

# Fiscal Year ending March 2019 3<sup>rd</sup> Quarter Results

January 30, 2019



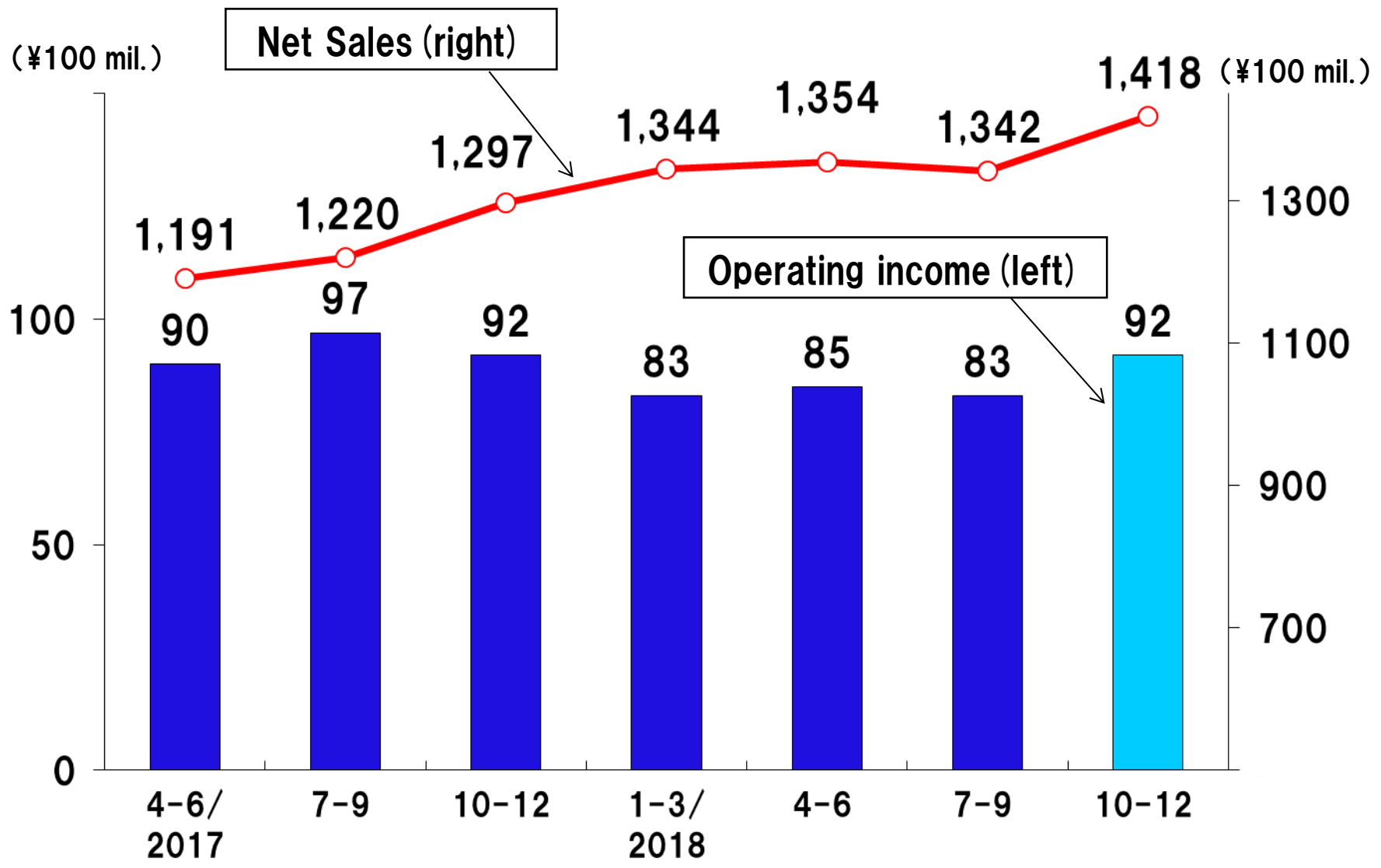
# Overview of the FY2018 3<sup>rd</sup> quarter results

