

May 29, 2015

## **Consolidated Financial Results for the Year Ended March 2015**

---

Metal One Corporation (headquartered in Chiyoda-ku, Tokyo; President: Iwao Toide) held a press briefing on its consolidated financial results for the year ended March 2015 at its Tokyo headquarters. The briefing was conducted by Iwao Toide, President & CEO, and Yoshifumi Hachiya, executive officer & CFO.

■ Metal One Corporation and Subsidiaries Consolidated Financial Results for FY2014 (236KB)

■ Financial Results for the Year Ended March 2015

- 
- Consolidated Balance Sheet
  - Statement of Consolidated Income
  - Non-consolidated Balance Sheet
  - Statement of Non-consolidated Income
-

Metal One Corporation and Subsidiaries Consolidated Financial Results for FY2014

May 29, 2015  
Metal One Corporation

Income Statements

(In ¥100 million)	Performance in FY2014		Performance in FY2013			
	Consolidated	Non-consolidated	Consolidated		Non-consolidated	
				Variance		Variance
Sales	24,216	11,847	25,633	-1,417	12,156	-309
Gross profit	1,177	280	1,284	-107	303	-23
(Gross profit ratio)	(4.9%)	(2.4%)	(5.0%)		(2.5%)	
Operating expenses	-910	-254	-927	17	-252	-2
Provision for doubtful receivables	-5	-20	-5	0	2	-22
Amortization of goodwill	-1	-	-0	-1	-	-
Operating income	262	6	351	-89	54	-48
Interest income	7	7	6	1	6	1
Interest expense	-38	-7	-39	1	-7	0
Interest expense–net	-32	-1	-33	1	-1	0
Dividend income	15	155	16	-1	103	52
Other non-operating income and expenses	9	-11	-16	25	-27	16
Equity in earnings of affiliated companies	6	-	19	-13	-	-
Ordinary income	259	149	337	-78	128	21
Extraordinary gain and loss	84	-19	58	26	51	-70
Income before income taxes	343	131	395	-52	179	-48
Income taxes	-94	-9	-136	42	-45	36
Minority interests	-22	-	-21	-1	-	-
Net income	227	122	237	-10	134	-12

Basic earnings capabilities	255	358	-103
Basic earnings capabilities = Operating income (less provision for doubtful receivables) + Interest expense–net + Dividend income + Equity in earnings of affiliated companies			

Consolidated Balance Sheets

(In ¥100 million)	March 31, 2015		March 31, 2015		
		Variance from March 31, 2014		Variance from March 31, 2014	
Current assets	8,166	-449	Current liabilities	5,913	-562
Cash and deposits	283	-16	Accounts payable	2,846	-820
Accounts receivable	4,701	-1,181	Short-term debt	2,749	296
Inventories	2,459	327	Other current liabilities	318	-37
Other current assets	723	421	Non-current liabilities	1,191	87
			Long-term debt	971	79
			Other	220	8
Non-current assets	2,797	274	Total liabilities	7,104	-475
Tangible and intangible non-current assets	1,276	-38	Common stock and additional paid-in capital	1,500	0
Investments and other assets	1,521	312	Retained earnings, etc.	1,602	106
			Assets and liabilities valuation and translation adjustments	321	175
			Total net assets excluding minority interests	3,423	281
			Minority interests	437	19
			Total net assets	3,860	300
Total assets	10,963	-175	Total liabilities and net assets	10,963	-175

Number of Group Companies

Subsidiaries	Affiliates	Total (consolidated)
102 (–11)	46 (–2)	148 (–13)

Note: Figures in parentheses ( ) show changes from the previous year.  
Excluding the indirectly owned subsidiaries, there are 74 consolidated subsidiaries.

Consolidated Financial Indicators

	March 31, 2015	March 31, 2014
Shareholders' equity ratio	31.2%	28.2%
Net D/E ratio	1.1	1.1

Shareholders' equity ratio =  
Total net assets excluding minority interests ÷ Total assets  
Net D/E ratio =  
(Short-term and long-term debt + Securitized receivables – Cash and deposit) ÷ Total net assets (excluding minority interests)

Outline of Consolidated Results for FY2014

Business environment

Growth in the global economy remained moderate overall this fiscal year amid slower economic development in China, in addition to the geopolitical risks in Ukraine and the Middle East, outbreaks of Ebola hemorrhagic fever, and plunging oil prices.

