

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)

August 2, 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: August 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(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	%
Three months ended June 30, 2018	151,484	1.9	(239)	–	766	(83.6)	1,109	(65.5)
Three months ended June 30, 2017	148,720	24.5	3,646	–	4,675	–	3,213	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	10.13		–	
Three months ended June 30, 2017	29.32		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	704,805	241,272	32.3
As of March 31, 2018	711,989	247,860	32.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	–	15.00	–	15.00	30.00
Year ending March 31, 2019	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

The earnings forecasts for fiscal 2018 are not presented because the outlook has not been determined due to the difficulty formulating reasonably accurate estimates at this time.

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
Six months ending September 30, 2018	–	–	–	–	–	–	–	–	–
Full year	–	–	–	–	–	–	–	–	–

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2018
 (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: No
- 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 June 30, 2018	109,843,923 shares	As of March 31, 2018	109,843,923 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	239,039 shares	As of March 31, 2018	238,416 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2018	109,605,196 shares	Three months ended June 30, 2017	109,609,241 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	14,772	13,667
Notes and accounts receivable - trade	65,251	62,165
Securities	5,266	1,734
Inventories	152,001	161,562
Other	15,924	15,955
Allowance for doubtful accounts	(512)	(421)
Total current assets	252,703	254,663
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	79,013	77,976
Machinery, equipment and vehicles, net	118,839	114,240
Land	72,700	72,690
Other, net	10,830	12,284
Total property, plant and equipment	281,383	277,192
Intangible assets	13,946	13,620
Investments and other assets		
Investment securities	112,635	108,352
Net defined benefit asset	30,117	30,181
Other	21,579	21,228
Allowance for doubtful accounts	(377)	(433)
Total investments and other assets	163,955	159,328
Total non-current assets	459,285	450,141
Total assets	711,989	704,805
Liabilities		
Current liabilities		
Notes and accounts payable - trade	115,770	118,346
Short-term loans payable	65,127	62,162
Commercial papers	22,000	39,000
Current portion of bonds	20,000	10,000
Provision	147	227
Other	46,954	39,593
Total current liabilities	270,000	269,331
Non-current liabilities		
Long-term loans payable	116,874	116,944
Provision for special repairs	8,705	8,789
Other provision	1,427	1,404
Net defined benefit liability	47,871	48,415
Other	19,249	18,648
Total non-current liabilities	194,128	194,201
Total liabilities	464,128	463,532

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	30,000	30,000
Capital surplus	76,345	76,345
Retained earnings	89,820	89,304
Treasury shares	(573)	(574)
Total shareholders' equity	195,592	195,075
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,001	22,343
Deferred gains or losses on hedges	(13)	(17)
Revaluation reserve for land	458	439
Foreign currency translation adjustment	10,103	6,222
Remeasurements of defined benefit plans	3,439	3,378
Total accumulated other comprehensive income	37,989	32,367
Non-controlling interests	14,278	13,829
Total net assets	247,860	241,272
Total liabilities and net assets	711,989	704,805

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	148,720	151,484
Cost of sales	131,589	137,289
Gross profit	17,130	14,194
Selling, general and administrative expenses	13,483	14,434
Operating profit (loss)	3,646	(239)
Non-operating income		
Interest income	26	42
Dividend income	701	831
Share of profit of entities accounted for using equity method	1,811	1,184
Other	480	216
Total non-operating income	3,021	2,274
Non-operating expenses		
Interest expenses	949	541
Service cost of temporarily transferred employees	546	108
Foreign exchange losses	228	50
Other	267	568
Total non-operating expenses	1,992	1,268
Ordinary profit	4,675	766
Extraordinary income		
Gain on sales of investment securities	–	698
Gain on transfer of business	–	496
Total extraordinary income	–	1,194
Extraordinary losses		
Loss on sales and retirement of non-current assets	62	59
Total extraordinary losses	62	59
Profit before income taxes	4,613	1,900
Income taxes	1,167	930
Profit	3,446	970
Profit (loss) attributable to non-controlling interests	232	(139)
Profit attributable to owners of parent	3,213	1,109

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	3,446	970
Other comprehensive income		
Valuation difference on available-for-sale securities	1,491	(1,610)
Foreign currency translation adjustment	(1,001)	(1,338)
Remeasurements of defined benefit plans, net of tax	(228)	(69)
Share of other comprehensive income of entities accounted for using equity method	(1,809)	(2,766)
Total other comprehensive income	(1,548)	(5,784)
Comprehensive income	1,898	(4,813)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,811	(4,494)
Comprehensive income attributable to non-controlling interests	86	(319)