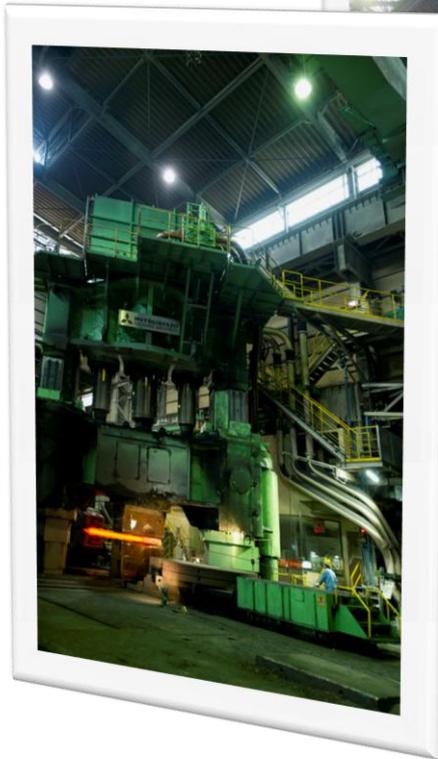


Fiscal Year ending March 2014 Interim Results Briefing (Apr.1 – Sept.30/2013)

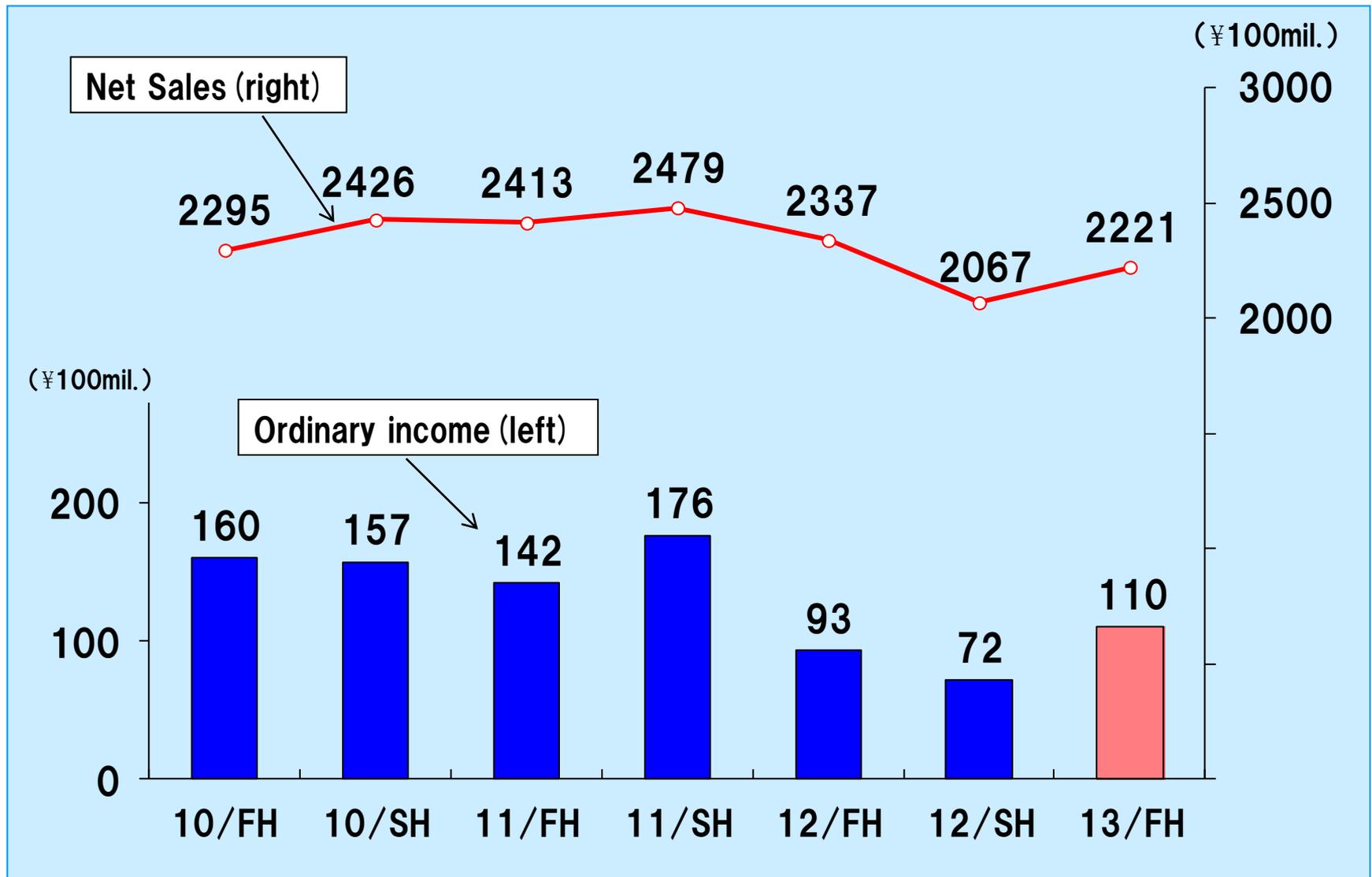
October 31, 2013



FY2014 Interim Results

(Apr.1 – Sep.30/2013)

Changes in Net Sales & Ordinary Income (Interim)

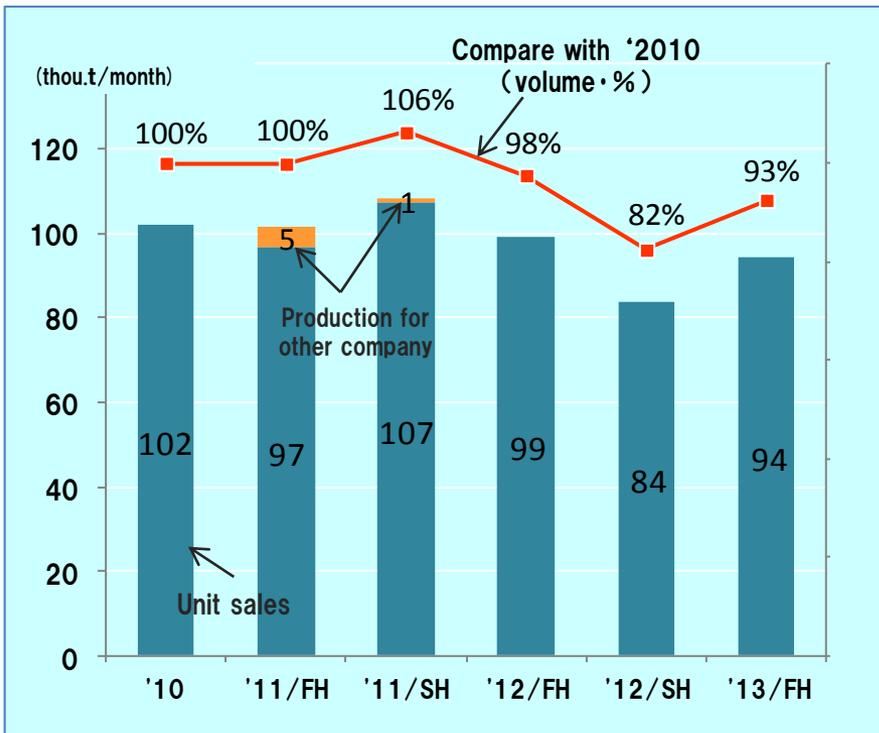


Overview of Main Segment from Apr.1 to Sep.30 in 2013①

Specialty Steel

<Demand Environment>

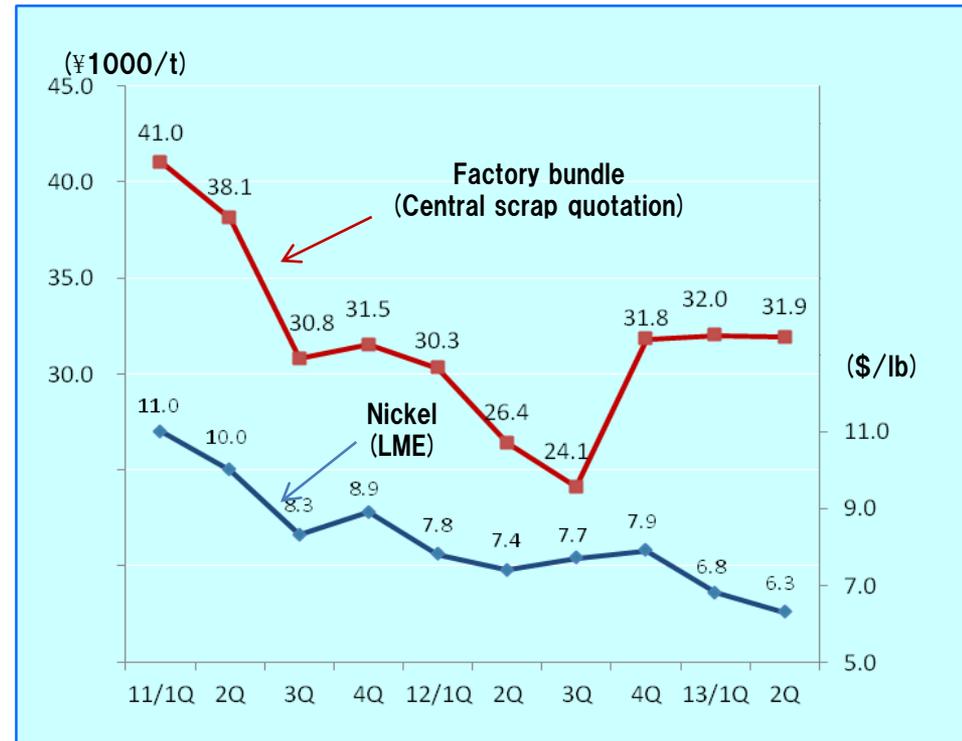
Specialty Steel and Materials Sales (Single Unit)



• Demand is recovering from '12/SH.

