

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2016
[Japanese GAAP]



April 28, 2016

Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

URL: <http://www.daido.co.jp/>

Representative: Tadashi Shimao, President and Representative Executive Director

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Scheduled date of ordinary general shareholders' meeting: June 28, 2016

Scheduled date of filing annual securities report: June 28, 2016

Scheduled date of commencing dividend payments: June 29, 2016

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	460,577	(4.8)	24,432	19.7	25,108	15.5	6,746	(38.0)
March 31, 2015	483,633	5.7	20,408	7.5	21,729	7.1	10,886	(13.7)

(Note) Comprehensive income: Year ended March 31, 2016: (¥15,212) million [—%]

Year ended March 31, 2015: ¥31,110 million [37.6%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2016	15.62	—	2.8	4.5	5.3
March 31, 2015	25.10	—	4.5	3.8	4.2

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2016: ¥417 million

Year ended March 31, 2015: ¥716 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2016	535,675	268,345	43.5	545.26
March 31, 2015	588,590	292,405	43.5	590.34

(Reference) Shareholders' equity: As of March 31, 2016: ¥232,832 million

As of March 31, 2015: ¥256,021 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
March 31, 2016	45,731	(23,164)	(20,164)	33,773
March 31, 2015	25,739	(32,178)	(2,792)	31,776

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2015	—	3.00	—	3.50	6.50	2,819	25.9	1.2
March 31, 2016	—	5.00	—	2.50	7.50	3,236	48.0	1.3
Fiscal year ending March 31, 2017 (Forecast)	—	4.00	—	4.00	8.00		22.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	217,000	(7.2)	8,200	(23.8)	8,600	(24.8)	5,500	169.9	12.88
Full year	450,000	(2.3)	22,000	(10.0)	23,000	(8.4)	15,000	122.4	35.13

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2016 434,487,693 shares

March 31, 2015 434,487,693 shares

2) Total number of treasury shares at the end of the period:

March 31, 2016 7,473,866 shares

March 31, 2015 805,395 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2016 431,829,946 shares

Fiscal year ended March 31, 2015 433,692,310 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2016	280,748	(6.7)	13,013	40.4	15,542	30.4	5,605	28.8
March 31, 2015	300,752	6.4	9,270	10.0	11,922	14.0	4,351	(44.1)

	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2016	12.98	—
March 31, 2015	10.03	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2016	365,379	158,536	43.4	371.18
March 31, 2015	398,922	170,550	42.8	393.17

(Reference) Shareholders' equity: As of March 31, 2016: ¥158,536 million

As of March 31, 2015: ¥170,550 million

* Presentation regarding the implementation status of the audit process

These financial results are outside the scope of audit process procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these financial results, audit process procedures for the financial statements have not been completed.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

(1) Net sales by reportable segment

(Millions of yen, %)

	Fiscal year ended March 31, 2016	(YoY change)	
		Change	% of Change
Specialty Steel	170,513	(18,611)	(9.8)
High Performance Materials and Magnetic Materials	155,250	(6,507)	(4.0)
Parts for Automobile and Industrial Equipment	99,679	293	0.3
Engineering	26,104	3,199	14.0
Trading and Service	9,029	(1,429)	(13.7)
Total	460,577	(23,055)	(4.8)

(2) Condensed statement of profit and loss (cumulative)

(Millions of yen, %)

	Fiscal year ended March 31, 2016	(YoY change)	
		Change	% of Change
Net sales	460,577	(23,055)	(4.8)
Operating income	24,432	4,023	19.7
Non-operating income	4,759	(380)	—
Non-operating expenses	4,083	264	—
Ordinary income	25,108	3,378	15.5
Extraordinary income	1,594	(4,001)	—
Extraordinary losses	11,722	3,866	—
Income before income taxes	14,980	(4,489)	—
Income taxes	5,877	(841)	—
Profit attributable to non-controlling interests	2,357	491	—
Profit attributable to owners of parent	6,746	(4,140)	(38.0)

(3) Reasons for change in the amount of ordinary income (YoY comparison)

(100 millions of yen)

(Reference: Market condition of raw material)

