

# Fiscal Year 2019 (Apr. 1 / 2019 – Mar. 31 / 2020) Results Briefing

May. 15<sup>th</sup> 2020



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# FY2019 Results

## (Apr.1 / 2019 – Mar.31 / 2020)

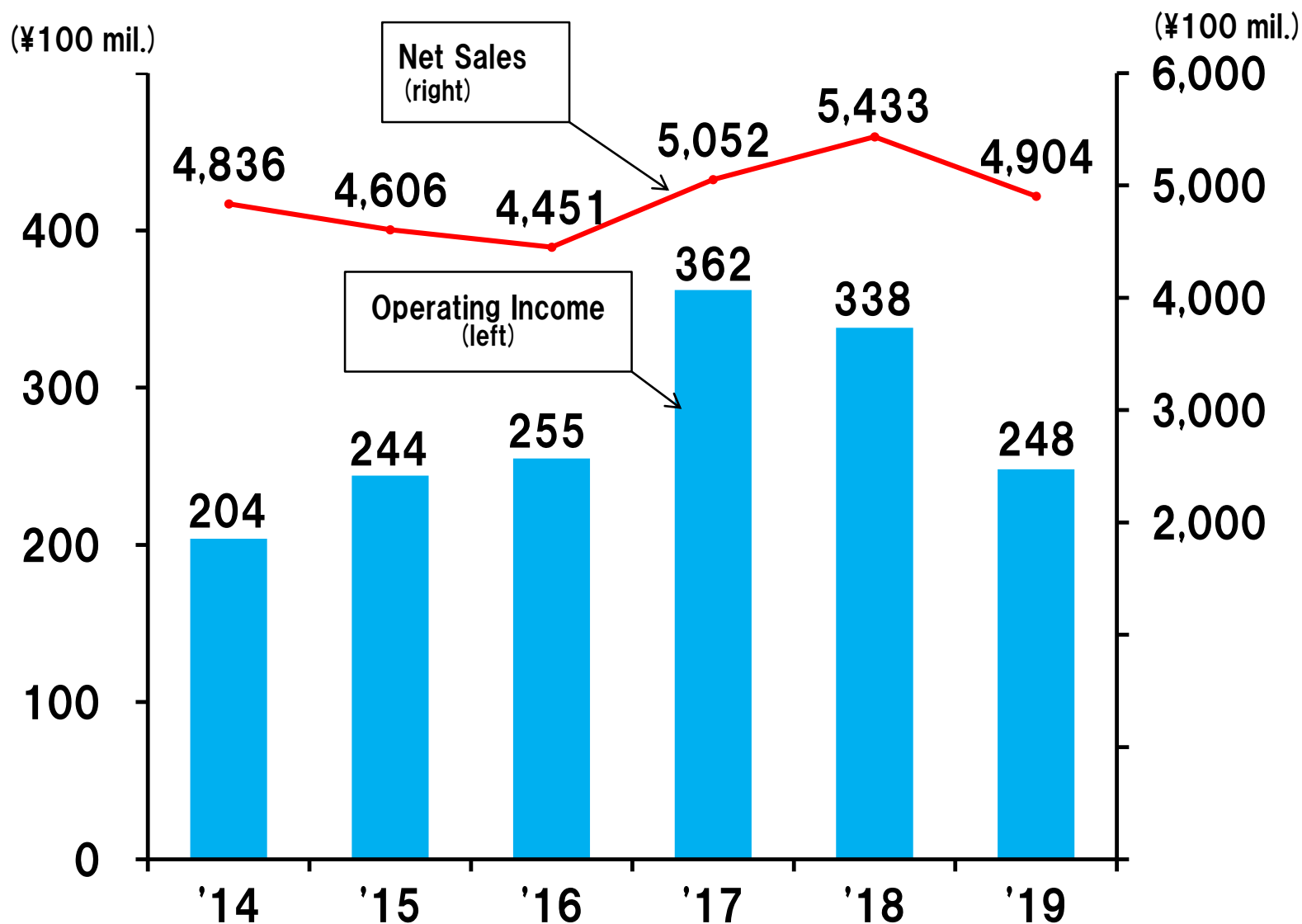
# Overview of the FY2019 financial results

| (¥100 mil.)       | FY2018<br>results | FY2019<br>results | y/y basis |
|-------------------|-------------------|-------------------|-----------|
| Net Sales         | 5,433             | 4,904             | △529      |
| Operating income  | 338               | 248               | △90       |
| Ordinary income   | 343               | 243               | △100      |
| Net income<br>(※) | 212               | 110               | △102      |

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

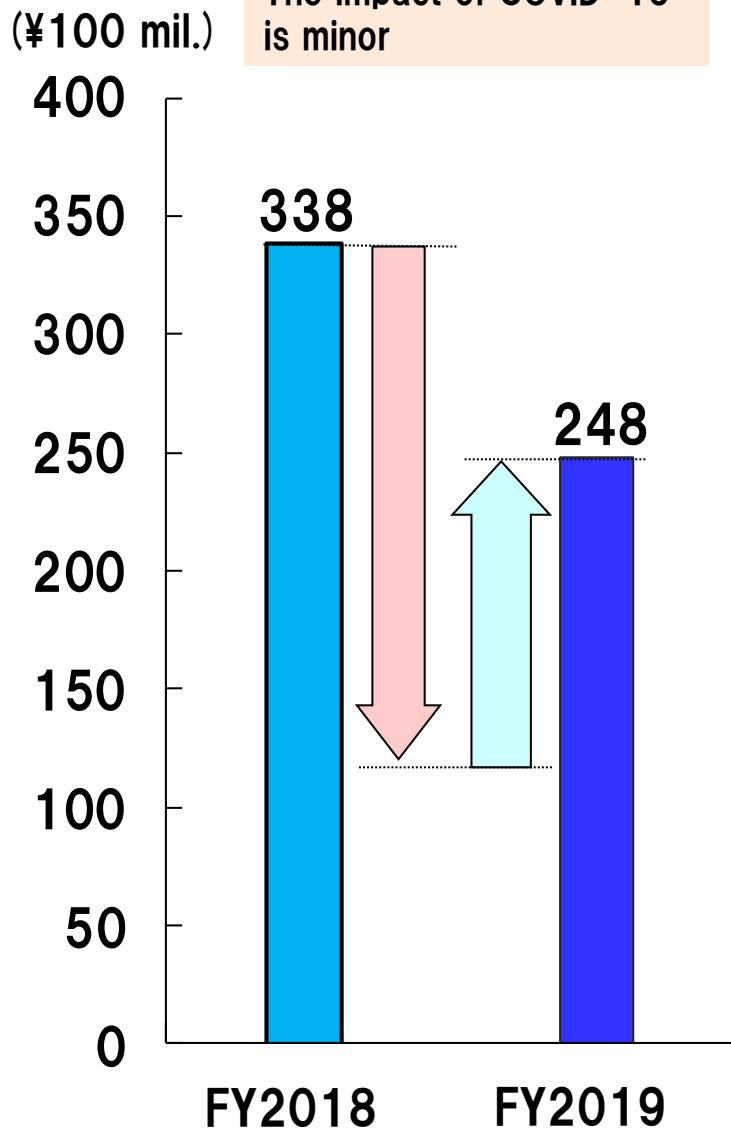
- Sales volume declined due to sluggish demand in major industries, such as automobiles, industrial equipment and semiconductors. Both sales and profit decreased, even though scrap and other raw material prices remained low.
- In the fourth quarter, we posted additional special losses that include an impairment loss on fixed assets, a valuation loss on securities holdings, etc.

# Net Sales & Operating Income (FY2019 Results)



# FY2019 Changes in Operating Income (y/y)

The impact of COVID-19 is minor



| FY2018 Operating Income |                                    |
|-------------------------|------------------------------------|
| Changes (y/y)           | Raw material/<br>Fuel price        |
|                         | Sales volume                       |
|                         | Sales price                        |
|                         | Sales mix                          |
|                         | Variable cost                      |
|                         | Fixed cost                         |
|                         | Newly consolidated<br>subsidiaries |
|                         | Total                              |
| FY2019 Operating Income |                                    |

(¥100 mil.)

