

Consolidated Financial Results for the Three Months Ended June 30, 2018 [Japanese GAAP]



July 27, 2018

Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

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

Representative: Takeshi Ishiguro, President and Representative Executive Director

Contact: Junji Iwamoto, General Manager, General Affairs Department

Phone: +81-52-963-7501

Scheduled date of filing quarterly securities report: August 14, 2018

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 Three Months Ended June 30, 2018(April 1, 2018 to June 30, 2018)

(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	%
Three months ended June 30, 2018	135,431	13.7	8,538	(5.6)	9,431	1.4	5,660	(2.2)
June 30, 2017	119,133	12.2	9,049	121.2	9,301	135.7	5,786	148.6

(Note) Comprehensive income: Three months ended June 30, 2018: ¥1,843 million [(68.5%)]

Three months ended June 30, 2017: ¥5,859million [—%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Three months ended	Yen	Yen
June 30, 2018	132.78	—
June 30, 2017	135.73	—

(Note) The company consolidated its common shares at a ratio of 10 shares to 1 share on the effective date as of October 1, 2017. Accordingly, the earnings per share is calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2018	644,716	314,585	43.8
As of March 31, 2018	642,021	316,409	44.3

(Reference) Shareholders' equity: As of June 30, 2018 : ¥282,614 million

As of March 31, 2018 : ¥284,435 million

(Note) The company applies ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" from FY2018. This accounting standard is retroactively applied to the amount of the consolidated financial position as of March 31, 2018.

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, 2018	—	6.00	—	60.00	—
Fiscal year ending March 31, 2019	—				
Fiscal year ending March 31, 2019 (Forecast)		65.00	—	65.00	130.00

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

* The company consolidated its common shares at a ratio of 10 shares to 1 share on the effective date as of October 1, 2017.

Accordingly, the amount of the year-end dividend per share for FY2017 reflects the impact of the consolidation of shares and disclosure of the annual dividend per share is omitted. The annual dividend per share converted on the basis after the consolidation of shares would be 120 yen for FY2017.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% 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
First half	265,000	9.9	15,500	(17.2)	16,000	(12.7)	10,000	(15.9)	234.57
Full year	550,000	8.9	36,500	0.8	37,000	2.4	24,000	0.3	562.97

(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: No

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):

June 30, 2018 43,448,769 shares

March 31, 2018 43,448,769 shares

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

June 30, 2018 817,884 shares

March 31, 2018 817,706 shares

3) Average number of shares during the period:

Three months ended June 30, 2018 42,630,976 shares

Three months ended June 30, 2017 42,635,308 shares

(Note) The company consolidated its common shares at a ratio of 10 shares to 1 share on the effective date as of October 1, 2017.

Accordingly, average number of shares during the period is calculated on the assumption that the consolidation of shares is conducted at the beginning of the previous fiscal year.

* These quarterly financial results are outside the scope of quarterly review procedures by a certified public accountant or an audit firm

* 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 Three Months Ended June 30, 2018

(1) Net sales by reportable segment

(Millions of yen, %)

	1Q June 2018	(YoY change)	
		Change	% of Change
Specialty Steel	52,712	7,680	17.1
High Performance Materials and Magnetic Materials	46,982	6,580	16.3
Parts for Automobile and Industrial Equipment	27,236	1,531	6.0
Engineering	5,094	674	15.3
Trading and Service	3,404	(169)	(4.7)
Total	135,431	16,297	13.7

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

(Millions of yen, %)

	1Q June 2018	(YoY change)	
		Change	% of Change
Net sales	135,431	16,297	13.7
Operating income	8,538	(511)	(5.6)
Non-operating income	1,582	313	
Non-operating expenses	689	(327)	
Ordinary income	9,431	130	1.4
Extraordinary income	—	—	
Extraordinary losses	—	—	
Income before income taxes	9,431	130	
Income taxes	3,123	265	
Profit attributable to non-controlling interests	647	(8)	
Profit attributable to owners of parent	5,660	(126)	(2.2)

(Sales volume of Specialty Steel 347 thou. tons, vs FY2017-1Q +21 thou. tons)

(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. Sales price	49	1. Raw material and fuel cost	73
2. Sales volume	14	2. Fixed cost	5
3. Sales mix change	8		
4. Variable cost	2		
5. Non-operating income or loss	6		
Total (a)	79	Total (b)	78
		Change (a) – (b)	1

(Reference: Market condition)

	1Q June 2017	1Q June 2018
H2 (Thousands of yen/t)	20.6	29.6
Nickel (LME) (One dollar/1b)	4.2	6.6
Exchange rate(TTM) (yen/dollar)	111.1	109.5

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2018	As of June 30, 2018	Change	Item	As of March 31, 2018	As of June 30, 2018	Change
Current assets	<u>297,307</u>	<u>304,259</u>	<u>6,952</u>	Liabilities	<u>325,611</u>	<u>330,131</u>	<u>4,519</u>
Cash and deposits	42,167	39,630	(2,536)	Trade payables	90,381	92,284	1,902
Trade receivables	134,152	133,534	(617)	Interest-bearing debt	160,352	167,831	7,478
Inventories	115,064	123,330	8,265	Other	74,877	70,016	(4,861)
Other	5,923	7,764	1,840	Net assets	<u>316,409</u>	<u>314,585</u>	<u>(1,824)</u>
Non-current assets	<u>344,714</u>	<u>340,456</u>	<u>(4,257)</u>	Shareholders' equity	251,664	254,147	2,482
Property, plant and equipment	212,029	216,567	4,538	Accumulated other comprehensive income	32,770	28,467	(4,303)
Intangible assets	1,697	1,595	(101)	Non-controlling interests	31,974	31,970	(3)
Investments and other assets	130,988	122,293	(8,694)	Total liabilities and net assets	642,021	644,716	2,694
Total assets	642,021	644,716	2,694				

(Note)The company applies ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting" from FY2018. This accounting standard is retroactively applied to the amount of the condensed balance sheet as of March 31, 2018.