

Fiscal Year ending March 2016 Interim Results Briefing (Apr.1 – Sept.30 / 2015)

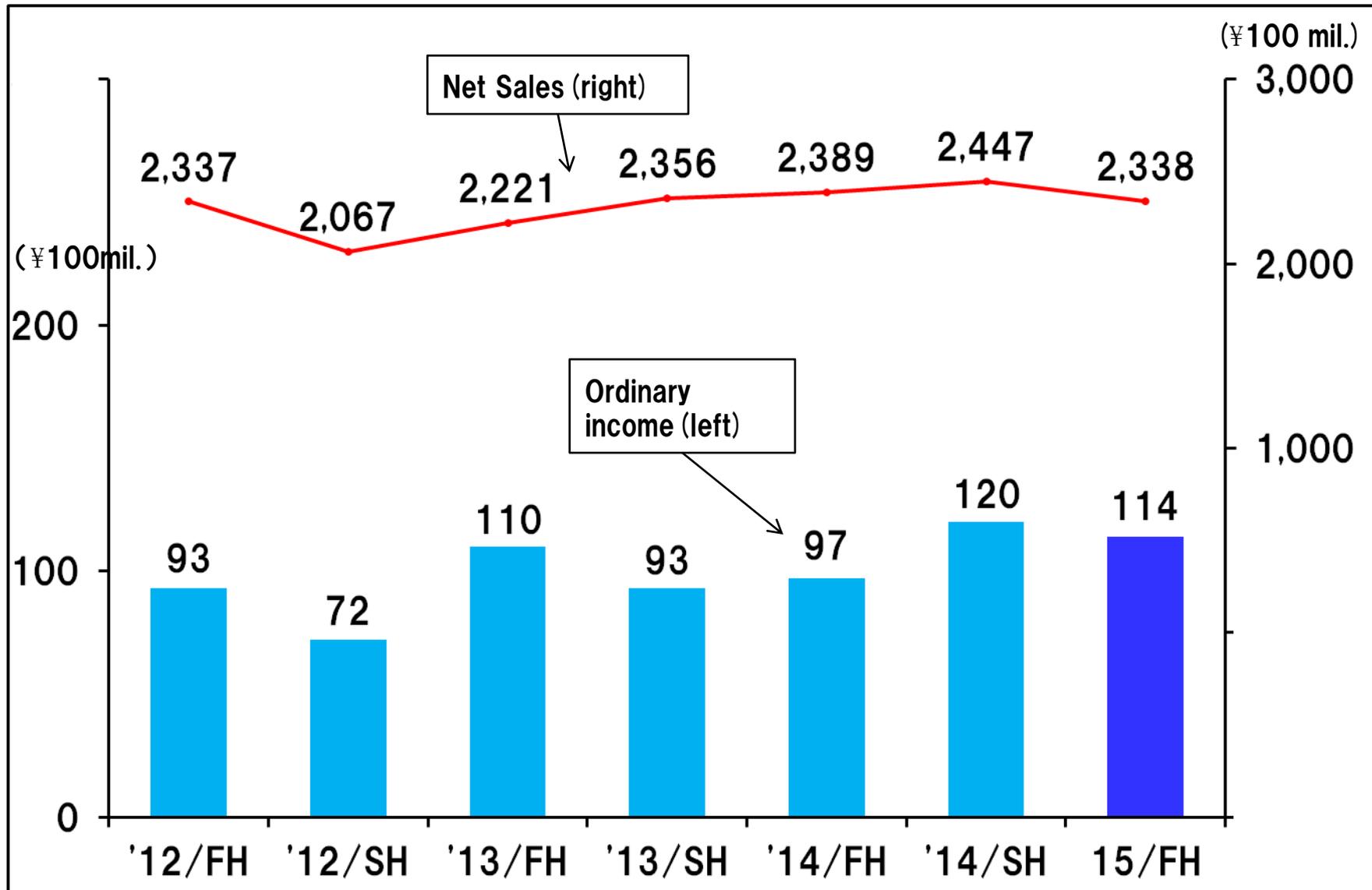
October 30, 2015



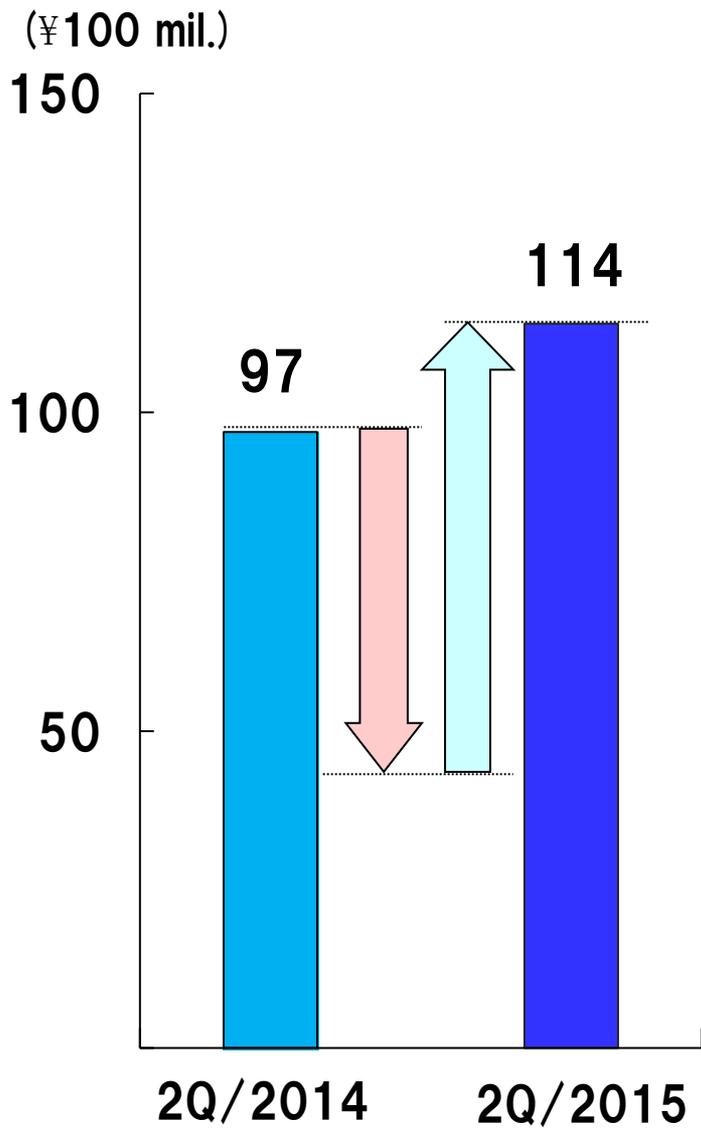
FY2016 Interim Results

(Apr.1 – Sep.30/2015)

Changes in Net Sales & Ordinary Income (Interim)



4-9/2015 Changes in Ordinary Income (y/y)



2Q/2014 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Fuel price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-Operating income	
2Q/2015 Ordinary Income		

(¥100 mil.)