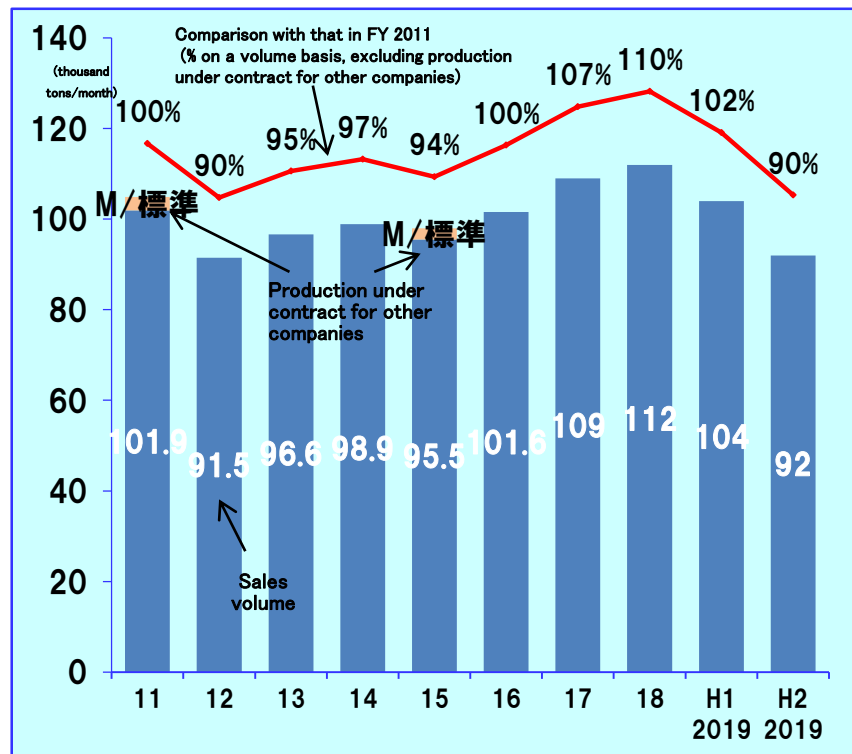
|                  |      |
|------------------|------|
| <b>338</b>       |      |
| -147             | +109 |
| -32              |      |
| -29              |      |
| -17              |      |
|                  | +18  |
|                  | +8   |
| -225             | +135 |
| <b>248 (-90)</b> |      |

# Overview of Our Major Products in FY2019 ①

## Specialty steel

### <Demand environment>

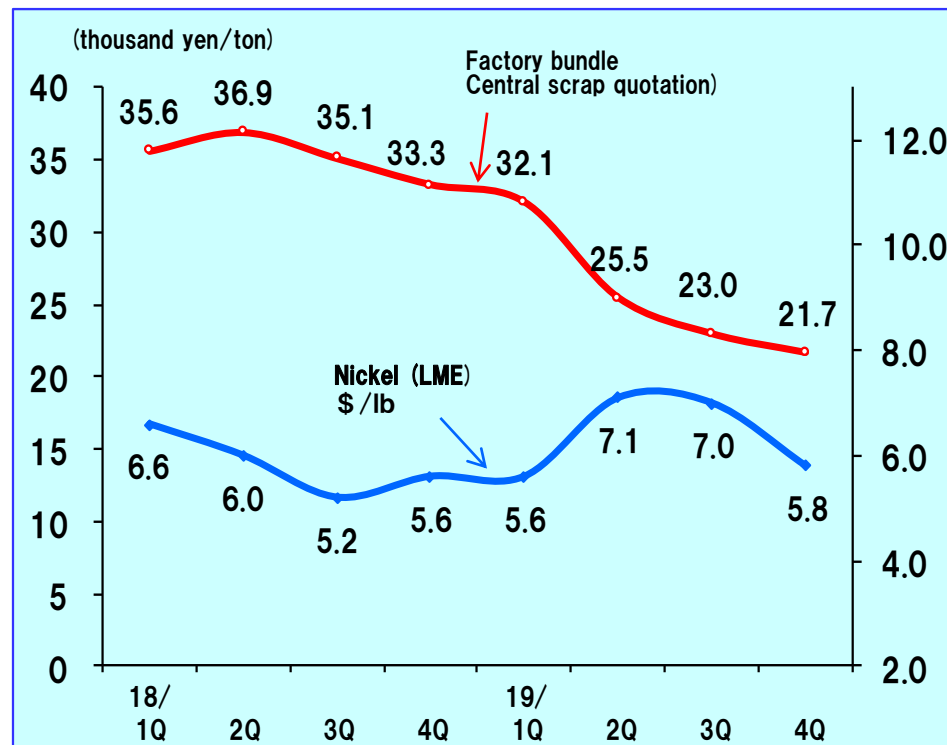
Specialty steel sales volume (non-consolidated)



➤ The demand for automotive parts, among others, turned down starting in the second half (H2) of FY2018. This downturn continued to deepen in both the first and second halves of FY2019.

### <Market conditions for raw materials>

Changes in scrap iron and nickel prices

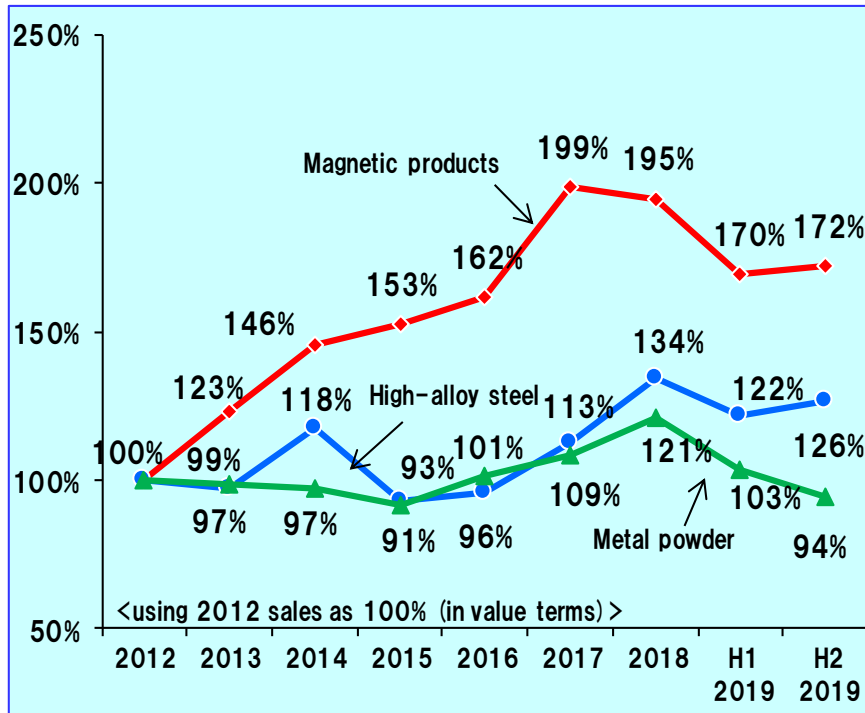


➤ Scrap: Prices followed a downward trend due to a drop in demand in Japan.  
 ➤ Nickel: Prices generally remained in the range of 5 to 7\$/lb, with a temporary surge.

# Overview of Our Major Products in FY2019 ②

## High-performance and magnetic materials

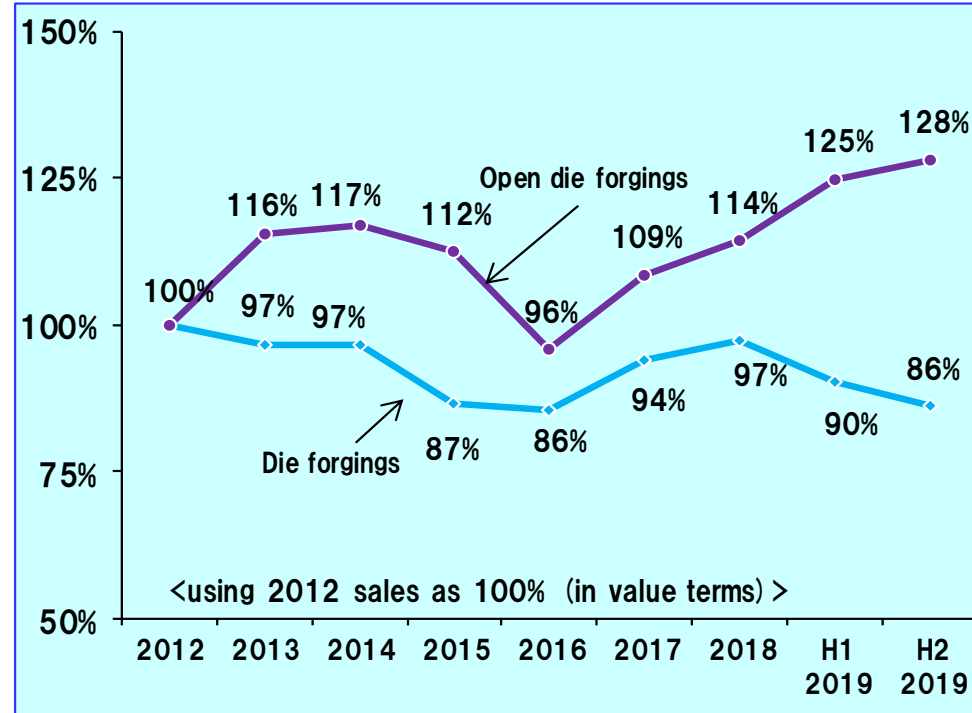
<High-alloy, magnetic products and metal powder>



- Magnetic products: Demand went into an adjustment phase as automobile production slowed down in China. Demand for traction motors grew.
- Metal powder products: Demand in some overseas markets dropped.
- High-alloy steel: Sales were strong in the automobile field, but demand for lead frame materials went into an adjustment phase.

