

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 1, 2018

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 Kinya Yanagawa
 and Representative Director
 Executive Officer and General Manager,
 Inquiries: Hirokazu Kuwasako TEL 03-3216-5566
 General Administration Dept.
 Scheduled date to file Quarterly Securities Report: February 8, 2018
 Scheduled date to commence dividend payments: –
 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 nine months ended December 31, 2017 (from April 1, 2017 to December 31, 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	%
Nine months ended December 31, 2017	460,070	20.5	17,005	194.0	17,582	633.1	10,591	–
Nine months ended December 31, 2016	381,708	(6.9)	5,784	(16.5)	2,398	(47.3)	231	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2017	96.63		–	
Nine months ended December 31, 2016	2.11		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	709,521	243,046	32.3
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)				10.00	25.00

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	615,000	17.0	17,500	123.4	18,000	200.1	10,000	497.9	91.23

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2017	237,765 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)

Nine months ended December 31, 2017	109,608,149 shares	Nine months ended December 31, 2016	109,616,316 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	16,717	12,781
Notes and accounts receivable - trade	60,588	62,150
Securities	4,625	5,317
Inventories	132,139	154,400
Other	44,248	18,681
Allowance for doubtful accounts	(514)	(694)
Total current assets	257,805	252,636
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	75,761	78,487
Machinery, equipment and vehicles, net	108,210	114,932
Land	71,803	72,733
Other, net	17,539	15,406
Total property, plant and equipment	273,314	281,559
Intangible assets	14,075	13,709
Investments and other assets		
Investment securities	114,455	117,915
Net defined benefit asset	23,108	23,227
Other	24,387	20,924
Allowance for doubtful accounts	(728)	(451)
Total investments and other assets	161,223	161,616
Total non-current assets	448,613	456,884
Total assets	706,418	709,521
Liabilities		
Current liabilities		
Notes and accounts payable - trade	112,309	102,740
Short-term loans payable	52,711	57,165
Commercial papers	7,000	29,000
Current portion of bonds	20,000	10,000
Provision	197	200
Other	42,576	43,389
Total current liabilities	234,795	242,495
Non-current liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	145,323	128,778
Provision for special repairs	8,590	8,671
Other provision	1,447	1,491
Net defined benefit liability	48,191	49,629
Other	21,847	25,409
Total non-current liabilities	245,399	223,980
Total liabilities	480,195	466,475

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	30,000	30,000
Capital surplus	76,345	76,345
Retained earnings	77,107	87,372
Treasury shares	(565)	(572)
Total shareholders' equity	182,887	193,145
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,324	28,791
Deferred gains or losses on hedges	(42)	(27)
Revaluation reserve for land	465	465
Foreign currency translation adjustment	11,815	9,342
Remeasurements of defined benefit plans	(2,171)	(2,806)
Total accumulated other comprehensive income	30,391	35,764
Non-controlling interests	12,944	14,135
Total net assets	226,223	243,046
Total liabilities and net assets	706,418	709,521

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	381,708	460,070
Cost of sales	339,381	401,375
Gross profit	42,326	58,695
Selling, general and administrative expenses	36,542	41,690
Operating profit	5,784	17,005
Non-operating income		
Interest income	116	88
Dividend income	1,386	1,350
Share of profit of entities accounted for using equity method	325	2,310
Foreign exchange gains	–	54
Other	1,459	1,003
Total non-operating income	3,287	4,807
Non-operating expenses		
Interest expenses	2,949	2,546
Service cost of temporarily transferred employees	1,789	302
Foreign exchange losses	377	–
Other	1,557	1,381
Total non-operating expenses	6,673	4,230
Ordinary profit	2,398	17,582
Extraordinary income		
Gain on sales of investment securities	–	167
Total extraordinary income	–	167
Extraordinary losses		
Loss on sales and retirement of non-current assets	427	316
Loss on valuation of investment securities	–	1,438
Expenses related to advanced repayment of loans	–	1,016
Total extraordinary losses	427	2,771
Profit before income taxes	1,971	14,978
Income taxes	1,745	4,577
Profit	225	10,401
Loss attributable to non-controlling interests	(6)	(190)
Profit attributable to owners of parent	231	10,591

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	225	10,401
Other comprehensive income		
Valuation difference on available-for-sale securities	8,491	8,270
Deferred gains or losses on hedges	1,120	–
Foreign currency translation adjustment	(5,927)	(245)
Remeasurements of defined benefit plans, net of tax	(294)	(661)
Share of other comprehensive income of entities accounted for using equity method	(9,575)	(1,860)
Total other comprehensive income	(6,186)	5,502
Comprehensive income	(5,960)	15,903
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(4,520)	15,957
Comprehensive income attributable to non-controlling interests	(1,440)	(53)