

Fiscal Year ending March 2017 3rd Quarter Results

January 31, 2017



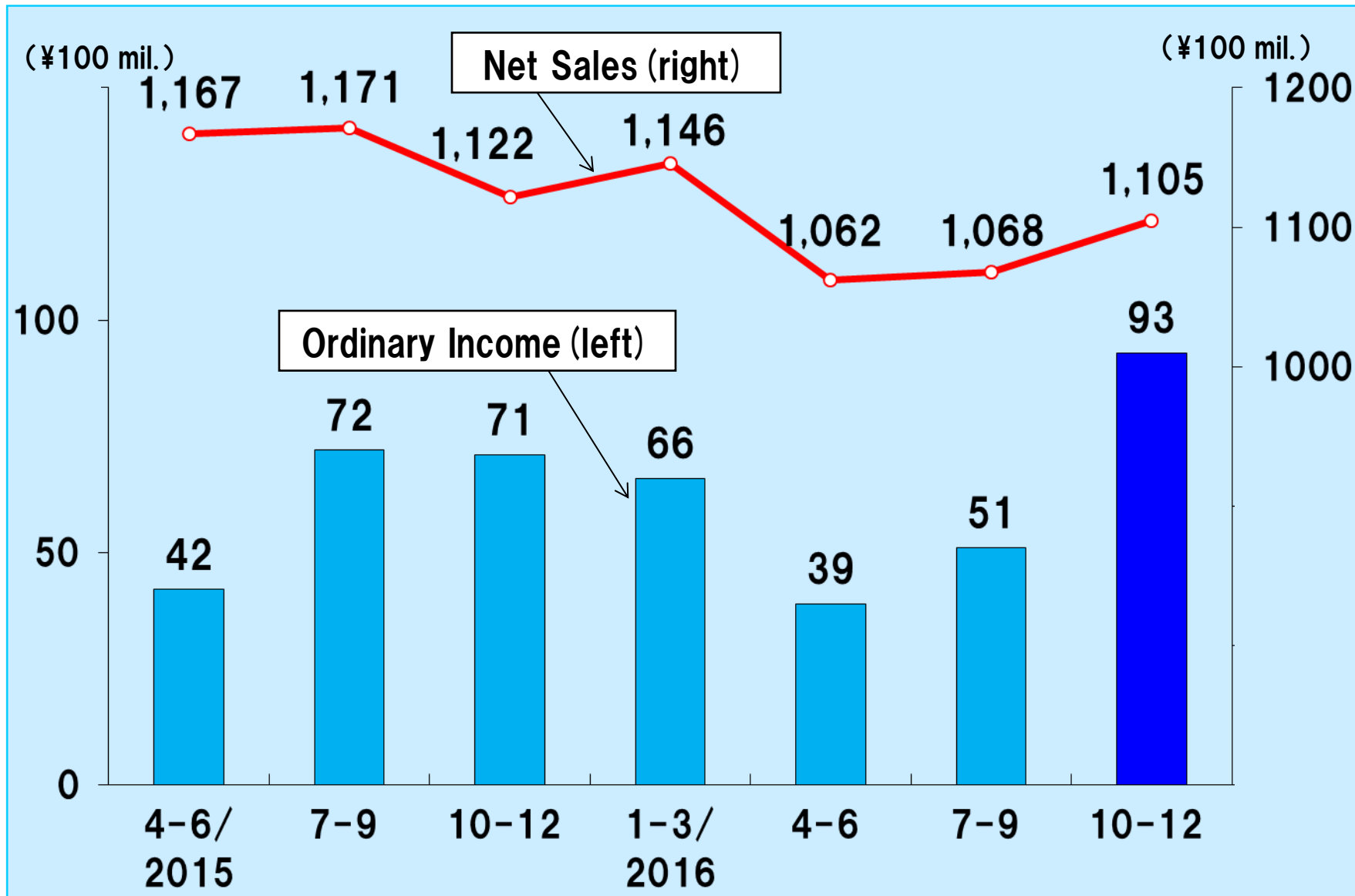
Overview of the FY2017 3rd quarter results

