

Consolidated Financial Results
for the Fiscal Year Ended March 31, 2020
[Japanese GAAP]



MEMBERSHIP
May 15, 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/>

Representative: Takeshi Ishiguro, President and Representative Executive Director

Contact: Kazuhiro Toshimitsu, Managing Executive officer

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Scheduled date of ordinary general shareholders' meeting: June 25, 2020

Scheduled date of filing annual securities report: June 25, 2020

Scheduled date of commencing dividend payments: June 26, 2020

Availability of supplementary briefing material on annual financial results: Available

Schedule of annual 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 Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	%
March 31, 2020	490,421	(9.7)	24,768	(26.8)	24,298	(29.2)	10,987	(48.1)
March 31, 2019	543,255	7.5	33,815	(6.6)	34,343	(4.9)	21,182	(11.4)

(Note) Comprehensive income: Year ended March 31, 2020: (¥8,886) million [-%]

Year ended March 31, 2019: ¥8,871 million [(73.1%)]

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
March 31, 2020	257.76	—	3.9	3.8	5.1
March 31, 2019	496.88	—	7.4	5.3	6.2

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2020: ¥760 million

Year ended March 31, 2019: ¥1,134 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2020	625,899	309,136	43.7	6,417.37
March 31, 2019	650,697	318,140	43.9	6,697.44

(Reference) Shareholders' equity: As of March 31, 2020 : ¥273,561 million

As of March 31, 2019 : ¥285,508million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
March 31, 2020	41,033	(39,326)	10,526	57,843
March 31, 2019	28,114	(33,707)	5,589	40,728

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2019	—	65.00	—	65.00	130.00	5,543	26.2	1.9
March 31, 2020	—	55.00	—	15.00	70.00	2,984	27.2	1.1
Fiscal year ending March 31, 2021 (Forecast)	—	—	—	—	—		—	

(Note) The dividend forecasts for the Fiscal year ending March 31, 2021 are undecided.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(% 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	180,000	(28.7)	(3,000)	—	(2,000)	—	(2,500)	—	(58.65)
Full year	—	—	—	—	—	—	—	—	—

(Note) The forecast for the Fiscal year ending March 31, 2021 will be disclosed when it is possible to make rational calculations in future.

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) 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
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2020	43,448,769 shares
March 31, 2019	43,448,769 shares
 - 2) Total number of treasury shares at the end of the period:

March 31, 2020	820,446 shares
March 31, 2019	819,275 shares
 - 3) Average number of shares during the period:

Fiscal year ended March 31, 2020	42,628,998 shares
Fiscal year ended March 31, 2019	42,630,293 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2020	304,819	(10.6)	16,792	(12.3)	21,049	(13.7)	11,483	(27.8)
March 31, 2019	340,813	10.7	19,146	5.2	24,393	15.2	15,912	6.5

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
March 31, 2020	269.31	—	—	—
March 31, 2019	373.17	—	—	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2020	434,175	189,484	43.6	4,443.78
March 31, 2019	455,577	195,486	42.9	4,584.39

(Reference) Shareholders' equity: As of March 31, 2020 : ¥189,484million

As of March 31, 2019 : ¥195,486million

* These financial results are outside the scope of audit process 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 Fiscal Year Ended March 31, 2020

(1) Net sales and operating income by reportable segment

(Millions of yen, %)

	Net sales		Operating income	
	Fiscal year ended March 31, 2020	YoY Change [% of Change]	Fiscal year ended March 31, 2020	YoY Change
Specialty Steel	181,674	(26,070) [(12.5%)]	5,148	(850)
High Performance Materials and Magnetic Materials	167,356	(17,196) [(9.3%)]	13,638	(7,055)
Parts for Automobile and Industrial Equipment	97,343	(12,586) [(11.4%)]	430	(1,878)
Engineering	26,583	(945) [(3.4%)]	2,960	668
Trading and Service	17,463	3,964 [29.4%]	2,581	54
Adjustment	—	—	9	14
Total	490,421	(52,833) [(9.7%)]	24,768	(9,046)

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

(Millions of yen, %)

	Fiscal year ended March 31, 2020	YoY Change [% of Change]
Net sales	490,421	(52,833) [(9.7%)]
Operating income	24,768	(9,046) [(26.8%)]
Non-operating income and expenses	(470)	(998)
Ordinary income	24,298	(10,044) [(29.2%)]
Extraordinary income and losses	(3,128)	(1,896)
Income before income taxes	21,170	(11,940)
Income taxes	9,095	(1,129)
Profit attributable to non-controlling interests	1,087	(616)
Profit attributable to owners of parent	10,987	(10,194) [(48.1%)]

(Sales volume of Specialty Steel 1,176 thou. tons, decreasing 173 thou. tons vs FY2018)

(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	109	1. Sales volume	147
2. Fixed cost	18	2. Sales price	32
3. Newly consolidated subsidiaries	8	3. Sales mix change	29
		4. Variable cost	17
		5. Non-operating income or loss	10
Total (a)	135	Total (b)	235
		Change (a) – (b)	(100)

(Reference: Market condition)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
H2 (Thousands of yen/t)	28.7	20.6
Nickel (LME) (One dollar/lb)	5.9	6.3
Exchange rate (TTM) (yen/dollar)	111.1	109.7

(4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2019	As of March 31, 2020	Change	Item	As of March 31, 2019	As of March 31, 2020	Change
Current assets	313,081	310,641	(2,439)	Liabilities	332,557	316,763	(15,793)
Cash and deposits	41,734	59,558	17,824	Trade payables	87,361	66,821	(20,539)
Trade receivables	132,800	118,281	(14,518)	Interest-bearing debt	174,998	193,881	18,882
Inventories	132,546	127,174	(5,372)	Other	70,196	56,060	(14,136)
Other	5,999	5,627	(372)	Net assets	318,140	309,136	(9,004)
Non-current assets	337,616	315,257	(22,358)	Shareholders' equity	267,106	276,101	8,995
Property, plant and equipment	226,078	237,492	11,414	Accumulated other comprehensive income	18,402	(2,539)	(20,942)
Intangible assets	1,502	1,619	117	Non-controlling interests	32,631	35,574	2,942
Investments and other assets	110,035	76,145	(33,890)	Total liabilities and net assets	650,697	625,899	(24,797)
Total assets	650,697	625,899	(24,797)				