## Parts for automobile and industrial equipment

<Die forging and open die forging>



- Open die forgings: Demand recovered for semiconductor-related equipment in the second half (H2) of FY2019.
- Die forgings: Passenger-car-related demand remained low.



# FY2019 Net Sales & Operating Income by Segment (y/y)

(¥100 mil.)

|  |                  | FY2018<br>Results<br>(A) | FY2019<br>Results<br>(B) | y/y<br>(B) - (A) |
|--|------------------|--------------------------|--------------------------|------------------|
| <b>Specialty Steel</b>   | Net Sales        | 2,078                    | 1,817                    | -261             |
|  | Operating Income | 60                       | 52                       | -8               |
| <b>High Performance Materials &amp;<br/>Magnetic Materials</b> | Net Sales        | 1,846                    | 1,674                    | -172             |
|  | Operating Income | 207                      | 136                      | -71              |
| <b>Parts for Automobile &amp;<br/>Industrial Equipment</b>     | Net Sales        | 1,099                    | 973                      | -126             |
|  | Operating Income | 23                       | 4                        | -19              |
| <b>Engineering</b>   | Net Sales        | 275                      | 266                      | -9               |
|  | Operating Income | 23                       | 30                       | 7                |
| <b>Trading &amp; Service</b>                                   | Net Sales        | 135                      | 174                      | 39               |
|  | Operating Income | 25                       | 26                       | 1                |
| <b>Total</b>   | Net Sales        | 5,433                    | 4,904                    | -529             |
|  | Operating Income | 338                      | 248                      | -90              |

Sales volume of specialty steel

1,349 thou.t

1,176 thou.t -173 thou.t

# FY2019 Changes in Operating Income of Major Segment (y/y)

(¥100 mil.)

| Segment                 |                         |                                 | Specialty Steel          | High Performance Materials & Magnetic Materials | Parts for Automobile & Industrial Equipment | Engineering              |
|-------------------------|-------------------------|---------------------------------|--------------------------|---|---|--------------------------|
| FY2018 Operating Income |                         |                                 | 60                       | 207   | 23  | 23                       |
| Changes (y/y)           | Operating Income / Loss | Raw material/<br>Fuel price     | +86                      | +23   |   |                          |
|                         |                         | Sales volume                    | -46                      | -60   | -41   |                          |
|                         |                         | Sales price                     | -22                      | -13   | +3  |                          |
|                         |                         | Sales mix                       | -31                      | -14   | +11   | +7                       |
|                         |                         | Variable cost                   | -11                      | -9  | +3  |                          |
|                         |                         | Fixed cost                      | +16                      | -2  | +4  |                          |
|                         |                         | Newly consolidated subsidiaries |                          | +4  | +1  |                          |
|                         |                         | <b>Total</b>                    | <b>-11</b><br><b>0</b>   | <b>+10</b><br><b>2</b>                          | <b>-98</b>                                  | <b>+27</b>               |
| FY2019 Operating Income |                         |                                 | <b>52</b><br><b>(-8)</b> | <b>136</b><br><b>(-71)</b>                      | <b>4</b><br><b>(-19)</b>                    | <b>30</b><br><b>(+7)</b> |

# 1-3/' 20 Net Sales & Operating Income by Segment (y/y)

(¥100 mil.)

|  |                  | 1-3/2019<br>Results<br>(A) | 1-3/2020<br>Results<br>(B) | y/y<br>(B) - (A) |
|--|------------------|----------------------------|----------------------------|------------------|
| <b>Specialty Steel</b>   | Net Sales        | 517                        | 400                        | -117             |
|  | Operating Income | 24                         | ▲ 1                        | -25              |
| <b>High Performance Materials &amp;<br/>Magnetic Materials</b> | Net Sales        | 443                        | 412                        | -31              |
|  | Operating Income | 41                         | 31                         | -10              |
| <b>Parts for Automobile &amp;<br/>Industrial Equipment</b>     | Net Sales        | 258                        | 232                        | -26              |
|  | Operating Income | 1                          | ▲ 1                        | -2               |
| <b>Engineering</b>   | Net Sales        | 70                         | 73                         | 3                |
|  | Operating Income | 6                          | 4                          | -2               |
| <b>Trading &amp; Service</b>                                   | Net Sales        | 31                         | 51                         | 20               |
|  | Operating Income | 6                          | 5                          | -1               |
| <b>Total</b>   | Net Sales        | 1,319                      | 1,168                      | -151             |
|  | Operating Income | 78                         | 38                         | -40              |

**Sales volume of specialty steel**

**334 thou.t**

**257 thou.t**

**-77 thou.t**

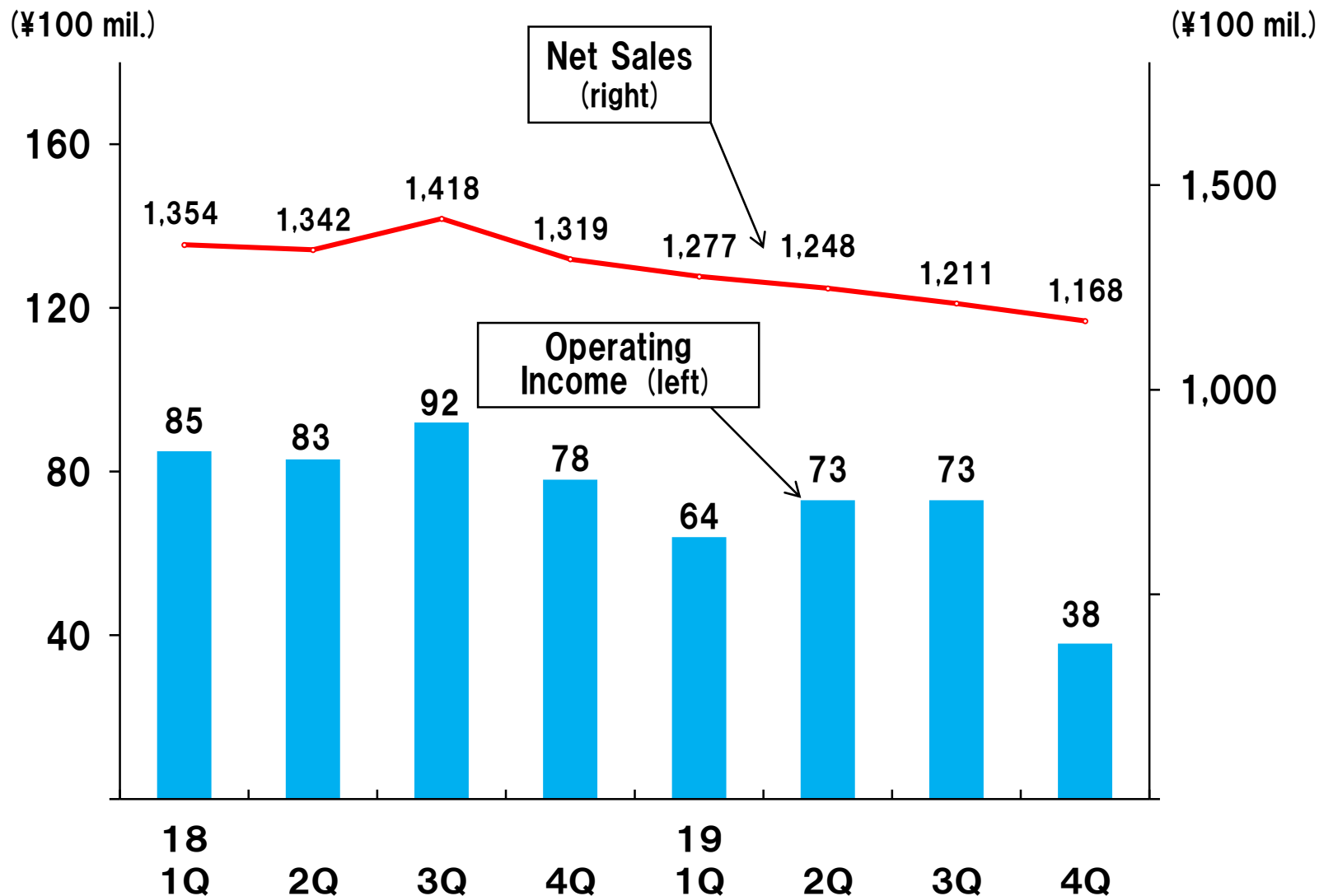
# 1-3/'20 Changes in Operating Income of Major Segment (y/y)

