



Fiscal Year ending March 2013

Results Briefing

(Apr.1/2012–Mar.31/2013)

Apr.30th 2013



< 目次 >

FY2013 Results

Changes in Net Sales & Ordinary Income(FY2013 Results)

FY2013 Changes in Ordinary Income (y/y)

Changes in Net Sales & Operating Income by Segment

FY2013 Changes in Operating Income of Major Segment (y/y)

Overview of main products in FY2013 ①

Overview of main products in FY2013 ②

FY2013 Extraordinary Income/Loss ・ Net Income

Annual Plan for FY2014

Changes in Net Sales & Ordinary Income (Forecast for FY2014)

Changes in Net Sales & Ordinary Income (Interim)

Market Trend of Raw Materials(Scrap Steel and Nickel)

Premises of Profit Planning for FY2014(Market Trend)

FY2014 Changes in Ordinary Income (y/y)

Net Sales & Operating Income by Segment(y/y)

FY2014 Changes in Operating Income of Major Segment (y/y)

Changes in Net Sales & Operating Income(6 months)

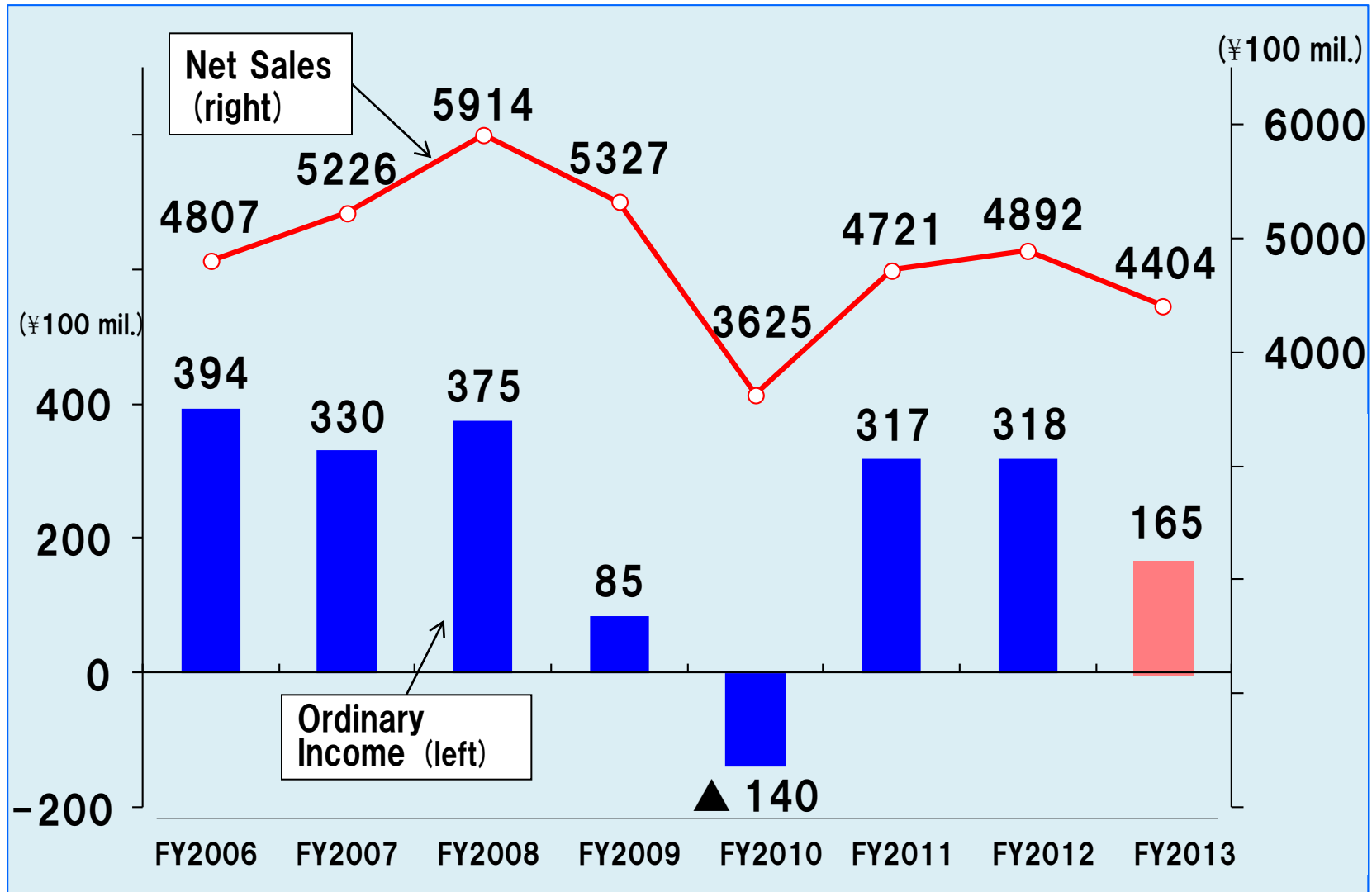
FY2014 Extraordinary Income/Loss ・ Net Income

p.1	Total Assets, Interest-bearing Debt, D/E Ratio	19
2	FY2014 Dividend per share	20
3	<u>Market Environment Recognition</u>	21
4	Outlook of automobile market①	22
5	Outlook of automobile market ②	23
6	Outlook of industrial machinery market ①	24
7	Outlook of industrial machinery market ②	25
8	<u>Measure Topics</u>	26
9	Drastic cost reduction of existing business	27
10	Executing growing strategy defferentiated products	28
11	Global leading products expansion①	29
12	Global leading products expansion②	30
13	Global leading products expansion③	31
14	Global leading products expansion④	32
15	Expanding growing market①	33
16	Expanding growing market②	34
17	Expanding growing market③	35
18	Capital investment	36
	<u>Fact Book</u>	37-41

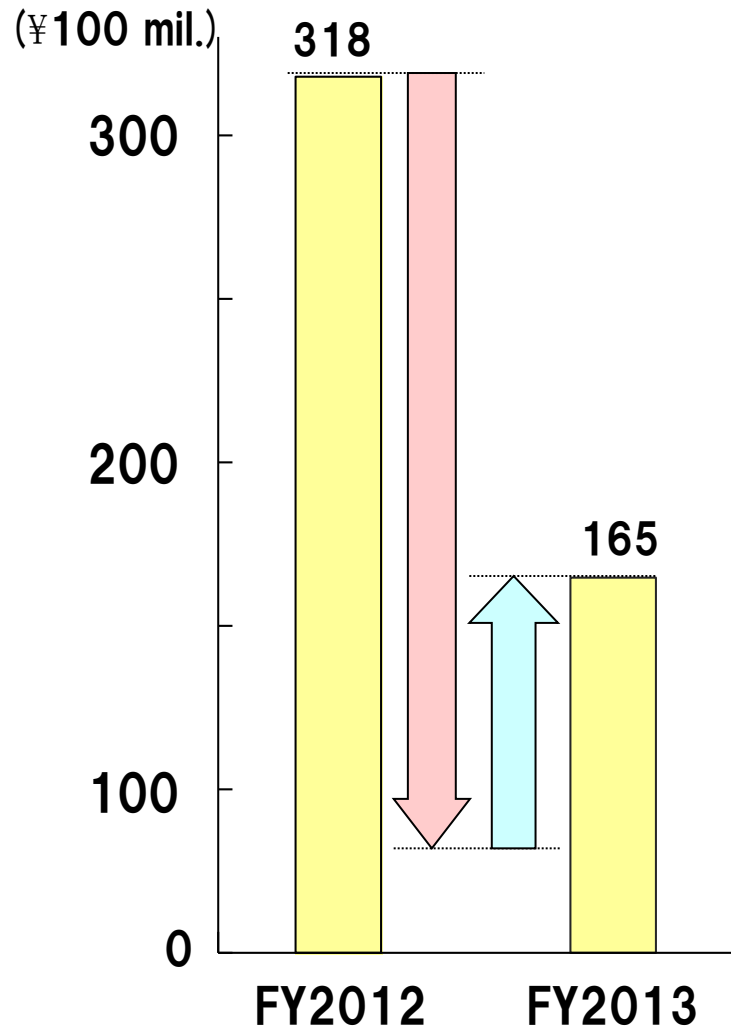
FY2013 Results

(Apr.1 / 2012 – Mar.31 / 2013)

Changes in Net Sales & Ordinary Income(FY2013 Results)



FY2013 Changes in Ordinary Income (y/y)



FY2012 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Fuel price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-operating Income	
FY2013 Ordinary Income		

(¥100 mil.)

318	
	+92
-99	
-117	
-30	
-6	
-1	
-253	+92
	+8
165 (▲153)	

Changes in Net Sales & Operating Income by Segment

(¥100 mil.)

		FY2012 (A)	FY2013 (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,950	1,694	-256
	Operating Income	99	35	-64
High Performance Materials & Magnet Materials	Net Sales	1,646	1,368	-278
	Operating Income	137	66	-71
Parts for Automobile & Industrial Equipment	Net Sales	942	933	-9
	Operating Income	49	34	-15
Engineering	Net Sales	258	320	62
	Operating Income	18	8	-10
Trading & Service	Net Sales	96	89	-7
	Operating Income	12	11	-1
Total	Net Sales	4,892	4,404	-488
	Operating Income	315	154	-161

Former Net Sales of
Specialty steel

volume

1,259thou.t 1,104thou.t -155thou.t

FY2013 Changes in Operating Income of Major Segment (y/y)

(¥100 mil.)

