

FY2024 Second Quarter Consolidated Financial Results

November 7, 2024

Daido Metal Co., Ltd.

[TSE Prime Market, NSE Premier Market]

Code:7245

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only.
In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Overview <Actual>

Unit: JPY Million

	Actual		Year-on-year comparison	
	2023/9	2024/9	Amount	%
Net sales	**63,383**	**68,432**	5,048	8.0%
Operating profit (Operating margin)	**2,210** (3.5%)	**2,708** (4.0%)	498 (0.5pt)	22.5%
Ordinary profit (Ordinary income margin)	**2,212** (3.5%)	**2,620** (3.8%)	407 (0.3pt)	18.4%
Profit attributable to owners of parent (Net profit margin)	**615** (1.0%)	**528** (0.8%)	- 87 (- 0.2pt)	- 14.1%
Return on Equity (ROE) *1	**2.0%**	**1.5%**	- 0.5pt	—
Net assets to total assets	**35.1%**	**36.9%**	1.8pt	—
Net interest bearing debt	**37,354**	**34,573**	- 2,780	- 7.4%
Exchange rate (USD)	**144.99**	**161.07**		
Exchange rate (EUR)	**157.60**	**172.33**		

Exchange rate is TTM rate as of June 30.

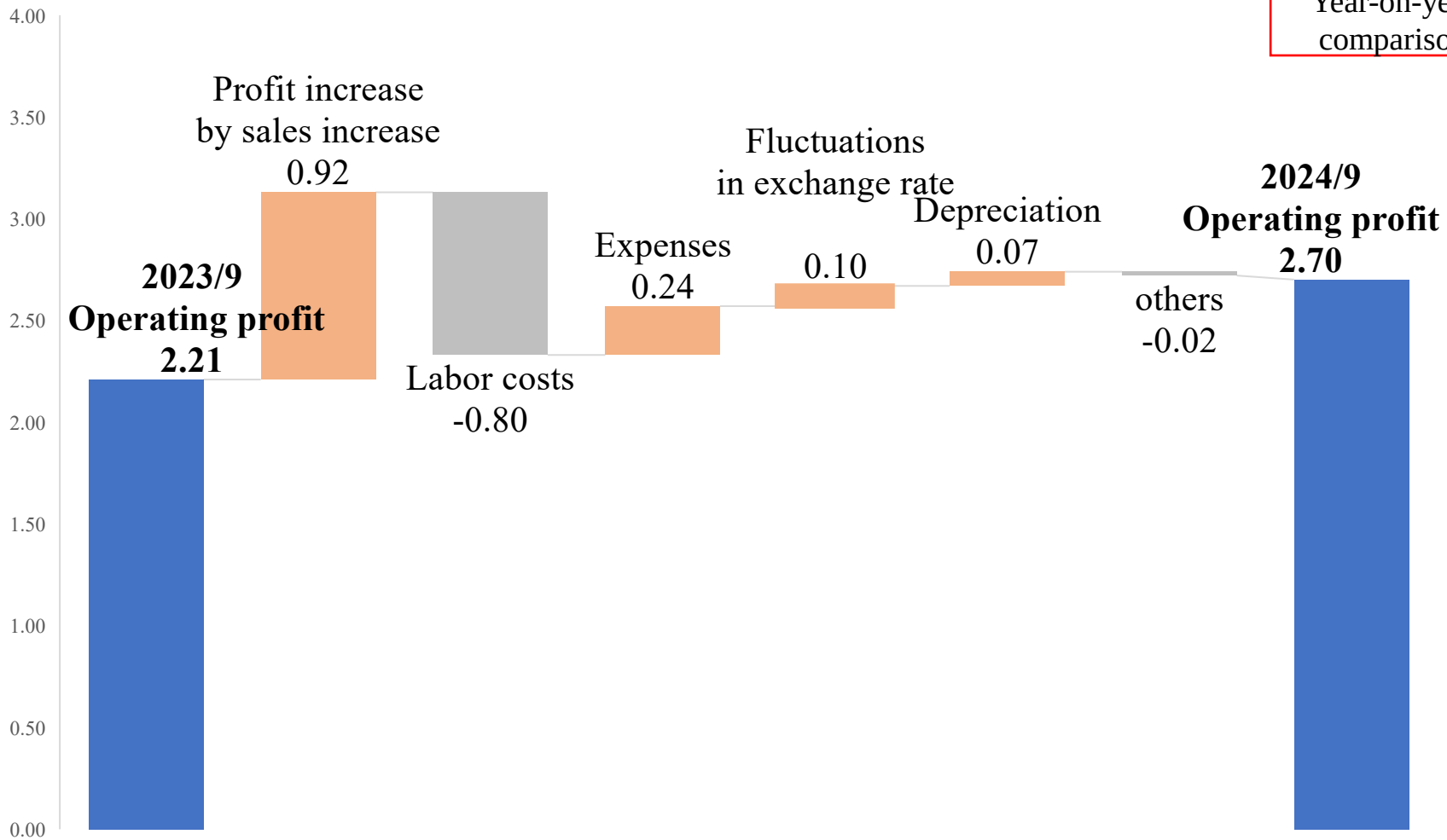
*1 Annualized

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Causes of Fluctuation in Operating profit

Unit: JPY Billion

Year-on-year comparison



Although profit decreased from increase in labor costs etc. by about 0.82 JPY billion, profit increased by about 0.49 JPY billion in total from the same period of the previous year due to profit increase by sales increase, expenses, fluctuations in exchange rate, depreciation and others about 1.33 JPY billion.

