



Fiscal Year ending March 2014 Results Briefing (Apr.1/2013–Mar.31/2014)

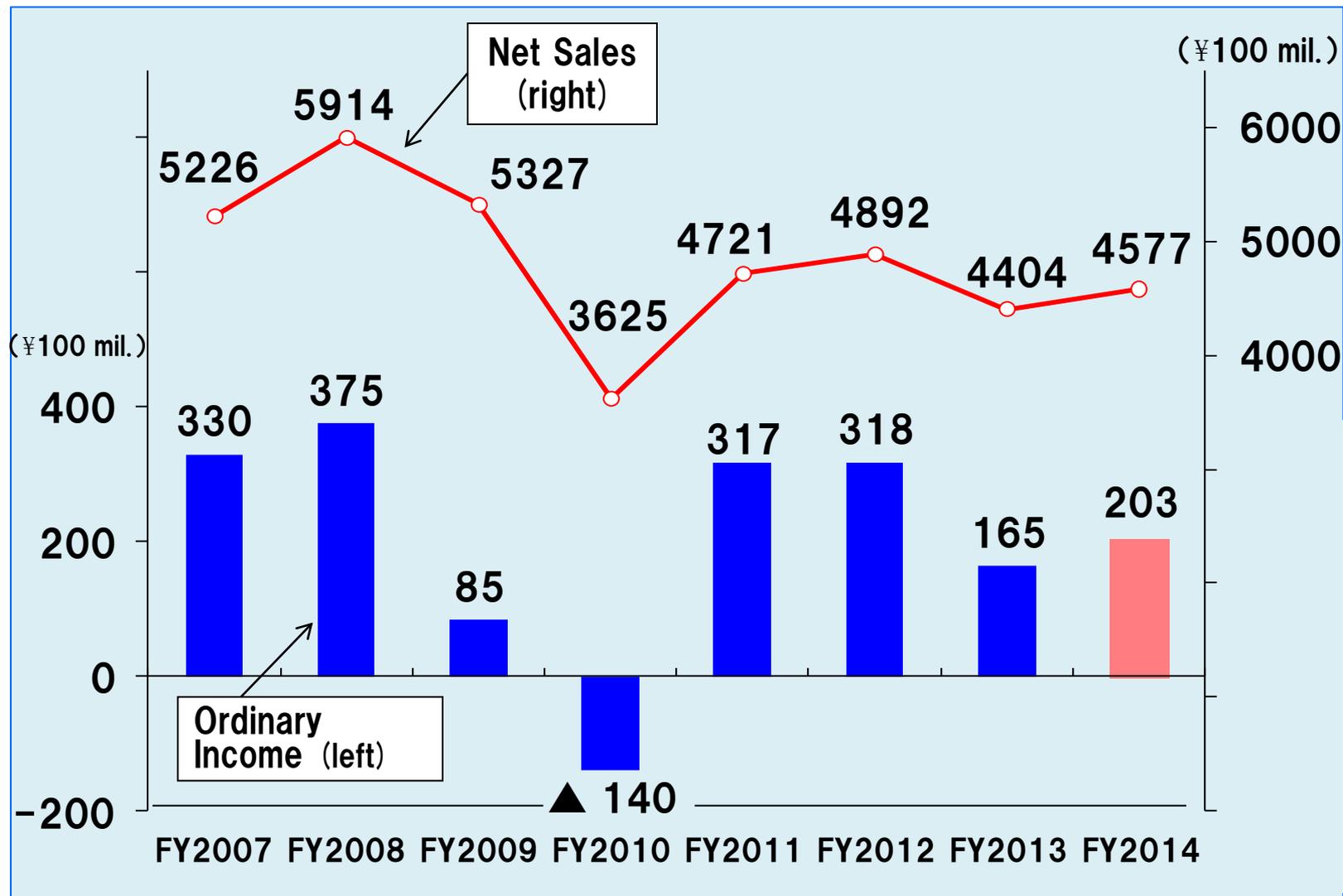
Apr.30th 2014



FY2014 Results

(Apr.1 / 2013 – Mar.31 / 2014)

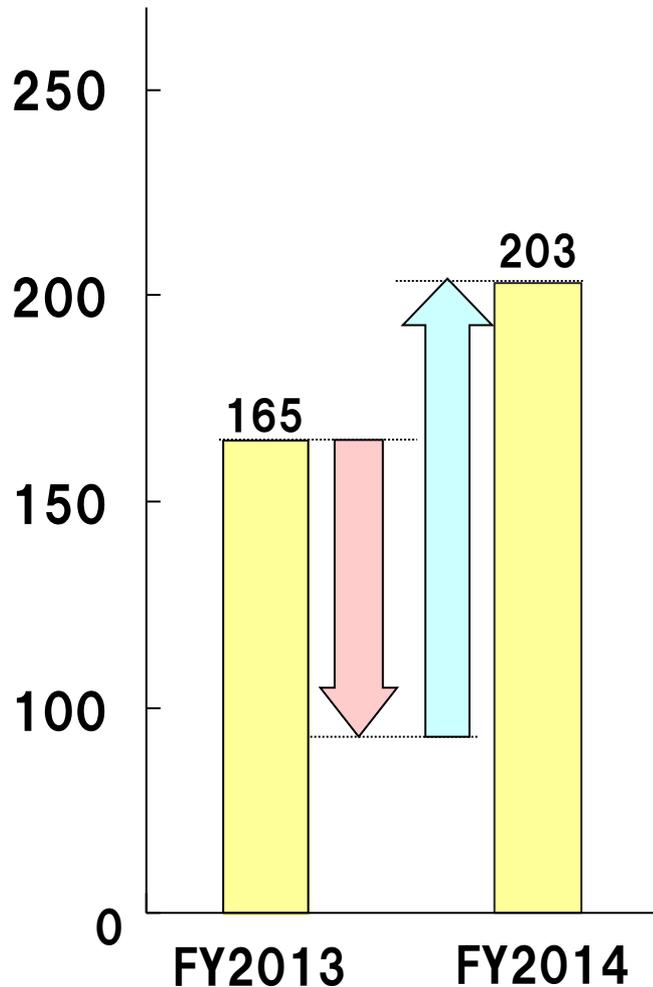
Changes in Net Sales & Ordinary Income(FY2014 Results)



FY2014 Changes in Ordinary Income (y/y)

(¥100 mil.)

(¥100 mil.)



FY2013 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Fuel price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-operating Income	
FY2014 Ordinary Income		

165	
-70	
	+65
	+34
	+14
	+8
-15	
-85	+121
	+2
203 (+38)	

Changes in Net Sales & Operating Income by Segment

(¥100 mil.)

		FY2013 (A)	FY2014 (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,694	1,841	147
	Operating Income	35	17	-18
High Performance Materials & Magnet Materials	Net Sales	1,368	1,435	67
	Operating Income	66	111	45
Parts for Automobile & Industrial Equipment	Net Sales	933	970	37
	Operating Income	34	38	4
Engineering	Net Sales	320	241	-79
	Operating Income	8	11	3
Trading & Service	Net Sales	89	90	1
	Operating Income	11	13	2
Total	Net Sales	4,404	4,577	173
	Operating Income	154	190	36

