

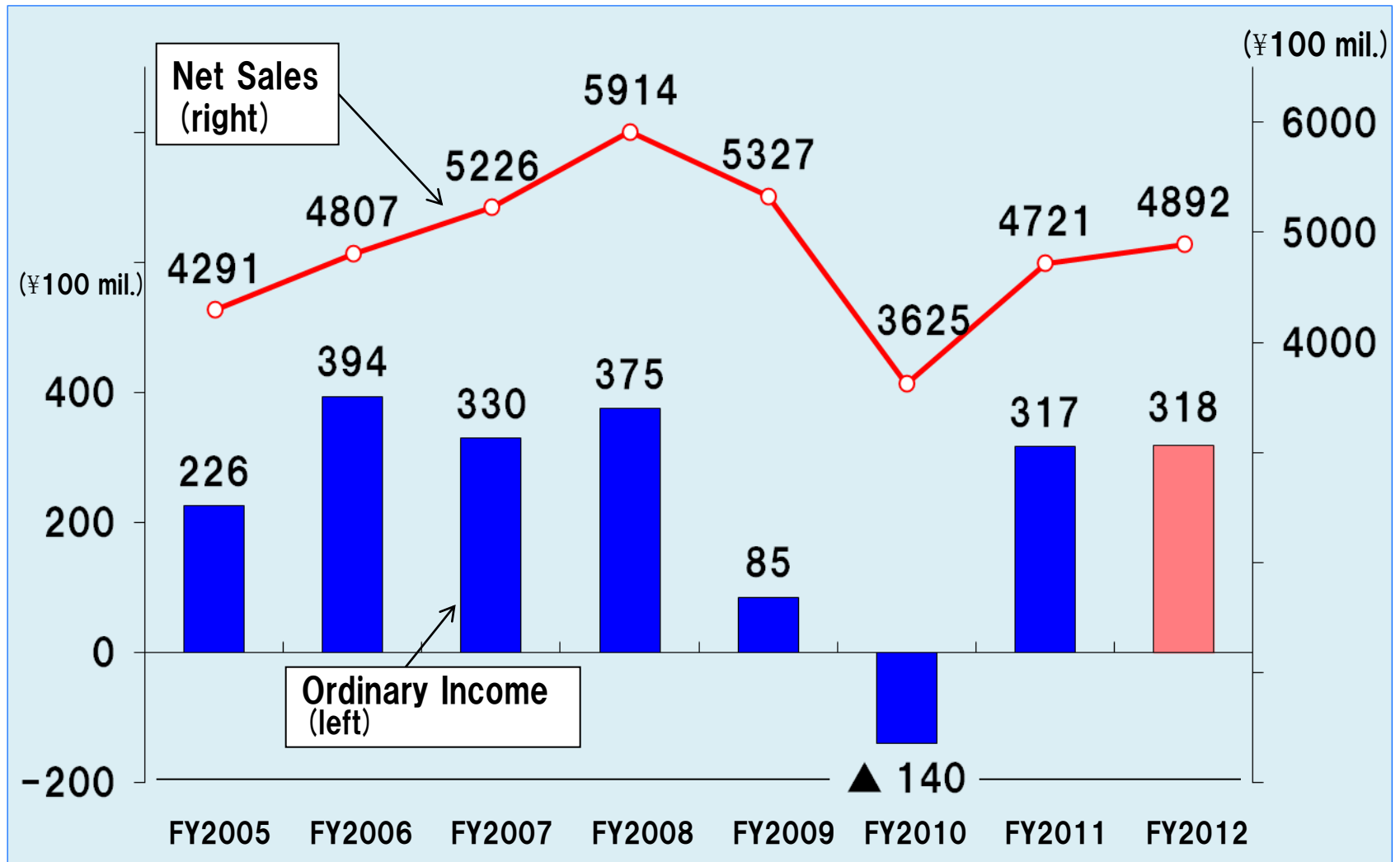
**Fiscal Year ending March 2012  
Results Briefing  
(Apr. 1 / 2011 – Mar. 31 / 2012)**

**Apr. 27<sup>th</sup> 2012**

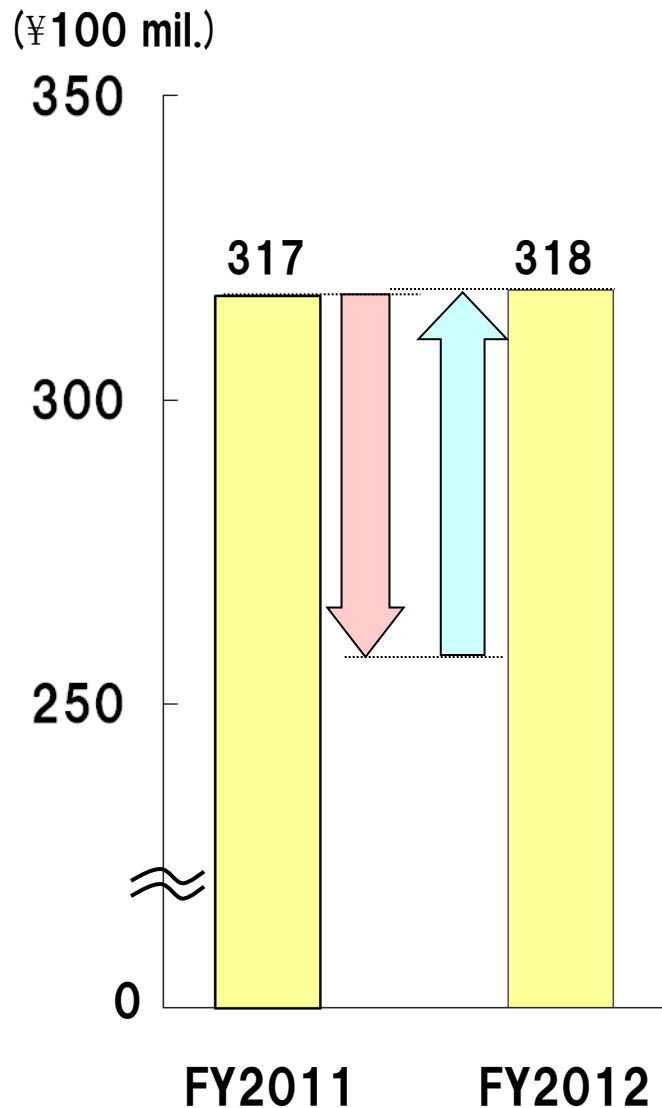
# FY2012 Results

(Apr.1 / 2011 – Mar.31 / 2012)

# Changes in Net Sales & Ordinary Income(FY2012 Results)



# FY2012 Changes in Ordinary Income (y/y)



FY2011 Ordinary Income	
Changes (y/y)	Operating Income / Loss
	Raw material price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Subtotal
Non-operating Income	
FY2012 Ordinary Income	

(¥100 mil.)

