

# Consolidated Financial Results for the Nine Months Ended December 31, 2016 [Japanese GAAP]



January 31, 2017

Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

URL: <http://www.daido.co.jp/>

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Scheduled date of filing quarterly securities report: February 14, 2017

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled (for securities analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2016	323,536	(6.5)	17,631	0.2	18,326	(0.8)	10,888	65.9
December 31, 2015	345,953	(4.2)	17,595	25.1	18,466	13.0	6,564	(29.4)

(Note) Comprehensive income: Nine months ended December 31, 2016: ¥17,743 million [345.7%]

Nine months ended December 31, 2015: ¥3,980 million [(77.0%)]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Nine months ended	Yen	Yen
December 31, 2016	25.68	—
December 31, 2015	15.15	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2016	545,882	278,975	45.6
As of March 31, 2016	535,675	268,345	43.5

(Reference) Shareholders' equity: As of December 31, 2016 : ¥248,890 million

As of March 31, 2016 : ¥232,832 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	—	5.00	—	2.50	7.50
Fiscal year ending March 31, 2017	—	4.00	—	—	—
Fiscal year ending March 31, 2017 (Forecast)	—	—	—	4.00	8.00

(Note) Revision to the forecast for dividends announced most recently: No

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	435,000	(5.6)	21,000	(14.0)	21,000	(16.4)	13,500	100.1	31.84

(Note) Revision to the financial results forecast announced most recently: No

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2016 434,487,693 shares

March 31, 2016 434,487,693 shares

2) Total number of treasury shares at the end of the period:

December 31 2016 7,394,504 shares

March 31, 2016 7,473,866 shares

3) Average number of shares during the period:

Nine months ended December 31 2016 423,967,141 shares

Nine months ended December 31 2015 433,247,615 shares

#### \* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

#### \* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

## Consolidated Financial Results for the Nine Months Ended December 31, 2016

## (1) Net sales by reportable segment

(Millions of yen, %)

	3Q December 2016	(YoY change)	
		Change	% of Change
Specialty Steel	118,909	(8,818)	(6.9)
High Performance Materials and Magnetic Materials	108,794	(9,655)	(8.2)
Parts for Automobile and Industrial Equipment	70,875	(3,245)	(4.4)
Engineering	16,329	(2,526)	(13.4)
Trading and Service	8,627	1,830	26.9
Total	323,536	(22,416)	(6.5)

## (2) Condensed statement of profit and loss (cumulative)

(Millions of yen, %)

	3Q December 2016	(YoY change)	
		Change	% of Change
Net sales	323,536	(22,416)	(6.5)
Operating income	17,631	35	0.2
Non-operating income	3,269	(926)	—
Non-operating expenses	2,573	(750)	—
Ordinary income	18,326	(139)	(0.8)
Extraordinary income	533	(698)	—
Extraordinary losses	445	(5,723)	—
Income before income taxes	18,414	4,885	—
Income taxes	6,096	1,112	—
Profit attributable to non-controlling interests	1,429	(550)	—
Profit attributable to owners of parent	10,888	4,324	65.9

## (3) Reasons for change in the amount of ordinary income (YoY comparison)

(100 millions of yen)

Reasons for increase	Amount	Reasons for decrease	Amount
1. Raw material and fuel cost	180	1. Sales price	153
2. Sales volume	23	2. Fixed cost	36
3. Variable cost	13	3. Sales mix change	27
		4. Non-operating income or loss	2
Total (a)	216	Total (b)	218
		Change (a) – (b)	(2)

(Reference: Market conditions of raw materials)

	3Q December 2015	3Q December 2016
H2 (Thousands of yen/t)	16.5	16.5
Nickel (LME) (One dollar/lb)	5.0	4.5
Molybdenum (MD) (One dollar/lb)	6.0	6.9

## (4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2016	As of December 31, 2016	Change	Item	As of March 31, 2016	As of December 31, 2016	Change
Current assets	238,467	235,960	(2,507)	Liabilities	267,329	266,906	(423)
Cash and deposits	34,887	38,339	3,452	Trade payables	68,152	69,335	1,182
Trade receivables	98,800	94,182	(4,617)	Interest-bearing debt	136,114	137,790	1,675
Inventories	95,131	94,604	(526)	Other	63,062	59,780	(3,282)
Other	9,648	8,833	(815)	Net assets	268,345	278,975	10,630
Non-current assets	297,208	309,922	12,714	Shareholders' equity	217,585	227,760	10,175
Property, plant and equipment	188,778	190,875	2,097	Accumulated other comprehensive income	15,247	21,129	5,882
Intangible assets	2,583	2,295	(288)	Non-controlling interests	35,513	30,085	(5,427)
Investments and other assets	105,846	116,752	10,905	Total liabilities and net assets	535,675	545,882	10,206
Total assets	535,675	545,882	10,206				