In Japan, there were concerns about the effect of the consumption tax increase implemented in April 2014. However, the Nikkei stock average rebounded to its highest close in fifteen years, ¥19,206, at the end of March 2015 in connection with the government's economic policies and the yen's ongoing weakness. The Japanese economy continued to be comparatively steady.

Business performance

In the business environment that our group confronted, although continuing firm steel demand exceeded the previous year, particularly in the U.S., expanded production continued to outpace demand in China, leading to even more of a shift to exports. As a result, the worldwide steel oversupply has come into particularly sharp focus, especially in Asia. Furthermore, there was a striking second-half slump in demand in the energy sector caused by falling oil and gas prices.

In the domestic market, although home construction and automotive sector demand lagged the year before due to the impact of the consumption tax rise, public works demand surged. Additionally, some domestic firms were taking steps to revert to domestic manufacturing in the shipbuilding and electric machinery sectors, and steel demand remained firm.

In this business environment, the Metal One Group—as FY2014 was the final year of its fourth Mid-term Consolidated Management Plan—grappled with five key challenges: re-establishing a solid revenue base, fully utilizing human resources and assets, strengthening group management, enhancing human resource and development, and prioritizing group-wide compliance and safety.

Meeting these challenges is necessary to build business foundations with an eye to the next mid-term management plan. As a result, the Metal One Group's consolidated performance for the fiscal year fell below the previous year's results, with ¥2.4216 trillion in sales (down 5.5 percent compared to the fiscal year before), ordinary income of ¥25.9 billion (down 23.1 percent), and ¥22.7 billion in consolidated net income (down 4.2 percent).

Situation with main items

1. Sales and gross profit

Domestic structural steel and metal scrap operations were merged into Metal One Mitsui Bussan Resources & Structural Steel Corporation on November 1, 2014 (hereafter “the merger”), which resulted in applying the equity method. This was the primary factor in the overall ¥141.7 billion decline to ¥2.4216 trillion in sales.

2. Operating expenses

Our operating expenses dropped by ¥1.7 billion to ¥91 billion in response to the preceding merger.

3. Extraordinary gain and loss

The company's extraordinary gains exceeded extraordinary losses by ¥8.4 billion due to profits from the sales of securities and fixed assets.

4. Business results by transaction type

Viewed by type of transaction, sales in Japan's domestic market accounted for ¥1.4355 trillion (59 percent) of the whole, overseas ventures for ¥569.1 billion (24 percent), and exports for ¥411.2 billion (17 percent).

5. Total assets and shareholders' equity

Accounts receivable and accounts payable declined due to the impact of the merger, while other current assets (loans) and investments and other assets increased, with total assets amounting to ¥1.0963 trillion.

Furthermore, net assets excluding minority interests rose ¥28.1 billion to ¥342.3 billion, thanks to an increase in valuation and translation adjustments arising from rising stock prices and the weak yen.

This meant our shareholders' equity ratio rose three percent to 31.2 percent, strengthening the company's solid financial condition.

6. Interest-bearing debt

A decline in demand for funds in relation to China's decelerating economy, the promotion of efficient funding through the expansion of domestic group financing, and a withdrawal from unprofitable operations were factors in a declining debt balance. Because the steel business remained solid in the U.S., the net D/E ratio remained flat, as the consolidated debt balance rose ¥37.5 billion to ¥372 billion.

Status of affiliates

Overseas, Metal One acquired Cantak Corporation of western Canada, turning the company into a consolidated subsidiary. Since its founding in 1953, Cantak has been a steel pipe wholesaler, selling oil well pipes and line pipe imported from around the world. Increases in demand for steel pipe products used in energy production are anticipated for western Canada as well in connection with higher global energy demand. This acquisition was part of efforts to offer stable supplies of high-quality energy sector tubular goods while at the same time contributing to Canada's energy industry.

In Japan, amid forecasts that competition will become even more intense as the operating environment changes rapidly in the structural steel and scrap metal markets, Metal One Mitsui Bussan Resources & Structural Steel Corporation was established through the merger of all operations of the wholly owned Metal One subsidiary Metal One Structural Steel & Resource Corporation with Mitsui & Co. Steel Ltd.'s domestic structural steel business and metal scrap operations (other than nonferrous scrap).

