

**Consolidated Financial Results**  
for the Fiscal Year Ended March 31, 2017  
[Japanese GAAP]



April 27, 2017

Company name: Daido Steel Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Code number: 5471

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

Representative: Takeshi Ishiguro, President and Representative Executive Director

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Scheduled date of ordinary general shareholders' meeting: June 28, 2017

Scheduled date of filing annual securities report: June 28, 2017

Scheduled date of commencing dividend payments: June 29, 2017

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, 2017 (April 1, 2016 to March 31, 2017)

(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, 2017	445,122	(3.4)	25,513	4.4	26,373	5.0	16,386	142.9
March 31, 2016	460,577	(4.8)	24,432	19.7	25,108	15.5	6,746	(38.0)

(Note) Comprehensive income: Year ended March 31, 2017: ¥29,655 million [—%]

Year ended March 31, 2016: (¥15,212) million [—%]

	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, 2017	38.59	—	6.7	4.8	5.7
March 31, 2016	15.62	—	2.8	4.5	5.3

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2017: ¥811 million

Year ended March 31, 2016: ¥417 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2017	574,169	290,501	45.3	609.47
March 31, 2016	535,675	268,345	43.5	545.26

(Reference) Shareholders' equity: As of March 31, 2017: ¥259,851 million

As of March 31, 2016: ¥232,832 million

(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, 2017	28,390	(26,449)	(1,843)	33,685
March 31, 2016	45,731	(23,164)	(20,164)	33,773

## 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, 2016	—	5.00	—	2.50	7.50	3,236	48.0	1.3
March 31, 2017	—	4.00	—	6.00	10.00	4,227	25.9	1.7
Fiscal year ending March 31, 2018 (Forecast)	—	5.00	—	5.00	10.00		21.3	

(Note) Breakdown of dividends for the fiscal year ended March 31, 2017

Ordinary dividends 4.00Yen Commemorative dividends 2.00Yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(% 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	237,000	11.3	14,500	50.4	15,000	66.2	10,000	86.4	23.45
Full year	480,000	7.8	30,000	17.6	31,000	17.5	20,000	22.1	46.91

### \* 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: Yes

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, 2017 434,487,693 shares

March 31, 2016 434,487,693 shares

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

March 31, 2017 8,133,431 shares

March 31, 2016 7,473,866 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2017 424,595,137 shares

Fiscal year ended March 31, 2016 431,829,946 shares

### (Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)

#### (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, 2017	267,768	(4.6)	14,111	8.4	17,898	15.2	15,531	177.1
March 31, 2016	280,748	(6.7)	13,013	40.4	15,542	30.4	5,605	28.8

	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2017	36.57	—
March 31, 2016	12.98	—

#### (2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2017	400,404	178,570	44.6	418.71
March 31, 2016	365,379	158,536	43.4	371.18

(Reference) Shareholders' equity: As of March 31, 2017: ¥178,570 million

As of March 31, 2016: ¥158,536 million

\* These financial results are outside the scope of audit process procedures

\* 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, 2017

## (1) Net sales by reportable segment

(Millions of yen, %)

	Fiscal year ended March 31, 2017	(YoY change)	
		Change	% of Change
Specialty Steel	163,086	(7,426)	(4.4)
High Performance Materials and Magnetic Materials	148,468	(6,782)	(4.4)
Parts for Automobile and Industrial Equipment	97,491	(2,187)	(2.2)
Engineering	23,917	(2,186)	(8.4)
Trading and Service	12,158	3,128	34.6
Total	445,122	(15,454)	(3.4)

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

(Millions of yen, %)

	Fiscal year ended March 31, 2017	(YoY change)	
		Change	% of Change
Net sales	445,122	(15,454)	(3.4)
Operating income	25,513	1,081	4.4
Non-operating income	4,337	(422)	—
Non-operating expenses	3,477	(606)	—
Ordinary income	26,373	1,265	5.0
Extraordinary income	3,123	1,528	—
Extraordinary losses	2,141	(9,581)	—
Income before income taxes	27,355	12,375	—
Income taxes	9,091	3,214	—
Profit attributable to non-controlling interests	1,877	(479)	—
Profit attributable to owners of parent	16,386	9,640	142.9

