(231)	(816)
Payment for purchase of subsidiaries' stock	(441)	(64)
Payment for purchase of subsidiaries' stock resulting in change in scope of consolidation	-	(3,244)
Other, net	(243)	(778)
Net cash used in investing activities	(9,100)	(11,532)
Financing Activities:		
Change in short-term borrowings, net	(921)	496
Proceeds from long-term borrowings	5,026	13,644
Repayments of long-term borrowings	(935)	(489)
Proceeds from issuance of bonds	5,000	-
Payment for purchase of subsidiaries' stock resulting in no change in scope of consolidation	(682)	(1,228)
Purchase of treasury stock	(2)	(0)
Proceeds from sales of treasury stock	-	199
Dividends paid	(2,453)	(2,353)
Dividends paid to noncontrolling interests	(222)	(154)
Other, net	(30)	(117)
Net cash (used in) provided by financing activities	4,777	9,997
Effect of exchange rate change on cash and cash equivalents	(600)	(388)
Net increase (decrease) in cash and cash equivalents	5,077	6,206
Cash and cash equivalents at beginning of year	21,545	23,704
Cash and cash equivalents from newly consolidated subsidiaries	437	120
Cash and cash equivalents at end of period	27,059	30,030

Operations by Geographical Segment

Results for FY2020 semi-annual (Dec. 1, 2019 through May 31, 2020)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	23,558	9,846	9,935	11,885	55,256	-	55,256
Interarea transfers	8,431	170	46	918	9,566	(9,566)	-
Total sales	32,019	10,017	9,982	12,803	64,823	(9,566)	55,256
Operating income	2,718	750	351	1,256	5,075	952	6,027

(Reference)
Results for FY2019 semi-annual (Dec. 1, 2018 through May 31, 2019)

Million yen

	Japan	The Americas	Europe/ Africa	Asia	Total	Eliminations	Consolidated
Sales to customers	28,447	11,621	10,898	14,653	65,620	-	65,620
Interarea transfers	10,836	229	73	1,807	12,947	(12,947)	-
Total sales	39,283	11,851	10,972	16,460	78,567	(12,947)	65,620
Operating income	6,927	1,578	800	2,402	11,708	(69)	11,638

Net sales by Product Segment

Million yen

	FY2019 semi-annual (2018/12/1 - 2019/5/31)	FY2020 semi-annual (2019/12/1 - 2020/5/31)
Cutting tools:		
Taps	20,612	17,144
End mills	13,928	11,479
Drills and other cutting tools	18,826	15,556
Total	53,367	44,179
Rolling dies	5,132	4,185
Gauges	969	916
Other	6,149	5,974
Total	65,620	55,256