

Fiscal Year ending March 2021 1st Quarter Results (Apr. 1 – JUN.30 / 2020)

July 28, 2020



Overview of the FY2020 1st quarter results

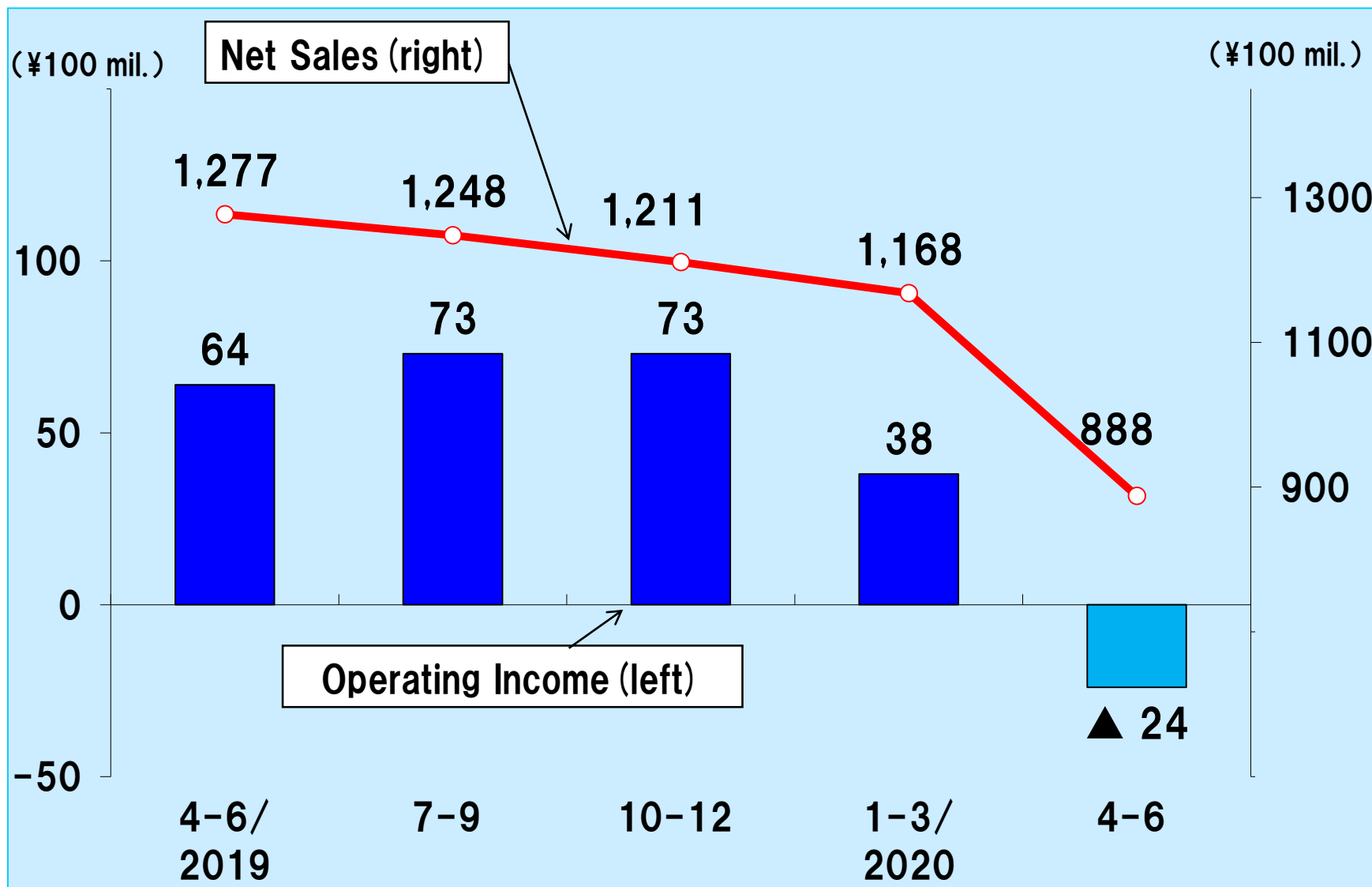
(¥100 mil.)	4-6/ 2019	4-6/ 2020	y/y basis
Net Sales	1,277	888	-389
Operating income	64	▲24	-88
Ordinary income	65	▲17	-82
Net income (※)	95	▲16	-111

