



February 1, 2019

Summary of the Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2019 (FY3/19) (Nine Months Ended December 31, 2018)

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 8, 2019
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter (April 1, 2018 to December 31, 2018) of FY3/19

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Dec. 31, 2018	127,088	(2.0)	4,910	(44.2)	6,979	(30.6)	4,199	(30.6)
Nine months ended Dec. 31, 2017	129,690	16.0	8,795	(9.4)	10,057	(0.5)	6,052	26.3

Note: Comprehensive income (millions of yen):
 Nine months ended Dec. 31, 2018: (632) (-%)
 Nine months ended Dec. 31, 2017: 12,377 (up 204.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2018	141.60	141.00
Nine months ended Dec. 31, 2017	203.87	203.02

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2018	208,213	166,885	71.6
As of Mar. 31, 2018	215,638	170,574	70.3

Reference: Shareholders' equity (millions of yen): As of Dec. 31, 2018: 149,116 As of Mar. 31, 2018: 151,586

Starting with the beginning of the first quarter of the current fiscal year, Yodogawa Steel Works is applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018). Prior-year figures have been adjusted retroactively to conform with this accounting standard.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2018	-	35.00	-	40.00	75.00
Fiscal year ending Mar. 31, 2019	-	30.00	-		
Fiscal year ending Mar. 31, 2019 (Forecast)				35.00	65.00

Note: Revisions to the most recently announced dividend forecast: Yes

For further details, please refer to the press release dated today (February 1, 2019) about earnings forecast and dividend forecast (Japanese version only).

3. Consolidated Forecasts for FY3/19 (April 1, 2018 to March 31, 2019)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	167,000	(3.9)	6,000	(44.7)	8,200	(33.3)	4,800	(34.8)	161.83

Note: Revisions to the most recently announced consolidated earnings forecast: Yes

For further details, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 and the press release dated today (February 1, 2019) about earnings forecast and dividend forecast (Japanese version only).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Dec. 31, 2018:	35,837,230 shares	As of Mar. 31, 2018:	35,837,230 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2018:	6,171,735 shares	As of Mar. 31, 2018:	6,185,228 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	29,658,698 shares	Nine months ended Dec. 31, 2017:	29,689,665 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. For a discussion of the assumptions for forecasts, precautions concerning usage and other information, please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the fiscal year ending March 31, 2019, although natural disasters briefly caused economic activity to decline, the Japanese economy continued to recover slowly with the support of strong domestic demand.

The U.S. economy remained healthy in 2018 in part because of the benefits of tax reductions. In Europe and China, economic growth rates are decreasing because of trade friction and other reasons.

In the Japanese steel industry, the business environment has been favorable because of the growth of automobile production, higher demand for steel for building materials associated with projects for the 2020 Tokyo Olympics, the high volume of industrial machinery production and other reasons.

In the global steel market, a downturn has started due to U.S. restrictions on steel imports and other developments.

The Yodogawa Steel Group's net sales in the first nine months decreased 2,602 million yen to 127,088 million yen. Operating profit decreased 3,884 million yen to 4,910 million yen, ordinary profit decreased 3,078 million yen to 6,979 million yen, and profit attributable to owners of parent decreased 1,853 million yen to 4,199 million yen.

In Japan, sales volume of plated steel sheets for building materials decreased because of sales activities that placed priority on profitability. But total sales in Japan were higher because of progress with price revisions. Earnings decreased mainly because of the higher cost of primary raw materials and the smaller benefit from valuation gains on inventories than in the first nine months of the previous fiscal year.

Overseas sales and earnings declined. This was caused primarily by the challenging business climate for sales within Taiwan and exports of Sheng Yu Steel Co., Ltd. (SYSCO), a subsidiary in Taiwan.

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 117,917 million yen and operating profit was 4,922 million yen.

Steel Sheet Segment

In Japan, the sales volume of pre-painted sheets increased mainly because of strong sales of home appliances and the high level of demand for building materials for typhoon recovery and reconstruction activities and for construction projects for the 2020 Tokyo Olympics. However, the sales volume was down for plated steel sheets sold to specific high-demand customers and for retail sales for general distribution. The main reason was the policy of conducting sales activities with emphasis on profitability.

At Taiwan subsidiary SYSCO, sales and earnings declined because of a decrease in the sales volume caused mainly by U.S. trade protectionism. In addition, sales were down at subsidiaries Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) in China and PCM Processing (Thailand) Ltd. (PPT) in Thailand as price revisions did not keep up with the upturn in the cost of primary raw materials.

Building Material & Exterior Products Segment

In the building materials category, the sales volume of core roofing products decreased because of sales activities that placed priority on profitability. But total sales in this category were higher mainly because of the increasing use of YODO fire-proof panel Grand Wall at factories and warehouses. In the exterior products category, a series of natural disasters in September kept sales flat but total sales increased because of strong consumer spending. Since sales in the first nine months of the previous fiscal year benefited from large projects for the installation of Grand Wall, construction sales were down even though orders were generally strong for logistics, manufacturing and other facilities.