FY2011 Ordinary Income	
<b>317</b>	
-16	/
/	+14
/	+24
-4	/
/	+15
-45	/
-65	+53
/	+13
<b>318 (+1)</b>	

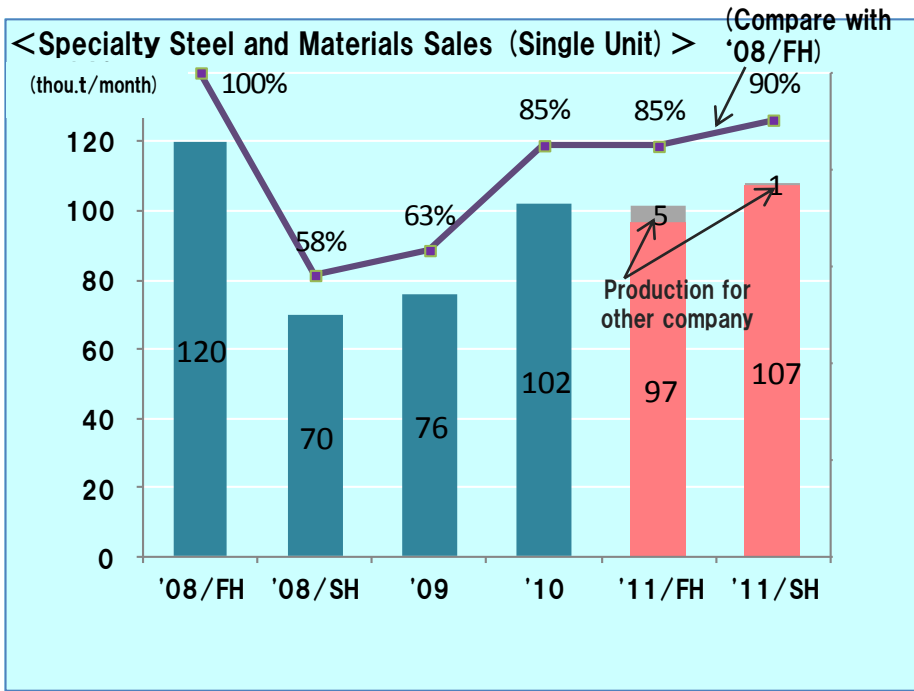
# Changes in Net Sales & Operating Income by Segment

		FY2011 (A)	FY2012 (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	2,869	2,938	69
	Operating Income (Volume)	210 (1,222thou.t)	211 (1,259thou.t)	1 (37thou.t)
Electronic & Magnetic Materials	Net Sales	399	426	27
	Operating Income	18	15	-3
Parts for Automobile & Industrial Equipment	Net Sales	1,025	1,073	48
	Operating Income	65	53	-12
Engineering	Net Sales	238	258	20
	Operating Income	16	18	2
New Materials	Net Sales	96	101	5
	Operating Income	6	6	0
Trading & Service	Net Sales	94	96	2
	Operating Income	12	12	0
Total	Net Sales	4,721	4,892	171
	Operating Income	327	315	-12

# Overview of Main Segment in FY2012①

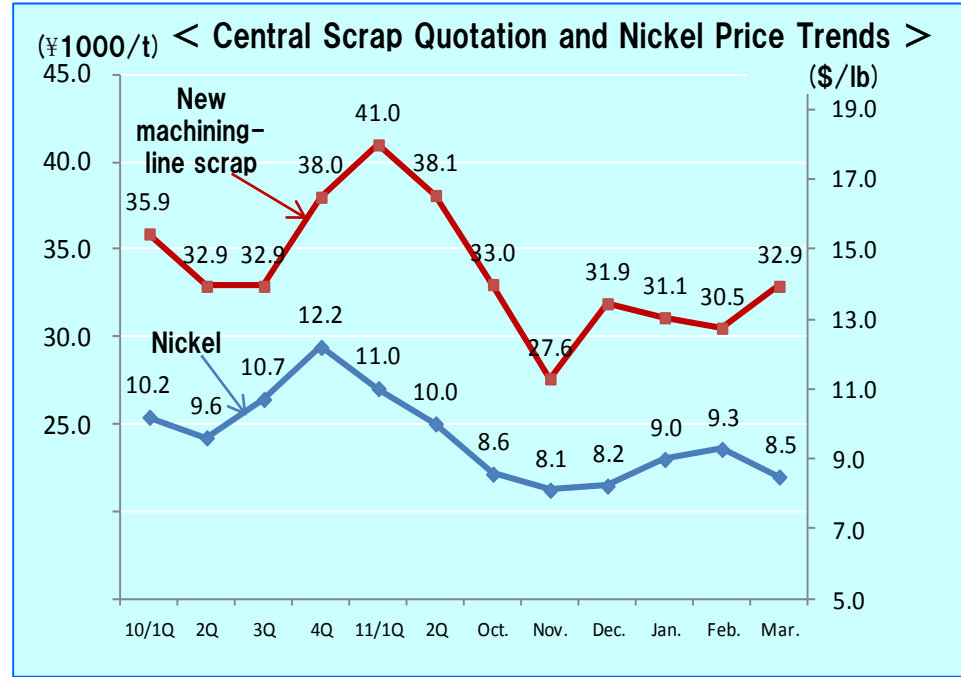
## Specialty Steel

### < Demand Environment >



Specialty steel demand was firmly increased, in spite of earthquake, electricity shortage and flood in Thailand.

### < Raw Material Situation >

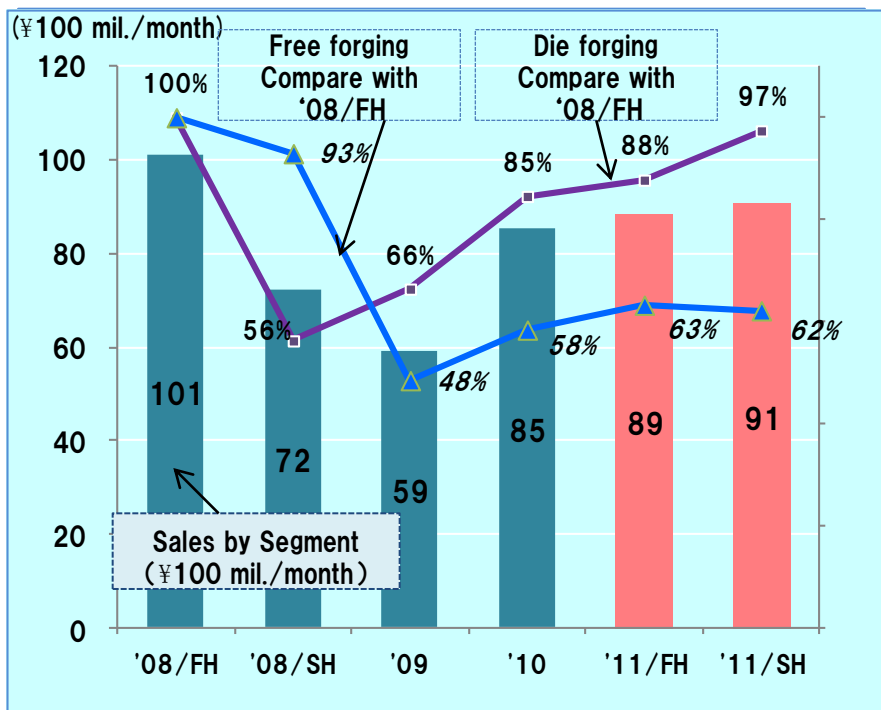


- Steel scrap price was stabilized.
- Nickel price was low due to economic slow down.