Former Net Sales of
Specialty steel

volume

1,104thou.t

1,159thou.t

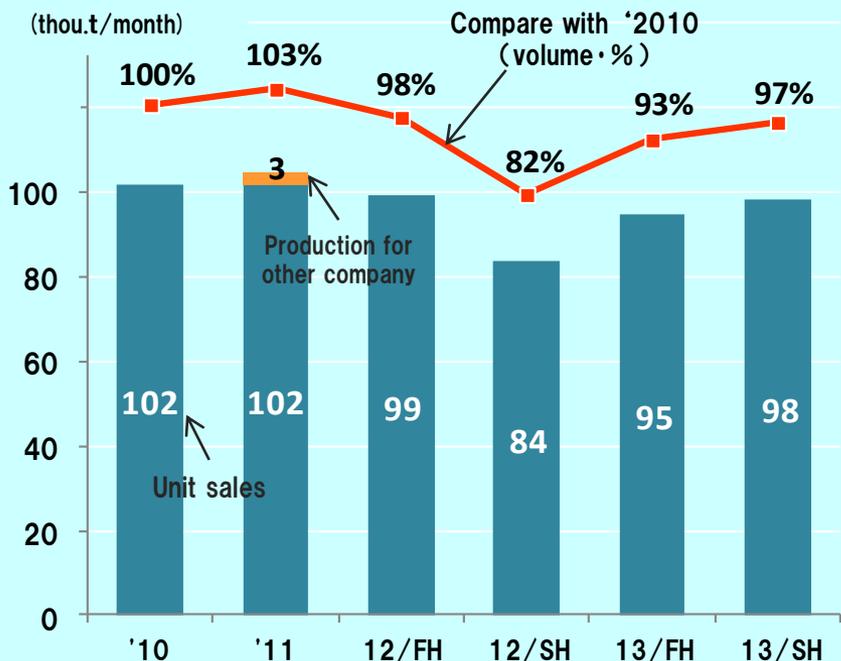
55thou.t

Overview of main products in FY2014 ①

Specialty Steel

< Demand Environment >

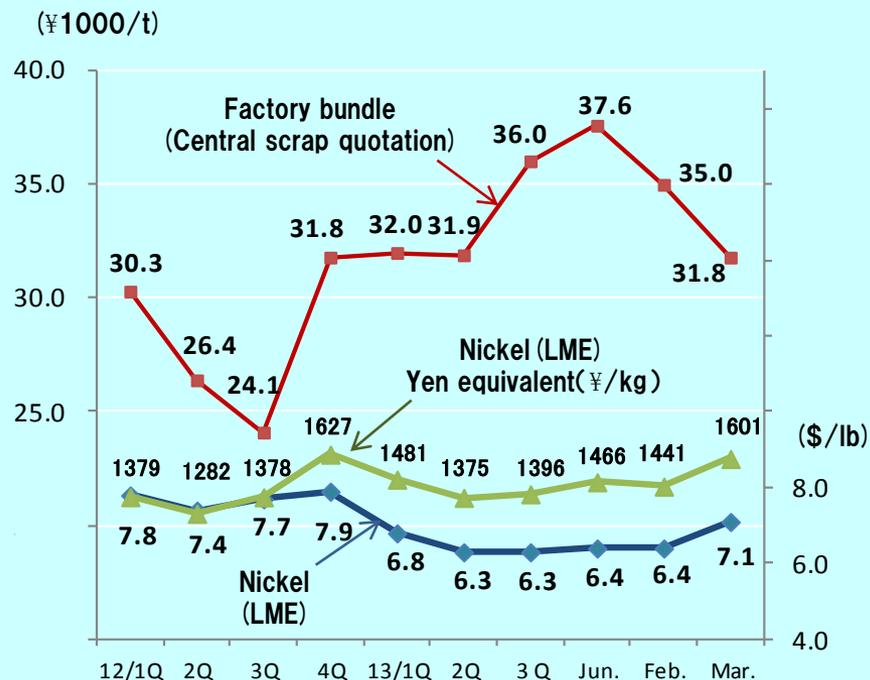
Specialty Steel and Materials Sales (Single Unit)



- Recovered well from the adjustment phase of the second half of 2012
- Rush demand has increased temporarily in the second half of 2013

<Raw Material Situation>

Central Scrap Quotation and Nickel Price Trends

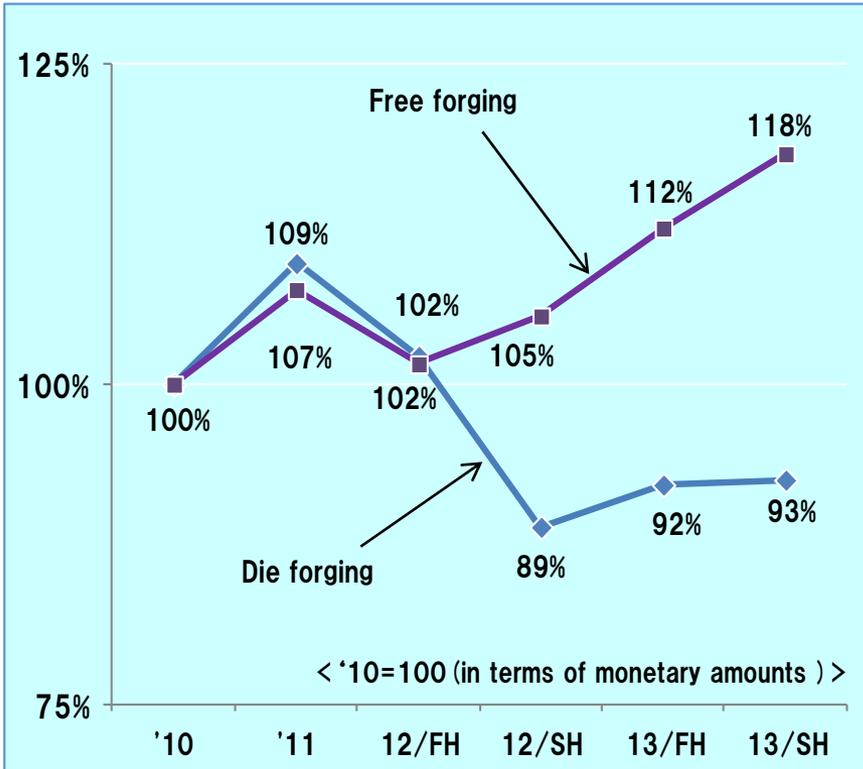


- The rapid rise after 3Q, scrap supply and demand were normalized
- Nickel market has stabilized, but the rise in recent geopolitical risk rises the price

Overview of main products in FY2014②

Parts for Automobile & Industrial Equipment

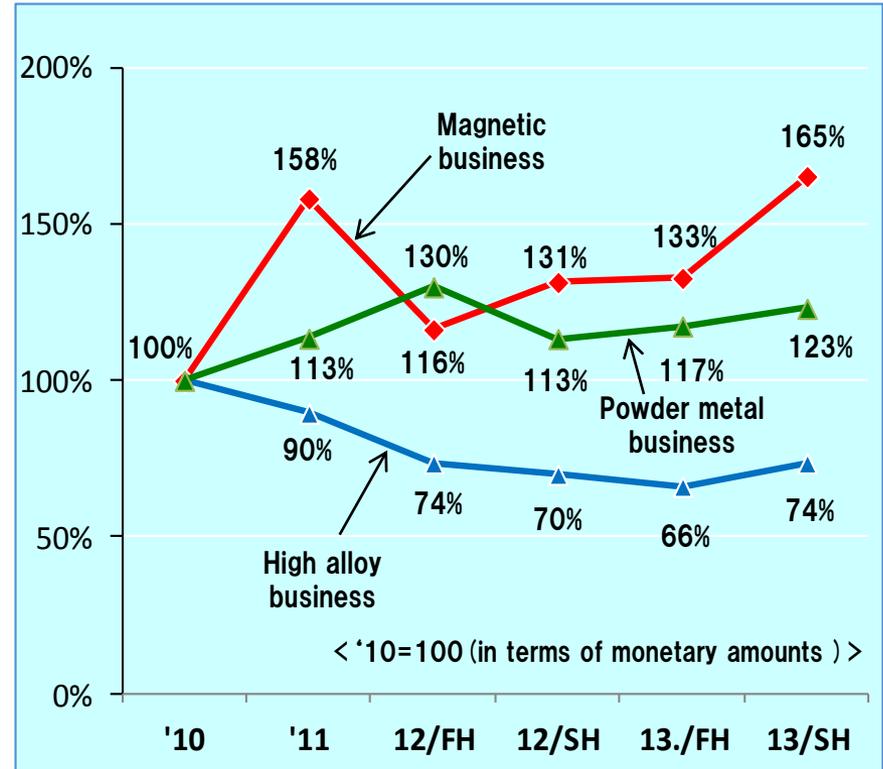
<Die forging/Free forging>



- Free forging : Demand is expanding by weaker yen
- Die forging : Reduced by weak ASEAN demand

High Performance Materials and Magnetic Materials

<High alloy/Magnetic/Powder metal business>



- Magnetic: Demand growing in automotive applications
- Powder metal business :Soft magnetic (HEV), high-alloy (engine) strong
- High alloy :Lead frame withdrawal, expanding automotive applications sales

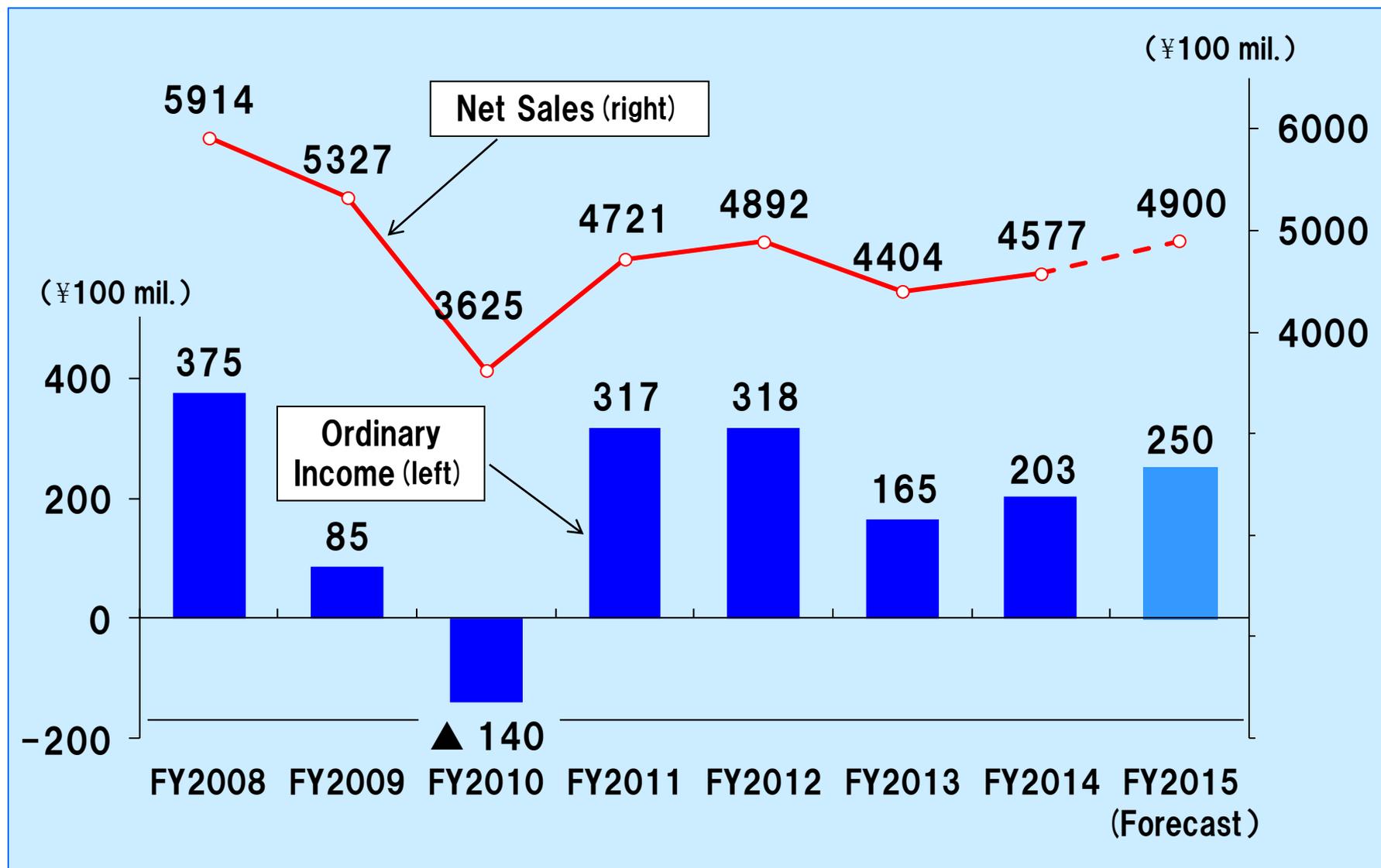
FY2014 Extraordinary Income/Loss • Net Income

(¥100 mil.)

