

YODOKO REPORT 2017

118th Term Report

April 1, 2016-March 31, 2017

SAKURA 100

As we approach our 90th anniversary in 2025 and look ahead to the next 100 years of corporate growth, we are committed to embodying the qualities of the cherry tree, as displayed in our corporate symbol, and to sustainably grow with momentum and adaptability to branch out into new domains.

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To Our Stakeholders



Yoshitsugu Kokubo
Chairman and
Representative Director

Takaaki Kawamoto
President and
Representative Director

Since our founding in 1935, we have been an independent iron and steel manufacturer focusing on surface-treated steel sheet and its downstream building materials business, in addition to steel roll and steel grating business derived from the electric furnace business, to which we have added engineering and real estate businesses as well. With these segments, we have grown as a corporate group that enjoys a unique presence.

As the business environment surrounding the Group changes with increasing volatility, we formulated a Long-Term Vision and three-year Medium-Term Management Plan from FY 2017 in order to achieve

sustainable growth under this environment and to act on our belief that sharing a future vision with stakeholders will be effective for increasing the vitality of the Group.

Furthermore, we decided to publish a new Yodoko Report in order to deepen stakeholders' understanding of our Long-Term Vision, Medium-Term Management Plan, and the current status of the Group.

We would like to sincerely ask for your continued support and encouragement going forward.

June 2017

Yodogawa Steel Group Business Philosophy

Basic Philosophy

Create Value with New Originality.

The Yodogawa Steel Group declares its basic philosophy to be, "Create Value with New Originality," centered on surface-treated steel sheets with the goal of being a valued, needed company that has earned the trust of society.

Business Philosophy

Win the trust of customers and shareholders, and create the functional capabilities expected by them. Aim to be the best manufacturer to meet the broad needs of society. Grow by taking up the challenge to innovate and by expanding based on the individual creativity of each employee. Work in harmonious coexistence with society and the natural environment.

Yodoko's History of Challenging Itself to Pursue Value Creation

1935 Founded the Company (at the site of the existing Osaka Plant) in Osaka city, Japan on January 30 for the purpose of production and sales of steel sheets and other products



1940 Started manufacture of galvanized steel sheet

1948 Started manufacture of cast iron and steel rolls



1951 Constructed Izumiotsu Plant for manufacture of various steel products

1954 Constructed Kure Plant for manufacture of cold rolled steel sheets and other products

1963 Started manufacture of (continuous) galvanized steel sheet

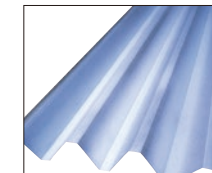
1964 Started manufacture of pre-painted steel sheet

1965 Started manufacture and sales of building materials

1970 Started manufacture and sales of exterior products

1972 Constructed Ichikawa Plant for manufacture of cold rolled steel sheets and other products

1986 Started manufacture of galvalume steel sheets



1994 Made Sheng Yu Steel Co., Ltd. (Taiwan) a subsidiary

1999 Established PCM Processing (Thailand) Ltd. in Thailand

2007 Started sales of chromate-free pre-painted steel sheet for roofing and siding (first in this industry)

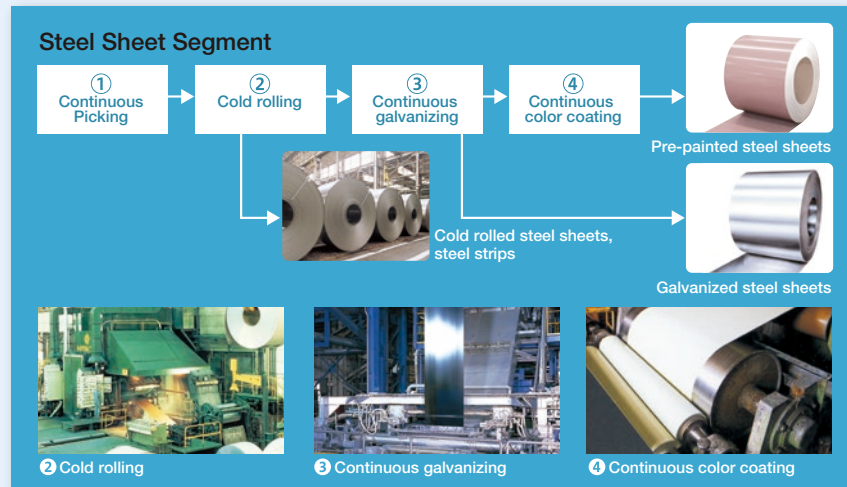
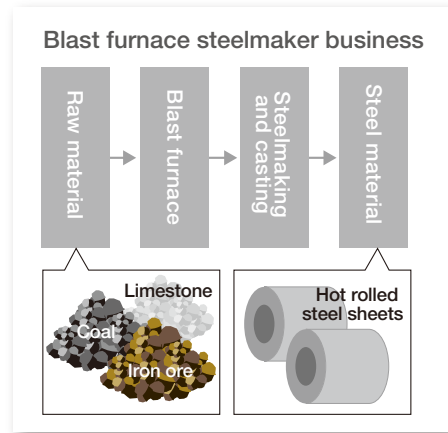
2011 Established Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. in China



What is Yodoko?

Our Position in the Iron and Steel Industry

We develop and deliver distinctive products addressing safety, security, the environment, and esthetics in a variety of business areas.



Steel Sheet-related Business



Example of product use in electric appliances



Example of product use in interior building materials

Steel Sheet Segment

Delivering Products that Perfectly Match Customer Needs

High-quality steel sheets originating from years of accumulated technologies are used for a variety of industrial purposes, such as in construction and in the manufacture of electric appliances and housing equipment. Through the development of highly functional, value-added, and environmentally friendly products, our Company meets the demands of customers and the modern age.

Roll Business

World-Renowned Rolls Built on Sound Technology and Quality

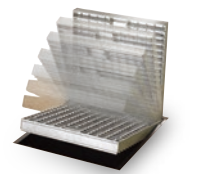
With products that range from rolls for the steel industry created with one of the world's largest centrifugal casting facilities, to equipment for the paper industry including rolls and peripheral equipment, Yodogawa is one of Japan's leading roll manufacturers.



Grating Business

Yodogawa Gratings Support Safe and Comfortable Environments

Gratings are an integral part of the roads, parks, and different infrastructure that supports safe and secure lifestyles. With these lifestyles in mind, we provide a range of products that are environmentally friendly, people-friendly, and safe.

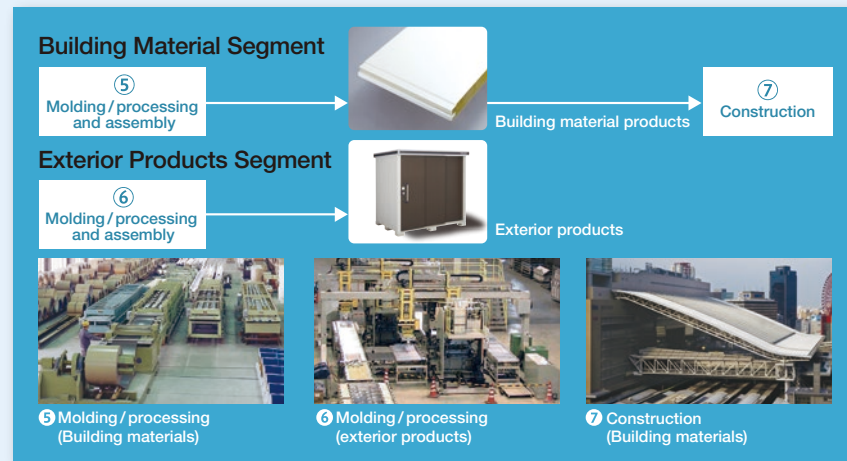
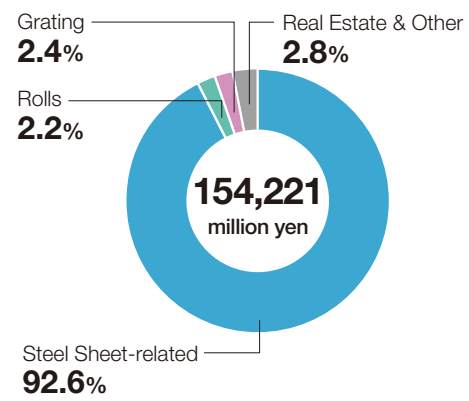


Real Estate & Other Businesses

The Real Estate business operates buildings and parking lots for rent and also manages and skillfully utilizes the Company's real estate holdings.



▼ Net sales by business



YODO fire-proof panel Grand Wall installation example



Yodo-Garage Emerge II

Building Material & Exterior Products Segment

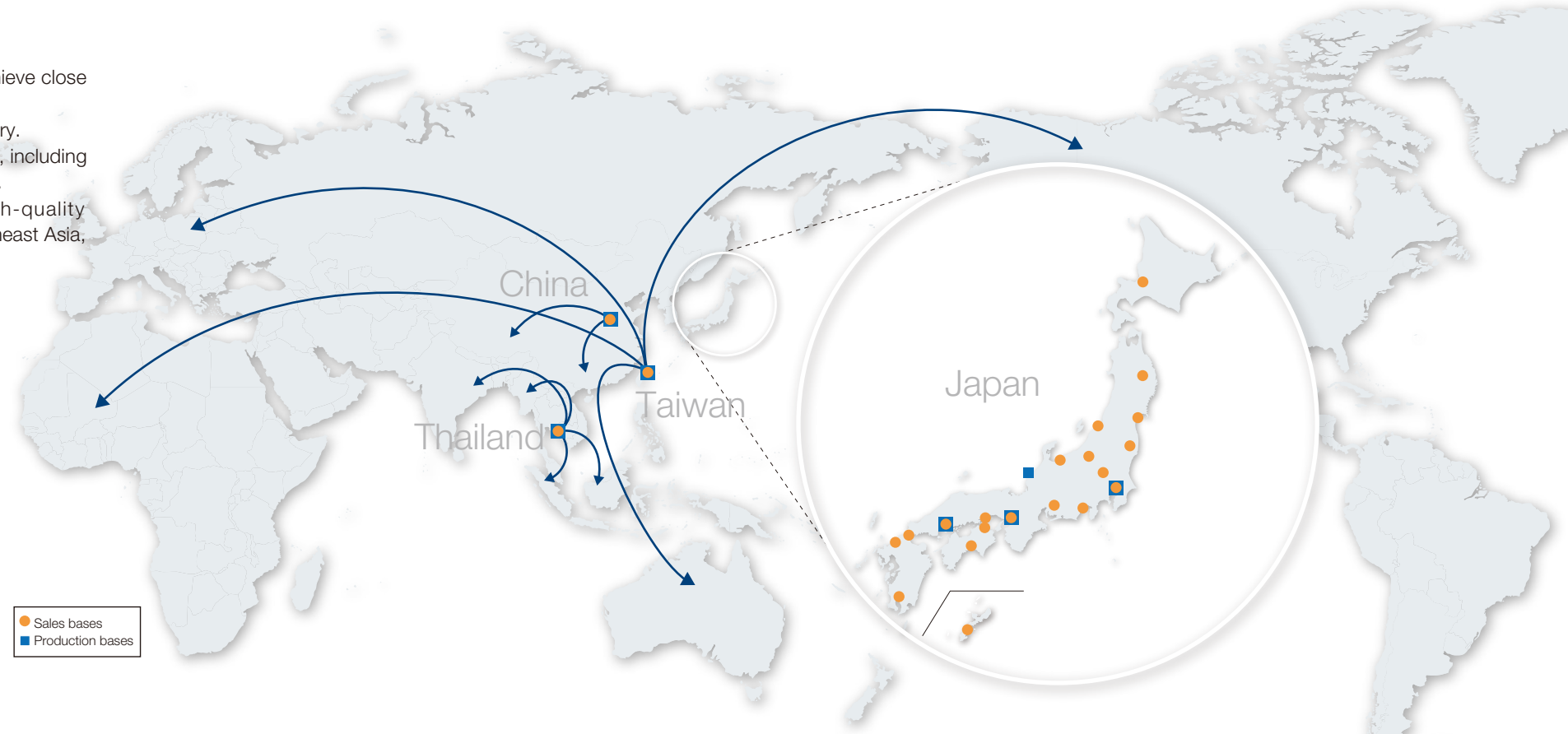
Building Materials and Exteriors: Part of our Society and Daily Lives

From molding and processing technology gained through our integrated steel sheet manufacturing, to our nationwide sales and service network, we make the most of years of experience to produce a variety of pioneering products that include steel-sheet building materials and exterior products.