# Overview of Main Segment in FY2012 ②

## Parts for Automobile & Industrial Equipment

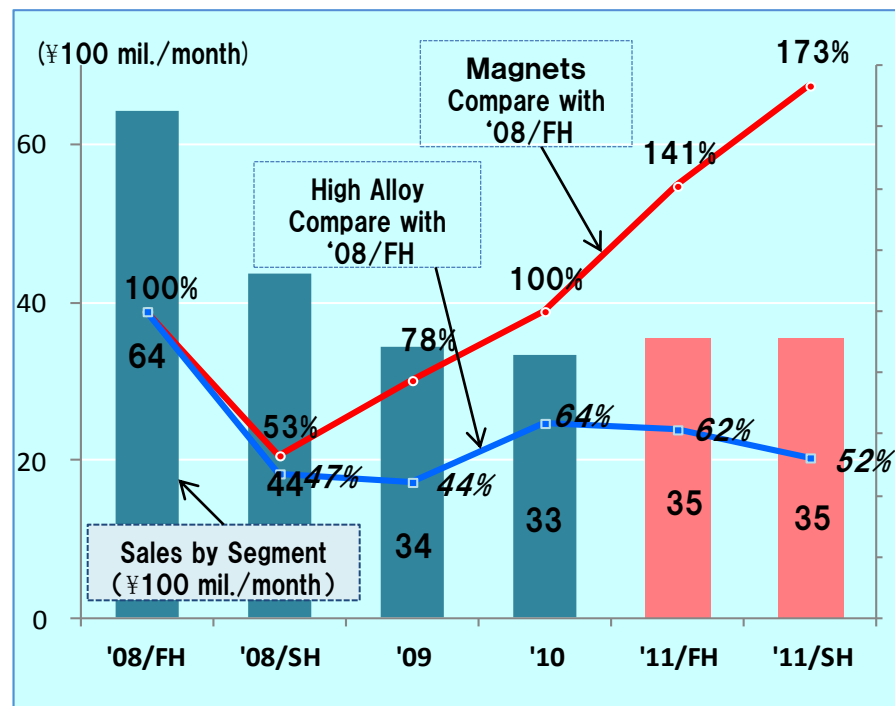
### <Sales by Segment>



- Demand for industrial machinery was recovering.
- Demand for automotive and bearing was recovered to its peak sales.

## Electronic & Magnetic Materials

### < Sales by Segment >



- Market for High Alloy business was reducing.
- Magnetic business continued to expand.

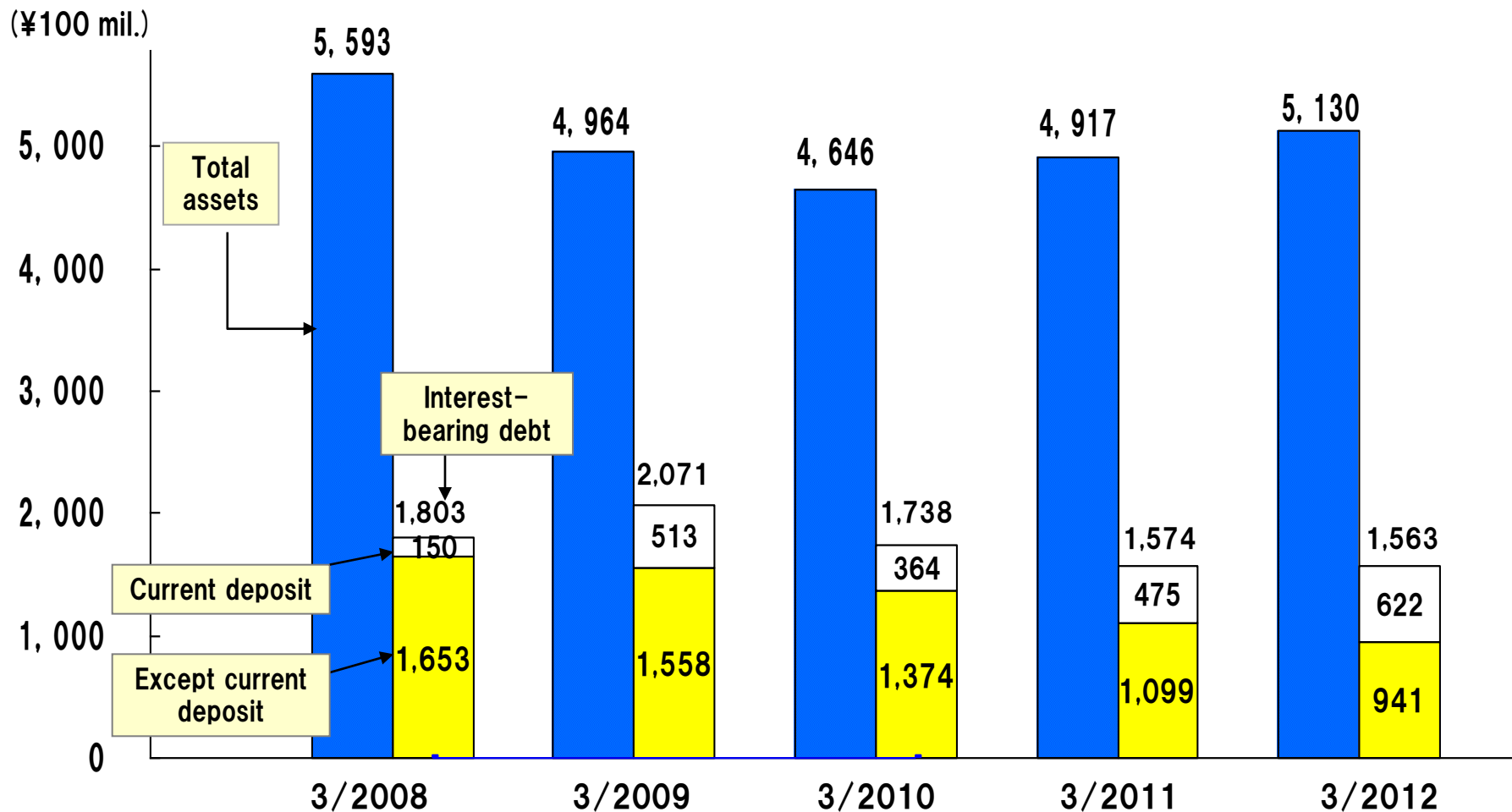
# FY2012 Extraordinary Income/Loss · Net Income

(¥100 mil.)

<b>FY2012 Ordinary income</b>	<b>318</b>
<b>Extraordinary Income / Loss</b>	<b>▲15</b>
<b>Income taxes and minority interests</b>	<b>▲76</b>
<b>FY2012 Net income</b>	<b>227</b>