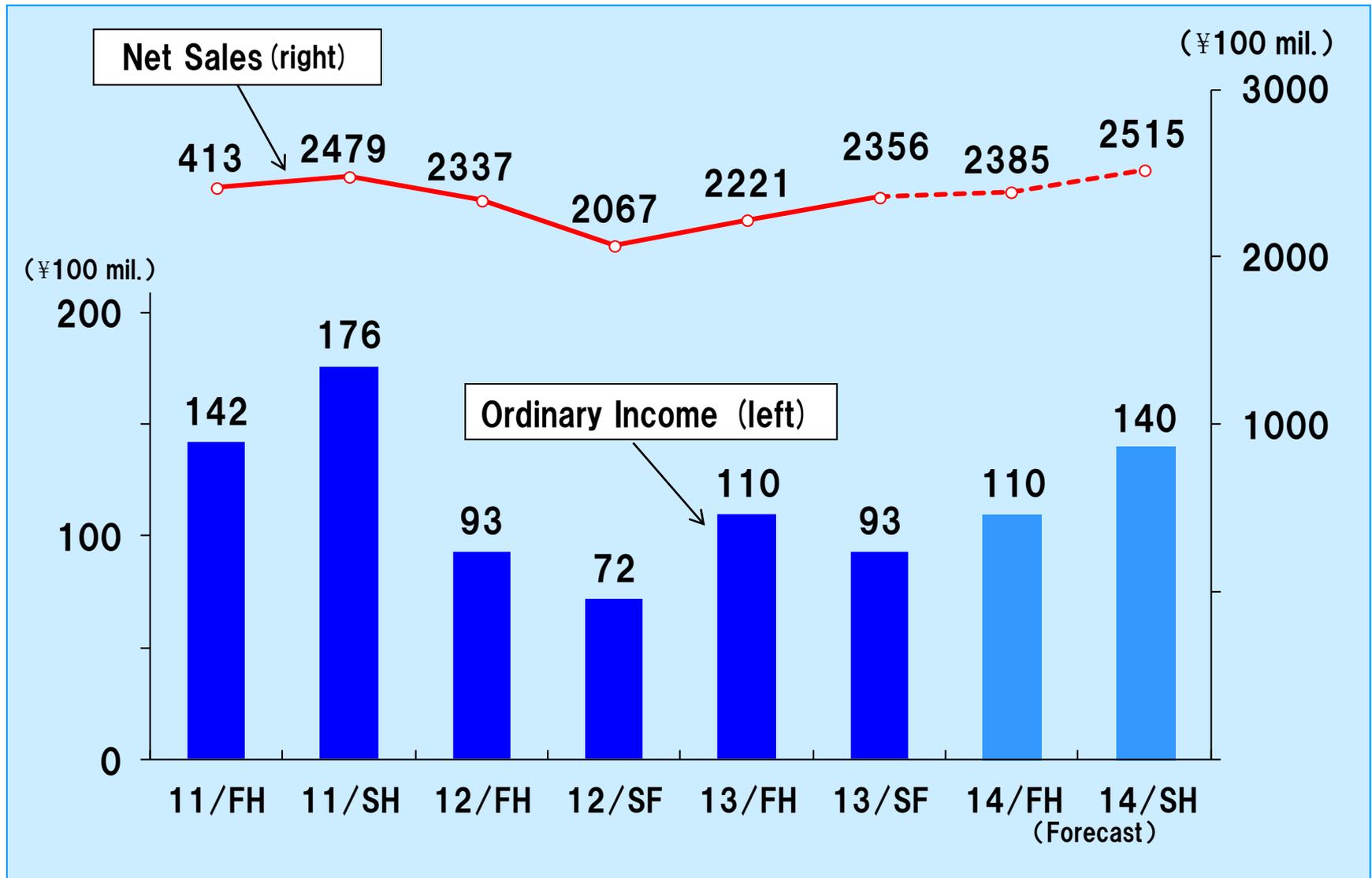
FY2014 Ordinary income	203
Extraordinary Income / Loss	+7
Income taxes and minority interests	▲84
FY2014 Net income	126

Annual Plan for FY2015

Changes in Net Sales & Ordinary Income (Forecast for FY2015)

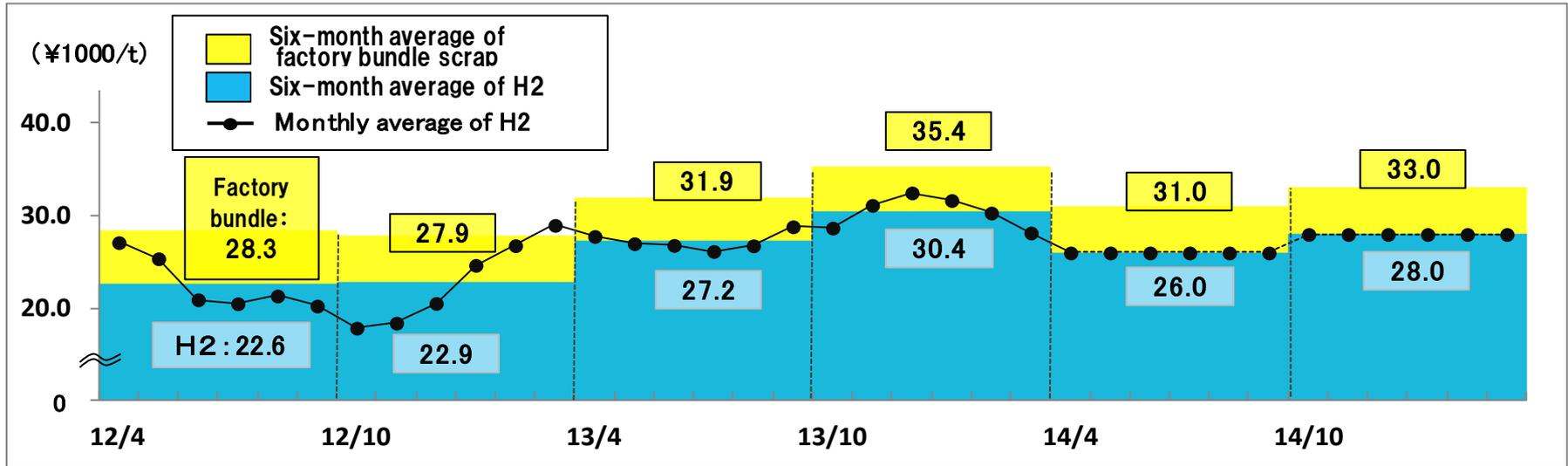


Changes in Net Sales & Ordinary Income (Interim)

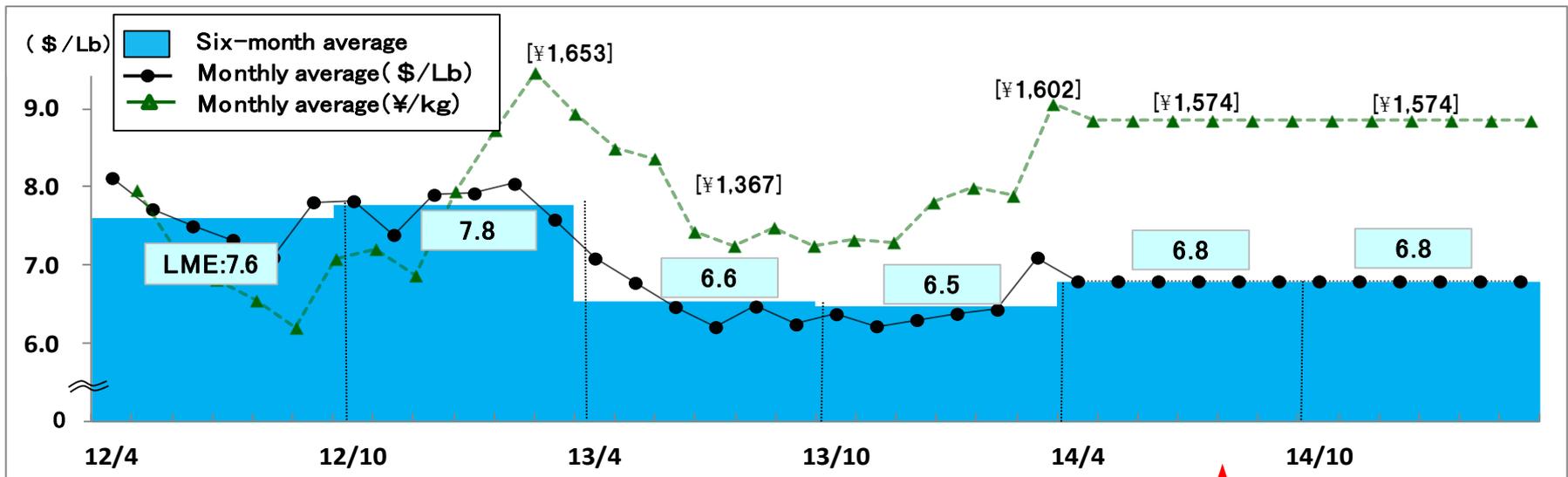


Market Trend of Raw Materials(Scrap Steel and Nickel)

