

Consolidated Financial Results for the Three Months Ended June 30, 2016 [Japanese GAAP]



July 29, 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: Takeshi Ishiguro, President and Representative Executive Director

Contact: Junji Iwamoto, General Manager, General Affairs Department

Phone: +81-52-963-7501

Scheduled date of filing quarterly securities report: August 12, 2016

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 Three Months Ended June 30, 2016(April 1, 2016 to June 30, 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	%
Three months ended June 30, 2016	106,156	(9.0)	4,090	3.1	3,946	(6.9)	2,328	30.2
June 30, 2015	116,705	(2.6)	3,967	(5.0)	4,240	(7.3)	1,788	(30.8)

(Note) Comprehensive income: Three months ended June 30, 2016: (¥3,547) million [—%]

Three months ended June 30, 2015: ¥5,694 million [20.8%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Three months ended	Yen	Yen
June 30, 2016	5.46	—
June 30, 2015	4.12	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2016	521,026	262,924	43.7
As of March 31, 2016	535,675	268,345	43.5

(Reference) Shareholders' equity: As of June 30, 2016 : ¥227,675 million

As of March 31, 2016 : ¥232,832 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2016	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2017	—	5.00	—	2.50	7.50
Fiscal year ending March 31, 2017 (Forecast)	—	4.00	—	4.00	8.00

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

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	12.90
Full year	450,000	(2.3)	22,000	(10.0)	23,000	(8.4)	15,000	122.4	35.17

(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):

June 30, 2016 434,487,693 shares

March 31, 2016 434,487,693 shares

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

June 30, 2016 10,867,937 shares

March 31, 2016 7,473,866 shares

3) Average number of shares during the period:

Three months ended June 30, 2016 426,448,025 shares

Three months ended June 30, 2015 433,679,263 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.

Consolidated Financial Results for the Three Months Ended June 30, 2016

(1) Net sales by reportable segment

(Millions of yen, %)

	1Q June 2016	(YoY change)	
		Change	% of Change
Specialty Steel	38,968	(4,337)	(10.0)
High Performance Materials and Magnetic Materials	35,473	(5,410)	(13.2)
Parts for Automobile and Industrial Equipment	23,120	(1,501)	(6.1)
Engineering	5,477	(314)	(5.4)
Trading and Service	3,117	1,014	48.3
Total	106,156	(10,548)	(9.0)

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

(Millions of yen, %)

	1Q June 2016	(YoY change)	
		Change	% of Change
Net sales	106,156	(10,548)	(9.0)
Operating income	4,090	123	3.1
Non-operating income	1,143	(109)	—
Non-operating expenses	1,287	307	—
Ordinary income	3,946	(294)	(6.9)
Extraordinary income	3	3	—
Extraordinary losses	56	(548)	—
Income before income taxes	3,893	257	—
Income taxes	1,263	46	—
Profit attributable to non-controlling interests	301	(328)	—
Profit attributable to owners of parent	2,328	539	30.2

(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. Raw material and fuel cost	73	1. Sales price	60
2. Variable cost	2	2. Sales volume	6
		3. Fixed cost	6
		4. Non-operating income or loss	4
		5. Sales mix change	2
Total (a)	75	Total (b)	78
		Change (a) – (b)	(3)

(Reference: Market condition of raw material)

	1Q June 2015	1Q June 2016
H2 (Thousands of yen/t)	20.7	17.3
Nickel (LME) (One dollar/lb)	5.9	4.0
Molybdenum (MD) (One dollar/lb)	7.5	7.0

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2016	As of June 30, 2016	Change	Item	As of March 31, 2016	As of June 30, 2016	Change
Current assets	238,467	230,671	(7,795)	Liabilities	267,329	258,101	(9,228)
Cash and deposits	34,887	33,454	(1,433)	Trade payables	68,152	68,463	310
Trade receivables	98,800	91,159	(7,640)	Interest-bearing debt	136,114	129,690	(6,424)
Inventories	95,131	95,331	199	Other	63,062	59,947	(3,114)
Other	9,648	10,726	1,077	Net assets	268,345	262,924	(5,420)
Non-current assets	297,208	290,354	(6,853)	Shareholders' equity	217,585	218,168	583
Property, plant and equipment	188,778	189,082	303	Accumulated other comprehensive income	15,247	9,506	(5,740)
Intangible assets	2,583	2,449	(133)	Non-controlling interests	35,513	35,249	(263)
Investments and other assets	105,846	98,822	(7,024)	Total liabilities and net assets	535,675	521,026	(14,649)
Total assets	535,675	521,026	(14,649)				