

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (FY2014)

May 9, 2014

NISSHIN STEEL CO., LTD.



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Overview of the FY2014 (from April 1, 2013 to March 31, 2014)

- Major domestic demand sectors including automotive and construction materials continued steady with positive effects of government's economic policies and reinvigorated exports due to downward corrections of super-strong yen as well as customers' rush purchases to beat the announced consumption tax hike during the second half of fiscal year.
- ✓ ZAM also performed well with some 65,000 tons/month booked thanks primarily to brisk demand from the new energy market. Special steel, benefitting from robust auto sales, was in tight supply.
- ✓ In terms of stainless steel, we maintained price-oriented sales stance. As a result, the sales volume decreased but better prices were gradually realized. The business environment was trending up, with signs of recovery noted in distributor sales during the second half of fiscal year in addition to stable long-term contracts.
- ✓ Despite some equipment downtime at Sakai Works and Kure works, we achieved a dramatic recovery with ordinary income of 19.7 billion yen (up 36.5 billion yen over the previous period) by making efforts in promoting rationalization and overall cost reduction projects, maximizing the synergies of business integration, and expanding sales of core products.



Consolidated operating results

					FY2014						(-	FY2014
				1st half			2nd half			FY2013		(Previous
		No	1Q A	2Q B	С	3Q D	4Q E	F	G	H*		forecast)
Net sales		1	131.1					·			518.9	571.0
Operating income		2	5.4	3.1	8.5	4.0	4.0	8.0	16.5	(21.8)	(16.8)	15.5
Ordinary income	Ordinary steel / Special steel	3	4.5	1.8	6.3	4.5	1.9	6.4	12.7	(12.8)	(12.8)	12.0
	Stainless steel	4	1.5	5.0	6.5	0.0	0.5	0.5	7.0	(9.5)	(4.0)	6.0
	Total	5	6.0	6.8	12.8	4.5	2.4	6.9	19.7	(22.3)	(16.8)	18.0
Net income		6	4.9	4.2	9.1	2.9	5.7	8.6	17.7	(47.2)	(37.3)	14.5
Inventory evaluation	Ordinary steel / Special steel	7	0.0	0.0	0.0	1.5	1.0	2.5	2.5	(5.5)	(5.5)	2.5
	Stainless steel	8	1.0	(0.5)	0.5	1.0	0.0	1.0	1.5	(3.0)	(2.5)	1.5
	Total	9	1.0	(0.5)	0.5	2.5	1.0	3.5	4.0	(8.5)	(8.0)	4.0

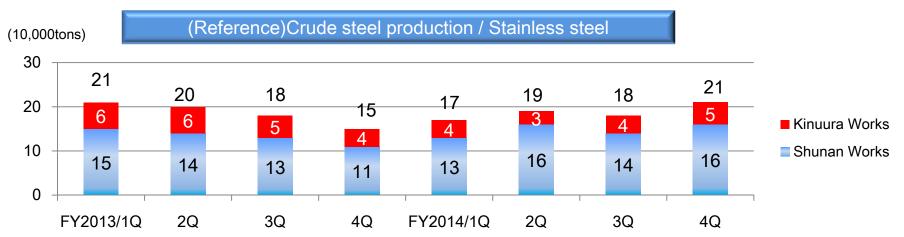
^{*} FY2013 results include Nippon Metal Industry's first 6-months figure



Other Information

				FY2014								FY2014
				1st half	1st half 2nd half					FY2013		(Previous
			1Q	2Q		3Q	4Q					forecast)
		No	А	В	С	D	E	F	G	H*	1	J
Crude steel production	Ordinary steel / Special steel	1	81	81	162	73	83	156	318	328	328	319
(10,000tons)	Stainless steel	2	17	19	36	18	21	39	75	74	62	73
	Total	3	98	100	198	91	104	195	393	402	390	392
Sales volume	Ordinary steel / Special steel	4	75	73	148	79	82	161	309	310	310	309
(10,000tons)	Stainless steel	5	13	15	28	14	18	32	60	63	53	59
	Total	6	88	88	176	93	100	193	369	373	363	368
Average sales products(1,000	•	7	119	123	121	122	125	124	123	117	113	122
Export ratio(mo	netary basis;%)	8	17	15	16	17	17	17	16	16	16	16
Export exchange	ge rate(yen/US\$)	9	99	99	99	100	103	102	100	83	83	100