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Overview <Forecast> for the FY2024

Unit: JPY Million

	Actual	Forecast	Year-on-year comparison	
	2024/3	2025/3	Amount	%
Net sales	**128,738**	**131,000**	2,261	1.8%
Operating profit (Operating margin)	**6,084** (4.7%)	**6,000** (4.6%)	- 84 (- 0.1pt)	- 1.4%
Ordinary profit (Ordinary income margin)	**5,825** (4.5%)	**5,700** (4.4%)	- 125 (- 0.2pt)	- 2.2%
Profit attributable to owners of parent (Net profit margin)	**2,569** (2.0%)	**2,500** (1.9%)	- 69 (- 0.1pt)	- 2.7%
Exchange rate (USD)	**141.83**	**146.00**		
Exchange rate (EUR)	**157.12**	**159.00**		

*TTM rate as of December 31.

There are no changes to the forecast for the FY2024 announced on May 14, 2024.

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Dividend/ Dividend Payout Ratio

Unit: JPY

(Forecast)

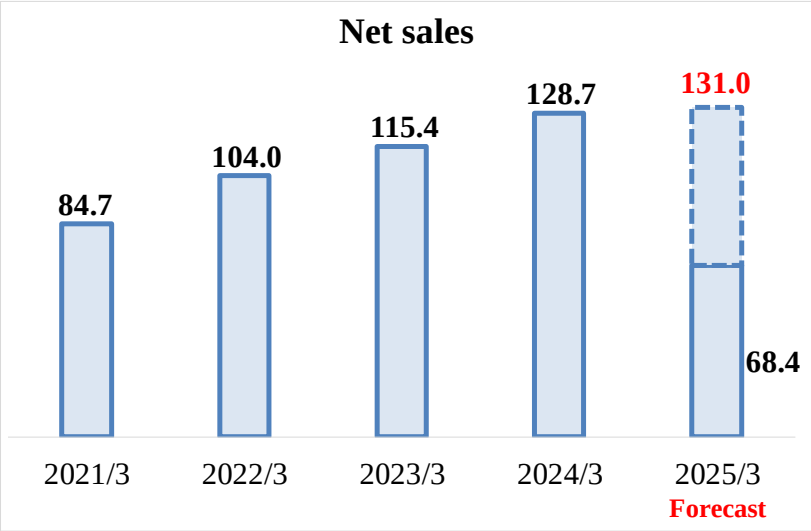
	FY2020	FY2021	FY2022	FY2023	FY2024
Interim	10	10	10	2	7
Year-end	10	15	2	13	8
Annual	20	25	12	15	15

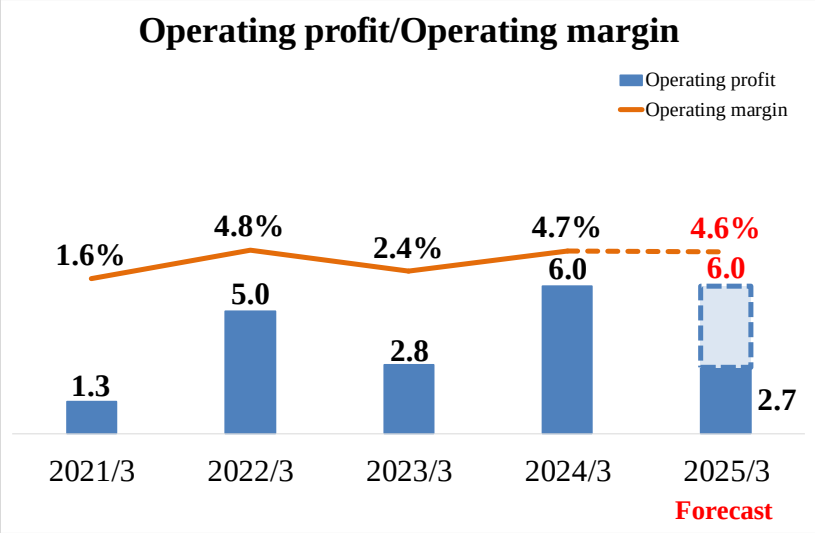
Dividend Payout Ratio	888.7%	61.4%	—	27.5%	28.3%
Dividend Yield (Year-end price basis)	3.4%	4.4%	2.3%	2.2%	—

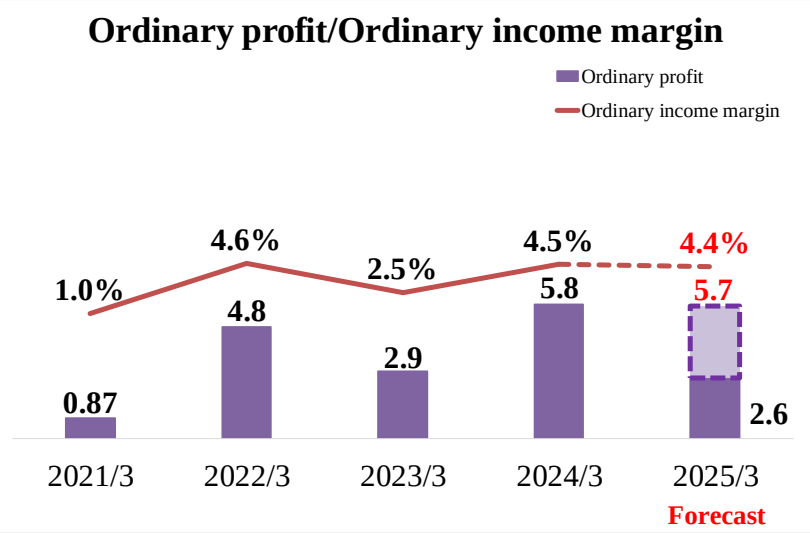
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Consolidated Financial Results