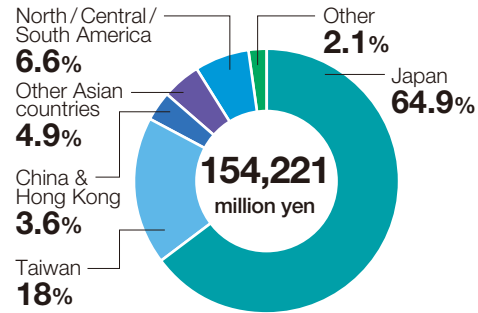
What is Yodoko?

Production and Sales Frameworks Providing Our Momentum

- Production bases located evenly throughout Japan and a network of 21 sales bases that achieve close regional ties with customers and communities.
- Overseas production and sales bases rolled out in Asia ahead of other companies in our industry.
- Sheng Yu Steel Co., Ltd. (SYSCO Taiwan) has successfully promoted locally rooted business, including being listed on the Taiwan Stock Exchange and having strong brand recognition within Taiwan.
- Working from a network of bases evenly balanced throughout Asia, we supply high-quality surface-treated steel sheets around the world, including North/Central/South America, Southeast Asia, Oceania, Africa, and elsewhere.

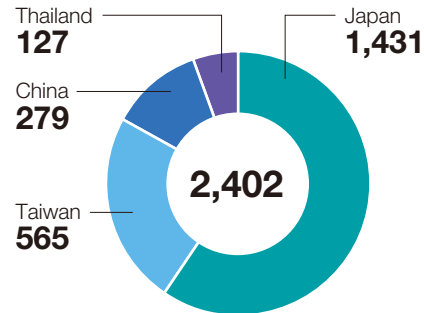


▼ Net sales by country and region



(Year ended March 31, 2017)

▼ No. of employees by region



(Year ended March 31, 2017)



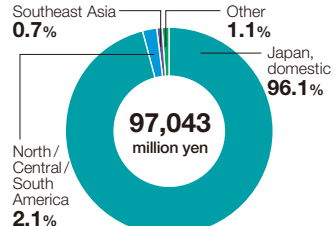
Japan

Yodogawa Steel Works, Ltd.



Head Office

▼ Net sales by country and region



(Year ended March 31, 2017)

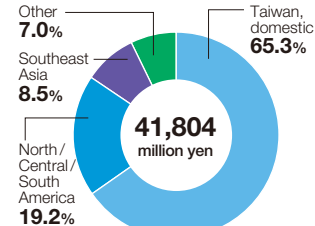
Taiwan

Sheng Yu Steel Co., Ltd.



SYSCO Taiwan

▼ Net sales by country and region



(Year ended March 31, 2017)

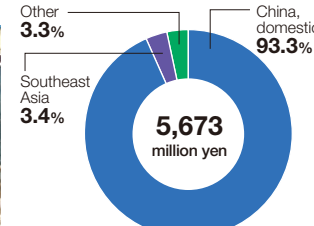
China

Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.



YSS China

▼ Net sales by country and region



(Year ended March 31, 2017)

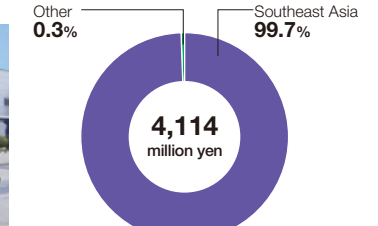
Thailand

PCM Processing (Thailand) Ltd.



PPT Thailand

▼ Net sales by country and region



(Year ended March 31, 2017)

What is Yodoko?

Process of Value Creation

We aim to contribute to the sustainable development of society and to grow as a corporation through value creation addressing safety, security, the environment, and esthetics.

Business Environment & Business Philosophy

Social challenges

- A declining and aging population with a low birth rate
- Depletion of natural resources
- Disaster mitigation and preparedness
- Achieving a sustainable society

Basic Philosophy

Create Value with New Originality

- More diverse and complex customer needs
- Corporate integration and restructuring (iron and steel industry)
- Emergence of protectionist tendencies
- Accelerated globalization and intensifying competition

Strengths of the Yodogawa Steel Group

(1) Sales

A domestic and international sales framework closely tied to regional customers

(2) Technology

Technical capabilities to precisely meet customers' needs

Dynamic Mobility

(3) Procurement

Flexible procurement due to our advantage of being independent

(4) Production

Well-balanced sales bases deployed domestically and internationally

Business Activities → p.3-6

Steel Sheet-related Business

● Steel Sheet Segment



● Building Material & Exterior Products Segment



Roll Business

Grating Business

Real Estate & Other Businesses

Basic Policy

Maximally leverage the dynamic mobility and Group capabilities that are our strength

Focus on building a foundation for our Long-Term Vision

Yodogawa Steel Group

Medium-Term Management Plan 2019 → p.17-18

Objective

Record stable consolidated ordinary income of 10 billion yen.

Basic Strategy

Establish a resilient profit structure
Increase the depth of our business model
Dedicate effort to niche markets, product differentiation, and development of product applications
Strengthen collaboration and ties within the Group

Basic Strategy

Challenge ourselves to enter new business areas
Stimulate new business stemming from existing business
Enter downstream business areas outside Japan

Basic Strategy

Build a robust business foundation
Simultaneously target a strong financial standing while proactively investing in growth
Foster human resources and improve organizational strength
Coexist with all of our stakeholders

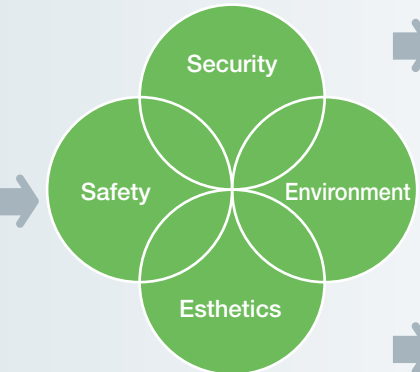
Long-Term Vision
The SAKURA 100

Ideal Corporate Image

A nimble company adaptable to many changing environments
A prolific company that challenges itself in new business areas
A lasting company that is admired globally

Creating Value through Business

The Group will continue to achieve sustainable growth by pursuing business that leverages our dynamic mobility supported by our Business Philosophy, while putting the comprehensive strengths of the Group into practice.



We engage in the various activities of product development, manufacturing, and sales while addressing safety, security, the environment, and esthetics, and delivering diverse value to all of our stakeholders.

Shareholders and investors



- Maximize corporate value by achieving sustainable growth
- Provide stable, continuous returns to shareholders

Customers and business partners



- Deliver safe and reliable products and services that address the needs of customers and society
- Use our more than 80 years of history to build trusting relationships with business partners

Employees



- Provide a safe and secure environment conducive to productive work
- Foster human resources eager to engage in innovation and develop personal character oriented toward growth

Society and nature



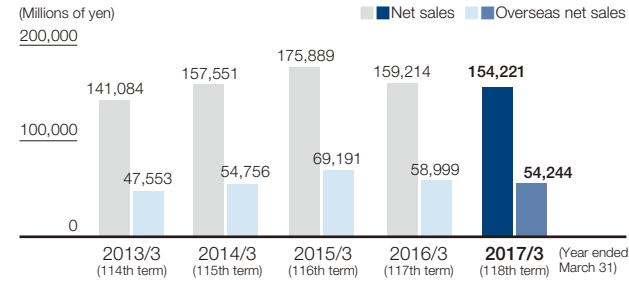
- Contribute to lower environmental burdens by supplying environmentally conscious products
- Contribute to social infrastructure by supplying aesthetically pleasing products

As the business environment surrounding the Group changes with increasing volatility, we formulated a Long-Term Vision and three-year Medium-Term Management Plan from FY 2017 in order to achieve sustainable growth and to act on our belief that having a future vision and sharing it with stakeholders is effective for increasing the vitality of the Group.

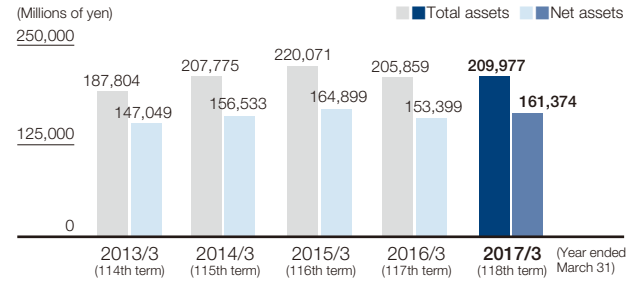
What is Yodoko?

Financial and Non-financial Highlights

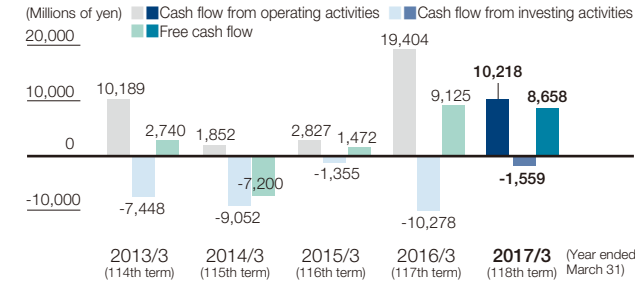
Net sales, overseas net sales (consolidated)



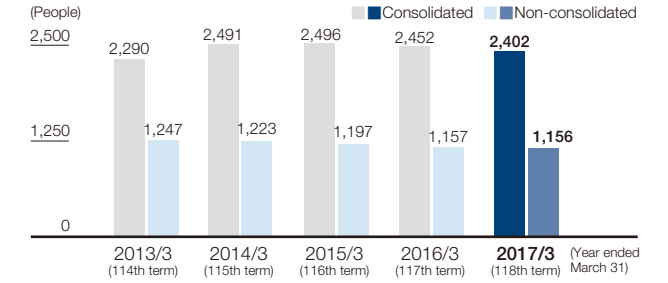
Total assets, net assets (consolidated)



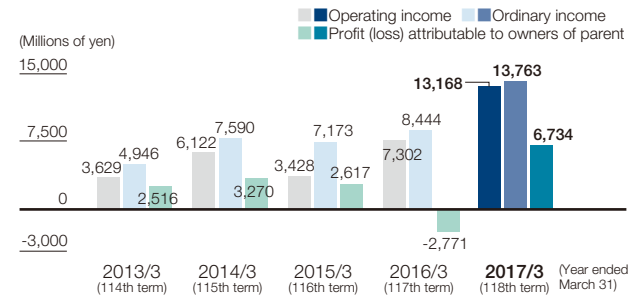
Cash flow from operating activities, cash flow from investing activities, free cash flow (consolidated)



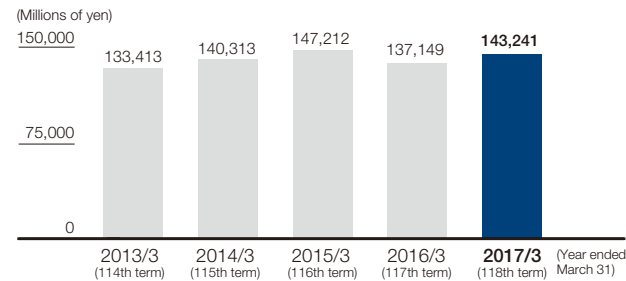
No. of employees (consolidated, non-consolidated)



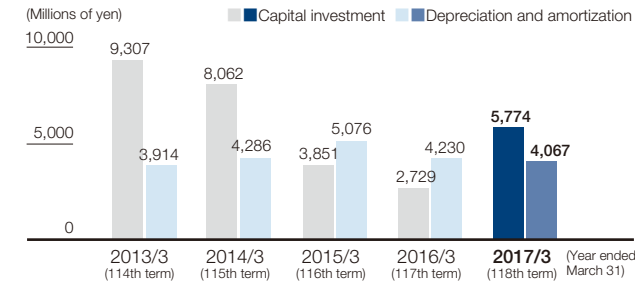
Operating income, ordinary income, profit (loss) attributable to owners of parent (consolidated)