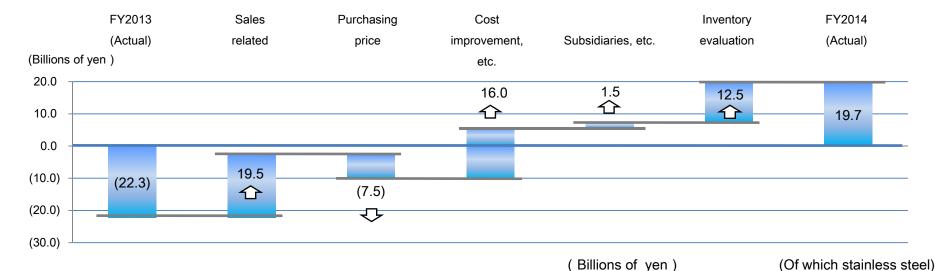
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Breakdown of Differences in Ordinary Income

(FY2013(Actual) vs FY2014(Actual))



			Breakdown								
F	Y2013(Actual)	(22.3)	※ 1 FY2013 results include Nippon Metal Industry's first 6-months figure (5.5)	(9.5)							
	Sales related	19.5	Price difference 6.0, Volume and composition difference 1.5, Export exchange difference 12.0	8.5							
	Purchasing price	(7.5)	Iron ore 5.0, Coking coal 9.0, Nickel 11.0, Import exchange difference(34.0)	(2.0)							
	Cost improvement, etc.	16.0	Change in depreciation method 7.2, Additional profit-improvement measures 3.0, Labor cost(1.5), Facilities trouble at Sakai works(1.0), Malfunction of BF at Kure works(2.0), Stable operation of BF(2.0), Rationalization, etc.	4.0							
	Subsidiaries, etc.	1.5	Unconsolidated affiliates, etc.	1.5							
	Inventory evaluation	12.5	(8.5)→4.0 (Of which stainless steel (3.0)→1.5) ※2 FY2013 results include Nippon Metal Industry's first 6-months figure(0.5)	4.5							
	Total	42.0		16.5							
F	Y2014(Actual)	19.7		7.0							



Breakdown of Differences in Ordinary Income (3Q of FY2014(Actual) vs 4Q of FY2014(Actual))



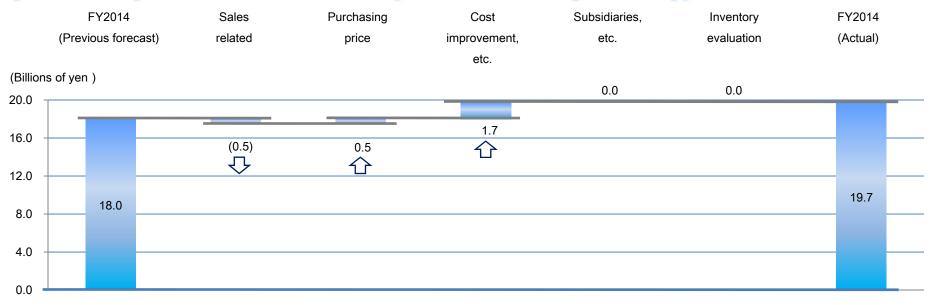
(Billions of yen)

(Of which stainless steel)

3	BQ of FY2014(Actual)	4.5	Breakdown	0.0
	Sales related	1.5	Volume and composition difference 1.5	1.0
	Purchasing price	0.0	Coking coal 1.0, Import exchange difference(1.0)	(0.5)
	Cost improvement, etc.	(2.6)	Foreign currency exchange(1.5), Labor cost(1.5), Rationalization, etc.	0.5
	Subsidiaries, etc.	0.5	Unconsolidated affiliates, etc.	0.5
	Inventory evaluation	(1.5)	2.5→1.0 (Of which stainless steel 1.0→0.0)	(1.0)
	Total	(2.1)		0.5
4	Q of FY2014(Actual)	2.4		0.5

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Breakdown of Differences in Ordinary Income (FY2014(Previous forecast) vs FY2014(Actual))



(Billions of yen) (Of which stainless steel)