(¥100 mil.)

| Segment                  |                         |                                 | Specialty Steel | High Performance Materials & Magnetic Materials | Parts for Automobile & Industrial Equipment | Engineering |
|--------------------------|-------------------------|---------------------------------|-----------------|---|---|-------------|
| 1-3/'19 Operating Income |                         |                                 | 24              | 41  | 1   | 6           |
| Changes (y/y)            | Operating Income / Loss | Raw material/<br>Fuel price     | / +42           | / +10   | / +3  | /           |
|                          |                         | Sales volume                    | -22 /           | -14 /   | -10 /                                       | /           |
|                          |                         | Sales price                     | * -28 /         | -6 /  | -1 /  | /           |
|                          |                         | Sales mix                       | -25 /           | / +1  | / +5  | -2 /        |
|                          |                         | Variable cost                   | -5 /            | -2 /  | / +1  | /           |
|                          |                         | Fixed cost                      | / +13           | /   | /   | /           |
|                          |                         | Newly consolidated subsidiaries | /               | / +1  | /   | /           |
|                          |                         | Total                           | -80 +55         | -22 +12   | -11 +9                                      | -2 /        |
| 1-3/'20 Operating Income |                         |                                 | ▲1<br>(-25)     | 31<br>(-10)                                     | ▲1<br>(-2)                                  | 4<br>(-2)   |

\*Amendment of inappropriate accounting treatment up to the previous year at consolidated subsidiaries -9

# Net Sales & Operating Income (Quarterly)



# FY2019 Ordinary Income • Net income

(¥100 mil.)

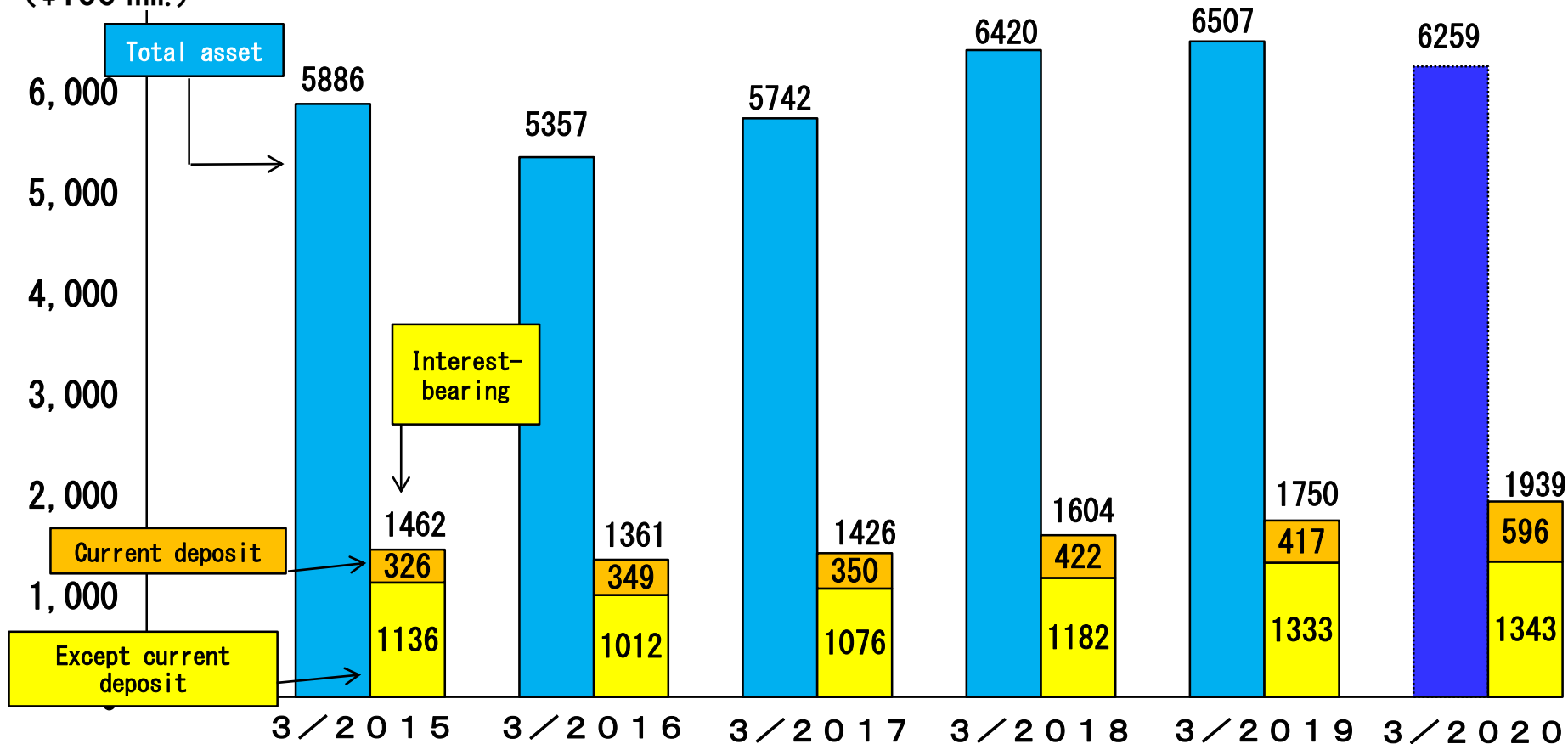
|  |             |
|--|-------------|
| <b>FY2019 Operating income</b>   | <b>248</b>  |
| <b>Non-operating income / expense</b>                                    | <b>▲5</b>   |
| <b>Ordinary income</b>   | <b>243</b>  |
| <b>Extraordinary income / loss(※)</b>                                    | <b>▲31</b>  |
| <b>Corporation tax and others</b>  | <b>▲102</b> |
| <b>FY2019 Net income that is profit attributable to owners of parent</b> | <b>110</b>  |

|  |          |
|--|----------|
| (※)Main contents of special profit and loss                            | ▲ 31     |
| Partial sale of Kawasaki Techno Center<br>(including compression loss) | +46      |
| Impairment of turbo housing equipment                                  | ▲51(▲51) |
| Loss on valuation of investment securities                             | ▲21(▲14) |


( ): Fourth quarter occurrence

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

(¥100 mil.)



|     | 3/2015 | 3/2016 | 3/2017 | 3/2018 | 3/2019 | 3/2020 |
|-----|--------|--------|--------|--------|--------|--------|
| ROA | 3.8%   | 4.5%   | 4.8%   | 5.9%   | 5.3%   | 3.8%   |
| D/E | 0.57   | 0.58   | 0.55   | 0.56   | 0.61   | 0.71   |



# **Outlook for the first half of FY2020**

**(Apr.1 / 2020 – Sept.30 / 2020)**



## *“The impact on our FY2020 earnings projections”*

### ◆ External factors (assumptions)

- The global economy will show a gradual recovery starting somewhere from July to September 2020.
- The global automobile demand will be between 65 and 72 million vehicles in CY2020.  
(Down 29 to 21% from CY2019 when the global demand was 91.3 million vehicles.)

