

Consolidated Financial Results for the Three Months Ended June 30, 2019 [Japanese GAAP]



July 26, 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: Kazuhiro Toshimitsu, Executive officer

Phone: +81-52-963-7501

Scheduled date of filing quarterly securities report: August 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 Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(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, 2019	127,721	(5.7)	6,365	(25.5)	6,527	(30.8)	9,488	67.6
June 30, 2018	135,431	13.7	8,538	(5.6)	9,431	1.4	5,660	(2.2)

(Note) Comprehensive income: Three months ended June 30, 2019: ¥7,096 million [285.0%]

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

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Three months ended	Yen	Yen
June 30, 2019	222.58	—
June 30, 2018	132.78	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2019	652,253	327,654	44.9
As of March 31, 2019	650,697	318,140	43.9

(Reference) Shareholders' equity: As of June 30, 2019 : ¥292,729 million

As of March 31, 2019 : ¥285,508 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, 2019	—	65.00	—	65.00	130.00
Fiscal year ending March 31, 2020	—	—	—	—	—
Fiscal year ending March 31, 2020 (Forecast)	—	55.00	—	65.00	120.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% 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	260,000	(3.6)	13,500	(19.4)	13,500	(23.2)	12,000	11.5	281.50
Full year	530,000	(2.4)	31,000	(8.3)	31,500	(8.3)	24,000	13.3	562.99

(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, 2019 43,448,769 shares

March 31, 2019 43,448,769 shares

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

June 30, 2019 819,488 shares

March 31, 2019 819,275 shares

3) Average number of shares during the period:

Three months ended June 30, 2019 42,629,424 shares

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

* 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, 2019

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	1Q June 2019	YoY Change [% of Change]	1Q June 2019	YoY Change
Specialty Steel	49,943	(2,769) [(5.3%)]	1,166	120
High Performance Materials and Magnetic Materials	42,850	(4,132) [(8.8%)]	3,568	(2,567)
Parts for Automobile and Industrial Equipment	24,986	(2,250) [(8.3%)]	391	(162)
Engineering	5,342	247 [4.9%]	561	420
Trading and Service	4,598	1,194 [35.1%]	682	8
Adjustment	—	—	(3)	7
Total	127,721	(7,709) [(5.7%)]	6,365	(2,173)

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

(Millions of yen, %)

	1Q June 2019	YoY Change [% of Change]
Net sales	127,721	(7,709) [(5.7%)]
Operating income	6,365	(2,173) [(25.5%)]
Non-operating income and expenses	162	(730)
Ordinary income	6,527	(2,903) [(30.8%)]
Extraordinary income and losses	7,441	7,441
Income before income taxes	13,969	4,537
Income taxes	4,303	1,179
Profit attributable to non-controlling interests	177	(469)
Profit attributable to owners of parent	9,488	3,827 [67.6%]

(Sales volume of Specialty Steel 318 thou. tons, decreasing 29 thou. tons vs FY2018-1Q)

(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	22	1. Sales volume	32
2. Fixed cost	4	2. Raw material and fuel cost	11
3. Newly consolidated subsidiaries	3	3. Sales mix change	4
		4. Variable cost	3
		5. Non-operating income or loss	8
Total (a)	29	Total (b)	58
		Change (a) – (b)	(29)

(Reference: Market condition)

	1Q June 2018	1Q June 2019
H2 (Thousands of yen/t)	29.6	25.9
Nickel (LME) (One dollar/lb)	6.6	5.6
Exchange rate (TTM) (yen/dollar)	109.5	110.9

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2019	As of June 30, 2019	Change	Item	As of March 31, 2019	As of June 30, 2019	Change
Current assets	313,081	316,865	3,783	Liabilities	332,557	324,599	(7,958)
Cash and deposits	41,734	47,578	5,843	Trade payables	87,361	78,007	(9,353)
Trade receivables	132,800	126,541	(6,258)	Interest-bearing debt	174,998	174,188	(810)
Inventories	132,546	136,127	3,580	Other	70,196	72,402	2,206
Other	5,999	6,617	618	Net assets	318,140	327,654	9,514
Non-current assets	337,616	335,388	(2,227)	Shareholders' equity	267,106	276,952	9,846
Property, plant and equipment	226,078	232,252	6,174	Accumulated other comprehensive income	18,402	15,777	(2,625)
Intangible assets	1,502	1,520	17	Non-controlling interests	32,631	34,924	2,292
Investments and other assets	110,035	101,615	(8,419)	Total liabilities and net assets	650,697	652,253	1,556
Total assets	650,697	652,253	1,556				