Unit: JPY Billion



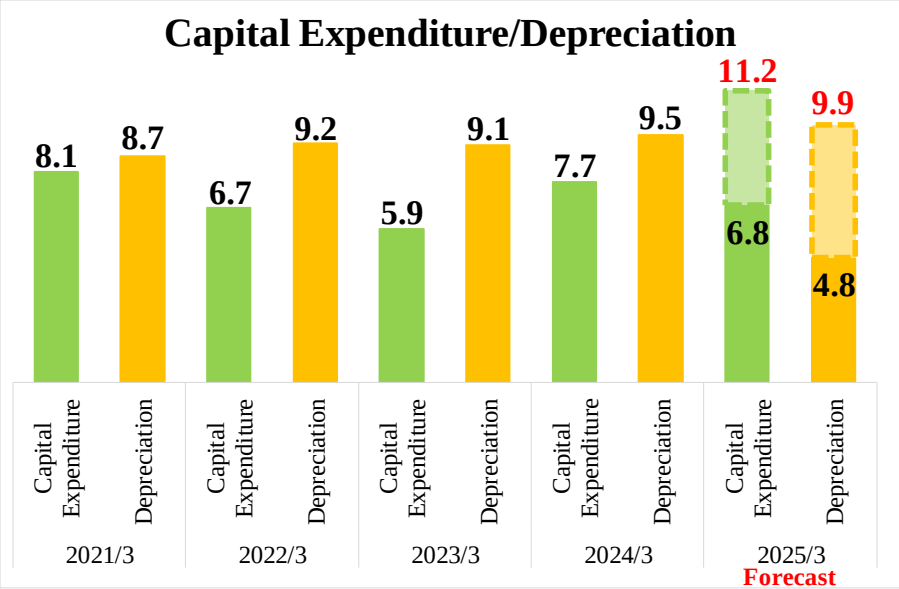


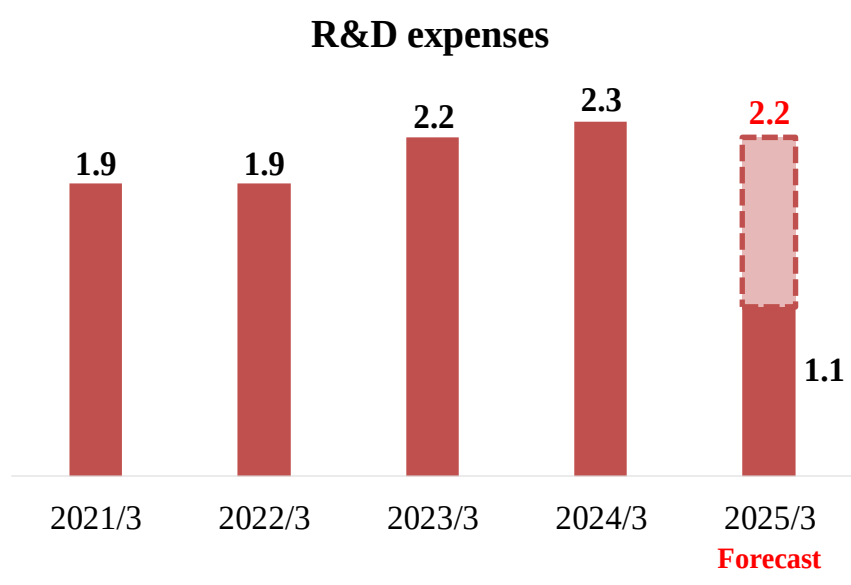


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Capital Expenditure, Depreciation and R&D expenses

Unit: JPY Billion





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Overview <Sales and Operating profit by Segment>

Unit: JPY Million

Year-on-year comparison

Segment	Net sales ratio 2024/9	【Net sales】 Year-on-year comparison Amount	【Net sales】 Year-on-year comparison %	【Operating profit】 Year-on-year comparison Amount	【Operating profit】 Year-on-year comparison %
Automotive engine bearings	53.3%	2,113	6.1%	403	9.8%
Automotive non-engine bearings	15.4%	432	4.2%	82	6.0%
Non-automotive bearings	12.5%	523	6.4%	264	19.0%
Other automotive parts	17.1%	1,746	17.3%	17	—
Others	1.7%	3	0.3%	- 31	-14.9%
Elimination of inter-segment transactions		230		- 237	
Total：		5,048	8.0%	498	22.5%

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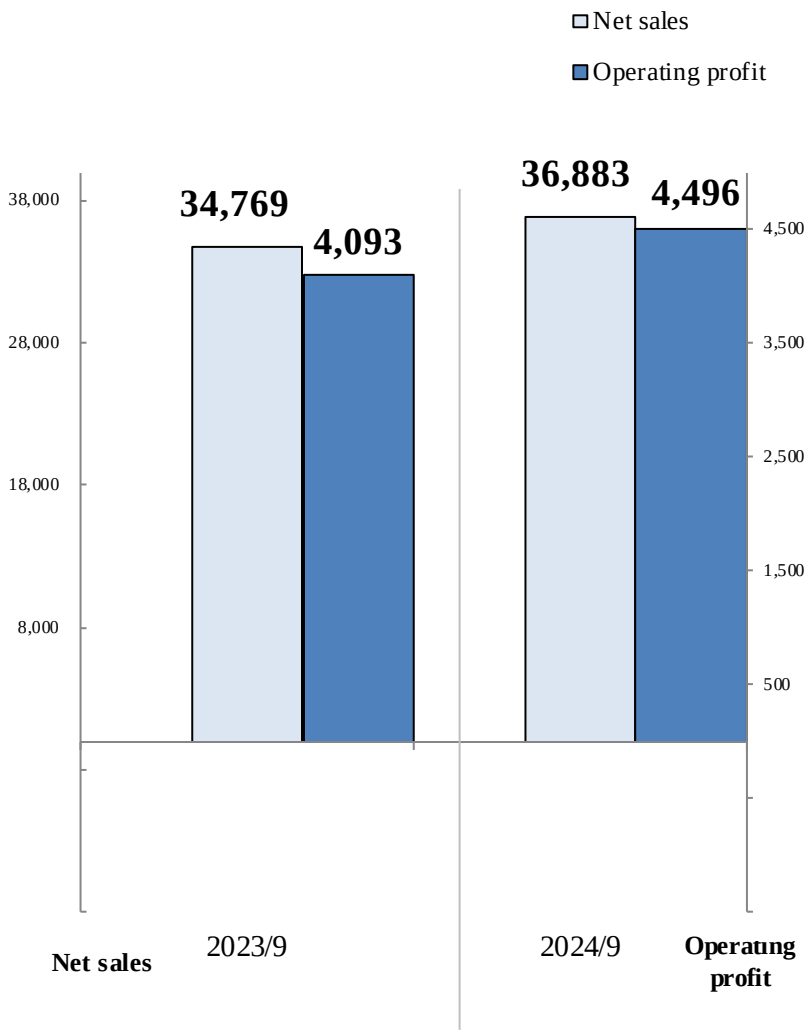
Sales and Operating profit by Segment
(Before elimination of inter-segment transactions)

