

Consolidated Financial Results for the First Half of FY2019

Metal One Corporation (headquartered in Chiyoda-ku, Tokyo; President & CEO, Shuichi Iwata) is pleased to announce its consolidated results for the first half (April to September) of FY2019. Details are provided below.

Overview of Consolidated Financial Results for the First Half of FY2019

Business environment

Domestic steel demand declined in construction and manufacturing industries compared with the same period of the previous fiscal year. This was attributable to a pause in demand growth driven by Olympic-related projects and shrinking demand for exports due to U.S-China trade dispute and the deterioration of the Chinese economy. Domestic crude steel production was likewise down year on year due mainly to stagnant demand and the impact of a recent series of natural disasters. Demand in overseas markets also declined, reflecting such factors as the deceleration of Asian economies due to trade problems and sluggish demand in the U.S. steel market.

Consolidated statement of income

Looking at key items in the consolidated statement of income, sales and gross profit decreased compared with the same period of the previous fiscal year. This was mainly attributable to the impact of the aforementioned business environment and the April 2019 launch of the equity method affiliate Metal One Sumisho Tubular Products Co., Ltd. However, profit attributable to owners of parent grew year on year. The unaudited figures are presented below under IFRS.

(Unit: ¥ millions)

Item	First half of FY2019 (Apr. to Sep.)	First half of FY2018 (Apr. to Sep.)	Fluctuation
Sales ¹	1,045,869	1,141,263	(95,394)
Gross profit	53,140	61,538	(8,398)
Profit for the period attributable to owners of the parent	12,881	12,330	551

¹ Sales based on Japanese GAAP standards shown for reference

Consolidated statement of financial position

Total assets as of September 30, 2019 stood at ¥1,020.0 billion, a decrease of ¥112.7 billion from the end of FY2018. This decrease was mainly attributable to decreases in trade receivables and inventories. On the other hand, consolidated interest-bearing liabilities fell by ¥46.1 billion, to ¥308.3 billion.

Equity attributable to owners of the parent decreased ¥5.6 billion from March 31, 2019, to ¥370.5 billion. This was mainly due to lower gains on other investments designated as FVTOCI and exchange differences on translating foreign operations.

Consolidated Performance Outlook for the Entire Fiscal Year

For the second half of FY2019, we expect growing risks arising from sluggish market conditions as demand remains uncertain due to the ongoing U.S-China trade dispute and the deceleration of global economic growth reflecting the protectionist policies being embraced by a growing number of countries.

As at the start of the fiscal year, we will refrain from announcing full-year numerical projections.