



August 2, 2019

**Summary of the Consolidated Financial Results for the First Quarter
of the Fiscal Year Ending March 31, 2020 (FY3/20)
(Three Months Ended June 30, 2019)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: August 9, 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 First Quarter (April 1, 2019 to June 30, 2019) of FY3/20

(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	%
Three months ended Jun. 30, 2019	38,761	(7.1)	1,730	(24.3)	1,934	(42.0)	1,416	(37.6)
Three months ended Jun. 30, 2018	41,706	(2.9)	2,286	(44.7)	3,333	(27.9)	2,270	(16.4)

Note: Comprehensive income (millions of yen): Three months ended Jun. 30, 2019: 1,152 (up 80.3%)
 Three months ended Jun. 30, 2018: 639 (down 87.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	48.04	47.86
Three months ended Jun. 30, 2018	76.56	76.24

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2019	207,282	167,622	72.5
As of Mar. 31, 2019	209,465	167,671	71.7

Reference: Shareholders' equity (millions of yen): As of Jun. 30, 2019: 150,267 As of Mar. 31, 2019: 150,236

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2019	-	30.00	-	40.00	70.00
Fiscal year ending Mar. 31, 2020	-	-	-	-	-
Fiscal year ending Mar. 31, 2020 (Forecast)	-	25.00	-	-	-

Note: Revisions to the most recently announced dividend forecast: None

There is currently no forecast for a year-end dividend for the fiscal year ending March 31, 2020.

3. Consolidated Forecasts for FY3/20 (April 1, 2019 to March 31, 2020)

(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
First half	79,000	(5.6)	2,900	(5.0)	3,400	(25.4)	1,900	(33.1)	64.46
Full year	-	-	-	-	-	-	-	-	-

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

No full fiscal year forecast is shown because of the difficulty of determining a reliable forecast at this time.

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 3.

*** 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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For further details, please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 8.

(4) Number of outstanding shares (common shares)

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

As of Jun. 30, 2019:	35,837,230 shares	As of Mar. 31, 2019:	35,837,230 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2019:	6,360,975 shares	As of Mar. 31, 2019:	6,361,610 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2019	29,475,949 shares	Three months ended Jun. 30, 2018:	29,652,187 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 management of Yodogawa Steel Works at the time the materials were prepared. These materials are not promises by Yodogawa Steel Works 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 3.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending March 31, 2020, the gradual recovery of the Japanese economy continued, but the economic outlook is becoming increasingly uncertain due to slowing growth of overseas economies and to other reasons.

The outlook for the global economy also remains unclear. Consumer spending is recovering in the United States and the European and ASEAN economies are recovering slowly, but there is uncertainty about the effects of the U.S.-China trade friction on the Chinese economy.

In the Japanese steel industry, market conditions were generally favorable as production and sales of automobiles and home appliances increased. However, construction starts were slow.

In the global steel market, there is an increasing risk of a downturn in prices of steel products because of U.S. restrictions on steel imports and concerns about slowing economic growth in China and other areas of the world.

The Yodogawa Steel Group's net sales in the first quarter decreased 2,944 million yen to 38,761 million yen. Operating profit decreased 555 million yen to 1,730 million yen, ordinary profit decreased 1,399 million yen to 1,934 million yen, and profit attributable to owners of parent decreased 854 million yen to 1,416 million yen.

In Japan, sales were higher than one year earlier due to an increase in retail sales of steel sheets for general distribution and sales growth in the construction sector. Earnings in Japan declined mainly because of the higher cost of major raw materials and a smaller contribution to earnings from inventory valuations than in the previous fiscal year.

Overseas, sales and earnings decreased. The primary cause was the difficult business climate at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) in both the domestic and export markets.

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 35,957 million yen and operating profit was 1,767 million yen. Sales and earnings declined.

Steel Sheet Segment

In Japan, there was a decrease in sales of plated steel sheets to specific high-demand customers caused in part by an increase in Japan's imports of these sheets. Exports were also weak because of sluggish conditions in overseas markets. Despite these declines, total sales in Japan were higher than one year earlier mainly due to growth in retail sales of steel sheets for general distribution.

At Taiwan subsidiary SYSCO, the sales volume decreased and there was an operating loss mainly because of U.S. trade protectionism. In addition, the operating environment remained challenging for subsidiary Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) in China and subsidiary PCM Processing (Thailand) Ltd. (PPT) in Thailand.