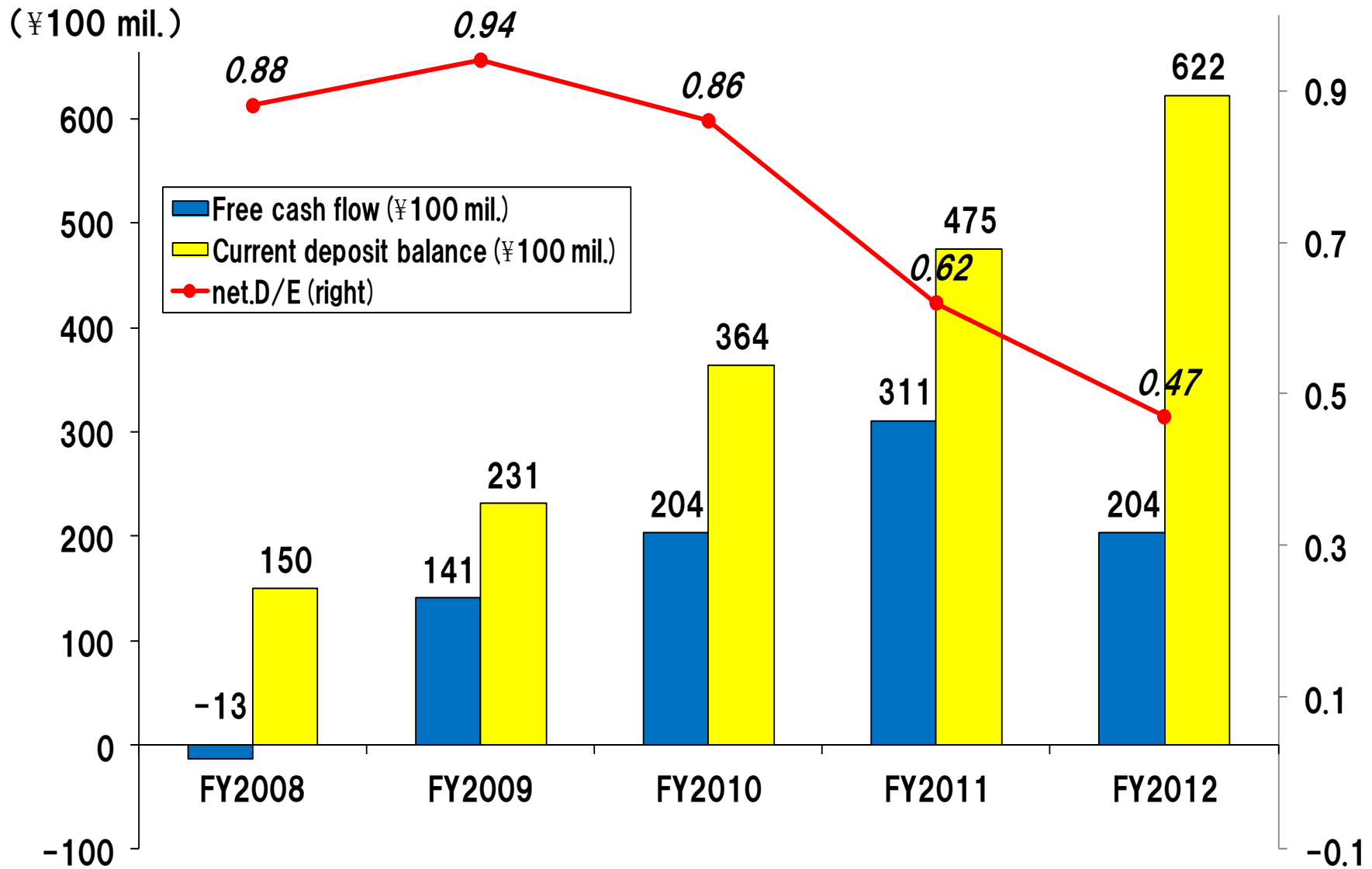


# Total Assets, Interest-bearing Debt, D/E Ratio



	3/2008	3/2009	3/2010	3/2011	3/2012
ROA	6.9%	1.6%	▲2.9%	6.6%	6.3%
D/E	0.96	1.25	1.09	0.88	0.79

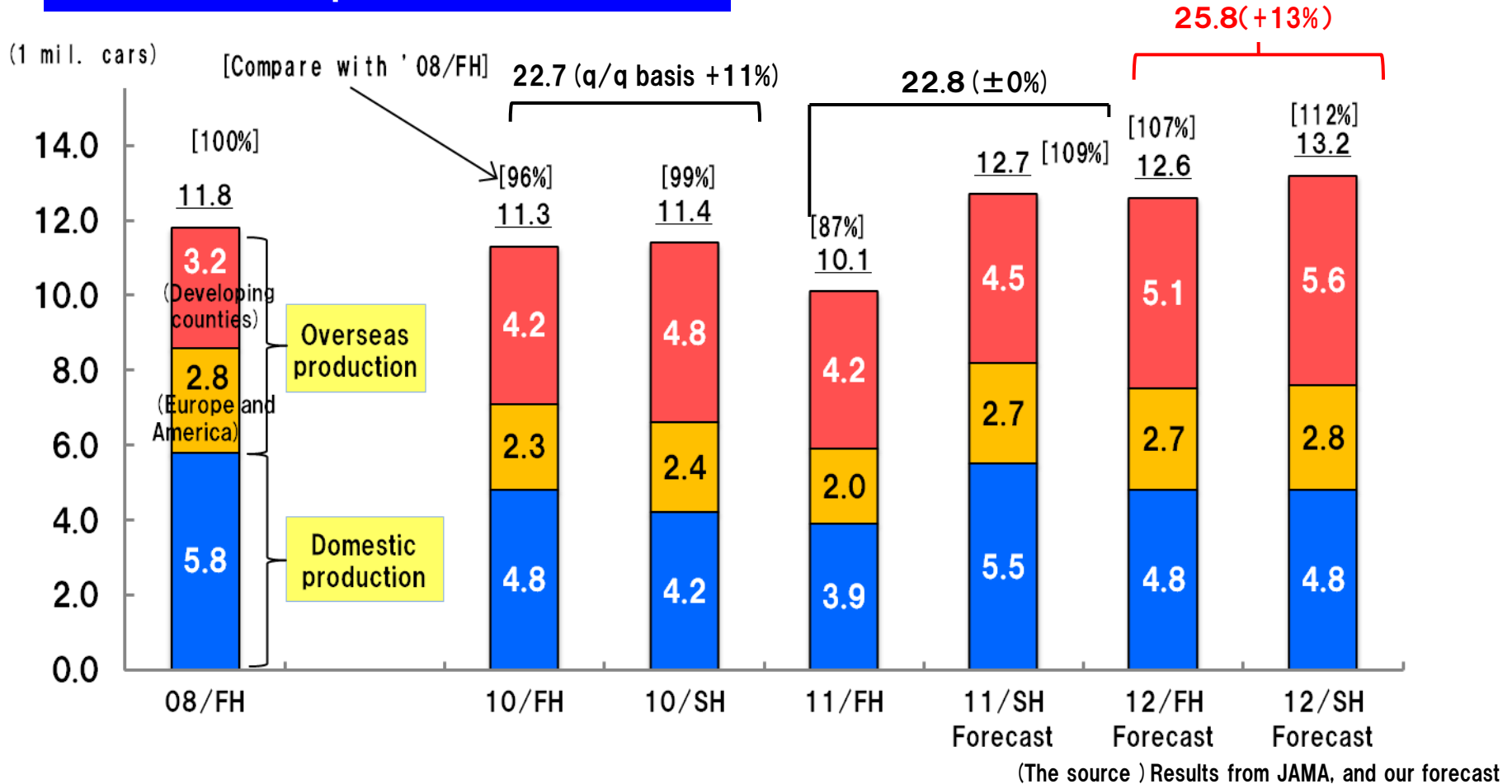
# Free cash flow and Cash balance



# Annual Plan for