As a result, total sales in the steel sheet-related business were lower than one year earlier.

2) Roll Business

Net sales totaled 2,544 million yen and operating loss was 27 million yen.

Sales decreased because of damage at some production facilities caused by Typhoon No. 21 and problems created by improper activities involving the quality of roll products.

3) Grating Business

Net sales totaled 2,583 million yen and operating profit was 47 million yen.

Although there was progress with price revisions, sales decreased because of the ongoing weakness in the highway construction sector as natural disaster recovery activities receive priority in public-works expenditures.

4) Real Estate Business

Net sales totaled 884 million yen and operating profit was 608 million yen.

Sales increased because of a higher occupancy rate at tenant-occupied buildings and higher sales at other leased properties.

5) Other Businesses

Net sales totaled 3,158 million yen and operating profit was 273 million yen.

Higher sales in material sales operations raised sales in this segment.

(2) Explanation of Financial Position**Assets**

Current assets decreased by 461 million yen from the end of the previous fiscal year to 116,197 million yen. This was attributable mainly to a decrease of 1,922 million yen in cash and deposits, an increase of 2,348 million yen in notes and accounts receivable-trade, and a decrease of 810 million yen in inventories.

Non-current assets decreased by 6,963 million yen from the end of the previous fiscal year to 92,016 million yen. This was mainly attributable to decreases of 5,669 million yen in investment securities and 1,440 million yen in property, plant and equipment.

Total assets decreased by 7,425 million yen from the end of the previous fiscal year to 208,213 million yen.

Liabilities

Current liabilities decreased by 2,195 million yen from the end of the previous fiscal year to 26,052 million yen. This was attributable mainly to a decrease of 1,683 million yen in income taxes payable.

Non-current liabilities decreased by 1,541 million yen from the end of the previous fiscal year to 15,276 million yen. This was attributable mainly to a decrease of 1,350 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 3,736 million yen from the end of the previous fiscal year to 41,328 million yen.

Net assets

Net assets decreased by 3,688 million yen from the end of the previous fiscal year to 166,885 million yen. This was attributable mainly to an increase of 2,130 million yen in retained earnings, and decreases of 4,080 million yen in valuation difference on available-for-sale securities and 1,222 million yen in non-controlling interests.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The U.S. economy is remaining healthy but economic growth rates are low in Europe and China. The economic outlook is becoming increasingly uncertain due to U.S.-China trade friction and other global trade problems, worries about slowing economic growth in emerging countries, and the effects of Britain's departure from the European Union.

In Japan, the economy is expected to remain healthy as the negative effects of natural disasters decline and the labor market remains strong. But the pace of Japan's economic recovery is likely to decrease in part due to a downturn in exports caused by slowing economic growth in China.

In the steel industry, market conditions are expected to remain firm in Japan. But the outlook for overseas steel markets is unclear due to U.S. restrictions on steel imports and other sources of concern. At the Yodogawa Steel Group, capturing orders is difficult for overseas subsidiaries because of increasingly widespread trade protectionism. Furthermore, prices of hot-rolled steel sheets, zinc and other raw materials are expected to remain high. As a result, we expect significant negative pressure on earnings to continue.

To achieve the goals of the Yodogawa Steel Group Medium-Term Management Plan 2019, all companies are working on becoming more profitable. Companies are establishing positions in new markets and increasing sales of value-added products while taking full advantage of the speed and flexibility that are key strengths of the Yodogawa Steel Group.

The forecast for consolidated performance in the current fiscal year is based on this outlook for the economy and steel market.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY3/18 (as of Mar. 31, 2018)	Third quarter of FY3/19 (as of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposits	30,716	28,794
Notes and accounts receivable-trade	43,938	46,287
Securities	2,888	3,185
Merchandise and finished goods	16,081	15,334
Work in process	4,684	4,445
Raw materials and supplies	13,122	13,297
Other	5,376	5,001
Allowance for doubtful accounts	(149)	(149)
Total current assets	116,658	116,197
Non-current assets		
Property, plant and equipment	50,509	49,069
Intangible assets		
Goodwill	7	4
Other	1,475	1,440
Total intangible assets	1,482	1,444
Investments and other assets		
Investment securities	46,338	40,669
Other	649	833
Total investments and other assets	46,987	41,503
Total non-current assets	98,980	92,016
Total assets	215,638	208,213
Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,154	18,003
Short-term loans payable	-	306
Income taxes payable	2,165	481
Provision for bonuses	1,056	709
Other	6,870	6,551
Total current liabilities	28,247	26,052
Non-current liabilities		
Provision for directors' retirement benefits	66	63
Net defined benefit liability	7,569	7,580
Other	9,181	7,631
Total non-current liabilities	16,817	15,276
Total liabilities	45,064	41,328
Net assets		
Shareholders' equity		
Capital stock	23,220	23,220
Capital surplus	20,393	20,385
Retained earnings	100,775	102,906
Treasury shares	(12,679)	(12,648)
Total shareholders' equity	131,710	133,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,420	12,340
Revaluation reserve for land	1,646	1,639
Foreign currency translation adjustment	2,798	2,056
Remeasurements of defined benefit plans	(990)	(783)
Total accumulated other comprehensive income	19,875	15,252
Share acquisition rights	223	226
Non-controlling interests	18,764	17,542
Total net assets	170,574	166,885
Total liabilities and net assets	215,638	208,213

