

Fiscal Year ending March 2019 1st Quarter Results (Apr. 1 – JUN. 30 / 2018)

July 27, 2018



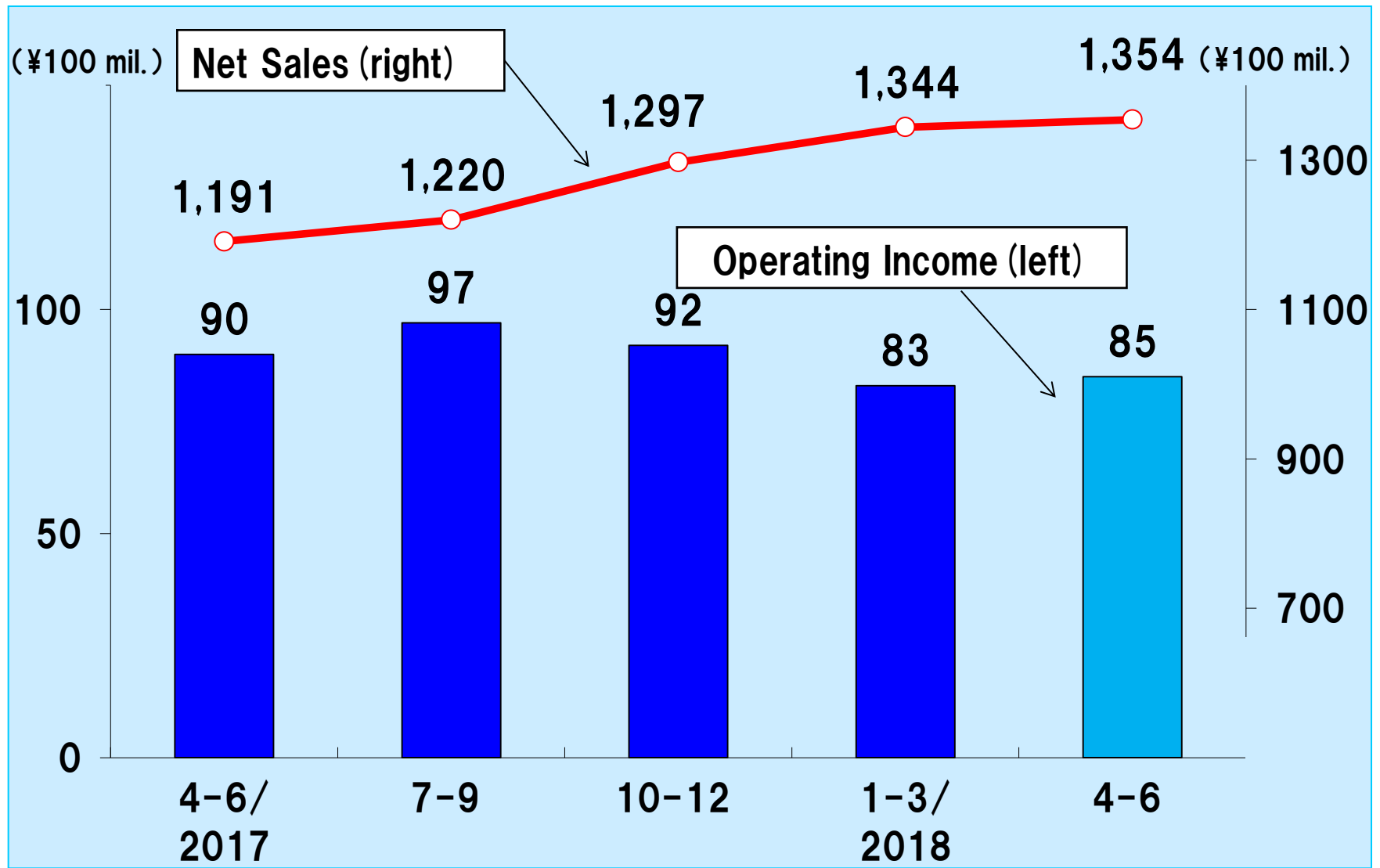
Overview of the FY2018 1st quarter results

