

Fiscal Year ending March 2020 1st Quarter Results (Apr. 1 – JUN. 30 / 2019)

July 26, 2019



Overview of the FY2019 1st quarter results

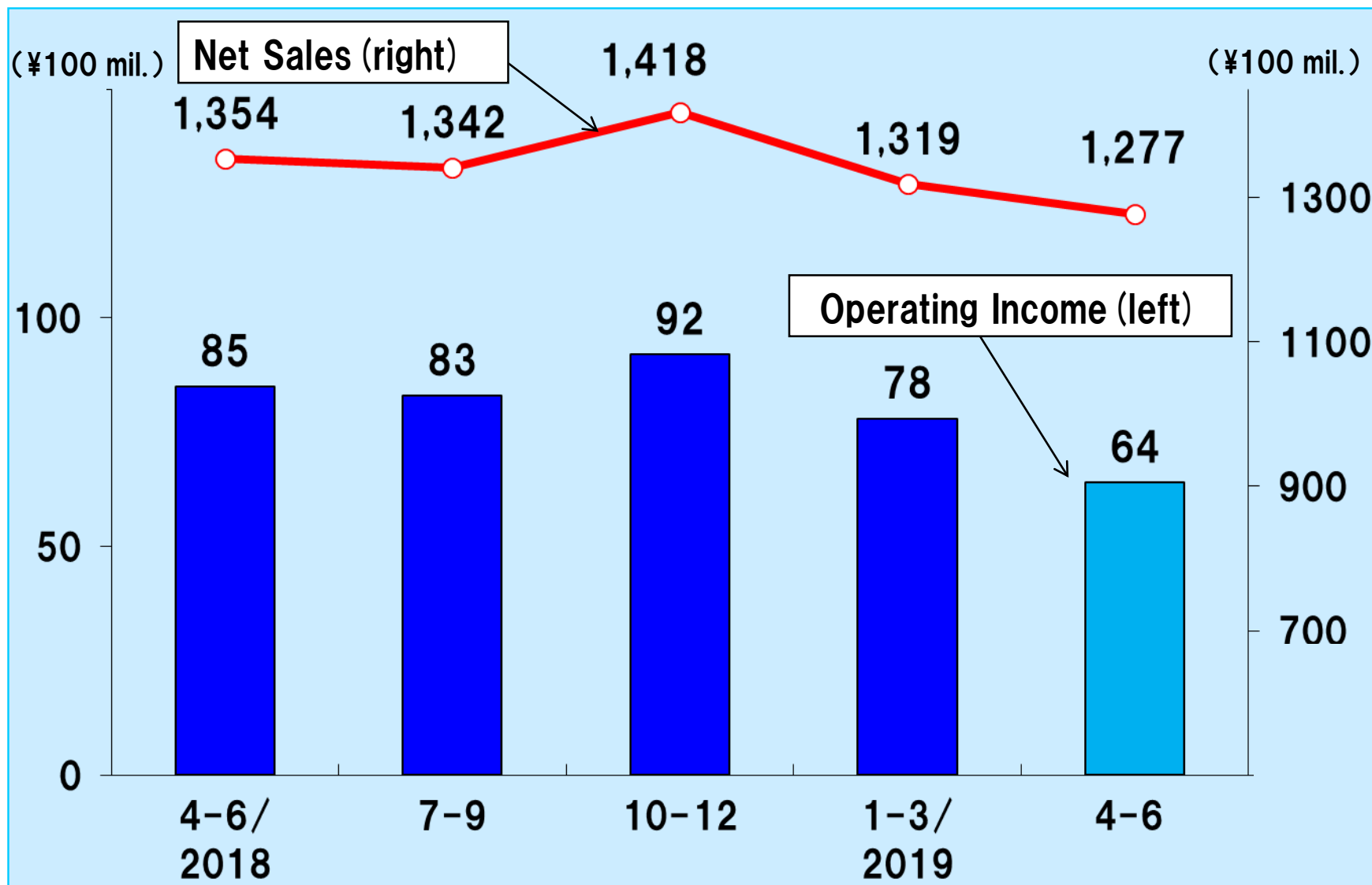
(¥100 mil.)	4-6/ 2018	4-6/ 2019	y/y basis
Net Sales	1,354	1,277	△77
Operating income	85	64	△21
Ordinary income	94	65	△29
Net income (※)	57	95	+38