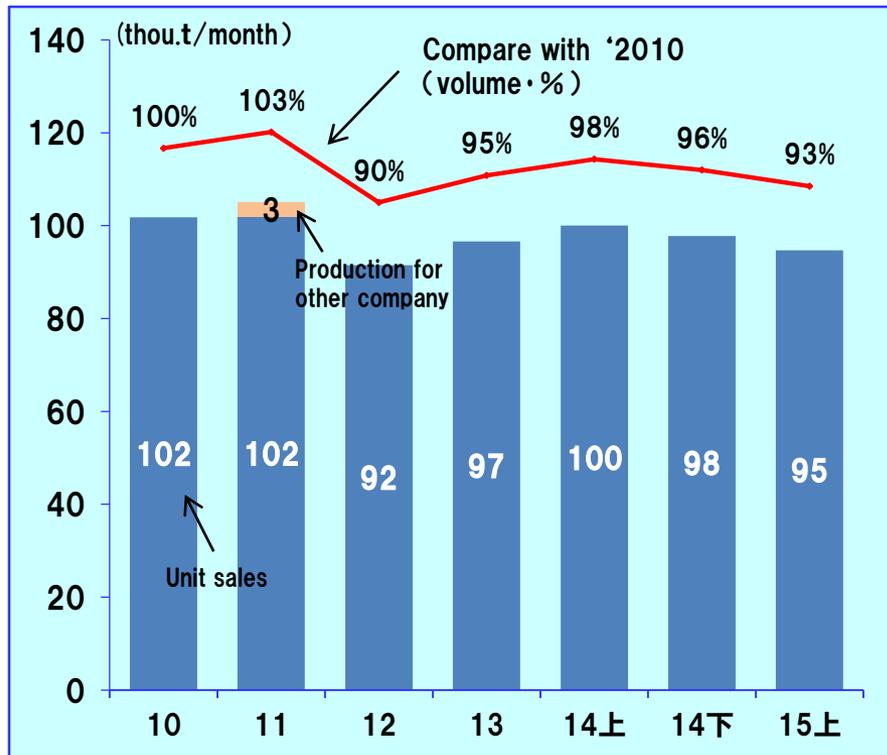
97	
	+55
-18	
-22	
	+8
	+6
-8	
-48	+69
-4	
114 (+17)	

Overview of Main Segment from Apr.1 to Sep.30 in 2015①

Specialty Steel

<Demand Environment>

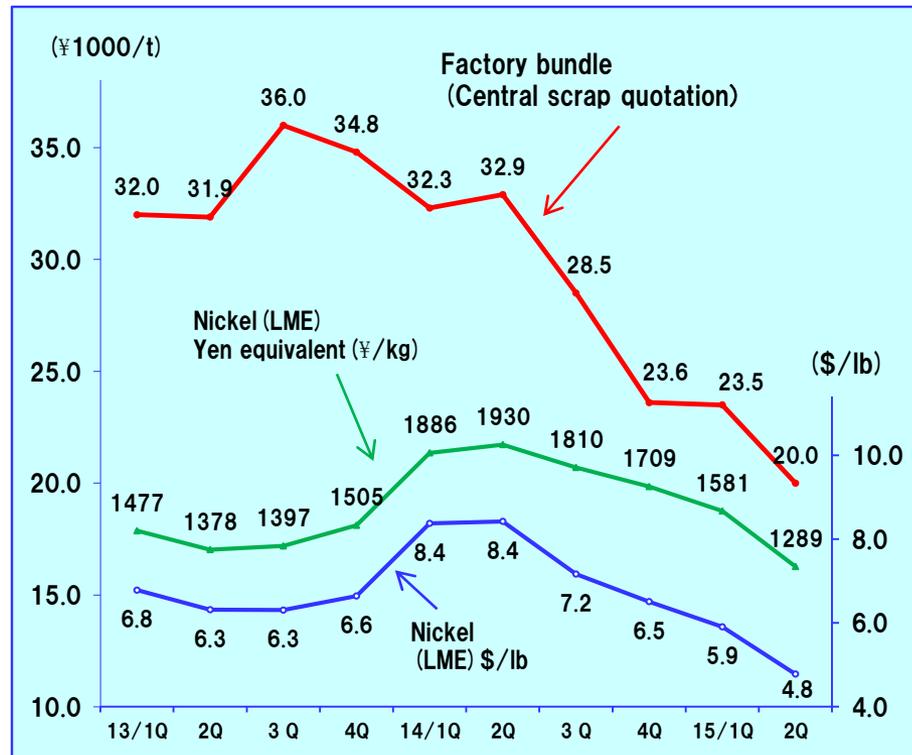
Specialty Steel and Materials Sales (Single Unit)



➤ The sales volume declined due to lingering adjustments of production by car manufacturers in the first half of 2015.

<Raw Material Situation>

Scrap Quotation and Nickel Price Trends

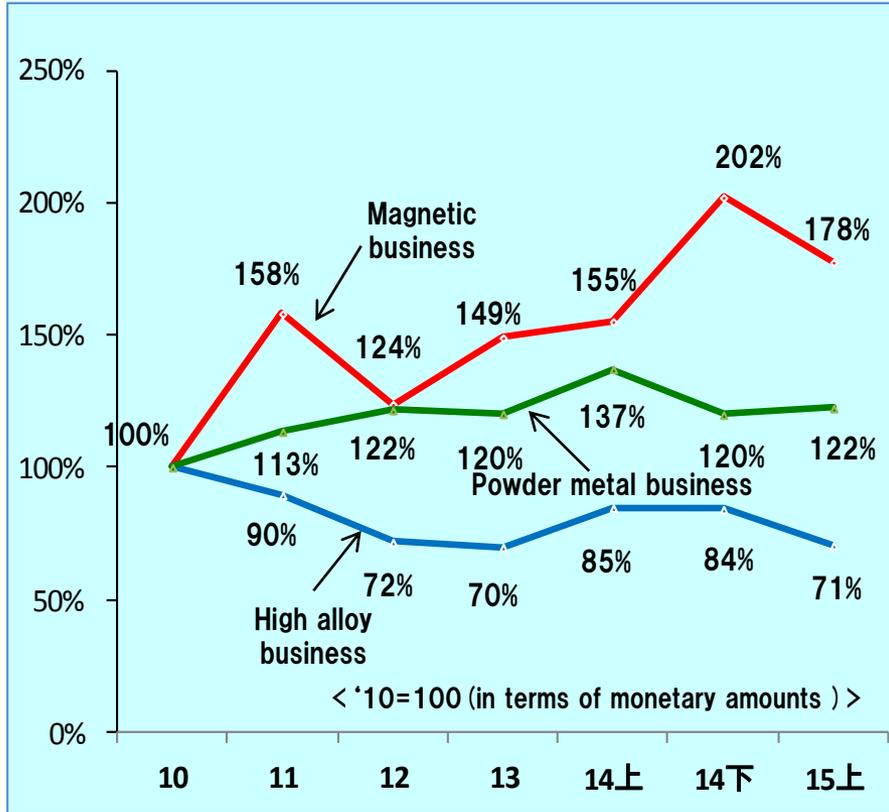


➤ Scrap: Big decline due to weak overseas demand
 ➤ Nickel: Decline due to decreased demand

Overview of Main Segment from Apr.1 to Sep.30 in 2015②

High Performance Materials & Magnetic Materials

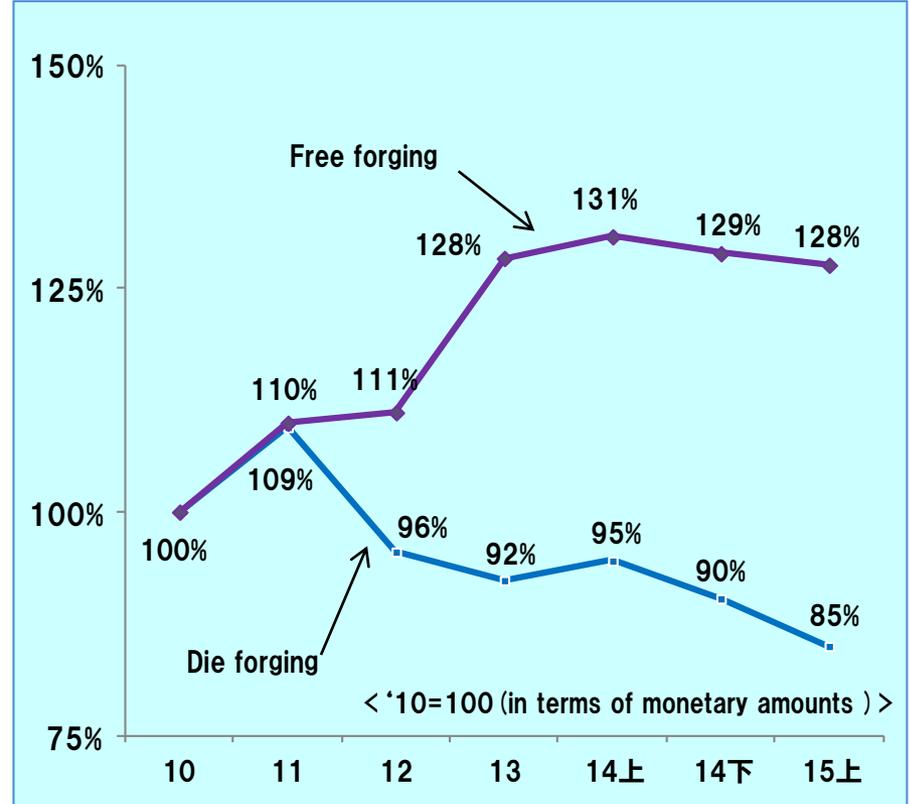
<High alloy/Magnetic/Powder metal business>