Building Material & Exterior Products Segment

Sales decreased in the building materials category due to the low volume of sales in all sectors. Sales of exterior products increased due to price revisions. Construction sales were higher because of an increase in completions of large projects.

2) Roll Business

Net sales totaled 689 million yen and operating loss was 65 million yen.

Sales and earnings decreased because of the decrease of shipments caused by problems created by improper activities involving the quality of roll products last year.

3) Grating Business

Net sales totaled 842 million yen and operating profit was 12 million yen.

Sales and earnings increased because of steady progress with price revisions and the large volume of sales.

4) Real Estate Business

Net sales totaled 297 million yen and operating profit was 212 million yen.

Sales and earnings increased because of a higher occupancy rate at tenant-occupied buildings.

5) Other Businesses

Net sales totaled 974 million yen and operating profit was 98 million yen.

Sales and earnings decreased because of lower sales in material sales operations.

(2) Explanation of Financial Position

Assets

Current assets decreased by 1,437 million yen from the end of the previous fiscal year to 119,318 million yen. This was attributable mainly to an increase of 317 million yen in cash and deposits, a decrease of 2,251 million yen in notes and accounts receivable-trade, and an increase of 998 million yen in inventories.

Non-current assets decreased by 745 million yen from the end of the previous fiscal year to 87,964 million yen. This was mainly attributable to decreases of 685 million yen in investment securities and 144 million yen in property, plant and equipment.

Total assets decreased by 2,182 million yen from the end of the previous fiscal year to 207,282 million yen.

Liabilities

Current liabilities decreased by 2,315 million yen from the end of the previous fiscal year to 24,853 million yen. This was attributable mainly to a decrease of 1,316 million yen in income taxes payable.

Non-current liabilities increased by 181 million yen from the end of the previous fiscal year to 14,806 million yen. This was attributable mainly to an increase of 152 million yen in deferred tax liabilities included in other non-current liabilities.

Total liabilities decreased by 2,133 million yen from the end of the previous fiscal year to 39,660 million yen.

Net assets

Net assets decreased by 49 million yen from the end of the previous fiscal year to 167,622 million yen. This was attributable mainly to an increase of 237 million yen in retained earnings, a decrease of 420 million yen in valuation difference on available-for-sale securities, an increase of 172 million yen in foreign currency translation adjustment, and a decrease of 78 million yen in non-controlling interests.

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

Although the U.S. economy is healthy, the outlook for the global economy is becoming increasingly unclear due to slowing economic growth in China, the effects of U.S.-China trade friction and other trade problems, and other reasons.

In Japan, the economy is expected to remain healthy with the support of improvements in the labor market and personal income and other sources of strength. However, there are concerns about the possibility of a slowdown of Japan's economic recovery caused by decreasing exports linked to declining economic growth in China and by a downturn in consumer spending following the upcoming consumption tax hike.

In the steel industry, market conditions are expected to remain firm in Japan. But the prolonged U.S.-China trade friction, slowing economic growth in China and other countries, and other events are increasing the risk of a downturn in the demand for steel. 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 first half of the fiscal year ending March 31, 2020 is based on this outlook for the economy and steel market.

Determining a reliable forecast for the fiscal year is not possible at this time because of the increasing uncertainty about the business climate in Japan and overseas for the Yodogawa Steel Group. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

	(Millions of yen)	
	FY3/19 (as of Mar. 31, 2019)	First quarter of FY3/20 (as of Jun. 30, 2019)
Assets		
Current assets		
Cash and deposits	36,843	37,161
Notes and accounts receivable-trade	44,018	41,767
Securities	3,494	2,773
Merchandise and finished goods	15,519	16,347
Work in process	4,397	4,258
Raw materials and supplies	12,733	13,042
Other	3,881	4,099
Allowance for doubtful accounts	(132)	(132)
Total current assets	120,755	119,318
Non-current assets		
Property, plant and equipment	48,126	47,982
Intangible assets	1,472	1,558
Investments and other assets		
Investment securities	38,292	37,606
Other	817	817
Total investments and other assets	39,109	38,423
Total non-current assets	88,709	87,964
Total assets	209,465	207,282
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,858	17,902
Short-term borrowings	327	431
Income taxes payable	1,736	420
Provision for bonuses	971	471
Other	6,274	5,627
Total current liabilities	27,168	24,853
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	66	70
Retirement benefit liability	7,154	7,145
Other	7,403	7,591
Total non-current liabilities	14,624	14,806
Total liabilities	41,793	39,660
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	20,385	20,384
Retained earnings	104,961	105,198
Treasury shares	(13,061)	(13,060)
Total shareholders' equity	135,505	135,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,213	11,792
Revaluation reserve for land	1,639	1,639
Foreign currency translation adjustment	1,378	1,551
Remeasurements of defined benefit plans	(500)	(459)
Total accumulated other comprehensive income	14,730	14,523
Share acquisition rights	210	208
Non-controlling interests	17,225	17,146
Total net assets	167,671	167,622
Total liabilities and net assets	209,465	207,282

