



February 4, 2020

**Summary of the Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2020 (FY3/20)
(Nine Months Ended December 31, 2019)**

[Japanese GAAP]

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 Scheduled date of filing of Quarterly Report: February 10, 2020
 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, 2019 to December 31, 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	%
Nine months ended Dec. 31, 2019	117,076	(7.9)	4,230	(13.9)	5,193	(25.6)	3,342	(20.4)
Nine months ended Dec. 31, 2018	127,088	(2.0)	4,910	(44.2)	6,979	(30.6)	4,199	(30.6)

Note: Comprehensive income (millions of yen): Nine months ended Dec. 31, 2019: 3,995 (-%)
 Nine months ended Dec. 31, 2018: (632) (-%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2019	113.41	112.95
Nine months ended Dec. 31, 2018	141.60	141.00

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2019	205,623	169,466	74.3
As of Mar. 31, 2019	209,465	167,671	71.7

Reference: Shareholders' equity (millions of yen): As of Dec. 31, 2019: 152,721 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	-	30.00	-	-	-
Fiscal year ending Mar. 31, 2020 (Forecast)	-	-	-	40.00	70.00

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

For further details, please refer to the press release dated today (February 4, 2020) about earnings forecast and dividend forecast (Japanese version only).

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
Full year	155,000	(7.4)	5,200	(11.6)	6,900	(29.8)	4,400	(29.7)	149.28

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 3 and the press release dated today (February 4, 2020) 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: 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 7.

(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, 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 Dec. 31, 2019:	6,362,134 shares	As of Mar. 31, 2019:	6,361,610 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2019:	29,475,755 shares	Nine months ended Dec. 31, 2018:	29,658,698 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 nine months of the fiscal year ending March 31, 2020, the Japanese economy showed signs of slowdown due to reasons such as weakness in exports and production, and deterioration of corporate earnings.

In the global economy, consumer spending in the United States remains strong, while corporate activities such as capital investment are showing signs of slowing down. Economic growth is also slowing in Asia and Europe, in addition to China.

In the steel market in Japan, demand was generally weak due to factors such as a decrease in non-residential housing starts, based on floor area, a decrease in automobile production and exports, a consumption tax hike, and the effects of natural disasters.

In the overseas steel market, although the global crude steel production volume has decreased along with the decrease in crude steel production in China, the level is still extremely high. The steel market has been sluggish, mainly in Asia.

The Yodogawa Steel Group's net sales in the first nine months decreased 10,011 million yen to 117,076 million yen. Operating profit decreased 680 million yen to 4,230 million yen, ordinary profit decreased 1,786 million yen to 5,193 million yen, and profit attributable to owners of parent decreased 856 million yen to 3,342 million yen.

In Japan, sales and earnings were lower than one year earlier due to a decrease in sales of steel sheets to specific high-demand customers.

Overseas, sales and earnings decreased at Taiwan subsidiary Sheng Yu Steel Co., Ltd. (SYSCO) as the business climate remained challenging. Sales were down but losses were smaller at subsidiaries Yodogawa Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS) in China and PCM Processing (Thailand) Ltd. (PPT) in Thailand.

Results by business segment are as follows.

1) Steel Sheet-related Business

Net sales totaled 108,193 million yen and operating profit was 4,384 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. Sales of pre-painted sheets were slow in the home appliance category, but the sales volume of these sheets was higher in the building materials category. Retail sales of steel sheets for general distribution decreased in Japan while sales volumes of plated steel sheets and pre-painted steel sheets increased.

At Taiwan subsidiary SYSCO, sales decreased mainly because of U.S. trade protectionism. In addition, sales were lower at YSS in China and PPT in Thailand, but the profitability of these two companies improved.

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 a result of price revisions. Construction sales were higher because of an increase in completions of large projects.

2) Roll Business

Net sales totaled 2,133 million yen and operating loss was 220 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 2,623 million yen and operating profit was 68 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 903 million yen and operating profit was 639 million yen.

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

5) Other Businesses

Net sales totaled 3,223 million yen and operating profit was 228 million yen.

Sales increased because of higher sales in the engineering business, but earnings decreased mainly due to a decline in the volume of cargo handled in the warehouse cargo handling business.

(2) Explanation of Financial Position

Assets

Current assets decreased by 5,943 million yen from the end of the previous fiscal year to 114,811 million yen. This was attributable mainly to a decrease of 5,259 million yen in cash and deposits, a decrease of 2,089 million yen in notes and accounts receivable-trade, and an increase of 629 million yen in securities.

Non-current assets increased by 2,102 million yen from the end of the previous fiscal year to 90,811 million yen. This was mainly attributable to an increase of 3,540 million yen in investment securities and a decrease of 1,488 million yen in property, plant and equipment.

Total assets decreased by 3,841 million yen from the end of the previous fiscal year to 205,623 million yen.

Liabilities

Current liabilities decreased by 7,004 million yen from the end of the previous fiscal year to 20,164 million yen. This was attributable mainly to a decrease of 3,796 million yen in notes and accounts payable-trade.