- Magnetic products: Sales of automobile parts (EPS) are solid.
- Powder metal products: Strong demand for alloy steel (for engines).
- High alloy products: Demand is weak in the field of automotive applications

Parts for Automobile & Industrial Equipment

<Die forging/Free forging>



- Free forging: Aircraft-related demand is strong, but industrial plant-related demand is weaker.
- Die forging: Low demand for trucks in ASEAN countries

4-9/2015 Net Sales & Operating Income by Segment

(¥100 mil.)

		4-9/2014 Results (A)	4-9/2015 Results (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	951	859	-92
	Operating Income	6	21	15
High Performance Materials & Magnetic Materials	Net Sales	787	807	20
	Operating Income	67	63	-4
Parts for Automobile & Industrial Equipment	Net Sales	492	494	2
	Operating Income	4	8	4
Engineering	Net Sales	107	132	25
	Operating Income	3	10	7
Trading & Service	Net Sales	52	46	-6
	Operating Income	7	6	-1
Total	Net Sales	2,389	2,338	-51
	Operating Income	87	108	21

Former Net Sales of
Specialty steel

volume
(tons)

600 thou.t

568 thou.t

-32 thou.t

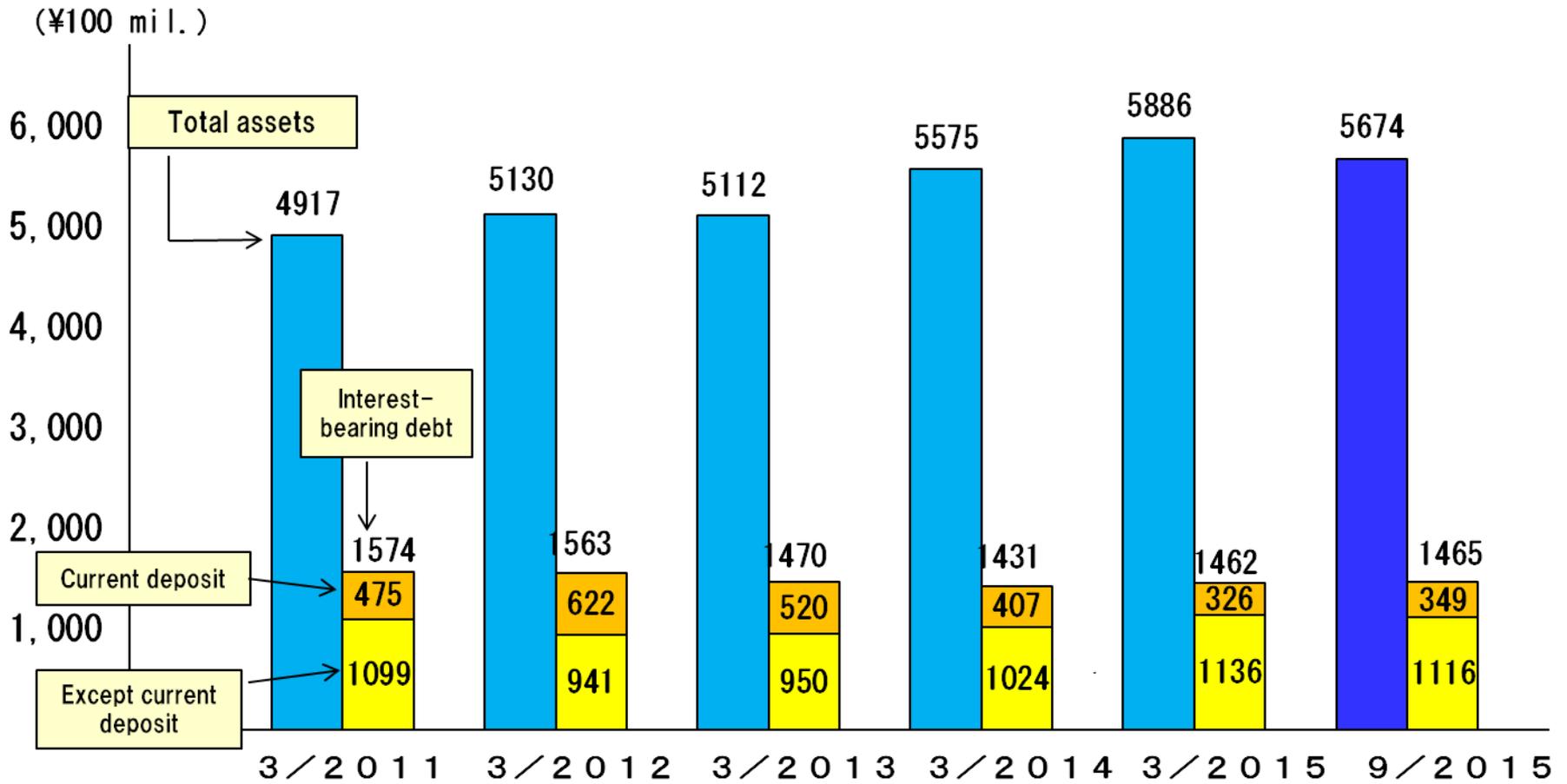
4-9/2015 Extraordinary Income/Loss - Interim Net Income

(¥100 mil.)

FY2016 Interim results (4-9/2015) Ordinary income	114
Extraordinary income / loss	▲49
Income taxes and minority interests	▲45
FY2016 Interim results (4-9/2015) Net income <small>(※)</small>	20

※: The quarterly net income that is attributable to stockholders of the parent company.

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



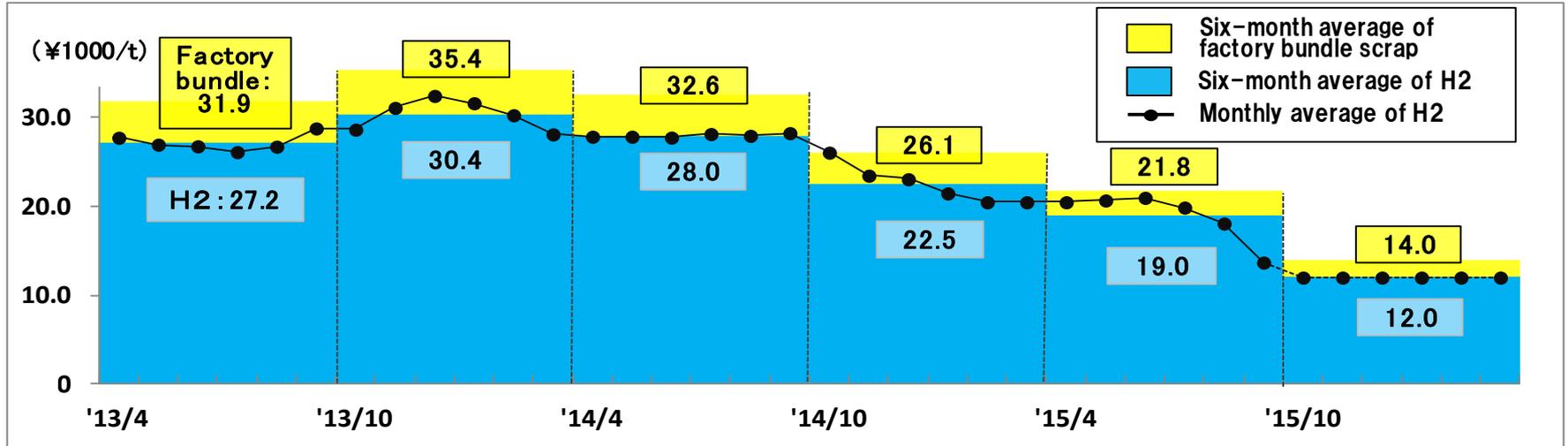
	3/2011	3/2012	3/2013	3/2014	3/2015	9/2015
ROA	6.6%	6.3%	3.2%	3.8%	3.8%	4.0%
D/E	0.88	0.79	0.69	0.62	0.57	0.59