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



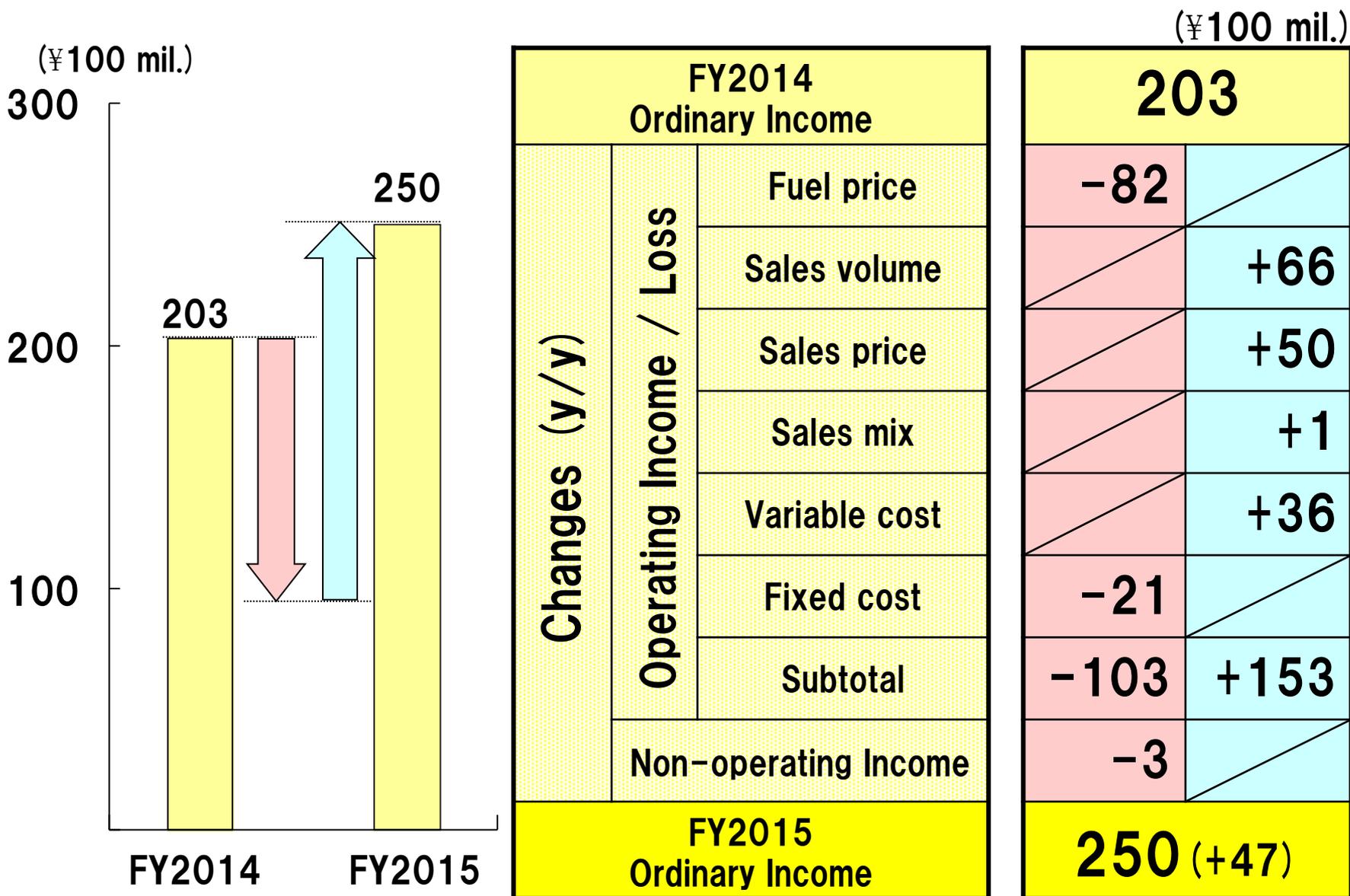
<Nickel price LME>



Premises of Profit Planning for FY2015 (Market Trend)

	UNIT	FY2014 Results	FY2015 Premises of plan (y/y basis)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	28.8 33.7	27.0 (-1.8) 32.0 (-1.7)
Nickel (LME)	\$/LB	6.5	6.8 (+0.3)
Molybdenum (MW)	\$/LB	10.0	11.0 (+1.0)
Crude oil (Dubai)	\$/B	104.6	105.0 (+0.4)
Exchange rate (TTM)	¥/\$	100.4	105.0 (+4.6)

FY2015 Changes in Ordinary Income (y/y)



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

(¥100 mil.)

		FY2014 Results (A)	FY2015 Forecast (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,841	1,962	121
	Operating Income	17	43	26
High Performance Materials & Magnet Materials	Net Sales	1,435	1,566	131
	Operating Income	111	128	17
Parts for Automobile & Industrial Equipment	Net Sales	970	1,045	75
	Operating Income	38	46	8
Engineering	Net Sales	241	233	-8
	Operating Income	11	11	0
Trading & Service	Net Sales	90	94	4
	Operating Income	13	12	-1
Total	Net Sales	4,577	4,900	323
	Operating Income	190	240	50

Former Net Sales of
Specialty steel

volume

1,159 thou.t

1,214 thou.t

55 thou.t

Changes in Net Sales & Operating Income (6 months)

(¥100 mil.)

		FY2015		
		4-9/2014 Plan	10/2014- 3/2015 Plan	Full year Plan
Specialty Steel	Net Sales	957	1,005	1,962
	Operating Income	17	26	43
High Performance Materials & Magnet Materials	Net Sales	768	798	1,566
	Operating Income	60	68	128
Parts for Automobile & Industrial Equipment	Net Sales	504	541	1,045
	Operating Income	17	29	46
Engineering	Net Sales	108	125	233
	Operating Income	1	10	11
Trading & Service	Net Sales	48	46	94
	Operating Income	5	7	12
Total	Net Sales	2,385	2,515	4,900
	Operating Income	100	140	240

Former Net Sales of
Specialty steel

volume

593thou.t

621thou.t

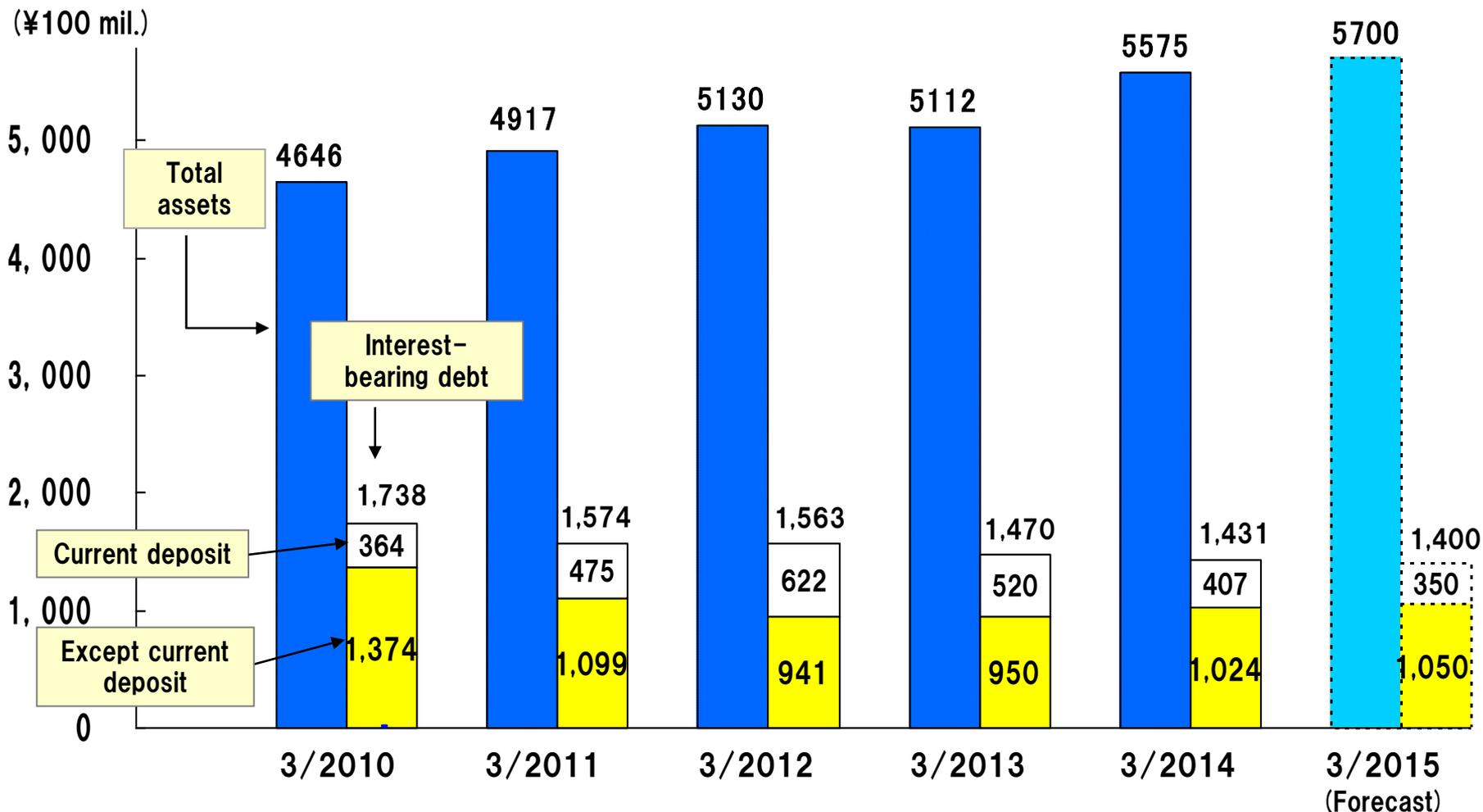
1,214thou.t

FY2015 Extraordinary Income/Loss • Net Income

(¥100 mil.)