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

	(Millions of yen)	
	First three months of FY3/19 (Apr. 1, 2018 to Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 to Jun. 30, 2019)
Net sales	41,706	38,761
Cost of sales	35,127	32,714
Gross profit	6,579	6,047
Selling, general and administrative expenses	4,292	4,317
Operating profit	2,286	1,730
Non-operating income		
Interest income	136	137
Dividend income	410	387
Gain on sales of investment securities	465	-
Share of profit of entities accounted for using equity method	116	100
Other	139	114
Total non-operating income	1,269	741
Non-operating expenses		
Interest expenses	20	21
Foreign exchange losses	126	44
Cost for employees transferred temporarily to overseas subsidiaries	65	56
Loss on valuation of derivatives	-	403
Other	9	11
Total non-operating expenses	222	537
Ordinary profit	3,333	1,934
Extraordinary losses		
Loss on sales and retirement of non-current assets	16	24
Impairment loss	2	0
Loss on valuation of investment securities	12	-
Loss on disaster	-	29
Total extraordinary losses	30	55
Profit before income taxes	3,302	1,879
Income taxes-current	854	400
Income taxes-deferred	161	154
Total income taxes	1,016	555
Profit	2,286	1,323
Profit (loss) attributable to non-controlling interests	16	(92)
Profit attributable to owners of parent	2,270	1,416

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

(Millions of yen)

	First three months of FY3/19 (Apr. 1, 2018 to Jun. 30, 2018)	First three months of FY3/20 (Apr. 1, 2019 to Jun. 30, 2019)
Profit	2,286	1,323
Other comprehensive income		
Valuation difference on available-for-sale securities	(188)	(391)
Foreign currency translation adjustment	(1,606)	165
Remeasurements of defined benefit plans, net of tax	166	62
Share of other comprehensive income of entities accounted for using equity method	(18)	(7)
Total other comprehensive income	(1,647)	(171)
Comprehensive income	639	1,152
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,273	1,209
Comprehensive income attributable to non-controlling interests	(634)	(57)

(3) Notes to Quarterly Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Beginning with the first quarter of the fiscal year ending March 31, 2020, Yodogawa Steel Works is applying Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (Practical Issues Task Force (PITF) No. 18, September 14, 2018) and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (PITF No. 24, September 14, 2018). When International Financial Reporting Standard No. 9 "Financial Instruments" is used for foreign subsidiaries, etc. and the option of including in other comprehensive income subsequent revisions to the fair values of equity instruments has been selected, then for the preparation of the consolidated financial statements, the amounts of gains or losses and of asset impairment charges concerning these equity instruments are included in the statement of income for the applicable fiscal year.

This change had no effect on the consolidated statement of income for the first quarter.

Segment and Other Information**Segment information**

I. First three months of FY3/19 (Apr. 1, 2018 to Jun. 30, 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	38,758	800	792	282	40,633	1,072	41,706	-	41,706
Inter-segment sales and transfers	-	-	-	110	110	638	749	(749)	-
Total	38,758	800	792	393	40,744	1,711	42,455	(749)	41,706
Segment profit (loss)	2,254	(26)	1	200	2,430	132	2,562	(276)	2,286

- 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 (277) million yen and an elimination for inter-segment transactions of 0 million yen.
3. Segment profit (loss) is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

II. First three months of FY3/20 (Apr. 1, 2019 to Jun. 30, 2019)

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	35,957	689	842	297	37,787	974	38,761	-	38,761
Inter-segment sales and transfers	-	-	-	110	110	663	774	(774)	-
Total	35,957	689	842	408	37,897	1,638	39,535	(774)	38,761
Segment profit (loss)	1,767	(65)	12	212	1,927	98	2,025	(294)	1,730

- 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 (294) million yen and an elimination for inter-segment transactions of 0 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.