Non-current liabilities increased by 1,368 million yen from the end of the previous fiscal year to 15,993 million yen. This was attributable mainly to an increase of 1,456 million yen in deferred tax liabilities included in other non-current liabilities. Total liabilities decreased by 5,636 million yen from the end of the previous fiscal year to 36,157 million yen.

Net assets

Net assets increased by 1,794 million yen from the end of the previous fiscal year to 169,466 million yen. This was attributable mainly to an increase of 1,282 million yen in retained earnings, an increase of 2,051 million yen in valuation difference on available-for-sale securities, a decrease of 939 million yen in foreign currency translation adjustment, and a decrease of 708 million yen in non-controlling interests.

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

In the steel industry, the risk of a downturn is growing as the outlook for steel demand in Japan and overseas becomes increasingly unclear. 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.

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)	
	FY3/19 (as of Mar. 31, 2019)	Third quarter of FY3/20 (as of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	36,843	31,584
Notes and accounts receivable-trade	44,018	41,928
Securities	3,494	4,123
Merchandise and finished goods	15,519	15,945
Work in process	4,397	4,368
Raw materials and supplies	12,733	12,203
Other	3,881	4,788
Allowance for doubtful accounts	(132)	(132)
Total current assets	120,755	114,811
Non-current assets		
Property, plant and equipment	48,126	46,638
Intangible assets	1,472	1,601
Investments and other assets		
Investment securities	38,292	41,832
Other	817	738
Total investments and other assets	39,109	42,571
Total non-current assets	88,709	90,811
Total assets	209,465	205,623
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,858	14,061
Short-term borrowings	327	520
Income taxes payable	1,736	49
Provision for bonuses	971	619
Other	6,274	4,912
Total current liabilities	27,168	20,164
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	66	76
Retirement benefit liability	7,154	7,076
Other	7,403	8,840
Total non-current liabilities	14,624	15,993
Total liabilities	41,793	36,157
Net assets		
Shareholders' equity		
Share capital	23,220	23,220
Capital surplus	20,385	20,384
Retained earnings	104,961	106,243
Treasury shares	(13,061)	(13,062)
Total shareholders' equity	135,505	136,786
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,213	14,264
Revaluation reserve for land	1,639	1,636
Foreign currency translation adjustment	1,378	439
Remeasurements of defined benefit plans	(500)	(405)
Total accumulated other comprehensive income	14,730	15,934
Share acquisition rights	210	228
Non-controlling interests	17,225	16,516
Total net assets	167,671	169,466
Total liabilities and net assets	209,465	205,623

(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 FY3/19 (Apr. 1, 2018 to Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 to Dec. 31, 2019)
Net sales	127,088	117,076
Cost of sales	109,163	99,983
Gross profit	17,924	17,092
Selling, general and administrative expenses	13,013	12,862
Operating profit	4,910	4,230
Non-operating income		
Interest income	428	379
Dividend income	815	747
Foreign exchange gains	123	22
Gain on sales of investment securities	466	0
Share of profit of entities accounted for using equity method	270	348
Other	243	226
Total non-operating income	2,347	1,723
Non-operating expenses		
Interest expenses	60	64
Cost for employees transferred temporarily to overseas subsidiaries	160	133
Loss on valuation of derivatives	-	513
Other	57	48
Total non-operating expenses	278	760
Ordinary profit	6,979	5,193
Extraordinary income		
Gain on sales of non-current assets	-	0
Insurance claim income	47	-
Total extraordinary income	47	0
Extraordinary losses		
Loss on sales and retirement of non-current assets	31	86
Impairment loss	2	0
Loss on disaster	585	13
Loss on valuation of investment securities	42	273
Other	0	-
Total extraordinary losses	661	375
Profit before income taxes	6,365	4,818
Income taxes-current	2,011	1,198
Income taxes-deferred	(119)	389
Total income taxes	1,892	1,588
Profit	4,473	3,230
Profit (loss) attributable to non-controlling interests	273	(112)
Profit attributable to owners of parent	4,199	3,342

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

(Millions of yen)

	First nine months of FY3/19 (Apr. 1, 2018 to Dec. 31, 2018)	First nine months of FY3/20 (Apr. 1, 2019 to Dec. 31, 2019)
Profit	4,473	3,230
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,135)	2,132
Foreign currency translation adjustment	(1,156)	(1,487)
Remeasurements of defined benefit plans, net of tax	252	133
Share of other comprehensive income of entities accounted for using equity method	(65)	(13)
Total other comprehensive income	(5,105)	765
Comprehensive income	(632)	3,995
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(416)	4,550
Comprehensive income attributable to non-controlling interests	(215)	(554)

(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, June 28, 2019) 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 nine months.

Segment and Other Information**Segment information**

I. 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.

II. First nine months of FY3/20 (Apr. 1, 2019 to Dec. 31, 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	108,193	2,133	2,623	903	113,853	3,223	117,076	-	117,076
Inter-segment sales and transfers	-	-	-	331	331	1,820	2,151	(2,151)	-
Total	108,193	2,133	2,623	1,234	114,185	5,043	119,228	(2,151)	117,076
Segment profit (loss)	4,384	(220)	68	639	4,871	228	5,099	(869)	4,230

- 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 (870) 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.