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

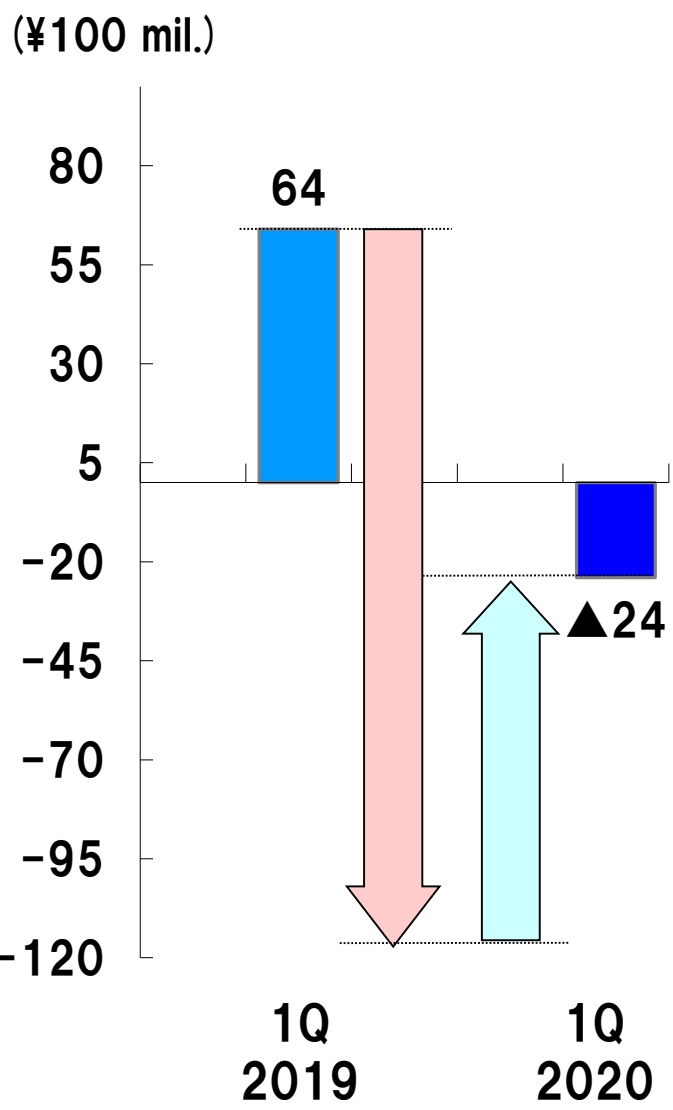
➤ Due to the economic downturn caused by COVID-19, demand in major industries such as automobiles and industrial machinery decreased sharply, resulting in a significant decrease in sales volume and sales.

➤ Despite the low prices of raw materials such as iron scraps and crude oil, and fixed cost improvements due to production cuts, It became a large decrease in profit and a deficit settlement.

Net Sales & Operating Income (Quarterly)



Changes in Operating Income (y/y)



4-6/2019 Operating Income	
Changes (y/y)	Raw material/Fuel price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Total
	4-6/2020 Operating Income

(¥100 mil.)

64	
-100	+59
-35	
-32	
-10	
	+30
-177	+89
▲24 (-88)	

Net Sales & Operating Income by Segment

(¥100 mil.)