FY2015 Ordinary income	250
Extraordinary income / loss	+6
Income taxes and minority interest	▲96
FY2015 Net income	160

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



	3/2010	3/2011	3/2012	3/2013	3/2014	3/2015 (Forecast)
ROA	▲2.9%	6.6%	6.3%	3.2%	3.8%	4.4%
D/E	1.09	0.88	0.79	0.69	0.62	0.58

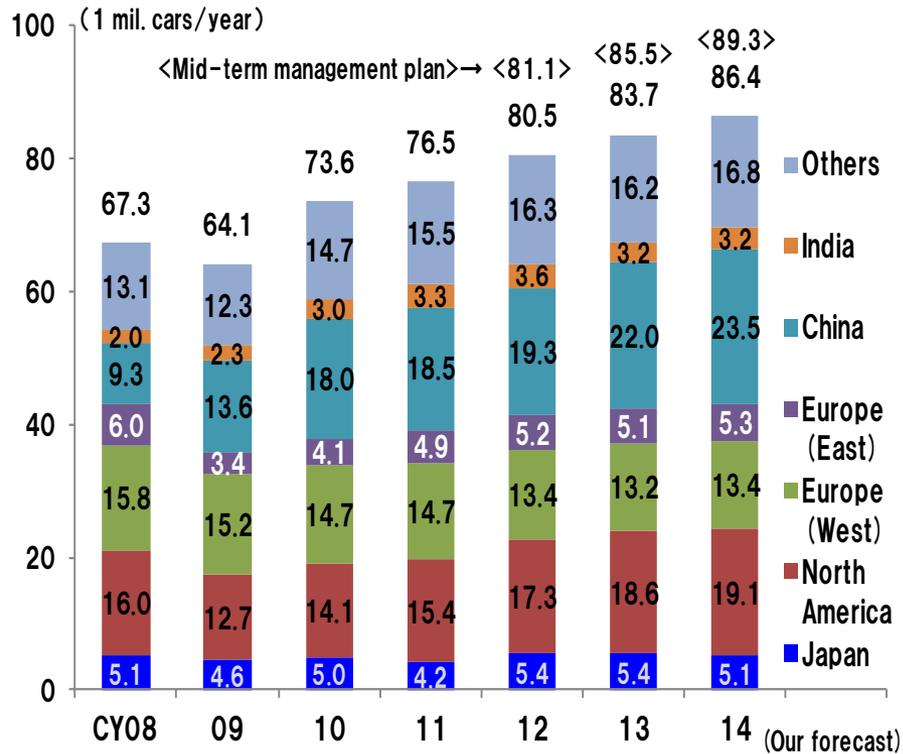
FY2015 Dividend per share

	FY2014		FY2015	
	Interim	Year-end	Interim	Year-end
Ordinary income (¥100 mil.)	110	203	110	250
Net income (¥100 mil.)	68	126	65	160
Dividend per share (¥/Share)	2.5	5.0	3.0	6.5
Payout ratio (%)	16.0	17.2	20.0	17.6

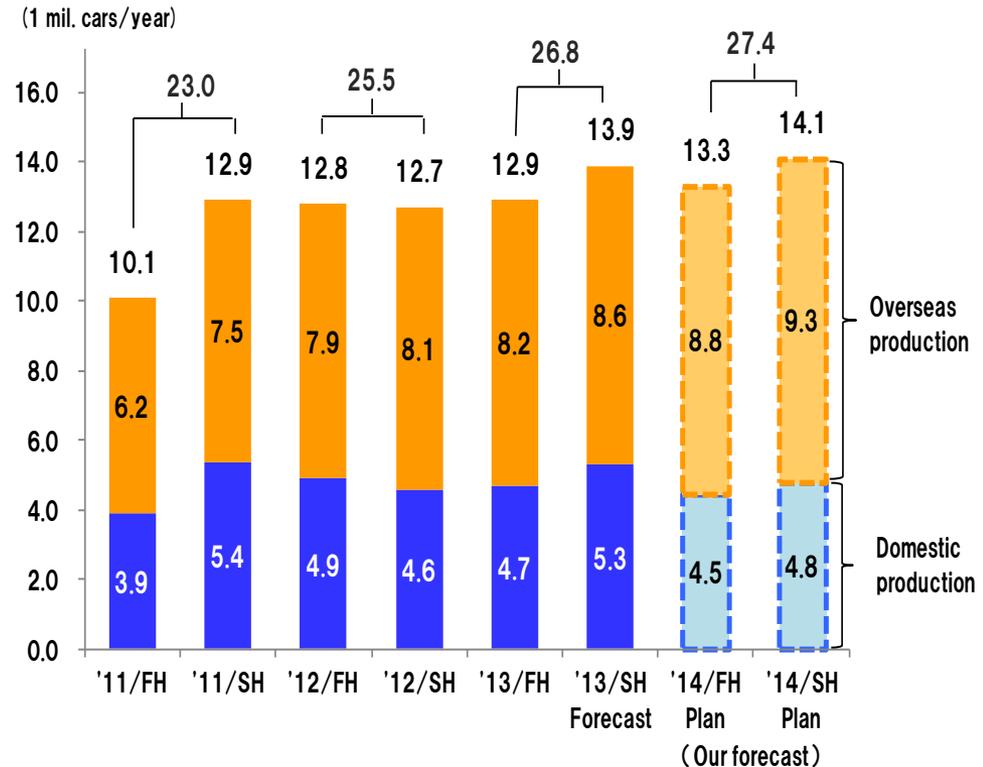
Market Environment Recognition

Outlook of market < Automobile >

<Global car demand>



<Trends for Japanese car market>



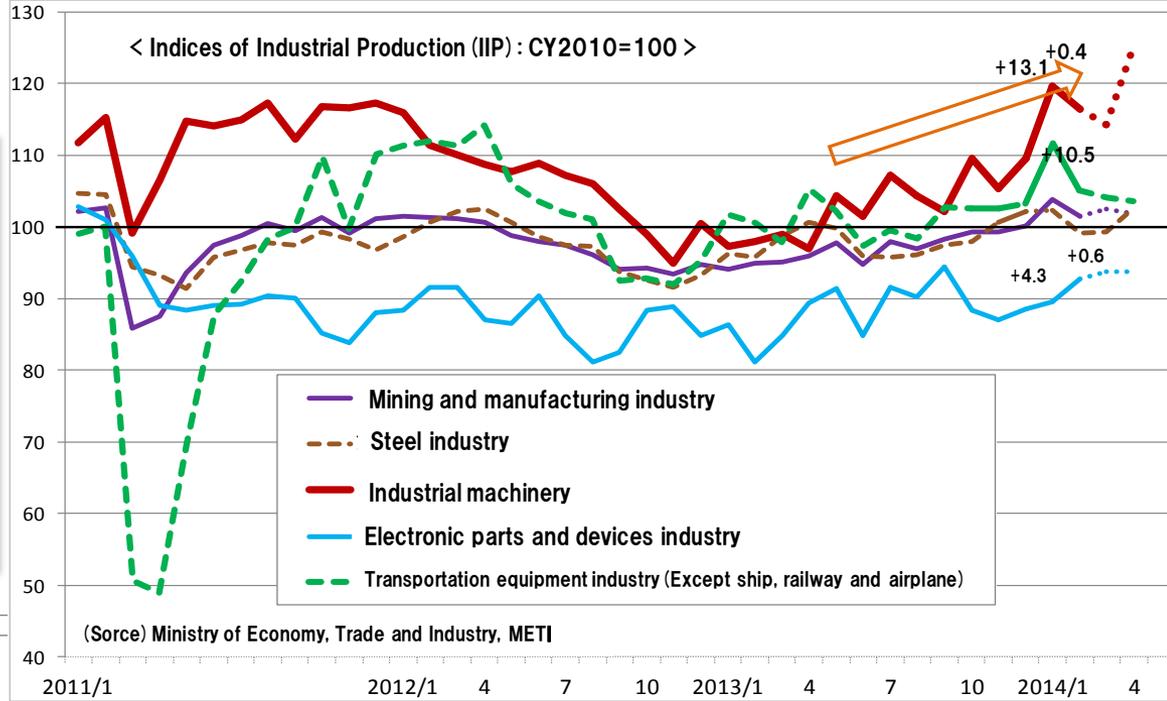
Global demand : Demand will grow about 3% per year lead by U.S. And China.
Japanese production : Domestic production is reduced, but the overseas production is increased.