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**(Quarterly Consolidated Statement of Income)****(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY3/18 (Apr. 1, 2017 to Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 to Dec. 31, 2018)
Net sales	129,690	127,088
Cost of sales	107,390	109,163
Gross profit	22,299	17,924
Selling, general and administrative expenses	13,504	13,013
Operating profit	8,795	4,910
Non-operating income		
Interest income	306	428
Dividend income	746	815
Foreign exchange gains	-	123
Gain on sales of investment securities	146	466
Share of profit of entities accounted for using equity method	280	270
Other	297	243
Total non-operating income	1,777	2,347
Non-operating expenses		
Interest expenses	84	60
Foreign exchange losses	69	-
Cost for employees transferred temporarily to overseas subsidiaries	199	160
Arbitration settlement cost	120	-
Other	40	57
Total non-operating expenses	514	278
Ordinary profit	10,057	6,979
Extraordinary income		
Gain on sales of non-current assets	1	-
Gain on sales of investment securities	23	-
Insurance income	-	47
Total extraordinary income	24	47
Extraordinary losses		
Loss on sales and retirement of non-current assets	86	31
Impairment loss	3	2
Loss on disaster	-	585
Loss on valuation of investment securities	86	42
Loss on liquidation of subsidiaries and associates	33	-
Other	-	0
Total extraordinary losses	209	661
Profit before income taxes	9,872	6,365
Income taxes-current	2,445	2,011
Income taxes-deferred	227	(119)
Total income taxes	2,673	1,892
Profit	7,199	4,473
Profit attributable to non-controlling interests	1,146	273
Profit attributable to owners of parent	6,052	4,199

(Quarterly Consolidated Statement of Comprehensive Income)**(For the Nine-month Period)**

	(Millions of yen)	
	First nine months of FY3/18 (Apr. 1, 2017 to Dec. 31, 2017)	First nine months of FY3/19 (Apr. 1, 2018 to Dec. 31, 2018)
Profit	7,199	4,473
Other comprehensive income		
Valuation difference on available-for-sale securities	3,824	(4,135)
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	985	(1,156)
Remeasurements of defined benefit plans, net of tax	307	252
Share of other comprehensive income of entities accounted for using equity method	60	(65)
Total other comprehensive income	5,178	(5,105)
Comprehensive income	12,377	(632)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	10,782	(416)
Comprehensive income attributable to non-controlling interests	1,595	(215)

(3) Notes to Quarterly Consolidated Financial Statements**Going-concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment information****I. First nine months of FY3/18 (Apr. 1, 2017 to Dec. 31, 2017)**

Information related to net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	120,848	2,645	2,593	787	126,874	2,816	129,690	-	129,690
Inter-segment sales and transfers	-	-	-	331	331	1,992	2,323	(2,323)	-
Total	120,848	2,645	2,593	1,118	127,206	4,808	132,014	(2,323)	129,690
Segment profit	8,684	110	84	545	9,425	256	9,681	(886)	8,795

- Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.
2. The adjustment to segment profit includes unallocated expenses of (888) million yen and an elimination for inter-segment transactions of 2 million yen.
3. Segment profit is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

II. First nine months of FY3/19 (Apr. 1, 2018 to Dec. 31, 2018)

Information related to net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on the consolidated statement of income (Note 3)
	Steel Sheet-related Business	Roll Business	Grating Business	Real Estate Business	Total				
Net sales									
External sales	117,917	2,544	2,583	884	123,930	3,158	127,088	-	127,088
Inter-segment sales and transfers	-	-	-	331	331	1,841	2,172	(2,172)	-
Total	117,917	2,544	2,583	1,216	124,261	4,999	129,261	(2,172)	127,088
Segment profit (loss)	4,922	(27)	47	608	5,550	273	5,824	(913)	4,910

- Notes: 1. Others represent businesses which are not included in any of the reportable segments and mainly consist of transportation, warehouse, golf course, machinery plant, electric power (sale of solar power) and other businesses.
2. The adjustment to segment profit (loss) includes unallocated expenses of (914) million yen and an elimination for inter-segment transactions of 1 million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.