Plan for FY2016

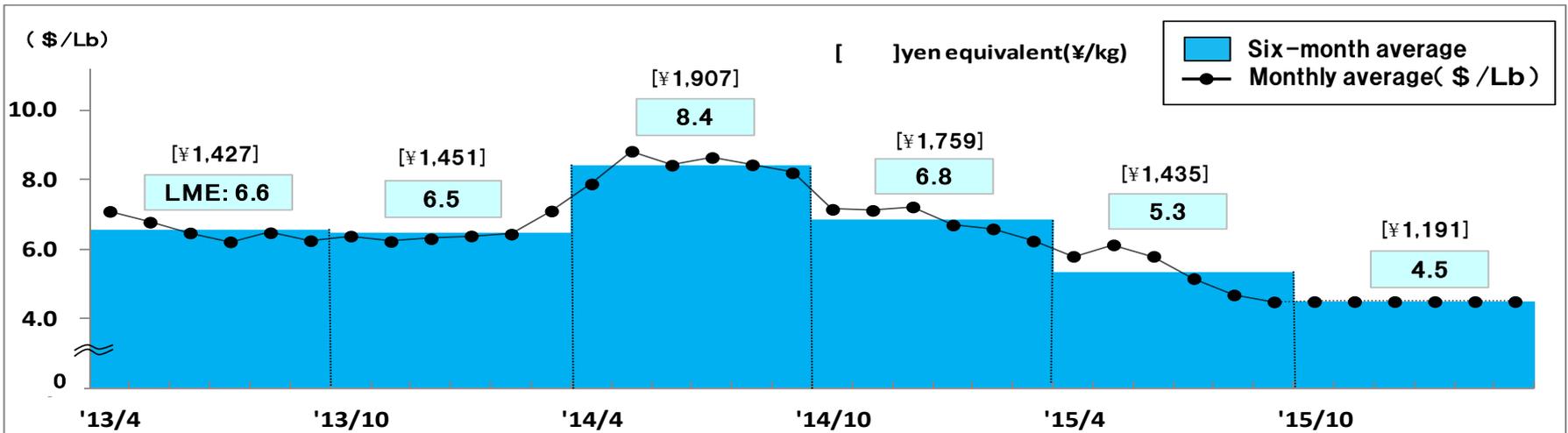
(Apr.1 / 2015 – Mar.31 / 2016)

Market Trend of Raw Materials(Scrap Steel and Nickel)