		4-6/2019 Results (A)	4-6/2020 Results (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	499	288	-211
	Operating Income	12	▲ 19	-31
High Performance Materials & Magnetic Materials	Net Sales	429	329	-100
	Operating Income	36	12	-24
Parts for Automobile & Industrial Equipment	Net Sales	250	175	-75
	Operating Income	4	▲ 24	-28
Engineering	Net Sales	53	40	-13
	Operating Income	5	2	-3
Trading & Service	Net Sales	46	56	10
	Operating Income	7	5	-2
Total	Net Sales	1,277	888	-389
	Operating Income	64	▲ 24	-88

Sales volume of specialty steel

318 thou.t

174 thou.t

-144 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
4-6/2019 Operating Income			12	36	4	5
Changes (y/y)	Operating Income / Loss	Raw material/Fuel price	+45	+9	+5	
		Sales volume	-38	-32	-30	
		Sales price	-32	-2	-1	
		Sales mix	-21	+2	-8	-3
		Variable cost	-6	-3	-1	
		Fixed cost	+21	+2	+7	
		Total	-97	+13	-40	+12
4-6/2020 Operating Income			▲19 (-31)	12 (-24)	▲24 (-28)	2 (-3)

Net Sales & Operating Income by Segment (Quarterly)

(¥100. mil.)

		FY2019				FY2020 1Q (Results)
		1Q (Results)	2Q (Results)	3Q (Results)	4Q (Results)	
Specialty Steel	Net Sales	499	472	446	400	288
	Operating Income	12	20	21	▲ 1	▲ 19
High Performance Materials & Magnetic Materials	Net Sales	429	418	414	413	329
	Operating Income	36	34	35	31	12
Parts for Automobile & Industrial Equipment	Net Sales	250	249	242	232	175
	Operating Income	4	2	▲ 1	▲ 1	▲ 24
Engineering	Net Sales	53	71	69	73	40
	Operating Income	5	10	11	4	2
Trading and Service	Net Sales	46	38	40	50	56
	Operating Income	7	7	7	5	5
Total	Net Sales	1,277	1,248	1,211	1,168	888
	Operating Income	64	73	73	38	▲ 24

