

Fiscal Year ending March 2015 Results Briefing (Apr.1 / 2014 – Mar.31 / 2015)

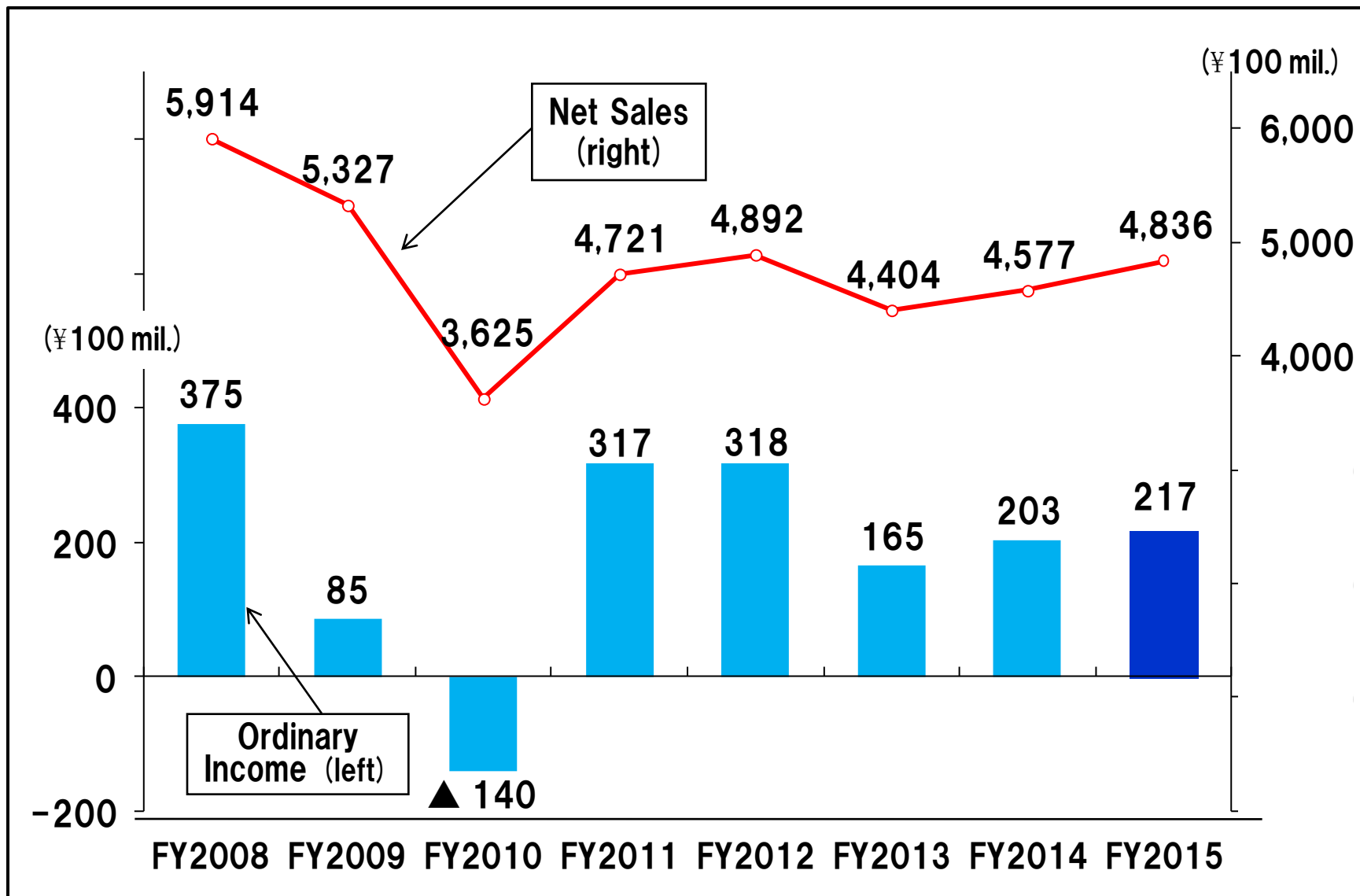
Apr. 30th 2015



FY2015 Results

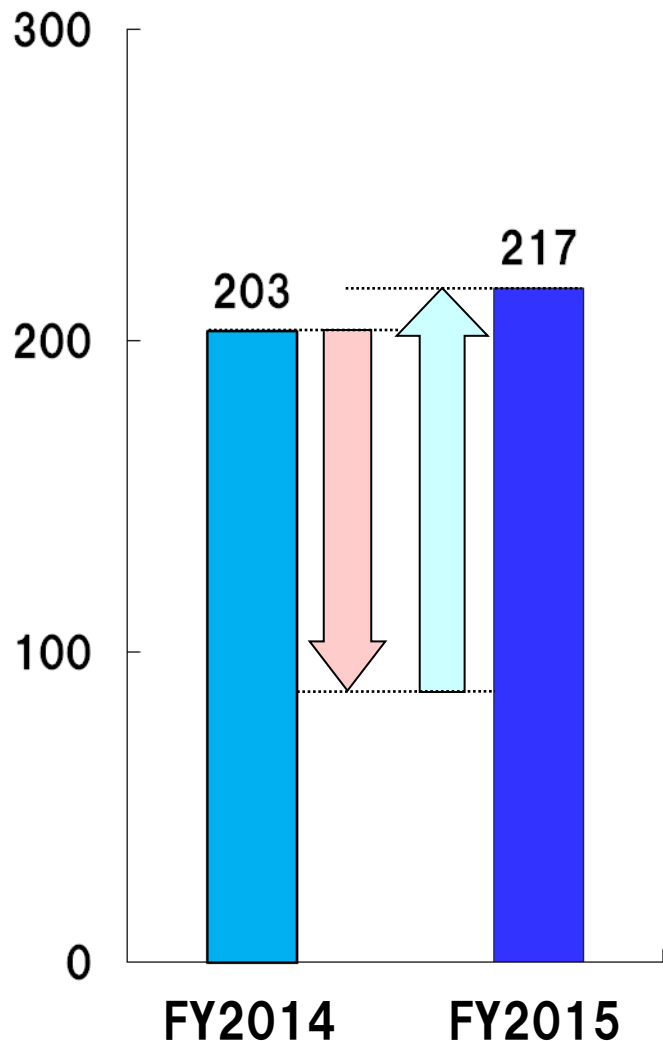
(Apr.1/2014– Mar.31/2015)

Changes in Net Sales & Ordinary Income (FY2015 Results)



FY2015 Changes in Ordinary Income (y/y)

(¥100 mil.)



(¥100 mil.)

FY2014 Ordinary Income	
Changes (y/y)	Operating Income / Loss
	Fuel price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
Subtotal	
Non-operating Income	
FY2015 Ordinary Income	

203	
-82	
	+47
	+58
-3	
	+21
-27	
-112	+126
217 (+14)	

Changes in Net Sales & Operating Income by Segment

(¥100 mil.)

		FY2014 (A)	FY2015 (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,841	1,891	50
	Operating Income	17	32	15
High Performance Materials & Magnet Materials	Net Sales	1,435	1,618	183
	Operating Income	111	135	24
Parts for Automobile & Industrial Equipment	Net Sales	970	994	24
	Operating Income	38	10	-28
Engineering	Net Sales	241	229	-12
	Operating Income	11	17	6
Trading & Service	Net Sales	90	104	14
	Operating Income	13	10	-3
Total	Net Sales	4,577	4,836	259
	Operating Income	190	204	14