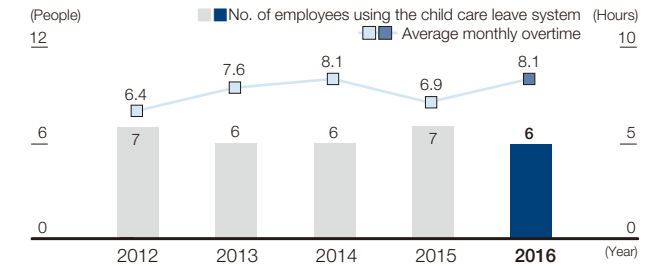
Shareholders' equity (consolidated)



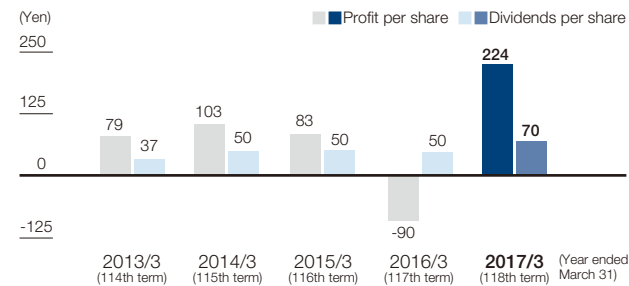
Capital investment, depreciation and amortization (consolidated)



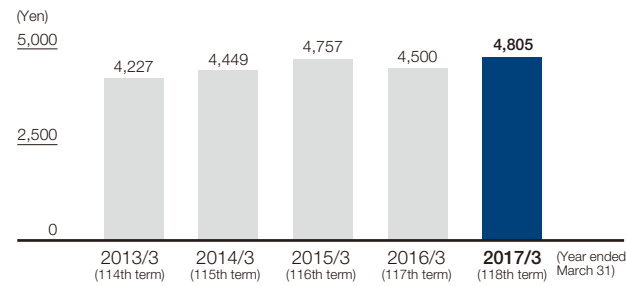
No. of employees using the child care leave system, average monthly overtime* (non-consolidated)



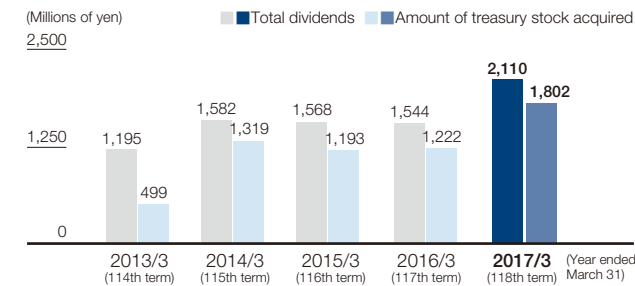
Profit per share, dividends per share (consolidated)



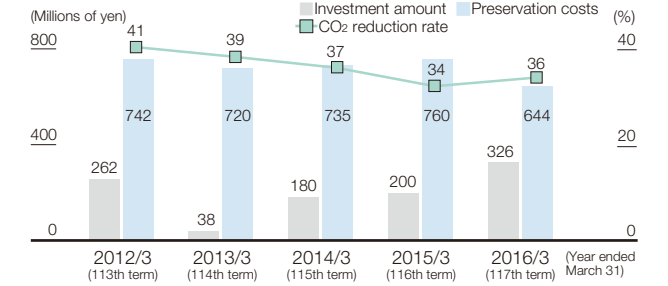
Net assets per share (consolidated)



Total dividends, amount of treasury stock acquired (non-consolidated)



Environmental preservation costs, CO2 emissions (reduction vs. FY 1990 emissions*) (non-consolidated)



*Data before the 117th Term have been adjusted to account for share consolidation.

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*Under the Japan Iron and Steel Federation's Voluntary Action Program (formulated in 1996), the commitment was made to save energy in iron- and steel-making processes, setting a 10% reduction in energy consumption as its goal for the fiscal year 2010 compared to fiscal 1990 levels.

Interview with Top Management

Under our Long-Term Vision, we will achieve sustainable corporate growth as we head to our 100th year of operation.



In the current fiscal year ended March 31, 2017, the Japanese economy still showed weak consumer spending, although the employment environment trended positively and the moderate recovery continued. In the overseas economy, the impact of protectionist measures was a concern; however, the U.S. economy recorded solid performance, China showed signs of recovery from government-led support measures, and continued overall improvement could be seen in ASEAN countries.

In the iron and steel industry, demand was somewhat sluggish in the first half of the year, though construction demand increased in the latter half due to the automobile industry and facilities related to the Tokyo Olympics. Meanwhile, steel-making material price increases throughout the year presented the Company with a challenge in terms of responding to higher costs. Furthermore, there were frequent instances of protectionist tendencies, such as anti-dumping measures in various parts of the world.

Given this environment, Group operational results for the consolidated fiscal year amounted to net sales of 154,221 million yen (down 4,992 million yen, year on year), operating income of 13,168 million yen (up 5,866 million yen, year on year), ordinary income of 13,763 million yen (up 5,319 million yen, year on year), and profit attributable to owners of parent of 6,734 million yen (versus a 2,771 million yen loss attributable to owners of parent in the previous fiscal year).

Formulating our Long-Term Vision, SAKURA 100, and the Yodogawa Steel Group Medium-Term Management Plan 2019 in March 2017, the Company embarked on a new start as we look ahead toward achieving the next 100 years of sustainable corporate growth. We would like to sincerely ask for your continued support and trust going forward.

Takaaki Kawamoto President and Representative Director

Q. What is your assessment of operating results for the year ended March 31, 2017?

A. Our efforts emphasizing profitability yielded higher profits over the previous year.

We are expanding our business by taking delivery of hot rolled steel sheets from blast furnace steelmakers and other suppliers, then processing them, adding value at our own facilities, and selling those products. As we faced rising costs from raw materials, etc. during the year, we had to find flexible approaches to procurement and sales. This allowed us to secure profits, which was no doubt due to our nimbleness from being an independent company.

As for our overseas subsidiaries, Sheng Yu Steel Co., Ltd. in Taiwan saw a pronounced decrease in U.S.-bound exports due to anti-dumping measures, but was able to significantly grow profits thanks to strong brand awareness and domestic sales within Taiwan. Additionally, our subsidiaries in Thailand and China grew income as a result of finding new sales channels, etc.

Efforts such as these emphasizing profit inside and outside Japan produced an 8.5% operating margin, with steady growth in performance.

Looking back on our core businesses inside Japan, we continued to bring to market and enhance our production framework for products anticipated in the coming years as follows: we launched YODO Hyper GL Color, which achieves high durability without using the environmentally harmful substance hexavalent chromium; for building materials, we started operating a new production base (the Himeji Plant) to meet demand for YODO fire-proof panel Grand Wall, which is a fire-resistant exterior panel replacing ALC panel (autoclaved lightweight aerated concrete panel); and, for exterior products, we expanded sales of products for disaster preparedness.

At our overseas sites, the continuous color coating line at Thailand subsidiary, PCM Processing (Thailand) Ltd. started getting on track, while early results have been emerging



New chromate-free pre-painted steel sheet for roofing and siding, launched January 2017



Himeji Plant production site for YODO fire-proof panel Grand Wall

Interview with Top Management

from finding new sales channels for building materials at companies including our subsidiary Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. in China and we expect further positive developments going forward.

Q. What kind of ideas are in the SAKURA 100 Long-Term Vision?

A. We want to strive to be a company with sustainable growth no matter how the business environment changes.

In recent years, the business environment surrounding the iron and steel industry has been undergoing major changes. Inside Japan, demand for iron and steel as well as construction-related products is on a downward trend due to the shrinking population, aging demographics, and declining birthrate, while customers are demanding more diversified and advanced products. Outside Japan, long-term demand growth is expected; however, uncertainty is increasing as growth slows in emerging economies and protectionist measures arise. Furthermore, we expect accelerating globalization and further intensifying competition.



As we are part of the iron and steel industry, our operating results are more susceptible to impacts from market fluctuations, which is why we had not previously announced medium- to long-term business plans. However, in order to achieve sustainable growth for the Group amidst this volatile business environment, we formulated our Long-Term Vision out to 2025, which we call SAKURA 100, and the three-year Yodogawa Steel Group Medium-Term Management Plan 2019 (both announced in March 2017).

As a distinctive and independent company in the iron and steel industry, we enjoy a business foundation that includes trusting relationships built up over many years with customers and suppliers, in addition to a robust financial standing, dynamic mobility, and strength from our network of overseas bases.

At the core of our Long-Term Vision is leveraging the strength of this business foundation to achieve sustainable growth no matter how the business environment changes. In other words, this means emphasizing substance over scale and striving for a resilient corporate structure able to post stable profits. We have proposed a plan for achieving our two-tiered objective (ordinary income and operating income) of 10 billion yen in stable, consistent income.

Although our performance this fiscal year exceeded our

Medium-Term Management Plan Objectives

In striving to realize our long-term vision SAKURA 100, the objectives of the Yodogawa Steel Group Medium-Term Management Plan 2019 include recording stable consolidated ordinary income of 10 billion yen, while not being buffeted by environmental factors such as market conditions of our current businesses and exchange rates, etc.

➔ For details, see p. 17-18.

profit target, we do not feel that it represents true strength due to certain aspects of the market environment that were in our favor.

Q. What are the key points of your first Medium-Term Management Plan?

A. A major theme is recording stable consolidated ordinary income of 10 billion yen.

Our Long-Term Vision SAKURA 100 was named in reference to the registered trademark of our steel sheet products and sets forth the ideal image for the Group—one that adapts to changing environments, challenges itself in new business areas, and is active in the global market, Asia in particular.

Our Medium-Term Management Plan 2019 is positioned in order to lay the early foundation for achieving this vision and includes the three specific strategies of establishing a resilient profit structure, challenging ourselves to enter new business areas, and building a robust business foundation.

The Group's existing business areas are in mature sectors where it is difficult to significantly differentiate our

products. The key points of the plan are: through further advancing our business model, providing comprehensive added value that includes fine-tuned proposals to customers, providing quick delivery services and technical support, while also increasing revenue through synergistic effects between steel sheets and building materials.

One example of this is our organic progress in the steel sheet and building material business domains. Inside Japan, ties between our steel sheet and building material businesses have shown significant results through collaborative product development, sales, and technical support for customers. Another major theme is the overseas roll out of these synergies and regionally focused sales approaches.

In China and Taiwan, we are expanding sales of building materials to meet demand growth, while also working to make future gains in downstream areas by strengthening collaboration and ties with subsidiaries carrying out construction work.

Furthermore, we put together two production bases, one in the east and one in the west, for our YODO fire-proof panel Grand Wall in the fiscal year under review. This product will replace the ALC panel, which is the mainstay siding material for mid- and low-rise buildings. We plan to continue building new demand for this and



Building Materials Performance Test Lab, Osaka Plant



Installation example at Yodoko Building Materials (Hangzhou), China
66H roofing and 806 siding
Building name: Hitachi Transport System (Tianjin) New No. 2 Warehouse

Interview with Top Management

other paneling and composite materials by developing applications and identifying niche markets.

In the exterior products domain, we aim to be recognized as the top brand so that the words “storage shed” makes consumers think of Yodoko. Leveraging our strength as a manufacturer able to integrate business from materials to development, we will achieve this recognition by delivering diverse color variations, offering excellent durability, and developing distinctive products with disaster preparedness and other features. We also have our sights set on rolling this business out in other Asian regions.

Regarding new businesses, which is another major theme, we are using our basis in existing businesses as a foothold for identifying new fields. One example of this is our YODO Cloud Monooki business, which we are broadening into the storage services field. Although results will not be immediate, we are taking a medium- to long-term perspective on persistent development in this area.



YODO fire-proof panel Grand Wall installation example
Building name: Nankai Wakayamashi Station Office Building



YODO Emergency Supply Warehouse with Auto-Lock Release Mechanism during Earthquakes
Product name: YODO Kura MD



YODO Cloud Monooki
A safe and secure service offering storage of important clothing, photographs, etc. in an outdoor humidity and temperature controlled shed. Even single boxes are accepted (special cardboard boxes required).

Q. What are your key ESG (environmental, social, and governance) initiatives?

A. We are working on continuous and substantial efforts to coexist with all of our stakeholders.

Along with making an early commitment to expanding and enhancing our governance structure, we announced our goal to “coexist with all of our stakeholders” in our Long-Term Vision.