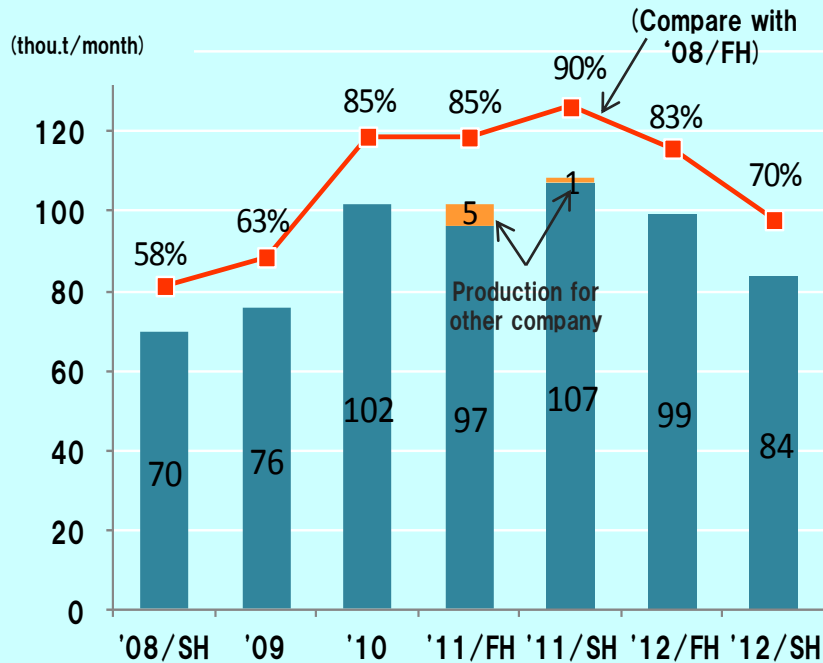
Segment			Specialty Steel	High Performance Materials & Magnet Materials	Parts for Automobile & Industrial Equipment	Engineering
FY2012 Operating Income			99	137	49	18
Changes (y/y)	Operating Income / Loss	Fuel price	+50	+36	+6	
		Sales volume	-48	-37	-14	
		Sales price	-59	-54	-4	
		Sales mix		-19		-10
		Variable cost	-5	-1		
		Fixed cost	-2		-3	
		Subtotal	-114	-111	-21	-10
FY2013 Operating Income			35 (▲64)	66 (▲71)	34 (▲15)	8 (▲10)

Overview of main products in FY2013 ①

Specialty Steel

<Demand Environment>

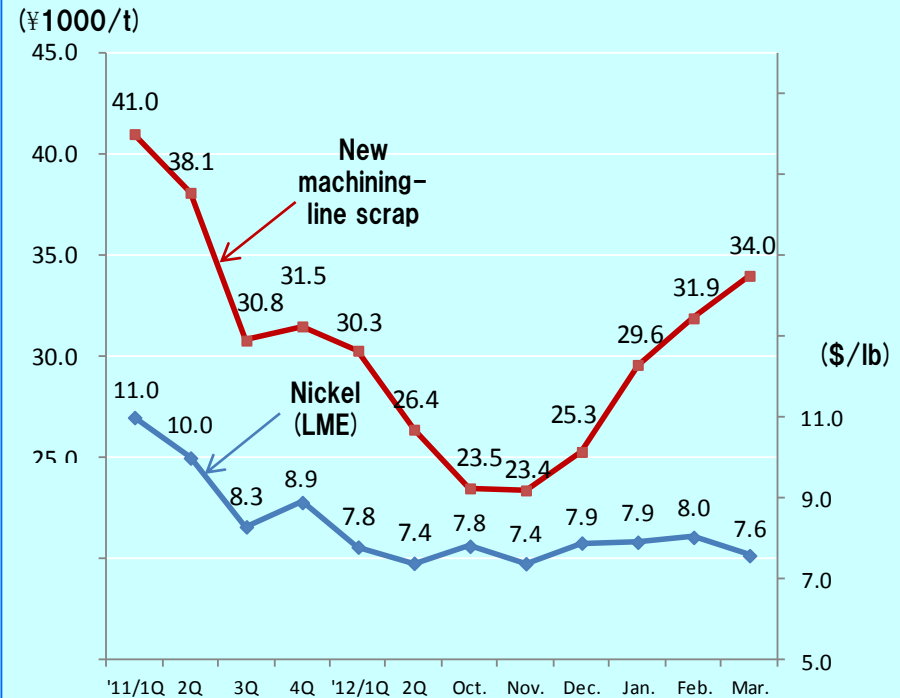
Specialty Steel and Materials Sales (Single Unit)



• Sales volume in FY2013 was greatly decreased due to lower demand for industrial machinery

<Raw Material Situation>

Central Scrap Quotation and Nickel Price Trends

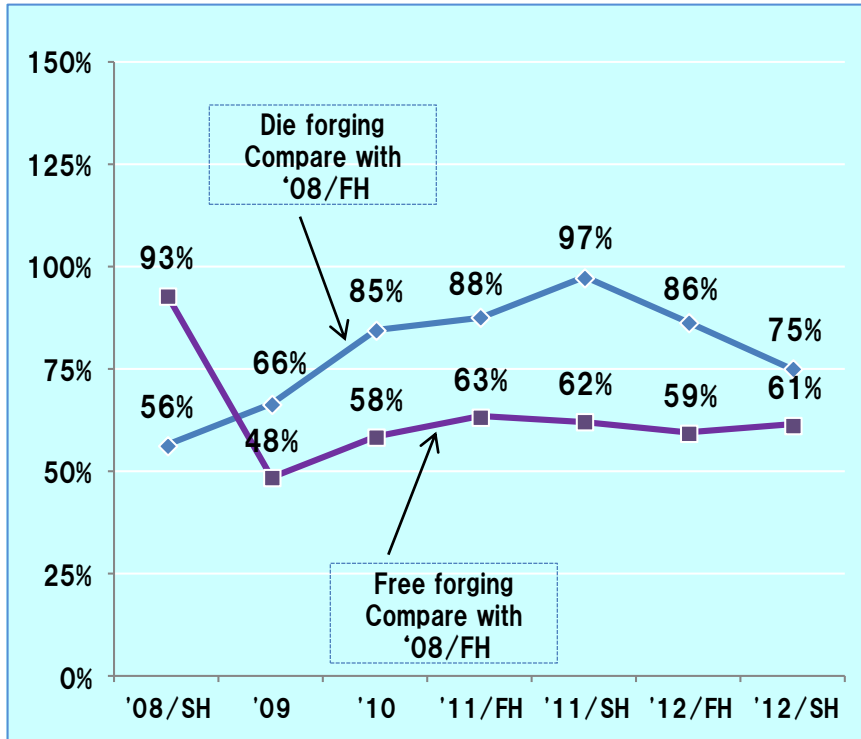


• Steel Scrap price was increased from 3Q of 2012
 • Nickel price is generally stabilized

Overview of main products in FY2013 ②

Parts for Automobile and Industrial Equipment

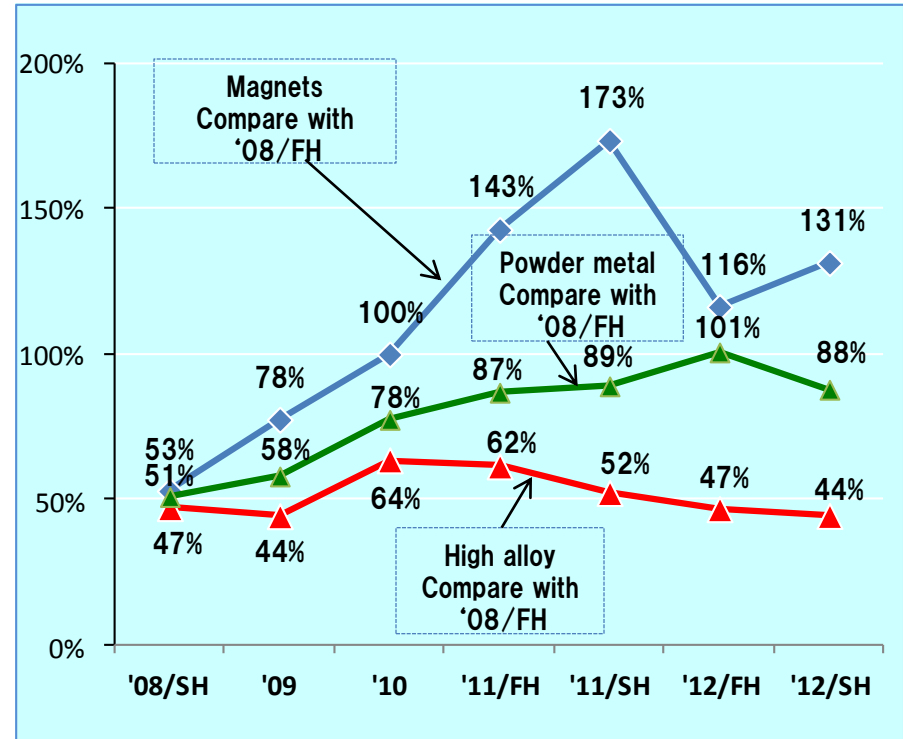
<Sales by main products>



- Die forging : Demand was decreased
- Free forging : Lower export

High Performance Materials & Magnetic Materials

<Sales by main products>



- High alloy : Demand of IT was decreased
- Magnets : Demand in mid-term is expanding
- Powder Metal : Demand is good

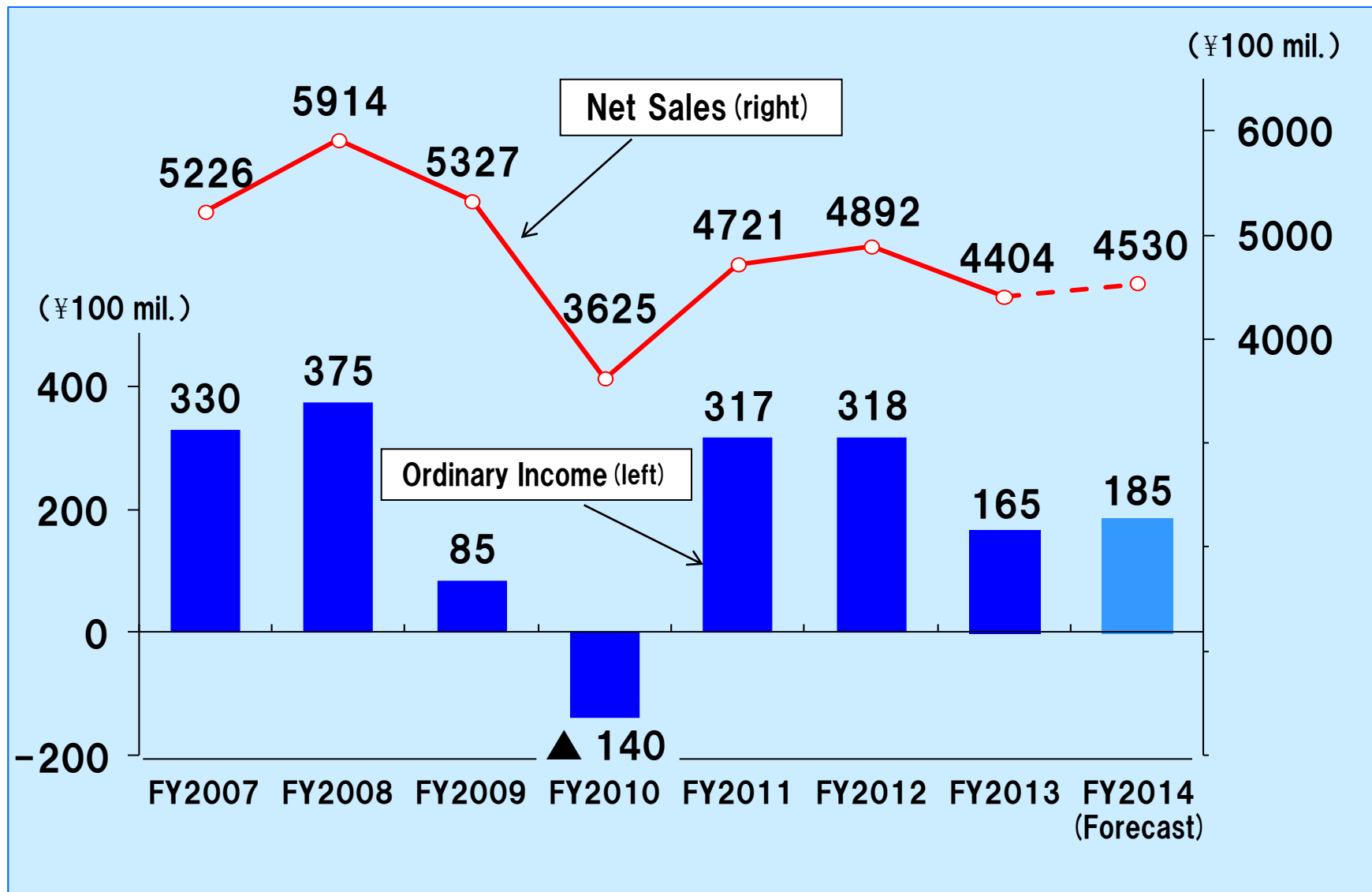
FY2013 Extraordinary Income/Loss · Net Income

