

Consolidated Financial Results for the Nine Months Ended December 31, 2014 [Japanese GAAP]



January 29, 2015

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

Contact: Shinichiro Azuma, General Manager, General Affairs Department

Phone: +81-52-963-7501

Scheduled date of filing quarterly securities report: February 13, 2015

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly 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 Nine Months Ended December 31, 2014 (April 1, 2014 to December 31 2014)

(1) 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	%
Nine months ended December 31, 2014	361,285	7.5	14,063	(4.8)	16,340	2.2	9,301	(5.3)
December 31, 2013	335,945	0.0	14,778	22.2	15,988	30.0	9,818	25.8

(Note) Comprehensive income: Nine months ended December 31, 2014: ¥17,285 million [(27.4%)]

Nine months ended December 31, 2013: ¥23,802 million [201.4%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2014	21.45	—
December 31, 2013	22.64	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2014	578,651	279,522	41.9
As of March 31, 2014	557,522	267,625	41.6

(Reference) Shareholders' equity: As of December 31, 2014: ¥242,718 million

As of March 31, 2014 : ¥232,153 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	—	2.50	—	2.50	5.00
Fiscal year ending March 31, 2015	—	3.00	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	3.50	6.50

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	490,000	7.0	20,000	5.4	22,000	8.4	10,000	(20.7)	23.06

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

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

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

December 31, 2014 434,487,693 shares

March 31, 2014 434,487,693 shares

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

December 31, 2014 804,322 shares

March 31, 2014 783,783 shares

3) Average number of shares during the period:

Nine months ended December 31, 2014 433,695,962 shares

Nine months ended December 31, 2013 433,733,272 shares

* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act 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.

Financial Results for the Nine Months Ended December 31, 2014

(1) Net sales by reportable segment

(Millions of yen, %)

	3Q Dec. 2014	(YoY change)	
		Change	% of Change
Specialty Steel	142,640	7,698	5.7
High Performance Materials and Magnetic Materials	119,805	13,190	12.4
Parts for Automobile and Industrial Equipment	74,402	3,275	4.6
Engineering	16,515	215	1.3
Trading and Service	7,920	960	13.8
Total	361,285	25,340	7.5

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

(Millions of yen, %)

	3Q Dec. 2014	(YoY change)	
		Change	% of Change
Net sales	361,285	25,340	7.5
Operating income	14,063	(715)	(4.8)
Non-operating income	4,348	221	—
Non-operating expenses	2,070	(846)	—
Ordinary income	16,340	352	2.2
Extraordinary income	2,193	1,140	—
Extraordinary losses	1,832	1,701	—
Income before income taxes	16,701	(208)	—
Income taxes	5,854	213	—
Minority interests in income	1,545	94	—
Net income	9,301	(516)	(5.3)

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

(100 millions of yen)

Reasons for increase	Amount	Reasons for decrease	Amount
1. Sales volume	50	1. Raw material and fuel cost	79
2. Sales price	42	2. Sales mix change	6
3. Variable cost	12	3. Fixed cost	26
4. Non-operating income or loss	10		
Total (a)	114	Total (b)	111
		Change (a) – (b)	3

(Reference: Market condition of raw material)

	3Q Dec. 2013	3Q Dec. 2014
H2 (Thousands of yen/t)	28.4	26.8
Nickel (LME) (One dollar/lb)	6.47	7.99
Molybdenum (MD) (One dollar/lb)	10.0	11.9

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2014	As of December 31, 2014	Change	Item	As of March 31, 2014	As of December 31, 2014	Change
Current assets	248,061	260,801	12,739	Liabilities	289,897	299,128	9,231
Cash and deposits	40,674	39,622	(1,051)	Trade payables	76,895	84,520	7,624
Trade receivables	100,719	100,425	(293)	Interest-bearing debt	143,085	151,796	8,711
Inventories	97,746	112,228	14,481	Other	69,916	62,811	(7,104)
Other	8,921	8,525	(395)	Net assets	267,625	279,522	11,897
Non-current assets	309,460	317,849	8,389	Shareholders' equity	211,423	215,881	4,457
Property, plant and equipment	184,900	189,340	4,440	Accumulated other comprehensive income	20,729	26,836	6,107
Intangible assets	5,925	6,708	783	Minority interests	35,472	36,804	1,332
Investments and other assets	118,634	121,800	3,165	Total liabilities and net assets	557,522	578,651	21,128
Total assets	557,522	578,651	21,128				