Former Net Sales of
Specialty steel

volume

1,159thou.t 1,187thou.t

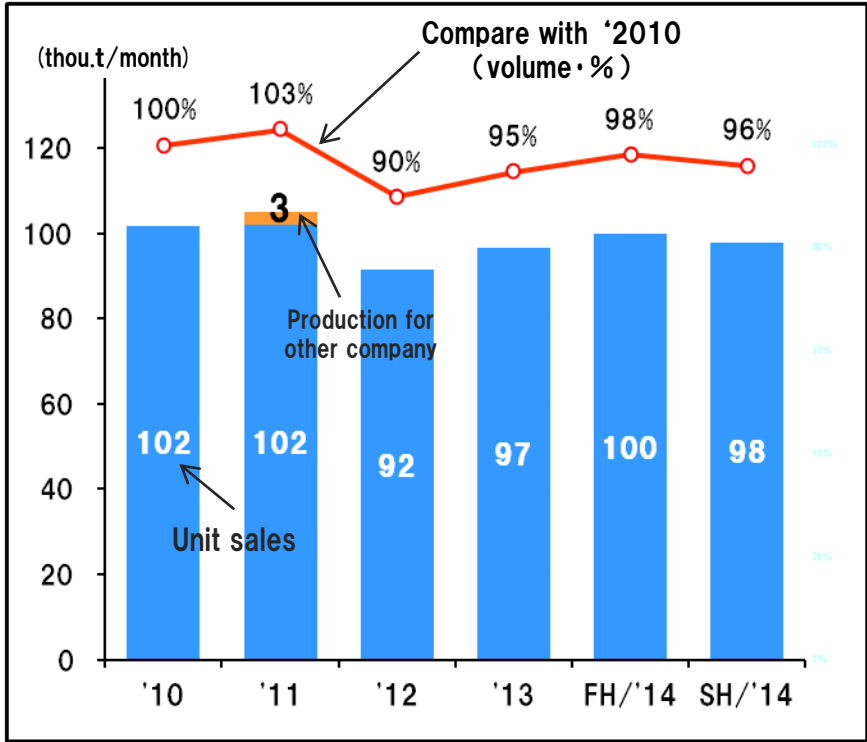
28thou.t

Overview of main products in FY2015 ①

Specialty steel

<Demand Environment >

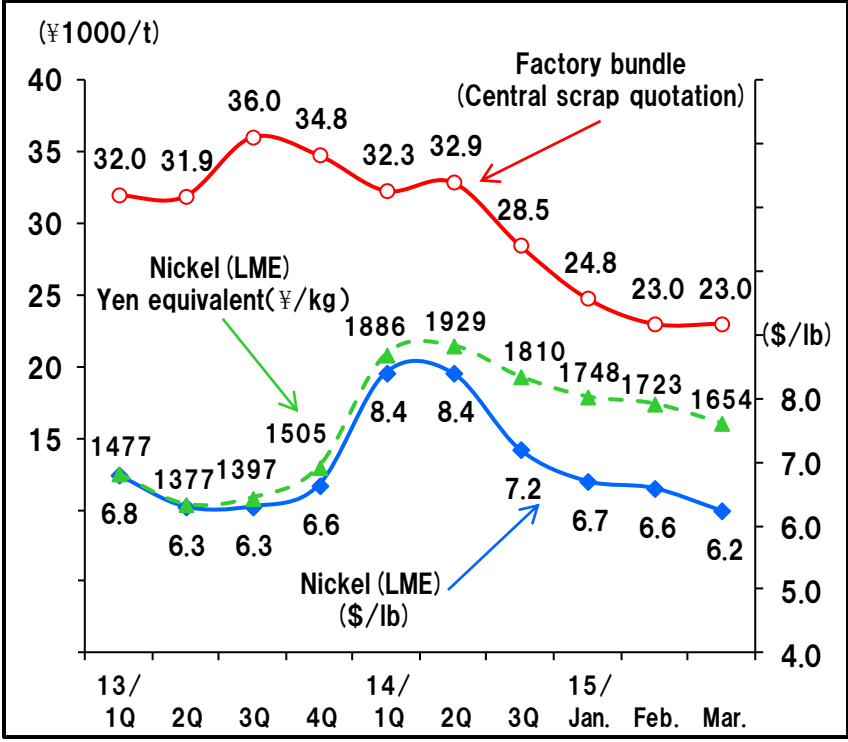
Specialty Steel and Materials Sales (Single Unit)



➤ The sales volume declined due to adjustments of production by car manufacturers in the second half of fiscal year 2014.

< Raw Material Situation >

Central Scrap Quotation and Nickel Price Trends

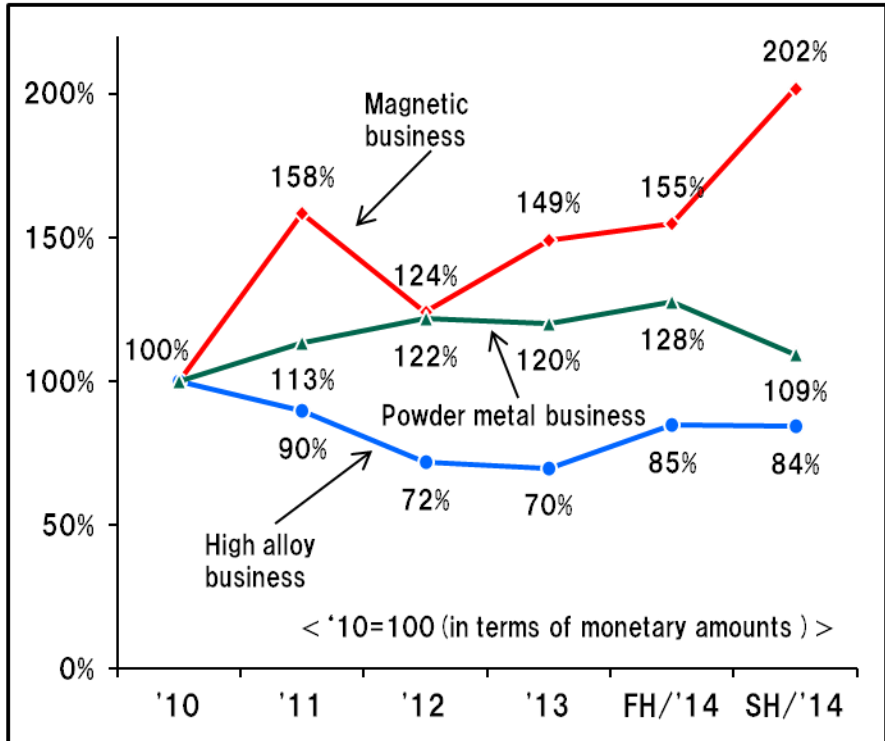


➤ Scrap: Declined from the 3rd quarter of fiscal year 2014 due to weak overseas demand.
 ➤ Nickel: Declined from the 3rd quarter of 2014 due to decreased demand.

Overview of main products in FY2015 ②

High Performance Materials and Magnetic Materials

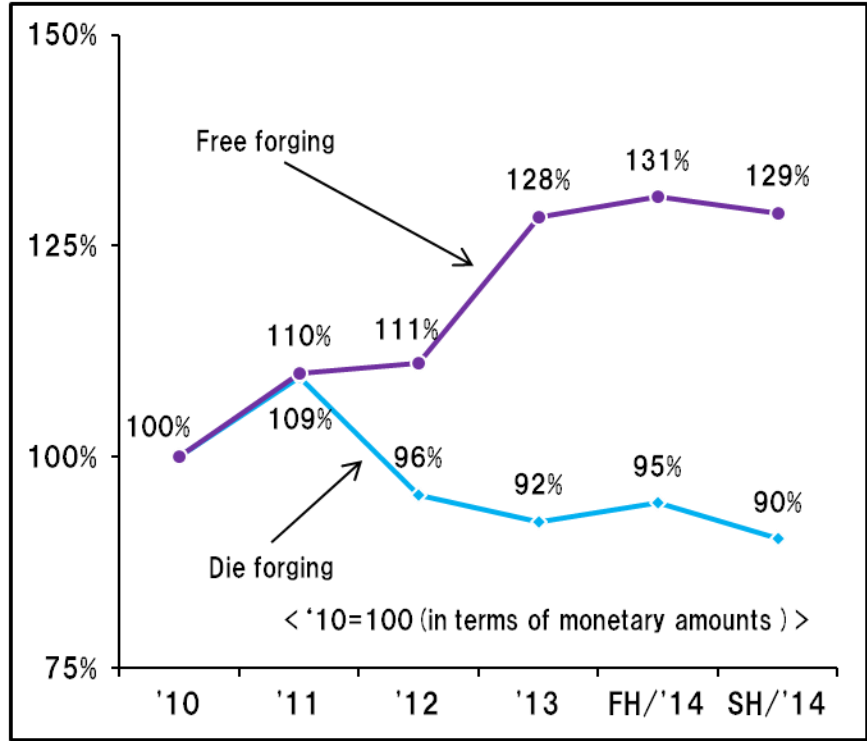
< High alloy/Magnetic/Powder metal business >



- **Magnetic products:** Sales of automotive parts (EPS) continued to expand
- **Powder metals:** Demand for alloy steel (for engines) was in an adjustment phase.
- **High alloy products:** Demand expanded in the field of automotive applications (turbos, etc.)

Parts for Automobile & Industrial Equipment

< Die forging/Free forging >



- **Free forgings:** Aircraft-related demand continued to grow, but demand in the field of heavy electricity machinery was stagnant.
- **Die forgings:** The sales volume decreased in the second half due to adjustments in car production.

