Consolidated Financial Results for the Nine Months Ended December 31, 2015 [Japanese GAAP]

January 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/
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Scheduled date of filing quarterly securities report: February 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 Nine Months Ended December 31, 2015(April 1, 2015 to December 31, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2015	345,953	(4.2)	17,595	25.1	18,466	13.0	6,564	(29.4)
December 31, 2014	361,285	7.5	14,063	(4.8)	16,340	2.2	9,301	(5.3)

(Note) Comprehensive income: Nine months ended December 31, 2015: ¥3,980 million [(77.0%)]
Nine months ended December 31, 2014: ¥17,285 million [(27.4%)]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Nine months ended	Yen	Yen
December 31, 2015	15.15	—
December 31, 2014	21.45	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2015	569,461	290,596	44.4
As of March 31, 2015	588,590	292,405	43.5

(Reference) Shareholders' equity: As of December 31, 2015 : ¥252,821 million
As of March 31, 2015 : ¥256,021 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, 2015	—	3.00	—	3.50	6.50
Fiscal year ending March 31, 2016	—	5.00	—		
Fiscal year ending March 31, 2016 (Forecast)				5.00	10.00

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

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

(% 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
Full year	464,000	(4.1)	26,000	27.4	26,500	22.0	14,000	28.6	32.31

(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, 2015	434,487,693 shares
March 31, 2015	434,487,693 shares

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

December 31 2015	4,895,045 shares
March 31, 2015	805,395 shares

3) Average number of shares during the period:

Nine months ended December 31 2015	433,247,615 shares
Nine months ended December 31 2014	433,695,962 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.

Supplementary briefing material

January 29, 2016
Daido Steel Co., Ltd.

Financial Results for the Nine Months Ended December 31, 2015

(1) Net sales by reportable segment

(Millions of yen, %)

	3Q December 2015	(YoY change) Change	% of Change
Specialty Steel	127,728	(14,911)	(10.5)
High Performance Materials and Magnetic Materials	118,450	(1,355)	(1.1)
Parts for Automobile and Industrial Equipment	74,121	(281)	(0.4)
Engineering	18,855	2,340	14.2
Trading and Service	6,797	(1,122)	(14.2)
Total	345,953	(15,331)	(4.2)

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

(Millions of yen, %)

	3Q December 2015	(YoY change) Change	% of Change
Net sales	345,953	(15,331)	(4.2)
Operating income	17,595	3,532	25.1
Non-operating income	4,195	(152)	–
Non-operating expenses	3,324	1,253	–
Ordinary income	18,466	2,125	13.0
Extraordinary income	1,232	(961)	–
Extraordinary losses	6,169	4,336	–
Income before income taxes	13,528	(3,172)	–
Income taxes	4,984	(870)	–
Profit attributable to non-controlling interests	1,980	435	–
Profit attributable to owners of parent	6,564	(2,737)	(29.4)

(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	116	1. Sales volume	34
2. Sales mix change	9	2. Sales price	53
3. Variable cost	10	3. Fixed cost	13
		4. Non-operating income or loss	14
Total (a)	135	Total (b)	114
		Change (a) – (b)	21

(Reference: Market conditions of raw materials)

	3Q December 2014	3Q December 2015
H2 (Thousands of yen/t)	26.8	16.5
Nickel (LME) (One dollar/lb)	8.0	5.0
Molybdenum (MD) (One dollar/lb)	11.9	6.0

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2015	As of December 31, 2015	Change	Item	As of March 31, 2015	As of December 31, 2015	Change
Current assets	256,181	244,204	(11,977)	Liabilities	296,184	278,864	(17,320)
Cash and deposits	32,585	38,806	6,220	Trade payables	78,039	66,284	(11,755)
Trade receivables	105,006	95,077	(9,929)	Interest-bearing debt	146,208	150,989	4,780
Inventories	108,561	101,054	(7,507)	Other	71,937	61,590	(10,346)
Other	10,027	9,267	(760)				
Non-current assets	332,408	325,256	(7,151)	Net assets	292,405	290,596	(1,808)
Property, plant and equipment	189,375	187,660	(1,714)	Shareholders' equity	217,463	218,344	880
Intangible assets	7,283	2,620	(4,662)	Accumulated other comprehensive income	38,558	34,477	(4,080)
Investments and other assets	135,749	134,975	(774)	Non-controlling interests	36,383	37,774	1,391
Total assets	588,590	569,461	(19,128)	Total liabilities and net assets	588,590	569,461	(19,128)