FY2013

# Demand Situation

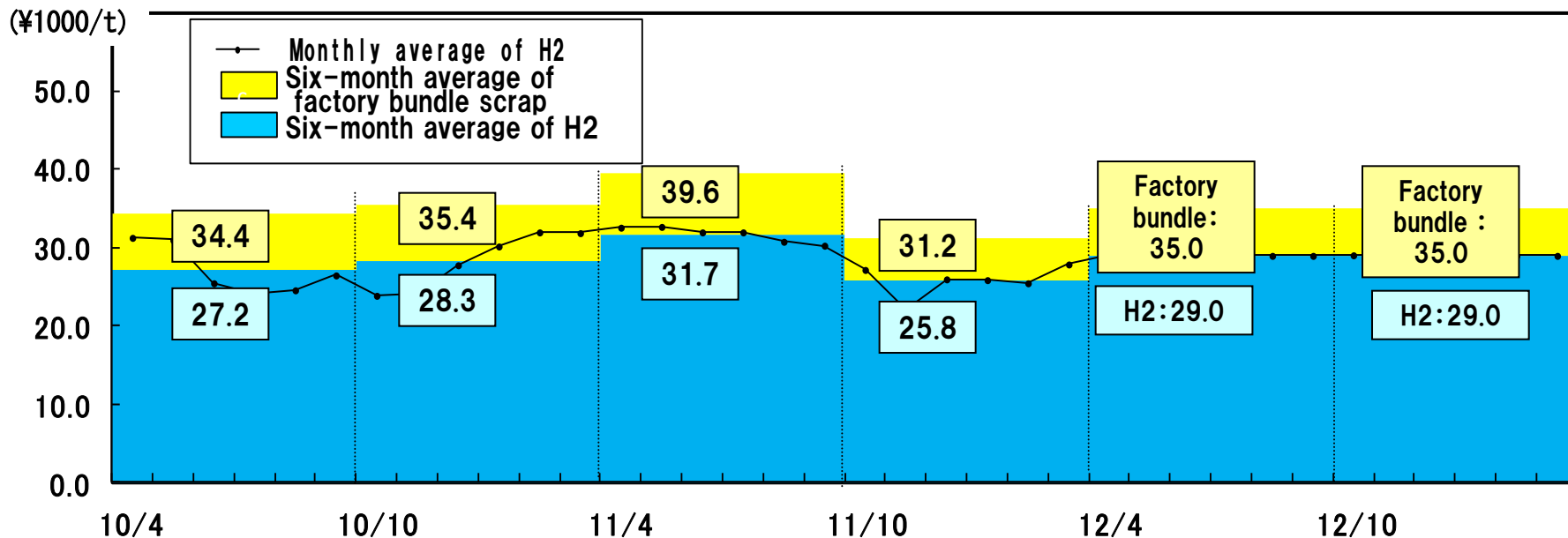
## Trends for Japanese Car Market



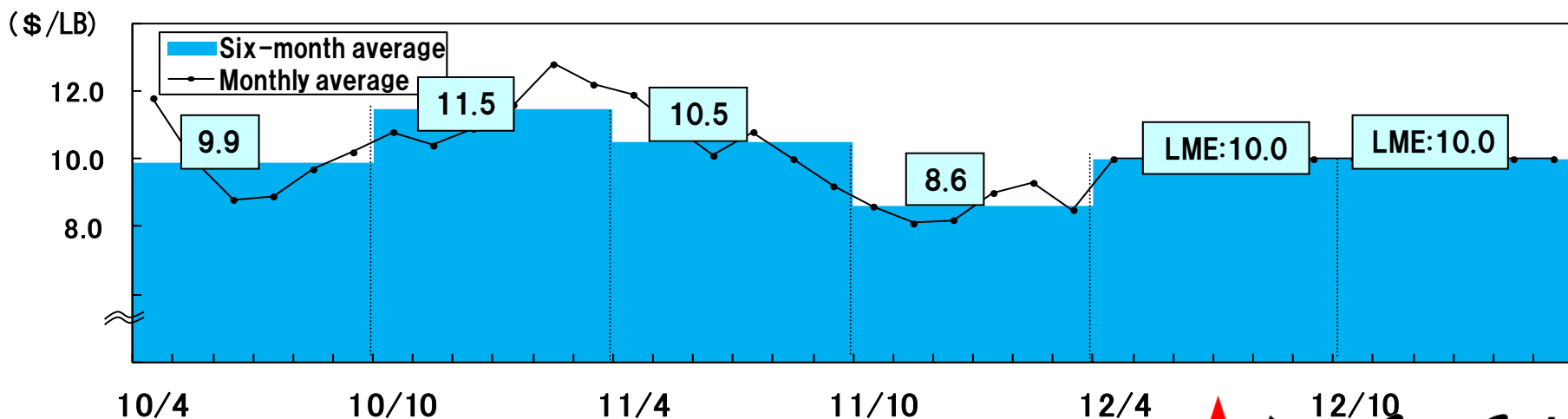
- World automotive demand continued to expand by newly developing countries.
- Production volume of Japanese car makers is greatly increasing.