FY2015 Extraordinary Income/Loss · Net Income

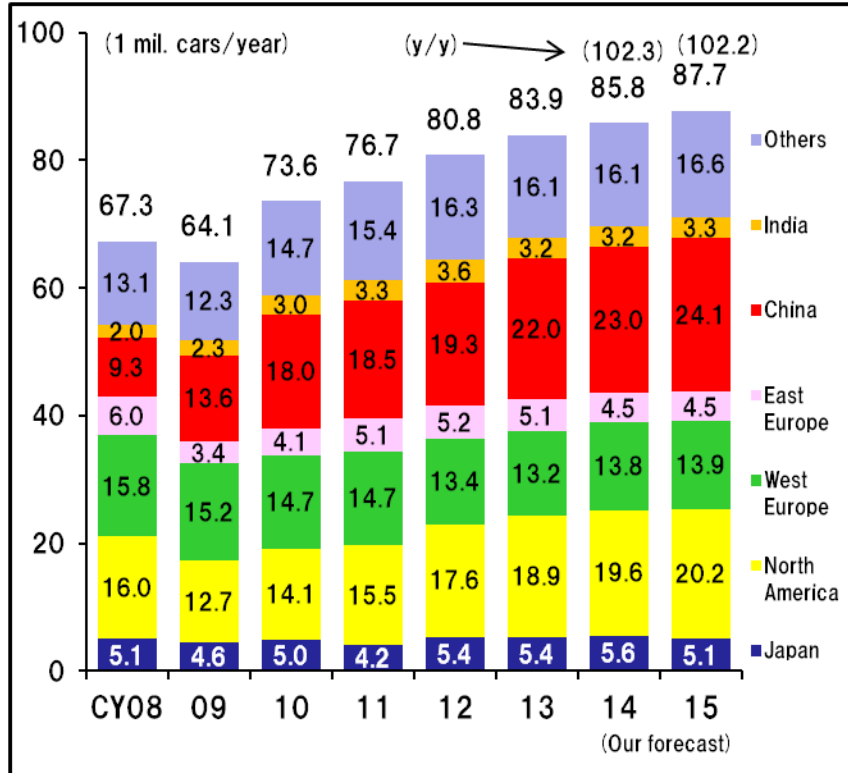
(¥100 mil.)

FY2015 Ordinary income	217
Extraordinary Income / Loss	▲22
Income taxes and minority interests	▲86
FY2015 Net income	109

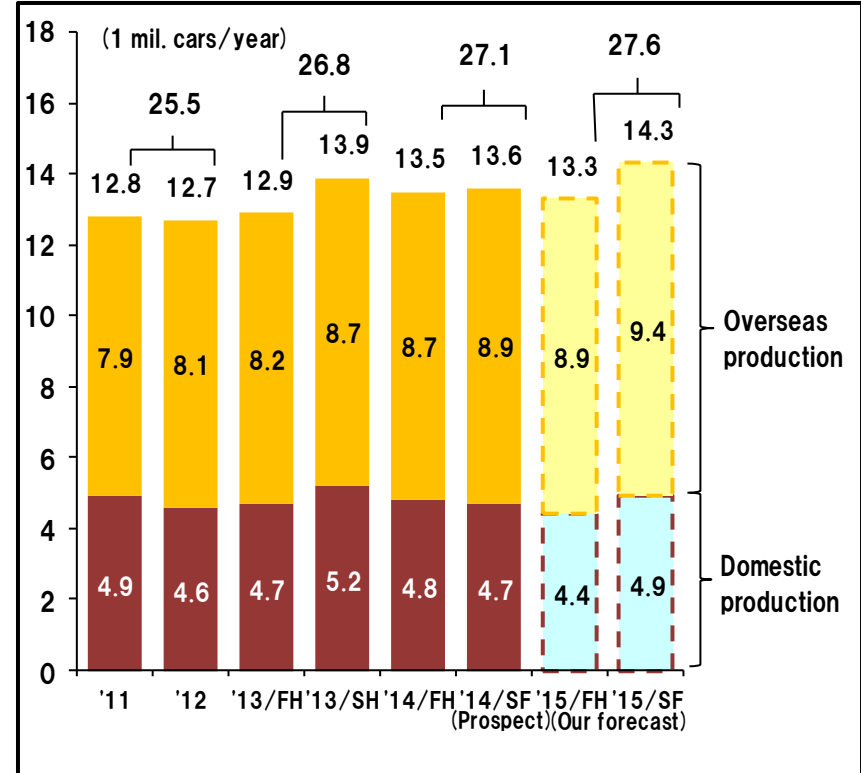
Annual Plan for FY2016

Outlook of market < Automobile >

< Global car demand >



< Trends for Japanese car market >

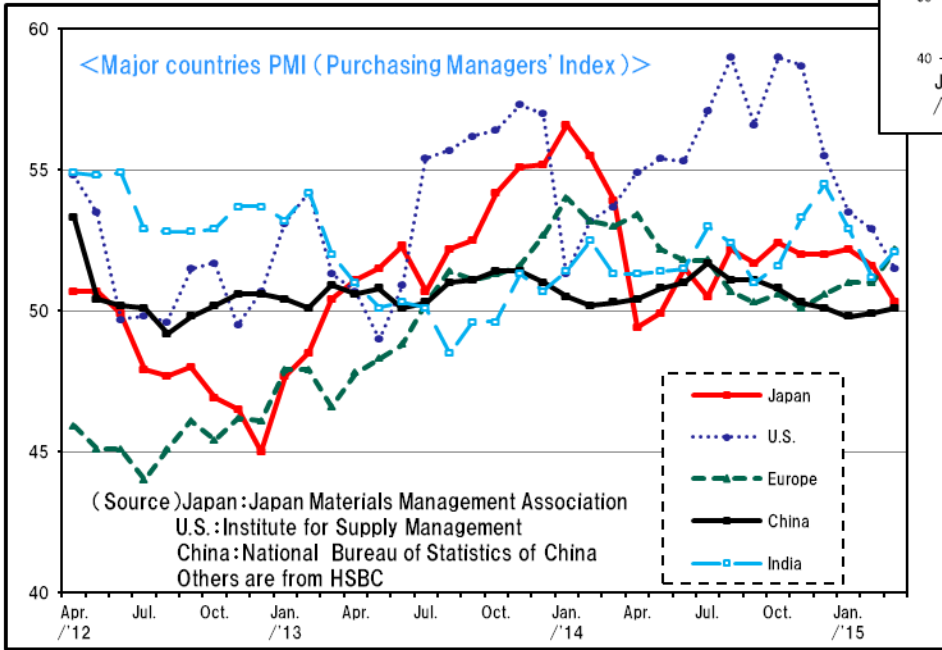
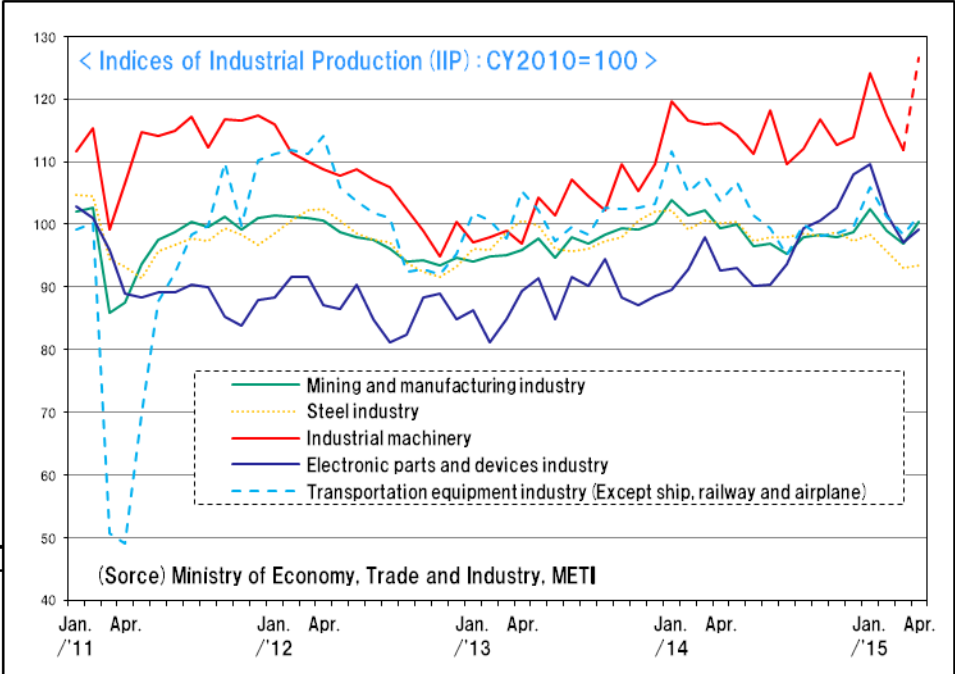


- Global demand: Markets are continuing to expand, led by the U.S. and China. Domestic demand is declining due to a reaction to the demand rush that occurred in anticipation of the consumption-tax hike.
- Production by Japanese car manufacturers: Production is expected to recover, starting sometime around the summer, due to progress in the adjustment of the completed vehicle inventory.