### ◆ FY2020 earnings projections

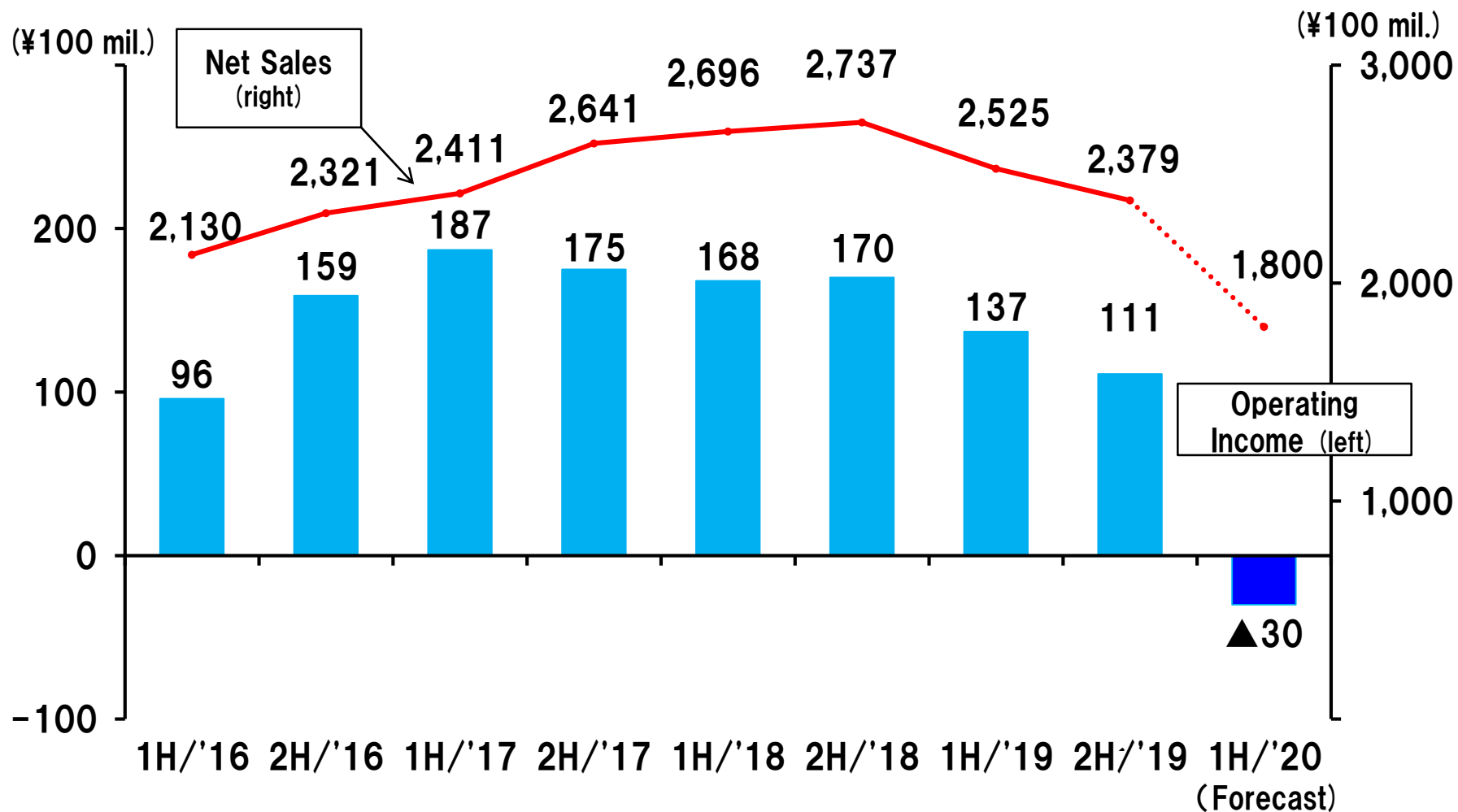
- **We are only reporting our earnings forecast for the first half (H1) of FY2020.** This is based on the recent orders trend and the global automobile demand forecast we presented above. The earnings projections for the second half (H2) of FY2020 remain undetermined. We will report them as soon as we reach a point where we can make the necessary calculations.
- We estimate that our steel sales volume (on a non-consolidated basis) for the first half (H1) of FY2020 will be 410,000 tons, which is down 34% from the first half of the previous year.  
→As a result, our **operating income** is expected to become **negative**.

## *“Actions to take”*

We put the top priority on the safety of all our stakeholders, including our employees and their families. While we are committed to helping stop the spread of the corona virus, we will be pursuing the following actions:

- ◆ **Keep enough cash on hand while reducing “cash-out” flows**
  - Make sure that we have sufficient cash on hand.  
This applies to all the DAIDO STEEL group companies.
  - Be selective about capital investment. Analyze supply and demand critically to optimize inventory assets.
  
- ◆ **Secure and maintain a steady “metal spread”**  
**(i.e., difference between raw materials prices and those for steel products.)**
  
- ◆ **Lower the break-even point through cost reductions**
  - Implement various measures to achieve maximum cost reductions while keeping our employees on the payroll.

# First half of FY2020 Net Sales & Operating Income (Quarterly)



# ■ Cost Reduction Measures

**We will implement measures to achieve a 4 billion yen cost reduction in the first half (H1) of FY2020.**

## **Fixed costs**

### Labor cost reductions

- Make use of Employment Adjustment Subsidies that help keep paying temporarily laid-off workers.
- Reduce overtime work by reviewing factory work shifts and introducing staggered working hours, while reforming modes of work, such as encouraging non-production personnel to work from home.
- Reduce executive officers' and directors' compensation and managerial staff salaries (starting in May 2020)

### Budgeted expense reductions & Full implementation of expense management

- Conduct a zero-based budgeting review of maintenance and indirect expenses.

## **Variable costs**

### Efficient production

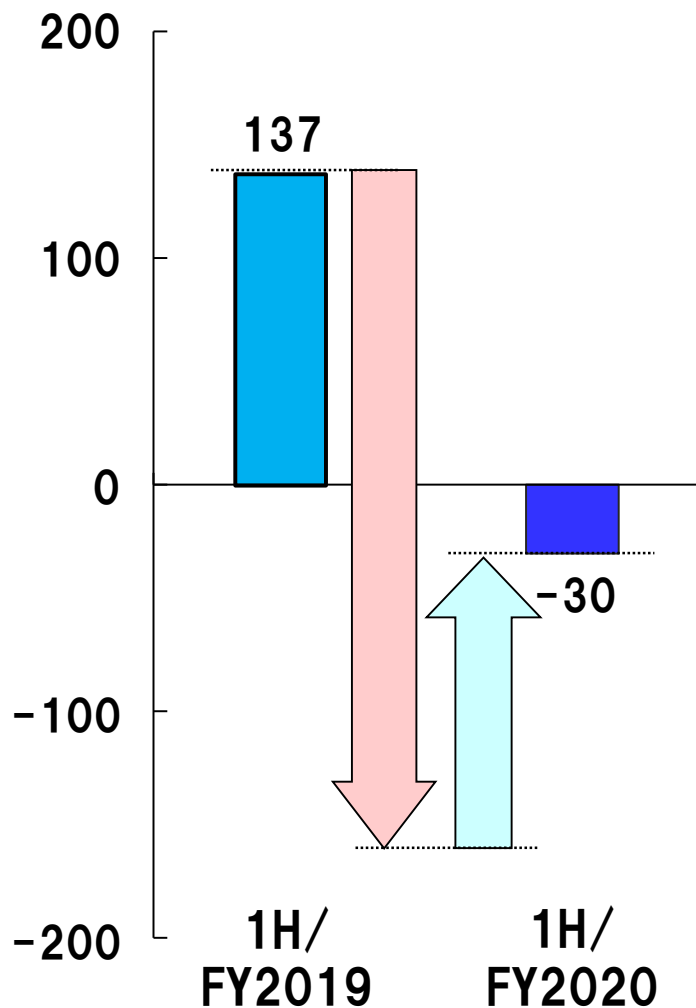
- Take an “efficiency first” approach to how we operate our production facilities and equipment (such as strategic suspensions of operations, the consolidation of production lines to enhance capacity utilization rates)

### Cost reductions

- Take advantage as early as possible of the cost-reduction benefits of strategic investments that have been made, up to FY2019.
- Less outsourcing and more insourcing. Reduce and review materials and supplies purchases.

