

# Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (FY2015)

May 8, 2015

NISSHIN STEEL CO., LTD.



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#### Overview

- ✓ Thanks to brisk domestic demand and recovery from adverse effects of equipment failure of last year, production ran at a high level. With improved sales prices and better product mix, increased sales were achieved year on year.
- ZAM continued to sell well. With ZAM+ (plus) launched, FY 2015 sales were nearly 70,000 tons per month.
- ✓ With steady implementation of programs set forth in the 24th middle-term business plan including rationalization and total cost reduction and enhanced integration synergy, higher operating income year on year was achieved. In terms of ordinary income, the same level was achieved year on year despite effects of the temporary factor recorded in that period.
- ✓ On stainless steel, even though there was some time lag in reflecting higher nickel prices in our sales, improved prices gradually penetrated the market. With positive effects of promoting such programs as enhancement of integration synergy included in the middle-term business plan as well as gains in inventory valuation, ordinary income of ¥3.5 billion was posted.



#### Consolidated operating results

(Billions of yen)

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		FY2015 F		FY2014	FY2015	Difference				
			1st half	2nd half		(A atual)	(Previous	J6161165		
			(Actual)	(Actual)		(Actual)	forecast)	(i)	( ii )	( iii )
		No	А	В	С	D	Е	F=C-D	G=B-A	H=C-E
Net sales		1	310.8	306.7	617.5	576.4	615.0	41.1	(4.1)	2.5
Operating income		2	8.9	12.1	21.0	16.5	22.0	4.5	3.2	(1.0)
Ordinary income	Ordinary steel / Special steel	3	7.3	8.8	16.1	12.7	16.0	3.4	1.5	0.1
	Stainless steel	4	1.0	2.5	3.5	7.0	4.0	(3.5)	1.5	(0.5)
	Total	5	8.3	11.3	19.6	19.7	20.0	(0.1)	3.0	(0.4)
Net income		6	5.2	11.7	16.9	17.7	16.0	(8.0)	6.5	0.9
Inventory evaluation	Ordinary steel / Special steel	7	(1.5)	(1.0)	(2.5)	2.5	(2.0)	(5.0)	0.5	(0.5)
	Stainless steel	8	2.5	0.0	2.5	1.5	3.0	1.0	(2.5)	(0.5)
	Total	9	1.0	(1.0)	0.0	4.0	1.0	(4.0)	(2.0)	(1.0)



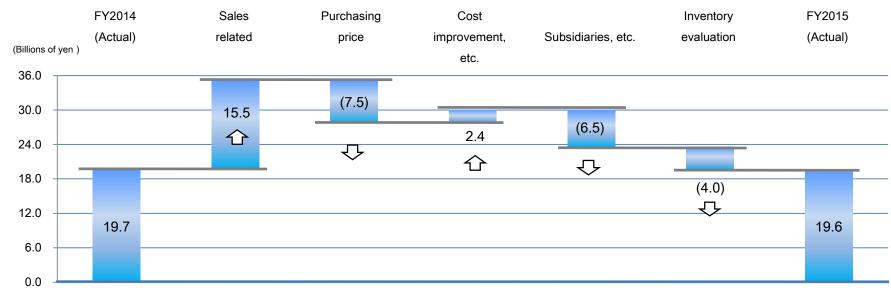
#### Other Information

				FY2015		FY2014	FY2015
			1st half (Actual)	2nd half (Actual)		(Actual)	(Previous forecast)
		No	А	В	С	D	Е
Crude steel production	Ordinary steel / Special steel	1	168	159	327	318	328
(10,000tons)	Stainless steel	2	39	32	71	75	72
	Total		207	191	398	393	400
Sales volume	Ordinary steel / Special steel	4	160	161	321	309	319
(10,000tons)	Stainless steel	5	32	28	60	60	61
	Total	6	192	189	381	369	380
Average sales price of steel products(1,000yen/tons)		7	127	126	127	123	127
Export ratio(monetary basis;%)		8	17	17	17	16	17
Export exchang	ge rate(yen/US\$)	9	103	117	109	100	108

