June 6, 2019
Metal One Corporation

Consolidated Financial Results for FY2018

(Non-audit, based on IFRS)

Consolidated Statement of Income

(In ¥100 million)

	FY2018	FY2017	Variance
Sales*1	23,087	21,180	1,907
Gross profit	1,239	1,168	71
(Gross profit ratio)	(5.4%)	(5.5%)	−(0.1%)
Selling, general and administrative expenses	−872	−855	−17
Provision for doubtful receivables	−7	−5	−2
Operating income*1	360	308	52
Interest expense-net	−61	−40	−21
Dividend income	14	14	0
Gains on investments	15	4	11
Gains (Losses) on property, plant and equipment and others	3	−4	7
Other income (expense)	5	15	−10
Share of profit of investments accounted for using the equity method	56	59	−3
Profit before tax	392	356	36
Income taxes	−100	−83	−17
Profit for the year	292	273	19
Profit for the year attributable to owners of the parenet	*254*	*234*	*20*
Profit for the year attributable to non-controlling interests	*38*	*39*	−1

For reference: Revenue	19,867	*2

*1 Sales and Operating income have been disclosed according to Japanese standards for presentation methods.

*2 Subject to disclosure from this fiscal year in connection with the application of IFRS 15, *Revenue from contracts with customers*

Consolidated Statement of Financial Position

(In ¥100 million)

		FY2018	FY2017	Variance
Assets	**Current assets**	8,810	8,254	556
	Cash and deposits	179	240	−61
	Trade receivables	5,391	5,497	−106
	Inventories	2,503	2,201	302
	Other current assets	737	316	421
	Non-current assets	2,517	2,627	−110
	Property, plant and equipment	1,026	1,043	−17
	Intangible assets	102	129	−27
	Investments and other assets	1,389	1,455	−66
	Total assets	11,327	10,881	446
Liabilities and equity	**Current liabilities**	6,423	6,224	199
	Trade payables	2,889	2,919	−30
	Short-term borrowings	2,968	2,940	28
	Other current liabilities	566	365	201
	Non-current liabilities	778	640	138
	Long-term borrowings	576	418	158
	Other non-current liabilities	202	223	−21
	Total liabilities	7,200	6,864	336
	Equity attributable to owners of the parent	3,761	3,669	92
	Common stock and additional paid-in capital	1,504	1,505	−1
	Retained earnings	1,948	1,810	138
	Accumulated other comprehensive income	309	354	−45
	Non-controlling interests	365	348	17
	Total equity	4,127	4,017	110
	Total liabilities and equity	11,327	10,881	446

Outline of Consolidated Results for FY2018

Business environment

U.S. domestic demand remained robust during this fiscal year in an environment featuring improvements in employment and income. However, Europe experienced a loss of momentum, primarily in the automotive sector as a result of Germany's adoption of exhaust emissions regulations. China's growth rate also declined as a result of concerns about the future in connection with U.S.-China trade friction. Overall, the expansion in the global economy is slowing down.

Meanwhile, although Japan's economy experienced temporary negative repercussions as a result of natural disasters such as typhoons and earthquakes, sentiment remained upbeat due to outlays related to the Olympics and Paralympics and increased capital expenditures focused on saving labor.

Business performance

Regarding the environment our corporate group encountered, global steel demand rose compared to the previous year, underpinned by the robust U.S. economy and the expansion of emerging economies. The tone remained positive in Japan as well due to construction demand leading up to the Olympics and robust car sales. Although there were concerns regarding the impact that U.S.-China trade friction would have on steel prices, they rose gradually in tandem with rising raw material prices.

In this business environment, the Metal One Group focused on various strategies based on our Growth Strategy 2018 midterm management plan's three core concepts, business model reforms that differentiate Metal One from our rivals, the growth-driven injection of management resources, and enhancing our consolidated management platform.

As a result, Metal One's consolidated group performance this fiscal year exceeded that of last year. Comparing to previous fiscal year, we reached ¥2,308.7 billion in sales, a 9.0 % increase, and profit for the year attributable to owners of the parent was ¥25.4 billion, a 8.5% increase.

Situation with main items

1. Sales and gross profit

Increase in business volume along with higher average unit costs, led sales to increase by ¥190.7 billion compared to previous fiscal year, reaching ¥2,308.7 billion.

Despite a slight decline in our gross profit ratio, the significant impact of the rise in sales led gross profit to increase by ¥7.1 billion compared to previous fiscal year, reaching ¥123.9 billion.

2. Selling, general and administrative expenses

Due to a consolidation of an U.S. subsidiary in the second half of the previous fiscal year and an increase in freight rates owing to soaring transportation costs in North and Central America, costs increased by ¥1.7 billion compared to previous fiscal year, reaching ¥87.2 billion.

3. Gains on investments, Gains (Losses) on property, plant and equipment and others

Due to gain on negative goodwill, gains on investments increased by ¥1.1 billion compared to previous fiscal year, reaching ¥1.5 billion.

Due to gains from sales of fixed assets among domestic subsidiaries, fixed asset gains increased by ¥0.7 billion compared to the previous fiscal year, reaching ¥0.3 billion.

4. Business results by transaction type

Assessing by type of transaction, consolidated domestic sales of ¥1,171.4 billion (51% of the total, increased by ¥47.5 billion compared to previous fiscal year), while overseas sales of ¥1,137.3 billion (49% of the total, increased by ¥143.2 billion compared to previous fiscal year).

5. Total assets and total equity

Increment in inventories due to growth in business transactions was the main reason for total assets to increase by ¥44.6 billion compared to previous fiscal year end , reaching ¥1,132.7 billion.

Additionally, an increase in profit of the year led total equity to increase by ¥11.0 billion compared to previous fiscal year end, reaching ¥412.7 billion.

As a result, our shareholders' equity ratio fell by 0.5% to 33.2% compared to previous fiscal year end. Despite these factors, a stable financial status is maintained.

6. Interest-bearing debt

Due to increases in demand for working capital in connection with more robust business, borrowings balance reached ¥354.4 billion, increased by ¥18.6 billion compared to previous fiscal year end on a consolidated basis.

Comprehensive Income (Loss) Status

(In ¥100 million)

	FY2018			FY2017			Variance (A−B)
	Owners of the parent	Npn-controling interests	Total(A)	Owners of the parent	Npn-controling interests	Total(B)	
Profit for the year	254	38	292	234	39	273	19
Gains(Losses) on other investments designated as FVTOCI	−31	−1	−32	76	1	77	−109
Exchange differences on translating foreign operations	−10	3	−7	−22	−10	−33	26
Other	0	0	0	1	0	2	−2
Comprehensive income	213	40	253	289	30	319	−66

Number of Group Companies

Subsidiaries	Affiliates	Total (consolidated)
94 (−4)	36 (−4)	130 (−8)

Note: Figures in parenthesis ( ) show changes from the previous year.

Consolidated Financial Indicators

	March 31, 2019	March 31, 2018
Shareholders' equity ratio	33.2%	33.7%
Net D/E ratio	0.9	0.8

Shareholders' equity ratio =
Equity attributable to owners of the parent ÷ Total assets

Net D/E ratio =
(Short-term and long-term borrowings − Cash and deposits) ÷ Equity attributable to owners of the parent