<Raw Material Situation>

Scrap Quotation and Nickel Price Trends

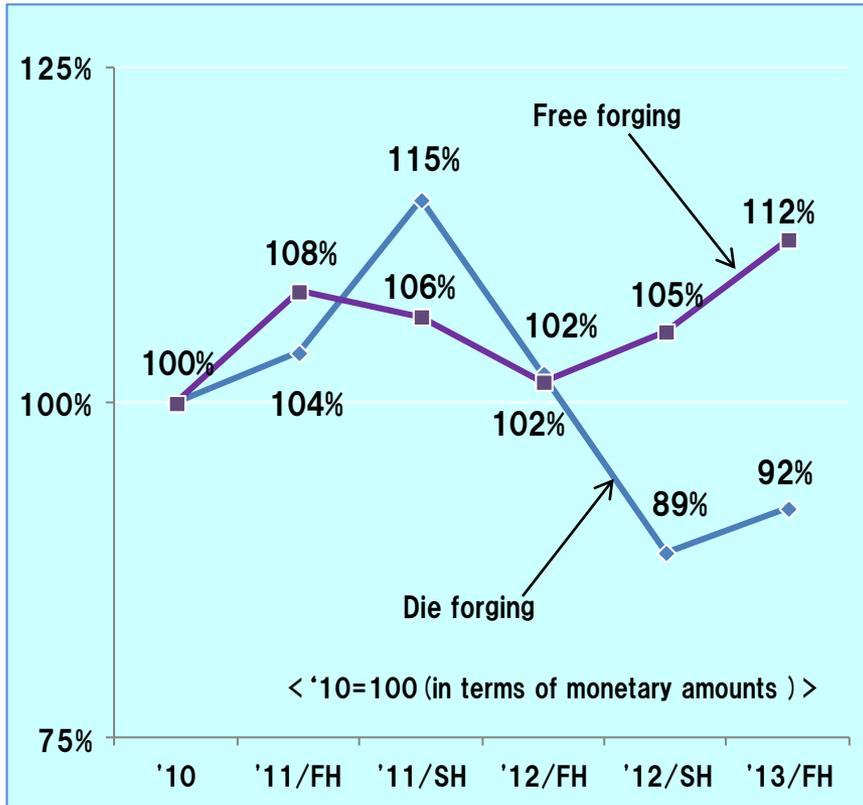


- Steel scrap price is recovered.
- Nickel is declined by lower demand.

Overview of Main Segment from Apr.1 to Sep.30 in 2013②

Parts for Automobile & Industrial Equipment

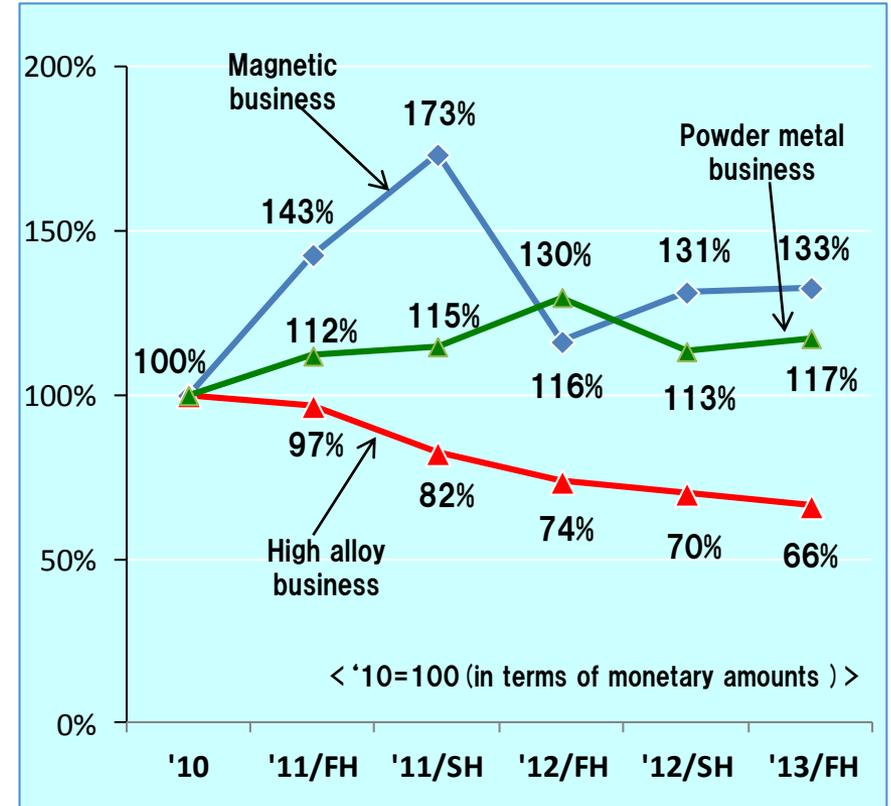
<Die forging/Free forging>



- Die forging :Sales is recovered by automotive demand.
- Free forging:Overseas demand is expanding by low yen rate.

High Performance Materials and Magnetic Materials

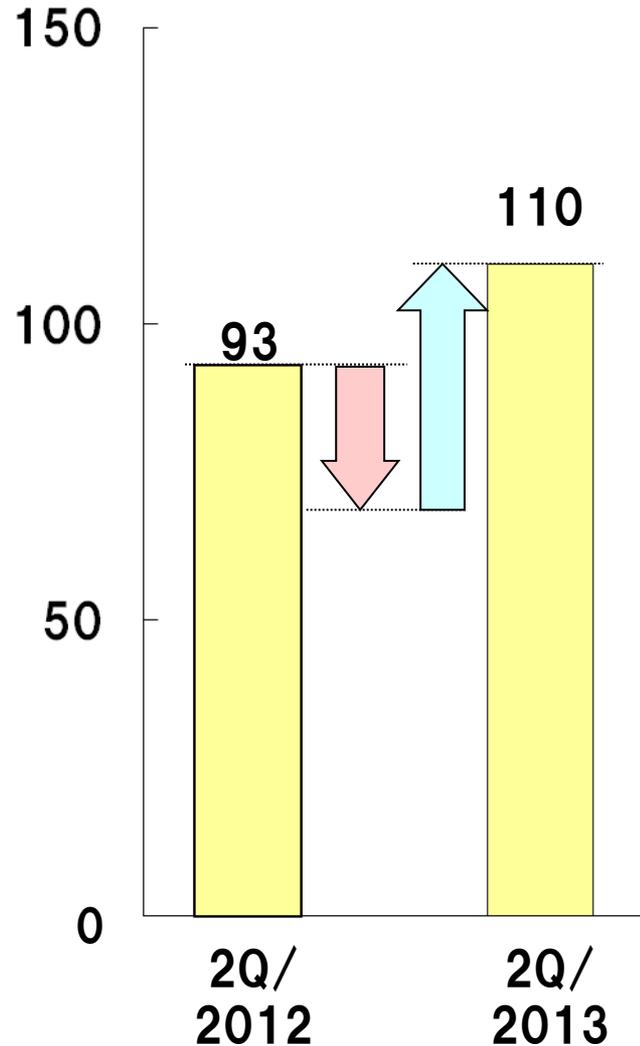
<High alloy/Magnetic/Powder metal business>



- High alloy:Sales of 42Ni lead frame was discontinued.
- Powder metal business: Demand is expanding for HEV application.
- Magnetic business:Sales is recovered.

4-9/2013 Changes in Ordinary Income (y/y)

(¥100 mil.)



(¥100 mil.)

2Q/2012 Ordinary Income		93		
Changes (y/y)	Operating Income / Loss	Fuel price	-19	
		Sales volume		+1
		Sales price	-2	
		Sales mix		+2
		Variable cost		+15
		Fixed cost		+13
		Subtotal	-21	+31
	Non-Operating income		+7	
2Q/2013 Ordinary Income		110 (+17)		

4-9/2013 Net Sales & Operating Income by Segment

(¥100 mil.)

		4-9/'12 Results (A)	4-9/'13 Results (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	902	887	-15
	Operating Income	24	23	-1
High Performance Materials & Magnet Materials	Net Sales	721	705	-16
	Operating Income	41	54	13
Parts for Automobile & Industrial Equipment	Net Sales	475	471	-4
	Operating Income	18	23	5
Engineering	Net Sales	193	111	-82
	Operating Income	6	▲ 1	-7
Trading & Service	Net Sales	46	47	1
	Operating Income	7	7	0
Total	Net Sales	2,337	2,221	-116
	Operating Income	96	106	10

Former Net Sales of
Specialty steel

volume
(tons)

596 thou.

569 thou.

-27 thou.