(¥100 mil.)	FY2016 3Q	FY2017 3Q	y/y basis
Net Sales	3,460	3,235	-225
Operating income	176	176	±0
Ordinary income	185	183	-2
Net income (*)	66	109	+43

- Sales decreased because the price had dropped due to surcharge system of raw material, although volume increased mainly in automobile industry.
- Operating income and ordinary income was the same level as the previous year.
(Net income was influenced by extraordinary loss recorded in the previous term)

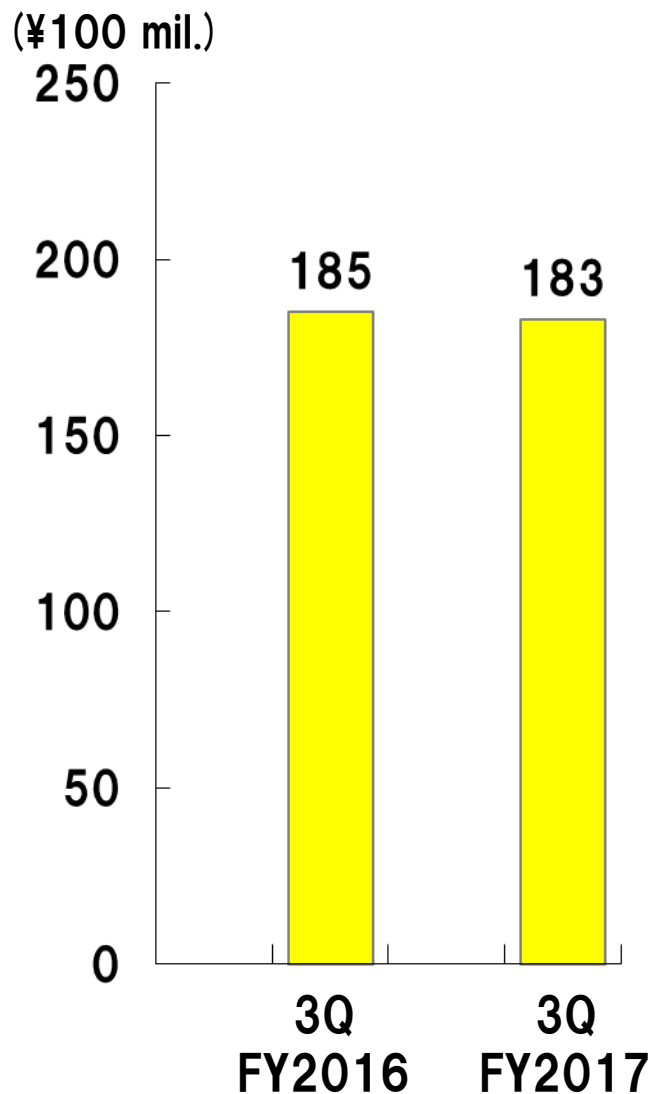
※: Quarterly net income that is profit attributable to owners of parent

Changes in Net Sales & Ordinary Income (Quarterly)



3Q/FY2017 Changes in Ordinary Income (y/y)

(¥100 mil.)



3Q/FY2016 Ordinary Income	
Changes (y/y)	Raw material price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Subtotal
Non-Operating income	
3Q/FY2017 Ordinary Income	

185	
	+180
	+23
-153	
-27	
	+13
-36	
-216	+216
-2	
183 (-2)	

FY2017 Net Sales & Operating Income by Segment

(¥100 mil.)

		3Q/FY2016	3Q/FY2017	
		Results (A)	Results (B)	y/y basis (B)-(A)
Specialty Steel	Net Sales	1,277	1,201	-76
	Operating Income	49	44	-5
High Performance Materials & Magnetic Materials	Net Sales	1,185	1,088	-97
	Operating Income	93	124	31
Parts for Automobile & Industrial Equipment	Net Sales	741	709	-32
	Operating Income	10	▲ 11	-21
Engineering	Net Sales	189	163	-26
	Operating Income	15	6	-9
Trading & Service	Net Sales	68	74	6
	Operating Income	9	13	4
Total	Net Sales	3,460	3,235	-225
	Operating Income	176	176	0

Former Net Sales of
Specialty steel

volume

853thou.t

894thou.t

41thou.t

4-12/2017 Changes in Operating Income of Major Segments (y/y)

(¥100 mil.)