# First half of FY2020 Changes in Operating Income (y/y)

(¥100 mil.)



| 4-9/FY2019<br>Operating Income |                             |
|--------------------------------|-----------------------------|
| Changes (y/y)                  | Raw material/<br>Fuel price |
|                                | Sales volume                |
|                                | Sales price                 |
|                                | Sales mix                   |
|                                | Variable cost               |
|                                | Fixed cost                  |
|                                | <b>Total</b>                |
| 4-9/FY2020<br>Operating Income |                             |

(¥100 mil.)

|               |      |
|---------------|------|
| 137           |      |
|               | +120 |
| -150          |      |
| -80           |      |
| -45           |      |
| -34           |      |
|               | +22  |
| -309          | +142 |
| ▲30<br>(-167) |      |

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

(¥100 mil.)

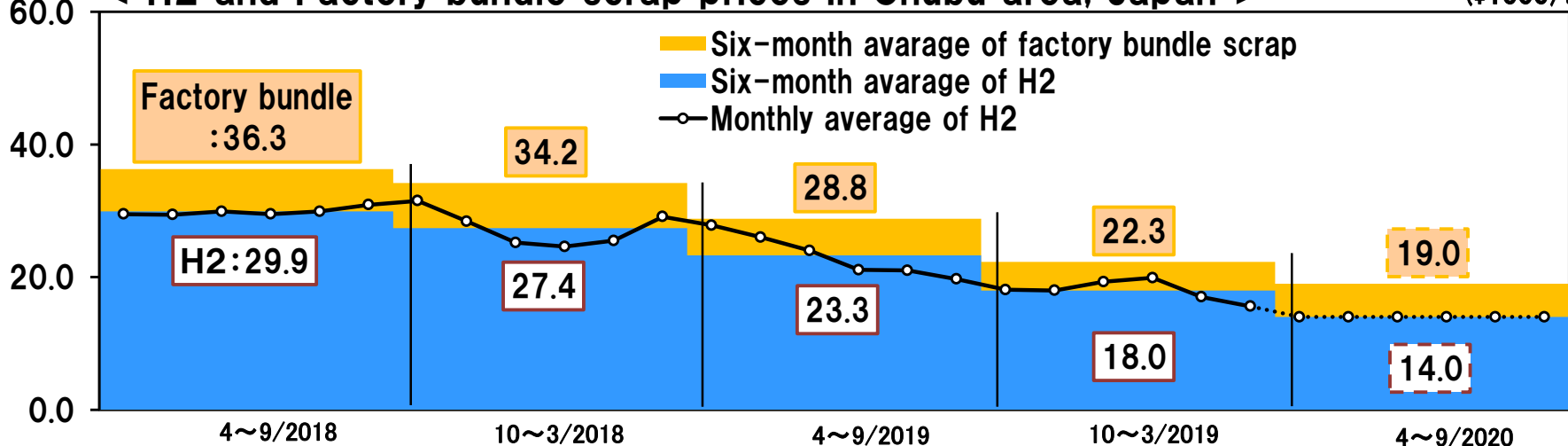
|  |                  | FY2019                     |                                      |                                   | FY2020                      |                  |
|--|------------------|----------------------------|--------------------------------------|-----------------------------------|-----------------------------|------------------|
|  |                  | 4-9/2019<br>Results<br>(A) | 10/2019-<br>3/2020<br>Results<br>(B) | Full year<br>Results<br>(A) + (B) | 4-9/2020<br>Forecast<br>(C) | y/y<br>(C) - (A) |
| Specialty Steel                                    | Net Sales        | 971                        | 846                                  | 1,817                             | 658                         | -313             |
|  | Operating Income | 32                         | 20                                   | 52                                | ▲ 32                        | -64              |
| High Performance Materials &<br>Magnetic Materials | Net Sales        | 847                        | 827                                  | 1,674                             | 606                         | -241             |
|  | Operating Income | 70                         | 66                                   | 136                               | 22                          | -48              |
| Parts for Automobile &<br>Industrial Equipment     | Net Sales        | 499                        | 474                                  | 973                               | 358                         | -141             |
|  | Operating Income | 6                          | ▲ 2                                  | 4                                 | ▲ 30                        | -36              |
| Engineering  | Net Sales        | 124                        | 142                                  | 266                               | 96                          | -28              |
|  | Operating Income | 15                         | 15                                   | 30                                | 1                           | -14              |
| Trading & Service                                  | Net Sales        | 84                         | 90                                   | 174                               | 82                          | -2               |
|  | Operating Income | 14                         | 12                                   | 26                                | 9                           | -5               |
| Total  | Net Sales        | 2,525                      | 2,379                                | 4,904                             | 1,800                       | -725             |
|  | Operating Income | 137                        | 111                                  | 248                               | ▲ 30                        | -167             |

Sales volume of specialty steel      625 thou.t   551 thou.t   1,176 thou.t      410 thou.t   -215 thou.t

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

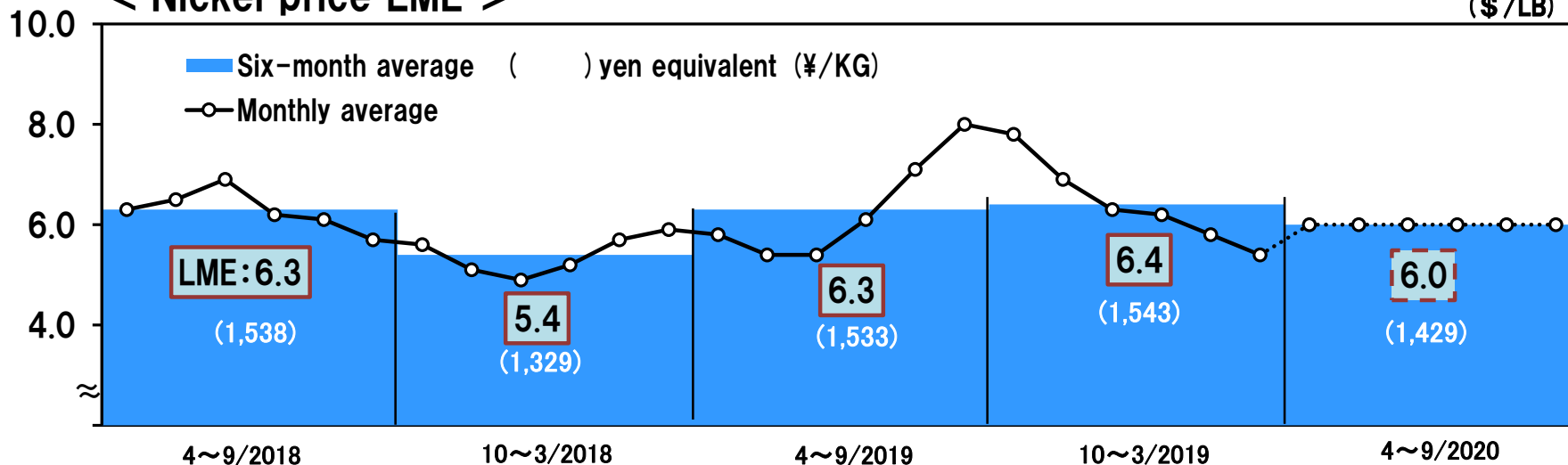
## < H2 and Factory bundle scrap prices in Chubu area, Japan >

(¥1000/t)



## < Nickel price LME >

(\$/LB)



# First half of FY2020 Premises of Profit Planning (Market Trend)

|  | UNIT     | FY2019 Results | First half of FY2020 Premises of plan<br>(Previous year difference) |                |
|--|----------|----------------|---|----------------|
| <b>Scrap steel</b><br>Upper:H2<br>Lower:Factory bundle | ¥thou./t | <b>20.6</b>    | <b>14.0</b>   | <b>(-6.6)</b>  |
|  |          | <b>25.6</b>    | <b>19.0</b>   | <b>(-6.6)</b>  |
| <b>Nickel (LME)</b>                                    | \$/LB    | <b>6.3</b>     | <b>6.0</b>  | <b>(-0.3)</b>  |
| <b>Crude oil (Dubai)</b>                               | \$/B     | <b>59.4</b>    | <b>40.0</b>   | <b>(-19.4)</b> |
| <b>Exchange rate (TTM)</b>                             | ¥/\$     | <b>109.7</b>   | <b>108.0</b>  | <b>(-1.7)</b>  |



# FY2020 Ordinary Income • Net income

(¥100 mil.)