	Difference									
( i ) F=C-D	( ii ) G=B-A	( iii ) H=C-E								
9	(9)	(1)								
(4)	(7)	(1)								
5	(16)	(2)								
12	1	2								
0	(4)	(1)								
12	(3)	1								
4	(1)	0								
1	0	0								
9	14	1								



# Breakdown of Differences in Ordinary Income (FY2014(Actual) vs FY2015(Actual))



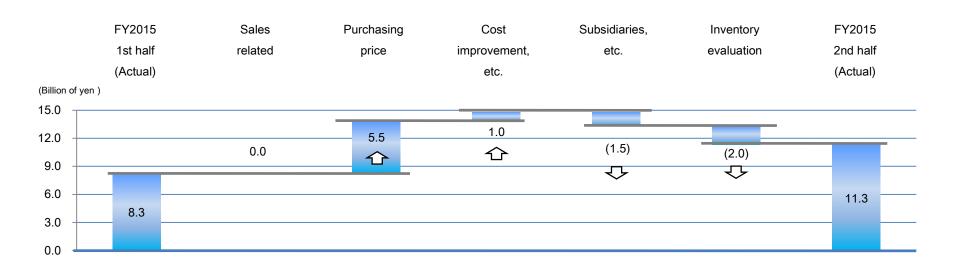
(Billions of yen)

(Of which stainless steel)

FY2	FY2014(Actual)		Breakdown	7.0
	Sales related	15.5	Price difference 10.0, Volume and composition difference 1.5, Export exchange difference 4.0	15.0
	Purchasing price	(7.5)	Iron ore 12.0, Coking coal 6.0, Nickel (7.5), Import exchange difference (19.0)	(14.5)
	Cost improvement, etc.	2.4	Rationalization, etc.	1.5
	Subsidiaries, etc.	(6.5)	Overseas consolidated subsidiaries (4.0), Unconsolidated affiliates, etc. (2.5)	(6.5)
	Inventory evaluation	(4.0)	4.0→0.0 ( Of which, stainless steel 1.5→2.5 )	1.0
	Total	(0.1)		(3.5)
FY2	015(Actual)	19.6		3.5



## Breakdown of Differences in Ordinary Income (1st half of FY2015(Actual) vs 2nd half of FY2015(Actual))



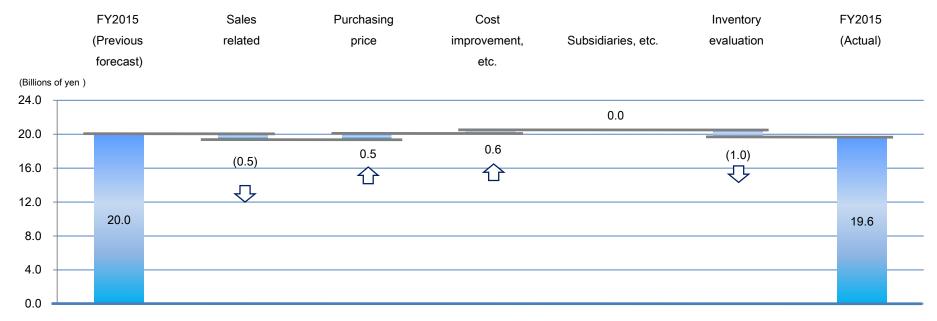
(Billions of yen)

(Of which stainless steel)

1st half of FY2015(Actual)	8.3	Breakdown	1.0
Sales related	0.0	Price difference (1.0), Volume and composition difference (2.0), Export exchange difference 3.0	4.5
Purchasing price	5.5	Iron ore 8.0, Oil 2.5, Nickel 2.5, Import exchange difference (8.0)	0.0
Cost improvement, etc.	1.0	Rationalization, etc.	1.0
Subsidiaries, etc.	(1.5)	Unconsolidated affiliates, etc.	(1.5)
Inventory evaluation	(2.0)	1.0→(1.0) (Of which, stainless steel 2.5→0.0)	(2.5)
Total	3.0		1.5
2nd half of FY2015(Actual)	11.3		2.5



# Breakdown of Differences in Ordinary Income (FY2015(Previous forecast) vs FY2015(Actual))



( Billions of yen ) (Of which stainless steel)