(¥100 mil.)	4-6/ 2017	4-6/ 2018	y/y basis
Net Sales	1,191	1,354	+ 163
Operating income	90	85	△ 5
Ordinary income	93	94	+ 1
Net income (※)	58	57	△ 1

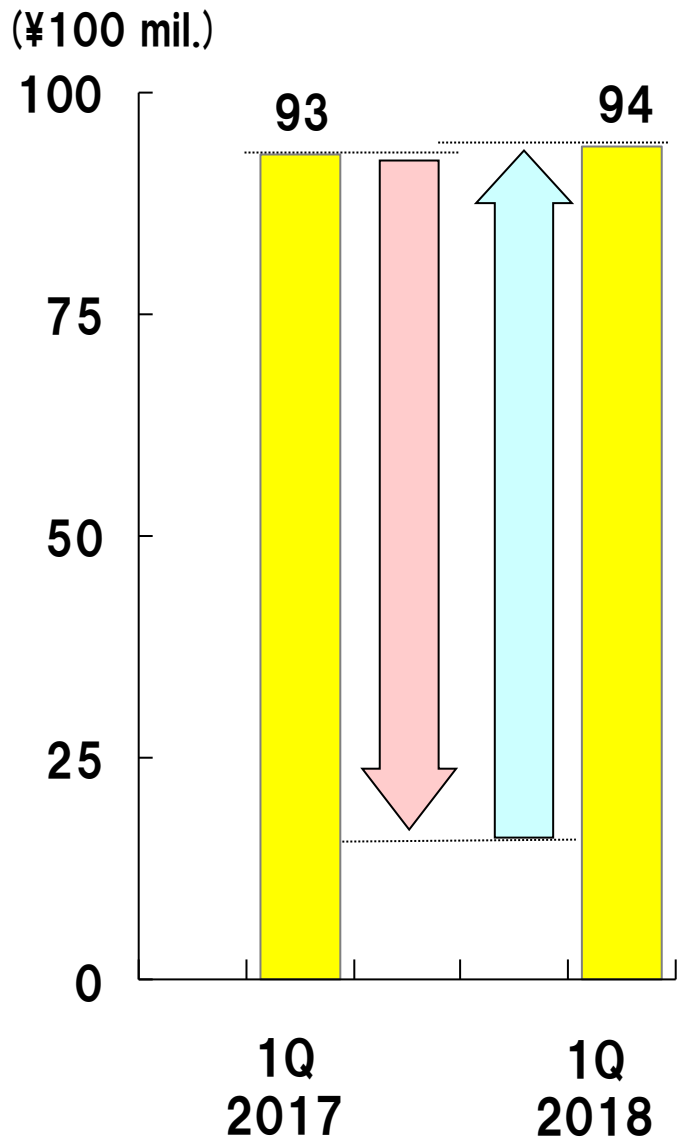
※: Quarterly net income that is profit attributable to owners of parent

➤ The profit of the 1Q was the same level as the one of FY2017 in spite of cost increase in raw materials, electrodes, and other materials for production. It was due to sales volume increase in specialty steel for automobile, construction and industrial machine industries.

Net Sales & Operating Income (Quarterly)



Changes in Ordinary Income (y/y)



4-6/2017 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Raw material/Fuel price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-Operating income	
4-6/2018 Ordinary Income		

(¥100 mil.)

93	
-73	/
/	+14
/	+49
/	+8
/	+2
-5	/
-78	+73
/	+6
94 (+1)	

Net Sales & Operating Income by Segment

(¥100 mil.)