(¥100 mil.)	FY2017 3Q	FY2018 3Q	y/y basis
Net Sales	3,708	4,114	+ 406
Operating income	279	260	△19
Ordinary income	282	269	△13
Net income (※)	183	167	△16

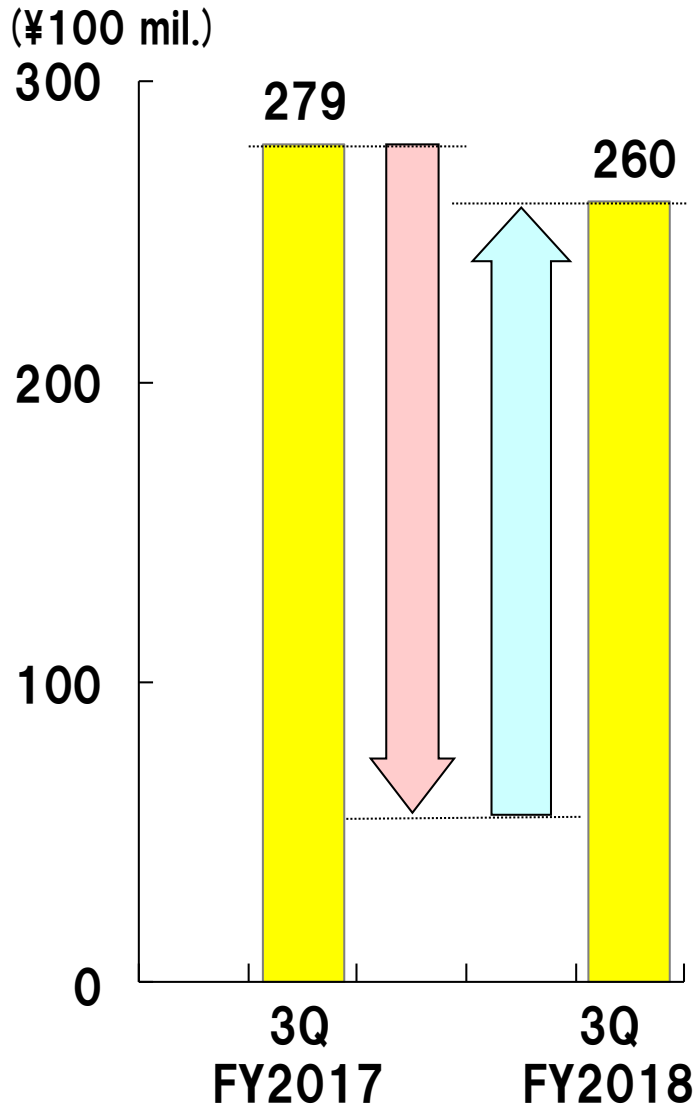
※: Quarter net income that is profit attributable to owners of parent

➤ Net sales increased due to volume increase which came from strong demand of automobile, construction & industrial machinery industries. Operating income decreased mainly because of increased costs of electrode and energy.

# Net Sales & Operating Income (Quarterly)



# Changes in Operating Income (y/y)



4-12/2017 Operating Income	
Changes (y/y)	Raw material/ Fuel price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Subtotal
4-12/2018 Operating Income	

(¥100 mil.)

<b>279</b>	
-214	/
/	+35
/	+167
/	+9
/	+2
-18	/
-232	+213
<b>260 (-19)</b>	

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

(¥100 mil.)