FY2	FY2015(Previous forecast)		Breakdown	4.0
	Sales related	(0.5)	Volume and composition difference (0.5)	(0.5)
	Purchasing price		Nickel 0.5	0.5
	Cost improvement, etc.	0.6		0.0
	Subsidiaries, etc.	0.0		0.0
	Inventory evaluation		1.0→0.0 ( Of which stainless steel 3.0→2.5)	(0.5)
	Total	(0.4)		(0.5)
FY2	015(Actual)	19.6		3.5

# © NISSHIN STEEL Consolidated Balance Sheet (Summary)

(Billions of yen)

			( Dillions of yen )
		vs Mar 31,2014	Main factor
Cash on hand and in banks	26.3	(14.5)	
Accounts receivable	79.0	(0.4)	
Inventories	144.2	0.5	
Other current assets	30.8	(6.6)	
Tangible and intangible fixed assets	277.7	9.7	Depreciation(24.1), Acquisition 33.3
Investments in securities, etc.	212.3	40.1	
Total assets	770.5	28.8	
Interest-bearing debt	289.8	(33.6)	
Other liabilities	208.7	6.4	
Total liabilities	498.5	(27.1)	
Common stock and additional paid-in capital	121.0	1.0	Gain on sale of treasury stock 1.0
Retained earnings	74.1	7.9	Revision of accounting standard for retirement benefits(7.5), Net income 16.9, Cash dividends(1.5)
Treasury stock, at cost	(0.5)	8.1	Disposal of treasury stock 8.2
Accumulated other comprehensive income	68.1	37.9	
Minority interests	9.0	0.9	
Total net assets	271.9	56.0	
Total liabilities and net assets	770.5	28.8	



#### Consolidated Cash Flows

(Billions of yen)

	FY2015	Main factor	
		Income before provision for income taxes	19.2
Cash flows from	39.3	Depreciation and amortization	24.1
operating activities		Accounts receivable (Decrease)	1.4
		Accounts payable (Decrease)	(4.4)
Cash flows from investing activities	(29.3)	Acquisition of property, plant and equipment	(25.6)
		Decrease in interest-bearing debt	(33.5)
Cash flows from financing activities	(26.0)	Proceeds from disposal of treasury shares	9.2
		Cash dividends	(1.4)
Cash and cash equivalents at end of year	26.1		

FY2014
26.6
(19.2)
(11.6)
40.6



#### Cash Dividends

Cash dividends of ¥40 a share (¥40 for full fiscal year) will be paid based on a concept of paying dividends to correspond to our consolidated business results.

【 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.



#### For FY 2016

Financial forecasts for full FY 2016 have yet to be announced at the moment. The forecasts will be released as soon as necessary data are made available.

#### Tasks for the immediate future

- ✓ To ensure promoting positive effects of integration synergy
- To maximize rationalization and total cost reduction
- ✓ To ensure harvesting fruits of strategic investments
- ✓ To improve product mix

To further enhance group-wide "earning power"