# Market Trend of Raw Materials(Scrap Steel and Nickel)

< H2 and Factory bundle scrap prices in Chubu area, Japan >



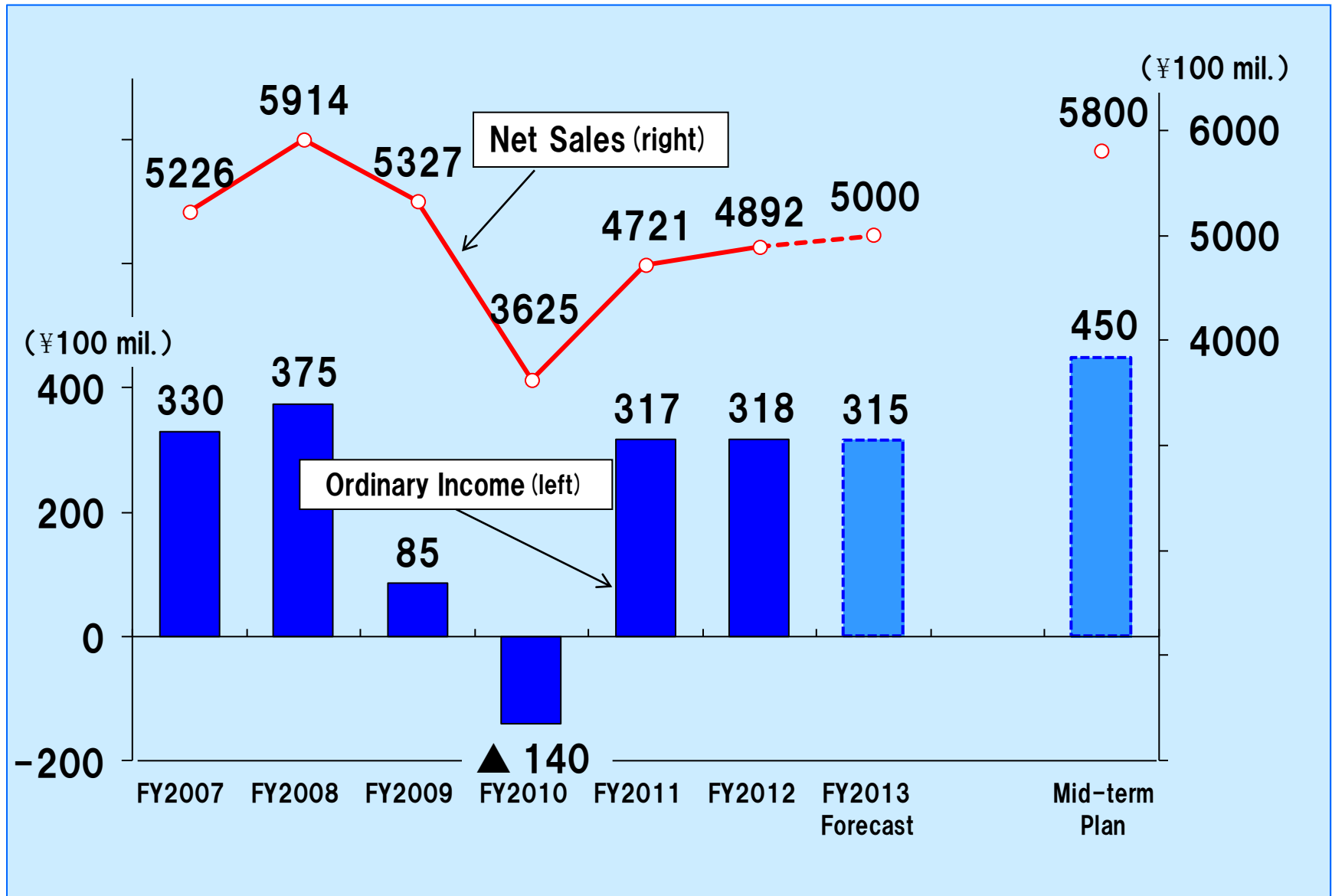
< Nickel price LME >



# Premises of Profit Planning for FY2013 (Market Trend)

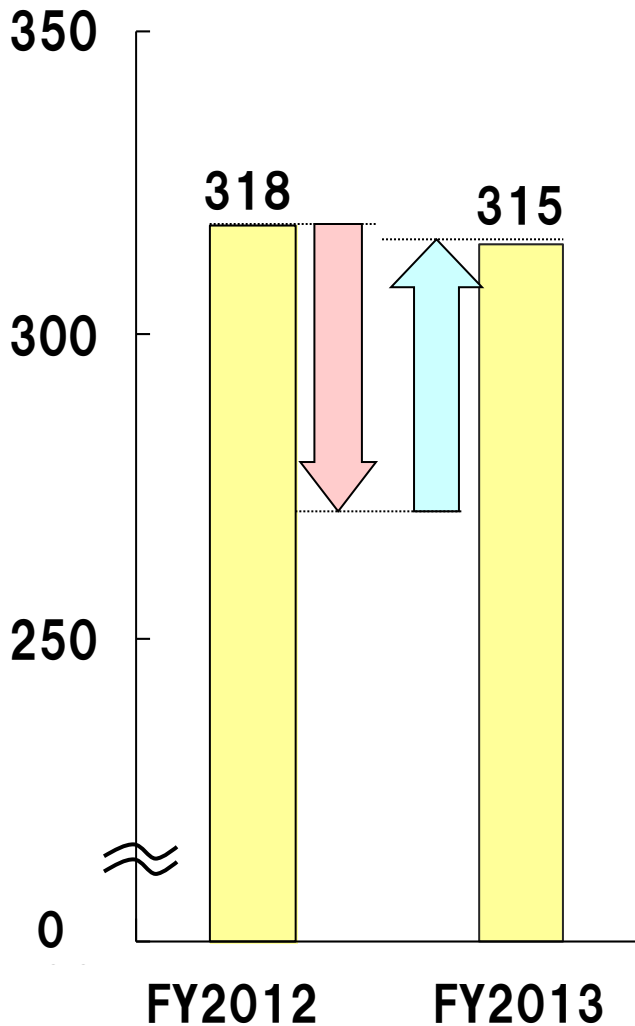
	UNIT	FY2012 Results	FY2013 Premises of plan (y/y basis)
<b>Scrap steel</b> Upper:H2 Lower:Factory bundle	¥thou./T	<b>28.8</b> <b>35.4</b>	<b>29.0 (+0.2)</b> <b>35.0 (-0.4)</b>
<b>Nickel</b> (LME)	\$/LB	<b>9.6</b>	<b>10.0 (+0.4)</b>
<b>Molybdenum</b> (MW)	\$/LB	<b>14.7</b>	<b>15.0 (+0.3)</b>
<b>Crude oil</b> (Dubai)	\$/B	<b>110.1</b>	<b>115.0 (+4.9)</b>
<b>Exchange rate</b>	¥/\$	<b>79.1</b>	<b>78.0 (-1.1)</b>

# Changes in Net Sales & Ordinary Income (Forecast for FY2013)



# FY2013 Changes in Ordinary Income (y/y)

(¥100 mil.)



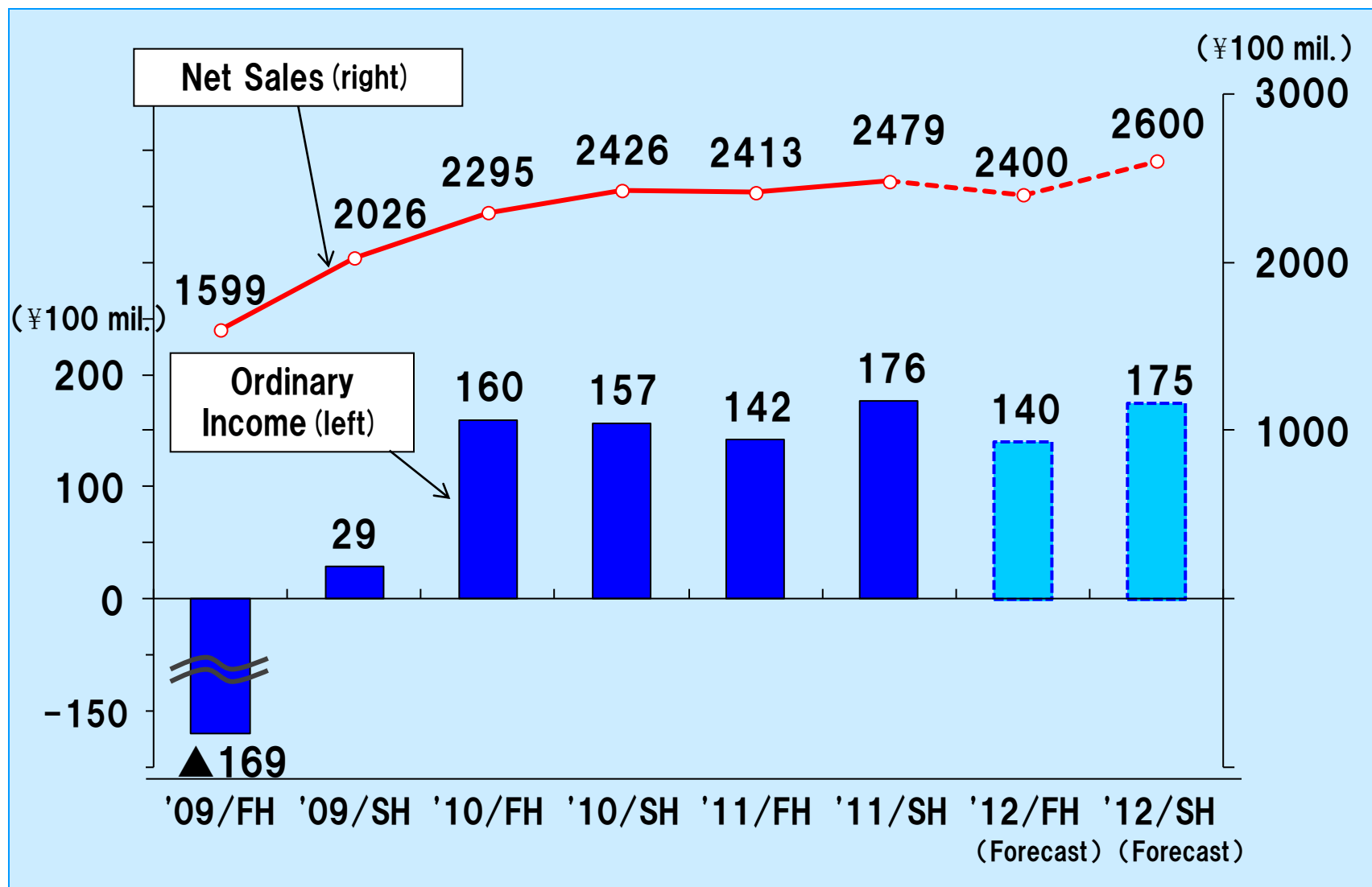
FY2012 Ordinary Income	
Changes (y/y)	Operating Income / Loss
	Raw material price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Subtotal
Non-operating Income	
FY2013 Ordinary Income	

(¥100 mil.)