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

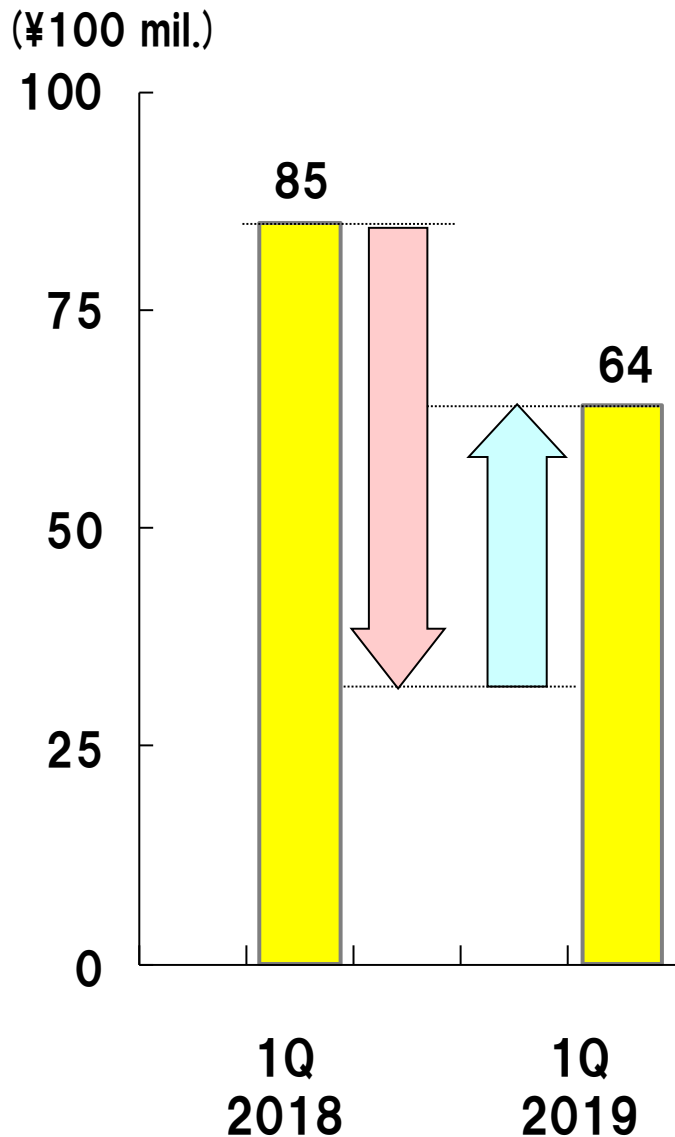
➤ Despite the effects of improved selling prices, sales and profits declined due to a decline in sales volume, including a slowdown in demand related to automobiles in China and a slowdown in semiconductor-related demand.

However, net income increased due to the recording of a gain on sales of land.

Net Sales & Operating Income (Quarterly)



Changes in Operating Income (y/y)



4-6/2018 Operating Income	
Changes (y/y)	Raw material/Fuel price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Newly consolidated subsidiaries
	Total
	4-6/2019 Operating Income

(¥100 mil.)

85	
-11	/
-32	/
/	+22
-4	/
-3	/
/	+4
/	+3
-50	+29
64 (-21)	

Net Sales & Operating Income by Segment

(¥100 mil.)

		4-6/2018	4-6/2019	
		Results (A)	Results (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	527	499	-28
	Operating Income	10	12	2
High Performance Materials & Magnetic Materials	Net Sales	470	429	-41
	Operating Income	61	36	-25
Parts for Automobile & Industrial Equipment	Net Sales	272	250	-22
	Operating Income	6	4	-2
Engineering	Net Sales	51	53	2
	Operating Income	1	5	4
Trading & Service	Net Sales	34	46	12
	Operating Income	7	7	0
Total	Net Sales	1,354	1,277	-77
	Operating Income	85	64	-21

Sales volume of specialty steel

347 thou.t

318 thou.t

-29 thou.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
4-6/2018 Operating Income			10	61	6	1
Changes (y/y)	Operating Income / Loss	Raw material/Fuel price	-6	-2	-3	
		Sales volume	-7	-16	-9	
		Sales price		+17	+1	
		Sales mix	-3	-8	+4	+4
		Variable cost		-3		
		Fixed cost		+1	+2	+1
		Newly consolidated subsidiaries		+1	+1	+1
		Total		-16	+18	-12
4-6/2019 Operating Income			12 (+2)	36 (-25)	4 (-2)	5 (+4)

Net Sales & Operating Income by Segment (Quarterly)