(¥100 mil.)

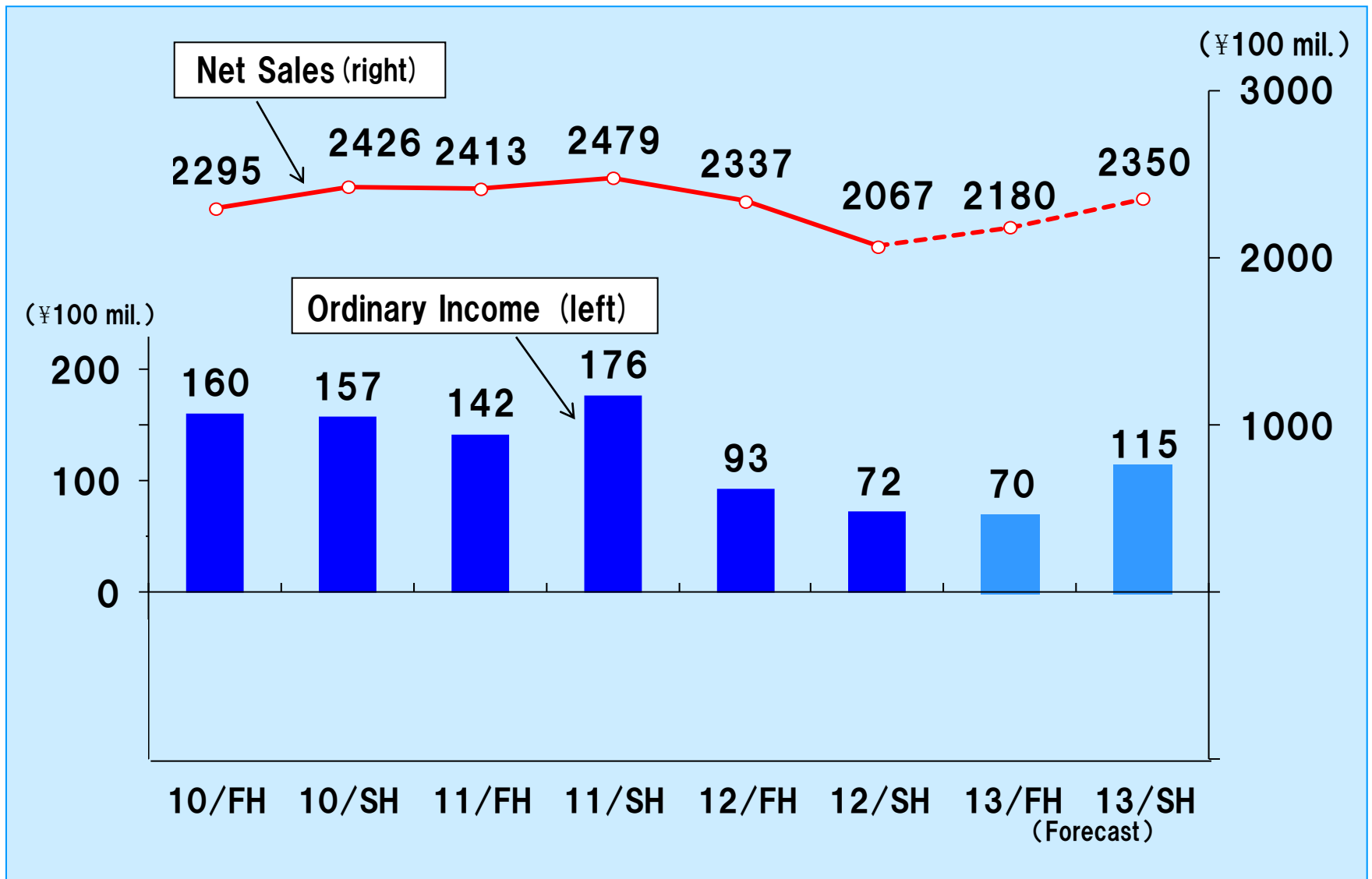
FY2013 Ordinary income	165
Extraordinary Income / Loss	+20
Income taxes and minority interests	▲75
FY2013 Net income	110

Annual Plan for FY2014

Changes in Net Sales & Ordinary Income (Forecast for FY2014)

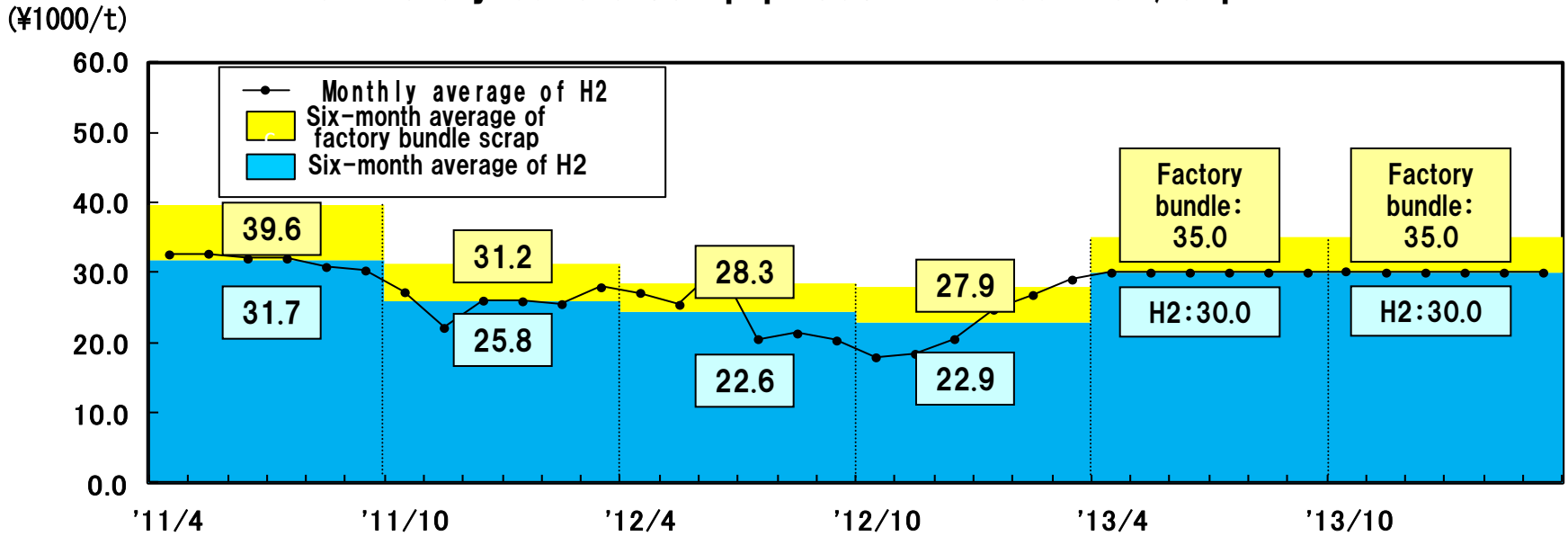


Changes in Net Sales & Ordinary Income (Interim)

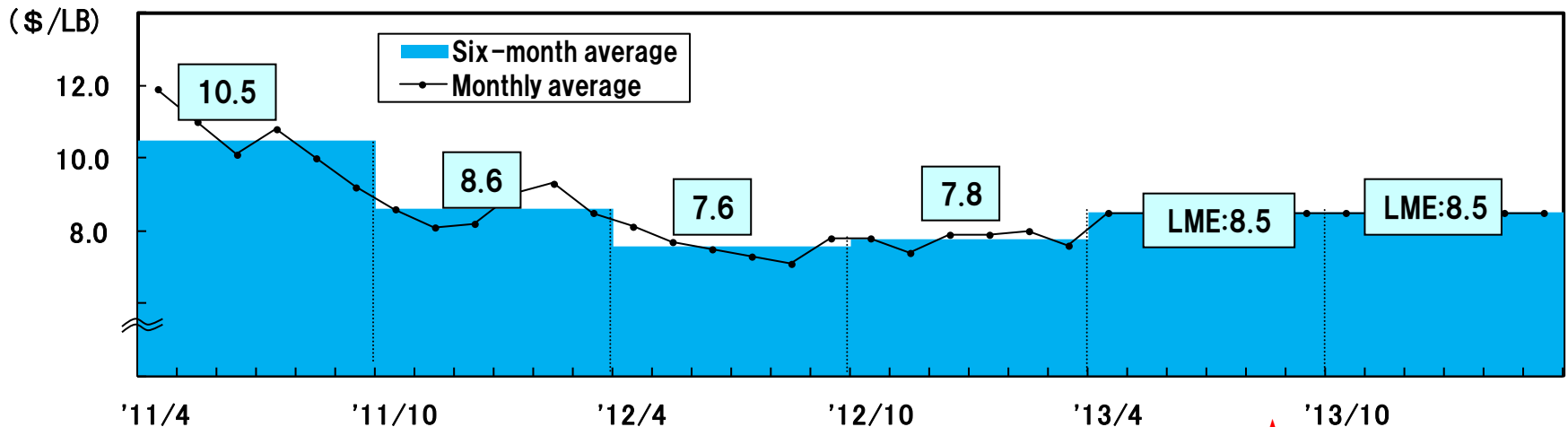


Market Trend of Raw Materials(Scrap Steel and Nickel)