FY2	FY2014(Previous forecast)		Breakdown	6.0	
	Sales related	(0.5)	Volume and composition difference(0.5)		
	Purchasing price	0.5	.5 Iron ore 0.5, Nickel 0.5, Oil 0.5, Import exchange difference(1.0)		
	Cost improvement, etc.	1.7 Rationalization, etc.		1.0	
	Subsidiaries, etc.	0.0		0.0	
	Inventory evaluation	0.0	4.0→4.0 (Of which stainless steel 1.5→1.5)	0.0	
	Total	1.7		1.0	
FY2	014(Actual)	19.7		7.0	



Special Items

	No	
Gain on sales of fixed assets	1	4.3
Loss on sales and retirement of fixed assets	2	(1.5)
Gain on sales of investment securities	3	3.5
Loss on valuation of other investments	4	(0.2)
Loss on fire (Sakai)	5	(1.5)
Loss from instability experienced at blast furnace	6	(1.6)
Total	7	2.8

© NISSHIN STEEL Consolidated Balance Sheet (Summary)

			(Dillions of yell)
		vs Mar 31,2013	Main factor
Cash on hand and in banks	40.8	(2.4)	
Accounts receivable	79.4	5.0	
Inventories	143.6	5.3	
Other current assets	37.5	15.7	
Tangible and intangible fixed assets	267.9	3.1	Depreciation(22.1), Acquisition 25.8
Investments in securities, etc.	172.2	20.6	Increase in foreign currency translation adjustment of affiliates 8.7, Retirement benefit asset 10.4
Total assets	741.7	47.4	
		(12.2)	
Interest-bearing debt	323.5	(10.0)	
Other liabilities	202.2	20.8	Retirement benefit liability 3.0
Total liabilities	525.7	10.7	
Common stock and additional paid-in capital	120.0	-	
Retained earnings	66.2	16.4	Net income 17.7
Treasury stock, at cost	(8.7)	(0.0)	
Accumulated other comprehensive income	30.2	19.4	Foreign currency translation adjustment 12.5, Adjustment of retirement benefit plans 7.3
Minority interests	8.1	0.7	
Total net assets	215.9	36.7	
Total liabilities and net assets	741.7	47.4	



Consolidated Cash Flows

	FY2014	Main factor	
		Income before provision for income taxes	22.5
Cash flows from	00.0	Depreciation and amortization	22.1
operating activities	26.6	Inventories (Increase)	(4.8)
		Accounts receivable (Increase)	(4.5)
		Accounts payable (Increase)	13.5
Cash flows from investing activities	(19.2)	Acquisition of property, plant and equipment	(22.3)
Cash flows from	(44.6)	Decrease in interest-bearing debt	(10.1)
financing activities	(11.6)	Cash dividends	(0.5)
Cash and cash equivalents at end of year	40.6		

FY2013
24.7
(24.8)
20.1
43.2



Cash Dividends

We have decided to pay year-end cash dividend of ¥15.0 per share for stable shareholder returns.

[Basic Policies Regarding Decision on Profit Distribution] For distributing appropriate surplus dividends according to consolidated results, the Company has a policy of providing stable returns to shareholders that takes into account the securing of internal reserves necessary to future business development that will improve the Company's corporate value and future performance prospects.



(Reference)