Sales volume of specialty steel

318 thou.t

307 thou.t

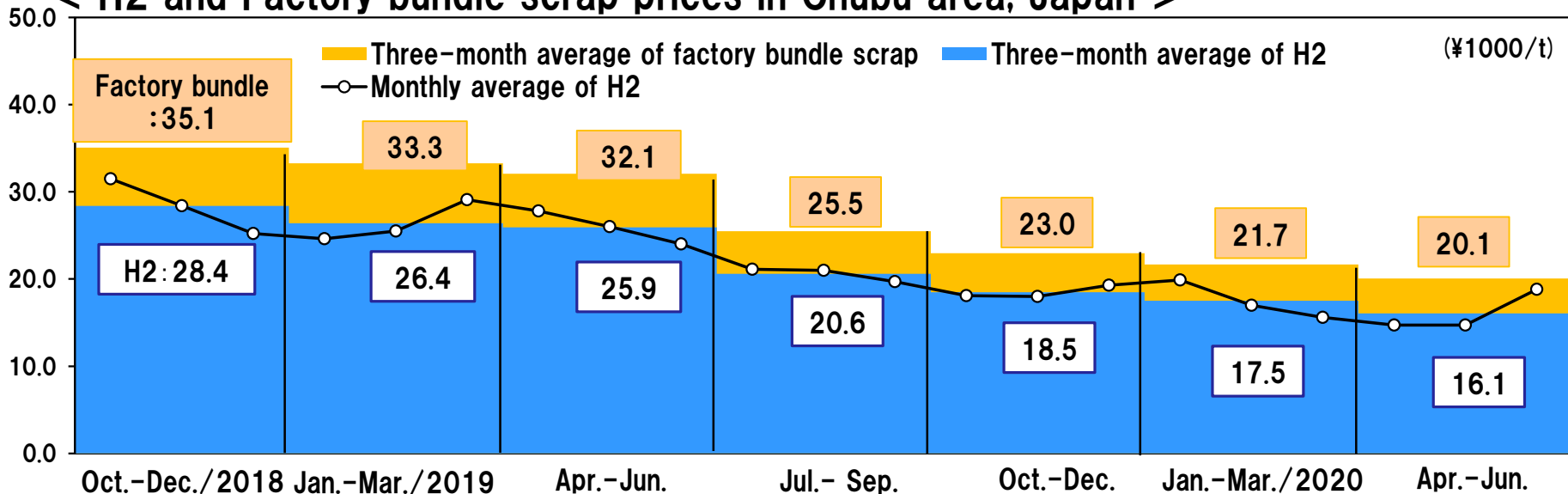
294 thou.t

257 thou.t

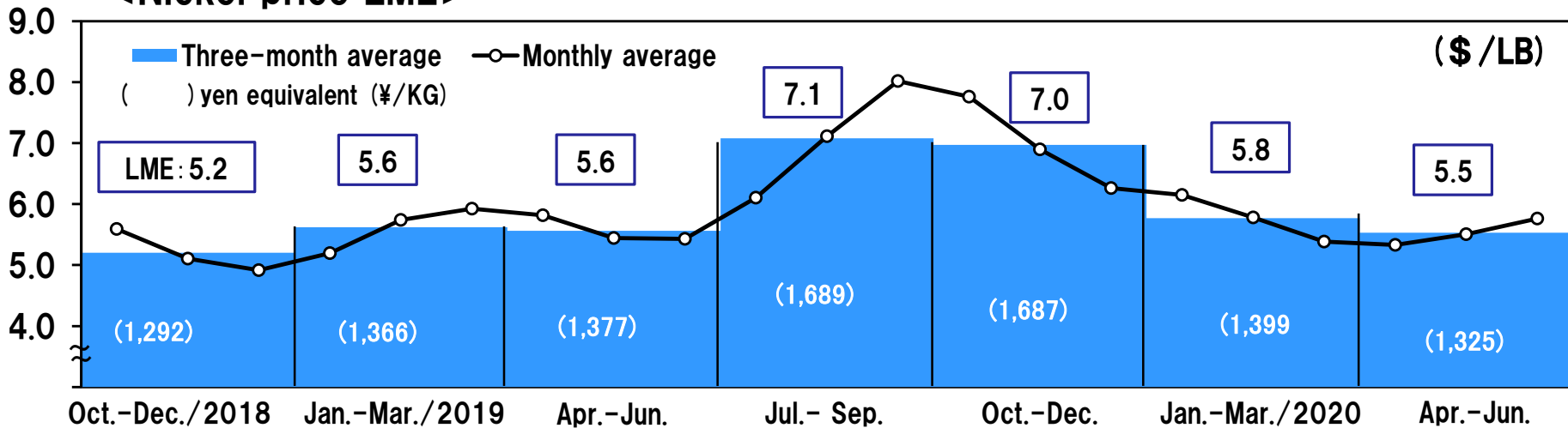
174 thou.t

Market Trend of Raw Materials(Scrap Steel and Nickel)

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



<Nickel price LME>



1 Q/FY2020 Market Trend

	UNIT	FH of FY2020 Premises of plan	1Q/FY2020 Results (Difference)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	14.0	16.1 (+2.1)
		19.0	20.1 (+1.1)
Nickel (LME)	\$/LB	6.0	5.5 (-0.5)
Crude oil (Dubai)	\$/B	40.0	33.8 (-6.2)
Exchange rate (TTM)	¥/\$	108.0	108.6 (+0.6)