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



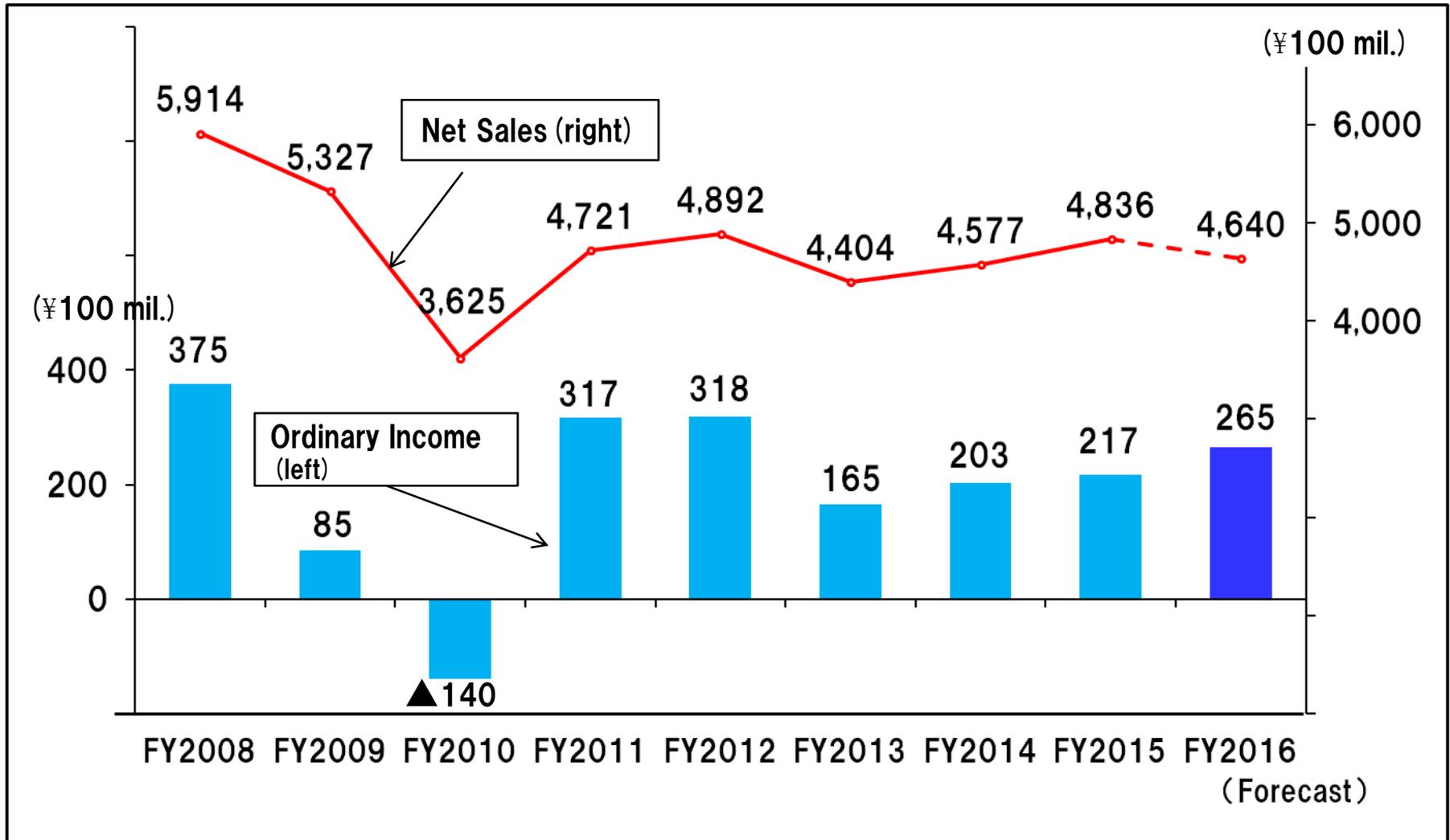
<Nickel price LME>



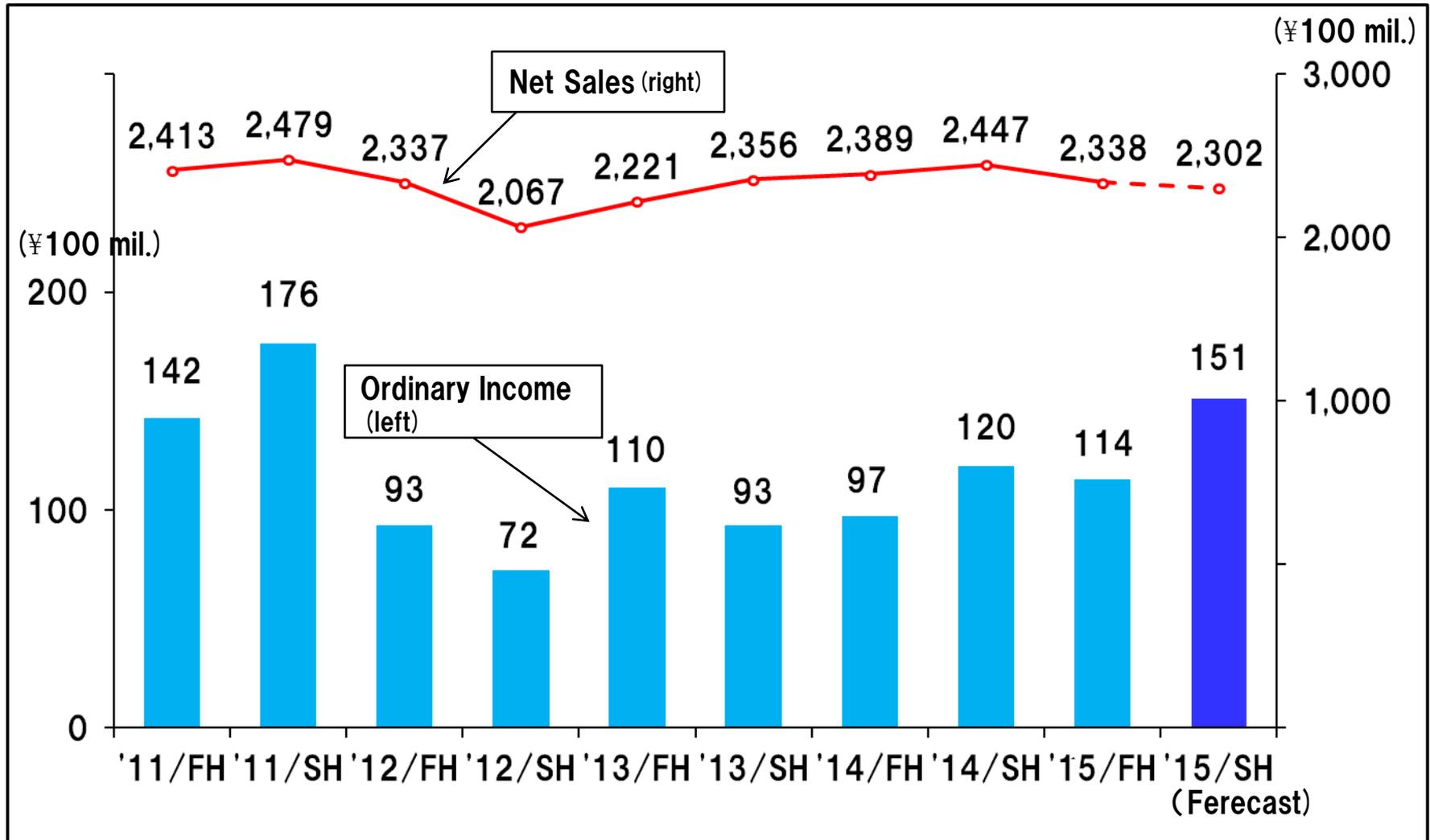
Premises of Profit Planning for FY2016 (Market Trend)

	UNIT	4-9/2015 Results (Difference with the original premise)	10/2015-3/2016 Premises of plan (Difference with the original premise)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	19.0 (-3.0) 21.8 (-3.2)	12.0 (-10.0) 14.0 (-11.0)
Nickel (LME)	\$/LB	5.3 (-1.7)	4.5 (-2.5)
Molybdenum (MW)	\$/LB	6.7 (-2.3)	5.0 (-4.0)
Crude oil (Dubai)	\$/B	55.5 (-4.5)	50.0 (-20.0)
Exchange rate (TTM)	¥/\$	121.8 (+1.8)	120.0 (±0.0)

Changes in Net Sales & Ordinary Income (Forecast for FY2016)

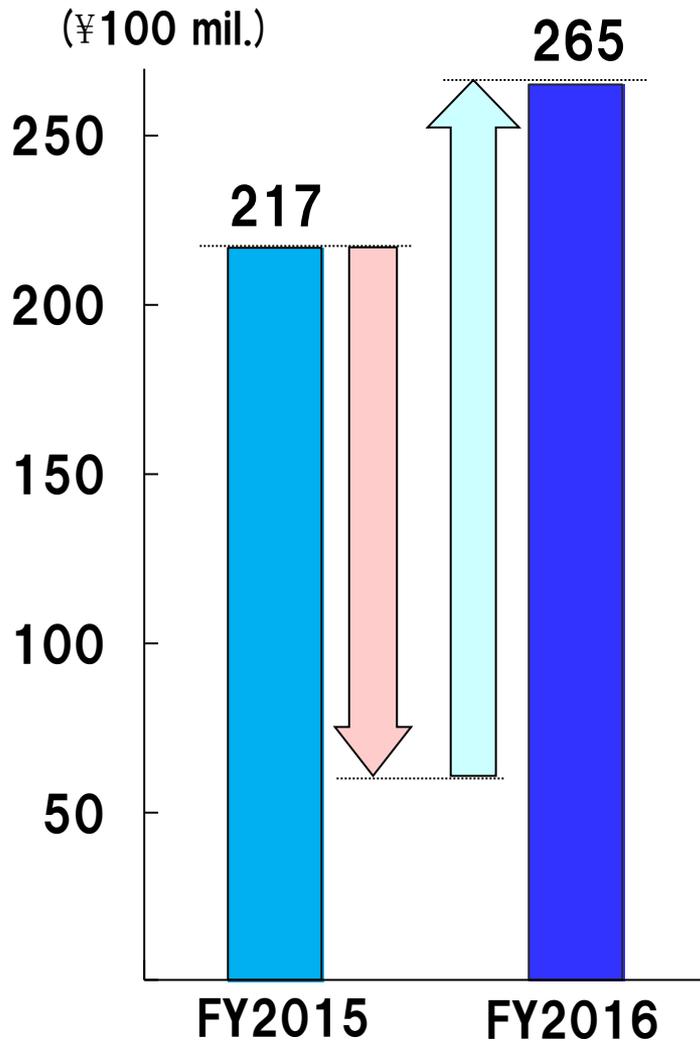


Changes in Net Sales & Ordinary Income (Interim)



FY2016 Changes in Ordinary Income (y/y)

(¥100 mil.)



FY2015 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Fuel price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-Operating income	
FY2016 Ordinary Income		

217	
/	+186
-38	/
-93	/
/	+1
/	+18
-18	/
-149	+205
-8	/
265 (+48)	

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

(¥100 mil.)

		FY2015 Results (A)	FY2016 Forecast (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,891	1,703	-188
	Operating Income	32	77	45
High Performance Materials & Magnetic Materials	Net Sales	1,618	1,600	-18
	Operating Income	135	133	-2
Parts for Automobile & Industrial Equipment	Net Sales	994	977	-17
	Operating Income	10	22	12
Engineering	Net Sales	229	265	36
	Operating Income	17	19	2
Trading & Service	Net Sales	104	95	-9
	Operating Income	10	9	-1
Total	Net Sales	4,836	4,640	-196
	Operating Income	204	260	56

Former Net Sales of
Specialty steel

volume
(tons)

1,187 thou.t

1,146 thou.t

-41 thou.t

Net Sales & Operating Income by Segment(Interim)

(¥100 mil.)