### (Reference)

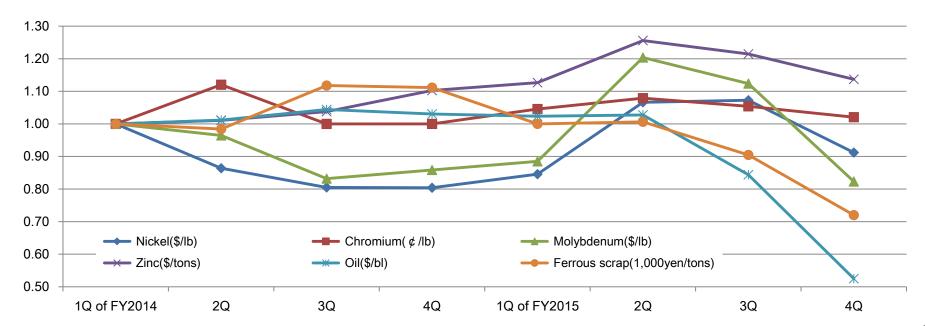




#### Purchasing Price

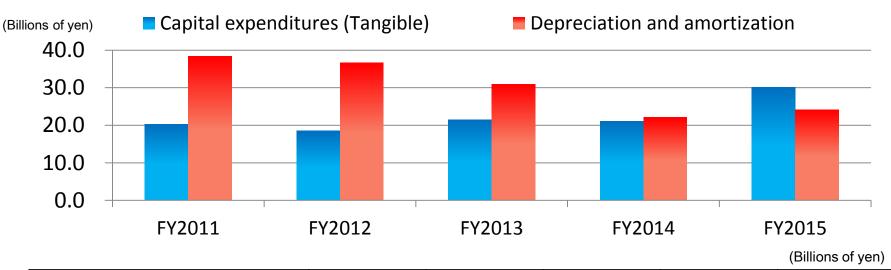
	FY2014							FY2015						
		1st half		2nd half				1st half			2nd half			
	1Q	2Q	Ave.	3Q	4Q	Ave.	Ave.	1Q	2Q	Ave.	3Q	4Q	Ave.	Ave.
Nickel(\$/lb)	7.85	6.78	7.32	6.32	6.31	6.32	6.82	6.64	8.37	7.51	8.42	7.16	7.79	7.65
Chromium( ¢ /lb)	120.5	135.0	127.8	120.5	120.5	120.5	124.1	126.0	130.0	128.0	127.0	123.0	125.0	126.5
Molybdenum(\$/lb)	11.3	10.9	11.1	9.4	9.7	9.6	10.3	10.0	13.6	11.8	12.70	9.3	11.0	11.4
Zinc(\$/tons)	1,840	1,860	1,850	1,909	2,029	1,969	1,910	2,073	2,311	2,192	2,235	2,092	2,164	2,178
Oil(\$/bl)	102.5	103.7	103.1	107.0	105.6	106.3	104.7	104.9	105.3	105.1	86.5	53.8	70.1	87.6
Ferrous scrap (1,000yen/tons)	31.4	30.9	31.2	35.1	34.9	35.0	33.1	31.4	31.6	31.5	28.4	22.6	25.5	28.5

Transition of Purchasing Price (1.00: 1Q of FY2014)





# Capital expenditures (Tangible)/ Depreciation and amortization



	FY2011	FY2012	FY2013	FY2014	FY2015
Capital expenditures (Tangible)	20.3	18.5	21.5	21.1	30.1
Depreciation and amortization	38.4	36.6	30.9	22.1	24.1

Major equipment and facility construction completed in FY2015

Kure works

Tsukiboshi shoji Co., Ltd.

Nisshin steel (Nantong) high-tech sheet Co., Ltd.

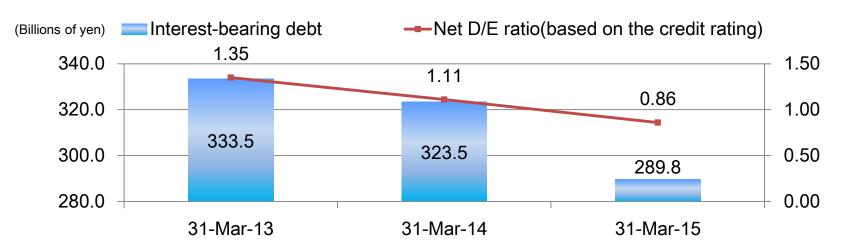
Rationalized slab conditioning equipment

Installed slab processing equipment

Installed production facility for electrolytic copper coated steel sheets



#### Interest-bearing debt and Net D/E ratio



	31-Mar-13	31-Mar-14	31-Mar-15
Cash on hand and in banks(Billions of yen)	43.2	40.8	26.3
Interest-bearing debt(Billions of yen)	333.5	323.5	289.8
Net D/E ratio	1.69	1.36	1.00
	1.35	1.11	0.86

Net D/E ratio with 50% of the principal of hybrid securities/hybrid loans, which receive equity credit from Japan Credit Rating Agency, deemed as capital. (50% of 50 billion yen each at the end of March of 2013 and 2014, as well as 50% of 40 billion yen at the end of March of 2015 entered as capital respectively)



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#### **Contact:**

Public & Investor Relations Team, General Administration dept. Nisshin Steel Co., Ltd. Tel: +81 3 3216 5566