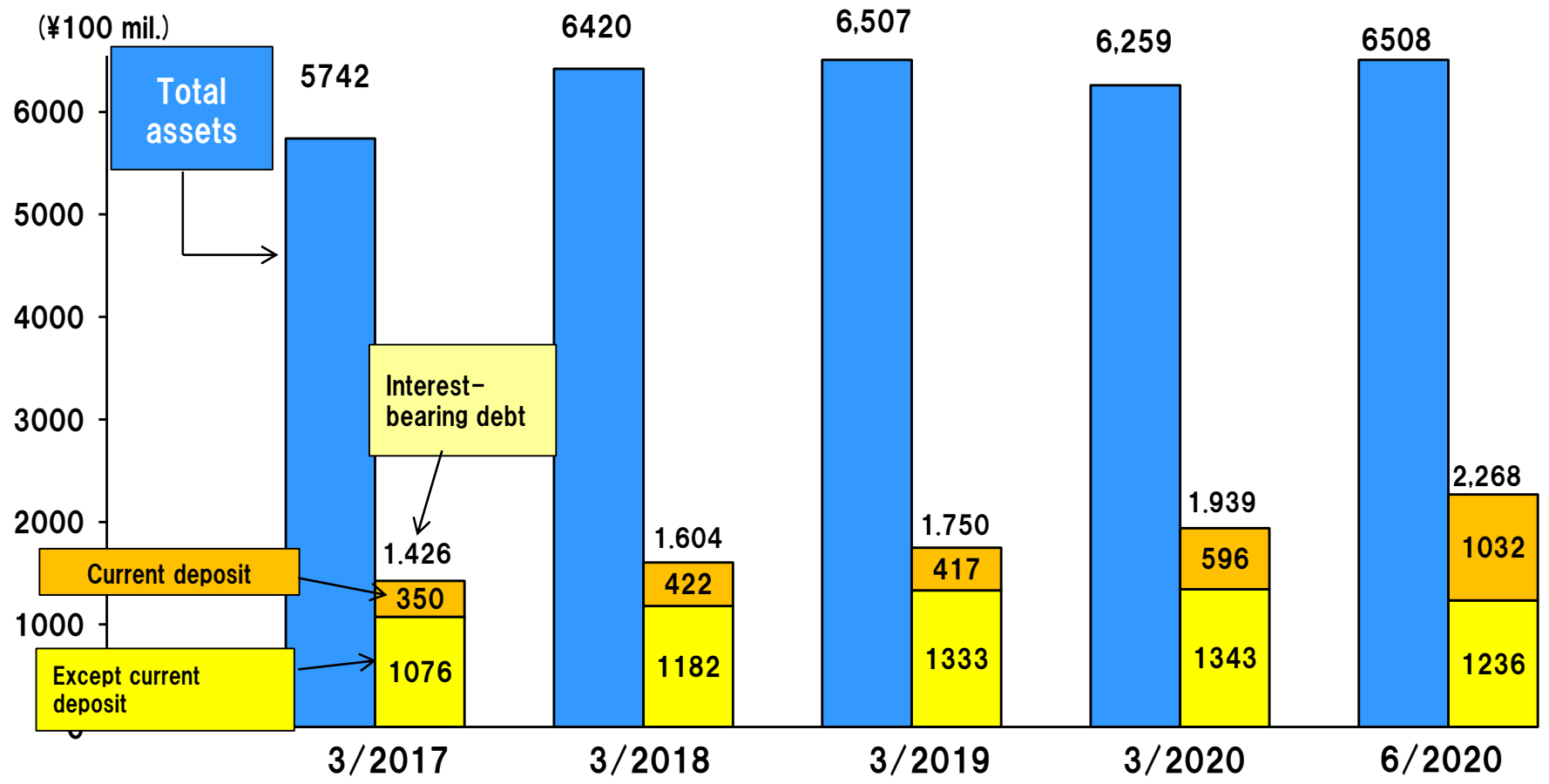
1Q/FY2020 Ordinary Income and Net Income

(¥100 mil.)

FY2020 1st quarter Operating income	▲24
Non-operating income / loss	7
Ordinary income	▲17
Extraordinary income / loss	0
Income taxes	▲1
FY2020 1st quarter Net income^(※)	▲16