Unit: JPY Million

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Year-on-year comparison

Automotive engine bearings



(+)Gains (-)Losses

【Net sales】 +2,113 (+6.1%)

(−) Japan: Orders decreased due to continued weak demand of trucks for Southeast Asia. (Indonesia, Thailand, etc.)

(+) North America: Orders increased due to a recovery in demand from Japanese brand vehicles and strong demand for hybrid vehicles.

(+) China: Orders increased due to a recovery in demand from Chinese brand vehicles and development of Chinese brand motorcycles.

(−) Europe: Orders decreased due to inventory adjustments, despite strong demand for heavy-duty trucks, in addition to a decline in demand for internal combustion engine vehicles due to the impact of vehicles electrification.

【Operating profit】 +403 (+9.8%)

(+) Japan: Impact of continuous cost improvement activities, sales price adjustments, and profit improvement by raising unprofitable products.

(+) Europe: Efforts to reduce labor and logistics costs.

(−) North America: Impact of increased logistics and expenses costs, also increased the production costs of Mexican parts due to the depreciation of dollar against peso.

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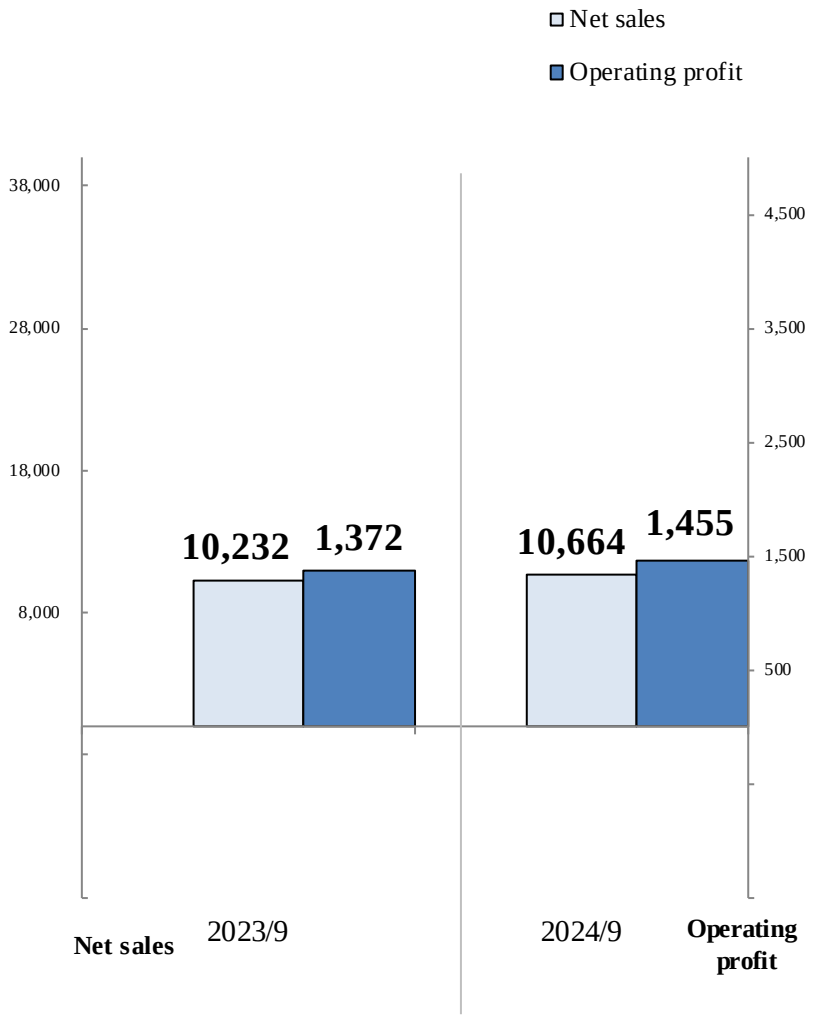
Sales and Operating profit by Segment
(Before elimination of inter-segment transactions)

Unit: JPY Million

(+)Gains (-)Losses

Year-on-year comparison

Automotive non-engine bearings



【Net sales】 +432 (+4.2%)

(+) China: Orders increased due to development of electrified vehicles.
(−) Thailand: Orders decreased due to stricter loan screening by financial institutions and economic slowdown.

【Operating profit】 +82 (+6.0%)

(+) Japan: Impact of continuous cost improvement activities, sales price adjustments, and profit improvement by raising unprofitable products.