■ Outlook of market < Industrial machinery >

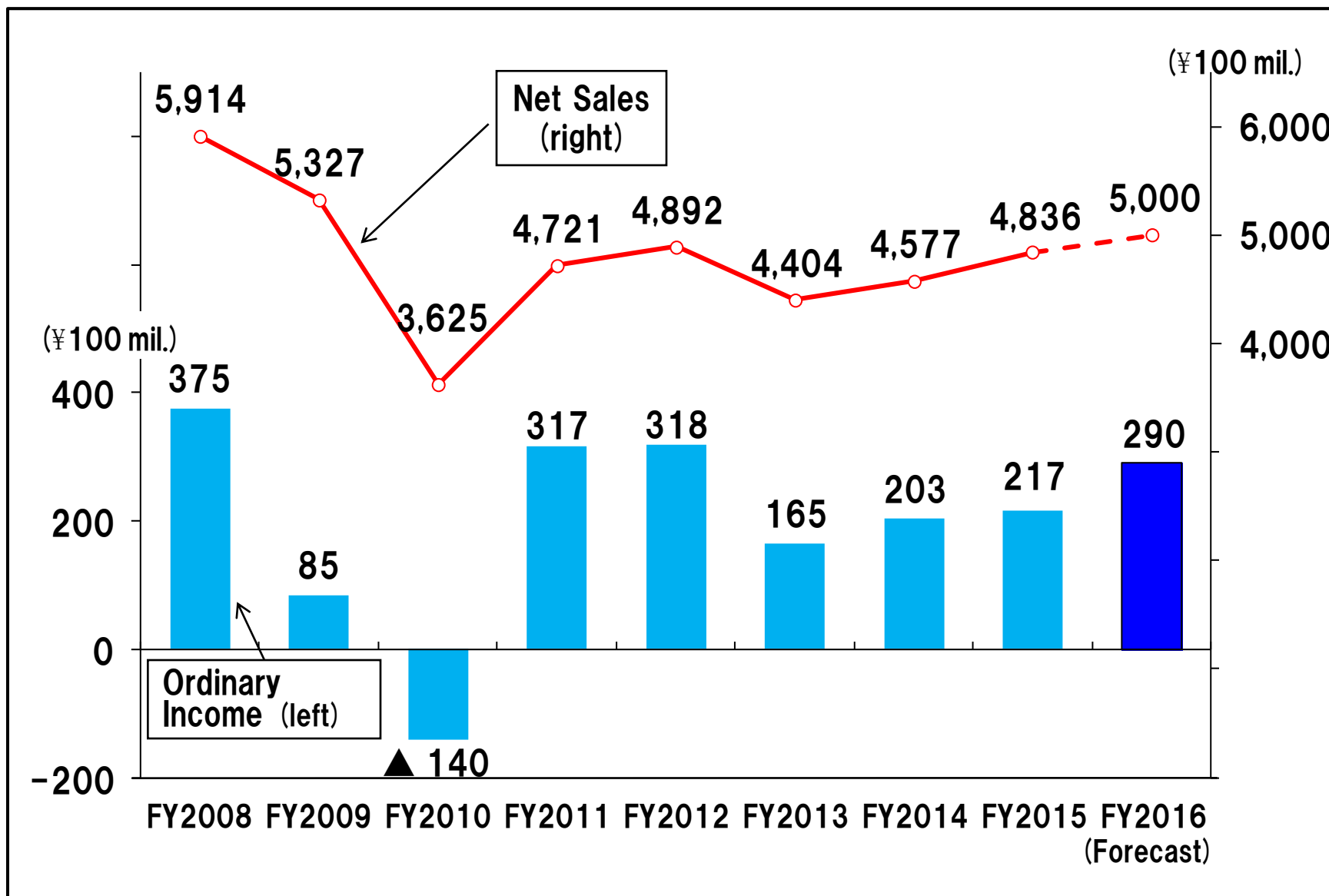
Demand of Industrial machinery

- [Domestic market]
- The effect of adjustments to car production is lingering for a while, but on the whole the Japanese economy is maintaining a steady course and industrial production is expected to increase moderately.
 - Capital investment is following a recovering trend due to improvements in corporate profits
- Domestic demand for specialty steel is recovering from the adjustment phase.

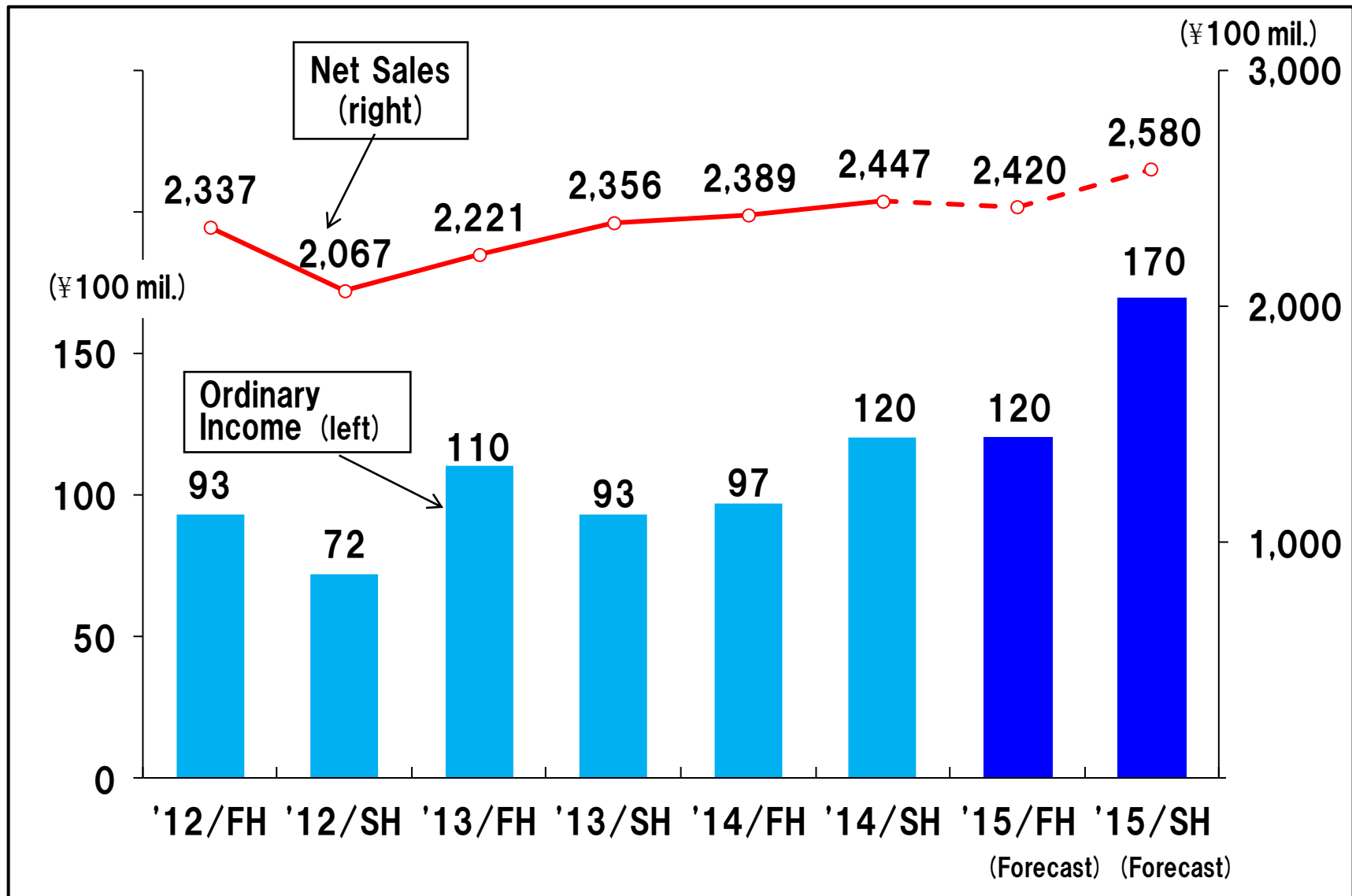


- [Overseas markets]
- The global economy is recovering moderately, but uncertainty surrounding the economic environment continues, due to geopolitical risk associated with crude oil policies and concerns about the impact of the U.S. interest rate hike on emerging economies.
- The favorable export environment continues, due to the trend toward a weaker yen, in spite of some uncertainty in that regard.