|  |            |
|--|------------|
| <b>FY2020 Operating income</b>   | <b>▲30</b> |
| <b>Non-operating income / expense</b>                                    | <b>10</b>  |
| <b>Ordinary income</b>   | <b>▲20</b> |
| <b>Extraordinary income / loss</b>                                       | <b>0</b>   |
| <b>Corporation tax and others</b>  | <b>▲5</b>  |
| <b>FY2020 Net income that is profit attributable to owners of parent</b> | <b>▲25</b> |

# ■ Dividend per share

|                                 | FY2019  |                         | FY2020 (Forecast) |              |
|---------------------------------|---------|-------------------------|-------------------|--------------|
|                                 | Interim | Year-end                | Interim           | Year-end     |
| Ordinary income<br>(¥100 mil.)  | 137     | 243                     | ▲20               | Undetermined |
| Net income (※)<br>(¥100 mil.)   | 113     | 110                     | ▲25               | Undetermined |
| Dividend per share<br>(¥/Share) | 55.0    | 70.0<br>(Year-end:15.0) | Undetermined      | Undetermined |
| Payout ratio<br>(%)             | 20.8    | 27.1                    | Undetermined      | Undetermined |

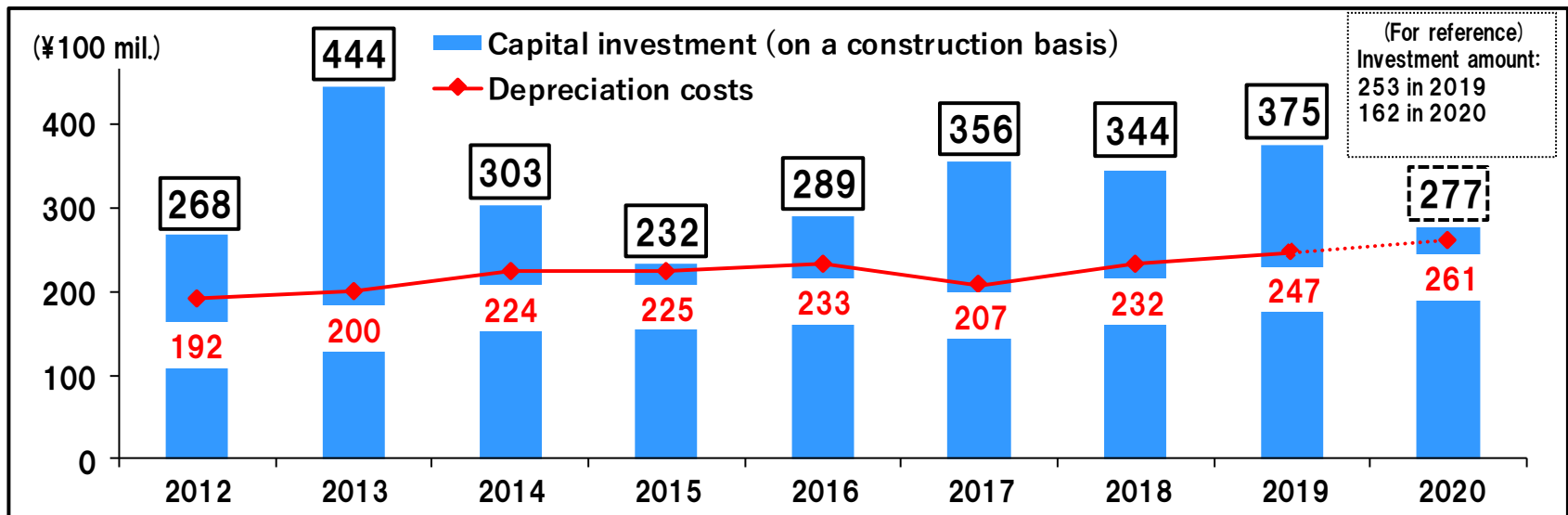
※ The net income that is attributable to stockholders of the parent company.

# Capital investment

# Capital Investments

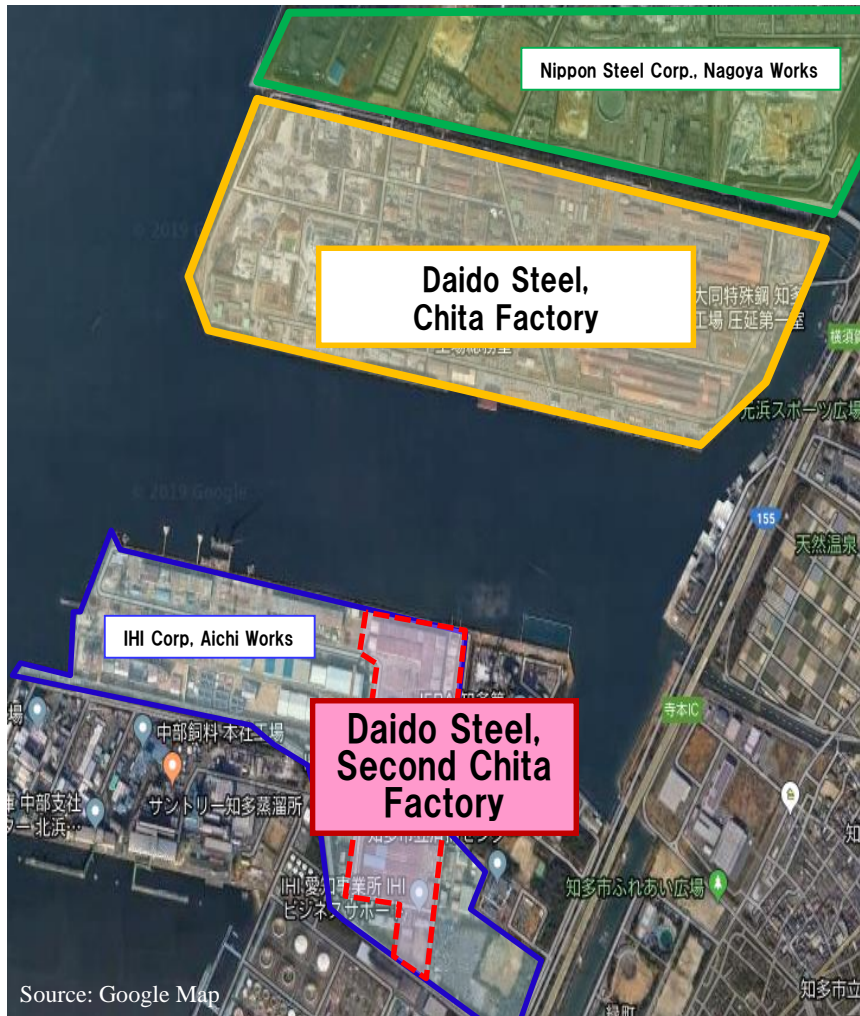
- All the strategic capital investments under the mid-term management plan were completed by FY2019. The total of investments made during the three-year period between FY2018 and FY2020 (on a construction basis) is expected to be 99.6 billion yen. (The mid-term management plan targeted a three-year investment total of 95 billion yen.)
- We will be very selective about capital investments for FY2020. The amount invested will be far below depreciation costs. (The investment for FY2020 is expected to be 16.2 billion yen.)

## Changes in capital investment and depreciation costs



# Construction of the Second Chita Factory

**Enhancement of the production capacity of special stainless steel, secondary processing capacity and logistics improvements.**

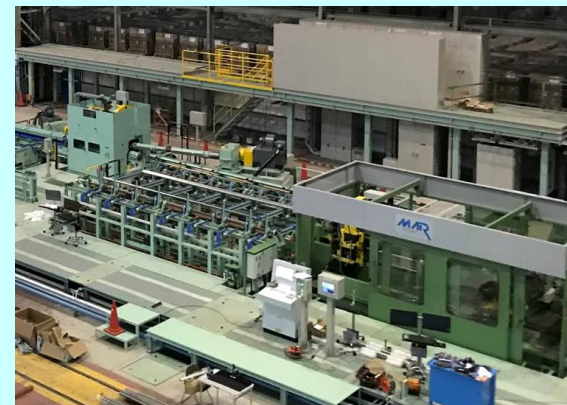


## Increase the secondary processing capacity for bars

Add a new heat-treatment furnace and cutting equipment.  
(Increase production capacity by 15%)

- Cutting equipment will become operational from end of March, 2020.
- We will continue preparing to add heat treatment equipment.