The merger was intended to concentrate the corporate resources we had developed and to ensure stable supplies of the construction materials required for key policies among the nation's strategies to strengthen national resilience, including stepping up reconstruction in the aftermath of the March 2011 Great East Japan Earthquake and putting in place resilient social infrastructure in preparation for major disasters. Furthermore, the company will contribute to society in terms of both products and raw materials together with scrap metal businesses and end users nationwide, and strive to demonstrate the capabilities needed to meet the requirements of market participants.

---

---

**Metal One Corporation and Subsidiaries**  
**Financial Results for the Year Ended March 2015**

12th Term  
(April 1, 2014 to March 31, 2015)

---

---

May 29, 2015

7-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

**Metal One Corporation**

Consolidated Balance Sheets

(In ¥ million)

Assets				Liabilities and Net Assets			
Item	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)	Change (amount)	Item	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)	Change (amount)
Current assets	861,514	816,624	-44,890	Current liabilities	647,460	591,297	-56,163
Cash and deposits	29,911	28,332	-1,579	Notes and accounts payable	366,668	284,624	-82,044
Notes and accounts receivable	588,266	470,123	-118,143	Short-term debt	245,271	274,892	29,621
Inventories	213,151	245,895	32,744	Other accounts payable	9,959	13,647	3,688
Advance payments to suppliers	8,895	7,289	-1,606	Accrued expenses	3,690	3,355	-335
Other accounts receivable	14,068	21,306	7,238	Accrued income taxes	7,600	3,479	-4,121
Short-term deferred tax assets	5,181	3,205	-1,976	Advances from customers	4,325	2,900	-1,425
Other current assets	5,715	44,057	38,342	Reserve for bonuses	4,127	4,443	316
Allowance for doubtful receivables	-3,673	-3,583	90	Other	5,820	3,957	-1,863
Non-current assets	252,331	279,704	27,373	Non-current liabilities	110,398	119,056	8,658
Tangible assets	124,054	119,838	-4,216	Long-term debt	89,171	97,068	7,897
Intangible assets	7,328	7,737	409	Long-term deferred tax liabilities	15,154	15,897	743
Goodwill	238	1,325	1,087	Net defined benefit liabilities	2,658	2,804	146
Other intangible non-current assets	7,090	6,412	-678	Other	3,415	3,287	-128
Investments and other assets	120,949	152,129	31,180	Total liabilities	757,858	710,353	-47,505
Investments	112,077	144,951	32,874	Shareholders' equity	299,614	310,193	10,579
Long-term loans	872	50	-822	Common stock	100,000	100,000	0
Long-term deferred income taxes	1,393	1,377	-16	Capital surplus	50,000	50,000	0
Other	9,656	8,605	-1,051	Retained earnings	149,614	160,193	10,579
Allowance for doubtful receivables	-3,049	-2,854	195	Total other comprehensive income	14,632	32,121	17,489
Total assets	1,113,845	1,096,328	-17,517	Net unrealized gains on securities	15,019	20,812	5,793
				Deferred gains or losses on hedges	-9	-	9
				Foreign currency translation adjustments	-415	11,175	11,590
				Remeasurement of defined benefit plans	37	134	97
				Minority interests	41,741	43,661	1,920
				Total net assets	355,987	385,975	29,988
				Total liabilities and net assets	1,113,845	1,096,328	-17,517

Statements of Consolidated Income

(In ¥ million)

Item	Previous fiscal year April 1, 2013 to March 31, 2014	Current fiscal year April 1, 2014 to March 31, 2015	Year-on-year	
			Change (amount)	Change (percentage)
Sales	2,563,303	2,421,600	-141,703	-5.5%
Cost of sales	2,434,951	2,303,883	-131,068	-5.4%
Gross profit	128,352	117,717	-10,635	-8.3%
(Gross profit ratio)	(5.0%)	(4.9%)		
Selling, general and administrative expenses	93,252	91,562	-1,690	-1.8%
Operating income	35,100	26,155	-8,945	-25.5%
Non-operating income	6,736	5,334	-1,402	-20.8%
(Interest income)	( 614)	( 661)	47	7.7%
(Dividend income)	( 1,586)	( 1,463)	-123	-7.8%
(Equity in earnings of affiliated companies)	( 1,908)	( 582)	-1,326	-69.5%
(Other non-operating income)	( 2,628)	( 2,628)	0	0.0%
Non-operating expenses	8,140	5,581	-2,559	-31.4%
(Interest expense)	( 3,885)	( 3,820)	-65	-1.7%
(Other non-operating expenses)	( 4,255)	( 1,761)	-2,494	-58.6%
Ordinary income	33,696	25,908	-7,788	-23.1%
Extraordinary gain	7,706	12,771	5,065	65.7%
Extraordinary loss	1,950	4,343	2,393	122.7%
Income before income taxes	39,452	34,336	-5,116	-13.0%
Income taxes:				
Current	13,309	9,456	-3,853	-29.0%
Deferred	326	-74	-400	-122.7%
Net income before minority interests	25,817	24,954	-863	-3.3%
Minority interests	2,086	2,231	145	7.0%
Net income	23,731	22,723	-1,008	-4.2%