Additionally, we are pursuing business expansion while addressing safety, security, the environment, and esthetics. Our diverse initiatives include developing steel sheets that do not use environmentally harmful substances, exterior building materials that improve building insulation, emergency supply warehouses with auto-lock release mechanisms during earthquakes, and floor-space partition options for sheds, which are useful when they are used at evacuation center during disasters.

Going forward, we plan to pursue ever more substantial ESG initiatives.

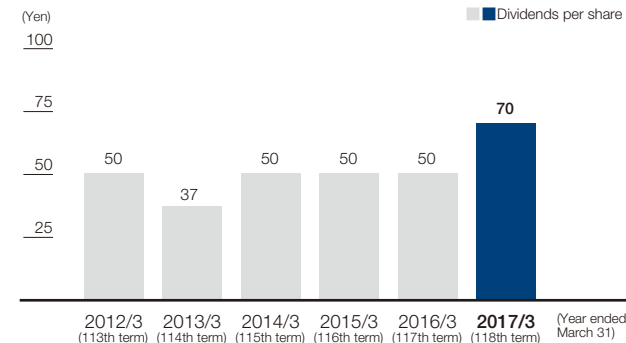
Q. What is your policy for returns to shareholders?

A. Our greatest focus is on implementing stable, continuous returns to shareholders.

We recognize returns to shareholders as one of our highest business priorities and feel that it is important to pay stable, continuous dividends in line with operating results. This requires sustainable growth, rather than temporary boosts to business performance, which is why maintaining a robust financial position is a pillar of our basic policy for capital management.

Our goal for the next three years is to maintain annual dividends per share of 50 yen or more, while aiming for a consolidated annual payout ratio of approximately 30-50%. In the fiscal year under review, we paid a 70-yen dividend (a 30-yen interim dividend and a 40-yen year-end dividend), with a consolidated annual payout ratio of 31.2%.

Dividends per share



*Data before the 117th Term have been adjusted to account for share consolidation.



Q. Last, what is your message to stakeholders?

A. We believe that we have an obligation to everyone to sustain our business for 100 or even 200 years.

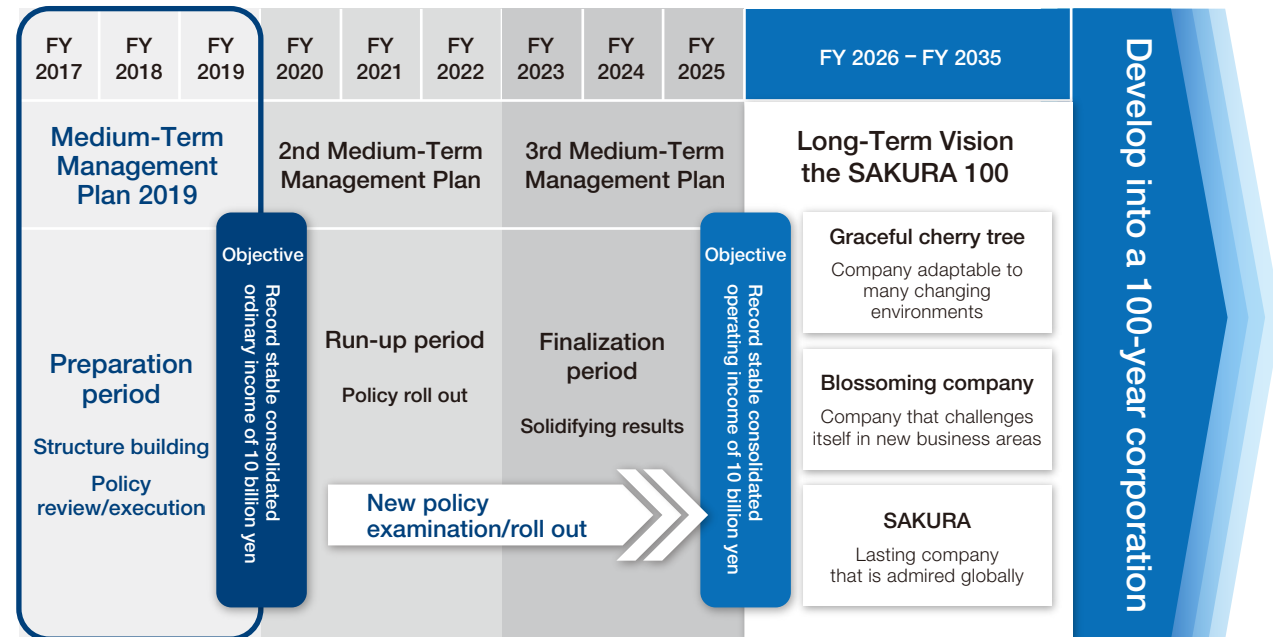
In the fiscal year ending March 31, 2018, we forecast our profitability will face challenges since production costs will likely rise, despite the demand environment inside and outside Japan maintaining current levels.

We have a robust financial position and high shareholders’ equity ratio, which are the foundation for our solid corporate culture. Looking back on our history, we have corporate DNA for developing and delivering to society new products that meet the demands of each age. We believe that building a business that can be sustained for 100 or even 200 years under a dependable corporate culture, no matter how the ages change, is our greatest obligation to all of our stakeholders.

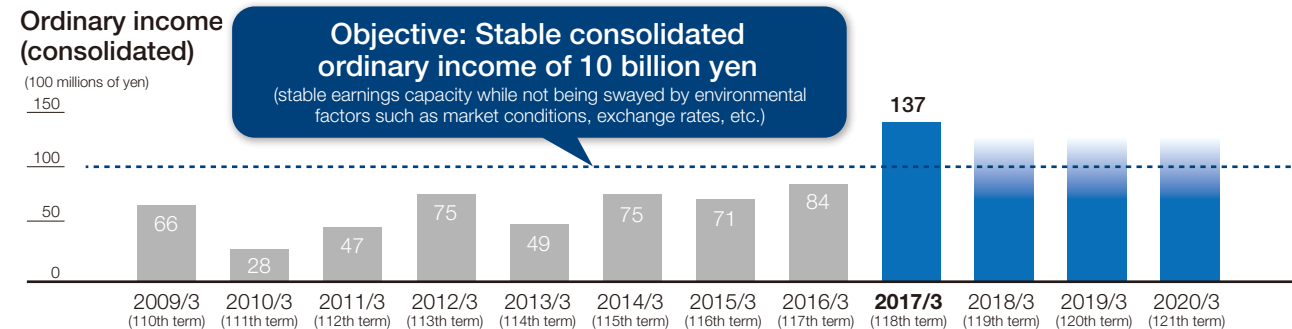
We ask for your continued support and trust going forward.

Medium-Term Management Plan

Positioning of the Current Medium-Term Management Plan



Medium-Term Operating Objectives



Business Strategy

- | Steel Sheet Business | Building Material Business | Exterior Products Business | Roll Business |
|--|--|--|---|
| <ul style="list-style-type: none"> Pursue high value-added business with pre-painted steel sheets as our mainstay product Develop new product applications and identify niche markets that respond to specific needs Pursue a product mix that optimizes our production structure and utilizes the strengths of our production lines Deepen collaboration and ties (for procurement, technology, and distribution) between Group companies | <ul style="list-style-type: none"> Expand sales of highly functional products <ul style="list-style-type: none"> Highly functional exterior materials (YODO fire-proof panel Grand wall, Fine Panel, Barrier Rock) Highly functional pre-painted steel sheets (YODO Hyper GL Color) Utilize integrated expertise in raw materials, building materials, and construction | <ul style="list-style-type: none"> Further strengthen sales closely tied to regional customers Develop products fusing steel sheet and building material technologies Optimize production and design Identify new business fields utilizing our technological prowess and know-how | <ul style="list-style-type: none"> Further strengthen business essentials by integrating production and sales Utilize roll production technology to stimulate demand in unaddressed fields Differentiate products Reduce lead times |

Steel Sheet Business (overseas)

Steel Sheet Business

- Capture demand for surface-treated steel sheets, primarily in Asia
 - Strengthen connections between each base's customers and suppliers
 - Identify new overseas markets, focusing on Sheng Yu Steel Co.,Ltd

Building Material Business

- Roll out exterior products overseas
 - Build a collaborative structure with local companies



Grating Business

- Further strengthen business essentials by integrating production and sales
- Strengthen sales closely tied to regional customers
- Develop highly functional products
- Identify new product applications

Other Business

Real Estate Business

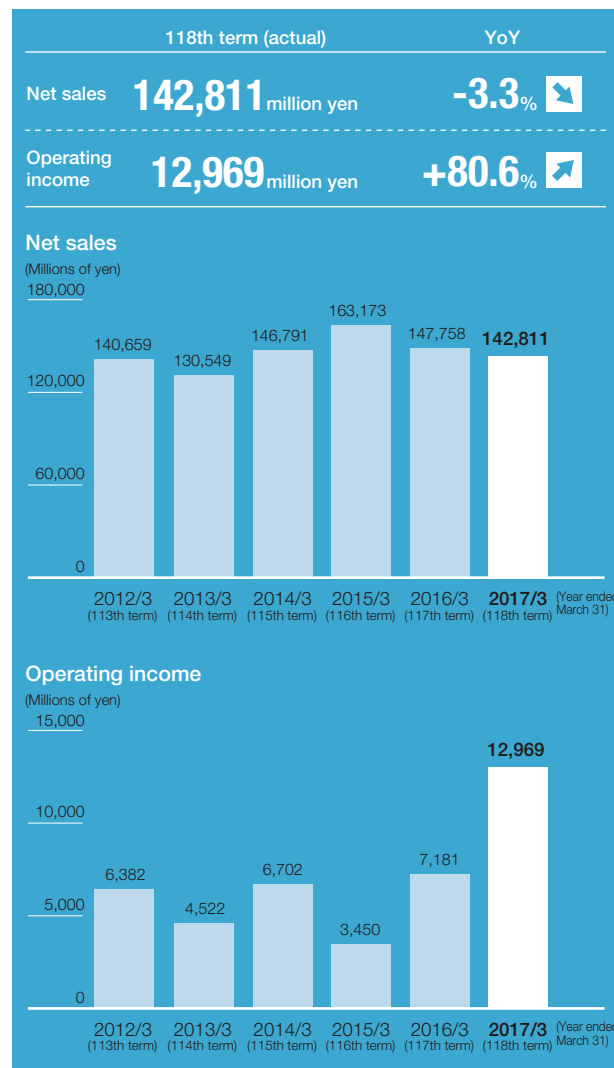
- Effectively leverage real estate assets

Engineering Business

- Capture demand for steel sheet processing equipment (Africa and Southeast Asia)

Overview by Segment

Steel Sheet-Related Business



Steel Sheet Segment

Looking back on the year ended March 31, 2017

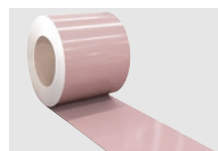
- Tied sales in the Japan market (sales to specific high-demand customers) grew as sales volume increased accompanying improved demand; however, profit declined as time was required to adjust prices.
- Retail sales in Japan (for general distribution) showed increased revenue from stronger sales proposals to customers and steady progress in price adjustments.
- Overseas income grew due to successful efforts to strengthen sales in Taiwan by Sheng Yu Steel Co., Ltd., while PCM Processing (Thailand) Ltd. moved into the black. Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. also showed steady improvement.

Outlook for the year ending March 31, 2018

- We predict a difficult profitability environment amidst rising raw material prices.
- We will dedicate effort toward galvanized steel sheets in the residential construction-related field, while switching from post-coated products to pre-painted steel sheets for colored products.
- We will continue to bring Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. on track.

Initiatives for achieving the Medium-Term Management Plan

- As we move toward expanding sales of high-value added pre-painted steel sheets, we will work to develop Pre-painted steel sheets applications, enter niche markets, and strengthen our ability to handle small lot production.
- We will further boost internal Group collaboration and competitiveness by having procurement and steel sheet/building material divisions work together.