Outlook of market < Industrial machinery >

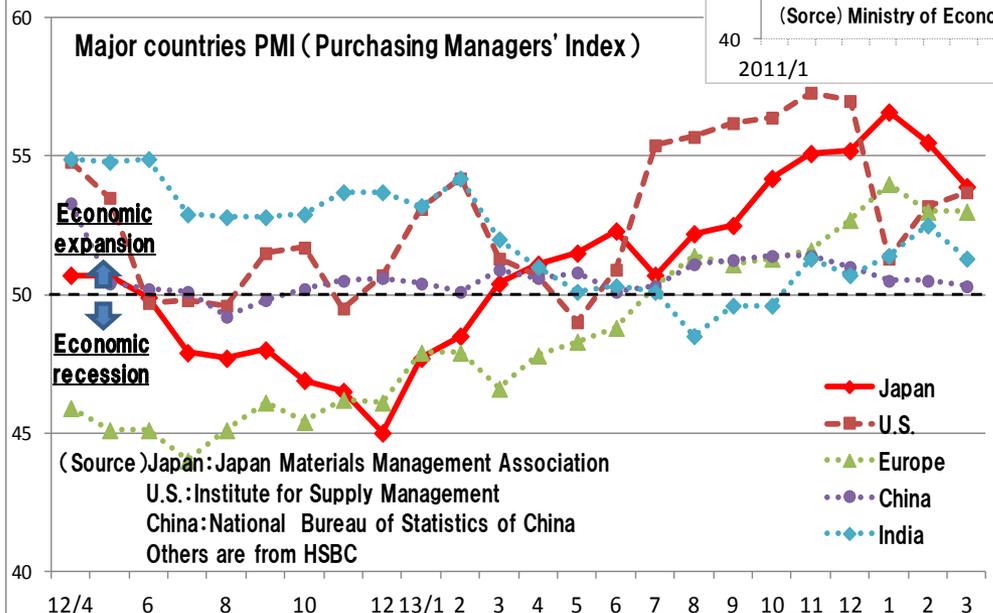
Demand of Industrial machinery

【Domestic market】

- Demand decreases temporarily due to raise of consumption tax, but industrial production increases moderately.
- By improved corporate profits, capital investment to be recovered.
- Japanese specialty steel demand remains firm.



Major countries PMI (Purchasing Managers' Index)



【Overseas market】

- From bottoming out of the European economy and the strong performance of the U.S. economy, the developed economies are recovered.
- There are some risks and regional differences, but moderate expansion is continued at emerging economies.
- By weak yen, exports show the upward trend

Business environment recognition

<Automobile>

- World demand is 3% expansion mainly by North America and China market.
- Japanese automobile production to increase at overseas.

< Industrial machinery >

- Capital investment is recovering at home and abroad.
- Energy, aircraft sector to be in growing phase.

<Cost>

- Materials and energy costs are increased by weaker yen.
- The power cost is affected by price increases of Chubu Electric Power.



< Change from medium-term plan >

- Specialty steel demand does not reach to the assumption by slower growth of emerging market.
- Overseas transfer and local procurement of users were developed faster than expected.
- Cost is increased by the depreciation of the yen, but the export environment is improved.

【 Business strategy 】

Drastic cost reduction of existing business

Maximize the investment merits of 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 business ①

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



Quick return on investment

- **The maximum productivity by pursuing new process**

Melting energy cost : 10% reduction
Thermal efficiency of the molten steel is greatly improved
Equipment for energy diversification

- **Crude steel capacity expansion by 20%**
Promotion of overseas sales by strengthening cost competitiveness

Drastic cost reduction of existing business ②

Competitiveness of die forging business

< Sales of strategic products >

Portfolio reform of die forging products

- Shift to products that are not affected by the change mechanism
- To increase sales of quality products and diversification of product

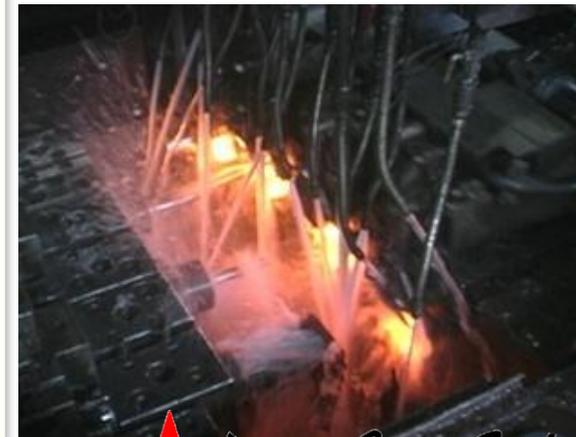
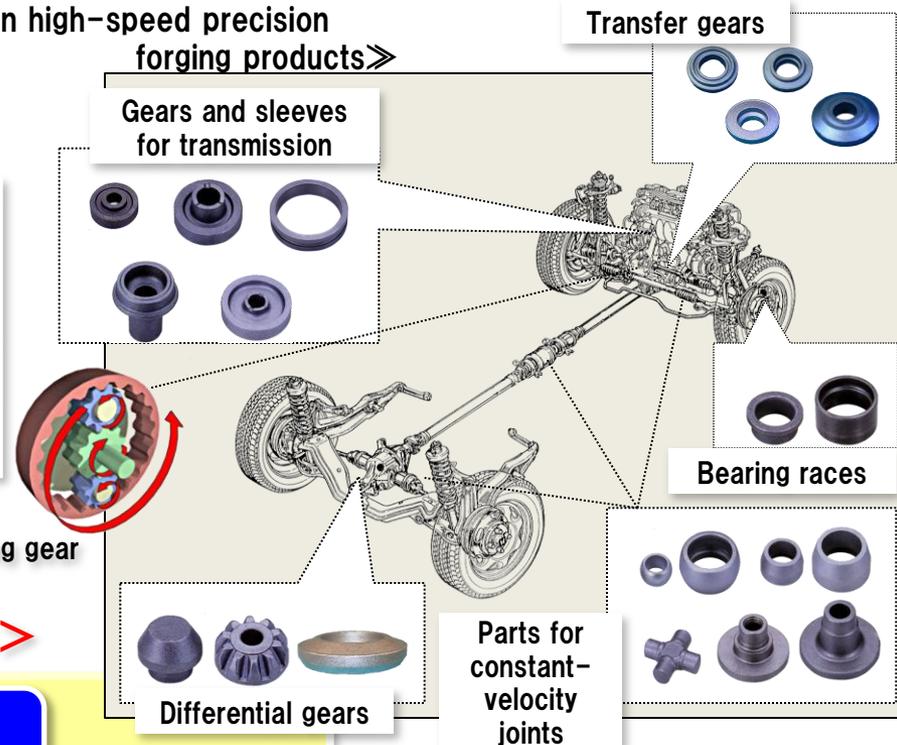
< Strategic investment to Chita die forging plant >

High-performance new forging machine (SHF) introduced

< ¥1.2billion total investment
(Start of operation in early 2015) >

- Improvement of product quality
 - Lighter weight and near-net-shape
- Sales promotion and cost competitiveness through process reform

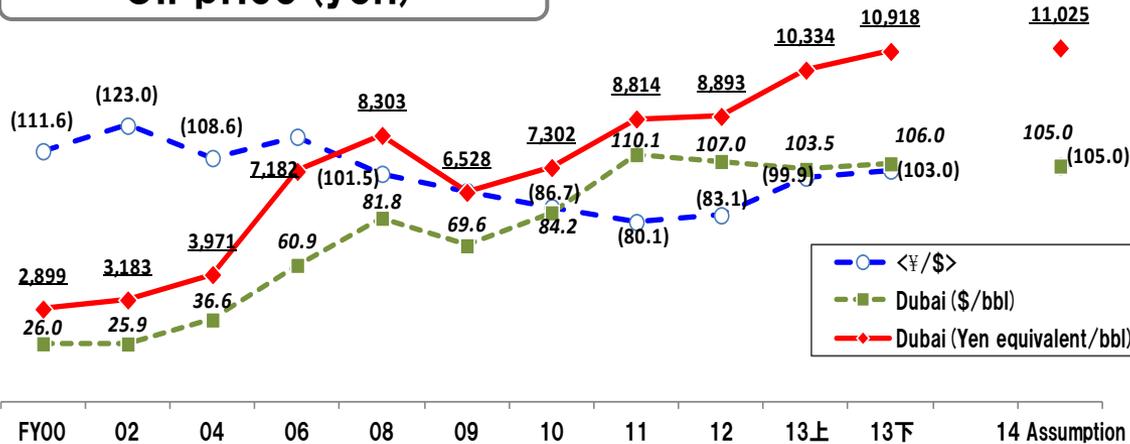
«Main high-speed precision forging products»



Drastic cost reduction of existing business ③

Energy saving project

Oil price (yen)



- Crude oil price (yen) remains high due to the weak yen.
- Electricity cost is increasing by price hike of CHUBU Electric Power Co., Inc.