Segment			Specialty Steel	High Performance Materials & Magnetic Materials	Parts for Automobile & Industrial Equipment	Engineering
4-12/2016 Ordinary Income			49	93	10	15
Changes (y/y)	Operating Income / Loss	Raw material price	+88	+78	+14	
		Sales volume	+11	+19	-7	
		Sales price	-82	-65	-6	
		Sales mix	-20	+6	-8	-9
		Variable cost	+7	+8	-2	
		Fixed cost	-9	-15	-12	
		Total	-111	-80	-35	-9
4-12/2017 Ordinary Income			44 (-5)	124 (+31)	▲11 (-21)	6 (-9)

FY2017 Net Sales & Operating Income by Segment (Quarterly)

(¥100 mil.)

		FY2017				FY2017 financial results forecasts (Oct. 31, 2016)
		1Q (Results)	2Q (Results)	3Q (Results)	Total (Results)	
Specialty Steel	Net Sales	394	393	414	1,201	1,587
	Operating Income	8	18	18	44	51
High Performance Materials & Magnetic Materials	Net Sales	355	356	377	1,088	1,430
	Operating Income	36	39	49	124	147
Parts for Automobile & Industrial Equipment	Net Sales	231	236	242	709	970
	Operating Income	▲ 7	▲ 9	5	▲ 11	▲ 16
Engineering	Net Sales	55	60	48	163	255
	Operating Income	0	3	3	6	14
Trading & Service	Net Sales	31	26	29	86	108
	Operating Income	4	4	5	13	14
Total	Net Sales	1,066	1,071	1,110	3,247	4,350
	Operating Income	41	55	80	176	210