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Sales and Operating profit by Segment
(Before elimination of inter-segment transactions)

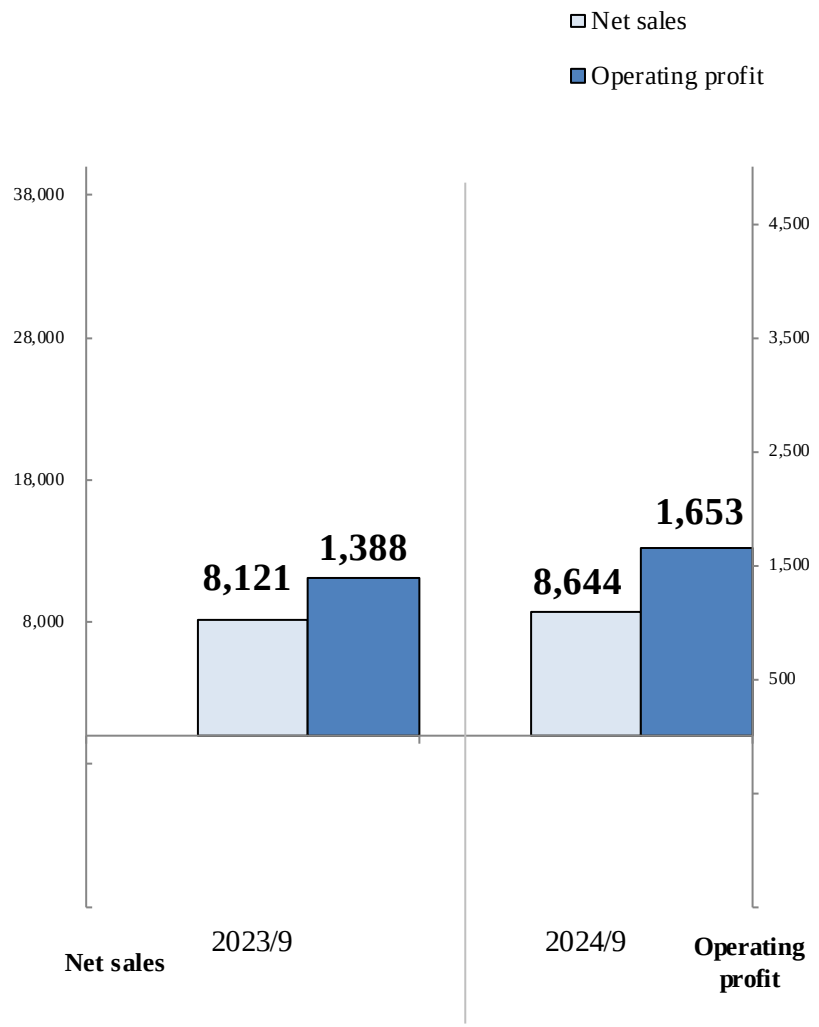
Unit: JPY Million

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Non-automotive bearings

(+)Gains (-)Losses

Year-on-year comparison



【Net sales】 +523 (+6.4%)

(+) Large ships: Orders increased due to increased demand for LNG carriers (for liquefied natural gas transport), automobile carriers and bulk carriers, also continued development of the Chinese and South Korean market.

(+) Construction machinery, Small/Medium ships, Industrial generator, etc.: Although orders of service parts for construction machinery decreased due to inventory adjustments, demand of assembly parts remained strong, and orders for bearings of medium and high-speed engines used in marine auxiliaries and generators increased.

(−) Electric energy, industrial compressors, etc.: Although increased orders for hydroelectric generators and compressors for oil refining plants, orders decreased due to inventory adjustments for steam turbines.

【Operating profit】 +264 (+19.0%)

(+) Impact of sales increase due to for large ships business development and sales price improvement.

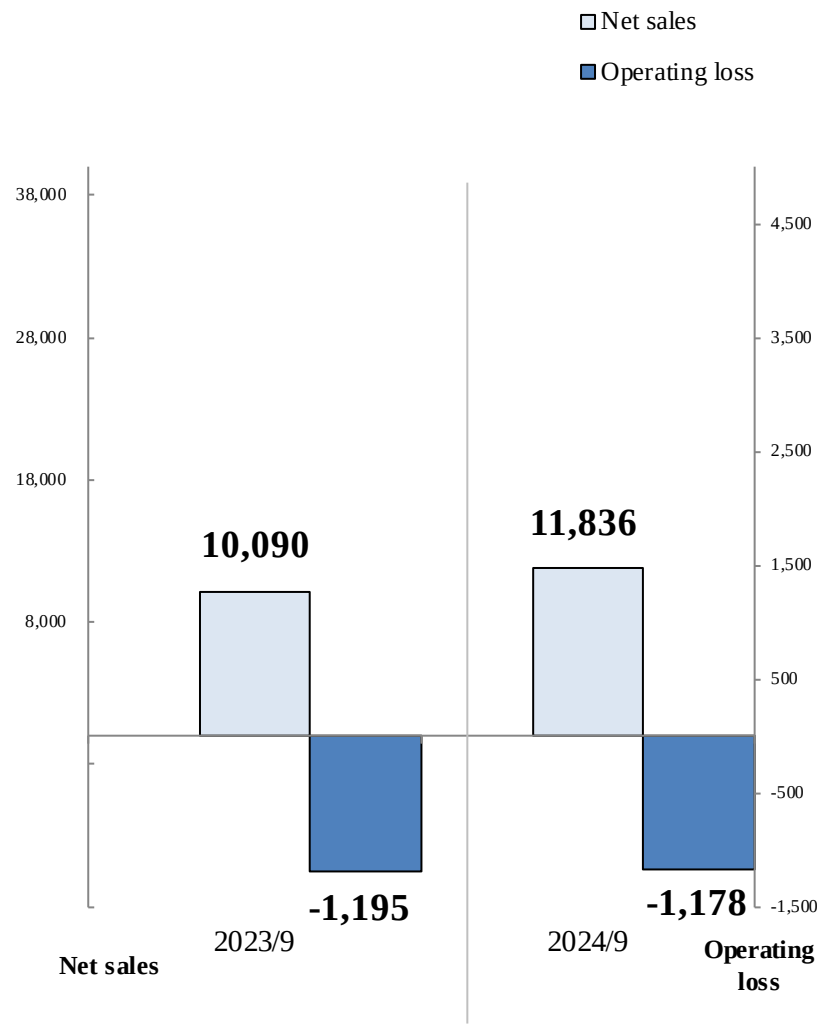
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Sales and Operating profit by Segment
(Before elimination of inter-segment transactions)

Unit: JPY Million

Year-on-year comparison

Other automotive parts



(+)Gains (-)Losses

【Net sales】 +1,746 (+17.3%)

(+) Aluminum die cast products: Orders increased due to the effect of order price adjustment and strong demand for electrified vehicle parts for North America.
(+) Precision metal work parts: Orders increased due to strong demand for electrified vehicle parts for North America.