Energy cost improvement measures

Cost reduction

- Energy cost reduction by strategic investment of Chita Plant.
- Promotion of energy-saving activities.
(Cost reduction by maximum nighttime power use)

Marketing

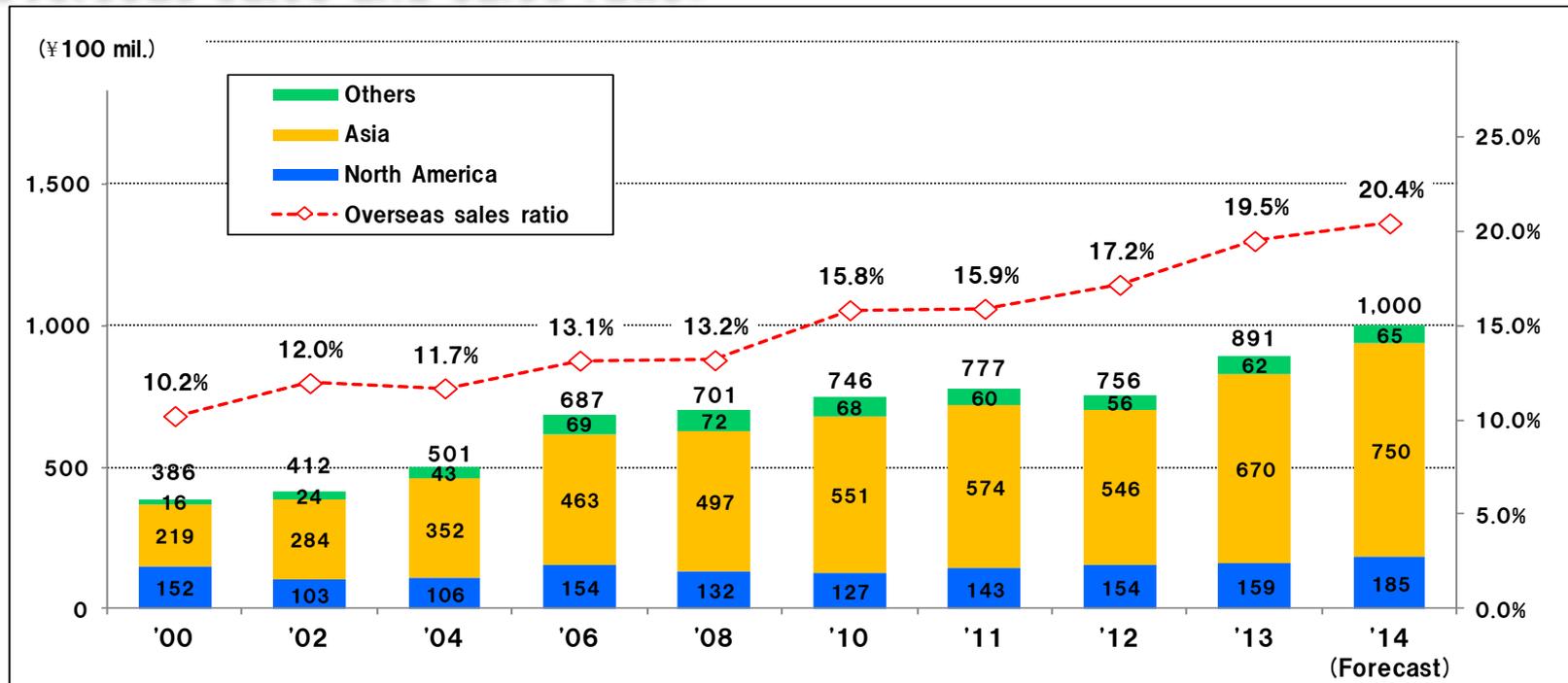
- Portfolio reform of high grade products.
- Expanding export by low yen rate.
- Price revise.

Strengthening of export competitiveness

Overseas expansion with differentiated products ①

Expansion of overseas sales

<Overseas sales and sales ratio>



Sales promotion to overseas markets

- By sales to the Asian market, overseas sales and ratio make a new record.
- Overseas sales continue to be expanded in 2014 (100 billion yen in sales, more than 20% of total sales) with the global leading product such as tool steel, free forging etc.

Strengthening of export competitiveness

Overseas expansion with differentiated products ②

Industrial equipment

<Infrastructure and aircraft demand expansion>

- World energy demand is expanding for electricity and fossil fuel
→ Sales to the Oil & Gas business and power generation equipment market
- Expansion of aircraft business

<Strategic investment to Shibukawa Plant>

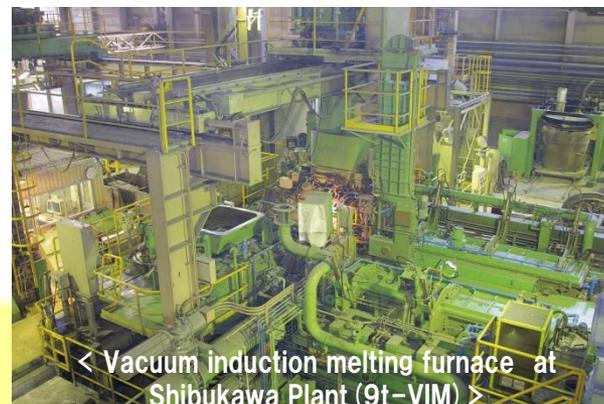
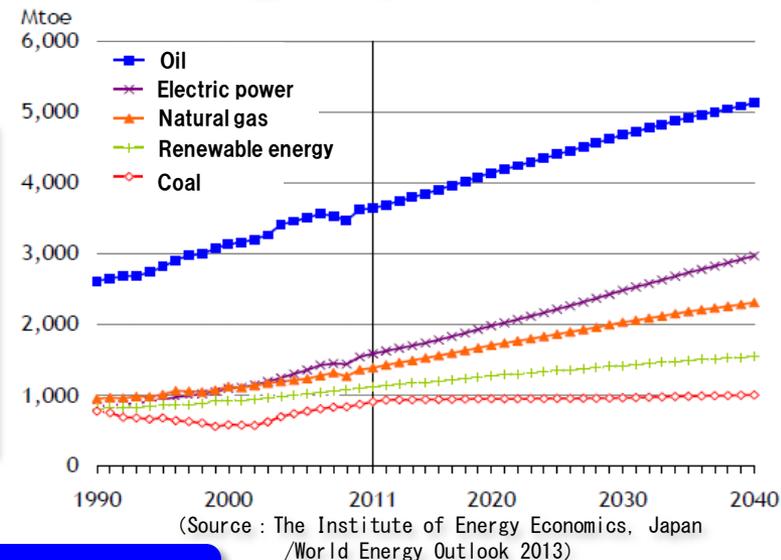
Vacuum induction melting furnace (the world's largest, 22 tons)

Enhancement of secondary special melting furnace

Expansion of Shibukawa Plant QCD competitiveness

- Expansion of high-quality forgings market.
- Total investment of about 6 billion yen (Completion of construction: VAR/ESR : 2014, VIM : 2015)

< World final energy consumption forecast (Equivalent to oil) >



Strengthening of export competitiveness

Overseas expansion with differentiated products ③

Tool steel

“MONOZUKURI” reform

Differentiation

Strengthen sales network

<Global marketing>

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

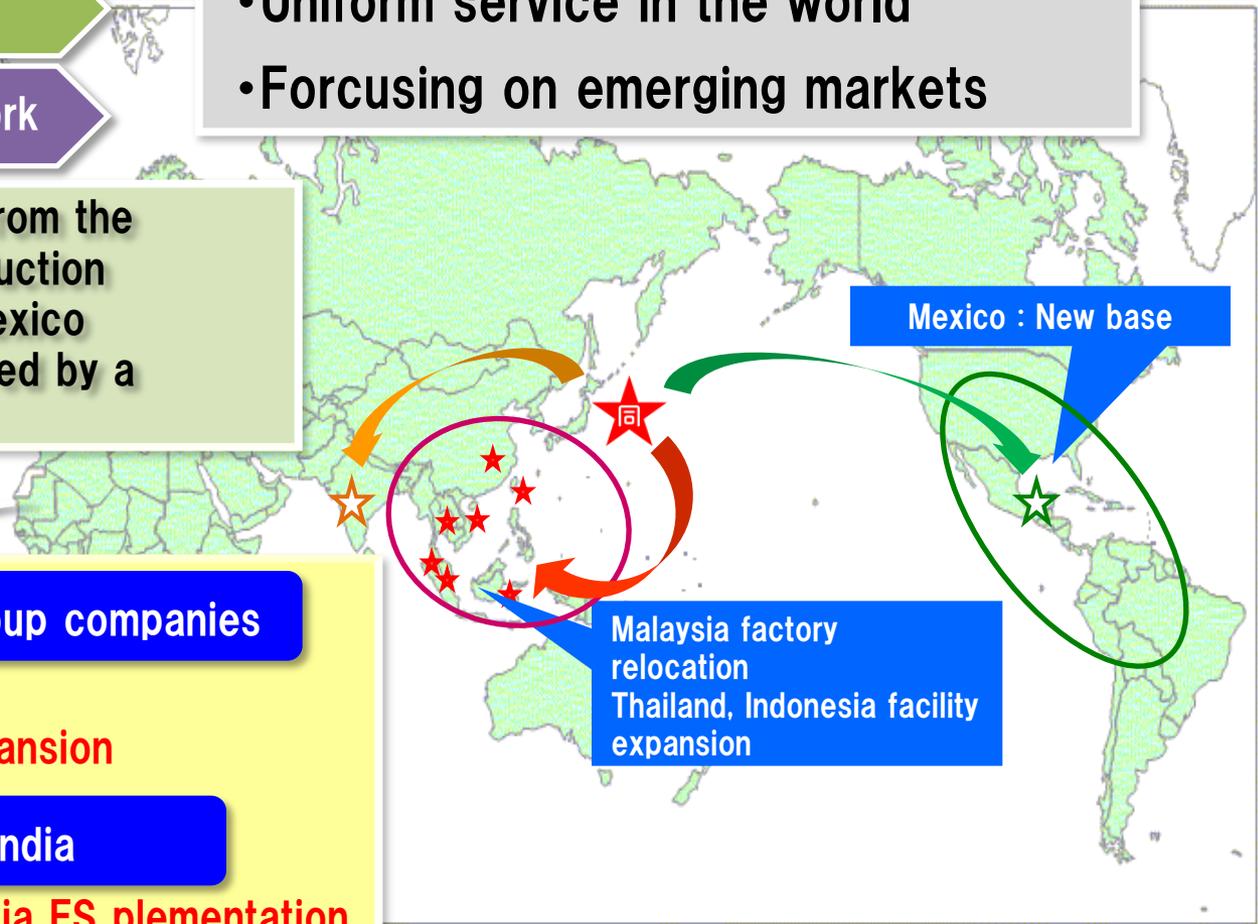
- Local demand is expanding from the acceleration of overseas production
→ ASEAN, China + India, Mexico
- Export environment is improved by a weaker yen

Expansion of the ASEAN group companies

- Malaysia factory enhancement
- Thailand, Indonesia facility expansion

Expansion into Mexico and India

Mexico local incorporation / India FS plementation



Expand next growing business and products<Magnet business>

<Demand environment>

• Neodymium magnet market is expanding due to the continued (low fuel consumption, etc.) improvements of car

Daido Electronics Co., Ltd. Group

Promoted to the growing market

- Daido Electronics Co., Ltd. (Nakatsugawa) : Mother factory function (new product development)
- Daido Electronics (Suzhou) Co., Ltd. (China) : Increase production of EPS motor magnet
- Daido Electronics (Thailand) Co., Ltd. (Thailand) : Product portfolio improvement (HDD → motor-vehicle)



Intermetallics Japan Corp.