< H2 and Factory bundle scrap prices in Chubu area, Japan >



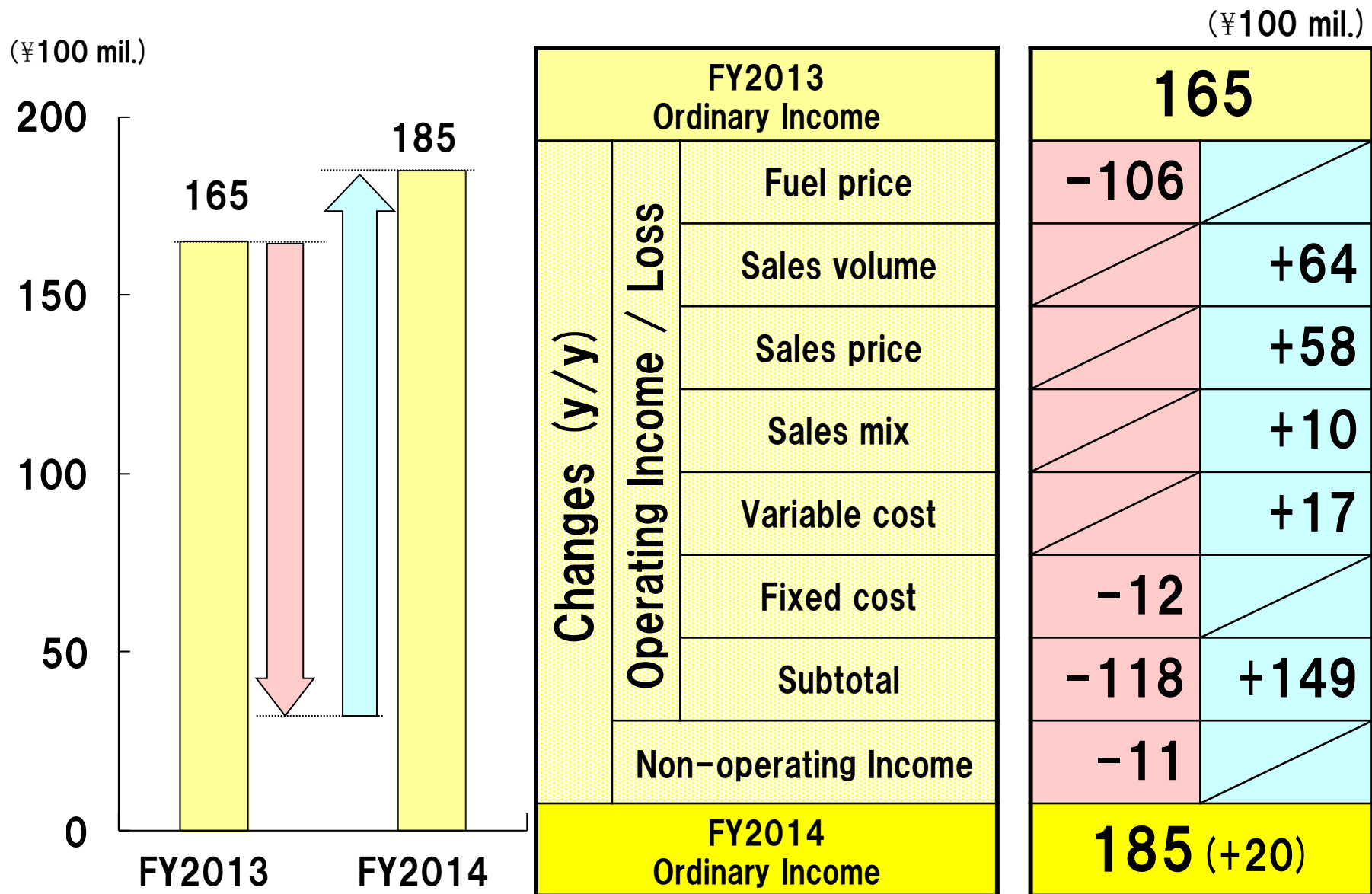
< Nickel price LME >



Premises of Profit Planning for FY2014 (Market Trend)

	UNIT	FY2013 Results	FY2014 Premises of plan (y/y basis)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	22.7 28.1	30.0 (+7.3) 35.0 (+6.9)
Nickel (LME)	\$/LB	7.7	8.5 (+0.8)
Molybdenum (MW)	\$/LB	12.0	13.0 (+1.0)
Crude oil (Dubai)	\$/B	107.0	115.0 (+8.0)
Exchange rate (TTM)	¥/\$	83.1	92.5 (+9.4)

FY2014 Changes in Ordinary Income (y/y)



Net Sales & Operating Income by Segment(y/y)

(¥100 mil.)

		FY2013 Results (A)	FY2014 Forecast (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,694	1,777	83
	Operating Income	35	14	-21
High Performance Materials & Magnet Materials	Net Sales	1,368	1,470	102
	Operating Income	66	107	41
Parts for Automobile & Industrial Equipment	Net Sales	933	944	11
	Operating Income	34	40	6
Engineering	Net Sales	320	252	-68
	Operating Income	8	13	5
Trading & Service	Net Sales	89	87	-2
	Operating Income	11	11	0
Total	Net Sales	4,404	4,530	126
	Operating Income	154	185	31

Former Net Sales of
Specialty steel

volume

1,104thou.t

1,153thou.t

49thou.t

FY2014 Changes in Operating Income of Major Segment (y/y)

(¥100 mil.)

Segment			Specialty Steel	High Performance Materials & Magnet Materials	Parts for Automobile & Industrial Equipment	Engineering
FY2013 Operating Income			35	66	34	8
Changes (y/y)	Operating Income / Loss	Fuel price	-80	-18	-8	
		Sales volume		+22	+18	
		Sales price		+37	+26	
		Sales mix		+5	+5	
		Variable cost		+10	+4	+3
		Fixed cost	-10		-2	
		Subtotal	-90	+69	-18	+21
FY2014 Operating Income			14 (▲21)	107 (+41)	40 (+6)	13 (+5)

Changes in Net Sales & Operating Income(6 months)

(¥100 mil.)

		FY2014		
		4-9/2013 Plan	10/2013- 3/2014 Plan	Full year Plan
Specialty Steel	Net Sales	853	924	1,777
	Operating Income	1	13	14
High Performance Materials & Magnet Materials	Net Sales	705	765	1,470
	Operating Income	47	60	107
Parts for Automobile & Industrial Equipment	Net Sales	458	486	944
	Operating Income	13	27	40
Engineering	Net Sales	119	133	252
	Operating Income	3	10	13
Trading & Service	Net Sales	45	42	87
	Operating Income	6	5	11
Total	Net Sales	2,180	2,350	4,530
	Operating Income	70	115	185

Former Net Sales of
Specialty steel

volume

559千t

594千t

1,153千t

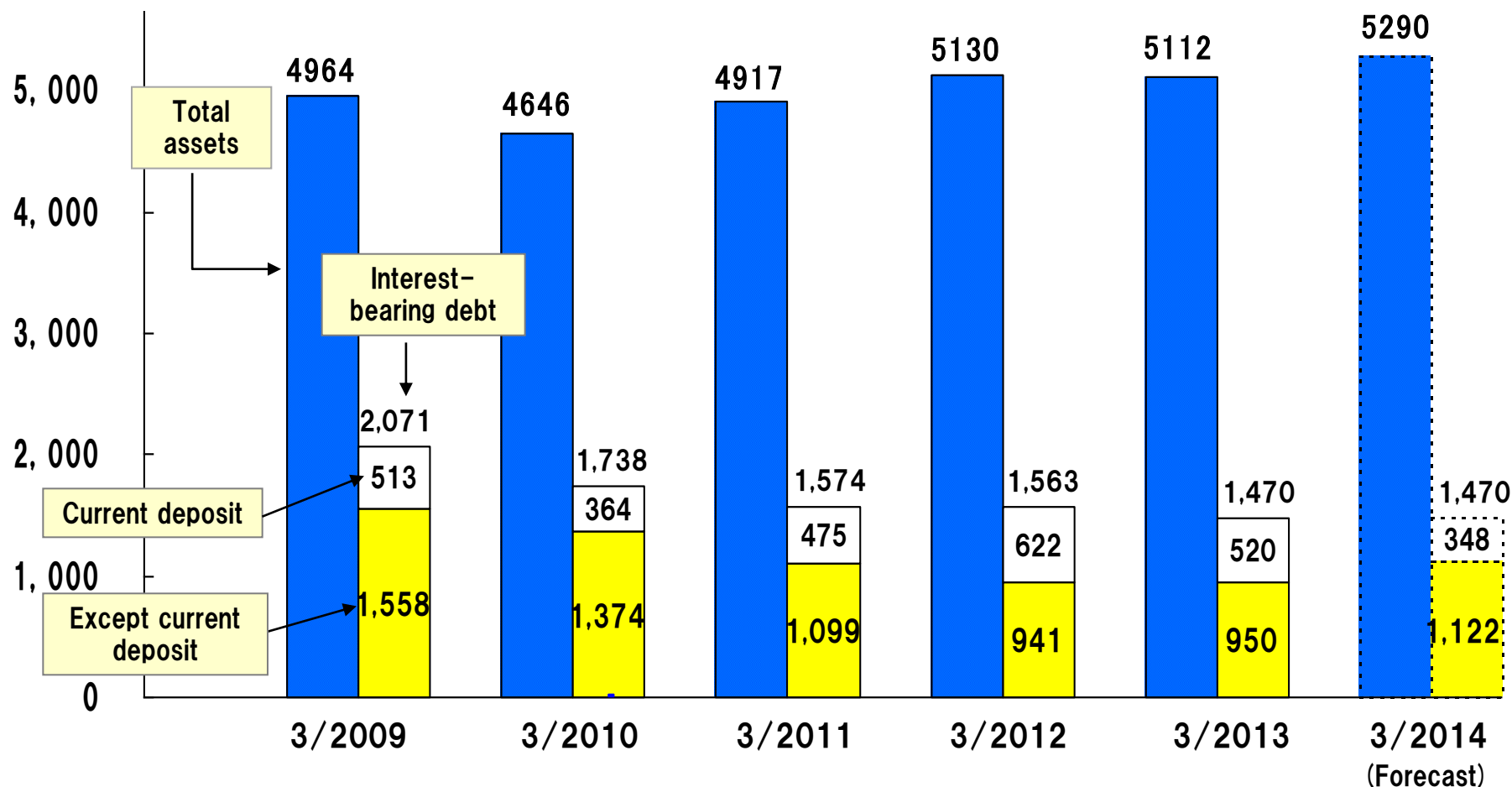
FY2014 Extraordinary Income/Loss · Net Income

(¥100 mil.)