Changes in Net Sales & Ordinary Income (Forecast for FY2016)

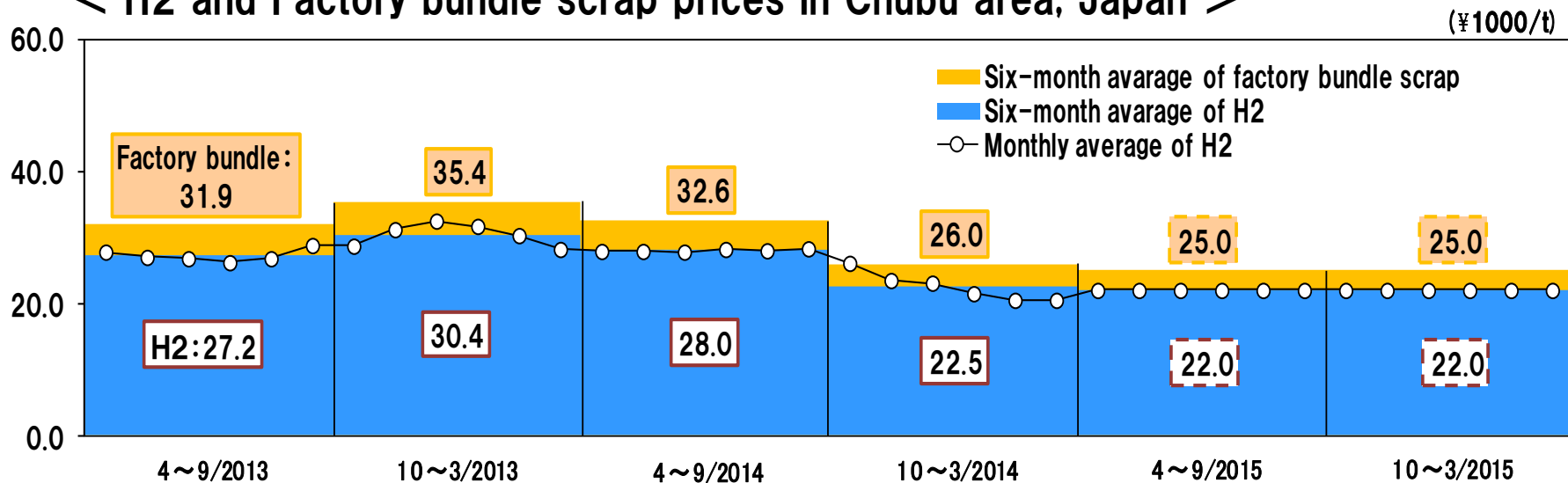


Changes in Net Sales & Ordinary Income (Interim)

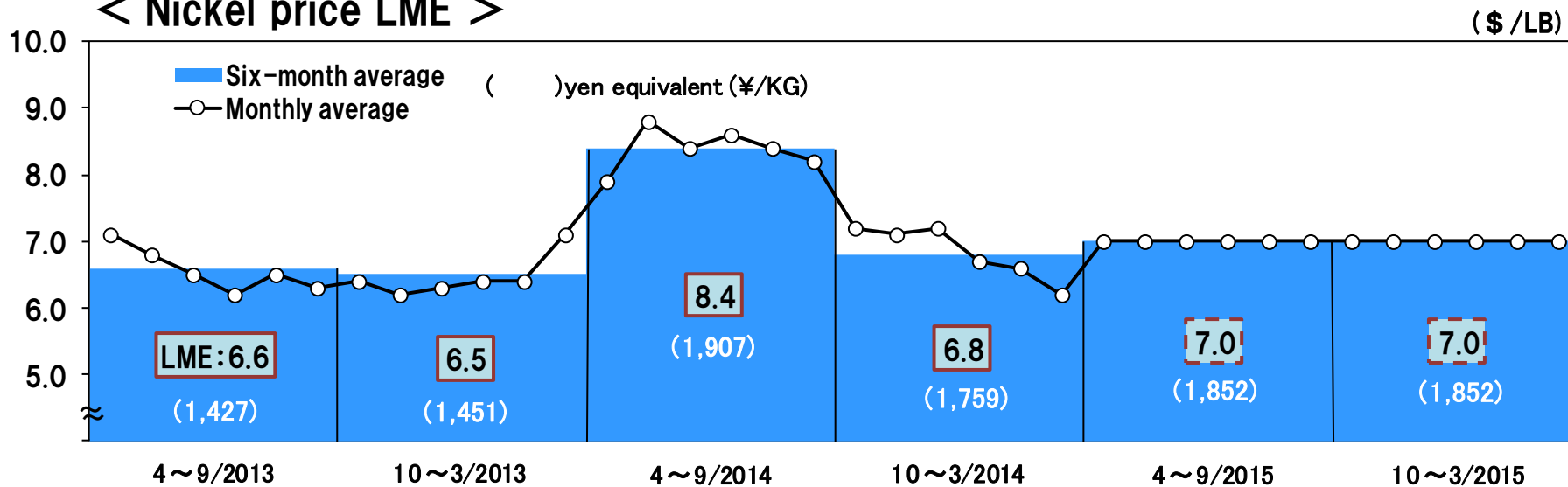


Market Trend of Raw Materials (Scrap Steel and Nickel)

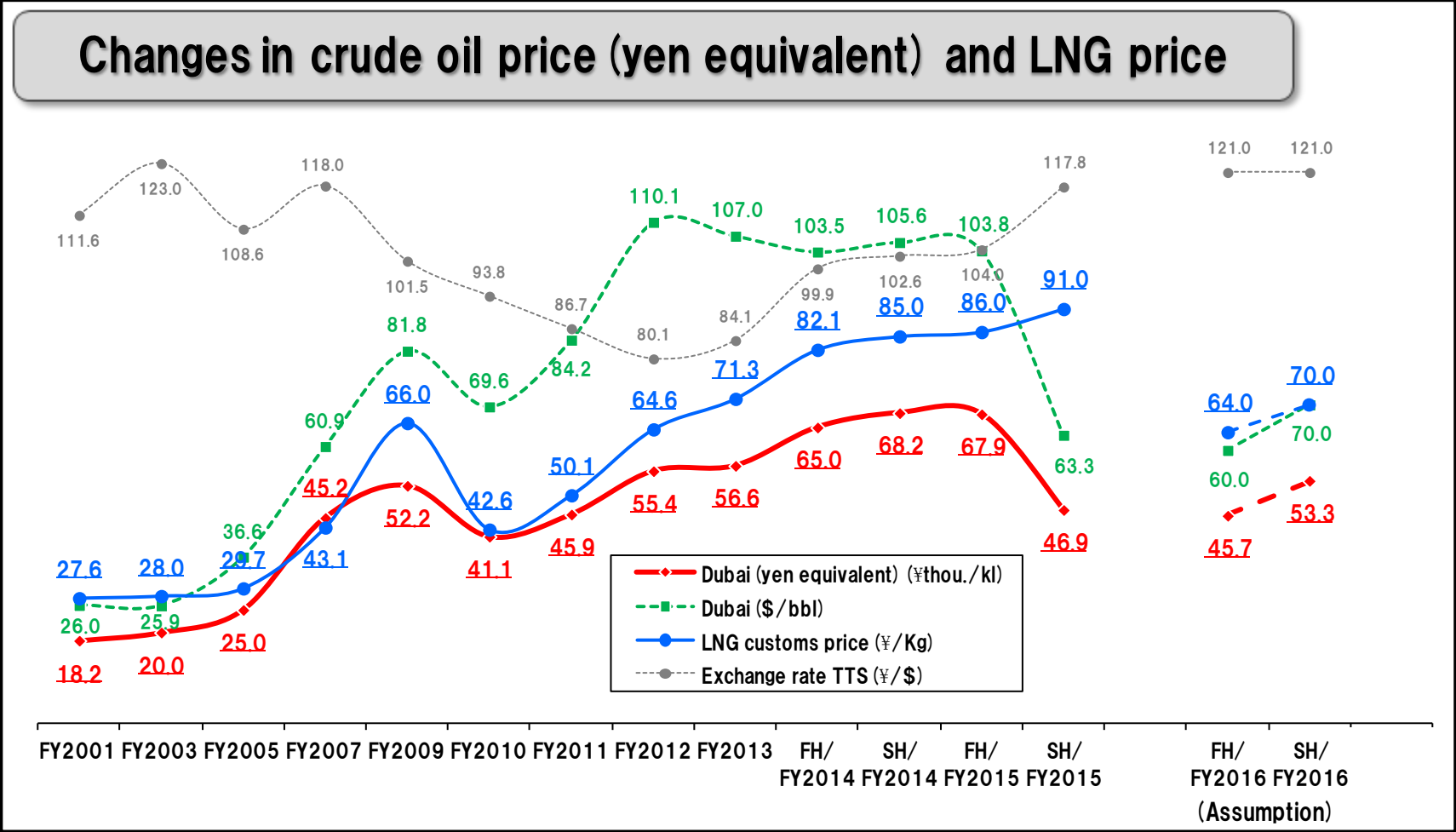
< H2 and Factory bundle scrap prices in Chubu area, Japan >