		4-6/2017	4-6/2018	y/y basis (B) - (A)
		Results (A)	Results (B)	
Specialty Steel	Net Sales	456	527	71
	Operating Income	20	10	-10
High Performance Materials & Magnetic Materials	Net Sales	404	470	66
	Operating Income	54	61	7
Parts for Automobile & Industrial Equipment	Net Sales	257	272	15
	Operating Income	7	6	-1
Engineering	Net Sales	44	51	7
	Operating Income	2	1	-1
Trading and Service	Net Sales	30	34	4
	Operating Income	7	7	0
Total	Net Sales	1,191	1,354	163
	Operating Income	90	85	-5

Sales volume of specialty steel

326 thou.t

347 thou.t

21 thou.t

Changes in Operating Income of Major Segments (y/y)

(¥100 mil.)

Segment			Specialty Steel	High Performance Materials & Magnetic Materials	Parts for Automobile & Industrial Equipment	Engineering
4-6/2017 Operating Income			20	54	7	2
Changes (y/y)	Operating Income / Loss	Raw material/Fuel price	-51	-15	-7	
		Sales volume		+5	+4	
		Sales price		+29	+3	
		Sales mix		+6	+3	
		Variable cost		+1		
		Fixed cost				
		Total		-51	+41	
4-6/2018 Operating Income			10 (-10)	61 (+7)	6 (-1)	1 (-1)

Net Sales & Operating Income by Segment (Quarterly)

(¥100 mil.)

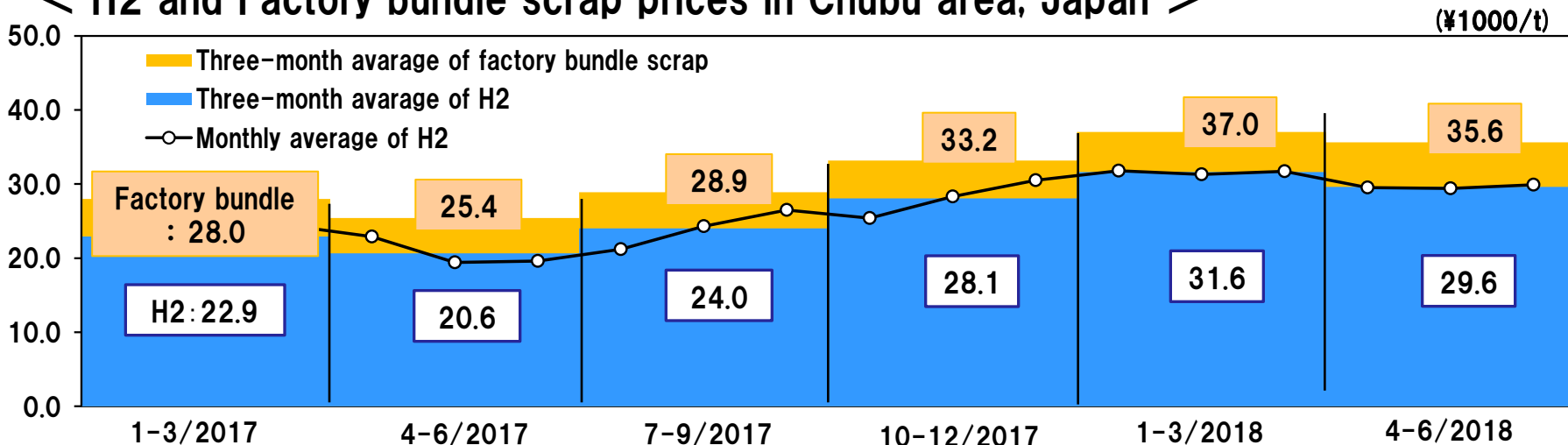
		FY2017				FY2018
		1Q (Results)	2Q (Results)	3Q (Results)	4Q (Results)	1Q (Results)
Specialty Steel	Net Sales	456	458	491	485	527
	Operating Income	20	28	13	4	10
High Performance Materials & Magnetic Materials	Net Sales	404	407	444	453	470
	Operating Income	54	54	59	55	61
Parts for Automobile & Industrial Equipment	Net Sales	257	260	267	279	272
	Operating Income	7	4	9	10	6
Engineering	Net Sales	44	61	57	87	51
	Operating Income	2	5	3	8	1
Trading and Service	Net Sales	30	34	38	40	34
	Operating Income	7	6	8	6	7
Total	Net Sales	1,191	1,220	1,297	1,344	1,354
	Operating Income	90	97	92	83	85