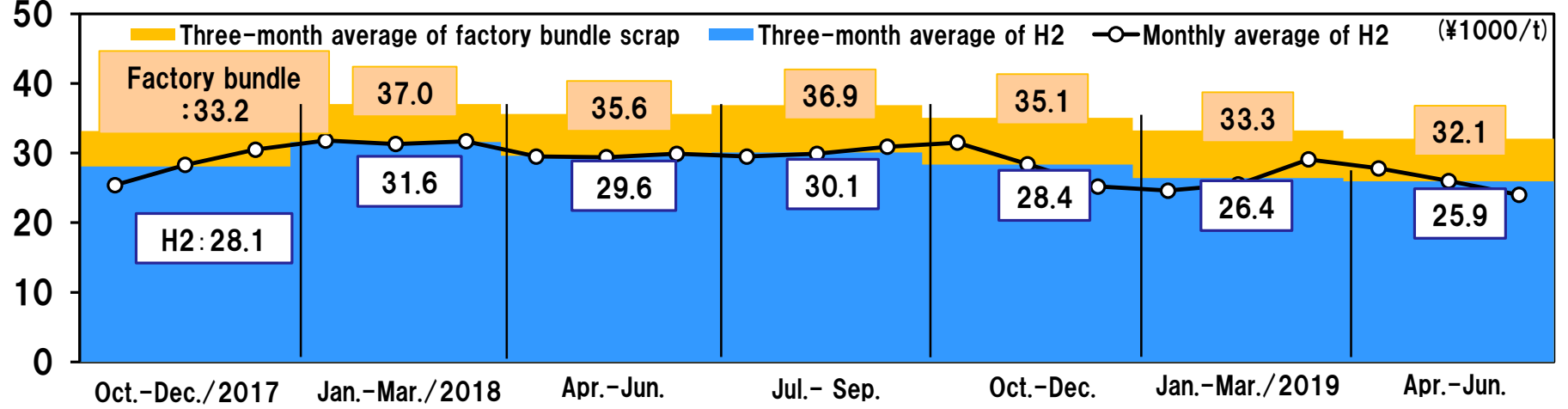
(¥100. mil.)

		FY2018				FY2019
		1Q (Results)	2Q (Results)	3Q (Results)	4Q (Results)	1Q (Results)
Specialty Steel	Net Sales	527	493	541	517	499
	Operating Income	10	11	15	24	12
High Performance Materials & Magnetic Materials	Net Sales	470	457	476	443	429
	Operating Income	61	53	52	41	36
Parts for Automobile & Industrial Equipment	Net Sales	272	282	287	258	250
	Operating Income	6	5	11	1	4
Engineering	Net Sales	51	75	79	70	53
	Operating Income	1	7	9	6	5
Trading and Service	Net Sales	34	35	35	31	46
	Operating Income	7	7	5	6	7
Total	Net Sales	1,354	1,342	1,418	1,319	1,277
	Operating Income	85	83	92	78	64

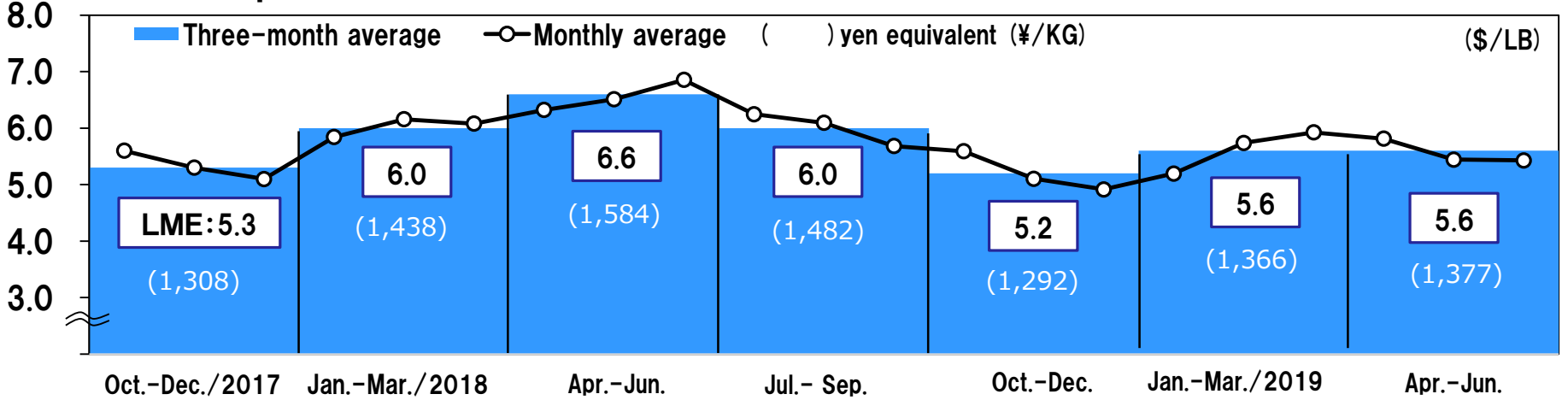
Sales volume of specialty steel 347 thou.t 326 thou.t 342 thou.t 334 thou.t 318 thou.t

Market Trend of Raw Materials(Scrap Steel and Nickel)