Former Net Sales of
Specialty steel

volume

292thou.t

289thou.t

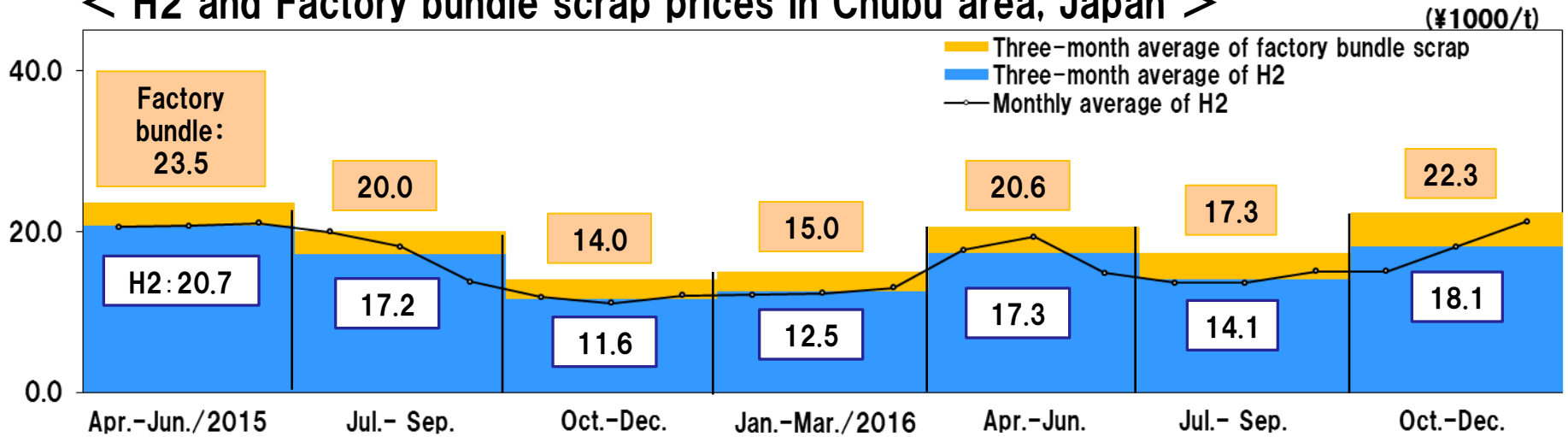
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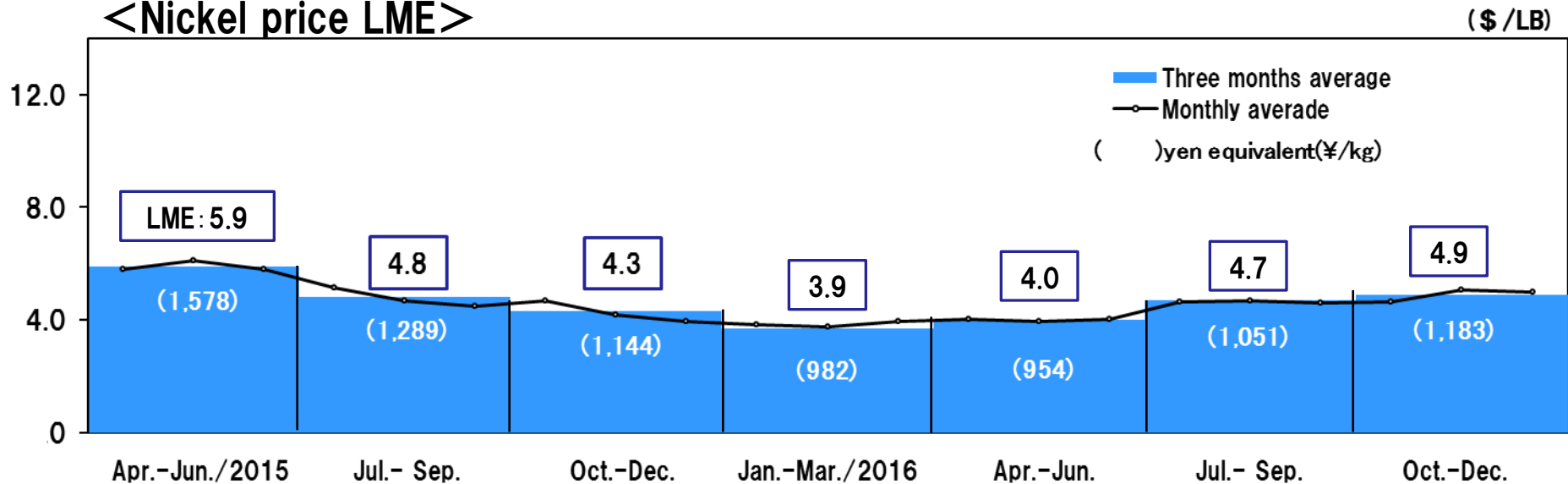
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Market Trend of Raw Materials(Scrap Steel and Nickel)

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



<Nickel price LME>



Premises of Profit Planning for FY2017 (Market Trend)

	UNIT	FH/FY2017 Results	3Q/FY2017 Results (Difference)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	15.7 18.9	18.1 (+2.1) 22.3 (+3.3)
Nickel (LME)	\$/LB	4.3	4.9 (-0.6)
Molybdenum (MD)	\$/LB	7.0	6.6 (-0.9)
Crude oil (Dubai)	\$/B	43.5	44.0 (-4.0)
Exchange rate (TTM)	¥/\$	105.3	109.3 (+9.3)