< Nickel price LME >



Raw material market (Crude oil)



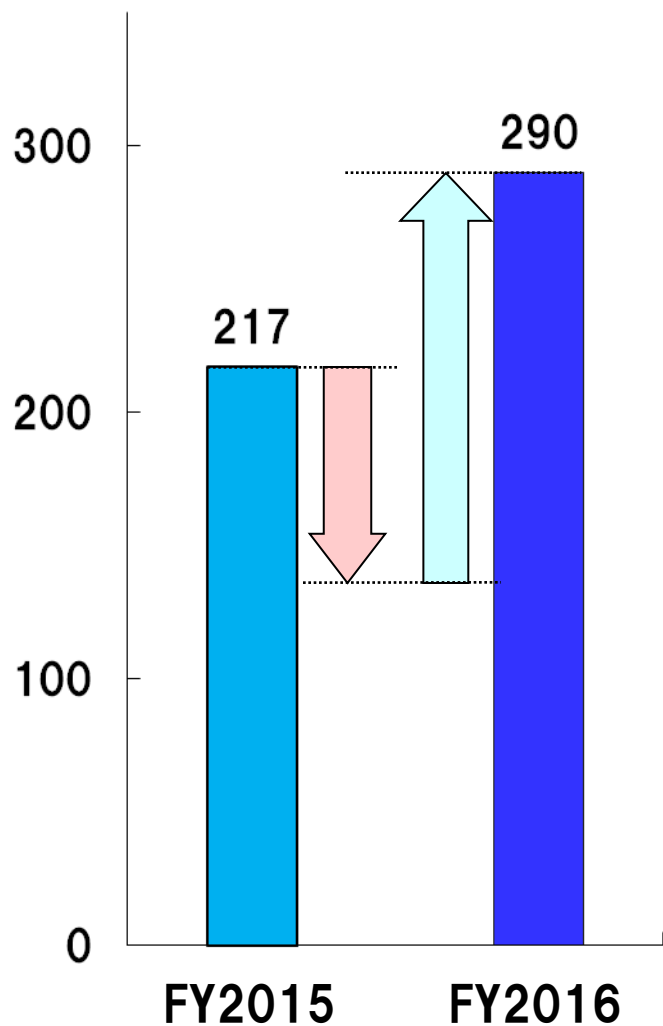
➤ There is little danger of crude or LNG prices surging heavily during this fiscal year, but they are expected to rise moderately, because of the supply and demand balance due to increased demand over the medium term.

Premises of Profit Planning for FY2016 (Market Trend)

	UNIT	FY2015 Results	FY2016 Premises of plan (Previous year difference)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./t	25.3	22.0 (-3.3)
		29.3	25.0 (-4.3)
Nickel (LME)	\$/LB	7.6	7.0 (-0.6)
Molybdenum (MD)	\$/LB	11.0	9.0 (-2.0)
Crude oil (Dubai)	\$/B	83.6	65.0 (-18.6)
Exchange rate (TTM)	¥/\$	109.9	120.0 (+10.1)

FY2016 Changes in Ordinary Income (y/y)

(¥100 mil.)



(¥100 mil.)

FY2015 Ordinary Income	
Changes (y/y)	Operating Income / Loss
	Fuel price
	Sales volume
	Sales price
	Sales mix
	Variable cost
	Fixed cost
	Subtotal
Non-Operating income	
FY2016 Ordinary Income	

217	
/	+74
/	+30
-39	/
/	+8
/	+28
-35	/
-74	+140
/	+7
290 (+73)	

Net Sales & Operating Income by Segment(y/y)

(¥100 mil.)

		FY2015 Results (A)	FY2016 Forecast (B)	y/y basis (B) - (A)
Specialty Steel	Net Sales	1,891	1,940	49
	Operating Income	32	72	40
High Performance Materials & Magnet Materials	Net Sales	1,618	1,676	58
	Operating Income	135	140	5
Parts for Automobile & Industrial Equipment	Net Sales	994	1,043	49
	Operating Income	10	33	23
Engineering	Net Sales	229	239	10
	Operating Income	17	15	-2
Trading & Service	Net Sales	104	102	-2
	Operating Income	10	10	0
Total	Net Sales	4,836	5,000	164
	Operating Income	204	270	66

**Former Net Sales of
Specialty steel**

**volume
(tons)**

1,187 thou.t

1,233 thou.t

46 thou.t

Net Sales & Operating Income by Segment (6 months)

(¥100 mil.)

		FY2016		
		4-9/2015 Results	10/2015- 3/2016 Plan	Full year Plan
Specialty Steel	Net Sales	938	1,002	1,940
	Operating Income	24	48	72
High Performance Materials & Magnet Materials	Net Sales	818	858	1,676
	Operating Income	65	75	140
Parts for Automobile & Industrial Equipment	Net Sales	503	540	1,043
	Operating Income	10	23	33
Engineering	Net Sales	111	128	239
	Operating Income	6	9	15
Trading & Service	Net Sales	50	52	102
	Operating Income	5	5	10
Total	Net Sales	2,420	2,580	5,000
	Operating Income	110	160	270

**Former Net Sales of
Specialty steel**

**volume
(tons)**

599 thou.t 634 thou.t 1,233 thou.t

FY2016 Extraordinary Income/Loss • Net Income

(¥100 mil.)

FY2016 Ordinary income	290
Extraordinary income / loss	—
Income taxes and minority interest	▲100
FY2016 Net income (※)	190

※: The net income that is attributable to stockholders of the parent company.

FY2016 Dividend per share

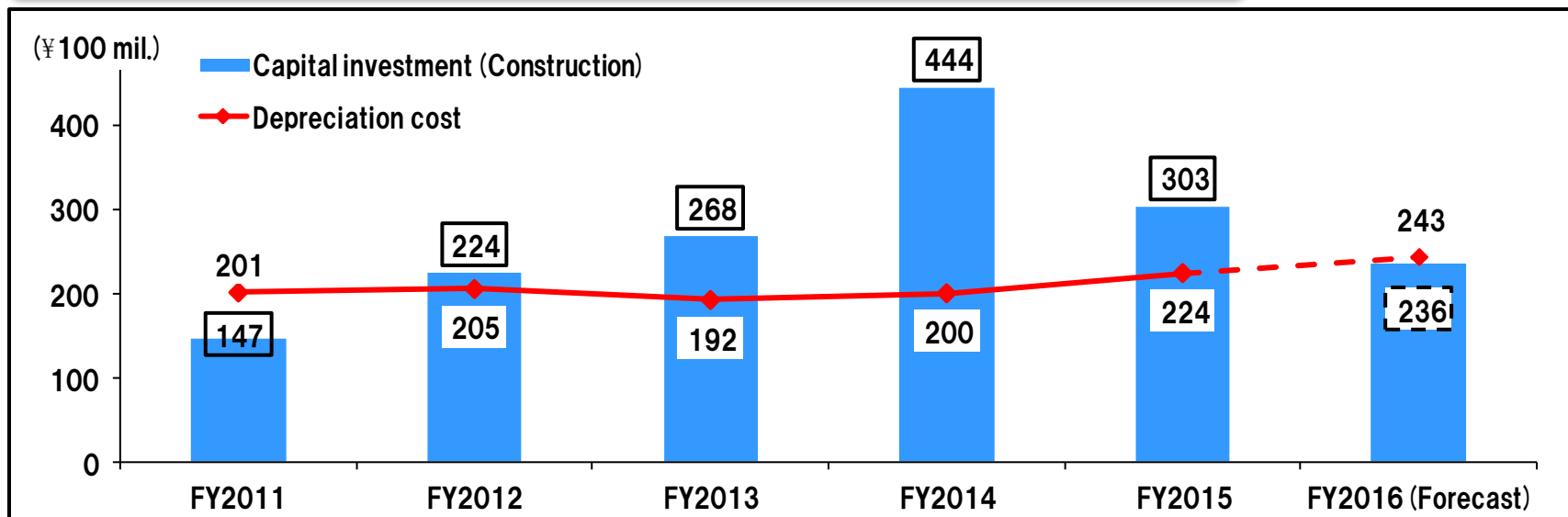
	FY2015		FY2016	
	Interim	Year-end	Interim	Year-end
Ordinary income (¥100 mil.)	97	217	120	290
Net income (¥100 mil.)	41	109	75	190
Dividend per share (¥/Share)	3.0	6.5	5.0	10.0
Payout ratio (%)	31.6	25.9	28.9	22.8

[Dividend payout ratio]