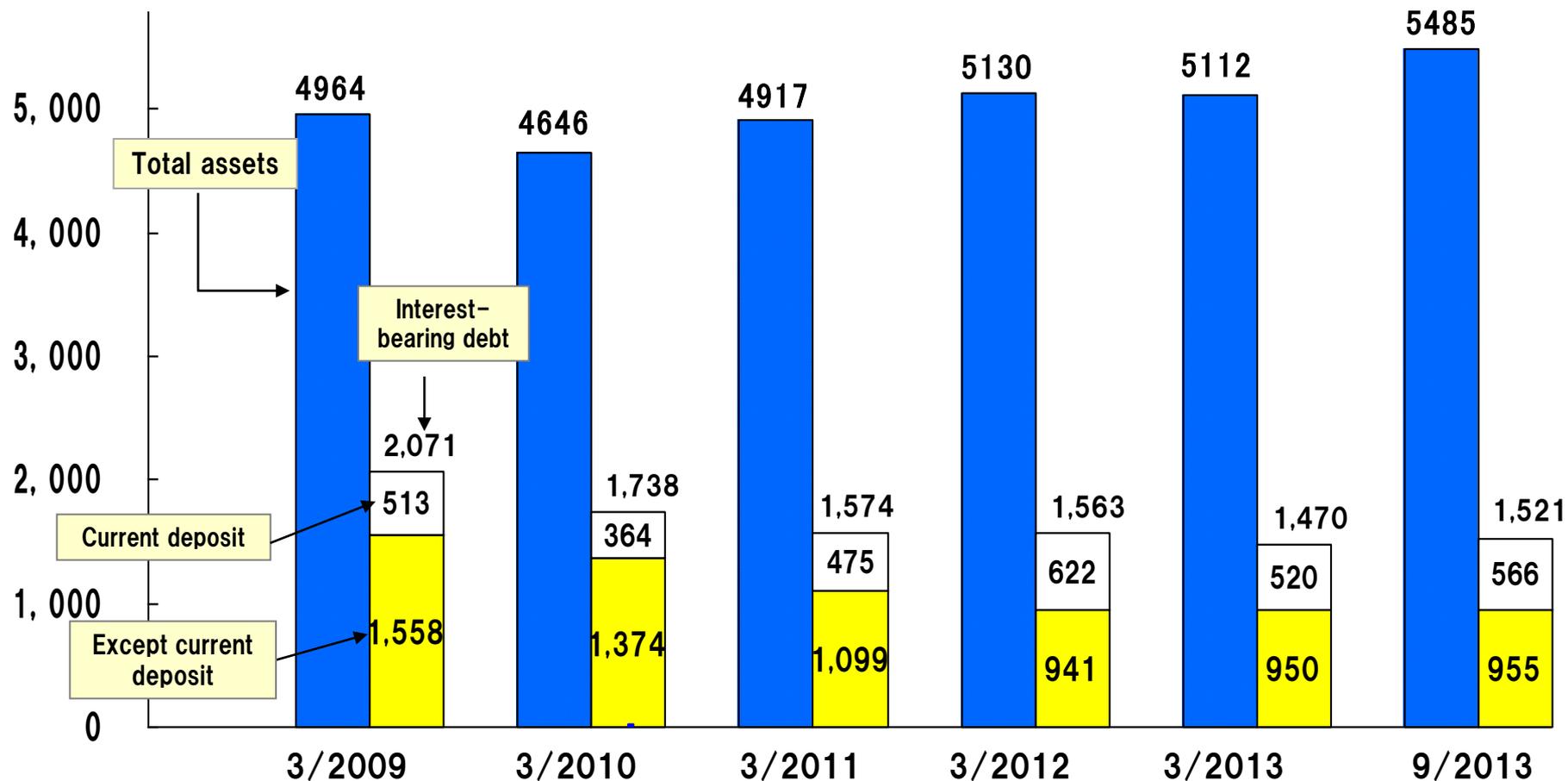
4-9/2013 Extraordinary Income/Loss - Interim Net Income

(¥100 mil.)

FY2014 Interim results (4-9/2013) Ordinary income	110
Extraordinary income / loss	+6
Income taxes and minority interests	▲48
FY2014 Interim results (4-9/2013) Net income	68

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

(¥100 mil.)