FY2014 Ordinary income	185
Extraordinary income / loss	+7
Income taxes and minority interest	▲82
FY2014 Net income	110

Total Assets, Interest-bearing Debt, D/E Ratio

(¥100 mil.)



	3/2009	3/2010	3/2011	3/2012	3/2013	3/2014(Forecast)
ROA	1.6%	▲2.9%	6.6%	6.3%	3.2%	3.6%
D/E	1.25	1.09	0.88	0.79	0.69	0.67

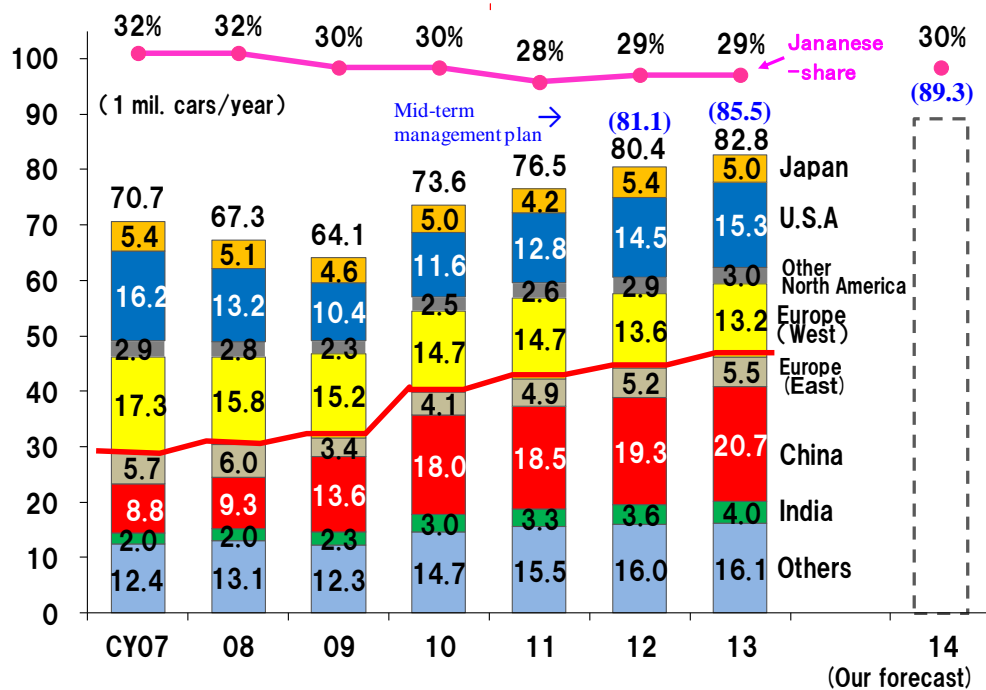
FY2014 Dividend per share

	FY2013		FY2014	
	Interim	Year-end	Interim	Year-end
Ordinary income (¥100 mil.)	93	165	70	185
Net income (¥100 mil.)	55	110	45	110
Dividend per share (¥/Share)	3.0	4.5	2.5	5.0
Payout ratio (%)	23.7	17.8	24.1	19.7

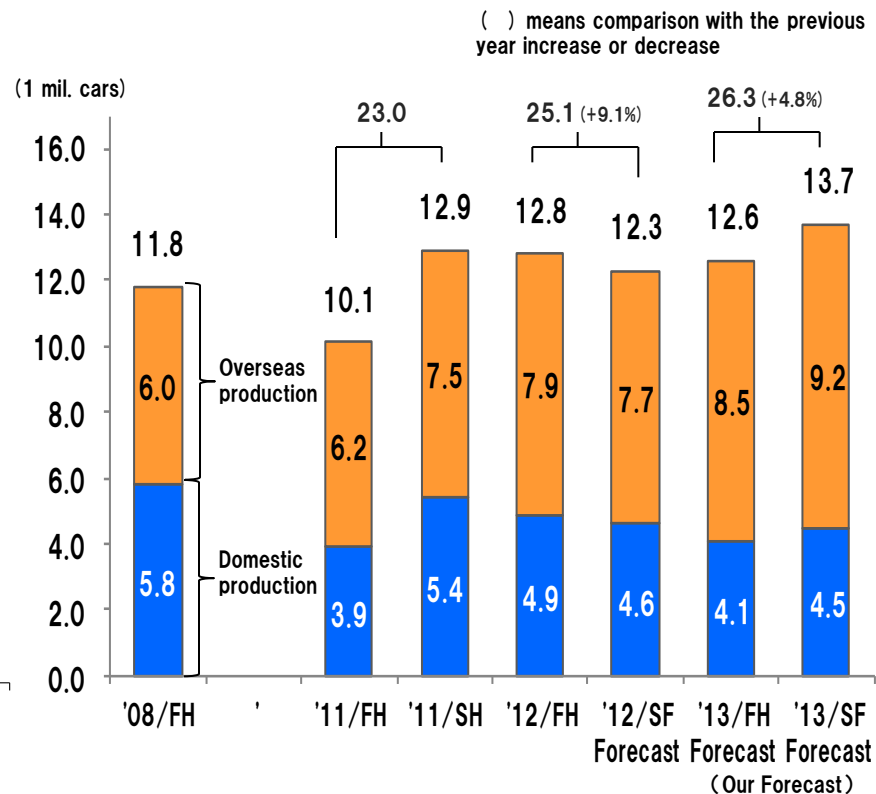
Market Environment Recognition

Outlook of automobile market①

Global car demand



Trends for Japanese car market

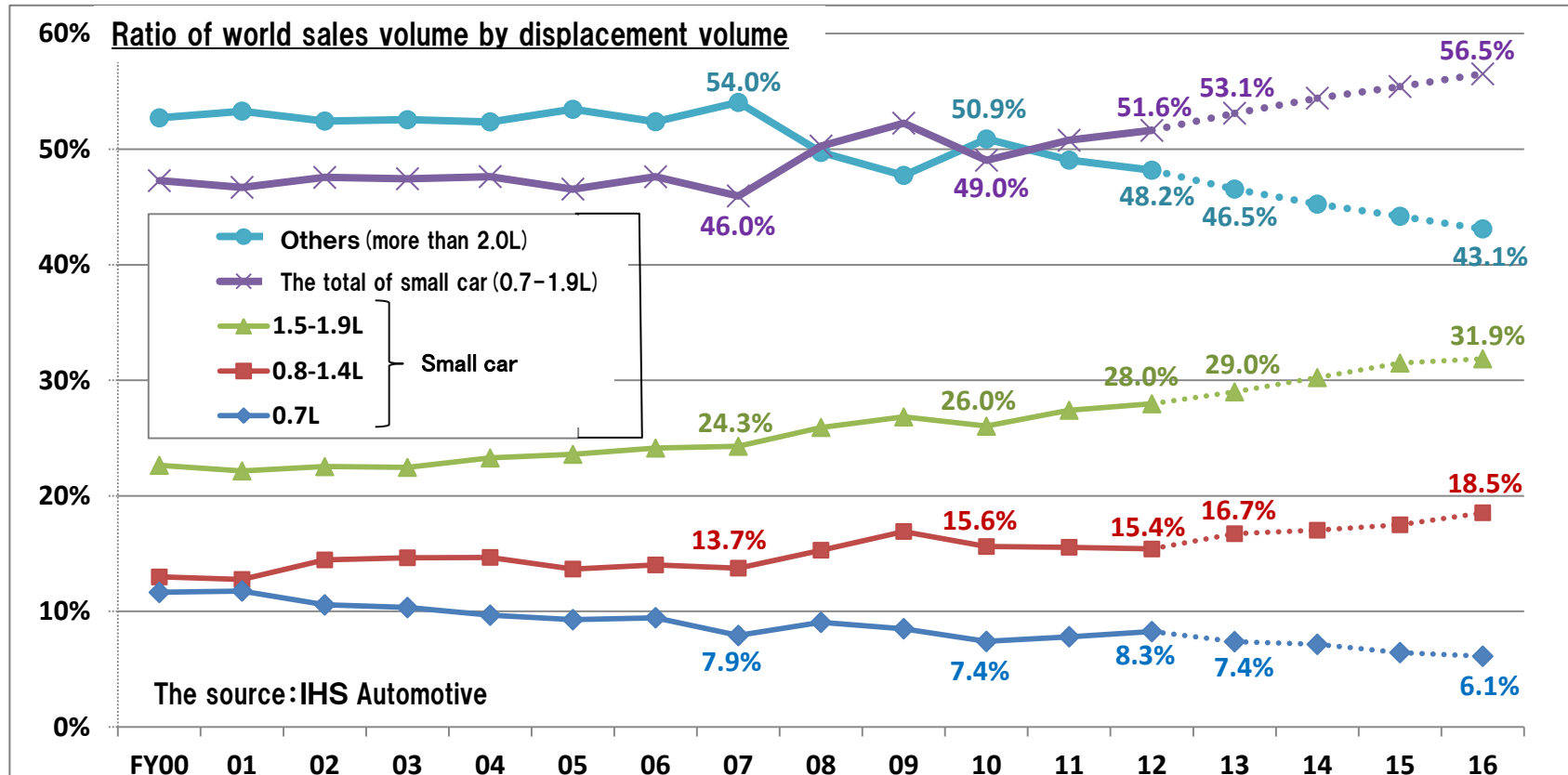


- Global car demand : Emerging markets continue to grow
- Japanese car production : Domestic production is decreasing. Overseas production is expanding.