**Investment: about 3.5 billion yen**



# ■ Establish the Nakatsugawa Advanced Magnetic Materials Development Center

## **Expand our magnetic product business and enhance our R&D capabilities**

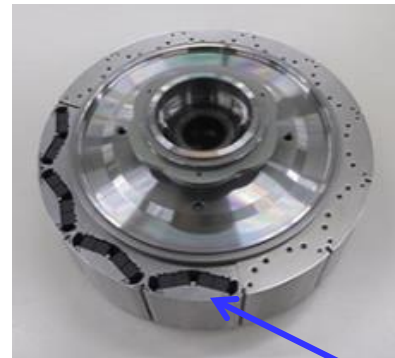
**Accelerate our magnetic product development process while strengthening our ability to research and develop innovative motors.**

Enhance our R&D capabilities by operating in close cooperation with Daido Electronics, which is also located in the Nakatsugawa area, taking advantage of the physical proximity of the two entities.

Construction has progressed as planned to permit opening in May 25, 2020.  
This is an about a 1.5 billion yen project.



Main building



**Magnets for HEV traction motors: Magnets that do not require the use of heavy rare earth elements.**

# Fact Book

# Fact Book Financial highlight

## Consolidation

|   | '16/3   | '17/3   | 18/3    | 19/3    | 20/3    | (¥1 mil.) |         |         |         |         |
|---|---------|---------|---------|---------|---------|-----------|---------|---------|---------|---------|
|   |         |         |         |         |         | '15/9     | '16/9   | '17/9   | '18/9   | '19/9   |
| Net sales   | 460,577 | 445,122 | 505,219 | 543,255 | 490,421 | 233,832   | 213,010 | 241,119 | 269,643 | 252,476 |
| Operating income  | 24,432  | 25,513  | 36,218  | 33,815  | 24,768  | 10,757    | 9,643   | 18,726  | 16,752  | 13,711  |
| Ordinary income   | 25,108  | 26,373  | 36,130  | 34,343  | 24,298  | 11,431    | 9,023   | 18,320  | 17,569  | 13,711  |
| Net income  | 6,746   | 16,386  | 23,920  | 21,182  | 10,987  | 2,037     | 5,363   | 11,890  | 10,759  | 11,257  |
| R & D expenses  | 5,766   | 6,206   | 5,419   | 5,638   | 6,002   | 2,716     | 3,158   | 2,770   | 2,788   | 2,896   |
| Capital investment(Plan)                                    | 28,300  | 32,800  | 38,600  | 37,200  | 25,300  | 16,100    | 15,800  | 20,300  | 18,800  | 15,100  |
| Capital investment(Construction)                            | 23,205  | 28,940  | 35,605  | 34,413  | 37,529  | 9,241     | 15,791  | 14,899  | 15,027  | 22,092  |
| Depreciation  | 22,454  | 23,275  | 20,740  | 23,171  | 24,662  | 11,039    | 11,087  | 10,023  | 11,453  | 12,022  |
| Financial account balance                                   | 949     | 904     | 995     | 1,606   | 1,297   | 541       | 432     | 429     | 584     | 656     |
| Total assets  | 535,675 | 574,169 | 642,021 | 650,697 | 625,899 | 567,439   | 523,304 | 614,828 | 661,998 | 651,112 |
| Equity  | 232,832 | 259,851 | 284,435 | 285,508 | 273,561 | 250,255   | 231,600 | 274,221 | 291,948 | 293,276 |
| Interest-bearing debt                                       | 136,114 | 142,599 | 160,352 | 174,998 | 193,881 | 146,461   | 133,172 | 157,201 | 174,928 | 185,536 |
| Pay roll number   | 11,036  | 11,498  | 11,873  | 12,421  | 13,436  | 11,126    | 11,574  | 11,843  | 12,559  | 13,775  |
| ROA(%)  | 4.5     | 4.8     | 5.9     | 5.3     | 3.8     | 4.0       | 3.4     | 6.2     | 5.4     | 4.2     |
| ROE(%)  | 2.8     | 6.7     | 8.8     | 7.4     | 3.9     | 1.6       | 4.6     | 8.9     | 7.5     | 7.8     |
| Consolidated subsidiary number                              | 36      | 34      | 36      | 38      | 65      | 35        | 35      | 36      | 38      | 65      |
| (Equity method affiliate number is excluded from the above) | ( 6)    | ( 6)    | ( 6)    | ( 6)    | ( 9)    | ( 6)      | ( 6)    | ( 6)    | ( 6)    | ( 9)    |
| Ratio of the consolidated to the non-consolidated           |         |         |         |         |         |           |         |         |         |         |
| Net sales   | 1.6     | 1.7     | 1.6     | 1.6     | 1.6     |           |         |         |         |         |
| Ordinary income   | 1.6     | 1.5     | 1.7     | 1.4     | 1.2     |           |         |         |         |         |
| Net income  | 1.2     | 1.1     | 1.6     | 1.3     | 1.0     |           |         |         |         |         |

\*Long-term prepaid expenses are not included in the depreciation. Net income after 2015 belongs to stockholder of parent company.



# Fact Book Net Sales & Operating Income by Segment

Consolidation

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

(¥100 mil.)

|   |                  | '16/3 | '17/3 | '18/3 | '19/3 | '20/3 |
|---|------------------|-------|-------|-------|-------|-------|
| Speciality Steel                                | Net Sales        | 1,705 | 1,631 | 1,868 | 2,078 | 1,817 |
|   | Operating Income | 75    | 58    | 65    | 60    | 52    |
| High Performance Materials & Magnetic Materials | Net Sales        | 1,553 | 1,485 | 1,708 | 1,846 | 1,674 |
|   | Operating Income | 123   | 174   | 222   | 207   | 136   |
| Parts for Automobile & Industrial Equipment     | Net Sales        | 997   | 975   | 1,063 | 1,099 | 973   |
|   | Operating Income | 13    | ▲ 5   | 30    | 23    | 4     |
| Engineering                                     | Net Sales        | 261   | 239   | 249   | 275   | 266   |
|   | Operating Income | 21    | 12    | 18    | 23    | 30    |
| Trading and Service                             | Net Sales        | 90    | 121   | 164   | 135   | 174   |
|   | Operating Income | 12    | 16    | 27    | 25    | 26    |
| Total   | Net Sales        | 4,606 | 4,451 | 5,052 | 5,433 | 4,904 |
|   | Operating Income | 244   | 255   | 362   | 338   | 248   |

(¥100 mil.)

|   |                  | '15/4-9 | '15/10-3 | '16/4-9 | '16/10-3 | '17/4-9 | '17/10-3 | '18/4-9 | '18/10-3 | '19/4-9 | '19/10-3 |
|---|------------------|---------|----------|---------|----------|---------|----------|---------|----------|---------|----------|
| Speciality Steel                                | Net Sales        | 859     | 846      | 780     | 851      | 903     | 965      | 1,020   | 1,058    | 971     | 846      |
|   | Operating Income | 21      | 54       | 26      | 32       | 48      | 17       | 21      | 39       | 32      | 20       |
| High Performance Materials & Magnetic Materials | Net Sales        | 807     | 746      | 711     | 774      | 811     | 897      | 927     | 919      | 847     | 827      |
|   | Operating Income | 63      | 60       | 75      | 99       | 108     | 114      | 114     | 93       | 70      | 66       |
| Parts for Automobile & Industrial Equipment     | Net Sales        | 494     | 503      | 467     | 508      | 517     | 546      | 554     | 545      | 499     | 474      |
|   | Operating Income | 8       | 5        | ▲ 16    | 11       | 11      | 19       | 11      | 12       | 6       | ▲ 2      |
| Engineering                                     | Net Sales        | 132     | 129      | 115     | 124      | 105     | 144      | 126     | 149      | 124     | 142      |
|   | Operating Income | 10      | 11       | 3       | 9        | 7       | 11       | 8       | 15       | 15      | 15       |
| Trading and Service                             | Net Sales        | 46      | 44       | 57      | 64       | 75      | 89       | 69      | 66       | 84      | 90       |
|   | Operating Income | 6       | 6        | 8       | 8        | 13      | 14       | 14      | 11       | 14      | 12       |
| Total   | Net Sales        | 2,338   | 2,268    | 2,130   | 2,321    | 2,411   | 2,641    | 2,696   | 2,737    | 2,525   | 2,379    |
|   | Operating Income | 108     | 136      | 96      | 159      | 187     | 175      | 168     | 170      | 137     | 111      |

## **(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.**