318	
-5	
	+31
-32	
	+4
	+10
-8	
-45	+45
-3	
315 (▲3)	



# Changes in Net Sales & Ordinary Income(6 months)



# Overview of Segment①

## Specialty Steel

### <Premise of volume change>

Production increase of Japanese car makers +13%

Downsizing and KD set increase	▲2~3%
Production for other company	▲4%
Others	▲2~3%

Volume change +4%

### <Theme for Specialty steel business>

- Executing strategic capital investment
- Reducing energy cost
- Expanding Global Leading products sales

# Overview of Segment ②

## High Performance Materials & Magnetic Materials

### Stainless and High Alloy Business

- Market is recovering
- Expand sales of high performance stainless steel
- Portfolio reform of strip steel products



### Magnet Business

- Market trend is expanding
- Start up of strategic investment



*Intermetallics Japan*

### Titanium Business

- Market is recovering by increasing airplane production
- Expanding titanium products for medical application



### Powder Metal Business

- Demand is favorable
- Production capacity is increased by improved productivity

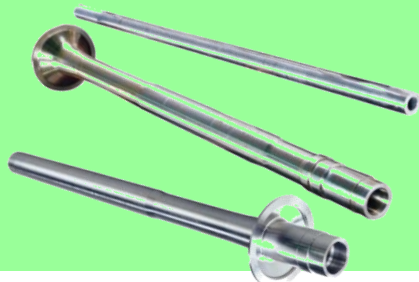


# Overview of Segment ③

## Parts for Automobile & Industrial Equipment

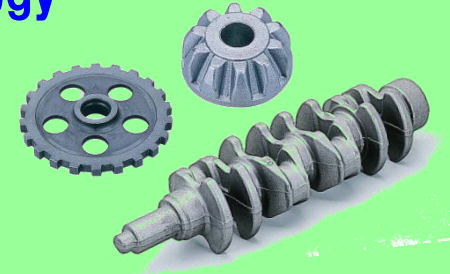
### Free forging

- Demand for heavy electric equipment and resources is recovering
- Strategic investment to Shibukawa Plant



### Die forging

- Demand for automobile truck and bearing is expanding
- Reducing production cost by improving technology
- Development of highly value added products



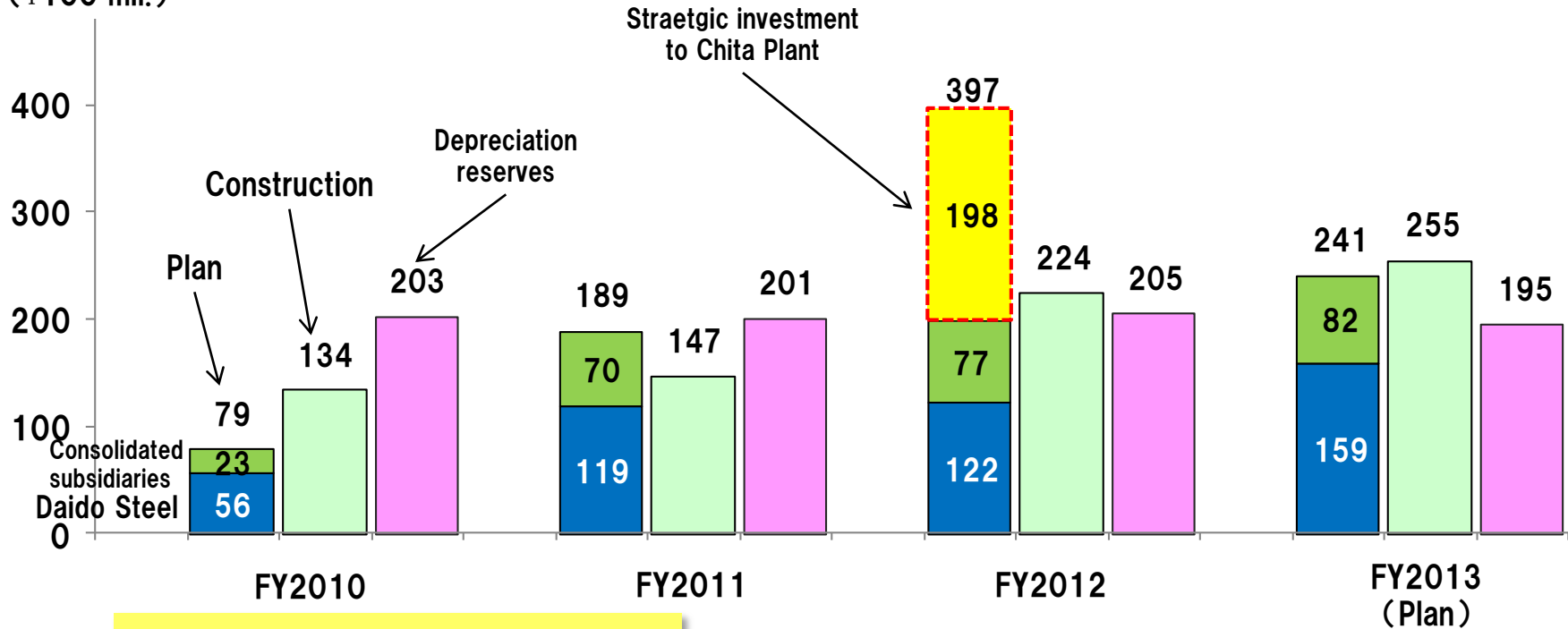
### Turbo parts

- Demand is expanding in mid and long term
- Commencing new production plant
- Sales expansion to overseas



# Capital Investment and Depreciation Reserve

(¥100 mil.)



## Point of capital investment

- Strategic investment to main plants
- Reinforcing strategic products
- Automation
- BCP
- IT renovation

# FY2013 Extraordinary Income/Loss · Net Income

(¥100 mil.)

<b>FY2013 Ordinary income</b>	<b>315</b>
<b>Extraordinary income / loss</b>	<b>+21</b>
<b>Income taxes and minority interest</b>	<b>▲136</b>
<b>FY2013 Net income</b>	<b>200</b>

# FY2013 Dividend per share

	FY2012		FY2013	
	Interim	Year-end	Interim	Year-end
Ordinary income (¥100 mil.)	142	318	140	315
Net income (¥100 mil.)	84	227	100	200
Dividend per share (¥/Share)	3.5	7.5	4.0	8.0
Payout ratio (%)	18.1	14.3	17.4	17.4

# Fact Book



# 1. Financial highlight

Consolidation

(¥1mil.)

	07/3	08/3	09/3	10/3	11/3	12/3	07/9	08/9	09/9	10/9	11/9
Net sales	522,620	591,398	532,655	362,507	472,062	489,154	284,505	318,648	159,934	229,456	241,308
Operating income	31,700	38,441	9,115	▲14,050	32,730	31,533	15,724	13,599	▲17,015	16,316	14,562
Ordinary income	33,029	37,501	8,533	▲13,994	31,726	31,762	16,042	13,648	▲16,888	15,960	14,226
Net income	19,552	14,196	▲8,147	▲14,610	23,003	22,717	3,596	6,147	▲17,187	11,284	8,383
R & D expenses	4,313	4,447	4,244	3,909	4,253	4,360	2,111	2,223	1,911	2,042	2,143
Capital investment	24,200	20,800	13,400	7,900	18,900	39,700	9,600	11,200	3,700	9,200	11,200
Depreciation	16,544	19,586	21,809	20,303	20,072	20,463	9,026	11,011	10,071	9,871	9,807
Financial account balance	▲713	▲950	▲741	▲1,442	▲982	▲744	▲387	▲176	▲677	▲530	▲367
Total assets	525,569	559,278	496,411	464,629	491,721	512,968	544,157	570,399	453,231	479,697	487,570
Equity	187,839	188,090	166,235	159,301	178,348	198,653	188,524	189,891	153,776	165,466	181,564
Interest-bearing debt	172,732	180,295	207,123	173,790	157,445	156,336	187,531	190,076	183,848	172,045	149,489
Pay roll number	10,664	11,131	10,212	10,414	10,272	10,365	10,805	11,418	10,661	10,406	10,657
ROA (%)	6.6	6.9	1.6	▲2.9	6.6	6.3	6.0	4.8	▲7.1	6.8	5.8
ROE (%)	10.8	7.6	▲4.6	▲9.0	13.6	12.1	3.8	6.5	▲21.5	13.9	9.3
Consolidated subsidiary number	32	32	32	32	32	33	32	32	32	32	33
(Equity method affiliate number is excluded from the above)	( 8)	( 6)	( 6)	( 6)	( 6)	( 6)	( 8)	( 6)	( 6)	( 6)	( 6)
Ratio of the consolidated to the non-consolidated											
Net sales	1.6	1.5	1.5	1.7	1.6	1.6					
Ordinary income	2.1	2.0	7.4	-	1.7	1.7					
Net income	1.8	0.7	-	-	1.3	1.3					