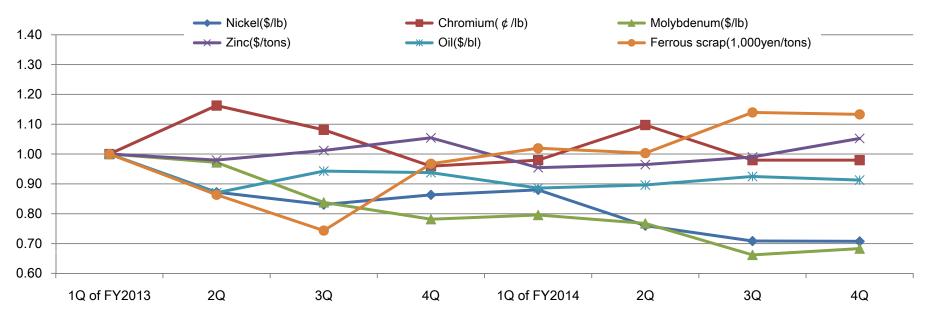




Purchasing Price

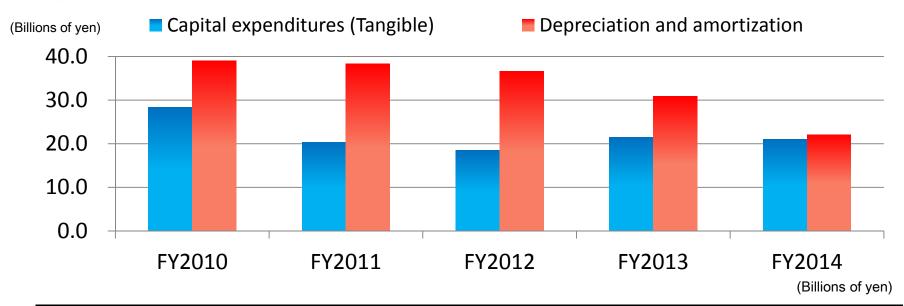
		FY2013							FY2014					
	1st half		alf	2nd half				1st half			2nd half			
	1Q	2Q	(Average)	3Q	4Q	(Average)	(Average)	1Q	2Q	(Average)	3Q	4Q	(Average)	(Average)
Nickel(\$/lb)	8.92	7.78	8.35	7.41	7.70	7.56	7.95	7.85	6.78	7.32	6.32	6.31	6.32	6.82
Chromium(¢/lb)	123.0	143.0	133.0	133.0	118.0	125.5	129.3	120.5	135.0	127.8	120.5	120.5	120.5	124.1
Molybdenum(\$/lb)	14.2	13.8	14.0	11.9	11.1	11.5	12.8	11.3	10.9	11.1	9.4	9.7	9.6	10.3
Zinc(\$/tons)	1,928	1,889	1,909	1,951	2,033	1,992	1,950	1,840	1,860	1,850	1,909	2,029	1,969	1,910
Oil(\$/bl)	115.7	100.7	108.2	109.1	108.5	108.8	108.5	102.5	103.7	103.1	107.0	105.6	106.3	104.7
Ferrous scrap (1,000yen/tons)	30.8	26.6	28.7	22.9	29.8	26.4	27.5	31.4	30.9	31.2	35.1	34.9	35.0	33.1

Transition of Purchasing Price (1.00: 1Q of FY2013)





Capital Expenditures (Tangible)/ Depreciation and Amortization



	FY2010	FY2011	FY2012	FY2013	FY2014
Capital expenditures (Tangible)	28.4	20.3	18.5	21.5	21.1
Depreciation and amortization	39.0	38.4	36.6	30.9	22.1

Major equipment and facility construction completed in FY2014

Nisshin Kokan Co.,Ltd. Gamagori Works

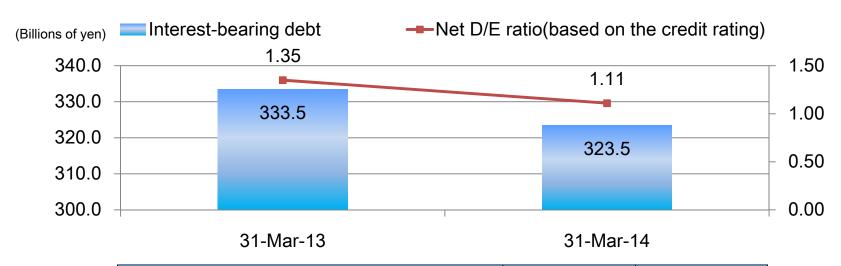
Overhaul of pipe & tube manufacturing machine

• Wheeling-nisshin, Inc.

Renovation of continuous hot-dip galvanizing line to manufacture ZAM



Change interest-bearing debt and Net D/E ratio



	31-Mar-13	31-Mar-14
Cash on hand and in banks(Billions of yen)	43.2	40.8
Interest-bearing debt(Billions of yen)	333.5	323.5
Net D/E ratio	1.69	1.36
	1.35	1.11

Hybrid securities that are accepted as capital according to the credit rating
 by the Japan Credit Rating Agency

(Interest payment deferral provision-unsecured corporate bond with prepayment provision <subordinated corporate bond-limited to qualified institutional investors>) Net D/E ratio for 50billion yen, 50% of which is considered to be capital.



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