		FY2016		
		4-9/2015 Results	10/2015- 3/2016 Plan	Full year Plan
Specialty Steel	Net Sales	859	844	1,703
	Operating Income	21	56	77
High Performance Materials & Magnetic Materials	Net Sales	807	793	1,600
	Operating Income	63	70	133
Parts for Automobile & Industrial Equipment	Net Sales	494	483	977
	Operating Income	8	14	22
Engineering	Net Sales	132	133	265
	Operating Income	10	9	19
Trading & Service	Net Sales	46	49	95
	Operating Income	6	3	9
Total	Net Sales	2,338	2,302	4,640
	Operating Income	108	152	260

Former Net Sales of
Specialty steel

volume
(tons)

568thou.t

578thou.t

1,146thou.t

FY2016 Extraordinary Income/Loss • Net Income

(¥100 mil.)

FY2016 Ordinary income	265
Extraordinary income / loss	▲17
Income taxes and minority interest	▲108
FY2016 Net income (※)	140

※: The net income that is attributable to stockholders of the parent company.

FY2016 Dividend per share

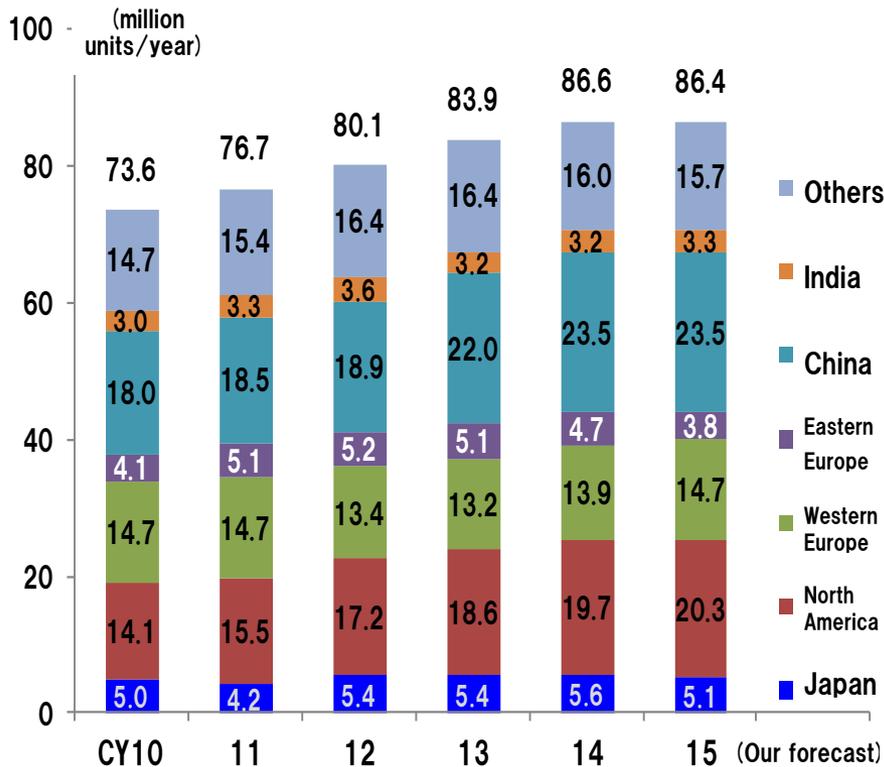
	FY2015		FY2016	
	Interim	Year-end	Interim	Year-end
Ordinary income (¥100 mil.)	97	217	114	265
Net income (※) (¥100 mil.)	41	109	20	140
Dividend per share (¥/Share)	3.0	6.5	5.0	10.0
Payout ratio (%)	31.6	25.9	106.4	31.0

※: The net income that is attributable to stockholders of the parent company.

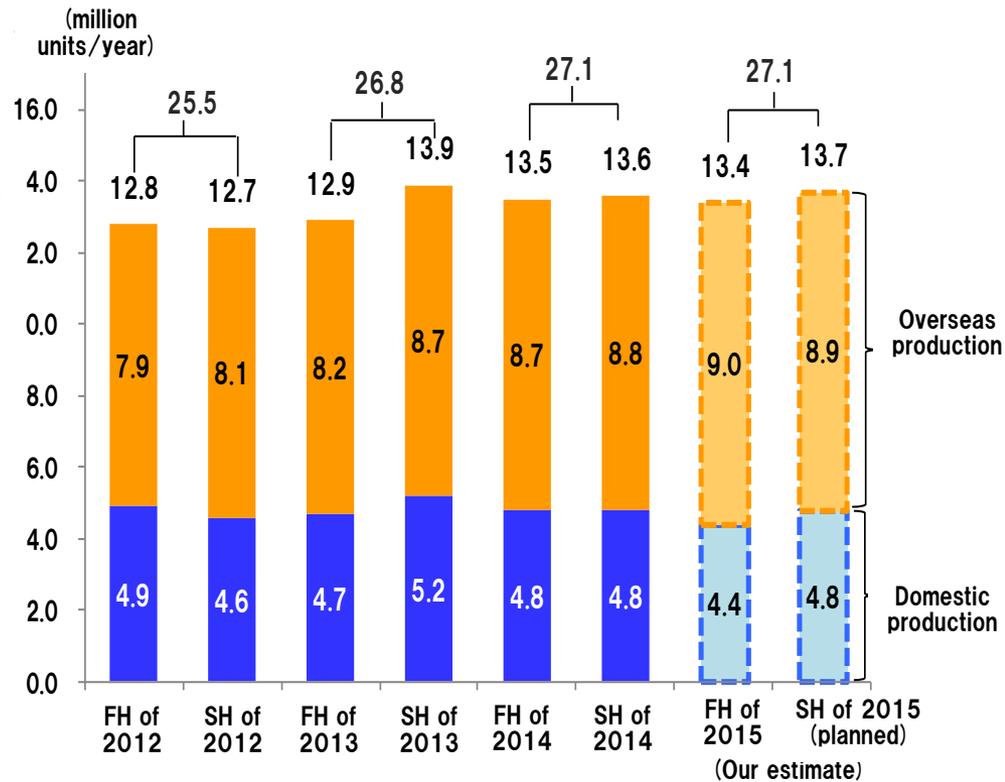
Market Environment Recognition

Outlook of automobile market

< Global car demand >



< Trends for Japanese car market >



Global demand: Demand will level off, because demand in China will be sluggish and demand in Japan will drop, but demand in North America is growing strongly.

