

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

October 27, 2017

Company name: Nisshin Steel Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5413 URL <http://www.nisshin-steel.co.jp/>
 Representative: President & Chief Executive Officer and Representative Director Kinya Yanagawa
 Executive Officer and General Manager,
 Inquiries: General Administration Dept. Hirokazu Kuwasako TEL 03-3216-5566
 Scheduled date to file Quarterly Securities Report: November 9, 2017
 Scheduled date to commence dividend payments: November 22, 2017
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2017	308,781	22.7	13,976	226.0	14,829	–	9,628	–
Six months ended September 30, 2016	251,700	(9.1)	4,286	(32.4)	1,036	(81.0)	32	(98.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	87.84		–	
Six months ended September 30, 2016	0.30		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	701,451	237,985	31.9
As of March 31, 2017	706,418	226,223	30.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2017	–	0.00	–	5.00	5.00
Year ending March 31, 2018	–	15.00	–	–	–
Year ending March 31, 2018 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	620,000	18.0	19,000	142.5	18,000	200.1	10,000	497.9	91.23

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2017	109,843,923 shares	As of March 31, 2017	109,843,923 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	235,959 shares	As of March 31, 2017	233,415 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	109,608,714 shares	Six months ended September 30, 2016	109,617,037 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	16,717	14,073
Notes and accounts receivable - trade	60,588	69,437
Securities	4,625	4,919
Inventories	132,139	149,603
Other	44,248	20,637
Allowance for doubtful accounts	(514)	(495)
Total current assets	257,805	258,177
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	75,761	74,662
Machinery, equipment and vehicles, net	108,210	106,472
Land	71,803	72,334
Other, net	17,539	22,585
Total property, plant and equipment	273,314	276,055
Intangible assets	14,075	13,851
Investments and other assets		
Investment securities	114,455	110,574
Net defined benefit asset	23,108	23,188
Other	24,387	20,034
Allowance for doubtful accounts	(728)	(428)
Total investments and other assets	161,223	153,367
Total non-current assets	448,613	443,274
Total assets	706,418	701,451
Liabilities		
Current liabilities		
Notes and accounts payable - trade	112,309	104,056
Short-term loans payable	52,711	104,264
Commercial papers	7,000	23,000
Current portion of bonds	20,000	10,000
Provision	197	242
Other	42,576	43,487
Total current liabilities	234,795	285,051
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	145,323	86,161
Provision for special repairs	8,590	8,644
Other provision	1,447	1,471
Net defined benefit liability	48,191	49,058
Other	21,847	23,079
Total non-current liabilities	245,399	178,415
Total liabilities	480,195	463,466

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	30,000	30,000
Capital surplus	76,345	76,345
Retained earnings	77,107	88,057
Treasury shares	(565)	(569)
Total shareholders' equity	182,887	193,834
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,324	23,387
Deferred gains or losses on hedges	(42)	(29)
Revaluation reserve for land	465	465
Foreign currency translation adjustment	11,815	9,019
Remeasurements of defined benefit plans	(2,171)	(2,589)
Total accumulated other comprehensive income	30,391	30,253
Non-controlling interests	12,944	13,897
Total net assets	226,223	237,985
Total liabilities and net assets	706,418	701,451

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Net sales	251,700	308,781
Cost of sales	223,135	267,238
Gross profit	28,564	41,543
Selling, general and administrative expenses	24,278	27,567
Operating profit	4,286	13,976
Non-operating income		
Interest income	72	53
Dividend income	855	779
Share of profit of entities accounted for using equity method	–	2,400
Other	897	474
Total non-operating income	1,825	3,709
Non-operating expenses		
Interest expenses	1,971	1,865
Foreign exchange losses	473	257
Service cost of temporarily transferred employees	1,248	205
Share of loss of entities accounted for using equity method	310	–
Other	1,071	527
Total non-operating expenses	5,075	2,855
Ordinary profit	1,036	14,829
Extraordinary losses		
Loss on sales and retirement of non-current assets	344	189
Loss on valuation of investment securities	–	1,404
expenses related to advanced repayment of loans	–	1,016
Total extraordinary losses	344	2,610
Profit before income taxes	692	12,219
Income taxes	629	2,874
Profit	62	9,345
Profit (loss) attributable to non-controlling interests	30	(282)
Profit attributable to owners of parent	32	9,628

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	62	9,345
Other comprehensive income		
Valuation difference on available-for-sale securities	681	2,952
Deferred gains or losses on hedges	227	–
Foreign currency translation adjustment	(5,282)	(669)
Remeasurements of defined benefit plans, net of tax	(124)	(435)
Share of other comprehensive income of entities accounted for using equity method	(9,008)	(2,001)
Total other comprehensive income	(13,506)	(154)
Comprehensive income	(13,443)	9,191
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(12,203)	9,482
Comprehensive income attributable to non-controlling interests	(1,240)	(291)