Sales volume of specialty steel

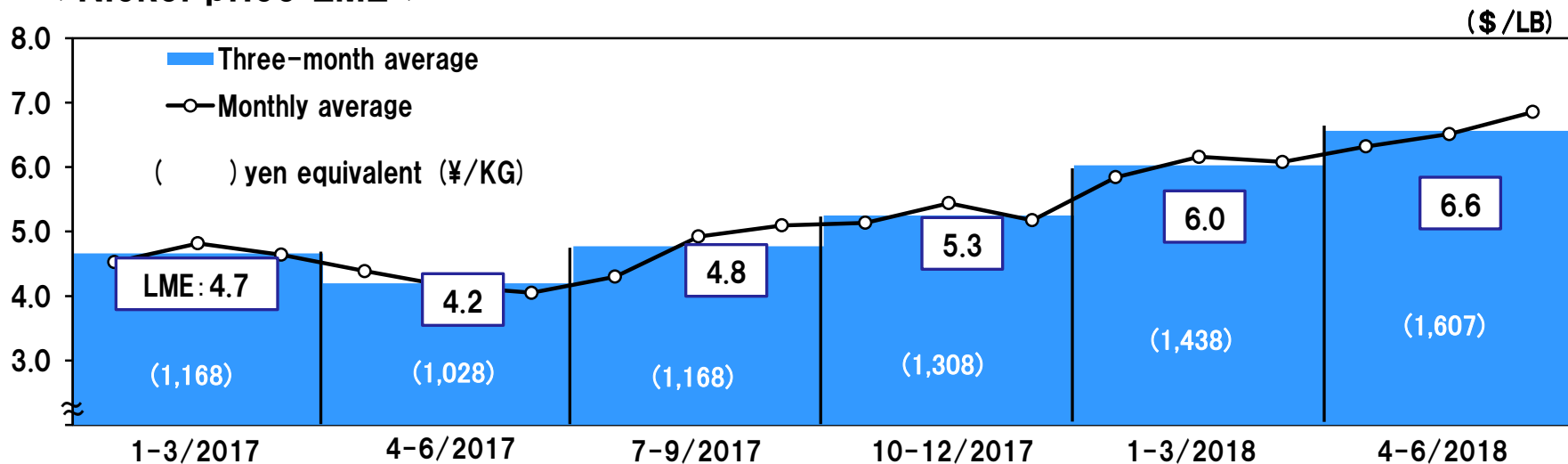
326 thou.t 324 thou.t 334 thou.t 327 thou.t 347 thou.t

Market Trend of Raw Materials(Scrap Steel and Nickel)

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



< Nickel price LME >



1Q/FY2018 Market Trend

	UNIT	FH of FY2018 Premises of plan	1Q/FY2018 Results (Difference)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	30.0	29.6 (-0.4)
		35.0	35.6 (+0.6)
Nickel (LME)	\$/LB	6.0	6.6 (+0.6)
Crude oil (Dubai)	\$/B	60.0	71.4 (+11.4)
Exchange rate (TTM)	¥/\$	110.0	109.5 (-0.5)