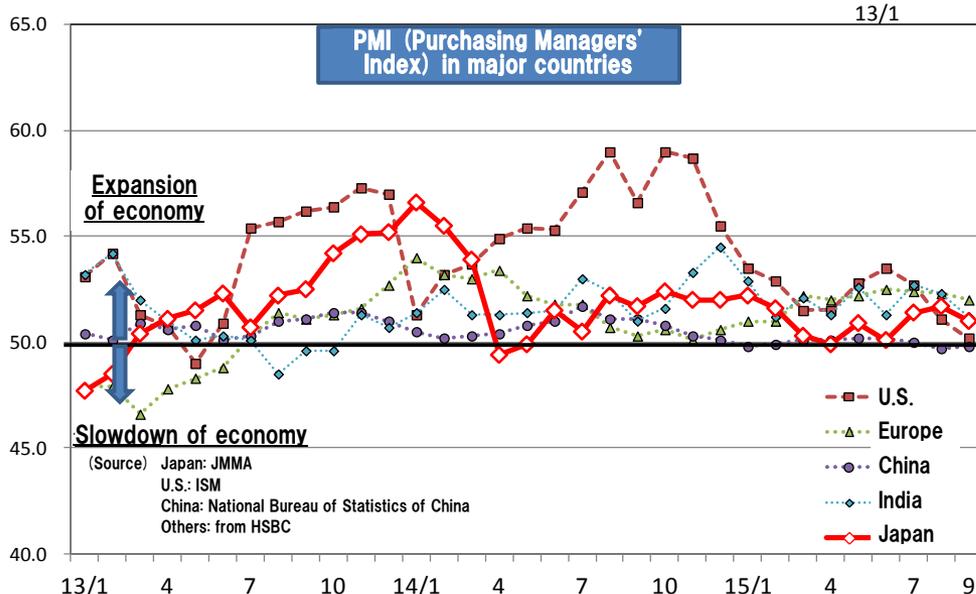
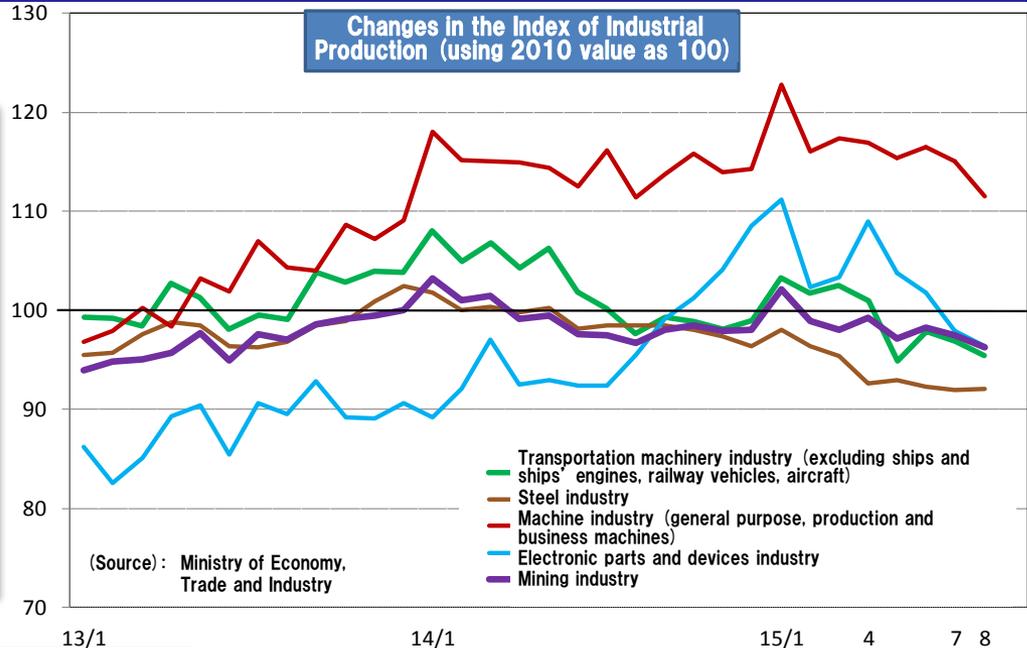
Production by Japanese car manufacturers: Domestic production was weak in the first half of 2015, but is expected to recover in the second half of 2015.

Outlook of industrial machinery market

Industrial machine-related demand

[Domestic market]

- Industrial production is slightly soft partly because of inventory adjustments.
 - Exports slowing down and personal consumption and capital investment sluggish
- The demand is expected to recover in the future, but attention must be paid to the effects of overseas markets



[Overseas markets]

- The global economy as a whole is recovering slowly, but there is increasing risk of a slowdown.
 - Strong feeling of uncertainty over future prospects, such as slowdown in Chinese economy, sluggishness in other Asian countries neighboring China due to China's economic slowdown, and the effects of dollar-appreciation in the U.S. Attention must be paid to future prospects.
- Focus on selling our strong products, taking advantage of the favorable exchange rate environment of the weak yen.

Major Topics

Tool steel

- Investment to increase production capacity to expand sales in overseas markets (Installation of ESR furnace in the Chita Plant)

⇒ Leveling and foundation work started on the site

Medium-range target

**Increase sales volume by 1000 tons per month
Increase profit by 3 billion yen over that for 2014**



(Artist's rendering of the completed plant)



Stainless steel

- Hoshizaki Plant:

Acquired the overseas NORSOK (Norsk Sokkels Konkuransesposisjon) standard

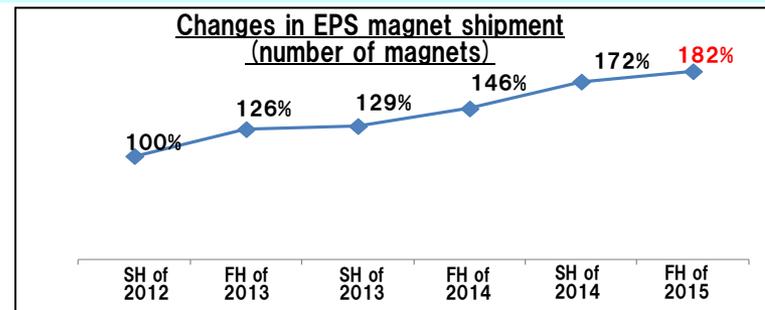
⇒ Promote overseas sales of duplex stainless steel and other products

Medium-range target: Increase profit by 3 billion yen over that for 2014

Magnetic products business

- Decided to increase investment to expand the EPS magnet production capacity (400 million yen for 2015: Production capacity will be increased by 30%.)

Medium-range target: Increase profit by 1 billion yen over that for 2014.



Parts for Automobile & Industrial Equipment

Free forgings

- Concluded a long-term contract for high-alloy steel products destined for an oil service company in North America.

**Sales of more than
1 billion yen per year**



- Investment to increase the production capacity to cope with a future expansion in demand for high-alloy steel materials. Shibukawa Plant: Installation of the world's largest-level VIM (25 tons)
⇒ The building has been completed and interior work has now been started.

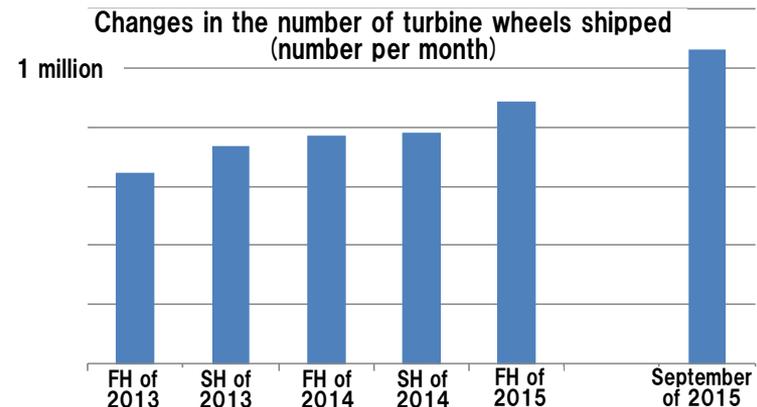
**Medium-range target: Increase profit by
3 billion yen over that for 2014.**



Turbo business

- Demand for turbocharger components is expanding strongly.
(The shipment of turbine wheels recorded a new monthly high in September 2015.)

**Medium-range target: Increase profit by
1 billion yen over that for 2014.**



Expanding overseas locations

Expand Daido Group's overseas network

INDIA

★ Daido D.M.S. India Pvt Ltd.

⇒ The Opening Ceremony was held in July 2015



North America

★ Daido Steel (America), Inc.
(Houston Office)

⇒ The Opening Ceremony was held in October 2015



ASEAN

★ Daido Steel (Thailand) Co.,Ltd.

(Established in January 2015; production is scheduled to start in March 2016.)

⇒ A temporary office was set up.

★ Considering establishing a new office in Southeast Asia in order to strengthen the marketing of high-alloy steel

★ FUJI OOZX MEXICO, S.A. DE C.V.

⇒ A building is now being constructed.