\*Long-term prepaid expenses are not included in the depreciation.

## 2. Net Sales and Operating Income by Segment

Consolidation

(¥100 mil.)

		07/3	08/3	09/3	10/3	11/3	12/3	07/4-9	07/10-3	08/4-9	08/10-3	09/4-9	09/10-3	10/4-9	10/10-3	11/4-9	11/10-3
Speciality Steel	Net Sales	2,877	3,296	3,069	2,070	2,869	2,938	1,574	1,722	1,906	1,163	857	1,213	1,404	1,465	1,464	1,474
	Operating Income	117	114	8	▲ 108	210	211	35	79	44	▲ 36	▲ 128	20	106	104	96	115
Electronic & Magnetic Materials	Net Sales	645	792	647	347	399	426	395	397	385	262	149	198	192	207	213	213
	Operating Income	34	58	▲ 6	▲ 33	18	15	32	26	19	▲ 25	▲ 18	▲ 15	11	7	10	5
Parts for Automobile & Industrial Equipment	Net Sales	1,070	1,159	1,041	777	1,025	1,073	572	587	607	434	352	425	499	526	531	542
	Operating Income	105	134	46	▲ 3	65	53	56	78	47	▲ 1	▲ 23	20	32	33	23	30
Engineering	Net Sales	372	411	366	261	238	258	171	240	171	195	150	111	108	130	109	149
	Operating Income	23	29	27	20	16	18	8	21	10	17	13	7	8	8	8	10
New Materials	Net Sales	139	156	104	68	96	101	79	77	64	40	30	38	46	50	46	55
	Operating Income	23	35	4	▲ 27	6	6	17	18	9	▲ 5	▲ 20	▲ 7	0	6	2	4
Trading & Service	Net Sales	123	100	100	102	94	96	54	46	53	47	61	41	46	48	50	46
	Operating Income	15	14	12	10	12	12	9	5	7	5	6	4	6	6	7	5
Total	Net Sales	5,226	5,914	5,327	3,625	4,721	4,892	2,845	3,069	3,186	2,141	1,599	2,026	2,295	2,426	2,413	2,479
	Operating Income	317	384	91	▲ 141	327	315	157	227	136	▲ 45	▲ 170	29	163	164	146	169

※2010/3, 2009/4-9, 2009/10-3: We have reclassified some proven display, Segment of 「Electronic & Magnetic Materials」 and 「Automobile & Industrial

Segment	Company	Business Contents
Specialty steel	Tohoku Steel Co., Ltd. *	Production and sales of specialty steel secondary products / heat-treatment of metal
	Riken Seiko Co., Ltd. *	Production and sales of Specialty steel secondary products (shaft bearing), cutting tool and machine tool
	Shimomura Tokushu Seiko Co., Ltd.	Drawing of free-cutting steel & stainless steel / Production and sales of grinding processed products
	Daido Amistar Co., Ltd.	Production and sales of die products and finished tool/ heat-treatment of metal
	Daido Matex Co., Ltd.	Processing and sales of tool steel
	Maruta Transport Co., Ltd. *	Transportation and warehousing business
	Kawaichi Sangyo Co., Ltd. *	Transportation and warehousing business
	Daido Shizai Service Co., Ltd.	Sales of materials for production
	Daido EcoMet Co., Ltd.	Development, production, sales of indirect materials for steel-making/ recycling of waste and by-products from steel-making-process
	Daido Technica Co., Ltd.	Seam-removing, maintenance, processing of steel
	Sakurai Kosan Co., Ltd. *	Heat treatment works, surface treatment
	Izumi Electric Industries Co., Ltd. *	Design and construction of electric work / Design and production of power distribution board
	Nippon Seisen Co., Ltd.	Production and sales of stainless steel wire, metallic fiber
	Tienwen Steel Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Taiwan)
	Daido Amistar(S) PTE Ltd.	Processing, sales of die products / Sales of die materials (in Singapore)
Daido Amistar(M) SDN. BHD.	Processing, sales of die products / Sales of die materials (in Malaysia)	
Daido PDM (Thailand) Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Thailand)	
Electronic & Magnetic materials	Daido Electronics Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts
	Daido Electronics (Thailand ) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts(in Thailand)
	Daido Electronics (Suzhou) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts (inChina)
	Daido Special Metals Ltd.	Merger with Special Metals (U.S.): Sales of Nickel alloy products

(Note) \* Equity method affiliate

<b>Segment</b>	<b>Company</b>	<b>Business Contents</b>
Automobile & Industrial parts	Daido Precision Industries Ltd.	Production and sales of processing parts for compressor, power transmission, base-isolation device
	Fuji OOZX Inc.	Production and sales of engine valve
	Nissei Seiko Co., Ltd.	Production and sales of screw, bolt and cold-forging parts for automobile
	Toyo Sangyo Co., Ltd.	Production and sales of die forging
	Japan Drop Forge Co., Ltd.	Production and sales of die forging
	Ohio Star Forge Co.	Production and sales of precise forging (in U.S.)
	Daido Star Techno Co., Ltd.	Seam-removing, maintenance, device processing of steel and forging
	Daido Castings Co., Ltd.	Production and sales of casting, precise casting, manganese rail
Engineering	Daido Plant Industries Co., Ltd.	Design, production, sales of industrial furnace, facility equipment and ancillary facility
	Daido Machinery Ltd.	Production and sales of machine tool / Installation, maintenance and repair of machine equipment
	Daido Environment Engineering Co., Ltd.	Maintenance and repair of environment device
Trading & Service	Daido Kogyo Co., Ltd.	Trading company specializing in specialty steel, equipments, steel-making materials, building products
	Daido Steel(America)Inc.	Export & import of DAIDO group products / Group's front company for U.S. (in U.S.)
	Daido Life Service Co., Ltd.	Dealing and subdivision of real estate / Management of welfare provision / Insurance agent travel agent, printing
	Life Support., Ltd.	Cleaning, security, food-service operating, management of facility, tree-planting, labor dispatch service
	Kisokomakogen Kankokaihatsu Co., Ltd.	Management of golf course / management of land for vacation house / minor water project
	Star Info Tech Co., Ltd.	Planning, design, development, maintenance of information system / Development and sale of software
	Daido Bunseki Research, Inc.	Analysis, research, consulting regarding iron, steel, cast metal, ceramics

(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so blind reliance on this data as decision criterion is not recommended.

Also predicted figures can be changed in the future without prior notice. All use of this document is at the volition and discretion of the user. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.