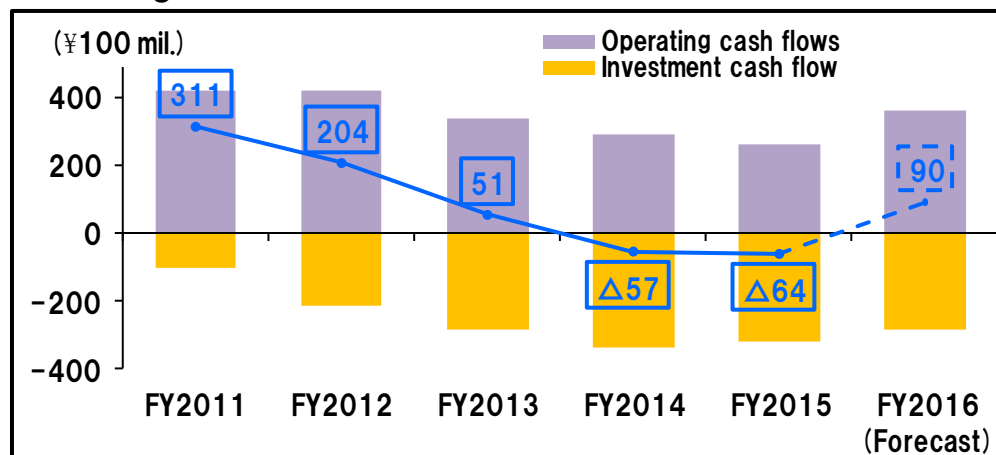
We will raise the company's consolidated dividend payout ratio from the previous 15-to-20% to 20-to-25% in fiscal year 2016 and thereafter.

Capital investment

Changes in capital investment and depreciation costs



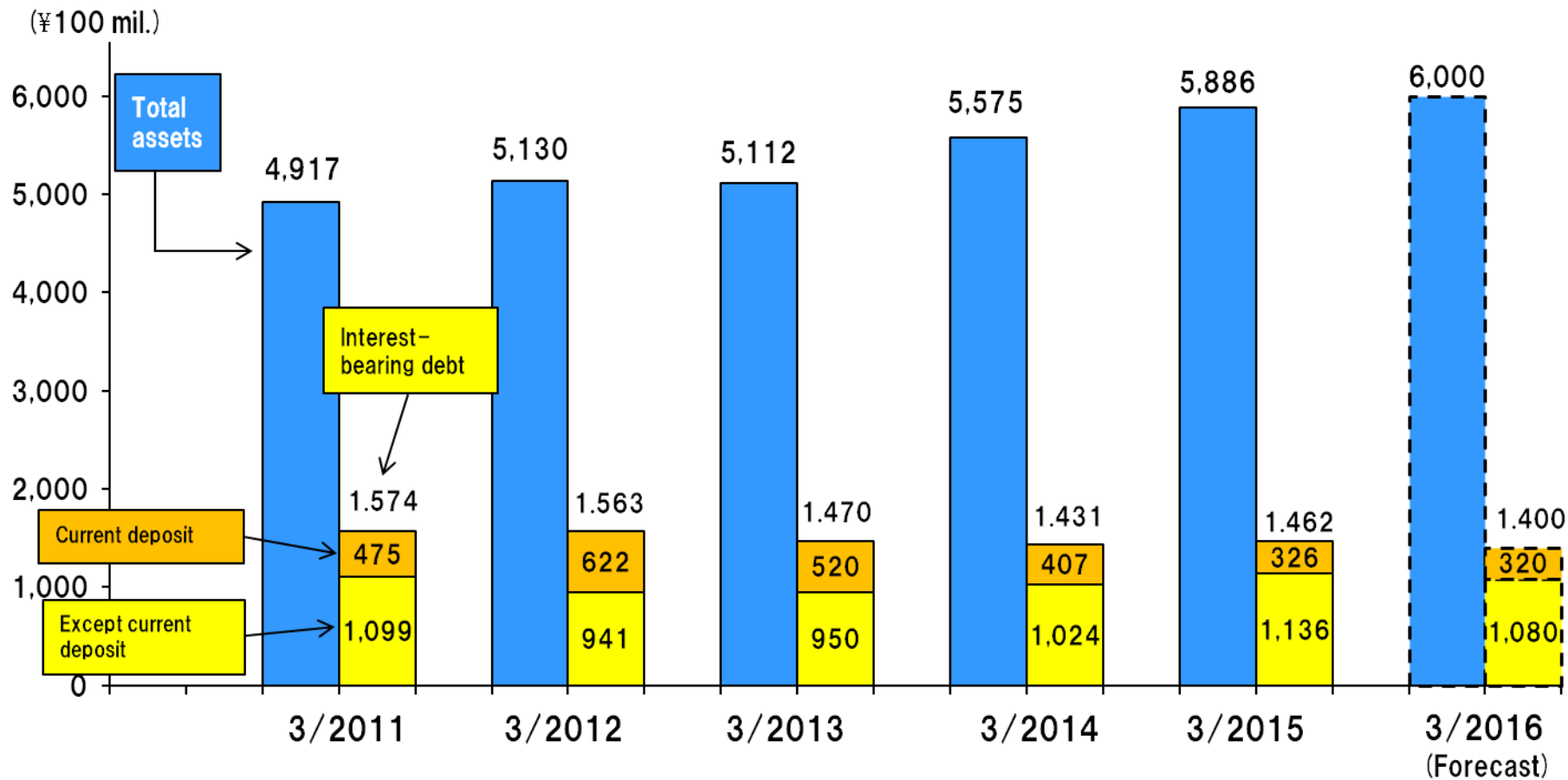
<Changes in free cash flow>



<Major investment projects>

- **Shibukawa Plant: Upgrading the capabilities of the special melting process**
Large VIM (vacuum induction melting) furnace + addition of a secondary-melting facility
- **Production optimization (Reviewing the composition of product items)**
- **Increasing and improving overseas locations: tool steel, engine valves and magnets**
- **Revamping the sales structure and the Shibukawa Plant's main production system**

Total Assets, Interest-bearing Debt, D/E Ratio



	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016 (Forecast)
ROA	6.6%	6.3%	3.2%	3.8%	3.8%	4.9%
D/E	0.88	0.79	0.69	0.62	0.57	0.52

Strengthening Corporate governance

- Reduce the number of directors and increase the number of external board members in order to enhance the Company's corporate governance structure.
- Identify more clearly where the functions of "strategy development and management oversight" lie and who has the responsibility for "the execution of operations", to secure greater management transparency and make decision-making quicker.
- Begin using the executive corporate officer system.

Present structure

**Number of directors:
21 (including one
external board
member)**



Planned structure

**Number of directors: 9
(including two external
board members)**

**Number of executive
officers: 22 (including those
who double as directors)**

■ Announcement of schedule

Next Mid Term Management Plan

17Mid Term Management Plan (FY2016-2018)

To be announced on June 2nd 2015

Fact Book

Fact Book Financial highlight

Consolidation

(¥1 mil.)

	'10/3	'11/3	'12/3	'13/3	'14/3	'15/3	'10/9	'11/9	'12/9	'13/9	'14/9
Net sales	362,507	472,062	489,154	440,428	457,731	483,633	229,456	241,308	233,724	222,123	238,917
Operating income	▲14,050	32,730	31,533	15,425	18,977	20,408	16,316	14,562	9,604	10,562	8,664
Ordinary income	▲13,994	31,726	31,762	16,475	20,287	21,729	15,960	14,226	9,304	11,033	9,670
Net income	▲14,610	23,003	22,717	10,983	12,616	10,886	11,284	8,383	5,507	6,771	4,116
R & D expenses	3,909	4,253	4,360	4,560	5,160	5,300	2,042	2,143	2,065	2,449	2,671
Capital investment(Plan)	7,900	18,900	39,700	25,400	26,400	20,600	9,200	11,200	10,200	10,700	10,900
Capital investment(Construction)	13,400	14,700	22,400	26,800	44,400	30,300	-	-	-	-	-
Depreciation	20,303	20,072	20,463	19,229	20,052	22,436	9,871	9,807	9,390	9,352	10,650
Financial account balance	▲1,442	▲982	▲744	▲362	28	719	▲530	▲367	▲268	▲136	396
Total assets	464,629	491,721	512,968	511,159	557,522	588,590	479,697	487,570	500,213	548,455	568,193
Equity	159,301	178,348	198,653	211,921	232,153	256,022	165,466	181,564	196,338	225,031	237,892
Interest-bearing debt	173,790	157,445	156,336	146,999	143,085	146,208	172,045	149,489	149,129	152,141	146,470
Pay roll number	10,414	10,272	10,365	10,447	10,709	10,855	10,406	10,657	10,587	10,827	10,927
ROA(%)	▲2.9	6.6	6.3	3.2	3.8	3.8	6.8	5.8	3.7	4.2	3.4
ROE(%)	▲9.0	13.6	12.1	5.4	5.7	4.5	13.9	9.3	5.6	6.2	3.5
Consolidated subsidiary number	32	32	33	32	33	34	32	33	32	33	33
(Equity method affiliate number is excluded from the above)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
Ratio of the consolidated to the non-consolidated											
Net sales	1.7	1.6	1.6	1.6	1.6	1.6					
Ordinary income	-	1.7	1.7	1.8	1.9	1.8					
Net income	-	1.3	1.3	1.7	1.6	2.5					

*Long-term prepaid expenses are not included in the depreciation.