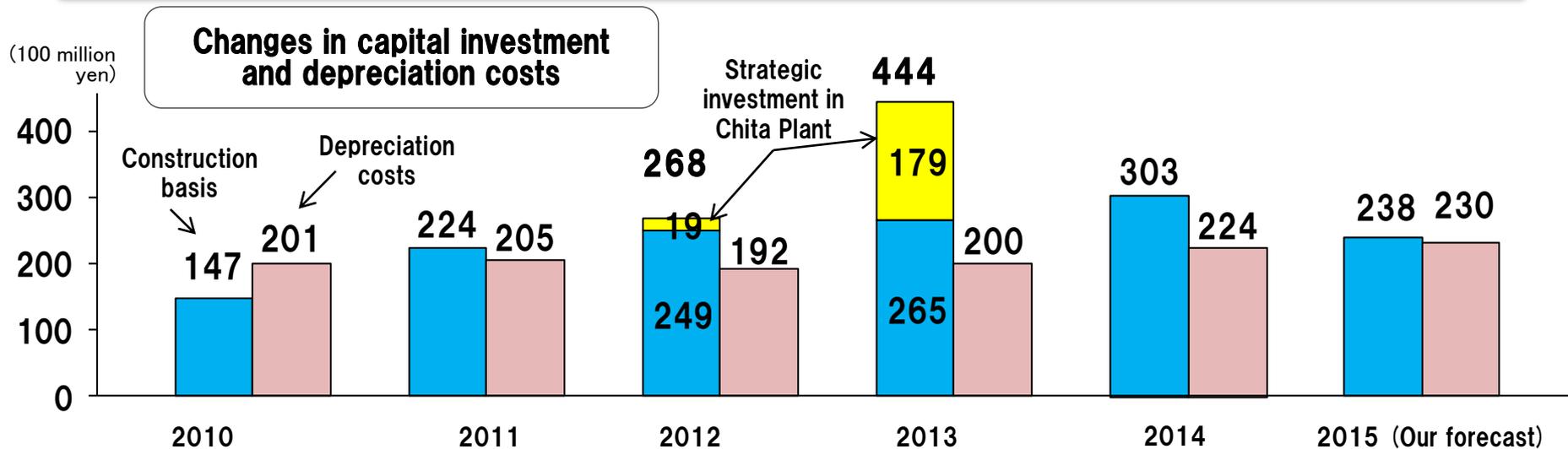


(Artist's rendering of the completed building)

Capital investment

«Continue to make capital investments aggressively focusing on strategic businesses»

- ... Chita Plant: Install an electro-slag re-melting (ESR) furnace.
- ... Shibukawa Plant: Install the world largest-level VIM furnace (25 tons)
- ... Establish a new die forging factory in Thailand (Daido Steel (Thailand) Co., Ltd.)
- ... Expand next-generation growth businesses (engine valves, on-board magnets, turbocharger components)
- ... Expand sale of global leading products (Expanding our overseas sales locations for tool steel)



Fact Book

Fact Book Financial highlight

1. Financial highlight

Consolidation

(¥1 mil.)

	'10/3	'11/3	'12/3	'13/3	'14/3	'15/3	'10/9	'11/9	'12/9	'13/9	'14/9	'15/9
Net sales	362,507	472,062	489,154	440,428	457,731	483,633	229,456	241,308	233,724	222,123	238,917	233,832
Operating income	▲14,050	32,730	31,533	15,425	18,977	20,408	16,316	14,562	9,604	10,562	8,664	10,757
Ordinary income	▲13,994	31,726	31,762	16,475	20,287	21,729	15,960	14,226	9,304	11,033	9,670	11,431
Net income	▲14,610	23,003	22,717	10,983	12,616	10,886	11,284	8,383	5,507	6,771	4,116	2,037
R & D expenses	3,909	4,253	4,360	4,560	5,160	5,300	2,042	2,143	2,065	2,449	2,671	2,716
Capital investment(Plan)	7,900	18,900	39,700	25,400	26,400	20,600	9,200	11,200	10,200	10,700	10,900	16,100
Capital investment(Construction)	13,400	14,700	22,400	26,800	44,400	30,300	-	-	-	-	-	-
Depreciation	20,303	20,072	20,463	19,229	20,052	22,436	9,871	9,807	9,390	9,352	10,650	11,039
Financial account balance	▲1,442	▲982	▲744	▲362	28	719	▲530	▲367	▲268	▲136	396	541
Total assets	464,629	491,721	512,968	511,159	557,522	588,590	479,697	487,570	500,213	548,455	568,193	567,439
Equity	159,301	178,348	198,653	211,921	232,153	256,022	165,466	181,564	196,338	225,031	237,892	250,255
Interest-bearing debt	173,790	157,445	156,336	146,999	143,085	146,208	172,045	149,489	149,129	152,141	146,470	146,461
Pay roll number	10,414	10,272	10,365	10,447	10,709	10,855	10,406	10,657	10,587	10,827	10,927	11,126
ROA(%)	▲2.9	6.6	6.3	3.2	3.8	3.8	6.8	5.8	3.7	4.2	3.4	4.0
ROE(%)	▲9.0	13.6	12.1	5.4	5.7	4.5	13.9	9.3	5.6	6.2	3.5	1.6
Consolidated subsidiary number	32	32	33	32	33	34	32	33	32	33	33	35
(Equity method affiliate number is excluded from the above)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Ratio of the consolidated to the non-consolidated												
Net sales	1.7	1.6	1.6	1.6	1.6	1.6						
Ordinary income	-	1.7	1.7	1.8	1.9	1.8						
Net income	-	1.3	1.3	1.7	1.6	2.5						

*Long-term prepaid expenses are not included in the depreciation. Net income after the 2015, net income attributable to parent company shareholders

Fact Book Net Sales & Operating Income by Segment

2. Net Sales and Operating Income by Segment

Consolidation

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

(¥100 mil.)

		'12/3	'13/3	'14/3	'15/3
Speciality Steel	Net Sales	1,950	1,694	1,841	1,891
	Operating Income	99	35	17	32
High Performance Materials & Magnetic Materials	Net Sales	1,646	1,368	1,435	1,618
	Operating Income	137	66	111	135
Parts for Automobile & Industrial Equipment	Net Sales	942	933	970	994
	Operating Income	49	34	38	10
Engineering	Net Sales	258	320	241	229
	Operating Income	18	8	11	17
Trading and Service	Net Sales	96	89	90	104
	Operating Income	12	11	13	10
Total	Net Sales	4,892	4,404	4,577	4,836
	Operating Income	315	154	190	204

'11/4-9	'11/10-3	'12/4-9	'12/10-3	'13/4-9	'13/10-3	'14/4-9	'14/10-3	'15/4-9
962	988	902	792	887	1,004	951	940	859
37	62	24	11	23	9	6	26	21
829	817	721	647	705	913	787	831	807
74	63	41	25	54	81	67	68	63
463	479	475	458	471	523	492	502	494
20	29	18	16	23	▲ 13	4	6	8
109	149	193	127	111	118	107	122	132
8	10	6	2	▲ 1	18	3	14	10
50	46	46	43	47	57	52	52	46
7	5	7	4	7	3	7	3	6
2,413	2,479	2,337	2,067	2,221	2,615	2,389	2,447	2,338
146	169	96	58	106	98	87	117	108

<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
1,906	1,163	857	1,213	1,404	1,465	1,464
44	▲ 36	▲ 128	20	106	104	96
385	262	149	198	192	207	213
19	▲ 25	▲ 18	▲ 15	11	7	10
607	434	352	425	499	526	531
47	▲ 1	▲ 23	20	32	33	23
171	195	150	111	108	130	109
10	17	13	7	8	8	8
64	40	30	38	46	50	46
9	▲ 5	▲ 20	▲ 7	0	6	2
53	47	61	41	46	48	50
7	5	6	4	6	6	7
3,186	2,141	1,599	2,026	2,295	2,426	2,413
136	▲ 45	▲ 170	29	163	164	146

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

Fact Book List of consolidated companies ①

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)
	INTER METALICS JAPAN CORP.	Production and sales of neodymium iron boron (NdFeB) sintered magnets
	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

Fact Book List of consolidated companies ②

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
	FUJI VALVE (GUANGDONG) CORPORATION	Production and sales of engine valve(in China)
	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
Engineering	Daido Castings Co., Ltd.	Production and sales of casting, precise casting, manganese rail
	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
Trading & Service	Daido Environment Engineering Co., Ltd.	Maintenance and repair of environment device
	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.