		FY2017 3Q Results (A)	FY2018 3Q Results (B)	y/y (B) - (A)
<b>Specialty Steel</b>	Net Sales	1,405	1,561	156
	Operating Income	61	36	-25
<b>High Performance Materials &amp; Magnetic Materials</b>	Net Sales	1,255	1,403	148
	Operating Income	167	166	-1
<b>Parts for Automobile &amp; Industrial Equipment</b>	Net Sales	784	841	57
	Operating Income	20	22	2
<b>Engineering</b>	Net Sales	162	205	43
	Operating Income	10	17	7
<b>Trading &amp; Service</b>	Net Sales	102	104	2
	Operating Income	21	19	-2
<b>Total</b>	Net Sales	3,708	4,114	406
	Operating Income	279	260	-19

Sales volume of specialty steel

984thou.t

1,015thou.t

31thou.t

# Changes in Operating Income of Major Segments (y/y)

(¥100 mil.)

Segment			Specialty Steel	High Performance Materials & Magnetic Materials	Parts for Automobile & Industrial Equipment	Engineering		
4-12/2017 Operating Income			61	167	20	10		
Changes (y/y)	Operating Income / Loss	Raw material/ Fuel price	-140	-55	-19			
		Sales volume		+7	+14			
		Sales price		+100	+54			
		Sales mix		+4		+7		
		Variable cost		+5				
		Fixed cost	-1	-8	-9			
		Total	-141	+116	-69	+68	-28	+30
4-12/2018 Operating Income			36 (-25)	166 (-1)	22 (+2)	17 (+7)		

# Net Sales & Operating Income by Segment (Quarterly)

(¥100 mil.)

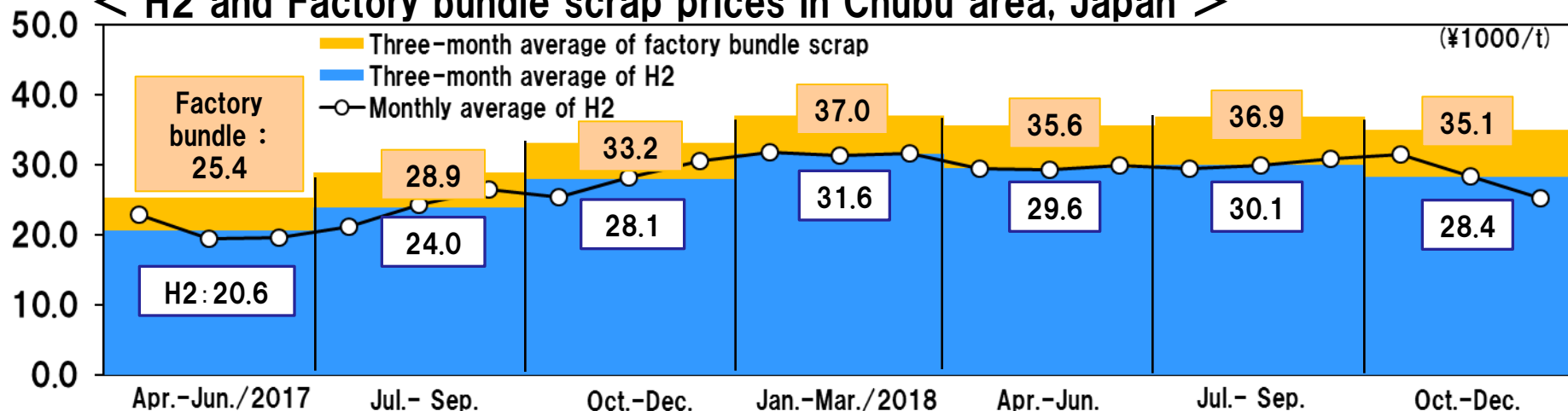
		FY2018				FY2018 financial results forecast (Oct. 31 2018)
		1Q (Results)	2Q (Results)	3Q (Results)	Total (Results)	
Specialty Steel	Net Sales	527	493	541	1,561	2,080
	Operating Income	10	11	15	36	40
High Performance Materials & Magnetic Materials	Net Sales	470	457	476	1,403	1,870
	Operating Income	61	53	52	166	235
Parts for Automobile & Industrial Equipment	Net Sales	272	282	287	841	1,150
	Operating Income	6	5	11	22	35
Engineering	Net Sales	51	75	79	205	270
	Operating Income	1	7	9	17	15
Trading & Service	Net Sales	34	35	35	104	140
	Operating Income	7	7	5	19	25
Total	Net Sales	1,354	1,342	1,418	4,114	5,510
	Operating Income	85	83	92	260	350