Fact Book Net Sales & Operating Income by Segment

Consolidation

<New segment(From Apr.1st in 2012)>

		'12/3	'13/3	'14/3	'15/3
Speciality Steel	Net Sales	1,950	1,694	1,841	1,891
	Operating Income	99	35	17	32
High Performance Materials & Magnetic Materials	Net Sales	1,646	1,368	1,435	1,618
	Operating Income	137	66	111	135
Parts for Automobile & Industrial Equipment	Net Sales	942	933	970	994
	Operating Income	49	34	38	10
Engineering	Net Sales	258	320	241	229
	Operating Income	18	8	11	17
Trading and Service	Net Sales	96	89	90	104
	Operating Income	12	11	13	10
Total	Net Sales	4,892	4,404	4,577	4,836
	Operating Income	315	154	190	204

'11/4-9	'11/10-3	'12/4-9	'12/10-3	'13/4-9	'13/10-3	'14/4-9	'14/10-3
962	988	902	792	887	1,004	951	940
37	62	24	11	23	9	6	26
829	817	721	647	705	913	787	831
74	63	41	25	54	81	67	68
463	479	475	458	471	523	492	502
20	29	18	16	23	▲ 13	4	6
109	149	193	127	111	118	107	122
8	10	6	2	▲ 1	18	3	14
50	46	46	43	47	57	52	52
7	5	7	4	7	3	7	3
2,413	2,479	2,337	2,067	2,221	2,615	2,389	2,447
146	169	96	58	106	98	87	117

<Former segment>

		'07/3	'08/3	'09/3	'10/3	'11/3	'12/3
Speciality Steel	Net Sales	2,877	3,296	3,069	2,070	2,869	2,938
	Operating Income	117	114	8	▲ 108	210	211
Electronic & Magnetic Materials	Net Sales	645	792	647	347	399	426
	Operating Income	34	58	▲ 6	▲ 33	18	15
Parts for Automobile & Industrial Equipment	Net Sales	1,070	1,159	1,041	777	1,025	1,073
	Operating Income	105	134	46	▲ 3	65	53
Engineering	Net Sales	372	411	366	261	238	258
	Operating Income	23	29	27	20	16	18
New Materials	Net Sales	139	156	104	68	96	101
	Operating Income	23	35	4	▲ 27	6	6
Trading & Service	Net Sales	123	100	100	102	94	96
	Operating Income	15	14	12	10	12	12
Total	Net Sales	5,226	5,914	5,327	3,625	4,721	4,892
	Operating Income	317	384	91	▲ 141	327	315

'08/4-9	'08/10-3	'09/4-9	'09/10-3	'10/4-9	'10/10-3	'11/4-9	'11/10-3
1,906	1,163	857	1,213	1,404	1,465	1,464	1,474
44	▲ 36	▲ 128	20	106	104	96	115
385	262	149	198	192	207	213	213
19	▲ 25	▲ 18	▲ 15	11	7	10	5
607	434	352	425	499	526	531	542
47	▲ 1	▲ 23	20	32	33	23	30
171	195	150	111	108	130	109	149
10	17	13	7	8	8	8	10
64	40	30	38	46	50	46	55
9	▲ 5	▲ 20	▲ 7	0	6	2	4
53	47	61	41	46	48	50	46
7	5	6	4	6	6	7	5
3,186	2,141	1,599	2,026	2,295	2,426	2,413	2,479
136	▲ 45	▲ 170	29	163	164	146	169

※2010/3, 2009/4-9, 2009/10-3: We have reclassified some proven display, Segment of 「Electronic & Magnetic Materials」 and 「Automobile & Industrial」

Fact Book List of consolidated companies ①

Segment	Company	Business Contents
Specialty steel	Tohoku Steel Co., Ltd.	* Production and sales of specialty steel secondary products / heat-treatment of metal
	Riken Seiko Co., Ltd.	* Production and sales of Specialty steel secondary products (shaft bearing) , cutting tool and machine tool
	Daido Die & Mold Solutions Co., Ltd.	Sales of tool steel / Production and sales of die products and finished tool / heat-treatment of metal
	Maruta Transport Co., Ltd.	* Transportation and warehousing business
	Kawaichi Sangyo Co., Ltd.	* Transportation and warehousing business
	Daido Shizai Service Co., Ltd.	Sales of materials for production
	Daido EcoMet Co., Ltd.	Development, production, sales of indirect materials for steel-making / recycling of waste and by-products from steel-making-process
	Daido Technica Co., Ltd.	Seam-removing, maintenance, processing of steel
	Sakurai Kosan Co., Ltd.	* Heat treatment works, surface treatment
	Izumi Electric Industries Co., Ltd.	* Design and construction of electric work / Design and production of power distribution board
	Tienwen Steel Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Taiwan)
	Dadio Amistar(S) PTE Ltd.	Processing, sales of die products / Sales of die materials (in Singapore)
	Daido Amistar(M) SDN. BHD.	Processing, sales of die products / Sales of die materials (in Malaysia)
	Daido PDM (Thailand) Co., Ltd.	Heat treatment, processing, sales of die products / Sales of die materials (in Thailand)
High Performance Materials & Magnetic Materials	Nippon Seisen Co., Ltd.	Production and sales of stainless steel wire, metallic fiber
	THAI SEISEN Co., Ltd.	Production and sales of stainless steel wire
	Shimomura Tokushu Seiko Co., Ltd.	Drawing of free-cutting steel & stainless steel / Production and sales of grinding processed products
	Daido Electronics Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts
	Daido Electronics (Thailand) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts (in Thailand)
	Daido Electronics (Suzhou) Co., Ltd.	Production, processing and sales of magnetic materials and electronic device parts (in China)
	Intermetalics Japan Corp.	Manufacturing and sales of neodymium iron boron (NdFeB) sintered magnets of high magnetic performance properties
	Daido Special Metals Ltd.	Merger with Special Metals (U.S.) : Sales of Nickel alloy products
	Nissei Seiko Co., Ltd.	Production and sales of screw, bolt and cold-forging parts for automobile

(Note)* Equity method affiliate

Fact Book List of consolidated companies ②

Segment	Company	Business Contents
Automobile & Industrial parts	Daido Precision Industries Ltd.	Production and sales of processing parts for compressor, power transmission, base-isolation device
	Fuji OOZX Inc.	Production and sales of engine valve
	Toyo Sangyo Co., Ltd.	Production and sales of die forging
	Japan Drop Forge Co., Ltd.	Production and sales of die forging
	Ohio Star Forge Co.	Production and sales of precise forging (in U.S.)
	Daido Star Techno Co., Ltd.	Seam-removing, maintenance, device processing of steel and forging
	Daido Castings Co., Ltd.	Production and sales of casting, precise casting, manganese rail
Engineering	Daido Plant Industries Co., Ltd.	Design, production, sales of industrial furnace, facility equipment and ancillary facility
	Daido Machinery Ltd.	Production and sales of machine tool / Installation, maintenance and repair of machine equipment
	Daido Environment Engineering Co., Ltd.	Maintenance and repair of environment device
Trading & Service	Daido Kogyo Co., Ltd.	Trading company specializing in specialty steel, equipments, steel-making materials
	Daido Steel(America)Inc.	Export & import of DAIDO group products / Group's front company for U.S. (in U.S.)
	Daido Life Service Co., Ltd.	Dealing and subdivision of real estate / Management of welfare provision / Insurance agent travel agent, printing
	Life Support., Ltd.	Cleaning, security, food-service operating, management of facility, tree-planting, labor dispatch service
	Kisokomakogen Kankokaihatsu Co., Ltd.	Management of golf course / management of land for vacation house / minor water project
	Star Info Tech Co., Ltd.	Planning, design, development, maintenance of information system / Development and sale of software
	Daido Bunseki Research, Inc.	Analysis, research, consulting regarding iron, steel, cast metal, ceramics



(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so blind reliance on this data as decision criterion is not recommended.

Also predicted figures can be changed in the future without prior notice. All use of this document is at the volition and discretion of the user. Please be aware that our company shall not assume any responsibility for the results of using the information in this document.