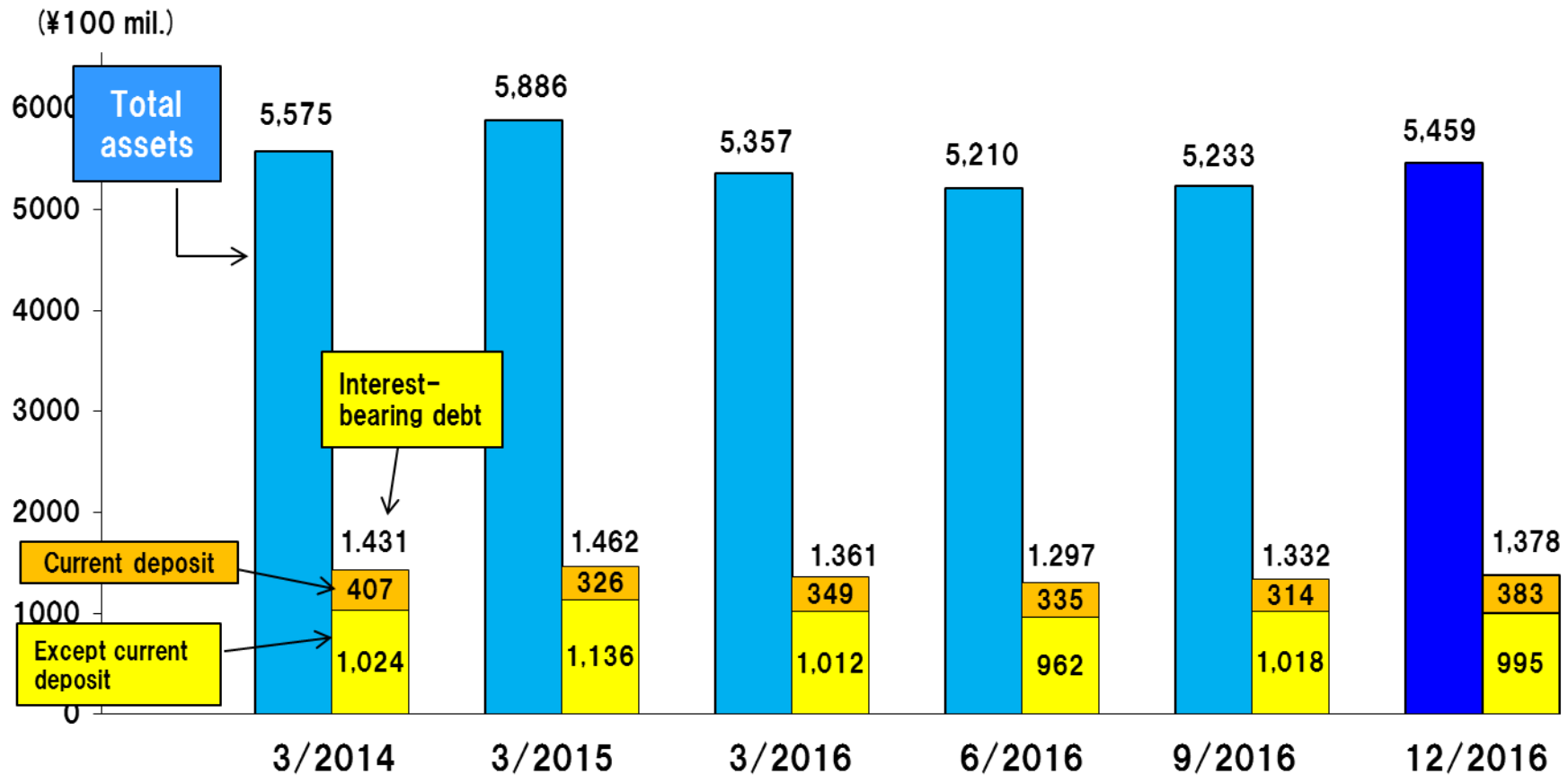
FY2017 Extraordinary Income/Loss and Net Income

(¥100 mil.)

FY2017 3rd quarter Ordinary income	183
Extraordinary income / loss	1
Income taxes	▲75
FY2017 3rd quarter Net income^(※)	109

※: Quarterly net income that is profit attributable to owners of parent

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



	3/2014	3/2015	3/2016	6/2016	9/2016	12/2016
ROA	3.8%	3.8%	4.5%	3.0%	3.4%	4.5%
D/E	0.62	0.57	0.58	0.57	0.58	0.55

(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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