Sales volume of specialty steel

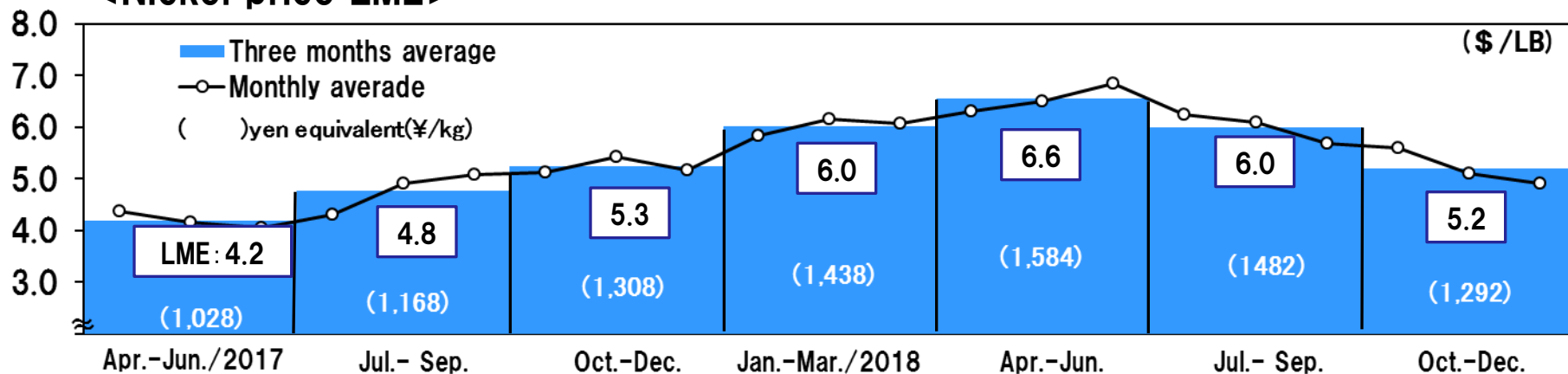
347thou.t   326thou.t   342thou.t   1,015thou.t   1,361thou.t

# Market Trend of Raw Materials(Scrap Steel and Nickel)

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



## <Nickel price LME>





# 3Q/FY2018 Market Trend

	UNIT	FH of FY2018 Results	3Q/FY2018 Results (Difference from premise announced on Oct. 31, 2018)
<b>Scrap steel</b> Upper:H2 Lower:Factory bundle	¥thou./T	<b>29.9</b>	<b>28.4 (-1.6)</b>
		<b>36.3</b>	<b>35.1 (-1.9)</b>
<b>Nickel (LME)</b>	\$/LB	<b>6.3</b>	<b>5.2 (-1.3)</b>
<b>Crude oil (Dubai)</b>	\$/B	<b>72.6</b>	<b>66.9 (-3.1)</b>
<b>Exchange rate (TTM)</b>	¥/\$	<b>110.7</b>	<b>112.6 (+2.6)</b>