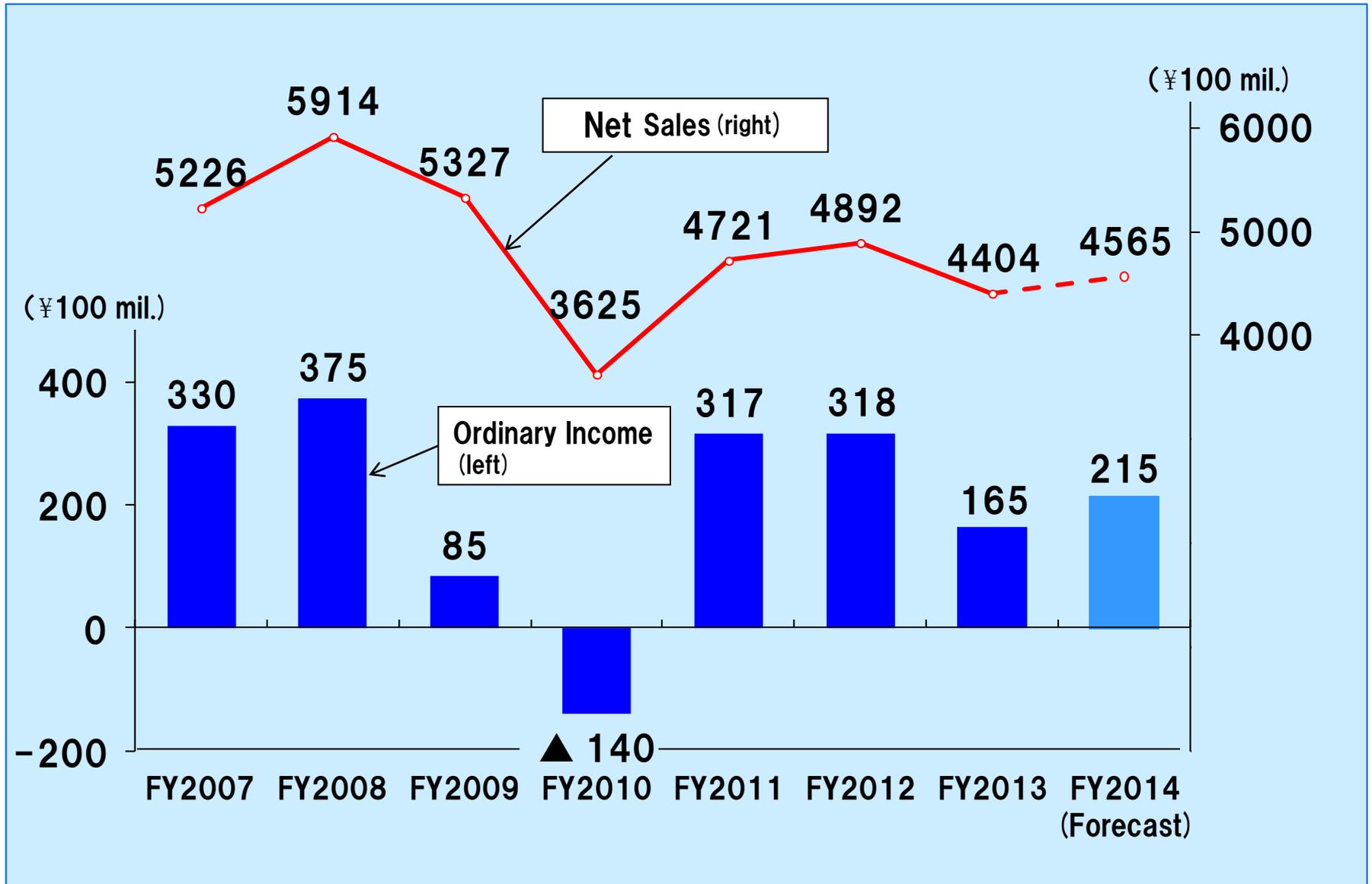


	3/2009	3/2010	3/2011	3/2012	3/2013	9/2013
ROA	1.6%	▲2.9%	6.6%	6.3%	3.2%	4.2%
D/E	1.25	1.09	0.88	0.79	0.69	0.68

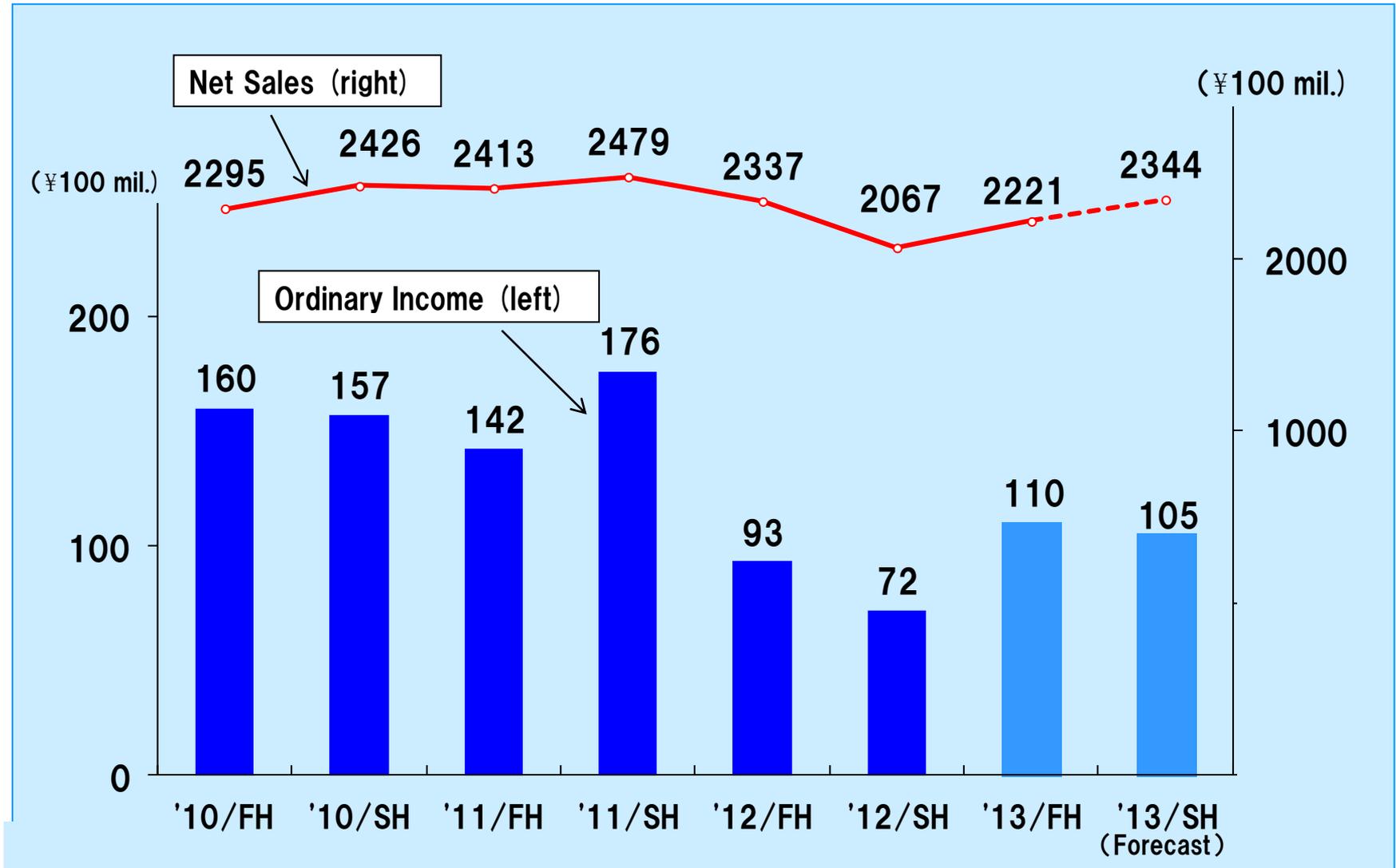
Plan for FY2014

(Apr.1 / 2013–Mar.31 / 2014)

Changes in Net Sales & Ordinary Income (Forecast for FY2014)

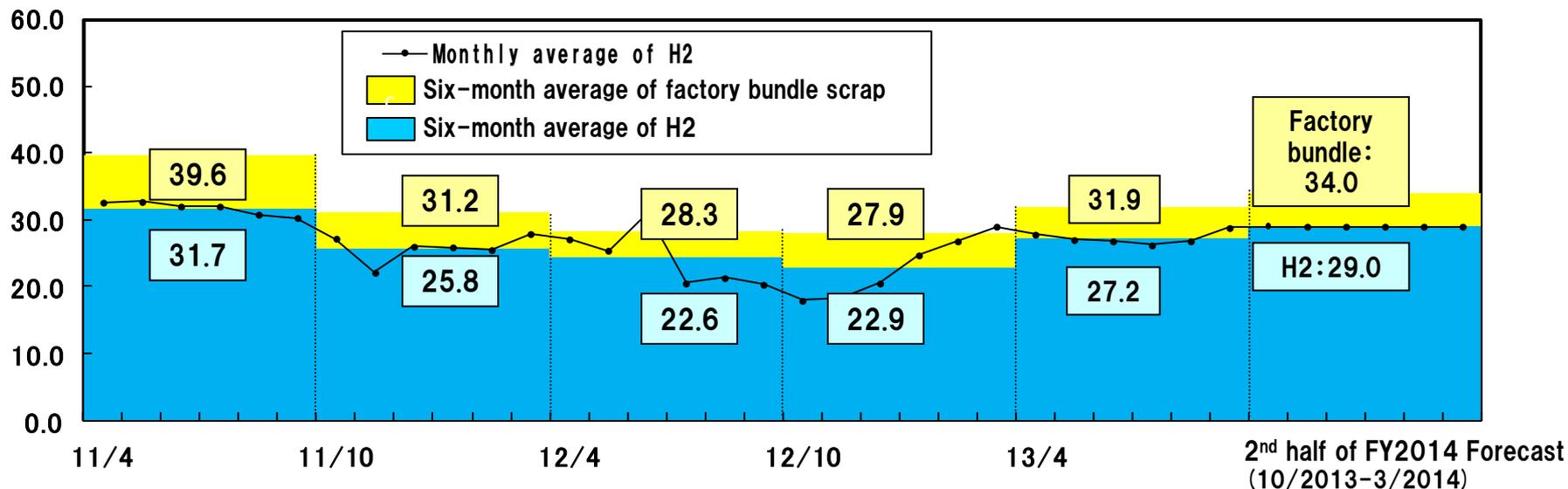


Changes in Net Sales & Ordinary Income (Interim)

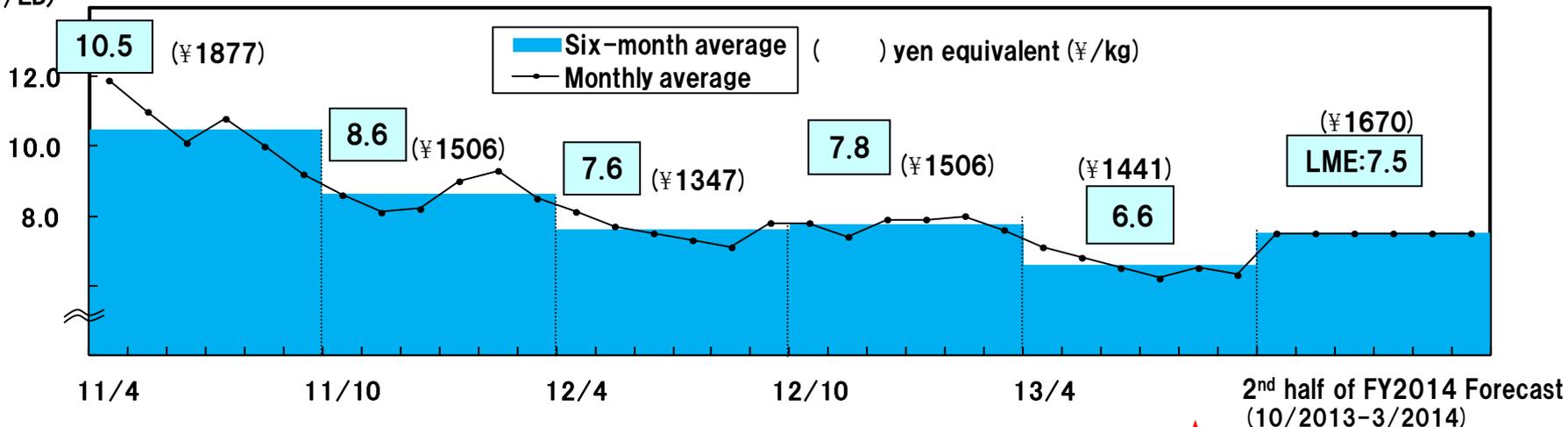


Market Trend of Raw Materials(Scrap Steel and Nickel)

(¥1000/t) < H2 and Factory bundle scrap prices in Chubu area, Japan >



(\$/LB) < Nickel price LME >

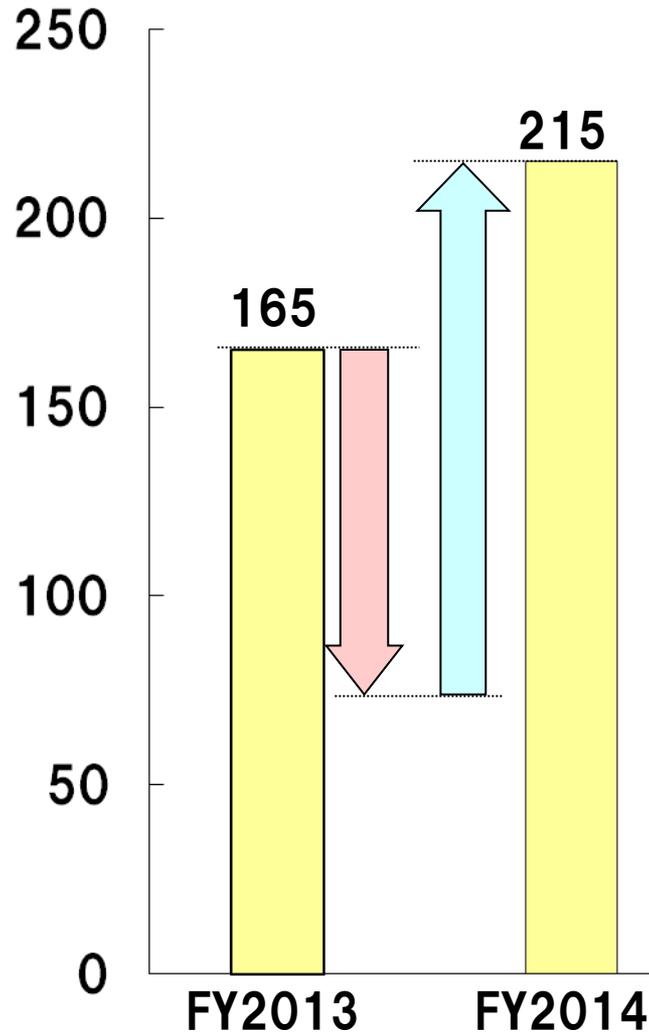


Premises of Profit Planning for FY2014 (Market Trend)

	UNIT	4-9/2013 Results	10/2013-3/2014 Premises of plan
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	27.2 31.9	29.0 34.0
Nickel (LME)	\$/LB	6.6	7.5
Molybdenum (MW)	\$/LB	10.1	11.0
Crude oil (Dubai)	\$/B	103.5	110.0
Exchange rate (TTM)	¥/\$	98.9	100.0

FY2014 Changes in Ordinary Income (y/y)

(¥100 mil.)