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

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

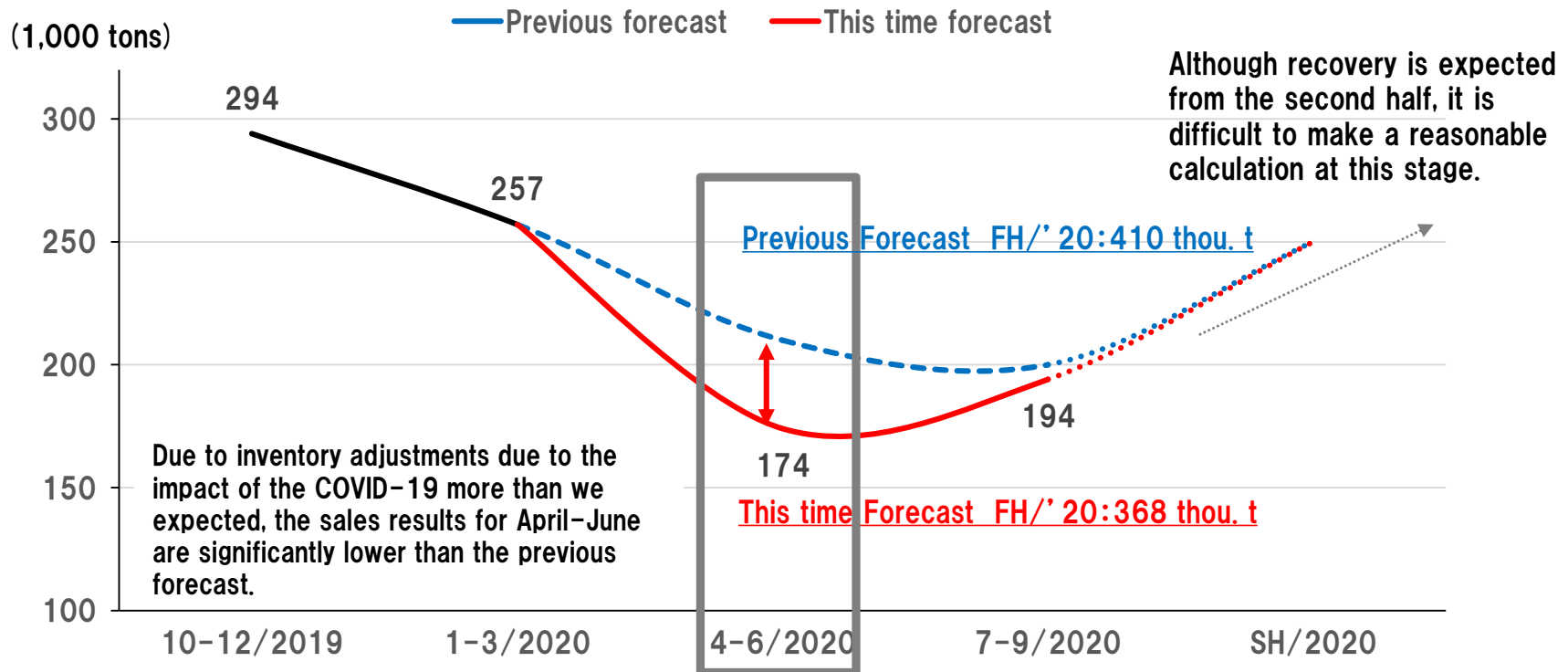


	3/2017	3/2018	3/2019	3/2020	6/2020
ROA	4.8%	5.9%	5.3%	3.8%	▲1.0%
D/E	0.55	0.56	0.61	0.71	0.82

Outlook for the first half of FY2020

(Apr.1 / 2020 – Sept.30 / 2020)

Changes in sales of special steel products



Future trend

- Structural steel for automobiles will gradually recover from July-September 2020.
- Inventory adjustments will continue for structural steels for industrial machinery and for stainless and tool steels.

(Due to long supply chain, recovery is expected from the second half of 2020)

Net Sales & Operating Income by Segment

(¥100 mil.)