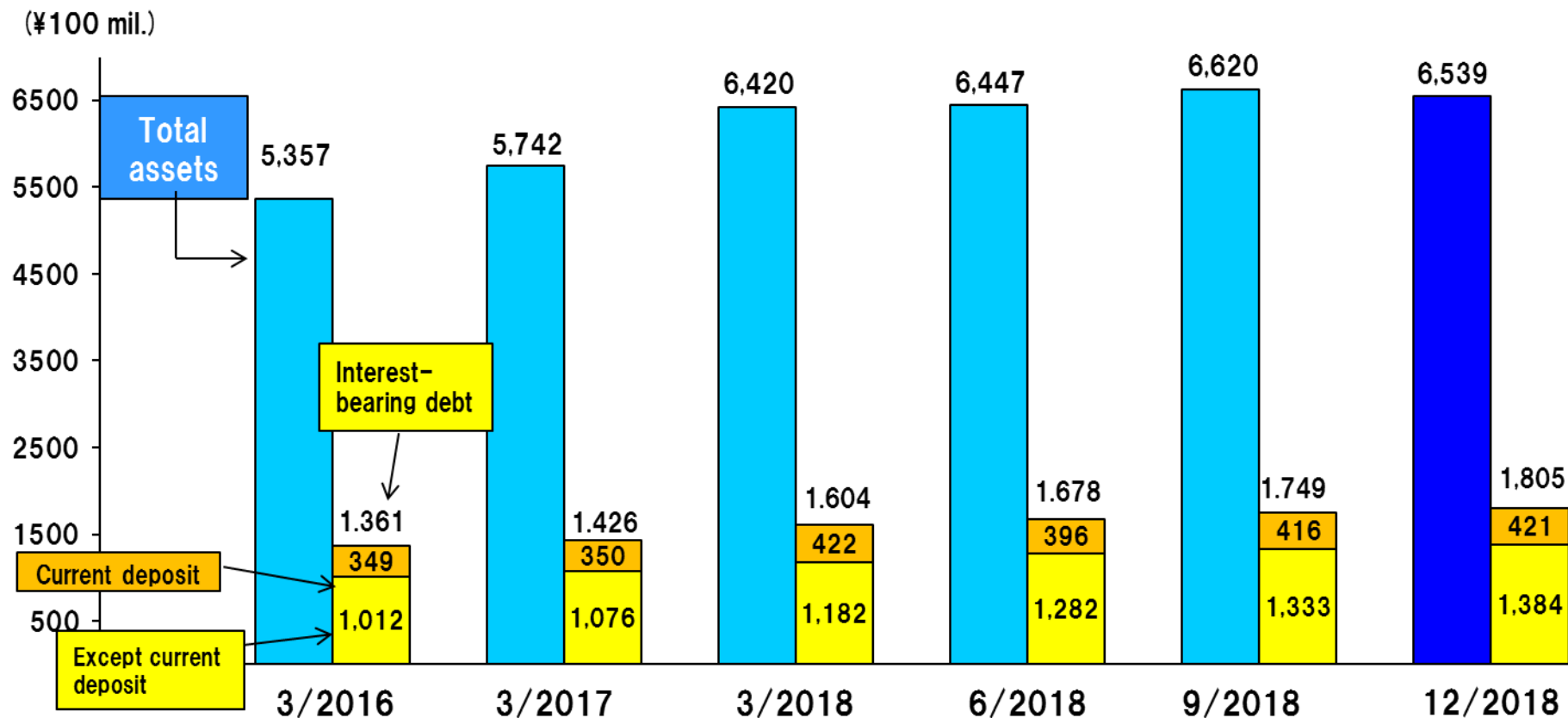
# 3Q/FY2018 Ordinary Income and Net Income

(¥100 mil.)

<b>FY2018 3<sup>rd</sup> quarter Operating income</b>	<b>260</b>
<b>Non-operating income / loss</b>	<b>9</b>
<b>Ordinary income</b>	<b>269</b>
<b>Extraordinary income / loss</b>	<b>▲1</b>
<b>Income taxes</b>	<b>▲101</b>
<b>FY2018 3<sup>rd</sup> quarter Net income<sup>(※)</sup></b>	<b>167</b>

※: Quarter net income that is profit attributable to owners of parent

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



(\* ) For the total assets in March 2018, "Accounting Standards for Tax Effectiveness" was retroactively applied, the figures were changed and displayed (before change: ¥ 645 billion)

	3/2016	3/2017	3/2018	6/2018	9/2018	12/2018
ROA	4.5%	4.8%	5.9%	5.9%	5.4%	5.5%
D/E	0.58	0.55	0.56	0.59	0.60	0.63

(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.

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