

Consolidated Financial Results for the Nine Months Ended December 31, 2019 [Japanese GAAP]



January 31, 2020

Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

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

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Scheduled date of filing quarterly securities report: February 14, 2020

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, 2019 (April 1, 2019 to December 31, 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	%
Nine months ended December 31, 2019	373,560	(9.2)	20,953	(19.3)	21,390	(20.4)	16,152	(3.5)
December 31, 2018	411,422	10.9	25,963	(6.8)	26,862	(4.7)	16,740	(8.6)

(Note) Comprehensive income: Nine months ended December 31, 2019: ¥16,749 million [118.5%]

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

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
Nine months ended	Yen	Yen
December 31, 2019	378.90	—
December 31, 2018	392.68	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of December 31, 2019	658,248	334,772	45.5
As of March 31, 2019	650,697	318,140	43.9

(Reference) Shareholders' equity: As of December 31, 2019 : ¥299,367 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	—	55.00	—	—	—
Fiscal year ending March 31, 2020 (Forecast)	—	—	—	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
Full year	493,000	(9.3)	29,000	(14.2)	29,000	(15.6)	21,500	1.5	504.35

(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, 2019 43,448,769 shares

March 31, 2019 43,448,769 shares

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

December 31, 2019 820,077 shares

March 31, 2019 819,275 shares

3) Average number of shares during the period:

Nine months ended December 31, 2019 42,629,153 shares

Nine months ended December 31, 2018 42,630,526 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 Nine Months Ended December 31, 2019

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	3Q December 2019	YoY Change [% of Change]	3Q December 2019	YoY Change
Specialty Steel	141,692	(14,454) [(9.3%)]	5,282	1,660
High Performance Materials and Magnetic Materials	126,092	(14,217) [(10.1%)]	10,500	(6,044)
Parts for Automobile and Industrial Equipment	74,118	(9,975) [(11.9%)]	525	(1,706)
Engineering	19,317	(1,156) [(5.6%)]	2,584	928
Trading and Service	12,339	1,941 [18.7%]	2,062	142
Adjustment	—	—	(2)	9
Total	373,560	(37,861) [(9.2%)]	20,953	(5,010)

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

(Millions of yen, %)

	3Q December 2019	YoY Change [% of Change]
Net sales	373,560	(37,861) [(9.2%)]
Operating income	20,953	(5,010) [(19.3%)]
Non-operating income and expenses	437	(461)
Ordinary income	21,390	(5,471) [(20.4%)]
Extraordinary income and losses	4,007	4,059
Income before income taxes	25,398	(1,412)
Income taxes	8,332	(89)
Profit attributable to non-controlling interests	913	(734)
Profit attributable to owners of parent	16,152	(587) [(3.5%)]

(Sales volume of Specialty Steel 919 thou. tons, decreasing 96 thou. tons vs FY2018-3Q)

(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	54	1. Sales volume	101
2. Newly consolidated subsidiaries	7	2. Variable cost	11
3. Fixed cost	5	3. Sales mix change	7
4. Sales price	3	4. Non-operating income or loss	5
Total (a)	69	Total (b)	124
		Change (a) – (b)	(55)

(Reference: Market condition)

	3Q December 2018	3Q December 2019
H2 (Thousands of yen/t)	29.4	21.7
Nickel (LME) (One dollar/lb)	5.9	6.5
Exchange rate (TTM) (yen/dollar)	111.3	109.7

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2019	As of December 31, 2019	Change	Item	As of March 31, 2019	As of December 31, 2019	Change
Current assets	<u>313,081</u>	<u>308,323</u>	<u>(4,757)</u>	Liabilities	<u>332,557</u>	<u>323,475</u>	<u>(9,081)</u>
Cash and deposits	41,734	47,577	5,843	Trade payables	87,361	67,764	(19,596)
Trade receivables	132,800	121,511	(11,289)	Interest-bearing debt	174,998	192,484	17,485
Inventories	132,546	131,424	(1,122)	Other	70,196	63,226	(6,970)
Other	5,999	7,810	1,810	Net assets	<u>318,140</u>	<u>334,772</u>	<u>16,632</u>
Non-current assets	<u>337,616</u>	<u>349,925</u>	<u>12,308</u>	Shareholders' equity	267,106	281,267	14,160
Property, plant and equipment	226,078	241,480	15,401	Accumulated other comprehensive income	18,402	18,100	(301)
Intangible assets	1,502	1,439	(63)	Non-controlling interests	32,631	35,405	2,773
Investments and other assets	110,035	107,005	(3,029)	Total liabilities and net assets	650,697	658,248	7,550
Total assets	650,697	658,248	7,550				