(¥100 mil.)

FY2013 Ordinary Income		165		
Changes (y/y)	Operating Income / Loss	Fuel price	-73	
		Sales volume		+72
		Sales price		+42
		Sales mix		+15
		Variable cost		+17
		Fixed cost	-17	
		Subtotal	-90	+146
		Non-operating loss	-6	
FY2014 Ordinary Income		215 (+50)		

Net Sales & Operating Income by Segment(y/y)

(¥100 mil.)

		FY2013 Results (A)	FY2014 Forecast (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,694	1,815	121
	Operating Income	35	31	-4
High Performance Materials & Magnet Materials	Net Sales	1,368	1,443	75
	Operating Income	66	107	41
Parts for Automobile & Industrial Equipment	Net Sales	933	978	45
	Operating Income	34	54	20
Engineering	Net Sales	320	235	-85
	Operating Income	8	7	-1
Trading & Service	Net Sales	89	94	5
	Operating Income	11	11	0
Total	Net Sales	4,404	4,565	161
	Operating Income	154	210	56

Former Net Sales of
Specialty steel

volume
(tons)

1,104 thou.

1,168 thou.

64 thou.

Net Sales & Operating Income by Segment(Interim)

(¥100 mil.)

		FY2014		
		4-9/2013 Results	10/2013- 3/2014 Plan	Full year Plan
Specialty Steel	Net Sales	887	928	1,815
	Operating Income	23	8	31
High Performance Materials & Magnet Materials	Net Sales	705	738	1,443
	Operating Income	54	53	107
Parts for Automobile & Industrial Equipment	Net Sales	471	507	978
	Operating Income	23	31	54
Engineering	Net Sales	111	124	235
	Operating Income	▲ 1	8	7
Trading & Service	Net Sales	47	47	94
	Operating Income	7	4	11
Total	Net Sales	2,221	2,344	4,565
	Operating Income	106	104	210

Former Net Sales of
Specialty steel

volume
(tons)

569thou.

599thou.

1,168thou.

FY2014 Extraordinary Income/Loss • Net Income

(¥100 mil.)

FY2014 Ordinary income	215
Extraordinary income / loss	+6
Income taxes and minority interest	▲86
FY2014 Net income	135

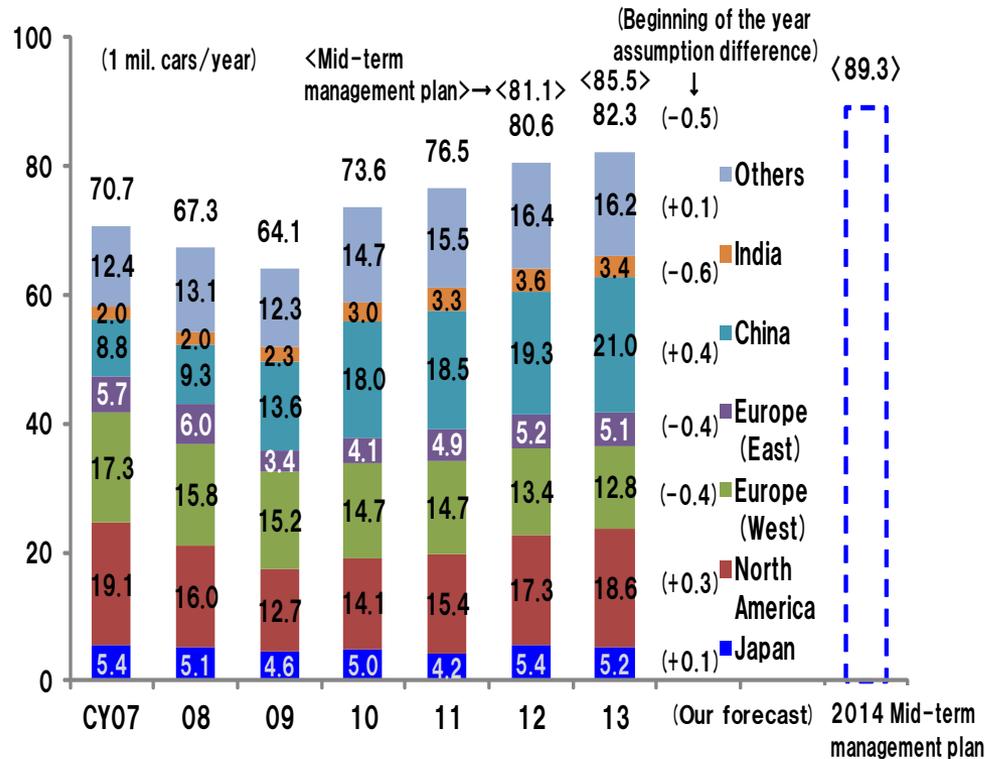
FY2014 Dividend per share

	FY2013		FY2014	
	Interim	Year-end	Interim	Year-end
Ordinary income (¥100 mil.)	93	165	110	215
Net income (¥100 mil.)	55	110	68	135
Dividend per share (¥/Share)	3.0	4.5	2.5	5.0
Payout ratio (%)	23.7	17.8	16.0	16.1