Outlook of automobile market ②

Changes in automotive market and effect on specialty steel demand

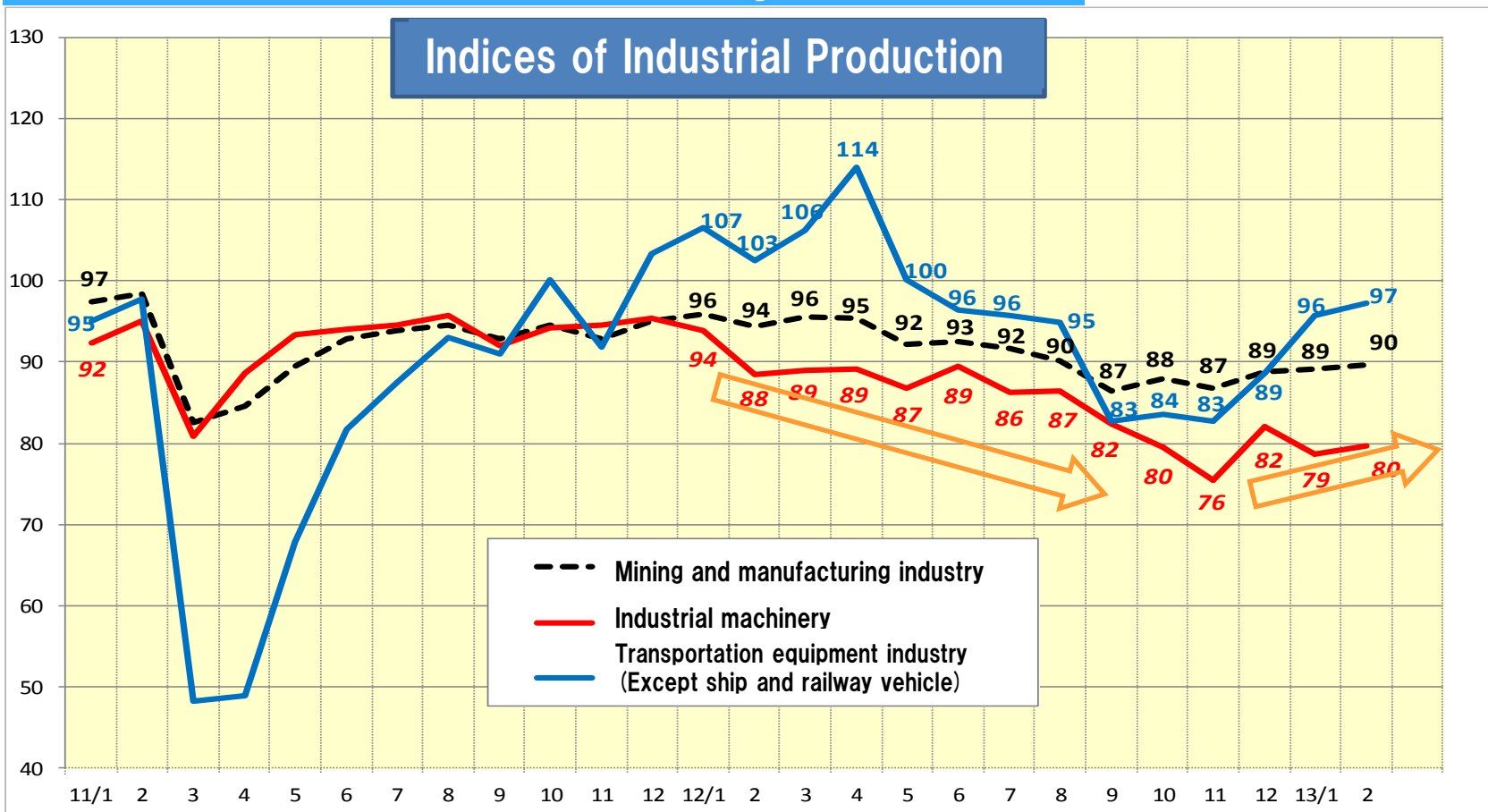
Changes in automotive type of Japanese markets



- From 2008, small cars are increasing
- Ratio of small car is expanding in the long term

Outlook of industrial machinery market ①

Demand for industrial machinery(Domestic)

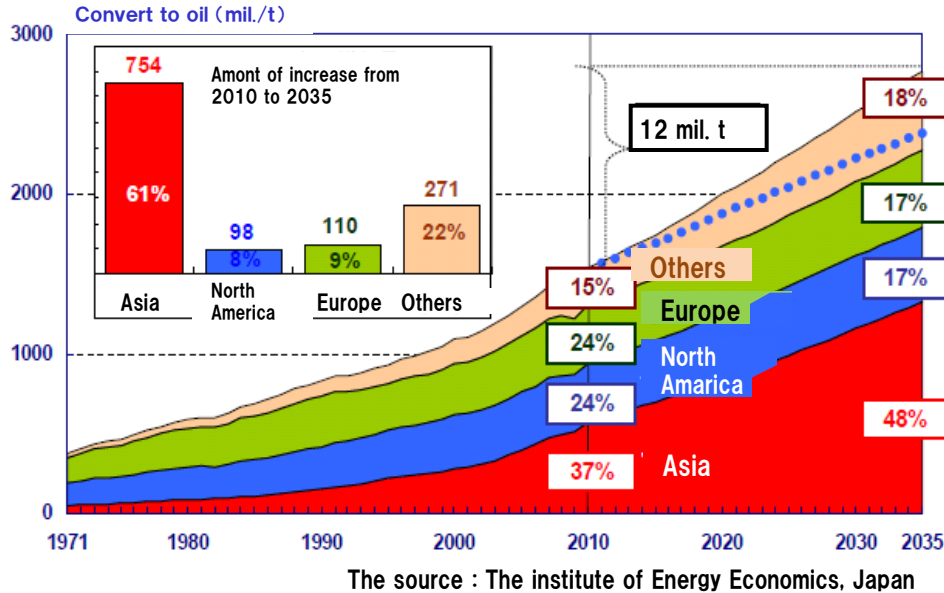


- Production of Industrial machinery was declining from the beginning of 2012 due to lower export
- From December of 2012 demand is recovered

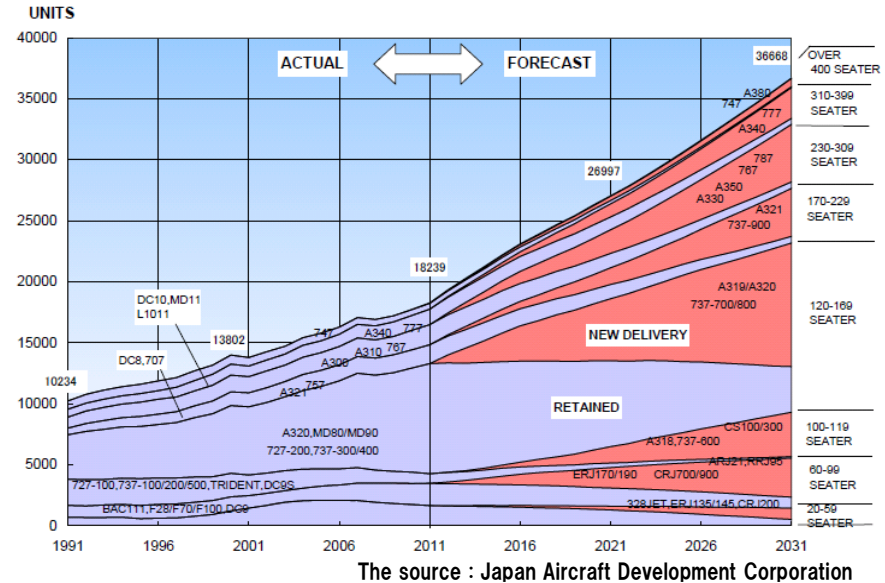
Outlook of industrial machinery market ②

Demand of world energy and infrastructure

Electricity demand forecast



Jet demand forecast



- Electricity demand is expanding world wide mainly in Asia
- Energy source is mainly coal. And natural gas is increasing

Demand for infrastructure will increase
(Power Plant • Oil & Gas • Desalination Plant • Airplane)