Establish a production base and product line expansion

- New products are rising gradually from 2014
- The business foundation is strengthening by improving productivity



<BMW i3>

<Intermetallics Japan Corp.>



Expand next growing business and products<Turbo parts business>

<Demand environment>

- Demand more than 10% growth per year due to the expansion of the gasoline engine turbo
- Market expansion to China and North America from Europe



Enhanced turbo parts business

Turbine wheel production capacity expansion
 → Production enhancement to the T / W factory

Stainless steel housing demand expansion
 → Sales of thin-walled complex product by vacuum casting process (DLCC method)



<Turbine wheel>

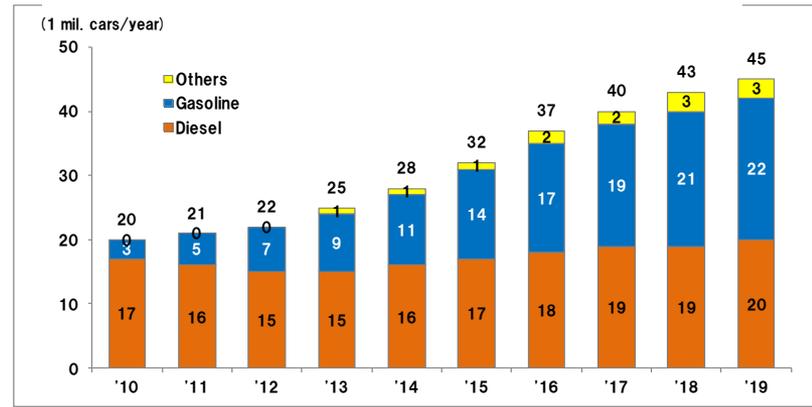


<Turbine housing>

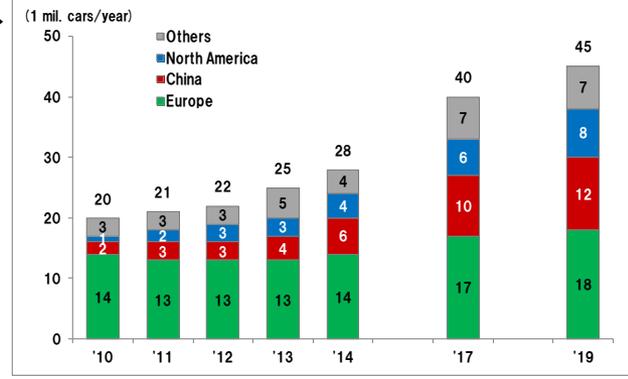


<Daio Castings Co., Ltd. DLCC casting line>

<Turbocharger demand forecast (By fuel) >



<By region>



Capital investment

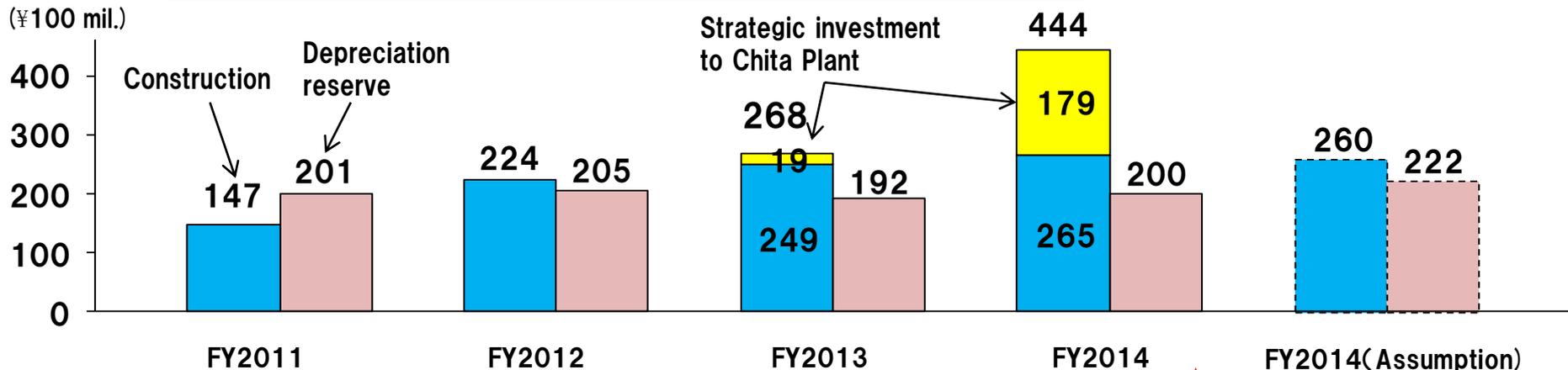
◀ Strategic investment ▶

- **Drastic cost reduction of existing business**
 - … Strategic construction of Chita plant completed
→ Investment impact effect is emerged in 2014
 - … High-performance new forging machine (SHF) introduced to Chita die forging plant
- **Expansion of export competitiveness and differentiated products**
 - … Global leading products expansion
(Enhancement of special melting furnace in Shibukawa plant • Tool steel processing in overseas
• Expansion of sales base)
 - … Expand next growing business and products (Valves • Magnets • Turbo parts • Powder metal business)
- **Business Continuity Planning** … Disaster measures, Environment investment



Gaining investment return and execution of strategic investment for the next medium-term

Changes in capital investment and depreciation reserve



Fact Book

1. Financial highlight

Consolidation

(¥1 mil.)

	'09/3	'10/3	'11/3	'12/3	'13/3	'14/3	'09/9	'10/9	'11/9	'12/9	'13/9
Net sales	532,655	362,507	472,062	489,154	440,428	457,731	159,934	229,456	241,308	233,724	222,123
Operating income	9,115	▲14,050	32,730	31,533	15,425	18,977	▲17,015	16,316	14,562	9,604	10,562
Ordinary income	8,533	▲13,994	31,726	31,762	16,475	20,287	▲16,888	15,960	14,226	9,304	11,033
Net income	▲8,147	▲14,610	23,003	22,717	10,983	12,616	▲17,187	11,284	8,383	5,507	6,771
R & D expenses	4,244	3,909	4,253	4,360	4,560	5,160	1,911	2,042	2,143	2,065	2,449
Capital investment (Plan)	13,400	7,900	18,900	39,700	25,400	26,400	3,700	9,200	11,200	10,200	10,700
Capital investment (Construction)	19,800	13,400	14,700	22,400	26,800	44,400	—	—	—	—	—
Depreciation	21,809	20,303	20,072	20,463	19,229	20,052	10,071	9,871	9,807	9,390	9,352
Financial account balance	▲741	▲1,442	▲982	▲744	▲362	28	▲677	▲530	▲367	▲268	▲136
Total assets	496,411	464,629	491,721	512,968	511,159	557,522	453,231	479,697	487,570	500,213	548,455
Equity	166,235	159,301	178,348	198,653	211,921	232,153	153,776	165,466	181,564	196,338	225,031
Interest-bearing debt	207,123	173,790	157,445	156,336	146,999	143,085	183,848	172,045	149,489	149,129	152,141
Pay roll number	10,212	10,414	10,272	10,365	10,447	10,709	10,661	10,406	10,657	10,587	10,827
ROA (%)	1.6	▲2.9	6.6	6.3	3.2	3.8	▲7.1	6.8	5.8	3.7	4.2
ROE (%)	▲4.6	▲9.0	13.6	12.1	5.4	5.7	▲21.5	13.9	9.3	5.6	6.2
Consolidated subsidiary number	32	32	32	33	32	33	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	1.7	1.6	1.6	1.6	1.6					
Ordinary income	7.4	—	1.7	1.7	1.8	1.9					
Net income	—	—	1.3	1.3	1.7	1.6					

*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)>

		'12/3	'13/3	'14/3
Speciality Steel	Net Sales	1,950	1,694	1,841
	Operating Income	99	35	17
High Performance Materials and Magnetic Materials	Net Sales	1,646	1,368	1,435
	Operating Income	137	66	111
Parts for Automobile and Industrial Equipment	Net Sales	942	933	970
	Operating Income	49	34	38
Engineering	Net Sales	258	320	241
	Operating Income	18	8	11
Trading and Service	Net Sales	96	89	90
	Operating Income	12	11	13
Total	Net Sales	4,892	4,404	4,577
	Operating Income	315	154	190

(¥100 mil.)

'11/4-9	'11/10-3	'12/4-9	'12/10-3	'13/4-9	'13/10-3
962	988	902	792	887	954
37	62	24	11	23	▲ 6
829	817	721	647	705	730
74	63	41	25	54	57
463	479	475	458	471	499
20	29	18	16	23	15
109	149	193	127	111	130
8	10	6	2	▲ 1	12
50	46	46	43	47	43
7	5	7	4	7	6
2,413	2,479	2,337	2,067	2,221	2,356
146	169	96	58	106	84

<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
	THAI SEISEN Co., Ltd.	Production and sales of stainless steel wire
	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.

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.