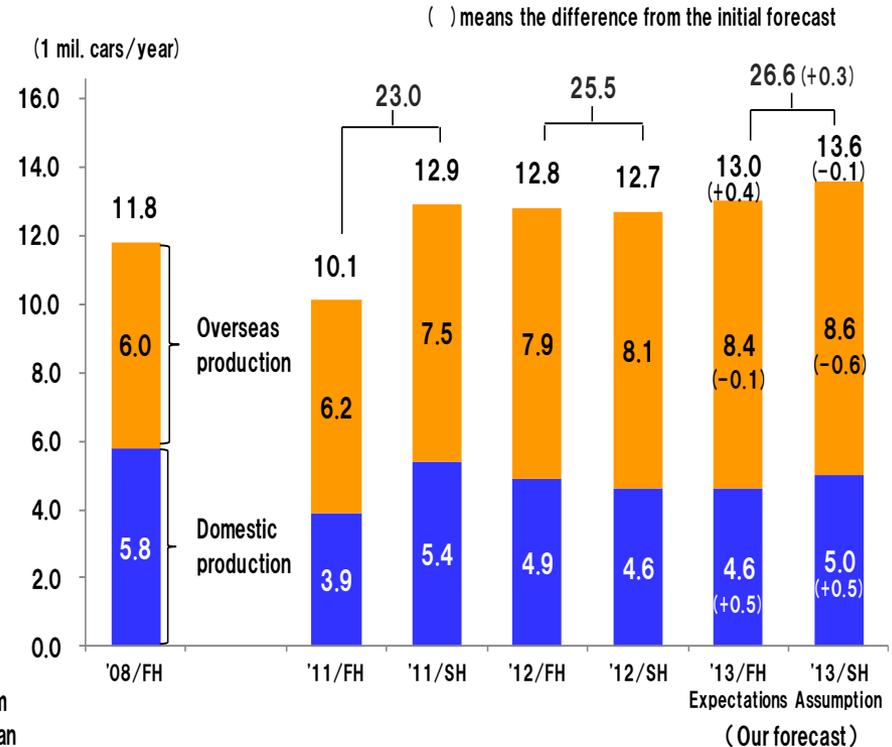
Market Environment Recognition

Outlook of automobile market

<Global car demand>



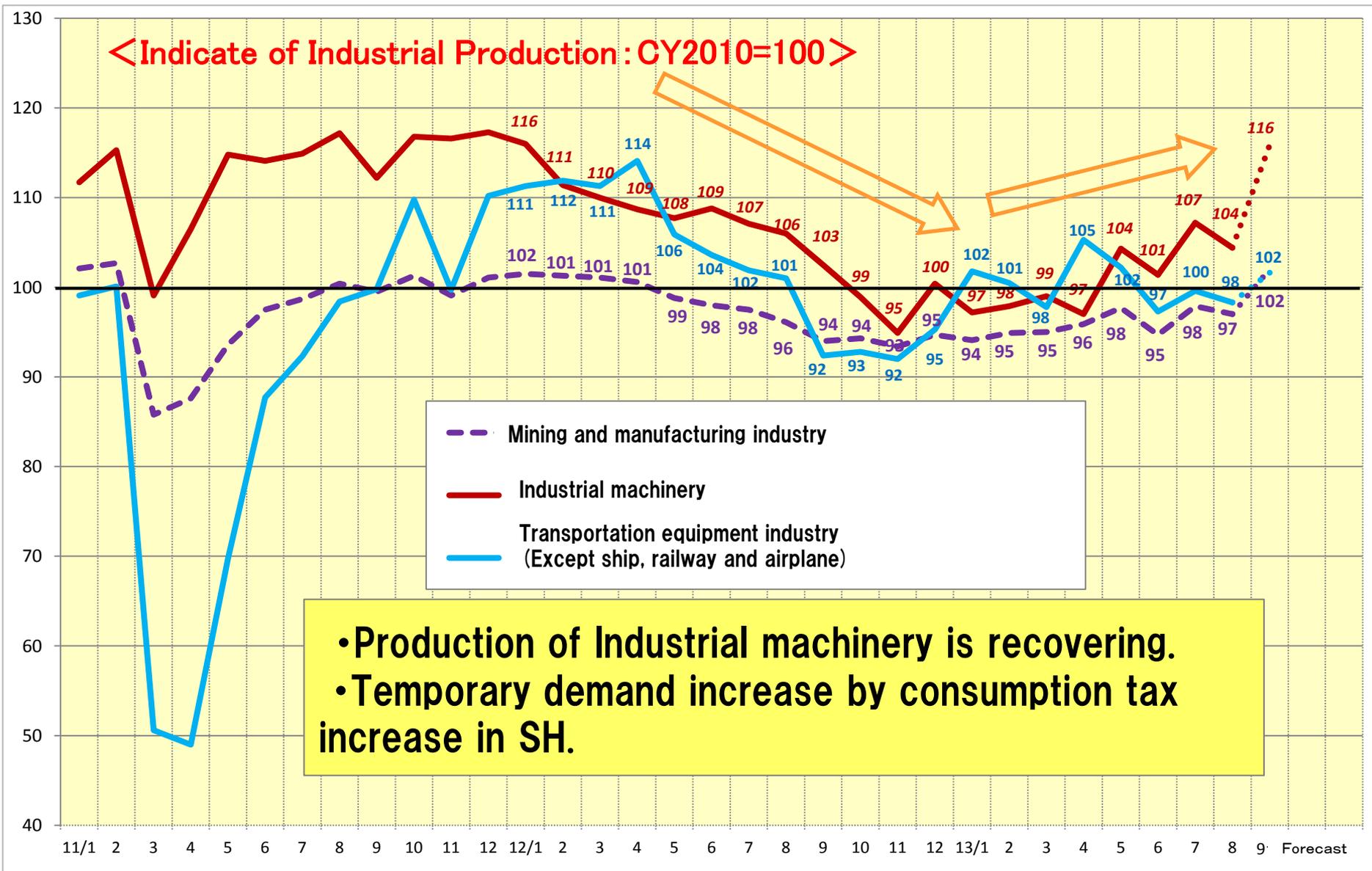
<Trends for Japanese car market>



Global car demand : Emerging markets continue to grow but Europe and India is slow down.

Japanese car production : Domestic production and export are increasing by low yen rate.

Outlook of industrial machinery market



Business environment recognition

FY2014

Mid and long term assumption

Auto-motive

- Emerging market temporary slow down. (China, India, ASEAN)
- North America is good, Europe is recovering.
- Temporary demand increase by consumption tax increase.

- Emerging market is gradually expanding.
- Developed nations : matured market and environmental regulations.
- Production base is moving to overseas. Local procurement is increasing.

Industrial machinery

- Stock adjustment was end.
- Export remains stable by lower overseas demand.

- Increase of investment to infrastructure in overseas.
- Expansion of energy development investment. (Oil drilling • Shale gas etc)

Costs

- Cost of imported materials increase. (Fuel, Electricity, Materials, Alloys)

- Cost of imported materials remains high.
- Increase of energy cost

Drastic cost reduction of existing business

Strategic investment to Chita Plant
Energy saving project

**Strengthening of export competitiveness
Overseas expansion with differentiated products**

Sales to overseas growth markets

Expand next growing business and products

Magnets, Turbo parts, High performance powder metal

Major Topics

Drastic cost reduction of existing business①

Strategic investment to Chita Plant

Cost reduction

Save energy, Better yield, Cost reduction of materials

Expanding of Daido Steel's No.1 products

Global leading products expansion

Improving quality

Optimizing process



Smooth commencement Quick return on investment

- Good stock management.
- Return of investment will be effective from Jan.2014

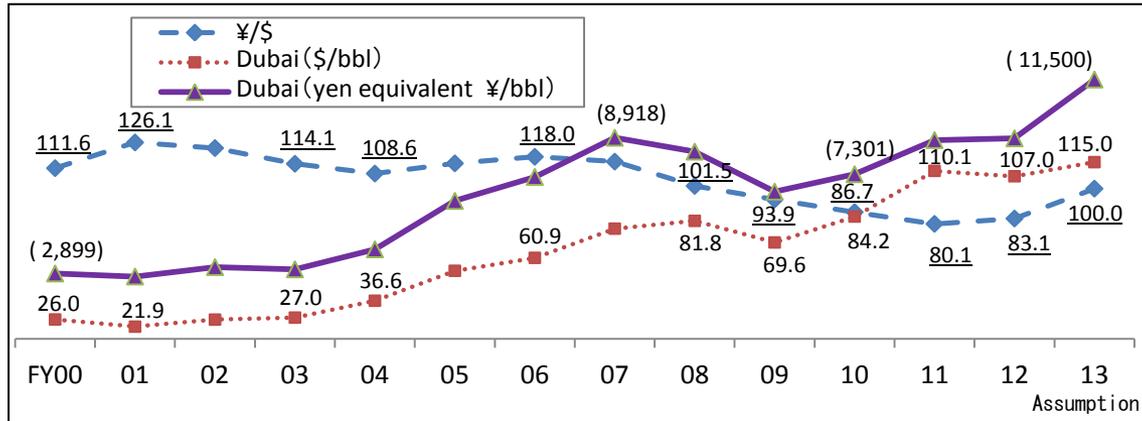
<Schedule>



Drastic cost reduction of existing business②

Energy saving project

Oil price (yen)



- Dubai price increased 4.4 times compared with 2000.
- Dubai price (yen) is higher **by the effect of low yen rate.**
- Electricity cost is increasing** by price hike of CHUBU Electric Power Co.,Inc.

Major topic

Cost reduction

- Energy cost reduction by strategic investment of Chita Plant.
- Optimized energy.
- Reduction of procurement cost.

Marketing

- Portfolio reform of high grade products.
- Expanding export by low yen rate.
- Price revise.

Promoting energy saving project

Sales to overseas growth markets①

ASEAN

Automobile production expanding

- Establishing local supply chain.
- Promoting cost competitiveness.
(Secondary process, Forged products)

China

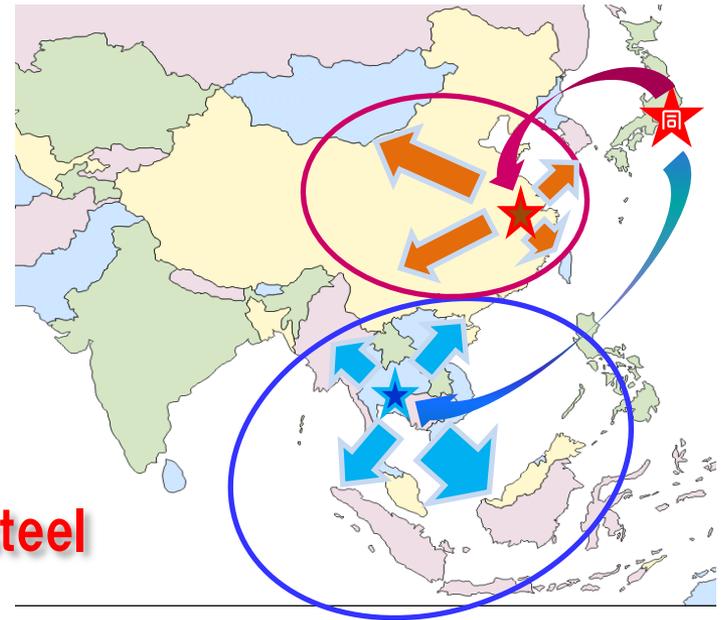
Demand increase to high grade Specialty steel

- Expanding demand of high grade bearing steel.
- Establishing secondary process line.

U.S.

Recover of manufacturing industry

- Start up new forging line at forging company (Nov.2013)



Sales to overseas growth markets②

Tool steel

“MONOZUKURI” reform

Differentiation

Strengthen sales network

Global marketing

- Enhancing cost competitiveness
- Uniform service in the world
- Focusing on emerging markets

Focusing on ASEAN, China, India markets

- Strengthen overseas sales network
- Promoting corporation with local distributor

☆Recent investment

Country	Investment	Time
Thailand	Expanding plant	Mar. 2013
Indonesia	Large vacume furnance	May. 2013
Malaysia · Singapore	New plant in Johor Bahru	May. 2013
Taiwan	Large vacuum furnace	Sept. 2013

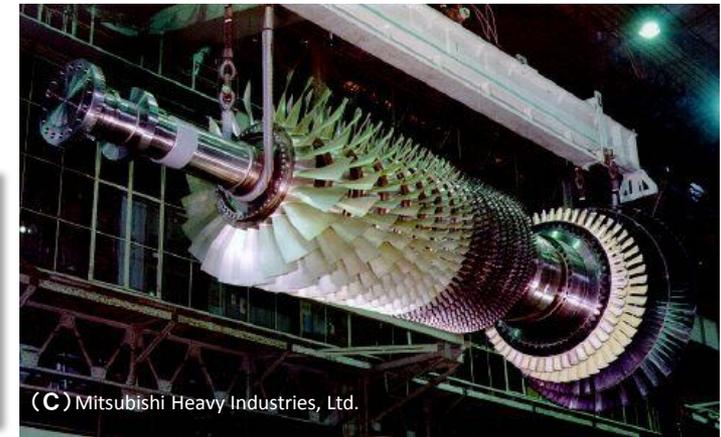


Sales to overseas growth markets③

Industrial equipment

<Heavy industry>

- Demand of heavy industry is strong.
(Power plant, Gasturbin of power generation)
- Certified with many power plant makers.