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



<Nickel price LME>



1Q/FY2019 Market Trend

	UNIT	FH of FY2019 Premises of plan	1Q/FY2019 Results (Difference)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	28.0	25.9 (-2.1)
		35.0	32.1 (-2.9)
Nickel (LME)	\$/LB	5.5	5.6 (+0.1)
Crude oil (Dubai)	\$/B	60.0	66.1 (+6.1)
Exchange rate (TTM)	¥/\$	110.0	110.9 (+0.9)

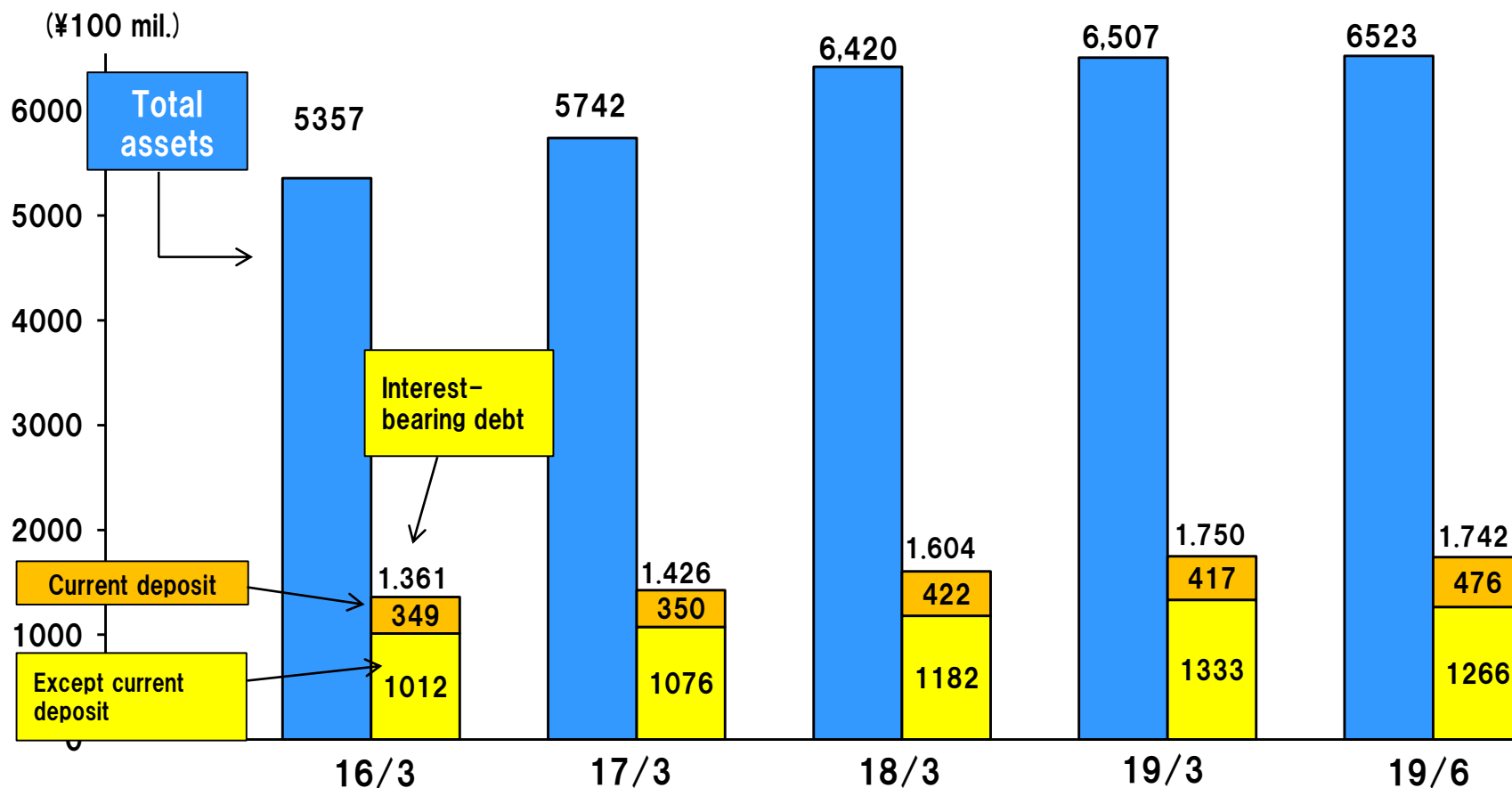
1Q/FY2019 Ordinary Income and Net Income

(¥100 mil.)

FY2019 1st quarter Operating income	64
Non-operating income / loss	1
Ordinary income	65
Extraordinary income / loss	74
Income taxes	▲44
FY2019 1st quarter Net income^(※)	95

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

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



	3/2016	3/2017	3/2018	3/2019	6/2019
ROA	4.5%	4.8%	5.9%	5.3%	4.0%
D/E	0.58	0.55	0.56	0.61	0.60

(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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