Pre-painted steel sheets



Production facilities for pre-painted steel sheets

Building Material & Exterior Products Segment

Looking back on the year ended March 31, 2017

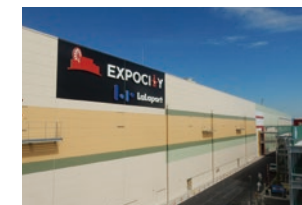
- Although roofing products, a mainstay building material, did well for the year thanks to large orders for distribution warehouses, etc., sales volume for building materials declined overall as we faced stiff competition on small- and mid-sized buildings. Additionally, we dedicated effort to generating new customers by offering YODO fire-proof panel Grand Wall as a replacement for ALC construction, in addition to other uses as exterior building material.
- While the exterior products industry overall saw lower year-on-year sales for storage sheds, we saw a slight increase in net sales for our storage sheds and garages.

Outlook for the year ending March 31, 2018

- With the Himeji Plant starting operations, we will strengthen our production framework for YODO fire-proof panel Grand Wall and dedicate effort toward expanding sales of building materials.
- With regard to exterior products, we will dedicate effort to expanding sales of new products, such as our newly updated models of Esumo small-scale storage sheds.
- For construction, we will strive to attract steady orders for large-scale buildings.

Initiatives for achieving the Medium-Term Management Plan

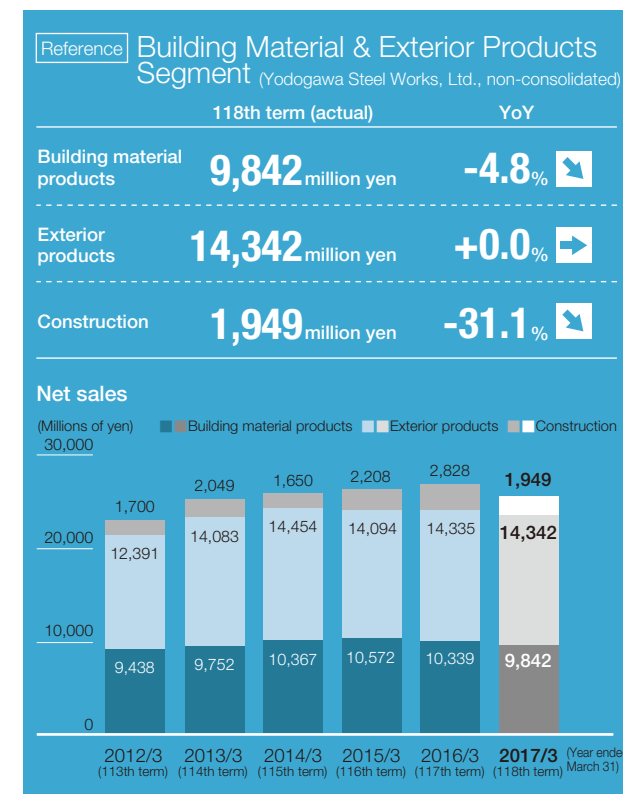
- In terms of building materials, we will dedicate effort to expanding sales of highly functional products (insulated siding).
- For exterior products, we will implement regional sales strategies and strive for the top domestic market share in sheds.
- For construction, we will strive to attract more orders through proposals for streamlined construction that includes new construction methods.
- In terms of development, we will strive to meet customer needs related to our objectives of merging steel sheet and building material technology, as well as further expanding streamlined construction products.



YODO fire-proof panel Grand Wall installation example

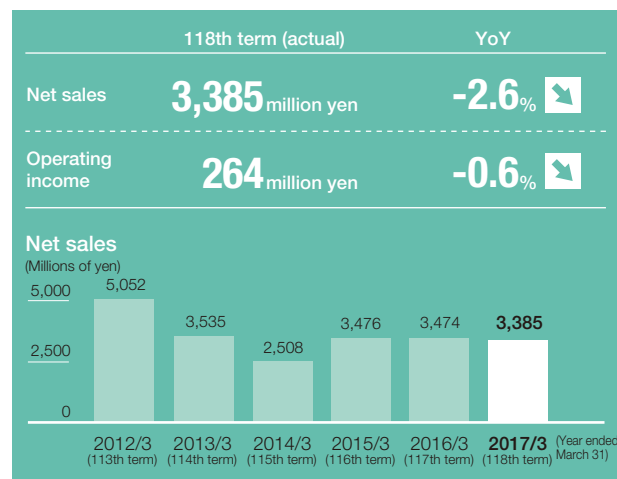


Yodo-Monooki storage sheds example



Overview by Segment

Roll Business



Looking back on the year ended March 31, 2017

- Targeting the iron and steel industry, we strove to expand sales of high-valued added rolls with improved abrasion resistant properties, which contributed to performance results.

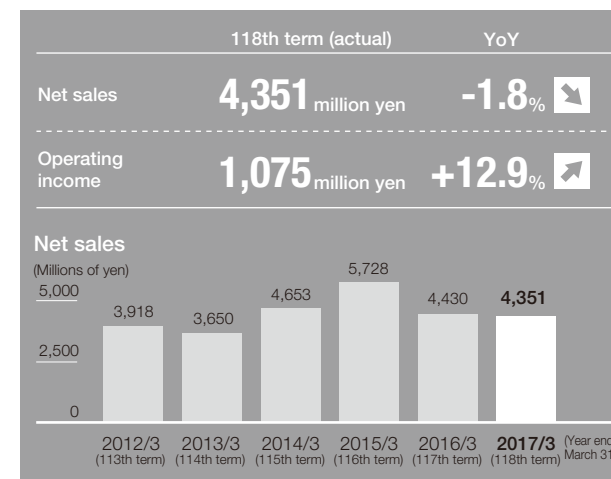
Outlook for the year ending March 31, 2018

- We forecast steady progress in products for the iron and steel industry.
- For products in the non-ferrous industry, we will strive to apply roll technology for papermaking and expand sales in new domains.

Initiatives for achieving the Medium-Term Management Plan

- We will strengthen our corporate structure by unifying production and sales; we will develop domains we have yet to enter; and we will strengthen earnings capacity through product differentiation and cost reductions.

Real Estate & Other Businesses



Looking back on the year ended March 31, 2017

- We improved our occupancy rate in rental buildings in the real estate business.
- Transportation and warehouse business also trended positively.

Outlook for the year ending March 31, 2018

- We will continue to effectively leverage assets in the real estate business.
- We will closely communicate with customers in our engineering business and actively roll out sales activities, such as future facility proposals, etc.

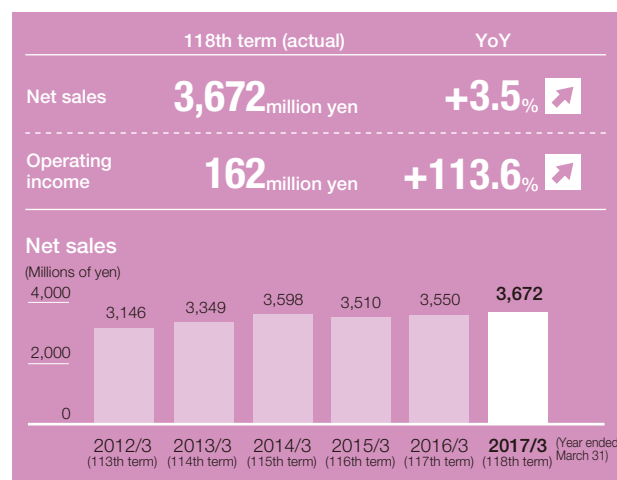
Initiatives for achieving the Medium-Term Management Plan

- We will effectively leverage assets in the real estate business in order to contribute to improving the Group's earnings capacity.
- We will leverage the engineering business to capture demand primarily with steel sheet processing equipment.



Head office building

Grating Business



Looking back on the year ended March 31, 2017

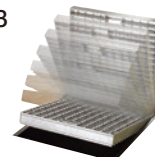
- Roadway-related business faced a severe environment as budgets favored disaster recovery projects; however, we were able to grow sales year-on-year thanks to ahead-of-schedule implementation of economic growth-oriented public works projects and effort toward orders for private building projects.

Outlook for the year ending March 31, 2018

- In a challenging environment due to surging raw material prices, we will strive to further reduce costs and adjust sales prices.

Initiatives for achieving the Medium-Term Management Plan

- We will expand our share of the roadway sector through careful community-based sales, development of highly functional products, and through strengthening our corporate structure by unifying production.
- We will strive to develop new product applications and strengthen earnings capacity.



YODO karugaru grating

Topics

Strengthening production framework for YODO fire-proof panel Grand Wall

Given expectations for YODO fire-proof panel Grand Wall (launched in October 2014) to see demand growth going forward, we decided to strengthen our production capacity. At the Himeji Plant, we completed a new production line, which has been operating since March 2017.

While prior production capacity was 10,000 m² per month, with the new line being operational we expect a monthly production capacity of 25,000 m² per month. We will strengthen the plant's quality control and delivery capabilities, while also striving to further expand sales.

Location: 1207 Hamada, Aboshi-ku, Himeji-city, Hyogo prefecture
 Property size: 33,000 m² Total floor space: 15,657 m²
 Main facilities: YODO fire-proof panel Grand Wall production equipment, YODO sandwich panel Fine Panel production equipment

Full view of the Himeji Plant



Status of Overseas Business

SYSCO Taiwan

Trade name: Sheng Yu Steel Co., Ltd.
Established: May 19, 1973
Paid-in capital: NT\$ 3.2118 billion

Location: Kaohsiung, Taiwan R.O.C
Chairman of the board: Makoto Omori
President: T.Y. Cheng
No. of employees: 565



Business activities: Steel sheet manufacturing and sales
Main facilities: 1 pickling line 2 cold rolling lines 2 galvanizing lines 2 color coating lines

Looking back on the year ended March 31, 2017

- The Taiwanese economy continued its steady recovery in FY2016, led by a recovery in exports and capital expenditures, mainly in the semiconductor industry.
- In the iron and steel business, surplus production by Chinese steelmakers set the context for increased protectionist measures, such as anti-dumping and other safeguards, in various parts of the world.
- Lower net sales, but higher profit, year-on-year came amidst a severe environment in which we diversified export targets in response to a U.S. anti-dumping lawsuit, while striving to strengthen domestic sales in Taiwan.

Outlook for the year ending March 31, 2018

- Due to the issue of excess global steel supply, we forecast the challenging environment to continue, including rising costs from the surge in raw material prices.
- We will strive to ensure profit by reflecting rising raw material prices in product prices, continue reducing costs, and strengthening domestic sales, which showed strong results last year.
- We will strive to further bolster quality, service, and cost competitiveness, while stimulating new demand in order to achieve added growth.

YSS China

Trade name: Yodogawa-Shengyu (Hefei)
High-Tech Steel Co., Ltd.

Established: October 28, 2011
Paid-in capital: USD 220 million

Business activities: Steel sheet manufacturing and sales
Main facilities: 1 galvanizing line 2 color coating lines

Location: Anhui, China
Chairman of the Board: Toyomi Omori
President: Satoshi Nitta
No. of employees: 279



Looking back on the year ended March 31, 2017

- Although the Chinese economy met its growth targets in FY2016, much of it was propped up by policy measures, with self-sustaining recovery remaining weak.
- We dedicated effort to high-profit construction projects and to expanding Pre-painted steel sheet sales for Japanese home appliances.
- We strove to expand sales of Al-Zn alloy-coated steel sheets for electric home appliances and were able to increase net sales year on year.

Outlook for the year ending March 31, 2018

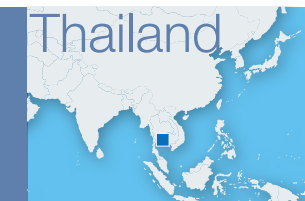
- We will strive to increase brand recognition inside China and expand sales channels to areas such as distribution and tied sales (to the manufacturing industry) in order to secure stable order volumes.
- We will strive to expand sales while aiming for increased competitiveness and making cost reduction efforts. We will aim to make the coming year one in which we gain a foothold for stable operations.

PCM Thailand

Trade name: PCM Processing (Thailand) Ltd.
Established: April 1999
Paid-in capital: THB 1,377,259,000

Business activities: Pre-painted steel manufacturing, processing and sales
Main facilities: 1 continuous color coating line 2 large leveler lines 1 sheet slitter

Location: Amatanakorn Industrial Estate
Representative: Shohei Kozaki
No. of employees: 127



Looking back on the year ended March 31, 2017

- Thailand's economy posted 3.2% GDP growth in 2016 and showed a modest recovery. As tourism slightly slowed, exports made a strong contribution to economic growth.
- We focused on finely tuned services to existing customers, in addition to expanding sales and cutting costs. Operations were in the black for the first time since the continuous color coating line started running in 2013.