<Airplane>

- Airplane markets are expanding. Following new engine development.
(Engine shaft for Japanese and European airplane)



<Oil & Gas>

- Expanding export by low yen rate.
(Compressor, Turbin parts, Drill collar)



Expand next growing business and products<Parts for Automobile>

Turbo parts(Daido Castings Co., Ltd.)

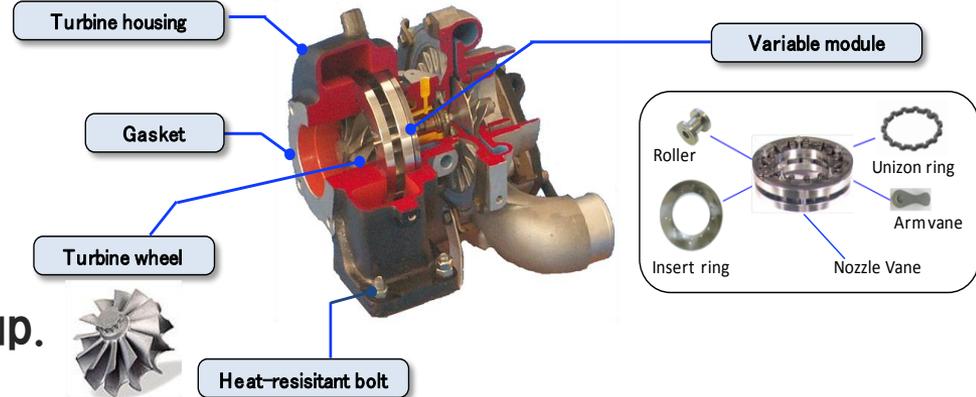
Strategic marketing turbine housing

- Expansion of turbo application.
- Expansion production of Ti-Al wheel.

Promoting group marketing

- Sharing technology among Daido group.

Daido Gr. Turbo Charger Business



Engine valve Business

(FUJI OOZX Inc.)

Increase production high performance engine valve and reorganize production base

- Expansion of hollow valve.
- Reorganization of domestic production base.
(Shizuoka, Fujisawa plant)

- Promoting overseas production.

(New company in Indonesia
PT. FUJI OOZX INDONESIA)

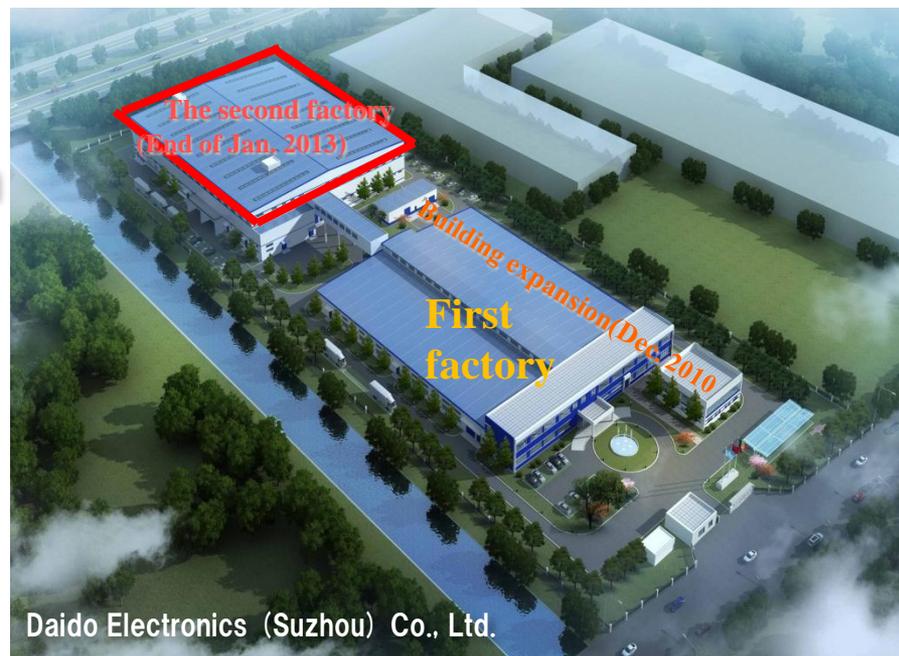


Expand next growing business and products<Magnet business>

Daido Electronics group

Expansion business and cost reduction

- Investment to Chinese production base.
(Daido Electronics (ShenZhen) Co., Ltd.)
- Cost reduction by automation.
(Better Quality, Reducing labor cost)



Intermetallics Japan Corp.

Commercial production

- From Sept. 2013, Start of day and night shift.

Various products

- From main motor for automobile to other motor.



Material solution service

Sharing technology with Daido group

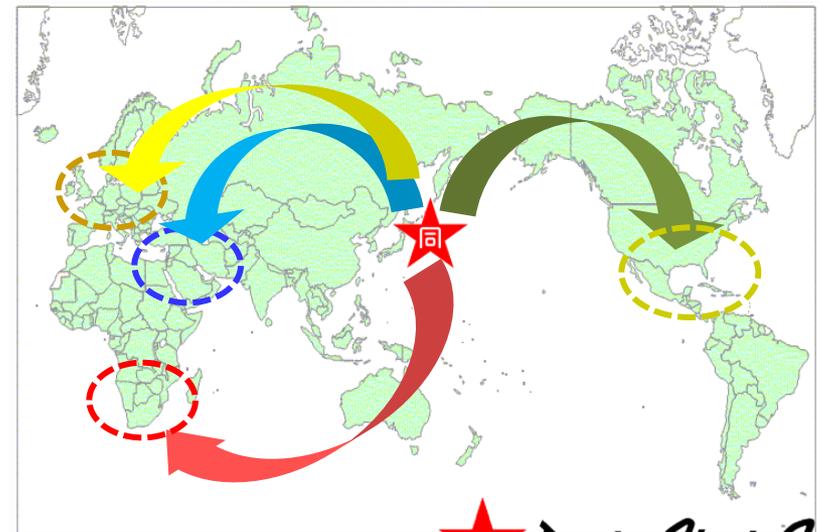
- Support to strategic business.
<Turbo charger, Heavy industry, Oil & Gas>

Strong relationship with main users

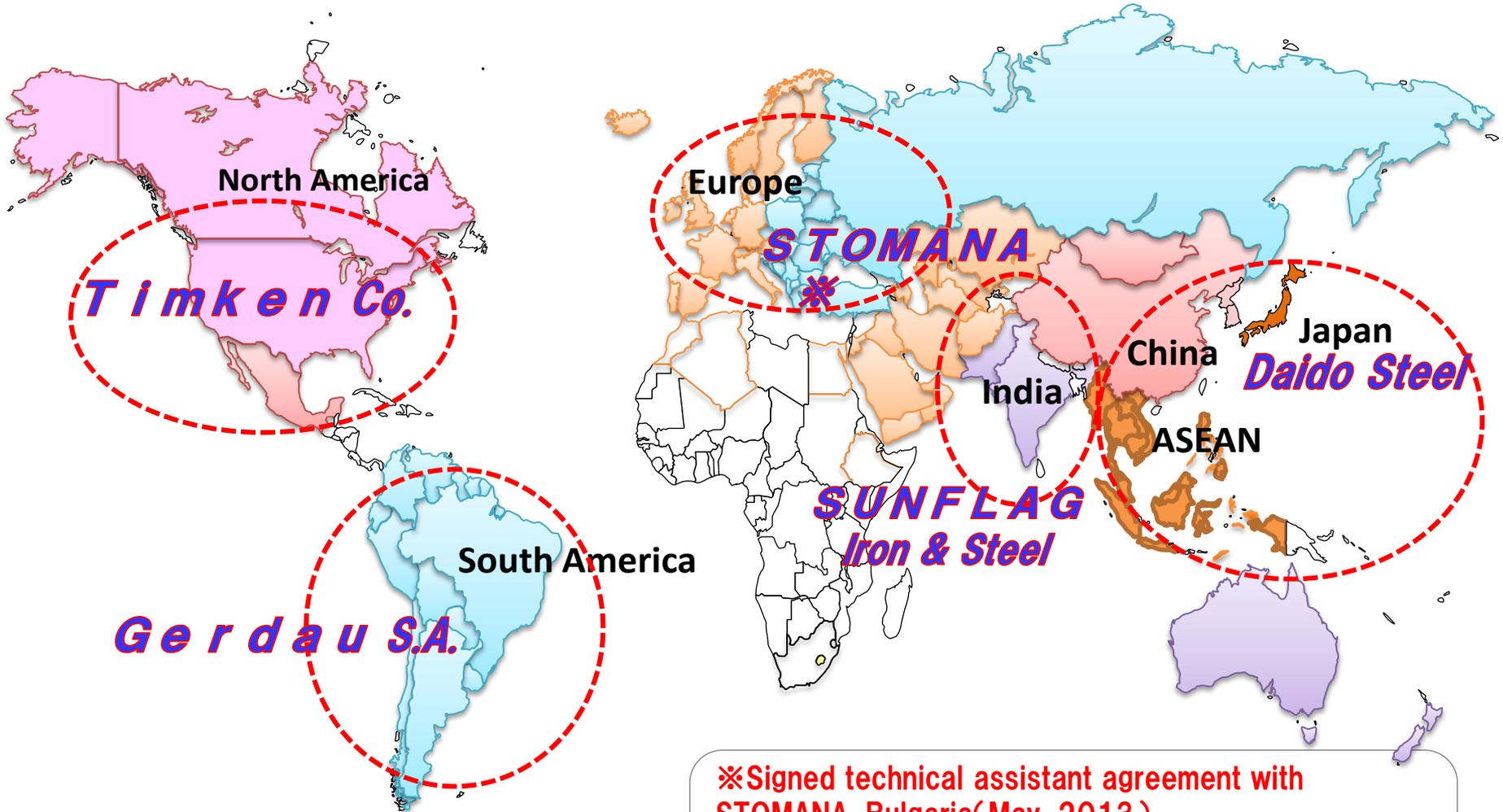
- Providing solutions by Daido technology.
- Strategic alliance with royal customers.