【Operating loss】 +17 (-)

(−) Aluminum die cast products: Although the air shipment volume decreased due to improvement activities in mold management, enhancements in the finishing process, and measures to prevent the release of defective parts, the impact of logistics costs increased which was driven by the need for air shipments resulting from prolonged sea transportation times and the increase in air shipment unit price.
Earnings are projected to increase in the second half of the fiscal year by implementing price adjustments to customers.
(+) Precision metal work parts: Impact of increased sales and reduced logistics costs.

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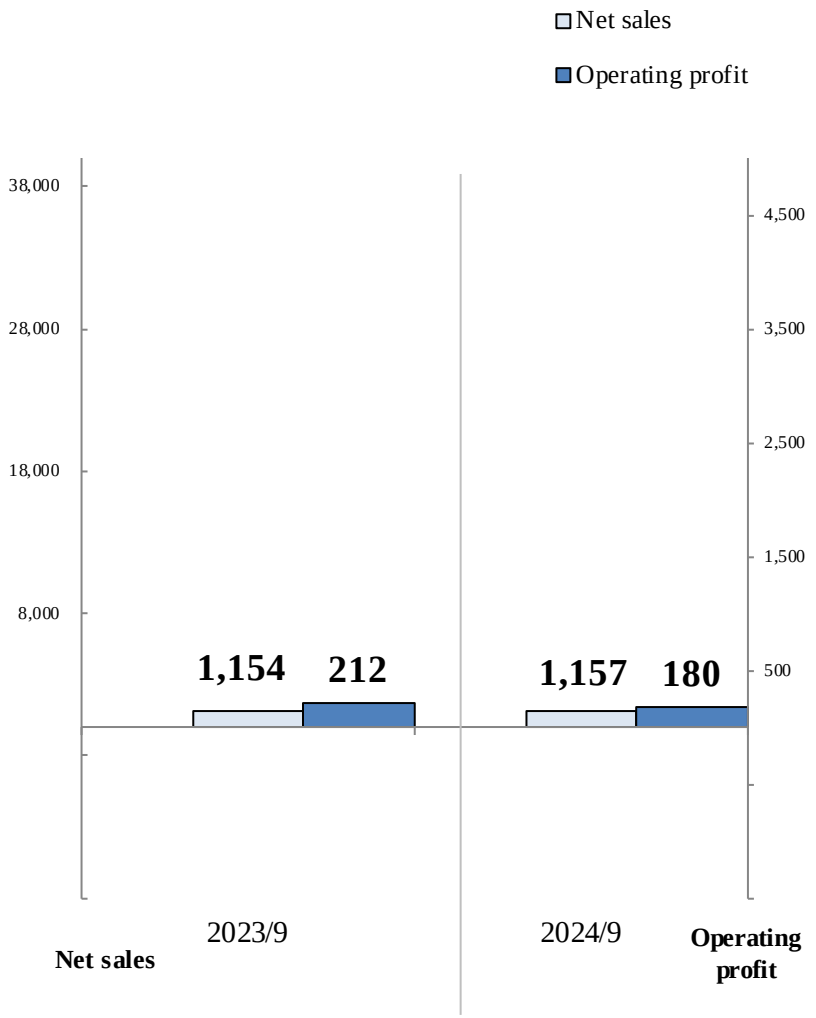
Sales and Operating profit by Segment
(Before elimination of inter-segment transactions)

Unit: JPY Million

(+)Gains (-)Losses

Year-on-year comparison

Others



【Net sales】 +3 (+0.3%)

【Operating profit】 -31 (- 14.9%)

(−) Impact of changes in product mix

* “Others” includes the metallic dry bearings business, pump-related products businesses, electrode sheets for electric double layer capacitors, and real estate leasing business.

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Overview <Sales and Operating profit by Region>

Unit: JPY Million

Year-on-year comparison

Region	Net sales ratio 2024/9	【Net sales】 Year-on-year comparison Amount	【Net sales】 Year-on-year comparison %	【Operating profit】 Year-on-year comparison Amount	【Operating profit】 Year-on-year comparison %
Japan	49.9%	2,187	5.4%	685	57.6%
Asia	26.5%	3,250	16.8%	- 76	—
North America	13.7%	1,892	19.2%	- 435	- 45.2%
Europe	9.9%	453	5.7%	291	—
Elimination of inter-segment transactions		-2,735		33	
Total：		5,048	8.0%	498	22.5%