Reasons for increase	Amount	Reasons for decrease	Amount		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
1. Raw material and fuel cost	190	1. Sales volume	45	H2 (Thousands of yen/t)	25.3	15.5
2. Sales mix change	1	2. Sales price	105	Nickel (LME) (One dollar/lb)	7.6	4.7
3. Variable cost	16	3. Fixed cost	17	Molybdenum (MD) (One dollar/lb)	11.0	5.9
		4. Non-operating income or loss	6			
Total (a)	207	Total (b)	173			
		Change (a) – (b)	34			

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2015	As of March 31, 2016	Change	Item	As of March 31, 2015	As of March 31, 2016	Change
Current assets	256,181	238,467	(17,714)	Liabilities	296,184	267,329	(28,854)
Cash and deposits	32,585	34,887	2,301	Trade payables	78,039	68,152	(9,886)
Trade receivables	105,006	98,800	(6,206)	Interest-bearing debt	146,208	136,114	(10,093)
Inventories	108,561	95,131	(13,430)	Other	71,937	63,062	(8,874)
Other	10,027	9,648	(378)	Net assets	292,405	268,345	(24,059)
Non-current assets	332,408	297,208	(35,199)	Shareholders' equity	217,463	217,585	122
Property, plant and equipment	189,375	188,778	(597)	Accumulated other comprehensive income	38,558	15,247	(23,311)
Intangible assets	7,283	2,583	(4,699)	Non-controlling interests	36,383	35,513	(870)
Investments and other assets	135,749	105,846	(29,902)	Total liabilities and net assets	588,590	535,675	(52,914)
Total assets	588,590	535,675	(52,914)				

(5) Net sales forecast by reportable segment

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2017	(YoY change)	
		Change	% of Change
Specialty Steel	164,800	(5,713)	(3.4)
High Performance Materials and Magnetic Materials	145,500	(9,750)	(6.3)
Parts for Automobile and Industrial Equipment	102,000	2,320	2.3
Engineering	26,300	195	0.7
Trading and Service	11,400	2,370	26.2
Total	450,000	(10,577)	(2.3)

(6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2017	(YoY change)	
		Change	% of Change
Net sales	450,000	(10,577)	(2.3)
Operating income	22,000	(2,432)	(10.0)
Ordinary income	23,000	(2,108)	(8.4)
Profit attributable to owners of parent	15,000	8,253	122.4

(7) Forecasted reasons for change in the amount of ordinary income (YoY comparison)

(100 millions of yen)

Reasons for increase	Amount	Reasons for decrease	Amount
1. Raw material and fuel cost	174	1. Sales price	140
2. Sales volume	7	2. Sales mix change	18
3. Variable cost	12	3. Fixed cost	59
4. Non-operating income or loss	3		
Total (a)	196	Total (b)	217
		Change (a) - (b)	(21)

(Reference: Market condition of raw material)

	Fiscal year ended March 31, 2016	Forecast for fiscal year ending March 31, 2017
H2 (Thousands of yen/t)	15.5	17.0
Nickel (LME) (One dollar/lb)	4.7	4.5
Molybdenum(MD) (One dollar/lb)	5.9	5.5

(8) Amount of capital expenditures (based on completion of construction) and depreciation and amortization

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	(YoY change)		Forecast for fiscal year ending March 31, 2017	(YoY change)	
			Change	Change		Change	Change
Capital expenditures	30,295	23,205	(7,090)		32,200	8,994	
Depreciation and amortization	22,436	22,454	17		23,200	745	

(Reference) Historical Financial Results

(Millions of yen)

	Actual results				Forecast for fiscal year ending March 31, 2017
	Fiscal year ending March 31, 2013	Fiscal year ending March 31, 2014	Fiscal year ending March 31, 2015	Fiscal year ending March 31, 2016	
Net sales	440,428	457,731	483,633	460,577	450,000
Operating income	15,425	18,977	20,408	24,432	22,000
Ordinary income	16,475	20,287	21,729	25,108	23,000
Profit attributable to owners of parent	10,983	12,616	10,886	6,746	15,000