Approach to potential market

- Promoting global market.
- Market research, Promoting Daido brand.



Global alliance network



※Signed technical assistant agreement with
STOMANA, Bulgaria(May. 2013)

Established : 1953

Business : EAF

Sales : 370mil. EUR(2012)

Capital investment

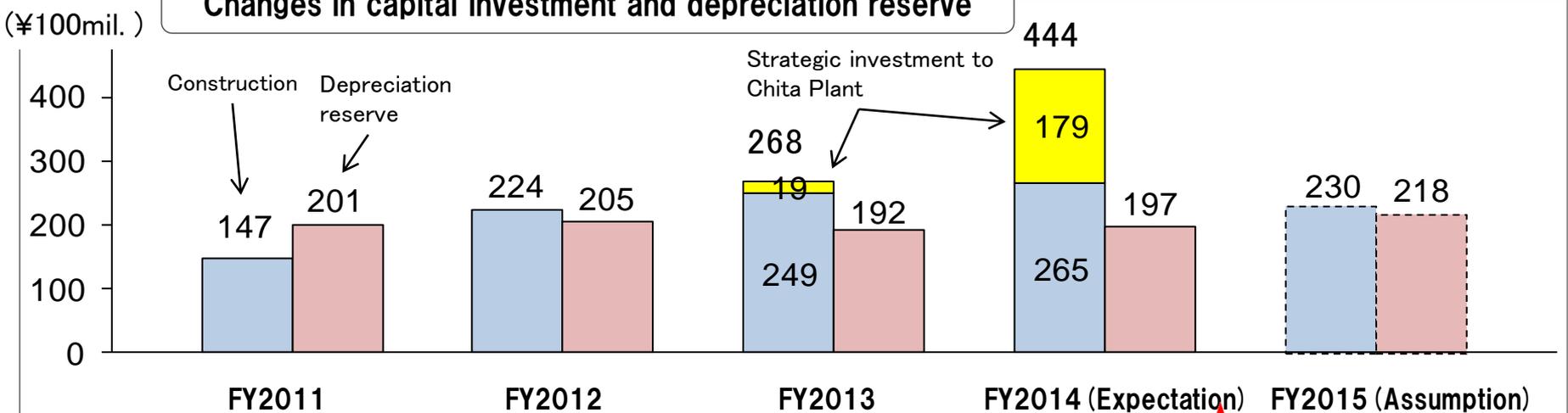
◀ Strategic investment ▶

- **Drastic cost reduction of existing business**
 - … Strategic investment to Chita Plant
- **Strategic investment, Rationalization investment**
 - … Global leading products expansion
 - … Expanding growing market
 - … Strengthen competitiveness by reforming IT system
- **Business Continuity Planning** … Disaster measure, Environment investment



Investment is progressing as scheduled

Changes in capital investment and depreciation reserve



Fact Book

1. Financial highlight

Consolidation

(¥1 mil.)

	'08/3	'09/3	'10/3	'11/3	'12/3	'13/3	'09/9	'10/9	'11/9	'12/9	'13/9
Net sales	591,398	532,655	362,507	472,062	489,154	440,428	159,934	229,456	241,308	233,724	222,123
Operating income	38,441	9,115	▲14,050	32,730	31,533	15,425	▲17,015	16,316	14,562	9,604	10,562
Ordinary income	37,501	8,533	▲13,994	31,726	31,762	16,475	▲16,888	15,960	14,226	9,304	11,033
Net income	14,196	▲8,147	▲14,610	23,003	22,717	10,983	▲17,187	11,284	8,383	5,507	6,771
R & D expenses	4,447	4,244	3,909	4,253	4,360	4,560	1,911	2,042	2,143	2,065	2,449
Capital investment	20,800	13,400	7,900	18,900	39,700	25,400	3,700	9,200	11,200	10,200	10,700
Depreciation	19,586	21,809	20,303	20,072	20,463	19,229	10,071	9,871	9,807	9,390	9,352
Financial account balance	▲950	▲741	▲1,442	▲982	▲744	▲362	▲677	▲530	▲367	▲268	▲136
Total assets	559,278	496,411	464,629	491,721	512,968	511,159	453,231	479,697	487,570	500,213	548,455
Equity	188,090	166,235	159,301	178,348	198,653	211,921	153,776	165,466	181,564	196,338	225,031
Interest-bearing debt	180,295	207,123	173,790	157,445	156,336	146,999	183,848	172,045	149,489	149,129	152,141
Pay roll number	11,131	10,212	10,414	10,272	10,365	10,447	10,661	10,406	10,657	10,587	10,827
ROA (%)	6.9	1.6	▲2.9	6.6	6.3	3.2	▲7.1	6.8	5.8	3.7	4.2
ROE (%)	7.6	▲4.6	▲9.0	13.6	12.1	5.4	▲21.5	13.9	9.3	5.6	6.2
Consolidated subsidiary number	32	32	32	32	33	32	32	32	33	32	33
(Equity method affiliate number is excluded from the above)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Ratio of the consolidated to the non-consolidated											
Net sales	1.5	1.5	1.7	1.6	1.6	1.6					
Ordinary income	2.0	7.4	-	1.7	1.7	1.8					
Net income	0.7	-	-	1.3	1.3	1.7					

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

2. Net Sales and Operating Income by Segment

Consolidation

<New segment (From Apr. 1st in 2012)>

(¥100 mil.)

		'12/3	'13/3
Speciality Steel	Net Sales	1,950	1,694
	Operating Income	99	35
High Performance Materials and Magnetic Materials	Net Sales	1,646	1,368
	Operating Income	137	66
Parts for Automobile and Industrial Equipment	Net Sales	942	933
	Operating Income	49	34
Engineering	Net Sales	258	320
	Operating Income	18	8
Trading and Service	Net Sales	96	89
	Operating Income	12	11
Total	Net Sales	4,892	4,404
	Operating Income	315	154

'11/4-9	'11/10-3	'12/4-9	'12/10-3	'13/4-9
962	988	902	792	887
37	62	24	11	23
829	817	721	647	705
74	63	41	25	54
463	479	475	458	471
20	29	18	16	23
109	149	193	127	111
8	10	6	2	▲ 1
50	46	46	43	47
7	5	7	4	7
2,413	2,479	2,337	2,067	2,221
146	169	96	58	106

<Former segment>

		'07/3	'08/3	'09/3	'10/3	'11/3	'12/3
Speciality Steel	Net Sales	2,877	3,296	3,069	2,070	2,869	2,938
	Operating Income	117	114	8	▲ 108	210	211
Electronic & Magnetic Materials	Net Sales	645	792	647	347	399	426
	Operating Income	34	58	▲ 6	▲ 33	18	15
Parts for Automobile & Industrial Equipment	Net Sales	1,070	1,159	1,041	777	1,025	1,073
	Operating Income	105	134	46	▲ 3	65	53
Engineering	Net Sales	372	411	366	261	238	258
	Operating Income	23	29	27	20	16	18
New Materials	Net Sales	139	156	104	68	96	101
	Operating Income	23	35	4	▲ 27	6	6
Trading & Service	Net Sales	123	100	100	102	94	96
	Operating Income	15	14	12	10	12	12
Total	Net Sales	5,226	5,914	5,327	3,625	4,721	4,892
	Operating Income	317	384	91	▲ 141	327	315

'08/4-9	'08/10-3	'09/4-9	'09/10-3	'10/4-9	'10/10-3	'11/4-9	'11/10-3
1,906	1,163	857	1,213	1,404	1,465	1,464	1,474
44	▲ 36	▲ 128	20	106	104	96	115
385	262	149	198	192	207	213	213
19	▲ 25	▲ 18	▲ 15	11	7	10	5
607	434	352	425	499	526	531	542
47	▲ 1	▲ 23	20	32	33	23	30
171	195	150	111	108	130	109	149
10	17	13	7	8	8	8	10
64	40	30	38	46	50	46	55
9	▲ 5	▲ 20	▲ 7	0	6	2	4
53	47	61	41	46	48	50	46
7	5	6	4	6	6	7	5
3,186	2,141	1,599	2,026	2,295	2,426	2,413	2,479
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
	Daido Die & Mold Solutions Co., Ltd.	Sales of tool steel / Production and sales of die products and finished tool / heat-treatment of metal
	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
	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)	
High Performance Materials & Magnetic Materials	Nippon Seisen Co., Ltd.	Production and sales of stainless steel wire, metallic fiber
	Shimomura Tokushu Seiko Co., Ltd.	Drawing of free-cutting steel & stainless steel / Production and sales of grinding processed products
	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 (in China)
	Daido Special Metals Ltd.	Merger with Special Metals (U.S.): Sales of Nickel alloy products
	Nissei Seiko Co., Ltd.	Production and sales of screw, bolt and cold-forging parts for automobile

(Note) * Equity method affiliate

Segment	Company	Business Contents
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
	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
	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.

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