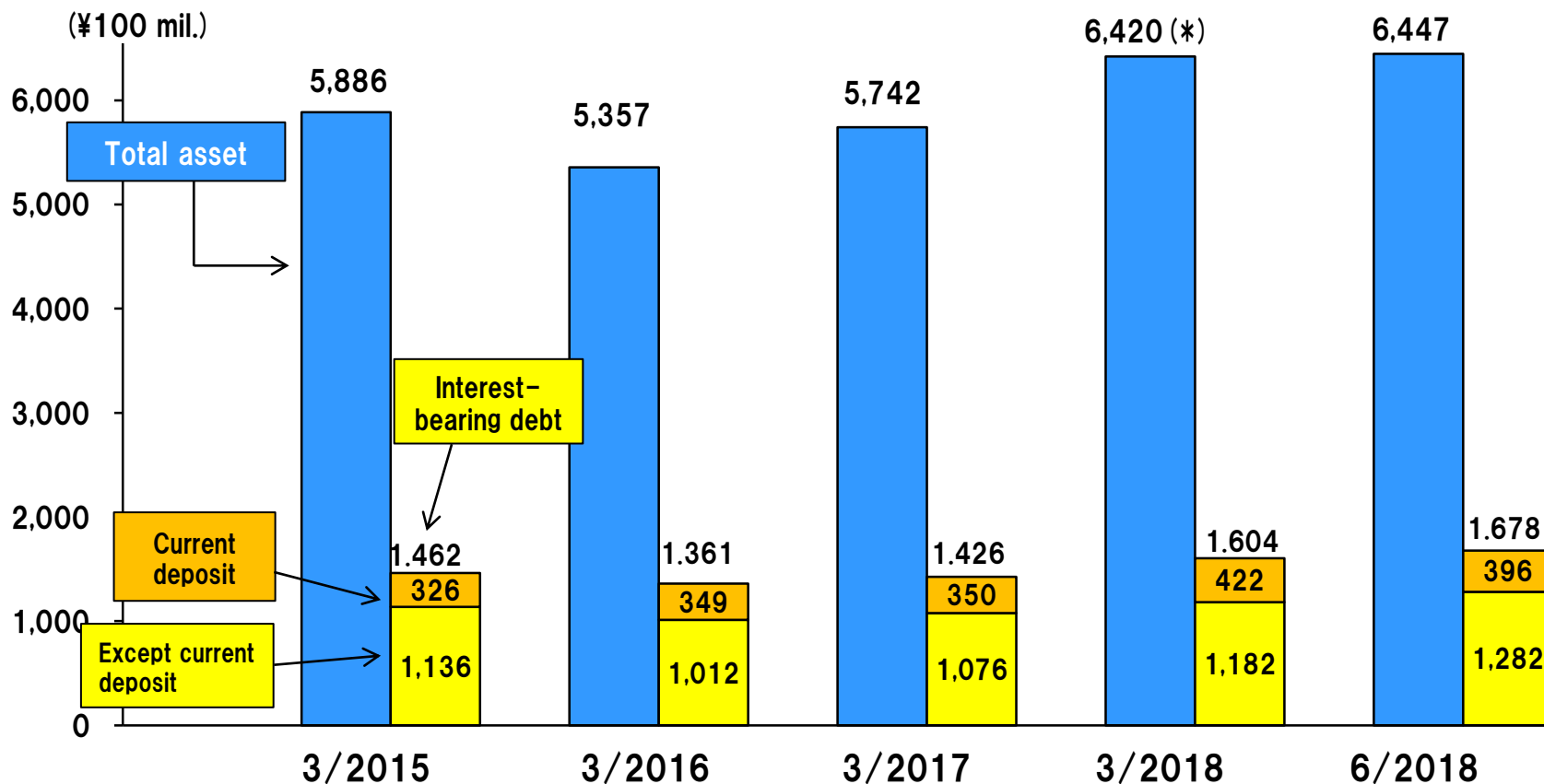
1Q/FY2018 Net Income

(¥100 mil.)

Ordinary income	94
Extraordinary income and loss	—
Income taxes	▲37
Net income (※)	57

※: Quarterly net income that is profit attributable to owners of parent

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



(*) For the total assets in March 2018, "Accounting Standards for Tax Effectiveness" was retroactively applied, the figures were changed and displayed (before change: ¥ 645 billion)

	3/2015	3/2016	3/2017	3/2018	6/2018
ROA	3.8%	4.5%	4.8%	5.9%	5.9%
D/E	0.57	0.58	0.55	0.56	0.59

(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.

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