

WE CONTRIBUTE TO THE WORLD BY MANUFACTURING SPECIALTY STEEL

WE ARE COMMITTED TO PRODUCING NEW TYPES OF SPECIALTY STEEL
—IN COLLABORATION WITH OUR CUSTOMERS—
THAT SUPPORT GROWTH AROUND THE WORLD.

Major Initiatives

I. Customer collaboration

Together with customers, we deliver innovation that the world needs

“Customer collaboration” expresses the idea of producing products and technologies that bring to life new ideas and applications through the integration of Daido Steel Group **materials technology** and the customer’s **processing technology**.

II. Focus on growing fields

Contribute to the world by supporting market development in fields where significant future growth is desired

III. Enhance our QCD* capabilities

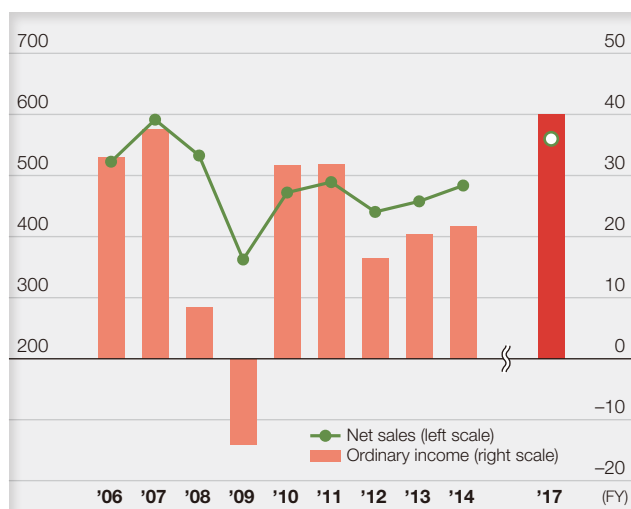
We will further strengthen global QCD competitiveness as a springboard for contributing to the world with specialty steel

* QCD: Quality, cost and delivery

(billions of yen)	FY2014 Results	FY2017 Medium-Term Management Plan
Net sales	483.6	560.0
Ordinary income	21.7	40.0
Net income	10.9	25.0
ROS (%)	4.5	7.0
ROA (%)	3.8	6.0
Dividend payout ratio in line with dividend policy (%)	15–20	20–25

NET SALES/ORDINARY INCOME (CONSOLIDATED)

(billions of yen)



I. Customer collaboration

- **Die forging business** : Collaborate with customers to enhance the marketability of products
- **Engineering business** : Expand our lineup of products in response to customer needs and strengthen the after-sales-service system
- **Automobile engine valve business** : Promote our overseas development through Fuji OOZX Inc.

II. Focus on growing fields

- **Turbo parts business** : Aggressively tackle expanding turbo market (Daido Castings Co., Ltd.)
- **Magnet business** : Promote the growth strategy for the high-performance neodymium magnet business (Daido Electronics Group, Intermetallics Japan Corporation)
- **Stainless steel products business** : Grow together with customers—shifting our focus from general-purpose products to high-performance stainless steel and moving our manufacturing sites from Japan to overseas
- **Powder metal products business** : Expand the lineup of high-performance powder products in collaboration with customers
- **High alloy steel business** : (High alloy steel products) Global expansion of Daido Steel's DS ALLOY* brand (Free forging products) Promote “transformation of product portfolio” and move to higher-value-added product areas

*DS ALLOY: Trademark registration pending in 11 countries

III. Enhance our QCD capabilities

- **Specialty steel products business (Chita Plant)** : Achieve ultimate energy savings and improve productivity
Improve product reliability
- **Tool steel business** : Expand global sales network and build a delivery system that meets customer needs
(1) Sales network expansion
(2) Manufacturing reforms
(3) Strategy for product differentiation
- **Expand the Daido Steel Group overseas network**
(India) Daido D.M.S. India Pvt Ltd : Inventory sales of tool steel to the Indian market
(North America) Daido Steel (America) Inc. (Houston Office) : Marketing of high alloys for oil and gas
(ASEAN) Daido Steel (Thailand) Co., Ltd. : Use newly installed high-speed horizontal hot forging machine (machine No. 2)
Manufacture and sales of die forging parts, distribution and sales base for specialty steel products
- **Establish an office to strengthen marketing capabilities centered on high alloys (under review)**

(billions of yen)	FY2014	FY2017 (target)
Overseas sales	110.8	170.0
Sales ratio (%)	23	30 or more