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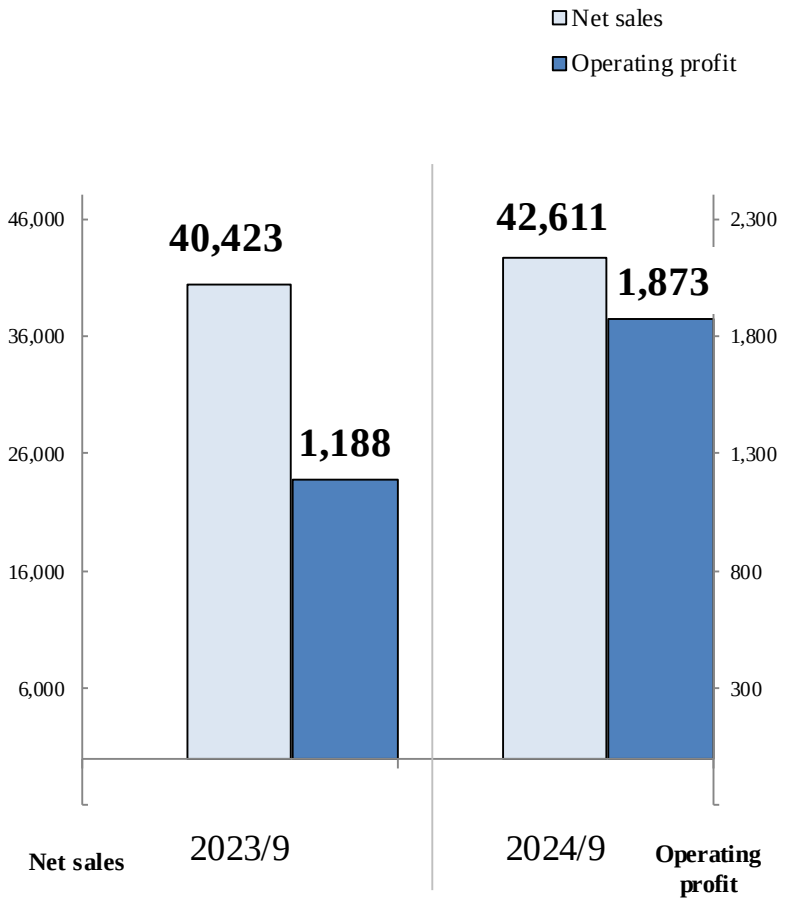
Sales and Operating profit by Region
(Before elimination of internal transactions)

Unit: JPY Million

(+)Gains (-)Losses

Year-on-year comparison

Japan



【Net sales】 +2,187 (+5.4%)

(+) Orders increased for engine bearings for use in large ships (for main engines) and small and medium ships (for main engines and for auxiliary engines for large ships) due to increased demand for new shipbuilding.

【Operating profit】 +685 (+57.6%)

(+) Impact of continuous cost improvement activities, sales price adjustments, and profit improvement by raising unprofitable products.

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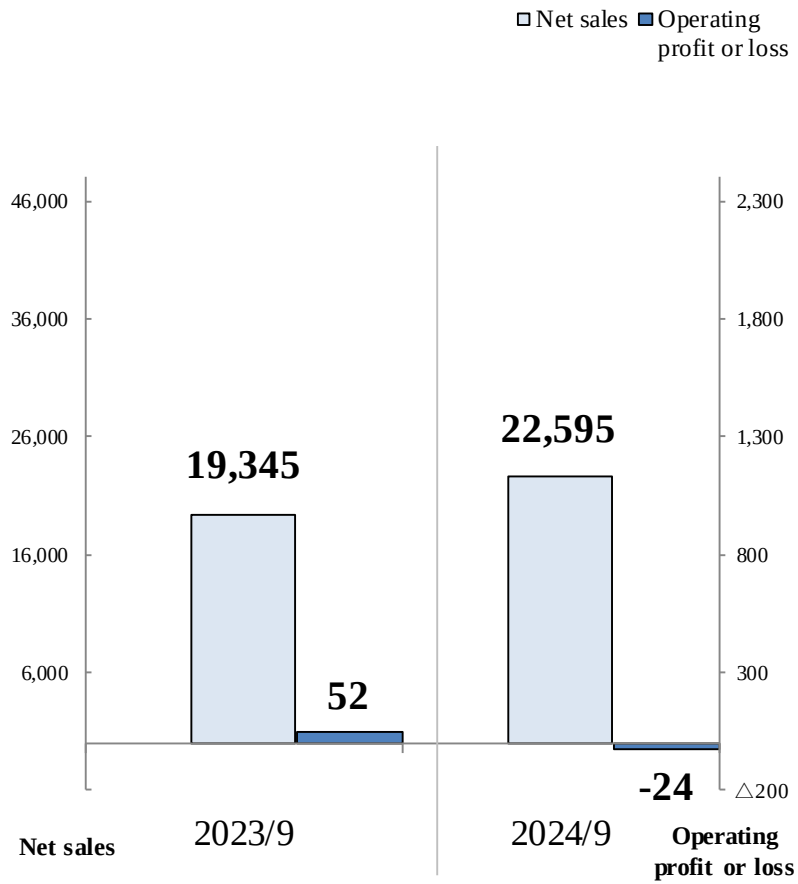
Sales and Operating profit by Region
(Before elimination of internal transactions)

Unit: JPY Million

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Year-on-year comparison

Asia



(+)Gains (-)Losses

【Net sales】 +3,250 (+16.8%)

(−) Automotive bearings in Thailand: Orders decreased due to stricter loan screening by financial institutions and economic slowdown.

(+) Automotive engine bearings in China: Orders increased due to a recovery in demand from Chinese brand vehicles and development of Chinese brand motorcycles.

(+) Aluminum die cast products: Orders increased due to the effect of order price adjustment and strong demand for electrified vehicle parts for North America.

(+) Precision metal work parts: Orders increased due to strong demand for electrified vehicle parts for North America.

【Operating profit or loss】 - 76 (-)

(−) Automotive bearings: Impact of decreased sales in Thailand.

(−) Aluminum die cast products: Although the air shipment volume decreased due to improvement activities in mold management, enhancements in the finishing process, and measures to prevent the release of defective parts, the impact of logistics costs increased which was driven by the need for air shipments resulting from prolonged sea transportation times and the increase in air shipment unit price.

Earnings are projected to increase in the second half of the fiscal year by implementing price adjustments to customers.

(+) Precision metal work parts: Impact of increased sales and reduced logistics costs.