Outlook for the year ending March 31, 2018

- Thailand's GDP is forecast to grow 3-4% in the first half of 2017, posting moderate growth on par with last year.
- Going forward, we will follow our policy of taking a broad perspective toward the Asian market and stimulate new growth to bring exports to this region up to 30% of total exports. We want to spread our brand in the ASEAN market, where further growth is expected.

Topics

YSS China topics 4th Annual Meeting of the China National Building Waterproofing Association

In FY2016, YSS China and Yodoko Building Materials (Hangzhou) Co., Ltd. joined the China National Building Waterproof Association with the aim to gather technological information in China and boost our brand recognition among local customers.

In FY2017, the two companies agreed to host the Association's annual meeting. Yodogawa Steel Works, Ltd. Senior Executive Officer Yoshihiro Kawamoto, who is also



The General Meeting

Vice-Chairperson of the Japan Metal Roofing Association, attended the meeting. Along with making a presentation covering the current state and future developments of Japanese metal roofing technology, Director Kawamoto attracted many interested listeners when introducing and giving examples of steel sheet roofing in Japan. Through activities like this, we are striving to raise the Group's brand awareness in the Chinese market.



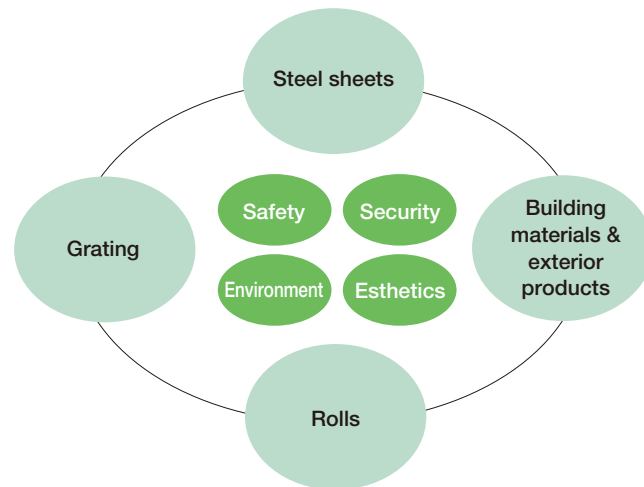
Yodoko Building Materials (Hangzhou) Co., Ltd.'s exhibit booth

Product Development Initiatives

R&D Philosophy

Following our basic philosophy of “Create value with new originality,” we engage in research and development while constantly considering whether projects do in fact have originality and generate new value. In the process, we ensure a company-wide vigilance toward safety, security, the environment, and esthetics.

▼ Creating value through business



Steel Sheet, Building Material & Exterior Product Segments

We pursue a basic policy of emphasizing the customer’s ideas, developing differentiated products, ensuring safety and security, making products environmentally friendly and durable, and trying to streamline construction.

Our steel sheet products can be separated into two broad categories. The first category is steel sheets we provide as material with specifications that meet manufacturers’ performance needs for electrical appliances and building materials. The second category is steel sheets that we process in-house and those that we sell through intermediaries as material for general purpose building. Sheets in the former category are made to fit each customer’s exact needs and are produced by our Technology Development divisions at the Kure, Ichikawa, and Osaka Plants. Sheets in the latter category are made in collaboration with each plant’s Technology Development division after the head office Development division researches market needs.

Our Head Office Development division also handles the development of processed products that include exterior products and building materials. By merging our steel sheet, exterior, and building material development divisions, we have been able to organically interconnect each group’s technology and expertise from the product planning stage. This has allowed us to develop steel sheets optimal for processed products, while engaging in development that makes the most of the properties of steel sheets.

This type of development framework has become the source of Yodoko’s primary advantage of integrated production from steel sheet to final product, in a process that creates safe and secure products for users.



Product Development Center (Osaka Plant)



Fire-proof and Fire-resistance Test Equipment (Osaka Plant)



Water Spray and Air Blast Test Equipment (Osaka Plant)

Roll and Grating Businesses

Roll Business

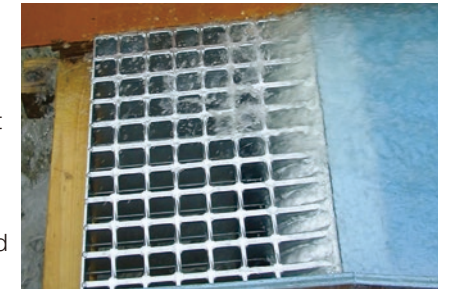
With the Development division located in the Osaka Plant, we carry out development of rolls for section steel by having engineers and sales staff work together to meet customer demands and provide follow up support. We are developing systems for paper manufacturing rolls customized for Japanese clients through our business alliance with the German company Küsters GmbH, a global manufacturer.



Test Calendar machine for Paper Making (gloss finish)

Grating Business

At the Development division located in the Izumiotsu Plant, we have created a database from diverse information on customer needs and many types of information from sales staff, while carrying out development of innovative new products that are safe, durable, and aesthetically pleasing.



Water Falls Overflow Test

Human Resources Development

Promoting the Active Participation of Female Employees

We believe that establishing a work environment conducive to energetic participation will stimulate the growth of individual employees with diverse talents and values, while also contributing to greater corporate value. Among our employees, we especially want to encourage the participation of female professionals, which led us to formulate an action plan.

For details, please see:
<http://www.yodoko.co.jp/eco/wplan/index.html> (written in Japanese only)

Social Contribution Activities

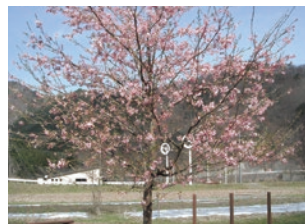
Participating in the SAKURA+ PROJECT

The name of this project incorporates the sentiment of wanting to increase the number of cherry trees, cherry tree sightseeing spots, and human connections created through cherry trees.

From March 2012, we have donated a portion of the sales of our Esumo and Erumo lines of Yodo storage cabinets and sheds to sponsor the SAKURA + PROJECT and in November 2012, the PROJECT carried out its first tree planting festival in Otsuchi-cho (Iwate Prefecture). Currently, trees are being planted in Fukushima Prefecture along national highways.



SAKURA + PROJECT logo



Symbolic tree in Otsuchi-cho, Iwate prefecture

Quality Improvement Activities (JK Activities)

(J: *jishu* for voluntary, K: *kanri* for management)

We carry out self-management activities in small groups addressing the themes of quality improvement, cost reduction, productivity improvement, safety, and environmental preservation. Once a year, we also have a large meeting that brings Group companies together in Osaka, with our 50th meeting taking place in 2016.

Presentations are made at this Group-wide meeting to provide opportunities to study effective examples that we can leverage to improve business practices. We utilize these types of activities in order to strive for growth and self-realization for each employee.



Yodogawa Steel Group JK Meeting

Displaying the Yodoko Guest House to the Public

The Yodoko Guest House was designed by Frank Lloyd Wright, lauded as one of the preeminent architects of the 20th century, and built as a vacation villa for the eighth-generation sake brewer Yamamura Tazaemon of Nada, Kobe Prefecture. We have owned it since 1947. This villa has been designated a National Important Cultural Property by the Japanese government and, since 1989, we have made it open to the public as part of our social contribution activities. Currently, the building is temporarily closed for historical preservation work that started in November 2016 and is scheduled to take approximately two years.



Yodoko Guest House (former vacation villa of the Yamamura Family)



Girls' Festival doll display (mid-February to early April)

Environmental Preservation Initiatives

Basic Environmental Principles

Contribute to the preservation of the Earth's environment.
Conduct business with respect for the natural environment.

Basic Environmental Guidelines

1. Instill awareness of environmental preservation

Provide our employees and partner company employees with environmental education to promote awareness of environmental preservation and instill an action-oriented mindset.

2. Ensure consideration for the environment in our business activities

- 1) In all of our business activities, strive to minimize environmental burdens while preventing harmful pollution, conserving resources, reducing energy usage, rationalizing logistics, and reducing and recycling waste. (Preventing harmful pollution: adhering to environmental laws and standards)
- 2) Strive to minimize environmental burdens from waste when developing products by improving durability, reusing materials, and utilizing materials that are easy to recycle.

3. Establish internal organizations

In order to pursue the objectives above, strengthen environmental management organizations at the head office and each business site, while also implementing environmental preservation activities.

▼ Purpose and objectives of environmental activities

Prevent global warming	Reduce CO ₂ from production divisions
	Reduce CO ₂ from transport
	Reduce CO ₂ from business offices
Create a recycling-oriented society	Promote reduction of resource usage
Reduce environmentally harmful substances	Reduce VOC emissions
	Fully eliminate toxic chemical substances
	Strengthen management of chemical substances
Consideration for the environment	Guarantee the avoidance of toxic chemical substances in finished goods
	Contribute to local societies
	Contribute to society through environmentally conscious products and technology development
	Promote environmental activities and ensure risk management

Environmental Preservation Activities

Head Office



In order to help make our city more beautiful, we participated in the Osaka Marathon Clean Up Campaign held by the city of Osaka and cleaned up the area around our head office building.

Kure Plant



Twice a year, in spring and fall, the plant holds cleanup campaigns targeting the streets around the plant and parks along the shoreline.

Corporate Governance

Basic Philosophy

In order to achieve sustainable growth and increase corporate value over the mid-to long-term, we have pursued a variety of initiatives taking into consideration the standpoints of all stakeholders, including shareholders, customers, business partners, employees, and local societies, while positioning transparency, fairness, and prompt and courageous decision making as the objective of our corporate governance.

Corporate Governance Structure

We emphasize nimble management suited to the scale of our company and have elected to be organized as a company with an Audit & Supervisory Board. Furthermore, we have adopted an Executive Officer system that aims to keep a measure of efficient distance between Directors' oversight/decision making and business execution, while still maintaining continuity, from the standpoint of sharing information, between management decisions and business execution.

In order to build a Board of Directors with a dynamic

structure and one that is optimal with regard to clarifying management responsibilities and responding to changes in the business environment, we have Directors elected for one-year terms and the Company's Articles of Incorporation stipulate no more than seven Directors. By appointing diverse Directors with differing experiences and knowledge, we aim to ensure an appropriate size and diverse composition of the Board of Directors, while facilitating more energetic, constructive, and engaging discussions during Board meetings. Additionally, in order to strengthen the transparency of oversight and decision making processes, we also appoint independent Outside Directors who meet the Tokyo Stock Exchange's criteria for independence. As of March 31, 2017, the Company has a total of six Directors, two of whom are Independent Outside Directors.

With regard to the structure of the Audit & Supervisory Board, the Companies Act and our Articles of Incorporation stipulate that we have no more than four Audit & Supervisory Board members, with at least half being independent Outside Audit & Supervisory Board members.

History of corporate governance reforms

June 2003	The Company elected to have one-year terms for Directors, in order to build a dynamic structure for the Board of Directors, and one that is optimal for clarifying management responsibilities and responding to changes in the business environment.
June 2004	The Company adopted an Executive Officer system, reducing the number of Board of Directors members from no more than 18 to no more than 7, in order to have a measure of distance between oversight/decision making functions and business execution functions, to increase the strength and efficiency of the oversight functions of the Board of Directors, and to increase the speed of business execution. After abolishing the Directors' retirement benefits program, the Company adopted a stock option (stock-based remuneration) program for Directors and Executive Officers. This program utilizes stock options and is intended to further increase the correlation between Company performance and Company stock price, while also raising commitment and motivation toward growing the stock price and improving business performance.
June 2006	The Company decided to include Outside Directors on the Board of Directors and appointed one Outside Director in order to facilitate more energetic, constructive, and engaging discussions during Board meetings, while also strengthening the transparency of oversight and decision making processes.
June 2015	The Company decided to include multiple, independent Outside Directors on the Board of Directors and appointed two Outside Directors in order to facilitate more energetic, constructive, and engaging discussions during Board meetings, while also strengthening the transparency of oversight and decision making processes.
December 2015	Accompanying the adoption of a corporate governance code, the Company enacted the Yodogawa Steel Works, Ltd. Corporate Governance Guidelines as the Company's second highest regulations after the laws and regulations of Japan and our Articles of Incorporation.