Exporting is recovered by low yen rate

Major Topics

Drastic cost reduction of existing business

<Strategic investment to Chita Plant>

*Cost reduction
(Save energy • Better yield)*

*Expanding of Daido Steel's
No.1 products capacity*

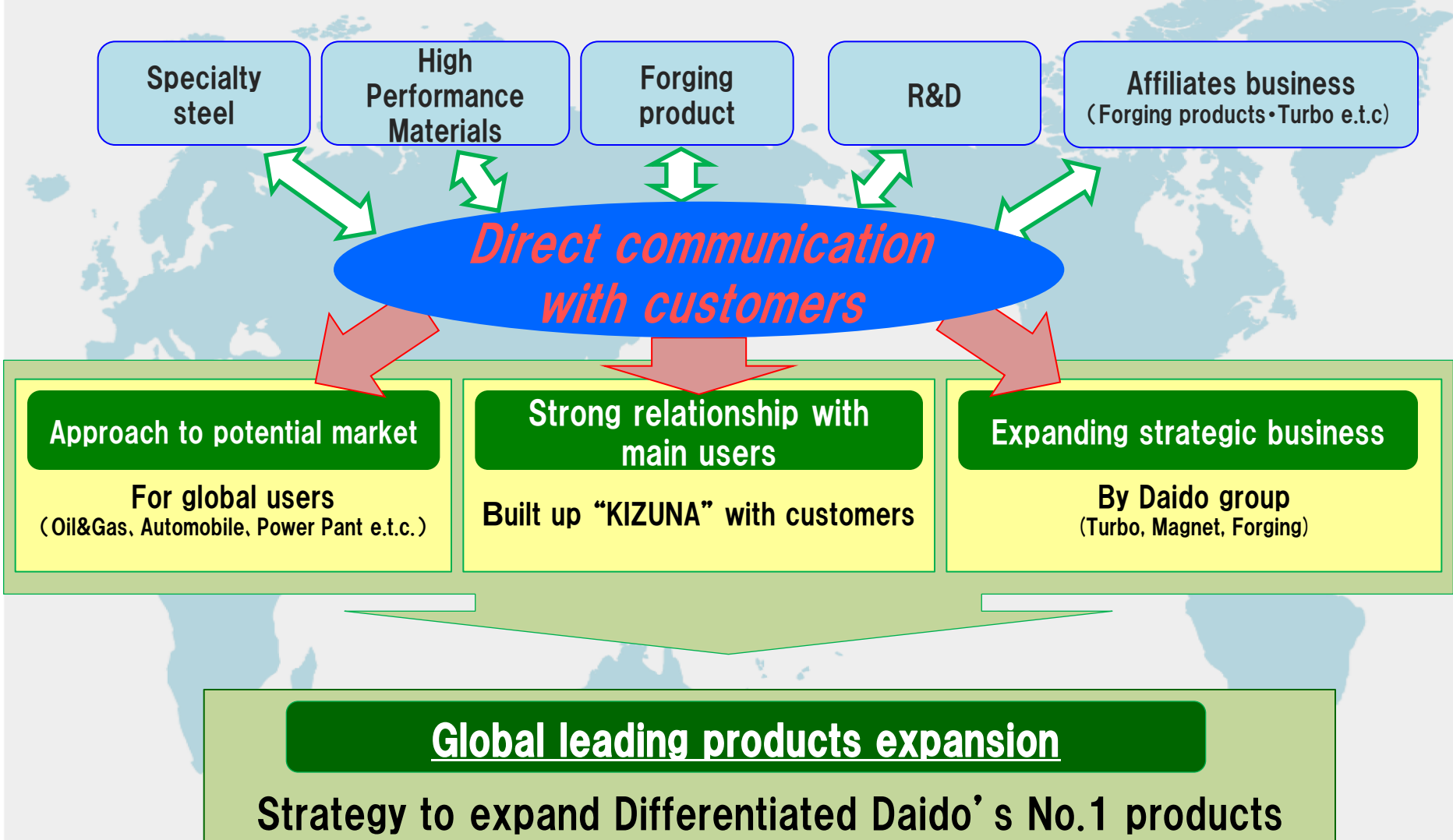
Improving quality



- Construction is progressing as scheduled
- Stock management is going smoothly
- Quick and smooth commencement of new steel making plant from November of 2013

Executing growing strategy differentiated products

Harmonizing Daido's technology and customer needs



Global leading products expansion①

Global overseas market

High quality specialty steel

- Demand of High Performance Stainless Steel is expanding in Asia
- Cost reduction of secondary process and considering operation in overseas
- Sales expansion to global automotive parts makers
(Engine valve and heat resistance valve)

High quality bearing steel

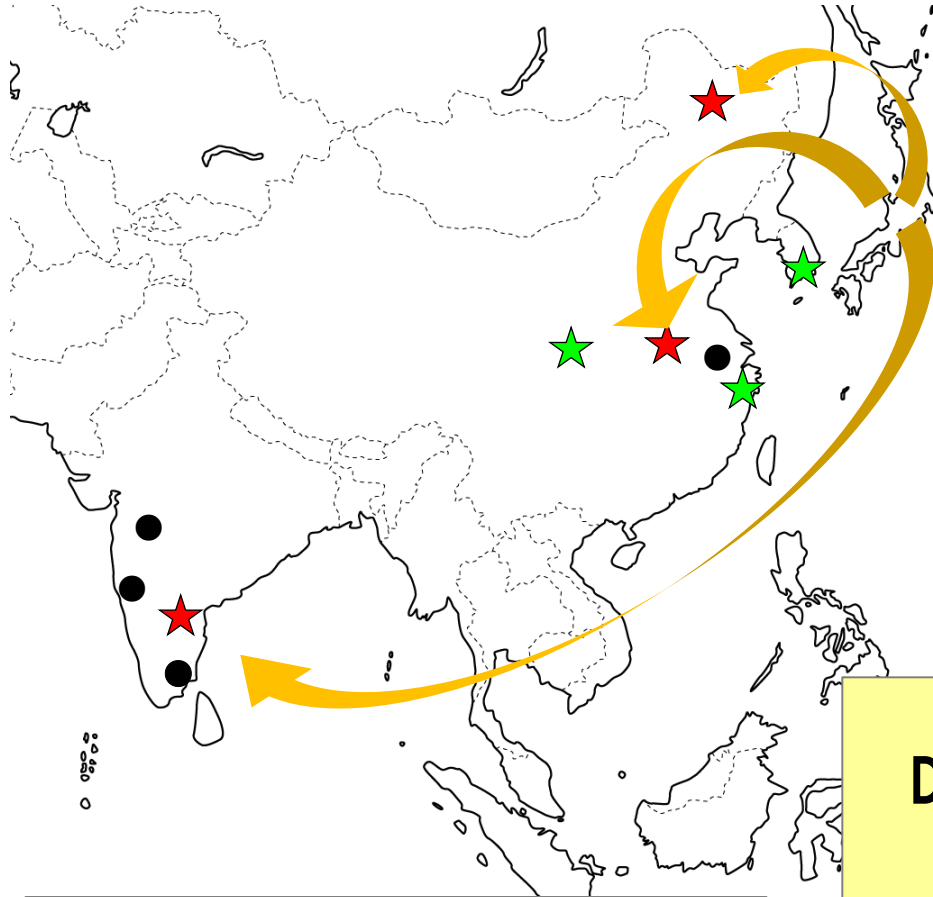
- Demand for high quality steel is expanding in overseas
- Build up supply chain

Business expansion in ASEAN

- Demand is expanding in Asia
- Cost reduction (THAI SEISEN Co.,Ltd.)

Global leading products expansion ②

Power Plant business in emerging country



- ★ Licensed by overseas Power Plant maker
- ★ Licensed by Japanese Power Plant maker
- Other Power Plant maker



Daido is certified with many Power Plant makers

Expanding export by low yen rate

Global leading products expansion ③

Tool steel business

Daido DM Solutions Co., Ltd.※
※Established on July 2012

Strengthen sales network

Sales strategy by region,
customer

- Direct communication with customers
- Strengthen overseas sales network

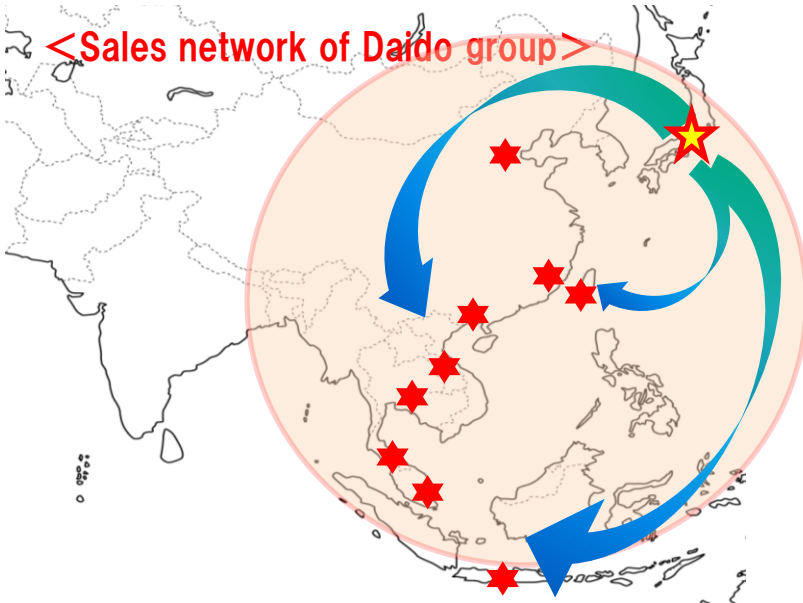
“MONOZUKURI” reform

- Cost reduction

Differentiation

- Uniform service in the world

<Sales network of Daido group>



Steel for plastic mold NAK55・80



Global leading products expansion ④

Die forging business in North America

- Recover of automotive demand and manufacturing industry
- Stronger demand to large Die Forging products

Strategic investment to O.S.F.
Global sales portfolio of Daido

<Investment>

Company: OHIO STAR FORGE CO.

Stockholder: Daido Steel 100%

Address: Warren, Ohio, U.S.A.

Investment: Large High Speed Hot Forging
(AMP70XL)

Amount: 22 mil. us\$

Start as of October 2013



Expanding growing market①

Magnets



Intermetallics Japan Corporation
Building (left) , Opening ceremony (upper)

- HDD demand is stabilized, and demand of automotive and air conditioner is expanding

Magnet market is expanding

Quick and smooth commencement of Daido Electronics investment
Start up of Intermetallics Japan Corporation

Expanding growing market ②

Turbo business

Lost wax No.2 Plant of Daido Castings Co., Ltd.



- Demand is declining by European economic downturn
- Expanding turbo charger demand by increasing downsized engine

Capacity increase and enhancing marketing

Expanding growing market ③

Powder metal



New atomizing process
(Start as of April 12th 2013)

- Powder metal is expanding for HEV application and electrical appliance

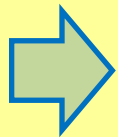


Development of high performance atomizing process

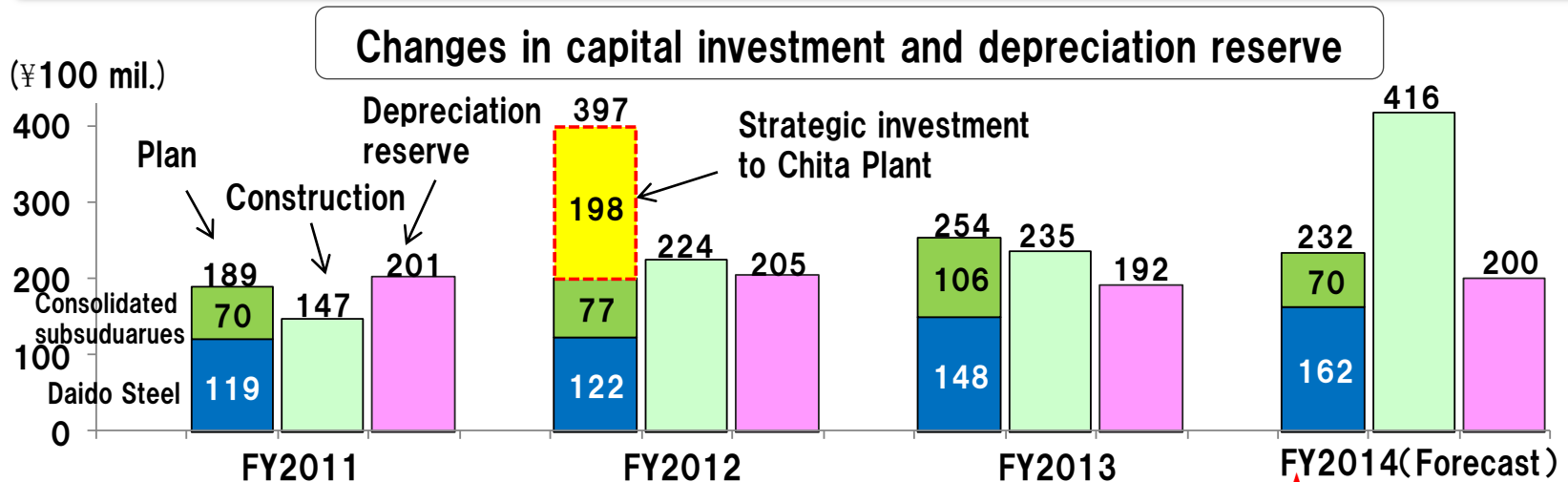
Capital investment

《Strategic investment》

- Drastic cost reduction of existing business
 - … Strategic investment to Chita Plant
- Strategic investment, Rationalization investment
 - … Global leading products expansion
 - … Expanding growing market
 - … Strengthen competitiveness by reforming IT system
- Business Continuity Planning … Disaster measure, Environment investment



Investment is progressing as scheduled mid-term management plan



Fact Book

1. Financial highlight

Consolidation

(¥1 mil.)