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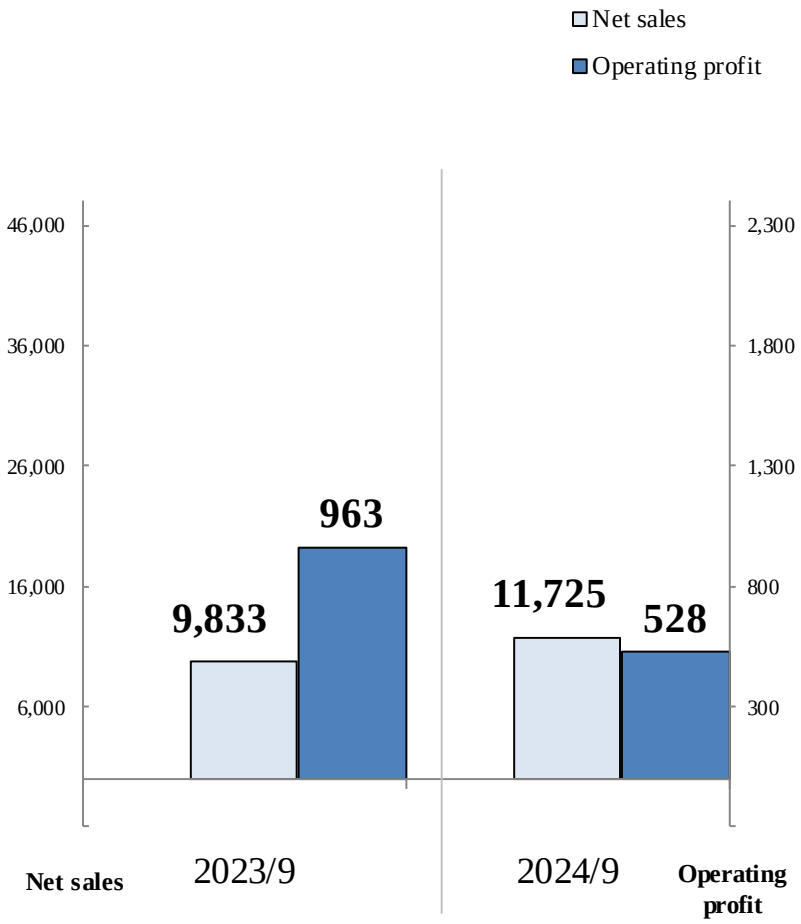
Sales and Operating profit by Region
(Before elimination of internal transactions)

Unit: JPY Million

(+)Gains (-)Losses

Year-on-year comparison

North America



【Net sales】 +1,892 (+19.2%)

(+) Automotive bearings: Orders increased due to a recovery in demand from Japanese brand vehicles and strong demand for hybrid vehicles.
(+) Precision metal work parts: Orders increased due to strong demand for electrified vehicle parts.

【Operating profit】 - 435 (- 45.2%)

(−) Impact of increased logistics and expenses costs, also increased the production costs of Mexican parts due to the depreciation of dollar against peso.

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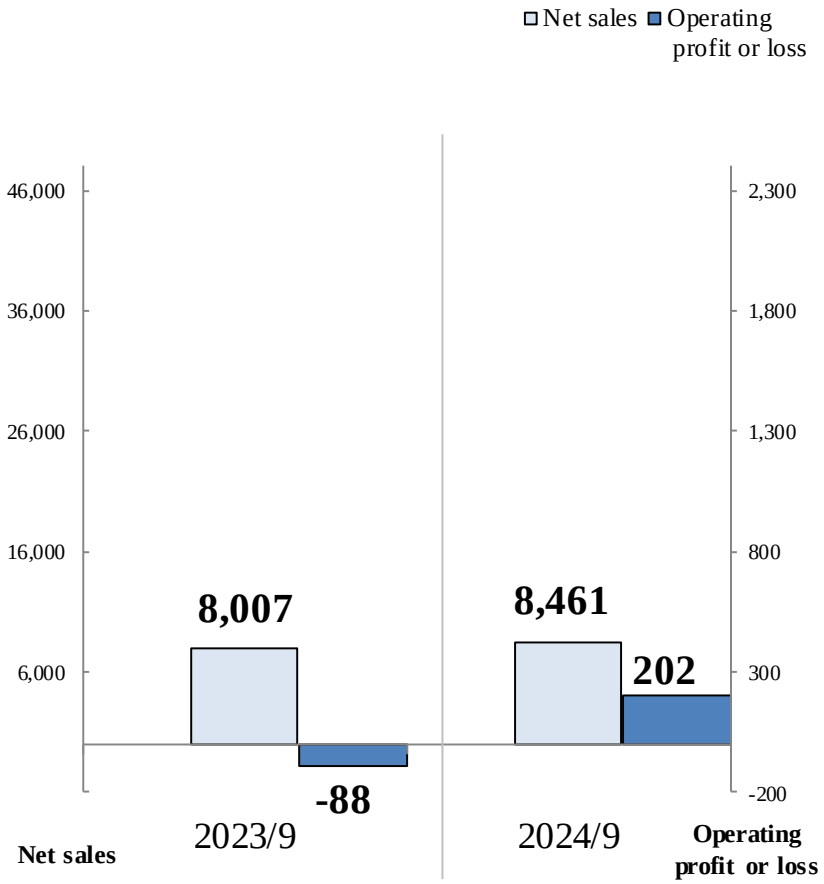
Sales and Operating profit by Region
(Before elimination of internal transactions)

Unit: JPY Million

(+)Gains (-)Losses

Year-on-year comparison

Europe



【Net sales】 +453 (+5.7%)

(−) Orders decreased in passenger car-related due to impact of vehicles electrification.
(+) Orders increased for bearings of medium and high-speed engines used in marine.

【Operating profit or loss】 +291 (-)

(+) Efforts to reduce labor and logistics costs.

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[rounding method used in this document]

numbers: rounded down to the nearest
ratio: rounded to the nearest

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