

# Consolidated Financial Results for the Nine Months Ended December 31, 2018 [Japanese GAAP]



January 30, 2019

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: February 14, 2019

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, 2018(April 1, 2018 to December 31, 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	%
Nine months ended December 31, 2018	411,422	10.9	25,963	(6.8)	26,862	(4.7)	16,740	(8.6)
December 31, 2017	370,846	14.6	27,871	58.1	28,200	53.9	18,306	68.1

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥7,664 million [(77.7%)]

Nine months ended December 31, 2017: ¥34,345 million [93.6%]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	Yen	Yen
Nine months ended December 31, 2018	392.68	—
December 31, 2017	429.38	—

(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 December 31, 2018	653,935	316,957	43.5
As of March 31, 2018	642,021	316,409	44.3

(Reference) Shareholders' equity: As of December 31, 2018 : ¥284,517 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	—	65.00	—		
Fiscal year ending March 31, 2019 (Forecast)				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
Full year	551,000	9.1	35,000	(3.4)	36,000	(0.4)	22,000	(8.0)	516.06

(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):

December 31, 2018 43,448,769 shares

March 31, 2018 43,448,769 shares

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

December 31, 2018 818,884 shares

March 31, 2018 817,706 shares

3) Average number of shares during the period:

Nine months ended December 31, 2018 42,630,526 shares

Nine months ended December 31, 2017 42,633,961 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 Nine Months Ended December 31, 2018

## (1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	3Q December 2018	YoY Change [% of Change]	3Q December 2018	YoY Change
Specialty Steel	156,146	15,601 [11.1%]	3,621	(2,442)
High Performance Materials and Magnetic Materials	140,309	14,802 [11.8%]	16,544	(84)
Parts for Automobile and Industrial Equipment	84,094	5,727 [7.3%]	2,232	197
Engineering	20,474	4,266 [26.3%]	1,655	641
Trading and Service	10,397	177 [1.7%]	1,920	(212)
Adjustment	—	—	(11)	(7)
Total	411,422	40,575 [10.9%]	25,963	(1,908)

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

(Millions of yen, %)

	3Q December 2018	YoY Change [% of Change]
Net sales	411,422	40,575 [10.9%]
Operating income	25,963	(1,908) [(6.8%)]
Non-operating income and expenses	898	569
Ordinary income	26,862	(1,338) [(4.7%)]
Extraordinary income and losses	(51)	(801)
Income before income taxes	26,810	(2,140)
Income taxes	8,422	7
Profit attributable to non-controlling interests	1,648	(581)
Profit attributable to owners of parent	16,740	(1,565) [(8.6%)]

(Sales volume of Specialty Steel 1,015 thou. tons, vs FY2017-3Q +31 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	167	1. Raw material and fuel cost	214
2. Sales volume	35	2. Fixed cost	18
3. Sales mix change	9		
4. Variable cost	2		
5. Non-operating income or loss	6		
Total (a)	219	Total (b)	232
		Change (a) – (b)	(13)

(Reference: Market condition)

	3Q December 2017	3Q December 2018
H2 (Thousands of yen/t)	24.2	29.4
Nickel (LME) (One dollar/lb)	4.7	5.9
Exchange rate (TTM) (yen/dollar)	111.7	111.3

## (4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2018	As of December 31, 2018	Change	Item	As of March 31, 2018	As of December 31, 2018	Change
Current assets	297,307	316,339	19,031	Liabilities	325,611	336,978	11,366
Cash and deposits	42,167	42,076	(91)	Trade payables	90,381	93,889	3,507
Trade receivables	134,152	133,901	(250)	Interest-bearing debt	160,352	180,547	20,194
Inventories	115,064	132,586	17,522	Other	74,877	62,541	(12,336)
Other	5,923	7,774	1,850	Net assets	316,409	316,957	547
Non-current assets	344,714	337,596	(7,117)	Shareholders' equity	251,664	262,398	10,733
Property, plant and equipment	212,029	222,552	10,523	Accumulated other comprehensive income	32,770	22,118	(10,651)
Intangible assets	1,697	1,480	(216)	Non-controlling interests	31,974	32,439	465
Investments and other assets	130,988	113,562	(17,425)	Total liabilities and net assets	642,021	653,935	11,913
Total assets	642,021	653,935	11,913				

(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.