Balance Sheets

(In ¥ million)

Assets				Liabilities and Net Assets			
Item	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)	Change (amount)	Item	Previous fiscal year (March 31, 2014)	Current fiscal year (March 31, 2015)	Change (amount)
Current assets	368,536	378,599	10,063	Current liabilities	280,480	300,608	20,128
Cash and deposits	3,686	4,535	849	Notes payable	14,885	14,616	-269
Notes receivable	37,337	36,841	-496	Accounts payable	122,729	116,274	-6,455
Accounts receivable	217,152	204,799	-12,353	Short-term debt	122,340	149,140	26,800
Inventories	14,387	13,717	-670	Other accounts payable	3,530	5,037	1,507
Other accounts receivable	2,001	13,419	11,418	Advances from customers	501	321	-180
Short-term loans	84,839	101,179	16,340	Reserve for bonuses	744	763	19
Deferred tax assets	895	899	4	Other current liabilities	15,747	14,453	-1,294
Other	9,639	5,066	-4,573				
Allowance for doubtful receivables	-1,403	-1,858	-455				
Non-current assets	174,120	183,356	9,236	Non-current liabilities	69,437	62,973	-6,464
Tangible assets	3,045	3,340	295	Long-term debt	63,440	55,300	-8,140
Intangible assets	2,843	2,000	-843	Deferred tax liabilities	5,960	7,593	1,633
				Other	36	80	44
Investments and other assets	168,231	178,015	9,784	Total liabilities	349,918	363,581	13,663
Investment securities	52,279	57,982	5,703	Shareholders' equity	179,462	179,679	217
Equity in affiliated companies	91,813	94,983	3,170	Common stock	100,000	100,000	0
Investments in affiliated companies	19,604	20,477	873	Capital surplus	50,000	50,000	0
Long-term loans	1	0	-1	Retained earnings	29,462	29,679	217
Long-term receivables	2,191	2,143	-48	Valuation and translation adjustments	13,276	18,695	5,419
Other	4,530	4,570	40	Net unrealized gains on securities	13,276	18,695	5,419
Allowance for doubtful receivables	-2,191	-2,143	48				
Total assets	542,656	561,956	19,300	Total net assets	192,738	198,374	5,636
				Total liabilities and net assets	542,656	561,956	19,300

Statements of Income

(In ¥ million)

Item	Previous fiscal year April 1, 2013 to March 31, 2014	Current fiscal year April 1, 2014 to March 31, 2015	Year-on-year	
			Change (amount)	Change (percentage)
Sales	1,215,556	1,184,660	-30,896	-2.5%
Cost of sales	1,185,232	1,156,661	-28,571	-2.4%
Gross profit	30,324	27,998	-2,326	-7.7%
(Gross profit ratio)	(2.5%)	(2.4%)		
Selling, general and administrative expenses	24,963	25,757	794	3.2%
Operating income	5,360	2,240	-3,120	-58.2%
Non-operating income	11,301	16,409	5,108	45.2%
(Interest income)	( 633)	( 665)	32	5.1%
(Dividend income)	( 10,292)	( 15,474)	5,182	50.3%
(Other non-operating income)	( 375)	( 269)	-106	-28.3%
Non-operating expenses	3,850	2,104	-1,746	-45.4%
(Interest expense)	( 737)	( 740)	3	0.4%
(Other non-operating expenses)	( 3,111)	( 1,361)	-1,750	-56.3%
Ordinary income	12,811	16,546	3,735	29.2%
Extraordinary gain	6,372	909	-5,463	-85.7%
Extraordinary loss	1,293	4,402	3,109	240.4%
Income before income taxes	17,890	13,053	-4,837	-27.0%
Income taxes:				
Current	3,171	489	-2,682	-84.6%
Deferred	1,291	369	-922	-71.4%
Net income	13,427	12,194	-1,233	-9.2%