Directors



Yoshitsugu Kokubo Chairman and Representative Director
Takaaki Kawamoto President and Representative Director
Toyomi Omori Director, Senior Managing Executive Officer
Satoshi Nitta Director, Senior Executive Officer
Toshikazu Saeki Director (Independent Outside Director)
Hiroshi Okamura Director (Independent Outside Director)

Audit & Supervisory Board Members

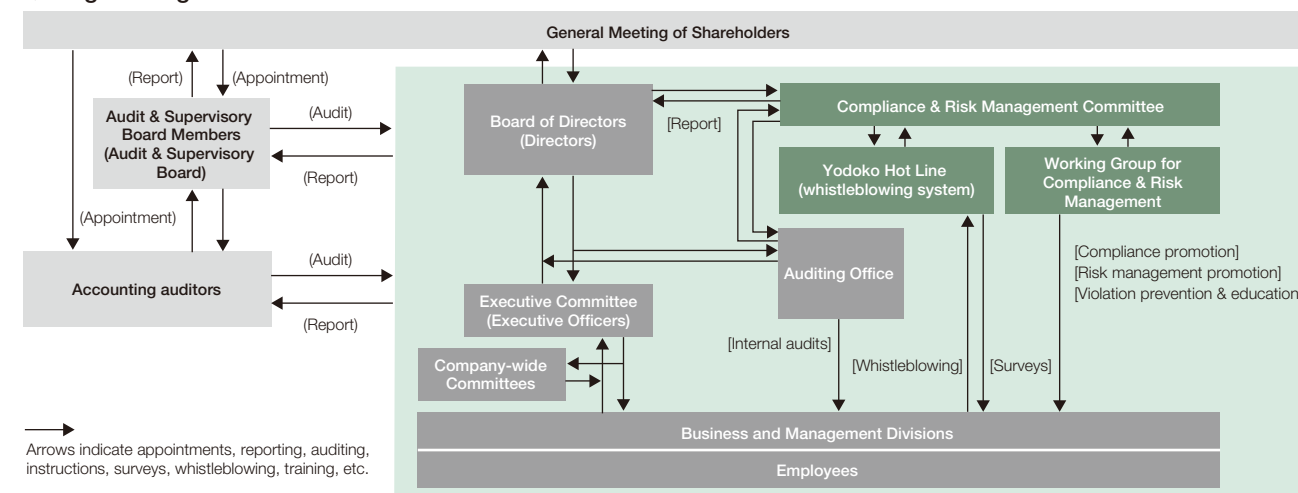


Maomi Hayashi Audit & Supervisory Board Member (full-time)
Shiro Morioka Audit & Supervisory Board Member (full-time)
Osamu Utsuro Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)
Tomotaka Iwata Audit & Supervisory Board Member (Independent Outside Audit & Supervisory Board Member)

FY 2016 Meeting attendance by outside directors and outside audit & supervisory board members

Name	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings
Toshikazu Saeki	14 times present at 14 meetings	—
Hiroshi Okamura	14 times present at 14 meetings	—
Osamu Utsuro	14 times present at 14 meetings	18 times present at 18 meetings
Tomotaka Iwata	11 times present at 11 meetings	11 times present at 11 meetings

Diagram of governance structure



Financial Information

Overview of Consolidated Operational Results

Market environment

The domestic Japanese steel market during the current consolidated fiscal year lacked vitality in terms of production demand from key industries in the first half, while movements to adjust product prices in response to increases in the cost of steel-making materials also lacked momentum. From autumn, however, there was steady progress in recovery for steel orders and corresponding inventory adjustments, while government-led decreases in coal production in China stimulated a surge in prices for metallurgical coal, prompting higher product prices in the second half of the year.

In the overseas steel market, Chinese steelmakers exported at high levels that prompted numerous protectionist measures, such as anti-dumping and other safeguards, in various parts of the world. However, in the second half of the year, strong domestic Chinese demand for steel, coupled with the impact of a surge in metallurgical coal prices, led to a solid steel market, particularly in Asia. Despite this, a dip in steel-making materials prices and softening in the Chinese market towards the end of the year were factors behind bearishness in the overseas market.

Financial results

Given this environment, Group operational results for the consolidated fiscal year amounted to net sales of 154,221 million yen (down 4,992 million yen, year on year), operating

income of 13,168 million yen (up 5,866 million yen, year on year), ordinary income of 13,763 million yen (up 5,319 million yen year on year), profit attributable to owners of parent of 6,734 million yen (versus a 2,771 million yen loss attributable to owners of parent in the previous fiscal year).

Although we dedicated effort toward emphasizing profitable sales while adjusting prices, we were impacted in the first half of the year by a softer market in Japan for steel sheets and building materials. Overseas, we faced lower sales to the U.S. by our Taiwanese subsidiary Sheng Yu Steel Co., Ltd., in addition to the effects of currency exchange rates, all of which contributed to decreased sales. In terms of profit numbers, our results exceeded guidance announced on November 2, 2016 due to improvement by our Thai subsidiary PCM Processing (Thailand) Ltd. and our Chinese subsidiary Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd., coupled with stronger domestic sales at our Taiwanese subsidiary Sheng Yu Steel Co., Ltd., as well as efforts to reduce energy costs and adjust steel sheet prices in Japan.

Future outlook

Led by strength in the U.S., the global economy is expected to show moderate growth; however, this is tempered by concern over whether the policies of the new U.S. administration will become reality, as well as by the Chinese economy's signs of financial tightening in order to

address overheated real estate investment. Added to this is the outlook for the U.K.'s negotiations on leaving the E.U. and rising geopolitical risks from Syria and N. Korea, all of which are factors that increase uncertainty.

The Japanese economy is expected to continue its modest recovery on the back of strong employment and increasing signs of recovery in investment in the construction sector ahead of the Olympic Games. There is still the risk, however, of effects from the rising uncertainty in the global economy.

The steel market is showing more frequent instances of anti-dumping and other protectionist measures in overseas markets, as well as considerable volatility in steel-making materials prices, which supports predictions that changes in the market environment will continue to be pronounced. Inside Japan, despite an expected recovery in domestic demand accompanying the upward trend in industrial production and in construction spending, challenging headwinds are forecast due to continually high zinc prices and increasing upward pressure on the price of hot rolled steel sheets, which are our main raw material.

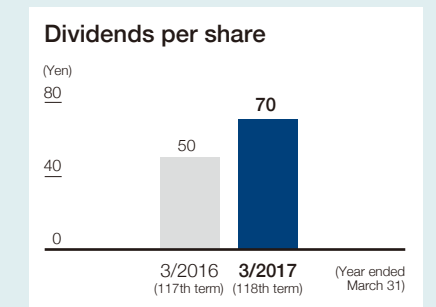
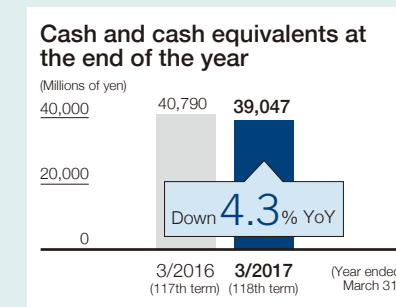
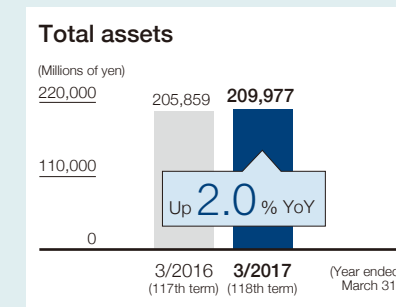
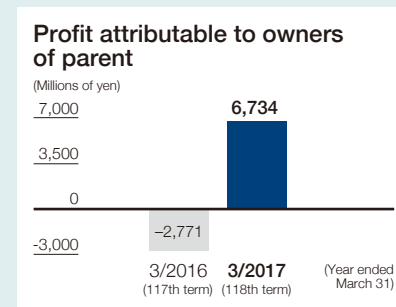
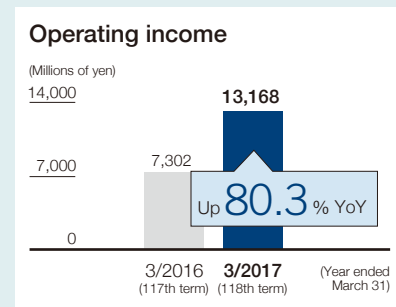
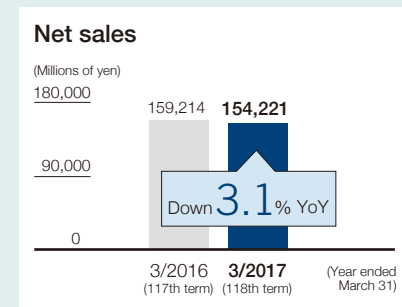
From spring of this year, the overseas steel market rapidly softened due to increased production in the Chinese steel industry, while volatility returned to metallurgical coal prices after cyclone damage in Australia, which made the outlook for steel market conditions extremely opaque. Consequently, it is difficult at present to prepare reliable

forecasts for the Group's operating results for the year ending March 31, 2018. When such forecasts for next fiscal year's results become possible, we will promptly disclose them. Additionally, an update will be provided at the time of our first quarter earnings release.

Returns to shareholders

The Company sees returns to shareholders as one of our highest priorities and is committed to a policy of paying dividends and buying back shares in line with operating results. Our basic policy is to pay continuous and stable dividends that match our operating results, while considering the outlook for future results, capital requirements necessary for investments to boost corporate value, and resources needed to maintain a robust financial standing. Our objective to "pay dividends in line with operating results" aims for a consolidated annual payout ratio of approximately 30-50%. We are committed to maintaining a 50-yen or higher annual dividend per share for the three years covering FY 2017-2019 (as per our Long-Term Vision and Notice of our Medium-Term Management Plan announced on March 28, 2017).

The dividend per share for the fiscal year ending March 31, 2017 is set at 70 yen, which combines a 30-yen interim dividend with a 40-yen year-end dividend.



Financial Information

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	The year ended March 31, 2016	The year ended March 31, 2017
Assets		
Current assets		
Cash and deposits	46,502	40,761
Notes and accounts receivable	37,680	41,103
Securities	100	—
Merchandises and finished goods	12,174	11,404
Work in process	3,296	3,457
Raw materials and supplies	9,718	10,646
Deferred income taxes	546	528
Other current assets	7,647	6,400
Allowance for doubtful receivables	(111)	(113)
Total current assets	117,553	114,188
Non-current assets		
Property, plant and equipment:		
Buildings and structures	58,636	59,869
Accumulated depreciation	(42,332)	(43,213)
Buildings and structures, net	16,304	16,656
Machinery, equipment and vehicles	129,761	130,699
Accumulated depreciation	(116,305)	(117,628)
Machinery, equipment and vehicles, net	13,456	13,071
Land	18,385	18,685
Leased assets	1,499	1,408
Accumulated depreciation	(462)	(529)
Leased assets, net	1,037	879
Construction in progress	658	765
Other	12,036	11,993
Accumulated depreciation	(11,240)	(11,163)
Other, net	796	829
Property, plant and equipment, net	50,637	50,888
Intangible assets		
Goodwill	14	10
Other	1,273	1,416
Total intangible assets	1,287	1,427
Investments and other assets		
Investment securities	34,796	42,574
Long-term loans receivable	5	3
Deferred income taxes	782	403
Other	796	492
Allowance for doubtful receivables	(0)	(0)
Total investments and other assets	36,380	43,474
Total non-current assets	88,306	95,789
Total assets	205,859	209,977

(Millions of yen)