	'08/3	'09/3	'10/3	'11/3	'12/3	'13/3	'08/9	'09/9	'10/9	'11/9	'12/9
Net sales	591,398	532,655	362,507	472,062	489,154	440,428	318,648	159,934	229,456	241,308	233,724
Operating income	38,441	9,115	▲14,050	32,730	31,533	15,425	13,599	▲17,015	16,316	14,562	9,604
Ordinary income	37,501	8,533	▲13,994	31,726	31,762	16,475	13,648	▲16,888	15,960	14,226	9,304
Net income	14,196	▲8,147	▲14,610	23,003	22,717	10,983	6,147	▲17,187	11,284	8,383	5,507
R & D expenses	4,447	4,244	3,909	4,253	4,360	4,560	2,223	1,911	2,042	2,143	2,065
Capital investment	20,800	13,400	7,900	18,900	39,700	25,400	11,200	3,700	9,200	11,200	10,200
Depreciation	19,586	21,809	20,303	20,072	20,463	19,229	11,011	10,071	9,871	9,807	9,390
Financial account balance	▲950	▲741	▲1,442	▲982	▲744	▲362	▲176	▲677	▲530	▲367	▲268
Total assets	559,278	496,411	464,629	491,721	512,968	511,159	570,399	453,231	479,697	487,570	500,213
Equity	188,090	166,235	159,301	178,348	198,653	211,921	189,891	153,776	165,466	181,564	196,338
Interest-bearing debt	180,295	207,123	173,790	157,445	156,336	146,999	190,076	183,848	172,045	149,489	149,129
Pay roll number	11,131	10,212	10,414	10,272	10,365	10,447	11,418	10,661	10,406	10,657	10,587
ROA (%)	6.9	1.6	▲2.9	6.6	6.3	3.2	4.8	▲7.1	6.8	5.8	3.7
ROE (%)	7.6	▲4.6	▲9.0	13.6	12.1	5.4	6.5	▲21.5	13.9	9.3	5.6
Consolidated subsidiary number	32	32	32	32	33	32	32	32	32	33	32
(Equity method affiliate number is excluded from the above)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Ratio of the consolidated to the non-consolidated											
Net sales	1.5	1.5	1.7	1.6	1.6	1.6					
Ordinary income	2.0	7.4	-	1.7	1.7	1.8					
Net income	0.7	-	-	1.3	1.3	1.7					

*Long-term prepaid expenses are not included in the depreciation.

2. Net Sales and Operating Income by Segment

Consolidation

<New segment (From Apr. 1st in 2012)>

(¥100 mil.)

		'12/3	'13/3	'11/4-9	'11/10-3	'12/4-9	'12/10-3
Speciality Steel	Net Sales	1,950	1,694	962	988	902	792
	Operating Income	99	35	37	62	24	11
High Performance Materials and Magnetic Materials	Net Sales	1,646	1,368	829	817	721	647
	Operating Income	137	66	74	63	41	25
Parts for Automobile and Industrial Equipment	Net Sales	942	933	463	479	475	458
	Operating Income	49	34	20	29	18	16
Engineering	Net Sales	258	320	109	149	193	127
	Operating Income	18	8	8	10	6	2
Trading and Service	Net Sales	96	89	50	46	46	43
	Operating Income	12	11	7	5	7	4
Total	Net Sales	4,892	4,404	2,413	2,479	2,337	2,067
	Operating Income	315	154	146	169	96	58

<Former segment>

		'07/3	'08/3	'09/3	'10/3	'11/3	'12/3
Speciality Steel	Net Sales	2,877	3,296	3,069	2,070	2,869	2,938
	Operating Income	117	114	8	▲ 108	210	211
Electronic & Magnetic Materials	Net Sales	645	792	647	347	399	426
	Operating Income	34	58	▲ 6	▲ 33	18	15
Parts for Automobile & Industrial Equipment	Net Sales	1,070	1,159	1,041	777	1,025	1,073
	Operating Income	105	134	46	▲ 3	65	53
Engineering	Net Sales	372	411	366	261	238	258
	Operating Income	23	29	27	20	16	18
New Materials	Net Sales	139	156	104	68	96	101
	Operating Income	23	35	4	▲ 27	6	6
Trading & Service	Net Sales	123	100	100	102	94	96
	Operating Income	15	14	12	10	12	12
Total	Net Sales	5,226	5,914	5,327	3,625	4,721	4,892
	Operating Income	317	384	91	▲ 141	327	315

'08/4-9	'08/10-3	'09/4-9	'09/10-3	'10/4-9	'10/10-3	'11/4-9	'11/10-3
1,906	1,163	857	1,213	1,404	1,465	1,464	1,474
44	▲ 36	▲ 128	20	106	104	96	115
385	262	149	198	192	207	213	213
19	▲ 25	▲ 18	▲ 15	11	7	10	5
607	434	352	425	499	526	531	542
47	▲ 1	▲ 23	20	32	33	23	30
171	195	150	111	108	130	109	149
10	17	13	7	8	8	8	10
64	40	30	38	46	50	46	55
9	▲ 5	▲ 20	▲ 7	0	6	2	4
53	47	61	41	46	48	50	46
7	5	6	4	6	6	7	5
3,186	2,141	1,599	2,026	2,295	2,426	2,413	2,479
136	▲ 45	▲ 170	29	163	164	146	169

※2010/3, 2009/4-9, 2009/10-3: We have reclassified some proven display. Segment of 「Electronic & Magnetic Materials」 and 「Automobile & Industrial」

Segment	Company	Business Contents
Specialty steel	Tohoku Steel Co., Ltd.	* Production and sales of specialty steel secondary products / heat-treatment of metal
	Riken Seiko Co., Ltd.	* Production and sales of Specialty steel secondary products (shaft bearing), cutting tool and machine tool
	Daido Die & Mold Solutions Co., Ltd.	Sales of tool steel / Production and sales of die products and finished tool / heat-treatment of metal
	Maruta Transport Co., Ltd.	* Transportation and warehousing business
	Kawaichi Sangyo Co., Ltd.	* Transportation and warehousing business
	Daido Shizai Service Co., Ltd.	Sales of materials for production
	Daido EcoMet Co., Ltd.	Development, production, sales of indirect materials for steel-making / recycling of waste and by-products from steel-making-process
	Daido Technica Co., Ltd.	Seam-removing, maintenance, processing of steel
	Sakurai Kosan Co., Ltd.	* Heat treatment works, surface treatment
	Izumi Electric Industries Co., Ltd.	* Design and construction of electric work / Design and production of power distribution board
	Tienwen Steel Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Taiwan)
	Daido Amistar(S) PTE Ltd.	Processing, sales of die products / Sales of die materials (in Singapore)
	Daido Amistar(M) SDN. BHD.	Processing, sales of die products / Sales of die materials (in Malaysia)
Daido PDM (Thailand) Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Thailand)	
High Performance Materials & Magnetic Materials	Nippon Seisen Co., Ltd.	Production and sales of stainless steel wire, metallic fiber
	Shimomura Tokushu Seiko Co., Ltd.	Drawing of free-cutting steel & stainless steel / Production and sales of grinding processed products
	Daido Electronics Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts
	Daido Electronics (Thailand) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts (in Thailand)
	Daido Electronics (Suzhou) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts (in China)
	Daido Special Metals Ltd.	Merger with Special Metals (U.S.): Sales of Nickel alloy products
	Nissei Seiko Co., Ltd.	Production and sales of screw, bolt and cold-forging parts for automobile

(Note) * Equity method affiliate

Segment	Company	Business Contents
Automobile & Industrial parts	Daido Precision Industries Ltd.	Production and sales of processing parts for compressor, power transmission, base-isolation device
	Fuji OOZX Inc.	Production and sales of engine valve
	Toyo Sangyo Co., Ltd.	Production and sales of die forging
	Japan Drop Forge Co., Ltd.	Production and sales of die forging
	Ohio Star Forge Co.	Production and sales of precise forging (in U.S.)
	Daido Star Techno Co., Ltd.	Seam-removing, maintenance, device processing of steel and forging
	Daido Castings Co., Ltd.	Production and sales of casting, precise casting, manganese rail
Engineering	Daido Plant Industries Co., Ltd.	Design, production, sales of industrial furnace, facility equipment and ancillary facility
	Daido Machinery Ltd.	Production and sales of machine tool / Installation, maintenance and repair of machine equipment
	Daido Environment Engineering Co., Ltd.	Maintenance and repair of environment device
Trading & Service	Daido Kogyo Co., Ltd.	Trading company specializing in specialty steel, equipments, steel-making materials
	Daido Steel(America)Inc.	Export & import of DAIDO group products / Group's front company for U.S. (in U.S.)
	Daido Life Service Co., Ltd.	Dealing and subdivision of real estate / Management of welfare provision / Insurance agent travel agent, printing
	Life Support., Ltd.	Cleaning, security, food-service operating, management of facility, tree-planting, labor dispatch service
	Kisokomakogen Kankokaihatsu Co., Ltd.	Management of golf course / management of land for vacation house / minor water project
	Star Info Tech Co., Ltd.	Planning, design, development, maintenance of information system / Development and sale of software
	Daido Bunseki Research, Inc.	Analysis, research, consulting regarding iron, steel, cast metal, ceramics

(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so blind reliance on this data as decision criterion is not recommended.

Also predicted figures can be changed in the future without prior notice. All use of this document is at the volition and discretion of the user. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.