## (3) Reasons for change in the amount of ordinary income (YoY comparison)

(100 millions of yen)

(Reference: Market condition)

Reasons for increase	Amount	Reasons for decrease	Amount
1. Raw material and fuel cost	170	1. Sales price	150
2. Sales volume	52	2. Fixed cost	53
3. Variable cost	19	3. Sales mix change	27
4. Non-operating income or loss	2		
Total (a)	243	Total (b)	230
		Change (a) – (b)	13

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
H2 (Thousands of yen/t)	15.5	18.1
Nickel (LME) (One dollar/lb)	4.7	4.6
Exchange rate(TTM) (yen/dollar)	120.1	108.4

## (4) Condensed balance sheet

(Millions of yen)

Item	As of March 31, 2016	As of March 31, 2017	Change	Item	As of March 31, 2016	As of March 31, 2017	Change
Current assets	238,467	257,208	18,741	Liabilities	267,329	283,668	16,338
Cash and deposits	34,887	34,966	79	Trade payables	68,152	75,159	7,006
Trade receivables	98,800	113,215	14,414	Interest-bearing debt	136,114	142,599	6,485
Inventories	95,131	98,477	3,346	Other	63,062	65,908	2,846
Other	9,648	10,549	900	Net assets	268,345	290,501	22,155
Non-current assets	297,208	316,960	19,752	Shareholders' equity	217,585	232,983	15,398
Property, plant and equipment	188,778	190,915	2,137	Accumulated other comprehensive income	15,247	26,867	11,620
Intangible assets	2,583	2,193	(390)	Non-controlling interests	35,513	30,649	(4,863)
Investments and other assets	105,846	123,851	18,004	Total liabilities and net assets	535,675	574,169	38,493
Total assets	535,675	574,169	38,493				

## (5) Net sales forecast by reportable segment

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2018	(YoY change)	
		Change	% of Change
Specialty Steel	175,000	11,913	7.3
High Performance Materials and Magnetic Materials	161,000	12,531	8.4
Parts for Automobile and Industrial Equipment	106,000	8,508	8.7
Engineering	23,000	(917)	(3.8)
Trading and Service	15,000	2,841	23.4
Total	480,000	34,877	7.8

## (6) Financial results forecast

(Millions of yen, %)

	Forecast for fiscal year ending March 31, 2018	(YoY change)	
		Change	% of Change
Net sales	480,000	34,877	7.8
Operating income	30,000	4,486	17.6
Ordinary income	31,000	4,626	17.5
Profit attributable to owners of parent	20,000	3,613	22.1

## (7) Forecasted 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	119	1. Raw material and fuel cost	147
2. Sales volume	48	2. Fixed cost	3
3. Variable cost	16		
4. Sales mix change	12		
4. Non-operating income or loss	1		
Total (a)	196	Total (b)	150
		Change (a) – (b)	46

(Reference: Market condition)

	Fiscal year ended March 31, 2017	Forecast for fiscal year ending March 31, 2018
H2 (Thousands of yen/t)	18.1	23.0
Nickel (LME) (One dollar/lb)	4.6	5.0
Exchange rate(TTM) (yen/dollar)	108.4	110.0

## (8) Amount of capital expenditures (based on completion of construction) and depreciation and amortization

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	(YoY change)		Forecast for fiscal year ending March 31, 2018	(YoY change)	
			Change	Change			
Capital expenditures	23,205	28,940	5,735		32,200	3,259	
Depreciation and amortization	22,454	23,275	821		20,600	(2,675)	

## (Reference) Historical Financial Results

(Millions of yen)

	Actual results				Forecast for fiscal year ending March 31, 2018
	Fiscal year ending March 31, 2014	Fiscal year ending March 31, 2015	Fiscal year ending March 31, 2016	Fiscal year ending March 31, 2017	
Net sales	457,731	483,633	460,577	445,122	480,000
Operating income	18,977	20,408	24,432	25,513	30,000
Ordinary income	20,287	21,729	25,108	26,373	31,000
Profit attributable to owners of parent	12,616	10,886	6,746	16,386	20,000