	The year ended March 31, 2016	The year ended March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable – trade	16,374	17,800
Short-term loans	7,153	669
Current portion of finance lease obligations	173	177
Income taxes payable	1,808	2,770
Provision for bonuses to employees	938	1,052
Other	6,648	7,978
Total current liabilities	33,095	30,448
Long-term liabilities		
Finance lease obligations, less current portion	930	743
Deferred income taxes	2,672	3,942
Deferred income taxes on land revaluation reserve	856	856
Provision for retirement benefits for directors and audit & supervisory board members	112	94
Liability for retirement benefits	10,637	8,278
Other	4,155	4,240
Total long-term liabilities	19,364	18,154
Total liabilities	52,460	48,603
Net assets		
Shareholders' equity		
Common stock	23,220	23,220
Capital surplus	21,432	20,388
Retained earnings	90,589	95,664
Treasury stock	(10,399)	(12,199)
Total shareholders' equity	124,844	127,074
Accumulated other comprehensive income		
Unrealized holding gain on securities	10,755	14,477
Land revaluation reserve	1,626	1,626
Translation adjustments	1,860	1,580
Retirement benefit liability adjustments	(1,937)	(1,516)
Total accumulated other comprehensive income	12,305	16,167
Stock acquisition rights	177	205
Non-controlling interests	16,071	17,927
Total net assets	153,399	161,374
Total liabilities and net assets	205,859	209,977

Financial Information

Consolidated Financial Statements

Consolidated Statement of Operations

(Millions of yen)

	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Net sales	159,214	154,221
Cost of sales	134,977	123,884
Gross profit	24,236	30,336
Selling, general and administrative expenses	16,933	17,168
Operating income	7,302	13,168
Non-operating income	2,327	1,579
Non-operating expenses	1,185	984
Ordinary profit	8,444	13,763
Extraordinary income	9	2
Extraordinary losses	8,558	965
Profit (loss) before income taxes	(104)	12,800
Income taxes : current	2,941	4,126
Income taxes : deferred	(332)	73
Total income taxes	2,608	4,199
Profit (loss)	(2,712)	8,600
Profit (loss) attributable to non-controlling interests	58	1,866
Profit (loss) attributable to owners of parent	(2,771)	6,734

Consolidated Statement of Operations

(Millions of yen)

	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Profit (loss)	(2,712)	8,600
Other comprehensive income (loss)	(5,307)	3,322
Comprehensive income (loss)	(8,020)	11,923

Consolidated Statement of Changes in Net Assets (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized holding gain (loss) on securities	Land revaluation reserve	Translation adjustments	Retirement benefit liability adjustments	Total accumulated other comprehensive income			
Balance at April 1, 2017	23,220	21,432	90,589	(10,399)	124,844	10,755	1,626	1,860	(1,937)	12,305	177	16,071	153,399
Changes of items during period													
Cash dividends			(1,660)		(1,660)								(1,660)
Profit attributable to owners of parent for the year			6,734		6,734								6,734
Acquisition of treasury stock				(1,810)	(1,810)								(1,810)
Disposition of treasury stock			(1)	9	8								8
Increase due to change in ownership interest resulting from capital increase of a consolidated subsidiary			(1,048)		(1,048)								(1,048)
Increase due to change in ownership interest resulting from acquisition of investments in a consolidated subsidiary			6		6								6
Reversal of land revaluation reserve				0	0								0
Net changes of items other than shareholders' equity						3,721	(0)	(279)	420	3,861	27	1,855	5,744
Total changes of items during period	—	(1,044)	5,075	(1,800)	2,230	3,721	(0)	(279)	420	3,861	27	1,855	7,975
Balance at March 31, 2017	23,220	20,388	95,664	(12,199)	127,074	14,477	1,626	1,580	(1,516)	16,167	205	17,927	161,374

Consolidated Statement of Cash Flows

(Millions of yen)

	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)	The year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)
Cash flows from operating activities	19,404	10,218
Cash flows from investing activities	(10,278)	(1,559)
Cash flows from financing activities	(3,265)	(9,897)
Effect of exchange rate changes on cash and cash equivalents	(268)	(503)
Net increase in cash and cash equivalents	5,592	(1,742)
Cash and cash equivalents at the beginning of the year	35,197	40,790
Cash and cash equivalents at the end of the year	40,790	39,047

Corporate Profile

(As of March 31, 2017)

Corporate Profile

Company name	Yodogawa Steel Works, Ltd.
Established	January 30, 1935
Capital	23,220,815,228 yen
Employees	1,156

Major Offices & Plants

Head office	4-1-1, Minamihonmachi, Chuo-ku, Osaka 541-0054, Japan 81-6-6245-1111
Tokyo branch	1-3-7, Shintomi, Chuo-ku, Tokyo 104-0041, Japan 81-3-3551-1171
Sales offices	Sapporo, Morioka, Sendai Regional, Niigata, Nagano, Takasaki, Tokyo Regional, Yokohama, Shizuoka, Hokuriku, Nagoya Regional, Osaka Regional, Kobe, Okayama, Hiroshima, Takamatsu Regional, Kochi, Yahata, Fukuoka Regional, Kagoshima, Okinawa
Plants	Osaka (Osaka prefecture), Kure (Hiroshima prefecture), Ichikawa (Chiba prefecture), Fukui (Fukui prefecture), Izumiotsu (Osaka prefecture), Himeji (Hyogo prefecture)

Main Affiliated Companies

Consolidated Subsidiaries

Takada Kozai Kogyo Co., Ltd.	Steel sheet processing, sales, and warehousing
Sheng Yu Steel Co., Ltd.	Steel sheet manufacturing and sales
Yodoko Shoji Co., Ltd.	Steel wholesaling and transportation
Keiyo Tekko Futo Co., Ltd.	Distribution and warehousing
Yodoko Kohatsu Co., Ltd.	Golf course and other management and real estate leasing
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Steel sheet manufacturing and sales
PCM Processing (Thailand) Ltd.	Prepainted steel sheet manufacturing, processing, and sales

Equity-Method Affiliated Companies

Sadoshima Corporation	Steel wholesaling
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Directors and Executive Officers (as of June 22, 2017)

Directors	Executive Officers	
Chairman and Representative Director		Yoshitsugu Kokubo
President and Representative Director		Takaaki Kawamoto
Director	Senior Managing Executive Officer	Toyomi Omori
Director	Managing Executive Officer	Satoshi Nitta
Director		Toshikazu Saeki
Director		Hiroshi Okamura
	Managing Executive Officer	Makoto Omori
	Senior Executive Officer	Takamasa Watanabe
	Senior Executive Officer	Tadashi Hattori
	Senior Executive Officer	Yoichiro Nakano
	Senior Executive Officer	Yoshihiro Kawamoto
	Senior Executive Officer	Toshio Kumamoto
	Executive Officer	Nobusuke Kuzuo
	Executive Officer	Yasunori Osumi

*Toshikazu Saeki and Hiroshi Okamura are both Outside Directors in accordance with the Companies Act.

Audit & Supervisory Board Members

Audit & Supervisory Board Member (full-time)	Maomi Hayashi
Audit & Supervisory Board Member (full-time)	Shiro Morioka
Audit & Supervisory Board Member	Osamu Utsuro
Audit & Supervisory Board Member	Tomotaka Iwata

*Osamu Utsuro and Tomotaka Iwata are both Outside Audit and Supervisory Board Members in accordance with the Companies Act.

Stock Information

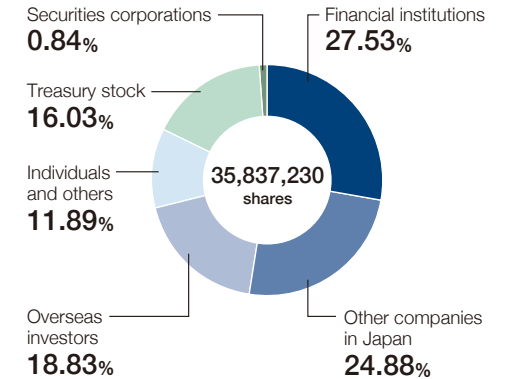
(As of March 31, 2017)

Principal Shareholders

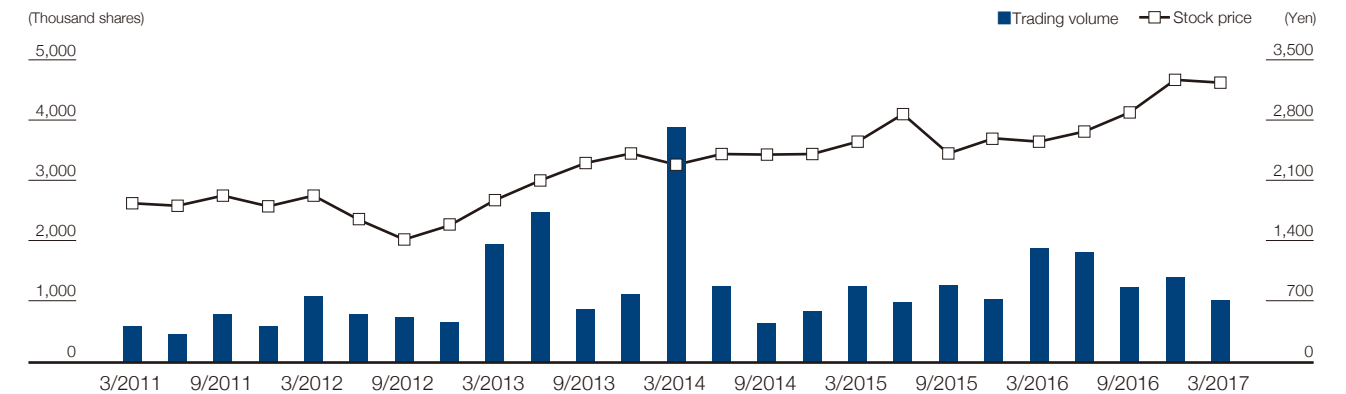
Name	Shares Owned	Shareholding Ratio(%)
Mizuho Trust & Banking Co., Ltd.	1,094,000	3.63
Resona Bank, Limited.	1,068,400	3.55
Mizuho Bank, Ltd.	1,062,105	3.52
Yodoko Partners' Shareholding Association	908,742	3.01
Japan Trustee Services Bank, Ltd. (Trust Account)	875,900	2.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	721,400	2.39
Nippon Life Insurance Company	618,637	2.05
POSCO	600,000	1.99
JFE Steel Corporation	587,377	1.95
Sadoshima Corporation	564,800	1.87
Total	8,101,361	26.92

The Company holds 5,746,265 shares as treasury stock and is not included in the above list of major shareholders. Treasury stock (5,746,265 shares) is deducted from calculations of the shareholding ratio.

Share Ownership by Category



Movements in Stock Price and Trading Volume



*Data before the 117th Term have been adjusted to account for share consolidation.



Yodogawa Steel Works, Ltd.

4-1-1 Minami-honmachi, Chuo-ku, Osaka
541-0054, Japan
Tel. (06) 6245-1111 (main switchboard)
<http://www.yodoko.co.jp/>

Shareholder Reminders

Account closing date	March 31
Ordinary general meeting of shareholders	June
Record date	Ordinary general meeting of shareholders, year-end dividend March 31 Interim dividend September 30 Other dates shall be in accord with pre-announced schedules.
Number of shares per trading unit	100 shares
Shareholder registry administrator & special account administrator	Mizuho Trust & Banking Co., Ltd.
Address of shareholder registry administrator's office of operations	1-2-1, Yaesu, Chuo-ku, Tokyo 103-8670, Japan Mizuho Trust & Banking Co., Ltd. Method of public notice
Stock transfer agency department	Electronic notice Please see our website http://www.yodoko.co.jp/english/index.html

Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department Contact

Tel. 0120-288-324 (toll free in Japan)
Online <http://www.mizuho-tb.co.jp/daikou/>
Postal address Stock Transfer Agency Department
Mizuho Trust & Banking Co., Ltd.
2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507, Japan

Procedures Regarding Stock

Stock handling procedures differ depending on whether shares are held in a securities brokerage account or in a special account. Please see below for whom to contact in each case.

Shares held in a securities brokerage account

Procedures and information	Contact
<ul style="list-style-type: none"> Selling or purchasing odd-lot shares Change of name, address, etc. Changes to dividend receipt and payment 	Securities brokerage managing your account
<ul style="list-style-type: none"> Information on mail and returned mail Information on unpaid dividends* Information on other stock handling procedures 	Shareholder registry administrator Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department

Shares held in a special account

Procedures and information	Contact
<ul style="list-style-type: none"> Selling or purchasing odd-lot shares Change of name, address, etc. Changes to dividend receipt and payment 	Special account management administrator Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department
<ul style="list-style-type: none"> Information on mail and returned mail Information on unpaid dividends* Information on other stock handling procedures 	Shareholder registry administrator Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department

*Payment of unpaid dividends can be handled at the Mizuho Bank, Ltd. Head Office or at one of the branch offices.