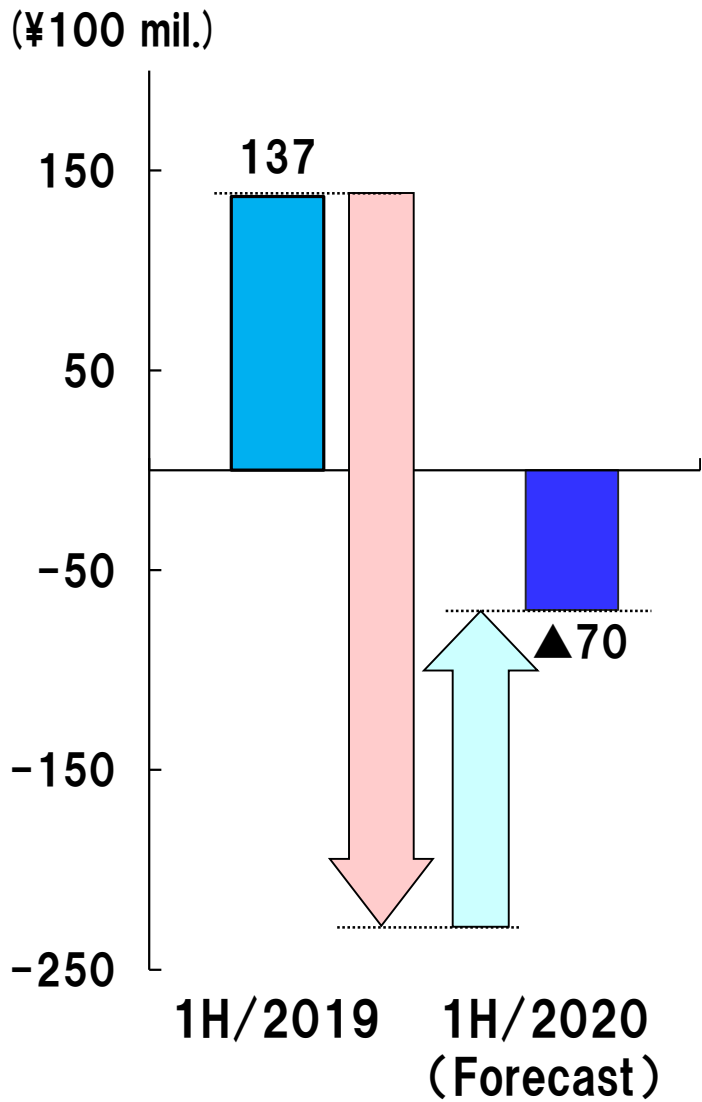
		FY2019			FY2020	
		4-9 Results	10-3 Results	Full year Results	4-9 Prospect	Initial plan difference
Specialty Steel	Net Sales	971	846	1,817	570	-88
	Operating Income	32	20	52	▲ 44	-12
High Performance Materials & Magnetic Materials	Net Sales	847	827	1,674	620	14
	Operating Income	70	66	136	10	-12
Parts for Automobile & Industrial Equipment	Net Sales	499	474	973	350	-8
	Operating Income	6	▲ 2	4	▲ 46	-16
Engineering	Net Sales	124	142	266	85	-11
	Operating Income	15	15	30	2	1
Trading & Service	Net Sales	84	90	174	75	-7
	Operating Income	14	12	26	8	-1
Total	Net Sales	2,525	2,379	4,904	1,700	-100
	Operating Income	137	111	248	▲ 70	-40

Sales volume of specialty steel

625 thou.t 551 thou.t 1,176 thou.t 368 thou.t -42 thou.t

FH/FY2020 Changes in Operating Income (y/y)

(¥100 mil.)



1H/2019 Operating Income	
Changes (y/y)	Raw material /Fuel price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Total
	1H/2020 Operating Income (Forecast)

137	
-195	+108
-74	
-64	
-20	
	+38
-353	+146
▲70 (-207)	

FH/FY2020 Market Trend

	UNIT	1H of FY2020 Premises of plan	4-6/2020 Results	7-9/2020 Forecast
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	14.0 19.0	16.1 20.1	19.5 23.5
Nickel (LME)	\$/LB	6.0	5.5	6.0
Crude oil (Dubai)	\$/B	40.0	33.8	40.0
Exchange rate (TTM)	¥/\$	108.0	108.6	109.0

FH/FY2020 Ordinary Income and Net Income (Forecast)

(¥100 mil.)

Operating income	▲70
Non-operating income / loss	10
Ordinary income	▲60
Extraordinary income / loss	0
Income taxes	30
Net income (Net income that is profit attributable to owners of parent)	▲30

(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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